



# **SECONDARY CENTRES OF ECONOMIC ACTIVITY IN THE EAST MIDLANDS**

## **Summary Report**

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Andrew Atherton and Liz Price  
Enterprise Research and Development Unit (ERDU)  
Lincoln Business School  
University of Lincoln  
Brayford Pool  
Lincoln LN6 7TS  
aatherton@lincoln.ac.uk/ lprice@lincoln.ac.uk  
01522 886938

## Section 1 – Introduction

### Aims and Objectives

- 1.1 This summary report outlines the findings of a study of secondary centres of economic activity in the East Midlands. Secondary centres are defined here as urban settlements that are smaller than a Principal Urban Area, but still significant as a centre of economic activity. In this study, secondary centres include a range of settlements, from large industrial towns to small market towns. This research has been undertaken by the Enterprise Research and Development Unit at the University of Lincoln for the East Midlands Development Agency (*emda*).
- 1.2 The aims of the project are to:
- To explore the roles in regional economic development terms of secondary centres, i.e. those towns which are less economically significant than the principal urban areas in the East Midlands, but which are still vital for the economic health of the region;
  - To develop a framework and typology which enables these centres to be classified, and their roles and contributions to be assessed;
  - To provide a guide to policy and decision making in relation to the economic, spatial and skills strategies, which will enable different types of centre to contribute to regional economic development

### Agglomeration Effects in Urban Centres

- 1.3 Previous research undertaken by the Enterprise Research and Development Unit<sup>1</sup> suggests that spatial distributions of settlements in the East Midlands tend to focus on hierarchies of cities and towns with greater levels of market concentration. The distribution and location of firms is influenced by the relative strength, or attractiveness, of competing urban markets.
- 1.4 In addition to the benefits of locating close to customers, firms also benefit from locating close to other firms. The ‘agglomeration effects’ that firms enjoy by locating in close proximity to each other include access to concentrations of employees, support institutions, and other services. The agglomeration of firms in urban areas also creates demand for, and supports, transport and communications infrastructure. Existing theory suggests that agglomeration effects are most likely occur in large urban centres, where there are large concentrations of firms. The corollary of this is that firms in centres with small or dispersed resident and business populations are less likely to experience agglomeration effects.
- 1.5 This study explores the potential for agglomeration effects to occur outside the principal urban areas in the region. The analysis focuses on secondary urban centres, and explores the factors that drive or constrain economic activity in these centres.

### Flow Effects in Urban Centres

- 1.6 The ‘GDP Growth’ project also outlined the role of ‘slippiness’ in regional economies, i.e. the costs to companies of transportation of goods and services to customers and other firms. These costs are considered to be a key determinant of firm location, as firms are more likely to locate in areas where transport costs are minimised and income maximised.
- 1.7 These ‘flow’ effects of goods and inputs through transport and communication infrastructure determine regional patterns of economic activity. Regions where infrastructure enables flow effects are more likely to see higher levels of flows in economic activity than regions where infrastructure is not as enabling.
- 1.8 The efficiency of transport infrastructure, such as road, rail and air, is therefore likely to have a major influence on economic activity within urban settlements in a region. The corollary of this is that settlements that have poor transport and communications infrastructure, and are remote from customers and suppliers, will have reduced flow effects and this will affect business activity. This study will seek to explore the impact of flow effects on firm agglomeration and economic activity within secondary urban centres in the region.

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<sup>1</sup> ‘GDP Growth in the East Midlands and Yorkshire and Humber’ undertaken for *emda* and Yorkshire Forward, 2007

## Existing Studies

- 1.9 A number of studies point to the limited amount of research that has been conducted into the functionality of secondary centres and their roles within the economy. Courtney and Errington (2000)<sup>2</sup> state that there is a “dearth of information on how they [market towns] function in their local economy”. Hart and Powe (2007)<sup>3</sup> state that policy initiatives do not have a clear framework for differentiating between types of settlements. The lack of a clear framework for conceptualising secondary urban centres is pertinent when towns are characterised by an increasing level of heterogeneity and are undergoing rapid change.
- 1.10 Common challenges facing secondary centres include a decline in manufacturing and agriculture, centralisation of key services, and increasing competition from large shopping centres<sup>4</sup>. Towns are subject to an increasing ‘reach’ from large urban areas<sup>5</sup>, in terms of employment opportunities and service provision. Improvements in road and broadband infrastructure, however, have helped to attract businesses and entrepreneurs to rural areas. Entrepreneurs may be attracted to some secondary centres because they offer a desirable residential environment<sup>6</sup>. Centres that are well connected to large urban areas may develop a commuter settlement role, while those in attractive rural areas may develop a visitor economy.

## Policy Context

- 1.11 At a national level, a number of initiatives have supported market towns. The Countryside Agency, now Natural England, launched the **Market Towns Initiative (MTI)** in May 2001, and 120 towns in the England took part. The Initiative aimed to help towns identify ‘weak spots’ where their services fell short of agreed levels. Market towns are also supported by a number of national organisations, which include **Action for Market Towns** and the **Association of Town Centre Managers**. Action for Market Towns is a charity that seeks to represent market towns at a national level and raise awareness of the issues facing market towns, such as centralisation of services, competition from large retail centres, and congestion.
- 1.12 In 2008 the **Taylor Review**<sup>7</sup> was commissioned by the Prime Minister to explore how land use planning could be better used to enable rural business and support affordable housing. It identified that market towns are likely to be the subject of significant growth by 2020. For many rural market towns the scale of new housing planned over this period will have a dramatic impact on the size and nature of the present communities. How this development takes place will significantly influence their future character.
- 1.13 At a regional level, the **Economic Strategy for the East Midlands, A Flourishing Region 2006-2020**, emphasises the importance of secondary centres to the regional economy, stating “*a common feature throughout the region is the relatively high number of market towns compared to other regions and the important ‘stepping stone’ that they provide as a service centre for their outlying rural areas and as a feeder to the region’s larger towns and cities*”.
- 1.14 The **Regional Spatial Strategy for the East Midlands (RSS)** sets out a framework for new housing provision across the region as well as priorities for economic development, infrastructure, and the environment. The RSS emphasises the need to concentrate development in urban areas and indicates that development should be located primarily within the five Principal Urban Areas of Derby, Leicester, Lincoln, Northampton and Nottingham, the three growth towns of Corby, Kettering and Wellingborough and 12 Sub-Regional Service Centres.
- 1.15 This approach is reflected in **Local Development Frameworks** which identify requirements for homes, jobs and strategic development at district or unitary authority level. As in the RSS, local authorities are advised via national planning guidance to concentrate housing and employment growth in market towns and large villages. Development in smaller rural settlements is restricted to where it assists community viability or meets local needs. Secondary centres are, therefore, likely to be the main focus of housing and business growth within a local area. As the Taylor Review highlights, many of these are likely to be subject to significant housing growth over the next 20 years. The challenge will be to ensure that there is sufficient provision of services and employment, and that the communities remain distinct and sustainable.

<sup>2</sup> Courtney, P and Errington, A (2000) ‘The Role of Small Towns in the Local Economy and Some Implications for Development Policy’ *Local Economy* 15 (4) 280-301

<sup>3</sup> Hart, T and Powe, N (2007) ‘Understanding Market Towns’ *Town and Country Planning* 441-445

<sup>4</sup> Caffyn, A (2004) ‘Market Town Regeneration; Challenges for Policy and Implementation’ *Local Economy* 19(1)

<sup>5</sup> Powe, N and Hart, T (2008) ‘Market Towns: understanding and maintaining functionality’ *Town Planning Review* 79(4) 347-370

<sup>6</sup> Keeble, D and Tyler, P (1995) ‘Enterprising Behaviour and the Urban-Rural Shift’ *Urban Studies* 32 (6) 975-997

<sup>7</sup> Taylor, Matthew (2008) *Living Working Countryside: the Taylor Review of Rural Economy and Affordable Housing* Communities and Local Government Publications

