



IRMP 21-25 Risk Review; The Economy.

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Executive Summary

The biggest contributors to Telford's economy are distribution, transport, accommodation and food; manufacturing and public administration and education and health.

Telford's strong manufacturing economy is powered by double the national average employment in manufacturing. Telford also has a growing warehouse distribution industry; this is a national growth industry booming at a time of BREXIT uncertainty. Large warehouse units can be predicted to grow in Telford.

The high streets of the market towns are suffering from the decline in retail and the ever-expanding appeal of online retail. This is leaving many empty outlets on the high street plus a high level of shop turnover. As more buildings become empty the risk of illegal activity increases. In 2019; a large empty night club in Shrewsbury was discovered to have a multi-million-pound illicit drug crop.

Business start-up survival rates are above the national average and employment rates are good. Unemployment is high in areas of deprivation, especially the estates of south Telford. Workforce numbers are small across the County with an increasing number working from home, this is especially so in Shropshire Council. This equates to more people being spread around the County in more diverse locations as opposed to having a large quantity of people in a single building. The risk is spreading out.

The dominance of agriculture in Shropshire (21% as opposed to 4% in England) puts the County at risk with forthcoming changes to farming subsidiaries and the unknown impact of BREXIT. Agricultural businesses are generally large and have high infrastructure demands such as roads, broadband but they pay no business rates. Diversification in agriculture could significantly alter the economic landscape of rural Shropshire. (see diversification in farming risk review)

Government is under pressure to support high street retail and the associated economy. Business has lobbied for a reduction or even removal of business rates which could impact on public sector resourcing.

Economic and political pressure may impact on risk, in Shrewsbury the Council has purchased several shopping centres. The Council needs to attract and accommodate large branded retail. To find the next “Primark” may impact on SFRS through regulation and Protection resourcing.

Pressures on the rural economy may impact on our ability to recruit and retain On-Call firefighters.

Risk Summary.

- Working from home is growing and above the national average.
- Workforce numbers are small with high a percentage of businesses employing less than 10 especially in Shropshire.
- Agriculture is dominant in Shropshire, this is an area of significant diversification. (See Diversification of Agriculture assessment) This subsequently makes Shropshire economically vulnerable.
- Tourism is growing and expanding. (See Tourism, Diversification in Agriculture and Environmental assessments)
- More commercial activities (tourism) are taking place in the rural areas, this is bringing greater volumes of people as either workers or consumers to the rural county. This is increasing the life risk without significant increases in the local populations.
- The volume and standard of accommodation supporting agriculture and its diversification.
- Employment in manufacturing is double the national average in Telford. The loss of a factory and the associated economic and social impact is a risk.
- Distribution is a key industry in Telford. Warehouse and storage growth is a national trend.¹
- Unemployment rates are low however the areas of deprivation have higher levels. This is especially so in Telford and to an extent in Shrewsbury
- People trafficking and modern-day slavery are associated with aspects of agriculture, care provision, car washing, nail bars and a multitude of illegal activities.²
- Derelict or empty buildings are visible in most town high streets. Illegal drug manufacture risk. This is especially so in the towns rather than Telford/Southwater.
- Homelessness and rough sleeping are increasingly visual in urban town centers. The number of homeless people in the region has risen by 12 per cent since 2017, it is estimated that 469 people in Shropshire are homeless.³

¹ Zurich Municipal

² Shropshire Adults Safeguarding Board, (KASISB)

³ Shelter 2018 and Ministry of Housing, Communities and Local Government data 2018

Failures in agricultural could increase the rural risk due to un-sustained farms and derelict out-buildings

Findings.

Telford and Wrekin.

Housing

There are some 73,000 homes in Telford, and this is forecast to grow at around 1,000 net new homes annually for the next 15 years as set out in the Authority Local Plan. The number of homes rented from private landlords grew significantly between 2001 and 2011 and is forecast to continue to rise. The mean (average) selling price of a house in the borough in November 2018 was £165,968, below the regional (£197,387) and national (£247,430) averages. The housing affordability ratio was 6.4 times annual earnings in 2018 (W-Midlands 6.8 and Eng. 8.0). The average weekly rent charged by housing associations fell by 1.4% in 2018 (Eng. -1%).

Employment

In 2019, there were an estimated 85,950 jobs in Telford in over 6,100 business units (VAT and/or PAYE based enterprises). Manufacturing remains the largest single sector employing 14,000 people (16.3% of jobs, compared to the England average of 7.9%), with the second-largest sector being Business administration and support services employing 11,000 people (12.8% of jobs, compared to the England average of 9.1%). Median gross weekly earnings for full-time employees grew by 6.9% to £522.30 from 2017 to 2018.

