# COASTAL COMMUNITES IN THE UK

# A VISION FOR STARTING UP, NOT SHUTTING DOWN

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## SUMMARY

Coastal communities in the UK are some of the most deprived areas of the country. They have higher rates of unemployment and lower wages. Large outward flows of younger residents present serious demographic challenges. Politically, and of course geographically, these communities feel isolated and left behind.

Analysing government data on new start-ups and insolvencies adds a new dimension to this picture. This data reveals that individuals in coastal communities are 24% more likely to experience insolvency in the form of bankruptcies, debt relief orders and individual voluntary agreements (2.5 per 1000 residents for coastal areas versus 1.0 for non-coastal areas). Coastal areas represent 16 of the highest 25 local authorities for rates of insolvency, but only two of the bottom 25.

Even more worrying, records of new businesses registrations shows that individuals in coastal communities are 44% less likely to start a new business (5.2 per 1000 residents for coastal areas versus 9.4 for non-coastal areas). Coastal areas represent only one of the highest 25 local authorities for rates of business start-ups, 12 of the bottom 25.

Trapped into a cycle of disadvantages, the big problem for many coastal communities in the UK is that they have now become unattractive to investment, whilst also lacking the resources and the power they need to tap into new opportunities.

NEF's Blue New Deal project seeks to change this. Coastal communities are unique not just in their economic troubles, but also unique in their assets – the coastal and marine environment – that are available to them. Healthier and more productive seas can be an engine for more and better jobs into the future, creating innovative and more sustainable economic opportunities and a regeneration of coastal communities.

## METHODOLOGY

Every year the Office for National Statistics (ONS), through the Insolvency Service, releases statistics on new corporate and individual insolvencies in each local authority in England and Wales. Total insolvencies are generated by summing together bankruptcies, debt relief orders and individual voluntary agreements. This analysis uses the most recently available year of data (2017).

Coastal local authorities are defined as those with more than 20% of its border on the coast. This was assessed using mapping software with the exclusion of freshwater rivers and estuaries. Four cities (Edinburgh, Aberdeen, Cardiff and Southampton) with populations above 250,000 were classified as non-coastal as they are characterised by the city itself rather than their coastal environment.

From this data on total insolvencies by local authority and a classification of local authorities, an average rate can be calculated. The average insolvency rate by coastal and non-costal area is weighted by local authority size as the population vary from 7,000 residents in the City of London to 1,128,000 residents in Birmingham. (This is equivalent to the total insolvencies in all coastal local authorities as a portion of the total population in all coastal local authorities).

Data on start-ups comes from the Company House register for the whole of the UK. All incorporation dates for the most recent available year (2017) were selected for which the company is still active (543,359 companies). The post codes for the company address were then linked to local authorities and the same local authority classification as was used in the insolvency analysis. A weighted average was also used for the results.

## RESULTS

For insolvencies, the results show that, on average, coastal areas have 2.5 insolvencies per 1000 residents, whereas non-coastal areas have 2.0 insolvencies per 1000 residents. This constitutes a coastal disadvantage of 24%.

| Local authorities | Insolvencies per 1000 population |
|---|---|
| **Coastal** | 2.5 |
| **Non-coastal** | 2.0 |
| **Difference** | 24% |

Source: NEF calculations based on Insolvency Service - Individual insolvencies by location, age and gender, England and Wales 2017.

Since 2009, the first date of all insolvency types being recorded, insolvencies have decreased but the past two years reveal a reversal of that trend. The difference between coastal and non-coastal areas remains constant.

