South East England **Partnership Board**

SOUTH EAST ENGLAND STRATEGY THINK PIECE

6

Dealing with economic disadvantage

“The UK economy has maintained average growth rates of 2.5 per cent since the 1950s but the benefits of this growth have not been equally distributed, which has led to more concentrated and entrenched poverty and social exclusion. It is essential that policy and investment should be effectively focused on those areas where it will have the most impact.”

NEF

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Summary

This paper identifies two distinct forms of economic disadvantage set within the wider prosperity of the South East: disadvantage associated with skills shortages or other socioeconomic barriers that result in a failure to access a relatively healthy labour market; and a deeper, more structural problem of economic disadvantage associated with longer term industrial and economic decline and a lack of job opportunities. The latter has resulted in a spatial pattern of deeper disadvantage broadly located along peripheral parts of the South East coast; with the former resulting in localised areas of disadvantage across the region.

Public investment has sought to address economic disadvantage through a range of policy levers. The South East Plan (SEP) and Regional Economic Strategy (RES) have to date sought to address disadvantage through policies designed to upskill individuals, influence housing type and tenure, improve infrastructure and carry out physical regeneration and support employment in 'winning sectors'.

This approach has had some success, but there are questions about whether it is achieving enough. Towns and cities in the South East have witnessed significant physical rejuvenation, but progress on addressing the economic structural decline of coastal areas has not necessarily been so successful. This Think Piece considers the relative successes of policy interventions to date, and seeks to pose questions as to how a new Regional Strategy might address economic disadvantage in the future, against the backdrop of the challenges posed by the recession in the near term.

1. Introduction

1.1 The South East of England is in general a prosperous region, with comparatively low rates of unemployment, high economic activity and productivity rates and a higher skills profile as compared to other regions of the UK. This does not, however suggest that the region can be complacent about its apparent position of advantage, and there remain distinct challenges to overcome severe disparities in the wealth and social wellbeing of communities intra-regionally.

1.2 The spatial distribution of economic disadvantage across the region is well understood, with those areas that experience high levels of deprivation located in general along the coastal South East, and in some urban areas of Oxford, Milton Keynes, Reading and Slough. The South East's rural areas also suffer a high incidence of poor access to housing and services.

[1] Regional Intelligence Snapshot for the South East, September 2009

1.3 Almost 6% of the region's population live within areas that rank within the 20% most deprived areas of the country. The current global economic downturn has further exacerbated income disparities, with claimant count increasing at a faster rate in some coastal areas than in other parts of the South East. Unemployment among 18-24 year olds in the South East is rising faster than anywhere else in the UK[1], and while the South East has the lowest proportion of young people (16-18 year olds) not in education, employment or training (NEET), the region has also witnessed the largest annual increase of any region for these individuals in the year to May 2009.

1.4 The National Policy framework over the last 10 years or so has sought to even out disparities between the richest and poorest in our society, and regeneration efforts have been cast as assisting in delivery of this agenda.

1.5 However, some indicators, such as the Gross Disposable Household Income (GDHI) indicator suggest that between 1998 and 2007 there has been no convergence between rich and poor areas in the South East, and indeed there may have been some divergence[2].

1.6 This Think Piece reviews the current policy approach to Dealing with Economic Disadvantage and seeks to initiate a debate as to how the region should respond to the continued challenge of economic disadvantage over the next plan period.

2. Relationship of this Think Piece to the other five

2.1 This Think Piece has clear linkages with the other key topics that are being considered in relation to the future Regional Strategy. New Economics Foundation (NEF) advocates a joined-up approach to ensure that policy areas are dovetailed together. Thus, economic disadvantage must be considered in the context of the broader sustainability agenda and enterprise and innovation should be considered in the formation of policies to address worklessness and skills shortages[3].

2.2 **Climate change:** It is imperative that future regeneration projects take account of the changing climate both through adaptation and mitigation measures. In the South East region, projections point to warmer, wetter winters and hotter, drier summers, coupled with more erratic and extreme weather events. The geographical distribution of disadvantaged communities in coastal areas makes people in these areas particularly vulnerable to increased coastal and fluvial flood risk. Retrofit programmes that improve energy efficiency in existing homes will benefit vulnerable communities and improve the overall quality of housing in deprived areas.

2.3 **Making housing more affordable:** A successful Regional Strategy must ensure that it addresses the need of the entire housing market, providing a choice of affordable and appropriate housing of all tenures and types in places where people want to live.

2.4 **Demographic change and an ageing population:** Those areas suffering most severe disadvantage in the South East also have higher concentrations of older people, and unskilled younger people. Dependency ratios in these areas are likely to be higher, adding to the underlying challenges faced. Conversely, as more older people remain in work, there could be an opportunity to utilise the skills and expertise of those above retirement age in these locations.

