

Chapter 1

Economic Assessment Introduction

Local Economic Assessments were originally envisaged in an earlier political landscape, but as we move towards the creation of Local Enterprise Partnerships, with an enhanced role for local authorities in economic development, the assessments have an even greater role to play in informing policy and strategy development.

Creating a shared evidence base

1.1 The Local Democracy, Economic Development and Construction Act 2009 placed a duty on upper tier local authorities to prepare an assessment of economic conditions of their area. The duty remains, despite the revocation of statutory guidance, but there is no prescription on how it should be done. The purpose of this Local Economic Assessment (LEA) is to provide a robust evidence base that will underpin strategic planning, investment decisions and delivery plans. The core objectives of this assessment are to:

- Provide a sound understanding of the economic conditions in the area and how they affect the wellbeing of residents and businesses
- Identify the economic linkages between the City of Derby 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 economic growth.

1.2 This is not intended to be a one off snapshot of evidence but rather a living document which will be updated in future years. Derby City Council proposes that the LEA should be kept up to date and fit for purpose to inform future strategy and policy at the local level. The first significant refresh of this EA is expected to take place in 2013 once the 2011 census data becomes fully available.

Defining Derby's Economic Geography

1.3 The last wholesale reorganisation of Local authority boundaries was in 1974. Today, travel horizons and commuting patterns have widened and the economic footprints of UK cities have grown. In recent history the city of Derby has experienced significant growth in employment sites, housing, and its city centre retail footprint as well as a steady increase in its population. All of these factors coupled with increased

mobility mean that the administrative boundary captures only part of the real economic area where people commute, shop and do business.

1.4 The economy of Derby operates at a number of levels. At the local level Derby functions as a shopping and employment centre for its residents. Beyond the city boundary, Derby is a key player within the regional economy whilst also having trading links that stretch around the world with companies such as Rolls-Royce selling products and services to a global market place. The availability of data is the key to being able to assess the economy. This assessment is focussed on the following geographical levels due to the accessibility of reliable data sources:

- Derby City boundary
- Derby Housing Market Area
- Travel to Work Area
- Derby Retail Catchment (Roger Tym)

1.5 Figure 2.1 in the Economic Geography chapter shows the functional economic geography of Derby, which has been chosen as the focus of the assessment. The focus of this assessment will be on the principal urban area of Derby City but much of the narrative describes the economic influences beyond the city boundary.

Outline structure

1.6 We have chosen to group together areas of evidence in order to create LEA chapters. This introduction is the first chapter, further chapters are summarised below:

Chapter 2 Economic Geography

Consideration of Derby's functional economic area and the economic links it has beyond its boundaries.

Chapter 3 Demography

Consideration of population profiles, trends and forecasts including ethnic breakdowns and student populations.

Chapter 4 Employment, Skills and Worklessness

Review of economic activity, unemployment, wage levels, skills and issues of worklessness

Chapter 5 Business and Enterprise

An assessment of business demography, business starts, productivity and business confidence.

Chapter 6 Development, Economic Infrastructure and Connectivity

The impact of housing, employment land, transport and communications infrastructure on the economy.

Chapter 7 Sustainable Economic Growth

Consideration of the affects of climate change on economic growth and the potential to achieve a low carbon economy.

Chapter 8 SWOT Analysis

A summary of the strengths, weaknesses, opportunities and threats within Derby’s economy.

Chapter 9 Conclusions

Moving from the evidence base towards the options for future economic development.

Methodology

- 1.7 Since the revocation of the statutory guidance on LEAs, individual areas have been given the freedom to produce assessments in the way they see fit. The structure of this assessment broadly aligns with the original statutory and sector led guidance and builds on our engagement with East Midlands Development Agency which sought to define a core set of indicators for all LEAs.
- 1.8 The initial development of the LEA in Derby was undertaken during 2010. At the time of printing, in October 2010, further research and analysis was being commissioned in order to add value to this initial assessment. This combined evidence base will underpin the direction of the city’s new Economic Regeneration Strategy and inform the Sustainable Community Strategy. The table below outlines the processes that have led to this LEA:

Table 1.1 LEA Development Process

Process	Detail
Stakeholder liaison	The production of a LEA has been welcomed by regeneration partners in the city. The Derby Renaissance Board is keen for the LEA to underpin the development of a new economic strategy for Derby. Derby City Partnership’s Strategic Intelligence Group helped to inform the LEA, particularly in terms of data availability, and provided guidance on alignment of LEA with other strategies and evidence collation. Partners have also been able to influence the commissioning of further economic research.
Sector Led Guidance	Derby City Council was involved in the development of sector led guidance for the original LEA duty during 2009.
Desk top analysis	Sourcing available data sets, compiling

	this into LEA chapters and analysing what the data showed for Derby.
Data gap analysis	Using the knowledge of our stakeholders we were able to assess the provision of economic data and consider gaps in our understanding.
Commissioning research	As a result of the data gap analysis a number of potential research topics were discussed by Derby stakeholders and with regional partners. Decisions on which research topics to commission were made on the basis of how relevant they would be to the evolution of Derby's economic strategy. The main research commissions that will add value to the LEA are: <ul style="list-style-type: none"> • How to lock in economic success - Centre for Cities research • Derby Business Support Strategy
Consultation	<ul style="list-style-type: none"> • Economic Futures Conference (30th June 2010) • Online consultation via DCC website • Business events

A snapshot of Derby's recent economic history

- 1.9 Derby is located in the centre of England and is an important transport hub, with good east-west and north-south rail links and close proximity to the M1 motorway and East Midlands Airport. Derby was at the centre of the Industrial Revolution and remains an important centre for rail, aerospace and automotive engineering. Significant engineering employers like Rolls Royce, Bombardier and Alstom are located in the city, and Toyota is located seven miles to the south. Additionally, the internet banking company Egg represents an important asset in the city's growing financial services sector. The city has also developed a strong base of Small and Medium Sized Enterprises (SME's), including a vibrant retail offer and significant tourism and gaming sectors.
- 1.10 Due to a £2 billion investment programme, Derby has seen an increase in its education, retail and leisure offer, as well as an upturn in riverside housing developments through the implementation of the City Centre Masterplan. The city's retail offer had a major boost with the expansion of the Westfield shopping centre in 2007, supported by the continuing implementation of the Connecting Derby transport scheme.
- 1.11 The QUAD Arts Centre – an impressive cultural development - boosted the offer in the city's Cathedral Quarter, supported by an increase in public realm investment across the city centre. Significant investment

in further education, including the development of Derby College's Roundhouse campus, has seen the city capitalising on its industrial heritage. Other developments include public-private partnerships such as Lightspeed Derby, an alliance of businesses and public sector organisations working to ensure Derby has access to advanced broadband technology for future generations.