West Midlands Regional Economic Assessment Sandwell

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1 Background

The Regional Integrated Economic Assessment (RIEA) was commissioned from the Observatory by the Regional Forum of Leaders (RFL) in partnership with Advantage West Midlands (AWM), as a joint response to the requirements of the Sub-national Review of Economic Development & Regeneration (SNR).

It was agreed by the RFL that the RIEA contain three distinct elements:

- An overarching regional summary;
- Thematic chapters (Economic Structure and Output, Communities and Connections, The People of the Region);
- Local authority area profiles (for each of the 14 strategic authorities).

The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. It has been developed by identifying, collating, integrating, analysing and interpreting current information, rather than sourcing new information. The local area profiles incorporate each of the thematic areas, highlighting key characteristics of each area and identifying some of the current issues facing local economies.

The RIEA has been prepared in collaboration with staff from the Region's 14 strategic local authorities. They have supplied much of the evidence which underpins the assessment and have been heavily involved in writing, editing and improving its constituent parts, particularly the local area profiles.

The RIEA constitutes an important **first step** in the longer term iterative development of the evidence base for the single integrated regional strategy. Partners should see the RIEA, and the local area profiles in particular, as a starting point, providing a good foundation for the much more detailed local work required in the preparation of individual Local Economic Assessments as proposed by the SNR.

2 Introduction and Summary

The borough of Sandwell, with a population of approximately 288,000 people, consists of the “six towns” of Oldbury, Rowley Regis, Smethwick, Tipton, Wednesbury and West Bromwich. As part of the wider West Midlands conurbation of Birmingham and the Black Country, it abuts Walsall, Wolverhampton, Dudley and Birmingham as shown in the map below.

Figure 5.1: Map showing location of Sandwell

While its position at the centre of the country, with good transport links, provides the borough with economic advantages, its proximity to Birmingham in particular may reduce these advantages. However, Sandwell cooperates with Wolverhampton, Walsall and Dudley to promote the development of the Black Country. Paradoxically, a major investment in a neighbouring town may provide substantial employment benefits to the inhabitants of Sandwell, yet not affect the number of jobs in Sandwell itself. The lack of a clear “centre” to the borough increases the likelihood of this happening.

Historically, economic growth has been slow, however recent signs indicate this pattern is changing with a growth rate above the regional average in 2004-2005. The borough has a long industrial history based on manufacturing, like much of the West Midlands and is still more reliant on the sector than almost anywhere else in the region . Nevertheless, employment in knowledge intensive services, whilst still low, is rising relatively quickly. However, many local residents work elsewhere and a lower proportion work anywhere, both factors which reduce the borough's economic output.

Congestion on parts of the region's road network can create problems for Sandwell, particularly since the intersection on the M5 and M6 falls within the district. Whilst access to public transport is good in the borough, accommodating the levels of growth outlined in the Sandwell Plan, Black Country Study and Regional Spatial Strategy will require a high quality, integrated transport system which connects the main urban centres of the borough to the other main centres of the Black Country and wider conurbation.

Sandwell has a high Black and Minority Ethnic population and a high number of lone parents. It is a borough with a considerable level of deprivation and low skills levels. There is a degree of interconnectedness between these factors, and all impact on economic performance of the borough.

3 Economic Structure & Output

Output

Data on Gross Value Added (GVA) is only published for certain areas, which means that data for Sandwell is paired with that for Dudley. The latest estimate of total GVA for Sandwell and Dudley is around £8.5bn (2005), up from £6.2bn in 1995. This represents a growth of 38%, compared to 56% for the West Midlands region and 63% for England over the same period. In fact, the growth rate during the last period was the second lowest in the region after Stoke on Trent. Output from Dudley & Sandwell's economy contributed 10.0% of total regional GVA, down from 11.5% in 1995. [1]

