

Appendix 2: Current Economic Performance and future trends

Summary

- 1. Job productivity has improved over the last 10 years by 2.2% compared to 1.49% nationally**
- 2. However only 3,000 have been created for local residents over that period proportionately below the South West Local Authority average**
- 3. There has been a loss of office accommodation of about 3% per year**
- 4. At current rates future growth trends are not positive in relation to creating enough jobs for the resident population**
- 5. Some areas in the District have performed less well than others for example Twerton, Southdown, Radstock, Abbey, Keynsham North, Kingsmead, Combe Down/Foxhill, Keynsham South, Odd Down, Walcott, Peasdown and Walcott.**

What is the growth challenge?

- 1.1 As with most local economies, Bath and North East Somerset has the long term economic challenge of ensuring a competitive local workplace economy which will provide sufficient volumes and types of additional job opportunities (and employment space) to meet the requirements of the expected growth in its working age population.
- 1.2 This includes creation of more, higher value jobs while not neglecting the need to provide lower skilled jobs to ensure there is suitable employment for the whole community. A growth approach such as this can be referred to as “Balanced Growth”
- 1.3 ‘Smart economic growth’ represents a growth approach which enables a local economy to maximise its workplace output growth, whilst minimising the use of the key economic resources of labour and housing and additional employment floorspace and transport.
- 1.4 Balanced and smart economic growth goes a considerable way towards the achievement of sustainable economic growth because it is a growth approach which attempts to minimise additional commuting, whilst at the same time maximising output from limited resources available.

How are we doing?

- 1.5 Over the past 10 years the Bath and North East Somerset workplace economy grew reasonably well in overall economic output terms. Between 2001 and 2011 workplace Gross Value Added rose by 2.2% putting the

District 4th amongst the 15 principal South West Authorities. In fact, its overall economic growth performance was considerably higher than the South West region as a whole, which grew by 1.52% and the UK, which grew by 1.49%.

- 1.6 This is backed up by performance per Full Time Equivalent (FTE) worker, where productivity increased from around £36,400 in 2001 to £43,400 in 2011, ranking Bath and North East Somerset 3rd out of 15 South West authorities and much higher than the South West and UK average for the period.
- 1.7 This economic growth has however been mainly fuelled by improved productivity rather than jobs growth in the area. In contrast to productivity gains, Bath and North East Somerset is ranked 9th out of 15 South West Authorities for the number of jobs created between 2001 and 2011 up from 74,000 to 77,000. This ranks it below the South West region and the UK averages over that period for the number of jobs created.
- 1.8 These relatively low levels of job creation are backed up by similar performance in the development of office floorspace. Between 1998 and 2008 Bath and North East Somerset suffered a net loss in office space equivalent to around 3.19% per annum. Similarly, while there has been a small net increase in factory and warehousing floorspace, the overall performance ranked the area 9th out of 11 authorities measured in the South West and just over 50% of the regional average performance.
- 1.9 Recent economic performance in Bath and North East Somerset has therefore been reasonably smart (e.g. the work force has become more productive), but not very balanced (e.g. growth in jobs for Bath and North East Somerset residents has been below the regional and national averages)

What are the future trends?

- 1.10 In June 2010, forecasting undertaken by Oxford Economics Ltd showed that if future performance continued at current levels, Bath and North East Somerset economic growth would track below both national and regional performance by around 0.4 percentage points per annum. Another recent projection for spring 2010 carried out by Experian Business Consulting also shows a significant, though slightly smaller, gap between expected performance of Bath and North East Somerset and South West economies.
- 1.11 According to the Office for National Statistics Bath and North East Somerset will have an additional 11,000 resident adults of working age in 2026. Assuming current employment rates continue to 2026 (about 75%), there will

be an additional 8,250 jobs needed for Bath and North East Somerset residents

- 1.12 With appropriate interventions, of the sort set out in Appendix 1, the Core Strategy ambition of a net increase of approximately 9000 jobs is achievable. However based on the District's jobs growth performance over the past 10 years, without intervention only an additional 3,100 jobs will have been created by 2026. This would mean that, at the very least (as some of these jobs will be filled by in-commuters), around 5,500 residents will be forced to find a job outside the District
- 1.13 In addition the skills profile of the Bath and North East Somerset resident workforce presents a further problem. The district has one of the most highly educated resident workforces among the principal authorities in the South West. They require skilled and professional jobs in the local area as a result. Without this they will travel outside the area to find suitable employment or take lower skilled jobs within the area. It is likely that a good proportion of these new jobs will be filled by lower skilled in-commuters and as a result 5,500 additional out commuters is likely to be a minimum scenario
- 1.14 Given the Government's intended approach to future funding of Local Authorities, low levels of jobs growth (which can come from new business growth) will impact on revenue generated and therefore the ability of the Council to provide the services its communities deserve

Has performance been uniform across the District?

- 1.15 Overall figures can also often hide more local issues. For example the latest figures show that there are just over 8,700 people in Bath and North East Somerset claiming key out of work benefits. There are 12 wards (out of 37) in Bath and North East Somerset which contain well over 50% of the total workless population. These are Twerton, Southdown, Radstock, Abbey, Keynsham North, Kingsmead, Combe Down/Foxhill, Keynsham South, Odd Down, Walcott, Peasdown and Walcott. This shows that there are some local areas in Bath and North East Somerset which have performed less well than others as a result of the relatively low levels of local job creation across the District.
- 1.16 It is also important to make sure local information is assessed to understand what the main issues are in different places. For example while overall, there have been productivity gains, for some communities these gains have been less significant and the key issues to address are low skills and wages. For example recent analysis of the economy in Radstock and Westfield shows that it has below average productivity and therefore household income much

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lower than the Bath and North East Somerset average. It also has a much higher proportion of residents with no skills than the District average