A Profile of the Economy, Labour Market and Business Structure of Newark and Sherwood

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Contents

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Executive Summary

- The latest official statistics for the Newark & Sherwood District Council area *as a whole* suggest a generally resilient labour market (see Section 2.1). Employment and unemployment rates have been less adversely affected by the recession compared to the averages for the wider Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership and the UK.

- The employment rate for Newark & Sherwood is significantly higher than the national or D2N2 area averages, whilst the unemployment rate is significantly lower.

- These headline estimates mask significant variations *within* the District Council area, including concentrations of acute local disadvantage. In wards in the north-west of the district, such as Ollerton, Clipstone and Boughton, both the rate of claimant count unemployment and the number of claimants have almost doubled since the onset of recession. Claimant count unemployment rates in the more urban wards of Newark on Trent itself are also significantly above the district average. Many of the more rural wards in the centre of Newark & Sherwood have experienced very little increase in either the number of claimants or the claimant rate.

- Business conditions in Newark & Sherwood appear to have been relatively stable compared to elsewhere in the D2N2 LEP (Section 3.1), with a particularly high proportion of new businesses surviving their first three years, although total business death rates remain higher than average.

- On indicators of the quality of employment, Newark & Sherwood compares less favourably. Manufacturing is a relatively important employment sector to the district (see Section 4), but those sub-sectors defined as 'high- or medium-high technology' (manufacturing sectors that are particularly likely to adopt new and improved technologies and processes) are significantly under-represented, accounting for only 1.9% of workplace-based employment. This is less than half the proportion of employment in these sectors in the D2N2 area and very significantly below areas such as Derby city and South Derbyshire (where employment in these sub-sectors account for over 12% of total employment in both cases).

- The proportion of employed residents qualified to a degree or higher is close to the D2N2 average but significantly lower than the average for the UK, whilst the proportion with a Level 2 as their highest level of qualification is lower than in both the D2N2 area and in the UK overall (Section 2.2).

- There appears to be a local advantage in terms of the proportion of the workforce qualified to Level 3, with significantly more employed individuals with highest qualifications at this level. This is equivalent to the level of skill required in Associate Professional and Technical roles (e.g. laboratory technicians, electrical and electronic technicians, IT support officers, paramedics, dispensing opticians, pharmaceutical, medical and dental technicians, youth and community workers, etc.).

- Although the area has a lower proportion of residents working in occupations associated with high level skills (Managers and Professionals), it has a significantly higher proportion of residents working in 'Associate Professional and Technical' occupations than either the national or the D2N2 averages – reflecting the higher proportion of individuals with qualifications at Level 3. This provides a strong rationale for local support for apprenticeship provision.

- On balance however, the overall skills and occupational profiles of Newark & Sherwood are likely to be contributing factors to lower than average wages. Wages in the District Council area are significantly lower than the national average when calculated on a workplace basis (i.e. for individuals working within the area, rather than those who are resident in the area but may work elsewhere). This could be affected by significant out-commuting of better paid, more highly skilled residents – facilitated by the area's good east-west and north-south transport links.

This evidence suggests the need for activities that focus on '**business growth'** and '**employability'**, as identified in the '*Building Prosperity'* strategy. By addressing demand and supply-side factors respectively, these two policy priorities could aim to support quality job generation (higher skill/pay) in businesses that provide opportunities for local employees to progress and develop. The **'inward investment**' and '**infrastructure**' policy priorities are also important for establishing the environment necessary for such businesses to flourish and attain high growth (see Section 3.2), focussing on sectors in which Newark & Sherwood has competitive advantages, including:

- Engineering, with local strengths in the **manufacture of fabricated metal products and industrial machinery**;
- The closely linked **distribution, logistics, wholesale and retail sectors**, including major online retailers;
- **Food manufacturing**, especially where there are opportunities for product and process innovation. **Food manufacturing is by far the largest manufacturing sub-sector in Newark & Sherwood**, accounting for 39% of manufacturing jobs in the district; and
- Tourism/the visitor economy, potentially driving the local concentration of employment in '**accommodation and food services'** (i.e. hotels and restaurants) - see Section 4.

Construction is also a significantly over-represented in employment terms, and is identified as an 'enabling sector', given its role in infrastructure and business premises development. There are opportunities linked to the construction sector related to the low carbon agenda, through the national 'Green Deal' initiative – providing incentives for construction companies to increase their adoption of innovative, sustainable technologies in both residential and commercial development projects. It is also important to note that Newark & Sherwood's local strengths in the engineering and food manufacturing sectors complement wider sectoral priorities identified in the D2N2 economic growth strategy and emerging EU Investment Strategy.

The table below provides a brief summary of key indicators for the Newark & Sherwood DC area as a whole. [1]

[1] Later sections in this report analyse differences within Newark & Sherwood at ward and/or SOA level.

Key Statistics

Newark and Sherwood at a glance: Green font = local value outperforms LEP and/or national average/ orange font= underperforms the LEP and/or national averages.

Indicator	Value	Source
Employment rate (% 16-64), 12 months to March 2013	**73.1%:** Newark & Sherwood 70.6%: D2N2 70.8%: UK	ONS Crown Copyright, *'Annual Population Survey'*, April 2012-March 2013.
Unemployment rate (% economically active 16+), 12 months to March 2013	**6.9%**: Newark & Sherwood 8.2%: D2N2 7.8%: UK	ONS Crown Copyright, *'Model Based Estimates of Unemployment'*, April 2012- March 2013.
Employment in **higher tier occupations** (Managers & Senior Officials, Professionals)	**24.3%:** Newark & Sherwood 26.5%: D2N2 29.5%: UK	ONS Crown Copyright, *'Annual Population Survey'*, January-December 2012.
Employment in **lower tier occupations** (Process, Plant & Machine Operatives, Elementary Occupations)	**19.7%**: Newark & Sherwood 21.2%: D2N2 17.2%: UK	ONS Crown Copyright, *'Annual Population Survey'*, January-December 2012.
Employed residents **qualified to Level 4+** (first degree + or vocational equivalent)	**34.2%:** Newark & Sherwood 35.3%: D2N2 40.1%: UK	ONS Crown Copyright, *'Annual Population Survey'*, January-December 2012.
Employed residents **qualified to Level 3** (A Levels or vocational equivalent)	**24.9%:** Newark & Sherwood 21%: D2N2 19.5%: UK	ONS Crown Copyright, *'Annual Population Survey'*, January-December 2012.
Employed residents **qualified to Level 2** (5 GCSEs A*-C or vocational equivalent)	**15.1%:** Newark & Sherwood 19.5%: D2N2 17.9%: UK	ONS Crown Copyright, *'Annual Population Survey'*, January-December 2012.
Employed residents with **qualifications below Level 2 or with no qualifications**	**24.2%:** Newark & Sherwood 24.2%: D2N2 22.5%: UK	ONS Crown Copyright, *'Annual Population Survey'*, January-December 2012.
Workplace-based earnings (median gross weekly pay, full-time workers)	**£430.1**: Newark & Sherwood £464.4: East Midlands £505.9: UK	ONS Crown Copyright, *'Annual Survey of Hours and Earnings'*, 2012.
Residence-based earnings (median gross weekly pay, full-time workers)	**£454.4**: Newark & Sherwood £476.9: East Midlands £505.9: UK	ONS Crown Copyright, *'Annual Survey of Hours and Earnings'*, 2012.
Business Birth Rate (new businesses as a % of end of year stock)	**10.0%:** Newark & Sherwood 9.9%: D2N2 11.2%: UK	ONS Crown Copyright, *'Business Demography 2011 – Enterprise Births, Deaths and Survivals.'* 2012
Business Survival Rate (% businesses born in 2008 surviving 3 years)	**64.8%:** Newark & Sherwood 59.7%: East Midlands 58%: UK	ONS Crown Copyright, *'Business Demography 2011 – Enterprise Births, Deaths and Survivals.'* 2012
Employment in **High and Medium High Technology Industries** (% total employment)	**1.9%:** Newark & Sherwood 4.4%: D2N2 3.1% Great Britain	ONS Crown Copyright, *'Business Register and Employment Survey'*, 2011.

1. Introduction

The Economic Strategy Research Bureau (ESRB), a specialist centre at Nottingham Business School, has been appointed to provide updated economic evidence for Newark & Sherwood District Council. This builds on previous studies by Local Futures (2011) and Experian (2012), along with the Place Profiles produced on behalf of Nottinghamshire County Council in July 2013. This project seeks to inform the further development and implementation of the local Economic Growth Strategy, '*Building Prosperity*.' This strategy prioritises four policy areas:

- Inward Investment;
- Business Growth;
- Employability; and
- Infrastructure

A series of Key Sectors are also identified in the Economic Growth Strategy, based on a view of local strengths in terms of relative employment or business concentration, recent growth, future growth prospects, productivity advantage, or other competitive advantage, such as innovation activity or strategic linkages (e.g. linking to the local tourism offer or inward investment opportunities). This report will provide evidence relating to these four policy areas and will also assess the sectoral strengths, through an analysis of the latest Business Register and Employment Survey (BRES).

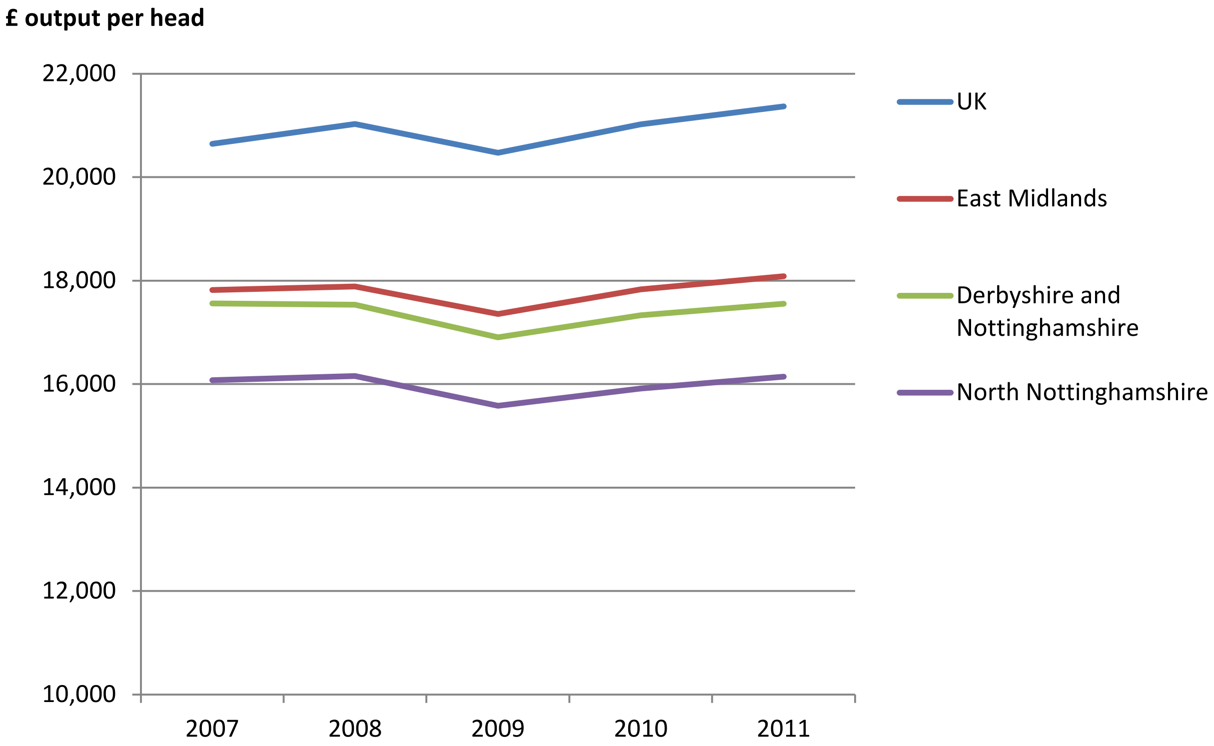
This report draws on the latest available official statistics, interpreted with reference to relevant literature. For each of the key themes addressed, data for Newark & Sherwood is presented alongside the national average and the value for the wider Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership area. This is to help identify areas of local competitive advantage as well as areas of challenge that may require policy prioritisation.

2. Economic and Labour Market Conditions

Following the onset of recession in the UK in 2008, national output contracted at a comparable rate to that experienced in the Great Depression in the 1930s, and significantly exceeded the output lost in the recessions of the 1970s, 80s and 90s. Between the first quarter of 2008 and the second quarter of 2009, real GDP fell by 7.2% (ONS, 2013). Despite recent indicators of a strengthening recovery and increasing business confidence, the UK economy has yet to experience a recovery comparable to those that followed earlier recessions, including the 1930s, with the latest quarterly GDP growth estimates significantly lower than the pre-recession peak.

The most detailed geographical level at which official estimates of output is published is NUTS3, the standard unit of sub-national statistics developed by the European Union. Newark & Sherwood is covered by the North Nottinghamshire NUTS3 region, along with Ashfield, Bassetlaw and Mansfield. The wider D2N2 Local Enterprise Partnership area is captured by the Derbyshire and Nottinghamshire NUTS2 area. Chart 1 shows headline output per head between 2007 and 2011 for the UK, the East Midlands NUTS1 area, Derbyshire and Nottinghamshire NUTS2 and North Nottinghamshire NUTS3.

