



Building an economic vision for Shropshire

A research report by IPPR North

For

Shropshire Council

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1. Vision Statement

A Vision for Shropshire

By 2030 Shropshire can be a world-leading rural economy.

With its dynamic and diverse workforce, cutting-edge capabilities in agritech and digihealth, and as an area of outstanding natural beauty, well-connected to the Midlands Engine, there is no good reason for it not to flourish in post-brexite Britain.

With the right ambition, strategy and leadership, Shropshire will be a case study in England's modern industrial strategy.

Background

IPPR North was commissioned by Shropshire Council and the University of Chester to develop a new economic vision for Shropshire's economy in the future. Our study has involved some new economic analysis; it has considered some of the existing strategies of Shropshire Council and the Marches Local Enterprise Partnership; and we have held a series of roundtables with key stakeholders from around the county.

Our study has identified a series of key opportunities and challenges for economic growth including:

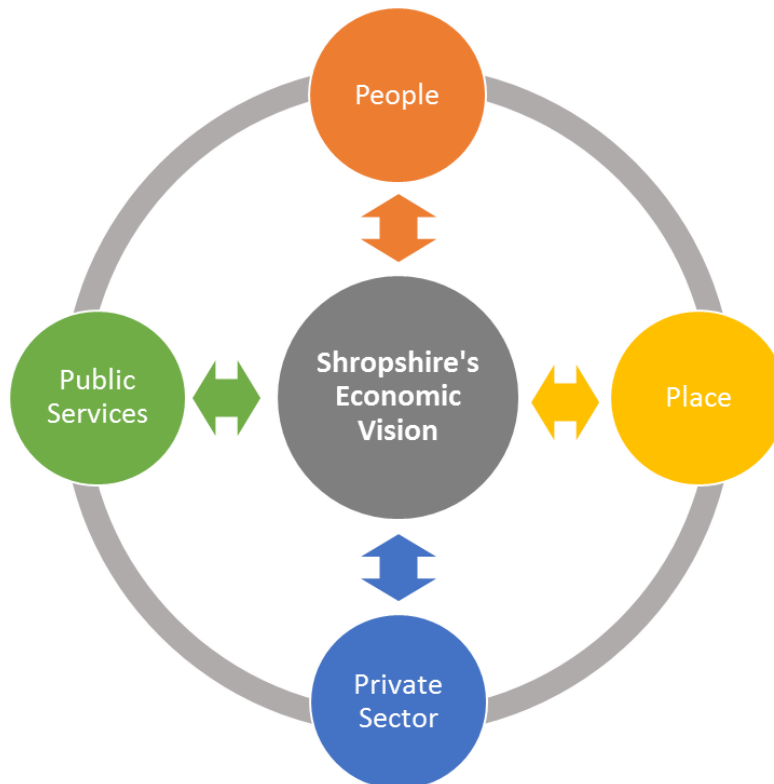
- Proportionately high rates of ageing in comparison with neighbouring areas and with England as a whole, with implications for health and social care costs but opportunities to unlock the potential of this relatively affluent and active population group through developments such as digi health;
- Relatively low productivity but with a higher employment rate and higher gross disposable household income compared with surrounding areas;
- Good economic linkages with neighbouring areas and a diverse business base but with significant dependency on agriculture, tourism and manufacturing which have lower productivity levels than many sectors;
- A relatively well-skilled labour force in comparison with neighbouring areas and the UK average with good school performance but challenges concerning graduate retention and skill shortages in specific service sectors.

Further details of our analysis are available in a separate report.

The four components for Shropshire's economic future

The vision for Shropshire's economic future centres on four areas: place, people, private businesses and public services. Shropshire has unique strengths in each of these areas, but the county also faces challenges looking towards the future. By building on its strengths and taking concrete steps to mitigate challenges, citizens, businesses and the public sector can work together to build a prosperous and sustainable economy that works for the people of Shropshire.

Figure 1: Components of Shropshire's vision



Details of this vision and the subsequent recommendations are set out in a separate report. This report sets out the background analysis that underpins this vision.

2. Context

IPPR North was commissioned by Shropshire Council and the University of Chester to develop a new economic vision for Shropshire's economy in the future. Firstly, there was an increasing appetite within Shropshire, alongside its partners in the Marches LEP area to secure a devolution settlement from Central Government which would provide the area with greater responsibility for devolved powers. A key component of the LEP's offer was to work together to tackle the challenges that potentially curtail the growth potential of the area.

Secondly, there was a recognition that Shropshire needed to understand its specific role and economic position within the Marches LEP and beyond so as to be able to inform the work of economic development and planning in the county and future policy priorities.

Thirdly, as a non-constituent member of the West Midlands Combined Authority (WMCA), there was some recognition that Shropshire should begin to articulate a vision that could influence the discourse surrounding West Midlands devolution and the Midlands Engine more broadly. Discussants were particularly keen that Shropshire's interests were properly articulated so that they could be adequately represented in future discussions with WMCA and central Government about the Northern Gateway, Midlands Connect, the Midlands Engine and similar themes.

2.1. Research Context

2.1.1. Research Objectives

This research has two main objectives:

- Facilitate the development of a new economic vision for Shropshire which can be used to help unlock the potential opportunities of the Government's devolution agenda
- Investigate Shropshire's 'economic offer' within the Marches' LEP and how this can be supported through existing policy mechanisms and governance structures.

To investigate these objectives, IPPR North has addressed a number of key questions including:

- Strength of Shropshire's economic offer both now and in the future
- Identification of the area's key vulnerabilities and opportunities
- Potential growth sectors for Shropshire longer term
- Functional economic geography and relationship with labour markets and industry in neighbouring towns and cities

2.1.2. Methodology

IPPR North have approached this research by using a 3 stage methodology

Stage 1: Economic Analysis:

There have been a number of recent studies examining the economy both in the Marches LEP and in Shropshire which have generated substantial amounts of quantitative data. Most recently, Regeneris have produced a report which refreshes the LEP's Strategic Economic Plan and Oxford Economics are in the process of developing a number of future scenarios for Shropshire Council which will look at the potential opportunities for economic growth longer term. IPPR has taken this

available data and working with Shropshire Council have analysed the data in the context of Shropshire, providing a fresh analysis to inform the Council's strategy.

Stage 2: Discussion groups:

As well as reviewing the existing quantitative evidence base about Shropshire's economy, this research has attempted to generate fresh qualitative data to inform the economic vision for the future. This has involved a series of discussion groups both within Shropshire Council and with partners in the voluntary/community and private sector. These discussion groups have focused on identifying some of the key strengths and weaknesses of the Shropshire economy and the main opportunities for the future. The findings from these discussion groups have been written up and key trends identified (see Appendix 1 for a list of consultation events)

Stage 3: Reporting and lecture

Production of a short report to summarise the main findings of the research and putting forward a proposal, with justification, as to the future economic vision for Shropshire. This will be used by Shropshire Council to develop a revised economic growth strategy.

As part of the reporting outputs, IPPR North will also deliver a lecture in Shrewsbury. This lecture will present the findings of this research and the proposed vision for Shropshire.

2.2. About Shropshire

2.2.1. Background

Shropshire has a population of 311,380, (approximately 50% male and female¹) and is the largest inland council in England. The area is mainly rural area with a low density population. There are just 97 people per square km, compared with 353 people per square km in England as a whole (excluding London). Being rural in character presents Shropshire with a range of distinct challenges for business which include connectivity to markets, provision of infrastructure such as public transport and broadband, access to public services and potentially higher energy costs. However, it's rurality also means that Shropshire has a high quality environment, including the Shropshire Hills AONB, and is therefore sought after by tourists and new residents, who are attracted by the area's heritage and natural beauty. Figure 1 below provides a map of the Shropshire Council area showing its relationship with neighbouring authorities.

The administrative area of Shropshire completely encircles the neighbouring authority of Telford and Wrekin and economic linkages between the two areas are strong, particularly in terms of labour and housing markets. Telford is a new town, built in the 1960s and home to 86%² of Telford and Wrekin's 169,400 residents³

Unlike other parts of the UK, Shropshire does not include a city within its catchment. Shrewsbury is the largest town and regional centre with a population of approximately 71,000. Beyond this there is what might be understood as a network of smaller market towns and key centres which range in

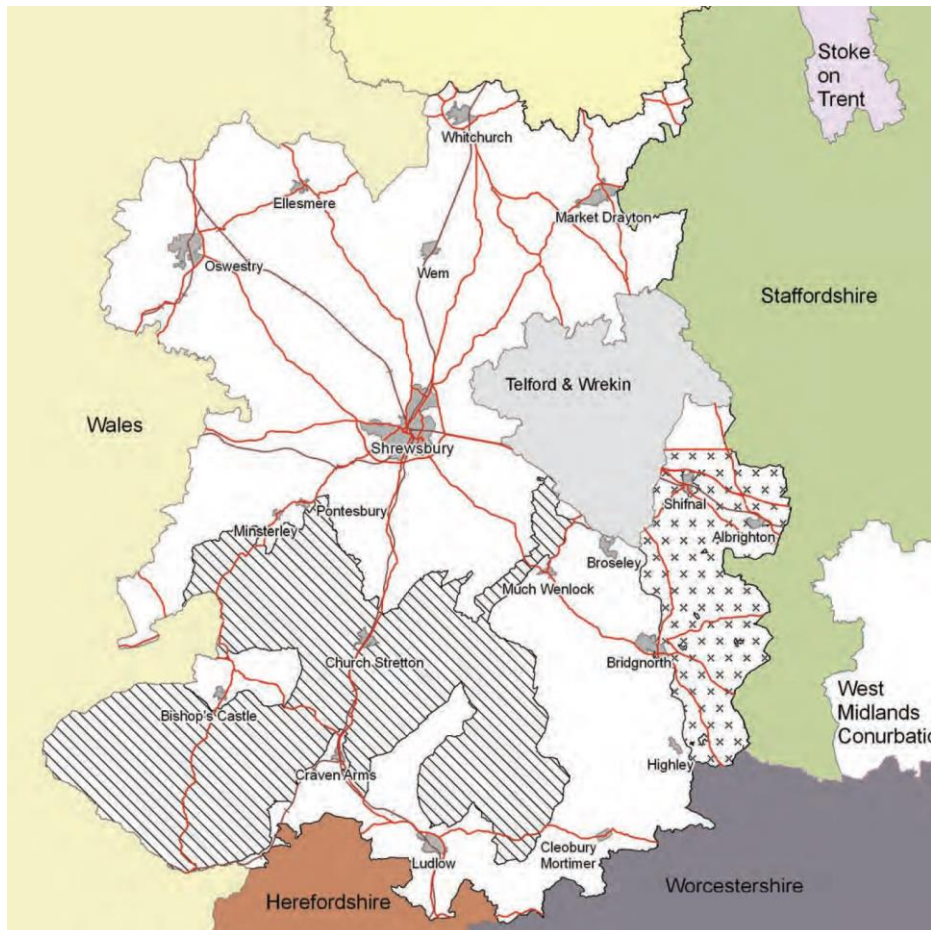
¹ ONS Mid-Year Population Estimates 2015

² Telford and Wrekin Local Plan 2016-2031 available from file:///C:/Users/s.longlands/Downloads/A1_Telford_and_Wrekin_Local_Plan_2011_2031___Submission_Version_Low_Res.pdf

³ Telford Fact and Figures available from: http://www.telford.gov.uk/info/20121/facts_and_figures/410/population_characteristics

population size from Craven Arms with a population of just over 2,000 to Oswestry with a population of over 17,000. These smaller towns provide a focus for community and business activity and in many areas, community organisations, parish councils and businesses are playing an active part in operating services, previously undertaken by Shropshire Council, for example, the delivery of leisure and youth services.

Figure 2: Map of Shropshire showing principle roads (in red) AONB (hatched lines) and greenbelt (xx).
Source: Shropshire Council Local Development Framework (2011).



2.2.2. Policy Context

Marches LEP

The Marches Local Enterprise Partnership (LEP) plays a key role in co-ordinating economic development in the area and incorporates Shropshire, Herefordshire and Telford and Wrekin within its sub regional geography. In line with national policy, the LEP has developed a Strategic Economic Plan (SEP)⁴ for the sub-region and this identifies an overall vision for the Marches LEP area and a number of key priorities, shown below on table 1:

Table 1: Vision and Strategic priorities of the Marches LEP

⁴ Available from the LEP website:
http://www.marcheslep.org.uk/download/economic_plans/strategic_economic_plan/Marches%20LEP%20SEP%20FINAL310314-2.pdf

The Marches LEP Vision
<p>“A strong, diverse and enterprising business base, operating in an exceptional and connected environment, where the transfer of technology and skills foster innovation, investment and economic growth.”</p>
The Marches LEP Strategic priorities
<ul style="list-style-type: none"> • Supporting Business: Create an exceptional business support environment for aspiring growth businesses through access to finance and incentives to innovate. We will promote the Marches as a business investment location • Physical Infrastructure: Business investment offer with a progressive planning framework and infrastructure fit for tomorrow’s business needs • Skills Investment: support employers to develop themselves and their workforce and to provide employment opportunities for young people. • Low carbon economy: Facilitate the transition to a high value, low carbon economy, maximising the opportunity in new technologies, reducing environmental costs to business and recognising our environment as an economic asset. • Social inclusion: Support socially excluded and marginalised groups by removing barriers to their participation in activities that will improve their economic well-being.

The LEP has set a target of creating 70,000 new homes and 40,000 new jobs by 2031 and has identified six key areas for future intervention as shown in figure 2 below.

Figure 3: Six key areas for future intervention (adapted from the SEP 2014)



The Marches LEP commissioned research to refresh its economic plan in 2015-16⁵ and this work identified a number of key economic opportunities and strengths across the sub-region:

- **‘Ready to go land’** (particularly employment land in Telford). Residential developers cited in the SEP include Barratts, Taylor Wimpey and Persimmon.
- **Urban ‘powerhouses’** identified as Shrewsbury, Telford and Hereford – which provide a critical mass of population and business as well as **Opportunity towns** identified as: Ross on Wye, Craven Arms, Oswestry and Whitchurch
- **Strong Business base in marches** with key strengths in agriculture, advanced manufacturing, food and drink and defence as well as the opportunity to develop new ‘centres of excellence’ in the area, for example, local carbon technologies.
- **Attractive area for investment** – strong enterprise culture, low wages, attractive environment and a good supply of development land
- **Well located** – adjacent to the West Midlands, Northern Powerhouse and Wales with potential access to European markets in Ireland.
- **Higher than average employment rates** – particularly in Shropshire where 85% of the working age population are active compared with 75% in the West Midlands and 78% nationally.
- **Central location** with good access to national road and rail network

This refresh of the economic evidence base identifies the two ‘central challenges’ for the Marches economy as:

- **GVA Challenge** - a growing Gross Value Added (GVA) gap, between the Marches sub-region and the West Midlands and the rest of the UK. This, it is suggested is as a result of below average skills and under-representation of economic activities which contribute significantly to GVA
- **Demographic challenge** as a result of an ageing population, to maintain the working age population which is required to meet projected demand for labour in the future.

West Midlands Combined Authority

The economy of Shropshire is also influenced by its proximity to the Birmingham City Region and to this end, Shropshire and the Marches LEP are now non-constituent members of the West Midlands Combined Authority (WMCA). The West Midlands Combined Authority has identified a number of priorities in its SEP⁶

1. **New manufacturing economy:** harnessing the biggest concentrations of high value manufacturing businesses in Europe and their supply chains.
2. **Creative and digital:** further developing the area’s vibrant and flourishing sector.
3. **Environmental technologies:** securing transformational environmental improvements.

