TRAFFORD ECONOMIC ALLIANCE

TRAFFORD ECONOMIC DEVELOPMENT PLAN

A Final Version

November 2005

regeneris consulting

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1. Why have an Economic Development Plan?

1.1 Members of the Trafford Economic Alliance have for some time recognised the need for a single, coherent framework to help guide their activities and provide a basis for more effective dialogue with external partners. The need for such a framework was reinforced by the Audit Commission in their recent inspection of economic regeneration at Trafford MBC[1].

1.2 This new Economic Development Plan (EDP) will provide a single reference point for economic development issues in the borough and will:

- Offer partners a clear account of the configuration of the local economy, and the drivers affecting future economic performance.
- Articulate the economic assets of Trafford and how these contribute to the wider economic performance of the Greater Manchester area
- Outline the economic challenges the borough faces
- Give a much clearer sense of the priorities for investment in the borough
- Inform the Trafford Community Strategy review.

1.3 The Plan will be used as a basis for ongoing dialogue with sub regional and regional partners and funding agencies. The contribution of Trafford to the delivery of the Greater Manchester Economic Development Plan, the City Region Development Programme and the new Regional Economic Strategy is clearly identified at various parts of the document.

Process for preparing the document

1.4 The Plan has been produced by a small Drafting Group comprising officers from Trafford MBC, Greater Manchester Chamber of Commerce and Manchester Enterprises. The Drafting Group has been supported by Regeneris Consulting.

1.5 Key inputs to the preparation of the Plan have included:

- an Economic Assessment – a statistical digest covering key facts and figures on the Trafford economy prepared by the Trafford Economic Alliance Drafting Group.
- A short issues paper prepared by Regeneris Consulting, designed to provoke debate and discussion amongst partners on the principal issues facing the

[1] The inspection took place in May 2005, building on an internal review throughout 2004.

Trafford economy. 20 face to face interviews were undertaken with partners to elicit feedback from the issues paper.

- Three workshops with the Trafford Economic Alliance.
- Thematic workshops with a range of public and private sector stakeholders.

1.6 Officers from various service areas within Trafford MBC and elected members have been involved throughout the process.

2. Trafford's assets & role in the City Region

2.1 Much emphasis is being placed on the performance of City Regions as the primary driver of economic growth in the UK, and the north in particular. The Northern Way Growth Strategy has placed a priority in supporting eight city regions which collectively account for 90% of the North's population and more than 90% of its economic activity and growth[2].

2.2 The potential role of City Regions is nowhere more evident than in Manchester, which represents one of the fastest growing economies outside London and the South. As the Manchester City Region Development Programme notes "*The Manchester City Region is the largest and best performing economic engine powering the Northern regions. It has developed the conditions within which effective and sustainable growth can be generated and has, already, a highly diversified economy built around higher value added and knowledge based activity*"[3].

[2] See the Northern Way Business Plan 2005-2008 on http://www.thenorthernway.co.uk/.

[3] Manchester City Region Development Programme (p7) available on http://www.manchester-enterprises.com/.

2.3 The Manchester City Region centres on the conurbation core, extending through the rest of Greater Manchester and beyond into parts of Warrington, North Cheshire, and the High Peak. Trafford is a fundamentally important part of the Manchester City Region – **the economic assets and opportunities within Trafford have helped fuel recent growth** and without them the future growth potential of the City Region will be severely constrained.

2.4 So what in economic terms does Trafford provide for the City Region? And why are the opportunities within Trafford so important to the future economic prosperity of the City Region?

- **Trafford is physically proximate to the regional centre and to many of its key assets (universities, rail hubs etc)**
- **Links to the conurbation core are provided by the Metrolink system running through the Borough and the main A56 corridor**
- **Excellent motorway access, with five M60 junctions in the borough**
- **Adjacent to Manchester Airport**

Trafford's scale of employment opportunity...

2.5 Trafford is home to more than 10,300 firms (6,500 of these are VAT registered, the others largely comprising branches of firms registered elsewhere). Business density rates within the district are significantly in excess of neighbouring areas (there are some 49 firms for every 1,000 residents in Trafford, compared to 34 per 1,000 residents across Greater Manchester). Trafford can boast the highest business density rate across the whole of the Greater Manchester sub region[4].

