

# South Kesteven District Council

## DRAFT Economic Development Strategy 2009-2014

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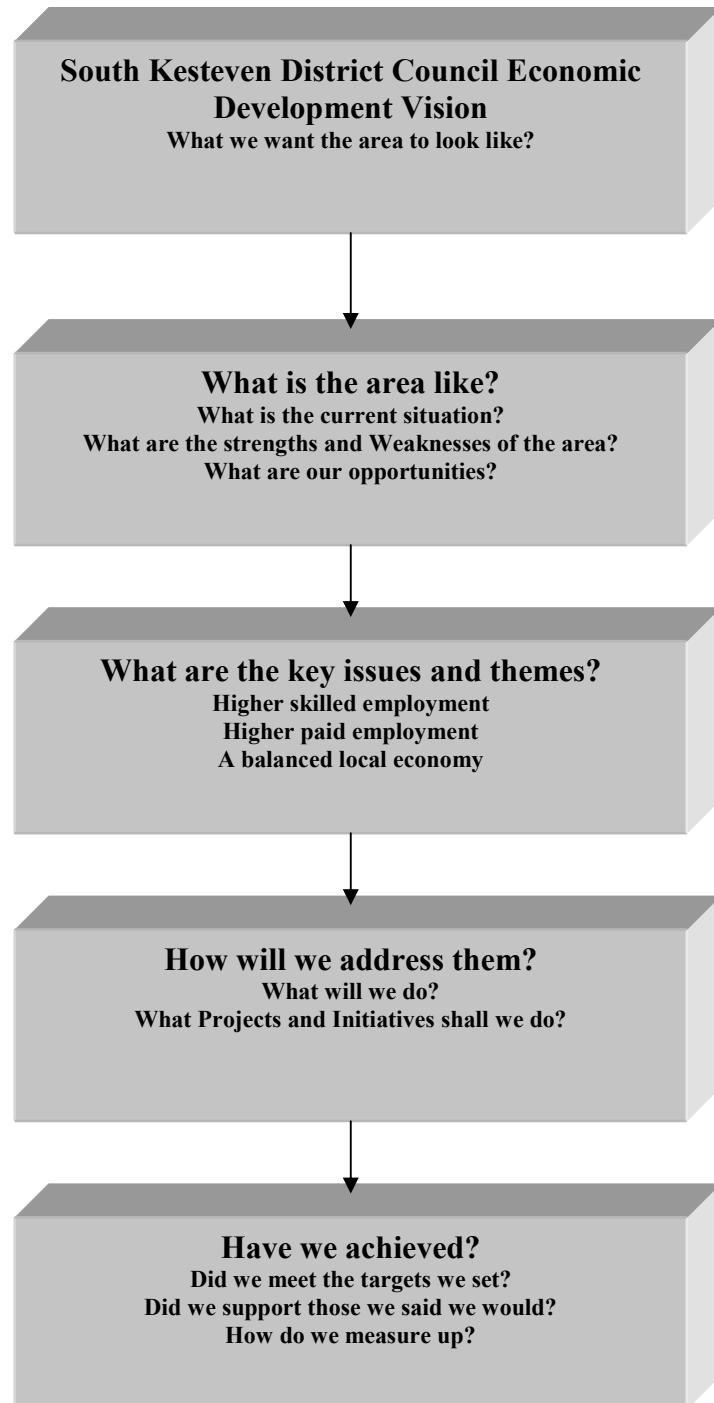
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*"Our vision is to develop South Kesteven as an economically prosperous place that attracts and supports business and enables local enterprise to flourish. South Kesteven will be a prime business location and we will manage our continuing economic success to ensure that we also enhance the quality of life and extend opportunities to local people of all backgrounds, including the socially disadvantaged."*

The vision builds on the distinctiveness and advantage of being a rural district, where quality of life and well being are wedded to increased productivity and competitiveness. The vision is also aligned with the priorities of the Council these being 'Good for Business, Customer First, Quality Living and Quality Organisation.' The long term ambition is that by 2020 South Kesteven will be an exciting place to live and work, offering its residents and business communities, education, leisure and business opportunities. By 2020 South Kesteven will feature:

- Incomes that are higher than the regional average across the District
- New life in the market towns through successful strengthening of business infrastructure along with targeted provision of affordable housing
- Town Centre improvements; including the development of Bourne Core Area, Grantham Station Point, Grantham Greyfriars, Grantham Canal Basin and Stamford Welland Quarter, and the enhancement of the public realm, together with better use of heritage assets, which make South Kesteven a genuinely attractive destination
- Business support organisations will have an unrivalled track record in sustainable practices that have created a distinctive business location brand for the District
- A business support infrastructure attracting high quality employers and high quality jobs that are well paid and knowledge driven
- The District will be an exemplar of best practice in sustainable development and a model for sustainable land use
- A balanced, steady stream of companies from the knowledge, technology and creative sectors located in the District creating a diverse economy and increased opportunities for the workforce
- Quality schools and accessible lifelong learning that allows for a diversity of skills and a proactive approach to skills requirements and changes
- A completed south east relief road, and Pennine Way in Grantham and associated parking provisions, which will attract more tourists and shoppers to the centre.
- Unique cultural and tourism appeal developed to national significance supported by the diversity of quality accommodation
- A high quality of life and an outstanding protected natural environment that will set South Kesteven apart from other Districts in the region

## **Golden Thread**



## STATE OF THE ECONOMY

### Global

The past few years of very strong growth have generated global tensions in commodity and asset prices (notably oil & metals and a build up of inflationary pressures). Higher interest rates and capacity constraints are slowing the world economy, which will nevertheless continue to expand though less rapidly. Slower growth should help ease inflationary pressures, contribute to lower commodity prices and a gradual resolution of global imbalances.

Globally the economy is experiencing distinctly mixed fortunes. Growth (expected 6%) and optimism is high in developing countries particularly in China (5% growth on 2008) and India (9.2% growth on 2006). China is expected to overtake the US as the world's leading economy in the next 10 years based on current growth rates. The future of the existing established, dominant markets of the US, Near East and financial markets is uncertain. As an overview, the "Global Economic Prospects" central scenario predicts a global economy expanding from \$35trillion in 2005 to \$72trillion in 2030 – a small acceleration in growth compared to the previous 25 years but driven predominantly by strong performance in developing countries – (ref. World Bank).

## **European**

At a European level, the new European member states are experiencing significant growth. Gross Domestic Product (GDP) in the Europe and Central Asia region is estimated to have increased 6.8% in 2006, up from 6.0 percent growth the year before. An acceleration of growth in high-income Europe, still-low real interest rates, and further increases in the incomes of regional oil exporters helped to generate an acceleration in output among many countries in the region (notably in Bulgaria, Estonia, Latvia, Poland, Romania, Russia and other oil exporters, the Slovak Republic, and Ukraine).

Strong capital inflows, including significant levels of Foreign Direct Investment (FDI), into countries that recently joined or expect to join the EU, coupled with extremely rapid domestic credit expansion and in some cases loose fiscal policy (such as Hungary and the Slovak Republic) are at the root of excess demand in several countries (including the Baltic countries, Bulgaria, Hungary, Romania, the Slovak Republic, and Turkey).

Among the region's larger economies, GDP in Russia increased 6.7%, boosted by rising oil revenues (oil prices were up 20% for the year as a whole) that fed into increased government spending, private consumption, and investment.

