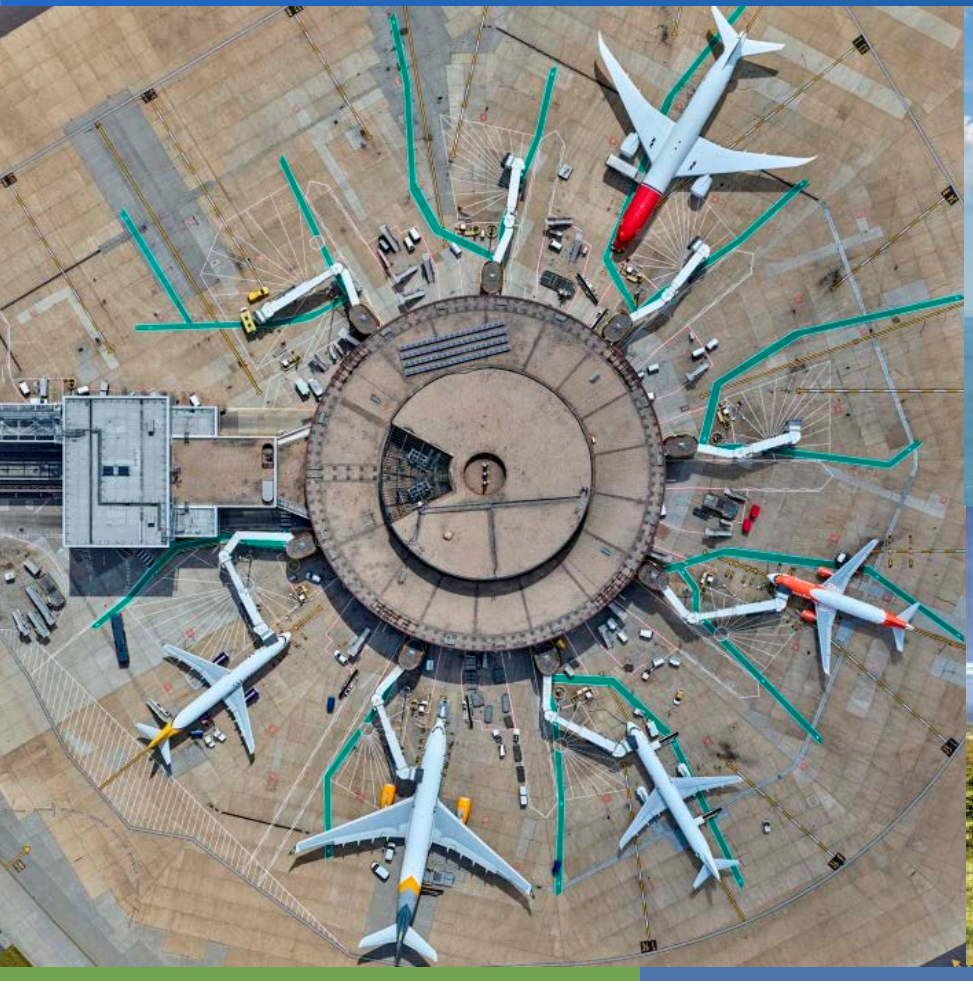
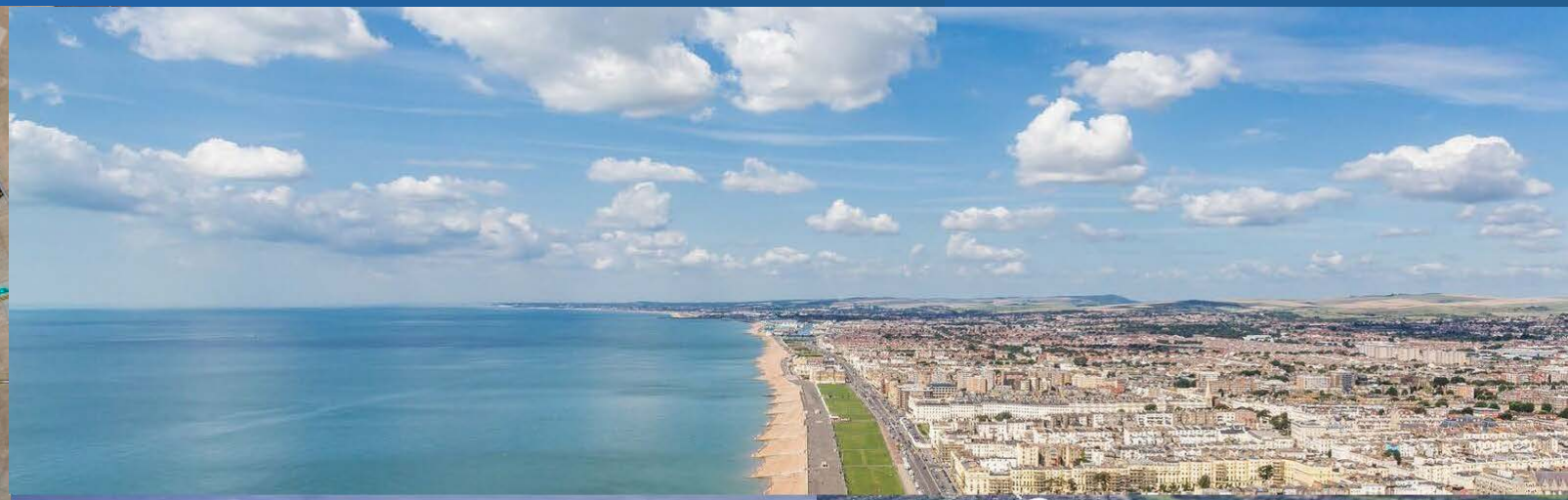
Coast to Capital LEP





