Ashfield and Mansfield Economic Masterplan: Assessment Stage Report

June 2010

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Executive Summary

The Economic Masterplan

In 2009, Ashfield and Mansfield District Councils respectively, agreed to work together on developing a closer approach to economic regeneration across the sub-region. This new collaborative approach is encapsulated in the desire to have a single policy document which provides the strategic direction for raising prosperity by tackling structural economic problems which have limited growth.

The first stage in developing this joint Economic Masterplan is a full and comprehensive analysis of the sub-regional economy. Using the guidance framework set out for the Local Economic Assessment (LEA) duty, a number of items of research have been commissioned which together, set the scene for this economic assessment stage.

The Assessment Stage Model

It is proposed that the joint Economic Masterplan is a holistic framework which considers not only the conditions required in order to achieve future economic growth, but also wider societal challenges which also need addressing.

The model used in the assessment stage has, at its centre, this broader concept of 'place' rather than the narrow focus upon the 'economy'. The 'place shaping' agenda therefore provides the framework within which elements, which impact on economic performance, can be properly considered.

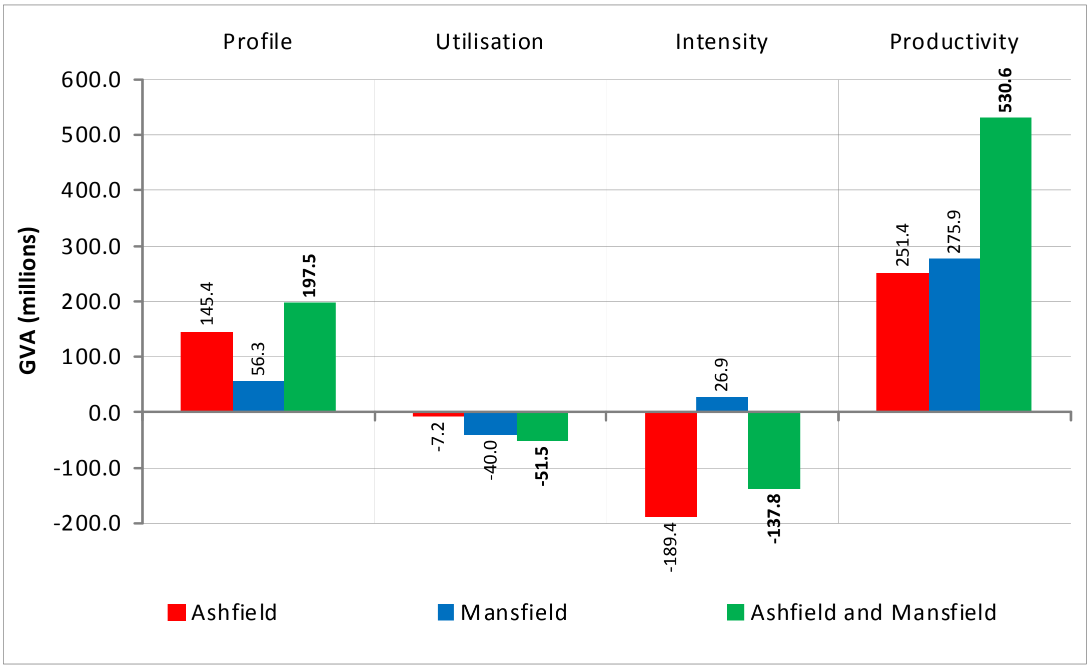
The economic performance of Ashfield and Mansfield, defined by the fours components which make up the GVA of the sub-region, is therefore explored in detail by analysing specific issues which are either related to the 'people' that live or work in the area, or the 'structural' context within which these people operate. What this provides is a deeper understanding of why, for example, Ashfield and Mansfield have lower levels of productivity than the national average. It also allows for a more accurate targeting of resources at specific issues which can have a big impact upon economic growth.

Economic Performance

The economic performance of Ashfield and Mansfield is defined by GVA. This is the sum of all economic output within the area and can be measured by considering the four components of labour productivity, labour profile, labour intensity and labour utilisation. A strong economy is one which has labour profile which has a good stock of working age people, who are effectively utilised by being in productive employment.

The Ashfield and Mansfield economy produces £2870million of output per annum. In order to put this into context, a comparison has been made against what this output could be if all of the four components performed at the national average. This provides an indication of the potential economic performance of the sub-region, and suggests that Ashfield and Mansfield could increase output to £3409million per annum. The difference of £539million is called the 'prosperity gap' and is what public policy should be focussed upon closing.

This prosperity gap can be seen in the following chart and provides a clear indication of which economic components are responsible for this underperformance:



What this suggests is that Ashfield and Mansfield do not have enough people of working age in the population and that although the economy is effectively utilising its current stock of labour, it is not located within sufficiently productive employment.

The Labour Market Profile

This economic component can be described as the dependency ratio as it measures how many people of working age there are in the total population. A strong economy relies on having a good stock of suitably skilled labour. Evidence from the prosperity gap model suggests that Mansfield, but specifically Ashfield, do not have enough people of working age living in the area. Other findings include:

- Ashfield and Mansfield need to increase the number of working age people in the area.
- The area is experiencing a decline in people aged between 30 and 44, most likely with a family.
- Ashfield's labour profile is less resilient than Mansfield's due to the reliance on transport as the enabling factor behind previous growth.
- Improvements in the range and number of housing are required to accommodate the required growth in working age people.

- The attractiveness of the town centres, both in terms of retail offer and the environment, could be a factor in the failure to attract and retain working age people. This is especially acute in Kirkby in Ashfield.
- In order to raise the proportion of working age people in Ashfield and Mansfield up to the national average, thereby maximising our labour potential, this would require over 4,000 additional people of working age in the area.

The Utilisation of Labour

This economic component is connected with how well the economy utilises its existing stock of labour. It is measured by the total number of working age people currently in employment. According to the prosperity gap model, Ashfield and Mansfield actually effectively utilises the labour resources available. Despite this, a number of underlying people and structural issues remain:

- Ashfield and Mansfield, together with Nottingham, provide enough employment for their predominantly lower skilled residents.
- The growth in public sector employment has made the area less resilient to public sector spending cuts.
- Those currently not in employment will be harder to utilise due to high levels of benefit dependency and a poor skills profile.
- Good transport links have enabled lower skilled workers in Ashfield to find employment in Nottingham and Mansfield.
- Ashfield provides higher value employment than Mansfield.
- Ashfield imports knowledge based workers, whereas Mansfield exports them.
- Growth in higher value industries will depend on the ability to continue to import knowledge based workers.

Labour Intensity

How long a person in Ashfield and Mansfield works is what dictates labour force intensity. According to the prosperity gap mode, people in Ashfield work longer hours, whereas in Mansfield they are more aligned to the national average. Higher working hours is not necessarily positive as it can often come at the expense of leisure time and may be an indication of the type of employment on offer:

- Ashfield’s longer working hours is due to the dominance of manufacturing and production sectors, whose workers tend to work longer than the national average.
- Mansfield’s shorter working hours is due to it’s sectoral mix being broadly in line with the national average, along with a slightly larger than average retail sector whose workers tend to work fewer hours.
- The intensity driver supports the proposition that Ashfield and Mansfield lack sufficient levels of knowledge intensive service sector industries.

Labour Productivity

The most important component of the economy is how productive the labour force currently is. A strong economy relies on its workforce being employed within productive jobs in order to generate more output for the level of input. This component is the single biggest contributor to the economic underperformance of Ashfield and Mansfield:

- Ashfield and Mansfield's low productivity levels are due to a number of factors, most prominent among these is the sectoral mix and low skill levels.
- There is a need for an increase in the number of knowledge based industries within Ashfield and Mansfield and a focus upon the more productive business services sub-sectors.
- Local skill levels are currently insufficient to facilitate a growth in knowledge based industries and current growth trends have been reliant upon importing skilled workers from neighbouring areas.
- Local businesses are not maximising the benefit of being located close to Nottingham. Agglomeration facilitation from the public sector will help boost productivity within service sector industries which are sensitive to these affects.
- The current commercial property portfolio needs to be brought into balance to improve the local business infrastructure.
- Investment from businesses within the key growth sectors needs to increase.

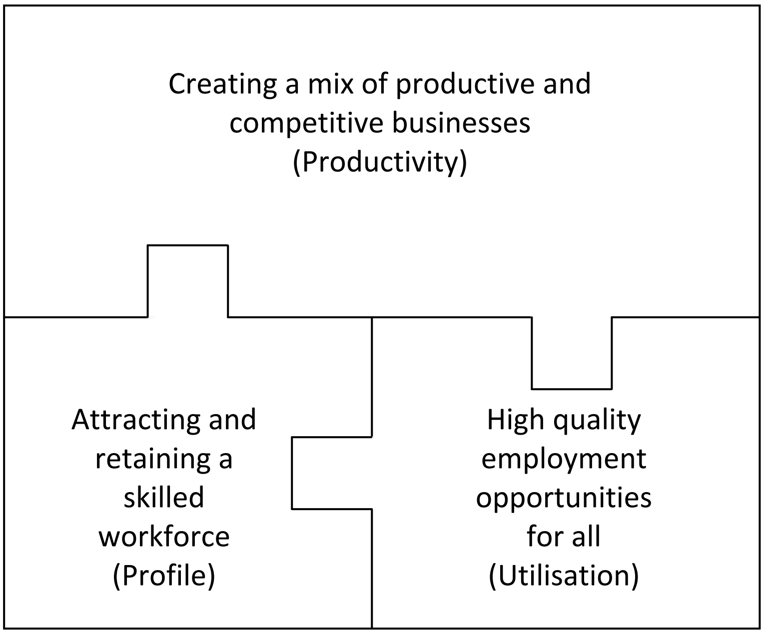
Framework for Growth

An analysis of the components of GVA, leads to the conclusion that to increase the prosperity of the Ashfield and Mansfield economic sub-region, there needs to be a focus upon increasing productivity. At the same time, it will be important to attract and retain people in the local area, and to ensure that they are able to take higher productivity jobs.

In summary the Ashfield and Mansfield prosperity gap is a result of:

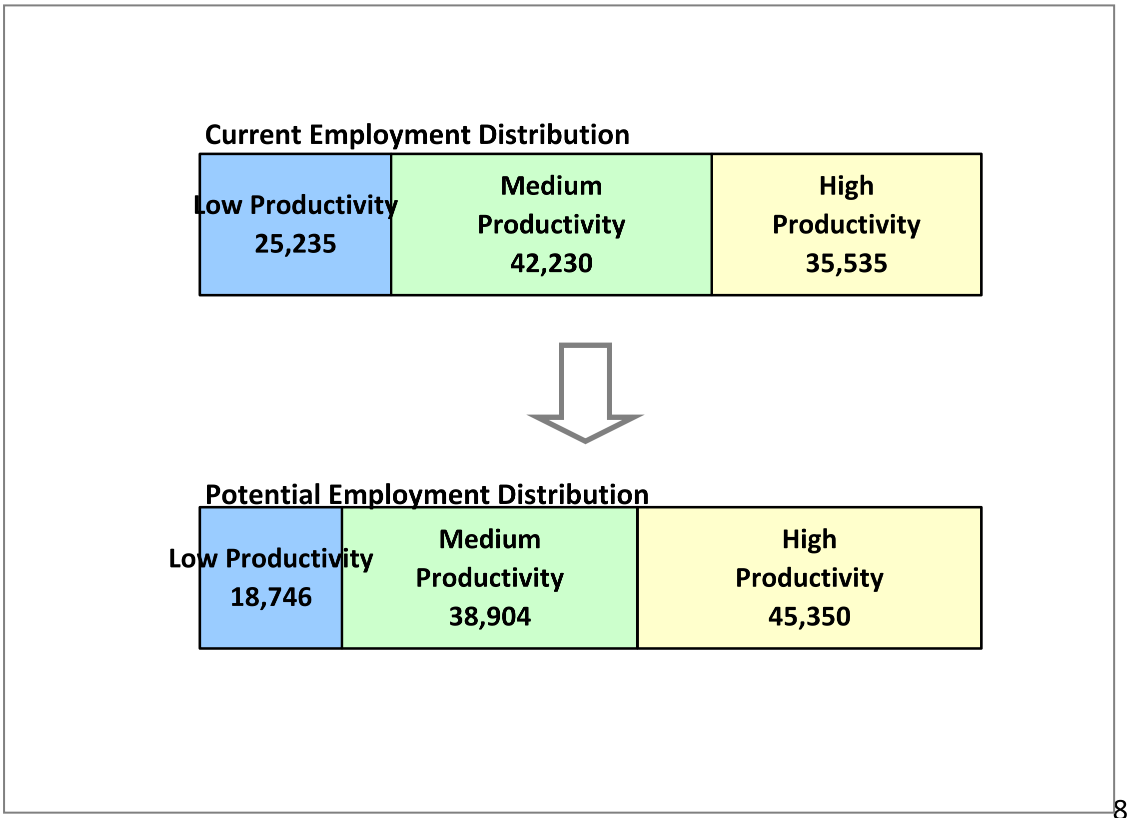
- A lower than average potential labour profile, exacerbated by poor skill levels and a benefit dependency culture, thereby reducing the effective labour force.
- Employment suited to a poor skills profile, thereby resulting in effective utilisation of existing labour but meaning that high value industries are reliant on imported higher skilled labour.
- Relatively low levels of productivity caused by the industrial mix and poor skill levels.

In order to tackle these issues, a robust framework needs to be established which considers these issues and allows for resources to be focussed upon issues which, when tackled, will have the best chance of improving economic performance. This framework is outlined below:



What this framework proposes is that the programme of work, deriving from the joint Economic Masterplan, should be targeted at creating a mix of productive and competitive businesses. However, as the concept of 'place' is based upon the premise that issues are mutually dependent, this work must be supported by work to attract and retain a skilled workforce and providing high quality employment opportunities for all.

In order to measure the impact of this framework upon economic performance, a number of indicators will need to be established. However, it is also proposed that one, high level indicator, is also established by which the success of the Economic Masterplan can be seen. This indicator can be seen below:



What this shows is the current employment distribution, split by the number of people in low, medium and high productivity jobs. Below this is shown the potential employment distribution if national ratios were applied to the working age population of Ashfield and Mansfield. This indicator is proposed as it is directly reliant upon both improvements in the number of productive businesses, the skill levels of local people and the ability of local people to access high productivity jobs – the three elements of the framework outlined above.

The scale of change that Ashfield and Mansfield must seek is therefore to see an additional 10,000 people moved from employment in low and medium to high productivity jobs.

Place Resilience

The ability of Ashfield and Mansfield to sustain this economic growth is dependent upon how resilient the area is to both local, national and international 'shocks'. As such the Centre for Local Economic Strategies (CLES) were commissioned to provide an assessment of the sub-region's resilience.

Based upon thirteen key indicators which analyse the relationship between sectors of the economy and external influences, is was concluded that:

- The resilience of the Ashfield and Mansfield economic area is considered as slightly vulnerable.
- The relationship between the public and private sector, along with governance and local identify are considered the most resilience place elements.
- The relationship between the public and private sector is stronger in Mansfield than in Ashfield.
- The most vulnerable place elements are the relationships between the social and both the commercial and public sectors.
- The way the area relates to the broader external economic environment is vulnerable. This is especially the case in the commercial sector which is considered quite parochial.
- The public sector has the strongest influence over developing relationships between all other elements of place. It is therefore important that the public sector takes greater responsibility for enhancing these relationships.

In order to improve the resilience of Ashfield and Mansfield, changes in the governance of the area must work alongside the framework for growth outlined above.

1. Introduction to the Economic Masterplan

1.1. SCOPE OF THE REPORT

1.1.1 This report sets out the key findings from the assessment stage of the joint Ashfield and Mansfield Economic Masterplan. The purpose of this report is therefore:

- To provide a suitable model for analysing the local economy which provides clear alignment between economic development and the wider place shaping agenda.
- To draw together individual research papers prepared for the Economic Masterplan and analysing the findings within the context of the assessment stage model.
- To set out the case for raising economic prosperity and the key drivers for helping to bring about this change.

1.1.2. During the assessment stage of the Economic Masterplan, a number of individual research papers have been commissioned which feed into this report. These research papers have been aligned with the statutory guidance provided by Government as part of the legislation on Local Economic Assessments (LEA). These have been supplemented by existing work which has been previously commissioned by Ashfield, Mansfield or other partners. These principle research papers include:

- Ashfield and Mansfield Econometrics Report
- Ashfield and Mansfield Joint Property Strategy
- The City Relationships Project
- The Economic Resilience Model
- Economic Inclusion Report
- Demographics Report
- Housing Market Report

1.1.3. The intention of this report is not to provide a detail overview of each of these pieces of research, but rather to extract and explain interlinked issues. It is therefore important to use these reports to supplement this document when formulating policy.

1.1.4. Additional reports and strategies have also been considered in the preparation of this report which can provide further context into issues such as town centre regeneration and climate change.

1.2 BUILDING A COMMUNITY

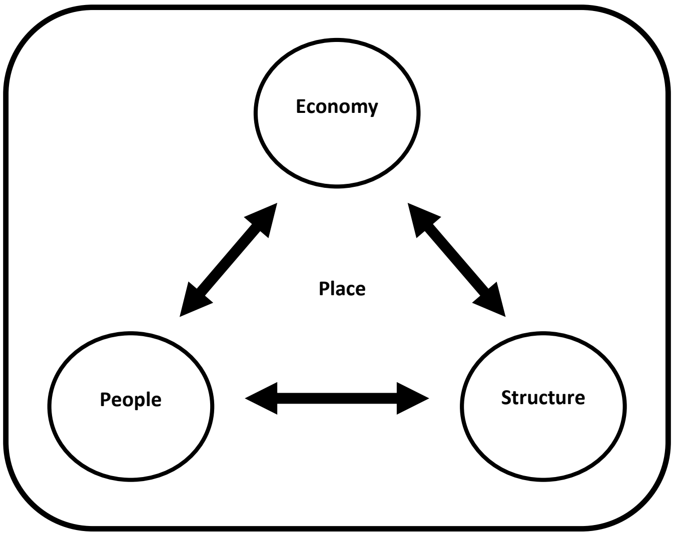
1.2.1. The Government's Sub-National Review of Economic Development and Regeneration (SNR) states that regeneration is a sub-set of economic development as successful regeneration will be dependent upon improved economic performance. This means we need to consider what the economy is for, what its social purposes are and ought to be, what values and principles inform and underline conceptions of development, rather than there being a one-dimensional concern with growth per se.

1.2.2. The Economic Masterplan should therefore be reflective of the wider regeneration agenda rather than being focussed upon purely economic interventions, whilst still recognising that a strong economy provides the foundation for regeneration success. This approach is supported by the Centre for Local Economic Strategies (CLES) who conclude that the majority of the strategies have adopted a relatively traditional interpretation of economic development. This neglects the influential secondary factors that determine economic strength and resilience and that the interacting roles of the public, social and commercial economies need to be recognised in any successful approach to economic development.

1.2.3. The Government has recognised that if they are to improve the quality of life of citizens they need to focus public service policy and delivery, not only on traditional service transactions, but also on this broader concern of creating public value. In Great Britain, the need for change in the approach to these economic, social and environmental issues is driven by a number of further factors at both national and local level. These include changes in population, climate change, social mobility and localisation – all factors which need to be considered as part of a broad Economic Masterplan.

1.2.4. This approach to economic regeneration is called Place Shaping – building a community where people want to live, work and do business. This advocates that local authorities should take a lead role in building and shaping local identity, working to make the local economy successful and working with other bodies to resolve complex challenges.

1.2.5. This holistic approach has been adopted as part of the assessment stage of the Economic Masterplan. This relies on the fact that although wider societal prosperity relies on improved economic performance, the economy has an interdependent relationship with people and structure – essentially those who make up that community and the context within which that community resides. As each element is interlinked, each cannot succeed without relative improvements in the drivers of the others . This can be seen in the following diagram:



1.2.6. What the above diagram implies is that in order to create a strong, stable and growing economy, which is key to the prosperity of the local community, this must be achieved through advancements in people and structure. As such the elements which measure economic performance are therefore influenced by people and structure drivers. This is also self perpetuating as a stronger economy helps strengthen investment in people and structure. These people and place drivers can include skill levels, employment rates, housing stock, commercial property, entrepreneurship and social inclusion to name just a few. It is these drivers which Economic Masterplan policy must seek to influence.

1.2.7. In order to identify which people and structure drivers influence what part of the economy, it is important to first break down the economy into its constituent parts.

1.3. ECONOMIC PROFILE

1.3.1 The definition of prosperity used in the formulation of this document is that of economic growth. This is measured by increases in Gross Domestic Product (GDP), which basically means total national income in a year, and is closely associated with prosperity because it relies on the assumption that most individuals aspire to increase their income. Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or area in the United Kingdom and is used in the estimation of GDP. As such the Ashfield and Mansfield economic area will have its own GVA figure.

1.3.2. An economy's output is driven by a range of factors, and the figure below illustrates how GVA per capita may be disaggregated into a number of measurable components.

$$\text{GVA per capita} = \underbrace{\frac{\text{GVA}}{\text{hours worked}}}_{\textbf{Productivity}} \times \underbrace{\frac{\text{hours worked}}{\text{total employment}}}_{\textbf{Intensity}} \times \underbrace{\frac{\text{total employment}}{\text{potential labour force}}}_{\textbf{Utilisation}} \times \underbrace{\frac{\text{potential labour force}}{\text{total population}}}_{\textbf{Profile}}$$

1.3.3. Productivity represents the average value of output that is produced by an average worker. Intensity represents the average number of hours a typical employed person works. This is useful as it shows attitudes towards work and how much they value it against leisure time etc. It also indicates whether businesses are more willing to employ people for longer hours. Utilisation represents the ratio of the number of people who have jobs to the number of people who are of working age in the area. This helps indicate the willingness of the local population to work, businesses willingness to hire and the general buoyancy of the economy (as people will be encouraged to enter the job market if more jobs are being created). Finally, profile represents the ratio of working age population to the total population. This can also be referred to as an area's dependency ratio and is primarily to do with demographics. It also indicates the attractiveness of the area as a place to live and work.

1.3.4. Increasing the growth rate in any one component will increase growth in GVA per capita and subsequently result in economic progress. As such it is important to understand what can influence the growth of each component.

1.3.5. In most respects the economic profile is largely static and changes only slowly over time. It therefore does not provide huge leverage potential. However, opportunities to affect the profile do include attracting working age individuals to the area and encouraging them to stay which has a lot to do with the quality of the local area.

1.3.6. Encouraging employees to work longer increases intensity but may not result in long term sustainable growth. It also comes at a cost to leisure and the quality of life.

1.3.7. Attracting people to seek jobs and creating jobs for all job seekers is at the heart of utilisation. This factor does provide a point of leverage and can be very effective when used to create opportunities for highly skilled and able talent.

1.3.8. Increasing the amount of output per hour is the best way to increase productivity and sustain long term growth in GVA per capita. Labour productivity captures the productive capacity of the economy because it reflects the value of the output an employee can produce given various other contributing factors. This includes the nature of the industry, the strategy of the firm, investment in capital, investment in R&D and investment in the skills and training of the individual. All of these factors combined can reflect the productivity of the labour and the value of the output produced.

1.3.9. It is therefore clear that the four components of the economy are influenced by drivers which are connected to people and structure. This can be seen in the table below:

Economy	**People**	**Structure**
Productivity	Local Skills Profile Entrepreneurship	Sectoral Structure Geographic Economic Linkages Commercial Property Business Investment
Intensity	Labour Market Trends	Sectoral Structure
Utilisation	Economic Inclusion Labour Market Trends Local Skills Profile	Communications Geographic Economic Linkages
Profile	Age Demographics	Housing Stock Communications Quality of the Town Centres

1.3.10. The structure of this report will therefore mirror the table above. Each element of the economy will be considered in relation to its people and structure drivers. Issues, either positive or negative, will be identified which will then be used to provide an indication as to how public policy can intervene to facilitate a growth in each area of the economy. However, not all the components offer the same potential to increase GVA per capita. As such a model has been used to help identify the level of contribution each component makes to the overall economy. This is called the Prosperity Gap Model.

1.4. PROSPERITY GAP MODEL

1.4.1. Each of the four components of economic performance identified in section 1.3. provide an indication as to the relative health of Ashfield and Mansfield's economic area. However, without a frame of reference it is impossible to tell whether the economy is performing well or poorly.

1.4.2. Local and regional differentiation in socio-economic development is a natural phenomenon in any country that has a relatively large territory and population, but public policy can and should contribute to closing this gap, although closing it completely is a challenging ambition. As such comparing Ashfield and Mansfield, which have a recent history of relatively poor economic performance, against areas such as London and the South East, will provide an unfavourable frame of reference. The first challenge of this area must therefore be to raise economic performance up to at least the national average. This must be the frame of reference within which Ashfield and Mansfield's economic performance must be measured.

1.4.3. The objective is therefore to show the difference between Ashfield and Mansfield's economy and that of the national average in terms of GVA per capita. This is known as the prosperity gap. This prosperity gap will then be considered in terms of the four economic components to show how much of the GVA per capita difference can be explained by each of these. The more a component contributes towards the gap, the bigger the problem and the greater the need for public policy intervention.

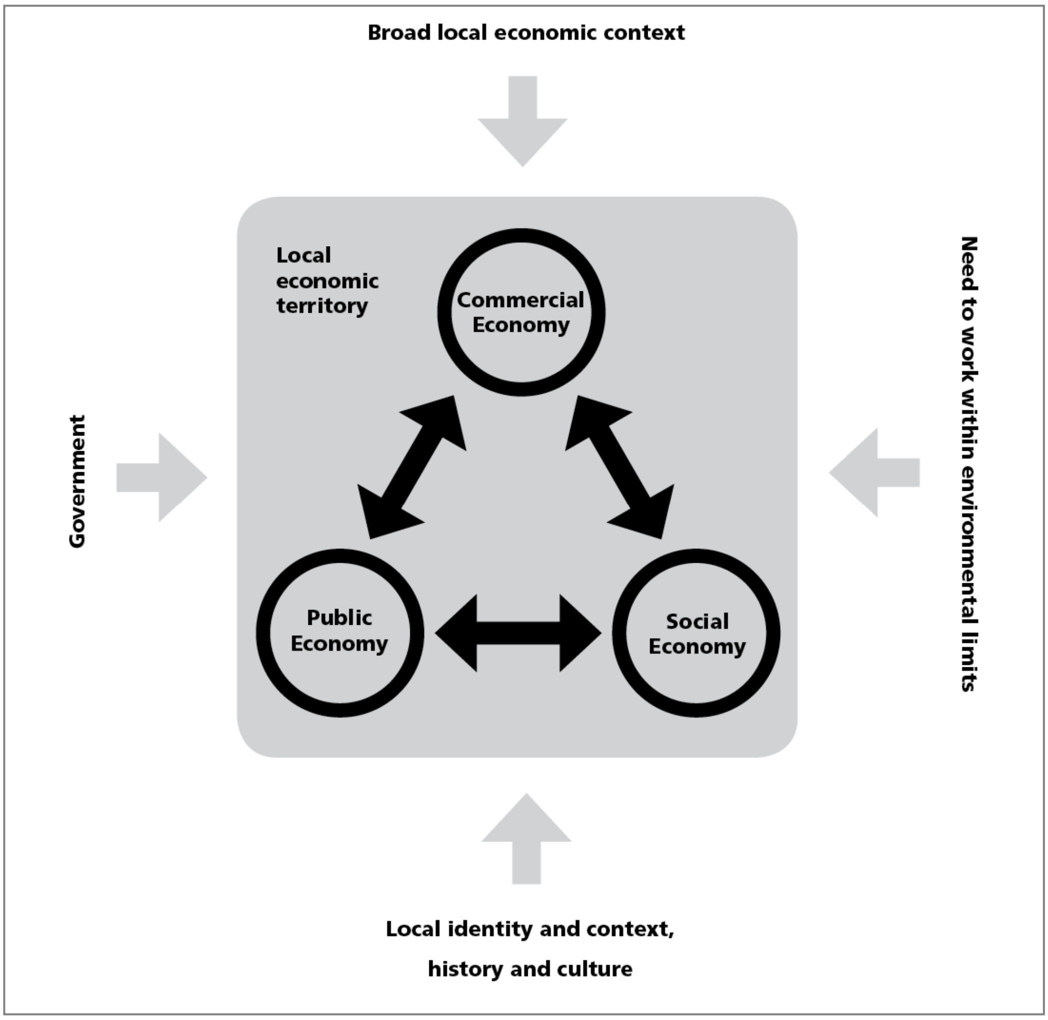
1.4.4. It should be evident during the analysis that components which contribute more to the prosperity gap should have people and structure drivers which are also indicating significant problems. Therefore the prosperity gap model will help focus analysis and subsequent policy efforts in areas which can most affect change in the area's economic performance.

1.4.5. However, as we have already stated, although building a community is reliant on improving economic performance it is not a means to an end. If a community cannot sustain these improvements in the face of increasingly global external pressures then prosperity will continue to suffer. As such, once it is clear what parts of the economy are underperforming and what place shaping drivers can be influenced to bring about change, it will be important to assess the area's resilience.

1.5. PLACE RESILIENCE

1.5.1. In July 2009, the Centre for Local Economic Strategies (CLES) released a piece of research entitled *'Toward a new wave of local economic activism: The future for economic strategies.'* This piece of research introduced the CLES resilience model, a conceptual framework designed to show the structure of a local economy and the relationships that exist and influence it. CLES believe resilience is an important aspect of any local economy as it allows a locality to be change ready and adaptable, riding global economic punches, recovering quickly, working within environmental benefits, and having high levels of social inclusion.

1.5.2. To achieve a better understanding of a local economy and therefore its resilience, the research acknowledged a better understanding is needed of how different economic spheres – broadly categorised into social, public and commercial – interact with each other and are mutually dependent for achieving positive development outcomes. Based on these interdependencies, the research found that a truly holistic approach, but not necessarily the same blend of factors in each area, is needed to achieve prosperous local economies which can be translated into a better quality of life for all people living in a locality.