Chart 1: Gross Value Added[2] per head at current basic prices, 2007-2011



Source: ONS Crown Copyright, 2012. '*Sub-national estimates of GVA - Table 3.2: Headline GVA per head at current basic prices*'. Note 2011 estimates are provisional, and may be revised in December 2013.

The chart shows that:

- Output per head in North Nottinghamshire has been consistently lower than the national, regional or LEP-area averages throughout the period, at £16,144 in 2011, compared to £17,555 for D2N2, £18,083 for the East Midlands, and £21,368 for the UK;
- This masks significant differences within the North Nottinghamshire NUTS3 area. Workplace-based earnings estimates (see Section 2.3 for more information), indicate that full-time workers receive higher levels of pay in Ashfield and Bassetlaw (with median weekly pay at £445 and £461 respectively), but those working in sites in Newark & Sherwood are paid significantly more than in Mansfield (at £430 compared to £391). Mansfield also has a significantly lower rate of employment than the other districts in North Nottinghamshire. The relative economic performance of Mansfield may therefore have resulted in a lower GVA per head estimate for North Nottinghamshire NUTS3 than if data were available for Newark & Sherwood alone;
- The chart illustrates the fall in output per head in each of the areas between 2008 and 2009, followed by modest recovery in 2010 and 2011;

[2] Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy used at a sub-national level. It does not account for taxes or subsidies. Gross Domestic Product (GDP) is GVA plus the value of taxes, less subsidies.

- The fall in output per head between 2008 and 2009 in North Nottinghamshire was slightly less than the fall in the D2N2 area overall, but exceeded the fall in output per head in the East Midlands or the UK; and
- On an index where GVA per head for the UK=100, North Nottinghamshire fell from 78.8 to 77.7 between 2008 and 2009. In 2011, it was estimated to be 77.3% of the UK average.

Across much of the UK, it can be observed that sub-regions that had lower than average levels of output prior to the recession experienced greater decreases between 2008 and 2009 and/or weaker levels of recovery from 2010. When compared to pre-recession estimates, the latest available indicators suggest a widened divide between relatively prosperous and more challenged sub-regions.

2.1 Employment and Unemployment

Although the extent of output lost across the UK has been greater than in any previous recession since the 1930s, the UK labour market has been comparatively resilient. Employment has fallen and unemployment has risen by far less than in previous recessions.

Despite this relatively stable picture for the UK overall, official labour market statistics also illustrate significantly widening sub-regional disparities. Generally speaking, areas that experienced the largest falls in employment after the recession began in 2008 tended to be those areas that already had lower levels of employment prior to the recession.

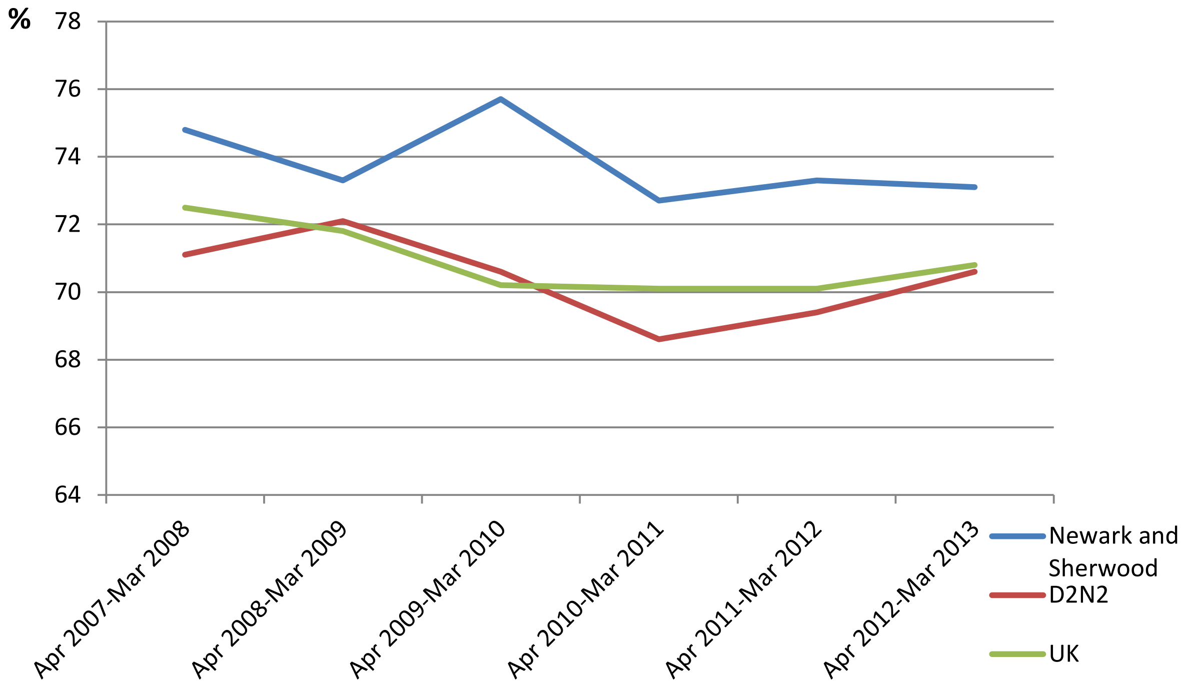
Charts 2 and 3 illustrate the impact of the recession on the labour market of Newark & Sherwood, and the extent of any recovery compared to the averages for the D2N2 LEP and the UK.

Chart 2 shows that the employment rate in Newark & Sherwood decreased following the onset of recession, from 74.8% in 12 month period to March 2008 to 73.3% in the 12 month period to March 2009. With the recovery in the wider economy, the employment rate in Newark & Sherwood appeared to recover in 2010, before falling and then stabilising at the current estimate of 73.1%, which is 1.7 percentage points lower than the pre-recession rate.

Compared to the national estimates and those for the D2N2 area, the Newark and Sherwood labour market appears to have been relatively resilient – with employment rates falling by less than the LEP area or UK averages between 2008 and 2010, although employment in the District Council area may not have recovered quite as strongly as the UK in the most recent 12 month period of Labour Force Survey data (April 2012-March 2013). It is important not to place too much emphasis on year-on-year changes in employment rates in Newark & Sherwood, as the relatively small sample size at a local level leads to quite large confidence intervals – at around +/- 5 percentage points.[3] However, given the consistently higher rates for Newark & Sherwood throughout the period, we can be reasonably confident that this represents a genuinely higher rate of employment than either the national or the D2N2 area averages.

[3] Confidence Intervals are used in statistics to present how confident one can be of a given estimate, and are usually expressed as a percentage point range either side of the published estimate, within which we can have 95% confidence that the 'real' value falls. If a difference between two variables in less than the Confidence Interval, it may not be statistically significant.

Chart 2: Employment Rates (% residents aged 16-64), 2008-2013



Source: ONS Crown Copyright, 2013. '*Annual Population Survey*', April 2007-March 2008 to April 2012-March 2013. From NOMIS [accessed 30th September, 2013].

Chart 3 presents unemployment rates for Newark & Sherwood compared to the national and LEP area average. Before interpreting this chart it is important to note that:

- Unemployment rates are calculated using a different population (denominator) than employment rates, in line with international guidelines:[4]
    - Employment rates express the number of residents in paid employment as a percentage of all residents aged 16-64 (i.e. working age).
    - Unemployment rates present the number of residents who are available for work, are actively seeking work, but are not currently in paid employment as a percentage of the economically active population aged 16 and over.
    - The economically active population is the sum of those who are employed and those who meet the criteria for being unemployed (i.e. available for and actively seeking work). It excludes groups such as full-time students and carers who are not looking for work, those who are retired, and so-called 'discouraged workers' (individuals who have been unable to find work and have stopped actively seeking employment, thus not meeting the international criteria for 'unemployment').
    - Because of the two different populations used to calculate the employment and the unemployment rates, it is quite possible – and relatively commonplace – for both

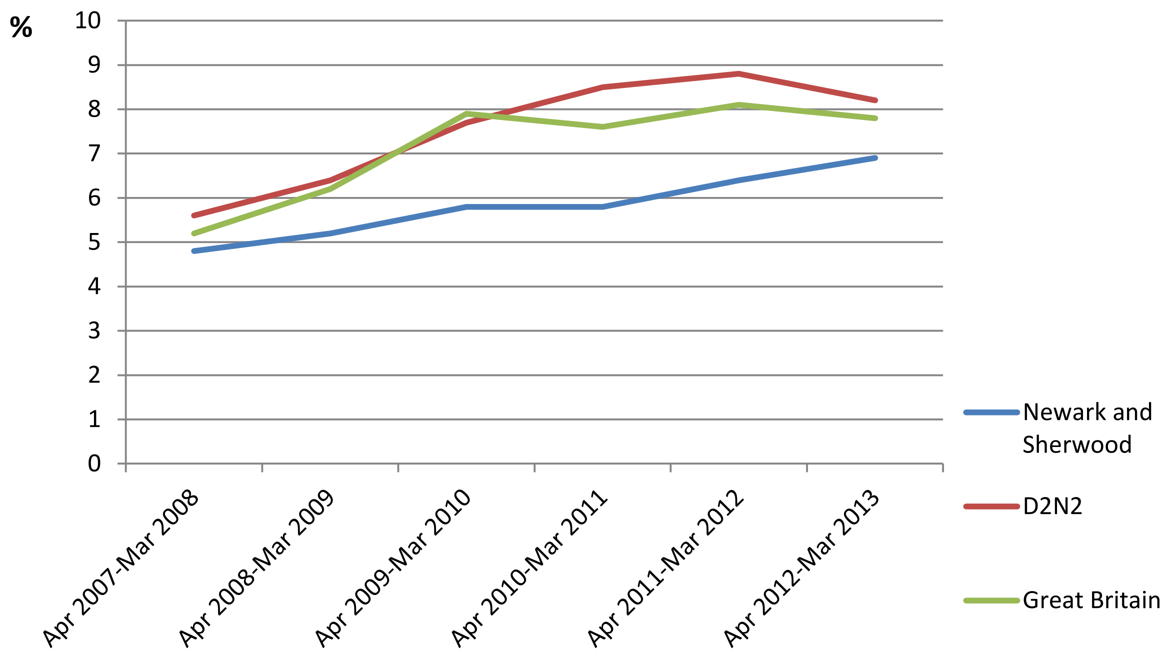
[4] As developed by the International Labour Organisation (ILO), an agency of the United Nations responsible for international labour standards and research, information and advocacy on employment quality. The ILO definition of unemployment is the preferred measure used by the UK and US governments and the EC.

rates to increase or decrease at the same time. For example, a reduction in the number of economically inactive adults (due to a change in childcare provision) could lead to increases in both the rate of employment (as some full-time parents succeed in finding appropriate employment) and the rate of unemployment (as others have started to actively look for a job, but had not yet found one at the time of interview, thus meeting the criteria for being unemployed).

- The estimates of unemployment presented in Chart 3 are drawn from a different source than the employment estimates in Chart 2 (and other Labour Force Survey-based estimates in later sections). They are drawn from the ONS 'model-based estimates' which combine LFS data with Jobseekers' Allowance and other management data, in order to provide more reliable local area unemployment estimates. Model-based estimates are the ONS' recommended source for unemployment at a district level.

Chart 3 shows that unemployment rates in the Newark & Sherwood District Council area as a whole have consistently been lower than the national and D2N2 averages, and have also increased more slowly following the onset of recession.

Chart 3: Unemployment Rates - model-based estimates (% economically active residents aged 16+), 2008-2013



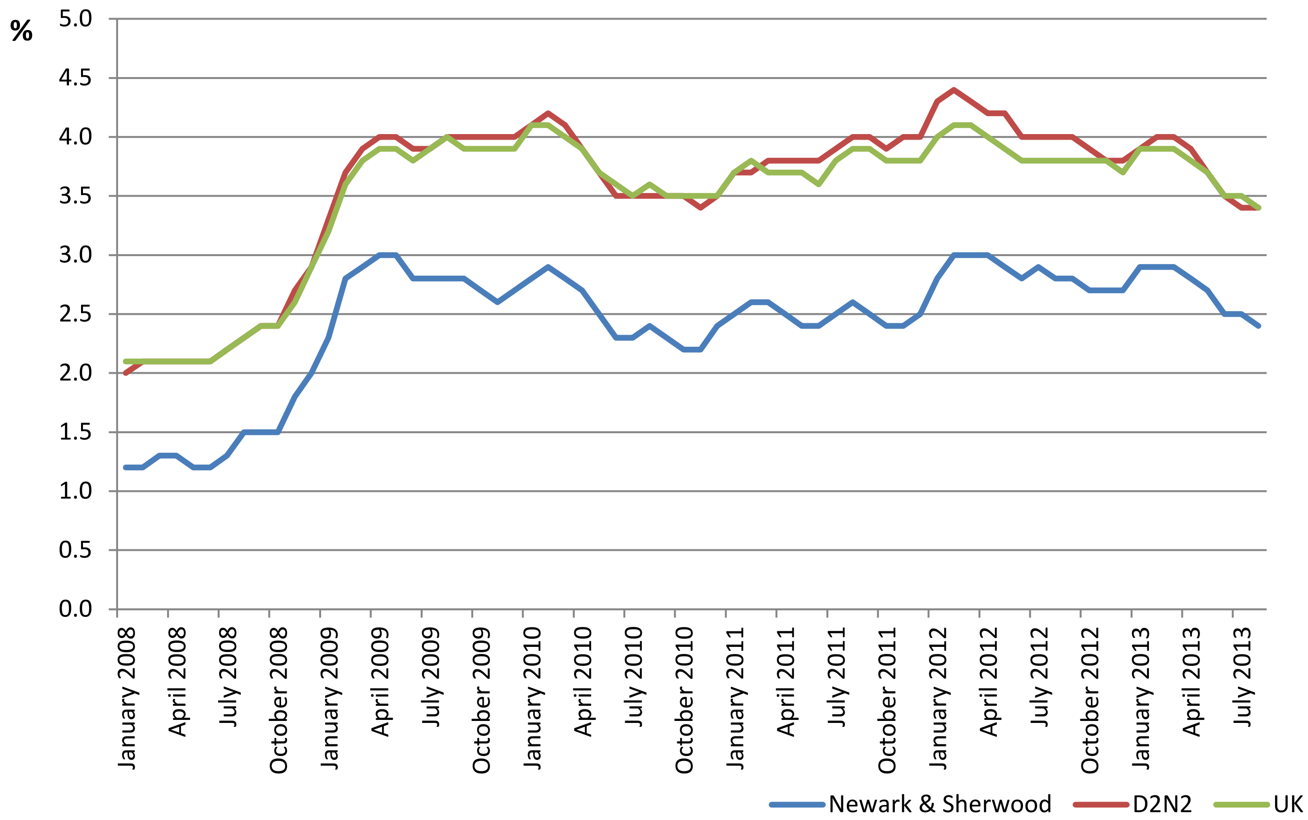
Source: ONS Crown Copyright, 2013. '*Model-Based Estimates of Unemployment*', April 2007-March 2008 to April 2012-March 2013. From NOMIS [accessed 30th September, 2013].

