

# Walsall Borough

## Local Economic Assessment: Summary

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### *Challenges and Opportunities for Walsall*

Version 2.1

July 2011

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**Walsall Council**

## 1 Introduction

1.1.1 Local Economic Assessments (LEAs) were introduced by government in late 2009 through the Local Democracy, Economic Development and Construction Bill. Government guidance states that “this new duty will help strengthen councils’ ability to work with their partners to support the delivery of sustainable economic growth in their areas, based on a comprehensive understanding of their economic strengths and weaknesses”

1.1.2 The statutory duty for each upper tier authority to produce an LEA remains in place, although there is now more flexibility around format and timescales. The structure of Walsall’s LEA broadly follows the initial government guidance – as do the other three Black Country authorities – thus allowing for greater integration of the four LEAs to inform the activity of the Black Country Local Enterprise Partnership.

1.1.3 In Walsall, the Local Economic Assessment has been a process that goes further than the production of a ‘final’ static document; it represents an opportunity to examine the various elements of Walsall’s economy in order to establish our key challenges and opportunities, and to help shape the solutions and actions required to develop and transform our economy. Alongside the creation of the evidence base and its interpretation, these challenges and opportunities have been incorporated into a framework for driving forward the development of Walsall’s economy.

1.1.4 This document provides an overview of some of the key findings from the LEA to date. The full LEA report includes more detailed information under each of the themes and will be published in June 2011. In addition, there are a number of supporting documents which provide more in-depth examination of certain aspects of Walsall’s economy (including the Worklessness Assessment and Child Poverty Needs Assessment). Additional information can be accessed via the LEA webpage at [www.walsall.gov.uk/wpo-local\\_economic\\_assessment](http://www.walsall.gov.uk/wpo-local_economic_assessment)

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## 2 Economic Framework for Walsall

2.1.1 The process of conducting the LEA has highlighted five key priorities which underpin economic prosperity and will help to realise the vision set out in the Sustainable Community Strategy that *Walsall will be a great place to live, work and invest*. The strength of the local economy is obviously critical to realising all elements of this vision, and the economy is also one of the three priorities set out in Walsall Council's Corporate Plan for 2011/12.

2.1.2 The Economic Framework for Walsall will provide a blueprint for all related activity across the council and partners, helping to understand how this addresses the overarching aim **to create and sustain the conditions for private sector growth that will allow businesses and residents in Walsall to fulfil their economic potential**.

2.1.3 This is a broad aim that includes elements of business growth, job creation, economic well being and inclusion, and the promotion of a positive image and inward investment for the borough. All of this needs to occur within the context of environmental sustainability.

2.1.4 The following broad priorities for the economy have been established through the LEA and provide the starting point for the development and consultation on the Economic Framework:

- A. Developing a resilient **mix of sectors**, in which productivity and employment is maximised.
- B. Providing the necessary **infrastructure** to support a growing economy.
- C. Fostering an environment that supports **enterprise and innovation**.
- D. Strengthening **skills and knowledge** that support economic growth.
- E. Promoting financial **inclusion** and raising participation in the labour market.

2.1.5 The Economic Framework will be developed with colleagues, partners and key stakeholders, and will include actions under these five headings that guide the delivery of services, activities and initiatives in support of delivering **sustainable economic growth**.

2.1.6 The private sector is essential for both the development and the delivery of activities aimed at creating this sustained economic growth. It is only through the private sector that the scope, number and range of jobs can be created and sustained.

2.1.7 Essential mechanisms for engaging and supporting the private sector in this aim will include the newly formed Local Enterprise Partnership (LEP) for the Black Country and the complementary Walsall Enterprise Partnership.

## 3 Economic Geography

### 3.1 Introduction

3.1.1 Walsall is a unitary authority in the West Midlands region, and is home to over a quarter of a million people. While the borough is predominately urban, it does have significant areas of open space, mainly in the east including Barr Beacon.

3.1.2 Along with Sandwell, Wolverhampton and Dudley, Walsall forms part of the Black Country sub-region. This is set to become an even more important geography in economic terms following designation of the Black Country Local Enterprise Partnership in 2010, and the demise of many regionally-based agencies and strategies. Proximity to and interdependencies with Birmingham mean that the economic fortunes of Britain's second largest city will also continue to have significant implications for Walsall's own economy.

3.1.3 Walsall lies close to the heart of national road and rail networks, with the M6 motorway running through the heart of the borough and access at junctions 9 and 10. The M5 motorway starts at the border with Sandwell, the M6 Toll is immediately to the north, and the M54 to north Wales lies close the borough's north west border. Rail and bus routes feed into national networks on the Birmingham-Wolverhampton and Trent Valley railway lines. This location means that around 5 million people are within 45 minutes of Walsall by public transport.

3.1.4 Walsall Town itself is the largest centre in the borough. It is a key retail centre and one of four strategic centres within the Black Country. Developments including the New Art Gallery, Waterfront, new Walsall College and retail development are helping to make it a major economic and cultural asset.

3.1.5 The borough also has five key district centres: Aldridge, Bloxwich, Brownhills, Darlaston and Willenhall. All of these have distinct histories and identities and are important retail hubs serving the borough's communities. All the centres have the potential to be real drivers for the economy and lead in the transformation of the structure of the borough's employment into new sectors.

### 3.2 Markets and supply chains

3.2.1 Information about markets served by Walsall businesses and their supply chains was gathered through the Business Needs Survey (see section 5.4.1).

3.2.2 Four in five businesses surveyed serve clients or customers locally in Walsall, and around two in three serve the Black Country or West Midlands. However, over 60% have customers in the rest of the UK (outside the region) and over 30% have overseas customers. Overseas trade is particularly important to the manufacturing sector (45%).

3.2.3 Local and regional markets are extremely important to Walsall businesses. By volume, just over one-quarter of sales are made within Walsall, with a further 41% in the rest of the region including the Black Country. Only one-third of sales occur outside the region leaving Walsall companies very dependent on the health of the regional economy

3.2.4 There are significant supply chain linkages within the Walsall economy, with over seven in ten companies surveyed using suppliers from within the borough. Construction companies are most likely to use local suppliers and retail firms least likely. Despite this, only just over one quarter of all

supplies by value are purchased locally, with 74% of spending on supplies being lost to the local economy.

