




Economy & Employment

Staffordshire & Stoke-on-Trent LEP
Insight, Planning & Performance Team

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2016

Businesses, Industries
and Employers in
Staffordshire &
Stoke-on-Trent

Document details

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| Title | Economy & Employment Businesses and Employers in Staffordshire & Stoke-on-Trent |
| Description | <p>In order to support our key population outcome of enabling our residents to access more better jobs, we need to develop a good understanding of what employment options there are in Staffordshire and how this is changing. To achieve this, it is important to try and build up a picture of what employment options exist locally by looking at which industries are in growth or decline, and which are most resilient, so that learning opportunities are providing residents with a good pathway towards employment.</p> |
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Areas of limitation within the data used for this report

While every effort has been made to use the most accurate, relevant and recent data within this report—there are some specific measures where our local intelligence suggests that independently obtained data does not give a definitive representation of that measure.

Agriculture, Forestry & Fishing (Employment)

The primary data source used for employment figures by industry in this report is the Business Register and Employment Survey (BRES). While the BRES data does contain employment figures for the Agriculture, Forestry & Fishing industrial section, it does not contain all elements of the industry at all geographies.

While national and regional figures include total employment for the full industry, at smaller geographies (LEP, Local Authority, County) the data excludes farm-based agriculture (arguably the key element for Staffordshire). As a direct result, BRES figures used for Agricultural employment comparisons are far below what would be expected, as they exclude farming.

The decision has been made not to 'mix' alternate data sources with BRES data to give a comparative figure, however, alternative data suggests that differing numbers of people are working in Agriculture, Forestry & Fishing industry in Staffordshire & Stoke-on-Trent.

Following the most recent labour survey in June 2013, data from the Department for Environment & Rural Affairs (DEFRA) suggested that there were approximately 4,244 full time farm workers, 3,204 part time, and 2,207 casual workers—almost 9,700 in total.

Available data from the Inter-departmental Business Register (IDBR), which lists all active businesses within an area and the number that they employ, suggests that businesses identifying themselves as belonging to the Agriculture, Forestry & Fishing industrial section employed 3,350 people in 2014, with this increasing to 4,950 in 2015. It is not possible to identify precisely why these discrepancies occur, although it is likely that figures from the IDBR do not account for casual workers.

Although we cannot accurately state how many people are employed in Agriculture in Staffordshire & Stoke-on-Trent, it certainly provides more local employment than figures in BRES suggest.

Administrative & Support Service Activities (Employment)

While data from the IDBR tells us that there has been significant growth in businesses and employment in this industrial section, the nature of agency employment contained within the industry causes some complexities. Although it is reasonable to assume that a proportion of the employment within Administrative & Support Service Activities takes place in the LEP area, our local intelligence is that there are a number of companies within this industrial section who register large numbers of employees who work elsewhere in the country. Although we cannot identify definitively how many employees in the LEP are employed by a local agency, but live and work elsewhere, it is important to consider when comparing figures for Administrative & Support Service Activities with other industrial sections.

Businesses, employment and the Staffordshire & Stoke-on-Trent LEP area economy

In this report we aimed to investigate how the economy in the LEP area is changing over time, and identify the sort of industries and businesses which currently drive employment and productivity. Focussing on growth and decline, resilience and the effect of the recession, we sought to gather an understanding of the types of businesses and industries that are leading the way for Staffordshire & Stoke-on-Trent, and those that are gaining prominence.

Our recent local economic policy has very much been focussed on surviving the challenges presented by an incredibly deep recession, without there being a significant detrimental impact on employment, businesses and productivity. Overall, our insight suggests that this is something that we have successfully achieved.

The overall number of businesses in the LEP area has grown between 2011 and 2015, including a considerable increase in the number of very small businesses (employing 1-4 people), which have primarily been focussed on Business Support Activities. In spite of the growth in small businesses, our largest businesses, whilst forming a very small proportion of total businesses, still provide more than a quarter of all LEP area employment.

At present, employment in the Staffordshire & Stoke-on-Trent LEP is almost back at pre-recession levels and the proportion of the LEP area population claiming Jobseeker's allowance (1.1%) is lower than the regional level (1.9%) and the national level (1.5%). Although it is true that the workforce is very close to returning to pre-recession numbers, increases in employment have mainly been in our lower-paying industries. This is likely to be the impact of the reduction in jobseeker's allowance claimants, with people moving off benefits and into lower-paid work and industries as they re-enter the workforce.

The local Manufacturing industry, along with Wholesale & Retail Trade, dominate the LEP currently in terms of estimated productivity and employment—with the two combined accounting for approximately £1 out of every £3 of GVA and around 1 in every 3 jobs. With advanced manufacturing being a key element of the Growth Deal, it is likely that the strength of the Manufacturing industry will increase in the medium to long term.

There is already significant planned investment in our business infrastructure, with almost £100m of funding committed to the Staffordshire & Stoke-on-Trent Growth Deal, which seeks to stimulate the priority industrial sectors considered to have the greatest potential for growth locally. In the medium to long-term the industries attached to the Growth Deal (particularly advanced manufacturing and agri-tech) are likely to see substantial growth in their workforce, number of businesses, and overall contribution to productivity. As the focus is towards higher-skilled industrial sectors, the expected impact will be an increase in higher-paid, skilled workers, which will potentially shift the balance of local employment towards our higher-paying industries within the next 10 years.

Having survived the recession, and having seen slow and steady growth in the past few years, it is suggested that we develop our economic policy accordingly. It is essential that our next steps consider how we can be a catalyst for growth in the area; considering how we develop a highly skilled workforce who are able to access more good jobs, and in turn enable our businesses and industries to strengthen, grow and become increasingly productive.



Economy & Employment

1.1 - Summary and key findings

Businesses and employment

While it's safe to say that small businesses are on the rise; both growing in number and making up 96% of all businesses, large businesses are still on top— with those who employ 50 or more people managing to account for more than half of all local employment (55%) while making up just 4% of all businesses.

Our biggest businesses dominate in terms of share of employment. Our 200 businesses with employment of 250+ account for around 0.5% of all business, yet provide 27% of all LEP area employment.

Businesses and industries

More than 1 out of every 4 (27%) of the new businesses added to the Interdepartmental Business Register (IDBR) between 2011 and 2015 was an Administrative & Support Services business. The significant majority (83%) were micro-businesses employing less than five people, although around 1 in 6 employed between 5-49 people. It is possible that the rise in business support services is potentially due to some of the known adult skills shortages, and specialist skills shortages in existing companies, and new businesses are starting up to seize the opportunity to source talent to fill these gaps.

The biggest overall decline in number of businesses has been in Construction, although in terms of numbers, it is negligible compared to the maximum increases seen in some industrial sections (-200 compared to +2,500). It is possible that the decline is due to a few of the larger established Construction businesses 'seeing off' smaller competitors, rather than a reduction in demand. This hypothesis is partly supported by increasing gross-value-added (GVA) in the local Construction industry, forecast by Cambridge Econometrics.

Employment and industries

Overall, net numbers of employment are 0.5% below their pre-recession level, compared to 1% below across the West Midlands— although in England they are 1.7% above 2008 numbers. As might be expected this is not the same for all industries, and some appear to have resisted the recession, while others have not been so resilient.

Of our largest employing industries in the LEP area, Administrative & Support Services, Health & Social Work, and Wholesale & Retail Trade all have numbers of employment above their pre-recession levels by 27%, 13% and 10% respectively.

While true that net employment in Manufacturing is not back at its pre-recession level, there has been consistent increase over the last two-to-three years. Given the number of large manufacturing businesses in the area and the commitment to advanced manufacturing in the LEP, there is every likelihood that this increase will continue. Excluding new employment generated through the Growth Deal, if current trends seen in BRES data continue, local employment within Manufacturing will increase by around 10% between now and 2020.

Employment and average pay

Overall, there has been a larger increase in the number and proportion of people in the five lowest-paying industries in Staffordshire & Stoke-on-Trent compared to the West Midlands and England. However, this might not be surprising given the extremely low proportion of working age job-seeker's allowance claimants in the area. It is possible that the majority of the increase in employment in lower-paid industries has been due to people moving off benefits and joining the local workforce.

During the same time period, there has been a decline in the number and proportion working in the five highest-paying industries locally. This is possibly not unexpected given existing knowledge about gaps within adult skills, and because two of the top five highest-paying industries have fewer businesses within them now than in 2011. The expectation is that the Growth Deal and inward investment will help to bring more employment in our higher-paying industries to the local area, which will reverse this in the longer term.

Productivity

While employment is somewhat skewed towards our lower-paying industries, GVA is not at all. Although the industry generating the most GVA locally (Wholesale & Retail Trade) is one of our low-paying industries, the other four of our top five GVA contributors are not. Three of the four sit around the middle of the pay spectrum, with one (Construction) in our top five highest-paying industries.

Wholesale & Retail Trade and Manufacturing appear to dominate in terms of GVA, and are the only industries which appear to contribute 10% or more of total GVA in the LEP area (32% combined). This is also true for the region, and nationally, where the same industries still dominate, but with a lesser share of overall GVA (29% and 22% respectively). Forecasts suggest that the dominance of these industrial sections is unlikely to change in the foreseeable future in the LEP area, West Midlands and in the UK overall.

Despite Construction seeing turbulent levels of employment and numbers of businesses, it still remains one of our largest contributors of GVA locally, ranking 4th out of 19 industrial sections. Education, which is currently our 5th largest contributor to overall local GVA, is forecast to have been overtaken by Transportation & Storage by 2020, with this change remaining into the longer term.

Right For Business Economy & Employment

1.2 - Five industries with the most individual businesses in Staffordshire & Stoke-on-Trent

Wholesale & Retail Trade

Approximately 5,500 businesses locally, around 16% of all LEP area businesses



Administrative & Support Services

Approximately 6,100 businesses locally, making up around 18% of all LEP area businesses



Professional, Scientific & Technical Services

Around 4,700 businesses locally, accounting for 14% of all local businesses



STAFFORDSHIRE &
STOKE-ON-TRENT LEP
BUSINESSES

PROPORTION OF TOTAL
LOCAL BUSINESSES
BY INDUSTRIAL
SECTION



Construction

Around 3,800 businesses locally, accounting for 11% of local businesses



Manufacturing

Around 2,400 businesses locally, accounting for 7% of all local businesses

IN 2015
THERE WERE
APPROXIMATELY
34,900
ACTIVE BUSINESSES
IN THE LEP
AREA

Right For Business

Economy & Employment

1.2 - Five largest employing industries in Staffordshire & Stoke-on-Trent

Wholesale & Retail Trade

Employs around 88,900 people, which is approximately 20% of the local workforce



Human Health & Social Work

Employs around 64,200 people, approximately 14% of local employment



Manufacturing

Employs around 59,100 people, accounting for around 13% of local employment



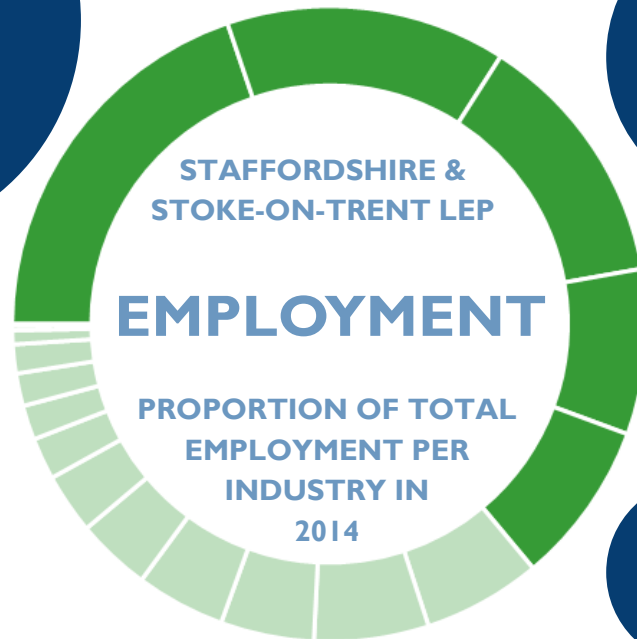
Administrative & Support Services

Employs around 37,900 people, accounting for around 8% of local employment



Education

Employs around 37,400 people, around 8% of local employment



IN 2014
THERE WERE
APPROXIMATELY
449,600
PEOPLE EMPLOYED
IN THE LEP
AREA

Right For Business

Economy & Employment

1.2 - Five most productive industries in Staffordshire & Stoke-on-Trent

Manufacturing

Estimated to generate around 15% of local GVA at £2.8bn



Wholesale & Retail Trade

Estimated to generate around 17% of local GVA at £3.4bn



Human Health & Social Work

Estimated to generate around 8% of local GVA at £1.6bn



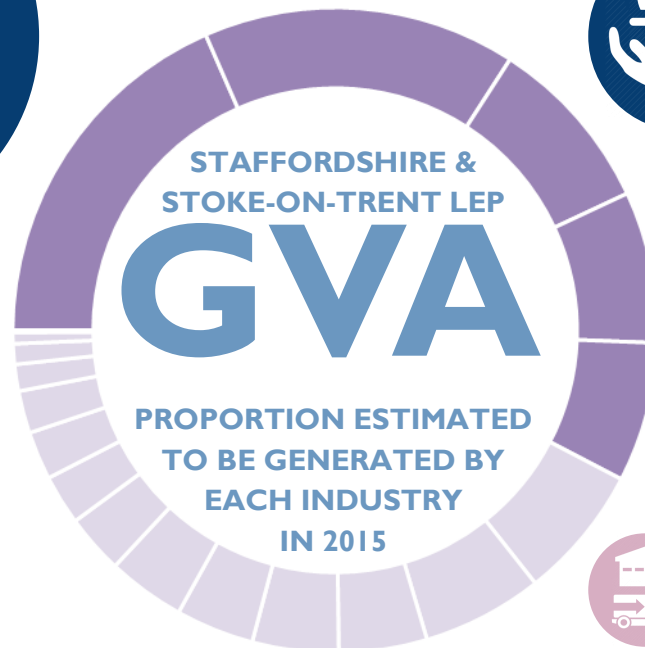
Construction

Estimated to generate around 7% of local GVA at £1.5bn



Education

Estimated to generate around 6-7% of local GVA at £1.3bn



Transportation & Storage

Falling just outside the top five most productive industries locally, the gap between Transport & Storage and Education appears to be closing.

