# Staffordshire Local Economic Assessment 2010

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**Document Information**

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<tr>
<th>Title</th>
<th>Staffordshire Local Economic Assessment 2010 – Consultation Draft</th>
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<tr>
<td>Date created</td>
<td>30th September 2010</td>
</tr>
<tr>
<td>Description</td>
<td>This paper is a consultation draft of the Staffordshire Local Economic Assessment which highlights the major economic issues within the county. It forms a key part of the economic evidence base.</td>
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</tr>
<tr>
<td>Geographical coverage</td>
<td>Staffordshire County</td>
</tr>
<tr>
<td>Time period</td>
<td>The latest information up to June 2010 is included, where possible</td>
</tr>
<tr>
<td>Frequency of update</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>Format</td>
<td>Adobe PDF and Microsoft Word files</td>
</tr>
<tr>
<td>Status</td>
<td>Version 1 (30th September 2010)</td>
</tr>
<tr>
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1 Introducing the Staffordshire Approach

1.1 From the beginning….

1.1.1 The publication of the Review of Sub National Economic Development and Regeneration in July 2007 was the first stage in the development of the Staffordshire Local Economic Assessment (LEA).

1.1.2 Staffordshire has a strong history of collecting economic evidence to support and monitor economic development activities, but this evidence was historically never brought together in the form of an LEA. Staffordshire identified the need to develop capacity in the preparation of an LEA and this culminated in the publishing of an informal LEA issues paper in January 2009\(^1\). Well in advance of the legal responsibility to produce an LEA which came into force in April 2010.

1.2 Gearing up for official duty….

1.2.1 During autumn 2009 and the passing in parliament of the Local Democracy, Economic Development and Construction Act, Staffordshire County Council as the authority with responsibility to prepare the LEA locally began to scope out options to fully and comprehensively meet this legal requirement in advance of the statutory duty from April 2010.

1.2.2 A small steering group of County Council officers met and agreed the approach to take forward the development of the Staffordshire LEA.

1.3 Our process….

February to May 2010

1.3.1 The first phase of the process involved the preparation of ten technical thematic issues papers designed to stimulate debate and form the initial LEA evidence base. These papers cover the following theme areas:

- Outline of the Staffordshire Economy
- Business and competitiveness
- Education and skills
- Worklessness
- Land for jobs and housing
- Centres
- Regeneration and social inclusion
- Child poverty
- Climate change and the environment

1.3.2 As well as the above a summary paper was also produced. On 7th May 2010 a link to the suite of issues papers was circulated among a large number of partners for their consideration over a four-week consultation period. Each issues paper pulled out a series of issues questions or statements on which respondents were invited to submit their level of agreement. A report of this consultation period has been produced and can be accessed from the Staffordshire LEA website.

1.3.3 In addition to the technical issues papers work a series of one to one discussions were held at officer level with a wide range of partners to unpick the main issues of importance at a local level, beyond empirical statistics and evidence. Where appropriate these meetings also included representation from Stoke-on-Trent City Council.

1.3.4 These discussions were held with each of the district councils, further and higher education institutions (including those outside the county but with an influence on the area), third sector organisations and many other partners.

May to September 2010

1.3.5 In the period May to September 2010 the consultation draft LEA has been prepared. The draft LEA takes into account the technical work identified in each thematic issues paper and the consultation responses to these papers, alongside the views of the partner organisations identified in the one to one discussion meetings.

1.3.6 The draft LEA draws together this evidence base into the three key thematic areas on which it (and the emerging Staffordshire Economic Strategy) will be structured:

- Business
- People
- Place

1.3.7 During this same period a ‘daughter document’ covering issues of economic inactivity and worklessness in greater detail has been produced. The preparation of a worklessness assessment as part of the wider LEA is also a requirement for Staffordshire County Council.

October to December 2010

1.3.8 During this period the draft LEA will be tested by means of an extensive twelve-week consultation process, with a wide range of partners and other organisations being invited to submit their comments on the draft LEA. The LEA consultation is being held in parallel with the consultation for the third Local Transport Plan for
Staffordshire (LTP 3), reinforcing the links between transport and the economy.

**Early 2011**

1.3.9 Taking into account the need for any amendments following the twelve-week consultation process, a final version of the Local Economic Assessment will be drafted.

1.3.10 During this period a comprehensive set of technical appendices containing the detailed data which underpins the LEA will also be prepared.

1.3.11 The final LEA will be signed off by the Staffordshire County Council Cabinet and Staffordshire Local Strategic Partnership Executive Board by the end of the financial year 2010/11.

**1.4 Who we're working with....**

1.4.1 The preparation of the LEA is a legal requirement for Staffordshire County Council and our approach has been open and transparent from its inception. This is evidenced by the one to one discussions we have held with district councils and other partnership organisations, including those from beyond the immediate sub-region.

1.4.2 Our approach has also provided significant opportunity for a wider range of partners to engage in the LEA preparation through two consultation phases during its development.

1.4.3 As a sub-regional partner Staffordshire County Council is working closely with Stoke-on-Trent City Council as the responsible authority for producing an LEA in the Stoke-on-Trent area. This engagement has involved regular joint steering group meetings between the County and City Councils, and the involvement of officers from the City Council in appropriate one to one discussions.

1.4.4 Staffordshire and Stoke-on-Trent’s respective LEAs will complement each other to help provide a thorough economic evidence base for the sub-region, and in particular the emerging proposals for a Staffordshire and Stoke-on-Trent Local Enterprise Partnership.

1.4.5 In addition to our close work with Stoke-on-Trent, the Staffordshire LEA will also complement, and be complemented by those of other neighbouring authorities. An informal “peer review” of LEAs will be undertaken by the other authorities preparing LEAs to ensure their comprehensiveness and compatibility.
1.5  **Who will use the local economic assessment…?**

1.5.1 The ultimate test of the LEA will be its appropriate use by a range of different organisations. The Staffordshire LEA has a potentially large audience of people interested in the field of economic evidence, from businesses making investment decisions, through commissioners of skills provision to practitioners drafting local policies and strategies.

1.5.2 The LEA is likely to be an important consideration for the following work areas:

- Informing the proposed Staffordshire and Stoke-on-Trent Local Enterprise Partnership
- The development of the Staffordshire Economic Strategy
- The Sustainable Community Strategy for Staffordshire County and Districts
- County and District Council Strategic and Corporate Plans
- The Staffordshire Local Transport Plan
- Local authorities in preparing Local Development Frameworks and housing strategies
- Bodies commissioning for skills provision among the 14-19 and adult age groups, and skills providers (for example further education colleges)
- Organisations tackling worklessness locally
- To support inward investment and marketing activities
- As the initial portal for economic evidence for organisations and businesses with an interest in Staffordshire

1.5.3 In addition, the LEA will link closely to the Child Poverty Assessment (which will inform the Child Poverty Action Plan), Community Safety Strategic Assessments and Joint Strategic Needs Assessments for Children and Adults.

1.5.4 Our intention is that the LEA will be fully updated every three years, however the LEA is not a static document and individual sections and relevant underpinning evidence may be updated on a more frequent basis as necessary to ensure timeliness.

1.6  **Getting involved….**

1.6.1 Staffordshire County Council has been engaging with a wide range of local partners during the preparation of the LEA. We really want to hear your views and encourage you to get in touch through our LEA website at [www.staffordshire.gov.uk/lea](http://www.staffordshire.gov.uk/lea) or by contacting:

Jonathan Vining (Principal Economic Research Officer)

**Tel:** 01785 277353  
**E-mail:** jonathan.vining@staffordshire.gov.uk
2 The Context of Staffordshire

2.1 A diverse county....

2.1.1 Staffordshire is a diverse county situated at the crossroads of England, and has the greatest population of all of the shire counties in the West Midlands, with a population of around 830,000².

2.1.2 This county of contrasts stretches from the fringes of the West Midlands conurbation in the south (indeed much of the Black Country was historically in Staffordshire) to the uplands of the Peak District National Park. The county shares borders with eleven other strategic authorities³, with a sphere of influence which extends into the East Midlands and North West regions.

2.2 A varied history....

2.2.1 The availability of natural resources has shaped much of the historical development of Staffordshire and its economy as we know it today.

2.2.2 The coalfields of Southern Staffordshire led to the further development of towns such as Cannock and Rugeley, with these areas providing fuel for the many of the industries of the Black Country and further into the West Midlands conurbation and developing their own local industries. Alongside the availability of clay, the coalfields of North Staffordshire similarly fuelled the development of the Potteries conurbation encompassing Stoke-on-Trent and parts of Newcastle-under-Lyme. The fine quality water available in the Burton upon Trent area led to it becoming the brewing capital of England.

2.2.3 Staffordshire has a total land area of just over 1000 square miles, of which around 80% is classified as being rural in nature. Rural parts of the county remain important drivers for its economy. Agriculture and its spin off industries including the food and drink sector, tourism which is particularly related to the attractive natural environment of the county, and the availability of resources all contribute to the economy of rural Staffordshire. Alongside their historical geographical contexts, traditional towns such as Lichfield, Stafford and Uttoxeter have also developed around this rural heritage, with centres characterised by high quality townscape and built environments.

2.3 Today's situation....

2.3.1 Moving forwards to the present day, the Staffordshire economy has restructured significantly, with a much greater emphasis on service industries than traditional manufacturing employment (although

manufacturing provides a significant level of employment and economic output locally), with distinctive local economies operating in different communities and localities in the sub-region. These will be examined in further detail in this LEA.

2.3.2 The well-being of rural areas and the network of towns in the county are vitally important to its future. The sustainable development of the county will require support for all of its communities, be they in villages, market towns, larger towns or cities. Future development of the county in terms of housing and the economy will need to be of an appropriate scale to meet the requirements required by the population (projected to reach more than 900,000 by 2033) which is likely to be characterised by a population structure with a greater proportion of older people than at present, and a reducing proportion of people in the ‘prime ages’ of economic activity.

2.3.3 Staffordshire provides an excellent location for access to higher education study with two universities within the county itself, and several other institutions which are easily accessible to the county.

2.3.4 This excellent location at the centre of England with direct access to motorways and the wider strategic road network, good quality rail access (just over one hour from central London) and within an hour from four international airports, gives Staffordshire a competitive advantage in attracting new investment, and helping to continue a strong business base among existing companies.

2.3.5 This accessibility presents opportunities for commuting both into and out of the area. Whilst acknowledging the importance of commuting to the county and its residents, the future sustainable development of the area is likely to be characterised by provision of appropriate social infrastructure, an improved quality and range of employment opportunities and a reduction in people’s needs to travel outside of the area to work.

2.3.6 Statistics presented at the county level often portray Staffordshire as being a very ‘average’ authority, but this often masks the fact that there are disparities between the diverse communities of Staffordshire. Although pockets of the County have socio economic needs such as up skilling the population, tackling worklessness and improving health, there are many successful and affluent communities which offer excellent quality of life and economic opportunities. This diversity is evident at a variety of geographical levels including district council, towns, among rural communities and at a neighbourhood level.

2.4 **Looking forwards….**

2.4.1 Much of Staffordshire is beyond the identified focus of previous regional Regeneration Zones (with the notable exception of Newcastle-
under-Lyme in North Staffordshire\(^4\) including its primary freestanding towns, market towns and rural areas, leading to difficulties in securing major regeneration funding over the past decade. Where regeneration funding has been made available, for example at the Lymedale Business Park in Newcastle-under-Lyme, local partners have demonstrated an excellent track record of delivery, which has ultimately led to improved local economic circumstances.

2.4.2 In the current context of reduced public funding, and the likelihood of less resources being available for regeneration projects, it is vitally important that Staffordshire makes the best use of any resources that are available.

2.4.3 Although being locally focused, the Staffordshire LEA will also recognise the needs of surrounding areas, and identify the possible role that Staffordshire can play in helping to provide for these needs, providing a continuation of the legacy of good work spanning administrative boundaries. The Staffordshire LEA will therefore complement similar work being undertaken in neighbouring areas.

2.4.4 More so than ever, the economic prosperity of Staffordshire will be dependent on ensuring a sustainable future for its Businesses, People and Places.

\(^4\) The North Staffordshire Regeneration Zone encompasses Stoke-on-Trent and the urban parts of Newcastle-under-Lyme
3 Summary of Headline Findings

3.1 Summary of issues for businesses in Staffordshire....

3.1.1 Staffordshire has the largest ‘shire’ economy in the West Midlands, and the second largest of all authorities after Birmingham. Around 380,000 jobs are currently based in the county, generating economic output measured by Gross Value Added of £12.3 billion.

3.1.2 Public administration, education and health employment accounts for more than 20% of the total share of employment in all parts of Staffordshire except Tamworth. This share of employment is slightly below national averages but in certain locations (particularly Stafford Borough), there are very high concentrations of public sector employment. The potential restructuring of these local economies will be important in light of Government austerity measures.

3.1.3 The manufacturing sector remains important to Staffordshire, accounting for 14.5% of employee jobs (a higher share than in the West Midlands Region as a whole and Great Britain) and nearly one fifth of economic output. The restructuring of this manufacturing base, matched to appropriate skills development to adapt to the demands of a low carbon economy, provides a real opportunity to drive forward future economic prosperity.

3.1.4 Recent employment growth has been more frequently associated with the public than private sector. South Staffordshire, Staffordshire Moorlands, Lichfield, East Staffordshire and Cannock Chase have all seen private sector employment growth in the past decade; however, some of this growth has been in sectors which have been less resilient to recession.

3.1.5 Staffordshire has established strengths in the environmental and medical technology clusters, particularly around Stafford and Keele University. Although business and financial services employment is less well represented, areas close to the West Midlands conurbation (particularly Lichfield and Tamworth) have been able to take advantage of their locations to build up local strength in this cluster.

3.1.6 The majority of Staffordshire’s business and employment (three quarters) is focused around the urban parts of the county. During the last five years, employment in rural areas has increased, while employment in urban areas has seen a decrease. Much of this growth has been in accessible locations close to the fringes of urban areas, rather than in more isolated rural communities.

3.1.7 Although subject to significant caveats, the direction of travel of the Staffordshire economy is predicted to show increased employment and economic output to 2020. The manufacturing sector is predicted to
experience further rationalisation, with growth in the ‘distribution, hotels and catering’ and ‘government and other services’ groupings.

3.1.8 Levels of enterprise in Staffordshire tend to follow a ‘north-south divide’ with southern parts of the county generally performing more favourably. Research and development expenditure from several large employers, and examples of high technology employment linked to local universities show that innovative and entrepreneurial development can succeed where the right conditions for growth are provided.

3.1.9 Further employment in innovation and knowledge rich sectors will need to be based around a package of related improvements for Staffordshire’s businesses, people and places.

3.1.10 In the development of a low carbon economy it will be important for businesses in Staffordshire to identify their current opportunities to become more ‘carbon friendly’, and how local partners can attract new low carbon businesses to the area. Around one quarter of businesses in Staffordshire are shown to be in sectors with opportunities for diversification into the low carbon economy, and two thirds of businesses are shown to have opportunities for decarbonising their processes. The further development of a low carbon economy will be dependent on the availability of an appropriately skilled workforce, particularly at technical level.

3.1.11 Confidence has risen among many of Staffordshire’s businesses, following the deepest parts of the recession during 2009. Some businesses are continuing to report skills gaps amongst their workforce and the Staffordshire Employers Skills Survey will help to provide a more complete picture of these challenges. Anecdotally, access to affordable finance continues to be a significant challenge for local businesses.

3.2 Summary of issues for Staffordshire’s people....

3.2.1 Staffordshire’s workforce is currently characterised by a workforce structure which has a greater proportion of people in the over 50 age groups than regionally and nationally (27%). This could have implications for the labour force of the future and the need for people to work to older ages before retiring.

3.2.2 Employment rates in Staffordshire are generally high with around 78% of working age people in the county being in employment. Although this rate is higher than adjacent urban areas, it is slightly lower than similar shire authorities in the West Midlands Region.

3.2.3 Economic inactivity tends to be concentrated among pockets in the larger towns (Burton upon Trent, Cannock, Newcastle-under-Lyme, Stafford and Tamworth) and former coalfield communities. In many cases the same localities tend to exhibit the greatest socio-economic
challenges related to multiple deprivation, housing, health, education, incomes and community safety.

3.2.4 Incapacity Benefit and its successor Employment Support Allowance account for around 50% of local income related benefit claimants. The extent to which these benefits continue to be prevalent locally will be influenced by the outcomes of the recently announced Welfare Reform Bill.

3.2.5 Jobseekers Allowance tends to be an issue for the younger age groups, for example up to 10% of 18 to 24 year olds in Cannock Chase district are claiming JSA. Tackling such economic inactivity at an early age will be important to try and prevent future negative labour market outcomes for young people.

3.2.6 On average, young people in Staffordshire tend to perform quite well up to the level of Key Stage 4 which is above England averages, and then tail off for skills attainments for adults. (Cannock Chase, Newcastle-under-Lyme and Tamworth tend to underperform at all levels, while Stafford, South Staffordshire and Lichfield tend to perform above average).

3.2.7 Many of the most significant issues for Staffordshire's people can be linked to the levels of aspirations among local communities, in particular where there may be a culture of inactivity or less importance attached to progressing skills and formal qualifications.

3.2.8 Tackling issues related to aspiration, and to improve the quality of life outcomes for Staffordshire's people, should continue to be priorities for local service delivery. Local partners will need to consider how to manage these priorities most successfully and whether resources are channelled towards specific localities, or spread more widely.

3.3 **Summary of issues for Staffordshire as a place....**

3.3.1 Although Staffordshire has a complex economic geography, around three quarters of the residents of Staffordshire and Stoke-on-Trent both live and work in the area, suggesting a degree of self containment, local economic strength and commitment to the area. As well as strong links with Stoke-on-Trent to the north, parts of Southern Staffordshire have strong economic links with the Black Country and Birmingham.

3.3.2 Many of the traditional economic sectors which have historically helped to shape Staffordshire as a place (such as heavy manufacturing and mining) have now disappeared, and have been replaced through economic restructuring towards more employment in the services sector.

3.3.3 Staffordshire's natural environment continues to be important for the local economy as a focus for tourism, the food and drink cluster and
land based industries. The environment will continue to be important into the future as local businesses and new enterprises diversify to meet the opportunities provided by the low carbon economy. Challenging some of the perceptions held locally and further afield about the quality of the Staffordshire environment, and increasing Staffordshire’s profile and identity, will also be important factors in improving the county’s economic prosperity.

3.3.4 Staffordshire’s central location nationally, and high quality transport networks are among its key strengths, and will continue to be so into the future. Current infrastructure is not seen as a constraint to growth, but it will be important that any new development is managed sustainably, with appropriate infrastructural improvements where needed. This should include the development of “superfast” broadband provision.

3.3.5 Ensuring an appropriate scale, mix and location of future housing will be a significant challenge locally. Affordability issues apply particularly in rural areas and are most pronounced in Lichfield and South Staffordshire. As well as aspirational housing in some locations to retain executives in Staffordshire, there will also be a need to provide the right quality of market housing for the qualified people who hold the key to the development of a higher value added economy locally.

3.3.6 The Government’s commitment to localism and comprehensive changes to the planning system will mean that local planning authorities will have to carefully manage the demands for development in their localities against local needs and other factors. Local planning needs to be responsive to the needs of indigenous and newly locating businesses with flexibility to meet the requirements of the emerging low carbon sectors.

3.3.7 Staffordshire’s towns should continue to be seen as the primary drivers of sustainable economic growth, and local authorities will need to consider the most appropriate roles for their town centres to maximise their vitality and viability.

3.3.8 The considerable rural areas of Staffordshire play an integral role in the wider economy, in particular the tourism and leisure cluster and in the supply chains to the food and drink cluster. The Government’s commitment to localism and schemes targeted towards rural areas are likely to provide rural Staffordshire with many opportunities and threats which will need to be carefully and sympathetically managed.
4 Staffordshire’s Businesses

Staffordshire’s businesses are the driving force behind the local economy. Understanding the dynamics and productivity of the local business base, the sectors in which they operate and how businesses react to changing market conditions are all critical issues for the LEA.

The improved future economic prosperity of Staffordshire will also be shaped by a combined range of factors relating to Staffordshire’s people and the places in which economic growth is provided. It is therefore important to consider the chapters of the LEA together to provide a holistic view of the local economy.

A further analysis of business in Staffordshire is provided by the Business and Competitiveness and Structure of the Local Economy thematic issues papers.

4.1 Structure of the local economy....

4.1.1 As of 2008, there were around 377,000 jobs\(^5\) in Staffordshire, as shown in Table 1. The county has the second highest absolute number of employee jobs in the West Midlands Region after Birmingham, demonstrating the county’s importance in terms of economic scale within its wider context. In general, the total levels of employment have remained fairly static between 2003 and 2008, with growth of employment in Stafford, Staffordshire Moorlands and Lichfield. There has been a small decrease in the total number of jobs in Newcastle-under-Lyme and Tamworth districts.

4.1.2 Levels of employment vary strongly between the different district council areas in Staffordshire, with East Staffordshire and Stafford Borough both providing the greatest numbers of employee jobs. The significant number of employment opportunities and relatively high levels of self-containment in these two areas reinforces their ‘growth point’ status and the desire of local partners to promote considered growth in central Staffordshire.