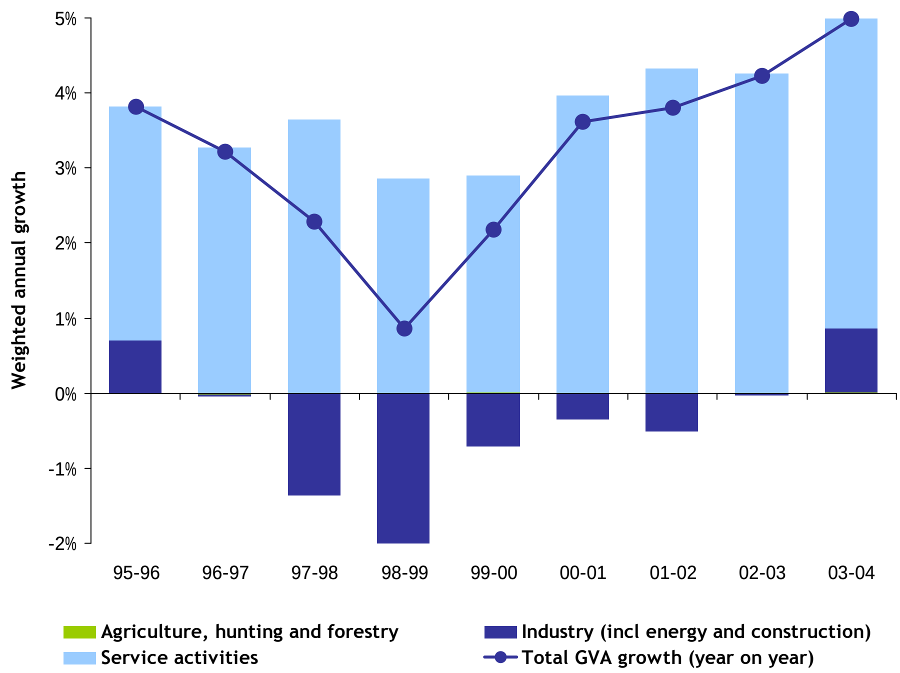
Whilst over the longer term, growth in Sandwell and Dudley has been slower than the rest of the region, more recently there have been signs that the pattern is reversing. Indeed between 2004 and 2005, GVA in Sandwell and Dudley grew by 4.0%, faster than the regional average of 3.6%. This is the first time that the local growth rate exceeded the regional one for at least a decade.

While growth in total GVA is an important measure of economic strength, it can mask key drivers in changing economic performance. GVA per head is the preferred measure as it enables a more accurate analysis of comparative output performance.

GVA per head in Sandwell and Dudley was estimated to be £14,331 in 2005, nearly 10% lower than the for West Midlands region figure of £15,841 and well behind the English average of £18,267. It has increased by about 39% since 1995, and growth in the most recent year was slightly above the average of 3.4% per year since then. This is despite the regional growth being the lowest it has been for a decade.

[1] ONS Regional Accounts

Figure 5.2: GVA growth across major sectors in Sandwell and Dudley



Source: ONS Regional Accounts, 2005

Total output growth has been driven by increases in output from services; up by 61% to £5.4bn from 1995 to 2004[2]. This represents an average annual rate of growth of 5.5%, whilst industrial output fell marginally over the same period. Estimates for GVA from services show that they now represent 66% of the county's total output compared to 53% in 1995. This level of growth in services is similar to the rate of growth across the region.

Productivity

Whilst GVA per head is a good measure of the output of a local area, it can be affected by issues such as commuting levels and worklessness as well as the performance of an area's businesses. That is better measured through a productivity measure. One of the best broad productivity measures is GVA per employee.

The latest estimates for GVA per employee in Dudley and Sandwell are closer to the average for the West Midlands region than are the GVA per head figures. In 2005 the Dudley and Sandwell figure was £34,473, up 9.0% on the 2003 estimate of £31,639; in comparison, the West Midlands region average was £35,696, and for England it was £40,240.

[2] 2004 is the latest year for which a sector breakdown of GVA is available for NUTS3 areas

Recent analysis by ONS (Wosnitza & Walker) uses an alternative measure of productivity, GVA per filled job, which makes use of estimates of workforce jobs (WFJ). WFJ is a measure of the total number of jobs in an area. This encompasses not only employee jobs (as estimated by ABI/1) but also self-employment jobs (from the Labour Force Survey (LFS) and Annual Population Survey (APS)), those serving in HM Forces and government-supported trainees. Unfortunately, data is only available at the NUTS 3 level, which groups together Dudley and Sandwell. However, the results are still presented as they provide some useful insights. For 2005, GVA per filled job was around £31,150 - approximately 1% below the regional average of £31,500. This represents an improvement in relative performance since 2001, when GVA per filled job for Dudley and Sandwell was £26,000, approximately 4.5% below the regional average of £27,200.

Wosnitza & Walker demonstrate how GVA per head can be decomposed into four factors, namely: productivity per filled job; the commuting rate; the activity rate; and the employment rate. This approach is discussed further in the thematic chapter dealing with Business in the regional economy.

One can examine why a given authority's GVA per head lies above or below the regional average by comparing its scores on each of the four factors against the corresponding regional averages. In Dudley and Sandwell's case productivity, at around 1% below the regional average, only partially explains why GVA per head was approximately 10% below the regional average in 2005. In addition Dudley and Sandwell experience a significant level of net outward commuting, which impacts negatively on GVA per head. Their activity rate is also below the regional average, and it too exerts some additional downwards pressure. Their employment rate is closely in line with the regional average, and has a neutral effect on relative GVA per head.

