Shropshire Council

Spotlight on the Shropshire Economy

June 2010

26323

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1 Executive Summary

1.1 Shropshire

- Although Shropshire is a predominantly rural and sparsely populated county with a traditional reliance on farming and associated industries, it is also a place with vibrant attractive towns, a small business enterprise culture and growing niche sectors in food and drink, environmental technologies and creative industries. It is located in the West Midlands, covers an area of 319,730 hectares and has a population of 292,800[1], which is the equivalent of just 0.92 persons per hectare. The county is noted for its beautiful scenery, diverse landscape and rich natural and historic environment; not only does this contribute to the high quality of life enjoyed by Shropshire residents, it also helps to make the county a successful tourism destination.

- 36% of the Shropshire population live in villages, hamlets and the countryside. More than a quarter (28%) lives in the county town of Shrewsbury, a town which has recently been awarded Growth Point status[2]. Shropshire also benefits from a network of market towns which act as important employment and service centres to their resident populations and hinterlands as well as representing an important part of the tourism offer. The five largest market towns in the county are Oswestry, Market Drayton, Whitchurch, Ludlow and Bridgnorth.

1.2 Shropshire's Economic Geography

- As the largest inland county in Great Britain, Shropshire shares its border with Wales as well as with five English counties/unitary authorities (Telford and Wrekin, Staffordshire, Worcestershire, Herefordshire and Cheshire). It is within easy reach of Manchester and Liverpool to the north and Birmingham and the West Midlands conurbation to the east. This means that its economic geography is complex, with economic flows and linkages operating in all directions. Ties with neighbouring unitary authority, Telford and Wrekin, are especially strong.

- Shropshire has fewer jobs than it has resident workers; consequently, a substantial proportion (around a quarter) of the resident workforce is employed outside the county boundaries. High earners in particular are very likely to commute out of Shropshire. Overall, 33,011 residents commuted out of the county in 2001 compared with the 20,786 of workers who commuted in[3]. Levels of employment self-containment vary considerably across the county, with the eastern parts of Shropshire in particular supporting especially high numbers of out-commuters. The proximity and influence of the West Midlands conurbation means that it is easy for residents in this area to live in Shropshire but to work elsewhere. Despite high levels of out-commuting, around 17% of jobs in the county are occupied by non-Shropshire residents (2001).

- Strong economic ties with Telford and Wrekin are confirmed when looking at commuting patterns, which show that 17,868 people travelled between the

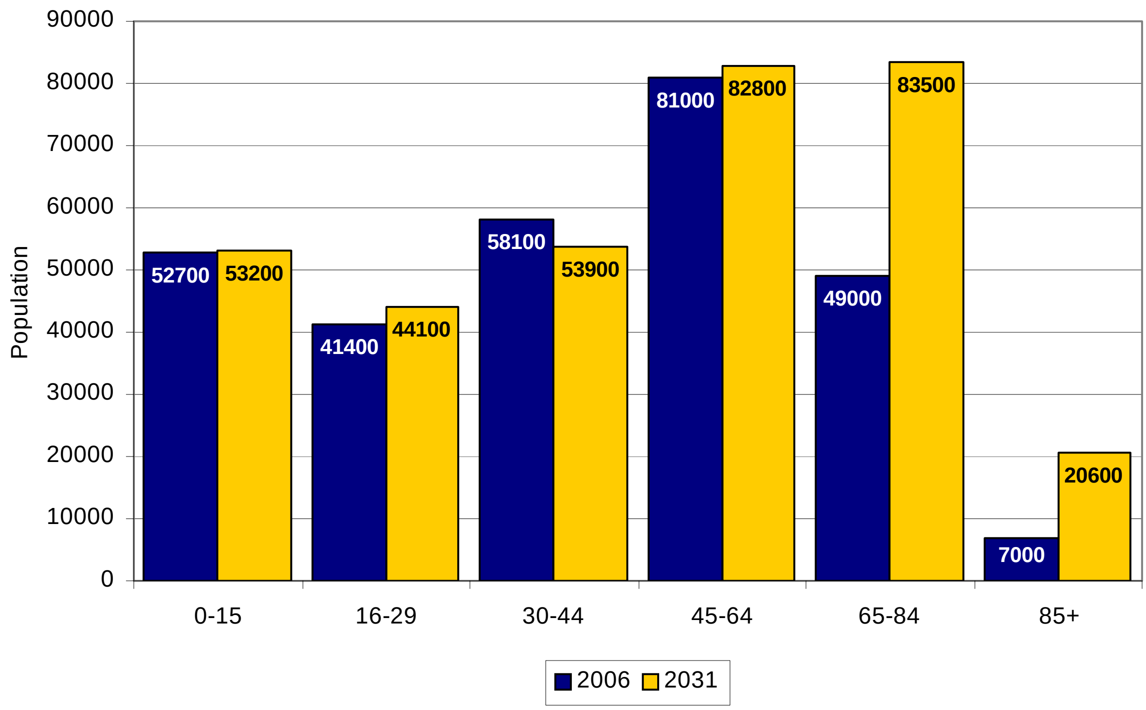
[1] 2008 mid-year estimate
[2] See Geography chapter and Glossary for more information on Shrewsbury Growth Point
[3] 2001 Census

two destinations for work purposes in 2001. Of these, 11,831 travelled to Telford and Wrekin to work with 6,037 travelling in the opposite direction. Telford and Wrekin has a higher number of residents commuting into Shropshire for work purposes than any other neighbouring authority.

1.3 Demographics

- Like many rural areas, Shropshire has a rapidly ageing population; the in-migration of older generations relocating to the countryside to retire and the out-migration of young people are both contributing to this, as is an overall improvement in life expectancy as well as the “baby boomer” generation reaching retirement age. A population comprising above average numbers of older people has a significant impact on the economy as the correspondingly smaller working age population has less wealth generating capabilities. Latest population projections suggest that approaching a third of county residents will be aged 65 or over by 2031, which is significantly above national and regional averages. As such, the rapidly expanding older population in the county will place increasing pressure on those of working age to support the needs of an ageing population.

Figure 1.1: Breakdown of the Shropshire Population, 2006-2031

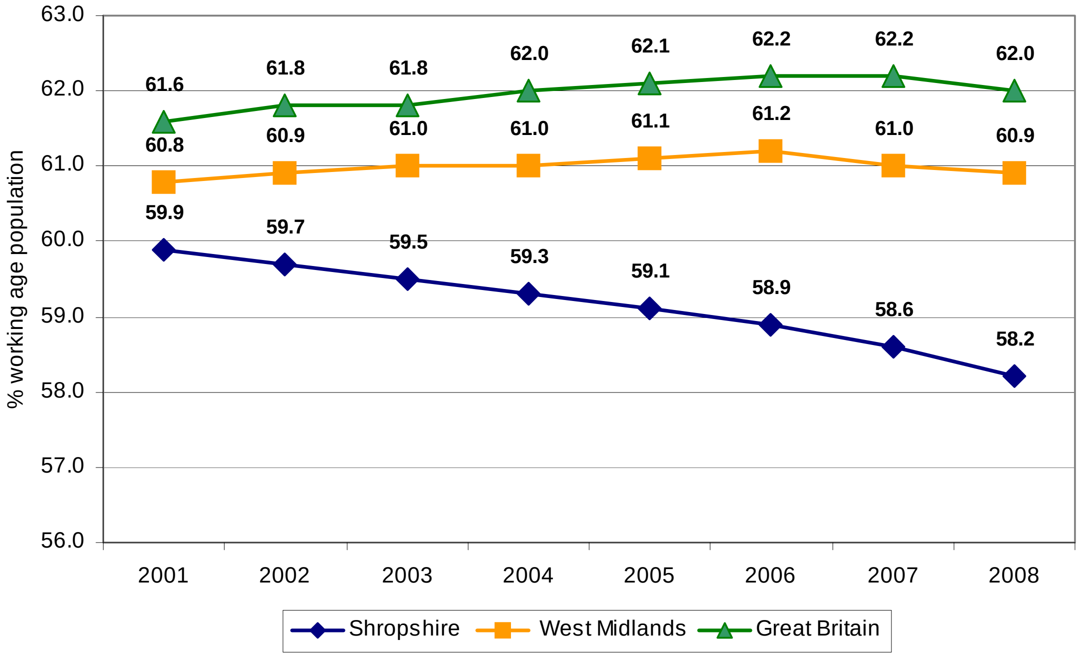


Source: Mid-year population estimates 1991-2006 and 2006 based sub-national projections, Office for National Statistics (ONS), Crown Copyright 2010

1.4 Labour Market

- By virtue of its ageing population, Shropshire supports a relatively small population of working age. Although overall population growth has meant that the working age population has grown by a very marginal 0.5% since 2001, as a percentage of the overall population, there has been a notable decline. This trend is forecast to continue and as such demographic change will put increasing pressure on the Shropshire labour market in the near future. At the moment, a comparatively small working age population is offset to some extent by a high rate of economic activity - in 2009, the total number of economically active people stood at 147,500, the equivalent of 82.8% of the working age population. However, the working age population is expected to decline in absolute terms within the next 15 years, and as a result the available labour force will decline unless people delay retirement to a later age, which may of necessity happen as a consequence of macro-economic circumstances.

Figure 1.2: Proportion of the Population which is of Working Age*, 2001-2008

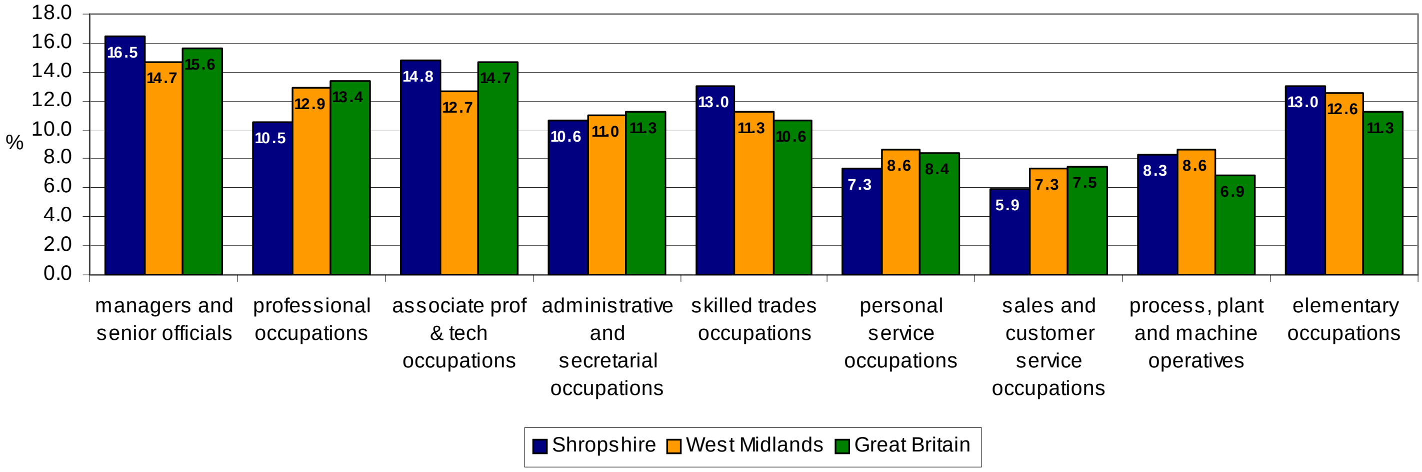


Source: ONS Mid-year population estimates
Note: Working age includes males aged 16-64 and females aged 16-59

- As is typical for a rural area, Shropshire supports a high level of self-employment, especially in the south of the county. In 2009, there were 19,200 self-employed people, which equates to 11.4% of those in employment; this compares to 8.0% in the West Midlands and 9.1% nationally. Above average rates of self-employment to some extent reflects the high number of home-based and micro businesses in the county and is also a reflection of the large number of people working in the agricultural sector. The lack of large employers offering secure long-term employment with clear career progression opportunities also makes self-employment a more attractive option.

- Shropshire's resident profile demonstrates a higher proportion of people in managerial and senior positions than either the West Midlands or the UK, with 16.5% being employed in these occupations in 2009 (year ending June) compared with 14.7% in the West Midlands and 15.6% in the UK. However, a high proportion of Shropshire residents working in these top level positions work outside the county. This suggests a lack of quality managerial positions in the local labour market.

Figure 1.3: Breakdown of Shropshire Resident Employees by Occupation, 2008



Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

- The recession has naturally impacted some occupations more than others. In 2009, the number employed in professional occupations fell substantially. Skilled trades occupations and sales and customer service occupations have also been adversely affected by the economic downturn. In contrast, there has been some upturn in process, plant and machine operatives, administrative and secretarial occupations, elementary occupations as well as personal service occupations over the last year. This has had a knock-on effect on wage levels in the county.

- The type of employment available has a significant impact on wage levels. Shropshire has traditionally been a low wage economy with a dependence on agriculture, the food and drink industry and tourism. These are all low paid industries, which are subject to seasonal fluctuation. Average Shropshire workplace earnings are, therefore, substantially lower than regional or national averages. Earnings stand at £406.40 per week (April 2009) which is 11% lower than West Midlands' workplace earnings of £456.40 per week and 17.1% less than the UK average of £490.20 per week. Although the pay gap had closed between 2002 and 2007, it is now widening again. Shropshire workplace wages are also low in comparison with its statistical neighbours[4].

[4] See glossary for definition of Shropshire's statistical neighbours

Figure 1.4: Median Gross Weekly Workplace Earnings, Shropshire's Statistical Neighbours, 2009

	£ per week
Gloucestershire	468.3
Wiltshire	459.9
Norfolk	445.2
Suffolk	440.3
Dorset	433.8
Worcestershire	432.2
Somerset	430.9
Lincolnshire	418.3
Devon	415.8
Shropshire	**406.4**
Herefordshire	383.3
UK	490.2

Source: Office for National Statistics); Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

- Resident earnings in Shropshire are significantly higher than workplace earnings at £467.80; this compares favourably with regional and national averages (£457.40 and £490.20 respectively). Since 2002, average resident earnings have risen by 27.3% which is slightly higher than regional (25%) and national (25.4%) averages. High levels of out-commuting, particularly amongst those in managerial and professional occupations partly explains this. The differential between resident and workplace wages is considerably higher in Shropshire than in any of its statistical neighbours.

1.5 Skills

- Shropshire has a network of very high performing state and private schools; consequently, educational achievements amongst young people are very high. Results at Key Stage 3, GCSE and A levels all compare very favourably with regional and national averages. For example, 72.4% of Shropshire pupils achieved five or more GCSEs at grades A*-C compared with the national average of 70%.This helps make Shropshire an attractive relocation destination for families with school age children.

- Despite the presence of excellent schools at primary and secondary level, the leakage of students when they reach 16 and move on to further education is high. Few secondary schools have sixth form facilities, although some towns have excellent colleges for 16-18 year olds; however, few colleges offer an extensive range of vocational courses. Overall, the leakage of year 11 pupils to colleges outside Shropshire has risen from 16% in 2004 to 21% in 2009.

- Participation rates in post-16 education, at 87%, are very high in Shropshire, and have risen over the last year. This may have been influenced by a lack of employment opportunities due to the recession.

- The adult population is well educated, with higher than average numbers with NVQ level 4 and above qualifications. However, the gap in qualification and skills attainment between better and poorer performing areas is widening year-on-year, a trend which is exacerbated by the number of NEET (not in employment, education or training) in poorer performing areas. The number of NEETs in Shropshire is, however, very low, even in comparison with our statistical neighbours[4]. This notwithstanding, people with better skills and qualifications are more likely to migrate out of Shropshire to other areas.

- There is no university in Shropshire, and although Higher Education courses are delivered through other educational institutes, young people wishing to attend university generally have to leave the county to attend elsewhere. Students moving away to study often stay away after graduation and this means that there can be a lack of graduates available to the Shropshire labour market. Conversely, a lack of graduate level jobs in Shropshire may discourage graduates from returning. Furthermore, the rural lifestyle that Shropshire has to offer often does not appeal to young people, although many do return to Shropshire when they reach their 30s or 40s.

- There is a discernible skills gap in Shropshire, and many county businesses report difficulties in recruiting staff with appropriate skills. Even though many employers have cut back on recruitment since the onset of recession, skills gaps are still evident, and the availability of appropriately qualified and skilled employees will remain a significant and growing issue as private sector recruitment freezes come to an end.

- The latest NESS survey shows that Shropshire employers are notably less likely to offer training than their regional or national counterparts, with less than a third having a training budget and less than two-thirds offering any form of training. Within the region, only employers in Walsall are less likely to offer training.

Figure 1.5: Training Activity by Local Authority Area, 2009

	% with training plan	% with training budget	% providing any training	% providing off-the-job training	% providing training through FE college
Shropshire	**41**	**32**	**63**	**47**	**21**
West Midlands	45	35	68	51	21
England	43	36	68	51	19

Source: National Employers Skill Survey, 2009

- Across all occupations there will be a growing demand for proficient ICT skills to exploit the potential of new technologies. Interpersonal skills such as communication and customer service will also be important. The skills needs of the land-based sector will also remain vital as this sector will maintain its importance within Shropshire's economy.

1.6 Economic Exclusion

- Shropshire is a relatively affluent area and the high quality of life the county offers is a major reason why people choose to live here. Crime levels are low, anti-social behaviour is limited, and generally speaking, most of the Shropshire population enjoys a high standard of living. However, the comparative affluence of the county does disguise pockets of deprivation where inequalities between different segments of the community are more pronounced. Shropshire's most deprived areas tend to be within urban locations; deprivation does however exist in more rural areas although it tends to be more hidden.

- According to IMD 2007, 2% of Shropshire's population live within the most deprived fifth of areas in England, with Shropshire ranking as the 135th out of 149 most deprived of areas. The four areas which fall into the top fifth most deprived of areas in England are within the former wards of Harlescott, Meole Brace and Monkmoor in Shrewsbury and the former ward of Castle in Oswestry. Of these, Harlescott is the most deprived, being the only Shropshire SOA[5] to rank in the most 10% of deprived areas nationally. The residents living in the most deprived areas are more likely to suffer from socio-economic traits which prevent them from entering into employment.

- One aspect where much of Shropshire is considered to be deprived is in access to services. According to the IMD 2007, 47% of the county's population live in the most deprived of areas in terms of geographical barriers to housing and services. The rural nature of the county means that many residents have to travel much further to access facilities and services than they would do in a more urban area. This can impact on their ability to access either employment or services which enable them to seek employment and puts pressure on the county's transport infrastructure.

1.7 Worklessness

- Although worklessness in Shropshire is clearly not as widespread as it is in many more urban areas, there are some areas where worklessness is significant, affecting more than a quarter of the working age population. Specifically, long term unemployment is a major issue in parts of the former wards of Harlescott, Meole Brace and Sundorne in Shrewsbury and in part of Castle in Oswestry. Overall, a tenth of the working age population in Shropshire is currently claiming work-related benefits. Although this proportion is lower than it is in either the West Midlands or Great Britain, it still amounts to a sizeable 17,070 people (August 2009).

- Worklessness tends to be linked to deprivation, with concentrations of long term unemployment found in the county's most deprived areas. The worklessness rate rises from a county average of 10% to 17.4% in the most deprived areas in the county. A third of all those claiming work-related benefits in August 2009 were living in the most deprived areas in the county.

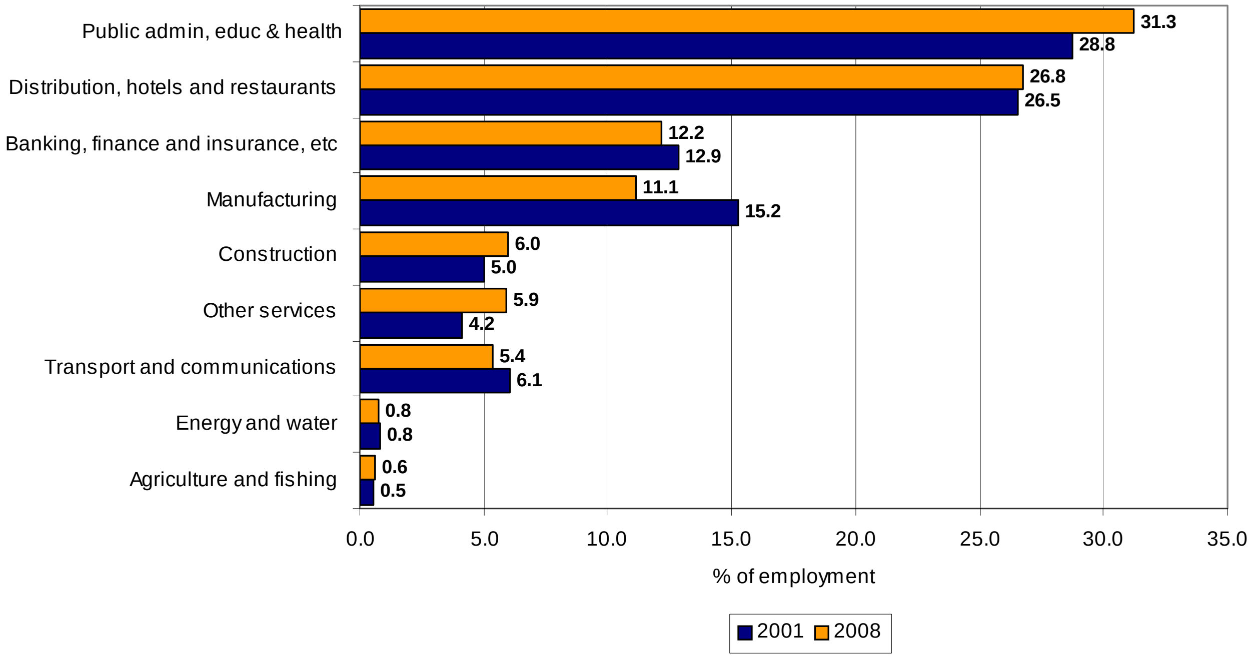
- The level of worklessness increased strongly (+14.4%) in the year to August 2009, primarily due to the global economic downturn and the substantial job losses that have been in evidence. Prior to the recession, the relative stability in the size of the workless population indicates that while the economic impact associated with the long term unemployed may not have been getting substantially worse, it was not substantially improving either. As the county moves out of recession, the challenge will be to ensure that those who have lost their jobs due to the economic downturn find alternative employment rather than joining the ranks of the long-term unemployed.

[5] See glossary for definition

1.8 Business & Enterprise

- The nature of business enterprise in Shropshire reflects its rural character with agriculture, farm diversification and tourism playing an important part and employing significant numbers of people. Although the structure of the economy has changed significantly over the last two decades, with the emphasis increasingly on service industries rather than agriculture and manufacturing, many of Shropshire's key sectors today have their origins in the land.
- Like many other rural economies, Shropshire has a greater than average dependence on public sector employment, which may undermine the overall economic stability of the county once the expected sharp reduction in public sector budgets occurs. At the current time, around one in three workers in Shropshire is employed by the public sector.

Figure 1.6: Breakdown of Shropshire Employment, 2001 & 2008



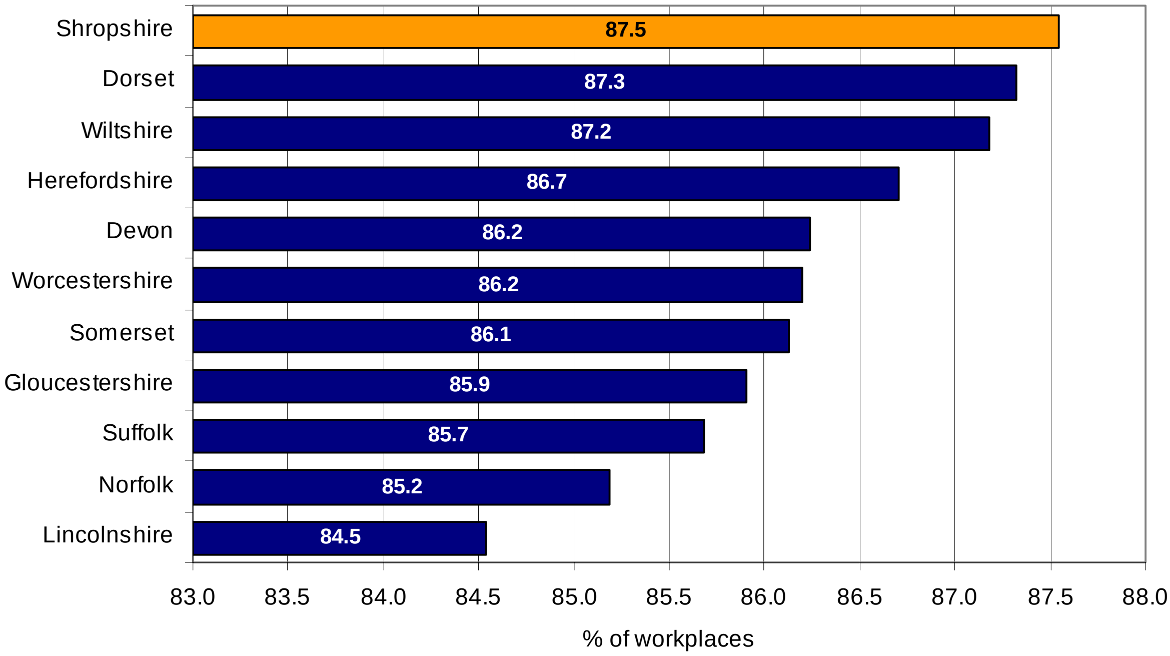
Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010
Note: Excludes farm based agriculture

- Shropshire has several key sector specialisms. The high quality and diversity of local ingredients has given rise to a thriving food and drink industry. The food manufacturing industry currently accounts for more than 3% of total Shropshire employment, and some of the county's key employers operate within this sector. Other key sectors which underpin the overall economy include environmental technologies and creative industries as well as tourism.
- The main employment areas in Shropshire are concentrated in Shrewsbury and the larger market towns, with access to employment a greater issue in more rural locations. An increasing proportion of businesses are now located on the edge of towns, with business parks in particular attracting businesses which might previously have been located in town centres. Substantial investment has been made in the recent past in sites at Battlefield, Emstrey and Oxon in Shrewsbury as well as Tern Valley in Market Drayton and the Ludlow Ecopark. Conversely, there has been limited office development

within the town centres themselves as the historic value of the county and market towns makes it difficult to bring forward any major new developments. However, there has been a trend towards town centre living and the conversion of some former employment sites into housing developments has been forthcoming.

- In terms of number of businesses, Shropshire is primarily a small business economy, although there are some major employers which account for a disproportionately large share of the county workforce. As shown below, 87.5% of all Shropshire businesses employ 10 or fewer, which is a higher percentage than any of its statistical (or regional) neighbours[4].

Figure 1.7: Penetration of Small Businesses, Statistical Neighbours, 2008*



Source: Office of National Statistics, Annual Business Inquiry Crown Copyright 2010
Note: Businesses employing 10 or fewer*

- In some smaller market towns in particular, there is heavy reliance on a small number of large employers, which can mean that the choice of employment opportunities is narrow. It also leaves these towns vulnerable should one of the main employers go out of business or relocate.

- GVA[6] in Shropshire has long since lagged behind its more urban West Midlands' counterparts, primarily due to the county's reliance on agriculture and other industries where the generation of GVA is low. High levels of out-commuting, especially amongst top earners, also suppresses the value of Shropshire GVA. Headline GVA for Shropshire in 2007 at current basic prices stood at £4,099 million while GVA per head of population stood at £14,093. As such, the generation of GVA per capita was 17.3% lower than the regional level (£17,044) and 31% lower than the UK level (£20,430).

[6] See Glossary for definition of GVA

- In terms of per capita GVA, Shropshire also performs poorly in comparison with its statistical neighbours[4]. Only in Gloucestershire does GVA per head approach the national average; however, in all counties except Lincolnshire, GVA per head exceeds that achieved in Shropshire. Growth in per capita GVA was also slower in Shropshire in 2007 than in most of its statistical neighbours, as seen in the table below.

Figure 1.8: GVA per head, Shropshire's Statistical Neighbours, 2007

	Headline GVA per Head	% Growth 2006/07
Gloucestershire	£19,831	+3.5
Suffolk	£17,405	+6.8
Wiltshire	£17,313	+4.3
Somerset	£16,642	+4.5
Worcestershire	£16,047	+3.4
Norfolk	£15,898	+0.5
Devon	£15,242	+4.0
Herefordshire	£15,176	+5.0
Dorset	£14,593	+5.2
Shropshire	**£14,093**	**+3.8**
Lincolnshire	£14,000	+5.0
West Midlands	£17,044	+4.4
UK	£20,430	+4.8

Source: Office for National Statistics, Crown Copyright 2010

- Shropshire has a reputation for its enterprising culture – as well as high levels of self-employment, the number of home-based businesses is also significant, with these making a very valuable contribution to the Shropshire economy. However, the business start up rate[7] in Shropshire is lower than it is in either the West Midlands or Great Britain at 9.1% compared with 10.8% regionally and 11.7% nationally; this is influenced by the already high base level of self-employment within the county. The business closure rate is also lower than regional or national averages (8.1%), which perhaps indicates a superior level of business survival.

- Shropshire has been slow to move towards a knowledge-based economy[8], which in part is due to the legacy of its traditional dependence on agriculture and related sectors and may also be influenced by its relative geographic isolation and lack of a university. In 2008, there were 4,382 businesses in Shropshire which were classified as knowledge intensive, with these employing 34,779 people. Compared with its statistical neighbours, growth in the number of knowledge intensive workplaces in Shropshire has been around average, but the county supports a lower proportion of employment in knowledge based industries.

[7] The number of business start ups as a percentage of the number of active businesses
[8] See glossary for definition of knowledge based economy

Figure 1.9: Penetration of the Knowledge Intensive Sector, 2008

	% of workplaces	% of employment
Gloucestershire	39.0	41.8
Wiltshire	38.5	39.4
Suffolk	35.5	38.0
Norfolk	32.8	36.6
Worcestershire	37.3	36.5
Somerset	33.4	35.9
Dorset	33.5	35.0
Devon	31.4	34.9
Lincolnshire	31.4	34.5
Herefordshire	32.1	34.0
Shropshire	**31.7**	**31.9**
Statistical neighbour average	34.4	36.5
West Midlands	36.0	38.5
Great Britain	38.8	41.0

Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright 2010

1.9 Sustainable Economic Growth, Infrastructure and the Low Carbon Economy

- The relative affluence of Shropshire residents and the attractiveness of the towns and countryside to older in-migrants is reflected in house prices, which are higher than national and regional averages (although notably lower than they are in London and the south east); however, workplace wage levels are lower, resulting in an affordability issue, especially amongst the lower earners. Unaffordable house prices in addition to a lack of smaller dwellings and shared accommodation in some places means that it can be difficult for workers to live close to their place of employment.
- The number of households in Shropshire is forecast to grow faster than the regional average; this will put additional pressure on the housing market and means that substantial housing developments will be needed if there is to be sufficient housing supply to meet demand over the next two decades. Failure to meet this demand would have adverse consequences for housing affordability and for the retention of a viable workforce.
- Efficient transport infrastructure is particularly vital to Shropshire to allow residents to access employment, education and services and to enable customers and suppliers to access businesses. However, this infrastructure is challenging and expensive to provide given the size and rurality of the county.
- Shropshire displays a very strong dependency on car transport, which is typical for a rural area. However, there is growing pressure to reduce the number of car journeys being made in accordance with sustainable development principles. This is especially difficult given limited public transport options in some localities.
- In many parts of the county, especially the rural south, broadband services are slow and unreliable, and in some places, access is not available at all. This is having a very detrimental impact on the ability of businesses in these areas to operate efficiently in today's increasingly technological environment. Shropshire also suffers from an unreliable mobile telecom network – no mobile phone company is currently able to provide a completely comprehensive service across Shropshire. Adequate provision of these

services is particularly important in Shropshire given the large number of rural and home-based businesses.

- There are pockets within the county where the provision of electricity is inadequate to reliably support the manufacturing activity that takes place there. Many parts of the county are not connected to the mains gas supply and consequently rely on alternative sources of energy which are less carbon efficient.

- Climate change is a global issue that could have serious implications for Shropshire given the risk of flooding in parts of the county. This causes significant disruption to people, services and businesses and consequently has a substantial economic impact. In addition, the land-based economy could also be at risk if it is unable to adapt to a changing climate.

- Climate change, the need to adapt and the potential for renewable energy also presents opportunities for the economy.

1.10: A SWOT Analysis for Shropshire

Strengths	Weaknesses
• Shropshire has a strong food and drink sector which takes advantage of the richness and diversity of local produce. • Shropshire has a unique natural and historic environment giving rise to a significant visitor economy. • Shropshire's central geographic location gives relatively easy access to most parts of the country. • The natural environment, along with low levels of deprivation, low crime rates and a low incidence of anti-social behaviour means that Shropshire offers a very high quality of life to most of its residents. • Shropshire displays a strong enterprising culture with a high level of self-employment and home working, comparatively high business survival rates and a strong sense of resilience in the face of recession. • Shrewsbury and the market towns are vital to the vibrancy of the county, acting as important employment and service centres for the local population and representing a vital element of the tourism offer. • Shropshire benefits from excellent schools and educational achievements are notably superior to the regional average. • Shropshire offers value for money as a location to do business, with reasonably priced high spec premises and, in most sectors, reduced recruitment costs due to low staff turnover.	• There is a lack of employment and leisure opportunities for young people in the county which contributes to a high level of out-migration. • There is a lack of direct Higher Education provision which leads to a shortage of easy to recruit graduates and makes it more challenging for local businesses to collaborate on innovation initiatives with HE establishments. • Awareness of Shropshire generally tends to be low, and the county does not have a strong profile as a business location. • Given the rural nature of the county, service provision can be challenging and expensive. • Broadband connections and speed are inadequate in some areas and there is a lack of a universal mobile phone network. • There are geographic pockets where the electricity and gas supply is inadequate. • Although lower than the regional average, the skills gap in Shropshire is still considerable and likely to widen as the economy moves into higher value added sectors. • Shropshire has been comparatively slow to move towards a knowledge-intensive economy and a disproportionately small number of the Shropshire workforce is employed in this sector.

Opportunities	Threats
• A number of sectors offer significant growth potential for Shropshire; these include high tech manufacturing, care/assisted living, environmental technologies and creative industries. • There is the opportunity to further exploit the county's strength in food and drink, especially in view of assets such as the Food Enterprise Centre and the Regional Food Academy and greater awareness of food security issues. • The county's tourism and leisure potential could be further exploited by extending the holiday season, encouraging visitors to stay longer and spend more and by developing more niche markets to widen Shropshire's appeal. • The 2012 Olympic and Paralympic Games offers considerable potential not just from the tourism perspective but also from the contract opportunities which are available to local businesses. • The future investment potential in Shrewsbury is considerable, particularly in view of the county town's status as a Growth Point. • Shropshire's strong business networks will offer notable opportunities for collaborative development into the future – the opportunities afforded by METNET in particular will be considerable. • Opportunities relating to new employment land and premises in Shrewsbury and in the market towns will arise. • Improvements in transport infrastructure, including more frequent rail links to London and the possibility of road improvements (eg NWRR and the M54/M6 link) will further improve Shropshire's accessibility. • Improved inward investment opportunities, especially cross-border investment from Wales and the North West need to be exploited. • The transition towards a low carbon economy, whilst challenging, also offers considerable opportunity for Shropshire businesses.	• Shropshire has a rapidly reducing working age population, which could adversely affect the county's wealth-generating capabilities in the future. • The expected public sector budget reduction could result in substantial job losses and will also impact on the number and magnitude of public sector contracts with the private sector. • The possibility of major businesses relocating out of the county is a real threat in some towns, due to the substantial impact it would have on the local job market. • Climate change and its potential effect on flooding could have a major impact on Shropshire, given the high proportion of the county which is on the flood plain. • There is a lack of readily available employment sites in some areas which may stifle economic growth. • Some towns are in danger of becoming dormitories as levels of self-containment decrease. • The forthcoming Strategic Defence Review could potentially have a notable impact on Shropshire's military bases. • The Shropshire economy is over-reliant on sectors which are forecast to decline in the future.

2 Introduction

The need for an in-depth understanding of the local economy has become even more acute since the onset of the economic downturn as we endeavour to help our businesses out of recession. Looking to the future, as public sector budgets decrease, a comprehensive and robust diagnosis of local economic conditions will be vital to ensure that local authority and partner interventions are planned and delivered as effectively as possible to produce the best possible benefits for the businesses and residents of Shropshire.

Consequently, this assessment of the Shropshire economy intends to:

- Provide a sound understanding of the economic conditions in the area and how they affect residents and businesses.
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities.
- Identify the local economic geography, including the economic linkages between the area being assessed and the wider economy.
- Identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth.

The assessment will be used to inform future strategies and policies, including:

- Local Development Framework
- Local Transport Plan
- Housing Market Assessment
- Economic Strategy
- Sustainable Community Strategy
- Shropshire Regeneration Framework

It will also determine future priorities for local economic development and should underpin the three Community Strategy priorities, which are as follows:

- Enterprise and growth, with strong market towns and rebalanced rural settlements
- Responding to climate change and enhancing our natural and built environment
- Healthy, safe and confident people and communities

3 Shropshire's Geography

Key Issues

- Shropshire is one of the most sparsely populated counties in England, which can make it more challenging to provide cost-effective services to local residents. In this respect, Shropshire has much in common with its southern neighbour Herefordshire.

- Shrewsbury and Shropshire's market towns are vital engines of economic prosperity but a balance needs to be struck between achieving economic growth and retaining their inherent attractiveness and securing sustainable rural communities.

Do you agree that these are the main economic issues relating to Shropshire geography?

3.1 Size and Population Density

Shropshire is located in the West Midlands and covers an area of 319,730 hectares, which makes it the largest inland county in the country. Shropshire shares borders not only with four of its West Midlands' neighbours – Staffordshire, Telford and Wrekin, Herefordshire and Worcestershire, but with the North West county of Cheshire and with Wales as well.

Shropshire has a population of 292,800[1], which is the equivalent of just 0.92 persons per hectare. As such, Shropshire is one of the most sparsely populated counties in the country - the population density in the West Midlands stands at 4.19 persons per hectare (3.94 persons per hectare in England).The south of the county in particular is very sparsely populated, falling as low as 0.42 persons per hectare in places. The dispersal of the population and the lack of sizeable population clusters outside the major towns and service centres can present challenges when it comes to cost-effective service delivery.

Figure 3.1: Statistical Neighbours – Size, Population and Population Density, 2008

	Size in hectares	2008 Population	Population Density Persons per Hectare
Worcestershire	174,051	557,600	3.20
Gloucestershire	270,454	582,600	2.15
Suffolk	385,359	717,700	1.86
Norfolk	549,834	850,800	1.55
Somerset	351,392	525,800	1.50
Wiltshire	325,534	455,500	1.40
Dorset	297,293	407,800	1.37
Devon	663,166	754,700	1.14
Lincolnshire	610,260	698,000	1.14
Shropshire	**319,730**	**292,800**	**0.92**
Herefordshire	217,973	179,300	0.82

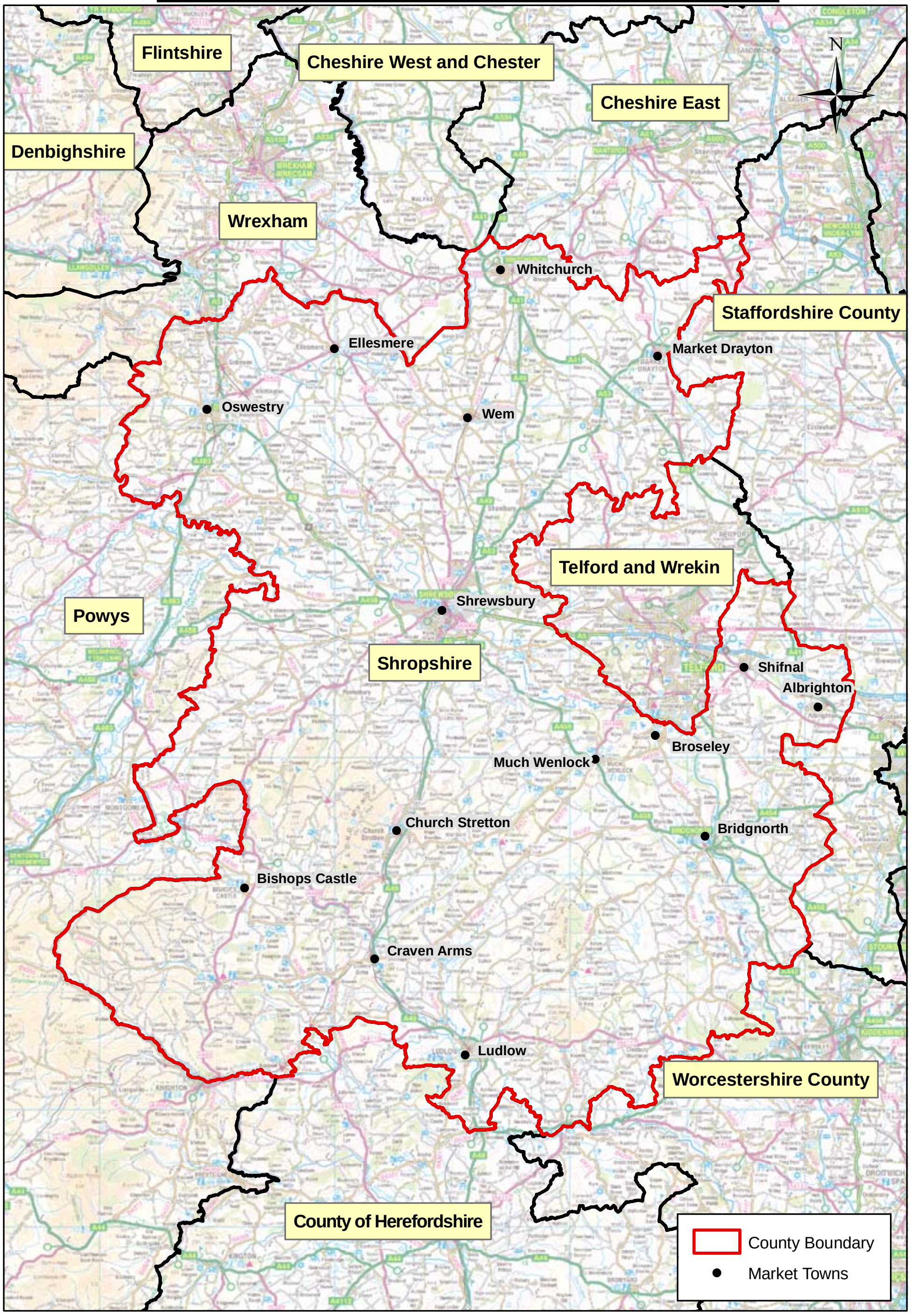
Source: 2008 Mid Year Estimates, Office for National Statistics 2010, Crown Copyright 2010

[1] Mid-year population estimate

The table above shows how Shropshire compares to its statistical neighbours[2] in terms of population density. Only Herefordshire is more sparsely populated than Shropshire with a density of 0.82 persons per hectare. Worcestershire is the most densely populated with 3.20 persons per hectare.

The rural nature of the county is reflected in the fact that 36% of the Shropshire population live in villages, hamlets and the countryside. A similar proportion lives in market towns or key service centres. Despite this rurality, parts of Shropshire are more urban, with 28% of the population living in the county town of Shrewsbury.

Figure 3.2: Shropshire and Neighbouring Authorities



[2] See glossary for definition of statistical neighbours

3.1.1 Shrewsbury – Shropshire's County Town

Shrewsbury has a population of 67,142[1] and is a key employment, cultural and shopping centre for Shropshire and mid Wales. It is ranked amongst the top ten retail centres in the West Midlands, generating comparison retail spend of £399 million in 2007.

Figure 3.3: 2007 Retail Centre Rankings

Ranking	Town	Comparison Spend £ million
1	Birmingham Central	1,417
2	Merry Hill	841
3	Stoke-on-Trent	646
4	Coventry	645
5	Wolverhampton	569
6	Walsall	492
7	Solihull	450
8	Worcester	440
9	**Shrewsbury**	**399**
10	Burton-upon-Trent	373

Source: Experian, 2007

Shrewsbury is identified as a Settlement of Significant Development[3] for Shropshire, and as such is the preferred location for all major retail, office and other employment related development as well as housing infrastructure development for the future. The town's status as Growth Point[4] and Impact Investment Location[5] will also ensure that Shrewsbury is the focus of considerable investment in the short and medium term. Achieving Growth Point status has secured Government funding of £5 million for infrastructure projects which will help to develop the town. Growth Point will deliver approximately 6,500 additional homes by 2026, including the delivery of 100 affordable homes each year as well as up to 90 hectares of employment land plus 20,000m^2 of gross office floor space and 80,000m^2 of gross comparison retail space to 2026.

3.1.2 Shropshire's Market Towns

Shropshire's historic market towns also provide a range of local shops and services for their resident communities and large hinterlands. Shropshire has five large main market towns, with Oswestry, Market Drayton and Whitchurch in the north and Bridgnorth and Ludlow in the south.

Oswestry is the largest main town in Shropshire (other than Shrewsbury) with a population of 16,984[1]. It is located in the north west of the county close to the border with Wales. The nearest large settlements are Shrewsbury to the south and Wrexham and Chester to the north. Oswestry has good road links to these centres via the A5/A483. Smaller settlements within close proximity to Oswestry include the local centres Gobowen, St Martins and Whittington and the market town of Ellesmere. Oswestry is an important service centre to a wide rural hinterland, including parts of Wales. It is also the principal employment, commercial and administrative centre in the north west of the county.

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[3] For definition of Settlement of Significant Development see glossary
[4] For definition of Growth Point see glossary
[5] For definition of Impact Investment Location see glossary

Bridgnorth is located in the east of the county and acts as a key service centre not just for the town, but for a sizeable hinterland as well. It is the third largest settlement and the second largest market town in Shropshire with a population of 11,652[1]. Bridgnorth is less than 15 miles from Telford to the north and Wolverhampton to the east and is also within relatively easy commuting distance of Shrewsbury, Kidderminster and the Black Country.

Market Drayton is located in the north east of Shropshire on the northern side of the River Tern close to the Staffordshire border. It is less than 10 miles from Whitchurch as the crow flies, and is also within easy access of Newcastle under Lyme and Stafford. It is the third largest market town in Shropshire with a population of 11,147[1]. Like the other main towns in the county, Market Drayton serves a sizeable hinterland as well as its own resident population.

Ludlow is located in the south of Shropshire close to the Herefordshire border. It is situated between Shrewsbury and Hereford on the A49, and is around 25 miles from each town. It is the fourth largest market town in Shropshire with a population of 10,405[1]. Ludlow has an historic centre and is an important tourism destination.

Whitchurch is located in the north of Shropshire close to the Cheshire and Wrexham boundaries on the A49. The nearest large settlements are Wrexham and Chester to the north and Shrewsbury to the south. Whitchurch is within close proximity to Market Drayton and the Cheshire market town Nantwich. It is the fifth largest market town in Shropshire with a population of 9,379[1].

Other Shropshire market towns and key service centres include: Ellesmere, Wem, Church Stretton, Craven Arms, Bishop’s Castle, Much Wenlock, Shifnal, Broseley and Albrighton.

3.2 Shropshire's Economic Geography

Key Issues

- As the largest inland county in England, Shropshire shares its border with Wales as well as with five English counties/unitary authorities. This means that its economic geography is complex, with economic flows and linkages operating in all directions.

- Shropshire has a job deficit, with the number of resident workers currently exceeding the number of jobs by 8,400. Consequently a significant proportion of resident workers travel outside the county to work. Around a quarter of the county workforce is employed outside Shropshire; a lack of self-containment, therefore, is an important issue for much of Shropshire.

Do you agree that these are the main economic issues relating to Shropshire's Economic Geography?

Shropshire's geographic positioning means that its economic geography is complex. In particular, Shropshire has strong links with the neighbouring unitary council area, Telford and Wrekin, especially for employment, with significant numbers of workers travelling between the two local authority areas for work. The eastern part of Shropshire also has strong connections with the West Midlands conurbation. Parts of northern Shropshire have strong links with the Potteries and with towns in south Cheshire, and are also influenced by Merseyside and Manchester. Oswestry, the second largest town in Shropshire, has strong links with adjacent areas within Wales, with strong linkages with Wrexham, for retail, employment and other services. The southern and western parts of the county are generally more remote and self contained, although there are clear links with Herefordshire and, to a lesser extent, Worcestershire. Demographically, Shropshire - especially the southern areas - has much in common with Herefordshire.

As such, therefore, Shropshire does not operate as an isolated economic entity, and has strong ties to the north, south, east and west. There are distinct geographies in each direction according to:

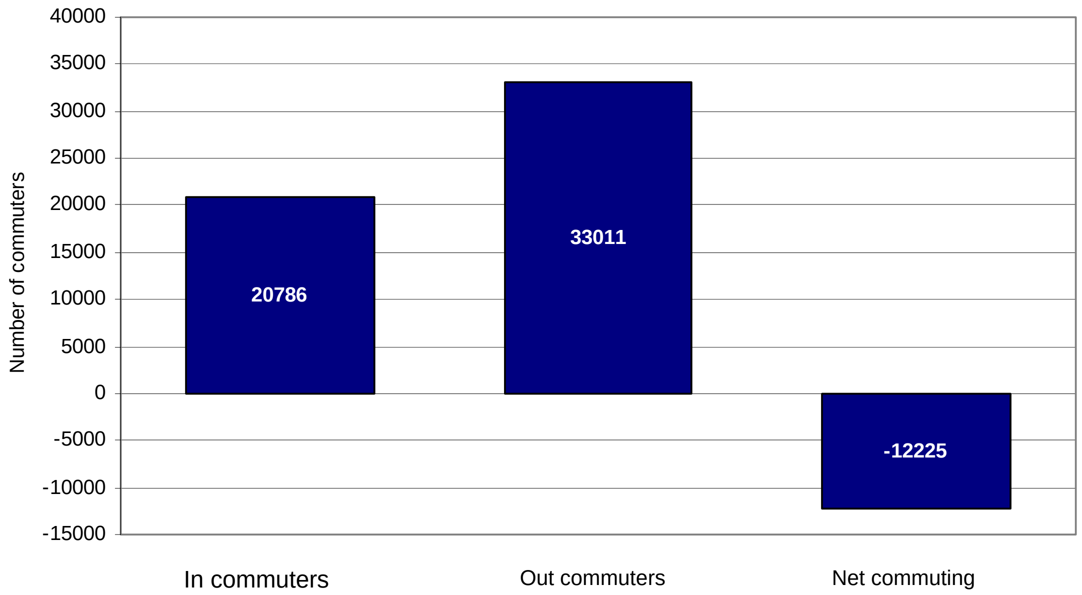
- Employment and travel to work
- Education and travel to learn
- Retail, leisure and other services
- Business supply chains and markets

3.2.1 Employment and Travel to Work

Local economies which have a greater propensity for self-containment tend to be more robust as they are less likely to experience significant levels of retail expenditure leakage and are more likely to supply appropriate infrastructure and housing to satisfy the demands of the local workforce. However, there is no doubt that levels of commuting have increased considerably over the last couple of decades as car ownership has risen and transport infrastructure has been improved. As a result of this, most areas have become less, rather than more, self-contained. In 2001, 53,797 workers commuted into or out of Shropshire, of which 20,786 travelled into the county and 33,011 travelled out of the county; net commuting therefore stood at -12,225 in this year. Consequently, Shropshire is heavily reliant on jobs outside the county to support the resident workforce, with almost a quarter of resident workers (24.4%) employed outside the county. Meanwhile, 16.9% of county jobs were occupied by non-county residents in this year.

It should be noted that the only reliable data available on commuting patterns and self-containment relates to the last census (2001) and that patterns may have changed over the last decade and especially since the economic downturn as local residents have been forced to travel further to access employment.

Figure 3.4: Levels of Commuting in Shropshire, 2001



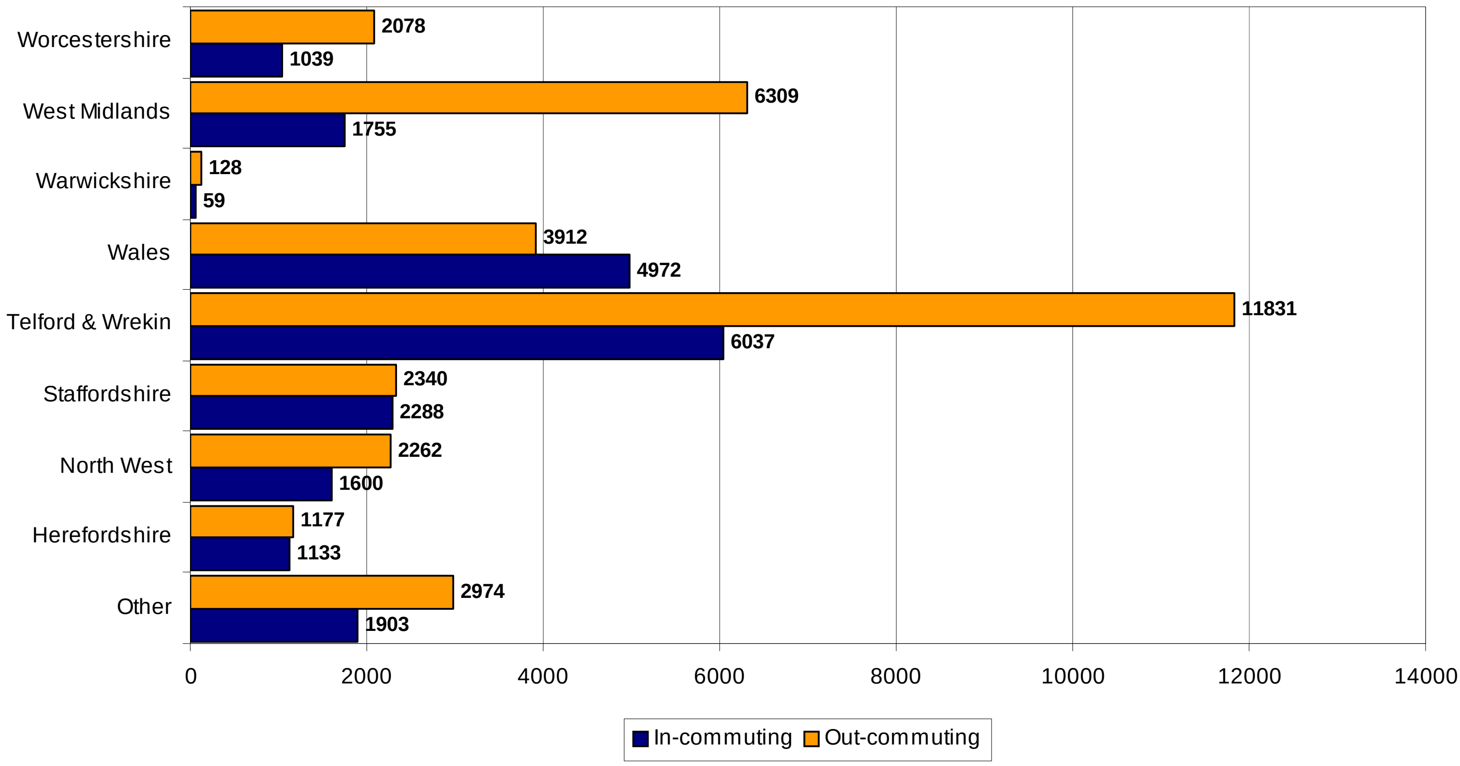
Source: 2001 Census Special Workplace Statistics (SWS207). Crown Copyright. 2010

Levels of commuting vary considerably across the county, with Bridgnorth in particular supporting especially high numbers of out-commuters. The proximity and influence of the West Midlands' conurbation mean that significant numbers of Bridgnorth residents work in the Black County, particularly in Wolverhampton, Dudley and Sandwell. The numbers travelling to Telford, Shrewsbury, Wyre Forest (Kidderminster) and South Staffordshire are also sizeable. Reasons for low levels of self-containment in Bridgnorth are twofold – firstly, a lack of local jobs means that residents are forced to seek employment further afield. Secondly, the high quality of life on offer in Shropshire means that many people offered jobs outside the county prefer to reside in Shropshire and commute out rather than live closer to their place of employment. Bridgnorth is ideally located for this.

Levels of commuting in the south of Shropshire are lower, although cross border commuting between Herefordshire and Shropshire is in evidence. A high level of employment in agriculture as well as significant levels of home working in the south of the county boosts levels of self-containment. However, it should be noted that accessibility and job opportunities may also influence the level of home working in more rural locations.

The following graph shows the important relationship between Shropshire and several of its neighbours. The links between Shropshire and Telford and Wrekin are self-evident, with 17,868 people travelling between the two destinations for work purposes in 2001. Although Telford is undoubtedly a very important source of jobs for Shropshire residents, more Telford residents work in Shropshire than residents in any of the other neighbouring counties. Naturally the links between Shropshire and Telford and Wrekin are most acute in Bridgnorth and Shrewsbury and are much weaker in Oswestry and the extreme south of the county. Links with Wales are important, both in terms of in-commuting and out-commuting, especially with Oswestry and the Welsh border areas in the west and south of the county. More workers commute from Shropshire to the West Midlands, Worcestershire and the North West than vice versa, with Herefordshire and Staffordshire both supplying and receiving roughly equal numbers of in and out commuters.

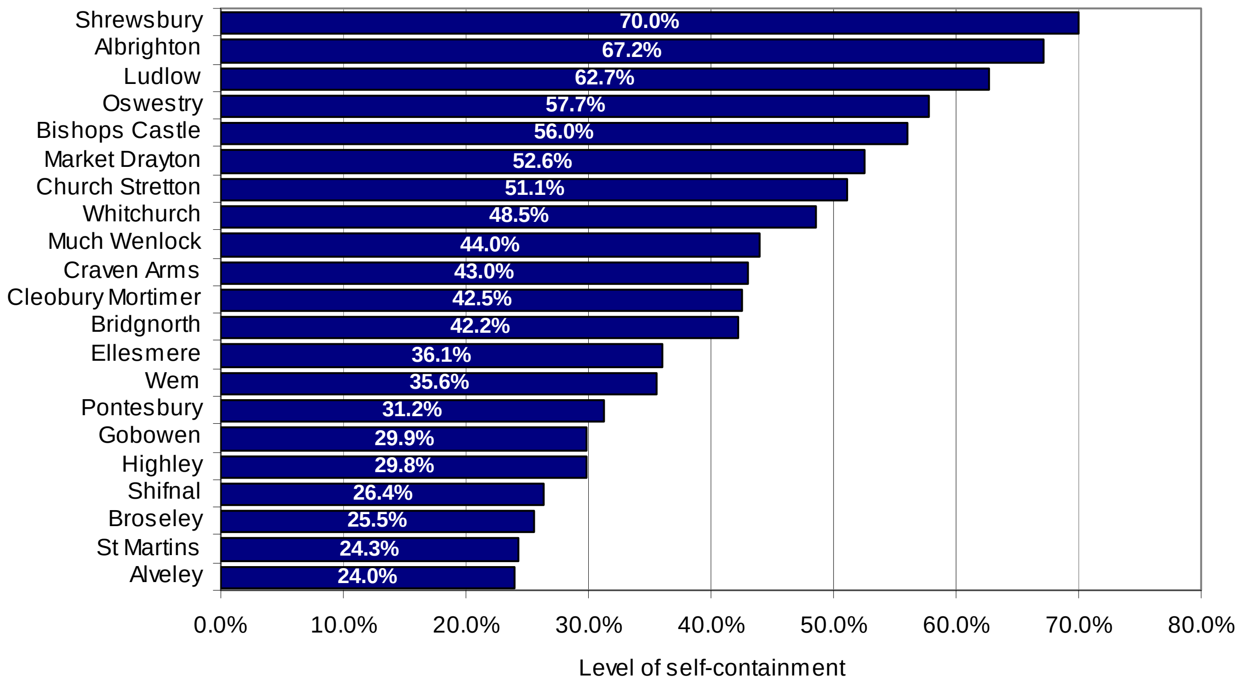
Figure 3.5: In-Commuting by Place of Residence and Out-Commuting by Area of Workplace to/from Shropshire, 2001



Source: 2001 Census Special Workplace Statistics (SWS207). Crown Copyright. 2010

Looking specifically at levels of self-containment in Shrewsbury and Shropshire's key market towns and service centres, it is clear that some settlements are significantly less self-contained than others. Naturally, larger towns tend to offer a broader range of job opportunities and as such, self-containment is higher. Shrewsbury, with its relatively wide range and availability of jobs, is the most self contained town in the county (70% of resident workers working in the town in 2001), with Albrighton – including the RAF base at Cosford - (67.2%) and Ludlow (62.7%) having the next highest levels of self containment. In contrast, in the smaller settlements of Alveley and St Martins less than a quarter of resident workers are employed locally.

Figure 3.6: Levels of Self-Containment by Town, 2001



Source: 2001 Census Special Workplace Statistics (SWS207). Crown Copyright. 2010

It is likely that the increasing mobility of workers has meant that the majority of towns in Shropshire have become less self contained over the past few decades. Diminishing levels of self-containment could have serious implications for the future viability of towns where the number of residents employed locally is falling. In particular towns located towards the county's borders, and especially those in the east of Shropshire, are in danger of becoming dormitories.

3.2.2 Commuting Patterns amongst Higher Earners

Commuting patterns tend to be very different for different occupational groups. Lower grade jobs are generally filled by more local workers, although the proximity to the county borders of most of Shropshire's market towns means that the largest employers located in these towns rely on out-of-county workers to meet their labour force requirements.