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\(^5\) The total number of jobs is a workplace based measure and comprises employees (from the Annual Business Inquiry), self-employment jobs (from the Annual Population Survey), government-supported trainees (from the Department for Education and the Department for Work and Pensions) and HM Forces (from the Ministry of Defence). The number of jobs in an area is composed of jobs filled by residents (of any age) and jobs filled by workers (of any age) who commute into the area.
4.1.3 In contrast to the total jobs highlighted in Table 1 above (which also includes self employment, armed forces and government trainee jobs), it is possible to consider ‘employee jobs’ which allow a detailed analysis of the sectors in which employment is concentrated locally. Using this measure there are around 320,000 employee jobs in Staffordshire at 2008. A table of employee jobs for each of the ‘broad industrial groups’ by district council is included at Appendix Table 1.

4.1.4 The ‘public administration, education and health’ sector was the largest broad industrial group in Staffordshire in 2008, accounting for around 83,000 employee jobs. This sector primarily consists of employment in the public sector, although some private sector employment is included, such as private education and healthcare. The ‘public administration, education and health’ sector is an important sector throughout Staffordshire, accounting for more than 20% of employment in each district council area except Tamworth. Stafford Borough in particular has a very high proportion of total employment in the sector (almost 40%). Public spending cuts as part of the Government’s drive to reduce the national deficit, provide some uncertainty over the sustainability of public sector employment into the future; these issues are considered in greater detail below.

4.1.5 Staffordshire’s central location with excellent links to the national road and rail networks has made it very attractive to the distribution and logistics sector, with ‘transport and communications’ accounting for around 24,000 employee jobs in the county in 2008. This sector is particularly important to Newcastle-under-Lyme, where it represents 14% of total employment. Staffordshire’s strategic position at the centre of the UK transport network may see the local demand for logistics operations locating in Staffordshire continuing.

Table 1: Total number of jobs (‘000s)

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<td>East Staffordshire</td>
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<td>62</td>
</tr>
<tr>
<td>Lichfield</td>
<td>46</td>
<td>50</td>
</tr>
<tr>
<td>Newcastle-under-Lyme</td>
<td>50</td>
<td>48</td>
</tr>
<tr>
<td>Cannock Chase</td>
<td>40</td>
<td>42</td>
</tr>
<tr>
<td>Staffordshire Moorlands</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>South Staffordshire</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Tamworth</td>
<td>34</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: NOMIS
4.1.6 Closely associated with logistics employment, the ‘distribution, hotels and restaurants’ sector is the second largest broad industrial group in Staffordshire. This grouping accounted for around 81,000 jobs and over 25% of total employment in the county in 2008.

4.1.7 While a certain amount of employee jobs within this grouping are associated with distribution and logistics, a large proportion of the employment is in the retail and hotels and restaurants (hospitality) sectors. Tourism and leisure is of growing importance to the Staffordshire economy, accounting for around £900 million of economic output for the local economy.

4.1.8 The tourism and leisure cluster has developed over recent years, again in part due to Staffordshire’s central location, local attractions such as Alton Towers and Drayton Manor Park, natural assets such as the Peak District, Cannock Chase and the National Forest and the assets of the built environment in towns such as Lichfield.

4.1.9 A sector which tends to be poorly represented in terms of employment share locally is ‘banking, finance and insurance’. This grouping provides some of the greatest levels of economic output per employee and is generally considered to be a ‘high value added’ sector. Banking, finance and insurance accounts for around 16% of total employment in Staffordshire, with only Lichfield (20.5%) and Tamworth (19.7%) districts having a share of employment approaching the national average of 22%.

4.1.10 This is possibly a reflection of location advantage, and being able to take advantage of their relative proximity to Birmingham, which as the largest city in the West Midlands Region contains a significant number of jobs within this sector. Many companies within this sector tend to locate in major cities, although Staffordshire does have a number of well known assets within this sector, in particular the headquarters of Britannia Building Society in Leek.

4.1.11 Manufacturing employment has fallen in recent decades across the country, but remains a very important sector to the Staffordshire economy. In total, manufacturing accounted for around 46,500 employee jobs and 14.5% of total employment in Staffordshire in 2008. Alongside manufacturing, construction accounted for a further 5.5% of total employee jobs.

4.1.12 The level of manufacturing employment is above both the regional (13.8%) and national (10.2%) averages. The high levels of manufacturing employment in the county meant that the area was hit hard by the recent economic recession, especially in relation to businesses with important supply chain links into the manufacturing and engineering sectors in the West Midlands conurbation.
4.1.13 The significant number of skilled people working within the manufacturing sector could prove to be very beneficial to the area in the future. The Government’s focus on high-technology manufacturing, with a move towards the low carbon economy, is likely to require many of the skills which are already present among Staffordshire’s workforce, or could be developed through adapting current processes, workforce retraining and re-skilling programmes.

4.1.14 The changing structure of the economy

4.1.15 Recent decades have been characterised by de-industrialisation, resulting in a significant number of job losses in manufacturing industries across the country. In the South East the financial sector has grown to become one of the major global financial centres, providing a significant number of higher value added jobs. This employment change has not been replicated to the same extent in northern parts of the country, where in many cases increased public sector employment has been the primary factor in helping to boost the economies of many areas.

4.1.16 The manufacturing sector has witnessed substantial restructuring and modernisation over the past two decades, but still accounts for around 20% of the county’s economic output. Between 2003 and 2008, around 10,000 jobs were lost in Staffordshire’s manufacturing sector, as shown in Figure 1. Unfortunately, changes in the methodology used to obtain the Annual Business Inquiry data means that a longer time comparison is not possible. However, the restructuring of the economy seen in the last five years is a very similar picture to that which has emerged over the last 20 years.

Figure 1: Net employment change by industry, Staffordshire, 2003-2008 (‘000s)

Source: Annual Business Inquiry, NOMIS
4.1.17 All of the districts in Staffordshire experienced a net reduction in manufacturing employment between 2003 and 2008, with Lichfield, Tamworth and Stafford experiencing the greatest reductions with decreases of 2,600, 2,300 and 1,700 employee jobs respectively.

4.1.18 Despite such significant shedding of employment, manufacturing is likely to continue to be of importance to the area in the future, with increasing high-technology manufacturing growth being a significant opportunity to narrow the area’s output gap. In the New Industry, New Jobs\(^6\) white paper the previous Government set out its priority sectors for investment, many of which are linked to high-technology manufacturing. Sectors such as advanced engineering, low carbon and construction are all likely to require manufacturing skills, and Staffordshire’s manufacturing base provides a comparative advantage over many other areas in respect of this, although there is likely be a need to up-skill and retrain the existing workforce. Although the white paper was released by the previous Government, it is likely that these industries mentioned in New Industry, New Jobs will continue to receive the support of the current Government.

4.1.19 Although Figure 1 suggests that public sector employment decreased in the county between 2003 and 2008, looking further back shows that public sector employment has increased by around 10,000 employee jobs since 1998. The growth of the public sector has been the primary driver of employment in many areas of the country, especially where there have been significant manufacturing job losses. Although this situation has been experienced most significantly in major urban areas, this is also true to a lesser extent in Staffordshire.

4.1.20 The Government has announced major cutbacks in public sector spending which are expected to lead to public sector job losses. The Office for Budget Responsibility (OBR) was formed in May 2010 to make an independent assessment of the public finances and the economy for each Budget and Pre-Budget Report. Following the Government’s Emergency Budget in June 2010, the OBR estimated that the measures set out in the Budget would result in the loss of around 610,000 public sector jobs in Great Britain by 2015/16. While this forecast is for the country as a whole, it is likely that Staffordshire will experience a significant fall in public sector employment. It should also be noted that some senior economists, such as former Monetary Policy Committee Member David Blanchflower, believe that the OBR’s forecasts are optimistic and public sector job losses may in fact be much more severe.

4.1.21 Public sector job losses will also impact on other sectors and businesses that rely on the public sector for all or part of their economic activity. Analysis from the Centre for Research on Socio-Cultural

\(^6\) New Industry, New Jobs; Building Britain’s Future, HM Government, April 2009
Change (CRESC) at the University of Manchester\(^7\) has highlighted the amount of employment directly from the state itself, and from so called ‘para state’ sectors which are reliant on the state to varying degrees. For example, commercial waste collection operators are often heavily reliant on contracts which have been commissioned by public sector organisations.

4.1.22 Figure 2 highlights how the level of state and para state employment has changed in Staffordshire since 1998. State and para state employment increased significantly between 2000 and 2003, while the level of private sector employment has remained fairly static. State and para state employment accounted for around 83,000 employee jobs in Staffordshire in 2008, in contrast to around 237,000 employee jobs in the private sector.

**Figure 2: Change in ‘state and para state’ and private sector employment, Staffordshire, Indexed: 1998=100**

![Graph showing employment trends](image)

Source: Annual Business Inquiry and CRESC, University of Manchester

4.1.23 Areas with high levels of public sector employment are likely to be some of the most vulnerable to the public sector spending cuts. In and around the Stafford urban area for example, public sector employment accounts for just over half of total employment.\(^8\) However, overall the

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\(^7\) Undisclosed and unsustainable; problems of the UK business model, John Buchanan et al, CRESC, December 2009

\(^8\) This figure may be slightly exaggerated as some employees that are coded for statistical records purposes as working in Stafford may actually work elsewhere in Staffordshire. For example, a Staffordshire County Council social worker who actually works in Tamworth may
level of public sector employment in the county is relatively low in comparison with many other areas, with Staffordshire having the fifth lowest level of public sector employment out of the 16 nearest neighbours\(^9\) in 2008. As well as the importance of public sector employment in Staffordshire itself, the importance of public sector employment for Staffordshire residents in surrounding authorities should also be considered. For example in Stoke-on-Trent, around 31\% of all employment is based within the state or ‘para-state’ sectors.

4.1.24 Given the significant losses in manufacturing employment experienced in recent years, and the forthcoming expected losses in public sector employment, the most pressing issue for the Staffordshire economy over the coming years will be to provide employment opportunities to fill the gap between public sector job losses and expected private sector employment increases.

4.1.25 Despite predicting significant public sector job losses, the OBR has also predicted that private sector growth will more than make up for public sector job losses up to 2015/16. This is in part expected to be due to private companies taking over roles previously filled by the public sector. However, this is a national based projection and given Staffordshire’s relatively poor record of private sector job growth in recent years, it is possible that replacement employment opportunities may not be as forthcoming.

4.1.26 Much of the recent private sector employment growth experienced in Staffordshire has been in logistics, call centres and in sectors which are reliant on the public sector. Further employment opportunities in logistics and call centres remains a possibility, but there is also a desire to develop a greater level of high value employment. The county will need to take full advantage of its strengths in emerging clusters\(^{10}\) if the overall level of employment is to grow in the high value added sectors over the coming years.

4.1.27 The environmental technologies cluster is a particular strength of the Staffordshire economy, particularly in the power distribution sector which will become increasingly important in relation to new infrastructure requirements, and the distribution of energy from non-traditional sources. The potential of the environmental technologies cluster is discussed in further detail in the ‘Place’ chapter.

4.1.28 Whilst not yet significant in employment terms, Staffordshire also has considerable strengths in the digital media cluster, accounting for

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\(^9\) Nearest neighbours are developed by CIPFA to allow comparison between 16 most similar authorities.

\(^{10}\) Advantage West Midlands defined certain clusters as being important to the future economy of the region. Developing these clusters is likely to be beneficial in improving the output of the local economy.
almost 1,000 jobs in 2008. This cluster is linked to the creative industries sector, another priority sector identified in New Industry, New Jobs. Staffordshire has particular strengths in creative industries centred on its universities, with the Stafford campus of Staffordshire University specialising in digital media courses. Retaining such graduates, and nurturing their knowledge, talent and innovation will be fundamental in the further development of this cluster.

4.1.29 Similar to the digital media cluster, the medical technologies cluster does not account for a great deal of employment at present, but has significant potential for growth, particularly against the demographic context of an ageing population, which is likely to present increased demand for its goods and services.

4.1.30 Staffordshire has a particular strength with regard to this cluster at Keele Science Park, where the cluster has developed around the university to include the teaching of medicine and nursing, and businesses involved in pharmaceuticals, tissue regeneration, scanning technology and other medical research activity. The development of Keele Science Park and associated satellite sites will be important in the continued growth of this cluster.

4.1.31 Building technologies is the largest of the identified clusters by employment in Staffordshire, accounting for around 34,000 employee jobs in 2008. Staffordshire’s strong manufacturing base may provide an opportunity for further employment growth in this cluster. Developing the ‘low carbon’ economy will also prove to be an opportunity to increase the importance of the cluster locally, especially around the need to create more energy efficient buildings and retro-fit existing buildings and equipment. The low carbon economy is discussed in more detail later in this chapter.

4.1.32 The tourism and leisure cluster experienced employment growth of around 9% between 2003 and 2008, and is responsible for a significant number of the county’s jobs (almost 30,000 employee jobs in 2008). There is an opportunity to further increase the tourism and leisure cluster by taking full advantage of the many assets of the county as discussed in further detail in the ‘Place’ chapter. Promotions such as the Enjoy Staffordshire11 campaign have already proved a great success in promoting tourism and leisure in Staffordshire.

4.1.33 Employment within health and social care has also seen significant growth in recent years and is likely to become increasingly important in the future given Staffordshire’s ageing population. Around 7,000 new jobs have been created in the sector since 2003, and it seems likely that this trend will continue. Although this sector is often considered to provide relatively low skilled employment, many jobs within health and social care require a wide range of skills including literacy, numeracy,

11 http://www.enjoystaffordshire.co.uk
IT skills, interpersonal skills and management skills. There are also close links to the medical technologies cluster discussed above.

4.1.34 The business and professional services cluster has experienced the greatest levels of employment growth since 2003, and accounts for around 12,500 employee jobs in 2008. This cluster is likely to develop most strongly in the southern Staffordshire districts, where businesses are able to develop through capitalising on a location close to Birmingham, and providing support services to established companies based in the area.

4.1.35 The location of businesses

4.1.36 Around three-quarters of all employee jobs and businesses in Staffordshire are based in areas defined as being urban\(^\text{12}\). Rural parts of the county have slightly lower levels of public sector employment, but a higher proportion of employment in manufacturing and ‘transport and communications’. The relatively high proportion of employment in transport and communications is in part due to logistics firms locating on the fringes of the urban areas, and along strategic transport corridors such as the M6, A50 and A38.

4.1.37 Although the impacts of industrial change have been felt across Staffordshire, it has not been experienced evenly throughout. Major urban areas have seen manufacturing employment fall substantially, whilst in rural areas there has been some employment growth. Economist David Keeble describes this phenomenon as the ‘urban-rural’ shift.\(^\text{13}\) The change in employment by industry group in rural and urban Staffordshire between 2003 and 2008 can be seen in Figure 3.

4.1.38 David Keeble has written extensively about the movement of firms and the shift of employment from urban to rural areas. The shift in the economy towards rural areas is thought to be due to a lack of availability of land within town centres, the cost of land in urban areas and technological improvements allowing companies to base themselves away from town centres. The increase in the number of professional occupations has also made commuting a more attractive economic option given the potentially higher rewards in terms of income. Keeble and Tyler (1995)\(^\text{14}\) also explain that the urban-rural shift may be in part due to the ‘enterprise theory’. This theory suggests that entrepreneurs and potential entrepreneurs are more likely to live within rural areas because they often have more attractive natural environments. This in turn generates a population in rural areas who tend to have a stronger skills base, and along with the improvements in

\(^{12}\) Based on the rural/urban definition at LSOA level of geography developed by ONS and DEFRA. Further information on rural/urban definitions can be found at [http://www.ons.gov.uk/about-statistics/geography/products/area-classifications/rural-urban-definition-and-la-classification/index.html](http://www.ons.gov.uk/about-statistics/geography/products/area-classifications/rural-urban-definition-and-la-classification/index.html)

\(^{13}\) Enterprising Behaviour and the Urban-Rural Shift, David Keeble and Peter Tyler, 1995

\(^{14}\) See footnote 13
infrastructure (particularly telecommunications), make rural locations a more attractive proposition for companies looking to set up in a new location.

**Figure 3: Net employment change by industry in rural and urban Staffordshire, 2003-2008 (‘000s)**

Source: NOMIS

4.1.39 The urban-rural shift certainly rings true in Staffordshire. Between 2003 and 2008, employment in urban parts of Staffordshire fell by around 12,000 jobs, with the manufacturing sector experiencing the largest contraction. In rural parts of the county, the total number of employee jobs increased by around 13,000, including an increased level of manufacturing employment. However, a significant number of the jobs created in rural parts of Staffordshire are likely to be based around the fringes of urban areas as discussed above. The natural assets of Staffordshire also have the potential to attract prospective employers to the area and this is considered further in the ‘Place’ chapter.
4.1.40 The future economy of Staffordshire

4.1.41 Economic forecasts provide a useful indication of the direction of travel of the economy, and predict how the structure of the Staffordshire economy may look in the future. Information from the Local Economy Forecasting Model (LEFM)\textsuperscript{15} can be seen in Figure 4.

**Figure 4: Projected employment change by industry, Staffordshire, 2009-2020 (‘000s)**

Source: Local Economy Forecasting Model, Cambridge Econometrics

4.1.42 Between 2009 and 2020, employment in Staffordshire is predicted to grow by around 27,000 jobs (7.4%), with much of this growth occurring in the ‘government and other services’ sector. However, as previously mentioned, the public sector is expected to experience significant budgetary constraints in the coming years as a result of austerity measures, and therefore a predicted growth of around 19,000 jobs would appear very optimistic. A reduction of employment in the public sector is possibly more likely to happen, and it is very difficult to predict whether growth in private sector employment will help to fill the employment gap left by public sector job losses, as expected by the Government.

4.1.43 Cambridge Econometrics believes that private sector growth will not balance public sector job losses in the West Midlands Region, and have predicted that although there will be around 16,000 new public

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\textsuperscript{15} The Local Economy Forecasting Model, as with all economic forecasts, should not be taken as a definitive picture as to what will happen in the future. The model simply provides a likely direction of travel based primarily on historical local data, and national economic forecasts and therefore can be affected by unforeseen changes in circumstances such as Government policy changes.
sector jobs up to 2015, that net public sector employment will fall by around 40,000 employee jobs. Forecasts from Cambridge Econometrics also identify that a significant proportion of private sector growth up to 2015 is more likely to be experienced in London and the South East, reflecting a similar pattern of private sector growth to that which has been seen in the last few decades. The Government will need to ensure that regions such as the West Midlands are supported strongly in their task of increasing private sector employment. The recent track record of sluggish private sector job creation provides a strong case for the direction of the majority of the Regional Growth Fund into areas of most need.

4.1.44 Economic forecasts suggest that ‘distribution, hotels and catering’ and ‘financial and business services’ are also predicted to experience strong growth up to 2020. It is predicted that there will be around 6,000 additional jobs created in the ‘financial and business services’ over the 2009-20 period, which is encouraging given that this sector is a key component of the high value added economy which is being sought in Staffordshire.

4.1.45 The most significant declines in employment are predicted to be felt within the manufacturing sector, with a loss of around 8,000 jobs over the 2009-20 period. However, given that attracting high-technology manufacturing industries is likely to be a key policy in future years, this high level of manufacturing job losses may be over exaggerated.

4.1.46 It should also be noted that the LEFM does not take into account the possible ‘replacement demand’ which can be generated due to retirements and restructuring of the workforce. For example, although there are projected job losses in the manufacturing sector, a significant replacement demand for skills may be generated, particularly where there is a labour force characterised by an older age structure coming towards retirement age.

4.1.47 Government policy is also likely to have a significant impact on the future industrial structure of the Staffordshire, regional and national economies. The national skills strategy, Skills for Growth\(^\text{16}\), highlights the aim for high technology, low carbon sectors to form the industries of the future. Attracting more high-value knowledge intensive companies to the county will play a key part in reducing the area’s output gap. However, it will also be important to increase the proportion of the population achieving higher level skills in order to make the county an attractive proposition to companies potentially wanting to set up within Staffordshire. Skills issues are considered in more detail in the ‘People’ chapter.

\(^{16}\) Skills for Growth – The national skills strategy, BIS, November 2009
4.2 Competitiveness in Staffordshire....

4.2.1 The competitiveness of the businesses operating in Staffordshire is a major factor relating to current and future economic prosperity. Future prosperity is likely to be characterised by improved productivity amongst local businesses, and new businesses being attracted to the area. A more detailed analysis relating to competitiveness is provided in the Business and Competitiveness thematic issues paper.

4.2.2 Gross Value Added

4.2.3 In the most simple of terms, Gross Value Added (GVA) is a key measurement of the value of goods and services produced in an economy (output) minus the value of the inputs used in the production of that output, and is hence the 'value added' by the economic process. It is the favoured measure nationally for monitoring the total output of the economy, and can also be used to compare levels of productivity in the economy.

