

Nuneaton & Bedworth Economic Overview 2017

BUSINESS ACTIVITY

- Nuneaton & Bedworth accommodate 13% of Warwickshire's businesses - second lowest proportion after North Warwickshire (10.5%). 1 in 3 of these are in the 'Wholesale and Retail' or 'Professional, Scientific and Technical activities' industries. The largest agglomeration of businesses are in 'Architectural and Engineering activities', reflecting a relatively large number of tier1-3 SMEs in the automotive, aerospace and engineering supply chains industries.
- 13.6% business growth in Nuneaton & Bedworth between 2014-16; marginally larger than the rest of Warwickshire (12.4%), however, they continue to have the lowest business density in the county; 28 businesses per 1,000 population (Warwickshire 48 per 1,000, UK 39 per 1,000).
- Business growth has been predominantly in 'Transport and Storage', 'Professional, Scientific and Technical activities' and 'Administration and Support services'.
- 38.4% of all businesses are in LEP priority sectors, up from 32.3% in 2013 but still behind Warwickshire's average (42.4%). With these sectors being identified by the CWLEP as fast growing, it could be a long-term concern that the borough will struggle to reduce the gap with the rest of Warwickshire if business activity remains less concentrated in these sectors.
- Currently, there are 3,505 SMEs in Nuneaton & Bedworth, a 4% increase since 2014 – the second worst SME growth in the sub-region. This growth was driven by a considerable increase in SME's in the Transport and Storage sector.
- In 2015, 510 new Enterprises were born, a 1% increase on 2014. The growth of business start-ups in Nuneaton & Bedworth is slower than the Warwickshire (12%) and UK average (9.3%). The number of businesses that failed in 2015 grew 5.4% on the year before, making it the only borough/district in Warwickshire where business deaths have **increased** in the last year.

EMPLOYMENT

- In the year to September 2016, the working age employment rate in Nuneaton & Bedworth was 65.6%, down 5 percentage points on the year before and 8.1 percentage points below the national average. The fall is equivalent to 4,000 fewer people in work.
- Over the same period, 4,700 fewer 16-24 year olds are in employment, down from 7,200 in 2015. The employment rate for this demographic has, therefore, fallen to 24.3%, less than half the UK average (53.3%). The fall in the rate could be partly due to the fall in working population of this age group from 14,400 to 10,200.
- The total number of employees in key sectors accounts for 21.9% of the total workforce – the lowest proportion in the county. This could explain the relatively low business activity in these sectors. Nevertheless, the number employed in key sectors has increased 12.5% in the past year, with the Business & Professional industry expanding 42.2%.
- The majority of employees are in Retail Trade and Education, accounting for 1 in 5 of the workforce. In fact, the borough has the highest proportion of workers in Warwickshire in the retail sector. This sector is characterised as low-skilled and low-paid, and is not a LEP priority sector. The borough has a higher than average proportion of the workforce in low-paid sectors, accounting for more than 1 in 3 employees, joint lowest in the county.
- Both these sectors have, shrunk considerably in recent years (8.2% and 9.9%, respectively), and employment growth has been directed towards high-skilled sectors, such as specialist construction activities and management consultancy activities – evidence of structural change.

SKILLS AND JOBS

- In 2016, 2 in 5 of Nuneaton and Bedworth's workforce were employed in level 2 jobs (GCSE A*-C). This is the highest proportion in the county, but has fallen considerably (18.9%) since 2014.
- Over the same period, the number of those employed in the highest qualified jobs (level 4) has increased the fastest in the sub-region (19.7%), thus showing a push towards higher-skilled labour in the area. Indeed, 30% of all job vacancies in the last year were in level 4 jobs, and 65% in high-skilled jobs (level 3+). This coincides with a 42.5% increase in the number of workers with at least a degree level qualification working in the Nuneaton & Bedworth. This would suggest a shift in the local labour market composition towards a better skilled labour force.
- Over the last year, job listings have gone up 16.4% to 10,345. This represents 131 new job listings per 1,000 working population, the second lowest in the sub-region (behind North Warwickshire). Nuneaton & Bedworth also have the lowest job density in the county (0.65) indicating that there are relatively fewer jobs per head and fewer new job listings in the area. Therefore, although the workforce in Nuneaton & Bedworth is becoming more skilled in response to businesses demanding higher qualified employees, the overall level of demand in the area is weak. Fewer than average jobs are being created in an area where there are already fewer than average jobs, explaining the low employment rate in the borough.
- The most demanded occupations are Nurses, large goods vehicle drivers and business sales executives, with the NHS being the top employer in the area, accounting for 6% of all job listings.

