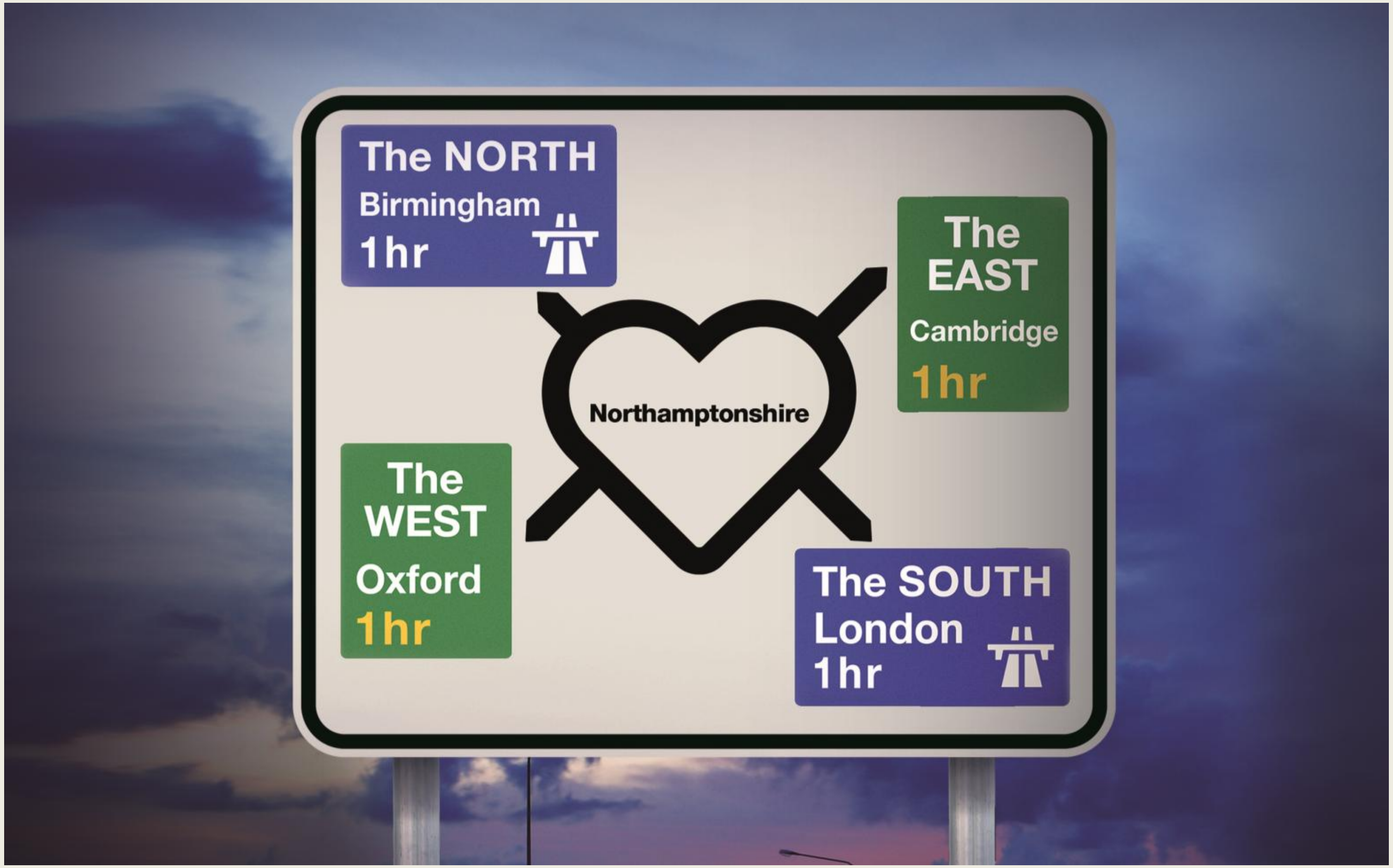
The Northamptonshire Local Economic Assessment

March 2015



PURPOSE

The Local Economic Assessment provides an overview of the local economy in Northamptonshire, and builds an evidence base to support the Strategic Economic Plan (SEP). This provides partners with a common understanding of the local economic conditions that are prevailing so objectives can be delivered in a way that is evidence led.