⁵ Regeneris (2016) The Marches Economic Plan Evidence Refresh Report. A Draft Report by Regeneris Consulting

⁶ West Midlands Combined Authority SEP available from:

<https://westmidlandscombinedauthority.org.uk/media/1238/final-making-our-mark.pdf>

4. **Medical and life sciences:** enabling the further growth of the medical and life sciences sector and supporting other businesses to diversify and become part of the sector's supply chain.
5. **HS2 growth:** maximising the benefits of the largest infrastructure project in Europe.
6. **Skills for growth and employment for all:** ensuring the skills needs of businesses are met and everybody can benefit from economic growth.
7. **Housing:** accelerating the delivery of current housing plans to increase the level of house building to support increased level of growth.
8. **Exploiting the economic geography:** making the most of the scale and diversity of the West Midlands' geography to enable economic growth and community wellbeing throughout the urban core and rural areas.

The economy of Shropshire is also likely to be influenced significantly by the decision to leave the EU during the recent Brexit vote⁷. Whilst the UK Government have pledged to maintain the rate of agricultural subsidy until 2020, there is uncertainty about what the longer term funding settlement will be as well as ambiguity about the impact of any withdrawal from the single market, something highlighted by the Agra Europe⁸ as a particular concern for the food and drink market as well as the implications of a curtailing of freedom of movement for the agricultural labour market.

Shropshire's Economic Strategy 2012

Shropshire's previous Economic Strategy was published in 2012. The economic vision at this time was:

*'Shropshire's Economy is sustainable and businesses are competitive and resilient'*⁹

Where:

- People in Shropshire have access to better paid and more secure and satisfying employment, including self-employment in their local area with a reduction in long term unemployment
- Local workforce will possess the skills and knowledge required for work and be able to access training to gain new skills that match the needs of employers
- Shropshire will be recognised as a great place to live, work, invest and visit.

This strategy had a number of key priorities:

- Accelerating business growth
- Infrastructure for Growth
- Stimulating our growth sectors
- Our skilled and loyal workforce

Shropshire's Corporate Strategy

Earlier this year, Shropshire Council has published its corporate strategy which provides the strategic framework for the Council's work in the future¹⁰. This, in association with the

⁷ Shropshire voted to leave the EU with a majority of 57%

⁸ Report available here: <https://store.agra-net.com/reports/eu15.html>

⁹ Shropshire Council (2012) Shropshire's Economic Growth Strategy

¹⁰ Available here: <http://shropshire.gov.uk/committee-services/documents/s12604/6%20Appendix%20DRAFT%20SC%20CorpPlan%20July16%20R28%20LR.pdf>.

financial strategy outlines the Council's main outcomes and areas of work that are being taken forward in the coming years. This is based on consultation with the public in Shropshire including surveys, face to face discussions and discussions via partners. One of the outcomes from this discussion was the need to generate new income and grow business. In particular, businesses argued that there were three main factors required for future economic growth:

- Improving broadband connectivity and connecting communities without broadband
- Creating better linkages between businesses and University Centre Shrewsbury
- Encouraging further involvement of business in local decision making and ensure that the council and its partners are working together.

The corporate strategy makes reference to the council's plans to develop a new economic vision to 'set the direction for economic growth for years to come'.

Shropshire Local Plan

Another important policy context for economic growth is local planning policy because it is one of the main mechanisms used by the council to influence local land markets, ie by releasing land for employment or residential land use.

In 2011, Shropshire published the Core Strategy of their Local Development Framework (LDF) the principle document setting out the spatial vision for Shropshire until 2026. A Site Allocations and Management of Development Plan (SAMDev¹¹) was also produced in 2015 which set out the proposals as to how land should be used (both for employment and residential) up until 2026. This was found 'Sound' following examination by the Planning Inspectorate. However, following the publication of the National Planning Policy Framework (NPPF) in 2012, like all Councils, Shropshire is required to update their LDF (now known as the 'Local Plan') so that it is compliant with the NPPF. Currently, a partial review of the Local plan is now under way and expected to publish in 2018. The SAMDev sets a target of delivering 27,500 new homes by 2026.

2.2.2. Devolution

As well as working with the WMCA, Shropshire, in partnership with its neighbouring authorities has also been in discussions with the Cities and Local Growth Unit at DCLG about the opportunities for greater decentralisation to the sub-region.

¹¹ Available here: <https://shropshire.gov.uk/media/1900363/SAMDev-Adopted-Plan.pdf>

3. Understanding Shropshire’s economy

3.1. Overview

In the discussion groups, participants were asked to identify what they believed to be the main strengths, weaknesses, opportunities and threats to the Shropshire economy now and in the future. A number of common ideas emerged from each of the discussions and these are summarised in table 2 below:

Table 2: Summary of strengths, weaknesses, threats and opportunities from the discussion groups

<p>Strengths:</p> <ul style="list-style-type: none"> • <u>Good quality of life</u> – an attractive place in which to live • <u>Natural assets</u> - makes the area attractive to tourists and new residents • <u>Educational resources:</u> University Centre Shrewsbury and proximity to Harper Adams University and other FE and HE institutions • <u>External transport links</u> – eg good Rail and road links to west midlands and Northern Powerhouse • <u>Influx of professional ‘returners’</u> to the area • <u>Self-sufficient</u> – e.g. strong local spending multipliers • <u>Distinctiveness of Shrewsbury</u> compared with Telford- an attractive location to visit. 	<p>Opportunities:</p> <ul style="list-style-type: none"> • <u>HS2</u> – potentially a station at Crewe and the new High speed link between Birmingham and London may have spin off benefits for Shropshire • <u>Place making</u> – Using existing sites to develop new housing/employment opportunities • <u>Tourism</u> – second biggest income earner in Shropshire but more could be done to ‘sweat’ tourism assets • <u>Being part of the Midlands Engine (WMCA)</u> and proximity to economic growth of Birmingham – potential spin offs for Shropshire • <u>Ageing population</u> – opportunities in terms of new economic markets in health and social care. • <u>Agri-engineering and precision farming</u> – links with Harper Adams University
<p>Weaknesses</p> <ul style="list-style-type: none"> • <u>Poor connectivity</u> especially mobile signal and superfast broadband • <u>Poor internal transport infrastructure</u> – particularly roads and public transport provision leading to high dependency on private car, especially to access employment/training • <u>Lack of ‘shovel ready’ development land</u> and resistance to new housing • <u>Lack of resources</u> within public services and unwillingness to invest • <u>Fragmented public sector footprint</u> - perceived lack of co-operation between Shropshire and Telford and Wrekin Councils & lack of co-terminosity with other public services • <u>Lack of awareness of Shropshire’s ‘offer’</u> both for visitors and potential residents ‘England’s best kept secret’ 	<p>Threats</p> <ul style="list-style-type: none"> • <u>Outmigration of younger people</u> from the area, lack of a ‘future’ for younger people. Risk to the labour market • <u>Unwillingness of Council to invest</u> – risk averse in context of austerity • <u>Potential costs of an ageing population</u> which may put pressure on public finances • <u>Skills mismatch</u> between skills employers want and those provided by colleges • <u>Lack of specific skills</u>, e.g. engineering • <u>Housing affordability</u> – particularly for younger people and proliferation of second homes – pushing house prices up • <u>Risk of becoming simply a dormitory area</u> for West Midlands – although this may bring some advantages • <u>Perception that Council is not –‘pro-business’</u>

<ul style="list-style-type: none"> • <u>Lack of active marketing and promotion to potential investors.</u> • <u>Small businesses in smaller towns find it difficult to expand</u> due to viability challenges¹². 	<ul style="list-style-type: none"> • <u>Challenge of expansion</u> – can be difficult for some businesses particularly in smaller towns
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This summary of strengths, weaknesses, opportunities and threats provides a good overview of some of the main themes that characterise Shropshire’s economic potential, both now and in the future.

Participants in the discussion groups also identified a number of challenges, specific to Shropshire Council, which they felt were holding back the area’s, as yet untapped, economic potential. The most common themes to emerge included:

- **Lack of purpose and direction:** A feeling, particularly among business that the council lacked a clear sense of direction in terms of its economic and spatial strategies. This created uncertainty for local business
- **Planning system can be unresponsive and unpredictable,** particularly for business customers
- **Behind the curve:** compared with other areas, there is a strongly held perception that Shropshire lags behind other areas in terms of its attitude to business and future growth
- **Failure to get behind existing Shropshire’s existing economic sectors,** eg participants suggested that there was often a lack of support for sectors such as tourism, food and drink industry and agriculture
- **Ways of working** –There was a feeling expressed by many participants that the council’s approach to economic development could be more visible and that projects are done *to* rather than *with* local business.

Whilst there was acknowledgement that the role of the Council has been severely curtailed by Central Government Budget constraints, tackling these negative perceptions of the Council’s current work must be a pre-requisite to ensure that future interventions are effective.

The remainder of this section focuses on giving detailed descriptions of Shropshire’s demography, growth prospects, connectivity, labour market, sectoral composition, education and skills.

3.2. Demography

Identified as a central challenge in the recent Regeneris report¹³, demographic change emerged as a challenge for Shropshire, particularly during the discussion groups.

In general terms, the population of Shropshire has increased by 26,900 or 9%¹⁴ since the 2001 census although future forecasts suggest future population numbers, whilst continuing to grow, may increase at a lower rate. The recent increase in the Shropshire’s population cannot be explained by an increase in the birth-rate. Whilst the birth-rate did increase in Shropshire between 2002 and

¹² Where the cost of building or extending business premises exceeds the potential sale price, therefore making it difficult to secure finance.

¹³A refresh of the evidence for the LEP

¹⁴ Data taken from Regeneris (2016) page 16

2010¹⁵, this was not significant enough to explain the overall increase in population. Migration figures for Shropshire, shown on figure 5, suggest that there is a high proportion of internal migration into the area which is higher than outmigration which may help to explain the overall increase in population¹⁶.

Between 2001 and 2014, figures from Regeneris and figure 3 suggest that there are distinct trends in how the population changed in Shropshire. Whilst the 0-15 age group has generally experienced a small decline, the 16-29-year-old group has experienced an increase of more than 10%. In contrast, the numbers of people within the 30-44-year-old group has declined whilst the 45-64-year-old age group along with the 65+ age group have grown by more than 10% and nearly 40% respectively. These trends suggest that new migrants into the area tend to be within this age group, typically older people, perhaps originally from Shropshire, who have decided to move back into the area for quality of life reasons. This may also be linked to housing affordability – i.e. that as people become older they are in a position to purchase property in the area, generally more expensive than the national average, in some areas, the affordability ratio can be as much as 13:1 in terms of salary to house price.¹⁷ Shropshire’s population is significantly older than the average for both England and the Marches and this trend is set to continue in the future, as shown on Figure 4.

Figure 4 Demography of Shropshire 2015

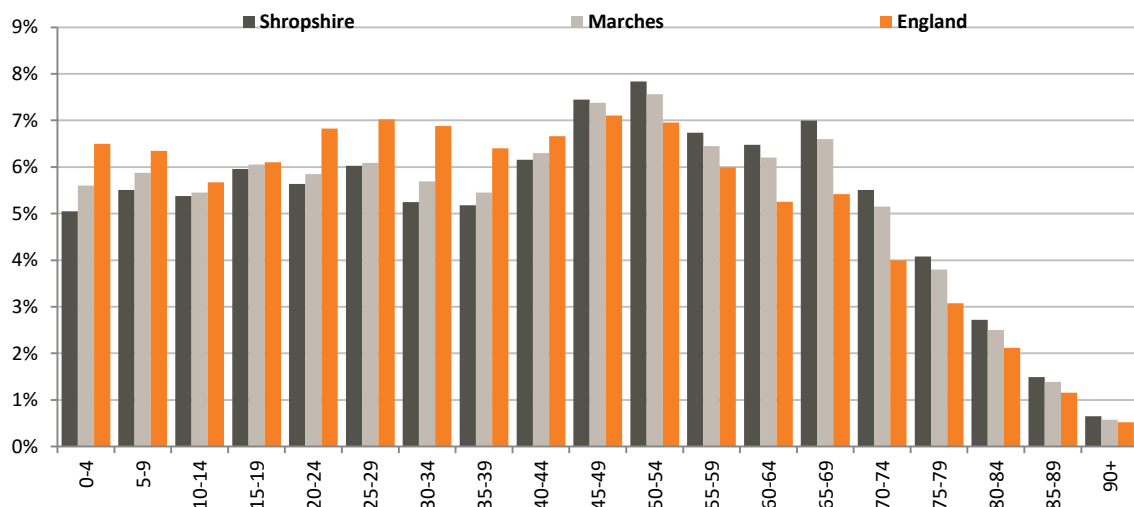


Figure 5: Demographic Change 2015-2025

¹⁵ Data taken from Shropshire County Council Data <http://shropshire.gov.uk/facts-and-figures/population/births,-deaths-and-life-expectancy/>

¹⁶ Graph 1.3 from Luke’s data

¹⁷ Information quoted from discussion group participant

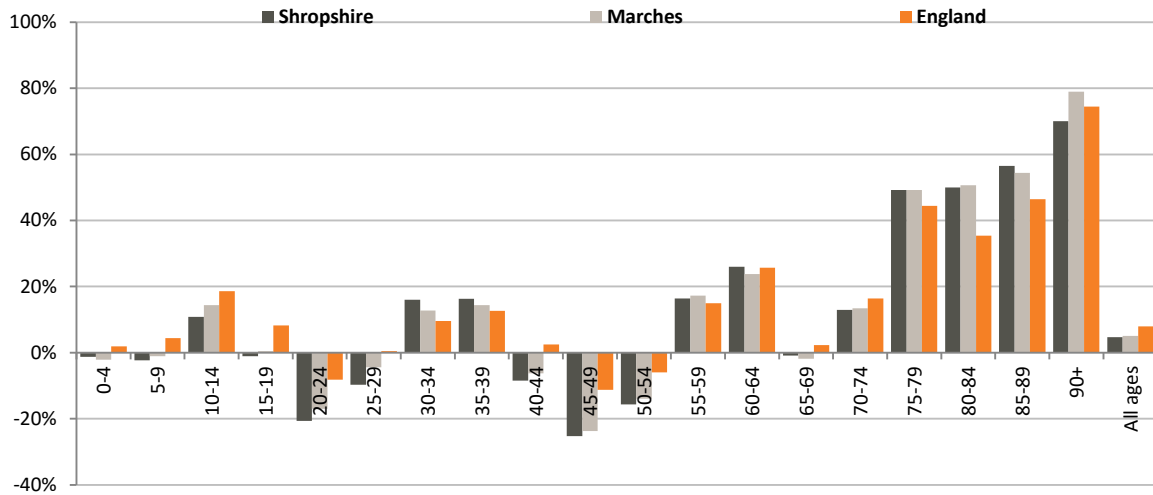
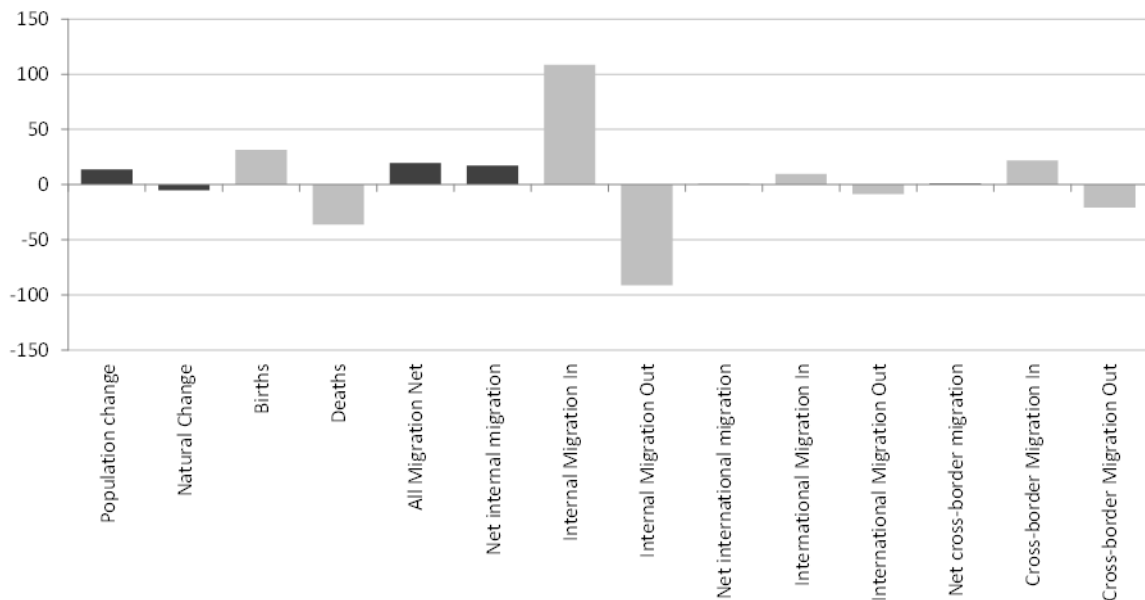