PEOPLE

- Population of 126,319, a 0.4% increase since 2012; this is the most stagnant in Warwickshire and is less than a quarter of the growth seen across the UK (2.2%). The **working population** represents 62.16% of the total population, shrinking 2.1% since 2012; this is a higher proportion of 16-64 year olds than the Warwickshire average (61.68%), but 1 percentage point below the UK (63.34%). The proportion of **young workers** (16-24) represents 10.36% of the population; lower than the UK (11.35%) and Warwickshire (10.42%). This proportion has fallen 5.3% since 2012; the biggest fall in the county and more than the national average (3.4%). Those **over 65** represent 18.72% of the population. This is higher than the national average (17.83%) and has increased 7.1% since 2012 compared to 4.8% across the UK.
- 60% of residents live and work in the borough – highest self-containment in the county. Large net out-commuting flow of -14,761, due to 38% traveling to work in Coventry, followed by North Warwickshire (11%) and Hinckley & Bosworth (9%). Similar in-commuting flows from these areas, as well as smaller flows from Rugby (5%) and Birmingham (4%).
- Average house prices in Nuneaton & Bedworth have increased £10,000 to £150,000 over the last year- the 2nd largest increase in Warwickshire and the joint highest annual rise since 2004. House prices in the area have increased substantially in recent years. In the four years prior to 2012, house prices fell 1%, whereas in the four years after 2012 they have risen 18%. This is equivalent to a £22,500 increase and mirrors a nationwide housing market boom. Despite this growth, average house prices are the lowest in Warwickshire and £70,000 cheaper than the rest of UK.
- Housing affordability is essential for retaining the younger generation of workers. The ratio of house prices to resident earnings ranks the area above average for affordability. To purchase the average property in Nuneaton & Bedworth will cost the average resident 5.9 times their annual wage. This is the lowest in Warwickshire and is in the top 25% most affordable places in the UK.

ECONOMY

- In 2015, GVA per head (a proxy for economic wellbeing) was £15,830 - the lowest in Warwickshire and less than two-thirds the national average (£25,601). GVA per head in Nuneaton & Bedworth has fallen 0.7% since 2014, only marginally worse than the 0.4% fall across the rest of Warwickshire. Taken at face value, the average resident in the borough has a standard of living that is 36.3% lower than residents in the rest of the county.
- In 2015, GVA per job (a proxy for productivity) was £37,665; a growth of 5% from 2014. **This annual growth exceeds the UK average (1.25%) and is the highest growth in Warwickshire**—suggesting a reduction in productivity gap between Nuneaton & Bedworth and the UK (£50,830). The borough is forecast to outgrow Rugby's productivity level by 2025. As a county, the productivity gap in Warwickshire in 2015 is a third of the size it was in 2009 and the county is forecast to overtake the UK average by 2017. Although Nuneaton & Bedworth has below average productivity, its recent growth has undoubtedly helped close Warwickshire's productivity gap.
- Nuneaton and Bedworth's average **annual resident wage** is £24,654, the lowest in the county and below the UK average (£28,296). The average **annual workplace wage** is £21,981, again the lowest in the county and far behind the Warwickshire (£28,513) and UK (£28,296) averages. Workplace pay has grown 4.5% since 2014, half the rate of growth in Warwickshire. This could represent a lack of demand for jobs in the region. The discrepancy between resident and workplace pay suggests the more skilled Nuneaton & Bedworth residents work outside of the area.

NUNEATON & BEDWORTH'S RELATIVE PERFORMANCE

Key Indicators	Nuneaton & Bedworth	Warwickshire County	Performance Gap
BUSINESS			
Total businesses per 1,000 population (2016)	27.8	48.0	-20.2
"LEP priority businesses" per 1,000 population (2016)	10.7	20.3	-9.6
SMEs per 1,000 population (2016)	27.7	47.8	-20.1
Business starts per 10,000 population (2016)	40.4	68.4	-28.0
EMPLOYMENT			
Employment Rate (2016)	65.6%	76.9%	-11.3%
Jobs density (2015)	0.65	0.94	-0.29
Proportion of employment in LEP priority sectors (2015)	21.9%	30.8%	-8.9%
ECONOMY			
GVA per head			
<i>current (2015)</i>	£15,830.00	£27,300.00	-42.0%
<i>forecast(2025)</i>	£18,505.00	£31,850.00	-41.8%
GVA per worker			
<i>current (2015)</i>	£37,665.00	£49,735.00	-24.3%
<i>forecast (2025)</i>	£44,746.00	£58,740.00	-23.8%