Between the periods April 2007-May 2008 and April 2012-March 2013, the unemployment rate in Newark & Sherwood increased from 4.8% to 6.9% - a change of 2.1 percentage points, compared to an increase of 2.6 percentage points in both the national and D2N2 rates. This is equivalent to 1,400 additional unemployed residents in Newark & Sherwood over the period (from 2,600 to 4,000). The chart does indicate a cautionary point: the unemployment rate in the UK and D2N2 fell between 2012 and 2013, whilst it has continued to increase in Newark & Sherwood (from 6.4% to 6.9%) – suggesting that the local labour market may not yet be experiencing the recovery seen either nationally or elsewhere in D2N2.

Labour market conditions within Newark & Sherwood are diverse, with significant differences between the north-west, the centre and the south-east of the District Council area, associated both with concentrations of deprivation and distance from key infrastructure assets such as the A1 and A46. Labour Force Survey data is not robust below a Local Authority District level, but detailed Jobseekers' Allowance claimant data is available. This data needs to be used with caution, as not all those who are eligible to claim unemployment benefit do so. Moreover, the eligibility criteria for JSA can change along with wider changes in the benefits system, causing distortions in the time series. This means that the rate of JSA claimant count unemployment is usually much lower than the LFS-based unemployment measures discussed above.

Chart 4 shows the number of individuals claiming JSA as a proportion of resident adults in Newark & Sherwood as a whole, compared to the averages for the D2N2 LEP and the UK.

Chart 4: JSA Claimant Count Unemployment Rate (% residents aged 16-64), January 2008-August 2013

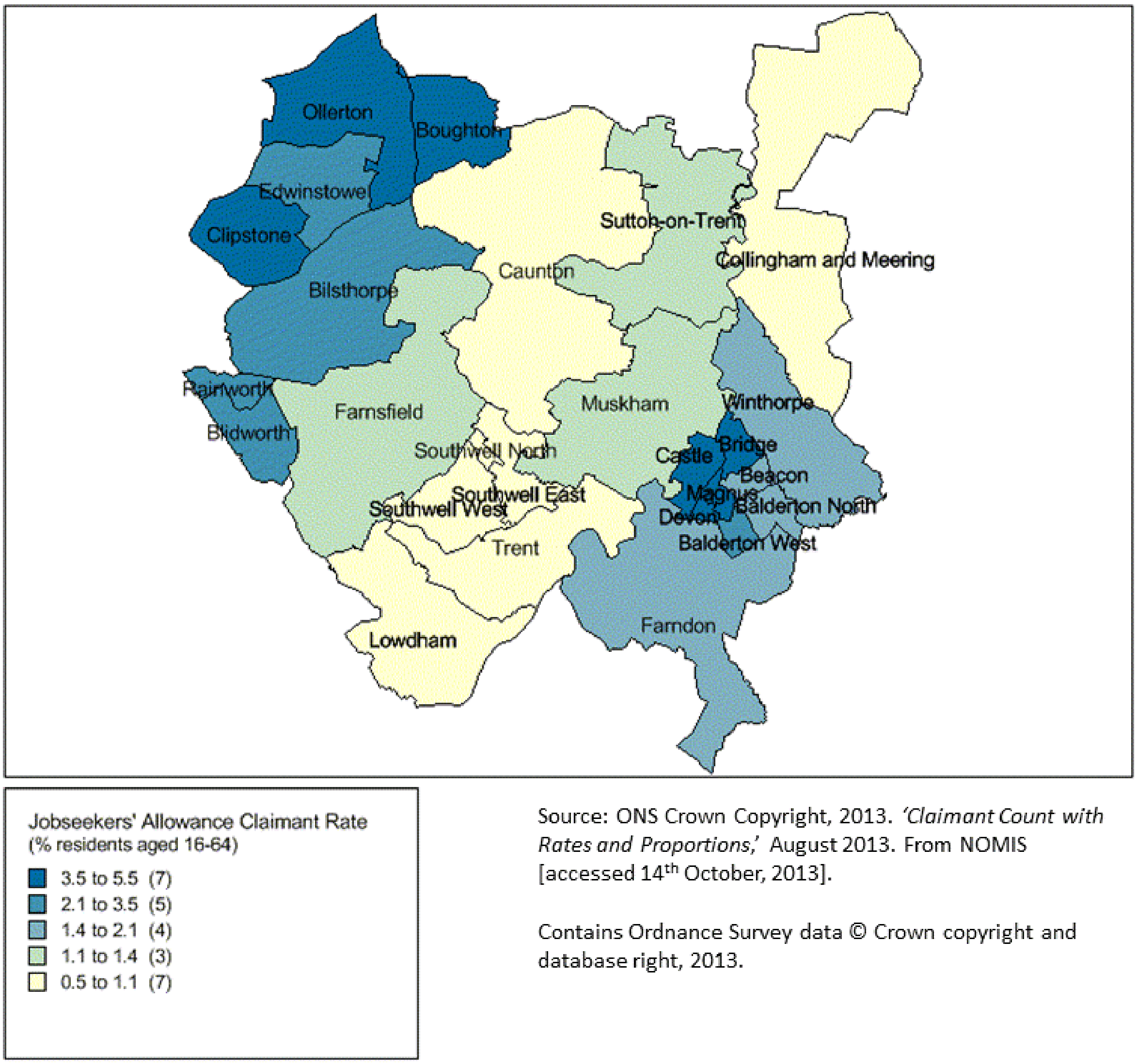


Source: ONS Crown Copyright, 2013. *'Claimant Count with Rates and Proportions*,' January 2008 to August 2013. From NOMIS [accessed 14th October, 2013].

The chart shows that:

- As in the case of the model-based unemployment measure shown in Chart 3, claimant count unemployment in Newark & Sherwood has remained significantly lower than both the LEP and the national averages throughout the period since the onset of recession;
- The latest data, for August 2013, indicates that 2.4% of adult residents in the district were claiming JSA, compared to 3.4% in both the D2N2 area and in the UK overall. This is equivalent to 1,750 individual claimants in Newark & Sherwood; and
- The trend in Newark & Sherwood has followed the national trend very closely, increasing significantly towards the end of 2008/early 2009 (from 1.5% in August 2008, or 1,050 individuals), falling in 2010 in line with the wider recovery in the national economy, before increasing again in late 2011. Since March 2013 there have been month-on-month falls in both the numbers and rates of claimant count unemployment.

Map 1: JSA Claimant Count Unemployment Rate (% residents aged 16-64), August 2013 by CAS Ward



Source: ONS Crown Copyright, 2013. *'Claimant Count with Rates and Proportions,'* August 2013. From NOMIS [accessed 14th October, 2013].

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Map 1 presents claimant count unemployment rates for August 2013 for the 26 CAS wards in the District Council area.[5] The areas with the highest unemployment include wards in the north-west of the district, such as Clipstone, Ollerton and Boughton, with JSA claimant count rates in August 2013 of 3.8%, 3.5%, and 4.1% respectively. These wards fall within the former coalfield areas of north Nottinghamshire and north Derbyshire, and have consistently experienced higher claimant count unemployment rates compared to the district average – due to the on-going legacies of industrial restructuring and associated inter-generational concentrations of low skills and poor health.

Claimant count unemployment is also higher in the wards within and surrounding Newark on Trent, including Castle, Bridge, Magnus and Devon wards, where the rate in August 2013 was 4.2%, 3.6%, 4.3% and 5.5% respectively. Although the town of Newark is well connected, adjacent to the A1 and A46 road links (to London and Lincoln/Leicester respectively) and with good rail links (on the East Coast Main Line), these higher levels of unemployment are likely to reflect relative urban deprivation and over-reliance on low-skill/low-pay local employment – which will be explored later in this report.

In the wards in the north-west of the district, and those within and surrounding Newark, claimant count unemployment has increased more than elsewhere. For example, in Devon ward in Newark on Trent, the claimant count has increased from 84 individuals in August 2008 to 214 individuals in March 2013, before falling to the latest count of 162 in August 2013.

Conversely, in the more rural areas in the centre of the District Council area, claimant count unemployment remains relatively low, and has increased relatively little since the onset of recession. In Trent ward, the claimant count rate was only 0.5% of the resident population in August 2013, virtually unchanged from its pre-recession level. Similarly, in Caunton ward, claimant count unemployment was only 0.5% in August 2008 and 0.7% in August 2013.

This is consistent with a general picture observed nationally, where more deprived areas prior to the recession have experienced more significant increases in unemployment whilst more prosperous areas have been relatively unaffected.

Section 2.1: Key Points

- Employment and unemployment rates for Newark & Sherwood District Council compare favorably to the averages for the LEP area and the UK. Unemployment rates have remained consistently below average on both the LFS-based and claimant count measures.
- However, this masks significant variations within the district. Wards in the north west of the area, and within and surrounding Newark on Trent, had higher levels of claimant count unemployment prior to the recession and have experienced significantly greater increases in unemployment over the period – widening disparities within the district. This is consistent with the picture observed across much of the UK, where areas that were relatively more deprived prior to the recession appear to have been more adversely affected.

[5] Map 1 is based on Census Area Statistics (CAS) wards. They have consistent boundaries to enable comparison over time. In England, these boundaries are consistent with 2003 Statistical Wards. Although based on electoral wards, statistical wards also take planned future boundary changes into account and so do not always reflect the actual wards in a local authority at any point in time.

2.2 Skills Supply and Demand

Skills are not only important to ensure that individuals can remain employable (accessing, retaining and progressing within employment), but are a key common need for high growth, innovative businesses. Research indicates a 'virtuous circle' in the relationship between skills and innovation.[6] Skills are an important prerequisite if a firm is to be a successful innovator. In turn, innovation further increases a firm's demand for skills, if it is to unlock the benefits of the product or process improvement that result from successful innovation.

However, the East Midlands region, and many of the LEP areas included within it, exhibit characteristics indicative of a 'low pay, low skill equilibrium'. This describes a situation in which a lower demand for skills from many employers, due to the nature of the products or services they produce and their positioning within their markets (i.e. their 'product market strategy'), is accompanied by a lower level of skills amongst the local workforce. This perpetuates a cycle, where companies may find it difficult to innovate (or to implement new or improved processes) due to a lack of workforce skills, whilst individuals may have limited incentive to invest in their skill development. Furthermore, highly skilled individuals are incentivised to migrate away from the local area or commute to work elsewhere.

Charts 5 presents a measure of the supply of skills and Chart 6 illustrates their deployment in the workplace, together providing indications of possible matches between the distribution of skills across the local workforce and the structure of employment. Chart 5 illustrates the proportion of employed residents in Newark & Sherwood, D2N2 and the UK who have highest qualifications (i.e. qualifications at a given level but no higher) at the four levels frequently used in international comparisons:

- NVQ/NQF[7] Level 4 and above, such as a first degree or equivalent vocational qualification and qualifications above this, such as post-graduate degrees;
- NVQ/NQF Level 3, equivalent to A-Levels, Advanced Apprenticeships and other equivalent intermediate vocational qualifications;
- NVQ/NQF Level 2, such as 5 GCSEs at grades A*-C or equivalent vocational qualification – such as a NVQ2 or Apprenticeship. This level of qualification has been identified by the ILO as the minimum level of educational attainment required to enter and progress in the labour market and it has been a target of successive UK governments that all school leavers aged 16-18 should have qualifications equivalent to this level; and
- All qualifications below a NVQ/NQF Level 2, including less than 5 GCSEs at grades A*-C, an NVQ1 or other entry-level vocational qualification. This category also includes individuals who have no formal qualifications.