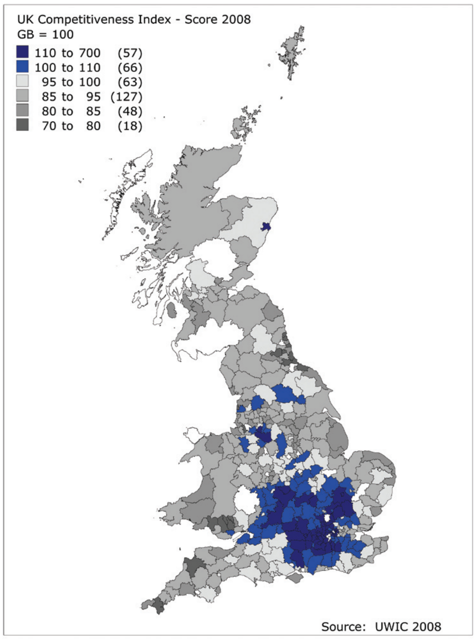
[2] http://www.statistics.gov.uk/pdfdir/gdhi0409.pdf) in Leunig, contributing to this Think Piece 2009

[3] NEF: Hitting the target, missing the point: How government regeneration targets fail deprived areas.

2.5 **Technological innovation:** Economic growth could be constrained by the inability of the South East's workers to respond to technological innovation. Those suffering economic disadvantage are less likely to be able to participate in outcomes resulting from the current policy push around Building Britain's Future: New Industry, New Jobs.

3. Baseline position

3.1 One way of viewing economic disadvantage in the South East is that it is brought about by a lack of jobs, and a shortage of skills to access those jobs available. The South East also suffers in general from a classic economic geography problem whereby, the further a place is from the primary centre of business and commerce, the harder it becomes to compete and levels of affluence decline. This is, of course, a generalisation and there are towns and cities in the South East that, by virtue of their critical mass, do not fit this pattern (for example, Brighton, Portsmouth and Southampton) but smaller peripheral (generally coastal) towns tend to be less competitive than places in the Inner South East. This distance decay pattern is replicated across the UK, with places close to a large centre of commerce being more competitive than more remote areas, as illustrated below.



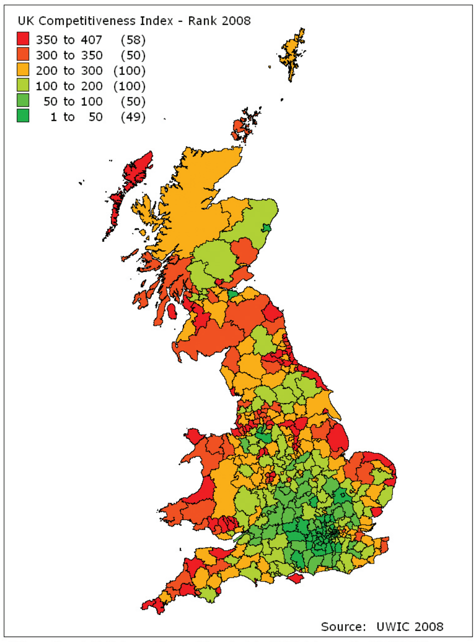


Figure 1: UK Competitiveness Index 2008, relative to UK

UK Competitiveness Index, rank 2008

3.2 The Indices of Multiple Deprivation (IMD) data are most commonly used to capture disparities in living standards in the UK. IMD data usefully gives an indication of how well districts are performing against the UK average, but probably don't go far enough back historically to show any meaningful trends that can be linked back to public sector investment over the last decade or so. The IMD data are relatively new measures, and the components of IMD have changed between 2004 and 2007 making direct comparisons difficult. However, on the basis that IMD data represent the government's measure of deprivation, the table below shows the ranking of local authorities containing the highest percentages of Super Output Areas (SOAs) falling within the worst performing 20% nationally. Of the local authorities below, the percentage of SOAs falling within the worst 20% nationally increased for 18 Local Authority Areas, stayed the same for nine Local Authority Areas and decreased for just two of the Local Authority Areas.

Local Authority	County / UA	% SOA's in LA bottom 20% in 2004	Rank 2004	% SOA's in LA bottom 20%	Rank 2007
Hastings	Sussex	37.7%	1	39.6%	1
Thanet	Kent & Medway	23.8%	2	28.6%	2
Southampton	Hampshire & The Isle of Wight	19.9%	6	24.0%	3
Havant	Hampshire & The Isle of Wight	21.8%	4	23.1%	4
Brighton and Hove	Sussex	21.3%	5	21.3%	5
Portsmouth	Hampshire & The Isle of Wight	22.0%	3	19.5%	6
Swale	Kent & Medway	15.9%	7	18.3%	7
Gravesham	Kent & Medway	12.7%	8	14.3%	8
Adur	Sussex	0.0%	none	14.3%	8
Shepway	Kent & Medway	10.8%	10	13.8%	10
Eastbourne	Sussex	10.2%	11	13.6%	11
Reading	Berkshire	8.6%	13	11.8%	12
Oxford	Milton Keynes, Oxon & Bucks	11.8%	9	11.8%	13
Milton Keynes	Milton Keynes, Oxon & Bucks	9.4%	12	10.8%	14
Medway	Kent & Medway	6.7%	16	9.8%	15
Dover	Kent & Medway	6.0%	19	9.0%	16
Gosport	Hampshire & The Isle of Wight	7.7%	14	7.7%	17
Worthing	Sussex	4.6%	22	7.7%	17
Arun	Sussex	6.4%	18	7.4%	19
Isle of Wight	Hampshire & The Isle of Wight	6.7%	15	6.7%	20
Slough	Berkshire	6.4%	17	6.4%	21
Ashford	Kent & Medway	1.4%	27	5.7%	22
Dartford	Kent & Medway	5.2%	21	5.2%	23
Rother	Sussex	1.7%	25	5.2%	23
Rushmoor	Hampshire & The Isle of Wight	1.7%	26	5.1%	25
Maidstone	Kent & Medway	3.3%	24	4.3%	26
Canterbury	Kent & Medway	5.6%	20	3.3%	27
Cherwell	Milton Keynes, Oxon & Bucks	3.3%	23	2.2%	28
Woking	Surrey	0.0%	none	1.6%	29
Crawley	Sussex	0.0%	none	1.5%	30
Tonbridge and Malling	Kent & Medway	0.0%	none	1.4%	31
Fareham	Hampshire & The Isle of Wight	1.4%	28	1.4%	32
Wealden	Sussex	0.0%	none	1.1%	33
Wycombe	Milton Keynes, Oxon & Bucks	0.0%	none	0.9%	34
New Forest	Hampshire & The Isle of Wight	0.9%	29	0.9%	35