## Section 2 – Approach

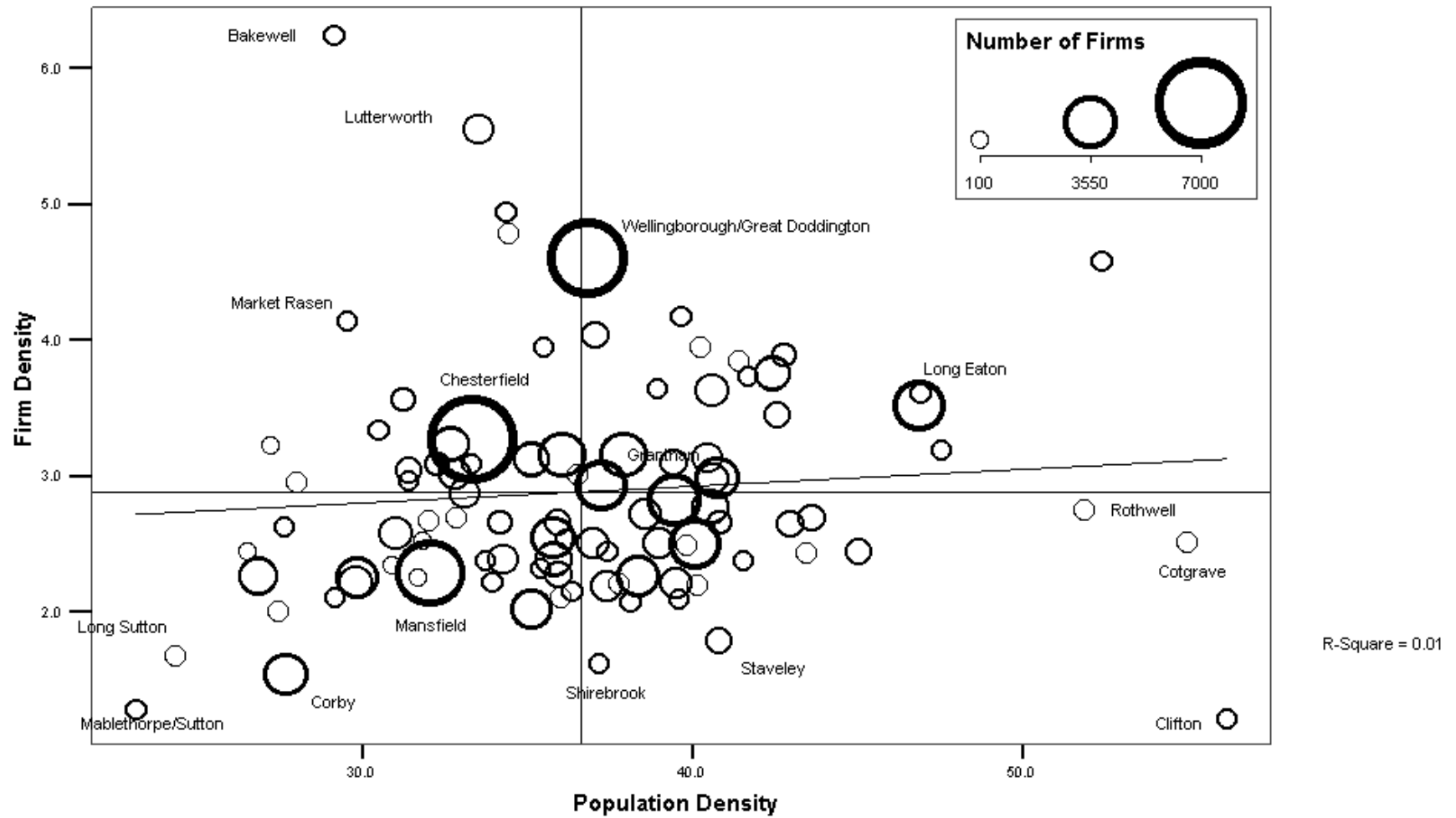
- 2.1 The research approach for this study has involved secondary data collation and analysis, and in-depth qualitative interviews to gather local information on the economies and characteristics of each secondary centre. The approach has involved four stages of research activity:
- 2.2 **Stage One** A review of policy documents and prior research into secondary urban centres both in the East Midlands and elsewhere. The aim of this stage was to identify the key policy initiatives related to secondary centres, and any secondary data sources that could contribute to the study.
- 2.3 **Stage Two** The identification of secondary centres to be included. This started with a list of ‘census urban areas’ in the East Midlands provided by the ONS East Midlands Regional Team. All settlements with a population of 5,000 or more were selected and, where the population fell below 5,000, the resident and business population were compared. Where there were at least 200 businesses in the centre, the settlement was selected for inclusion. Additional research was conducted on parish and town council websites to explore whether the settlements was defined as a ‘market town’ or village. A total of 98 settlements were selected for inclusion, from Chesterfield with a population 70,260 to Wainfleet with 1,965.
- 2.4 **Stage Three** Collation and analysis of indicators of agglomeration, business composition, and flow effects for each secondary centre. Each indicator is discussed below:
- i. Firm Density:** total number of firms divided by total area of the census urban centre in hectares. Firm density provides an indication of the likelihood of agglomeration economies occurring. The number of firms for each urban area was provided by the ONS East Midlands Regional Team and was sourced from the Inter-Departmental Business Register (IDBR) for 2007. This is a snapshot of local business units registered for VAT/PAYE at autumn 2007 by Census Urban Area (Output Area equivalent).
- ii. Population Density:** total population divided by total area, in hectares. This provides one indication of the density of available workforce, together with potential for demand for goods and services from the resident population, within a settlement. This was sourced from the 2001 Census.
- iii. Workforce Density:** total economically active population (defined as part- and full-time employees, self-employed, unemployed, and students) divided by total area in hectares. This provides an overall indicator of the density of the workforce within a settlement, independent of the presence and density of firms. This was sourced from the 2001 Census.
- iv. Connectivity:** measured using a number of indicators including distance and journey time to nearest large city (principal urban area or town over 100,000 population), airport and London. The ‘efficiency’ of journey times is also explored, using number of minutes per mile. These indicators reflect the efficiency of transport infrastructure in an area, and whether centres are proximate to or remote from potential customers, suppliers, and employment sites in the capital, larger cities and overseas. This information is sourced from the AA and National Rail Enquiries for 2008.
- v. Jobs Density:** defined as the number of filled jobs in an area divided by the working-age population resident in that area. Areas with a high jobs density (a high number of jobs per head of working-aged population) are likely to attract in-commuters from other areas and areas with low jobs densities are more likely to see out-commuting. This information has been sourced from NOMIS for 2006. It is available at Local Authority District, rather than urban area, level so has been used as a supplementary indicator.
- vi. Business Characteristics:** measured using a number of indicators, including proportion of businesses that employ 20 people or more and business premises vacancy rate. The proportion employing 20 people or more has been used to reflect the proportion of larger firms in an area. This information has been sourced from the IDBR for 2005. Business premise vacancies are one indicator of the overall attractiveness of the centre for business with high vacancy rates suggesting an area undergoing industrial decline or restructuring. This information has been sourced from the Office of National Statistics. As these sources are for Local Authority District level, they have been used as supplementary indicators.
- 2.5 **Stage Four:** Eighteen interviews with economic development and local community representatives to explore (i) perceptions of secondary centres and their contribution to the regional economy; (ii) the social cohesiveness of the centre and access to services; (iii) strategies for business promotion and development in secondary centres; (iv) views on the development of a typology of secondary centres in the East Midlands.

## Section 3 – Agglomeration in Secondary Centres

### Firm Agglomerations in East Midlands Secondary Centres

- 3.1 Graph 3.1 shows firm densities (the number of firms per hectare) and population densities (resident population per hectare) for secondary urban settlements in the East Midlands. Firm densities provide one indication of the likelihood of agglomeration effects occurring as a result of businesses locating close to each other within a defined area. The total number of firms in each secondary centre is represented by the size of the bubble provided. This allows the size of the business population of each centre to be easily identified and compared. Reference lines are provided to show the mean values for population density (x axis) and firm density (y axis).
- 3.2 The graph suggests that – at a regional level at least - there is no clear relationship between the two variables. Although many centres are clustered around the mean for population and firm density, there is a high degree of variation between the settlements, and a number of outliers. This lack of a clear relationship is indicative of the heterogeneity of secondary centres in the East Midlands in terms of the economic roles they play, their size and connectivity. An initial observation from Graph 3.1 is that secondary centres in the East Midlands are dominated by three large economies. These are Chesterfield and Wellingborough/Great Doddington, which both have more than 6,000 firms, and Mansfield which has almost 5,000. Together, these three settlements account for 14% of the total businesses in the sample. This suggests a clear hierarchy of settlements which is characterised by a relatively small number of large centres for business and population, and a large number of small centres.
- 3.3 Previous analysis undertaken into the agglomeration effects in the East Midlands suggests that there is a moderately strong relationship between firm and population densities for principal urban areas and large towns. Among these large urban centres, firm density tends to increase in line with population density. This suggests that the agglomeration of firms tends to coincide with greater concentrations in the labour market, whether because firm agglomerations lead to migration of the population/labour or concentrations in the population attract firms. The  $R^2$  of 0.01 shown for graph 3.1 suggests this relationship does not apply to smaller secondary centres and that there may be a threshold, or 'tipping point', for size in terms of resident and/or firm population which is needed for agglomeration effects to occur.
- 3.4 **Further analysis of the secondary centres in the East Midlands is provided in the full report for this study. It presents a series of county level graphs together with a written commentary which explores the potential for agglomeration effects to occur in each secondary centre, and the connectivity and flow effects between secondary centres and nearby cities, airports and London.**