4.2.4 GVA as an absolute measure provides an indication of the total overall economic output and scale of an area, and in 2007 the total GVA of the Staffordshire County Council area\(^1\) was around £12.3 billion. This gives Staffordshire the second largest total output of the strategic authorities in the West Midlands region after Birmingham. When comparing against a family of ‘near statistical neighbour’ authorities across England, Staffordshire's GVA is very similar to that generated in Cambridgeshire and Leicestershire.

4.2.5 Improving levels of GVA are key planks of national and outgoing regional economic strategies. The key aim of the West Midlands Regional Economic Strategy was to reduce the regional ‘output gap’\(^2\) with that of the UK as a whole. It has recently been calculated that closing the regional output gap to the UK average could generate a further £15 billion of output per annum across the West Midlands.

4.2.6 Although Staffordshire has the second largest absolute level of GVA of any strategic authority in the West Midlands, it has the second lowest level of GVA per head of any strategic authority (largely because it has the second largest resident population) at £14,848 per annum (74% of the UK GVA per head), after Shropshire County which has the lowest levels of GVA per head in the West Midlands. Figure 5 below highlights GVA per head for Staffordshire in comparison to selected other

\(^1\) Gross Value Added by “NUTS 3” area. ONS. (NUTS areas are a Europe wide geographical classification system). NUTS 3 areas are generally, but not always, equivalent to Counties and Unitary Authorities.

\(^2\) The output gap is calculated largely on the basis of the level of GVA per head which offers a comparison of the total GVA in an area as a proportion of the population. In the West Midlands region as a whole GVA per head in 2007 stands at £17,044, or 85% of the UK total which stands at around £20,400.
authorities in the West Midlands Region and statistical family of authorities.

Figure 5: GVA per head (£) Staffordshire and selected West Midlands strategic authorities and statistical family authorities

Source: ONS

4.2.7 GVA per head in Staffordshire County has not exceeded 75% of the UK average since 1998. GVA per head provides a useful comparison measure of the difference in output between areas. However, because it considers ‘workplace’ based GVA measured against a ‘residence’ based population, GVA per head data does not provide an ideal comparative measurement of the economic competitiveness, or productivity of geographical areas below the regional level, largely due to the complex patterns of movements from place of residence to place of work.

4.2.8 GVA per head is heavily influenced by a number of factors including, the commuting rate of an area, economic activity rates of the labour force, the employment rate and the ‘productivity’ of businesses operating in the area.

4.2.9 A significant part of the output gap in Staffordshire can be accounted for through out commuting. In this case Staffordshire residents are generating economic output in locations outside of the county, with their output recorded against a workplace in a different local authority area. Despite this situation, the Staffordshire economy does benefit to a degree through residents spending some of their wages on products and services in the county; however, this does not compensate for their economic output being recorded outside of Staffordshire.
4.2.10 Productivity

4.2.11 An additional factor in the generally low levels of GVA per head in Staffordshire can be explained by ‘productivity’, particularly where local businesses are producing goods and services which tend to generate relatively less ‘value added’ than in other parts of the region. A more effective measurement of the productivity of the economy is provided by the measurement of GVA per employee or GVA per filled job\(^{19}\).

4.2.12 The disparity between Staffordshire and the UK when considering GVA per filled job in Staffordshire (86% of UK average) is much smaller than that for GVA per head (where Staffordshire is at 74% of the UK average). Staffordshire, however, does still lag behind other areas when using this measure, particularly the more buoyant parts of the West Midlands region such as Solihull and Warwickshire as identified in Figure 6 below.

**Figure 6: GVA per filled job in 2007 - Staffordshire and selected West Midlands strategic authorities and statistical family authorities - GVA per filled job for the UK = 100**

![GVA per filled job chart](chart.png)

*Source: ONS*

4.2.13 An understanding of the components contributing to the GVA of the area, and how the relative importance of these components has changed over time are useful in determining the key drivers of prosperity locally.

4.2.14 For the Staffordshire County area, GVA data can be disaggregated into six major industries. At 2007, the industry with the greatest importance

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\(^{19}\) GVA per filled job includes output generated from Self Employment, the Armed Forces and People on Government Training schemes, and is the recommended measure of “productivity” below the national level.
in terms of generation of local GVA is distribution, transport and communication, which accounts for just over one quarter of the total GVA generated in Staffordshire. This is highlighted in Figure 7.

4.2.15 The production sector, which includes manufacturing activity accounts for just under one fifth of total GVA output in Staffordshire, and although agriculture, forestry and fishing in itself accounts for 1.2% of total GVA, the sector’s value locally should not be underestimated in terms of its contributions to supply chains with other land based industries and the food and drink sector in particular.

4.2.16 The importance and relative value of the construction sector is largely dependent on wider economic conditions, frequently experienced well outside of Staffordshire’s functional economic area. It is therefore possible that during the next few years the relative importance of construction (for which official data lags by 2 to 3 years) may decline in the light of reduced activity linked to the economic recession (with reduced confidence amongst developers, and reduced building activity) before showing some recovery during the first two quarters of 2010.

4.2.17 Other than in the production sector, there has been relative growth in output from all of these industries between 2000 and 2007. The greatest level of growth over this period (85%) was experienced in the business services and finance sector – it will also be interesting to monitor this situation into the future, following some of the economic shocks (especially internationally and nationally) hitting this sector during the 2008 financial crisis, although the lags in official data mean that the true impact, as measured by local GVA data may not be evident until December 2011.

Figure 7: Gross Value Added by Industry\textsuperscript{20} in Staffordshire County, 2007

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure7.png}
\caption{Gross Value Added by Industry in Staffordshire County, 2007}
\end{figure}

\textit{Source: ONS}

\textsuperscript{20} A disaggregation of the industries which make up these six broad groups is presented at Appendix 2.
4.2.18 The construction sector also experienced strong growth of around 71% between 2000 and 2007, which may be related largely to the buoyancy of the economy in general over this period. Again, it will be interesting to see how the sector fares as a result of the recession as highlighted above. Growth in the agricultural sector during the same period of 18% is likely to be subject to significant variances in the market and prices achievable in the sector, and will be heavily influenced by a range of external factors such as fuel and grain prices.

4.2.19 Increased levels of GVA may ultimately provide a measure of improved levels of prosperity for Staffordshire, however this growth should also be considered against a need to provide a sustainable economic future for the area. The development of the environmental technologies cluster in particular provides some potential to drive forward sustainable economic growth in Staffordshire.

4.3 **Enterprise and innovation**

4.3.1 Healthy and successful economies are often characterised by strong performance in enterprising activities and through high levels of entrepreneurship. Levels of self employment can provide a useful measure of enterprise within the area.

4.3.2 In Staffordshire, self employment levels are above Great Britain levels with 14.3% of the population aged 16+ self employed in the period January to December 2009\(^{21}\). They tend to be slightly lower than in other Shire counties in the West Midlands region (especially Herefordshire, which has the greatest levels of self employment). Self employment levels do tend to be higher than those experienced in the urban areas of the West Midlands conurbation.

4.3.3 There is some evidence that a larger number of people are starting to consider self employment as a career option following the economic recession, particularly amongst those who have recently been made redundant. This is partly reflected by a 1.3% increase in the self employment rate for Staffordshire from January to December 2008.

4.3.4 Within Staffordshire, levels of self employment are highest in Lichfield and Staffordshire Moorlands districts, and tend to be lowest in Cannock Chase and Newcastle-under-Lyme.

4.3.5 **Enterprise**

4.3.6 Enterprise levels are also often measured by dividing the number of new businesses registering for VAT or Pay as You Earn tax, by the resident population of an area aged 16 and above. This is known

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\(^{21}\) ONS. Annual Population Survey. January to December 2009
simply as the ‘enterprise rate’ and is formally used to monitor local economic performance across the country as National Indicator 171\textsuperscript{22}.

4.3.7 During the financial year to April 2008, the enterprise rate in Staffordshire stood at 46.8 registrations per 10,000 population aged 16 and above. This puts Staffordshire slightly below the average for the West Midlands Region, and well behind the average for Great Britain as a whole.

4.3.8 Figure 8 below highlights Staffordshire’s enterprise rate as significantly lower than other shire county areas in the West Midlands region, and also the difference between enterprise rates across the county. Newcastle-under-Lyme in particular has a low enterprise rate, which is possibly a reflection on the close links between the district and Stoke-on-Trent, and traditionally lower levels of enterprise in the North Staffordshire area. Lichfield district is the only Staffordshire district with an enterprise rate above that of Great Britain as a whole.

**Figure 8: Enterprise Rate – New Businesses Registering for VAT and PAYE per 10,000 population 2008**

Source: National Statistics

4.3.9 Enterprise rates tend to display a general pattern of higher levels of enterprise in the southern parts of Staffordshire, than in the north. To address this, a change in the culture of entrepreneurship and enterprise may be required in certain parts of Staffordshire, especially where a number of large employers in traditional sectors have tended to dominate the local economy and provide employment across several generations.

\textsuperscript{22}National Indicator 171. New Business Registration Rate. Communities and Local Government.
4.3.10 Innovation

4.3.11 The concept of measuring the contribution of innovation to the development of the economy is difficult. However, it is almost universally recognised that future economic growth for Staffordshire as well as the economies of the rest of the world will need to encompass significant innovative activity in order to remain competitive.

4.3.12 Whilst innovative practices in manufacturing processes (particularly in high technology fields) and information technology have been recognised for some time, the potential for innovation in the services sector should not be overlooked. Innovation related to the design of products is especially significant, with product design typically accounting for around 80% of product development costs. An example of recent success in this area has been Areva’s decision to invest some £55 million in transforming its Stafford transmission and distribution site into a state of the art research and development and high technology manufacturing facility.

4.3.13 A more innovative economy will typically involve a greater shift towards the ‘knowledge economy’ which has a reliance on an appropriately skilled workforce. The potential for higher education institutions in driving forward innovative activity has been recognised for some time, in relation to developing new innovative ideas, and as locations to bring together innovative businesses.

Table 2: Companies with a presence in Staffordshire appearing on the R & D Innovation Scoreboard

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Location</th>
<th>R &amp; D investment 2007 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barloworld UK</td>
<td>Scientific Glassware</td>
<td>Stone</td>
<td>3.1</td>
</tr>
<tr>
<td>Bostik UK</td>
<td>Glue manufacture</td>
<td>Stafford</td>
<td>1.1</td>
</tr>
<tr>
<td>Britannia Building Society</td>
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<td>Leek</td>
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<td>UK</td>
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<tr>
<td>Coors Brewers UK</td>
<td>Brewer</td>
<td>Burton upon Trent</td>
<td>0.86</td>
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<tr>
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<td>Metal manufacture</td>
<td>Tamworth</td>
<td>4.9</td>
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<tr>
<td>JCB Compact Products UK</td>
<td>Compact diggers etc.</td>
<td>Cheadle</td>
<td>8.32</td>
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<tr>
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<td>Diggers etc.</td>
<td>Rocester</td>
<td>32.7</td>
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<td>Burton upon Trent</td>
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<td>Sumitomo Electric Wiring</td>
<td>Automotive Wiring</td>
<td>Newcastle under Lym</td>
<td>2.16</td>
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<td>Systems UK</td>
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<tr>
<td>Zytek Ltd.</td>
<td>Automotive technology</td>
<td>Lichfield</td>
<td>3.58</td>
</tr>
</tbody>
</table>

Source: R & D Scoreboard. DIUS.
4.3.14 Innovation rich activities are taking place at universities throughout the sub-region, with Staffordshire University well known for its Information Technology and Creative Media strengths, and Keele University, and its adjacent science park identified as a hub for innovative technology in the health and medical technology sector. Future emphasis on forging innovation links with these and other Universities with an influence on the Staffordshire economy will be crucial towards the county’s future economic prosperity. The development and a greater awareness of ‘knowledge transfer partnerships’ which bring together academics, businesses and recently qualified people can provide one approach in the development of innovative activity.

4.3.15 It is very difficult to measure innovation in a quantitative manner, primarily because the value of innovation is often best seen in the realisation of the products and services to which it ultimately leads. It is possible, however, to measure the levels of spending on research and development activities by local companies, as highlighted by the companies above which have a well known presence in Staffordshire.

4.3.16 In addition to innovation as expressed by research and development, entrepreneurial activity is also a key factor for the development of innovative processes. The ‘global entrepreneurship monitor’\(^\text{23}\) provides an alternative measure of innovation activity through a survey of attitudes and perceptions towards entrepreneurship, which is also directly linked to issues of enterprise as highlighted above. Table 3 below highlights these attitudes and perceptions.

**Table 3: Attitudes and perceptions towards entrepreneurship 2007 (% of respondents)**

<table>
<thead>
<tr>
<th></th>
<th>Expect to start up in next three years</th>
<th>Knows an entrepreneur</th>
<th>Good start up opportunities</th>
<th>Have skills to start a business</th>
<th>Fear of failure prevents start up</th>
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<tr>
<td>Herefordshire and Worcestershire</td>
<td>6.3</td>
<td>25.7</td>
<td>34.5</td>
<td>54.6</td>
<td>34.6</td>
</tr>
<tr>
<td>Shropshire</td>
<td>3.8</td>
<td>20.0</td>
<td>39.1</td>
<td>47.8</td>
<td>33.8</td>
</tr>
<tr>
<td>Warwickshire</td>
<td>10.2</td>
<td>27.7</td>
<td>37.6</td>
<td>49.6</td>
<td>34.6</td>
</tr>
<tr>
<td>West Midlands Conurbation</td>
<td>8.6</td>
<td>22.5</td>
<td>35.6</td>
<td>43.2</td>
<td>37.7</td>
</tr>
<tr>
<td>West Midlands Region</td>
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<td>24.0</td>
<td>34.5</td>
<td>45.5</td>
<td>38.6</td>
</tr>
<tr>
<td>UK</td>
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<td>25.7</td>
<td>39.1</td>
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<tr>
<td>Staffordshire</td>
<td>6.1</td>
<td>26.3</td>
<td>28.8</td>
<td>42.0</td>
<td>47.2</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2007, from West Midlands Regional Observatory State of the Region 2009

4.3.17 It is interesting to note that Staffordshire has the second lowest rates of people who would expect to start up a business in the next three years, and performs poorly on perceptions towards start up opportunities, skills to start up a business and for fear of failure. Conversely, Staffordshire has a relatively high number of people who report that they know an entrepreneur, suggesting some strength in entrepreneurial activity locally. Staffordshire, therefore, appears to have some untapped potential to increase the overall levels of innovative activity in general around the county, and in a wider sense to drive up local attitudes, aspirations and perceptions towards entrepreneurship.

4.3.18 The knowledge economy

4.3.19 The term ‘knowledge economy’ (where knowledge is seen as a product) is often used interchangeably with ‘knowledge-based economy’ (where knowledge is a tool). A difficulty in attempting to measure the knowledge based economy is that the ‘transfer’ of knowledge is often critical to the success of innovative activity and cannot be easily quantified.

4.3.20 Recent developments in communication technologies have meant that physical location is now less important in the development of a knowledge based economy, but in the most successful examples such as ‘Silicon Valley’ in the USA, the M4 corridor in Britain and more locally at Keele University Science Park and Staffordshire Technology Park, the transfer of ‘tacit knowledge’ between individuals can potentially yield the greatest benefits. Tacit knowledge is often most successfully built where personal contact and trust can be shared between individuals who are in close proximity to each other.

4.3.21 At 2008 around 40.5% of total employment in Staffordshire was based in knowledge intensive services with a variation of the levels of such employment from around 32% in Cannock Chase and Tamworth to more than 50% in Stafford. Knowledge intensive services are most often characterised by employment in education, the financial services and in some public services.

4.3.22 Employment in high and medium technology manufacturing can also be classed as contributing to the knowledge based economy. Staffordshire performs strongly on this measure, and in particular East Staffordshire (5.9% of total employment), South Staffordshire (6.5%) and Staffordshire Moorlands (9.1%) all have strong shares of their employment in high and medium technology manufacturing.

4.3.23 The availability of suitably qualified and well-skilled individuals is fundamental to the development of the knowledge economy. The successful future economic prosperity of Staffordshire will be characterised by a range of factors, including the improvement of the
skills base, better levels of graduate retention, a greater share of employment in higher value added sectors and improved levels of earnings with less disparity between the earnings of Staffordshire’s residents with those of local workplaces.

4.4  The low carbon economy....

4.4.1 In the UK Low Carbon Transition Plan\textsuperscript{24} the previous Government set out ambitious plans for the growth of a low carbon economy. Initial guidance on producing local economic assessments\textsuperscript{25} stated that local authorities should attempt to produce an assessment of the low carbon economy in their area.

4.4.2 There is very limited systematically collected empirical data that relates to the state of the low carbon economy. Therefore, this section will focus on existing regional and national studies relating to the low carbon economy.

4.4.3 Defining the Low Carbon Economy

4.4.4 The central focus of the West Midlands Regional Economic Strategy Connecting to Success\textsuperscript{26} was to support the transition to a low carbon economy. However, there is no clearly recognised definition for what a low carbon economy actually means. The West Midlands Economic Strategy developed its own definition of a low carbon economy as:-

“An economy that produces goods and services of increasing value while reducing the associated greenhouse gases in their production, use and disposal. Low-carbon goods, services and skills are related to achieving this outcome and can be specialist (e.g. wind turbine manufacturer or micro-generation domestic installers), or changes within mainstream processes, for example a food manufacturer improving the efficiency of its logistics or production process, or plumbers learning how to also install solar heating.”

4.4.5 Although the forthcoming abolition of the Regional Development Agency, Advantage West Midlands, means that the Regional Economic Strategy will no longer be relevant, its basis of the definition of a low carbon economy should hold true. This definition for a low carbon economy suggests that there are two major aspects that need to be considered. The first aspect relates to businesses producing goods and services directly aimed towards the low carbon sector, such as the manufacture of wind turbines, while the second aspect is the ability of all businesses to increase efficiency in their processes and to reduce the amount of greenhouse gases created.

\textsuperscript{24} The UK Low Carbon Transition Plan, HM Government, July 2009.
\textsuperscript{25} Statutory guidance on local economic assessments, Department for Communities and Local Government, March 2010.
\textsuperscript{26} Connecting to Success: West Midlands Economic Strategy, December 2007.
4.4.6 A range of organisations and publications have attempted to look at the low carbon economy. A 2020 Low Carbon Economy\textsuperscript{27}, produced by The Work Foundation, highlights the contrasting definitions of low carbon economic activity. This emphasises the difficulty in defining the low carbon economy given that there is no recognised common definition. Because there is no common definition for the low carbon economy, it is not currently possible to analyse the number of employees and businesses within this cluster. Advantage West Midlands (AWM) has defined an environmental technologies cluster, but low carbon activities extend across a much wider sphere than this definition.

4.4.7 Growth into a Low Carbon Economy

4.4.8 In 2009 the West Midlands Regional Observatory (WMRO) and Advantage West Midlands (AWM) commissioned consultants Atkins to produce a review of the opportunities for growth into the low carbon economy within the West Midlands Region\textsuperscript{28}. The report focused on the existing business base of the West Midlands and how businesses could take advantage of the drive towards a low carbon economy. The aim was to produce an understanding of the opportunities for diversification and decarbonisation, including companies that could potentially branch out into low carbon economic activities or improve existing processes to reduce greenhouse gases.

4.4.9 Atkins identified eight key sectors that presented the greatest opportunities in developing the low carbon economy in the West Midlands Region. Six of these key sectors were shown to have a ‘highly significant’\textsuperscript{29} presence within Staffordshire:-

- Manufacture of non-metallic mineral goods;
- Manufacture of automotive and transport equipment;
- Manufacture of metals and fabricated metal products and electrical equipment;
- Construction;
- Transport, storage and communications;
- Public services.

4.4.10 24% of businesses in Staffordshire were shown to be in sectors with opportunities for diversification into the low carbon economy and 66% of businesses were shown to have opportunities for decarbonising their processes.

\textsuperscript{28} Low Carbon Economy in the West Midlands, Atkins, February 2010.
\textsuperscript{29} If the sector represented over 2% of total employment, it was defined as having a highly significant presence
4.4.11 An example of the potential of Staffordshire’s employers to diversify into low carbon activities is provided by Stafford based power distribution firm Areva T&D. The company has recently won a £500,000 contract from Airtricity, Ireland’s biggest generator and supplier of green energy. Areva’s technology will be used to test the feasibility of the 13-turbine wind farm to be based in Ireland30.

4.4.12 Sectors Vulnerable to Low Carbon Legislation

4.4.13 In parallel to the work by Atkins, the WMRO looked at which sectors may be vulnerable to present and forthcoming carbon legislation. Sectors highlighted as being highly vulnerable to carbon constraints in Staffordshire included:-

- Health and social work;
- Transport equipment;
- Transport and communications;
- Electricity, gas and water supply;
- Education;
- Construction;
- Other manufacturing sectors.

4.4.14 The primary reasons why these sectors are considered to be vulnerable to carbon legislation are either because of how the sector operates, or the products and services they deliver. 13% of businesses in Staffordshire were shown to be vulnerable to carbon constraints due to their products and services, while 15% of businesses were vulnerable due to how they operate. Targeted support for those businesses vulnerable to low carbon legislation will be important for their future operation. The Staffordshire Business & Environment Network (SBEN) has already been very successful in helping businesses to reduce their environmental impact through well-established training services and events.