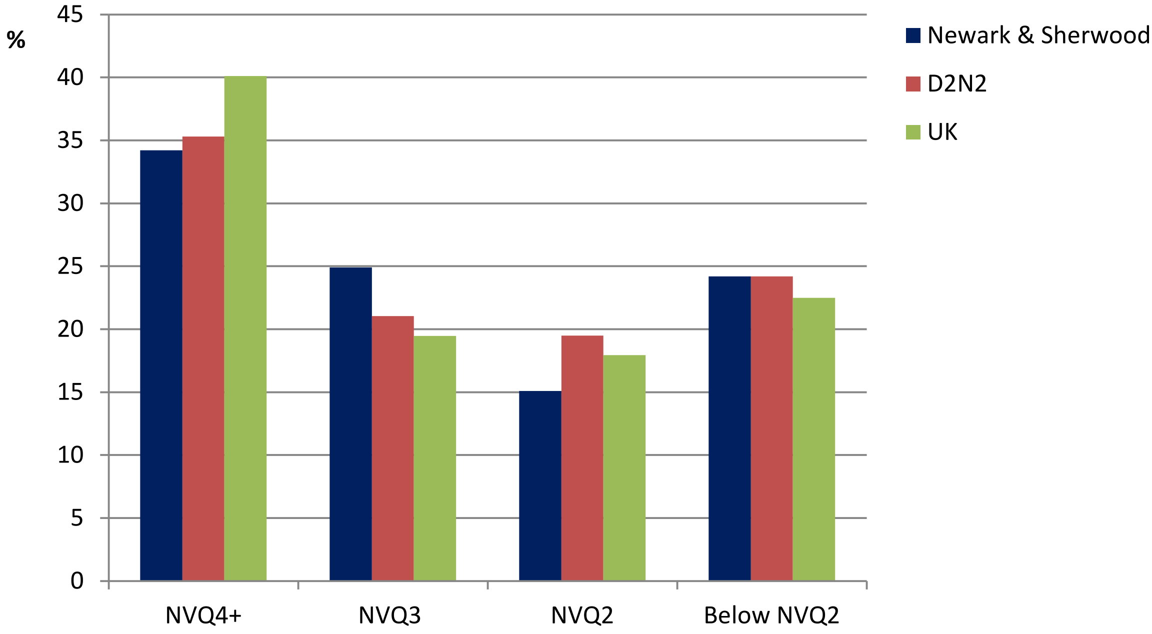
Although this indicator explicitly measures *qualifications* rather than *skills* (which may be unaccredited), it is widely available and comparable across time and geographical area. However, it is important to emphasise that an individual's highest level of qualification may or may not confer

[6] Atherton, Andrew and Price, Liz, Gray, David and Bosworth, Gary, on behalf of the East Midlands Development Agency, 2010. '*The relationship between rurality, skills and productivity in the East Midlands: final report.'* Nottingham: emda.

[7] National Vocational Qualification/National Qualification Framework equivalence.

the type and level of skills necessary for their job-role, and that individuals working in highly skilled jobs (such as owner-managers of businesses) may not necessarily have formal qualifications at an equivalent level.

Chart 5: Highest Qualification of Employed Residents (%), 2012



Source: ONS Crown Copyright, 2013. '*Annual Population Survey*', January-December 2012. From NOMIS [accessed 7th of October, 2013].

Chart 5 shows that:

- The qualifications profile of employed residents in Newark & Sherwood is similar to the D2N2 average in terms of the proportions of employed residents holding higher- and lower-level qualifications;
- Both the D2N2 area overall and Newark & Sherwood have significantly lower than average proportions of employed residents qualified to Level 4+, at 35.3% and 34.2% respectively (compared to 40.1% in the UK);
- An above average proportion of employed residents had qualifications below Level 2 in both the D2N2 area overall and Newark & Sherwood, at 24.2% in both cases compared to 22.5% in the UK; and
- There are significant differences in the profile of employed residents in Newark & Sherwood with regards to intermediate qualifications at Level 3 and Level 2. In the District Council area, 24.9% of the resident workforce had qualifications at Level 3 – a significantly higher proportion than either D2N2 (21%) or the UK (19.5%). Conversely, employed residents in the District Council area were less likely than average to have highest qualifications at Level 2, at 15.1% compared to 19.5% in the D2N2 area and 17.9% in the UK.

This local over-representation of intermediate qualifications at Level 3 is consistent with the structure of employment by occupation for Newark & Sherwood, illustrated in Chart 6, which suggests a demand for intermediate 'technician' skills at this level.

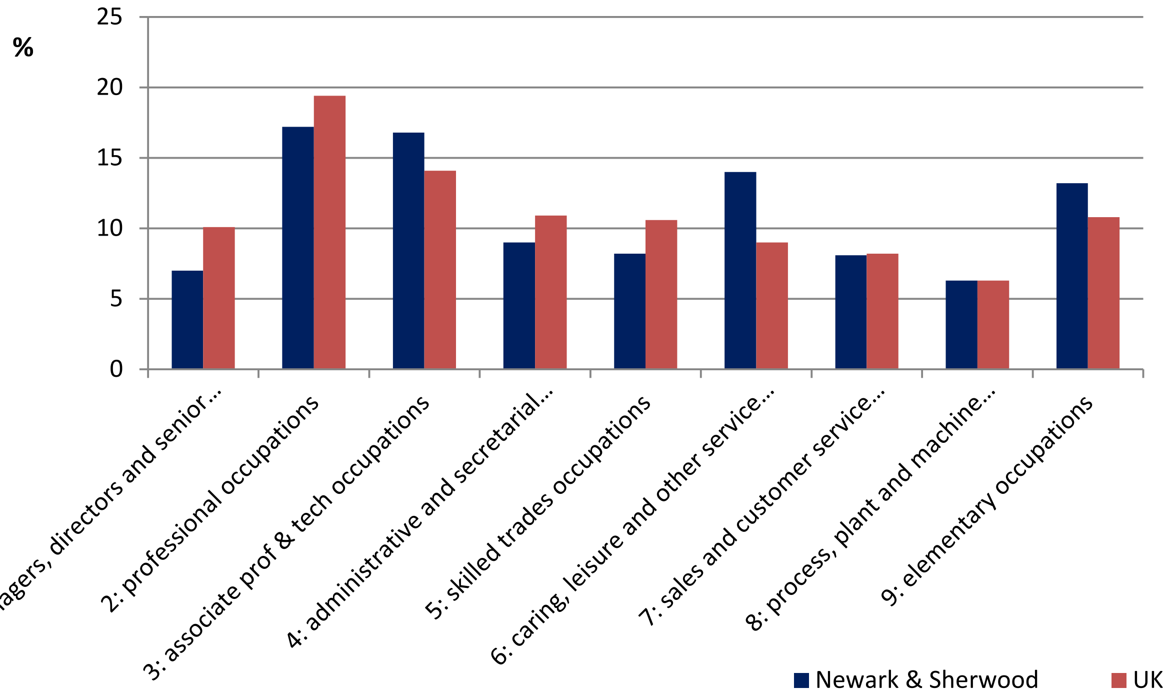
Employment by occupational group is an important indicator of the deployment of skills and the levels of skill required in the workplace. The Standard Occupational Classification (SOC, 2010) is derived from Labour force Survey responses on the activities that individuals do in their jobs based on *skills specialisation* (the types of skill used) and *skill level*. These correspond closely to the levels of qualification supplied in the workforce (Chart 5) – although it is important to again emphasise that, just because an individual is in a job that requires a given level of skill, it does not necessarily mean that they have formal qualifications equivalent to that level.

Chart 6 compares the structure of employment by occupation in Newark & Sherwood to the UK average, showing that:

- The occupational groups associated with the highest level of skill (equivalent to a Level 4 qualification and above) account for a lower than average proportion of employment in Newark & Sherwood. Managers and Senior Officials account for 7% of employed residents locally, compared to 10.1% in the UK, whilst Professionals account for 17.2% compared to 19.4% in the UK;
- Conversely, residents in Newark & Sherwood are relatively more likely to be employed in the occupational group associated with the lowest level of skill. Elementary Occupations, which require little in the way of skill, formal education or qualifications to perform, accounted for 13.2% of employed residents in Newark & Sherwood compared to 10.8% nationally; and
- The structure of employment in Newark & Sherwood is significantly over-represented in two occupations that are associated with intermediate levels of skill:
    - Associate Professional and Technical occupations, which require skills equivalent to Level 3, accounted for 16.8% of employed residents locally compared to 14.1% in the UK. This occupation is associated with skilled technicians working in the construction, manufacturing and service sectors.
    - Caring, leisure and other service occupations, associated with sectors such as health and social care, is also significantly over-represented, accounting for 14% of employed residents in Newark & Sherwood compared to 9% in the UK. This occupation usually requires skills equivalent to a Level 2.

The importance of these two intermediate-skilled occupations to employment in Newark & Sherwood also suggests the need for interventions encouraging young people to access work-relevant, vocational training at Levels 2 and 3, such as the 100 Apprenticeship campaign in Newark & Sherwood, which aims to encourage local businesses to recruit young apprentices.

Chart 6: Occupational Group (SOC Major, 2010) of Employed Residents (%), 2012



Source: ONS Crown Copyright, 2013. '*Annual Population Survey*', January-December 2012. From NOMIS [accessed 7th of October, 2013].

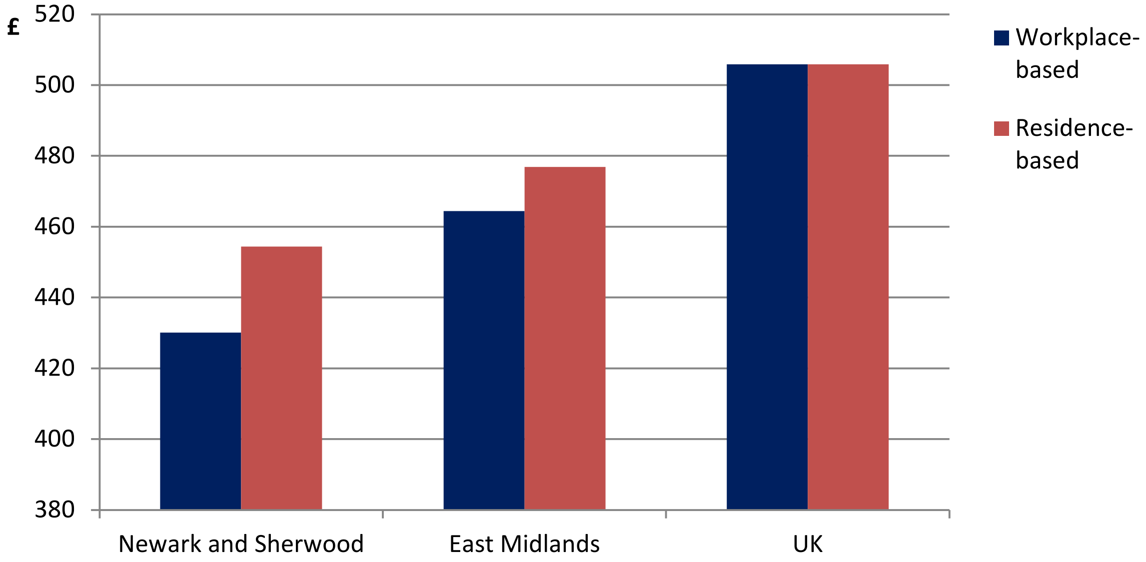
2.3 Earnings and Commuting

Earnings are often used as a proxy measure for the quality of local employment, on the assumptions that more highly skilled, productive individuals are paid more, and that employers who demand higher levels of skill are prepared to pay above the market rate in order to attract such workers.

Data is available at a district level for earnings based on both individuals' place of residence and their workplace from the Annual Survey of Hours and Earnings (ASHE). Therefore we can compare estimates for those who live in the district, some of whom may work elsewhere, and for those who work in the district, some of whom may live elsewhere. Using the assumptions above, if 'residence-based' are higher than 'workplace-based' earnings, it is reasonable to suggest that a significant number of higher paid (and thus more highly skilled, productive) residents are commuting out of the district to work somewhere else. Given Newark & Sherwood's good transport links, this is a clear risk if there is an insufficient demand for highly skilled work locally.

Chart 7 compares residence- and workplace-based earnings in Newark & Sherwood with the East Midlands and national averages. Note that LEP area averages are not published for this dataset.

Chart 7: Gross Weekly Pay (£ median, full-time workers), 2012



Source: ONS Crown Copyright, 2013. 'Annual Survey of Hours and Earnings, 2012', workplace-based and residence-based analysis. From NOMIS [accessed 17th October, 2013].

Chart 7 provides two clear messages. Firstly, median[8] weekly earnings for full-time workers in Newark & Sherwood are lower than the regional and national averages on both a residence- and workplace-basis. Secondly, earnings for those working in Newark & Sherwood are very significantly lower than for those who are resident in the district (but may be working elsewhere), at £430 compared to £454 a week. This strongly suggests that a significant proportion of those more highly skilled, better paid residents commute to work outside the district, and that local employment – on average – is less highly skilled and highly paid.

In 2011, the ONS conducted detailed analysis of commuting data from the 2008 Annual Population Survey, and compared it to the 2001 Labour Force Survey to provide an idea of change over time. Table 1 below shows the level of 'self-containment' in Newark and Sherwood, suggesting that only 49.8% of employed residents also work in the district, which is significantly lower than proportion for Nottinghamshire overall (58.6% of residents in Nottinghamshire also work in the county, with a further 23.7% working in Nottingham city). This makes Newark & Sherwood one of the less 'residence self-contained' districts in the East Midlands (for example, many parts of Lincolnshire are highly self-contained, with 70% of residents in South Kesteven also working in the district).

