



East Lindsey Economic Baseline 2016

KEY MESSAGES FOR BUSINESSES

Introduction

The East Lindsey Economic Baseline 2016 provides an extensive and detailed overview of the local economy. This concise report captures the key messages arising from that document for a business audience.



Narrative

The 2016 baseline tells us how many businesses there are in East Lindsey, their size, scale, how productive they are; and which sectors are growing or declining. It also tells us about the workforce, unemployment, skills and wages.

The data reveals two different economic pictures for the District's Coastal area and Rural Inland area. Manufacturing continues to be a more important sector for Rural Inland, whereas tourism activities are dominant for the Coast. The Rural Inland area is the location of most of the District's employment in education and health, as well as knowledge intensive sectors (which are associated with higher level skills and wages). The Coast is characterised by a low skill, low wage and seasonal economy. Three quarters of businesses in the Rural Inland are categorised as "high growth, growing or stable". The picture on the Coast is more mixed: around half of businesses are categorised as in decline yet just under a third of businesses are categorised as "growing".

Farming has always been a traditional part of East Lindsey's economy. Described as "the bread basket of England" with the climate, landscape and soils suited to growing crops, agriculture accounts for the largest number of businesses in the District (1,105 or 18.7%).

East Lindsey has a large proportion of **small businesses**, in particular those classified as Small Office/Home Office (SoHo), suggesting a high

rate of home working. The rate of home working is highest for Rural Inland (where 7.8% work at or mainly from home). There are few foreign-owned companies, accounting for just 0.1% of all companies in the District compared with 3.1% in England. East Lindsey also has a higher proportion of people in **self-employment** than the Lincolnshire, regional and national averages. However, the self-employment rate in East Lindsey has declined since the recession in contrast to the regional and national picture.

Productivity in Greater Lincolnshire, based on a measure of GVA per hours worked, continues to lag behind regional and national levels, with Greater Lincolnshire workers generating an average of £25.31 compared to the national average of £30.05. This is due to the high proportion of low value-adding sectors in East Lindsey, such as care and retail as well as the high number of retirees. With a shift in government policy towards productivity and employment, getting more people in East Lindsey into the workforce and making the workforce more productive are increasingly important.

The District has relatively few **business closures and new business creations**. However, East Lindsey does fall behind the Lincolnshire, regional and national averages for percentage of businesses surviving at 3 years – 55% of new businesses still operate in the District after three years compared to 60% in Lincolnshire and 57% in England.

East Lindsey has experienced a slight decline in **employment** since 2009, with 1,014 (2.4%) jobs lost across the District. This is in contrast to the regional and national picture, where there has been overall growth in employment between 2009 and 2013. Job losses in East Lindsey have been concentrated in the construction industry, public sector and real estate sectors. East Lindsey's economy performs strongly in Greater Lincolnshire Local Enterprise Partnership (LEP) priority sectors of agri-food, tourism and manufacturing. These sectors are locally distinctive and fulfil niche processes in supply chains. However, employment data overall suggests the **local economy is still recovering from the recession**.

While average **wages** for full-time workers in East Lindsey have improved since the 2010 baseline, now exceeding Lincolnshire levels, part-time workers in the District earn on average £20 a week less than the national average. Given the high number of part-time workers in East Lindsey, this has implications for household incomes.

East Lindsey has the largest population of any District in Lincolnshire – some **136,401 residents**. Residents are evenly split between Rural Inland and Coast but sparsely distributed, with 80% living in rural areas. Between 2001 and 2011, East Lindsey's population grew by 4.6%, lower than the growth rate for Lincolnshire (10.4%), the East Midlands and England.

The District has a **high proportion of residents aged 65 years and over** (28% of the population), reflecting the importance of East Lindsey as a destination for retirees. Between 2015 and 2036 the number of over 65's is expected to increase from 40,000 to 55,000. Over the same period, **the working age population is forecast to decline** from 79,000 to 77,000. These growth forecasts have implications for the future of the labour market in East Lindsey. With a net outflow of working age people and

a growing retiree population, labour market participation is likely to decline, yet demand for health-related services is likely to increase.