Figure 2: Ranking of local authorities with percentage of SOAs falling within the 20% most deprived in England

Source: IMD 2004, 2007

3.3 The maps below are extracted from IMD data showing four of the most relevant economic indicators of deprivation, and the composite picture for the region.

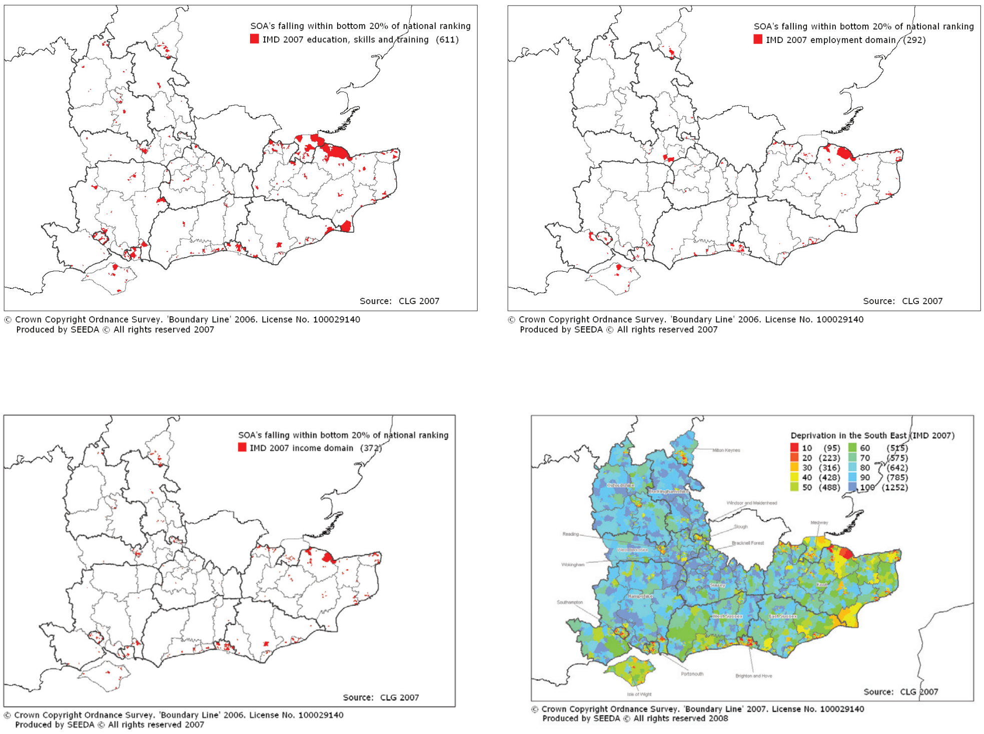


Figure 3: IMD components for the South East

3.4 Areas in the South East that suffer deprivation are typically those where there are relatively high levels of economic inactivity or worklessness. Policy interventions often seek to decrease levels of worklessness, for example by getting those on long-term benefits back to work or increasing participation levels among older people. The map below indicates levels of change in economic activity over the decade 1997-2007. The lighter areas in Figure 4 indicate areas where economic activity has decreased over the decade 1997-2007. While it is clearly a mixed picture, it is evident that some coastal areas with entrenched socio-economic problems have experienced declining levels of economic activity in the period 1997-2007 (notably Shepway, Thanet, Dartford, Hastings, Eastbourne and authorities in the coastal parts of the PUSH sub-region.

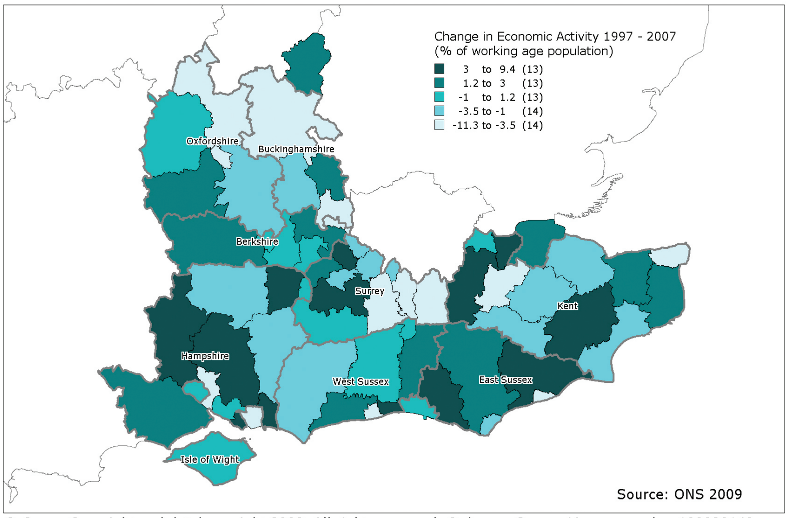


Figure 4: Change in economic activity 1997-2007 (% of working age population)

