Agenda item 7

Cabinet – 8 June 2011

Walsall Local Economic Assessment

Portfolio: Councillor Adrian Andrew, Deputy Leader, Regeneration

Service: Regeneration Services

Wards: All

Key decision: No

Forward plan: Yes

1. Summary of report

1.1. There is a duty on councils to prepare an assessment of the economic conditions of their area.

1.2. The Local Economic Assessment (LEA) will help identify customer needs and any gaps in the provision of services to meet those needs, together with opportunities to create the conditions for sustained economic recovery and growth. In a climate of reduced resources, having a clearly-evidenced approach to priorities and outcomes is a vital aspect of the economic development and the wider local government agenda.

1.3. Walsall's local economic assessment (LEA) has been completed, but this is not seen as the end of the process but the beginning. By keeping the LEA up to date and the data as real time as possible, it will define, influence and drive the work required achieving the above, captured within our Economic Framework for Walsall. This work continues to be funded through the next two financial years from resources allocated by the council, through its mainstream (£65k) and Working Neighbourhoods Fund (WNF) programme (£120k).

1.4. The role of the LEA is to

- Establish a sound understanding of economic conditions in Walsall and how they affect the well-being of residents and businesses

- Identify economic linkages between the borough and the wider economy

- Identify the comparative strengths and weaknesses of the local economy and the nature and form of its economic challenges and opportunities

- Identify the constraints to local economic growth and employment and the risks to delivering sustainable economic growth

2. Recommendations

2.1 That cabinet approves the Walsall Local Economic Assessment, the Executive Summary of which is attached as **Appendix A**, to be submitted to the Department for Communities and Local Government. Chapters for the full document can be viewed at http://www.walsall.gov.uk/wpo-lea_consultation

2.2 That cabinet agrees the key growth sectors identified in the Growth Sector Analysis Summary Paper, attached as **Appendix B** and summarised in section 3.6.

2.3 That cabinet agrees the broad priorities that will form the starting point for the development of the Walsall Economic Framework as set out in 3.7.

2.4 That cabinet tasks officers to develop the Walsall Economic Framework, based on the findings of the Local Economic Assessment.

3. Background information

3.1 The Local Democracy, Economic Development and Construction (LDEDC) Act 2009 placed a duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area.

3.2 The Act states that a principal local authority may revise an assessment, or any part of it, at any time, and in undertaking an economic assessment a principal local authority should consult those organisations they consider appropriate.

3.3 The core objectives of a Local Economic Assessment (LEA) are to:

- Provide a sound understanding of the economic conditions in the area and how they affect the well-being of residents and businesses.
- Identify the economic linkages between the area assessed and the wider economy.
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities.
- Identify the constraints to local economic growth and employment and the risks to delivering sustainable economic growth.

3.4 The LEA will help to establish Walsall's key economic challenges, the opportunities and help to shape solutions and actions required to develop and transform its economy. It will also be used to inform or revise a number of key strategies and processes, including:

- The content and priorities for the Local Enterprise Partnership (LEP)
- Funding applications for the new Regional Growth Fund
- Funding applications for the proposed Tax Increment Financing scheme and the Green Investment Bank, should legislation be passed to launch these.
- Local and regional strategy development
- The Sustainable Communities Strategy

3.5 A brief was drawn up for consultants to prepare a sectoral analysis of businesses in Walsall and identify growth sectors and those in decline. Ekosgen consultants were appointed to undertake this work and their findings have been included in the local economic assessment. The Executive Summary of the LEA is available at **Appendix A** of this report and individual chapters can be viewed at http://www.walsall.gov.uk/wpo-lea_consultation

3.6 A summary of the work prepared by Ekosgen to identify growth sectors and those in decline in Walsall is available as **Appendix B** of this report. The key growth sectors for Walsall are:

- Creative and digital industries
- Niche and high-value manufacturing
- Environmental technologies
- Health and social care
- Logistics
- Financial and professional business services

3.7 There are several key challenges described in the Executive Summary. However, of particular importance are the following:

- The need to provide a supply of attractive readily available site for industry, including as a matter of urgency for firms that wish to expand and / or relocate.
- The need to plan for and to support investment in Walsall town centre as the 'shop window' for the borough and as the best opportunity for investment in service sector employment.

3.8 It is intended that the Walsall LEA will define, influence and drive the work required to draft our Walsall Economic Framework, underpinning our economic development activity in Walsall. The following broad priorities for the economy have been established through the LEA and provide the starting point for the development and consultation on the Economic Framework, which will aim to:

- Develop a resilient **mix of sectors**, in which productivity and employment opportunities are maximised.
- Provide the necessary **infrastructure** to support a growing economy.
- Foster an environment that supports **enterprise and innovation**.
- Strengthen our residents **skills and knowledge** in support economic growth and inclusion.
- Promote the financial **inclusion** and raising participation levels in the labour market amongst our communities.

4. Resource considerations

4.1 **Financial**:

4.1.1 There have been no capital costs involved in the preparation of the local economic assessment. Revenue costs for staff costs, consultation and external work streams were met through the allocated mainstream and Working Neighbourhoods Fund allocations.

4.1.2 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 a variety of local strategies and plans (Sustainable Community Strategy (SCS), Corporate Plan etc). By informing and shaping our collective understanding of the issues based on true data, all participants will benefit from the additional value that the LEA evidence base provides. Importantly, it will strengthen our ability to bid for resources and sustain our place as a priority for funding etc. both locally, regionally and nationally.

4.2 **Legal and Staffing**

4.2.1 The Local Democracy, Economic Development and Construction (LDEDC) Act 2009 placed a new duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area. The Act does not contain any references to timescales other than a power to revise it at any time. It requires the authority to consult "those organisations they consider appropriate".

5. Citizen impact

5.1 The local economic assessment collates evidence of the needs of the area and its citizens, which will enable better informed investments and services to be delivered to improve the lives of Walsall residents.

6. Community safety

6.1 There are no direct impacts on community safety arising from the preparation of the local economic assessment. However, indirectly, there is a link between economic growth, job creation, income levels and crime levels. There is some potential therefore for the local economic assessment to direct investment into growth sectors of the economy, creating jobs and improving community safety.

7. Environmental impact

7.1 The assessment includes chapters on 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.

8. Performance and risk management issues

8.1 **Risk**:

A risk assessment for the assessment has been completed. There are no direct risks to the Council itself as a result of preparing the local economic assessment. However, the need to manage expectations over what the assessment is and what it will do has been noted as a risk and a management plan has been prepared accordingly.

8.2 **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 and wider local authority agenda.

9. Equality implications

9.1 An Equality Impact Assessment has been prepared and is attached as Appendix B.

10. Consultation

10.1 Preparation of the local economic assessment has included:

- Initial consultation at the start of the process inviting key partners to submit via email comment on what should be included in Walsall's local economic assessment.
- A business needs survey sent by email to a wide sample of Walsall businesses, and via 200 telephone surveys.
- A discussion forum established on the business social networking site Linked In. This currently has 132 members.
- Three focus groups with businesses and public sector organisations have been held.
- Background papers have been available online at http://www.walsall.gov.uk/wpo-lea_consultation and comments have been invited.

Background papers

Appendix A – Walsall Local Economic Assessment Executive Summary
Appendix B – Walsall Key Growth Sector Analysis Summary Paper

Author

Mark Lavender
Head of Strategic Regeneration
☎ 652522
✉ lavenderm@walsall.gov.uk

Tim Johnson
Executive Director
Regeneration

8 June 2011

Councillor Adrian Andrew
Deputy Leader
Portfolio holder: Regeneration

8 June 2011

Walsall Borough Local Economic Assessment: Summary

Challenges and Opportunities for Walsall

Draft Version 1
27th April 2011

Contents

1. Introduction
2. Economic Framework for Walsall
3. Economic Geography
4. People and Communities
5. Business and Enterprise
6. Sustainable Economic Infrastructure
7. Economic Competitiveness

1.1.1 Local Economic Assessments (LEAs) were introduced by government in late 2009 through the Local Democracy, Economic Development and Construction Bill. Government guidance states that “this new duty will help strengthen councils’ ability to work with their partners to support the delivery of sustainable economic growth in their areas, based on a comprehensive understanding of their economic strengths and weaknesses”

1.1.2 The statutory duty for each upper tier authority to produce an LEA remains in place, although there is now more flexibility around format and timescales. The structure of Walsall’s LEA broadly follows the initial government guidance – as do the other three Black Country authorities – thus allowing for greater integration of the four LEAs to inform the activity of the Black Country Local Enterprise Partnership.

1.1.3 In Walsall, the Local Economic Assessment has been a process that goes further than the production of a ‘final’ static document; it represents an opportunity to examine the various elements of Walsall’s economy in order to establish our key challenges and opportunities, and to help shape the solutions and actions required to develop and transform our economy. Alongside the creation of the evidence base and its interpretation, these challenges and opportunities have been incorporated into a framework for driving forward the development of Walsall’s economy.

1.1.4 This document provides an overview of some of the key findings from the LEA to date. The full LEA report includes more detailed information under each of the themes and will be published in June 2011. In addition, there are a number of supporting documents which provide more in-depth examination of certain aspects of Walsall’s economy (including the Worklessness Assessment and Child Poverty Needs Assessment). Additional information can be accessed via the LEA webpage at www.walsall.gov.uk/wpo-local_economic_assessment

Lead Officers;

Mark Lavender
Head of Strategic Regeneration
mailto:lavenderm@walsall.gov.uk

Liz Connolly
LEA Lead Officer, Strategic Regeneration
connollye@walsall.gov.uk

2 Economic Framework for Walsall

2.1.1 The process of conducting the LEA has highlighted five key priorities which underpin economic prosperity and will help to realise the vision set out in the Sustainable Community Strategy that *Walsall will be a great place to live, work and invest*. The strength of the local economy is obviously critical to realising all elements of this vision, and the economy is also one of the three priorities set out in Walsall Council's Corporate Plan for 2011/12.

2.1.2 The Economic Framework for Walsall will provide a blueprint for all related activity across the council and partners, helping to understand how this addresses the overarching aim ***to create and sustain the conditions for private sector growth that will allow businesses and residents in Walsall to fulfil their economic potential.***

2.1.3 This is a broad aim that includes elements of business growth, job creation, economic well being and inclusion, and the promotion of a positive image and inward investment for the borough. All of this needs to occur within the context of environmental sustainability.

2.1.4 The following broad priorities for the economy have been established through the LEA and provide the starting point for the development and consultation on the Economic Framework:

A. Developing a resilient **mix of sectors**, in which productivity and employment is maximised.

B. Providing the necessary **infrastructure** to support a growing economy.

C. Fostering an environment that supports **enterprise and innovation**.

D. Strengthening **skills and knowledge** that support economic growth.

E. Promoting financial **inclusion** and raising participation in the labour market.

2.1.5 The Economic Framework will be developed together with colleagues, partners and key stakeholders, and will include under these five headings sets of actions that guide the delivery of services, activities and initiatives in support of delivering; **Sustainable Economic Growth**.

2.1.6 In both the development of and in the delivery of activities aimed at creating this sustained economic growth, the role of the private sector can not be underestimated. It is only through the private sector that the scope, number and range of jobs can be created and sustained.

2.1.7 The role of the newly formed Local Enterprise Partnership (LEP) for the Black Country, and the complementary Walsall Enterprise Partnership as mechanisms through which the Private sector can be engage with and supported in this aim by the public sector, can not underestimated.

3 Economic Geography

3.1 Introduction

3.1.1 Walsall is a unitary authority in the West Midlands region, and is home to over a quarter of a million people. While the borough is predominately urban, it does have significant areas of open space, mainly in the east including Barr Beacon.

3.1.2 Along with Sandwell, Wolverhampton and Dudley, Walsall forms part of the Black Country sub-region. This is set to become an even more important geography in economic terms following designation of the Black Country Local Enterprise Partnership in 2010, and the demise of many regionally-based agencies and strategies. Proximity to and interdependencies with Birmingham mean that the economic fortunes of Britain's second largest city will also continue to have significant implications for Walsall's own economy.