2.6 Trafford is also a substantial net importer of labour. Whilst a large volume of Trafford residents commute out of the borough on a daily basis (44,000), an even larger number of residents from elsewhere (59,000) commute into the borough for employment purposes. The net inflow of some 15,000 commuters into Trafford is exceeded only by Manchester - apart from Manchester and Salford we are the only other net importer of labour across the Greater Manchester authorities.

2.7 The Trafford economy generates some £4.3Bn of Gross Value added (GVA) on an annual basis[5]. GVA per head of population in Trafford (£20,500) is significantly in excess of the national (£15,500) and regional (£14,025) average. Through our site development opportunities, and growth of our indigenous business base there is scope to extend levels of wealth generation still further.

A disproportionate share of employment and enterprise growth...

2.8 Greater Manchester south[6] has been the fastest growing part of the city region, and indeed is one of the fastest growing sub regions in the UK. Trafford has been a prime engine of this growth, driving the expansion of employment and enterprise. The borough accounted for some 28% of all new business starts in 2003 and 22% of all new jobs in the Greater Manchester South area in the period 1998 to 2003, well above its population share of 16% (see Figure 2.1). Overall employment in Trafford expanded from 108,000 in 1998 to 129,000 in 2003, the fastest growing (in percentage terms) across all of Greater Manchester.

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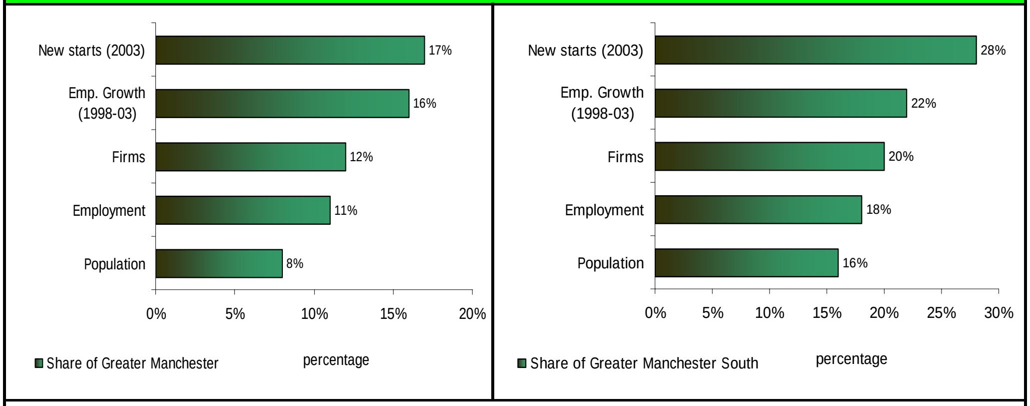
4 Manchester and Stockport have the next highest business density rate, both at 38 firms per 1,000 residents. The lowest rate is found in Wigan (28 businesses per 1,000 residents).

5 Gross Value Added is a key measure of the wealth generated in a particular area. It is calculated at the level of the firm as the difference between gross turnover and all (non labour) costs associated with generating this turnover. It is the element of turnover that a firm is able to distribute in salaries and profits. Firm level GVA is amalgamated to generate estimates for local areas. GVA data is not available for small areas, so the figures provided here are estimates generated by Regeneris Consulting.

6 Greater Manchester South is defined as the local authority areas of Manchester, Trafford, Salford, Stockport and Tameside. Greater Manchester South contributed £1.2 billion more to the UK's economy in 2001 than in 2000, the Office for National Statistics revealed in 2003. This represented the largest change seen across the UK, excluding London. It remained one of the top ten growth areas outside London in 2004.

2.9 Growth has been driven in part by extremely high start up rates in the last 3 years. Business start up rates in Trafford in 2003 were more than double those for Greater Manchester and North West averages and significantly higher than national averages. There were over 1,300 VAT registrations in 2003. There has been a remarkable 87% boom in start ups since 2001 (compared to a rise of just 13% across England as a whole). Evidence shows that growth in new business formation may have slowed somewhat in 2004 but that the overall trend remains extremely positive. A high proportion of start up activity has been in the property and business services sector, IT related and in various aspects of the creative industries.

Figure 2.1 : Trafford's share of employment, firms, new employment and firms



Source: ONS, ABI, Nomis (all data relates to 2003, or change over the period 1998 to 2003).

