Worcestershire County Economic Assessment

2009-2010

Summary

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Worcestershire County Economic Assessment 2009-2010 Summary

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1 Introduction

The Worcestershire County Economic Assessment 2009/10 is the twelfth edition in the series and was published on Thursday 11 March 2010. This document summarises some of the main findings of the full report, which is available on the Worcestershire County Council website at www.worcestershire.gov.uk/EconomicAssessment and on the CD at the end of this document. It is being published during a period of considerable economic uncertainty, following the longest recession since the 1950s.

The assessment has been produced by the Research and Intelligence Unit and the Economic Development and Sustainability Unit of the County Council with contributions from other directorates and partner organisations. The assessment is primarily targeted towards those responsible for taking decisions which affect the economic prosperity of the County. However, it is recognised that the breadth of information covered in the report is of relevance to other policy areas, and to members of the public. It is intended that the evidence and analysis included within the report will contribute to the creation of a shared evidence base, upon which decisions can be made to benefit the people and businesses that live, work or are based in Worcestershire, for example, by helping to support funding bids.

Worcestershire has undoubtedly felt the effects of the recession. Our High Streets have changed with the loss of established brands such as Woolworths, Borders and Threshers. Unemployment has risen across the County, with young people, and those in more deprived areas particularly severely impacted.

However, Worcestershire has much to be positive about in these difficult times. Over the last decade the economy has diversified and is less reliant on vulnerable sectors. To date, the number of people claiming Job Seekers Allowance is some 10,000 below the level reached during the recession of the 1990s, and is currently falling. The Central Technology Belt, running from Birmingham through Bromsgrove and Worcester to Malvern Hills Science Park, attracts highly sought after businesses to the area, while the ambitious £60 million Worcester Library and History Centre is also under construction.

In response to the economic challenges faced by Worcestershire residents and businesses, the Worcestershire Economy Action Group was established, bringing together partner organisations from across the County. This group has; provided an additional £83,500 in funding to Voluntary and Community Sector organisations involved in Debt Advice and Credit Unions; improved information to residents and businesses through the group's "minisite"; held a "Meet the buyer" event to raise awareness amongst businesses of opportunities for contracting with the counties councils; sponsored a "Buy Local Campaign"; and organised several events to support local businesses. Through the Connections to Opportunities (£880,000) and Future Jobs (£1.9 million) Funds, Worcestershire has also secured considerable sums to help tackle worklessness and improve skills.

In the coming years, the challenge of reducing the public sector debt will have consequences for the whole of the public sector. Worcestershire County Council has embarked upon a programme called Better Outcomes, Lean Delivery (BOLD), which over the next three years will undertake a fundamental review of services in order to identify how to most efficiently and effectively address Corporate Plan priorities against a general background of a reducing resource base.

Under the Local Democracy, Economic Development and Construction Act 2009, Principal Local Authorities, such as Worcestershire County Council have a statutory duty to undertake an assessment of local economic conditions from April 2010, with the first assessment under this duty required within 6-12 months.

A sound understanding of economic conditions in Worcestershire is essential to ensure that people who live and work in the County, and businesses based in the area, have the support they require. It is also vital to identify opportunities that allow Worcestershire to attract investment and encourage growth as part of a sustainable recovery, through what is likely to remain a challenging period.

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2 About Worcestershire

Worcestershire is located in the heart of England. Found towards the south of the West Midlands Region, the County contains market towns, a cathedral city and beautiful open countryside, with a diverse economy and rich historical heritage.

The County consists of six Local Authority Districts; Bromsgrove; Malvern Hills; Redditch; Worcester City; Wychavon; and Wyre Forest and has a population of 557,600 people. Wychavon is the largest authority by both area and population, with some 117,000 residents. In contrast, Malvern Hills has the smallest population at just below 75,000.

By area, Worcestershire is a largely rural County, although some 71% of the population live in larger towns and cities. Wychavon and Malvern Hills are the two most rural authorities with 60% and 55% of their respective populations living in villages and hamlets.

3 Local Democracy, Economic Development and Construction Act

The Government's Review of Sub-National Economic Development and Regeneration (SNR) published in 2007 set out a series of reforms primarily to enable regions and local areas to respond better to economic challenges. It stressed the need for local authorities to play a stronger role in economic development and regeneration. In order to enhance the focus on local economic development, the SNR proposed that a new duty be placed on all upper tier and unitary authorities to assess economic conditions of their respective areas from April 2010. The Government believes that local authorities should have a central role in leading economic development and regeneration. They have an important role in "place shaping" thereby generating the potential for business growth and improving the attractiveness of an area to new and existing employers.

Consequently, the Government introduced a new bill i.e. Local Democracy, Economic Development and Construction Bill 2009 which following agreement by both Houses received Royal Assent on 12 November 2009. The Bill is now an Act of Parliament (law).

