Introduction

Brighton & Hove is a Partner City in the Centre for Cities research programme ‘Unlocking City Potential and Sustaining City Growth’. The programme works closely with a small group of cities to inform economic development strategies and improve economic performance. This report sets out policy analysis and recommendations in response to three principal questions:

• What have been the main drivers of growth in the Brighton economy and what is its key growth challenge?
• How can Brighton support its digital media sector?
• How can Brighton & Hove mitigate the effects of the recession and reduce barriers to work by further improving its employment and skills policies?

Key recommendations

• Brighton & Hove needs to reach consensus on how to deliver the new development required for future economic growth. This is essential if the city is to meet its future infrastructure needs and achieve the social and economic goals set out in the Council’s Corporate Plan. This is a process that can only be led by the Administration, as the democratic representatives of the city, but should build on the strong partnerships that have already been developed.

• The city’s digital media sector is a valuable economic driver that needs to be supported. The key challenge is to deliver suitable workspace that supports the emerging ‘creative quarter’ in the city centre. Increased funding for Wired Sussex – the business-led body for local digital media firms – would also help to improve performance by better supporting business retention and inward investment.

• Brighton & Hove’s worklessness challenges will only be exacerbated by the recession. The Council should extend and strengthen the use of Local Employment Partnerships and increase targeted marketing of skills programmes. They should also prepare for the devolution of 14-19 skills funding and the introduction of the new 19+ skills infrastructure in 2010. Building the relevant networks in new agencies and formulating project proposals in advance will help partners in Brighton & Hove adjust to these changes quickly and maximise the funding they are able to draw down.
Macroeconomic context

The credit crisis in the financial markets has now become a crisis in the broader UK and global economy. The UK is now officially in recession, and the fall in GDP in the last two quarters (2.1 percent decline) was nearly as deep as the whole of the 1990’s recession (2.5 percent)\(^1\). The problems within the financial system, which have constrained the supply of available credit, are far from solved and the latest business surveys suggest that output has continued to deteriorate during the first quarter of 2009.

Given the momentum of the decline, and the global nature of this downturn, cities should now expect GDP during 2009 to contract by more than 3 percent. In the 1980s recession, the unemployment rate rose from 4 per cent to 10.6 per cent\(^2\). This recession starts from a lower level (2.5% claimant count)\(^3\) but we expect a rise of more than one million over the next two years.

Delivering growth in Brighton & Hove

The expected severity of the recession underscores the vulnerability of Brighton & Hove’s economic position. The city has performed well over the past ten years, but its prosperity is by no means assured. Decision-makers need to concentrate on nurturing economic growth in the city if they want its residents to reap the benefits. That will require a city-wide consensus on the need for certain new commercial and residential developments.

As in many other cities, there is a tension in Brighton & Hove between its high-level commitment to growth, and mixed attitudes to proposals for specific new developments. Recent decisions to block certain new developments have highlighted this tension.

The whole city – including the Council, residents and businesses – need to reach a clearer consensus on which new developments are needed to realise the city’s growth ambitions. On balance, a more positive attitude towards new development will be required.

The Council was right to identify sustaining economic growth as a key objective in its Corporate Plan for 2008-2011\(^4\). Economic growth creates opportunity, increases incomes and helps to reduce poverty and worklessness. These are also key objectives in the city’s Corporate Plan, and without sustaining economic growth they will not be achieved.

But growth cannot come without change. Standing still is not an option. The Council needs to enable the economic growth that it wants by creating the right set of conditions for residents, workers and businesses to thrive. On the built environment, this means facilitating continual improvements to the public realm and the transport system, as well as increasing the quality and supply of housing and business space.

The risk for Brighton & Hove is that too many new developments are held back, due to lack of public support, and as a result the city’s future economic performance is constrained. In an increasingly competitive domestic and international economy, Brighton & Hove will need to continue improving and extending its infrastructure – otherwise, the city could lose out to other areas with a better offer for businesses and their workers.

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Drivers of growth and the impact of the recession

Like many other UK cities, Brighton & Hove has experienced a renaissance over the past decade. Employment growth has been strong, incomes have risen, unemployment has dropped and there have been major investments in the built environment – including an award-winning public library and the regeneration of the city's seafront.

Arguably Brighton & Hove’s greatest asset is its unique retail, cultural and quality of place offer, which acts to attract tourists and shoppers, and encourages highly skilled workers to settle in the city. This has been a key factor in the emergence of Brighton & Hove’s digital media industry, which has become a valuable source of employment and an important potential source of future economic growth (see below).

