

Inclusive Growth: Demand Side

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1. Recap on inclusive growth

- Inclusive growth is a type of economic growth that creates opportunities for all parts of the population. It distributes the dividends of increased prosperity fairly across society.
- There are two sides to economic growth:
 - **The supply side:** looks at inclusive growth from the individual's perspective. For example, it considers how accessible jobs are; and what the quality of jobs is like.
 - **The demand side:** looks at inclusive growth from the employer's perspective. For example, it considers what skillsets businesses need to grow; how healthy the economy is; and what sectors in the local economy support inclusive growth the most.
- At the last scrutiny meeting, committee discussed:
 - Case studies from other parts of the country, which included examples such as the Bristol City Fund (and the opportunity to convene partners in Lincoln) and Newcastle's Skills House (and the opportunity to review The Network business case)
 - The success of the employability courses delivered by the council and the college, which were highlighted as good practice by Lincoln DWP
 - Opportunity for DWP to have a conversation with the city council to explore any additional opportunities for Section 106 to support high quality local employment
 - Opportunities for people from vulnerable groups to secure employment with the support of Linkage Community Trust
 - The potential for another scrutiny review looking at the link between transport and inclusive growth

2. The business sector in Lincoln

This section explores some of the key indicators that relate to the demand side of inclusive growth. These are indicators that predominantly apply to the economy and business sectors.

Comparisons are made with a selection of other areas in the country that are considered to be our statistical 'nearest neighbours'. These are areas similar to Lincoln for demographic and socioeconomic factors, and are therefore appropriate areas to compare ourselves with for a range of measures.

2.1 Summary of key findings

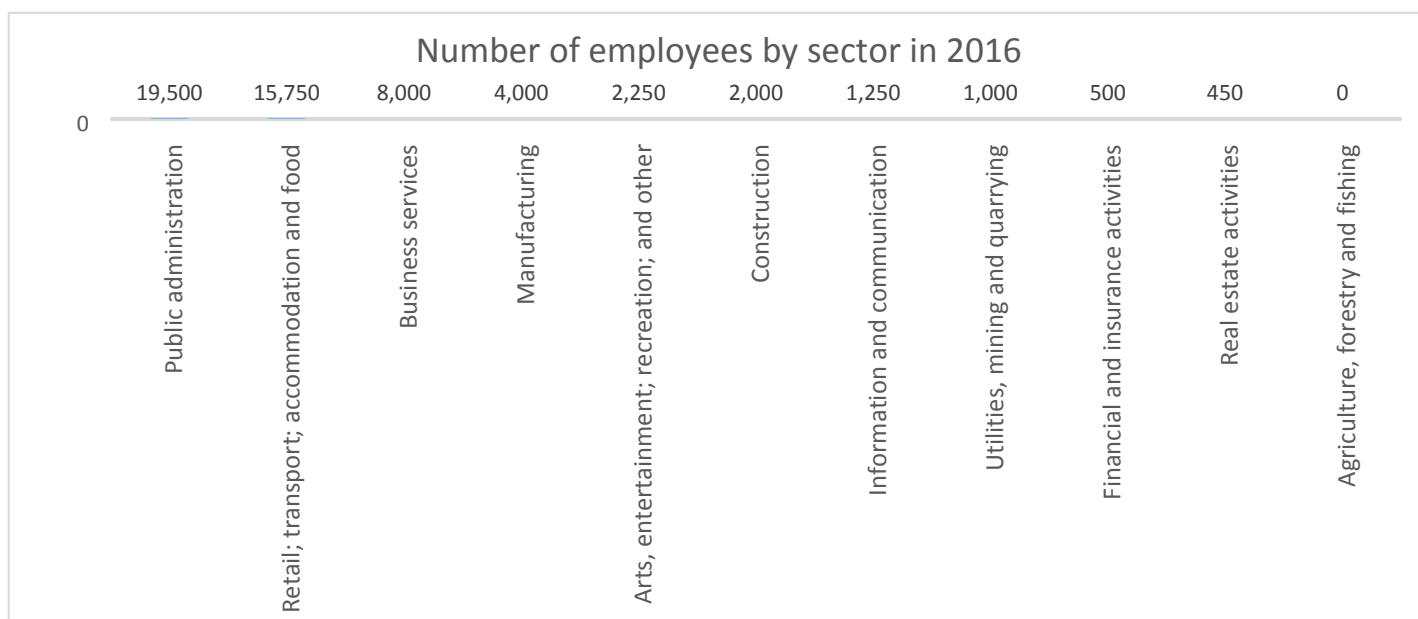
- Overall, the value of the city's economy is £2.4bn per annum, which is the median average amongst our nearest neighbours
- Lincoln's largest sectors for both numbers of employees and economic output are;
 - Public administration (19,500 employees; valued at £684m per annum)
 - Retail; transport; accommodation and food (15,750 employees; valued at £525m per annum)
- In terms of economic productivity, Lincoln produces £43,600 of value per employee
- Both the business services sector and the manufacturing sector are also major employers in the city, with 8,000 people working in business services, and 4,000 people working in manufacturing
- Both sectors have a similar economic value (£221m GVA each), suggesting manufacturing is a more economically productive sector, but business services provides a greater number of employment opportunities
- Micro enterprises (employing less than 5 people) account for the vast majority of businesses in Lincoln (70.9%)
- There are 15,700 (35.3%) employees in the highest skilled occupations; compared to 12,900 (29.0%) employed in the lowest skilled occupations
- Lincoln ranks low amongst our nearest neighbours for the proportion of employees in the highest skilled occupations (12th highest of 16)

