

27 April 2011

Local Economic Assessment

Ward(s) All

Portfolios: Cllr A Andrew - Regeneration

Summary of report:

- 1.1 The Local Democracy, Economic Development and Construction (LDEDC) Act 2009 placed a new duty on councils to prepare an assessment of the economic conditions of their area, a Local Economic Assessment (LEA).
- 1.2 The new Government has retained the statutory duty to produce an LEA, but has removed the statutory duty in relation to its content and the need to publish by the 1st April 2011. This was to allow councils to present the LEA in their preferred format and to facilitate the addition of new and up to date information; for example the IMD (Index of Multiple Deprivation) data released in March / April 2011.
- 1.3 The development of the Walsall Local Economic Assessment (LEA) is now well under way. We aim to produce an executive summary (around 10 pages) during April, followed by the full document (around 50 pages) for approval by the council at the June Cabinet.
- 1.4 The LEA for Walsall will contain the following sections;

Introduction

Executive Summary – Under production and will be completed during April.

Business and Enterprise – Produced and out for consultation

People and Communities – Produced, waiting analysis of IMD 2010 figures

Sustainable Economic Growth – Produced awaiting final amendments

Economic Geography – Under production

Town and District Centres – Under Production

Conclusions / Economic Framework /Action Plan – First Draft now available and developing to capture the emerging priorities and actions as the LEA develops.

- 1.5 Attached (Attachment 1) is the completed **Business & Enterprise Section**, you will note that the key points and issues facing Walsall arising from the data and information and held in hot boxes for ease of identification.

- 1.6 At the Scrutiny Panel meeting we will present you with the latest draft of the **People & Communities Section**, which will then include the latest IMD figures, again illustrating the key points emerging from this work in hot boxes. A working draft, is currently available at:
www.walsall.gov.uk/wpo-lea_consultation
- 1.7 To avoid the LEA becoming a reference document which sits on the shelf, we are distilling from the LEA work the key issues and forming these into a set of priorities, which will guide, shape and drive our work moving forward.
- 1.8 These priorities, together with the objectives and delivery actions required are to be held within our 'Walsall Economic Framework'. The work so far has formed the following five priorities, which we will need to address if we are to underpin and sustain our economic growth;
1. The development of a resilient mix of business sectors, in which productivity and employment is maximised
 2. Maintaining / providing the necessary infrastructure to support a growing economy.
 3. Fostering an environment that supports enterprise and innovation.
 4. Strengthening the skills and knowledge base that supports economic growth.
 5. Promoting financial inclusion and raising participation by our residents in the labour market.
- 1.9 These priorities are complemented by a set of objectives, which will be developed and matched by agreed actions. Attachment 2 provides an early draft of this Economic Framework, which is developing and will be added to as the LEA sections are completed. You can find the full details of the work completed so far, together with the data and evidence on which the content is derived on the following sites;
- LEA Overview Page and supporting documentation:
www.walsall.gov.uk/wpo-local_economic_assessment ;
- LEA consultation documents: www.walsall.gov.uk/wpo-lea_consultation
- 1.10 The LEA will be ready in executive summary form by the end of April, with the full version available prior to its approval by the June Cabinet meeting. Work on the development and implementation of the Economic Framework, and any resultant Strategies for Walsall will follow on from this to guide the work of the council and its partners.
- 1.11 If we are to create the conditions for growth in Walsall we need to effectively engage, work with and support the private sector, as this is where the capacity to create the numbers of jobs we require exists. We are working on how this can be best achieved and co-ordinated, with the Local Enterprise Partnership (LEP) for the Black Country and the heart of this engagement. This will be further complemented by the creation of the Walsall Enterprise Partnership, through which we will focus on the key companies of Walsall, especially those with strategic importance.

- 1.12 The LEA holds within it a suite of complementary documents, which have either contributed towards its development or come into being as a result of the data and studies completed. These documents, which further articulate the data and subsequent messages and tasks, including the Worklessness Assessment and the Child Poverty Need Assessment and Strategy.
- 1.13 Key factors driving Child Poverty are families living in circumstances of low earnings, Worklessness, or a mix of both. The need to produce and publish the Needs Assessment and Child Poverty Strategy by the 1st April 2011 is still a statutory duty, which we have now met.
- 1.14 We attach the Walsall Child Poverty Strategy (attachment 3), in which you will note that the need to develop and implement the Economic Framework is the first priority, followed by the need to provide an appropriate job for everyone and economic opportunity for all.
- 1.15 To ensure that the three elements (Worklessness, Child Poverty and the Economy Sustainability / Growth) are joined up, and our approaches to address the key issues co-ordinated effectively, we are holding a number of multi-agency workshops during May. These workshops will bring together both the information and the key players, with the aims of; raising our collective understanding of the key issues, and facilitating the designing of collaborative actions to start to address these issues across all age groups and demographics.
- 1.16 This work will form part of our Working Smarter programme, with feedback / action notes from these workshops available in late May or early June. This work will feed into and inform the development of the Economic Framework and any resultant Strategies.

Background papers:

Attachment 1 – The completed Business & Enterprise Section.

Attachment 2 – An early draft of the Economic Framework.

Attachment 3 – Walsall's Child Poverty Strategy

Reason for scrutiny:

To bring Scrutiny Panel members up to date with this key piece of work, to seek their comments, challenge and input into the work so far together with agreeing how we can continue to involve them in this work.

Recommendations:

That:

- 1. notes progress to date with completing the Local Economic Assessment;**
- 2. subject to any comments Members may wish to make notes:**
 - a. the 5 draft economic priorities in the Economic Framework;**
 - b. the Child Poverty Strategy;**
 - c. the Business Enterprise Consultation;**
- 3. the Panel receive feedback at a future meeting of the feedback received on the Local Economic Assessment from multi-agency consultative groups.**

1. Supports the work and the approaches taken so far in the development of our LEA.
2. Comments on the sections presented.
3. Accepts / comments on the 5 Priorities developed so far, held in the draft Economic Framework.
4. Asks staff to continue with the development of the LEA document, the Walsall Economic Framework, reporting back on progress.
5. Endorses / comments on the Child Poverty Strategy for Walsall.
6. Asks for feedback in relation to the key points resulting from the Multi-agency workshops.

Resource and legal considerations:

There are no capital costs involved in the preparation of the local economic assessment. Revenue costs for staff, consultation and external work streams will be met through the Area Based Grant and Working Neighbourhoods Fund.

The LEA will not in itself result in any cashable or non-cashable savings, however the LEA will become an essential tool to support the development and updating of the Sustainable Community Strategy (SCS), the Corporate Plan for the Council, to establish what are our real economic development priorities are.

By informing and shaping our collective understanding of the issues based on true data, all participants (council and its partners) will benefit from the additional value that the LEA evidence base provides. Importantly, it will strengthen our ability to bid for resource and sustain our place as a priority for funding etc. both locally, regionally and nationally.

The Local Democracy, Economic Development and Construction (LDED) Act 2009 places a new duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area. It requires the authority to consult "those organisations they consider appropriate".

Citizen impact:

The LEA will evidence the needs of the area and the Citizens of the borough and if developed and used correctly should enable better informed investments and services to be delivered to improve the lives of Walsall Citizens.

Environmental impact:

The assessment includes chapters on quality of place, sustainable economic growth, infrastructure and low carbon opportunities. These will allow a greater understanding of the environmental impacts of Walsall's economy, as well as the economic impact of environmental assets, in order to tailor policies to minimise negative impacts and maximise benefits.

Performance management:

The assessment will help identify customer needs and any gaps in the provision of services to meet those needs. In a climate of reduced resources, having a clearly-evidenced approach to priorities and outcomes is a vital aspect of the economic development agenda.

Equality Implications:

The economic assessment includes various headings that will allow a greater understanding of differing needs of social groups in relation to skills and enterprise. This in turn will allow better targeting of policies to take account of those needs.

Consultation:

Preparation of the local economic assessment has included initial consultation with key stakeholders, as well as a business needs survey to a wide sample of Walsall businesses. Public consultation in the form of a survey seeking information about barriers to employment, attitudes to enterprise and to set priorities was completed during September and October.

On going consultation the draft local economic assessment is continuing through a range of ICT based communication media, including the LinkedIn network, Twitter, Facebook and the council's web sites. This will be followed by a number of workshop sessions to be held during May 2011.

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Introduction

The production of the first draft of the Walsall Borough Local Economic Assessment (LEA) is now coming to its conclusion. Its role is to set out – based on data and solid information – the strengths, weaknesses, opportunities and challenges facing our economy under a number of headings, which together cover the key aspects of our economy.

This is the first of the variety of sections for your consideration and comment; future sections will include:

Introduction

Executive Summary

Business and Enterprise

Sustainable Economic Growth

People and Communities

Economic Geography

Town and District Centres

Conclusions / Action Plan

Walsall is faced with particular challenges to its economic growth, with each chapter focussing on a different aspect of the local economy, with the cross-cutting themes and issues identified and drawn together.

It should be remembered that each section is effectively an executive summary, compiled from a much larger evidence base of data, information, reports and studies.

If you wish to explore the variety sources and our growing evidence base in greater depth, they are available at:

LEA Overview Page and supporting documentation: www.walsall.gov.uk/wpo-local-economic-assessment

LEA consultation documents: www.walsall.gov.uk/wpo-lea-consultation

Consultation

These sections aim to articulate the key issues arising from the evidence in a clear format, which also allows the reader to find for themselves the key issues facing our borough.

At the end of each section the actions we have identified so far have been collated and are presented in a draft action plan. We ask that the reader also looks to suggest additional actions, compare them with ours, and please add value/actions where we have missed or not represented them fully.

We are proposing to circulate each of these sections for comment over the coming weeks. All feedback will be drawn together and the document revised as appropriate to incorporate this. An executive summary of the LEA will be published during April, followed by the full draft and all supporting documentation, which will be approved by the council in June 2011.