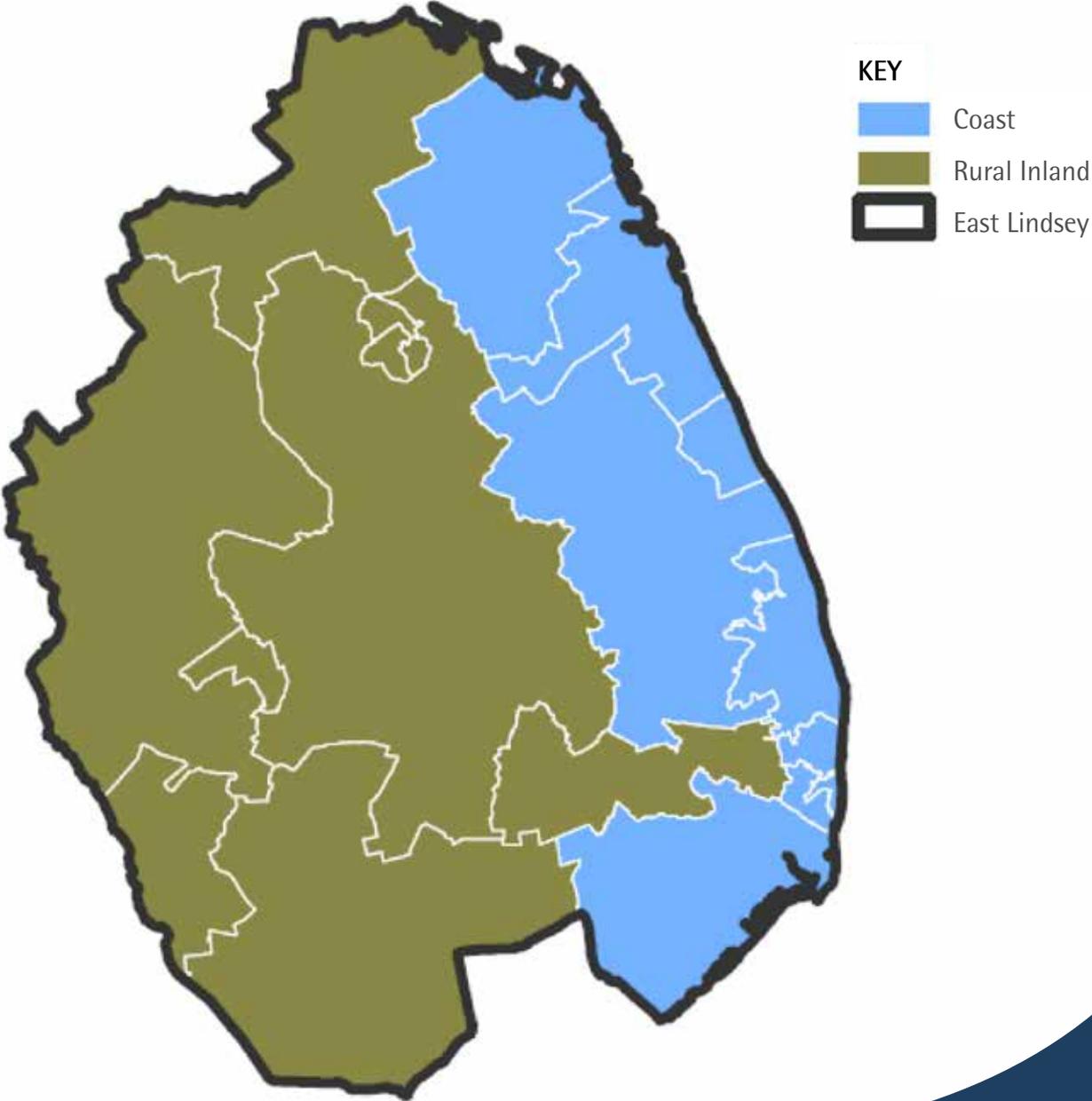
The **economic activity rate** (the percentage of people employed or seeking work) is higher for men in East Lindsey (86.7%) than for women (64.9%), which suggests that women in the District find it more difficult to participate in the labour market. East Lindsey is not a large attractor of overseas **migrant workers** and numbers have declined during the recession; East Lindsey accounted for just 6% of overseas migrants registering to work in Lincolnshire in 2010-2011. The **unemployment rate** is similar to the regional and national averages but fluctuates due to the seasonal nature of key employment sectors in East Lindsey – the claimant count can increase by more than 1,000 between February and August each year.