In Poland, a welcome expansion in consumption, thanks to rising wages and employment and double-digit increases in investment volumes, helped to propel growth to 6.1 percent after a relatively modest and mainly export-led 3.5 percent expansion in 2005. The European recovery, coupled with rapidly growing demand from large regional oil exporters, notably Russia, bolstered exports among oil importers, whose economies grew 6.3 percent.

Several years of fast growth, a rapid expansion of credit (often fueled by capital inflows), and the rise in fuel prices have exacerbated inflationary pressures in a number of countries. For some EU member countries, achieving inflation rates in line with the Maastricht criteria (2.8 percent in 2006) remains a challenge, especially for those seeking to adopt the euro at an early date.

## **National**

Growth in Britain has dropped from an expected 3% in 2008 to an actual of 0.2%. Forecasting has shown that the Country will be formally in a recession in mid January 2009, shown as three consecutive months of no growth (September – December 2008). The quarter previous to this had minimal growth of 0.2%. The recent liquidity gap is creating a situation where banks and lenders are not lending money to consumers or investors due to the level of risk being higher than some five years ago. The current situation in November 2008 shows that: -

- there is a significant slow down in available finance which is affecting the housing market
- Investment intentions declined
- Growth in the demand for exports was broadly stable
- Demand for consumer services continued to shrink, and retail sales values were broadly unchanged relative to 2007.
- Growth in domestically orientated manufacturing output was steady, but there was a further pronounced deceleration in construction and services output
- Employment intentions were scaled back across all sectors
- The Bank of England lowered interest rates 1.5% in November 2008
- The government lowered VAT rates by 2.5% in November 2008 effective from the 1<sup>st</sup> December 2008
- Annual consumer price inflation continued to rise

## **Regional**

The East Midlands is an area that has most notably seen a significant proportion of migrant labour workforce. Migrant workers make up 7% of the total UK population or almost 10% of the total working population. Migrant workers raise national economic output by expanding the supply of labour and by filling gaps in the job market. Of that total, 427,095 were people registering to work from the eight former Eastern Block countries which joined the EU in 2004 with a majority coming from Poland. Peak demand for casual and temporary labour in South Lincolnshire might reach up to 15,000 per day. For many producers, the peak seasons are the time when the best prices and the biggest profits can be achieved. The need for migrant workers and the continual supply of migrant workers in many sectors of the economy is evident.

- House builders have slowed down building, or moved to a 'build to order' approach across the East Midlands.
- Utilities providers are undertaking consultation schemes during late 2008 and early 2009 on the infrastructure priorities for 2010-2015.
- Unemployment figures are marginally up on 2007 figures.

## **Local Economy**

Lincolnshire sector analysis identifies our dynamic sectors (i.e. those growing by number and employee) as wholesale trade, construction, land transport, recreational and business to business services (including lifestyle services). The projected growth sectors by 2020 are business services, construction, retailing, health & other distribution. South Kesteven needs to maximise on its connectivity and growth opportunities to increase its GVA particularly in these areas.

Historical evidence would show that Lincolnshire will continue to lag behind the regional and national averages unless there is significant intervention. This would have to be in the form of a package of measures including a skills uplift, investment in further education, attracting significant major national employers to the area and the creation of science and business parks.

South Kesteven has high employment but predominantly in the lower wage brackets. Skill levels are low presenting employers with labour constraints and the county with a significant challenge in addressing.

In September 2008 a major employer in South Kesteven mothballed its operation leaving just under 700 employees redundant. Of these 198 people signed on to job seekers allowance in October 2008. An employment advice day in Grantham in mid October 2008 yielded over 350 people seeking advice, support and further employment.

South Kesteven currently has limited employment land availability, extremely low freehold site availability which constrains the market for development. However the Planning Policy Team is identifying sites for commercial development through site allocations and the Area Action Plans. The Council is also working with partners to bring forward infrastructure development to encourage commercial development within the District.

The South Kesteven Economic Development Strategy 2005-2008 had a particular focus on business development. "A successful economy must have a competitive, well-balanced business environment, offering a range of sustainable employment opportunities, has a balance of employment opportunities, and offers businesses the opportunity to grow and prosper within the locality. The business environment must be complemented by a competitive modern workforce, which is willing to learn and to develop new skills. We must aim to have a workforce with a breadth of skills, flexible skills and adaptive to the changing economic environment. Barriers to employment must be broken down and employment opportunities must be made accessible and sustainable for the local employment market."

## **A Profile for South Kesteven**

South Kesteven has some very different local areas and micro-economies. The main towns within the District are Grantham, Stamford, Bourne and Market Deeping. There are also strong rural communities in villages and hamlets that feed into the main towns as local centres, these rural areas also require support through economic development activity and offer an opportunity for some development and support. However the localities are very different; Grantham has lower incomes and lower skills than the other three towns, whilst Stamford has on average more people with higher qualifications and higher incomes.

Grantham has been designated a growth point area and was successful in receiving £5m of government funding in 2007/8-10/11 for its growth potential. Grantham also has significant out commuting for London and the South East, as a result of being on the east coast rail line whilst offering more affordable housing for a decent standard of living, which has meant that the area has seen significant increases in young and flourishing families.

Stamford was the first conservation town in the country and this combined with its geographical position at the edge of the County means that it is more limited on what developments, commercial or otherwise, are able to take place. Stamford has benefited from some public realm improvements within the town centre, and is highly sought after for office and commercial premises. Stamford has a high proportion of residents who commute out for employment and often earn large salaries in major cities south of the town. Bourne is a rapidly growing market town where significant housing development has occurred over the last ten years; this is complemented by some commercial development and the proposed future re-development of Bourne Town Centre. Market Deeping is again different from the other towns, in that its proximity to Peterborough makes it attractive for commuters and potential business relocations. There has been some commercial development in the Deepings, and office space is highly sought after. All of the areas in South Kesteven District have suffered from lack of employment land for commercial development. Local market conditions during 2003-2008 have favoured residential development, which has reduced the availability of previously developed employment land to inward investors. This has been identified through the Brownfield Land Action Plan 2008 and is a key factor going forward in the Local Development Framework to ensure that there is sufficient employment land within the District.

VOX POP – “We moved from London to the area as there was a lot more value for money in terms of house prices. The area also has good commuter links which were vital to our decision making process” (Dinos Patrinos, local resident and daily commuter to London)

- South Kesteven’s Population 131,100 (est. 2007) Higher percentage against Lincolnshire in the 0-14, 15-24, 25-49 ages, and lower in 50-64 and 65+
- There have been 4,882 housing completions in the South Kesteven area between 2001-2008, with average household size of 2.4
- There are 58,033 dwellings as at the census of 2001.
- South Kesteven has seen a 4.6% decrease in property values between Jan-March 2008 year on year
- Unemployment stands at 1.9% in South Kesteven against 2.9% in the East Midlands
- The Economic Activity rate stands at 67% employed, 14% retired, 6% looking after family, 5% permanently sick or disabled, 3.2% students (inactive), 2% other economically inactive

## **Employment Profile**

- South Kesteven has 85.8% of workplaces with between 1-10 employees, which is higher than the Lincolnshire, East Midlands or England average, this represents 26.2% of all employees within the area
- South Kesteven does have 0.6% of workplaces with more than 200 employees, representing 24.5% of all employees within the area. This is lower than the East Midlands and England average, and on par with Lincolnshire
- South Kesteven has 19% of employment in Manufacturing against 16.8% in Lincolnshire, 17.4% in East Midlands and 12.1% in England
- South Kesteven has 28% of employment in Distribution, Hotels & Restaurants, and 22% in Public Administration, Education and Health, which is higher than the England average
- Banking, Finance, Insurance and other Business to Business Services are lower than the Lincolnshire, East Midlands and England average.

