

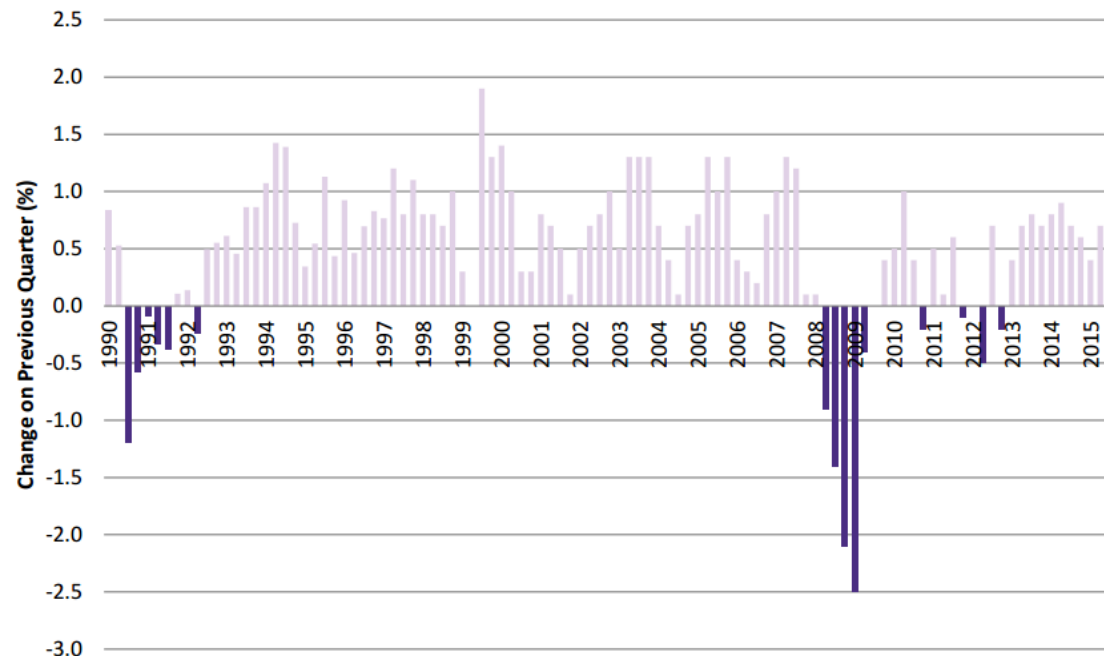
Appendix 1

State of the Worcestershire economy

Economy and Environment Overview and
Scrutiny Panel

National context

- Strong economy (national and local) is key to prosperous and healthy Worcestershire
- Nationally economy is growing
 - GDP – average 0.7% growth per quarter over the last 8 quarters
 - GDP forecast – 2.5% (2015), 2.3% (2016 and 2017) (OBR)



Sources:

