

## APPENDIX 1

*DRAFT*

# ECONOMIC STRATEGY REVIEW 2014 - 2030

# INTRODUCTION

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## Economic Strategy review 2014

In 2010 B&NES Council approved its first Economic Strategy, developed in conjunction with the B&NES Economic Partnership. The Strategy contains a number of strategic priorities and detailed actions and a commitment to review and refresh the document after a period of three years in 2013.

The review provides an opportunity to take into account major changes in the economy over the past 3 years and the way public and private sector services are now provided. Our aim is to broaden the scope of the Strategy to reflect these changes and to include actions that address wellbeing and reduce inequalities as well as growth in key employment sectors.

In particular the review embraces the whole economy and its contribution to the quality of place, puts wellbeing at the heart of the outcomes it seeks to deliver and takes account of significant changes both locally and nationally including:

- The socio economic impacts of the 2008 recession, changes to the Welfare System and Universal Credit, the increase in the age of retirement and the raising of participation age.
- Reducing unemployment and the numbers of young people not in education, employment or training
- The changes to external partnership relations with the demise of the Regional Development Agencies and Business Links and the creation of Local Enterprise Partnerships (LEP's).
- The pressure on resources, the on-going challenge of moving to a low carbon economy and the demographic impacts of an aging population.

The review will also take into account the work of the B&NES Public Services Board. The Public Services Board is promoting a co-ordinated approach to local services and supporting the closer integration of key strategies to deliver sustainable communities working to a common vision.

***Our Vision is Bath and North East Somerset will be internationally renowned as a “beautifully inventive” entrepreneurial 21st century place with a strong social purpose and a spirit of wellbeing, where everyone is invited to think big – a ‘connected’ area ready to create an extraordinary legacy for future generations***

Moving forward the Review will seek to build on the area's strengths to create a more productive, higher value added economy. The focus will be on specific priority sectors and creating a range of local employment opportunities which can be accessed by the resident workforce.

To address the **Strategic Vision** the Economic Strategy Review is structured around three key inter-dependent 'Strategic Economic Themes' **'Business'**, **'People'**, and **'Place'** which are seen as key 'areas of activity' in achieving the Vision. Within the three Themes there are nine 'Strategic Economic Priorities', with a framework of actions and measures for promoting sustainable economic growth.



In order to ensure that the Strategy also considers its relationship with the environment and equality / social inclusion two cross-cutting 'Core Values' have been established: **'Sustainability'** and **'Health & Wellbeing'**.

*As resources become more expensive businesses with lean manufacturing methods will be at an advantage and residents that reduce their energy consumption will be better placed to benefit from the economic recovery. Promoting local production and purchasing will help to create a more sustainable economy*

*By building a dynamic and strong economy we will be better placed to tackle health & social issues in B&NES and establish a fairer more equitable community. By ensuring everyone has an opportunity to succeed we will fully maximise our economic potential*



By establishing each of these important economic issues as cross-cutting Core Values we can ensure a strategic approach to local economic development which is sustainable, includes all parts of the economy, and where no-one is excluded.

The Strategy Review document addresses each theme and its strategic economic priorities in turn, setting out the evidenced based economic strengths & weaknesses and issues & challenges within each, and establishing the opportunities for development and growth based on this analysis.



# ECONOMIC CONTEXT

## Introduction

To 'set the scene' for the Economic Strategy Review, an assessment of the local economy has been undertaken which:

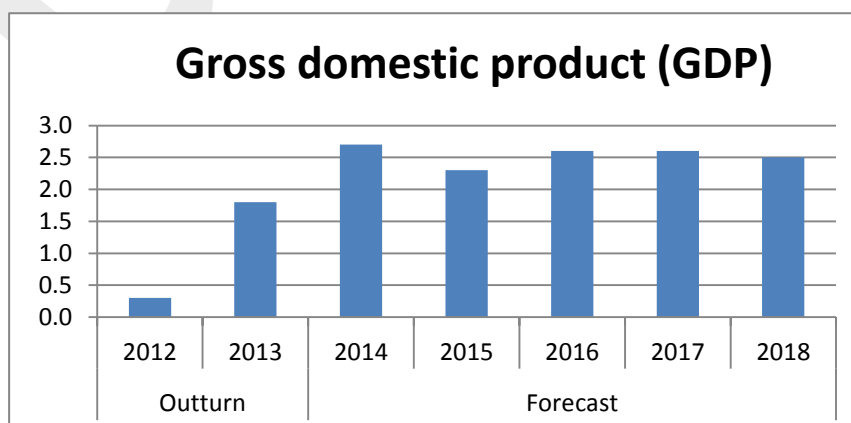
- sets out recent past trends nationally and locally
- provides a current 'position statement' as to where the B&NES economy is now.
- summarises our 'growth ambitions' for the B&NES economy going forward to 2030.

## UK economy in 2014

There is considerable evidence that the UK economy is making substantial progress in recovering from the global economic downturn which began to impact on the UK economy in the spring of 2008. Indeed, the 2014 Budget announcement (HM Treasury, Budget Report – March 2014) gives the following summary medium-term economic forecast for the UK economy (2014 to 2018):

- A revised forecast upwards for UK GDP (Gross Domestic Product) growth from 2.4% to 2.7% in 2014 and from 2.2% to 2.3% in 2015, and forecasts GDP growth of 2.6% in 2016, 2.6% in 2017 and 2.5% in 2018.
- GDP to return to its pre-crisis peak in the third quarter of 2014.
- A revised forecast upwards for employment growth across the forecast period, expecting employment to reach 31.4 million by 2018.
- At the start of 2014, the claimant count was 1.2 million, the lowest level since December 2008, and the Treasury's Office for Budget Responsibility (the OBR - government's independent fiscal watchdog).now expects it to fall below 1 million in 2017 for the first time since 2008.
- Inflation (Consumer Prices Index inflation – CPI) is expected to be below target at 1.9% in 2014 and then to stay at the 2.0% target for the rest of the forecast period.
- Average earnings to grow faster than inflation throughout the forecast period.

These forecasts are made in the light of major restructuring of the UK economy, particularly in such sectors as Finance and the Public Sector, which suggests that the short-term to medium-term prospects for the UK economy are 'good'. In turn, the prospects for the West of England and Bath & North East Somerset economies should also be viewed as equally optimistic.



Source: ONS, Office for Budget Responsibility, March 2014

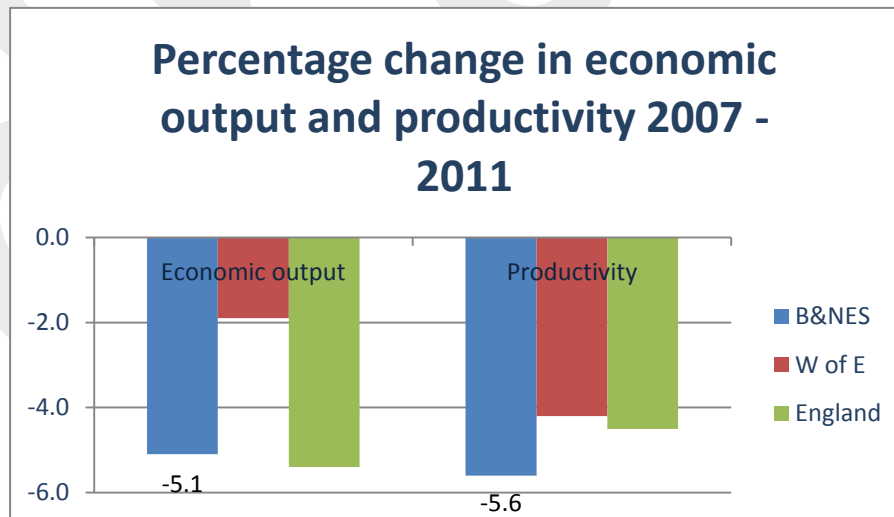
## Recent trends and the B&NES economy in 2014

### Overall economic performance of the B&NES economy

In 2011, the B&NES economy produced an estimated £3.8 billion of GVA output with total workplace employment of almost 92,000, equating to an average productivity per employee of £41,600. B&NES productivity performance is slightly lower than across the West of England and nationally (£43,100 per job and £42,400 respectively).

The main 'driver' of B&NES' lower productivity is the area's above-average employment in public sector activities such as education and health (36% of B&NES' workplace jobs are in the predominantly public sector activities of Public Administration & Defence, Health & Education compared to 29% across the West of England and 27% nationally) and the relatively large concentrations of employment in sectors such as retail and tourism.

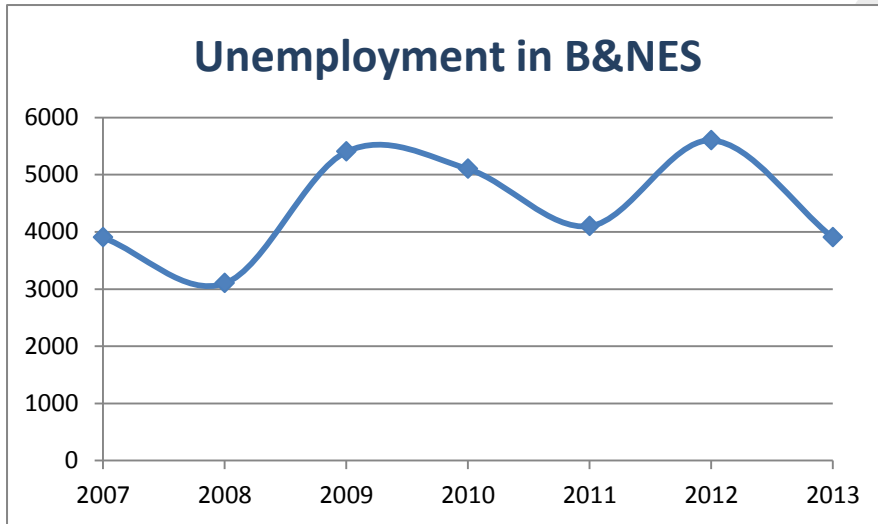
As with the West of England and nationally from 2007 to 2011 the B&NES economy shrank during the 2008 economic downturn. Overall the output of the B&NES economy reduced by 5.1% between 2007 and 2011 compared to a 1.9% decline across the West of England and a 5.4% decline nationally. Productivity also fell across B&NES over the period, by 5.6%, compared to productivity declines across the West of England and nationally of 4.2% and 4.5% respectively



## Unemployment

The unemployment rate in B&NES is 3.1% compared to 3.8% in the West of England and 4.9% nationally. Resident unemployment has remained consistently below the national average, although the percentage increase (37%) is greater than the England figure (31%).