1.5.3. The above CLES resilience model provides a visual representation of how a local economic territory is structured and identifies the outside influences that have an effect on how it functions. The model has been designed to ensure all parts of the economy are represented. The commercial economy is often seen as the most important part of a local economy but the public sector can have considerable influence on a locality through procurement spend and employment opportunities, and the social sector makes a significant contribution to the local economy by employing local people, delivering local services and contributing to local supply chains.

1.5.4. The resilience model was broken down into thirteen different measures which map the relationships between each of the elements of the place. The results of these measurements then provide an indication of how resilient Ashfield and Mansfield's economy current is.

2. Economic Performance

2.1. IT'S THE ECONOMY, STUPID!

2.1.1 As we have stated in Section 1, raising levels of prosperity relies on improved economic performance. However, improving this economic performance relies on people and structure drivers.

2.1.2. By analysing the economic profile first this will help us to understand the linkages between economic strength and better quality of life. By deconstructing the components of this growth into discrete measurements, we will articulate the main drivers of economic progress, which, in turn, reveal the necessary preconditions for a rising standard of living and help us focus public policy where it can be most effective.

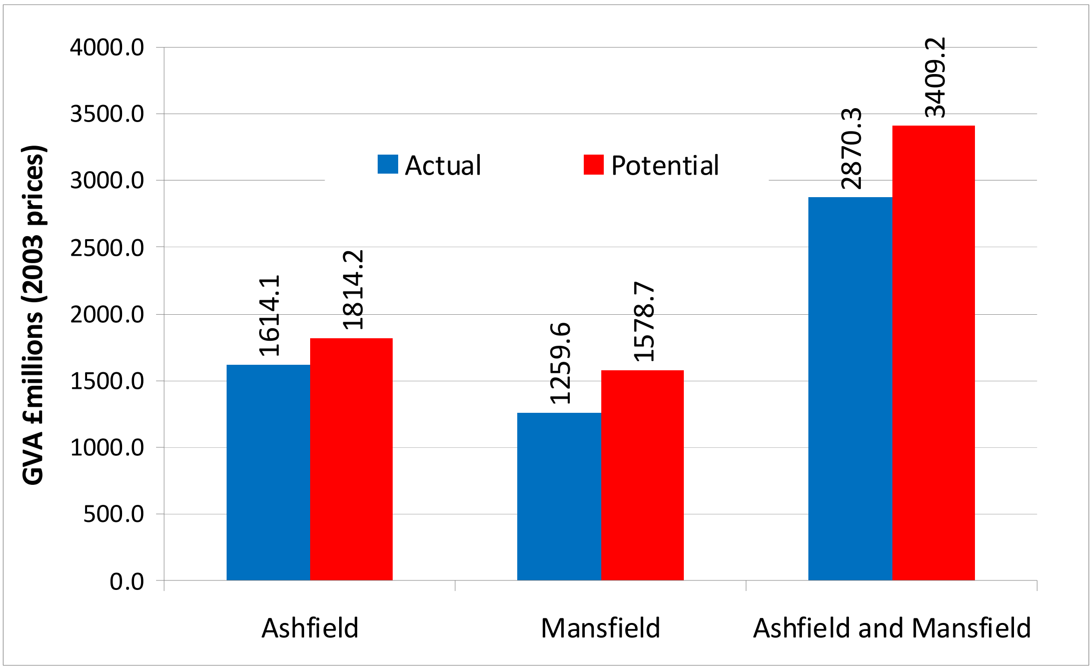
2.2. MAPPING THE PERFORMANCE GAP

2.2.1. Gross value added (GVA) measures all the economic activity within the Ashfield and Mansfield economic area. It measures the output of an economy in terms of value added. This is to say how well Ashfield and Mansfield's community (in this case regarded as everyone who contributes towards the local economy and not just residents), converts the areas natural, capital and labour resources into products and services that consumers will buy here and around the world.

2.2.2. As a value added concept it ties directly to productivity, which is an important part of economic progress as it one of the components of the economy (as seen in 1.3.2).

2.2.3. The first stage of mapping the economic profile of Ashfield and Mansfield is to calculate the GVA and compare this against the national average. This is done by working through the calculation framework in 1.3.2. What this provides is a current GVA figure for Ashfield, a current GVA figure for Mansfield and also a GVA figure which indicates the areas total economic potential. The economic potential means what the area's GVA could be if Ashfield and Mansfield perform in line with the national average on each of the four indicators.

2.2.4. What this first stage will tell us is whether the Ashfield and Mansfield economic area is not achieving its full potential and, if so, by how much is it underperforming in terms of GVA. The results of this first stage can be seen in the following chart:

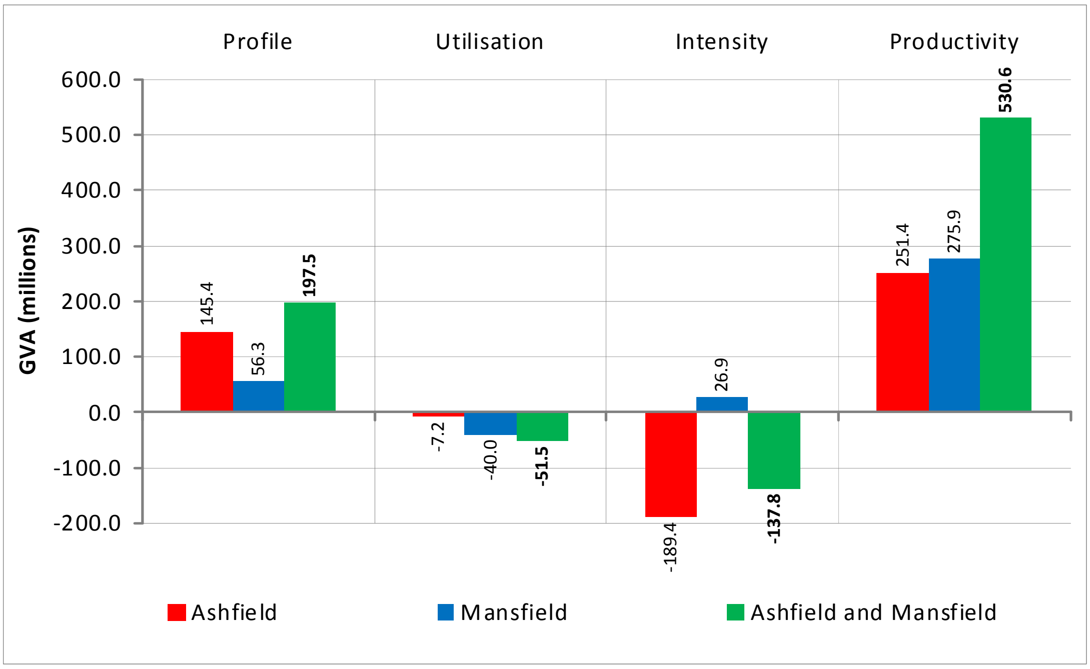


2.2.5. What the above chart indicates is that the total GVA of the Ashfield and Mansfield economic area is £2870million. This compares against its potential GVA figure of £3409million, a performance gap of just under £539million.

2.2.6. Although the sub-regional economy consists of Ashfield and Mansfield together, in terms of the administrative sub-economies, Ashfield outperforms Mansfield but both are still operating below their full potential. Ashfield's economy generates £1614million of output which is 57% of the total economy, but underperforms to the tune of £200million which is 37% of the output gap. Mansfield's economy generates almost £1260million of output which is 43% of the total economy, but underperforms to the tune of £319million which is 63% of the output gap. This clearly shows that although both sub-economies are underperforming, it is the Mansfield economy which is creating the biggest drag on the overall economic performance of the sub-region.

2.2.7. The most important figure for identifying what can be done to close this performance gap is the difference between the actual and potential economic performance - £539million. It is vital to understand in more detail what this performance gap consists of, and this is where the Prosperity Gap model can be utilised. Our goal is to show how much of the GVA performance gap can be explained by each of the economic drivers – productivity, utilisation, intensity and profile.

2.2.8. The chart below displays the components of the performance gap:



2.2.9. The chart shows the four components of the economy and whether they increase or close the performance gap. The analysis indicates that, in fact, some of the components represent advantages for the Ashfield and Mansfield economy and therefore close the gap. However, these are heavily outweighed by the negatives, hence the £539million performance gap.

2.2.10. When we consider each component in turn, the output gap becomes apparent:

- The demographic profile is a disadvantage as a lower percentage of our population is of working age than the national average. This is a particular problem for Ashfield rather than Mansfield.
  GVA Gap: £198million

- The utilisation component actually helps to close the performance gap thereby indicating that participation in the economy is actually an advantage. This means that more of our working age population is in the work force than if the national average would have applied. Again, however, the analysis shows that Mansfield has a much better utilisation factor than Ashfield, reinforcing the more advantageous demographic profile of the District.
  GVA Gap: £146million

- The intensity component is where the Ashfield and Mansfield economy performs the strongest. However, this is not due to both sub-economies performing well but rather the propensity for Ashfield people to work longer hours. Ashfield's working hours significantly exceeds that of the national average, whereas Mansfield's underperforms.
  GVA Gap: £7million

- The final component is arguably the most significant to the performance of the economy and this is certainly the case for Ashfield and Mansfield. Productivity is probably the key driver of growth in an economy and it is where the sub-region performs the worst. Both Districts are performing equally as poorly which results in a huge widening of the overall gap.
Final GVA Gap: £539million

2.2.11. In summary the performance of the Ashfield and Mansfield economy could be improved by attracting and retaining more people of working age population in highly productive jobs. There may also be a case to be made for increasing the number of people in employment despite evidence suggesting that utilisation was an advantage for the economy. There does not appear to be a problem with the work ethic of those currently in employment, especially in Ashfield. However, longer working hours may be an indication of other underlying issues as high value products and jobs are not creating simply by working more hours.

2.2.12. The purpose of this section was to set out the economic profile of Ashfield and Mansfield. The next few sections will provide more detail on each of the four economic profile components to enable us to understand the issues behind their performance and the impact that people and structure drivers can have upon them.

3. Profile

3.1. INTRODUCTION

3.1.1. As previously stated, the profile of the economy is largely static as it is closely connected to the demographics of a particular area. In most cases the demographic profile of an area changes slowly over time rather than in short sharp transformations. What this means is that there may be limited scope for public policy to be able to significantly influence this component.

3.1.2. However, understanding the profile of the economic area is still important as it can also be considered as the dependency ratio i.e. the proportion of the total population which is of working age. Nationally there will be a significant problem in the future due to an aging population and the need for a lower proportion of working age people to be able to support them.

3.1.3. The analysis indicates that the economic sub-region, and Ashfield in particular, has a problem with its demographic profile. As such it will be important to explore whether the area struggles to retain people of working age, perhaps due to the quality of housing, infrastructure or town centres, all important structure drivers.

3.1.4. This section will therefore seek to assess:

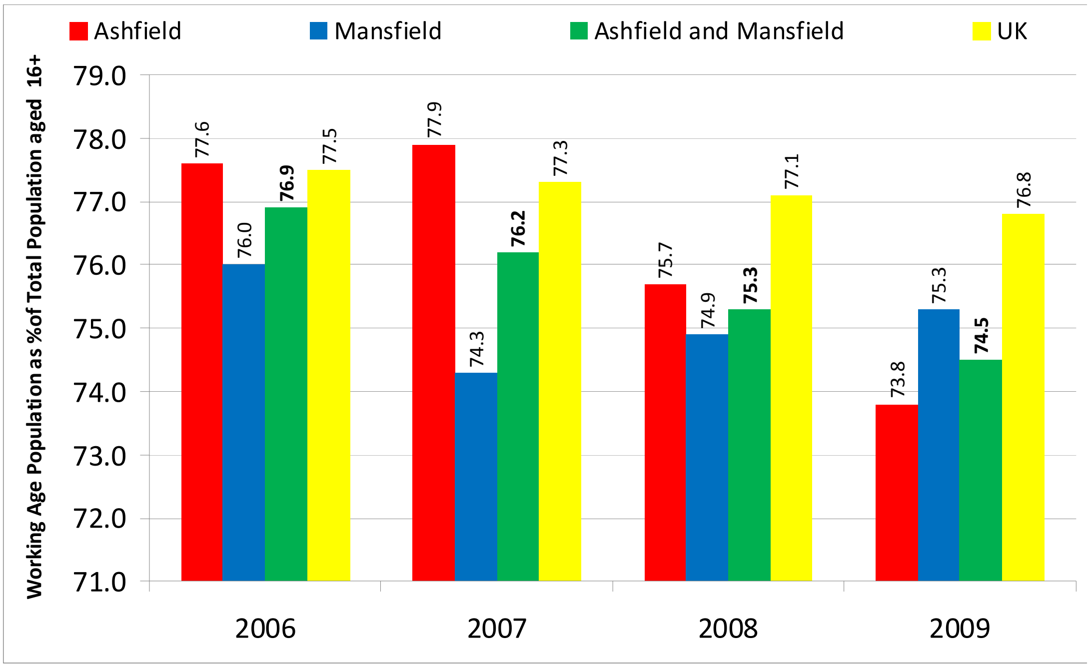
- Whether the area struggles to retain or attract people of working age.
- Why the area has a poor level of demographic dependency.

3.2. LABOUR PROFILE

3.2.1. It is evident from the chart in 2.2.8. that the labour profile within Ashfield and Mansfield is causing a significant negative pull on the performance of the local economy. In GVA terms this equates to £198million lost from the performance of the Ashfield and Mansfield economy due to an unfavourable labour profile.

3.2.2. What the labour profile indicates is the proportion of the total population which are of working age. This is important as an economy needs people of working age to make it sustainable. The more people of working age in an economy means more choice for businesses and also means they don’t have a problem recruiting the staff they require. Also more people of working age could also mean a more diverse skills base due to the need for staff to differentiate themselves due to the competitive jobs market.

3.2.3. The chart below provides the breakdown of the labour profile of the local economy since 2006.



3.2.4. What the above chart shows is that in 2006 the labour profile of Ashfield and Mansfield was almost in line with the national average. This was largely due to the strong performance of Ashfield as its working age population ratio was higher than the national average. This trend for Ashfield continued in 2007, whereas Mansfield's ratio fell significantly. However, since 2008 the labour profile for Ashfield and Mansfield has dropped significantly and now sits at over 2% lower than the national average (which is also falling largely due to an ageing overall population). This is due to Ashfield's working age population ratio falling drastically by 4% in the last two years, whereas Mansfield's has steadily increased by 1%.

3.2.5. Based upon this indicator, the local economy has a problem in terms of its demographic dependency. However, this problem is more acute in Ashfield than in Mansfield. This problem was highlighted in the 2009 Experian report, *Ashfield and Mansfield Economic Analysis,* which stated that due to an ageing population there must be a focus on retaining and attracting working age people to ensure a shortfall in the supply of workers does not prevent the districts realising their economic potential. As such the remainder of this section will attempt to look at why this is the case based upon the following people and structure drivers which affect the labour profile:

- People
  - Age Demographics
- Structure
  - Housing Stock
  - Communications

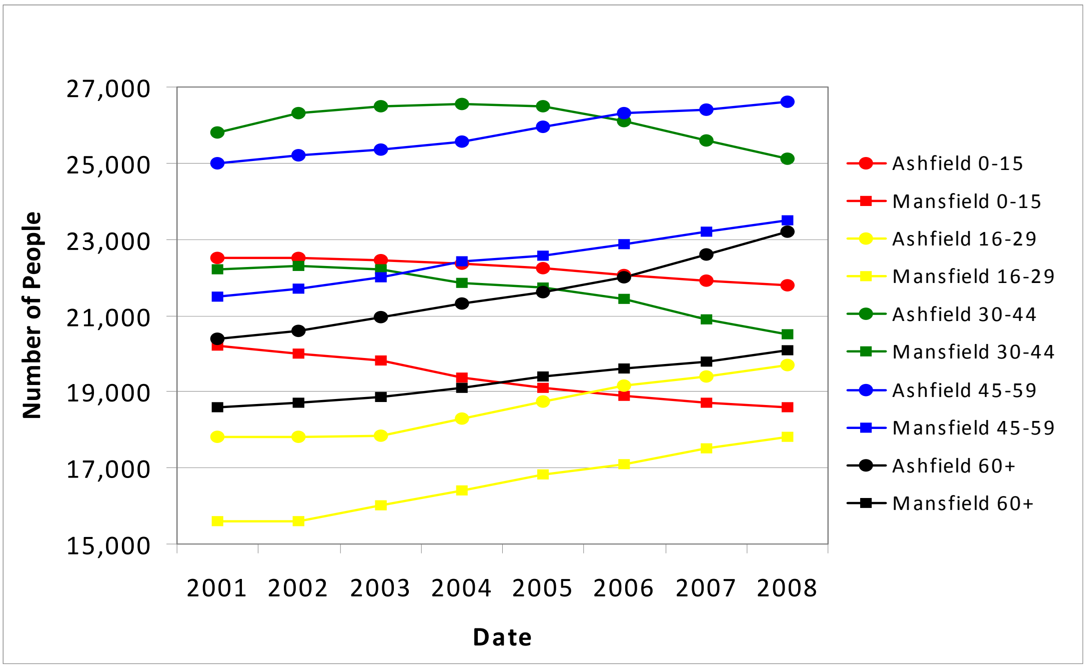
– Quality of the Town Centres
– Environment

3.3. PEOPLE DRIVERS THAT AFFECT PROFILE

DEMOGRAPHICS

3.3.1. The demographic profile of an area indicates the characteristics of the population of that particular community. It can help indicate how many of that population fall into certain predefined categories based on the features of that person or their status and habits.

3.3.2. The chart below indicates the demographic change in Ashfield and Mansfield based upon age.



3.3.3. The total population of Ashfield and Mansfield is over 217,000 and this has increased by 3.5% since 2001 compared to an English average of just over 4%. What the above chart indicates that this 3% increase is not uniform across all age groups. Age groups which have seen increases in population are 16-29, 45-49 and 60+. In comparison the population of those aged between 0-15 and 30-44 has decreased.

3.3.4. What this data appears to indicate is that there are less people of pre-working age (0-15) living in Ashfield and Mansfield, and less people in the middle of their working life (30-44). However, due to the increases in other age groups, the total population has increased.

3.3.5. The age groups which most affect the labour profile of the area and therefore the economic profile, are 16-29, 30-44 and 45-59. Of these, those aged between 30-44 made up 22% of the total population in 2006. This dropped to 21% in 2008, despite an increase in the overall population. This equates to a loss of almost 2,000 people of working age. This was counterbalanced by increases of 0.4% in the proportion of 16-29 year olds and 0.3% in the proportion of 45-59 year olds which also equates to 2,000 people.

3.3.6. What this analysis shows is that the number of people of working age did not increase between 2006 and 2008. This wouldn't be a problem provided the total population didn't change. However, the total population in that period increased by 3.5%. What this means is that in real terms, the proportion of the total population that is of working age actually decreases. This is because the total stock of working age people was static, but the population increased, thereby meaning it makes up a smaller proportion of the total.

3.3.7. The chart in 3.2.3. also appeared to indicate that Ashfield's working age population ratio had dropped whereas Mansfield's was actually increasing. This is due to the larger overall population increase in Ashfield compared to Mansfield and a greater growth in the working age population in Mansfield. For example, if the population increases, the working age population must also increase by the same percentage to ensure that the economic dependency profile remains static. If the working age population does not increase at the same rate, or even decreases, then its proportion of the total population will fall.

3.3.8. In Mansfield between 2006 and 2008, the total population increased by 0.7%. The proportion of people between 16 and 29 rose by 0.33% and the proportion of people between 45 and 59 rose by 0.3%. The proportion of people between 30 and 44 dropped by 0.43% giving Mansfield a net increase of 0.20%. As this was lower than the total population rise of 0.75%, this meant that Mansfield's working age population dropped as a proportion of total population between 2006 and 2008, and this can be seen in the chart in 3.2.3. However, this drop was less than in 2007 and continued to rise in 2009 indicating a positive upward move.

3.3.9. In Ashfield between 2006 and 2008, the total population also increased by 0.7%. The proportion of people between 16 and 29 rose by 0.25% but the proportion of people between 45 and 59 was static. The proportion of people between 30 and 44 dropped by 0.47% giving Ashfield a net decrease of 0.22%. Because the population increased and the proportion of working age population decreased, this accounts for the significant labour profile drop for Ashfield seen in chart 3.2.3. This pattern of an increase in overall population and decrease in working age population appears to continue in 2009.

3.3.10. The conclusion of this analysis is that Ashfield and Mansfield are becoming more dependent on fewer people of working age. Although there are more people aged between 16 and 29 living within the area, once they reach between 30 and 44 years of age they appear to move out of the area. This could therefore indicate a problem with retaining or attracting people of this age group, but also a problem with not being able to make a net increase in the proportion of working age people. This second point is a problem as in order to raise productivity there will be a need for more people to be employed in more productive jobs. However, this requires a good stock of existing workforce with the right skills, but what is happening is that the proportion of workforce is reducing.

3.3.11. Although these population figures are relatively low and are unlikely to have a significant impact on raising short term economic performance, the longer this trend continues the more significant the problem will become. It may also provide an indication of further underlying structural problems.

3.3.12. The problem of retaining and attracting working age people, and specifically 30-44 year olds, could be a symptom of the attractiveness of the area as a place to live and work (as outlined in 1.3.5).

3.3.13. The decline in the number of 30-44 years olds may also be closely linked with the decline in 0-15 year olds. The average age for someone to have their first child in the UK is 29, however the number of women aged between 30 and 34 having children has increased steadily in the past 10 years. What this could indicate in Ashfield and Mansfield's case is that 30-44 year olds with children are deciding to move out or not move into the area. This outward migration is supported by data from the 2001 Census which suggests that people in Ashfield and Mansfield are more likely to move out the area than the UK average.

3.4. STRUCTURE DRIVERS WHICH AFFECT PROFILE

HOUSING

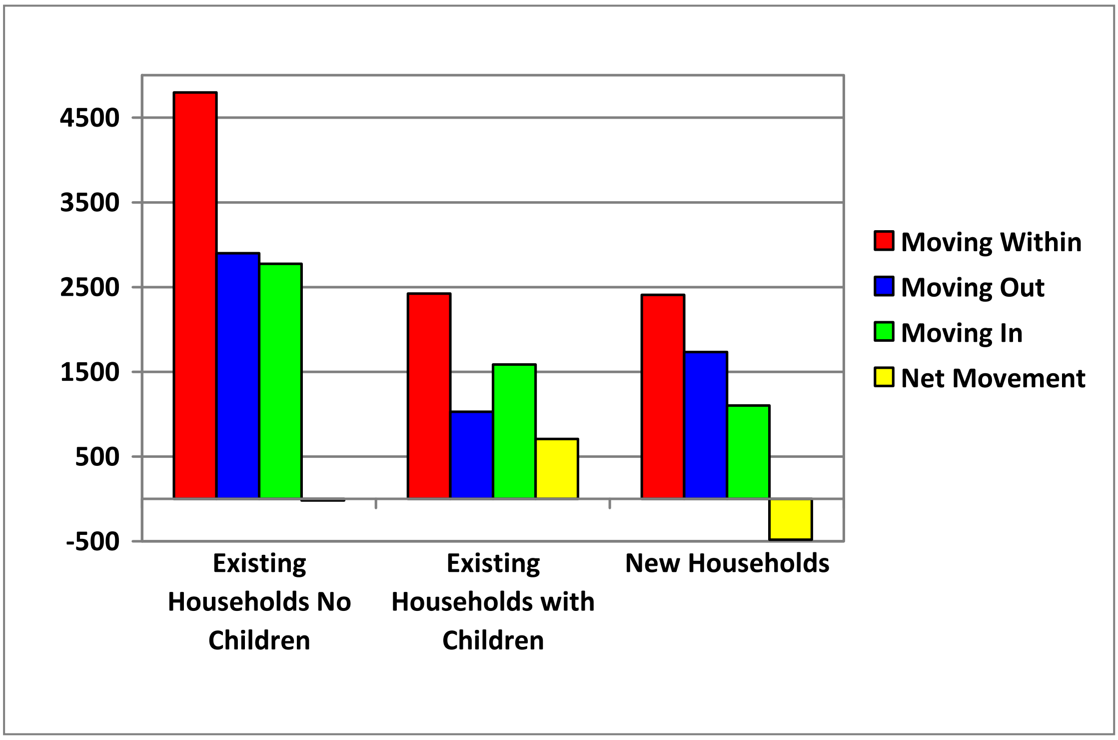
3.4.1. The type, quality and affordability of housing in an area can have a significant influence on the attractiveness of a place to live and work. For example, if an area is struggling to attract and retain people of working age with families, then this may indicate a lack of housing of appropriate size and price.

3.4.2. In 2006 a Strategic Housing Market Assessment (SHMA) was conducted covering the local housing market area. This housing market area covered Ashfield, Mansfield and Newark & Sherwood, which is aligned with the functional economic area which dictates the Economic Masterplan. This is because both are connected to travel to work patterns.

3.4.3. The evidence from the demographic place driver suggests that the population of people aged between 16 and 29 and 45 to 59 are increasing, while those between 30 and 44 are decreasing. However, the total population is increasing.

3.4.4. This population increase is supported by the evidence in the SHMA which suggests that there is a net in-migration of people, although the majority of people actually just move within the area (Ashfield, Mansfield or Newark & Sherwood).

3.4.5. The chart below shows the pattern of household movement within the housing market area:



3.4.6. What this chart indicates is that across the entire HMA there has been a net loss of existing households with no children and new households. However, there has been a net increase in existing households with children which means there is an overall net increase in all types of households.

3.4.7. Although households with children have increased over the HMA, the location of this increase varies between Ashfield, Mansfield and Newark & Sherwood. Using data from the entire housing sub-region, which also includes Bassetlaw, Bolsover, Chesterfield and NE Derbyshire), we can extract information pertaining to the destinations of moving households.

3.4.8. This data, according to the SHMA, indicates that the most popular district by far for first time buyers moving into the area was Ashfield with Mansfield being the third most popular. The reason for this however is likely to be the net inflow of people moving from Nottingham to live in Ashfield, as seen in the 2001 Census, due to the improved transport links into the city. The age range of these first time buyers is likely to be between 16 and 29 which supports the demographic data which shows this age group increasing.

3.4.9. The most popular district for in-migrants with children to move to is Newark & Sherwood, followed by Ashfield in second. Mansfield was second from last. The age range of this group is 30-44 which is the demographic group which is showing decline across Ashfield and Mansfield. The most popular districts for people with children, who already live in the HMA (i.e. internal moves), to move to are Bassetlaw and Mansfield.

3.4.10. What this analysis appears to suggest is that Ashfield is attractive for in-migrant first time buyers and, to some extent, in-migrants with children. Mansfield is attractive to move to if you are an existing resident of the HMA with children, and somewhat attractive for in-migrant first time buyers. This is supported by recommendations from the SHMA which suggest that an increase in 2-3 bed houses will be needed across the area to accommodate the growth in resident families.

3.4.11. Ashfield appears less attractive for existing residents of the HMA with children. What appears to be the case is that families in Ashfield may be choosing to move to either Mansfield to Newark & Sherwood. This is supported by data from the 2001 Census which showed a net out-flow of people from Ashfield to Mansfield and Newark & Sherwood.

3.4.12. The data from the SHMA report is from 2006 and according to the chart in 3.2.3, the number of working age people as a proportion of total population in both Ashfield and Mansfield was higher than it is currently. As such the economic recession appears to have stalled the inflow of migrants with families moving into Ashfield and the inflow of existing HMA families to Mansfield. This is supported by a significant drop in the number of house sales during this period.

3.4.12. According to the chart in 3.2.3, despite an initial drop in 2007, Mansfield’s working age population has started to increase, albeit slowly and not enough to have a significant impact on increasing economic performance. This is in contrast to Ashfield which has continued to see a decline. What this indicates is an influence of further structural drivers on the economic profile.

COMMUNICATIONS

3.4.13 The communications structural driver is multifaceted. This includes transport infrastructure which influences the physical communications between places, as well as the availability of broadband technology and the use of the internet which is becoming increasingly important to modern society.

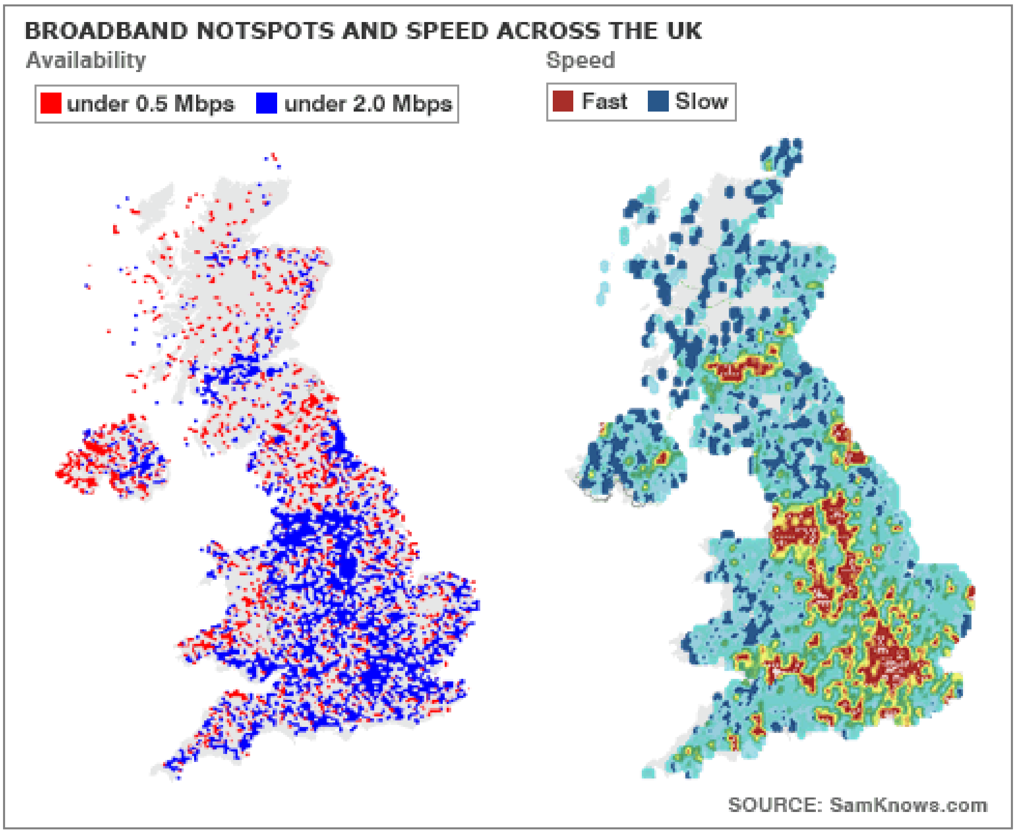
3.4.14. As previously stated, the number of working age people as a proportion of the total population can provide an indication of the attractiveness of the area as a place to live. Poor communication drivers can affect this through making the area less accessible, either in terms of road and rail access or the speed of local broadband. The less accessible the area is the less likely people will want to live here as they may have difficultly travelling to and from their place of work or leisure.

