

Ashfield and Mansfield: Economic Analysis

Final Report
May 2009



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Acknowledgements

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Approved by: Tim Lyne
 Position: Associate Director, Economic Modelling
 Date: 29.05.09



Introduction

This study contributes to the growing evidence base that is being gathered to facilitate the formulation of adequate spatial planning policy in the two districts of Ashfield and Mansfield. The purpose of this research is to undertake a comprehensive review of the district economies to identify those sectors that are best placed to see the fastest growth in the future and which will, as such, benefit from being the focus of integrated growth policy. This report will also inform the joint Property Strategy being produced in tandem which advises upon investment decisions to achieve the regeneration aspirations of Ashfield and Mansfield.

Outputs of the study

After establishing a historical context against which to measure expected performance, a number of scenarios were formulated to evaluate the impact of varying assumptions on economic growth and sectoral productivity. Experian's local area forecasts released in February 2009 provided the baseline context against which all scenarios were measured. In addition to the baseline, output and employment growth trends in Ashfield and Mansfield were generated under four additional scenarios (policy on; housing option; shift-share; and selected sectors growth scenario) that were agreed in advance with the districts' councils and that are discussed in detail in the report.

The second phase of the work was a comprehensive review to assess the performance of sectors in Ashfield and Mansfield relative to regional and national trends. The aim was to identify priority sectors that were thought to have potential for sustained output and employment growth. As part of this process, Experian organised a learning workshop with key stakeholders to provide steer and feedback on an initial selection of key sectors that was generated on the basis of data-driven criteria. The workshop provided valuable supplementary input that helped shape the final list of priority sectors by focusing on the 'offer' of the two districts, namely, the assets and favourable conditions that set these apart from other regional centres.

The next stage was to assess the productivity drivers of the priority sectors in Ashfield and Mansfield to help identify the districts' strengths and weaknesses in moving forward. Factors such as sectoral composition, skills, investment, innovation and levels of enterprise are thought to be critical in determining a sector's productivity. An assessment of these factors for each of the priority sectors was carried out to identify where Ashfield and Mansfield lag regional and national trends and where there is room for improving sectoral prospects in the longer term.

Finally, the report looks at the business positioning of Ashfield and Mansfield by identifying the assets and weaknesses that will ultimately influence their competitive position and 'offer' as a location to do business. The aim will be to conclude the analysis by discussing the implications of the findings for policy makers in the area, in particular considering the target markets for the region given its assets and the priority areas for investment.

1 Setting the Context

The purpose of this section is to establish a historical context against which to measure expected performance. The baseline data used in this section forms the basis of Experian's Regional Planning Service forecasts released in February 2009. This section summarises historical trends in headline indicators for output, employment, and demography for Ashfield and Mansfield comparing their performance with that of the East Midlands and the UK. A more detailed sector breakdown of these indicators is provided in the next section.

1.1 Output trends

Ashfield and Mansfield each account for a modest proportion of the East Midlands' GVA. In 2008, Ashfield and Mansfield contributed 2.4 and 1.9 per cent towards the total output of the East Midlands respectively. GVA growth in Ashfield outperformed that of the East Midlands and the UK over 1998-2008 (as shown in Table 1.1) reaching 3.4 per cent per annum compared to 2.6 per cent per annum in the East Midlands and UK. Mansfield has seen a slightly weaker performance achieving growth of 2.4 per cent per annum in this period.

Table 1.1: Comparison of Historical GVA Growth

Comparison of historical Gross Value Added (GVA) trends					
Region	GVA (2003 constant prices, £ millions)				per annum % growth (1998 - 2008)
	2005	2006	2007	2008	
Ashfield	1,509	1,572	1,609	1,616	3.4%
Mansfield	1,178	1,230	1,262	1,268	2.4%
East Midlands	63,648	65,266	66,915	66,985	2.6%
UK	1,064,843	1,095,563	1,128,049	1,137,243	2.6%

Source: Experian, 2009

The GVA per head measure puts aggregate output figures into context by accounting for the size of the districts' population. GVA per head has increased at a faster pace over the past decade in Ashfield and Mansfield than in the East Midlands and UK as a whole. The relatively favourable performance of the districts on the GVA per head measure reflects a 'catch up' phase in which underperforming districts - as part of their development - move closer to the regional and national GVA per head levels.

Table 1.2: Comparison of Historical GVA per Head Growth

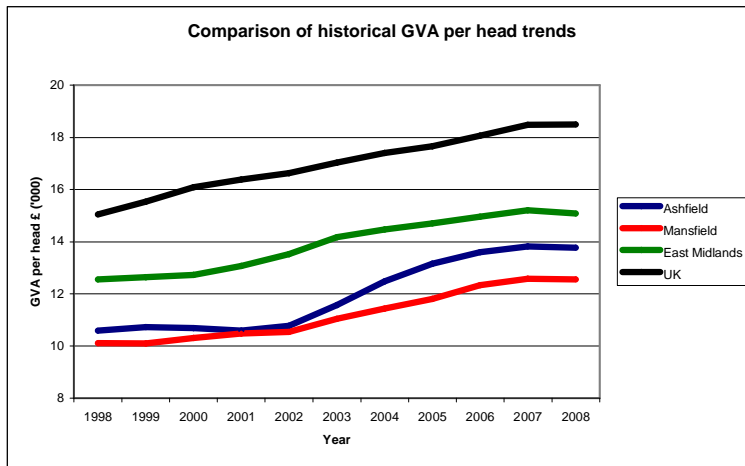
Comparison of historical Gross Value Added (GVA) per head trends					
Region	GVA per head (2003 constant prices, £)				per annum % growth (1998 - 2008)
	2005	2006	2007	2008	
Ashfield	13,150	13,599	13,825	13,775	2.7%
Mansfield	11,811	12,334	12,575	12,554	2.2%
East Midlands	14,707	14,954	15,204	15,078	1.9%
UK	17,663	18,065	18,481	18,499	2.1%

Source: Experian, 2009

Chart 1.1 shows that much of the GVA per head growth seen in the districts occurred between 2002 and 2006. Ashfield saw a more marked increase and achieved a significant reduction in the GVA per head gap relative to the East Midlands and UK. In contrast, the GVA per head gap between the East Midlands and Mansfield has been maintained over the last decade.

Ashfield and Mansfield have recently seen strong growth in GVA per head as the districts 'catch up' to regional and national levels

Chart 1.1: Comparison of Historical GVA per Head Growth



1.2 Labour Market Trends

Employment growth in the districts has outperformed the region's average but it remains lower than the UK rate

Ashfield and Mansfield account for a fairly small proportion of full-time equivalent (FTE) jobs within the East Midlands. In 2008, Ashfield represented 2.5 per cent of the region's FTE jobs while Mansfield represented 2 per cent of all such jobs. Ashfield and Mansfield have experienced higher growth in FTEs over the past decade than the East Midlands as a whole (see Table 1.3), however, job growth has developed at a slower pace than the UK. Per annum FTE growth in Ashfield over the period 1998 to 2008 was 0.7 per cent, whereas growth in Mansfield was higher at 0.8 per cent per annum.

Table 1.3: Comparison of Historical FTE Growth

Comparison of historical full-time equivalent (FTE) trends					
Region	FTE ('000s)				per annum % growth (1998 - 2008)
	2005	2006	2007	2008	
Ashfield	42	43	44	44	0.7%
Mansfield	34	35	36	36	0.8%
East Midlands	1,750	1,771	1,804	1,789	0.6%
UK	25,522	25,883	26,136	26,165	0.9%

Source: Experian, 2009

Although Ashfield accounts for a small proportion of employment in the East Midlands, the districts' employment rate in 2008 was slightly higher than the rate achieved by the East Midlands and UK. In contrast, Mansfield maintains a lower rate of 44%.

Table 1.4: Comparison of Historical Employment Rates

Comparison of historical employment rate trends					
Region	Employment rate (% of population)				per annum % growth (1998 - 2008)
	2005	2006	2007	2008	
Ashfield	49%	51%	46%	49%	0.5%
Mansfield	43%	44%	44%	44%	0.1%
East Midlands	49%	49%	49%	48%	0.2%
UK	48%	48%	48%	48%	0.4%

Source: Experian, 2009

Unemployment rates in both districts compare unfavourably against regional and national benchmarks

Table 1.5 shows that Ashfield and Mansfield follow an employment structure generally similar to that of the region and UK. Ashfield has a slightly higher proportion of workers in full-time jobs compared to the East Midlands and UK, while Mansfield has a slightly higher proportion of workers in part-time jobs.

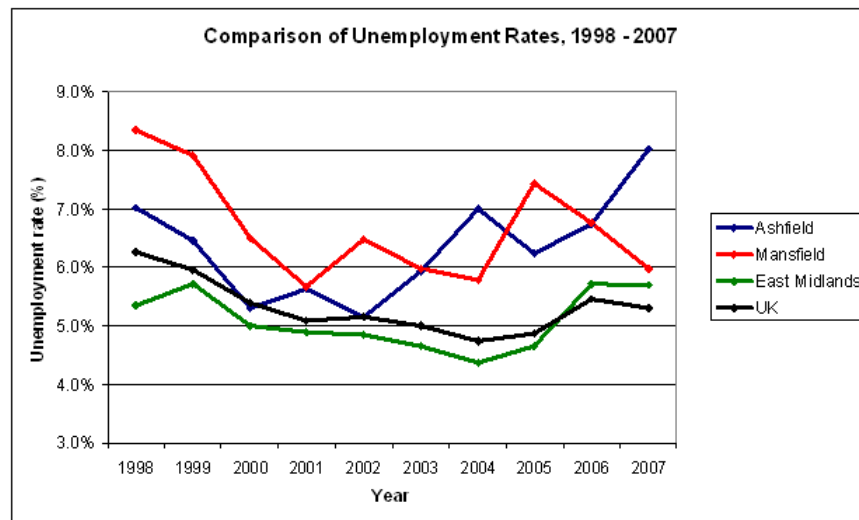
Table 1.5: Comparison of Historical Employment Shares

Region	Comparison of employment status shares in 2008			Total jobs ('000)	FTE ('000)
	% of total jobs				
	Part-time	Full-time	Self-employed		
Ashfield	26%	61%	13%	52	44
Mansfield	32%	56%	12%	45	36
East Midlands	29%	59%	13%	2158	1,789
UK	28%	59%	13%	31358	26,165

Source: Experian, 2009

Chart 1.2 shows that the unemployment rate in Ashfield and Mansfield has generally remained higher than in the East Midlands and UK average in the last decade. Recently, the rates have crept up in both the districts in line with regional trends.

Chart 1.2: Comparison of Unemployment Rates



1.3 Demographic trends

Ashfield and Mansfield account for 2.6 and 2.2 per cent of the East Midlands' population respectively. The growth of Ashfield's total population has outperformed that of the East Midlands and UK (as shown in Table 1.6) with Ashfield growing at 0.7 per cent. Mansfield's growth has been more subdued, growing at 0.2 per cent, well below the national and regional average.

Table 1.7 reveals that Ashfield's total population growth has broadly been on par with growth in its working-age population. In contrast, Mansfield, East Midlands and the UK have shown higher growth in working-age population than in their total population.

Over the last decade, Ashfield saw a more rapid expansion in its total population than Mansfield

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Table 1.6: Comparison of Historical Population Growth

Comparison of historical total population trends					
Region	Total population ('000)				per annum % growth (1998 - 2008)
	2005	2006	2007	2008	
Ashfield	115	116	116	117	0.7%
Mansfield	100	100	100	101	0.2%
East Midlands	4,328	4,364	4,401	4,443	0.7%
UK	60,288	60,646	61,040	61,477	0.5%

Source: Experian, 2009

Table 1.7: Comparison of Historical Population Growth

Comparison of historical working-age population trends					
Region	Working-age population ('000)				per annum % growth (1998 - 2008)
	2005	2006	2007	2008	
Ashfield	71	72	72	72	0.8%
Mansfield	61	61	62	62	0.4%
East Midlands	2,683	2,710	2,728	2,744	0.8%
UK	37,455	37,731	37,938	38,154	0.6%

Source: Experian, 2009

As a result, Ashfield's dependency ratio (measured as the ratio of non-working age population to the total population) has remained relatively unchanged over the past decade compared to that of the East Midlands and the UK which have experienced noticeable declines. Mansfield's dependency ratio also fell to 38.3% in 2008, but remains higher than national benchmarks (see Table 1.8).

Table 1.8: Comparison of Dependency Ratios

Comparison of population and dependency ratios for regions, 2008				
Region	Population ('000)		Dependency ratio	
	Working-age	Total		
Ashfield	72	117	38.6%	
Mansfield	62	101	38.3%	
East Midlands	2,744	4,443	38.2%	
UK	38,154	61,477	37.9%	

Source: Experian, 2009

The dependency ratio in the two districts remains higher than the UK average

2 Sector Profiling

The objective is to identify 'priority sectors' for policy in each of the districts

This section assesses the performance of the sectors in Ashfield and Mansfield relative to regional and national comparators. The idea is to identify not only those sectors that have the largest shares of output and jobs in the districts' economies, but also those that are currently under-represented in the districts but which could be a strong potential source of future growth. There will also be a focus on RES priority sectors to evaluate whether these can provide a boost to the districts' economies. The output from this stage of the work will be a list of selected 'priority' sectors that have long-term potential for sustained output and employment growth in each of the districts and which will benefit from policy intended to boost performance in local areas.

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2.1 Historical Shares of Output and Employment

The first cut of the analysis identifies those sectors that have, historically, generated the greatest share of output or the largest number of jobs in the two districts. Table 2.1 shows the detailed contribution to output and full-time equivalent (FTE) employment by sector in Ashfield and Mansfield (in 2006) and compares this with regional and national shares to identify sectors important to the districts' economies.

Table 2.1: Comparing Output and Employment Shares

Sector	Output Shares (2006)				Employment Shares (2006)			
	Ash.	Mans.	EM	UK	Ash.	Mans.	EM	UK
Agriculture, Forestry & Fishing	0.2%	0.2%	1.4%	1.0%	0.3%	0.3%	2.1%	1.6%
Oil & Gas Extraction	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.1%
Other Mining	0.0%	0.2%	0.4%	0.2%	0.0%	0.1%	0.3%	0.1%
Gas, Electricity & Water	5.5%	2.4%	2.4%	1.5%	1.3%	0.5%	0.6%	0.4%
Fuel Refining	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.1%
Chemicals	1.9%	0.4%	1.6%	1.6%	1.1%	0.2%	0.9%	0.7%
Minerals	1.1%	1.2%	1.5%	0.5%	0.6%	0.6%	0.8%	0.4%
Metals	5.9%	2.2%	2.3%	1.4%	5.2%	1.8%	2.1%	1.6%
Machinery & Equipment	0.9%	1.2%	1.7%	1.3%	0.7%	0.9%	1.3%	1.1%
Electrical & Optical Equipment	1.2%	2.0%	1.2%	1.4%	1.3%	2.0%	1.3%	1.3%
Transport Equipment	8.6%	1.2%	3.8%	1.6%	4.3%	0.6%	1.9%	1.2%
Food, Drink & Tobacco	0.6%	0.7%	4.5%	2.0%	0.4%	0.4%	2.9%	1.6%
Textiles & Clothing	2.0%	0.8%	0.8%	0.4%	3.1%	1.2%	1.3%	0.5%
Wood & Wood Products	0.5%	0.4%	0.3%	0.2%	0.6%	0.5%	0.4%	0.3%
Paper, Printing & Publishing	2.3%	2.0%	1.7%	1.7%	2.6%	2.1%	1.9%	1.6%
Rubber & Plastics	3.9%	1.6%	1.2%	0.7%	3.9%	1.5%	1.2%	0.8%
Other Manufacturing	1.3%	0.8%	0.9%	0.6%	1.5%	0.9%	1.1%	0.8%
Construction	13.7%	11.9%	7.1%	5.8%	16.8%	13.8%	8.7%	8.1%
Retailing	5.1%	8.8%	6.3%	5.6%	6.6%	10.9%	8.3%	8.4%
Wholesaling	7.4%	7.6%	8.3%	6.2%	6.9%	6.7%	7.8%	6.6%
Hotels & Catering	1.9%	2.7%	2.8%	3.0%	2.9%	3.9%	4.3%	5.2%
Transport	5.3%	4.6%	5.4%	4.8%	4.9%	4.0%	5.0%	4.8%
Communications	0.7%	1.8%	2.4%	2.9%	0.4%	1.1%	1.6%	1.9%
Banking & Insurance	1.0%	4.1%	4.0%	7.5%	0.5%	2.1%	2.1%	3.9%
Business Services	8.2%	12.4%	11.9%	13.6%	9.0%	12.9%	13.2%	15.1%
Other F&Bs	2.3%	2.6%	3.8%	4.6%	1.4%	1.5%	2.3%	2.8%
Public Admin. & Defence	2.4%	6.5%	5.1%	4.8%	2.1%	5.5%	4.6%	5.1%
Education	3.4%	6.7%	5.6%	5.3%	4.2%	7.6%	6.8%	7.0%
Health	10.2%	8.0%	7.0%	7.0%	14.3%	10.6%	9.9%	10.5%
Other	2.6%	5.1%	4.4%	4.8%	3.1%	5.8%	5.3%	6.3%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%

Construction, selected manufacturing sectors, public services and utilities have a greater presence relative to the regional average

In terms of output shares, **construction** (13.7%), **health** (10.2%) and **transport equipment** (8.6%) dominate Ashfield's economy while **business services** (12.4%), **construction** (11.9%) and **retailing** (8.8%) have the strongest presence in Mansfield. **Construction** (16.8%), **health** (14.3%) and **business services** (9.0%) generate the largest number of jobs in Ashfield. In Mansfield, **construction** (13.8%), **business services** (12.9%) and **retailing** (10.9%) have the largest shares in employment.