Figure 6: Migration and internal migration - forecast until 2025



3.2.1. Demography: Implications

As highlighted in the LEP’s review of evidence, demographic change does present a significant challenge for the economy, particularly in Shropshire where the rate of ageing is marginally higher than the Marches as a whole. The main economic implications of an ageing population is the potential impact on the labour market, particularly as demand for labour in some sectors may continue to rise leading to skills shortages. In addition, another common concern is the impact and potential cost of ageing to public services what is known as the ‘old age support ratio’ which measures the number of people of working age per person of pension age. A decrease in the ratio of working age people to older people potentially means that there is greater dependency of older people upon those of working age. Figures for the old age dependency ratio in Shropshire, i.e. the

number of people of working-age population to every pensioner is set to decrease significantly from 2.3 in 2016 to 1.8 in 2037¹⁸

However, as highlighted by IPPR North in a forthcoming report¹⁹ whilst there are clear challenges of ageing from the perspective of public services, this demographic change is often presented in an unnecessarily dramatic way, what one author calls 'problem laden scenarios'²⁰. Harper argues that ageing has come to be seen as a problem because of the particular way in which labour markets have evolved where retirement is used as a regulating mechanism to manage throughput within the working age population. In recent years there has been a much greater emphasis placed on the opportunities that ageing presents, for example:

- **Spending power and new markets:** An increase in consumption and purchasing power amongst older people. Evidence²¹ suggests that older people in developed societies are significant users of goods and services, particularly health and social care. Subsequently, ageing can be seen as a way of supporting existing markets and developing new ones.
- **Social benefits:** The opportunity to extend working lives and rethink how systems of retirement operate which may in turn have positive social benefits such as a decrease in poor health, loneliness and an increase in social participation.

During the discussion groups, some of these opportunities were identified by participants, in particular there was a feeling that Shropshire needed to think differently about ageing, as one participant suggested, 'how do we leverage this [ageing]' to best effect?'. A number of themes emerged from these discussions.

1. **Older people and volunteering:** There was recognition that older people tended to play an important part in local volunteering and unpaid care within the area, a role that, whilst difficult to monetise in terms of cashable benefits, nevertheless was important because of the way that it supported civil society and in addition, public service delivery at a time when resources are increasingly limited. In the UK as a whole, figures suggest that the unpaid undertaken by older people could account for as much as £34bn per annum²². Given that Shropshire has a higher proportion of older people than the UK average, the level of both demand and unpaid care is likely to be significant.
2. **New market opportunities:** participants during the discussions were also keen to explore how the opportunity of ageing could help develop new economic markets for future growth. Of particular interest was whether it could stimulate the health and social care sector in the area. Participants noted that there is evidence that the market in Shropshire is responding to the demand from older people for particular products and services, for example, in

¹⁸ Data from <http://www.neighbourhood.statistics.gov.uk/HTMLDocs/dvc235/index.html>

¹⁹ Round (forthcoming) Extending Working Lives. IPPR North

²⁰ Harper, Sarah, (2006) Ageing Societies: myths, challenges and opportunities, Hodder Arnold

²¹ Lee R, Mason A and Cotlear D (2010), Some Economic Consequences of Global Aging. World Bank Health, Nutrition and Population (HNP) Discussion Paper. Washington DC: World Bank & Lee R and Mason A (eds), (2011), Population Aging and the Generational Economy: A global perspective, Cheltenham: Edward Elgar.

²² Cox E, Baker R and Henderson G (2014), Silver Cities: Realising the potential of our growing older population. Institute for Public Policy Research.

recent years, prominent developers such as McCarthy and Stone, who specialise in building retirement homes and assisted living properties have invested significantly in Shrewsbury and the surrounding area. Reference was also made to University Centre Shrewsbury which is offering students course in topics such as health and exercise which may have direct applications to supporting the area's health and social care economy. Indeed national research suggests that older people have high levels of disposable income and view retirement as a time of leisure and tend to spend significant amounts of their income on health and social care²³. This potential has also been recognised by government who argue that the growing rise in health and life sciences as an economic sector is in part driven by an ageing demographic.

3. **Using education to keep older people active:** Some participants also suggested that more could be done to enable older people to keep active in the community, not only through volunteering and social interaction but through education and that there may be opportunities to develop this through University Centre Shrewsbury and through mechanisms such as the University of the Third Age. By keeping older people active, this may reduce the costs of long term social and health care services.

3.2.2. importance of attracting and retaining younger people

Whilst recognising the need to harness the potential opportunities of an ageing population, there was also an appetite within the discussion groups for measures to attract and retain younger people in the area. Feedback from the discussion groups suggested that Shropshire did not have a clear 'offer' for young people including

- Lack of affordable housing
- Poor quality transport infrastructure to access employment and training
- Lack of vitality, e.g. an absence of student orientated services and products
- Lack of information provided to young people about local employment opportunities including apprenticeships and graduate level vacancies.

Shropshire was thought to have a good education and skills offer for young people including local schools, colleges, University Centre Shrewsbury and Harper Adams University, all of which were seen as key opportunities. However, there was a general feeling that more could be done to connect this provision more effectively with the needs of local employers. It was also suggested that by working in partnership with local employers, more could be done to incentivise young people to stay in the area, particularly those with qualifications in sectors where labour demand is high, for example, support with housing and transport costs.

Summary of key findings:

- Shropshire's population is ageing at a faster rate than the UK average with potential implications for health and social care costs
- Younger people tend to move away when they leave home or graduate but may return in later years, attracted by the high quality of life
- An ageing population can provide potentially important social and economic benefits to Shropshire but there is a need to think differently to realise these benefits.

²³ Lee R and Mason A (eds), (2011), Population Aging and the Generational Economy: A global perspective, Cheltenham: Edward Elgar.

- There is evidence that the market is beginning to respond to the market opportunities of older people in the area.
- Migration from other regions may become increasingly important for Shropshire to support the labour market.

3.3. Growth and productivity

GVA is the most commonly used headline indicator of economic productivity and is used to compare regional incomes²⁴ and productivity²⁵ between places and subsequently as a proxy of the welfare of people living in an area. Figures 6 and 7²⁶ suggest that there is a productivity gap²⁷ between Shropshire and the rest of the UK and that over time, this gap between Shropshire and the rest of the UK has widened. However, Figure 6 also shows that in terms of productivity over time, Shropshire tends to be slightly higher than the Marches as a whole.

Figure 8 provides a comparison of productivity (in terms of £ per hour worked) across the Marches and the West Midlands and demonstrates the difference in productivity between Shropshire and its neighbouring authorities and the rest of the UK. This graph suggests that in comparison with its neighbours, Shropshire's productivity is £23.86 which is £3.45 less than the UK average of £27.31.

Figure 7: Productivity over time - £ per hour

²⁴ Income is assumed to be a key determinant of human welfare, measured on residence basis and estimated by household income

²⁵ Ability of an area to produce outputs (taking into account the inputs including labour, capital materials etc). High productivity means producing as much output as possible with as few inputs as necessary.

²⁶ Both Figures 6 and 8 are based on GVA per hour worked which is the preferred measure of GVA because unlike GVA per head, it only accounts for residents who are involved directly in employment rather than the population as a whole.

²⁷ Measured as GVA per hour

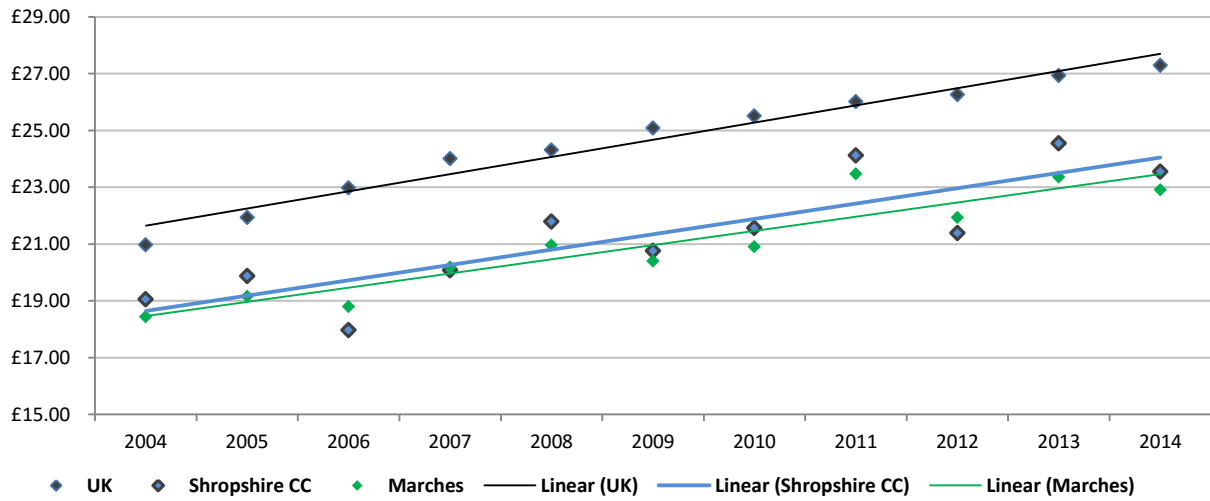


Figure 8 Economic Output (GVA) over time - benchmarked, 2004-2014

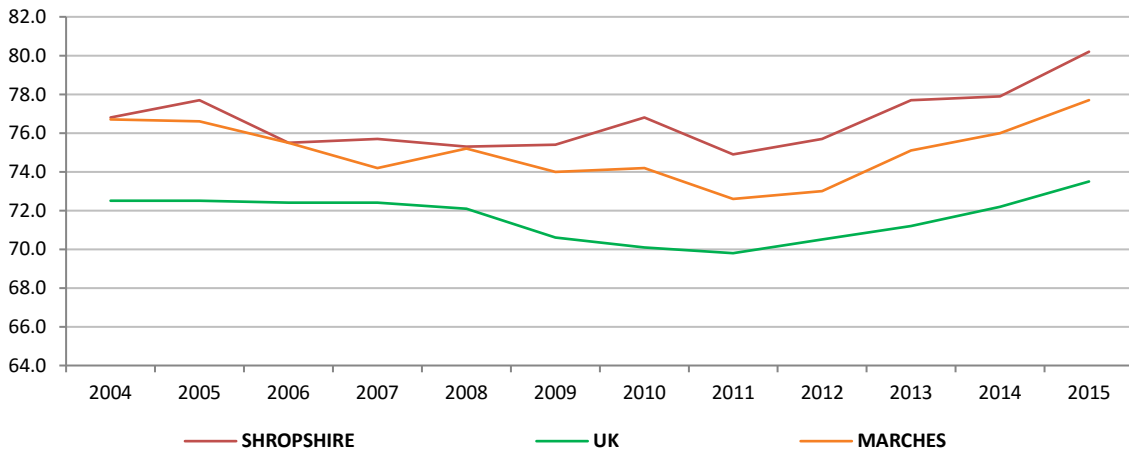


Figure 9: The Productivity gap in 2015 (£ per hour worked)



However, the employment rate in Shropshire is higher than the average for the Marches, the West Midlands and the rest of the UK²⁸ and unemployment levels in Shropshire (3.3%) are generally lower than both the West Midlands (5.8%) and UK average (5.2%)²⁹. Indeed, figures since 2014, Shropshire’s employment rate has been consistently higher than the UK average as shown on figure 9. So whilst the West Midlands and the UK have higher levels of productivity than Shropshire, Shropshire tends to have higher levels of employment. This suggests that jobs in Shropshire may generate less value for the economy because of the types of sectors in which they are based, for example, jobs in traditional agriculture may be worth less in terms of the value they generate for the economy, than manufacturing.

Figure 10: Employment rate for Shropshire, Marches and the UK over time.



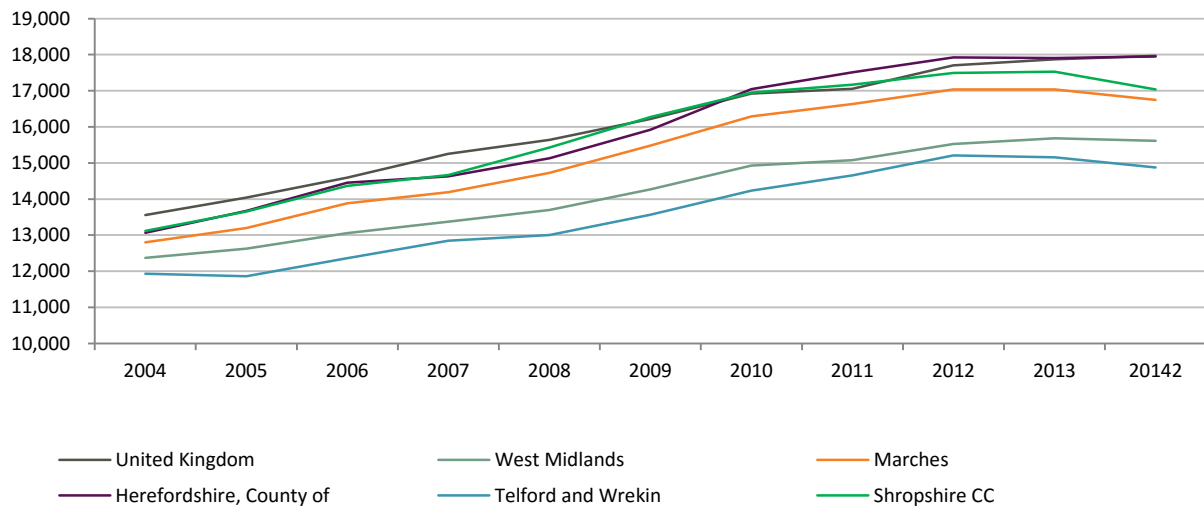
Whilst GVA per head is a useful indicator of an area’s economy, Gross Disposable Household Income (GDHI) can provide a more balanced indicator of welfare because it represents the amount of money available to households in an area after taxes, national insurance and pension contributions have been deducted. GDHI for Shropshire and the surrounding area compared with the UK is shown on Figure 10. This indicates that whilst Shropshire lags behind in terms of GVA per hour worked, in comparison with the Marches, Telford and Wrekin and the West Midlands, residents tend to have higher household incomes. This might be explained by the high number of older and retired people

²⁸ Based on figure 6.1 from Regeneris Refresh Report Page 80

²⁹ Figures taken from NOMIS (January – December 2015)

who may have higher levels of disposable income than other areas with a younger age profile. In addition, the high level of people employed by the public sector in Shropshire might also explain why levels of average income are high as these tend to be well paid, secure jobs with good terms and conditions, providing employees with a high degree of financial security.