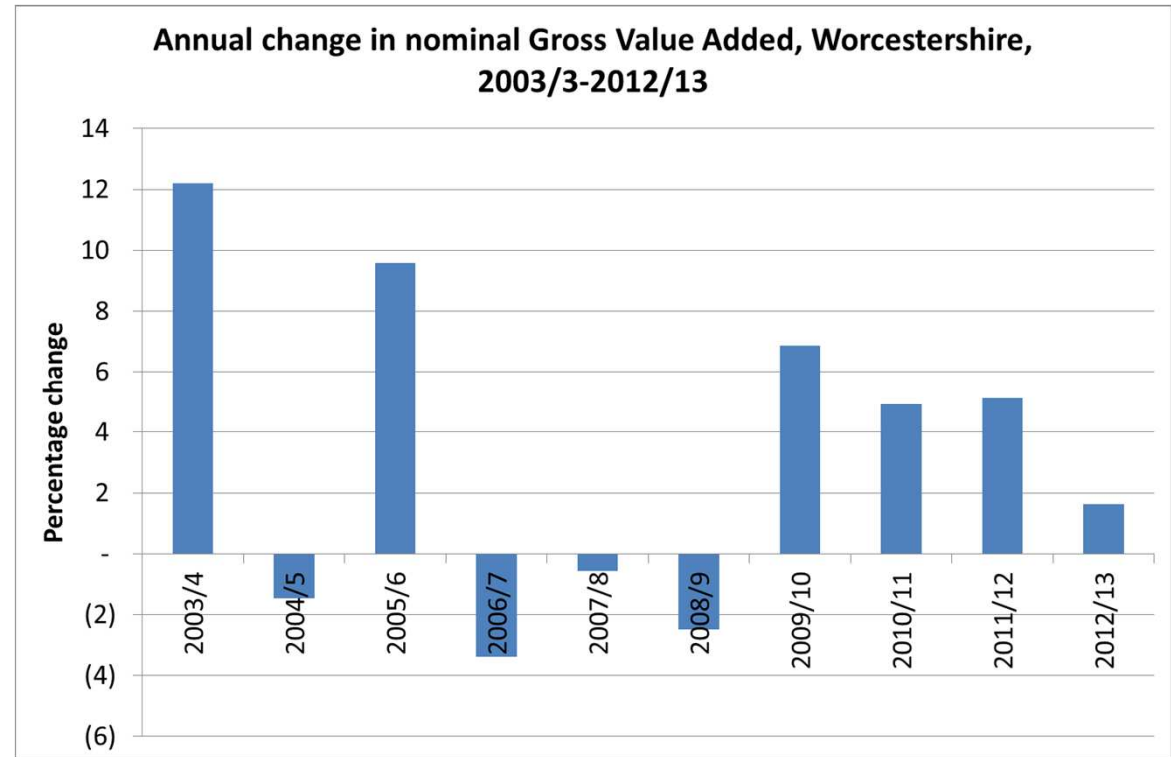
Office for National Statistics , Gross Domestic Product
Office for Budget Responsibility

Gross Value Added (GVA) - what is it?

- Measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom
- A productivity metric that provides a monetary value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production
- Linked with Gross Domestic Product (GDP)
 - **GVA + taxes on products - subsidies on products = GDP**
- Latest data are for 2013
 - 2014 data to be released in December 2015
 - Published by the Office for National Statistics

Gross Value Added

- Worcestershire Gross Value Added = £10.6bn in 2013
- Nominal Gross Value Added has increased 17% from 2008-2013
- Only Oxford (23%) and London (18%) Local Enterprise Partnerships have grown faster



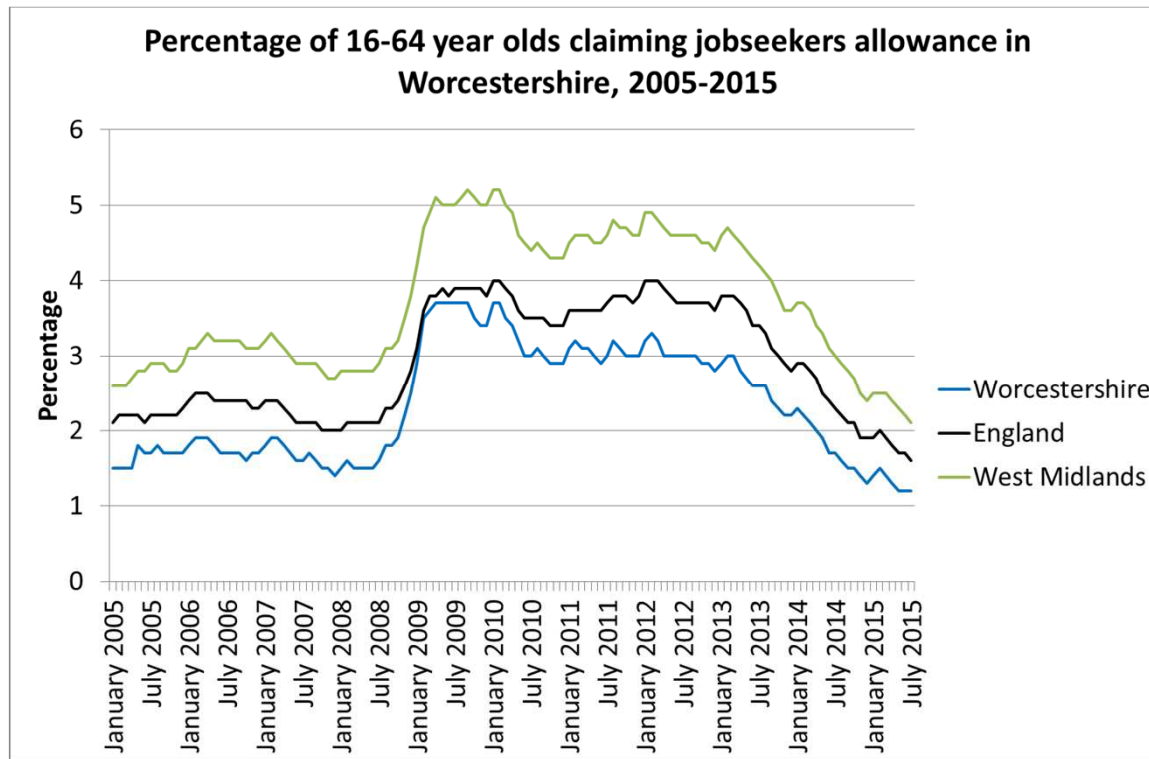
Source: Office for National Statistics , Regional Accounts 2013