Economic Framework

The work on the development of the LEA is being complemented by the production of an Economic Framework for the borough. This will bring together all of the key messages arising from the LEA, forming a set of Priorities which are born from this work and supported by the data collected and analysed.

These priorities will be complemented by specific actions, which are required if we are to truly start to create the conditions for growth and a sustainable economy. This will form the basis for our work streams moving forward and the background for structured conversations with key partners and the private sector.

I now ask that you take time to read this first section, passing comments / additions etc to either myself or Liz Connolly at; connollye@walsall.gov.uk; or lavenderm@walsall.gov.uk

Mark Lavender
Head of Strategic Regeneration
23rd March 2011

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Context

As the UK economy edges out of recession the long-term effects of the downturn on Walsall are unclear. However, levels of unemployment in the borough are already considerably higher than the national average, and nearly 27% of the working age population are inactive. Generally, output recovers to pre-recession levels much more quickly than employment – a significant concern for Walsall which already has a low proportion of residents in employment compared with regional and national averages.

The latest employment data available through the Annual Business Survey is from 2009, and starts to capture the significant impact of the recession on the borough. Data available through the West Midlands Regional Observatory's Integrated Policy Model provides employment and GVA projections to 2030, which is the best available data for reviewing the projected impact of the recession.

Employment change

Around 99,300 people are currently employed within Walsall¹ making it the smallest of the four Black Country Local Authorities in terms of jobs. Walsall accounts for around a fifth (22.2%) of the total Black Country employment and 4.2% of regional employment. This is slightly lower than the borough's respective share of working age population (23.0% of the Black Country and 4.6% of the region), reflecting the low employment rate and flows of out-commuters.

Our current economic vulnerability is reflected in our; low employment rates, the out flows of commuters who live in the borough, but

commute outward for employment, our low skills base and sectoral spread.

Table x shows that employment in Walsall has fallen back while regional and national employment levels have improved, widening the current gap.

Prior to the recession, between 1998 and 2008, the national economy grew strongly and employment increased by 9%. In contrast, over the same ten-year period the Walsall economy experienced a 2.5% decline in employment resulting in the loss of over 2,500 jobs.

Table x: Change in employment, 1998-2008

| | 1998 | 2008 | Change | |
|---------------|------------|------------|-----------|-------|
| Walsall | 101,900 | 99,300 | -2,500 | -2.5% |
| Black Country | 448,400 | 447,800 | -500 | -0.1% |
| Birmingham | 469,200 | 484,400 | 15,200 | 3.2% |
| West Midlands | 2,290,700 | 2,355,400 | 64,600 | 2.8% |
| England | 21,155,000 | 23,073,700 | 1,918,700 | 9.1% |

Source: Annual Business Inquiry, 2008

Note: all figures rounded to nearest 100, so may not sum

Rather than showing year on year decline, Walsall's (and the Black Country's) employment numbers have fluctuated but in a general, experiencing a downward trend at a time when regional and national employment numbers consistently grew.

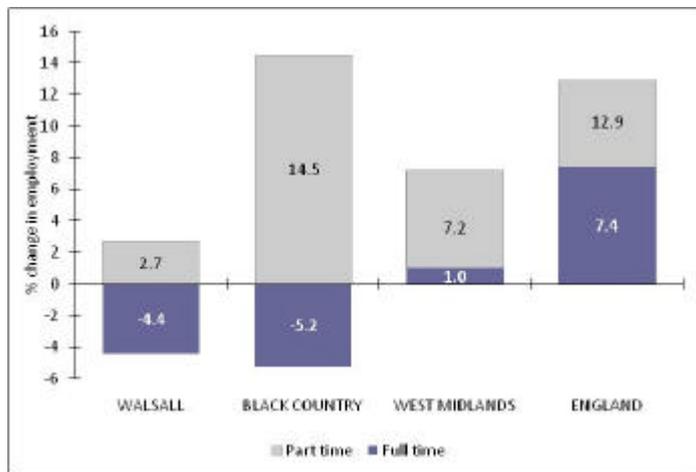
The decline in the number of people employed in Walsall can not be simply accounted for by changes to the size of the working age population (aged 16-59 for women and 16-64 for men), which has fallen, but only slightly (by 1.1%) over the same period.

Figure x shows how the employment loss in Walsall has been driven by a significant decline in the number of full time positions, which fell by over 3,300 (-4%). While part-time employment increased (+3%), it was at a much lower level than regional (+7%) and national increases (+13%) and was not sufficient to fully offset the full-time

¹ Figures used here are workplace-based and therefore capture all of those employed in jobs in Walsall regardless of where they live. Analysis of the employment status of Walsall residents is captured in the *People and Communities* section.

employment decline. This has resulted in a lower number of people in work and reduced spending power to benefit the local economy.

Figure x: Full and part time employment change, 1998-2008



Source: Annual Business Inquiry, 2008

There are now lower numbers of both males and females in employment in Walsall than in 1998 (table x), although male employment has fallen much more sharply in both actual (-2,200 in comparison to -400) and proportionate (-4% in comparison to -1%) terms. This reflects the wider structural changes within traditionally male dominated sectors such as manufacturing, which have experienced significant decline in employment levels.

Table x: Key employment indicators, 1998-2008

| | Walsall | Black Country | West Midlands | England |
|------------------|----------------|---------------|---------------|---------|
| Total Employment | 2,500 -2.5% | -0.1% | 2.8% | 9.1% |
| Full Time | 3,300 -4.4% | -5.2% | 1.0% | 7.4% |
| Part Time | 700 2.7% | 14.5% | 7.2% | 12.9% |
| Male | 2,200 -3.9% | -2.8% | 1.9% | 9.2% |
| Female | -400 0.8% | 3.1% | 3.9% | 9.0% |

Source: Annual Business Inquiry, 2008

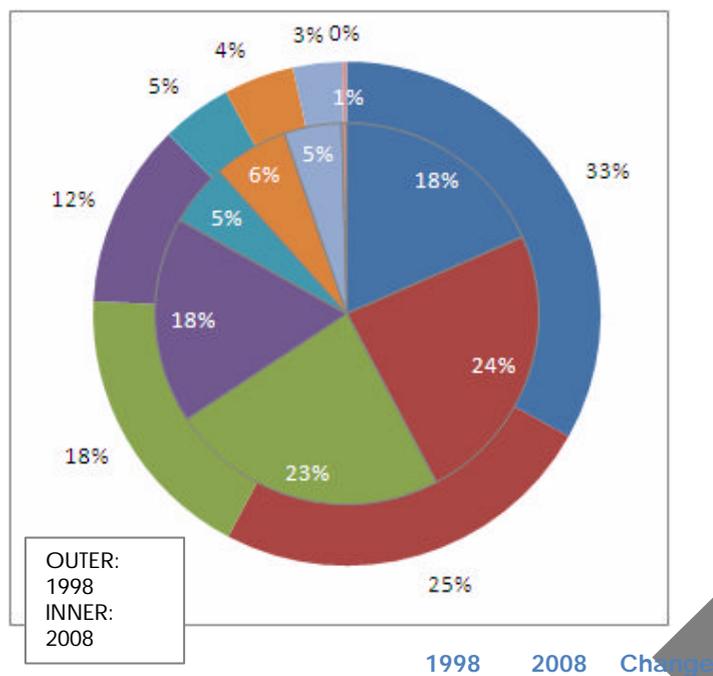
Male full time employment rates have suffered the greatest levels of decline, with over 2000 lost between 1998 – 2008. The effects of recession will not have helped this decline. Work is required to understand the causes, to enable actions to address

Sectoral dynamics of change

The industrial structure of an economy – the way in which businesses and workers are distributed between the sectors – is a key determinant of the levels of productivity, output and eventual wealth. The Walsall economy has experienced significant structural changes over the past ten years, with growth in some sectors but driven by the on-going and significant decline in the manufacturing sector (figure x).

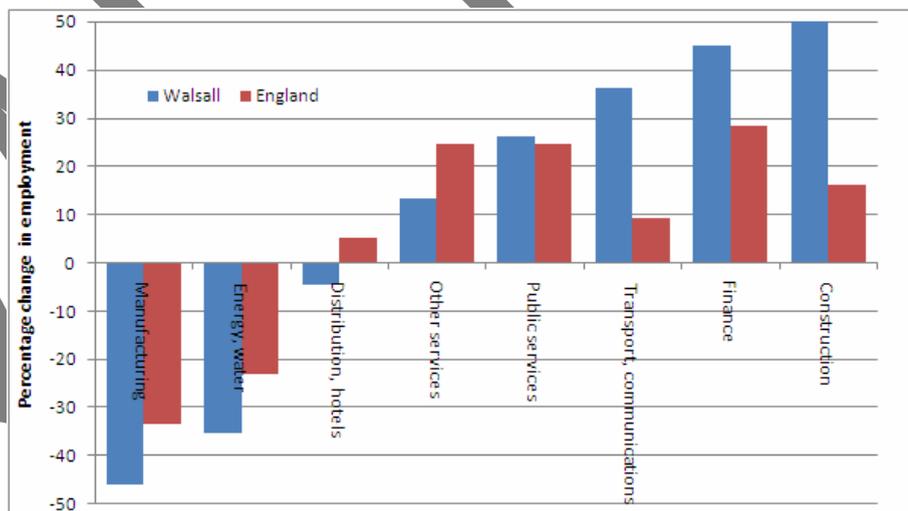
With over 23,700 employees, the wholesale, retail, hotels and restaurants sector is the largest broad employer, accounting for a quarter of total employment in the Borough (60% of which is in the retail sub-sector). This is closely followed by the public sector, with over 23,000 employees (23% of total employment). Despite significant decline, manufacturing is still the third largest employment sector, with just over 18,200 employees and accounting for a fifth of total employment.