Independent estimates suggest that by 2020 Transportation & Storage will have overtaken Education in terms of local productivity.

IN 2015
LOCAL GVA
TOTALLED AROUND
£20.2bn
MAKING UP 18% OF
THE REGION'S
TOTAL GVA

Right For Business

Economy & Employment

1.3 - Overview of employment, businesses and productivity by industry

Fig 1.1—Ranking of each industrial section in Staffordshire & Stoke-on-Trent

(Based on total proportion of each economic measure it accounts for)

| INDUSTRY | BUSINESSES (TOTAL) | SMALLER BUSINESS < 50 EMPLOYEES | LARGER BUSINESS 50+ EMPLOYEES | OVERALL EMPLOYMENT | GVA |
|--|--------------------|---------------------------------|-------------------------------|----------------------|------------------|
| A : Agriculture, Forestry & Fishing | 14 TH | 14 TH | 17 TH | 19 TH (!) | 17 TH |
| B: Mining & Quarrying | 19 TH | 19 TH | 19 TH | 18 TH | 19 TH |
| C : Manufacturing | 5 TH | 5 TH | 1 ST (Joint) | 3 RD | 2 ND |
| D : Electricity, Gas & Air Con. supply | 18 TH | 18 TH | 18 TH | 17 TH | 18 TH |
| E : Water supply, Sewerage & Waste Mgmt. | 17 TH | 15 TH | 17 TH | 16 TH | 16 TH |
| F : Construction | 4 TH | 4 TH | 11 TH | 8 TH | 4 TH |
| G : Wholesale & Retail Trade (incl. vehicle repair) | 2 ND | 2 ND | 4 TH | 1 ST | 1 ST |
| H : Transportation & Storage | 9 TH | 9 TH | 6 TH | 7 TH | 6 TH |
| I : Accommodation & Food | 7 TH | 6 TH | 8 TH | 6 TH | 11 TH |
| J : Information & Communication | 10 TH | 10 TH | 12 TH | 12 TH | 10 TH |
| K : Financial & Insurance Services | 13 TH | 13 TH | 13 TH | 14 TH | 12 TH |
| L : Real Estate | 15 TH | 15 TH | 15 TH | 15 TH | 15 TH |
| M : Professional, Scientific & Technical | 3 RD | 3 RD | 9 TH | 9 TH | 8 TH |
| N : Administrative & Support Services | 1 ST | 1 ST | 5 TH | 4 TH | 7 TH |
| O : Public Admin. & Defence | 16 TH | 16 TH | 7 TH | 10 TH | 9 TH |
| P : Education | 11 TH | 11 TH | 1 ST (Joint) | 5 TH | 5 TH |
| Q : Human Health & Social Work | 6 TH | 7 TH | 1 ST (Joint) | 2 ND | 3 RD |
| R : Arts, Entertainment & Recreation | 12 TH | 12 TH | 10 TH | 11 TH | 14 TH |
| S : Other Service Activities | 8 TH | 8 TH | 14 TH | 13 TH | 13 TH |

The table above gives a ranking out of 19 for each industrial section, based on the proportion of the total it accounts for within the measure listed in the column heading. Those ranking 1st are the industrial sections account for the largest proportion of the listed measures, while those ranking 19th account for the smallest proportion.

The purpose of this table is to allow some very quick comparison of where an industry stands in terms of our three main measures, and draw some quick conclusions as to whether a high ranking in one measure seems to translate into a strong position in another.

For instance; whilst 'Administrative & Support Services' account for the largest proportion of Smaller Businesses and Businesses overall, they only account for the 7th largest proportion of GVA, behind 'Transportation & Storage'.

(!) Data in BRES (the dataset used for employment figures within this report) excludes figures for farm-based agriculture (SIC 2007 code 0100) for sub-regional geographies.. Alternative data sources which include farm-based agriculture, such as the Inter-departmental Business Register (IDBR) and the Department for Environment, Food & Rural Affairs (DEFRA) provide differing and contrasting figures for levels of farm-based agricultural employment.

Economy & Employment

1.3 - Overview of employment, businesses and productivity by industry

Based on data from the Business Register and Employment Survey (BRES), Interdepartmental Business Register (IDBR) and independent gross value-added (GVA) estimates and forecasts from Cambridge Econometrics (CE)



A : Agriculture, Forestry and Fishing

While not one of the most dominant industries locally, it is certainly one of the most robust. In the last year (2014 to 2015) employment in Animal Production has almost doubled and there have been big increases in the numbers employed in Crop Growing activities and Mixed Farming. Nationally and regionally employment in the industry has been falling in recent years, this is not the case locally.



B : Mining and quarrying

Nationally, regionally and locally the Mining industry has seen unprecedented, sustained decline over the last 30 years. Locally it employs the least people of any industrial section but, due to some continuation in Quarrying of Sand, Stone & Clay, it does not have the fewest businesses of any industry. Estimates suggest it contributes less than 0.1% of local GVA.



C : Manufacturing

Manufacturing is comfortably one of the strongest industries in the LEP area, and is slightly stronger locally than in the West Midlands and in the UK overall. It is currently the 3rd largest employer in the LEP area, estimated to be the 2nd largest contributor to local GVA, accounts for the joint-greatest number of larger businesses locally (those employing 50 or more) and accounts for the 5th greatest proportion of local businesses overall. The majority of local Manufacturing primarily relates to Machinery, Motor Vehicles and Ceramics & Porcelain, with strong involvement in Metals, Food and Beverage production and Electronics and Instrument manufacture.



D : Electricity, gas, steam and air conditioning supply

One of the smaller industries in the LEP area, it accounts for the second-lowest contribution to GVA, small numbers of employment and the second-smallest number of businesses in any industry. The majority of employment in the industry relates to the Production of Electricity and the Distribution of Electricity, and given the recent announcement that a local coal-fired power station is going to be decommissioned in Summer 2016, it is certain that GVA and employment will decrease to some extent in the immediate future.



E : Water supply; sewerage, waste management and remediation activities

The majority of employment and businesses in the industry relate to Waste Collection and Water Treatment and Supply. Almost all Water Supply, Sewerage and Waste Management businesses are towards the smaller side of the spectrum (employ less than 50 people) and none employ 250 or more. The industry accounts for around 1.2% of local GVA, which is very close to the national level (1.1%), and marginally below the regional (1.4%). It accounts for less than 1% of local employment, which is the same proportion across the region and nationally. Although the industry accounts for less than 1% of local employment, it is one of only six industries which has a larger workforce now than before the recession—showing an increase of over 50% between 2008 and 2014.



F : Construction

While Construction doesn't employ as many people locally as some of our other industries, ranking 8th out of 19 and accounting for just under 5% of total employment, it still accounts for a significant proportion of local businesses (11%). Additionally it is still estimated to be a key contributor of local GVA, with estimates from Cambridge Econometrics suggesting it accounts for 7% of all GVA—making it the 5th largest contributor. The majority of local business activity in the industry relates to small businesses specialising in Electrical, Plumbing & Other Installation Activities, and a few larger businesses specialising in Building Construction and Building Completion.



G : Wholesale and retail trade; repair of motor vehicles and motorcycles

At present Wholesale & Retail Trade is probably the strongest industry in the area. It is estimated to account for the greatest proportion of overall GVA, is the largest employing industry and contains the 2nd largest overall number of businesses. The industry is just as dominant regionally and nationally. Although there has been a net decrease between 2011 and 2015 in the number of businesses within the industrial section, this has mostly related to smaller businesses (employing less than 50), and in the same time period the number of larger businesses (employing 50 or more) has increased. Locally and regionally around 1 in 5 jobs is within Wholesale & Retail Trade, and around 1 in 6 nationally.



H : Transportation and storage

Since the recession Transport & Storage has been fairly stable. While not accounting for a particularly large number of businesses or proportion of overall employment, it is still estimated to be our 6th most productive industry and is forecast to become our 5th most productive by 2020. The vast majority of businesses overall in this section specialise in Road Freight & Removal Services, however the majority of the larger businesses (employing 50 or more) are concerned with Warehousing & Storage.



I : Accommodation and food service activities

Accommodation & Food Service Activities primarily lean towards the 'food' side of the industry, with the vast majority of businesses (96%) being Restaurants & Mobile Food, Beverage Serving, and Event Catering. The 'accommodation' aspect of the industry accounts for around 4% of businesses, which are mainly Hotels, Camping Grounds and Other Short Stay Accommodation. While the industry is the 6th largest employer and the 7th largest industry in terms of numbers of businesses, it is estimated that at present it ranks 11th in terms of level of GVA generated, accounting for an estimated 4% of local GVA.



J : Information and communication

While one of the higher paying industries locally, Information & Communication Services have seen a 10% decrease in employment between 2008 and 2014, with the industry currently accounting for 2% of local employment. The industrial section accounts for a similarly low proportion of businesses (3%) and proportion of overall local GVA (estimated between 3-4%). Almost all of the businesses within the section are smaller Computer Programming, Consultancy & Related Activity companies, with the few larger businesses specialising in Telecoms. There has been some recent growth in Data Processing & Hosting services.



K : Financial and insurance activities

The majority of businesses within this industrial section relate to the 'financial' side of the industry; primarily banking and finance, with very few being associated with insurance or pension activities. Almost all businesses within the section employ less than 50 people, and as a result it is one of the smallest employing industries locally, accounting for between 1-2% of total employment. While nationally the industry is quite dominant, accounting for around 8% of national GVA, almost all of this activity takes place within London and other large cities. Within the LEP area it contributes an estimated 2-3% of total GVA.



L : Real estate activities

Real Estate Activities are one of the smaller industries locally, accounting for around 2% of overall local GVA, around 2% of local employment and between 1-2% of LEP area businesses. Businesses in the industry locally relate mostly to the Renting & Operating of Real Estate, and Contracted Real Estate Services, with few specialising in Buying & Sale of Real Estate.



M : Professional, scientific and technical activities

Employment in the industrial section has been largely unchanged post-recession, having seen a slight decline of less than 1% between 2008 and 2014. There has been a substantial increase of almost 1,400 Professional, Scientific & Technical businesses in the local area, most of which have been smaller businesses which have classified themselves as 'other'. Of those with a distinct classification, most have been smaller Management Consultancies, Accounting & Book-Keeping Services and Architectural, Engineering & Related Activities with a few larger businesses relating to Head Office Activities of other companies. The industry accounts for around 4% of local GVA, compared to around 6% regionally and 8% nationally.



N : Administrative and support service activities

In terms of numbers of businesses, no industry has seen a recent net increase of the same scale as Administrative & Support Services. In 2015 there were over 2,500 more registered businesses in this industry than in 2011. The industry has also been particularly resilient in the face of the recession, with employment increasing between 2008 and 2014 by just over a quarter (26%). This has not been the same regionally, where employment in the industry is below its pre-recession level, or nationally where there has only been a small increase.

The majority of the businesses within this industry are smaller companies offering Business Support Services, with the larger businesses dominated by Temporary Employment Agencies. The number of businesses and level of employment do not seem to translate into a similar estimated level of productivity, with the industry ranking 7th out of 19 in terms of the proportion of total LEP area GVA it accounts for (6% of local GVA).