4.4.15 Skills and the Low Carbon Economy

4.4.16 The national Sector Skills Councils (SSCs) are independent, employer led organisations designed to build a skills system that is driven by employer demand. There are currently 25 SSCs, each covering a specific industrial sector. In response to the release of New Industry, New Jobs31, 11 of the SSCs came together to produce a sector skills assessment for the low carbon cluster32. This report contains some

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30 Wind of change at farm after deal to allow tests, The Sentinel, 14 June 2010
useful information on the skills issues relating to the low carbon economy.

4.4.17 The report is structured around four broad themes, each of which represents a significant source of carbon production:

- Decarbonising the power industry;
- Decarbonising industry;
- Decarbonising transport;
- Decarbonising buildings.

4.4.18 The report focuses on the opportunities of decarbonising existing industries rather than the potential to diversify into low carbon activities. Under the four broad themes, 18 separate low carbon aspects were identified. The factors driving the demand for skills both now and in the future, as well as the extent to which the supply of skills meets current and future demand, is considered for each of the 18 separate aspects.

4.4.19 Some of the 18 low carbon aspects identified in the report are likely to be more relevant to the Staffordshire economy than others. Staffordshire’s strategic position has led to many logistic companies moving to the area, and decarbonising the transport sector is highlighted as a major opportunity to reduce greenhouse gas emissions. Of particular interest to the logistics sector is improving fuel efficiency. The SSC report highlights training such as Safe and Fuel Efficient Driving (SAFED) courses being important in improving fuel efficiency in logistics operations, just one example of how developing the skills base could help in the development of a low carbon economy in the area. Decarbonising industry and buildings is also clearly very wide ranging and could affect a great deal of companies within Staffordshire.

4.4.20 The SSCs believe that an adequate supply of science, technology, engineering and maths (STEM) qualified individuals is a critical short and long-term issue for the low carbon sector. It is believed that a significant part of the skills challenge in low carbon industries is for technician and professional level skills at levels 3, 4 and 5. This situation is somewhat exacerbated by public subsidies towards the costs of training currently not being directed towards these levels of qualifications. Many individuals in more traditional occupations could have the opportunity to become involved in low carbon industries as a result of changing legislation; there is a real need to retrain and up-skill these people to participate in low carbon activities, and to precisely identify their skills requirements.

4.4.21 The SSCs also state that effective project management skills are vital building blocks for developing many low carbon industries, while the quality of leadership and management across the low carbon cluster
needs to improve. In many industries there are insufficient numbers of individuals trained in ‘lean manufacturing’ and business improvement techniques (BIT). It is believed that BIT can play a significant part in helping emerging low carbon industries as well as traditional industries adapt to low carbon thinking and operating.

4.4.22 The need for generic low carbon skills is also considered, and these skills will be important for the future across all industries in the low carbon cluster. These skills include sustainable procurement, carbon accounting, performance reporting, environmental management systems, risk management, whole life costing, cost benefit analysis and commercialisation skills.

4.4.23 In terms of the skills needed to support the growth of the low carbon economy, the Sector Skills Council’s report provides a useful starting point. However, further work on exactly what ‘top-up’ skills people will need to respond to changing carbon legislation would be useful, while the need for more individuals with high level qualifications remains evident, something which is lacking in certain areas across Staffordshire and in particular among the working age population in Cannock Chase and Tamworth.

4.4.24 Other issues relating to the low carbon economy

4.4.25 The need to retro-fit existing buildings and equipment in order to meet increasingly stringent low carbon legislation is potentially an opportunity in Staffordshire given the area’s strength in the building technologies cluster and the strong manufacturing base. However, again there is likely to be a need to up-skill and retrain the workforce if the county is to fully exploit this opportunity.

4.4.26 The successful development, and shift towards a low carbon economy is likely to be dependent on the availability of appropriate and effective infrastructure. Limited information currently exists of the exact infrastructure requirements needed to support the growth of the low carbon economy. It will therefore be important that future infrastructure is delivered with the foresight to ensure its adaptations towards the needs of the low carbon economy can be effectively met.

4.5 Business needs....

4.5.1 As part of a local economic assessment it is important to understand the needs of the local business community, the issues which are felt to be positive towards growth and development and those which may hinder growth. The perceptions of local businesses of Staffordshire as a location to run a successful business are also important, with all of these factors helping local partners to target inward investment most effectively.
4.5.2 Local partners have identified that a thorough understanding of the skills needs of local businesses will be crucial in supporting local economic growth and for Staffordshire’s future economic prosperity.

4.5.3 As part of the LEA process, Staffordshire County Council, alongside Stoke-on-Trent City Council, the local Lifelong Learning Network and North and Southern Staffordshire Chambers of Commerce has recently undertaken a survey of local employers’ skills needs. The results of the survey will be considered in the final LEA, and form a basis for the development of skills planning locally.

4.5.4 Further consultation around other issues important to local businesses is planned as part of the duty to prepare the LEA.

4.5.5 Anecdotal evidence gathered through discussions at local business fora, and from the responses of local economic development officers suggests that restrictive planning constraints and the continued lack of affordable finance from major lenders are major issues hindering business growth locally.

4.5.6 The success of schemes such as the Staffordshire Business Support Fund, which has loaned more than £500,000 to support small businesses in the county since being introduced, highlights the continued strong demand for access to affordable finance locally.

4.5.7 Recent changes to the planning system, which are likely to introduce a greater focus towards localism may lead to a step forward in reducing the constraints identified by local businesses. Local planning authorities should aim to ensure that their plan making and planning policy functions can work alongside local businesses to help to secure future economic prosperity. The proposed Stoke-on-Trent and Staffordshire Local Enterprise Partnership will provide a much clearer level of business engagement locally and provide an opportunity for local authorities to best meet the needs of businesses.

4.5.8 A range of business engagement activity is undertaken locally, including through local business fora, as a part of the local development framework evidence base preparation, and through initiatives such as “think local”. The local Chambers of Commerce for North Staffordshire and Southern Staffordshire both analyse survey information which feeds into the British Chambers of Commerce quarterly economic survey.

4.5.9 A local analysis of economic conditions is provided by North Staffordshire Chamber of Commerce\(^{33}\) and provides a useful insight of how local businesses are performing at home and abroad and an

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indication of how confident businesses are about their future economic prospects.

4.5.10 The most recent report on the survey for the quarter ended March 2010, identifies slightly improved trading conditions for businesses in North Staffordshire, although the recovery remains fragile. Levels of domestic sales and orders for both the manufacturing and services sectors have risen significantly. Manufacturing export sales and orders, although down on the previous quarter, are at a higher level than in March 2009.

4.5.11 Although the job cuts predicted last quarter by the manufacturing sector have taken place, the overall trend for workforce levels has improved for manufacturing and services compared to quarter one of 2009. Cash flow has eased slightly and business confidence has risen, with firms now more optimistic that turnover and profitability will improve in the year ahead. The survey also reinforces the focus on the need for skills development in Staffordshire particularly for skilled manual and technical occupations.

4.5.12 It is anticipated that Southern Staffordshire Chamber of Commerce will undertake a similar analysis of local economic conditions which will also provide important business engagement evidence to the Staffordshire LEA.
5 Staffordshire’s People

Staffordshire’s people underpin the county’s economic prosperity by providing the labour force which keeps Staffordshire’s businesses moving forward, as customers for local services, and by helping to shape the communities in which they live.

5.1 The demographic context...

5.1.1 The demographic characteristics of people in Staffordshire and the communities in which they live are an important influence to service planning locally, the needs of local businesses and the overall spatial development of the county.

5.1.2 A significant factor in the general increase in total population is that people are tending to live longer, relatively healthier lives. Staffordshire, in common with many other areas has an ageing population, with over 27% of the workforce aged 50 to retirement age, above the regional average of 25%. Within some districts of Staffordshire this proportion is even higher, particularly in Stafford (29%) and Newcastle-under-Lyme (31%). The workforce profile of Staffordshire can be seen in Figure 9. At 76% the proportion of over 50s in employment is above the regional average of 72%.

Figure 9: Workforce profile by age 2008

Source: 2008 Mid-year estimates. ONS

5.1.3 Looking at the working age population of Staffordshire gives an indication of the potential size of the labour force. The latest mid-year
population estimates show that there are currently around 505,200 people of working age in Staffordshire, while the Annual Population Survey shows that around 392,800 people are in employment, 77.8% of Staffordshire’s working age population.

5.1.4 In considering how the working age population has changed in recent years, as shown in Figure 10, the working age population of Staffordshire has increased by around 2,200 people (0.4%), a smaller percentage increase than that of the West Midlands Region (1.7%) and Great Britain (3.3%).

5.1.5 The growth in working age population has not been distributed evenly throughout the county, with East Staffordshire and Newcastle-under-Lyme experiencing the greatest growth in working age population over the last five years, while the working age population of Staffordshire Moorlands and South Staffordshire has fallen, largely as a result of an ageing population. A number of factors could be influencing this situation, however a higher level of resident retired people, and the out migration of younger people towards urban areas (often due to housing affordability or for wider employment prospects) may be among the key reasons behind the ageing population in these districts.

Figure 10: Change in working age population (16-64(M)/59(F)), 2003-08

Source: Mid-Year Estimates. ONS
5.1.6 Staffordshire, in common with many other areas of the country, is expected to see a growth in its population into the future. However, the population of Staffordshire is ageing and the numbers of people in the ‘prime ages of economic activity’ (between 25 and 49) are expected to fall by around 4% from their current levels by 2026.

5.1.7 According to population projections, Staffordshire’s population will rise to around 909,000 in 2026 (from a current base of 829,000). The majority of this change is likely to come from the retired population aged 65 and older, which is expected to grow by around 80,000 people by 2026. Such a change to the population is likely to have an impact on the labour force of Staffordshire, with potentially a smaller overall labour force, and possibly a changing structure in the labour force which could mean that people have to work to a greater age than at present, and possibly a shift towards a greater emphasis on part-time work. More part-time working can also have consequences for ‘underemployment’, particularly in relation to jobs recently filled following the recession where around 80% of all notified vacancies have been for part-time positions.

5.1.8 As the population also becomes increasingly skewed towards the older age groups, this may have implications for the health and social care sector, with the likelihood being that greater social care provision will be required to support a growing ageing population. As well as ensuring that there are people sufficiently qualified to support the needs of the social care and health sector, there will also be a need for older people to be adaptive and flexible in the development of their skills, and to engage in retraining to be able to participate in the future development of the labour market.

5.1.9 As well as natural change in the population, which can be largely explained by births, deaths, and the fact that people are tending to live to an older age, population change is also heavily influenced by migration, both from within the UK and overseas. The most important migration trends have been related to movements within the region, typically from urban to rural areas.

5.1.10 There has been a slowing in this trend over recent years as the policy of the now abolished Regional Spatial Strategy in particular has directed growth towards the major urban areas of the West Midlands conurbation and North Staffordshire, rather than the development of the ‘central crescent’ of towns surrounding West Midlands conurbation as had been the case previously.

5.1.11 Although the official designations as ‘growth point’ locations have now been removed as a result of changes to government policy, the towns of Stafford and Burton upon Trent are still expected to attract substantial growth over the medium to long-term future. These towns were originally selected for their ability to accommodate balanced growth of housing and employment with associated infrastructural
improvements, and may be a focus for additional inward migration during these periods.

5.1.12 Levels of international migration have been relatively high since 2004, following the expansion of the EU, and the associated labour market freedoms that this presents. The true impact of international migration in the local context for the future of Staffordshire is uncertain as a consequence of the limitations of official data which tend to concentrate on persons entering the UK and registering for employment, rather than recording their movements out of the country. The devaluation of the Pound against other key currencies during the recession has anecdotally led to some decreases in the numbers of international migrants entering the country through the Workers Registration Scheme and National Insurance registrations.

5.1.13 Given the changing demographic circumstances of the county, it is possible that international migration could provide some capacity to fill labour market gaps, which may arise as a consequence of the generally ageing population of Staffordshire.

5.2 **The labour force and economic activity....**

5.2.1 The local labour force provides the human resources on which Staffordshire’s businesses depend. A dependable workforce who are appropriately skilled for their jobs, and adaptable to their roles are at the very foundation of a successful local economy.

5.2.2 Working age people removed from the labour force, whether this is through being unemployed, as a result of a limiting health condition or due to other commitments such as caring for a relative or child are often classed as being a part of the economically inactive or ‘workless' population.

5.2.3 As an integral part of the duty to prepare the Staffordshire LEA, a ‘Worklessness Assessment' is being produced in parallel and will investigate measures of economic inactivity across three major subject areas:-

- Defining and measuring worklessness
- Employer demand
- Identification of barriers to work

5.2.4 The LEA highlights some of the key issues emerging from the worklessness assessment rather than considering detailed analysis of economic inactivity. In addition to the worklessness assessment itself, further issues relating to economic inactivity can be found in the Worklessness thematic issues paper.
5.2.5 The labour force

5.2.6 The Staffordshire labour force has traditionally seen less people employed in the higher occupation groups, which tend to have higher levels of earnings, and associated economic output. However, the county has generally seen relatively high and stable levels of overall employment when compared to surrounding urban areas such as Stoke-on-Trent and the Black Country, and performs above regional and national averages, as shown in Figure 11. When it is compared against other Shire authorities in the West Midlands Region, Staffordshire’s employment rate of 78.3% performs slightly lower.

5.2.7 Information on employment rates is taken from the Annual Population Survey, produced by the Office for National Statistics. Due to the information being from a survey, sampling error is a problem at lower levels of geography.34

Figure 11: Percentage of the working age population who are in employment, 2008

34 The symbols extending from each point in Figure 11 highlight the upper and lower confidence intervals for each data point, and refer to the range of 95% confidence that the true value lies somewhere between the upper and lower boundaries.
5.2.8 Tackling economic inactivity

5.2.9 Taking into account confidence interval issues, the highest overall employment rates for 2008 are found in Lichfield and Tamworth districts. This is interesting as further analysis highlights Tamworth as having some of the most challenging socio-economic issues in Staffordshire; however, the town’s relatively young age profile means that the employment rate is relatively high.

5.2.10 The most challenging areas locally are Cannock Chase and Newcastle-under-Lyme districts which both fall well below the previous Government’s long-term target to get 80% of working age people into employment. The legacy of traditional employment in the mining industry and heavy manufacturing sectors, leading to long-term illness and disability can be seen as one reason behind the relatively low employment rates in these localities. Further analysis of potential barriers to employment and factors influencing economic activity is provided in the Staffordshire worklessness assessment.

5.2.11 In addition to structural issues related to the economic competitiveness and the productivity of the economy, economic exclusion issues can be attributed to around 20% of the regional ‘output gap’\(^\text{35}\). There is therefore potential to make steps towards narrowing the local productivity gap by tackling problem areas of economic activity, and thus improving the overall productivity of the workforce.

5.2.12 A range of terms exist to define economic inactivity, and these are considered in greater detail in the Staffordshire Worklessness Assessment. The most widely used definition among partners in Staffordshire considers people who are claiming out of work benefits including Jobseekers Allowance, Incapacity Benefit/Employment Support Allowance, Income Support for lone parents or other income related benefits.

5.2.13 In Staffordshire a multi-dimensional approach to tackling inactivity has been developed over the past three years with a greater focus towards tackling the needs of the most challenging neighbourhoods in the county. Figure 12 highlights the changing nature of claims for out of work benefits in Staffordshire from the baseline of May 2007 to November in 2009.

\(^{35}\) The regional output gap is calculated by assuming how much extra economic output could be generated regionally if Gross Value Added per head was equal to the UK average.
Figure 12: Change in out of work benefits claimants in Staffordshire

5.2.14 Whilst there have been quite significant increases to Jobseekers Allowance (JSA) claimants during the recession throughout the whole of Staffordshire, issues of long-term economic inactivity have tended to be concentrated among a number of priority neighbourhoods where individuals tend to be much further removed from the local labour market.

5.2.15 The Staffordshire local area agreement (LAA) for the period 2008-11 identifies 43 Lower Super Output Areas (LSOAs) where the working age benefit claimant rate exceeded 20% at a May 2007 baseline. These areas are shown in figure 13.

5.2.16 When the baseline was set, these 43 LSOAs represented 18.4% of all benefit claimants in Staffordshire from only 8% of the LSOAs countywide. By August 2009, these neighbourhoods accounted for 18.0% of all out of work claimants in Staffordshire; however, this slight reduction is largely a consequence of the significant increases in JSA claimants across the whole of the county rather than through a reduction in benefit claimants in the priority areas. The increases in JSA are highlighted in Figure 12.

Source: NOMIS
5.2.17 The performance gap between the levels of economic inactivity in the 43 priority areas and the rest of Staffordshire has been widening and the core objective of the Staffordshire LAA priority around tackling economic inactivity locally is to take action to reduce this gap.

5.2.18 Despite a limited range of funding opportunities (for example there has been no access to the Working Neighbourhoods Fund in Staffordshire), a range of programmes and activities have been developed to tackle economic inactivity in Staffordshire, and worklessness action groups have produced plans locally to co-ordinate activity.

5.2.19 In addition to the mainstream programmes delivered by Job Centre Plus, specific local activity to tackle long term economic inactivity locally includes:
• ‘Connections to Opportunities’ which addresses long-term Incapacity Benefit claimants across the identified 43 priority communities, targeting first step ‘pre-engagement’ to introduce individuals back into the culture of working.

• Jobs Enterprise and Training (JETs) within three areas of Stoke-on-Trent, and in Knutton (Newcastle-under-Lyme), Burton upon Trent, Cannock and Tamworth. JET advisers work in local communities to help people find and stay in work.

• The Family Employment Initiative (FEI), a partnership initiative which is managed by the Coalfields Regeneration Trust and operating in Newcastle-under-Lyme. The FEI provides advice to individuals in preparing for work such as CV writing, supporting individuals in making job applications and advising how getting a job may affect entitlement to benefits.

• Three localities in Staffordshire have been identified as a focus for activity on the basis of multi-dimensional child welfare issues with generational links to worklessness. These are Anglesey in East Staffordshire, Glascote in Tamworth and Penkside in Stafford. A fourth area the Blake High School catchment in Cannock North is the focus of the ‘Total Staffordshire’ initiative which will address underperformance and underachievement across a range of indicators. A fifth locality, Cross Heath in Newcastle-under-Lyme has been identified by the Staffordshire Economic Champions group.

5.2.20 Worklessness has increased dramatically since the start of the recession, almost entirely due to the large increases in Jobseeker’s Allowance claimants.

5.2.21 Lone parent benefits, Employment Support Allowance / Incapacity Benefits and other income benefits have all seen slight increases in claimant numbers since the start of the recession. However, the recession’s impact on increased Jobseekers Allowance claimant numbers has been the most striking issue locally, rising from 7,000 claimants in November 2007 to around 17,500 claimants in August 2009.

5.2.22 Jobseekers Allowance claimant rates in Staffordshire have experienced a significant reduction over the past year from a recent peak of more than 20,000 in April 2009 (down to around 15,000 claimants in July 2010) and this has represented one of the greatest declines in JSA among all of the strategic authorities in the West Midlands.

5.2.23 Although people are beginning to find employment opportunities and re-entering the labour market, claimants of Incapacity Benefit and its successor Employment Support Allowance continue to represent the
vast majority of the workless caseload in Staffordshire and account for around 50% of the caseload of the 43 priority localities highlighted above.

5.2.24 Claimants of Incapacity Benefit and Employment Support Allowance tend to be especially prevalent in the former coalfield communities of Cannock Chase and Newcastle-under-Lyme. The aspirations of individuals in these communities have sometimes been affected, particularly where there has been intergenerational experience of worklessness in a family. Worklessness initiatives such as those highlighted above represent part of the local activity in helping to address these aspiration issues. Although the mining activity in these communities has long since ceased, its legacy continues, particularly in relation to persistence of ill health among coalfield communities, and is a significant factor in the concentration of claims for Incapacity Benefit.

5.2.25 Such structural economic issues related to former industrial legacy are important considerations, particularly in the coalfield areas. There are, however, significant other local factors influencing worklessness locally. The most prevalent reason for people claiming Incapacity Benefit in Staffordshire is due to them suffering from a condition related to mental illness which affects their ability to work, with this pattern being prevalent among many localities.

5.2.26 Other localities may have their own circumstance which influence the prevalence of economic inactivity, for example the concentration of people claiming lone parents benefits in Chadsmead ward in Lichfield, and the concentration of people from a Black and Minority Ethnic background in the inner wards of Burton upon Trent who may also be affected by the added dimension of language barriers influencing their participation in the labour market.

5.2.27 The Government’s recent announcement to streamline the benefits system through a forthcoming Welfare Reform Bill is likely to have considerable implications for the levels of economic inactivity in Staffordshire and more widely across the country as a whole, and may lead to some reductions in the scale of economic inactivity locally. It will be interesting to monitor how benefit dependency does change in the new political context, and whether the greatest challenges continue to be experienced in the identified priority neighbourhoods. Although there are likely to be significant reductions in claims for Incapacity Benefit/Employment Support Allowance, it will remain to be seen whether individuals leaving these benefits will be able to access increased private sector employment opportunities, particularly against a backdrop of likely decreases in public sector employment.