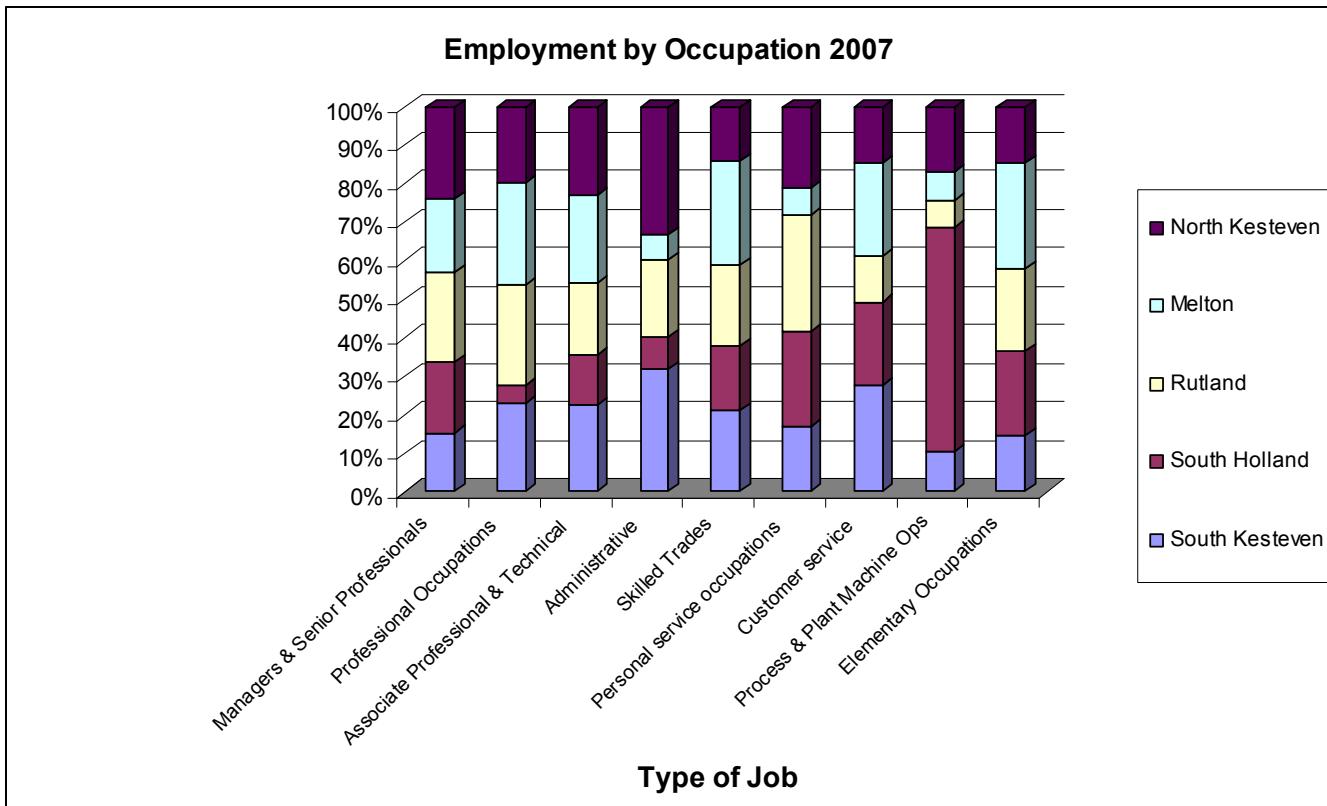
- Within South Kesteven 15.5% of all employees are deemed Manager and senior officials – however this has not been extrapolated to town basis, subjectively and based on average earnings per town, the majority of these people live in the south of South Kesteven
- Sales and Customer Services jobs are higher in South Kesteven than Lincolnshire, East Midlands or England
- Skilled trades are lower in South Kesteven than in Lincolnshire and the East Midlands at 11.8% but higher than England
- South Kesteven has had just under 900 new business start ups per year since 1994, but has seen over 700 business closures per year in the same time
- In 2004 the start ups per 1,000 population was 7.7 this is significantly higher than any of the other Lincolnshire areas which range from 4.4 in Lincoln to 6.0 in Boston
- The wards with the highest Business Start ups are Earlsfield, Harrowby and St Annes
- Joseph Rowntree Foundation Report July 2008 – basic cost of living is £13,000 income for single person = £250 per week
- National basic cost for two adults and two children is £25,500 = £490.38 per week
- The average gross weekly earnings for South Kesteven by workplace is £379.20, against £386 in Lincolnshire and £420.20 in the East Midlands
- The average gross weekly earnings for South Kesteven by residence is £441.10, against £405.90 in Lincolnshire and £353.60 in the East Midlands
- The percentage of people aged 16-74 in South Kesteven with no qualifications stands at 12.7% - the average for Lincolnshire is 14.5% and the East Midlands is 16.6%.
- The percentage of people aged 16-74 in South Kesteven with NVQ level three (equivalent 2.5 A Levels) is 26.5% - the average for Lincolnshire is 21.0% and the East Midlands is 23.3%, England is 29.1%
- The percentage of people aged 16-74 in South Kesteven with degree level qualifications is 17% - the average for Lincolnshire is 14.2%, the East Midlands is 16.6% and England is 19.8%