3.4.15. Despite the problems that poor communication infrastructure brings, it is likely to have a small impact on the ability of an area to attract and retain working age people compared to other drivers. It is more likely to have an impact on the ability for an area to secure employment for its existing residents. This is because the better the transport infrastructure, the more likely it is that an area could experience either a net-inflow or outflow of workers. A net-inflow indicates that people travel into an area to work but live elsewhere. A net-outflow indicates that people live in the area but choose to work elsewhere. Both require a good transport infrastructure but are more closely connected with the Utilisation component of the economy.

3.4.16. What the transport infrastructure can tell us about the economic profile is the role it plays in any in-migration of residents. The housing structural driver indicates that Ashfield has in the recent past experienced a net-inflow of people moving to live here from Nottingham, whereas Mansfield has experienced a net in-flow from Ashfield and Newark & Sherwood amongst others. The in-migration from Nottingham to Ashfield can be linked to the opening of the Robin Hood Line rail link as well as the Nottingham Express Transit (NET) system. Nottingham residents have moved to Ashfield due to the lower house prices but use this transport infrastructure to commute to work in Nottingham. However, as noted in 3.4.12. this relates to the pre-recession period. As such although transport infrastructure can enhance economic performance, it cannot sustain changes in the economic profile of an area should other factors intervene. It can therefore be said to have promoted the inflow of working age people to Ashfield up to 2006, but then it failed to prevent the outflow from 2007 onwards. This effect is the same, but on a lesser scale in Mansfield and is perhaps why Mansfield experienced a smaller fall in their proportion of working age people but in contrast to Ashfield is now improving. Mansfield's inflow of working age people appears less reliant on transport infrastructure as, in contrast to Ashfield, it did not have the benefit of the NET.

3.4.17. The weak affect that transport infrastructure can have on economic performance is noted by the Work Foundation in the *Ashfield and Mansfield City Relationships* report. They state that transport networks underpin complementary economic relationships but they are not the only condition on which complementary relationships depend. They are also affected by a range of other influences and as such transport improvements must work alongside improvements in other drivers.

3.4.18. In a similar way to transport infrastructure, broadband coverage also has a small part to play in comparison to other influences. According to the map below showing 2009 broadband coverage in the UK, Ashfield and Mansfield are close to, if not within, a fast broadband area.



3.4.19. What this coverage means is that slow broadband is not a reason for the fall in the number of working age people in Ashfield or Mansfield. It is worth noting however that this may not be the case for other areas of the UK. Access to good quality broadband coverage may be more important in areas with poor transport infrastructure to the rest of the UK such as Scotland and Cornwall. In these areas improved broadband access could help retain and attract people of working age. This is because the general attractiveness of a place tends to be quite strong. As such people like to live there but they struggle to find suitably paid employment, especially in certain sectors which tend to be located in areas with better transport links. Broadband can therefore help alleviate this problem by enabling people to work from home or connect their remote office to workplaces elsewhere in the UK.

3.4.20. The attractiveness of a place can therefore have a bearing on the retention or inward migration of working age people. This is explored in the final structural driver – quality of the town centres.

QUALITY OF THE TOWN CENTRES

3.4.21. According to the Department for Communities and Local Government (DCLG), town centres that are attractive, well-designed, and well-managed, with a range of shops, arts and cultural uses, entertainment, good amenities, and good transport connections, are engines for economic growth, providing a focal point for business and social interactions. Vibrant town centres are good for business: they create jobs, attract investment and generate income.

3.4.22. The quality of local town centres can therefore have a significant impact on the ability for the economy to retain working age people. In order to assess the quality of the town centre offer, a select number of health check indicators have been used which are outlined in Planning Policy Statement (PPS) 4. These are:

- Diversity of uses
- Retailer representation
- Retailer demand
- Vacancy rates
- Accessibility
- Retail rent
- Environmental Quality

3.4.23. The information used to analyse these indicators is from the 2006 Ashfield Retail Study and the 2005 Mansfield Retail Study. As such the data contained is pre-recession but should provide a suggestion as to the quality of the town centres. These studies are backed up with more recent supplementary reports such as the 2009 Ashfield Retail Floor Space Survey.

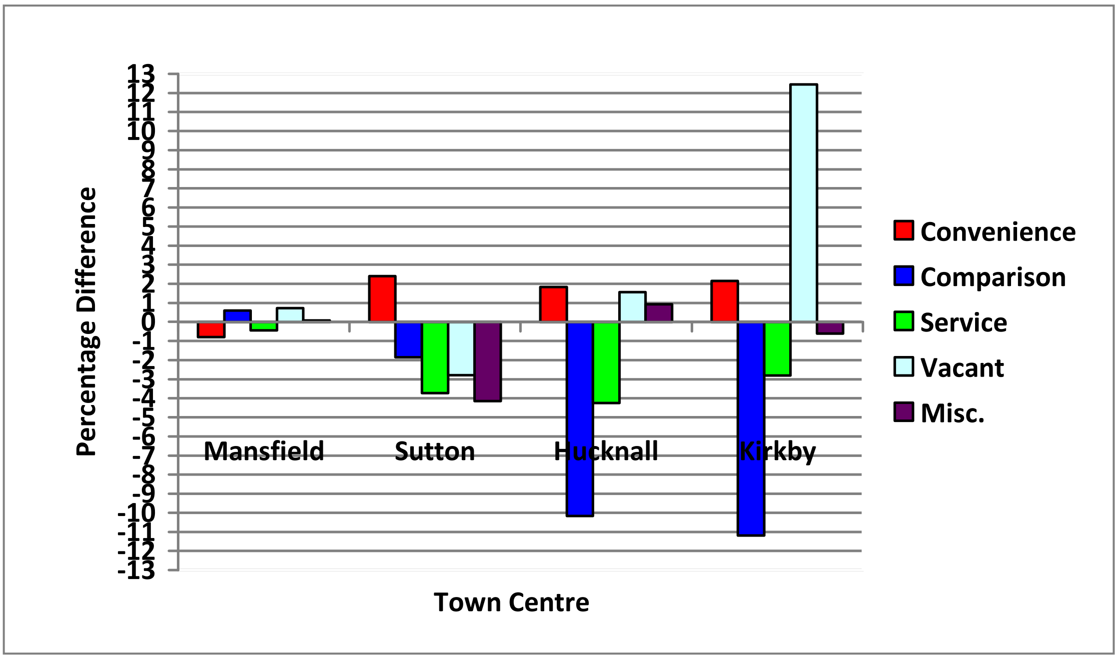
3.4.24. According to the retail hierarchy in the Nottinghamshire and Nottingham Joint Structure Plan 2006, Mansfield's town centre is the major retail centre in the sub-region, Sutton in Ashfield is a sub-regional centre , Hucknall is a major district centre and Kirkby in Ashfield in a district centre. As such the impact of

Mansfield and Sutton in Ashfield town centres will be greater than that of Kirkby in Ashfield and Hucknall. Nevertheless, local centres still have a role to play in ensuring people are attracted to the area.

Diversity of Uses

3.4.25. The diversity of a town centre, indicated by the amount and type of floorspace, provides a snapshot as to how successful they are in performing a variety of roles and attracting a wide range of visitors and shoppers at all times of the day.

3.4.26. The chart below shows how each town centre's retail offer differs from the national average in terms of the percentage each type makes up of the entire stock. Positive figures indicate that the town centre has more of a particular type of retail units than the national average, with negative values being the opposite.



3.4.27. It is evident from this analysis that Mansfield's retail offer compares quite favourable against the national average, indicating a good diversity in the retail offer. However, Sutton in Ashfield is underrepresented in terms of comparison, service and miscellaneous (i.e. employment, careers, post offices) indicating poor retail diversity across the board apart from in the convenience sector. Sutton also has a below average vacancy rate. Hucknall and Kirkby both suffer from poor representation in the comparison goods market, which is consistent with their roles as district centres serving more of a convenience market. Kirkby also suffers from very poor vacancy rates with over 1 in 10 shops being empty.

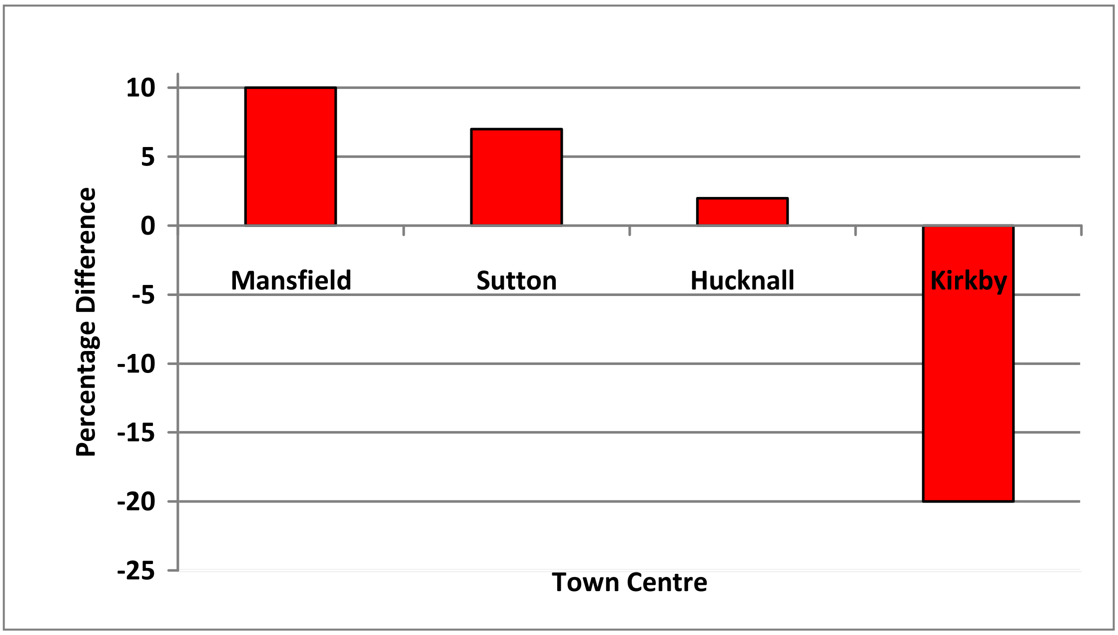
3.4.28. The above chart also provides an indication of the relative role each town centre plays in the overall sub-regional hierarchy. The larger the sub-regional centre the more likely it will closely match the national average as there will be a need to cater for a range of demands. However, the smaller the town centre becomes, the more limited the retail offer will become as it will only serve a localised market, thereby not generating sufficient demand for the higher value retailers such as comparison goods which tend to be attracted to the larger centres.

3.4.29. Despite the allowance for the relative size of each town centre, Sutton does perform below average for most of the retail range indicating some lack of diversity. However, the number of vacant units in Kirkby and the lack of comparison goods retailers in Hucknall indicate greater areas of concern.

Retailer Representation

3.4.30. A multiple retailer is defined as being part of a network of nine or more outlets. The presence of multiple outlets can enhance the appeal of a centre and also provides an indication of the attractiveness of the town centre to national operators.

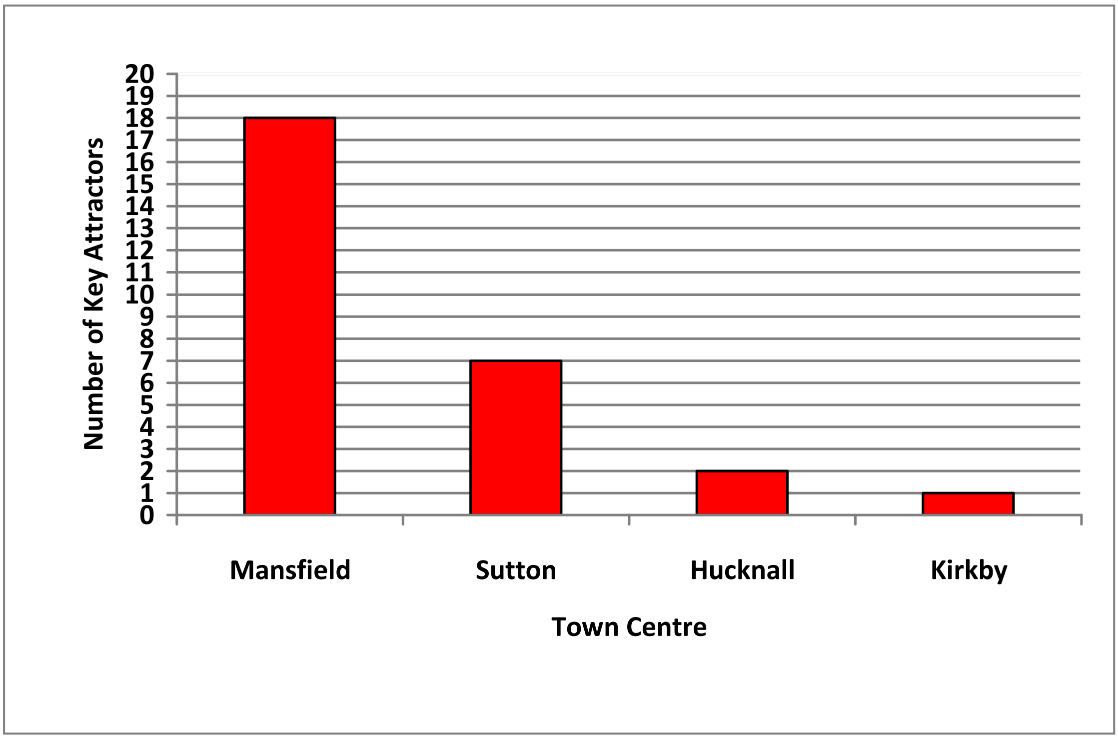
3.4.31. The chart below shows how each town centre varies from the national average in terms of the percentage of its units which are taken up by multiple retailers. As per the chart in 3.4.26, the positive figures indicate a higher ratio than nationally and the negative figures a smaller ratio.



3.4.32. According to the Mansfield Retail Study, it is expected that Mansfield, as a higher order sub-regional centre, would exceed the national average. At the other end of the scale is the lack of multiple representation in Kirkby, which is a reflection of its low order in the retail hierarchy and its provision of relative small, independent shops serving local demand.

3.4.33. A lack of multiple retailers also indicates that the town centre struggles to pull in shoppers, which is a problem even for the smallest retail centres. This then has the result of creating a vicious circle of decline for that town centre, as a lack of shoppers due to a lack of multiples results in the small independents struggling. This further exacerbates the problem, with even fewer shoppers being attracted the chance of more multiple retailers moving to the town becomes less likely. Therefore a good mix of multiples and independent retailers provide a more stable mix for the smaller district centres.

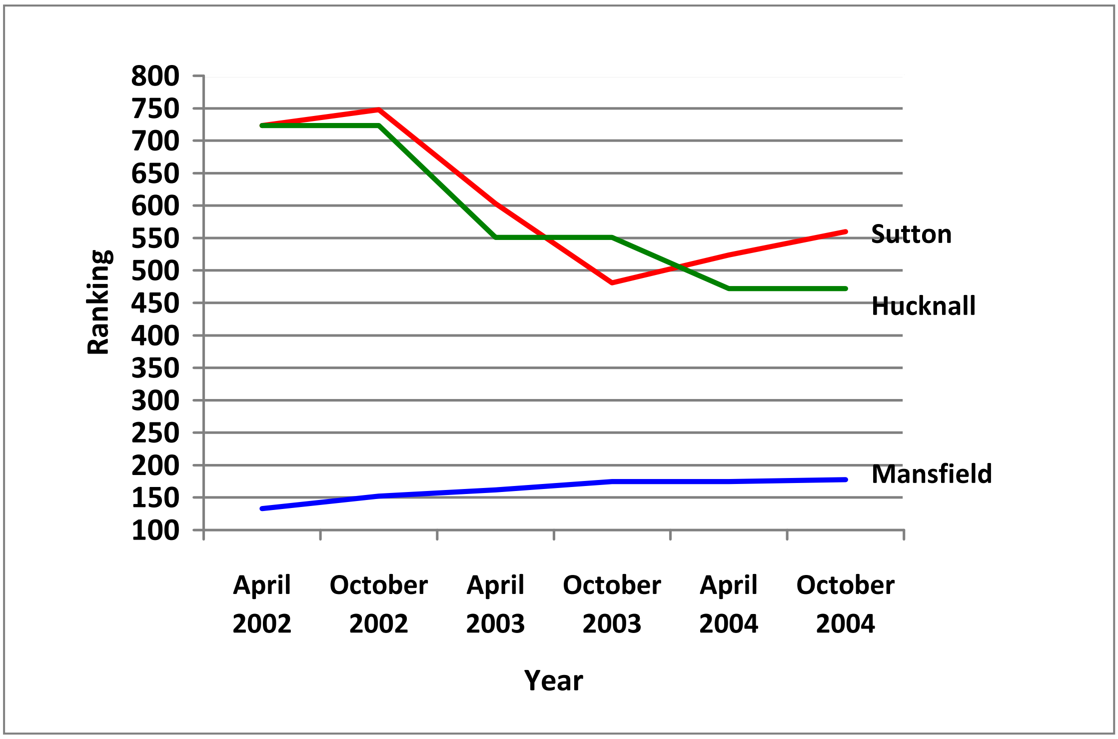
3.4.34. *Experian Goad* highlight 27 key attractors as a benchmark to judge centres against. This lists a range of well know national multiple retailers which can have a significant impact on the viability of a town centre. The chart below provides a comparison of each town to show the number of these retailers each centre has:



3.4.35. These figures highlight a relatively strong representation of key attractors (69%) in Mansfield for a higher order sub-regional centre, in particular there appears to be a good range of mainstream mid-market retailers. There are, however, evident gaps that you may expect to see in a sub-regional centre including H&M, and Waterstones. Sutton has an average representation of key attractors for a centre of its size, whereas Hucknall and Kirkby both have poor representations in line with their low status in the retail heirachy.

Retailer Demand

3.4.36. As previous stated, a lack of a decent retail mix within a town centre can cause structural decline in the quality of the retail offer. Along with this decline comes a lack of demand for retail units. The chart below provides an indication of the demand for retail units within the town centres based upon data from *Focus Property Consultants* up to 2004. This shows the national ranking of each town centre based upon the number of enquiries taken for units in that area.



3.4.37. What the above analysis indicates is that Mansfield's demand ranking is slowly declining. This is highlighted in the Mansfield Retail Study which states that retailer demand has fallen consistently in recent years, demonstrating the need for Mansfield to address its weaknesses, provide new development opportunities and retail space and improve its image as an attractive shopping destination in light of improving centres in the wider catchment.

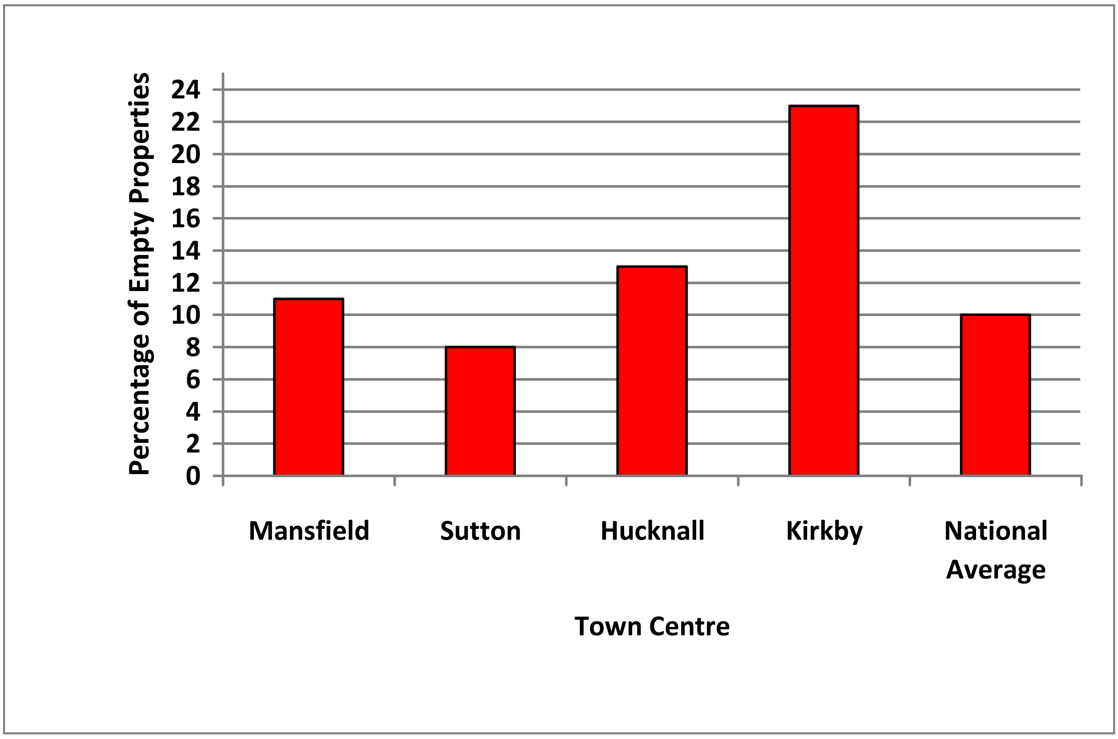
3.4.38. The demand ranking for Hucknall is comparable to that of Sutton, which is surprising considering its relative importance in the sub-regional retail heirachy. Both however are experiencing climbs in their national ranking indicating an increased demand for retails units in those areas. Kirkby however does not appear on the ranking due to the low number of enquiries received for units in that town centre. This is a further indication of Kirkby town centres structural decline.

3.4.39. As these figures are taken from 2002-2004, they must be taken within the context of the changes which have occurred over the past 6-8 years. This includes the recent economic recession which saw many high streets suffering higher than normal vacancy rates and a lack of demand for retail units. Despite the national pattern of declining demand, the problem is likely to be more acute in areas with existing poor levels of demand such as Kirkby, further exacerbating the problem in that area.

Vacancy Rates

3.4.40. The proportion of vacant street level property is one of the relevant indicators which can be used when assessing the vitality and viability of a town centre. However, the retail studies state that this should be used with caution as vacancies can arise in even the strongest town centres, especially where properties are under alteration.

3.4.41. The chart below shows the amount of vacant units in each town centre as a percentage of the total number of units in that area based upon data contained within both retail studies:



3.4.42. The above chart indicates that whereas Mansfield, Sutton and Hucknall have vacancy levels close to that of the national average, Kirkby has almost 1 in 4 empty retail properties in the town centre. According to the retail study this therefore points to an oversupply of retail property in outdated floorspace.

Accessibility

3.4.43. Accessibility is an important consideration when focusing on the health and future prospects of a town centre. Ease of access and parking are key factors influencing visitation rates and the consequent success of a centre.

3.4.44. The accessibility of all four town centres is good according to both retail studies. Mansfield's is particularly good, with excellent road access combined with a large number of public and privately operated carparks. This is also supported by the close proximity of the train and bus station to the town centre, although the car remains the principal mode of access for the public with 78% of people in a telephone survey stating this as their preferred route.

3.4.45. The Ashfield town centres of Sutton, Kirkby and Hucknall also perform well indicating that access to the retail offer is not a root cause of decline, especially in Kirkby. In Hucknall however the ability to attract a more diverse retail base may actually be hindered by its good accessibility. The fast connection to Nottingham that the NET and Robin Hood Line provides means that its ability to sustain certain types of retailers is dictated by the much stronger and diverse Nottingham market.

Retail Rent

3.4.46. The level of rent which retailers are prepared to pay for retail space within a centre is an indication of the perceived strength of that centre (although other factors such as the availability of floorspace have an impact on rental value).

3.4.47. According to the retail studies, there is no rental data available for Hucknall and Kirkby which is a reflection of their low ranking in the retail hierarchy. Mansfield rental values are higher than Sutton due to its role as the principal sub-regional retail centre. However, it is worth noting that based upon rates in 2006, rental values in Sutton had increased by almost a quarter since 2001 compared to Mansfield's which only rose by 5%.

Environmental Quality

3.4.48. The retail studies make a qualitative assessment of the state of the environment within each of the town centres. They state that while there are areas of good quality within Mansfield, Sutton and Hucknall, work still needs to be undertaken to address underlying issues of decay and vacant sites.

3.4.49. Kirkby in Ashfield town centre suffers significantly from poor environmental quality, especially in areas surrounding the precinct. The large number of vacant properties noted above also negatively contributes to the environmental appearance of the town centre.

Quality of Town Centres Overview

3.4.50. As previously stated, the ability of an area to attract and retain working age people can be influenced by the quality of the town centre offer. Although Ashfield and Mansfield have a complimentary retail offer, with each town centre filling a different role in the sub-regional retail hierarchy, there are some areas of vulnerability especially within the local centres of Kirkby and Hucknall. Improvements to the quality of all town centres will help the area to attract and retain people, but it should be considered within the context of wider people and structure drivers rather than in isolation.

3.5. PROFILE CONCLUSION

3.5.1. Since 2007, the Ashfield and Mansfield economic area has struggled to attract and retain people of working age. This is important as the number of people of working age is representative of the total stock of labour within an economy. An economy which wishes to grow requires a ready source of labour which businesses can utilise.

3.5.2. The age group which appears to be most affected by this is the 30-44 year old bracket, along with children aged between 0-15. However, based upon the fact that prior to 2007 this group of people represented a net in-migration to both Ashfield and Mansfield, this fall in families appears to be because the inflow, which outperformed the outward migration, has stalled. This stalling has been far more prominent in Ashfield than in Mansfield, with the later actually showing signs of a recovery in the total labour stock, albeit at insufficient levels to make inroads into the national average.

3.5.3. This different between Ashfield and Mansfield is likely to be due to the transport infrastructure. Ashfield has in recent years experienced a large inward migration of people from Nottingham, largely due to the excellent transport links from the south of the district into the city. This has caused a distortion in normal migration patterns as transport is an enabler and therefore can enhance patterns of behaviour but struggles to be solution when problems arise. As such, the economic recession has resulted in a fall in migration from Nottingham to Ashfield as other more powerful drivers, such as employment and the housing market, override the role of transport. This is also why the fall in labour stock has been less severe in Mansfield as its pattern of inward migration was not driven by transport. This has enabled the town to start to growth its labour profile where Ashfield's has continued to decline.

3.5.4. This decline and the slow growth in Mansfield's labour market profile are likely to be due to other structural drivers such as the availability of housing and the quality of the town centres. The SHMA points to a need for more affordable homes to accommodate families and significant regeneration is still required in many of the town centres, notably Kirkby in Ashfield.

Profile: Key Messages

- Ashfield and Mansfield need to increase the number of working age people in the area.
- The area is experiencing a decline in people aged between 30 and 44, most likely with a family.
- Ashfield's labour profile is less resilient than Mansfield's due to the reliance on transport as the enabling factor behind previous growth.
- Improvements in the range and number of housing are required to accommodate the required growth in working age people.
- The attractiveness of the town centres, both in terms of retail offer and the environment, could be a factor in the failure to attract and retain working age people. This is especially acute in Kirkby in Ashfield.
- In order to raise the proportion of working age people in Ashfield and Mansfield up to the national average, thereby maximising our labour potential, this would require over 4,000 additional people of working age in the area.

4. Utilisation

4.1. INTRODUCTION

4.1.1. The utilisation economic driver is potentially one of the most effective for achieving long term growth. This is because in an economy it is important to attract people to seek jobs and to create jobs for all job seekers, essentially ensuring the maximum possible number of people are working.

4.1.2. This driver is closely linked with profile and productivity. In order to effectively utilise your labour market you need a strong labour force to start with (profile). However, you also need them to be utilised in the most productive way (productivity).

4.1.3.. The analysis of the utilisation driver, seen in 2.2.8, shows that Ashfield and Mansfield actually perform better than the national average in terms of maximising the use of its labour resources. This means that it contributes towards closing the performance gap between what its economic output currently is and what its potential could be. Despite this, it is important to consider where improvements in this driver could be made to strengthen this advantage, but more importantly to consider the type of jobs being undertaken and the reasons why the remaining working age people are not actually in employment.