Drivers for Change

Challenges to growth	Opportunities for growth
<p>“North-South” divide; challenge will be making sure that Warwickshire’s future growth is equally distributed and felt in the North; not restricted to Stratford and Warwick. This involves eliminating negative perceptions of Northern Warwickshire.</p>	<p>Structural change; Nuneaton & Bedworth’s employment and business structure is changing. Although historically the borough has statistically underperformed, there are fundamental changes in the composition of businesses and the labour force. This could be as a result of new business and infrastructure projects and as a result of actively addressing the areas economic needs. The result of the change is starting to filter through into the economy. GVA per worker is growing substantially, in contrast to the fall across the rest of Warwickshire. Indeed, by 2025 Nuneaton & Bedworth’s productivity will no longer be the lowest in Warwickshire, surpassing Rugby.</p> <p>Transforming Nuneaton; The infrastructure improvements and regeneration of Abbey Street and Vicarage Street will help exploit the positive changes in Nuneaton. Given its central location and investment potential as the most affordable area in Warwickshire, transforming Nuneaton should reduce the north-south divide.</p>
<p>Relative importance of low-skilled, low-growth sectors; There is a relatively large economic dependence on these sectors. Although they are shrinking, this pattern must continue if it is to reduce the productivity and wage gaps with the south.</p>	<p>Large business activity in key sectors; Business growth in Nuneaton & Bedworth’s LEP priority sectors (32.3-38.4%) is fuelled by business activity in the Business & Professional and Advanced Manufacturing sectors. 1 in 5 new businesses since 2013 in the borough are in these sectors. Also, relative to its size, it has the second largest proportion of employees in Warwickshire in the automotive industry (3,250). This is a high-skilled, high-paid, high-growth sector that could generate long term economic prosperity for the area. More generally, employment in high-skilled sectors is increasing three times the Warwickshire average.</p>
<p>Low demand and business activity. Low-growth sectors, that employ the majority of the Nuneaton & Bedworth workforce, are shrinking faster than high-growth sectors are expanding. Even though there is evidence of a change in the composition of economic activity, the activity remains subdued. The number of businesses per 1,000 population is low, relatively few new businesses are starting and subsequently taking off, new job listings have increased at a slower rate than the rest of Warwickshire, and job density is low. This is leading to low employment rates and wages</p>	<p>Strong concentration of AME companies along the nearby A5 corridor, including Triumph Motorcycles, Horiba-MIRA (10 min drive from town), the engineering consultancy, and MIRA Technology Park, the UK’s only transport-focused R&D enterprise zone and is forecast to grow employment to 2,000 employees. Seeks to become the leading auto engineering campus in Europe, it is already home to R&D facilities for Bentley, Bosch, Ashok Leyland (India), Changan (China), Haldex (Sweden), Lockheed Martin and Lightning Hybrids (US) and Toyota and Sanoh (Japan), it is only 3 miles from Nuneaton town centre. Nuneaton is also home to the European HQ of Holland & Barrett and the UK head office of Fedex.</p> <p>Although business activity is relatively low, having so many high-growth sector businesses has undoubtedly been the reason for the 12.5% growth in employment in key sectors in the area in the last year. The borough is capitalising on its geographical importance to attract leading firms to the area. Over time this will increase productivity and the uptake of high-skilled workers.</p>
<p>Broadband Connectivity; Lack of superfast broadband to business premises is severely impacting the ability of businesses in Nuneaton and Bedworth to compete in the global marketplace. It also impacts residents’ ability to apply for jobs and undertake training</p>	<p>CSW Broadband project; With the assistance of the CSW Broadband project, and commercial rollout, superfast broadband coverage in Nuneaton and Bedworth moved from 95% in 2013 to 98% in 2016. CSW Broadband have attracted over £2m ERDF funding, which will form part of an overall package of up to £20m additional superfast broadband rollout throughout the project area.</p>