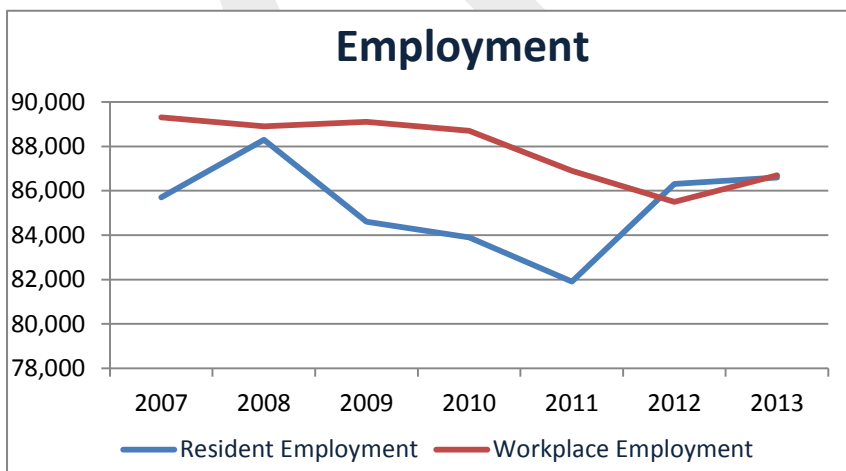
The chart below shows trends in unemployment for 2007 to 2013 for the B&NES economy. In 2007, prior to the economic downturn, B&NES had 3,900 unemployed residents, 28% of whom were claimant unemployed. Overall unemployment reached a peak of 5,600 in B&NES in 2012, but in 2013 numbers reduce significantly, suggesting that the B&NES economy, in line with the national picture, is recovering from the downturn. Indications are that this trend will continue through 2014 and that unemployment could return to 2008 pre-recession levels.



However, whilst overall unemployment has reduced to the same level in 2013 as it was in 2007, the proportion of claimant unemployment at 54% is higher than it was pre-downturn with a steep rise in the proportion of long term unemployment. Nevertheless the overall unemployment rate remains well below the West of England and national figures.

## Employment

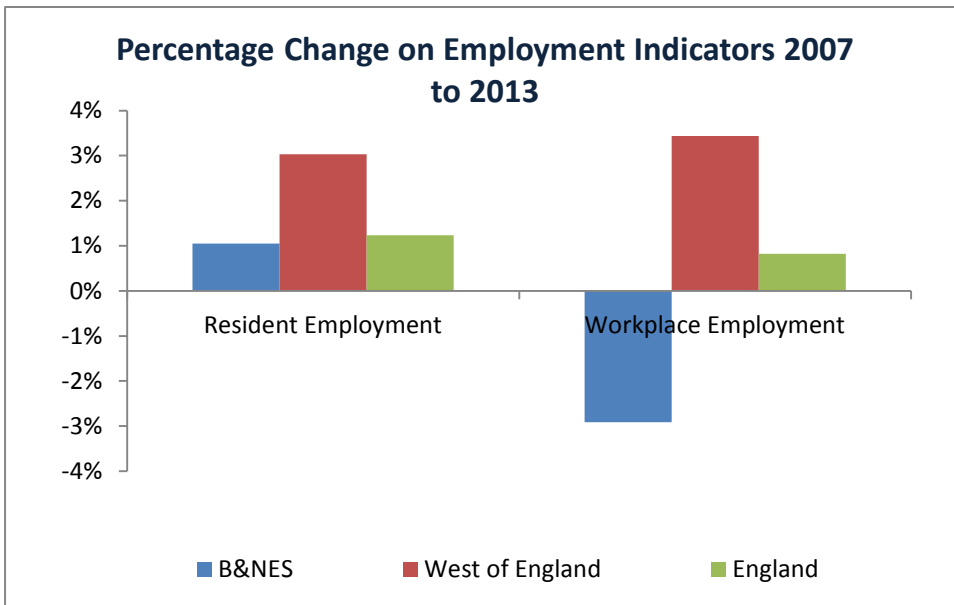
The chart below shows trends in resident and workplace employment for 2007 to 2013 for the B&NES economy. In 2013 B&NES had resident employment of around 87,000, around 1,000 more than pre-downturn. However, workplace employment in 2013, at 87,000, is some 2,000 lower than the pre-downturn level of 89,000.



Over the period, resident employment has been relatively more volatile, declining by far more than workplace employment before recovering more quickly in 2011 as employment fluctuations in the wider sub-region affect people working outside B&NES.

The Chart below compares the trends in resident and workforce employment in B&NES with the performance of those measures in the West of England sub-region and nationally for 2007 to 2013

- As with England, resident employment in B&NES has risen by just over 1%, though across the sub-region this is much higher at 3%.
- Workplace employment in B&NES has declined by 3%, a very different situation to growth of 4% across the West of England and growth of almost 1% nationally.



The overall picture painted by this assessment of the B&NES economy is that whilst resident unemployment has remained low, the wider economy has performed less well in relation to workplace employment, output and productivity driven principally by changes in public sector employment.

However, growth in the knowledge economy locally has outstripped both the West of England and England (5% compared with 4% and 2%). The above average representation in sectors such as Information & Communications, Creative & Digital, Environmental & Low Carbon and Health & Wellbeing is also supporting the local economy to recover more quickly.



## Our Growth Ambitions 2010 – 2030

As part of the West of England Local Enterprise Partnership (LEP) we share our partners ambitions for promoting growth across the sub-region. The LEP have recently submitted their Strategic Economic Plan to Government. This sets a baseline for delivering 65,000 jobs and 2.6% GVA growth in the West of England to 2030, with an ambition to promote higher levels of growth dependant on the level of Government funding for infrastructure and employment projects.

Historically the B&NES area has contributed 15% of total jobs and economic output in the sub-region and the ambition is that this will continue to be the case. Moving forward the Economic Strategy is seeking, in line with the LEP's growth plans and the Council's Core Strategy, to increase the number of jobs in B&NES by 11,500 by 2030 which, taking into account job losses, will require some 16,900 new jobs to be created as set out below.

Summary of B&NES 2010 to 2030 Growth Scenario			
	2010	2030	Net Change
<b>Employment by Sector (SIC 2007)</b>			
Agriculture & fishing	700	500	- 200
Energy & water	1,100	1,200	100
Manufacturing	4,700	4,500	-200
Construction	4,100	5,300	1,200
Distribution, hotels & restaurants	21,800	24,800	3,000
Transport & Communication	6,600	9,500	2,900
Banking finance & insurance etc.	13,800	22,100	8,300
Public admin education & health	31,100	25,900	- 5,200
Other services	4,900	6,500	1,600
<b>TOTAL</b>	<b>88,800</b>	<b>100,300</b>	<b>11,500</b>

Delivering the economic growth set out above will require a focus on protecting manufacturing jobs and increasing employment in selected priority sectors. Overall total local employment would increase by 12% and the value of the local economy would grow by over £3bn.

The table below summarises the changes in the key economic indicators.

Summary of Key Economic Indicators 2010 - 2030			
	Average Annual Growth Rate		
	B&NES	WofE	England
Average Annual Growth - Productivity	2.7	2.3	2.3
Average Annual Growth - Jobs	0.6	0.8	0.8
Average Annual Growth - GVA	3.2	3.2	3.1

# BUSINESS THEME

## The Economic Strategy for Bath and North East Somerset (update 2014)

*To promote business growth which delivers increased productivity and average earnings and provides local people with access to sufficient quality sustainable jobs across the economy“*

### Introduction

The Business Theme provides an overview of the issues, challenges and opportunities regarding business and entrepreneurship in Bath & North East Somerset, and sets out a strategic approach to addressing these issues and challenges going forward. Encouraging and enabling businesses and entrepreneurs to grow and prosper is fundamental to ensuring a competitive local economy for the future and realising the aim of the Business theme.

## THREE KEY PRIORITIES FOR ACTION



Promoting appropriate  
Business Growth &  
Investment



Delivering a supply of  
Business Space that meets  
local business growth needs



Providing a comprehensive  
Business Support service  
for SME's

## Business and ENTREPRENEURSHIP

B&NES' £3.8 billion of annual economic output is produced by around 8,500 business enterprises (VAT/PAYE registered businesses) and over 13,000 self-employed. These businesses are also responsible for B&NES' 92,000 total workplace employed population, who each produce an average of £42,000 per annum of output.

### ISSUES and challenges

#### Business Size

The average **size of businesses** in B&NES is smaller relative to the national picture (only 15% employ more than 10 people compared with 19% and 17% for the sub-region and nationally). Overall local businesses tend to be more "mature" with 65% having traded for more than 3 years (compared with 60% in the West of England and nationally).

#### Productivity

The main indicator of the overall competitiveness of the B&NES economy and its businesses is **productivity**. As established earlier the main 'driver' of B&NES' lower productivity is the area's above-average employment in the public sector and the relatively large concentrations of employment in sectors such as retail and tourism. This is further exacerbated by above average part-time employment (42% compared with a sub-regional figure of 35% and a national rate of 33%) and a below average representation of larger businesses which tend to have higher productivity than smaller businesses.