3.1.3 Walsall lies close to the heart of national road and rail networks, with the M6 motorway running through the heart of the borough and access at junctions 9 and 10. The M5 motorway starts at the border with Sandwell, the M6 Toll is immediately to the north, and the M54 to north Wales lies close the borough's north west border. Rail and bus routes feed into national networks on the Birmingham-Wolverhampton and Trent Valley railway lines. This location means that around 5 million people are within 45 minutes of Walsall by public transport.

3.1.4 Walsall Town itself is the largest centre in the borough. It is a key retail centre and one of four strategic centres within the Black Country. Developments including the New Art Gallery, Waterfront, new Walsall College and retail development are helping to make it a major economic and cultural asset.

3.1.5 The borough also has five key district centres: Aldridge, Bloxwich, Brownhills, Darlaston and Willenhall. All of these have distinct histories and identities and are important retail hubs serving the borough's communities. All the centres have the potential to be real drivers for the economy and lead in the transformation of the structure of the borough's employment into new sectors.

3.2 Markets and supply chains

3.2.1 Information about markets served by Walsall businesses and their supply chains was gathered through the Business Needs Survey (see section 5.4.1).

3.2.2 Four in five businesses surveyed serve clients or customers locally in Walsall, and around two in three serve the Black Country or West Midlands. However, over 60% have customers in the rest of the UK (outside the region) and over 30% have overseas customers. Overseas trade is particularly important to the manufacturing sector (45%).

3.2.3 Local and regional markets are extremely important to Walsall businesses. By volume, just over one-quarter of sales are made within Walsall, with a further 41% in the rest of the region including the Black Country. Only one-third of sales occur outside the region leaving Walsall companies very dependent on the health of the regional economy

3.2.4 There are significant supply chain linkages within the Walsall economy, with over seven in ten companies surveyed using suppliers from within the borough. Construction companies are most likely to use local suppliers and retail firms least likely. Despite this, only just over one quarter of all supplies by value are purchased locally, with 74% of spending on supplies being lost to the local economy.

3.3 Travel to work

3.3.1 Outward commuting focuses on where residents travel for work. Over half of Walsall residents (54%) also work within the borough. After this, the next significant flow is to Birmingham, where 15% of residents work. The other three Black Country authorities account for 17%, meaning 72% of Walsall residents work in the Black Country authorities. There has been a significant increase in the percentage working in Lichfield since 2001 (although this still only accounts for around 3%).

3.3.2 Inward commuting looks at where people who work in Walsall live. The borough does not attract a high number of inward commuters – almost two thirds (64%) of jobs in Walsall are filled by borough residents. In total, 79% of Walsall jobs are filled by Black Country residents, with the remainder from neighbouring authorities including Birmingham and Staffordshire.

3.3.3 There are variations in commuting patterns to district centres in the borough: Aldridge attracts commuters from Lichfield; Brownhills from Lichfield and Cannock Chase; Darlaston from Sandwell and Wolverhampton; and Willenhall from Wolverhampton and South Staffordshire.

4 People and Communities

4.1 Introduction

4.1.1 Walsall faces a major challenge to reduce worklessness and increase the employment rate of local residents. There are a number of reasons why worklessness figures are so high, relating to both demand and supply side issues. The LEA work examines in detail some of the characteristics and factors behind worklessness in Walsall which are significantly impacting on the well-being of communities and individual residents within the Borough.

4.2 Demographics

4.2.1 Latest estimates give Walsall a population of 255,900 – a number which has increased in recent years, reversing a decline during the 1990s. Population is more heavily concentrated in the centre and west of the borough. Around 1 in 6 of Walsall's residents is from a non-white British minority ethnic group – with this proportion projected to have increased since the 2001 census.

4.2.2 Walsall's population profile is more 'dependent' than the national average with high concentrations of children and older people, and proportionally fewer working age residents (particularly those in their 20s and 30s). Projections are that the borough's population will continue to increase over the next 30 years, but that the main driver of this growth will be a rise in the number of over 65s.

4.3 Labour Market

4.3.1 Employment levels in Walsall are considerably lower than the region and nationally, with less than two thirds of the working age population (63.2%) in employment in comparison to 68.5% in the West Midlands and 70.5% in England. An additional 8,200 residents would need to enter employment to match regional levels and 11,000 to meet national levels. The borough was home to 57,700 workless residents in March 2010, comprising 14,900 unemployed and 42,800 economically inactive.

4.3.2 Above average unemployment has been a long-term trend in Walsall, with the unemployment rate consistently above regional and national rates. Between 2004 and 2010 there has been a more pronounced increase in the unemployment rate in the Borough (+7.2 percentage points compared to +3.5 nationally), which led to the rate more than doubling and increased the gap with the West Midlands and English average. There are now an additional 8,200 people unemployed compared to 2004 levels. The recession has also had a more pronounced effect on Walsall than elsewhere in unemployment terms.

Unemployment

4.3.3 There are a number of characteristics to the unemployment levels in Walsall.

Characteristics of Unemployment in Walsall
▪ A significantly high male unemployment rate (14.3% compared to 9.0% nationally);

- Female unemployment which has risen at a much faster rate than elsewhere;
- Unemployment amongst male 35-49 year olds which is double the national average;
- A substantial cohort of young men aged 20-24 who are unemployed;
- Female unemployment rates for 16-19 year olds is almost double the national figure.

Economic Inactivity

4.3.4 Levels of economic inactivity have fluctuated in Walsall between 2004 and 2010, at a time when the Black Country, regional and national averages have remained relatively constant. There continue to be 42,800 economically inactive residents – over one quarter of the working age population. There is also a much higher level of female, than male economic inactivity (35.3% in comparison to 19.3%). In both cases, Walsall is above the national average, although particularly so with regards to female economic inactivity.

4.3.5 Other characteristics of economic inactivity are summarised below:

Characteristics of Economic Inactivity in Walsall
▪ Rates of economic inactivity for 25-34 year olds which are almost double nationally; ▪ Particularly high rates of economic inactivity for females aged 20-24 and 25-34; ▪ As nationally, there is a much higher rate of inactivity amongst the ethnic minority population when compared with the white population (37.1% compared with 25.3%); ▪ High inactivity rates amongst Pakistani, Bangladeshi and 'other ethnic group'; ▪ The gap in inactivity rates for males and females is much higher within the ethnic minority population

4.3.6 Walsall has a higher than average number of economically inactive residents who would take up employment if suitable employment were available – particularly amongst inactive males. This suggests a particularly high level of frustrated and unmet demand, indicative of a lack of jobs available in the local economy.

4.4 Benefit Claimants

4.4.1 Walsall contains higher than average levels of benefit claimants within each of the Department for Work and Pensions' main statistical groups. This is especially the case in relation to job seekers, employment support allowance and incapacity benefit claimants, lone parents and carers. In February 2010, nearly 35,000 residents in the borough were claiming benefits, accounting for over a fifth of the working age population compared with 17.1% in the West Midlands and 14.7% nationally.

4.4.2 Other trends in relation to benefit claimants are set out below.

Characteristics of Benefit Claimants in Walsall
▪ The job seeker rate for female residents is much higher than average; ▪ Job seekers aged under 25 are also higher than average; ▪ Long term unemployment is a growing issue in the Borough ▪ Above average incapacity benefit claimant rates have been a long term trend; ▪ Incapacity benefit claimant numbers are highest amongst those aged 35-44 and 45-54; ▪ There are high long term incapacity benefit rates; and ▪ There are also higher than average levels of lone parents and carers claiming benefits.

Geographical Concentrations

4.4.3 High levels of unemployment and worklessness are concentrated in the west of the Borough, with particularly high rates in St Matthews. The pattern of inactivity also mirrors the housing market profile – higher rates in areas where social and rented accommodation is high and property values are low. High unemployment and inactivity in these neighbourhoods is linked to high levels of multiple deprivation and issues relating to poor health and education.

4.4.4 There are significant concentrations of job seekers in the west of the borough, with localised pockets of jobseeker's allowance claimants in St Matthews, the east of Birchills Leamore, the south of Bloxwich East and central and eastern Pleck.

4.5 Skills

4.5.1 Skill levels are an important determinant of the quality of the workforce available to employers. The current level of skills among Walsall's working age population is generally low, putting pressure on the local economy through difficulties for employers recruiting suitable employees, low rates of progression for those in employment, and high levels of worklessness. A significant number of local businesses in Walsall have indicated that lack of skills acts as a barrier to recruiting new staff.

4.5.2 Latest figures show a fifth (19.9%) of adults living in the borough have no qualifications, compared with 16.0% regionally and 12.3% nationally. This equates to 31,200 working age adults with no qualifications – although Walsall has seen significant improvements since 2006 when there was a high of 28.7%, or 43,900 people with no qualifications.

4.5.3 Walsall is also below the West Midlands and England averages for level 2, 3 and 4 skills. Figures at these levels have remained relatively static in the borough since 2004, compared with more noticeable improvements regionally and nationally.

4.5.4 Levels of adult basic skills are also of concern. Literacy and numeracy standards are below the national average for the borough overall, with severe problems in some wards where 3 in 4 adults have a below-GCSE standard of numeracy. ICT levels are also lower than for England overall, and again there is huge disparity between different parts of the borough.

4.5.5 Qualification levels are significantly lower among the workless population as they lack the skills demanded by employers. However, Walsall faces unemployment issues across all skills levels – even amongst those with higher level qualifications, unemployment is higher in Walsall (5%) than in the region and nationally (4%).

4.5.6 Educational attainment has improved in Walsall, but still remains below national levels and there are also inequalities within the borough. Local employers have observed that despite improving formal qualifications, many school leavers continue to be lacking basic skills, for example numeracy, spelling, letter writing and customer service skills. Many do not have a basic work ethic, few have sound practical skills and there is a general lack of 'work-readiness'.

4.5.7 The overall number of 16-18 year olds not in education, employment or training (NEET) stood at 830 in 2008 and has seen some improvements; nonetheless this figure represents 8.3% of the 16-18 cohort.

4.6 Social and Financial Inclusion

Financial Inclusion

4.6.1 Wards in the west of the borough have a high proportion of residents without a transactional bank account, meaning they often pay more for their banking. For example, without direct debit facilities people pay higher utility tariffs, and lack of access to overdrafts or high street credit such as loans means they are reliant on high interest borrowing, door stop lenders or even loan sharks. This can exacerbate existing debts and trap people in a cycle of poverty.

4.6.2 Importantly, having no current account can also act as a barrier to employment, as many employers require a bank account to pay wages into.

4.6.3 Indebtedness is a significant issue for Walsall residents, evidenced by a 31% increase in debt-related queries to Walsall Citizens' Advice Bureaux in 2009 – greater than the national average increase of 13%.

Deprivation

4.6.4 Deprivation is more than simply another way of expressing poverty: while poverty is not having enough money to live on, deprivation refers to a much broader lack of resources and opportunities. In Walsall overall, levels of multiple deprivation have increased (which includes aspects of deprivation related to income, employment, health, crime, education, living environment, and barriers to housing and services). In 2010, Walsall fell to the position of 30th most deprived English local authority out of 326, putting it within the worst 10%. The borough fares particularly badly in terms of education, income and employment deprivation.

4.6.5 The overall deprivation inequalities in the borough have become even more pronounced since 2007 – with 41 of the borough's 169 neighbourhoods in the most deprived 10% nationally, but 9 in the least 10% deprived. Broadly speaking, there is a geographical divide with western half of the borough experiencing more deprivation than the east.

Child Poverty

4.6.6 Child poverty presents a significant challenge for Walsall as over a quarter (28.4%) of all children live in poverty; this equates to 17,700 children and is above the national and regional averages. It is anticipated that since the recession the number has increased, possibly to as high as 1 in 3 children. Almost half of these children live in lone parent households.

4.6.7 Geographically, the highest concentrations of child poverty are primarily in the west and southwest of the borough where child poverty rates are as high as 3 in 4 children. However, there are also pockets of poverty found in the east of Walsall.

4.6.8 Almost a quarter of children in Walsall live in households where no one works, and children living in lone parent households are particularly vulnerable to living in poverty.

Health Inequalities

4.6.9 People in Walsall have relatively unhealthy lifestyles: the proportion of smokers in Walsall is above average, as are childhood and adult obesity rates. Participation in sport or active recreation is below average.