Key areas of the Act are:

- Provisions to secure greater involvement of people in the workings and decision-making processes of local public authorities
- Provisions to ensure that councils respond to petitions and can consider other matters raised by citizens in their area
- A new duty for local authorities to assess economic conditions; a joint duty on regional development agencies and local authorities to produce a single regional strategy; and powers for councils to co-operate in promoting economic development.

4 Worcestershire Economic Strategy

The Worcestershire Economic Strategy (WES) was reviewed and agreed by the Worcestershire Partnership Economy & Transport Theme Group in September 2008. The primary focus of the WES is to address the key economic challenges facing the County, particularly focusing on intervention that can begin now to have a positive impact over the next 20 years. The strategy is intended to be an integrated document and whilst the central focus is the economy, inevitably there is a broader frame of reference that incorporates social, environmental and spatial factors. Similarly in policy terms the document is intended to complement a number of important strategies that cover the County.

The WES reflects the approach of the Regional Economic Strategy (RES) and is organised in the following four strategic themes:

- Business - Promoting technology-led growth benefiting all sectors and parts of the County
- Place – Supporting the sustainable development of the County through infrastructure development (especially transport) and establishing Worcester as an accessible West Midlands Growth Point
- People – Removing barriers to employment and improving skills
- Powerful Voice – Ensuring that Worcestershire's economic interests are effectively represented at all levels

The following spatial focus is ingrained in the Strategy:

- Areas of market failure and disadvantage – Rural Regeneration Zone
- Concentrations of knowledge assets – Central Technology Belt
- Strategic growth centre – Worcester City
- Towns undergoing economic restructuring – Kidderminster, Redditch
- Larger towns providing a focus for economic activity – Bromsgrove, Droitwich, Malvern
- Market towns as a focus for rural regeneration – Pershore, Evesham, Bewdley, Stourport, Tenbury.

Proposal to Review the Worcestershire Economic Strategy

The WES was presented and endorsed by the Worcestershire County Council Cabinet and partners in February 2009. It was agreed at the time that the WES and identified economic priorities remain valid despite the recession. However, it is envisaged that the recovery will take longer than was expected. In view of this, partners will be consulted early in 2010 to bring about changes in the economic strategy and priorities to alleviate the effects of the recession without fundamentally changing the essence of the long term economic vision of the County. It is envisaged that the reviewed strategy will focus more on supporting strategic businesses, businesses in the supply chain and the creation of jobs including self employment.

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5 Local Area Agreement (LAA)

Local Area Agreements (LAAs) set out the priorities for a local area agreed between central government and a local area (the Local Authority and Local Strategic Partnership) and other key partners at the local level.

The Local Government and Public Consultation in Health Act 2007 created a statutory requirement for all upper tier Authorities to put in place a new Local Area Agreement in co-operation with named partners. In July 2008, Worcestershire's second LAA was approved. The 2008-2011 LAA was developed by the council and its partners through the Worcestershire Partnership and has a total of 45 measures; 35 measures have been agreed between central government and Worcestershire, of which 28 have been selected from the National Indicator Set (NIS), and 7 are locally devised. An additional 10 measures are mandatory Department for Children, Schools and Families indicators relating to children, young people and families. An improvement target is attached to each indicator, which in the case of those drawn from the NIS were negotiated with Government through the Government Office for the West Midlands (GOWM).

The full details of performance against the Worcestershire Local Area Agreement and the National Indicator Set can be viewed at: http://www.worcestershire.gov.uk/ten/laa/index.html

6 Comprehensive Area Assessment (CAA)

The Comprehensive Area Assessment (CAA) process has been introduced for the first time in 2009 for the County Council and its partners. The assessment is area based and focused on outcomes delivered by councils working alone or in partnership and replaces the Comprehensive Performance Assessment which had been in place since 2002. It is designed to be more proportionate than previous frameworks and to be aligned with frameworks in other local service sectors. By bringing together evidence across different local services it is intended that CAA will be more effective in driving improvement than separate assessments for each sector can be. CAA is designed to enable the Audit Commission to reflect how well these, and less formal joint working, are improving outcomes for local people.

CAA has two main elements which inform each other:

- **Organisational assessments**, which for councils combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of council service performance.
- **Area assessment** that looks at how well local public services are delivering better results for local people across the whole area, focusing on agreed priorities such as health, economic prospects and community safety, and how likely they are to improve in the future.

7 Population

In 2008 Worcestershire had an estimated population of is 557,600. Since 1991, the population has increased by around 8.8%. This compares to increases of just 3.5% in the West Midlands, and 7.5% across the whole of England.