#### Entrepreneurship

In addition to relatively low productivity, a further key issue is the **low rate of entrepreneurship**. The area has a lower 'business birth rate', but also a relatively high 'business death rate', which when combined make for lower growth (or decline) in the local business stock (between 2009 and 2011 the stock of businesses in B&NES declined by around 2%). As well as business start-up, B&NES' growth in self-employment is also weak; self-employment in B&NES grew by 14% from 2001 to 2011 compared to much larger rises witnessed across the West of England (23% and 26% respectively).

#### Workplace Earnings

Partly as a result of the above **workplace earnings** are substantially lower than found across the West of England and nationally (average gross weekly pay in B&NES is £382 compared with £410 across the West of England and £422 nationally). Furthermore, earnings have demonstrated very weak growth over the last ten or so years; between 2003 and 2013 workplace earnings in B&NES grew by just 5% compared to 18% growth across the West of England and 24% nationally.

## Business and ENTREPRENEURSHIP

### OPPORTUNITIES

To address the inter-linked issues of low productivity, limited entrepreneurship and below average wages the focus has to be on building on the areas business strengths and business specialisms in specific priority sectors. By supporting business growth and investment in these areas, B&NES can close the productivity gap and workplace earnings gap which exists between itself and the broader West of England and the national economy

### The priority business sectors

**Priority sectors** are seen as strategically important to the local economy. Their “strategic” importance is because they are large employers and/or higher value added and/or are higher growth, or are expected to demonstrate higher growth in the future. They are the sectors to ‘prioritise’ for support and intervention as they are essential in ensuring the longer-term competitiveness and stability of the local economy.

There are **8 Priority Sectors** in B&NES defined as “Core” or “Key” sectors. Core sectors currently employ significant numbers of people locally and will continue to be important in employment terms. Key sectors are generally smaller in employment terms but higher value added and offer the potential for significant future expansion.

CORE SECTORS	KEY SECTORS
<ul style="list-style-type: none"> <li>• Tourism, Leisure, Arts &amp; Culture</li> <li>• Retail</li> <li>• Health &amp; Wellbeing</li> <li>• Finance &amp; Professional Business Services</li> </ul>	<ul style="list-style-type: none"> <li>• Creative &amp; Digital</li> <li>• Information &amp; Communication (ICT)</li> <li>• Advanced Engineering &amp; Electronics</li> <li>• Environmental &amp; Low Carbon</li> </ul>

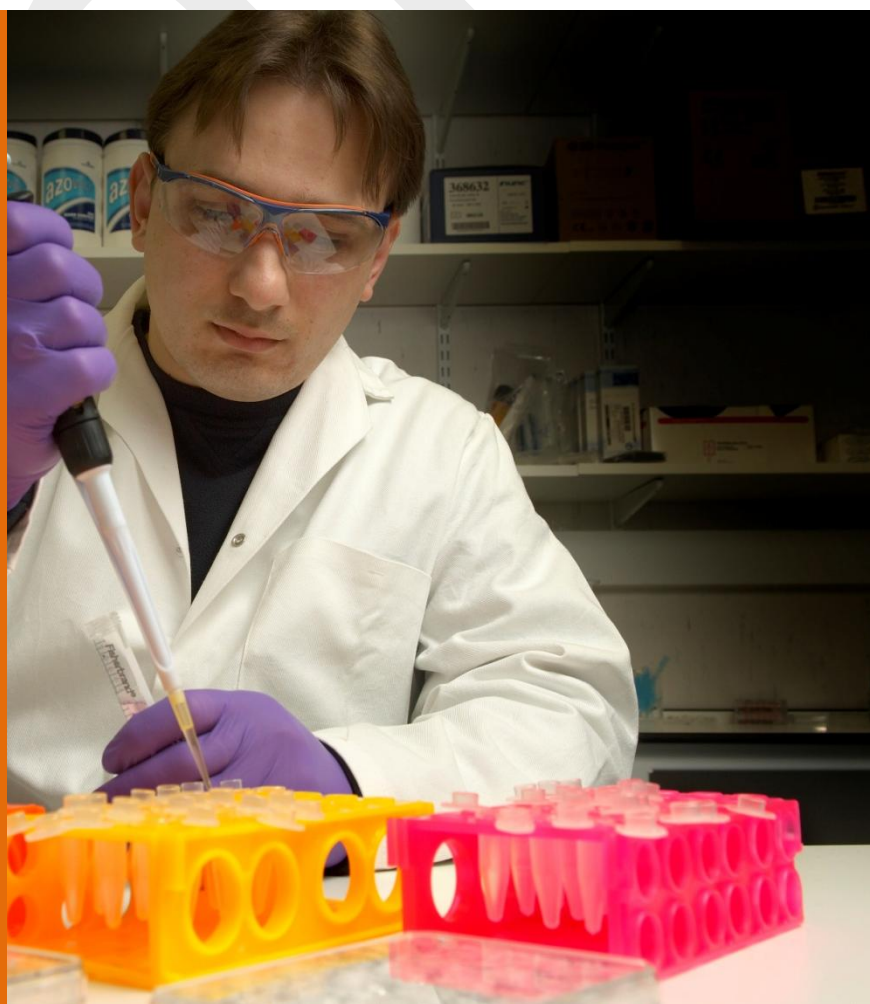
Their employment and overall economic contribution (GVA output) is set out in the following table together with their ‘location quotient’ – their representation in the local economy compared with the national economy

PRIORITY SECTOR	EMPLOYMENT	GVA OUTPUT		LOCATION QUOTIENT
		TOTAL £m	PER EMPLOYEE £	
Tourism / Leisure / Arts & Culture	10,300	£205	£19,900	1.23
Retail	10,200	£233	£22,900	1.16
Health & Well-Being	11,100	£337	£23,700	1.28
Financial & Professional Business Services	8,500	£672	£79,000	0.84
ICT / Creative & Digital	5,800	£418	£72,000	1.25
Advanced Engineering & Electronics	2,700	£159	£58,900	0.73
Environment & Low Carbon	1,300	£238	£183,300	1.48

The **priority sectors** cover 58% of B&NES' total employment (excluding self-employment).

In terms of their output contribution, and because on average the Priority Sectors are higher value-added in terms of productivity, they account for a much larger share of B&NES' total output; the eight priority sectors account for 64% of B&NES' GVA.

The **priority sectors** have the potential to deliver up to 11,500 new jobs in B&NES by 2030 and make a significant contribution to increasing the areas GVA output and productivity.



## B&NES' representation in the 'Knowledge Economy'

In addition, the Priority Sectors offer the opportunity for B&NES to exploit its business strengths in the 'Knowledge Economy', activities in which the UK economy is expected to maintain, and increase, its global competitiveness, and in conjunction with the LEP to develop a "Smart Specialisation" approach.

Focussing on digital & creative media, low carbon, high tech industries, advanced engineering & aerospace and professional services the Local Enterprise Partnership Strategic Economic Plan proposes a "smart specialisation" approach for the sub-region.

*"Smart specialisation focuses on key enabling technologies. The role of innovation in smart specialisation is key, as is knowledge creation and utilisation, investment in skills and human capital, and the role of agglomeration, clusters, networks and 'knowledge spill-overs'".*

There are two indicators which highlight how B&NES performs in terms of the knowledge economy;

- employment representation in the knowledge economy and high & medium technology manufacturing
- the share of employment in higher skilled occupations.

On both of these indicators B&NES performs extremely well compared to both the West of England and national economy:

In B&NES, 32% of employment lies in the 'Knowledge Economy and High & Medium Technology Manufacturing' compared to 30% across the West of England and 28% nationally.

Between 2009 and 2012 employment growth in the Knowledge Economy in B&NES has also been relatively high; B&NES' employment in the knowledge economy and high & medium technology manufacturing grew by 5% compared to 4% across the West of England and just 2% nationally.

Some 63% of workplace employment in B&NES is located in higher skilled occupations compared to 60% across the West of England and just 55% nationally.

In terms of growth in higher skilled occupations, B&NES has seen a 15% rise in its share of employment in these occupations between 2004 and 2013 compared to an 11% rise across the West of England and a 6% rise nationally.

## Business engagement, investment and promotion

To take full advantage of the potential for growth in the area's key sectors and knowledge economy will require a **proactive approach** to business engagement and business investment and promotion.

Understanding the business needs of key sector companies and having a close relationship with the leading businesses in each sector will be an important pre-requisite for enabling local economic growth and an acknowledgement that the bulk of future business investment and growth will come from indigenous companies.

However, if the area is to achieve the planned levels of economic and employment growth new **"inward" investment** will also be required. Historically the area has not attracted significant inward investment but moving forward the development of the Bath City Riverside Enterprise Area will provide opportunities to attract new companies to the area building on Bath's strong international brand and the quality of life offered by the area as a **"beautifully inventive"** place. This will also enable opportunities in N.E. Somerset & the market towns to be promoted to a wider audience.

The Local Enterprise Partnership Strategic Economic Plan sets out how the **5 LEP Priority Sectors** will be supported by investing in four well-evidenced 'levers of growth'. One of these levers is as follows:

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*'Investment & Promotion – building on our region's image & identity and the role of the Invest Bristol & Bath shared inward investment service'*

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To maximise the opportunity and benefits of working with the **LEP** and **Invest in Bristol & Bath** will require the identification and development of specific development "propositions" and the availability of modern business premises which can be used to attract investors, developers and end occupiers.

### Sustainable growth

The business opportunities related to sustainable growth are essentially threefold:

- The establishment and growth of the environmental & low carbon business sector as a business sector in its own right which can in turn help to facilitate :
- The opportunity to encourage businesses and business supply chains to adopt efficiency measures which will use fewer resources whilst at the same time boost profits through associated cost savings.
- The opportunity to encourage businesses to explore their exposure and risk to problems associated with climate change, and to undertake appropriate mitigation and adaptation

## Summary of the issues, challenges and opportunities for business and investment



In summary, the key business issues and challenges for B&NES, each often inter-related are as follows:

- The eight priority sectors;
- Raising the proportion of employment in private sector businesses, particularly in higher value added sectors and businesses;
- Raising the productivity of private sector businesses, particularly in retail and tourism;
- Raising the level of business start-up, particularly in higher value added private sector business activities; whilst at the same time reducing business failure, and thus improving business survival rates and growing the stock of businesses.