Those employed in managerial of professional occupations are generally prepared to travel much further to access appropriate employment, with journey times of an hour or more not unusual. Looking specifically at the southern part of the county, the economic linkage is stronger with Shrewsbury than it is with Hereford.

3.2.3 Education and Travel to Learn

Students tend to have to travel further to learn the higher up the educational ladder they go. At primary school age, the majority of children attend local in-county schools, and even at secondary level, most attend Shropshire establishments, although the leakage of students out of county is higher (21% of year 11 students were studying out of county in 2009). As Shropshire does not benefit directly from the presence of a university, local students do attend nearby HE colleges (including Harper Adams and the University of Wolverhampton) although even more move away from home to study elsewhere.

For more information on travel to learn, please see Skills section on p50.

3.2.4 Retail, Leisure and other Services

In terms of access to convenience retail opportunities, Shropshire is relatively well served; as a rural county, much of the population has to travel further than their more urban counterpart to their nearest supermarket, but notwithstanding this, 61.2% of the population is within 2km of a supermarket (compared with 87% of the population in England). 6% of the population is more than 10km from a supermarket. Much of the population lives much further from major shopping centres which offer a wide range of comparison goods. Although this (in addition to high levels of out-commuting) perhaps means that retail expenditure leakage is comparatively high, Shrewsbury is nonetheless a strongly performing retail and service centre serving not only Shropshire but parts of Telford and Wrekin and Mid-Wales. According to Experian data, Shrewsbury is one of the top 10 retail centres in the West Midlands. Conversely, Telford town centre is also an important shopping destination for Shropshire residents and is the main beneficiary of leaked retail spend. Whilst Shrewsbury has a reputation for independent retailers, Telford shopping centre comprises predominantly chain stores and as such the two locations act as complementary shopping destinations. The largest towns in the north of the county are Oswestry, Whitchurch and Market Drayton. Oswestry acts as a commercial and administrative centre, serving a much wider area extending into Wales. South Shropshire, however, has extremely strong links with Herefordshire for retail.

In terms of the night-time and leisure economy, Shrewsbury is the major hub for Shropshire, with a concentration of pubs and restaurants, a cinema complex, bowling centre and nightclubs attracting people from across the county. Restaurants and public houses are found across the county, with 87.8% of the population living within 2km of a public house; however, a significant number of pubs have closed in Shropshire in the recent past as they have elsewhere in the country meaning that rural residents are becoming increasingly dependent on towns for social activities.

Bridgnorth is less self-contained than other Shropshire market towns in respect of the retail and leisure market, and has extremely strong links with both Telford and Wolverhampton, with the latter in particular representing an important entertainment and leisure centre for Bridgnorth residents.

3.2.5 Businesses

Businesses do not tend to be boundary conscious and most operate to some extent outside the county in terms of either the geographic extent of their customer base and/or the geographic positioning of suppliers. Most of Shropshire's main employers – especially those in the manufacturing sector - operate on a national, if not international basis, and the use of ICT means that even for small professional services businesses it is as easy to operate globally as it is locally. This notwithstanding, Shropshire's geographic position is seen as a key advantage to many of the county's businesses[1] as it offers relatively easy access via major trunk roads and motorways to most parts of the country.

Looking specifically at some of Shropshire's key business sectors, it is clear that clusters of similar businesses have developed across county boundaries. The links with Telford and Wrekin and Herefordshire within the food and drink industry are apparent. Likewise, the Shropshire tourism offer is intrinsically linked with its neighbours.

[1] Spotlight on Shropshire event

4 People and Communities

4.1 Demographics

Key Issues

- Shropshire has a rapidly ageing population caused both by the in-migration of older generations relocating to the countryside to retire due to the perceived better quality of life the county has to offer and by the out-migration of young people. An overall improvement in life expectancy is also affecting the age profile of the local population. Latest population projections suggest that approaching a third of county residents will be aged 65 or over by 2031, which is significantly above national and regional averages.

- More young people aged 16-24 migrate out of the county than migrate in and consequently the proportion of the Shropshire population in this age bracket is in decline. As a rural economy, it is difficult to encourage young people to stay locally, with many seeking educational, employment and travel opportunities elsewhere.

Do you agree that these are the main economic issues relating to Shropshire's demography?

4.1.1 Current Population

The total Shropshire population stood at 292,800 in 2008[1], of which 144,600 (49.4%) were men and 148,300 (50.6%) were women.

Figure 4.1: Population by Age Group in Shropshire, 2008

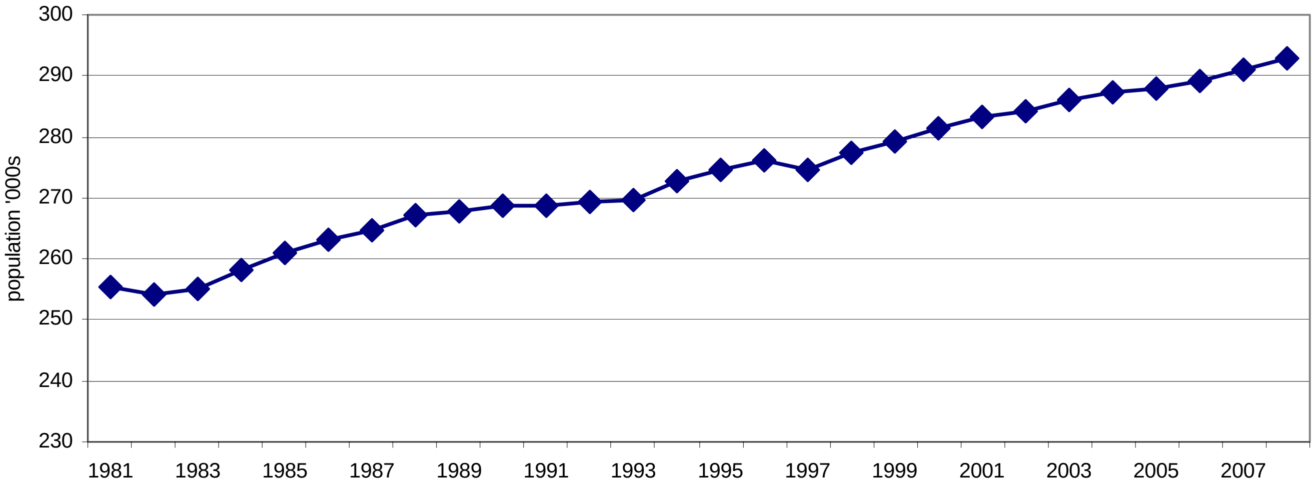
Age	Total Population		Male		Females	
	Total	% of Total	Total	% of Total	Total	% of Total
0-4	14,800	5.0%	7,500	5.2%	7,300	4.9%
5-10	19,000	6.4%	9,600	6.5%	9,400	6.4%
11-15	18,500	6.3%	9,800	6.7%	8,800	5.9%
16-29	43,300	14.8%	22,900	16.3%	19,800	13.4%
30-44	55,200	18.9%	27,200	18.8%	28,100	18.9%
45-Retirement Age	71,900	25.6%	41,000	28.3%	31,000	20.9%
Retirement Age-74	42,300	14.4%	14,900	10.3%	27,300	18.4%
75+	47,900	9.5%	11,200	7.8%	16,700	11.2%
All ages	292,800	100%	144,600	100%	148,300	100%

Source: 2008 Mid-Year Population Estimates, Office for National Statistics, Crown Copyright 2008

The Shropshire population has expanded steadily over the last three decades, rising by 14.7% from 255,300 in 1981 – this equates to an additional 37,500 people. The dip in population towards the end of the 1990s, as seen in the graph overleaf, is attributable to movement in the armed forces.

[1] Mid year population estimates

Figure 4.2: Population Growth in Shropshire, 1981-2008



Source: 2008 Mid-Year Population Estimates, Office for National Statistics, Crown Copyright 2010

4.1.2 Age Structure

Almost a fifth of Shropshire residents (19.4%) are aged 65 and over. This compares with 16.6% in the West Midlands and 16.1% nationally. Although the national population generally is ageing, the demographic shift has been more rapid in Shropshire, with the number of people of retirement age having increased by 26.6% since 1991 compared with the 9.3% rise that has occurred nationally. The out-migration of young people and the in-migration of people wishing to retire in Shropshire have both contributed to this, as has the higher life expectancy that is a national trend. Increased numbers of older people is also being influenced by the "baby boomer" generation reaching retirement.

The south of the county in particular supports a very high retirement age population, with 22.4% aged 65 and over. As such this area has much in common with its southern neighbour, Herefordshire, where 21% of the population is aged 65 and above. There are several "retirement pockets" in Shropshire, where more than a third of the population are of retirement age. Church Stretton, for example, has a reputation as a retirement town.

A population comprising above average numbers of older people has a significant impact on the economy as the correspondingly smaller working age population has less wealth generating capabilities. It can also put pressure on public services such as healthcare, while the presence of fewer young people can undermine the viability of other services such as schools and crèches.

Looking to the future, the rapidly expanding older population in the county will place increasing pressure on those of working age to provide for the inactive population. Healthy life expectancy (the number of years an individual can expect to live without significant health problems) is expected to increase, but less rapidly than life expectancy generally, which means that the number of elderly people with health problems will grow. This will add to the pressure on a variety of services, but especially healthcare. Higher healthy life expectancy will also lead to greater numbers of healthy people in older age groups, and this will generate different demands for services and activities in retirement. In the coming years a greater number of older people are expected to live independently for longer which will lead to greater demand for housing, including sheltered accommodation and modified housing.

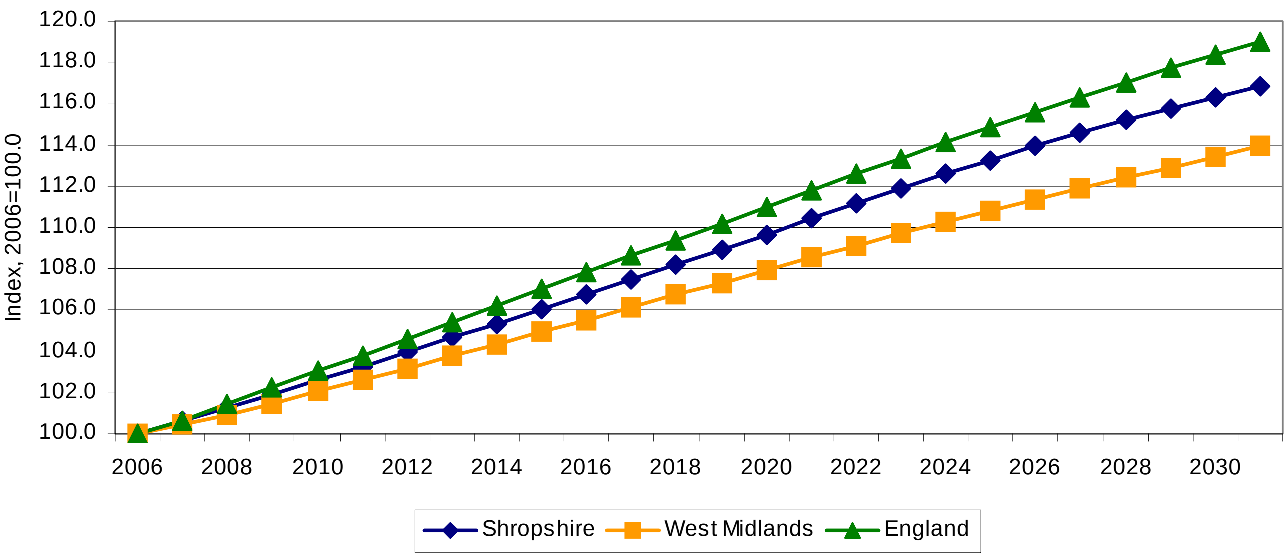
Despite these issues, an ageing population can also bring benefits to the local economy. In Shropshire, particularly in the south of the county, the older population is a relatively affluent one, with the "grey pound" making a valuable contribution to the economy. Older people also tend to be more active in their local communities than their younger counterparts, with the voluntary sector an important economic contributor.

In addition, there are a number of employment opportunities associated with an ageing population, especially in the care sector, although these jobs tend to be low paid. As the population in Shropshire grows older, the care sector is expected to assume even greater economic significance.

4.1.3 Population Growth Projections

The latest population projections[2] for Shropshire suggest significant overall population growth, at 16.9% until 2031, which will take the Shropshire population to a projected 338,100. Highest population growth is expected in the north of the county, with growth in the central area especially much more muted. Population growth within Shropshire is expected to exceed population growth in the West Midlands (+13.9% to 2031) but will lag behind national population growth (+19.0% to 2031).
The expanding population within the county has serious implications for environmental sustainability, not least because the higher number of people will increase pressure on infrastructure and increase demand for energy, water, housing, food and waste services.

Figure 4.3: Projected Total Population Growth, 2006-2031



Source: Mid-year population estimates 1991-2006 and 2006 based sub-national projections, Office for National Statistics (ONS), Crown Copyright 2010

Over the next 20-25 years, growth in the Shropshire population will be largely sustained by growth in older age groups, with the aged 65 and over age band projected to expand by 85.7% between 2006 and 2031. In this respect, growth will be discernibly more rapid in Shropshire than in either the West Midlands or England, where this age band is expected to expand by 56.5% and 62.5% respectively.

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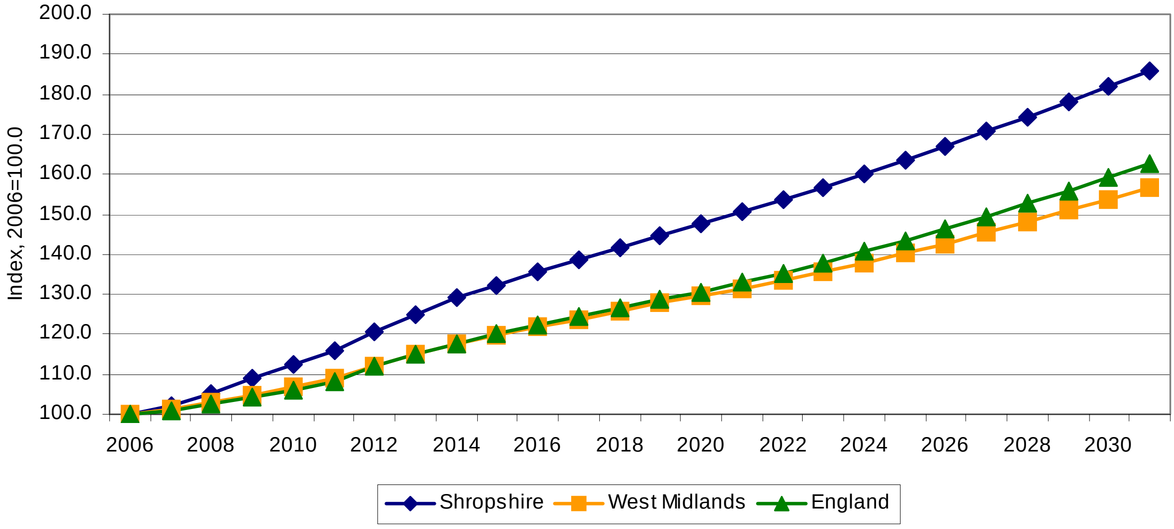
[2] 2006 sub-national projections

Growth in the over 85s age bracket will be particularly high, with the number almost trebling in Shropshire from 7,000 to 20,600 by 2031 (+194.3%). This compares with growth of 138.4% and 128.8% in the West Midlands and England respectively.

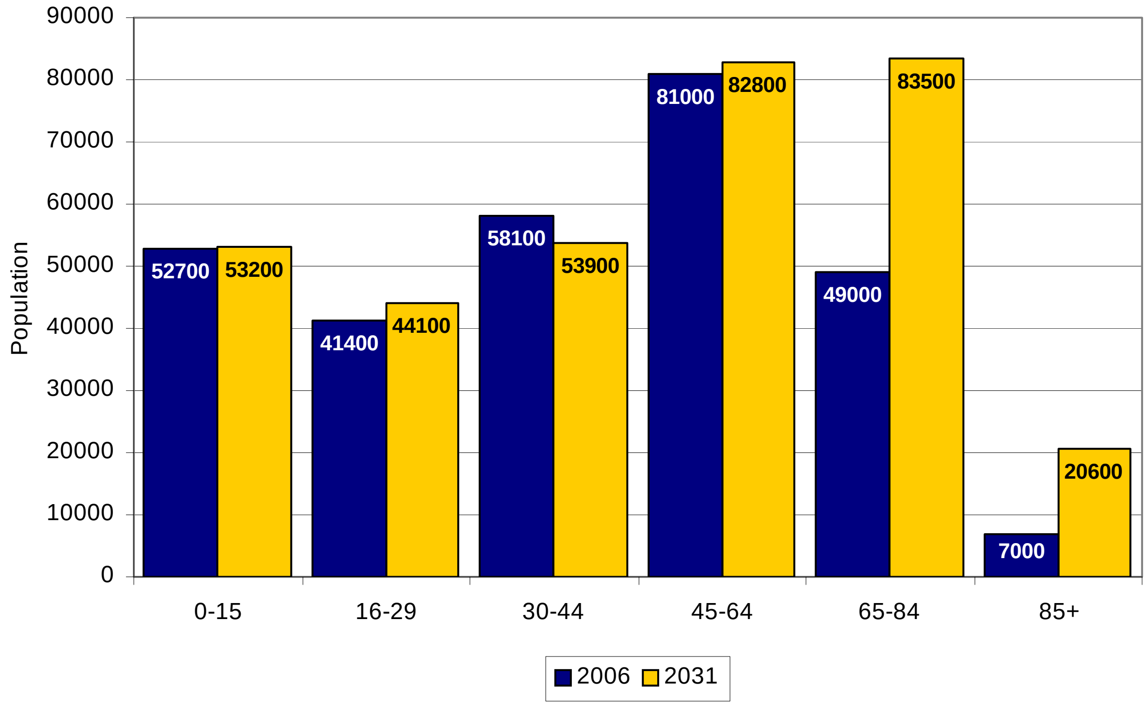
Figure 4.4: Projected Population Growth Aged 65 and Over, 2006-2031



Source: Mid-year population estimates 1991-2006 and 2006 based sub-national projections, Office for National Statistics (ONS), Crown Copyright

The graph following illustrates the extent to which the population will become skewed towards older age bands by 2031. By 2031, more than half of the population will be over the age of 45 (55.3%), with a very significant 30.8% aged over 65. Meanwhile, the population of traditional working age – between 16 years and 64 years – will remain largely unchanged (+0.2%). The national and regional populations are also expected to age, but less rapidly than in Shropshire.

Figure 4.5: Breakdown of the Shropshire Population, 2006 & 2031



Source: Mid-year population estimates 1991-2006 and 2006 based sub-national projections, Office for National Statistics (ONS), Crown Copyright 2010

An ageing population is to some extent symptomatic of a rural area, and as shown in the table below, the age profile of Shropshire's statistical neighbours[3] will be likewise skewed towards older age brackets in future years. However, with the exception of Dorset and Herefordshire, over 65s and over 85s will account for a higher proportion of the overall population in Shropshire than is the case elsewhere.

Figure 4.6: Ageing Population: Shropshire in Comparison with its Statistical Neighbours, 2031

	% 65 and over	% 85 and over
Dorset	34.8	7.1
Herefordshire	32.9	6.6
Shropshire	**30.8**	**6.1**
Somerset	28.9	5.7
Devon	27.9	5.5
Lincolnshire	29.1	5.4
Norfolk	28.0	5.4
Worcestershire	27.1	5.4
Wiltshire	26.5	5.2
Gloucestershire	26.6	5.2
Suffolk	26.7	5.0

Source: Mid-year population estimates 1991-2006 and 2006 based sub-national projections, Office for National Statistics (ONS), Crown Copyright 2010

[3] See glossary for definition of statistical neighbours

4.1.4 Migration

Since 1991 population growth in Shropshire has been attributable to migration into the area rather than natural change since the death rate has been higher than the birth rate. In 2007/08 there were 2,980 births in the county compared with 3,107 deaths. Migration into Shropshire, which includes the movement of armed forces personnel and their families, comes mainly from neighbouring areas such as Wales, Cheshire, Wolverhampton, Herefordshire and Staffordshire. However, there are also small numbers of immigrants from overseas, primarily Eastern Europe. Overall, 11,050 migrants moved to the county in 2007/08 compared with 9,400 who moved out. The recent announcement by the new Government of the Strategic Defence Review may affect the movement of the armed forces and their families over the next few years and this could affect the demographic profile of Shropshire in particular given the important military bases that are located within the county.

Migration into Shropshire has also contributed to the ageing profile of the population - in each year, the county gains an additional 200-400 migrants of retirement age. Migrants in this age bracket typically account for just under a tenth of the total number moving to Shropshire against less than 8% of all migrants leaving Shropshire.

Migration data also shows that around 700 people aged 16-24 leave the county each year, and this trend is forecast to continue for the foreseeable future.

4.1.5 Ethnicity

The vast majority of the Shropshire population is classified as white, especially in the south of the county, where less than 1% are black or minority ethnic (BME). The concentration of BME is higher in the central part of the county, especially Shrewsbury, although those classified as white still dominate, accounting for 96.6% of the population according to the 2001 Census.

More recent statistics show that while the representation of BME in the country remains small, it had risen to 3.1% of the county’s total residents by 2007. Despite this rise, the BME population remains small in comparison with regional and national averages (14.0% and 11.9% of the West Midlands and England populations).

4.2 Labour Market

Key Issues

- Shropshire supports a low wage economy, with workplace earnings significantly lower than regional or national averages. This arises from Shropshire's traditional reliance on jobs in low paid sectors, including agriculture, tourism and food and drink. However, average residents' earnings are higher than the regional average, reflecting the high level of out-commuting amongst Shropshire's top earners.

- Shropshire supports high levels of self-employment. Although this sector often shows a high level of enterprise and above average earnings, it can also be indicative of a lack of appropriate paid employment in the area. Furthermore, a lack of adequate IT infrastructure through much of the county can impact on the sector's ability to thrive.

- Although unemployment benefit claimant rates in Shropshire are lower than regional and national averages, a high proportion of jobs in Shropshire are part time or seasonal, which can disguise a level of rural under-employment. There is also evidence of hidden unemployment, for example there are some women who would like to go to work but who are deterred by the high cost of or lack of available child care or by other care commitments.

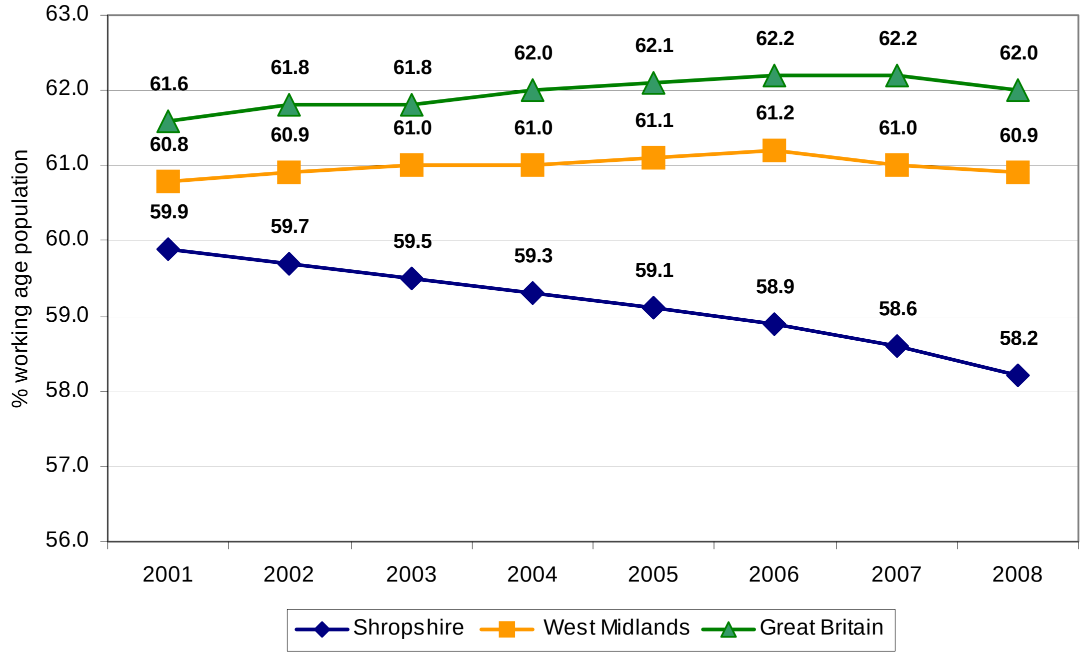
- Proportionally, the working age population in Shropshire is in rapid decline, and this will have a serious impact on the county's economy and wealth-generating capability into the future. Skills retention may become a greater issue in some sectors as workers retire.

Do you agree that these are the main economic issues relating to the labour market in Shropshire?

4.2.1 Working Age Population and Economic Activity Rates

Local economies are reliant on the wealth generating capabilities of those who work. Shropshire supports a relatively small population of working age and although overall population growth has meant that the working age population has grown by a very marginal 0.5% since 2001 (the equivalent of an additional 800 people), as a percentage of the overall population, there has been a notable decline. As the graph overleaf shows, in stark contrast with the situation in Shropshire, the relative size of the regional and national working age populations have remained broadly stable since 2001.The rapidly ageing population is the main reason the working age population in Shropshire is not expanding, but the out-migration of young adults also contributes.

Figure 4.7: Proportion of the Population which is of Working Age*, 2001-2008



Source: Mid-year population estimates, Office for National Statistics Crown Copyright 2010
Note: Working age includes males aged 16-64 and females aged 16-59*

Looking to the future, minimal growth in the working age population is expected until 2025 (+1.3%), after which it is expected to decline. In the long term, therefore, the Shropshire labour market will be under increasing pressure due to demographic change; the ratio of working age people to non-working age people will reduce from 1.66:1 (2006) to 1.14:1 by 2031 which will have a serious impact on the county's economy and wealth generating capability. This economic pressure will be more pronounced in the central and southern parts of the county where the non-working age population is forecast to grow more strongly. Projected demographic change means that the available labour market will decline unless workers delay retirement until a later age, which may of necessity happen as a consequence of macro-economic circumstances.

The ageing population means that some sectors are now very reliant on an ageing workforce; ensuring that key sector specific skills are not lost as the current generation of workers retires will be important in the future.

Shropshire benefits from a high rate of economic activity (the proportion of the population of working age who are economically active) which to some extent offsets the lower proportion of the population which is of working age. The economic activity rate rose to 82.2% in 2009 from 80.6% in 2006. This equates with growth of 4.1%, or an additional 5,800 people, taking the overall number of economically active people to 147,500.

While the Shropshire economic activity rate is notably higher than in either the West Midlands or Great Britain (77.3% and 78.9% respectively) it is very similar to its statistical neighbours[1]. To some extent higher levels of economic activity in rural areas offset the lower proportion of the population which is of working age. Given

[1] See glossary for definition of statistical neighbours

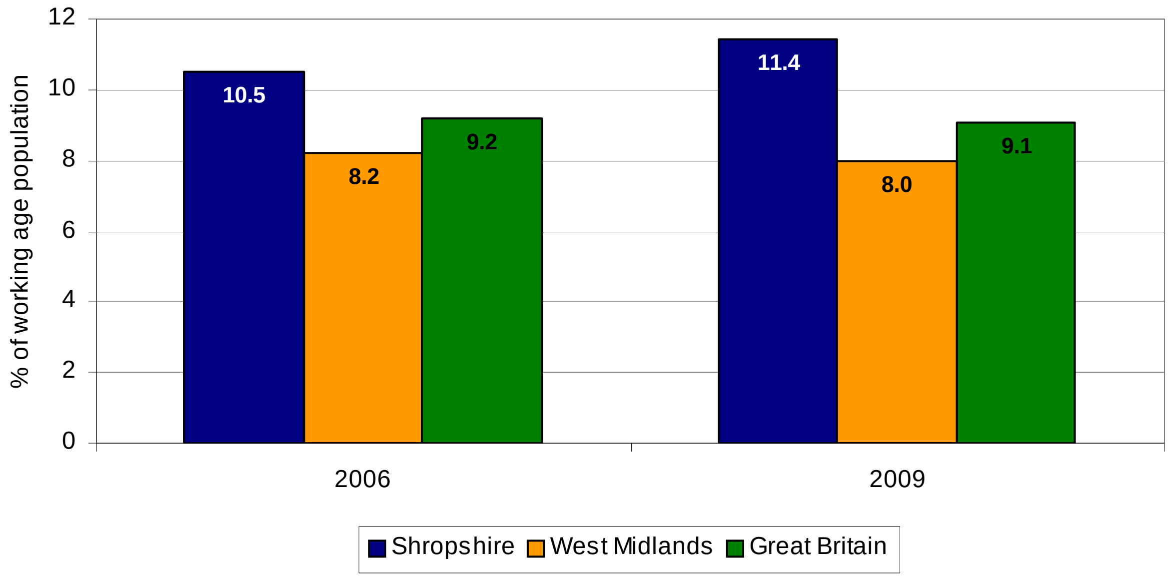
Shropshire's changing demographic profile, it will be especially important to maintain a high level of economic activity into the future.

4.2.2 Self-Employment

Shropshire supports a high level of self-employment, especially in the south of the county. The proportion of the working age population in employment in Shropshire stands at 78.2%, with 11.4%, or 19,200 people, self-employed. This compares with 8.0% in the West Midlands and 9.1% in the UK. Above average rates of self-employment to some extent reflects the high number of home-based and micro businesses in the county. Although above the regional and national averages, self-employment in Shropshire is significantly lower than it is in Herefordshire (14.5% of the working age population), though it is on a par with most of its statistical neighbours[1]. High levels of self-employment can be attributable to:

- High levels of entrepreneurship
- Lack of paid employment opportunities
- Lack of high level jobs in the local area
- High tendency to run life-style businesses in rural parts of the county
- High employment in agriculture
- Lack of large companies offering secure long-term careers

Figure 4.8: Levels of Self-Employment, Shropshire, West Midlands and Great Britain, 2006 & 2009*



Source: Office for National Statistics, Annual Population Survey Crown Copyright 2010
*Note: * Year ending June*

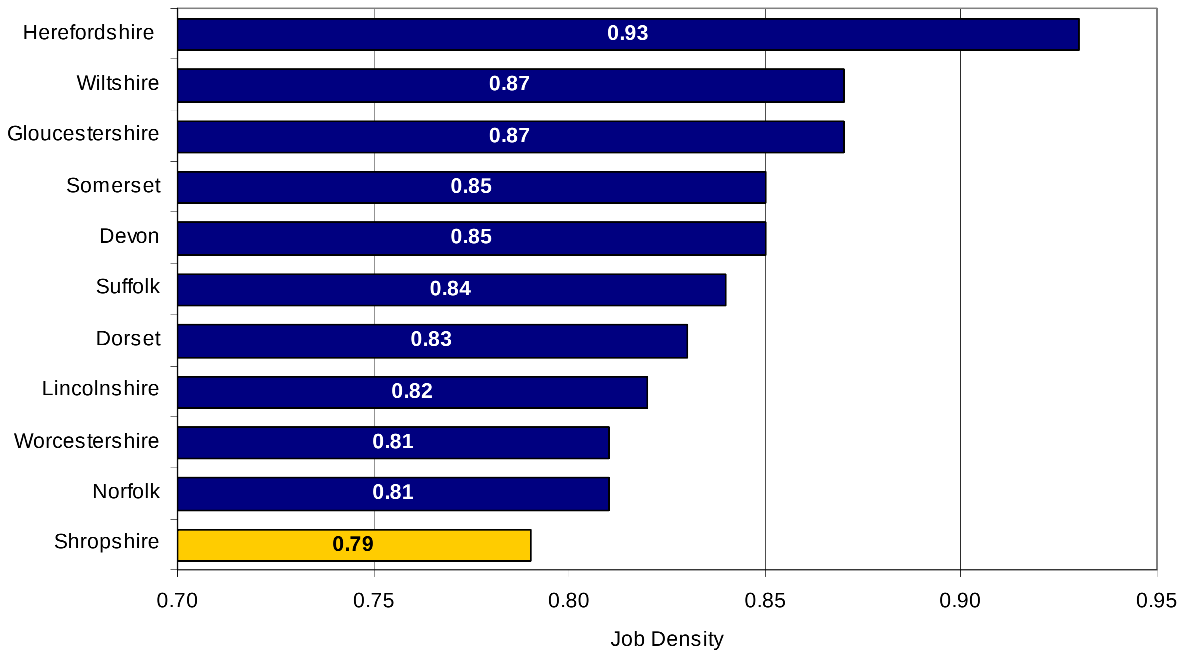
4.2.3 Job Density

In 2008, there were 109,100 employee jobs in Shropshire, of which two-thirds were full-time. Latest figures (June 2009) show that there are some 117,500 employees in the county, so there are clearly insufficient jobs within Shropshire to completely satisfy local demand. Consequently, levels of out-commuting are relatively high in Shropshire, especially in the east of the county.

For more details, please see Shropshire's Geography chapter on p21

The shortfall in jobs in relation to the number of resident workers (-8,400 in June 2009) means that compared with the region and Great Britain, the density of jobs in Shropshire is low. The ratio of total jobs to working age population stood at 0.79 in 2007, which compares unfavourably with 0.81 in the West Midlands and 0.83 in Great Britain. It also compares unfavourably with all of Shropshire's statistical neighbours. The county's proximity to Telford and Wrekin and other employment centres such as Wolverhampton and the high level of out-commuting perhaps affects this.

Figure 4.9: Job Density, 2007



Source: Annual Business Inquiry 2008/Annual Population Survey 2009. Office for National Statistics Crown Copyright 2010.

4.2.4 Flexible Working

Most Shropshire employers claim to offer flexible working arrangements when they can[2], although this is naturally more straightforward for larger employers. Shropshire supports a higher proportion of part-time jobs than either the region or Great Britain as a whole (33.5% against 30.6% for the West Midlands and 31.2% for Great Britain) although the gap is reducing. However, when compared with its statistical neighbour local authorities, the number of part-time jobs in Shropshire does not appear disproportionately high – indeed, the penetration of part-time jobs is higher in all other authority areas except Worcestershire and Lincolnshire.

Although there is clearly demand amongst the workforce for part-time employment, a high prevalence of part-time jobs can disguise a significant level of rural under-employment. There is a substantial amount of seasonal and casual work, both in the tourism and agriculture sectors, and many people have to work two or three part-time jobs in order to make ends meet. Part-time jobs also tend to be lower paid than their

[2] Spotlight on Shropshire event

full-time equivalents, and in 2009 commanded 26% less per hour at £7.44 (workplace wages) as opposed to £10.06 per hour.

4.2.5 Migrant Workers

In recent years there has been rapid growth in net migration to the UK, and Eastern European migration has been higher than was initially anticipated. Although absolute numbers of migrant workers in Shropshire are small (there were 1,060 national insurance number allocations in 2007/08[3]), they fill an important gap in the labour market that the indigenous population is reluctant to fill. Consequently, migrant workers make a significant contribution to the Shropshire economy, especially for casual, seasonal and shift work. Migrant workers are especially important in the following sectors:

- Food processing
- Manufacturing
- Hospitality
- Care
- Agriculture

According to Shropshire's employers[2], migrant workers have a strong work ethic and many would struggle to fill more menial jobs in the absence of the migrant worker labour pool. There are indications, however, that this pool of labour is shrinking, as higher numbers of migrants, especially those from Eastern Europe, are relocating as the fall in the value of sterling has made it more financially rewarding to work in the Euro Zone.

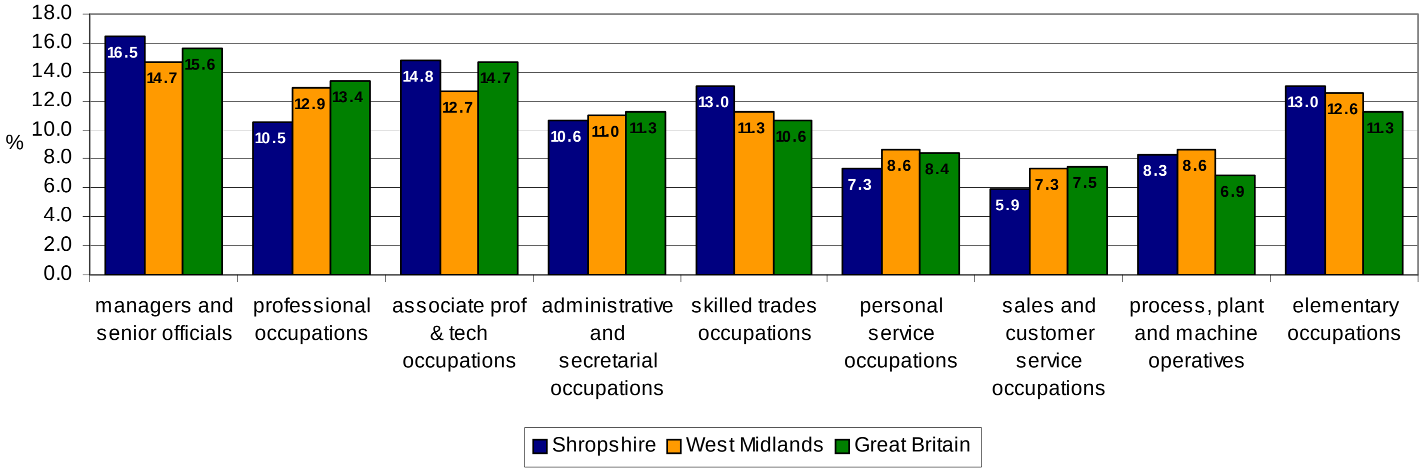
It should be noted that data on migrant workers is notoriously inaccurate, since not all have National Insurance numbers.

4.2.6 Occupational Structure

Shropshire's resident profile demonstrates a higher proportion of people in managerial and senior positions than either the West Midlands or the UK, with 16.5% being employed in these occupations in 2009 (year ending June) compared with 14.7% in the West Midlands and 15.6% in the UK. This is not surprising given the high level of educational attainment and above average qualifications held by the Shropshire population. However, a high proportion of Shropshire residents working in these top level positions work outside of the county. This suggests a lack of quality managerial positions in the local labour market. This supposition is backed up to some extent by low levels of job vacancies for high paid managerial or professional jobs. Conversely, significant numbers of people holding managerial jobs within the more urban parts of the West Midlands choose to live in Shropshire and commute.

[3] See glossary for definition of National Insurance Number Allocations

Figure 4.10: Breakdown of Shropshire Resident Employees by Occupation, 2008



Source: Annual Population Survey, Office for National Statistics, Crown Copyright 2010

Since 2006, there has been an increase in the following occupational categories:

- Administrative and secretarial occupations (+29.6%)
- Skilled trades occupations (+21.2%)
- Associate professional and technical occupations (+14.9%)
- Elementary occupations (+13.7%)
- Managers and senior officials (+13.1%)

In contrast, there are now fewer:

- Professional occupations (-27.2%)
- Personal service occupations (-18.4%)
- Sales and customers service occupations (-8.8%)
- Process, plant and machine operatives (-2.5%)

However, the recession has naturally impacted some occupations more than others. In 2009, the number employed in professional occupations fell substantially. Skilled trades occupations and sales and customer service occupations have also been adversely affected by the economic downturn. In contrast, there has been some upturn in process, plant and machine operatives, administrative and secretarial occupations, elementary occupations as well as personal service occupations over the last year. This has had a knock-on effect on wage levels in the county.

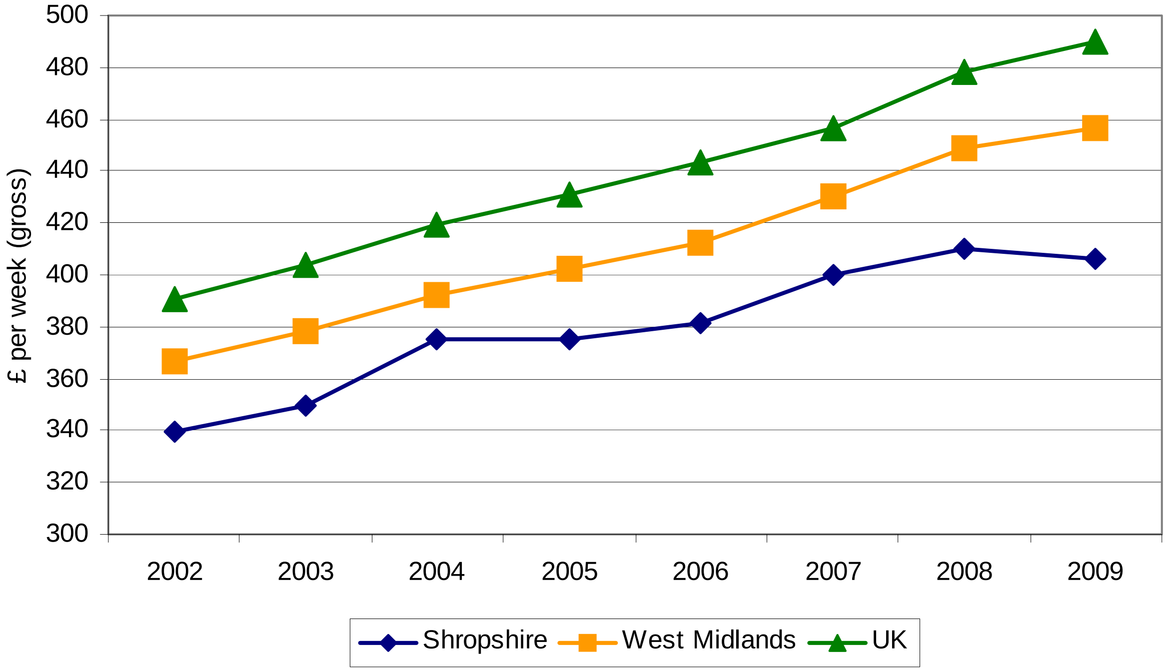
Looking to the future, the number of low level jobs (elementary occupations and process, plant and machine operatives) is expected to decline, with demand increasing for higher level jobs, especially managers and senior officials, professional occupations and associate professional and technical occupations. This will naturally have implications on future workforce skills requirements.

4.2.7 Earnings

The type of employment available in Shropshire has a significant impact on the wage levels in the county. Shropshire has traditionally been a low wage economy with a dependence on agriculture, the food and drink industry and tourism. These are all low paid industries, which are subject to seasonal fluctuation.

Average Shropshire workplace earnings are, therefore, substantially lower than the regional or national averages. Earnings stand at £406.40 per week (April 2009) which is 11% lower than West Midlands' workplace earnings of £456.40 per week. Workers in Shropshire-based businesses are paid 17.1% less than the UK average of £490.20 per week. Although the pay gap had closed between 2002 and 2007, it is now widening again. In the year to April 2009, workplace earnings in Shropshire fell by 1% compared with growth of 1.7% in the West Midlands and 2.4% in the UK. This is likely to have been influenced by the increased representation of lower paid elementary employee jobs in Shropshire over the last year, a trend which has not been replicated in the region. Shropshire workers have also displayed a tendency to take lower paid jobs rather than claim benefits since the onset of recession.

Figure 4.11: Average Workplace Earnings: 2002-2009



Source: Office for National Statistics Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

Within the West Midlands, workplace earnings in Shropshire are third lowest after Herefordshire and Walsall. Other than Herefordshire, workplace wages are lower in Shropshire than in any of its statistical neighbours[1]. Nationally, workplace earnings in Shropshire are 20th lowest out of 206 unitary and county local authority areas.

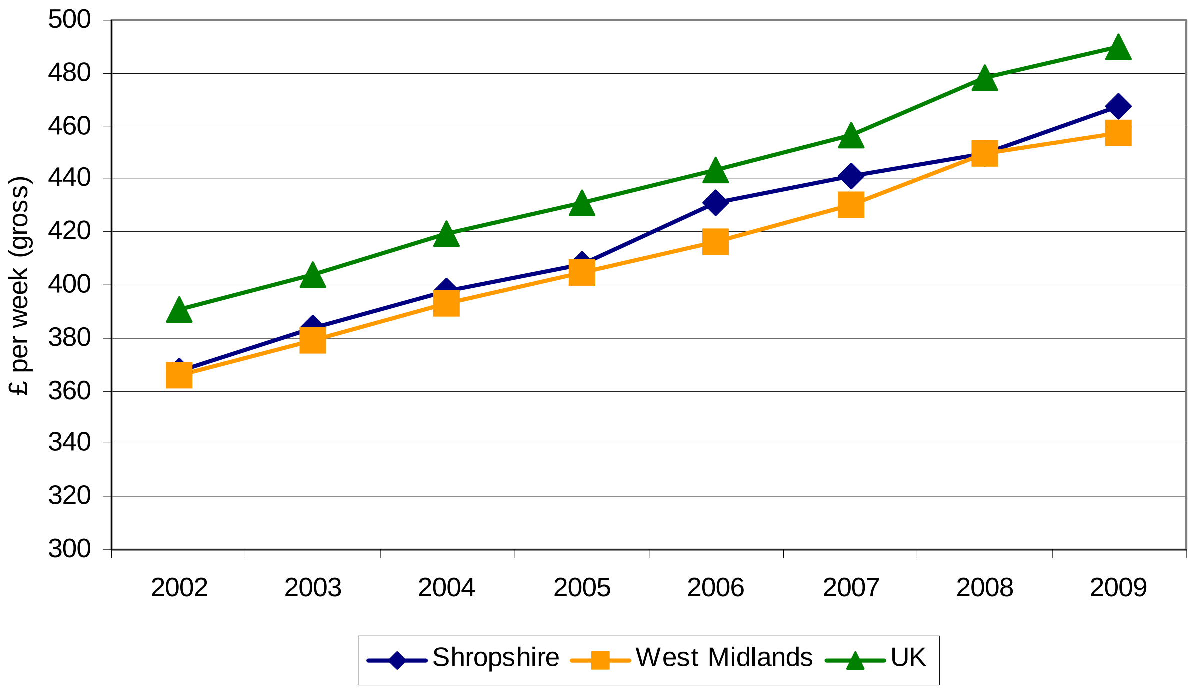
Figure 4.12: Median Gross Weekly Workplace Earnings, Shropshire's Statistical Neighbours, 2009

	£ per week
Gloucestershire	468.3
Wiltshire	459.9
Norfolk	445.2
Suffolk	440.3
Dorset	433.8
Worcestershire	432.2
Somerset	430.9
Lincolnshire	418.3
Devon	415.8
Shropshire	**406.4**
Herefordshire	383.3
UK	490.2

Source: Office for National Statistics; Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

Residents' earnings are significantly higher than workplace earnings in Shropshire, at £467.80, which compares favourably with the regional average of £457.40. Since 2002, average residents' pay in Shropshire has risen by 27.3%, marginally faster than growth in the West Midlands (+25%) or the UK (+25.4%). Whilst workplace earnings in Shropshire fell in the year to April 2009, resident earnings increased by 4.6%. Significant levels of out-commuting influence the gap between workplace and residents' average pay for Shropshire. Furthermore, out-commuting is more common amongst those in managerial and professional occupations who naturally command higher salaries. It is possible that the level of out-commuting amongst better paid professionals has increased since the onset of the economic recession, which would go some way to explaining the growing differential between workplace and residents' wages.

Figure 4.13: Average Resident Earnings: 2002-2009



Source: Office for National Statistics Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

Within the West Midlands, Shropshire residents' earnings rank fourth highest after Solihull, Warwickshire and Staffordshire, and in comparison with our statistical neighbours[1], only residents in Wiltshire and Gloucestershire command higher salaries than their Shropshire counterparts. Shropshire ranks 103rd out of 206 local authority regions when considering residents' earnings, which is absolutely in the middle. This compares with the county's position of 187 when considering workplace earnings.

Figure 4.14: Median Gross Weekly Resident Earnings, Shropshire's Statistical Neighbours, 2009

	£ per week
Wiltshire	498.1
Gloucestershire	480.9
Shropshire	**467.8**
Worcestershire	463.7
Somerset	457.4
Suffolk	453.5
Dorset	446.5
Norfolk	446.1
Lincolnshire	442.0
Devon	429.9
Herefordshire	426.8
UK	490.2

Source: Office for National Statistics; Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

Although resident earnings are higher than workplace earnings for all of Shropshire's statistical neighbours[1], the differential is significantly more acute in Shropshire than elsewhere, with residents' earnings more than 15% higher than workplace earnings.

Figure 4.15: Differential Between Median Gross Weekly Resident and Workplace Earnings, Shropshire's Statistical Neighbours, 2009

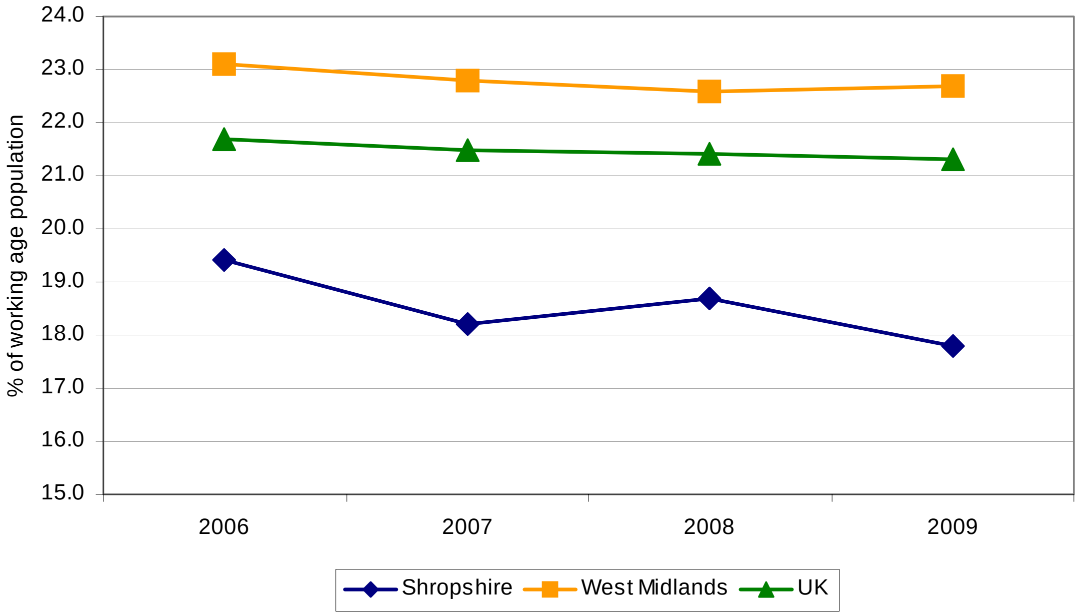
	% difference
Shropshire	15.1
Herefordshire	11.3
Wiltshire	8.3
Worcestershire	7.3
Somerset	6.1
Lincolnshire	5.7
Devon	3.4
Suffolk	3.0
Dorset	2.9
Gloucestershire	2.7
Norfolk	0.2
UK	-

Source: Office for National Statistics; Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

4.2.8 Economic Inactivity and Unemployment

Between 2006 and 2009, the number of economically inactive people in Shropshire declined from 32,400 to 29,900. This equates with 17.8% of the working age population and compares favourably with 22.7% in the West Midlands and 21.1% in the UK.

Figure 4.16: Economic Inactivity Rates, 2006-2009

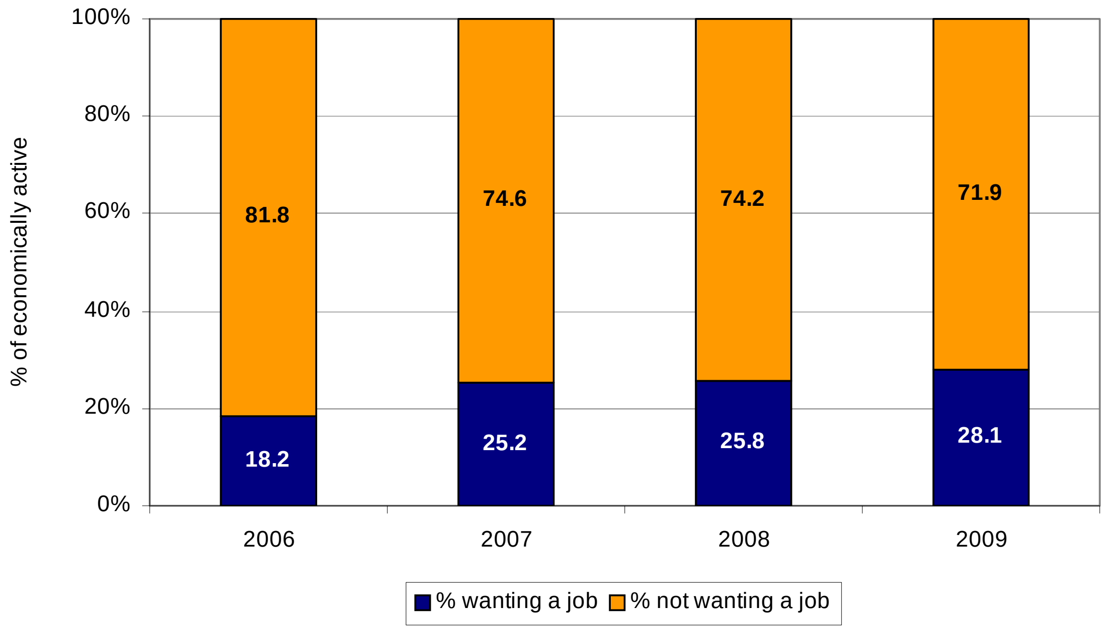


Source: Annual Population Survey, Office for National Statistics, Crown Copyright 2010
*Note: * Year ending June*

Women are much more likely to be economically inactive than men, with the economic inactivity rate standing at 12.5% for males in 2009 and at 23.7% for females. The differential between male and female inactivity rates is similar in both the West Midlands and nationally and reflects the number of women staying at home to bring up a family. However, there is also anecdotal evidence that inadequate access to affordable child care is preventing some women from returning to the workplace. Women are also more likely than men to be the main carer for elderly or disabled family members.

28.1% of the economically inactive wanted a job in 2009, which is the equivalent of 8,400 people who were not working but would like to have been. The overall number out of work but wanting a job has risen by 42.4% since 2006, which is the equivalent of an additional 2,500 people. Although the proportion who do not want a job compares favourably with the West Midlands and the UK (76.7% and 74.2% respectively) and all the statistical neighbours[1] except Lincolnshire and Dorset, it still amounts to a sizeable 21,500 people in 2009.

Figure 4.17: Proportion of Shropshire Economically Inactive Wanting a Job, 2006-2009

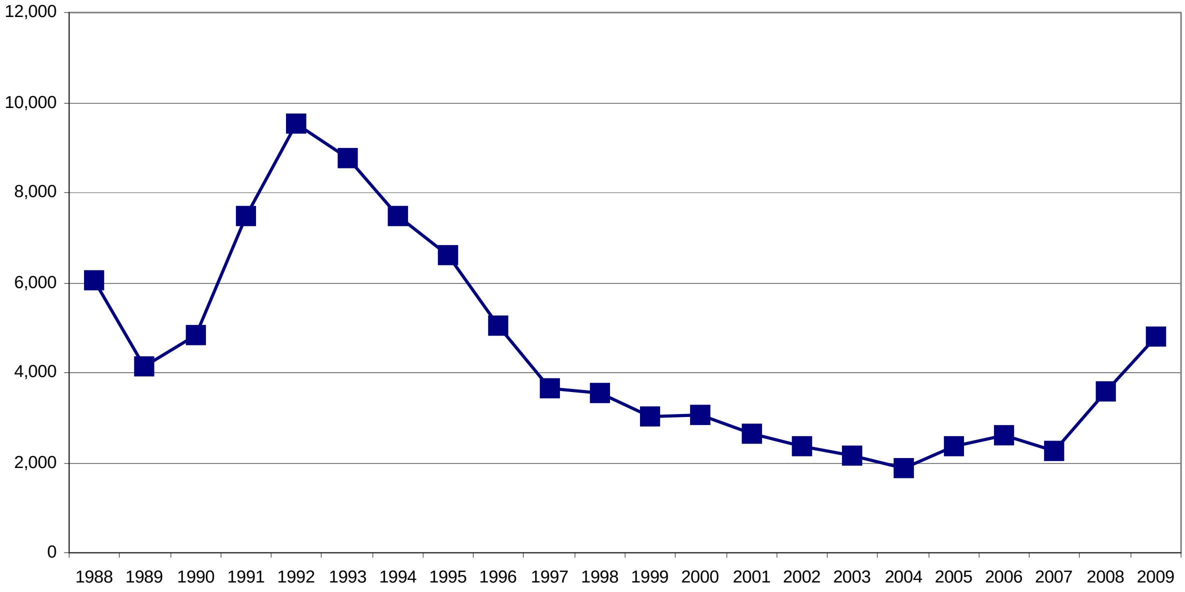


Source: Annual Population Survey, Office for National Statistics, Crown Copyright 2010
*Note: * Year ending June*

4.2.9 JSA Claimant Count

Shropshire has traditionally had a comparatively low claimant count, and prior to the onset of the recent economic downturn, the number of Jobseeker Allowance claimants in the county had been relatively stable since 2005 at approximately 2,500. The impact of the recession on job losses in Shropshire was immediately apparent, with the claimant count rising very rapidly to exceed 5,000 by April 2009. However, compared with the recession at the beginning of the 1990s when the claimant count peaked at 9,500 (in 1992), it is clear that Shropshire has yet to be so severely impacted. As previously mentioned, Shropshire residents have displayed a tendency to take lower paid work rather than claim benefits, and this has also helped to keep the claimant count down.

Figure 4.18: JSA Claimant Count in Shropshire, 1988-2009



Source: JSA Claimant Count, Office for National Statistics, Crown Copyright 2010

Over the last nine months the JSA claimant count has been subject to some degree of fluctuation, perhaps indicating that the scale of job losses is beginning to bottom out. In December 2009 the claimant count stood at 4,788[4] and as such the county claimant rate is lower than the regional or national rates at 2.8% compared with 5.3% for the West Midlands and 4.1% for the UK.

Within the West Midlands, only Herefordshire enjoys a lower JSA claimant rate, with the number of claimants significantly higher in urban locations, especially Birmingham and Wolverhampton.

[4] Please note that the JSA claimant count typically falls in the couple of months prior to Christmas due to higher levels of seasonal employment opportunities

Figure 4.19: JSA Claimants by Gender, Age and Duration of Claim in Shropshire, the West Midlands and the UK: December 2009

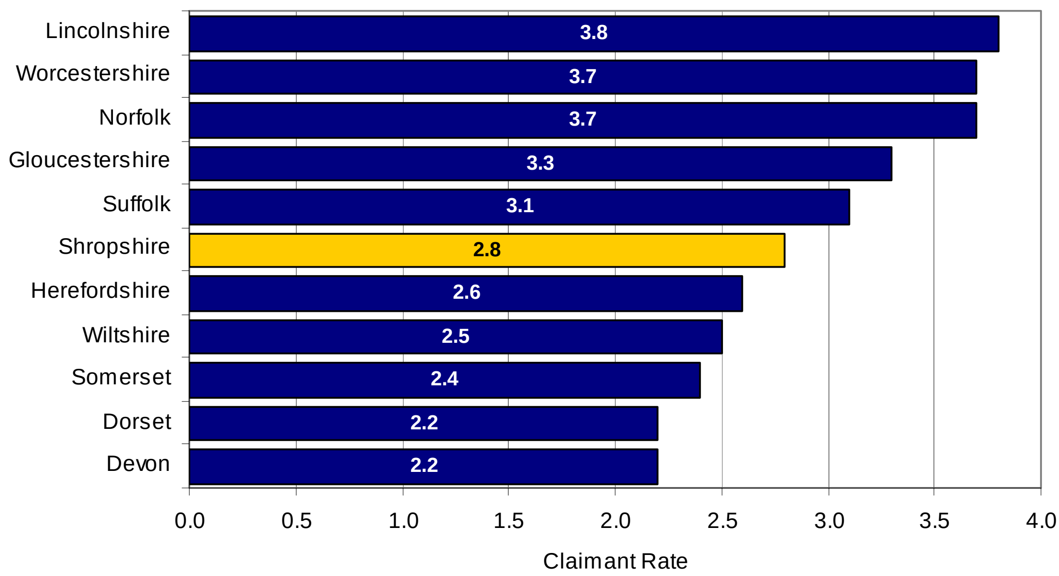
	Shropshire		West Midlands	UK
	Number	%	%	%
All JSA Claimants	**4,788**	**2.8**	5.3	4.1
Males	***3,565***	***3.9***	*7.5*	*5.8*
Females	***1,223***	***1.6***	*2.9*	*2.3*
Age				
Age 16-24	***1,480***	***30.9****	*31.3**	*29.9 **
Age 25-49	***2,430***	***50.8****	*53.7**	*54.8**
Age 50 and over	***870***	***18.2****	*15.1**	*15.3**
Duration				
Up to 6 months	***3,405***	***71.1****	*60.1**	*65.3**
Over 6 and up to 12 months	***900***	***18.8****	*23.1**	*20.9**
Over 12 months	***485***	***10.1****	*16.8**	*13.8**

Source: JSA Claimant Count, Office for National Statistics, Crown Copyright 2010

** % is a proportion of all JSA claimants*

In comparison with its statistical neighbours, the JSA claimant rate in Shropshire is about average. The number of claimants is proportionally lower in most parts of the south west but is significantly higher in Lincolnshire, Norfolk and Worcestershire.

