Understanding the economy of rural Staffordshire

A daughter document to the Staffordshire Local Economic Assessment

May 2009
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The emerging local economic assessment for Staffordshire (LEA) will highlight the most strategic issues influencing the economy now and into the future. This study will link closely with the LEA, ensuring that it is “rurally proofed”, as well as providing an appropriate vehicle to promote rural issues, policy initiatives, programmes and specific projects in the county. This report will also provide some evidence to support funding for rural initiatives, particularly those applying for Regional Development Agency (RDA) monies in the light of the proposed devolution of RDA budgets.

It is intended that the report will build on similar work carried out in 2003 and 2007, under the banner of “Rural Matters”. These reports commissioned by the Staffordshire Rural Forum aimed to identify how the economy of rural Staffordshire has changed, providing an understanding of some of the challenges and opportunities for the economy of rural Staffordshire, and examining how current policy initiatives and programmes impact on the Staffordshire rural area.
Background to Rural and Urban Staffordshire

Rural and Urban Classifications

Defined rural areas make up around 80% of Staffordshire’s land area and around 25% of its population. As such, rural parts of the County need to be carefully considered.

A number of different definitions of rural and urban areas exist but for the purpose of this project the preferred definition is the joint definition of Defra and the Countryside Agency. This defines different administrative geographical areas by a number of categories based upon Census Output Areas from 2001. These categories are “urban” (generally settlements with a population of 10,000 or greater) and a range of more rural definitions; “town and fringe”, “village” and “hamlet and isolated dwelling”.

Map 1 - Rural and Urban Census Output Areas in Staffordshire County
However, not all data is available at output area, super output area and ward level. When looking at data only available at district level the Local Authority Classification introduced by Defra in 2005 can be used to differentiate between urban and rural areas. This definition complements the Rural and Urban Area Definition detailed above.

The Local Authority Classification Survey designates each Local Authority District into one of 6 area types; Major Urban, Large Urban, Other Urban, Significant Rural, Rural-50 and Rural-80.

All towns with more than 10,000 population are deemed to be urban using this classification. However, market towns which significantly contribute services to the surrounding rural locality can be included as rural by the classification. This highlights some urban areas with between 10,000 and 30,000 population being classified as larger market towns. These can then be taken into account in assessing the rurality of a district in light of the classifications above. Market towns act as a key focus for rural service provision as a source of opportunities for employment land development or redevelopment and as locations for farmers markets and related rural events.

Based on this classification, 6 of the 8 districts in Staffordshire are classified as having rural characteristics. Staffordshire Moorlands and Lichfield have 64% and 59% of their population within rural settlements and larger market towns and thus are classified within the Rural-50 category. Cannock Chase, East Staffordshire, South Staffordshire and Stafford are classified as significantly rural, whilst Tamworth and Newcastle-under-Lyme districts are classified as other urban and large urban respectively.

Further information on the Rural Definition and the Local Authority Classification Survey can be accessed at [www.defra.gov.uk/rural/ruralstats/rural-definition.htm](http://www.defra.gov.uk/rural/ruralstats/rural-definition.htm).

The weaknesses of Rural and Urban classifications

Along with other boundaries on a map, the use of rural and urban classifications have their own advantages and disadvantages and in some circumstances they can have significant implications.

While a local person is likely to have their own idea as to whether the area in which they live is urban or rural, official definitions as discussed above may not match local people’s perceptions. In general, the rural and urban classifications outlined above are seen as significantly robust. They are by no means perfect and are best used for the purposes of highlighting differences in statistics.

In the past some rural and urban classifications have been used as a basis for eligibility for funding, (for example in the determination of rate relief following the 2001 foot and mouth crisis). While the present definitions are relatively robust, there are some areas for concern. The classification of Newcastle-under-Lyme district as “other urban” is largely due to it adjoining the Stoke-on-Trent Unitary Authority and the wider North Staffordshire conurbation. Newcastle-under-Lyme, particularly on its western fringes has some quite significant rural areas which are therefore not picked up by this classification.

Similarly while Cannock Chase district contains the majority of the Cannock Chase Area of Outstanding Natural Beauty, its classification as a “significantly rural” district could be questioned with the majority of the district being centred around the two towns of Cannock and Rugeley.

While the current classifications of urban and rural areas represent a vast improvement of those previously used it is always important to put these classifications into the context within which they are created.
To understand the rural economy and how it performs, an appreciation of the underlying economy and the climate in which businesses operate is essential.

This section of the report highlights some of the most important factors affecting businesses in Staffordshire, before looking forwards to anticipate how the areas economy might change into the future. With the rapidly changing and uncertain nature of the economy in the current economic recession, the views and confidences of rural businesses in Staffordshire over the next few years may change significantly.

Structure of the Economy

Employment

The structure of the Staffordshire economy shapes many of the economic issues that currently influence business in the County. Chart 1 shows how the broad employee profile of the rural wards in Staffordshire differs from the rural areas of the West Midlands Region and England.

Unfortunately the most recent information available on the employment structure of the County is from 2007. Therefore we are unable to see the possible effect that the recession is having on the different employment sectors. However, this information is useful because it provides an indication of where the effects of the recession are likely to be felt the most. The largest employment sectors in rural Staffordshire are public administration, education, health, distribution, hotels and restaurants. Much of the employment in the public administration, education and health groups is likely to be public sector and is therefore likely to be relatively more stable, even during recession. The distribution sector on the other hand is likely to feel the effects of recession much more greatly. A general fall in demand for most products is not the only issue for the distribution sector at the moment. One

<table>
<thead>
<tr>
<th>SIC (BIGs)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A,B</td>
<td>Agriculture and fishing</td>
</tr>
<tr>
<td>C,E</td>
<td>Energy and water</td>
</tr>
<tr>
<td>D</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>F</td>
<td>Construction</td>
</tr>
<tr>
<td>G,H</td>
<td>Distribution, hotels and restaurants</td>
</tr>
<tr>
<td>I</td>
<td>Transport and communications</td>
</tr>
<tr>
<td>J,K</td>
<td>Banking, finance and insurance, etc</td>
</tr>
<tr>
<td>L,M,N</td>
<td>Public administration, education &amp; health</td>
</tr>
<tr>
<td>O,P,Q</td>
<td>Other services</td>
</tr>
</tbody>
</table>

Source: Annual Business Inquiry 2007, National Statistics
of the major costs to a distribution firm is fuel and the price of fuel has been unstable over the past year, reaching a record $147 per barrel at one point. The price of fuel has stabilised notably since this high of summer 2008, however, recent trends suggest that fuel prices are rising again and therefore remain unpredictable.

Most commentators are suggesting that it is too early to identify or evidence the full impacts of the ‘credit crunch’, and even in 6 to 12 months time data and evidence may be unable to properly assess the impacts. However, we do know that nationally the manufacturing sector has been affected greatly. In rural Staffordshire there is shown to be above average levels of employment in the manufacturing sector. Recently, Public and Corporate Economic Consultants (PACEC) produced a paper on behalf of the LGA entitled ‘From Recession to Recovery: The Local Dimension’. This paper looked at past recessions and how employment was affected in different sectors to try and predict what impact the current downturn is likely to have on employment. The paper suggested that the most vulnerable employment sectors are likely to be manufacturing and construction. Chart 2 shows the levels of employment in construction and manufacturing in rural Staffordshire as well as some useful comparators.

Rural Staffordshire has above average levels of employment in construction and manufacturing when compared with urban Staffordshire, the rural areas of the West Midlands Region and rural England. This would suggest that rural Staffordshire is in a relatively poor position to deal with the economic downturn. The fall in the value of the pound does offer some hope to the manufacturing sector with the pound’s weakness against the dollar and the Euro, which makes UK exports more competitive on international markets, although this is offset by potentially higher input costs to the process given the weakness of the pound.

Various measures were announced at this year’s budget to support businesses during this difficult time. These included a scheme whereby loss-making companies will be able to reclaim more taxes on profits made in the last three years and a £750 million Strategic Investment Fund to support advanced industrial projects of strategic importance, of which a third of the funding will be earmarked for low carbon projects.
Clusters

Chart 3 shows the levels of employment in the priority clusters supported by Advantage West Midlands. Clusters make an attempt to deal with the complexities of real world linkages between firms. For example, the Food and Drink cluster includes the producers of raw materials (including farmers), the manufacturers, distributors and specialist retailers backed by the education sector and specialist service providers.