# Business SPACE

## ISSUES and challenges

### Stock

Overall in the main urban areas in B&NES there is 205,000sqm of **office floorspace**. By far the largest amount (84%) is in Bath with the remaining 16% shared equally between the Somer Valley and Keynsham. This reflects the importance of Bath as the predominant office market area with the market towns catering only for specific local demand.

In addition there is 371,000sqm of **industrial floorspace** in the urban areas. However this time the split is different with Bath and the Somer Valley each having 40% of the floorspace and Keynsham the remaining 20%. The split confirms the historic role of the Somer Valley as the industrial heartland of the area with the floorspace in Bath being focussed on local service manufacturing alongside a small number of larger advanced engineering companies.

### Demand

The demand for office space is focussed on Bath and is driven in the main by indigenous business expansion. Annual average take-up is around 10,000sqm per annum. The take-up of industrial space is lower at around 2,000sqm per annum, although this can vary on a yearly basis depending on specific occupations in N.E. Somerset.

### Supply

#### *Industrial*

The lower take-up rate for **industrial** premises is in part a result of **restricted availability**. The typical vacancy rate for industrial property across B&NES is 3%.

In Bath the rate is less than 1%. This places a severe restriction on occupiers looking for space and has resulted in companies relocating out of the area to Bristol and Wiltshire. In addition the Green Belt which covers most of the northern half of B&NES has meant that no new industrial sites have come forward.

In N.E. Somerset there has been more choice due to the availability of industrial land at the Bath Business Park Peasedown St John and the Westfield Industrial Estate. However both these sites are now largely at capacity and there is a need to bring forward new employment locations.

#### *Offices*

The situation in the **office** market is different. There is little availability in N.E. Somerset given the limited local nature of demand, although this belies the potential of Keynsham given its location and good connectivity.

In Bath the vacancy rate for offices is 7.5% which suggests that the market is broadly in balance. However the quality of the overall office stock and the available floorspace is an issue.

Of the 120,000sqm of office space in the Bath central area only 12% is classified as grade A and much of the available space in the preferred central Bath locations is generally of poorer specification. This results in a perception of an oversupply of office accommodation and reduced rental levels due to competition across the board. This in turn contributes to a lack of investor and developer activity in the City.

#### *Workspace*

The availability of workspace for more specific end users seeking **creative, flexible managed space or incubation / innovation facilities** is also an issue, where managed workspace is under represented compared with neighbouring authorities and whilst there is operator interest there are few potential opportunities.

# Business SPACE

## Opportunities

To deliver a supply of business space that meets business growth needs in B&NES will require the following key issues to be addressed:

### ***Raising the quality of office floorspace in Bath***

There is a pressing need for new grade A office floorspace in the city. Economic forecasts indicate that, to deliver the required level of economic growth and in particular to facilitate the expansion of the key business sectors up to 50,000sqm of modern centrally located floorspace is required.

### ***Addressing the shortage of industrial floorspace by bringing forward new strategic employment locations***

Whilst the overall amount of industrial floorspace is likely to contract as employment in the manufacturing sector reduces analysis indicates that losses are likely to exceed forecast reductions.

The redevelopment of former industrial sites in **Keynsham** and the **Somer Valley** and the regeneration of brownfield sites through the **Bath City Riverside Enterprise Area** are the main drivers in this process. This combination of excessive loss of space combined with severely restricted supply will inevitably result in key industrial companies and service manufacturing businesses having to relocate from the area due to lack of modern accommodation and new sites coming forward.

Given the environmental constraints in areas surrounding Bath, new strategic employment locations need to be brought forward in Keynsham and the Somer Valley

**Making provision for the specific space needs of small creative and knowledge based businesses by increasing the supply of flexible managed workspace and facilitating the expansion of innovation and incubation facilities.**

Action is required to build on partner and operator interest to bring forward:

A new **Creative Industries Hub** in Bath

Additional **managed workspace** in Keynsham and the Somer Valley

An expansion of University linked **innovation and incubation facilities**

# Business SUPPORT

## ISSUES and Challenges

The overview of the challenges facing the delivery of future business growth and investment highlighted the need to **improve entrepreneurship** in B&NES. Raising the level of business start-up (particularly in higher value added private sector business activities), whilst at the same time improving **business survival rates** through targeted business support measures is an essential element in delivering future economic growth.

There is a wide range of **business support programmes** and products already in existence and in terms of local provision the priorities should be to:

- Add value to existing business support activity
- Fill gaps in provision
- Ensure businesses are aware of the support available and how to access it
- Secure funds and develop local support programmes
- Work with the Local Enterprise Partnership and other local partners to ensure appropriate local business support provision

# Business SUPPORT

## Opportunities

### Working with the Local Enterprise Partnership

In its Strategic Economic Plan the LEP sets out the 'levers of growth' that will be used to promote economic growth in the sub-region. One of these levers concerns small & medium size (SME) business support as follows:

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*'SME Business Support – supporting the 85% of businesses in the region that are engine for growth in our area'*

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In the Plan there are three key components of SME Business Support:

#### Increasing the number and quality of start-ups

Building the local business stock is a cornerstone of the LEP's approach, with the main focus on the high-performing minority of start-ups which they will seek to select, support and persuade to grow in this area. Support will be linked with the Set Squared Innovation Centres and with existing Starting a High Growth Business programmes. To help new companies through their formation phase proposals include

- Establishing an **angel investor network** and increasing the availability of investor readiness support
- The establishment of **flexible workspace** and "landing pads".
- Creating outward looking **networks** that connect companies to talent and opportunities to meet customers, partners and investors

#### Encouraging companies to increase trade overseas

The West of England is the strongest performing export area within the South West region and the LEP intends to increase the proportion of SMEs who trade overseas.

Building on the well regarded South West UKTI service it is proposed to use European and other public funds to broaden and deepen the support available to first time exporters and to those exporters wanting to try new and particularly emerging markets.

#### Improving the capability of existing businesses

The Strategic Economic Plan acknowledges that the majority of business start-ups (62%) fail to survive 10 years. The survival rate after 3 years is better, 62% in the West of England compared with 60% nationally and in B&NES the rate is higher at 64%.

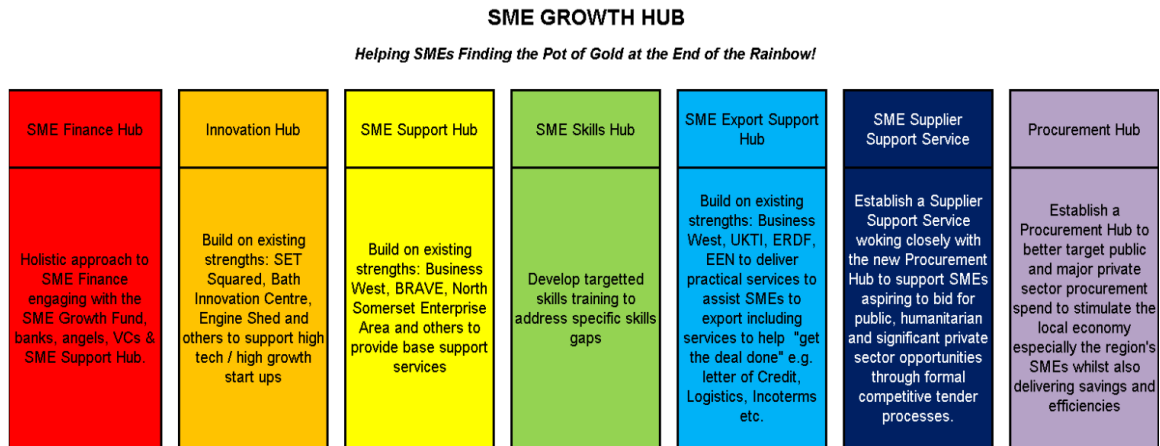
Evidence indicates that businesses that access **support and advice** have a better chance of survival and it is proposed to develop a 'menu' of start-up and existing business support services linked to a centralised clearing and brokerage service including:

- Access to existing local business support.
- Alignment with Enterprise Zone/Areas and existing business incubator /enterprise centres.
- Interfaces with the SME Growth Fund, including business finance schemes, banks, angel investors and venture capital funds.

There will again be an emphasis on high-growth potential key sector companies but **sustainable jobs growth** in any SME will not be ignored.

## The West of England Growth Hub

The LEP propose to deliver these services through an SME Growth Hub serving the West of England, which will become part of the national Growth Hub Network. The Growth Hub is funded through the government’s Local Growth Deal and income from users. It is intended to take a “no wrong front door” approach to accessing the Hub using a range of public and private sector partners to promote “local” access. As a primary means of raising awareness, the existing **Business Navigator website** will be upgraded to include more effective information and diagnostic tools.



To ensure that local businesses are aware of and have access to the full range of business support will require the Council, working in partnership with the Universities, Colleges, Chambers of Commerce, Federation of Small Business and other business representation organisations to establish local access to the Growth Hub in B&NES.

**Local support services for start-up & newly established businesses**

The analysis of the business stock in B&NES indicated that the area has an above average number of small (less than 10 employees) businesses.

The large majority of these businesses (80%+) are locally owned and many are run by “sole proprietors”. Employment in locally owned businesses was responsible for off-setting wider job losses in the area during the recession, limiting the overall reduction in employment in B&NES to 2% compared with 4% in the sub-region. There is strong representation in the priority sectors including tourism, creative and information and communication.

Maintaining the existing locally accessed support services, currently commissioned by the Council for all local businesses is therefore particularly important in B&NES.