Figure 11: GDHI for Shropshire



3.3.1. Growth and Productivity: Implications

Because of their concentrations of people, capital and business, urban areas tend to make the largest contribution to GVA. However, the overall contribution of rural areas is not insignificant, approximately 17% in 2014³⁰. The figures from Shropshire shows that whilst its GVA is lower, the area does provide a high level of employment for its residents which means it does not have some of the challenges experienced by neighbouring authorities such as higher than average levels of young people not in education or training (NEET). However, because it is used as a proxy lower levels of GVA are thought to imply that levels of human welfare in an area will be lower and that levels of business efficiency could be improved to increase productivity. There is though a trade-off between increasing GVA and levels of employment, because one of the ways in which a business will become more efficient will be to shed labour which inevitably may mean job losses.

There are a number of ways in which GVA can be strengthened including³¹:

- Investment in people – higher levels of qualifications and skills development can strongly influence productivity
- Investment in place – by business in machinery, equipment and buildings which enables greater efficiency and higher quality output. This investment can also be supported by government intervention where viability or funding gaps exist.

³⁰ Figures from

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539045/Productivity_2014_data_finalv2.pdf

³¹ Dunnell, L. (2009) Measuring regional economic performance, Economic and Labour Market Review, Vol 3, No. 1.

- Supporting businesses – as a highly entrepreneurial place, Shropshire already excels in this area – nevertheless, more can be done to assist new business start-ups and entrepreneurship, particularly with regards to access to financing
- Strengthening innovation – encourage business Innovation and investment in research and development (Marches LEP is relatively weak in this respect ranking 36th overall among the 39 LEPs for innovation), and creating incentives to invest in innovation through competition

The Government has also recognised that rural economic areas have particular challenges when it comes to increasing their productivity and have identified a number of key priorities including:

- Investment in broadband infrastructure (which is taking place in Shropshire through the Council led ‘Connecting Shropshire’ initiative³²) and mobile communications which can be bolstered by local government action³³.
- Transport connectivity including the £12 million Shrewsbury Integrated Transport Package (SITP) scheme
- Rural skills – including education, training and expanded apprenticeships in rural areas
- Enterprise zones in rural areas
- Better regulation, particularly planning to support rural businesses
- Provision of housing to meet demand and ensure sustainability of rural villages and towns
- Increased availability of childcare in rural areas to meet demand.

Summary of key Findings:

- Productivity, as measured by GVA, is lower in Shropshire than the West Midlands and the rest of the UK indicating that Shropshire’s economic output lags behind that of other areas (this was also highlighted in the recent Regeneris Report on the Marches LEP).
- Shropshire’s employment rate is higher than the average for the UK and the Marches
- Shropshire has a higher GDHI than neighbouring authorities
- Shropshire Council is already taking steps to improve productivity, for example, supporting the roll-out of Super Fast Broadband and the £12 million SITP scheme..

3.4. Labour Market

As the graphs above showed, Shropshire has a higher than average employment rate than other areas of the West Midlands and the UK as a whole. However, figures for productivity suggest that the type of jobs available to people in Shropshire may not generate significant levels of value to the economy. Figures 11 and 12 provide a snapshot of the type of occupations in Shropshire by workplace and by residents. This aims to capture both those people who live and work in Shropshire

³² For more information: <http://connectingshropshire.co.uk/>

³³ See

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577227/Connected_Future_Report.pdf

whilst also considering those people who travel into Shropshire for employment. Figure 13 summarises the main difference between workplace and residents for Shropshire.

The main trends from these graphs indicate that Shropshire has less people working in professional occupations (including health, education, business, public service professionals as well as senior professionals within research, science and engineering) than the UK average, but more people working in skilled trades occupations (which includes skilled occupations in agriculture, textiles, metalwork and electrics). In addition, Shropshire tends to have more people working in what are known as 'elementary occupations' which includes low skilled jobs in agriculture, factory processing and construction as well as service based jobs such as cleaning, security, storage and sales.

However, when workplace occupations are compared with resident's occupations, as on Figure 13, the trends are somewhat different, indicating that the residents of Shropshire are more likely to be working in professional, managerial and associate technical occupations compared with occupants in Shropshire based workplaces suggesting that these people commute outwards of the area to employment in other areas. Subsequently, this impact of commuting for work helps to indicate why levels of household income are high in Shropshire. This is further borne out by figures for travel to work patterns in the sub-region which indicate that whilst the majority of residents work in Shropshire, approximately 30% travel outside to other areas for employment, most notably to Telford and Wrekin (7%) and other areas (8%). These figures are summarised in Table 2. Table 2 also indicates that a substantial proportion of workers commute from Telford and Wrekin into Shropshire. These figures back up the suggestion in some of the discussion groups that the economy of Shropshire and Telford and Wrekin are closely related and that many people choose to live in Telford and Wrekin but work in Shropshire, because housing is more affordable. In addition, Telford and Wrekin have a number of key employers, for example HMRC, Heinz and Siemens.

These graphs also indicate the high proportion of people working in the caring and leisure professions (more than 10%) perhaps an indicator of the growing market for these services given the area's ageing population.

Figure 12: Occupation snapshot – by workplace in Shropshire, The Marches and the UK 2015

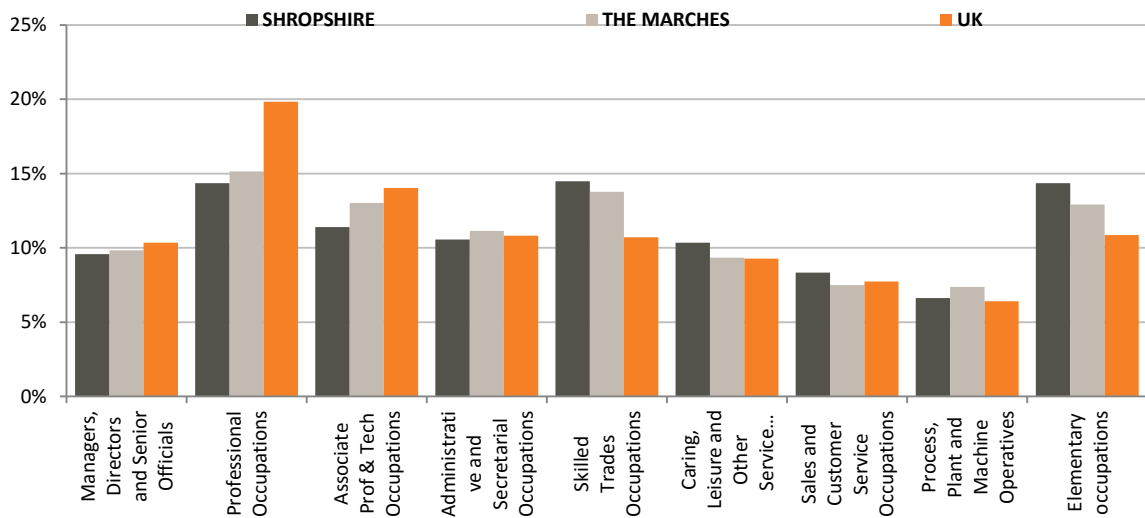


Figure 13: Occupation snapshot - residents of Shropshire, The Marches and the UK 2015

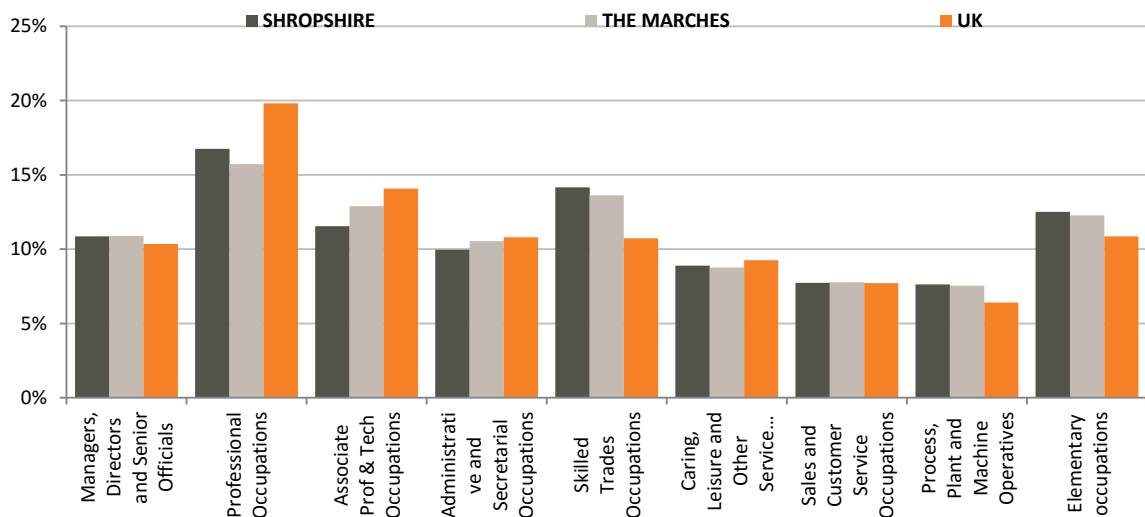


Figure 14: Workplace versus Residents - type of employment 2015

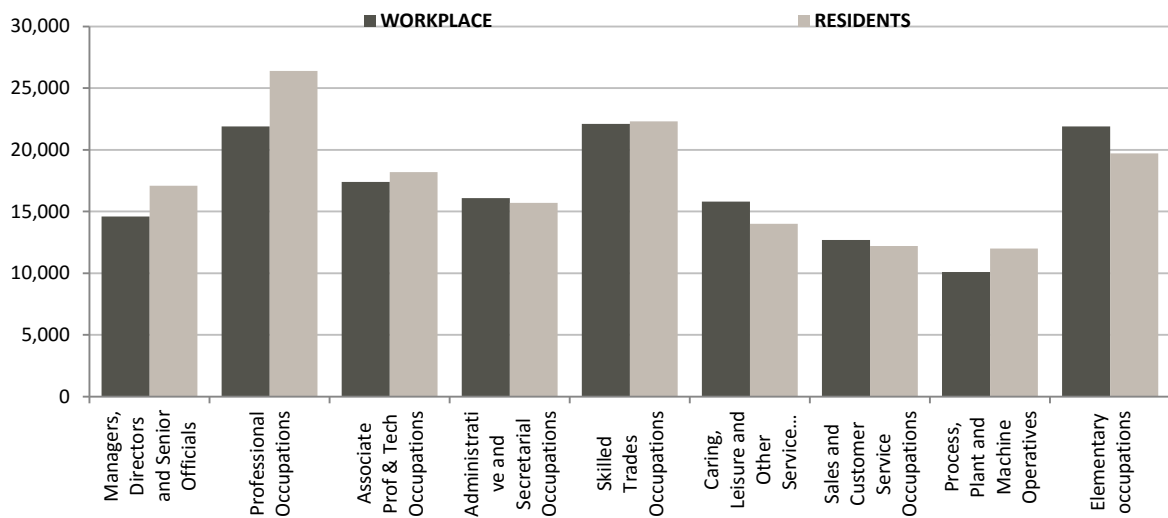


Table 3: Travel to work patterns in Shropshire

	WORKPLACE OF RESIDENTS	
	N	%
Shropshire	82,151	70.4%
Telford and Wrekin	8,185	7.0%
Powys	3,135	2.7%
Wrexham	2,700	2.3%
Herefordshire, County of	1,278	1.1%
Wolverhampton	1,085	0.9%
South Staffordshire	1,015	0.9%
Cheshire East	871	0.7%
Dudley	658	0.6%
Newcastle-under-Lyme	647	0.6%
Other	9,700	8.3%
TOTAL	111,425	100.0%

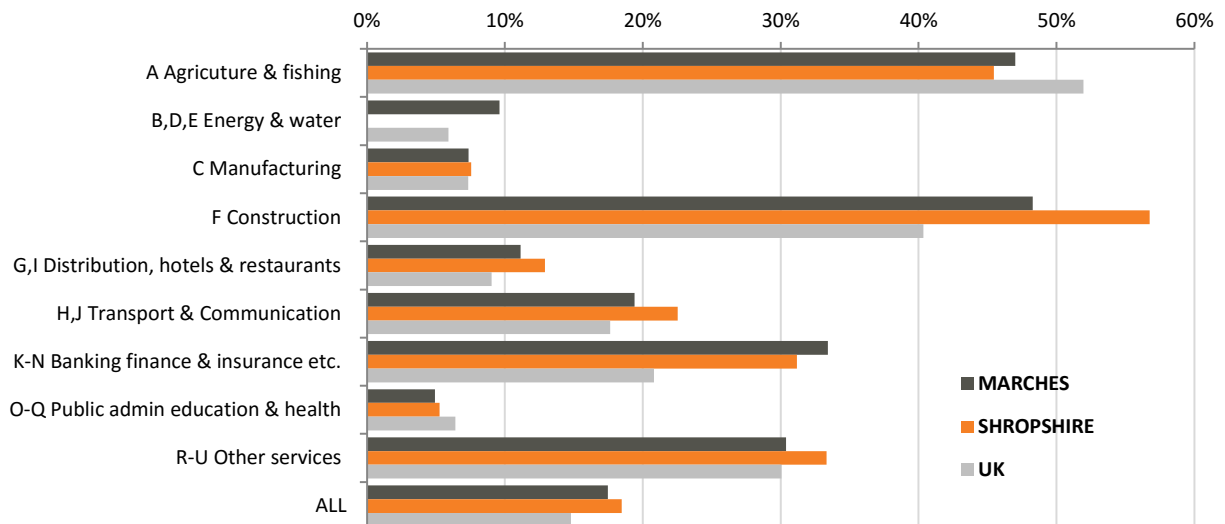
	RESIDENCY OF WORKERS	
	N	%
Shropshire	82,151	70.4%
Telford and Wrekin	11,105	9.5%
Wolverhampton	2,346	2.0%
Wrexham	2,192	1.9%
Powys	1,838	1.6%
Birmingham	1,312	1.1%
Herefordshire, County of	1,173	1.0%
Dudley	1,143	1.0%
Cheshire East	1,115	1.0%
Wyre Forest	1,037	0.9%
Other	11,294	9.7%
Total	116,706	100.0%

In common with the Marches LEP, Shropshire has a high proportion of self-employment (12% compared with the UK and West Midlands average of 10% and 9% respectively)³⁴. The majority of self-employment is in construction, agriculture and banking finance and insurance. This mirrors the national trends for self-employment which has risen sharply since 2010 with 40% of the growth in UK employment down to the rise in self-employment and people are self-employed are more likely to be older and male³⁵.