Figure x: Employment change by sector, 1998-2008



The key drivers of the structural change between 1998 and 2008 have been:

- **Significant decline in manufacturing:** The historic backbone of Walsall's economy declined by over 45%, resulting in the loss of almost 15,500 jobs. This was a much more pronounced decline than was seen nationally. Many other parts of the country suffered earlier manufacturing losses and subsequently benefited from large scale, government-led intervention to re-shape their economies: in 1998 Walsall still relied on manufacturing for a third of its employment, compared with only 17% nationally.
- **Growth in private sector services:** The financial, professional and business



| Sector | 1998 | 2008 | Change |
|-----------------------------------|----------------|---------------|---------------|
| Manufacturing | 33,700 | 18,300 | -15,400 |
| Distribution, hotels, restaurants | 24,900 | 23,700 | -1,100 |
| Public admin, education, health | 18,400 | 23,200 | 4,800 |
| Finance & business services | 12,000 | 17,400 | 5,400 |
| Other services | 4,600 | 6,300 | 1,700 |
| Transport & communications | 4,600 | 5,200 | 600 |
| Construction | 3,200 | 4,800 | 1,700 |
| Energy & water | 500 | 300 | -200 |
| TOTAL | 101,900 | 99,300 | -2,500 |

services sector experienced significant growth (+45%), although this was from a very low base and secured the creation of just over 5,000 jobs. However, caution should be taken with this figure, as it includes labour recruitment and the provision of personnel through agencies - who are likely to be working across a range of sectors and often outside the borough.

Source: Annual Business Inquiry, 2008
 Note: all figures rounded to nearest 100, so may not sum

The current employment structure is markedly different to that experienced ten years ago, reflecting the major structural change which has occurred in the economy (see figure x).

Figure x: Percentage Employment change, 1998 - 2008

Source: Annual Business Inquiry, 2008

- **Growth in the public sector:** Employment in public administration, health and education increased by over a quarter

with the creation of around 4,800 jobs. However, given the current pressure on public finances, this sector is vulnerable to decline with reductions in workforces already being implemented.

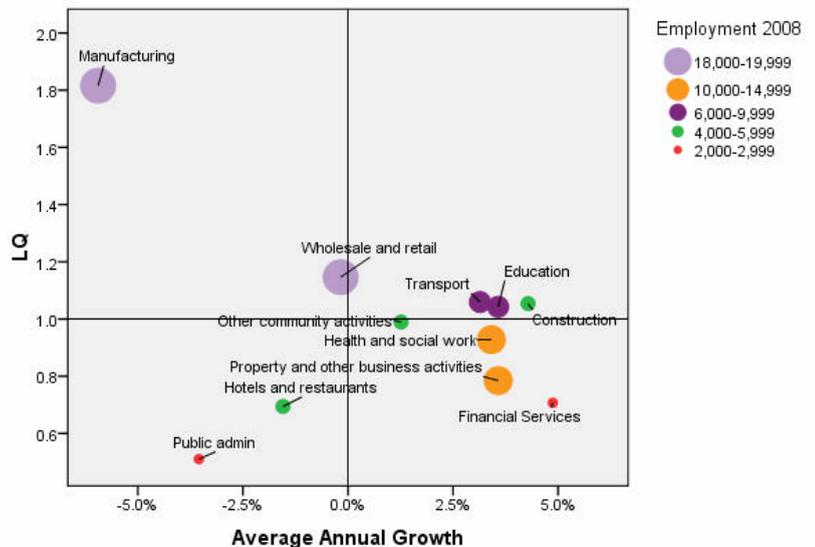
- **Limited growth in other sectors:** The sectors that have experienced the highest levels of growth in Walsall – construction and transport & communications – are relatively small and therefore their growth has resulted in low net employment increases (around 3,300). Further, one of the most significant employment sectors – distribution, hotels and restaurants – declined in Walsall in contrast to the growth experienced at the national level over the same period.

Employment dependency

The relative strengths, weaknesses and dependencies of Walsall's economy emerge when comparing the proportion of employment in each of the sectors with the national average.

'Location Quotients' (figure x) can be used to

Walsall Employment Growth and Specialisation



measure the concentration of industry in an area compared to the national average. This produces an index where a score of 1 (shown by the horizontal line) represents the national average. Scores above this line demonstrate a higher than national concentration in a sector, and therefore a potential over-reliance, and below it a potential shortfall. Employment growth or shrinkage between 1998 and 2008 is shown through the horizontal axis.

Ideally, a strong economy would have stability or growth in the sectors on which it is heavily reliant. Conversely, a concentration and high employment in declining sectors represents vulnerability.

Figure x clearly highlights Walsall's continued over-reliance on a vulnerable manufacturing sector, where levels of employment are almost double the national average (with a Location Quotient of 1.8).

With the exception of manufacturing, at the broad sectoral level, employment levels are largely below, and in some cases (construction, and transport and communications) in line with national levels.

A more detailed breakdown highlights significant variances with regards to sub-sectoral performance:

- **Wholesale and retail, hotels and restaurants:** Walsall has a large wholesale and retail sector with employment levels remaining relatively stable and slightly above the national average (19% of the borough's employment compared with 17% nationally). In contrast, the hotels and restaurants sector is under-represented and declining.
- **Public sector:** Walsall has an above average education sector in employment terms. However, health, social work and particularly public administration are under-represented. Public administration has also experienced employment decline, in contrast to regional and national trends
- **Financial, professional and business services:** Despite strong growth over the past ten years all of the sub-sectors, and especially financial services remain under-represented in employment terms in Walsall. This is especially the case when labour recruitment and the provision of personnel is excluded from property and other business services.
- **The construction sector** grew rapidly in Walsall over the 1998-2008 period, but this growth is likely to have been halted by the recent recession.

Walsall remains overly dependant on the manufacturing sector for employment, despite its continuing decline since 2008. Although its productivity values (GVA) per 1000 residents are 93% of the regional average.

Highly Skilled Occupations

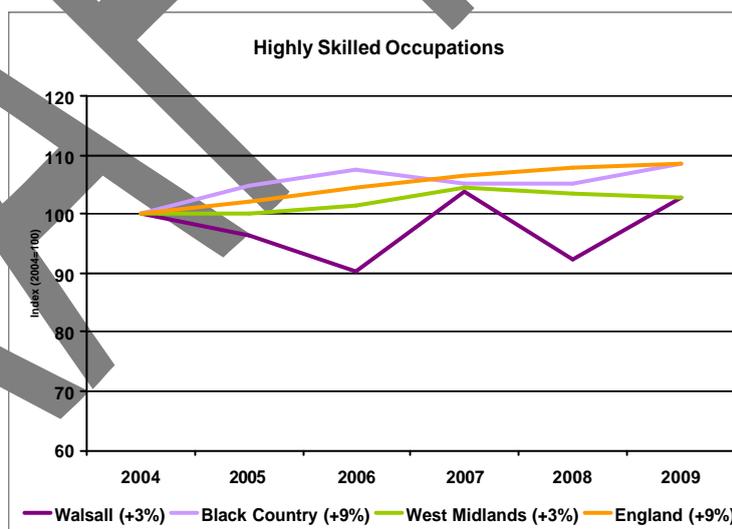
'Highly skilled occupations' include managers, directors and senior officials; professional

occupations; and associate professional occupations (categories 1 – 3 of the Standard Occupations Classification)²

As the private sector service economy has driven growth at the national level, employment has become more knowledge intensive and the demand for highly skilled workers has increased accordingly. Between 2004 and 2009, the number of people employed in highly skilled occupations in Walsall increased by 12,500 (3%).

While Walsall's level of growth in highly skilled occupations was in line with the regional increase, it lagged behind the national increase (9%). It was also behind overall Black Country levels, so Walsall now has the lowest number of employees in highly skilled occupations of the four authorities (compared to being the second lowest in 2004).

Figure x: Highly skilled occupations index, 2004-2009



Note: to compare change between areas over time, levels have been indexed, where 2004 levels = 100

Source: Annual Population Survey, 2009

However, the levels of growth in highly skilled occupations also outpaced overall employment growth over the same period at the Black Country, regional and national level. This has resulted in highly skilled occupations accounting for a higher proportion of all occupations in 2009 when compared to 2004.

Whilst overall employment levels in Walsall have declined, over the same period we have found some progress towards the

² For a full list see the [SOC2010](#), major groups 1-3

development of a more knowledge intensive economy. It is not clear whether the change reflects more local people moving into highly skilled occupations, or more people already in highly skilled occupations moving into the borough – both of which are beneficial to the borough's economy.

Such occupations however, remain significantly under-represented in Walsall – reflecting the sectoral structure and a key weakness in the borough's economy, as they only account for just over a third of all occupations compared to 41% regionally and 45% nationally.

To close the gap with the regional average, Walsall requires 5,900 employees to enter managerial, senior, professional or associate professional occupations. This increases to 9,800 to close the gap with

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The diversification and growth of our economy is dependent upon our ability to support the sustainability and growth of existing companies, complemented by actions that attract

Enterprise and Innovation

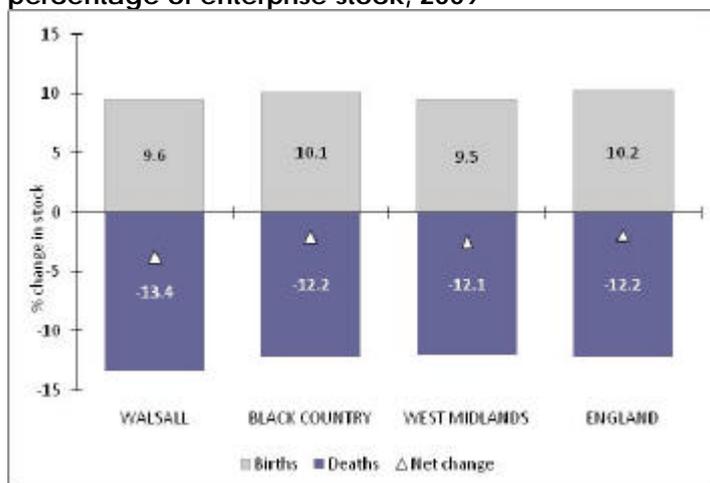
Business base and enterprise

The ONS *Business Demography: Enterprise Births and Deaths* data series captures enterprises registered for VAT and PAYE from the IDBR. These form a population of 'active businesses' that have had either turnover or employment at any time during a given year. Births, deaths and survival rates are then identified by comparing active populations for different years.³

In 2009, there were just over 7,500 active enterprises in Walsall making the borough home to over a fifth of the Black Country's enterprises (23.2%) and 4% of the region's business base, in line with its share of employment.