Tourism and leisure is an important cluster to Staffordshire’s rural areas and this sector may prove to be of particular importance in the future. With the weakening pound and people being tighter with their purse strings there is likely to be a fall in the numbers of people holidaying abroad. It may prove that people substitute their holiday abroad for taking more short breaks and days out in the UK. This has already been observed in other areas such as the North East1 and Norwich2. The “Enjoy Staffordshire” loyalty card is an innovative example of a scheme which has been developed to encourage more Staffordshire residents to use tourism and leisure facilities in the county, and also provides an opportunity to attract more tourists to the area. The fall in the pound also makes it more attractive for people from abroad to holiday in the UK.

Building and food and drink are other clusters that are shown to be important to the rural economy. This report has already highlighted that the construction sector is likely to be adversely affected by the downturn. House sales and prices are continuing to fall and this makes house building an unattractive proposition at the moment. There is also evidence of other capital schemes being put on hold as developers have in some cases struggled to find the funding for their schemes, and rationalise their portfolios to ensure maximum profitability.

Knowledge-intensive sectors

The term ‘knowledge economy’ is used to describe the emerging economic structure and represents the marked departure in the economics of the ‘information age’ from those of the more traditional twentieth century industrial era. Measuring the size and growth of the knowledge

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1 “Some of the North East’s visitor attractions have seen their best ever visitor numbers”, The Journal
2 “Many of the county’s attractions have performed well although consumers are spending less once inside the attractions”, Norwich Evening News
The economy is made difficult by the lack of an agreed definition for what it represents. This is partly because its key component, knowledge, is itself difficult to quantify. However, Eurostat defines certain employment sectors as being knowledge-intensive. Using this definition we can see the levels of employment in knowledge-intensive sectors in rural and urban Staffordshire.

<table>
<thead>
<tr>
<th>Area</th>
<th>% of employment in Knowledge Intensive Services</th>
<th>Hi / Medium Tech Manufacturing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural 50</td>
<td>42.4</td>
<td>6.8</td>
<td>49.2</td>
</tr>
<tr>
<td>Significantly Rural</td>
<td>40.4</td>
<td>6.1</td>
<td>46.5</td>
</tr>
<tr>
<td>Urban</td>
<td>43.0</td>
<td>2.8</td>
<td>45.8</td>
</tr>
<tr>
<td>Staffordshire Total</td>
<td>41.4</td>
<td>5.5</td>
<td>46.9</td>
</tr>
</tbody>
</table>

Source: Annual Business Inquiry 2007, aggregated to Eurostat Definitions

Employment in knowledge-intensive sectors is slightly lower in Staffordshire’s rural areas compared to the urban areas, although rural areas have a significantly greater share of employment in high and medium technology manufacturing sectors. The significantly rural district of Cannock Chase in particular is shown to have a low level of employment in knowledge-intensive services with 39.5% of employment being in these sectors compared to 46.9% for the county as a whole.

**Econometric projections of the future of the local economy**

Econometric projections provide a useful at a glance trend of the direction of travel of the local economy. Using past performance and predicted national and regional forecasts into the future, they provide an insight into the possible make up of Staffordshire’s economy into the future. These projections take into account the current economic downturn and include predictions from Cambridge Econometrics on what impact the recession will have on the Staffordshire economy.

Between 2006 and 2020, employment in Staffordshire is predicted to grow by some 30,000 jobs, a 5% increase over the period. However, it is predicted that much of this growth in employment will be in the urban districts of Newcastle-under-Lyme and Tamworth. Employment in the urban districts is predicted to rise by around 5%.
24,000 jobs up to 2020, a 6% increase, compared to a rise of just 6,000 jobs in the rural districts, a 2% increase. Chart 4 highlights which industrial sectors are predicted to experience growth and contraction between 2006 and 2020 in rural and urban Staffordshire.

Growth in rural Staffordshire is predicted to occur in the financial & business services and government & other services sectors. The predicted increase in employment in the financial & business services sector is positive because an increase in performance in this area will be a key component in establishing a high value added economy in Staffordshire. Employment in the agriculture, mining & quarrying and electricity, gas & water sectors is predicted to halve in rural Staffordshire up to 2020.

Chart 5 shows the predicted percentage change in employment by occupational group. Rural Staffordshire is predicted to experience a reduction in the number of people employed in elementary occupations, skilled trade occupations and as process, plant & machine operatives. Managers and senior officials, professional occupations and associate professional & technical occupations are all predicted to experience growth up to 2020. This is positive because it shows a movement away from “blue collar” occupations towards “white collar” occupations, something which will also be important in developing Staffordshire’s high value added economy.

Enterprise and Business Survival

VAT registrations and stock

One of the most useful measures of the levels of local enterprise is provided by monitoring the level of new business start ups as a proportion of the population aged 16 and above. This measure is commonly known as the ‘enterprise rate’. While the measure only captures those businesses which register for VAT (thus missing some of the smaller enterprises operating in an area falling below the £64,000 threshold) it does give a useful indication of the differing levels of enterprise in Staffordshire’s rural and urban areas.

In 2007, enterprise rates in Staffordshire were highest in the rural parts of the county. Over the period between 2002 and 2007, VAT registrations remained fairly constant in rural and urban areas
with only slight changes year on year.

When considering the change in firm stock (businesses registered for VAT) between the start of 2003 and the start of 2008 aggregated to the rural-urban classification, rural areas experienced a greater increase than urban areas within the county. Rural Staffordshire’s firm stock increased by 11.6% over the 5 year period, compared to an increase of 8.3% in urban areas of the county.

Business births and deaths

The Office of National Statistics recently released new information on the “births” and “deaths” of businesses. This information is more comprehensive than the VAT registrations information because it also includes those businesses that may not be registered for VAT but are registered on the Pay As You Earn system (PAYE), i.e. have employees who pay income tax and / or national insurance. However the limitation with this information is that because it is new it is not possible to look at how the information has changed over time. Chart 7 shows the level of business births and deaths in 2007.

Similarly to the VAT registrations information it can be seen that business births were highest in rural areas of Staffordshire in 2007. However, the information also shows that rural areas experienced a greater level of business deaths, suggesting a degree of “churn” among local businesses. Overall, the difference between the levels of births and deaths was higher in rural Staffordshire. This indicates that the levels of businesses in rural areas grew proportionally more than urban areas in 2007.
Business survival

As well as the creation of new enterprises, the survival of new businesses is important to the long term prosperity and sustainability of Staffordshire’s rural economy. Chart 8 shows the business survival rates for Staffordshire’s urban and rural areas.

The one year survival rate is slightly higher in significantly rural areas than it is in rural-50 and urban areas. The three year survival rate is similar in rural-50 and significantly rural areas and is slightly higher than urban areas. However, it should be noted that the data for one year survival rates is from 2006 and the data for three year survival rates is from 2004. This is the best information currently available but it doesn’t provide us with any idea on how well businesses are surviving in the current economic climate at the time of writing.

Productivity and Gross Value Added

In its simplest terms, Gross Value Added (GVA) is a key measure of the value of the goods and services produced in the economy. It is the favoured measure used nationally and regionally to monitor the competitiveness and productivity of the economy, and is the key performance indicator for the Regional Development Agencies. GVA as an absolute measure provides an indication of the total economic output of an area and in 2005 Staffordshire had an absolute GVA of some £11 billion (the second largest strategic authority by measure of absolute GVA in the West Midlands region after Birmingham).

Unfortunately, the quality of GVA data below the regional level is variable. For this reason the lowest geographical levels at which we report GVA data in this report is the County Council level. This means that the information cannot be looked at in terms of Staffordshire’s urban and rural areas. However, the major issues around GVA values are just as valid for rural areas, and so it is useful to look at the issues for Staffordshire as a whole.

Improving the levels of GVA regionally is the key priority of the West Midlands Regional Economic Strategy. This strategy uses GVA per head of population as its headline measure of economic performance. As a region GVA per head of population in the West Midlands is 89% of the UK average. Closing the gap of GVA per head to the UK average would amount to an additional £10 billion of GVA region wide.

3 Headline GVA at current basic prices, 2005, National Statistics
While Staffordshire has the second highest levels of absolute GVA in the West Midlands region, it has the lowest GVA per head of all the strategic authorities in the region at 75% of the UK average\(^4\). GVA per head in the county has not exceeded 78% of the UK average since 1995. A comparison of GVA per head for the shire counties in the West Midlands region is provided in chart 9.

Staffordshire therefore has the potential to make a significant contribution towards narrowing the region’s output gap. Improved performance will need to be based on the development of local business to take advantage of higher value sectors.