Unemployment in Telford is lower than the national average. An estimated 2,800 people were unemployed in Telford and Wrekin between July 2018 and June 2019, down 1,400 people from the year before. • The unemployment rate was 3.1%, lower than both the West Midlands (4.7%) and England (4.0%).

There were an estimated 1,000 unemployed young people aged 16-24 in the Borough, 1,500 less than the year before. • This is an unemployment rate of 8.6%, lower than both the West Midlands (13.7%) and England (11.8%).

The male unemployment rate was 2.5% (West Midlands 5.1%, England 4.2%) with an estimated 1,200 unemployed males. • The female unemployment rate was 2.6% (West Midlands 4.5%, England 4.1%) with an estimated 1,100 unemployed females.

There were 3,165 people in Telford & Wrekin claiming unemployment benefits in September 2019, an increase of +130 claimants (+4.3%) from the month before and +1,305 claimants from a year previously (+70.2%). The impact of Universal Credit in Telford will need to be monitored when the system is implemented. The rollout of Universal Credit has been delayed in Telford.

The Borough's claimant rate was 2.8% (W-Midlands 3.7% and Eng. 2.8%) with 745 young people aged 16-24 claimed unemployment benefits in September 2019, an increase of 60 people from the month before, a rate of 3.8% (West Midlands 4.0%, England 3.1%).

Employment Type Data

The workday population of Telford and Wrekin is around 1,300 people more than the resident population. A high proportion of people are employed in manufacturing: • The majority of the working population were employed in Public Administration, Education and Health (31.8%) in 2018, followed by Distribution, hotels & restaurants (17.1%). England had the same largest industry groupings with 29.1% and 18.6% respectively. • Telford & Wrekin has nearly double the proportion of those employed in manufacturing (16.9%) as in England as a whole (9.0%).⁴

Employment data showed that Professional Occupational groups accounted for the highest proportion of the Borough's workforce (16.4%) followed by Associate Professional & Technical Occupations (14.0%) and Elementary occupations (13.2%).

The 'Knowledge Economy' sector (SOC2010 groups 1-3) made up 38.4% of the workforce, with an estimated 33,000 people (West Midlands 42.7%, England 47.7%).

The Occupations with the biggest increase in employment were Skilled Trades Occupations with an increase of 25% (+2,100) and Associate Professional and Technical Occupations with an increase of 17% (+1,700).

Wages

Gross weekly rates of pay for full-time workers who work in Telford & Wrekin increased by +£41.30 in 2019 and is currently £563.00 (West Midlands £552.50, England £591.40).

This represents an annual increase of +7.9% (West Midlands +3.0%, England +2.9%)

Gross weekly rates of pay for full-time Male workers and female workers in the Borough increased by +3.5% and +8.9% (W-Midlands +2.2% and +4.3 and Eng. +3.5% and +3.7%).

The gross weekly rates of pay for Male full-time workers is £101.10 more than that of female full-time workers.

Business Start Up's and Survivability

635 new businesses were created in Telford and Wrekin in 2017, 5.2% less than in 2016 (W-Midlands 11.4% and Eng. -9.2%).

The number of Business terminations increased by 23.9% from 460 in 2016 to 570 in 2017 (W-Midlands +21.1% and Eng. +25.8%).

Of the 670 businesses born in 2016, 93.3% (625) survived their first year of trading compared with the regional and national averages of 92.3% and 91.6%, respectively.

⁴ JSNA-Understanding Telford and Wrekin 2019

There were 5,065 VAT and/or PAYE based enterprises (usually head office) in the Borough in the year ending March 2019, +125 more than in 2018, an increase of +2.5%.

The number of 'local units' (i.e. the factory or shop of an enterprise) in the Borough increased by +100 units to 6,255, an increase of +1.6% from the year before.

The vast majority of enterprises (86.4%) and local units (79.8%) had less than 10 employees.

1.7% of enterprises in the Borough had 100 or more employees.

Gross Value Added

Telford's total Gross Value Added (GVA) reached £4 billion in 2017, an increase of 3.0% from 2016. This compares to an increase of 3.1% across the West Midlands and 3.5% across England.

The biggest contributors to the Borough's GVA were distribution, transport, accommodation and food sectors (20.0%) and the Manufacturing sector (19.5%).