**Graph 3.1 – Firm and Population Densities across all Secondary Centres** (Source: ONS Crown Copyright, Census 2001 and Inter-Departmental Business Register 2007)

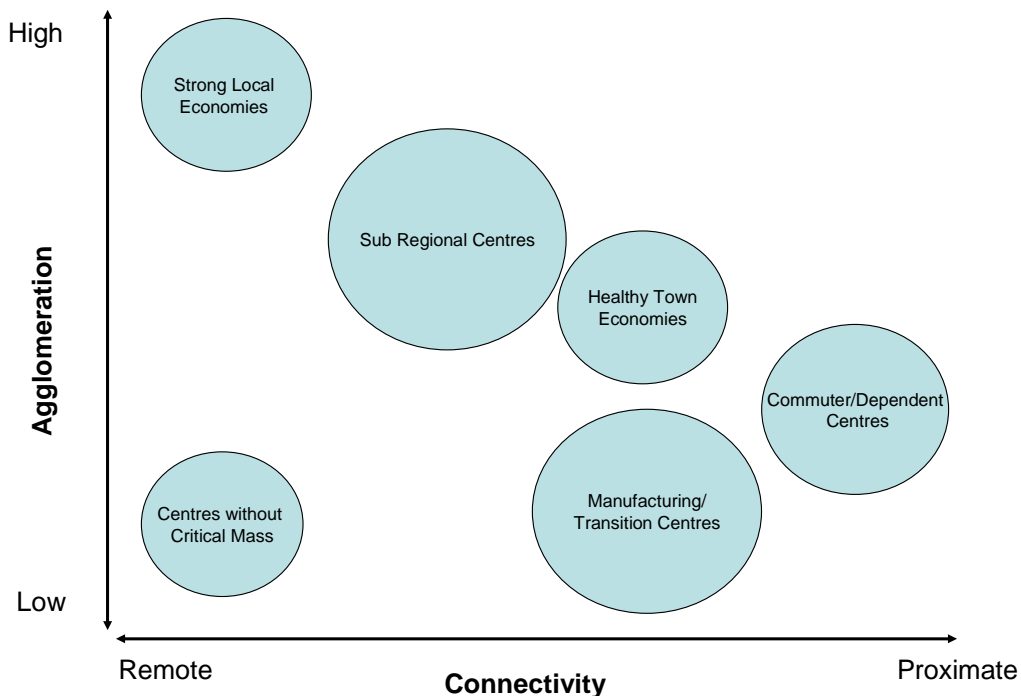


## Section 4 – Towards a Typology of Secondary Centres

### Developing the Typology

- 4.1 Analysis set out in sections three to eight of the full report explores the potential for agglomeration effects to occur in each secondary centre, and the connectivity and flow effects between secondary centres and potential markets and employment sites. In this section, we seek to take the analysis one step further by developing a broad typology of secondary centres. The typology has been formulated partly from indicators that have been developed by indexing the data for firm density, population density, economic activity and connectivity around the mean for each secondary centre. The typology has been subject to consultation via interviews with stakeholders at a regional and local level, and further refined to reflect interview feedback. The final typology comprises six groups of secondary centres:
1. **Sub Regional Centres:** large centres with a diverse economic base; the key secondary centres in the East Midlands
  2. **Manufacturing/Transition Economies:** centres traditionally associated with manufacturing or mining and that still have a strong manufacturing sector
  3. **Strong Local Economies:** small centres with a high number of firms, and that serve a wide hinterland
  4. **Healthy Town Economies:** centres that are well served, with services for the town and its immediate surrounding population
  5. **Dependent/Commuter Centres:** well connected centres with high numbers in employment, but with few employment sites and, sometimes, services
  6. **Centres without Critical Mass:** centres primarily in remote rural or former mining areas with insufficient numbers of residents or firms to bring about agglomeration effects
- 4.3 Diagram 4.1 shows the potential for agglomeration effects and overall connectivity for each group in the typology. Each group is discussed in more detail, together with case studies, in the following section.

**Diagram 4.1 – A Typology of Secondary Centres in the East Midlands**



**Group 1 – Sub Regional Centres**

4.4 Table 4.1 sets out the secondary centres that can be defined as sub regional centres. These are large centres that have high densities of firms and high levels of participation in the labour market. They are in areas of relatively high jobs densities and, therefore, act as foci for employment as well services for the sub-region. As large centres with a diverse economic base, these can be considered to be the key secondary economies of the East Midlands.

**Table 10.1 – Sub Regional Centres**

<b>Buxton</b>	<b>Grantham</b>	<b>Long Eaton</b>	
<b>Belper</b>	<b>Hinckley</b>	<b>Market Harborough</b>	<b>Wellingborough</b>
<b>Chesterfield</b>	<b>Ilkeston</b>	<b>Newark</b>	

4.5 The sub regional economies are centres that are shown to perform well across the indicators that are analysed here. These centres are shown to have a high number of firms, an active workforce, and a high volume of employment for the immediate and surrounding population. The centres range from Buxton as the smallest in the group, with 20,800 population, to Chesterfield as the largest with a population of 70,260.

4.6 Although many of these centres are shown to be well connected, few are within very close proximity to large conurbations and are, as such, outside the immediate economic ‘reach’ of the principal urban areas. They can, therefore, be considered distinct economies. Buxton is the least connected, at 50 minutes drive from the nearest city of Manchester. The most connected are Long Eaton, Ilkeston and Belper. Long Eaton and Ilkeston are shown to be vibrant economies, but this may be because of their location close to, or within, the Nottingham conurbation. Belper is located 6 miles north of Derby, although is considered to be more self-contained and distinct.

4.7 The potential for continued growth among these sub-regional centres may vary depending on their location. Grantham, discussed below, has been designated as a Growth Point by the Government and its location on the A1 and East Coast Mainline means it is an attractive location for new housing and business development. Towns such as Buxton and, to some extent, Chesterfield are constrained by the Peak District National Park and planning restrictions in this area may limit the physical growth of these towns.

**GRANTHAM**  
Sub Regional Centre

Grantham is a medium-sized town in Lincolnshire. It has an estimated population of over 38,000. It is located on the A1 and A52, 25 miles from Lincoln and 24 miles from Nottingham. It has a direct train service to London via the East Coast mainline, which takes 1 hour and 15 minutes.

The town has a number of large employers, including Northern Foods, Moy Park and the Woodland Trust. The town centre has two supermarkets, a range of shops, and a large weekly market. Grantham’s location on the East Coast mainline means that it is within commuting distance of London, and it has attracted a growing commuter population. The town hopes to attract more people to the area from the South East but the perception of Grantham as being a long way from London is felt to be a barrier to this.

Grantham is characterised by diversity in its character and population. Areas such as Manthorpe, on the north side of town, have high levels of employment and average earnings that are well above the regional average. Earlesfield and St Annes are among the most deprived wards in Lincolnshire, and are characterised by high unemployment and low aspirations. However, the town has a high rate of business start-up and this is highest in its most deprived areas.

Grantham has been designated a growth point area and has secured £5m of government funding over three years from 2008. Proposed developments in the town include further retail and industrial development, and housing. It is estimated that this will bring about a 12-15% increase in housing in the town. A new relief road to the south west of the town is also expected to release new land for housing and employment sites. The long term vision for Grantham is for it to remain a diverse economy, with a mixture of employment opportunities, services, and range of available and affordable housing.



**Group 2 – Manufacturing/Transition Economies**

- 4.8 Table 4.2 sets out the secondary centres that can be defined as manufacturing and/or in transition. These are centres that have traditionally been associated with manufacturing or mining, and still have a strong manufacturing base. They have low firm densities and low population densities, which can be associated with industrial decline, but also low density development and the presence of large employers.