3.5 Forecasting likely changes in deprivation levels is problematic, however we can anticipate how sub-regions are likely to fare by using economic indicators as a proxy for monitoring wealth creation and prosperity. Figures 5 and 6 below consider the performance of various sectors where there are spatial concentrations of businesses or industries, along with Gross Value Added (GVA)† and employment forecasts. They show the spatial concentrations of specific sectors indicating that there are higher concentrations of high value businesses (for example in ICT and the Financial and Professional Services sectors) located in the Inner South East.

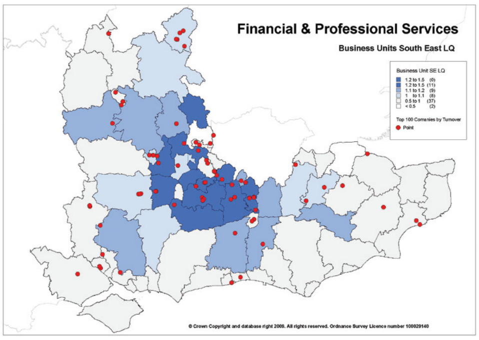


Figure 5: Concentration of Financial and Professional Services (business units) in the South East

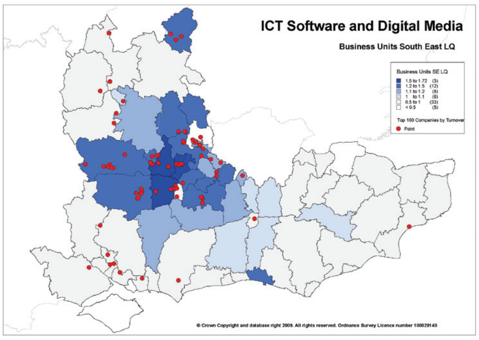


Figure 6: Concentration of ICT, Software & Digital Media (business units) in the South East

† GVA (Gross Value Added): GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom.

3.6 Conversely, the maps below show that in the knowledge economy, the peripheral areas in the South East experience a higher proportion of individuals with lower qualifications than the Inner South East areas. This correlates with higher percentages of people working in traditional industries and manufacturing, and the public sector in these areas.

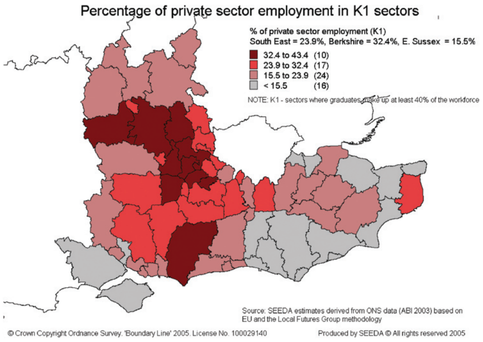


Figure 7: Percentage of private sector employment in K1 (graduates comprise →40% of the workforce) sectors

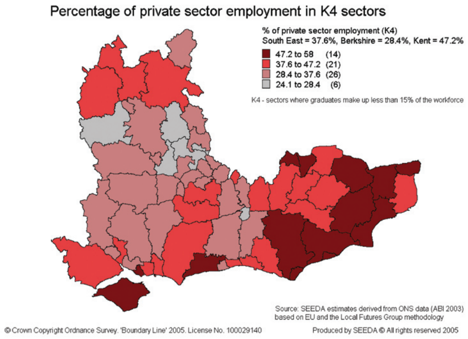


Figure 8: Percentage of private sectors employment in K4 (graduates comprise ←15% of workforce) sectors

3.7 The above suggests that there are two discrete issues around economic disadvantage in the South East. The pockets of deprivation found in an otherwise prosperous Inner South East result from an inability of certain individuals to access employment, due to a lack of necessary skills and expertise, as opposed to the inherent structural problems associated with the Coastal sub-region. This is demonstrated by Milton Keynes, which has a GVA per head 40% higher than the South East average, but on household income indicators, figures are below that of the UK average. This suggests that more productive individuals commute to Milton Keynes, whereas residents with lower incomes and poorer qualifications are unable to access the higher value jobs that exist in the area.

3.8 GVA and employment growth over the previous decade (up to the recession) and forecasts for the forthcoming decade are mapped below. GVA growth has been largely static in the peripheral areas, with lower rates of growth in some coastal areas of Hampshire in the decade to 2007.

3.9 Historic change in employment shows more clearly that some deprived areas have experienced high levels of negative growth in employment rates over the period 1997-2007. While it is very early to judge the impact of policy interventions, the indicators suggest that interventions have not to date resulted in either high levels of GVA or employment growth in disadvantaged coastal areas.