4.6.10 Life expectancy in Walsall is below the average for England and Wales and across the borough there is significant variation between wards. Walsall's infant mortality rate has been rising since 2000-02 and projections indicate this is likely to continue.

4.6.11 These health issues impact people's ability to participate in the labour market and limit their employment potential. This is in addition to the increased economic burden of caring for people in ill health.

Crime

4.6.12 Recorded crime levels, and more importantly the 'perceptions' of crime, can lead to the borough being viewed as an unattractive environment for businesses to locate. Conversely, derelict factories and empty brownfield sites can become a magnet for various types of anti-social behaviour.

4.6.13 Total recorded crime is generally falling in Walsall, including anti-social behaviour. However, despite improvements the proportion of people who think that anti-social behaviour (including teenagers hanging around on the streets, and rubbish or litter lying around) is a problem in their local area remains above the national average.

5 Business and Enterprise

5.1 Introduction

5.1.1 As part of the LEA, a detailed analysis of the sectoral composition and business base of the local economy has been undertaken to inform the delivery of inward investment, business support and skills provision in Walsall. The work has involved reviewing employment, GVA and enterprise trends over the past ten years including detailed profiles for seven sectors, and also draws on a survey of over 400 local businesses and extensive stakeholder consultation.

5.2 Structure of the local economy

5.2.1 Walsall is the smallest of the Black Country authorities in employment terms: it contains around 100,000 employees, accounting for 4.2% of total regional employment which is lower than its share of the regional population. The economy has been traditionally based on manufacturing but has changed considerably in recent years. It has significantly under performed against the national and regional averages over the past ten years, reflecting a number of structural changes:

- Between 1998-2008 (a long period of economic growth nationally) Walsall's total employment fell by 2.5%;
- Employment in manufacturing, the historic backbone of the economy, has been in decline for many years and fell from 34,000 in 1998 to 19,000 in 2008;
- The private sector service economy is very weak in Walsall, although numbers have risen over the past decade;
- Growth in the financial, professional and business services sector has been significant, but starting from a very low base;
- The construction, property and other business activities, health and social work, transport and education sectors have all increased by circa 3% per annum since 1998;
- Public sector employment grew, although numbers are likely to decline in the future as a result of reducing public sector resources.

5.2.2 The manufacturing sector remains much more important to the local economy than nationally with its share of total employment almost twice as high as England as a whole. Walsall remains under-represented in a number of private sector areas including property and other business activities, financial services and hotel and restaurants.

5.2.3 Whilst growth in certain sectors has brought the structure of the economy more in line with the national average, the major decline in manufacturing employment has not been fully offset by increases in the service sector, which has lead to overall employment decline.

Future Employment Prospects

5.2.4 In both Walsall and the West Midlands, employment levels are expected to be lower in 2020 than they were in 2008 with the recovery from the recession driven by output rather than employment. The decline in Walsall (6,800 jobs) is forecast to be greater than regionally.

5.2.5 This forecast decline is largely linked to the employment impact of the recession, with employment falling significantly, and more severely, in Walsall than regionally between 2008 and 2010. Employment is then expected to stabilise before entering a period of modest employment growth from 2012 onwards but at a lower level than regionally.

5.2.6 Between 2012 and 2020, employment growth is expected in all sectors expect manufacturing. The greatest increase is expected to occur in the health and social work sector, linked to the demand for services arising from an ageing population. Financial, professional and business services and wholesale and retail, restaurants and hotels are forecast to experience modest growth over the eight years to 2020, whilst the decline in manufacturing is expected to slow from 2012 onwards.

5.3 Enterprise and Innovation

Enterprise

5.3.1 Walsall was home to over 7,500 active enterprises in 2009 and has a new business registration rate of 35.6 businesses per 10,000 people aged 16 and above. This is lower than comparable data for the West Midlands region (41.7) and England (49.6) and shows Walsall lagging behind in terms of new business creation. In 2009 there were 720 new enterprise 'births' but 1,005 enterprise 'deaths', giving a net loss of 285 businesses. However, this was the first year that there had also been a net business loss nationally, demonstrating the widespread impacts of the recession.

5.3.2 In 2009 there were around 50 businesses for every 1,000 of the working population, in line with the Black Country's business density average. Walsall, however, lags behind the regional and national levels (at 58 and 64 businesses per 1,000 of the working age population respectively).

5.3.3 This low business density is partly linked to a lack of growth in the Walsall 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. Walsall now requires over 1,200 additional businesses to reach regional levels of business density and requires over 2,000 additional businesses to reach the national level.

5.3.4 There have been some improvements in new businesses' survival rates in the borough over the past five years. However, survival may have been affected by the recession from 2008 onwards and generally remains slightly below the national average. Over nine in ten enterprises survive their first year, but this falls to less than two-thirds surviving for three years and only around half survive for four years.

5.3.5 These figures demonstrate that Walsall is behind the national rate in terms of new business start-ups and business density, and will continue to lag behind if both the new start up and business survival rates do not improve.

Highly skilled occupations

5.3.6 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%).

5.3.7 However, Walsall still has relatively few employees in these occupations. So 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 national levels.

5.4 Business Needs

5.4.1 An integral part of the LEA has involved gauging the views of Walsall businesses across core research areas. A detailed business survey was targeted at larger Walsall businesses, key sectors and those expected to grow in importance to the Walsall economy in the coming years. In total 426 companies responded to the survey which explored areas such as growth expectations; markets and supply chains; workforce, skills and training; and business premises. There were a number of positives to be drawn from the survey with 57% of businesses expecting to see turnover increase in the next two years and less than one in ten anticipating a decline. The key opportunities identified from the survey include:

- The majority of businesses which expect turnover to increase over the next few years;
- The high degree of innovation and substantial base of companies seeking to develop new products and processes and move into new markets;
- The opportunity to further increase levels of innovation including making businesses more aware of the innovation related support that exists;
- The number of companies that already access national and international markets and the potential to increase sales in these markets; and
- The cohort of companies needing or intending to move to larger premises but with a strong commitment to staying in Walsall.

5.4.2 The support of the indigenous business base and ensuring their ongoing presence and growth within Walsall needs to be a key priority for the Council and partners over the coming years. Walsall businesses also face a range of challenges, many of which will have been exacerbated by the impact of the recession and cover the full spectrum of public sector intervention – land and premises, business support, skills and recruitment. Key constraints identified through the survey include:

- Accessing new markets;
- Obtaining finance;
- Affordability and availability of premises;
- The costs of training;
- Skills gaps and skills shortages; and

- Identifying low carbon opportunities.

5.4.3 In particular, very few businesses overall appear actively involved in the low carbon sector and a large proportion of businesses had very limited knowledge of such opportunities.

5.5 Assessment of Key Sectors

5.5.1 The LEA has analysed the strengths, weaknesses and trends of the seven main sectors which comprise most of the Walsall economy. The key findings from this analysis are summarised below.

Features of the Main Sectors of Walsall's Economy
Financial, Professional and Business Services ▪ Fourth largest sector in Walsall accounting for 17,400 jobs and 18% of total employment ▪ One of the fastest growing in Walsall but the share of employment still lags behind national average ▪ With the exception of labour recruitment and rental services, all sub-sectors are under-represented ▪ The office and town centre offer in Walsall constrain the ability to attract inward investment ▪ Local businesses, particularly those with growth potential, need to be supported to access networks ▪ There is a need to improve the provision of high quality office space to attract larger companies
Wholesale and Retail, Hotels and Restaurants ▪ Largest sector in Walsall accounting for 23,800 jobs and 24% of total employment ▪ Declining sector since 1998, with 1,100 fewer people employed in 2008 ▪ Despite overall decline, there has been growth in the retail sub-sector ▪ Distribution has the potential to attract new investment if appropriate sites are made available ▪ There is a need for major improvements to the town centre and investment in the evening economy ▪ Appropriate progression opportunities training and recruitment programmes need to be put in place
Transport and Communication ▪ Fifth largest employment sector in Walsall accounting for 6,200 jobs and 6% of total employment ▪ Has above average GVA per full time employee and increased by 36% in employment terms 1998-2008 ▪ Transport is the largest sub-sector employing 3,500 employees ▪ Walsall's geographical position makes it well placed for distribution and logistics related employment ▪ There is a need to provide high quality, bespoke sites and developments in attractive locations ▪ Important to work with employers to increase workforce skills and provide local transport solutions
Creative and Digital ▪ Very small sector in Walsall, accounting for under 2,000 employees, lagging behind the

national average
- ICT and media / new media sub-sectors very small compared to the national average
- Walsall has few assets or advantages and a lack of critical mass of activity
- There is a need to create demand to support companies to grow – e.g. adequate incubation space
- The growth of the sector needs to be accompanied by a thriving town centre
- There is a need to provide business support to the design sub-sector

Manufacturing
- One of Walsall's largest sectors with 18% (18,000+) employees compared to 10% nationally
- One of Walsall's most productive in terms of output per employee but significant recent employment decline
- Economic projections are for further decline – priority to manage change and stabilise employment
- Some of the over-represented sub-sectors are forecast to contract the most in employment terms
- To continue to survive, the sector will need to up-skill its workforce and move into higher value areas
- Improving workforce skills and helping companies to access new markets should be priorities

Construction
- Employs over 4,800 people and generates 7% of total employment
- One of the fastest growing sectors during 1998-2008 driven by regeneration and major schemes
- Challenges anticipated with slow economic recovery and reductions to public sector investment
- Opportunities linked to low carbon, diversification and infrastructure works in the Black Country
- A need to increase activity through providing attractive commercial and residential land and sites
- Importance of providing companies with intelligence on new markets, technologies and best practice

Public Services
- Second largest employment sector in Walsall with over 23,000 employees (23% of employment)
- Employment growth of 26% between 1998 and 2008, in particular additional female employment
- Tight spending restrictions on the public sector will lead to significant job losses
- However, some growth opportunities particularly in the health and social care sector
- There is a need to provide employability support and re-training for affected workers
- A need to review the public sector property estate and align with the Big Society agenda

5.5.2 From this analysis, the LEA highlights **six key areas** that will drive Walsall's growth:

- **Health and Social Care**, responding to increasing demand for services linked to an ageing population;
- **Niche and high value manufacturing,** building on major sub sectors and manufacturing specialisms in the borough to help to stabilise future decline;
- **Environmental Technologies/Waste Management/Recycling**, which expands the current sector in Walsall;

- **Financial, Professional and Business Services**, expanding existing businesses and attracting new investment to continue the transition to a more service based economy.
- **Creative and Digital**, building on the small base in Walsall and capturing some of the growth which is occurring at the national level.
- **Logistics**, capitalising on the borough's strategic location and supporting growth in other sub sectors, such as niche manufacturing.

5.5.3 There are a number of areas of intervention needed to support sector growth to complement investment in economic infrastructure and skills, including: innovation; relocation assistance; business property; specialist premises; new markets; access to investment; and inward investment. Walsall may also be able to capture benefits from the development of a low carbon economy by capitalising on its strong industrial base, existing engineering skills and the strengths of key companies. However, very few of Walsall's companies appear to be actively involved in pursuing such opportunities and there are a set of immediate priorities including:

- Adapting existing engineering skills to act on opportunities presented by a low carbon economy and support the supply chain for wind turbine and nuclear energy markets
- Taking advantage of increased opportunities in waste management and recycling;
- Capturing the employment creation potential in the retro-fitting of housing;

5.5.4 The sector analysis work has outlined a number of challenges where Walsall needs to act quickly in order that recent job losses do not permanently weaken the local economy and lead to a further spiral of decline.

6 Sustainable Economic Infrastructure

6.1 Introduction

6.1.1 The delivery of high quality economic infrastructure is a key element of any successful economic growth strategy. An assessment of the growth potential of key sectors in Walsall needs to take account of existing and planned infrastructure and the extent to which this provides the conditions for sustainable economic growth. The LEA therefore considers the quality and availability of suitable employment land and the wider infrastructure required to support successful economic growth including transport, housing and waste infrastructure.