**Table 10.2 – Manufacturing/Transition Economies**

<b>Alfreton</b>	<b>Coalville</b>	<b>Gainsborough</b>	<b>Sutton in Ashfield</b>
<b>Boston</b>	<b>Corby</b>	<b>Mansfield</b>	<b>Worksop</b>
<b>Clay Cross</b>	<b>Daventry</b>	<b>Spalding</b>	

- 4.9 Corby, Daventry and Gainsborough are all ‘expanded’ towns, which experienced significant influxes of population in the 1960s. During the middle of the last century, these centres were transformed from small market towns and villages to industrial towns. They have low density housing and business development typical of the style of building in the 1950s and 1960s, and are characterised by the presence of a high proportion of large employers.
- 4.10 Mansfield, Sutton-in-Ashfield, Alfreton, Coalville, Worksop and Clay Cross are located in former mining areas, and have a history of mining and manufacturing. For example, Worksop was formerly associated with textiles manufacturing and was surrounded by collieries until the early 1990s. Mansfield is also located in a former coal mining area and has seen the demise of its engineering and textiles industries.
- 4.11 Decline in manufacturing and mining across the country has meant that a significant source of employment has been lost from these centres, often leaving a “legacy of decay and inner city scale deprivation”<sup>8</sup>.
- 4.12 Boston and Spalding in Lincolnshire are not associated with ‘traditional’ manufacturing but with agricultural/horticultural production and food processing and distribution. These two centres have high jobs densities, participation in the labour market is around the regional average, and unemployment is low. The high volume of employment offered by the food sector in these centres is illustrated by the large influx of migrant workers from new accession countries of the European Union to the south of Lincolnshire. This has placed increased pressure on government services, such as education and health, in these centres and raised concerns about integration of migrants and community cohesion.
- 4.13 There is a distinction between centres in this group that have high rates of employment and act as employment magnets for the surrounding area, and centres that are experiencing longer term effects of industrial decline. The first sub-set, which we have defined as ‘large employer centres’ includes Corby, Daventry, Spalding, Boston and Coalville. The second sub-set, which we have defined as ‘under performing post industrial centres’, includes Worksop, Mansfield, Alfreton, Clay Cross and Gainsborough. These demonstrate low levels of labour market participation, which reflects high levels of unemployment and health problems within the adult population. Mansfield in particular has a low jobs density which suggests that it offers a low volume of employment compared with other centres in this group.
- 4.14 For many manufacturing centres and centres in transition, the challenge is to attract high value, high skilled employment and to encourage new business development and growth. In centres where there has been one or a small number of dominant employers, there may be a culture of reliance on large companies and a lack of an enterprising culture. This may be compounded by low aspirations among the resident population, and low levels of educational attainment and skills.
- 4.15 A number of centres in this group are undergoing significant transformation and growth. In Corby, for example, projections suggest a 100% increase in the population by 2030, and investment in business sites and retail centres is expected to help create 30,000 new jobs. New housing development in Gainsborough may increase its population from 20,000 to 28,000 by 2026 and the development of new employment sites may increase the number of jobs by 5,000<sup>9</sup>. Coalville is likely to be the location of 9,600 new homes by 2026 and its retail centre is to be revitalised<sup>10</sup>. Mansfield is undergoing significant regeneration, including provision of employment land on its former brewery site and a new transport interchange.

<sup>8</sup> West Lindsey District Council (2007) *Gainsborough Regained: the Masterplan*

<sup>10</sup> North West Leicestershire District Council (2009) *Local Development Framework*

**CORBY**

Manufacturing/Transition Centre

Corby is a large town in Northamptonshire. It is estimated to have a population of 57,700, having grown by 5000 since the 2001 census. It is located 9 miles north of Kettering, around a 30 minute drive from Northampton and 40 minutes from Leicester and Peterborough.

Corby is an expanded town that experienced significant population growth during the 1950s. It is associated with the steel industry which, during the 1980s, employed 12,000 people. In the 1990s, steel manufacturing operations were consolidated across the country. Steel is now no longer manufactured in Corby, but it retains a steel rolling mill that is operated by Corus. The steel closures resulted in the loss of 11,000 jobs. The 1990s saw an increase in unemployment, along with rising social and health problems among the resident population. There was also decline in the town's services.

Corby is currently in a period of significant regeneration and growth. Corby lies in the Milton Keynes and South Midlands Growth Area. New housing on two sites in the town is expected to double the size of the population by 2030. A new direct train service to London will also make Corby within commuter distance of the capital. A marketing campaign has been launched to attract people to Corby from the surrounding area and from London.

The town still has a high proportion of large employers. The largest, RS Components, employs around 1,500 people. Corus employs 800-900 people and Avon Cosmetics has a distribution site that employs over 500. There are a number of food companies based in the town, including Roquette, Solway Foods and Weetabix. These firms employ people from Corby and from the surrounding area.

Like many industrial/transforming centres, Corby has a low proportion of SMEs and a low level of new business start up. This is thought to be related to the legacy of a small number of dominant employers. One action being undertaken to address this is the development of Corby Enterprise Centre, which will include 40 units for small and emerging businesses that will be available at reduced rates.

**Group 3 – Strong Local Economies**

4.16 Table 4.3 sets out the secondary centres that can be defined as strong local economies. These are small towns that have significantly higher numbers of firms compared with their resident populations. As such, they can be regarded as having an influence that extends far beyond their immediate settlement boundaries.

**Table 4.3 – Strong Local Economies**

<b>Ashbourne</b>	<b>Castle Donington</b>	<b>Louth</b>	<b>Market Rasen</b>	<b>Ruddington</b>	<b>Skegness</b>
<b>Ashby de la Zouche</b>	<b>Enderby</b>	<b>Lutterworth</b>	<b>Oakham</b>	<b>Sleaford</b>	<b>Tuxford</b>
<b>Bakewell</b>	<b>Kibworth Harcourt</b>	<b>Market Bosworth</b>	<b>Retford</b>	<b>Southwell</b>	<b>Whaley Bridge</b>

4.17 Many of these centres are established, vibrant market towns which are located in sparsely populated areas and have traditionally served a wide rural hinterland. This sub-set includes Ashbourne, Bakewell, Market Bosworth, Market Rasen, Louth, Retford, Sleaford and Oakham. Generally, these centres have below average levels of connectivity. Their relatively remote locations mean that they lie outside the immediate hinterlands of large urban areas, and are less likely to be competing with services offered at large towns and cities.

4.18 Some centres have strong firm densities due to their proximity to large business sites, rather than because of factors that are endogenous to these settlements. This sub-set, which we have defined as 'firm attractor centres', includes Lutterworth and Tuxford, small towns that lie close to business parks, and Castle Donington which is close to East Midlands Airport. While proximity to these sites brings a source of employment to these centres, reflected in high levels of economic activity, it may also conceal decline in the town centres and may be associated with increased traffic passing through the centre.

- 4.19 Tourism and agriculture play a role in supporting business activity in centres in Derbyshire and Lincolnshire in particular. This is the case in Ashbourne, Bakewell, Whaley Bridge, Louth and Skegness. However, employment offered by these sectors is generally low skilled and low wage. In Skegness, for example, there are low levels of economic activity due to the high retirement population, and also problems of seasonal unemployment.
- 4.20 Common issues facing these centres include an ageing population, availability and affordability of housing, remoteness and public transport provision, and loss of or consolidation of key services in larger centres. For centres in attractive areas, such as Bakewell and Ashbourne, affordability and availability of housing for local people is a concern. Few young people may be able to buy homes and move to or remain in these towns, which further emphasises the older age structure. The remote location of these centres may make public transport a priority, for those seeking to travel to larger urban areas and also for residents of surrounding villages to access these centres. As in Louth, discussed in the case study below, the loss of government services, such as healthcare provision, to other larger centres is a concern. Changes in agricultural practices may have implications for the role of these towns as agricultural trading centres and the survival of livestock markets.
- 4.21 A key priority for these centres is retaining their role as strong local economies, and ensuring that essential services continue to be provided for the population of the settlement and its hinterland. These centres need to be able to adapt quickly to changes in the agricultural practices and tourism patterns. One way to achieve this will be to retain and attract businesses that together comprise a diverse economic base. Relatively poor transport infrastructure between these centres and large urban areas, and limited provision of employment sites, may restrict this. However, improvements in broadband infrastructure may provide an opportunity for these centres, and entrepreneurs who are able to operate their businesses from home may be attracted to these centres as desirable residential locations, and also by relatively cheap house prices when compared with large urban areas.

#### **LOUTH**

##### Strong Local Economy

Louth is a market town in Lincolnshire with an estimated population of just over 16,000. It is located in the east of the county and is around 50 minutes drive from Lincoln and 20 minutes from Grimsby.

Historically, the town developed around the wool trade and, during the 17<sup>th</sup> century, became a port for export of wool via the Louth canal. Louth has retained a role as a centre for agricultural trade, and is the location of the last surviving livestock market in Lincolnshire.

The economy of the town is quite vibrant. Louth acts as a service centre for a wide hinterland, including a number of other nearby market towns such as Alford and Spilsby, which are smaller towns with fewer services. There is a mixture of independent shops in the town centre, a general market three times a week, and a range of larger firms on Fairfield Industrial Estate on the outskirts of the town. Linpac, a large plastics and packaging firm, started in Louth and there is now a cluster of packaging firms in the area.

Problems cited for the town include poor transport communications. The town lost its railway service in the middle of the 20<sup>th</sup> century, and buses are reported to be infrequent. Louth is around 20 minutes drive from the nearest motorway, the M180, but is relatively remote from large centres of population.