The influences of commuting (which is calculated on a workplace basis), where Staffordshire residents are generating output in location outside of the county, is an important factor to consider when examining GVA per head in Staffordshire, with significant numbers of workers travelling to areas outside of the county and generating GVA for these areas. It remains however, that a preponderance of business in the lower and medium value added sectors is a key determinant in Staffordshire’s poor GVA per head performance. The need to improve GVA per head in Staffordshire will be reliant on increasing the proportion of employment in the identified higher value added clusters and a greater proportion of employment in the ‘knowledge economies’ and improving the County’s sustainability through reduced commuting and providing more employment opportunities locally.

Intrinsically linked into this agenda, the skills base of Staffordshire’s working age population will need to be significantly improved to facilitate greater local productivity. This will help to ensure that high value added local jobs are filled by people with the appropriate skills locally, rather than going to people from outside the Staffordshire functioning economic area. A further examination of the skills situation in Staffordshire will be included in the ‘People’ section of this report.

\(^4\) Headline GVA per head indices at current basic prices, 2005, National Statistics
An appreciation of the different localities and communities that make up Staffordshire is needed when considering the different economies operating in the county. The issues affecting the rural parts of the county will be different to the urban areas, especially given the current economic climate, but also share many of the same issues.

Much of Staffordshire’s economic history has been shaped by the natural resources found in the area with related markets evolving from these structures. While the local economy has restructured considerably to take into account new markets, many of the places we know in Staffordshire today have been shaped by this history.

The future of Staffordshire’s economy will need to take advantage of Staffordshire’s location benefits, ensuring that the many places in the county are given the opportunity to develop a knowledge-based, high value added service economy, boosting the prosperity of the area while preserving the high quality natural environment. Rural areas will prove to be just as important as the urban centres in this transition.

Index of Multiple Deprivation

The IMD 2007 provides a relative ranking of areas across England according to their level of deprivation and is based on the small area geography known as Lower Super Output Areas (SOAs). The IMD index can be used to compare the extent of, and concentrations of deprivation within and across local authorities. Map 2 shows which parts of rural Staffordshire fall within the 50% most deprived SOAs nationally.

Multiple deprivation tends to be more of an issue in Staffordshire’s urban areas, where it is more visible, and is concentrated more tightly. There are no SOAs in rural Staffordshire that fall within the 25% of most deprived SOAs nationally. An appreciation of levels of deprivation is important as it helps to set the context for many of the other issues which are significant in a locality.

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Impact of the economic downturn on rural Staffordshire

The recession is having a major impact on the global economy. The National Institute of Economic and Social Research (NIESR), a leading economic research body, has recently predicted that we are in the middle of the worst recession since the 1930’s. The economic downturn will be affecting all areas of the national economy and it is important to look at what the impacts might be on the rural areas of Staffordshire.

In response to the recession, the Commission for Rural Communities has been producing a monthly report on the impacts of the downturn on the economies and communities of rural England. These reports have so far included information on the increasing levels of unemployment, impact on the housing market, the decreasing availability of finance and media stories on major job losses in rural areas. Some of the key messages coming from these reports in recent months have included:

- Communities and businesses across rural England face increasing deterioration – business closures, job losses, reduced working, lower consumer demand and difficulty in securing bank funds.
- The impact of major retail closures in market towns is very visible and could go one of two ways – either independent businesses exploit the opportunity and flourish; or, perhaps more likely, consumers are no longer attracted to market towns and opt instead to get in their cars and drive to urban centres (people with lower levels of accessibility can become further disadvantaged in such instances).
- Overall unemployment rates are lower in rural than urban areas, although some rural areas are experiencing dramatic rises in unemployment along with very low numbers of unfilled job vacancies.
- Rural house prices and sales have continually fallen, but rural housing affordability remains a greater problem than for urban areas.
- There is a lack of affordable housing in rural areas and the number of repossessions has doubled.
- Demand for financial services such as face to face debt advice and affordable credit is outstripping supply in rural areas.

Unemployment in rural Staffordshire

The number of people claiming Jobseekers Allowance (JSA) is the best indicator that we have of the impact of the credit crunch because it provides the most up-to-date information available. Between January 2008 and January 2009 there was a 96.4% increase in the number of claimants in Staffordshire. In the last year Staffordshire has seen a greater increase in claimants than any other strategic authority area in the West Midlands Region. Table 2 shows the number of claimants in rural and urban Staffordshire at January 2009.

In terms of the absolute number of claimants, Staffordshire’s rural areas experienced a greater increase than urban areas. However, the claimant rate remains much lower in the rural areas. 3.5% of the working population in Staffordshire’s urban areas claim Jobseekers Allowance. This compares to 2.3% in the areas classified as town and fringe and 1.5% in those areas classed as village, hamlet and isolated dwelling.
The following maps show the January 2009 claimant proportion in Staffordshire’s rural and urban wards. The yellow areas show the wards where the claimant proportion is amongst the lowest in the county and the red areas indicate the wards where the claimant rate is amongst the highest.

**Map 3 - Jobseekers Allowance Claimant Rate in Rural Staffordshire, January 2009**

**Map 4 - Jobseekers Allowance Claimant Rate in Urban Staffordshire, January 2009**

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Produced by the Research Unit, Development Services Department, Staffordshire County Council, 2009.
The maps clearly show that the claimant rate tends to be higher in the urban areas of Staffordshire. Certain wards around Cannock and Burton have the highest proportion of the working age population claiming Jobseekers Allowance. Three wards around Cannock and one in Burton have a claimant proportion of over 6%. The Norton Canes ward in Cannock Chase has the greatest claimant rate in the rural areas with 4.2% of the working age population in this ward claiming JSA.

The following maps indicate how the claimant rate changed between January 2008 and January 2009 in Staffordshire’s urban and rural wards.

The greatest increases in the claimant proportion over the last year have again occurred in the urban areas of Staffordshire. The Cannock South and Burton wards have both seen their claimant proportion rise by around 4% over the last year. In the rural areas, five wards have seen the claimant proportion rise by over 1.5%. These are the Norton Canes ward in Cannock Chase, King’s Bromley in Lichfield, Penkridge West in South Staffordshire and the Churnet and Ipstones wards in Staffordshire Moorlands.

The increasing level of unemployment across the country has put pressure on Job Centre Plus centres. This has led to the Government pledging an additional £1.7bn to support the unemployed,
both for individuals moving off Jobseekers Allowance and those who remain unemployed for more than 6 months. Other pledges in this years Budget included a guaranteed job, training or work placement for all 18-24 years old who are out of work for more than a year and £260m to train young people for the skills needed for emerging industries.

Job vacancies

The number of job vacancies is an important consideration because as the number of JSA claimants increases, more and more people will be looking for a job. The trade union TUC recently reported that in January 2009 there were ten Jobseekers Allowance claimants for every job vacancy in the country. This compares to just four claimants per vacancy in January 2008. The table below shows the level of notified job vacancies at January 2009 in Staffordshire’s urban and rural areas.

<table>
<thead>
<tr>
<th>Rural / urban classification</th>
<th>January 2009 Number of job vacancies</th>
<th>Annual change (%)</th>
<th>Claimant count</th>
<th>Number of JSA claimants per job vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban &gt; 10k</td>
<td>1,033</td>
<td>-53.8</td>
<td>13,438</td>
<td>13.0</td>
</tr>
<tr>
<td>Town and Fringe</td>
<td>214</td>
<td>-16.1</td>
<td>1,385</td>
<td>6.5</td>
</tr>
<tr>
<td>Village, Hamlet &amp; Isolated Dwelling</td>
<td>106</td>
<td>-72.6</td>
<td>920</td>
<td>8.7</td>
</tr>
</tbody>
</table>

1 – Please note that these figures relate to vacancies notified to job centres, rather than all vacancies in the labour market

Source: NOMIS

Between January 2008 and January 2009 the areas classified as village, hamlet and isolated dwelling saw the biggest fall in the number of job vacancies. However, the urban areas currently have the greatest number of claimants per job vacancy, indicating that the competition for each unfilled job may be less intense in rural Staffordshire. Labour markets are, however, dynamic meaning that people from rural and urban areas will be competing for the same jobs. Again, an individual’s accessibility is a key determinant in this respect.

The housing market

Up until recently the housing market in the UK had experienced several years of unparalleled growth. Being able to borrow relatively large amounts of money at low levels of interest with little or no deposit required led to record levels of housing sales. With housing supply being limited, this in turn led to ever increasing house prices. Chart 10 shows how house prices changed in the Staffordshire districts between 2003 and 2008.