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76.8%

employment rate

20%

of SE economy

1.9

million people

6th

Most prosperous region in the UK

£61,000

Average GVA per employee

£48.5 bn

GVA

84,000

SME businesses in the area

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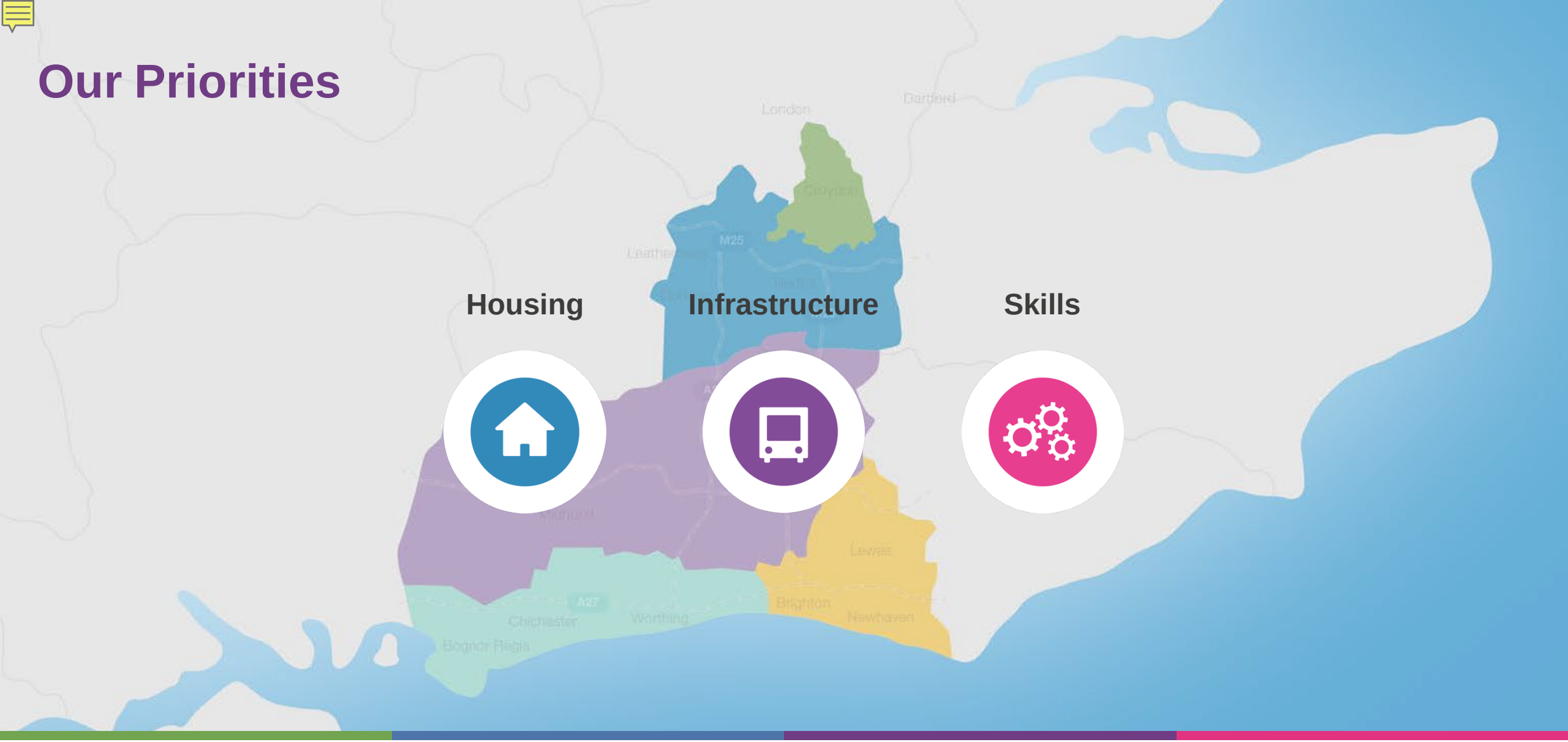
Our Priorities