36 In some BME communities there is a greater tendency for women not to work and this is reflected in a study on the impact of demographics and multiple risk factors on the workless population published by the West Midlands Regional Observatory. http://www.wmro.org/resources/res.aspx/CmsResource/resourceFilename/3187/worklessness-impact-demographics-multiple-risk-factors-full-report.pdf
5.2.28 The Staffordshire Worklessness Assessment considers the local dynamics of economic inactivity in much greater detail, providing an evidence base for partners in the commissioning and delivery of activity to tackle worklessness for the future.

5.2.29 Unemployment

5.2.30 In contrast to the long term nature of many people claiming Incapacity Benefit and other ‘inactive’ working benefits, people who are ‘unemployed’ generally tend to be a lot closer to the mainstream labour market.

5.2.31 Unemployment can be measured through the number of people claiming unemployment benefit (people claiming Jobseekers Allowance – often known as the claimant count), or through the wider International Labour Organisation (ILO) measure of unemployment (which takes account of those who are not currently working, but are willing and able to work for pay, currently available to work and actively seeking work). Unemployment statistics at a detailed locality level are usually measured only by the claimant count methodology, which is made available on a monthly basis and across a range of different statistical groups.

5.2.32 During the recession and economic downturn of the past 18 months, claimant unemployment in Staffordshire reached a peak of 20,600 persons in April 2010. As a result of various activities locally, regionally and nationally, and a tentative recovery in the local economy, this situation has now improved to a situation where 15,000 people are claiming Jobseekers Allowance (as of July 2010). Encouragingly, there has not been a substantial increase in numbers of people claiming other benefits locally, meaning that those leaving the JSA claimant count are more likely to be experiencing positive outcomes rather than migrating onto other benefits.

5.2.33 'Underemployment' is proving to be particularly problematic at the moment among the labour force of the country as a whole. The recession has resulted in many people losing their jobs, and in some cases highly skilled workers having to take employment in lower skilled, low wage jobs. Alongside the issue of people being employed in lower skilled sectors, those who usually work full-time are often having to take part-time employment or reduced hours of work. Although it is difficult to quantify underemployment, in the UK the number of people in work rose by 160,000 in the three months to May 2010. This increase was primarily due to a record 148,000 rise in the number of part-time workers, while full-time workers increased by just 12,000.
5.2.34 Youth unemployment

5.2.35 As well as people with lower levels of skills, the group suffering disproportionately from unemployment locally has been the 18-24 year old group, who are commonly referred to as the ‘youth unemployment’ client group. In many cases youth unemployment is thought to have more serious implications than adult unemployment because of two key reasons; scarring and inactivity.

5.2.36 Scarring is the link between unemployment and a negative future experience in the labour market including lower wages and underemployment. People who experience unemployment while young are believed to suffer more greatly from scarring. High youth unemployment may also lead to inactivity which is characterised by young people being reluctant to take the time and effort to invest in training because they believe that this will not translate into better labour market outcomes.

5.2.37 Young people who are not engaged in any form of employment, education or training (NEET) are a key focus for local service delivery and intervention. It is acknowledged that young people who are NEET are at a far greater risk of long-term economic inactivity than their peers in education, employment and training. Tackling the numbers of young people who are NEET can also relate to positive outcomes for community safety and other priorities locally. Local partners have been successful in reducing the numbers of young people in this client group from 5.8% of the 16 to 18 population in 2007/08 to 5.1% in 2009/10.

5.2.38 In common with other socio-economic issues highlighted above, there tends to be a close correlation between the levels of young people who are NEET and incidence of deprivation, low incomes and poor educational attainment.

5.2.39 One of the reasons why young people may become NEET is due to them having low levels of aspiration. Especially in areas where there is a culture of long-term worklessness, there is likely to be less aspiration amongst young people to enter the labour market. Although it is difficult to measure aspiration, a useful indication of levels of aspiration is the proportion of young people that decide to continue in some form of structured learning.

5.2.40 Figure 14 highlights that overall there has been a fairly significant reduction in the proportion of young people who did not continue in some form of structured learning across Staffordshire. At a local level, it highlights a similar pattern to the other socio-economic factors locally where East Staffordshire, Newcastle-under-Lyme, Tamworth and Cannock Chase display some of the greatest challenges. The same four areas also emerge as a focus when considering the proportion of school leavers who went on to study in higher education two years later, suggesting that young people in these areas tend to have lower
aspirations towards advancing their education, and in some cases, achieving positive labour market outcomes.

Figure 14: proportion of young people who did not continue in some form of structured learning

Source: Connexions Staffordshire

5.2.41 Youth unemployment claimant numbers in Staffordshire began to accelerate after June 2008 and at a much faster pace than adult unemployment up to April 2009. Since April 2009 claimant numbers for both youth and adult unemployment have fallen, although the pace of decline in youth unemployment has not been as rapid as that for adults. Youth unemployment rates tend to be heavily influenced by seasonal factors such as the influx of school leavers and graduates into the labour market in late summer, and the reduction in casual employment opportunities following the Christmas period.

5.2.42 Youth unemployment is generally of a more volatile nature than unemployment across the whole of the working age population, and also varies significantly by the different localities in Staffordshire. Figure 15 highlights the changes in youth unemployment rates for Staffordshire and each of the district council areas between June 2008 and June 2010.

5.2.43 This identifies that Cannock Chase and Tamworth have the most substantial cohorts of young people who are unemployed, whilst there appears to be a less prevalent issue in districts such as Stafford and Staffordshire Moorlands. Engaging with young people who are unemployed and getting them into a job or other activity such as work
based training as quickly as possible can have positive results and reduce the potential impacts of scarring and inactivity and preventing young people joining the longer term workless cohort identified above.

5.2.44 Although it has now been discontinued by the Government as part of the Welfare Reform Bill, the Future Jobs Fund provided employment opportunities in Staffordshire and Stoke-on-Trent and was aimed at young people (18 to 24) unemployed for six months or longer. The Future Jobs Fund, as part of the wider Young Persons Guarantee, has undoubtedly been a factor in reducing youth unemployment rates over recent months and the legacy of the scheme will be important in the short to medium term future.

5.2.45 The appropriate provision of schemes and training opportunities for young people are crucial elements in assuring the future economic competitiveness and prosperity of Staffordshire, and in improving the life chances of young people themselves.

Figure 15: Change in the proportion of 18 to 24 year olds claiming Jobseeker’s Allowance in Staffordshire

Source: NOMIS
5.3  Education and skills....

5.3.1 The development of education and skills amongst all age groups will be crucial for the successful future economic prosperity and competitiveness of Staffordshire. Securing a well qualified and adaptable workforce with the skills sets appropriate to the needs of existing business sectors in Staffordshire, as well as those in which local partners have aspirations for economic growth should be fundamental priorities for partners in their economic development in the short, medium and longer term futures.

5.3.2 Staffordshire’s current education and skills performance tends to vary by locality. However, partners should continue to drive forward skills development across all localities to meet the challenges of the future, such as those set out in the Leitch Review of Skills from 2006\(^{37}\) which advised that for the UK to remain competitive in a global context, there will need to be significant improvements to current skills performance across the board, and particularly in shifting the balance for intermediate skills from level 2 to level 3 and aspiring for 40% of adults to be qualified to level 4 by 2020.

5.3.3 Further policy on skills is likely to be included in a forthcoming Skills White Paper from the Government. As well as the previous focus of increasing levels of attainment among the population, and encouraging progression through the skills and qualifications framework, future skills development priorities may be more closely related to the economic impacts that improved skills can have on people and their employers.

5.3.4 The key framework for the development of skills in Staffordshire is provided by the Initial Staffordshire Work and Skills Plan\(^{38}\), which coordinates the approaches to skills delivery locally and sets out priorities for further development. Further detailed analysis is also contained in the Education and Skills thematic issues paper and the Staffordshire worklessness assessment.

5.3.5 The current education and skills situation

5.3.6 To understand the context of education and skills performance in Staffordshire, it is useful to consider how levels of attainment vary through the different key stages of education, and beyond for the working age population.

http://www.hm-treasury.gov.uk/leitch_review_index.htm

http://www.staffordshire.gov.uk/business/economicdevelopment/economicregeneration/workskills/
5.3.7 Current patterns of educational attainment highlight that at Key Stage 4\(^{39}\), Staffordshire children tend to outperform their peers regionally and nationally. Beyond the level of Key Stage 4 however, levels of attainment tend to fall below national levels.

5.3.8 In 2008/09 49.7% of Staffordshire pupils achieved five or more A* to C grades at GCSE or equivalent including English and Maths, and this is highlighted in figure 16. There has been good progression in the levels of attainment, with improvement being stronger than that experienced for England as a whole and the West Midlands Region.

5.3.9 There is quite wide variation in Key Stage 4 attainment by the different localities in Staffordshire, with young people in South Staffordshire district tending to record the greatest levels of success, with Staffordshire Moorlands, Stafford and Lichfield also being above the England averages.

5.3.10 The most challenging localities for education attainment in Staffordshire are Cannock Chase and Tamworth, which tend to lag behind other localities in the County across several measures of education and skills including among the adult population.

**Figure 16: Percentage of KS4 pupils achieving 5 or more A*-C grades at GCSE or equivalent including English and Maths**

*Source: Places Analytical Tool (NI 75), CLG*

5.3.11 To help the development of the higher value added economy being sought in Staffordshire, it will be critical that an appropriately skilled workforce population is able to support future economic growth. A

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\(^{39}\) Key Stage 4 relates to the two years of education which incorporate GCSEs and other exams. These are usually referred to as years 10 and 11.
large number of jobs in the high value, knowledge intensive sectors being sought are reliant on a workforce qualified to the equivalent of NVQ level 4 and above.

5.3.12 A key determinant in increasing the qualification profile of the Staffordshire workforce will be in the retention of graduates who are studying at HE institutions in and around the sub region, and also attracting Staffordshire residents who leave the county to study elsewhere, to return back to the county. Estimates from the Higher Education Statistics Agency suggest that around 27% of Staffordshire graduates in 2007/08 went on to employment outside of the county, with the West Midlands conurbation, Greater London and Greater Manchester being the most popular destinations.

5.3.13 In 2008, 27.6% of Staffordshire’s working age population were qualified to level 4 or above, in comparison to 30.5% in England as a whole. Over 30% of the working age population in Lichfield, Staff and South Staffordshire are qualified to level 4 or above, suggesting that these localities are well positioned to take advantage of new high value added business opportunities. Newcastle-under-Lyme, Cannock and Tamworth districts all have working age level 4 attainment below 25% which reinforces some of the challenges associated with skills development in these areas.

5.3.14 Below the level 4 benchmark, Staffordshire also falls below the averages for England at both level 2 and level 3 qualifications, with Cannock Chase and Tamworth consistently displaying the lowest levels of performance in the county, while Newcastle-under-Lyme shows a greater level of attainment amongst the working population, and other localities such as East Staffordshire, Lichfield, South Staffordshire and Stafford exceeding national averages.

5.3.15 Of some concern for the development of skills and qualifications in Staffordshire, is that the direction of travel for the skills base of people in Cannock Chase and Tamworth is actually declining, to the extent that these now have some of the poorest levels of attainment in the West Midlands, below the traditionally lowest performing areas of Stoke-on-Trent and the Black Country. Additionally, the overall levels of skills improvement in Staffordshire are tending to increase at a slower rate than neighbouring Stoke-on-Trent.

5.3.16 Understanding the ‘stock’ of skills available in Staffordshire’s workforce is made more complicated by the fact that official data tends to relate to individuals’ formal academic qualifications, rather than skills (which can be more vocationally based), and relate to the population resident in the area rather than the workforce of businesses.

5.3.17 The National Employers Skills Survey provides some useful information relating to employers’ perceptions of skills gaps within their workforce. In 2007 employers reported that around 3% of staff in
Staffordshire and Stoke-on-Trent had skills gaps, a figure 2% lower than the West Midlands average (5%) and 4% lower than Birmingham & Solihull and Shropshire. This perception of low skills gaps within Staffordshire may, however, be a consequence of Staffordshire employers being unaware of the benefits of up-skilling their employees or a reflection of the higher proportion of local jobs in the more elementary occupations.

5.3.18 The acknowledged importance of skills development for Staffordshire has been identified by local partners, and is evidenced by its inclusion as a key priority in the Sustainable Community Strategy for Staffordshire. An Employer Skills Survey engaging with key businesses in Staffordshire and Stoke-on-Trent, to find out perceptions on a range of skills issues locally, will form an important part of the LEA evidence base and the commissioning of skills provision targeted towards economic growth locally.

5.3.19 Future skills needs

5.3.20 Although the policy context for the development of skills is under review following the accession to power of the Government, it is likely that skills development needs should follow a path similar to that set out in the ‘New Industry, New Jobs: Building Britain’s Future’\textsuperscript{40} Skills White Paper of April 2009.

5.3.21 New Industry, New Jobs (NINJ) introduced the concept of priority sectors for investment, which were: advanced engineering, creative industries, energy, low carbon, construction, ICT and financial services and suggested that skills funding should be increasingly focused on these priority sectors.

5.3.22 As highlighted above, a forthcoming Skills White Paper is likely to introduce the Government’s proposals relating to the priorities for skills development in the medium to long-term future. It is possible that there will be a greater focus on the need for employers and individuals to understand the importance of their investment in skills, clearer and more targeted Information, Advice and Guidance (IAG) and how it is likely to be of benefit for a more productive future workforce.

5.3.23 The National Skills Strategy, ‘Skills for Growth’\textsuperscript{41} and the following national Skills Investment Strategy both confirmed that public funding for skills should increasingly support skills which will be economically valuable for businesses and individuals, that Regional Development Agencies (RDAs) should lead in the preparation of Regional Skills

\textsuperscript{40} “New Industry, New Jobs: Building Britain’s Future”. HM Government. April 2009.  
http://www.bis.gov.uk/files/file51023.pdf

Strategies and influence priorities for skills provision, and that provision should be judged based on its quality and economic impact rather than the number of qualifications delivered.

5.3.24 Despite these changes to policy context, which will be affected for example by the abolition of RDAs, some of the initiatives and proposals of these White Papers will hold true. In particular the need to build a ‘modern class of technicians’ to help drive forwards growth in science and technology will be key to the aspirations to develop a low carbon economy nationally and locally, and this will be aided by the delivery of an expanded advanced apprenticeship system.

5.3.25 The needs of these priorities are reflected in the Regional Skills Investment Priority Statement for 2011-12, which also sets out the current key employment sectors, and priority sectors for future employment growth in Staffordshire in Table 4 below:

<table>
<thead>
<tr>
<th>Current key employment sectors</th>
<th>Priority growth sectors for the future</th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture, wholesale and retail, hotels and catering, public administration, education, health and social care, business and professional services</td>
<td>low carbon/environmental technologies, medical technologies, digital media, high value added business and professional services, distribution, hotels and catering, transport, communication, health and social care</td>
</tr>
</tbody>
</table>


5.3.26 It is difficult to predict the scale of future demand for skills by location and sector, not least because of the continually changing characteristics of the workforce and how people can adapt to support new growth business sectors.

5.3.27 Economic forecasts provide a useful indication of the direction of travel of the economy, and the possible future structure of the economy. Information from the Local Economy Forecasting Model (LEFM) predicts that between 2009 and 2020, there will be employment growth of around 27,000 jobs in Staffordshire. Much of this growth, however, is trend based and has been predicted in the Government and other services sector which now appears optimistic in the light of the public sector spending cuts announced during the June 2010 emergency budget. Further strong growth is expected in the distribution, hotels and catering and financial and business services sectors which are both highlighted in the priority sectors set out above.

42 See Business Chapter paragraphs 4.1.40 to 4.1.46
5.3.28 The greatest demand for skills development in the future is likely to come from ‘replacement demand’ and labour market ‘churn’ rather than through the creation of net new jobs. Across the West Midlands region this replacement demand and labour market churn is expected to amount to around 800,000 jobs\textsuperscript{43} which will have their own skills and training requirements.

5.3.29 A project to forecast the skills needs of the changing employment situation in Staffordshire is being investigated as part of the technical work underpinning the Local Economic Assessment, and to inform the economically driven needs of skills planning locally in the medium to longer term future.

5.3.30 Staffordshire’s education and skills performance continues to demonstrate improvement over time, with some localities in the county exceeding national averages and demonstrating strong levels of attainment. The key challenges for education and skills provision in the future will relate to matching the skills demands of local businesses and employers to the skills profiles of local people, and continuing to improve the skills performance of areas that are lagging behind as a driver of productivity and economic prosperity.

5.3.31 The flexibility of local people to retrain and tailor their own skills towards emerging business opportunities will also be vitally important, as will encouragement of businesses to invest in the appropriate provision of training and skills development for their staff.

5.3.32 Whilst a significant amount of skills development and training is likely to be directed towards the needs of servicing a higher value added (knowledge economy) the importance of providing for transferable skills (such as management skills and team working) should not be overlooked as these tend to be well valued by employers. The need to promote improvements in basic skills, particularly in terms of the core skills of numeracy and literacy are also important implications for the local economy, both in terms of helping individuals to progress through the different levels of skills and qualifications attainment, but also in providing for the skills base to support the needs of more elementary occupations.

5.4 Economic and social inclusion....

5.4.1 Understanding issues of economic and social inclusion are important considerations in the ability of Staffordshire’s people to participate fully in society. Such issues are often cross cutting and span across many dimensions of life including health, education, community safety and education. Localities in which poverty and deprivation are concentrated

\textsuperscript{43} West Midlands Regional Skills Partnership. Regional Skills Investment Priorities Statement 2011-12.
often have the greatest regeneration needs, but with careful planning, interventions to tackle some of the problems associated with deprivation can be successful, leading to improved quality of life and prosperity for residents.

5.4.2 More detailed analysis relating to economic and social inclusion issues can be found in the thematic issues papers relating to Child Poverty, Education and Skills, Regeneration and Social Inclusion and Worklessness.

5.4.3 Deprivation

5.4.4 The Indices of Deprivation are the Government’s preferred measure of relative deprivation and have been used heavily in the past as a criteria for the allocation of regeneration funding and other resources. The most recent indices date from 2007, and are based on the lower super output area (LSOA)\(^\text{44}\) geography to provide consistency and comparability with other key data sets.

5.4.5 Figure 17 identifies the LSOAs in Staffordshire which fall into the 10% and 10-20% most deprived LSOAs in England by the Index of Multiple Deprivation.

5.4.6 Multiple deprivation in Staffordshire is a primarily urban issue, with the greatest concentrations of deprivation being in Newcastle-under-Lyme, Burton upon Trent, Tamworth and Cannock.

5.4.7 When compared with surrounding areas such as Stoke-on-Trent and the Black Country, Staffordshire’s multiple deprivation problems tend to be much less pronounced and are largely confined to the pockets highlighted above. Only 69,000 people (approximately 8% of the population) live among the 20% most deprived LSOAs in England, and around two thirds of LSOAs in Staffordshire fall in the 50% least deprived in England. The areas highlighted by the deprivation analysis above tend to exhibit socio-economic need across a wide range of related indicators. For further information and analysis on the 2007 Indices of Deprivation in Staffordshire please see the report produced by the Research Unit\(^\text{45}\).

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\(^{44}\) Lower super output areas are a statistical geographical unit with an average population of around 1500 people

\(^{45}\) The Indices of Deprivation 2007, Staffordshire County. Research Unit, Staffordshire County Council. 
5.4.8 Earnings, income and financial perceptions

5.4.9 Staffordshire’s reliance on a concentration of employment in traditional sectors has meant that the earnings of people working in Staffordshire tend to be below those of the West Midlands region as a whole and the UK average. This is highlighted by Figure 18 below. As well as the

Index of Multiple Deprivation 2007 - The Most Deprived Super Output Areas in Staffordshire

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Produced by the Research Unit, Development Services Department, Staffordshire County Council, 2007.
differences between earnings in the different localities of Staffordshire, there are also differences between the median average earnings of people who are working in the area, and those who are resident in the area. Only Stafford district has greater average workplace based earnings than its resident based earnings in 2009, and demonstrating a relatively self-contained local economy. East Staffordshire also demonstrates a degree of self-containment in its local economy.

**Figure 18: Comparison of median full time residence based and workplace based annual earnings (£)**

![Graph comparing median earnings](image)

*Source: National Statistics, Annual Survey of Hours and Earnings. 2009*

5.4.10 The generally higher levels of resident based earnings are partially a reflection of out commuting to higher paid jobs, a significant factor in Lichfield, South Staffordshire, Staffordshire Moorlands and Tamworth in particular.

5.4.11 A narrowing of the gap between the earnings of people working in Staffordshire, and those who are resident in the area is a cyclical situation which will be assisted by improvements to the skills levels of the workforce, and ultimately the attraction of more employment in higher value added sectors.