Concentration in the *right* sectors...

2.10 The City Region Development Programme (and the Greater Manchester Economic Development Plan) places significant emphasis on the role and potential of a small number of growth sectors in driving forward the sub regional economy. These sectors include Financial and Professional Services, Creative, Cultural and Media industries and those around Manchester Airport. The draft Regional Economic Strategy sets out the aim of promoting new and higher value businesses in growth sectors, including Advanced Engineering, Digital/Media and Business & Professional Services.

2.11 Trafford can and does play a major role in these growth sectors:

- Financial, professional and business services account for 38,000 (30.0%) jobs in Trafford, and a location quotient[7] of 1.6. This includes 10,000 in financial and

[7] Location Quotient (LQ) is a measure of the concentration of employment in an area, relative to a selected benchmark area (in this case England). A LQ of 1.0 denotes a concentration of employment equivalent to the national average, above 1.0 indicates an above average concentration.

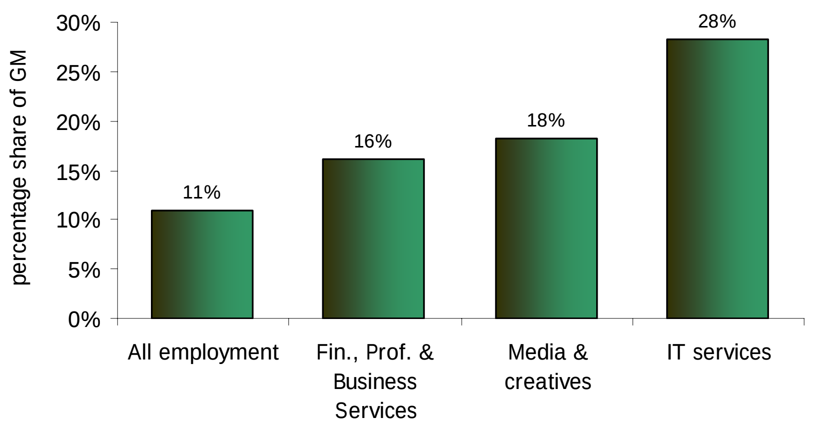
professional services, with particular strengths in management consultancy and architecture. IT services is a particular strength within business services (see below), alongside 8,000 jobs associated with recuitment consultancies and concentrations in advertising and market research (2,000 jobs).

- IT services is a key business services subsector for Trafford, accounting for 6,000 (4.7%) jobs with a location quotient of 2.5. This includes over 400 jobs in software development and consultancy

- Media and creative industries, which account for around 11,000 (8.7%) jobs in Trafford, and a location quotient of 1.5. This includes IT services, as well as a small but significant concentration involved in reproduction of digital media, and 1,200 in traditional printing.

2.12 Employment in Trafford in these sectors constitutes a large part of the Greater Manchester total - almost a fifth of sub regional employment in media and creative industries is found in the borough and almost a third of that in IT services in the sub-region (see Figure 2.2).

Figure 2.2 : Trafford's share of total Greater Manchester employment by growth sector (2003).



Source: ABI, Nomis (all data relates to 2003).

2.13 The service sector based activities outlined above have tended to locate in Trafford's town centres, the A56 Chester Road corridor where there have been a number of large scale bespoke office developments for the IT sector, around Trafford Bar and around the Trafford Centre, where recent office developments add to the overall offer within the borough.

2.14 *Trafford Park* is home to 1,400 companies, employing in excess of 40,000 people[8] and represents one of the largest concentrations of engineering, manufacturing and logistics related employment in Europe. Further industrial employment is housed at Carrington in

[8] Source: Trafford MBC

the east of the borough and Broadheath in the South. Key concentrations of manufacturing activity in the borough are to be found in food and drink and paper/printing related activities.

2.15 The *Trafford Centre* and surrounding developments now employ some 6,400 permanent staff. The numbers rise above this in busy retail periods, particularly Christmas, with considerable use of temporary staff and peak at well over 7,000 jobs[9]. The Trafford Centre and associated development inject a total of £45 million to £55 million of gross wages into the Greater Manchester economy. The Centre alone also injects a further £1.5m to £2.0 million in purchases with local suppliers (this excludes expenditure by tenants of the Trafford Centre and associated developments). Overall, the retail sector accounts for 15,000 (11.7%) jobs in Trafford.