2.2 Employees

Lincoln sector comparison

Lincoln's largest sector by number of employees is public administration, which accounts for 19,500 employees (35.6%) working in the city. This includes councils, schools, and hospital employees, and reflects the city's position as the main hub of services in the county.

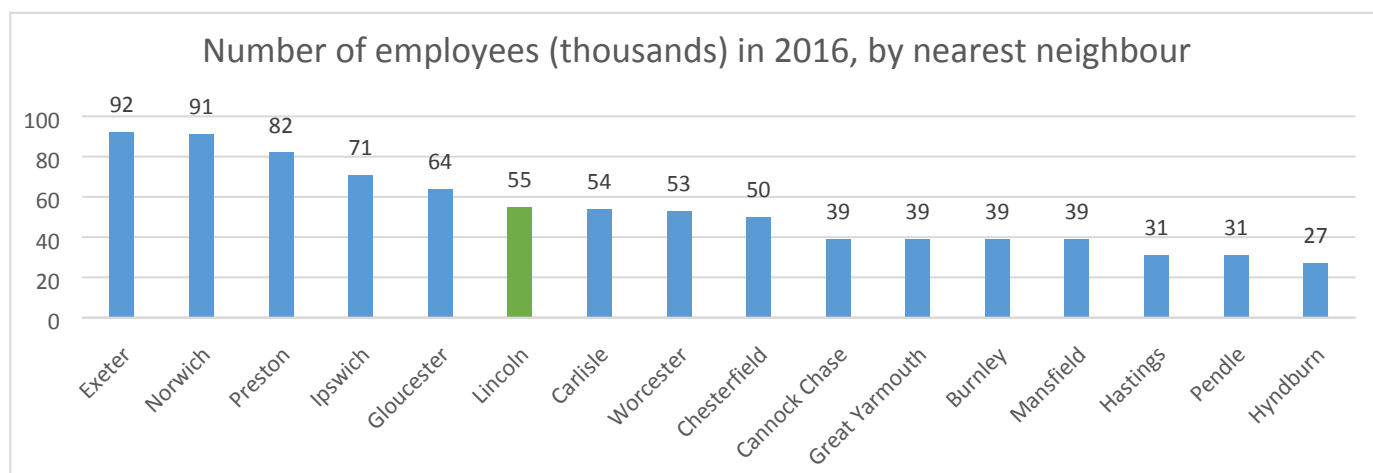
The second largest sector is retail; transport; accommodation and food, which accounts for 15,750 employees (28.8%). This also reflects the city's position as the main retail area in the county, and links closely to its important visitor economy.



Source: ONS (2017) *Business Register and Employment Survey 2016*

Nearest neighbour comparison

A number of our nearest neighbours are larger than Lincoln (both in terms of population, and administrative boundary), which is why several have a larger number of employees in their area. Nevertheless, with approximately 55,000 employees, the administrative area of Lincoln remains one of the larger employment hubs.