### Type of Occupation

#### Employment by occupation

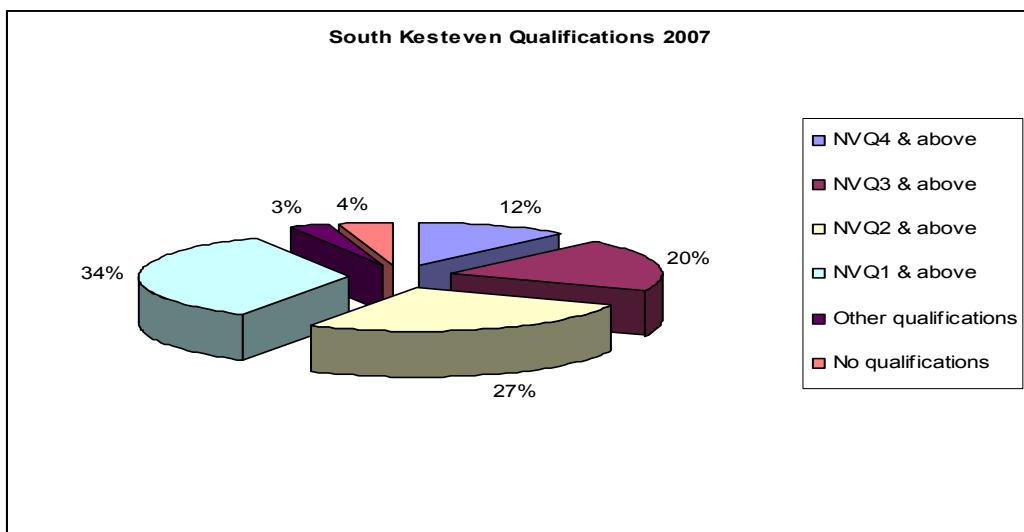
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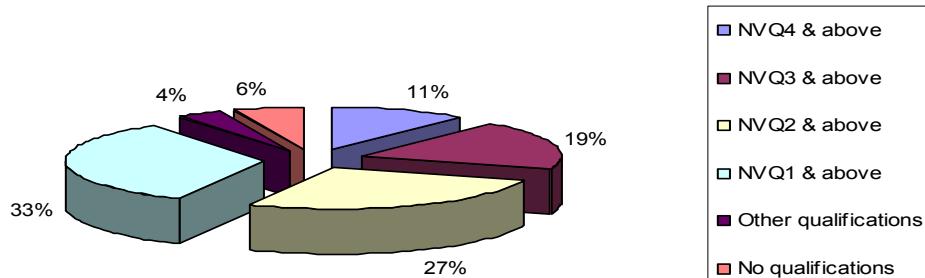
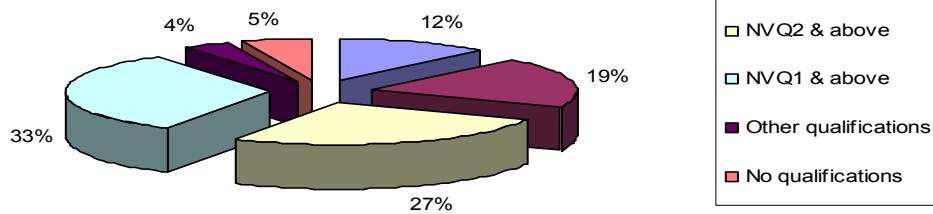
| Group/Area                         | South Kesteven | South Holland | Rutland | Melton | North Kesteven |
|------------------------------------|----------------|---------------|---------|--------|----------------|
| Managers & Senior Professionals    | 12.2           | 14.6          | 18.7    | 15.3   | 18.9           |
| Professional Occupations           | 11.4           | 2.2           | 13.0    | 13.1   | 9.7            |
| Associate Professional & Technical | 16.5           | 9.4           | 13.7    | 16.5   | 16.9           |
| Administrative                     | 13.9           | 3.8           | 8.6     | 3.0    | 14.5           |
| Skilled Trades                     | 14.8           | 11.6          | 14.8    | 18.8   | 9.9            |
| Personal service occupations       | 5.4            | 7.8           | 9.5     | 2.2    | 6.7            |
| Customer service                   | 11.9           | 9.2           | 5.1     | 10.4   | 6.2            |
| Process & Plant Machine Ops        | 4.9            | 27.7          | 3.4     | 3.6    | 8.0            |
| Elementary Occupations             | 9.0            | 13.7          | 13.2    | 17.1   | 9.2            |



#### Qualifications

| Standard/Area        | South Kesteven | East Midlands | Great Britain |
|----------------------|----------------|---------------|---------------|
| NVQ4 & above         | 27.9           | 25.5          | 28.6          |
| NVQ3 & above         | 47.5           | 44.1          | 46.4          |
| NVQ2 & above         | 64.5           | 62.6          | 64.5          |
| NVQ1 & above         | 82.6           | 78.2          | 78.1          |
| Other qualifications | 7.7            | 8.4           | 8.8           |
| No qualifications    | 9.7            | 13.5          | 13.1          |

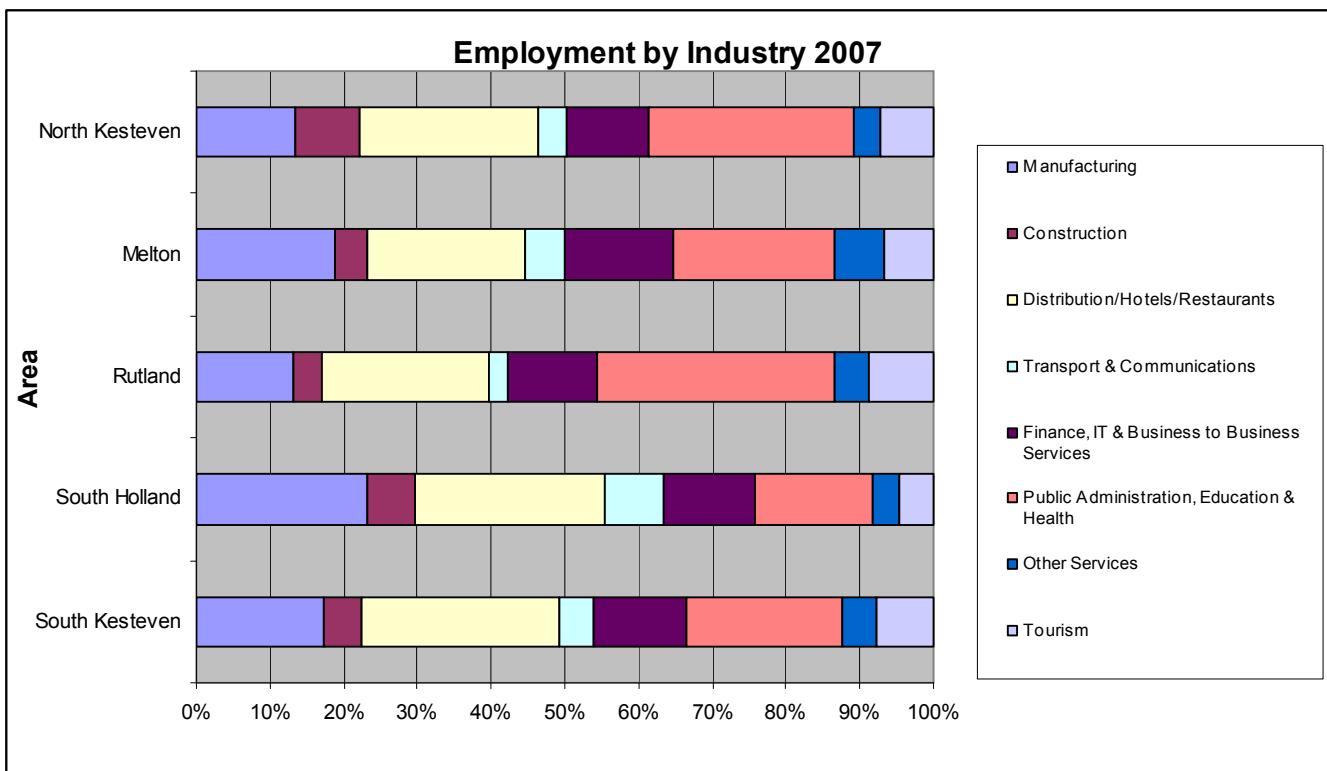


**East Midlands 2007****Great Britain 2007**

## Employment by Industry

Employee jobs by industry – percentage of total employee jobs f/t and p/t in SKDC in 2007 (49,900 total).

| Group/Area                                  | South Kesteven | South Holland | Rutland | Melton | North Kesteven |
|---|----------------|---------------|---------|--------|----------------|
| Manufacturing                               | 18.4           | 22.2          | 14.1    | 19.7   | 13.5           |
| Construction                                | 5.3            | 6.2           | 4       | 4.6    | 8.9            |
| Distribution/Hotels/Restaurants             | 28.6           | 24.8          | 24.4    | 22.3   | 24.6           |
| Transport & Communications                  | 5              | 7.5           | 2.7     | 5.6    | 4              |
| Finance, IT & Business to Business Services | 13.4           | 12            | 13.1    | 15.6   | 11.2           |
| Public Administration, Education & Health   | 22.3           | 15.3          | 34.5    | 22.9   | 28.1           |
| Other Services                              | 4.9            | 3.4           | 4.9     | 6.8    | 3.6            |
| Tourism                                     | 8.3            | 4.5           | 9.5     | 7.1    | 7.4            |



**VOX POP -**

*'Welland Enterprise Agency would like to thank South Kesteven District Council for all the support, help and guidance during the last 4 years. They have been instrumental in supporting and developing the South Lincolnshire Enterprise Advice Centre and various business support programmes for start up and existing enterprises.*