O : Public administration and defence; compulsory social security

Austerity and changes in funding allocations have taken some toll on the Public Administration & Defence industrial section. Locally around 1 in 10 jobs that existed in the industry in 2008 had gone by 2014, although regionally the decline has been greater, and is closer to 1 in 6. Most business' functions relate to the Administration of the State, Economic and Social Policy and relate to the activities of Staffordshire County Council and Stoke-on-Trent City Council, with some Parish activities. The industry accounts for around 4% of all local employment, which is very similar to regional and national levels.



P : Education

Education is amongst the top five largest employing sections in the LEP area, accounting for slightly over 8% of all local employment despite accounting for less than 3% of total businesses. It is also estimated to be our 5th most productive industry, generating between 6-7% of all local GVA, which is the same proportion as it is estimated to generate nationally. Employment in Education has fallen slowly over the last three years locally, but this has not been the trend regionally or nationally.



Q : Human health and social work activities

Broadly there has been no negative impact of the recession on Human Health & Social Work Activities—with the industrial section showing continual growth in employment between 2008 and 2014. This has been the case locally, regionally and nationally—with employment growing by 13%, 20% and 15% respectively. Locally the industrial section is our second largest employer, and third largest contributor to overall GVA, accounting for an estimated 8% of all local GVA, similar to the 7% it accounts for nationally. Human Health & Social Work is almost one of our largest industrial sections in terms of numbers of businesses, accounting for just under 7% of all businesses, just marginally less than Manufacturing. The smaller businesses in the section are mainly concerned with Non-Accommodation Social Work Activities, Medical & Dental Practice and Other Human Health Activities. The larger businesses in the most part relate to Hospital Care and Residential Care.



R : Arts, entertainment and recreation

Arts, Entertainment & Recreation is dominated by Sports Activities and Amusement & Recreation activities in terms of larger businesses, and by Gambling & Betting, and Libraries, Archives & Museums to the smaller side of the business spectrum. Although the industry accounts for a small proportion of overall employment (3%) it has grown in recent years, and now employs around a quarter more than it did in 2008. Locally Arts, Entertainment & Recreation is estimated to contribute slightly more to GVA than it does regionally and nationally (around 2% compared to 1% in the West Midlands and between 1-2% nationally).



S : Other service activities

Other Service activities comprises mostly of Hairdressing & Beauty Treatment businesses employing less than 50 people (most less than 10), and to a lesser extent Membership Organisations and Other Personal Service activities. The industry accounts for just under 2% of all employment and an estimated 2% of overall local GVA.

Economy & Employment

2 - Who are our businesses?

2.1 Overview of local businesses

The most recent Interdepartmental Business Register (IDBR) for 2015 lists 34,900 businesses in operation in the Staffordshire and Stoke-on-Trent Local Enterprise Partnership (LEP) area, with overall employment of 449,200. Of these businesses 6,400 are located in Stoke-on-Trent, and 28,500 within Staffordshire.

This is approximately 4,800 more businesses than on the register in 2011, and an increase of 40,700 in employment in the same time period. However, it is not possible to compare this accurately to other localities, as the licence for the IDBR dataset only permits the user to access local area data.

Size of local businesses

Given the number of businesses in the area, it isn't too surprising that many of them are small micro-businesses and sole traders—employing less than five people. Registered businesses of this size account for 62% (21,700) of all businesses in the LEP area.

Businesses that employ less than 50 people (including those who employ less than five) account for 96% (33,400) of all local businesses. Those with employment of 50-99 account for 3% (2,600), businesses with employment of 100-249 make up around 1% (400), and our very largest businesses, with employment of 250+ make up <1% (200) of all business within the LEP area.

Industries

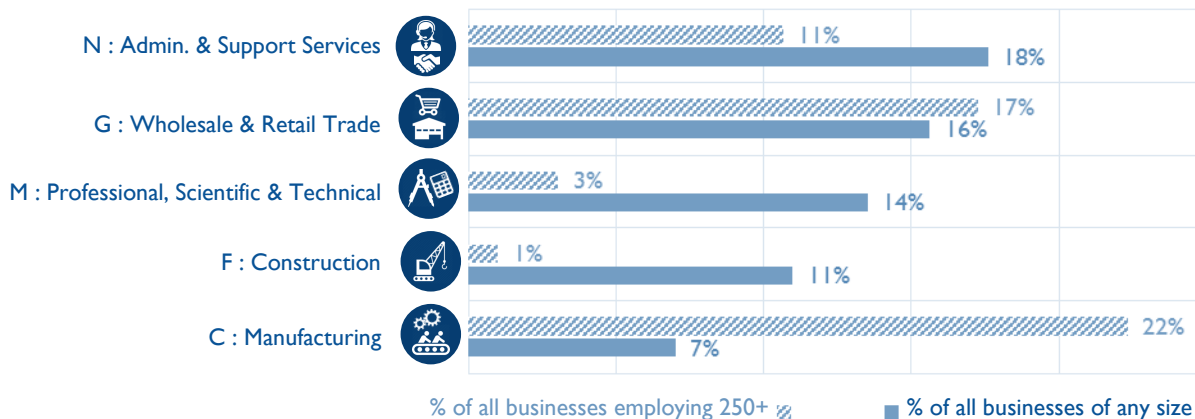
Grouping businesses by industrial sections from the Standard Industrial Classification of Economic Activities (SIC 2007), there are five industrial sections which account for almost two-thirds (65%, 22,600) of all businesses in the local area;

- Administrative & Support Services (18%, 6,100)
- Wholesale & Retail Trade (16%, 5,500)
- Professional, Scientific & Technical (14%, 4,700)
- Construction (11%, 3,800) and,
- Manufacturing (7%, 2,400).

However, because so many businesses are quite small, when looking at the industrial distribution of our largest businesses (employment of 250+) the breakdown is quite different, with the biggest differences being in;

- Manufacturing—which makes up 22% of all largest business, compared to 7% of businesses overall.
- Transportation & Storage—which accounts for 10% of the largest business in the LEP area, but only 4% of businesses overall.
- Professional, Scientific & Technical—which only make up 3% of largest business, despite accounting for 14% of businesses overall.
- Construction—which accounts for only 1% of largest businesses, but 11% of all businesses.

Fig. 2.1—Top 5 industries - Proportion of all local businesses vs. proportion of businesses employing 250+



Economy & Employment

2 - Who are our businesses?

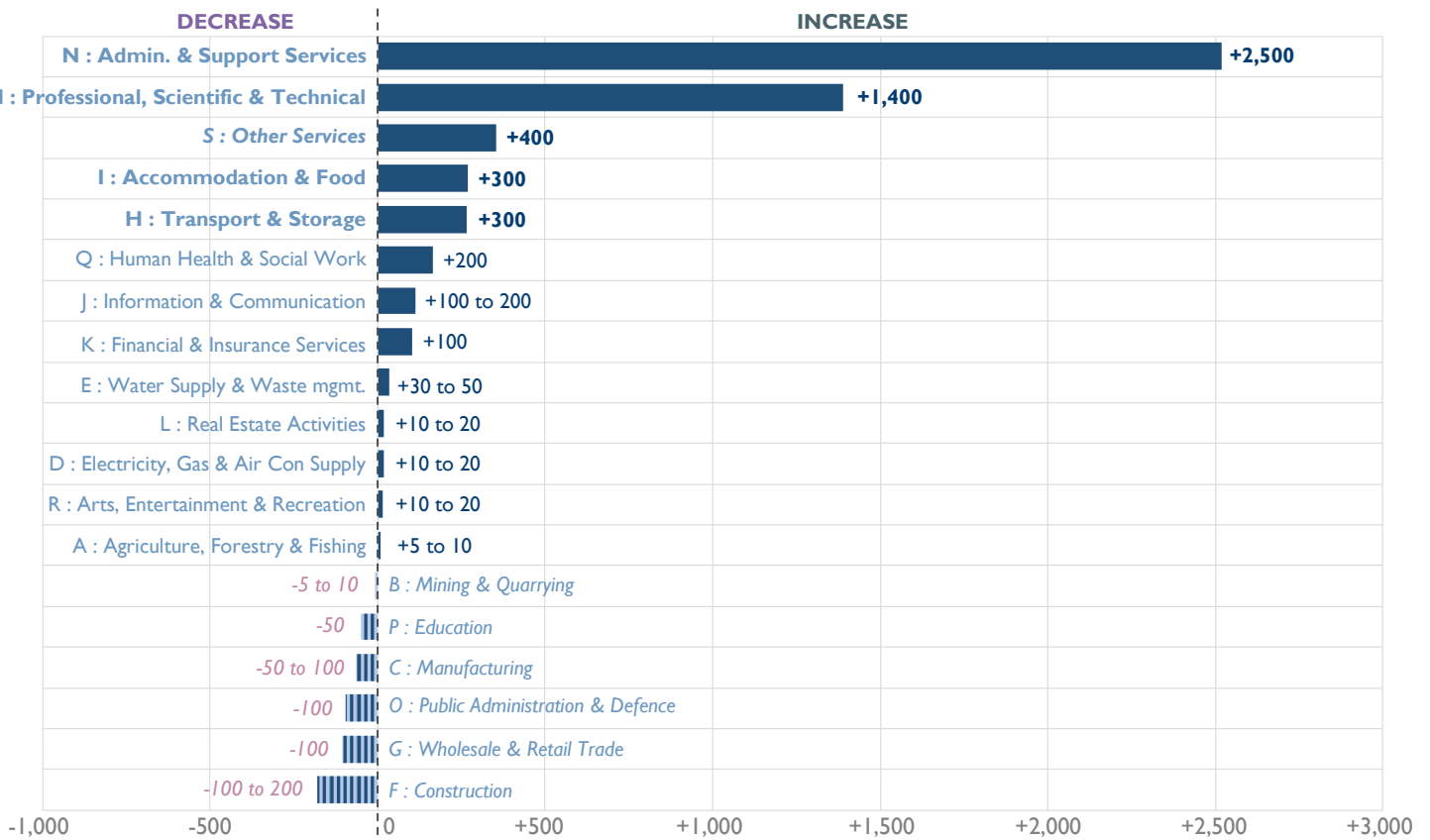
2.2 Change in businesses

Over the past five years, there appears to have been a sharp rise in the number of people establishing very small businesses, which employ less than five people. These small and micro businesses now account for 62% of all business in the LEP area, compared to 59% in 2011.

As might be expected, the smallest businesses seem to see the majority of fluctuation. Businesses employing less than five people accounted for the large majority (70%) of businesses taken off the IDBR between 2011 and 2015, and an even larger majority (76%) of businesses added to the register in the same time period. It is probably safe to assume that this is because it is far easier to both set up and wind down a business with very few employees than a larger business. Given the relative ease of registering a new business online for those who want to do so, it is likely that the proportion of very small businesses and sole-traders in the business register compared to larger companies will increase gradually over time.

It is fairly easy to pick out which industries have a growing (and falling) number of businesses within them, although it is not possible to identify whether changes are a result of reducing demand, or due to stronger businesses 'seeing off' competitors over time.

Fig. 2.2—Change in number of businesses per industry (Between IDBR 2011 & 2015)



The industries seeing the most growth in number of smaller businesses (less than 50 employees) are slightly different to those seeing growth in numbers of larger businesses (over 50 employees). The scale of change amongst larger businesses is also very different, with no industry seeing much change in terms of businesses employing 50+ beyond +/- 20. In contrast, in smaller business the largest increases in number are well over 1,000.

The rise in the number of Administrative & Support Service businesses (both large and small) between the 2011 and 2015 IDBR has virtually been unrivalled by change in other industrial section. Primarily the 'real world' function of these businesses has been 'business support' with an increase of 3,500 in businesses with this function—however almost all of these have been smaller businesses, and around 3,000 employ less than five people. Cleaning services have seen an increase of around 300 businesses, which also lean heavily towards the <50 employment side.

Economy & Employment

Who are our businesses?

2.2 Change in businesses | Continued

Temporary employment services have seen an increase of close to 100 businesses, with around 1 in 4 of these employing over fifty people, and around 1 in 8 employing over 100. The Administrative & Support Service industrial section has also seen one of the largest rises in employment in recent years, and data suggests that this is due to the volume of employment attached to the temporary employment agencies which have been added to the IDBR and as a result of a large established company bringing their business support head quarters into the LEP area.

Previous and existing research has highlighted that there remains a skills gap in many larger businesses within Staffordshire & Stoke-on-Trent. It is plausible that the growth in business support activities has been to meet some of skills gaps that existing businesses have within their workforce.