GVA per head

- County's GVA per head (£18,454) is:
 - £5,600 (23%) less than England
 - £5,200 (22%) less than Warks, £10,300 (36%) less than Oxfordshire
 - If Worcestershire's GVA per head was in line with England, total GVA would be £3.2bn higher than it is
- And...County's GVA per person in employment (£45,967) is:
 - £6,900 (13%) less than England
 - £3,300 (7%) less than Warks, £10,900 (19%) less than Oxfordshire
 - If Worcestershire's GVA per person in employment was in line with England, total GVA would be £1.6bn higher than it is
- Why the differences?
 - Warwickshire (Large manufacturing and Distribution [BMW at Hams Hall, Aston Martin/Jaguar Land Rover at Gaydon]), Oxfordshire (High tech manufacturing [Lotus and Williams F1], Large manufacturing [BMW, Cowley], IT [Sophos, Research Machines])?

Source: Office for National Statistics , Regional Accounts 2013

Claimant count in Worcestershire

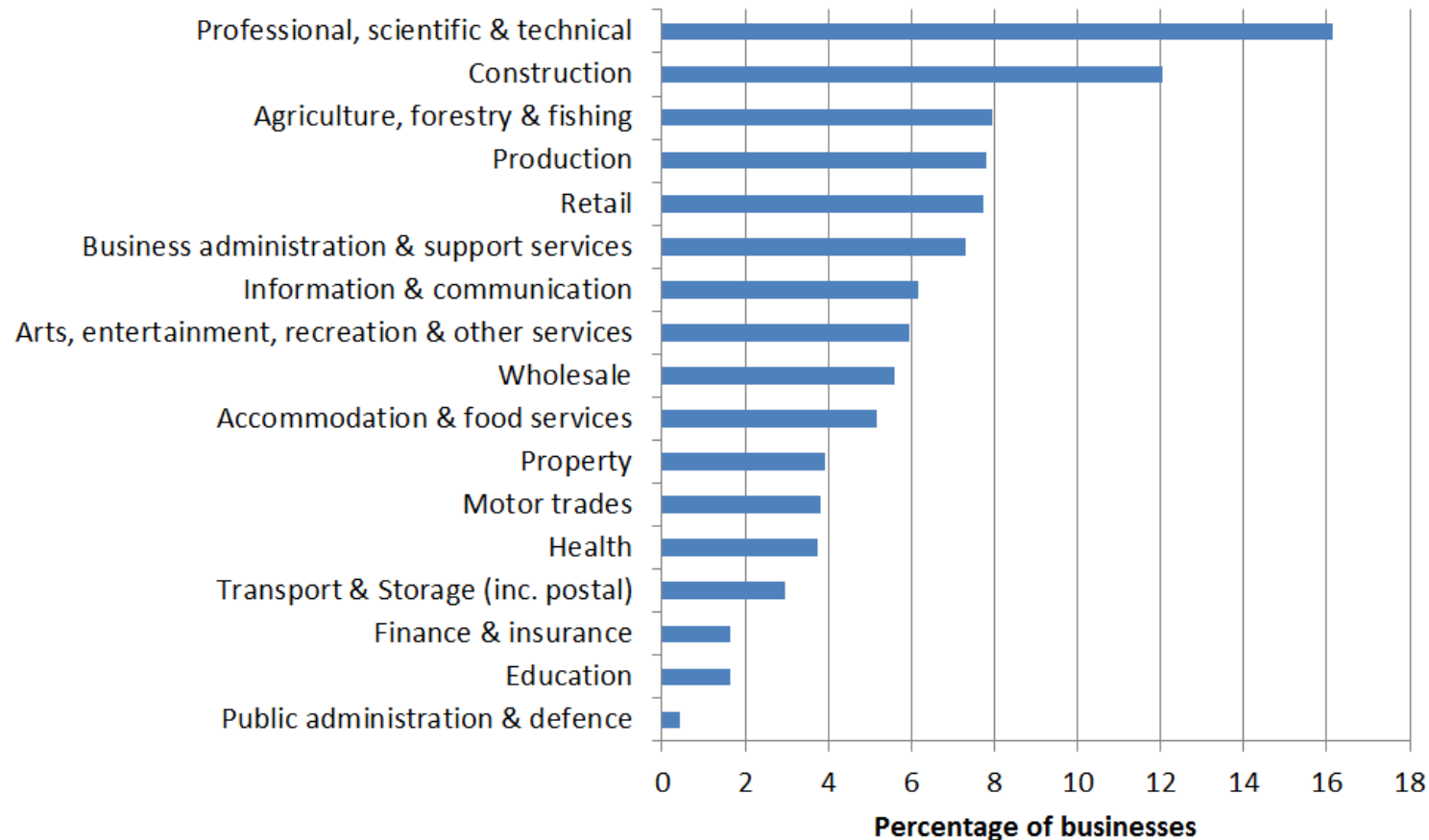


- 4,068 claimants in July 2015
- lowest number of claimants since 1983 (earliest year for which we have data)
- 1.2% of 16-64 year olds
 - England = 1.6%
 - West Midlands = 2.1%
- Number of claimants has fallen 19% since January 2015