While trends in sectors such as the above - that generate the greatest absolute output and employment levels in the districts - are undoubtedly important to monitor, the objective of this study is to identify sectors that have an advantage in the districts *relative to the region*. If a sector has a large presence in the district as well as in the region, there is little to suggest that the districts can create a competitive advantage in that sector relative to any other regional centre. In Ashfield, for example, business services has a substantial share of total output (8.2%) compared to many other sectors. However, when viewed relative to the regional average share (11.9%), it becomes evident that business services are, in reality, under-represented in the district. These differences are important to understand when formulating policy to attract investment into a local area.

Table 2.1 highlights in bold the sectors in which the district outperforms the regional average in terms of output or employment share. Sectors which have a greater share in total output in Ashfield compared to the East Midlands average are **utilities, chemicals, metals, transport equipment, textiles & clothing, paper, printing & publishing, rubbers & plastics, other manufacturing, construction** and **health**. Mansfield has relatively higher output shares of **electrical equipment, paper, printing & publishing, rubbers & plastics, construction, retailing, business services** and **public services**.

In terms of FTE employment shares, **utilities, chemicals, metals, transport equipment, textiles & clothing, paper, printing & publishing, rubbers & plastics, other manufacturing, construction** and **health**, outperform the regional average in Ashfield, while in Mansfield **electrical equipment, paper, printing & publishing, rubbers & plastics, construction, retailing** and **public services** and 'other' services employ a greater share of workers relative to the East Midlands average.

2.2 Productivity Trends

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Economic theory suggests that not only are the physical inputs of capital and labour key determinants of growth potential, how effectively these factors are combined to generate a unit of output plays is equally important in determining economic performance. As such, it is important to identify those sectors in which Ashfield and Mansfield are more productive than in the UK as a whole.

Table 2.2 lists the productivity in each sector in Ashfield, Mansfield and the UK in 2006. Due to insufficient information available at district level, regional productivity estimates - obtained by dividing a sector's output by the total number of FTE workers it employs - are applied to all districts in a region. To this end, productivity estimates for the two districts are similar to each other and to the regional average. A meaningful comparison can therefore only be made between the districts and the UK average. **Metals, minerals, food, drink & tobacco, transport equipment and public administration & defence** have a higher productivity (calculated as GVA per full time equivalent worker) in the districts compared to the national average.

Minerals, metals, food, drink & tobacco, and public administration & defence have a higher productivity relative to the UK.

Table 2.2: Comparing Productivity levels

Productivity (GVA m/Emp 000s)			
Sector	Ash.	Mans.	UK
Agriculture, Forestry & Fishing	25.2	25.4	26.3
Oil & Gas Extraction	13.3	13.4	416.9
Other Mining	52.5	52.2	71.5
Gas, Electricity & Water	153.4	154.7	159.9
Fuel Refining	NA	NA	NA
Chemicals	65.0	65.0	93.2
Minerals	65.0	64.9	51.9
Metals	41.8	41.8	37.5
Machinery & Equipment	46.5	46.5	50.4
Electrical & Optical Equipment	35.0	34.9	46.4
Transport Equipment	74.1	74.0	54.5
Food, Drink & Tobacco	58.5	58.5	54.2
Textiles & Clothing	23.1	23.1	30.6
Wood & Wood Products	29.5	29.5	30.1
Paper, Printing & Publishing	33.2	33.2	46.2
Rubber & Plastics	36.7	36.7	38.3
Other Manufacturing	30.6	30.7	33.9
Construction	29.9	29.9	30.0
Retailing	28.1	28.0	28.5
Wholesaling	39.2	39.2	40.2
Hotels & Catering	24.1	24.1	24.4
Transport	39.8	39.7	42.3
Communications	57.3	57.3	65.7
Banking & Insurance	65.8	69.2	81.8
Business Services	33.2	33.2	38.0
Other F & Bs	60.6	60.6	69.8
Public Admin. & Defence	40.9	40.9	39.3
Education	30.3	30.3	31.8
Health	26.2	26.2	28.2
Other	30.4	30.4	32.6
TOTAL	36.6	34.7	42.3

2.3 Historical Growth Trends

The analysis so far has focused on the relative size of sectors and their relative efficiency in Ashfield and Mansfield. It is also informative to identify sectors which have recently had the fastest rates of output and employment growth. This is important because even if a sector is currently under-represented in the districts, it may eventually catch-up and be a source of output and job creation if current rates of expansion are fast.

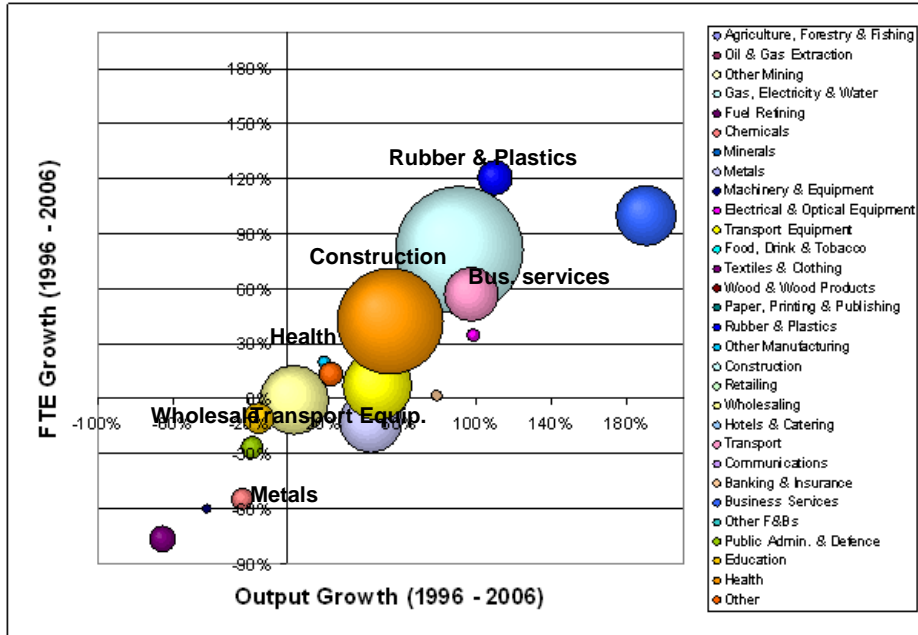
Historically, construction, health, rubber & plastics and electrical goods manufacturing have enjoyed rapid job creation in Ashfield

Chart 2.1 plots historical output and employment growth of the sectors in Ashfield. Total output growth over the decade 1996-2006 is plotted against total full-time equivalent employment growth. The size of the bubble represents that sector's output share in Ashfield's total output. This chart shows that the three sectors that dominate the district economy – **construction, health and transport equipment** – have all seen strong output growth over the last decade although the performance of the construction sector is markedly stronger. Job creation associated with these sectors has recorded mixed trends. Construction has, by far, seen the strongest rate of employment growth. While

the health sector has also recorded a healthy increase in jobs, the rate of increase in transport equipment has been slower in comparison.

Wholesale and **metals** are two other relatively large sectors in Ashfield but their capacity for job creation has, historically, been limited. In fact, metals has recorded a decline in jobs over 1996-2006 despite strong output growth, reflecting a marked improved in the sector's productivity.

Chart 2.1: Historical Output And Employment Growth In Ashfield



Of the manufacturing sectors, **electrical & optical equipment** and **rubber & plastics** have seen strong rates of output and employment growth in Ashfield. However, the sector that stands out as having seen the most rapid expansion in output and jobs is **business services** although it still has a relatively small presence in the district. Chart 2.2 reflects a similar analysis for Mansfield.

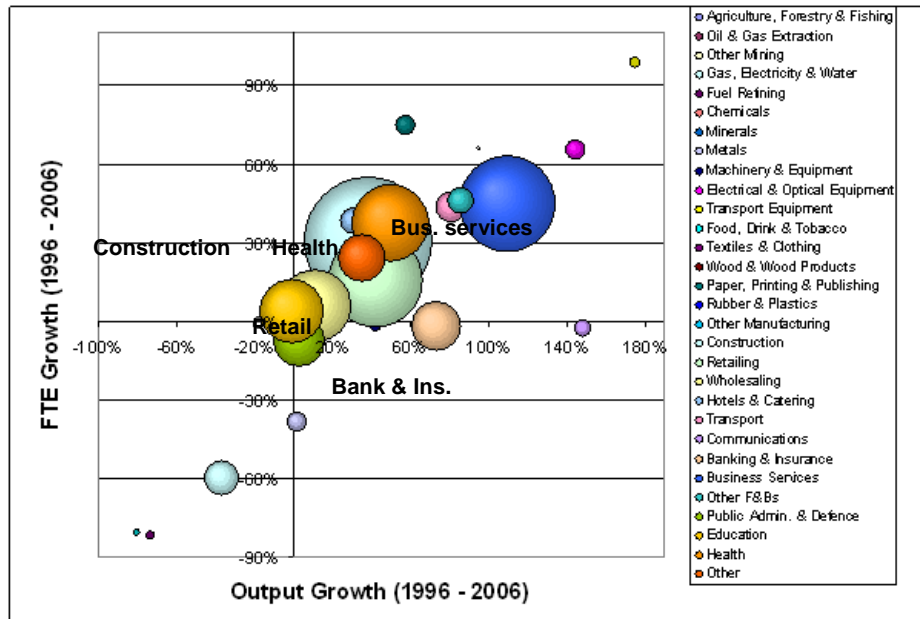
Business services has been successful in generating output and creating jobs in Mansfield; and is fairly well-represented in the district

This chart shows that the fastest-growing sector in Mansfield (with high output share) is **business services** which had one of the fastest rates of output and job expansion over 1996-2006. Other large sectors in the district - **construction, health and retail** - have all recorded strong (and comparable) output growth in that decade, but employment growth trends were stronger in the construction and health sectors while retail and **banking & insurance** saw only moderate employment growth at best. Some successful manufacturing sectors such as **electrical equipment, transport equipment, paper & printing** have a very small presence in Mansfield while others, such as **food, drink & tobacco, textiles** and **metals**, have seen a marked deterioration in performance.

Communications, transport, other financial & business services and **hotels & catering** have recorded strong output or employment growth in Mansfield, as well as

across the UK, yet remain under-represented in the district as reflected in their relatively small size in the chart. Public services have a presence in the region but have had a limited impact on the district's economy in terms of output or job creation.

Chart 2.2: Historical Output And Employment Growth In Mansfield



2.4 Projected Growth Trends

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While historical sectoral performance is important to understand in order to gauge a district's natural competitive edge, it is equally important to analyse projected performance in order to establish where potential growth opportunities may lie. The forecasts used in this section are Experian's February 2009 baseline forecasts, discussed in more detail in section 4.1.

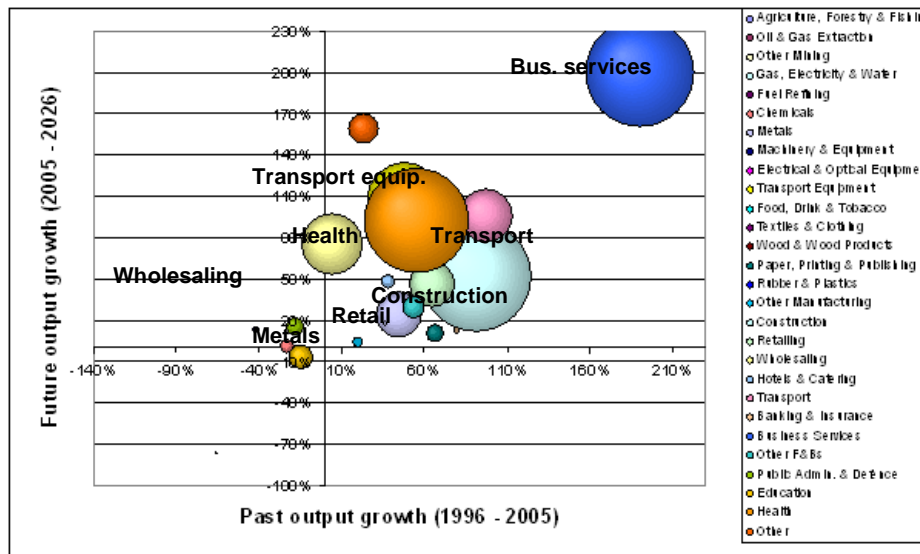
Chart 2.3 plots historical total output growth against expected total output growth for sectors in Ashfield. Again, the size of the bubble represents that sectors expected share of total output in the district by 2020. The best performance is expected in **business services**. Not only is it expected to continue to enjoy the strongest output and employment growth in the district, it will also increase in relative size (when compared to its current size in Chart 2.1). Business services is, in fact, expected to see output rise by over 200% between 2006 and 2026 but this was brought down to fit the chart scale.

Construction has been a strong performer in Ashfield but its rate of expansion is forecast to slow in the future. It is also expected to decrease in relative size, as service sectors capture a greater output share. **Transport equipment** and **metals** are both forecast to see positive rates of output growth over 2006-26 although transport equipment will significantly outperform all other manufacturing sectors. **Wholesaling** and **retail** will also see output rise and their relative share in output increase in the

Ashfield will see a gradual move away from traditional sectors towards consumer, business and public services over 2007-26

forecast period. The **transport** sector will also enjoy a strong performance although its relative size remains small while the **health** sector will continue to play a significant role in the Ashfield economy recording robust rates of expansion in the future too.

Chart 2.3: Projected Output Growth In Ashfield



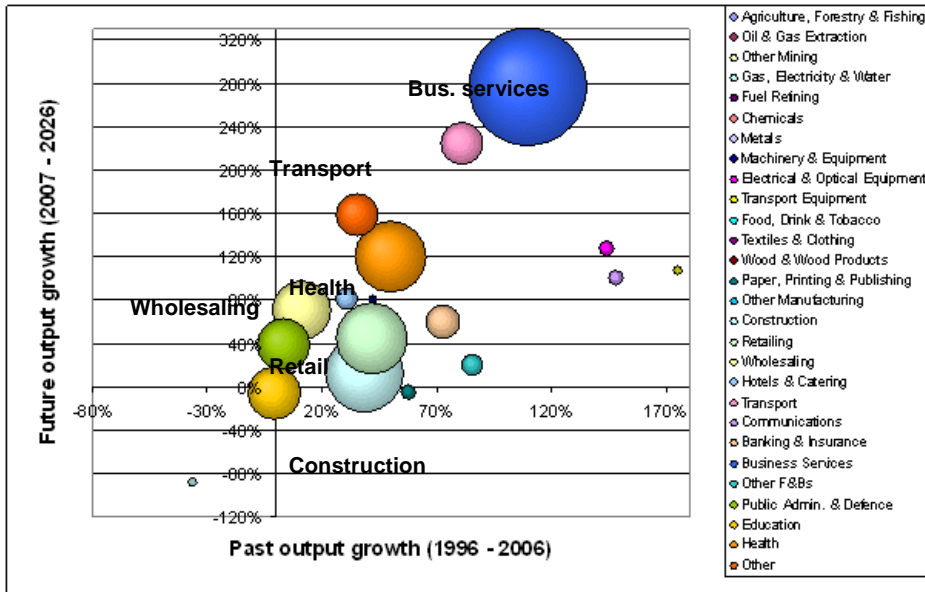
The comparison between historical and projected sectoral trends suggests a gradual but clear move away from the traditional manufacturing sectors and construction towards consumer and business services. Nonetheless, the district's strength in some manufacturing sectors such as transport equipment and metals will be maintained in the long-term under a baseline scenario.

Services – in particular, business services – will be the strongest contributor to output growth in Mansfield in 2007-26

Chart 2.4 reflects a similar analysis for Mansfield. A comparison of historical and projected sectoral performance suggests that **business services** will remain the fastest-growing sector and the main contributor to the district's output over the period 2006-26. The **health** sector will also enjoy strong growth although its relative size is smaller than seen in Ashfield. Consumer-oriented sectors such as **wholesaling** and **retail** will also see expansion in the district. In contrast, **construction** will expand at a weaker rate than other key sectors and will generate a smaller share of output than seen historically. **Transport** will see rapid growth but its relative share in the district's output will remain small. **Public services** will see some growth as will some small **manufacturing** sectors, but their contribution to output will be limited.