The Business service sector experienced the largest increase of 10.0%, and the largest decrease was seen in the Financial and insurance services sector at 3.5%.⁵

Findings;

Shropshire

A key risk identified by Shropshire Council is that Shropshire is falling behind regional and national averages in economic output from businesses and employee earnings and this is leading to lower economic productivity compared to the West Midlands and UK as well as some of the surrounding authority areas. There is a declining population of traditional working age (16-64) in Shropshire and a particular lack of younger people staying in the County to work, with talent and skills are being lost to elsewhere.⁶

Housing

During 2001-2017 dwelling stock increased by 16.6% in Shropshire. On average dwelling stock increased by 1,193 a year or 0.9% a year during 2001-17. In 2017 Shropshire Council had 142,434 dwellings.

Shropshire's settlement structure of highly dispersed market towns, small villages and hamlets makes the provision of local services a challenge and the provision of public transport costly. This contrasts with the more sparsely populated rural Counties of North Yorkshire, Cumbria and Northumberland. These Counties contain National Parks with natural environments that in some areas are uninhabitable.

Shropshire is one of the most rural and sparsely populated local authorities in the country, with less than one person per hectare compared with more than four persons per hectare in England. This makes it more time-consuming for much of the population

⁵ Telford & Wrekin Economic Profile 2019

⁶ Shropshire Council Corporate Plan 2019-22

to travel to and from work and also makes the provision of physical and digital infrastructure to support economic growth more challenging.

Generally, Shropshire is an affluent location, with low levels of deprivation and minimal unemployment. However, like other places, there are pockets of deprivation, where unemployment is higher and where incomes are low.⁷

Labour Market and Skills.

The Shropshire population of traditional working age (16-64) has been in decline, and it now represents just 60% of the total population. This is exerting pressure on the labour market and will increasingly do so in the future as the population ages further. The working ratio is expected to reach 1:1 within a decade.

Shropshire has a high economic activity rate amongst the 16-64 population and given comparatively low levels of unemployment as well, employment levels are high for this age group. However, given the high proportion of the population that is attributable to those past retirement ages, the economic activity rate of the 16+ population is much closer to the national rate.

The Shropshire labour force is comparatively well qualified, at least compared to the West Midlands, but supports fewer SOC 1-3 professions and more working in elementary occupations or as a process, plant and machine operatives. Shropshire also supports an above-average number of people working in skilled trades occupations. Despite high and rising qualification levels, skills are not always aligned to the needs of businesses as reflected in skills shortage data, which suggests 15% of businesses have either skills gaps within their existing workforce, skills shortage vacancies or both.⁸

Economy

Shropshire supports a primarily small business economy, with more than nine out of 10 enterprises employing less than 10. Self-employment is high and significant numbers work from home/run businesses from home. There are comparatively few large employers, and employment is largely concentrated in the county town of Shrewsbury and the main market towns of Oswestry, Market Drayton, Whitchurch, Bridgnorth and Ludlow.

Business Start Up's and Survivability

Shropshire's business base is relatively stable and experiences less churn than many other localities. This means that survival rates are good, but also reflects relatively low levels of start-ups.

Employment Types

Key employment sectors include health, education, retail and manufacturing. Shropshire is underrepresented in private sector services such as professional, scientific and

⁷ Shropshire Council Economic Profile 2017

⁸ Shropshire Council Employment and Economy Snapshot report 2019

technical and finance and insurance. The mix of sectors in Shropshire contributes to comparatively low workplace wages and too low levels of productivity (GVA generation).

Shropshire has more resident workers than it does jobs, and consequently, net out-commuting is significant. A tendency to out commute is more prevalent amongst higher earners, and this factor contributes to the considerable differential between workplace and resident's earnings.^{9/10}

Shropshire Economic Facts

- As a rural area, Shropshire has a high percentage of its business within the agricultural sector.
- The percentage of businesses within the professional, financial and information sectors is below regional and national averages.
- Although there are comparatively few operators in health education, manufacturing and retail, these types of businesses are often much larger than average, and together, they account for around half of all employment in Shropshire.
- Businesses starting up in Shropshire are more likely to continue trading after 5 years than those started in the West Midlands or England in 2013.
- Employment rates for those age 16 – 64 in Shropshire is above average. However, the ratio of part-time employment is higher.
- As a rural area, Shropshire has a high percentage of its business within the agricultural sector.
- The percentage of businesses within the professional, financial and information sectors is below regional and national averages
- Self-employment rates in Shropshire are higher than the regional and national average. There are higher rates of self-employment in the South of the county.
- Gross weekly full-time pay rates by workplace in Shropshire are lower than average. This may reflect the higher reliance on businesses in lower-paid sectors: agriculture, care and leisure.
- Pay rates for residents in Shropshire are slightly below regional rates and may indicate that a proportion of residents are commuting to areas with higher rates of pay.
- Claimant rates for Shropshire remain below average. Changes to Universal Credit are likely to increase the number of claimants who are aged 16 – 64.