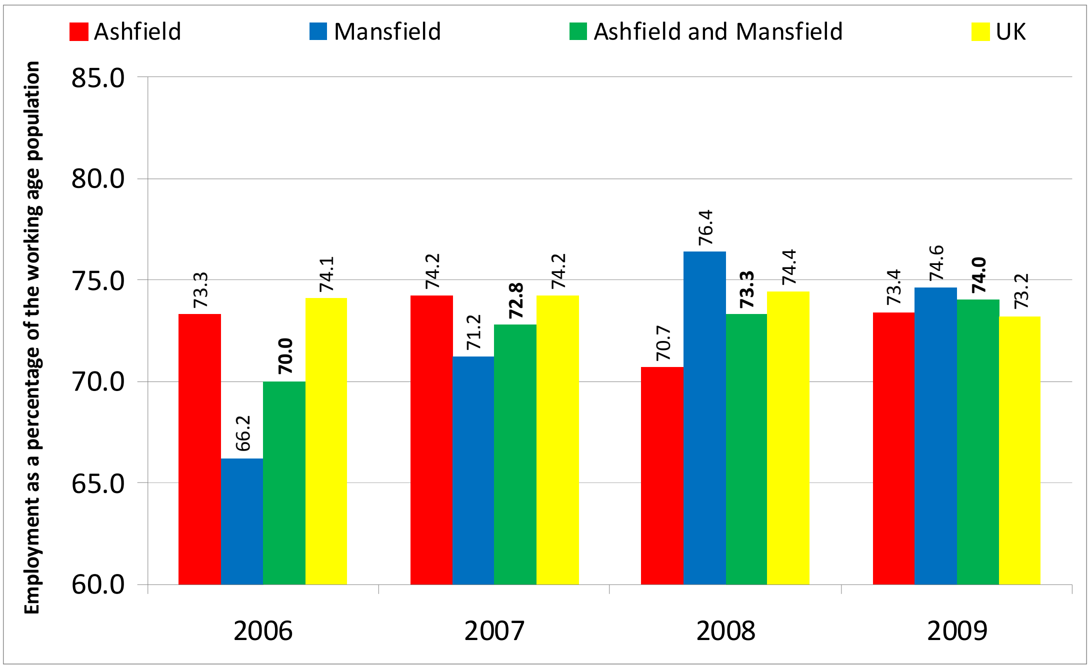
4.1.4. This section will therefore seek to assess:

- The type of jobs being performed in the local area.
- The willingness of local people to work.
- The ability of local people to fill available jobs.

4.2. UTILISATION OF LABOUR

4.2.1. The higher than average utilisation of labour within Ashfield and Mansfield is a £52million advantage for the sub-region. This advantage is not evenly spread across the area, with Mansfield’s utilisation of labour being better than Ashfield’s. This driver is calculated by working out the percentage of people in employment as a proportion of the number of people of working age. As such because Ashfield and Mansfield have a lower than average working age population, then this may actually distort utilisation and thereby create a false impression of the actual GVA uplift.

4.2.2. The chart below shows employment as a percentage of working age population for Ashfield and Mansfield since 2006:



4.2.3. What the above chart indicates is that Mansfield's utilisation rate has increased in real terms since 2006, despite suffering a drop between 2008 and 2009, most likely due to the affects of the economic recession. Despite a fall in 2008, Ashfield's has remained quite consistent, varying only within one percentage point. Across the entire economic area, the utilisation rate has increased since 2006 and now stands at just above the national average.

4.2.4. As noted in 4.2.1. the area's higher than average utilisation rate may be due to the lower than average labour profile. When the national average for the proportion of working age people is applied, this equates to 137,625 people who should be of working age as opposed to the current figure of 133,400. When the current employment rate for Ashfield and Mansfield is applied to this potential labour profile figure, the utilisation rate is 72% which is 2% lower than it is currently. This doesn't however take into account the fact that many of those 4,000 additional potential workers will find employment.

4.2.5. Based upon this analysis, the area does not have a problem in utilising its labour profile. However, in order to raise economic performance it may be necessary to restructure the type of employment available such that more people are in higher productivity jobs. It may also be necessary to further reduce the amount of worklessness in order to maximise the economic contribution of the remaining labour supply. In order to assess this, the following people and structure drivers, which could impact the utilisation rate, will be considered:

- People
  - Labour Market Trends

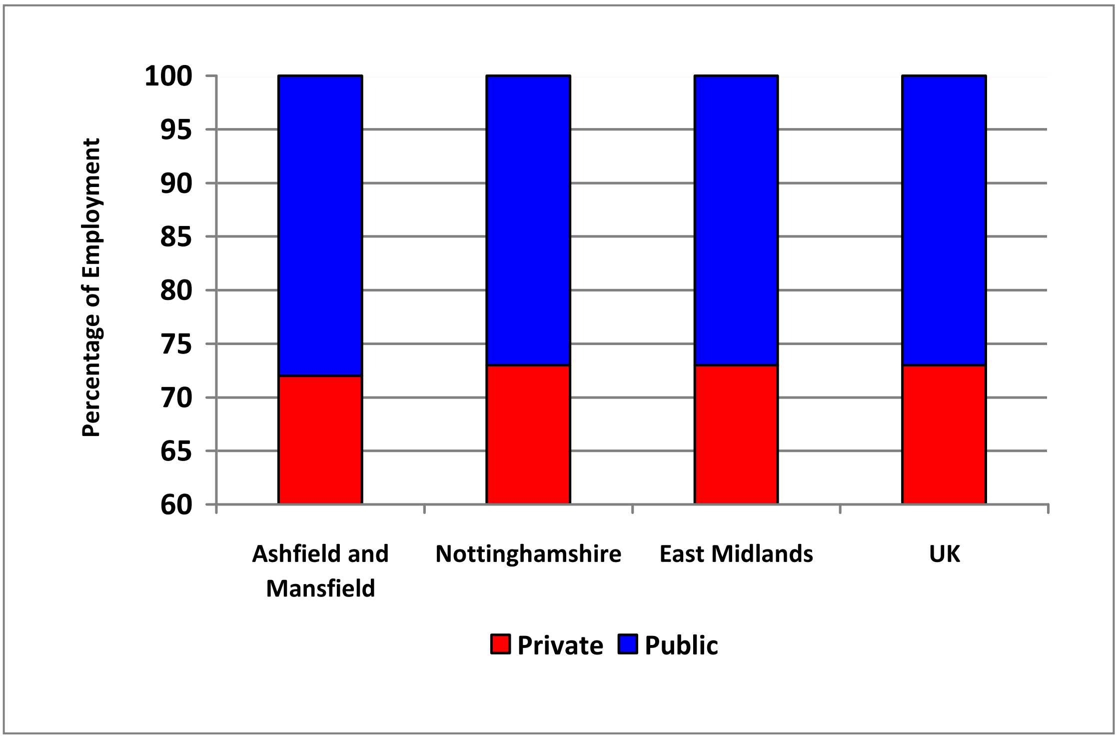
- Economic Inclusion
  - Local Skills Profile
- Structure
  - Communications
  - Geographic Economic Linkages

4.3. PEOPLE DRIVERS THAT AFFECT UTILISATION

LABOUR MARKET TRENDS

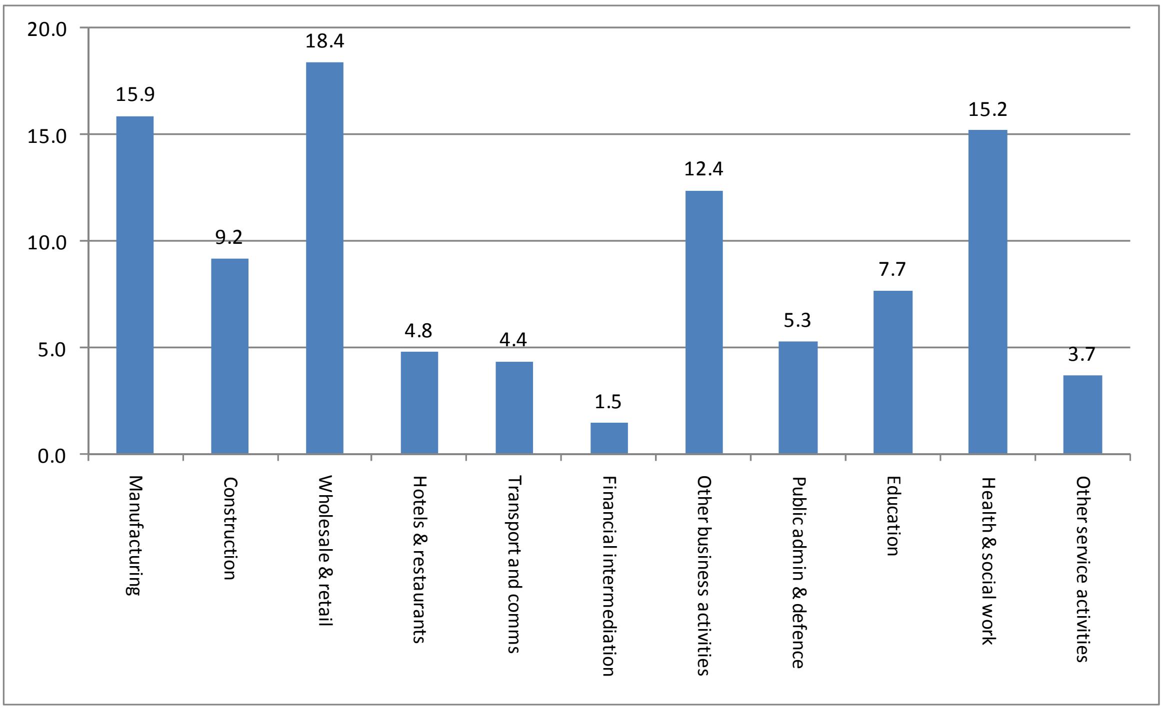
4.3.1. The central component behind the utilisation driver is the employment rate across Ashfield and Mansfield. The higher the rate of employment, the higher the utilisation rate. As the chart in 4.2.2. indicates, Ashfield and Mansfield have higher than average working age employment rates.

4.3.2. As working age employment rates are an advantage for the area, it is important to look beyond these to examine trends regarding the type of employment and which sectors are major employers. The chart below shows the percentage of employment which is within either the public or private sector:



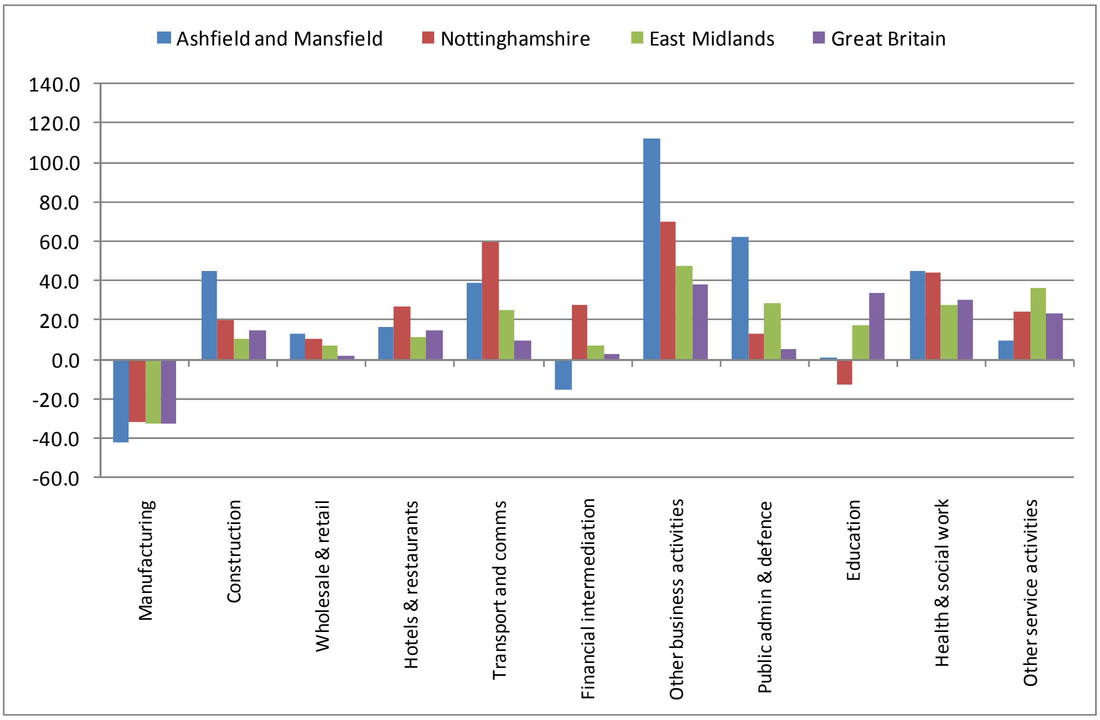
4.3.3. The above chart indicates that the scale of public and private sector employment in Ashfield and Mansfield is 1% higher but still relatively comparable with the national average. However, the growth of public sector employment in Ashfield and Mansfield since 1998 is considerably higher at 32%, compared to a national average of 25%. This indicates that since 1998, the higher levels of employment have been largely driven by the rise in public sector employment rather than private. This makes the area particularly susceptible to public sector spending cuts.

4.3.4. The chart below goes further and breaks the employment profile down into specific sectors of the economy. It therefore shows the employees in Ashfield and Mansfield as a percentage of the total:



4.3.5. What the above chart indicates is that there is a reasonably diverse industrial based in Ashfield and Mansfield. However, significant employment remains in manufacturing despite a decline in this sector over recent years. There is also significant employment in wholesale and retail, health and social work and business services.

4.3.6. The chart below shows how this employment profile by sector has changed between 1998 and 2008. It indicates that although manufacturing remains a large employer, its share of total employment has fallen. This is in contrast to sectors such as construction, wholesale and retail, business services, public administration and health and social work which easily exceeded national growth rates.



4.3.7. What this labour market analysis indicates is that the employment in Ashfield and Mansfield is highly concentrated in manufacturing, wholesale and retail, business services and health and social work. These four sectors make up over 60% of total employment. The largest growth has been in business services which has seen a 110% increase over the ten years from 1998 to 2008. Despite this, public sector employment remains higher than national averages.

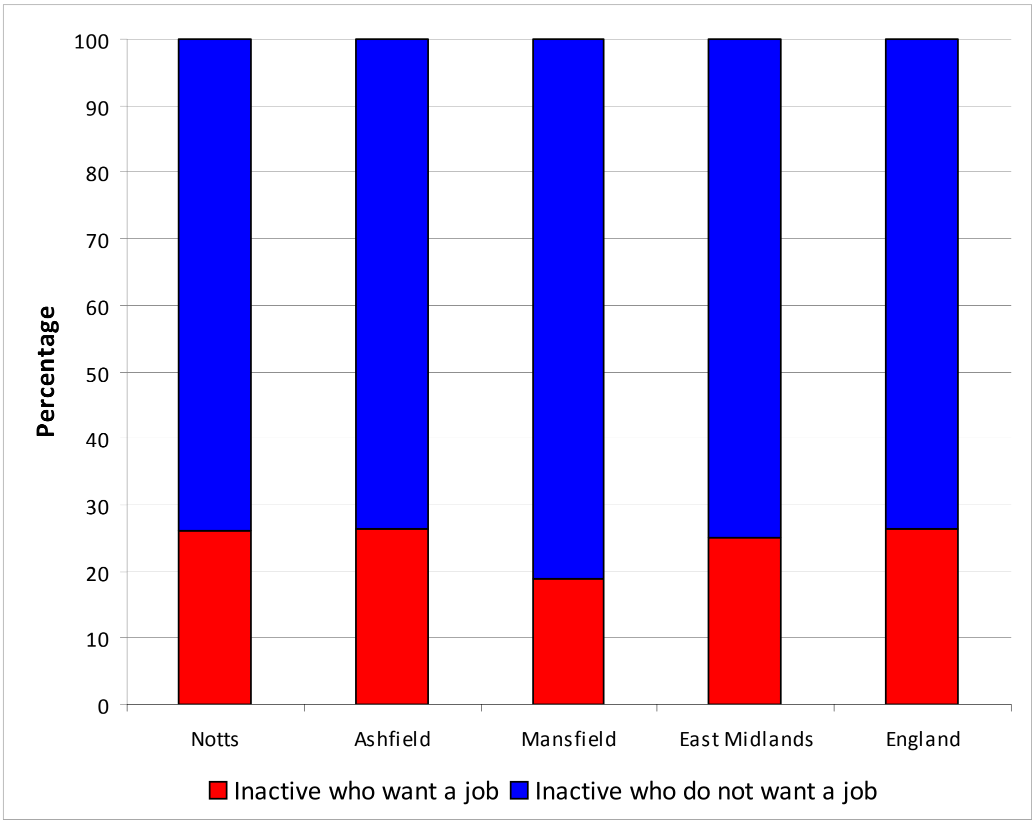
ECONOMIC INCLUSION

4.3.8. The process of economic inclusion describes the process of overcoming barriers that prevent people from participating in the workforce. This is important to the utilisation driver as in order to raise economic performance it requires everyone to contribute towards economic life.

4.3.9. Although the working age employment rates in Ashfield and Mansfield is higher than the national average, not everyone is contributing to economic growth. A report which focuses upon economic inclusion has been prepared for the Economic Masterplan which provides extensive detail based upon a number of key indicators. This section provides an overview of these findings.

4.3.10. The number of people of working age who are economically inactive is a key indicator when assessing levels of economic inclusion. In 2001, figures for both Ashfield (24.7%) and Mansfield (27.4%) were higher than the national average (24%). However, in the Annual Population Survey 2009 only Ashfield (22.5%) is higher than the national average (21.1%) and Mansfield had dropped significantly to below the national average.

4.3.11. The chart below shows the percentage of working age population who want a job as opposed to those who do not want a job:



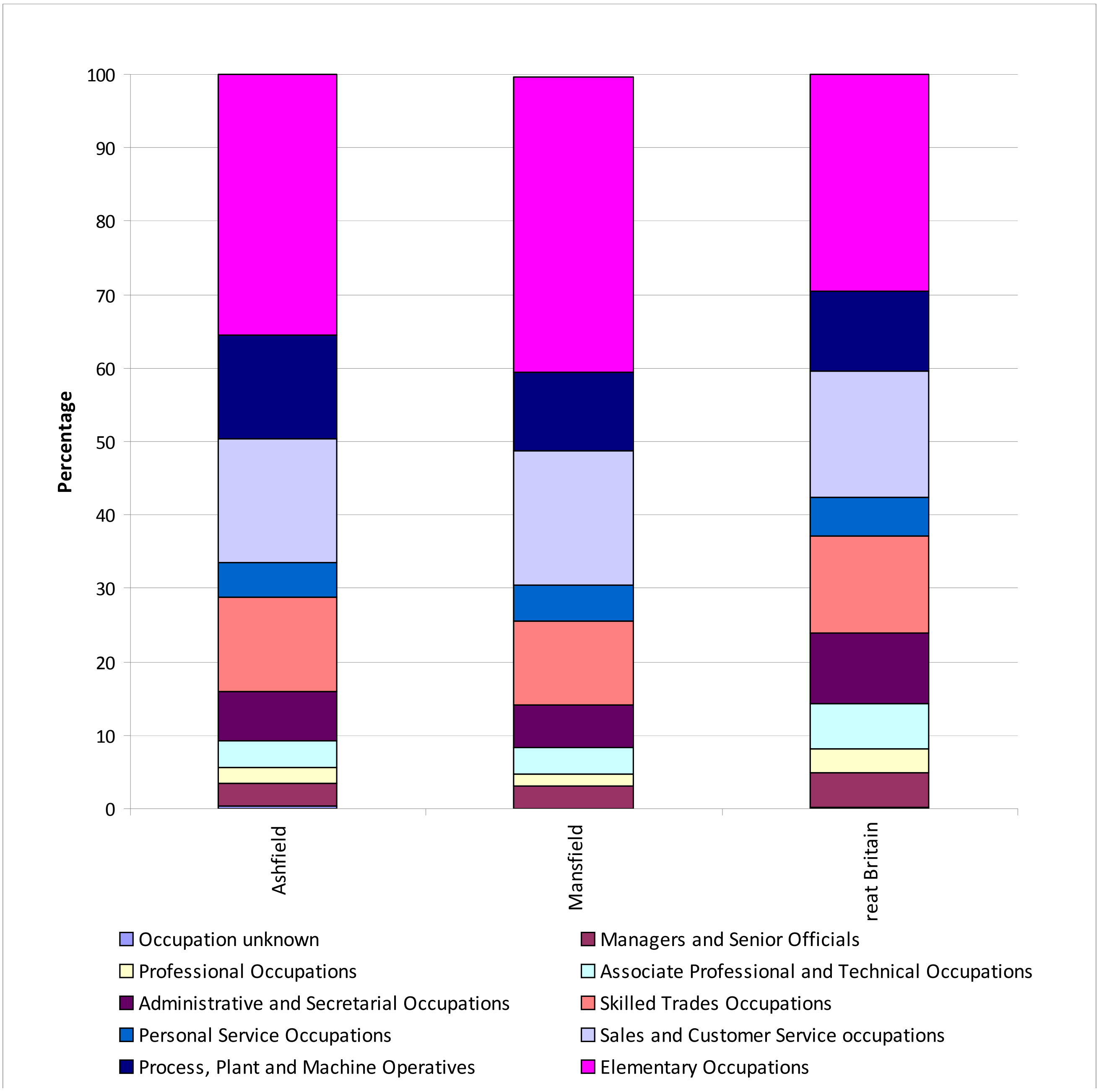
4.3.11. What the above chart indicates is that out of the number of people of working age who are not working, the majority do not want a job. Ashfield is broadly in line with the national average in this respect, but Mansfield has a higher proportion of people who do not wish to work.

4.3.12. The reasons for why someone of working age would not want to work are varied. According to the Annual Population Survey they range from looking after a family through to being discouraged from working. Based upon this data there is evidence to suggest that a significant reason for not working is that people are off on long term sick.

4.3.13. This trend is supported by data on the proportion of working age people claiming disability benefits. This suggests that 85% of the wards in Ashfield and Mansfield have a higher proportion of disability benefit claimants than the national average. Alongside this, Ashfield and Mansfield also have a higher rate of people of working age claiming other out of work benefits such as job seekers allowance.

4.3.14. The rates of economic inactivity across an area can differ considerably. In Ashfield and Mansfield, according to the majority of economic inclusion indicators, levels of worklessness and benefit claimants tends to be higher in Mansfield wards than Ashfield wards. Using a range of indicators, the ward which appears to be experiencing consistently low levels of economic inclusion is Ravenshead in Mansfield. This ward suffers from high levels of benefit claimants, low average incomes and a high number of children living in poverty.

4.3.13. The chart below shows the occupation of job seekers allowance claimants in 2010:



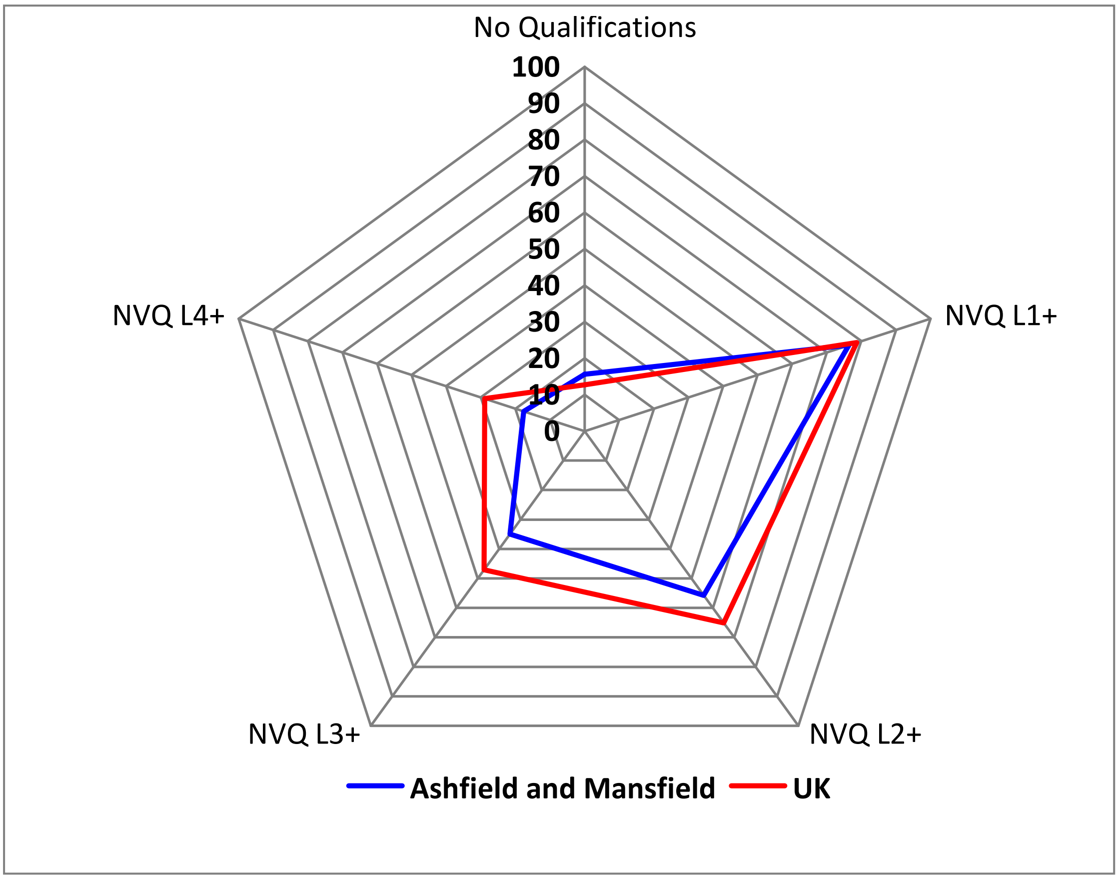
4.3.14. What the above chart indicates is that Ashfield and Mansfield have significantly higher numbers of job seekers from elementary occupations. These jobs usually involve simple and routine tasks and are low skilled and low paid. This is unsurprising considering that it is usually this group of people who are the first to suffer as a result of an economic recession. This may also be an indication of the fact that retail and wholesale is a large employer within the area. This sector has a tendency to offer low paid employment for low skilled people, but has experienced a decline since the economic recession begun in 2008.

4.3.15. What this analysis indicates is that Ashfield and Mansfield have a slightly higher proportion, when compared to the national average, of their working age population who are inactive. The most significant reason for this is that people are either registered disabled or are off long term sick. This is supported by higher than average levels of disability benefits claimants. Levels of economic inclusion vary across both districts, although Mansfield's wards in general are performing worst than Ashfield across most indicators.

LOCAL SKILLS PROFILE

4.3.16. The ability for people to find employment is significantly increased if they have a good skills profile. There is also a strong correlation between high level graduate skills and the proportion of the workforce within more productive industries.

4.3.17. The chart below shows the qualifications profile by NVQ level as a percentage of the working age population in 2008:

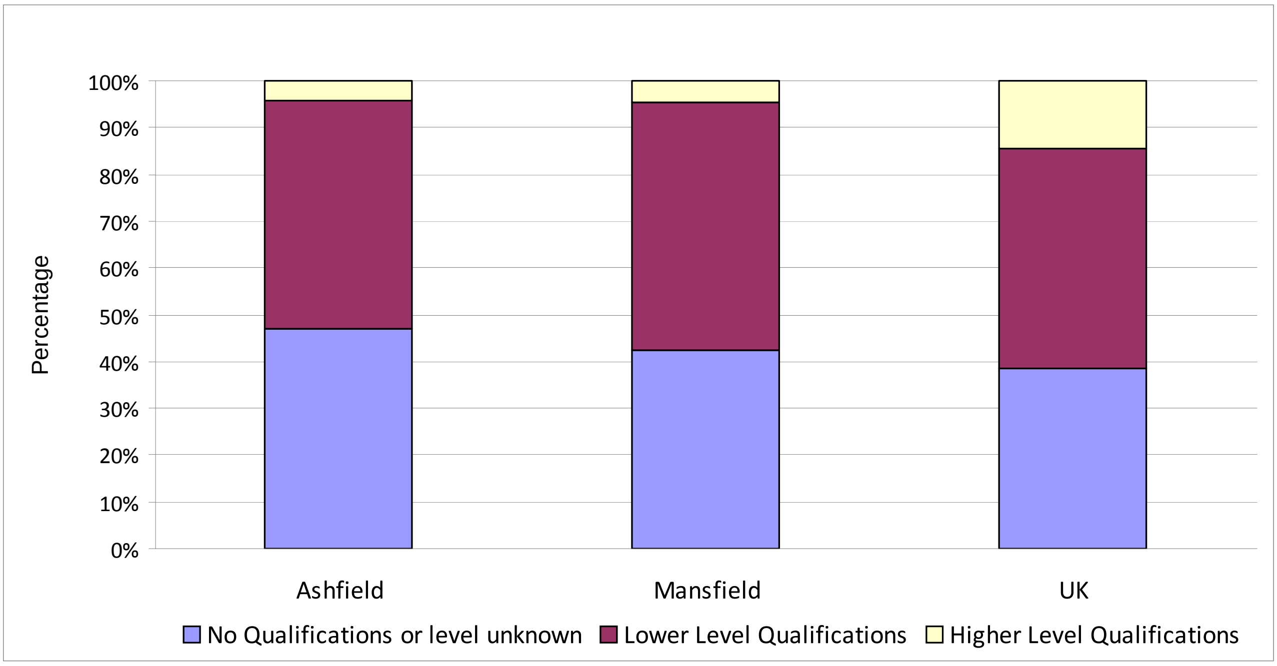


4.3.18. What the above chart indicates is that Ashfield and Mansfield have a higher number of working age people with no qualifications when compared against the national average. It also shows that the higher the qualification level, the further Ashfield and Mansfield slip behind the national average resulting in significantly lower numbers of people with NVQ Levels 3 and 4.

4.3.19. The skills profile of an area is inextricably linked with the employment profile. Businesses are attracted to an area if it can provide a ready supply of appropriately skilled workers. Likewise, skilled workers are attracted to an area if they can find suitable employment. It is therefore unsurprising to find that wholesale and retail industries, which according to the Ashfield and Mansfield Economic Analysis conducted by Experian, generates a demand for middle to lower qualified employees, being a large employer within the area.

4.3.20. The skills profile also correlates with type of occupations sought by job seekers in chart 4.3.13. A large number of job seekers are looking for employment in relatively low skilled employment which is consistent with the fact that Ashfield and Mansfield have a larger than average proportion of people with low skills. This is matched by a lack of demand for higher skills and therefore more productive jobs when compared to the national average. Again, this is due to the relatively fewer number of people who have the necessary skills to undertake these jobs.