Between 2003 and 2008 the greatest percentage increase in house prices occurred in the rural-50 district of Staffordshire Moorlands, the large urban district of Newcastle-under-Lyme and the significantly rural district of Stafford with increases of 56.1%, 52.6% and 46.7% respectively. There are three Staffordshire districts where the average house price was greater than the West Midlands Region average in quarter two of 2008, and all of these districts are classified as rural.
However, the housing bubble has now burst. Since April 2008 house prices in Staffordshire have fallen every month. Unfortunately, published information on houses prices by district is only available up to the second quarter of 2008 and therefore the full impacts of the recession on the housing market in rural Staffordshire cannot be shown. It is still useful to look at how house prices and sales have been affected in Staffordshire as a whole because house prices and sales are likely to have been affected in both urban and rural areas, although this may have been to differing extents.

House prices and the number of houses sold in Staffordshire fell greatly over the last year. The average house price in Staffordshire fell by over £15,700 between January 2008 and January 2009. This should be good news in terms of housing affordability and attracting people to the area. However, house sales have also fallen to less than half their level compared with a year ago. This is probably due to people’s reluctance to buy a house that may result in a negative equity situation. Access to good mortgage deals is also a major issue with banks asking for greater deposits in order to provide a mortgage at a higher interest rate. There is some evidence that reduced interest rates (at the time of writing 0.5%) have provided some additional momentum to the housing market, although first time buyers especially are still struggling to enter the market.
To try to kick-start the faltering housing market, the Chancellor introduced various measures in this year’s budget. These included an extension of the stamp duty “holiday” for properties worth less than £175,000 to end of the year, £500m to kick-start stalled housing projects including £100m for local authorities to build new energy efficient houses and an extra £80m for the shared equity mortgage scheme.

**Geographical location and accessibility**

Staffordshire’s location at the centre of the country is one of its key benefits, and has been a significant reason in recent inward investment successes locating in the area, particularly in the distribution and warehousing sector. The county is bisected by the M6 and West Coast Mainline which provide the key connections between the north west and south east of the country via the Midlands. Traditionally, links between the west and east of the county have been less well developed, although the A50, and to some extent, the M6 Toll have helped to improve these links.

While Staffordshire’s central location is an important economic benefit, the transport corridors passing through the county are strategic in the national context. The M6 passing through the county between junctions 11 and 16 is one of the most heavily trafficked sections of road in the country and is characterised by frequent incidences of congestion. Congestion on the M6 is harming local economic productivity and Stafford Chamber of Commerce and Industry have estimated this negative cost at £20,000 per business per annum\(^5\). The development of the M6 Toll has helped to relieve some of the congestion problems faced by the area, also opening up development opportunities along the length of its corridor. It remains, however, that the original M6 is still choked by congestion.

Improvements to the M6 are seen as critical by businesses, and reducing levels of congestion could help improve local competitiveness, opening up their access to markets and helping to improve levels of output. Future options to improve the problems of congestion on the M6 are currently being considered by the Highways Agency and Department for Transport between junctions 11a and 19. These options could include the widening of sections of carriageway, and/or, where appropriate, active traffic management including hard shoulder running to provide extra capacity. A further scheme to link the M6, M6 Toll and M54, which will also improve the access to the i54 Major Investment Site to the north of Wolverhampton is also being investigated, with an estimated completion date of late 2012.

The West Coast Mainline has been the focus of major improvement works over recent years, and these are scheduled to be completed in 2009. These improvements will offer increased accessibility by rail for many parts of Staffordshire to London and the South East and North West England. Increased investment in rail has led to greater patronage on this and other routes and further investments to improve capacity of the rail network are now planned.

Levels of access throughout Staffordshire are not equal. The physical size of Staffordshire (56 miles from north to south, and 36 miles from west to east at its greatest extents) means that some parts of the county are more isolated than others. Public transport corridors between towns offer good access for people living in rural areas close to major routes, however, those in more sparsely populated areas away from major routes can find themselves disadvantaged in terms of their

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accessibility to employment and services. Demand responsive services linking to mainstream services, and the work of the Rural Access to Services Partnership have the potential to improve these access issues in more remote areas.

Accessibility to employment sites, especially outside of core 9 to 5 business hours, and to outlying industrial estates and business parks are consistently mentioned by businesses as priority areas in which they would like to see improvements made.

**Functioning economic geographies**

The “functioning economic geography” of Staffordshire is a very complex situation. Real life economies do not respect administrative boundaries, and the interdependence between different sectors and their products, the movements of people working in the area, and intrinsic historical linkages between places are all important considerations to take into account.

Travel to work patterns offer a relatively simple indication of the dynamics of the many labour markets operating in an area and can be seen attached in the following map. In the southern parts of the County, the economies of the Black Country and Birmingham exert a strong influence on the travel to work patterns and labour markets of the area. The South Staffordshire “panhandle” has close links with Wolverhampton and Dudley in particular with significant out commuting to these areas on a basis for travel to work. Cannock and Burntwood, along with the Cheslyn Hay and Great Wyrley areas tend to have very strong affinities with Walsall, while Lichfield and Tamworth have much closer links to Birmingham and North Warwickshire.

The north of Staffordshire, displays strong relationships with surrounding areas of Cheshire, Derbyshire and in particular the Stoke-on-Trent unitary authority. But also looks outwards as far as Greater Manchester for higher order employment and service opportunities. The importance of Stoke-on-Trent to the north of the County is reinforced by many local services such as Staffordshire Police and Fire service operating across an area encompassing both Staffordshire County and Stoke-on-Trent reflecting the former County of Staffordshire.

The central parts of Staffordshire around Stafford Borough and East Staffordshire tend to have much more self contained travel to work areas, with relatively high numbers of people working and residing in the same area. Parts of Burton-upon-Trent in particular have a very close affinity with the East Midlands, and these links form an important economic sub region in their own right.

Other issues relating to functioning economic geography have less quantifiable evidence behind them. These include establishing the supply chains of businesses, the real interdependence between rural and urban areas and looking much wider, how businesses and the areas in which they operate link nationally, and globally. The complexities of the functioning economic geography of Staffordshire and how this impacts on the economy of rural areas is an area in which further research will be beneficial.
Map 7 - 2001 based Travel to Work Areas impacting on Staffordshire

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Employment Land

The preferred option of the phase 2 revision to the West Midlands Regional Spatial Strategy (RSS) proposes that Staffordshire should provide for a 5 year rolling “reservoir” of 207 hectares of employment land (meaning that at any point in time this amount of land should be readily available within a 5 year period). Longer term requirements should extend to 621 hectares of employment land. These requirements have been allocated in urban and rural areas, as can be seen in the table below.

<table>
<thead>
<tr>
<th>Rural / urban classification</th>
<th>5 year reservoir</th>
<th>Long term requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural 50</td>
<td>39</td>
<td>117</td>
</tr>
<tr>
<td>Significantly Rural</td>
<td>126</td>
<td>378</td>
</tr>
<tr>
<td>Urban</td>
<td>42</td>
<td>126</td>
</tr>
<tr>
<td>Staffordshire Total</td>
<td>207</td>
<td>621</td>
</tr>
</tbody>
</table>


At April 2007, a total of 847 hectares of employment land was available in Staffordshire consisting of 393 hectares readily available, 445 hectares available within five years and nine hectares available beyond five years. At the County level, these requirements are therefore satisfied. Chart 13 shows how the available employment land is split between urban and rural areas.

The majority of employment land available is in districts classed as significantly rural and these areas are where most employment land is required according to the RSS. While employment land is primarily expected to be used for B1, B2 and B8 uses there has been an increasing trend over recent years for land to be used for lower value uses such as hotels and restaurants and most recently car showrooms. The following table shows the amount of employment land available by use class.