**Insolvencies by coastal and non-coastal local authorities**
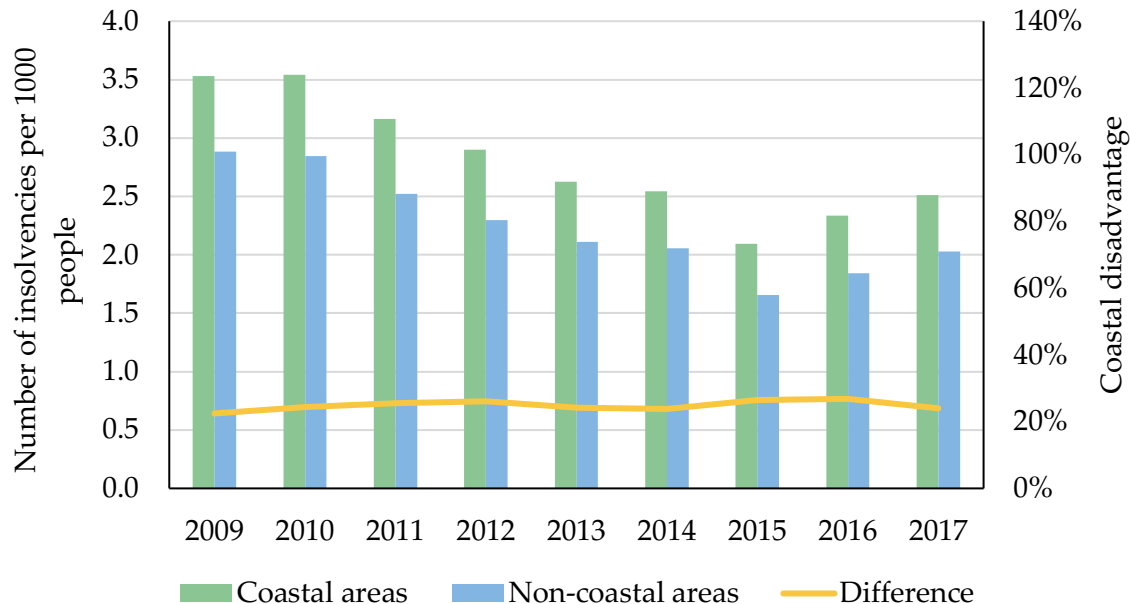


Source: NEF calculations based on Insolvency Service July 2017 data release.

This divide between coastal and non-coastal areas is extremely clear when looking at the top and bottom performers (see Annex). Among the 25 local authorities with the highest rates of insolvency, 16 are coastal areas. Among the 25 local authorities with

the lowest rates of insolvency, only two (Isles of Scilly and Rochford) are coastal areas.

The difference in local economies is even more stark when looking at business start-ups in coastal and non-coastal areas. In coastal areas there are 5.2 start-ups per 1000 residents, whereas in non-coastal areas there are 9.4 start-ups per 1000 residents. This constitutes a coastal disadvantage of 44%. It is not known whether this difference is increasing or decreasing.

| Local authorities | Start-ups per 1000 population |
|---|---|
| Coastal | 5.2 |
| Non-coastal | 9.4 |
| Difference | -44% |

Source: NEF calculations based on the Company House Register (2017 incorporation dates).

Like insolvencies, this divide between coastal and non-coastal areas is extremely clear when looking at the top and bottom performers (see Annex). Among the 25 local authorities with the lowest rates of new start-ups, 12 are coastal areas. Among the 25 local authorities with the highest rates of new start-ups, only one (Poole) is a coastal area.

## CONCLUSIONS

Coastal communities in the UK need a new economic model. This analysis shows that individuals in these communities are not starting up new businesses but shutting them down. NEF's Blue New Deal project aims to deliver stronger economies for UK coastal communities, supporting more and better jobs through a healthier coastal and marine environment. A Blue New Deal for coastal communities has to begin by asking how communities can be supported to make the most of their unique assets, now and for future generations.

There are already great examples of innovative and sustainable approaches happening around the UK coast, from investment in renewable energy to innovative management of our coastal environment – proof that change is possible. But more support must be given to communities so that they can tap into these opportunities.

Government must look at the specific and unique coastal challenges when developing its industrial, infrastructure and skills strategies, to give the support that it needs in building the capabilities of places, people, and communities; support projects, small or large; and ensure there is the digital and transport infrastructure that communities need to thrive. And communities need to work together to explore how different areas of the coastal economy – including tourism, energy, fisheries, and aquaculture – can help inspire and support each other, to turn again to the sea for jobs and economic prosperity.