The relatively small gap in productivity when comparing Dudley and Sandwell to the West Midlands region, around 3%, confirms that the main reason for the output gap is a combination of high levels of worklessness and commuting patterns.

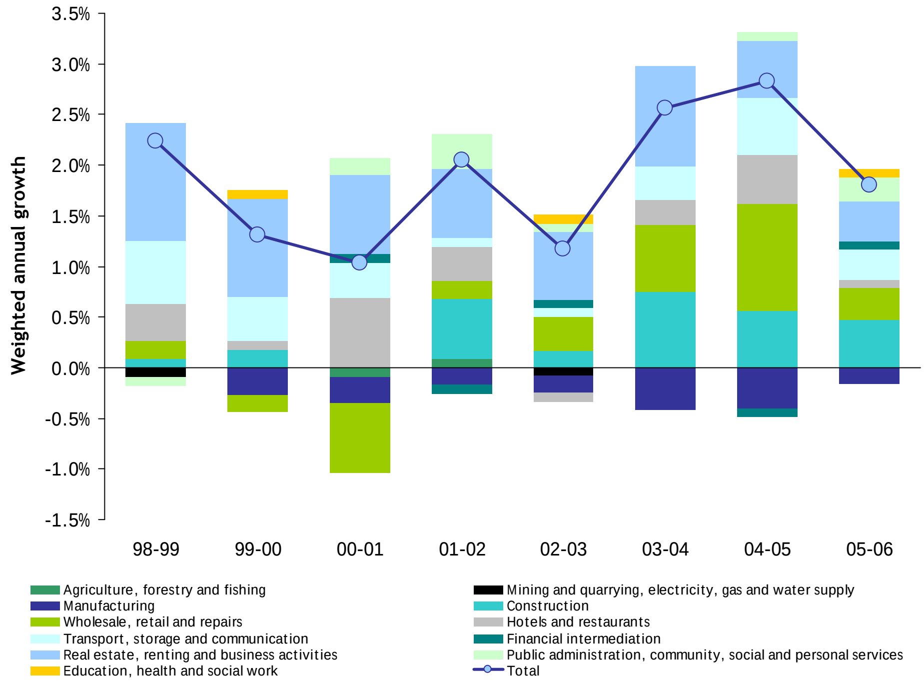
One of the main reasons for Dudley's relatively low output is the comparatively low level of employment in business services, one of the highest productivity sectors. In 2006, this accounted for 15% of local employment, compared to 18% nationally. In contrast, the low productivity wholesale and retail sector accounted for 21% of employment locally compared to 17% nationally.

Manufacturing still accounts for 16% of local employment, although this has declined from 20% in 2001, a faster rate of decline than the national average. Whilst manufacturing is, overall, an above average sector for productivity, this is driven by relatively high technology manufacturing. However, around three-quarters of manufacturing jobs in Dudley are in lower technology manufacturing, particularly metal processing, which have lower productivity levels. Furthermore, the proportion of manufacturing jobs in high technology sectors has fallen in recent years.[3]

Enterprise

The total stock of businesses in Sandwell grew by 16.1% between 1998 and 2006. Figure 5.2 shows the contributions of each of the broad sectors to total growth in business stock. Real estate and business services grew each year, contributing the largest overall share of growth between 2005 and 2006, but the remaining growth occurred across a broad range of sectors[4].

Figure 5.2: Sector contributions to year on year growth in Sandwell business stock 1998 - 2006



Source: BERR Small Business Service Analytical Unit

[3] ONS Annual Business Inquiry
[4] BERR Small Business Service Analytical Unit

As with GVA the different sizes of sub-regional economies make effective comparisons difficult. As a means of standardising measurements economists use population based measurements; the most widely used is to measure activity as a ratio per 10,000 of the population.

As a measure of business density, the number of businesses per 10,000 of the population provides comparative indicator. Business density in Sandwell increased from 193 firms per 10,000 in 1994 to 225 by 2006, 82 per 10,000 lower than the regional average of 307 per 10,000. The business density had grown at a slower rate than the regional average.