Chart 13 - New Industrial Land and Redevelopment Land Available (2006/07)

Source: Staffordshire Employment Land Availability Survey 2007
Table 5 - Industrial New Land, Redevelopment Land and Other Employment Land Available by Use Class 2006/07 (Hectares)

<table>
<thead>
<tr>
<th>Use Class</th>
<th>Rural 50</th>
<th>Significantly Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>53.57</td>
<td>13.01</td>
<td>20.64</td>
</tr>
<tr>
<td>B2</td>
<td>1.52</td>
<td>21.83</td>
<td>1.56</td>
</tr>
<tr>
<td>B8</td>
<td>26.72</td>
<td>35.03</td>
<td>6.59</td>
</tr>
<tr>
<td>B1/B2</td>
<td>19.1</td>
<td>11.97</td>
<td>2.36</td>
</tr>
<tr>
<td>B1/B8</td>
<td>9.49</td>
<td>7.31</td>
<td>4.23</td>
</tr>
<tr>
<td>B2/B8</td>
<td>0.21</td>
<td>0</td>
<td>0.04</td>
</tr>
<tr>
<td>B1/B2/B8</td>
<td>102.63</td>
<td>399.2</td>
<td>110.27</td>
</tr>
<tr>
<td>A2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>A3</td>
<td>0.42</td>
<td>0.62</td>
<td>1.27</td>
</tr>
<tr>
<td>C1</td>
<td>4.6</td>
<td>2.36</td>
<td>6.95</td>
</tr>
<tr>
<td>C2</td>
<td>0</td>
<td>0.73</td>
<td>0</td>
</tr>
<tr>
<td>D1</td>
<td>0.66</td>
<td>0</td>
<td>0.55</td>
</tr>
<tr>
<td>D2</td>
<td>12.89</td>
<td>95.16</td>
<td>3.35</td>
</tr>
<tr>
<td>Sui Generis</td>
<td>11.73</td>
<td>7.99</td>
<td>5.32</td>
</tr>
<tr>
<td>Mixed uses</td>
<td>0.57</td>
<td>39.33</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Staffordshire Employment Land Availability Survey 2007

B1: Business Offices; research and development; any industrial process; subject to the “amenities test”: a use which can be carried out in any residential area without detriment to the amenity of that area by reason of noise, vibration, smell, fumes, smoke, soot, ash, dust or grit.

B2: General Industrial Any industrial process other than one falling within Class B1.

B8: Storage and Distribution Warehouses or distribution centres including wholesale cash and carry.

A2: Financial and Professional Services

A3: Food and Drink

C1: Hotels and Hostels

C2: Residential Institutions

D1: Non Residential Institutions

D2: Assembly and Leisure

Sui Generis: Many uses do not fall within any use class, and are therefore described as “Sui Generis”, i.e. a class of their own

Most employment land available is shown to be for a mix of B1, B2 and B8 industries. It is important that sufficient land in Staffordshire’s rural and urban areas is available for helping to promote the development of the high value added economy which is being sought. In general, this will be achieved by promoting land for B1 and other employment uses. The following table highlights the level of completions of employment land in rural and urban areas in 2006/07.
Most employment land completions in 2006/07 were for B8 use (storage, distribution and warehousing uses) with 28.44 hectares of land being completed for this use class, all within districts classed as significantly rural or Rural 50.

**Property markets and prices**

The health of an area's commercial property markets can give a very useful indication of the health of the wider economy in general. Although property information from published sources is usually available for district council areas and main towns, rather than on a rural and urban basis, the information is very useful in identifying the most buoyant parts of the local economy.

**Office markets**

The office market in Staffordshire displays a broadly north to south split, with prices in the southern parts of the county being generally higher than those in the north. Lichfield and Tamworth in particular demonstrate the highest rents per square foot among their office premises, possibly through their good access to the Birmingham area, and relative cost advantage over city centre premises.
Staffordshire Moorlands, the most rural in character of the county’s districts also has the lowest office rents. The relative isolation of Staffordshire Moorlands means that demand for office space is less pronounced. Later in this report we highlight the disparity between residence based and workplace based earnings in the county, a situation which is particularly pronounced in Staffordshire Moorlands. The higher paid Staffordshire Moorlands residents may be commuting to higher paid employment in the Potteries, Cheshire and Greater Manchester, rather than lower paid, lower value added employment in the district. As a rule of thumb, office prices tend to vary by age, with newer premises tending to command a higher rent per square foot than older premises.

**Industrial unit market**

The industrial unit market, alongside the office market is critical in helping to drive forward Staffordshire’s prosperity. There is a need for a well balanced portfolio of industrial units within an area to help provide for sustainable employment opportunities within that area, as well as sufficient employment land to plan for future growth.

The needs of employers will, of course vary significantly by location, however over the past decade Staffordshire has been able to capitalise on its good accessibility links to national road networks. Development of distribution and warehousing employment throughout the county has therefore been relatively strong as these sectors become nationally more prevalent.

Development of course, needs to be sympathetic to the natural surroundings and based around the appropriate planning framework, however some relatively rural parts of the county, including its market towns have seen a significant increase in distribution based development.

Unlike for offices, there is a smaller difference between land prices in the north and the south of the county, although Lichfield and Tamworth still attract the highest rents.

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**Table 7 - Average Office Prices - (£ per Sq Ft)**

<table>
<thead>
<tr>
<th>District</th>
<th>April - September 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannock Chase</td>
<td>£9.39</td>
</tr>
<tr>
<td>East Staffordshire</td>
<td>£11.17</td>
</tr>
<tr>
<td>Lichfield</td>
<td>£13.34</td>
</tr>
<tr>
<td>Newcastle-under-Lyme</td>
<td>£10.26</td>
</tr>
<tr>
<td>South Staffordshire</td>
<td>£11.50</td>
</tr>
<tr>
<td>Stafford</td>
<td>£9.04</td>
</tr>
<tr>
<td>Staffordshire Moorlands</td>
<td>£7.29</td>
</tr>
<tr>
<td>Tamworth</td>
<td>£12.84</td>
</tr>
</tbody>
</table>

*Source: InStaffs Property Market Trends – April – September 2008*

**Table 8 - Average Industrial Prices - (£ per Sq Ft)**

<table>
<thead>
<tr>
<th>District</th>
<th>April - September 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannock Chase</td>
<td>£4.82</td>
</tr>
<tr>
<td>East Staffordshire</td>
<td>£4.96</td>
</tr>
<tr>
<td>Lichfield</td>
<td>£5.55</td>
</tr>
<tr>
<td>Newcastle-under-Lyme</td>
<td>£4.42</td>
</tr>
<tr>
<td>South Staffordshire</td>
<td>£4.53</td>
</tr>
<tr>
<td>Stafford</td>
<td>£4.57</td>
</tr>
<tr>
<td>Staffordshire Moorlands</td>
<td>£4.27</td>
</tr>
<tr>
<td>Tamworth</td>
<td>£5.38</td>
</tr>
</tbody>
</table>

*Source: InStaffs Property Market Trends – April – September 2008*
Retail

An analysis of the patterns of retail performance in rural Staffordshire is complicated by the fact that very little published information is available to enable comparisons to be made.

Although Staffordshire’s rural communities do not have a town centre, which falls into the hierarchy of centres identified in the West Midlands Regional Spatial Strategy, several market towns and larger centres such as Burton-upon-Trent and Stafford provide important retail offers. The retail dynamics of the county are complex, and the attractiveness of a particular centre are influenced by a range of factors including the range of goods available, accessibility and the overall appearance of a centre.

Some of Staffordshire’s market towns such as Leek, Stone and Uttoxeter have a fairly well developed retail offer which serve both local needs, and those of a significantly wider hinterland. The market towns programmes of recent years have been important in helping to maintain the vitality and viability of these centres and their future competitiveness will also benefit from such schemes.

The performance of a retail centre is often measured by the “yield” which considers the annual rent of properties as a proportion of the sale price or capital value of a property. In general terms, a lower yield often characterises a better performing centre, although this is not necessarily always the case.

Chart 14 highlights the yield performance of both Leek and Uttoxeter since October 2000. Both centres have seen a decrease in their yields over time which could be an indicator of their improved overall performance. However, this data is only available to July 2008, and therefore predates the economic recession. Rental values for the majority of town centres in Staffordshire according to retail experts Colliers CRE suggest that rents in the majority of Staffordshire town centres (including Leek and Uttoxeter) is static\(^6\), however both Burton-upon-Trent and Lichfield had seen an increase in their rental values.

Recent anecdotal evidence, suggests that some rural centres, like urban ones, are suffering in the economic recession. Uttoxeter is being particularly badly affected given the recent redundancies at JCB and Dairy Farmers of Great Britain leading to a loss of foot fall in the local centre. As part of their efforts in tackling the economic recession some local authorities are undertaking innovative

approaches to help maintain the vitality and viability of their centres. Staffordshire Moorlands, for example has introduced a loyalty passport to encourage consumers to shop locally. One approach to helping retain a successful local retail offer may be the opportunity to develop a “niche” market for a particular centre. In the case of Leek, the town has already developed a reputation for being a centre for antiques. Other Staffordshire centres may benefit from similar promotion to establish their own local niches (for example food and drink in Stone).