Despite a growing population, there has been some decline of government services, such as the police station, hospital services and magistrates court. The livestock market continues to be held weekly but the site may be at risk of being sold, which would mean that farmers would need to take their livestock to markets at Newark or Selby.

Future plans for Louth include the possible formation of a small development agency to raise funding and promote the town along themes such as walking, food and eco tourism. A town centre manager may also be appointed. Unlike other towns discussed in this section, Louth is not likely to be the focus of significant change or population growth.

**Group 4 – Healthy Town Economies**

- 4.22 Table 4.4 sets out the secondary centres that can be defined as healthy town economies. These are centres that have equilibrium of firm and population densities. They have businesses that serve the immediate population of the centre and perhaps a small hinterland.

**Table 4.4 – Healthy Town Economies**

<b>Bingham</b>	<b>Eckington</b>	<b>New Mills</b>	<b>Stamford</b>	
<b>Brackley</b>	<b>Matlock</b>	<b>Ripley</b>	<b>Towcester</b>	<b>Wirksworth</b>
<b>Chapel-en-le-Frith</b>	<b>Melbourne</b>	<b>Sileby</b>	<b>Uppingham</b>	

- 4.23 Unlike the strong local economies set out in group 3 above, healthy town economies are more likely to be well connected to nearby large urban areas. These are towns that may act as commuter centres but are also well served by local services and retain a distinct community identity. Participation in the labour market is high, which suggests that these centres have low levels of unemployment and deprivation.
- 4.24 Centres such as Bingham, Brackley, Towcester, Sileby, Stamford and Uppingham are located within a 30 minute drive of their nearest large urban area and are therefore within easy reach of services and employment within these centres. However, they also retain a number of employers, a range of services, and a retail heart with a mix of independent shops.
- 4.25 Although these centres retain a balance of good connectivity and services, and can be perceived as attractive residential areas, this balance may be threatened by a number of factors. Centres very well connected to urban areas, such as Towcester and Sileby, may face competition from large retail centres. Demand for housing in these centres may result in large developments on the towns' outskirts which may not be well integrated into the fabric of the urban area nor well connected to its retail centre. Retention of employment sites, particularly in areas where land is sought for housing development, is also a priority.

**TOWCESTER**

## Healthy Town Economy

Towcester is a small town in the south of Northamptonshire. It has a population of just over 8,000. It is located on the A5 within 10 miles of Milton Keynes to the south and Northampton to the north.

Towcester and the surrounding area have a high level of employment. Many people are employed in highly skilled occupations, and average earnings are well above the regional average. Towcester has a number of electronics firms, including GEC and Radstones, as well as many small firms based on two industrial estates in the town. Porsche has a site in the town, and other motor companies are based at nearby Silverstone and Brackley.

Towcester also has a high level of out commuting, to Milton Keynes, Northampton and London. Its population is described as younger than the regional average, with young families being attracted to the area because of its good quality of life and good transport links.

Towcester is defined as a rural service centre, and it attracts shoppers from the villages immediately surrounding the town. There are many independent shops in the town centre, but this is thought to be partly because there is insufficient footfall to attract larger chains. The current routing of the A5 through Towcester's High Street means that the town centre is not an attractive or convenient destination for shoppers. Proximity to larger centres is also shown to have an effect, and studies have shown that 97% of residents out commute for shopping despite the presence of 3 supermarkets in Towcester.

Substantial growth is planned for Towcester. It is within the Milton Keynes and South Midlands Growth Area, and 3,000 new homes are planned for two sites in the town, together with new employment land. It is expected that the housing growth will double Towcester's population. There will also be development of additional retail offer in the town and the aim is to create a 'café culture' atmosphere. A proposed bypass will also improve the town centre environment.

**Group 5 – Dependent/Commuter Centres**

- 4.26 Table 4.5 sets out the secondary centres that can be defined as commuter/dependent. These are centres that are dependent for employment on other, larger urban areas. They are settlements that have lower firm densities than would be expected for the size of the resident population. They have high levels of economic activity, and therefore have an active workforce and high levels of participation in the labour market. Many are situated in local authority districts that have low jobs densities, which suggests many people who live in the area work elsewhere. There are 24 centres in this group, which makes it the largest.

**Table 4.5 – Dependent/Commuter Centres**

<b>Boughton/Ollerton</b>	<b>Earl Shilton</b>	<b>Irthlingborough</b>	<b>Melton Mowbray</b>	<b>Rushden/Higham Ferrers</b>
<b>Clifton</b>	<b>Eastwood</b>	<b>Kettering</b>	<b>Market Deeping</b>	<b>Shepshed</b>
<b>Cotgrave</b>	<b>Heanor</b>	<b>Kirkby in Ashfield</b>	<b>Mountsorrel</b>	<b>Staveley</b>
<b>Desborough</b>	<b>Hucknall</b>	<b>Loughborough</b>	<b>Raunds</b>	<b>Swadlincote</b>
<b>Dronfield</b>	<b>Ibstock</b>	<b>Mansfield Woodhouse</b>	<b>Rothwell</b>	

- 4.27 The group includes two subsets. The first subset, which we have termed ‘centres absorbed within conurbation’, comprises centres around or within the principal urban areas, such as Clifton and Hucknall near Nottingham, Mountsorrel near Leicester, Dronfield near Sheffield, and Market Deeping near Peterborough. These centres are within close proximity of these large urban areas and effectively operate as residential suburbs of these conurbations. Centres in the second sub-set, described as ‘well connected commuter towns’ are more distinct and less proximate, but still well connected, to large urban centres. These include Cotgrave near Nottingham, Earl Shilton and Swadlincote near Leicester, Heanor near Derby and Nottingham, and a number of small towns in Northamptonshire such as Raunds, Rothwell, Irthlingborough and Desborough.
- 4.28 It is interesting to note that ‘well connected commuter towns’ group comprises seven centres from Nottinghamshire, six from Northamptonshire, and five from Leicestershire. There are three centres of this type in Derbyshire and just one in Lincolnshire. These centres tend to be in central and well connected areas of the region, and are clustered around large urban centres, such as Nottingham, Leicester, Northampton and Sheffield.
- 4.29 This group includes a number of large centres, such as Loughborough, Melton Mowbray, Kettering and Rushden. These are towns that may arguably be defined as sub-regional service centres, and this is how they are defined in the Regional Spatial Strategy and local development frameworks. However, the indicators analysed in this report suggest that they have a lower density of firms than would be expected for their populations. They lie in areas that have relatively low jobs densities, areas that - in other words - offer a low number of jobs per head of working population. They are relatively large centres that have high levels of participation in the labour market and so provide a residential base for a large economically active population.
- 4.30 All these towns are well connected and within commutable distances of at least one large urban area. Loughborough is a 20 minute drive from Leicester, and 30 minutes from both Nottingham and Derby. Melton Mowbray is 30 minutes drive from Nottingham and Leicester. Kettering is around half an hour’s drive from Northampton and Leicester, and within an hour of London by train.
- 4.31 It is clear that these centres may perform a number of economic roles. Loughborough, for example, has a number of large employers, such as Loughborough University, AstraZeneca, Brush and 3M Healthcare, which attract people from the surrounding area. However, its location in the heart of the region and good transport connections, mean that it is within commuting distance of a number of cities as well as 1.5 hours from London.
- 4.32 For some centres in this group – such as Clifton and Hucknall – the commuter settlement role is long established and the towns effectively operate as part of the economy of the conurbation. For other centres, the commuter settlement role has developed more recently. Shepshed, discussed below, has transformed from a town with a number of factories and a retail centre, to a town that is effectively dependent on larger centres nearby for employment opportunities and retail services.

- 4.33 The growth of commuter settlements has been brought about by factors such as improvements in transport and communications, and redevelopment of employment sites into housing. This may be the result of Government targets for new housing on brownfield land, and also because large-scale employment sites are not always needed in today's economy. Housing may, therefore, be a more appropriate use of this land and may contribute more to the economic development of these towns. Commuter settlements generally have high levels of employment and low levels of deprivation, and are not regarded as 'under performing' in a traditional sense. However, commuter centres in rural areas raises a number of sustainability issues, including: increasing the need of and use of cars; decline in local services which may be a particular problem for the non-working or elderly populations; and erosion of community engagement and identity.

**SHEPSHED**  
Commuter Centre

Shepshed is a medium sized town in Leicestershire. It is near to the M1 motorway, north of Leicester and south of Nottingham and Derby, which places it in the centre of the Three Cities sub area. It lies 5 miles west of Loughborough.