## ANNEX

### 25 local authorities with the highest rates of insolvency

| Local Authority | Coastal | Insolvencies | Population | Per 1000 | Rank |
|---|---|---|---|---|---|
| Stoke-on-Trent | N | 888 | 198,107 | 4.5 | 1 |
| Plymouth | Y | 851 | 210,653 | 4.0 | 2 |
| Kingston upon Hull, City of | Y | 807 | 204,219 | 4.0 | 3 |
| Scarborough | Y | 342 | 88,775 | 3.9 | 4 |
| Blackpool | Y | 423 | 111,110 | 3.8 | 5 |
| Corby | N | 197 | 52,615 | 3.7 | 6 |
| Isle of Wight | Y | 433 | 115,929 | 3.7 | 7 |
| Torbay | Y | 408 | 109,830 | 3.7 | 8 |
| Gloucester | N | 365 | 100,152 | 3.6 | 9 |
| Harlow | N | 224 | 65,241 | 3.4 | 10 |
| Hastings | Y | 251 | 73,437 | 3.4 | 11 |
| Boston | Y | 182 | 54,201 | 3.4 | 12 |
| Nuneaton and Bedworth | N | 338 | 100,908 | 3.3 | 13 |
| Thanet | Y | 369 | 111,508 | 3.3 | 14 |
| Halton | Y | 322 | 99,187 | 3.2 | 15 |
| Rhondda Cynon Taf | N | 614 | 189,215 | 3.2 | 16 |
| Great Yarmouth | Y | 256 | 79,556 | 3.2 | 17 |
| North Somerset | Y | 543 | 169,645 | 3.2 | 18 |
| North East Lincolnshire | Y | 394 | 125,434 | 3.1 | 19 |
| County Durham | N | 1,325 | 423,122 | 3.1 | 20 |
| Sefton | Y | 688 | 221,075 | 3.1 | 21 |
| Burnley | N | 210 | 67,571 | 3.1 | 22 |
| Ipswich | N | 334 | 107,666 | 3.1 | 23 |
| East Lindsey | Y | 359 | 115,728 | 3.1 | 24 |
| Cornwall | Y | 1,406 | 454,305 | 3.1 | 25 |

Source: NEF calculations based on Insolvency Service July 2017 data release.

**25 local authorities with the lowest rates of insolvency**

| Local Authority | Coastal | Insolvencies | Population | Per 1000 | Rank |
|---|---|---|---|---|---|
| Isles of Scilly | Y | 1 | 1,894 | 0.5 | 348 |
| Westminster | N | 179 | 199,631 | 0.9 | 347 |
| Kingston upon Thames | N | 122 | 136,000 | 0.9 | 346 |
| Wandsworth | N | 236 | 260,238 | 0.9 | 345 |
| City of London | N | 6 | 6,400 | 0.9 | 344 |
| Harrow | N | 180 | 191,055 | 0.9 | 343 |
| Camden | N | 199 | 204,188 | 1.0 | 342 |
| Kensington and Chelsea | N | 125 | 127,266 | 1.0 | 341 |
| Wokingham | N | 126 | 126,278 | 1.0 | 340 |
| Barnet | N | 307 | 296,301 | 1.0 | 339 |
| Richmond upon Thames | N | 156 | 150,558 | 1.0 | 338 |
| Rushcliffe | N | 102 | 92,024 | 1.1 | 337 |
| Hammersmith and Fulham | N | 175 | 147,070 | 1.2 | 336 |
| Ealing | N | 312 | 260,852 | 1.2 | 335 |
| Tandridge | N | 82 | 68,487 | 1.2 | 334 |
| Chiltern | N | 88 | 73,215 | 1.2 | 333 |
| Redbridge | N | 272 | 225,877 | 1.2 | 332 |
| St Albans | N | 134 | 110,635 | 1.2 | 331 |
| Mole Valley | N | 87 | 69,399 | 1.3 | 330 |
| Rochford | Y | 88 | 69,507 | 1.3 | 329 |
| Brentwood | N | 77 | 60,640 | 1.3 | 328 |
| Hackney | N | 273 | 212,881 | 1.3 | 327 |
| Southwark | N | 324 | 249,846 | 1.3 | 326 |
| Derbyshire Dales | N | 77 | 59,259 | 1.3 | 325 |
| South Oxfordshire | N | 144 | 109,822 | 1.3 | 324 |

Source: NEF calculations based on the Company House Register (2017 incorporation dates).