As well as the need to ensure the ongoing health of Staffordshire’s market towns the ability to access critical local services such as post offices, village stores and pubs continues to be a major issue for rural communities, especially in the most rural areas. In some communities there have been examples of post offices and shops which would otherwise have closed down being shared with pub premises and helping to promote the overall sustainability of villages. Other innovative approaches such as the mobile delivery of services must also be considered as potential opportunities for accessing key services locally.

Potential for diversification

New office development in rural parts of Staffordshire may provide the opportunity (subject to planning constraints) for the diversification of existing agricultural buildings to be used. The Redundant Building Grant Scheme and Rural Enterprise Grant schemes may provide assistance for bringing forwards diversification, particularly in the priority clusters of environmental technologies, food and drink, tourism and leisure and livestock related activities.

Access to Employment and Services

Staffordshire’s diversity, with its wide ranging mix of urban and rural communities means that access to services is variable within the area. This means access to services also varies, whether through public or private transport. It is often stated that deprivation in rural areas is masked by the fact that the most deprived communities are often adjacent to some of the more affluent communities in an area. Geographical Access to Services however provides an important indication of the ability of local people to access essential facilities such as Education, Post Offices, GP surgeries and local stores.
The Indices of Deprivation 2007 contains a deprivation domain related to ‘barriers to housing and services’ which offers a measure of the difficulties people may have in getting decent quality housing, as well as significant measures related to people’s ability to access the key services outlined above. In Staffordshire, 29 Super Output Areas fall within the 10% most deprived nationally. The pattern of this deprivation is shown in map 8 and is almost exclusively concentrated within the rural areas of Staffordshire, particularly in the north east in the Staffordshire Moorlands, to the west of the M6 motorway and in a belt through central and eastern Staffordshire.

Travel to Work and Accessibility

Being at the centre of the country, Staffordshire is fairly accessible by several major communication routes which pass through it, including the M6 and M6 toll motorways, A38, A50 and West Coast Mainline railway.

Looking in detail at the movements of Staffordshire’s people it is possible to create a “travel to work” map, based on the volume and importance of movements between different areas of the county. This is map 7 and can be seen earlier in the report.

Because of the significant dynamics of labour markets, stretching across administrative boundaries, it is likely that Staffordshire residents will be travelling to employment opportunities in Stafford, Stoke-on-Trent, Burton-upon-Trent, Walsall and Cannock, Derby, Telford and Bridgnorth, Wolverhampton, Birmingham, Buxton, Matlock and Manchester.

Unlike in previous Travel to Work Area maps, Leek is no longer defined as its own travel to work area, possibly as a result of the significant restructuring of employment opportunities in the town, and a change in the profile of residents whom may be more likely to commute to employment in the Potteries conurbation or towards Manchester.

The central parts of Staffordshire around Stafford Borough and East Staffordshire tend to have fairly self contained travel to work areas, with relatively high numbers of people working and residing in the same area. This is probably of significant importance for the substantial rural communities of Staffordshire surrounding the towns of Stafford and Burton-upon-Trent.

Of course, in reality these travel to work patterns are an over simplification of the true picture, they do, however, provide a good indication of some of the most important functional economic linkages of the area.

The most comprehensive source of Travel to Work information is provided by the Census of Population (the most recent of which was completed in 2001). Map 9 highlights the workplace destinations, by Census Output Area of Staffordshire residents at 2001. It shows that that the majority of the Counties residents are working within the County, but there are some very significant cross border movements into the East Midlands, the West Midlands conurbation and into Cheshire.

The rural parts of Stafford Borough, South Staffordshire, Staffordshire Moorlands and Lichfield display some significant areas where there are relatively sparse numbers of people working in a Census Output Area.

Whilst the Census of Population only provides a snapshot of the situation in April 2001, many of these travel to work patterns will still be valid today. Exceptions however, may exist in the cases of
large employers in the rural areas which have undergone (or are undergoing) significant restructuring of their employment bases.

Staffordshire’s relatively low levels of Gross Value Added (GVA) per head, and thus, lower levels of competitiveness have been acknowledged earlier in this report. Whilst the structure and type of businesses active in the local area contribute to this situation, the levels of out commuting from Staffordshire to surrounding areas are also a key factor in these lower levels of competitiveness (with highly qualified Staffordshire residents also contributing to these areas GVA).

A move towards increasing the volume of employment in the higher value knowledge economies will be among important factors in addressing these patterns of out commuting, achieving sustainability benefits at the same time.

The issues of generally lower workplace based earnings in Staffordshire are also important in this respect. To help reverse the out commuting situation and attract more local people into higher value knowledge based employment will require local businesses to improve their employment offers. This is a part of the cyclical situation relying on greater aspiration locally, improved skills among the workforce, better levels of competitiveness, and attracting more employers and employment in the higher value added sectors.
Household car ownership

A key influence of accessibility in rural areas, particularly among the most isolated communities, is the ability to access a car or other private vehicle. In some of the most sparsely populated rural areas, and locations which are less well served by public transport, private vehicles are crucial in accessing employment opportunities, local services and to help fulfil a person’s overall quality of life.

In many cases for families in the most rural areas, single car ownership can still be a limiting factor, as unless a person can use public transport, or another mode to get to work, the family car will be used to access work as a priority. It is therefore possibly more pertinent in these areas to look at the levels of households with only one car, as well as those households with no car at all. There is, however some concern that official census data does not adequately highlight the isolated pockets of access problems which exist in some of Staffordshire’s rural communities.

Although the concentrations of households with one or less car are most frequently found within Staffordshire’s main towns, there are some quite considerable concentrations of areas in rural parts of Staffordshire, where more than 50% of households have one or fewer cars. Although some of these households are likely to be occupied by single persons, it does highlight the potential of social exclusion in these areas as a result of being unable to access employment opportunities and core services.
The areas most affected by this situation include parts of the Staffordshire Moorlands, areas of East Staffordshire, particularly around the rural parts of Uttoxeter and Rocester, rural areas between Stafford and Stone and to the west of Stafford, and in the semi rural communities to the west of Newcastle-under-Lyme.

Access to bus services in rural and urban areas of Staffordshire

The primary form of public transport in Staffordshire is provided by bus services. Accessibility targets are set for the main towns in the county (Burntwood, Burton-upon-Trent, Cannock, Kidsgrove, Lichfield, Newcastle-under-Lyme, Stafford and Tamworth) and for rural areas (outside of these main towns).

The 2010/11 target for access to bus services in these towns is that 90% of the population should be within 350m walk of a half hourly or more frequent daytime service. At March 2009, the towns of Newcastle-under-Lyme, Stafford and Tamworth had surpassed this target, with progress being made in the other settlements.

Rural locations in Staffordshire which lie close to inter urban services (such as the 481 “Rural line” between Stafford and Newport, and 825 “Spires Link” between Stafford and Lichfield) are generally well served.

Accessibility to bus services in the rural parts of Staffordshire has surpassed its 2007/08 target where 64% of households should be within a 800m walk of an hourly or more frequent service. Between March 2008 and March 2009 performance has improved from 62.7% to 65.6% as highlighted by chart 15.

Of course, it is impossible to supply frequent bus services to all corners of Staffordshire, and beyond the main services which contribute to the performance targets above, the bus network is supplemented by a desire to provide larger villages with a service on 6 days a week, and less frequent services to smaller villages.

Demand responsive services, often operating in the most isolated areas generally involve a customer ringing into a call centre in advance to request a pick up from the service. These services will often provide access to a nearby market town or larger village with a frequent bus service to allow access to critical services or facilitate connections to larger towns. Other transport possibilities are provided by community transport schemes and post buses.

Partners in Staffordshire are currently reviewing arrangements to provide for public transport provision in Staffordshire Moorlands and South Staffordshire.
In Staffordshire Moorlands, the local strategic partnership and County Council have commissioned a review of rural transport provision in the area to investigate options for combining transport provision in the district, particularly within the most isolated north eastern part of the district. Although discussions are primarily at an early stage, the overall aim of the review will be to improve levels of accessibility in this primarily rural district.

Another scheme is being driven forwards by the South Staffordshire Rural Transport Partnership which will have South Staffordshire Council as lead authority investing around £100,000 per annum directly into provision for rural transport rather than into the concessionary travel token schemes. South Staffordshire is predicted to have one of the greatest “aging” populations of any district in the country and will therefore be liable for significant concessionary fares among its older population.