Thus, Mansfield seems to follow a pattern of development similar to that of Ashfield – and, indeed, the UK – where services will play an increasing role in the economy. While traditional manufacturing is becoming less important, some high-growth manufacturing industries will see rapid rates of expansion driven by increases in productivity. This, however, limits the potential of these sectors to generate additional employment. A significant proportion of expected job creation will be in business and consumer services. Public services and construction will remain important to the district economies but their size relative to historical trends will diminish.

Chart 2.4: Projected Output Growth In Mansfield



Turning to the East Midlands' Regional Economic Strategy (RES), the sectors identified as being key to the region's success are **transport equipment, healthcare, construction** and **food & drink**. Of these, transport equipment, healthcare and construction generate a significant share of Ashfield's output and employment while construction and healthcare are well-represented in Mansfield. Focusing on the key RES sectors in Ashfield and Mansfield could therefore fit in well with policy initiatives and targets set at a regional level.

2.5 Priority Sectors – A preliminary selection

The next step in the sector profiling exercise is to make an initial selection of ten sectors out of the 30 in each district based on the preceding analysis. On the basis of discussions with local partners and stakeholders, this list will be further narrowed down to about 5 sectors per district. These sectors will be targeted as 'priority sectors' essential to the future growth of the districts and will be analysed in more detail in subsequent sections.

Table 2.3 shows a classification of the sectors that play (or are expected to play) a key role in Ashfield. The *first category*, of 'High Historical Growth and High Location Quotient (LQ)', includes those sectors that have seen positive output and employment growth in the district over 1996-2006 and that constitute a relatively greater share of total output compared to the regional average (i.e. those sectors in which the district may have a relative specialism).

Table 2.3: Key Sectors in Ashfield

High Historical Growth, High LQ	High Historical Growth, High Output Share
Minerals	Construction
Electrical & Optical Equipment	Retailing
Wood & Wood Products	Wholesaling
Paper, Printing & Publishing	Business Services
Rubber & Plastics	Health
Construction	Other services
Retailing	
Wholesaling	
High Hist. Growth, High Output Share, High LQ	High Future Growth Potential
Construction	Business services
Retailing	Transport
Wholesaling	Other services
	Health
	Public Admin. & Defence
RES Priority Sectors	
Food and Drink	
Health	
Transport Equipment	
Construction	

The *second category*, 'High Historical Growth and High Output Share', includes sectors that have seen positive output growth and positive employment growth over the last decade and which also constitute a relatively large shares of total district output. There is considerable overlap between these two categories. Out of the first category, only electrical & optical equipment and paper, printing & publishing are excluded from the second category suggesting that while Ashfield may have a relative specialism in these two manufacturing sectors, they are not large enough to make a significant impact on the region's output growth.

The *third category* lists the common sectors in the first and second categories i.e. those in which the district has a specialism relative to the regional average *and* those are of relatively large size. The *fourth category* is that of sectors that are expected to record a strong performance at regional and district level over the forecast period – mainly consumer and business services – while the *fifth category* lists sectors identified as being central to regional growth in the region's RES.

On the basis of this classification, the following ten sectors were chosen in an initial selection as being important to Ashfield's economic success: **business services, transport equipment, retail, wholesale, construction, transport, health, food & drink, rubber & plastics and utilities**. A similar classification for Mansfield is shown in Table 2.4. The following ten sectors are identified as having potential to play a role in Mansfield's future economic growth: **business services, retail, wholesale, construction, transport, health, other services, food & drink, rubber & plastics and public administration & defence**.

Table 2.4: Key Sectors in Mansfield

High Historical Growth, High LQ	High Historical Growth, High Output Share
Gas, Electricity & Water	Gas, Electricity & Water
Electrical & Optical Equipment	Transport Equipment
Transport Equipment	Rubber & Plastics
Paper, Printing & Publishing	Construction
Rubber & Plastics	Retailing
Other Manufacturing	Transport
Construction	Business Services
Transport	Health
Health	
High Hist. Growth, High Output Share, High LQ	High Future Growth Potential
Gas, Electricity & Water	Retail
Transport Equipment	Wholesale
Rubber & Plastics	Business Services
Health	
Construction	
Transport	
RES Priority Sectors	
Food and Drink	
Health	
Transport Equipment	
Construction	

2.6 Priority Sectors – A Final Selection

The analysis so far highlights about 10 broad sectors that could potentially drive productivity in Ashfield and Mansfield in the future. As these sectors represent up to 50 per cent of the employment in the area, it is necessary to narrow the focus further. Evidence from the learning workshop run by Experian with local stakeholders suggests that not all 10 broad sectors as viewed as viable growth opportunities for the area. Thus, the final step in the sector profiling exercise is to narrow down the selection of priority sectors to fit into an integrated targeted growth strategy that plays to the strengths and assets on offer in the districts. To this end, we highlight the key features of Ashfield and Mansfield and select five 'priority sectors' for each that play to their respective advantages.

Some of the sectors that are strong from the perspective of data analysis may not be intuitively appealing as potential growth areas. For example, during the workshop it was argued that whilst retail could benefit from the large urban conurbation of Mansfield especially, it is not the type of sector which could drastically alter the economic fortunes of the area. Similarly, much of the utilities, public admin & defence and other service sectors are localised to specific areas, and Ashfield and Mansfield do not have a significant competitive advantage to attract the higher value, more mobile parts of the sectors. Whilst rubber and plastics has a strong presence in the area, it is a smaller, niche sector which is unlikely to have a significant economic impact; indeed, evidence from the workshop suggested it is largely undesirable in any case.

There was general consensus at the workshop that business services and health services should be looked at more closely. The area has a presence across both this sectors, and whilst this tends to be at the lower value-add end of the spectrum, there are many sub-

sectors which could be attracted to drive growth. In addition, the central location of Ashfield and Mansfield means the districts have a real competitive advantage in terms of attracting businesses within the wholesale and transport (including transport equipment) sectors. Construction is a slightly trickier proposition in that suggesting it as a key growth sector the considering its current predicament, however strong its presence in the area, would not seem prudent.

Deciding on the key sectors

The results of the data analysis supplemented with thoughts and feedback from the workshop have led to the final selection of the following five sectors to be the target 'priority sectors' for growth policy.

Sectors	Major positive	Major negative	Outcome
Retail	Large urban conurbation	Not a high/value income sector	✗
Business services	High value/ income sector	Weak higher value presence	✓
Rubber & plastics	Strong current presence	Too niche to drive growth	✗
Wholesale	Central location		✓
Other services		Too niche to drive growth	✗
Health	Large urban conurbation	Weak higher value presence	✓
Utilities		Localised demand	✗
Transport inc. equipment	Central location		✓
Public admin & defence	Strong current presence	Localised demand	✗
Construction	Strong current presence	Economic climate	?

- Business Services
- Wholesale
- Health
- Manufacturing of Transport Equipment
- Transport & Logistics

Business Services, Wholesale, Healthcare, Transport Equipment Manufacturing and Transport have the potential to drive the districts' future success

It is these sectors that will be discussed in terms of the districts' offer in Chapter 5 and that will be assessed for the key drivers of productivity in Chapter 3.

Although retail and construction are not high-growth sectors that need to be the target of focused growth policy, they are significant in terms of their size and growth to be important to Ashfield's and Mansfield's local economy. While these are not put forward as policy priority sectors, they will still be included the economic assessment in the next chapter, where appropriate.

3 Analysis of Productivity Drivers

Sectoral mix, skills, levels of investment, innovation and enterprise affects a sector's productivity

The economic performance of a sector within an economy is partly a function of employment growth, but also one of productivity growth. This section explores some of the factors underpinning productivity growth in the selected priority sectors in Ashfield and Mansfield and draws out how any variation in these can explain differences in performance. There are a number of drivers of productivity growth which can be assessed at different geographic levels. These are:

- Sectoral composition
- Skills
- Investment
- Innovation
- Enterprise

The first task is to disaggregate GVA growth by sector to understand how much growth has been due to growth in employment and how much has been due to increases in productivity and whether local trends are different to the region and the UK. Once it is identified how productivity varies locally in the priority sectors, reasons for the differences can begin to be explored. Table 3.1 shows changes in productivity by sector and compares this with the UK average.

While productivity has improved in all key sectors in the two districts over the decade 1996-2006, productivity levels remain lower than the UK average, in particular, in the service sectors. For example, productivity in business services - which was identified as being the most important to future economic growth in the districts - is well below the national average. Productivity in health and transport (logistics) is also below the UK average. The districts are closer to (but still below) the UK average in the productivity of their construction, retailing and wholesale sectors. However, in transport equipment manufacturing the local areas outperform the national average markedly.

Thus, it is clear that there remains much scope for productivity improvements in several key sectors in Ashfield and Mansfield. The remainder of this section explores what drives productivity growth and how these factors can be influenced to improve the economic performance of the two districts. This report presents comprehensive information on the seven sectors selected on the basis of the analysis in chapter 2.

Table 3.1: Changes in Productivity in Ashfield and Mansfield by Sector

Sector	Productivity (£ thousands)								
	Ashfield			Mansfield			UK		
	1996	2006	Change	1996	2006	Change	1996	2006	Change
Transport Equipment	51.0	74.1	45%	50.9	74.0	45%	36.6	54.5	49%
Construction	29.6	29.9	1%	29.6	29.9	1%	30.1	30.0	0%
Retailing	22.1	28.1	27%	22.1	28.0	27%	21.5	28.5	33%
Wholesaling	36.5	39.2	7%	36.5	39.2	7%	35.0	40.2	15%
Transport	33.2	39.8	20%	33.2	39.7	20%	37.3	42.3	13%
Business Services	22.9	33.2	45%	22.9	33.2	45%	28.5	38.0	33%
Health	24.5	26.2	7%	24.5	26.2	7%	27.2	28.2	4%

3.1 Sectoral Composition

The mix of firms that comprise broader sectoral 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 firms that a district must seek to attract to boost growth. To this end, detailed 4 digit SIC ABI employee data is examined to assess which industries are prevalent locally within each broad growth sector.

Table 3.2: Sub-sectoral share of ABI Employees (2007) in Business Services

Industry	Ashfield	Mansfield	EM	UK
7210 : Hardware consultancy	0.6%	0.1%	2.8%	0.7%
7220 : Software consultancy and supply	9.2%	1.4%	7.3%	8.9%
7230 : Data processing	0.0%	0.0%	1.9%	1.0%
7240 : Data base activities	0.3%	0.3%	0.7%	0.5%
7250 : Maintenance/repair: office machinery etc	1.4%	0.1%	0.7%	0.5%
7260 : Other computer related activities	12.7%	1.1%	2.2%	2.4%
7411 : Legal activities	3.3%	7.0%	5.7%	7.7%
7412 : Accounting/book-keeping activities etc	12.7%	4.2%	5.4%	6.0%
7413 : Market research/public opinion polling	0.0%	0.0%	0.5%	1.5%
7414 : Business/management consultancy activ.	2.0%	3.3%	6.6%	8.3%
7415 : Management activities: holding companies	NA	NA	NA	NA
7420 : Architectural/engineering activities	10.5%	7.7%	8.8%	9.5%
7430 : Technical testing and analysis	2.7%	0.2%	1.1%	1.0%
7440 : Advertising	0.3%	0.1%	1.1%	2.2%
7450 : Labour recruitment etc	9.4%	51.1%	28.5%	20.7%
7460 : Investigation and security activities	4.3%	2.5%	5.1%	4.4%
7470 : Industrial cleaning	11.5%	4.8%	8.5%	11.6%
7481 : Photographic activities	NA	NA	NA	NA
7482 : Packaging activities	4.8%	7.9%	1.5%	0.6%
7483 : Secretarial and translation activities	2.7%	0.2%	1.1%	2.4%
7484 : Other business activities nec	11.5%	8.0%	10.5%	10.1%

Table 3.2 breaks down business services into its 4-digit detailed sub-categories. Comparing Mansfield with regional and national benchmarks, it is seen that the district has a much higher proportion of employees in labour recruitment and packaging activities than the East Midlands or UK. In contrast, it has a much weaker presence of business services supporting the IT sector and computer-related activities. Management consultancy and advertising are also under-represented in the district. Despite the fact that business services contribute a large share of Mansfield's output and employment, it is clear that the bias is towards lower-value added sectors and that the more productive sub-sectors are under-represented.

Business services in Mansfield are biased towards less productive activities. Ashfield has a more favourable mix of firms but the relatively small size of the aggregate sector limits its contribution to growth

In contrast, Ashfield has a more productive mix of business services. Business services supporting the IT and computing industries are well-represented as are accounting and book-keeping services. On the other hand, legal activities and management consultancy have a relatively smaller presence compared to regional and national benchmarks. Advertising and labour recruitment also under-represented. However, as the previous section highlights, the relative size of business services is smaller in Ashfield than in Mansfield which limits the impact of its growth in the longer-term.

Table 3.3 shows a similar breakdown for the construction sector. Ashfield and Mansfield each have a relatively larger share of general building construction and electrical installations. However, what is marked is the relative under-representation of

public sector construction. The share of employees involved in the building of highways and roads is significantly lower than regional and national benchmarks.

Table 3.3: Sub-sectoral share of ABI Employees (2007) in Construction

Industry	Ashfield	Mansfield	EM	UK
4511 : Demolition and wrecking of buildings	1.1%	0.3%	1.3%	1.4%
4512 : Test drilling and boring	0.0%	0.0%	0.0%	0.1%
4521 : General construction of buildings etc	50.8%	44.9%	38.0%	39.2%
4522 : Erection of roof covering and frames	1.8%	1.5%	2.1%	2.4%
4523 : Construction of highways, roads etc	2.0%	0.8%	6.2%	4.5%
4524 : Construction of water projects	0.0%	0.1%	0.1%	0.2%
4525 : Other constr. involving special trades	8.6%	4.8%	6.8%	7.0%
4531 : Installation: electrical wires/fittings	16.6%	17.5%	12.7%	13.3%
4532 : Insulation work activities	0.4%	1.8%	1.2%	1.4%
4533 : Plumbing	6.0%	6.9%	12.1%	10.2%
4534 : Other building installation	1.3%	0.9%	2.6%	2.6%
4541 : Plastering	0.7%	3.0%	1.2%	1.0%
4542 : Joinery installation	3.1%	5.2%	5.6%	5.4%
4543 : Floor and wall covering	0.9%	4.5%	1.7%	1.5%
4544 : Painting and glazing	3.6%	7.1%	4.1%	4.5%
4545 : Other building completion	2.6%	0.7%	2.9%	3.6%
4550 : Renting: construction equip. & operator	0.6%	0.1%	1.3%	1.5%

Table 3.4: Sub-sectoral share of ABI Employees (2007) in Health

Industry	Ashfield	Mansfield	EM	UK
8511 : Hospital activities	64.8%	30.4%	40.0%	45.7%
8512 : Medical practice activities	4.1%	9.9%	9.5%	6.6%
8513 : Dental practice activities	1.2%	2.6%	2.2%	2.2%
8514 : Other human health activities	9.0%	7.4%	8.4%	8.9%
8520 : Veterinary activities	0.6%	1.5%	1.2%	1.2%
8531 : Social work activities with accom.	11.6%	11.6%	16.4%	15.0%
8532 : Social work activities without accom.	8.7%	36.7%	22.3%	20.5%

Table 3.5: Sub-sectoral share of ABI Employees (2007) in Transport

Industry	Ashfield	Mansfield	EM	UK
6010 : Transport via railways	0.0%	32.7%	2.9%	5.0%
6021 : Other scheduled passenger land transport	9.8%	18.4%	8.6%	13.5%
6022 : Taxi operation	1.4%	2.5%	2.2%	2.9%
6023 : Other passenger land transport	1.3%	4.6%	3.8%	2.9%
6024 : Freight transport by road	45.6%	15.4%	39.9%	24.6%
6030 : Transport via pipelines	0.0%	0.0%	0.0%	0.1%
6110 : Sea and coastal water transport	0.0%	0.0%	0.0%	1.3%
6120 : Inland water transport	0.0%	0.0%	0.0%	0.1%
6210 : Scheduled air transport	0.0%	0.0%	1.8%	6.7%
6220 : Non-scheduled air transport	0.0%	0.0%	0.3%	1.7%
6230 : Space transport	0.0%	0.0%	0.0%	0.0%
6311 : Cargo handling	0.0%	0.0%	0.4%	0.7%
6312 : Storage and warehousing	33.5%	12.0%	24.4%	12.4%
6321 : Other supporting land transport activ.	2.8%	0.4%	3.8%	6.8%
6322 : Other supporting water transport activ.	0.0%	0.0%	0.4%	1.9%
6323 : Other supporting air transport activ.	0.0%	0.0%	0.9%	4.5%
6330 : Activities of travel agencies etc nec	3.1%	13.3%	6.3%	9.4%
6340 : Activities of other transport agencies	2.4%	0.8%	4.2%	5.5%