Figure 15: Self-employment as a per cent of all employed in that industry

³⁴ ONS Population Estimates 2014

³⁵ Hatfield (2015) Self Employment in Europe. IPPR. Available here: http://www.ippr.org/files/publications/pdf/self-employment-Europe_Jan2015.pdf?noredirect=1



3.4.2. Labour Market: Implications

The trends within the Shropshire Labour market demonstrate the interconnected nature of Shropshire’s economy with other areas of the Marches LEAs, particularly Telford and Wrekin and the wider WMCA region. These trends also imply that residents of Shropshire are in higher paid employment than those who commute into Shropshire from other areas.

Whilst self-employment is often cited as an example of an entrepreneurial culture and providing people with a flexible and responsive labour market, there is also evidence that the rise in self-employment may be down to a lack of alternative employment choices and can also involve greater job insecurity as people in self-employment may not have access to the terms and conditions as employees, for example, time off for sickness, maternity/paternity leave and pension provision.

Summary of key findings:

- A high percentage of Shropshire residents, work in Professional occupations (17%) with a further 10% employed as managers, Directors and Senior Officials. However, the figures are lower for occupation by workforce, suggesting that some residents commute to other areas for employment
- A high percentage of employees in Shropshire work in Skilled trade occupations, reflecting the area’s sectoral strengths in agriculture, advanced manufacturing and the food and drink industry.
- Shropshire has a high percentage of people working in elementary occupations (14%) both by workplace and by resident.
- The figures indicate a close economic relationship between Shropshire and Telford and Wrekin in terms of commuting patterns.
- Shropshire has a high percentage of self-employment particularly in skilled trades and managers/professionals but this is not necessarily an indicator of an entrepreneurial or highly-productive workforce.

3.5. Sectoral Composition

Shropshire’s economic base is characterised by small businesses; 77% of the County’s 14,000 enterprises have four or fewer employees. Figures from NOMIS 2015 confirm that 90% of businesses employ four or fewer employees compared with 88% in the West Midlands as a whole. In addition, the county is home to one of the largest concentrations of self-employment in the UK. While agriculture is still an important part of Shropshire’s economy, in terms of jobs, manufacturing plays an important role providing 10% of employment in the county. The majority of other jobs in the area are provided through a service based economy including significant levels of employment in financial and business services (12%), wholesale and retail (19%) and tourism (8%). However, the public sector is still a major employer providing 32% of jobs in the area. Table 4 below provides a sectoral breakdown of the Shropshire economy in 2016 by GVA and employment and the forecast change until 2026³⁶.

Table 4: Overview of employment and GVA by sector in Shropshire and change 2006-2036

	Employment by sector 2016	Employment by sector 2026	% Change	GVA by sector 2016	GVA per sector 2026	Change £ms
Wholesale/retail trade; repair of motor vehicles/cycles	23.9	24.5	0.6	865	1101	236
Human health and social work activities	21.5	22.5	1.0	593	726	133
Manufacturing	13.5	12.5	-1.0	656	772	116
Education	13.4	13.5	0.1	423	464	41
Construction	12.2	13.6	1.4	500	621	121
Accommodation and food service activities	10.6	11.2	0.6	223	283	60
Professional, scientific and technical activities	8.5	9.7	1.2	295	424	129
Public administration and defence; social security	7.2	6.8	-0.4	333	343	10
Transportation and storage	6.3	6.6	0.3	263	326	63
Agriculture, forestry and fishing	5.9	5.3	-0.6	204	221	17
Financial and insurance activities	1.2	1.1	-0.1	70	89	19
Mining and quarrying	0.3	0.2	-0.1	46	49	3
Water supply; sewerage, waste management	1.3	1.2	-0.1	112	140	28
Electricity, gas, steam and air conditioning supply	0.6	0.5	-0.1	150	195	45
Information and communication	3.4	3.7	0.3	206	290	84
Real estate activities	2.6	2.8	0.2	829	1046	217
Administrative and support service activities	6.4	7.3	0.9	208	294	86
Arts, entertainment and recreation	4.4	5.0	0.6	63	79	16
Other service activities	4.4	4.8	0.4	137	160	23

This table shows the importance of particular sectors for employment in Shropshire at the current time namely:

- Manufacturing (13.5%)
- Construction (12%)
- Wholesale/retail trade (24%)
- Accommodation and food services (11%)
- Education – strongly influenced by public sector (13.5%)
- Human health and social work activities - strongly influenced by public sector (21.5%)

³⁶ Based on Oxford Economics data for Shropshire Council, January 2016

Figures 16 and 17 illustrates the degree to which particular business sectors are concentrated in Shropshire using a location quotient. Figure 14 shows the level of specialisation as measured by its importance for employment which shows how many jobs are generated per sector in Shropshire and its concentration compared with the figures nationally. Whereas Figure 15 shows the level of specialisation as measured by output GVA. This shows how much economic value each sector produces in Shropshire and its concentration compared with the national economic profile. Both graphs highlight the importance of particular industries in the Shropshire Economy and how this importance varies both by GVA and employment. They indicate that compared with the national context, Shropshire’s economy is characterised by particular industries including agriculture, utilities, construction, manufacturing, accommodation and food and mining/quarrying. However it also indicates how these specialisms vary based in terms of employment and GVA output, for example, manufacturing generates more economic value in terms of GVA rather than employment.

Figure 16: Specialisation - as measured by location quotients for employment (where 1 = same concentration as nationally)

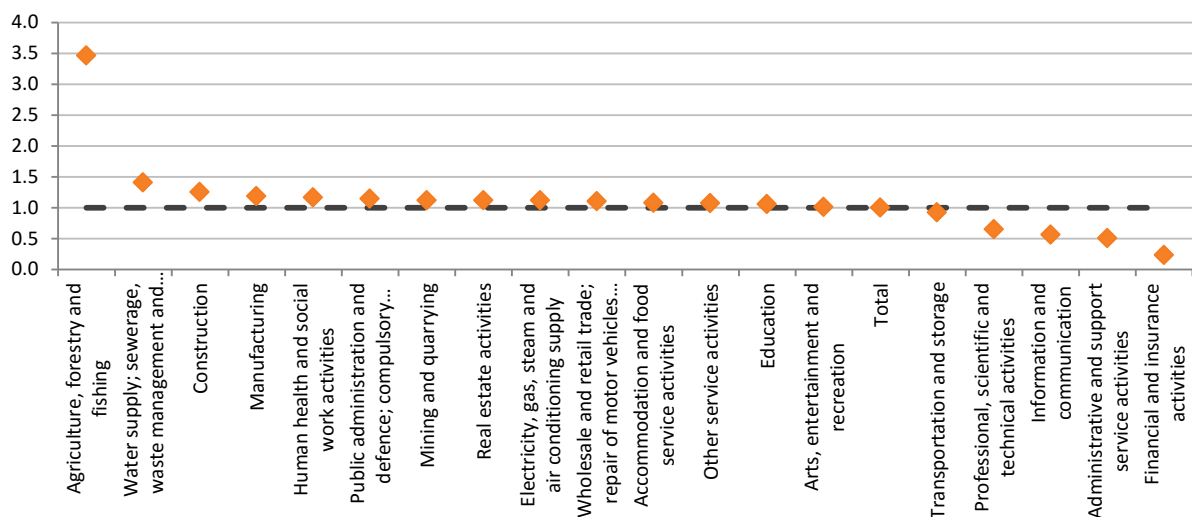
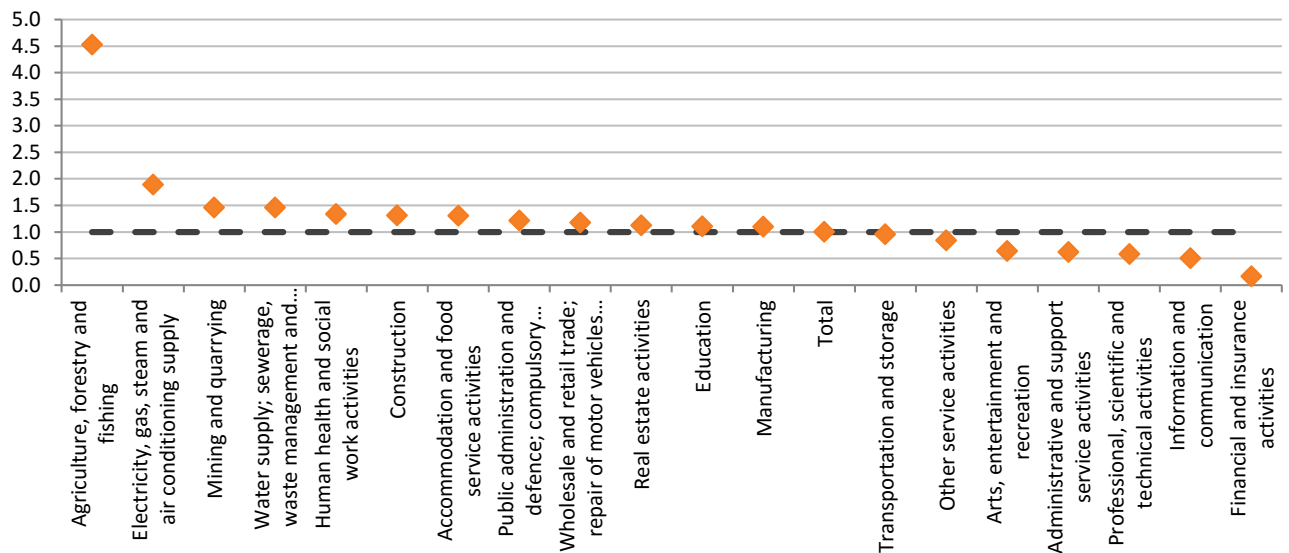


Figure 17: Specialisation as measured by location quotients in output GVA (where 1 = same concentration of GVA as nationally)



Figures 14 and 15 indicates the importance of particular sectors for Shropshire’s economy but also the types of industry that are unlikely to thrive in the area, for example, finance, information and communication as well as professional, scientific and technical activities. Again this was explained during the discussions with local businesses who argued that most professional services based in the area, tended to be ‘secondary’ or back office, unless serving a particular sector in the Shropshire area or wider Marches/West Midlands area.

3.5.1. Sectoral Composition: Implications

Shropshire has relatively diverse sectoral composition with key strengths in a number of sectors, particularly manufacturing, agriculture and tourism. These strengths are reflected in location quotients for the area demonstrating that compared with the national average, Shropshire has much higher than average concentrations of these sectors in its area. However, the data discussed in this section also illustrates Shropshire’s sectoral strengths in education, human health and social work, construction and the wholesale/retail trade. Although it is worth noting that many of these will have direct links into the supply chains of other sectors, e.g. the wholesale and retail trade includes the retail of farm machinery and agricultural raw materials. Table 5 below attempts to summarise the main features of Shropshire’s main economic sectors

Table 5: An overview of the main growth trends for Shropshire's economic sectors

<p>Opportunities: Future growth sectors for both GVA and employment</p> <p>Significant Shropshire sectors which are growing by GVA (more than £100m+) and by employment (0.5% +)</p> <ul style="list-style-type: none"> • Wholesale/retail trade/repair of motors • Human health and social work • Professional, Scientific and technical activities • Construction 	<p>Consolidation: Growth in GVA but not employment</p> <p>Significant Shropshire sectors (£100m+ in 2016) which are due to grow by GVA but decline in terms of employment:</p> <ul style="list-style-type: none"> • Manufacturing • Public administration/defence/social security • Agriculture
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<ul style="list-style-type: none"> • Real Estate activities 	<ul style="list-style-type: none"> • Tourism - accommodation and food service activities
<p>Enabling: sectors which support economy and may experience low to modest growth in employment/GVA</p> <ul style="list-style-type: none"> • Education • Information and communication • Financial and insurance activities • Administrative and support service activities • Arts entertainment and recreation • Transportation and storage 	<p>Decline: Insignificant Shropshire sectors with projected low or negative growth in both GVA and employment</p> <ul style="list-style-type: none"> • Electricity, gas, steam and air conditioning • Mining and quarrying • Water supply, sewerage, waste management

This table suggests a way of thinking about and prioritising Shropshire’s economic sectors longer term. It suggests that particular focus should be placed on those sectors which have future growth potential – both in terms of GVA and employment. However, at the same time, it is important that those sectors which are already significant in Shropshire, for example agriculture and tourism should not be ignored but the strategy should be to support these existing strengths in order to enable them more productive both in terms of GVA and employment, longer term.

In addition, there are other sectors, for example, the Low carbon Environmental Goods and Services Sector (LCEGS) which, whilst not highlighted in these tables are increasingly important in areas like Shropshire. A report produced for the Marches LEP³⁷ suggested that the LCEGS sector in the Marches and Worcestershire LEP areas was of significant value, approximately 2.3bn and employing around 17,300 people. In addition, the report suggested that this sector was expected to grow by around £1bn in the Marches and Worcestershire from 2013/14 to 2019/20. The same report suggested that Shropshire had particular strengths in waste management, environmental consultancy, energy management and alternative fuel vehicles, and that the sector was supported by the presence of other land based industries and educational services, particularly Harper Adams who have expertise in anaerobic digestion as well as University Centre Shrewsbury where general science degrees are offered including biotechnology and biochemistry.

Summary of key findings

- Shropshire’s economy is characterised by small businesses and a diverse business base.
- Whilst agriculture, manufacturing and defence are key existing sectors for Shropshire, their contribution to job creation in the future may be limited
- The focus of future interventions must be to create the conditions whereby potential growth sectors such as health and social care and LCEGS sector are enabled to grow whilst at the same time, consolidating the area’s strengths in tourism, agriculture and

³⁷ Innovas Consulting Ltd (2015) Evaluation of the Environmental and Low Carbon Sector in the Marches and Worcestershire LEP areas

manufacturing that already employ a substantial number of Shropshire residents and where there are opportunities for niche specialisms such as biotech and biochemistry.

3.6. Skills

Figures 17 and 19 give an indication of Shropshire’s skills profile which, compared to both regional and national averages, is very good. Shropshire has a higher proportion of highly qualified people than regional averages, and has a much lower proportion of unqualified people than both the region and the country. The county outperforms the West Midlands by a fairly substantial margin in the proportion of individuals 16-64 who have NVQ4+ (35.6%), and has recently overtaken the UK as a whole in the proportion of people 16-64 who have at least NVQ2+ (75.2%). Shropshire has a much lower proportion of individuals with no qualifications than both the UK and the West Midlands (6.3%).