Over the last five years Worcestershire has had an average population increase of almost 2,300 per annum, with 76% of this growth due to migration into the County. In England, just 53% of the population increase is due to migration, whilst in the West Midlands Region migration into the area accounts for 27% of the total population growth.

Table 1: Population estimates, mid 2008 (thousands)

Area	Total	Working Age (16-64M/59F)		Working Age (16-64M/59F) employed		Working Age (16-64M/59F) unemployed		Older People (65+M, 60+F)	
	No.	No.	%	No.	%	No.	%	No.	%
Bromsgrove	92.8	55.2	59.4	45.3	83.0	2.1	3.8	20.6	22.2
Malvern Hills	74.8	41.6	55.6	32.2	77.6	1.0	2.4	19.8	26.5
Redditch	79.9	50.8	63.6	37.7	73.5	2.4	4.8	13.3	16.7
Worcester	94.1	59.6	63.4	46.1	78.0	2.4	4.0	16.7	17.8
Wychavon	117.3	69.0	58.8	56.5	81.9	2.1	3.1	27.4	23.4
Wyre Forest	98.7	58.8	59.5	42.3	71.5	2.6	4.5	23.0	23.2
Worcestershire	557.6	334.9	60.1	260.1	77.8	12.7	3.8	120.8	21.7
West Midlands	5,411.1	3,293.8	60.9	2,333.2	71.3	176.7	5.4	1,066.0	19.7
England	51,446.2	31,937.6	62.1	23,469.8	74.0	1,307.1	4.1	9,839.1	19.1

Source: Office for National Statistics, 2009. Annual Population Survey, April 2008 – March 2009

Comparing the population structure of Worcestershire in 1991 against 2008 it is clear that the proportion of the population aged 20-34 has decreased markedly, whereas the proportion of the population aged 50-64 in particular has increased.

An increasing and ageing population has a number of implications, for example, increasing demand for services used by older residents, such as health services, support at home and public transport. As people live longer, so the increased demands on services will be prolonged while the burden of paying taxes to provide such services will fall on a smaller number of people of working age.

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Figure 1: Age structure in Worcestershire, 1991 and 2008

Source: Office for National Statistics, 1991 and 2008. Mid-year population estimates.

8 Employment by Industry

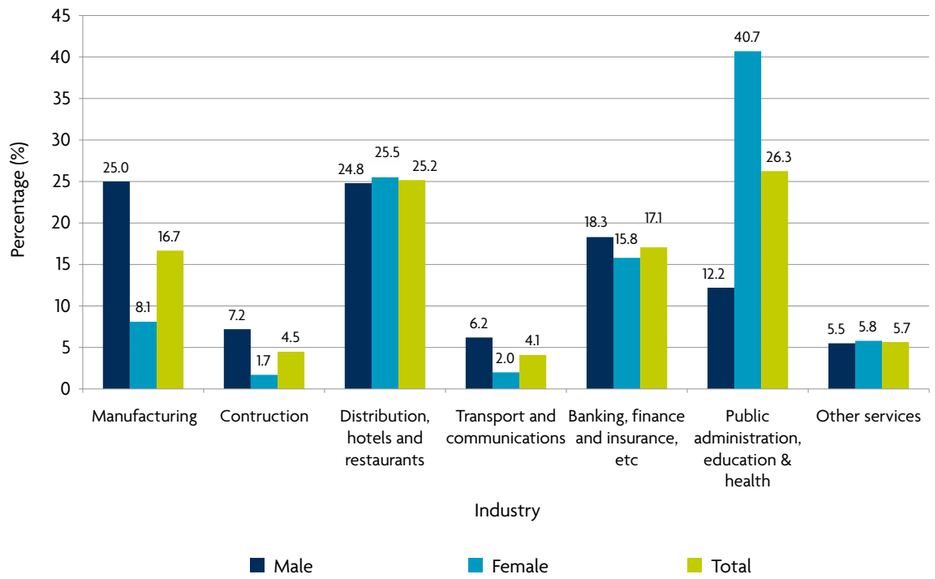
The employment structure of a place influences the vulnerability of the workforce to changing economic conditions. During the current recession, people employed in banking, finance and construction were particularly at risk of redundancy in the early stages. However, as the slow-down progressed, so those employed in manufacturing and retail sectors suffered as consumer confidence fell and productivity slowed. Furthermore with the scale of public debt, cuts are expected across most of the public sector in the coming years.

Around 26% of people who work in Worcestershire are employed in Public Administration, Education and Health, which is comparable to the national average. A further 25% are employed in Distribution, Hotels and Restaurants, which is slightly higher than the West Midlands and England equivalents. However, the largest differences between Worcestershire and England are in Manufacturing, with 17% of the workforce in Worcestershire being employed in this industry; some 6.5 percentage points higher than in England.