As figure x shows, in 2009 the business start up rate in Walsall (9.6%), expressed as a proportion of business stocks, is in line with the region (9.5%), but behind the Black Country (10.1%) and national (10.2%) averages. The death rate of enterprises is also higher in Walsall, resulting in a net loss of 3.8% of enterprises in the borough last year. In 2004, Walsall exceeded the national average for start-ups, with a similar closure rate. However, performance has gradually worsened since then.

Figure x: Enterprise births and deaths as a percentage of enterprise stock, 2009



³ Business Demography counts workplaces as opposed to businesses, therefore a business with multiple sites may be counted more than once. Nevertheless, this is the most comprehensive dataset available.

Note: Net change in stock = (Births - Deaths) / Stock of Enterprises

Source: *Business Demography 2009, ONS*

Following the economic downturn, 2009 was the first year since the data series has been collected (2001) that the national level of enterprise deaths exceeded the rate of births, leading to a net loss⁴. Overall, Walsall's business base has fluctuated at around 7,500 enterprises since 2004.

Business survival

The ONS *Business Demography: Enterprise Births and Deaths* data series tracks the survival rate of enterprises, with five-year survival rates available for those established in 2004. Table x shows that; over nine in ten enterprises survive their first year, falling to less than two-thirds for three years and only around half for four years. However, the borough has seen one year survival rates improving up to 2007, with those figures in green highlighting where Walsall has exceeded the national rate.

Table x: Survival rates of enterprises, Walsall, 2004-08

| | Percentage survival rate (by year 'born') | | | | |
|--------|---|------|------|------|------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| 1 year | 93.8 | 94.7 | 97.0 | 97.8 | 93.4 |
| 2 year | 77.0 | 78.1 | 80.1 | 83.3 | .. |
| 3 year | 63.2 | 62.0 | 65.7 | .. | .. |
| 4 year | 51.7 | 52.9 | .. | .. | .. |
| 5 year | 43.1 | .. | .. | .. | .. |

.. data not available

Below England average / Above England average

Source: *Business Demography 2009, ONS*

Business density

Business density, (expressed as the number of businesses per 1,000 of the working age population), allows the business base to be compared between areas. In Walsall (2009) there were around 50 businesses for every 1,000 of the working population, in line with the Black Country's business density average.

⁴ ONS Statistical Bulletin, *Business Demography 2009*, Dec 2010

Walsall, however, lags behind the regional and national levels (at 58 and 64 businesses per 1,000 of the working age population respectively).

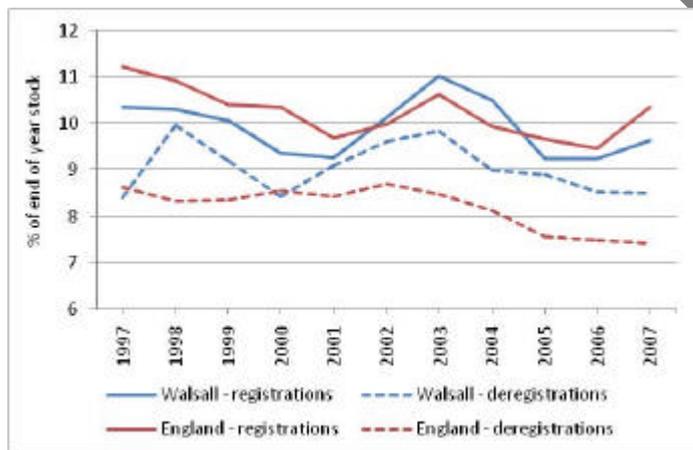
This gap is partly linked to a lack of growth in the Walsall & Black Country business base between 2004 and 2009 as the number of businesses – and therefore business densities – remained relatively static. Over the same period, business levels in the West Midlands and England grew by 6% and 8% respectively; this outpaced population growth so, unlike in

Walsall requires over 1,200 additional businesses to reach regional levels of density, increasing to over 2,000 additional businesses to reach national levels.

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Data covering a 10 year time period suggests that the lower number of businesses in Walsall, rather than being due to a particularly low business start-up rate, is in fact a result of the higher level of VAT de-registrations in the borough compared with England as a whole. Since 1997, Walsall has consistently had a higher level of de-registrations (most commonly the result of business failure, although occasionally due to businesses shrinking, with the turnover falling below the VAT threshold⁵) than England. Over time this has led to a significant gap opening up between levels of business density in Walsall and those of England as a whole.⁶

Figure x: VAT registrations/de-registrations, 1994-2007



Source: VAT Registrations/Deregistration 2007, BERR

Workplace profile

The Annual Business Inquiry reports that there are almost 8,000 workplaces in Walsall, accounting for just over a fifth of the total workplaces in the Black Country and 4% of the region's base. This is in line with the Borough's share of employment.

Size profile

Overall, the distribution of employment across Walsall's workplaces is largely in line with the regional and national profile.

The workplace profile, in terms of size (table x), is similar to the Black Country and the regional and national averages. The slight variation being that Walsall (and the Black Country) has a higher level of small businesses (with between 11 and 49 employees) and corresponding lower level of micro businesses (with up to ten employees).

Table x: Workplaces by employment size band, 2008

| | Number of employees | | | |
|---------------|---------------------|-------|--------|------|
| | 1-10 | 11-49 | 50-199 | 200+ |
| Walsall Count | 6,532 | 1,125 | 263 | 69 |
| Walsall | 82% | 14% | 3% | 1% |
| Black Country | 82% | 14% | 4% | 1% |
| West Midlands | 84% | 12% | 3% | 1% |
| England | 85% | 11% | 3% | 1% |

Source: Annual Business Inquiry, 2008

This is confirmed by enterprise figures in figure x, which show the borough has proportionately fewer businesses with four or fewer employees. And while nine out of every ten new enterprises created in Walsall in 2008 employed fewer than five people, the borough still had a greater proportion of start-ups employing 10-19 and 20+ people than nationally⁷

The number of small businesses (with fewer than 50 employees) showing employment growth increased from 10.3% in 2002-3 to 14.1% in 2007-8. This was in line with both the England and West Midlands averages.⁸

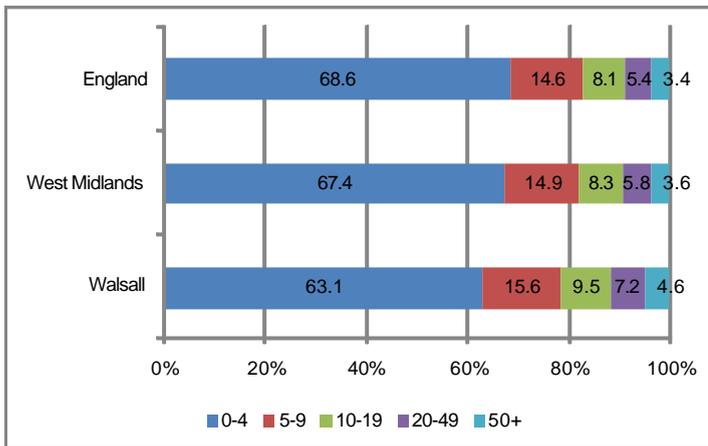
Figure x: Local VAT/PAYE-registered enterprises by employment band size, 2009

⁵ As of April 2007, the annual taxable turnover threshold at which companies were required to register for VAT was £64,000

⁶ Note that the [VAT data series](#) was discontinued in 2008 following release of 2007 figures and has been superseded by the ONS Business Demography data series

⁷ Source: Business Demography 2008, ONS

⁸ Source: Enterprise Statistics/NI 172, ONS, 2010



Source: UK Business: Activity, Size and Location 2009, ONS

While micro and small businesses dominate the workplace profile, they account for less than half of total employment in the borough, reflecting the importance of medium (with between 50 and 200 employees), and in particular, large employers (with more than 200 employees): the 69 large workplaces in Walsall employ over 31,200 people, accounting for almost a third of employment in the Borough⁹.

Work is required to understand the type, nature and sizes of workplaces per sector. This is vital if we are to raise our understanding of employer's needs and requirements, so that work / initiatives can be considered to meet current and future

Sectoral profile

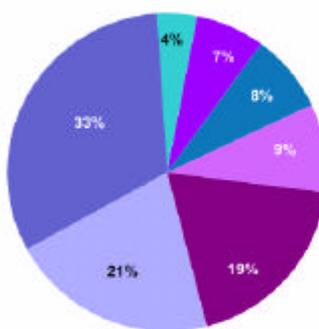
There are differences between the total number of workplaces and the employment levels by business sector in Walsall. This reflects a variation in the average number of people employed in each workplace across the sectors.

In 2008, wholesale and retail, hotels and restaurants accounted for just under a third (31%) of total workplaces, which was much higher than the sector's respective share of employment (25%). This highlights the

small/medium scale of many retail and hospitality business in Walsall. This is also the case for financial, professional and business services and construction sectors.

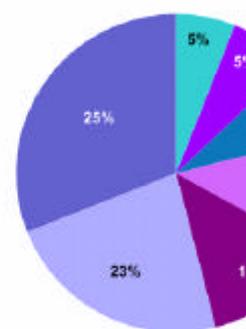
In contrast, manufacturing and the public sector have a much lower share of workplaces when compared with their respective shares of employment, reflecting large average workplace sizes that employ relatively high numbers of people. This was also the case in 1998.

