

REPORT TO: Employment Learning, Skills and
Community Policy and Performance Board

DATE: 8 June 2011

REPORTING OFFICER: Strategic Director Children and Enterprise.

SUBJECT: Draft Local Economic Assessment (LEA)

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 To consider a presentation regarding the development of a Local Economic Assessment for the Borough of Halton.

2.0 RECOMMENDATION: That

- (1) the intelligence provided by the Draft Halton Local Economic Assessment be utilised when formulating the key strategic documents of the Council

3.0 SUPPORTING INFORMATION

- 3.1 The previous government imposed a legal duty upon all local authorities to produce by, April 01 2010, a Local Economic Assessment (LEA). LEA's were intended to improve the evidence base around economic issues and in so doing provide a common understanding of a locality to inform policy and priorities. Halton Borough Council, together with the other Merseyside authorities, therefore began the process of producing a Liverpool City Region LEA. This was in partnership with Merseyside Information Services (MIS) and The Mersey Partnership (TMP).
- 3.2 Prior to the completion of that exercise the coalition government relaxed the statutory requirement to produce a LEA. Given that the creation of a pan-Merseyside LEA was, in part, funded by the North West Development Agency, and that funding was withdrawn, the Merseyside authorities resolved to terminate the project.
- 3.3. However, in 1999, 2004 and 2008 Halton Borough Council produced a 'Halton Economic Review' to provide an accurate, evidence based picture of the economic performance of the Borough of Halton. It was, therefore, agreed that the Council's Research and Intelligence Team and Economy, Enterprise and Property Department would work together to build upon the historical evidence base contained within previous Halton Economic Reviews and the ongoing work which underpins the production of the State of the Borough Report to produce a Halton specific LEA for 2011.

3.4 Scope of the Report

The Draft Halton LEA focuses upon the following key themes which influence the performance of a given local economy :-

- Productivity
- Labour Market and Industrial Structure
- Labour Supply
- Skills
- Enterprise and Innovation
- Land and Property

The draft LEA, where possible, utilises information contained in previous Halton Economic Reviews to provide a longer timeframe for the analysis of structural changes in the economy of Halton. The utilisation of an economic forecasting model to anticipate, for example GVA and employment growth, was a key element of previous reviews. The procurement of a bespoke, Halton specific, economic model to underpin the production of a Halton LEA proved prohibitively expensive. The modelling of the future performance of the economy of Halton will, therefore, be provided by Cheshire East Council utilising the Cheshire and Warrington Economic Model, amended to include Halton. The results of that exercise will be available in July 2011 and will be factored into the next iteration of the report.

3.5 Key Themes

Productivity

The extent to which local companies can supply local demand (rather than lose-out to imports) and export to other local, regional and international economies, the greater the wealth creation potential of a given geography. Analysis, therefore, of employment growth and local Gross Value Added (the difference between the value of goods and services produced and the cost of raw materials) gives a measure of the current and future performance of a given economy.

Key LEA findings :-

- It is estimated that £2.2bn of GVA was generated within Halton during 2007, this equates to 2.06% of North West GVA.
- Manufacturing provides the greatest contribution to Halton's GVA (23%) although this figure is falling.
- Over the course of the period to 2020, annual growth of over 2% is projected within Halton, exceeding the rates of the North West and UK during the latter part of the period

It is important to note that the historical data from previous Halton Economic Reviews predate the worst global recession since the 1920's. Future drafts of the Halton LEA will include more recent modelling data and as a result will be subject to change.

3.6 Labour Market and Industrial Structure

The economy of Halton has traditionally been dominated by manufacturing. However, over the last decade there has been a marked and orderly diversification of the local economy evidenced by greater numbers of local residents employed in higher value occupations.

Key LEA findings :-

- The occupation with the largest proportion of employment within Halton is the associate professional and technical group (15.5%).
- The highest percentage of employees within Halton are employed in the manufacturing industry (18%), this is more than the Liverpool City Region (LCR), North West and England rates
- Halton's employment rate has remained lower than the regional and national rates between 2004\05 and 2009\10. However, it has remained higher than the LCR rate over the same period.
- Halton's economic inactivity rate has remained higher than the regional and national rates throughout the period. It has, however, remained lower than the LCR rate.
- The unemployment rate in Halton has remained much higher than the North West and England rates over the last 12 months and has also experienced a steeper rise over recent months.
- In January 2011 the highest Lower Super Output Area (LSOA) unemployment rate was found in Grange ward (the LSOA E01012396 had a rate of 12.7%)
- The rate of people claiming out-of-work benefits in Halton has remained consistently higher than regional and national rates over the last two years.
- The percentage of 16-18 year olds classed as Not in Education, Employment or Training (NEET) in Halton has declined over recent years. Although the Halton rate is higher than the North West, the gap has narrowed.
- The average weekly pay for people working in Halton (not necessarily living there) is higher than the LCR, North West and England. However, the average weekly pay for people living in Halton (not necessarily working there) is lower than the LCR, North West and England.

