

## **Appendix 4: Delivering Future Economic Growth**

### **Summary**

- 1. Clusters of highly productive businesses, many of them identified as key sectors in driving the UK's economic recovery**
- 2. A highly skilled workforce, with world class Higher Education provision focussed on growth sectors**
- 3. An established, but light touch, local business ecosystem supporting new businesses**
- 4. Public sector and tourism jobs providing a backbone to the local economy and a steady flow of income somewhat protected from recession and international competition**
- 5. Once they start, very good business survival rates, above the sub regional and national average indicating a strong underlying economy**
- 6. Nationally and internationally known destinations**

### **What are our overall strengths?**

- 1.1 Despite the recent trends of relatively weak overall job creation and a reduction in office accommodation highlighted in the paper, the revised Local Economic Assessment published in June 2011 sets out some real strengths of the area<sup>1</sup>
- 1.2 Eleven industry sectors have a considerably higher share of employment than in England as a whole. Two are in manufacturing: Paper production and Printing and the reproduction of recorded media. Three others are in environmental-related industries: Water supply, Sewerage and Remediation and waste management activities. There are two professional business services sectors which are also strongly represented in the District: Architectural and engineering consultancy, technical testing and analysis, and finally rental and leasing activities. The remaining strongly represented sectors in the area under SIC 2007 analysis are: Accommodation, the (well-known) Publishing industry, Education and Creative, arts and entertainment activities.
- 1.3 Recent research by Smart Growth Analytics has reinforced the hugely (and overly) significant contribution that the business and financial business services sector makes to the Bath and North East Somerset economy. It is responsible for 14% of the district's entire GVA output, 18% of its businesses and 11% of its employment. The sector is one of the most productive sectors in the economy. This gives Bath and North East Somerset the highest proportion of professional business services as a percentage of all businesses in the South West.
- 1.4 Bath and North East Somerset therefore has a considerably higher share of employment than the national average in some high value sectors. These help to

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<sup>1</sup> Local Economic Assessment, June 2011, Business West Research

give Bath and North East Somerset a business wealth score of 102% of the national average and 115% of the regional average<sup>2</sup>

- 1.5 A recent NESTA report shows that Bath is one of the 10 hotspots for creative industries in the UK, with specialisms publishing, as well as video, film and photography. What marks it out as a hotspot is the connectivity of firms within a cluster. One of the strengths of the Bath cluster is in its co-location of publishing companies with scientific R&D, accounting, consultancy and market research services<sup>3</sup>
- 1.6 Bath and North East Somerset has a light touch but effective ‘business ecosystem’ nurtured over the past few years with support from the Council. This includes the innovation centre, Creative Bath, Low Carbon South West, the Initiative run by the Chamber, Small Business Focus and others. New networks are emerging such as Bath Spark, a network for people working in tech. There is a strong legacy of Bath graduates starting and growing their businesses here, which can be built on. Local companies such as Picochip, IPL, BuroHappold and Altran Praxis have all had strong links to the Universities in starting or growing
- 1.7 As well as Bath, there are other areas with particularly marked strengths. For example the Radstock and Westfield economy makes up 6% of the overall Bath and North East Somerset economy, but 30% of all the District’s manufacturing jobs
- 1.8 Despite the challenges in establishing business in the area, once they do start Bath and North East Somerset is also a good place for businesses to thrive. It is better than the sub regional and national average for business survival rates, with 61% of businesses starting in 2004 still operating after 4 years
- 1.9 The table below shows that the skills levels of the resident workforce also remain very high and well above regional and national averages for people with skills levels 3 (A levels) and 4 (degree or above)

	B&NES	Bristol	N Somerset	S Gloucestershire	West of England
Pop aged 16-64 qualified to level 4 or higher	35.3%	35.3%	30.7%	27.5%	32.4%
Pop aged 16-64 qualified	55.5%	53.2%	52.3%	48.7%	52.7%

<sup>2</sup> An average of three estimates: Economic Systems Consultancy and Research; Oxford Economics and Experian Business Strategies

<sup>3</sup> Creative clusters and innovation, Putting creativity on the map, Nesta, November 2010

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to level 3 or higher					
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Source: ONS Neighbourhood Statistics, 2009