

Bromsgrove: Managing a Changing Economy: Clarifying Issues and Opportunities

**Overview & Scrutiny Board -
13th February 2017**

Context to the discussion

- Review Bromsgrove's current economic plan and aspirations taking account of:
 - Current national economic challenges and uncertainty
 - Managing Brexit
 - Managing a Public Sector Deficit
 - The Direction of travel for public policy is clear- economic growth is the absolute priority, and localities are expected to contribute to this by growing local economies, increasing competitiveness from the bottom up and through increasing their tax base.
 - Proposals for devolution and investment plans for WMCA area

Structure

- Bromsgrove –A successful Labour Force but Some Signs of Decline
- Local Drivers of Change
- The Re- Positioning of the West Midlands Economy: What Might it mean for Bromsgrove?
- Policy Tools and Levers: How can we respond?

Bromsgrove: a successful labour force....but some signs of local economic decline

- No sense of crisis in Local Economic data- employment levels are above regional average
- Skills levels also higher than regional average
- Average gross weekly earnings for residents: The highest in the West Midlands in 2015
- Strong Growth in Micro Enterprises- growth of 475 since 2009
- GVA growth 4th highest of 66 city region LAs 1997- 2014
- However....Dependent on growing adjacent economies for current prosperity.....and signs that North Worcestershire economy has yet to recover from 2009 recession
- Demographic change is now having an impact on some key indicators of economic well being

Bromsgrove: Local Economy

- A mixed performance:
- local wages 28.4% below average residents wages in 2015 widening from 21.6% (2013)
- Local Wages 6th lowest in the West Midlands (out of 30 Las)- but significant increase in 2016 (see next slide)
- Economic activity declining from 86.8% in 2013 to 75.9% in 2016
- 3,700 workers have left the labour market...not surprisingly therefore...
- The employment rate has fallen from 83.4% to 75.9%- those that have left the labour force were therefore predominantly working rather than discouraged

Resident/Work Place Income and House Prices- Latest Data

	Earnings by residence 2016 £	Earnings by work place 2016 £	Lower quartile house prices to lower quartile income 2015	Median house prices to median income 2015
Bromsgrove	592.10	494.80	10.78	10.81
Redditch	436.40	468.80	7.62	6.82
Wyre Forest	497.10	434.90	7.18	6.93
Worcester	545.90	505.90	7.44	6.99
Wychavon	529.70	514.80	8.77	9.06
Solihull	616.70	586.80	8.45	8.07
Birmingham	497.40	544.30	5.49	5.16
West Midlands	n/a	510.20	n/a	n/a
Great Britain	541.00	540.20	n/a	n/a

Recovering from Recession? Jobs Located in North Worcestershire

change 2009/2014:

Total

North Worcestershire 0

Bromsgrove 0

This consistent with a 3.5% shift in employment from Public to Private Sector

Bromsgrove- the wider employment area: Change 2009- 2014

- Worcestershire 3.4%
- Warwickshire 11%
- Solihull 15%
- Birmingham 2.4% from onset of recession in 2004

The Airport and M40 Corridor is now an established Growth corridor Linking the West Midlands with the South East

Birmingham is showing signs of recovery- strong recent employment growth

Labour Supply: The Impact of demography

- Bromsgrove has the 10th lowest proportion of residents in the 16-64 age group
- Five of the those in the bottom ten are adjacent authorities in Worcestershire and a sixth is in Stratford upon Avon
- The largest changes in Population in Bromsgrove over the period 2001-2011 were in the family formation cohorts- 30-39 age groups
- Projections to 2024 show a fall of 2,000 people aged 20-54 and a growth of 8,000 55-90+

Local Drivers of Change

- Managing the new system of local authority finance in a “No or low growth” scenario
- Demography
- Household and housing Growth
- Economic Growth

The Repositioning of the West Midlands Economy – What Might it mean for Bromsgrove?

- In terms of GVA, Employment and wages the Regional Economy is already southward facing with growth nodes at:

- Birmingham City Centre
- Airport
- M40 Corridor
- A38

Changes expected over the next decade are likely to reinforce these areas of growth substantially

WMCA Strategic Economic Plan (SEP) Targets to 2030

- 500,000 additional jobs
- 1.9 million homes
- Travel to London 38 minutes
- GVA 5% above the national average
- Eliminate the £3.9bn Public Spending Gap

WMCA Investment Projects which will have direct and indirect impacts on Bromsgrove

- HS2/Curzon Street development- £1.4bn development
- Smithfield development
- Snow Hill- the biggest speculative office development outside London
- The Airport Hub at Solihull- 1300 HA with £900m investment already secured
- Birmingham Life Sciences Park (A38)
- MIRA Technology Park Warwick
- Redditch Eastern Gateway and Bromsgrove Enterprise Park
- Longbridge – just under 500 acres

What Happens if local Policy doesn't adjust?

- Market forces will dictate change
- The Birmingham City Centre growth will increase demand and boost the value of the Bromsgrove Housing Market
- Likely to be established professionals, and also likely to displace younger Bromsgrove residents
- The Growth of employment in the area from Longbridge to the Solihull Hub is likely to have an impact on the value of land as it becomes established-growth attracts population, services, hotels and logistics.
- If Bromsgrove does not review its land allocations to compliment and integrate with the changing economy displacement may occur as land values rise and existing businesses are forced out

Policy Options, Levers, Trade-offs

- Land release- integration with the growing sub regional economy
- Community Infrastructure Levy
- Prudential Borrowing
- Managing the residential market
- Maximising Public investment
- Business friendly planning
- Review Skills needs for the new economy
- Rethinking the cultural, retail and leisure offer for a new environment

Next steps

- Fundamental review of economic priorities and aspirations
- Develop 'economic narrative' outlining the scale of the challenge
- Workshop with key officers (including Worcestershire Local Enterprise Partnership and Worcestershire County Council) to develop a high level action plan to address economic challenges and opportunities including identification of transformational projects and actions that this Council can take to drive sustainable economic growth
- Report to April Cabinet