Fig. 2.3—LEP area ranking by industry and total number of businesses (IDBR 2015) [1st=most businesses, 19th=least]

| INDUSTRY | BUSINESSES (TOTAL) | SMALL BUSINESS < 50 EMPLOYMENT | LARGE BUSINESS 50+ EMPLOYMENT |
|--|--------------------|--------------------------------|-------------------------------|
| A : Agriculture, Forestry & Fishing | 14 TH | 14 TH | 17 TH |
| B: Mining & Quarrying | 19 TH | 19 TH | 19 TH |
| C : Manufacturing | 5 TH | 5 TH | 1 ST (Joint) |
| D : Electricity, Gas & Air Con. supply | 18 TH | 18 TH | 18 TH |
| E : Water supply, Sewerage & Waste Mgmt | 17 TH | 15 TH | 17 TH |
| F : Construction | 4 TH | 4 TH | 11 TH |
| G : Wholesale & Retail Trade (incl. vehicle repair) | 2 ND | 2 ND | 4 TH |
| H : Transportation & Storage | 9 TH | 9 TH | 6 TH |
| I : Accommodation & Food | 7 TH | 6 TH | 8 TH |
| J : Information & Communication | 10 TH | 10 TH | 12 TH |
| K : Financial & Insurance Services | 13 TH | 13 TH | 13 TH |
| L : Real Estate | 15 TH | 15 TH | 15 TH |
| M : Professional, Scientific & Technical | 3 RD | 3 RD | 9 TH |
| N : Administrative & Support Services | 1 ST | 1 ST | 5 TH |
| O : Public Admin. & Defence | 16 TH | 16 TH | 7 TH |
| P : Education | 11 TH | 11 TH | 1 ST (Joint) |
| Q : Human Health & Social Work | 6 TH | 7 TH | 1 ST (Joint) |
| R : Arts, Entertainment & Recreation | 12 TH | 12 TH | 10 TH |
| S : Other Service Activities | 8 TH | 8 TH | 14 TH |

While previously (2011), Wholesale & Retail Trade had the most businesses overall out of any industry, it has now been overtaken by Administrative & Support Services. Although there has been an increase in the number of larger Wholesale & Retail businesses, smaller businesses in the industry have declined to a greater extent than larger ones have grown.

Professional, Scientific & Technical services have the third most businesses in the LEP area, but these are overwhelmingly smaller businesses—with the industry ranking 9th of 19 in terms of number of larger businesses. However, since 2011 the industrial section saw an increase of almost 1,400 businesses with less than 50 employment—the second largest increase by a margin of just over 1,000. While there has been a particular increase in Management Consultancy (+300) and Accounting, Book-keeping & Auditing businesses (+200), the large majority of new businesses in the Professional, Scientific & Technical Services industry have classified themselves as ‘other’ which makes it complicated to add finer detail about their functions.

Human Health & Social Work saw the greatest increase in larger businesses, which were primarily focussed on hospital activities, elderly care and social work, and elements of health administration such as NHS Trusts. Given recent projections which suggest an increasing elderly population and increasing life-expectancies, it is likely that in the coming years more businesses will be established in this sector to anticipate potentially growing demand.

Economy & Employment

Who are our businesses?

2.3 New businesses

In the 2015 IDBR release there were 15,200 businesses which did not appear in the 2011 version—meaning that these businesses have either started up or began operating in the LEP area within the last five years. Although this shows that 44% of all businesses on the 2015 register are new (or new to the area) within the last five years, the proportions are quite different when making comparisons by either industrial classification or size-band.

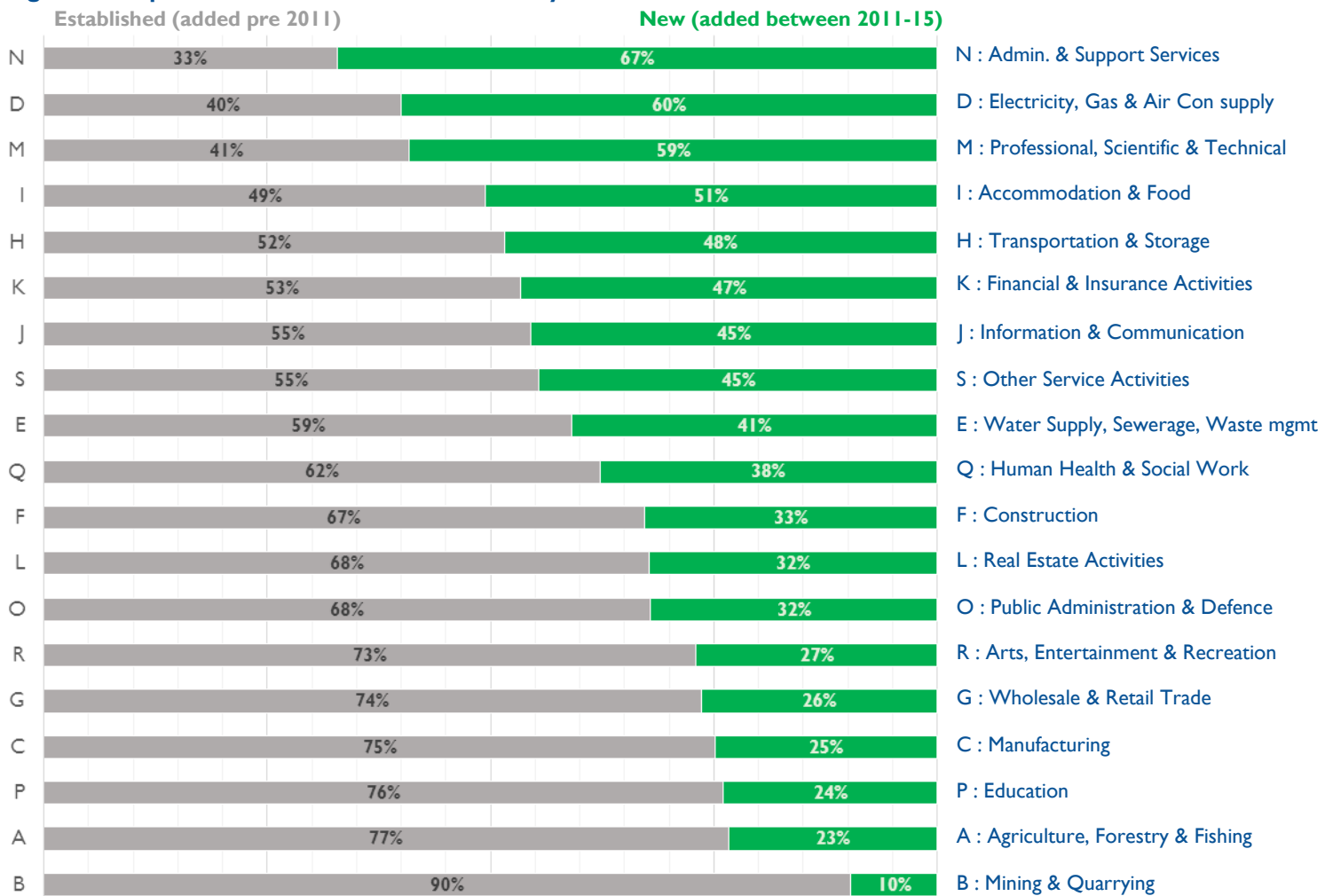
Perhaps unsurprisingly, three quarters (76%, 11,500) of the businesses newly added to the IDBR since 2011 are micro-businesses and sole traders, with employment of four or less. Slightly over 98% (14,900) have employment of less than 50, with less than 2% of new businesses employing over 50 people, and less than 0.2% employing over 250.

The 0-4 employment size-band is the only size grouping where more than half (53%) of businesses are new within the last five years. In general, the proportion of businesses in each grouping which are new (or new to the LEP area) reduces as the size of the business increases. Even when looking at the next smallest size-band, 5-9 employment, less than a third (31%) of businesses in the group are new to the register. For businesses that employ over 250 people, 15% were new (or new to the area) within the last five years.

Of the five industrial sections with the most businesses in the Staffordshire & Stoke-on-Trent LEP area; Manufacturing, Wholesale & Retail Trade, and Construction tend to be the most established, with 75%, 74% and 67% of businesses in these sections having been established for five years or longer. Again, out of the five industrial sections with the most individual businesses; Administrative & Support Services and Professional, Scientific & Technical businesses are more likely to have been established recently—with 67% and 59% of businesses in these industries being added to the register in the last five years.

The majority (70%) of businesses new since 2011 belong to one of five industrial sections; Administrative & Support Services (27%, 4,100), Professional, Scientific & Technical (18%, 2,800), Wholesale & Retail Trade (10%, 1,400), Construction (8%, 1,300), and Accommodation & Food (7%, 1,100).

Fig. 2.4—Proportion of businesses in each industry added to the IDBR between 2011 and 2015



2.4 Businesses no longer operating

In the period between 2011 and 2015, there were 10,430¹ businesses which had existed on the register in 2011, but had been removed by 2015. Removal would be as a result of the business ceasing trading or operating altogether, or because they had physically moved location, and were now registered at a location outside of the Staffordshire & Stoke-on-Trent LEP area².

Similarly to new businesses added to the register, change was far more likely to occur amongst the smallest businesses in the LEP area, with 70% of those removed from the register between 2011 and 2015 falling into the 0-4 employment size-banding, and around 0.2% in the 250+ size group. Overall, 98% (10,180) of the 10,430 businesses no longer operating, had employment of less than 50.

Change by industry is similar between new businesses joining the register and businesses no longer on the register, with the same five industrial sections accounting for the majority of businesses no longer operating; Administrative & Support Services (15%, 1,600), Wholesale & Retail Trade (15%, 1,500), Construction (14%, 1,400), Professional, Scientific & Technical (13%, 1,400) and Accommodation & Food (8%, 800).

Change overall

Between 2011 and 2015 there is an overall net increase in number of businesses, with the total number of new starts exceeding the total number of businesses no longer operating locally. The majority of change has taken place amongst the smallest businesses, with 4,205 more small businesses (0-4 employment) than in 2011, accounting for 88% of the total 4,800 increase.

Fig. 2.5—Change in Businesses (local units) in the IDBR between 2011 and 2015

| No. OF EMPLOYEES | No. OF BUSINESSES | | TOTAL CHANGE | PERCENTAGE OF TOTAL CHANGE |
|------------------|-------------------|---------------|---------------|----------------------------|
| | REMOVED | ADDED | | |
| 0-4 | 7,335 | 11,540 | +4,205 | 88% |
| 5-9 | 1,500 | 1,720 | +220 | 5% |
| 10-19 | 845 | 1,000 | +155 | 3% |
| 20-49 | 500 | 635 | +135 | 3% |
| 50-99 | 140 | 185 | +45 | 1% |
| 100-249 | 85 | 90 | +5 | 0.1% |
| 250+ | 25 | 30 | +5 | 0.1% |
| TOTAL | 10,430 | 15,195 | +4,765 | - |

There has been an increase in the number of businesses across all employment size bands, but there has not been an increase in the number of businesses in all industrial sections. Some industries have fewer businesses on the 2015 IDBR compared to 2011, although the greatest level of negative change in any given industry (-180) is much smaller than the greatest level of positive change (+2500).

The majority (82%) of the 4,800 overall increase in businesses can be attributed to Administrative & Support Services which accounted for 53% (2,500) of the overall increase, and Professional, Scientific & Technical which accounted for 29% (1,400) of the additional businesses on the register.

¹Figures have been rounded in order to prevent individual businesses from being identified, as per data-sharing arrangements with the Office of National Statistics.

²It is not possible to identify the reason that a business has been removed from the register from the available IDBR data.

Economy & Employment

3 - Employment in Staffordshire & Stoke-on-Trent

3.1 Current workforce

Taking figures on employment from the Business Register & Employment Survey (BRES 2014) there are expected to be approximately 449,600³ people employed by the 34,900 businesses within Staffordshire & Stoke-on-Trent.

Since 2011, overall employment in the LEP area has increased by around 18,800 (4.4%), although figures from BRES which differentiate between part-time (PT) and full-time (FT) employment, place the increase at closer to 22,000 (5%) - comprising of a 20,000 (7%) increase in FT employment, and a 2,000 (2%) increase in PT employment.

Although we know that these people are employed by businesses based within the LEP area and most will also work within the LEP area, it is not possible to say definitively what proportion have a main place of work which is outside of the area. This particularly applies to those who are registered with employment agencies who have a Head Quarters locally, but may arrange work placements at non-LEP locations.

Increases in employment have been in line with England, which has increased by 4.5% over the 2011 to 2014 time period, and is slightly higher than the 3.9% increase across the West Midlands. However, the recovery from the recession has been slower in the West Midlands than in England overall, with the numbers in employment not quite reaching their pre-recession (2008) levels. Employment in the West Midlands is currently 99% of what it was in 2008, in the LEP area it is currently 99.5% of it's pre-recession size, whereas in England overall it is currently at 102% of employment in 2008.

Employment by industry

In the Staffordshire and Stoke-on-Trent LEP area, employment is slightly more focussed towards a few industrial sections than in the West Midlands or in England overall.

Almost two-thirds (64%, 287,500) of all LEP area employment is attributed to five out of 19 industrial sections. Regionally, the five industrial sections with the greatest amount of employment account for 61% of employment, and nationally this is around 55%.