Pool of skilled workers...

2.16 Trafford has a strong residential skills base to draw from. The Borough is in the top ten highest achieving local authorities in England at GCSE level with 64% of pupils gaining at least five GCSEs graded A*-C in 2004, compared to 54% nationally. Almost a third (31%) of the working age population is educated to at least NVQ level 4 and only 13% have no qualifications. Regionally some 23% of the resident base possess level 4 qualifications and 18% hold no qualifications.

2.17 Those in managerial and professional occupations account for 49% of Trafford's residents in employment, compared to 38% regionally. These individuals are a resource for both firms in Trafford and across the City Region.

2.18 Provision of further education (FE) in the borough is strong, and firms locally have enviable access to the growing array of researchers and recently qualified graduates from the Manchester universities.

Quality of life...

2.19 The general liveability or quality of life of the borough is a key asset, and the neighbourhoods of Trafford are a key tool in wider efforts to attract and retain the most talented individuals in the City Region. The factors that underpin this quality of life offer include:

- The quality and desirability of housing. Trafford has an extremely attractive and varied housing stock. House prices grew by 78% over the five year period to 2005, well in excess of the national average.

[9] Source: Greater Manchester Chamber of Commerce

- Rapid connectivity to the regional centre and to other employment nodes. The Metrolink systems runs through the heart of the borough, providing fast and efficient access to the regional centre. The A56, M60 and M56 provide good north-south and east-west road links.

- Trafford's family of town centres. They provide vibrant agglomerations of residential and employment space around local retail, leisure and other services and transport nodes through the Borough.

- Educational infrastructure. The quality of Trafford's schools is a key asset. Recent OFSTED reports describe Trafford as a "highly satisfactory" authority and the strength and mix of the schooling offer is a primary factor in drawing residents to Trafford.

2.20 Trafford is also a playground for the City Region. The borough houses a number of flagship regional sporting, cultural, heritage and retail attractions including the Imperial War Museum North, Manchester United F.C and Lancashire County Cricket Club (LCCC). There is massive potential of the Quays initiative to develop and market a range of premium waterfront tourism, business and residential assets in a prime location close to Manchester City Centre. Trafford BC is already working in partnership with neighbouring authorities to take this forward.

2.21 Dunham Massey stately home and gardens attracts around 180,000 visitors per annum and provides an exceptional art and furniture collection, a deer park and one of the North West's great plantman's gardens. Dunham Massey (and the other smaller attractions to the south of the borough) provide an integral part of the wider North Cheshire tourism and leisure market that is such an important complement to the offer of the urban core.

2.22 **The data laid out above is persuasive. Trafford has unique characteristics and an economic configuration that makes it a fundamentally important part of the Manchester City Region. Without Trafford the aspirations in the City Region will not be delivered.**

3. Economic Challenges

3.1 Based on the evidence in the previous section, Trafford is an area of significant economic opportunity that has the potential to make a major contribution to the City Region growth agenda. There are however numerous challenges and/or constraints that threaten economic growth in the borough – the **three main challenges** being:

- Our "growing pains" and the need to proactively manage some of the implications of being a successful economy.
- Tackling the significant pockets of disadvantage that exist within the borough – the wealth and employment opportunities in Trafford have not been uniformly shared by all.
- Raising profile and recognition. For too long the assets and potential of Trafford have not been celebrated with sufficient force and go unrecognised in certain quarters.

"Growing pains"

3.2 As growth in Trafford continues apace, difficulties in recruiting staff with the right skills profile will continue to be a critical constraint to the development of firms (the issue being a microcosm of wider trends across the City Region). There are two overlapping challenges which we will need to address:

- Ensuring there is a suitable supply of workers with lower and intermediate level skills, especially for the retail, wholesale, hospitality and construction sectors (both in terms of net employment growth and the replacement demand to cover for the relatively high levels of turnover in these occupations). Skills demanded in these occupations include the 'basics' of literacy, numeracy, verbal communication and 'work readiness' as well as those needed for skilled and semi-skilled occupations.
- Providing the skills suitable for growing knowledge based industries. Changes in business spell changing skills demands at all levels. The Greater Manchester Employer Skills Survey[10] highlights managers, professional and associate professionals and high level engineering positions as the occupations within which recruitment difficulties (and skills gaps) are most likely to occur.