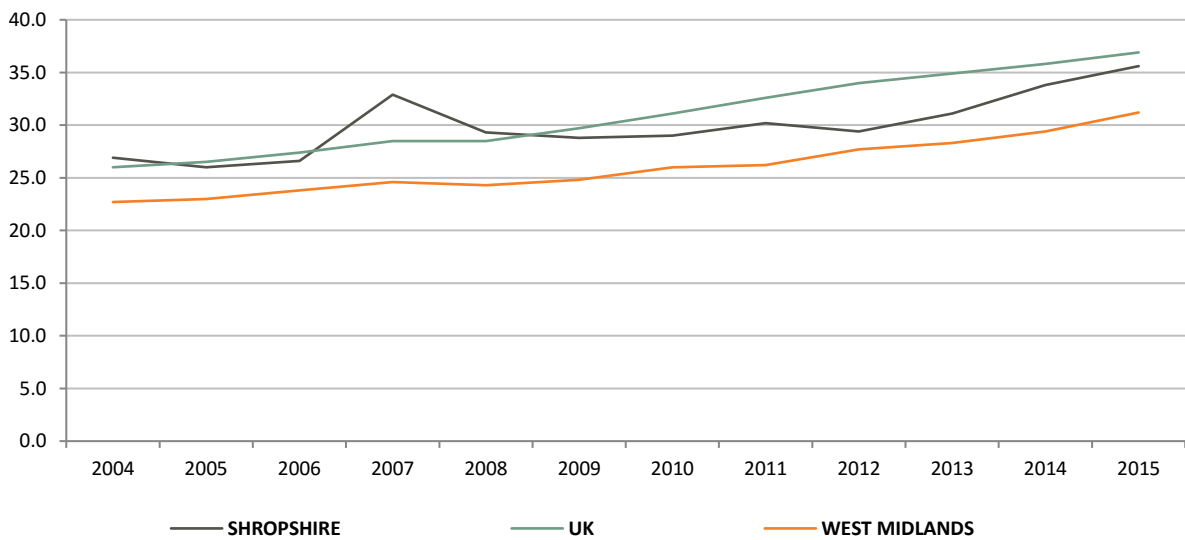


Figure 18 % NVQ4+

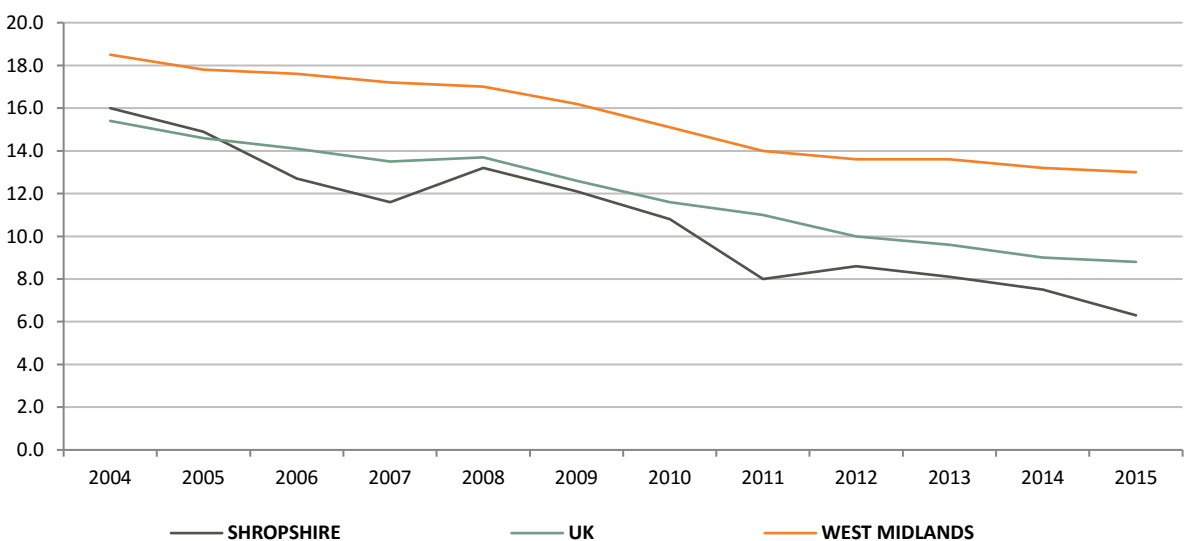


Figure 19 % No Qualifications

As shown by Figure 20, the proportion of individuals with trade apprenticeships is higher in Shropshire than both Marches and the UK. This indicates that Shropshire has a well-balanced labour market, with a high proportion of skilled tradespeople to match the high proportion of highly skilled workers with NVQ4+. The high levels of trade apprenticeships and low levels of unskilled individuals clearly reflect the occupational structure of Shropshire. With a much higher proportion of skilled trades occupations than the rest of the region and the country, the county relies on trade apprenticeships to meet the need for skilled workers in this sector.

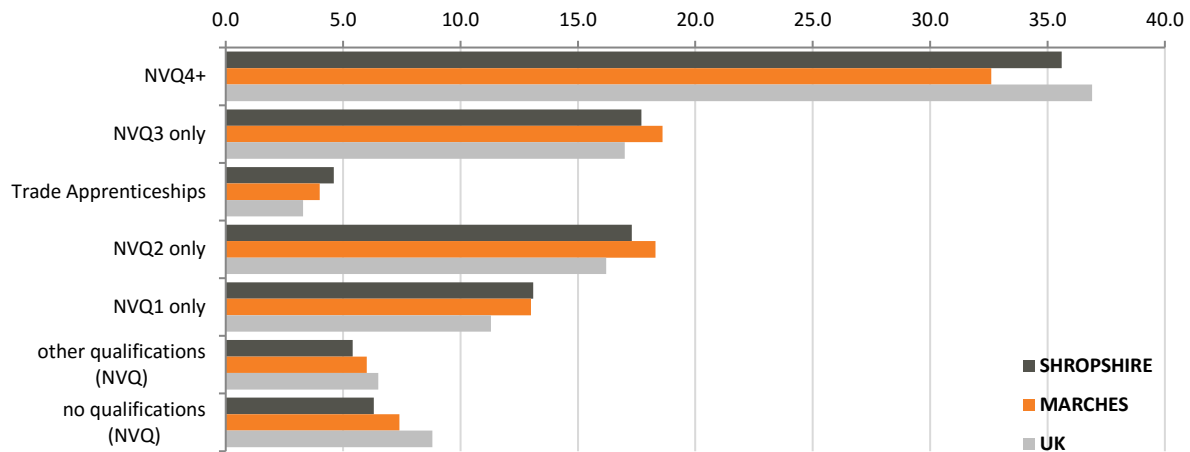


Figure 20 Skills Snapshot

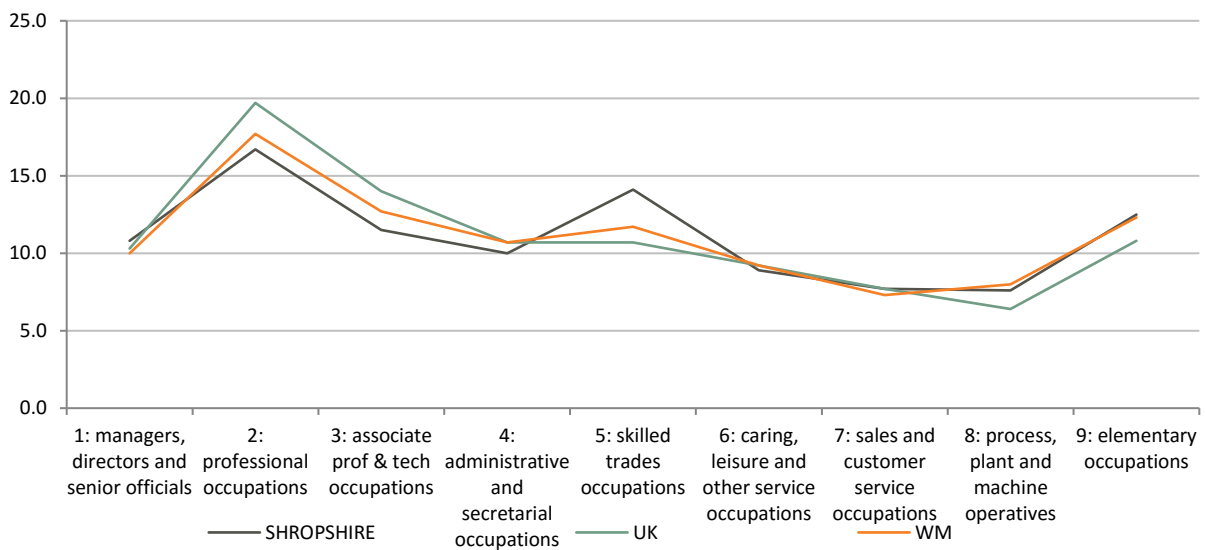


Figure 21: Occupation by Sector

This positive skills picture is reflected by the small skills gap and low levels of skills shortage vacancies in Shropshire. Shropshire has a lower skills gap than both the region and the country, as indicated by the number of staff not fully proficient as a percentage of employment (4% to England, West Midland’s and Marches 5%). Equally, the relatively low number of businesses with a skills shortage vacancy (6%) indicates that businesses do not find it difficult to find skilled workers to meet their demands for labour.

There are, however, 9% businesses that have at least one hard to fill vacancy, higher than the proportion of businesses that face this problem in the UK as a whole. Figure 23 gives an indication of why this might be the case. Whilst the overall skills gap for the county may be low, the skills gaps that do exist are concentrated in one area: service-intensive vacancies. Specifically, Shropshire has a very high proportion of vacancies for ‘caring, leisure and other services staff’, and for ‘sales and customer services staff’. In fact, the proportion of vacancies in caring and leisure (27.5%) is over double that of the UK as a whole (17.6%), and the proportion of vacancies in sales and customer service staff (26.2%) is over triple the national average for this sector (7.2%).



Figure 22: Skills Gaps and SSVs

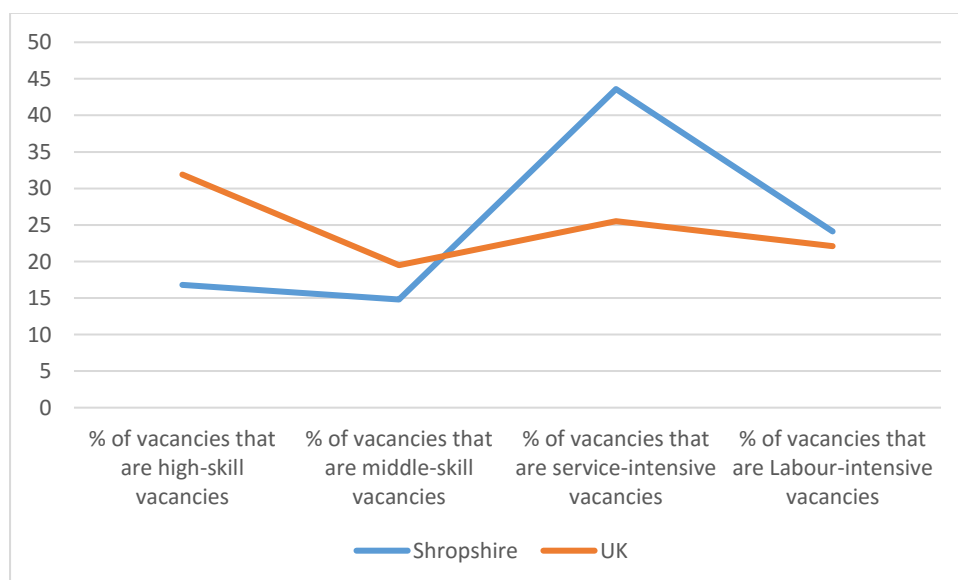


Figure 23 Vacancies by Skill Type

3.6.1. Skills: Implications

The graphs above paint a very positive picture of Shropshire’s skills profile. The county outperforms regional and national averages for skills levels in a number of areas, and businesses do not struggle with skills gaps and long-term hard to fill vacancies in the same way that they do in other parts of the country. This indicates that Shropshire is clearly getting a lot right in terms of aligning the supply

of and demand for labour. The high proportion of trade apprenticeships is a particularly positive indicator; the availability of high-quality apprenticeships, particularly in areas characterised by high levels of demand for labour-intensive positions, is a key bellwether of the health of the employment market.

However, this positive picture masks some core blockages in Shropshire's labour market. Firstly, there are a high proportion of businesses that have at least one hard to fill vacancy, even if the overall number of hard to fill vacancies is low. This is because these vacancies are concentrated in the service sector. The proportion of vacancies in caring, leisure, sales and customer services is particularly high – together, these sectors account for over 50% of all of the vacancies in Shropshire.

This is undoubtedly at least partly the result of Shropshire's unique demographic profile; the large elderly population gives rise to higher levels of demand for carers and other related services. This is a well-recognised problem for the country in general, but Shropshire faces a particularly acute challenge finding enough care workers to provide for its elderly population. This situation will only be exacerbated by the likely fall in inward migration due to the vote to leave the EU (given the high proportion of care workers that were born outside of the UK). Finding enough care workers to meet demand should be seen as a strategic priority for Shropshire moving forward.

The large number of vacancies in retail and customer services indicates that training in Shropshire is skewed towards some sectors at the expense of others. Because of Shropshire's relatively high skills levels, and because of the progress it has made in encouraging the take up of trade apprenticeships, both high-skill, medium-skill and labour-intensive vacancies are relatively easy to fill. However, this has come at the expense of any focus on care, leisure, sales and customer services training. Moving forward, Shropshire will need to rebalance its skills profile by placing a greater emphasis on training for these sectors and by encouraging its citizens to choose careers in these areas.

The high proportion of older people could be an asset in this area. Older people, with lots of time and experience in the workplace, can be leveraged to meet skills gaps in the service sector. The flexible nature of work in this area, in particular the high proportion of zero-hour contracts, is often quite appealing to this demographic who want to fit part-time work around other activities. Moreover, the emotional and personal nature of the work is often particularly appealing to elderly people who suffer disproportionately from loneliness and social isolation.

3.7. Education

Shropshire's education picture is currently fairly mixed. On the one hand, in terms of general education outcomes, particularly pre-KS5, Shropshire does well. As indicated by Figure 24, at Early Years level, a critical stage of development which plays a role in determining outcomes for the rest of the life course, Shropshire outperforms both the West Midlands and the UK by a substantial margin. Shropshire's attainment gap between the bottom 20% pupils and the average is also lower than that for the West Midlands and the country as a whole.

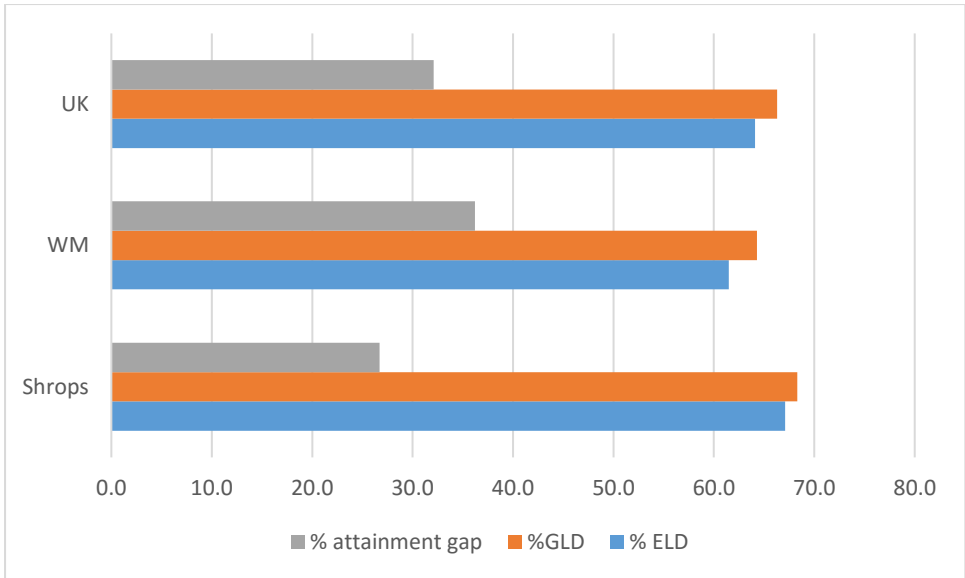


Figure 24: Early Years Outcomes

Shropshire performs below UK national averages and on par with the West Midlands region in terms of children reaching expected standards at KS2. However, this does not reflect Shropshire’s performance in previous years, which has been consistently above national averages; the drop-off in 2016 may reflect issues with the new assessment framework which was implemented in that year. However, by the time students reach KS4, outcomes have improved again. By this point, the average attainment 8 score per pupil for young people in Shropshire is 50.5, significantly higher than the scores for the West Midlands (49.1) and England as a whole (48.2).