3.10 Looking ahead over the period 2007-2017, we see that the region as a whole is not anticipated to experience GVA growth above 2.89% and many coastal areas are forecast to experience GVA growth below 1.65% per annum. Interventions would need to have a very marked effect in order to turn this trend around.

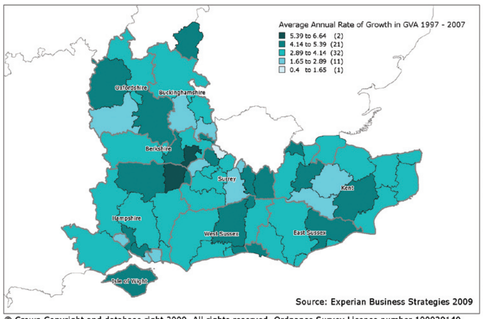


Figure 9: Average annual rate of growth in GVA 1997-2007

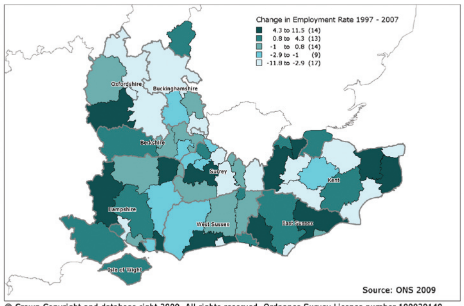


Figure 10: Change in employment rate 1997-2007

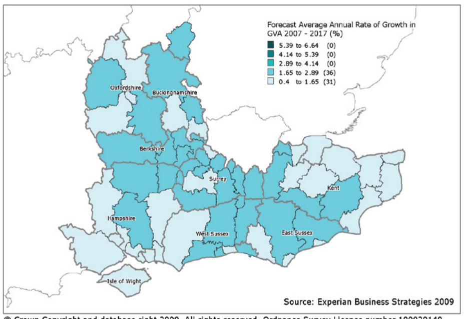


Figure 11: Forecast annual rate of growth in GVA 2007-2017

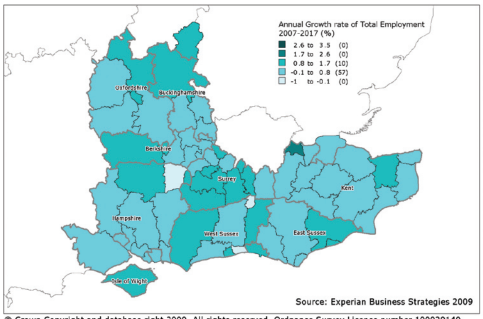


Figure 12: Forecast change in employment rate 2007-17

4. Government targets

4.1 Historically, this Government's priorities have been to narrow the gap between the richest and poorest in our society through national policy initiatives contained within the Sustainable Communities Plan, Neighbourhood Renewal Strategies and New Deal for Communities (NDC) programmes among others. The Government's Public Service Agreements (PSA) set out the long-term ambitions to address economic disadvantage:

- **PSA Delivery Agreement 2:** Improve the skills of the population on the way to ensuring a world-class skills base by 2020
- **PSA Delivery Agreement 8:** Maximise employment opportunity for all
- **PSA Delivery Agreement 10:** Raise the educational achievement of all children and young people
- **PSA Delivery Agreement 11:** Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers
- **PSA Delivery Agreement 16:** Increase the proportion of socially excluded adults in settled accommodation and employment, education or training
- **PSA Delivery Agreement 17:** Tackle poverty and promote greater independence and wellbeing in later life

4.2 The Government's 2009 Framework for Regeneration considers that going forward, regeneration activities should be *"more focused on tackling the underlying economic causes of decline, insuring that every place reaches its potential – transforming lives, by tackling barriers to growth, reducing rates of worklessness promoting enterprises, and giving people the skills to progress"*. In light of the recession and the new financial landscape, investment should be targeted in areas where poverty and worklessness persist and where there is an opportunity to deliver long-term change.[4]

4.3 The Framework focuses on three priority outcomes: improving economic performance in deprived areas; improving rates of work and enterprise in deprived areas; and creating sustainable places where people want to live and can work, and businesses want to invest.[5] These outcomes should be addressed at a regional level through the development of the Regional Strategy in partnership with local authorities and the Homes and Communities Agency, and the Regional Strategy should be used to identify and map priority places for regeneration. The Framework emphasises the role of Local Authorities in progressing regeneration initiatives through Local Area Agreements (LAA) and Multi-Area Agreements (MAA). The following section assesses the extent to which existing regional policies have been addressing the three priority outcomes of the new Framework.

5. Regional Strategy to date

5.1 The economic disparities experienced within the South East represent a long and intractable problem. To date, at regional level, a variety of policy levers (essentially relating to improving places and people) have been used through The South East Plan and the Regional Economic Strategy to attempt to redress imbalances by influencing:

- Access to education and upskilling opportunities
- Employment – identifying sectors and areas capable of stimulating employment; identifying capacity for employment space
- Housing – allocation and affordability
- Transport and other infrastructure – ensuring infrastructure expenditure provides value for money
- Place shaping and physical regeneration – helping to break down area stigmatisation.

5.2 In practice, spatially this has translated into addressing disadvantage along the coastal South East including East Kent, Kent Thames Gateway, South Hampshire, Sussex coast and the Isle of Wight, as well as parts of Oxford, Milton Keynes, Reading and Slough.