3.3 As with many other successful locations, Trafford suffers from acute congestion at parts of the day. The Greater Manchester Transport Plan identifies the A56 corridor and the A5145/B5213 as priorities for investment to alleviate congestion. The delays experienced

[10] Greater Manchester Employers Skill Survey 2001. Learning and Skills Council Greater Manchester.

on these routes can act as a very real disincentive to investment from new firms and impinges on the competitiveness of existing businesses.

3.4 Trafford will face continuing and varied pressures for development, probably to a greater extent than any other borough in Greater Manchester. These pressures, for more houses, new industrial and commercial floorspace and open space and recreation facilities will be competing to make use of a very limited supply of land both within and outside the built up areas. A key challenge in Trafford is to balance these competing demands – ensuring that we continue to grow as an economy but not to the detriment of the quality of life offer that is a hallmark of the borough.

3.5 The lack of flexible grow-on premises is a possible impediment to growth firms in Trafford. Evidence suggests that whilst Trafford is a location for new firm formation, many businesses experience difficulties in finding suitable accommodation within which to grow and mature. This is a challenge we need to address.

Tackling disadvantage

3.6 There are several areas of severe deprivation in Trafford, most notably in the areas of Sale Moor/Sale West, Partington and Carrington to the South West of the borough, Old Trafford and Gorse Hill in the north and Lostock and Broomwood:

- 22 of the 138 neighbourhoods[11] in the borough are within the 20% most deprived, nine within the 10% most deprived, in England. Four of these 10% most deprived neighbourhoods are located in the Clifford ward, one of which is in the top 1% most deprived nationally, and the wards of Talbot and Bucklow both have at least two areas which fall within this band (see Figure 3.1).

- The claimant count rate of unemployment[12] is at least double the borough rate (1.7%) in the Borough's most deprived wards and as high as 5.7% in Clifford. The wards of Clifford and St. Martin's have 16% of the Borough's 8,000 residents economically inactive due to incapacity and 19% of those inactive for reasons other than retirement, childcare duties or incapacity.

- The business start up rates highlighted in the previous section are not uniformly spread across Trafford. Altrincham ward was the location of 17% of start ups in 2002, Bowdon accounted for a further 10% of start ups. This is congruent with the concentration of self-employed people in Bowdon, Hale and to a lesser extent in Altrincham. Rates of self employment and enterprise activity are much lower in some of the wards in the west and north of the borough.

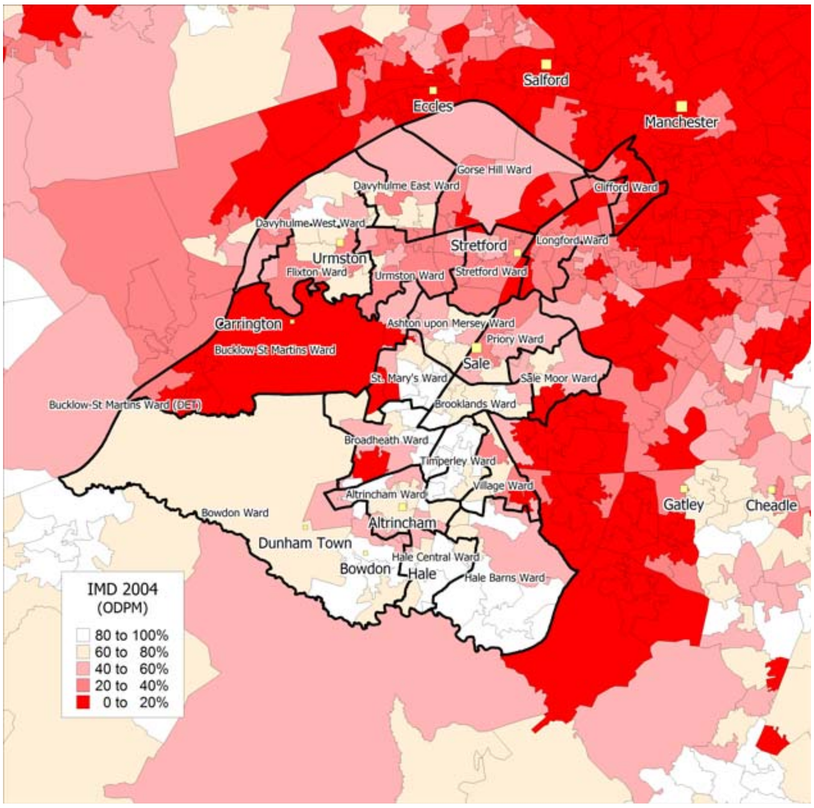
[11] Defined by Super-output Area (SOA), by Indices of Multiple Deprivation (IMD, 2004).