**25 local authorities with the highest rates of business start-ups**

| Local Authority | Coastal | Start-ups | Population | Per 1000 | Rank |
|---|---|---|---|---|---|
| City of London | N | 8,616 | 7,246 | 1,189.1 | 1 |
| Islington | N | 24,827 | 232,055 | 107.0 | 2 |
| Westminster | N | 19,173 | 241,974 | 79.2 | 3 |
| Camden | N | 15,899 | 249,162 | 63.8 | 4 |
| Bromsgrove | N | 4,267 | 96,770 | 44.1 | 5 |
| Rossendale | N | 1,893 | 69,787 | 27.1 | 6 |
| Barnet | N | 9,364 | 384,774 | 24.3 | 7 |
| South Northamptonshire | N | 1,872 | 89,864 | 20.8 | 8 |
| East Hertfordshire | N | 3,005 | 146,130 | 20.6 | 9 |
| Watford | N | 1,870 | 96,577 | 19.4 | 10 |
| Newham | N | 6,657 | 344,533 | 19.3 | 11 |
| Warrington | N | 3,970 | 208,973 | 19.0 | 12 |
| Tower Hamlets | N | 5,676 | 300,943 | 18.9 | 13 |
| Bury | N | 3,489 | 188,503 | 18.5 | 14 |
| Brent | N | 5,080 | 326,427 | 15.6 | 15 |
| Haringey | N | 4,207 | 272,078 | 15.5 | 16 |
| Barking and Dagenham | N | 3,147 | 208,182 | 15.1 | 17 |
| Leicester | N | 5,273 | 349,513 | 15.1 | 18 |
| Redbridge | N | 4,527 | 301,328 | 15.0 | 19 |
| Hammersmith and Fulham | N | 2,702 | 181,783 | 14.9 | 20 |
| Merton | N | 3,048 | 206,706 | 14.7 | 21 |
| Hackney | N | 3,974 | 273,239 | 14.5 | 22 |
| Harrow | N | 3,508 | 248,697 | 14.1 | 23 |
| Poole | Y | 2,101 | 150,711 | 13.9 | 24 |
| Slough | N | 2,038 | 147,736 | 13.8 | 25 |

Source: NEF calculations based on the Company House Register (2017 incorporation dates).

**25 local authorities with the lowest rates of business start-ups**

| Local Authority | Coastal | Start-ups | Population | Per 1000 | Rank |
|---|---|---|---|---|---|
| Isles of Scilly | Y | 4 | 2,331 | 1.7 | 380 |
| Crawley | N | 216 | 111,546 | 1.9 | 379 |
| Isle of Anglesey | Y | 154 | 69,665 | 2.2 | 378 |
| Dumfries and Galloway | Y | 339 | 149,520 | 2.3 | 377 |
| South Derbyshire | N | 236 | 100,421 | 2.4 | 376 |
| West Somerset | Y | 82 | 34,475 | 2.4 | 375 |
| Copeland | Y | 172 | 69,306 | 2.5 | 374 |
| Powys | N | 333 | 132,337 | 2.5 | 373 |
| Oadby and Wigston | N | 141 | 55,991 | 2.5 | 372 |
| Caerphilly | N | 478 | 180,453 | 2.6 | 371 |
| Blaenau Gwent | N | 186 | 69,630 | 2.7 | 370 |
| Ceredigion | Y | 199 | 73,665 | 2.7 | 369 |
| Scottish Borders | N | 317 | 114,530 | 2.8 | 368 |
| Amber Valley | N | 347 | 124,802 | 2.8 | 367 |
| North East Derbyshire | N | 288 | 100,450 | 2.9 | 366 |
| North Warwickshire | N | 183 | 63,193 | 2.9 | 365 |
| Clackmannanshire | N | 150 | 51,350 | 2.9 | 364 |
| Orkney Islands | Y | 64 | 21,850 | 2.9 | 363 |
| North Norfolk | Y | 314 | 103,587 | 3.0 | 362 |
| Moray | Y | 292 | 96,070 | 3.0 | 361 |
| Gloucester | N | 391 | 128,355 | 3.0 | 360 |
| Torridge | Y | 205 | 67,022 | 3.1 | 359 |
| Gwynedd | Y | 380 | 123,323 | 3.1 | 358 |
| Eden | N | 163 | 52,642 | 3.1 | 357 |
| Argyll and Bute | Y | 271 | 87,130 | 3.1 | 356 |

Source: NEF calculations based on the Company House Register (2017 incorporation dates).