3.7 Labour Supply

The supply of a skilled, adaptable and motivated local workforce will be a key determinate of the future performance of the local economy.

Key LEA findings :-

- Halton's population is projected to grow by 4%, from 118,500 in 2008 to 122,900 in 2023.
- The projected growth in the population of Halton is expected to be lower than the North West region (5%) and national (11%) rates

- The working-age population (15-64 year olds) is projected to decline by 6% (2008-2023)
- 13.8% of commuting flows into Halton are by residents within the Liverpool City Region.
- Halton has the lowest number of National Insurance Number (NINo) allocations within the Liverpool City Region. Over half of these allocations were made to people of Polish nationality

3.8 Skills

Educational attainment and skill levels in the Borough of Halton have lagged behind regional and national levels in the recent past. Equipping local people with the necessary skills and aptitudes to take advantage of the profound changes currently manifest within the local, national and global economies will be one of the key challenges facing the Borough over the coming decade

Key LEA findings :-

- The percentage of working age population (16-64) with no qualifications in Halton has remained higher than the North West and England rates from 2004 to 2009, although the gap has narrowed in recent years.
- The percentage of working age population (16-64) qualified to NVQ3 or higher in Halton has remained consistently lower than the Liverpool City Region (LCR), North West and England rates.
- Following regional and national trends, the GCSE pass rate (% achieving 5+ A*-C inc. English and Maths) in Halton has improved from 32.8% in 2004/05 to 50.1% in 2009/10.
- The highest success rate of pupils achieving 5+ A*-C grades including English and Maths GCSEs, can be found in Daresbury ward.

3.9 Enterprise and Innovation

The number of self employed individuals and new business start ups is a key measure of the health of a local economy. Entrepreneurship in Halton has typically been lower than the regional and national averages for many years. Increasing the number of micro-businesses and entrepreneurs in Halton will be fundamental to improving the economic performance of the local economy over the coming years.

Key LEA findings :-

- In 2009, enterprise deaths overtook enterprise births for the first time.
- Halton had the most negative change in business survival rate between 2004 (95.8%) and 2008 (92.8%) out of all the Liverpool City Region local authorities.
- In comparison to sub-regional, regional and national figures, Halton has a lower percentage of self employed residents.
- Halton has experienced a dramatic rise in the rate of personal insolvencies since 2000. This trend is mirrored across the sub-regional, regional and national landscape.

3.10 Land and Property

The availability or otherwise of commercial property, that is office, retail and industrial space, and development land is a key supply side determinant of economic performance.

Key LEA finding :-

- The current Halton Unitary Development Plan identifies a land supply requirement of 214 ha for the period to 2016
- The amount of available employment land in Halton in 2010 was 194.72 ha. Of that total 53% was defined as 'greenfield' while 47% was defined as 'brownfield'
- However, 126.22 ha of available development land in Halton is contained within Regional Investment Sites, for example Daresbury Master Plan 49.23 ha and 3MG 76.99 ha
- Both Widnes and Runcorn are seen as having a good supply of industrial space, although some of the lesser quality space is not considered to meet modern occupier's needs.

4.0 POLICY IMPLICATIONS

The evidence regarding the current and anticipated performance of the local economy contained within the final draft of the Halton LEA will be utilised to shape the development of future Council policy.

5.0 OTHER IMPLICATIONS

None

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

Continuous improvement in terms of the educational attainment of the Borough's young people will impact profoundly upon the future performance of the local economy.

6.2 Employment, Learning and Skills in Halton

The availability of a flexible, skilled and motivated workforce will be vital to the future performance of the economy of Halton.

6.3 A Healthy Halton

Worklessness is a key determinant of poor health. Measures, therefore, to improve the employability of local people will have a positive impact upon the health of the Borough.

6.4 A Safer Halton

Worklessness is a factor in many instances of crime and anti-social behaviour. Measures to increase employment, be they through a general upskilling of the local workforce or improved levels of entrepreneurship, will reduce instances of criminal or deviant behaviour.

6.5 Halton's Urban Renewal

The provision of an adequate supply of high quality development land which can be brought forward within the framework of the Council's Core Strategy and specific development priorities will impact positively on the urban renewal of the Borough.

7.0 RISK ANALYSIS

The provision of a comprehensive, evidence based LEA will provide the necessary intelligence to identify and address the key challenges facing the Borough of Halton. The production of a Halton LEA will, therefore, mitigate a number of the risks associated with developing policy and allocating resources.

8.0 EQUALITY AND DIVERSITY ISSUES

None

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Halton Borough Council Local Economic Assessment 2011		Neil McSweeney