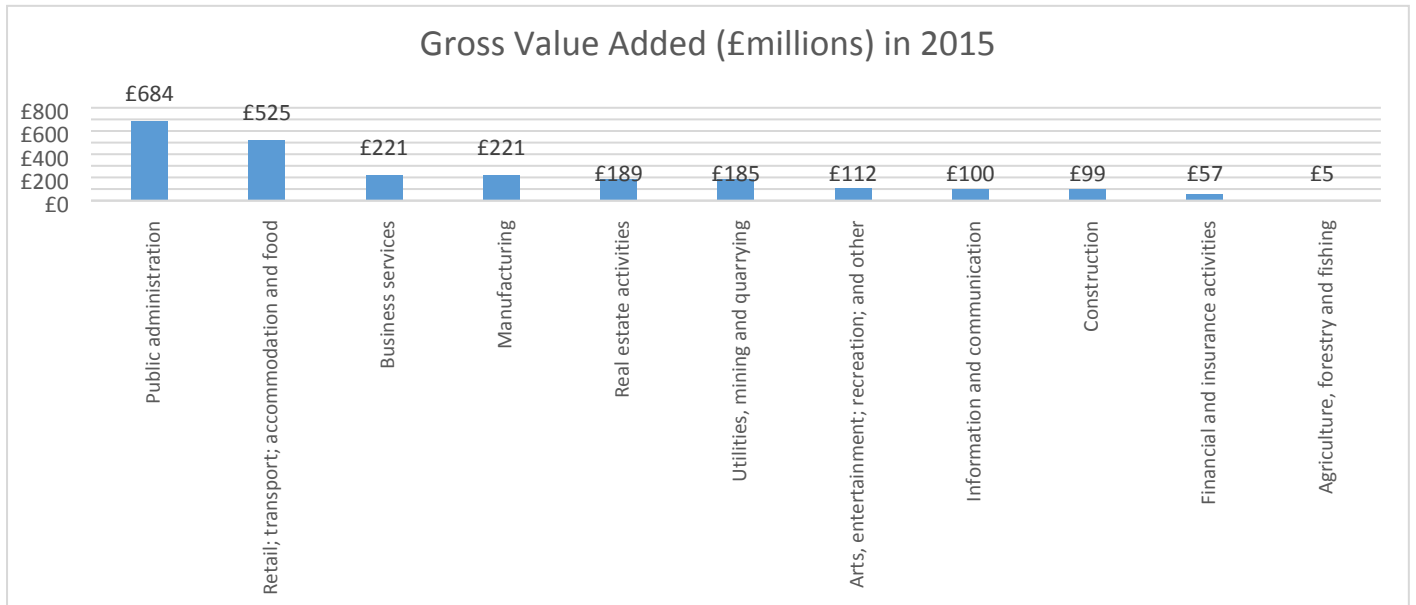


Source: ONS (2017) *Business Register and Employment Survey 2016*

2.3 Gross Value Added (GVA)

Lincoln sector comparison

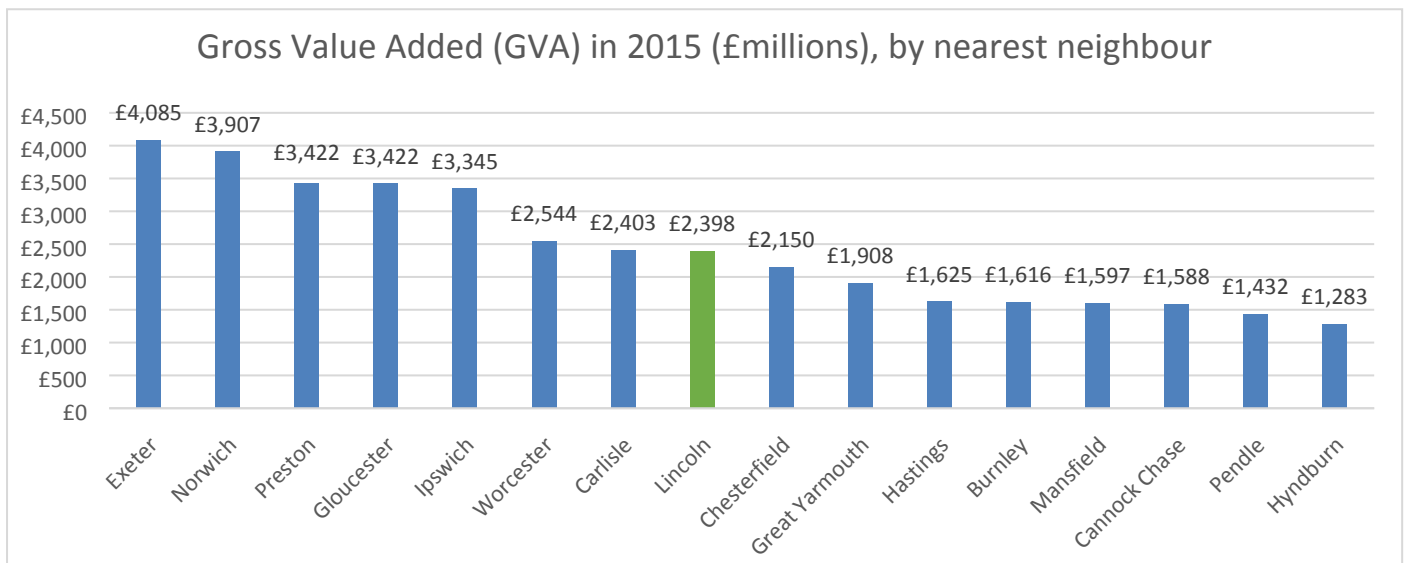
In addition to looking at the number of employees by sector, we can also consider their economic value. This follows a similar trend to the employee chart, with public administration having a GVA of £684m (28.5%); followed by the retail; accommodation; transport and food sector having a GVA of £525m (21.9%).