4.3.21. The chart below shows rates of worklessness by qualification level:



4.3.22. What the above chart indicates is that when compared to the national average, Ashfield and Mansfield have higher numbers of people who are economically inactive who also have no or low level qualifications. The chart also shows that even across the UK, you are much more likely to be economically inactive if you have no or lower level qualifications. As such it is possible to infer that because Ashfield and Mansfield has a skills profile which shows a propensity for working age people to have low skill levels, the area is more at risk of experiencing higher than average levels of economic inactivity.

4.4. STRUCTURE DRIVERS WHICH AFFECT UTILISATION

COMMUNICATIONS

4.4.1. As previously noted, the communications driver consists of both physical and virtual means of communication. The ability to fully utilise the workforce of an area will depend on that workforce being able to access employment. As such physical forms of communication, such as transport infrastructure, can help raise utilisation by enabling people to get to their place of work.

4.4.2. The transport infrastructure across Ashfield and Mansfield is relatively good. Although according to the Local Transport Plan (LTP), the area has lower than average car ownership, this is just as likely to be due to the availability of different forms of transport such as bus and train, rather than solely the ability to afford a car. This is supported by data contained within the LTP which suggests that bus and rail patronage in Ashfield and Mansfield is higher than the rest of north Nottinghamshire; albeit still lower than the national average. The frequency of bus availability in Ashfield and Mansfield is also an hour or better, which is amongst the highest in Nottinghamshire.

4.4.3. According to the LTP, Ashfield and Mansfield's labour force travel less far to access employment than the national average. They are also less likely to travel over 10km to access employment than nationally. This is supported by commuting patterns between the two districts which suggests that over 10,000 people commute to work between Ashfield and Mansfield. Of these 10,000 people the majority tend to be in manual and less skilled occupations, however the majority of higher skilled workers who do travel into Ashfield tend to come from Mansfield. There is also a significant number of commuters from the south of Ashfield into Nottingham, driven by the availability of both the tram and train links.

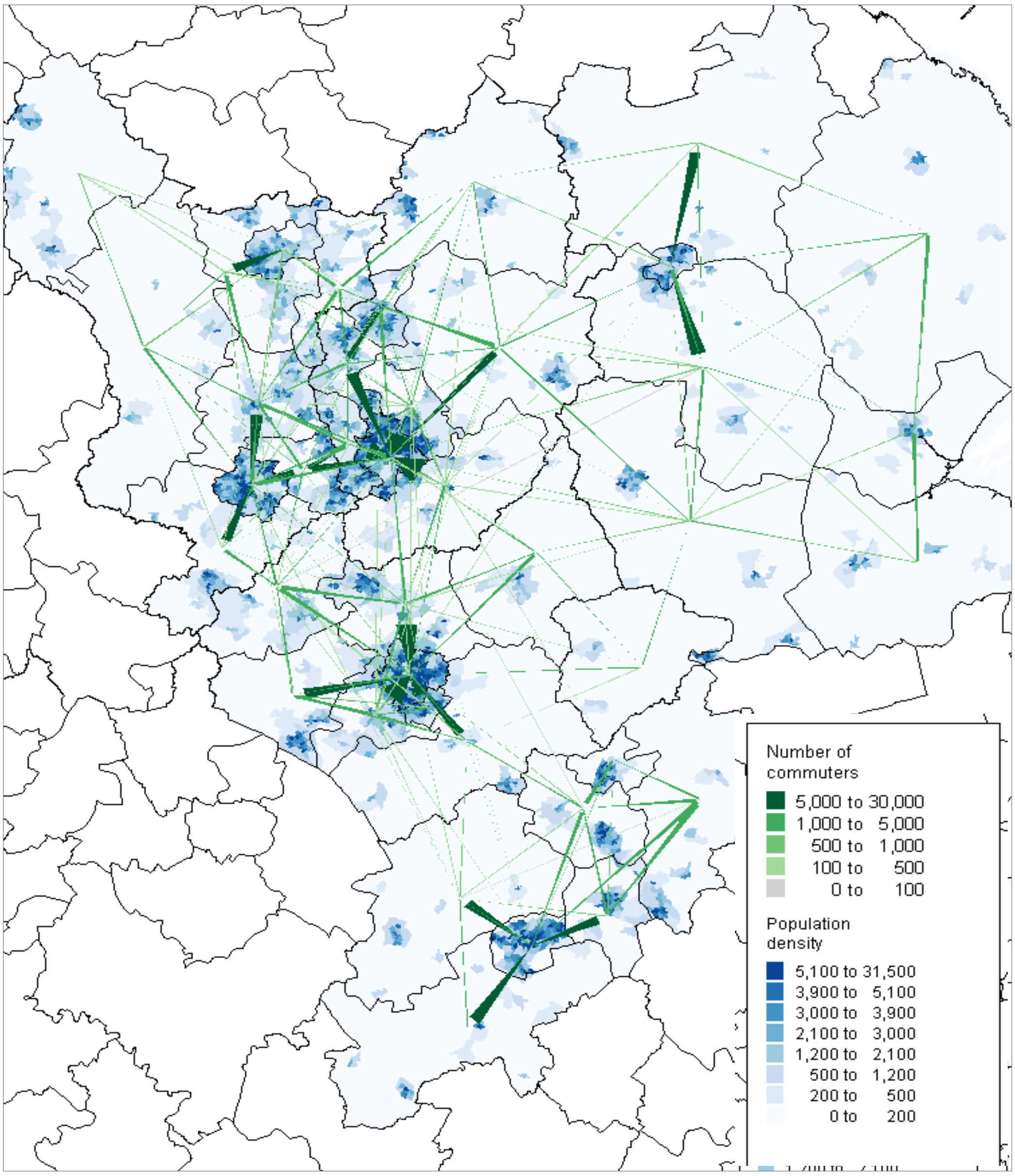
4.4.4. What this information suggests is that the local transport infrastructure in Ashfield and Mansfield should not be a barrier to the effective utilisation of labour. However, it can provide additional competition for the existing labour force if the transport infrastructure allows workers from outside of the area to access jobs in Ashfield and Mansfield.

GEOGRAPHICAL ECONOMIC LINKAGES

4.4.5. *The Work Foundation* was commissioned in 2010 to undertake a research project for Ashfield and Mansfield District Councils respectively on economic linkages. The intention was to investigate the economic links between the area and neighbouring economies in order to assess where and how they can be strengthened in order to generate sustained economic benefit.

4.4.6. One of the factors affecting complimentary economic relationships between places is labour market links, enabled by transport and skills.

4.4.7. As noted in the labour profile in section 3, the good transport links between Ashfield and Nottingham have resulted in an increased flow of labour between the two areas. The flow of labour can be seen in the following map:

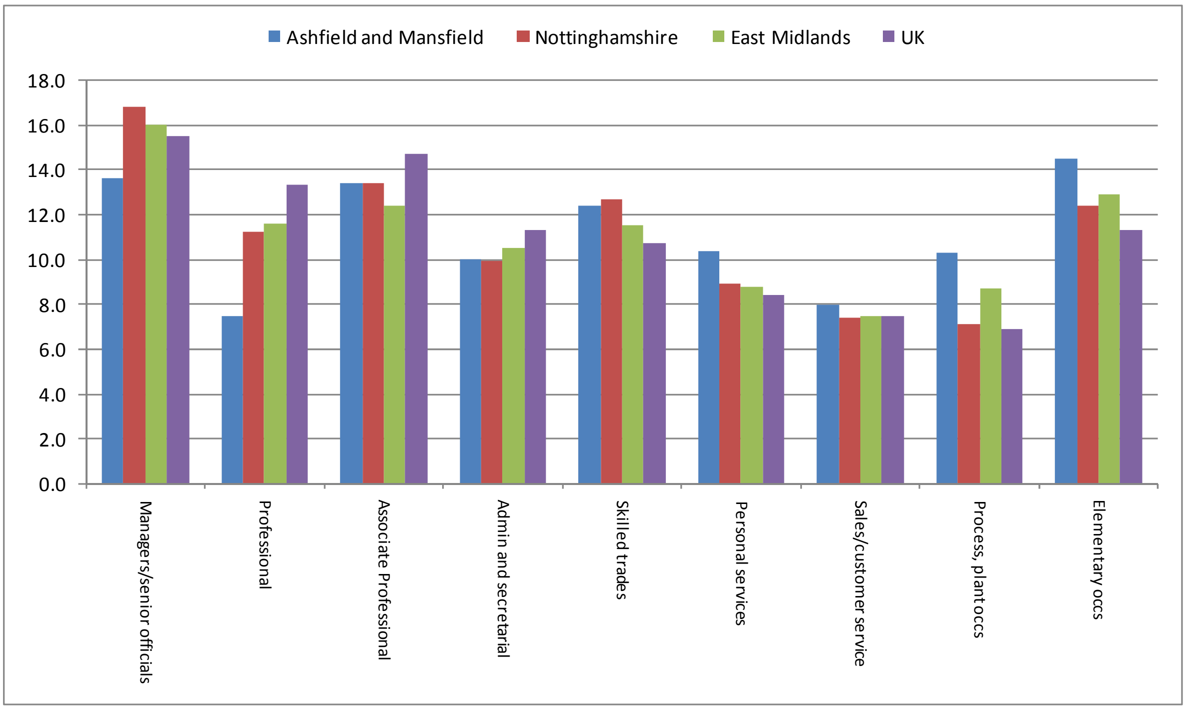


4.4.8. Mansfield is a net importer of labour, although not on the same scale as Nottingham. Of the surrounding areas' resident population, the highest proportions commuting to work in Mansfield travel from Ashfield (11.3% of total residents), Newark and Sherwood (9.2% of total residents), and Bolsover (6.3% of total residents). Whilst net out-commuting is higher in Ashfield, the district still provides employment for a significant proportion of residents in Mansfield (13.5% of total residents) and Bolsover (6.1% of total residents). Levels of self-containment and commuting into Ashfield have dropped, however, indicating a fall in labour demand.

4.4.9. Resident based earnings in Mansfield are higher than the workplace average, indicating that residents of Mansfield work outside of the District. Ashfield's resident based earnings are lower than the workplace earnings, suggesting that those who work in Ashfield commute from outside of the District. This information is in contrast to commuter patterns which clearly indicate that Mansfield is a net importer and Ashfield a net exporter. What can be inferred therefore is that those that live in Mansfield that earn higher wages, tend to earn these higher wages by working outside of the District. In contrast, the higher paid jobs in Ashfield are taken by workers from outside of the District, perhaps an indication of the role Sherwood Business Park plays in being a hub for higher value jobs within the District.

4.4.10. The workplace earnings in Ashfield are also higher than the workplace earnings in Mansfield, indicating that the types of jobs available in Ashfield are of a higher value than those in Mansfield.

4.4.11. The chart below shows the type occupations undertaken by residents in Ashfield and Mansfield compared to the national average:



4.4.12. What the above chart shows is that when compared to the national average, Ashfield and Mansfield have less residents in higher value jobs but more in lower value jobs. What this also indicates is that based upon workplace earnings, Ashfield is a net importer of knowledge based workers. Whereas Mansfield is a net exporter of knowledge based workers but provides employment internally for a large proportion of its lower skilled workers. Overall however, Ashfield is net exporter of labour as the number of lower skilled workers in Ashfield is higher than the number of knowledge based workers. It is these lower skilled workers which Ashfield are exporting, primarily to Mansfield and Nottingham, due to the number of elementary occupations available in these two areas i.e. retail.

4.5. UTILISATION CONCLUSION

4.5.1. Ashfield and Mansfield, along with Nottingham, provide enough employment based upon the skills profile of their existing residents.

4.5.2. The type of employment available in the area is dominated by the private sector, but there is still a significant element of public sector employment which makes the area less resilient to public sector spending cuts. Of the private sector employment available, this tends to be focussed upon manufacturing, wholesale and retail, health and social care and business services. However, in line with national indicators, manufacturing is declining and in the future the economy is likely to be dominated by business services and the public sector (not withstanding impending spending cuts).

4.5.3. Although the number of people who are not in employment is lower than the national average, increasing the employment rate will be difficult due to the reason for economic inactivity. Ashfield and Mansfield have a benefit dependency culture which means that those out of employment are more likely to be on benefits, especially disability allowance, than the national average. This group of people are less likely to want to renter the labour market. This is made worst by the low skill levels of people in Ashfield and Mansfield. The lower the skill level the more likely people are to becoming economically inactive.

4.5.4. The availability of transport is not a barrier to seeking employment. In fact based upon commuter patterns, the good transport infrastructure is enabling lower skilled workers, especially in Ashfield, to seek employment outside of the District. It is also enabling higher skilled workers to find employment in the area.

4.5.5. In line with the skills profile, the types of employment undertaken by local residents is primarily lower value. However, based upon the growth in the business services sector, it is likely that more higher value, knowledge intensive employment will become increasingly available, especially in Ashfield. Despite this, the skills profile will prevent many local residents taking advantage of these types of jobs. This has resulted in Ashfield importing knowledge workers but exporter lower skills workers. Mansfield appears to be exporting knowledge workers, largely to Ashfield, and providing employment internally for a large proportion of its lower skills workers.

Utilisation: Key Messages

- Ashfield and Mansfield, together with Nottingham, provide enough employment for their predominantly lower skilled residents.
- The growth in public sector employment has made the area less resilient to public sector spending cuts.
- Those currently not in employment will be harder to utilise due to high levels of benefit dependency and a poor skills profile.
- Good transport links have enabled lower skilled workers in Ashfield to find employment in Nottingham and Mansfield.
- Ashfield provides higher value employment than Mansfield.
- Ashfield imports knowledge based workers, whereas Mansfield exports them.
- Growth in higher value industries will depend on the ability to continue to import knowledge based workers.

5. Intensity

5.1. INTRODUCTION

5.1.1. The intensity driver of economic performance represents the average number of hours a typical employed person works. It is measured by the number of hours worked divided by the total number of jobs.

5.1.2. A relatively high level of intensity is not necessarily desirable as high value products and jobs are not created simply by working more hours. In addition, a highly productive economy allows it participants to choose more leisure thus reducing intensity. As a result, the intensity driver will provide limited opportunity to improve economic performance.

5.1.3. What the intensity driver can be used for is to support the conclusions drawn from the analysis of other drivers. This is because the number of hours someone works can be determined by a number of factors such as the type of job and their relative skill levels.

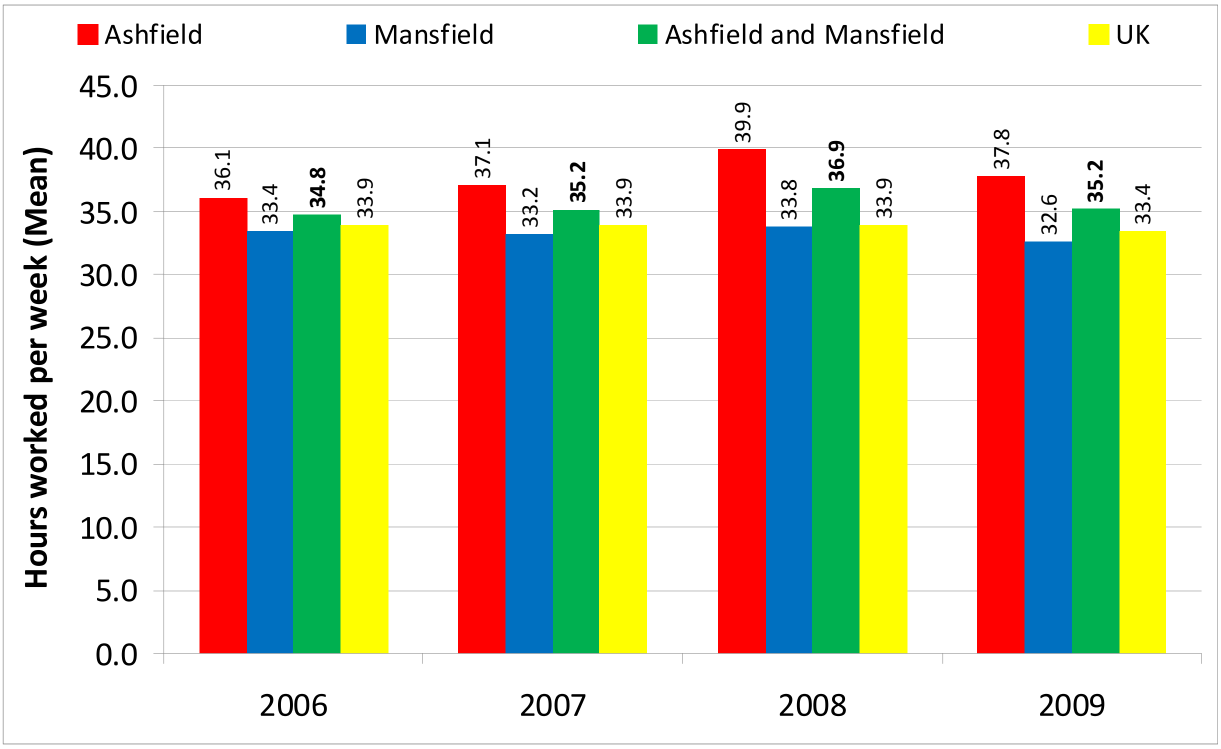
5.1.4. The chart in 2.2.8. indicates that Ashfield and Mansfield residents work longer hours than the national average. As such this section will seek to assess:

- Whether the type of job has an impact on the number of hours worked
- Whether there is a correlation between skill levels and working hours

5.2. LABOUR INTENSITY

5.2.1. It is evident from the chart in 2.2.8. that the labour intensity in Ashfield and Mansfield is helping to close the economic performance gap by £138million. Again however, this performance is not uniform across both authorities. Ashfield's labour intensity is actually the sole reason for the GVA uplift as people who work in Ashfield tend to work longer works, as opposed to Mansfield who work fewer hours than the national average.

5.2.2. The chart below shows the average number of hours worked in Ashfield and Mansfield when compared against the national average. The figure used in the calculation of this driver is that of the average workplace hours worked in each local authority. This may not include all residents as some will work outside of the area, but is a more accurate measure as it is determined by the type of businesses and jobs actually within each District.



5.2.3. What this chart shows is that between 2006 and 2008 the number of working hours in Ashfield increased by almost 4 hours, compared to a national average which was static. Mansfield also remained relatively static, varying within less than 1 hour. In 2009 however, all figures fell, most likely as a result of the economic recession. Despite this, Ashfield's working hour figure remains over 4 hours higher than the national average, whereas Mansfield's is just under 1 hour less.

5.2.4. Based upon this analysis, the willingness of people to work longer hours, especially in Ashfield, does not appear to be a problem. It may also indicate that businesses in Ashfield are happy to employ people for more hours, perhaps as a result of the type of work being conducted. In order to assess this, the following people and structure drivers will be considered:

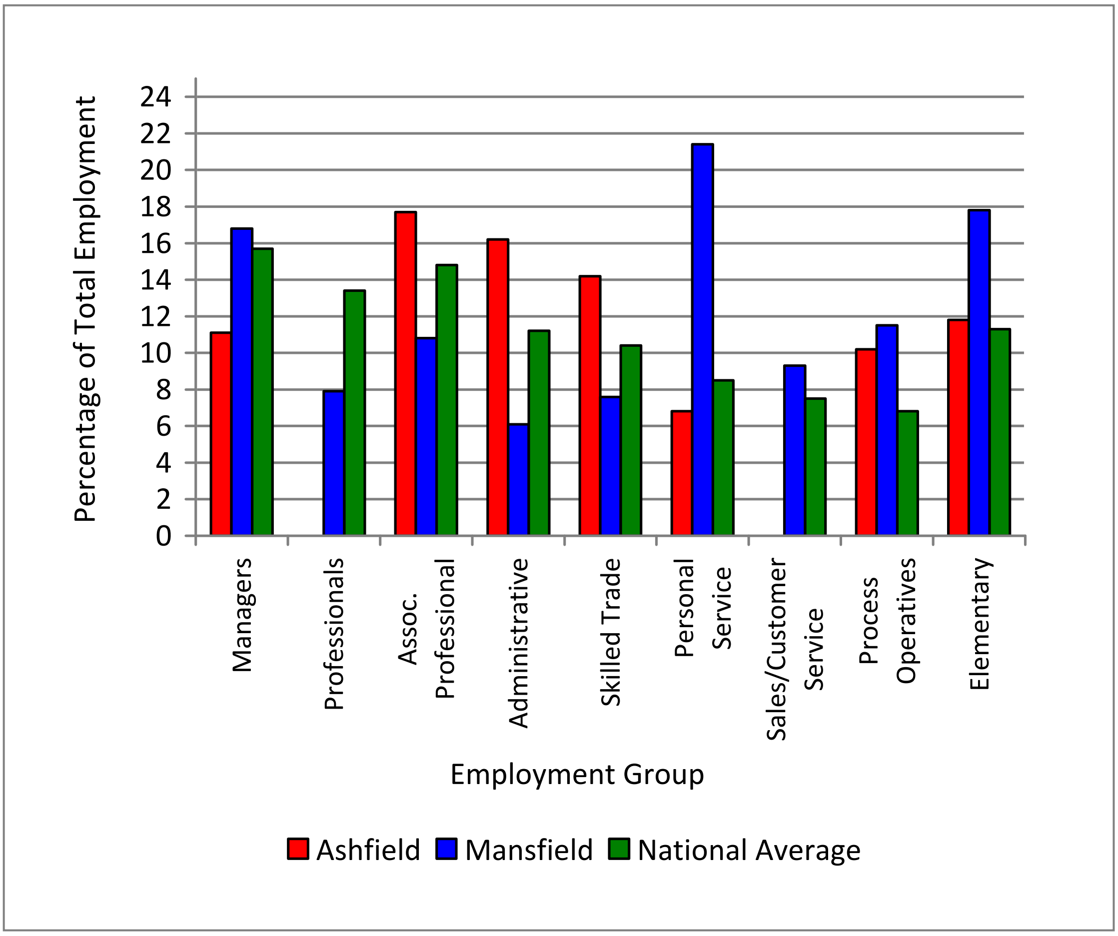
- People
  - Labour Market Trends
- Structure
  - Sectoral Structure

5.3. PEOPLE DRIVERS THAT AFFECT INTENSITY

LABOUR MARKET TRENDS

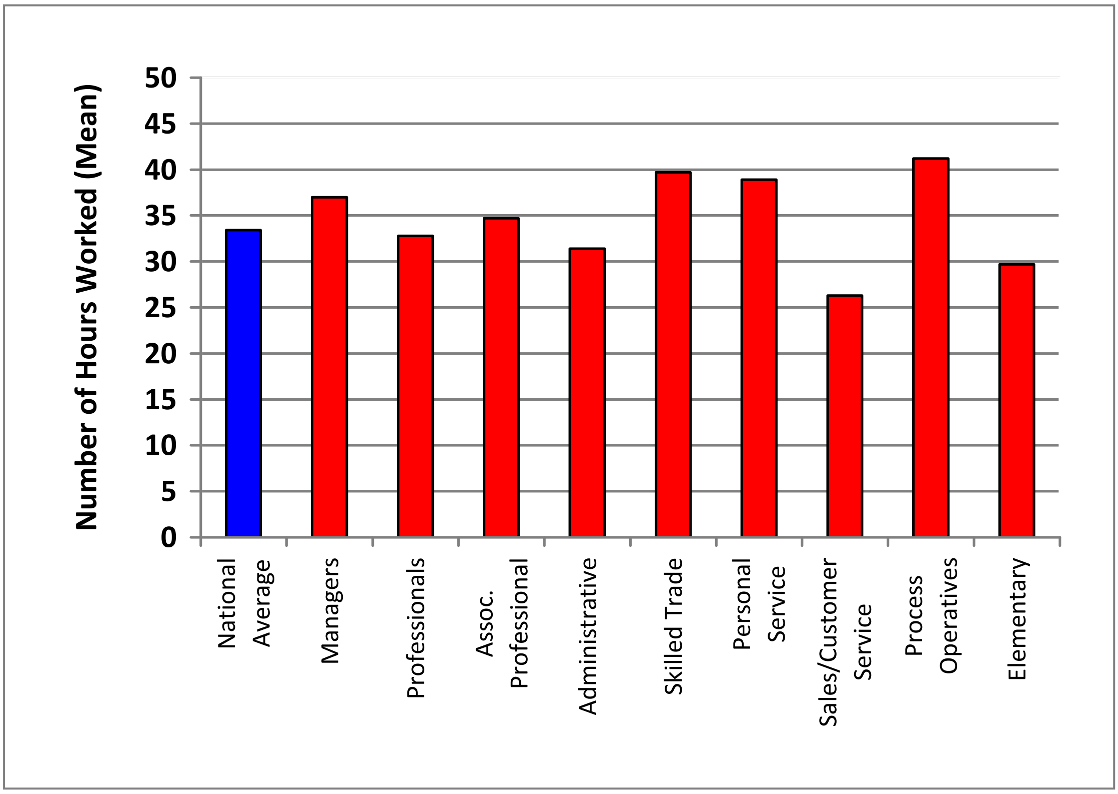
5.3.1. The labour market indicator which can affect the intensity rate is that of the type of occupation. The chart in 4.4.11. shows the type of occupations undertaken by residents across both Ashfield and Mansfield. What this indicates is that the area has a lower than average number of people working in higher value roles and more people working in skilled trades and lower value roles. However for the purposes of the intensity driver, it is important to consider the type of occupations in both Ashfield and Mansfield separately due to the large disparity in the average number of hours worked across both Districts.

5.3.2. The chart below shows the proportion of employment by occupation in both Ashfield and Mansfield between 2008 and 2009:



5.3.3. According to this chart, Ashfield has higher than average representation in terms of associated professional and technical, administrative, skilled trade and process/plant machine operative occupations. Mansfield has higher than average representation in terms of managerial, professional service, sales and customer service, process/plant machine operative and elementary occupations. The most notable concentration of occupations are associate professional, skilled trade and administrative for Ashfield, and professional service and elementary for Mansfield.

5.3.4. The chart below shows the average number of working hours by occupation group:



5.3.5. Based upon the chart above and the split of occupations in 5.3.2. it would suggest that two of the three occupations which are particularly prominent in Ashfield tend to have workers who work longer hours. Mansfield has one which is above the national average and one below.

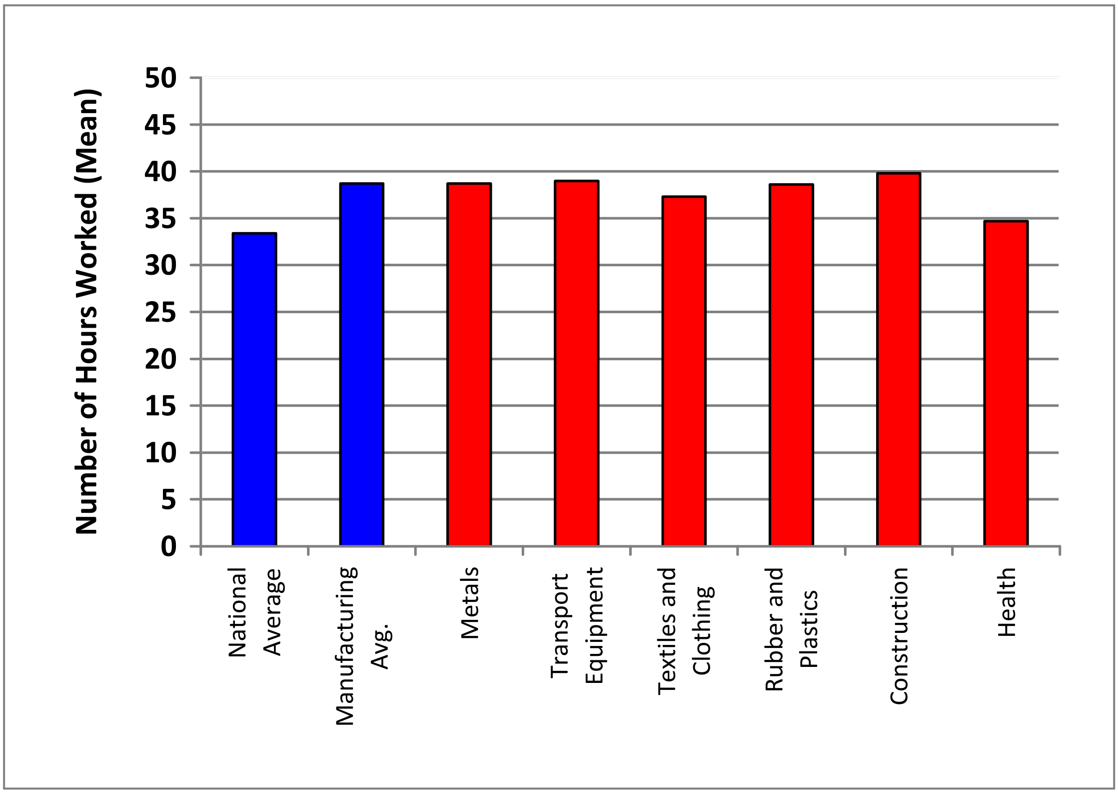
5.3.6. What this analysis tells us is that it could be possible to infer that part of the reason for Ashfield's longer working hours is due to the type of occupation undertaken by its residents. It is likely however that this indicator will have a minimal impact because, as outlined in 5.2.2., the data used to calculate labour intensity is the workforce hours and not resident hours. As the occupation type data is derived from resident occupations, this could impair the quality of the data comparison, because some residents could be undertaking these occupations outside of Ashfield or Mansfield.

5.4. STRUCTURE DRIVERS WHICH AFFECT INTENSITY

SECTORAL STRUCTURE

5.4.1. The propensity for people in Ashfield to work longer hours could be a symptom of the type of work available within the District. According to research conducted by *Experian*, construction, health and business services generate the largest number of jobs in Ashfield. In Mansfield, construction, business services and retailing have the largest shares in employment.