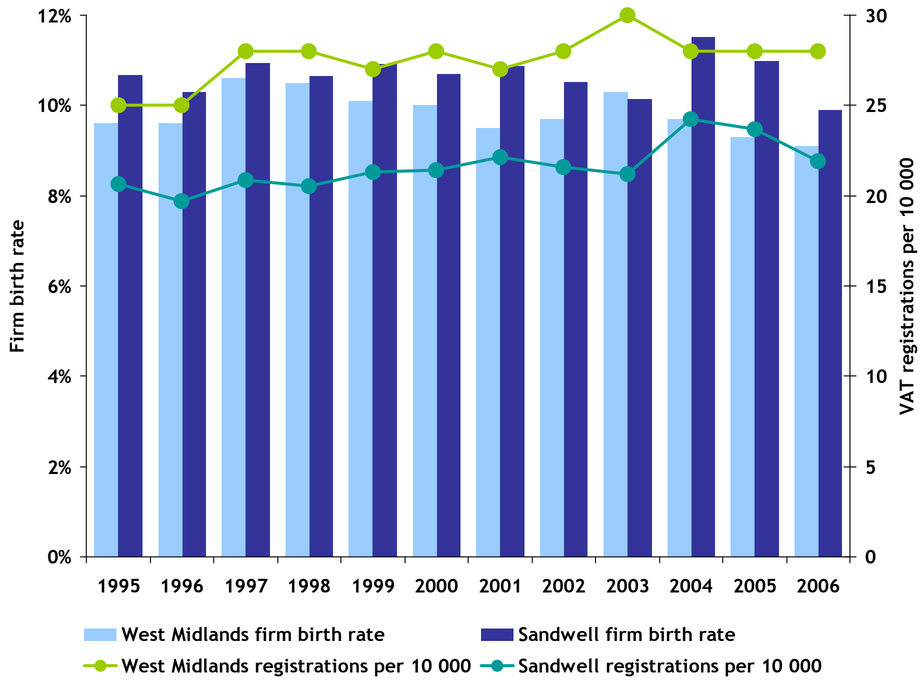
Enterprise is a key driver of economic growth. Increases in the number of firms increase the output capacity of the economy. A widely used measure is the number of new VAT registrations as a ratio of the population. There is some debate as to the appropriate population measure to use. BERR publish VAT registration rates per 10,000 of the population over 16 years of age, while HM Treasury's preferred measure is VAT registration over the whole population.

Enterprise, as measured by the number of new VAT registrations per 10,000 of the total population is lower in Sandwell than both the regional and the national averages. In 2006, the rate was 22 per 10,000 compared to 28 per 10,000 for the region. Given the smaller denominator, the rate for the 16+ population is higher, at 27 per 10,000 compared to 34 per 10,000 for the region.

In Sandwell the number of VAT registrations in 2006 was 630, giving a registration rate of 9.9%. This compares to the regional average of 9.1% and the English average of 9.7%. Total net growth has resulted in business stock increasing by 16%, from 5,600 in 1994 to over 6,500 in 2006.

The VAT registration rate per 10,000 does not reflect possible agglomeration effects from spatial concentrations of existing businesses. Urban areas tend to have above average firm 'birth rates', as measured by new registrations as a percentage of the stock at the start of the year, compared to less densely populated rural areas. Figure 5.3 shows the rate of new registrations as a percentage of the stock at the start of the year; this is a measure of the 'birth rate' of new firms.

Figure 4.4: Comparison of business formation in Sandwell and the West Midlands region, 1995 to 2006



Source: BERR Small Business Service Analytical Unit

Between 1994 and 2006 the average birth rate in Sandwell was 10.7% compared to 9.8% regionally.

One way around the potential bias of comparing on the basis of just a population base or stock base measures independently is to compare the two together in an ‘enterprise index’. The index measures the county against the regional averages for VAT registrations per 10,000 and firms’ birth rates. Each is equally weighted 50:50 to give a composite index.

Table 5.1 highlights the relative lower rate of enterprise Sandwell has against the region.

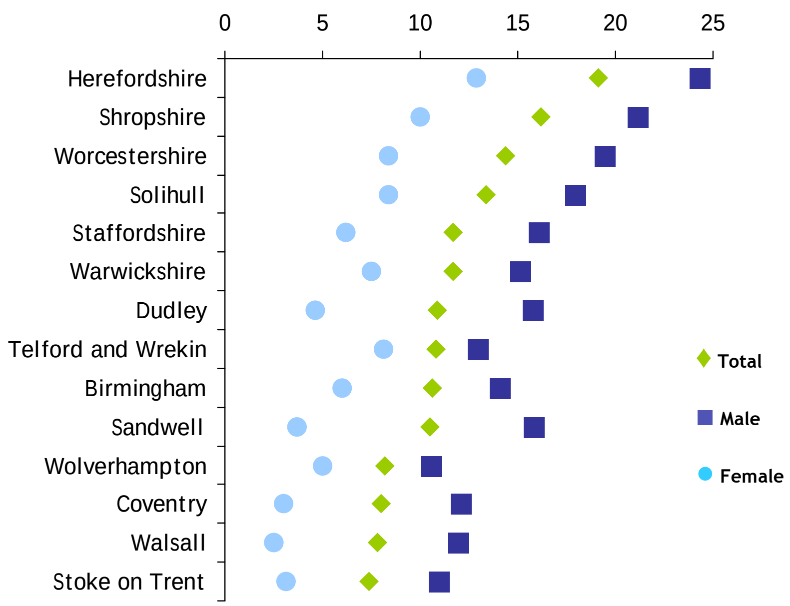
Area	1994	1998	2002	2006
West Midlands	100	100	100	100
Sandwell	97	88	95	93