Walsall Sectoral Workplaces 1998
Total workplaces: 8,361



Distribution, hotels and restaurants, 2,483
Finance and Business Services, 1,843
Manufacturing, 1,040
Construction, 936

Walsall Sectoral Employment 1998
Total employment: 312,000



Public Sector, 663
Other services, 643
Transport and Communications, 543

Source: ABI, 1998, 2008

Over the past ten years the largest change in the workplace base has been the decline of manufacturing, resulting in the loss of over 500 workplaces (-33%). This was much less significant than the fall in manufacturing employment of 45%, and reflects the significant loss of large manufacturing employers in Walsall.

If we are to raise employment rates for Walsall, care must be taken to select a mix of sectors and employment types / levels, if we are to both raise employment levels and our GVA. The wrong selections could raise one at the cost of the other.

⁹ This dataset does not identify individual companies. However this will inevitably include some of the strategic companies identified in section xx

Innovation

Walsall's Business Survey 2010 asked a series of questions to assess the extent to which innovation is embedded within Walsall businesses' activities. The majority of the surveyed businesses (56%) believe innovation is important, very important or essential to their business. Specifically, 11% believe it is essential; in contrast, 15% believe it is not at all important.

Professional and business services, and manufacturing businesses are more likely to view innovation as essential or important (64% and 61%), and this is in keeping with the high extent of activities they currently undertake. Over half of finance firms (54%) perceive that innovation is not important to their business.

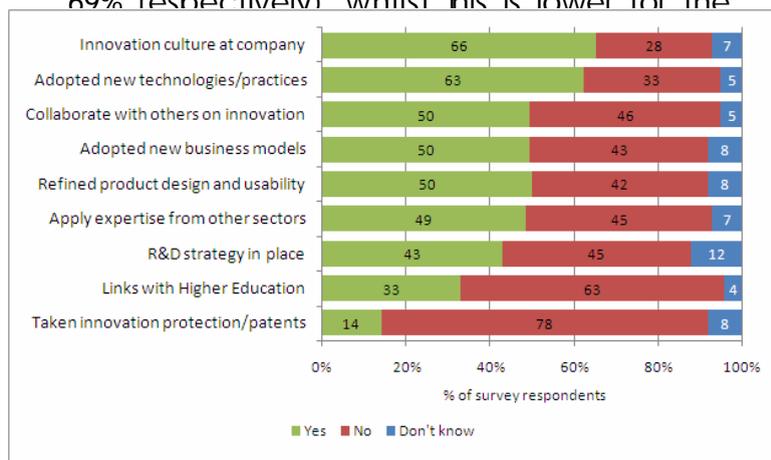
Innovation activity

Figure x demonstrates that two-thirds of Walsall's business survey respondents believe that they have a culture of innovation at their business, and a similarly high proportion report that they have experience of adapting new technologies and practices for their work. The high response rates also continue across several other innovation indicators: half of businesses have experience of refining product design and usability, adopting new business models and collaborating with other firms on innovation.

One of the most frequently used measures of innovation is the proportion of businesses that have submitted innovation protection or patent applications. This is applicable to 14% of the Walsall business respondents, which is considerably higher than national research suggesting that only 3% of UK companies have experience of applying for patents and 5% have experience of registering trademarks.¹⁰

The Business Survey 2010 also indicates that the professional and business services and

manufacturing sectors are the most likely to possess and therefore report a culture of innovation within their businesses (73% and 69% respectively) whilst this is lower for the



n = 335 responses

Source: Walsall Business Survey, 2010

Collaboration

Over a third of survey respondents (36%) have undertaken joint-working with clients or customers, whilst 31% have experience of collaborating with suppliers. The proportions working with other organisations are lower (see figure x).

Table x: Business collaboration activity

| | % of survey respondents |
|---|-------------------------|
| Not undertaken any joint work | 45 |
| Clients or customers | 36 |
| Suppliers | 31 |
| Competitors or other enterprises | 18 |
| Universities or other Higher Education institutions | 15 |
| Commercial/private Research & Design labs | 12 |
| Government/public research institutes | 5 |
| Don't know | 4 |
| Knowledge Transfer Partnerships | 3 |
| Other | 2 |

n = 330 responses

¹⁰ BIS (2010) Community Innovation Survey 2009
http://www.statistics.gov.uk/elmr/03_10/downloads/ELMR_Mar10_Robson.pdf

Source: *Walsall Business Survey, 2010*

Relatively high proportions of surveyed companies in the construction (39%), retail (37%) and professional and business services (33%) sectors have experience of collaborating with suppliers, whereas the proportion is only 15% for finance firms. Manufacturing is the only sector in Walsall where businesses are less likely than average to undertake any type collaboration.

Walsall's manufacturing companies are the most likely to adopt new combinations of technologies, yet the least likely to collaborate. Work is required to understand why, and to look at this as an option to increasing profitability, employment levels and sustainability.

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Economic output

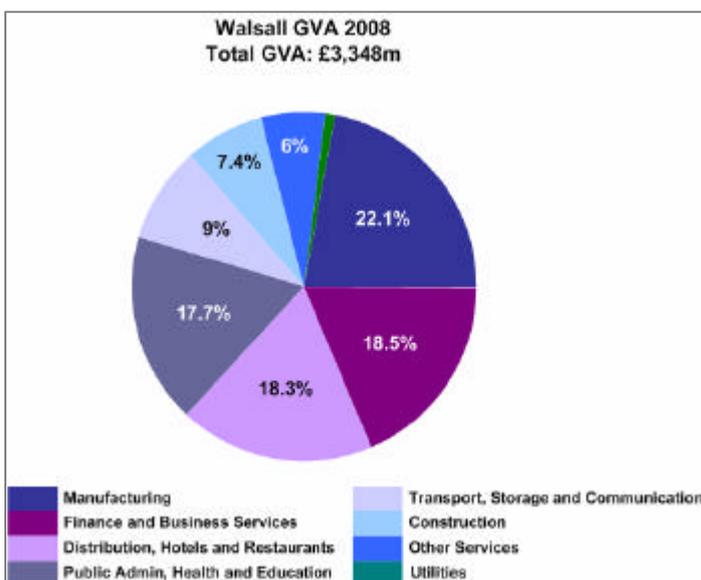
Gross Value Added

Gross Value Added (GVA) is an important indicator of economic performance, and is used to measure the economic output produced in a particular geographical area and/or sector. This report uses the West Midlands Regional Observatory's Integrated Policy Model, which contains current and future estimates of GVA for Walsall and the West Midlands.¹¹

Latest figures for GVA show that Walsall and Wolverhampton had a combined economic output of £7,873m in 2007. This represents an increase of 3.6% since 1995 which falls short of both the regional (4.6%) and national (5.6%) increases. WMRO have estimated that in 2008, the Walsall economy generated £3,348m in Gross Value Added, accounting for 4% of the regional total and in line with the Borough's respective share of employment¹².

The source of Walsall's GVA by sector shows the continuing importance of manufacturing, even in a context of declining employment. Manufacturing accounted for 22% of total output generated in Walsall in 2008, making it considerably more important to the local economy than the finance, professional and business services sector (19%) and wholesale and retail sector (18%).

Figure x: Walsall GVA by sector, 2008



WMRO figures have been used in order to separate the Walsall component.

¹² Source: WMRO Integrated Policy Model

Source: Integrated Policy Model, WMRO, 2010

Productivity

GVA per head of population is the standard indicator used to compare the levels of economic output between economies. However, this measure does not take local employment rates and commuter flows into account; an alternative measure which overcomes this and provides a measure of productivity is GVA per full time equivalent employee (FTE).

Table x: GVA and productivity by sector, 2008

| | Walsall GVA (£m) | Walsall GVA per FTE (£) | W Midlands GVA per FTE (£) |
|--|------------------------|----------------------------------|-------------------------------------|
| *Manufacturing | 740.4 | 40,109 | 43,323 |
| Wholesale & retail | 519.9 | 30,460 | 31,043 |
| Real estate, renting & business services | 368.0 | 24,775 | 30,928 |
| *Transport, storage & communication | 301.8 | 47,246 | 43,514 |
| Health & social work | 271.0 | 30,019 | 30,287 |
| *Finance | 251.1 | 90,090 | 97,079 |
| Construction | 247.4 | 33,255 | 33,539 |
| Education | 235.3 | 31,118 | 32,377 |
| Other services | 201.6 | 34,229 | 33,444 |
| Hotels & restaurants | 91.7 | 26,006 | 25,288 |
| *Public administration | 86.9 | 37,212 | 37,864 |
| *Utilities | 29.9 | 87,854 | 129,028 |
| Agriculture | 1.9 | 17,427 | 13,658 |
| *Mining & quarrying | 1.1 | 112,800 | 89,730 |
| Total | 3348.2 | 34,949 | 35,965 |

Source: Integrated Policy Model, WMRO, 2010

The average GVA generated by each FTE employee in Walsall is just under £35,000, which is slightly lower than the regional average of just under £36,000 (table x). There are significant variations in the productivity levels by sector. Six of the fourteen broad sections of the economy (marked * above) have above average levels of productivity (when compared to Walsall and the regional average). However most of these sectors are small in terms of employment and output, with the key exceptions being manufacturing and transport & communications.

The manufacturing sector's large share of Walsall's GVA does not equal high productivity levels in (which are 93% of the regional average). Instead it reflects the low levels of productivity of the financial,

professional and business services sector (80% of the regional average) and low levels of employment in the sector, when compared to the regional and national averages.