- Northamptonshire is ***the*** place for growth, with unrivalled access to a substantial UK market and quick links to Europe. Literally, at the heart of business and infrastructure networks, Northamptonshire's prime location is not only a key factor in the development of the local economy, but also a catalyst in helping it to remain one of the fastest growing places in the UK, bolstered by a skilled and rapidly growing workforce.

- An established base location for global brands (including Barclaycard, Avon, Carlsberg UK, Travis Perkins, Weetabix, Yusen Logistics, Cosworth, Mercedes-Benz, Church's and more) we are at the forefront of the UK's economic recovery; the collaborative approach of partners towards business innovation and inward investment, business support and funding, infrastructure, housing and skills are all testament to our business integrity and ambition for growth, taking the Northamptonshire businesses further, faster.

- Northamptonshire has competitive advantage in a number of key sectors including High Performance Technologies (HPT), Food and Drink, Logistics and Cultural and Creative.

- Northamptonshire has one of the fastest growing populations in the country, and as such needs to provide sufficient housing and jobs to meet this need. Northamptonshire's Strategic Economic Plan sets out an ambitious strategy to deliver accelerated economic growth and to meet the housing and employment needs of one of the fastest growing populations in the country. During the seven year plan period to 2021, a total of 37,000 new homes will be built and 32,500 jobs created; this will rise to 80,000 homes and 70,000 jobs by 2031.

In 2013 Northamptonshire Enterprise Partnership (NEP) commissioned an assessment of the needs of the local economy to provide the underpinning evidence for the Strategic Economic Plan (SEP) and European Structural Investment Funds (ESIF) Strategy.

This revised Local Economic Assessment provides a refresh to that evidence base and will have a key role in continuing to demonstrate a strategic, intelligence-led approach in mobilising the whole system to deliver sustainable growth.

This local economic assessment is organised into four chapters which are consistent with the priorities of the SEP:

1. Business and Innovation
2. Employment and Skills
3. Housing
4. Infrastructure and Connectivity

Each chapter also contains a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. These are designed to be a structured planning method to evaluate each area of Northamptonshire's economy in an objective way. Each chapter also contains a key statistics page which outlines the headline figures for each subject area. Throughout this Local Economic Assessment the most recent data has been used as far as possible, to give an accurate and representative view of the economy. There is also a district level key statistics page at the end of this document.

This document has been produced by Northamptonshire County Council's Business Intelligence and Performance Improvement (BIPI) department on behalf of Northamptonshire Enterprise Partnership (NEP).

Please note that the vast majority of the data found in this document is available at www.northamptonshireanalysis.co.uk which is also constantly being updated with new datasets and newer versions of existing datasets.

Throughout this document, comparator Local Enterprise Partnerships are referred to. These are the four Local Enterprise Partnerships which are defined as the closest statistical comparators by Oxford Economics, based on employment and population. They are: Cumbria LEP, Gloucestershire LEP, Swindon and Wiltshire LEP and The Marches LEP.

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KEY STATISTICS

Comparison with respect to England value:

Higher	Similar	Lower

Variable	Northamptonshire	Source
Total GVA	£14.82bn ▲	ONS 2013
Total population	706,600 people ▲	ONS 2013
Total employment	82.2% (of 16-64 year olds) ◀▶	ONS annual population survey Dec 2014
Economic activity Index	97.8 (16th out of 39 LEPs)	UK Competitiveness Index
Claimant count rate	1.8	Feb 2015
Average weekly earnings	£464.50	ONS, ASHE 2014
Business births rate	14.60%	ONS 2013
Business survival rates	9.00%	ONS 2013
Micro Businesses	88.7%	ONS 2014
1 year (born 2008)	94%	ONS 2008
2 years (born 2008)	76.20%	ONS 2009
3 years (born 2008)	59.40%	ONS 2010
4 years (born 2008)	50.50%	ONS 2011
5 years (born 2008)	43.20%	ONS 2012
No qualifications	10.7%	ONS annual population survey Sept 2014
NVQ1+	83.2%	ONS annual population survey Sept 2014
NVQ2+	69.4%	ONS annual population survey Sept 2014
NVQ3+	53.5%	ONS annual population survey Sept 2014
NVQ4+	30.8%	ONS annual population survey Sept 2014
Average house price	£150,584	Land Registry Jan 2015
Housing affordability ratio	6.43	ONS 2013 Q3
Carbon emissions	5,614.9 ▼	RICARDO-AEA 2012
Access to Super Fast Broadband	75%	OFCOM July 2014