6.2 Current Situation

6.2.1 Walsall's industrial legacy is reflected in much of its current infrastructure, particularly the nature of the existing employment sites and internal transport routes. Many of these are not fit to support the growth of a 21st Century economy. The **Black Country Joint Core Strategy (JCS)** sets out the vision, objectives and strategy for future development in the Black County to 2026. Currently Walsall has significantly less high quality employment land than neighbouring areas and would need to deliver a six-fold increase to meet its targets as set out in the JCS. Other points of relevance from the JCS include:

- A preference for office uses being located in the town centre rather than elsewhere;
- The need to substantially increase the scale of Walsall's high quality employment land;
- A focus on the development of Walsall Town Centre and key regeneration corridors;
- A recognition that there has been transfer of land from employment to housing uses; and
- An overall reduction in the availability of local quality employment land.

6.2.2 The focus on brownfield and urban sites increases the costs of the delivery process with the additional costs associated with land remediation further increased by the fragmentation of many sites, the road, rail and canal infrastructure and the location of housing in nearby areas. The **Walsall Employment Land Review** highlights the implications of a decline in the area's traditional industries leading to severe population decline, economic under-performance, social disadvantage and environmental deterioration. There has also been a lack of recent developer activity in Walsall. Key conclusions include:

- There is potential demand from new high value occupiers to locate in Walsall at the most accessible sites close to the M6, but very little high-quality floorspace on the market or in the pipeline to meet this demand;
- There is little prospect of new industrial development to fill this gap – the development of many sites is not commercially viable;
- The loss of employment land should be carefully controlled and managed.

6.2.3 The availability of public sector funding will have a major impact on the ability to address issues such as contamination, ownership and access in relation to key employment sites. This is a major issue for Walsall given the complexity of some of the borough's employment sites/areas and the lack of recent private sector led development activity. There will be a clear need to use public sector land assets more creatively in an attempt to raise finance and lever private sector investment, as well as pursuing what funding opportunities remain.

An assessment of other aspects of infrastructure revealed the following conclusions:

- There is a need to address a variety of **gaps in waste infrastructure** provision particularly in development areas to meet the needs of existing and new businesses;
- There is a need to explore the **potential for low-carbon energy generation** in Walsall;
- Whilst the area's strategic location is a major advantage, there are major localised **issues relating to access and connections** which affect many major employment sites;
- Improving the **quality of employment land** and ensuring the success of Darlaston and Gigaport will require significant public sector resources to address constraints;
- There remains a key challenge to deliver the **scale and type of homes** required to support economic growth and retain and attract a more skilled labour pool;
- Walsall is likely to fall behind in providing the **scale of new housing** to meet demand in the current climate particularly on contaminated land in less popular locations.

6.3 Key Employment Locations

6.3.1 The majority of current and planned high quality employment sites are located in the west of the borough reflecting the built up and industrial nature of this part of Walsall and the constraints of Green Belt Land to the east. Despite this, some of the higher quality larger sites tend to be located around Aldridge in particular and Brownhills – away from the critical mass of land.

6.3.2 **Darlaston** is the borough's highest profile regeneration opportunity; a major industrial site located either side of the M6. However its constraints to delivery typify a number of the current and planned future sites across the borough including ownership issues, high levels of contamination and poor internal access. Part of the site however has recently been subject to a recent (currently unsuccessful) Regional Growth Fund application and an ongoing negotiation to become part of the Black Country's Enterprise Zone.

6.3.3 Whilst Darlaston is currently a prominent and derelict site which givers a negative image of Walsall, it is hugely under-utilised with the capability to provide a positive image of the Black Country and facilitate new investment. The site could provide the location for companies requiring high quality employment land at sites near to the motorway network catering for sectors such as advanced manufacturing, environmental technologies, logistics and office based businesses.

6.3.4 The **Town Centre** has failed to develop its potential as a quality business location. The edge of the town is home to a number of relatively low value uses, there are no major office schemes and successes have been limited to public sector or quasi-public sector uses. Further investment will be required to attract private sector employers.

6.3.5 The borough's business parks tend to be industrial / manufacturing sites, often of poor quality, and there is a lack of flexible, smaller enterprise or incubation space which is the area where there is most identified demand.

6.4 Strengths, Weaknesses, Opportunities and Challenges

6.4.1 The poor performance of the Walsall economy over recent years is both reflected in, and accounted for by, the poor quality of employment land and lack of recent development activity. The legacy of industrial decline and key constraints to new development relating to access, ownership, land remediation and the poor performance of the town centre have contributed to a poor quality land supply. The lack of a high quality business or technology park, large sites with good access to the Motorway and quality incubation space in the town centre has weakened Walsall's position with regards to attracting potential inward investors and start up businesses. It also means that issues are faced in relation to land and premises for key sectors, notably:

a. For **advanced and higher value manufacturing**, there is a lack of bespoke and high quality landscaped industrial estates with good access;

b. There is a need and **demand for relocation** within the borough, but a lack of suitable sites in some of the key locations;

c. For **higher value logistics and distribution** sites, there are a lack of large, high quality sites with good access to the motorway network (despite close proximity);

d. For the **business services** sector, the town centre has a limited supply of high quality office premises and there is an absence of high quality out of town business parks;

e. For the **creative, digital and cultural** industries there is a lack of critical mass of activity to stimulate innovation and there is a shortage of flexible, smaller incubation space.

6.4.2 A SWOC analysis with regards to delivering the economic infrastructure required to support sectoral development is summarised below.

Walsall's Economic Infrastructure – SWOC Analysis	
Strengths ▪ Excellent strategic location ▪ Good quality housing to the east of Walsall ▪ Housing led regeneration schemes in the west ▪ Recent or planned transport improvements ▪ Series of distinctive towns and communities ▪ Presence of two strategic sites ▪ Some recent town centre investment ▪ Presence of a new FE College and University	**Weaknesses** ▪ Poor land supply for core and growth sectors ▪ Complicated localised transport network ▪ Major constraints to development at key sites ▪ Under-performance of the town centre ▪ Lack of modern business accommodation ▪ No quality office / industrial park for investors ▪ Lack of incubation and managed workspace ▪ Lack of recent development activity
Opportunities ▪ Many companies seeking larger premises ▪ Office market for price conscious occupiers ▪ Capture demand for central locations	**Challenges** ▪ Reduced public funding to address constraints to development in area of market failure ▪ Global trends in manufacturing further

(e.g. Birmingham) with good motorway access ▪ Growing population ▪ Potential to use council tax and business rates to borrow funding for critical infrastructure ▪ Improving rail connections to Birmingham enabling residents to access more jobs	eroding the area's manufacturing base ▪ Overcoming poor perceptions of Walsall ▪ Improving environment and amenities within the town centre ▪ Reduced investment finance available ▪ Impact of out of centre retail / leisure schemes

7 Economic Competitiveness

Challenges

7.1.1 There are **four fundamental challenges** to reversing Walsall's recent economic decline:

a. Growing the private sector service base;

b. Coping with declining employment in the industrial base;

c. Developing the skills required by a competitive economy; and

d. Providing economic infrastructure for knowledge based growth sectors.

7.1.2 Walsall's economic performance through the last ten years of the growth cycle was very poor. The fundamental problem is a lack of investment and employment arising from:

- An industrial base which has been in decline for some time;
- A very limited service sector economy with many under-represented growth sectors;
- Under-investment in the physical fabric of Walsall which has contributed to the loss of employment to other areas and lack of inward investment.

7.1.3 Less than two thirds of Walsall residents are in employment – to match the national average, 10,500 additional residents would need to be in work. The need to create new and local employment opportunities for those who have recently lost their jobs will make it difficult to reduce levels of worklessness and poverty in the most deprived neighbourhoods. To achieve a successful economy, Walsall will need to replace the ongoing decline in manufacturing with other wealth-generating employment. Putting in place the conditions to grow private sector knowledge-based employment must be a priority if resident income levels are to be increased.

7.1.4 There are a number of groups to which partners in Walsall will need to provide particular support to ensure that the situation does not deteriorate, including young people, ethnic groups where worklessness is very high, and workless households in the most disadvantaged neighbourhoods.

7.1.5 A series of changes in the labour market will present further challenges and highlight the important role which schools, the College and the major training providers will have to play in reducing worklessness and equipping people for a changing economy. These include the formalisation of entry qualifications for jobs which previously required no formal qualifications; the loss of manufacturing employment; the inter-personal skills required through the growth of customer facing customer service jobs; and the forecast growth in jobs in the health and social care sector which have traditionally been taken up by women.

Constraints

7.1.6 There are a number of **constraints which will make it difficult for Walsall to generate significant numbers of additional jobs** during the economic recovery:

- Without a better land and premises offer, key growth sectors will stand still, local businesses will be unable to expand and the ability to secure new investment will be minimised;
- The connectivity between many employment locations and the motorway network is poor and prevents Walsall from offering competitive locations to new investors;
- The limited availability of higher level skills in the workforce makes it difficult for Walsall to generate or accommodate employment in higher skilled occupations; and
- Without increased innovation, product development and new investment, manufacturing sub-sectors will not be able to arrest the decline in employment.

7.1.7 Given the constraints associated with some of the major sites and the state of the current market, **targets for increasing the scale and quality of employment land in Walsall are unlikely to be met.** It is also important to ensure that the focus on release of low quality employment land does not come at the expense of existing businesses – the majority of the current employment land serves the existing employment base in the town adequately, particularly given its cheapness and availability. Given the current economic climate and Walsall's lack of a track record for inward investment, supporting the existing base and stabilising the economy is likely to be a key priority over the coming years.

7.1.8 Over recent years, there has been a major focus on planning and investing in major strategic sites such as Darlaston and Gigaport, which provide the greatest opportunity to stabilise the industrial sectors and grow parts of the service sector economy. However both areas have constraints linked to land contamination, ownership and access. There appears little prospect that the scale of public sector funding required to take these forward will be available. Linked to the challenges of progressing Gigaport and Darlaston, Walsall lacks sufficient opportunities for market led development to take advantage of some of the growth opportunities around key sectors such as logistics. This is a major weakness and will seriously undermine efforts to replace substantial recent industrial job losses.

Potential Solutions

7.1.9 Given the scale of the challenge in providing modern business infrastructure in Walsall, **new solutions are required**. A number of actions and priorities may help to provide a response to these constraints and challenges:

a. Refreshing the vision and approach to Darlaston and Gigaport;
b. Integrating a revised Gigaport into a vision and plan for Walsall Town Centre;
c. Developing a third, private sector led growth centre;
d. Supporting the infrastructure requirements of existing businesses;
e. Exploring new approaches to funding;

f. Ensuring adequate supporting infrastructure is in place.

The delivery of these actions will be important to the delivery of the required economic infrastructure to support economic growth and sectoral development.

Opportunities

7.1.10 Despite the constraints and challenges, there are a number of opportunities to develop new, and reinforce existing, sectoral strengths. Intervention will be required to create new demand and accelerate growth in some under-represented sectors.

7.1.11 Key opportunities include:

- Further development of Walsall town centre, particularly with regards to retail, creative and digital and business start up space to improve the town centre offer;
- An opportunity to develop accommodation based on public sector reorganisation and efficiency at Gigaport and release other sites for re-development; and
- Further developing the distribution and logistics sector where Walsall has a number of locational strengths and recent success in attracting new investment.

7.1.12 The following tables assess the key strengths, weaknesses, challenges and opportunities to the Walsall economy and provide an overview of the economic competitiveness of the borough.