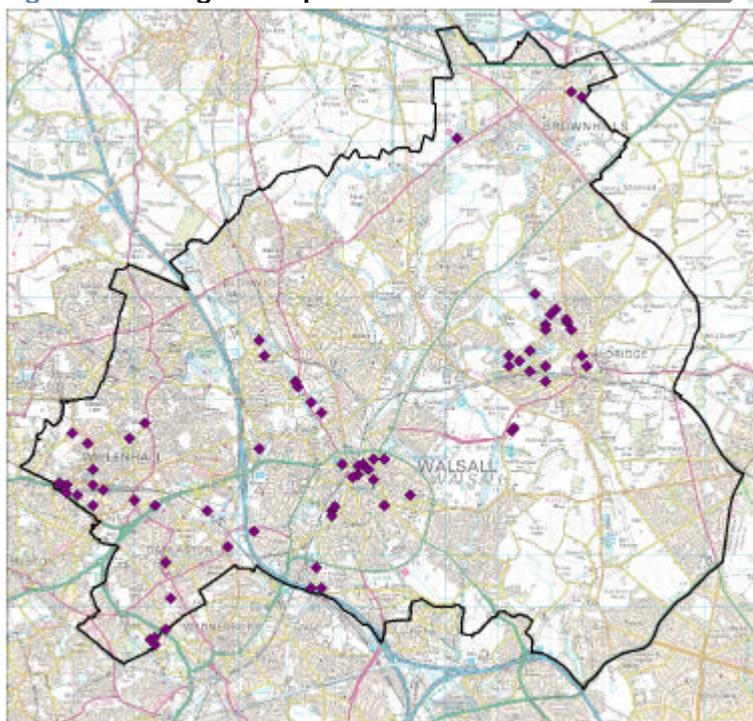
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Strategically Important Companies

Black Country Consortium and its partners have identified 308 companies in the Black Country that are strategically important to the sub-regional economy based on their employment, productivity, brand awareness and national and global interface¹³. Of these, 74¹⁴ are located within Walsall (figure x). These companies will be instrumental in reducing the output gap and achieving the ambitions of the Black Country.

Figure x shows that these companies are located across the borough, but with concentrations around Walsall town centre, Aldridge and Willenhall in particular.

Figure x: Strategic companies in Walsall



Source: Black Country Consortium, 2010

The manufacturing sector is the most strongly represented, with financial & business services, distribution, and construction also particularly important for the borough (table x). Overall, these four sectors account for 68 of Walsall's 74 strategic companies. These sectors are

¹³ Black Country Consortium, *Black Country Strategic Companies*, 2010

¹⁴ Based on data from 2007 – some companies may have moved/merged/ceased trading since. BCC identified 2 Walsall companies being in other local authorities

similarly important for the Black Country as a whole.

Together, these companies account for £2,387,000 of GVA and employ nearly 42,000 people across the country. However, some of these jobs are located outside the borough

Figure x: Strategic companies by broad sector

| Broad Sector | Walsall | | Black Country | |
|---------------------------------|-----------|------------|---------------|------------|
| | Count | Percentage | Count | Percentage |
| Manufacturing | 29 | 43% | 141 | 46% |
| Financial & business services | 17 | 23% | 57 | 19% |
| Distribution | 12 | 16% | 54 | 18% |
| Construction | 7 | 9% | 26 | 8% |
| Transport & communications | 2 | 3% | 11 | 4% |
| Other personal services | 2 | 3% | 9 | 3% |
| Hotels & restaurants | 1 | 1% | 4 | 1% |
| Gas, water, electricity | 1 | 1% | 1 | 0% |
| Health & education | 0 | 0% | 2 | 1% |
| Extraction | 0 | 0% | 2 | 1% |
| Public administration & defence | 0 | 0% | 1 | 0% |
| Total | 71 | | 308 | |

Source: Black Country Consortium, 2010

By understanding how our strategically important companies operate, trade and source their goods. We may be able to increase supply chain activity, collaborative working and on-site manufacturing. This could then begin to increase both our local GVA and the jobs available for local people, as we reduce the reliance on

We are further developing our knowledge of our strategically important companies across Walsall. We aim to produce a list of the 100 strategically important companies, covering a range of size (GVA and employment), sector coverage, growth potential and ensuring that our Town, District and geographical centre are also represented. This will help to inform through consultation, involvement and

collaboration what we do, where we do it and where applicable the private and public sectors agreeing their leadership and supporting roles, in developing and sustaining our economy and its growth potential.

We have begun to capture the action points so far, they are included within the following draft action plan for your consideration, amendment and addition.

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Enterprise Action Plan – Business & Enterprise

| | Actions | Demand / Task / Aims | Outcomes | Who / how / when |
|---|---|--|---|------------------|
| 1 | The supply of timely and adequate Employment Land, to aid the development of business density rates and the creation / sustainability of jobs | To find, approve and create sufficient levels of affordable, timely and adequate employment land. | The need to create 10,000 new sustainable jobs, within quality / sustainable environments over the next 3 years. | |
| 2 | To create new jobs for the borough by supporting the growth of existing companies and support inward investment, that creates new employers and job opportunities. | The creation of additional sustainable jobs, through current and future employers. | | |
| 3 | The need to create jobs that attract / retain local people, reducing outward migration | The creation of job opportunities that fit local population needs, aspirations and earning levels | The need to diversity our economy into added value and higher skilled occupations across all sectors. | |
| 4 | Understanding why we are losing full time jobs at the expense of part time jobs, especially within the Male FTE categories. | Further investigation into the sectoral make up of full and part time employment. | To understand the drivers behind this shift from full to part time employment. Developing measures and actions which aim to address this decline. | |
| 5 | Supporting the shift of our economy into growth sectors which have the capacity to; <ul style="list-style-type: none"> - Create jobs - Improve our GVA / FTE - Promote Sustainability - Develop / expand local supply chains - Promote Inward Investment | Understand what can and should be done to support the development of our economic base, implementing agreed solutions. | The production of a detailed Sector Development Strategy / Action Plan, clearly setting out deliverable actions. | |
| 6 | Diversifying our business base to avoid continued over reliance on a small and vulnerable number of sectors, supporting economic sustainability. | | | |
| 7 | Continue to support the upward trend in highly skilled employment, (+3%) which has so far created 12,500 additional jobs in Walsall. | Understanding, learning from and building on success. | To meet the national level (+9%), generating an additional 9,800 jobs | |
| 8 | Support for new and emerging enterprises (up to 4 years old) to improve their survival rates. | Effective Enterprise support, which improves and | Achieving the National Average survival rates within the next 3 years. | |

| | | | | |
|----|--|---|--|--|
| | | sustains long term (5yrs plus) survival rates. | | |
| 9 | Work to sustain and increase the numbers of businesses falling above the VAT threshold. | Sustain those above and support companies to grow above the threshold for VAT. | To achieve the average Business Density Levels for England, moving us from 50 to 64 businesses for every 1000 of our population. | |
| 10 | Work to understand and build on the successful development and sustainability of medium and large sized companies in the borough. | Support the creation of new and the expansion of existing. | To improve the sustainability and numbers of local jobs. | |
| 11 | Explore the potential for increasing collaboration between small companies (0-4 employees). | Improve the chances of success and sustainability. | To increase the chances of success for enterprises employing 0-4 people. | |
| 12 | Explore the potential for developing / increasing collaboration between manufacturing companies. | Improve their collective joint working. | Enhancing / developing supply chains, collaboration, GVA, productivity and outcomes. | |
| 13 | Work to understand the type, nature and sizes of workplaces per sector, to raise our understanding of employer's needs and requirements, so they can be met. | To create working environments, opportunities and accommodation that supports employment. | To create working environments that sustains / grows existing companies and facilitates future inward investment. | |
| 14 | Work to understand, how local key sectors can be supported to both increase their productivity and GVA levels. | To create support for local employers to increase levels in line with national averages. | To increase both GVA and productivity levels in key employment sectors. | |
| 15 | To understand the needs and requirements of our strategically important companies. | To raise our understanding and the joint working against key themes of these companies. | To develop an active and effective forum through which the public and private sectors can work, communicate and support the economic development of Walsall. | |
| | | To understand the economic | To increase through Think Walsall, the | |

| | | | | |
|----|--|---|--|--|
| | | geography, and supply chains of these companies. | local trading and economic impact / benefits of these companies. | |
| 16 | To support the successful implementation of the Black Country Local Enterprise Partnership (BCLEP) | Ensure that the Public and Private sectors truly engage and work together in Walsall. | The joint development of our economy and the creation of jobs by the Private Sector. | |
| 17 | <i>Please add any suggested action points</i> | | | |
| | | | | |

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Priorities that underpin economic prosperity - and support the vision that *Walsall will be a great place to live, work and invest*