Overall, Brighton & Hove’s mix of assets – including its thriving creative and cultural scene, strong brand, highly skilled workforce, two universities and proximity to London – mean that it is relatively well placed to sustain and improve its economic performance over the medium term.

As with all other UK cities, however, the Brighton & Hove economy faces major threats to both its short and long-term growth prospects. It is important that partners in Brighton & Hove – including Brighton & Hove City Council, Brighton Business Forum, the Economic Partnership and members of the City Employment & Skills Group⁵ - understand these challenges in order to formulate the appropriate responses.

This section of the report sets out the economic context for Brighton & Hove by analysing some of the main drivers of the city’s growth over the past ten years and explaining the expected impact of the recession.

Headline statistics

Headline statistics for Brighton & Hove show that its economic performance over the past 10-15 years has been impressive, but that challenges still exist.

- Brighton & Hove added nearly 23,000 jobs to its economy between 1998 and 2005, representing total employment growth of 19 percent compared to a UK average of 8 percent over the same period⁶.

- The key growth sectors have been ‘banking, finance and insurance’ (which accounted for 11,500 extra jobs) and the public sector (6,300 extra jobs)⁷.

- Brighton & Hove’s employment rate increased from 65.4 percent in 1994 to 72.9 percent in 2007. In comparison, Great Britain’s employment rate increased from 70.9 percent in 1994 to 74.3 percent in 2007⁸.

- At the same time, Brighton & Hove’s unemployment rate fell from 14.3 percent in 1994 to 6.8 percent in 2007 – though, this was still above the 2007 Great Britain average of 5.5 percent⁹.

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5. The City Employment & Skills Group is made up of public sector agencies, such as Brighton & Hove City Council and JobCentre Plus, the voluntary and community sector and private sector representatives.
9. Ibid.
Local dynamism backed up by public spending and wider economic growth

Employment growth statistics suggest that Brighton & Hove’s strong performance is partly due to the strength of its business base. For example, between 1998 and 2005 there was stronger than average growth in key sectors like banking, finance and insurance and other services - the category which captures most of the city’s digital media industry (see Figure 1).

Figure 1: Brighton city-region’s industry jobs growth compared to UK averages, 1998-2005

As with the rest of the UK, however, Brighton & Hove’s growth has also been backed up by big increases in public spending as well as strong growth in the national and international economies. The rate of increase in public sector jobs has been slower than the national average (see Figure 1), but the public sector has still accounted for a major chunk of Brighton & Hove’s overall jobs growth, adding 6,300 jobs between 1998 and 2005.

When public spending is eventually squeezed or reduced, all cities will enjoy much less of the associated public sector investment and jobs growth. This will reduce opportunities in the labour market, putting additional pressure on unemployment and worklessness in the city at a time when the private sector will still be feeling the effects of a major recession.

Source: Annual Business Inquiry, downloaded January 2009

What impact will the recession have on Brighton & Hove’s employment base?

With the recession now expected to be much worse than initially predicted, Brighton & Hove should expect to be hard hit. The Centre for Cities’ Cities Outlook 2009 report argued that Brighton & Hove’s\(^\text{10}\) high skilled workforce means that it is better placed than the likes of Liverpool and Stoke to weather the storm, but in a relatively weaker position than cities like Cambridge because of its higher dependency on financial services jobs and its lower starting employment rate. The Centre for Cities commissioned Oxford Economics to produce a forecast of how the recession will play out in Brighton & Hove and a range of other cities around the UK\(^\text{11}\). Based on a national contraction of 2 percent, Brighton could suffer around 3,000 jobs losses, which would be equivalent to 2.4 percent of total jobs in 2008.

The retail sector

In early 2009, the Centre for Cities published research on how the downturn could impact on Brighton’s retail sector\(^\text{12}\). This argued that Brighton & Hove’s unique independent retail businesses could suffer more than other types of retail businesses since these firms have smaller markets and weaker financial management systems than larger mainstream retail organisations.

The report recommended that Brighton & Hove’s recently established Economic Taskforce should increase its efforts to support independent retail businesses. This could be achieved through expanded ‘door-stepping’ of businesses to help firms understand the emergency support measures available to them, through the Small Firms Loan Guarantee scheme, for example. Some of these measures have already been put in place, including a high-profile campaign, begun in the run-up to Christmas, that promoted the economic and sustainability benefits of shopping at local independent stores.

