

Chapter 1 Economic Assessment Introduction

Background

- 1.1 The Local Democracy, Economic Development and Construction Act 2009 places a duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area. This new duty comes into force on 1st April 2010, at which point local authorities must begin to prepare their assessments. The purpose of the Economic Assessment (EA) is to provide a robust evidence base that will underpin strategic planning, investment decisions and delivery plans.
- 1.2 The Department for Communities and Local Government has set out the following core objectives of an Economic Assessment¹:
 - Provide a sound understanding of the economic conditions in the area and how they affect the well-being of residents and businesses
 - Identify the economic linkages between the area assessed and the wider economy
 - Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities
 - Identify the constraints to local economic growth and employment and the risks to delivering sustainable economic growth
- 1.3 The Leicester and Leicestershire Leadership Board made a decision to develop a sub-regional EA in 2009 in advance of the statutory requirement. It was also agreed that a single EA be developed to cover Leicester City and Leicestershire County.
- 1.4 The Leicester and Leicestershire sub-region is considered a sensible functional economic geography for an economic assessment. The sub-regional boundary provides a good match for real economic, labour market, travel-to-work, housing market and retail catchment areas. Recognising the strong economic linkages between Leicester City at the core and the surrounding Leicestershire County, the sub-region was one of the first areas of the country to have a signed Multi Area Agreement (MAA) in January 2009. The evidence presented in this document and summarised in chapters 10 and 11 supports the decision to conduct the EA on a sub-regional basis and the rationale for the MAA.

¹ Local Economic Assessments: Consultation on draft statutory guidance, Department for Communities and Local Government, December 2009

- 1.5 There is a complex set of economic, environmental and demographic inter-relationships between the City of Leicester, Leicestershire, other parts of the East Midlands and adjoining regions. With the freight and passenger facilities at East Midlands Airport in the north of the County and improved access to Europe via the new Eurostar terminal at St Pancras station, relationships are becoming increasingly international. There is a constant process of people and businesses moving in and out of the sub-region. Large quantities of goods are also transported from, to and through the area.

Development of the EA

- 1.6 A dedicated EA project team has gathered, analysed and interpreted a vast amount of evidence over the past few months. This includes statistical evidence, assessments, surveys and consultation findings. In addition, the EA references and refers to more detailed sources of evidence throughout the document. The detailed findings are presented in the following themed chapters. Each chapter presents the evidence and summarises the key findings at its conclusion. Where appropriate a “Strengths, Weaknesses, Opportunities and Threats” (SWOT) analysis has been included at the end of a chapter. The SWOTs are specific to each chapter’s theme. A summary SWOT for the sub-region is presented in chapter ten. The key challenges and opportunities facing the sub-region are highlighted in chapter eleven.

Chapter	Subject
1	Economic Assessment Introduction
2	Demography
3	Business and Enterprise
4	Employment and Skills
5	Economic Exclusion and Worklessness
6	Housing
7	Employment Land and Workspaces
8	Transport
9	Environment
10	Summary Strengths, Weaknesses, Opportunities and Threats (SWOT)
11	Conclusions

- 1.7 A stand-alone summary has also been prepared which presents the key findings from each of the more detailed chapters.

- 1.8 In preparing the EA, consultation has taken place with a wide range of partners, the business community and the third sector. The Business Council organised a consultation event to comment on the evidence base and the key issues emerging. The stand-alone summary and relevant draft chapters have been reviewed by the following groups involved in the management of the MAA:
- Business and Enterprise Strategy and Performance Group
 - Employment and Skills Board
 - Housing, Planning and Infrastructure Strategy and Performance Group
 - Transport Strategy and Performance Group
 - Rural Partnership Executive Group
- 1.9 The environment chapter was developed by Environmental Action for a Better Leicestershire (ENABLE) with input from colleagues and partnerships working in Leicester City.
- 1.10 The EA has already been used to develop an economic strategy for the sub-region. The more detailed chapters will form the basis for evidence-based delivery planning.

Introduction to Leicester and Leicestershire

- 1.11 Before embarking upon an economic assessment of the area, this section describes our sub-region from a “place” perspective.
- 1.12 Leicester is one of the most culturally diverse cities in the UK, whilst Leicestershire County is renowned for its quality of life. The two combine to create an area that is popular with residents, visitors, businesses, shoppers and students alike. Just under one million people live in the Leicester and Leicestershire sub-region, with about a third living within the Leicester City boundary. The area has a wide variety of property types and tenures available at a range of prices. Overall, house prices are sufficiently high to contribute to economic buoyancy, and relatively affordable compared to household income and many other areas of the country.
- 1.13 A major regeneration programme in the City has physically transformed the urban landscape with iconic new developments including Curve, Highcross Leicester and, most recently, Phoenix Square. In the County, people enjoy beautiful countryside, historic market towns, the emerging National Forest and major attractions such as Twycross Zoo.
- 1.14 Connectivity is one of the key strengths of the sub-region. Leicestershire is home to East Midlands Airport with its many international links. Leicester is the first city on the mainline rail network north out of London and just four hours from Paris via the Eurostar

from St Pancras. The sub-region is also within easy reach of the major UK motorway network.