Overarching Aim: to create and sustain the conditions for private sector growth, which will allow businesses and residents to fulfill their economic potential (Job creation, business growth, positive image, economic wellbeing, inward investment etc)

| Ref | Priority | Objective | Context (examples) |
|-----|---|--|---|
| 1 | Developing a resilient mix of sectors, in which productivity and employment is maximised. | 1.1 The existing manufacturing base is strengthened and built upon 1.2 The economy is diversified into sustainable growth sectors that grow employment and productivity 1.3 Strategies for targeted inward investment are developed and supported | |
| 2 | Providing the necessary infrastructure to support a growing economy | 2.1 There are sufficient quantities of readily available employment land to meet needs of existing and prospective businesses 2.2 Transport networks complement economic growth - by linking businesses to key markets and suppliers and allowing residents access to employment opportunities 2.3 There is the correct mix of social and cultural facilities (schools, culture, leisure etc) to meet economic aspirations and support a thriving borough 2.4 The council's own assets are utilised to maximise the benefit to the local economy 2.5 Adequate amounts of affordable, high quality housing (for purchase or rent) are provided to match current and future requirements 2.6 Walsall town centre is at the economic, social and cultural heart of the borough and is positioned as a strategic sub-regional centre 2.7 The five district centres have a clearly defined local economic and social role within the borough (and beyond) | - Current lack of appropriate sites. - Demand evidenced by BNS - Danger of businesses leaving borough if cannot expand - Lack of offer for inward investment |
| 3 | Fostering an environment that supports enterprise and innovation | 3.1 Local businesses have access to the high quality support they require 3.2 New and emerging enterprises are supported to survive and grow 3.3 The relationship between businesses and council/ its partners is coordinated and simplified - including the introduction of a business friendly planning system 3.4 Innovation and collaboration is promoted and strengthened to maximise the benefits locally | - Lack of understanding about our business base and its characteristics - No 'single view' of businesses, segmentation etc |
| 4 | Strengthening skills and knowledge that supports economic growth | 4.1 Adults and young people are equipped with appropriate skills to fulfill their employment potential and meet the needs of businesses in Walsall 4.2 Academic attainment is raised and coupled with work-ready skills to prepare young people to enter the labour market 4.3 The number of highly skilled residents is increased 4.4 Further and higher education provision is maximised and matched to employer demands 4.5 Access to in-work training allows businesses to flourish and employees to expand their career opportunities | |
| 5 | Promoting financial inclusion and raising participation in the labour market | 5.1 Barriers to people obtaining (and retaining) employment are understood and addressed 5.2 Dependence on benefits (particularly IB/ESA) is reduced by supporting people to explore appropriate employment opportunities 5.3 The long-term unemployed are supported to re-enter the labour market 5.4 Aspirations of those removed from the labour market/young people are raised, and people are encouraged to strive for economic success 5.5 Financial inclusion is promoted in neighbourhoods where this is a barrier to economic participation and growth 5.6 The reliance on illegal or marginal economic activity is reduced | |

Walsall Child Poverty Strategy
‘Creating Economic Prosperity for Families’,
Children and Young People’

Table of Contents

| | |
|---|----|
| Introduction | 3 |
| National Child Poverty Strategy | 3 |
| What is child poverty? | 3 |
| What does child poverty look like in Walsall? | 5 |
| Key Objectives | 6 |
| Measures of Success | 10 |

Introduction

Nationally there is a commitment from the current Coalition government to reduce and eradicate child poverty by 2020 driven by the rise in child poverty that has led to the UK having one of the highest child poverty rates in the industrialised world.¹

The 'State of the Nation' report describes how in 2010 income poverty and inequality remain a major problem in the UK and that severe poverty has increased in recent years.² Key statistics illustrate the size of the challenge:

- Nationally just over 22% of children live in relative poverty, which in 2008/09 equates to approximately 2.8 million children.³
- A higher proportion of children live in households where no one works than in any other EU country as more than one in four adults of working age are out of work.⁴
- Despite efforts to move families above the relative income line, there has been no sustained impact made on the children living in households experiencing both low income and material deprivation since 2004.⁵

In 2010 the Child Poverty Act received Royal Assent, its' purpose is to work towards the eradication of child poverty by 2020. The act provides a framework for monitoring progress and defining success in eradicating child poverty at both national and local levels. In addition the Act sets out how local authorities will be held accountable, detailing three new duties:

- Undertake a local child poverty needs assessment
- Produce a local child poverty strategy
- Work more closely with local partners including the Jobcentre Plus, the NHS and Police in delivering solutions to tackle child poverty at a local level.

National Child Poverty Strategy

In April 2011, the Government published its first child poverty strategy 'A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives'.⁶ It sets out new approaches to tackling child poverty for this Parliament and to 2020. The focus is strengthening families, encouraging responsibility, promoting work, guaranteeing fairness and providing support to the most vulnerable.

What is child poverty?

Child poverty is experienced by children who live in households that do not have enough money to provide a decent standard of living. Poverty impacts profoundly on a child's development, from as early as conception, and goes onto to affect their long-term outcomes as an adult; they are more likely to:

¹ Source – www.endchildpoverty.org.uk – The Facts

² 'State of the Nation report: Poverty, Worklessness and Welfare Dependency in the UK, June 2010 aims to establish a clear state of the nation, used to inform policy decisions that will aim to tackle poverty and improve life chances.

³ Households Below Average Income Statistics, May 2010

⁴ 'State of the Nation report: Poverty, Worklessness and Welfare Dependency in the UK, June 2010

⁵ A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families - April 2011

⁶ Department for Work and Pensions/Department for Education April 2011

- Experience poor educational attainment
- Experience poor health as a child, such as obesity and reduced life expectancy
- Have lower skills levels as an adult
- Go on to live in poverty as an adult
- Experience low rates of social mobility⁷.

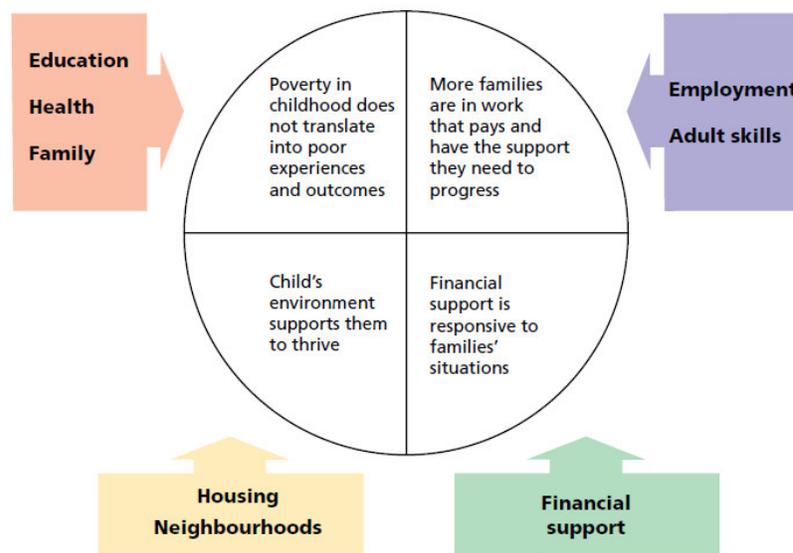
This cycle of poverty, where the barriers have an effect on a child’s progression and well-being right through to adulthood, holds families and communities back generation after generation. The cost is significant to both the national and the local economies. Joseph Rowntree Foundation has estimated the cost to the national economy is as high as £13bn annually, comprised of a benefits bill, lost tax and National Insurance and net earnings lost to the economy.

There are families who are poor for short periods of time, those that are persistently poor and those who move in and out of poverty. Families who are live persistently in, or move in and out of poverty, experience sustained disadvantage and are continually vulnerable.

Assisting families and children out of poverty, then sustaining this, requires more than just getting people into work. It cuts across a broad range of areas such as income inequalities, financial exclusion and in-debtedness, unemployment, educational and health inequalities and family and community breakdown. Action is required across a wide range of policy areas including childcare; skills; the availability, quality and flexibility of jobs; and benefits and tax credits.

The Child Poverty Building blocks⁸, Figure 1, identify the different areas that impact on child poverty. Work across all building blocks is required to combat child poverty, thus making it everybody’s business.

Figure 1: Child Poverty Building Blocks



Source: Child Poverty Unit 2010

The Walsall Child Poverty Needs Assessment is complete and is a thematic assessment of child poverty in Walsall. The assessment, rather than duplicating other needs assessments already

⁷ Definition Social mobility - the extent to which sons’ earning levels reflect those of their fathers. Without it, those who are born to disadvantage will find it difficult or impossible to advance in society and provide effective support for their families. In the absence of social mobility, income inequality also becomes harder to justify. Source: State of the Nation report: Poverty, Worklessness and Welfare Dependency in the UK. June 2010

⁸ Child Poverty Unit 2008

completed such as the Children and Young People’s Plan, focuses on elements that will lead to and create greater economic prosperity and well for families, children and young people.

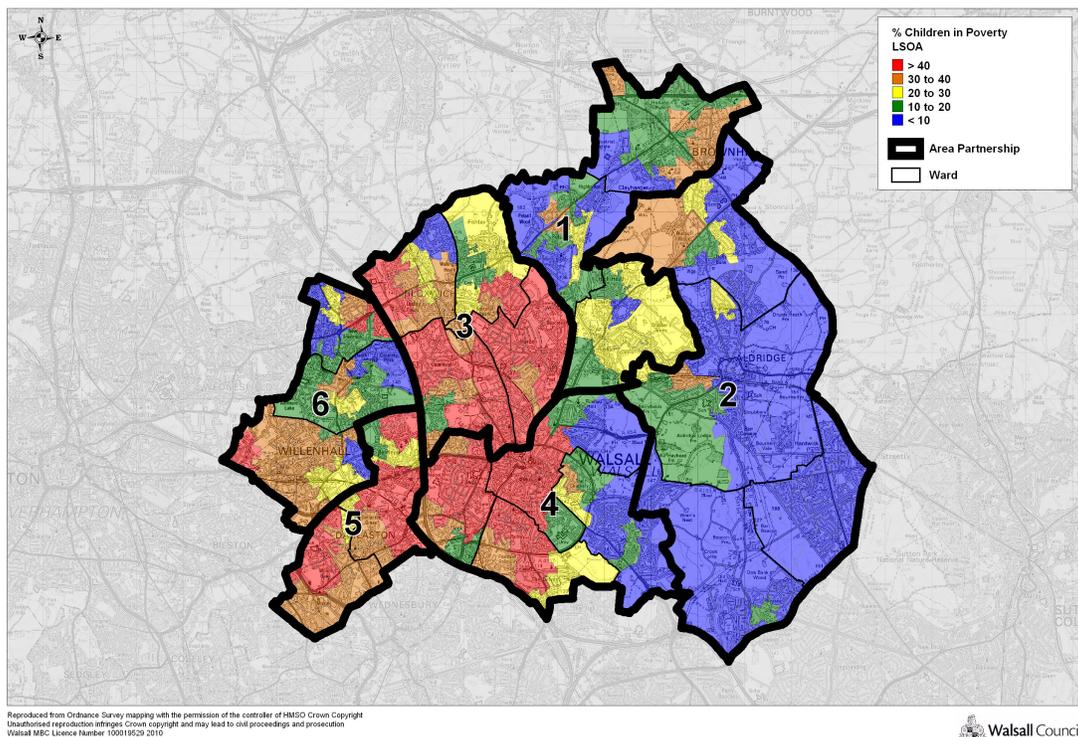
What does child poverty look like in Walsall?