Walsall's Economic Competitiveness – An Assessment of Strengths and Weaknesses	
Economic Competitiveness Strengths ▪ **Locational advantages:** Proximity to Birmingham provides access to a large market for companies and a wide range of job opportunities for residents. Proximity to the motorway network provides an opportunity to develop attractive employment locations to draw in new investment and employment. ▪ **Industrial base**: In spite of employment decline, Walsall has a strong manufacturing base with a large number of small and medium sized companies many of whom are reporting forecast growth and expansion over the next few years. ▪ **Growth in service sector employment**: there has been some evidence of growth within the private sector service economy (although starting from a low base) in sectors such as property and other business activities, health and social care over the past decade. ▪ **Cohort of growing businesses**: the survey of over 400 local businesses revealed that nearly 60% of companies expected to grow over the next two years, mainly through securing new business in existing markets. Assisting these businesses in their growth and overcoming business constraints is a key priority and would help to enable greater levels of wealth generation and increased prosperity in Walsall. ▪ **Latent enterprise base:** Walsall has a relatively good enterprise record and latent business talent in some sectors and communities. There remains untapped potential to harness this to create new businesses and jobs in knowledge based growth sectors. ▪ **Darlaston Strategic Development Opportunity:** Darlaston is the borough's highest profile regeneration opportunity, a highly under-utilised site with the potential to provide a positive image of the Black Country and facilitate new investment. It could dramatically improve the quality of employment land and attract new investment from companies requiring high quality sites near to the motorway network in sectors such as advanced manufacturing, environmental technologies and logistics. ▪ **Walsall Town Centre**: is the strategic centre for the borough as identified by the Joint Core Strategy. The presence of a major hospital, the Council and a Further Education College make the town one of the most important service centres in the Black Country with some recent investments in the town centre including public realm projects, education facilities, the art gallery and housing led	**Economic Competitiveness Weaknesses** ▪ **Continued dependence on declining sectors for employment and GVA:** A high proportion of Walsall's employment and wealth generation continues to come from the manufacturing sector, in particular basic and fabricated metals manufacturing. ▪ **Weak private sector service economy:** Walsall remains under-represented in a number of private sector areas particularly property and other business activities, financial services, hotels and restaurants and niche sectors such as the creative and cultural industries. The borough did not manage to capture its share of growth in these sectors during the period of national economic growth. ▪ **Quality of employment land:** Much of Walsall's supply of employment land is of poor quality, difficult to access or faces constraints in its development. This makes it difficult for Walsall to secure new investment both from indigenous companies and inward investors. There is also minimal business start up or incubation space in the borough. ▪ **Connectivity:** Despite the proximity of the national motorway network, many of the local routes within and through Walsall are congested or do not effectively serve the key employment areas. Walsall also has poor rail links to the north. This prevents Walsall from offering competitive locations to new investors. ▪ **Lack of modern business accommodation:** a limited offer for both industrial and service based companies in accessible locations including the absence of a stellar office offer or major new industrial park to offer to potential investors. ▪ **Lack of incubation / enterprise / managed workspace:** for small or start up firms, particularly in creative, cultural and digital sectors. ▪ **High levels of unemployment and worklessness:** Walsall's labour force is weakened by persistently high levels of unemployment and exceptionally high levels of workless households. This includes low levels of economic participation amongst groups such as young people and certain ethnic minority groups. The recession has also had a more pronounced effect on Walsall than elsewhere. ▪ **Too few employment opportunities:** There is a high level of frustrated and unmet demand amongst economically inactive residents who would take up employment is suitable employment were available. This indicates that there are too few jobs available for local residents across all skill levels.

schemes.	

Walsall's Economic Competitiveness – An Assessment of Opportunities and Challenges

Economic Competitiveness Opportunities

- **Low cost office base:** A number of business and other service employers prefer to locate away from city centre and expensive premises. Walsall has the potential to offer a competitive back office offer to such companies, in particular through the further development of Walsall town centre.
- **Transport and logistics**: Walsall has an established niche and an excellent location at the heart of the UK motorway network, adjacent to the M6. This makes it well placed to meet increased demand for new investment in transport and logistics sectors, building on a small number of recent successes in this area.
- **Proximity to Birmingham:** Local companies taking advantage of the proximity to Birmingham (very large market) and improving access so that more residents can take up employment opportunities there.
- **Rationalisation of the public sector property estate:** the public sector has an extensive and inefficient property portfolio and there is the opportunity to rationalise and use this more effectively to increase the quality of employment land.
- **Forecast sectoral growth:** between 2012 and 2020, growth is forecast in all sectors except manufacturing. The greatest increase is expected to be generated in the health and social care sector, linked to the needs of an ageing population.
- **Housing demand**: major and long term new build programme required to meet demand, with implications for the construction sector.
- **Extended HE provision:** in the medium to long term there is the opportunity to build on the existing limited offer to establish a substantial higher education presence in Walsall. This will help to retain and develop a more skilled workforce in Walsall.
- **Expanding local companies with a commitment to Walsall:** there were a number of positives drawn from the business survey with the majority of businesses expecting turnover to increase over the next five years. There is a cohort of companies needing or intending to move to larger premises but with a strong commitment to staying in Walsall.
- **Innovation and expansion potential:** there is a high degree of innovation amongst some local companies, with evidence that many are seeking to develop new products and move into new markets. There are also a number of companies that

Economic Competitiveness Challenges

- **Global trends in manufacturing production and employment:** the long term trend is for manufacturing production to move to lower cost economies, although design, innovation and management have often remained in the UK. The likely erosion of employment numbers will weaken the Walsall economy and increase the need to identify sub sectors and niches with growth potential.
- **Public sector employment decline:** a reduction in public sector employment in the short term is inevitable and this will reduce spending in the local economy and increase unemployment in the short term.
- **Jobless recovery in the Midlands and North**: recent national and regional employment forecasts suggest a slow recovery with limited employment growth. It is forecast that employment levels are expected to be nearly 7,000 lower in Walsall in 2020 than in 2008. Given on-going decline in manufacturing, Walsall must create new opportunities to return employment to 2008 levels – current estimates are that growth in other sectors will not offset manufacturing decline.
- **Reduced Government support for economic development**: Walsall's most important schemes require significant up-front public expenditure to make them financially viable. The borough does not have a strong track record in attracting private sector investment and the current economic climate makes the delivery of the necessary economic infrastructure for a competitive economy challenging.
- **The worklessness challenge:** it will be a major challenge to increase the number of households with one or more income earners, reduce the JSA claimant count and increase the town's employment rate in light of the recent economic recession.
- **Labour market challenges**: moving up the value chain will require a highly motivated and increasingly skilled workforce. Tackling low levels of skills and encouraging an entrepreneurial approach will be crucial. A series of changes in the labour market will present further challenges to reducing worklessness including entry qualifications for jobs which previously required no formal qualifications and the inter-personal skills required in customer facing service sector jobs.
- **Overcoming constraints to growth:** a number of constraints to business growth were identified through the business survey including the ability to access new markets; obtaining finance; the availability of high quality premises; the costs of training; skills

already access national and international markets with the potential to further increase sales.	gaps and shortages; and the ability to identify low carbon opportunities.

Appendix B

Walsall Local Economic Assessment

Growth Sector Analysis Summary Paper

April 2011

Contents

1 Financial and Professional Business Services....3
Sector Overview 3
Potential for Growth 4
SWOC Analysis 4
Suggested Actions 5
2 Creative and Digital 6
Sector Overview 6
Potential for Growth 7
SWOC Analysis 7
Suggested Actions 8
3 Health and Social Care 9
Sector Overview 9
Potential for Growth 10
SWOC Analysis 10
Suggested Actions 10
4 Niche and High Value Manufacturing 11
Sector Overview 11
Potential for Growth 12
SWOC Analysis 12
Suggested Actions 13
5 Environmental Technologies 14
Sector Overview 14
Potential for Growth 14
SWOC Analysis 15
Suggested Actions 15
6 Logistics 17
Sector Overview 17
Potential for Growth 17
SWOC Analysis 18
Suggested Actions 18

1 Financial and Professional Business Services

Sector Overview

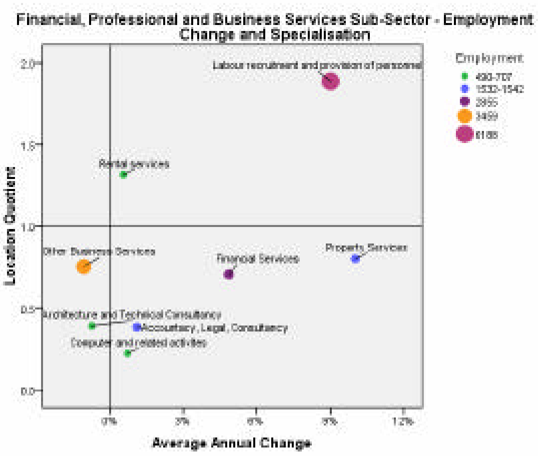
1.1 There have been major changes within the financial, professional and business services sector over recent years. The financial crisis of 2008 caused a major slowdown in the banking and finance sector and the downturn within the housing market led to a major contraction of the real estate sub-sector. A number of additional factors have affected the sector, including:

- Specialisation, sub-contracting and the separation of business processes, which have been major trends within the sector;
- Technological change which, whilst creating some new opportunities in handling and processing information, has had a negative impact on overall demand for frontline staff;
- The growth of e-commerce, which has led to an increased demand for professional advice and services across the region; and
- Demographic changes, in particular an ageing population which has led to increasing demand for products such as pension, inheritance, tax planning and probate services.

1.2 The sector is the fourth largest sector in Walsall accounting for 17,400 jobs in 2008 (18% of total employment). While the sector is slightly under-represented when compared with nationally, it is now on a par with manufacturing employment in Walsall, reflecting the shift towards a more service-based economy. If labour recruitment and personnel, a sub-sector which appears to be agency based, is excluded from the analysis, the sector's share of total employment would lag significantly behind the national average.

Distribution of Financial, Professional and Business Services Employment in Black Country						
	Employment				Change, 1998 - 2008	
	1998 No.	%	2008 No.	%	No.	%
Walsall	12,011	12	17,402	18	5,391	45
Black Country	57,670	13	74,149	17	16,479	29
West Midlands	356,629	16	439,092	19	82,463	23
England	4,079,158	19	5,241,649	23	1,162,491	28
Source: ABI, 2008						

1.3 The sector has been one of the fastest growing in Walsall in employment terms, with growth of 45% between 1998 and 2008 which has resulted in the addition of almost 5,400 additional jobs. Employment growth in the sector between 1998 and 2005 was higher than elsewhere although this in part reflected its low starting point. It is also the second largest contributor to Walsall's GVA, generating £619m in 2008 which reflects the highest increase in GVA of all sectors between 2006 and 2008. The sector however has a productivity gap when compared with elsewhere in the West Midlands.



1.4 With the exception of other business services and architecture and technical consultancy, all of the financial, professional and the business sub-sectors have experienced employment growth since 1998 as shown opposite.

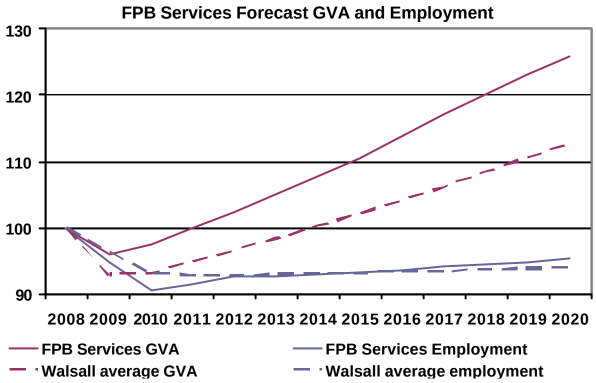
1.5 When excluding the labour recruitment and personnel sub-sector, the sector within Walsall is fragmented and focused around smaller and micro businesses – almost a third of employees in the sector work in businesses with between one and ten employees. A high level of businesses serve local markets suggesting a high degree of self-containment.

1.6 The sector is largely focused in the town centre and Aldridge North. Since 1998, significant job gains have been recorded in Aldridge North whilst Aldridge Central and Bloxwich have seen a decline in employees.

Potential for Growth

1.7 Employment in the financial, professional and business services sector in Walsall was expected to decline by 1,500 jobs between 2008 and 2012 to 18,500 reflecting some of the issued faced by the sector at a national (and international) level. Post 2012, employment is projected to rise to over 19,000 by 2020, resulting in a net decline over the period of 965 jobs. This decline is expected to be driven by a fall in employment in other business services, the largest sub-sector which is forecast to lose 1,260 jobs (-11%). Insurance and computing services are projected to grow over the period, increasing by 12% and 11% respectively, contributing an additional 340 jobs.

1.8 Despite overall employment loss, GVA growth in the sector is expected to be significant – increasing by £159m to £778m over this period. This is expected to be the largest net sectoral increase within Walsall and reflects the higher value added activities and increasing rates of productivity in the sector. Employment and GVA within the sector is anticipated to grow above the Borough average although there is likely to be an increasing productivity gap between the sector in Walsall and the regional average.



1.9 The future growth of the sector in Walsall is likely to be constrained by the lack of high quality business premises, in particular the lack of a town centre office offer and high quality business centre.