Wholesale & Retail Trade, by far, employs the most people in the LEP area, accounting for roughly one-in-five jobs or 20% of employment (88,900 jobs). Human Health & Social Work accounts for the next greatest proportion of the workforce, with 14% of employment (64,200). Manufacturing accounts for more than one-in-ten jobs, making up 13% of employment (59,100), Administrative & Support Services and Education each account for 8% of local employment, employing around 37,800 and 37,400 respectively.

Fig. 3.1—Employment by Industrial Section (BRES 2014)

| INDUSTRY | No. | % | INDUSTRY | No. | % |
|---|--------|-----|--|---------|------------|
| G : Wholesale & Retail Trade (incl. vehicle repair) | 88,931 | 20% | O : Public Admin. & Defence | 17,031 | 4% |
| Q : Human Health & Social Work | 64,216 | 14% | R : Arts, Entertainment & Recreation | 13,820 | 3% |
| C : Manufacturing | 59,112 | 13% | J : Information & Communication | 9,591 | 2% |
| N : Administrative & Support Services | 37,860 | 8% | S : Other Service Activities | 7,887 | 2% |
| P : Education | 37,351 | 8% | K : Financial & Insurance Services | 7,464 | 2% |
| I : Accommodation & Food | 27,074 | 6% | L : Real Estate | 6,614 | 2% |
| H : Transportation & Storage | 26,255 | 6% | E : Water supply, Sewerage & Waste Management | 3,153 | < 1% |
| F : Construction | 21,425 | 5% | D : Electricity, Gas & Air Con. supply | 1,113 | < 0.5% |
| M : Professional, Scientific & Technical | 20,438 | 5% | B : Mining & Quarrying | 179 | < 0.5% |
| | | | A : Agriculture, Forestry & Fishing ³ | 125 (!) | < 0.5% (!) |

(!) Data in BRES (the dataset used for employment figures within this report) excludes figures for farm-based agriculture (SIC 2007 code 0100) for sub-regional geographies.. Alternative data sources which include farm-based agriculture, such as the Inter-departmental Business Register (IDBR) and the Department for Environment, Food & Rural Affairs (DEFRA) provide differing and contrasting figures for levels of farm-based agricultural employment.

Economy & Employment

Employment in Staffordshire & Stoke-on-Trent

3.2 Change in employment by industry

Increases seen in overall employment have not been the same across all industries, with some showing large increases, some showing decline, and some showing very little comparative change.

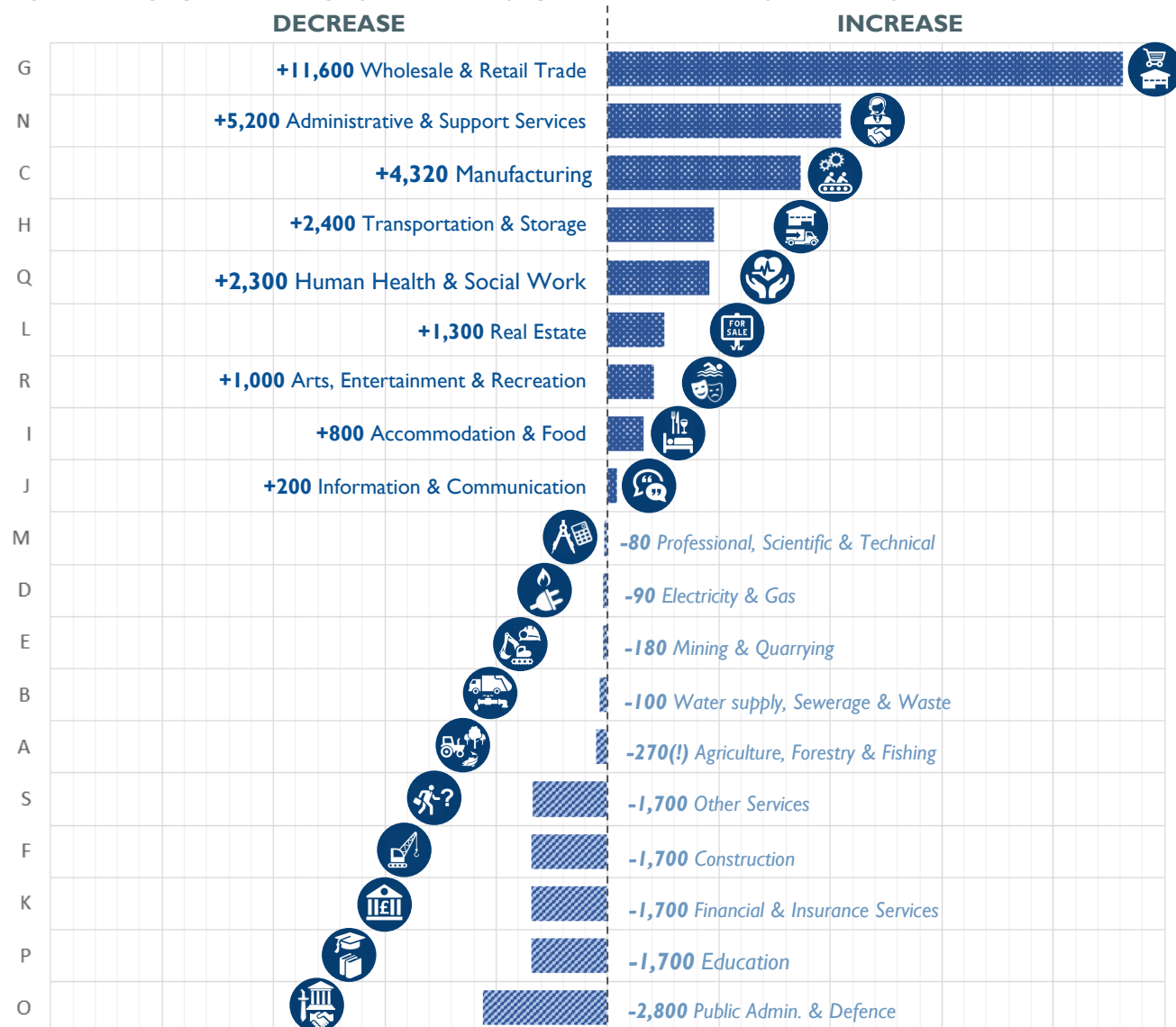
Wholesale & Retail Trade saw the greatest increases in employment, with an increase of 11,600 (15%) between 2011 and 2014. No other industrial section saw the same volume of change as Trade, although employment in Administration & Support Services increased by 5,200 (16%) and Manufacturing increased by 4,300 (8%).

In the same period, Transportation & Storage employment increased by 2,400 (10%) and Human Health & Social Work by 2,300 (4%). While not a vast increase in numbers compared to the change in some other industries; Arts, Entertainment & Recreation saw employment increase by 1,000—an increase of 8% between 2011 and 2014.

Not all change in the LEP area BRES data was positive, and a number of industries saw quite significant falls in employment. Public Administration & Defence, shows the greatest fall in employment in terms of raw numbers, with a reduction of 2,800 (14%) between 2011 and 2014. Financial & Insurance Services, Construction, and Education each individually saw their employment reduce by 1,700. However, this made up differing proportions of their overall 2011 employment, with Financial & Insurance Services seeing a 19% drop, Construction a 7% drop, and Education a 4% fall.

Local employment in Mining & Quarrying seems to be in particularly steep decline, with employment reducing by 50% between 2011 and 2014, and falling below 200 for the first time (as far as available data shows us).

Fig. 3.2—Employment Change (2011 to 2014) by Industrial Section (BRES 2014)



Economy & Employment

Employment in Staffordshire & Stoke-on-Trent

3.3 Employment by level of pay

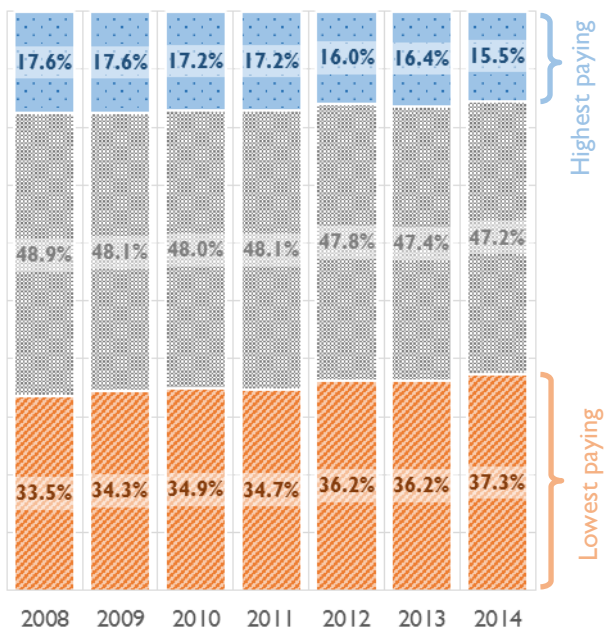
Using provisional 2015 data from the Annual Survey of Hours & Earnings (ASHE) it is possible to look at the median gross annual salary for each of the industrial sections. The most localised version of this data allows us to use the regional (West Midlands) median salaries for each industry, which are likely to be closer to the true LEP area medians than national figures.

Looking at change in Staffordshire & Stoke-on-Trent's five highest³ and five lowest⁴ paying industries gives some further insight into how employment has changed in recent years.

Fig. 3.3A—Employment by industry - Grouped by gross median annual salary (BRES 2014 & ASHE 2015)

| INDUSTRIAL SECTION (SIC 07) | YEAR | | | | | | | CHANGE 2008-14 | ANNUAL PAY | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|----------------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | | MEDIAN | RANK |
| I : Accommodation and food services | 28,430 | 28,020 | 23,760 | 26,260 | 26,420 | 25,730 | 27,070 | -1,360 | £17,494 | 19 |
| A : Agriculture, forestry and fishing (!) | 360 | 960 | 480 | 390 | 600 | 420 | 130 | -230 | £19,357 | 18 |
| R : Arts, entertainment and recreation | 11,140 | 11,060 | 12,970 | 12,770 | 13,670 | 15,070 | 13,820 | +2,680 | £20,814 | 17 |
| G : Wholesale and retail trade | 81,250 | 81,500 | 83,160 | 77,360 | 83,160 | 83,210 | 88,930 | +7,680 | £21,381 | 16 |
| N : Administrative and support services | 30,000 | 27,610 | 30,710 | 32,620 | 33,920 | 33,580 | 37,860 | +7,860 | £21,975 | 15 |
| S : Other service activities | 9,710 | 9,170 | 7,440 | 9,580 | 7,860 | 9,240 | 7,890 | -1,820 | £22,267 | 14 |
| Q : Human health and social work | 56,940 | 60,770 | 63,030 | 61,940 | 61,250 | 61,900 | 64,220 | +7,280 | £22,552 | 13 |
| L : Real estate activities | 6,940 | 5,350 | 4,250 | 5,350 | 6,180 | 5,820 | 6,610 | +330 | £25,199 | 12 |
| H : Transportation and storage | 29,400 | 27,360 | 24,910 | 23,860 | 26,020 | 24,260 | 26,260 | -3,140 | £25,678 | 11 |
| P : Education | 40,270 | 39,030 | 39,290 | 39,070 | 41,480 | 37,600 | 37,350 | -2,920 | £27,464 | 10 |
| E : Water, sewerage, waste management | 2,060 | 2,160 | 2,650 | 3,250 | 3,280 | 2,650 | 3,150 | +1,090 | £27,957 | 9 |
| C : Manufacturing | 64,040 | 53,430 | 55,730 | 54,790 | 54,340 | 56,980 | 59,110 | -4,930 | £28,006 | 8 |
| B : Mining and quarrying | 470 | 310 | 260 | 360 | 290 | 250 | 180 | -290 | £28,054 | 7 |
| K : Financial and insurance activities | 11,090 | 11,370 | 10,340 | 9,170 | 8,030 | 8,370 | 7,460 | -3,630 | £28,825 | 6 |
| F : Construction | 28,600 | 25,420 | 23,630 | 23,130 | 19,900 | 23,050 | 21,430 | -7,170 | £29,526 | 5 |
| M : Professional, scientific and technical | 20,600 | 18,890 | 16,960 | 20,520 | 19,930 | 20,180 | 20,440 | -160 | £29,571 | 4 |
| O : Public administration and defence | 18,920 | 18,720 | 19,950 | 19,830 | 19,290 | 18,360 | 17,030 | -1,890 | £32,135 | 3 |
| J : Information and communication | 10,640 | 11,410 | 11,980 | 9,400 | 9,240 | 8,790 | 9,590 | -1,050 | £33,174 | 2 |
| D : Electricity, gas, air conditioning supply | 910 | 1,860 | 2,000 | 1,210 | 1,490 | 1,190 | 1,110 | +200 | £43,030 | 1 |
| TOTAL | 451,750 | 434,410 | 433,500 | 430,860 | 436,360 | 436,630 | 449,640 | -2,110 | £25,779 | |

Fig. 3.3B—Employment grouped by gross median annual salary (BRES 2014 & ASHE 2015)



Overall, there has been a larger increase in the number and proportion of people in lower-paying work in Staffordshire & Stoke-on-Trent compared to the West Midlands and England.

