

Castle Point Borough Council CASTLE POINT EMPLOYMENT STUDY



ROGER TYM & PARTNERS
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Executive Summary
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EXECUTIVE SUMMARY

- 1 Roger Tym and Partners were commissioned by the Castle Point Borough Council to set out how the Council can deliver on its strategic objective of having at least 2,000 additional jobs in Castle Point by 2021.

The structure of the report

We have split our work into two parts.

- 2 Part 1 is the issues paper. This provides us with the starting point for delivery: it shows what negative issues need to be dealt with, and positive issues need to be built upon. At each point we have therefore considered the implications of the issues identified for Castle Point's ability to hit its 2,000 new job target.
- 3 Part 2 is about delivering future growth. This section is concerned with correcting the problems we identified in part 1, and building on Castle Point's assets. We look at forecasts for growth in Castle Point, and understand how our detailed understanding of the issues in Castle Point might affect the economic forecasts which have been generated. We then go on to provide a policy framework and action plan.

Part 1: The issues

- 4 Given previous jobs growth over the last decade or so, it appears that increasing jobs by 2,000 in Castle Point by 2021 should not be an unrealistic target. But Castle Point might have to work hard in future to achieve this level of growth, particularly in the context of an ageing population.
- 5 The relatively low jobs target (in a context of strong regional growth) indicates that policy accepts that Castle Point's role is predominantly residential. Castle Point is not intended to bear the brunt of the economic change in the region. RSS Inspectors suggest that a new policy be drafted to emphasise the Thames Gateway's complementary role in relation to London; improve the image of the area by improving environmental quality; and achieve modal shift towards public transport, all of which have significant implications for Castle Point.
- 6 At present, there is little spare labour in the area to fill the proposed 2,000 new jobs, a point to which we return later. Unemployment is low; activity rates are relatively high; and on current projections the labour market will tighten further in future as the population grows older. Skills are poor, a factor which might both depress the quality of new jobs in the area, and will further tighten the labour market.
- 7 If new jobs in Castle Point are to generate more sustainable commuting patterns by attracting workers currently resident in Castle Point (which policy says is an objective), then outcommuting will have to fall - meaning that those jobs will need to be sufficiently well paid to bid labour away from jobs elsewhere. However, we question later whether this scenario is particularly realistic.
- 8 Small businesses are a key part in the Castle Point economy, and without jobs growth in this sector Castle Point will not meet its target. Business start-up rates are below the Essex average but similar to the national trend. Given the sector's importance, start up rates and small business growth should be bolstered if Castle Point is to hit its job target. As a result, we are not recommending a major push on attracting inward investors. Building the success of existing companies appears to be a better idea than attracting newcomers. A finding of several of the evaluations of area based, business development programmes has been that the main source of new investment comes from businesses that are already in a local economy or at

least in the surrounding region.¹ These findings highlight the importance of indigenous investment and 'follow-on' investments by existing inward investors.