The Economic Taskforce could be a valuable tool for developing practical solutions to social and economic challenges as they emerge during the course of the recession. The Council and agencies, such as JobCentre Plus, should use the Taskforce as a key forum for coordinating activity and making policy decisions during the recession.

Financial & business services

On financial and business services, reports suggest that American Express, which currently employs 3,000 people in the city, is set to weather the economic storm reasonably well and even increase employment at its Brighton site\(^\text{13}\). However, Brighton & Hove’s financial and business services sector is considerably larger in scope than American Express, accounting for about 26,000 workers in 2007\(^\text{14}\), and there may be job losses elsewhere in the sector.

Digital media

Parts of Brighton & Hove’s digital media industry might be particularly susceptible to the downturn. Many of the businesses in the digital content/services part of the sector have strong links to London, and with the capital expected to be hit hard in the recession, the associated fall in demand could have serious consequences for some of Brighton & Hove’s digital media firms. With the public sector also acting as an important client for some firms the slower growth in public spending could also have a significant impact on the sector.

13. The Argus, 1st November 2008 ‘Brighton’s employer American Express offers jobs boost’
What will be the impact on property investment?

Another major consequence of the recession and the longer term re-pricing of risk in financial markets will be to dampen the flow of property investment that has flooded into cities over the past ten years.

In Brighton & Hove, the weaker outlook for commercial property has been clearly demonstrated by developers Karis ING pulling out of the proposed Frank Gehry designed, King Alfred Centre - a mixed use development incorporating a leisure centre and residential property. This is a damaging setback for Brighton & Hove given that the development would have created 700 construction jobs over the five year construction period, as well as retail and leisure jobs after completion. It is also a strong indicator that other development priorities, such as city centre creative industries workspace and the crucial Brighton Centre conference venue, will struggle to attract the necessary investment for delivery. This makes proactively pursuing viable development opportunities even more important.

Without significant infrastructure investments like these, Brighton & Hove’s residents, workers and businesses could struggle to achieve their potential in the years ahead. This will restrict economic growth and limit progress on other key Council objectives, like increasing opportunity and reducing worklessness. Overcoming the city’s planning challenges will be the key to unlocking Brighton & Hove’s economic growth in the years ahead.

Reaching consensus on the need for new development

Delivering the infrastructure needed to support economic growth in Brighton & Hove will not be easy. The Council’s Corporate Plan is rightly committed to economic growth, but there is not a clear consensus on how to deliver the infrastructure needed to realise this. Public attitudes to new developments are mixed, and some high-profile projects have recently been blocked.

For example, in December 2008, the Council voted to block the proposed Brighton Marina development – even though it complied with the requirements of the adopted Local Plan and was recommended by planning officers. The Council also decided recently to refuse permission for the redevelopment of the Royal Alexandra Children’s Hospital, though plans for this development had also been recommended by officials.

Caution about the physical development of the city is perfectly legitimate, particularly given the mistakes that have been made with tall buildings in Brighton & Hove in the past. It is also essential that Brighton & Hove maintains its unique character and quality of place offer, especially since these are a major attraction for skilled workers, tourists and shoppers. Any changes to the fabric of the city must enhance, rather than detract from, the quality of Brighton & Hove’s physical environment.

Although understandable in isolation, taken together the cumulative effect of the recent planning decisions is at odds with the city’s commitment to economic growth. And if this trend were to continue, the city would ultimately constrain its scope for future growth.

Restricting the development of the city could have a damaging effect on economic and social outcomes. For example, planning delays and blockages can discourage further capital investment, constrain jobs growth, and significantly increase property prices for businesses, residents and workers looking to move into the city. In turn, these issues could have serious consequences in terms of limiting economic growth and opportunity, restricting progress on worklessness and reducing housing affordability for local people.
In response to this challenge, the Council needs to shape a clearer consensus in favour of the new developments required to support economic growth in the city. Without the appropriate infrastructure, the city will be unable to reach its long-term potential.

The Council has a leading role to play in creating the conditions for businesses, workers and residents to thrive. In order to deliver on the social and economic goals set out in its Corporate Plan, the Council will need to encourage a more positive approach to those new developments that are essential to the future growth of the city.

New development will be made even more difficult in the short-term, given the much more difficult financing environment. The Council and its partners may need to place more emphasis on innovative financing instruments, such as Local Asset Backed Vehicles, that can use public-sector assets to spark delivery of the investment that the city needs.

**Recommendations**

- The Council should encourage a clearer consensus on how to deliver the new development required for future economic growth.