Source: ONS (2017) *Gross Value Added (income approach) 2015*

Nearest neighbour comparison

Whilst Lincoln has the largest economy in Lincolnshire, when compared to the city's nearest neighbours, Lincoln's £2.4bn economy is the median average (8th highest).



Source: ONS (2017) *Gross Value Added (income approach) 2015*

Productivity e.g. GVA per employee nearest neighbour comparison

From a productivity perspective, the city's economy generates £43,600 per employee. This is relatively low in comparison to our nearest neighbours (10th highest), suggesting Lincoln is a large employment hub relative to its GVA.

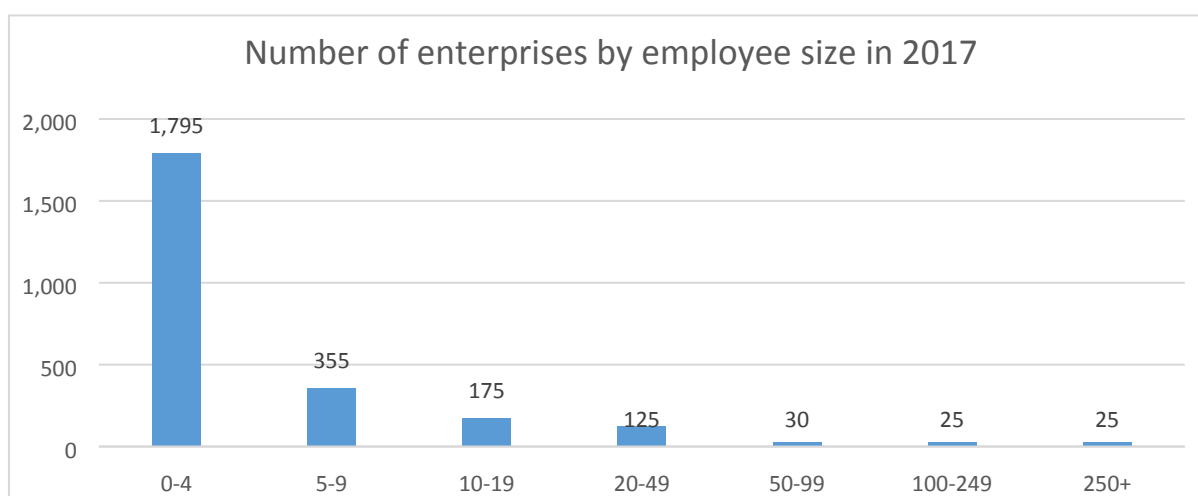
Nearest neighbour group	GVA per employee
Gloucester	£53,469
Hastings	£52,419
Great Yarmouth	£48,923
Worcester	£48,000
Hyndburn	£47,519
Ipswich	£47,113
Pendle	£46,194
Carlisle	£44,500
Exeter	£44,402
Lincoln	£43,600
Chesterfield	£43,000
Norwich	£42,934
Preston	£41,732
Burnley	£41,436
Mansfield	£40,949
Cannock Chase	£40,718