[12] Claimants of Job Seekers Allowance (JSA) as a proportion of working age population in April 2005.

3.7 The untapped resource in terms of skills and enterprise in these neighbourhoods is key to unleashing the full economic potential of Trafford. These deprived communities house many of the solutions to the recruitment difficulties and skills shortages being faced by local firms.

3.8 While the challenges in these areas are similar to those in similar areas in Greater Manchester, relative overall prosperity means Trafford is ineligible for special funding pots available to address these. The challenge is to use mainstream services, sub-regional partners and Trafford's many business assets imaginatively to address poverty of opportunity.

Figure 3.1 : Trafford IMD 2004 by Super Output Area



Source: AdminMap © ODPM 2004 © Crown Copyright

Profile and recognition

3.9 The recent Best Value review of economic development activities at Trafford MBC explored issues around the profile of Trafford in some depth. It confirmed partners' view that whilst Trafford has an impressive suite of economic assets and is a key driver of the sub regional economy, this often goes unrecognised amongst external stakeholders.

3.10 There is certainly scope for officers and elected members to be more influential in making Trafford's case with external strategic and delivery partners – generally seeking to exert greater leverage over policy and funding decisions. We must place a premium on assertive leadership and stewardship around economic development if Trafford's economic assets are to be recognised and supported in an increasingly competitive sub regional market place.

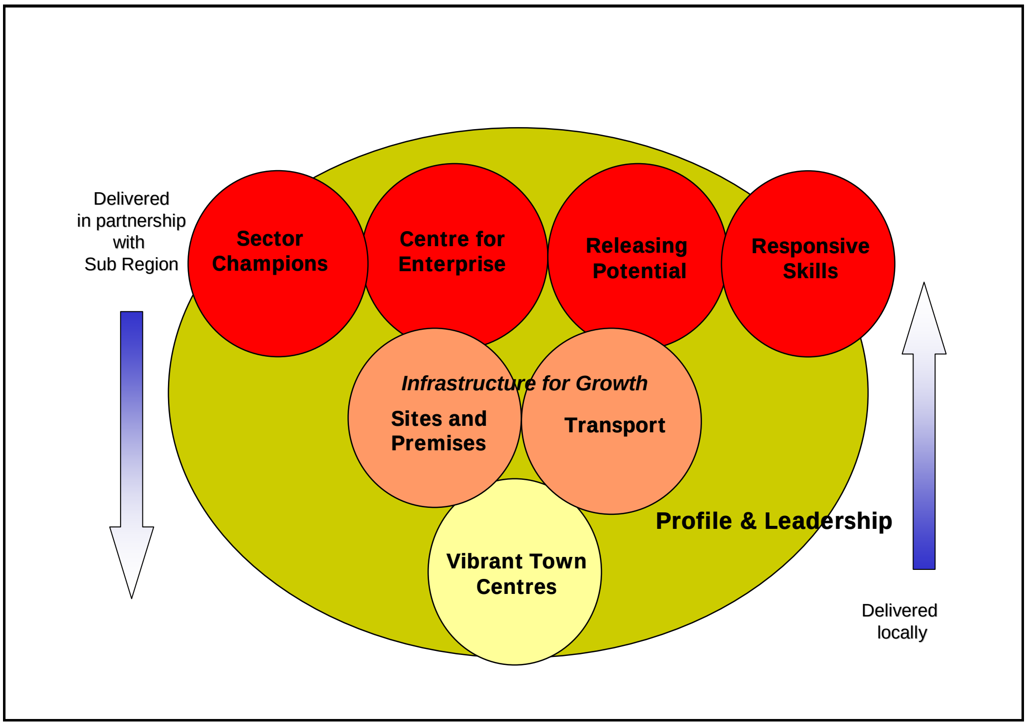
3.11 In doing this we must focus on the strengths, opportunities and the very real value we add to the city region rather than reverting to our historical tendency to try and compete solely in the deprivation stakes. To do this would undersell and misrepresent the true economic value of Trafford.