### **3.3 Travel to work**

3.3.1 Outward commuting focuses on where residents travel for work. Over half of Walsall residents (54%) also work within the borough. After this, the next significant flow is to Birmingham, where 15% of residents work. The other three Black Country authorities account for 17%, meaning 72% of Walsall residents work in the Black Country authorities. There has been a significant increase in the percentage working in Lichfield since 2001 (although this still only accounts for around 3%).

3.3.2 Inward commuting looks at where people who work in Walsall live. The borough does not attract a high number of inward commuters – almost two thirds (64%) of jobs in Walsall are filled by borough residents. In total, 79% of Walsall jobs are filled by Black Country residents, with the remainder from neighbouring authorities including Birmingham and Staffordshire.

3.3.3 There are variations in commuting patterns to district centres in the borough: Aldridge attracts commuters from Lichfield; Brownhills from Lichfield and Cannock Chase; Darlaston from Sandwell and Wolverhampton; and Willenhall from Wolverhampton and South Staffordshire.

## 4 People and Communities

### 4.1 Introduction

4.1.1 Walsall faces a major challenge to reduce worklessness and increase the employment rate of local residents. There are a number of reasons why worklessness figures are so high, relating to both demand and supply side issues. The LEA work examines in detail some of the characteristics and factors behind worklessness in Walsall which are significantly impacting on the well-being of communities and individual residents within the Borough.

### 4.2 Demographics

4.2.1 Latest estimates give Walsall a population of 255,900 – a number which has increased in recent years, reversing a decline during the 1990s. Population is more heavily concentrated in the centre and west of the borough. Around 1 in 6 of Walsall’s residents is from a non-white British minority ethnic group – with this proportion projected to have increased since the 2001 census.

4.2.2 Walsall’s population profile is more ‘dependent’ than the national average with high concentrations of children and older people, and proportionally fewer working age residents (particularly those in their 20s and 30s). Projections are that the borough’s population will continue to increase over the next 30 years, but that the main driver of this growth will be a rise in the number of over 65s.

### 4.3 Labour Market

4.3.1 Employment levels in Walsall are considerably lower than the region and nationally, with less than two thirds of the working age population (63.2%) in employment in comparison to 68.5% in the West Midlands and 70.5% in England. An additional 8,200 residents would need to enter employment to match regional levels and 11,000 to meet national levels. The borough was home to 57,700 workless residents in March 2010, comprising 14,900 unemployed and 42,800 economically inactive.

4.3.2 Above average unemployment has been a long-term trend in Walsall, with the unemployment rate consistently above regional and national rates. Between 2004 and 2010 there has been a more pronounced increase in the unemployment rate in the Borough (+7.2 percentage points compared to +3.5 nationally), which led to the rate more than doubling and increased the gap with the West Midlands and English average. There are now an additional 8,200 people unemployed compared to 2004 levels. The recession has also had a more pronounced effect on Walsall than elsewhere in unemployment terms.

#### *Unemployment*

4.3.3 There are a number of characteristics to the unemployment levels in Walsall.

#### Characteristics of Unemployment in Walsall

- A significantly high male unemployment rate (14.3% compared to 9.0% nationally);
- Female unemployment which has risen at a much faster rate than elsewhere;
- Unemployment amongst male 35-49 year olds which is double the national average;
- A substantial cohort of young men aged 20-24 who are unemployed;
- Female unemployment rates for 16-19 year olds is almost double the national figure.

## Economic Inactivity

4.3.4 Levels of economic inactivity have fluctuated in Walsall between 2004 and 2010, at a time when the Black Country, regional and national averages have remained relatively constant. There continue to be 42,800 economically inactive residents – over one quarter of the working age population. There is also a much higher level of female, than male economic inactivity (35.3% in comparison to 19.3%). In both cases, Walsall is above the national average, although particularly so with regards to female economic inactivity.

4.3.5 Other characteristics of economic inactivity are summarised below:

Characteristics of Economic Inactivity in Walsall
<ul style="list-style-type: none"><li>▪ Rates of economic inactivity for 25-34 year olds which are almost double nationally;</li><li>▪ Particularly high rates of economic inactivity for females aged 20-24 and 25-34;</li><li>▪ As nationally, there is a much higher rate of inactivity amongst the ethnic minority population when compared with the white population (37.1% compared with 25.3%);</li><li>▪ High inactivity rates amongst Pakistani, Bangladeshi and 'other ethnic group';</li><li>▪ The gap in inactivity rates for males and females is much higher within the ethnic minority population</li></ul>

4.3.6 Walsall has a higher than average number of economically inactive residents who would take up employment if suitable employment were available – particularly amongst inactive males. This suggests a particularly high level of frustrated and unmet demand, indicative of a lack of jobs available in the local economy.

## 4.4 Benefit Claimants

4.4.1 Walsall contains higher than average levels of benefit claimants within each of the Department for Work and Pensions' main statistical groups. This is especially the case in relation to job seekers, employment support allowance and incapacity benefit claimants, lone parents and carers. In February 2010, nearly 35,000 residents in the borough were claiming benefits, accounting for over a fifth of the working age population compared with 17.1% in the West Midlands and 14.7% nationally.

4.4.2 Other trends in relation to benefit claimants are set out below.

Characteristics of Benefit Claimants in Walsall
<ul style="list-style-type: none"><li>▪ The job seeker rate for female residents is much higher than average;</li><li>▪ Job seekers aged under 25 are also higher than average;</li><li>▪ Long term unemployment is a growing issue in the Borough</li><li>▪ Above average incapacity benefit claimant rates have been a long term trend;</li><li>▪ Incapacity benefit claimant numbers are highest amongst those aged 35-44 and 45-54;</li><li>▪ There are high long term incapacity benefit rates; and</li><li>▪ There are also higher than average levels of lone parents and carers claiming benefits.</li></ul>

## Geographical Concentrations

4.4.3 High levels of unemployment and worklessness are concentrated in the west of the Borough, with particularly high rates in St Matthews. The pattern of inactivity also mirrors the housing market profile – higher rates in areas where social and rented accommodation is high and property values are low. High unemployment and inactivity in these neighbourhoods is linked to high levels of multiple deprivation and issues relating to poor health and education.