Source: Office for National Statistics, NOMIS, Claimant Count

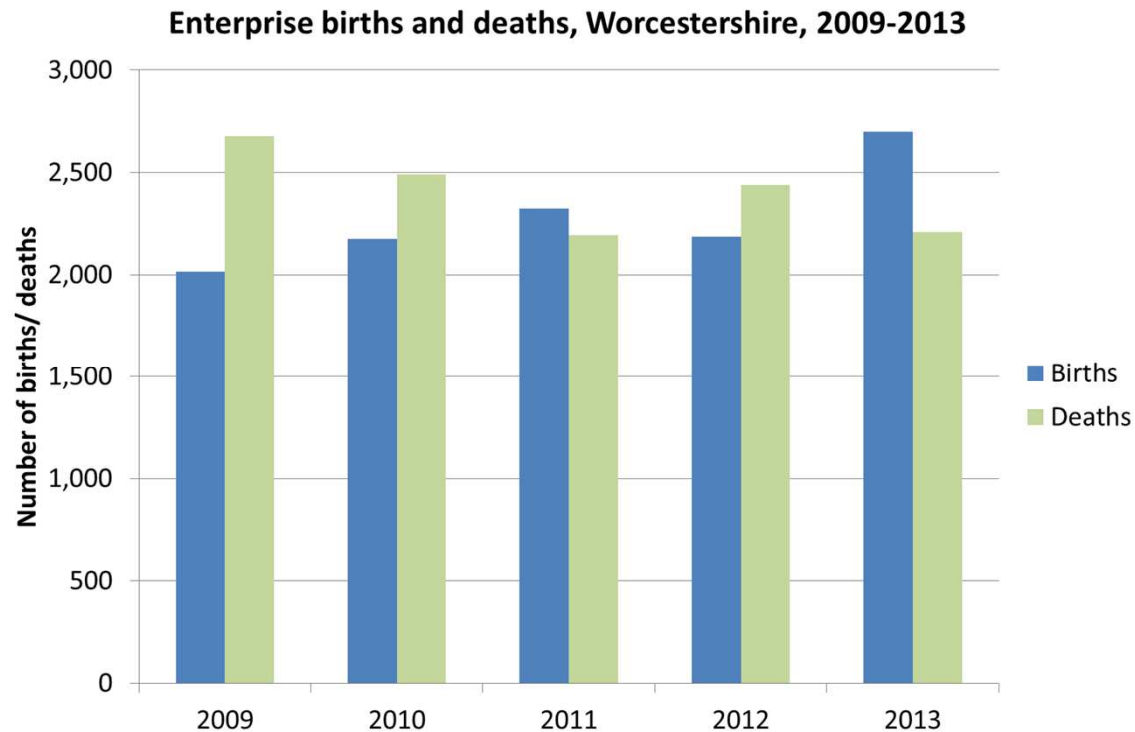
Industrial sector of businesses

Enterprises by industrial sector, Worcestershire, 2014



Source: UK Business Activity Size and Location, 2014

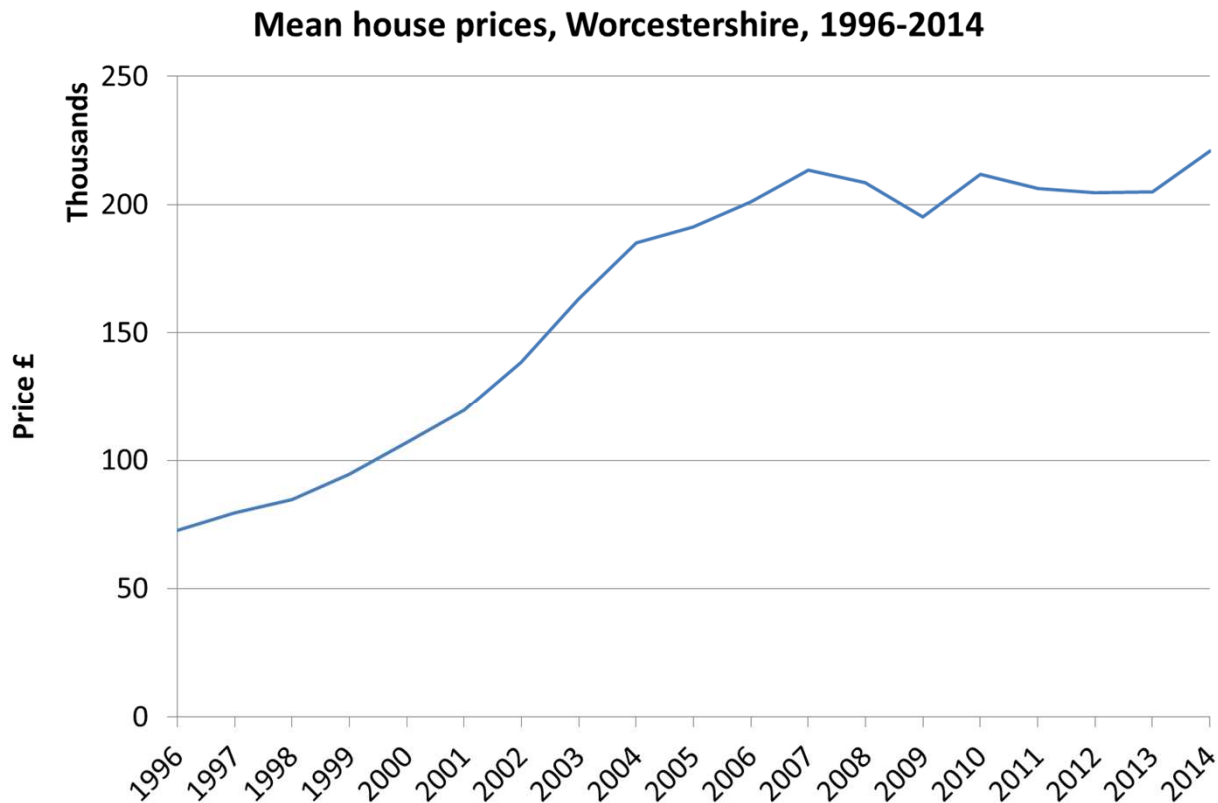
Business births, deaths and survival



- 92.7% of businesses born in 2012 survived their first year
 - England 91.1%
 - West Mids 92.1%
- 41.5% of business 'born' in 2008 were still operating 5 years later
 - England 41.2%
 - West Mids 41.2%

Source: Office for National Statistics, Business Demography 2013

House prices



- Mean house price in the county has been largely flat for a number of years during and post-recession
- Mean house price in Worcestershire was £221,110 in 2014
- This was a 7.9% increase on 2013