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Priority Sectors

Sectors targeted for growth

- **Advanced manufacturing and engineering**
- Creative, digital and IT
- Environmental technologies
- Financial and business services
- Health and life sciences

High employment sectors

- Health and Social Care
- Construction
- Visitor economy

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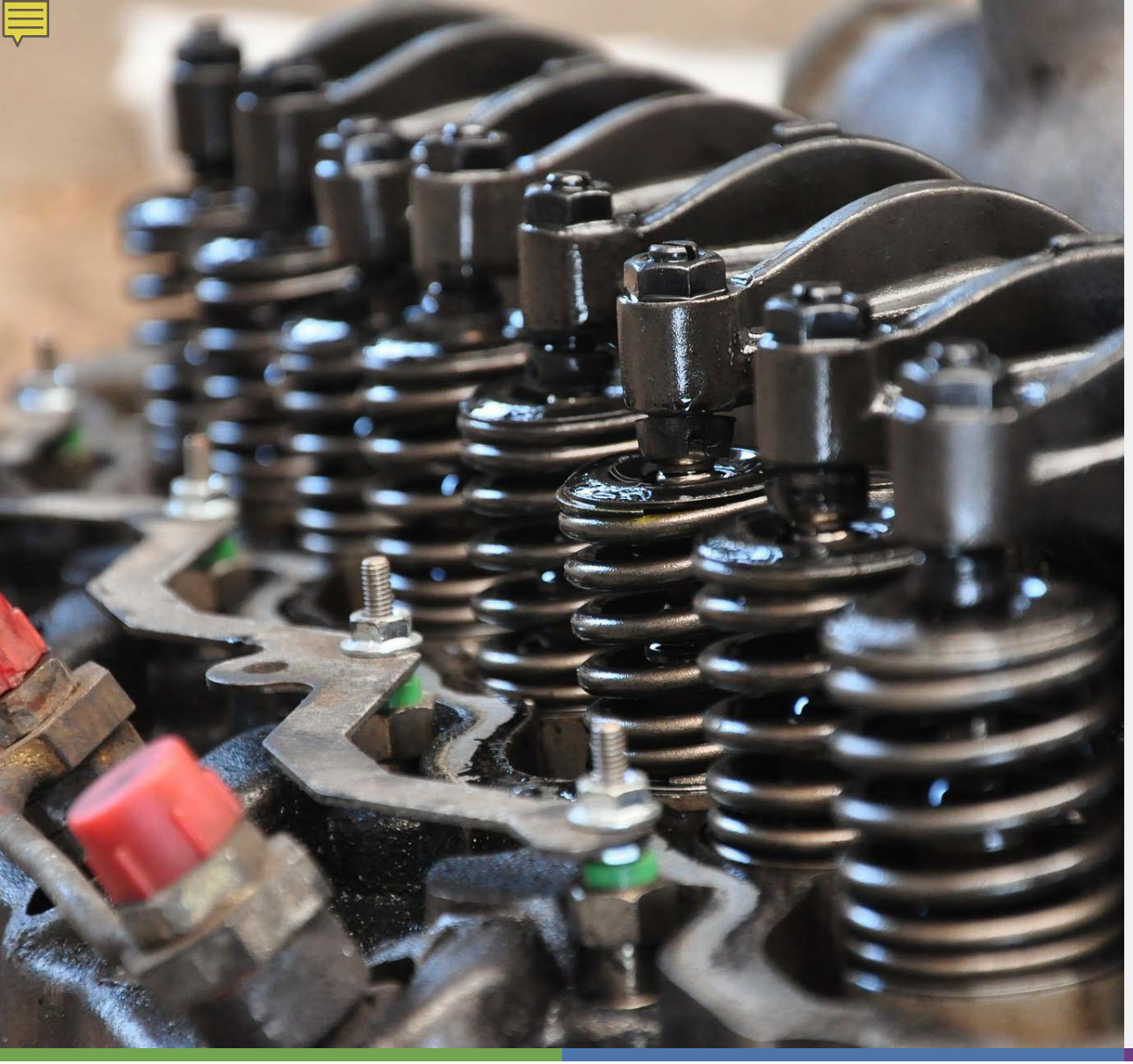
Advanced Manufacturing and Engineering

Sector definitions

- 20- Manufacture of chemicals and chemical products
- 21- Manufacture of basic pharmaceutical products and pharmaceutical preparations
- 26- Manufacture of computer, electronic and optical products
- 27 - Manufacture of electrical equipment
- 28- Manufacture of machinery and equipment n.e.c.
- 29- Manufacture of motor vehicles, trailers and semi-trailers
- 30- Manufacture of other transport equipment
- 33 - Repair and installation of machinery and equipment
- 7112 – Engineering activities and related technical consultancy



Advanced Manufacturing and Engineering

Sector characteristics

Manufacturing*

- Sector contributed £3.2bn Gross Value Added in 2014
- Sector accounts for 6.5% of total Coast to Capital economy
  - 8% of England's economy
  - 9% of the South East's economy
- Grown 18% from 2010-2014
  - 28% growth in England
  - 28% growth in the South East
- GVA per employee £80,000 – 5th highest out of 39 LEPs

*GVA not available for the advanced manufacturing and engineering sector. Manufacturing has been used as a guide.

