

## **Background Paper - Buckinghamshire's Economic Assessment Update 1 July 2010**

Buckinghamshire is well advanced in its development of a local economic assessment, having produced the preliminary draft circulated at a previous BSPIG meeting. This draft has subsequently been identified as good practice and circulated to all upper tier authorities in the South East.

Since the publication of the Preliminary Draft, DCLG has issued statutory guidance on local economic assessments. This is not significantly changed from the draft statutory guidance. The preliminary draft is therefore still in compliance with our statutory duty.

### **Consultation Progress**

The Preliminary Draft has been produced in accordance with DCLG guidance and with that of the Improvement and Development Agency. In addition it follows the guidance issued for the North West by the Government Office North West and the Guidance issued by the South East Partnership Board in June, keeping to the length specified by the South East's Regional statistician.

The Preliminary draft has been circulated across Buckinghamshire and the South East, often accompanied by presentations on its content. In addition to BSPIG, the audiences for these presentations have included the South East Economic Development and Skills Board, South East Economic Partnership Board, local LSPs and both the Buckinghamshire and Wycombe Economic Summits. Recent invitations to speak to business groups have been accepted.

Comments back have been supportive, with an encouraging number of research questions being suggested for further investigation through the associated Technical Paper series. Comments have been received from organisations representing each of the districts and county wide bodies.

### **Recent Developments**

The literature review sections of the assessment provide a link to policy. The change of Government in May means that policies across all areas are currently under review. Most importantly for economic development, last week's Budget (paragraph 1.89) announced the publication of a sub-national economic development White Paper later in the summer that will provide more detail on Local Enterprise Partnerships and consider the most appropriate framework of incentives for local authorities to support growth.

The Budget added "natural economic areas" to the debate around the geography of economic development. Discussions with neighbouring authorities have been taking place, most recently with Slough. The position taken in the assessment that Buckinghamshire represents its own "natural economic area", based both on flows and socio-economic similarities, but acknowledging that in considering sectoral strengths relationships extend beyond Buckinghamshire's boundaries, giving a series of sectoral functional economic geographies. Acknowledgement is also made of Buckinghamshire's partial inclusion of wider geographies, such as MKSM and the Thames Valley.

### **Emerging Findings**

The assessment confirms the strength of the Buckinghamshire economy, particularly with relation to:

- Enterprise; we are the Entrepreneurial Heart of Britain, at a time when the Budget is advocating enterprise as being the new economic model.
- We have very highly qualified residents, earning salaries well above the national level. Pay of those working in Buckinghamshire is also well above the national level.

- Buckinghamshire's economy is very productive, generating GVA per capita well above the national and regional level
- Unemployment in Buckinghamshire has been amongst the lowest in the country throughout the recession and is now falling. The move to part time work identified across the country has only recently begun to show up in the Buckinghamshire data, this will need to be monitored. It is estimated that incapacity benefit claimants include hidden unemployment of 1.5 million. BELP research, using nationally approved methodologies, suggest that hidden unemployment in Buckinghamshire is close to zero. That is to say ill-health is the primary driver of worklessness in Buckinghamshire.
- Employment forecasts show Buckinghamshire will return to pre-recession levels of employment by 2015, markedly slower than the national and regional forecasts. Work is on-going with Experian to better understand this forecast. District level Industrial structure and demography are likely to be the key drivers.
- Buckinghamshire offers high quality of life and this is appreciated by its residents.

The Technical Paper series provides an opportunity to explore specific issues in greater detail, issues being covered include:

- Mapping graduates in Buckinghamshire, identifying where our young people go to university after leaving the country's best schools and where those graduates coming to work in the county have been educated. This has profound significance for delivering a demand-led labour market for Buckinghamshire
- Buckinghamshire's demography, what are the implications for a county with such a low proportion of residents in their 20s and 30s? How will the marked increase in residents not of working age in the next 20 years impact on Buckinghamshire's economy. What are the challenges and opportunities this presents.
- Sectoral strengths in Buckinghamshire did not precisely map to those identified as being most likely to drive future economic growth by SEEDA and the previous government. What are the implications of this for Buckinghamshire, how can the county's strength in aspects of these sectors best deliver external resources?
- What is the economic geography of Buckinghamshire's new firms? Who are our entrepreneurs trading with, what are they doing and who are their suppliers? What are the barriers to developing new large firms in Buckinghamshire?

## **Next Steps**

The first draft of the Buckinghamshire Economic Assessment will be produced in the autumn taking account of comments received to date on the Preliminary Draft. The first draft will be subject to a further round of consultations before the final draft of produced in Spring 2011, having taken account of the large update of statistics issued by the Office of National Statistics over November and December and any changes.

The technical paper series is progressing well. As these are published they will be circulated to BSPIG members and published on the BELP website. Interns from Bucks New University have been recruited to write Technical Papers on Advanced Engineering in Buckinghamshire and on aspects of the rural economy.

A county-wide business survey, drafted by BELP, will be undertaken by BCC colleagues later in the summer.