Figure 4.20: JSA Claimant Rate: Shropshire and its Statistical Neighbours, December 2009



Source: JSA Claimant Count, Office for National Statistics, Crown Copyright 2010

Naturally, Shropshire has pockets of much higher unemployment, especially in the more urban parts of the county. Parts of Oswestry (Castle and Gatacre), Whitchurch (Whitchurch North) and Shrewsbury (Harlescott) have particularly high rates of unemployment. In contrast, the level of unemployment benefit claims is particularly low in some rural parts of the county, but this may disguise the full extent of the issue of “hidden unemployment”.

4.2.9.1 Long Term Claimants

The impact of the recession on long term JSA claimants has been particularly apparent over the last six months, with the number on the claimant register for at least a year more than doubling to 485 between May and December 2009. Although still accounting for just one in ten claimants, which compares favourably with 16.8% of all claimants in the West Midlands and 13.8% in the UK, growing numbers of long term unemployed is nonetheless a serious issue for Shropshire, as the longer people are out of work the more difficult it tends to be for them to find new employment.

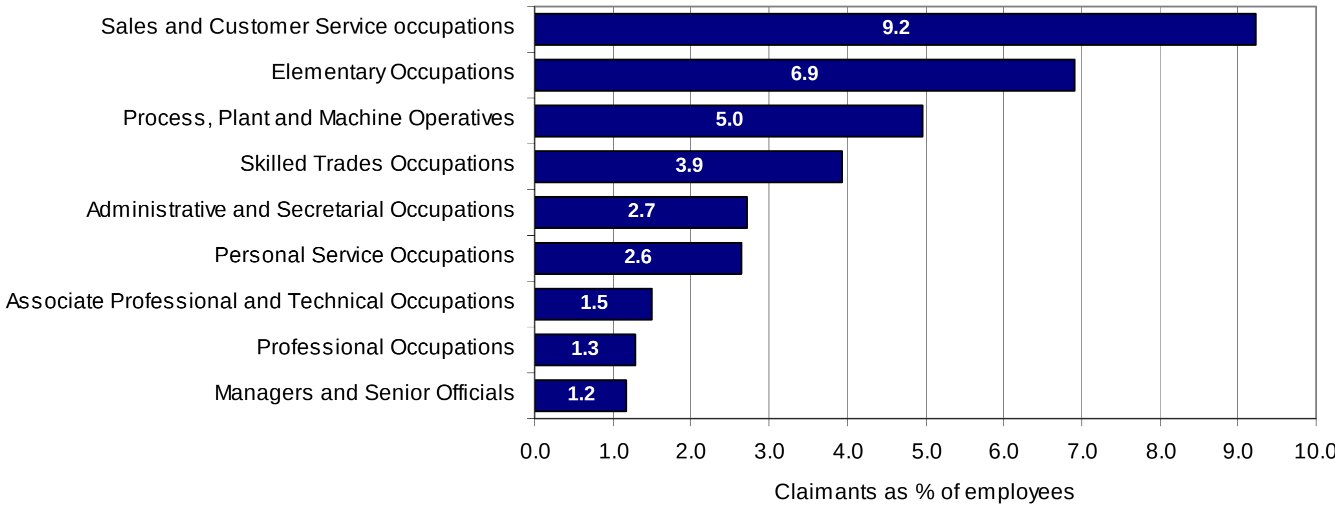
4.2.9.2 Claimants by Occupation

Although the number of claimants from elementary occupations has risen at a slower pace than average in Shropshire, these still account for the largest proportion of all claimants (26.4% of the total) and in numerical terms there are more additional JSA claimants from this occupational category than any other since the economic downturn began (an additional 580 claimants between December 2007 and December 2009). Sales and customer service occupations and skilled trades occupations account for the next highest proportion of claimants and again, in numerical terms claimant rises have been higher for these groups.

Given the substantial fall in employment in professional occupations over the last year, it is not surprising that the number of claimants in this occupational group has risen substantially (+192.3% between December 2007 and December 2009). The rise in claimants has also been very strong within associate professional and technical occupations, but this has yet to be reflected within the occupational structure of the county.

When analysing JSA claimants by occupation in relation to the number of Shropshire residents employed in these occupations, it is apparent that although the number of professional and associate professional and technical claimants has risen rapidly over the last two years, relatively speaking, most remain in employment. In contrast, approaching one out of ten sales and customer service workers are on the JSA register. A higher proportion of those working in elementary occupations and as process, plant and machine operatives are on the JSA claimant count, perhaps reflecting the fact that less skilled workers are more vulnerable during times of economic hardship.

Figure 4.21: Shropshire JSA Claimant Rate by Occupation, December 2009



Source: JSA Claimant Count, Office for National Statistics, Crown Copyright 2010

4.2.10 Job Vacancies

As a consequence of the economic downturn, the number of advertised job vacancies through Job Centre Plus has been substantially reduced. Historically, the number of JSA claimants per unfilled vacancy has fluctuated between 1.0 and 2.0 in Shropshire. Although down from a peak of 6.2 in January 2009, there were still 4.0 JSA claimants per vacancy in December 2009. Overall job vacancies in Shropshire were down by a third in December 2009 compared with December 2007, with vacancies down most significantly for professional occupations, skilled trades occupations and sales and customer service occupations. A high proportion of all jobs that are being advertised at the moment are for lower level jobs (elementary occupations and process, plant and machine operatives), in part because these types of jobs are more commonly advertised through this channel than higher level jobs.

Approaching half of all job vacancies were in the banking, finance and insurance sector in December 2009, with public administration, education and health as well as distribution, hotels and restaurants also accounting for a high proportion of vacancies. Vacancies for the latter have, however, declined significantly over the last two years, with vacancies for other services and energy and water also substantially down. In contrast, recruitment for public sector jobs held up well until the end of 2009; more recently though, the impact of public sector budget cuts is becoming evident, with current opportunities typically limited to a small number of core areas (e.g. social work) or to low paid positions.

4.3 Skills

Key Issues

- Primary and secondary education provision in Shropshire is excellent; however, there is no university in the county, which means that graduate retention is a challenge. It is also one of the reasons why it can be difficult to attract graduates to the Shropshire job market, although other factors including a lack of graduate jobs and a propensity for young people to prefer city living to life in the country also contribute to this.

- The gap in qualification and skills attainment between better and poorer performing areas is widening year-on-year, a trend which is exacerbated by the number of NEET (not in employment, education or training) entering the "available for work" population in poorer performing areas. Meanwhile people with better skills and qualifications are more likely to migrate out to other areas.

- The number of students who leave Shropshire to pursue Further Education out of the county is rising.

- The availability and range of vocational courses in Shropshire is more extensive than it used to be, but the courses that are on offer do not always address local business needs.

- There is a discernible skills gap in Shropshire, and many county businesses report difficulties in recruiting staff of an adequate calibre. Even though many employers have cut back on recruitment since the onset of recession, skills gaps are still in evidence, and the availability of appropriately qualified and skilled employees will remain a significant and growing issue as recruitment freezes in the private sector come to an end.

Do you agree that these are the main economic issues relating to skills in Shropshire?

4.3.1 Education in Shropshire – Primary and Secondary Level

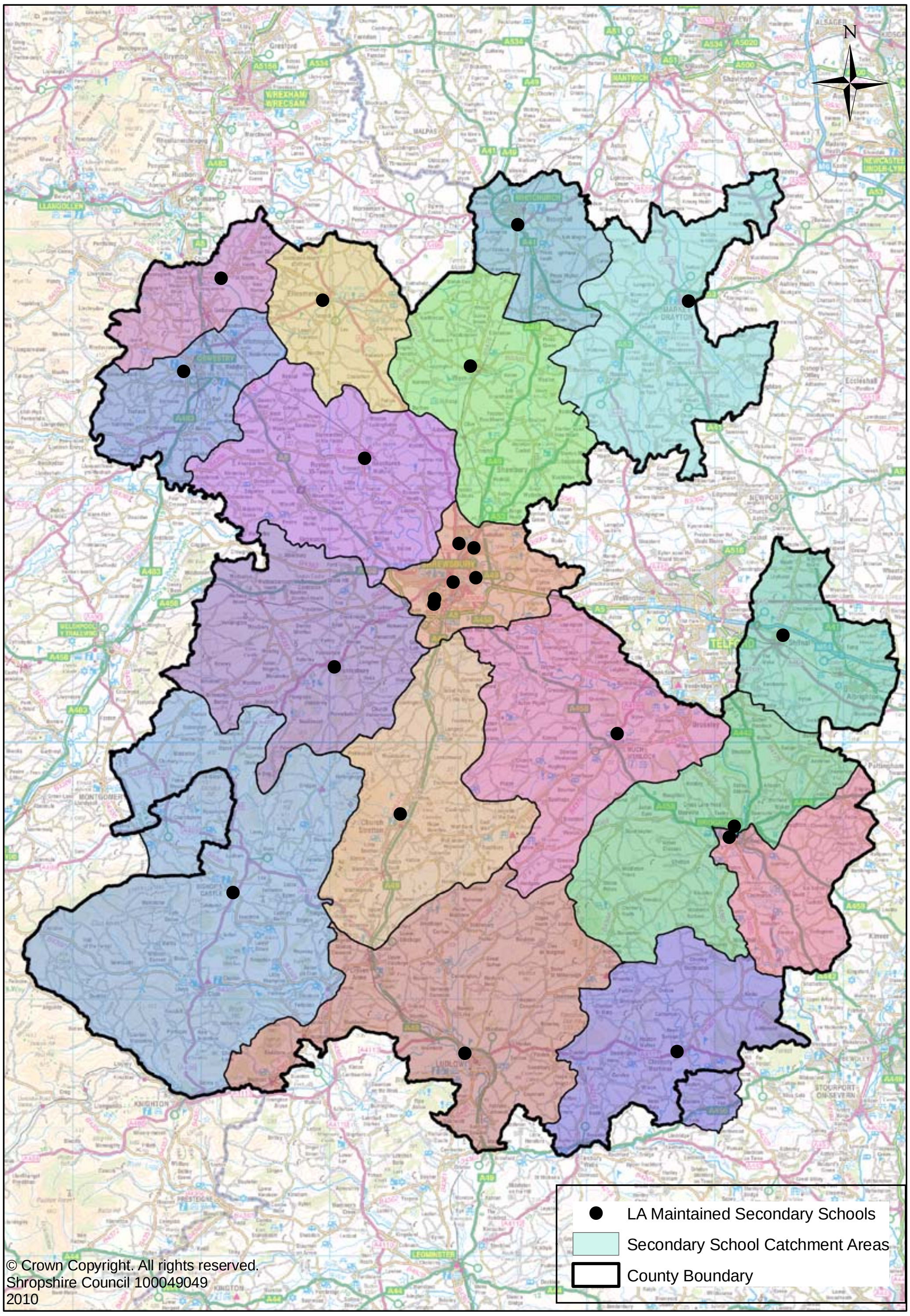
Education standards in Shropshire are high, and consequently, the county is perceived as one of the best places in the country to educate children; this contributes to the high quality of life that Shropshire has to offer and makes it an attractive relocation destination. Only 4% of Shropshire children live in the most deprived areas nationally in terms of education, skills and training[1] with 30% living within the least deprived areas of the country.

There are over 37,000 pupils from the age of 3 to 18 educated in a total of 157 Shropshire Council maintained schools. In addition to the council maintained schools, the county benefits from a number of private schools including the nationally recognised Shrewsbury School. The majority of schools cater for children of primary school age; consequently the provision of primary age education in rural areas is strong with 88% of households living within 2km of a primary school. Secondary schools are larger and more likely to be located in the main towns; consequently only 55.5% of households live within 2km of a secondary school. In some parts of the

[1] According to IMD 2007

county, especially in the rural south, pupils have to travel a considerable distance for secondary education. Almost 30% of all households in the former South Shropshire district are more than 8km from their closest secondary school.

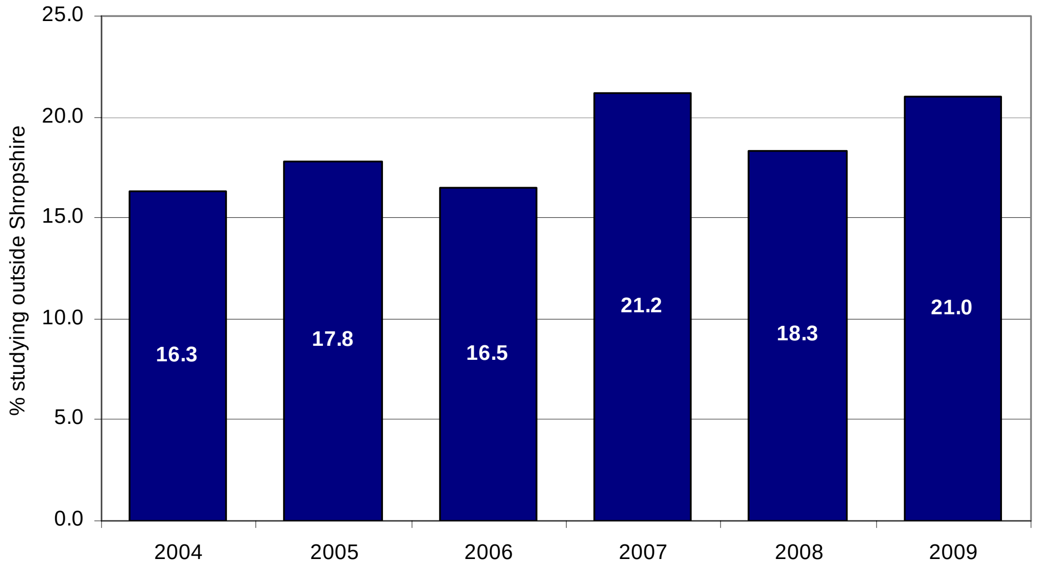
Figure 4.22: Secondary School Catchment Areas in Shropshire



At primary level, most pupils attend their nearest school and as such the vast majority are educated within the county boundaries, at least until the age of 11. At secondary level though, there is a greater level of cross-boundary activity. For example, some pupils in the north west of the county choose to attend school in Wales rather than Shropshire, although the opportunity to learn Welsh may be the main motivator for this rather than ease of access. Learning Welsh can be an advantage later in life, since many of the better paid jobs in Wales demand at least a certain level of competence in the Welsh language. Some pupils in South Shropshire are educated in Herefordshire and the educational links between Shropshire and Telford and Wrekin are also strong, with considerable cross-border travel in both directions.

The leakage of students when they reach 16 and move on to further education is even higher. Few secondary schools have sixth form facilities, and colleges offering vocational courses for students wishing to pursue a less academic route are few and far between. Overall, the leakage of year 11 pupils to schools outside Shropshire has risen from 16% in 2004 to 21% in 2009. Naturally, there are also students who travel into Shropshire to study, which offsets this to some extent. In 2008/09, 18% of those accessing Further Education in Shropshire are imported from other areas. Ludlow and Walford and North Shropshire Colleges both import a substantial 29% of their learners.

Figure 4.23: Leakage of Shropshire Students to Colleges outside Shropshire, 2004-2009



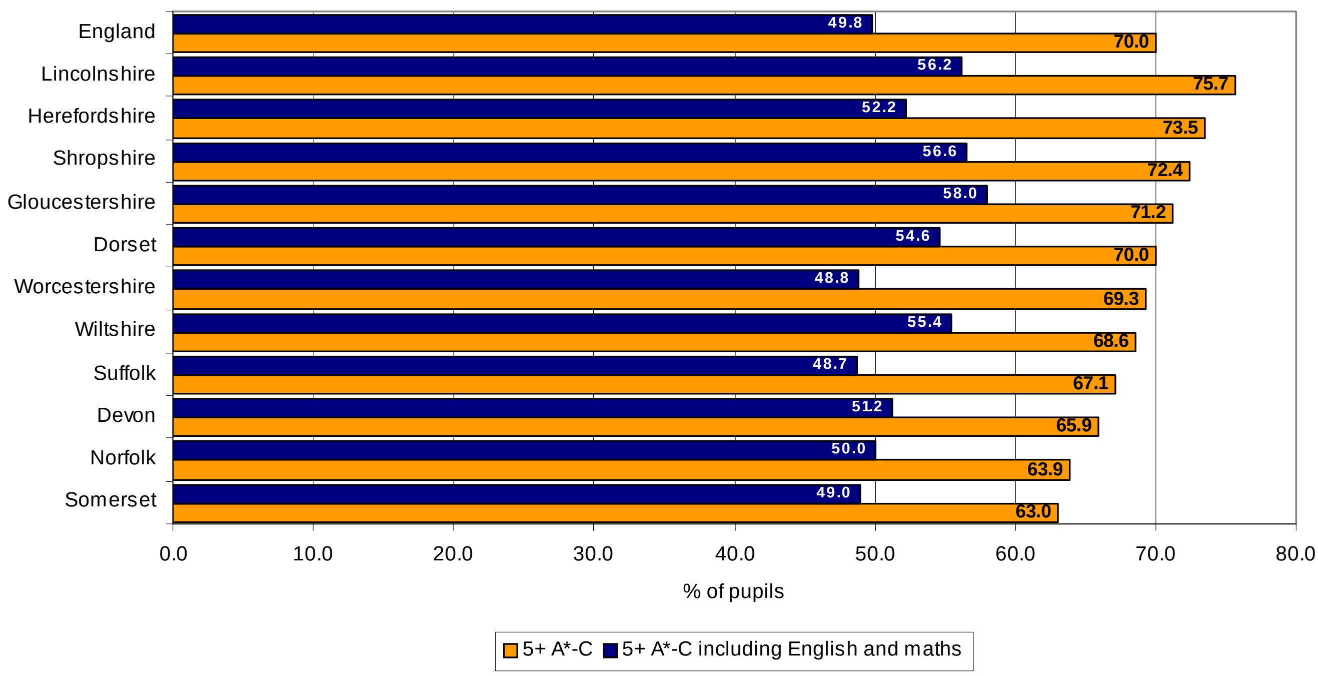
Source: Shropshire Council

Although university courses are on offer in Shropshire, there is no physical university, which means that most 18-21 year olds continuing with Higher Education leave the county to do so.

4.3.2 Educational Achievements

Primary and secondary educational achievements in Shropshire compare favourably with regional and national averages. At GCSE 72.4% of Shropshire pupils achieved five or more GCSEs at A* to C in 2009 compared with 70% in England. More than half (56.6%) achieved five or more graded A* to C including English and mathematics in this year compared with just less than half in England. In comparison with its statistical neighbours[2], Shropshire pupils also achieve well, with only Lincolnshire and Herefordshire performing better.

Figure 4.24: Proportion of Pupils Achieving A*-C at GCSE, 2009



Source: DCSF

Although pupils in all areas of Shropshire perform better than their regional or national counterparts, students in the north of Shropshire and those in the Bridgnorth area under-perform compared with pupils in the north west, central and southern areas.

At 'A' level, Shropshire pupils also perform better than the national average with results somewhere in the mid range compared with the county's statistical neighbours[2].

4.3.3 School Leaver Destinations

Shropshire school leavers follow a similar pattern to their regional and national counterparts, with 89% of those leaving school at the end of year 11 remaining in education. 6% received government supported training while 8% entered employment. Just 5% of Shropshire school leavers were unsettled, a slightly lower proportion than was the case in neighbouring Herefordshire (6%) and Telford & Wrekin (8%).

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[2] See glossary for definition of statistical neighbours

Figure 4.25: School Leaver Destinations, Year 11 Activity Survey, 2007

	In Learning	Full Time Education	Government Supported Training	Employment	Not Settled	Out of contact/No Response
Shropshire	89%	80%	6%	8%	5%	1%
Telford & Wrekin	85%	77%	6%	4%	8%	5%
Herefordshire	92%	78%	7%	9%	6%	1%
West Midlands	89%	79%	7%	5%	7%	2%
England	89%	80%	6%	6%	6%	2%

Source: Connexions/NCCIS 2008

Looking more specifically at Shropshire year 11 school leaver destinations over the 2007 to 2009 period, there has been a sharp rise in the number of pupils remaining in full time education (up to 87%). Meanwhile, the number entering employment has fallen significantly (to 5%).The lack of employment opportunities for young people due to the recession is likely to have influenced this trend.

4.3.4 Higher Education

Although there is no university in Shropshire, Harper Adams University is just over the border in Telford and Wrekin, the University of Wolverhampton has a campus in Telford and there is a link between Birmingham University and the Ironbridge Gorge Museum Trust to deliver MAs. Staffordshire University Regional Federation (SURF), Glyndwr University and Edge Hill University all deliver Higher Education courses in Shropshire through Shrewsbury College of Arts and Technology. SURF in particular is recognised as a Beacon for Excellence for workforce development. Shropshire also benefits from the presence of Walford and North Shropshire College which also delivers Higher Education courses while Keele and Staffordshire Universities have a presence at the Royal Shrewsbury Hospital for medicine and nursing. However, the lack of a university campus and a good range of HE courses in Shropshire means that many 18 year olds leave the county to continue their education.

Comparatively few young people in Shropshire go on to higher education, although numbers are rising slowly, which perhaps partly relates to the lack of a physical university in the county. In 2009, 23.8% of those at the end of year 13 were moving on to higher education compared with 21.5% in 2007. In contrast, the proportion entering full time employment has fallen from 33.2% to 30%.

Figure 4.26: Year 13 Leaver Destinations, 2007-2009

	% of year 13 leavers		
	2007	**2008**	**2009**
Further education	27.2	29.2	22.0
Higher education	21.5	23.0	23.8
Gap Year	3.9	2.9	5.3
Full time employment	33.2	30.0	30.0
Part time employment	3.2	2.6	3.9
E2E[3] and other non-employed training	2.3	3.0	5.2
Unemployed	2.9	3.4	3.6
Other	5.8	6.0	6.2
Total	100.0	100.0	100.0

Source: Shropshire Council

[3] See glossary for more information on Entry to Employment

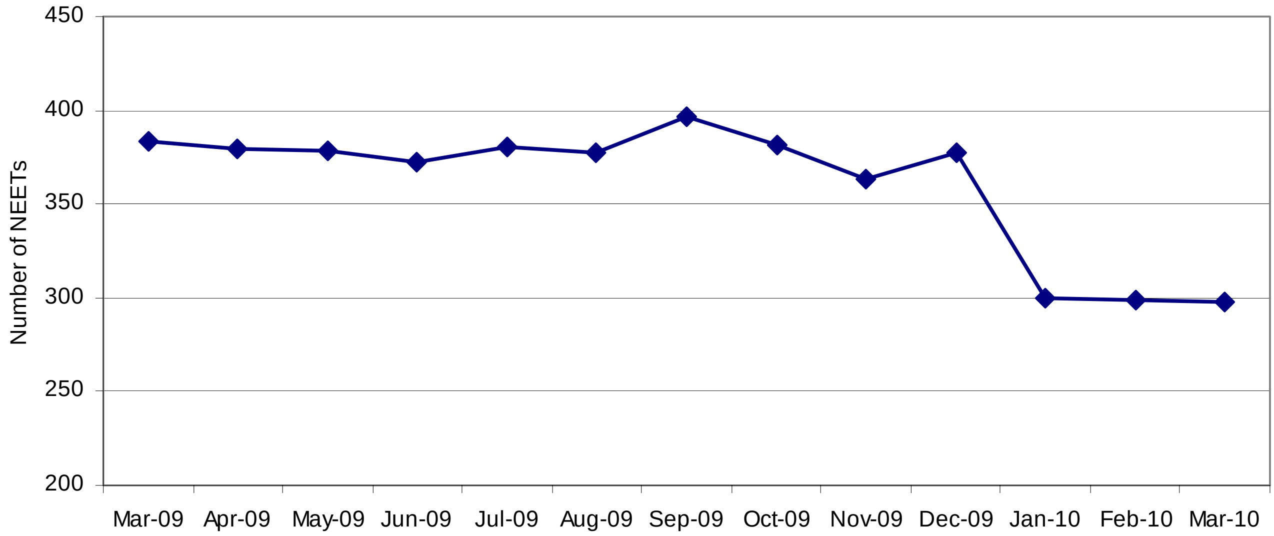
The absence of a local university also means graduate retention/attraction is a greater issue than it is elsewhere and can make it harder to tailor the training/courses on offer to meet the skills needs of local employers and more difficult to engage those employers who have not previously considered their higher skills needs. An inability to recruit staff with the correct skills has been highlighted as a problem by Shropshire businesses and many employers have difficulties recruiting graduates[4]. This also impacts on Shropshire's offer as an inward investment location for business.

4.3.5 16-18 Year Olds who are not in Education, Employment or Training (NEET)

Although educational achievements in Shropshire are good and a higher than average percentage of school leavers continue in full-time education (87% in 2009), there remains a significant number of 16-18 year olds who are not in education, employment or training, refered to as NEETs. Many of these young people come from the most deprived areas of Shropshire, have very limited, if any, qualifications and have grown up in familes with a history of worklessness.

While the overall number of NEETs in Shropshire stands at just less than 300 (298 in March 2010), this nonethless represents 4.4% of the 16-18 cohort. Although the number of NEETs does tend to fluctuate on a month-by month basis, there has been a substantial decline over the last year (from 383 or 5.5% of the cohort in March 2009).

Figure 4.27: Number of NEETs in Shropshire, March 2009-March 2010



Source: Shropshire Council

In comparison with the national average, the number of NEETs in Shropshire is low – indeed, of all its statistical neighbours[2] only Gloucestershire supports a lower NEET rate.

[4] Spotlight on Shropshire event

Figure 4.28: Proportion of 16-18 years olds who are NEET, February 2010

	%
Gloucestershire	3.8
Shropshire	4.3
Somerset	4.3
Lincolnshire	4.7
Worcestershire	5.6
Wiltshire	5.7
Devon	5.9
Norfolk	6.0
Dorset	6.0
Herefordshire	6.1
Suffolk	7.2
England	6.4

Source: Shropshire Council

The majority of 16-18 year old NEETs are available to the labour market (77.6% in September 2009); the remainder are not available for work, primarily due to illness, pregnancy or parenthood. Most of the NEETs who are available to the labour market are seeking employment or training.

As shown in the table below, the number of NEETs increases significantly with age, with 17.6% aged 16, 39.0% aged 17 and 43.3% aged 18 in September 2009.

Figure 4.29: Number of NEETs by Type, September 2009

NEET Type	Age 16	Age 17	Age 18	Total
Available to the labour market (Active)	**63**	**123**	**122**	**308**
Not yet ready for work or learning	3	8	10	21
Awaiting an E2E place	10	9	4	23
Start date agreed	0	7	2	9
Seeking employment or training	42	90	103	235
Other reason	8	9	3	20
Not available to the labour market (Inactive)	**7**	**32**	**50**	**89**
Teenage parents	0	18	32	50
Illness	1	10	15	26
Pregnancy	4	3	2	9
Other reason	2	1	1	4
Total	**70**	**155**	**172**	**397**

Source: Shropshire Council

Although males are slightly more likely to be NEET overall, inactive NEETS are predominately female due to the high teenage parent and pregnancy component. Females make up 78.7% of the inactive NEET group but just 36.4% of the active NEETs group.

4.3.5.1 Duration of being NEET

More than half of active NEETS had been so for 3 months or less in September 2009 while less than 10% had been NEET for more than a year. In contrast, more than four out of ten inactive NEETs had been so for more than a year.

Figure 4.30: Duration of being NEET (As of 08/10/09)

Duration	Active NEETS	Inactive NEETS
Up to 1 month	21.1%	3.4%
1 to 2 months	24.4%	13.5%
2 to 3 months	11.4%	5.6%
3 to 6 months	21.8%	18.0%
6 to 12 months	14.6%	18.0%
Over 12 months	6.8%	41.6%
Total	100.0%	100.0%

Source: Shropshire Council

Note: the duration of NEET is calculated from the actual NEET start date (in some cases young people will have had more than one episode of being NEET in succession) and 08/10/09.

NEETS are primarily located in the more urban Shropshire areas, including Shrewsbury, Oswestry, Ludlow and Market Drayton.

4.3.6 Qualifications amongst the Working Age Population

The proportion of the working age population with NVQ level qualifications in Shropshire compares favourably with regional and national averages as shown in the table below.

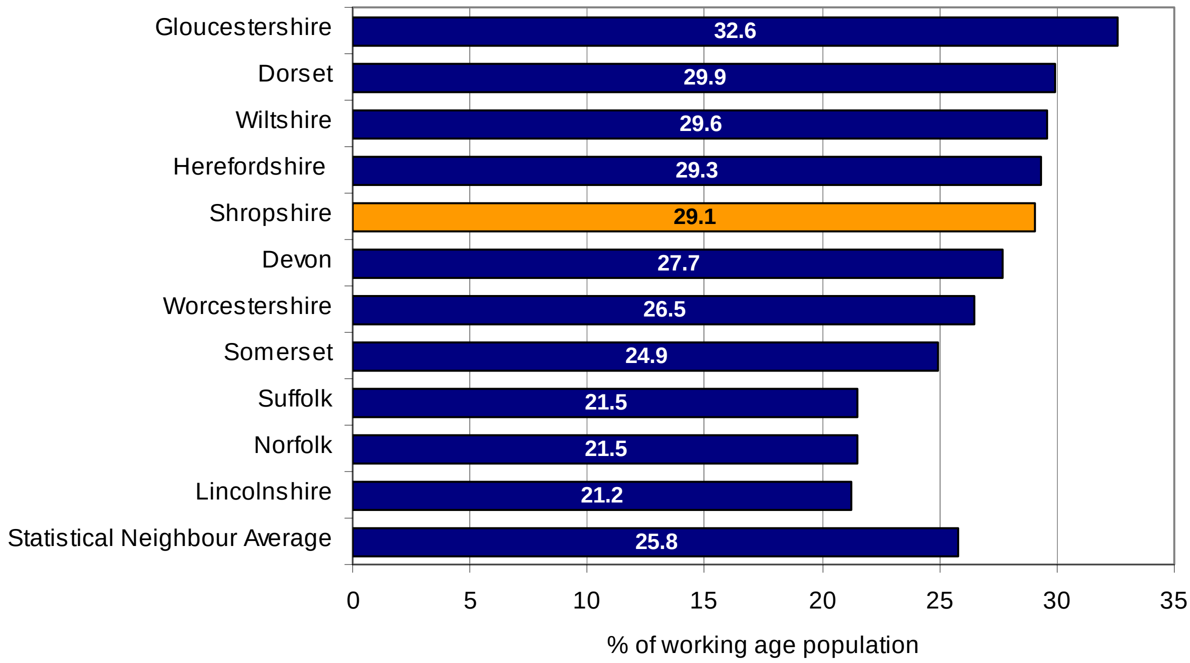
Figure 4.31: Qualifications of Working Age Population in Shropshire, the West Midlands and Great Britain: 2006, 2007 & 2008

	Shropshire				West Midlands			Great Britain		
	2006	2007	2008		2006	2007	2008	2006	2007	2008
	%	%	%	Number	%	%	%	%	%	%
NVQ 4 and above	**26.8**	**32.3**	**29.1**	**48,800**	23.9	24.6	24.5	27.4	28.5	29.0
NVQ 3 and above	**47.6**	**49.8**	**46.0**	**77,100**	41.2	42.0	42.3	45.3	46.3	47.0
NVQ 2 and above	**67.7**	**68.9**	**64.6**	**108,200**	60.6	61.1	61.6	63.9	64.5	65.2
NVQ 1 and above	**82.3**	**84.4**	**81.9**	**137,100**	74.9	75.4	76.4	77.7	78.0	78.9
Other qualifications	**5.2**	**3.9**	**5.6**	**9,400**	7.7	7.7	7.6	8.4	8.6	8.7
No qualifications	**12.4**	**11.7**	**12.5**	**21,000**	17.4	17.0	16.0	14.0	13.4	12.4

Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010
Working age population only. % is proportion of total working age population

Compared with its statistical neighbours[2], Shropshire supports an above average proportion of people qualified to NVQ Level 4 and above.

Figure 4.32: Proportion of the Working Age Population Qualified to NVQ Level 4 and Above, 2008

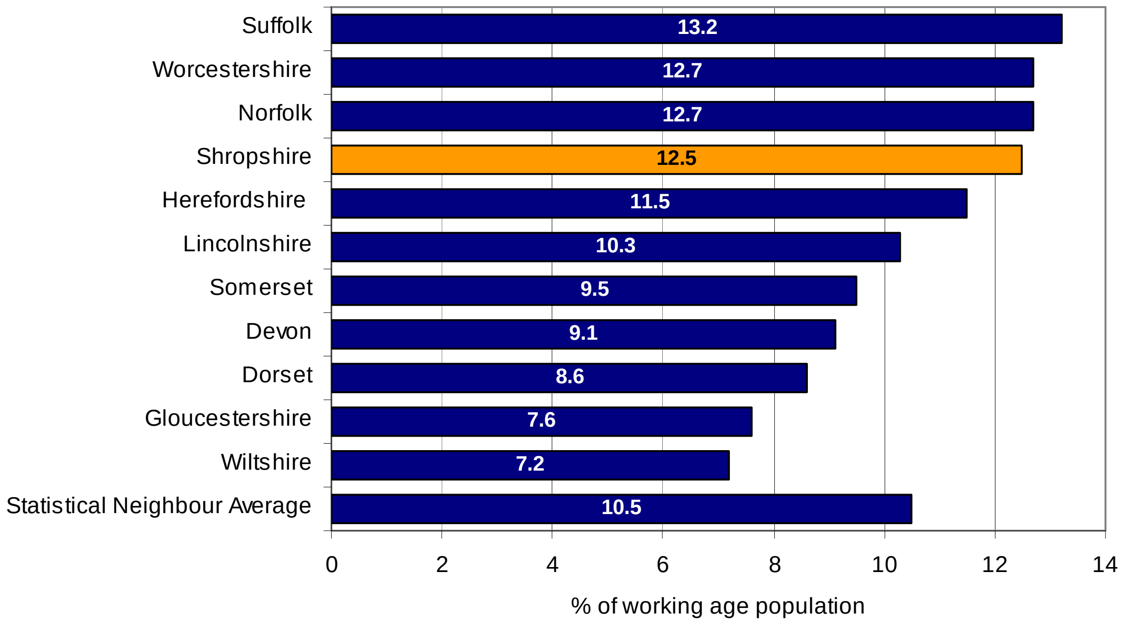


Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

Higher than average qualifications (in terms of NVQ 4 and above) equates to some extent with the comparatively high number of managers, senior officials and professional people that reside within the county. However, given a high level of out-commuting amongst these professions it is likely that a significant proportion of the most highly qualified Shropshire residents are employed outside the county. Please see Labour Market section on p37 for more details.

Although educational achievements are generally high in Shropshire, there are pockets of deprivation where levels of qualifications are substantially lower. 13% of the working age population reside in the most deprived 20% of areas nationally according to the adult education, training and skills domain of the IMD. However, over the last six years, the proportion of the Shropshire population with no qualifications has fallen significantly – from 15.8% in 2001 to 12.5% in 2008. The proportion of the regional working age population with no qualifications has also fallen but is still significantly higher than it is in Shropshire. Shropshire does not compare so favourably with its statistical neighbours[2], the majority of which support a lower proportion of the population with no qualifications.

Figure 4.33: Proportion of the Working Age Population with No Qualifications, 2008



Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

The West Midlands Economic Strategy and Skills Action Plan has ambitious targets to improve national educational attainment by 2011 and by 2020:

By 2011 – 34% of adults qualified to at least NVQ Level 4 (40% by 2020)
By 2011 – 56% of adults qualified to at least NVQ Level 3 (68% by 2020)
By 2011 – 79% of adults qualified to at least NVQ Level 2 and above (90% by 2020)

The following table shows the targets for Shropshire. It is clear that while educational achievements are already high, it will nonetheless be a challenge to raise standards to target.

Figure 4.34: Target Educational Attainment Levels for Shropshire by 2011

	Shropshire	West Midlands
NVQ Level 4 and above		
Number 2008	48,700	829,100
% working age population	31.3	27.1
Target 2011	34.0	34.0
Number needed to meet target	4,300	211,600
NVQ Level 3		
Number 2008	75,500	1,424,600
% working age population	48.5	46.5
Target 2011	56.0	56.0
Number needed to meet target	11,700	289,500
NVQ Level 2		
Number 2008	104,600	2,060,200
% working age population	67.2	67.3
Target 2011	79.0	79.0
Number needed to meet target	18,400	357,900

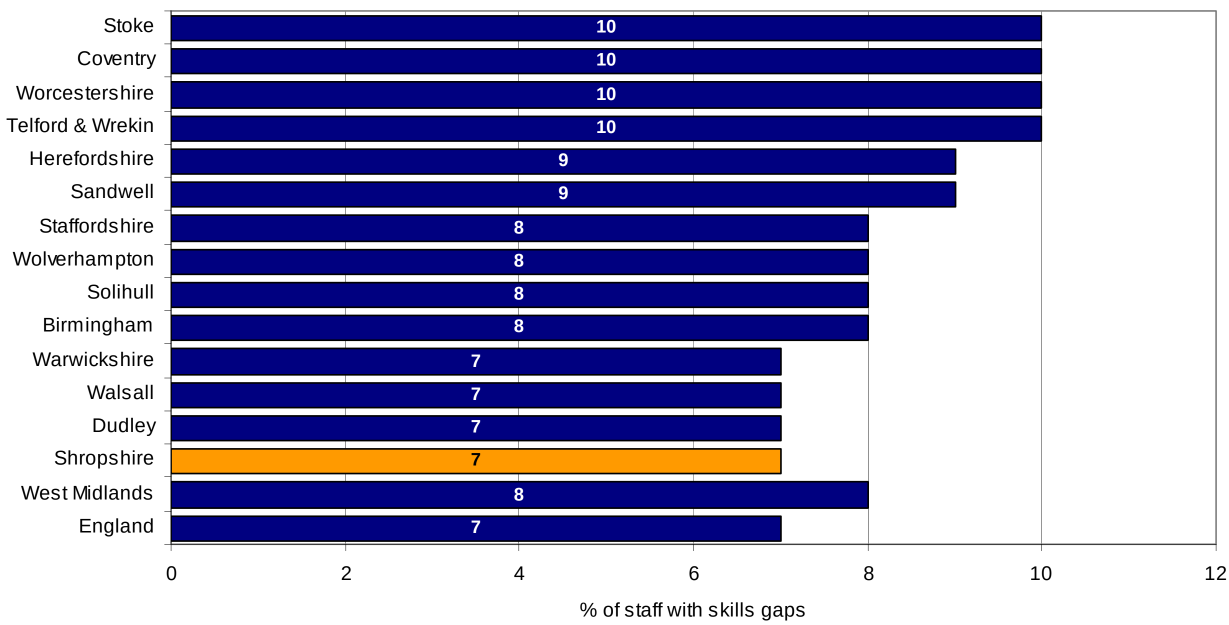
Source: APS/LFS

4.3.7 Skills Gaps and Shortages

Overall, trends nationally and regionally point to an increased demand for higher skills as the economy shifts away from sectors which rely more on process/plant and elementary occupations and into higher value added sectors. Although knowledge based industries[5] make a smaller contribution to the Shropshire economy than they do regionally or nationally (see Enterprise and Entrepreneurship section on p139 for more details), they are nonetheless expected to be the main focus of growth in the future, and this will translate into increasing demand for workers with level 4 and above qualifications. Hence, ambitious targets have been set by the West Midlands Economic Strategy and Skills Action Plan to raise educational attainment (see table above). Although educational achievements amongst the Shropshire resident working population are high, there still remain significant skills gaps and shortages.

According to the 2009 National Employer Skills Survey (NESS 2009) some 7% of all employees in Shropshire are not fully efficient at their job, which is referred to as skills gaps. This is on a par with the national average and slightly lower than the regional average.

Figure 4.35: Proportion of Staff with Skills Gaps, 2009

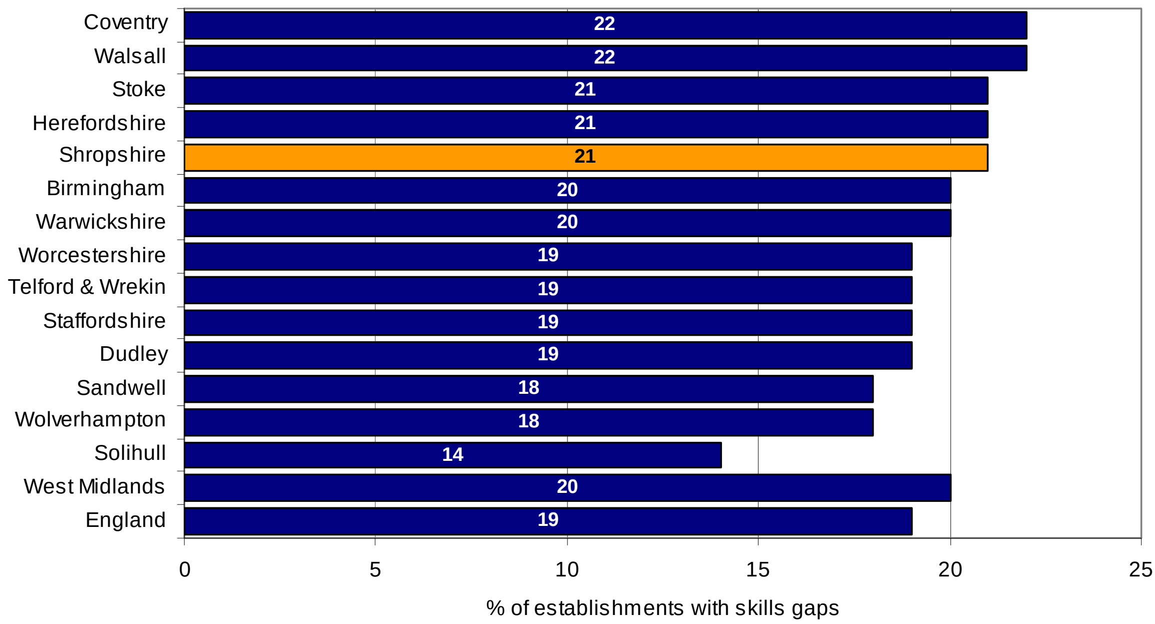


Source: LSC National Employer Skills Survey 2009

Although the number of staff with skills shortages in Shropshire is comparatively low, a substantial fifth of all Shropshire establishments do have some skills gaps which is higher than the regional or national average.

[5] See glossary for definition of knowledge-based industries

Figure 4.36: Proportion of Establishments with Skills Gaps, 2009



Source: LSC National Employer Skills Survey 2009

According to NESS nearly three-quarters of staff (73%) with skills gaps suffer from lack of experience/have been recently recruited. Generally in Shropshire, businesses report a low level of staff turnover[4], which could explain why the percentage of staff with skills gaps is low compared with other areas. However, some occupations (eg sales) have a higher turnover rate as the best staff often leave in search of higher wage levels elsewhere. Retaining young people is much more of a challenge, with businesses reporting a high level of young people leaving only 12-18 months after they have been put though training.

A lack of appropriate skills amongst staff is, however, viewed as a major challenge by Shropshire employers as:

- The skill sets required are becoming ever more sophisticated across most industry sectors.
- Despite sound educational achievements, school leavers tend to be lacking basic skills, for example in numeracy, spelling and letter writing. Many lack a basic work ethic, few have sound practical skills and there is a general lack of "work-readiness".[3]

4.3.8 Emerging Skills Needs

According to the most recent Shropshire and Telford and Wrekin Sub-Regional Skills Profile, the following skills will be needed within Shropshire in future years:

- **Health & social care & assisted living technologies** – Given Shropshire's ageing population, it will be increasingly important to meet the needs of this expanding sector in the future. The sector will display a growing demand for literacy and numeracy, communication and interpersonal skills, IT skills and for expertise in information sharing, leading and working in a multi-agency team. Health care professionals and those trained in care work will also see a growth in demand.

- **Tourism & leisure** – The tourism industry is a lynchpin in Shropshire's economy, and to remain a competitive destination in the future a number of skills needs have been identified, including a growing demand for better leadership and management, good customer service skills and for chefs with a high level of technical skills who can respond to increased demand for freshly prepared ingredients, cooking from scratch and a wider range of international cuisines.

- **Food & Drink** – The key drivers for change in this sector will be the demands of retailers, global sourcing of raw materials, tighter requirements for waste management and the need to control energy use and carbon emissions. This will result in growing demand for food technologists, chemists, microbiologists, engineers and fitters. The growing importance of food traceability and food security issues will also generate new skills needs.

- **Building technologies** – For a wide range of businesses there is an increasing need to respond to legislation in areas such as procurement and employment, to improve performance in areas such as safety, productivity and customer satisfaction and to exploit opportunities associated with innovation and new technology and the demand for more sustainable products and processes. As a consequence, there will be growing demand for skilled and experienced managers and specialist professional staff.

- **Business & professional services** – there is an increasing requirement for skilled paraprofessional staff such as legal executives and accounting technicians and for better developed generic skills in areas such as leadership and management, managing teams, making sales and managing relationships

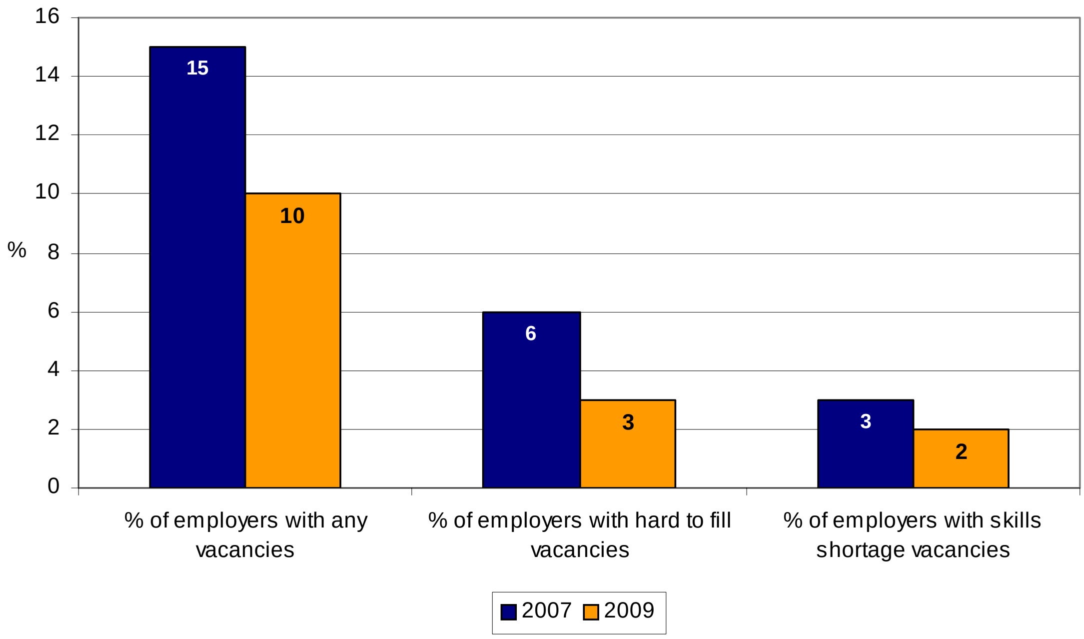
Across all occupations there will be a growing requirement for ICT skills to exploit the potential of new technology and interpersonal skills such as communication and working in teams, problem solving and customer service.

In Shropshire, the skills needs of land-based industries will also need to be considered into the future as the agricultural sector remains important in its own right and is also an important part of the supply chain for food and drink processing. The land-based sector is also related to the tourism cluster.

4.3.9 Vacancies and Recruitment

According to NESS, 10% of all Shropshire employers had vacancies in 2009, with 3% having hard to fill vacancies and 2% with vacancies with skills shortages. This is similar to the situation in the West Midlands. Overall, the number of employers claiming to have vacancies has fallen considerably since the time of the last NESS survey (2007), which is not surprising given the economic situation.

Figure 4.37: Vacancies, Hard to Fill Vacancies and Skills Shortage Vacancies, 2007 & 2009



Source: LSC National Employer Skills Survey 2009

Shropshire employers display a below average tendency to recruit young people directly from education. This is particularly apparent for under 24 year olds finishing higher education, which confirms the difficulties employers report recruiting graduates/illustrates the lack of graduate positions available in the county.

Figure 4.38: Recruiting Young People Directly from Education, 2009

	% of employers recruiting			
	Any under 24 yr olds	**16 yr olds**	**17/18 yr olds**	**Under 24 yr olds from HE**
Shropshire	**20**	**6**	**11**	**7**
West Midlands	22	5	11	9
England	23	6	11	10

Source: National Employers Skill Survey, 2009

According to Shropshire Council's consultation with businesses[4], the recruitment of appropriately skilled staff is a key issue. Most businesses report greater problems recruiting for low level grades (e.g. shop floor staff, care assistants, hotel staff) than they do for managers. In part, this is because managers are prepared to travel further for work while the labour pool for lower paid jobs is from a much narrower geographic area. Furthermore, often local workers do not want to work in certain industries (manufacturing, care, hospitality for example). Many employers have had great success in employing migrant workers, who are reported to have a better work ethic, take pride in their work, and do not view certain professions as demeaning.

Highly specialist roles can be especially challenging to fill – often employers have to cast their recruitment net far and wide to fill specialist positions, and in many cases it can be easier to recruit more locally and train people up.

4.3.10 Training

The latest NESS survey shows that Shropshire employers are notably less likely to offer training than their regional or national counterparts, with less than a third having a training budget and less than two-thirds offering any form of training. Within the region, only employers in Walsall are less likely to offer training.

Figure 4.39: Training Activity by Local Authority Area, 2009

	% with training plan	% with training budget	% providing any training	% providing off-the-job training	% providing training through FE college
Shropshire	**41**	**32**	**63**	**47**	**21**
West Midlands	45	35	68	51	21
England	43	36	68	51	19

Source: National Employers Skill Survey, 2009

4.3.10.1 Government Training Initiatives

Although more than half of Shropshire employers are aware of the Train to Gain scheme, awareness is lower than it is in either the region or England; participation rates compare reasonably well, however. In contrast, awareness of the National Skills Academy is relatively high although involvement remains low.

Figure 4.40: Awareness and Use of Government Training Initiatives by Local Authority Area, 2009

	% aware of Train to Gain	% involved with Train to Gain	% aware of the Skills Pledge	% having made the Skills Pledge	% aware of the National Skills Academy	% involved with the National Skills Academy
Shropshire	**56**	**11**	**27**	**3**	**41**	**2**
West Midlands	63	12	29	4	37	2
England	61	11	27	4	36	2

Source: National Employers Skill Survey, 2009

4.3.10.2 Vocational Training

There is generally thought to be a lack of vocational training in Shropshire, especially for the young, although the quantity of the vocational courses on offer is increasing. More schools are beginning to offer vocational alternatives to purely academic courses at secondary school level. Vocational courses post 16 tend to be limited to larger towns, including Shrewsbury, Oswestry and Ludlow, and many students wishing to pursue vocational courses are obliged to travel considerable distances to learn. Bridgnorth has been affected since Bridgnorth College closed. Although there is a WNSC campus at Shipley, some students now having to travel as far as Kidderminster, Telford, Shrewsbury or Wolverhampton, depending on the course.

Some level of vocational training is offered at many local community centres, and although much of this training focuses on basic skills targeted at low achievers, some centres offer a much wider range of training opportunities. For example, courses on IT skills, including the ECDL (European Computer Driving Licence) and web design are commonplace.

4.3.10.3 Foundation Learning

Shropshire has insufficient foundation learning provision post 16 to meet the needs of vulnerable young people, including NEETs. Over the last three years, the number entering Entry to Employment[3] has risen significantly despite a fall in the number of providers. However, despite increased participation, less than half (46%) of programme leavers move on to further training or employment. Only 7.7% of those taking part in the programme (17% of successful destinations) move on to an apprenticeship.

4.3.11 Apprenticeships

According to NESS, 10% of all Shropshire employers offer apprenticeships, with 6% of all Shropshire employers having staff who are undertaking an apprenticeship – this is, therefore, significantly higher than regional or national averages. Regionally, the percentage of employers offering apprenticeships is highest in Telford & Wrekin and Stoke (12%) while the highest percentage of employers with staff currently undertaking apprenticeships is in Walsall (7%).

Figure 4.41: Employers' Involvement with Apprenticeships, 2009

	Shropshire	West Midlands	England
% offering apprenticeships	10	9	8
% with staff undertaking apprenticeships	6	5	4

Source: National Employers Skill Survey, 2009

4.3.11.1 Apprenticeships for 16-18 year olds

Although the take-up of apprenticeships rose to 528 from 426 in 2009/10, prior to this, take-up rates were falling. 187 of all apprenticeships were advanced placements (29.7%), the remaining 341 being standard apprenticeships. The table below shows the spread of placements across the county.

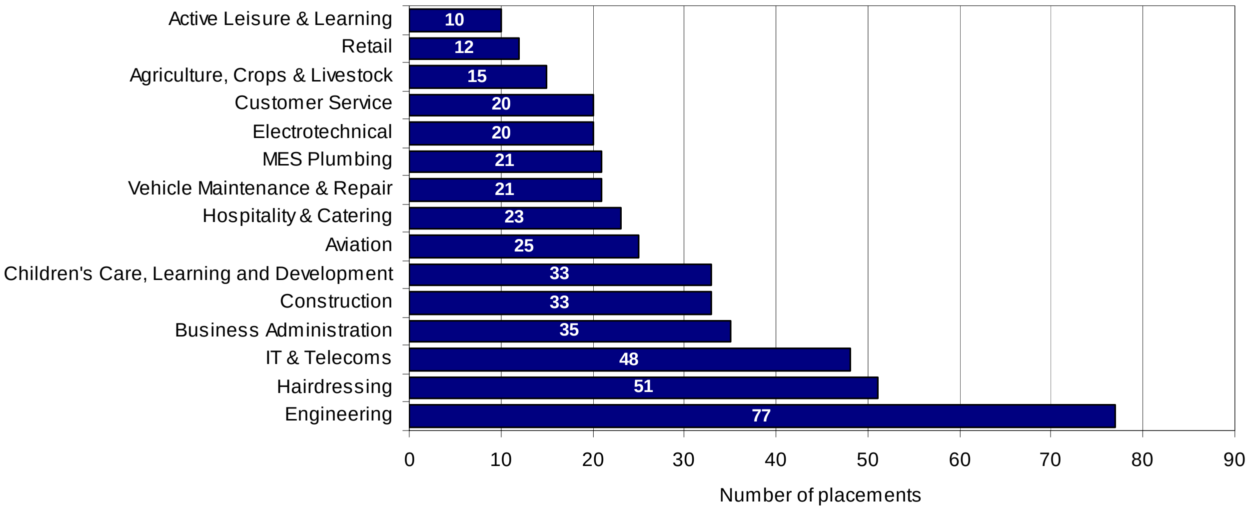
Figure 4.42: Apprenticeship Placements for 16-18 year olds 2009/2010

Former District	Total Placements 09/10	% of Total
Bridgnorth	148	28
North Shropshire	127	24
Oswestry	61	11
Shrewsbury & Atcham	126	24
South Shropshire	66	12
Shropshire	528	100

Source: Shropshire Council

Out of a total of 528 placements available throughout the County in 2009/10, the greatest number of placements were specialising in Engineering (77 or 14.6%), followed by Hairdressing with 51 placements (9.7% of the total) and IT & Telecoms 48 or 9.1% of the total.

Figure 4.43: Apprenticeship Placements for 16-18 year olds in Shropshire, 2009/10*



Source: Shropshire Council
Note: Those offering 10 or more placements

There were 72 Apprenticeship providers in Shropshire during 2009/2010 for 16-18 year olds. The Ministry of Defence is responsible for providing the greatest number of placements, offering 107 placements (20% of the total in Shropshire). They provide advanced apprenticeship placements in engineering and IT & Telecommunication in the former district of Bridgnorth, and apprenticeship placements in aviation in the former district of North Shropshire.

4.4 Economic Exclusion

Key Issues

- Although Shropshire is a relatively affluent area, there are pockets of deprivation where a high proportion of the population is out of work or in low paid employment or suffering from other forms of economic and social exclusion. The areas most prone to deprivation in Shropshire include parts of the former wards of Harlescott, Meole Brace and Monkmoor in Shrewsbury and part of the former Castle ward in Oswestry.

- One area where much of Shropshire might be considered to be deprived is in access to services - the rural nature of the county means that many residents have to travel much further to access facilities and services than they would do in a more urban area. This can impact on their ability to access either employment or services which enable them to seek employment.

Do you agree that these are the main economic issues relating to economic exclusion in Shropshire?

Shropshire is a relatively affluent area and the high quality of life the county offers is a major reason why people choose to live here. Crime levels are low at just 51.7 per 1000 of the population, anti-social behaviour is limited, and generally speaking, most of the Shropshire population enjoys a high standard of living. However, the comparative affluence of the county does disguise pockets of deprivation where inequalities between different segments of the community are more pronounced. People living in the most deprived areas are significantly less likely to work and those that do work are more likely to be in the lowest paid jobs; they are more likely to suffer from ill health and are more vulnerable to instances of crime. Children living in these areas are more likely to under-achieve educationally and are significantly more likely to become NEET (not in education, employment or training) than their counterparts living in more affluent areas. Those living in deprivation also absorb a disproportionately large share of public resources through increased medical intervention and benefit claims. As such, they have a notable impact on the local economy.

4.4.1 Overall Levels of Deprivation in Shropshire

Analysing the level of deprivation across the county is a means of identifying areas which are more likely to suffer from social and economic exclusion. The Index of Multiple Deprivation 2007 (IMD 2007) is a nationally recognised measure of deprivation at the small area level. It measures deprivation in its broadest sense by assessing indicators relating to:

- Income deprivation
- Employment
- Health and disability
- Education, skills and training
- Barriers to housing and services
- Crime and disorder
- The living environment

It is important to note that the IMD identifies concentrations of deprivation. Population numbers refer to those living in areas of particular deprivation concentrations and not to the numbers who are deprived – not all deprived people live in deprived areas and conversely, not everyone living in a deprived area is deprived.

According to IMD 2007, 2% of Shropshire's population live within the most deprived fifth of areas in England, with Shropshire ranking as the 135th out of 149 most deprived of areas. Compared with the county's statistical neighbours[1], only Wiltshire is less deprived in terms of the extent of deprivation. Shropshire does slip down the ranking slightly in terms of average deprivation score[2], which at 16.24 ranks it 106th out of 149. It is worth noting that this differential in score is primarily due to Shropshire's small population. As shown in the tables below, there has been little change in the deprivation rankings since the IMD 2004.

Figure 4.44: Levels of Deprivation in Shropshire Compared to Statistical Neighbours 2007

Statistical Neighbour	Rank of Extent*	Statistical Neighbour	Rank of Average Score
Wiltshire	140	Wiltshire	140
Shropshire	**135**	Dorset	125
Dorset	128	Gloucestershire	121
Herefordshire	123	Suffolk	116
Devon	121	Worcestershire	114
Somerset	120	Somerset	112
Gloucestershire	114	**Shropshire**	**106**
Suffolk	112	Devon	102
Worcestershire	107	Herefordshire	101
Lincolnshire	98	Lincolnshire	98
Norfolk	96	Norfolk	97

Source: IMD, 2007

*Note: * According to the proportion living in the most deprived areas*

Figure 4.45: Levels of Deprivation in Shropshire Compared to Statistical Neighbours 2004

Statistical Neighbour	Rank of Extent*	Statistical Neighbour	Rank of Average Score
Wiltshire	138	Wiltshire	139
Shropshire	**135**	Dorset	130
Dorset	131	Gloucestershire	126
Herefordshire	127	Worcestershire	116
Somerset	123	Suffolk	114
Devon	116	**Shropshire**	**111**
Gloucestershire	114	Somerset	108
Worcestershire	110	Herefordshire	109
Suffolk	109	Devon	100
Norfolk	94	Norfolk	97
Lincolnshire	93	Lincolnshire	94

Source: IMD, 2004

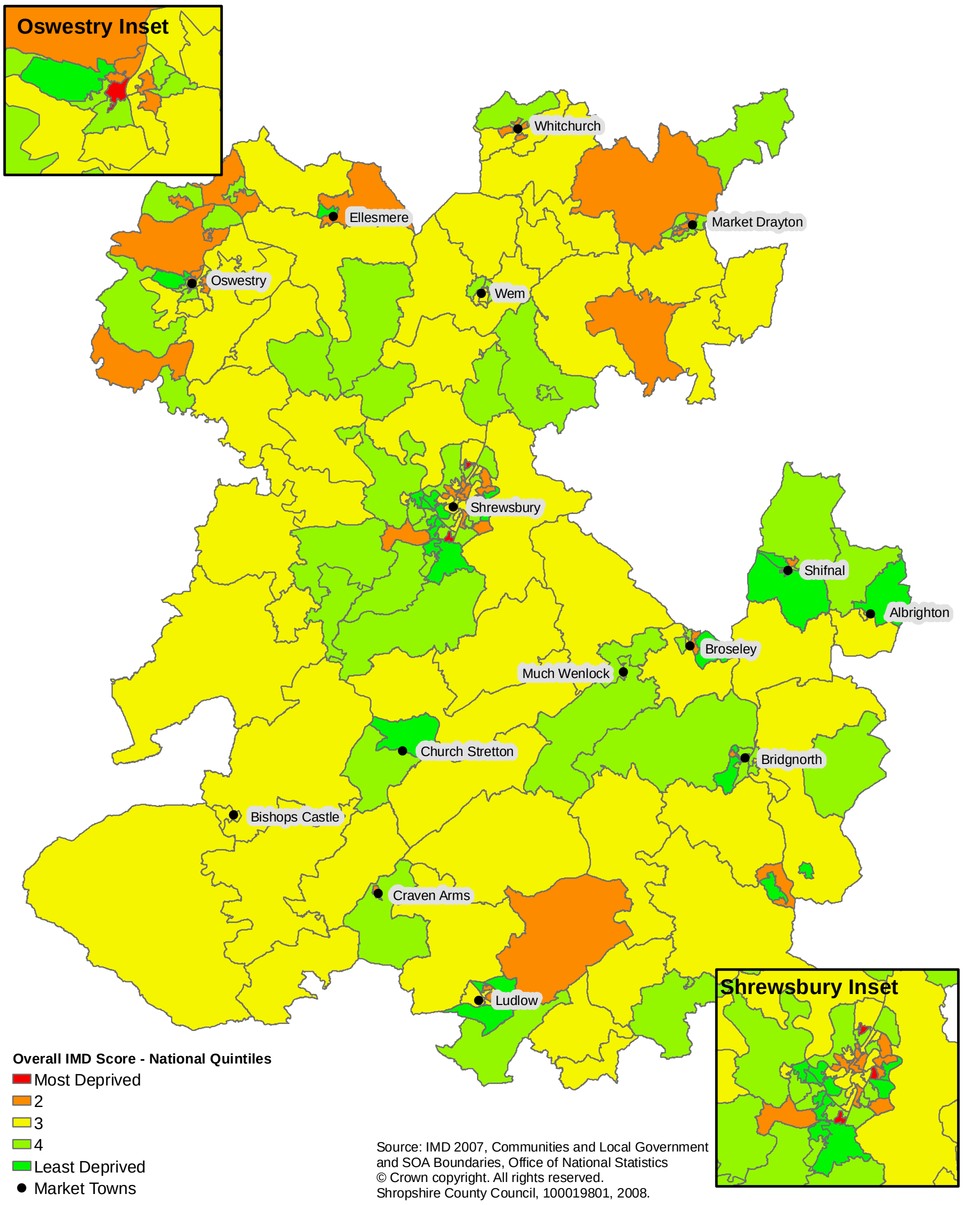
*Note: * According to the proportion living in the most deprived areas*

1 See glossary for definition of statistical neighbours
2 See glossary for definition of average deprivation score

Although overall Shropshire is a relatively undeprived county, there are four Super Output Areas[3] (SOAs) which fall into the top fifth most deprived of areas in England. These fall within the former wards of Harlescott, Meole Brace and Monkmoor in Shrewsbury and the former ward of Castle in Oswestry. Of these, only Harlescott is ranked amongst the top 10% of most deprived areas nationally. All four of the SOAs are ranked in the top fifth most deprived of areas in England in terms of Employment Deprivation and Income Deprivation and are also distinguished by other socio economic traits which prevent residents from economic participation.