- 9 Our analysis of the labour market balance has implications for Castle Point's achievement of the 2,000 new job target. Left without a policy response, it is possible that labour shortages might make the 2,000 jobs target difficult to achieve. However, there are potentially two mitigating factors which may reduce this apparent labour shortage. Projects which raise economic activity rates and attract people of working age to Castle Point (possibly through the planning system freeing up family homes) will be very important. Improvements in public transport could also have important labour market implications, and should be pursued. Labour supply difficulties emphasise the point (made recently by the CBI) that the young people which emerge from the educational system must be employable.
- 10 We investigated the impacts of home working. We found that this was unlikely to be a "magic bullet" to deliver Castle Point's jobs target - if only because there may be difficulties in statistically demonstrating that homeworking jobs have grown. (Proving conclusively that any homeworking jobs growth has actually taken place depends on the way that the 2011 and 2021 Censuses are phrased). Homeworking is also unlikely to significantly cut the demand for travel, and there is no strong evidence that land allocations will be significantly affected by homeworking trends. This is not to say that homeworking should be ignored - it is likely to remain "a good thing" as long as efforts to encourage homeworking are concentrated on the population currently resident in Castle Point. If this policy was to encourage more population dispersal from urban centres such as London, then the benefits might be substantially reduced as advantages of homeworking were eroded by infrequent but longer-distance commuting patterns.
- 11 We see significant potential growth in the construction industry as a result of the Olympics and the Thames Gateway housing growth projections. The growing population will also support more local service jobs, and the ageing profile of the population might mean that local services jobs might grow disproportionately. There will need to be an emphasis on ensuring that the "grey pound" is captured effectively in the local economy. Whilst the Castle Point will need to work more efficiently to capture older peoples' spend, there is also a requirement to ensure that Castle Point remains a place that is attractive to younger working adults and their families if the area is to retain its character and labour market function. There are a number of ways that this might be achieved, and we explore these in more detail in section 2 of the report, but our analysis of changes in the car market mean that there could be significant ex-garage sites coming free. These sites might be appropriate for retirement homes, with consequential benefits of releasing more spacious family housing for those of employment age.
- 12 Our work has looked at the implications of reaching the 2,000 new job target. It is also worth briefly making some remarks on whether Castle Point should attempt to significantly exceed the 2,000 job target. We suggest that this might be unwelcome. This is for the following reasons. Firstly, there may be potential labour shortages even under the current jobs target; secondly, Castle Point's interests are perhaps best served by ensuring that finite inward investor demand flows to Basildon and Southend; and finally, attempts at attracting major inward investors are unlikely to be a success, given Castle Point's predominantly residential functions and its lack of large sites.

¹ ODPM (2003) *Business-led regeneration of deprived areas – a review of the evidence base*

Part 2: Delivering change

- 13 In Part 2 we examine the future growth path for Castle Point and the actions that should be taken to ensure that Borough best meets the economic needs of its local residents.
- 14 We start by examining sectoral growth trends for Castle Point. Econometric models of employment for Castle Point, which are derived from macro-economic trend data, are validated against the local reality of employment circumstances in Castle Point as discussed in the previous chapter. From this we derive a sectoral breakdown of employment that would see Castle Point meet the 2,000 jobs ‘target’ which is in our view realistic.
- 15 We then develop a strategy framework that builds on the issues that we have identified above in Part 1. This framework serves to put the subsequent Action Plan in context, and ensures that actions to help Castle Point realise its goals are not considered in isolation. We begin by providing a strategy goal to orientate the framework. We suggest that the strategy goal for Castle Point might be:
- “To enhance the environment of Castle Point for existing businesses and residents and ensure resident workers have access to a range of quality job opportunities (throughout London and the Thames Gateway)”.*
- 16 We then suggest that a strategy framework for Castle Point should consist of the following themes.
- **Invest in Skills** - Castle Point will continue to be a supplier of labour to Basildon, Southend, Thurrock and London. Qualifications are low and future jobs will be demanding higher skills levels.
 - **Enhance and Utilise Environment** - The Thames Gateway Strategic Framework has a strong emphasis on both improve the environment of Thames Gateway South Essex and using it as a resource for economic and leisure development.
 - **Develop local retail and service facilities** - The population in Castle Point will grow over the period 2001-21. Consumer expenditure is likely to rise by at around 3.1% p.a. over this period.
 - **Sites and Premises** - Castle Point should not be preparing for any major new inward investment but still needs to ensure that it has a supply of sites and premises to meet the changing needs of businesses.
 - **Business Development** - There is a high failure rate amongst businesses in the borough. Also there is little evidence of significant growth amongst local firms. Business development programmes can be targeted at dealing with these issues.
 - **Improve transport infrastructure** - major new road building or rail lines in Castle Point are not likely to come forward as priority investments. The development of South Essex Rapid Transit (SERT) is a project that could improve access for the borough as a whole and for Canvey Island in particular in the medium term.
- 17 We have identified over 25 action points that we believe need to be undertaken by the Council and its partners. They are too numerous to summarise here. Not all actions can (or should) be carried out by the Council. Instead, it is Castle Point Borough Council’s role to develop partnerships and networks particularly with business organisations and individual businesses [and] with the public sector and individuals to create meaningful and achievable strategies.