Across Worcestershire, employment by industry varies by gender. While the proportions of male and female workforces employed in Distribution, Hotels and Restaurants are similar; the proportion of the male workforce employed in manufacturing is some 17 percentage points higher than that in the female workforce. Greater proportions of the male workforce are also employed in the Construction, Transport and Communications and Banking, Finance and Insurance sectors.

Conversely, and potentially significantly, the proportion of the female workforce employed in Public Administration, Education and Health is almost 41%, some 29 percentage points higher than in the male workforce. These patterns are similar to those found in the West Midlands and nationally and may partly explain why the unemployment rate amongst males has increased more than the rate amongst females since the start of the downturn. This also raises the possibility that if future cuts in public spending impact widely upon the public sector, a second wave of unemployment may disproportionately affect females.

Figure 2: Employment by industry and gender (%), 2008



Agriculture and Fishing, and Energy and Water have been removed from the table as they represent very small proportions of the population in employment.

Source: Annual Business Inquiry, 2008.

Employment by industry has changed considerably over the ten years to 2008, with the proportion of the Worcestershire population employed in Manufacturing falling from 22% to 17%, a change which is even more pronounced across the wider West Midlands. In contrast, the proportions employed in Public Administration, Education and Health, Other Services and Banking, Finance and Insurance have increased. This suggests a degree of diversification has happened within Worcestershire, which means the County is less reliant on a particular industrial sector, which in the past has been manufacturing. It remains to be seen whether this protects the County from the scale of job losses experienced in the recession of the 1990s.

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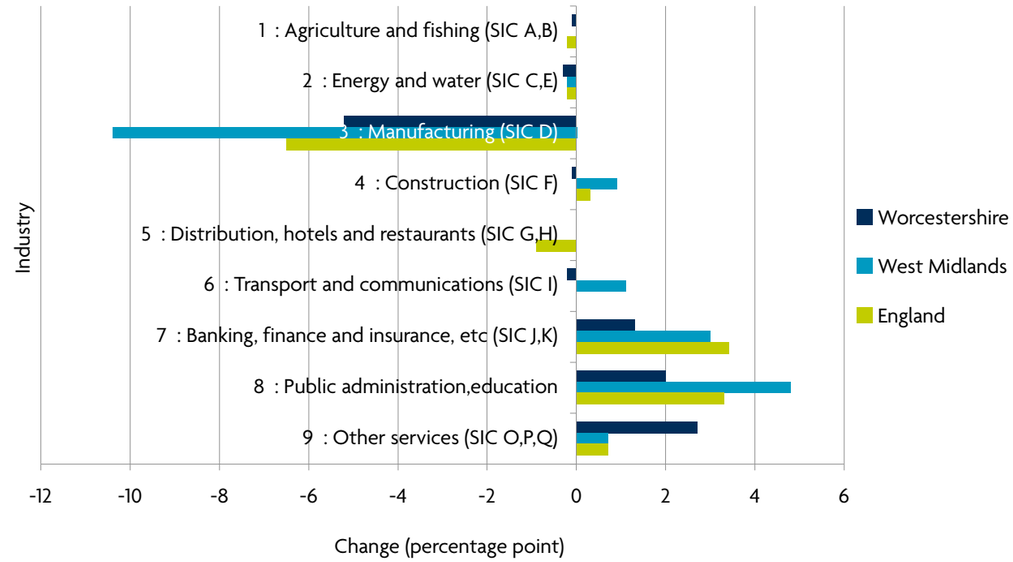
Figure 3: Percentage point change in employment by industry, 1998 to 2008



Source: Annual Business Inquiry, 2008.