4.4.4 There are significant concentrations of job seekers in the west of the borough, with localised pockets of jobseeker's allowance claimants in St Matthews, the east of Birchills Leamore, the south of Bloxwich East and central and eastern Pleck.

## 4.5 Skills

4.5.1 Skill levels are an important determinant of the quality of the workforce available to employers. The current level of skills among Walsall's working age population is generally low, putting pressure on the local economy through difficulties for employers recruiting suitable employees, low rates of progression for those in employment, and high levels of worklessness. A significant number of local businesses in Walsall have indicated that lack of skills acts as a barrier to recruiting new staff.

4.5.2 Latest figures show a fifth (19.9%) of adults living in the borough have no qualifications, compared with 16.0% regionally and 12.3% nationally. This equates to 31,200 working age adults with no qualifications – although Walsall has seen significant improvements since 2006 when there was a high of 28.7%, or 43,900 people with no qualifications.

4.5.3 Walsall is also below the West Midlands and England averages for level 2, 3 and 4 skills. Figures at these levels have remained relatively static in the borough since 2004, compared with more noticeable improvements regionally and nationally.

4.5.4 Levels of adult basic skills are also of concern. Literacy and numeracy standards are below the national average for the borough overall, with severe problems in some wards where 3 in 4 adults have a below-GCSE standard of numeracy. ICT levels are also lower than for England overall, and again there is huge disparity between different parts of the borough.

4.5.5 Qualification levels are significantly lower among the workless population as they lack the skills demanded by employers. However, Walsall faces unemployment issues across all skills levels – even amongst those with higher level qualifications, unemployment is higher in Walsall (5%) than in the region and nationally (4%).

4.5.6 Educational attainment has improved in Walsall, but still remains below national levels and there are also inequalities within the borough. Local employers have observed that despite improving formal qualifications, many school leavers continue to be lacking basic skills, for example numeracy, spelling, letter writing and customer service skills. Many do not have a basic work ethic, few have sound practical skills and there is a general lack of 'work-readiness'.

4.5.7 The overall number of 16-18 year olds not in education, employment or training (NEET) stood at 830 in 2008 and has seen some improvements; nonetheless this figure represents 8.3% of the 16-18 cohort.

## 4.6 Social and Financial Inclusion

### *Financial Inclusion*

4.6.1 Wards in the west of the borough have a high proportion of residents without a transactional bank account, meaning they often pay more for their banking. For example, without direct debit facilities people pay higher utility tariffs, and lack of access to overdrafts or high street credit such as



loans means they are reliant on high interest borrowing, door stop lenders or even loan sharks. This can exacerbate existing debts and trap people in a cycle of poverty.

4.6.2 Importantly, having no current account can also act as a barrier to employment, as many employers require a bank account to pay wages into.

4.6.3 Indebtedness is a significant issue for Walsall residents, evidenced by a 31% increase in debt-related queries to Walsall Citizens' Advice Bureaux in 2009 – greater than the national average increase of 13%.

### *Deprivation*

4.6.4 Deprivation is more than simply another way of expressing poverty: while poverty is not having enough money to live on, deprivation refers to a much broader lack of resources and opportunities. In Walsall overall, levels of multiple deprivation have increased (which includes aspects of deprivation related to income, employment, health, crime, education, living environment, and barriers to housing and services). In 2010, Walsall fell to the position of 30<sup>th</sup> most deprived English local authority out of 326, putting it within the worst 10%. The borough fares particularly badly in terms of education, income and employment deprivation.

4.6.5 The overall deprivation inequalities in the borough have become even more pronounced since 2007 – with 41 of the borough's 169 neighbourhoods in the most deprived 10% nationally, but 9 in the least 10% deprived. Broadly speaking, there is a geographical divide with western half of the borough experiencing more deprivation than the east.

### *Child Poverty*

4.6.6 Child poverty presents a significant challenge for Walsall as over a quarter (28.4%) of all children live in poverty; this equates to 17,700 children and is above the national and regional averages. It is anticipated that since the recession the number has increased, possibly to as high as 1 in 3 children. Almost half of these children live in lone parent households.

4.6.7 Geographically, the highest concentrations of child poverty are primarily in the west and southwest of the borough where child poverty rates are as high as 3 in 4 children. However, there are also pockets of poverty found in the east of Walsall.

4.6.8 Almost a quarter of children in Walsall live in households where no one works, and children living in lone parent households are particularly vulnerable to living in poverty.

### *Health Inequalities*

4.6.9 People in Walsall have relatively unhealthy lifestyles: the proportion of smokers in Walsall is above average, as are childhood and adult obesity rates. Participation in sport or active recreation is below average.

4.6.10 Life expectancy in Walsall is below the average for England and Wales and across the borough there is significant variation between wards. Walsall's infant mortality rate has been rising since 2000-02 and projections indicate this is likely to continue.

4.6.11 These health issues impact people's ability to participate in the labour market and limit their employment potential. This is in addition to the increased economic burden of caring for people in ill health.

## *Crime*

4.6.12 Recorded crime levels, and more importantly the 'perceptions' of crime, can lead to the borough being viewed as an unattractive environment for businesses to locate. Conversely, derelict factories and empty brownfield sites can become a magnet for various types of anti-social behaviour.

4.6.13 Total recorded crime is generally falling in Walsall, including anti-social behaviour. However, despite improvements the proportion of people who think that anti-social behaviour (including teenagers hanging around on the streets, and rubbish or litter lying around) is a problem in their local area remains above the national average.

## 5 Business and Enterprise

### 5.1 Introduction

5.1.1 As part of the LEA, a detailed analysis of the sectoral composition and business base of the local economy has been undertaken to inform the delivery of inward investment, business support and skills provision in Walsall. The work has involved reviewing employment, GVA and enterprise trends over the past ten years including detailed profiles for seven sectors, and also draws on a survey of over 400 local businesses and extensive stakeholder consultation.