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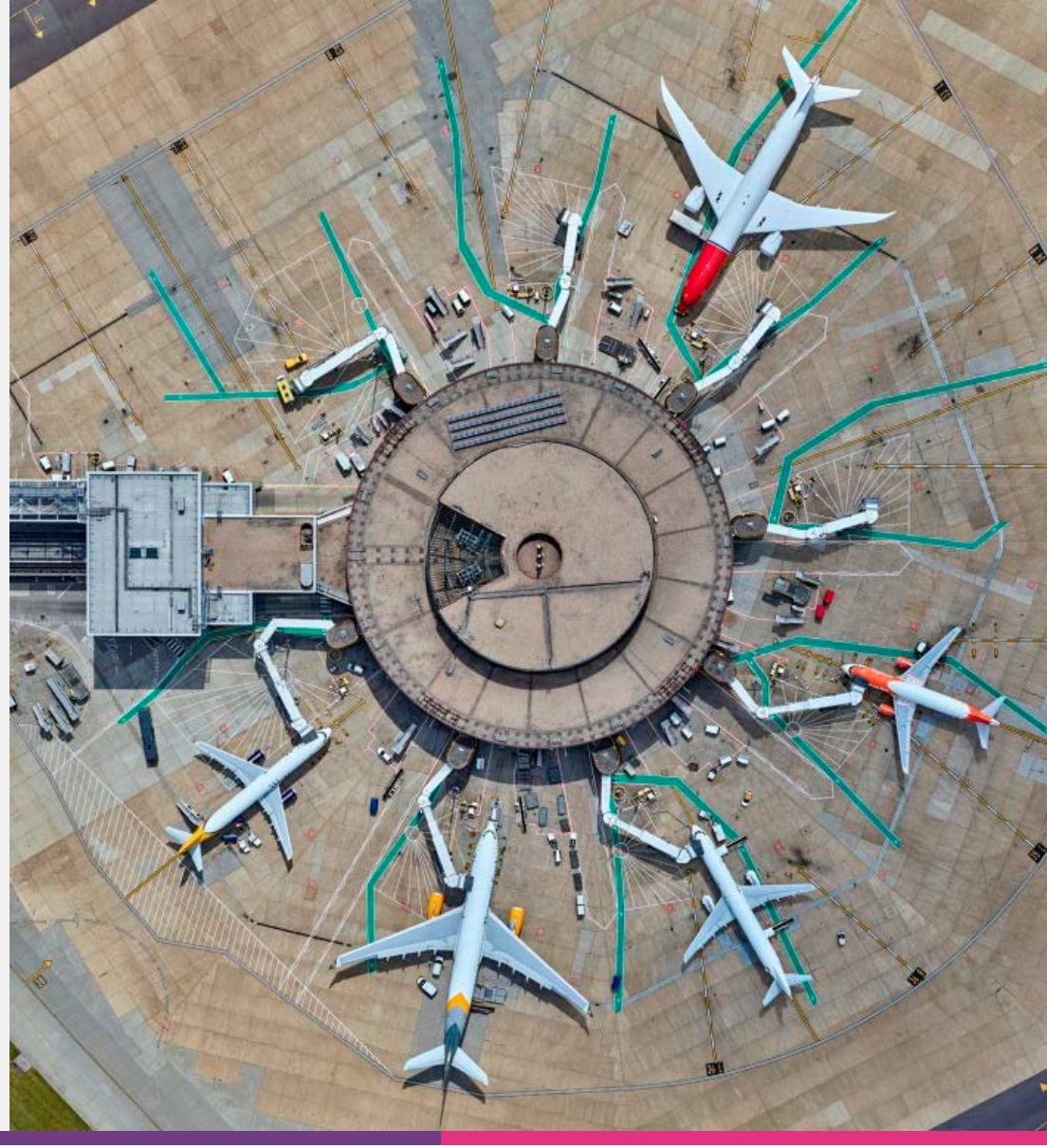
Advanced Manufacturing and Engineering

Sector characteristics

- 3,400 businesses in the sector
- 4.4% of total businesses in Coast to Capital
  - England 4.4%
  - South East 4.7%
- 12% growth 2010-2014
  - 16.5% growth in England
  - 14% growth in the South East
- 34,300 employees in the sector
- 4.3% of total employment in Coast to Capital
  - 4.3% in England
  - 4.8% in the South East
- Fallen 1% 2010-2014
  - 4% growth in England
  - 4% growth in the South East