Challenges to growth	Opportunities for growth
<p>High net-out commuting and net-out migration flows; suggesting that productive, highly skilled/qualified residents are becoming employed elsewhere – increasing local employment opportunities and the attractiveness of the area as a place to live and work is crucial</p>	<p>Good connectivity and infrastructure. Nuneaton’s excellent connectivity makes it is one of the best connected towns in the Midlands Engine area, as recently promoted at MIPIM 2017. It is within the “golden logistics triangle”: M1/M6/M42 network. It is just 20-25mins to UK Central/ Birmingham Airport/ NEC/ HS2 Hub, a major focus of regional and national investment activity over the next 25 years. Connectivity gives the borough the ability to attract workers from a wider catchment area if they can ensure greater business activity.</p> <p>It has the best rail connectivity in the sub-region: It is also favourably positioned within the Midlands automotive cluster - MIRA was originally located outside Nuneaton to centrally serve the Midlands auto industry.</p>
<p>Increasing business death rates; The rate of business failures is increasing in Nuneaton & Bedworth. With business activity being relatively low, it is important that those who start survive and thrive.</p>	<p>Business support programmes; Warwickshire's SME Business Support Programme provides a range of services to support local businesses. Potential entrepreneurs can receive assistance from specialist providers to start their business in the first 12 months of trading. Also, the Business Ready programme focusses specifically on helping businesses grow.</p> <p>Specific to the borough is “The Business Dream” service that aims to equip potential entrepreneurs with the skills to start a business, giving the lower business start-ups in the area.</p> <p>The business support programme works with the Coventry & Warwickshire Growth Hub to sign-post companies to other support activities including access to finance opportunities e.g. grants and loans.</p> <p>ERDF Start Up Support; A partnership scheme between all districts and the County Council, paid in part by all districts and ERDF, delivered by the CW chamber to boost start up rates.</p>
<p>Skills shortages; There is a mismatch between supply and demand of skills in the area. In the 2017 Quarterly Economic Survey, 1 in 3 businesses reported a skills shortage as their biggest barrier to growth. Matching the skills demanded by businesses with those supplied by schools should reduce unemployment, out-commuting and the potential of reduced business activity.</p>	<p>Skills for Employment; Warwickshire County Council works in conjunction with businesses and schools to address skills shortages. 9 Schools in Nuneaton & Bedworth have received a total of approximately £133,000 from numerous grants to help create sustainable partnerships with local businesses. The project aims to enable young people to gain skills and attributes employers require. Ideally, this should reduce unemployment and increase retention as there is less need for individuals to travel outside of the area to find work. There is also numerous research to suggest apprenticeships and skills programmes increase the future income of young people and also reduces the cost to society. With Nuneaton benefitting from an increase in businesses who employ high-skilled labour, this programme could allow the borough to capitalise on a flow of better qualified and better specialised workforce</p>
<p>Mismatch between supply and demand of office space; general consensus that there is a severe shortage of good quality office space in Nuneaton, together with limited supply of units below 50,000sqft.</p>	<p>Land holdings; Local authorities have significant land holdings in the town centre and are seeking to use these to leverage town centre regeneration to attract businesses.</p> <p>Local Discount Scheme; Business rate relief scheme which can offer up to 40% off business rates for businesses expanding, moving or starting up in the borough with growth ambitions. It is the only scheme of its form in the county, allowing firms to benefit from the Nuneaton expansion</p>

Challenges to growth	Opportunities for growth
<p>Ageing population and fewer young workers. The proportion of 65+ residents is growing significantly whereas the working-age population is shrinking. This could pose a strain on the public services and the labour market in the future, especially if economic activity remains low.</p>	<p>Retain better skilled workers. Workers go to where the best opportunities lie. Expanding the high-skilled and high-wage sectors will create demand in the region. At the same time, creating partnerships between businesses and schools, we can retain the younger generation, from whom innovation will be created. We can already see improvements in qualifications in the borough, and the aim should be to employ these locally, alongside making it more attractive for all ages to work in the area too.</p> <p>Cross Border Partnership; Partnership with Hinckley & Bosworth and North Warwickshire to promote skills to businesses. Working with Horiba-MIRA will to present the right opportunities to the right audiences and should help generate better opportunities for residents and businesses locally to retain demand locally.</p>
<p>Facilitating the growth in Nuneaton & Bedworth; There is a danger that activity in the borough could be detrimental if it doesn't have the infrastructure and development to facilitate its growth. Business development projects can fail if there isn't the labour market supply to allow them to grow. Therefore, infrastructure developments will be required to retain employees.</p>	<p>Infrastructure and development plans; As part of the recently announced Local Growth Deal funding for the CWLEP, Nuneaton is set to receive £7.5 million. This is the single largest proportion of investment any district or borough will receive.</p> <p>13,000+ new housing up to 2031, with housing under construction to the north of the town between the station area and MIRA Technology Park. Includes executive homes under construction from builders such as Davidsons Homes. Further employment land allocations are planned at Bermuda and J3 of the M6.</p> <p>Also, improved rail connectivity between Coventry and further south towards Leamington Spa, and additional routes from Nuneaton with coming new rail franchises, including impacts of additional rail capacity through Nuneaton made available once HS2 is fully operational.</p>

Acknowledgements:

The data for this piece has been taken from a variety of sources, all of which the author is willing to share upon request. The most up-to-date data has been used and is correct up until 1st April 2017.

GVA data at a district and borough level contains a relatively high degree of uncertainty, but has been included to give an indication of the relative performance of each sub-region.

Business employment data can be sensitive and in some cases omissions are made on NOMIS for disclosure purposes as to not make data by individual traders identifiable.

Small sample sizes can be misleading as outliers can affect the analysis. Analysis of small sample data has been avoided where possible by the author to maintain a credible analysis.

For more information about the area profiles or if you would like us to undertake a more in-depth economic overview of your district or borough, please contact Sam van de Schootbrugge on 01926 412949 or by email samvandeschootbrugge@warwickshire.gov.uk.

If you would like to find out more about the research I am currently doing or the work we have been commissioned to do in the past, visit our Warwickshire County Council Economic Assessment Webpage on <http://www.warwickshire.gov.uk/economicassessment>.