⁹ Shropshire Council economic profile 2017.

¹⁰ Shropshire Council Employment and Economy Snapshot report 2019

Employment and Economy Data Shropshire Council.

Employment & Economy

UK Business Counts 2019

Businesses in Shropshire usually employ fewer people than the average for West Midlands or England.

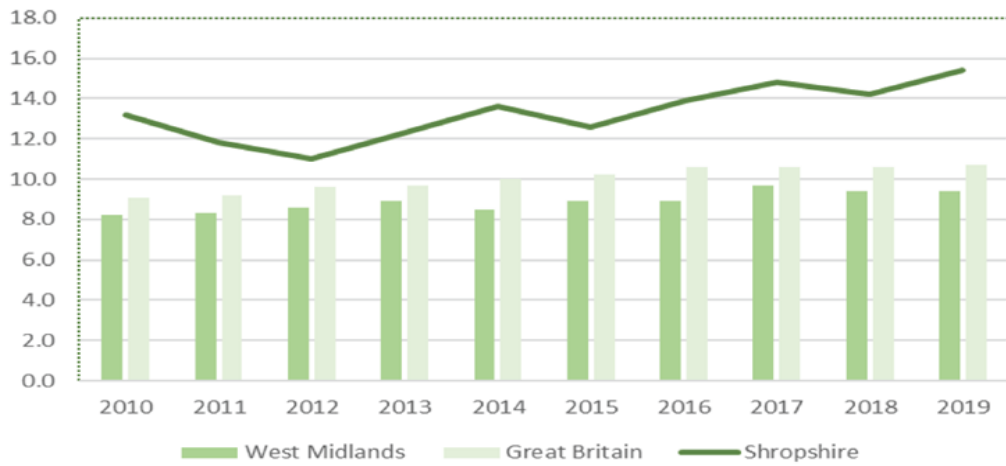
Enterprises	Shropshire	Shropshire (%)	West Midlands	West Midlands (%)
Micro (0 to 9)	14,355	90.6%	190,530	89.1%
Small (10 to 49)	1,260	7.9%	19,105	8.9%
Medium (50 to 249)	195	1.2%	3,370	1.6%
Large (250+)	40	0.3%	905	0.4%
Total	15,850	100.0%	213,915	100.0%

Registered Business Sectors	Shropshire	England	West Mid
Agriculture, forestry & Fishing	21.2%	4.2%	5.8%
Mining, quarrying & Utilities	0.5%	0.5%	0.5%
Manufacturing	5.3%	5.0%	6.8%
Construction	11.4%	12.7%	11.9%
Motor trades	3.4%	2.8%	3.6%
Wholesale	4.1%	3.9%	4.6%
Retail	6.2%	7.7%	7.8%
Transport & storage	2.8%	4.2%	6.2%
Accommodation & food services	6.1%	5.5%	5.6%
Information & communication	4.1%	8.9%	6.0%
Financial & insurance	1.3%	2.3%	1.7%
Property	3.3%	3.8%	3.6%
Professional, scientific & technical	13.0%	17.9%	14.7%
Business administration & Support Services	6.5%	8.7%	9.2%
Public administration & defence	0.7%	0.3%	0.3%
Education	1.4%	1.7%	1.7%
Health	3.3%	3.7%	4.1%