Table 3.6: (Selected) sub-sectoral share of ABI Employees (2007) in Wholesale

Industry	Ashfield	Mansfield	EM	UK
5146 : Wholesale of pharmaceutical goods	12.2%	0.7%	2.9%	3.4%
5030 : Sale of motor vehicle parts/accessories	11.2%	5.7%	5.2%	5.1%
5020 : Maintenance and repair of motor vehicles	10.9%	11.6%	10.4%	10.5%
5010 : Sale of motor vehicles	10.1%	25.3%	13.9%	13.8%
5170 : Other wholesale	9.0%	4.1%	5.2%	5.2%
5154 : Wholesale: hardware, plumbing etc	5.9%	1.7%	3.6%	3.3%
5142 : Wholesale of clothing and footwear	5.8%	4.5%	3.6%	2.4%
5141 : Wholesale of textiles	5.0%	0.3%	1.1%	0.9%
5147 : Wholesale of other household goods	4.9%	6.6%	5.6%	6.0%
5153 : Wholesale: wood, construction materials	4.1%	8.7%	5.4%	5.9%
5164 : Wholesale: office machinery and equip.	3.1%	0.2%	2.9%	4.2%
5165 : Wholesale: other industry machinery etc	3.1%	7.3%	9.5%	8.0%
5136 : Wholesale of sugar/chocolate etc	2.4%	0.0%	0.2%	0.2%
5157 : Wholesale of waste and scrap	2.1%	0.0%	0.7%	0.7%
5050 : Retail sale of automotive fuel	1.5%	4.4%	2.7%	2.7%
5139 : Non-specialised wholesale of food etc	1.3%	1.6%	4.5%	4.6%
5155 : Wholesale of chemical products	1.3%	0.1%	1.2%	1.0%
5134 : Wholesale of alcoholic/other beverages	0.7%	4.8%	0.6%	1.4%
5040 : Sale/maintenance/repair of motorcycles	0.4%	1.4%	0.8%	0.7%
5143 : Wholesale of electrical household goods	0.4%	1.7%	1.7%	2.2%
5117 : Agents: sale of food/beverages/tobacco	0.1%	1.0%	0.2%	0.3%
5133 : Wholesale of dairy produce/eggs/fats etc	0.0%	1.5%	0.5%	0.7%

Table 3.7: Sub-sectoral share of ABI Employees (2007) in Transport Equipment

Industry	Ashfield	Mansfield	EM	UK
3410 : Manufacture of motor vehicles	0.1%	5.4%	17.8%	22.6%
3420 : Manufacture of motor vehicles bodies etc	4.2%	21.4%	4.4%	7.3%
3430 : Manufacture of parts for motor vehicles	5.2%	39.4%	17.5%	21.4%
3511 : Building and repairing of ships	0.0%	0.0%	0.2%	7.8%
3512 : Building repairing of pleasure boats etc	0.2%	0.0%	4.6%	3.3%
3520 : Manufacture: railway/tramway vehicles	0.0%	0.0%	8.4%	3.5%
3530 : Manufacture of aircraft and spacecraft	90.4%	33.8%	44.6%	32.7%
3541 : Manufacture of motorcycles	0.1%	0.0%	2.1%	0.4%
3542 : Manufacture of bicycles	0.0%	0.0%	0.0%	0.2%
3543 : Manufacture of invalid carriages	0.0%	0.0%	0.1%	0.5%
3550 : Manufacture of transport equipment nec	0.0%	0.0%	0.3%	0.4%

Tables 3.4-3.7 provide breakdown of employee shares for selected sectors. 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 pharmaceutical products in Ashfield constitute over 12% of wholesale employees. This suggests that a small cluster of healthcare and pharmaceuticals 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.

The wholesale of automobiles 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 manufacturing.

3.2 Skills

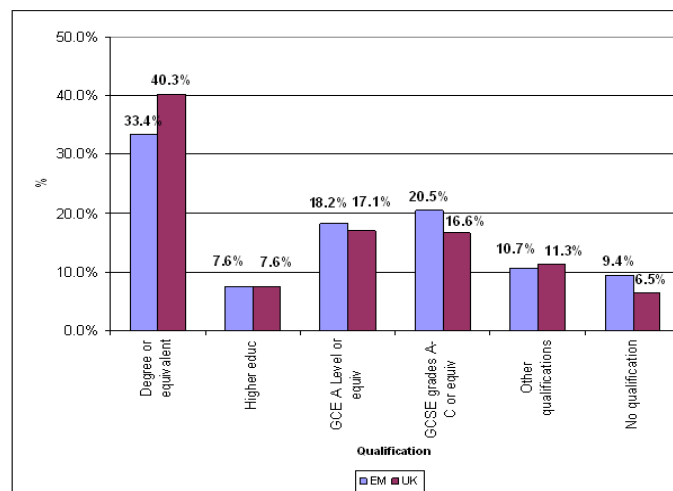
Improving skills is central to productivity growth. Skilled workers are typically more productive and have the capability to take on complex tasks, whilst they are also more flexible as they have greater capacity to absorb and learn additional skills.

Since there is no agreed measure for generic skills, the qualifications profile is analysed for each of the growth sectors. This data is available from the Labour Force Survey down to regional level. Attempting to drill down below regional level would lead to problems with sample size and also to problems in obtaining access to the data within the timescale of this project. However, regional relationships can be used to infer local patterns of employment by industry by qualification. This data is used in the emda economic impact model provided by Experian and has been controlled back to the Census 2001 from which data at this level of detail and geography was available.

Business services has been identified as being key to the future success of Ashfield and Mansfield. Chart 3.1 shows that the East Midlands, in general, has a lower proportion of highly qualified workers with degrees in the sector compared to the UK average, and a higher proportion with no qualifications at all. This reflects the region's relative disadvantage in attracting high value-added and more productive activities capable of generating robust output and employment growth in the longer term.

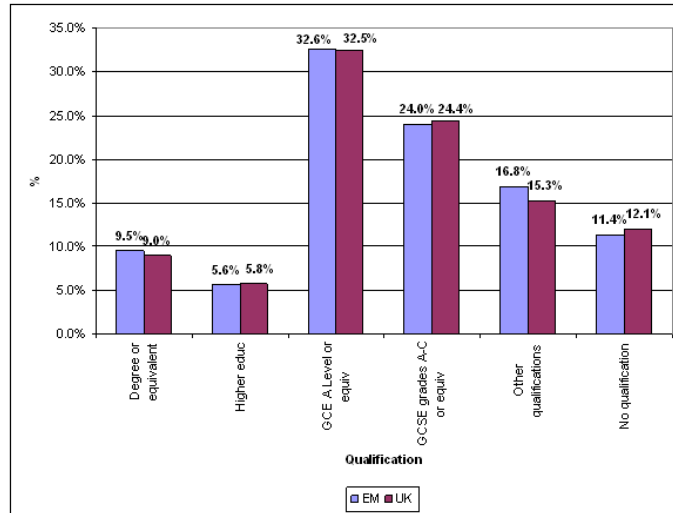
This pattern is likely to be reflected in the Ashfield and Mansfield economies where business services tend to be more skewed towards lower-end activities rather than those requiring cutting-edge technology or knowledge.

Chart 3.1: Qualifications in Business Services (2006)



Charts 3.2-3.8 present a similar comparison for the selected sectors. Chart 3.2 shows that the skills profile of the region's workers in the wholesale industry closely follows the national pattern with the greatest proportion of workers holding GSE and GCSE qualifications and with just under ten per cent holding higher degrees. Over ten per cent of wholesale workers hold no qualifications, in line with the national experience.

Chart 3.2: Qualifications in Wholesale (2006)



Qualifications in the construction sector, too, closely follow the national average with a greatest proportion of workers with GSE (A level or equivalent) with only a small proportion of workers holding higher degrees. Almost ten per cent of construction workers in the region have no qualifications underlining the skills shortage the sector faces both in the region and in the UK as a whole.

Chart 3.3: Qualifications in Construction (2006)

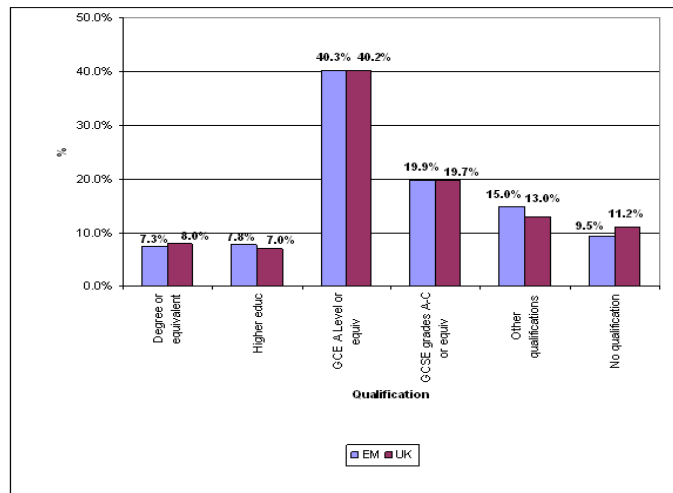
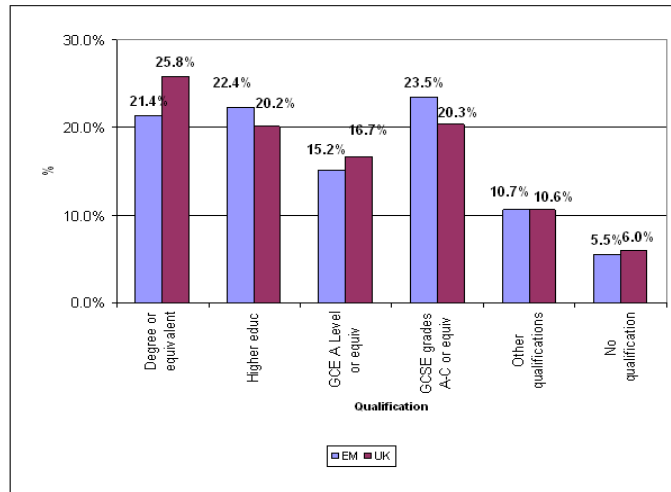


Chart 3.4: Qualifications in Health (2006)



The health sector has historically had a large share in the output of Ashfield and Mansfield and will remain significant in the forecast period. It is also one of the sectors around which there is scope for a high-tech cluster to be formed. A comparison of qualifications in this sector reveals that the East Midlands has a smaller proportion of workers with higher degrees working in healthcare relative to the national average. It has a relatively higher proportion qualified to GCSE level.

Skills in retail follow the national trend and are skewed towards the lower end of the skills spectrum. Over 50% of workers in the sector are qualified to GCSE or GCS level and just under 25% have no qualifications.

Chart 3.5: Qualifications in Retailing (2006)

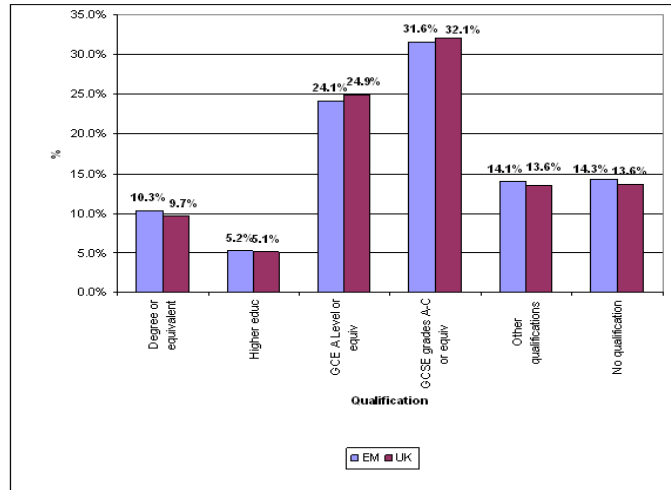
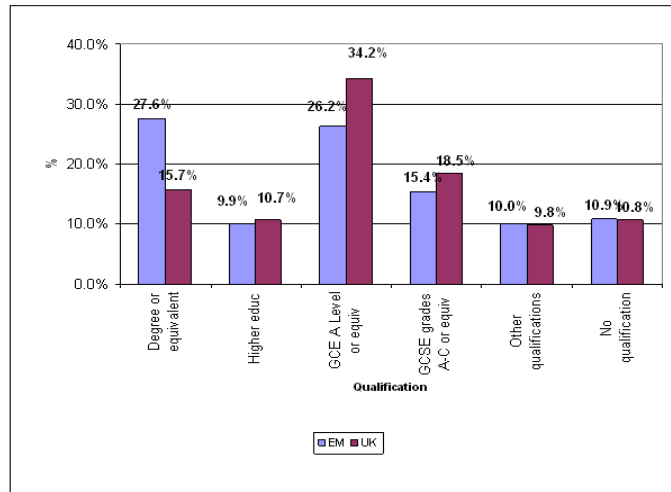
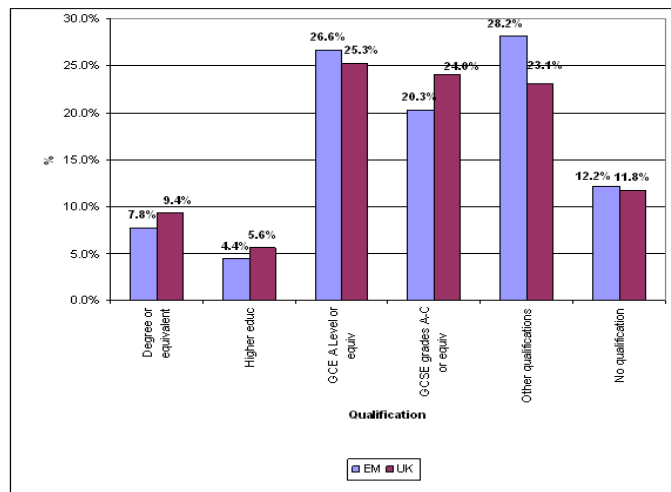


Chart 3.6: Qualifications in Transport Equipment (2006)



Transport equipment is one of the few sectors in which the East Midlands outperforms the national average in terms of qualifications. The skills profile in the region is skewed towards higher qualifications in contrast to the national profile which has a larger share of the 'average' qualifications (GCSE/GCEs). Over a quarter of employees in the sector - which is strongly represented in Ashfield – holds higher degrees compared to the national average of 15%.

Chart 3.7: Qualifications in Transport (2006)



Transport and logistics activities, while important to the district, are typically focused on storage and warehousing and freight transport by road. As such, the skills required for these activities are towards the lower end of the qualifications profile. 60 per cent of workers in this sector have GCSE qualifications or below.

There is considerable scope for improving the skills mix in priority sectors to improve productivity in the two districts

The analysis of the skills composition of key sectors in the East Midlands reveals that the region, in general, underperforms the UK average in all sectors that have been identified as 'priority sectors' for Ashfield and Mansfield. The only exception is transport equipment in which workers in the region are more qualified than the national average. In all other key sectors, a smaller proportion of workers hold higher degrees and more hold basic GCSE qualifications compared to national benchmarks.

This finding has clear implications for sectoral productivity. Clearly, there is potential to boost a sector's performance in Ashfield and Mansfield by targeting skills in the sector and attracting more qualified workers who, typically, tend to be more productive.

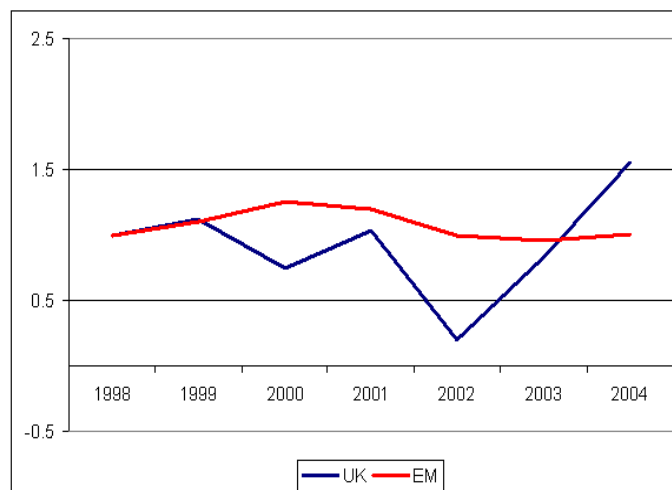
3.3 Investment

Investment in physical capital improves capacity and levels of technology and in the long-term yields higher levels of productivity. It is therefore useful to look at levels of investment by sector to see how each is placed to grow in the future. Information on investment, even at regional level is limited. However, information on capital stock is included in the financial part of the ABI (ABI2) from which information on annual investment (total net capital expenditure) can be extracted. This can be compared against the UK average to see how the East Midlands measures in terms of investment by sector, particularly in the priority sectors in Ashfield and Mansfield.

Charts 3.8-3:13 compare investment trends in the UK and East Midlands. ABI2 only has data on net capital expenditure until 2004. The chart indexes the series to 1998, the first available year of data, in order to see how investment levels have changed over time. The first chart shows net capital expenditure in business services. Investment in the sector has remained stable in the region although a moderate decline can be seen after 2001. The UK average fell over 1998-2002 but has picked up since then.

Reliable information on investment by sector is not available for years after 2005.

