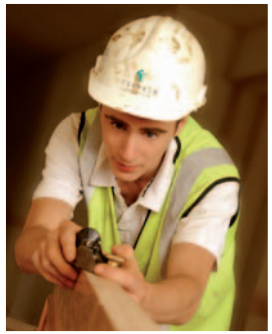
Kirklees Local Economic Assessment 2010/11

Summary and Key Findings

Evidence and in-depth analysis of the local economic conditions in Kirklees.






Kirklees Council - Strategic Investment Service

Kirklees COUNCIL

Summary and Key Findings

Welcome to the Kirklees Local Economic Assessment!

With the aim of developing a more comprehensive understanding of the Kirklees economy and in order to comply with a new statutory duty to undertake an economic assessment, we carried out a comprehensive and in-depth analysis of the local economy in completing this Local Economic Assessment (LEA).

One of our key priorities in undertaking our LEA has been to ensure that it is easy to access in whatever form it appears. Hence, we have tried to ensure that the information that you need is easy to find.

This Summary and Key Findings document replaces a traditional Executive Summary. We begin with the 5 key messages emerging from the LEA, followed by more detailed key findings for each section.

More details about the context of doing local economic assessments are available in the main LEA document, which also provides a description of the nature and scope of this Assessment.

Both this Summary and the full Kirklees Economic Assessment can also be found at; www.kirkleeseconomicassessment.co.uk.

The 5 key messages from the Local Economic Assessment are;-

The Local Economy

Major challenges face Kirklees economy: re-balancing provides the prospect of greater economic resilience and higher levels of economic growth.

Employment in Kirklees

More local job creation is essential to meet the needs of a growing population, and to avoid higher levels of worklessness and deprivation.

Business and Enterprise

Increasing levels of entrepreneurship in Kirklees but fewer firms employ anyone under 25. Investment in skills and the provision of employment land are priorities for raising local economic capacity.

Key Strategic Sectors of importance

Business Services, Health, Construction and Distributions have best chance of seeing growth, but Advanced Manufacturing, Culture and Green Technologies will be strategically important.

Spatial Economic Links and key assets

Location a major asset for Kirklees – at centre of Leeds, Manchester and Sheffield City Regions, with £130 billion of economic opportunity for Kirklees residents and businesses to exploit. Huddersfield University is another key and growing asset.

Below we summarise the key headlines emerging from each section of the Assessment;

Part A - The Economy

Economic structure, performance and the recession

- Major **challenges and opportunities** facing the local economy, in sustaining the **economic recovery** and maximising economic opportunities, in an era of austerity and fewer resources for investment and intervention.
- **Rebalancing and modernising of the Kirklees economy** has been underway for several years – but economic output remains dominated by an **over-reliance on declining sectors** – which affects the economic resilience of Kirklees.
- Overall economic **performance of the Kirklees economy has been** below neighbouring areas, over the last decade– with lower levels of productivity and economic growth.
- Approximately **1836 full time equivalent jobs** generated by the economy between 1998 and 2008, with **negative growth in private sector**.
- **Economy projected** to expand by **£2billion by 2026 and generate 10,540 jobs** – which is **significantly below that required to meet the future demand for employment** by a growing economically active population.
- Key **economic assets** like **Huddersfield University (+20,000 students) the Media Centre and Dewsbury Market** add to the vibrancy and growth potential of the local economy. The location of Kirklees between three City Regions is also a major economic asset.

Business and Enterprise

- Business activity in Kirklees dominated **by 4 major sectors** - **Retailing, Financial and Business services, Construction and Manufacturing**.
- **Higher levels of self employment in Kirklees**, compared to the regional average – but less so amongst disadvantaged communities.
- Most self employment concentrated in Construction, Finance and Business services sectors.
- The creation of new businesses **(business start-up rate)** is better than the national average for Kirklees.
- Results from the **Kirklees Employers Survey 2009** found that **few firms employed anyone under 25 years old**, whilst **a quarter of firms anticipated growth in turnover over the next 12 months** and a similar number **expected to increase employment**. **Over 50% of respondents rate Kirklees as either a good or excellent place to conduct business** (more satisfied in the south than the north). Overall, **50% of firms** had been **affected** by the **recession**, having had to lay off workers and reduce costs.