The number of wards within the most deprived 20% of the UK has risen from three since the 2004 IMD. In absolute terms, the number of people living within the most deprived 20% of areas within England rose by a third to 5,751 indicating that Shropshire has become comparatively more deprived.

Figure 4.46 Overall Deprivation Levels in Shropshire 2007



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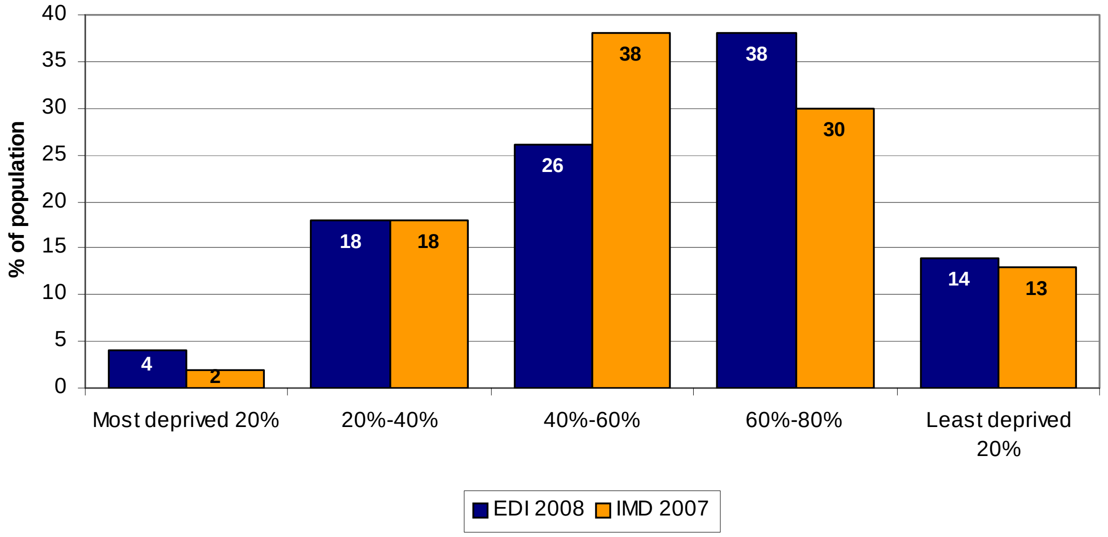
3 See glossary for definition of Super Output Areas

4.4.2 The Economic Deprivation Index (EDI)

The EDI provides trend data to illustrate the progress being made by deprived communities. The index covers the period 1999 to 2005 for areas from SOAs up to local authority areas and regions. Unlike the IMD, which has eight domains, the EDI has only two - covering income and employment (worklessness) - making it an appropriate measure of economic deprivation.

The EDI index suggests that 4% of the Shropshire population live in the most deprived fifth of areas nationally, which is double the percentage suggested by the IMD. In contrast 14.1% live in the least deprived of areas nationally, again slightly higher than the IMD figure of 13%.

Figure 4.47: Comparison between EDI and IMD Data



Source: EDI 2008, IMD 2007
Note: EDI data relates to 2005

The EDI and the IMD both identify the same areas as being the most deprived in the county – parts of Harlescott, Meole Brace and Monkmoor in Shrewsbury and Castle in Oswestry – with the EDI also highlighting an area in the former ward of Ludlow Henley and another in the former ward of Market Drayton East as being amongst the most deprived of areas nationally.

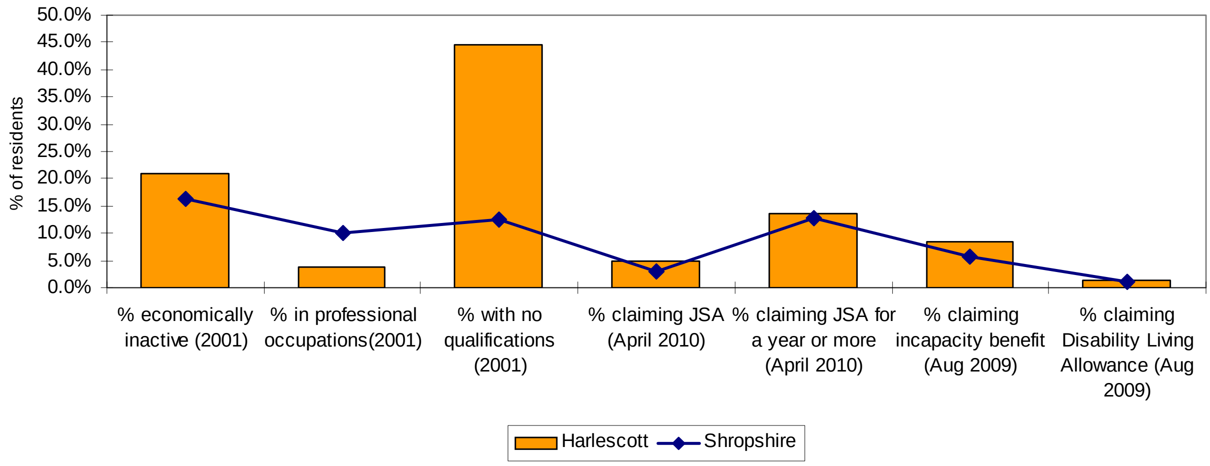
Trend data provided by the EDI suggests that deprived communities within Shropshire may have become comparatively less deprived between 2000 and 2005. Although this may appear to contradict the IMD, which suggests that Shropshire has become more deprived, it is important to remember that the IMD measures deprivation according to a far wider range of measures than the EDI, which focuses on economic measures only.

Looking more specifically at the areas which are identified as being the most deprived in Shropshire, it is clear that the resident population in these areas is much more likely to have no qualifications and is significantly more likely to be unemployed. Furthermore, those that do work are more likely to hold more menial - and consequently lower paid - jobs.

4.4.3 Harlescott

The most deprived area located in the former ward of Harlescott is ranked in the top 10% most deprived areas in England. Nearly half of the working age population (44.6%) are without any qualifications, and just over a fifth is economically inactive. Less than 4% of those of working age are in professional occupations compared to the Shropshire average of 10%.14.8% regularly claim either Job Seekers Allowance, Incapacity Benefit or Disability Living Allowance. Of those that are claiming JSA, 13.7% have been claiming for over a year.

Figure 4.48: Harlescott

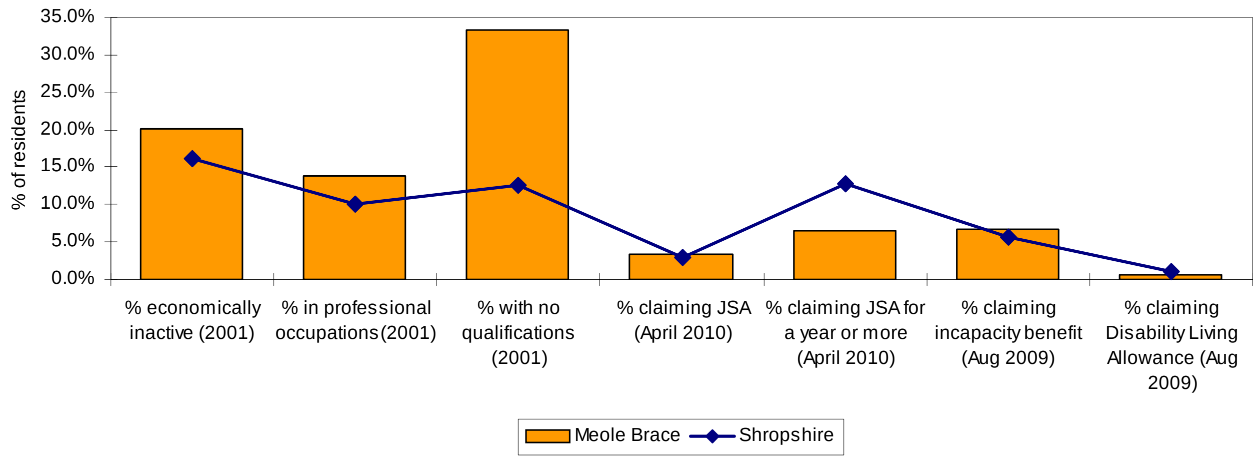


Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

4.4.4 Meole Brace

The most deprived area within the former ward of Meole Brace is in the top 14% most deprived of areas nationally. A third of the working age population in this area has no qualifications (compared to the Shropshire average of 12.5%). A fifth of residents of working age are economically inactive with nearly 14% claiming Job Seekers Allowance, Incapacity Benefit or Disability Living Allowance. This compares to the Shropshire average of 9.5%. The area does, however, have above average employment in professional occupations.

Figure 4.49: Meole Brace

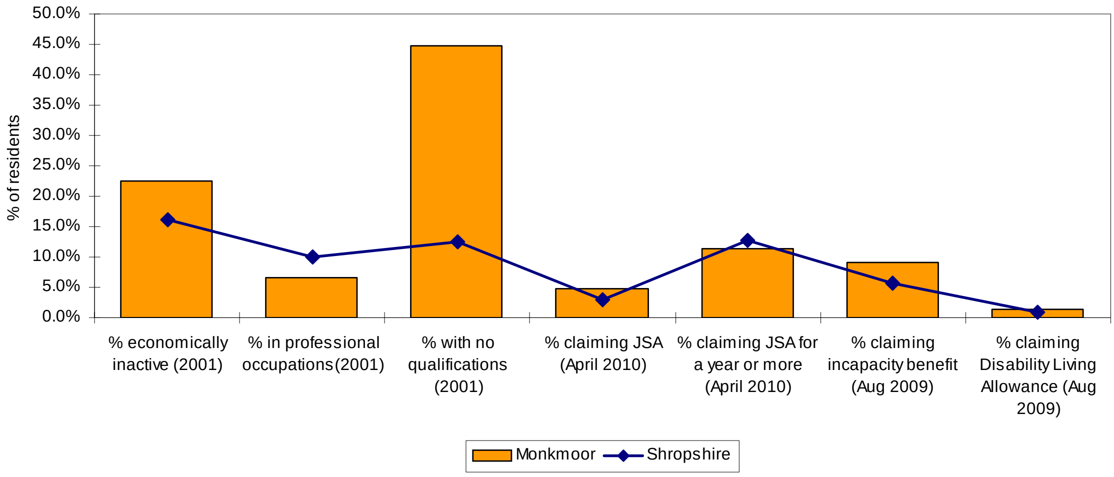


Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

4.4.5 Monkmoor

The most deprived area in Monkmoor is ranked in the top 19% most deprived areas in England. Out of the total working age population nearly half (44.7%) have no educational qualifications. Over a fifth (22.4%) are classed as economically inactive and only 6.6% are classed as having professional occupations. 15.3% claim either Job Seekers Allowance, Incapacity Benefit or Disability Living Allowance.

Figure 4.50: Monkmoor

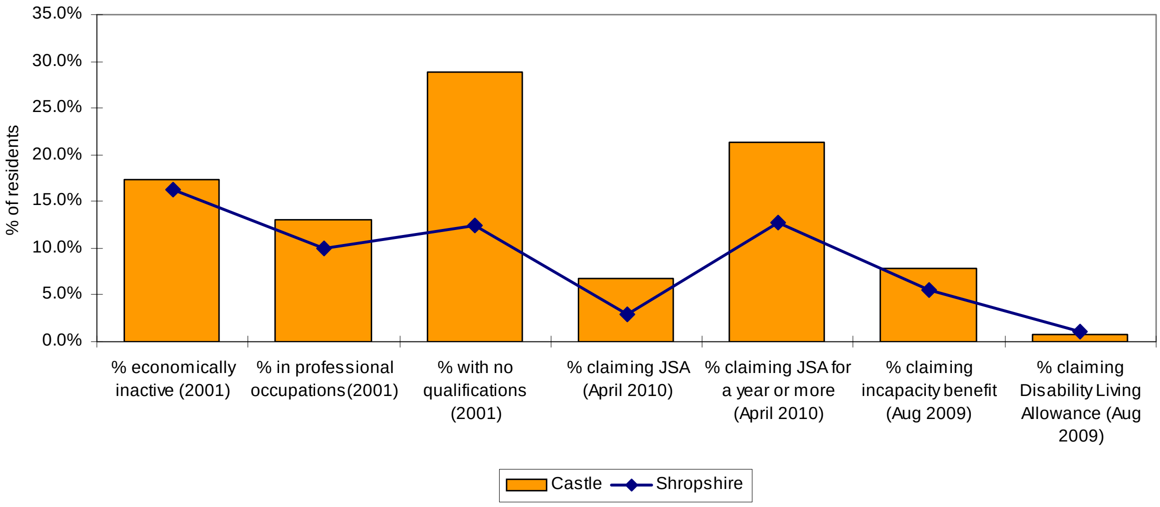


Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

4.4.6 Castle

The most deprived area in the former ward of Castle is ranked in the top 20% most deprived areas nationally. 17.4% of residents of working age in this area are economically inactive. 28.8% have no qualifications. Levels of long term unemployment are high with over a fifth of the working age population claiming Job Seekers Allowance for over a year. The number of people claiming out of work benefits is also high at 15.5%.

Figure 4.51: Castle



Source: Annual Population Survey, Office of National Statistics, Crown Copyright 2010

Please see the Worklessness chapter (p73-90) for more details on out of work benefits in Shropshire's most deprived areas.

4.4.7 Access to Services

One area where much of Shropshire is considered to be deprived is in access to services - the rural nature of the county means that many residents have to travel much further to access facilities and services than they would do in a more urban area. This can impact on their ability to access either employment or services which enable them to seek employment.

For example:

- In England, 96.7% of households are within 2km of a Post Office and Primary School. In Shropshire, this percentage is reduced to 80%.
- Nearly 30% of households are more than 10km from a Job Centre; in England this is just 7%.
- 6% of households are more than 10km from a supermarket.
- Nearly 5% are more than 10km from a bank or building society. In England this is 0.4%.

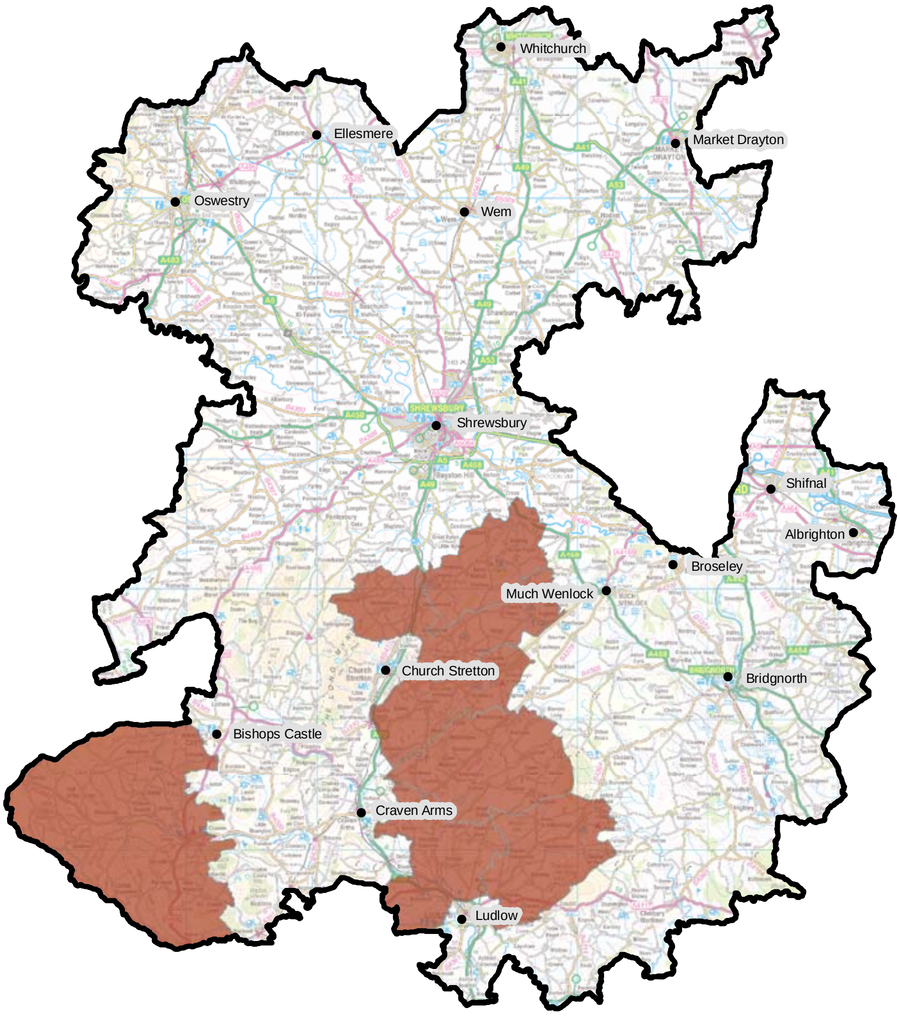
Figure 4.52: Percentage of Households within Shropshire and England within Set Distances of Facilities, 2007

	Kms	0-2	2-4	4-6	6-8	8-10	10+
Bank/Building Society	Shropshire	59.6	11.3	10.7	8.2	5.5	4.6
	England	79.4	13.2	4.1	2.0	0.9	0.4
Cash Point	Shropshire	78.7	11.9	7.5	1.5	0.3	0.0
	England	94.5	3.7	1.3	0.4	0.0	0.1
Doctor	Shropshire	70.7	13.1	10.9	4.5	0.7	0.0
	England	90.7	6.2	2.3	0.6	0.1	0.1
Job Centre	Shropshire	33.1	15.4	7.4	7.6	7.1	29.4
	England	41.6	29.2	12.2	6.1	3.9	7.0
Public House	Shropshire	87.8	10.3	1.8	0.1	0.0	0.0
	England	98.3	1.6	0.1	0.0	0.0	0.0
Petrol Station	Shropshire	73.0	15.2	8.7	2.5	0.4	0.2
	England	89.9	7.6	1.9	0.5	0.1	0.0
Post Office	Shropshire	84.4	12.1	3.3	0.2	0.0	0.0
	England	96.7	2.9	0.3	0.0	0.0	0.1
Primary School	Shropshire	73.0	15.2	8.7	2.5	0.4	0.2
	England	97.5	2.2	0.3	0.0	0.0	0.0
Secondary School	Shropshire	55.5	15.7	11.4	9.9	5.4	3.5
	England	80.9	11.6	4.2	2.0	0.8	0.5
Supermarket	Shropshire	61.2	9.6	10.5	7.6	5.2	6.0
	England	87.0	7.3	3.2	1.5	0.6	0.4
NHS Dentist	Shropshire	63.7	8.5	11.1	9.7	5.0	1.5
	England	86.3	7.4	3.5	1.7	0.8	0.3

Source: Rural Services Series, 2007 The Countryside Agency Crown Copyright, 2010

The challenge to accessing services is highlighted further by the IMD 2007 results for the geographical barriers sub domain which measures poor geographical access to key services that are important for day-to-day life. According to this measure, 47% of the county's population live within the most deprived areas and only 6% live within the least deprived fifth of areas nationwide. There are 90 (out of 192) Super Output Areas in the most deprived fifth nationally, seven of which are in the top 1% most deprived areas in England.

Figure 4.53: IMD 2007, Geographical Barriers to Housing and Services, Top 1% Deprived Areas



Source: IMD 2007, Communities and Local Government
and SOA Boundaries, Office of National Statistics

Despite these statistics, it is important to note that a large proportion of those living in the most remote areas of Shropshire choose to live there and enjoy a comparatively affluent lifestyle and as such would not be considered to be deprived. Furthermore, car ownership is extremely high in rural areas and commuting patterns suggests that most people living in the most remote parts of Shropshire have sufficient mobility to access employment.

4.5 Worklessness

Key Issues

- A tenth of the working age population in Shropshire is currently claiming work-related benefits. Although this proportion is lower than it is in either the West Midlands or Great Britain, it still amounts to a sizeable 17,070 people (August 2009).

- There are some areas where worklessness is significant, affecting more than a quarter of the working age population. Specifically, long term unemployment is a major issue in parts of Harlescott, Meole Brace and Sundorne in Shrewsbury and in part of Castle in Oswestry.

- Almost 38% of claimants have been claiming for at least five years – this proportion rises to over 60% amongst incapacity benefit/ESA claimants. This is illustrative of the fact that it is very difficult to encourage the long term unemployed back into the workplace.

Do you agree that these are the main economic issues relating to worklessness for Shropshire?

In some parts of the county worklessness is a real issue, affecting a very high proportion of the population. Although less widespread in Shropshire overall, there are concentrations of unemployment in some areas, and as such, worklessness remains a key priority within the county. Worklessness can be defined as *"a person that is not employed with little or no prospects for employment"*. Those who are workless display a total dependency on Government benefits, often have a family history of unemployment, generally under-achieve educationally and have a limited skill set and have low expectations or aspirations of employment. There is a direct correlation between worklessness, other forms of exclusion and health and social problems; workless households are often, but not exclusively, in areas of deprivation. In addition, areas where worklessness is high are naturally compromised in their ability to make a positive contribution to the local economy.

Included within the definition for worklessness[1] are those claiming the following work-related benefits:

- Jobseekers Allowance
- Incapacity Benefit & Employment and Support Allowance
- Lone Parents
- Others on Income Related Benefit

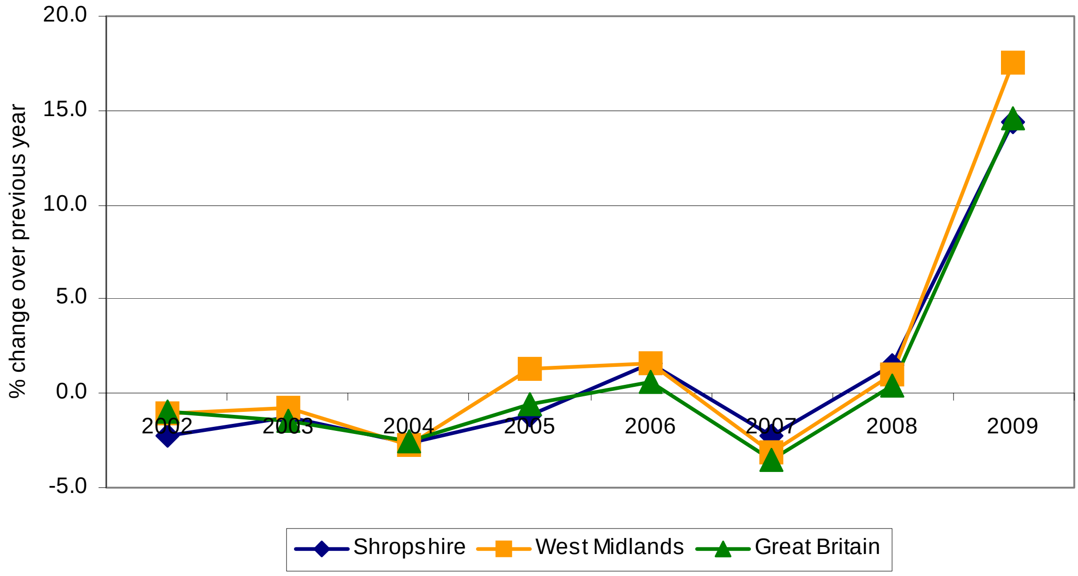
4.5.1 The Extent of Worklessness in Shropshire

The total number claiming out of work benefits stood at 17,070 in August 2009 in Shropshire. This represents a substantial increase of 14.4% over the same month in the previous year, and is the first year since 2001 when the change in the worklessness level has exceeded +/- 3%. As shown in the following chart, any change in the total number claiming out of work benefits has been very similar to any changes either regionally or nationally, although levels of worklessness did rise more quickly in the West Midlands than in Shropshire in 2009. Naturally, the strong

[1] As defined by DWP

increase in worklessness nationwide during 2009 is largely attributable to the global economic downturn and the substantial job losses that have been in evidence. Prior to the recession, the relative stability in the size of the workless population indicates that while the economic impact associated with the long-term unemployed may not have been getting substantially worse, it was not substantially improving either. As the county moves out of recession, the challenge will be to ensure that those who have lost their jobs due to the economic downturn find alternative employment rather than joining the ranks of the long-term unemployed.

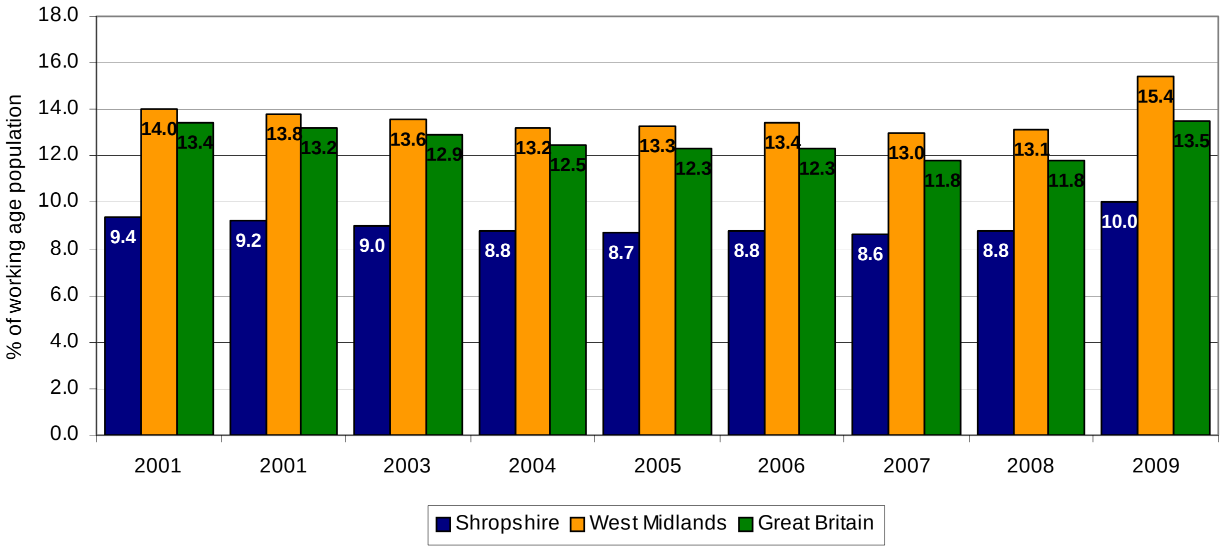
Figure 4.54: Change in Worklessness Levels, 2002-2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

As a proportion of the working age population, the level of worklessness has been consistently lower in Shropshire than in either the West Midlands or Great Britain since 2001. This notwithstanding, the proportion claiming work-related benefits had risen to a substantial 10% by August 2009. This compares with 13.4% for Great Britain and 15.2% in the West Midlands.

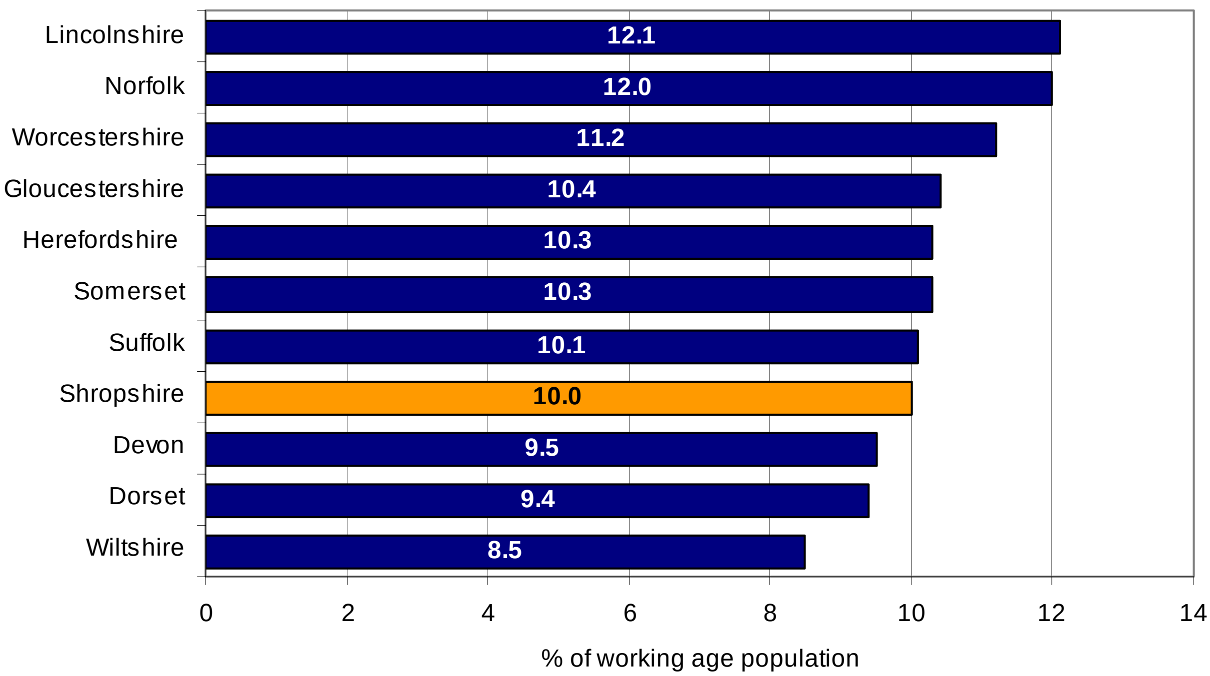
Figure 4.55: Workessness as a Proportion of Residents of Working Age, 2001-2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

Within Shropshire, worklessness is a slightly greater issue in the northern and central areas of the county, accounting for 10.8% and 10.4% of the working age population respectively, compared with 9% in the southern area. The level of worklessness in Shropshire is on a par with its statistical neighbours[2], with the rate highest in Lincolnshire and Norfolk and lowest in Wiltshire, Devon and Dorset.

Figure 4.56: Levels of Worklessness in Shropshire Compared to Statistical Neighbours, 2009



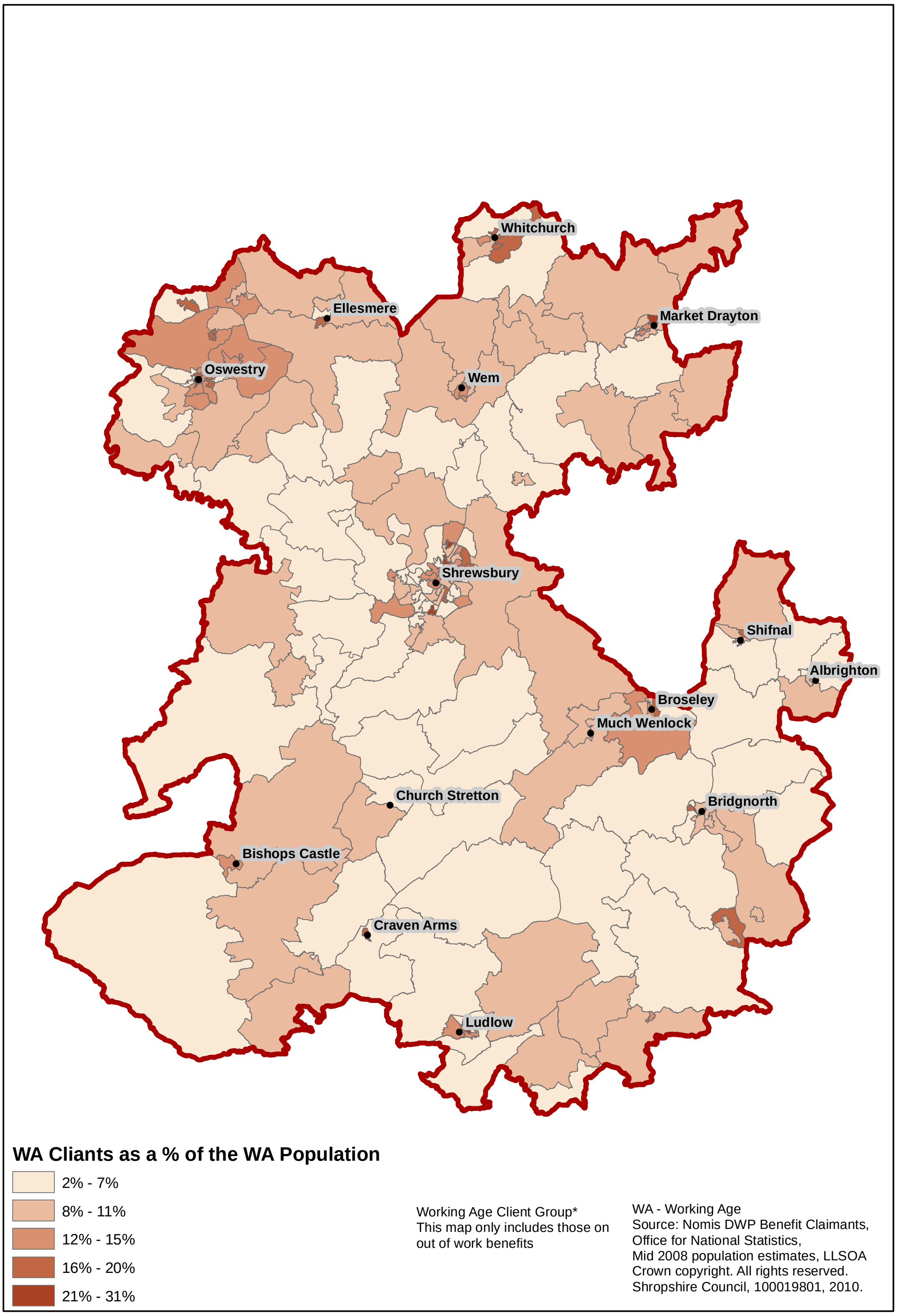
Source: Working Age Client Base, Nomis, Crown Copyright 2010

[2] See glossary for definition of statistical neighbours

Worklessness data is available by Lower Level Super Output Area[3] (LLSOA). As shown on the following map, it is clear that rates of worklessness vary considerably across the county. However, they tend to be highest in more urban areas and lowest in rural parts of the county. However, it should be noted that the dispersed nature of the problem in more rural localities can make it more difficult to either identify or quantify. Overall worklessness levels are highest in the north of the county; however, some wards in the central and southern areas have particularly high worklessness rates, with more than a quarter of the working age population claiming work-related benefits within the Shrewsbury wards Harlescott, Meole Brace and Sundorne as well as in the Oswestry Castle Ward. In addition, worklessness levels are high in parts of Market Drayton and Ludlow. In contrast, worklessness is minor in the LLSOAs of Corve Valley (southern Shropshire) and Lawley (central Shropshire).

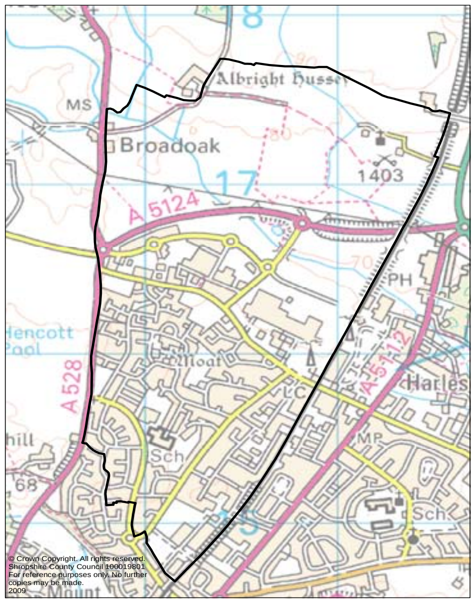
[3] See glossary for definition of Super Output Areas

Figure 4.57: Worklessness – Benefit Claimants (working age client group), August 2009



4.5.2 Harlescott Grange

Figure 4.58: Harlescott Grange



285 people in one LLSOA within the former ward of Harlescott in Shrewsbury were claiming out of work benefits in August 2009. This represents an increase of 11.8%, or an extra 30 workless people since 2001. Worklessness has, therefore, become a greater issue in the area over the last seven years; now almost a third (32.8%) of the working age population claims out of work benefits.

Although levels of worklessness overall have risen more quickly in Harlescott than they have throughout the county, the rise in JSA claimants has been more modest (+25% compared with +67.9%).

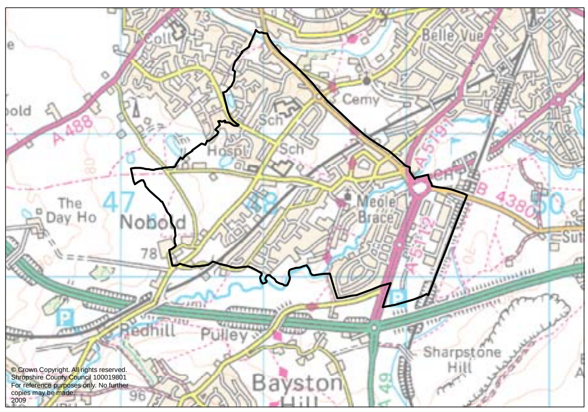
43.8% of all claimants in this area receive ESA/incapacity benefits, 22.8% claim lone parent benefit, 7% are on other income related benefits, with the remaining 26.3% on JSA.

Issues[4] affecting worklessness in Harlescott Grange:

- There is resistance to outside intervention
- The Adult Learning Centre is located on the school site, which poses a barrier for some people
- There is a high incidence of anti-social behaviour
- Long term unemployment is common
- Levels of long term limiting illness and obesity are growing
- Incidence of referrals to the community mental health team are high
- Short term initiatives have caused disillusion and mistrust
- Transport is inaccessible and expensive

4.5.3 Meole Brace

Figure 4.59: Meole Brace



230 people in one LLSOA within the former ward of Meole Brace in Shrewsbury were claiming out of work benefits in August 2009. This represents an increase of 24.3%, or an extra 45 workless people since 2001. Worklessness has, therefore, become a greater issue in the area over the last seven years; now more than a quarter (26.1%) of the working age population claims out of work benefits.

54.3 % of all claimants in this area receive ESA/incapacity benefits, 13.0% claim lone parent benefit, 4.3% are on other income related benefits, with the remaining 28.3% on JSA.

[4] According to Neighbourhood Employment and Skills Plan for Harlescott Grange

Issues[5] affecting worklessness in Meole Brace include:

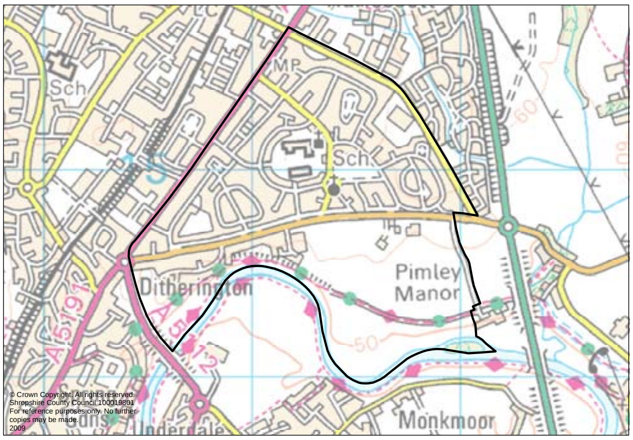
- There is a high incidence of anti-social behaviour
- Aspirations are low
- There is a disproportionately high level of NEET (not in education, employment or training) young people
- There is a perceived lack of local opportunities for employment or training
- Transport

4.5.4 Sundorne

225 people in one LLSOA within the former ward of Sundorne in Shrewsbury were claiming out of work benefits in August 2009. This represents an increase of 7.1%, or an extra 15 workless people since 2001. Worklessness has grown at a comparable rate to the Shropshire average, although it should be noted that claimant levels have fluctuated between 185 and 225 people since 2001. More than a quarter (27.5%) of the working age population are currently claiming out of work benefits.

46.7% of all claimants in this area receive ESA/incapacity benefits, 13.3% claim lone parent benefit, 4.4% are on other income related benefits, with the remaining 35.6% on JSA.

Figure 4.60: Sundorne



The incapacity/ESA and lone parent groups have both declined at a faster rate than the Shropshire average (-12.5% and -40% respectively), albeit from comparatively large bases. Meanwhile, the JSA claimant rate has increased by a substantial 128.6% since August 2001.

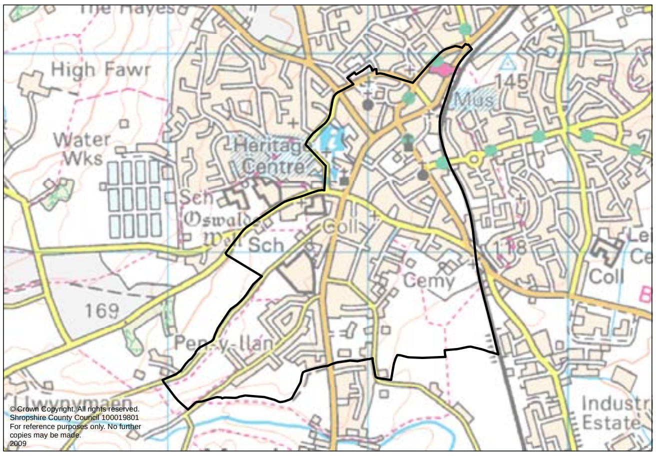
Issues[6] affecting worklessness in Sundorne include:

- Barriers experienced by local people in accessing facilities
- High incidence of anti-social behaviour
- High incidence of referrals to the community mental health team
- Short term initiatives have caused disillusion and mistrust
- Transport is inaccessible and expensive

[5] According to Neighbourhood Employment and Skills Plan for Meole Brace
[6] According to Neighbourhood Employment and Skills Plan for Sundorne

4.5.5 Oswestry Castle

Figure 4.61: Oswestry Castle



210 people in one LLSOA within the former ward of Castle in Oswestry were claiming out of work benefits in August 2009. This represents an increase of 55.5%, or an extra 75 workless people since 2001. Worklessness has, therefore, become a greater issue in the area over the last seven years; now approaching 30% (29.8%) of the working age population claims out of work benefits.

42.9% of all claimants in this area receive ESA/incapacity benefits, 4.8% claim lone parent benefit, 7.1% are on other income related benefits, with the remaining 45.2% on JSA. Proportionally, therefore, lone parent claimants in the area are low.

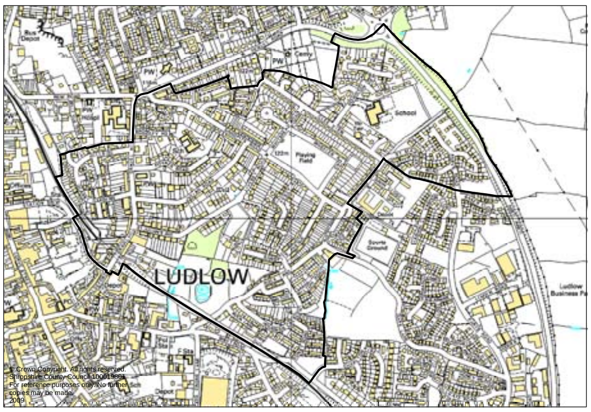
Although the number claiming incapacity benefit/ESA throughout the county is falling, in this area the number has risen by a substantial 50% since 2001. The number claiming JSA has also risen more quickly than average (+72.7%).

Issues[7] affecting worklessness in Oswestry Castle include:

- The environment in the local area is poor
- There is a high incidence of anti-social behaviour
- High debt levels
- There are limiting employment opportunities
- There is limited public transport
- There is a disproportionately high level of NEET (not in education, employment or training) young people
- There are limited options for training

4.5.6 Ludlow Henley

Figure 4.62: Ludlow Henley



150 people in one LLSOA within the former ward of Henley in Ludlow were claiming out of work benefits in August 2009. Worklessness in this area has actually declined from 160 people in 2001 (-6.3%), although the number has risen by a fifth over the last year. 16.7% of the working age population are currently claiming out of work benefits.

53.3% of all claimants in this area receive ESA/incapacity benefits, 20% claim lone parent benefit, 3.3% are on other income related benefits, with the remaining 23.3% on JSA.

[7] According to Neighbourhood Employment and Skills Plan for Oswestry Castle

Issues[8] affecting worklessness in Ludlow Henley include:

- People have poor motivation and low aspirations
- There is a disproportionately high level of NEET (not in education, employment or training) young people
- Skills levels are low
- There is a lack of local opportunities for employment or training
- There is a shortage of affordable childcare
- There are high levels of debt
- There is no local access to CAB or other independent welfare benefits information and advice services
- Transport
- There is limited community outreach services

4.5 7 Claimants by Areas of Deprivation

Worklessness tends to be a symptom of deprivation, with concentrations of long term unemployment found in the county's most deprived areas. Three of the above SOAs are within the most deprived areas of Shropshire (Harlescott, Meole Brace and Castle). The worklessness rate rises from a county average of 10% to 17.4% in the most deprived 20% of the county and drops to 6.4% in the least deprived 20%. The JSA claimant rate is almost twice as high in the most deprived 20% of Shropshire as it is elsewhere, with the lone parent claimant rate similarly weighted towards the most deprived areas. The incapacity benefit claimant rate ranges from 9.3% in the most deprived Shropshire quintile and falls to 3.5% in the last deprived quintile.

Figure 4.63: Percentage of Working Age Population Claiming Work-Related Benefits by Area of Deprivation, August 2009

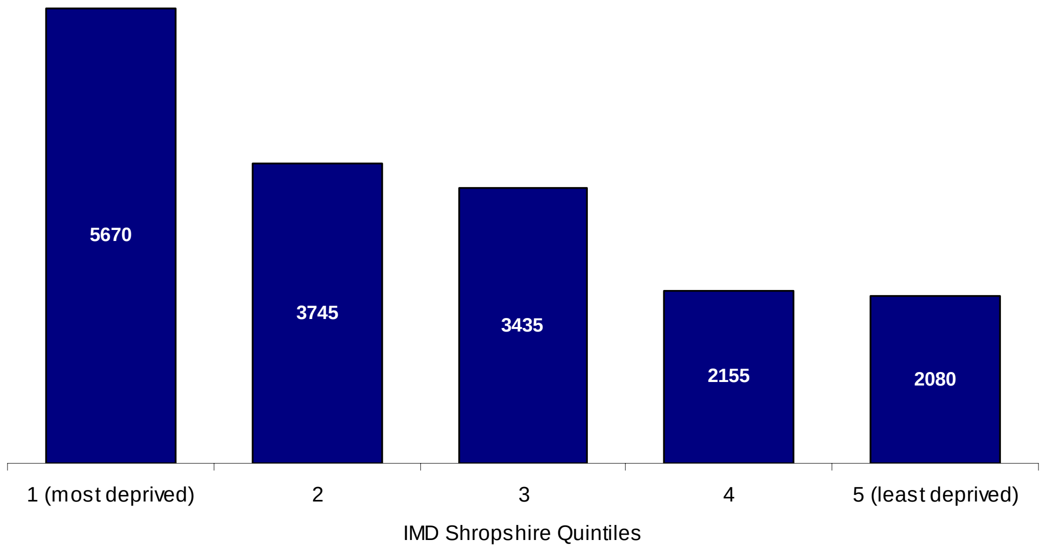
	% of working age population				
	Jobseeker	**ESA and Incapacity benefits**	**Lone parent**	**Others on income related benefit**	**Total working age client base**
1 (Most Deprived)	5.0	9.3	2.4	0.7	17.4
2	2.8	6.2	1.0	0.5	10.4
3	2.2	4.7	0.7	0.4	8.0
4	2.4	4.6	0.8	0.3	8.1
5 (Least Deprived)	2.0	3.5	0.6	0.3	6.4
Shropshire	2.8	5.6	1.1	0.4	10.0

Source: Working Age Client Base, Nomis, Crown Copyright 2010/Index of Multiple Deprivation 2007

Consequently, claimants tend to be concentrated in the most deprived areas, with a third of all those on work-related benefits in August 2009 living in the most deprived fifth of the county (5,670 people). In contrast, just 12.2% are resident in the least deprived fifth of areas (2,080 people).

[8] According to Neighbourhood Employment and Skills Plan for Ludlow Henley

Figure 4.64: Numbers Claiming Work-Related Benefits by Deprivation, August 2009

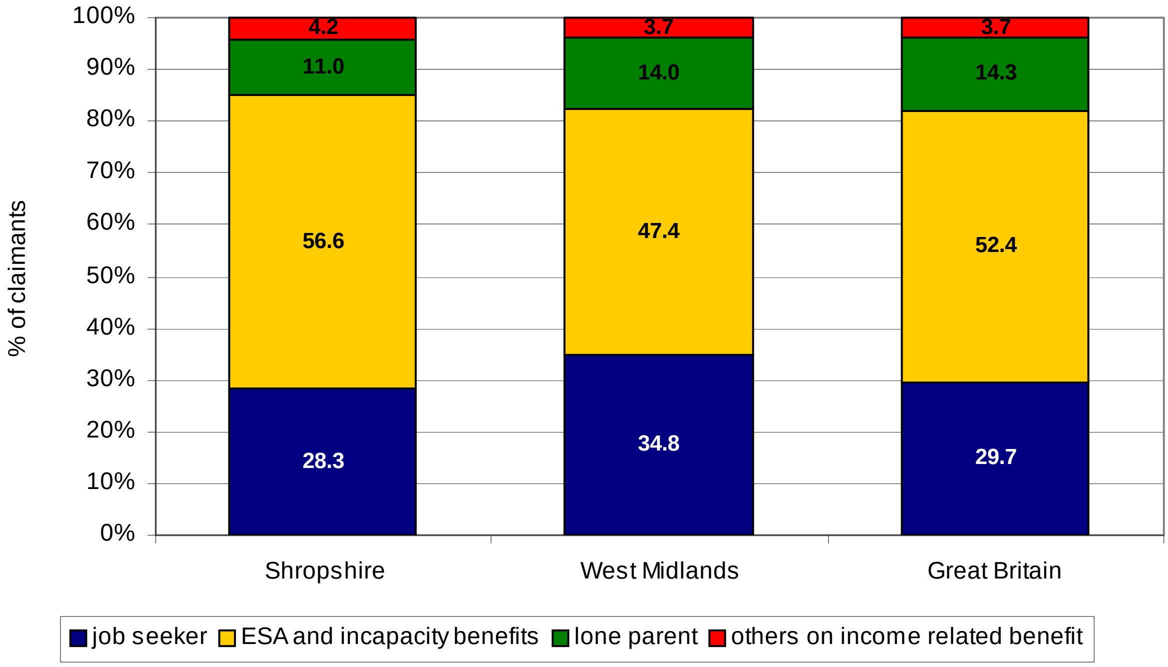


Source: Working Age Client Base, Nomis, Crown Copyright 2010/Index of Multiple Deprivation 2007

4.5.8 Claimant Types

More than half of the workless population in Shropshire are claiming incapacity benefit/ESA (56.6%), the equivalent of 9,660 people (August 2009). 28.3% are claiming Jobseekers Allowance, while 11% are lone parents. The remaining 4.2% are others on income related benefit. Compared with the West Midlands and Great Britain, Shropshire supports a comparatively low proportion of lone parent claimants and JSA claimants, but a higher proportion of those on ESA and incapacity benefit.

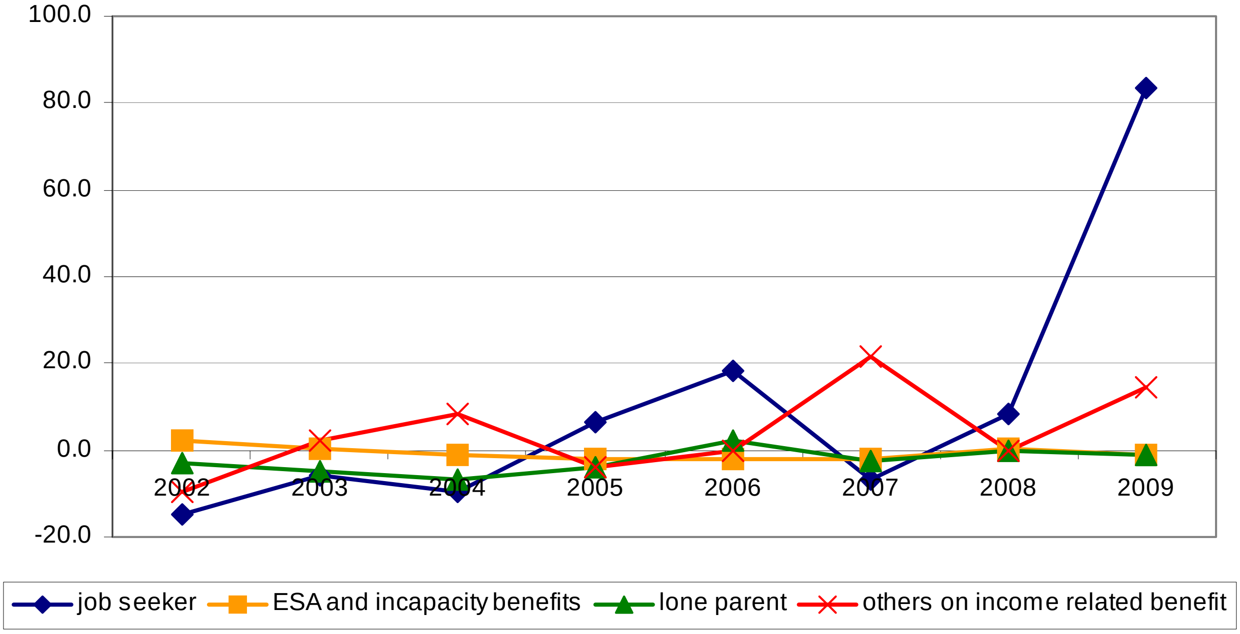
Figure 4.65: Breakdown of Claimants by Benefit Type, August 2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

The following graph shows that recent growth in the number of workless people in Shropshire has been almost entirely attributable to a rise in JSA claimants. Indeed, the number of incapacity benefit claimants has remained broadly stable in recent years at just under 10,000. Likewise, the number of lone parents claiming benefits has declined to less than 2,000. While the number of others on income related benefit has risen by 14.5% over the last year, this is from a very small base, with the increase equating to only an additional 90 people.

Figure 4.66: Growth in the Number of Claimants by Benefit Type, 2002-2009



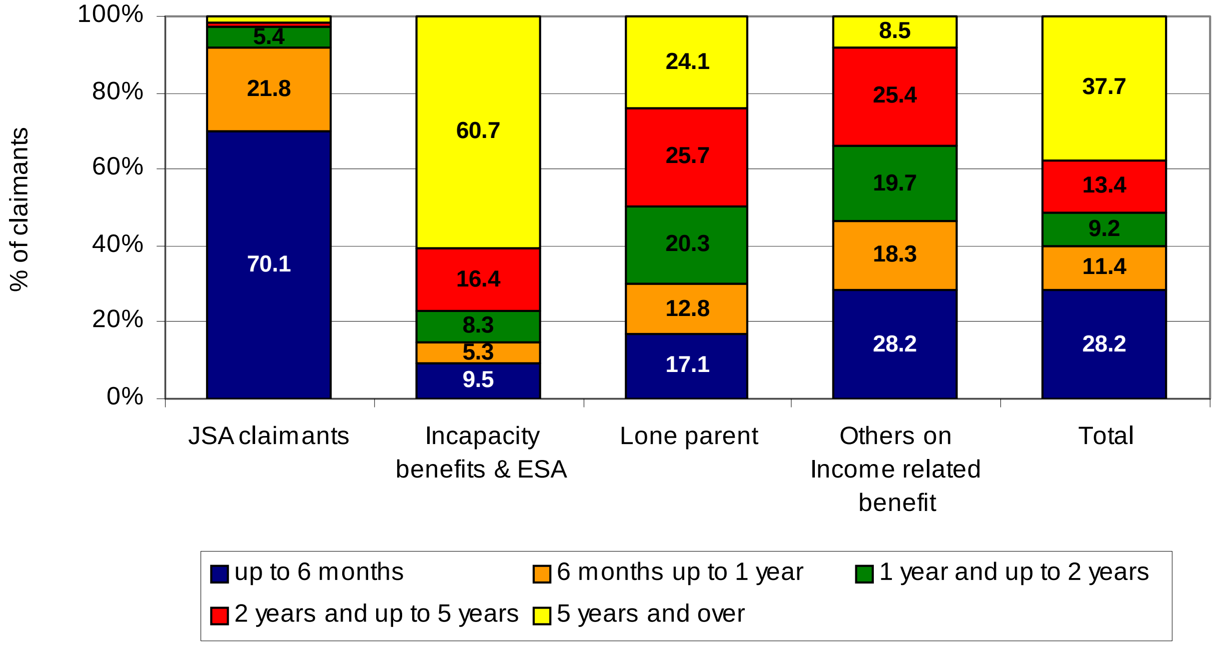
Source: Working Age Client Base, Nomis, Crown Copyright 2010

4.5.9 Duration of Claims

The following chart shows that 37.7% of all work-related benefit claimants have been on the register for at least five years, while a similar proportion have been claiming for a year or less (28.9% up to six months and 11.4% for six months to a year). Those claiming Jobseekers Allowance are far more likely to be recent claimants, with 70.1% having been out of work for less than six months and more than nine out of ten having been claiming for less than a year. Typically, most people who lose their jobs and claim JSA find alternative employment within six months (even if they have to compromise their salary expectations) and this has remained the case through the recession, although inevitably the number of long term JSA claimants has increased.

In contrast, 60.7% of those on incapacity benefits have been claiming for five years or more, with less than one out of ten having been claiming for less than six months. More stringent assessments before ESA is awarded are in part attributable to this. The length of time lone parents have been claiming benefits is split much more evenly, with just under 30% having been claiming for under a year compared with a fifth who have been claiming for one to two years and around a quarter each who have been claiming for two to five years and more than five years.

Figure 4.67: Duration of Claims by Benefit Type, August 2009

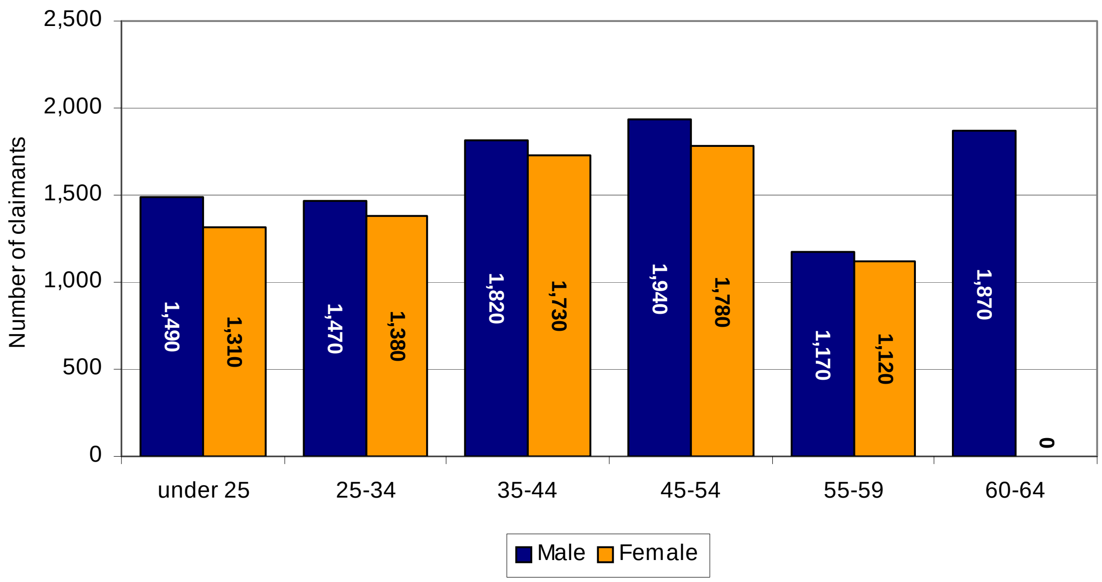


Source: Working Age Client Base, Nomis, Crown Copyright 2010

4.5.10 Profile of Out-of-Work Benefit Claimants

In August 2009, 57.1% of total work-related benefits claimants were male (7,310 people) and males exceeded females in all age bands, as depicted below. Claimants are relatively evenly distributed across all age bands, indicating that worklessness is an issue across all generations. Indeed, unemployment is often multi-generational, with young people in some families growing up in a culture devoid of employment.