Business Survival Rated - born in 2013

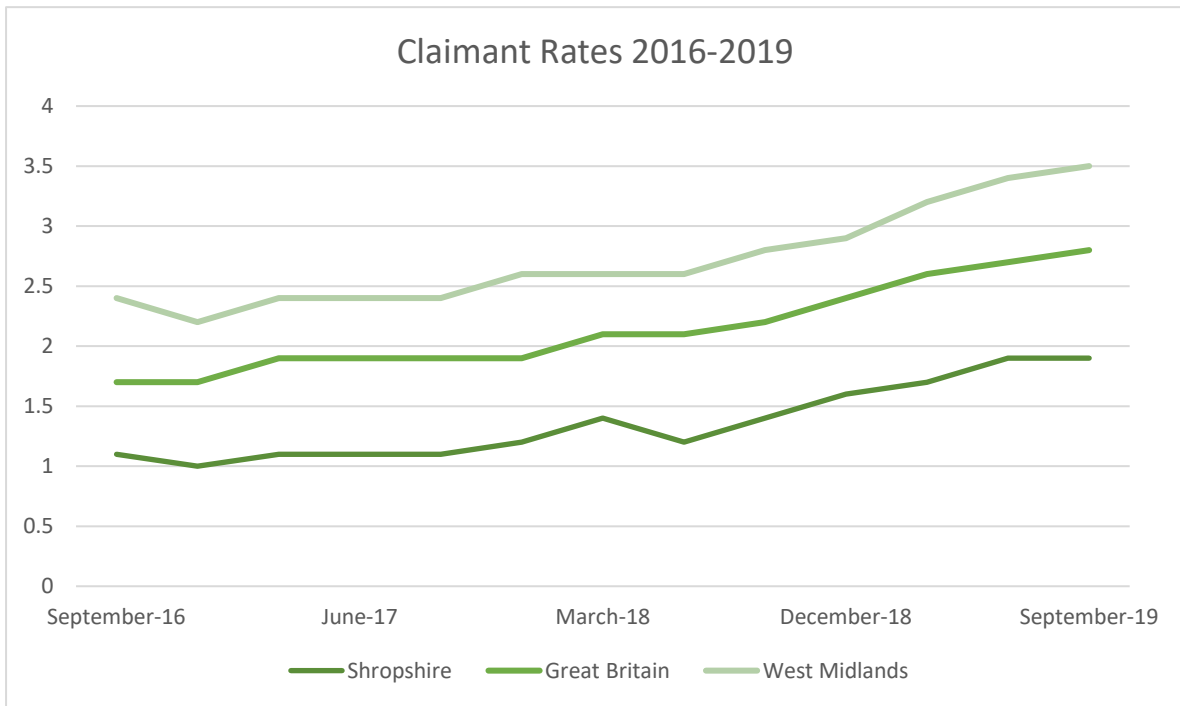


Self-employment Rates 2010-19



Employment Rates 2018-19

Jul 18 – Jun 19	Shropshire	West Mids.	Great Britain
In Employment	82.7%	73.5%	75.6%



Workplace pay 2019



Telford and Wrekin Economic Profile October 2019

https://www.telford.gov.uk/downloads/file/10814/telford_and_wrekin_economic_profile_-_october_2019

The area

- The borough has a diverse manufacturing sector, a burgeoning tourism sector and research and development facilities.
- The biggest contributors to the Borough's economy are distribution, transport, accommodation and food; manufacturing and public administration and education and health.

Unemployment (July 2018 to June 2019) and unemployment claimant count (September 2019)

- The borough's modelled rate of unemployment was **3.1%** in the 12 months to June 2019 (West Midlands **4.7%** and England **4.0%**).
- The youth unemployment rate was **8.6%** (West Midlands **13.7%** and England **11.8%**).
- The borough's claimant count (number of people claiming unemployment benefits) was **3,165** in September 2019, an increase of 70% from **1,860** in September 2018. The rate, 2.8% is the same as the England rate and below the Regional rate (3.7%).
- Young people (aged 16 - 24) represent **23.5%** of all unemployment benefit claimants in September 2019.

Employment by occupation (July 2018 to June 2019)

- The three largest occupational groups were: professional occupations (**16.4%**), associate professional and technical occupations (**14.0%**) and elementary occupations (**13.2%**).

Employee jobs (2018)

- There were **88,200 employee jobs** (the number of jobs held by employees) in the borough in 2018, **an increase of 2.6%** from a year ago.
- The largest proportion of employee jobs were in manufacturing with **17.0%** (West Midlands **11.6%** and England **7.9%**), followed by business administration and support services at **12.8%** (West Midlands **8.5%** and England **9.0%**).

Earnings by place of work (2019)

- The median gross weekly earnings for full-time workers who work in Telford and Wrekin was **£563.00** in 2019 (West Midlands **£552.50** and England **£591.40**).
- Gross weekly pay for the Borough's Male and Female Full-time workers both increased in 2019, bringing them broadly in line with regional rates.

Business

- There were **6,255** local 'units' in VAT and/or PAYE based enterprises in the borough in 2019.
- There were **5,065** business 'enterprises' with a registered office in the Borough in 2019.
- There were **635** Business 'births' and **570** business 'deaths' in 2018.

Qualifications (Jan 2018 - Dec 2018)

- **29.8%** of the borough working-age residents were qualified to NVQ4 and above in the year ending December 2018 (West Midlands **33.1%** and England **39.0%**).
- **8.0%** of the working-age residents had no qualifications (West Midlands **10.3%** and England **7.6%**).