Shepshed is formerly associated with the wool and textiles industries, which first developed during the 19<sup>th</sup> century. The town's textiles and hosiery factories were still in operation during the 20<sup>th</sup> century, but had all closed by 1996. The land occupied by factories was developed into housing, and most people who live in the town now work at larger centres nearby, such as Loughborough, Coalville and Derby. Shepshed's population has increased significantly, from 6,500 in 1963 to over 14,000 now, and the town has taken on a dormitory settlement role.

The town is well served by government services such as healthcare provision and schools. However, the loss of employment sites has had implications for the character and vitality of the town. As fewer people work in the town, there is less demand for retail services. The centre used to have four banks, which have now closed, and a number of pubs are vacant. There is a small supermarket in the town centre and a weekly market, but residents tend to travel to Loughborough or Coalville for their food shopping.

Loss of employment from the town has raised concerns for community identity and cohesion. With many people working and shopping elsewhere, there is reduced use of local services and limited engagement in community activities. New housing developments in the south of Shepshed are not well connected to the town centre, which has narrow roads and limited car parking. Further housing is planned on two sites in the town and there are no proposals for additional employment sites.

**Group 6 – Centres without Critical Mass**

- 4.34 Table 4.6 sets out the secondary centres in the region that lack critical mass. These are centres that tend to have small populations and low firm and low population densities. They have below average levels of economic activity, which suggests that there may be a high proportion of people who are unemployed, suffering from a long term illness, or retired. They are also likely to be less well connected or more remote from large centres of population.

**Table 4.6 – Centres without Critical Mass**

<b>Alford</b>	<b>Clowne</b>	<b>Kimberley</b>	<b>Quorndon</b>	<b>Spilsby</b>
<b>Barrow on Soar</b>	<b>Crowland</b>	<b>Long Sutton</b>	<b>Radcliffe on Trent</b>	<b>Wainfleet</b>
<b>Bolsover</b>	<b>Holbeach</b>	<b>Mablethorpe/Sutton</b>	<b>Selston/Underwood/Brimley</b>	
<b>Bourne</b>	<b>Horncastle</b>	<b>Markfield</b>	<b>Shirebrook</b>	
<b>Caistor</b>	<b>Keyworth</b>	<b>Oundle</b>	<b>South Normanton/Pinxton</b>	

- 4.35 This group includes 'small rural centres' that lie in rural, sparsely populated areas and are remote from large centres of population. Ten of the centres, which account for half of the group, are located in the east of Lincolnshire. These comprise mainly small market towns, such as Alford and Spilsby, which would have traditionally been the focus of livestock and agricultural markets for a wide rural hinterland. Although many still run weekly or bi-weekly markets, the towns have suffered from a decline in the agricultural workforce and consolidation of services in larger centres such as Louth and Skegness.

- 4.36 Like many areas of Lincolnshire, population growth in this area has been relatively high at 1% per year for the last 20 years<sup>11</sup>. This is expected to continue, with a more than 100% increase in residents of pensionable age expected by 2029 in East Lindsey district<sup>12</sup>. However, this growth is occurring unevenly, and is concentrated on the coast in particular, and less in the rural market towns. The ageing population of these towns is a key concern for policymakers, with a 'brain drain' of young people from these areas and a shortage of available housing. Resistance to change within communities is cited as a barrier to provision of new housing and employment sites. The remote location of these settlements from large urban areas and mainline train services is also thought to restrict business growth and new business development.
- 4.37 The second sub-set of this group comprises 'former mining towns and villages' such as Bolsover, discussed in the case study below, Clowne, Shirebrook, and South Normanton in Derbyshire. Since the closure of nearby coal mines in the 1990s, these centres have experienced a decline in the number of available jobs and an increase in unemployment. The jobs density for Bolsover district, at 0.51, suggests that a high proportion of people who live in the district work elsewhere. These centres are also shown to be slightly less well connected than other centres in Derbyshire. Access to training and employment opportunities is considered to pose a problem for centres in this area<sup>13</sup>.
- 4.38 Although very different in their history, character and the nature of their populations, the centres in this group face some similar challenges. Rural or industrial decline has affected the viability of these small centres, as services that used to be available for the agricultural or mining workforce have diminished. There are issues associated with low aspirations, low skills, and poor access to employment opportunities. Unlike other types of town, these centres do not have the same demand and pressure for housing development and growth, and new housing development would perhaps help to improve the vitality of the settlement and increase demand for local services.

#### **BOLSOVER**

Centre without Critical Mass

Bolsover is a small town in the east of Derbyshire. It has a population of 11,400. It is situated close to the M1, around 6 miles east of Chesterfield and 8 miles north of Mansfield.

Bolsover, and the nearby towns of Clowne, Shirebrook and South Normanton, lie in an area that is formerly associated with coal mining. The last collieries closed in the early 1990s. Bolsover is still experiencing the effects of these closures, and has a relatively high level of unemployment. Worklessness is a problem, and there are cases of up to three generations of unemployment within the same family, and high levels of claims for incapacity benefits.

The District Council has been successful in securing funding for a number of initiatives to help raise aspirations and improve employability within the resident population. These include the Family Employment Initiative, which engages families in workshops and formal training to improve confidence, prepare for employment, and includes funding for suits to be bought for interviews. Another initiative is the Enterprise Academy, which involves workshops within schools in Bolsover to raise awareness of employment, and encourage children to perceive employment as an option.

The town acts as a service centre for its resident population, with a number of independent retailers and two small supermarkets. Many people in the town work in nearby Chesterfield where there are more employment opportunities. Bolsover currently has a relatively low number of employers. Four employment sites are being developed near the town, including Markham Vale on the M1, Castlewood and Brook Park. The intention is to attract creative and knowledge-intensive industries to the area. Markham Vale, which has its own exit on the M1, is expected to attract primarily logistics and distribution firms.

#### **Detailed Categorisation of Secondary Centres**

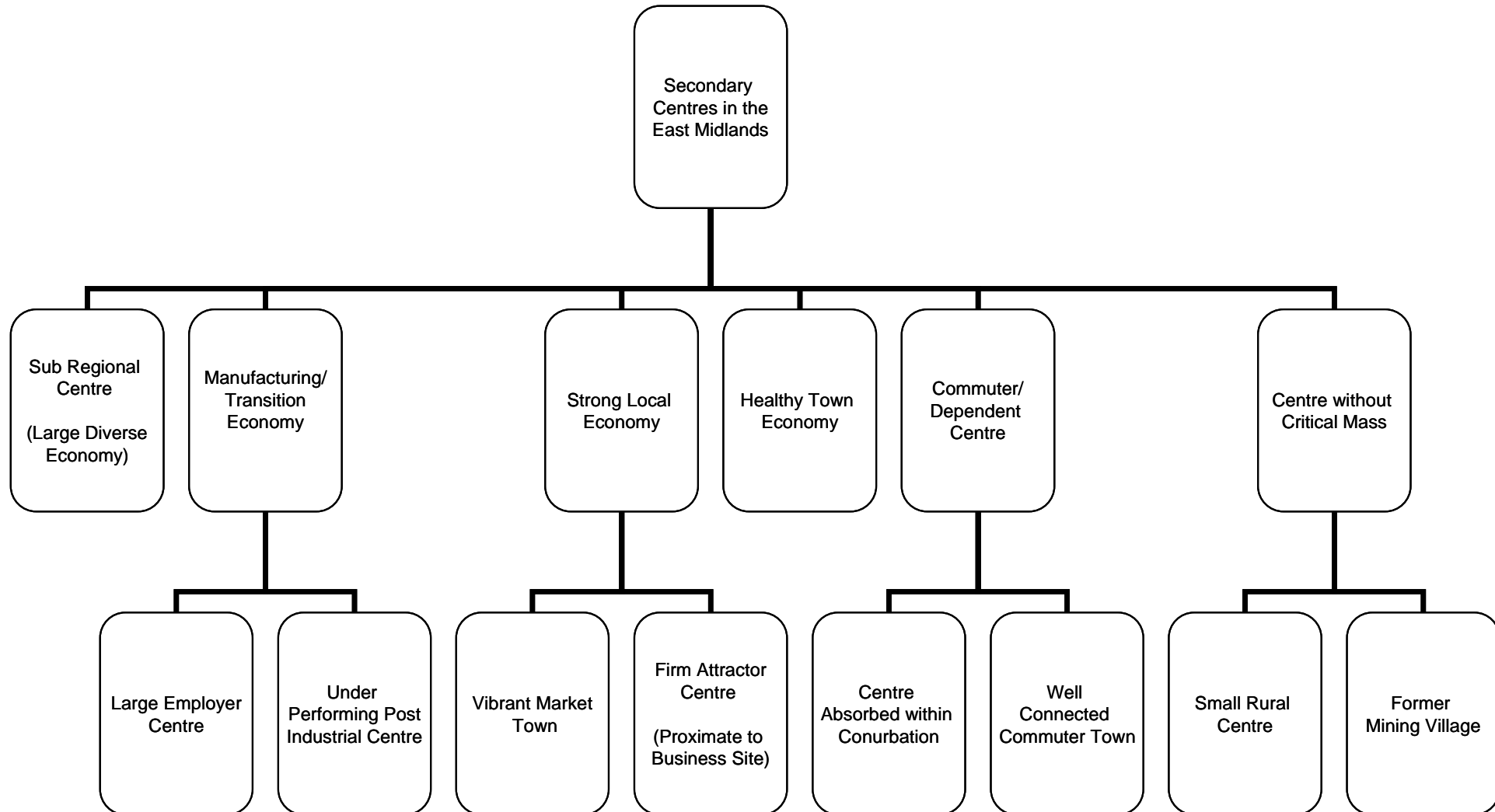
- 4.39 Diagram 4.2 sets out the typology of secondary centres, together with the sub-groups discussed above.