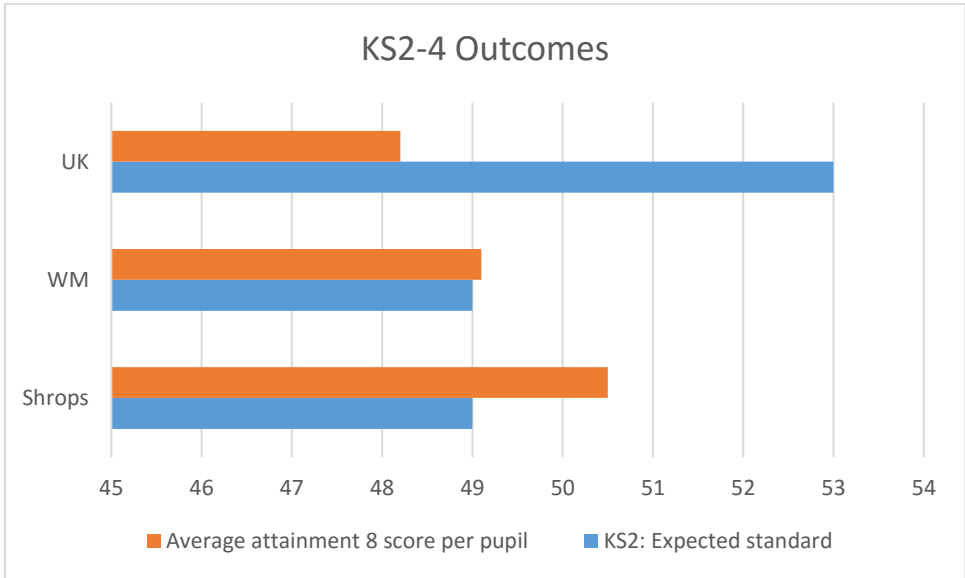


Figure 25: KS2-4 Outcomes

The proportion of students going on to education, employment or training destinations at KS4 is also fairly good. 93% students go on to EET, the same as the figure for the West Midlands, and 1% lower than that for the UK. Of these, 45% go to Sixth Form, 43% to an FE college and 7% to an apprenticeship. Compared to the UK and the West Midlands, more students go to FE colleges and apprenticeships than go to Sixth Form. In the UK as a whole, 52% students go on to Sixth form,

whilst 41% go to FE colleges and 6% to apprenticeships. The proportion of disadvantaged students going on to EET is the same for Shropshire, the West Midlands and the UK.

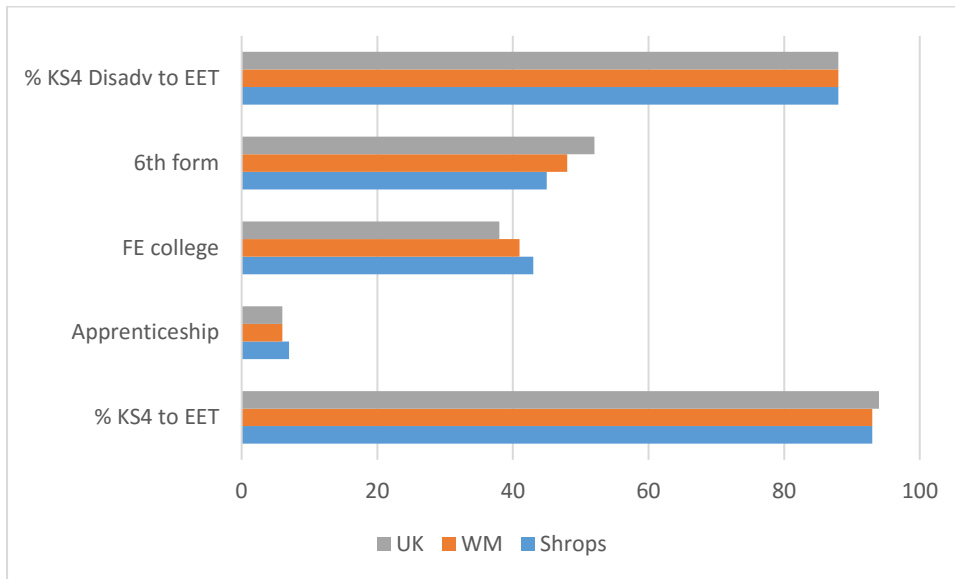


Figure 26: KS4 Destinations

This smaller number of students who go on to education at KS5 level in Shropshire achieve poorer outcomes in almost all qualification types. At A level, only 7% achieve 3 A*-A grades, compared to 8.9% in the West Midlands and 12.9% for the UK, and only 13% achieve 3 AAB+, compared to 16.4% for the West Midlands and 21.6% for the UK. Moreover, the average point score across all qualifications is 30.27 in Shropshire, compared to 30.76 in the West Midlands, and 32.23 in the UK as a whole. However, whilst Shropshire's academic students do not perform as well as those in the country as a whole, those students undertaking technical qualifications score substantially better. Tech level students in Shropshire achieve an average total point score of 32.48, compared to 30.42 in the West Midlands and 30.83 in the country as a whole.

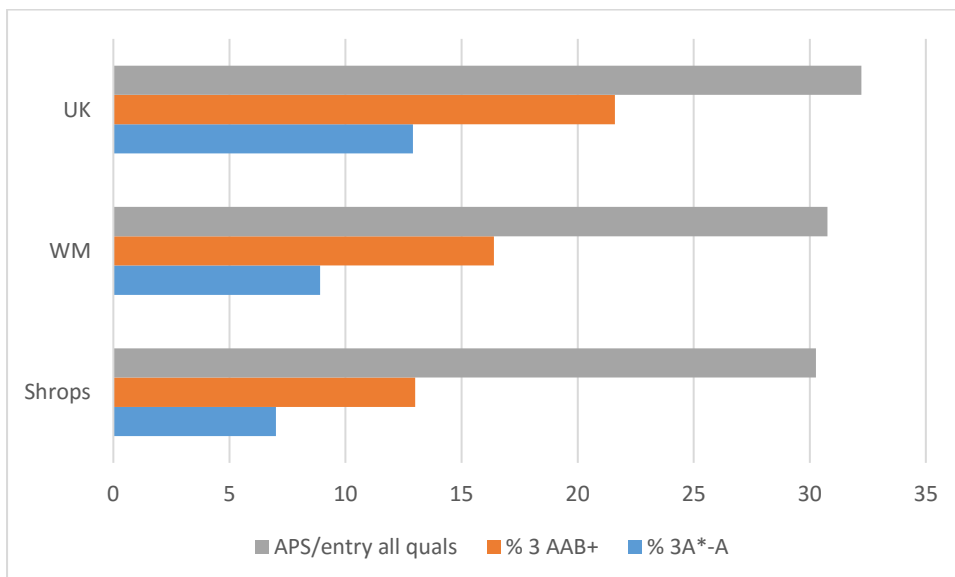


Figure 27: KS5 Outcomes

Destinations for school leavers at KS5 broadly reflect these trends. The overall proportion of Shropshire's students entering an education, employment or training destination, at 88%, is lower

than national and regional averages of 90%. Of these, the proportion entering higher education is low, at 58% compared to 62% in the West Midlands and 59% nationally. However, 8% enter an apprenticeship, compared to 6% in the West Midlands and the country. The proportion of disadvantaged students is also lower, at 82% compared to 84% in the West Midlands and 86% in the UK.

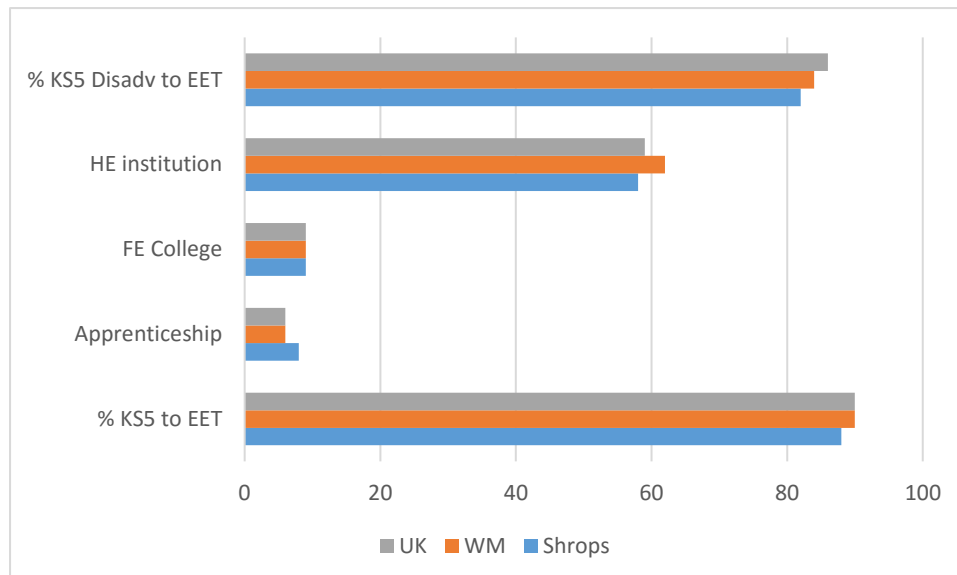


Figure 28: KS5 Destinations

3.7.1. Education: Implications

The education picture for Shropshire is mixed. At Early Years level, Shropshire performs well, with high ELD and GLD scores, as well as a low attainment gap. At KS4 outcomes are also good, with a high proportion of students achieving good GCSE grades. However, at KS2 and KS5 students perform worse than both national and regional averages; the low scores on KS5 qualifications are particularly concerning.

On the one hand, the drop of at KS2 is likely to reflect the changes to the assessment system rather than a fall in quality, especially given the strong performance at this level over time. On the other hand, the sharp drop in attainment after KS4 is concerning and has implications for the quality of education at this level. As the data on early years and GCSEs is not comparable year on year, it is difficult to determine whether or not the variations in outcomes at each stage reflect individual cohort differences, or improvements/deteriorations in teaching quality.

The data does, however, paint a picture of the differential focus of education in Shropshire as compared to the rest of the region and the nation. Whilst the numbers of KS4 students entering EET are broadly similar across Shropshire and the UK, KS4 leavers in Shropshire are much more likely to go on to apprenticeships than in the rest of the UK, and they are also more likely to attend FE colleges. Similarly, at KS5 Shropshire's students do substantially better than average in technical qualifications, and many more of them go on to enter apprenticeships. This indicates that the county has been successful in redirecting students with non-academic abilities towards different forms of education and training. These results are mirrored in Shropshire's skills profile above, which shows that it has adequately aligned demand for and supply of workers in skilled-trades occupations through high levels of apprenticeship training.

Summary of key findings

Shropshire has a relatively well-skilled labour force in comparison with neighbouring areas and the UK average together with above average school performance and good Early Years outcomes.

Although A-level results are below average, Shropshire has a higher proportion of students entering technical education and apprenticeships where their results are very good.

There appears to be strong alignment between skills provision and labour demand in high-skilled sectors with high levels of trade apprenticeships and a relatively low level of skills shortages and small skills gap.

Shropshire has acute skills shortages in specific service-intensive sectors including caring, leisure, sales and customer services which is clearly linked to its ageing population.

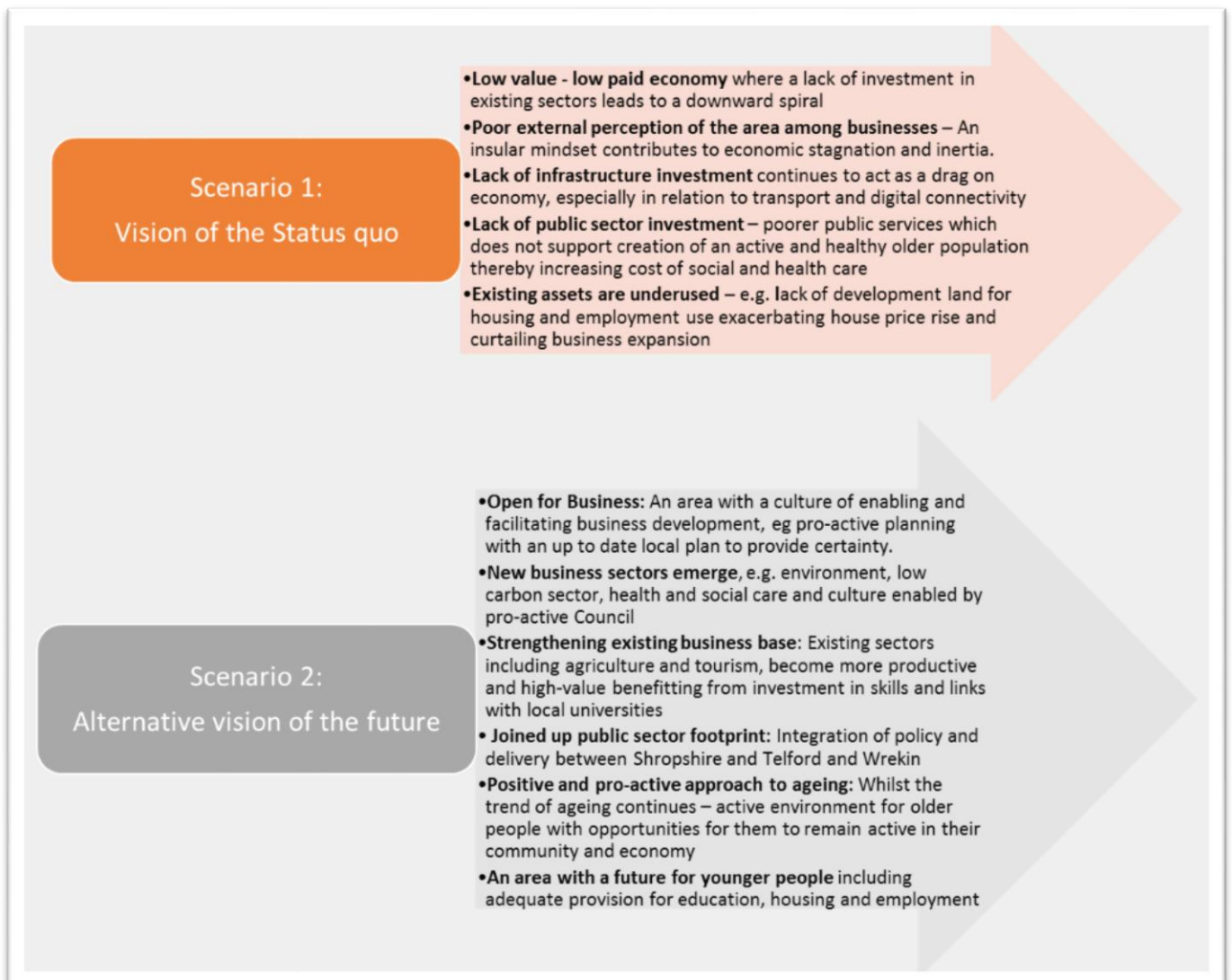
4. Developing an economic vision for Shropshire

4.1. Case for Change

During the discussion groups, participants were asked to outline their views on what a future vision for Shropshire might look like? This was done by considering what Shropshire's economy would be like if the status quo was maintained, i.e. if no interventions were made to influence the direction of the current Shropshire economy. Figure 17 highlights two scenarios for Shropshire's future, one in which the status quo is maintained and the other in which transformative change is implemented.