- The introduction of more economics training for councillors would help to improve political understanding of the city's planning challenges and options\(^\text{15}\), as well as increasing awareness about the benefits of new investment.

- Getting councillors more heavily involved in the pre-application stage of development discussions should help strengthen and improve planning processes\(^\text{16}\).

**Supporting Brighton & Hove’s creative industries**

Brighton & Hove is one of the relatively small number of UK cities that can legitimately claim to have a major strength in the creative industries. According to the latest estimate, about 16,000 people are already employed in the sector, with the city’s key strengths in the areas of digital content / communications, games and e-learning\(^\text{17}\). Brighton & Hove has already started to support these sectors (referred to collectively here as ‘digital media’) and key development priorities have been identified. As always, however, there is potential for improvement.

This section provides advice on how the Council can target its support for the digital media sector. It reviews the sector’s key strengths and weaknesses and then draws on relevant lessons from the academic literature and policy efforts elsewhere in the world.

**Why should Brighton & Hove support its digital media industry?**

The UK is one of the world leaders in a market for creative content that is already large and is expanding quickly. According to the Department for Culture, Media and Sport (DCMS), the UK’s creative industries grew at a rate of 4 percent per year between 1997 and 2006 and accounted for 6.4 percent of national output by 2006\(^\text{18}\).

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16. Ibid.
Within the creative industries, the digital media sector is an important growth area. For example, the software, computer games & electronic publishing sub-sector grew at 10 percent per year between 1997 and 2006\(^\text{19}\). Importantly, there are signs that this kind of growth will continue into the future as new platforms, such as Apple’s ‘iPhone’, increase the demand for new software.

The growth of the digital media industry is creating the kinds of jobs that all cities are desperate to support - high-value employment that generates income for the city and spillover jobs for the rest of the workforce, including low-skilled workers.

For Brighton & Hove, digital media represents not only an important source of existing jobs, but also a major opportunity for future growth. It is in digital media, much more than areas like environmental technology - where Brighton & Hove has no apparent competitiveness - that the city has the greatest chance of carving out a niche for itself in the modern economy.

**What are Brighton & Hove’s key strengths and weaknesses as a location for digital media businesses?**

- **Strength - quality of life, creative buzz and proximity to London**
  Brighton & Hove’s key strengths as a place for the creative industries are its quality of life, creative buzz and proximity to London. The city’s diversity, mix of artistic scenes, independent retail and leisure offer and cultural events - such as the Brighton Festival - all combine to make it an attractive location for creative workers and entrepreneurs. One of the biggest benefits of this is that digital media firms find it relatively easy to attract and retain the skilled workers they need to compete.

- **Strength - Wired Sussex**
  Wired Sussex - the local digital media industry body - plays an important role in facilitating networks and promoting the growth of the cluster more widely - through inward investment activity, for example. It has also recently established an internship programme that places graduates in local digital media companies. Set up and run by the private sector, the group has about 1,200 member companies across the Sussex area.

- **Strength – University of Sussex and University of Brighton**
  Brighton & Hove’s two universities are seen as an important, but under utilised asset. Universities and businesses need to come together as part of the effort to develop a more integrated education and skills offer, as well as to maximise flow of knowledge from the universities to the business base.

- **Weakness - workspace**
  Brighton & Hove’s key weakness as a location for digital media businesses is its lack of suitable office space. A recent study analysed the problem and made a series of recommendations on how it should be addressed\(^\text{20}\). Brighton & Hove City Council has now included the delivery of creative industries workspace in its Corporate Plan\(^\text{21}\).

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19. Ibid.
Policy lessons from the academic literature and experiences elsewhere

• Attracting the ‘creative class’
The importance of a city’s openness, diversity and quality of life in helping to drive forward its economic growth can be overstated\textsuperscript{22}. It is undoubtedly an important attribute, however, particularly for the creative industries.

This has two important policy implications for decision-makers in Brighton & Hove. First, it underscores the importance of physical development to continually improve the quality and attractiveness of the urban environment because this helps to attract and retain the talented workers needed to drive economic growth. Second, it also underlines the economic value of Brighton & Hove’s softer cultural and quality of life assets, including its mix of festivals, creative scenes and independent retail offer. This reinforces the need to maintain the Council’s funding for events like the Brighton Festival, even in the context of a tighter budget.

• Creative quarters
Creative industries tend to cluster in certain parts of a city. London’s Soho is the obvious example, but there are plenty of others, including the fashion industry in New York’s ‘Garment District’. Proximity can generate important benefits, such as easier networking, collaboration and knowledge exchange, that improve the performance of established firms and make the city more attractive for potential investors and entrepreneurs.