Chart 3.8: Net capital expenditure in Business Services



Construction has seen an increase in net capital expenditure over 1998-2004 broadly following UK the trend (except for weaker growth in 2004). Investment in the sector in the East Midlands has been considerably less volatile than the UK trend.

Chart 3.9: Net capital expenditure in Construction

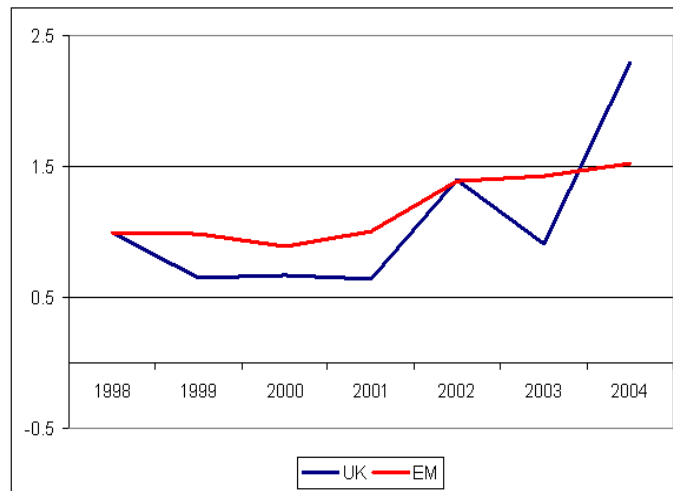
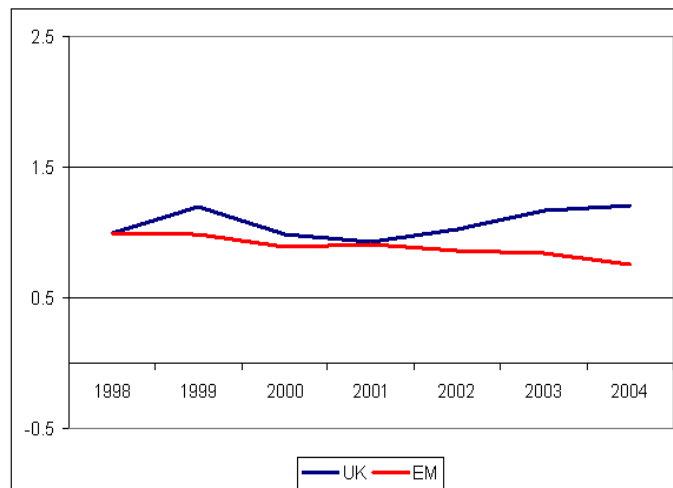
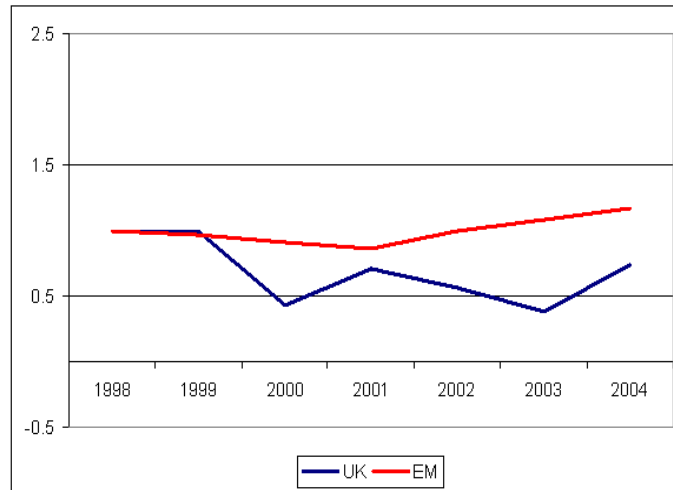


Chart 3.10: Net capital expenditure in Wholesale



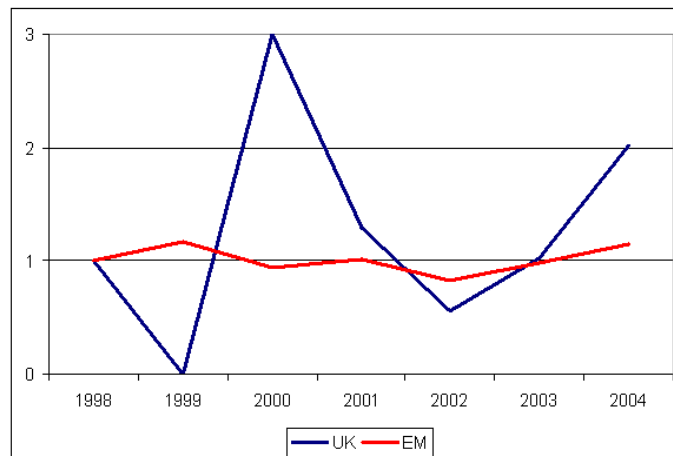
Wholesale activities recorded a modest decline in net capital expenditure between 1998 and 2004 in contrast to the more stable UK average trend which has seen a modest rise after 2001.

Chart 3.11: Net capital expenditure in Transport



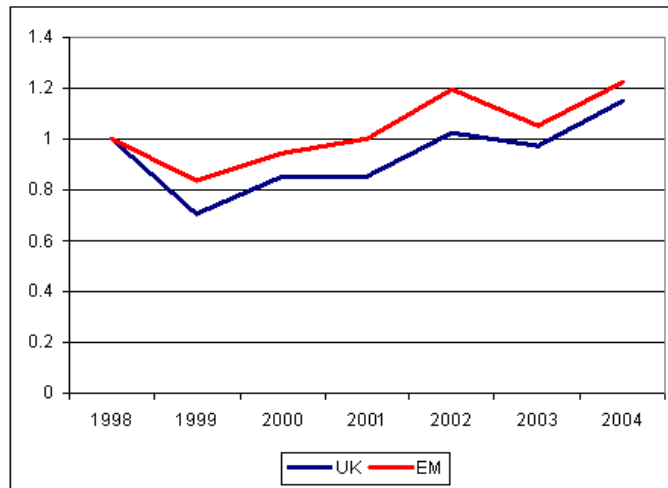
The East Midlands has seen net capital expenditure in the transport sector remain stable with some increase recorded after 2001. Overall, the level of investment in the sector declined slightly in the UK between 1998 and 2004. This is in line with the argument that the region's excellent location at the heart of the country and its proximity to other regional centres is its key asset – and, as such, related it benefits from investment in transport-related activities.

Chart 3.12: Net capital expenditure in Health



Health is a large contributor to output and jobs growth in Ashfield and Mansfield. Investment in the sector - as measured by net capital expenditure - remained at about the same level over 1998-2004 in contrast to a more volatile UK trend. Although the region saw a slight increase in health investment after 2002, the increase was less marked than seen in the UK.

Chart 3.13: Net capital expenditure in Retail



The retail sector in the region has followed the broad UK trend but has, generally, seen slightly faster growth over 1998 and 2004. Information on the last priority sector, transport equipment, was too sparse to facilitate a similar comparison.

The analysis of net capital expenditure by sector for the East Midlands and the UK shows that investment growth trends have been mixed. While UK investment growth between 1998 and 2004 has been considerably more volatile than regional trends, total growth over the period has outpaced the regional average. This is also the case in some 'priority sectors' such as health, wholesale and business services that have seen no real increase in investment levels between 2000 and 2004 in contrast to a national increase. However, one exception is the transport sector that has seen investment outperform the UK average.

However, business services, health and wholesale have seen weak investment growth in the region in recent years.

3.4 Innovation

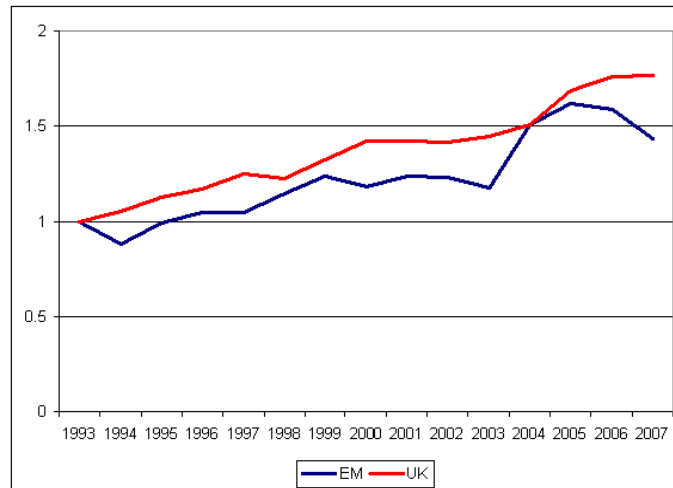
The role of innovative activity in boosting productivity is critical. Innovation leads to better technology and improved processes which allow more output to be generated per unit of input. Not only does it lead to acceleration in output growth, it also frees up inputs - labour or physical capital - that can be productively applied elsewhere.

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. Table 3.8 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. The table also provides information on the total number of (full-time equivalent) workers who are occupied in R&D activities across the region. It can be seen that the number of workers employed in R&D activities has seen a decline over 2001-04 although there are now signs of some increase.

Table 3.8: R&D Spending by FTE worker employed in R&D (2007)

	United Kingdom				East Midlands			
	R&D Spending	FTE workers in R&D	Spending/ FTEs	Spending/ FTEs	R&D Spending	FTE workers in R&D	Spending/ FTEs	Spending/ FTEs
	(£millions)	(000s)	% growth		(£millions)	(000s)	% growth	
1993	8717	156	55.9		790	14	56.4	
1994	8842	150	58.9	5.5	595	12	49.6	-12.1
1995	9116	145	62.9	6.7	615	11	55.9	12.8
1996	9297	142	65.5	4.1	710	12	59.2	5.8
1997	9556	137	69.8	6.5	708	12	59.0	-0.3
1998	10133	148	68.5	-1.8	775	12	64.6	9.5
1999	11302	153	73.9	7.9	838	12	69.8	8.1
2000	11510	145	79.4	7.5	933	14	66.6	-4.6
2001	12239	154	79.5	0.1	909	13	69.9	4.9
2002	12484	158	79.0	-0.6	974	14	69.6	-0.5
2003	12505	155	80.7	2.1	862	13	66.3	-4.7
2004	12662	150	84.4	4.6	936	11	85.1	28.3
2005	13734	146	94.1	11.4	1006	11	91.5	7.5
2006	14561	148	98.4	4.6	985	11	89.5	-2.1
2007	16111	163	98.8	0.5	1053	13	81.0	-9.5

Chart 3.14: R&D Spending per FTE worker employed in R&D activities



The relative measure of R&D spending per full-time equivalent worker employed in R&D activities has shown a weaker increase in the East Midlands than in the UK (as shown in Chart 3.14). There was a particularly pronounced decline after 2005 despite national increase.

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. In addition it is over-reliant on the presence of Rolls Royce, Toyota and Astra Zeneca and needs to diversify its innovative base.

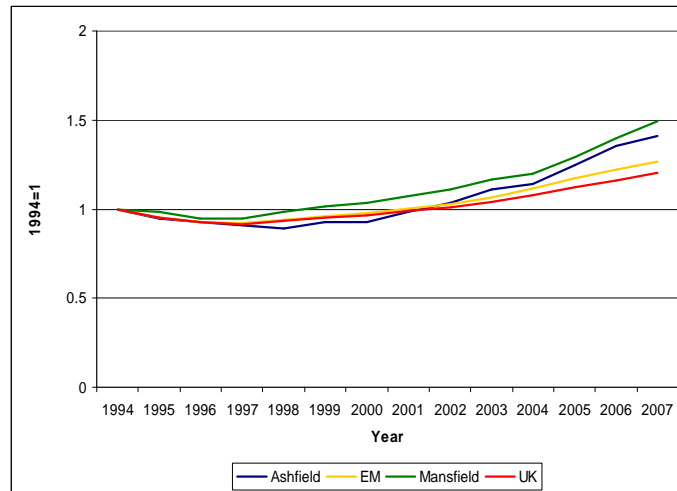
R&D spending in the East Midlands has increased at a slower pace than the UK average and has recorded a modest decline after 2005

3.5 Enterprise

Enterprise, or the seizing of business opportunities, is an important source of productivity growth and wealth creation. Information on the stock of businesses at local, regional and UK level is available from the ONS VAT registration dataset. This provides information for broad sectors. *These are not entirely consistent with the sectoral definitions used for the analysis so far.* Nonetheless, they provide a clear indication of business activity by broad sector in Ashfield and Mansfield relative to regional and national benchmarks.

Charts 3.15-3.21 show the increase in the stock of firms relative to the levels seen in 1994 in the local areas as well as the region and UK. The first chart shows that the number of business engaged in construction activities rose the most strongly in Mansfield between 1994 and 2007. Ashfield and Mansfield outperformed the East Midlands and UK average growth.

Chart 3.15: Stock of businesses in Construction



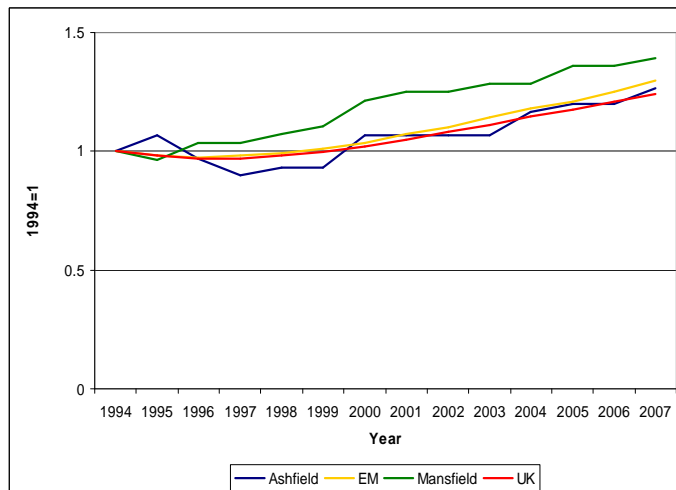
Education, health & social work has seen a rise in its stock of enterprises. While Ashfield and Mansfield have also seen an increase, relative to 1994 levels, this has been slower than the regional and national average

Consumer services have seen an increase in the number of businesses in local areas as well as across the region. The fastest increase in businesses within the hotels & restaurants sector was recorded in Mansfield while Ashfield closely followed the regional and national trend.

Chart 3.16: Stock of businesses in Education, Health & Social Work



Chart 3.17: Stock of businesses in Hotels & Restaurants



Trends in manufacturing show a slight divergence: the stock of businesses in the sector showed a modest decline in the region between 1994 and 2007. While this indicator remained broadly flat for Ashfield, Mansfield recorded a modest increase in business stock over this period.

Chart 3.18: Stock of businesses in Manufacturing

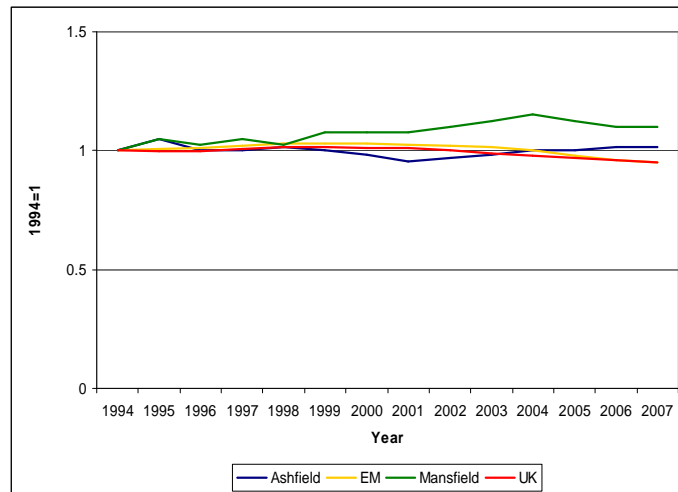
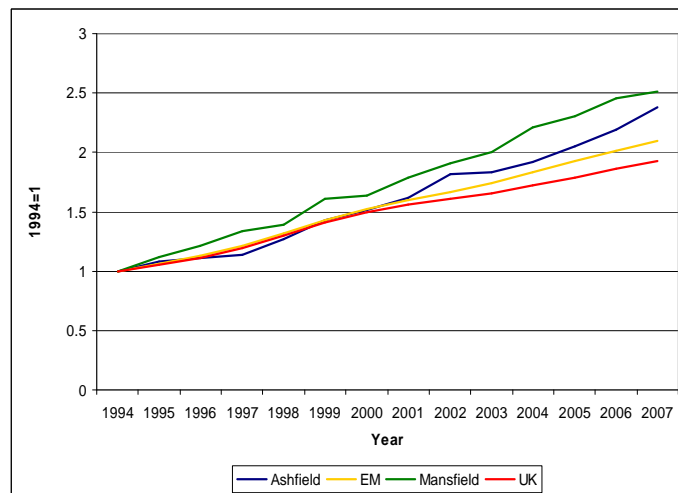


Chart 3.19: Stock of businesses in Real Estate, Renting & Business Activities



The aggregate sector of real estate, renting & business services encompasses most activities that have been the drivers of recent growth in the UK economy. This is reflected in the number of businesses in the sector which saw the strongest rate of increase among all the broad sectors in the regional and local economies. Interestingly, Ashfield and Mansfield have seen a stronger increase in business stock in the sector since 1994 relative to the East Midlands and the UK. It can be argued that this reflects a catch-up effect, nonetheless, it highlights the increasing importance of this sector to the economic health of the two districts. This is in contrast to the wholesale, retail & repairs sector that recorded a decline in businesses between 1994 and 2001 although there are now signs of a slight increase.