The changing distribution of firms' activities is impacting on the type of industrial and commercial office space required. Between 1998 and 2007, the amount of retail floorspace in Sandwell fell by almost 12% to 544,000m². Office uses rose by approximately 10% to 302,000m²; factory floorspace fell by just over 17% to 2726,000m², but warehousing rose by 22% to 1949,000m².[5]

Business survival rates show the percentage of businesses that are still trading after a certain length of time. One-year survival rates have improved from 82% for businesses registered in 1995 to 91% for those registered in 2004, which is close to the regional average of 92%. Three-year survival rates are around 63% for businesses registered in 2002. This rate is lower than for the West Midlands and the UK, which are both at approximately 71%.[6]

Self employment rates in the borough are below the regional average; in 2006, 10.5% of the workforce was in self-employment compared to just under 12% across the region as a whole. Figure 5.4 shows the distribution of self-employment along with gender breakdown. Among males, almost 16% are in self-employment, while among females the rate was under 4%. This was the highest relative disparity in the region.

Figure 5.4: Self employment rate by gender



Source: ONS Annual Population Survey, 2006

[5] Commercial and Industrial Floorspace & Rateable Value Statistics, Valuation Office Agency
[6] http://stats.berr.gov.uk/ed/survival/datatablesv2.xls

Knowledge Economy

The numbers of people employed in knowledge intensive services in Sandwell is lower than anywhere else in the region. Only 35% of the workforce were in the relevant sectors, compared to a regional average of 44%. This figure increased by 17.2% between 2000 and 2006, below the regional average of 18.6% but ahead of the average of 13.8% across England. In 2006, estimated employment in these sectors within Sandwell was approximately 44,000.

Sandwell perhaps suffers from its proximity to Birmingham and other Black Country centres. For example, there is no university campus in Sandwell, as there are in Birmingham, Wolverhampton and Walsall. In turn this means no science park and no technological spin offs.

Birmingham is also a powerful hub for professional services, processing work not only from the West Midlands, but also drawing in work from the East Midlands and nationally. Other analysts have identified a corridor of professional services running strongly into Birmingham from Rugby through Coventry and Solihull, then weakening towards Wolverhampton. Less important hubs are seen in an arc around the West Midlands conurbations in Worcester, Telford and so on. There is no major professional services sector in Sandwell, not least because high level advice is available nearby.