Source: Land Registry

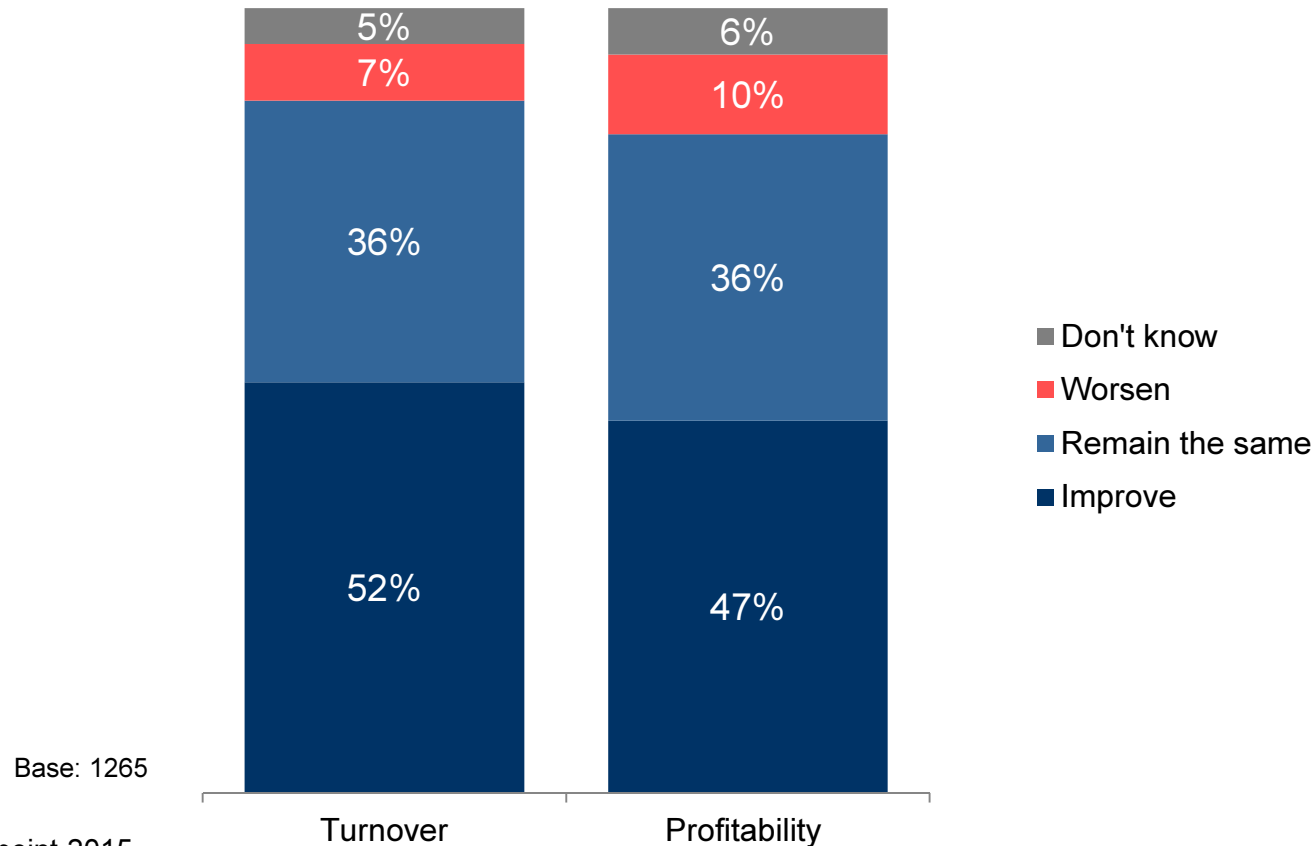
Business sentiment - Viewpoint

- Telephone survey of 1,265 businesses based across the County
- Fieldwork conducted between 15th May & 30th June 2015
- Online survey available for telephone contacts and separate online survey for wider businesses
- Data has been weighted to reflect Industry Sector based on ONS Inter Departmental Business Register profile
- Business size refers to number of employees:
 - Micro (0 to 9)
 - Small (10 to 49)
 - Medium (50 to 249)
 - Large (250+)

NB: Definitions based upon organisation total workforce, including any non-Worcestershire based sites

