Staffordshire Rural Economy Evidence Base

Executive Summary

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SQW

Contents

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Executive Summary

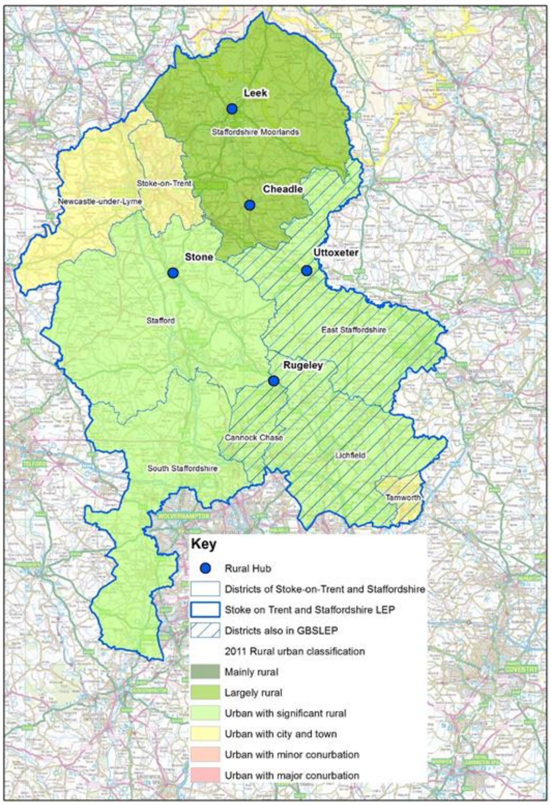
Study aims, approach and context

1. SQW was commissioned to develop a 'Rural Economy Evidence Base' for Staffordshire by Staffordshire County Council on behalf of the Staffordshire Rural Forum.

2. Within Staffordshire, six of the nine city/district local authorities are classified by Defra's 2011 Rural Urban Classification (RUC 2011) as "rural" and the County is home to five 'rural hubs' as defined by Defra[1] (as illustrated in Figure 1):

- Cannock Chase, Lichfield and South Staffordshire are defined as 'Urban with Significant Rural' districts located to the south of Staffordshire, close to the Greater Birmingham conurbation
- East Staffordshire and Stafford are also defined as 'Urban with Significant Rural' districts, and are located in the centre of Staffordshire.
- Staffordshire Moorlands is the only one in Staffordshire to be classified as 'Largely Rural' by Defra. It contains part of the Peak District National Park to the north east.

Figure 1: Defra's 2011 rural/urban classification for districts across the Stoke and Staffordshire LEP area, and the five rural hub towns



Source: Maps produced by SQW using data from Defra's RUC 2011. Contains Ordnance Survey data © Crown Copyright and database rights (2015) Licence number 100030994

3. This small-scale study has been mainly desk-based, and involved gathering and analysing secondary datasets from published sources, such as the Annual Population Survey (APS), the Business Register and Employment Survey (BRES) and ONS Mid-Year Population Estimates. Some data have been provided by Staffordshire County Council's (SCC) Insight Team (including econometric and IDBR data), for which we are grateful. In addition, we have undertaken a small number of telephone consultations and gathered qualitative evidence via email from key stakeholders across Staffordshire to complement the quantitative data.

[1] According to Defra, a "hub town is a physical settlement with a population of 10,000 or more people but less than 30,000 and additionally which satisfies particular tests confirming that it both represents a significant concentration of population and business and is well-placed to provide services to the residents of nearby rural areas". Source: Defra (December 2014) 2011 Rural-Urban Classification of Local Authority Districts in England: User Guide

Key findings

4. Rural districts across Staffordshire account for around three-fifths of Staffordshire's total residents, GVA and jobs, and 70% of all businesses. Furthermore, recent growth in the number of jobs and enterprises based in rural Staffordshire has outpaced the Staffordshire averages. GVA per head (working age population) in rural districts (£22,137) is very similar to the Staffordshire average, but performance varies across the rural areas - East Staffordshire, Lichfield and Stafford out-perform the Staffordshire average, but Cannock Chase, South Staffordshire and Staffordshire Moorlands are below.

5. The rate of employment in rural areas is high relative to the Staffordshire and England average, with above average levels of self-employment, home and part-time working – a strength to build on in facilitating economic growth. Staffordshire's rural districts have a larger share of residents working in higher level occupations (managers, directors and senior officials, associate professionals and those in technical occupations) compared to the national average, and a higher proportion of residents with higher-education qualifications (NVQ4 level qualification or above) than the Staffordshire average (although a lower proportion than the national average). Residence-based earnings are higher than workplace-based earnings, suggesting that out-commuters (e.g. to the urban centres of Birmingham, Derby and Greater Manchester) earn more than those employed locally.