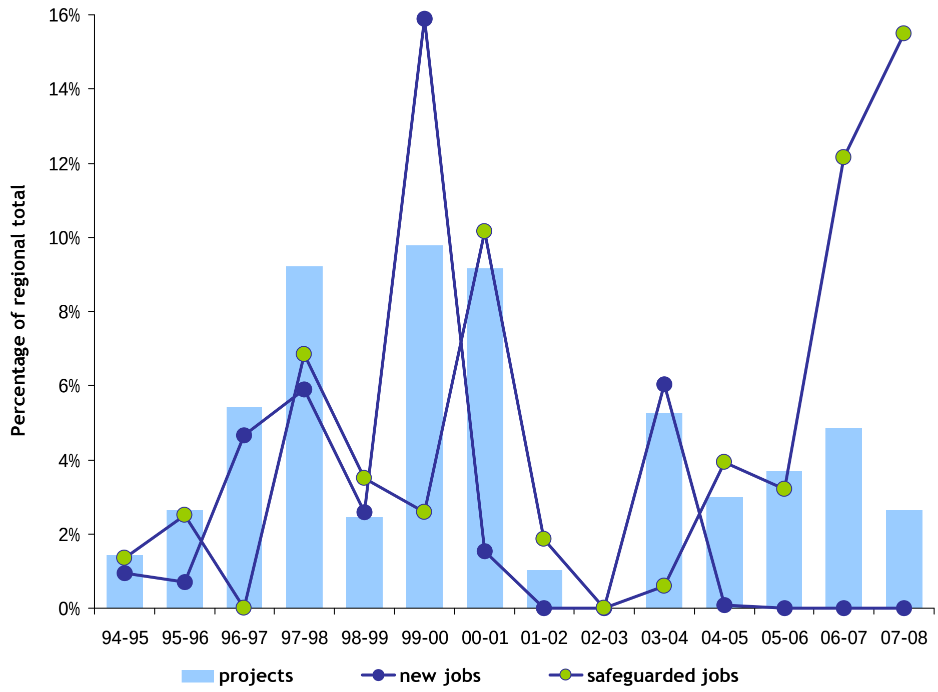
Investment

Foreign Direct Investment Projects in Sandwell 1994-2008

Since 1994, Sandwell has attracted over 50 inward investment projects. During this time these overseas owned companies created over 1,500 new jobs and safeguarded nearly 10,000 more. This amounts to 4.5% of all investments, 3% of new and 6.5% of safeguarded jobs in the Region. In fact, 55% of all safeguarded jobs in Sandwell occurred in the last two financial years, specifically the acquisitions of Dynamic Parcel Distribution in Oldbury and that of Christian Salvesen in Rowley Regis (see Figure 5.5).

Sandwell receives the most investment projects into the Black Country, at almost 30% just slightly ahead of Dudley. Walsall has received more new jobs but investments into Sandwell have safeguarded more jobs than any of the other three Black Country authorities. Furthermore, since 1994 Sandwell has the highest jobs per project rate of any other the Black Country authorities with an average of 214 jobs created or safeguarded per investment.

Figure 5.5: Inward Investment Projects and Jobs into Sandwell, 1994-2008



Source: Advantage West Midlands (2008)

Over time, each Black Country local authority has received a more or less equal amount of inward investment with just one or two large projects affecting job numbers. However, when recorded together, the Black Country as a whole receives the second highest amount of inward investment in the Region behind Birmingham with 16% of the projects, 11% of the new jobs and 20% of the safeguarded jobs

Over a third of all investment into Sandwell is made by the United States. Germany and France are next with 15 and 9 investments respectively. Other countries having made several investments include India, Japan, Switzerland, Austria and Australia.

75% of inward investments into Sandwell can be found in four areas: West Browmwich, Tipton, Smethwick or Oldbury. However investment can be found all over the local authority with significant investments having been made in Cradley Heath, Wednesbury and Rowley Regis.

The proportion of workers employed by companies in foreign ownership was 43.3% in 2006, compared to 41.5% for the region as a whole.

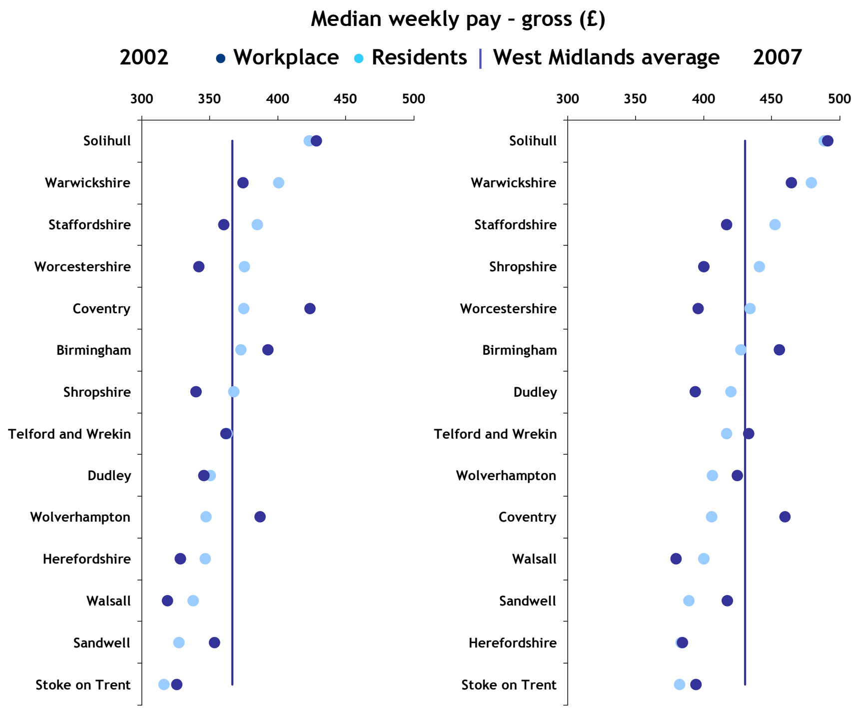
Inward investment is aided by the Black Country Property Investment Programme. This has for example aided the building of a business centre in Oldbury by the operator of a chain of such centres. This is part of the Black Country Consortium, which also covers Dudley, Wolverhampton and Walsall, rather than just Sandwell.

RegenCo, the Urban Regeneration Company for Sandwell, aims to raise £1.6bn to regenerate the borough by 2018. Plans include the major regeneration of West Bromwich town centre, a mixed canalside development in Smethwick, and the moving of Sandwell College to a single campus.