9 Worklessness

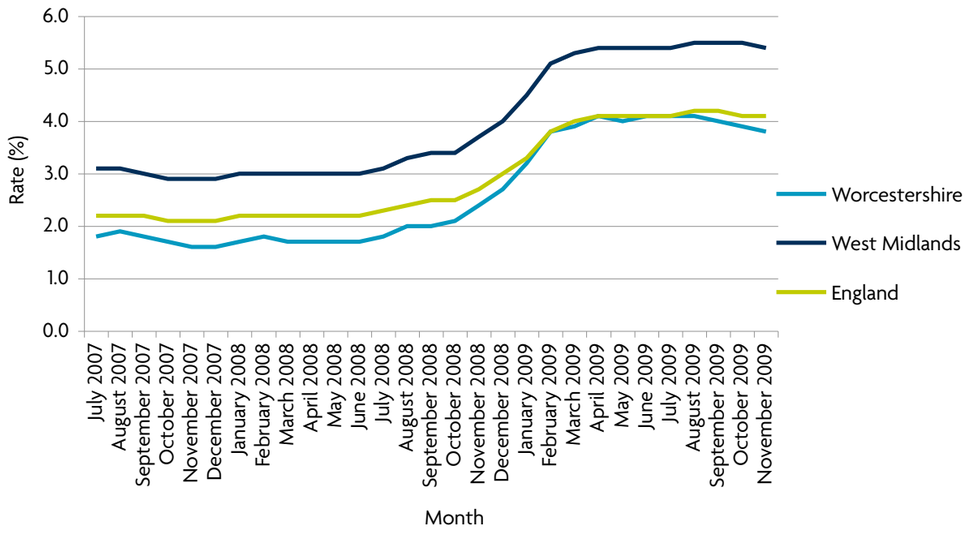
Reducing worklessness is a key Government objective. Bringing people back into the workforce is seen as desirable for individuals and families, as it provides additional income and less tangible benefits such as improved health and well-being. Reducing the number of people needing financial support whilst out of work reduces the amount of money required to fund such benefits, whilst increasing productivity. Worklessness is defined as those who are economically inactive (for example those who do not work for health or family reasons), and those who are economically active and available for work, but who are currently unemployed.

In Worcestershire, as elsewhere, the number of people claiming out of work benefits is increasing as a result of the recession. In May 2009, 37,000 people, or 11% of the working age population of Worcestershire were claiming an out of work benefit, compared to 15% for the West Midlands and 13% for England. The largest proportion was in Redditch (14%) and the smallest in Bromsgrove (8%). The Worcestershire proportion has increased 2.4 percentage points since May 2008. This is larger than the 1.8 percentage point increase for England.

NI 152, the proportion of the working age population claiming out of work benefits, is a Local Area Agreement (LAA) target for Worcestershire. The performance figure for this indicator, which uses four-quarter averages, is 10.2% against a target of 9.1%. As a result this is currently assessed as off-target.

Although Employment and Support Allowance (ESA), formerly Incapacity Benefit (IB), makes up the largest proportion of claimants on out of work benefits, it is Job Seekers Allowance (JSA) that has shown the biggest rise in claimants between 2008 and 2009 and is therefore the main contributing factor for the increased rate of out of work benefit claimants.

Figure 4: Job Seekers Allowance claimant rate (%) over time, July 2007-November 2009



Source: Office for National Statistics, 2009. Claimant count, downloaded from NOMIS.

In November 2009, almost 12,700 people were claiming JSA. This represents 3.8% of the working age population. The male claimant rate is markedly higher, at 5.2%, than the female equivalent of 2.2%. Although the economic downturn began in July 2007, unemployment did not begin to grow until July 2008, with a particularly marked increase between November 2008 and February 2009. The rate in Worcestershire increased faster than for England, possibly because of the employment structure of Worcestershire where a greater proportion of the workforce are involved in manufacturing than is the case across England as a whole. Since Spring 2009, the number of claimants in Worcestershire has stabilised at around 13,000, and the rate at around 4%, with signs since August that unemployment is starting to fall. It is worth noting, however, that at the height of the last recession, the Claimant Count peaked at 23,000.

Unemployment during the current recession is disproportionately affecting people in younger age groups. Some 3,650 people aged 18-24 are claiming JSA in Worcestershire. This represents almost 29% of all claimants (although this is slightly below the equivalent figures for the region and England), and approaching 9% of all 18-24 year olds in the County; above the national average. Youth unemployment is particularly concerning as a delay in entering the labour market impacts upon the earning potential of young people, and increases the likelihood of a proportion of the population becoming disengaged from work in the longer term.

Worcestershire has recently secured £1.98 million and from the Future Jobs Fund to create 309 new jobs across the County[1]. A further £880,000 has been secured from Advantage West Midlands from the Connections to Opportunities fund, which will also be used to tackle worklessness, in particular bringing the long-term unemployed back to the labour market.

1 Worcestershire County Council, 2009. Future Jobs Fund. http://www.worcestershire.gov.uk/cms/communications/news/2009/october/successful-job-fund.aspx

10 Economic Interdependence

Commuting patterns in Worcestershire are complex but important and it is essential to understand these patterns as the employment prospects and productivity of Worcestershire residents are reliant on economic success in places beyond the County's administrative boundaries. Conversely, success or otherwise of businesses in Worcestershire has a direct effect on prospects of residents in neighbouring authorities. Although the most recent data on commuting flows comes from the 2001 Census, it is likely that the broad trends identified at that time continue to hold true as such patterns generally change very slowly.

At the time of the 2001 Census, more than 154,900 people (58%) resident in Worcestershire worked in the Local Authority in which they lived. This varies across the District authorities, with 68% of residents in Worcester living and working within the city boundary, while only 42% of residents in Bromsgrove work within the District[2].