Cities need to enable the development of creative business space in the right places. The implication for Brighton & Hove is that city leaders need to prioritise the delivery of business space in the centre of the city rather than at easier sites on its outskirts.

• The importance of business leadership
Evidence from across the local economic development spectrum frequently points towards the importance of private sector leadership in cluster development.

Brighton & Hove is fortunate to have a well-established, private sector led support agency for the digital media sector. Wired Sussex is capable of using its expert knowledge to support the growth of the sector in Brighton & Hove, partly by acting as a specialist business retention and inward investment agency and partly by acting as a valuable conduit between digital media firms and public sector partners. With Wired Sussex short of funding – particularly during the recession – the Council and SEEDA should consider increasing its funding so that its representatives can concentrate on building up the cluster. At the same time, Wired Sussex must work harder to build constructive relationships with public sector partners.

• Education and skills
The availability of skilled and creative workers is becoming increasingly important for firms in all parts of the UK economy. It is particularly important for businesses engaged in the digital media sector, where coming up with and developing new content is a crucial source of growth.

\textsuperscript{22} Nathan M (2005) The wrong stuff: creative class theory, diversity and city performance London: Centre for Cities
Brighton & Hove’s education and skills offer needs to be integrated to help ensure that local people are able to access the types of opportunities being generated in the Brighton economy and are able to contribute significantly to the city’s economic success. Partners are making headway on this, with, for example, the recent introduction of a Creative Systems MSc course at the University of Sussex.

One way of making further progress would be to strengthen relationships between the different tiers of the educational system – from primary schools to universities - and encourage joint working on increasing entrepreneurship (already a council priority) and improving skills. Work on this kind of activity has recently begun – through a meeting of educational leaders in the city referred to as the ‘Ed Heads’ - but it is at an early stage and should be strengthened and encouraged further, possibly through pilot schemes if funding is available.

One possibility would be to increase university and creative industry business engagement with secondary schools and FE colleges to inspire entrepreneurship and the increased uptake of training. Brighton & Hove’s Education Business Partnership and business groups such as Wired Sussex and the Brighton & Hove MDHub should also play a key role in this. From an adult skills perspective, further integration would tie in well with the need/opportunity to increase the uptake of training when employment prospects fall away during the downturn.

Any efforts to adapt and integrate Brighton & Hove’s education and skills offer should complement and draw on mainstream provision. In doing this it will be important to marry up with and take advantage of opportunities linked to the Department for Culture Media and Sport’s Creative Britain strategy and other central government strategies, schemes and bodies, such as the National Apprenticeships Service due to be established in 2010.

Recommendations

The creative industries – and especially games, e-learning and digital media - represent important sources of future economic growth for Brighton & Hove. City leaders, universities and business groups need to work together to support the growth of the city’s digital industries.

• The Council, Wired Sussex and SEEDA should work out the next steps in the delivery of Brighton’s creative industries workspace.

• The Council should let businesses themselves take the front seat in supporting the industry’s development by strengthening the involvement of Wired Sussex in inward investment and business retention activities related to the sector, and consider any options available to increase funding. As part of the deal, Wired Sussex should work harder to strengthen relationships with other partners, such as SEEDA.

• Universities, Further Education colleges, schools and the Council should work to integrate the city’s education and skills offer in support of the creative industries. This will mean ensuring that all parts of the educational system and representatives of the business community are speaking to each other, coordinating activities and drawing on complimentary strengths. For example:

  • Links between the local universities and schools could be strengthened to help school children identify higher education and career options.

  • Universities and businesses could also be used more extensively to help raise aspirations and improve entrepreneurship training in local schools.
Barriers to work - employment and skills

While employment in Brighton & Hove has grown significantly over the last ten years, the city still suffers from the problems of disadvantage and worklessness. The recession is set to increase unemployment throughout the Brighton & Hove economy. This will leave the city with a much larger group of newly unemployed people than it has recently been used to, as well as exacerbating the challenges involved in getting disadvantaged groups back into work.

Responding to the recession

What changes can partners in Brighton & Hove make to help minimise job losses and get recently unemployed people back into work as quickly as possible?

- **Extend and strengthen Local Employment Partnerships (LEPs)**
  LEPs could be a valuable tool in helping to identify threats to employment early and developing options for limiting job losses. For example, they provide an opportunity to persuade businesses to shift workers to part-time employment rather than simply making them redundant. Employment advisors can then work with part-time workers to help them find new jobs or training opportunities. Currently, LEPs are underutilised in the city. They should be extended and strengthened as far as possible.