5.3 A 2009 report by PricewaterhouseCoopers sought to measure the impact of RDA interventions across England by evaluating the GVA arising from jobs created and safeguarded by RDA spending. It also considered measures of additionality (the extent to which outputs would not have arisen without RDA intervention) of RDA activities such as business development, regeneration and physical infrastructure, and people and skills interventions[6]. The table below summarises the value for money of RDA interventions on two indicators (ratio of GVA to cost and measures of cost per unit of net output).

[4] Transforming Places; Changing Lives: A Framework for Regeneration, CLG, 2009.

[5] Transforming Places; Changing Lives: A Framework for Regeneration, CLG, 2009.

[6] Impact of RDA spending, PWC, 2009

Theme	Achieved GVA (annual):cost	Achieved GVA (cumulative, NPV):cost	Achieved & future potential GVA (cumulative NPV):cost	Achieved cost per net job (£)	Achieved cost per net business assist (£)	Achieved cost per net skills assist (£)
Business	2.8	7.3	11.6	14,221	9,705	N/R
Place	0.7	3.3	8.0	63,271	N/R	N/R
People	0.9	2.5	2.5	43,302	N/R	1,960
SRB	1.9	4.5	4.5	N/R	N/R	N/R
Other	0.9	2.3	3.2	41,775	30,891	9,450
Total	**1.6**	**4.5**	**6.4**	N/R	N/R	N/R

N/R: Not relevant

Figure 13: Summary of the RDA's value for money (2002/03 -2006/07)
Source: Impact of RDA Spending, PWC, 2009.

Physical regeneration

5.4 The outputs of RDAs in delivering physical regeneration are the creation or safeguarding of an estimated 54,000 jobs (gross), remediation of almost 500 hectares of land creation of nearly 300 additional businesses (net). The greatest additionality impact was for land remediation (73%), followed by business creation (65%) and job creation (45%). The table below summarises the impact of physical regeneration interventions on GVA.

Sub-theme	Expenditure covered by evaluations with achieved net jobs created/safeguarded (£m)	Achieved GVA (annual, £m)	Achieved GVA (cumulative, NPV, £m)	Expenditure covered by evaluations with achieved and future potential jobs (£m)[49]	Achieved & future potential GVA (cumulative NPV, £m)
Bringing land back into use	560.0	549.6	2,846.1	399.6	2,595.0
Public realm	295.4	99.1	524.6	91.1	792.3
Image, events and tourism	78.5	39.5	68.9	78.5	127.8
Cross-cutting regeneration interventions	624.5	333.7	1,727.9	529.6	5,202.6

Figure 14: Summary of impact of physical regeneration interventions on GVA (2002/03-2006/07)

5.5 The long-term impact of regeneration activities means that the full benefits are unlikely to have been realised as yet. The report estimates that the likely GVA impact in the future could be as much as between five and nine times the current impact[7].

5.6 There is evidence (for example literature on London Docklands regeneration) that improving places rarely results in benefits accruing to individuals suffering deprivation and that physical regeneration must be undertaken in tandem with policy interventions that address people, some of which may not be deliverable by regional agencies.

[7] Impact of RDA spending, PWC, 2009 page 43

6. What decisions need to be taken in developing the Regional Strategy?

What level of deprivation should result in interventions?

6.1 A key question for the future Regional Strategy will be to determine how the National Policy framework is translated spatially within the South East. To date, the South East Plan and RES have followed the approach of prioritising the worst performing areas (in the SEP, looking at the worst 20% nationally).

6.2 The consultation on the Framework for Regeneration earlier in the year suggested that one way of sharpening the focus of funding would be to invest only in the worst performing 10% of localities (currently those SOAs falling within the bottom 20% are considered.

6.3 The current picture in the South East is that compared to 2004, there are six more Local Authority Districts to have SOAs within the bottom 20% nationally (Adur, Woking, Crawley, Tonbridge, Wealden and Wycombe). However, five of these count only one SOA within their district that falls within the bottom 20% nationally, which is between 1-2% of their total number of SOAs. There has been a slight increase in the total number of SOAs in the South East falling in the bottom 20% nationally, from 5.1% to 6%.

6.4 The map below shows the impact that concentrating only on those areas falling within the bottom 10% would have on the South East region, in essence, reducing funding available to around half of the SOAs that are currently eligible. In practice, this would still mean that current priority areas (Swale, Thanet, Dartford, parts of Adur and Brighton, and Hastings) would remain priority areas, and those few areas in the Inner South East would no longer be considered a priority. This confirms the analysis in paragraph 3.6 above, that the disadvantaged coastal areas experience a different, more structural problem than those areas in the Inner South East.