The high proportion of "within LA" commuting within some Districts highlights the volume of relatively short distance journeys to work. These impact on the design and performance of the transport network and highlight the need to provide an alternative to the car if urban area road network capacity is not to be over utilised by short distance commuter journeys, with the associated adverse impact on congestion, the environment and the economy.

A further 45,100 people (17%) lived in one Worcestershire local Authority, but worked elsewhere in the County.

The largest flows within Worcestershire are from:

- Malvern Hills to Worcester (5,682)
- Wychavon to Worcester (5,419)
- Worcester to Wychavon (3,858)

However, other notable flows exist between Bromsgrove and Redditch, Wyre Forest and Worcester, and between Wychavon and Bromsgrove, Malvern Hills, and Redditch.

On a net basis, Malvern Hills and Wyre Forest both experience more out-commuting than in-commuting, primarily because of the large flows to Worcester City and Wychavon respectively. As would be expected, Worcester City has the largest net inflow from across the County, reflecting its role as a service and employment centre.

Approximately 65,300 people (25%) commuted out of Worcestershire to work in 2001. Again, this proportion varied across the Local Authorities of the County, with 45% of Bromsgrove residents commuting out of Worcestershire, compared to 13% in Worcester City[3]. In part this reflects the position of Worcester at the heart of the County. As would be expected, Districts which border neighbouring authorities experience greater out-commuting.

2 In the percentage calculations presented, the denominator is the resident population aged 16-74 in employment.

3 In the percentage calculations presented, the denominator is the resident population aged 16-74 in employment.

Table 2: Commuting patterns in Worcestershire, 2001

Area	People who live and work in the same LA		People who live in one Worcestershire LA and work in another		People who commute out of Worcestershire		People who commute into Worcestershire	Net commuting
	Number	%	Number	%	Number	%	Number	Number
Bromsgrove	17,948	41.6	5,702	13.3	19,502	45.2	9,020	-10,482
Malvern Hills	19,099	58.1	8,296	25.4	5,488	16.7	3,395	-2,093
Redditch	24,323	60.7	4,443	11.2	11,333	28.3	7,084	-4,249
Worcester	31,886	68.2	8,787	18.9	6,100	13.0	4,507	-1,593
Wychavon	31,846	57.0	10,198	18.4	13,808	24.7	5,262	-8,546
Wyre Forest	29,827	64.0	7,671	16.5	9,104	19.5	3,196	-5,908
Worcestershire	**154,929**	**58.4**	**45,097**	**17.0**	**65,335**	**24.6**	**32,464**	**-32,871**

Source: Office for National Statistics, 2001. Census.

As might be anticipated, most people who commute out of Worcestershire work in Birmingham. Although the flow from Worcestershire to Birmingham dominates commuting patterns, it is by no means the only flow. Most people commuting into Worcestershire come from Birmingham, but many people also commute to Worcestershire from Dudley, Herefordshire and Stratford-on-Avon. Overall, 32,900 more people commute from Worcestershire to work elsewhere, than commute into the County. However, there are still some 32,500 people who live outside the County boundaries and who work within Worcestershire[4].

Table 3: Top 5 origins and workplace destinations of people who commute into or out of Worcestershire, 2001

Commuting out of Worcestershire		Commuting in to Worcestershire	
To:		From:	
Birmingham	22,408	Birmingham	7,518
Dudley	6,368	Dudley	4,454
Stratford-on-Avon	6,200	Herefordshire, County of	3,614
Solihull	4,468	Stratford-on-Avon	3,209
Sandwell	3,803	Solihull	1,754

Source: Office for National Statistics, 2001. Census.

The evidence presented here demonstrates that the prosperity of Worcestershire residents is in part dependent upon the economic success of other places, particularly Birmingham and other parts of the West Midlands Region. It also highlights that economic success or failure in Worcestershire has implications for other places, particularly neighbouring authorities.

The balance between in- and out-commuting also affects key indicators. For instance, on average, earnings for people resident in Worcestershire (but who may work elsewhere) are 9% higher than those who work in Worcestershire (but who may live elsewhere). By way of an example, Bromsgrove experiences the greatest level of out-commuting, with Birmingham the destination for most people. Bromsgrove also exhibits a marked difference between the average earnings of residents (£30,544pa) and employees (£22,244pa) in the authority. This is explained by the level of net out-commuting, particularly amongst those employed in higher paid occupations.