# PLACE THEME

## The Economic Strategy for Bath and North East Somerset (update 2014)

### Introduction

The geography and infrastructure of Bath & North East Somerset is as diverse as its business stock, with a range of issues and opportunities. The Place theme of the Economic Strategy seeks to articulate and support the contributions of the City of Bath and the surrounding market towns of Keynsham and the Somer Valley to the local economy, recognises the key role that Housing plays in supporting economic growth and promotes the opportunities offered by building a Low Carbon economy and delivering improved connectivity.

By ensuring that these factors are supported and addressed it will be possible to develop a sustainable economy for the whole of Bath & North East Somerset that can provide a strong quality of life and high standards of living and working.

## KEY PRIORITIES FOR ACTION



**Successful City**



**Vibrant Market Towns**



**Sustainable Connected Communities**



**Housing**

## Successful CITY

Bath is a **World Heritage Site**, an international **tourism** destination and a regional **shopping** centre. The city has an enviable reputation for its quality of life and plays a crucial role in the B&NES economy. It provides nearly 70% of the areas employment and economic output (GVA) and is home to over 50% of B&NES businesses. More importantly 75% of knowledge based and priority sector employment is based in the city.

In contrast five local areas (Local Super Output Area's – LSOA's) with in the city fall within the **top 20% most deprived areas** in the country.

It is critical to the future economic well-being of the area that :

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*'Bath will remain a visitor friendly City with an international reputation for world class heritage and as a centre for innovation, enterprise and high quality education'*

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### International visitor destination

#### ISSUES & challenges

Tourists currently spend **£375m** in the local economy, supporting 8,700 local jobs and producing **£162m** GVA/annum into the local economy of Bath & N. E. Somerset. The bulk of the employment and economic output is focussed on Bath where it is integral to the city's wider visitor economy.

A strong **visitor economy** is key to the status of Bath as an International visitor destination. It is central to the continuing success of a broad and diverse retail sector; it underpins the city's rich cultural offer and has a significant role to play in attracting broader investment.

Bath is recognised as a **regional shopping destination**. The city centre has over 700 retail units and in excess of 100,000sqm of retail floorspace which is significantly more than would normally serve a city of 89,000 people and is an indication of the strong inter-connection between the retail and tourism sectors. In 2011 retail expenditure in the city was estimated to be over **£600m**.

The city's reputation as an international visitor destination is also a driver for the cultural sector in Bath. The wider visitor economy, covering the tourism, leisure, culture and retail sectors accounts for 15,500 jobs, 25% of total employment in the city, and generates **£315m** of GVA annually.

Employment in the visitor economy has **increased by 3.2%** over the last five years and is forecast to continue to grow by circa 3,500 jobs. The focus should be on building a more sustainable higher value added product which will benefit both Bath and the wider area. Currently there are over 5.6m visitors each year to the city but only 16% are staying visitors, who on average spend x5 more per head than day visitors.

There is ongoing competition both from the domestic and international markets and in order to respond to this the visitor economy sector needs to work in partnership; to attract, manage and develop a **flourishing and sustainable tourism and leisure industry** which contributes to economic prosperity, enhances the image of Bath and the surrounding area and is in harmony with its unique environment.

## International visitor destination OPPORTUNITIES

To deliver a successful and sustainable visitor economy will require on-going investment in the “place” and in “place” marketing.

### Develop, manage and promote a sustainable visitor economy

Raising productivity by addressing seasonality issues, focussing on high value markets and prioritising staying visitors, linked to improved use of information technology will help to develop a more sustainable tourism sector.

Bath is recognised as one of the premier visitor destinations by Visit England and Visit Britain. This provides opportunities to engage in national & international marketing initiatives and help shape strategic thinking with national agencies and government.

To maintain this relationship will require continued support for a public / private sector destination marketing organisation and the development of an up to date **Destination Management Plan** providing a joined-up approach to destination marketing, place management and events programming.

### Maintain and enhance the city centre as a regional retail, leisure, cultural and sporting destination

The quality of the city centre is a key element in the visitor destination offer and since its inception in 2010 the **Bath City Centre BID** has, working in conjunction with the Council, brought private sector resources to bear on the maintenance of a

high quality public realm and helped to shape and manage the retail and hospitality product.

The continuation of the BID beyond 2015/16 would provide opportunities to supplement resources and add value to the destination marketing strategy; making an important contribution to maintaining an attractive city centre.



### Utilise the city's World Heritage Site, Cultural, Spa and independent shopping credentials as key elements of the visitor destination offer

A refreshed and updated version of the existing co-ordinated Visitor Marketing Strategy is required to maximise the potential for development of the visitor economy.

The Strategy will ensure that growing and high value markets continue to be targeted, include the development of a year round Festivals and Events programme and develop opportunities to spread the benefits of tourism to surrounding rural areas.



## Centre for enterprise and innovation

### ISSUES & Challenges

Given the focus of priority sectors in Bath it unsurprising that growth in employment in the **knowledge economy** in the city, which increased by 7% between 2009–2012, has outstripped increases in the wider B&NES area (5%), the West of England (4%) and nationally (2%).

Nearly 60% of employees in the city are in **higher skilled jobs** with over 40% of residents possessing NVQ level 4 or above qualifications compared with 36% in the sub-region and 30% nationally. Bath's two Universities are key to the supply of highly qualified workers and are also a source for entrepreneurialism and local economic growth with several significant companies in the city having spun out of or benefitted from links with the Higher Education (H.E.) sector.

A recent Centre for Cities report highlighted the Bristol and Bath region as "**having an internationally significant and fast growing high tech cluster**" and Set Squared, an innovation collaboration between Bristol, Bath, Exeter, Southampton and Surrey Universities, has been named as Europe's top university Business Incubator in 2013 and 2014.

The main constraint to further future growth in the city's knowledge economy is the lack of appropriate business space of the right type and right quality.



## Centre for enterprise and innovation

### OPPORTUNITIES

Investment in the implementation of the **Bath City Riverside Enterprise Area** is the key opportunity for the delivery of high value added knowledge driven growth in the city.

#### **New commercial and business quarters developed in & on the edge of the city centre**

The lack of **high quality modern office space** in Bath has been acknowledged, both in relation to the overall stock and the current supply. The historic business quarters in Bath are based largely on period office stock which is now less attractive for business occupation. Occupiers are seeking new locations convenient for the city centre and public transport links and there is a need to create a new **Central Business District** for the city.

The Bath Office Market Review report has highlighted the shortage of quality office space and identified Bath Quays, Manvers Street and Bath Western Riverside / Green Park as the key locations for the provision of new supply.

#### **Build on the city's strengths in innovation & research linked to the H.E. Sector**

The Bath University **Innovation Centre** at Carpenter House is part of the highly regarded Set Squared facilities. It is at capacity and has a waiting list for desk space. There is an urgent need to expand the facilities to double as a first phase expansion project which can be linked incubation or "move-on" facilities.

The Art and Design faculties at Bath Spa University are also creating a need for creative workshop / studio space.

#### **Support the small business & creative sectors through the delivery of new workspace**

The city is under-provided with **managed business space** but operators have not been able to identify any specific development opportunities.

The Creative Hub & Sector Support Study suggested that over the longer term (2012-2030) there could be a need for up to 20,000sqm of space for the **Creative & Digital sector**, with a medium term need of 1,000–2,000sqm. The feedback from businesses surveyed was that:

*There are high levels of self-employment, freelancing and new entrepreneurial ventures across the creative and digital sectors which is fuelling the demand for flexible workspace such as co-working and other 'drop-in' facilities.*

*There are a number of successful instances of the co-location of creative and digital businesses in Bath. However, there is recognition among many more established firms that there is a lack of suitable workspace to facilitate such clustering on a greater scale, this in turn is constraining opportunities for growth*

*Improving the profile for the sector is paramount to its continued performance. This is central to the successful delivery of a hub which needs visibility to enhance perceptions of creative and digital activity in Bath*

There is also a need for "Landing Pads", small flexible business spaces which can accommodate newly re-located or expanding small businesses with tailored business support packages available.

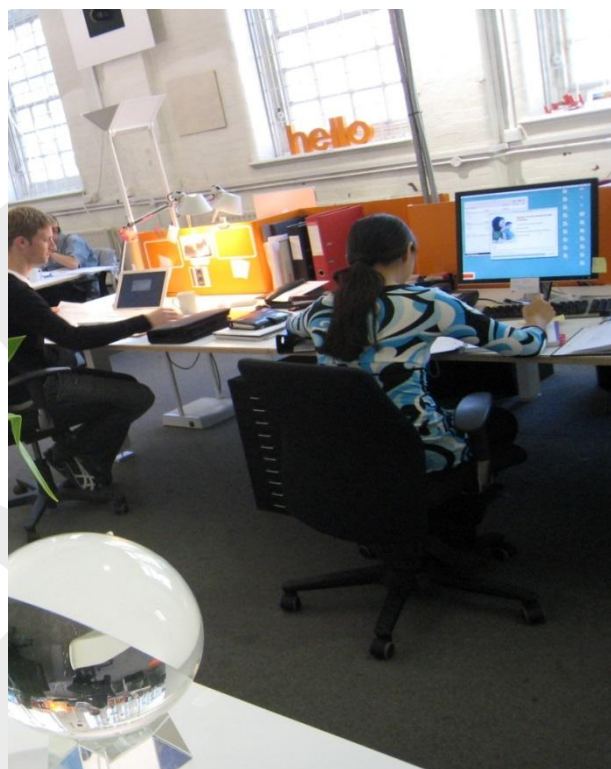
## Connected City ISSUES & Challenges

The city is home to nearly 89,000 residents and 4,500 businesses employing 56,000 people.

A recent survey of office occupiers in the city centre found that the top priority in relation to any office space needs was access to **broadband connectivity**. This is particularly important for the city where over 14,200 people are employed in key sectors such as **Information & Communications** and **Creative & Digital** where access to sufficient bandwidth is vital for ongoing business operations.