Staffordshire County Council is providing the project role for this partnership which will be concentrating on the most isolated and remote parts of South Staffordshire away from the main service provision in the district. The scheme could involve the provision of dial a ride services and a greater use of taxis in these communities which are amongst the most access poor in the County.

**Wheels to Work**

An innovative approach to improving access to employment and education opportunities in rural areas is provided by the “Wheels 2 Work” scheme which has been operational since February 2007. People with an opportunity to take part in training or with the offer of employment, with no access to public or private transport living in the Staffordshire County Council area are eligible for this scheme. The scheme can assist successful applicants through provision of travel vouchers for public transport, loan of a moped or bicycle and travel planning advice. Since inception in February 2007 the Wheels 2 Work programme has been instrumental in helping over 1000 people into work, education or training.

Changes were made in April 2009 to bring the scheme in house and to no longer offer subsidised driving lessons or vehicle repair grants and to no longer offer assistance to clients accessing education. The scheme is dependent on external funding.

<table>
<thead>
<tr>
<th>Settlement Size</th>
<th>Monday to Friday</th>
<th>Saturday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;250</td>
<td>1 return journey per day or demand responsive / community transport provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>250 – 749</td>
<td>3 return journeys</td>
<td>3 return journeys</td>
<td></td>
</tr>
<tr>
<td>750 – 1,499</td>
<td>5 return journeys</td>
<td>2 return journeys</td>
<td>6 return journeys</td>
</tr>
<tr>
<td>1,500 – 2,499</td>
<td>hourly</td>
<td>2-hourly</td>
<td>hourly</td>
</tr>
<tr>
<td>2,500 – 9,999</td>
<td>every 30 mins</td>
<td>hourly</td>
<td>every 30 mins</td>
</tr>
</tbody>
</table>

* subject to demand and cost of provision

Table 9 - Target minimum service levels
The people of Staffordshire provide the labour force that drives the local economy forward as well as providing a market for many of the services on which the local economy depends. Staffordshire’s people have had to adapt over time to take account of the changing structure of the economy and these changes have occurred to different extents between the different localities in rural and urban areas of the county.

Levels of aspiration among some local people have sometimes been a barrier to economic restructuring in parts of Staffordshire. The development of a high value added economy will be dependent on building on these levels of aspiration and critically, improving the skills base of the local population.

Population profile

In 2007 Staffordshire County had an estimated population of 822,800 people. The vast majority of the county’s population live in areas with some rural characteristics from the DEFRA classification. 192,900 people live in rural-50 districts and 433,000 in significantly rural areas. In total, rural-50 and significantly rural classified districts account for 75.8% of the total population of Staffordshire County. Urban areas in Staffordshire (large urban and other urban) have a combined population of 199,900 people, accounting for 24.2% of the county’s population (this statistic highlights the need to be cautious when considering the range of rural definitions, with a large proportion of the county’s population in “significantly rural” districts. Using the Census Output Area definition yields a different result with around 75% of Staffordshire’s population living in defined urban areas).

Note – for the purpose of this chart, Rural Staffordshire is composed of districts classified as “Rural 50” and “Significantly Rural”, Urban Staffordshire is composed of districts classified as “Other Urban” and “Large Urban”.

Source: Mid Year Estimates 2007, ONS

Chart 16 - Population pyramids for Rural and Urban Staffordshire, 2007
The proportion of population by age group also varies between rural and urban areas. Rural areas in Staffordshire tend to have an older population profile when compared to rural areas. In rural classified Staffordshire, older people (65+M / 60+F) accounted for 21.1% of the population compared to 18.7% in urban areas. On the other hand, urban classified Staffordshire had a higher proportion of the working age population, with people aged 16 – 64M / 59F accounting for 63.0% compared to 60.7% in rural areas. The proportion of the population aged 0 – 15 years old was similar in rural and urban areas of the county, accounting for 18.1% and 18.3% respectively. The population pyramids in chart 16 provide more detail on the age profile of the population in both rural and urban classified areas of Staffordshire County.

Population change in Staffordshire will present the area with some of its greatest opportunities and challenges in the future, with the total population of Staffordshire predicted to rise to approximately 916,500 people by 2028.

The spatial dispersion of this population growth will not be uniformly experienced throughout the county. Population projections suggest that some of the greatest increases in population will be experienced in significantly rural and rural 50 classified areas. In significantly rural classified areas the 2008 population of around 435,900 is projected to increase to 483,500 by 2028, a 10.9% increase over this 20 year period. In rural 50 classified areas the 2008 population of around 194,000 is projected to increase to 215,200 by 2028, a 10.9% increase. There are projected increases of 8.3% in large urban areas and 9.0% in other urban areas. Chart 17 below highlights the projected changes in population in rural and urban Staffordshire. Rural areas having a steeper gradient means that rural areas are expected to see a proportionally greater increase in population over the 20 year period.

**Worklessness and the labour market**

Staffordshire has generally seen relatively high and stable levels of employment and this is highlighted by economic activity and employment rates which are above regional and national averages. It is recognised that encouraging workless people back into the labour market can have substantial benefits.

**Chart 17 - Staffordshire’s projected population change between 2008 and 2028 (Indexed: 2008=100)**

![Chart 17 - Staffordshire’s projected population change between 2008 and 2028 (Indexed: 2008=100)](chart17.png)

*Source: 2006-based sub-national population projections, National Statistics*

**Chart 18 - Percentage of the working age population who are (1) economically active (2) in employment**

![Chart 18 - Percentage of the working age population who are (1) economically active (2) in employment](chart18.png)

*Source: Annual Population Survey July 2007 to June 2008*
for productivity and, alongside the restructuring of the economy to encourage higher value added business, will be an important factor in improving the competitiveness of the Staffordshire economic base.

Chart 18 highlights the economic activity and employment rates in rural and urban Staffordshire. Economic activity and employment rates are shown to be slightly higher in the rural districts although both urban and rural areas have economic activity and employment rates above the national and regional averages.

The Staffordshire Local Area Agreement (LAA) has seen the development of a multi-dimensional approach to tackling worklessness with Job Centre Plus and the Learning and Skills Council working in partnership to reduce benefit dependency in the most challenging neighbourhoods in Staffordshire. The Staffordshire LAA 2008-11 has identified 43 Lower Super Output Areas (LSOAs) which have working age claim rates of 20% and above. These 43 LSOAs represent 17.4% of all claimants in only 8% of the LSOAs countywide. However, all of the 43 LSOAs are in urban areas highlighting that worklessness tends to be more concentrated in urban than rural areas.

Map 11 - Total Benefit Claimants in Rural Staffordshire, August 2008

Map 12 - Total Benefit Claimants in Urban Staffordshire, August 2008

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Produced by the Research Unit, Development Services Department, Staffordshire County Council, 2009.
Maps 11 and 12 show the level of benefit claimants in rural and urban Staffordshire. In the urban areas, 13.2% of the working age population is on a working age benefit compared to just 8.2% in rural areas. Incapacity benefit is the most common benefit in both urban and rural areas, with 6.8% of the working age population in urban areas claiming incapacity benefit compared to 4.4% in rural areas.

**Education and Skills**

**Working age population skills**

The skills base of the working age population in rural areas of Staffordshire is relatively good. The Education and Skills domain of the 2007 Indices of Deprivation shows that education and skills deprivation in rural Staffordshire is most clustered in the areas surrounding Cannock and Newcastle-under-Lyme. There are also skills issues in the market towns such as Cheadle, Leek and Uttoxeter. The greatest concentration of SOAs with skills problems tend to be found in the urban areas with the education, skills and training domain tending to be biased towards the factors which are most pronounced in urban areas.

As a whole, Staffordshire has lower proportions of its working age population qualified to NVQ level 4 (degree level) and above than national averages. However, the rural areas of Staffordshire generally have a higher skills base than the urban areas. In the rural-50 districts, 33.4% of the working population are qualified to NVQ level 4 or above which is the greater than the national (32.5%) and regional (28.6%) averages, whilst 29.7% of the working age population in the significantly rural districts have a NVQ level 4 or above qualification, greater than the regional average. The rural districts also have the lowest proportion of the working age population with no qualifications of all the district councils, emphasising the gap in the skills base between the rural and urban areas within Staffordshire.