Figure 4.68: Breakdown of Work-Related Benefit Claimants by Gender and Age Band, August 2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

4.5.11 JSA Claimants

For more information on JSA Claimants see Labour Market section on p43

4.5.12 Incapacity Benefit/ESA Claimants

Accounting for 57% of all work-related benefit claimants in Shropshire (August 2009), this sector represents a significant proportion of the overall worklessness group. The total number of claimants has remained broadly stable in recent years (remaining virtually unaltered since 2007). The number of incapacity benefit claimants in both Great Britain and the West Midlands has followed a similar pattern, in both cases the absolute number of incapacity benefit claimants has dipped very slightly since 2001 (perhaps as a result of New Deal for Disabled People) but now appears to be stable. 5.7% of the working age population in Shropshire claim incapacity benefit, down slightly from 6% in 2001. This compares with 7.3% of the West Midlands working age population (7.1% in Great Britain).

Figure 4.69: Number of Incapacity Benefit/ESA Claimants, 2001-2009

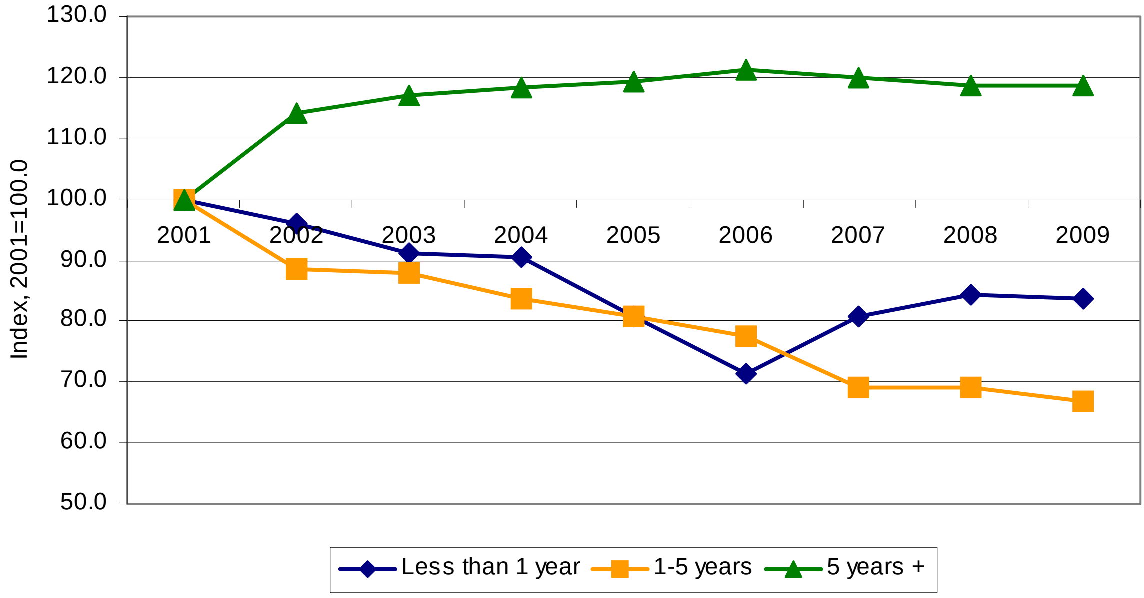
	Shropshire			West Midlands			Great Britain		
	Number	% annual change	As % working age population	Number	% annual change	As % working age population	Number	% annual change	As % working age population
2001	10220	-	6.0	250650	-	7.8	2752610	-	7.8
2002	10430	+2.1	6.1	252920	+0.9	7.8	2758130	+0.2	7.8
2003	10480	+0.5	6.2	252680	-0.1	7.8	2765360	+0.3	7.7
2004	10380	-1.0	6.1	251660	-0.4	7.7	2762970	-0.1	7.7
2005	10160	-2.1	6.0	246800	-1.9	7.6	2713250	-1.8	7.5
2006	9970	-1.9	5.8	241920	-2.0	7.4	2670930	-1.6	7.3
2007	9760	-2.1	5.7	238820	-1.3	7.3	2629230	-1.6	7.1
2008	9780	+0.2	5.7	236030	-1.2	7.2	2579110	-1.9	7.0
2009	9660	-1.2	5.7	240430	+1.9	7.3	2621740	+1.7	7.1

Source: Working Age Client Base, Nomis, Crown Copyright 2010

As mentioned above, more than 60% of all incapacity benefit claimants in Shropshire have been claiming for at least five years, and this proportion has risen from less than 50% (48.3%) in 2001. Overall, the number of very long term incapacity benefit claimants (5 years+) has risen by 18.6% between 2001 and 2009 (year ending August) to 5,860 people. This does, however, disguise a marginal decline since 2006 (-2.2%, the equivalent of 130 people dropping off the very long term claimant register). In contrast, the number claiming for less than 5 years has fallen by a very substantial 28% over the 2001-2009 period. In particular those having claimed for between 2 years and 5 years has fallen significantly. The decline in the newest claimants (less than six months) has been less acute, and even rose slightly between August 2008 and August 2009, perhaps influenced by the economic downturn.

The number of very long term (5 year+) claimants has also risen in the West Midlands and Great Britain over the last eight years (+21.1% regionally and +17.3% nationally) while the number of claimants of shorter duration has fallen. This indicates some success in helping shorter term claimants off benefits, a success which is clearly not being replicated with longer term claimants.

Figure 4.70: Growth in Incapacity Benefit/ESA Claimants by Duration of Claim, 2001-2009

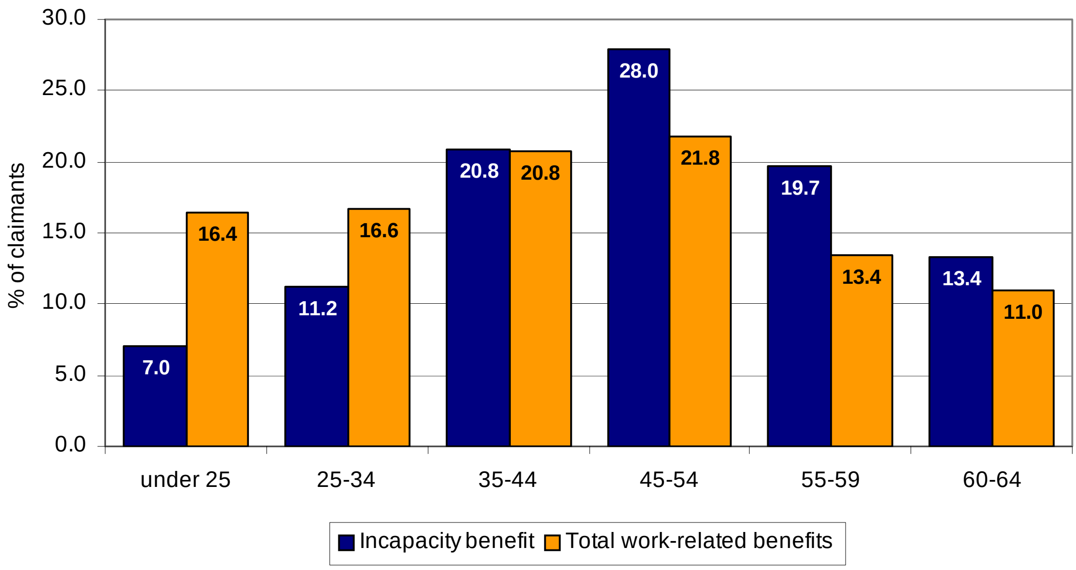


Source: Working Age Client Base, Nomis, Crown Copyright 2010

4.5.12.1 Profile of Incapacity Benefit/ESA Claimants

Incapacity benefit/ESA benefit claimants are slightly more likely to be male than total work-related benefit claimants (58.2% compared with 57.1%) and are significantly more likely to be in older age bands, as shown in the chart below. Just 7% are aged below 25 (16.4% of total claimants) while 61.1% are aged 45 or over (46.2% of total claimants).

Figure 4.71: Breakdown of Incapacity Benefit/ESA Claimants by Age, August 2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

4.5.13 Lone Parents

Lone parents accounted for 11% of the total worklessness group in August 2009. Numbers have fallen steadily since 2001 as a result of Lone Parent Obligation[9], with the absolute number dropping by 430 people, or 18.7% to 1,870 by 2009. This is the equivalent of 1.1% of the working age population, down from 1.4% in 2001. Numbers have likewise fallen regionally and nationally, by -14.7% and -20.5% respectively. Lone parent benefit claimants are significantly lower in Shropshire than they are in the West Midlands (2.2% of the working age population) or Great Britain (1.9% of the working age population) and even compared with our statistical neighbours[2], claimant rates are on the low side.

Figure 4.72: Number of Lone Parent Claimants, 2001-2009

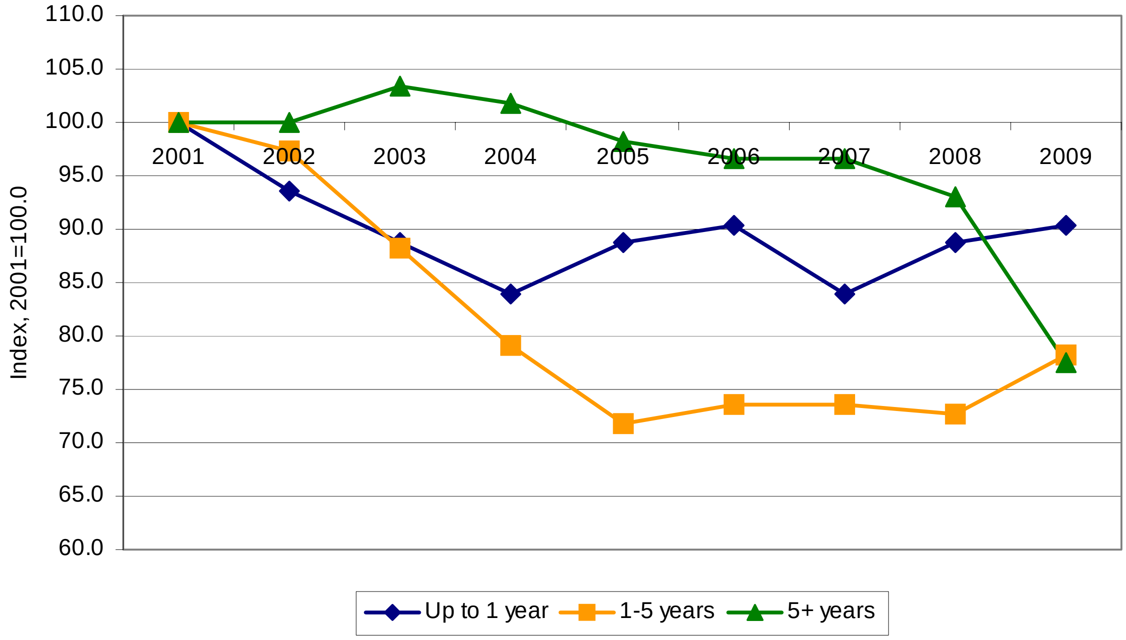
	Shropshire			West Midlands			Great Britain		
	Number	% annual change	As % working age population	Number	% annual change	As % working age population	Number	% annual change	As % working age population
2001	2300	-	1.4	83560	-	2.6	900090	-	2.5
2002	2230	-3.0	1.3	81780	-2.1	2.5	874930	-2.8	2.5
2003	2120	-4.9	1.2	80280	-1.8	2.5	851630	-2.7	2.4
2004	1980	-6.6	1.2	77390	-3.6	2.4	818010	-3.9	2.3
2005	1900	-4.0	1.1	75410	-2.6	2.3	789300	-3.5	2.2
2006	1940	+2.1	1.1	75430	-	2.3	783080	-0.8	2.1
2007	1890	-2.6	1.1	74290	-1.5	2.3	763490	-2.5	2.1
2008	1890	-	1.1	73410	-1.2	2.2	744620	-2.5	2.0
2009	1870	-1.1	1.1	71240	-3.0	2.2	715680	-3.9	1.9

Source: Working Age Client Base, Nomis, Crown Copyright 2010

As the chart overleaf shows, there is a downward trend amongst claimants of all durations, although latterly, there has been a slight upturn in the number who have been claiming for less than a year.

[9] See glossary for definition of Lone Parent Obligation

Figure 4.73: Growth in Lone Parent Benefit Claimants by Duration of Claim, 2001-2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

Although there has clearly been a reduction in the number of lone parent benefit claimants in Shropshire over recent years, which has no doubt been aided by the availability of working family tax credits and government subsidised child care, a better measure needs to take into account the number of lone parent households there are in the county with dependent children. Unfortunately, the latest data is Census based and as such relates to 2001. This shows that in total there were 5,509 lone parent households with dependant children, the equivalent of 4.7% of all households. This compares with 6.7% of West Midlands' households. The penetration of lone parent households is higher in the northern and central parts of Shropshire than in the southern area. The overall number of lone parent households with dependants rose rapidly between 1991 and 2001, at +124.2% across Shropshire, and especially so in the northern and southern areas. Growth was more muted in the central area, and more in line with the regional trend.

Figure 4.74: Lone Parent Households, 2001

	Total Households	Lone Parents with dependants	As % total Households	% change 1991-2001
Shropshire	117,301	5,509	4.7	+124.2
West Midlands	2,153,672	144,908	6.7	+98.6

Source: Office for National Statistics, Crown Copyright 2010

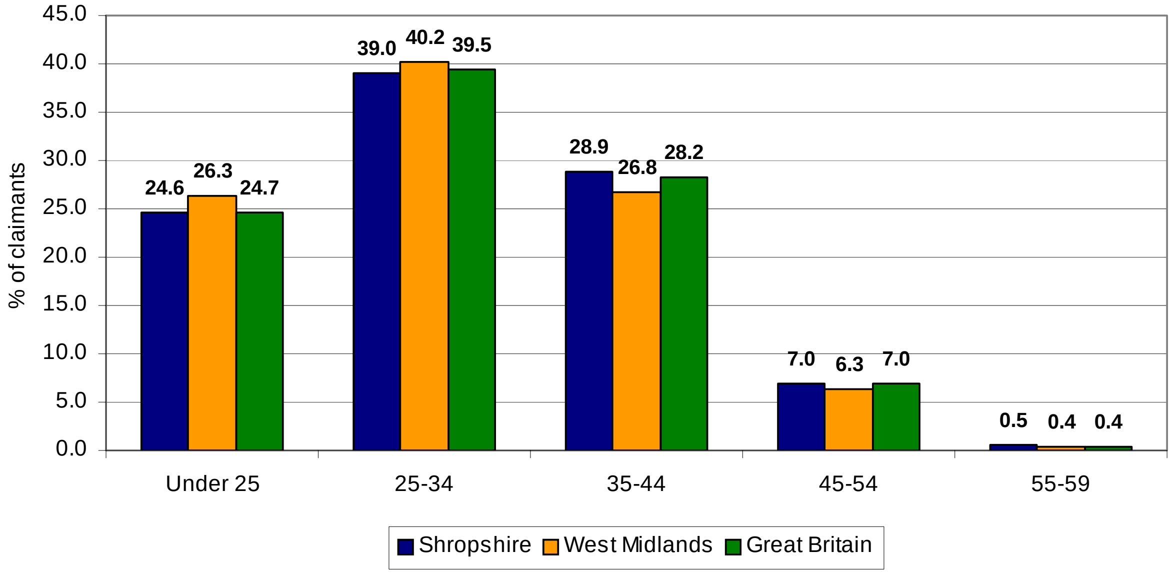
Of the 5,509 Shropshire lone parent households with dependants in 2001, 2,300 were claiming lone parent benefit, the equivalent of 41.7% of the total. This compares with the 57.7% of West Midlands lone parent households claiming benefit, and suggests that a higher proportion of Shropshire lone parents are in employment.

4.5.13.1 Profile of Lone Parent Claimants

Although media coverage relating to lone parent households often focuses on very young unmarried mothers, just a quarter of the claimant base in Shropshire in August 2009 was under the age of 25. This is in line with the regional and national average. Instead, more than two-thirds are aged between 25 and 44.

Not surprisingly, the majority of claimants are female, with male claimants numbering just 60 in August 2009, or 3.2% of the total.

Figure 4.75: Breakdown of Lone Parent Claimants by Age, 2009



Source: Working Age Client Base, Nomis, Crown Copyright 2010

Two thirds of the lone parent benefit claimant base has one or two children (44.6% and 32.3% respectively). Just 7% (130 claimants) have four or more children.

4.5.14 Others on Income Related Benefits

Others on income related benefit account for only a small proportion of the total worklessness group, at 4% in August 2009, which is the equivalent of 710 people. Numbers have grown substantially since 2003, albeit from a low base. Similar strong growth in this type of benefit claimant has also been witnessed regionally and nationally. Despite this, they continue to account for just 0.4% of the Shropshire working age population (0.6% in the West Midlands and 0.5% in Great Britain).

Figure 4.76: Number of Others on Income Related Benefits, 2001-2009

	Shropshire			West Midlands			Great Britain		
	Number	% annual change	As % working age population	Number	% annual change	As % working age population	Number	% annual change	As % working age population
2001	530	-	0.3	16,550	-	0.5	175,350	-	0.5
2002	480	-9.4	0.3	15,990	-3.4	0.5	167,140	-4.7	0.5
2003	490	+2.1	0.3	15,300	-4.3	0.5	155,230	-7.1	0.4
2004	530	+8.2	0.3	15,460	+1.0	0.5	158,160	+1.9	0.4
2005	510	-3.8	0.3	15,380	-0.5	0.5	153,690	-2.8	0.4
2006	510	-	0.3	14,950	-2.6	0.5	152,630	-0.7	0.4
2007	620	+21.6	0.4	16,800	+12.4	0.5	167,780	+9.9	0.5
2008	620	-	0.4	17,200	+2.4	0.5	176,210	+5.0	0.5
2009	710	+14.5	0.4	18,930	+10.1	0.6	184,440	+4.7	0.5

Source: Working Age Client Base, Nomis, Crown Copyright 2010

Of the 710 claimants in August 2009, 480 were men aged 60-64 (two-thirds of the total), with these primarily claiming pension credit.

5 Business & Enterprise

5.1 Structure of the Shropshire Economy

Key Issues

- In the past, the Shropshire economy has been largely based on agriculture, and although there is less dependence on farming in its traditional sense nowadays, much of the county's industry has its foundations in the land-based sector. As such, the overall economy can be vulnerable to influences that impact on the farming community, including commodity prices, regulatory changes and the declining dairy sector.

- Shropshire is principally a small business economy, and whilst most have withstood the impact of recession, their ability to grow in the immediate future may be compromised by inadequate access to finance and the threat of continued economic hardship.

- Although most businesses in Shropshire are small, several large businesses account for a high proportion of employment, with some of the market towns being heavily reliant on just one or two employers; hence these towns are vulnerable should such key businesses downsize, close or relocate.

- Shropshire's economy is becoming increasingly service led.

- To date, Shropshire has proved reasonably resilient to the effects of the recession; however, given anticipated public sector budget reductions over the next few years, Shropshire's high dependence on public sector employment could adversely affect the county's economic vitality.

Do you agree that these are the main economic issues relating to the structure of the Shropshire economy?

The nature of business enterprise in Shropshire reflects its rural character with agriculture, farm diversification and tourism playing an important part and employing a greater proportion of the workforce than national or regional norms. Although the structure of the economy has changed significantly over the last two decades, with the emphasis increasingly on service industries rather than agriculture and manufacturing, many of Shropshire's key sectors today have their origins in the land. For example, the high quality and diversity of local produce has given rise to a thriving food and drink industry. Other key sectors which underpin the overall economy include environmental technologies and creative industries as well as tourism. Like many other rural economies, Shropshire also has a greater than average dependence on public sector employment, which may undermine the overall economic stability of the county once the expected sharp reduction in public sector budgets occurs.

The main employment areas in Shropshire are concentrated in Shrewsbury and the larger market towns, with access to employment a greater issue in more rural locations. An increasing proportion of businesses are now located on the outskirts of towns, with business parks in particular attracting businesses which might previously have been located in town centres, for example small and medium sized business services and professional companies. Out-of-town business parks have assumed even greater importance in counties like Shropshire where the high heritage value offered by the county and market towns means that building constraints prevent any substantial new office block developments. The availability of appropriate employment land and business premises, including quality start-up and grow-on units and office space is an important factor in encouraging businesses to start up, grow or relocate, and supplying the correct mix of unit and office space will be key as Shropshire moves out of recession.

Shropshire is primarily a small business economy, although there are some major employers which account for a disproportionately large share of the county workforce. In some smaller market towns, there is heavy reliance on a small number of large employers, which can mean that the choice of employment opportunities is narrow. It also leaves these towns vulnerable should one of the main employers go out of business or relocate.

Shropshire has a reputation for its enterprising culture, with levels of self-employment very high. The number of home-based businesses is also significant, with these making a very valuable contribution to the Shropshire economy. However, the business start up rate in Shropshire is lower than it is in either the West Midlands or Great Britain. The business closure rate is also lower, which perhaps indicates a superior level of business survival.

5.1.1 Structure of the Shropshire Business Base by Size

The vast majority of businesses operating in Shropshire are classified as small or medium sized enterprises (SMEs), and although there are a handful of very large employers in the county, the majority of workers are employed within the small business community. Consequently, small businesses make a very valuable contribution to the Shropshire economy. As shown below, almost 88% of all workplaces in Shropshire accommodate 10 or fewer employees compared with 84.2% in the West Midlands and 85% in Great Britain. Conversely, just 2.3% of workplaces have more than 50 employees compared with 3.8% in the West Midlands and 3.5% in Great Britain.

Although larger enterprises account for a small proportion of workplaces in Shropshire, they do accommodate a large number of employees, with more than 40% (42.3%) of total employees being employed in workplaces with at least 50 staff.

Figure 5.1: Number and Size of Workplaces in Shropshire, the West Midlands and Great Britain: 2008

	Shropshire		West Midlands	Great Britain
	Number	**%**	**%**	**%**
Total Workplaces	**13,804**	**100.0**	100.0	100.0
1 to 10 employees	***12,085***	***87.5***	*84.2*	*85.0*
11 to 49 employees	***1,402***	***10.2***	*12.0*	*11.5*
50-199 employees	***265***	***1.9***	*3.1*	*2.8*
200+ employees	***52***	***0.4***	*0.7*	*0.7*

Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright, 2010

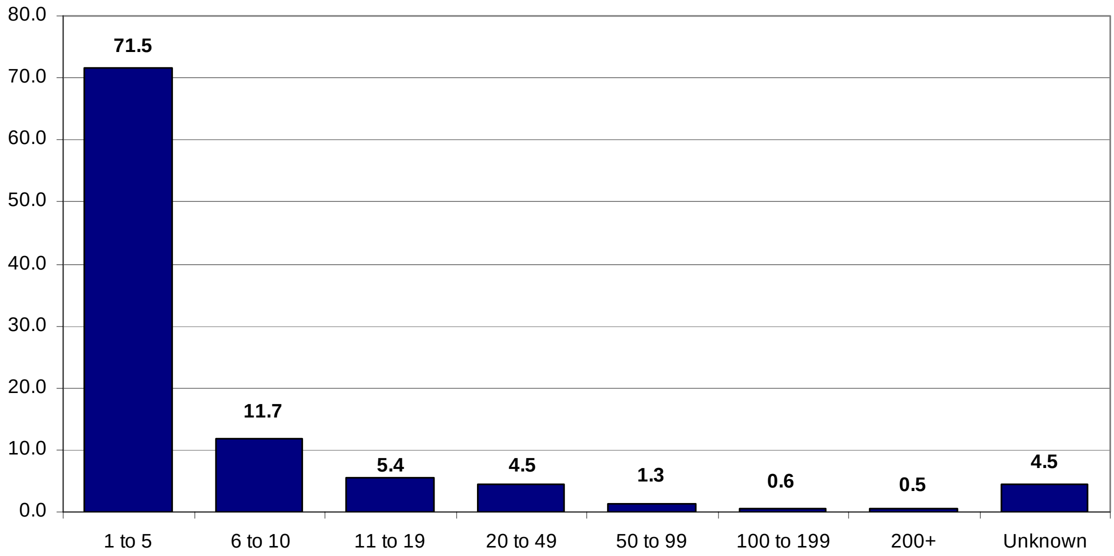
Figure 5.2: Number of Employees by Size of Workplace in Shropshire, the West Midlands and Great Britain: 2008

	Shropshire		West Midlands	Great Britain
	Number	%	%	%
Total Number of Employees	**109,116**	**100.0**	100.0	100.0
1 to 10 employees	***33,179***	***30.4***	*20.4*	*21.0*
11 to 49 employees	***29,851***	***27.4***	*23.8*	*23.8*
50-199 employees	***23,314***	***21.4***	*24.7*	*23.6*
200+ employees	***22,772***	***20.9***	*31.1*	*31.6*

Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright, 2010

Shropshire Council subscribes to a business database provided by LBM, and this confirms that Shropshire is primarily a small business economy, with 71.5% of all business operating as of April 2010 having five or fewer employees and a further 11.7% having between six and 10 employees. Although this suggests that a lower proportion of businesses with 10 employees or fewer than ABI statistics, it is highly likely that the majority of businesses where size is unknown are also in this size category.

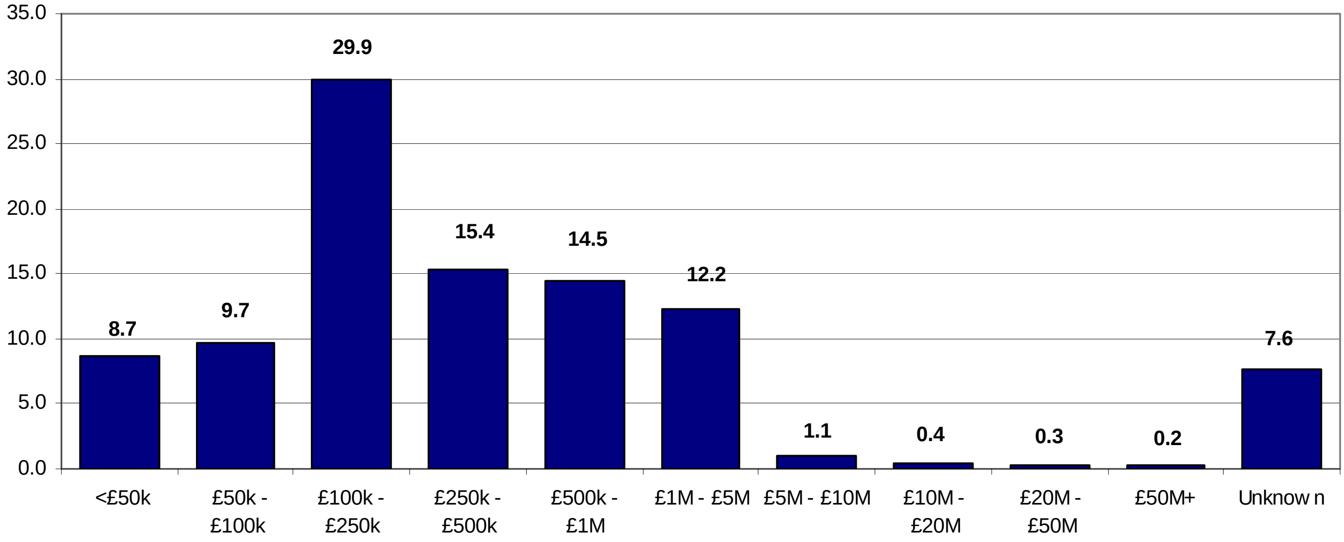
Figure 5.3: Breakdown of Shropshire Businesses by Number of Employees, April 2010



Source: LBM

Businesses on the LBM database can also be analysed according to turnover, and this shows that almost a fifth generate a turnover of less than £100,000 per annum. In contrast, less than 1% of businesses achieve a turnover in excess of £10 million.

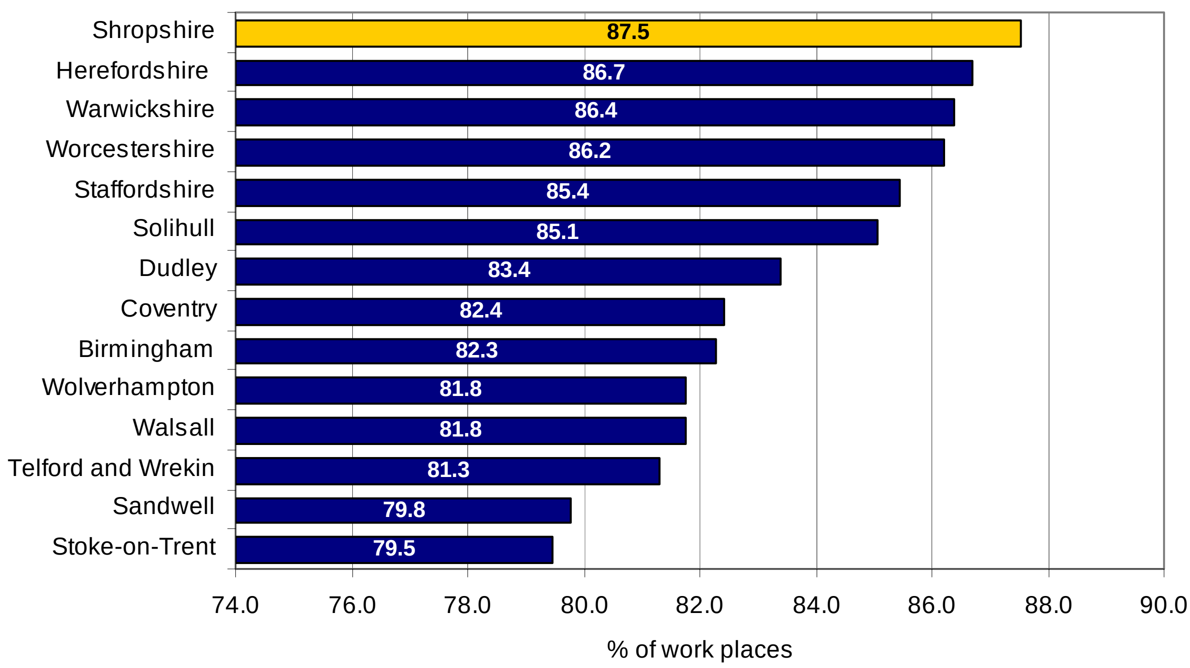
Figure 5.4: Breakdown of Shropshire Businesses by Turnover, April 2010



Source: LBM

Although small businesses dominate numerically in most areas, and especially in rural counties, Shropshire supports a higher penetration of businesses employing 10 or fewer than any of its West Midlands' counterparts. Within Shropshire, southern Shropshire in particular supports a very high number of micro businesses, with more than nine out of ten employing 10 or fewer.

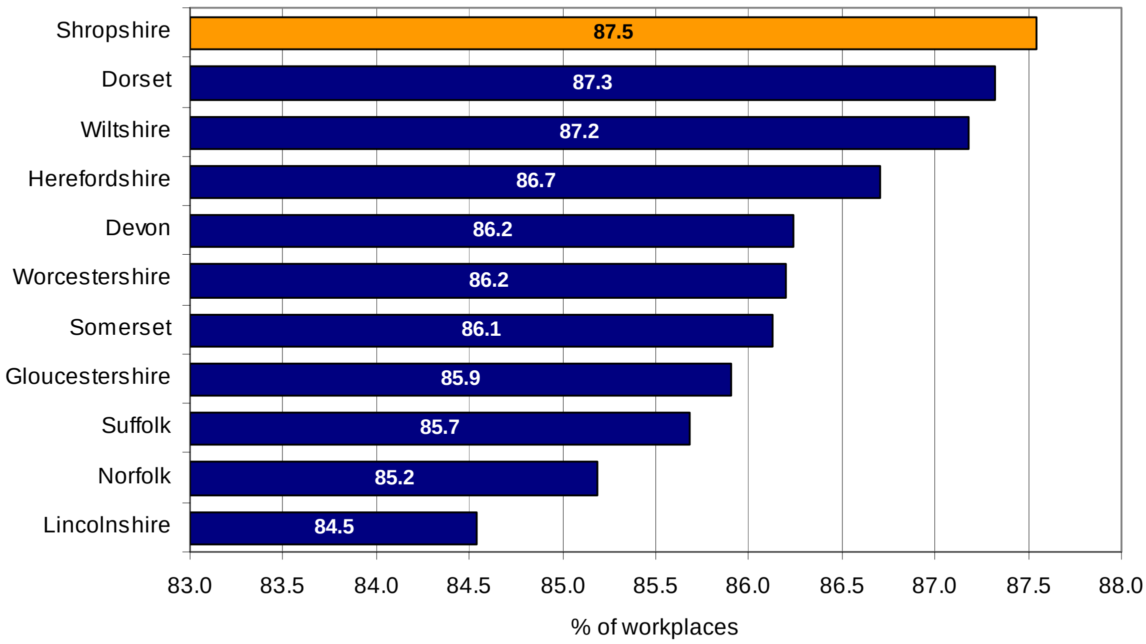
Figure 5.5: Penetration of Small Businesses, Regional Neighbours, 2008



Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright, 2010

Shropshire also supports a very high proportion of small businesses in comparison with its statistical neighbours[1], especially in relation to Lincolnshire, Norfolk and Suffolk.

Figure 5.6: Penetration of Small Businesses, Statistical Neighbours, 2008



Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright, 2010

Encouraging small businesses to thrive will be key to ensuring sustainable economic growth for Shropshire into the future, particularly given the difficulties in securing credit that many small businesses are still facing. In Shropshire the percentage of small enterprises experiencing employment growth compared with the previous year increased annually between 2004 and 2007 when the percentage achieving growth stood at 14.9%. In 2008, this level fell back to 14.5%. This is marginally superior to the proportion of small businesses achieving growth in the West Midlands (14.4%), but notwithstanding this, the proportion remains comparatively small.

[1] See glossary for definition of statistical neighbours

Figure 5.7: Percentage of Enterprises Showing an Increase in Employment over the Previous Year, 2003-2008

	% growth over the previous year					
	2003	2004	2005	2006	2007	2008
Shropshire						
Business Growth (%)	**10.04%**	**9.87%**	**12.11%**	**13.54%**	**14.87%**	**14.54%**
No. Enterprises <50	10160	10535	10815	11155	11465	11420
No. Enterprises experiencing growth	1020	1040	1310	1510	1705	1660
West Midlands Region						
Business Growth (%)	**10.83%**	**10.14%**	**11.24%**	**14.34%**	**14.42%**	**14.41%**
Shropshire Growth Rate as % of Region Growth Rate	**92.7%**	**97.3%**	**107.8%**	**94.4%**	**103.1%**	**100.9%**

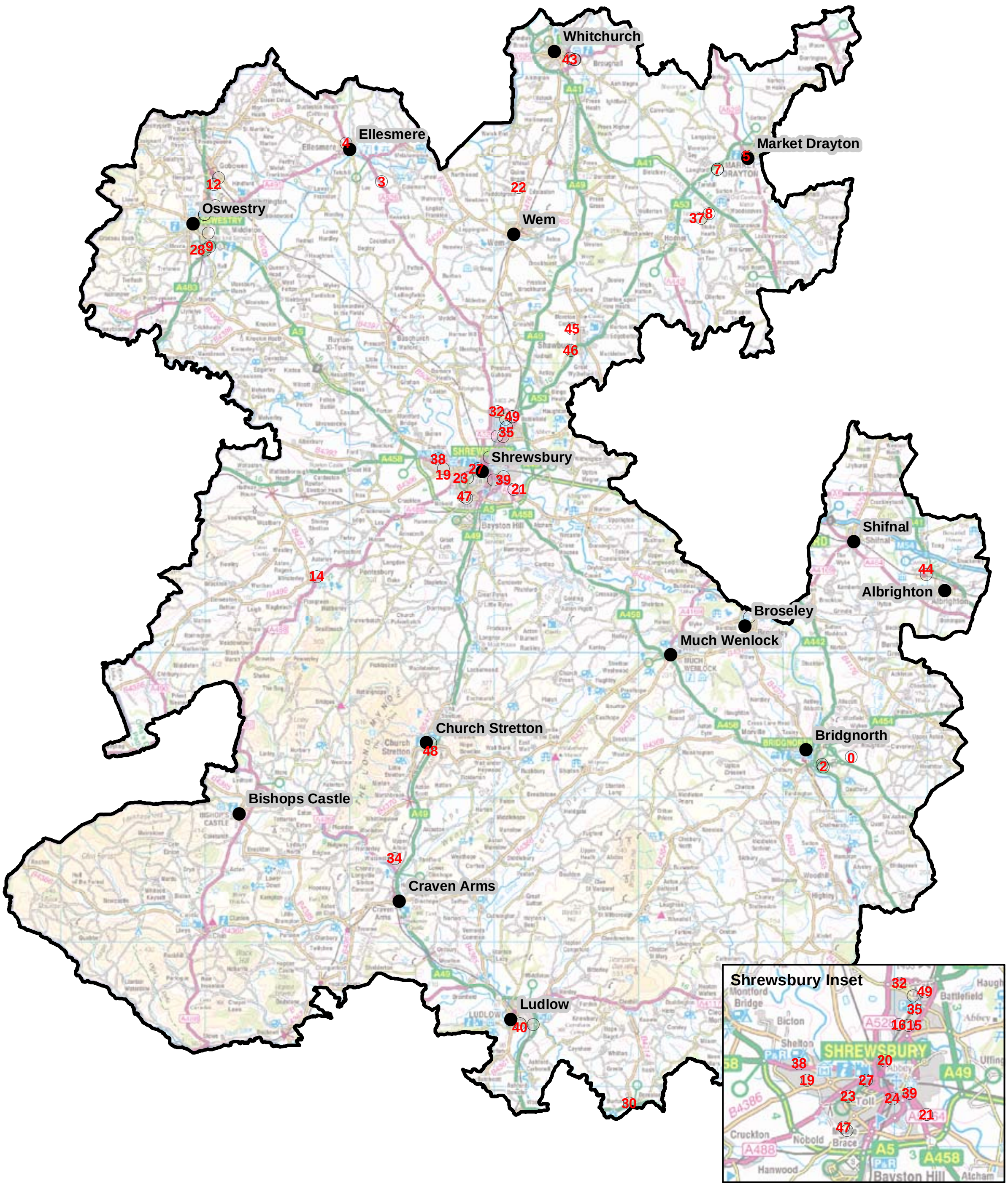
Source: BERR/ Office for National Statistics, Crown Copyright 2010

5.1.2 Key Employers

Although Shropshire is primarily a small business economy, there are a number of key employers which account for a disproportionately large share of the workforce. In particular, there are several large manufacturing businesses, especially in the food and drink sector and there are also some large public sector employers, including Shropshire Council and the NHS.

The following map shows 50 of Shropshire's key employers. While Shropshire branches of major national retail chains have not been included, it is worth noting that the main supermarket chains are very important employers across the county.

Figure 5.8: 50 Key Shropshire Employers



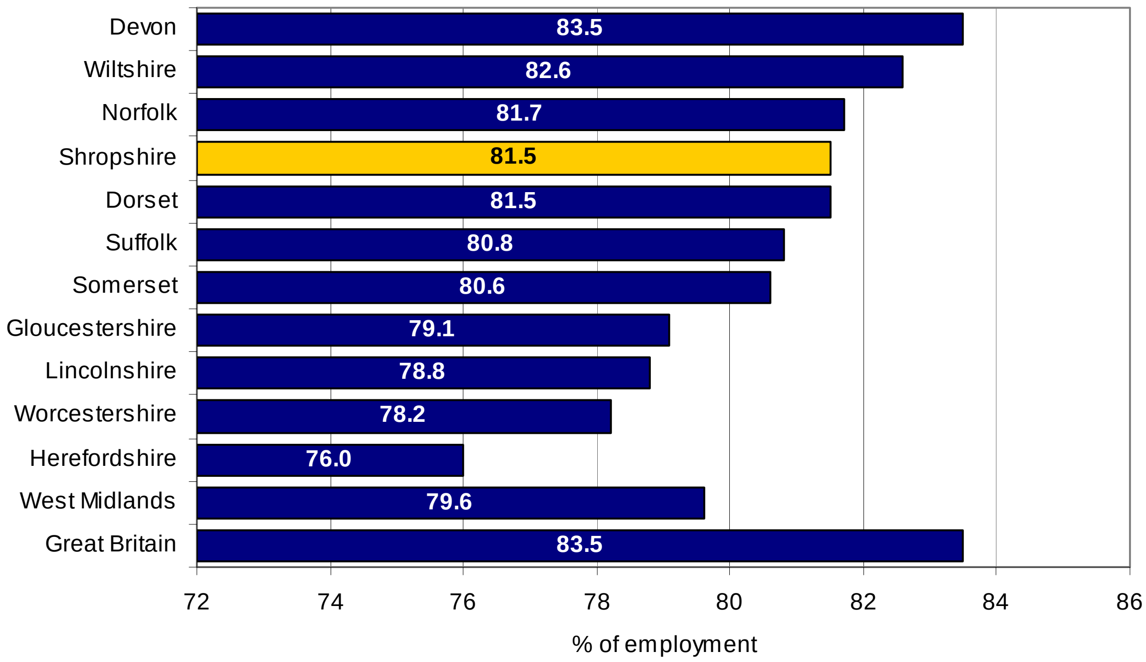
Source: LBM Database

0	Grainger & Worrall Ltd	25	Grocontinental Ltd
1	Novelis Technical Products	25	Walford & North Shropshire College
2	Bridgnorth Aluminium Ltd	27	Morris Property
3	Tudor Griffiths Group	28	Elements Europe
4	Fullwood Ltd	29	Lloyds Animal Feeds
5	Palethorpes	30	Kerry Ingredients
6	Muller Dairy Ltd	31	Premier Medical
7	Culina Logistics Ltd	32	Burnt Tree Group
8	H M Young Offenders Institution	33	Enterprise plc
9	The Cheese Co	34	Border Holding
10	Richard Burbidge Ltd	35	Sunlight Textile Services
11	Derwen College	36	BT I Net
12	Robert Jones & Agnes Hunt Hospital	37	Greenvale AP plc
13	Walford & North Shropshire College	38	Coverage Care
14	Uniq Prepared Foods	39	Shropshire Council
15	Doncasters	40	McConnel Ltd
16	Caterpillar Remanufacturing Services	41	Syspal
17	Stadco Ltd	42	Marches Care Ltd
18	A B P	43	Cherwell Group
19	The Royal Shrewsbury Hospital	44	RAF Cosford
20	Shropshire Fire & Rescue Service	45	RAF Shawbury
21	Shrewsbury College of Arts and Technology	46	Smithers Rapra
22	Oakland Farm Eggs Ltd	47	Nuffield Hospital
23	Shrewsbury School	48	Varian
24	Severnside Housing	49	ABP

5.1.3 Structure of the Shropshire Business Base by Broad Sector

Traditionally, Shropshire's main economic activities have been agriculture, manufacturing, quarrying and mining. Over the last 20 years, the county's economy has diversified significantly, and as is the case nationwide, Shropshire is becoming increasingly service industry led. In 2008 all service industry sectors accounted for just over three-quarters (75.5%) of workplaces and more than 80% (81.5%) of employment. Regionally, a lower proportion of employees currently work in service industries (79.6%), while nationally a higher proportion of employees do so (83.5%). Furthermore, compared with its statistical neighbours[1], the Shropshire employment base is also weighted towards the service industry.

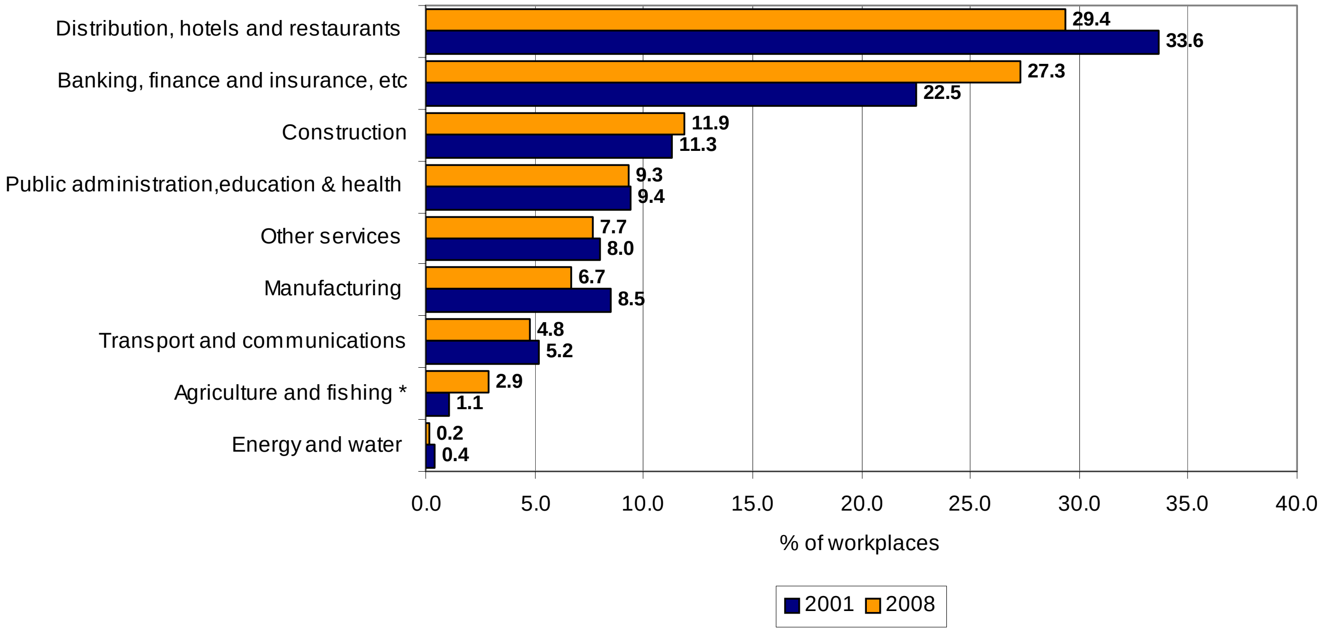
Figure 5.9: Proportion of Employment in Service Industries, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

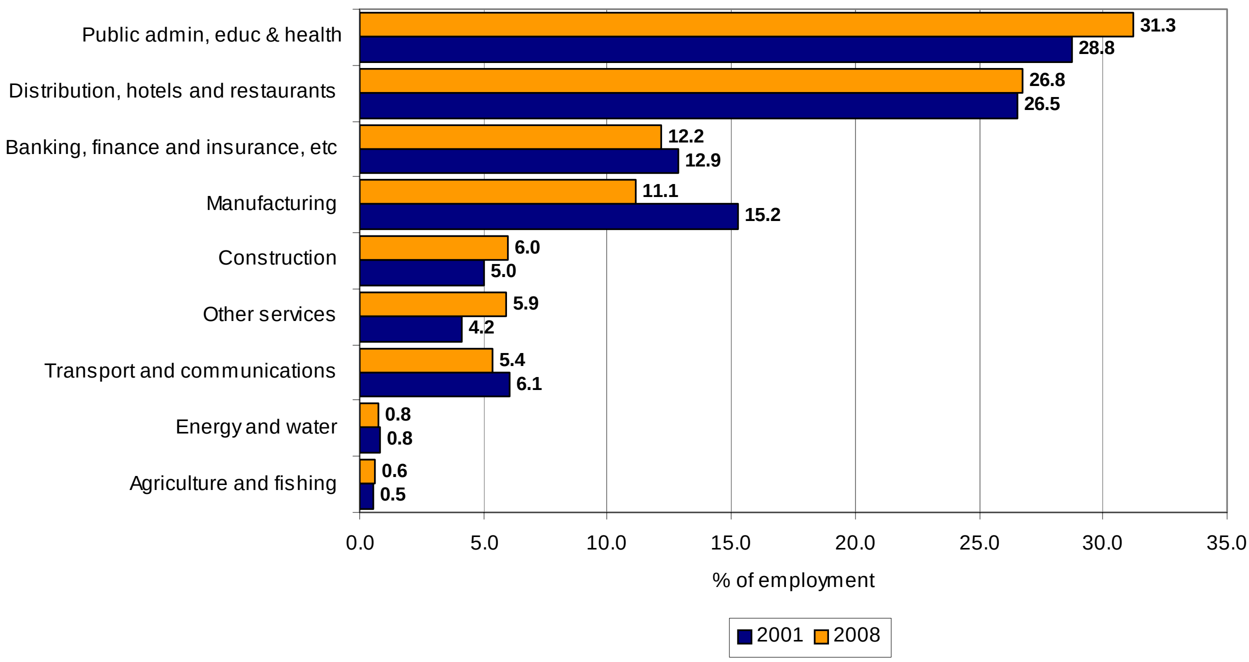
Specifically within the service industry sector, public administration, education and health and distribution, hotels and restaurants are particularly important employers, with the relative importance of these having increased since 2001. Employment in construction and other services has also risen over the last seven years, while employment in manufacturing has fallen back significantly.

Figure 5.10: Breakdown of Shropshire Workplaces, 2001 & 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010
Note: Excludes farm based agriculture

Figure 5.11: Breakdown of Shropshire Employment, 2001 & 2008

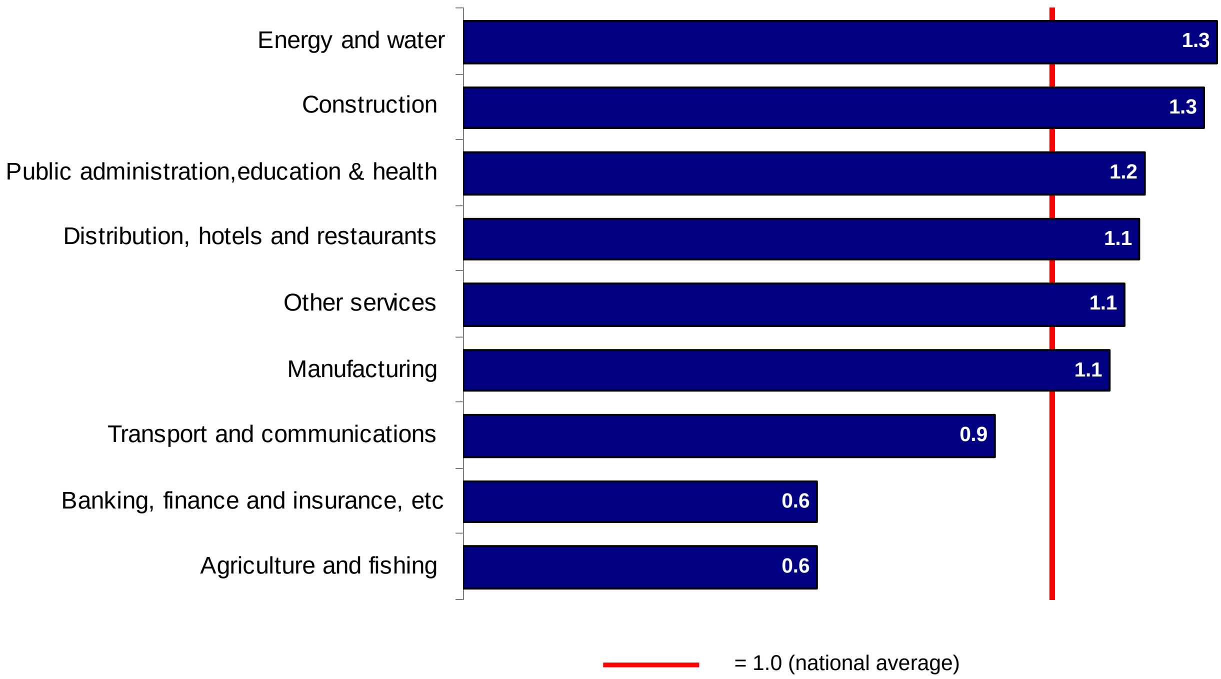


Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010
Note: Excludes farm based agriculture

The importance of certain sectors to the Shropshire economy is highlighted when the proportion of the Shropshire workforce employed in that area is compared with the national average to give a quotient figure[2]. As shown in the chart below (where 1 is the national average), it is clear that Shropshire has a much lower dependence on the banking, finance and insurance and transport and communications sector but has particularly high employment in energy and water, construction and public administration, education and health.

Please note that the exclusion of farm-based agriculture from the ABI employment data distorts employment data within the agriculture and fishing category.

Figure 5.12: Relative Importance of Broad Industrial Groups to the Shropshire Economy, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010
Note: Excludes farm based agriculture

[2] See glossary for methodology for deriving quotient figure

5.2 Shropshire's Key Sectors

Shropshire has a number of key sectors which are not only major sources of employment but which offer significant growth opportunities for the future.

5.2.1 Land-Based/Agriculture

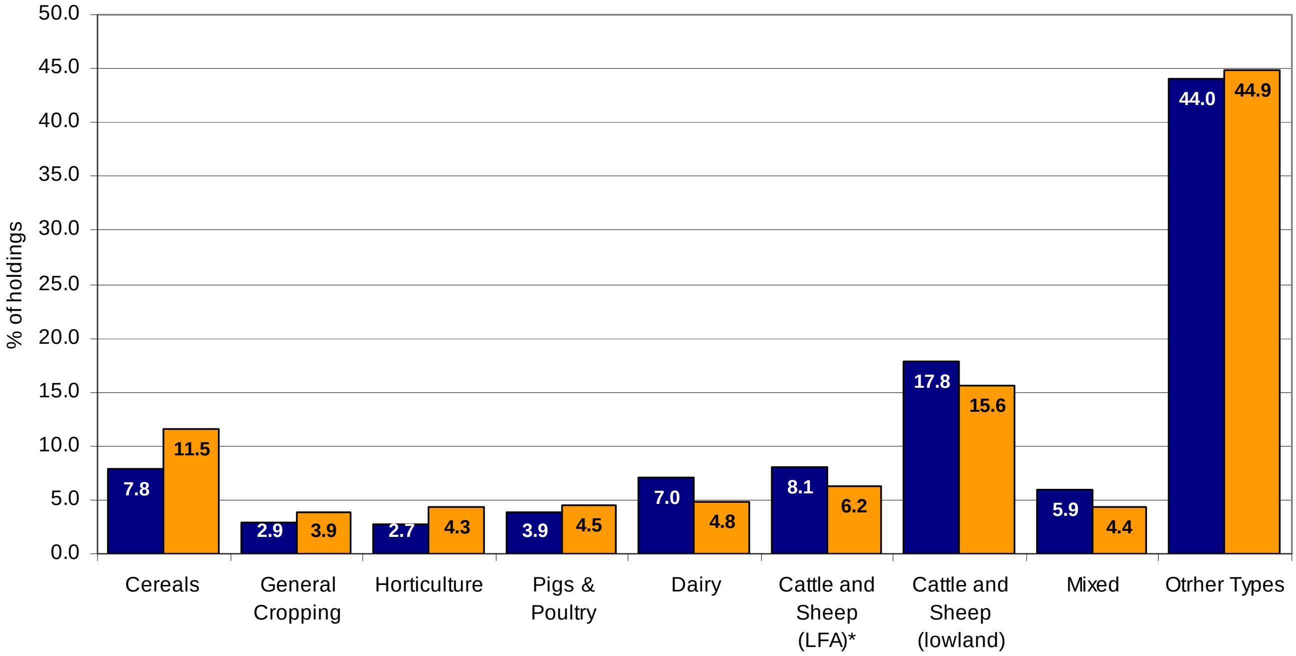
As in many rural counties, Shropshire's economy has long since been reliant on the land and many of the other industries on which the local economy now depends, for example food and drink and tourism, have roots in the traditional farming community. Although agriculture no longer makes a significant contribution to the overall economic output of the UK (accounting for 0.7% of GVA in 2007), it still plays an important role in counties like Shropshire where the vast majority (85%) of the land area is dedicated to agricultural production. In 2007, 3.5% of Shropshire GVA was attributable to agriculture (£143 million), meaning that by this measurement, agriculture is five times more important to Shropshire than it is nationally. However, British agriculture and land management practice is changing – recent changes to the CAP[1] have meant that businesses are now more exposed to the volatility in commodity prices. The demise of dairy cooperatives, the weakness of the pound and the uncertain future of single farm payments are all exerting pressure on the land-based sector, which in turn has consequences for industries in the land-based supply chains as well as for the development of rural communities and market towns.

The farming sector in the county is diverse and dependant on soil type, topography and climate. Shropshire has a greater preponderance of both lowland and upland livestock farms (cattle and sheep) with these accounting for more than a quarter of all holdings. Dairy is also a significant sector in the county, in particular but not exclusively located towards north Shropshire (7% of holdings compared to 4.8% nationally). Large-scale manufacturers Muller and Uniq are both based in Shropshire directly as a result of the proximity to local farmers who can supply adequate quantities of milk. The dairy sector is, however, in decline with approximately one dairy farm in the country going out of business every day. The picture in Shropshire is no less gloomy, with 33 farms closing during 2008. The reasons for the decline are many and varied, but with production costs exceeding farmgate milk prices, it is clear that dairy farming is not universally viable.

Whilst cereal production (7.8% of holdings) is a less significant sector than in other parts of the country, it offers an important link in the food chain in particular through the production of livestock feed. Important local manufacturers in this sector include David Lloyd Animal Feed and CJ Wildbird Feed. An increase in the cropping of maize for livestock feeds and oil seeds for its many uses is in evidence. Pigs and poultry are less significant in Shropshire than they are in England although the poultry sector has seen significant growth in the county.

[1] Common Agricultural Policy

Figure 5.13: Shropshire Holdings by Farm Type, 2008



Source: Defra © Crown Copyright 2010
** Less Favoured Areas*

Defra data states that there were 7,026 holdings in Shropshire in 2008, a figure which has risen by 77 (1.1%) since 2007 and by 1,186 (+20.3%) since 2001. Growth in the number of holdings, however, disguises the fact that the relative importance of different sized holdings is changing, with the number of small holdings increasing at the expense of larger concerns. In 2008, the number of farms of less than five hectares increased by 2.7% in relation to the previous year. Approaching half of all holdings (47%) are now less than 5 hectares in size which reflects the prominence of the county's range of lifestyle businesses. Although the trend is towards smaller holdings, the number of farm businesses with more than 100 hectares is also increasing. In 2008, 13% of holdings were more than 100 hectares in size – this equates with growth of 1.3% over the previous year. Overall, there are 918 farms of this size operating in the county.

The total agricultural labour force amounted to 10,857 in 2008 (Defra), which represents a 13.9% decline over the last 20 years and a fall of 4.8% since 2001. 70% of the labour force is farmers, with the remainder being managers, regular hired workers and seasonal and casual workers. Over the last seven years, there has been a significant increase in the number of managers employed on farms (+28.9%) which reflects the number of farms which have increased in size and complexity. In contrast, there has been a sharp fall in casual workers (down by almost 10% between 2001 and 2008 to 808). This could be a reflection of more being done by owners and staff, the increased use of mechanical processes as well as more extensive use of contractors for specific tasks.

Figures from the agricultural census do not demonstrate adequately the role that agriculture plays in the much wider agri-food sector where nationally an estimated 3.6 million people are employed (14% of all employees). On average it is calculated that for every one person directly employed in agriculture an additional 6 jobs are created.

Alongside their role as food producers and suppliers to the food and drink industry, Shropshire's farmers are increasingly recognised for their role as environmental managers. The countryside, and therefore farming, is inherently interlinked with rural tourism. For example, in Shropshire farmers have a vital role in maintaining the landscape and also help to maintain the 5500km of public rights of way that provide access to the countryside; some also have an active role in wildlife management.

5.2.1.1 Farm Diversifications

Diversification is one of the ways that farmers can change the economic performance of their business. Even in a county like Shropshire where agriculture continues to represent an important economic contributor, diversification offers some farmers the opportunity to generate income from sources other than "conventional" agricultural commodities and as such improve the economic viability of their business.

Most recent figures suggest that 51% of farms had diversified activity in 2007/08[2]. The study estimates that 45% of farms in the West Midlands have diversified enterprises – just slightly lower than the national average. The dominant form of diversification in the region is buildings let for non-farming use (35% of all diversified farms), followed by sport and recreation diversifications (8%). In 2007/08 total income from diversification nationally was £400 million, 8% lower than in 2006/07, which indicates that farm diversifications have at best stagnated in recent years. In the West Midlands, income from diversification enterprises represented just 9% of the total farm income and for 60% of diversified farms nationally the diversification represents less than 25% of income.

Shropshire (County) Council's study on farming (published in 2002) found that of the 1,231 farmers who responded, 700 diversification ventures were established on 401 Shropshire farms, an average of 1.83 diversifications per business. Around a third of farms had, therefore, diversified at this time. Diversification was being initiated primarily as a result of financial pressure. Farm-based recreation, including horse riding and livery, was the most popular area for diversification, followed by holiday accommodation and farm shops. The failure rate for new ventures was one in six. The main reasons for failure were low profitability and problems with legislation.
A quarter of existing ventures were expecting to expand over the following five years. In addition, a substantial number of new diversification ventures were being planned, as shown in the following table.