A further 16,000 people are employed in the education sector including the city's two **Universities** where again high bandwidth is essential for research projects and the **commercialisation of research**.

Increasingly residents also require **access to broadband** to enable access to information and services and to facilitate flexible and home working. However 7,400 city residents live within the 20% most deprived local areas (LSOA's) in the country where it is less likely that they will have access to adequate broadband facilities.



Bath is well provided by fibre enabled telecoms cabinets but broadband speeds can be limited, depending on the physical distance to the cabinet, by the use of copper wire between the cabinet and the premises.

Generally speaking the existing network offers a minimum of 2Mb/sec up to 25Mb/sec classed as **superfast broadband**.

However this limited service does not always meet the needs of businesses who seek access to ultrafast 100Mb/sec bandwidth which requires fibre to be provided to the premises. This can be achieved but can prove too costly for small businesses. 82% of businesses in the city employ less than 10 people.

## Connected City OPPORTUNITIES

A strategic “Digital B&NES” response is being developed to address the above issues, to establish Bath as a **Connected City** and facilitate digital access for businesses and residents in Bath.

### Ultra-fast Broadband in the Enterprise Area & City Centre

Working with a commercial provider we will seek to make the Bath City Riverside Enterprise Area a national exemplar project for the delivery of **ultra-fast broadband** utilising B&NES Council’s extensive network of ducts across the city and in conjunction with the Local Enterprise Partnership, develop a “voucher” system to encourage SME’s to connect to broadband services.

### Wireless Connectivity in the City Centre

Being able to access digital information **wirelessly** across the whole of the city centre would be of benefit to businesses, particularly those in the retail and tourism sectors, and to residents seeking information on goods and services.

The network of publically owned street furniture provides an opportunity to work with a commercial provider to utilise selected furniture to deliver a wireless network across the city centre. This would then provide a base for the development of a **multi-platform information system** available to residents, visitors and businesses in Bath.

### Terrabit West

Terrabit West is a project to deliver a high capacity closed broadband network serving the sub-region which can be used for research and product development. Connecting the Bath City Riverside Enterprise Area into the Terrabit West network would enable **'high-tech' companies** to innovate and commercialise new ideas with less risk.

### Promoting Access for the Digitally Excluded

**Recycling redundant PC's** to families in deprived wards in the city to facilitate their digital connectivity will enable them to better utilise the increasing amount of on-line information and access the range of goods and services available in the city .

### Connecting New Development

Working with the WofE LEP we will research “best practice” in using the planning system to ensure new development sites in the sub-region’s Enterprise Zone and Enterprise Areas are fibre enabled.

## Vibrant MARKET TOWNS

### Issues, challenges and opportunities

Whilst Bath is the economic driver for the B&NES area, the market towns of Keynsham and the Somer Valley area provide two-thirds of the employment outside the city with a total of 16,600 jobs, just over 20% of the total jobs in B&NES.

The market town areas also provide nearly 20% of the area's GVA output and 24% of the total stock of businesses, although only 14% are in the priority business sectors. They are home to 28% of the area's population; an indication that both areas suffer from high levels of out-commuting which is in excess of 60%.

This situation has been exacerbated by major factory closures including Cadbury in Keynsham and Polestar, Alcan and Welton Bibby Baron in the Somer Valley. Keynsham has been particularly affected by the closure of Cadbury which has seen the town's relatively small employment base reduce by 11%.and a 5% reduction in the overall business stock and priority sector representation.

The Somer Valley by comparison has managed to recover from the earlier factory closures. Overall employment has increased by nearly 4% and there has been a 16% increase in key sector employment focussed on the health & wellbeing and tourism, leisure & culture sectors. However the area remains heavily reliant on manufacturing which accounts for 20% of total employment compared with just 5% overall in B&NES.

The recovery in the Somer Valley is largely as a result of the availability and development of employment land at Westfield Industrial Estate and the Bath Business Park at Peasedown St John. Both these employment sites are now almost fully built out and with vacancy rates for employment space at 3% or below across N.E. Somerset. There is an urgent need to bring forward new strategic employment locations in the market towns to enable future local economic growth

## ISSUES and challenges

### The Town Centres

As well as centres for employment, the town centres of Keynsham, Midsomer Norton and Radstock act as local service centres for the immediate population and surrounding rural areas, offering a range of retail, leisure and sporting facilities. In this role the town centres also make an important contribution to local employment.

Keynsham has circa 150 retail units and 13,500sqm of retail space. The town has previously suffered from a limited comparison and hospitality offer but this will potentially be addressed following the strengthening of the food retail offer in the town and B&NES Council's investment in the redevelopment of **The Centre Keynsham** which will provide new office space, civic facilities and additional larger units for food and comparison retail space.

The Centre redevelopment will also deliver public realm and traffic management improvements as part of an overall emerging strategy for improving the environment and reducing traffic impacts which continue to adversely affect the town centre.

Midsomer Norton has three times the number of retail units as neighbouring Radstock town centre and serves as the market town for the Somer Valley area. Overall it has a similar amount of retail floorspace to Keynsham but to date has provided a more diverse offer. The main issue is the lack of medium sized and larger retail units, which is a constraint to attracting more national

retail operators, and the relative weakness of the food retail offer which leaves the town centre exposed to out of town food retail provision.

Like Keynsham, MSN town centre can be affected by traffic congestion and previous retail assessments have suggested that, with retail units spread out along the High Street, there is a need to create a new heart for the town focussing on the Streamside area and the delivery of traffic management measures linked to high quality public realm.

### Market Town Connectivity

An overall co-ordinated approach to **traffic management**, access and parking in the town centres is central to their continued vitality in order to reduce congestion, improve the environment and offer and ensure shoppers and businesses can access a supply of competitively priced, conveniently located car parking.

Improved **broadband connectivity** both to surrounding rural communities and within the town centres will enhance access to and provision of information.

Moving forward the Market Towns will be the location for up to 35% of the planned **new housing** in B&NES. It is important that this is balanced by local employment growth to assist in re-building the employment base in Keynsham and diversifying the economy in the Somer Valley. Between 3,500 and 4,000 new local jobs will be required by 2030 to ensure that .

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*The Market Towns will retain their role as sustainable local service and employment centres for their local population and rural hinterland*

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## The Market TOWNS OPPORTUNITIES

There are identified employment sites, development opportunities and programmes of work which if progressed can address the issues identified above.

### Bringing forward new strategic employment locations

In Keynsham the redevelopment of the Somerdale site includes the provision of 12,000sqm of new office space and at World's End Lane 6ha of land is proposed for employment use. Together these developments could deliver up to 2,000 new jobs.

In the Somer Valley the expansion of the Midsomer Norton Business centre together with the development of the former Polestar factory and the 13.5ha employment land site at Old Mills could bring forward up to 1,800 jobs.

In Keynsham and the Somer Valley the new employment sites have ownership and infrastructure constraints which need to be addressed.

### Revitalising the town centres

An overall strategic approach to public realm improvements and traffic management is required in both town centres to improve their attractiveness and reduce congestion.

In Keynsham the potential future redevelopment of the Riverside and Fire Station sites, including the re-provision of the Leisure Centre, will

need to contribute to local employment and strengthen the town's overall offer.

In Midsomer Norton the development of the South Road car park site for food retail will bring local employment and reinforce the town's overall retail offer. It also has the potential to act as the catalyst for the redevelopment of under-used and vacant buildings on the Streamside to provide a supply of larger retail units and contribute to building a new "heart" for the town centre

### Improving Connectivity

In conjunction with the Connecting Devon & Somerset Partnership the roll out of superfast broadband to 100% of rural communities surrounding the market towns is being progressed with a view to completion by 2020.

The town centres' roles as service and employment centres will be supported by the improved wireless connectivity which it is planned to deliver in conjunction with a selected service provider.



# Sustainable Connected COMMUNITIES

## ISSUES and challenges



### Connected Communities

The provision of an affordable, low carbon, accessible, integrated and reliable transport network which allows people to “get around” is essential to support economic growth in B&NES.

Investment through the £80m Greater Bristol Bus Network programme and the Better Bus Area 2013 funding has improved public transport services between the cities and market towns in the WofE. In addition the Local Sustainable Transport Fund and the Cycle Ambition Fund have provided residents and businesses with sustainable transport options.

In Bath, the £27m Bath Transport Package, due for completion in 2015, is delivering investment into the city’s transport infrastructure to support employment growth in the Bath City Riverside Enterprise Area.

However there are further challenges, especially given the important role Bath plays in the economy of the wider area and the planned level of overall employment growth in the Enterprise Area:

- There will be a need to further expand Park & Ride (P&R) facilities, including provision east of Bath, to address coach parking provision and improve the connectivity between P&R sites and the city centre
- The frequency of and accessibility to rail services is limited leading to congestion at peak times
- The A36 and A4 routes in the city and along the corridor to Bristol suffer from congestion at major intersections



## Sustainable Communities

The transition to a sustainable economy will bring economic benefits as well as helping meet the aim of reducing district wide carbon emissions 45% by 2026.

The most commonly accepted definition of a 'green' job is one created within the range of businesses included in the Low Carbon Environmental Goods and Services sector (LCEGS). This includes environmental remediation, water supply, waste treatment, energy efficiency and low carbon energy. LCEGS is the most productive priority sector in B&NES, with an average GVA of £183,000/ job (ref)

However, it is now becoming more widely understood that the economic opportunities of the shift to a low carbon and environmentally sustainable economy exist for many other business and commercial activities, such as engineering companies supplying components for offshore wind. In addition, existing businesses of all types need to plan to meet the increasing challenges of rising resource and energy costs and climatic disruption. Greening of these businesses will in turn increase demand for the products and services of the LCEGS and the growth of 'green' jobs.