*This support has helped to inspire and inform emerging and potential entrepreneurs and raise awareness of the opportunities available to existing businesses looking for growth.*

*Welland Enterprise Agency is looking forward to this continued success and valuable contribution SKDC makes to the economic wellbeing of the District.'*

**VAT Registrations**

Threshold for registering for VAT is £64,000 as from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008

**VAT registrations and De-registrations 2007/8**

This shows that South Kesteven has seen significant increases in the number of business registrations for VAT, meaning that there is an increase in 2007 of nearly 100 businesses turning over more than £65,000 per annum. This is higher than any other area in Lincolnshire.

|                | Registrations | De-registrations | Increase/Decrease |
|----------------|---------------|------------------|-------------------|
| South Kesteven | 415           | 315              | +100              |
| South Holland  | 230           | 170              | +60               |
| North Kesteven | 265           | 185              | +80               |
| Rutland        | 155           | 130              | +25               |
| Melton         | 160           | 130              | +30               |
| East Midlands  | 12,320        | 9,180            | +3140             |
| Great Britain  | 177,765       | 139,205          | +38,560           |

## **Indices of Deprivation**

The Indices of Deprivation 2007 shows that only one lower level Super Output Area (Earlsfield) of 1,397 people or 1.1% of the district's population falls into the bottom 10% of the most deprived areas in the Country. By contrast there are 18 lower level Super Output areas in the top 10% least deprived.

## **Why a Strategy for Economic Development?**

The purpose of the strategy is to identify the key economic challenges facing South Kesteven and set a course to improve economic performance, specifically in achieving higher incomes and addressing social exclusion. The strategy assesses current trends affecting the economic performance of the District and the challenges that will need to be faced to ensure a vibrant and productive economy for 2020. It also outlines priorities for how the vision can be achieved through a set of themes, with a number of performance measures that will be used to track progress. The strategy also includes a number of case studies and stories that give flavour of progress already achieved that have made a difference to people's lives and the development of business. South Kesteven District Council new corporate priorities for 2009 are: -

- Corporate Priority 1 (CP1) - Good for Business
- Corporate Priority 2 (CP2) - Customer First
- Corporate Priority 3 (CP3) - Quality Organisation
- Corporate Priority 4 (CP4) - Quality Living

## **What about Regeneration?**

Regeneration and Economic Development have always been closely related and are often confused. Not all activity that promotes economic development is regeneration, and evidence from the last thirty years shows that economic inclusion does not necessarily follow from wider economic growth. Targeting deprived areas for regeneration work has been a commonly used model that has had mixed responses to narrowing the gap identified through the Index of Multiple Deprivation. South Kesteven District Council has undertaken a model basing economic development policies together with wider spatial planning around land use, housing, and community planning around the wider community and growth or opportunity areas to raise the gap across the overall area, this is articulated and recognised as 'place shaping'. This is not to say that more deprived areas are ignored, and targeted work by public sector agencies in the more deprived areas of South Kesteven have occurred and will continue to occur in future. In recent years, children's centres, employment initiatives, and relocation of public facilities have all played a part in the development of the more deprived areas of South Kesteven. The Grantham Growth Point Programme of Development places emphasis on the importance of ensuring that the benefits of growth in target areas is also felt in the more deprived areas of the town.

For much of the second half of the 20<sup>th</sup> Century, Regeneration policy concentrated on addressing concentrated problems in parts of town and cities. Immediately post war emphasis was on housing renewal within cities and through the development of new towns. By the mid 1960s there was growing emphasis on the regeneration of those parts of towns and cities and their communities that were in decline. In the 1960s and 1970s it had a strong public sector partnership focus, for example through the Urban Programme and Inner Area Partnerships. In the 1980s, the role of the private sector was brought out in new partnership arrangements. In the 1990s, a range of local initiatives built on this approach through the Single Regeneration Budget.

Government published the National Strategy for Neighbourhood Renewal in 2001 to focus on deprived neighbourhoods, to ensure that within ten to twenty years no one would be seriously disadvantaged by where they live. It was based on a holistic approach covering physical environment, public services and partnership working.

Within the 2008 policy document 'Transforming Places; Changing Lives - a Framework for Regeneration' the Government proposes three priority outcomes for regeneration: -

- TP1 - Improving economic performance in deprived areas
- TP2 - Improving rates of work and enterprise in deprived areas

- TP3 - Creating sustainable places where people want to live and can work, and businesses want to invest.

This Economic Development Strategy aims to play a part in assisting the achievement of this objective, but will aim to align investment behind local and regional priorities, making programmes fit places, not places fit programmes.

## **How we at South Kesteven District Council fit in?**

### **Sub National Review – Local Economic Assessment**

Under the Sub National Review, the statutory responsibility for strategic assessment of the local economy falls to the County Council. Lincolnshire County Council has been proactive in ensuring the District Councils in Lincolnshire have been involved and consulted regarding the initial discussions for the development of the Local Economic Assessment started in Autumn 2008. The Sub National Review can be viewed at [004. Sub National Review of Economic Development](#)

### **East Midlands Development Agency**

East Midlands Development Agency (EMDA) is one of nine Regional Development Agencies in England, set up in 1999 to bring a regional focus to economic development. The primary goal that EMDA has is "to increase the economic growth of the region while reducing disparities between the East Midlands and other English regions". The key role is to be the strategic driver of sustainable economic development. EMDA works in partnership with public, private and voluntary organisations to deliver the goals of the Regional Economic Strategy (RES) which they produce on behalf of the region. The shared vision is *"That by 2020 the East Midlands will be a flourishing region. A region made up of growing and innovative businesses. A region where skilled people are employed in good quality jobs. A region where we all feel part of healthy, inclusive communities and live in thriving, attractive places."*

The Regional Economic Strategy has targets that South Kesteven District Council can work towards locally and these include: -

- RES 1 - To achieve an employment rate above 76% of the working age population by 2009 and to remain at least 1% above the UK average
- RES 2 - To increase the proportion of economically active adults qualified to level 4 or above to 30%
- RES 3 - Increase the rate of VAT registrations to 40 per 10,000 population head and be at least level with the UK average
- RES 4- To increase the proportion of the East Midlands workforce travelling to work by public transport, walking or cycling to 23%
- RES 5- To maintain an average annual growth rate over a five year period of 1.5% in employment floor space

The Regional Economic Strategy can be viewed at [003. Regional Economic Strategy 2009](#) and the Business Support Strategy can be viewed at [008. EMDA Business Support Strategy 2008.2011](#)

### **Lincolnshire Enterprise**

Lincolnshire Enterprise is a business led partnership between the private sector, local authorities, public bodies and community and voluntary groups. Lincolnshire Enterprise is one of seven Sub Regional Strategic Partnerships (SSPs) in the East Midlands and champion economic development and regeneration. Lincolnshire Enterprise is part funded by the East Midlands Development Agency and part funded by the Local Authorities that are covered by its geographical boundaries. Lincolnshire Enterprise is aligned to the overall objective of the East Midlands becoming one of the top twenty regions in Europe by 2010.