The table shows the key destinations for out-commuters from Newark & Sherwood. Unsurprisingly, Nottingham accounts for the largest share of out-commuters, at 12.1% of employed residents, followed by Mansfield, accounting for 11.2% of employed residents from Newark & Sherwood. The table also shows that the extent of these outward commuting flows have changed very little over time.

[8] In reporting earnings estimates, the median (the value at the centre of the distribution) is used instead of the mean (the arithmetically calculated average) because it is not skewed by a small number of very high earners.

Table 1: Place of work for employed Newark and Sherwood residents (% all residents with jobs), 2001 and 2008

	2001 flow	2008 flow	Is the 2001-2008 change statistically significant?
Newark and Sherwood	62.0%	49.8%	No
Nottingham	9.8%	12.1%	No
Mansfield	8.6%	11.2%	No
Bassetlaw	2.3%	3.6%	No
Ashfield	2.4%	3.0%	No
Lincoln	..	2.9%	*

Source: ONS Crown Copyright, 2011. '*Commute APS*', based on analysis of the 2001 Labour Force Survey and the 2008 Annual Population Survey.

Sections 2.2 and 2.3: Key Points

- Workforce skills are important in enabling businesses to develop innovative products, services and processes and/or successfully implement and take advantage of new technologies and ways of working. Skills are important for individuals, enabling them to access job opportunities and to progress within the labour market.
- Qualifications are an imperfect measure of skill. Individuals with a given level of skill may not have a formal qualification, and qualifications at a given level may not confer skills that are relevant to an individual's job. However, qualifications are a widely available proxy measure and are comparable between areas and over time.
- Newark & Sherwood has a lower proportion of employed residents with the equivalent of a degree compared to the national average, and has a higher proportion with qualifications below a Level 2 (including no qualifications), with a correspondingly lower than average proportion of residents qualified to Level 2 (the equivalent of 5 GCSEs at grades A*-C).
- However, the district has a particularly high proportion of employed residents qualified to a Level 3, which is associated with 'technician-level' skills required in Associate Professional occupations in manufacturing, construction and the services.
- Occupations describe the kind of jobs individuals do and the level and type of skills required to do them. Newark & Sherwood has a lower proportion of residents working in the two occupations associated with higher-level skills (Managers and Professionals), and higher proportions of residents working in jobs that require few or no formal qualifications or skills (the Elementary Occupations).
- Reflecting the higher proportion of residents qualified to a Level 3, there is a higher than average proportion working in Associate Professional and technical occupations.
- Average earnings in Newark & Sherwood are lower than either the regional or national averages. A comparison of earnings based on where people work and where they live suggests that a significant proportion of more highly paid/skilled workers commute to workplaces outside the district. This is confirmed by an analysis of commuting data, which suggests that the district is not particularly self-contained, with significant proportions of residents commuting to work in Nottingham and Mansfield.

3. Business Growth

Local economic growth is facilitated by a number of factors, including the wider regional and national (and international) business environment, the skills of the local workforce (see Section 2.2), connectivity and infrastructure (including the communications infrastructure), and the extent and quality of entrepreneurial and innovative activity.

Evidence on the current state of the business environment suggests a mixed picture, with increasing signs of improvement alongside evidence of some persistent barriers and challenges. These include:

- Increasing business birth rates and falling death rates across the UK, although new business survival rates remain significantly lower than pre-recession levels;
- In the UK overall, earnings growth has been significantly lower than the rate of inflation in almost every quarter since the onset of recession (in the second quarter of 2008). The latest estimate of total earnings growth was 0.7% between June-August 2012 and June-August 2013, compared to a rate of inflation for September of 2.7% (on the CPI). This prolonged squeeze on household incomes may present a significant threat to recovery, particularly in terms of consumer spending;
- Business investment in capital, research & development, or workforce training remains well below the pre-recession level, which represents the other key threat to future growth;
- Many smaller firms may have substituted relatively cheap labour (retaining staff on frozen or lower wages) for investment, resulting in a loss of productivity – both for the individual firms and for the UK economy in aggregate;[9]
- Lenders interviewed for the latest Bank of England's Agents' Report stated that the demand for credit from businesses remained low – with many businesses concerned not to take on additional risk and to rebuild their cash reserves;
- However, businesses reported that, when they did need loans - for either working capital or to finance growth - lenders remained overly risk averse and could be unwilling to provide credit;[10]
- In this respect, the loan fund for businesses being implemented in Newark & Sherwood, 'Think BIG', may help to overcome the barriers smaller firms have experienced when trying to access growth finance;[11]
- Regional and national surveys suggest that export activity has increased significantly, in both the production and service sectors, business confidence is improving, and that this is translating into increased recruitment activity; and
- The Derbyshire & Nottinghamshire Chambers of Commerce 'Quarterly Economic Survey' (Quarter 3, 2013) reports that local firms have experienced significant improvements in sales (both UK sales and exports) and cash flow for the last two quarters.

[9] Institute of Fiscal Studies (IFS), 2013. '*Workers keep their jobs but one third faced nominal wage freezes or cuts*'. URL:http://www.ifs.org.uk/pr/fs_june2013_launch_pr.pdf

[10] Bank of England, September 2013. '*Agents' Report*'. URL: http://www.bankofengland.co.uk/publications/Pages/agentssummary/default.aspx

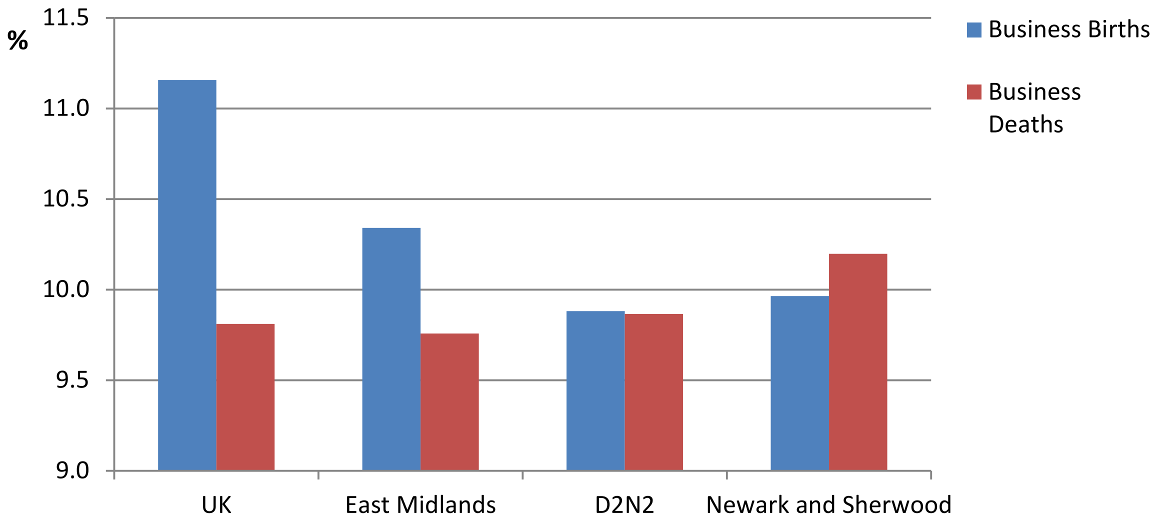
[11] See: www.investnewarkandsherwood.co.uk

3.1 Enterprise and Business Survival

The main source of data on the business activity for Newark & Sherwood relates to business births, deaths and survival. Indicators of business start-up are important in informing economic development policy, as new starts can enhance the business stock and act as a spur to competition, with new entrants displacing less innovative incumbents and generating higher-quality employment.

This process of churn re-allocates resources away from less efficient firms to more efficient ones and is a feature of high performing economies.

Chart 8: Business Birth and Death Rates (births/deaths as a % of total business stock), 2011



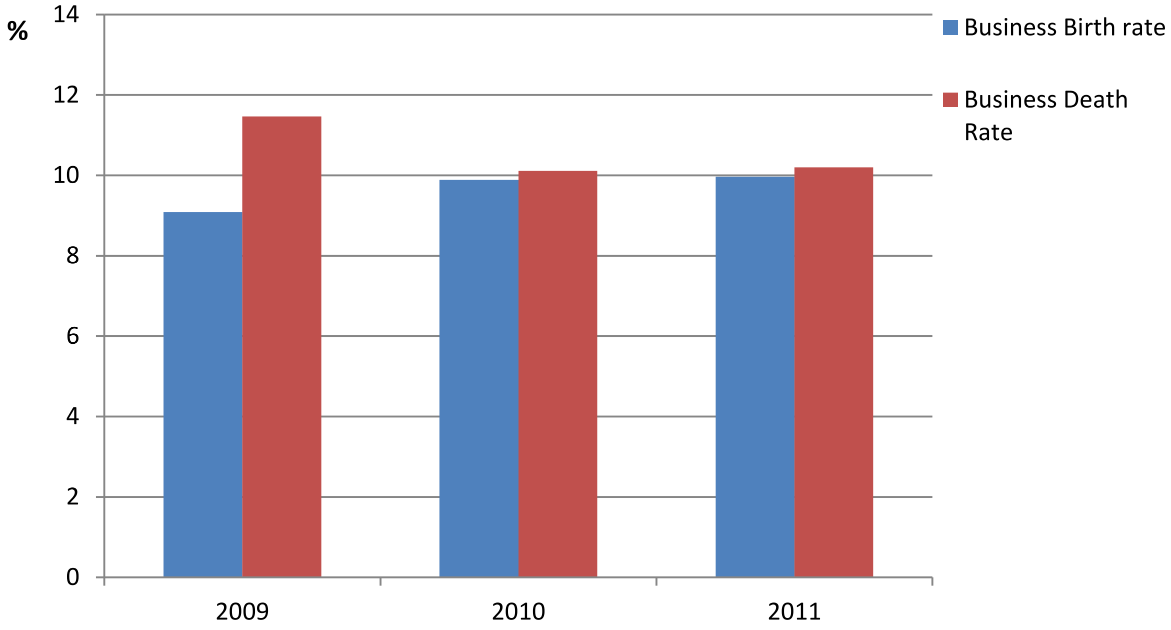
Source: ONS Crown Copyright, 2012. '*Business Demography 2011 – Enterprise Births, Deaths and Survivals.'*

Chart 8 shows that, in 2011, Newark & Sherwood had a business birth rate in line with the rate for the D2N2 area overall, at 10% compared to 9.9%. This was also close to the East Midlands average, of 10.3%. However, business birth rates have been consistently lower than the national average (11.2% in 2011) across much of the East Midlands prior to and following the recession.

The business death rate in Newark and Sherwood exceeded the birth rate in 2011 (and also in 2009 and 2010 – see Chart 9), meaning that the business population has been decreasing slightly in each of the 3 years – i.e. the net change has been negative.

The death rate in Newark & Sherwood was also slightly higher than the LEP, regional or national averages. However, Chart 9 also shows that the death rate has decreased significantly between 2009 and 2011, from 11.5% to 10.2%, whilst the business birth rate has also increased more modestly over the same period (from 9.1% to 10%).

Chart 9: Change in Business Birth and Death Rates (births/deaths as a % of total business stock) in Newark & Sherwood, 2009 – 2011



Source: ONS Crown Copyright, 2012. '*Business Demography 2011 – Enterprise Births, Deaths and Survivals.'*

The total stock of businesses in Newark & Sherwood declined between 2009 and 2011, due to the negative net balance between business births and deaths described above. The end-of-year count of businesses in the area fell from 4,405 to 4,315 – a decrease of 2% over the period. This is lower than the rate of decrease experienced in D2N2, at 2.8% between 2009 and 2011, but slightly higher than the change in the East Midlands region, where the business stock fell by 1.8%. The business stock in the UK overall remained broadly stable through the period 2009-2011.

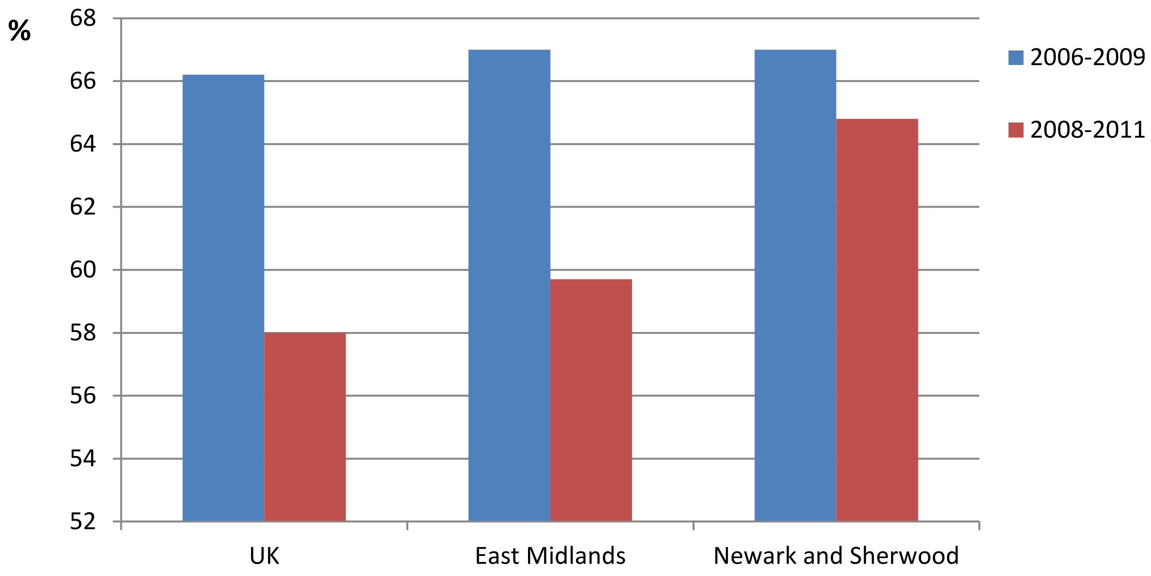
As well as looking at the change in the total business population over time, due to the balance between birth and death rates, we can also look at the change in the survival rates of new businesses. This measure differs significantly from death rates (i.e. *all* businesses, regardless of age, that have ceased trading in a given year as a proportion of the total stock of all businesses), as survival rates specifically measure the number of *new* businesses born in a given year that are still trading after a certain period of time (usually 1, 2, 3, or 5 years).