5.4.2. Although these sectors may be the largest employers within the area, their employment share may not be disproportionate to the national average. As such the following chart shows the sectors in Ashfield whose employment shares are greater than the national average by more than one percentage:



5.4.3. What this chart indicates is that for sectors within Ashfield which have a higher than average employment share, they all exceed the national average number of working hours. However, all of these sectors, apart from health, are a type of manufacturing or production activity. As such, when compared to the national average number of working hours for manufacturing sectors they are comparable.

5.4.4. The national average is 33.4 hours which is lower than the manufacturing average of 38.7 hours. The reason for this is that the majority of UK workers work in service related industries which do not involve production or manufacturing. The national average for service industries is 32.3 hours, which therefore brings overall national average down to 33.4 hours.

5.4.5. This analysis shows that one of the reasons that Ashfield has a much higher intensity rate than the national average is due to the fact that the District has a larger the average concentration of manufacturing and production businesses, who themselves employee people for longer hours than the national average.

5.4.6. Mansfield in comparison only has two sectors which exceed the national average employment share by more then one percentage – construction and retail. As such Mansfield's employment share by sector is relatively in line with national trends. As the number of hours people work is determined by the type of sector they work in, this is therefore why Mansfield's intensity rate is broadly in line, albeit slightly lower, than the national average. This slightly lower rate is likely to be due to the large retail sector, which employs 11% of people in the District. As this is a service industry, whose hours worked is lower than the national average, this therefore has the effect of pulling Mansfield's working hours rate below that of the national average.

5.5. INTENSITY CONCLUSION

5.5.1. As previously stated, then intensity driver is unlikely to have a significant impact on the chances of improving economic performance. It can however provide a useful indication as to the affects of other drivers as it can be influenced by both the sectoral mix and the type of occupations being performed.

5.5.2. Although working practices in Ashfield and Mansfield (although primarily Ashfield) result in longer working hours and therefore a reduction in the performance gap, this does not necessary mean that the area is more productive. Output is not necessarily directly connected with how long someone works, as what they are actually doing is far more significant.

5.5.3. What the longer working hours culture actually tells us is that workers in Ashfield are actually performing more manufacturing and production related activity rather than service related. Whereas in Mansfield the business activity is more evenly spread in line with national trends, hence the working hours in this District being consistent with national averages.

5.5.4. This analysis therefore supports the data seen in 4.3.4. that the area is not employing enough people in knowledge intensive activity, which is closely tied to service rather than manufacturing industries. Although the trend seen in 4.3.6. appears to suggest a growth in business services which is a knowledge intensive service sector, the utilisation driver clearly suggests that residents in Ashfield and Mansfield will not be best placed to take advantage of this growth.

Intensity: Key Messages

- Ashfield's longer working hours is due to the dominance of manufacturing and production sectors, whose workers tend to work longer than the national average.
- Mansfield's shorter working hours is due to it's sectoral mix being broadly in line with the national average, along with a slightly larger than average retail sector whose workers tend to work fewer hours.
- The intensity driver supports the proposition that Ashfield and Mansfield lack sufficient levels of knowledge intensive service sector industries.

6. Productivity

6.1. INTRODUCTION

6.1.1. As previously stated, increasing productivity is one of the most effective ways of improving economic performance. The analysis of GVA seen in 2.2.8. leads to the conclusion that a lack of output per hour worked in Ashfield and Mansfield is the principle reason for the area not reaching its economic potential.

6.1.2. The core measure of productivity is the labour output per hour. Labour productivity captures the productive capacity of the economy because it reflects the value of the output an employee can produce given various other contributing factors such as the nature of the industry, the strategy of the business, investment in capital, investment in R&D and investment in the skills and training of the individuals. All of these factors combined reflect the productivity of the labour in the value of the output produced.

6.1.3. Productivity is inevitably linked with other economic drivers, such as utilisation. Increasing productivity can be achieved through process innovation and product innovation. In the first instance the process of work can be made more efficient so that the same output is achieved with fewer hours of labour. Performed in isolation this can potentially lead to job losses and thereby reduce utilisation. However, improving productivity in this way can make businesses more competitive and provide them with the opportunity to serve new markets. In turn they can expand their productive capacity and thereby create new opportunities to increase utilisation. These increased opportunities may indeed be in the new more high value jobs that were created. Therefore, the upgrading of skills and knowledge in the workforce, is essential for the value of process innovation to be maximised.

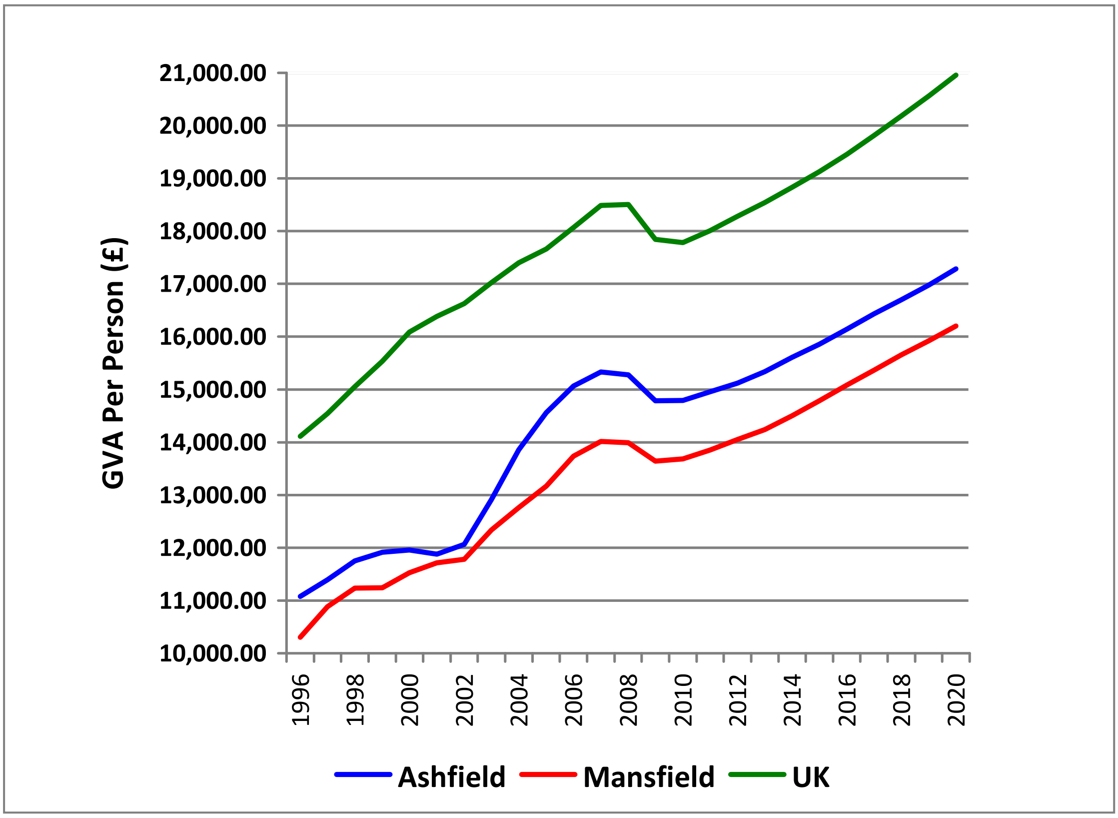
6.1.4. This section will therefore seek to assess:

- What are the main reasons behind the poor levels of productivity?
- Is the area well placed to maximise the benefit from improved levels of productivity?

6.2. LABOUR PRODUCTIVITY

6.2.1. It is evident from the chart in 2.2.8. that low levels of productivity is widening the economic performance gap by £531million. This underperformance is relatively uniform across both Districts, with Ashfield contributing £251million and Mansfield £276million of the gap.

6.2.2. The chart below shows how labour productivity (GVA per head) has changed between 1996 and 2008, along with projections for future growth if economic trends remain the same:



6.2.3. What the above chart indicates is that if current economic growth rates are maintained, then levels of productivity in Ashfield and Mansfield will remain significantly below the national average. There are also no signs of the productivity gap closing either, with Ashfield and Mansfield appearing to be maintaining a relatively parallel path to the national average.

6.2.4. What appears to be required is a radical step change in levels of productivity across Ashfield and Mansfield in order to start closing the performance gap. In order to development a broader understanding of what is causing this gap, the following people and structure drivers will be considered:

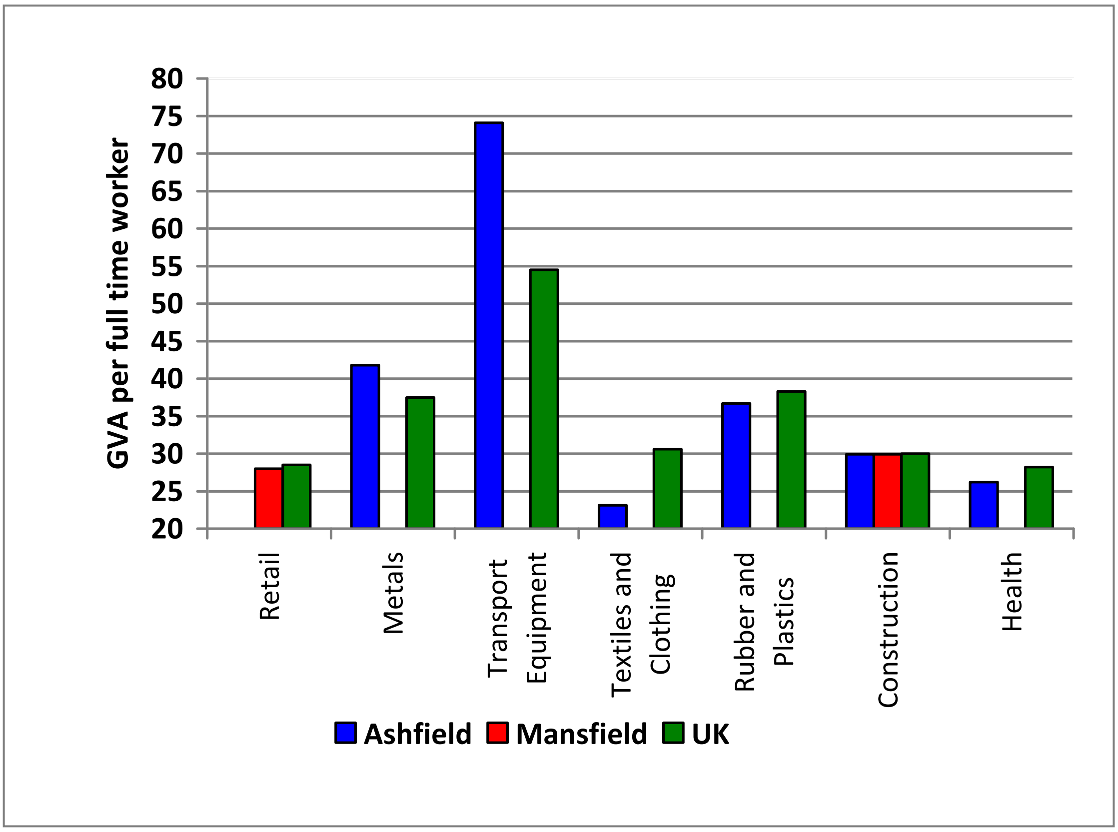
- Structure
  - Sectoral Structure
  - Business Investment
  - Geographic Economic Linkages
  - Commercial Property
- People
  - Local Skills Profile
  - Entrepreneurship

6.3. STRUCTURE DRIVERS THAT AFFECT PRODUCTIVITY

SECTORAL STRUCTURE

6.3.1. The productivity of an economy can be heavily influenced by sectoral composition as industries differ in terms of productivity levels and growth. Consequently, the industrial mix within regions may explain to some extent differences in regional productivity levels. Research has suggested that sectoral specialisation in GVA, sectoral concentration of GVA and employment and sectoral re-allocation of labour have a significant effect on labour productivity across the UK regions. In particular, the Northern Ireland's industry mix compared to the UK average negatively contributed to the region's labour productivity growth between 1995 and 2002: Labour productivity would have grown 3.6 per cent more over this period had Northern Ireland had the same industrial structure as the UK as a whole. Sectoral composition is also relevant for differences in the intensity of other people and structure drivers. Demand for skills in an area varies, among other things, according to the industrial structure.

6.3.2. According to the analysis in 5.4. the *Experian* report indicates that seven sectors (including one which is shared – construction) across Ashfield and Mansfield exceed national trends in terms of employment. It is therefore these seven sectors which currently dominate the economy. Based upon this data, the following chart compares the productivity levels for each of these sectors against the national average:



6.3.3. What the above chart indicates is that the sectors which Ashfield and Mansfield have larger employment shares in, only two of these exceed the national average in terms of productivity. The remaining five either fall in line with national productivity trends or perform worse.

6.3.4. According to the *Experian* report however, only five sectors out of a possible thirty, across Ashfield and Mansfield actually exceed their national productivity averages. Of these five sectors, three do rank within the top ten most productive in the UK – transport equipment, food/drink and tobacco and minerals. Despite this, it is evident that across almost 85% of all sectors, Ashfield and Mansfield businesses perform below average in terms of productivity. Therefore although the area does have higher than average productivity in a small number of key employment sectors, this is not sufficient enough to help raise overall levels.

6.3.5. Although it is clear that the current sectoral mix is not sufficiently productive in order to raise economic performance, it is important to consider what the key sectors of the future might be based upon current trends. By analysing the share of employment each sector has, relative productivity levels and project growth output, *Experian* have proposed five key sectors which will be important for economic growth in the future. These are business services, wholesale, health, transport equipment and transport/logistics. However, due to their employment size and growth potential, retail and construction are considered important.

6.3.6. Whilst productivity has improved in all of these key sectors in the two districts between 1996 and 2006, productivity levels remain lower than the UK average in all but transport equipment. This shortfall is particular apparent in service sector industries such as business services. It is therefore clear that productivity needs to be improved in these specific sectors if overall productivity across Ashfield and Mansfield is to be increased.

6.3.7. The mix of businesses that comprise these broad sector definitions can themselves explain productivity differences. Some sub-sectors are more productive and can, as such, contribute to stronger growth in the overall sector. Examining the mix of industries in any sector can provide guidance to the types of businesses that a district must seek to attract to boost growth.

6.3.8. In summary, what the *Experian* sub-sector analysis shows is that for business services, although Mansfield has a larger sector, this tends to be concentrated in low productivity industries such as labour recruitment. Ashfield in comparison has greater representation from more productive industries, but overall business services represents a smaller proportion of the total employment profile, thereby limiting long-term growth.

6.3.9. Hospital activities and social work constitute the greatest share of healthcare services, particularly in Ashfield. Within the transport & logistics sector, Ashfield is strong in road freight transport and storage/warehouse activities while Mansfield has a large presence of both rail and road freight activities. Employees involved in the wholesale of pharmeceutical products in Ashfield constitute over 12% of wholesale employees. This suggests that a small cluster of healthcare and pharmeceuticals is forming in the District which is particularly important as it can potentially generate higher value-added spinoffs in the form of biosciences and associated research.

6.3.10. The wholesale of automotives and related services are also important in the two districts with wholesale of motor vehicles especially significant in Mansfield. In the transport equipment manufacturing sector, Ashfield has a heavy bias towards the manufacture of aircraft and space craft with over 90% of employees in transport equipment engaged in this sector. In Mansfield the manufacture of motor vehicles and aircraft are the key sub-sectors within transport equipment manfacturing.

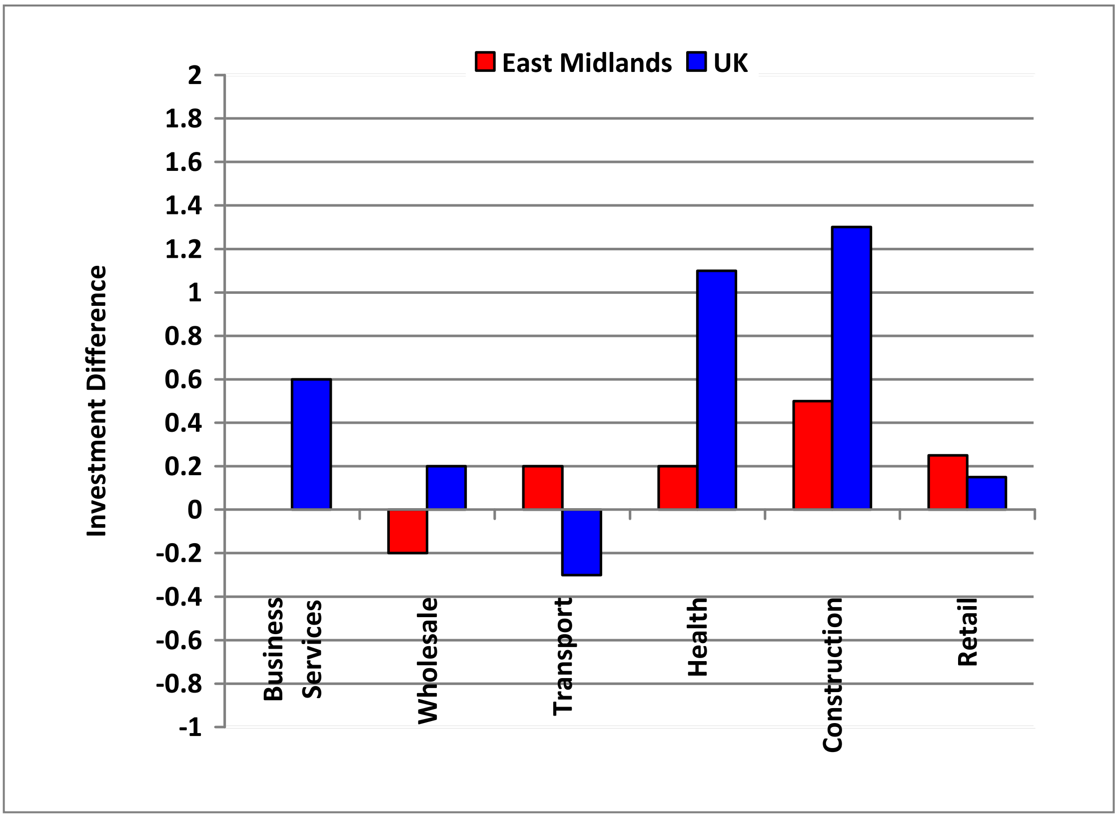
6.3.11. The conclusion of this analysis indicates that if Ashfield and Mansfield continue to simply sustain the current sectoral mix, then overall economic productivity will fail to achieve its potential. As noted under the intensity driver, the area does not have enough knowledge intensive service industries. Although productivity in some sectors outperforms national trends, this is isolated within a handful of industries. There appears to be an opportunity however to focus efforts upon five key sectors, and their specific highly productive sub-sectors. From the analysis it would also appear that Ashfield generally has more productive types of industries, which would support the utilisation finding that the District tends to have higher value employment than Mansfield.

BUSINESS INVESTMENT

6.3.12. Business investment can improve productivity through either improved equipment or by allowing the business to innovate by investing in research and development.

6.3.13. In the preparation of their report, *Experian*, calculated the investment by sector to see how it has changed between 1998 and 2004. However, data on investment is limited and it is only possible to compare East Midlands level data with that of the UK. Investment data is also not available post 2005.

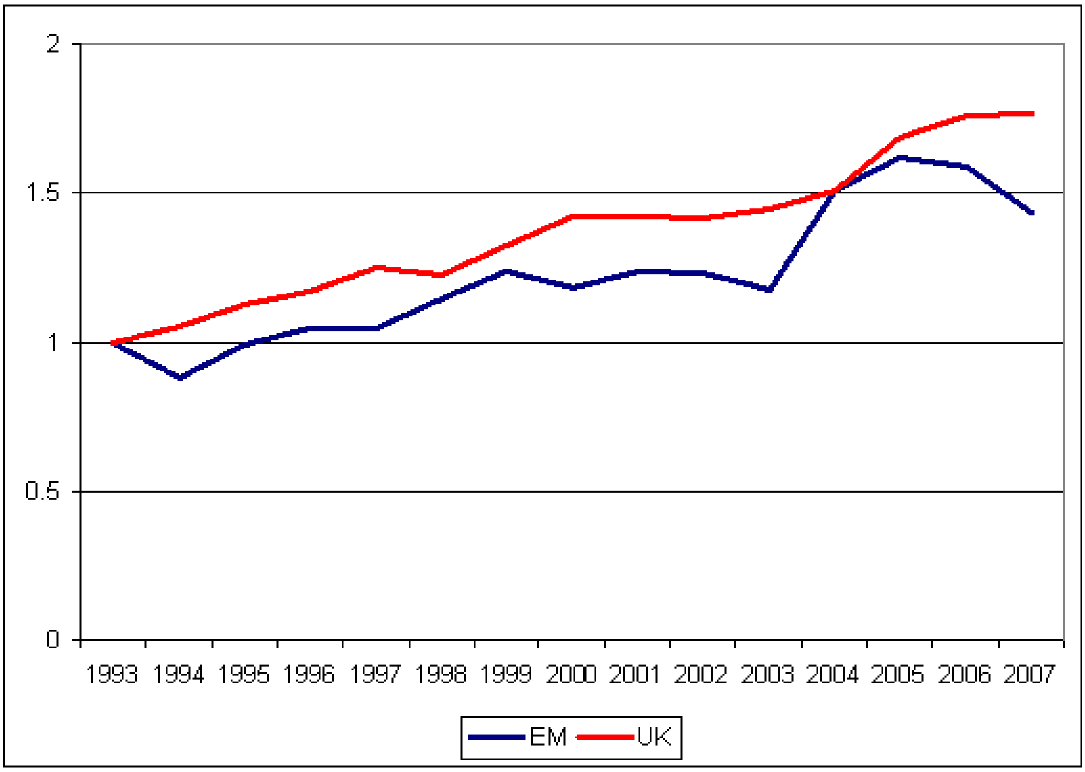
6.3.14. Based upon the five key growth sectors, and the two large employing sectors, which were identified in 6.3.5. the following chart demonstrates the difference in net capital expenditure between the East Midlands and the UK:



6.3.15. What the above chart indicates is that the East Midlands, which is being considered as a reflection of business investment in Ashfield and Mansfield, only outstripped the UK in terms of investment growth in two sectors. Investment growth in the UK exceeded the East Midlands in the key future growth sectors of business services, wholesale and health. Only one key future growth sector exceeded national trends, which was transport (transport equipment was not included as a separate category due to the lack of reliable data). Greater investment in this sector however is likely to be due to the region's excellent location at the heart of the country and its proximity to other regional centres. It is therefore more likely to benefit from investment in transport related activities.

6.3.16. The analysis of net capital expenditure by sector in the East Midlands and the UK shows that investment growth trends have been mixed. While UK investment growth, when seen year by year, is more volatile than regional trends, total growth over the period has outpaced the regional average in most sectors. This is also the case in the priority sectors which have seen no major increase in investment levels.

6.3.17. Innovation is difficult to measure, particularly at a local level. However, data on regional R&D is available from the ONS although little meaningful sectoral information is made available. The chart below shows that there has been considerable volatility in R&D spending in the East Midlands compared to the smoother and consistently positive growth seen in the UK. R&D spending growth has been weaker in the East Midlands compared to the national average in the last three years of available data.



6.3.17. The region clearly underperforms the UK average in terms of R&D spending which has been shown to have a real and significant impact on innovative activities which directly increase productivity. It is predicted that based upon evidence from the sectoral analysis, which suggests a shortfall of knowledge based industries in Ashfield and Mansfield, that this trend will be even worse in this area.

6.3.18. What the analysis of business investment appears to conclude is that levels of investment by sectors which are vital to the long term economic future of Ashfield and Mansfield, has generally been below the national average. This is important as in order to close the productivity gap, Ashfield businesses need to be at least investing at UK levels but preferably exceeding them. Based upon current trends of lower than national investment levels, this will further exacerbate the productivity problem. This is reinforced by levels of innovation spending per worker which even suggests that East Midlands based businesses are cutting back on R&D spending.

GEOGRAPHICAL ECONOMIC LINKAGES

6.3.19. As part of their research into economic linkages, *The Work Foundation*, investigated business relationships developed by firms as they undertake their activities. The research focused upon two of the key growth sectors to analyse whether there could be the potential for complimentary economic relationships to be developed between Ashfield and Mansfield and surrounding areas.

6.3.20. These geographical relationships with surrounding areas, and especially Nottingham, can be important when seeking to improve productivity in Ashfield and Mansfield. This is called agglomeration and describes the benefits that firms obtain when locating near each other ('agglomerating'). According to urban economic theory, firms derive productive advantages from locating in close proximity and the existence of such benefits can explain the formation and growth of cities and dense industrial areas. The main sources of agglomeration externalities are thought to arise from improved opportunities for labour market pooling, knowledge interactions, specialisation, the sharing of inputs and outputs, and from the existence of public goods. As the scale and density of urban and industrial agglomerations increase, we expect to find an increase in the external benefits available to firms.

6.3.21. Research conducted by Dan Graham of Imperial College London, found that agglomeration benefits vary per business sector. Using this research, *The Work Foundation* research found that based upon the sectoral mix found within Ashfield and Mansfield, the potential to derive agglomeration benefits is quite limited. Sector specialisms in Ashfield and Mansfield are not very ‘agglomeration sensitive’, meaning that they derive below average benefits from being located in or near a big city. This is based upon evidence with Dan Graham’s work which found that manufacturing and production related activities derive less benefit from agglomeration, whereas the service industries do derive significant advantages. It is clear from evidence in the intensity driver that the economy of Ashfield and Mansfield is still dominated by manufacturing and production related activities. Although business services and other service sector industries are on the increase, they are currently still not as significant.

6.3.22. What this agglomeration analysis of the current sectoral mix tells us is that despite Ashfield and Mansfield being the fifth largest urban area in the East Midlands, and their close proximity to Nottingham, it is not well positioned in order to take advantage of the productivity benefits which can be derived from this. What this could tell us about the productivity gap is that if Ashfield and Mansfield had a larger share of higher value service sector related industries, agglomeration could therefore provide a ‘boost’ to productivity, over and above what would happen if the area wasn’t as large or located near a large city.

6.3.23. Although the current sectoral mix is insufficient to derive agglomeration benefits, some of the key future growth sector identified in 6.3.5. may be better placed. Business services and health are two of these sectors which do score highly according to Dan Graham in terms of their agglomeration benefits.

6.3.24. As previously noted, although business services contribute a larger share of Mansfield's output than it does for Ashfield's, it is focussed on less productive sub-sectors. The location of these industries is also not evenly spread, with large concentrations found in or near Mansfield town centre and on Sherwood Business Park in Ashfield. *The Work Foundation* noted that Ashfield and Mansfield are well placed both within the region and the country to play a strategic role as locations for spin off businesses and outsourcing, however the supply chain linkages which could help facilitate this are not well developed as the sector tends to be quite parochial. Also, as found in the utilisation driver, the poor skills profile of Ashfield and Mansfield will make it difficult for business services firms to recruit staff, which may be an explanation for why the sector is skewed towards more lower-end activities than the higher value knowledge intensive sub-sectors.

6.3.25. What this analysis tells us therefore is that despite business services being a key growth sector and one which could derive a productivity 'boost' from agglomeration, the area is not yet well positioned in order to maximise this benefit.

6.3.36. In regards to the health sector, hospital and social work activities constitute the greatest share of employment in Mansfield. In Ashfield the vast majority are employed in hospital activities, most likely due to the presence of Kings Mill Hospital. Wholesale is also a key growth sector and this contains a sub-sector which is closely linked to the health sector. A much larger proportion of those employed in wholesale in Ashfield are employed in the wholesale of pharmaceutical products compared to Mansfield. There is potential for this sort of activity to link with bioscience activities and associated research which is strong elsewhere in the region, especially Nottingham. Ashfield and Mansfield also has abundant land supply and relatively low costs and large labour supply, and could therefore be well placed to support both regional and sub-regional growth within the health sector.

6.3.37. *The Work Foundation* identify clear opportunities for Ashfield and Mansfield to take advantage of the growing and diverse healthcare sector through supply chain linkages. Biocity in Nottingham for example is one of the largest healthcare clusters in Europe and Ashfield and Mansfield is an ideal location for small businesses to grow. Also, Kings Mill Hospital is perhaps the most influential healthcare organisation in Ashfield and has the potential to influence supply chains through local procurement.

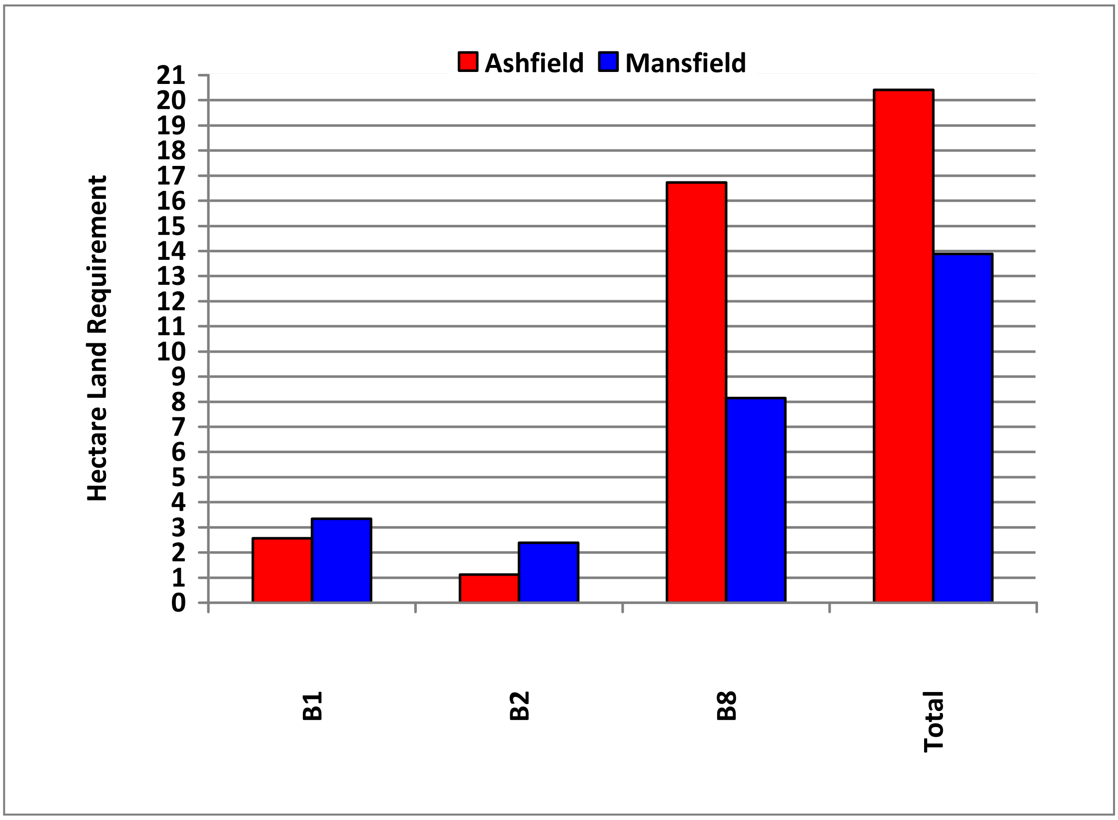
6.3.38. Of those that work in the healthcare sector in the East Midlands, there is a smaller proportion of workers with higher degrees relative to the national average, although it has a higher proportion qualified to GCSE level. However, it is the higher skilled activities at such places at Biocity, that have the potential to drive the growth of the economy but for which Ashfield and Mansfield do not currently have the skills profile to exploit.