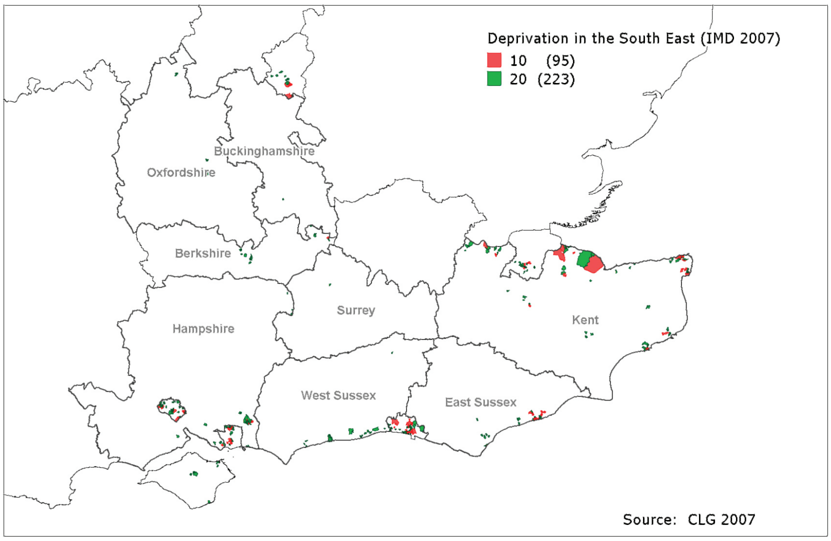


Figure 15: Deprivation indicators – SOAs in lowest 10 and 20% nationally

Should we continue to prioritise physical regeneration?

6.5 The analysis above considered some of the outcomes of physical regeneration activities by RDAs. While it is recognised that RDAs are by no means the only delivery agent of regeneration programmes, they give an indication of the efficacy of regeneration programmes more broadly.

6.6 In order to assess whether we continue to prioritise physical regeneration, it is useful to consider the reasons for undertaking regeneration activities in the first instance. The Urban White Paper (2000) stated that the urban renaissance was about *"improving people's prosperity and quality of life"* through addressing not just housing and improvements to the public realm, but also education, transport, crime and a range of other social issues.

6.7 While there is tangible evidence of improvements to the public realm in many urban areas and the policies pursued have undoubtedly increased levels of house building in urban areas, arguably the same progress has not been made on the social indicators. The New Deal for Communities funding streams sought to address quality of life issues for people living in areas of need by tackling job shortages, education, crime, health and housing problems. A 2009 evaluation of NDC areas concluded that area-based initiatives have no statistical effect on any objective measure of the quality of life, compared with comparator areas, once the characteristics of the people living in the area had been taken into account.[8]

6.8 As noted elsewhere in this Think Piece, responses to policy levers adjust slowly with people and organisations responding over time. It is therefore unlikely that a full analysis of outcomes resulting from regeneration activities is possible at present. Furthermore, the effectiveness of spatial policy should not be considered in isolation from other policy measures that influence 'personal' inequality such as the activities of organisations including Learning and Skills Council, Job Centre Plus, Department for Business, Innovation and Skills, National Health Service and so on. However, what is clear is that in the near term, physical regeneration interventions are going to be harder to deliver.

Should we focus on supporting sectors and skills?

6.9 The Government states in its 2009 Regeneration Framework that there will be a greater emphasis on tackling the underlying economic causes of decline and is making available £6.5 billion over the next two years to promote regeneration. There will inevitably be greater competition for this funding allocation, and the South East may well find itself losing out to other regions of the country where deprivation is more concentrated and more isolated from buoyant areas. There will therefore be some difficult decisions to make about funding priorities in the South East, and the types of interventions we pursue.

6.10 In light of the evidence that interventions that seek to improve quality of life are not working, an alternative approach would be to focus interventions more heavily on addressing the structural problems associated with peripheral economies.

[8] Tim Leunig, contribution to Think Piece, 2009

6.11 SEEDA's new corporate plan adopts a sector-based approach to prioritisation of activities. The six sectors identified are: Environmental Technologies, Advanced Engineering and Marine, Aerospace and Defence, Life Sciences and Health Technology, ICT and Digital Media and Financial Services. The map below shows the location of business units by sector.

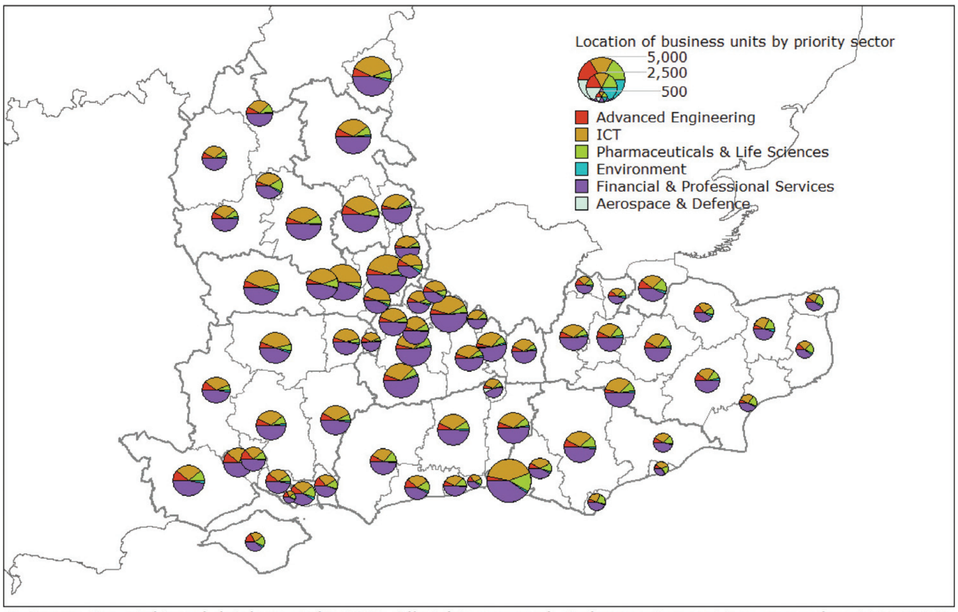


Figure 16: Location of business units by SEEDA priority sector

6.12 The chart below illustrates the value of these sectors to the South East in terms of share of GVA. Pharmaceutical and Advanced Engineering together represent 26% of GVA share.