Chart 10 shows that, in 2011, Newark & Sherwood had a significantly higher 3 year survival rate than either the national or East Midlands regional averages (survival rates are not published at a LEP level) and that the survival rates in 2011 in Newark & Sherwood had fallen by significantly less than either the national or regional averages since 2009:

- In Newark and Sherwood in 2009, 67% of businesses born in 2006 were still trading (i.e. had survived 3 years). This was in line with the East Midlands average and slightly above the UK average of 66.2%; and
- With the onset of recession, three year survival rates had fallen by only 2.2 percentage points in Newark & Sherwood by 2011, with 64.8% of businesses born in 2008 still trading.

Survival rates fell much more significantly in the East Midlands (by 7.3 percentage points), to 59.7%, and in the UK (by 8.2 percentage points), to 58%.

Chart 10: 3 Year Business Survival Rates, % of new business starts surviving 3 years - 2006 to 2009 and 2008 to 2011



Source: ONS Crown Copyright, 2012. '*Business Demography 2011 – Enterprise Births, Deaths and Survivals.*'

Together these indicators present a somewhat mixed picture for Newark & Sherwood, with new businesses born in 2008 being significantly more likely to survive 3 years compared to the UK and East Midlands averages, whilst the rate of new business start-up has consistently been slightly lower than average – although it has recovered between 2009 and 2011.

3.2 High Growth Companies

Increasing business start-up and survival are not the only indicators of a competitive SME base. In order to support private-sector job growth, local economic development strategies also need to support a greater number of businesses attaining 'high growth' (in this case, defined as an average employment growth of 20% per annum over a 3 year period). Research suggests that although such firms only accounted for 7% of the business stock in the UK overall, they were responsible for around 50% of all new jobs generated between 2002 and 2008.[12]

However, such companies are hard to identify before they attain high growth, as they can be found across all sectors of the economy, can be recent start-ups or established companies, can be large or small employers, and can be located in urban or rural areas. The one characteristic these firms share is that they are innovative, and have the following common needs:

- Access to finance for growth;

[12] NESTA, '*Vital Growth: The importance of high growth businesses to the recovery*', March 2011.

- A skilled workforce;
- Infrastructure that enables the flow of ideas (i.e. physical and electronic communications infrastructure – including fast broadband connectivity); and
- A demand for innovative products and processes, stimulated through supply-chain and public sector procurement activities.

The key message for the Newark & Sherwood growth strategy from this research on high growth businesses is that, although it may not be possible to predict which businesses will attain 'high growth', we can target the factors that will better enable them to do so. These factors, particularly workforce skills, access to finance and a supportive infrastructure are also needed by the wider business population – including those firms that may not wish to become 'high growth'.

Section 3: Key Points

- National and local evidence suggests an improving business environment, with increasing sales (domestic and exports), turnover and profits, and recovering levels of recruitment. However, squeezed household incomes and subdued business investment remain the key threats to a sustained recovery.
- Low investment levels are due to both supply and demand-side factors. Businesses are understandably cautious in investing in capital and accessing finance for growth, preferring instead to rebuild cash reserves; whilst lenders continue to be risk averse, and can be particularly unwilling to provide growth finance to smaller companies.
- In Newark & Sherwood, new business birth rates have recovered modestly since 2009, whilst business death rates have fallen. However, birth rates are significantly below the national average and death rates remain higher than average.
- The higher level of business deaths compared to births has led to a slight fall in the total business stock in Newark & Sherwood between 2009 and 2011.
- Survival rates for new businesses remain significantly higher than average in Newark & Sherwood, and have decreased by less since the onset of recession compared to the national and regional averages.
- It is also important that local strategy focuses on the factors that enable existing companies to achieve 'high growth'. High growth businesses have been responsible for a large share of private sector job generation across the UK. They are very difficult to identify before they attain high growth, and can be in any industrial sector, can be new or established firms, and can be SMEs or large employers. However, high growth businesses share common needs, such as access to a skilled workforce, high quality infrastructure (including 'knowledge infrastructure', such as fast broadband speeds), and access to growth finance.

4. Business Structure and Key Sectors

The industrial structure of an area has a direct impact on its ability to respond to economic shocks. This responsiveness has been termed 'adaptive capability' and it is the capacity of an area to 'respond to exogenous forces on the one hand, and on the other, to create new paths of economic development from within'. Adaptive capability provides a way for an area to avoid getting 'locked in' to a path of long term economic decline[13]. Economic shocks can occur in any industry and can originate in local (for example the closure of a major employer), regional, national or global economies (the recession of 2008/09) and can be unpredictable. For this reason it is preferable that an economy should demonstrate resilience and the ability to recover quickly from any kind of shock.

Another key concept that is important to consider when discussing the industrial structure of an area is 'path dependency'. This describes the idea that likely future paths of development are, at least in part, dependent on historic characteristics and trajectories. For example, current strengths in manufacturing in Nottinghamshire can be seen to reflect historic experiences of industrialisation, the presence of raw materials such as coal and other minerals, alongside accumulations of both human and physical capital. The current industrial structure of the area will therefore have significant bearing on the kind of industrial strengths that are likely to develop and be sustained in the future.

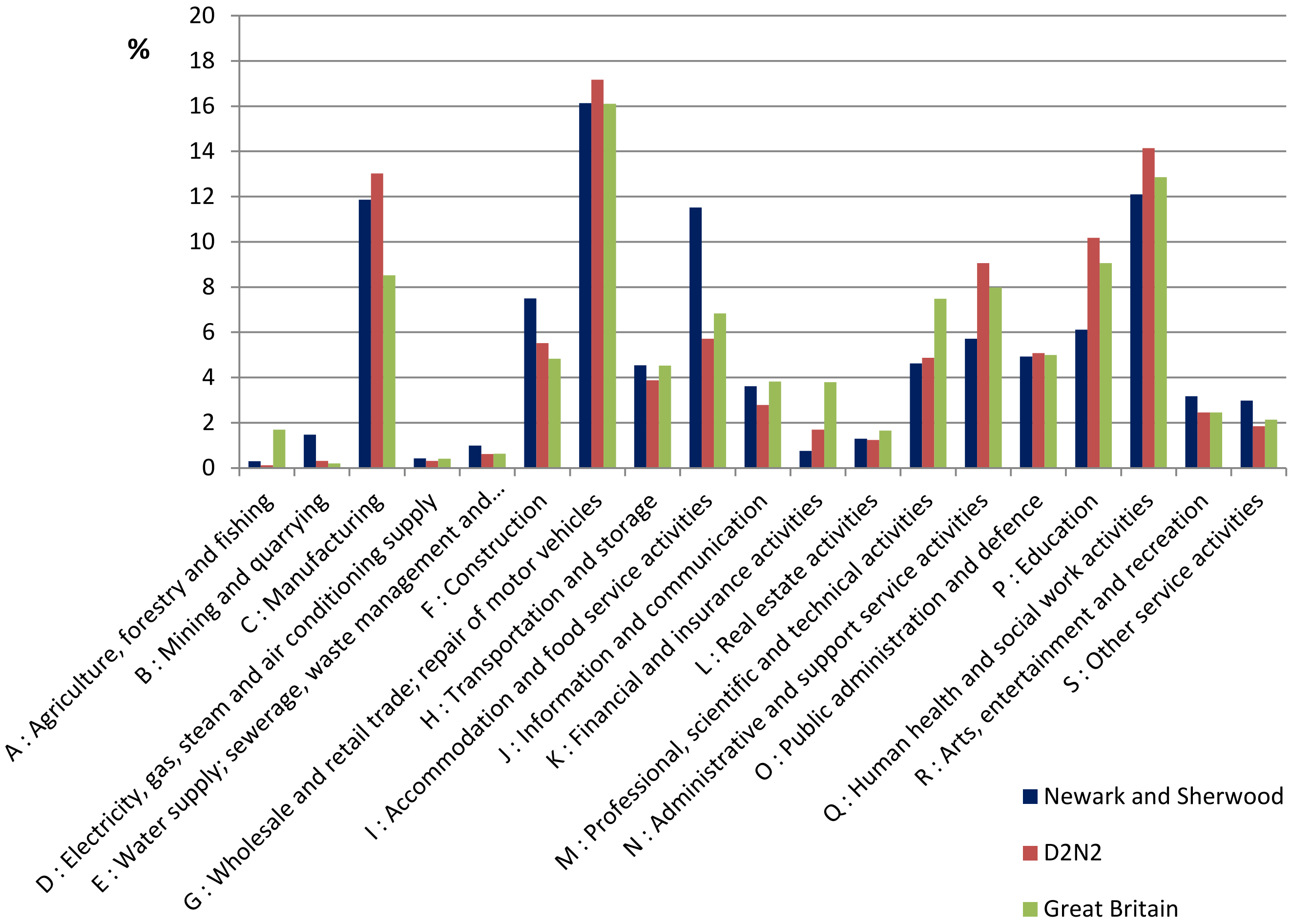
Chart 11 illustrates the structure of employment by sector in Newark & Sherwood, in terms of jobs located in local workplaces (rather than the residence-based measures of occupation in Section 2.2), compared to the D2N2 and national averages. This data includes both employees and working proprietors. The chart shows that:

- The largest employment sector in Newark & Sherwood is 'Wholesale and Retail trade', which accounted for 16.1% of workplace-based employment in 2011. However, this share of employment is in line with the national average and slightly lower than the proportion employed in this sector in the D2N2 LEP area overall (17.2%);
- Associated with this sector is 'Transport & Storage' (some employers who would describe their activities as 'distribution' will fall within the 'Wholesale' classification above, whilst others will be included in 'Transport & Storage'). This sector accounts for a further 4.5% of workplace-based employment in Newark & Sherwood, in line with the national average but slightly higher the proportion for D2N2 (3.9%);
- 'Human health and social work' is the second largest employment sector in the district. Again, the sector accounts for a similar proportion of employment as the national average (at 12.1% compared to 12.9%), but accounts for a lower proportion than in the D2N2 area overall (14.1%);
- 'Manufacturing' is the third largest employment sector in the district, and is significantly over-represented in Newark & Sherwood compared to the national average, accounting for 11.9% of workplace jobs locally compared to 8.5% in Great Britain. This is slightly lower than the level in the D2N2 area as a whole (13%) but still represents a very significant local sector – explored in more detail in Chart 12;
- 'Construction' is significantly over-represented in Newark & Sherwood compared to both the LEP area and the national averages, accounting for 7.5% of employment locally compared to 5.5% in D2N2 and 4.8% in Great Britain; and
- Finally, 'Accommodation and food service activities' represents the most significant relative over-representation, accounting for 11.5% of employment in Newark & Sherwood compared

[13] R Martin, University of Cambridge, on behalf of *emda, 'Thinking About Regional Competitiveness'*, 2005.

to 5.7% in D2N2 and 6.8% in Great Britain. This sector will include hotels and restaurants along with some food packaging and distribution (i.e. supply to hotels and restaurants). It is likely that estimates of employment in this sector pick up CentreParcs, an important national accommodation and leisure provider with headquarters within the district.

Chart 11: Employment by SIC 2007 Sections (%), 2011



Source: ONS Crown Copyright, '*Business Register and Employment Survey*', 2011. Analysed in accordance with Chancellor's Notice: NTC/BRES11-P0325; held for research and economic briefing within the D2N2 Local Enterprise Partnership area.