Compared to a very slight decrease of less than 1% in employment overall between 2008 and 2014, our five lowest paying industries combined saw their employment increase by 11% (+16,600 people) in the same period. The change in employment in the five lowest paying industries both nationally and regionally was far lower than that seen locally (around 1%).

Our five highest-paying industries saw a combined reduction in 2014 of 13% (-10,100) when compared to 2008. This is in contrast to England, which saw a rise of 8% in employment in the five highest paying industries, but similar to the West Midlands overall, which saw around an 8% decrease.

The nine industries outside of the top or bottom five in the LEP area saw an decrease in employment of around 4% (-8,700), whilst nationally and regionally there was very little change (around 0.1%).

Economy & Employment

Employment in Staffordshire & Stoke-on-Trent

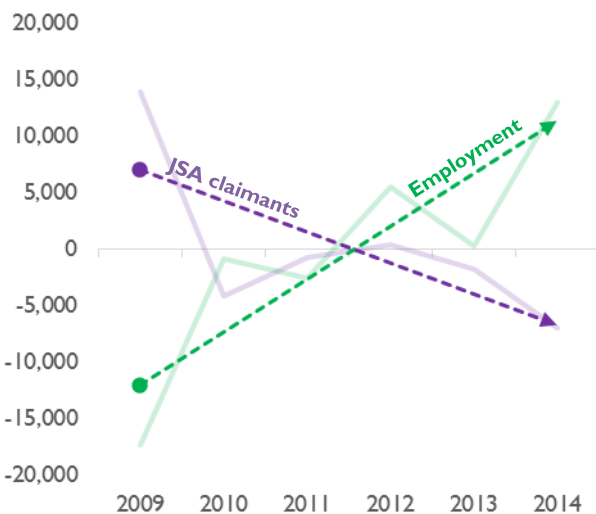
3.3 Employment by level of pay | Continued

Locally, there appears to have been a shift in employment towards the five lowest-paying industries, which hasn't been seen to the extent nationally or regionally. Currently, 37% of employment in the LEP is in one of our five lowest paying industries, compared to 36% across the West Midlands, and 36% nationally. However, only 16% of local employment is in our five highest paying industries, compared to 17% nationally, and 18% in the West Midlands.

Fig. 3.4—Proportion of the total workforce - Grouped by salary (BRES 2014 & ASHE 2015)

| INDUSTRIAL SECTION (SIC 07) | ANNUAL PAY | | | PROPORTION OF TOTAL EMPLOYMENT | | | | | | |
|---|----------------|------|--------------------------------|--------------------------------|-------|-------|-------|-------|-------|-------|
| | MEDIAN | RANK | GROUP | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| I : Accommodation and food services | £17,494 | 19 | Five lowest paying industries | 33.5% | 34.3% | 34.9% | 34.7% | 36.2% | 36.2% | 37.3% |
| A : Agriculture, forestry and fishing (!) | £19,357 | 18 | | | | | | | | |
| R : Arts, entertainment and recreation | £20,814 | 17 | | | | | | | | |
| G : Wholesale and retail trade | £21,381 | 16 | | | | | | | | |
| N : Administrative and support services | £21,975 | 15 | | | | | | | | |
| S : Other service activities | £22,267 | 14 | All other industries | 48.9% | 48.1% | 48.0% | 48.1% | 47.8% | 47.4% | 47.2% |
| Q : Human health and social work activities | £22,552 | 13 | | | | | | | | |
| L : Real estate activities | £25,199 | 12 | | | | | | | | |
| H : Transportation and storage | £25,678 | 11 | | | | | | | | |
| P : Education | £27,464 | 10 | | | | | | | | |
| E : Water, sewerage, waste management | £27,957 | 9 | | | | | | | | |
| C : Manufacturing | £28,006 | 8 | | | | | | | | |
| B : Mining and quarrying | £28,054 | 7 | | | | | | | | |
| K : Financial and insurance activities | £28,825 | 6 | | | | | | | | |
| F : Construction | £29,526 | 5 | | | | | | | | |
| M : Professional, scientific and technical | £29,571 | 4 | Five highest paying industries | 17.6% | 17.6% | 17.2% | 17.2% | 16.0% | 16.4% | 15.5% |
| O : Public administration and defence | £32,135 | 3 | | | | | | | | |
| J : Information and communication | £33,174 | 2 | | | | | | | | |
| D : Electricity, gas, air conditioning supply | £43,030 | 1 | | | | | | | | |
| GROSS MEDIAN ANNUAL SALARY | £25,779 | | | | | | | | | |

Fig. 3.5—Employment and Job-Seekers Allowance - Change from previous year



There is, perhaps, some explanation for this within other recent insight—we know that the number of people who are claiming job-seekers' allowance in the local area has fallen over recent years, so it might be reasonable to assume that those people are now in work. As those claiming job-seekers' allowance re-enter the workforce it is likely that they are entering jobs in lower-paying industries, such as Wholesale & Retail, which has seen a vast increase in employment since 2011.

The general trend over time for JSA claimants shows an overall fall from a starting point of an approximate 14,000 increase in claimants between 2008 and 2009.

Over the same time period, the general trend shows that employment numbers have increased (following a fall in employment of approximately 17,000 between 2008 and 2009).

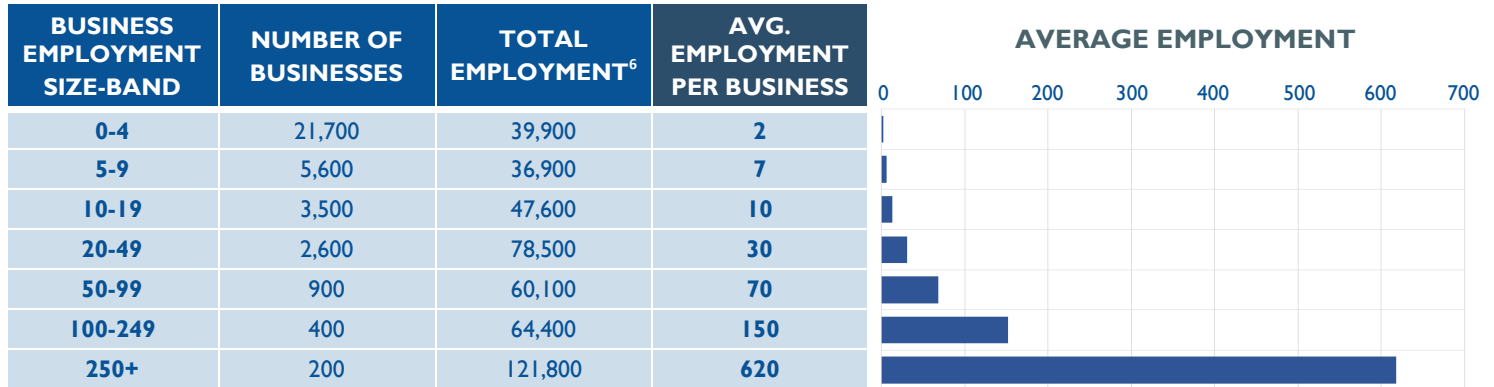
Economy & Employment

Employment in Staffordshire & Stoke-on-Trent

3.4 Employment by business size

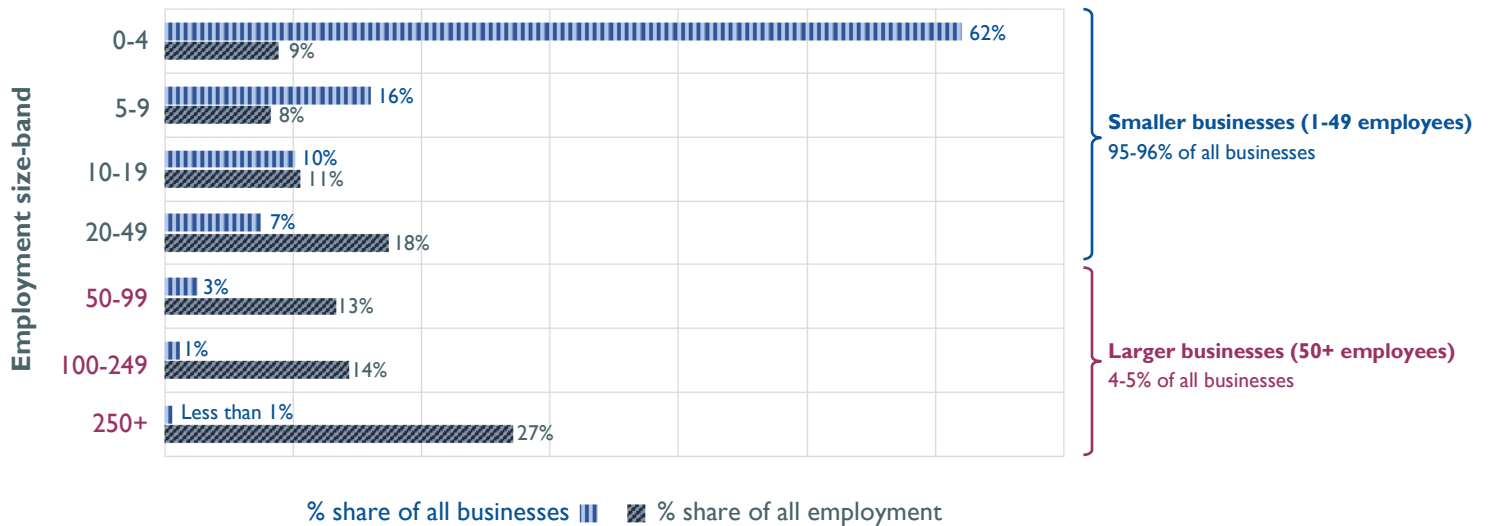
The distribution of employees across industries does not yield similar results to the distribution of the number of businesses across industries [see fig 1.1, page 9]. Some of the industries which have the greatest share of individual businesses, do not account for a vast amount of employment. Equally some industries, such as Human Health & Social Work, are substantial local employers, but without having a high number of businesses. This is almost certainly due to the sheer volume of businesses which employ less than five people, which account for 62% of all business, but by their small nature, have little capacity to account for a high volume of employment.

Fig. 3.6—Number⁵ of businesses, employment and average employment by size of business (IDBR 2015)



Comparatively low levels of employment are accounted for by the smallest businesses in the area, with those that employ less than five people accounting for 9% of employment. In contrast businesses which employ 250+, account for 27% of total employment. The scale of the difference is particularly clear, when considering that there are 108 businesses that employ less than five people, for every one individual business that employs over 250.

Fig. 3.7—Proportion of total businesses and total employment by size of business (IDBR 2015)



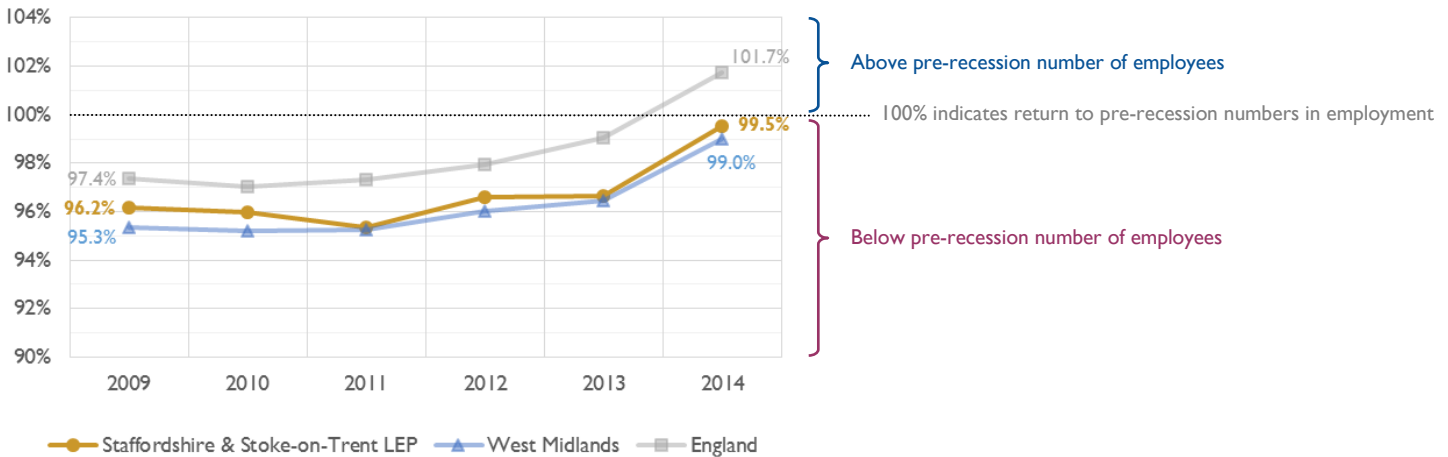
⁵Figures have been rounded in order to prevent individual businesses from being identified, as per data-sharing arrangements with the Office of National Statistics.