### 5.2 Structure of the local economy

5.2.1 Walsall is the smallest of the Black Country authorities in employment terms: it contains around 100,000 employees, accounting for 4.2% of total regional employment which is lower than its share of the regional population. The economy has been traditionally based on manufacturing but has changed considerably in recent years. It has significantly under performed against the national and regional averages over the past ten years, reflecting a number of structural changes:

- Between 1998-2008 (a long period of economic growth nationally) Walsall's total employment fell by 2.5%;
- Employment in manufacturing, the historic backbone of the economy, has been in decline for many years and fell from 34,000 in 1998 to 19,000 in 2008;
- The private sector service economy is very weak in Walsall, although numbers have risen over the past decade;
- Growth in the financial, professional and business services sector has been significant, but starting from a very low base;
- The construction, property and other business activities, health and social work, transport and education sectors have all increased by circa 3% per annum since 1998;
- Public sector employment grew, although numbers are likely to decline in the future as a result of reducing public sector resources.

5.2.2 The manufacturing sector remains much more important to the local economy than nationally with its share of total employment almost twice as high as England as a whole. Walsall remains under-represented in a number of private sector areas including property and other business activities, financial services and hotel and restaurants.

5.2.3 Whilst growth in certain sectors has brought the structure of the economy more in line with the national average, the major decline in manufacturing employment has not been fully offset by increases in the service sector, which has led to overall employment decline.

#### *Future Employment Prospects*

5.2.4 In both Walsall and the West Midlands, employment levels are expected to be lower in 2020 than they were in 2008 with the recovery from the recession driven by output rather than employment. The decline in Walsall (6,800 jobs) is forecast to be greater than regionally.

5.2.5 This forecast decline is largely linked to the employment impact of the recession, with employment falling significantly, and more severely, in Walsall than regionally between 2008 and 2010. Employment is then expected to stabilise before entering a period of modest employment growth from 2012 onwards but at a lower level than regionally.

5.2.6 Between 2012 and 2020, employment growth is expected in all sectors except manufacturing. The greatest increase is expected to occur in the health and social work sector, linked to the demand for services arising from an ageing population. Financial, professional and business services and wholesale and retail, restaurants and hotels are forecast to experience modest growth over the eight years to 2020, whilst the decline in manufacturing is expected to slow from 2012 onwards.

### 5.3 Enterprise and Innovation

#### *Enterprise*

5.3.1 Walsall was home to over 7,500 active enterprises in 2009 and has a new business registration rate of 35.6 businesses per 10,000 people aged 16 and above. This is lower than comparable data for the West Midlands region (41.7) and England (49.6) and shows Walsall lagging behind in terms of new business creation. In 2009 there were 720 new enterprise 'births' but 1,005 enterprise 'deaths', giving a net loss of 285 businesses. However, this was the first year that there had also been a net business loss nationally, demonstrating the widespread impacts of the recession.

5.3.2 In 2009 there were around 50 businesses for every 1,000 of the working population, in line with the Black Country's business density average. Walsall, however, lags behind the regional and national levels (at 58 and 64 businesses per 1,000 of the working age population respectively).

5.3.3 This low business density is partly linked to a lack of growth in the Walsall business base between 2004 and 2009 as the number of businesses – and therefore business densities – remained relatively static. Over the same period, business levels in the West Midlands and England grew by 6% and 8% respectively. Walsall now requires over 1,200 additional businesses to reach regional levels of business density and requires over 2,000 additional businesses to reach the national level.

5.3.4 There have been some improvements in new businesses' survival rates in the borough over the past five years. However, survival may have been affected by the recession from 2008 onwards and generally remains slightly below the national average. Over nine in ten enterprises survive their first year, but this falls to less than two-thirds surviving for three years and only around half survive for four years.

5.3.5 These figures demonstrate that Walsall is behind the national rate in terms of new business start-ups and business density, and will continue to lag behind if both the new start up and business survival rates do not improve.

#### *Highly skilled occupations*

5.3.6 As the private sector service economy has driven growth at the national level, employment has become more knowledge intensive and the demand for highly skilled workers has increased accordingly. Between 2004 and 2009, the number of people employed in highly skilled occupations in Walsall increased by 12,500 (3%).

5.3.7 However, Walsall still has relatively few employees in these occupations. So to close the gap with the regional average, Walsall requires 5,900 employees to enter managerial, senior, professional or associate professional occupations. This increases to 9,800 to close the gap with national levels.

## 5.4 Business Needs

5.4.1 An integral part of the LEA has involved gauging the views of Walsall businesses across core research areas. A detailed business survey was targeted at larger Walsall businesses, key sectors and those expected to grow in importance to the Walsall economy in the coming years. In total 426 companies responded to the survey which explored areas such as growth expectations; markets and supply chains; workforce, skills and training; and business premises. There were a number of positives to be drawn from the survey with 57% of businesses expecting to see turnover increase in the next two years and less than one in ten anticipating a decline. The key opportunities identified from the survey include:

- The majority of businesses which expect turnover to increase over the next few years;
- The high degree of innovation and substantial base of companies seeking to develop new products and processes and move into new markets;
- The opportunity to further increase levels of innovation including making businesses more aware of the innovation related support that exists;
- The number of companies that already access national and international markets and the potential to increase sales in these markets; and
- The cohort of companies needing or intending to move to larger premises but with a strong commitment to staying in Walsall.

5.4.2 The support of the indigenous business base and ensuring their ongoing presence and growth within Walsall needs to be a key priority for the Council and partners over the coming years. Walsall businesses also face a range of challenges, many of which will have been exacerbated by the impact of the recession and cover the full spectrum of public sector intervention – land and premises, business support, skills and recruitment. Key constraints identified through the survey include:

- Accessing new markets;
- Obtaining finance;
- Affordability and availability of premises;
- The costs of training;
- Skills gaps and skills shortages; and
- Identifying low carbon opportunities.

5.4.3 In particular, very few businesses overall appear actively involved in the low carbon sector and a large proportion of businesses had very limited knowledge of such opportunities.