<sup>11</sup> East Lindsey District Council (2007) Local Development Framework – Core Strategy

<sup>12</sup> *emda*, on behalf of Lincolnshire Enterprise (2007) Lincolnshire Sub-Regional Profile

<sup>13</sup> Bolsover District Council (2006) Sustainable Community Strategy

Diagram 4.2 – Typology of Secondary Centres in the East Midlands





## Section 5 – Conclusions and Implications

### Agglomeration of Firms and Population

- 5.1 **A small number of large economies.** Secondary centres in the East Midlands are characterised by a clear hierarchy of a small number of large economies, and a large number of small economies. Chesterfield, Wellingborough, and Mansfield have the largest concentrations of firms and together account for 14% of firms in the sample.
- 5.2 **A high degree of heterogeneity among secondary centres in the region.** Analysis of firm and population densities shows that there is a high degree of variation between centres, and no clear relationship between the variables. In other words, the presence of firms is not necessarily shown to be related to or determined by concentrations of population/workforce and, conversely, concentrations of population may occur without the presence of firms. This suggests a high level of variation in the economic roles of these secondary centres.
- 5.3 **A ‘tipping point’ for agglomeration effects.** Only secondary centres with more than 2,000 firms demonstrate an equilibrium of firm and population densities, which suggests that agglomeration effects are mostly like to occur in the large secondary centres.

### Connectivity and Flow Effects

- 5.4 **Few truly remote secondary centres in the East Midlands.** The vast majority of secondary centres are within 20 miles of their nearest large urban area, 50 miles of an airport, and 2 hours from London. Those with longer distances are primarily in the east of Lincolnshire and west of Derbyshire.
- 5.5 **Least efficient journey times for secondary centres closest to Nottingham, Derby and Leicester.** The high density of settlements around these large urban areas may be associated with road congestion, reduced speed of traffic flows and less reliable journey times. This implies that there may be increased costs associated with flows of goods and services for firms operating in these centres.
- 5.6 **Few secondary centres that are both remote and with inefficient journey times.** A small number of centres have below average connectivity to their nearest large urban areas *and* below average speeds of travel. These include Buxton, Spalding, Louth and Chapel-en-le-Frith, and can be regarded as some of the most poorly connected centres in the region.

### Economic Activity – Participation in the Labour Market

- 5.7 **A south-west/north-east divide in labour market participation.** Centres in the south and west of the region are shown to have the highest levels of participation in the labour market (Brackley, Towcester, Market Deeping, Daventry). Those in the north and east of the region have the lowest levels of labour market participation (Mablethorpe/Sutton, Shirebrook, Wainfleet, Skegness).
- 5.8 **High labour market participation in secondary centres closest to large cities.** Travel time to large urban areas is shown to be related to economic activity levels in secondary centres. This suggests that well connected secondary centres may benefit from access to employment opportunities within nearby large cities. The most remote secondary centres (Mablethorpe, Wainfleet and Skegness) demonstrate low levels of labour market participation, although this may also be related to high retirement populations.
- 5.9 **High participation in labour market for secondary centres within 80 minutes of London.** Almost all centres within 80 minutes of London demonstrate economic activity rates above the regional average. This may suggest that London provides a source of employment for these centres. It may also suggest a broader ‘South East’ influence, i.e. centres with short journey times to London are also more proximate to the South East and employment opportunities in Milton Keynes, Bedford and Oxford.
- 5.10 **No discernible ‘airport effect’.** Proximity to airports is not shown to have an effect on labour market participation, beyond the secondary centres located immediately outside the airports.

## Firm Density

- 5.11 **Proximity to cities has a limited influence on agglomeration at a regional level.** At a regional level, connectivity to cities is not shown to have a strong effect on firm densities. In other words, agglomeration of firms does not appear to be driven or influenced by proximity of large urban areas. However, the centres most remote from large urban areas have below average firm densities. Remoteness and sparsity of population may be associated with limited markets to sustain high levels of business activity.
- 5.12 **Limited 'London effect'.** While centres within an 80 minute journey to London demonstrate high levels of participation in the labour market, proximity to London is not shown to have the same effect on firm density. In other words, London may play a role in attracting employment from some centres in the region, but it does not appear to influence the agglomeration of firms in these centres.
- 5.13 **No discernible 'airport effect'.** Agglomeration of firms is shown to be no greater for centres close to airports in and around the region than those that are further away. The exception is East Midlands Airport, where centres such as Castle Donington and Melbourne demonstrate high firm densities. This may suggest that airports in and around the region have limited direct influence on new business growth outside their immediate vicinities. It may also suggest that very close proximity to an airport is not a key concern for businesses in the region.

## The Sub-Regional Picture

- 5.14 **Derbyshire.** Derbyshire has a large number of centres with high firm and population densities, which suggests the presence of strong economies. The largest centres of firm population, Chesterfield and Long Eaton, also demonstrate high firm densities. There is, to some extent, an east/west divide in Derbyshire. Centres such as Bakewell, Ashbourne and Matlock demonstrate high densities of firms which suggest they serve a wide hinterland and tourist population. Centres around Derby and in the north and east of the county demonstrate low firm densities, which reflects the economic 'reach' of Nottingham and Derby and suggests a more dependent role for these centres. Centres are, overall, less well connected than other counties, with Buxton, Bakewell, Shirebrook and Bolsover among the most poorly connected in the region.
- 5.15 **Leicestershire.** Almost all centres in Leicestershire have high levels of participation in the labour market, although at least half demonstrate below average firm densities, which suggest that many centres play a commuter settlement role. It has a number of strong economies, such as Market Harborough and Hinckley, as well as Lutterworth and Castle Donington which are proximate to large business sites at Magna Park distributions centre and East Midlands Airport respectively. Centres are generally well connected, and Market Harborough and Loughborough are within commuting distance of London.
- 5.16 **Lincolnshire and Rutland.** The majority of centres in this area have low firm densities and low levels of participation in the labour market. Connectivity appears to matter, with firm densities and labour market participation at their lowest in the least connected centres. This suggests that remoteness from markets, suppliers and other businesses may have a negative effect on economic activity. Centres in this area are more likely to be self-contained and Market Deeping is the only commuter settlement. There are a small number of strong economies, including Grantham, Stamford, Oakham, and Sleaford. The majority of centres – particularly those in the north and east of Lincolnshire - are poorly connected. Grantham, Market Deeping, Stamford and Uppingham are relatively well connected to nearby cities and London.
- 5.17 **Northamptonshire.** Most centres in Northamptonshire fall below the mean for firm density, but above the mean for participation in the labour market. This suggests that many centres act as commuter centres, with a high level of commuting to Northampton, Milton Keynes, and London. Connectivity appears to matter in Northamptonshire, with those most connected to cities and London demonstrating the highest levels of labour market participation and concentrations of firms. It may also indicate a broader 'South East' influence. There are a number of centres that provide a high level of employment, such as Wellingborough, Corby and Daventry. Almost all centres are well connected to nearby urban areas and many, such as Wellingborough, Kettering and Corby, are within commuting distance of London.
- 5.18 **Nottinghamshire.** Centres in Nottinghamshire are characterised by relatively low firm densities and, for many centres, low levels of labour market participation. This reflects the mining and industrial heritage in some areas of the county, and also the 'reach' of Nottingham and the dependence of a number of settlements on this large conurbation for employment and services. There are a number of strong economies, which include Newark, Bingham, Tuxford, Cotgrave and Southwell, which are mostly situated in the less densely populated east of the county. Centres in Nottingham are, overall, well connected. Those in the north of Nottinghamshire, such as Worksop and Tuxford, are slightly more remote from large urban centres and transport connections.