6. Key sectors – in employment terms – include education, health, business support and retail trade, but rural districts also have sector specialisms (e.g. in agriculture, forestry and fishing, food, drink and tobacco, machinery, and electrical equipment) and are home to a number of (small scale) high-value added sectors which have grown over recent years (e.g. legal and accounting services, IT services, architectural and engineering services, and other professional services).

7. The profile of rural businesses, in terms of their size, is similar to the Staffordshire and UK averages, although there is a slightly higher representation of micro-businesses. Rural districts accounted for 65% of all new business starts across Staffordshire as a whole, and residents were more enterprising (in terms of business start-up rates) than their urban counterparts. New businesses in rural districts are also more likely to survive for three years than in urban areas.

8. In future, the population living in rural Staffordshire is expected to grow more quickly than the Staffordshire average by 2025 and by 2037, although GVA and employment are expected to grow at similar rates to the Staffordshire average to 2025. Rural Staffordshire is expected to see expansion (in terms of GVA and employment) in some highly productive sectors, but at the same time contraction (in employment terms) in some sectors that currently employ a large share of the workforce.

Table 1: Data dashboard – headline statistics

Indicator	Latest position			Data source and year
	Rural Staffordshire	Staffordshire average	National average	
GVA (£m)	9,016			SCC econometrics, 2013
GVA per head (working age population)	22,137	22,384	30,271	SCC econometrics, 2013 & ONS, 2013
Resident population	654,600			ONS, 2013
Working age population	62.2%	62.9%	63.8%	ONS, 2013
% working age population with Level 4+ qualifications	28.6%	25.2%	33.9%	APS, 2011-2013 (three year av)
Participation in job-related training in the last four weeks	8.3%	7.9%	9.6%	APS, 2014
Employment rate	74.2%	71.5%	70.9%	APS, Oct 2013-Sep 2014
Higher level occupations (managers, directors and senior officials', 'associate professionals' and those in 'technical occupations)	27.4%	25.5%	29.9%	APS, 2011-2013 (three year av)
Self-employment rate	11.1%	9.5%	9.7%	APS, 2011-2013 (three year av)
Workplace-based gross weekly pay (£)	Range: 450-496	Range: 420-449	5.23	ASHE, 2014
Productivity (GVA per job, £k)	31.3	31.4	38.3	SCC econometrics, 2013
Number of business enterprises	23,910			Business Demography, ONS, 2014
Enterprise rate (number of business starts per 1,000 working age resident)	57	48	53	Business Demography, ONS, 2013 and ONS, 2013
House price affordability ratios (median prices vs median earnings)	Range: 4.9-7.2	5.7*	6.7	ONS, 2013

*Source: Various. Notes: * excludes Stoke-on-Trent*

9. In the table below, we summarise the key findings in relation to rural Staffordshire's strengths and weaknesses, based on the data analysis and consultations completed for this study, and outline future opportunities and threats.

Table 2: Summary SWOT analysis for rural Staffordshire

Strengths	Weaknesses
• Home to a diversity of businesses and entrepreneurial, resilient and innovative people • Growth in high value added sectors, e.g. legal and accounting services, IT services, architectural and engineering services, and other professional services (albeit from a low base) • High enterprise (start-up) rates and three-year business survival rates in some rural districts • High self-employment and home-working rates • Growth in jobs has outpaced Staffordshire average since 2005 – stronger / quicker recovery from recession • Higher proportion of highly qualified residents (NVQ Level 4+) • High employment rates, and correspondingly low unemployment rates • Higher share of residents working in managerial/senior occupations • Strong quality of life offer, and quality of environment in general	• Slight decline in GVA over last decade • Overall productivity (GVA per job) is below national average, as across rest of Staffordshire • High level of employment in some lower value added sectors – e.g. retail, business support services and health • Low earnings for part-time workers who are *working* in rural areas – and part-time working is more prevalent in rural areas • Lower rates of job-related training • Pockets of housing and service related deprivation • House price affordability issues, especially for young people • Patchy broadband speeds, and coverage issues for broadband and mobile phone reception, with implications for "doing business"
Opportunities	**Threats**
• Sector growth opportunities – green economy, economic benefits associated with natural capital, tourism, agri-tech	• Barriers to business growth, including ability to network, lack of high quality grow-on space, access to finance, access to labour/skills • Out-migration of young people due to housing affordability issues and ability to access jobs (especially higher pay opportunities)