## 5.5 Assessment of Key Sectors

5.5.1 The LEA has analysed the strengths, weaknesses and trends of the seven main sectors which comprise most of the Walsall economy. The key findings from this analysis are summarised below.

## Features of the Main Sectors of Walsall's Economy

### Financial, Professional and Business Services

- Fourth largest sector in Walsall accounting for 17,400 jobs and 18% of total employment
- One of the fastest growing in Walsall but the share of employment still lags behind national average
- With the exception of labour recruitment and rental services, all sub-sectors are under-represented
- The office and town centre offer in Walsall constrain the ability to attract inward investment
- Local businesses, particularly those with growth potential, need to be supported to access networks
- There is a need to improve the provision of high quality office space to attract larger companies

### Wholesale and Retail, Hotels and Restaurants

- Largest sector in Walsall accounting for 23,800 jobs and 24% of total employment
- Declining sector since 1998, with 1,100 fewer people employed in 2008
- Despite overall decline, there has been growth in the retail sub-sector
- Distribution has the potential to attract new investment if appropriate sites are made available
- There is a need for major improvements to the town centre and investment in the evening economy
- Appropriate progression opportunities training and recruitment programmes need to be put in place

### Transport and Communication

- Fifth largest employment sector in Walsall accounting for 6,200 jobs and 6% of total employment
- Has above average GVA per full time employee and increased by 36% in employment terms 1998-2008
- Transport is the largest sub-sector employing 3,500 employees
- Walsall's geographical position makes it well placed for distribution and logistics related employment
- There is a need to provide high quality, bespoke sites and developments in attractive locations
- Important to work with employers to increase workforce skills and provide local transport solutions

### Creative and Digital

- Very small sector in Walsall, accounting for under 2,000 employees, lagging behind the national average
- ICT and media / new media sub-sectors very small compared to the national average
- Walsall has few assets or advantages and a lack of critical mass of activity
- There is a need to create demand to support companies to grow – e.g. adequate incubation space
- The growth of the sector needs to be accompanied by a thriving town centre
- There is a need to provide business support to the design sub-sector

### Manufacturing

- One of Walsall's largest sectors with 18% (18,000+) employees compared to 10% nationally
- One of Walsall's most productive in terms of output per employee but significant recent employment decline
- Economic projections are for further decline – priority to manage change and stabilise employment
- Some of the over-represented sub-sectors are forecast to contract the most in employment terms
- To continue to survive, the sector will need to up-skill its workforce and move into higher value areas
- Improving workforce skills and helping companies to access new markets should be priorities

### Construction

- Employs over 4,800 people and generates 7% of total employment
- One of the fastest growing sectors during 1998-2008 driven by regeneration and major schemes
- Challenges anticipated with slow economic recovery and reductions to public sector investment
- Opportunities linked to low carbon, diversification and infrastructure works in the Black Country
- A need to increase activity through providing attractive commercial and residential land and sites
- Importance of providing companies with intelligence on new markets, technologies and best practice

### Public Services

- Second largest employment sector in Walsall with over 23,000 employees (23% of employment)
- Employment growth of 26% between 1998 and 2008, in particular additional female employment
- Tight spending restrictions on the public sector will lead to significant job losses
- However, some growth opportunities particularly in the health and social care sector
- There is a need to provide employability support and re-training for affected workers
- A need to review the public sector property estate and align with the Big Society agenda

5.5.2 From this analysis, the LEA highlights **six key areas** that will drive Walsall's growth:

- **Health and Social Care**, responding to increasing demand for services linked to an ageing population;
- **Niche and high value manufacturing**, building on major sub sectors and manufacturing specialisms in the borough to help to stabilise future decline;
- **Environmental Technologies/Waste Management/Recycling**, which expands the current sector in Walsall;
- **Financial, Professional and Business Services**, expanding existing businesses and attracting new investment to continue the transition to a more service based economy.
- **Creative and Digital**, building on the small base in Walsall and capturing some of the growth which is occurring at the national level.
- **Logistics**, capitalising on the borough's strategic location and supporting growth in other sub sectors, such as niche manufacturing.

5.5.3 There are a number of areas of intervention needed to support sector growth to complement investment in economic infrastructure and skills, including: innovation; relocation assistance; business property; specialist premises; new markets; access to investment; and inward investment. Walsall may also be able to capture benefits from the development of a low carbon economy by capitalising on its strong industrial base, existing engineering skills and the strengths of key companies. However, very few of Walsall's companies appear to be actively involved in pursuing such opportunities and there are a set of immediate priorities including:

- Adapting existing engineering skills to act on opportunities presented by a low carbon economy and support the supply chain for wind turbine and nuclear energy markets
- Taking advantage of increased opportunities in waste management and recycling;
- Capturing the employment creation potential in the retro-fitting of housing;

5.5.4 The sector analysis work has outlined a number of challenges where Walsall needs to act quickly in order that recent job losses do not permanently weaken the local economy and lead to a further spiral of decline.

## 6 Sustainable Economic Infrastructure

### 6.1 Introduction

6.1.1 The delivery of high quality economic infrastructure is a key element of any successful economic growth strategy. An assessment of the growth potential of key sectors in Walsall needs to take account of existing and planned infrastructure and the extent to which this provides the conditions for sustainable economic growth. The LEA therefore considers the quality and availability of suitable employment land and the wider infrastructure required to support successful economic growth including transport, housing and waste infrastructure.

### 6.2 Current Situation

6.2.1 Walsall's industrial legacy is reflected in much of its current infrastructure, particularly the nature of the existing employment sites and internal transport routes. Many of these are not fit to support the growth of a 21st Century economy. The **Black Country Joint Core Strategy (JCS)** sets out the vision, objectives and strategy for future development in the Black Country to 2026. Currently Walsall has significantly less high quality employment land than neighbouring areas and would need to deliver a six-fold increase to meet its targets as set out in the JCS. Other points of relevance from the JCS include:

- A preference for office uses being located in the town centre rather than elsewhere;
- The need to substantially increase the scale of Walsall's high quality employment land;
- A focus on the development of Walsall Town Centre and key regeneration corridors;
- A recognition that there has been transfer of land from employment to housing uses; and
- An overall reduction in the availability of local quality employment land.