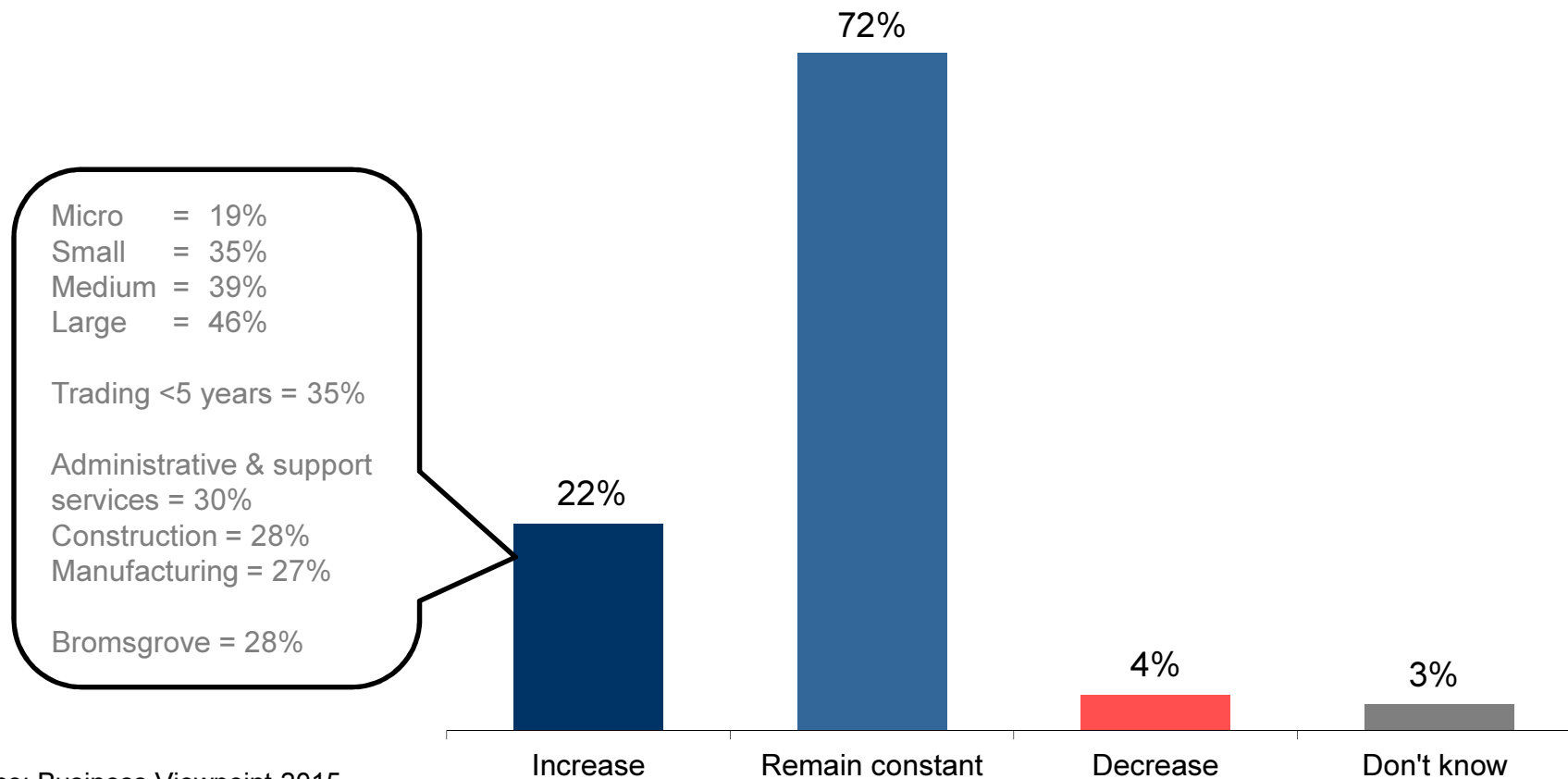
Around one-half of businesses expect their sales turnover and profitability to improve in the coming 12 months. These findings are similar to 2013.

Expectations of company turnover and profitability over the next 12 months



Around one-fifth of businesses anticipate increasing their workforce in the coming 12 months.