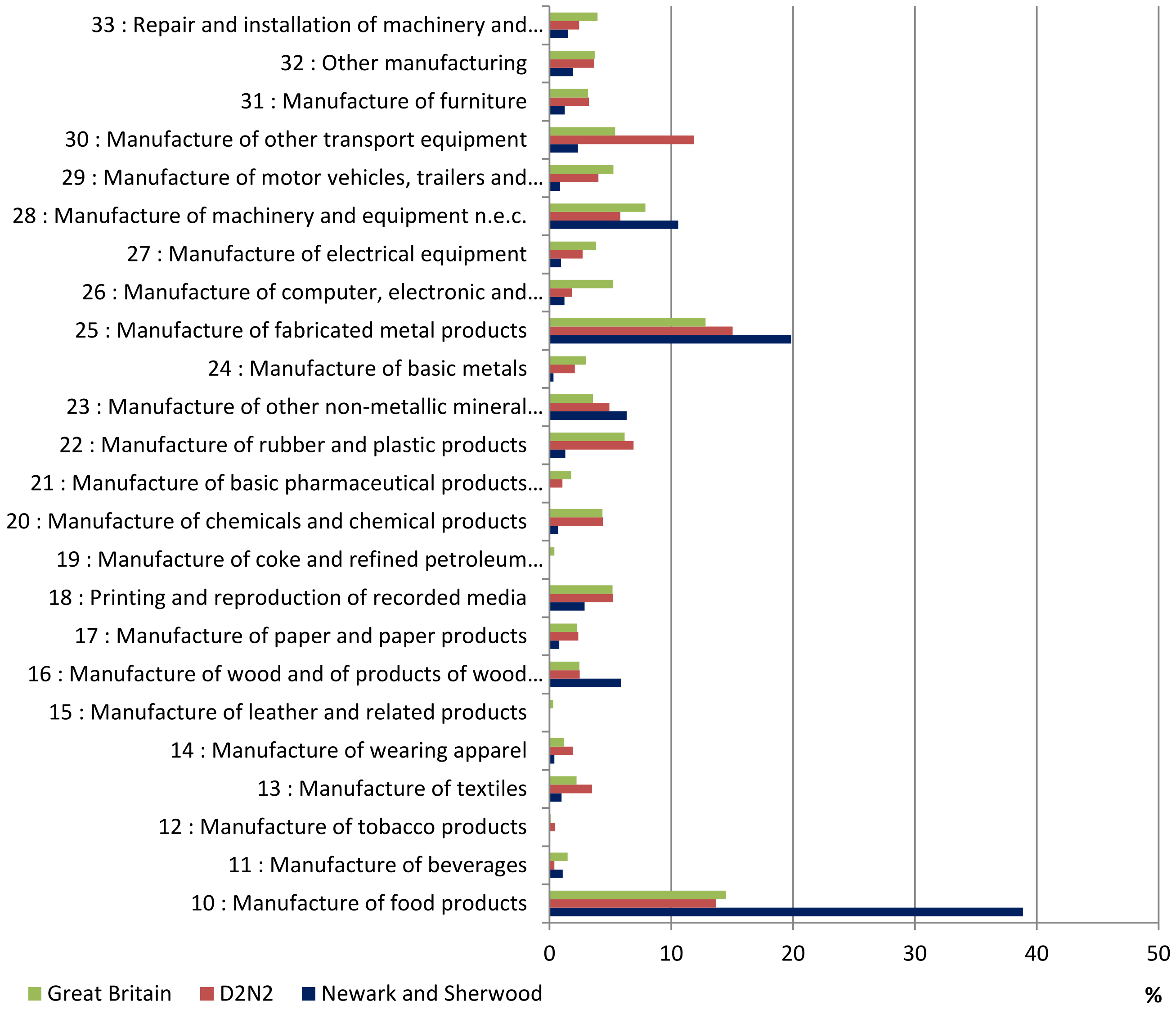
The Standard Industrial Classifications provide significant sub-sectoral detail for Manufacturing. Employment in these more detailed sub-categories is illustrated in Chart 12, as a proportion of total employment in the wider Manufacturing sector (SIC Group C)

The chart shows three manufacturing sub-sectors that are particularly important in Newark & Sherwood:

- The 'manufacture of food products', which accounts for the largest share, at 38.9% of local manufacturing employment. This significantly exceeds the sub-sector's share of manufacturing employment in the D2N2 area or Great Britain (at 13.7% and 14.5% respectively);

- The 'manufacture of fabricated metal products' is also significantly over-represented in the district, accounting for 19.8% of Manufacturing employment compared to 15% in D2N2 and 12.8% in Great Britain; and
- The 'manufacturing of machinery and equipment not elsewhere classified' includes the production of turbines for the energy generation sector, pumps, ovens, furnaces, power-tools, air conditioning and other cooling and ventilation equipment, agricultural tools and machinery, and specialist machinery and equipment for other manufacturing sub-sectors (such as equipment used in food production). This sub-sector accounts for 10.6% of total manufacturing employment in Newark & Sherwood, compared to 5.8% in the D2N2 area and 7.9% nationally.

Chart 12: Manufacturing employment by SIC 2007 2-digit Sub-Sector (% total Manufacturing employment), 2011



Source: ONS Crown Copyright, Business Register and Employment Survey (BRES), 2011.

The analysis in Charts 11 and 12 allow the Key Sectors identified by Newark & Sherwood District Council to be re-assessed and refined as follows:

- **Distribution/Logistics** – represented by the large share of local employment in 'Wholesale and Retail trades', with some food packaging and supply to hotels, pubs and restaurants picked up in 'Accommodation and Food Service Activities';
- **Retail** – as above, represented by the large share (although in-line with the national average) of employment in the 'Wholesale and Retail trades';
- **Engineering** – evidenced by the local over-representation in the Manufacturing sub-sectors 'manufacturing of fabricated metals (except machinery and equipment)' and 'manufacturing of machinery and equipment not elsewhere classified' ; and
- **Food and Drink** - both through the very significant local over-representation in 'Accommodation and Food Service Activities' (the majority of which is related to the preparation and service of food and drinks in hotels, restaurants, pubs and takeaways) and also the large share of Manufacturing employment in the 'manufacture of food products' sub-sector.

Although not prioritised in the current strategy, analysis of the latest BRES data suggests that **Construction** is also a locally important employment sector (compared to both the national average and the D2N2 LEP area).

To understand the kind of companies working in these key sectors, the database 'Financial Analysis Made Easy' (FAME - accessed under license by Nottingham Trent University) provides some case studies of key employers by sector as follows. Note that the FAME outputs presented in Table 2 may not pick up key local employers where the headquarters are located elsewhere (such as the Currys/Dixon distribution centre) – it will principally pick up businesses where the main trading address and/or head offices are based locally.

Table 2: Key Sector Employers (based/head quartered) in Newark & Sherwood

Distribution/Logistics and Retail - 'Retail and Wholesale Trades' and 'Transport and Storage' • **JTF Whole Sale Limited** (Walker Industrial Estate, Newark) – wholesale trade of a wide range of household goods and seasonal products. • **Tanvic Group Limited** (Newark) – national tyre distributors. • **Brownhills Motorhomes and Hosting Developments Limited** – both companies involved in the retail and motorhomes and related products and services. • **Allseas Global Logistics Limited** (Farnsfield, Newark) – international freight distribution.
Engineering – 'Manufacturing of fabricated metals' and 'Manufacturing of machinery and equipment n.e.c' • **Kybotech Limited** (Sutton on Trent) - The manufacturing, retailing and distribution of garden products/manufacturing of machinery and equipment n.e.c. • **A1 Sheet Metals Limited** (Boughton Industrial Estate) - the manufacture and installation of stainless steel flues for commercial use.

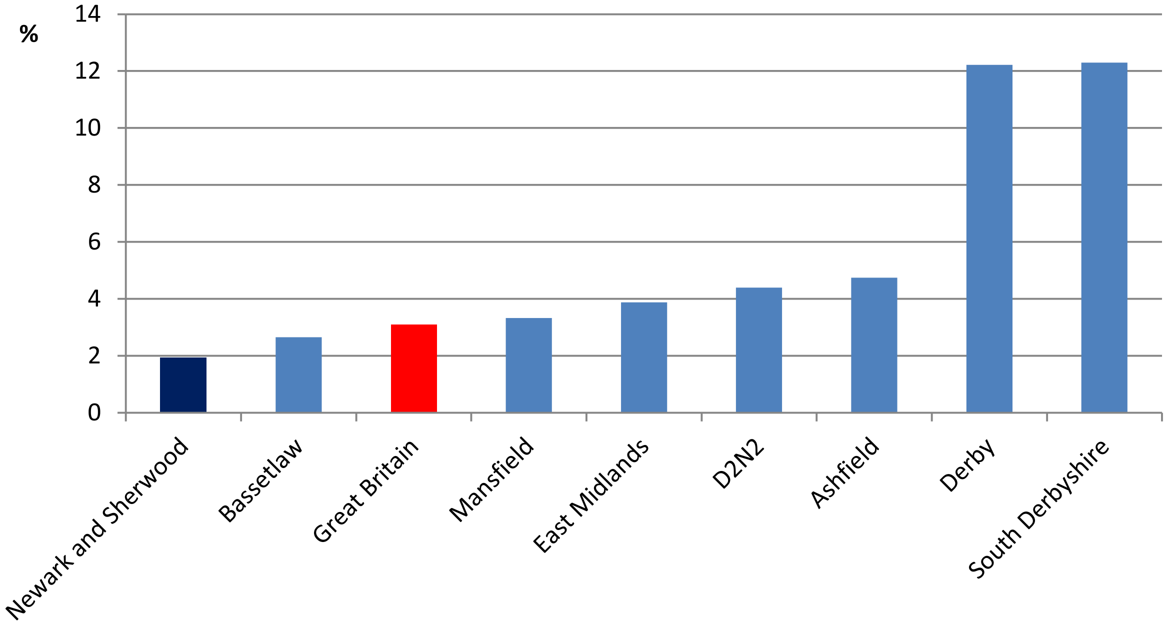
• **Hutchinson Engineering Services Limited** (Weston) - engineering, repair and wholesale of industrial plant and equipment, haulage and fuel sales.
Food - 'Manufacturing of food products' and 'Accommodation and food services activities' • **Bakkovor Food Limited** (Newark) - holding company including Lauren's Patisseries, engaged in the manufacture, marketing and distribution of fresh produce and prepared foods. • **Daloon Foods UK Limited** (Newark) - The manufacture and distribution of frozen foods.
Construction • **Derry Building Services Limited** (Newark) - a subsidiary of Bowmer and Kirkland, providing electrical installation/ mechanical services engineers and electrical contractors. • **Robert Woodhead Limited** (Bilsthorpe) - Building contractors and developers. • **CBS Monaco Limited** (Carlton on Trent) – a subsidiary of Champion Home Builders, engaged in the pre-engineering of multi-storey accommodation buildings

Source: Bureau Van Dijk, 2013, '*Financial Analysis Made Easy* – FAME', accessed under license by Nottingham Trent University (21st October, 2013].

Although Manufacturing is relatively important to employment in Newark & Sherwood, commonly used indicators of manufacturing innovation suggest that the area may have lower levels of innovative activity compared to elsewhere. The profiling of employment in 'high- and medium-high technology' manufacturing sub-sectors is utilised by the Department for Business, Innovation and Skills (BIS) and the European Commission as a proxy measure for innovation at a local level. This measure aggregates employment in sub-sectors that, at a national and international level, have adopted highly advanced technological development or devices, mainly the use of electronics, and are characterised by a high 'technological intensity' (measured by R&D spend as a proportion of total value added in the sector). Such sub-sectors include: chemicals and pharmaceuticals, computers and electronic products, electrical equipment, motor vehicle and other transport equipment manufacturing, and the manufacture of other machinery and equipment. Although Newark & Sherwood has a high representation of employment in one of these sub-sectors (the manufacture of machinery and equipment n.e.c.), and has a number of important employers operating in other high technology sectors, including AVG (developers of security and anti-piracy software), the total concentration of individuals employed in these activities locally is relatively small.

Chart 13 presents total employment in high- and medium-high technology industries as a proportion of all workplace-based employment, including the LEP area, national and regional averages, and a range of comparator districts (such as those within the North Nottinghamshire NUTS3 area). This shows that Newark & Sherwood has a particularly low proportion of employment in innovation-intensive manufacturing sectors, at only 1.9% of employment in 2011, compared to 3.1% nationally, 4.4% in the D2N2 LEP area overall, and over 12% in both Derby and South Derbyshire (associated with the concentration of employment in automotive, rail and aerospace manufacturing and its supply chains in those areas).

Chart 13: Employment in High- and Medium-High Technology Industries (% total work-place based employment), 2011



Source: ONS Crown Copyright, '*Business Register and Employment Survey*', 2011. Analysed in accordance with Chancellor's Notice: NTC/BRES11-P0325; held for research and economic briefing within the D2N2 Local Enterprise Partnership area.

Section 4: Key Points

- The largest proportion of employment in the Newark & Sherwood District Council area is in 'Wholesale and Retail trades', although this proportion is in-line with the national average. This sector covers activities related to both the Distribution/Logistics and Retail Key Sectors identified in the Newark & Sherwood growth strategy.
- Manufacturing is significantly more important to the local economy than nationally. The 'manufacture of food products' makes up by far the largest share of manufacturing employment, followed by the 'manufacture of machinery and equipment not elsewhere classified' (describing a wide ranging of engineering activities, including machinery and equipment used in other production processes) and the 'manufacture of fabricated metals'. These sectors are captured by the Key Sectors of Food and Drink and Engineering in the Newark & Sherwood economic growth strategy.
- Other sectors where Newark & Sherwood is relatively over-represented in employment terms include 'Construction' and 'Accommodation and food services'.
- Despite the relative concentration of manufacturing employment in the district, there is a lower share of employment in sectors identified as 'high and medium-high technology' compared to elsewhere in the D2N2 area.