6.2.2 The focus on brownfield and urban sites increases the costs of the delivery process with the additional costs associated with land remediation further increased by the fragmentation of many sites, the road, rail and canal infrastructure and the location of housing in nearby areas. The **Walsall Employment Land Review** highlights the implications of a decline in the area's traditional industries leading to severe population decline, economic under-performance, social disadvantage and environmental deterioration. There has also been a lack of recent developer activity in Walsall. Key conclusions include:

- There is potential demand from new high value occupiers to locate in Walsall at the most accessible sites close to the M6, but very little high-quality floorspace on the market or in the pipeline to meet this demand;
- There is little prospect of new industrial development to fill this gap – the development of many sites is not commercially viable;
- The loss of employment land should be carefully controlled and managed.

6.2.3 The availability of public sector funding will have a major impact on the ability to address issues such as contamination, ownership and access in relation to key employment sites. This is a major issue for Walsall given the complexity of some of the borough's employment sites/areas and the lack of recent private sector led development activity. There will be a clear need to use public sector land assets more creatively in an attempt to raise finance and lever private sector investment, as well as pursuing what funding opportunities remain.



An assessment of other aspects of infrastructure revealed the following conclusions:

- There is a need to address a variety of **gaps in waste infrastructure** provision particularly in development areas to meet the needs of existing and new businesses;
- There is a need to explore the **potential for low-carbon energy generation** in Walsall;
- Whilst the area's strategic location is a major advantage, there are major localised **issues relating to access and connections** which affect many major employment sites;
- Improving the **quality of employment land** and ensuring the success of Darlaston and Gigaport will require significant public sector resources to address constraints;
- There remains a key challenge to deliver the **scale and type of homes** required to support economic growth and retain and attract a more skilled labour pool;
- Walsall is likely to fall behind in providing the **scale of new housing** to meet demand in the current climate particularly on contaminated land in less popular locations.

### 6.3 Key Employment Locations

6.3.1 The majority of current and planned high quality employment sites are located in the west of the borough reflecting the built up and industrial nature of this part of Walsall and the constraints of Green Belt Land to the east. Despite this, some of the higher quality larger sites tend to be located around Aldridge in particular and Brownhills – away from the critical mass of land.

6.3.2 **Darlaston** is the borough's highest profile regeneration opportunity; a major industrial site located either side of the M6. However its constraints to delivery typify a number of the current and planned future sites across the borough including ownership issues, high levels of contamination and poor internal access. Part of the site however has recently been subject to a recent (currently unsuccessful) Regional Growth Fund application and an ongoing negotiation to become part of the Black Country's Enterprise Zone.

6.3.3 Whilst Darlaston is currently a prominent and derelict site which gives a negative image of Walsall, it is hugely under-utilised with the capability to provide a positive image of the Black Country and facilitate new investment. The site could provide the location for companies requiring high quality employment land at sites near to the motorway network catering for sectors such as advanced manufacturing, environmental technologies, logistics and office based businesses.

6.3.4 The **Town Centre** has failed to develop its potential as a quality business location. The edge of the town is home to a number of relatively low value uses, there are no major office schemes and successes have been limited to public sector or quasi-public sector uses. Further investment will be required to attract private sector employers.

6.3.5 The borough's business parks tend to be industrial / manufacturing sites, often of poor quality, and there is a lack of flexible, smaller enterprise or incubation space which is the area where there is most identified demand.

## 6.4 Strengths, Weaknesses, Opportunities and Challenges

6.4.1 The poor performance of the Walsall economy over recent years is both reflected in, and accounted for by, the poor quality of employment land and lack of recent development activity. The legacy of industrial decline and key constraints to new development relating to access, ownership, land remediation and the poor performance of the town centre have contributed to a poor quality land supply. The lack of a high quality business or technology park, large sites with good access to the Motorway and quality incubation space in the town centre has weakened Walsall's position with regards to attracting potential inward investors and start up businesses. It also means that issues are faced in relation to land and premises for key sectors, notably:

- a. For **advanced and higher value manufacturing**, there is a lack of bespoke and high quality landscaped industrial estates with good access;
- b. There is a need and **demand for relocation** within the borough, but a lack of suitable sites in some of the key locations;
- c. For **higher value logistics and distribution** sites, there are a lack of large, high quality sites with good access to the motorway network (despite close proximity);
- d. For the **business services** sector, the town centre has a limited supply of high quality office premises and there is an absence of high quality out of town business parks;
- e. For the **creative, digital and cultural** industries there is a lack of critical mass of activity to stimulate innovation and there is a shortage of flexible, smaller incubation space.

6.4.2 A SWOC analysis with regards to delivering the economic infrastructure required to support sectoral development is summarised below.

Walsall's Economic Infrastructure – SWOC Analysis	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Excellent strategic location</li> <li>▪ Good quality housing to the east of Walsall</li> <li>▪ Housing led regeneration schemes in the west</li> <li>▪ Recent or planned transport improvements</li> <li>▪ Series of distinctive towns and communities</li> <li>▪ Presence of two strategic sites</li> <li>▪ Some recent town centre investment</li> <li>▪ Presence of a new FE College and University</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ Poor land supply for core and growth sectors</li> <li>▪ Complicated localised transport network</li> <li>▪ Major constraints to development at key sites</li> <li>▪ Under-performance of the town centre</li> <li>▪ Lack of modern business accommodation</li> <li>▪ No quality office / industrial park for investors</li> <li>▪ Lack of incubation and managed workspace</li> <li>▪ Lack of recent development activity</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Many companies seeking larger premises</li> <li>▪ Office market for price conscious occupiers</li> <li>▪ Capture demand for central locations (e.g. Birmingham) with good motorway access</li> <li>▪ Growing population</li> <li>▪ Potential to use council tax and business rates to borrow funding for critical infrastructure</li> <li>▪ Improving rail connections to Birmingham enabling residents to access more jobs</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>▪ Reduced public funding to address constraints to development in area of market failure</li> <li>▪ Global trends in manufacturing further eroding the area's manufacturing base</li> <li>▪ Overcoming poor perceptions of Walsall</li> <li>▪ Improving environment and amenities within the town centre</li> <li>▪ Reduced investment finance available</li> <li>▪ Impact of out of centre retail / leisure schemes</li> </ul>

## 7 Economic Competitiveness

### Challenges

7.1.1 There are **four fundamental challenges** to reversing Walsall's recent economic decline:

- a. Growing the private sector service base;
- b. Coping with declining employment in the industrial base;
- c. Developing the skills required by a competitive economy; and
- d. Providing economic infrastructure for knowledge based growth sectors.