Walsall has over 17,000 children living in poverty (28.4% in August 2008), higher than the national average of 20.9%. However the average of 28.4% masks the high levels of child poverty in some communities, where it is more than double the national average. For example Blakenall has the highest proportion at 47%, of children living in poverty in the borough.

- The number of children living in poverty is likely to have risen during the recession
- Wards with the highest rates of child poverty are generally in the west of the borough with pockets of high child poverty in the East
- Almost half of all children living in poverty in Walsall live in lone parent households
- Almost a quarter of all children in Walsall live in a household where no one works.

The needs assessment highlighted that children aged 0 to 10 years are most at risk of living in poverty, and a greater proportion live in Birchills Leamore and Blakenall. They are more likely to live in a household where no one works or in a lone parent household dependent on out of work benefits.

Figure 2: Proportion of Children living in poverty by LSOA August 2008



Walsall experiences a number of pressures that will challenge its means to reduce child poverty. The first is an underperforming local economy. Walsall’s economy was in decline before the recession, there has been very little sign of recovery as there has been a significant loss of full time employment opportunities for local residents and lower business growth.

Worklessness is the second challenge as unemployment rates in Walsall have doubled since 2008 and rates continue to be higher than regional and national averages. Worklessness is a key driver of child poverty evidence being approximately three quarters of children living in poverty in Walsall come from a household where no one works.

Working to tackle low income levels, including in-work poverty,⁹ will test any strategy to reduce child poverty. The borough historically has low income levels; in 2009 they were approximately 15% lower than the national average. Also household income levels are lower in the west of the borough, than in the east. The size of the challenge is demonstrated by the fact that almost a quarter of all children living in poverty in Walsall are impacted by in work poverty as they live in households where at least one adult works.

The impact of child poverty can be seen in the health inequalities experienced by children and young people in Walsall. There has been a significant increase in the number of teenage conceptions since 2008, and the rate remains higher than the regional and national averages. In addition the proportion of children in Reception and Year 6 experiencing childhood obesity is higher than national averages, and is higher in communities in the west of the borough. Most worryingly, infant mortality rates in Walsall are persistently higher than regional and national rate. The highest numbers of infant deaths occur in areas of high deprivation.

A barrier to raising families and children out of poverty is financial exclusion. The residents of Walsall living in the west of the borough appear to be experiencing increased financial exclusion. This is evidenced by the high proportion of residents that are without a transactional bank account that limits access to lower utility tariffs and affordable credit; without home contents insurance; and with problems of in-debtedness evidenced by a 31% increase in debt related queries seen by Walsall CAB in 2009.

Despite the challenging economic and health challenges facing the borough there have been positive successes. **Overall attainment for children and young people has increased since 2005.** It should be noted that despite the improvements there has been a widening of the attainment gap between the most disadvantaged children in Walsall and their peers.

Another achievement has been **a reduction in number of young people who are or 'Not in Employment, Education or Training' (NEET), the numbers have fallen every year since 2005.** Likewise there has been a **reduction in number of young offenders referred to the Walsall Youth Justice Service, by almost a half between 2007/08 and 2009/10.** Similarly there has been a **decrease since 2005 in the number of families becoming homelessness.** However this has been offset by the rise in youth homelessness which as doubled in the same time period.

Key Objectives

The key message that Walsall is at high risk of experiencing a severe deterioration in its child poverty rates due to worklessness has shaped the key objectives in this section.

***'Walsall is one of six local authorities national at greatest risk of child poverty levels severely deteriorating in the years ahead due to rising worklessness and an over reliance on public sector jobs.'*¹⁰**

⁹ In- work poverty is when wages earned are not enough to sustain a life out of poverty

¹⁰ To End Child Poverty' campaign released the 'Child Poverty Map of the UK, Part 1: England, in March 2011. www.endchildpoverty.org.uk

The needs assessment highlighted a key driver of child poverty in Walsall to be worklessness. Research shows that children growing up in poor or workless households are more likely to be workless or poor themselves as adults, perpetuating the cycle of poverty through the generations, highlighting the need for tackling unemployment and low income to be of the highest priority in any strategy to reduce child poverty in Walsall.

The current economic backdrop must be taken into account when planning to tackle child poverty. The recent recession and spending cuts by the Coalition government, and the impact they have had on Walsall's own local economy and employment are already being felt by local families. The strategy should not require large sums of money to implement it: rather it is about how we work better together, using the people and the money available in a smarter more creative way.

1. Prioritise the Implementation of the Economic Framework

The Rationale

The Local Economic Assessment (LEA) states that in current times Walsall borough is struggling to make the same economic progress seen regionally and nationally. The LEA tells us that from 1998 to 2008, when the UK was benefiting from a sustained period of economic growth and stability, Walsall, in the same period, experienced a 2.5% decline in its economy with over 2,500 jobs were lost.

The decline in the economy has resulted in a significant decline in the number of full time positions (over 3,300 jobs). This has not been fully offset by an increase in part-time employment as the increase of 3% is much lower than that seen regional (7%) and national (13%) levels. In summary business growth has not been enough to provide the levels of employment opportunity required to significantly reduce unemployment and worklessness. The end result has been a lower number of people in work and reduced spending power in the local economy.

Key Actions

Review the role and the requirements and link activities to priorities in required to tackling child poverty:

- The implementation of the Walsall Economic Framework
- Black Country Local Enterprise Partnership (LEP)
- The Black Country Enterprise Zone

2. Provide an appropriate job for everyone and the opportunity for economic prosperity for all

Rationale

There are a number of challenges that are a risk to the economic recovery of Walsall and that will challenge its capacity to reduce child poverty:

- Workless and unemployment rates above regional and national averages
- A large number of households dependent on out of work benefits
- An underperforming local economy that is not providing the level of employment opportunities required by local people
- High proportion of adults with no qualifications and overall lower proportion of working age adults with qualifications across all levels

- Income levels 15% below the national median,¹¹ particularly for households in the west of the borough.

Key Actions

- Support the development and implementation of Work and skills Plans that will provide priorities and detailed action plan for addressing worklessness priorities that will:
 - Tackle and reduce parental worklessness and unemployment
 - Tackle in-work poverty
 - Tackle cultural and attitudinal barriers
 - Improve skills, confidence and self esteem
 - Improve support to achieve in-work sustainability.

3. Focus on 0-5 years olds and their families in the most disadvantaged areas

Rationale

The Frank Fields Review recommendations promote a preventative and financially sustainable approach focusing on early years, 0 to 5 year olds and their families in disadvantaged areas, as the differences in skill levels in children are evident by 22 months of age. It acknowledges that later interventions can be effective but stresses that the greatest benefits are gained and a more financially sustainable and effective approach is through shifting the emphasis to early years and investing in a preventative approach. The report also emphasises the importance of breaking intergenerational cycles of poverty and raising parental aspiration

These recommendations are relevant to Walsall as the needs assessment shows that children aged 0 to 10 years are at the highest risk of living in poverty, particularly if they live in Birchills Leamore and Blakenall communities.

Key Actions

- Identify areas, such as children centres, and activities where the economic and worklessness activities can support the early years and preventative agenda.

4. Narrow the Attainment Gap

Rationale

In general educational attainment in Walsall has improved at a faster rate than nationally. Despite these improvements, there is still an attainment gap between disadvantaged pupils and their peers, at both KS2 and KS4, however it is greater at KS4.

Key Actions

¹¹ Walsall Child Poverty Needs Assessment April 2011.

Schools to continue to address the attainment gap to ensure that children and young people have the education and skills they need for life.

Measures of Success

This section reflects a range of outcomes and measures that will show the borough's progress in meeting the child poverty challenge to eradicate child poverty by 2020 and to reduce child poverty rates to the national average.

The measures are work, income and economy based as at the time of writing this strategy child poverty rates are calculated using income based measures. .

| Outcome | Where are we now? | Direction of Travel Relative to National Average | Scale of the Challenge |
|---|--|--|---|
| Wage levels increased to raise families over the 'poverty threshold' | 15% lower than the national median gross annual income based on 2009 Annual Survey of Hours and Earnings | Walsall experiencing wage stagnation | Increase of approximately £3,100 per households in the west of the borough. In some areas income levels will need to be raised by over £6,000 |
| Decrease the number of local residents classed as workless | Based on 2010 data 36.5% of the population classed as workless | Since 2007 unemployment has risen in Walsall at a rate double the increase seen nationally. . | To increase employment by 7.3% or approximately 11,500 individuals |
| Increase the number of jobs for local people | A significant decline in the number of over 3,300 full time positions since 1998 to 2008. | Between 2008 and 2009 business closures outnumbered new business start ups impacting on the number of jobs available which fell by over 8,500. | Increase in business growth levels by over 2,000 new businesses to meet national levels |
| Reduce the number of adults with no qualifications | 18.6% of adults have no qualifications | The trend is an increase in the number of adults who are gaining qualifications. The proportion of working age adults with no qualifications has decrease since 2006 by almost 9% : 28.7% in 2006 to 19.9% in 2009 | Decrease in working age adult with no qualifications by 6.3%, this equates to approximately 1,800 adults gaining qualifications |
| Narrowing of the gap between disadvantaged pupils and their peers at KS 4 | Attainment gap in 2010 was 33 percentage points (national average 28 percentage points) | The gap with the national average has been steadily increasing year on year since 2007. | Attainment gap reduced for FSM pupils by 5 percentage points to align with national average |