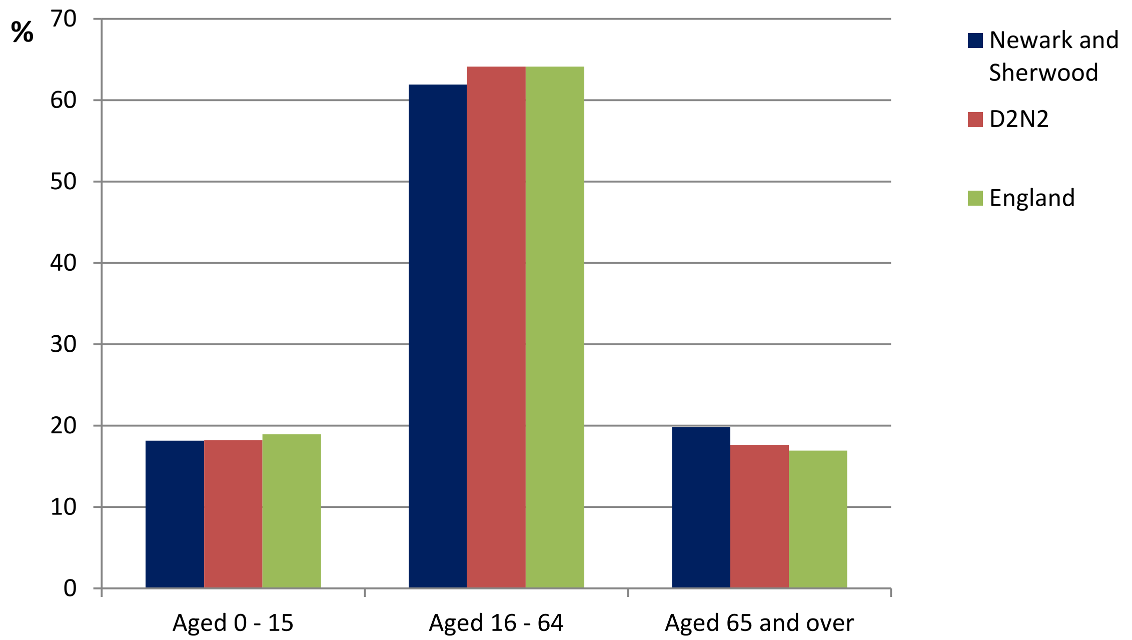
5. Population and Infrastructure

5.1 Demography, Migration and Population Ageing

According to the ONS Mid-Year Estimate (MYE) of usual resident population, Newark & Sherwood had a population of 115,800 individuals in 2012, 5.5% of the total population of the D2N2 Local Enterprise Partnership.

Chart 14 illustrates the age profile of the district, grouping the population by the three broad age-bands commonly used in demographic analysis: school age (% of residents aged 0-15); working age (% of residents aged 16-64); and pensionable age (% of residents aged 65 and over). This shows that the district has an older age profile than either the national average or the D2N2 LEP area overall, with 19.9% of residents aged 65 and over (compared to 16.9% in England). There is a smaller proportion of working age residents in the district, at 61.9% (compared to 64.1% in both the D2N2 area and England overall), whilst the proportion of residents in the school age group is in line with the LEP area average and a little below the national average, at 18.1% compared to 18.9% in England overall.

Chart 14: Population by age-band (%), 2012



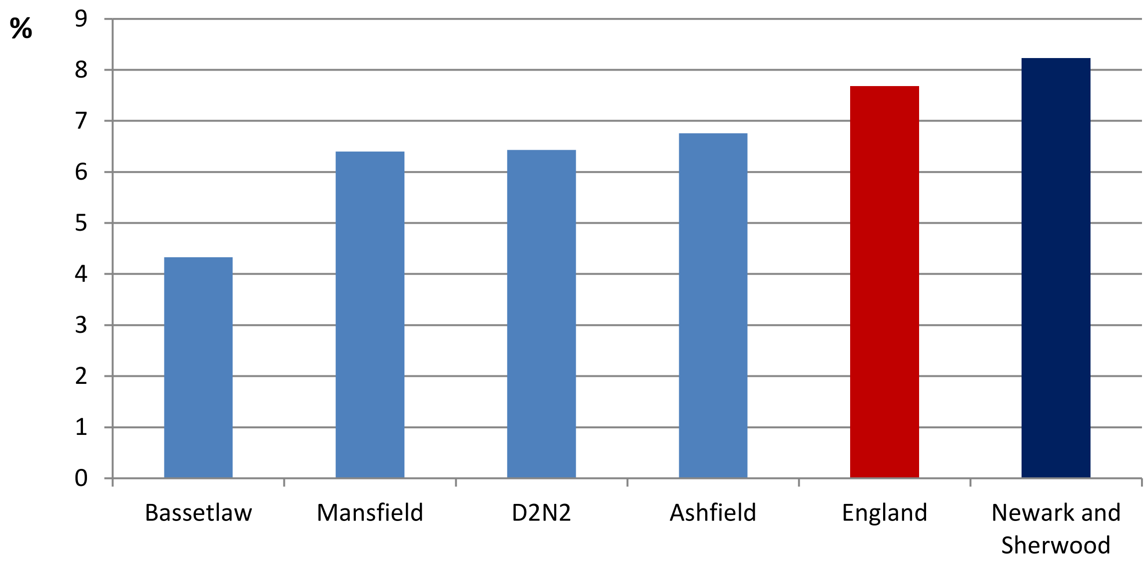
Source: ONS Crown Copyright, '*Mid-Year Population Estimates*', 2012. From NOMIS [accessed 22nd October, 2013].

Chart 15 shows how the total population of Newark & Sherwood has changed over time. The district has experienced a significantly higher rate of growth over the last decade compared to both the national average and the average for the LEP area as a whole (and significantly exceeding the rate of population growth experienced in the other Local Authority Districts in the North Nottinghamshire NUTS3 area):

- Between 2002 and 2012, the population of Newark & Sherwood is estimated to have increase from 107,000 to 115,800 – a growth of 8.2% over the decade; and

- The rate of population growth experienced in England during the same period was 7.7%. The population of the D2N2 LEP area grew at a slower rate, at 6.4%. Ashfield and Mansfield experienced similar rates of population growth to the LEP average, whilst the population of Bassetlaw grew at a significantly slower rate.

Chart 15: Total Population Growth (%), 2002-2012



Source: ONS Crown Copyright, '*Mid-Year Population Estimates*', 2002-2012. From NOMIS [accessed 22nd October, 2013].

Looking at the age profile in 2002 compared to 2012, it appears that the district has experienced an above average level of population ageing:

- In 2002, 17.4% of the population were in the pensionable age group (increasing to 19.9% in 2012);
- Also in 2002, 19.9% of residents were in the school age group (falling to 18.1% in 2012); and
- The number of residents in the pensionable age group in Newark & Sherwood grew by 19.1% over the decade, compared to 13.6% in the D2N2 area and 13% in England overall.

The ONS provide estimates of the components s of population change between Mid-Year Estimates. These illustrate the relative importance of net migration compared to natural change (the balance of births and deaths in a given year). Net inward migration of working age people is particularly important in areas that experience population ageing.

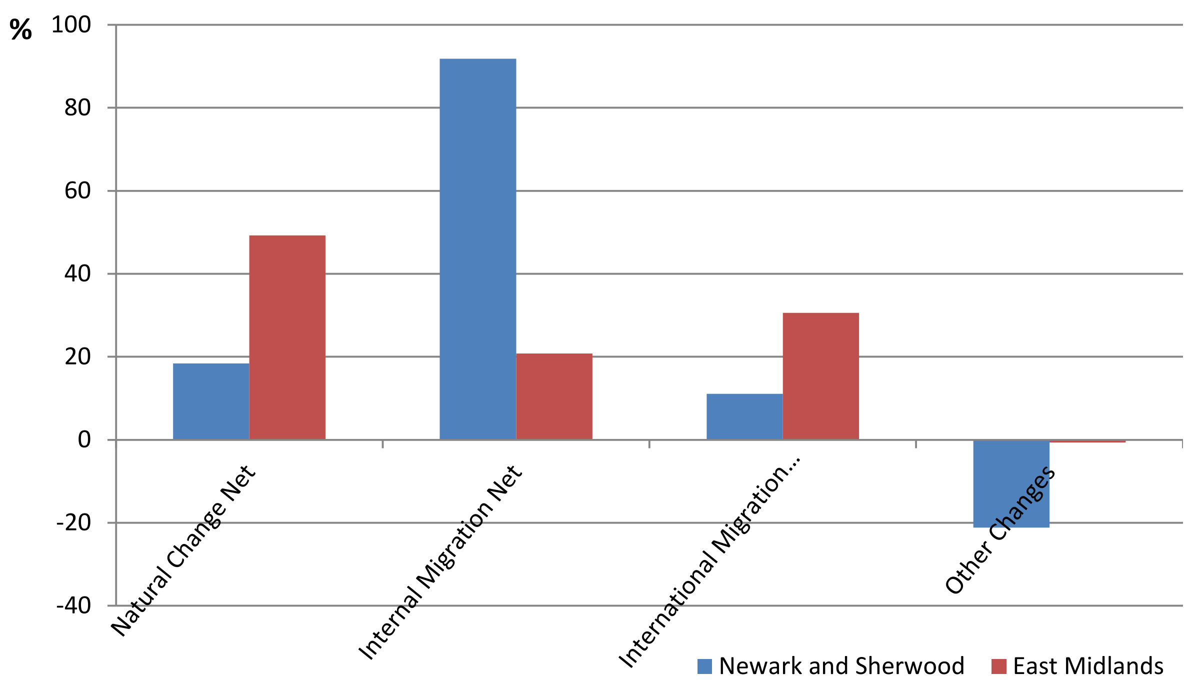
Chart 16 shows that, for Newark & Sherwood, the most significant determinant of population growth is net internal migration – that is migration from other parts of the UK – which accounted for 92% of the population increase between 2011 and 2012. The ONS estimated that 5,800 individuals came to the district from other Local Authority areas and regions of England and Wales and 5,100 left the district and moved to another part of England and Wales – a net inward migration of 700 between 2011 and 2012. International migration was a relatively small component of population change, accounting for 11% of the population increase between 2011 and 2012, compared to 30.6%

of the total population increase experienced in the East Midlands overall. This was due to an estimated 400 individuals moving to Newark & Sherwood from origins outside England and Wales, and 300 individuals leaving the district to international destinations - a net international migration of 90 individuals (after rounding) between 2011 and 2012.

Natural change also accounted for a smaller share of total population change in Newark & Sherwood compared to the East Midlands overall, accounting for 18.4% of additional residents in the district between 2011 and 2012, compared to 49.3% in the East Midlands. This was due to 1,300 births in the district over the year and 1,100 deaths.

'Other changes' included in Chart 16 describe population changes due to movements of armed forces personnel or other individuals based in institutional premises (such as prison populations). In the case of Newark & Sherwood, these changes accounted for a net decrease of 170 individuals (-21% of total population change between 2011 and 2012).

Chart 16: Components of Population Change (% of total change), 2011-2012



Source: ONS Crown Copyright, *'Mid-2012 Population Estimates: Components of Population change for England and Wales: estimated resident population',* from www.statistics.gov.uk [accessed 22nd October, 2013].

According to the 2011 Census, residents who were born outside the UK made up a relatively small proportion of the total population of Newark & Sherwood. In 2011, 1.7% of residents were born in EU Accession countries and 0.8% in other EU member states. A further 1.9% were born in other countries outside the EU. This total of 4.4% of residents who were born outside the UK is well below the total proportions of 9.4% in the East Midlands and 13.1% in England.

5.2 Infrastructure and Spatial Economy

There is a body of evidence that suggests that the quality and speed of linkages between areas (connectivity) are key factors that drive local economic performance.

In their 2009 study for the East Midlands Development Agency, Liz Price and Andrew Atherton of the University of Lincoln analysed cities and towns across the East Midlands on a range of indicators of business and employment concentration, infrastructure and transport links (including travel times to nearest large cities, to London, and to airports). This study created a series of typologies of 'secondary centres' for use in economic development and planning policy. Secondary centres were defined as significant urban settlements smaller than Principal Urban Areas, but large enough to play an important regional or sub-regional role. In this study, Newark was identified as a 'Sub-regional centre' (identified as one of the "key secondary centres in the East Midlands", along with Chesterfield and Wellingborough. p. 81), with the following spatial economic characteristics:

- Newark has above average firm and population densities and provides a range of services for its own population and a wider rural hinterland; and
- Newark is extremely well connected, especially in terms of road links. This enables it to operate as both a commuter settlement for nearby cities such as Nottingham (see Section 2.3) and as a sub-regional focus for local employment and services. Although it was one of the less well connected centres to London in the study (with average mainline travel times to the capital estimated to be 152 minutes in 2009), proximity and good connectivity to Nottingham, Lincoln and Grantham were very important, especially given the relatively sparsely populated surrounding area.[14]

Section 5: Key Points

- The district of Newark & Sherwood has a relatively higher proportion of residents in the pensionable age group. This population group also increased significantly since 2002, suggesting that population ageing may be a particular challenge for the local area.
- The district has also experienced a strong increase in its total population between 2002 and 2012, with a faster growth rate than the national average and considerably faster than the D2N2 area overall and other districts in North Nottinghamshire.
- Inward migration from other parts of England & Wales were the main drivers of population growth, with international migration accounting for a relatively small component. According to the 2011 Census, residents born outside the UK accounted for a significantly lower than average proportion of total residents in Newark & Sherwood.
- The district is extremely well connected – especially in terms of road links. A 2009 study by the University of Lincoln defined the town of Newark as one of the most important 'secondary centres' in the East Midlands, in terms of both the quality of its linkages to larger urban areas and its role as a centre for local employment and services.

[14] Atherton, A., and Price, L., Enterprise Research and Development Unit (ERDU), University of Lincoln, on behalf of the East Midlands Development Agency, 2009. '*Secondary Centres of Economic Activity in the East Midlands: Final Report*.' Nottingham: emda [available on the NTU/emda legacy archive, www.ntu.ac.uk]