7.1.2 Walsall's economic performance through the last ten years of the growth cycle was very poor. The fundamental problem is a lack of investment and employment arising from:

- An industrial base which has been in decline for some time;
- A very limited service sector economy with many under-represented growth sectors;
- Under-investment in the physical fabric of Walsall which has contributed to the loss of employment to other areas and lack of inward investment.

7.1.3 Less than two thirds of Walsall residents are in employment – to match the national average, 10,500 additional residents would need to be in work. The need to create new and local employment opportunities for those who have recently lost their jobs will make it difficult to reduce levels of worklessness and poverty in the most deprived neighbourhoods. To achieve a successful economy, Walsall will need to replace the ongoing decline in manufacturing with other wealth-generating employment. Putting in place the conditions to grow private sector knowledge-based employment must be a priority if resident income levels are to be increased.

7.1.4 There are a number of groups to which partners in Walsall will need to provide particular support to ensure that the situation does not deteriorate, including young people, ethnic groups where worklessness is very high, and workless households in the most disadvantaged neighbourhoods.

7.1.5 A series of changes in the labour market will present further challenges and highlight the important role which schools, the College and the major training providers will have to play in reducing worklessness and equipping people for a changing economy. These include the formalisation of entry qualifications for jobs which previously required no formal qualifications; the loss of manufacturing employment; the inter-personal skills required through the growth of customer facing customer service jobs; and the forecast growth in jobs in the health and social care sector which have traditionally been taken up by women.

### Constraints

7.1.6 There are a number of **constraints which will make it difficult for Walsall to generate significant numbers of additional jobs** during the economic recovery:

- Without a better land and premises offer, key growth sectors will stand still, local businesses will be unable to expand and the ability to secure new investment will be minimised;

- The connectivity between many employment locations and the motorway network is poor and prevents Walsall from offering competitive locations to new investors;
- The limited availability of higher level skills in the workforce makes it difficult for Walsall to generate or accommodate employment in higher skilled occupations; and
- Without increased innovation, product development and new investment, manufacturing sub-sectors will not be able to arrest the decline in employment.

7.1.7 Given the constraints associated with some of the major sites and the state of the current market, **targets for increasing the scale and quality of employment land in Walsall are unlikely to be met.** It is also important to ensure that the focus on release of low quality employment land does not come at the expense of existing businesses – the majority of the current employment land serves the existing employment base in the town adequately, particularly given its cheapness and availability. Given the current economic climate and Walsall’s lack of a track record for inward investment, supporting the existing base and stabilising the economy is likely to be a key priority over the coming years.

7.1.8 Over recent years, there has been a major focus on planning and investing in major strategic sites such as Darlaston and Gigaport, which provide the greatest opportunity to stabilise the industrial sectors and grow parts of the service sector economy. However both areas have constraints linked to land contamination, ownership and access. There appears little prospect that the scale of public sector funding required to take these forward will be available. Linked to the challenges of progressing Gigaport and Darlaston, Walsall lacks sufficient opportunities for market led development to take advantage of some of the growth opportunities around key sectors such as logistics. This is a major weakness and will seriously undermine efforts to replace substantial recent industrial job losses.

### *Potential Solutions*

7.1.9 Given the scale of the challenge in providing modern business infrastructure in Walsall, **new solutions are required.** A number of actions and priorities may help to provide a response to these constraints and challenges:

- a. Refreshing the vision and approach to Darlaston and Gigaport;
- b. Integrating a revised Gigaport into a vision and plan for Walsall Town Centre;
- c. Developing a third, private sector led growth centre;
- d. Supporting the infrastructure requirements of existing businesses;
- e. Exploring new approaches to funding;
- f. Ensuring adequate supporting infrastructure is in place.

The delivery of these actions will be important to the delivery of the required economic infrastructure to support economic growth and sectoral development.

## *Opportunities*

7.1.10 Despite the constraints and challenges, there are a number of opportunities to develop new, and reinforce existing, sectoral strengths. Intervention will be required to create new demand and accelerate growth in some under-represented sectors.

7.1.11 Key opportunities include:

- Further development of Walsall town centre, particularly with regards to retail, creative and digital and business start up space to improve the town centre offer;
- An opportunity to develop accommodation based on public sector reorganisation and efficiency at Gigaport and release other sites for re-development; and
- Further developing the distribution and logistics sector where Walsall has a number of locational strengths and recent success in attracting new investment.

7.1.12 The following tables assess the key strengths, weaknesses, challenges and opportunities to the Walsall economy and provide an overview of the economic competitiveness of the borough.

**Economic Competitiveness Strengths**

- **Locational advantages:** Proximity to Birmingham provides access to a large market for companies and a wide range of job opportunities for residents. Proximity to the motorway network provides an opportunity to develop attractive employment locations to draw in new investment and employment.
- **Industrial base:** In spite of employment decline, Walsall has a strong manufacturing base with a large number of small and medium sized companies many of whom are reporting forecast growth and expansion over the next few years.
- **Growth in service sector employment:** there has been some evidence of growth within the private sector service economy (although starting from a low base) in sectors such as property and other business activities, health and social care over the past decade.
- **Cohort of growing businesses:** the survey of over 400 local businesses revealed that nearly 60% of companies expected to grow over the next two years, mainly through securing new business in existing markets. Assisting these businesses in their growth and overcoming business constraints is a key priority and would help to enable greater levels of wealth generation and increased prosperity in Walsall.
- **Latent enterprise base:** Walsall has a relatively good enterprise record and latent business talent in some sectors and communities. There remains untapped potential to harness this to create new businesses and jobs in knowledge based growth sectors.
- **Darlaston Strategic Development Opportunity:** Darlaston is the borough's highest profile regeneration opportunity, a highly under-utilised site with the potential to provide a positive image of the Black Country and facilitate new investment. It could dramatically improve the quality of employment land and attract new investment from companies requiring high quality sites near to the motorway network in sectors such as advanced manufacturing, environmental technologies and logistics.
- **Walsall Town Centre:** is the strategic centre for the borough as identified by the Joint Core Strategy. The presence of a major hospital, the Council and a Further Education College make the town one of the most important service centres in the Black Country with some recent investments in the town centre including public realm projects, education facilities, the art gallery and housing led schemes.

