

BANES Core Strategy alignment with LEP ambitions for the West of England

Summary

This note sets out the extent to which the economic ambition of the BANES Core Strategy is aligned with the broad line of travel that the LEP business Plan sets for the West of England. It evidences that it is very much aligned. Whilst the LEP Business Plan itself does not apportion growth to individual authorities it is derived for the West of England Local Economic Assessment, which itself is based on the Oxford Economics Forecasts of 2010¹. The LEP ambition for the West of England falls between the Central and High Oxford Economics Projections. When disaggregated to local authority level it can be seen that BANES is expected to contribute between 11% (Central)-12% (High) of new employment. Pro-rata, the LEP employment ambitions to 2026 equates to 76,000. This means that BANES should be aiming to achieve 8,360-9,120. Planning for 8,700 net additional jobs is therefore a sound basis for the Core Strategy. The council ambition is actually even greater once the means by which 8,700 jobs is understood. GVA alignment therefore follows and is also explained in the note.

Introduction

1. In December 2011 the LEP Board agreed the LEP Business Plan 2011-13. This is a reference point against which the LEP can monitor progress, review priorities and maintain the broad line of travel which it has set itself. The Business Plan is designed to be as brief and simple as possible and to anticipate the need to shift focus in the light of new economic challenges and opportunities. The Business Plan is underpinned by the West of England Economic Assessment. The current measures by which the LEP will measure its success are:
 - 95,000 new² jobs 2010-2030
 - 3.4% annual growth in GVA by 2020

Alignment with Jobs Ambition

2. The Core Strategies within the West of England plan for the period 2006-2026. Pro-rata, the LEP Business Plan jobs target equates to 76,000 to be achieved 2010-2026. Given the recession and current period of depression, no net jobs growth has taken place since 2006. In fact, there are fewer jobs now than 5 years ago. Against this background the pro-rata LEP target to 2026 can be judged against Core Strategy targets to 2026 as net jobs growth will occur post 2010 rather than post 2006.
3. BANES currently accounts for 15% of total West of England employment. If it were to claim a 15% share of the pro-rata LEP target to 2026 it would equate to a local target of 11,400 new jobs. Such an apportionment is not an explicit expectation of the Business Plan but this

¹ Since the publication of these forecasts successive OBR forecasts have downgraded the economic outlook for the UK for 2011, 2012 and 2013. Oxford Economics conclude in relation to the 2011 Autumn Statement that "Overall the Autumn Statement was rife with downbeat news on the economy and the public finances. The forecasts look sensible as a central case, but there are numerous downside risks looming large which could cause even worst outcomes". <http://www.oxfordeconomics.com/Free/pdfs/Autumn%20Statement.pdf>

² It is not clear if this is a gross or net figure but it is assumed to be net.

figure provides a useful initial benchmark (preceding more detailed analysis) against which to appraise the alignment of the BANES Core Strategy.

4. The BANES Core Strategy is founded on a gross new jobs forecast of 14,100 (2006-26) but because of known losses (2006-11) and forecast future losses the net deliverable figure is anticipated to be a maximum of 8,700. Losses total 5,400 and of these 2,800³ are accounted for by the transfer of public sector MoD jobs from Bath to Abbeywood (S. Glos⁴). Had the MoD not been leaving Bath, the net jobs growth figure to be planned for would have been 11,500 i.e. a 15% share of the LEP target of 76,000. Therefore based on a current share approach, the Core Strategy is aligned with the LEP to 2026 as far as is practically achievable.
5. In reality it is not the expectation of the LEP that BANES contribute 15% of new jobs. The 'Central' and 'Stronger' Oxford Economics Projections (used to inform the West of England LEA and LEP ambitions) are presented below. The ambition of the LEP lies between the Central and Stronger growth scenarios. The anticipated contribution from BANES to each scenario is 11%-12%. This is the share that BANES should look to demonstrate that it is delivering of the pro-rata LEP ambition of 76,000 to 2026. This equates to 8,360-9,120 jobs. On this basis The Core Strategy is not only aligned with the broad line of travel that the LEP has set itself, once the MoD matter is factored it is evidently more ambitious.