Chart 3.20: Stock of businesses in Wholesale, retail and repairs

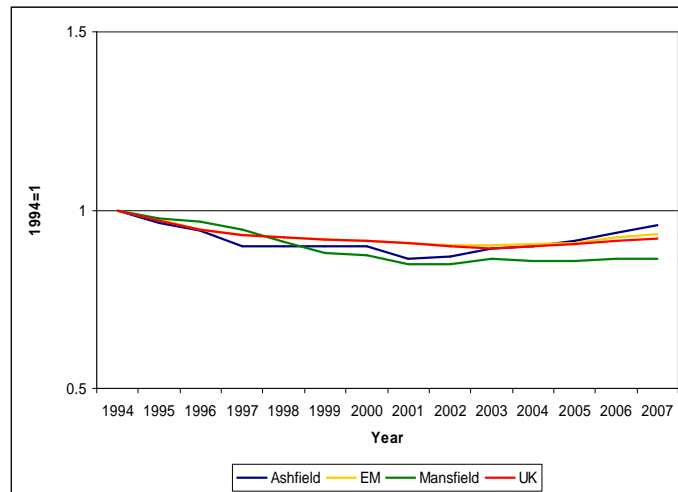
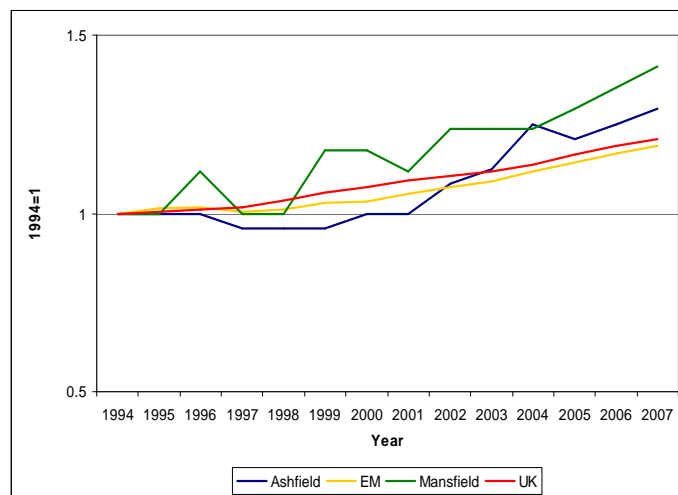


Chart 3.21: Stock of businesses in Transport, Storage & Communications



The rate of business formation in Ashfield and Mansfield has been robust in recent years and is comparable to the UK average in key sectors

Ashfield and Mansfield have seen business stock in transport & communications rise more strongly than the UK and regional average since 1994.

This analysis reveals that business formation in Ashfield and Mansfield is robust and has generally matched, if not outperformed, the national and regional averages between 1994 and 2007. Mansfield, in particular, has tended to perform better than the East Midlands and UK in most broad sectors. The key to sustained growth will be if the districts can maintain this healthy rate of business formation in post catch-up years.

4 Econometric Forecasts

The study also entailed the production of five different scenarios for growth in Ashfield and Mansfield. These are discussed below:

4.1 Methodology

4.1.1 Baseline Forecasts

The baseline forecasts from Experian's Regional Planning Service are generated using a top-down approach to regional forecasting; therefore views on the UK economy form the basis of the regional view. The overall forecasting approach is based on a methodology that combines long-term supply and demand influences with short-term demand side influences.

County and local/unitary authority area (LAD) forecasts are prepared once national and regional forecasts are finalised. The key feature at this geographical level is that far fewer reliable economic data are available. Experian make use of employment data, drawn from the Annual Business Inquiry along with surveys such as the Labour Force Survey. In broad terms, the historical performance of county economies is interpreted in terms of their share of the regional economy of which they are a part. In turn, the performance of the LAD areas is based on their share of their encompassing county. For each sector of the economy (30 categories, SIC92 definition), equations are produced for output and employment that explain the observable relationship between these variables at the local and regional level.

The models are solved to initially produce output forecasts for each of the counties for each of the 30 sectors. In broad terms, if a county has accounted for a steadily rising share of a sector in its region, then its share will continue to increase in the future. This applies whether the sector is increasing or decreasing in size at the regional level. These calculations are done for every sector and every county in a region. All county totals must sum to regional totals. Output forecasts in each county in each industry are translated to employment by using wider regional productivity trends. The process is then repeated to produce forecasts for local areas relative to their wider counties.

The forecasts derived from the methodology set out above are entirely demand driven which, evidence has shown, works particularly well over the short-to-medium term. Over the longer-term, supply-side factors become more important in influencing the performance of economies. These supply-side factors are incorporated in Experian's long-term county model. These include labour supply, labour force quality, infrastructure, population density and ethnic mix, which help determine potential participation rates (the potential for people to be economically active for a given employment rate), productivity and employment rates. Labour supply is shaped largely by demographic developments, and these play a key role in long-term economic development. The Experian county model combines official trend-based population projections with a policy based adjustment based on housing development allocations as outlined in each of the regional spatial strategies set out by Regional Assemblies. The longer-term supply-side and short-to-medium demand-side models are drawn together, and the whole process culminates with a set of county and sub-county level baseline forecasts that are entirely consistent with the national and regional forecasts upon which it is based.

4.1.2 Policy On Scenario

The Policy On scenario is based on two assumptions, both of which were used in the original scenario work Experian undertook for the EMDA RES Evidence Base. The assumptions are that 100% of the dwelling allocations in the MKSM growth area are achieved and that the productivity gap between the East Midlands region and the UK is reduced.

The MKSM dwelling numbers were converted into population numbers using assumptions about average household size taken from CLG's 2004 household projections. The revised population by age and gender was then fed back into the Experian county model to estimate alternative long-run employment rates relative to the Experian baseline. The long-term employment rates are then used to determine output and employment forecasts at county level. The scenario forecasts are then disaggregated to local authority level based on relative output, employment and population shares.

In the model, productivity can be improved on a sectoral basis and solved to assess the impact on output and employment. Much like a traditional input-output model which assesses the multiplier effects of a direct employment or output impact, the model calculates the knock-on effects of a direct improvement to productivity in one sector on other sectors in the regional economy. The model captures improvements to competitiveness which occur due to increased productivity in some sectors. For this reason, direct shocks to productivity will, in certain cases, lead to increases in both output and employment. In a traditional model, direct improvements in productivity will simply lead to either a gain in output or a fall in employment, since the relationship between output, employment and productivity is fixed.

The sectoral productivity modelling is performed at a regional level and then distributed to a local level according to each districts relative representation in each sector under the baseline forecasts.

4.1.3 Housing Option Scenario

The RSS scenario assumes that population in Ashfield and Mansfield is consistent with the dwelling allocation published in the latest East Midlands draft Regional Spatial Strategy (March 2009).

The dwelling allocations in the RSS were converted into population numbers using average household size information from CLG's 2004 household projections. The age and gender distribution of the population was then adjusted in accordance with the age/gender distribution provided to Experian for the EMDA/ EMRA preferred option scenario completed in 2006 (this information was itself generated by the Chelmer Model). Here, the latest Experian baseline age and gender profile for each district was altered by the same amount relative to the baseline as was the case in 2006. The scenario working age population was then fed back into the Experian county model to estimate long-run employment rates.

Long-run employment rates are then used to calculate total GVA and employment by district using the same approach as used to generate Experian's baseline forecasts.

4.1.4 Shift-share Scenario

The shift-share analysis is built from the baseline forecasts. It assumes that, over-time, employment growth in the regions will converge on national employment growth in those sectors that the baseline expects regional under-perform. It also assumes that the relatively strong sectors will continue to out-perform the national average, therefore creating a 'best-case' scenario for employment growth.

This is achieved by calculating the implied growth rates given the 2008 and 2026 baseline estimates of employment and calculating the average annual change. It should also be noted that this calculation imposes constant growth which may create some apparent small distortions in the time-series for a given industry.

To see how this works in practice, assume that the baseline employment forecast for Sector A in District 1 is for compound growth of 3% per annum, and 2.5% for the total UK. In Sector B these rates are 2% for the district and 2.3% for the UK. The shift-share analysis applies the local growth rate for Sector A and the national growth rate for Sector B. This will serve to raise the overall employment of the region when compared to the baseline forecast.

For the purpose of this analysis some sectors, such as Oil and Gas extraction, were not allowed to vary from the local projections. This is because these sectors require specific natural resources or technologies, such as the presence of oil or gas reserves, which cannot just be created.

It is also necessary to make assumptions about the form of any convergence with UK performance, both in terms of how long it will take and the 'rate' of this convergence (i.e. does the rate of convergence change through time and if so, how). For the purposes of this analysis we assume that it takes five years for convergence with the UK and that this convergence happens at a constant rate (i.e. 20% of the gap is closed each year). Note that assuming convergence occurs within eighteen years, the rate and timeframe are irrelevant when considering the final 2026 figures.

The final consideration is that the region attaining the highest growth rate for employment in a given sector may not attain the highest growth rate in output for that sector (and vice-versa). It is therefore entirely possible that the scenario that maximises employment may not maximise output (and therefore productivity). Using this method it is also equally true that the scenario that maximises productivity may not maximise either output or employment.

4.1.5 'Selected Sectors growth' Scenario

The final scenario is intended to be a mid-view scenario informed by the sector profiling exercise and the analysis of productivity drivers. The intention is to construct a scenario that shows an improvement in performance relative to the baseline yet which incorporates assumptions and targets that are realistic and achievable via policy.

This scenario focuses on the **ten preliminary priority sectors** identified in each district as discussed in Section 2 of this report. These were selected on the basis of a combination of factors: the relative size of the sector, historical performance, projected performance and their importance in the region's RES.

The analysis of the productivity drivers in Section 3 of this report showed that the key differences between sectoral performance in two districts and the UK was primarily due to a relative disadvantage in skills and R&D rather than due to weak employment or lack of enterprise. To this end, the key boost to sectoral output in this scenario was given through productivity increases in the selected sectors. This was supplemented with a modest rise in employment (as all scenarios are assumed to be expansionary for the labour market). Two key assumptions were applied in this scenario:

1. Employment in priority sectors is assumed to be mid-way between the most pessimistic (baseline) scenario and the most optimistic one (RSS). All other sectors do not change.
2. In priority sectors, if productivity in the districts underperforms the UK average, it is boosted that to the UK level. Where it exceeds the UK average, it is assumed to continue as is (i.e. no change is imposed). All other sectors remain the same.

4.2 Summary of Headline Results

Detailed forecasts for output and employment in Ashfield and Mansfield by 30 sectors were produced for all five scenarios. The summary results are in Table 3.9.

Table 3.9: Summary of Headline Forecasts for the Scenarios

	Output (per annum growth)			
	Ashfield		Mansfield	
	2006-16	2016-26	2006-16	2016-26
Baseline	2.1	3.4	2.2	3.2
Policy-on	2.2	3.3	2.3	3.2
RSS scenario	2.3	3.5	2.5	3.5
Shift-share scenario	2.0	3.3	2.1	3.3
Sector profiling scenario	2.2	3.3	2.3	3.1
	Employment (per annum growth)			
	Ashfield		Mansfield	
	2006-16	2016-26	2006-16	2016-26
Baseline	0.4	0.8	0.4	0.5
Policy-on	0.5	0.8	0.5	0.5
RSS scenario	0.6	0.9	0.6	0.7
Shift-share scenario	0.3	1.0	0.4	1.0
Sector profiling scenario	0.4	0.8	0.4	0.6

The fastest output and employment growth is seen in the RSS scenario which assumes per annum growth of 2.3% in Ashfield in 2006-16 further accelerating to 3.5% in 2016-26. Similar rates of growth are expected in Mansfield under this most optimistic scenario. The baseline and 'shift-share' scenarios both see relatively weak growth in the first decade of analysis although this, too, accelerates in 2016-2026. The policy-on and sector-profiling scenarios growth rates are between the baseline and RSS scenarios as midway scenarios as was intended.

A full time series and further sectoral detail is available in the spreadsheets accompanying this report.

5 Looking to the future: the competitive position of the districts

The physical location of Ashfield and Mansfield, in terms of their proximity to major markets, is arguably their principal asset

The sectors that Ashfield and Mansfield are able to attract in the future will ultimately be influenced by the assets and weaknesses of the districts – the factors that combine to influence their competitive position and ‘offer’ as a location to do business.

Business location decisions are influenced by a variety of factors – cost and availability of employment space, transport connectivity, wages and the skills of the workforce, and so on. And the factors that are most important to businesses tends to vary by both the sectors within which they operate and their stage within the business life cycle.

Here we discuss the relative assets and weaknesses of the two districts collectively, reflecting the need for the districts to present a joined up offer to the marketplace – ultimately, businesses will not recognise the ‘virtual’ boundaries that administrative geographies represent. While there is much commonality between each of the district’s competitive position, where there exists variation this is highlighted in our analysis.

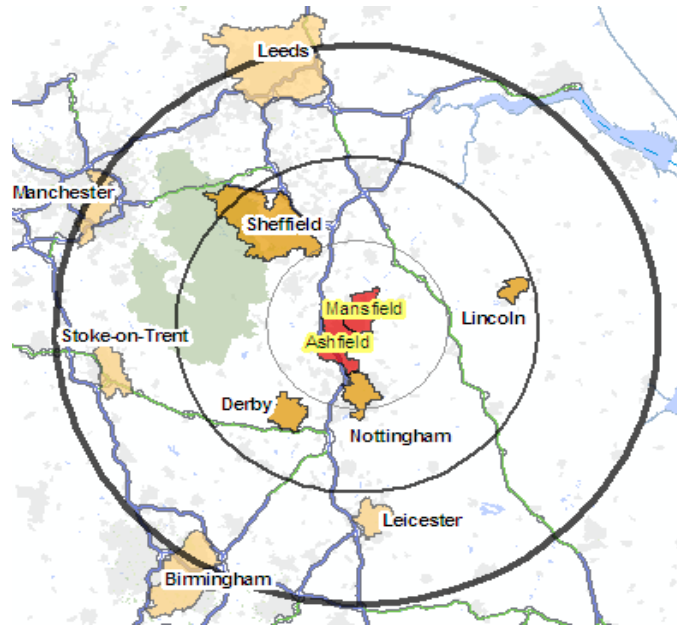
5.1 Assets

5.1.1 Central location

The physical location of Ashfield and Mansfield, in terms of their proximity to major markets is arguably their principal asset. In fact, the districts sit in the heart of a sphere of economic activity which includes Sheffield and Leeds to the north, Manchester and Birmingham to the west and Nottingham and Leicester to the south. Birmingham the 3rd most productive LA in the UK in terms of GVA, Leeds (5th) and Manchester (11th) all lie within 50 miles of the districts; Sheffield (19th), Nottingham (30th) and Leicester (39th) are even closer (Experian, 2009).

The proximity of the districts to these powerhouses of national productivity presents a multitude of potential opportunities to them. For example, the sheer size of the populations in these areas – Birmingham, Leeds, Sheffield and Manchester are all in the top 8 most populous LAs in the UK – means potential customers for businesses are within good striking distance (Experian, 2009). Additionally, as these large urban conurbations start to run out of space due to both population and employment land capacity issues, the availability and affordability of land (see below) in a central location should be a major draw both for spin-off businesses and for businesses which are looking to expand.

Importantly, the central location of the districts means its businesses have good access to a broad range of sectors that have a strong presence in neighbouring cities, such as the creative industries in Manchester, science in Nottingham and the automotive industry in Derby. In an area where the collapse of the textiles and mining industry highlighted an over-reliance on certain sectors, the variety of potential sectors – which could influence business start-ups in the area and provide demand for the districts goods and services – could be of enormous economic benefit.



Notes: Circles represent distance lines of 15, 25 and 50 miles from the centre of the districts

5.1.2 Good connectivity

In light of the districts' enviable location, it is significant that the transport links of the districts are an aspect which all those consulted consistently highlighted, as poor connectivity would negate the benefit of being so well positioned. The location of Ashfield and Mansfield along the M1/A1 corridor means businesses have very good access to the South East and North of the UK, whilst the A38 connects the area to the West Midlands.

Neither district has a station on a mainline, meaning passengers must change at Nottingham for services to places such as Derby, Sheffield, Manchester and London and so rail connectivity is less well regarded. However, nearby East Midlands Airport served over 5.6 million passengers last year, making it the 10th largest in the UK (6th largest excluding London), suggesting that the districts are well connected by air both nationally and internationally.