6.3.39. What this analysis of the health sector tells us is that it is ideally placed to see a productivity ‘boost’ from agglomeration. However, this is currently being stymied by less developed supply chain links and the poor local skills profile.

COMMERCIAL PROPERTY

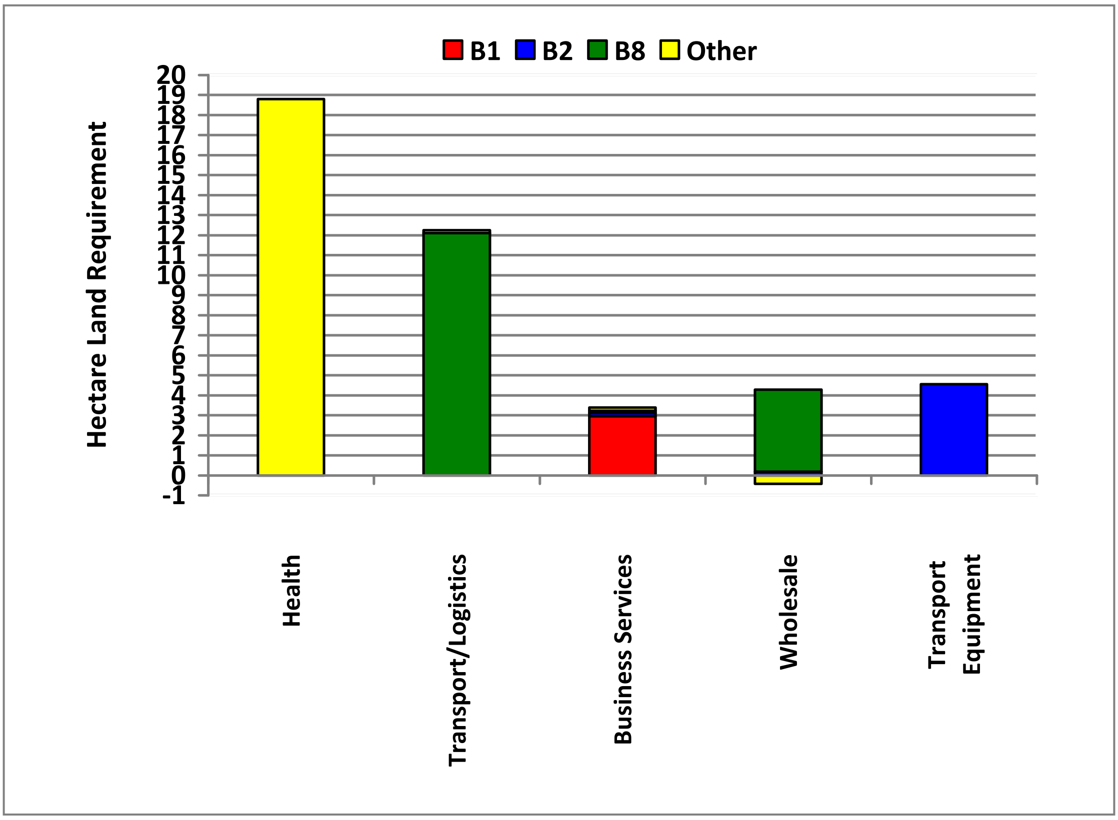
6.3.40. An important structural driver which can affect the productivity potential of an area is the commercial property stock. This is because businesses will only be attracted to an area or choose to expand if there are readily accessible and suitable premises from which to operate. This is especially important when seeking to raise productivity through attracting higher value industries, as if the area hasn’t got the right type of industrial property then no matter how good the skills profile or supply chain linkages are, they will not relocate here.

6.3.41. Using the *Experian* growth sectors analysis, *Innes England* were commissioned to produce a report which looked at requirements for both commercial land and property. The chart below shows the net employment land projection figures between 2009 and 2026 for Ashfield and Mansfield:



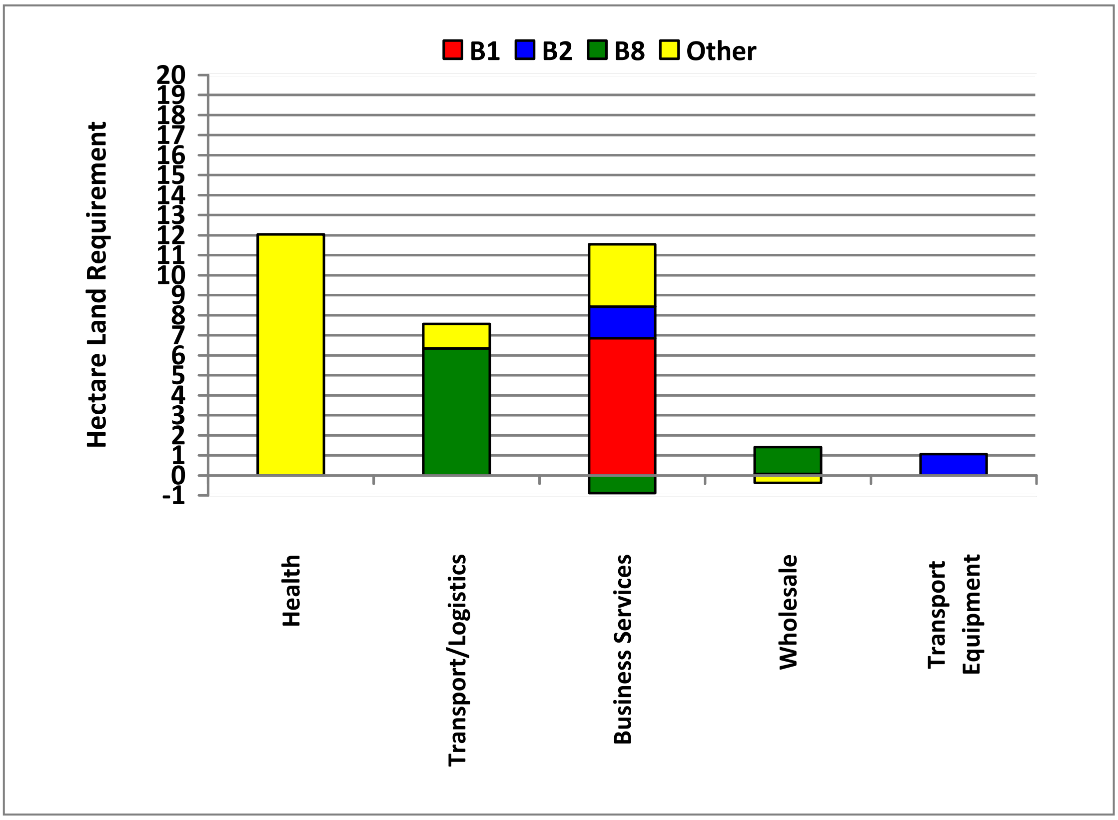
6.3.42. Based upon the chart above, this shows that the total land requirement in Ashfield will be greater than that in Mansfield. However, this is largely due to the much larger requirement for B8 land in Ashfield, as Mansfield has greater demand for B1 and B2 land. This is likely to be due to Ashfield's closer proximity to the M1 which means it generally experiences a greater demand for wholesale and logistics units. Whereas Mansfield, due to its larger business services sector, has a greater demand for B1 units.

6.3.43. The chart below breaks down this land requirement further based upon the five priority sectors, which have previously been identified, for Ashfield:



6.3.44. What the above chart indicates is that in Ashfield there will be a big land requirement for the health sector, but this will be provision for 'other' uses due to health related use being outside the usual employment land classifications. There will also be a large requirement for B8 land to accommodate growth in transport/logistics and wholesale sector growth. There are also smaller land requirements for B1 to facilitate business services expansion and B2 for the growth of the transport equipment manufacturing sector.

6.3.45. The chart below shows the same information but for Mansfield. In comparison to Ashfield, the health sector in Mansfield has a smaller land requirement for 'other' uses but this is still the largest single land type needed. There is also a need for B8 land for transport/logistics, but with some demand for 'other' uses. There is a much larger land B1 requirement, but also 'other' uses, for business services which is to be expected to due to the larger share of employment this sector has within Mansfield. Likewise, the needed for land for wholesale and transport equipment is much lower than in Ashfield due to the smaller share of employment these sectors have in comparison.



6.3.46. Although the above analysis points to where the requirements for types of land use will be if Ashfield and Mansfield seek to grow the key sectors, it is important to consider this within the context of the supply of employment land. Based upon an analysis of margin of choice and expected land loss to other uses, *Innes England* projected that supply would outstrip requirement in both Ashfield and Mansfield. However, when sites which could be released are taken into consideration the supply and requirement figures fall roughly into line. The issue therefore is to ensure that land allocated split contained in the forthcoming Local Development Frameworks (LDF) in both Ashfield and Mansfield provides for these types of land requirements.

6.3.47. Whereas land provision tends to indicate the commercial property supply of the future, the existing stock of industrial property provides an indication of how the market is currently performing across Ashfield and Mansfield.

6.3.48. In the industrial market in both Districts, there is an over supply in the smallest size band with the proportion of demand typically at 50% of the levels of supply and/or stock. It is in the mid-range move on space, particularly the 5-20,000sqft bands that market need is noted. In Ashfield, apart from Hucknall, demand and supply are broadly in balance in the 10-20,000sqft band, however stock levels are noted to be low.

6.3.49. In Mansfield the undersupply extends upto the 20-50,000sqft band however in Ashfield (excluding Hucknall) there was noted to be a greater depth of supply of larger units particularly at the upper end of these bands. It is acknowledged that the market operates across these two study areas and therefore concluded that Mansfield's perceived need for larger mid sized units (20,000sqft+) can and is accommodated in Ashfield.

6.3.50. The office market in Mansfield and Ashfield (excluding Hucknall) demonstrates similar characteristics to those noted in the industrial market above. There is an over supply in the smallest size band (less than 2,500sqft) with the proportion of demand once again typically at 50% of the levels of supply and/or stock.

6.3.51. Above this smallest size band market demand outstrips supply and stock in Mansfield but in the upper size bands this market failure is addressed in neighbouring Ashfield (excluding Hucknall) where there are greater depths of stock and supply above 10,000 sq ft.

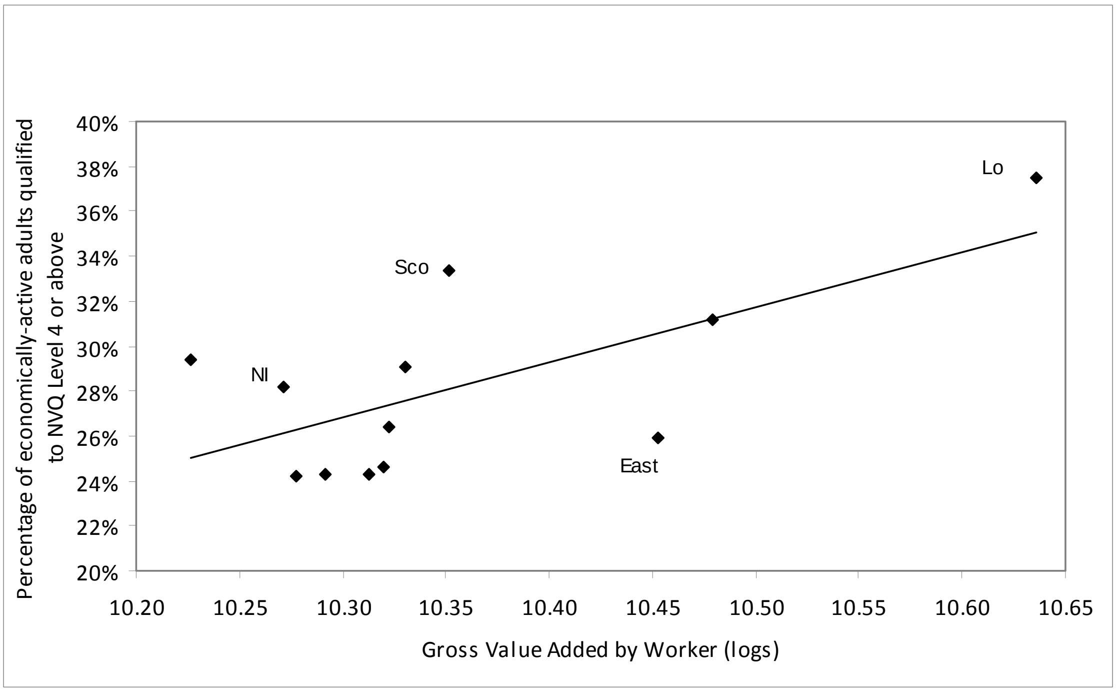
6.3.52. What this analysis of existing commercial property stock demonstrates is that there are significant areas of market failure. This is generally characterised by unmet demand in Mansfield and over supply in Ashfield. However many (but not all) of these market imperfections are found to counterbalance each other when considered across the North Notts marketplace in which both study areas operate. When considered on this basis a need has been demonstrated for mid size move on space in the North Notts market for both office and industrial premises. The relevant size bands in the industrial market being 5 to 20,000sqft and 2,500sqft to 10,000sqft in the office market.

6.4. PEOPLE DRIVERS THAT AFFECT PRODUCTIVITY

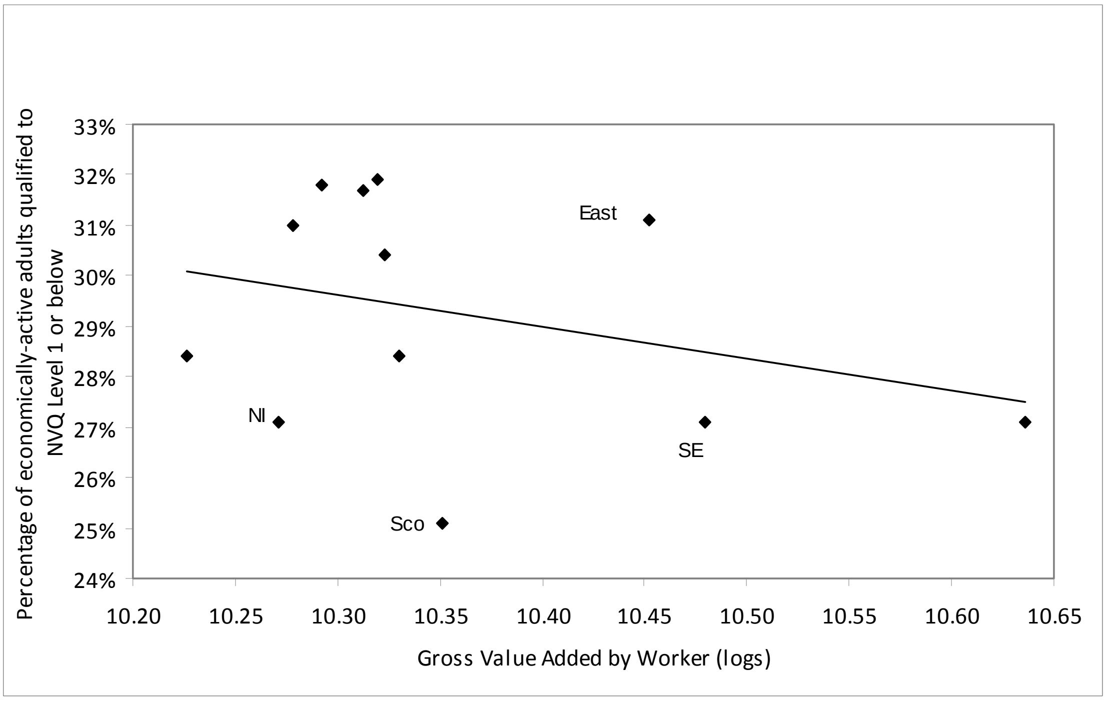
LOCAL SKILLS PROFILE

6.4.1. Investing in raising labour force skills may positively contribute to productivity inasmuch as a more skilled workforce is likely to be more productive. Research suggests that a major role for education is to increase an individual's capacity to innovate (i.e., to create new activities, new products, new technologies) and to adapt to new technologies, thereby speeding up technological diffusion throughout the economy.

6.4.2. The chart below shows the link between higher level skills and productivity in UK regions in 2003. This information is taken from data obtained from the Department for Trade and Industry (DTI):



6.4.3. What the above chart indicates is that the higher the proportion of working age population with higher level skills (NVQ Level 3 and above), the greater the GVA per worker. This is in contrast to the chart below which shows the correlation between low skills and productivity:

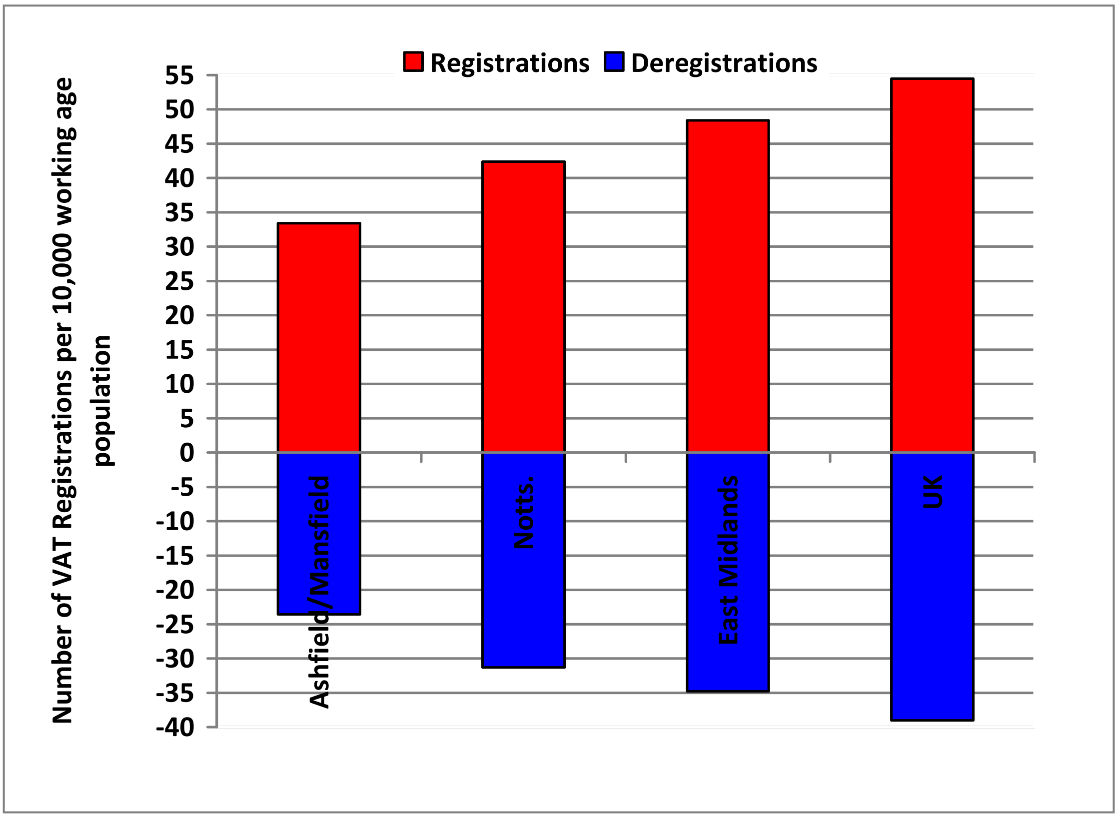


6.4.4. There is a clear correlation therefore between higher levels of productivity and higher levels of worker skills. The chart in 4.3.17. shows the qualification profile for Ashfield and Mansfield. This clearly indicates that the higher the skill level the fewer people qualified to that level within Ashfield and Mansfield compared to the national average. It can therefore be said that productivity levels in Ashfield and Mansfield are failing to reach their potential due to the lower than average skills profile within the area.

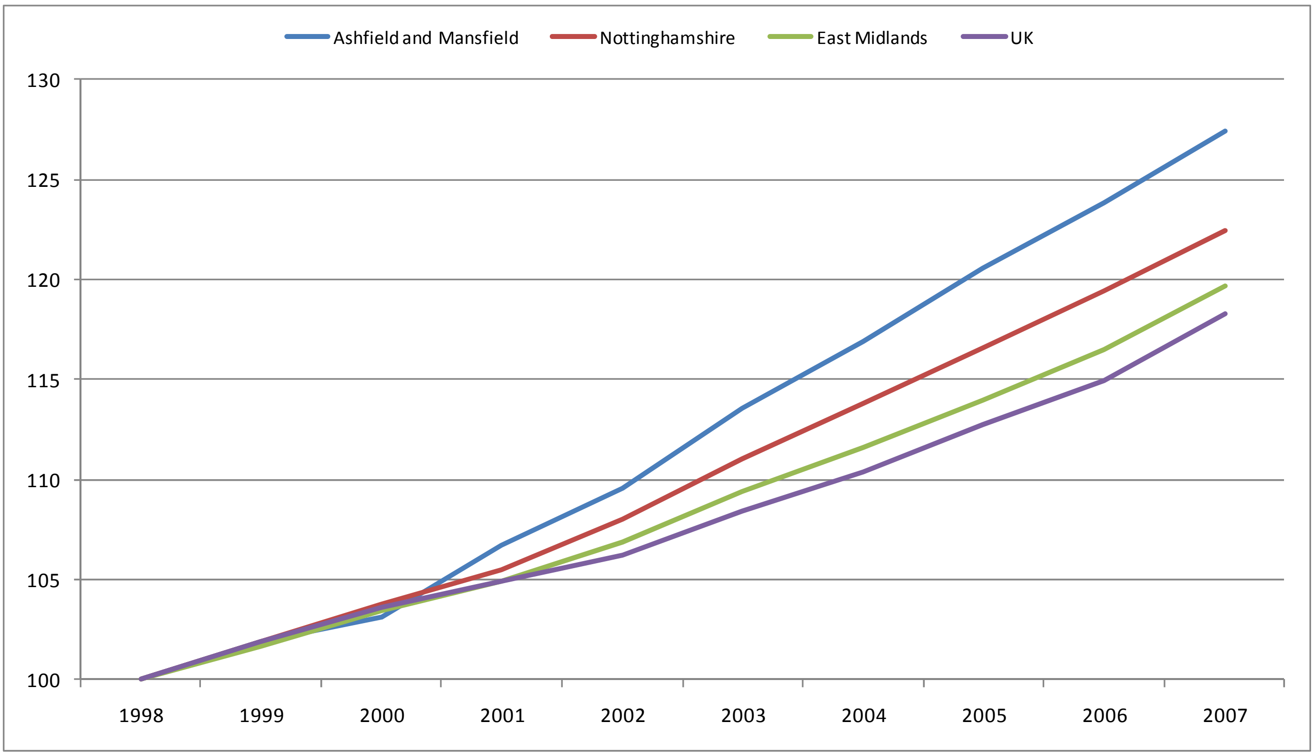
ENTREPRENEURSHIP

6.4.5. Enterprise, or the seizing of business opportunities, is an important source of productivity growth and wealth creation. This can be particularly linked with the work of Schumpeter who states that 'creative destruction' is essential in an economy. This occurs when new inventions or businesses replace others, therefore creating a fresh cycle of innovation and growth.

6.4.6. The number of VAT registrations in relation to the adult population is one way of measuring business start-ups, although it is important to note that not all businesses are VAT registered and the smallest businesses might be missed. The chart below shows that entrepreneurialism within Ashfield and Mansfield is limited, with VAT registrations per 10,000 working age population lower than the comparators:



6.4.7. Despite this lower registration rate, the chart below shows that paradoxically relative growth in business stock has been at a level higher than the county, regional and national levels. However, it is notable that VAT de-registrations are lower than the comparator levels – this suggests that the sectors where start-ups are prevalent have less risk involved, and are generally less knowledge intensive than in other parts of the county and region. This is reflected within the lower levels of knowledge intensive industries.



6.4.8. As part of their sector analysis, *Experian*, also looked at how the stock of businesses within the five key growth sectors has changed between 1994 and 2007. The greater the growth in the stock of businesses, the higher levels of enterprise within that sector in Ashfield and Mansfield.

6.4.9. The analysis indicated that in terms of construction businesses, growth in both Ashfield and Mansfield exceeded national averages. Health has seen a rise in its stock of enterprises, but while Ashfield and Mansfield have both seen an increase, relative to 1994 levels, this has been slower than the national average. Business services have also seen a rise, in line with the chart in 4.3.6, but interestingly both Ashfield and Mansfield have seen a stronger increase in business stock in this sector since 1994 relative to the UK. It could be argued that this reflects a catch-up effect, nonetheless, it highlights the importance of this sector to the economic health of the two districts. Transport sector businesses have also seen a strong rise in their stock levels with, again, both districts outperforming the UK average. The only sector to see a decline is wholesale, although there are now signs on an increase.

6.4.10. This analysis reveals that business formation in Ashfield and Mansfield is robust, and has generally matched, if not outperformed, the national averages between 1994 and 2007. Mansfield, in particular, has tended to perform better than the

UK in most broad sectors. The key to sustained growth will be if the Districts can maintain this healthy rate of business formation post-recession.

6.5. PRODUCTIVITY CONCLUSION

6.5.1. As previously stated, the productivity driver is the most significant element of the economy for improving prosperity. This is given even greater emphasis in Ashfield and Mansfield due to the productivity performance gap seen in 2.2.8.

6.5.2. The relatively low levels of productivity in Ashfield and Mansfield cannot be put down to one single factor, but a combination of a few. Arguably, the two most fundamental of these factors is the sectoral mix and local skills profile.

6.5.3. The current sectoral mix within Ashfield and Mansfield is insufficient to generate significant changes in productivity levels. The area is dominated by industries which score relatively low in terms of output per worker, and there is therefore a need to see a greater diversification towards more knowledge based sectors despite some growth in these over the past few years. What appears to be key to this is a focus upon five key growth sectors, especially business services which is likely to be 'the' key sector of the future. However, efforts are required to maximise the number of more productive sub-sectors, as although this sector has grown recently in Mansfield, it tends to be in the less productive areas of labour recruitment.

6.5.4. Growth in higher value industries must go hand in hand with a rise in the local skills profile. Research indicates that the higher the skill levels in the local population, the more productive those workers tend to be. In order to attract and retain higher value industries, Ashfield and Mansfield must have the skilled workforce to support these. Currently, growth in these higher value industries tends be driven by in-commuting as seen in the utilisation driver. It is important that local residents see the benefit of improved employment opportunities, but this can only happen if they are equipped to do so.

6.5.5. There are signs that enterprise levels within these key growth sectors are outperforming national trends, but this must be maintained through maximising agglomeration benefits, ensuring the area has an appropriate infrastructure and by encouraging them to investment.

6.5.6. Currently, Ashfield and Mansfield does not maximise the benefit it could get from being the fifth largest area in the East Midlands, but also their proximity to Nottingham. The existing sectoral mix is such that these benefits are not realised due to the lack of industries which thrive upon such location influences. Growth in service sector industries, such as business services, should ensure that these agglomeration benefits are more fully realised in the future, but it is evident that work is required from the public sector in order to facilitate these.

6.5.7. Ensuring a balanced commercial property portfolio will also ensure that any growth in specific sectors can be accommodated. Currently, stock levels are not in balance and there appears a requirement for 5 to 20,000sqft industrial units and 2,500sqft to 10,000sqft office units. There is also the need for the emerging LDFs to take into account the land use split required to accommodate these five key sectors.

6.5.8. Finally, once businesses within these key growth sectors have located within Ashfield and Mansfield, it will be important that they continue to expand and innovate. Future productivity will be reliant on continued levels of business investment and innovation. However, recent trends suggest that R&D spending by businesses within the key growth sectors fall short of national trends and is even falling.

Productivity: Key Messages

- Ashfield and Mansfield's low productivity levels are due to a number of factors, most prominent among these is the sectoral mix and low skill levels.
- There is a need for an increase in the number of knowledge based industries within Ashfield and Mansfield and a focus upon the more productive business services sub-sectors.
- Local skill levels are currently insufficient to facilitate a growth in knowledge based industries and current growth trends have been reliant upon importing skilled workers from neighbouring areas.
- Local businesses are not maximising the benefit of being located close to Nottingham. Agglomeration facilitation from the public sector will help boost productivity within service sector industries which are sensitive to these affects.
- The current commercial property portfolio needs to be brought into balance to improve the local business infrastructure.
- Investment from businesses within the key growth sectors needs to increase.

7. Place Resilience

7.1. INTRODUCTION

7.1.1. The theory underpinning the resilience model is that a locality is stronger if the three different components of a local economic territory are working together in a collaborative and efficient manner. If the synergy between all the component parts is working well, then resilience is an emergent property of the system.