## The Regional Picture

- 5.19 **Few strong, diverse economies.** Our research has shown that within the sample of secondary centres analysed here, there is a small number of large, diverse economies. These are economies with a large firm population that play a sub-regional service role, and that also have a high number of employers and available jobs, with an economically active population. This suggests that few centres have the optimum number and composition of firms, together with the transport and communications infrastructure, to enable agglomeration effects to occur.
- 5.20 **Almost half of centres are dependent or lack critical mass.** 46 of the 98 centres analysed here are shown to be dependent on other centres for employment and, often, services or lack a sufficient mass of firms for agglomeration effects to occur. This, again, emphasises the finding outlined above that business activity and agglomeration is focused in a relatively small number of urban centres.
- 5.21 **Dominance and ‘reach’ of Nottingham and Leicester.** Analysis of connectivity data suggests that Nottingham and Leicester are the closest large urban areas for almost half, 43, of the secondary centres analysed here. The typology of secondary centres shows that the majority of commuter and dependent settlements are in the well connected and central areas of the region, including the areas around and between Nottingham, Derby and Leicester.
- 5.22 **South East influence.** Analysis of economic activity data suggests that participation in the labour market is higher in centres in the south of the region – primarily Northamptonshire and Leicestershire – than elsewhere. This suggests a significant employment ‘pull’ from London and other centres in the South East, such as Milton Keynes, Bedford and Oxford. Proximity to London and the South East is also shown to have some effect on business agglomeration in the south of the region.
- 5.23 **Unprecedented growth.** Current targets for new homes across the country, together with planning policy that advocates concentration of new housing and employment land development in towns and large villages, means that secondary centres are the focus of substantial housing and population growth. This appears to bring some opportunities for secondary centres, in that population growth can support existing infrastructure, and improve demand for services. However, where new housing growth is not well integrated into the existing fabric of the town, and housing developments are not well connected to town centres, there may be little change in the demand and support for local services.
- 5.24 **Growth primarily housing led.** Our research has suggested that more than half of towns in the East Midlands are commuter settlements or lack a sufficient mass of firms to create agglomeration effects. Allocations of housing in many towns without appropriate investment in employment land and new business development initiatives may further emphasise the current trend for commuting, and continue to ‘tip the balance’ of secondary centres in the region towards commuter or dependent settlements.

## A Typology of Secondary Centres in the East Midlands

- 5.25 The analysis undertaken in this report has been used to develop a broad typology of secondary centres in the East Midlands. The typology comprises six groups of secondary centres that reflect the roles that they play in the regional economy.
1. **Sub Regional Centres:** large centres with a diverse economic base; the key secondary centres in the East Midlands, e.g. Chesterfield, Newark, Wellingborough
  2. **Manufacturing/Transition Economies:** centres traditionally associated with manufacturing or mining and that still have a strong manufacturing sector, e.g. Corby, Mansfield, Worksop
  3. **Strong Local Economies:** small centres with a high number of firms, and that serve a wide hinterland, e.g. Bakewell, Louth, Retford
  4. **Healthy Town Economies:** centres that are well served, with services for the town and its immediate surrounding population, e.g. Towcester, Bingham
  5. **Dependent/Commuter Centres:** well connected centres with high numbers in employment, but with few employment sites and sometimes services, e.g. Shepshed, Clifton, Rushden
  6. **Centres without Critical Mass:** centres primarily in remote rural or former mining areas with insufficient numbers of residents or firms to bring about agglomeration effects, e.g. Shirebrook, Alford

## Implications

- 5.26 A key finding of this study is that the regional economy extends beyond the five Principal Urban Areas to incorporate a well-populated, dynamic and diverse range of settlements. These contribute to the local and regional economy and so are important to wealth and regional development. There is scope therefore to focus on these settlements within regional economic development policy and a case made that this should be explicit in the future development of regional strategy, given their important socio-economic and community as well as economic contributions.
- 5.27 There is no 'one size fits all' approach for the settlements. However, the typology developed in section 10 of the report provides a clear basis for 'grouping' interventions, as well as understanding specific local needs and context. This approach, of targeting strategies at specific types of community, provides a basis for intervention.
- 5.28 Feedback from the interviews with local community representatives suggests that the 'non-economic' and socio-economic role of these communities is significant. These centres play important identity roles in local and sub-regional economies, and so have a cohesion and economic structuring dimension that - although less obvious - is potentially of major importance to the region. This is apparent in some settlements that are dependent or lack critical mass, where loss of economic vitality has led to erosion of community identity and sense of belonging. Avoiding this in centres elsewhere and seeking to develop vibrant local and 'micro'-economies will generate local wealth creation effects that, although individually small, will together account for a major contribution to regional wealth and economic activity.

## Challenges and Potential Policy Interventions

- 5.29 Table 5.1 sets out the key challenges that are typical for each group of secondary centres. Potential policy responses are proposed for each group, i.e. the interventions that could be applied to improve and support business growth and participation in the labour market, as well as the cohesiveness and vitality of these centres.

**Table 5.1 – Secondary Centres: Challenges and Potential Policy Responses**

Group	Characteristics	Common Challenges	Potential Policy Response
<b>Sub Regional Centres</b>	Large centres with a diverse economic base; the key secondary centres in the East Midlands	<ul style="list-style-type: none"> <li>• Retaining a mixed and diverse economy</li> <li>• Ensuring continued provision of employment sites</li> <li>• Congestion and the costs of transport</li> </ul>	<ul style="list-style-type: none"> <li>• Tailored development strategies to build on existing strengths in the economy</li> <li>• Strategies to minimise congestion in order to remain attractive for business and maximise agglomeration effects</li> </ul>
<b>Manufacturing/ Transition Economies</b>	Centres traditionally associated with manufacturing or mining and that still have a strong manufacturing sector	<ul style="list-style-type: none"> <li>• Decline in manufacturing and mining</li> <li>• Low levels of labour market participation</li> <li>• High levels of deprivation</li> <li>• Low skills and aspirations, lack of enterprise culture</li> <li>• Low number of small and medium enterprises (SMEs)</li> </ul>	<ul style="list-style-type: none"> <li>• Foster enterprising culture through tailored training, workshops and initiative such as Young Enterprise</li> <li>• Provision of incubator centres to support early stage businesses</li> <li>• Attraction of high skilled, high wage employment</li> </ul>
<b>Strong Local Economies</b>	Centres with a high number of firms, and that serve a wide rural hinterland	<ul style="list-style-type: none"> <li>• Changing agricultural and tourism patterns</li> <li>• Remoteness and poor transport infrastructure</li> <li>• Ageing population and resistance to change</li> <li>• Lack of available or affordable housing</li> <li>• Limited employment sites</li> <li>• Loss of/consolidation of government services</li> <li>• Limited private and public sector business support</li> </ul>	<ul style="list-style-type: none"> <li>• Support initiatives to encourage innovation within agriculture and tourism related businesses</li> <li>• Support mid-life and early retiree entrepreneurship</li> <li>• Support for home based businesses and home working</li> <li>• Explore innovative ways to deliver business support to businesses in remote centres</li> </ul>
<b>Healthy Town Economies</b>	Centres that are well served, with services for the town and its immediate surrounding population	<ul style="list-style-type: none"> <li>• Competition from or 'leakage' to nearby retail centres</li> <li>• Demand for housing, and its effective integration</li> <li>• Provision and retention of employment sites</li> <li>• Retaining a balanced and mixed economy</li> </ul>	<ul style="list-style-type: none"> <li>• Tailored and specific strategies to support business development and retention</li> <li>• Ensure town integrated and embedded into wider economy via good transport links</li> <li>• Dedicated resource for town centres to ensure relevance/vitality</li> </ul>
<b>Commuter/ Dependent Centres</b>	Well connected centres with high numbers in employment, but with few employment sites and sometimes services	<ul style="list-style-type: none"> <li>• Loss of employment sites to housing</li> <li>• New housing not always integrated into urban fabric</li> <li>• Decline in retail and government services</li> <li>• Loss of community engagement and identity</li> <li>• Reliance on cars, and problems of congestion</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure new housing developments are planned appropriately to give access to and support local services</li> <li>• Dedicated resource for town centres and ensuring their relevance and vitality.</li> <li>• Ensure access to government services for those without access to public transport</li> </ul>
<b>Centres without Critical Mass</b>	Centres primarily in remote rural or former mining areas with insufficient numbers of residents or firms to bring about agglomeration effects	<ul style="list-style-type: none"> <li>• Decline in agricultural and mining workforce</li> <li>• Remoteness and/or poor access</li> <li>• Low levels of labour market participation</li> <li>• High levels of ill-health</li> <li>• Loss of services to larger centres</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in housing to 'consolidate' the fabric of the centre and improve demand for and viability of services</li> <li>• Promotion of broadband to increase accessibility of services and promote remote and home working</li> </ul>