5.1.3 Strong population growth

Our latest population figures estimate the resident population of Ashfield to be around 117,000 compared with 101,000 in Mansfield, accounting for 2.64 per cent and 2.27 per cent of the total population of the East Midlands respectively. This makes both districts large in their own right, providing an immediate local demand for a minimum level of goods and services. Indeed considered as one entity, the districts are more populous than Northampton, Aberdeen or York.

Population growth has been strong over the last 10 years; the average annual population growth rate for the UK as a whole was 0.5 per cent between 1998 and 2008, significantly below the rates observed in Ashfield (0.72 per cent), Mansfield (0.62 per

The districts' central location is enhanced by the proximity of both the M1 and East Midlands Airport

cent) and the East Midlands as a whole (0.72 per cent). Over the next 10 years, Ashfield's population will continue to grow at a similar rate (0.72 per cent) to the East Midlands and the UK as a whole, although Mansfield is set to experience slightly slower population growth (0.53 per cent) (Experian, 2009).

5.1.4 Availability of low-cost labour

Importantly, both districts have the human capital available to them to support the expansion of businesses – 61 per cent of residents in Ashfield and 62 per cent of those in Mansfield are of working age, very similar to both the East Midlands (61 per cent) and UK (62 per cent) averages (Experian, 2009).

Growth in the working age population was stronger in Ashfield than Mansfield over the period 1998 to 2008, the former recording average annual growth of 0.76 per cent – above the UK average of 0.65 per cent – whilst the latter's growth was a more modest 0.40 per cent – well below the East Midlands average of 0.83 per cent (Experian, 2009).

Enhancing this asset is the low cost of labour across the districts. The median level of residence-based gross weekly earnings in the East Midlands are £424, which is below the UK average of £453. By comparison, median earnings are just £365 in Ashfield and £381 in Mansfield, or more than 10 per cent lower than the regional average, which could represent a significant saving for businesses. (ASHE, 2008).

5.1.5 Affordability of employment land/ housing

The affordability of both business premises and housing in Mansfield and Ashfield should be a draw both for businesses, and for the workers they need respectively. The average rateable value of commercial office floorspace is just £65 per m² in Ashfield, and £64 per m² in Mansfield. By comparison the East Midlands average is £73 per m², whilst the England and Wales average is almost double that of the districts at £126 per m² (ONS, 2007). Moreover, Mansfield (110 ha) and Ashfield (60 ha), have a lot of land available for redevelopment; indeed proportionally-speaking, Mansfield has more than triple the amount of land that is unused or available for development, as the East Midlands does as a whole (ONS, 2007).

This asset was stressed throughout the consultations; whilst stakeholders believe Nottingham is likely to remain the location of choice for large business HQs, the districts' offer is much stronger for certain shared services operations, such as call centres, which need large spaces for lower-skilled workers. The idea also arose during the consultations that many small businesses, which benefit most from affordable employment space, are started during recessions. The theory, pioneered by economist Joseph Schumpeter after the Great Depression, formulated the idea of "creative destruction", postulating under in a free market economy, when obsolete companies and industries they are replaced by newer, more efficient ones. Therefore during a recession entrepreneurs have the time and money afforded to them through redundancy they start their own businesses - meaning the districts still might be able to broaden their business base despite the downturn.

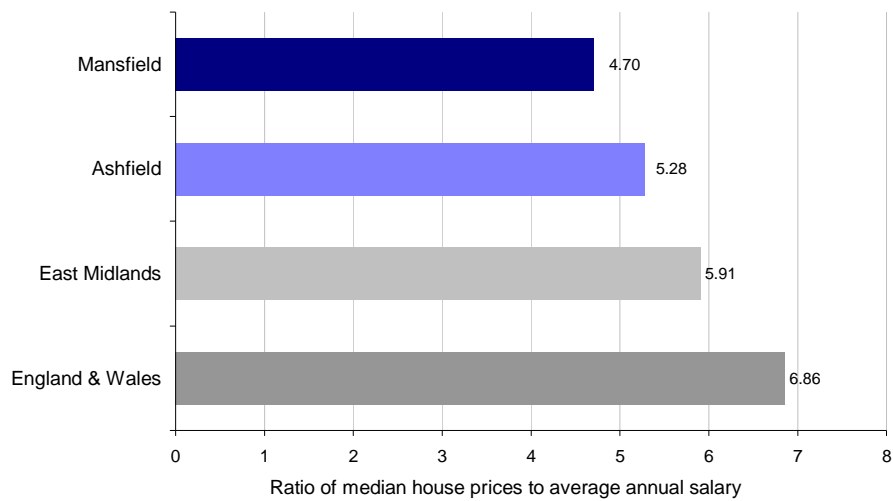
Businesses should not struggle to attract workers to the district because of housing prices either; median house prices in both districts are around £105,000, which compares very favourably with the East Midlands (£140,000) and UK (£174,000) averages (CLG, 2008). We have developed a Housing Affordability Index, which

The districts boast large, low-cost pools of both labour and employment land, which should attract businesses to the area

calculates the average ratio of median house price to gross annual earnings. The index suggests that Mansfield (4.70 to 1) and Ashfield (5.28 to 1) and are more affordable than the East Midlands as a whole (5.91 to 1), and much more affordable than England & Wales average (6.86 to 1).

The districts have low levels of educational attainment which hampers their ability to attract high value-add sectors

Chart 5.1: Access to home ownership is good in Ashfield and Mansfield



Source: Experian 2009 (CLG and AHSE 20008 data)

5.2 Weaknesses

5.2.1 Lack of qualifications and prospects

Economic underperformance is inextricably linked to low levels of educational attainment and a corresponding lack of skills. Whilst employment projections forecast a strong employment demand for people with intermediate and higher level skills, the concern for both districts, is that too many residents currently lack skills at the right level to respond to these labour market changes and will thus struggle to compete effectively.

In terms of the very well qualified – those qualified to NVQ level 4 or above – Mansfield and Ashfield fall well below regional and national averages. In the UK, 29 per cent of the working age population are qualified to this level; this falls slightly in the East Midlands to 26 per cent, but Ashfield and Mansfield both record figures of under 16 per cent – in other words close to half of the national average (APS, 2007).

The situation for the well-qualified – NVQ level 3 – is slightly less severe but both districts are still lagging behind regional and national figures. Just 35 per cent of the working age population of Mansfield are qualified to NVQ level 3, over 10 per cent below the UK average. In Ashfield 5 per cent more of the working age population is qualified to this level, but this still falls short of the East Midlands average (44 per cent) (APS, 2007).

Correspondingly, both districts have higher proportions of residents with no qualifications. The issue is most apparent amongst young people, with 21 per cent of

The districts suffer from higher than average levels of deprivation, manifested in high levels of unemployment and low wage rates

those aged 16-24 in both districts possessing no qualifications, compared with 14 per cent regionally, and 17 per cent nationally (Census, 2001). In terms of all residents of working age, Ashfield (13 per cent) actually reports a proportion slightly below both the UK and East Midlands as a whole, but at 17 per cent, the proportion of people of working age in Mansfield with no qualifications is 3 per cent above regional and national levels (APS, 2007).

One issue highlighted during the consultations is that the districts are not served directly by any major higher education institutions. Whilst Nottingham Trent University has links with the Innovation Centre in Mansfield, the largest HE institution within the district boundaries is West Nottinghamshire College, which has a fair track record in partnering with businesses but has funding concerns, having seen plans for a new business park shelved in recent times.

Sub-standard school performance is likely to be the root of poor workforce qualifications. In England over 60 per cent of students achieve 5 or more A*-C grades at GCSE; this falls to 58 per cent in the East Midlands, but Ashfield (51 per cent) and Mansfield (47 per cent) have poorer achievement records still, which adds more texture to the districts' poor qualifications records. In turn, a lack of schools which reach the national average will further hamper progress in the area by deterring those in more senior management occupations who have or who are thinking about having children from settling in the area (DCSF, 2007).

5.2.2 An ageing population

Whilst the populations of both districts are growing, as discussed above, they are also becoming older which increases economic dependency rates. Today, the proportion of residents aged 65+ in Ashfield and Mansfield is under 17 per cent, at very similar levels to the East Midlands and UK as a whole. However, whilst those moving into pensionable age increased by only around 1 per cent between 1998 and 2008, 20 per cent of the population of both districts will be over 65 in 2018; rising to 22 per cent in 2026 (Experian, 2009).

Moreover, with people living longer, there will be a substantial increase in the numbers of residents aged over 85, and this age cohort forecast will almost double proportionally across both districts by 2026. With higher living and healthcare costs, the needs of this group will have to be catered for. Moreover there must be a greater focus on retaining older workers in the labour market, to ensure a shortfall in the supply of workers does not prevent the districts from realising their economic potential.

5.2.3 Deprivation

The Index of Multiple Deprivation (CLG, 2007) places Mansfield as the 35th most deprived district in England, and Ashfield as the 82nd – in other words Mansfield is in the top 10 per cent most deprived, and Ashfield in the top 25 per cent – and both districts suffer on many 'quality of life' drivers in comparison with the East Midlands and the UK as a whole.

Both districts endure higher rates of unemployment than is average regionally and nationally. The unemployment rate amongst working age people is 7.4 per cent in Ashfield, and 8.2 per cent in Mansfield compared with 5.5 per cent in the East Midlands, and 5.3 per cent in the UK as a whole. Consequently, job density – which measures the number of filled jobs per working age resident – is just 0.66 in Ashfield

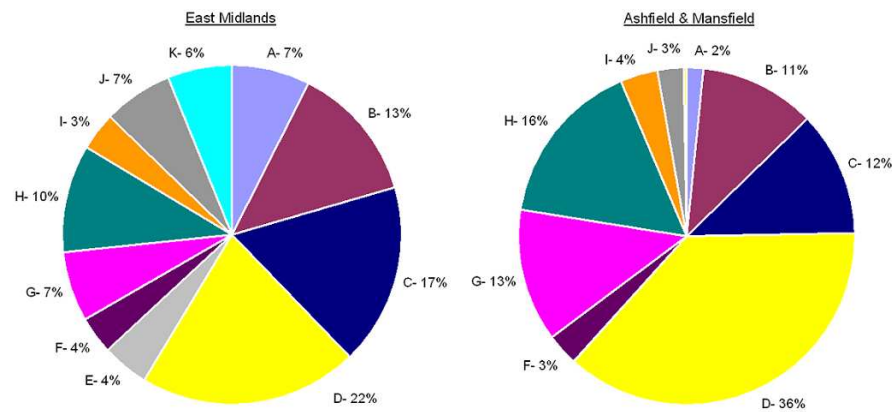
The population of Ashfield and Mansfield is not just growing – it is becoming older

and 0.73 in Mansfield compared with 0.81 in the East Midlands and 0.88 in the UK (APS, 2008)

There is also evidence of deprivation amongst those in employment, as earnings are significantly lower across both districts than the East Midlands as a whole. On average residents in Mansfield earn £381 per week, and those in Ashfield just £365 per week, compared with the regional average of £424 which is 10 per cent and 14 per cent higher than Mansfield and Ashfield respectively (ASHE, 2008)

Using Mosaic Public Sector, Experian's geo-demographic segmentation tool, we can see show where Ashfield and Mansfield are both over and under-represented in terms of the socio-demographic make-up of their populations. Both regions are vastly over-represented in Group D; these inner-city, manufacturing town communities account for 42 per cent and 31 per cent of Ashfield and Mansfield's populations respectively, compared with 22 per cent in the East Midlands and 16 per cent across the UK. Moreover, the proportions of Group G - low income families living in estate based social housing - in each district is around double the East Midlands average, whilst more affluent groups, such as Group A (Symbols of success) and Group E (Urban intelligence) are under-represented.

Chart 5.2: The districts are over-represented in lower socio-economic groups



Source: Experian's Mosaic Public Sector (2007)

5.2.4 Narrow business base

As discussed in previous section, there is some degree of variation in the employment mix of each of the districts. Whilst Ashfield is characterised by an over-representation in primary sectors such manufacturing and construction, compared with the UK as a whole, Mansfield tends to be mildly over-represented in tertiary sectors such as retailing, hotels and catering and in jobs in public services such as health and education.

Ashfield does have a slight over-representation in the high value-add end of the manufacturing sector but the manufacturing sector as a whole coupled with construction accounts for almost 40 per cent of the district's workforce; double the UK average, and well above the East Midlands average (25 per cent). These sectors rely

Levels of entrepreneurship across the districts are low, hindering the broadening of the business base

heavily on raw material prices, and recent commodity market volatility will highlight a lack of diversification (Experian, 2009).

Mansfield has a slight over-representation in jobs that are termed 'low value' - i.e. jobs in sectors with low levels of output per worker, with retail, hotels and catering accounting for almost a quarter of its workforce. And whilst Mansfield (15 per cent) has a greater representation in the high value-add sector of financial and business services than Ashfield (11 per cent), it is below the regional (17 per cent) and UK averages (21 per cent) (Experian, 2009).

The highest employment growth rates are forecast to be in financial and business services and engineering across both districts which will influence the strong productivity forecasts seen earlier. However it is important for both districts to seek to diversify further to ensure against the kind of economic shocks that led to the decline in the textiles and coal-mining industries in the region.

Poignantly however, entrepreneurship is low across both districts is low, which may hamper attempts to broaden the business base. The stock of businesses per 10,000 residents is less than 270 in both districts, compared with regional and national averages of around 400. Compounding this, VAT registrations in Ashfield (25 per 10,000 residents) Mansfield (26) are well below the East Midlands (37) and UK (42) averages (BERR, 2007).

5.2.5 Negative perceptions

Evidence from the consultations suggests that both districts suffer in the way that they are perceived. On a national level, Mansfield and Ashfield are characterised by their past of coal mining, textiles and heavy industry. This may put off investors who believe that the premises and workforce of the area are unsuitable for less mature, higher value-add industries.

Interestingly, some of those consulted believe this issue has become something that the area hides behind to explain a lack of economic progress, whilst continuing to describe the districts as former coalfields simply perpetrates the myth that they are in some way wastelands, and therefore unsuitable for business investment.

Internationally, the districts may suffer from a lack of awareness, in that investors see them primarily as sub-regions of Nottingham, as there is nothing that makes them especially distinctive vis-à-vis the other districts in the region.

The districts suffer from an image problem both nationally and internationally

6 Target markets and the role of the public sector

Having considered the assets and weaknesses of Ashfield and Mansfield districts, this final chapter aims to bring together this analysis and discuss the implications of the findings for policy makers in the area, in particular considering the target markets for the region given its assets and the priority areas for investment. In discussing the implications of the research findings we consider the role of the public sector in four main areas:

- **Place shaping** – ensuring that the area has a desirable ‘back cloth’ or quality of place to attract businesses to the region, e.g. a good physical infrastructure, a strong skills base and an attractive environment for businesses and workers;
- **Positioning the key sectors** – highlighting the assets that should be attractive to specific sectors/ subsectors
- **Place branding** – dispelling misconceptions and building a positive brand and perception of the region as a location to do business; and
- **Supporting businesses** – directly assisting businesses in locating to the region and supporting in-movers.

6.1 Place shaping

Evidence from the desk research, the workshop and the consultations suggests that Ashfield and Mansfield districts have a lot to offer businesses but that certain aspects, especially levels of skills, are holding the region back from achieving its full potential.

6.1.1 Targeted marketing and support

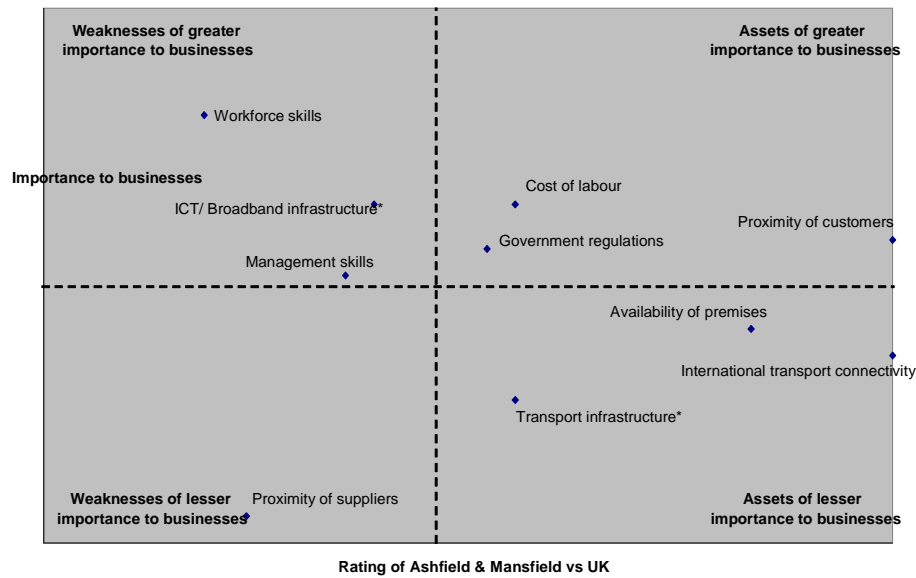
Trying to quantify the assets of an area can be tricky when dealing with intangibles such as perception and identity, but in so far as we are able, figure 2.1 plots aspects of the districts (indexed against the UK) against how important these aspects are to businesses in general, allowing for some level visualization of the districts’ business investment offer.