7.1.2. The resilience research has utilised both quantitative and qualitative data to provide a narrative on the relationship between the three spheres of the combined economy. It has also considered the broader issues that have an influence on the economy: the economic context; the need to work within environmental limits; local identity, history and context; and government.

7.1.3. This section of the assessment report will bring these findings together to assess the resilience of each of the following measures before finally making a value judgement as to the overall resilience of Ashfield and Mansfield's combined economy:

- **Measure 1 – The commercial economy**
  The commercial economy is defined as economic wealth creation generated by businesses that are privately owned and profit motivated.

- **Measure 2 – The public economy**
  The public economy consists of services delivered on behalf of government organisations whether national, regional or local, funded by the public purse.

- **Measure 3 – The social economy**
  The social economy embraces a wide range of community, voluntary and not-for-profit activities that try to bring about positive local change.

- **Measure 4 – Commercial economy's relationship with the public economy**
  This measure looks at the attitudes of the commercial sector to the public sector. The project explores the existence and effectiveness of partnerships with the public sector and the level of interaction between the two parts of the economy (e.g. does a locality have an effective Chamber of Commerce that meets regularly with public sector partners?)

- **Measure 5 – Public economy's relationship with the commercial economy**
  Measure 5 explores the relationships that exist between the public and commercial sector. This looks at areas such as how procurement strategies have been designed to strengthen the local economy and whether the economic development policy is right to stimulate a successful private sector.

- **Measure 6 – Public economy's relationship with the social sector**
  Measure 6 looks at how the public and social sectors interact and the strengths of the relationships that exist. Procurement of services is an important area, as are examples of grants and asset transfer schemes.

- **Measure 7 – Social economy's relationship with the public economy**
  This part of the study explores how the social sector interacts with the public sector and how much influence they have in shaping the economy of the local economic territory (e.g. how do registered social landlords interact with the public sector to tackle worklessness?)

- **Measure 8 – Commercial economy's relationship with the social sector**
  Measure 8 explores how the commercial economy works together with the social sector. This involves looking at the level of Corporate Social Responsibility within a locality as well as other areas, such as funding volunteering programmes.

- **Measure 9 – Social economy's relationship with the commercial economy**
  This explores the social sector's views and attitudes towards the commercial sector (e.g. whether the social sector encourages the use of private sector individuals on their Boards?)

- **Measure 10 – Broad economic context and the relationship to the local economic territory**
  Measure 10 examines how the broad national economic picture influences the local territory. This includes looking at travel to work and leisure patterns, and the economic geography of the area. The country has just been through one of the longest and deepest recessions it has ever experienced therefore it is important to understand how a local economic territory dealt with this threat.

- **Measure 11 – Relationship between the local economic territory and working within environmental limits**
  Measure 11 explores how the sustainability agenda has been integrated into the economy of the local economic territory. The study looks at climate change mitigation and adaptation strategies, how these have been integrated into strategy and policy, and the actual or potential for new green industries.

- **Measure 12 – Relationship between the local economic territory and local identity, history and context**
  To a large extent, individual histories, identities (self-identified and perceived), culture and places shape the baseline that local economies start from and the direction they take in future development.
  Local conditions, in terms of society and the labour market, economic strength, specialisation, sectoral mix, and the urban and natural environment, are highly influential on determining outcomes.

- **Measure 13 – Relationship between the local economic territory and government**
  Measure 13 looks at how national policy has affected the local economic territory, understanding how the various levels of government encourage or restrict the development of a resilient economy. It can also involve looking at whether the locality has developed cases of best practice that have been translated to national level.

7.2. LEVELS OF RESILIENCE

7.2.1. Each measure is positioned on a scale ranging from 'Resilient' to 'Brittle'. The four descriptive 'rankings' are defined as follows:

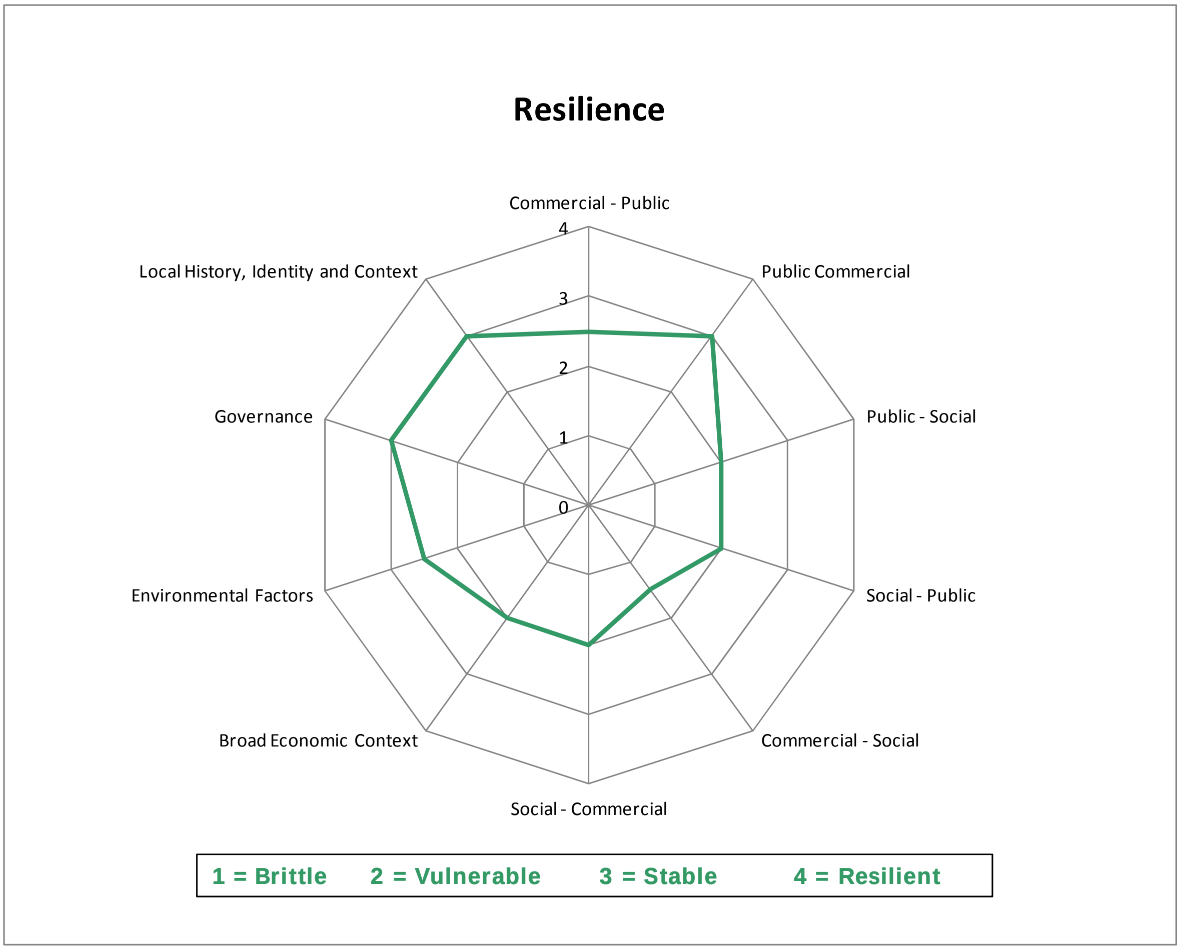
- **Resilient:** There is compelling evidence of robust relationships between the different spheres of the local economy, and these relationships have been developed in bold and innovative ways. The three sectors are working together very effectively and are having a clear positive impact on the locality, evident in partners' responses to local challenges and wider economic influences. The strong relationships and resources present make the area very well prepared to deal with economic, social and environmental shocks.

- **Stable:** There is evidence of sound relationships between the different spheres of the local economy. There is adequate communication between the sectors, often facilitated by dependable forums. There is some evidence that the sectors are working together well, supported by examples of where the sectors have come together to develop local responses to challenges. The relationships and resources present make the area relatively prepared for shocks and there is some evidence that partners are responding to wider economic influences. However, more creative collaboration is required in order to strengthen local economic resilience.

- **Vulnerable:** The relationships between the different sectors are significantly underdeveloped. Whilst there may be some communication, it tends not to be sustained or strategic. As such, relationships may be precarious. There is very limited evidence of the sectors coming together to respond to local challenges or wider economic influences. Without improvement, the local economy will be vulnerable to shocks.

- **Brittle:** There is little evidence of relationships between the different sectors. Where cross-sector relationships exist, they are often characterised by tension and conflict. The sectors are not working collaboratively to respond to local challenges or to address wider influences on the economy. The local economy is therefore very susceptible to economic and social shocks.

7.2.2. Based upon these resilience rankings, the chart below shows the rankings in relation to the strength of relationships between measures 4 to 13:



7.2.3. As can be seen, none of the measures were ranked as brittle which is encouraging and suggests that foundations exist within Ashfield and Mansfield that can be used to foster stronger working relationships and therefore resilience. The chart has been designed to provide a useful overview of the research findings but a further, more detailed breakdown for each individual measure can be found in the full resilience report.

7.3. ASSESSMENT OF RESILIENCE

7.3.1. The chart below summarises the internal resilience of the relationships between the three spheres of Ashfield and Mansfield's combined economy: the public sector; the commercial sector; and the social sector. As the analysis demonstrates, despite the challenges, the public sector's relationships with the commercial and social economies are amongst the most stable, with some showing signs of resilience. This suggests that the public sector (in particular, local authorities) is playing the strongest role in facilitating cross-sector relationships. In contrast, the relationship between the social and commercial sectors is clearly the most vulnerable and has the greatest room for improvement.

Most Resilient

The public sector's relationship with the commercial economy

The commercial sector's relationship with the public economy

The public sector's relationship with the social economy

The social sector's relationship with the public economy

The social sector's relationship with the commercial economy

The commercial sector's relationship with the social economy

Most Brittle

7.3.2. In terms of the role each of the three spheres of the economy play in influencing cross-sector relationships in Ashfield and Mansfield, whilst the commercial economy is the largest sphere in terms of employment share (as highlighted earlier in this report), it is the public sphere that is playing the leading role in facilitating cross-sector relationships. The social sector has the smallest influence due to the lack of engagement with the two LSPs and the difficulty it has had in generating meaningful relationships with the other two parts of the economy.

7.3.3. As well as the internal resilience of the economy, it is important to consider the affect external factors will have. These are considered in measures 10 – 13.

7.3.4. As a sub region, there is still work to be done to strengthen Ashfield and Mansfield's role within the economy. Currently its relationship with the broad economic context could be described as vulnerable. The research found that the business base can be inward looking and introvert and while the economic development strategies in place recognised the potential threats and opportunities for the commercial sector at the regional and national level, the international market did not seem to be considered.

7.3.5. The research also highlighted that there is awareness within the public sector of the importance of promoting economic development within environmental limits however there is more the two authorities could be doing in partnership on this subject therefore the relationship sits between stable and vulnerable. The relationship could easily be moved to a more stable setting if the concept of sustainable development is integrated into the Economic Masterplan. In a similar fashion the relationship could become more vulnerable if the opportunities and threats provided by working within environmental limits are not acknowledged.

7.3.6. The relationship between the local economic territory and local identity, history and context has been classed as stable. The history of the two districts has certainly played a role in shaping where the locality is now economically. As former coalfields, the area lost its raison d'être once the coal mining industry collapsed and has suffered from the aftershocks ever since through unemployment, long term sickness and poverty. Mansfield is the 34th most deprived Local Authority in England and Ashfield is 81st. However, although the history of the place has left a legacy of big challenges for the Districts, the setback suffered has helped forge a stronger place identity among the businesses and residents. The partners involved in creating a stronger economy are aware of the history of place and the problems it left and are therefore able to recognise and identify the issues that need to be tackled. Although the history and context has been a hindrance to economic output, there is a strong, stable relationship between the former purpose of the place and the established place identity that exists.

7.3.7. The relationship between the local economic territory and governance is a difficult one for district councils as they often sit beneath a crowded governance landscape which can affect the locality's ability to adapt and be flexible in tackling economic or environmental shocks. However this relationship can be described as stable as the research clearly identified good working relationships between the two Districts and with the County Council. As public sector cuts begin to be implemented there will be a need for the two Districts to ensure they maintain a stable and positive relationship with the county otherwise there is a danger local projects could be moved to the county level to deliver greater economies of scale.

7.4. RESILIENCE CONCLUSION

7.4.1. The principal point for the resilience project in Ashfield and Mansfield was to treat Ashfield and Mansfield as one functioning economic area, and examine and understand the relationships between the public, private and social sectors across the joined locality. However, to be able to understand the state of the relationships at the functional economic area, it was also important to explore how the individual components were functioning. If there are issues with a level of interaction at the more local level, this is likely to translate into an issue at the sub-regional level.

7.4.2. Looking at Ashfield and Mansfield as an individual entity, the research has shown that meaningful relationships across the area are still either in their infancy or non-existent outside of the public sector. The individual districts have different challenges with their internal relationships that will need to be rectified before more concrete connections across the combined local economic territory can take place. However the local authorities have a long history of collaboration and, coupled with the successful LEGI Programme, this provides a useful foundation upon which to create and improve the reciprocal private and social sector relationships. The Economic Masterplan is a positive step forward for the local authorities and will establish a policy that has been designed to recognise the importance of collaboration. A stronger recognised partnership across the local authorities could provide the catalyst needed to stimulate closer working relationships between the private and social sectors within the individual Districts. Therefore the overall resilience of the sub region is closer to vulnerable but has the potential to move to stable once the process of integrating working relationships across the two districts through the Economic Masterplan begins to materialise.

Resilience: Key Messages

- The resilience of the Ashfield and Mansfield economic area is considered as slightly vulnerable.
- The relationship between the public and private sector, along with governance and local identify are considered the most resilience place elements.
- The relationship between the public and private sector is stronger in Mansfield than in Ashfield.
- The most vulnerable place elements are the relationships between the social and both the commercial and public sectors.
- The way the area relates to the broader external economic environment is vulnerable. This is especially the case in the commercial sector which is considered quite parochial.
- The public sector has the strongest influence over developing relationships between all other elements of place. It is therefore important that the public sector takes greater responsibility for enhancing these relationships.

8. Economic Assessment Conclusions

8.1. THE SCALE OF THE PROBLEM

8.1.1. The Ashfield and Mansfield economy underperforms by £539million per year which equates to £2484 for every man, women and child living in the two Districts. The scale of the challenge is to bridge this prosperity gap between what the area currently produces in economic output and what it could produce if it fulfils its potential.

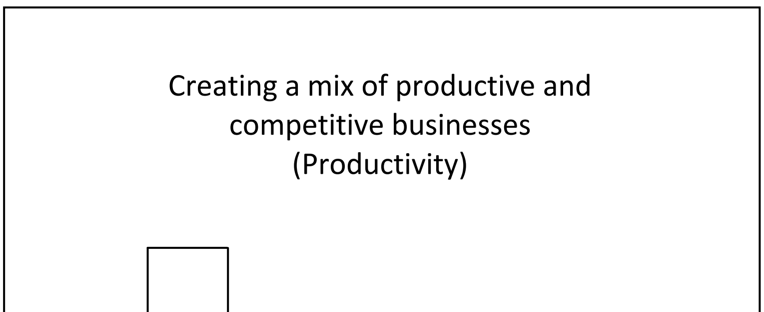
8.1.2. Closing this prosperity gap will not be a short or medium term objective, but rather a long term aspiration which will require changes which are likely to take a generation to implement. It is important now to ensure resources are appropriately targeted to maximise public sector impact and to make the first steps towards addressing structural economic challenges.

8.1.3. An analysis of the components of GVA, leads to the conclusion that to increase the prosperity of the Ashfield and Mansfield economic sub-region, there needs to be a focus upon increasing productivity. At the same time, it will be important to attract and retain people in the local area, and to ensure that they are able to take higher productivity jobs.

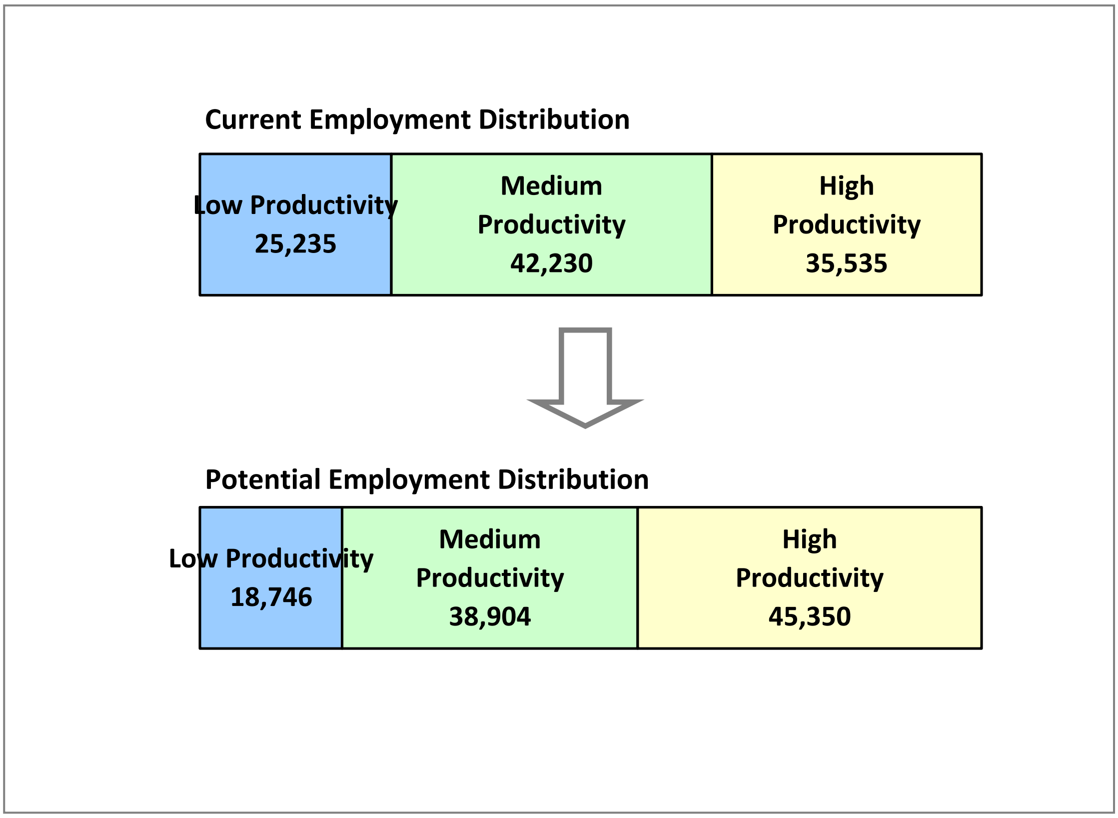
8.1.4. In summary the Ashfield and Mansfield prosperity gap is a result of:

- A lower than average potential labour profile, exacerbated by poor skill levels and a benefit dependency culture, thereby reducing the effective labour force.
- Employment suited to a poor skills profile, thereby resulting in effective utilisation of existing labour but meaning that high value industries are reliant on imported higher skilled labour.
- Relatively low levels of productivity caused by the industrial mix and poor skill levels.

8.1.5. Although these are the headline reasons for Ashfield and Mansfield's inadequate economic performance, these are inextricably linked to a range of other challenges examined in each of the sections of this report. The following diagram provides a framework for how public sector intervention should be framed in order to begin addressing these prosperity issues based upon the relative importance that should be given to each. It also signifies the importance of considering these issues together rather than in isolation. For example, a poor skills profile is one of the key reasons behind low levels of productivity. Therefore by attracting and retaining a skilled workforce, this will have a positive impact on creating a mix of productive and competitive businesses and vice versa.



8.1.6. The scale of change required to close the prosperity gap is considerable, although not unrealistic. The best indicator for monitoring this change is the employment distribution as the number of people in low, medium and high productivity jobs will only be as a result of the above framework being achieved.



8.1.7. As noted in the profile driver, the total number of people in employment is not a problem, rather it is the split of this employment. The above chart shows the current employment distribution and the potential employment distribution. What this shows is that there needs to be a reduction in the number of people employed in low and medium productivity jobs, and a significant increase in high productivity jobs. This equates to a shift of 9,815 people from low and medium to high productivity jobs.

8.1.8. This shift should be driven through implementing the framework proposed in 8.1.5. The following section outlines in more detail specific issues which need addressing based upon the analysis of the four economic drivers, along with their corresponding people and structure drivers.

8.2. CREATING A MIX OF PRODUCTIVE AND COMPETITIVE BUSINESSES

8.2.1. The number one challenge for the economy of Ashfield and Mansfield is to improve productivity. This economic driver alone expands the prosperity gap by £531million per annum, more than any of the other drivers combined. It is therefore vital that the focus of public sector intervention is on tackling the underlying causes of this underperformance.

8.2.2. It is proposed that in order to create a mix of productive and competitive businesses the following are considered key programmes of activity along with the corresponding people and place drivers.

DIVERSITY THE SECTORAL PROFILE

8.2.3. The Ashfield and Mansfield economy is more diversified than it was twenty years ago, but still has an over reliance on manufacturing (especially Ashfield), which is declining in employment terms, and low value service sector employment (in Mansfield). There needs to be focus upon increasing the proportion of the five key growth sectors within the economy.
Drivers: Sectoral Structure

INCREASING LEVELS OF ENTERPRISE

8.2.4. Ashfield and Mansfield cannot solely rely on attracting companies to move into the area. Increased productivity relies on new local businesses being created, good survival rates and a high rate of churn. Rates of new business formation however, currently lag behind the national average and addressing this issue will be central to efforts to accelerate growth and increase prosperity in the long term.
Drivers: Entrepreneurship

INCREASE LEVELS OF INNOVATION

8.2.5. Innovation is a major source of competitive advantage in mature and successful economies. Current levels of investment in the five key growth sectors lag behind national trends, as such it will be vital to the long term productivity that Ashfield and Mansfield businesses improve R&D and capital spend.
Drivers: Business Investment

A BALANCED COMMERCIAL PROPERTY PORTFOLIO

8.2.6. Ashfield and Mansfield must be able to offer a balanced range and quantity of good quality office, commercial and industrial premises to become a truly competitive location for investment. This portfolio must be based upon the needs of the five key growth sectors.
Drivers: Commercial Property

REALISE THE BENEFITS OF AGGLOMERATION

8.2.7. Businesses within Ashfield and Mansfield are not fully realising the benefits of being located close to Nottingham. The move to a service sector economy will increase the need for agglomeration benefits to be maximised as this sector is especially sensitive to agglomeration driven growth.
Drivers: Geographical Economic Linkages

MAXIMISE INVESTMENT POTENTIAL THROUGH COLLABORATION

8.2.8. The sectors which Ashfield and Mansfield are able to attract in the future will ultimately be influenced by the assets and weaknesses of the districts. As these assets and weaknesses are shared, it will be important to present a joined up investment offer to the marketplace to help Ashfield and Mansfield push above its weight and combat negative perceptions and images.
Drivers: Quality of the Town Centre, Sectoral Structure, Communications, Local Skills Profile, Geographical Economic Linkages

8.3. ATTRACTING AND RETAINING A SKILLED WORKFORCE

8.3.1. A recurring issue through the analysis of the four economic drivers has been Ashfield and Mansfield's poor skills profile when compared to the national average. Economic underperformance is inextricably linked to low levels of educational attainment and a corresponding lack of skills. Whilst employment projections forecast that the rise in higher value sectors, such as business services, will require people with intermediate and higher level skills, the concern for both Districts is that many residents lack skills at the right level to respond to these labour market changes.

8.3.2. It is proposed that in order to help attract and retain a skilled workforce, the following are considered key programmes of activity along with the corresponding people and place drivers.

A SKILLS PROFILE FOR A CHANGING LABOUR MARKET

8.3.3. The principal area of weakness of Ashfield and Mansfield, relative to the UK, is the level of skills held by the respective workforces. Workforce skills are

considered to be the most important aspect of the competitiveness for businesses in the UK, but it is this aspect in which the Districts rate most poorly when compared with the UK as a whole. Low levels of skills create a barrier to higher tech, higher value businesses locating in the region, creating, in turn, a vicious cycle whereby the more highly skilled workers across the Districts leave.
Drivers: Local Skills Profile, Labour Market Profile

DELIVERING QUALITY SUSTAINABLE HOUSING AND NEIGHBOURHOODS

8.3.4. Ashfield and Mansfield performs poorly in terms of the liveability and attractiveness of its neighbourhoods. Therefore, a key economic challenge for housing development is to deliver the mix of housing types and tenures which respond to the needs of lower income groups while creating the right type of product to attract and accommodate higher skilled, higher income groups, including thriving town centres.
Drivers: Age Demographics, Housing Stock, Quality of the Town Centres

8.4. HIGH QUALITY EMPLOYMENT OPPORTUNITIES FOR ALL

8.4.1. According to the utilisation driver, Ashfield and Mansfield currently utilise their existing labour force well. Working age employment rates in the working age population are higher than the national average. However, these rates are as a result of the poor skills profile being matched by lower value industries which can effectively utilise this type of labour market. Future changes in the industrial profile of the area will need to be matched by efforts to ensure that local people can still be effectively utilised and that those currently not economically active can participate in a remodelled labour market.

8.4.2. It is proposed that in order to provide high quality employment opportunities for all, the following are considered key programmes of activity along with the corresponding people and place drivers.

IMPROVING EMPLOYABILITY

8.4.3. Evidence from the utilisation driver suggests that Ashfield and Mansfield suffer from high levels of long term unemployment which is exacerbated by the low skills levels of those in this position. In order to raise productivity, Ashfield and Mansfield must fully utilise their existing labour market rather than relying on imported higher skilled workers to fill the higher value jobs. This is also important as the Ashfield and Mansfield population is growing older and as such the area is becoming more dependent upon fewer working age people.
Drivers: Economic Inclusion, Age Demographics, Labour Market Profile

RAISING ASPIRATIONS

8.4.4. As the area becomes more economic dependent, it will be important to ensure that young people are given every opportunity to succeed, every reason to stay in the area and every reason to participate in the economy. This will be especially important in families which have a history of long term unemployment and low skill levels.

Drivers: Economic Inclusion, Age Demographics, Entrepreneurship

8.5. MAKING THE AREA MORE RESILIENT

8.5.1. Although the framework proposed above, outlines specific issues which need addressing based upon an analysis of a range of drivers, alongside this must go a range of governance changes to ‘place’, based upon the findings from the resilience model pilot.

A NEW GOVERNANCE FRAMEWORK

8.5.2. As the Economic Masterplan progresses, one of the options being explored is the possibility of creating a joint LSP to cover and serve both Districts. The resilience research suggests this would be a beneficial move as a properly resourced and appropriate structure would help to generate and promote more robust relationships across the District boundaries.

SUPPORTING PRIVATE SECTOR INTERACTION

8.5.3. Whilst the structure of the business base is not ideal, in terms of the size and capacity of indigenous companies, having access to a functioning local business network is important. It provides companies with a route to market and a way to reach decision makers who might otherwise be very difficult to engage with using conventional advertising methods. As the Districts start to form a more cohesive economic territory, it would make sense for both local authorities to work with Mansfield 2020 to look at expanding its remit into Ashfield. This interaction must also go beyond District boundaries to neighbouring areas to ensure maximisation of agglomeration benefits.

STRUCTURING THE SOCIAL ECONOMY

8.5.4. Having a more robust social economy structure could potentially help to develop a relationship between the private and social sectors which is nearly non-existent at the moment. There cannot be progress on this relationship until the social sector has sorted out its organisational issues and has a clear and strong message about the role and services it could provide.

INTEGRATE THE PRINCIPLES OF TOTAL PLACE

8.5.5. The resilience pilot has shown there is a strong working relationship between the two local authorities but also that relationships with other public sector bodies could be improved. It is important for a local economy that collaboration exists not only between the three sectors but also within each individual sector as well. In Ashfield and Mansfield, the various public sector agencies are involved with the LSPs but this forum is seen more as a useful avenue for finding out what each part of the public sector is doing rather than having the ability and leadership to bend partner resources to ensure the challenges in the locality are tackled in partnership. One of the key reasons for the implementation of a joint Economic Masterplan is to achieve greater value for money by allowing closer collaboration in the future on appropriate cross border projects; however there is a need to take this further and ensure that all parts of the public economy are integrated into this process.

BE REALISTIC AND FOCUSED

8.5.6. The imminent cutting of public sector spending to counter the debt built up during the recession will mean local government will be faced with some difficult funding decisions in the near future. Health and education have already been protected from these cuts therefore it is likely that other areas such as economic development and regeneration will be hit harder than expected. Ashfield and Mansfield are already exploring the possibility of shared services across both councils which, in some respects, will strengthen the relationship within the local economic territory. However, any delivery must be realistic and focused upon issues which can have the biggest impact.

COLLABORATION WITH THE UPPER-TIER

8.5.7. While there are currently positive relationships between the County and the two Districts, the two tier governance structure will always raise inevitable challenges. Ashfield and Mansfield will need to ensure Nottinghamshire County Council understand the potential of the combined local economic territory and that local initiatives are the most appropriate way of tackling a locality's issues; therefore there is a need to continue to build and strengthen the relationship that currently exists. The three organisations need to work together to develop a mature approach which will be able to overcome the challenges faced from public sector spending cuts.

PUBLIC-PRIVATE PARTNERSHIP

8.5.8. The research identifies clear examples of both the District and County Councils coming together to implement a series of resources designed to help stimulate or support both the private and social sectors. The majority of all projects taking place have public sector support at the centre. The research identified a number of challenges for the current relationships at the local level; without the public sector stimulus, the local economic territory may have been in a more precarious position. There is a need for the developing Economic Masterplan to acknowledge the importance of the public sector to economic development within the locality. The experience that exists within the public sector can be utilised to help facilitate additional projects that are led by either the private or social sector. This will enable greater participation from the other parts of the economy and therefore a more integrated economy. The proposed Local

Enterprise Partnerships (LEPs) may help encourage this public-private approach in the future.