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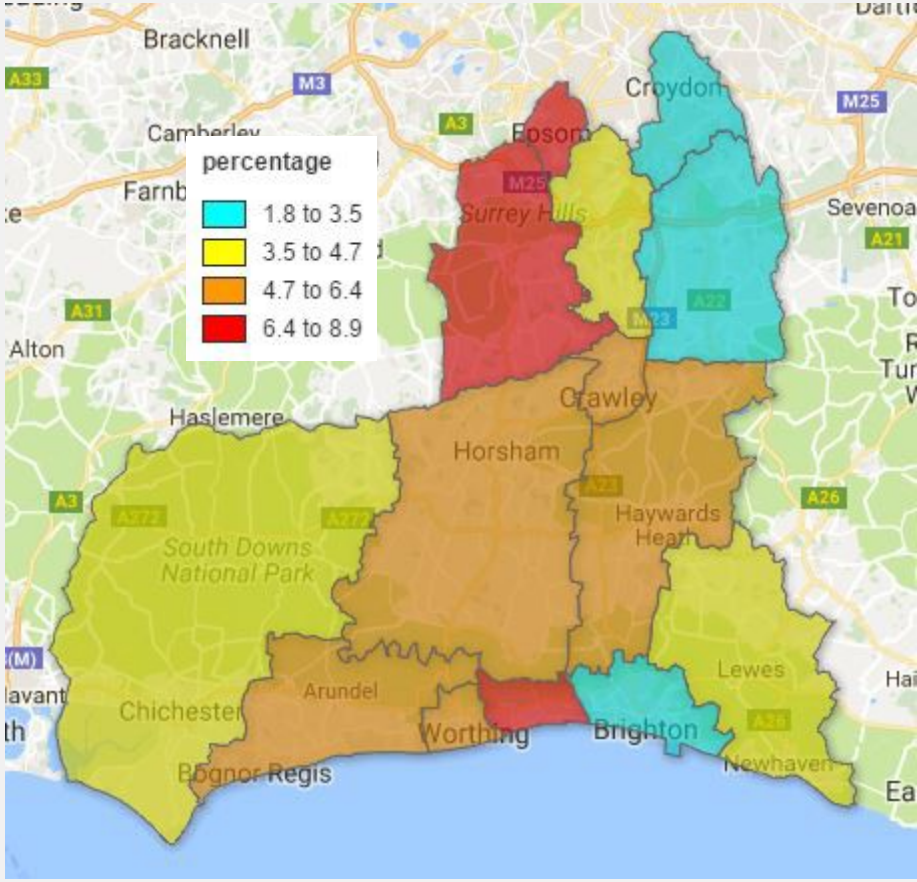
Advanced Manufacturing and Engineering

Geographic Concentration - Employment

Mole Valley	7.9 %
Epsom and Ewell	7.2 %
Adur	7.1 %
Crawley	6.2 %
Worthing	5.5 %
Mid Sussex	5.0 %
Arun	4.7 %
Horsham	4.7 %
Lewes	4.3 %
Chichester	3.8 %
Reigate and Banstead	3.6 %
Croydon	3.1 %
Tandridge	3.0 %
Brighton and Hove	1.8 %