SWOC Analysis

1.10 The table below summarises the strengths and weaknesses associated with the sector.

Walsall's Financial and Professional Business Services Sector – SWOC Analysis	
Strengths ▪ Location close to the Birmingham market ▪ One of Walsall's fastest growing sectors, including a number of growth sub-sectors ▪ Presence of a new college and University ▪ Local businesses in the sector appear relatively optimistic regarding future growth prospects ▪ Significant GVA growth forecast for the sector ▪ Evidence of a high level of innovation when compared with other sectors in Walsall.	**Weaknesses** ▪ Under-represented sector, especially when taking out labour recruitment and personnel ▪ Evidence of gaps in business management skills ▪ Limited town centre office offer and poor quality environment ▪ Absence of quality business parks ▪ Productivity gap compared with the region and nationally ▪ Poor overall employment forecasts
Opportunities ▪ Capturing a larger share of inward investment – e.g. cost conscious / back office occupiers ▪ Supporting existing businesses to identify new markets ▪ Encouraging access to new markets and encouraging better linkages with Birmingham ▪ Diversifying existing skills into emerging areas and encouraging multi-disciplinary consortiums ▪ Exploiting links to the college and university to provide a more skilled supply of labour	**Challenges** ▪ Overcoming poor quality land / office supply ▪ Attracting major businesses and inward investors ▪ Overcoming the dependency on local markets ▪ Accessing finance for growth/expansion plans ▪ Ensuring sector-relevant staff training provision ▪ Delivering supporting infrastructure/speculative office schemes with limited public sector funding ▪ Differentiating Walsall's offer from other areas ▪ Obstacles to overcome in delivery of Gigaport

Suggested Actions

1.11 The assessment has revealed a number of implications or actions with regards to the financial, professional and business services sector in Walsall, including:

- The need to encourage and support local firms to access networks and major hubs in order to access new markets and strengthen links with Birmingham;
- Develop sector specific support targeted at existing businesses with growth potential as well as activities to attract new businesses to Walsall to increase productivity;
- Encouraging multi-disciplinary consortiums among the business base to increase product and service offerings and improve competitiveness;
- Improve the provision of high quality office space and ensure the right infrastructure is in place to encourage the growth of the sector; and
- Update the vision and delivery plans for the town centre to ensure a suitable pipeline of new and quality office accommodation is available to accommodate growth sectors.

2 Creative and Digital

Sector Overview

1.12 The creative and digital industries sector comprises four key sub-sectors – design, ICT, media and new media and print and packaging. The broad drivers of employment and output growth in Walsall's creative and digital sector include:

- Increasing international competition, driven by globalisation and trade liberalisation, which has led to a major contraction in production operations and an increasing threat that some design and product development functions will be transferred overseas too;
- The availability of key skills will remain an important driver – the right balance and appropriate supply of technical skills in areas such as Digital technology and multi-platform capability will determine the growth and development of the sector;
- Technological convergence and changing patterns of demand (the continued growth of digital media content in particular) will cause further losses in the print sub-sector; and
- Suitability of the sector for distance and micro-working and micro tasking which allows access to new markets and the provision of specialist services and expertise.

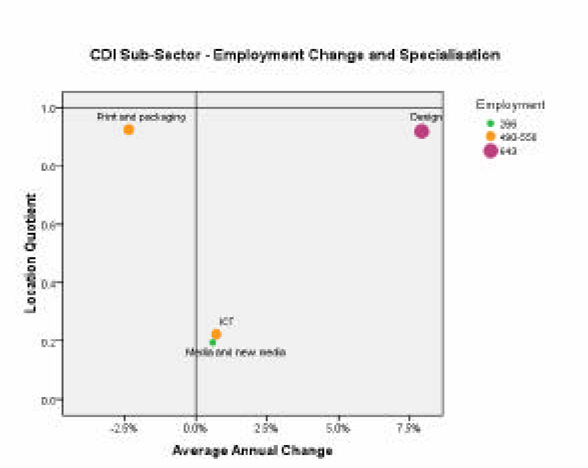
1.13 The creative and digital industries sector is currently very small in Walsall, employing under 2,000 people which represents just 2% of total employment. The sector is under-represented in Walsall compared with 5% of employment nationally.

Creative and Digital Industries Employment

	Employment				Change, 1998 - 2008	
	1998 No.	%	2008 No.	%	No.	%
Walsall	1,509	2	1,946	2	246	14
Black Country	8,892	2	9,942	2	1,050	12
West Midlands	70,245	3	80,867	3	10,622	15
England	984,676	5	1,126,617	5	141,941	14

Source: ABI 2008

1.14 Albeit from a very small base, the sector represents one of Walsall's growing sectors with nearly 250 jobs created over the period 1998-2008, representing an increase of nearly 15%, in line with the growth nationally over the same period. This growth however has largely been driven by growth in existing companies – the number of creative and digital workplaces has increased since 1998 by 15%, which is significantly below the rate seen in the Black Country (+26%) and nationally (+33%).



1.15 Most of the sub-sectors are significantly under-represented in Walsall when compared to the national average:

- **Design** is the largest sub-sector, employing almost 650, one third of employment in the creative and digital sector. This sub-sector has experienced the highest growth since 1998, adding almost 350 jobs;
- **ICT** employs 490, with a slower average annual growth rate of less than 2%;
- **Media and new media** is very small, employing just 270, and increasing by only 16 additional jobs since 1998; and

- **Print and packaging** is the second largest sub-sector, employing almost 550, and the only sub-sector to have declined since 1998.

1.16 Businesses in the sector are typically micro or small sized firms and this is replicated in Walsall where 93% of businesses are micro sized firms employing 1-10 people. Only 7 companies located within Walsall in the sector employ over 50 people. These businesses however are important in employment terms – accounting for nearly 40% of all employment in the sector, the same as the 399 micro sized firms. The majority of businesses in the sector are located in the town centre as well as Aldridge east.

Potential for Growth

1.17 In contrast to many other areas in the UK in particular large cities, Walsall has not generated the level of investment and employment growth in the sector over the past ten years. Nationally, the creative and digital industries sector is forecast to grow considerably over the next ten years and is widely regarded as a key component of national competitiveness. The sector however is significantly under-developed in Walsall and the length of time and scale of support needed to generate significant employment and GVA should not be under-estimated.

1.18 The ability to attract businesses in creative and digital sectors is currently hindered by the lack of assets and a critical mass of activity. In order to capture some of this growth, Walsall will need to create demand and support local companies to grow as well as encouraging residents to work in the sector in Birmingham, which has a very large and diverse business base. Walsall will also need to meet the property and locational requirements of the sector of it is to capture some of its growth nationally. Typically creative and digital businesses require small workspaces, a thriving cultural and educational environment and a location which is at the heart of knowledge and business networks and business support opportunities. Access to a highly skilled and creative workforce is also often important.

1.19 The ability of Walsall to attract businesses in these sectors is hindered by the lack of critical mass of activity to stimulate innovation. There is also a shortage of flexible, smaller incubation space and the image of the town centre does not support the attraction of knowledge based businesses. The town centre suffers from some of its major assets (the Art Gallery, FE offer and the Theatre) being fragmented and there is no distinctive creative/cultural quarter in which businesses flourish.

SWOC Analysis

1.20 The table below summarises the strengths and weaknesses associated with the sector.

Walsall's Financial and Professional Business Services Sector – SWOC Analysis	
Strengths ▪ Some evidence of recent employment growth ▪ Proximity to Birmingham's expanding creative and digital industries sector ▪ Presence of a new College and HE provision ▪ Relative strengths in print and packaging sub-sector	**Weaknesses** ▪ Limited presence of the sector in Walsall, both overall and in specific sub-sectors ▪ Lack of critical mass of activity or key assets in the town Centre ▪ Increase in new businesses below average – better pipeline of new businesses required
Opportunities ▪ Growth in digital media / entertainment products ▪ Increasing the number of Walsall residents employed in the sector in Birmingham ▪ Building on strengths in the design sub-sector and helping it to access new markets ▪ Create a more attractive environment for businesses in the sector ▪ Providing more flexible and smaller incubation space to attract new businesses	**Challenges** ▪ The length of time and scale of support required to deliver significant employment/GVA increases ▪ Retaining and attracting the skilled and creative talent required to develop the sector ▪ Providing the infrastructure and premises required to grow the sector ▪ Overcoming wider constraints to growth including increased international competition

Suggested Actions

1.21 There are a number of implications and recommendations linked to the development of the creative and digital sector in Walsall. These include:

- The need to ensure that adequate, flexible and smaller incubation space is available to attract companies to the Borough;
- There may be an opportunity to re-use redundant office space, in particular resulting from the rationalisation of public sector services;
- An update to the vision and delivery plans for the town centre and developments such as Gigaport would ensure a suitable pipeline of new and high quality space;
- The development of the daytime and evening economy and improvement to the environment would make Walsall town centre a more attractive location for the sector;
- There needs to be a focus on higher level skills training (NVQ level 3 plus) and apprenticeships in local companies may be a way of retaining creative young talent; and
- Providing business support to the design sub-sector and assisting companies in this area to access new markets, particularly where these already exist locally.

3 Health and Social Care

Sector Overview

1.22 As with all areas of the public sector, the health and social care sector is undergoing a considerable amount of change linked to the period of austerity, significant spending cuts and reductions in local authority budgets. Key drivers for change within the sector include:

- Public sector austerity which already has (and will continue to) lead to job losses across the public sector. The impact may not be as severe in Walsall as in those areas with regional and national government services / functions;
- Productivity and efficiency gains, which continue to be a key feature of Government policy in public services, in particular the NHS. There will be increasing pressure to demonstrate value for money, efficiency savings and effective use of technology;
- Demographic trends, in particular an ageing population and more people living on their own which will increase demand for health and social care services;
- The restructuring of the NHS, in particular the abolition of primary care trusts and potential for greater GP commissioning powers. The proposed changes will have major implications for the dynamics of the sector;
- Raising citizen expectations which will result in demand for higher service standards from health and social care providers. The trend towards personalisation and a preference for local care will give the public greater input into the delivery of services; and
- Technological developments which will continue to have greater implications for the way in which public services are needed and delivered.

1.23 The sector is one of the larger sectors in Walsall, accounting for nearly 11,000 jobs in Walsall in 2008. The sector is largely in line with both employment nationally and elsewhere in the West Midlands. Growth in the sector over the past decade has been considerable – nearly 40%, with over 3,000 new jobs created. Although there are low levels of productivity in the sector, as with other public services, this represents Walsall's most important sector in employment growth terms of the past decade.

Health and Social Care Employment in Walsall						
	Employment				Change, 1998 - 2008	
	1998 No.	%	2008 No.	%	No.	%
Walsall	7,780	7.7	10,882	11.0	3,102	39.9
West Midlands	215,834	9.4	277,054		61,220	28.4
England	2,128,896	10.1	2,723,911		595,015	27.9
Source: ABI, 2008						

1.24 The health and social care sector is a particularly important source of employment for women, who account for over 80% of total employment. Male employment however has increased by over 50% over the past decade. The sector also offers a mix of full and part times jobs – the latter accounting for over 40% of total employment.

Health and Social Work Employment by Gender						
	Walsall					
Gender	1998	2008	Change No.	Change %	West Midlands	England
Male	1,234	1,890	656	53.2%	54.6%	50.1%
Female	6,546	8,992	2,446	37.4%	23.6%	23.5%
Total	7,780	10,882	3,102	39.9%	28.4%	27.9%

1.25 The number of workplaces has increased by over 25% during the past decade, although this has been slightly less than the West Midlands and national averages suggesting that much of the employment growth has been driven by the expansion of existing service centres.

1.26 The distribution of businesses by size in Walsall is largely in line with elsewhere in the region and nationally, albeit with a larger proportion of small firms. Employment in medium and large firms in the sector is slightly less than both the West Midlands and nationally.

Potential for Growth

1.27 Employment in the health and social care sector is anticipated to increase by nearly 20% during the period 2008 to 2020, driven largely by the increased demand arising from an ageing population. This is in excess of the growth forecast for the sector in the West Midlands.

1.28 Although the changing policy and funding context at the local level is likely to affect the amount and dynamics of employment within the sector over the short to medium term, over the long term it represents an important driver of employment growth within Walsall. It is forecast to account for two thirds of the total employment growth expected in the Borough by 2020.