Lincolnshire Enterprise has a significant capital budget of £6.5m per annum to deliver projects and initiative that achieve aims and objectives within the Lincolnshire Economic Strategy, the sub regional strategy for Lincolnshire. The Lincolnshire Economic Strategy can be found at [005. Lincolnshire Economic Strategy](#)

Lincolnshire Enterprise has also developed a Sub Regional Investment Plan (SRIP) with an objective to raise Lincolnshire GVA to 85% of the UK average by 2015. In 2004 GVA was 77% of the UK average, an improvement from the low point of 75% in 2000. Lincolnshire Enterprises priorities for 2008-2011 SRIP address these issues and build on the opportunities. The investment will be concentrated in six priority areas where intervention will make the greatest contribution to achieving the objective of increased GVA. The demand side, through stimulating innovation, encouraging enterprise and inward investment, and on the supply side the priority is facilitating the provision of land property and development, addressing the skills gap and tackling deprivation and inequalities by removing the barriers which prevent or inhibit individuals and communities from fully participating in the economy. The SRIP can be viewed at [www.lincse.org.uk](http://www.lincse.org.uk). Lincolnshire Enterprise are being aligned with the Lincolnshire County Council Economic Development Team known as Lincolnshire Development as of April 1<sup>st</sup> 2009. The East Midlands Development Agency have concluded that in implementing the Sub National Review the Sub Regional Strategic Partnerships should be reviewed and where possible link in with the County boundaries to ensure that collaborative working and place shaping are implemented.

### **Lincolnshire Development – Economic Regeneration**

The Economic Regeneration section of Lincolnshire County Council delivers a range of economic, social and health services addressing the needs of Lincolnshire people. Over the last few years, Lincolnshire County Council has led on projects that have created 2000 jobs, assisted 900 businesses, supported 700 community groups and provided 11,500 sq metres of business premises. Through the County Economic Development Strategy the economic regeneration section will engage partners and activities that will consolidate on previous successes and move forward on projects that will develop infrastructure, stimulate business expansions and inward investment, encourage enterprise, facilitate development of commercial properties, support communities and develop people, and attract funding from external sources. The overall aim and objectives of the County Council are to improve the productivity, competitiveness, standard of living and quality of life for the people and businesses of Lincolnshire. The County Council Economic Development Strategy can be found at [006. LCC Economic Development Strategy 2010](#)

### **Lincolnshire Local Area Agreement Block Four**

Lincolnshire's Local Area Agreement addresses ten priorities linked to the County Community Strategy. These priorities are: -

- Children & Young People – raise attainment
- Improve Health
- Improve skills and conditions for economy
- Reduce alcohol harm and improve community safety
- Create better communities through growth and improved housing provision
- Promote social cohesion
- Tackle the causes and effects of climate change
- Improved quality of life for vulnerable people
- Get connected Improved services providing value for money

This strategy is best linked with the priority of 'Improve skills and conditions for economy' – The core objectives and targets within this priority are: -

- LAA4 Objective 1: - Increase participation of 17 year olds in education and training

- LAA4 Objective 2: - Increase the proportion of the working age population qualified to level 3 or higher
- LAA4 Objective 3: - Increase participation of 16-18 year olds in education or training
- LAA4 Objective 4: - Increase the number of successful businesses trading in Lincolnshire
- LAA4 Objective 5: - To reduce by 1% the number of working age people claiming a working age benefit and others on income related benefits
- LAA4 Objective 6: - Encourage employers to take action to identify skills gaps in their workforce and then take steps to address those gaps

The Local Area Agreement can be viewed at [002. LAA Delivery Plan 2008.2011](#)

### **Welland SSP**

The Welland Sub Regional Strategic Partnership (Welland SSP) is one of seven sub regional strategic partners funded by the East Midlands Development Agency to tackle across the board economic regeneration issues. Welland is the region's only exclusively rural SSP, with an agenda focused on 12 market towns and rural communities across four counties covering 1,000 square miles of Harborough, Melton, East Northamptonshire, Rutland and South Kesteven.

Working through key partnerships, the executive team develops and manages an economic programme covering enterprise and business development, innovation, tourism, community development, employment and skills, rural development and diversification, boosted by high leverage of public and private sector funds and contributing to a significant number of key regional outputs. The Welland have an annual capital budget for project at £2.6m and deliver projects to the sub regional economic development business plan that can be viewed at [www.thewellandssp.co.uk](http://www.thewellandssp.co.uk)

### **Grantham Growth Point**

Grantham received a major boost in late 2006 when it was confirmed as a new Growth Point area with the potential to deliver new homes and many more jobs over the next twenty years. The aim is to build upon Grantham's principal assets namely its location, excellent transport links, environment and its people. Growth Point status will allow major housing expansion and the chance to enhance the town centre, but will also allow the population to expand from 38,000 in 15,000 households to 50,000 in 21,000 households. This will be delivered together with significant local infrastructure improvements including more shopping facilities, better roads, local transport, new green linkages and public realm projects.

The strategic partnership which has been created to oversee the programme includes the District and County Councils, EMDA, the Homes and Communities Agency, and the Government Office for the East Midlands.

The vision for Grantham Growth is "*To promote ambitious but balanced growth within Grantham, making it one of the region's most aspirational locations to live, to work, and to visit.*" The Grantham Growth Point website can be viewed at [www.granthamforgrowth.co.uk](http://www.granthamforgrowth.co.uk)

### **Local Strategic Partnership – Sustainable Community Strategy**

The Sustainable Community Strategy for South Kesteven is currently being refreshed and will be available from October 2008. Extensive consultation has been collected through the member organisations of the Local Strategic Partnership to establish relevant priorities which address the needs of our partners and the communities we serve. This approach to adopting priorities means that we can make certain we are delivering exactly what our communities want in a 'joined-up' fashion, adding value to existing initiatives and avoiding duplication of effort. These priorities are: **Community Cohesion** – through which we will work to develop community pride, celebrate cultural diversity, improve local neighbourhoods by recognising that its one thing to build housing developments but we must strive to build the communities within them which in turn will help in developing safer communities. **Healthy Living** - working across the district to help reduce obesity, address alcohol misuse, maximise use of Leisure facilities to help prevent ill health and enhancing and maintaining our health services in line with the growing population. **Sustainable Growth** – whilst embracing environmental and heritage issues within our district we will support Grantham Growth and its plans for a new Southern Link Road, new employment and retail development, new homes, the development of the Canal

Basin and visitor economy; we will support the work being carried out as part of the Bourne Core Area improving retail offer, business development and new homes and in our other towns villages and rural economies we will again look at opportunities for housing development and employment. Our vision: *to shape the future of South Kesteven together with our partners and residents to develop a place where people really matter by maintaining and improving the towns, villages and countryside of the district to create self-supporting, inclusive, sustainable communities which are safe, healthy and desirable places in which to live and work* is shared with the Local Development Framework.

## **Local Development Framework**

The Local Development Framework (LDF) will provide the spatial policy framework for the Economic Development Strategy and the objectives of the emerging Core Strategy Development Plan Document (DPD), which is expected to be adopted in late 2009, reflect those of the Economic Development Strategy in seeking to sustain and strengthen the local economy and encourage economic diversification.

Perhaps the most important economic driver for the LDF is to ensure that sufficient employment land is available in the right locations in order to support local businesses, encourage expansion and attract inward investment. The allocation of specific sites will be brought forward through the Site Allocations and Policies DPD, which is programmed for adoption in summer 2011 and this will support the Economic Development Strategy in achieving economic prosperity.