Figure 5.14: Existing and Planned Diversifications, Shropshire, 2002

Diversification Enterprise	Already in existence	Planned
Farm-based recreation	369	279
Farm-based accommodation	131	167
Farm shops	93	97
Commercial enterprises*	55	84
Value adding enterprises	35	28
Other	17	8
Total	**700**	**663**

Source: Farm Study, Shropshire County Council
** Commercial enterprise includes the let of farm buildings for storage, light industrial use and office accommodation*

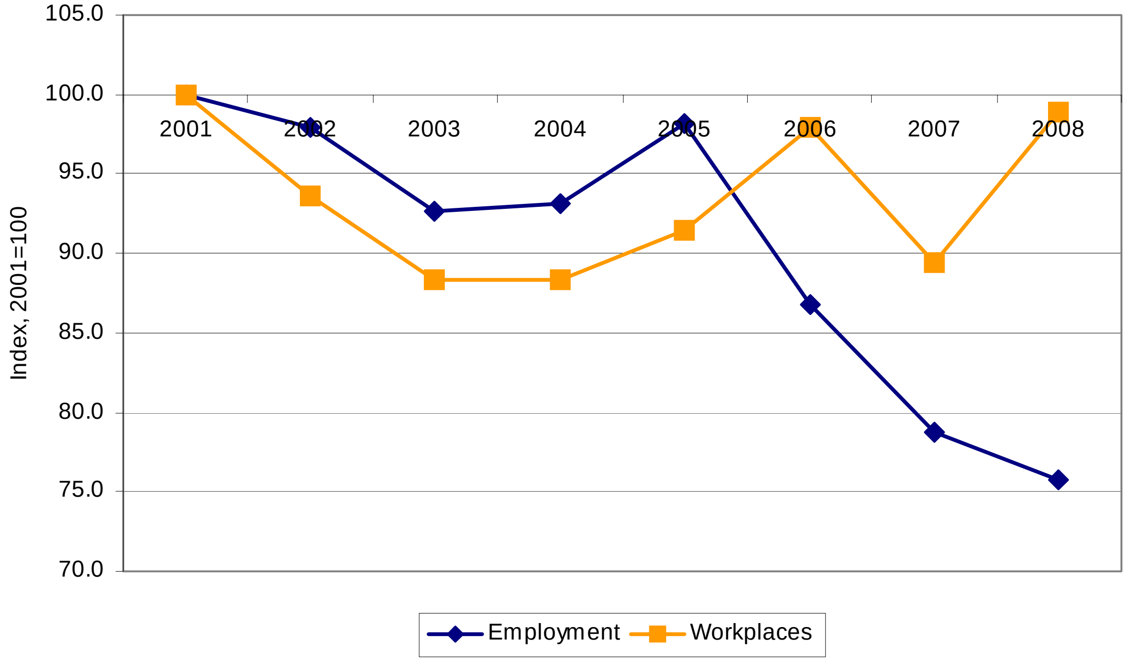
[2] Farm Diversification in England, Farm Business Survey, Defra, 2008/09

5.2.2 Food & Drink

Shropshire's traditional dependence on the land has given rise to a thriving food and drink industry, which includes large international manufacturers, small artisan producers, specialist retailers and award winning restaurants, all of which take advantage of the wide range of high quality locally sourced produce that is available.

Despite Shropshire's strength in the food and drink sector, employment in food and drink manufacturing has declined by almost a quarter since 2001 to 3,774 people, while the number of workplaces has fallen very marginally to 93. To some extent, lower employment reflects the better efficiencies which have arisen from superior technology; however, it should be noted that there are now a larger number of small artisan businesses operating in the food and drink sector. Since many of these are below the VAT threshold, not all will be included in official statistics as reported by the Annual Business Inquiry.

Figure 5.15: Trends in Shropshire Food & Drink Manufacturing, 2001-2008



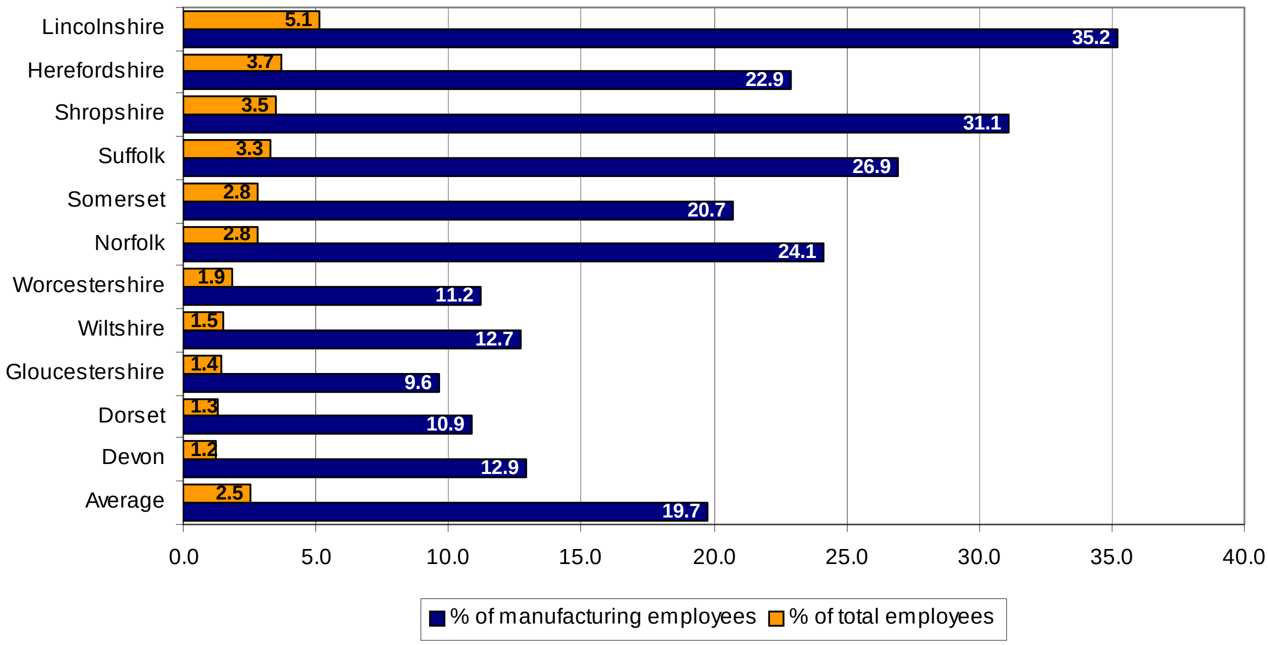
Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

3.5% of all Shropshire employees are employed within food and drink manufacturing – more than twice as many than is the case nationally (1.4%). Compared with its statistical neighbours[3], the importance of the food and drink sector to the Shropshire economy is also apparent, although the production base absorbs a lower percentage of overall employees than either Herefordshire or Lincolnshire.

Almost a third (31.3%) of all those employed within the manufacturing industry in Shropshire are accommodated within the food and drink production sector compared with 10.2% regionally and 14% nationally.

[3] See glossary for definition of statistical neighbours

Figure 5.16: Relative Importance of Food & Drink Manufacturing, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

Although food and drink manufacturing is important across all of Shropshire, it is of particular significance in the north of the county. 45% of all manufacturing employees in the north are attributable to food and drink manufacturing, the equivalent of 6% of the total workforce and most of the county's largest food and drink manufacturers are based in the north of Shropshire.

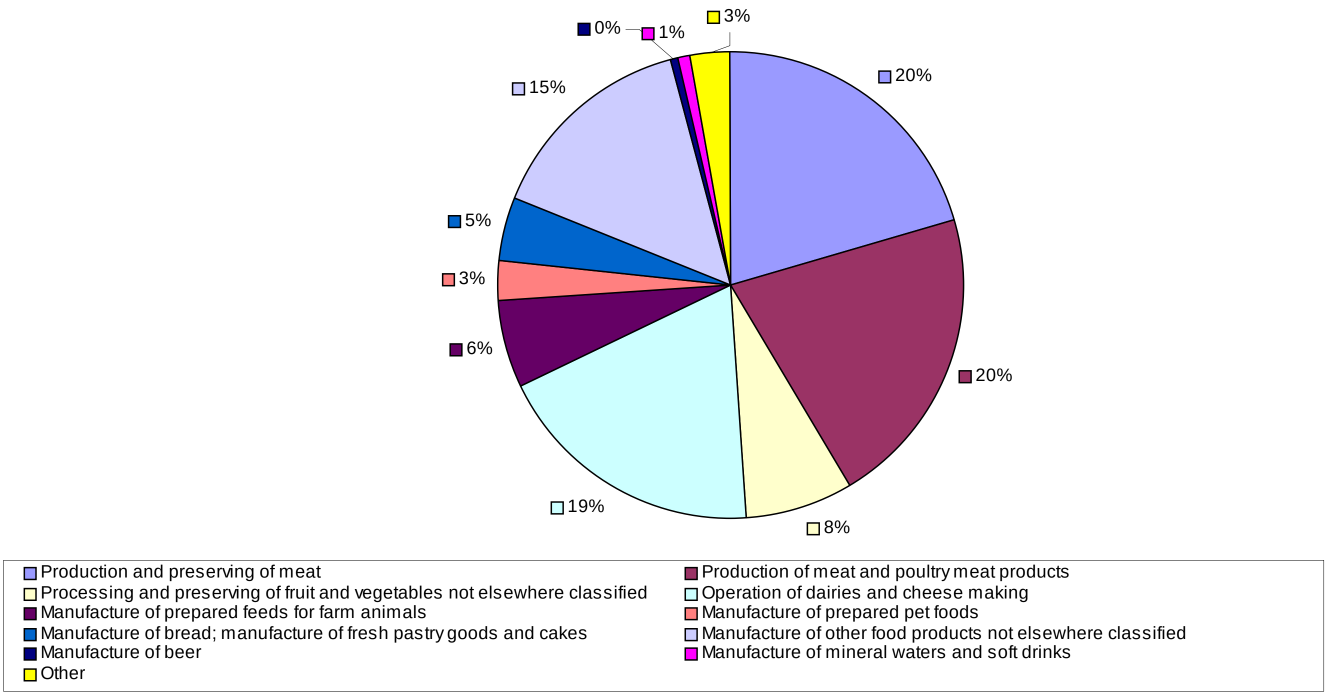
There are considerable local differences in the county food and drink offer, with the significant amount of dairy farming which takes place in the north of the county a principal reason for the development of a substantial dairy processing industry. Muller in Market Drayton and Uniq in Minsterly both operate in this sector and are major Shropshire employers.

Meat processing is also an important industry in Shropshire, with manufacturers Anglo-Beef Processors (Ellesmere and Shrewsbury) and Palethorpes (Market Drayton) both significant local employers in the north/central parts of the county.

The largest food and drink company in the south of Shropshire is Kerry Foods, which operates in the processing and preserving of fruit and vegetables. Again, the links to the land are apparent, with Kerry Foods using local products from the orchards which are much more commonplace to the south of Shropshire and in Herefordshire.

Other food and drink processing sectors in which Shropshire has an interest include the manufacture of: prepared feed for farm animals, prepared pet foods, bread, fresh pastry goods and cakes, beer and mineral waters and soft drinks.

Figure 5.17: Breakdown of Food & Drink Manufacturing Employment by Sector, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

In addition to its strong food and drink manufacturing base, Shropshire has other strong links within the food and drink industry, many of which are offshoots from the abundance of quality local produce. The county has built a strong reputation in the restaurant sector; Ludlow has an international profile for the quality of its fine dining and its annual Ludlow and Marches Food and Drink Festival. A strong network of specialist food retailers, including Battlefield 1403 and the Ludlow Food Centre, as well as several high quality farm shops serve the local and visitor economy markets; in addition, there are a number of farmers markets held throughout the county which allow local producers to sell directly to the public.

Consequently, the quality of Shropshire's food and drink offer is a major contributor to the county's tourism product. The fact that Muller associates itself with Shropshire in its national advertising campaign also raises the profile of the county to potential visitors and inward investors.

Shropshire has a strong platform on which to further develop its food and drink industry; this is recognised through the location of three key regional facilities which support the West Midlands food and drink sector.

The Shropshire Food Enterprise Centre (SFEC), based at Battlefield Enterprise Park in Shrewsbury has been developed to house start-up and expanding food manufacturing businesses. This regional flagship provides a competitive means of entry into the sector through the supply of purpose built production units alongside access to tailored onsite business support and networking opportunities. The centre is managed by Heart of England Fine Foods (HEFF) which is the regional food group for the West Midlands and manages the West Midlands Food Partnership (WMFP) and which is now also based at the SFEC. HEFF is the public face of the region's food and drink cluster and helps food and drink producers and processors to develop profitable and sustainable markets for their products. The food and drink offer in Shropshire is further complemented by the presence of the West Midlands Regional Food Academy which is based at Harper Adams University College. This has been established to improve skills and job opportunities within the food and drink sector and to offer technical support to companies within the region wishing to achieve business growth. These facilities all contribute to the economic prosperity of Shropshire and the wider West Midlands region, and their interaction with local and regional supply chains further stimulates employment.

An increasing global population means that demand for food is increasing; to produce and supply sufficient safe and nutritious food in a sustainable way is becoming increasingly challenging, but there are also opportunities associated with what is known as food security, especially for an area with a strong heritage in food and drink production. Science is being increasingly applied to generate greater yields from less land whilst at the same time reducing carbon footprint, and Harper Adams University College and Walford and North Shropshire College are researching solutions to food security issues. This is likely to be a significant growth area in the future.

5.2.3 Tourism

Tourism makes an extremely important contribution to the Shropshire economy. The county borders two World Heritage sites – the Ironbridge Gorge to the east and the Pontcysyllte Aqueduct to the north west and benefits from visitors to both. The south of the county also encompasses the Shropshire Hills Area of Outstanding Natural Beauty, and this is also a very valuable tourism destination. The landscape is a major contributor to the county's tourism offer, as is the network of historic market towns, the county town of Shrewsbury and the county's reputation for high quality food and drink. In addition, the county benefits from a number of important visitor attractions, including the RAF Museum at Cosford, Weston Park, Severn Valley Railway, Attingham Park, Acton Scott and Ludlow Castle. Overall, more than 10 million tourists visit Shropshire each year, with the industry worth around £560 million to the economy (including Telford and Wrekin) annually[4].

The number of businesses active in the tourism sector is considerable, though with the exception of the major tourism attractions and a handful of large hotels, most are very small in size. Even amongst the larger establishments, much of Shropshire's tourism industry is independently owned. This adds to the distinctive character of the county as well as ensuring that much of the visitor spend is retained within Shropshire's economy. Independent operators do, however, lack the marketing clout and investment of national and international brands.

Overall, there are approaching 1,000 accommodation businesses, including B&Bs, hotels, self-catering businesses and camp/caravan sites. Many of these businesses represent farm diversification. Around 10% of tourism accommodation businesses are hotels, although due to their larger size, these account for closer to 40% of overall capacity.

Figure 5.18: Breakdown of Shropshire Tourism Accommodation Businesses and Capacity by Type, 2007

	% of businesses	% of capacity
B&Bs	32.8	15.9
Hotels	9.0	37.6
Inns/Restaurant with Rooms	7.0	6.2
Total Serviced	48.8	59.7
Self-catering cottages	38.7	20.6
Caravans/Camping	12.5	19.8
Total Self-catering	51.2	40.4
Total	100.0	100.0

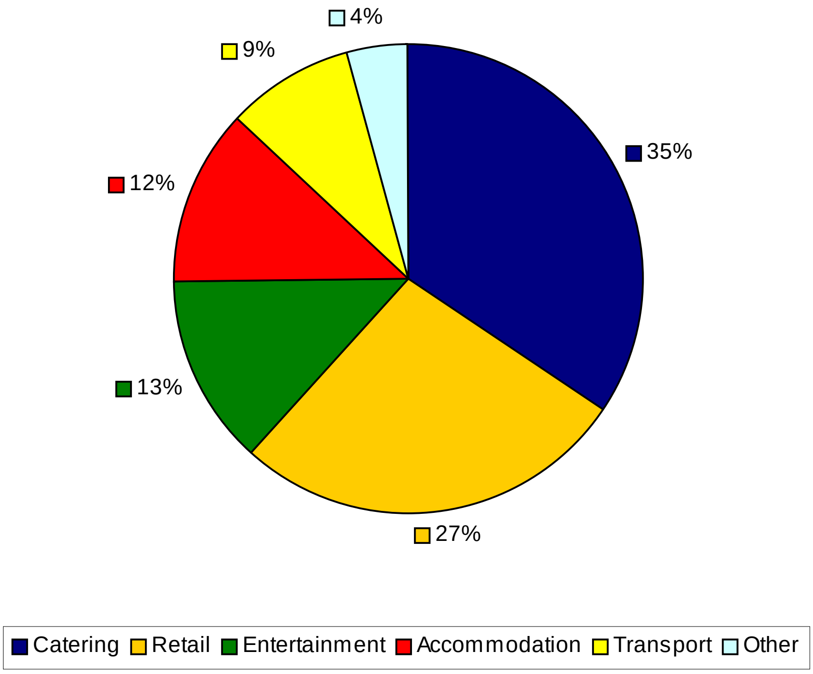
Source: Shropshire Tourism Research Unit

In terms of occupancy, hotels perform better than B&Bs or self-catering businesses, both of which experience greater seasonal peaks and troughs. By their nature, hotels need to achieve superior rates of occupancy due to higher overheads, but they also benefit more from the business tourism and conference market which supplements their revenue from the leisure tourism market.

It is interesting to note that despite the sizeable number of accommodation providers and attractions operating in Shropshire, the catering and retail sectors are the main recipients of visitor spend. All entertainment (including spend on attraction admissions) and accommodation accounts for a combined share of just a quarter of visitor spend.

[4] Volume and Value of Tourism in Shropshire, 2005, Heart of England Tourism

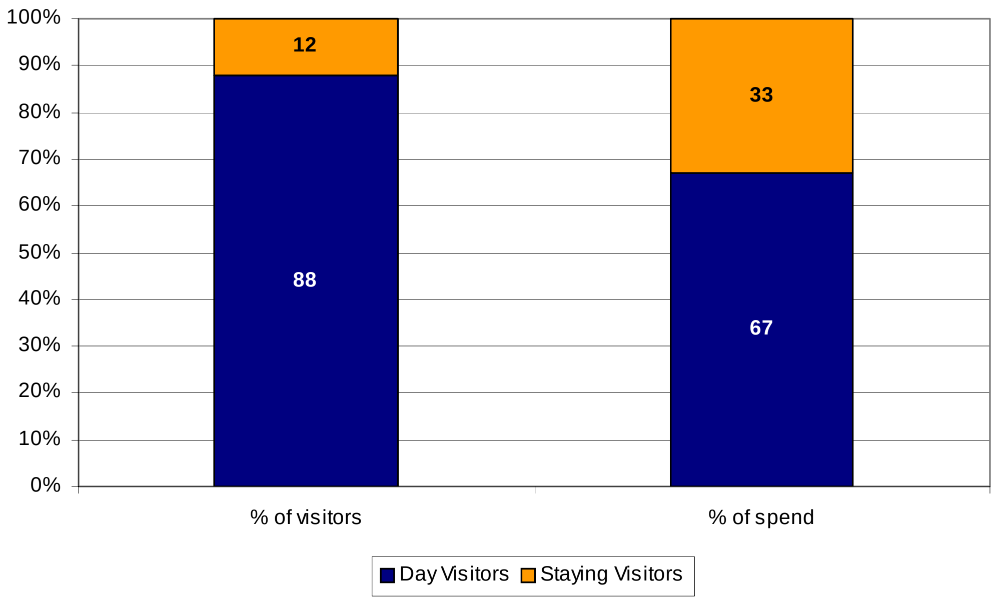
Figure 5.19: Breakdown of Visitor Spend, 2005



Source: Volume & Value of Tourism in Shropshire Report, 2005

Shropshire is primarily a day visitor market, which is higher volume and lower value, although 12% of all visitors in 2005 stayed overnight. The importance of staying visitors to the local economy is highlighted by the fact that they contributed a third to overall tourism market value.

Figure 5.20 Breakdown of Shropshire Tourism Market by Type of Visitor, 2005

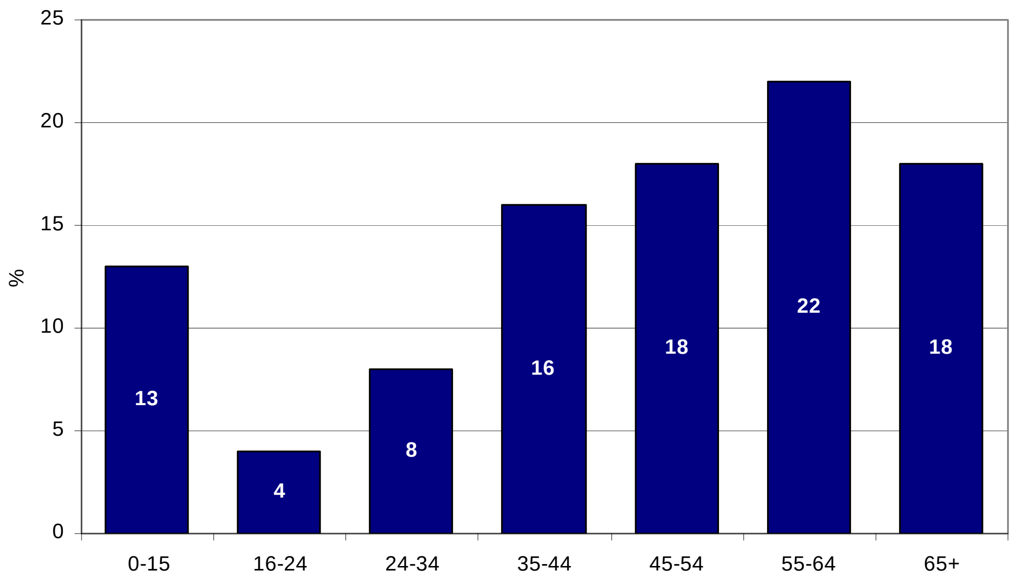


Source: Volume & Value of Tourism in Shropshire Report, 2005

The core day visitor market is fairly focused, with the bulk of such visitors drawn from the surrounding Central Midlands and the neighbouring counties, all of which are accessible by road or rail. 1-2 hours travel time is generally deemed to be satisfactory to most day trippers, and in this respect, Shropshire is well-positioned to attract visitors from a relatively large area of England and Wales. However, the day trip market is extremely competitive and will continue to be so, with competition coming not just from other destinations but from other leisure activities as well (home entertainment, leisure retail parks, etc). The market has been affected by the recent economic downturn, although visits to attractions have held up well. As in the rest of the UK, however, secondary spend has been subdued as visitors seek to tighten their belts.

Shropshire is primarily a destination for middle aged and older couples, especially in the staying visitor market, although there is an increasing choice of activities for the family market, including farm-based activities and attractions and other outdoor pursuits such as horse riding, cycling and walking. When analysing the profile of staying visitors, however, 58% of visitors are aged over 45, with 40% over the age of 55 and 18% aged 65 or more. According to the most recent visitor survey for Shropshire, almost two-thirds of domestic overnight visitors had been to Shropshire before, reflecting the fact that those who visit the county tend to return.

Figure 5.21: Breakdown of Shropshire's Staying Visitors by Age, 2007



Source: Shropshire Visitor Survey, 2007

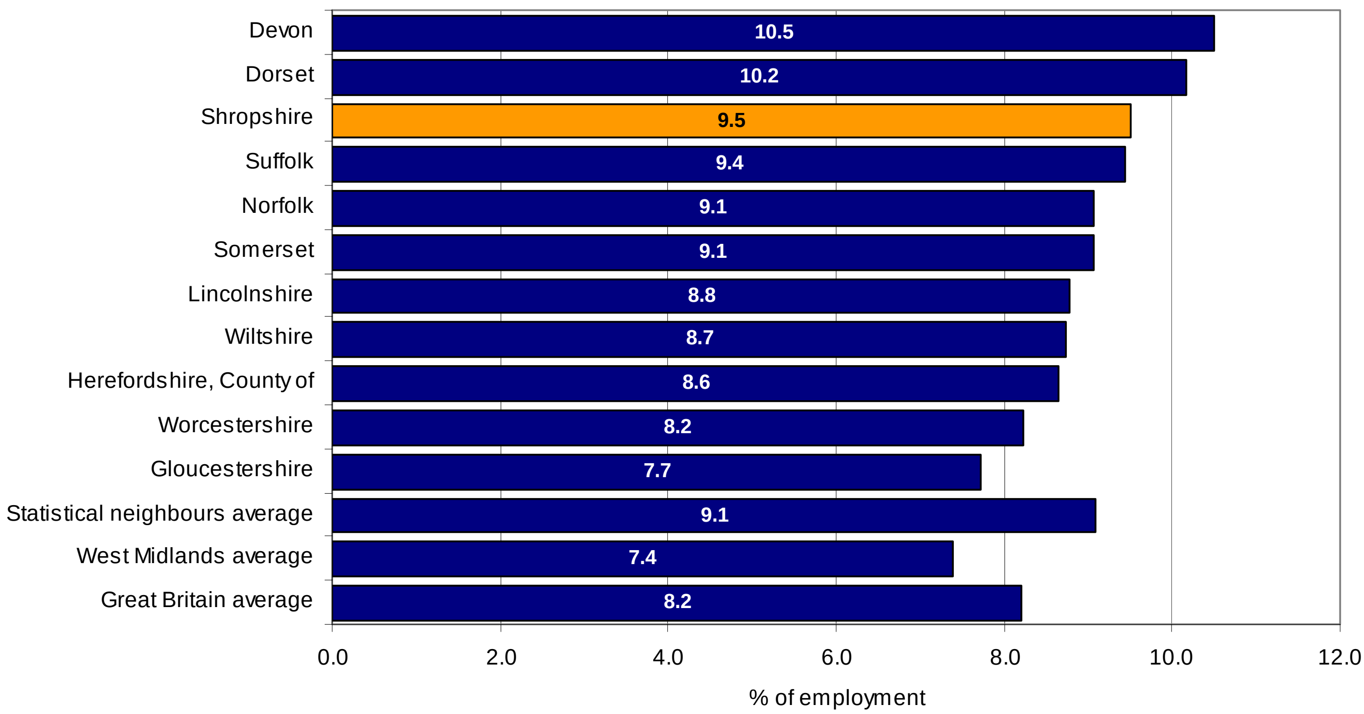
In recent years, the tourism industry in Shropshire has been subject to substantial investment and a significant number of new tourism businesses have come on board. Many farms have diversified into the tourism sector, most commonly into the accommodation sector, via either B&B or self-catering cottages, but also into the visitor attraction and leisure activity market.

The Annual Business Inquiry does not have a category for tourism as such, although the following classifications can be grouped together to give an approximate number of tourism-related workplaces and employees:

- Hotels
- Camping sites and other provision of short-stay accommodation
- Restaurants
- Bars
- Activities of travel agencies and tour operators; tourist assistance activities not elsewhere classified
- Library, archives, museums and other cultural activities
- Sporting activities
- Other recreational activities

Combined, these sectors represent almost one in ten Shropshire workplaces and approaching 10% of overall employment. Tourism is clearly of greater importance to the Shropshire economy than it is the regional or national economies, and is of particular importance in the south of the county, where it accounts for more than one in 10 workplaces and for 12.8% of employment. Employment in tourism in Shropshire is also higher than it is for all of its statistical neighbours[3] except Devon and Dorset.

Figure 5.22: Relative Importance of Tourism and Related Sectors, Shropshire's Statistical Neighbours*, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

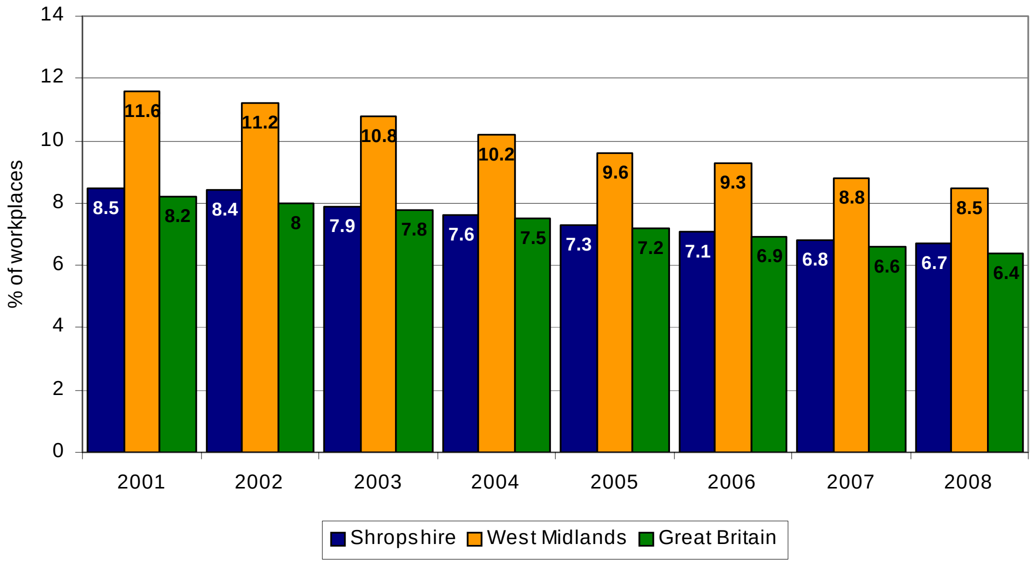
Note: these figures are likely to underestimate the importance of tourism, since many tourism businesses are small and may not be captured by ABI data.

5.2.4 Manufacturing

Manufacturing remains an important sector in Shropshire – both as an employer and a generator of wealth – and is a major contributor to GVA. The county's economy has a greater dependence on manufacturing industries than is the case nationally, although its relative importance is in decline in Shropshire, as it is elsewhere, as the service sector assumes greater significance. Manufacturing does, however, account for a lower proportion of workplaces and employment in Shropshire than in the region.

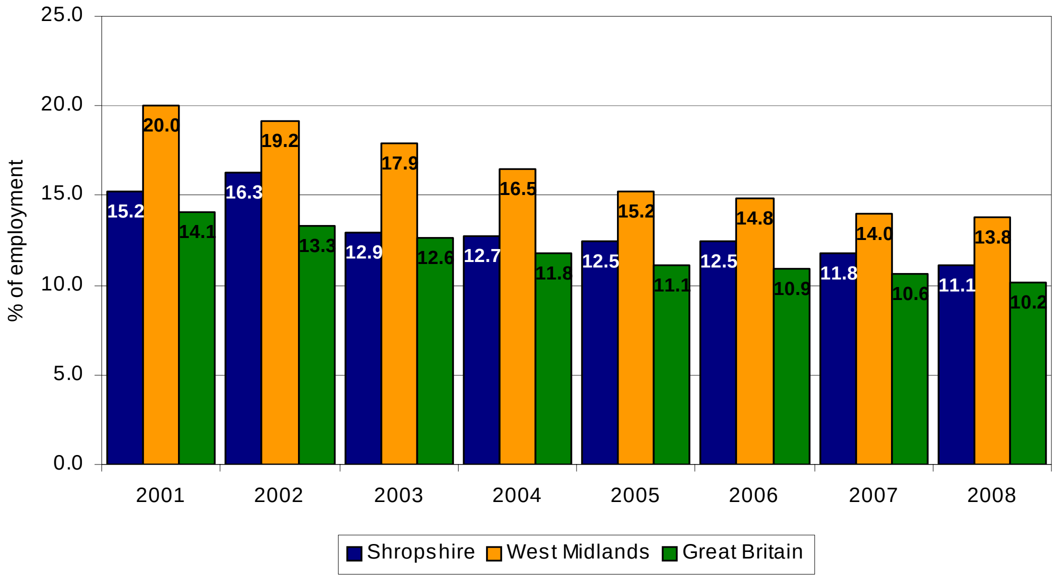
In 2008 6.7% of all Shropshire workplaces were in the manufacturing sector compared with 8.5% in 2001. Over this period, the proportion of the county workforce employed in manufacturing industries fell from 15.2% to 11.1%.

Figure 5.23: Relative Importance of Manufacturing in Shropshire in Terms of Workplaces, 2001-2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

Figure 5.24: Relative Importance of Manufacturing in Shropshire in Terms of Employment, 2001-2008

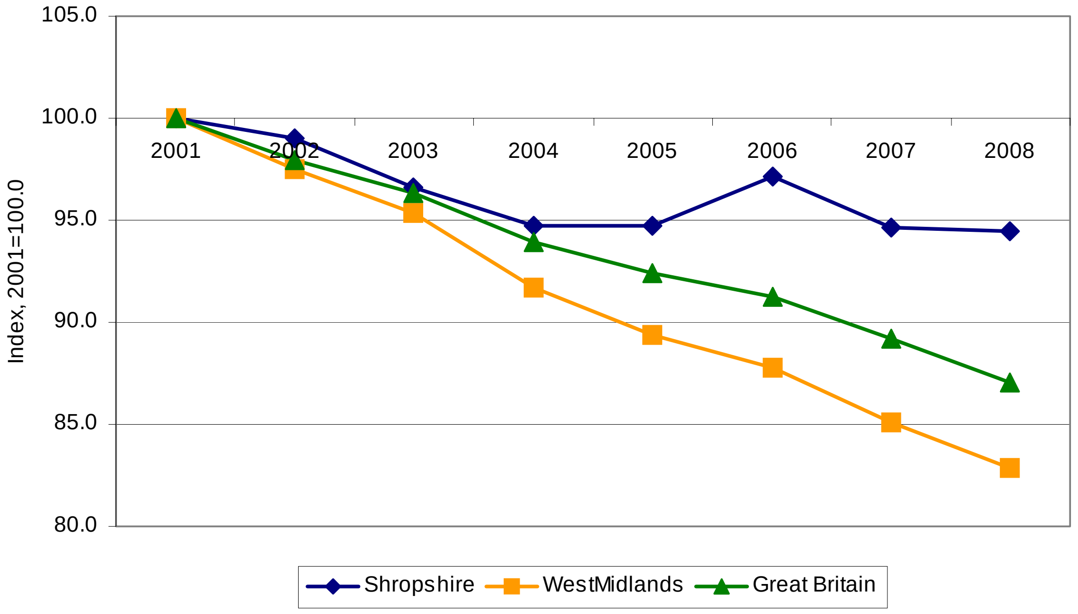


Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

Both the number of county manufacturing workplaces and employment in manufacturing have fallen over recent years. In 2008, there were 922 manufacturing workplaces; this represents a loss of 54 factories since 2001. Over this period, the manufacturing workforce declined by 22.3% to 12,146 which is the equivalent of a reduction of approaching 3,500 staff.

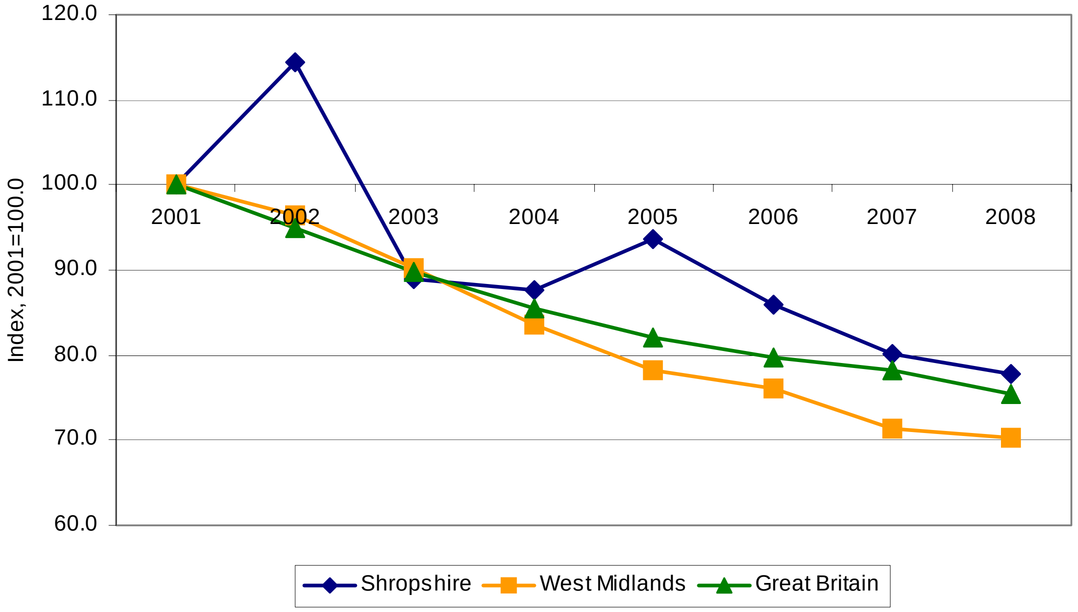
Despite this, the Shropshire manufacturing base appears to have held up slightly better than is the case either regionally or nationally – in the West Midlands, the number of manufacturing workplaces fell by 17.2% over the review period, while employment declined by 29.7%. In Great Britain, the number of workplaces reduced by 13% while employment fell by 24.7%.

Figure 5.25: Trends in the Number of Manufacturing Workplaces in Shropshire, 2001-2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

Figure 5.26: Trends in Employment in Manufacturing in Shropshire, 2001-2008

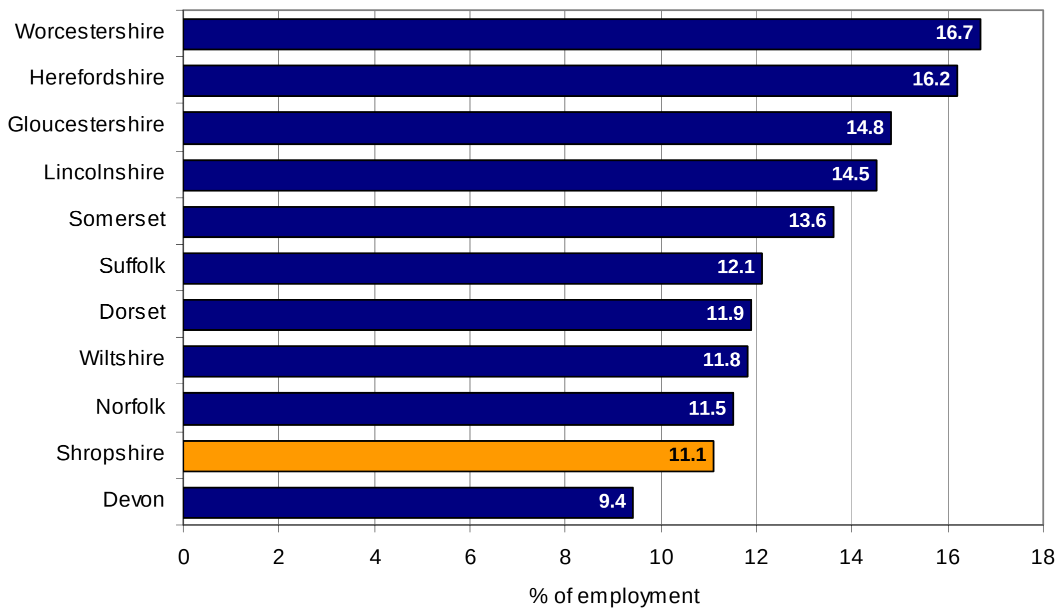


Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

The decline in manufacturing employment across Shropshire has been relatively uniform, falling by 24.8% in the northern part of the county between 2001 and 2008 and by 21.2% in the central area and by 20% in southern Shropshire. Manufacturing is, however, a more important provider of employment in the northern and southern parts of the county, accommodating 13.3% and 14.2% of employees respectively. In contrast, just 6.8% of employees in the central part of Shropshire work in manufacturing industries.

Although the manufacturing industry has held up rather better in Shropshire than it has done nationally, it now accounts for a lower proportion of employment in Shropshire than in any of its statistical neighbours[3] except Devon, where less than one in 10 workers are now employed in this field. Employment in manufacturing is significantly higher in neighbouring Herefordshire and Worcestershire, at 16.2% and 16.6% respectively.

Figure 5.27: Level of Manufacturing Employment, Shropshire's Statistical Neighbours, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

5.2.4.1 Manufacturing Sectors

Shropshire manufacturing activities are concentrated on a few sectors, with the three largest manufacturing sectors accounting for more than half of all manufacturing employment. Food and drink manufacturing is of particular importance to the Shropshire economy, accounting for a tenth of manufacturing workplaces and approaching a third of manufacturing employment (see p106 for more details).

The manufacture of fabricated metal products is the second largest manufacturing sector for Shropshire, accounting for 18.7% of manufacturing workplaces and 14.3% of employees in 2008. This sector has particular significance in the south east of Shropshire due to the presence of major manufacturers Novelis and Bridgnorth Aluminium. Machinery and equipment manufacture is also strong in Shropshire, accounting for 13.8% of overall manufacturing employment. McConnel Ltd in the south of the county and Fullwards Ltd in the north are important employers within this sector.

Other notable manufacturing sectors for Shropshire include the manufacture of wood and wood products as well as the manufacture of furniture/other manufacture not elsewhere specified. The county also has an interest in the following sectors*:

- Rubber & plastic products
- Other non-metallic mineral products

- Basic Metals
- Medical, precision and optical equipment
- Motor vehicles, trailers and semi-trailers
- Transport Equipment

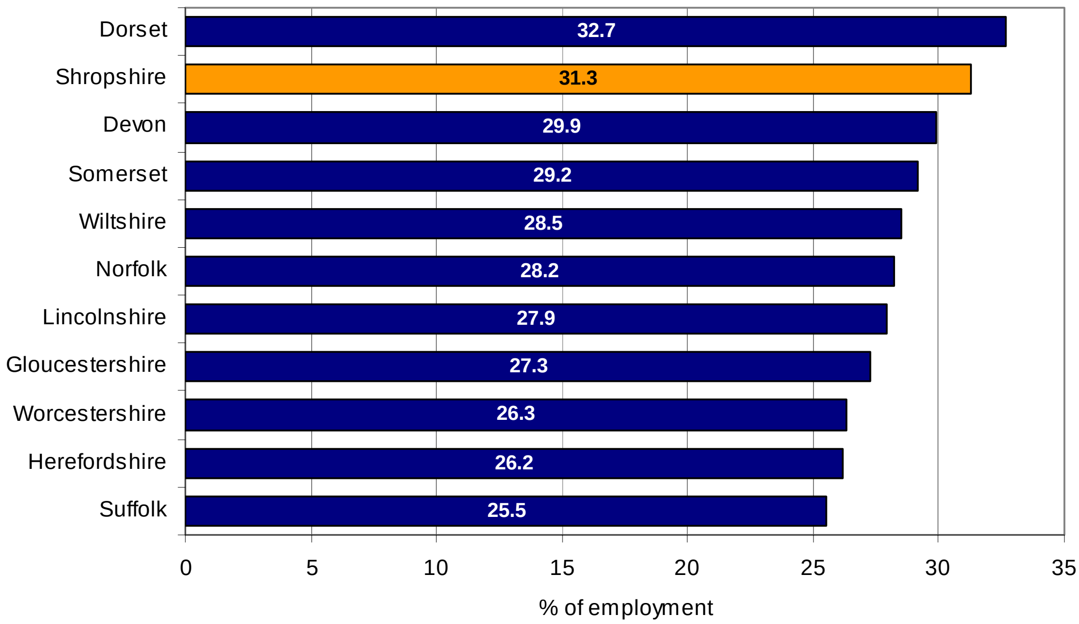
*Note: all of these sectors account for at least 2% of Shropshire manufacturing employment

5.2.5 Public Administration, Education and Health

Public administration, education and health accounts for just less than one in ten workplaces in Shropshire and absorbs 31.3% of all employees. As such, the county is very reliant on jobs in this sector, and the impact of the anticipated reduction in public sector budgets on employment could be considerable over the next two or three years. Given the presence of the county town and administrative centre for the county, public sector jobs are particularly important to the central area of Shropshire, with Shropshire Council, West Mercia Police, the Fire Service and the Royal Shrewsbury Hospital all major employers.

Shropshire has a significantly higher dependence on the public sector than is the case regionally or nationally, and only one of its statistical neighbours[3] Dorset, supports a comparatively higher level of employment within the public sector.

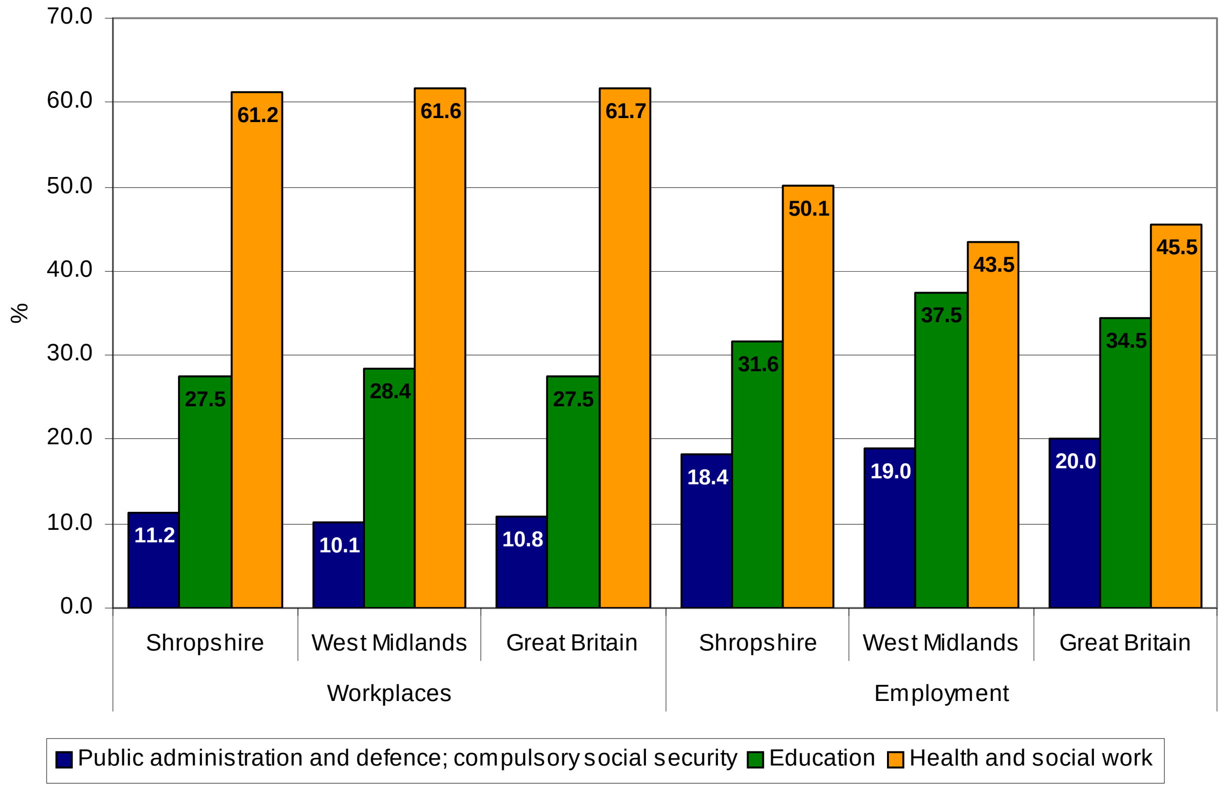
Figure 5.28: Level of Public Sector Employment, Shropshire's Statistical Neighbours, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

Just over half of public sector employment is in health and social care, with 31.6% in education and the remaining 18.4% in public administration and health. The two major hospitals in Shropshire (Royal Shrewsbury Hospital and the Agnes and Robert Hunt Orthopaedic Hospital in Gobowen) means that employment in the health sector is slightly higher in Shropshire than it is either regionally or nationally. Conversely, there is lower employment in education in Shropshire, which perhaps reflects the lack of a university in the county.

Figure 5.29: Breakdown of Public Administration, Education and Health by Sector, 2008

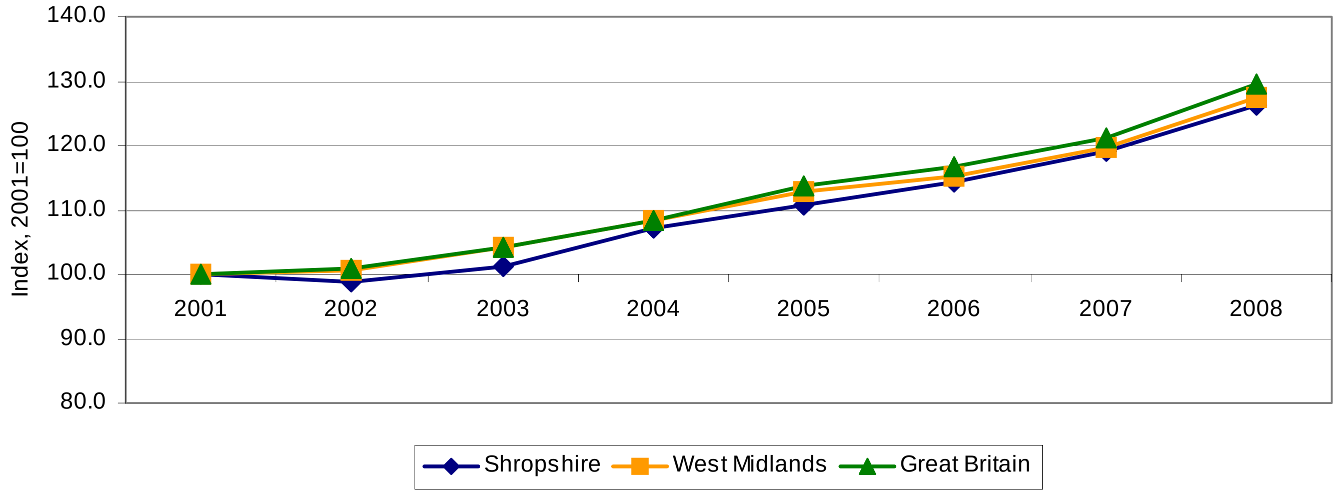


Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

5.2.6 Construction

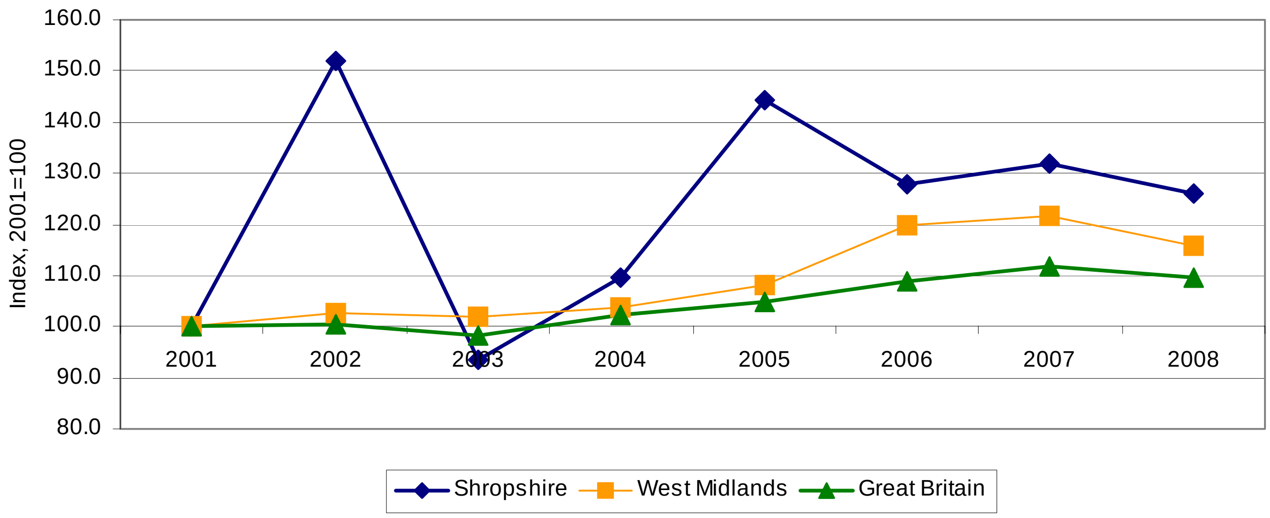
The construction industry in Shropshire accounts for a higher proportion of workplaces and a higher proportion of total employment than it does either regionally or nationally, and its relative importance expanded between 2001 and 2008, by which time it accounted for 6% of total county employment and 11.9% of workplaces. Growth in the number of businesses operating in this sector in Shropshire has been very marginally slower than growth achieved in either the West Midlands or Great Britain, primarily due to much slower growth in the south of the county. Employment in the sector has been subject to considerable fluctuation in recent years, with substantial growth in 2002 and 2005 being followed by a significant reduction in employment in 2003 and 2006.

Figure 5.30: Trends in the Number of Shropshire Construction Workplaces, 2001-2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

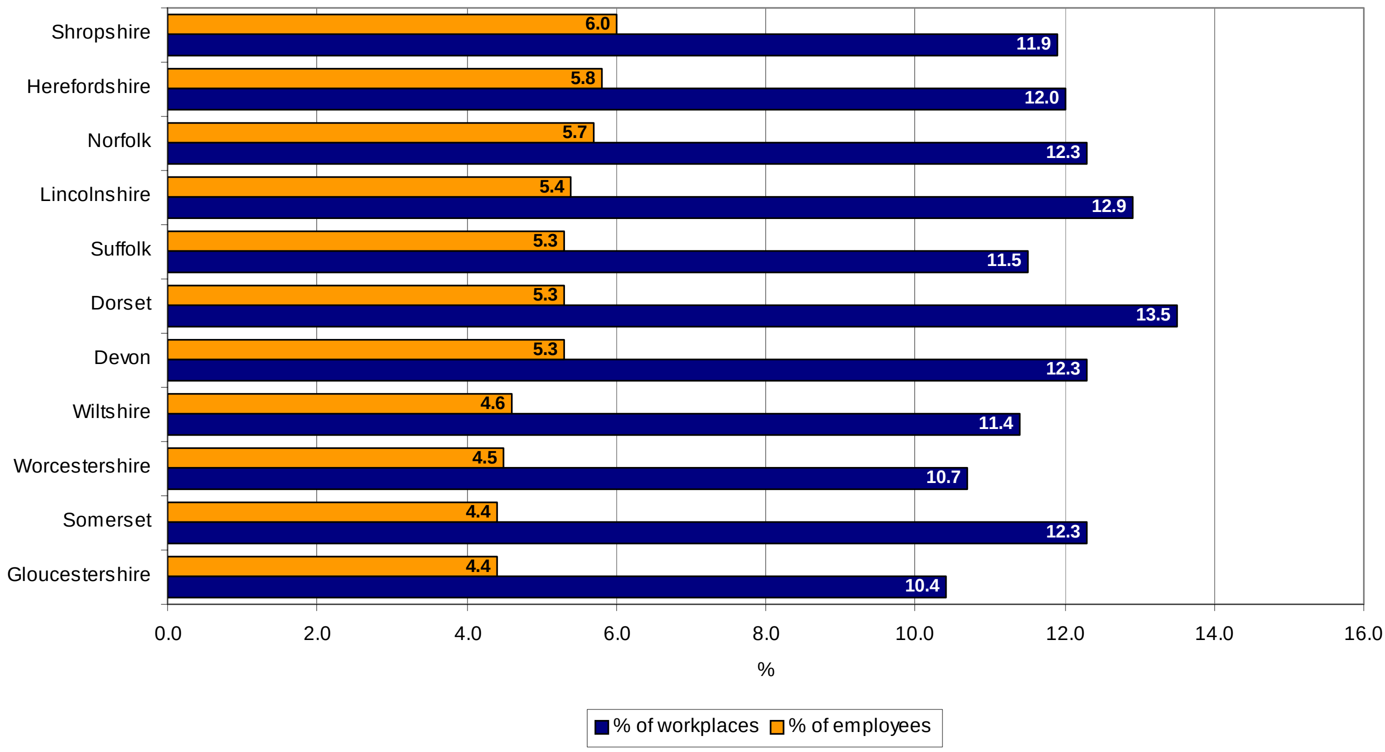
Figure 5.31: Trends in Employment in the Shropshire Construction Industry, 2001-2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

The construction sector is also a more significant employer in Shropshire than in its statistical neighbours[3], albeit only marginally.

Figure 5.32: Importance of the Construction Sector, Shropshire's Statistical Neighbours, 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010

The construction industry is particularly vulnerable to the affects of recession as large capital projects tend to be put on hold. One of the county's leading construction firms, Wrekin Construction, was declared bankrupt in 2009, with another, Frank Galliers, also entering administration in 2010. The impact of these closures on the Shropshire economy, in addition to the closure of many smaller businesses in the sector over the last year, will be considerable. Suppliers to the construction sector have also been affected, with Greyhound Plant Hire closing with the lost of more than 250 jobs. Although the recession officially ended at the end of 2009, the outlook remains bleak for the construction sector, which will be further impacted by the substantial reductions in public sector spending that will be enforced over the next few years.

Although most construction companies are small, with average employment per business standing at just four people in 2008, there are a number of key employers in the sector, including Morris & Co, Tudor Griffiths and Shropshire Homes.

Shropshire has a legacy in traditional building skills, although there is a lack of skilled people to carry out the work.

5.2.7 Environmental Technologies

Nationally, the environmental technologies industry is a fast growing sector which generates significant levels of employment and income. Defra data suggests that the sector employs around 400,000 people in the UK, generates an annual turnover of £25 billion and, globally, is comparable in size to sectors such as aerospace and the defence industries. In the West Midlands, the environmental goods and services sector is estimated to employ between 24,000 and 29,000 people, comprises 1,500 businesses and generates approximately £1 billion turnover. The sector accounts for approximately 1% of regional employment and contributes around 1% to regional Gross Value Added (GVA).The sector is of a similar magnitude in Shropshire, employing an estimated 1,400 people via 148 businesses in 2006. Total turnover for these businesses amounts to some £123 million, with the sector contributing roughly £37 million to county GVA.

The largest sub-sectors in terms of numbers of firms are waste management (including recycling), environmental consultancy and water and wastewater treatment. Compared to other parts of the UK, Shropshire has a large number of environmental consultancy firms (21% of all firms in the sector), including a strong cluster of consultancies in and around Shrewsbury. This strength has its origins in the original presence of Aspinwall's, a large consultancy which was based near Shrewsbury and which led to the development of large multi-disciplinary consultancies such as SKM Enviros and AMEC Entec and medium-sized specialist firms such as ESI Ltd, Schlumberger Water Services (UK) Ltd (formerly Water Management Consultants Ltd) and E4environment Ltd. The sector also includes considerable expertise in agricultural and food sector waste management, energy efficiency, low carbon technologies and community based renewable energy schemes.

Figure 5.33: Breakdown of Environmental Technologies Businesses by Sector, 2006

	Number	%
Waste management	41	28%
Environmental Consultancy	32	21%
Water & wastewater treatment	21	14%
Skip hire	13	9%
Energy & renewables	13	9%
Air Pollution	11	7%
Environmental monitoring & instrumentation	8	5%
Contaminated land	6	4%
Noise & vibration	3	2%
Total	**148**	**100%**

Source: Environmental Economy in Shropshire, 2006

The environmental industry in Shropshire has seen high rates of new business start-ups in recent years, reflecting significant recent growth in the sector. Furthermore, according to research undertaken in 2006 more than three-quarters of surveyed businesses were reporting turnover growth over the previous three years. The highest recent growth has been achieved in the environmental consultancy, waste management and energy efficiency/renewable energy sub-sectors. This is largely due to changes in legislation and, to a lesser degree, moves towards more sustainable business management.

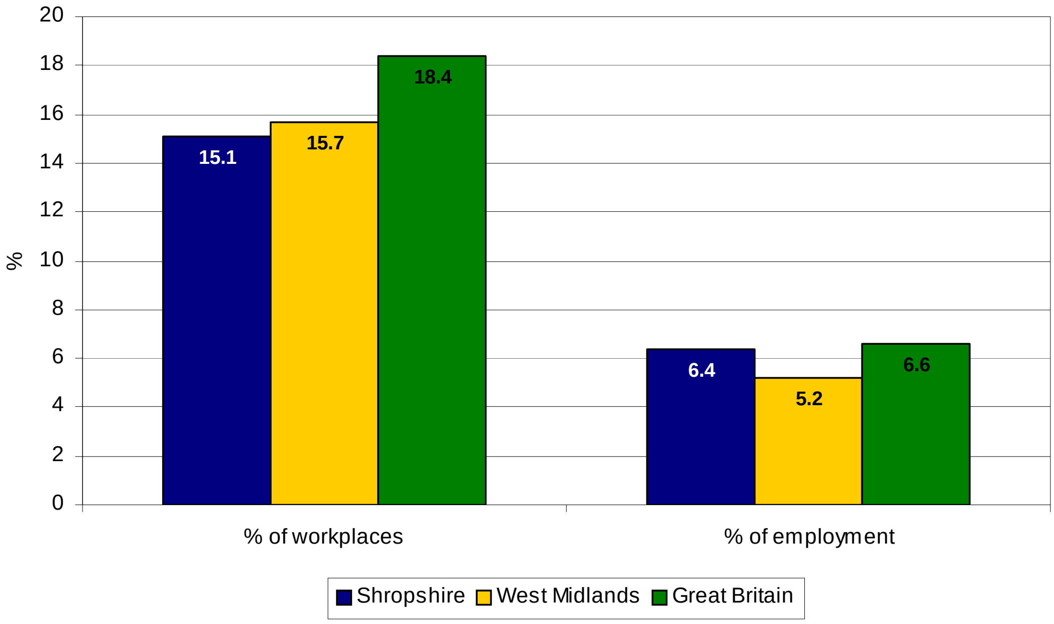
The Shropshire environmental technologies sector also benefits from the Environmental Technologies Centre, at The Pumphouse in Shrewsbury, which has created 9,000 sq.ft. of floor space for new and growing environmental technology companies. The building has been constructed using sustainable building technologies and accommodates both new and established businesses.