Earnings and Income

In 2007, the average (median) gross weekly earnings for full-time employees working in Sandwell were estimated to be around £417.10, compared with £430.00 for the West Midlands Region and £462.00 for England.[7] Average workplace earnings in Sandwell ranked 7th out of the 14 West Midlands authorities in 2007. Between 2002 and 2007, estimated gross weekly earnings for the borough increased by 18%, above the regional average increase of 17%. Sandwell has therefore marginally improved its position compared to the regional average.

Figure 5.6: Median weekly earnings



Source: Annual Survey of Hours and Earnings

Income can be measured in a number of ways highlighting differences between rates of pay for employment within an area as well as the relative affluence of residents.

[7] 2007 Annual Survey of Hours & Earnings, Office for National Statistics (ONS)

Figure 5.6 shows comparative workplace and residence earnings. In Sandwell, residence earnings have remained below workplace earnings; workplace earnings have been below but relatively close to the regional average, whereas residence earnings have been amongst the lowest in the region – although in 2007 they had improved above Herefordshire's.

Median earnings may not be the best measure, especially where cultural differences may mean that fewer people in a household are in employment. An alternative is household income. In 2006, median household income was £26,100 compared to £29,000 regionally and £32,820 for England as a whole. This was the lowest in Birmingham or the Black Country. Nonetheless, median household income increased by 28.3% for Sandwell between 2002 and 2006, compared to 25.1% regionally and 23.5% nationally.

Gross Disposable Household Income (GDHI) per head is a measure of economic welfare. It takes into account not only wages and salaries but also other forms of income such as property income, pension income and social benefits. Payments of tax, social contributions, and certain other outgoings are deducted to arrive at disposable income. ONS publishes estimates of GDHI per head down to NUTS3 level. Since Sandwell and Dudley are combined at NUTS 3 level, it is only possible to present combined results for the two authorities.

The provisional estimate for Sandwell and Dudley's GDHI per head for 2006 was £11,368 which was approximately 9.5% below the regional average of £12,546 per head. However, the provisional data also suggests that the growth of Sandwell and Dudley's GDHI per head between 2005 and 2006 was at around 3.3% notably higher than the corresponding regional growth rate of 3.0%. In index terms (where UK average GDHI per capita = 100), the index for Sandwell and Dudley in 2006 at 83 has declined modestly from an index value of 85 in 1995. Over the same period the index value for the West Midlands region declined marginally from 92 to 91. Hence Sandwell and Dudley's relative level of GDHI per head has declined against the UK average and, albeit slightly, against the West Midlands average.

4 Communities & Connections

Transport

Being part of the West Midlands conurbation, Sandwell benefits from good public transport links, including main line rail services. Additionally, the Metro connects the borough to the centre of Birmingham in as little as 6 minutes. However, there is still much reliance on cars.

Traffic flow measured in km per head is low, around 22% below the regional average. This is lower than the shires (where lack of public transport in rural areas is an issue) and Solihull but higher than many of the other urban authorities in the Region (Birmingham, for example, is 34% below average and Walsall 33%). The 7120 km per head flow in the District represents a 1.5% increase from 2002, compared to 2.9% for the region generally. There was a much bigger jump in the shires, but a reduction in Birmingham and Solihull.

In terms of car use by residents in Sandwell, results from the 2001 Census showed that 62.4% of those aged 16-74 in employment travelled to work by car/van (either driving or as a passenger), slightly below the regional average of 67.2%. The proportion of residents travelling to work by bicycle or on foot was similar to the regional average at 12%. The proportion of residents using public transport to get to work is 17.2%, significantly higher than the regional figure of 10.5%, though lower than Birmingham

While the number of people travelling less than 2km to work was only marginally higher than the regional average (20.8% against 20.1%), the proportion travelling between 2 and 5km to work was significantly higher than for the Region or surrounding authorities, at 31.1% against 22.5% for the Region.

One explanation may be levels of deprivation meaning both less commuting and car ownership; Sandwell currently has lower than average levels of car ownership[8].

Accommodating the levels of growth outlined in the Black Country Study and Regional Spatial Strategy will require a high quality, integrated transport system which connects the main urban centres of the borough to the other main centres of the Black Country and the wider conurbation.

[8] Sandwell Plan Strategic Assessment Draft August 2007

Housing

According to the 2001 Census the largest section of housing tenure was owner occupancy, at around 60%. Social housing accounted for 30%, while the remainder were private landlords, a sector which has been growing over recent years. The social housing sector in the borough is much larger than the region as a whole, where it accounts for just 21% of households. Indeed, it is forms a higher proportion of households in Sandwell than anywhere else in the region.

