

Appendix 4 – Drivers of Change

The following drivers of change have impacted (and will continue to do so) the macro and micro economic picture across the district:

- **COVID** legacy including changes to working practices and dealing with the threat of future pandemics on economic activity
- **Climate Emergency** and the pressures to focus on decarbonisation as part of policy development and delivery and to ensure all businesses minimise their impact on the environment. The introduction of water neutrality measures on new development as part of this agenda has put added pressure on housing supply and consequently exacerbated challenges with housing affordability. It is important to note that some of the current extreme weather events are impacting on local businesses and that these impacts also need attention as part of the EDF. There are some tensions between local initiatives that need to be reconciled – e.g. encouraging greater use of cars to support town centres. There are also tensions around some strategic projects and this agenda, particularly the proposed expansion of Gatwick Airport. This said, it is critical that the strategic importance of the Gatwick Diamond (as a local and strategic economic driver) is considered separately from this issue as the opportunities are much wider than the proposed airport expansion. To help support this agenda and delivery of the recently published Climate Action Strategy, the EDF will focus developing the concepts of a “Circular” and “Sharing” economy as part of the work streams.
- **Pressures on Political stability** within the UK in recent years has increased uncertainty for investors and businesses. It is envisaged that greater stability will be achieved by the end of the year following the general election. The outcome of the US elections in November is a further factor that needs to be considered within this context.
- **Pressures on public finances** has continued over the last decade which has seen a reduction in Government grants. This has meant that local councils have had to generate income from local taxes, charges for services and commercial activity whilst continuing to seek out efficiency savings in service delivery. In some cases, this has led to services being reduced or cut. This situation has been compounded by an increase in demand for local services. In response, many councils have been exploring opportunities to increase income via commercial activities, reducing costs via joint working with other councils and focusing on demand management approaches to service design.
- **A new Horsham Council Plan** (and annual plan) has been agreed by the Council
- **Abolition of Local Enterprise Partnerships** – This has seen the functions of the Coast to Capital LEP for the area being placed within West Sussex County Council which has expanded their role as the strategic provider for economic development services. This highlights the need to identify and develop a strong strategic brand and collaboration that will help promote our economy and associated opportunities on a national and international stage. To this end it is suggested that the Gatwick Diamond should be explored as a strategic brand and collaboration as part of the development and delivery of the EDF.
- **Changing industrial structures** across the UK with a further shift from primary to service based sectors and, in particular, an increase in knowledge based industries associated with digital, life science, creative and green based sectors. Manufacturing has been a key growth sector across Horsham with emphasis on minerals and

chemicals. The transport and logistics sector has also experienced growth across the district. Locally there has been an increase in specialised manufacturing including, for example, the manufacturing of electromedical and electrotherapeutic equipment for health sector. Recent years has seen the emergence and growth within the viticulture sector locally which complements the drive to support and expand the visitor economy offer. Although enjoying growth in several key sectors, productivity across the district and county is falling behind the wider region; this is an issue that needs to be grasped by the EDF.

- **Brexit** and the associated implications for trade and workforce and skills supply across a range of sectors which is causing difficulties with recruitment and business growth. In this context there is a challenge for farming and associated land based activity given the significant reduction in the financial support provided by the Common Agriculture Policy.
- **Changing in workforce patterns** with an increase in blended site based and remote working which in turn is impacting on the demand for different types of workspaces. Also, there are changing skills requirements including, for example, the demand for digital skills across all sectors and green skills within the energy sector. A key challenge for the area is around the relatively high level of low value jobs which impacts on productivity and which will need to be addressed as part of the EDF.
- **Unrest in Europe and the Middle East** with a focus on energy and food security and associated increased costs for businesses which also spotlights the need to focus on supporting agriculture and the wider land based sector.
- **Technology advances** including implications of artificial intelligence on industrial processes and knowledge development and management. A key aspect for the local economy will be the coverage and roll out of digital infrastructure to support business growth and investment.
- **Changing nature of town centres** as a result of changing shopping habits resulting from a combination of factors including, for example, the COVID lockdowns and shifts toward more on-line shopping. In response a Business Improvement District has recently been put in place for Horsham town centre to help reinvigorate the town. It is proposed that, as part of the EDF, work in undertaken with other town centres, villages and high streets across the district to help reinvigorate them as hubs for communities and commerce.
- **Changing Demographics** with an aging population and an increase in the number of people of working age leaving the workforce both of which compound the challenges around recruitment and business growth.