Expectations of company recruitment over the next 12 months

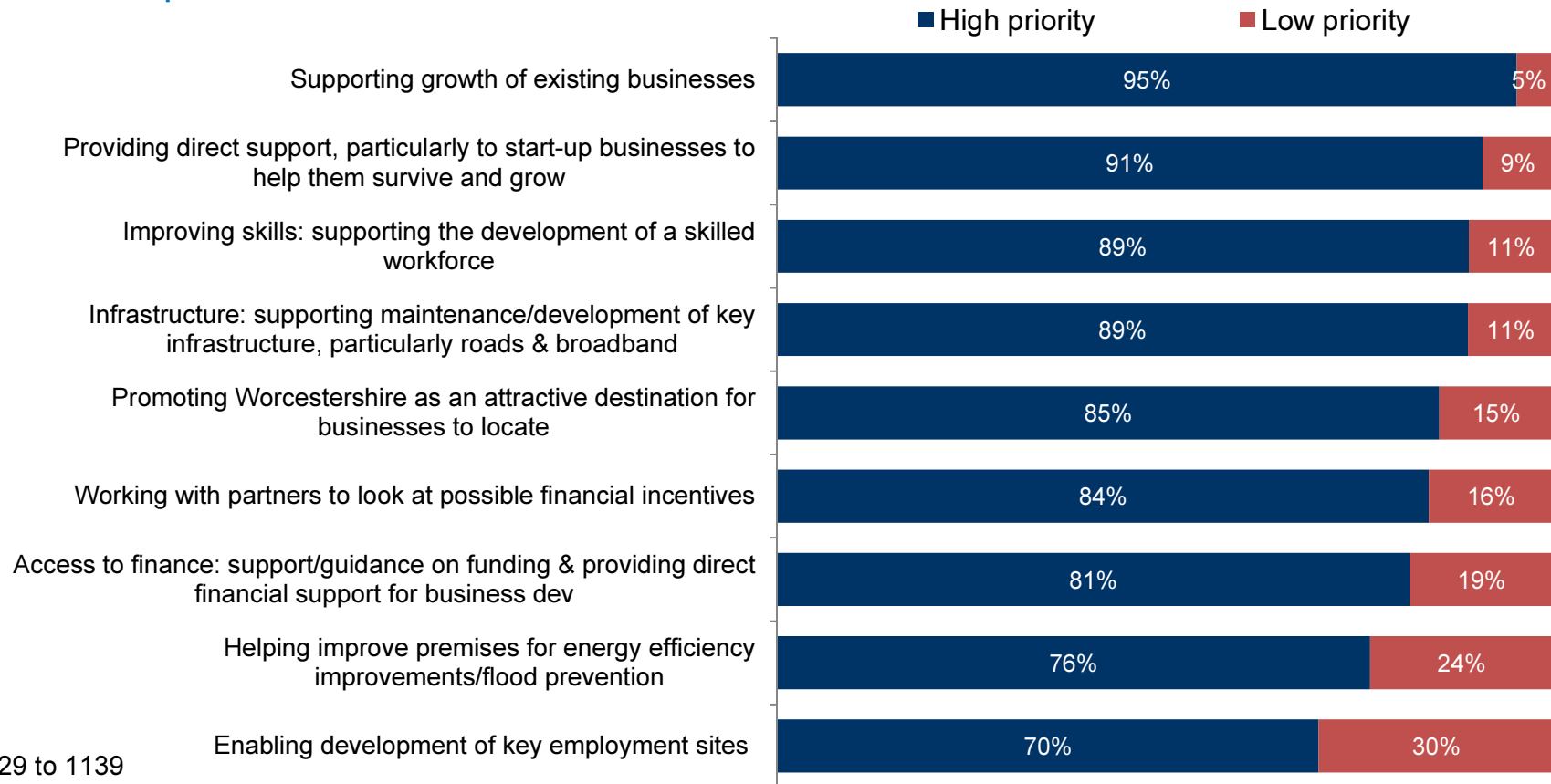


Source: Business Viewpoint 2015

Base: 1265

The top four economic priorities are supporting the growth of existing businesses, providing direct support to help businesses survive and grow, improving workforce skills and supporting the maintenance and development of key infrastructure

Economic priorities for Worcestershire



Base: 1229 to 1139
 Source: Business Viewpoint 2015

Conclusions

- National and local economies growing
 - GDP and GVA increasing
 - Claimant count has fallen and is lower than at any point
 - Business confidence is good – turnover, profitability and intention to recruit
 - Growth in new businesses (business births)
- Worcestershire behind other areas in terms of productivity
 - GVA per head and per person in employment lower in Worcestershire than Warks, Oxfordshire etc...