5.4.12 This cyclical situation also revolves around the improvement and promotion of Staffordshire as a place, and includes the retention of graduates from HE institutions in and around the area, the attraction of graduates from beyond Staffordshire, greater levels of consumer spending within the local area and local centres, and the provision of appropriate and aspirational housing.
5.4.13 Rather than a person’s earnings, which are solely based on their wages from work, a person’s income can also include money accrued from investments, sales of property and social security benefits. The distribution of income throughout Staffordshire varies significantly between localities, with the pockets of lowest household incomes displaying a very similar distribution to the Index of Multiple Deprivation in Figure 17 above. In many respects the income of individuals is the most important factor influencing an area’s overall prosperity.

5.4.14 The areas of lowest household income are most heavily concentrated in Newcastle-under-Lyme, Burton upon Trent and Cannock. Areas of highest household income tend to be found in parts of rural Staffordshire which are well connected to major employment centres (and is particularly the case in parts of Lichfield district where geographically mobile high occupation workers have good connectivity to well-paid employment in Birmingham).

5.4.15 As part of the development of the LEA, the Staffordshire People’s Panel survey consulted with residents of the county on how their personal financial positions have changed during the past 12 months, and how they expect their finances to change during the next 12 months. The questions were consistent with those asked 12 months earlier in 2009, and give a useful insight into the perceptions of people’s finances during a period which has been heavily influenced by recession.

5.4.16 Although the proportion of respondents who described that their finances had improved a lot over the past 12 months has declined slightly since 12 months ago, there were more encouraging increases in responses from residents who described that their finances had improved a little, and a reduction in responses from those stating that their finances had got a bit or a lot worse.

5.4.17 Looking forwards to the next 12 months, residents were more optimistic than in 2009 about their personal finances improving. The results of the survey on financial perceptions are set out in Table 5.

5.4.18 Further detailed analysis of the many dimensions of poverty and financial inclusion is included in the Research Unit’s publication “A Profile of Poverty and Financial Inclusion in Staffordshire”\(^{46}\).

Table 5: Perceptions of personal finances

<table>
<thead>
<tr>
<th></th>
<th>How have your personal finances changed over the past 12 months?</th>
<th>How do you expect your personal finances to change over the next 12 months?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Improved a lot</td>
<td>2.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Improved a little</td>
<td>14.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Stayed about the same</td>
<td>30.2%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Got a bit worse</td>
<td>32.8%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Got a lot worse</td>
<td>20.1%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0.1%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Source: Staffordshire People’s Panel May 2009 and 2010

5.4.19 Child poverty

5.4.20 Poverty experienced during childhood can have profound and lasting impacts on children and their families and can also have costs to society and the wider economy. The expectations and aspirations of children growing up in low income families are often lower than for children from wealthier families. Growing up in poverty often affects children’s outcomes as adults, and these in turn, affect their children, and can therefore lead to a cycle of poverty.

5.4.21 As part of its responsibilities under Clause 21 of the Child Poverty Bill local authorities are required to prepare local child poverty needs assessments, and the preparatory work for this assessment is being conducted in parallel with the development of the LEA.

5.4.22 Further detailed analysis can be found in the Child Poverty thematic issues paper which will also be used as a basis for the child poverty needs assessment referred to above.

5.4.23 There are several definitions of child poverty which relate to the extent to which children experience low income and deprivation. Although it is not possible to replicate government methodology exactly due to a lack of consistent data, an analysis of income and the extent to which children are living in low income families suggests that around 35% of children in Staffordshire are living in low income families, and that the greatest challenges locally are in Newcastle-under-Lyme, East Staffordshire, Tamworth and Cannock Chase as shown in Table 6.
### Table 6: Proportion of children in low income families (August 2005)\(^47\)

<table>
<thead>
<tr>
<th>District</th>
<th>All Children Number</th>
<th>Total Children in Low income Families Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newcastle-under-Lyme</td>
<td>24,425</td>
<td>9,890</td>
<td>40.5%</td>
</tr>
<tr>
<td>East Staffordshire</td>
<td>24,370</td>
<td>9,710</td>
<td>39.8%</td>
</tr>
<tr>
<td>Tamworth</td>
<td>17,830</td>
<td>7,030</td>
<td>39.4%</td>
</tr>
<tr>
<td>Cannock Chase</td>
<td>21,405</td>
<td>8,300</td>
<td>38.8%</td>
</tr>
<tr>
<td>Staffordshire Moorlands</td>
<td>18,480</td>
<td>5,890</td>
<td>31.9%</td>
</tr>
<tr>
<td>Lichfield</td>
<td>20,080</td>
<td>6,070</td>
<td>30.2%</td>
</tr>
<tr>
<td>Stafford</td>
<td>24,740</td>
<td>7,400</td>
<td>29.9%</td>
</tr>
<tr>
<td>South Staffordshire</td>
<td>21,325</td>
<td>6,290</td>
<td>29.5%</td>
</tr>
<tr>
<td>Staffordshire</td>
<td>172,655</td>
<td>60,580</td>
<td>35.1%</td>
</tr>
</tbody>
</table>

Source: endchildpoverty.org

5.4.24 These patterns are reflected across a range of indicators including the receipt of free school meals, young people who are not in education, employment or training (see below) and the attainment of young people at Key Stage 4, and continue to be prevalent for adult qualifications and earnings and incomes amongst the whole population.

5.4.25 One of the most striking headlines relating to child poverty is highlighted by the attainment gap at Key Stage 4 between pupils who claim free school meals (FSM) and those who do not. In 2008/09 approximately 30% more pupils who do not claim FSM achieved 5 or more A* to C grades including English and Maths than those who claim FSM.

5.4.26 Tackling child poverty from the outset should therefore continue to be a priority for local service delivery partners, both for the improved outcomes of children themselves, but also for the improved future economic prosperity of Staffordshire’s people as a whole.

5.4.27 Locality working

5.4.28 Members of the Staffordshire Children’s Trust Board have identified four localities in Staffordshire where there are potential concerns over children’s health and well-being and future life chances. These localities are to be the focus of targeted intervention at a small area level, to improve the life chances for young people in particular, but also the wider economic prospects of the communities as a whole. The four localities are:

- The Blake High School catchment area in north Cannock
- Anglesey ward in Burton-upon-Trent
- Penkside ward in Stafford
- Glascote ward in Tamworth

5.4.29 The Blake High School catchment area is the focus of the ‘Total Staffordshire’ initiative which applies the principles of the Government’s ‘Total Place’ agenda to a specifically targeted locality. The Blake Public Service Board brings together practitioners across a range of service delivery organisations, analysing the extent of resources being spent in the area, and to try to use these resources in a combined manner to be more effective and potentially deliver efficiencies. If this project delivers improved outcomes for local people, it could provide a model for future service delivery in other appropriate localities.

5.5 **Issues for young people and their aspirations**

5.5.1 Providing positive opportunities for young people can be vital in assuring fulfilling future life, career opportunities and a range of outcomes related to a better quality of life overall. The “Every Child Matters” Framework sets out five outcomes which give every child the support they need to be healthy, stay safe, enjoy and achieve, make a positive contribution and achieve economic well-being. The Staffordshire Children’s Trust is a partnership of the organisations with responsibility for young people, and produces a Children and Young People’s Strategic Plan based on the Every Child Matters Outcomes set out above.

5.5.2 Figure 14 highlights the proportion of young people who did not continue in some form of structured learning across Staffordshire, and highlights a similar pattern to the other factors above where East Staffordshire, Newcastle-under-Lyme, Tamworth and Cannock Chase display some of the greatest challenges locally. The same four areas also emerge when considering the proportion of school leavers who went on to study in higher education two years later, suggesting that young people in these areas, tend to have lower aspirations towards advancing their education, and in some cases, achieving positive labour market outcomes.

5.5.3 Raising the aspirations of young people locally, in these communities as well as across the board in Staffordshire, should therefore continue to be a priority for service providers to young people. This could include the further development of business to education partnerships, and the promotion of success stories of individuals who have developed successful careers locally.

5.5.4 Alongside such initiatives the provision of more flexible and adaptable information advice and guidance (IAG), a wider choice of vocational qualifications, and more opportunities to engage in apprenticeships (which will be especially important in developing the technical skills

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identified in the “New Industry New Jobs” White Paper), will all be important in ensuring that young people can contribute to the economic well-being of their area.
6 Staffordshire as a Place

6.1 A diverse, well located county....

6.1.1 As noted earlier in this paper, Staffordshire is a diverse county situated at the crossroads of England. It is a county of contrasts stretching from the fringes of the West Midlands conurbation in the south (indeed much of the Black Country was historically in Staffordshire) to the uplands of the Peak District National Park. The county shares borders with eleven other strategic authorities\textsuperscript{49}, with a sphere of influence which extends into the East Midlands and North West regions.

6.1.2 The county’s excellent links have been among the prime reasons for the development of its many communities, both historically influenced by its availability of raw materials and natural assets, and more recently through high quality transport connectivity to the rest of the UK and beyond.

6.2 The geography of Staffordshire....

6.2.1 It is important to understand the geography of Staffordshire in its economic, political, social and historical contexts. It is true to say that there is no single ‘Staffordshire economy’, rather the economy of Staffordshire is built up of a diverse range of interrelated economies operating with their own supply chains and labour market flows at a local, regional, national and even global level.

6.2.2 The historical context

6.2.3 The current administrative boundaries of Staffordshire and the eight district council areas which make up the county date to 1997 when Stoke-on-Trent became a unitary authority. The administrative county of Staffordshire dates back to the late 1880s, when the county was much larger than it is today, and included parts of Walsall and Wolverhampton which now fall into the West Midlands Metropolitan area, formed during local government reorganisation in 1974.

6.2.4 Functional geography

6.2.5 Functional economic geography or functional economic market areas (FEMA)\textsuperscript{50} provide a conceptual approach to economic analysis, which attempt to understand a local economy over the spatial level at which it operates, rather than less perceptible administrative local government boundaries.

\textsuperscript{49} Staffordshire shares borders with - Birmingham, Cheshire East, Derbyshire, Dudley, Leicestershire, Shropshire, Telford and Wrekin, Walsall, Warwickshire, Wolverhampton and Worcestershire.

6.2.6 As a concept they are highly complex, and functional economic markets can vary markedly by the economic circumstances being considered. Ideally a thorough understanding of FEMAs will include an understanding of the interdependencies between various business sectors, their supply chains and products, the movements of people who provide the labour force, travel patterns to learning establishments, the extent to which retail catchments extend and overlap each other, housing markets and historical and geographical circumstances which have led to an economy functioning in a certain way.

6.2.7 Travel to Work

6.2.8 The most widely accepted approaches to defining FEMAs is through the use of Travel to Work Areas (TTWAs) which provide a measurement of relatively self-contained contiguous labour market areas. Qualifying criteria for a TTWA are that there should be a minimum of 3,500 working age people in the area, and that at least 75% of the working age population both live and work in the area.

6.2.9 The most recent TTWA data available is based on the 2001 Census of Population. It is quite possible that travel to work patterns have changed during the past nine years. Updated census information expected in 2013 will provide an interesting opportunity to compare the extent of any such change.

6.2.10 Despite these limitations, TTWAs provide the most robust and comparable approach across the whole of the UK, and being based on quality assured data from the Census are not subject to data accuracy or reliability issues associated with for example the Annual Population Survey. TTWA data is also useful in that it does not assume a single employment centre for each FEMA, and can therefore be better applied to sub-regions which are polycentric, without a dominant centre (such as is the case in Staffordshire). For this reason, TTWAs have formed the main basis for the discussion on economic geography in the Staffordshire LEA. Figure 19 highlights the TTWAs impacting on Staffordshire and other surrounding areas.

6.2.11 It is useful to investigate the “self containment” of Staffordshire (the proportion of people who live and work in a defined area). At the time of the 2001 Census of Population more than three quarters of the working population or 377,000 people both lived and worked within the Staffordshire and Stoke-on-Trent sub-region.

6.2.12 Beyond this relatively high level of self containment across the ‘sub-regional’ area, travel to work areas also point to a range of different functional geographies locally. These geographies also differ when considering the occupation of individuals (for example people in higher occupation roles tend to be more geographically mobile and may travel
further to their jobs), and are heavily influenced by transport linkages both public and private.

6.2.13 The Stafford area has its own relatively well defined Travel to Work Area which exerts an influence towards Penkridge (in contrast to other parts of South Staffordshire district which relate more to the Black Country), with strong self containment around the town of Stafford and its surrounding hinterland including Stone.

6.2.14 The Stoke-on-Trent TTWA influences parts of Stafford Borough to the north of Stone, and includes the Potteries conurbation which is formed by the collection of towns which make up Stoke-on-Trent and urban parts of Newcastle-under-Lyme. The Stoke-on-Trent TTWA also extends into the Staffordshire Moorlands and small parts of Cheshire East (particularly Congleton), and south east along the A50 corridor to include Uttoxeter.

6.2.15 The Black Country provides an important focus for many of the communities of Southern Staffordshire which surround it and this is reflected by the influence of the surrounding TTWAs.

6.2.16 The Wolverhampton TTWA provides an important pull for much of the so called ‘pan handle’ of South Staffordshire, and to a lesser extent there are also links into the Dudley and Sandwell TTWA particularly around Wombourne and further south.

6.2.17 The majority of Cannock Chase district, as well as the adjacent communities of Cheslyn Hay and Great Wyrley form part of a Walsall and Cannock TTWA, which also extends to draw in both Burntwood and Lichfield.

6.2.18 Birmingham has a significant sphere of influence throughout the whole of the West Midlands region, not least through it being a major hub in the region’s public transport and strategic highway network. While these links give Birmingham a penetration deep into Staffordshire, the most significant Travel to Work patterns extend into Tamworth (with which it has close historical links through town expansion), and parts of Lichfield district.

6.2.19 One of the most interesting areas of Staffordshire in terms of its economic geography is Burton upon Trent. The area has high levels of self containment with an influence which extends into a fairly significant part of South Derbyshire and North West Leicestershire. Burton is also influenced by Derby which acts as a sub-regional centre in the East Midlands.

6.2.20 Rather than being dominated by a single functioning economic market area as is the case for some of the larger cities, Staffordshire’s economic geography is characterised by a range of distinctive market areas which relate strongly to each other in the development of their
economies, but also look to influences beyond the administrative boundary of Staffordshire.

6.2.21 As well as considering travel to work based on a self containment ratio of 75%, it is possible to investigate how travel to work patterns vary with different levels of self containment. Analysis by the West Midlands Regional Observatory\(^{51}\) investigates how TTWAs could be alternatively drawn using a 50% self containment factor. Interestingly in this case, the areas of Cannock and Lichfield become much more identifiable as economic centres in their own rights, with less influence from Walsall, and both Tamworth and Uttoxeter begin to exhibit their own characteristics as sub-regional foci for travel to work.

**6.2.22 Other geographical linkages**

6.2.23 A number of studies have been undertaken to try and understand how FEMAs operate including an Analysis of Sub Regional Dynamics in the West Midlands undertaken by the West Midlands Regional Observatory in March 2010\(^{52}\). As well as the Travel to Work patterns identified above, the report also examines other geographical linkages such as migration based housing market areas, and retail spheres of influence.

6.2.24 The report recognises that of all the strategic authorities in the West Midlands, Staffordshire has perhaps the most complex functional geography. This is partly a reflection of the county’s position relative to the West Midlands conurbation and the fact that many of Staffordshire’s principal towns lie close to the county boundary.

6.2.25 In a similar manner to TTWAs, migration based housing market areas attempt to identify self containment of around 75%, meaning that three quarters of house moves begin and end in the same area.

6.2.26 While the importance of housing market areas is acknowledged, their relevance to the Staffordshire economy is less pronounced than that of travel to work patterns.

6.2.27 Retail linkages and ‘travel to shop’ patterns are more difficult to quantify, however, patterns suggest that areas south of Stafford district are heavily influenced by Birmingham and the Black Country for their retail needs, with the Stafford and Stoke area forming another distinct sub-zone. The relative self containment of Burton is again reflected by it forming its own retail sub-zone. For more information on these

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\(^{51}\) See reference 4, and
http://www.flickr.com/photos/wmro/4578540652/in/set-72157623837319667

\(^{52}\) Analysis of sub-regional dynamics in the West Midlands, West Midlands Regional Observatory, March 2010
http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Regionalpolicyandstrategy/Subregionaldynamics
linkages please see the West Midlands Regional Observatory report on analysis of sub-regional dynamics in the West Midlands.

Figure 19

2001 Based Travel to Work Areas

[Map of Staffordshire County Council with key areas highlighted]

This product includes mapping data licensed from Ordnance Survey with the permission of the Controller of Her Majesty's Stationery Office (C) Crown Copyright and/or database right 2007. All rights reserved. Licence Number 100019422.

Produced by the Research Unit, Development Services Directorate, Staffordshire County Council, 2007.
6.2.28 Travel to learn

6.2.29 In addition to patterns of travelling to work, travelling to learn is a real example of the way in which local economies can function.

6.2.30 For further education students, the most significant movements out of the county are for students travelling into Birmingham, Walsall, Wolverhampton and Dudley to which there are all 'net losses' of students largely from areas on the fringe of the county. Conversely, Staffordshire gains pupils from Shropshire and Warwickshire.

6.2.31 Higher education establishments provide significant knowledge assets to the area and Staffordshire is well placed to take advantage of the assets provided by Keele and Staffordshire Universities (both located in the county) and those in adjoining areas including Derby and Wolverhampton.

6.2.32 While higher Education learning is not influenced by the same factors as further education, it does provide another interesting element to the functional geography of Staffordshire through travel to learn characteristics. Further afield, the Universities based in Birmingham provide additional higher education learning opportunities, and can be accessed by public transport from many of the larger towns in Staffordshire.

6.2.33 The retention of graduates following study in the Staffordshire area, and attracting young people back to Staffordshire following graduation elsewhere are important factors for the future economic prosperity of Staffordshire as recognised in the “People” chapter of the LEA.

6.3 A high quality environment....

6.3.1 Staffordshire’s economic history has been driven in the past by the natural resources found in the area and it is vitally important that these assets are maintained and protected to ensure its future economic prosperity. Both the natural and built environment are important drivers for the local economy, especially in relation to the county’s growing tourism sector.

6.3.2 A high quality of environment is also an attraction for economic growth and can often command a premium in terms of commercial rent or land values.

6.3.3 The economic opportunities presented by the environment are also significant both in terms of ensuring that existing businesses can improve their own environmental performance, but also in the field of innovation and new technologies through the development of a ‘low carbon’ economy into the future. The low carbon economy in the UK is
expected to grow from a value of £107 billion in 2007/08 to £155 billion in 2014/15 representing a growth rate of around 5.5% per annum.\textsuperscript{53}

6.3.4 There are also potential risks to the environment in terms of the possible effects of climate change, and the likelihood of drier, warmer summers and milder’ wetter winters possibly leading to more incidences of flash flooding, and while the horizons for such events are beyond the period of interest for this LEA, it is important that economic activity in Staffordshire at present and into the medium term future acknowledges the importance of the environment for future growth.

6.3.5 A more detailed examination of the issues related to the environment can be found in the Climate Change and the Environment Thematic Issues Paper.

6.3.6 An important contribution to the economy

6.3.7 The high quality designated landscapes of the county including parts of the Peak District, Cannock Chase and more recently the creation of the National Forest are major attractors to the county’s tourism industry which provides important employment opportunities in rural areas. The wider tourism and leisure cluster employs around 29,000 people or 9% of all employee jobs in Staffordshire. In financial terms, the tourism and leisure cluster generates around £900 million for Staffordshire’s economy.\textsuperscript{54}

6.3.8 Staffordshire’s mineral assets also help to create employment for their localities, and are significant generators of economic output as measured by Gross Value Added (GVA). For example, although the mining and quarrying sector directly employs around 700 people, the wider spin off industries which use the raw materials from these processes employ around 3,800 people in the county and contribute to around 2.7% of the overall economic output of Staffordshire.

6.3.9 The natural environment requires careful management and protection to ensure that any use for economic activity and economic benefit does not detract from its beauty, the biodiversity of flora and fauna, and its sustainability for future generations to continue to enjoy.

6.3.10 The environment as an attractor

6.3.11 Although there is little quantifiable evidence to make a direct link between the quality of environment and a successful economy, it is generally recognised that an attractive environment can provide economic benefits and enhancements. Research undertaken by the

Council for National Parks\textsuperscript{55} found that businesses held a strong perception that being within or near to a designated landscape had a positive impact on trade.

6.3.12 A study investigating the economic value of environmental infrastructure in the North West region highlighted that a high quality environment can provide an important contribution to GVA by virtue of improvements to an area’s image, being able to attract and retain higher value industry, entrepreneurs and workers\textsuperscript{56}. In the North West region environmental infrastructure is estimated to contribute to around 109,000 employee jobs and £2.6 billion of GVA. Although similar studies have not been replicated in Staffordshire, the North West England study shows that the benefits of a high quality environment are clear.

6.3.13 In some instances designated landscapes can be seen as a constraint especially where businesses require larger premises or need room for expansion. Engagement with businesses in the Staffordshire Moorlands, which in parts has a very high quality designated landscape character, has highlighted some evidence of such constraints.