Reducing energy use also helps the local economy by putting more money in local people's pockets. Currently around £157m per year leaves the area in the form energy bills and this is predicted to rise 18% by 2020.

Similarly, domestic food expenditure in the district is around £382m per year, the majority of which is spent in supermarkets and leaves the local area. Conversely, the production of local food creates a local multiplier effect; around £3 can be generated for the local economy per £1 spent. Local, sustainably produced food is a key component of the low carbon economy, buffering against climate change impacts and disruptions in global food supply and improving economic opportunities for local food and farming businesses

Our strategy for Procurement is 'Think Local'. By helping to develop the local economy we can make significant improvements to the economic, environmental and social wellbeing of the communities we serve. Our carbon footprint will be reduced and we will be supporting our own small and medium enterprises.

Promoting Sustainable Connected Communities and developing a more sustainable economy will mean that:

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*Businesses and residents are benefitting from improved connectivity, reducing their energy and waste costs, procuring more goods and services locally and using more locally produced food & energy. This increases the attractiveness of the area as an employment location, creates work for local environmental businesses and attracts new business investment.*

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## OPPORTUNITIES

The development of Sustainable Connected Communities has four key components:

**Accessibility to major employment locations is improved allowing businesses to draw from a wider labour catchment area and residents to exercise sustainable transport options.**

Improvements to rail based travel will provide employers with access to a larger pool of skilled workers and help attract new business investment.

The implementation of **Metro West Phase 1** will allow additional train services to be provided between North Somerset, Bristol and Bath.

Alongside Metro West, future investment in a possible new stations package, in particular Saltford and Corsham in Wiltshire, could improve accessibility for commuters and visitors.

The introduction of **smart ticketing**, using the Sustainable Transport Fund and the electrification of the Great Western main line will also enhance services and improve accessibility.

Further investment in road based transportation, potentially through the sub-regional City Deal, will facilitate the next phase of P&R provision, the delivery of a new P&R east of Bath and the implementation of dedicated bus lanes along the A4 and A36 to speed access into the city centre.

City Deal funding, alongside developer contributions could enable

comprehensive improvements to Windsor Bridge and the Pinesway gyratory. Outside the city Pinch Point transport funding can help to reduce congestion at key points on the highway network, such as Hicks Gate.

**Existing businesses and residents are enabled to reduce their energy and resource use and adapt to the future climate:**

Local businesses are supported to reduce resource use and adapt to climate change by signposting to assistance and resources available through the LEP's Growth Hub.

Existing and emerging policy frameworks encourage high energy standards in new commercial buildings and the retrofitting of commercial buildings is supported through the LEP and sub-regional partners. Waste is used as a resource through a thriving LCEGs sector and an emerging "circular economy".

The "Energy@Home" project encourages residents to reduce their domestic energy consumption and supports the retro-fitting on existing domestic properties. Innovative ways will be explored to ensure new buildings are built to a high standard of energy performance.

**Sustainable businesses and the Low Carbon & Environmental Goods & Services (LCEGS) sector are supported to grow**

**Energy retrofitting** for existing buildings supports local providers and builds local supply chains. Jobs within local businesses are created and safeguarded by the increase in retrofitting.

Local **renewable energy projects** are implemented using social and community enterprise models which retain revenue and jobs in the local area.

Retaining economic activity in the local economy encourages the growth of the LCEGS sector and the high value jobs it provides

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**Local food production and supply is increased, enhancing the local multiplier effect, creating income & job growth and improving the quality of life and cultural offer**



Local businesses are encouraged and supported to purchase and sell more local food. Through the Local Enterprise Partnership Growth Hub and targeted local advice and guidance, new businesses are supported to process and distribute food locally. An increase in **local food trade** generates income growth and safeguards local jobs in the food processing and distribution trades.

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# Housing

## ISSUES and challenges

Bath and North East Somerset is a great place to live and demand for housing is projected to increase. Housing development has been constrained by the economic situation and restricted land supply. The housing shortage pushes up prices and rents making *affordability more challenging* for people on low or middle incomes. Home ownership has decreased and house prices are higher than the south west and national averages.

Social rented housing is still the most affordable tenure and demand is high across the district. One in three (32%) households lives in social or private rented housing. *The private rented sector has grown significantly in the last 10 years* via conversions of owner occupied housing and housing benefit claims for private rents have increased. There are more houses in multiple occupation than the national average and their increase has changed the character of neighbourhoods, notably in the city.

Listed and historic buildings are an asset but can be problematic and costly to improve. The district housing stock is *older than the national average*. One in three (28%) private sector properties was built more than 100 years ago and a quarter of housing in the private rented sector fails to meet minimum expected standards. It is estimated that preventing ill health caused by poor housing conditions such as cold, damp, house fire or accidental falls could save local health services £5m each year and as the older population increases this situation could get worse.

Most residents enjoy good health and a good standard of living but in the more deprived areas communities experience high rates of unemployment, ill health, low income and *difficulty accessing housing*. These issues can lead to a high risk of becoming homeless and leaving home, tenancy termination and violence are the most common triggers. Homelessness can be prevented by timely advice and intervention and suitable alternative housing. There are fewer households in temporary accommodation than in our neighbouring local authorities.

The above issues need to be addressed in a co-ordinated way to try and ensure that in the future :

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*The local housing market is balanced and integrates a choice of high quality homes including affordable homes in thriving vibrant, sustainable communities.*

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## OPPORTUNITIES

### Build more new homes

A balanced housing market requires an increased supply of new homes. New homes must be built in the right place and be the right specification to meet changing housing needs. For every £1 spent on housing £2.41 is generated in the wider community. Developing new homes will create employment, provide homes for people that want to live and work in B&NES and have a positive impact on the economic growth of the area. This can be achieved by:

- facilitating the delivery of new homes including affordable homes ;
- making the best use of available land supply and funding opportunities;
- supporting mixed tenure developments of new market and affordable housing options including specialist and supported housing;
- helping residents to thrive by incorporating good community infrastructure on new housing developments;
- commissioning adaptable and sustainable homes for independent living.

### Improve existing homes

A choice of high quality homes requires improvements to the existing housing stock. Improved homes will help businesses attract and retain the staff they need enabling economic growth and the creation of local employment opportunities. Providing a good range of housing for people that want to live and work in B&NES will require partnership working to :

- Enable financial assistance to vulnerable owner occupiers for home improvements
- Enforce minimum standards in rented housing and offer guidance
- Support adaptations and better energy efficiency
- Bring empty properties back into use in partnership with owners

### Preventing homelessness and tackling the main causes of homelessness

Building and improving homes will help to ensure that everyone is better housed. The Council runs **Homesearch** to enable best use of affordable housing for those in housing need and works in partnership with landlords and the voluntary and community sector to provide financial support and advice to facilitate access to housing in order to :

- Continue to prevent homelessness and protect vulnerable homeless people
- Support the Homelessness Partnership to help homeless people into meaningful employment.
- Contribute to public services partnerships that tackle the main causes of homelessness

# People THEME

## The Economic Strategy for Bath and North East Somerset (update 2014)

*“For B&NES to have an economy with sufficient quality, sustainable jobs at all levels and for local residents to have the skills to enable them to progress through the labour market and earn incomes, which will enable them to achieve their economic potential and competitiveness.”*

### Introduction

The residents and work force of B&NES play a crucial role in enabling our growth aims and objectives. So far the Strategy has set out how we intend to support the development of the local economy and infrastructure, but it is also necessary to ensure that every resident is supported in achieving a healthy and sustainable working life.

To deliver the aim of the People theme, there needs to be a concerted effort in engaging all members of the community to ensure that a reasonable level of equity and issues of health & wellbeing are addressed.

Further to this is the outcome of the B&NES Health and Wellbeing strategy to...

*“Reduce Health inequality and improve health & wellbeing in Bath & North East Somerset by helping people to stay healthy, improving the quality of people’s lives and creating fairer life chances.”*

...are to be achieved then support must be given not only to encourage business and employment growth, but also issue of worklessness and its impact on health and wellbeing need to be addressed.

## 2 KEY STRATEGIC PRIORITIES



**Employment  
and skills**



**Leisure and  
culture**

# Employment and SKILLS

## ISSUES and challenges

Bath and North East Somerset has managed to weather the storm of the economic crisis of 2008 and the following recession. Unemployment has remained below the national average and standards of living compared to the rest of the country are relatively high.

However there are still issues. The B&NES labour market grew by 5.1% between 2001 and 2011 compared to the higher growth of the respective working age populations of the West of England (9.5% growth) and England (8.3% growth).

Residents in B&NES in 2013 earned £411.50 per week (gross) compared to £420.30 across the West of England and £421.60 nationally, which is especially concerning when contrasted with house prices being over 40% higher than the national average. Also there are unacceptable levels of deprivation in B&NES, with 20% of families not earning a living wage and 67% of people at risk of eviction from their homes being in work.

### Skills

In relation to skills, B&NES outperforms the West of England sub-region and England, with 36% of residents having NVQ4+ qualifications, compared to 33.4% across the West of England and 29.8% nationally.

Similarly, just 9.7% of B&NES' residents have no qualifications compared to 11.7% across the West of England and 14.8% nationally across England.

A total of 57.1% of B&NES employees in employment are in 'Higher Skilled Occupations' compared to 54.4% in the West of England and 52.5% nationally

### Worklessness

Closely related to low skill levels, worklessness is often characterised by multiple disadvantage. Some individuals face a number of barriers to participation in the labour market and have a higher risk of being workless. If people are to be helped to improve their employment prospects, then they need services which provide a seamless journey into sustainable employment. For employers there is a need to improve the understanding of Universal Credit provision and ensure their workforce requirements are reflected in the training and skills opportunities, and in-work support services that are offered.