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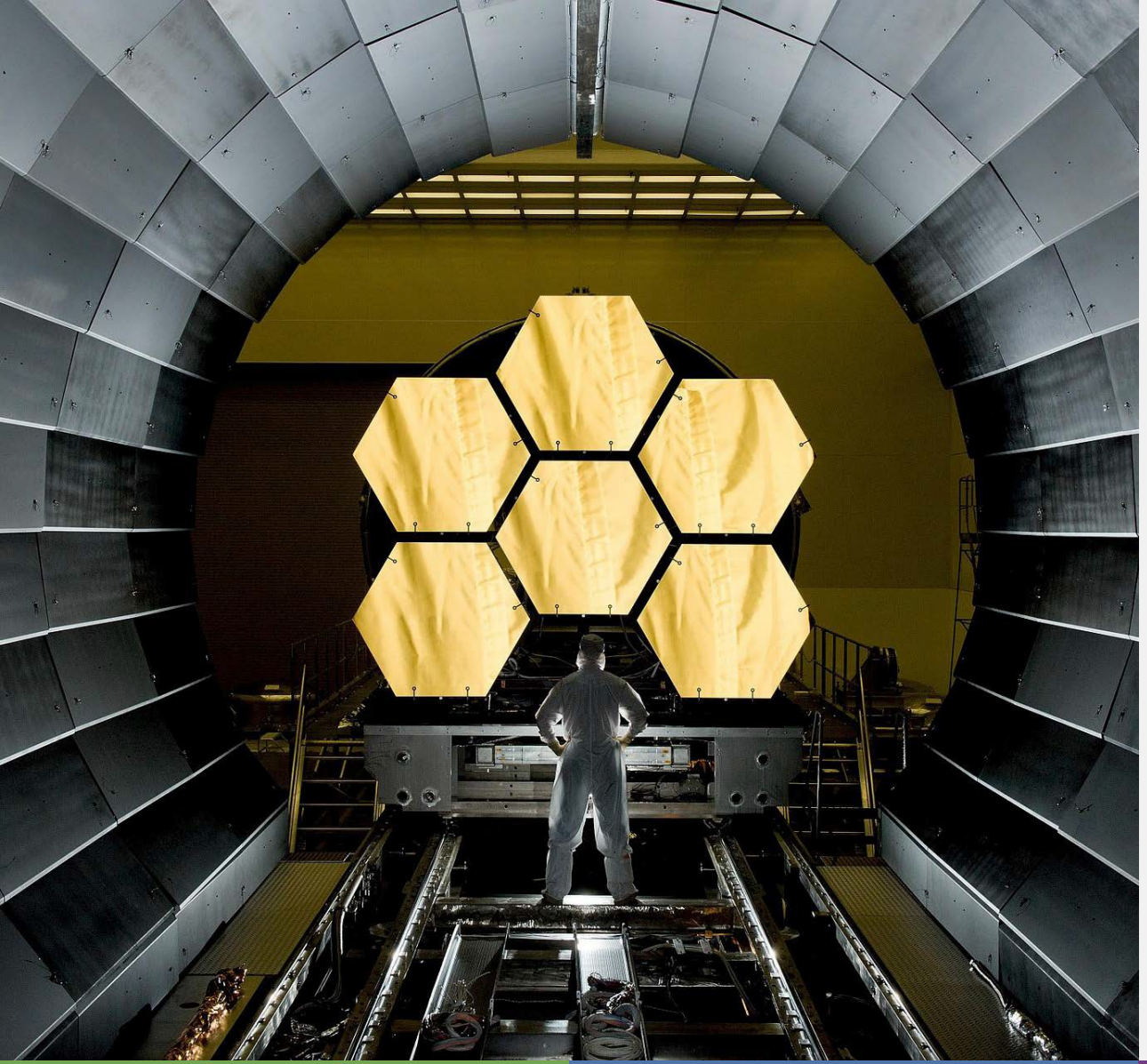

Advanced Manufacturing and Engineering

Key Employers

- Ricardo
- Osborne
- Varian Medical Systems
- Kellogg Brown and Root
- Mott MacDonald
- Rolls-Royce Motor Cars
- Doosan Babcock
- Bowers and Wilkins
- Elekta
- Edwards Vacuums

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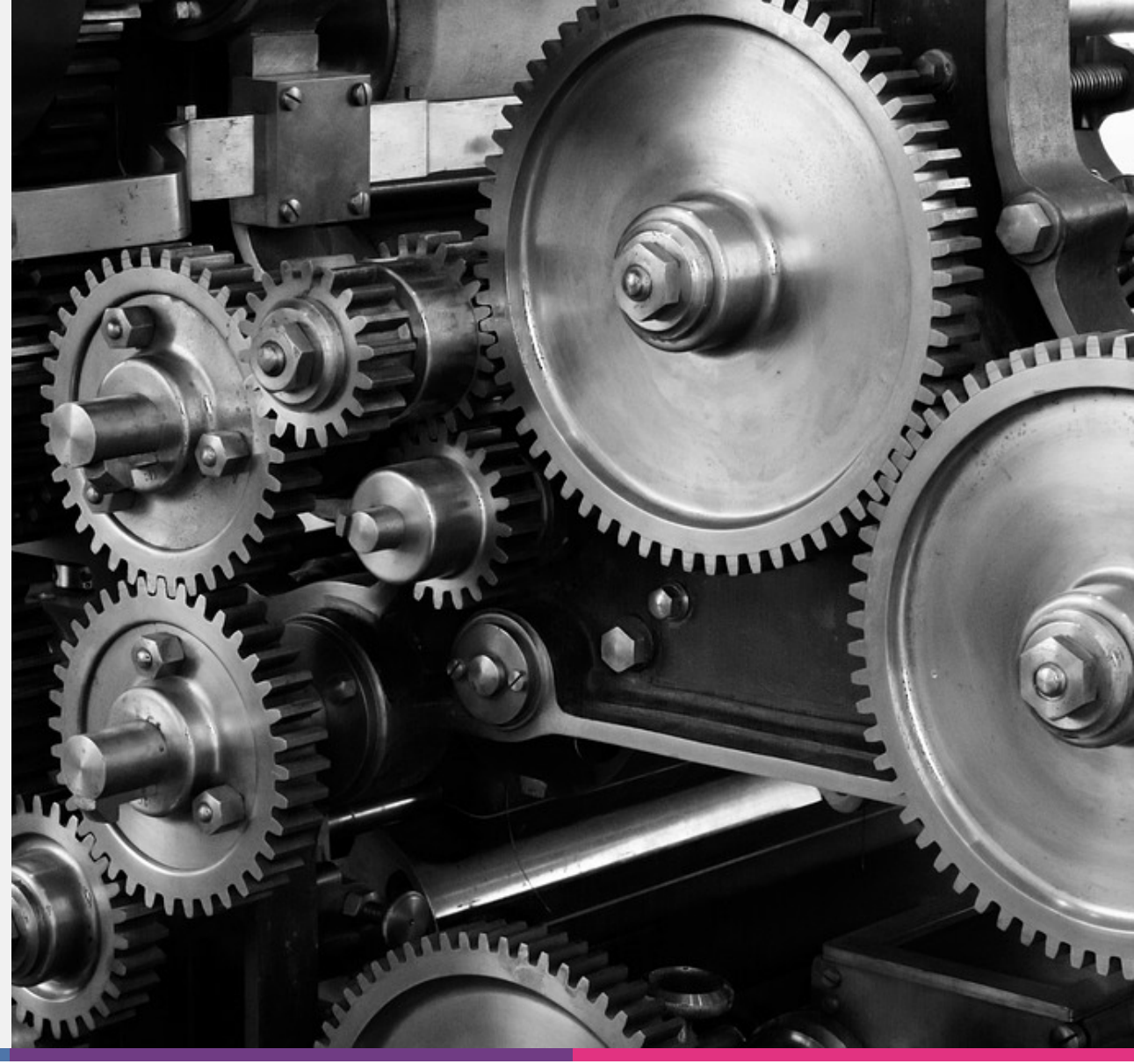
Sector Characteristics