Labour Market

- The **economy supports around 150,000 jobs**, **but the Kirklees population has almost 200,000 residents** who are either in work or unemployed i.e. a large short fall of **quality employment** for local residents.
- Kirklees has a local labour market characterized by **fewer full-time jobs** and conversely, **more part-timers** (who are **mainly female and on lower incomes**) but also a predominantly low **waged and lower skilled workforce** (with up to 69,000 employees that are either unqualified or low skilled).
- However, Kirklees has a rising trend of **residents** that are **well qualified (NVQ level 3 and 4+)**.
- Economic and demographic changes in Kirklees are likely to lead to a change in the **occupational profile** of the district – with the expansion of **Health, Culture/Media and Sport and Customer Service jobs** over the next 15 years.
- Large **disparities exist in income levels** in Kirklees – a difference in household income of around **£31,000** between the most affluent and poorer areas. Also, up to **30% of households in the district live below an acceptable standard of living**.
- **Unemployment in Kirklees disproportionately affects particular groups** – particularly **ethnic minorities** and **young people**.
- A **large workless population of 35,135** represents an opportunity cost to Kirklees – with a **loss in economic productivity of up to £840 million** (2010 figures) to the Kirklees economy.

Key Strategic Sectors

- **Kirklees Manufacturing sector** is the third largest in Great Britain, by number of employees – incorporating some world class companies and **employing up to 19% of local residents**. **Advanced manufacturing** (containing businesses which use a high level of design or scientific skills to produce technologically complex products) **represents the highest growth potential** within manufacturing – representing high skills and high value added activity is still only a small proportion of total manufacturing in the district.
- The **Creative sector** (which includes activities like architecture, arts, clothing, film, publishing, radio and TV, and software development) may offer **real economic growth** potential for Kirklees. Huddersfield has a distinct competitive advantage, due to its established activity in this sector, which could be used as a catalyst to stimulate further growth of this sector in other parts of the district.
- **Green/low carbon industries, including environmental technologies also offers good economic prospects** for Kirklees economy – climate change legislation and changing consumer preferences will drive sector to expansion.
- **The Public Sector a major player in Kirklees** – a major employer and procurer of goods and services in

district. Potential cuts of up to 25% in public expenditure will have a severe impact upon the Kirklees economy, both directly (public sector employment) and also in terms of the private sector jobs and number of businesses. A **25% cut in local procurement would represent a fall of at least £35 million** in GVA.

Key economic connections.

- **Significant economic interdependencies** exist between Kirklees and other areas - **60,000 Kirklees residents employed** elsewhere, which represents a **significant income that returns to the district for local spending**. Equally, Kirklees makes its contribution to the **Leeds City region**, in particular, by **employing up to 30,000 residents of other areas**.
- Commuters (both out-going and in-coming) have higher skills and higher pay than the Kirklees average.
- At over **£50 billion of economic output (2007), the Leeds City region** represents a significant source of economic opportunity and potential for Kirklees residents and businesses. Equally though the **Manchester and Sheffield city region's have economies with a combined output of over £80 billion** - representing massive economic potential for Kirklees.

Part B - Other aspects of Kirklees

People and communities

- **Population growth** in Kirklees means that the number of people living in the district will increase from **403,000 to 480,600 by 2033 (+19%)**.
- Young people make up around a fifth of the population currently and as they reach working age and enter the labour market they will add significant pressure to the demand for jobs.
- The number of **older people (aged over 65), is projected to grow by 58%** in next two decades – putting pressure on social and health care service demand.
- With **one of the highest proportions of BME residents (16.2%)** and with the 11th largest Pakistani community in England, Kirklees has an increasing diverse population with residents of south Asian origin set to make up one fifth of the local population by 2031.
- **Community cohesion** remains as a major problem in Kirklees.
- Kirklees is the **75th most deprived local authority (out of 354)** in England and amongst the **50 most deprived areas based on income and employment**, (IMD 2007). **West town in Dewsbury** is the most deprived small area of Kirklees.
- Over **50,000 Kirklees residents (12.5% of the population) suffer from some sort of disability** – 40% of which do not have a job. **Unemployment amongst the disabled is twice the average**.
- A high degree of correlation exists between areas with

high concentrations of claimants for disability allowances and deprived areas – (mainly in inner urban areas of Kirklees).

- Most crime in Kirklees relates to violence against the person or against property (20% and 25% respectively). Huddersfield South, Dewsbury and Mirfield are worst affected – usually near town centres.
- **Crime impacts** upon the **performance of the economy** in terms of **reducing employability,** whilst businesses are affected by robberies and vandalism.
- **23% of children in Kirklees are affected by child poverty i.e. around 21,800 in August 2007** (the national equivalent was 21.6%). **Lone parent families are most affected** by child.
- Priorities for Kirklees residents varied, according to the Place Survey (2008). Economic factors (such as job prospects) appear to be particularly important for the young and BME residents.