1.29 Whilst the public sector as a whole will face tight spending restrictions over the next 4-5 years at least, any growth is likely to be linked to the expansion of health and social care sector. As the population ages there will be an increase in demand on public services, in particular health and social care. This sub sector is very labour intensive and will continue to be an important source of employment growth in the Borough. Although health and social care is unlikely to generate significant wealth for Walsall, it will provide a significant number of jobs, in particular entry-level positions.

SWOC Analysis

1.30 The table below summarises the strengths and weaknesses associated with the sector.

Walsall's Health and Social Care Sector – SWOC Analysis	
Strengths ▪ Strong recent employment growth ▪ Large number of opportunities for female and flexible, part time employment which needs to be taken by people living locally ▪ Wide range of employment opportunities, including at entry level ▪ Strong employment growth prospects linked to an ageing population	**Weaknesses** ▪ Number of lower paid jobs ▪ Overall contribution to GVA is low ▪ High proportion of school leavers with low levels of qualifications
Opportunities ▪ Opportunities for growth within the sector linked to strong employment growth forecasts and GP commissioning arrangements ▪ Strong FE provider to help upskill the workforce ▪ Growing workforce, many of whom may be interested in employment in the sector.	**Challenges** ▪ Uncertainty over the future of the NHS – potential job losses in the public sector ▪ Uncertainty over who pays for long term care ▪ Pressure to reduce costs of care and support ▪ Stability and sustainability of (some) private sector providers

Suggested Actions

1.31 Whilst it is important to ensure that opportunities for growth in the health and social care sector are maximised for Walsall, unlike other some of the other growth sectors, the opportunity to influence this at a local level is limited. Much of the growth of the sector is a function of an ageing and growing population and the development of the sector is heavily linked to national policy.

1.32 At a local level however there is an opportunity to work closely with health and social care providers to ensure that the skills needs of the care and health sector, including replacement demand, are anticipated. In addition, assistance can be provided to local residents to take up employment opportunities within the sector.

4 Niche and High Value Manufacturing

Sector Overview

1.33 At the broad sector level, manufacturing has experienced long term employment decline, reflecting the impact of a wide range of factors including increasing international competition, globalisation and supply chain development.

1.34 A 2008 BERR report identified five dynamics of change that were driving the manufacturing sector globally. These include: the prevalence and complexity of global value chains; the accelerated pace of technology exploitation; the growing importance of investment in intangibles; the increased recognition of the importance of investment in people and skills; and a move towards a low carbon economy. For Walsall's manufacturing sector, and high value and niche sub sectors, the key drivers of change in employment and output are the following:

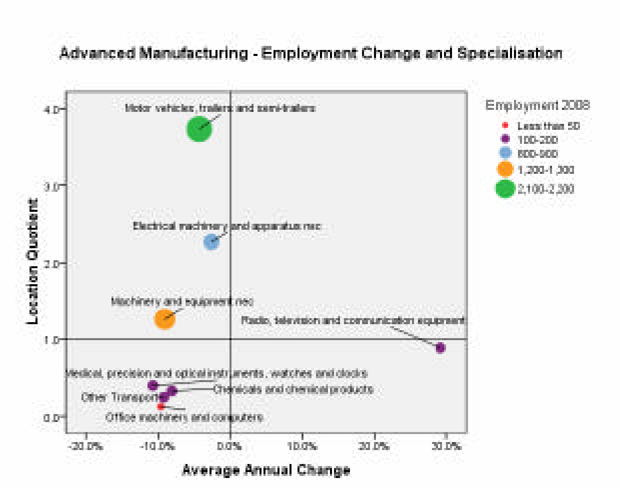
- **International competition:** Changes in the value of sterling relative to the currencies of major competitors will impact on the competitiveness of Walsall's manufacturing sector over the coming years;
- **Global supply chains:** Rapid developments in information and communication technologies will continue to enable the separation of different business functions, leading to increased specialisation and sub-contracting;
- **Globalisation:** Brings many benefits including increased international trade, increased skills mobility across countries and increased FDI. These benefits come with increased competition, especially from international competitors, which place additional pressure on local producers; and
- **The low carbon economy** creates new opportunities as well as challenges for manufacturing firms. In Walsall these are most likely to be linked to supplying parts for low carbon products produced elsewhere.

1.35 The manufacturing sector is one of Walsall's largest sectors employing over 18,000 people in 2008 (18% of total employment compared to 10% nationally). Almost 5,000 of the jobs (27%) are in niche and high value manufacturing sub sectors, which in proportionate terms equates to 1.4 times the national average representing an employment specialism in Walsall.

Distribution of high value and niche manufacturing Employment in Black Country						
	Employment				Change, 1998 - 2008	
	1998 No.	%	2008 No.	%	No.	%
Walsall	8,381	8%	4,908	5%	-3,473	-41.4%
Black Country	32,983	7%	21,430	5%	-11,553	-35.0%
West Midlands	220,039	10%	122,851	5%	-97,188	-44.2%
England	1,292,060	6%	839,878	4%	-452,182	-35.0%
Source: ABI, 2008						

1.36 The manufacturing sector in Walsall has experienced significant decline, with employment almost halving (-46%) and the loss of over 15,000 jobs – a more severe decline than nationally.

1.37 While there has also been substantial job loss within high value and niche manufacturing companies, this has been slightly less pronounced (-41%). The 3,400 jobs lost in these sub sectors account for just over a fifth (22%) of the total manufacturing employment decline.



1.38 With the exception of the manufacture of radio, television and communication equipment – a very small sub-sector in Walsall, all of the high value and niche manufacturing sub sectors have experienced employment decline between 1998 and 2008.

1.39 The manufacture of motor vehicles, trailers and semi-trailers is the largest sub sector and with over 2,100 employees, employment levels are almost four times the national average, highlighting a clear employment specialism within the Borough. Other employment specialisms include the manufacture of electrical machinery and apparatus and machinery and equipment. These three sub-sectors are amongst those which have experienced the lowest levels of employment decline.

1.40 At the overall sector level, manufacturing is the second largest in terms of GVA contributing £740m in 2008 (22% of total GVA). It is one of the most productive sectors in Walsall, with average GVA per FTE being over £40,000. It is likely that the higher levels of productivity in the sector are linked to the niche and higher value sub sectors.

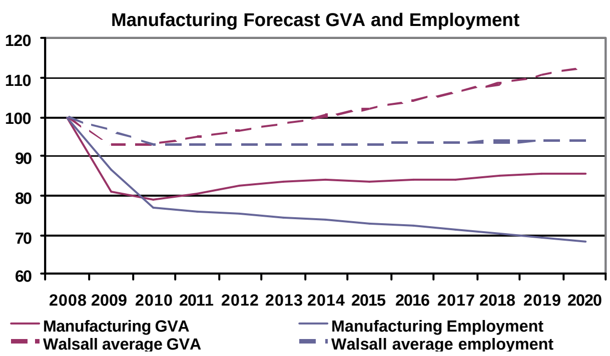
1.41 As with the overall manufacturing sector, the niche and higher value sub sectors have an above average proportion of medium (50-199 employees) and large companies (200+ employees), which employ over 60% of the sub sectors total workforce.

1.42 Employment in the sector is concentrated in Aldridge North, including Wharf Approach, Middlemore and Westgate with smaller numbers in Bloxwich, Brownhills and Darlaston. In terms of trading patterns, manufacturing has the widest geographical sales and purchasing market of any sectors in Walsall.

Potential for Growth

1.43 The employment trajectory for the overall manufacturing sector shows a continuation of the long term trend of decline. Between 2008 and 2012, employment is expected to fall by a quarter, a loss of a further 4,700 jobs. Following the sharp decline during the recessionary and recovery period, Manufacturing is the only sector of the Walsall economy predicted to continue declining in the period to 2020, with a further 1,300 jobs expected to be lost.

1.44 While GVA is projected to increase nationally following the recession, the trajectory shows an anticipated decline in Walsall, with GVA expected to fall by £106m (17%) to £634m. Given that this decline is lower then the respective employment decline, productivity in the sector is expected to increase.



1.45 The trajectories vary by sub-sector, and while it is not possible to match the high value and niche manufacturing definition with those used in the WMRO Integrated Policy Model, the data shows that some sub-sectors will experience relatively stable employment or modest growth as well as growth in GVA. This is likely to be linked to the high value and niche manufacturing sectors, producing high value good with greater levels of competitive advantage.

SWOC Analysis

1.46 The table below summarises the strengths and weaknesses associated with the sector.

Walsall's High Value and Niche Manufacturing Sector – SWOC Analysis	
Strengths	**Weaknesses**
▪ Clear employment specialisms in Walsall's larger high value and niche sub sectors – level of decline in these sub sectors is lower than others	▪ Relatively high dependence on 20 medium and large companies that employ 60% of the high value and niche manufacturing workforce

▪ High levels of productivity ▪ Widest sales market of any sector in Walsall ▪ High levels of innovation in relation to product and packaging design and use of technology ▪ Local businesses in the sector are relatively optimistic regarding future growth prospects	▪ Experienced long term employment decline ▪ High level of businesses unaware of the opportunities offered by the low carbon economy ▪ Skills gaps in technical and skilled trades ▪ Lack of quality premises and poor supply of large, clean development sites
Opportunities ▪ Diversifying manufacturing expertise into new markets ▪ Increasing international linkages to benefit from lower cost production ▪ Increasing export levels ▪ Building on existing innovation levels ▪ Development of the low carbon economy ▪ Attracting inward investment based on locational advantage ▪ Upgrade existing industrial estates to meet the growth needs of existing companies	**Challenges** ▪ Overcoming market limitations and competition – a much greater challenge for manufacturing companies, compared to other sectors ▪ Rising energy prices ▪ Companies accessing finance to help stabilise and grow ▪ Accessing public sector investment to increase the viability of employment sites ▪ Ensuring sector-relevant staff training provision

Suggeste d Actions

1.47 The assessment has revealed a number of implications or actions with regards to the high value and niche manufacturing sector in Walsall, including:

- Encouraging and supporting local businesses to continue with and increase innovation, including product development to support entry to new markets;
- Increasing international linkages to boost exporting levels and to enable companies to benefit from lower cost production. The latter could include out-sourcing production or acquiring lower costs producers;
- Increasing awareness of the opportunities which the development of the low carbon economy presents for manufacturing companies. This also presents opportunities for developing linkages with other sectors, such as recycling and Waste;
- The need to support businesses with ongoing and increased responsiveness to international trends and competition, helping them to adapt to changing circumstances as well as creating new employment;
- Improving the skills of high value and niche manufacturing workforce, with a focus on technical skills to enhance design and creativity capabilities, and management, customer relationship management and sales skills to support supply chain and market development;
- Supporting businesses to improve the competitiveness of the sector and reducing costs by improving resource efficiency; and
- Improving the provision of high quality industrial space to support the growth of existing businesses and to attract inward investment.

5 Environmental Technologies

Sector Overview

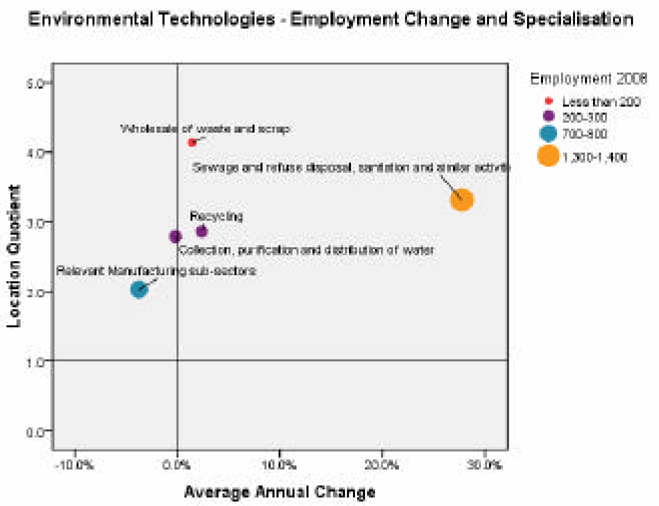
1.48 The transition to a zero waste, low carbon economy provides considerable market opportunities for businesses to exploit. The development of Walsall's environmental technologies sector therefore represents a key opportunity for the local economy. The sector is made up of individual groups of economic activities relating to areas such asrenewable energy generation, recycling, waste and scrap metal and a number of manufacturing sub-sectors.