5.2.8 Creative Industries[5]

Shropshire offers significant potential as a location for creative businesses and there is already a preponderance of activity across Shropshire in a wide range of creative sub-sectors. Official statistics indicate that there were 2,089 businesses accommodating 6,953 employees in 2008. This represents 15.1% of the total Shropshire business base and 6.4% of total employment.

Compared with the region, creative industries employ a higher percentage of the overall workforce but account for a lower proportion of workplaces. Nationally, a higher percentage of both workplaces and employment is attributable to the creative industries.

Figure 5.34: Proportion of Workplaces and Employment Attributable to Creative Industries, 2008



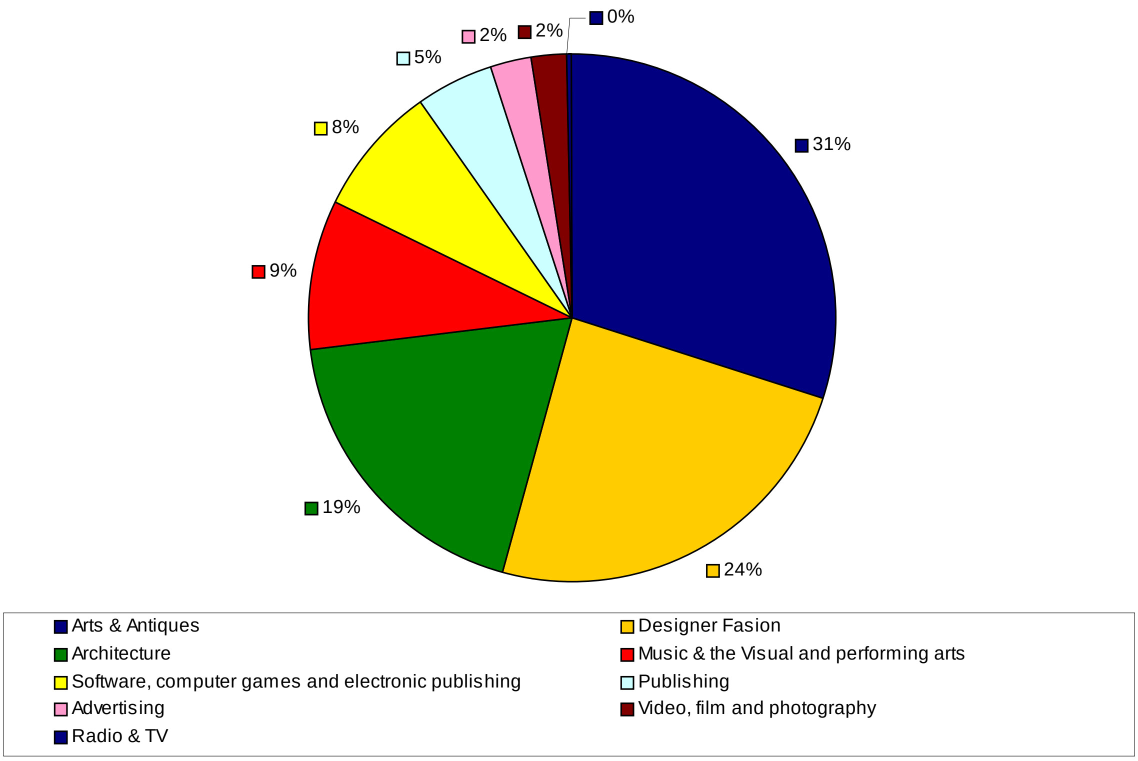
Source: Annual Business Inquiry, Office of National Statistics, Crown Copyright, 2010

However, many businesses operating in the creative sector, and especially within the more traditional design and craft arena, are home-based with no additional employees and trade below the VAT threshold; hence, there are undoubtedly significantly more operators than official statistics imply. 96.3% of all VAT registered businesses have less than 10 employees and as such the level of micro-businesses operating in Shropshire exceeds the regional and national averages, and further demonstrates the fragmented nature of Shropshire's creative industries sector. Whilst many of these small design and craft businesses place a high degree of reliance on local markets, there are examples of some businesses (particularly designers) who are undertaking major contracts for national clients.

Arts and antiques is the largest creative sub-sector in terms of employment in Shropshire, followed by designer fashion. Architecture and software and computing are also key sub-sectors, both in terms of numbers of businesses and employees.

[5] See glossary for definition of creative industries

Figure 5.35: Breakdown of Shropshire Creative Industries by Sector, 2008



Source: Annual Business Inquiry, Office of National Statistics, Crown Copyright, 2010

Between 2006 and 2008, many sub-sectors within Shropshire experienced a slight decline in terms of the number of employees - advertising and architecture and engineering services were the only sub-sectors to witness notable increases in employment over this period. These sub-sectors also experienced growth in business stock. In the case of advertising, the growth in employee numbers was a reverse of the trend experienced in the West Midlands region overall, where employment levels in advertising fell.

Despite a decline in overall employee numbers, it is notable that the software, computer games and electronic publishing sub-sector experienced an increase in its businesses stock, as did music and the visual/performing arts.

Although creative industries are dispersed across the county, a number of clusters have emerged, including:

- A concentration of craft businesses in the Ironbridge area, driven by a series of factors including workspace provision and proximity to tourism attractions.
- A concentration of arts businesses around Shrewsbury, Oswestry and Ludlow, driven by location advantages, such as the proximity of Shropshire's most prominent cultural venues.

Sub-sectors which have the most potential to grow in the future and as such are key to Shropshire include:

- Advertising, due to the growth in web-based activities;

- Architecture, evidenced in the presence of a high number of SMEs and one major practice in Shrewsbury. Growth in this sub-sector will be influenced to some extent by the extent and pace of post-recession national and international property development markets and government-driven regeneration opportunities.

A large number of business networks operate within the creative industries compared with other sectors, mainly due to the benefits gained from working together to exhibit their goods at many of the county's numerous festivals and events. The most prominent networks include Shropshire Guild of Contemporary Craft, Ludlow Designer Makers, Bishop's Castle Furniture Group, the Made in Shropshire Group and Border Artists. Creative Shropshire is a relatively recently formed group of creative professionals working at a commercial level. A main objective of the group is to offer a collaborative approach to larger tender opportunities across the region and beyond.

Adequate broadband coverage across the whole of Shropshire will be vital to ensure the future growth of the creative sector in Shropshire. New technology and the availability of broadband infrastructure in many urban and rural areas has provided creative businesses with new opportunities to produce and distribute their work to a wider audience at lower costs, irrespective of physical and geographical constraints. Whilst the standard of broadband appears sufficiently high in many parts of Shropshire, difficulties with broadband connections could prove a constraining factor for the many creative businesses which are located more rurally. For more information on broadband coverage in Shropshire, see p157.

5.2.9 Care/Assisted Living

The number of older people living in Shropshire is increasing rapidly[6], and whilst this does generate some economic challenges, it also offers opportunities in the supply of care and assisted living services. Given the changing demographic profile of the population, some growth in the care sector is inevitable, although changes in how care is delivered means that changes in how the sector is structured can be expected.

The following table shows the number of older people accessing care services in recent years, and this shows that while admissions to residential and nursing homes have fallen, the number accessing home care has risen significantly. This trend is expected to continue into the future.

Figure 5.36: Number of Older People Accessing Services in Shropshire, 2002/03-2006/07

	2002/03	2003/04	2004/05	2005/06	2006/07
Admissions to Residential/Nursing Homes (during the year)	564	557	530	560	427
Intensive Home Care	490	473	475	493	534
Helped at Home	5,769	6,796	7,420	8,239	8,856

Source: Shropshire Joint Strategic Needs Assessment, 2009

The push towards personalisation, individual budgets and the increased level of home care, combined with a reduction in public sector spending, may lead to a reduction in the number of care homes in the medium term, although the number of actual beds may not reduce as new build opportunities come on stream. At the current time, there are many smaller homes in Shropshire (often house conversions), and these can be very vulnerable to regulatory change.

Small operators dominate, many of which are locally based and the corporate sector that now accounts for more than 60% of beds nationally remains under-represented in Shropshire. The major company providers of care to the Primary Care Trust include:

- Barchester Healthcare
- Marches Care Ltd
- Four Seasons Healthcare
- Vicarage Nursing Home Ltd
- Morris Care Ltd
- Legrand Nursing Home
- LDCG Ltd
- Shropshire Council
- Southern Cross
- Shropshire Private Care

The care sector differs from some of the other key Shropshire sectors in that the vast majority of spend, from wages to supplies such as food, is retained within the local economy.

[6] See demographics section for more detail, p27

5.3 Productivity and Competitiveness

Key Issues

- Gross Value Added (GVA) per head of population is much lower in Shropshire than it is either regionally or nationally, and has been growing comparatively slowly in recent years. However, when measuring GVA per employee, Shropshire is much more in line with the regional average.

Do you agree that this a main economic issue relating to productivity in Shropshire?

5.3.1 Gross Value Added (GVA)[1]

GVA in Shropshire has long since lagged behind its more urban West Midlands' counterparts, primarily due to the county's reliance on agriculture and other industries where the generation of GVA is low. The lack of corporate headquarters also affects GVA, since the generation of GVA is often attributed entirely to the HQ base. High levels of out-commuting, especially amongst top earners, also suppresses the value of Shropshire GVA.

Headline GVA for Shropshire in 2007 at current basic prices stood at £4,099 million. Although Shropshire GVA grew slower than regional and national GVA between 2006 and 2007, over the longer term, growth in Shropshire has exceeded regional growth but lagged some way behind growth achieved nationally. Consequently, Shropshire's contribution to regional GVA has risen slightly in recent years to 4.5%.

Figure 5.37: Gross Value Added (GVA), 2007

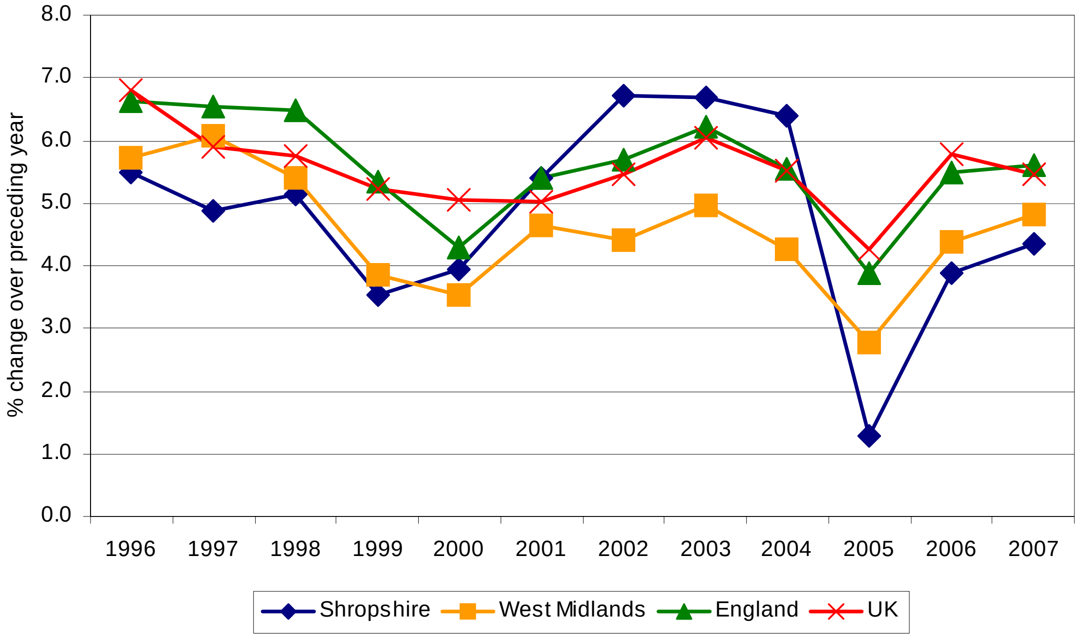
	Headline GVA £million	% growth 2006-2007	% growth 2001-2007	% growth 1995-2007
Shropshire	4,099	+4.4	+33.0	+75.5
West Midlands	91,727	+4.8	+28.5	+70.9
England	1,045,257	+5.6	+37.2	+92.1
United Kingdom	1,245,735	+5.5	+37.3	+90.5

Source: Office for National Statistics, Crown Copyright 2010

The following graph shows annual growth in headline GVA in Shropshire, the West Midlands, England and the UK from 1995 onwards. This shows that the generation of GVA in Shropshire advanced strongly between 2000 and 2005, but has since slowed down notably.

[1] See glossary for definition of GVA

Figure 5.38: Annual Headline GVA Growth, 1996-2007



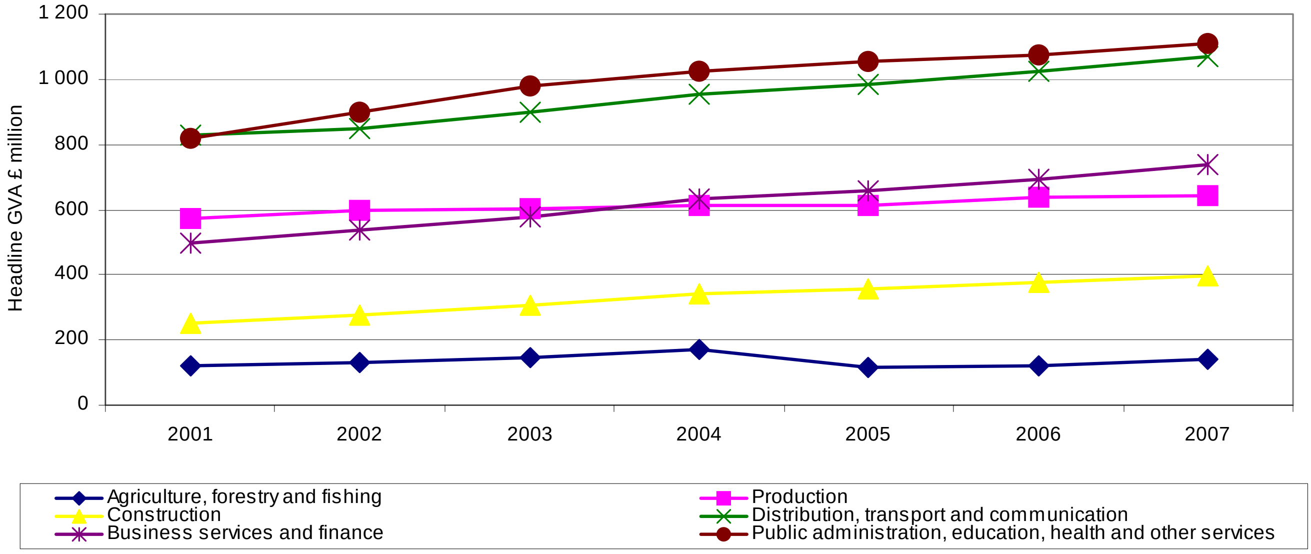
Source: Office for National Statistics, Crown Copyright 2010

Faster GVA growth nationally than regionally in the recent past means that the Output Gap deficit between the West Midlands and the UK is rising. Although regional GVA rose by 3% in 2008 to £94.5 billion the output gap rose by 5.7% from £15.6 billion to £16.5 billion.

5.3.2 GVA by Industry

Relatively low GVA in Shropshire is influenced by the types of industries operating in the county. To some extent low GVA is symptomatic of a rural economy which by its nature is heavily reliant on agriculture and other land based sectors. The following graph shows the development of headline GVA by industry type since 2001. It is evident that public administration, education, health and other services make the greatest contribution to Shropshire GVA, closely followed by distribution, transport and communication. Business services and finance also makes a substantial contribution, and this sector has also assumed greater importance to overall Shropshire GVA since 2001. In contrast, the relative importance of production is in decline. Construction and agriculture make the lowest contribution, with the latter now contributing less than 4% to GVA.

Figure 5.39: Headline GVA for Shropshire by Industry at Current Prices, 2001-2007



Source: Office of National Statistics, Crown Copyright 2010

Within Shropshire, GVA is expected to decline over the next year[2], but to grow strongly by between 10% and 12% over the next five years.

5.3.3 Per Capita GVA

GVA per head of population stood at £14,093 in Shropshire in 2007, and as such was 17.3% lower than the regional level (£17,044) and 31% lower than the UK level (£20,430).

Figure 5.40: Gross Value Added (GVA) per Head of Population, 2007

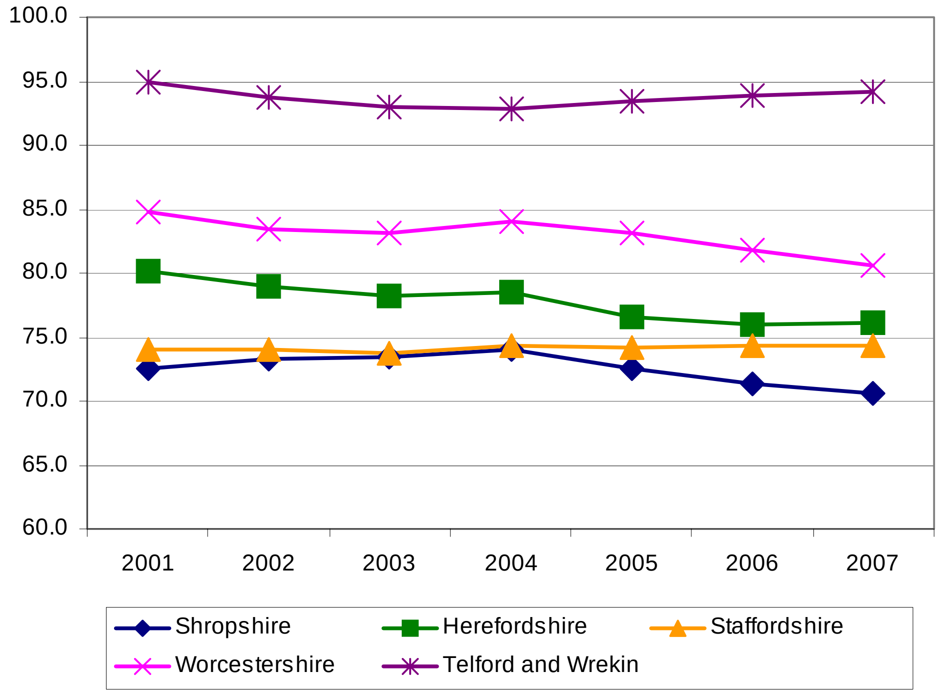
	Headline GVA per head £	% growth 2006-2007	% growth 2001-2007	% growth 1995-2007
Shropshire	14,093	+3.8	+29.5	+65.6
West Midlands	17,044	+4.4	+26.1	+66.9
England	20,458	+4.9	+32.7	+81.9
United Kingdom	20,430	+4.8	+33.1	+81.3

Source: Office for National Statistics, Crown Copyright 2010

In comparison with its West Midlands' neighbours, Shropshire performs poorly in terms of per capita GVA – compared with the national average, Shropshire's indexed figure fell to 70.6 in 2007. This compares with 74.4% for Staffordshire and 76.1% for Herefordshire. In contrast, Telford and Wrekin is close to the national average in terms of GVA per head of population and has shown above average levels of growth over the last year.

[2] According to the West Midlands Regional Observatory's Integrated Policy Model

Figure 5.41: GVA per Head Indices (UK =100), 2001-2007



Source: Office for National Statistics, Crown Copyright 2010

In terms of per capita GVA, Shropshire also performs poorly in comparison with its statistical neighbours[3]. Only in Gloucestershire does GVA per head approach the national average; however, in all counties except Lincolnshire, GVA per head exceeds that achieved in Shropshire. Growth in per capita GVA was also slower in Shropshire in 2007 than in most of its statistical neighbours, as seen in the table below.

Figure 5.42: GVA per head, Shropshire's Statistical Neighbours, 2007

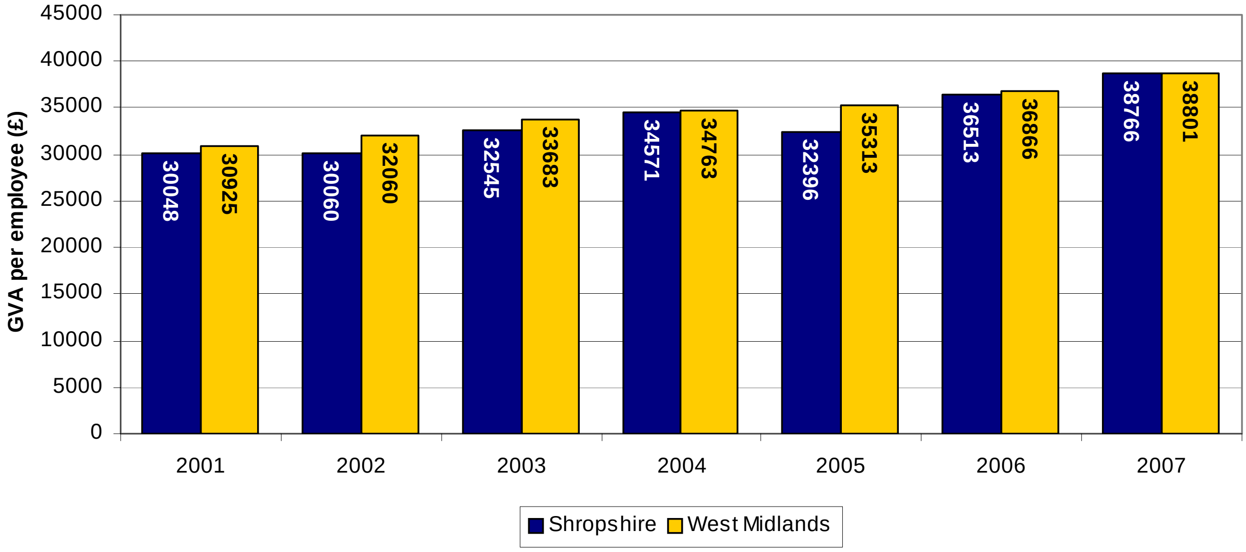
	Headline GVA per Head	% Growth 2006/07
Gloucestershire	19,831	+3.5
Suffolk	17,405	+6.8
Wiltshire	17,313	+4.3
Somerset	16,642	+4.5
Worcestershire	16,047	+3.4
Norfolk	15,898	+0.5
Devon	15,242	+4.0
Herefordshire	15,176	+5.0
Dorset	14,593	+5.2
Shropshire	**14,093**	**+3.8**
Lincolnshire	14,000	+5.0

Source: Office for National Statistics, Crown Copyright 2010

High levels of out-commuting in Shropshire contribute to lower than average GVA per head, and when GVA is analysed according to the number of employees in the county (ABI data) Shropshire's productivity levels appear much more in line with the regional average. GVA per employee amounted to £38,766 in 2007, just £25 less than the West Midlands average.

[3] See glossary for definition of statistical neighbours

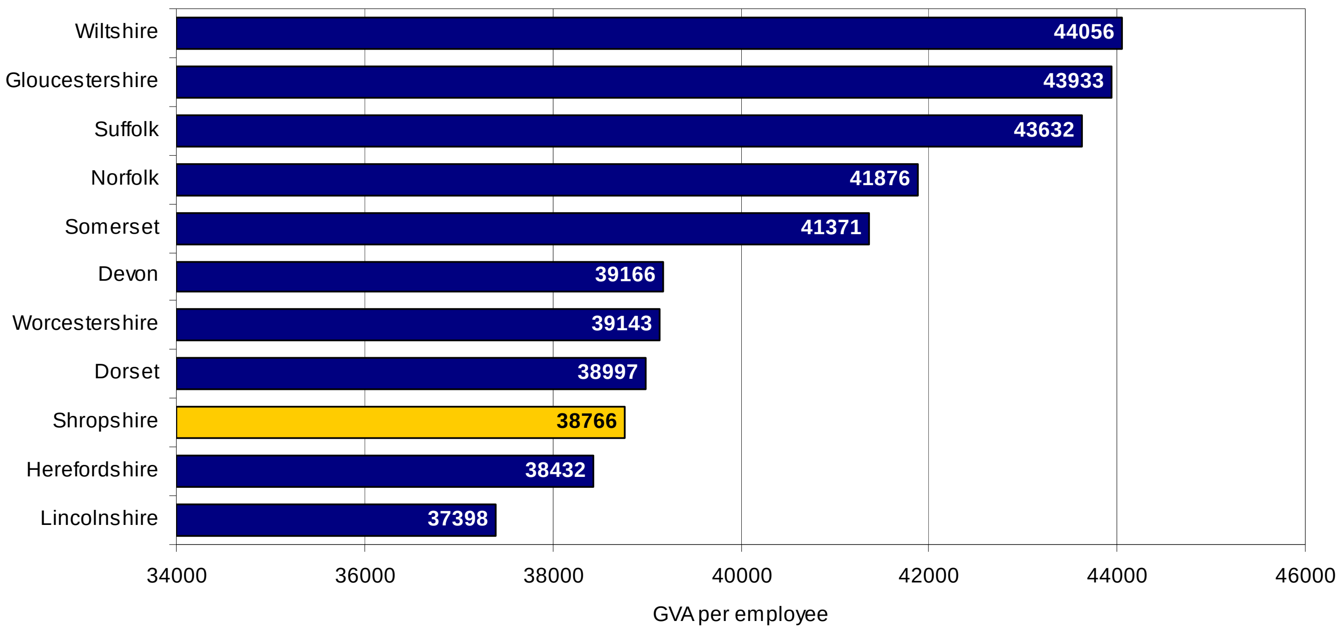
Figure 5.43: Gross Value Added (GVA) per Employee, 2001- 2007



Source: Office for National Statistics Annual Business Inquiry Crown Copyright 2010

GVA per employee in Shropshire is, however, lower than for most of its statistical neighbours[3], although the differential between the best and worst performers is much lower, at 17.8% than when expressed in terms of GVA per head of population (41.7%).

Figure 5.44: GVA per Employee, Shropshire's Statistical Neighbours, 2007



Source: Office for National Statistics Annual Business Inquiry Crown Copyright 2010

5.3.4 Competitiveness

The UK Competitiveness Index is a survey of UK Local Authority areas to assess each area's level of competitiveness. The survey takes into account a number of different factors, including economic activity rates, business start-ups, business density, claimant counts, qualifications, average earnings and per capita GVA.

As Shropshire became a unitary authority in 2009, there is limited trend data for the county, and it is difficult to make meaningful comparisons with its statistical neighbours[3], since data for non-unitary authorities is split into their district/borough components. In 2010, Shropshire had an index score of 94.0 (down from 94.8 in 2009) and ranked 207 out of 379 local authorities. Herefordshire, the only one of Shropshire's statistical neighbours which is also a unitary authority, had a similar index score (94.6) and was ranked just slightly higher (198).

Figure 5.45: UKCI Index, 2009 & 2010

	Index 2010 (UK =100)	Rank 2010 (out of 379)	Index 2009 (UK =100)	Rank 2009 (out of 407)	Change in Score	Change in Rank (+/-)
Shropshire	**94.0**	**207**	**94.8**	**203**	**-0.8**	**4**
Herefordshire	94.6	198	94.2	207	+0.4	9

Source: UKCI 2010

5.4 Enterprise & Entrepreneurship

Key Issues

- Shropshire has a comparatively low number of business start-ups, with the business birth rate lower than it is regionally or nationally. However, the business closure rate is also lower and Shropshire businesses have a better survival rate than either their regional or national counterparts. Furthermore, the lower level of business start-ups in the county is inevitably influenced by the already high level of self-employment.

- Shropshire has been slow to move to a knowledge based economy, in part due to its traditional reliance on the land-based sector. The knowledge economy is expected to be the main focus of economic growth in the future, and as such, it is important that Shropshire continues to develop its knowledge-based business base to ensure it is competitive within this growth area.

- Shropshire businesses have been slow to take advantage of the funded schemes that are available through regional Higher Education Institutes to develop innovations; some businesses consider the absence of a Shropshire university to limit opportunities for locally-based research and development.

Do you agree that these are the main economic issues relating to enterprise and entrepreneurship in Shropshire?

5.4.1 Business Births and Deaths

A high rate of business start-ups can be an indication of a high level of enterprise, and conversely, a low level of business closures can be a sign of a stronger and more sustainable business community. During 2008 there were 1,195 business births and 1,060 business deaths in Shropshire giving a net gain of 135 businesses. During this year, Shropshire had a lower rate of business births (9.1%) and a lower business death rate (8.1%) than the West Midlands and Great Britain. The lower level of business start-ups in the county is inevitably influenced by the already high level of self-employment.

However, the exclusion of businesses from official data which are registered neither for PAYE nor VAT suppresses both business birth and business closure rates. Shropshire supports a very high number of micro businesses and home-based enterprises and as such the true number of business births and deaths each year is likely to be substantially higher.

It should be noted that existing businesses which have diversified are also not included within business birth data; given that a high number of Shropshire's agricultural businesses have diversified, official data again disguises a level of entrepreneurship which is very apparent in Shropshire.

Figure 5.46: Total Births, Deaths and Active Businesses, 2008*

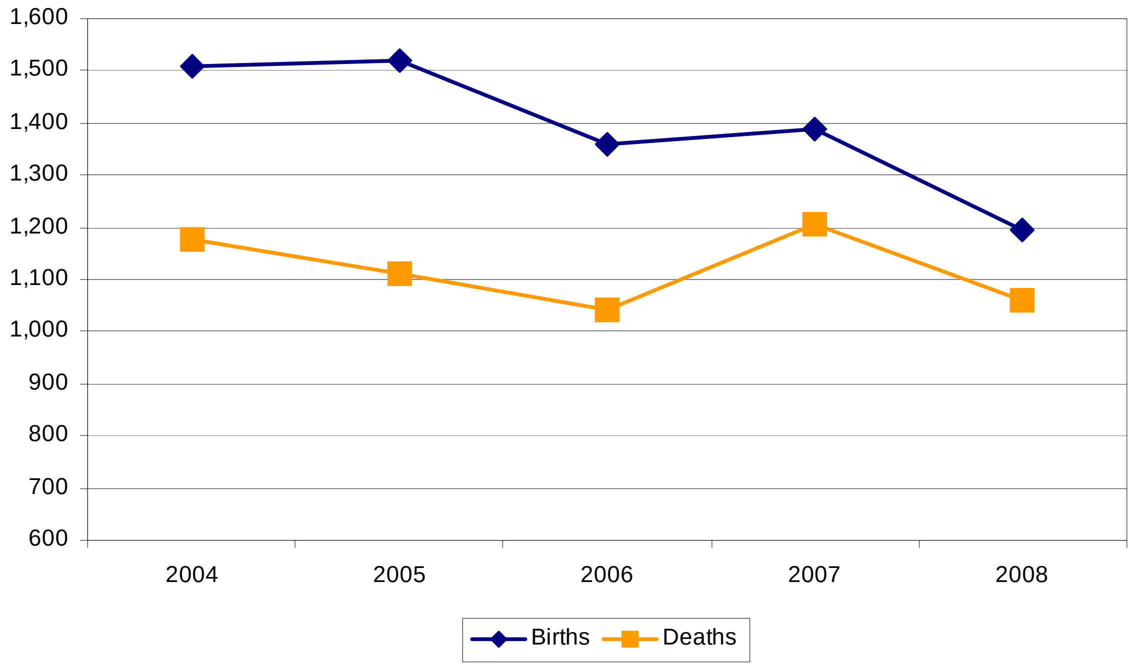
	Business Births	Business Deaths	Active Businesses	Business Birth Rate (%)	Business Death Rate (%)
Shropshire	1,195	1,060	13,135	9.1	8.1
West Midlands	20,750	17,760	191,490	10.8	9.3
Great Britain	264,525	214,700	2,265,740	11.7	9.5

Source: Office for National Statistics Business Demography 2008, tables 1.1, 2.1 and 3.1, © Crown Copyright 2010

** Note: The estimated rate of business start ups or closures is calculated by showing new business births or deaths during the year as a percentage of the total number of active businesses.*

The business start up rate in Shropshire, according to Business Demography data, has been consistently higher than the business closure rate in recent years, although both have fallen since 2004. The number of businesses starting up has fallen more rapidly - down by 20.9% over the last four years from 1,510 in 2004. Over the same period, the number of businesses closing down has fallen from 1,175, equating with a 9.8% decline. In 2008, when the effects of the economic downturn first started to become more widespread, the number of businesses starting up fell by 14%. However, the number of business closures also fell (by 12%).

Figure 5.47: Shropshire Business Births and Deaths, 2004-2008

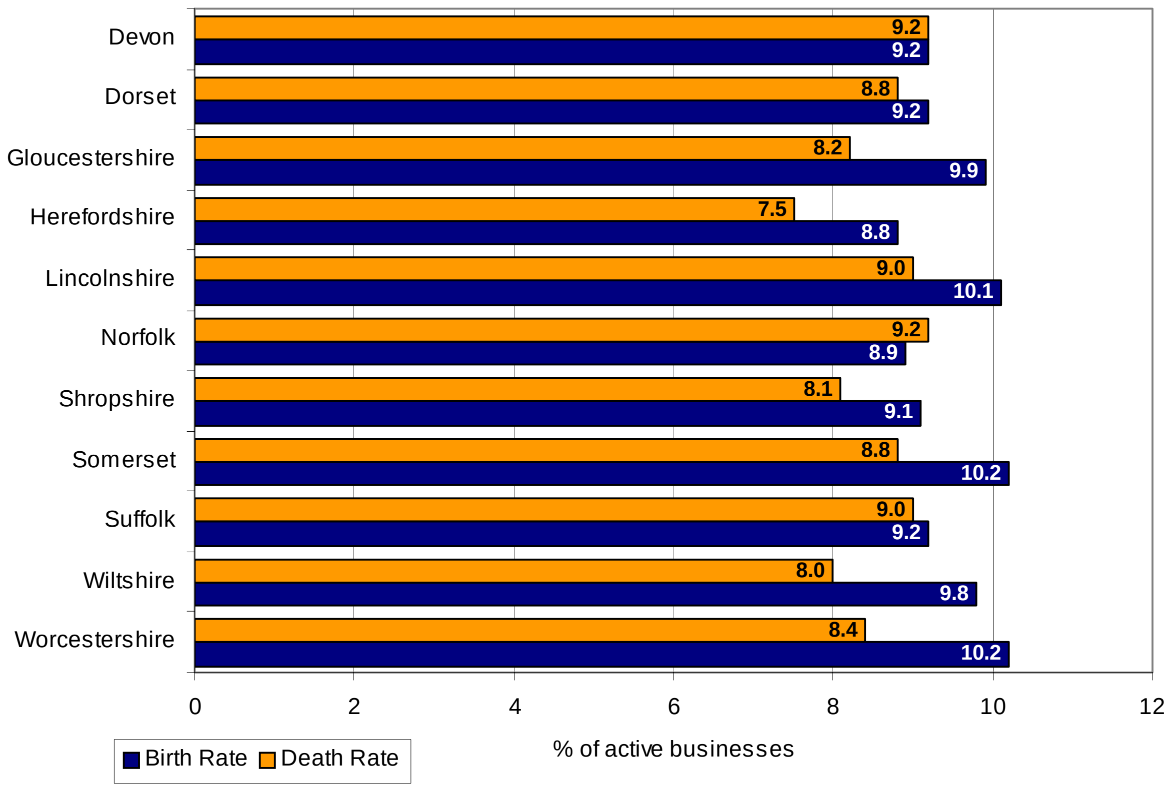


Source: Office for National Statistics Business Demography 2008. Crown Copyright 2010

In comparison with its statistical neighbours[1] Shropshire has a comparatively low number of business births, with the start up rate in 2008 lower only in Norfolk and Herefordshire. However, the number of business closures is also relatively low in Shropshire, albeit marginally higher than in Herefordshire or Wiltshire. In 2008, the business birth rate exceeded the closure rate in all Shropshire statistical neighbour authorities except Norfolk.

[1] See glossary for definition of statistical neighbours

Figure 5.48: Business Birth and Death Rates, Shropshire's Statistical Neighbours, 2008



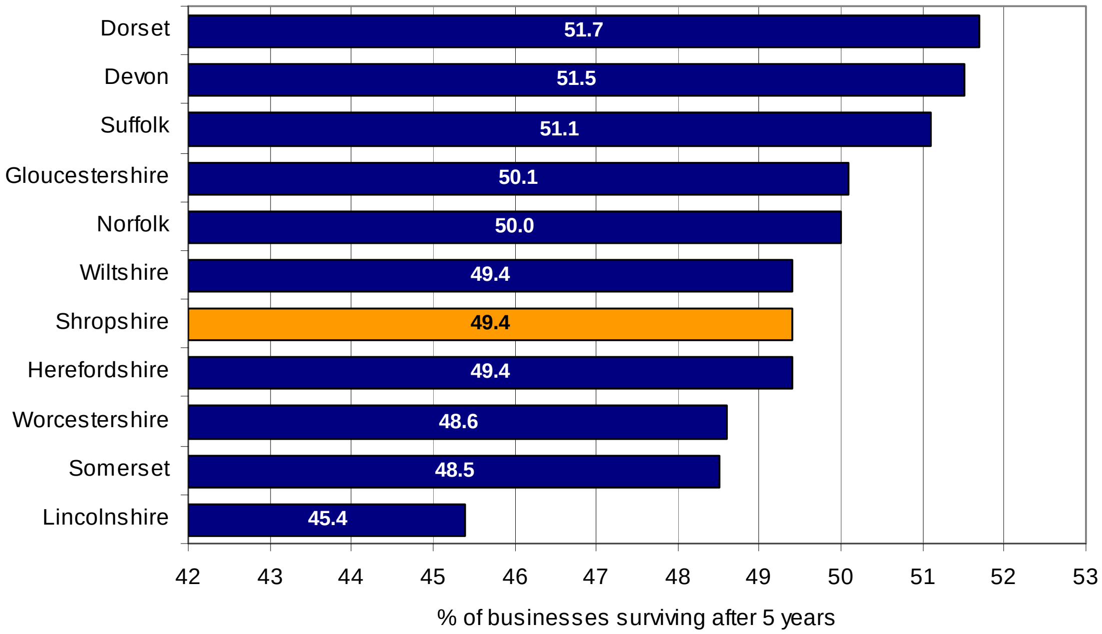
Source: Office for National Statistics Business Demography 2008, Crown Copyright 2010

5.4.2 Business Survival Rates

Based on Business Demography data, Shropshire businesses have a marginally better chance of surviving than their regional or national counterparts, especially over the longer term. More than nine out of ten businesses that were formed in 2003 were trading a year later, a proportion which had fallen to just under 50% in 2008. Although early survival rates are very much on a par with regional and national averages, albeit with fluctuations each year, by around the third year of trading, county businesses appear to be notably more likely to have survived than their regional counterparts.

In terms of business survival, Shropshire appears to perform on a par with its statistical neighbours[1], with survival rates exceeding 50% after five years in much of the south west as well in Suffolk. In contrast, businesses in Worcestershire, Somerset and Lincolnshire appear less likely to survive past five years than their Shropshire counterparts.

Figure 5.49: Rates of Business Survival after Five Years, Shropshire's Statistical Neighbours, 2008



Source: Office for National Statistics Business Demography 2008, Crown Copyright

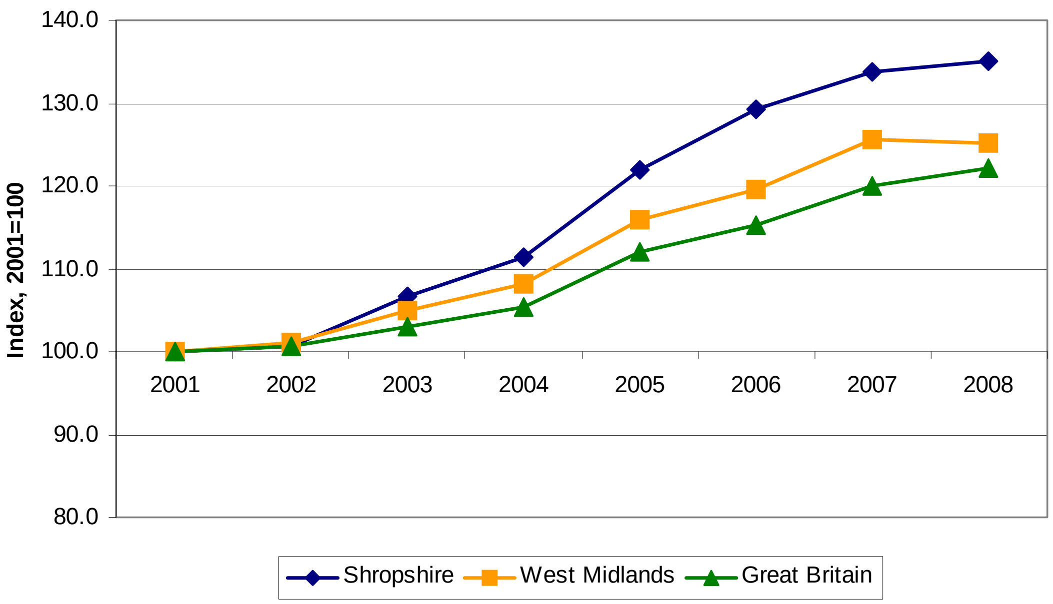
Within Shropshire, business survival rates are lower in the north of the county than in the central and southern regions and are especially low in the north west of the county. In this area, rates of survival are similar to those achieved in Wales. Within the south of the county there is a marked difference in survival rates in the former Bridgnorth and South Shropshire districts. Start-up businesses in the latter are notably more likely to survive (55.8% of all 2003 start-ups in South Shropshire were still trading in 2008 compared with 46.2% in Bridgnorth). This is in part influenced by the higher level of self-containment in the former South Shropshire district, and considerably more out-of-county job choice within the Bridgnorth area. The high numbers of lifestyle businesses which are set up in the south, which are not necessarily trading for profit and have limited ambitions for growth may also influence high survival rates in the rural south of the county.

5.4.3 Knowledge Intensive Industries

Economic development is increasingly based upon the effective utilisation of intangible assets such as knowledge, skills and innovation potential as the key resources for attaining competitive advantage. Businesses operating within what is described as the knowledge economy[2] tend to generate higher levels of Gross Value Added and typically have more potential to grow than other businesses. Consequently, destinations with a high level of employment in knowledge-based industries are economically more robust than destinations with low employment in these sectors. Knowledge economy development is seen as key to the UK economic recovery, with increasing focus on knowledge, skills and innovation.

To some extent, Shropshire has been slow to move towards a knowledge-based economy, which in part is due to the legacy of its traditional dependence on agriculture and related sectors. It may also be influenced by Shropshire's relative geographic isolation and the lack of a local university. In 2008, there were 4,382 businesses in Shropshire which were classified as knowledge intensive, with these employing 34,779 people. Whilst the number of knowledge intensive workplaces has risen by 35% since 2001 (compared with +25.1% for the West Midlands and +22.1% for the UK), employment in the sector has been subject to a considerable level of fluctuation in recent years, with the absolute number little changed in 2008 compared with 2001. Growth in employment in knowledge sectors in the West Midlands has been similarly muted, with growth higher in Great Britain, albeit discernibly lower than growth in the number of workplaces.

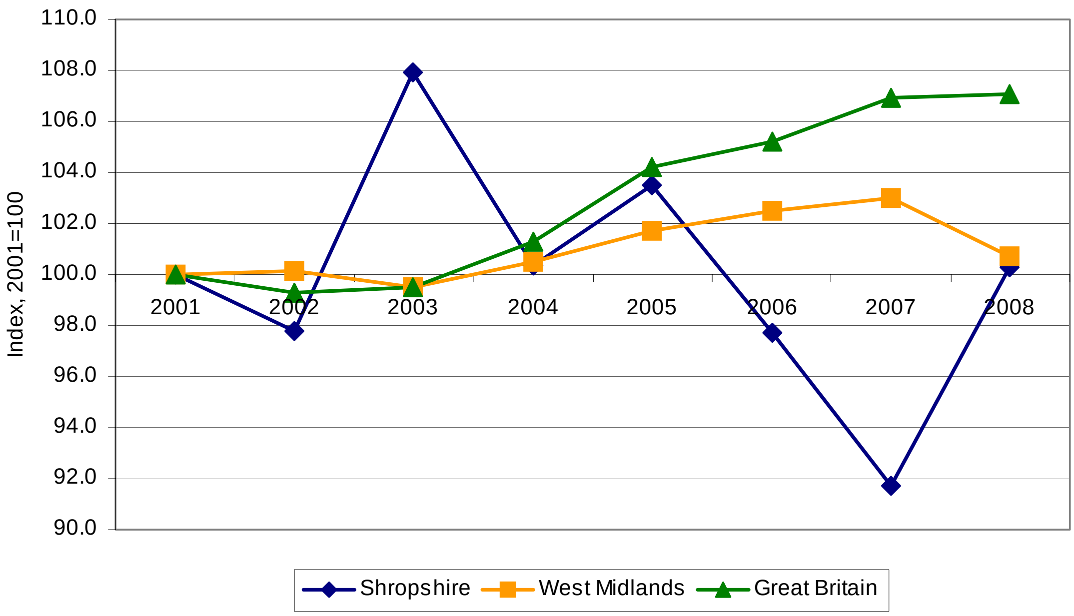
Figure 5.50: Trends in Knowledge Intensive Industry Workplaces, 2001- 2008



Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright, 2010

[2] See glossary for definition of knowledge based economy

Figure 5.51: Trends in Knowledge Intensive Industry Employment, 2001-2008



Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright 2010

Compared with its statistical neighbours[1], growth in the number of knowledge intensive workplaces in Shropshire has been around average, with Suffolk recording the lowest growth (+19.2% between 2001 and 2008) and Lincolnshire the highest growth (+41.8%). In terms of employment, meanwhile, growth has been inferior in Shropshire to all its statistical neighbours except Worcestershire (-1.7%). Growth in knowledge intensive employment in Lincolnshire and Dorset, at +25.3% and +21.9% has been particularly strong.

As well as low growth, Shropshire also supports a lower proportion of employment in knowledge based industries than any of its statistical neighbours, as shown in the table below.

Figure 5.52: Penetration of the Knowledge Intensive Sector, Shropshire's Statistical Neighbours, 2008

	% of workplaces	% of employment
Gloucestershire	39.0	41.8
Wiltshire	38.5	39.4
Suffolk	35.5	38.0
Norfolk	32.8	36.6
Worcestershire	37.3	36.5
Somerset	33.4	35.9
Dorset	33.5	35.0
Devon	31.4	34.9
Lincolnshire	31.4	34.5
Herefordshire	32.1	34.0
Shropshire	**31.7**	**31.9**
Statistical neighbour average	34.4	36.5
West Midlands	36.0	38.5
Great Britain	38.8	41.0

Source: Office of National Statistics, Annual Business Inquiry, Crown Copyright 2010

Despite comparatively low employment in knowledge intensive sectors generally, there are a number of sub-sectors which are of particular importance to the Shropshire economy. Within the knowledge intensive arena, Shropshire has a specialism in Human Health Activities, which employed 10,269 people via 308 workplaces in 2008. Social work activities also account for a high proportion of all those employed in knowledge intensive areas (6,348 employees in 426 workplaces). Other areas which account for a notable proportion of overall knowledge based employment include “legal, accounting, book-keeping, auditing, tax consultancy, market research and public opinion polling, business and management consultancy”, “architectural and engineering activities and related technical consultancy”, “post and courier activities”, “telecommunications” and “labour recruitment”.

5.4.4 Links with Universities/Research & Development/Innovation

The lack of HE institutes and graduate employees in Shropshire limits opportunities for research and development, and makes it more difficult for local businesses to collaborate with these institutions to further their own R&D agenda.

However, there are a number of initiatives available to link county businesses with universities and to exploit their expertise to develop innovations. These include Innovation Vouchers, which can be used to purchase academic support at a regional university. 26 vouchers (5.6% of the regional total) have been awarded to Shropshire companies. Two networks have been developed in Shropshire using Innovation Network Grants. So far, Shropshire businesses have not taken up any Knowledge Transfer Partnerships despite the fact that the University of Wolverhampton is the second largest national provider of KTPs.

To some extent, the vast number of SMEs operating in Shropshire means that less innovation takes place, since by their very nature they tend to lack the resources (staff, time and money) to undertake research, to understand new markets, to understand and take advantage of the support that is available to them and to collaborate with each other to attain competitive advantage.

There is, however, only limited understanding of the extent to which Shropshire businesses pursue research and development.

5.5 Business Growth – Barriers and Accelerators

Principal Barriers to Growth in Shropshire:	**Principal Promoters of Growth in Shropshire:**
• Shortage of appropriately skilled staff • Difficulties recruiting at certain levels • Complying with legislation • High operational costs • Competition in the market place • Access to finance • Limitations of broadband and availability of other essential utilities in some areas	• Strength of business networks • Relatively good value for money business premises • Strong business support infrastructure for food and drink businesses • High quality purpose-built business facilities

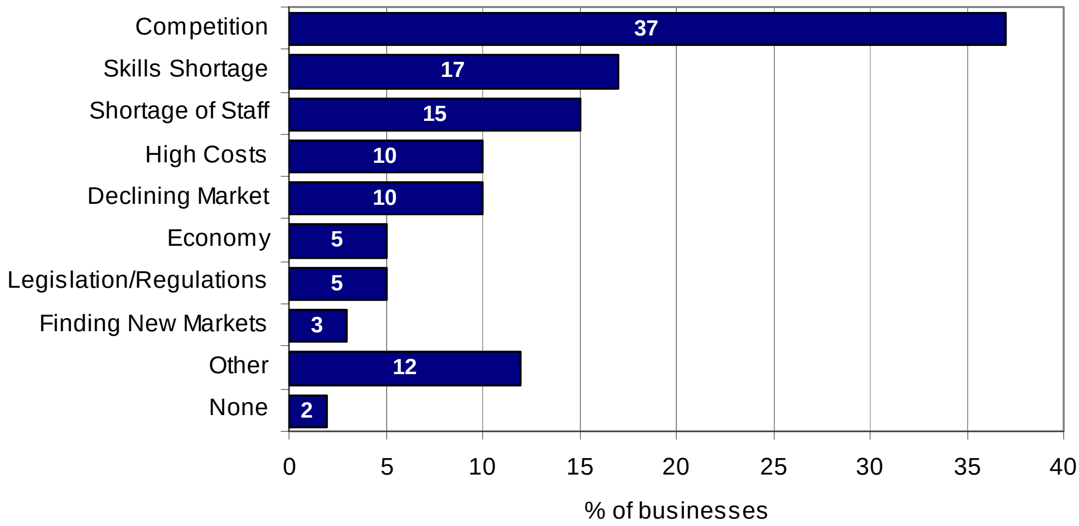
5.5.1 Barriers to Growth

There are a number of factors which make it more challenging for Shropshire businesses to thrive. Some of these were identified both via a Shropshire (County) Council business park survey, undertaken in 2007, and more recently at a business consultation event[1]. As part of the 2007 survey, businesses occupying business park premises were asked to consider the main obstacles to growth.

A number of the challenges identified by this survey are generic in nature and therefore not specific to Shropshire. More than a third of businesses (37%) claimed competition in the market place was an issue – easier access to world markets via e-trading means that competition is intensifying for many businesses, although conversely e-commerce can make finding new markets more straightforward.

[1] Spotlight on Shropshire event

Figure 5.53: Challenges to Growth, 2007



Source: Shropshire Council Business Park Business Survey, 2007

5.5.1.1.Skills Shortages

According to the above business survey, skills shortages represent a significant barrier to growth for 17% of businesses, and this was borne out by the Spotlight on Shropshire event, where local employers frequently cited a lack of skills as a major challenge.

For more information on skills shortages, please see p58.

5.5.1.2 Legislation

Compliance with legislation can also be a major challenge, especially for small businesses with limited financial resources. The need to change operational processes or products themselves to reduce carbon footprint is a current challenge (see p165-170 for more detail) and employment and health and safety laws are also becoming more stringent, which can prove a deterrent for sole traders considering taking on employees.

5.5.1.3 Recruitment

Although recruitment generally has become easier for those employers still recruiting since the onset of the recession, there remain significant challenges for those wishing to recruit:

- Low level grade jobs that the local population do not want, although immigrant workers represent a significant source of labour here.
- Graduate level jobs

For more information on recruitment, see p60.

5.5.1.4 High Operational Costs

Whilst Shropshire has a reputation as a value-for money business location (see p144) in some areas, businesses trading in Shropshire face higher than average costs, including:

- Transportation – Increased travel time has cost implications in terms of both time and fuel costs. The lack of a local airport is also a factor here as well the relatively long distance from major trunk roads.

5.5.1.5 Access to Finance

While lending conditions for larger businesses appear to have eased since the official end of the recession, it remains much more difficult for small businesses to obtain finance from traditional lenders than it was in the past. This can make it very difficult for businesses wishing to move on to their next stage of development.

5.5.1.6 Limitations of Broadband and other Infrastructure Issues

Please see separate section on Infrastructure on p157-159.

5.5.2 Promoters of Business Growth

Basing a business in Shropshire also offers competitive advantage for a number of reasons, including:

5.5.2.1 Presence of Strong Business Networks

A number of strong business networks operate within Shropshire, and these can provide the platform for small local businesses to prosper by encouraging business networking and collaboration within and across sectors. In particular, Shropshire and the rest of the Marches area benefits from MetNet – the Marches Environmental Technologies Network. This network encourages businesses to participate in new markets, information exchange, knowledge transfer, collaboration and innovation whilst actively encouraging businesses to engage with business support agencies and universities.

The tourism sector is also well served by networks, including Shropshire Tourism, which covers the whole county, South Shropshire Tourism Limited, Bridgnorth and District Tourism Association Limited, Shrewsbury Tourism Association Limited, North Shropshire Tourism Limited, and Oswestry Borderland Tourism Limited.

Other networks operating in Shropshire include Creative Shropshire, Shropshire Guild of Contemporary Craft, Shropshire Rural Hub, Partners for Social Enterprise, and Shropshire Constructing Excellence.

5.5.2.2 Shropshire as Cost-Effective Business Location

Although not directly related to rent, the rateable value of property can give an indication of the costs associated with operating a business from premises in a particular area. Rateable value data for 2008 show that (with the exception of Shrewsbury and Atcham) premises in most parts of Shropshire are lower than either regional or national averages. Not withstanding this, some businesses report that rents can be too high – this is particularly the case in the south of the county, especially in Ludlow, where rental costs can deter business start-ups.

Figure 5.54: Rateable Values, 2008

	Value per m^2							
	All bulk classes	Retail premises	Offices	Commercial offices	Other offices	Factories	Ware-houses	Other bulk premises
Bridgnorth	33	73	57	57	58	23	28	19
North Shropshire	29	64	57	47	72	22	19	28
Oswestry	33	71	54	53	55	20	23	24
Shrewsbury and Atcham	61	117	72	73	68	27	39	26
South Shropshire	31	66	59	59	58	19	24	16
Herefordshire	39	98	57	57	57	22	26	28
West Midlands	49	112	90	95	70	26	36	33
England	66	130	121	128	84	29	40	32

Source: Commercial and Industrial Floorspace and Rateable Value Statistics

Wage levels are also lower in Shropshire than they are in most parts of the country, and although low median workplace earnings to a large extent reflect the type of employment that is available, it is nonetheless less expensive to employ staff in Shropshire than it is in most places.

Shropshire employers also face lower recruitment costs since staff turnover tends to be low.

5.5.2.3 Food and Drink Infrastructure

Shropshire food and drink businesses benefit from a very strong business support infrastructure, with assets such as the Food Enterprise Centre and the presence of HEFF and the Regional Food Academy all encouraging sector growth.

For more information, please see the Food and Drink section on p106.

5.5.2.4 Recent Developments Providing Quality Office Space

Recent investments have improved the supply of business facilities in many parts of Shropshire, and much of the county now benefits from high specification purpose-built workshops and office space; the south of the county is served by the Ludlow Ecopark and the Ludlow Enterprise Centre spoke. There have been developments in Shrewsbury on the Shrewsbury Business Park and at Battlefield, including the Food Enterprise Centre and the Shrewsbury Enterprise Centre hub, as well as the completion of the Pump House in Shrewsbury town centre. These have strengthened the offer in the central part of the county.

Although demand for business facilities has slowed during the recent recession, there remain some areas within the county where the lack of appropriate facilities is a major barrier to development. This is particularly the case in Oswestry, where the lack of follow-on units can stifle growth or encourage out-of-county relocations. The availability of suitable premises throughout the county is vital to encourage new business start-ups, expansions, or relocations, and a lack of appropriate facilities can deter growth and entrepreneurship and can discourage inward investment.

Shropshire Council has recently commissioned a Shropshire-wide study on supply and demand for employment land and premises in order to provide a more accurate assessment of where provision is lacking. Information from this study will be included in the final version of this assessment.

6 Sustainable Economic Growth

6.1 Housing

Key Issues

- House prices in Shropshire are higher than national and regional averages; however, workplace wage levels are lower, resulting in an affordability issue. Unaffordable house prices in addition to a lack of smaller dwellings and shared accommodation in some places contributes to the out-migration of the young and can make it difficult for local people to live close to their place of employment.

- There are difficulties in satisfying affordable housing demand. Compared to regional and national averages, as well as many of Shropshire's statistical neighbours, there is a lower penetration of socially rented accommodation in Shropshire. Conversely, the level of privately rented accommodation is relatively high.

- The number of households in Shropshire is forecast to grow faster than the regional average; this will put additional pressure on the housing market and means that substantial housing developments will be needed if there is to be sufficient housing supply to meet demand over the next two decades. Failure to meet this demand would have adverse consequences for housing affordability and for the retention of a viable workforce.

Do you agree that these are the main economic issues relating to housing in Shropshire?

6.1.1 Housing Stock & Tenure

As is typical for a rural county, there are a sizeable number of large properties, especially outside the main towns, and a more limited supply of smaller dwellings and starter homes. The correct mix of different dwelling types is important if households of all sizes, life stages and incomes are to be accommodated. According to local employers[1] the mix of housing across the county is an issue, with the imbalance between larger homes and smaller properties of particular concern in the south of the county. There is also considered to be a lack of shared accommodation. Employers based in areas where there is a lack of suitable housing often have trouble attracting a suitable labour supply; staff on low incomes who can neither afford to live locally, nor the travel costs associated with commuting from elsewhere, are particularly affected.

Overall, there are 131,811 dwellings in Shropshire (2009). This number has risen by 9,485 since 2001, which represents a 7.8% increase. The level of housing development has varied considerably across the county, with housing stock in the market towns of Oswestry, Whitchurch, Market Drayton, Ludlow and Church Stretton all having increased by more than 10%. In contrast, the number of dwellings in Shrewsbury has increased by less than 5%. The total number of households stood at approximately 123,000 in 2006 (projected to rise to 130,000 by 2011), which suggests that there is sufficient overall stock in the county; however, due to variations

[1] Spotlight on Shropshire event

in housing type, size and price, as well as varying levels of demand in different geographic locations, demand is still not satisfied.

Tenure mix reflects to some extent UK Government post-war housing and social policy, but can also be an indicator of the relative wealth of an area. In 2001 (at the time of the last Census) 71.9% of housing was owner occupied in Shropshire. This figure tends to rise in the more rural areas of the county with owner occupied properties accounting for 75% of all tenure types in rural Oswestry and 73.9% around the Church Stretton area. This compares with 69.6% owner occupied properties in the West Midlands and 68.9% in England and Wales. Comparatively high home ownership in Shropshire does, however, disguise the high level of young people who are unable to get onto the property ladder themselves and live at home with their parents. Furthermore, Shropshire supports a high number of retired people, a demographic group that tends to be “house rich and cash poor”.

There are comparatively fewer social rented properties in Shropshire, these accounting for 13.8% of all properties in 2001; this is significantly lower than nationally (19.1%) and regionally (20.6%). The proportion of housing stock which is socially rented tends to be higher in urban locations (rising to 18.3% of all properties in Oswestry town and 16.0% in Shrewsbury). The penetration of socially rented properties in the more rural areas in the county is much lower, dipping to 9.1% in the south west of the county (Welsh Borders). This perhaps indicates that access to affordable housing is more difficult in rural parts of the county than it is in more urban areas, reflecting a lack of suitable sites and more restrictive planning policies on new build in rural areas. It may also reflect a relative lack of demand.

The remaining 13.6% of housing stock in Shropshire is privately rented.

Although the level of home ownership in Shropshire is high in relation to many of its regional neighbours, it does not compare so well when viewed against its statistical neighbours[2]. Shropshire also has a lower penetration of socially rented housing than most of its statistical neighbours. In contrast, only Wiltshire and Devon have a higher penetration of privately rented housing stock.

Figure 6.1: Households by Tenure, Shropshire’s Statistical Neighbours, 2001

Statistical Neighbour	% Owner Occupied	% Socially rented	% Private Rented
Dorset	76.3	12.8	11.6
Worcestershire	76.1	15.2	8.7
Somerset	75.2	14	9.5
Devon	74.3	11.5	14.3
Gloucestershire	74.3	13.7	11.9
Lincolnshire	73.1	14.7	12.2
Wiltshire	72.2	14.3	13.7
Shropshire	**71.9**	**13.8**	**13.6**
Herefordshire	71.6	15.2	13.2
Suffolk	71.4	15.4	13.2
Norfolk	70.6	17	12.4

Source: 2001 Census, Office of National Statistics, Crown Copyright, 2010.