Sources: ONS (2017) *Gross Value Added (income approach) 2015*; ONS (2017) *Business Register and Employment Survey 2016*

2.4 Businesses

Lincoln business size comparison

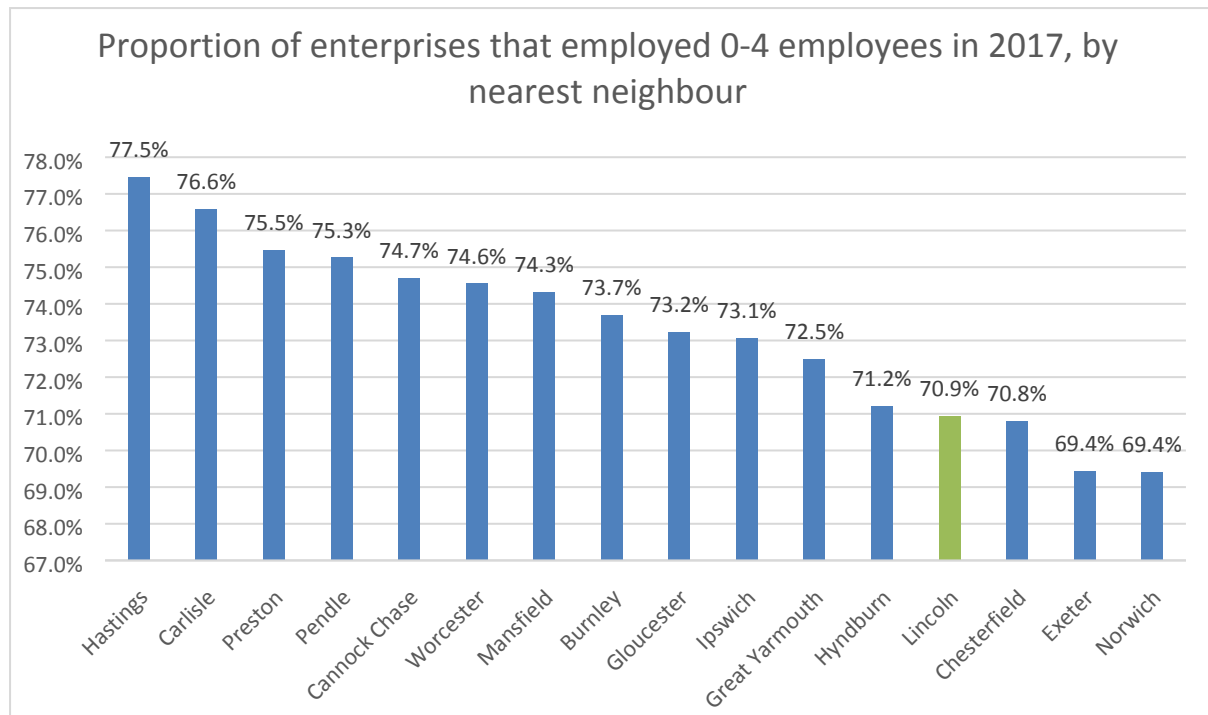
Lincoln's economy is predominantly made up of micro enterprises that employ less than five people. These enterprises account for 1,795 (70.9%) of all enterprises. In comparison, only 50 (2.0%) enterprises employ 100+ people.



Sources: ONS (2018) *Business demography 2017*

Nearest neighbour comparison

Whilst Lincoln appears to feature fairly low for the number of businesses that are 'micro', all 16 nearest neighbour authorities fall within a 10 point range, showing that Lincoln is relatively typical for this measure.