6.3.14 Development opportunities are often most sustainably presented on the periphery of the market towns, a situation which can also present opposition from local communities and pressure groups.

6.3.15 As well as the natural environment, the built environment can have the potential to attract development and create strong local economies. The built environment is important in building a sense of place and the overall quality of life for communities.

6.3.16 The built environment and townscape is important to market towns such as Cheadle, Leek and Uttoxeter in their roles as retail and service centres. The historic cores of other larger towns such as Lichfield, Stafford and Tamworth are also important in their own right, and as attractive centres for commercial and retail development.

6.3.17 The quality of the built environment can play a key role in the development of centres, and is important in the stimulation of the tourism industry to the county. Looking slightly beyond the built environment itself, the recent discovery of the Staffordshire Hoard and the unprecedented levels of interest that this has generated locally, nationally and internationally clearly demonstrates the important role that the historic environment can have in raising the profile of Staffordshire.

\textsuperscript{55} National Parks, prosperity and protection: The economic impact of National Parks in the Yorkshire and Humber Region. Council for National Parks, 2006.

\textsuperscript{56} The Economic Value of Green Infrastructure, available from Natural Economy Northwest. 2008 http://www.naturaleconomynorthwest.co.uk/resources+reports.php
6.3.18 Potential environmental risks

6.3.19 One of the most significant environmental risks to address in not only Staffordshire, but globally, is that of climate change. While the time periods involved in dealing with the consequences of climate change are beyond the horizons of the LEA, a lack of action is likely to have significant economic consequences such as the costs of repairing or moving buildings damaged by flooding or the maintenance of roads through frost damage to the highway network.

6.3.20 It is difficult to predict the effects of climate change, particularly at a local scale, but based on UK climate projections, Staffordshire may experience some or all of the following effects:

- Increase in annual temperatures.
- Sharper increase in summer maximum temperatures leading to increase in heat waves.
- Increase in rainfall in winter.
- Decrease in rainfall in summer.
- Severe weather events becoming more intense and frequent.

6.3.21 Although the main issues related to climate change are expected to arise beyond the period of influence of this LEA, in the long term there could be potential positive benefits for the local economy. Maintenance costs for the winter maintenance of the road network could be reduced, vulnerable people may be at a lower risk from winter cold and fuel poverty and a warmer summer climate could increase opportunities for income from tourism and the potential for farm diversification.

6.3.22 It is clear that strong action to adapt to and mitigate against climate change at all levels is needed, and that the local activity of Staffordshire’s residents, businesses and other local organisations will be critical in the development of a sustainable economic future for the county and the globe as a whole.

6.3.23 Environmental opportunities for the economy

6.3.24 The significance of the natural and built environments to elements of Staffordshire’s economy (including the tourism and minerals sectors) are highlighted above. Although climate change is identified as a potential risk to the future of the environment, there are significant economic opportunities that are arising out of the need to develop a "low carbon economy”.

6.3.25 In particular, there is the potential to develop and grow the already established local cluster of renewable energy and environmental technologies which are growing in importance locally and represent a greater share of employment than for that in Great Britain as a whole, and a higher proportion of employment than in any of the other Shire Counties in the West Midlands. Stafford borough in particular is likely to
be well placed to take advantage of developments in these clusters, with an existing strength in the power distribution sector. This strength extends across the range of activities related to the sector including high value added research and development activity and high technology manufacturing.

6.3.26 Staffordshire County Council working alongside partners is already beginning to support the promotion of the environmental technologies sector through mechanisms such as the ‘Rethink’ project. Additional support will be needed to encourage these types of businesses to locate into the county and to provide the necessary skills in the local workforce.

**Table 7: Employee Numbers in the Environmental Technologies Cluster, 2009**

<table>
<thead>
<tr>
<th>Area</th>
<th>2003</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Cannock Chase</td>
<td>300</td>
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<tr>
<td>East Staffordshire</td>
<td>700</td>
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<tr>
<td>Lichfield</td>
<td>600</td>
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</tr>
<tr>
<td>Newcastle-under-Lyme</td>
<td>200</td>
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</tr>
<tr>
<td>South Staffordshire</td>
<td>1,200</td>
<td>4.2</td>
</tr>
<tr>
<td>Stafford</td>
<td>1,800</td>
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<tr>
<td>Staffordshire Moorlands</td>
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<td>West Midlands Region</td>
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<tr>
<td>Great Britain</td>
<td>337,800</td>
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</tr>
</tbody>
</table>

*Source: Annual Business Inquiry, NOMIS*

6.3.27 The Work Foundation report “A 2020 Low Carbon Economy”\(^{57}\) identifies a number of geographical strengths for the potential growth of a low carbon economy. In the West Midlands these include renewable energy, waste management, waste and water treatment and energy management. The development of a low carbon economy locally will be partially dependent on the ability of local companies to capitalise on the opportunities that emerge over the short to medium term future.

6.3.28 The development of the environmental technologies cluster will ideally be based around the diversification of the strong existing manufacturing and construction bases in Staffordshire. This will need to be matched to a progressive approach to building up the skills of the existing workforce and new labour market entrants through the development of apprenticeships and higher level qualifications, and through the provision of the right conditions and infrastructure to enable growth to take place.

6.4  Transport and infrastructure....

6.4.1 Transportation and wider other infrastructure is an essential part of economic activity, be it through the transportation and movement of raw materials, employees, end products or of numerous parts in the economic process.

6.4.2 Staffordshire’s central location, with good links to the national motorway and primary highway network, high quality rail access and proximity to four international airports within an hour’s drive provides excellent connectivity to the rest of the UK and has been a key attraction for businesses investing in the county. Capitalising and improving on the area’s existing accessibility can help to create the right conditions for business growth and the creation of sustainable places.

6.4.3 A more detailed examination of the issues related to transportation and infrastructure can be found in the Transportation and Other Infrastructure Thematic Issues Paper.

6.4.4 Transport and infrastructure supporting growth

6.4.5 At the national level, the Department for Transport’s58 “Delivering a Sustainable Transport System (DASTS)” sets out clear goals for the transport network of the future with a particular focus on the challenges of delivering strong economic growth. Of direct relevance to the economy are the goals:

- To support national economic competitiveness and growth by delivering reliable and efficient transport networks;

- To promote greater equality of opportunity for all citizens with the desired outcome of achieving a fairer society.

6.4.6 With the abolition of the Regional Spatial Strategy in July 2010 by the recently formed Government, and its focus towards decentralisation and localism, a regional policy context related to transport has been removed. The current local context for transport planning in Staffordshire is provided by two Local Transport Plans (LTPs) prepared in 2006 to cover the period from 2006 to 2011.

6.4.7 The Staffordshire LTP Strategy is based around key aims of:-

- providing the transport infrastructure and services necessary to support continued economic growth in Staffordshire;

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• ensuring access for everyone to key facilities and services;
• protecting the natural environment and the fabric of historic settlements;
• developing a transport system which is safe for all users and which encourages the use of sustainable modes.

6.4.8 The priorities for the North Staffordshire LTP are as follows:

• support for regeneration efforts and the local economy.
• improving accessibility for all.
• tackling traffic congestion.
• better air quality.
• improved travel safety and reduced fear of crime.
• cost effective maintenance and management of the transport system.
• an enhanced quality of life.

6.4.9 Policies and proposals that would improve the economic prospects for Staffordshire are therefore very much a focus of local transport planning.

6.4.10 The third Local Transport Plan for Staffordshire (LTP3) will cover the period 2011 to 2026, and will be published concurrently alongside the LEA. An initial consultation exercise has helped to shape the principles of a draft long-term transport strategy for Staffordshire feeding into the preparation of the Strategy Plan of the LTP.

6.4.11 There will still be two LTPs to cover the whole of geographical Staffordshire albeit on this occasion the documents will be separately prepared by the County and the Stoke-on-Trent City Councils covering each of their administrative areas.

6.4.12 The draft vision for transport provision in Staffordshire is:

“a transport system that supports Staffordshire’s economy, and safely and conveniently connects people and services within Staffordshire and beyond; it provides opportunities for services and jobs to be accessed in a sustainable way, and makes sure that the adverse effects of transport on Staffordshire’s rich environment and on residents’ quality of life is minimised and opportunities are maximised for delivering environmental benefits.”

6.4.13 Whilst it is acknowledged that congestion can be an issue in some parts of the county at peak periods (for example in Burton upon Trent, Newcastle-under-Lyme and Stafford), and in particular on the M6 motorway towards the West Midlands conurbation, there is little evidence which suggests that congestion is a major issue locally. This is supported by the fact that many businesses make decisions to invest in Staffordshire due to its high quality road links.
6.4.14 The future growth of Staffordshire and its economic prosperity going forwards will need to be characterised by a balance between growth and supporting infrastructure.

6.4.15 Local partners in Stafford and Burton upon Trent as previous ‘Growth Point’ areas are now reviewing the levels of housing and economic growth they can accommodate in the future sustainable development of their areas, and the associated requirements for future infrastructure and transport investment.

6.4.16 In the case of Stafford, local partners are committed to the growth agenda of the town and a major scheme business case has been submitted to the Department for Transport for the development of the Stafford Western Access Improvements, which alongside other transport commitments in the town, will help to improve local employment opportunities.

6.4.17 In East Staffordshire, local partners remain committed to the level of growth suggested in the recently abolished RSS concentrated on Burton and to a much lesser extent Uttoxeter. The Council has been successful in securing £3.3 million of funding from the Community Infrastructure Fund to deliver a package of sustainable transport measures (by 2011) in Burton. Growth Point monies of around £5 million are principally being used to regenerate the Derby Road and Bargates areas of Burton.

6.4.18 Access to employment is important for all communities throughout Staffordshire whether based in the larger towns, smaller villages or remote rural communities. Linking areas of employment opportunity with areas of social and economic need is a key plank of the planning, economic development and transport processes, and needs to be included in the policy and strategy processes of all partners locally.

6.4.19 Finding solutions to access issues could include the extension of scheduled bus services to provide accessibility to peripheral employment sites, although these can be especially challenging in relation to ensuring that services are provided to meet the needs of shift patterns which are often outside of many operators’ preferred schedules.

6.4.20 Whilst not providing mass public transport travel opportunities, a number of publicly funded schemes are in operation locally to improve personal mobility to people wanting to access work and training in rural areas. The Wheels 2 Work Scheme is a successful example of such a scheme and involves subsidised travel by use of bus passes or through the provision of a bicycle or moped.

59 Major Scheme Business Case for Stafford Western Access Improvements
http://www.staffordshire.gov.uk/transport/staffishighways/schemeinfo/westernaccess/business case/
6.4.21 Factors which could hamper growth

6.4.22 Investigations to date associated with the partial revision of the Regional Spatial Strategy and the ongoing work of the preparation of Local Development Framework Core Strategies have not revealed any particular ‘show stoppers’ in terms of infrastructure requirements that would totally prevent anticipated new levels of development locally.

6.4.23 A significant factor for future economic growth, however, particularly given the growing importance of electronic communications and transactions is the availability of broadband internet access.

6.4.24 Although internet access campaign groups report that 100% of exchanges in Staffordshire are enabled for ADSL Max (8MBps), this masks significant disparity in the speed, particularly in more remote rural areas where speeds can be much slower (below 2MBps). In some cases wireless or satellite solutions delivered through separate contracts have ceased or the provider has gone out of business. These issues tend to be most pronounced in rural parts of Staffordshire.

6.4.25 In other cases, existing exchanges will need to be upgraded to deal with ‘end of the line’ issues where a service is affected by the distances customers are from an exchange. The focus now therefore is to establish the scale of disparity in broadband service throughout Staffordshire, and to ensure that businesses and residents are not digitally discriminated against due to their location. A recent broadband infrastructure study prepared for Advantage West Midlands provides a detailed review of the demand for and availability of broadband in the West Midlands including analysis for the Staffordshire sub-region.

6.5 Places to live and work….

6.5.1 The places where people live and work are important in helping to shape Staffordshire’s future economic well-being and prosperity, both in terms of the quality and range of current provision, but also making sure that there will be suitable provision going forwards into the future to support balanced growth.

6.5.2 The challenges in getting balanced growth right include taking account of the needs of demographic and social change, the need to provide affordable housing for local communities, and to ensure that there are suitable premises for businesses both already operating in Staffordshire and those who are looking to invest in the area.

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6.5.3 A more detailed examination of the issues related to housing and employment land can be found in the Land for Jobs and Housing Thematic Issues Paper.

6.5.4 Provision of housing

6.5.5 Government planning policy for housing is encompassed in Planning Policy Statement 3, which sets out the key objectives for the development of housing in England as:

- Choice of high quality homes of both affordable and market housing
- Widen opportunities for home ownership
- Improve affordability across the housing market
- Create sustainable, inclusive, mixed communities
- A mix of housing types both market and affordable
- Sufficient quantity of housing taking into account need and demand
- Suitable location for housing developments with access to a good range of community facilities, jobs, services and infrastructure
- A flexible responsive land supply

6.5.6 Demographic change and migration are important factors in determining housing provision at a local level. Given the trend for more single person households, people tending to live to older ages, and a trend for the migration of people out from the cities, and more locally to different housing markets the need to identify sites for housing is a considerable challenge.

6.5.7 The now abolished Regional Spatial Strategy for the West Midlands and its partial revisions attempted to set out housing provision targets for each of the district council areas of Staffordshire based on a number of factors and were primarily influenced by drivers of demographic change as highlighted above. These targets were to be considered by local planning authorities in the preparation of their Local Development Frameworks.

6.5.8 The preferred option of the phase 2 revision set a target of 54,900 houses (net) to be provided in Staffordshire over the plan period of 2006 to 2026. The most significant areas identified for development being the two ‘growth point’ areas of East Staffordshire and Stafford, and in Lichfield district.

6.5.9 The provision for housing is set out in Table 8, highlighting the expected scale of provision for each district council area.
Table 8: Housing Provision – RSS Preferred Option

<table>
<thead>
<tr>
<th></th>
<th>Proposal Total (Net) 2006-2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannock Chase</td>
<td>5,800</td>
</tr>
<tr>
<td>East Staffordshire</td>
<td>12,900</td>
</tr>
<tr>
<td>Lichfield</td>
<td>8,000</td>
</tr>
<tr>
<td>Newcastle under Lyme</td>
<td>5,700</td>
</tr>
<tr>
<td>South Staffordshire</td>
<td>3,500</td>
</tr>
<tr>
<td>Stafford</td>
<td>10,100</td>
</tr>
<tr>
<td>Staffordshire Moorlands</td>
<td>6,000</td>
</tr>
<tr>
<td>Tamworth</td>
<td>2,900</td>
</tr>
<tr>
<td>Staffordshire</td>
<td>54,900</td>
</tr>
</tbody>
</table>

Source: RSS for the West Midlands (Preferred Option, December 2007)

6.5.10 With the abolition of the Regional Spatial Strategy in July 2010 by the recently formed Government, and its focus towards decentralisation and localism, all previous references to targets for housing provision are now defunct and it will be up to local planning authorities, to determine the appropriate evidence based levels of housing development for their local areas. This will take place through the local development framework (LDF) process, with incentives for those authorities who are able to deliver housing development. Local planning authorities will need to ensure that their strategic housing land availability assessments (SHLAAs) remain up to date in support of this agenda.

6.5.11 Notwithstanding this new approach towards housing provision and supply, the technical work underpinning the revision to the Regional Spatial Strategy remains an important consideration for the development of housing locally, with the demand for housing through demographic factors highlighted above continuing to be a significant issue locally. It is therefore likely that the broad spatial distribution of housing as set out in Table 8 above is likely to continue to hold true, and local planning authorities should therefore continue to plan, monitor and manage their housing development sites as appropriate.

6.5.12 Affordable Housing

6.5.13 Affordable housing relates to those households that cannot afford market housing or private rental market housing. Affordable housing usually takes the form of social housing (often for rent) and affordable intermediate housing (often through shared equity ownership).
6.5.14 The supply of affordable housing can be secured through direct local authority provision, or through negotiations as part of a ‘planning gain’ process where housing site developers are encouraged to provide affordable units as part of their overall schemes. Between 2006 and 2009 around 17% of all housing completions in Staffordshire were for affordable units. There are, however, significant variations between provision between the localities of Staffordshire. For example in Staffordshire Moorlands, where there is significant demand for affordable housing amongst first time buyers in particular, the period between 2006 and 2009 saw the completion of fewer than 50 affordable dwellings (or 5.1% of total completions). The situation is further exacerbated by immigration to Staffordshire Moorlands by Cheshire residents to whom the district is more affordable.

6.5.15 Affordable housing demand is often most acute in parts of rural Staffordshire where the demand for affordable housing is often significantly higher than the supply. A recent announcement from the Government has committed £390 million to build up to 8,500 affordable homes nationally, as well as the introduction of a ‘Home on the Farm’ scheme to help farmers bring disused and derelict buildings forwards as affordable housing.

6.5.16 The ‘Community Right to Build’ scheme could also help to promote the development of housing and appropriate facilities in rural communities, subject to overwhelming local support from people living in an area.

6.5.17 House Prices

6.5.18 In general, mean house prices in Staffordshire remain more affordable than the situation for England as a whole; with the exception of house prices in Lichfield, Stafford and South Staffordshire which exceed England averages. A comparison of mean house prices to mean household incomes highlights that with the exception of South Staffordshire district (where mean house prices are five times the level of mean household incomes) the housing market in Staffordshire remains relatively more affordable than for the West Midlands Region as a whole\(^\text{61}\). Lichfield and South Staffordshire districts both had mean house prices exceeding £200,000 as of quarter two in 2009.

6.5.19 The affordability situation highlighted in Lichfield and South Staffordshire above present some challenges for local people and are likely to be heavily influenced by economically mobile people commuting to well paid jobs in the Black Country and Birmingham. Cannock Chase, East Staffordshire and Tamworth districts which all have mean affordability ratios of 4.2 to 1 are the most affordable district in which to buy a house in Staffordshire.

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\(^{61}\) As measured by a ratio of mean house prices of all types against mean household incomes.
6.5.20 For those with more modest earnings, there are more pronounced difficulties in entering the housing market. This is a particular issue for first time buyers, especially in rural parts of Staffordshire.

6.5.21 Table 9 compares lower quartile house prices with lower quartile earnings and provides an indication of the affordability issues faced in the area. The ratio of lower quartile house prices to earnings ratio is used as the preferred measurement to highlight the extent to which first time buyers are capable of entering the housing market.

6.5.22 This highlights significant affordability issues in Lichfield and South Staffordshire districts, (both with ratios of lower quartile earnings to house prices above a factor of 7) and to a lesser extent in Tamworth and Stafford.

Table 9: Lower Quartile House Prices compared with Lower Quartile Earnings

<table>
<thead>
<tr>
<th>District</th>
<th>*Lower Quartile House Prices</th>
<th>**Ratio of Lower Quartile House Prices to Lower Quartile Earnings</th>
<th>Lower Quartile Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannock Chase</td>
<td>£102,875</td>
<td>5.62</td>
<td>£18,305</td>
</tr>
<tr>
<td>East Staffordshire</td>
<td>£108,500</td>
<td>5.37</td>
<td>£20,205</td>
</tr>
<tr>
<td>Lichfield</td>
<td>£132,500</td>
<td>7.19</td>
<td>£18,428</td>
</tr>
<tr>
<td>Newcastle-under-Lyme</td>
<td>£90,000</td>
<td>5.57</td>
<td>£16,158</td>
</tr>
<tr>
<td>South Staffordshire</td>
<td>£133,500</td>
<td>7.76</td>
<td>£17,204</td>
</tr>
<tr>
<td>Stafford</td>
<td>£122,625</td>
<td>6.51</td>
<td>£18,836</td>
</tr>
<tr>
<td>Staffordshire Moorlands</td>
<td>£103,000</td>
<td>5.66</td>
<td>£18,198</td>
</tr>
<tr>
<td>Tamworth</td>
<td>£115,813</td>
<td>6.28</td>
<td>£18,441</td>
</tr>
<tr>
<td>Staffordshire</td>
<td><strong>£114,000</strong></td>
<td><strong>6.15</strong></td>
<td><strong>£18,537</strong></td>
</tr>
<tr>
<td>West Midlands Region</td>
<td>£110,000</td>
<td>5.82</td>
<td>£18,900</td>
</tr>
<tr>
<td>England</td>
<td>£129,950</td>
<td>6.28</td>
<td>£20,693</td>
</tr>
</tbody>
</table>

*Source: CLG, Table 583 Housing market: lower quartile house prices based on Land Registry data, by district (4th quarter 2009)

**Source: CLG, Table 576 Ratio of lower quartile house price to lower quartile earnings by district, 2009

6.5.23 Staffordshire as a whole is slightly less affordable in relation to the West Midlands Region as a whole when considering the lower quartile ratio. It is important to consider the supply of housing in this context, because although for example Staffordshire Moorlands has a relatively low ratio of lower quartile earnings to house prices, the lack of affordable housing stock on the market presents issues for the people who are trying to access housing.