A high proportion of the working age population has no **qualifications**. Between 2008 and 2014, this proportion increased from 14% to 14.9%. In contrast, over the same period qualifications attainment in Lincolnshire, the East Midlands and England increased. While **school attainment** at Key Stage 2 and Key Stage 4 has improved in East Lindsey, it still remains below Lincolnshire and national levels. Professional and technical occupations are under-represented in the District, which reflects the lack of larger/international firms and institutions such as hospitals and Further and Higher Education institutions. Almost one-third of workers are employed in process and elementary occupations, mainly in the large agri-food and manufacturing sectors.

Key Messages

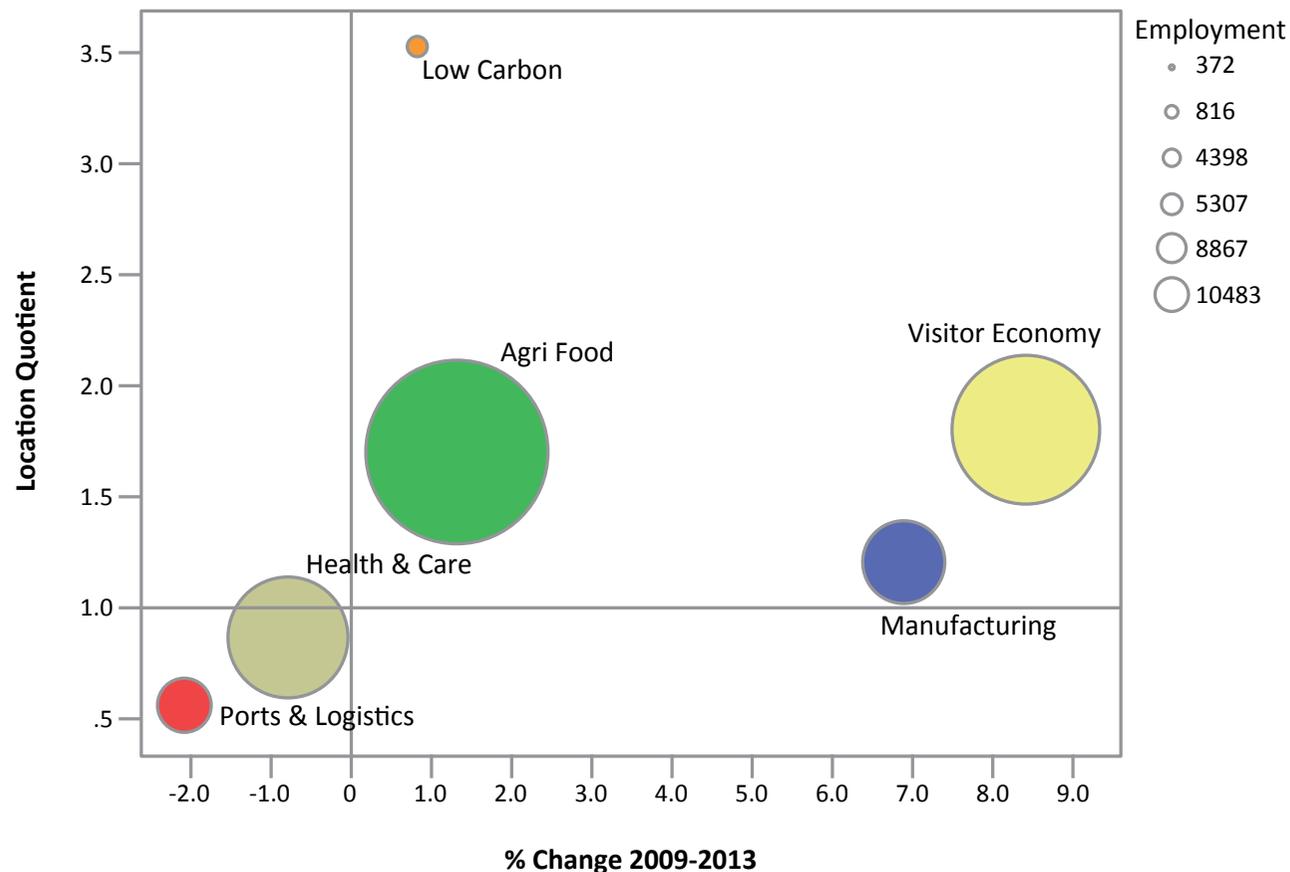
Geography

There are two distinct economies in East Lindsey, one heavily influenced by its coastal setting and the other operating as a traditional rural economy. The most logic differentiation of the two areas is based on a technical unit of geography called Medium Super Output Areas, developed by the Office for National Statistics shown in the map opposite:



Sectors

Tourism is a dominant and dynamic economic sector on the coast – inland the economy is more mixed in character. The location quotient chart below shows that the district as a whole does have good representation in terms of businesses in those sectors the Local Enterprise Partnership thinks are important for stimulating economic growth¹. Agri-food, Manufacturing and the Visitor Economy are all better developed than the national average. There is also considerable scope to further develop the number of employees in Low Carbon economies, where the area has more than 3.5 times employees than the national average but the overall number of employees is small. In view of the ageing demographic profile of the district there is considerable scope for development of the Health and Care Sector, where the number of employees is less than the national average.



Source: Business Register and Employment Survey 2013

¹ In the chart, where East Lindsey has the same proportion of businesses as the national average the location quotient on the y axis is 1, where it has more the figure will be above 1 and where less below 1. The x axis shows employee growth as a % between 2009 and 2013. The size of the circle for each sector shows the relative size of the sector in terms of employees.

Entrepreneurship

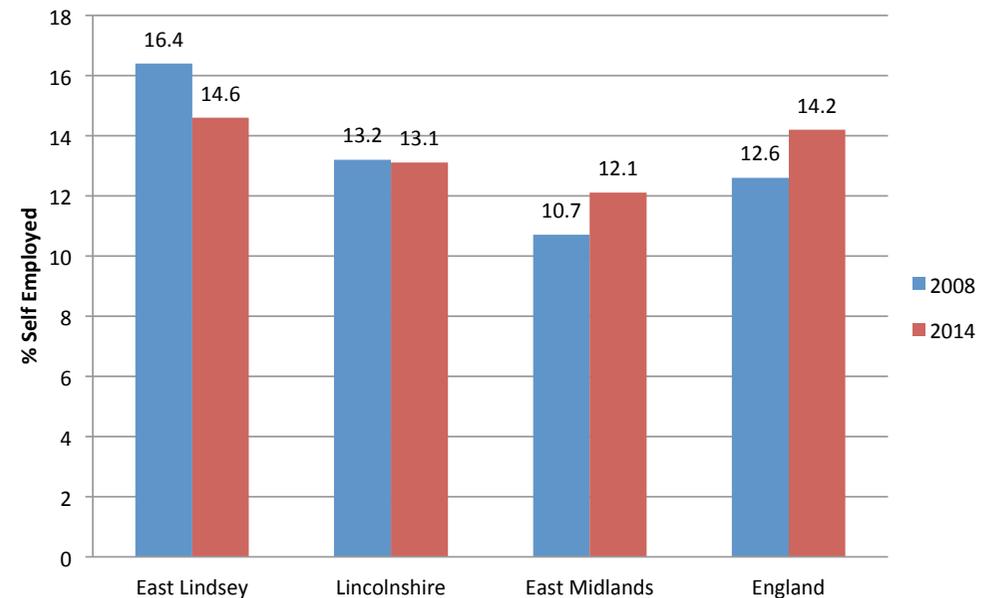
At 28.9%, East Lindsey has a larger proportion of Small Office/Home Office (SoHo) businesses when compared with the national average of 19.6%. This rate is high across both Rural Inland and Coastal areas. SoHo businesses can include a range of business types, including home-based businesses, individual contractors and cottage industries. The high rate of SoHo businesses in East Lindsey reflects the relatively high self-employment rate and also the high rate of home working.