- 1.15 Already a significant economy in the East Midlands, with GVA at £18.5 billion², the area has a strong tradition in the field of business. It is home to major brands including Santander, Next, Walkers, Triumph, Caterpillar, Samworth Brothers, Wal-Mart, DHL, 3M and AstraZeneca. There are 39,350 VAT and PAYE registered businesses in the sub-region.³
- 1.16 Over 40,000 students study at the three excellent universities in the City and County – University of Leicester, De Montfort University and Loughborough University. The area also has strong Further Education Colleges providing a wide range of academic and vocational training.
- 1.17 According to the latest research⁴, annual visitor numbers to the City and County now stand at 32.5 million, with the visitor economy in Leicester and Leicestershire growing to £1.3 billion. These figures are split across both the leisure and business tourism sectors.
- 1.18 Leicestershire County comprises seven local authority districts: Blaby, Charnwood, Harborough, Hinckley & Bosworth, Melton, North West Leicestershire and Oadby & Wigston. Some of the key settlements within the County include Blaby in Blaby district, Loughborough and Shepshed in Charnwood, Hinckley and Earl Shilton in Hinckley and Bosworth District, Market Harborough and Lutterworth in Harborough District, Coalville and Ashby-de-la-Zouch in North West Leicestershire, Melton Mowbray in Melton, and Oadby, Wigston and South Wigston in Oadby and Wigston District.

History and Heritage

- 1.19 Leicester is the birthplace of modern tourism, with the pioneer of the package tour, Thomas Cook, arranging the first ever trip from Leicester to Loughborough in 1841.
- 1.20 With its foundations in the Roman Empire, the Jewry Wall Museum in Leicester houses one of the tallest surviving pieces of Roman masonry in the country.
- 1.21 Bosworth Battlefield is a key attraction, where visitors can re-live a famous turning point in British history where King Richard III was slain and the all-powerful Tudor dynasty was born in one of the three most important battles ever to be fought on British soil.

² Local GVA 2007

³ IDBR 2008

⁴ STEAM model – via <http://tourism.goleicestershire.com>

- 1.22 Leicestershire has significant links with the history of transport. In Loughborough, visitors can find the UK's only double track mainline heritage railway at the Great Central Railway, the modern-day jet engine was developed by Sir Frank Whittle in Lutterworth, and the Donington Grand Prix Exhibition is the largest collection of Grand Prix racing cars in the world.
- 1.23 The area's industrial heritage is also represented at local museums, including Abbey Pumping Station in the City and Snibston Discovery Park in Coalville.
- 1.24 Open to the public, Belvoir Castle and Ashby-de-la-Zouch Castle have tales of royalty, history and tradition, including the origin of afternoon tea and the setting for Sir Walter Scott's famous novel, 'Ivanhoe'.

Outdoor Pursuits

- 1.25 The National Forest in North West Leicestershire spans 200 square miles, across three counties. It is one of the country's boldest environmental projects and, already, more than seven million trees have been planted. This is creating a forest packed with family-friendly and industrial heritage attractions, historic houses and opportunities for walkers, cyclists and horse-riders.
- 1.26 The County offers a range of attractive country parks and spots of outstanding natural beauty including Bradgate Park, Charnwood Forest and Beacon Hill.
- 1.27 The waterways network in the City and County is set to undergo a major development following the recent launch of the River Soar and Grand Union Canal Strategy. This offers a significant opportunity to enhance the social and economic well-being of both City and County residents. In addition, there are successful attractions and boating operations throughout the County including Sileby Mill, Pillings Lock, Foxton Locks and Ashby Canal.
- 1.28 The area has a strong reputation for sport, with successful local teams including Leicester City Football Club, Leicestershire County Cricket Club, Leicester Tigers in rugby union, Leicester Riders in basketball, along with motorsport at Mallory Park and Donington Park. This is complemented by pioneering sports science, performance and research work at Loughborough University. Stoney Cove, located in Blaby district, is a diving centre of national significance.

City Culture

- 1.29 The cosmopolitan city centre offers an improving shopping experience, from major fashion stores at Highcross Leicester to boutique outlets along the Leicester Lanes. There is a highly successful out-of-town

retail centre at Fosse Park, and Belgrave Road is a regional attraction for Asian food and drink, fashion and jewellery.