4. Framework for Economic Growth

4.1 Eight strategic priorities have been identified to help foster the growth of the Trafford economy. Collectively the **eight priorities provide a framework** which will be used by the Trafford Economic Alliance to shape thinking and investment decisions. The framework builds on the assets and challenges outlined in the two previous sections and represents a good basis for continuing to grow our contribution to the evolution of the sub regional/city region economy.

4.2 For some areas, successful implementation requires largely unilateral delivery by Trafford. For others, decisions on delivery in Trafford will be made in partnership with other organisations with a wider geographical remit, often at a sub-regional level.

Figure 4.1 : Framework for Growth



4.3 Four of the eight priorities will require exceptionally close co-operation and liaison with sub regional and regional partners:

- **Sector Champions**. We will be seeking to capitalise on and develop the sector specialisms in the Trafford economy. The focus will be on supporting and nurturing activity in the growth sectors identified in the Greater Manchester Economic Development Plan, the City Region Development Programme and the Regional Economic Strategy. Given our existing sectoral profile we have a lot to offer in taking forward the aspirations of our partners[13].

- **Centre for Enterprise.** The focus here will be on growing and extending Trafford's role as a centre of enterprise for the sub region. We want to continue to offer an environment and culture within which new and small business can flourish and really develop our profile as an enterprise hotspot for the region.

- **Releasing Potential.** A key priority for partners in Trafford is releasing the untapped potential of some of Trafford's more disadvantaged communities. Whilst Trafford's Neighbourhood Renewal Strategy will deal with the physical fabric of disadvantaged communities, the focus of this EDP is on the economic potential of the individuals located in these areas.

[13] Our main contribution will be in the fields of IT services, certain parts of the professional and financial services sector, creative industries and the advanced manufacturing sector.

- **Responsive Skills.** We need a concerted effort to ensure the most appropriate response to the emerging skills needs of local employers. In part, this will entail working more intensively with business to enable them to better articulate their needs. It will also require investment in the supply of training and education to ensure residents are being equipped with the skills for the modern day world of work.

4.4 On all of the above there are a range of partners already active. A key strand of our response is ensuring our partners are clear on the opportunities in Trafford to take forward their agenda, and put ourselves in the position to most appropriately shape and influence their investments.

4.5 Three of the other priorities will require more direct action from Trafford MBC and our more local partners:

- **Sites and premises.** A key priority is capturing the potential of the various commercial development opportunities that exist within the borough. Trafford has numerous large scale site development opportunities that can deliver major economic gains for the benefit of the whole City Region.

- **Transport.** Ongoing investment in the transport infrastructure of Trafford is a vital pre-requisite for our aspirations. We need to build on the existing infrastructure and ensure the businesses and residents of Trafford benefit from a first rate transportation systems – facilitating the efficient flow of workers, customers and goods throughout the borough.

- **Vibrant town centres.** The town centres are a hallmark of Trafford and a key driver in our economic prosperity. Our focus will be on the continued development of the centres as commercial, retail and leisure hubs providing a range of employment opportunities and attractive locations for small business.

4.6 The final priority surrounds the issues of **profile and leadership**. We require a concerted effort to raise recognition of the economic strengths of the borough, bringing into play issues of leadership at all levels. The true economic potential of the borough has been undersold for too long.

Vision

4.7 Our overall vision, which encapsulates the aspirations of the eight priorities, is to:

- **Continue growing a high performance economy…**

  - Making a demonstrable contribution closing the GVA gap which lies at the heart of the Northern Way growth agenda. Current GVA/per head in

Trafford stands at 146% of the regional total, we will be seeking to at least maintain this threshold.

- **...providing a powerful contribution to sub region/city region growth**

  - Ensuring we are at the forefront of new employment generation in the City Region. In the last 5 years we have contributed 16% of employment growth across Greater Manchester – we will continue to be a primary contributor to new employment growth.

  - Growing the foothold we have in sub regional growth sectors. This will mean increasing our relative share of employment in IT, professional and financial services, creative industries and the advanced manufacturing sector.