Executive Summary: Strengths, Weaknesses, Opportunities and Threats

Strengths

Business and Innovation

Northamptonshire has a growing economy, with a steady increase in the number of active enterprises between 2009 and 2013. There has also been an above the national average increase in the number of business births in the same period. This is in tandem with an increase (above national average) of micro-businesses between March 2013 and March 2014, which is strongly linked with an increase in self employment between September 2012 and September 2013. Northamptonshire has experienced recovering rates of business survival from 2008 onwards which is above the national average. Two priority sectors: food and drink and high performance technologies are growing at well above the national averages. Northamptonshire has a good level of competitiveness measured by the UK Competitiveness Index (16th place out of 39 LEPs).

Employment and Skills

A significant strength in terms of employment and skills is that Job Seekers Allowance claimants in Northamptonshire have been consistently reduced. In the county there are also a low percentage of children (aged 0-15) in low income and workless households compared to the national average indicating good social mobility. Another employment based strength is that there is a high percentage of working age population (16-64 year olds) relative to the national average. The high levels of employment and low levels of JSA claimants illustrates that there are many job opportunities for Northamptonshire residents.

Housing

Building houses is key to the strength of the housing market and the house building market in Northamptonshire compares well to statistical comparators in terms of dwellings started and completed. Equally important to the housing market are house prices, and house prices are rising steadily in Northamptonshire: currently at 6.8% (higher than the national average of 6.4%). The fact that more houses are being built compared to other LEP's and that house prices are rising by more than the England average means that Northamptonshire has a healthy housing market.

Infrastructure and Connectivity

Northamptonshire is characterised by good transport connectivity: with very good road links to the M1 and twice the national average percentage of people within a 15 minute drive of a major road junction. There is also good accessibility to the M6, A14, A43, A6, M40 and A1 road links as well as good rail links to London and Birmingham. Northamptonshire has good levels of digital connectivity, with a higher than average internet usage in the county and availability of superfast broadband and next generation access which is similar to the national averages.

Weaknesses

Business and Innovation

In Northamptonshire there are a significantly higher proportion of lower paid jobs compared to the national average. Similarly there are a lower proportion of jobs in knowledge intensive industries which are characterised by higher skill requirements and pay levels. There is also a lower than average labour productivity (GVA) which limits economic growth. There has been no growth in the number of medium sized enterprises between 2010 and 2014 despite there being a national increase in the same period.

Employment and Skills

Northamptonshire's skills profile for NVQ1, NVQ2, NVQ3 and NVQ4 and above is below the national averages. There are also less people in Northamptonshire with at least a degree level qualification. In Northamptonshire there are the highest levels of unemployment in the 16-24 year old age group. There are also high levels of people in the county wit h no qualifications compared to England. There also exists an attainment gap for free school meals children in Northamptonshire, which is behind the England average at both KS2 and KS4

Housing

The economic recession has impacted significantly on the realisation of housing targets as they are reliant on large numbers of houses being built by the private sector. The difference between the median and mean house price in the county is large, illustrating expensive housing brings up the mean. Due to increases in house prices being larger than increases in earnings, housing in Northamptonshire is becoming less affordable. This is amplified by rent and mortgage repayments also increasing in the county.

Infrastructure and Connectivity

There is a high reliance on the car for travelling to work, not surprising given the rural nature of the county, and above average distances travelled to work, but consequently there are significantly lower than the (national) average take-up of more sustainable travel options (public transport, walking and cycling). Availability and take-up of commercial property is also a weakness in Northamptonshire because there is lower availability (supply) and take-up (demand) of office space and take-up of industrial/distribution space compared with competing locations. Also, the majority of stock in Northamptonshire is second hand which may be impacting on attractiveness in terms of suitability and quality and therefore take-up (demand).

Opportunities

Business and Innovation

The growing levels of micro-businesses in Northamptonshire have the potential to alleviate unemployment and increase entrepreneurialism. Evidence suggests that the scope for growth of micro-businesses could be greatest in the professional, scientific and technical services, business administration and support services, transport and storage and information and communication. Industries forecasted to contribute the most job creation (volume) over the next ten years are: wholesale and retail trade, repair of motor vehicles and motorcycles, business admin and support services and professional, scientific and technical services. There also exists significant opportunities in terms of exporting activity.