Oxford Economics Central and Stronger Scenarios of the West of England 2010-2030

2010-30	Central	Share	Stronger	Share
Bristol	27,200	33%	42,400	36%
BANES	9,000	11%	14,300	12%
S, Glos	15,700	19%	20,300	17%
N. Soms	29,600	36%	39,600	34%
West of England	81,500	100%	116,600	100%

Figures may not add due to rounding. LEP ambition is 95,000 (13,500 more than 'Central' and 21,600 less than 'Stronger'). This equates to 76,000 jobs to 2026.

Pro-rata LEP ambition of 76,000 2010-2026 applying share from Oxford Scenarios

2010-30	Central Share	Jobs	Stronger Share	Jobs
Bristol	33%	25,080	36%	27,370
BANES	11%	8,370	12%	9,120
S, Glos	19%	14,400	17%	12,920
N. Soms	36%	27,360	34%	25,840
West of England	100%	76,000	100%	76,000

Figures may not add due to rounding

6. The achievement of 14,100 gross additional jobs to offset losses is very stretching and represents a significant upping of performance in combination with a range of local

³ 3% contraction against 2011 total BANES jobs of 90,000

⁴ This is a transfer with the LEP are and therefore not a loss to the sub-region, only to BANES.

interventions set out in the Smart Growth Report in association with LEP related interventions i.e. Bath City Riverside Enterprise Area, Revolving Infrastructure Fund & Growing Place Fund.

Alignment with GVA Ambition

7. In terms of a GVA equivalent, 8,370-9,120 jobs would be equivalent to GVA growth of 2.4% pa in BANES 2010-30 within the context of a higher rate of 3.4% pa within the West of England. This is also consistent with BANES receiving 11%-12% of West of England growth as opposed to its current 15% share.
8. Pages 44-46 of the West of England LEA offer a commentary on the Oxford Economic Projections of 2010. It is these projections that form the basis of the LEP ambitions. The LEA makes it clear that variation within the WoE in terms of GVA performance is to be expected. There are three key points in this respect.
 - (a) Para 3.59 - "The Oxford Economics central growth forecast suggests growth in total GVA output in the West of England for the first decade (2010-2020) to be above that of the UK. However, there are variations across the four authorities, with Bristol, North Somerset and South Gloucestershire all being above that of the UK and B&NES being significantly lower (Table 3.3)".
 - (b) From Table 3.3 (which shows forecast % increases in total GVA 2010-2020) it can be calculated that the B&NES contribution to 3.3% GVA pa within the West of England is actually around 2.4%. Table 3.4 shows the data for the whole period 2010-2030 and that beyond 2020 the BANES GVA growth per annum figure will increase to 2.6%. That the Core Strategy seeks to achieve 1.9% GVA pa to achieve 8,700 is a reflection of the fact that the plan period begins in 2006, not 2010, and therefore must reflect the recent period of economic recession/depression.
 - (c) Further, Para 3.65 notes that "individual UAs' have in preparing their Core Strategies considered locally derived growth rates for sustainable economic growth. Consequently these may be considered more realistic and deliverable than the potential higher growth rate identified by Oxford Economics. In addition the Core Strategies are also informed by the need to balance growth alongside local objectives, taking account issues such as housing supply and environmental capacity, availability of sites, infrastructure and environmental issues, support for regeneration, and the need to improve self-containment and reduce out-commuting".
9. The Bristol Core Strategy has already been adopted with a jobs target of 22,000 to 2026. BANES have presented a case for planning for 8,700 (a figure entirely in line with its likely share of growth as forecast by Oxford Economics). An interrogation of other LAs will reveal the extent to which they too are aligned with the LEP. It is clear that BANES is aligned.

10. In summary, the B&NES Core Strategy is entirely supportive of the LEP and its growth ambitions, despite suffering a major and challenging economic setback by way of the enormous MOD losses. Through the Core Strategy and the associated Economic Strategy, and particularly via such strategic projects as the Bath Western Riverside Enterprise Area, B&NES plan for growth will rise to the economic challenge set by the LEP key targets.