- 44% of workers in the advanced manufacturing sector have a level 4+ qualification – 41% in wider economy and 31% in manufacturing as a whole
- 5% of the work force have no qualifications – 5% in the wider economy, 8% in manufacturing as a whole
- There is a strong supply of skills through level 2, 3, and 4 vocational qualifications
- Completions in manufacturing or engineering apprenticeships have been increasing between 2008-2013 in Coast to Capital
- 52% of STEM graduates find work in the Coast to Capital region – a higher rate than other subject areas
- Wages are 13% higher in advanced manufacturing compared to manufacturing as a whole



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Advanced Manufacturing and Engineering

Drivers of Growth

- Growth in developing countries open up new markets as they move into being ‘middle income’ countries
- Competition and technological innovations have led to increased servitisation of the sector – mass personalization, bespoke design and development, systems and solutions, and maintenance and support - which now accounts for 15-20% of revenue for manufacturers
- High levels of R&D and links to HEIs help make the sector innovative and competitive, driving productivity gains and retaining an advantage over developing countries
- Improved technologies driving productivity gains
- Opportunities arising from Enabling technologies – low carbon, environmental tech, advanced materials, nanomaterials, biotechnology, and digital technologies (including 3D printing)

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Advanced Manufacturing and Engineering

Barriers to Growth

- There is a lack of widespread knowledge of the latest technologies in SMEs and further issues around obtaining finance for new machinery
- Along with the fast paced technological changes comes fast changing skills needs. Their fast changing nature is an issue as many companies either can't find, afford, or are unsure of the benefits of the training required to keep pace, particularly in the highly specialised skill-sets
- Much of R&D is done in the higher value industries and the difficulty in securing funding will have a detrimental effect on growth in the sector
- Countries like the UK have a high position on the global manufacturing value chain, this is being threatened by places like China as they move from low value manufacturing based on cheap labour to more advanced manufacturing based on their own intellectual property

Advanced Manufacturing and Engineering

Future Skills Needs

- 9% of employers have a hard to fill vacancy compared to 5% in the wider economy
- Skills shortage vacancies 2x higher than wider economy (8% vs 4%)
- 10.3 employees per company have a skills gap compared to 5.3 in the wider economy
- Expected 10% increase in employment by 2022 compared to a 9% decline in manufacturing as a whole
- Strategic management – supply chain, negotiation, project management
- Flexible technical skills – digital, machine ergonomics and interface design, design methodologies, process management, quality assurance
- Soft skills – communication, self management, analysis, and problem solving