4 In the percentage calculations presented, the denominator is the resident population aged 16-74 in employment.

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Table 4: Median gross annual earnings, residence and workplace based, 2008 and 2009

Area	Median gross annual earnings - residence based			Median gross annual earnings - workplace based		
	2008	2009	% change	2008	2009	% change
Worcestershire	£23,682	£25,245	6.6	£21,853	£23,186	6.2
West Midlands	£23,807	£23,948	0.5	£23,820	£23,961	0.5
England	£25,520	£26,148	2.3	£25,514	£26,138	2.3

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

Worcestershire's Local Area Agreement (LAA) includes a target to maintain the earnings of people who work in the County at 93.4% of the equivalent figure for the West Midlands region. At present, the Worcestershire figure is 94.7% of the West Midlands equivalent, and is, therefore, on target.

11 Skills

In order to fulfil the objective of a highly skilled knowledge economy it is important that the workforce has the qualifications and skills required by employers. Although it is difficult to assess whether the particular requirements of specific businesses are being provided for, data are available which assess overall qualification levels in the population.

Across Worcestershire, 28% of the population aged 19-retirement age was qualified to Level 4 or higher in 2008. This is below the average for England (31%), but higher than for the West Midlands (26%). Percentages are highest in Worcester (37%) and Malvern Hills (35%) and lowest in Wyre Forest (22%) and Redditch (23%).

Almost 49% of the population were qualified to Level 3 or above in Worcestershire, compared to 45% for the West Midlands and 50% for England. However, a greater proportion of the Worcestershire population is qualified to Level 2 or higher than the national average. Nearly 72% of the 19-retirement age population is qualified to this level in Worcestershire, compared to 69% nationally.

The proportion of the population with no qualification (12%) is comparable to the national equivalent, but markedly lower than for the West Midlands (16%).

Table 5: Qualification level of the population aged 19-59/64 (%), 2001-8

Area	No qualifications	At least Level 2 or higher	At least Level 3 or higher	At least Level 4 or higher
Bromsgrove	10.7	71.6	46.7	28.2
Malvern Hills	15.7	74.9	54.3	35.0
Redditch	12.7	70.7	44.8	22.6
Worcester	12.6	73.6	57.8	37.0
Wychavon	5.4	73.0	49.8	26.3
Wyre Forest	15.8	66.3	40.9	22.0
Worcestershire	**11.8**	**71.5**	**48.9**	**28.2**
West Midlands	**15.6**	**65.8**	**45.2**	**26.2**
England	**11.9**	**69.4**	**49.5**	**30.5**

People are counted as being qualified to:

Level 4 or above if they have achieved a first or higher degree, an NVQ level 4 or 5, a recognised degree-level professional qualification; an HNC/HND or other higher-level vocational or management qualification, a teaching or nursing qualification; or a diploma in Higher Education.

Level 3 or above if they have achieved at least 2 A-level passes, 4 AS levels; an Advanced GNVQ; an Access to HE qualification or an NVQ level 3 or equivalent vocational qualification (or a qualification at level 4 or above).

Level 2 or above if they have achieved at least 5 GCSEs at grades A-C, an Intermediate GNVQ, two or three AS levels or an NVQ level 2 or equivalent vocational qualification (or a qualification at level 3 and above).*

Source: Office for National Statistics, 2009. Annual Population Survey.

Table 6: Proportion of 16 to 18 year olds who are not in education, employment or training (%)

Area	2004	2005	2006	2007	2008
Worcestershire	5.8	6.5	5.5	4.6	5.3
West Midlands	8.8	10.0	8.9	7.1	7.0
England	8.0	10.9	7.7	6.7	6.7

Source: Connexions, 2009.

The percentage of 16 to 18 year olds who are NEET (Not in Employment, Education or Training) has fallen a great deal since 2005 but recent figures have shown a rise during 2008 and 2009 because fewer young people are in employment due to the current economic climate. There have been particularly large increases in the percentage of 18 year olds NEET.

The proportion of 16-18 year olds NEET was 5.3% in Worcestershire, against a national target for 2010 of 6% and a local target of 4.5%.

GCSE attainment in Worcestershire is comparable to the rest of England. Just under 71% of candidates in Worcestershire achieved 5 or more GCSE grades A*-C, while 50% achieved the same including grade A*-C in English and Maths. Attainment varies markedly by gender, with girls outperforming boys. Across Worcestershire, 74% of girls achieved 5 GCSE grades A*-C compared to 64% of boys.

The gender pattern seen at GCSE level is repeated at A-Level, with girls performing better than boys. While 35% of candidates achieved 2 or more A-Level grades A-B, this figure was just 31% for boys, compared to 39% for girls.

12 Business Survival Rates

In 2008 there were 2,455 new businesses created in Worcestershire. This represents a 10% decrease on 2007. The fall in business births is considerably larger than that seen across England as a whole, and was particularly pronounced in Wychavon, where the number of businesses being created fell by more than one-quarter to 545. It is likely that this reflects a number of factors, including difficulties obtaining credit for fledgling businesses, and reluctance to risk starting a new business during a recession. It is likely that 2009 will show a further decline.