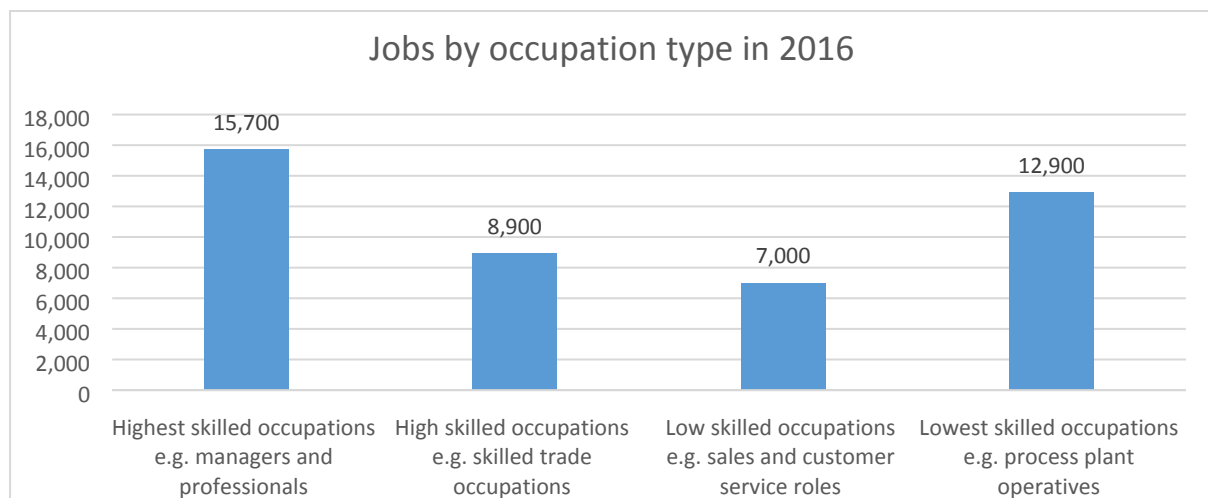


Sources: ONS (2018) *Business demography 2017*

2.5 Category of jobs in the local economy

Types of jobs in Lincoln

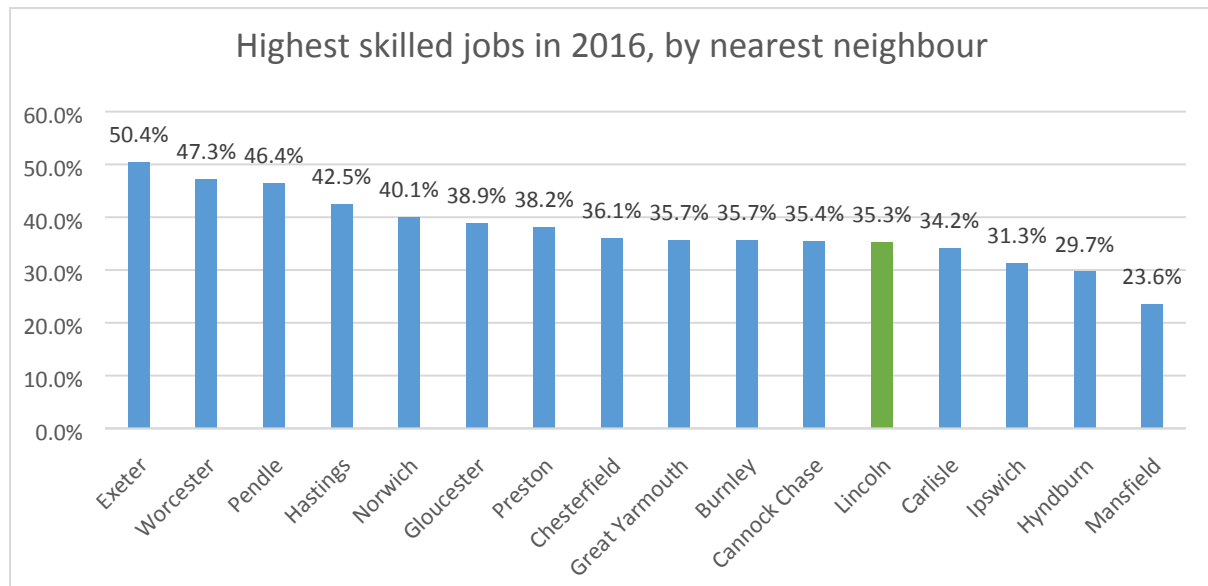
Occupations can be split into four broad categories to show relative skill levels. In Lincoln, 15,700 (35.3%) employees are in the highest skilled occupations; compared to 12,900 (29.0%) employed in the lowest skilled occupations.



Sources: ONS (2018) *Annual Population Survey October 2016 – September 2017*

High skilled jobs by nearest neighbour

Whilst the graph above would suggest a skew toward the highest skilled occupations, Lincoln ranks low amongst our nearest neighbours for the proportion of employees in these types of roles (12th highest out of 16).



Sources: ONS (2018) *Annual Population Survey October 2016 – September 2017*