- 1.30 Leicester also offers a range of year-round festivals to cater for many cultural interests including the Leicester Comedy Festival – the longest-running comedy festival in the UK, Summer Sundae Weekender and Big Session music festivals at De Montfort Hall, the Diwali (Hindu Festival of Light) celebrations in Belgrave which attract more visitors than any such celebrations outside of India, the Caribbean Carnival procession through the city, and the new Village India experience with performances from major UK and Indian-based musicians, poets and comedians.
- 1.31 From traditional curry houses to contemporary cuisines from across the globe, Leicester has something to offer for virtually every palate.
- 1.32 Leicester also offers musical venues (De Montfort Hall and The Musician); world-class and local theatre (Curve, Y Theatre, Little Theatre) and cinema (Phoenix Square, Odeon and Cinema de Lux).

Market Towns

- 1.33 The market towns throughout the County – Blaby, Loughborough, Ashby, Hinckley, Market Harborough, Lutterworth, Melton and Coalville – offer regular markets, local shopping, eating and drinking at everything from tea shops, delicatessens and cafes, through to gastro pubs and restaurants, as well as a whole host of entertainment at venues including Loughborough Town Hall, Melton Theatre, Hinckley Concordia, Ashby Venture and Kilworth House Hotel.

Family Fun

- 1.34 The City and County have many family-friendly visitor attractions. These include museums such as New Walk Museum and Art Gallery, Donington-le-Heath Manor House, Bosworth Battlefield Heritage Centre and Charnwood Museum; zoos and working farms, such as Twycross Zoo, Stonehurst Farm and Gorse Hill Farm, to places for education and adventure – National Space Centre, Conkers, Twinlakes Park, Snibston Discovery Park and Wistow Maze.

Tastes of Leicestershire

- 1.35 The Leicester and Leicestershire area is home to the East Midlands Food and Drink Festival – the largest regional food festival in the UK. Melton Mowbray is the UK Rural Capital of Food and Drink, associated with its world-famous Pork Pie and Stilton Cheese. The city of Leicester, with its traditional and contemporary forms of Asian cuisine, is also a Curry Capital of Britain winner. Other restaurants throughout the City and County produce outstanding menus based on the fresh local produce.

Challenges

1.36 The introduction to Leicester and Leicestershire paints a picture of a diverse and thriving sub-region and the fact that it has many strengths is beyond dispute. However, like many areas, the sub-region is also facing significant challenges and it is the aim of this economic assessment to explore the most relevant of these in more detail. The One Leicester Strategy acknowledges that poverty is the root cause of many of the difficulties facing some City residents and that too many people are disadvantaged through poor health. Average male resident earnings in Leicester are the lowest in the East Midlands. Furthermore, one in five City residents are claiming benefits and 21% are without formal qualifications. The 2007 Index of Multiple Deprivation suggests that Leicester is the 20th most deprived local authority in the country. Although the County is generally more affluent, five of its neighbourhoods fall within the 20% most deprived nationally and there are pockets of relatively high unemployment. In the current economic downturn, unemployment levels have increased in both the City and County.

Opinions about Leicester and Leicestershire

1.37 Where appropriate, national and local survey data has been used throughout this EA to provide evidence and local insight. For example, the Leicester and Leicestershire Business Survey 2009 provides input from the business community and the “Place Survey” covers resident opinions about the local area.

1.38 The “Place Survey” was carried out across all local authorities in the autumn of 2008 as part of new government requirements. One of the key questions in the Place Survey asked residents to express their overall/general satisfaction with the local area. 85% of Leicestershire County residents and 72% of Leicester City residents indicated that they were satisfied or very satisfied with their local area. This compares to a national figure of 80%. In terms of social cohesion, 76% of Leicester residents agreed that people from different backgrounds got on well together in their local area, which is an important indicator for a multi-cultural city. This compares with a national figure of 76% and a Leicestershire County figure of 82%.

1.39 44% of City-based businesses and 53% of County-based businesses rated the sub-region as a good place to do business.⁵ About a third rated it as average and several did not express an opinion. Very few local businesses considered the area to be not good for business.

⁵ Leicester and Leicestershire Business Survey 2009

- 1.40 A total of 46% of companies thought that enough was being done to promote Leicester, with 25% thinking that more needed to be done and 30% felt they did not know.
- 1.41 The One Leicester Strategy states that “Leicester has an unfortunate reputation for talking itself down” and places emphasis on “Talking Up Leicester” by making this a key theme within the Strategy.

Arrangements for Updates

- 1.42 In summary, this EA is an evidence base which will underpin strategic planning, investment decisions and delivery plans for the sub-region.
- 1.43 The evidence base will be updated annually and a full refresh of the EA will be conducted every three years.