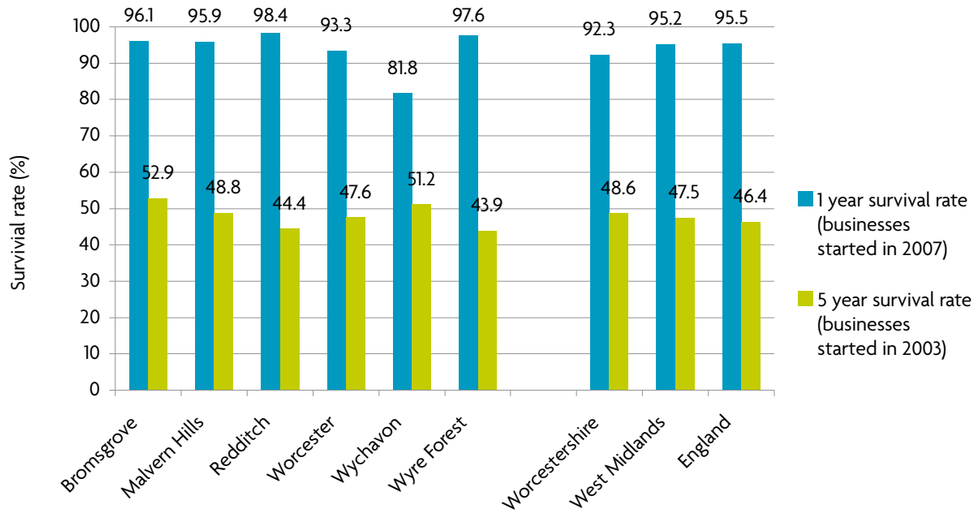
Over 90% of new enterprises in Worcestershire in 2008 had 0-4 employees. This figure was highest in Malvern Hills (92%), where 18% of the working age population are self-employed, and lowest in Redditch (88%).

Despite the fall in the number of new businesses being established, the number of businesses closing also reduced, by a greater proportion in Worcestershire than elsewhere in the region or across England.

The evidence suggests that during the recession rates of entrepreneurship are lower in Worcestershire than in England, with 54 businesses created per 10,000 adults compared to 57 per 10,000 adults nationally.

Of the businesses born in 2007, around 92% survived their first year. This is lower than for the West Midlands and England which had survival rates of 95% and 96% respectively. The lower figure for Worcestershire is due to a particularly low survival rate in Wychavon, of 82%. This suggests that 135 businesses created in the district in 2007 failed within a year. The average survival rate for the remaining districts is 96%. Over the longer term, survival rates in Wychavon have tended to be in line with, or higher than the average for the County. Indeed, the survival rate of 51% for businesses started in 2003 is the second highest in the County, after Bromsgrove (53%) and almost 5 percentage points higher than England.

Figure 5: Survival rates for businesses born in 2003 and 2007



Source: Office for National Statistics, 2008. Business Demography, 2008.

Worcestershire County Economic Assessment 2009-2010 Summary

13 Conclusion

As a County Worcestershire has high quality schooling, high tech employment opportunities, low crime rate, low unemployment rates, a track record of achieving success through partnership and a great potential for economic success. However, there are challenges too. These include significant levels of worklessness, dependency on vulnerable sectors in certain areas (particularly low value-added manufacturing and agriculture) and gaps in high tech and management skills.

During the recession rates of entrepreneurship in Worcestershire have become lower than in England, however the number of new businesses closing has also reduced, by a greater proportion than elsewhere in the region or nationally.

The proportion of the population aged 19- retirement age qualified to Level 4 or higher in 2008 was lower than the England average and the proportion of 16-18 year olds who are NEET has increased.

It is evident that unemployment is the major contributory factor to the number of people claiming benefit, with the male claimant count rate being markedly higher than the female equivalent. This is likely to be due to a greater proportion of the male population being involved in Manufacturing and Construction than the female population.

Over the last decade the Worcestershire economy has diversified and is less reliant on more vulnerable sectors and, to date, the total number of people claiming JSA is some 10,000 less than the level reached during the recession in the 1990s. However as more than 40% of females are employed in Public Administration, Education and Health, there is concern that the female rate may rise considerably in line with any significant public sector cuts in spending.

As recovery from the recession is likely to be protracted Worcestershire County Council Cabinet and partners will be consulted early in 2010 to bring about changes in the economic strategy and priorities to alleviate the effects of the recession without fundamentally changing the essence of the long term economic vision. It is envisaged that the reviewed strategy would focus more on supporting strategic businesses, businesses in the supply chain and the creation of jobs including self employment.

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To the best of our knowledge all information was correct at the time of printing: April 2010

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