Land usage and housing

- **Employment land is critical to the economic growth potential of the area. Sites of strategic importance to the economy will need to be maintained and not lost to alternative uses, which would impact upon economic growth and the overall economic capacity of Kirklees.**
- Development in Kirklees peaked in 2006/07 - mirroring economic trends. Most floor-space developed in Kirklees recently, has been for either general industrial use or for storage/warehousing.
- **50% of businesses (from the Kirklees Employers Survey) cited the cost of land as a key constraint for them,** whilst 11% of firms (that anticipate more land required over the next 3-5 years) **expect to relocate out of Kirklees** because of larger site requirements.
- Housing completions peaked in 2006/07 (second highest in West Yorkshire) – before falling back in 2008/09. **Significantly more housing provision** required over the next two decades.
- Current evidence on housing suggests that **16% of private sector housing stock in Kirklees is in poor condition** and will require **around £246 million in investment** to be brought up to a reasonable standard.
- All areas of Kirklees have a shortage of affordable homes – but mid Huddersfield and South Dewsbury have the greatest need for investment.

Infrastructure and connectivity

- Maintaining **strategic transport connections with key centres and cities is critical to the performance of the Kirklees economy** and the potential for further growth and development of the district.
- However, the provision of **high quality alternatives to the private car** is an **essential** part of managing the problem of traffic growth.
- Rail provides an important alternative strategic connection to locations outside Kirklees – where a significant amount of economic growth is projected (City regions of Leeds, Manchester and Sheffield) – however more investment in service provision and rail

infrastructure will be needed to minimise on congestion.

- **Travel congestion represents a cost to the Kirklees economy** – costing the workplace population of Kirklees up to **£5.9m per year by 2015 and up to £7.6m by 2026.**
- **Access to a high speed digital network is vital for businesses in Kirklees** and elsewhere – directly **impacting upon the success and prospects of the local economy**.
- The **competitiveness of the Kirklees** area as a **business location** is intrinsically linked to its **provision of broadband infrastructure.**
- High growth sectors like Advanced Manufacturing, Creative and Cultural Services and Environmental technologies are dependent upon good quality digital infrastructure.
- The significance of broadband and the applications that will drive its demand, both for businesses and domestic users is growing all the time. Demand for mobile broadband services is set rise significantly with the popularity of new smart phones.
- **Next Generation Access (NGA) super fast broadband,** is likely to be **rolled out across most parts of Kirklees over the next 5 years** – however due to a lack of any public funding/intervention to support this rollout, local communities in **rural and less populated areas could miss out due to market failure**.

The Environment

- Significant economic and demographic changes in Kirklees necessitate action to achieve and maintain a balance between growth and environmental sustainability for the district – which helps to achieve economic success as well as improved quality of life.
- Carbon emissions in Kirklees fell by 6% (2005-07) – with a 10% reduction in emissions by the Commerce and Industry sector suggesting some correlation with the economic downturn.
- Kirklees has both the experience and competitive advantage of maximising economic opportunities in activities related to carbon reduction, including environmental technologies due to successful projects like Warmzone and the Green Business Network.
- Local evidence exists of extreme weather events in the past to support climate change concerns in Kirklees – which could have major impacts on the local economy over the next decades, including affects on business locations/ access to sites, repair and maintenance of business infrastructure as well as the supply, storage and production of goods and services in Kirklees.

Key Statistics on Kirklees

		Source
Total Gross Value Added output of Kirklees Economy	£5,516 billion	REM – Experian - Mar 2010
GVA per employee/Productivity	£36,758	REM - Experian - Mar 2010
Total Population	403,600	ONS Mid-year estimates – 2008
Economically Active Kirklees Resident population; Employees Self-employed	202,500 158,300 25,100	ONS – Annual Population Survey 2009
Total employed in Kirklees (includes non-Kirklees residents)	149,857	Annual Business Enquiry 2008
Unemployment (Claimant Count)	11,164 (4.2% - GB = 3.6%)	NOMIS – ONS, August 2010
Workless Population of Kirklees	35,135	NOMIS – ONS 2009
Average Salaries; Employees Residents	£432.20 £455.30	Annual Survey of Hours and Earnings - 2009
Skills Profile by NVQ No Qualifications Level 1 and above Level 2 and above Level 3 and above Level 4 and above	36,000 (13.7%) 204,800 (78.1%) 169,800 (64.8%) 133,500 (50.9%) 76,200 (29.1%)	ONS – Annual Population Survey 2009
Commuting From Kirklees To Kirkees	61,300 30,000	ONS – Annual Population Survey 2009
No. of Households in Kirklees	166,000	DCLG – Mar 2009
No. of working age residents in Kirklees with a disability	50,100	DWP
Number of children living in poverty in Kirklees	21,800 (23%)	DWP, HMRC August 2007
Land Available for development in Kirklees	91.83 ha	ELSR 2009 – Kirklees Council.
Housing affordability ratio for Kirklees (house price to avg. incomes)	8.2 (10.7 – England)	Land Registry/ASHE
Average No. of vehicles entering Huddersfield per day	270,570	Kirklees Monitoring report 2009
Carbon Emissions in Kirklees	2780 kilo tonnes	UK National Atmospheric Emissions Inventory, DECC - 2008