## **The South Kesteven District Council Economic Development Priorities**

The Economic Development Priorities for the South Kesteven District Council Economic Development Strategy are listed below; these have been developed to create synergy with the Regional Economic Strategy, the Local Area Agreement, the Council Corporate Priorities and an interpretation of the key statistics for the area: -

- ED Objective 1: - The Inward Investment Challenge “Attracting inward investment”**

The East Midlands performance in attracting inward investment has been relatively poor compared to the other regions in the UK. It has attracted 6% of all foreign inward investment projects into the UK compared to London which attracted 25% and the South East which attracted 17%. In terms of jobs the performance is similar with 5% of the new or safeguarded jobs being in the East Midlands compared to the West Midlands with 12% and the North West with 11% which are the leading regions in the number of jobs created and safeguarded.

A sectoral analysis of the foreign direct investments in 2006/7 shows that software and computer services B2B, business services and financial services are the top three sectors. The food and drink sector follows on sixth position and mechanical process and electrics follows on tenth position of 34 sectors. Of the 22 project successes in Lincolnshire between 2002/3 and 2006/7 the majority were in the food and drink sector. The other sectors that FDI projects originated from were agriculture and the electronic sector.

South Kesteven District offers good opportunities for further inward investment and growth. The area has seen investment over the last ten years from a number of employers and its attraction as a growth area has been highlighted through the Growth Point Award in December 2007. South Kesteven is well connected by road and rail connections which only accentuate its location to potential inward investors. The area possesses a number of key assets as a location for business. It has a strong manufacturing sector and a workforce that can support future growth. There is a good supply of labour, however there is a lack of highly skilled labour to fill higher value jobs. The higher skilled labour that South Kesteven does have tends to commute to employment in London, Nottingham, Peterborough, Cambridge, Leicester, Birmingham and Lincoln. The challenge for South Kesteven District Council and Partners is to attract, sustain and grow businesses within the area. The action plan below complements the 2008 Investment Strategy and Plan commissioned by Lincolnshire Enterprise to attract further inward investment creating new jobs and businesses for a prosperous District.

- ED Objective 2: - The Skills Challenge “Diversifying our skills”**

Higher skilled workers are essential to both introducing and operating advanced production techniques. They also adapt more quickly to new innovations, are more flexible generally, play a key role in knowledge creation and are more able and likely to receive additional training at work. Analysis show that, despite a strong performance at GCSE and A Level, South Kesteven has a lower share of people employed in higher level occupations than the regional average, and many high skilled South Kesteven residents work outside the District. The challenge is to create a step change in the current levels of workforce skills and create a labour market that will retain more of the young people that perform well at school and in post 16 further education.

- **ED Objective 3: - The productivity challenge "Improving our local output"**

Productivity is measured through Gross Value added (GVA) as it captures the value added through production, which in turn is raised through high levels of economic activity, high skills levels and a competitive business environment. Lincolnshire GVA is below the regional and national averages and its GVA performance in the business to business sector is particularly weak. The challenge therefore is not only to raise Lincolnshire's overall GVA, but also to strengthen efforts to attract and grow higher value businesses within the local economy. Grantham & Stamford have major infrastructure advantages over Lincolnshire and need to build upon these to attract higher value added businesses.

- **ED Objective 4: - The Entrepreneurship Challenge "Growing our local businesses"**

Entrepreneurship is a key driver of productivity growth in the economy. The challenge is to increase the number of new businesses in the District, but also to encourage the development of small/micro businesses and social enterprises that could play a key role in a 'sustainable business development' approach and diversification of the economy.

- **ED Objective 5: - The Knowledge and Technology Challenge "Increasing our knowledge economy"**

An indicator of the ability of the Lincolnshire economy to adopt new technologies is the share of jobs in high technology sectors. Currently the share is significantly lower than regional and national averages. Knowledge rich locations are more productive, more innovative and can continue to draw in higher levels of investment. The challenge therefore, is to increase the proportion of jobs within the South Kesteven economy in high tech and knowledge based sectors, which included finance, business to business services, software engineering and green technologies.

### **Where are we now?**

The 2005-2008 Economic Development Strategy for South Kesteven highlighted a number of projects and initiatives designed to further the economic prosperity of South Kesteven. The key priorities to this strategy were Town Centre Regeneration, Business Development, and Encouraging Communities to become Sustainable.

#### **What we did well...**

- Successfully implemented a series of business start up workshops during 2006, 2007, & 2008
- Successfully implemented a series of business development workshops during 2006, 2007, & 2008
- Successfully extended the Northfields Industrial Estate with the creation of 200 new jobs and more employment land in partnership with Lincolnshire County Council

- Successfully worked with Welland Enterprise Agency in the delivery of a rural enterprise centre in Stoke Rochford supporting the creation of over 20 new businesses per year and creating new jobs
- Started a process for consultation and engagement of local retailers in the Business Improvement District scheme
- Delivered in partnership with Stamford Vision and Lincolnshire County Council the Stamford Gateway project
- Supported and assisted over 80 (subject to evaluation) people in accessing new jobs following the Fenland Foods Closure
- Built a new car park in Welham Street, Grantham, increasing footfall on the east side of town
- Completed the Grantham Masterplan & Grantham Canal Basin Socio-Economic Baseline
- Delivered the Mid Lent Fairs in Stamford & Grantham as the biggest street fairs in England.
- Successfully achieved £5m central government funding for Grantham through the Growth Point Bid

**VOX POP -** “*The Local Authorities were very proactive in working with us to develop our new business premises, resulting in additional jobs and growth for Ampy. We look forward to working in Market Deeping and South Kesteven in the future.*” (Peter Bradley: Finance Director of Ampy Metering)

#### **What we are still working on / what we have learnt...**

- We have seen a marked fall in number of employment sites readily accessible for commercial development
- We have not developed the Bourne South Road Project original timetable due to ensuring best use of public monies within the development scheme
- We have been delayed in undertaking the Bourne Core Area Project because of the need to ensure best use of public monies within the development scheme. We have been consulting the people of Bourne and listening to them regarding this project.
- We have learnt to consult and communicate more with local stakeholders when undertaking construction projects such as Stamford Gateway Project
- We have not developed an action plan for the most deprived areas in South Kesteven due to capacity and prioritisation. The Council Economic Development Team has focused primarily on town based and wider initiatives that would benefit the whole area through job opportunities, skills and infrastructure.

#### **Performance against 2005-2008**

| <b>PI Description / Year</b>                              | <b>2004/5</b> | <b>2005/6</b> | <b>2006/7</b> | <b>2007/8</b> | <b>2008/9</b> |
|---|---------------|---------------|---------------|---------------|---------------|
| Number of Businesses assisted and supported               | 76            | 299           | 449*          | 402           | 469 to date   |
| New Business registration rate per 10,000 head            | +95           | +85           | +100          | TBC           | Target +110   |
| Overall employment rate                                   | 78.8%         | 78.4%         | 75.1%         | 76%           | 76.3%         |
| Average earnings within the District per week             | £393          | £427          | £443          | £449          | £455          |
| Percentage satisfied with the area as a business location | 72%           | 73%           | 74%           | 75%           | 76%           |

\* The economic development team took over responsibility for the markets and the KPIs did not accurately match with the market KPIs. A new system to reflect this took place allocating 1/20<sup>th</sup> value in 2008 for market traders assisted.

#### **Employers Survey**

In summer of 2007, an employers' survey was undertaken with local businesses. This gives an evidence base for policy formation within this economic development strategy. Key results include:

- 75% of businesses are satisfied with the District as a business location
- 87% of businesses are expecting similar or improved turnover for the coming year.
- 75% of businesses experience problems in recruiting staff with the appropriate skills.
- There has been an increase in Broadband usage since 2005.
- Take up of support organisations such as Business Link is low (down 7% to 24% since 2005)
- Market size as an obstacle to growth increased by 9%
- There has been a significant reduction in the number of businesses operating in the service sector
- 12 % of businesses are looking to relocate, primarily for expansion purposes – an increase of 4% on 2005.
- Businesses buying or selling online only increased by 1% from 2005.