**Economic Competitiveness Weaknesses**

- **Continued dependence on declining sectors for employment and GVA:** A high proportion of Walsall's employment and wealth generation continues to come from the manufacturing sector, in particular basic and fabricated metals manufacturing.
- **Weak private sector service economy:** Walsall remains under-represented in a number of private sector areas particularly property and other business activities, financial services, hotels and restaurants and niche sectors such as the creative and cultural industries. The borough did not manage to capture its share of growth in these sectors during the period of national economic growth.
- **Quality of employment land:** Much of Walsall's supply of employment land is of poor quality, difficult to access or faces constraints in its development. This makes it difficult for Walsall to secure new investment both from indigenous companies and inward investors. There is also minimal business start up or incubation space in the borough.
- **Connectivity:** Despite the proximity of the national motorway network, many of the local routes within and through Walsall are congested or do not effectively serve the key employment areas. Walsall also has poor rail links to the north. This prevents Walsall from offering competitive locations to new investors.
- **Lack of modern business accommodation:** a limited offer for both industrial and service based companies in accessible locations including the absence of a stellar office offer or major new industrial park to offer to potential investors.
- **Lack of incubation / enterprise / managed workspace:** for small or start up firms, particularly in creative, cultural and digital sectors.
- **High levels of unemployment and worklessness:** Walsall's labour force is weakened by persistently high levels of unemployment and exceptionally high levels of workless households. This includes low levels of economic participation amongst groups such as young people and certain ethnic minority groups. The recession has also had a more pronounced effect on Walsall than elsewhere.
- **Too few employment opportunities:** There is a high level of frustrated and unmet demand amongst economically inactive residents who would take up employment if suitable employment were available. This indicates that there are too few jobs available for local residents across all skill levels.

**Economic Competitiveness Opportunities**

- **Low cost office base:** A number of business and other service employers prefer to locate away from city centre and expensive premises. Walsall has the potential to offer a competitive back office offer to such companies, in particular through the further development of Walsall town centre.
- **Transport and logistics:** Walsall has an established niche and an excellent location at the heart of the UK motorway network, adjacent to the M6. This makes it well placed to meet increased demand for new investment in transport and logistics sectors, building on a small number of recent successes in this area.
- **Proximity to Birmingham:** Local companies taking advantage of the proximity to Birmingham (very large market) and improving access so that more residents can take up employment opportunities there.
- **Rationalisation of the public sector property estate:** the public sector has an extensive and inefficient property portfolio and there is the opportunity to rationalise and use this more effectively to increase the quality of employment land.
- **Forecast sectoral growth:** between 2012 and 2020, growth is forecast in all sectors except manufacturing. The greatest increase is expected to be generated in the health and social care sector, linked to the needs of an ageing population.
- **Housing demand:** major and long term new build programme required to meet demand, with implications for the construction sector.
- **Extended HE provision:** in the medium to long term there is the opportunity to build on the existing limited offer to establish a substantial higher education presence in Walsall. This will help to retain and develop a more skilled workforce in Walsall.
- **Expanding local companies with a commitment to Walsall:** there were a number of positives drawn from the business survey with the majority of businesses expecting turnover to increase over the next five years. There is a cohort of companies needing or intending to move to larger premises but with a strong commitment to staying in Walsall.
- **Innovation and expansion potential:** there is a high degree of innovation amongst some local companies, with evidence that many are seeking to develop new products and move into new markets. There are also a number of companies that already access national and international markets with the potential to further increase sales.

**Economic Competitiveness Challenges**

- **Global trends in manufacturing production and employment:** the long term trend is for manufacturing production to move to lower cost economies, although design, innovation and management have often remained in the UK. The likely erosion of employment numbers will weaken the Walsall economy and increase the need to identify sub sectors and niches with growth potential.
- **Public sector employment decline:** a reduction in public sector employment in the short term is inevitable and this will reduce spending in the local economy and increase unemployment in the short term.
- **Jobless recovery in the Midlands and North:** recent national and regional employment forecasts suggest a slow recovery with limited employment growth. It is forecast that employment levels are expected to be nearly 7,000 lower in Walsall in 2020 than in 2008. Given on-going decline in manufacturing, Walsall must create new opportunities to return employment to 2008 levels – current estimates are that growth in other sectors will not offset manufacturing decline.
- **Reduced Government support for economic development:** Walsall's most important schemes require significant up-front public expenditure to make them financially viable. The borough does not have a strong track record in attracting private sector investment and the current economic climate makes the delivery of the necessary economic infrastructure for a competitive economy challenging.
- **The worklessness challenge:** it will be a major challenge to increase the number of households with one or more income earners, reduce the JSA claimant count and increase the town's employment rate in light of the recent economic recession.
- **Labour market challenges:** moving up the value chain will require a highly motivated and increasingly skilled workforce. Tackling low levels of skills and encouraging an entrepreneurial approach will be crucial. A series of changes in the labour market will present further challenges to reducing worklessness including entry qualifications for jobs which previously required no formal qualifications and the inter-personal skills required in customer facing service sector jobs.
- **Overcoming constraints to growth:** a number of constraints to business growth were identified through the business survey including the ability to access new markets; obtaining finance; the availability of high quality premises; the costs of training; skills gaps and shortages; and the ability to identify low carbon opportunities.