Whilst qualification levels in the rural areas are generally quite good, a significant issue for Staffordshire is the retention of graduates who come to study at higher education institutions in the
area, and the ability to re-attract to Staffordshire those students who originally reside in the area but studied at higher education institutions outside of the county.

Local partners are keen to improve the retention of Staffordshire graduates, as the importance of a suitably skilled and trained workforce is crucial towards exploiting future development, especially to help in supporting new employment opportunities in the higher value added sectors which are being promoted locally.

**Education**

Using the postcode of a pupil’s place of residence it has been possible to attribute data to an area and establish how attainment in Staffordshire varies between rural and urban locations. The first milestone in a young person’s education attainment is usually measured at the end of year 6 (the final year of primary school around the age of 11) known as “Key Stage 2”. Data is made available for the number of children achieving the benchmark of level 4 (which is the standard expected of a young person at key stage 2) or above in English and Mathematics. The most recent data from 2008 shows that children from rural areas tend to outperform their compatriots from urban areas as highlighted in table 10.

![Table 10 - Key Stage 2 and GCSE Attainment](chart.png)

It has also been possible to analyse post 11 attainment through the use of results from young people taking GCSE examinations. The key measure at this milestone is the proportion of young people achieving 5 or more GCSEs at grades A* to C including English and Maths. Similarly to Key Stage 2 data, pupils from rural areas tend to outperform children from urban areas. There is, however, a much greater attainment gap at GCSE level between rural and urban Staffordshire than for that at Key Stage 2.

**School leavers**

A level and post 16 vocational qualifications are mainly offered in secondary schools and further education colleges in the larger towns. The duty of the Local Education Authority to fund transport...
to education ceases at age 16, with students expected to fund their own transport arrangements beyond this age. The geographical isolation of some rural communities can put some pupils at a disadvantage. There is a danger that pupils unable to secure employment following year 11, or unable to afford transport to access further education may become embroiled in the circle of not in education, employment or training (NEET). Reducing the number of NEETs is a key policy issue and it is acknowledged that reducing levels of NEETs can have positive impacts on other key indicators such as teenage conceptions, levels of anti-social behaviour and substance misuse.

Connexions Staffordshire consults with school leavers, tracking their progress around six months after they leave school. This information gives a flavour of the levels of NEETs in the Staffordshire districts, and can be seen in chart 20.

The urban districts of Newcastle-under-Lyme and Tamworth have the greatest level of NEETs, indicating that there may be a less distinct problem in the rural districts. Of the districts with some rural characteristics, East Staffordshire has the greatest level of NEETs (largely concentrated around Burton-upon-Trent) whilst Lichfield is the only rural district where the level of NEETs increased between 2006 and 2008.

Education Maintenance Allowance offers a means tested supplement to eligible young people taking up further education, an entry to employment programmes or courses leading to apprenticeships, with funding up to £30 per week being made available. The Government's education and skills bill stipulates that by 2015 every young person should be in some form of education or training up to the age of 18, with a range of free training available beyond that.

Measures to improve the level of skills in the country were announced in this year's Budget. Amongst the funding announced was £200m this year and £400m in 2010-11 for an extra 54,000 places in sixth form and further education colleges and £300m to fund college building projects over the next 2 years.

**Earnings and Income**

**Earnings**

It is important to note that there are significant differences between the median average earnings of people who are working in Staffordshire and those who are resident in the area. The generally higher resident based earnings are partially a reflection of the out commuting which is significant in parts of Staffordshire. This is highlighted in chart 21.
The rural districts of Staffordshire Moorlands and Lichfield in particular have significantly greater average resident based earnings than workplace based earnings which suggests there is a great deal of out commuting in these areas. Only the significantly rural district of East Staffordshire is shown to have greater average workplace based earnings than resident based earnings.

The earnings of people working in Staffordshire are shown to be lower than those of the West Midlands region as a whole and the UK average. However, the resident based earnings in Staffordshire are higher than those in the region, once again, highlighting the issue of out commuting to other areas.

The situation of people generating economic output through jobs which are recorded outside of Staffordshire but living in the county is a contributory factor towards Staffordshire’s poor GVA per head performance.

**Earnings by industrial sector**

We have highlighted the disparity between earnings of Staffordshire’s workers and residents earlier in this report, an issue that exacerbates the problems of out commuting and ultimately the competitiveness of the local economy.

Unfortunately, we cannot access official earnings statistics for the Staffordshire area broken down by industrial sector, however, it is possible to look at the national picture for earnings of certain sectors that are traditionally more prevalent in the economies of rural areas. Table 11 below compares the annual median wages among certain important sectors in rural areas.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Annual Median Wage (£) – UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>All industries</td>
<td>20,801</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>16,696</td>
</tr>
<tr>
<td>Manufacture of food products</td>
<td>19,463</td>
</tr>
<tr>
<td>Accommodation</td>
<td>13,143</td>
</tr>
<tr>
<td>Food and beverage services</td>
<td>10,337</td>
</tr>
</tbody>
</table>

The analysis of the business clusters earlier in this report suggest that these sectors are among the most important for employment within the economy of rural Staffordshire (accommodation and food and beverage services have been selected as an indication of the tourism and leisure sector). Given that both workplace based and residence based earnings in Staffordshire are below those of the United Kingdom, there is also the possibility that earnings among these rurally important industries will be lower in Staffordshire than for the UK as a whole.

**Income Levels**

Household income estimates for 2006 take into account not only earnings, but other sources of income such as those gained from social security benefits. Rural Staffordshire has a mean household income of £35,300 per year, significantly above the urban average of £31,100 and the Staffordshire County average of £32,100. Map 14 highlights those wards in rural Staffordshire that have income levels below the Staffordshire County average of £32,100 and the rural Staffordshire average of £35,300 per year. Significant areas of Staffordshire Moorlands have below average incomes and further low income hotspots can be seen in South Staffordshire, Cannock Chase, Newcastle-under-Lyme and East Staffordshire districts.

**Agricultural earnings and incomes**

Although the agricultural sector now employs far fewer people, and provides less in the way of economic output than it has previously, it is still important to consider the health of the sector, especially given its close links into the manufacture of food products and more widely into the tourism and leisure sector. Again, it is not possible to quantify agricultural earnings specifically for Staffordshire but it is useful to identify movements in the sector at the national level. Although Total Income from farming (income generated by agriculture and subsidies) has increased by around 41.9% in current prices during the calendar year for 2008, average farm business income between March 2008 and February 2009 across all types of farm in current prices is expected to fall by around 8%.

A significant factor in this decline has been a steep rise in input costs such as energy supply and fertilizer costs. The dairy sector has bucked the trend to some extent with increased milk prices in the last year, however these have now decreased leading to a lower forecast of income than first expected.
Grazing livestock prices are expected to show an increase in their incomes, largely through tightening supplies, but cereal and general cropping farms are expected to show lower average incomes.

The agricultural sector will continue to be of importance to Staffordshire especially in relation to its links to the wider supply chains for the food and beverage sector and tourism and leisure, contributing to the overall prosperity of rural Staffordshire.

Diversification of agriculture being promoted through the Rural Development Programme for England, and the potential of the LEADER approach to develop innovative new business practice in rural parts of the county will again help to raise the prosperity of Staffordshire.

**Migration**

International migration has always played a role in shaping the demographic profile of Staffordshire. Recently overseas migration has become more important following the expansion of the European Union in May 2004 to include the A8 accession countries of Eastern Europe. Migration is of particular importance to rural areas because there is evidence that many migrants have been attracted to work in the agricultural industry.

All migrant workers are required to register for National Insurance purposes, including those from A8 countries. In 2002 the number of economic migrants registering for a National Insurance Number in Staffordshire stood at 930 people. Since then this has increased considerably and in 2007 the number of registrations reached 3,970.

Chart 22 highlights the number of National Insurance Registrations by overseas migrants in rural and urban Staffordshire.

The chart shows that the number of overseas migrant workers has increased in rural and urban areas in the county between 2002 and 2007. The increase has clearly been greatest in districts classed as significantly rural areas, with 560 registrations in 2002 increasing to 2,410 registrations in 2007. While a large number of these migrants may have been attracted to land based industries and those more concentrated in the rural economy, it is also likely that a large number of migrants will have been attracted to employment opportunities in the towns in these districts (such as Stafford and Burton-upon-Trent).

**Chart 22 - National insurance registrations in rural and urban Staffordshire in 2002 and 2007**

![Chart showing national insurance registrations in rural and urban Staffordshire in 2002 and 2007.](chart)

Source: National Insurance Recording System, HM Revenue & Customs