- **Map vacancies across the city-region**
  Partners in the Economic Taskforce can complement the activity of employment advisors and JobCentre Plus by ensuring that vacancies are mapped properly across the Brighton city-region. This should help employment advisors match people to jobs more effectively.

- **Adjust skills programmes where appropriate and increase targeted marketing**
  The Economic Taskforce should also be thinking about how they can make Brighton & Hove’s skills offer as responsive as possible to the needs of low-skilled workers. The recession will lead to unemployment, but it should also be viewed as an opportunity to get people to access valuable training while their employment prospects are weak. More targeted marketing of key groups would help to increase uptake.

- **Support business and encourage investment**
  Without jobs, skills programmes and job matching services will be ineffective. There needs to be demand for labour in the economy. Most importantly, in Brighton’s case this means delivering the essential infrastructure needed to unlock economic growth.
Long-term worklessness: Brighton & Hove’s key challenges

The recession will also make it tougher to get Brighton & Hove’s stock of long-term workless back into employment. Greatly reduced employment opportunities will be added to the long list of barriers to work for Brighton & Hove’s disadvantaged residents. Some of the key challenges include:

• **Addressing Brighton & Hove’s skills mismatch**
  Brighton & Hove’s relatively high number of graduates - 41 percent of the workforce in 2007 – has led to an oversupply of high skilled labour in its economy. This has increased competition at the bottom end of the labour market, making it more difficult for Brighton & Hove’s large number of working age people with no formal qualifications - 10 percent of the workforce in 2007 - to get jobs. It could also be leading to the problem of ‘deskilling’, where workers are employed below the level of their capability and are therefore underutilised and less able to reach their potential.

• **Health and social barriers**
  A detailed 2007 report analysing worklessness in the city illustrated the range of health and social problems – including housing affordability, disability, mental health and drug or alcohol misuse - acting as barriers to work in Brighton & Hove\(^{23}\). These factors combine to create a complex mix of barriers to work for many individuals and households across the city.

  It was beyond the scope of this report to look at these issues in detail, but any response to worklessness in Brighton & Hove must try to tackle the particular set of health and social problems faced by workless individuals, as well as equipping them with the skills they need to compete in the labour market and stimulating economic growth to create opportunity.

• **Lack of aspiration and neighbourhood effects**
  As the city’s Employment & Skills Plan points out, two-thirds of economically inactive residents are not looking for work. Among other factors, this reflects a poverty of aspiration among disadvantaged individuals and families, where the stigma attached to being unemployed has disappeared and where generational unemployment can be accepted as the norm.

• **Benefits trap**
  As elsewhere in the UK, low relative wages coupled with the high costs of housing, transport and childcare mean that coming off benefits and moving into work does not always represent a clear financial gain for workless individuals. Partners in Brighton & Hove - as well as the wider city-region - will have an important role to play in designing and implementing policies intended to overcome these barriers. The recent Welform Reform White Paper sets out the government’s plans in this area\(^{24}\), and partners in Brighton & Hove will need to analyse the potential effects on its benefit claimants.

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Improving on existing employment and skills policies

Brighton & Hove could certainly not be accused of ignoring worklessness in its community. Indeed, the Audit Commission’s 2006 review of Brighton & Hove City Council’s performance praised the Council for its work in this area25. But what else can Brighton & Hove do to help get long-term workless people back into jobs? Recommendations here focus on skills and labour market policy changes that can be made to improve Brighton & Hove’s approach on worklessness.

• Getting businesses more involved, strengthening LEPs
  Business groups such as Wired Sussex and the Brighton & Hove MDHub need to be more heavily represented in policy-making forums. In the run up to the devolution of 14-19 skills provision in 2010 it is important that the Employment and Skills Group lays the groundwork for a responsive skills system by cementing business involvement in skills decision-making. The Employment and Skills Group also needs to understand in advance what kind of skills projects it needs to commission to support residents, workers and businesses. Extending and strengthening LEPs across the city-regional economy will also assist this process.

• Preparing for the new 19+ skills agencies
  Business involvement will also be crucial when the new 19+ skills architecture comes into place in 2010. The new National Apprenticeships Service (NAS) will be a particularly important component of this new architecture, and Brighton & Hove’s Employment and Skills Group should work closely with businesses to prepare proposals for apprenticeship schemes in advance of NAS’s introduction. Building strong links with those involved with setting up NAS will also help maximise the amount of funding drawn down by the city as well as reducing the amount of time it takes to get it.