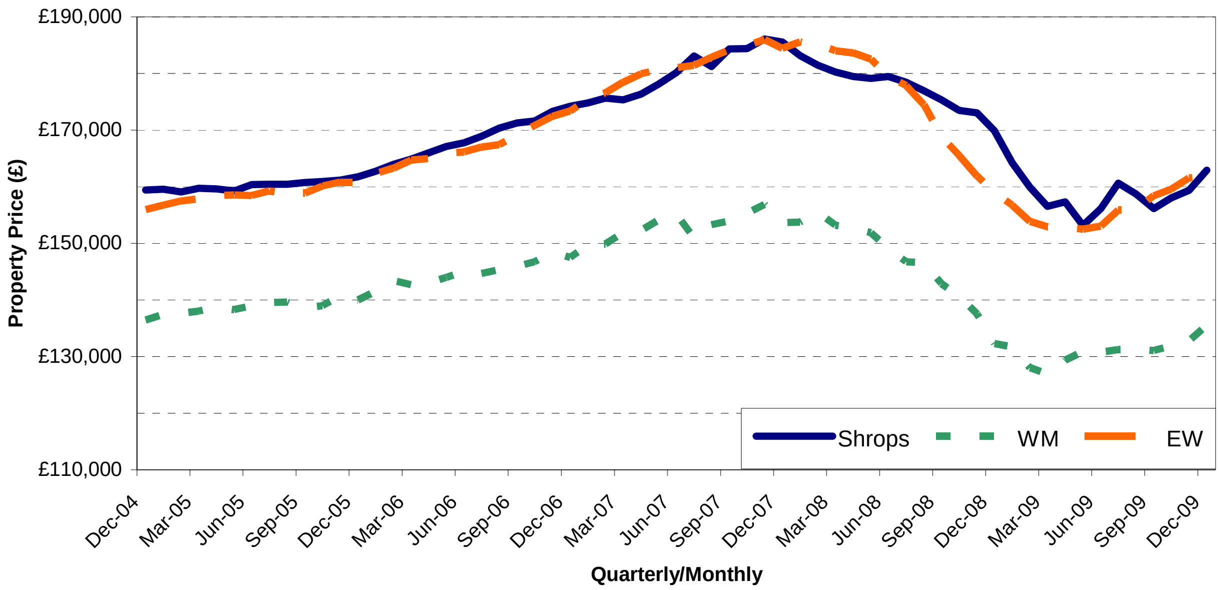
[2] See glossary for definition of statistical neighbours

6.1.2 House Prices

House prices in Shropshire enjoyed a period of sustained growth between 2004 and December 2007. However, as a result of the economic downturn, house prices fell during 2008 and during the early months of 2009. Tentative recovery has, however, been in evidence over the last six months, with average house prices 4.4% higher in December 2009 at £162,967 than they were when prices were at their lowest. Despite this rise, house prices remain 2.4% down in relation to the same month in 2008 and 12.9% lower than their November 2007 peak. House prices have also been rising slightly in the West Midlands and throughout the country over the last couple of months. Generally though, through the course of the economic downturn, house prices have held up better in Shropshire than they have in either the West Midlands or England. House prices in the county remain marginally higher than the national average and considerably higher than the regional average (£161,783 nationally and £135,549 for the West Midlands in December 2009).

Average county house prices disguise considerable variation across different parts of Shropshire. Prices are highest in the rural south of the county, specifically in the Church Stretton area and around the Welsh Borders, Much Wenlock, Highley and rural Shrewsbury. House prices tend to be lower in northern Shropshire towns, including Oswestry, Ellesmere, Whitchurch and Wem.

Figure 6.2: Average Property Prices, December 2004-December 2009



Source: Land Registry 2010

Shropshire also has comparatively high number of properties used as second homes, 0.9% overall as of the 2001 Census (0.3% regionally and 0.7% nationally). This figure rises to 4.6% in the Welsh Borders area which includes the towns of Bishop's Castle and Clun. There are also a high number of properties used as holiday lets in Shropshire, especially in the rural southern parts. The high proportion of second homes/holiday lets can limit the amount of housing stock available to local residents and also pushes prices upwards.

6.1.3 House Affordability

High average house prices combined with the low wage economy means that housing affordability is a real problem in much of Shropshire. The recent reduction in house prices throughout the county has done little to make houses more affordable for many who work in the county. One indicator of affordability is the ratio between incomes and house prices, and in particular lower quartile incomes and lower quartile house prices. In 2009 the lower quartile gross annual wage for a full-time employee in Shropshire was £17,037[3]; the average lower quartile price paid for a property in Shropshire in 2009 was £134,252[4] meaning lower quartile house prices are nearly eight times that of lower quartile gross annual salaries. This is higher than both the England average (with a ratio of 6.28) and the regional averages (with a ratio of 5.82). However, when compared with our statistical neighbours[2], Shropshire is about average in terms of affordability.

Figure 6.3: House Affordability Ratios, Shropshire's Statistical Neighbours, 2009

Statistical Neighbour	Affordability Ratio 2009 (lower quartile house price/lower quartile gross annual income)
Dorset	9.3
Devon	8.64
Herefordshire	8.49
Wilshire	8.09
Shropshire	7.88
Somerset	7.65
Worcestershire	7.27
Gloucestershire	7.19
Norfolk	6.95
Suffolk	6.74
Lincolnshire	6.23

Source: CLG Live Table 576 Ratio of lower quartile house price to lower quartile earnings 2009

In addition to high house prices, obtaining a mortgage is also now a barrier which prevents people from owning their own home. The large deposits needed to gain a mortgage and the strict lending criteria often means people are forced to rent privately or rely on social rented accommodation. Under the assumption that borrowers can obtain mortgages up to 3.5 times annual gross salaries[5] and would need a minimum deposit of 10%, a single person would have to earn around £42,000 to afford the average house price in Shropshire as of December 2009. This is around twice as high as median workplace wages (£21,133).

An inability to purchase housing locally contributes to the out-migration of young people. In addition, it encourages high levels of out-commuting, with many local people travelling out of the county where they are able to find better paid employment.

6.1.4 Affordable Housing

Affordable housing is the socially rented stock plus some private rented stock available only to those low income households that can claim local housing

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[3] Annual Survey of Hours and Earnings 2010
[4] Land Registry
[5] Shropshire Housing Market Assessment 2009

allowance to assist in meeting private rents. There is a recognised need for new affordable development to be built across the county; however there is resistance to this in some areas due to the negative perception of affordable homes. Shropshire employers[1] also highlighted the fact that there was a lack of affordable housing, particularly in the south of the county. The amount of affordable housing is particularly important in ensuring that younger households and those on lower local incomes can access housing that meets their needs.

The Index of Multiple Deprivation includes a sub domain which measures deprivation in terms of housing related issues such as overcrowding and affordability, as well as homelessness. This shows that 2% of Shropshire's population is classed as living in the most deprived fifth of England. The most deprived areas are located in the former wards of Castlefields and Quarry and Underdale in Shrewsbury and the former ward of Market Drayton East in Market Drayton.

6.1.5 Household Projections

For the economic and social well-being of Shropshire, it is important that the supply of dwellings keeps pace with projected growth in the number of household. By 2031, there are projected to be an additional 35,000 households[6] in the county compared with 2006, which constitutes an increase of 28.3%, just higher than is projected for the region. Growth in the number of households is projected to be particularly high in the north and south of the county, with lower growth expected in Shrewsbury and to the east of Shropshire. Thus, the number of new housing developments that will be needed to satisfy increased future demand is substantial although provision is made under the terms of the Local Development Framework, which states that between 26,125 and 29,150 dwellings are being planned.

In addition to this, Shrewsbury Growth Point[7] will deliver approximately 6,500 additional homes by 2026 in Shrewsbury, including 100 affordable homes per year. This will help to redress the relatively low level of housing development that has taken place in Shrewsbury over the last decade.

Figure 6.4: Household Projections to 2031 (thousands)

	2006	2011	2016	2021	2026	2031	Predicted Growth 2006-2031
Shropshire	123	130	138	145	152	158	28.5%
West Midlands	2,237	2,340	2,454	2,566	2,668	2,762	23.5%
England	21,515	22,748	24,107	25,439	26,674	27,818	29.2%

Source: New projections of households for England and the regions to 2031, CLG Live Table 406, Sub-regional Household Projections, England – 2006 based.

[6] 2006 Mid year household projections
[7] See glossary for more details on Shrewsbury Growth Point

6.2 Transport Provision

Key Issues

- Efficient transport infrastructure and services are vital to Shropshire to allow residents to access employment, education and services and to enable customers and suppliers to access businesses. However, this is challenging and expensive to provide given the size and rurality of the county.

- Shropshire displays a strong dependency on car transport, which is typical for a rural area. However, there is growing pressure to reduce the number of car journeys being made in accordance with sustainable development aims.

- Rail connections have improved in recent years with the introduction of a direct service to London, however, improvements to line speeds and improved station accessibility are required if more use is to be made of rail travel for business purposes.

- Commuters can utilise bus services in towns and on key interurban routes, but more rural areas generally cannot support commuter bus services. The bus generally compares unfavourably to the car in terms of price and journey time.

- Transport problems are often more acute in Shropshire's most deprived areas – the inaccessibility and expense of public transport is highlighted in the Neighbourhood Employment and Skills Plans for Harlescott, Meole Brace, Sundorne, Oswestry Castle and Ludlow Henley. This can make it even more challenging for people living in these areas to access employment.

Do you agree that these are the main economic issues relating to transport in Shropshire?

6.2.1 Transport Infrastructure

Provision of efficient transport infrastructure and services is challenging in Shropshire given the county's size and the sparseness of its population. However, being able to travel easily to and from Shropshire as well as within the county itself is of vital importance for residents' accessing employment, education and services, and for businesses who need easy access to an appropriately skilled workforce as well as to customers and suppliers.

While connectivity is important to economic success, so is high quality of life. Ironically the relatively poor connectivity of Shropshire is actually one of the factors which contributes to its attraction as an unspoilt and tranquil place to live, work and visit. This is a particular important factor in attracting higher skilled workers and businesses. It is important therefore to ensure that the environmental assets of the county are not damaged when seeking to improve connectivity and accessibility.

There is evidence that businesses in Shropshire are able to thrive despite relatively poor physical access, with rates of business survival comparatively strong. Modern businesses make more use of the internet, take advantage of facilities such as teleconferencing and increasingly encourage home-working. The high number of home workers in Shropshire is to some extent a direct result of its comparative remoteness. However, the effectiveness of home working can be compromised by the comparatively poor broadband internet connections which prevail in much of rural Shropshire. See p157 for more information on broadband in Shropshire.

6.2.2 Road Network

Businesses rely on a well-maintained road network to allow easy access for suppliers and customers and to facilitate the effective and efficient movement of goods across the county and beyond. Shropshire has an extensive road network, although minor roads account for a high proportion of the total. Shropshire is, however, well connected to the West Midlands via the M54, while the A49 links the north and south of the county, the A5 links the east with the north west while the A483 links South Wales and Merseyside.

The only major planned development for Shropshire's transport network which will have a significant impact on the economy in the short to medium term is the proposed North West Relief Road, although due to public sector budget cuts, this is unlikely to go ahead in the near future. Although there are no firm plans, improvements to major trunk roads, including the A5 and A49, are aspirational. In particular, road improvements on the A49 between Shrewsbury and Hereford could improve journey times and road safety, but this will be dependent on Highways Agency intervention. Likewise, extending the dual carriage way on the A483 and A5 from Oswestry to Chester would also be beneficial in terms of accident prevention and speed. Linking the M54 with the M6 toll has been highlighted by businesses[1] as a potential improvement that could reduce long distance journey times to and from Shropshire.

Although less crucial in terms of movement in and out of the county, the network of minor roads also needs to be adequately maintained, both in respect of the access needed by HGVs to farms and the provision of "scenic routes", which are important for the tourism market. These routes also provide key connections between smaller settlements and the market towns, which provide key local services.

6.2.3 Rail Services

It is very important that the county is easily accessible from London, other major cities and international airports by rail, as it affects the attractiveness of Shropshire as a location for businesses and a destination for tourism and offsets to some extent Shropshire's reputation for being remote.

Although Shrewsbury now benefits from a direct train line to London, via the Wrexham, Shropshire and Marylebone Railway Company, and a frequent service to Birmingham (including Birmingham International Airport), some of the county's market towns, such as Market Drayton and Bridgnorth, do not benefit from rail transport at all. The direct line train service between Shrewsbury and London is widely acknowledged to be beneficial for the county and reasonably cost effective to the traveller. However, the infrequency of trains and journey times limits use for business purposes, meaning that the service is primarily an asset for the leisure and tourism markets. The perception of limited car parking and town centre congestion is also a deterrent to rail travel from Shrewsbury station. Indeed, Shropshire Council's consultation with businesses[1] suggests that many travellers prefer to take their car and travel from Wolverhampton, Birmingham International, Worcester or Crewe as

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[1] Spotlight on Shropshire event

appropriate where parking is less likely to be a problem and where rail journey times are shorter.

Electrification of the line between Shrewsbury and Wolverhampton, and improved line speeds between Shrewsbury and Crewe would significantly improve the attractiveness of rail for business use.

6.2.4 Bus Services

Within Shropshire the main form of public transport is bus. Maintaining a high frequency bus service in a large and sparsely populated rural county is a key challenge. Many services are only able to operate with public subsidy.

Shropshire has three levels of bus services:

- Town services
- Interurban routes - linking market towns to Shrewsbury and serving some villages on route.
- Shropshire Link, which provides accessibility for the rural population, giving them access to their nearest market town during the daytime, at least twice a week.

While town and interurban services operate at peak times, the more sparse rural areas do not have viable ‘commuter’ bus services.

Factors preventing higher public transport usage, especially in terms of travelling to work, include:

- a lack of early morning/late evening services, even in Shrewsbury, making it difficult for shift workers to leave their cars at home
- Radial bus routes in Shrewsbury mean that access to employment sites outside the town centre often requires a change of bus service resulting in comparatively longer journey times than could be achieved by car
- a lack of cohesion between bus and train times
- perception that car use is cheaper and faster than public transport
- Lack of buy in from local companies and un-enforceable travel plans
- Lack of bus priority and traffic control methods.

6.2.5 Air Travel

Although there is no international airport in Shropshire, both Birmingham International and Manchester are within relatively easy access.

6.2.6 Car Journeys

The sparse nature of rural Shropshire means that public transport services, where available, cannot compete in term of convenience or cost with travel by car. Consequently, as is typical for a rural area, car ownership in Shropshire is high (though this is not necessarily an indicator of wealth) and the number of car journeys made is considerable. The 2001 Census showed that 17.7% of Shropshire households did not have a car compared with more than a quarter of West Midlands' and UK households. Dependence on a car is similarly high in neighbouring Herefordshire as well as in the rest of Shropshire's statistical neighbours.[2] Levels of

[2] See glossary for definition of statistical neighbours

car ownership are particularly high in the rural parts of Shropshire, with only 8.3% of households in these areas without a car in 2001.

There are some issues with congestion, within towns and at key junctions on the trunk road network although compared with more urban locations, these tend to be relatively minor.

Notwithstanding limited problems with congestion, it is becoming increasingly important to reduce the number of car journeys made in an effort to develop low carbon communities. Transport is the largest single contributor to greenhouse gas emissions in the county, accounting for around 50% of the total. The 2001 Census showed that almost two-thirds of employees in Shropshire drove to work (65%). According to local businesses[1], the tendency to drive to work has not been reversed since the last Census, with Shropshire employees still primarily travelling to work by car, with very little use being made of public transport.

6.2.7 Parking and Park and Ride

The availability and cost of car parking is a key element of the transport provision. Towns need some car parking provision to support economic activity, but it needs to be properly managed to avoid excessive traffic generation, and balanced against other needs, such as space for pedestrians and the quality of the town's environment.

There are three established Park and Ride Services in Shrewsbury, and a relatively new service in Ludlow. The proportion of people travelling into Shrewsbury town centre by park and ride has increased in recent years. Of all journeys using public car parks the proportion using park and ride has increased from 29% 5 years ago to 35% in 2009/10.

However, there is evidence that park and ride is predominantly used by shoppers and visitors to the towns. Only around a third of users arrive before 10 am, indicating that the services are under-utilised by workers.

6.2.8 Walking and Cycling

Within Shropshire's towns walking plays a significant role as a transport mode. For example, 15% of workers living in Shrewsbury travel to work by foot, compared to 10% nationally. Similarly in many towns levels of cycling are higher than the national average, particularly in Shrewsbury where 7% of residents travel to work by cycle. However, there is the potential to significantly increase cycling and walking rates, especially in view of the fact that across the county approximately 46% of employees travel less than five miles to work.

Shrewsbury has been identified as a Cycle Town, and significant improvements to cycle facilities coupled with promotion are underway in a bid to increase the level of cycling.

Cycling and walking have also been identified as important parts of the tourism offer for Shropshire, with the quiet lanes and by-ways offering a high quality experience. Maintaining quiet routes for such tourism is important.

6.2.9 Travel Plans

The following measures are in place to try and encourage fewer car journeys both to and from the workplace and more generally:

- Workplace travel plans. County businesses are being encouraged to develop workplace travel plans to encourage a higher up-take of car sharing, public transport usage and cycling.
- School travel plans. These have proven relatively successful in increasing levels of walking and cycling on the school journey.

6.3 Other Infrastructure and Utilities

Key Issues

- In many parts of the county, especially the rural south, broadband services are slow and unreliable, and in some places, access is not available at all. This is having a very detrimental impact on the ability of businesses in these areas to operate efficiently in today's increasingly technological environment.
- Shropshire also suffers from an unreliable mobile telecom network – no mobile phone company is currently able to provide a completely comprehensive service across Shropshire.
- There are pockets within the county where the provision of electricity and/or gas is inadequate to reliably support the manufacturing activity that takes place there.

Do you agree that these are the main economic issues relating to infrastructure for Shropshire?

6.3.1 Broadband

Great Britain as a whole is considered to lag significantly behind the rest of its European counterparts in providing a consistently high speed internet access across the country. This is particularly apparent in rural parts of the country, and nowhere more so than in Shropshire. Information and communication technology (ICT) is playing an increasingly important role in today's society and is of intrinsic importance to businesses, allowing them to operate efficiently and cost effectively and to communicate easily with suppliers and customers regardless of their geographic location. Within a rural context, where access and communications are key issues, the role of ICT is even more important to the success of businesses and poor ICT has a considerable impact in stifling growth in enterprise.

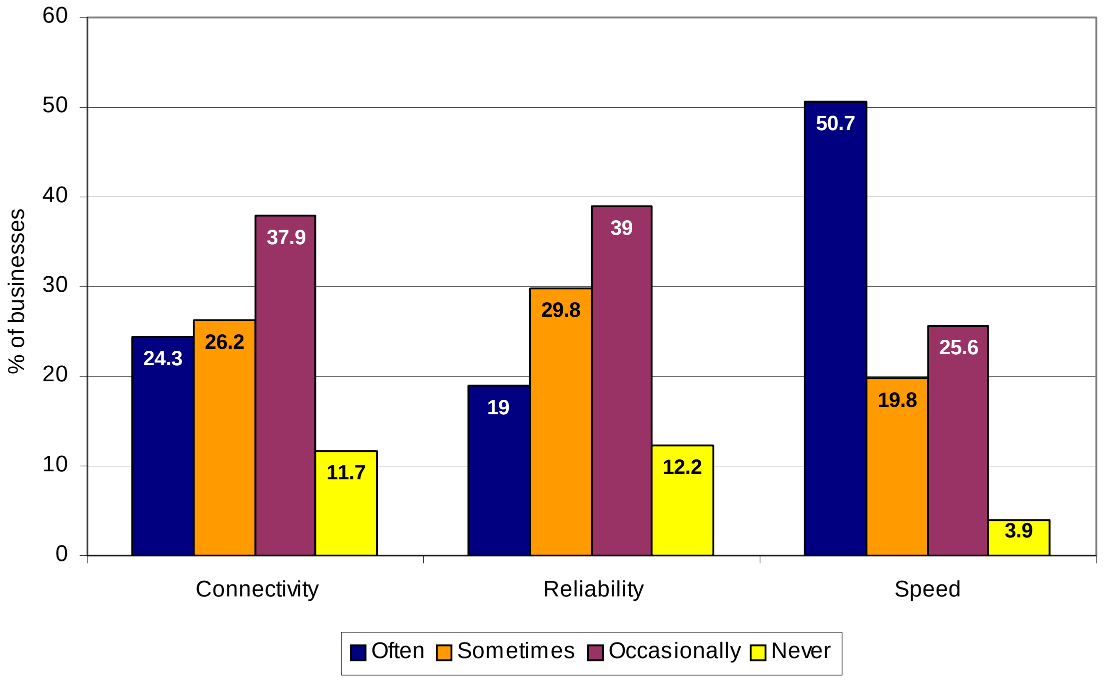
An inadequate broadband service means that businesses:

- incur unnecessarily high operational costs
- are limited in their ability to reach clients
- have reduced opportunity to make environmental savings
- are compromised in their ability to appear professional
- have less capability to innovate
- have limited access to the latest research and new developments
- are less able to introduce new technology in their companies

The need for business communities to keep pace with advances in ICT to remain competitive in today's global market place is becoming ever greater, and there is a very real danger that rural communities such as Shropshire will be left even further behind as the latest fibre optic technology is rolled out to cities and towns. It is also important to sustainable environmental aims to have an efficient ICT infrastructure to discourage any unnecessary travelling.

According to recent research[1], the majority of Shropshire businesses experience problems connecting to the internet via their broadband connection at least occasionally - for almost a quarter of businesses (24.3%) this is a frequent problem. An even higher proportion of businesses report problems with broadband speed, as shown below.

Figure 6.5: Problems with Broadband Access in Shropshire, 2009



Source: Shropshire Council

Note: For the purposes of the survey, often/frequent is defined as once a week or more, sometimes as a couple of times a month and occasionally as once or twice a year.

6.3.2 Mobile Telecommunications

No mobile telephone company is able to provide a comprehensive service across Shropshire. Mobile telephone reception is notoriously difficult in rural locations, but the absence of a universal provider creates even greater challenges for businesses operating county-wide. Some workers carry two phones on different networks in an attempt to alleviate the problem. In some cases, and especially within the care sector, lack of mobile phone coverage has serious safety implications for lone workers.

6.3.3 Utilities Provision

There are significant problems with the supply of electricity in the north of the county and this is having a negative impact on some of Shropshire's largest employers. There are frequent power cuts and dips in power, and this can be extremely detrimental to operating costs when, for example, sterile ingredients are ruined when the power fails.

[1] Broadband in Shropshire, Shropshire Council, 2009

Specifically:

- Investment is required at Oswestry Grid to replace ageing equipment
- Shrewsbury Grid is approaching firm capacity and needs reinforcing
- An additional electricity line is needed to re-inforce the electricity supply between the National Grid, Oswestry, Welshpool and mid-Wales
- Electricity up-grades are required in Market Drayton and Whitchurch.

Electricity supply appears to be much less of a problem in the south of the county, occasional power cuts notwithstanding.

Large areas of Shropshire have no mains gas supply, meaning that there is a heavy reliance on oil and solid fuel (as well as electricity). This is inefficient and carbon intensive.

There are also some infrastructure issues relating to water. A new groundwater source is needed at Nesscliffe to provide water capacity for the Oswestry area. Looking further into the future, a new water resource scheme for the Bridgnorth area may be needed in 2020-2050.

6.3.4 Land and Property Provision

Information will be added on completion of an Employment Land study currently being undertaken by consultants on behalf of Shropshire Council.

6.4 Natural and Historic Environment

Key Issues

- Shropshire benefits from a hugely diverse landscape and a rich natural and historic environment, which together form key elements in the county's tourism offer. It is vital to recognise that they comprise key economic assets for Shropshire which need to be preserved and enhanced to retain their economic value for the future.
- Historic market towns are an important part of community life in Shropshire and they are vital to the economy, both in their roles as services centres but also as tourist destinations. It is important to ensure that the infrastructure of market towns fits the requirements of a modern economy without jeopardising their historic character.
- Climate change is the single greatest global challenge and the implications for Shropshire could be severe given the county's propensity to flood. This causes significant disruption to people, services and businesses and consequently has a substantial economic impact.
- To maintain the natural and historic qualities that Shropshire currently enjoys, a responsible attitude to waste disposal and the reduction of carbon emissions will assume increasing importance, which is a challenge in such a large, sparsely populated county.

Do you agree that these are the main economic issues relating to the natural and historic environment for Shropshire?

Shropshire's unique natural and historic environment makes the county a desirable place to live and is a key economic asset by virtue of its impact on tourism. About one third of the county is upland with the South Shropshire hills having been designated as an Area of Outstanding Natural Beauty (AONB). There are six Special Areas of Conservation in Shropshire, two phases of sites designated as internationally important wetlands under the Ramsar convention[1], 113 Sites of Special Scientific Interest, four National Nature Reserves, eight Local Nature Reserves, 833 County Wildlife Sites and 293 Regionally Important Geological or Geomorphological Sites. A wide variety of different rock type has given rise to a tremendous diversity of scenery and means that geologically, Shropshire has a very interesting pedigree.

There are a huge number of heritage assets in Shropshire including both nationally and locally important historic buildings, parks and gardens and archaeological monuments, together with parts of the Ironbridge Gorge and the Pontcysyllte Aqueduct and Canal World Heritage Sites. The historic character of the county's rural landscape and market towns are a draw for tourists and visitors, and gives rise to immense potential for securing inward investment and for heritage-led regeneration.

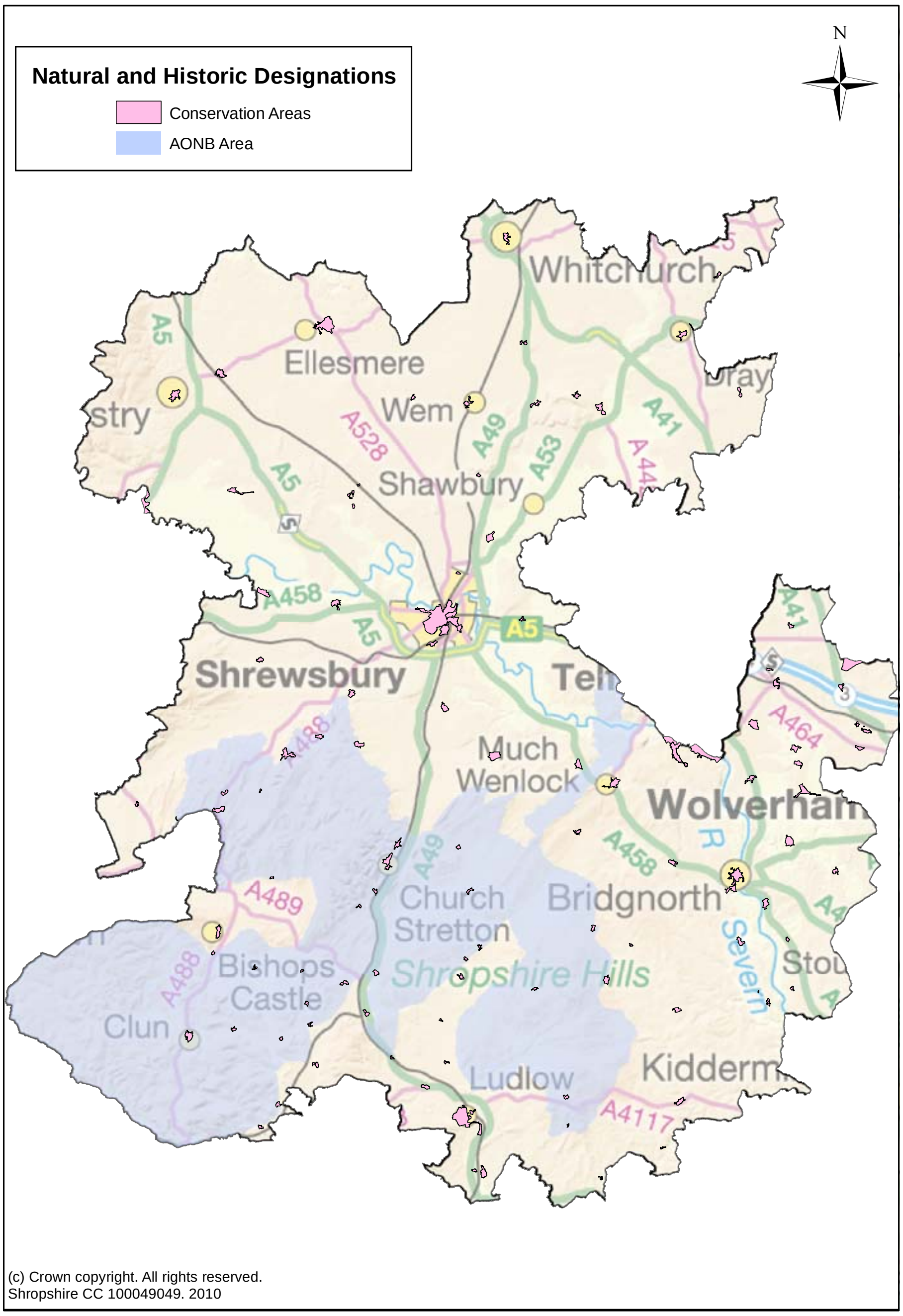
As well as contributing to a high quality of life, Shropshire's landscape has also shaped the county's agricultural economy. The pastureland to the north has

[1] See glossary for more information

encouraged the development of dairy farming and large scale food and drink manufacturing, while the uplands towards the south are more suitable for mixed farming. The hill farms in this area have been quick to diversify into the tourism market. As the local economy continues to evolve, it will be important to ensure that the natural and historic assets which Shropshire enjoys are maintained.

As befits a rural area, Shropshire benefits from good air quality, and a low level of road traffic accidents, and as such according to the outdoor living domain of the Index of Multiple Deprivation (2007), Shropshire emerges as one of the least deprived parts of the country. This contributes to the county's reputation as a good place to live and visit.

Figure 6.6: Natural and Historic Designations in Shropshire



6.4.1 Climate Change

The causes and consequences of climate change are global; however, for Shropshire the consequences of climate change could be significant. Over recent years, Shropshire has been subject to notable flooding on at least five occasions (2000, 2001, 2004, 2007 and 2008) which has affected some of the county's largest towns. Not only does this cause significant disruption to people, service delivery and business, it also has a substantial financial consequence in terms of clean-up costs and damage to infrastructure. The implications to the county economy are even greater when lost business is taken into account, either because businesses are unable to trade effectively or because of reduced footfall. The tourism industry in Shropshire was severely impacted in 2007 when floods caused substantial structural damage to the Severn Valley Railway and when access to other key tourist locations was compromised. According to AWM[2], more than 450 businesses and 184,000 households in the West Midlands region were affected by the two separate spells of flooding in 2007, with an estimated cost of up to £372 million.

The increases in rainfall predicted over the next 50 years will have a number of serious effects on the region not least of which is heightened potential for flooding. The effect this could have on the landscape, the land-based economy and tourism could be considerable.

6.4.2 Shropshire's Response to Environmental Responsibility

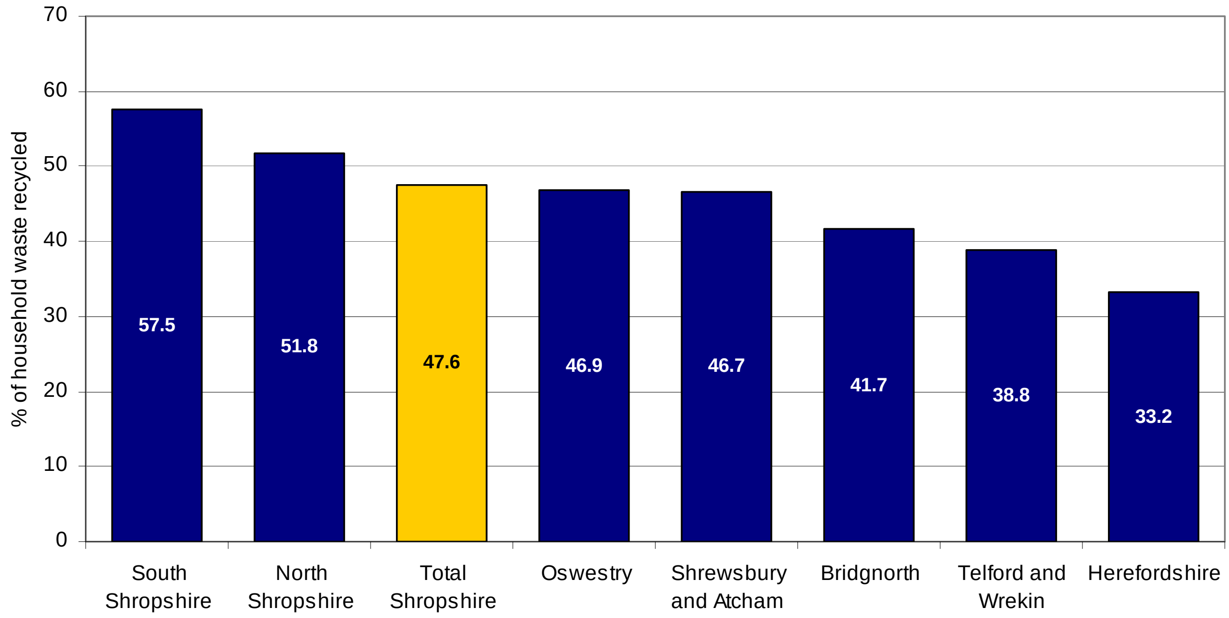
Shropshire has a responsibility to meet ambitious Government targets to protect the environment, and residents and businesses alike need to be encouraged to behave in an increasingly environmentally friendly manner.

6.4.2.1 Waste & Recycling

Shropshire produced 318,164 tonnes of waste in 2008/09, of which 153,817 tonnes was household waste. Household recycling rates are very high in Shropshire. County residents recycled or composted 47.6% of their household waste in the year ending March 2009, compared to 43.5% in the previous year. This is notably above the national average, with the household recycling rate for England standing at 37.6%. Within Shropshire, the former South Shropshire District Council had the highest combined recycling and composting figure of 57.5%, which made it the fifth best performing council in the country. Other areas within Shropshire also perform above the national average for household recycling, and all improved their performance in 2008/09 compared with the previous year. Recycling rates for household waste are much higher in Shropshire than they are in Telford and Wrekin or Herefordshire.

[2] Advantage West Midlands, the Regional Development Agency for the West Midlands

Figure 6.7: Proportion of Household Waste Recycled, 2008/09

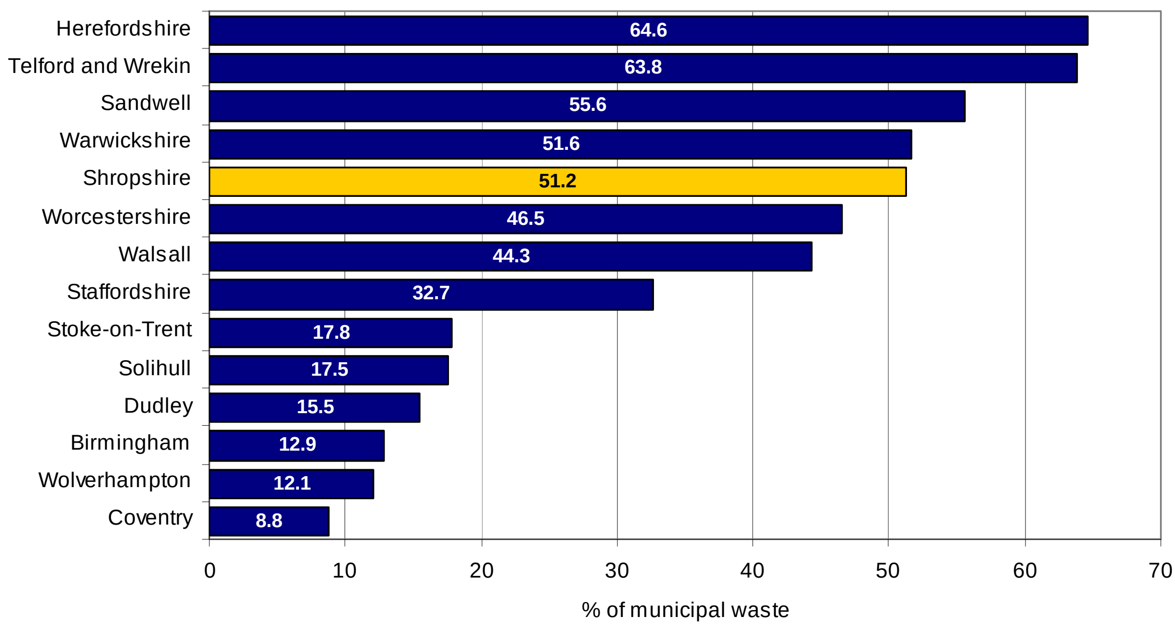


Source: Defra

In total more than 153,000 tonnes of waste produced in the Shropshire Council area in 2008/09 was sent for recycling or composting.

48.9% of municipal waste was sent for recycling in 2008/09, with the remainder, 51.3%, sent to landfill sites. This compares favourably with neighbouring Herefordshire and Telford and Wrekin – in both these authorities, more than 64% of municipal waste was sent to landfill in this year. However, this proportion is far higher than in other parts of the region (especially the metropolitan authorities) where incineration with energy to waste capabilities is more accessible.

Figure 6.8: Proportion of Municipal Waste Destined for Landfill Sites, 2008/09

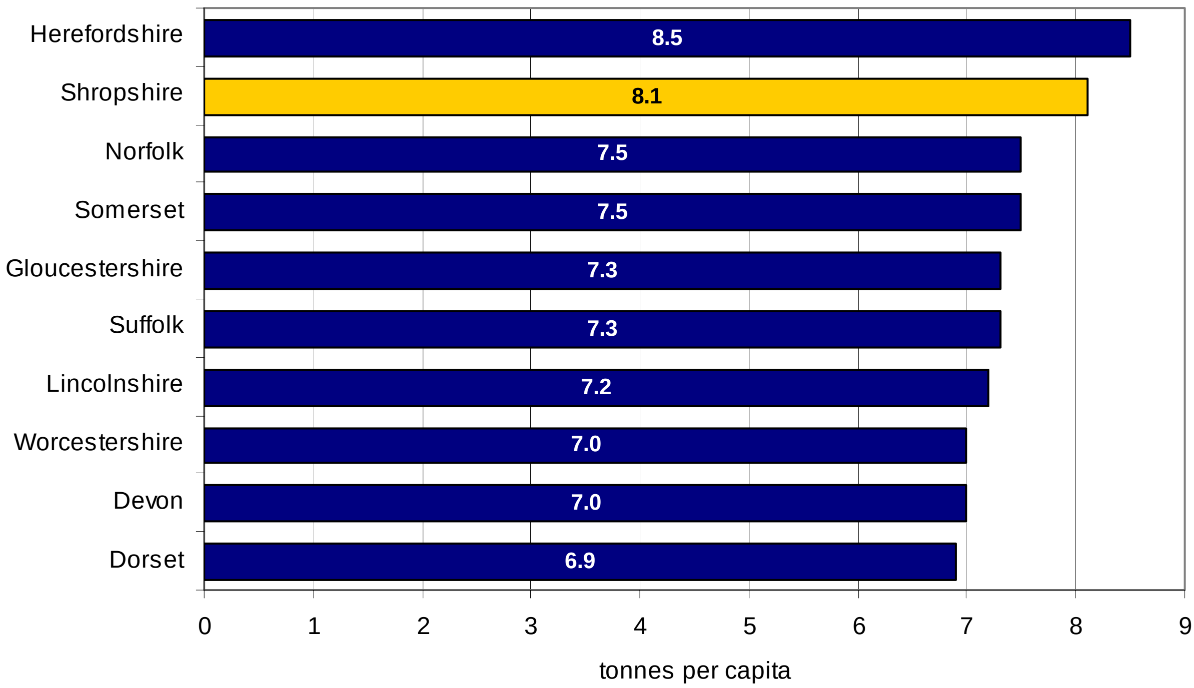


Source: Defra

6.4.2.2 Carbon Dioxide Emissions

As a large rural county, it is more difficult for Shropshire to substantially reduce carbon dioxide emissions, and as such, per capita emissions are notably worse at 8.1 tonnes in 2007 than the West Midlands and UK averages (6.8 tonnes and 7.1 tonnes respectively). Carbon dioxide emissions in Shropshire per capita are lower than in Herefordshire (8.5 tonnes per capita in 2007), but this notwithstanding, Shropshire remains one of the worst performers when compared with its statistical neighbours. Emissions for transport are high in Shropshire, which contributes to this; the rural nature of the county and limited public transport links result in a high dependence on the car, with around a third of total Shropshire emissions coming from road transport. In addition, there are large areas of Shropshire which do not have mains gas supply, there is therefore a heavy reliance on oil, electricity and solid fuel which is inefficient and carbon intensive. Additionally, Shropshire has an eclectic housing stock – many old hard to heat homes, which are energy inefficient.

Figure 6.9: Carbon Dioxide Emissions, 2007



Source: DECC

6.5 Transition to a Low Carbon Economy

Key Issues

- A high proportion of Shropshire employees work in sectors which are vulnerable to the impact of present and forthcoming carbon legislation. These include transport equipment, construction, health and social work, transport and communications, transport equipment manufacture, food and drink manufacture, electricity, gas and water and other manufacturing sectors.

- Complying with legislation can be very expensive and places an immense financial burden on some of Shropshire's small and medium sized enterprises.

- There are, however, opportunities arising from the transition to a low carbon economy.

Do you agree that these are the main economic issues relating to a low carbon economy in Shropshire?

The need to address climate change means that the UK and its component local authority areas must make the transition to a low carbon economy by reducing the output of greenhouse gas emissions into the biosphere. To achieve this, consumers will need to change their behaviour, while businesses will need to change the way they source their materials, their production processes and how they distribute to consumers.

A URS report published in 2007 divides the following sectors of the Shropshire economy according to their vulnerability to the impact of present and forthcoming carbon legislation, either because of the products and services they provide or because of the way they operate:

Figure 6.10: Sectors according to Vulnerability

	High Vulnerability	**Low Vulnerability**
Products and Services	Transport Equipment	Retail & Distribution
	Construction	Business Services
		Hotels & Restaurants
		Transport & Communications
		Public administration & defence
		Agriculture
		Other Manufacturing Sectors
		Education
		Miscellaneous
		Health & Social work
		Finance & Insurance
Operations	Health & Social Work	Business Services
	Transport & Communication	Construction
	Education	Finance & Insurance
	Transport Equipment Manufacture	Agriculture & Mining
	Food & Drink Manufacture	
	Other Manufacturing Sectors	
	Electricity, Gas & Water	

Source: URS

A higher proportion of Shropshire employees work in sectors with a high level of vulnerability than is the case regionally, leaving Shropshire in a potentially more vulnerable position than many of its regional neighbours. The construction, health and social work and education sectors all account for more than 5% of county employment, with food and drink manufacture also of considerable significance. In total, 26.3% of Shropshire businesses operate in high risk sectors, with these absorbing just under 40% of employees. In terms of employment, other rural counties in the region are less dependent on these sectors.

Figure 6.11: Proportion of Employees and Businesses in High Risk Sectors

Local Authority	% of Employees at High Risk	Local Authority	% of Businesses at High Risk
Stoke-on-Trent	46.0	Staffordshire	27.4
Wolverhampton	42.1	Stoke-on-Trent	26.8
Solihull	40.7	Herefordshire	26.6
Coventry	39.8	**Shropshire**	**26.3**
Shropshire	**39.6**	Walsall	25.7
Staffordshire	38.6	Dudley	24.8
Sandwell	38.1	Sandwell	24.1
West Midlands	37.1	West Midlands	24.0
Birmingham	36.3	Telford and Wrekin	23.7
Warwickshire	35.1	Coventry	22.9
Walsall	34.7	Solihull	22.8
Herefordshire	34.2	Warwickshire	22.6
Worcestershire	33.5	Worcestershire	22.6
Dudley	32.9	Wolverhampton	22.3
Telford and Wrekin	32.5	Birmingham	21.1

Source: Data provided by WMRO (ABI data), 2007

Many businesses in these sectors (and in other sectors which are classified as medium or low risk) are already responding to the low carbon agenda. Indeed, according to Shropshire businesses, with whom Shropshire Council consulted in March 2010[1], the majority of businesses across all sectors are making efforts to reduce their impact on the environment and become more environmentally friendly.

Legislation (especially for manufacturing companies) has been a major driver in encouraging businesses to adopt more environmentally friendly practices. Complying with legislation is a major challenge, especially for small businesses and the cost of complying with legislation cannot be underestimated. There is some concern amongst businesses that compliance with legislation pushes costs up, making products manufactured in Shropshire less competitive than products manufactured in countries where legislation is less stringent.

Other drivers in the move to low carbon production methods for goods and services include customer expectation, taking advantage of grants and other incentives. In some cases "greening" the business can be used as a marketing tool, especially in the retail and tourism sectors, where a more environmentally-conscious public is increasingly basing purchasing decisions upon the environmental performance of the goods or services they are buying and the environmental policies of firms from whom they purchase. Businesses are able to advertise their green credentials to prospective customers by taking advantage of Green Awards and Charter schemes such as Shropshire's Green Achiever scheme.

[1] Spotlight on Shropshire event

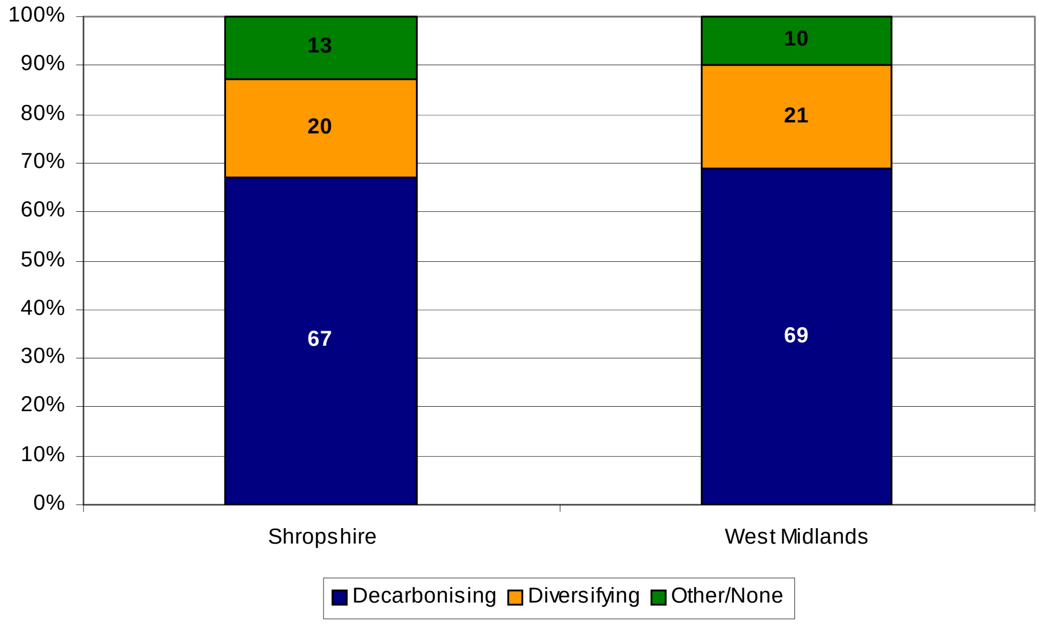
Businesses pursuing greener energy alternatives in order to reduce carbon and energy costs are being further encouraged by the opportunity to generate additional income, i.e. through Feed-In Tariffs, through supplying surplus energy to the National Grid.

Recent research undertaken by Atkins on behalf of the West Midlands Regional Observatory indicates that there are three types of opportunity arising from the move to a low carbon economy:

- Low carbon techniques. This refers to improved processes, techniques and materials.
- Diversification into low carbon products (eg low carbon vehicles)
- Decarbonising existing products.

The research states that two-thirds of businesses have opportunities to decarbonise, while a fifth are in sectors with opportunities to diversify into low carbon sectors. This split is broadly in line with the regional average.

Figure 6.12: Opportunities within the Low Carbon Economy



Source: Atkins, Low Carbon Economy in the West Midlands

The Low Carbon Economy in the West Midlands report states that there are eight key sectors offering "highly significant" opportunities for West Midlands businesses to further develop the low carbon economy, of which six have some relevance for Shropshire. Naturally, there are also barriers to taking advantage of some of these opportunities as shown in the table below.

Figure 6.13: Opportunities and Barriers Affiliated with a Low Carbon Economy

Sector	Opportunities	Barriers
Manufacture of automotive and transport equipment	• Manufacturing of transport equipment (including supply chain) • Competitive advantage by low carbon vehicle design, eg internal combustion engine, hybrid and electric vehicles, fuel cell, innovative propulsion, new mobility concepts, thermo-electric generation, powertrain, re-engineered internal combustion engine, Brake energy regeneration, lightweight construction, efficient engine technologies, energy and heat management in the vehicle, recyclable vehicles, Intelligent Navigation Systems • Development of alternative fuels and associated infrastructure (eg biofuels, hydrogen produced free of $CO_{2)}$	• Development and proof of technologies • Capital • Skills • Already invested in other vehicles • Infrastructure for fuels
Construction	• BREEAM certified buildings • Low carbon design • Re-use of materials and use of recycled materials and facades • Code for Sustainable Homes	• Consumer demand • Value to provider • Perception of higher costs • Actual higher capital costs • Skills within sector • Lack of low carbon infrastructure • Availability and awareness of energy efficient equipment
Manufacture of food and beverages	• Commercial opportunity from use of wastes • Farm waste and food waste diverted from landfill to generate renewable power • Increased recycling of packaging from food and drink products, for example aluminium and glass bottles • Recycling of farm plastics	• Lack of knowledge in farming community • Capital for infrastructure • Demonstration projects • Re-use difficult • Recycling requires specific infrastructure
Environmental Goods and Services	• Implementation by range of low carbon technologies (eg energy, transport, waste management etc) • Provision of specialist advice to all sectors on low carbon	• Development of technologies • Incentives or regulation to encourage use • Skills • Lack of demonstration/pilot • Higher costs
Transport, Storage and Communications	• Competitive advantage by sustainable logistics for inbound and outbound distribution transports and increasing of rail freight • Development of alternative fuels and associated infrastructure (eg biofuels, hydrogen produced free of CO_2) • Use of low carbon vehicles and premises	• Infrastructure of fuels • Capital • Proven technology • New designs needed at cost effective process • Manufacturers already invested in low efficiency products • Lack of emissions regulation or method to calculate emissions

		via supply chain.
Public Services	Ability to procure low carbon services for the sector	• Lack of training or understanding of approach for procurement sector • Ability to deliver by service providers

Source: Low Carbon Economy in the West Midlands

Four of these sectors have a "highly significant" presence in Shropshire, namely:

- Manufacture of automotive and transport equipment
- Construction
- Transport, storage and communications
- Public Services

There are also "significant" opportunities in:

- Environmental goods and services
- Manufacture of food and beverages

Figure 6.14: Low Carbon Opportunities in the West Midlands

	Birmingham	Sandwell	Walsall	Dudley	Coventry	Solihull	Wolverhampton	Staffordshire	Worcestershire	Warwickshire	Herefordshire	Shropshire	Stoke on Trent	Telford & Wrekin
Manufacture of non-metallic mineral goods	L	L	L	L	L	L	L	H	L	L	L	L	L	L
Manufacture of automotive and transport equipment	H	L	L	L	H	L	L	H	L	L	L	H	M	H
Manufacture of metals and fabricated metal products and electrical equipment	H	H	H	L	L	L	L	H	H	L	L	L	L	L
Construction	H	L	L	L	L	L	H	H	H	H	M	H	H	H
Manufacture of food and beverages	L	M	L	L	L	L	L	M	L	L	M	M	L	L
Environmental goods and services	M	M	M	M	M	M	M	M	M	M	M	M	M	M
Transport, storage and communications	H	L	L	L	H	L	L	H	L	H	L	H	L	H
Public Services	H	H	H	H	H	H	H	H	L	L	L	H	L	H

Source: Low Carbon Economy in the West Midlands

High (H) – industry has a highly significant presence in the sub-region (>2% of employees)
Medium (M) – industry has a significant presence in the sub-region (1-2% of employees)
Low (L) – industry has a minor presence in the sub-region (<1% of employees)

Despite the opportunities which are in evidence, Shropshire businesses suggest that there are many barriers to becoming greener, including:

- Prohibitively high costs of changing either products or the way in which a business operates
- Reliance on cars – greater use of public transport is not an option for most businesses (although they encourage walk and cycle to work schemes as well as car sharing). Smart cars are too expensive so are not economically viable
- Poor public perception in relation to alternative energy sources, limiting opportunities for successful diversification in some cases
- Poor telecommunication provision in some areas of the county preventing people from home-working
- Insufficient sites to dispose of recycled waste in rural areas
- Assessing grant monies too complicated

However, there are a number of businesses in Shropshire that are renowned for their environmentally friendly technologies and practices from which other businesses could learn best practice.

Glossary of Terms

- **Average Deprivation Score**

This is the population weighted average of the combined deprivation scores for each Super Output Area (SOA) in the county – i.e. it describes the county as a whole, taking into account the full range of SOA scores across the county.

- **Broadband in Shropshire**

This was a major piece of research on broadband connection and speed which was undertaken with Shropshire businesses by Shropshire Council in 2009. For more details visit http://www.shropshire.gov.uk/economicdevelopment.nsf

- **Common Agricultural Policy**

The common agricultural policy (CAP) is a system of European Union agricultural subsidies and programmes. It represents 48% of the EU's budget, €49.8 billion in 2006 (up from €48.5 billion in 2005).

The CAP combines a direct subsidy payment for crops and land which may be cultivated with price support mechanisms, including guaranteed minimum prices, import tariffs and quotas on certain goods from outside the EU. Reforms of the system are currently underway reducing import controls and transferring subsidy to land stewardship rather than specific crop production (phased from 2004 to 2012). Detailed implementation of the scheme varies in different member countries of the EU.

The aim of CAP is to provide farmers with a reasonable standard of living, consumers with quality food at fair prices and to preserve rural heritage.

- **Creative Industries**

The Department for Culture, Media and Sport (DCMS) defines the creative industries as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property."

The current DCMS definition recognises eleven creative sectors, they are: Advertising; Architecture; Arts and Antique Markets; Crafts; Design; Fashion; Film, Video and Photography; Software, Computer Games and Electronic Publishing; Music and Performing Arts; Publishing; Television; Radio.

- **Entry to Employment (e2e)**

E2e is a learning programme for anyone aged 16-18 years living in England whi is not participating in any form of post-16 learning. Admittance to e2e occurs if there is an appropriate option which will enable the participant to progress to an apprenticeship, further learning or a job.

- **Employment and Support Allowance (ESA)**

From 27th October 2008, ESA replaced Incapacity Benefit and Income Support paid on incapacity grounds for new customers. ESA provides financial assistance as well as personalised support for people with an illness or disability to help them move into suitable work.

- **Feed-in Tariff**

A feed-in tariff is a policy mechanism designed to encourage the adoption of renewable energy sources and to help accelerate the move towards grid parity.

- **Gross Value Added (GVA)**

Gross value added is a means of measuring the contribution to the economy of each individual producer, industry or sector. It is the sum of incomes earned by individuals (e.g. wages) and corporations (e.g. profits) in the production of outputs (goods or services) in an area. It is, therefore, a useful measurement of the productivity of a region or county.

- **Impact Investment Location**

The Impact Investment Locations will deliver the relevant elements of the Regional Spatial Strategy, and its associated Regional Transport Strategy, Regional Housing Strategy and the Regional Economic Strategy. Projects in these locations will demonstrate local-level integration between the different strategic priorities, providing the greatest benefit from funds invested. Key projects in each location have been rigorously and independently tested for their 'deliverability'.

- **Income Support (IS)**

Income Support is a means tested benefit for those who cannot be available for full-time work. This includes some lone parents, who are not subject to Lone Parent Obligations (LPO) or exempt from LPO.

- **Jobseeker's Allowance (JSA)**

JSA is the main benefit for people of working age who are out of work, or work less than 16 hours a week on average, and are available for and actively seeking work.

- **Knowledge Based Economy**

"The Knowledge based economy" is an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all these by the business and public sectors (Organisation for Economic Co-operation and Development (OECD) 2005). The definition and SIC codes used in this analysis correspond to the agreed definition used to monitor LPSA 7 in Shropshire, which monitors the: *Growth and sustainability of enterprise and businesses in key future growth, technology and knowledge-intensive sectors, capitalising on Shropshire's assets and opportunities.* This includes high tech manufacturing e.g. pharmaceuticals, electronics, medium high tech manufacturing e.g. electrical machinery, manufacture of parts and accessories for motor vehicles, agriculture and forestry machinery. The definition also includes services e.g. post and telecommunications, finance and insurance, labour recruitment and provision of personnel, human health activities and social care and animal health.

- **Knowledge Transfer Partnerships (KTP)**

Knowledge Transfer Partnerships (KTP) is a part government-funded programme to encourage collaboration between businesses and universities in the UK. The aims of each KTP programme are to facilitate the transfer of knowledge and technology and the spread of technical and business skills to the company, stimulate and enhance business-relevant research and training undertaken by the knowledge base and enhance the business and specialist skills of a recently qualified graduate.

- **Local Development Framework (LDF)**

The LDF is effectively a collection of various planning policy documents which consider a wide range of important planning issues such as housing, employment, retail, the environment and transport. The LDF will play a crucial role in prioritising and shaping development in Shropshire over the next 20 years.

- **Lone Parent**

This is an individual who has their marital status recorded as ‘single’, ‘widowed’, ‘divorced’ or ‘separated’, and has an open Child Benefit claim for as least one child under 16.

- **Lone Parent Obligations**

From 24th November 2008, most lone parents with older children will no longer be entitled to claim Income Support if they are only claiming it because they are a lone parent, subject to certain exemptions and conditions. Instead, those able to work may claim JSA. They will be expected to look for suitable work in return for personalised help and support. Lone parents with a health condition or a disability may be able to claim Employment and Support Allowance.

- **Micro Businesses**

According to EU legislation, a micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2million.

- **National Insurance Number Allocations (NiNO)**

National Insurance number (NiNo) allocations are required for employment/self-employment purposes or to claim benefits and tax credits. The Department for Work and Pensions has responsibility for allocating national insurance numbers to overseas nationals.

- **New Deal for Disabled People**

New Deal for Disabled People is a programme of advice and practical support, which helps people move from disability and health-related benefits into paid employment.

- **Other income-related benefits**

This term relates to all other working-age benefits available, these include Bereavement Benefit (BB), Carer’s Allowance (CA), Disability Living Allowance (DLA), Pension Credit (PC), Severe Disablement Allowance (SDA) and Widow’s Benefit (WB).

- **Quotient figure**

The number obtained by dividing one quantity by another. For example, dividing the county average by the national average gives the quotient, which is a useful means of assessing the relative importance of sectors.

- **Ramsar Convention**

The Convention on Wetlands of International Importance, called the Ramsar Convention, is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

- **Settlement of Significant Development**

The Regional Spatial Strategy identifies Shrewsbury as a settlement of significant development. The document states that such settlements should be enhanced in order to provide services for local communities and act as drivers of economic growth.

- **Shrewsbury Growth Point**

Shrewsbury is one of the 29 original new growth points in the UK and has been awarded £5million by the Government for infrastructure projects to develop the historic town of Shrewsbury. This will include significant housing provision and creating a focus for employment, facilities and services.

- **Spotlight on Shropshire**

Spotlight on Shropshire was a major consultation event held by Shropshire Council in March 2010. The aim of the event was to discuss with local businesses and other key stakeholders the key economic issues that affect the Shropshire economy. More than 60 businesses attended the event.

- **Statistical Neighbours**

Sourced from the Department for Schools and Families, statistical neighbour models provide one method for benchmarking progress. For each Local Authority, these models designate a number of other LAs deemed to have similar socio-demographic characteristics. These designated LAs are known as statistical neighbours. Any LA may compare its performance against its statistical neighbours to provide an initial guide as to whether their performance is above or below the level that might be expected. Shropshire's statistical neighbours are: Devon, Dorset, Gloucestershire, Somerset, Wiltshire, Norfolk, Suffolk, Lincolnshire, Herefordshire and Worcestershire.

- **Super Output Area (SOA)**

A Super Output Area (SOA) is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood Statistics site, and has a wider application throughout national statistics. SOAs give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards.

There are currently two layers of SOA, with areas intermediate in size between 2001 Census Output Areas (OAs) and local authorities, and each layer nests inside the layer above. The Middle Layer SOAs were defined in a two-stage process: an initial set was generated automatically but the boundaries were then modified in consultation with local authorities and other local bodies.

- **The Green Achiever Scheme**

The Green Achiever Scheme has been set up to enable companies to demonstrate their credential to suppliers, customers and any other parties interested in green business.

- **Volume and Value in Tourism**

Published by Heart of England Tourism in 2006, this measures the contribution made by tourism to the Shropshire economy.

- **West Midlands Integrated Policy Model**

The model is:

- An accessible, interactive tool for policy makers and analysts
- A unified framework for exploring the implications of key regional strategies
- A scenario testing function that will help greater understanding of direct and indirect impacts that emerge over time
- A mapping tool that presents a unified framework for local authority, sub regional and regional level