## Unemployment rates

The low rates of unemployment in B&NES are not an initial area of concern, however when the age and duration of claimants is explored a number of issues arise. Just under one quarter (23.0%) of claimants are classified as 'youth unemployed' - aged 18 to 24. Broadly similar rates are found across the West of England, but B&NES has seen a 3.8% rise in youth unemployed as a percentage of its claimants compared to a 3.8% fall across the West of England and a 9.4% fall in the share nationally.

Analysis of the share of claimants who have been claiming for more than 12 months shows that the share is lower in B&NES than across the West of England and nationally, but that it has risen at a comparatively higher rate than across the benchmark areas; 24.6% of B&NES' claimants have been unemployed for more than 12 months compared to 26.2% across the LEP area and 29.6% nationally, however, this share grew by 164.2% across B&NES compared to 147.5% growth across the West of England and 93.5% growth across England

## Employment Sectors

Employment in B&NES has a much higher proportion of public sector employment than found across either of the benchmark areas and a much smaller proportion of private sector employment; just 63.8% of employment in B&NES workplaces is in the private sector compared to 64.6% across the West of England and 67.4% nationally.

This is a relatively serious competitive issue, likely to drive down B&NES' GVA per worker (as public sector GVA per worker is generally much lower than a private sector equivalent).

Growth in self-employment in B&NES between 2001 and 2011, at 14.2%, was impressive but lagged West of England and national growth considerably; self-employment grew by 23.2% across the West of England and by 25.6% nationally between 2001 and 2011.

Key drivers of B&NES' lower earnings include the higher share of workplace employment in the public sector and the higher share of part-time jobs as a proportion of all jobs. Between 2003 and 2013 workplace earnings in B&NES grew by just 4.7% compared to 17.9% across the West of England and 23.7% nationally. A key driver of this lower growth is likely to include the rise of part-time employment in B&NES.

In order for B&NES to survive and prosper into the future, the local economy must at least achieve a level of private sector economic growth which will enable it to support its population. In addition issues of worklessness and in work poverty and the resulting effects on health and wellbeing need to be addressed with a focus on enabling residents to improve their financial and employment mobility. Skilled workers are more readily employed, and once at work are more productive with the capability to take on sophisticated tasks.

**People and their skills** are a major factor in achieving **local economic growth**, and are therefore also a major determinant of the future prosperity, resilience and wellbeing of the local area.

The **Employment & Skills Plan** seeks to meet the needs of local residents and support areas of strength in the labour market to help fulfil the economic growth aims of the B&NES Economic Strategy. The local area needs to maintain and increase its levels of economic growth at a time when even more local jobs are needed as a result of the Raising of the Participation (RPA) for young people, the raising of the state retirement age and changes to the welfare system .



# Employment & SKILLS

## OPPORTUNITIES

There are three key strategic areas for action; **Social Mobility**, **Business Growth** and increasing the **Return on Investment** and local benefits accruing from new developments in the area.

### Social Mobility

To help tackle the issues of unemployment and in work poverty within B&NES, a range of interventions are required to meet a range of needs. If future issues with in the labour market are to be avoided then interventions aimed at the prevention of unemployment and low skills should also be developed.

Successful interventions will be dependent on close joint working between a range of organisations, agencies and partners. Central to this will be coordinating priorities and actions with DWP, Council Services, Third Sector organisations and worklessness support providers locally.

#### Young People (18 – 24) & Prevention of Low Skills and Worklessness

The evidence shows that youth unemployment has risen in B&NES, contrary to the experience generally across the country and whilst the overall number of claimants is now reducing the level of long term claimants has remained the same. A range of measures need to be used to counter this worrying trend:

- Providing information advice & guidance
- Delivering employability & vocational skills
- Encouraging work experience in Secondary and Further Education
- Increasing residents participation in FE/HE
- Promoting entrepreneurship and self-employment

#### Tackling Unemployment

Unemployment and worklessness in B&NES is of a comparatively low level, however in ensuring the economic and social sustainability of the present and future labour market this issue still needs to be addressed.

There are a number of groups of people that require specialist interventions in B&NES including:

- Those not in education, employment or training (NEET) & Younger Claimants
- Young People Leaving Care (16-21)
- Older long term unemployed
- Those suffering from physical and mental health issues
- Single Parents

Each group has complex needs but there are some generic areas of support that will benefit these residents, which include:

- tackling barriers to work
- improving basic skills and employability
- encouraging local recruitment and development opportunities
- promoting apprenticeships
- raising educational attainment/ workforce development

## Business Growth

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To ensure that the B&NES economy grows sufficiently to support the local population and deliver a range of employment that can meet the needs of the labour market, it is necessary to ensure that businesses have the opportunity to increase their productivity through well skilled employees.

UK Commission for Employment & Skills labour market forecasts suggest that by 2022 nearly half of all employment will be for skilled roles. Managerial, professional and associate professional occupations are projected to grow three times faster than the average for UK employment as a whole.

There is also a need to maximise the support available to people wishing to start their own business, which will if successful help to provide a diverse labour market.

Support for new business start-ups, the development of social enterprises and delivering new business investment into the area will be important elements in this but there is also a need to engage more businesses in training and skills development through:

- Focussing on employment and training development in the Core Sectors
- Improving the links between businesses and education
- Improving graduate retention levels
- Support to promote employment growth in the Key Sectors

Engagement with the **Local Enterprise Partnership** will be essential in delivering the area's aspirations on business growth & employment. The LEP Strategic Economic Plan recognises People and Skills as one of the levers for growth.

*We will develop a well-motivated, educated workforce with the right skills to meet local business needs.*

*Business-led skills development will address the current and future skills needs of business whilst meeting our aspirations for growth, sustainability and inclusion. All education and training activity will have line of sight to employment.*

Utilising funding from the government's Local Growth Fund there will be investment in the Employability Chartermark, which brings business and education together.

The West of England Skills Plan sets out the People & Skills objectives that will be delivered and promotes a co-ordinated approach to Labour Market Intelligence which will help to inform B&NES priorities and actions.

## Return on Investment

In its role as a planning and regulatory authority B&NES Council can play a strong influencing role in the wider business community and provide direct support for a range of projects and programmes to address worklessness and lower levels of employability.

In particular the Council can ensure that as the economy recovers and new developments come forward they contribute to local employment and training provision through :

- Targeted Recruitment & Training (TR&T) outcomes embedded into S106 planning agreements
- TR&T outcomes contributing to the social value toolkit within the “Think Local” procurement Strategy
- Support for apprenticeships, traineeships and work experience placements

To date TR&T provisions have been incorporated into developments at BWR, Polestar Paulton and Somerdale Keynsham and included in the procurement process for the Keynsham Town Hall redevelopment, Grand Parade Undercroft and Leisure Services contract.



# Leisure and CULTURE

## ISSUES and challenges

Leisure and culture help to make Bath and North East Somerset a 'beautifully inventive' dynamic place, attracting residents to settle here to live and work and drawing visitors from the UK and abroad to experience the area. The area is a unique tourist destination, combining a rich heritage experience with a wholly contemporary range of cultural and leisure attractions for visitors and residents alike.

The leisure and cultural sectors are important parts of the wider visitor economy which employs over 10,000 people across B&NES and activities such as sporting events and festivals create wider impact through ancillary spend by visitors on accommodation, travel, food & drink and retail. It is estimated that 80% of B&NES residents engage in arts, cultural or sporting activity at least once a month and in 2013/14 over 500,000 people attended outdoor events. High profile leisure, sports and cultural events and attractions add to the national and international reputation of Bath and North East Somerset.

Participation in physical and sporting activity and in culture and the arts is acknowledged to be beneficial both to the individual and the wider community. It can reduce social isolation; improve personal health and wellbeing and building capacity and sustainability in communities. Having a healthier workforce can also benefit local businesses and new businesses are attracted to locate to a place that offers so much variety of culture and leisure opportunities for their employees.

However there are a number of challenges to overcome

- Over 70% of adults are not active enough to benefit their health: the health cost of this inactivity is estimated at £3m annually
- Local sports and cultural venues are in a poor condition and in need of investment which hampers participation
- There is a lack of engagement from specific communities in arts and cultural activity
- Many leisure and cultural businesses are small and reliant on volunteer help



# Leisure & CULTURE

## Opportunities

Enabling investment in new facilities, developing a strategic approach to events and promoting employer engagement will address a number of the above issues.

### Enabling investment

Negotiations on the contract for the delivery of leisure services in B&NES provide the opportunity to secure investment in new leisure facilities and deliver an increase in the numbers of local residents using local leisure centres

### Maintaining the area's profile as a centre for major events and sport

Attracting major events such as The Tour of Britain Cycling Race and the Special Olympics, alongside the contribution of regular rugby fixtures at the Recreation Ground have a beneficial effect on the area's economy.

The Tour of Britain Cycle Race will attract an estimated 250,000 visitors to the area and Bath Rugby generates £25m into the local economy on an annual basis.

### Widening participation

There has historically been a lack of engagement in leisure and culture activities from certain communities in B&NES. In its role as a commissioner of services the Council can seek to address this issue through targeting activities and resources.

### A Strategic Plan for Events

The development of a co-ordinated year round calendar of events and activities, including the attraction of further major national events, would provide a significant boost to the visitor economy and help to engage individuals and local communities.



### Employer engagement

Improving employee health & well-being is likely to lead to improved productivity. More employers need to be encouraged to develop "Active Workplace" schemes.

This approach is embedded in the Health & Wellbeing and "Fit for Life" Leisure strategies as follows :

#### *Helping people to stay healthy*

- *Work with local employers to create healthy, active workplaces which improve the health of the working age population.*
- *Create opportunities for volunteering to successfully increase people's physical activity and promote good mental health and well-being as well as increasing the potential for employment*

### Tailored business support

Providing tailored advice and support on issues such as business planning,

procurement and contracting and employment and/or volunteering issues as part of the delivery of a wider package of business support in B&NES will assist the

sector's smallest businesses. Small-scale cultural organisations in particular can benefit from this type of targeted support.

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