Employment and Skills

The percentage of people in the county employed in professional occupations is increasing by more than any other group. There is potential to up skill the Northamptonshire population to continue to change the jobs market in the county. Targeting jobs and employment for 16-24 year olds is a priority as this group is the largest proportion of unemployment and represents the future workforce. Retaining graduates through attractive well paid and highly skilled jobs as well as attracting them to University here is also an opportunity. There is also potential for the use of Pupil Premium funding to increase school readiness, and at KS2 and KS4 in early years settings and throughout schools.

Housing

To prevent house prices increasing by more than earnings more houses need to be built. Ambitious house building targets are necessary to achieve this, which are reflected in the core strategies for Northamptonshire.

Infrastructure and Connectivity

Commercial property development represents an opportunity for Northamptonshire. There is a Designated Enterprise Zone - one of only 24 in the country – offering greater incentives to attract businesses. Northamptonshire also has a historic track record of public sector intervention to overcome barriers to development and development plans. Northamptonshire has good availability of development land and competitive land values. Transport connectivity is a big opportunity for the county there is significant potential to compete on the basis of relative ease of travel, based on indications of lower then average levels of congestion, particularly with large cities where congestion levels have led to congestion charging schemes being put in place. Digital connectivity is a another large opportunity for the county there is a commitment to improving Next Generation Access and Superfast Broadband availability and track record to date in rolling out the Superfast Northamptonshire programme including a proactive campaign to encourage take-up, coupled with good Internet usage rates in the county, provides a solid foundation for reaping the economic benefits of faster Internet speeds.

Threats

Business and Innovation

The GVA growth forecasts rely significantly on the productivity of the labour force in Northamptonshire increasing significantly. Lower than average labour productivity in North and West Northamptonshire pose a risk to future growth. Also the current opportunities in the county relating to type of jobs available and earnings potential poses a threat to future growth in terms of the potential for underemployment and wasted talent of the current and next generation workforce as well as skills leakage. Economic growth is very reliant on many external factors which can threaten it; these can transcend even national boundaries even in the most robust global economies.

Employment and Skills

There is a net migration of 16-24 year olds in Northamptonshire which is a significant threat to the local jobs market. In Northamptonshire (despite an annual decrease) more recently Job Seekers Allowance claimants have been increasing (since December 2014). There is a deceasing working age population in the county relative to the entire population. This is resulting in an ageing population demographic with a higher dependency ratio. There is also a higher than (national and East Midlands) average job density in Northamptonshire (the number of jobs per resident).

Housing

In Wellingborough, Kettering, East Northamptonshire, Daventry and Northampton the planned level of house building is more than double the 2012/13 rate in 2015/16 (it is nearly double in Corby). There is a significant threat if these house building targets are not realised, because if demand continues to increase as predicted, then housing becomes less affordable. House prices have been consistently rising in the county, and whilst this can be seen as a strength on the one hand, it does also mean that housing becomes less affordable. This can negatively impact on first time buyers who are trying to get onto the property ladder.

Infrastructure and Connectivity

Transport congestion and modal shift are a threat to Northamptonshire. Congestion levels increasing impacts on the attractiveness of the county to businesses and well as employees who commute. Modal shift from cars towards sustainable transport methods represents a challenge for the county as there is a higher than the national average reliance on cars for transport and lower than the national average take up of sustainable travel options. Another threat comes in the form of commercial property and development constraints. The viability of development schemes may be limited given the low value of offices in the market and returns from these investments. Equally the dominance of competitors such as Milton Keynes in the office market constrains the ability of Northamptonshire to attract developers. Finite logistics land supply may also limit Northamptonshire's potential future growth of this priority sector. The digital connectivity competitiveness of Northamptonshire relative to other surrounding areas may also be a threat to economic growth and attracting new businesses to the area. Infrastructure constraints on sustainable urban extensions (SUE's) is also a threat and potential delay to realisation of housing targets.

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Please note that the vast majority of the data found in this document is available at www.northamptonshireanalysis.co.uk which is also constantly being updated with new datasets and newer versions of existing datasets.