In particular, the research has identified the key assets of the districts as their having:

- a strong internal transport infrastructure;
- a central location, offering good proximity to customers
- a ready supply of appropriate employment space at relatively low cost;
- a ready supply of labour at relatively low cost;

Marketing efforts should be based around the favourable location of the districts, and the low-cost supply of land and labour

Figure 6.1: Rating the districts' assets and weaknesses



Source: National Business Survey, IPSOS Mori (2008)

6.2 Positioning the key sectors

6.2.1 Business services

Trend data suggests that business services is a key sector which will continue to drive growth across the UK

Trend data suggests that the business services sector is a growing sector across the UK, although, as shown above, employment in the sector across the districts tends to be in the lower value sub-sectors. However Ashfield and Mansfield do have a number of assets and are home to a number of developments which suggest that this is a sector worthy of serious focus.

The location of Ashfield and Mansfield at the centre of this area of huge economic activity (see figure 6.1) puts it in a strong position, perhaps not to benefit from the large-scale HQ investment as discussed earlier, but certainly to benefit from spin-off businesses or outsourcing policies. Sherwood District Park is once such development that should continue to progress and drive growth in this way.

In terms of higher value-added subsectors, as seen earlier, whilst Ashfield has a small business services sector, the employment does have a certain concentration around the IT. Likewise, in Mansfield, the Innovation Centre was highlighted at the workshop and during the consultations as a very significant development in terms of fostering entrepreneurship, with much of the focus on the business services sector.

6.2.2 Wholesale

The wholesale sector, whilst not essentially high value-add, represents an easy win for the districts on the basis of its assets. The physical location of Ashfield and Mansfield

at the centre of large hubs of economic activity where space is more scarce, such as Nottingham, Sheffield and Derby, is especially relevant considering the large stock of low-cost industrial space the districts dispose of. Moreover, the positioning of Ashfield so close to the M1 which connects the South East and some of the busiest ports and airports in the UK with the north of England, makes it ideally located to cater to businesses in the sector.

In addition, the skills and low cost nature of the workforce lend themselves to employment in the wholesale sector. The history of the districts is evident in the existing base in the sector with large scale wholesale textile operations run by businesses such as *Romo Fabrics* and *Albert Martin and Co.*

6.2.3 Transport

The transport sector builds upon the districts' major strengths, namely location and connectivity. The econometric analysis suggested that the sector has a strong presence historically in Ashfield especially, where its location next to the M1 means 46 per cent of its transport sector workforce are involved in freight transport by road, with a further 36 per cent in storage and warehousing building on the availability and affordability of employment land.

The Wholesale, Transport and Transport Equipment sectors already have a strong presence in the districts

6.2.4 Transport equipment

The transport equipment sector has the advantage of having been identified as one of EMDA's four priority sectors supporting the region's economic strategy; the sectors deemed most likely to make the greatest contribution to the region's economy leading up to 2020. The districts (principally Ashfield) have a strong historical presence in this sector being home to high value-add businesses such as *SPS Aerostructures*, and should be in a good position to benefit from EMDA marketing investment, which is aiming to attract businesses from home and abroad to the region.

6.2.5 Health

Healthcare and Bioscience has also been identified by EMDA as a priority sector for the region over the next 10 years or so, building upon the status of Nottingham as a 'Science City' as well as the universities of Derby, Nottingham, Nottingham Trent and Leicester. The sector is the fourth largest in the regional economy and has enormous spin-off benefits in terms of scientific research, which could be harnessed by targeted investment in West Notts College and marketing of developments such as Sherwood Business Park and the Mansfield Innovation Centre.

It was highlighted at the workshop that the workforce of Ashfield and Mansfield, apart from being large and low-cost, is also adaptable and dextrous. As small businesses grow out of BioCity and incubation units at the nearby universities, Ashfield and Mansfield could be in a position to house them and provide the labour they need to expand. There is already a presence in the area with *Fresenius Medical Care* employing over 500 people in the manufacture of pharmaceuticals, and the size of *Kings Mill Hospital* should be fully exploited in terms of building up the scale of its R&D operations.

The districts should build on existing assets as well as their location next to Nottingham to attract investment in the health sector

Increasing levels of educational attainment across the districts is the most pressing concern of the public sector

6.2.6 Creating the right conditions for business investment

The principal area of weakness of Ashfield and Mansfield, relative to the UK, is the level of skills held by their 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.

Case study – Hastings Up-skilling the local population

Hastings is ranked as the 31st most deprived district in the UK (IMD, 2007); it has low levels of skills and qualifications, and the median wage rate is low at just £373 per week (ASHE, 2007). However, thanks to a strong manufacturing sector and a huge programme of investment in the area, average annual growth in GVA between 1998 and 2008 was 3.14 per cent gross or 2.63 per cent per capita (Experian, 2009).

Policy interventions have centred on addressing low levels of achievement in education and skills levels. A new University Centre has been built, supplemented by a modern college campus whilst there are plans in the pipeline for two new academies, all aiming to raise aspirations in the district. In addition, a creative sector is being nurtured, clustering around the Creative Media Centre. Further, the strong manufacturing heritage in the district is being exploited, based around businesses such as *General Dynamics* and *VG Scienta*, and has been bolstered with the new Innovation Centre, which offers premises and support to fledgling entrepreneurs.

Additionally, a lot of investment has been focused on the regeneration of the sea front and town centre, helping to increase in the number of skilled professionals with families relocating to the district. The tourism offer has improved, which has attracted new employers to the town helping to diversify the business base. Further, in a bid to attract more professional services to the district, the Priory Quarter of the town centre has been redeveloped, including the development of 80,000 sq metres of office space, funded through a substantial private sector investment to a new public-private partnership, which is attracting investment from the business services sector.

However evidence from the consultations points to the districts' past as being important in arresting this decline, one consultee pointed out that former miners are used to long hard, shift work whilst others wanted to stress that transferable skills from sectors such as textiles, meant there was a good source of dextrous labour across the districts. In other words, if businesses in sectors which value these qualities, such health and transport equipment, are prepared to come into the area and train then there is a hard-working, flexible, dextrous, low-cost pool of talent available to them

Management skills tend not to be as important a factor to businesses in the UK as workforce skills, as managers will often relocate with a business. However, Ashfield and Mansfield still lag behind the UK on this measure, and some of those consulted pointed out that many of the management roles created are outsourced anyway as underperforming schools and a less attractive local environment deter higher earners from settling in the districts. This issue could prove a significant problem in the nurturing of a professional services sector and the regeneration of town centres through schemes such as pedestrianisation and industrial cleaning, is viewed as essential to making areas both more attractive to investors and higher skilled professionals in this sector.

Skills should not be purely thought of as academic – the districts' workforces have high levels of manual skills

Regeneration of the districts' town centres could help attract high earners from the business services sector

Case Study – Redditch **City centre regeneration**

Redditch was designated as a New Town in the 1960s to help overcrowding in the West Midlands and is now home to over 80,000 people. The workforce of around 40,000 is relatively over-represented in manufacturing, at around double the UK average, but there have been strong efforts to diversify the business base. Consequently average annual growth in GVA between 1998 and 2008 was high at 4.79 per cent gross or 4.47 per cent per capita, meaning per capita incomes in the Redditch are around 50 per cent higher than in Ashfield or Mansfield on average.

Redditch has encouraged diversification of its economic base, to reduce dependence on low value-add manufacturing, by making use of its assets as well as through more generic policy interventions. It is well connected by road, being only 10 minutes from the M42, and as such has been able to retain and attract international logistics businesses such as *Marubeni Komatsu* and *CEVA Logistics* in/ to the area. Moreover, it has maximised the benefit of its location along the Birmingham-Worcestershire Technology corridor, retaining/ attracting technologically advanced, high-value added manufacturing businesses such as *AT&T*, *Heller Machine Tools* and *British Aluminium*.

Further, much regeneration work has been done to Redditch town centre, boosting the dynamism of the town both by day, through the town centre Kingfisher Shopping Centre development helping to increase shopper volume by some 26 per cent in 2002 and by night, with a number of new bars and pubs opening. The increased vitality of the area and attractiveness of the local environment has also boosted the representation of professional services in the district which now provides the HQ location for businesses such as *Halfords*, *GKN* and *The Law Society*.

The proximity of suppliers (measured using business density) is also an area in which the districts lag behind the UK, although businesses in the UK do not believe this is of central importance to their competitiveness due to improved connectivity across the UK, both in terms of transport and telecommunications. As seen earlier, Ashfield and Mansfield have a strong offer in terms of transport but the strength of its ICT infrastructure caused some conjecture during the consultations, with some consultees suggesting internet speeds were slow enough across the districts - especially in some of the outlying business parks. That said, others countered that this was a national rather than a local issue. The key issue is that the public sector must not pigeonhole this as a "private sector issue"; the ICT/broadband infrastructure of an area is an important factor in business location decisions and the public sector need to work with the private sector in bringing this forward.

6.3 Place branding

It is notable that the majority of businesses locating in the districts tend to have worked within a 10 mile radius previously. Despite both districts rating highly against the majority of 'quality of place' aspects, one of the greatest challenges facing policy makers will be changing the perceptions of the area held by those located overseas and elsewhere in the UK.

In general, both districts undoubtedly have an image problem, lacking a clear identity and suffering from poor perceptions concerning deprivation, labour force skills, the quality of employment space, the 'heavy industry' focus and the wider environment. Changing these perceptions and forging a clear message concerning the districts' offer as a location to do business, must be a priority for policy makers.

A high quality ICT and broadband infrastructure is becoming ever more important to businesses

Shaping the image of the districts away from historical stereotypes would help attract investment from home and abroad

Case study – Corby

Building on location and fostering entrepreneurship

Corby was central to the UK steel industry until the 1973, when the government consolidated steel production into five, mainly coastal, areas. Initially unemployment rose as high as 30 per cent, but after a period of economic restructuring, this had returned to the national average by the early 1990s and in the period 1998-2008 output per worker grew at an annual average rate of 2.22 per cent.

Corby has used its strategic location to its advantage; it was included in the Milton Keynes South Midlands growth area as well as being identified by the East Midlands Urban Action Plan as both a key growth town and a regeneration priority. The central location of the district is further enhanced by the new railway station which now offers a direct service to London in just over one hour.

The town is expected to double in size over the next 30 years to around 100,000 and local partnerships have recognised the need to increase levels of educational achievement and entrepreneurship to provide the jobs for this new generation. The £30 million Corby Business Academy, which is specifically aimed at providing young people with business acumen and fostering entrepreneurship, was completed in 2008. Further, the new Corby Enterprise Centre, largely funded by EMDA, will provide 32,000 square ft (with scope for 30,000 more) of offices, workshops and studio space, aimed at new and expanding SMEs.

In terms of the skills base, whilst academic qualifications are lower than average across both districts, the low-cost, dextrous nature of the workforce needs to be stressed to businesses which are willing to invest in training. Moreover, the availability of premises is actually very high across the districts, and can be up to 25 per cent cheaper than what is available in other parts of the region, of particular relevance in a climate where businesses are looking to cut costs at an opportunity.

However, it is unlikely that the history of a region will be of concern to foreign investors; the detraction from Ashfield and Mansfield for them is that they simply will not be aware of them as business investment locations. In terms of attracting FDI the districts are often viewed as living in the shadow of Nottingham, but being close to one of the UK's core cities and science cities should represent a sizeable opportunity for Ashfield and Mansfield. Sherwood Business Park, for example, lies only 10 miles to the north of Nottingham, making it a very viable option for businesses looking for space away from the more crowded, expensive Nottingham city centre.

While there is clearly a need for stronger branding of the two districts, that is not to say that it is the role of the council in doing so. EMDA plays a central role in promoting the region as a location for investment and importantly the sectors highlighted in this report tie in with the priority sectors highlighted by EMDA. Obviously, it will be much harder for Ashfield and Mansfield to attract businesses to the region from sectors which EMDA have not prioritised and thus tapping into EMDA resources is vital for the economic future of the area. The Regional Development Agency relies on information provided to it by the various sub-regional strategic partnership and so it is imperative that the district's 'unique selling points' are emphasized to the SSP.

Investment in the transport sector is a case in point; it already has a good reputation in the region, being home businesses such as Toyota, Bombardier and Rolls-Royce and has therefore been identified by EMDA as a priority sector. When, on the back of work by their inward investment team, EMDA come to advise these businesses looking to invest in the region on where to locate, the SSP, when consulted, need to be in a

In attracting FDI to the region, EMDA relies heavily on the SSP for information on the assets of relevant districts

position to push the relevant assets of Ashfield and Mansfield, such as the location close to the M1/A1 and the availability of suitable and affordable employment space.

Case Study – Derby

Diversifying the business base

Derby's economic performance has been strong in the last decade; GVA per worker has grown at an annual average rate of 2.55 per cent meaning the average worker produces 10 per cent more in Derby than his counterpart in Ashfield and Mansfield combined, whilst GVA per capita in Derby is 35 per cent higher (Experian, 2009).

Derby has a strong traditional manufacturing base, based around companies such as *Rolls Royce* and *Bombardier*, with the high-tech manufacturing operations of Rolls Royce's civil aerospace and marine division constituting a fair share of the city's output and employment. However, over recent years there has been some shift towards high-skill sectors including the digital and creative industries, based around the interactive games market, led by companies such as *Core Design* and *Eurocom*. This gradual shift recognises both the strength of the existing business base, and the need to move into new sectors to avoid over-reliance on one or two major industries.

In this spirit, the Derby & Derbyshire Economic Partnership (DDEP) was set up by EMDA in 2003 to develop and bring forward a range of sustainable economic opportunities in the area. Many of the DDEPs schemes have been aimed at smaller businesses, which perhaps need more encouragement to start up in an area with a strong reputation in heavy industry. One such scheme is 'Derbyloans' which gives financial support to businesses and would-be entrepreneurs in areas where banks, especially in the current climate, are reluctant to lend. Another is the Brain Clough Business Centre, on this site of a former cotton factory, which comprises 19 affordable high-quality units, designed for light industrial and office use, offering a range of quality, affordable workspace for small and developing businesses.

Moving forward, the DDEP has is undertaking projects looking to improve knowledge transfer between HEs and SMEs, as well as improving the ICT infrastructure in the area. In addition, an urban regeneration company was been set up in 2003, Derby CityScape, which is aiming to provide a framework to regenerating Derby City Centre by encouraging private and public sector investment in city centre living, pedestrianisation and shopping facilities.

'Joining forces' to improve the districts' offer to investors was discussed at length during the workshop. Whilst Leicester City and Leicestershire Council operate a joint approach to the marketing of their region for business investment, the approach in Nottinghamshire is much less clear. Stakeholders agree that it makes sense not only for Ashfield and Mansfield to pool resources and market themselves to investors as one 'entity', but also for Nottinghamshire to entertain a more joined-up approach. Going further it was suggested that instead of marketing being restricted by geographical boundaries, it would be more effective to fluidly group areas within the region or country into economic areas or markets. This would allow for a better quality offer for a wider range of potential investors, less constrained by the assets and weaknesses of the immediate geography.

6.4 Supporting businesses

A primary role for the public sector to play is working directly with businesses to showcase what Ashfield and Mansfield have to offer and provide assistance in helping businesses find suitable premises and staff within the districts. Anecdotal evidence suggests that this 'hand-holding' proves highly successful in promoting the region and securing inward investment – indeed, 15 per cent of the foreign-owned businesses

Working together, rather than competing with each other, should benefit the districts

The high level of business support provided by EMDA is the principal reason many foreign-owned businesses invest in the region

investing in the East Midlands highlighted the high level of support from the RDA as the principal reason they invested in the region (EMDA, 2008). This suggests that Ashfield and Mansfield can benefit from a strong regional presence in helping businesses, which is of vital importance to businesses looking to mitigate risk in the downturn.

In terms of manifestations of business support, most commonly, businesses require assistance with property, regulation and finance and the evidence from the consultations strongly suggests that public sector intervention is most necessary at the initial stages of the relocation decision making process. However, there is growing evidence that foreign direct investment is increasingly follow-up investment, with inward investors building on their initial investment with a second, third or later phase to expand capacity, widen the range of products/services, and increase the sophistication of operations. Indeed of the 13 foreign-owned businesses investing in Ashfield and Mansfield over the last 3 years, the vast majority were reinvestments (EMDA, 2008). That said, the districts could also be in prime position to benefit from initial foreign investment in Nottingham and as such the public sector will play an important role in providing aftercare support for foreign investors to secure any follow-up investment within the wider region.

The vast majority of FDI in the districts in recent times has been reinvestment by businesses with a presence in the area

Finally, the work of public sector agencies and case studies, success stories and testimonials from previously supported inward investment projects (both from elsewhere in the UK and overseas) should be widely publicised in order to promote awareness off the support available and interest in the area as a location to do business.