Source: SQW

10. There is considerable variation in the strengths, weaknesses and performance of different types of rural area across a number of indicators, confirming that rural Staffordshire is not a homogenous place. In part, these differences reflect the characteristics of different types of rural area (for example, in terms of topography and settlement structures), their rurality, and their accessibility' (for example, in terms of their proximity to large urban areas, transport connections, economic linkages and interconnectedness). In the table below, we summarise some of the key findings in terms of the economic performance of different types of rural across Staffordshire.

Table 3: Economic profiles of different types of rural area across Staffordshire

Type of area	Districts	Economic profile
'Urban with Significant Rural[2]' to the south of Staffordshire, close to the Greater Birmingham conurbation	Cannock Chase Lichfield South Staffordshire	• All have relatively low levels of self-containment, and have shown stronger recoveries from the recession in terms of jobs. • South Staffordshire has relatively high workplace and residence-based earnings, a high proportion of residents with Level 4+ qualifications, high rates of employment and home-working. Lichfield shares many similar characteristics to South Staffordshire – in terms of qualifications, employment rates, home-working and residence-based earnings. It also has a high enterprise rate. Both areas have issues around housing affordability. • Cannock Chase's performance is more mixed – GVA per head (working age population) and residence-based pay is relatively low, and a lower share of residents are qualified to Level 4+.

[2] As defined by Defra, 2011 Rural Urban Classification

Type of area	Districts	Economic profile
'Urban with Significant Rural' in the centre of Staffordshire	East Staffordshire Stafford	• Both districts perform relatively well in terms of GVA per head (working age population) and employment rates, and both have relatively high job densities - but despite this, both have struggled to recover following the recession in terms of job numbers and have pockets of housing/access to services-related deprivation. Both districts have relatively higher levels of self-containment. • Resident-based earnings are better in Stafford (where the proportion of residents with Level 4 qualifications and participation in work-related training are higher) than East Staffordshire (where, conversely, workplace-earnings are relatively high).
'Largely rural' district to the north-east of Staffordshire	Staffordshire Moorlands	• This area is characterised by low GVA per head (working age population) and low workplace earnings (although higher resident-based earnings, especially for full time workers, suggesting they commute elsewhere for higher paid jobs). There is a high proportion of micro-businesses, rates of home-working and a high share of residents with Level 4+ qualifications, but lower employment rates (despite a strong recovery after the recession) and participation in job-related training. Broadband speeds are amongst the worst in Staffordshire and there continue to be 'not spots' in a number of locations. Pockets of deprivation related to housing/access to services exist across the district.

Source: SQW

Implications

Opportunities

11. The rural parts of Staffordshire make a considerable contribution to the economy as a whole – they account for a large share of the economy, and are home to a highly skilled workers in high-level occupations (working in rural and urban businesses). They therefore have an important role to play in delivering against the Stoke-on-Trent and Staffordshire Strategic Economic Plan's objectives, especially in relation to sector growth in advanced manufacturing/agri-tech and tourism, but also in business/professional services which have seen strong growth in recent years across rural districts and are highly productive sectors (but are often not recognised as typically rural, possibly because of their small-scale and/or tendency to be businesses operating from home). In addition, rural areas contribute to the objective around having a "skilled workforce" to drive economic growth by providing a supply of highly qualified labour.

Barriers to growth

Rural areas will face some difficult choices and challenges looking forward. The population projections suggest ongoing pressure for housing, combined with projected growth in some 'land hungry' sectors (such as warehousing and wholesale activities). **Raising productivity** levels in some of the more traditional rural sectors (such as food/drink and tourism) will be important, but so will **maximising opportunities linked to niche, higher value sectors** that are growing (e.g. legal and accounting services, IT services, architectural and engineering services, and other professional services). However, issues such as limited **networking**, a lack of **high-quality grow-on space** and **broadband and mobile phone coverage** could acts as a break on realising this growth potential. Linked to this, there will be challenges around raising the **quality of part-time jobs** in some parts of rural Staffordshire (especially where workplace earnings are low for part-time workers), and ensuring that rural businesses can **access the labour and skills needed to grow** (and, at the same time, rural residents – especially younger residents - can access job these opportunities).