⁶In order to attribute employment levels to sizes of businesses, employment figures in this table have been taken from the IDBR data set, as equivalent analysis of employment by business size is not possible within BRES.

3.5 Post-recession change and recovery

After six years, in 2014, employment in England increased above the pre-recession peak reached in 2008. However, not everywhere has recovered just yet. While employment in England stands at 102% of its pre-recession level, in the West Midlands, recovery in terms of employment is quite close, but a little way behind, at 99% of its 2008 level. In the Staffordshire & Stoke-on-Trent LEP area, employment is at 99.5% of its pre-recession figure.

Fig. 3.8—Number of employees compared to pre-recession figures (2008 level) (BRES)



Although overall employment is locally and regionally very close to pre-recession levels, some industries have already recovered and surpassed their pre-recession levels of employment. Equally, some industries nationally, regionally and locally are further from recovery than others, with a few in long-term decline.

Five industries with the greatest share of employment

Wholesale & Retail Trade (including motor vehicle repair) has been the industry with the greatest share of employment in the LEP area since before 2008, and was not particularly affected by the recession until around 2011. Employment in Wholesale & Retail locally is currently at 109% of its pre-recession level, compared to 105% regionally, and 99% nationally.

Employment in Human Health & Social Work, the LEP area's second largest employing industry, has increased steadily irrespective of the recession. This change has been similar nationally, regionally and locally, but has been a little slower in the LEP area. The current level of employment stands at 115% of its 2008 level for England, 120% for the West Midlands, and 113% in the LEP area.

Manufacturing, the third largest employer regionally and locally, has not seen employment reach pre-recession levels as yet. In England, the West Midlands and the LEP area, current employment is at 92% of its 2008 level.

Following a slight dip immediately after the recession, employment in Administrative & Support Services has grown year on year locally and nationally. It now has the fourth greatest share of employment in the LEP area, having had the fifth before the recession in 2008, and sixth immediately after. In the LEP area employment in Administrative & Support Services stands at 126% of its 2008 figure, compared to nationally where it sits at 104% of pre-recession levels, and regionally where it is very slightly under 100%.

Education, while being the third largest employing industry in England, and fourth largest in the West Midlands, has been overtaken locally in the last year by Administrative & Support Services, and has changed from being the fourth largest employer in the LEP area to the fifth. The Education industry locally has been quite unstable post-recession, with employment levels erratically increasing and then decreasing from one year to the next. At present, employment in Education in the LEP is at 93% of 2008 levels. In comparison, in the West Midlands it has returned to 98% of its pre-recession level, and in England overall it has risen to 103%.

The most significant and steady decline has been in Mining & Quarrying, although this decline stretches back far further than the recession. Mining is the industry employing the least people nationally, regionally and locally—and is the only industry to employ less than 1,000 people regionally, and less than 200 locally. Current employment in the LEP area is 38% of what it was in 2008. In the West Midlands it is even lower, at 30% of the pre-recession figure. While there has been some decline nationally, it has not been as severe, with employment now at 86% of its 2008 figure.

Nationally, the greatest decline in employment has been in the Construction industry, which is currently at 85% of its 2008 level. The decline, however, has been more severe at a local and regional level, with the West Midlands at 79% of pre-recession employment, and the LEP area at 75%. This suggests that since 2008 one-out-of-every-four jobs that existed within Construction in 2008 in Staffordshire & Stoke-on-Trent no longer existed by 2014.

3.5 Post-recession change and recovery

Employment data tells us that although Staffordshire & Stoke-on-Trent haven't quite reached the same net numbers in employment as before the recession, the gap between the number of employees in 2008 and 2014 is very small (less than 0.5%).

While the LEP area has the lowest proportion of job-seekers it has ever had, the result as people have entered work, from out-of-work benefits, has been that increases in employment have been skewed towards our lower-paying industries. It is possible that this increase has also been influenced by the level of adult skills in the local area, which is below the national level. The adult skills gap may potentially also give some rationale to the decreasing level of employment we are seeing in the area's higher-paying industries.

Overall, basic forecasts using current direction-of-travel suggest that employment in 4 of our 5 lowest paying industries will gradually increase year on year—while employment in only 2 of our 5 highest-paying industries will increase, with the other 3 high-paying industries seeing a fall in numbers of employment.

This, however, does not account for the impact of the Growth Deal and existing strategy, which has the potential to create significant increases in employment in our higher-paid industries. Without the influence of the Growth Deal sites, forecasts suggest that by 2020, up to 50% of employment in the LEP area is likely to be in our lower-paying industries, with employment in our five highest-paying industries falling from 16% to 12% between 2014 and 2020.

Agriculture, Forestry & Fishing, although a modest contributor to overall employment in the LEP area, seems to be the industrial section with the greatest resurgence in recent years. Data from the IDBR suggests that employment in Agriculture locally has increased by 50% since 2011, the largest increase in any industrial section, suggesting that for every two people working in the industry in 2011, an extra one had joined by 2015. The increase in employment appears to mostly relate to 'animal production' which has seen employment increase from around 900 to 2,200 within the last four-to-five years. Regionally and nationally, comparator data shows that employment in this industry has fallen slowly but steadily over the same period.

Employment has fallen fairly consistently in Public Administration & Defence since a peak in 2010, and given continued austerity measures, it is likely to continue to decline to some extent in the short-term. However, it should be noted that the decrease in the LEP area of 10% has been less than those seen nationally (13%) and across the West Midlands (15%).

While it is true that employment in Manufacturing is not back at its pre-recession level, there has been consistent increase over the last two-to-three years, with employment increasing by around 3,000. Given the number of large manufacturing businesses in the area and the commitment to advanced manufacturing in the LEP, there is every likelihood that this increase will continue. The direction of travel suggests that if current trends continue, employment within Manufacturing will increase by around 10% (5,000) between now and 2020.

Human Health & Social Work has probably been the most recession-proof industry with large scale employment (one of only three sections with 50,000+ employment). Since the recession employment has increased by 13% locally. While this is lower than the increase nationally (15%) and regionally (20%), our knowledge that the elderly population is increasing at a greater rate locally than it is regionally or nationally, suggests that there will be a continued and potentially growing demand both on and for businesses within this industry. It is highly probable that the population increase, combined with increases in overall life expectancy, and above-average proportions of the local population providing unpaid care, will create continued growth in Human Health & Social Work. Basic forecasts suggest that if trends continue, the industry will employ 15,000 more by 2020 than it did in 2014.

Economy & Employment

4 - Productivity

4.1 Productivity and GVA

Gross Value Added can be a useful measure of how the output of industries and their employees contribute to the wider economy. At a local level, overall GVA gives some indication of how the area contributes to national GDP, but it has some limitations.

The amount of GVA that a local area generates is mostly dependent on the type and size of industries and businesses that are represented in that area. Some industries generate far more GVA per employee than others.

To add additional disparity, geography also has a role to play, with large multi-national and high value industries tending to place their Head Quarters in large cities and capitals; for example, of the £120bn generated in England by Financial & Insurance Services, London generated 57% (£69bn) on it's own. This is more than every other region of England combined, ten-times that generated in the West Midlands, and five-times more than all of Wales, Scotland and Northern Ireland combined.

There are also other factors to keep in mind; in areas where the cost of living and median incomes are notably higher (particularly London and the South-East) goods and services can be sold at an increased rate, compared to somewhere where cost of living and salaries are lower. As a direct result, distribution of GVA nationally is skewed towards the geographical areas with the largest cities, highest costs of living and highest median incomes—notably London and the South East.

In the context of this report, GVA is given to provide an idea of which industries are the most productive and are contributing the most to the overall local economy, how the proportion of local GVA that an industry generates compares to the proportion of local employment it provides, and how forecasts suggest that this might shift over time.

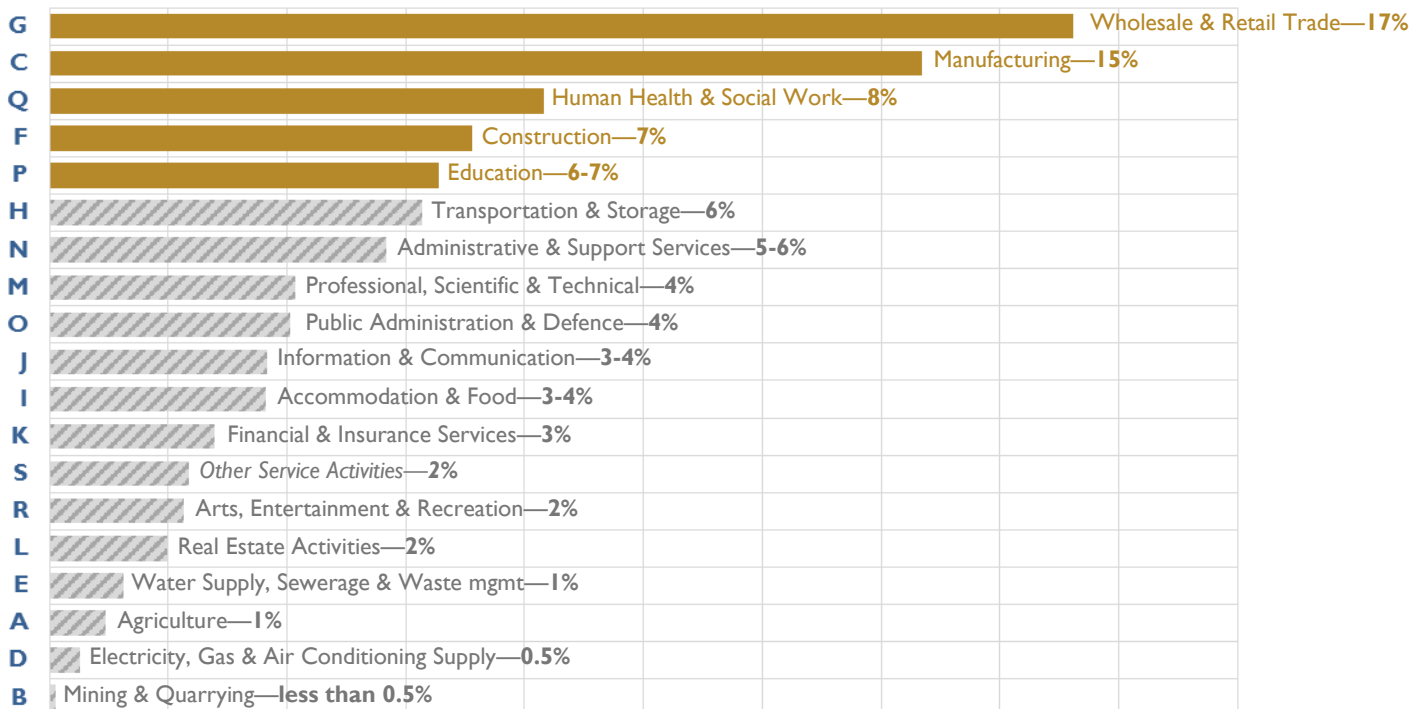
In Staffordshire & Stoke-on-Trent, GVA totals around £20bn, and makes up around 18% of the West Midlands region's total GVA. Recent data from the Office of National Statistics (ONS) shows that between 2013 and 2014 the LEP area economy grew by 3.4%, from around £19.5bn to £20.2bn, greater than the regional increase of 3%, but below the national increase of 4.6%.

The same data from the ONS also shows that compared to similar upper-tier Local Authorities, Staffordshire has the 3rd largest economy at £15.3bn, just behind Devon (£15.4bn) and Cambridgeshire (£17.3bn).

4.2 Productivity and GVA by industry

Similarly to employment, in the Cambridge Econometrics GVA estimates and forecasts, five-out-of-nineteen industrial sections dominate GVA locally. These top five generate 54% of LEP area GVA. In comparison regionally and nationally, the top five industries are slightly less dominant—with the top five in the West Midlands generating around 50%, and the top five in England around 44%.

Fig. 4.1—Estimated proportion of LEP area GVA per industry (Cambridge Econometrics 2015)



4.2 Productivity and GVA by industry | Continued

Nationally, regionally, and locally Wholesale & Retail Trade as an industry generates a greater proportion of GVA than any other. In the LEP it is responsible for 17% of all GVA (compared to 15% regionally, and 12% nationally).