• Strengthening links between education institutions
  All tiers of the education system, from primary schools through to universities and Further Education colleges should look to strengthen collaboration. This will help make Brighton & Hove’s employment and skills offer more heavily integrated and responsive to labour market needs, strengthening the link between individual skills and employment opportunities. The emerging ‘Ed Heads’ group of educational leaders across the city and Brighton & Hove’s Education Business Partnership should work together on this activity.

• Increasing travel horizons
  If funding is available, pilots should be introduced that aim to increase the travel horizons of Brighton & Hove’s long-term workless. For example, this could be achieved through greater transport subsidies for disadvantaged groups applied on a case by case basis. Given current pressures on spending this should be a long term objective. The Employment & Skills Group should lead on this.

• In the longer-term, enable the growth of higher value jobs
  The growth of Brighton & Hove’s high-value, tradable business base will generate job opportunities at all levels of the labour market, including low skilled, entry level jobs for the long-term workless. It will also open up more space at the top end of the labour market for graduates currently employed in lower skilled jobs, which could in turn reduce competition for jobs at the lower end of the skills spectrum. Brighton & Hove’s best chance of achieving this kind of growth lies in the development of its digital media sector.

Partners in Brighton & Hove requested case study examples of successful worklessness policies. Box 1 sets out three relevant examples from around the UK.

**Box 1: Case studies on dealing with long-term worklessness**

- **Ways 2 Work, Doncaster**
  Ways 2 Work is a community-led brokerage scheme that provides training, advice and support to help residents move from benefit dependency to employment. Staff conduct detailed interviews with local residents and provide them with advice and encouragement, as well as practical help on CVs and job searching techniques. A monitoring officer visits clients in the workplace, maintaining the relationship and continuing to give advice and support when needed. This intensive, personalised approach could be to be a more effective way of engaging with Brighton & Hove’s long-term workless individuals.

- **Burngreave Community Learning Campaign (BCLC), Sheffield**
  The BCLC targets people not in work or in low paid jobs and focuses on improving basic skills and helping residents gain qualifications at NVQ3 or above. The project recruits individuals from the local area and uses them to engage local residents and help them access training to improve basic skills, ICT and languages. Sheffield College also provides advice on training opportunities. Such an approach could prove especially valuable in helping Brighton & Hove residents identify training opportunities while employment prospects are reduced during the downturn.

- **Superstars, Merseyside**
  Superstars is a project aimed at providing support and guidance to enable young people in public care / looked after children to reach their potential. The programme tries to raise the aspirations, attainment and confidence of young people as they approach their GCSE exams. Beneficiaries receive study support and mentoring and participate in a range of activities designed to improve team-working, as well as motivate and raise aspirations. With low aspirations already identified as an issue among some of Brighton’s young people it would make sense to introduce projects targeted at this problem.
Recommendations

Partners in Brighton & Hove need to be flexible in the way that they respond to the recession by temporarily reprioritising resources to maximise the benefit of public sector intervention. Through their involvement in the Employment & Skills Group and the recently convened Economic Taskforce, Brighton & Hove City Council and JobCentre Plus should:

• Extend and strengthen Local Employment Partnerships to identify threats to employment early and plan Brighton’s response.

• Map jobs across the city-region to help employment advisors identify job opportunities for the recently unemployed.

• Increase targeted marketing of skills programmes to encourage people to access training while their employment prospects are more limited.

Partners involved in the Employment & Skills Group should certainly not forget about the problem of long-term worklessness. Brighton & Hove’s efforts have been impressive, but there are a number of ways the Employment & Skills Group can improve the city's approach.

• Prepare for the devolution of 14-19 skills funding in 2010 by getting businesses more involved in shaping Brighton & Hove's education and skills offer, and delivering entrepreneurship education. Extending and strengthening Local Employment Partnerships across the city-region should help to do this.

• Prepare for the arrival of the new 19+ skills architecture – including the National Apprenticeships Service - by developing project ideas now and strengthening links with the personnel currently setting up the new national agencies. This will help Brighton adjust to the new skills system quickly and maximise the funding it is able to draw down to deliver skills programmes in the city.

• Explore options for increasing the travel horizons of Brighton & Hove's long term workless by scoping out the viability of a subsidised travel pilot.