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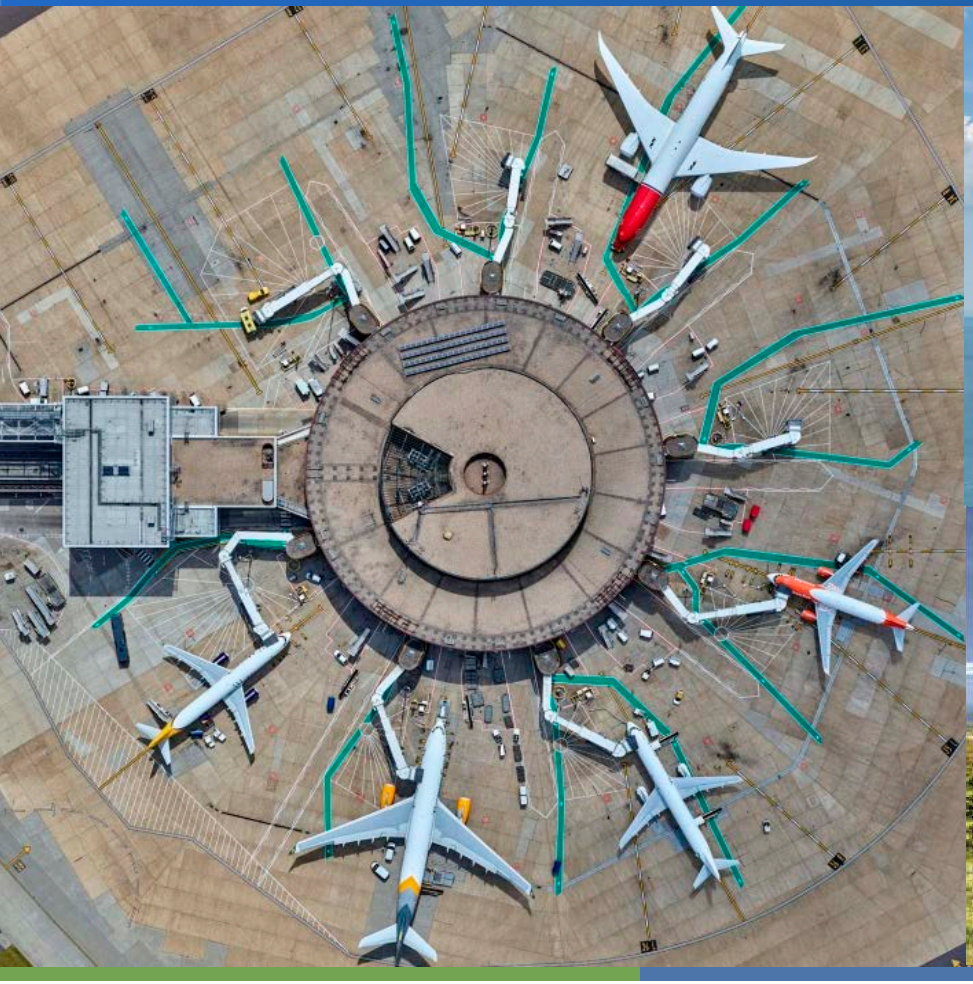
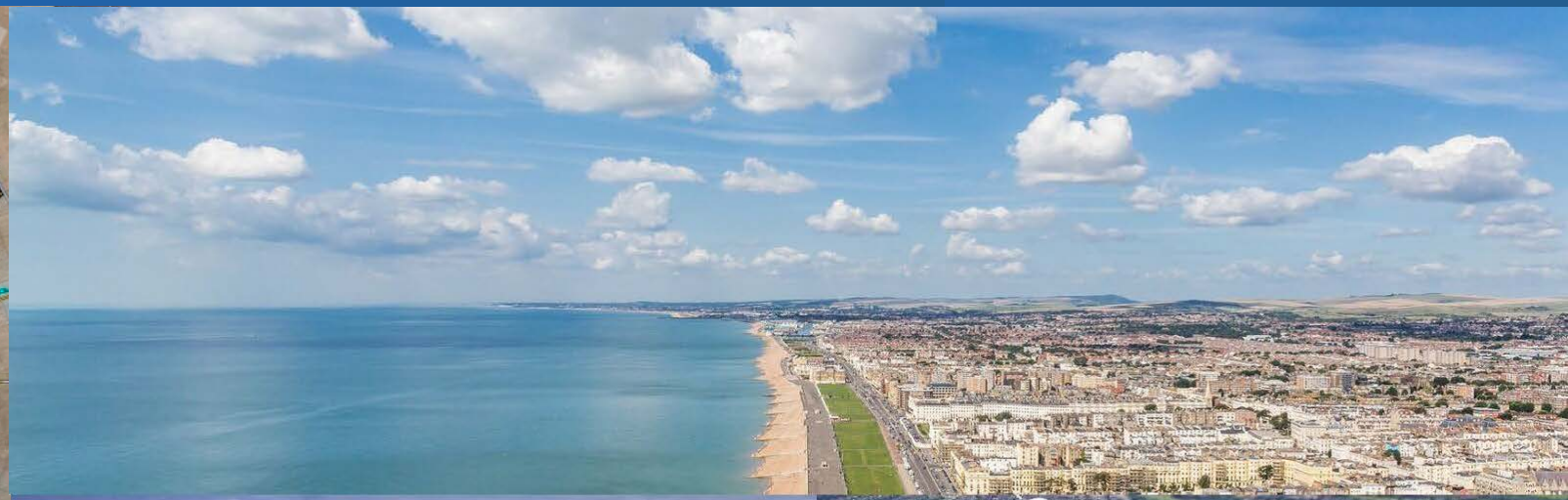
Thank you for listening





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