  - Building our "Enterprise Capital" reputation. Ensuring our long term rate of new business formation and survival stays ahead of the sub regional average.

- **...with a contribution from all**

  - Realising the true potential of all our communities. Our target is to reduce the levels of inactivity across the borough and make a considerable contribution to reducing the stock of 27,000 residents who are currently economically inactive.

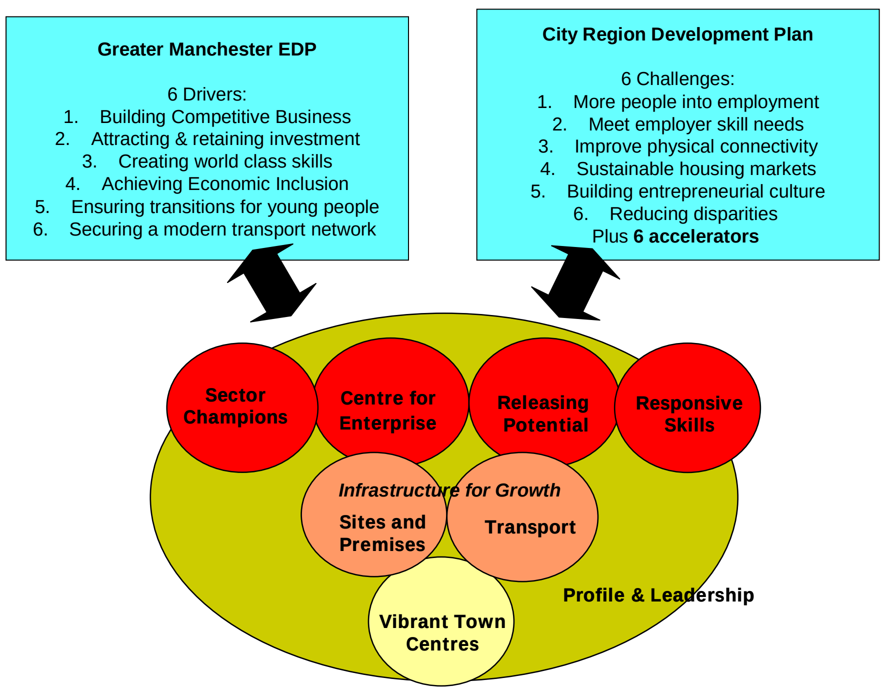
Contribution to other frameworks

4.8 The vision and framework are entirely consistent with the drivers of the Greater Manchester Economic Development Plan and the more recent City Region Development Programme (see Figure 4.2). The most notable contributions include:

- The overlap behind our "sector champions" priority and the so called "sectoral accelerators" within the City Region Development Programme.
- Our commitment to harnessing the latent labour of deprived communities, which resonates strongly with the economic inclusion aspirations of the Greater Manchester EDP
- The focus on skills and enterprise in our framework, which is clearly prominent in both the wider sub regional EDP and the City Region Development Programme
- Our joint commitment to improving the transportation infrastructure across the sub region.

4.9 We are extremely conscious of our operating environment and will make every effort to ensure activities promoted under the banner of the Trafford Economic Alliance make a positive contribution to the work of our sub regional and regional partners.

Figure 4.2 : Our contribution to City Region/sub regional objectives



5. Taking the framework forward

5.1 Thematic Champions have been identified to take forward thinking across all of the eight strategic priorities within this new Trafford Economic Development Plan. The Champions are senior level individuals, committed to delivering Trafford's aspirations. Each Champion will have specific responsibilities for liaising with key partners that operate within their theme's arena to ensure that investment and resources are appropriately directed to Trafford. They are being tasked with identifying no more than four or five key actions around each of the priorities. The actions will need to include:

- Activities to raise the profile of Trafford and engage more fully with external stakeholders and funders – either via certain component parts of the Trafford economy (such as a particular sector) or more generally.
- Underpinning research and/or feasibility work that will lay the foundations for activities further down the line
- Major physical development schemes that have the potential to start in the short to medium term.

5.2 Officers at Trafford MBC will collate actions in the form of an annual Action Plan and review progress over time. The first of these Action Plans is now in development.

Regeneris Consulting

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Economic impact assessment

Policy and programme evaluation and review