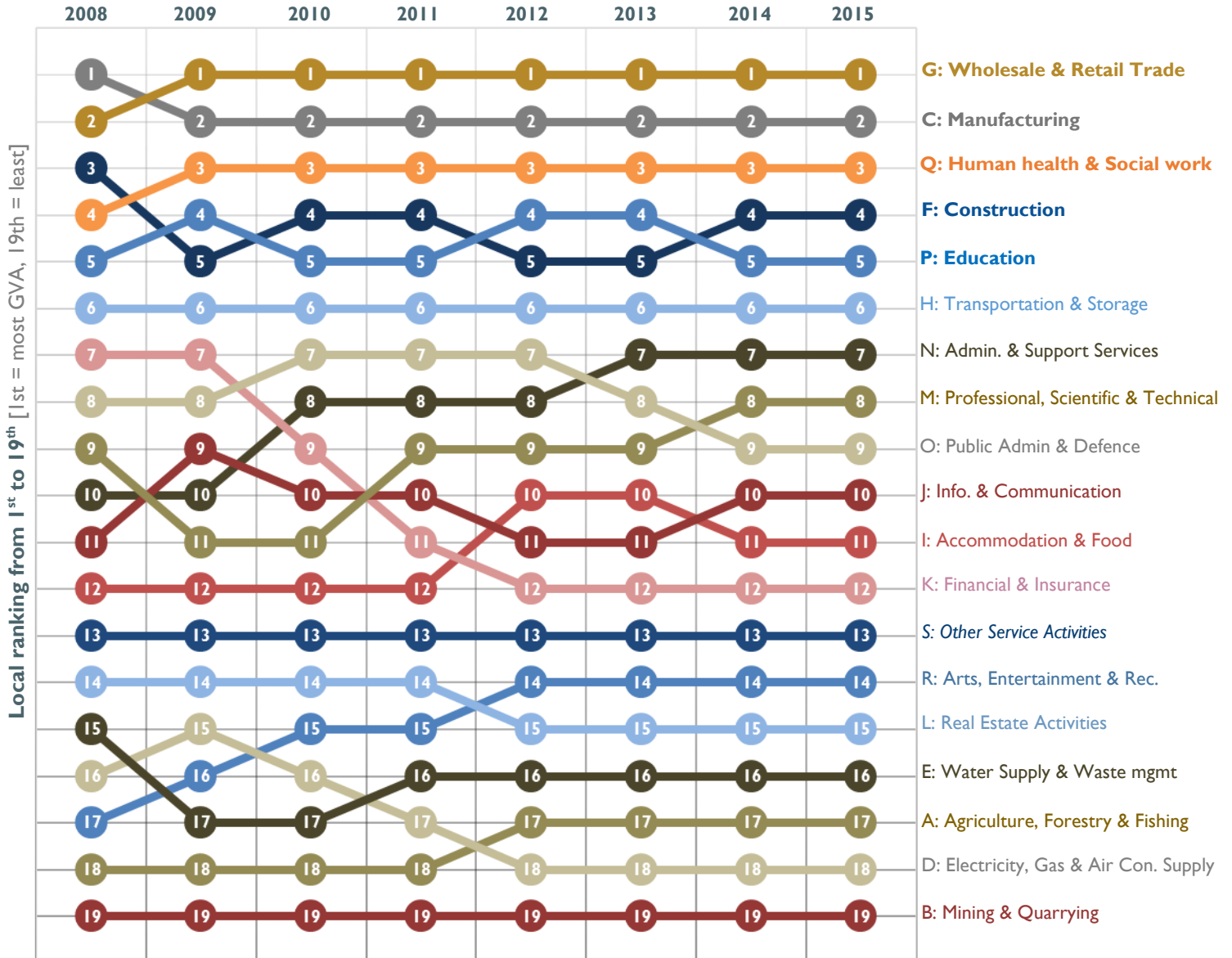
Manufacturing is the second most dominant industry locally in terms of GVA. It currently generates around 15% of local GVA and is the second of only two industries to contribute more than 10% to overall GVA. Regionally Manufacturing contributes around 14%, and nationally around 10%.

Human Health & Social Work is the third largest contributor of local GVA, generating slightly over 8% of the total, the same amount as it generates across the West Midlands region. Across the UK it is the fifth largest contributor, at 7% of all GVA.

Human Health is followed closely by Construction and Education which both generate around 7% of the LEP area total GVA. While Education locally generates roughly the same proportion as it does across the West Midlands and the UK, Construction is slightly more important to the LEP—and generates 1% more GVA than it does at a UK and regional level (6%).

Unlike employment, where a number of industries have declined over recent years, Mining & Quarrying is the only industry which forecasts suggest is in continuing long term decline. While Mining still generates around 2% of the UK's GVA, in the West Midlands and particularly Staffordshire & Stoke-on-Trent it has all but disappeared off the radar, generating less than 0.1% in both geographical areas. It is the only industrial section in our available data which generates less than £100m of GVA, at £10.8m. This is less than half of the £27m generated in 2008, and a small fraction of the £116m it was generating in 1998.

Fig. 4.2—Ranking of industries by estimated proportion contributed to LEP area GVA (CE 2015)



4.3 Forecast growth and decline

Independent forecasts from Cambridge Econometrics (CE) suggest that gross value added (GVA) in the LEP area is going to rise at a slightly greater rate (12%) between 2015 and 2020, than it is regionally and nationally (both 10% increases). The same projections suggest that this gap is going to increase further as time goes on, and forecast that between 2015 and 2025 local total GVA will increase by 26%, compared to 21% both nationally and regionally.

Forecasts suggest that Manufacturing, Wholesale & retail trade and Health & social work will dominate increases in local GVA between 2015-20 and 2015-25, generating 48% of the additional value added. However, Wholesale & retail and Manufacturing are comfortably at the top of the pile, both individually generating between 1.75 and 2x the amount of GVA that Health & social work generates.

While Manufacturing is likely to see a forecast £0.9bn increase in value added between 2015 & 2020, Wholesale & retail trade is still likely to be the biggest contributor of local GVA—even though the gap between the two is very slowly closing. There is the potential through the Growth Deal sites and inward investment into advanced manufacturing, that this gap will close, and reverse, making Manufacturing the largest contributor to LEP area GVA in the longer term.

Construction is also forecast to see significant increases, with an expected overall increase of 33% by 2025 compared to 2015. The proportion it contributes to local GVA is also expected to increase year on year between now and 2025.

While employment is somewhat skewed towards our lower-paying industries, GVA is not at all. Although the industry generating the most GVA locally (Wholesale & retail trade) is one of our low-paying industries, the other four of our top five GVA contributors are not. Three of the four, sit around the middle of the pay spectrum, with one (Construction) in our top five highest-paying industries.

Forecasts also suggest that although Education is our fifth largest local generator of GVA in 2015, by 2020 it will have been overtaken by Transportation & storage and will stay this way into the longer-term. The biggest fall in proportion of GVA is forecast to be Professional, scientific & technical services, which is currently the eighth biggest contributor, expected to drop to the ninth by 2020 and the eleventh by 2025. This may in part be due to a predicted increase in the value added from Accommodation & food service activities, which is moving in the opposite direction—currently ranked eleventh locally in terms of GVA, and expected to rise to ninth by 2020 and eighth by 2025.

The only industry which shows sustained financial decline is Mining & quarrying, which has shown substantial decline in terms of employment and number of businesses—not just since the recession, but over the last 30 years. The amount of GVA generated in this industry is expected to decrease by around 12% between 2015 and 2020, and is forecast to reduce by just over 40% between now and 2025. Due to the length of time that this decline has continued over, it is extremely unlikely to reverse, although it may plateau.

5.1 Summary, conclusions and next steps

Developing policy

Our recent local economic policy has very much been focussed on surviving the challenges presented by an incredibly deep recession, without there being a significant detrimental impact on employment, businesses and productivity. Overall, the growth that we can see in terms of employment, productivity and businesses, along with a steady fall in jobseekers, suggests that this is something that we have successfully achieved.

Although much of the recent increase in employment has been within our five lowest-paying industries, we can reasonably attribute this to people moving off jobseekers allowance and into paid work. JSA claims have fallen far below pre-recession levels, and have been consistently lower than regional and national levels for several years.

Having survived the recession, and experienced consistently steady, but slow growth, it is suggested that we progress our economic policy accordingly. Knowing that by 2020 all Local Authorities are expected to use retention of Business Rates in place of their core grant from central government, watching our economy grow slowly and steadily will not empower us to achieve our key population outcomes and meet the needs of our residents. It is essential that our next steps in economic policy consider how we can be a catalyst for growth in the area, and accelerate our economic development; considering how we develop a highly skilled workforce who are able to access more good jobs, how we attract new businesses to the area, and how we can enable our existing businesses and industries to thrive, grow and become increasingly productive.

Future skills

The Growth Deal for Staffordshire & Stoke-on-Trent is expected to have a significant impact on the local economy. There is close to £100m secured and set to be invested in the deal, which is focussed on developing and expanding a number of high-value priority industries across multiple sites in the LEP area. Should this land as expected, there will be an increase in the number of skilled jobs in the LEP area, particularly in advanced manufacturing and technology, but also in logistics and business & professional services. In order for these jobs to be filled, our workforce will need to have the right skills.

Our insight shows us that as well as the Growth Deal industries, there are also industries, such as Human Health & Social Work, which remain very strong in the local area throughout economic challenge. Knowing the strength of the Human Health industry, and a potential increase in demand through challenges such as low healthy life expectancies and a growing elderly population, it is likely that employment in this area will increase in the immediate future. For our residents to make the most of these employment opportunities, again, they will need to develop the right skills.

Developing our knowledge about the range of skills that are in the greatest demand, and that our future key industries will need from their workforce is a vital next-step. Focussing on equipping our residents with the skills that our current and future economies need, will genuinely enable residents to access more good jobs, and will hopefully enable us to rebalance the workforce towards our higher-skilled and higher-paying industries.

To maintain our low numbers of jobseekers, to supply our existing industries, and to capitalise on the opportunities presented by the Growth Deal, it is absolutely essential that we understand the skills that our employers need—and focus on how our residents can develop them.



A.1 List of industries by Standard Industrial Classification (SIC 2007) Section Industrial Section

A : Agriculture, forestry and fishing

B : Mining and quarrying

C : Manufacturing

D : Electricity, gas, steam and air conditioning supply

E : Water supply; sewerage, waste management and remediation activities

F : Construction

G : Wholesale and retail trade; repair of motor vehicles and motorcycles

H : Transportation and storage

I : Accommodation and food service activities

J : Information and communication

K : Financial and insurance activities

L : Real estate activities

M : Professional, scientific and technical activities

N : Administrative and support service activities

O : Public administration and defence; compulsory social security

P : Education

Q : Human health and social work activities

R : Arts, entertainment and recreation

S : *Other service activities*

T : Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use

U : Activities of extraterritorial organisations and bodies

Please note: Industrial sections 'T' and 'U' have been excluded from analysis and comparison within this body of work, as figures are not provided for these sections in available data sources from NOMIS or the Office of National Statistics.

A.2 Data sources used within this report

| NAME | SOURCE | DATES COVERED | USAGE IN REPORT | DESCRIPTION |
|--|---|------------------------|--|--|
| Annual Survey of Hours and Earnings (ASHE) | Office of National Statistics (ONS) | 2015 (provisional) | Fig 3.3A Fig 3.3B Fig 3.4 | Data on levels, distribution and make-up of earnings and hours worked for UK employees by sex and full-time/part-time status in all industries and occupations. |
| Business Register & Employment Survey (BRES) | Office of National Statistics (ONS) via NOMIS | 2008 to 2014 | Fig 1.1 Fig 3.1 Fig 3.2 Fig 3.3A Fig 3.3B Fig 3.4 Fig 3.5 Fig 3.8 | Official source of employee and employment estimates by detailed geography and industry. NB: Figures from this data source are subject to rounding. |
| Interdepartmental Business Register (IDBR) | Office of National Statistics (ONS) | 2011, 2014 and 2015 | Fig 1.1 Fig 2.1 Fig 2.2 Fig 2.3 Fig 2.4 Fig 2.5 Fig 3.6 Fig 3.7 | Comprehensive list of all businesses within a geographical area, giving industrial classification, number of employees and address. The register is compiled from source data from HMRC, Companies House, DEFRA and DEFPNI. NB: Figures from this data source are subject to rounding. |
| Local Economy Forecasting Model [Extract] | Cambridge Econometrics | 1981 to 2032 | Fig 1.1 Fig 4.1 Fig 4.2 | Cambridge Econometrics is an independent consultancy specialising in applied economic modelling and data analysis techniques. Data extracted here covers Gross Value Added by SIC 2007 Industrial Section. |
| Regional Gross Value Added (Income Approach) | Office of National Statistics (ONS) | 1997 to 2014 | <i>Context—Section 4.1</i> | Gross Value Added by broad industrial group by NUTS1, NUTS2 and NUTS3 geography. Detail below upper-tier Local Authority level is not available. |