Employer Size				
	Rural Inland	Coast	East Lindsey	England
SoHo	29.3	27.1	28.6	19.6
Micro	56.4	57.6	56.9	64.3
Small	12.3	13.4	12.8	13.8
Medium	1.7	1.6	1.6	2.1
Large	0.3	0.3	0.27	0.3
Corporate	0.1	0.2	0.12	0.1

Source: Slingshot Database via ELDC, 2015

East Lindsey has traditionally had a higher proportion in self-employment than the Lincolnshire, regional and national average. The last economic baseline reported that self-employment had grown by 15.6% between 2005 and 2009. As shown below, the self-employment rate in East Lindsey has declined since the recession, from 16.4% to 14.6%. Over the same period, the rate across the East Midlands and England has grown, albeit from a lower base. The self-employment rate in East Lindsey is now just slightly higher than the England average.

Changes in Self-Employment, 2008-2014

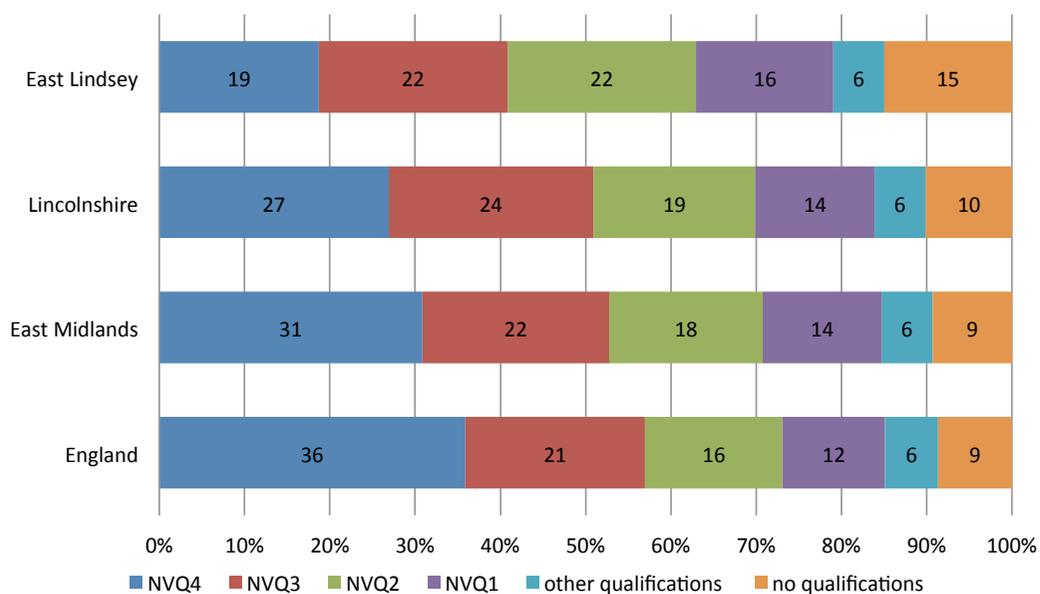


Source: Annual Population Survey via ONS, 2008 -2014

Workforce

A low proportion of the working age population in East Lindsey (19%) has a level 4 (degree-level) qualification. This is almost half the proportion with a level 4 qualification in England, at 36%.

Skills levels of the working age population, 2014



Source: Annual Population Survey via ONS 2011

The economic activity rate - that is the percentage of people who are in employment or seeking work - is similar to the regional and national average. This rate is particularly high for men, at 86.7% of the working age population. In contrast, however, just 64.9% of women are economically active. A higher proportion (28.3%) of women in the District who are economically inactive want a job compared with the regional and national average. This suggests that women in East Lindsey find it less easy to participate in the labour market than men; it may also be affected by lower age at which women traditionally retire.