• Encourage investment and economic growth in the built environment and in high-value jobs. This will help to create opportunities for low skilled workers struggling to find work. This should be led by the Council, the Employment and Skills Board and Wired Sussex.
Key policy imperatives

Brighton & Hove has experienced a resurgence over the past ten years, but threats to growth mean that prosperity is far from assured and that making progress on the Council’s social and economic objectives will be difficult to achieve. This report has analysed these threats and highlighted opportunities for progress in three main areas.

1. Reaching consensus on the need for new development.

The Council needs to shape a clearer consensus in favour of the new developments required to support economic growth in the city. This is essential if the city is to meet its future infrastructure needs and meet the social and economic goals set out in the Council’s Corporate Plan. Getting councillors more involved in pre-application planning discussions and giving councillors more economics training should help to improve decision-making.

2. Supporting Brighton & Hove’s digital media sector.

Brighton & Hove has a genuine strength in digital media, and the potential for growth in the industry means that it can be an even more valuable source of jobs and income for the city in the future. Brighton & Hove City Council, SEEDA and Wired Sussex – the business-led support agency for local digital media firms – should work together to support the sector’s needs. As all partners agree, the top priority should be to deliver more creative industries workspace, the lack of which has been holding back growth in the sector. The Council and SEEDA should also consider giving Wired Sussex greater responsibility for business retention and inward investment activities, as well as increasing funding for the organisation to help improve its delivery in these areas.

3. Improving employment and skills policies.

The recession will reduce employment opportunities and make dealing with worklessness an even tougher challenge for the Council, the city’s Employment & Skills Group and other partners. Good progress has already been made in this policy area, but partners can still do more. In the short-term, extending and strengthening the use of Local Employment Partnerships should help to identify threats to employment early and increase the chances of partners finding a solution that helps to safeguard jobs. In the longer-term, the Employment & Skills Group should also begin preparing for the devolution of 14-19 skills funding and the introduction of the new 19+ skills architecture – including the National Apprenticeships Service - by building links with the relevant agencies and formulating project proposals in advance. This will help to ensure that Brighton & Hove adjusts to the new system quickly and that it maximises the funding it receives to deliver skills programmes in the city.

Acknowledgements

The Centre is grateful to Brighton & Hove City Council for the financial support which made this report possible. The Centre would also like to acknowledge the considerable time Councillors, Council officers, and a wide range of external public and private sector stakeholders were prepared to devote to discussions with the research team. Stakeholder engagement was invaluable in helping us to shape relevant, timely and achievable policy recommendations.
Brighton & Hove Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Brighton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (2007)</td>
<td>253,500</td>
</tr>
<tr>
<td>Population growth (1997-2007)</td>
<td>3.5%</td>
</tr>
<tr>
<td>Working age population (2007)</td>
<td>170,300</td>
</tr>
<tr>
<td>Total jobs (2007)</td>
<td>119,700</td>
</tr>
<tr>
<td>Jobs growth (1998-2005)</td>
<td>19%</td>
</tr>
<tr>
<td>Economically active (July 07 - June 08)</td>
<td>78.7%</td>
</tr>
<tr>
<td>Inactive seeking a job (July 07 - June 08)</td>
<td>6.9%</td>
</tr>
<tr>
<td>Inactive not seeking a job (July 07 - June 08)</td>
<td>14.4%</td>
</tr>
<tr>
<td>JSA claimants (November 08)</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total key benefit claimants (August 08)</td>
<td>14.6%</td>
</tr>
<tr>
<td>Gross average weekly wage (residence 2008)</td>
<td>£514</td>
</tr>
<tr>
<td>Gross average weekly wage (workplace 2008)</td>
<td>£480</td>
</tr>
</tbody>
</table>

Index of Multiple Deprivation Ranking - Brighton Primary Urban Area (1=least deprived)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>28 (out of 56)</td>
</tr>
<tr>
<td>2007</td>
<td>29 (out of 56)</td>
</tr>
</tbody>
</table>

Skills Profile (2007) - % Working age population

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Brighton</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>NVQ4 &amp; above</td>
<td>41.2%</td>
<td>28.6%</td>
</tr>
<tr>
<td>NVQ3 &amp; above</td>
<td>60.0%</td>
<td>46.4%</td>
</tr>
<tr>
<td>NVQ2 &amp; above</td>
<td>73.0%</td>
<td>64.5%</td>
</tr>
<tr>
<td>NVQ1 &amp; above</td>
<td>83.3%</td>
<td>78.1%</td>
</tr>
<tr>
<td>Other qualifications</td>
<td>7.2%</td>
<td>8.8%</td>
</tr>
<tr>
<td>No qualifications</td>
<td>9.5%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>


February 2009

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