Vox Pop - '*Total Networking (totalnetworking.co.uk) is an independent business networking group based in Grantham. The forum we provide helps to build working relationships between local businesses. The financial support provided by SKDC assists Total Networking in running the monthly meetings and providing business skills workshops; Ultimately helping local businesses to improve their business skills and bringing greater economic success to the region'*

### **Measuring the impact**

To achieve the vision, meet the challenges and deliver the themes, intervention in the form of projects and activities needs to take place. These are listed in a bi-annual action plan, which will be monitored and updated every second year to react to opportunities and changes. These actions will be changeable and flexible but based on the core purpose of achieving the ambitions listed within this strategy. There are a number of organisations responsible for delivery of this strategy, with a strong partnership approach between agencies and businesses. This reflects the broad nature of the task in many factors effecting economic performance, well being and sustainability. There are already a number of large schemes and projects well underway in their planning and delivery which will go along way to achieve the themes highlighted in the strategy. These are mentioned in the action plan, however the core projects are: -

- Grantham Growth inc. Grantham Canal Basin
- Bourne Core Area
- Targeted Regeneration Plan
- Stamford Priory Development
- Deepings Northfields

### **Performance Indicators**

To ensure activity and intervention is making a difference and public money is being invested in the right way, a set of performance indicators has been developed as listed below with baseline data from the most recent information. However indicators are not the only measure of better economic performance and quality of life, with case studies and personal stories giving a picture of improvement for businesses, individuals, communities and the District of South Kesteven. The following performance targets are set for 2014: -

- Number of business satisfied with area as business location – 80% from 75%
- Number of business assisted for start up = 50 pa
- Number of businesses assisted with development = 100pa
- Create/Publish 4 Business Newsletters per annum

- Assist with 2 Inward Investments per annum
- Assist 10 young people or adults per annum to develop new skills for employment

## **Outcomes**

This economic development strategy will endeavour to allow South Kesteven District Council to work with partners to deliver intervention and initiatives that will deliver core outputs leading to the delivery of improved outcomes for the South Kesteven and Lincolnshire areas. These targets are linked with the Local Area Agreement outcomes and reflected within the action plan below.

### **Where we are now in 2008?**

- VAT registered businesses are growing year on year by 100+ after closures
- Employment Rate is 67% of the population
- The average mean income on a weekly basis is £410 (average of by residence and workplace)
- Skills at level 3 NVQ or above stands at 26%
- Visitor spend is currently at £110,200,000 per annum in South Kesteven
- Currently business survival rates for over 12 months are averaging 92 per year

### **Where we want to be in 2014?**

- Increase in VAT registered businesses to 115 per annum
- Increase in Employment Rate to 69% of the population
- Increase in the average mean income on a weekly basis to £475 by 2014 (average of by residence and workplace)
- Increase in Skills at level 3 NVQ or above to 28%
- Increase Visitor spend to £120,000,000 in South Kesteven by 2014
- Increase in business survival rates to over 100 per year by 2014

## **Definitions**

### *What is Inflation?*

Inflation is a sustained rise in prices across an economic area, it is literally the cost of living. In Britain it is calculated by monthly measuring the percentage rise in price of a weighted sample or basket of goods and services that a typical household buys compared to the year before. What cause inflation? In classical terms it is caused by demand exceeding supply, in other words, too much money is chasing to few goods and services, so they begin to command higher prices. What can be done about inflation? No one can get rid of inflation permanently. It will always rise and fall with the economic cycle, but government policies to manage this will also affect inflation. Increasing interest rates, taxes and cutting back on public spending to take the heat out of a boom will also damp down inflation to an extent. However in the long term, sound economic policies may reduce a country's average rate of inflation. Creating the conditions for investment, long term growth and currency stability, so that the economy cannot overheat easily and so confidence in the currency remains high, are the best way to achieve the goal of low average inflation.

### *What is a recession?*

A recession is where an economy that had previously been growing slows down. The level of production declines, unemployment rises and consumer spending dries up. In the worst case scenarios, as happened in the 1930s and the 1980s so few people are spending money that businesses sack staff to cut costs. The current policy by the Bank of England and Government, is that the country is in 'recession' when three continuous months see no growth. As of August 2008 growth is still occurring at 0.2%.

### **What is GDP?**

Gross Domestic Product (GDP) is a measure of the total economic activity occurring in the UK. It can be measured in three ways: Production, which measures the Gross Domestic Product as the sum of all value added by all activities which produce goods and services (See Gross Value Added). Income, which measures the Gross Domestic Product as the total of incomes earned from the production of goods and services. Expenditure, which measures the Gross Domestic Product as the total of all expenditures made either in consuming finished goods and services or adding to wealth, less the cost of imports. A common equation for GDP is (GDP=Consumption + Investment + Exports - Imports).

### **What is GVA?**

Gross Value Added (GVA) is the difference between output and immediate consumption for any given sector / industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used up in production.

### **What is RPI?**

Retail Price Index is an important domestic indicator of inflation in the UK. It measures the average change from month to month in the prices of goods and services purchased in the UK. In addition there are two commonly used RPI aggregates: RPIx all items excluding mortgage interest payments, and RPIy all items excluding mortgage interest payments and indirect taxes.

### **Acronyms**

|         |   |
|---------|---|
| SKDC –  | South Kesteven District Council               |
| LCC –   | Lincolnshire County Council                   |
| GOEM –  | Government Office East Midlands               |
| DCLG –  | Department for Communities & Local Government |
| GGP –   | Grantham Growth Point                         |
| BCA –   | Bourne Core Area                              |
| LDF –   | Local Development Framework                   |
| SPG –   | Supplementary Planning Guidance               |
| RDA –   | Regional Development Agency                   |
| EMDA –  | East Midlands Development Agency              |
| SSP –   | Sub Regional Strategic Partnership            |
| LSP –   | Local Strategic Partnership                   |
| TCMP –  | Town Centre Management Partnership            |
| DMP –   | Destination Management Partnership            |
| LE –    | Lincolnshire Enterprise                       |
| WSSP –  | Welland Sub Regional Strategic Partnership    |
| LRO –   | Lincolnshire Research Observatory             |
| SSC –   | Sector Skills Councils                        |
| AMT –   | Action for Market Towns                       |
| CEDOS – | Chief Economic Development Officers Society   |
| IED –   | Institute of Economic Development             |

|         |   |
|---------|---|
| EMT –   | East Midlands Tourism                         |
| LAA –   | Local Area Agreement                          |
| RES –   | Regional Economic Strategy                    |
| GDP –   | Gross Domestic Product                        |
| GVA –   | Gross Value Added                             |
| BID –   | Business Improvement District                 |
| SIC –   | Standard Industrial Classification            |
| RPI –   | Retail Price Index                            |
| SFIE –  | Selective Finance for Investment & Enterprise |
| ESF –   | European Social Fund                          |
| ERDF –  | European Regional Development Fund            |
| RTPI –  | Royal Town Planning Institute                 |
| BURA –  | British Urban Regeneration Association        |
| RICS –  | Royal Institute of Chartered Surveyors        |
| LABGI – | Local Authority Business Growth Incentive     |

### **The Annual Action Plan**

The companion document; the Economic Development Action Plan will be updated annually as part of the Council's Annual Priority planning cycle. This will include consultation with partners and the priorities required of all stakeholders.