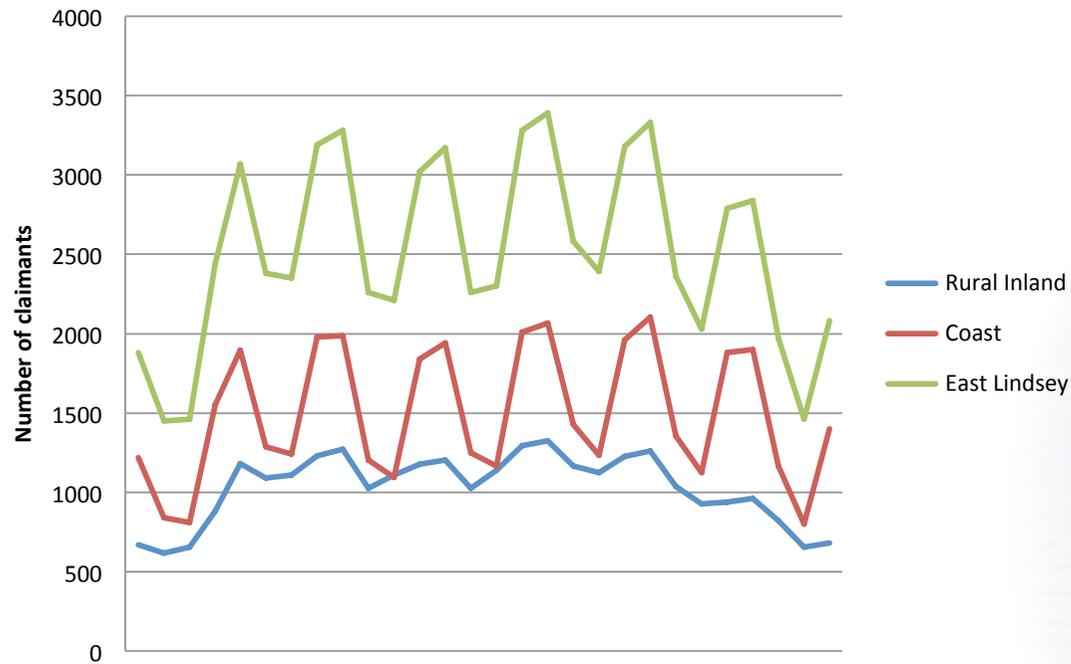
Economic Activity by Gender, March 2015

		East Lindsey	East Midlands	England
All	Economic activity rate - aged 16-64	75.8	77.6	77.4
	% of economically inactive who want a job	25.3	23.3	24.5
	% of economically inactive who do not want a job	74.7	76.7	75.5
Males	Economic activity rate - aged 16-64	86.7	83.1	83.0
	% of economically inactive who want a job	17.4	27.9	26.8
	% of economically inactive who do not want a job	82.6	72.1	73.2
Females	Economic activity rate - aged 16-64	64.9	72.1	72.0
	% of economically inactive who want a job	28.3	20.5	23.1
	% of economically inactive who do not want a job	71.7	79.5	76.9

Source: ONS Annual Population Survey via ONS, 2015

The unemployment rate is subject to the seasonal nature of key employment sectors in East Lindsey, including Agri-Food and the Visitor Economy. The graph below illustrates the annual seasonal variation in claims for Jobseekers' Allowance. The claimant count can increase by more than 1,000 claims across East Lindsey between February and August each year. As the graph shows, this seasonality is most pronounced in the Coastal area, with the Rural Inland showing only minor seasonal fluctuations:

Seasonal JSA Claimants in East Lindsey, 2008-2014



Source: ONS Jobseeker's Allowance, 2008-2014



Analysis – What This Means For Me

Macro-Economy

In common with many English rural economies East Lindsey is still recovering from the recession. It is however now on a positive upward trend in terms of the number of employees which is growing. At a district wide level this bodes well for the future. The economy overall is more stable than the national economy and fluctuates less, therefore this growth is likely to be sustained in the short term.

Geography

Economic forces don't follow administrative boundaries and depending on your location in East Lindsey you will be facing quite different economic conditions. The coastal economy in East Lindsey (as evidenced by the unemployment statistics) is highly seasonal and this significantly affects the business environment on the coast. The rural inland area is characterised by high growth, growing or stable businesses.

Sectors

In East Lindsey you are part of a business community which represents some of the best growth sectors in Greater Lincolnshire – you are particularly well placed if you are directly involved in or part of the supply chain for: agri-food, manufacturing, the low carbon economy and health and social care.

Entrepreneurship

East Lindsey has a very entrepreneurial and stable economy, based on small businesses and self-employed people – how you relate to potential customers and business partners are important things to consider. Issues such as short payment terms and the development of long term supply chain relationships are important in this context.

Workforce

East Lindsey has a lower stock of high skilled individuals than the national average, so investing in developing your workers directly is an important consideration. The need to have long term and locally focused employment policies is further reinforced by the high levels of economic inactivity in the area. Some of the most stable businesses in the area have "grown their own" skilled workforce.

If you would like this information in another language, large print or Braille, please contact us on 01507 601111.





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