6.5.24 In order to achieve a house price to earnings ratio of 4 to 1 (the Halifax House Price Index long term average of the past 20 years) a person buying a lower quartile priced house in Staffordshire as a whole would
need to be earning around £28,500. The vast differences between affordability in the county are highlighted by the fact that to afford a lower quartile priced house in Newcastle-under-Lyme at a ratio of 4 to 1 would require earnings of £22,500, while in South Staffordshire the equivalent earnings would be £33,375.

6.5.25 Aspirational Housing

6.5.26 As well as providing for affordable housing locally, a supply of larger executive and ‘aspirational’ type housing can have positive benefits to an area’s economic wellbeing. There is some anecdotal evidence locally to suggest that executive professionals and managers have been unable to source the quality of housing that they aspire to in their local communities. For example at Keele Science Park near Newcastle-under-Lyme it is suggested that many company directors prefer to locate in adjacent Cheshire, and there is a desire locally to improve this situation, retaining residents and helping to keep money within the cycle of the local economy.

6.5.27 Cannock Chase and East Staffordshire districts are also keen to improve their offer of aspirational type housing, although at present only Cannock Chase district has a local housing policy to this effect.

6.5.28 Again, the localism agenda of the Government, allowing local authorities to provide for their own housing needs, might provide a catalyst for the development of such housing schemes, which if successful alongside the attraction of higher value added employment opportunities locally could improve the economic prosperity of Staffordshire quite substantially.

6.5.29 Getting the scale, mix and provision of housing for Staffordshire correct presents a challenge which is far greater than meeting the targets previously set in the now abolished RSS. While demographic and social need, and the buoyancy of the housing market will influence the future supply of housing in Staffordshire, local partners should continue to make sure that housing appropriate to graduates, professionals and individuals who can contribute to the development of a higher value added economy locally is made available. This in turn will lead to improved outcomes from improved skills levels, higher incomes and earnings and a higher level of productivity in the local economy.

6.5.30 Acting on the recent recommendations of the Audit Commission, local partners are engaged in a study of the strategic management of housing in Staffordshire to consider these and other housing issues.

6.5.31 Providing land for employment

6.5.32 The future sustainable economic growth of Staffordshire requires an appropriate and balanced range of employment land to be made
available for businesses already operating in the county and as an attraction for those who may be thinking of investment in the area.

6.5.33 In a similar manner to targets set out for the development of housing, the partial revision of the Regional Spatial Strategy for the West Midlands set out targets for the development of employment land for each of the districts in Staffordshire. These targets were based on the trends of development in the past alongside a factor made for expected housing growth.

6.5.34 In some parts of Staffordshire (most notably East Staffordshire and Stafford Borough) the trend for large footprint distribution and warehousing developments over the past decade, resulted in a high average land take, and was extrapolated into significant employment land targets for provision over a five year period, and for longer term requirements.

6.5.35 With the abolition of the RSS it will fall to local planning authorities to decide the most appropriate levels of provision of employment land in their areas, backed up by the evidence bases set out in their employment land reviews. Notwithstanding this new approach towards localism, the technical work which formed part of the evidence base for the development of the revision to the Regional Spatial Strategy remains an important consideration for the development of employment land locally. It is therefore likely that the broad spatial distribution of employment land set out in the RSS Phase 2 Revision preferred option is likely to continue to hold true, and local planning authorities should therefore continue to plan, monitor and manage sites as appropriate.

6.5.36 Portfolio of sites

6.5.37 As of April 2009 a total of 627 hectares of land was identified for employment development in Staffordshire, across a portfolio of 168 sites. This figure however masks the fact that 44% of the total area of employment land is located on just nine large sites. One of the consequences of this situation can sometimes be a lack of development coming forwards, particularly where site owners and developers have interests in other localities.

6.5.38 Local planning authorities need to plan for a wide portfolio of employment land sites to cater for the needs of indigenous local businesses and newly locating businesses. Increasingly employment land development will need to be suitable for the requirements of businesses capitalising on the opportunities presented by the low carbon, high technology manufacturing and knowledge economies.

6.5.39 Planning Policy Statement 4 recommends that employment sites should be given an overall planning permission to enable the location of any type of employment development (subject to other relevant constraints). While the flexibility of this approach is welcome, there are
some concerns locally that such flexible permissions could lead to a further saturation of logistics and distribution type developments. Logistics development has characterised much of the employment land development over the past decade taking advantage of Staffordshire’s excellent location. Local planning authorities through their employment land review process and LDF policies will need to determine the level of flexibility that they feel is appropriate for sites within their jurisdiction.

6.5.40 Beyond the provision of employment land for local need, the West Midlands RSS identified four sites in Staffordshire as Regional Investment Sites (which should only be used for offices or high quality manufacturing) and a Major Investment Site (to be used specifically by a single large user/investor). These sites were designed to provide for the wider needs of workers and businesses of the West Midlands and North Staffordshire conurbations, providing high quality employment on sites unlikely to be available within the conurbations themselves.

6.5.41 To date only the Hilton Cross RIS site near to Featherstone in South Staffordshire has seen any development. The i54 Major Investment Site at Wobaston Road near Wolverhampton has seen infrastructural improvements to enable development, although it does require significant further works, particularly on the adjoining highway network for it to come forwards.

6.5.42 With the abolition of the RSS, the special designations and restrictions attached to these sites no longer stand, but as strategically important investment sites, local partners continue to see these sites as significantly important in the wider development of prosperity in Staffordshire and surrounding areas. The future of these sites will be ultimately for local determination.

6.5.43 Staffordshire County Council commissioned consultants King Sturge to undertake a study into existing land and property markets in Staffordshire as part of the evidence base for this LEA. This study identified that based on a number of factors such as past take up rates, constraints to development and a lack of readily available land, Newcastle-under-Lyme, East Staffordshire, Stafford and Tamworth districts are all likely to experience potential shortfalls in their employment land supply in the medium term. These districts are also identified as possibly having the greatest demand for logistics type development into the future.

6.5.44 Other property issues

6.5.45 Although development of out of centre and edge of centre office schemes has been relatively strong in Staffordshire over recent years, there is a desire to improve the offer of office accommodation in some town centres, most notably Burton upon Trent, Cannock, Lichfield, Newcastle-under-Lyme and Stafford. The most notable demand relates to finding appropriate footprints to accommodate larger scale office
development in many town centres, and in Burton the development of an 'office quarter' has been proposed.

6.5.46 The current market for town centre office developments tends to be relatively fragile, however the importance of bringing office uses back to town centres away from peripheral sites is increasingly recognised. The development of offices alongside committed and planned retail schemes will be crucial to the ongoing vitality and viability of town centres across Staffordshire.

6.5.47 Provision of starter units for new enterprises has been recognised as lacking in Staffordshire Moorlands and Tamworth, where demand for such units is anecdotally known to exist through engagement with businesses. In addition there is evidence of a need for 'grow on' space in units slightly larger than traditional enterprise centres can offer.

6.5.48 The need to attract a greater share of private sector employment locally, rebalancing away from public sector employment will be important in shaping the development of property in the medium to long term future. This will be dependent on the aspirations of developers and new approaches to securing development within an expected context of significantly reduced public sector resources.

6.6 **Staffordshire's centres**....

6.6.1 In contrast to many other shire counties, Staffordshire has no dominant settlement; rather it is a ‘polycentric’ county which functions through a network of linkages between settlements, with their surrounding hinterlands and with adjoining areas. A reflection of the county’s geography is that many of the settlements are influenced by their proximity to the boundary of Staffordshire.

6.6.2 Several large towns in Staffordshire have populations of over 60,000 people (Burton, Cannock, Newcastle-under-Lyme, Stafford and Tamworth) and alongside medium sized towns such as Burntwood, Lichfield and Rugeley and market towns such as Biddulph, Cheadle, Leek, Stone and Uttoxeter these centres provide the main foci for commercial activity in the county.

6.6.3 The Centres Thematic Issues Paper highlights some of the key issues relating to Staffordshire’s centres in more detail.

6.6.4 As well as the relatively tightly defined definition of ‘town centres’, it is also useful to include the wider roles of the network of towns in Staffordshire. For clarification, the term ‘town centre’ will be used when considering the more tightly defined definition.
6.6.5 Retail and office development

6.6.6 The abolition of the Regional Spatial Strategy means that appropriate levels of floorspace for comparison retail and office development in Staffordshire’s primary centres will now be determined by relevant local planning authorities. Nevertheless, the technical evidence of the RSS revision should be considered in determining the amounts of new floor space to be allocated in the primary centres. The towns of Burton, Cannock, Lichfield, Newcastle-under-Lyme, Stafford and Tamworth were all identified as Strategic Centres in the Preferred Option of the Phase 2 revision of the West Midlands RSS.

6.6.7 As part of their LDF preparation process, district councils have undertaken the collection of a large amount of technical evidence related to their defined town centres, and more widely the spatial roles which the wider settlements play in the sustainable development of their localities. These studies include town centre health checks, and in some cases, Area Action Plans which set out a master plan and vision for the considered development of a town centre.

6.6.8 Statistics from Experian highlight that Burton upon Trent (120,000 sq.m) and Stafford (just over 100,000 sq.m) have the greatest total amount of retail floorspace of all of the principal centres in the county. Figure 20 highlights total town centre floorspace across Staffordshire.

Figure 20: Total Town Centre Floorspace (Sq.m)

![Total Town Centre Floorspace (Sq.m)](image)

*Source: Experian, 2008 and 2009*

6.6.9 Burton upon Trent and Stafford also have the greatest absolute amount of comparison retail (durable goods such as clothes, books and
electrical items rather than food or convenience items) floorspace of all
town centres in the county. The importance of Burton as a retail centre
is acknowledged above in a report by the West Midlands Regional
Observatory\(^{62}\) where its role as a sub-regional retail centre is identified.

6.6.10 The ‘health’ of town centres is often measured by the proportion of
floorspace in the defined town centre area which lies vacant. Using this
measure Newcastle-under-Lyme and Stafford both have more than
12% vacant floorspace. Despite having the largest amount of
floorspace of any town centre in the county, Burton’s vacancy rate is
around 7% which helps to reinforce its role as the leading retail centre
in Staffordshire.

6.6.11 The attractiveness of many of the town centres in the county is
enhanced by the quality of their historic built environment (notably
Leek, Lichfield, Stafford and Tamworth) leading to local popularity with
shoppers and potentially adding to their offers as a ‘destination’ for
retail and the wider tourism and leisure cluster. In some cases these
centres have also developed a niche retail offering (such as antiques in
Leek), and tend to be characterised by a lower proportion of multiple
retailers and more independent retailers.

6.6.12 The historic cores of some town centres require sensitive development
management, and can mean that large footprint retail units are more
difficult to locate. In these cases there has been a trend for retailers to
locate at out of town retail developments such as the Orbital Centre in
Cannock and Queens Retail Park in Stafford. Some retail parks such
as Ventura Park in Tamworth, although detached from the defined
town centre, functionally operate as a part of the town centres
themselves.

6.6.13 Despite the pressure of out of town retail development there is strong
local commitment to develop the retail offers of the larger town centres
as part of a wider package of improvements to their vitality and viability.
These include the Friarsgate development in Lichfield, Lower Gungate
precinct in Tamworth and packages of measures in Newcastle-under-
Lyme and Stafford.

6.6.14 The importance of office development in the vitality of town centres is
highlighted previously in this paper. It is recognised that the health of
town centres is linked to them having roles throughout the day as
places to work, places for people to shop, places to use professional
services and places to enjoy a range of leisure pursuits. To be
successful in these aspirations, local planning authorities will need to
ensure that development is well managed and promoted, and will need

\(^{62}\) “Analysis of sub-regional dynamics in the West Midlands, West Midlands Regional
Observatory, March 2010
http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Regionalpolicyandstrategy/
Subregionaldynamics
to reverse the trends of the past decade where significant office floorspace has been provided in out of centre locations.

6.6.15 The influence of surrounding areas

6.6.16 People’s choices of where they shop tend to be related to comparison rather than convenience retail, and also to the value of goods that they are purchasing. Birmingham as the primary retail centre in the region has a large sphere of influence which covers virtually the whole of Staffordshire. Beyond Birmingham itself, the Black Country towns of Walsall and Wolverhampton provide significant influences to the district areas and towns that surround them. Stoke-on-Trent City Centre (Hanley) is the main sub-regional retail centre for the northern part of the Staffordshire sub-region, and tends to attract a customer base from Stafford northwards.

6.6.17 As discussed previously, the relative self containment of Burton means that it is less influenced by other centres, although there is a strong link with Derby which is a fairly strong performing centre in the East Midlands.

6.6.18 Reducing the ‘leakage’ of retail spending to surrounding areas is one of the primary objectives in town centre development, to try and encourage money to be retained within the local economy in what is an increasingly competitive retail market.

6.6.19 The wider role of settlements

6.6.20 Beyond the relatively tightly defined town centres themselves, Staffordshire’s principal settlements are the location of around two thirds of the total employee jobs available in the county. Figure 21 highlights the number of employee jobs in each of the principal towns in Staffordshire. Nearly half of all jobs in Staffordshire are located in the five largest towns, Burton upon Trent, Tamworth, Stafford, Cannock and Newcastle-under-Lyme.

6.6.21 The most employment by industry group in Staffordshire’s principal towns include the Public Administration, Education and Health and Distribution and, Hotels and Restaurants sectors. Given the Government’s recent announcements to reduce funding for the public sector, which is likely to mean a reduction of around 600,000 public sector workers nationally by the end of 2015/16, there is a real need to ensure that employment growth is rebalanced towards the private sector.

6.6.22 A £1 billion Regional Growth Fund has been announced which will make funds available for two years from April 2011 in areas where private sector employment growth has been less dynamic. Local Enterprise Partnerships will be able to bid for parts of this fund to help rebalance local economies. This will be of particular importance to
towns such as Stafford which have a high dependency of employment in the public sector, and have seen a loss of private sector employment over the past decade.

6.6.23 The dynamics of employment in Staffordshire’s principal settlements are complex and are influenced by a range of factors including occupation, the local skills base and the availability of different employment opportunities. We intend to investigate these dynamics further as part of the ongoing process to keep the LEA up to date.
Figure 21: Number of Jobs in Principal Towns in Staffordshire, 2008

Source: Office for National Statistics, NOMIS – Annual Business Inquiry

6.7 Rural Staffordshire....

6.7.1 Beyond Staffordshire’s network of towns highlighted above, the county has a significant rural community which accounts for around 20% of the population and three quarters of the land area.

6.7.2 Figure 22 highlights the areas of Staffordshire defined as rural by the DEFRA rural classification. Much of central Staffordshire beyond the larger towns can be classified as rural, as well as the areas surrounding Lichfield. Whilst much of South Staffordshire district is rural in nature the smaller towns and villages of the South Staffordshire ‘panhandle’ are relatively well connected to communities in the Black Country to which they tend to look for local services, the exception being the areas to the west of Penkridge which form part of the very sparsely populated communities to the west of the M6 motorway. Staffordshire Moorlands is the most sparsely populated of Staffordshire’s districts, a situation which presents opportunities and threats to both the people living in the area and businesses operating there. The only district in Staffordshire without any rural communities is Tamworth; however, the town does provide important services and facilities to a relatively sparsely populated hinterland in Lichfield district, and into North Warwickshire.
6.7.3 The rural economy

6.7.4 The rural areas of Staffordshire contribute to the economy of Staffordshire as a whole, and are an important source of economic output in their own right. For example, the minerals industry highlighted above is almost exclusively located in rural parts of the county and rural areas also contain major employers such as the headquarters of internationally renowned JCB at Rocester.

6.7.5 Staffordshire has a strong agricultural tradition, and although the agricultural sector now employs fewer staff, and represents a smaller proportion of the total output of the Staffordshire economy (around 1.2% of total Gross Value Added in the area), there is a strong relationship between the rural economy and the important food and drink cluster which is well represented in Staffordshire\(^{63}\). Rural parts of Staffordshire are also well represented by the tourism and leisure sector, with Staffordshire successfully developing its profile as a destination, particularly for short breaks. Staffordshire’s attractive natural environment and towns are a key factor in the success of the tourism and leisure cluster locally.

6.7.6 It is possible that the agricultural sector in Staffordshire will become more important into the future, given the need to mitigate against climate change, and a possible growing trend towards the local sourcing of produce and food security. The protection of Staffordshire’s highest quality agricultural land is therefore essential, alongside the development of skills in the land based sectors to ensure the sustainability of the county’s agricultural tradition.

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\(^{63}\) The food and drink cluster accounts for around 10,000 employee jobs locally, and generates more than £600 million of GVA output in Staffordshire.
Figure 22: Rural and Urban Census Output Areas in Staffordshire (2005 DEFRA definition)

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Produced by the Research Unit, Development Services Directorate, Staffordshire County Council. 2010.
6.7.7 The economy of rural Staffordshire is also important in providing seasonal employment, particularly in relation to the agricultural and tourism and leisure sectors. Official statistics relating to seasonal employment have limited coverage; however, the importance of large employers with significant levels of seasonal employment such as Alton Towers and Drayton Manor theme parks, and among the arable and horticultural farming sectors should not be overlooked. Although official statistics on persons entering the UK and registering for national insurance do not allow a detailed analysis of the roles of recent migrants, some anecdotal evidence does suggest that migrant workers have tended to fill seasonal employment vacancies, particularly in Stafford and East Staffordshire.

6.7.8 There has been some recent evidence of business development at high quality sites in rural Staffordshire, such as Dunston Business Village in South Staffordshire, where high quality workspace is matched to a location which is highly accessible to the motorway and primary route networks, and good telecommunications infrastructure. The development of such sites, while encouraging, should not detract from the fact that Staffordshire’s main centres will usually provide the most sustainable locations for employment development.

6.7.9 The potential for considered development of rural areas in Staffordshire is further highlighted in the introduction of a ‘Home on the Farm’ scheme to help farmers bring disused and derelict buildings forwards as affordable housing, and through the community ‘right to build’ both referred to above.

6.7.10 Notwithstanding the need to focus development on the larger towns, it is vitally important that rural parts of Staffordshire, including its villages and key settlements are allowed to develop in a balanced and appropriate way both in terms of their housing provision (particularly affordable housing) and employment growth to secure their long-term future sustainability. This process will be a key challenge for local planning authorities in the preparation of their LDFs.

6.7.11 Accessibility and infrastructure issues

6.7.12 Beyond the primary route network and in the more remote parts of rural Staffordshire, accessibility and infrastructure issues are very important considerations. Public transport services in the more remote areas tend to be less frequent, and therefore many businesses and residents in rural areas tend to be more reliant on private transport. Around 12% of households in rural Staffordshire have no access to private transport.

6.7.13 Where commercial public transport services are not viable for operators, the subsidy of bus services offers one approach to ensuring that residents of rural areas have access to their essential services. In some cases in particularly remote areas, more innovative solutions such as demand responsive vehicles, and bicycle or moped loan
schemes for young people to access employment or education opportunities can help to address the main problems of rural isolation.

6.7.14 Although broadband coverage extends across the whole of Staffordshire, there are growing disparities between the speeds of broadband services available in rural and urban areas, with commercial suppliers being more likely to provide newer super fast technologies in urban areas.

6.7.15 Community capacity

6.7.16 A key strength of rural communities is in their ability to forge local community spirit and develop community capacity. The development of a 'parish plan' which sets out a local community's' interests for their area allows communities to empower themselves in the running of their local community, and set actions which the community can deliver itself. Such plans are likely to become increasingly well received as part of the Government's localism agenda.

6.7.17 A good example of where communities are working together to develop better outcomes for their area is the Staffordshire 'Communities Mean Business' project which is funded through the Rural Development Plan for England LEADER approach. This project is operational in rural parts of Staffordshire Moorlands and Stafford Borough and has been designed to enhance the vibrancy and sustainability of rural communities through the provision of improved local services and community facilities, combined with the conservation and upgrading of the natural and built heritage.
### Appendix Table 1 - Employment by Broad Industrial Group, 2008

<table>
<thead>
<tr>
<th></th>
<th>Agriculture and fishing</th>
<th>Energy and water</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Distribution, hotels and restaurants</th>
<th>Transport and communications</th>
<th>Banking, finance and insurance, etc</th>
<th>Public administration, education &amp; health</th>
<th>Other services</th>
<th>Total</th>
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<tr>
<td>Cannock Chase</td>
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</table>

! - Data suppressed due to confidentiality reasons

Source: Annual Business Inquiry, 2008. ONS. Note - Numbers may not sum due to rounding
Appendix 2

Figure 7 highlights the Gross Value Added (GVA) generated by 6 broad industry groups in Staffordshire at 2007.

The constituent industries in these broad industry groups are set out below

**Agriculture, forestry and fishing**
  - Agriculture, hunting and forestry
  - Fishing

**Production**
  - Mining and quarrying
  - Manufacturing
  - Electricity, gas and water supply

**Construction**
  - Construction

**Distribution, transport and communication**
  - Wholesale and retail trade (including motor trade)
  - Hotels and restaurants
  - Transport, storage and communication

**Business services and finance**
  - Financial intermediation
  - Real estate, renting and business activities

**Public administration, education, health and other services**
  - Public administration and defence
  - Education
  - Health and social work
  - Other services
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