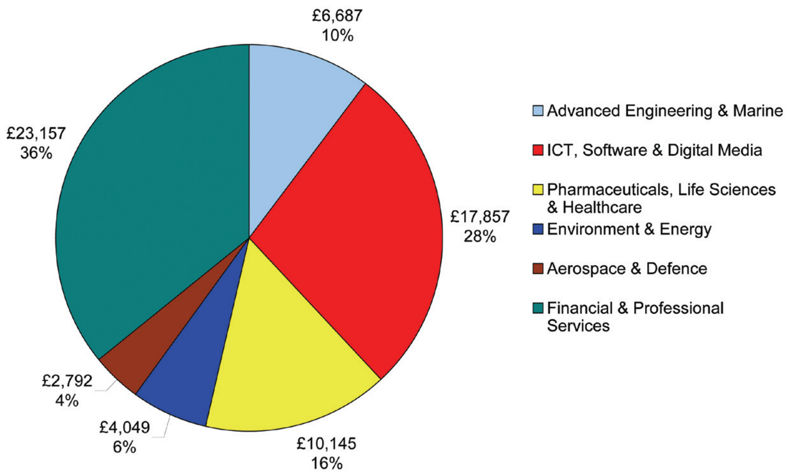


Figure 17: GVA value of sectors in the South East

6.13 Of these priority sectors, Advanced Engineering and Marine, and Pharmaceutical and Life Sciences are well represented in the coastal areas whereas the others tend to be located in the Inner South East (shown in more detail below). The Environment and Energy sector is an interesting picture – there are relatively high concentrations of business units in peripheral areas, but on employment numbers, representation is poorer.

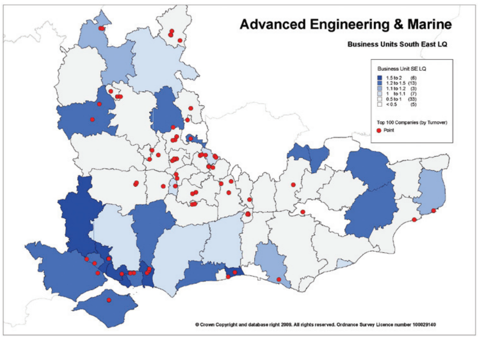


Figure 18: Concentration of Advanced Engineering and Marine Services (business units) in the South East

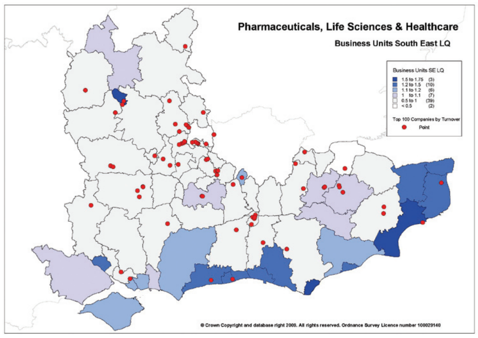


Figure 19: Concentration of Pharmaceutical, Life Sciences and Healthcare (business units) in the South East

6.14 Despite positive localised results of projects such as Sea Space in Hastings, some practitioners (such as the Engineering Employers Federation) consider that there is a serious mismatch of skills and employers' needs, which could mean that opportunities are being missed to contribute to the priority within the new Framework for Regeneration to *"improve rates of work and enterprise in deprived areas"*.

6.15 The above two priority sectors could offer significant transformational opportunities should the supply-side (people and skills) of the equation be improved. The analysis above indicates that generally there is a pattern of lower educational attainment in peripheral areas. The economic importance of higher education is attracting significant policy attention in the UK. Returns from higher education accrue to individuals in the form of increased wages, to employers in the form of increased productivity and to local and regional economies by a higher retention of skilled individuals which in turn supports local firms and encourages the establishment of new high-skilled enterprises. There are a number of universities in coastal areas (including Sussex, Chichester, Brighton and Medway) that appear be failing to provide the right kinds of training courses to equip local people with the necessary skills to access the jobs that are available in prevalent sectors in their areas.

6.16 By investing in sectors that are heavily represented in deprived areas, as well as helping to facilitate an appropriate educational offer in proximate universities, the 'brain drain effect' often associated with education-led regeneration might be avoided and synergies in regional policy achieved.

7. Implications and questions

- To what extent can new opportunities drive up economic performance in parts of the region? Can we actually re-make the market? If so, where and how?
- What would it mean if we focused our efforts only on the worst 10% of localities?
- Should we prioritise physical regeneration? Or should we focus on sectors and skills?
- Regeneration is a long–term process. Should we just hold our nerve?

Contributors

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