Participants were then asked to consider what an alternative vision for the future economy of Shropshire might look like if action was taken to intervene. Figure 18 below provides a summary of common themes to emerge from these discussions:

Figure 29: Future scenarios for Shropshire

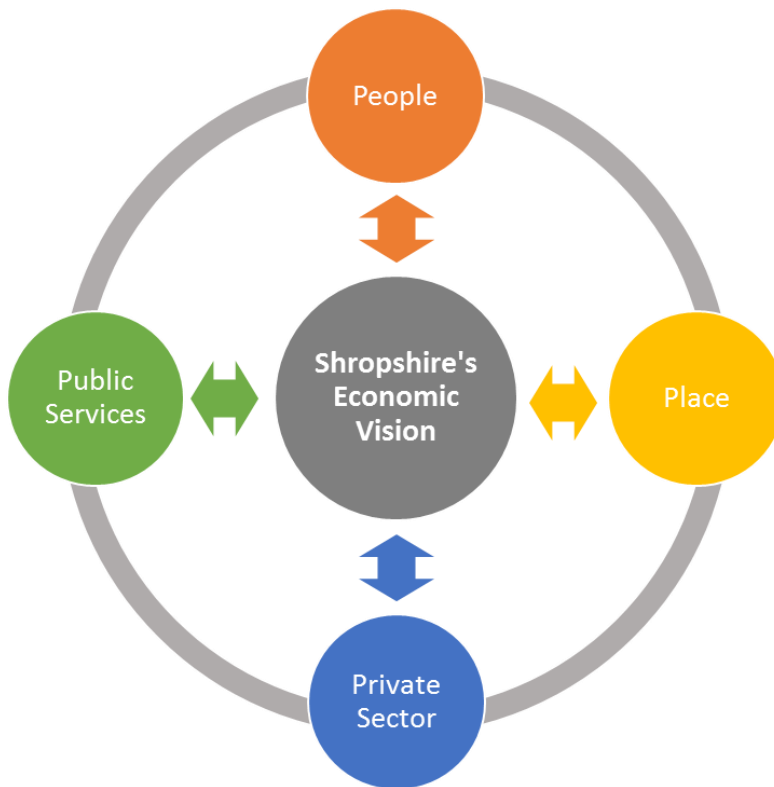


4.2. Foundations for Change

Based on the feedback from participants within the discussion groups, a new economic vision for Shropshire will focus on four strategic areas: Place, People, the Private Sector and Public Services. Within each of these themes, Shropshire has some unique core strengths; the strategy will focus on developing these core strengths in order to meet the challenges and opportunities that the county will face in the future.

1. **Place:** Shropshire is a highly attractive destination for national and international capital. Shropshire's residents are connected to one another, to public services and to employment through wide-ranging broadband connectivity and world-class infrastructure. And Shropshire is known for a high quality of life and excellent leisure offer for the West Midlands conurbation and beyond. Communities are resilient, with high levels of social capital and fully-utilised community assets.
2. **People:** Shropshire's young people are supported to develop the right skills in order to find fulfilling employment. The county provides world-class training and support services to help create a productive and working-age population. Older people are supported to live fulfilling, independent lives, helping others and giving back to their communities.
3. **Private Sector:** Small and medium-sized enterprises are supported to start-up, grow and take off in an entrepreneurial and business-friendly environment. Business leaders work with the public sector to drive economic growth and employment. Shropshire's core industries are supported to grow by the facilitating environment put in place by the council, which is known as 'open-for-business'.
4. **Public Services:** Shropshire's people are supported to start well, live well and age well by public services that put people first, whilst supporting Shropshire's economic objectives of growth, productivity and employment.

Figure 30: Components of Shropshire's vision



4.2.1 Place

Vision

Shropshire is a highly attractive destination for national and international capital. Shropshire's residents are connected to one another, to public services and to employment through wide-ranging broadband connectivity and world-class infrastructure. And Shropshire is known for a high quality of life and excellent leisure offer for the West Midlands conurbation and beyond. Communities are resilient, with high levels of social capital and fully-utilised community assets.

Priorities

- Enhancing connectivity, through increased broadband access and improved transport infrastructure, for the whole of Shropshire
- Ensuring the provision of enough high-quality, affordable housing for all of Shropshire's residents with an efficient and strategic approach to planning with a focus on a small number of strategic development sites
- Promoting Shropshire's natural beauty while garnering a reputation for sustainable economic development
- A focus on asset-based community development targeted in key locations

Actions

- Develop a **comprehensive investment strategy** for Shropshire. This should leverage funding raised from a variety of sources to make Shropshire a highly attractive destination for national and international investment. This will include the following specific measures:

- Making a stronger case for **connectivity investment** in better transport, superfast broadband and enhanced mobile phone coverage where appropriate using local resources to lever in wider public and private investment.
- **Invest in future infrastructure** to support future growth including maintaining support for Connecting Shropshire and continuing to argue for greater investment in mobile coverage. Continue to support the development of transport infrastructure, including strategic freight corridors, by working with partners in the Marches LEP, the WMCA and the Midlands Engine.
- **Show greater leadership** by challenging the widely held trope that Shropshire is a place where there is ‘stagnation of ambition’ by fighting for investment in Shropshire’s economy including working with the Marches LEP to secure a settlement for European funding post Brexit, and working with UKTI to promote Shropshire’s economic assets and services.
- Housing development
 - Use the Council’s ability to allocate **land for development** to encourage and support the development of new housing where objectively assessed need exists³⁸ and to challenge housebuilders to build out consented sites. This housing should aim to provide a high quality of living for new residents and should ensure that adequate provision is made for starter and affordable accommodation, particularly to attract younger people and families into the area.
 - Identify **strategic sites for development** in the area and work with partners to realise the potential of these areas to create high quality residential and employment sites to support future growth, for example, Clive Barracks, Tern Hill³⁹.
 - Other key development sites could include Mile End Oswestry, Ironbridge Power Station and the Riverside Centre, Shrewsbury.
- **Promoting Shropshire’s natural beauty** while garnering a reputation for sustainable economic development.
 - Develop a diverse partnership between public and private sectors to drive a more **coherent marketing strategy** for Shropshire including its AONB, food and drink offer, as well as linkages to neighbouring Wales. This should build on recent recognition in the media and focus on increasing private sector investment in the area.
 - Where possible, planning should promote **high standards of environmental quality** and efficiency in the development of new homes to help support the market for LCEGS in Shropshire, particularly on sites such as Clive Barracks which are in public ownership.
 - Re-frame the way in which Shropshire’s **environmental assets** are understood so that they are seen as resources, rather than constraints, assets rather than barriers to growth. This is an approach which has been used by other councils⁴⁰ and links to university ambitions to become a centre of excellence for environmental sciences,

³⁸ The Council have just published their Objectively Assessed Local Housing Need Report <http://shropshire.gov.uk/media/2101729/Shropshire-Council-FOAHN-2016-.pdf>

³⁹ This is currently owned by the Ministry of Defence (MOD) but is being closed as part of the MOD’s rationalisation programme. This 69-acre site could potentially provide an opportunity for Shropshire Council to create a high quality (although not necessarily high cost) new community to complement the nearby village of Stoke-on-Tern and the work of the Stoke-on-Tern Neighbourhood Plan.

⁴⁰ for example, Cambridge City Council in its Local Plan identifies the River Cam, the city’s green space and the green belt as ‘environmental assets’ which play a key economic role in supporting the high quality of life that the city enjoys and which in turn attracts investment, students and visitors to the area.

technology and management. This can include the opportunity for Shropshire to deliver economic returns for future growth, for example, it is thought that there may be potential in **carbon offsetting** for areas like Shropshire whereby companies can relocate to offset environmental costs.

- Build on the **asset-based community development approach** being developed with health partners in a small number of neighbourhoods where there are high levels of deprivation that have a wider impact on economic development and public services .

4.2.2 People

Vision

Shropshire's young people are supported to develop the right skills in order to find fulfilling employment in Shropshire and its neighbouring areas. The county provides world-class training and support services to help create a productive working-age population. Older people are supported to live fulfilling, independent lives, helping others and giving back to their communities.

Priorities

- Providing young people with the right education for them that gets them ready for work, with a particular focus on digital skills
- A strong skills offer to support all segments of the workforce
- A training offer to support people back into employment
- Stop seeing ageing in Shropshire as a problem, and start seeing it as an opportunity

Actions

- Work with the LEP to put together a **detailed Shropshire skills strategy**, which maps the current and future skills gap and indicates how these will be filled.
 - Work with schools and FE colleges to implement the findings of this strategy, so as to ensure that **young people leaving school and colleges are work ready**, and have skills that align with the needs of Shropshire's businesses.
 - Continue to work with schools and colleges to implement **evidence-based interventions to enhance employability** – for example, providing for young people to interact with business leaders and gain some experience of working life prior to entering the workforce is a proven to enhance work readiness.
 - Leverage the **opportunities provided by the apprenticeships levy to develop an Apprenticeships Action Plan** to build on current strengths in this regard.
 - To work with Central Government and other partners on **devolution deals** which ensure that Shropshire gets extensive powers to determine its own skills policy, and resources for doing so.
- This strategy should include detailed recommendations **on tackling the skills gaps for caring, leisure, retail and customer services industries** input from health, the VCS sector and private companies.
 - This should involve leveraging centres of excellence to build a workforce of 21st century carers, as well as a schools/college-based programme to encourage more young people to enter the care sector.
 - However, older people should also be leveraged to fill this gap. Any skills strategy should involve reaching out to older people and encouraging them to take up part

time employment in areas such as caring and retail, helping to combat social isolation alongside the skills gap.

- Encourage **young people to stay in Shropshire**.
 - Work with local business to develop an **information pack for graduates** from University Centre Shrewsbury, Harper Adams and the Shrewsbury College which provides information about current opportunities with local employers as has been developed in other areas, for example, Warwick⁴¹.
 - Consider developing a package of **targeted financial support for graduates** in partnership with local employers, for example, help with housing and transport costs.
 - The previous recommendations should go some way to convincing young people in Shropshire that there are opportunities available to them within the county. This should be combined with a strong housebuilding offer (see below) and a sophisticated marketing strategy to keep more young people in the county.

4.2.3 Private Sector

Vision

Small and medium-sized enterprises are supported to start-up, grow and take off in an entrepreneurial and business-friendly environment. Business leaders work with the public sector to drive economic growth and employment. Shropshire's core industries are supported to grow by the facilitating environment put in place by the council, which is known as being 'open-for-business'.

Priorities

- Supporting SMEs to start-up and grow by ensuring access to finance
- Closer working with the private sector by demonstrating that the council is 'open-for-business'
- Working with the Marches LEP, WMCA and other neighbouring authorities to deliver integrated development and devolution plans
- Provide a facilitative environment for Shropshire's core industries

Actions

- Agri-Tech
 - Support potential growth opportunities in **creating an agri-tech cluster** through making a shift into **agricultural engineering and precision farming**.
 - Working with neighbouring Harper Adams University to develop a **world-leading agri-tech cluster** with a particular focus on attracting and supporting cutting edge, spin-out businesses from the university with clear linkages with existing agri-business.
 - There are strong synergies between advanced manufacturing and the potential of agri-tech which could be further harnessed through joint **working with the Marches LEP, WMCA and neighbouring local authorities** such as Telford and Wrekin.

⁴¹ Warwick District Council Graduate Retention Policy:
http://www.warwickdc.gov.uk/downloads/download/5/graduate_retention
http://www.warwickdc.gov.uk/downloads/download/5/graduate_retention

- Work with the **UKTI** lead on Agri-tech to support the development of the sector in the future.
- Food, Drink and Tourism
 - Capitalise on Shropshire’s food and drink sector to support higher value tourism. Shropshire has a buoyant food and drink industry which has the potential to complement the tourism market in the area. Participants suggested that Shropshire Council could adopt a **more active approach to promoting local food and drink providers** in the area, through scaling-out events such as the range of food and drink festivals held around the county.. This is an approach that has been developed successfully by other authorities in rural areas, for example, North Yorkshire Council and Rydale District Council have developed a Food Enterprise Zone which aims to attract investment and boost the local supply chain.
 - Support the LEP to build a **coherent marketing strategy** for Shropshire – many participants argued that Shropshire was still a relatively unknown destination for tourism, what some called ‘England’s best kept secret’. The council should work with the LEP to co-ordinate Shropshire’s tourism economy and support initiatives to better market the area and its visitor attractions.
- Health, Social Care and Biotech
 - Use the provision of University Centre Shrewsbury to develop a **centre of excellence in the provision of health and social care sector** in Shropshire, specialising particularly in delivery of health and social care services to rural areas not least through digital health innovation.
 - Identify and support a small number of niche clusters for example through **biotech and biochemistry spin-outs** from University Centre Shrewsbury.
- Devolution
 - Working more closely with the Marches LEP, the West Midlands Combined Authority and other neighbouring authorities to develop **joined-up economic development and devolution plans** that support cross-boundary benefits without fear of disadvantage or political recrimination.

4.2.4 Public Services

Public Services

Vision

Shropshire’s people are supported to start well, live well and age well by public services that put people first, whilst supporting Shropshire’s economic objectives of growth, productivity and employment.

Priorities

- Provide high-quality education and skills services, from early years through to secondary education, to ensure more young people leave school excited and enabled for the world of work.
- Work with health, universities and the private and voluntary sector to deliver an innovative, integrated offer for adult social care.
- Develop a training offer as part of the Work and Health programme that helps the county to meet many of its skills shortages.

Actions

- Channel investment into Early Years, where the evidence suggests that there is the greatest return in investment in terms of future development.
 - Build upon the strong **links between Children’s Centres and primary schools**, to ensure an excellent transition as children start in reception. This will also ensure that schools are able to plan ahead in terms of devoting resources to providing in-depth support for those that enter primary school with complex needs.
 - Make use of the extensive research that has been conducted in this area to implement the most efficient evidence-based ways of working. Promoting good social and emotional development amongst children is critical for improving attainment across the life course – evidence-based interventions based on attachment theory, such as Signs of Safety should be a key part of the toolkit in this area.
- Set out a vision, in consultation with health colleagues and in line with STP negotiations, to improve integration between health and social care, to increase older people’s independence, reduce the strain on adult’s social care and the health sector and allow older people to get more involved in their communities.
 - Using the University Centre Shrewsbury to develop a centre of excellence for health and social care provision in rural areas, pioneering the latest techniques and working with older people themselves to **push the boundaries of co-production in adult social care**.
 - A **technology and digital strategy** should be a key part of this programme of change, as this will allow services to operate more efficiently whilst ensuring a high standard of care is provided. Hampshire County Council, which faced many similar issues to Shropshire in this area, has pioneered the use of new technologies in social care.
- Develop a pioneering approach to the new Work and Health Programme with multi-agency teams and specialist advisors developing a clear ‘case for investment’ for individuals and cohorts leading to a ‘whatever works’ approach to support provision.
 - The council should develop a **multi-agency task-and-finish group** to explore best practice in employment support and refresh the current approach in the county.

Appendix 1:
List of consultation events undertaken

- Roundtable discussion with Senior Officers, Shropshire Council (including representatives from planning, health, housing, transport and economic development)
- Roundtable discussion with members of the Economic Growth Scrutiny Committee
- Roundtable discussion with Shropshire Business Board
- Roundtable discussion with Shropshire Council Cabinet
- Roundtable discussion with External Partners (including representatives from business, health and education)
- Series of face-to-face and telephone discussions with other consultees including:
 - University Centre, Shrewsbury
 - Harper Adams University
 - Shrewsbury Business Improvement District
 - Local businesses