1.49 The primary drivers of change in the sector continue to be European and national policies, legislation and directives. There is an increasing focus placed by the Government on waste reduction, re-use and recycling as well as energy recovery. The decline in waste going to landfill and an increase in recycling is transforming the sector and stimulating the use of new technology, which increasingly is also being used to recover energy. The activities associated with recovery and reuse of household, commercial and industrial waste are likely to increase as a result of a combination of economic and political factors. These include concerns with energy security, a shortage of some waste streams, industry regulations, and the ongoing impact of the Landfill Tax Escalator.

1.50 A recent businesses survey of the sector nationally found that one in ten businesses have plans for major capital projects, many of them linked to increased pressures to meet national targets, and almost half of all business in the sector expect to grow over the next five years. Those expecting their business to grow expect to increase the volume of waste treated and provide more integrated services to clients. Respondents identified five key factors stimulating growth, including opportunities to access new markets, employee skills, technological change, environmental protection factors and changes in attitudes towards waste.

Environmental Technologies Sector in the West Midlands						
	2003	%	2008	%	No.	%
Walsall	1,971	2%	2,736	3%	765	38.8%
Black Country	7,718	2%	7,785	2%	67	0.9%
West Midlands	37,480	2%	35,065	1%	-2,415	-6.4%
England	279,930	1%	290,729	1%	10,799	3.9%

1.51 The sector is strongly represented in Walsall, the result of employment growth of nearly 40% over the period 2003-2008 in contrast to a decline elsewhere in the West Midlands. In 2008 the sector employed over 2,700 people, the vast majority of whom are in full time positions.



1.52 Growth in the sector has been driven by employment increases in the sewage and refuse disposal, recycling and waste and scrap sub-sectors. The relevant manufacturing sub-sectors have not however seen growth over recent years although they remain over-represented when compared to nationally.

Potential for Growth

1.53 An increased focus on the low carbon economy and national targets for carbon reduction means that there are clearly significant opportunities within the sector for all local economies, including Walsall. This is particularly the case in areas such as recycling and waste management, renewable energy,

energy efficiency and conservation. Growth opportunities should draw on both an existing body of businesses in this field and encouraging diversification of local industrial and manufacturing companies.

1.54 Despite strong employment growth to 2008 in environmental technologies within Walsall, the economic downturn has had a negative impact on the profitability of environmental technologies firms across the West Midlands. However, the sector appears more resilient than other parts of the manufacturing sector and should be well placed to see reasonable employment growth as part of the economic recovery.

1.55 Walsall has a significant presence from two of the leading waste management companies nationally and internationally - Veolia Environmental Services and European Metal Recycling, as well as a number of smaller companies. The two major companies are at the leading edge of developing new technologies and approaches to waste management and recycling.

1.56 Walsall is ideally located close to the heart of the West Midlands economy, where waste management and recycling services will be an increasing priority for every type of business. The presence of two major companies, both at the leading edge of technological development, provides an opportunity to both support further employment growth and develop a cluster of smaller and supply chain companies. In spite of public perception, waste management and recycling provide substantial products for the market and is increasingly based on new technologies. As such, it is an idea sub- sector for Walsall and the Black Country to support as part of the process of modernising the economic base.

SWOC Analysis

1.57 The table below summarises the strengths and weaknesses associated with the sector.

Walsall's Environmental Technologies Sector – SWOC Analysis	
Strengths ▪ Some established, leading waste recycling companies ▪ Evidence that the sector is performing better than other elements of manufacturing and that the market conditions are slightly more favourable ▪ The area's manufacturing and industrial legacy should in theory make it well placed to capture growth in new technology	**Weaknesses** ▪ Skills issues, for example relating to the recruitment of engineers, skilled environmental professionals and technologists / technical analysts ▪ The lack of a major HE institution on the town restricts the level of R&D and new technologies being developed in Walsall ▪ The lack of high quality economic infrastructure in Walsall to support growth in the sector.
Opportunities ▪ National policy places pressure to move to a low carbon economy providing the impetus to exploit opportunities in a number of new fields ▪ The West Midlands has a strong regional market for the sector ▪ Capturing benefits from emerging markets such as wind energy and resource recycling ▪ Potential for the local authority to take a lead, for instance in housing, procurement, training and education ▪ Opportunities in relation to the designation of the Midlands as a Low carbon Economic Area	**Challenges** ▪ Economic downturn had a negative impact on the profitability of firms in the sector ▪ Walsall will face strong competition from other areas trying to capture growth in environmental technologies; ▪ Persuading low value manufacturing companies to exploit opportunities in new areas such as environmental technologies; ▪ Provision of suitable sites for new recycling / waste management opportunities.

Suggested Actions

1.58 There are increasing business opportunities in the environmental technologies sector, and Walsall has already experienced some growth particularly in waste management and recycling where there are some high profile local companies. There are opportunities for the local authority to take a lead in the low carbon and environmental technologies sector, in particular in relation to the areas of housing, procurement, education and training. This will involve creating the right conditions for the low carbon economy to flourish and in providing leadership to the business community. Suggested actions include:

- Ensuring that the low carbon agenda and promotion of related technologies is a major consideration through the procurement process of the local authority;
- Supporting local companies in facilitating links with outside clients and partners in low carbon industries, in particular matching local businesses to appropriate low carbon supply chain opportunities;
- Supporting local manufacturing companies to transfer or re-orientate their business towards new areas within renewable energy or other environmental technologies;
- Developing partnerships with industry, HE and FE providers to promote R&D and develop new technologies in this field as well as enhancing the skills and knowledge of the local workforce in relation to low carbon and environmental technologies;
- Increasing the education of local residents (in particular younger people) with regards to the low carbon agenda in order to ensure that people have access to the right information to improve the carbon neutrality of their homes and lifestyles and are able to access employment opportunities in new sectors;
- Ensuring that social housing is as carbon neutral as possible as well as working with the private sector construction industry to ensure that new developments do likewise. The retrofitting of housing and other buildings will form a key component of this.

6 Logistics

Sector Overview

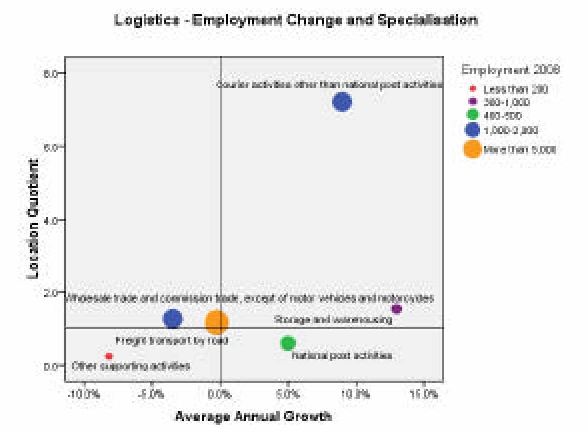
1.59 The logistics sector contains a variety of sub-sectors, including courier activities, wholesale trade and warehousing, storage and freight transport by road. The sector is already an important source of employment for Walsall. It is estimated that the sector accounts for nearly 10,000 employees, 10% of the local employment base, the majority of whom are in full time employment. This is broadly in line with elsewhere in the West Midlands and nationally. There has also been evidence of relatively strong growth within the sector over recent years. During 2003 and 2008, the number of businesses increased by 5.9% and total employment increased by 8.5% - both in excess of the national and regional averages.

Employment in the Logistics Sector in Walsall						
	2003	%	2008	%	No.	%
Walsall	8,994	9%	9,754	10%	760	8.5%
Black Country	45,262	10%	44,353	10%	-909	2.0%
West Midlands	197,290	8%	213,815	9%	16,525	8.4%
England	1,826,207	8%	1,881,069	8%	54,862	3.0%

1.60 Technological development is the primary driver of change, in particular new technologies such as radio-frequency identification, GSM and Galileo making logistics more efficient and improve just-in-time deliveries.

Potential for Growth

1.61 Walsall has a key competitive advantage - its location at the heart of the UK's strategic transport network. Combined with its ready available pool of labour, it should have the potential to be attractive to major logistics occupiers and capture some of the forecast growth in the sector. Whilst the sector remains important to the local economy, the overall distribution sector is forecast to decline between 2008-2020, although logistics forecasts are more positive.



1.62 The sector is often criticised in economic development circles for its low employment density when compared with other sectors such as manufacturing and professional services. It often requires sizeable sites which provide a relatively small return in terms of jobs per square metre. Despite this, the sector does have some advantages in terms of offering full time work with reasonable wages, training opportunities and a higher GVA than some other sectors[1]. There are opportunities to accommodate employment particularly within the higher value end of the sector. Walsall's ability to attract such occupiers will be dependent on its ability to meet the requirements of such companies. These include well located and large sites; good access to local labour; bespoke, high quality developments; and large building heights.

1.63 Walsall has had some successes in this area (for instance distribution centres for major retailers TK Maxx and Poundland) and there are some smaller sites (or the potential for existing sites to be reconfigured) that can respond to certain demand. However the Borough has only a limited ability to cater for market demand for higher value, larger developments in the sector. This is reflective of the trend within the wider West Midlands as set out in the West Midlands 2009 Regional Logistics Study[2] although Walsall has a particularly small supply of large, readily

1 Wonderful Walsall, the Strategic framework of the AFP, Roger Tym and Partners plus Associates, for the Walsall Regeneration Company, April 2005

2 West Midlands Regional Logistics Study, 2009 Update, MDS Transmodal Ltd and Savills, A Technical Report for the West Midlands Employment Land Advisory Group

available and suitable sites with good access to the road and motorway network when compared with elsewhere. The size and configuration of existing industrial sites may not be appropriate to accommodate the type of buildings required in the sector meaning that new logistics sites will be required.

1.64 In summary, the Borough should be able to capture some employment growth within the sector although this would require a change of approach with regards to land use priorities and overcoming a series of challenges relating to individual sites.

SWOC Analysis

1.65 The table below summarises the strengths and weaknesses associated with the sector.

Walsall's Health Sector – SWOC Analysis	
Strengths ▪ Location at the heart of the UK transport network ▪ Ready available pool of labour ▪ Offers full time employment opportunities ▪ Reasonable wages and training opportunities ▪ Higher GVA than many sectors ▪ Some recent successes in the sector and some smaller sites that can respond to demand	**Weaknesses** ▪ Low employment density – requires large sites with sizeable return in terms of jobs per sq m ▪ Small supply of large, readily available and suitable sites ▪ Size and configuration of existing industrial sites may not be appropriate for the sector ▪ Access to the road and motorway network is poor in many instances
Opportunities ▪ Exploiting the borough's attractive location at the heart of the motorway network ▪ The reconfiguration of existing sites to attract logistics companies ▪ Promoting the borough as a national logistics hub targeting national and regional companies ▪ Working with employers to provide more qualified local people able to take on new employment opportunities	**Challenges** ▪ Meeting the bespoke requirements of major logistics occupiers ▪ Tackling bottlenecks and improving access and linkages between key sites and the road / motorway network ▪ Overcoming ownership and contamination issues relating to many key sites ▪ Planning policy which is restricting development in some of Walsall's more attractive locations

Suggested Actions

1.66 A review of the logistics sector within Walsall has revealed a number of necessary actions to support the development of the sector, including:

- Providing high quality employment sites to attract new logistics and distribution centres, with good access to the motorway network. This may includer e-examining employment land priorities to ensure Walsall is able to capitalise on the growth opportunities within the logistics sector;
- Considering the release of more land in areas where distribution and logistics businesses are most likely to invest, offering a range of sites in a branded destination, with good access to the motorway network;
- Promoting the Borough as a national logistics hub (as Wakefield in Yorkshire and Warrington in the North West have done), targeting national and regional companies on the back of some recent successes;
- Working closely with employers to provide more qualified local people, capable of taking on employment opportunities arising from replacement demand. This may include providing pre-recruitment training to support new employers; and
- Providing local transport solutions to allow residents of the Borough to take up employment opportunities in the sector and ensure employment sites are sustainable.