Housing affordability is often measured using the raio of lower quartile income to lower quartile house prices[9]. Using this approach, housing in Sandwell is seen to be slightly more affordable than the region . Lower quartile house prices were 6.34 time lower quartile incomes in 2006, compared to the regional average of 6.86. Only Stoke on Trent has a substantially lower figure, although most of the City Region authorities have a similar ratio. However the affordability rate has doubled since 2001 and this means that a large proportion of residents (and not just the lowest earners), will still find it more difficult to get on the housing ladder.

Land Use

Only 33% of Sandwell's land is greenspace. This is the second lowest proportion in the Region after Wolverhampton (29%), and a slightly lower proportion than in Birmingham or Dudley, at 34% and 36% respectively. A significant proportion of the borough's greenspace is made up of the Sandwell Valley Country Park, so the remainder of the borough is even less green than the headline percentage suggests.

Unlike the rural parts of the region, 99.9% of building within Sandwell is on Previously Developed Land (PDL), well above the regional average of 84.3%. However, as elsewhere in the Black Country, issues of housing land availability exist.

The spatial strategy for the Black Country applies to the area as an entity, and concentrates on developing four strategic centres, each with a unique selling point. Wolverhampton, for example, will be promoted as the city of the Black Country. One identified centre is West Bromwich, which will be developed as the main shopping destination in Sandwell.

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[9] DCLG Ratio of lower quartile house prices to lower quartile earnings by district 2007

Connections

The number of people who work in Sandwell borough is lower than the number of people who live there who are in employment. Data from ONS from 2005[10] shows that the workplace based workforce of Sandwell and Dudley combined was 6% smaller than the residence based workforce. This indicates a net out-commute of workers similar to other regional authorities (with the exception of Birmingham, Solihull, Coventry and Walsall/Wolverhampton which showed net in-commuting).

More detailed data about travel to work patterns is available from the 2001 Census. At this time there was considerable net in-commuting (approximately 6,500 people which is nearly 6% more than the resident workforce). Around 53.5% of working residents were employed in the borough, a slightly lower figure than other Black Country authorities. A slightly higher proportion (56.6%) of the local workforce was also resident in the borough.

The largest in-migration of workers came from Dudley (just over 17,000)[11]. Other large in-migration flows came from Birmingham and Walsall (all neighbouring areas). The large out-migration flows from Sandwell were to Birmingham (in excess of 23,000), Dudley and Walsall.

Sandwell is in close proximity to Birmingham and other centres within and around the conurbations, with specialist arts, shopping, health facilities etc. This can serve both to attract inward investment, but also to provide job opportunities outside the borough to those living within it.

Access to the public transport network is good in Sandwell – it has good road and rail links and nearly all areas are within a five minute walk of a bus service operating at least every 30 minutes 7am to 7pm. Birmingham International Airport is easily accessible by road or rail.

Sandwell has the highest concentration of roads of any area within the West Midlands, reflecting the density of the settlement pattern, and the intersection of the M5 and M6 falls within the district. Intersections between routes can cause congestion and problems for strategic access – for example for freight and for linkages between Sandwell's main centres[12]

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[10] Regional economic indicators, May 2008, with a focus on differences in sub-regional economic performances http://www.statistics.gov.uk/elmr/05_08/
[11] ONS, Census 2001
[12] Sandwell Plan Strategic Assessment Draft August 2007

Environmental Resources

Carbon emissions, at 7.1 tonnes per capita in 2005, are marginally below the regional average. While they are better than some of the rural shires, they are not as low as other parts of the Black Country[13]. The main reason for the difference is the higher level of emissions from industrial and commercial sources in the borough, compared with neighbouring areas. Transport and domestic emissions are both below average, indeed the latter are the lowest in the region when population is taken into account.

In 2005 the entire borough was declared an Air Quality Management Area, due to the widespread and repeated high levels of atmospheric NO_2 exceeding Government objectives. With regard to other pollutants, Sandwell's air quality is within official guideline levels on average[14].

To some extent, high NO_2 levels are due to issues external to the borough itself (for example, several major motorways running through the borough and it is surrounded on all sides by other urban areas). However, the sources of these key pollutants are likely to be mainly related to road transport, and therefore may be significantly reduced through developing more sustainable transport: walking, cycling and public transport.

In common with other local authorities, Sandwell faces the challenge of reducing disposals to landfill, both under the Waste Strategy for England targets for BVPI 82a/b (proportion of waste recycled or composted) and the EU Landfill Directive target for reducing the quantity of biodegradable waste sent to landfill. The borough currently has one of the highest rates of landfilling in the region[15]. In 2006/07, almost two-thirds of the borough's household waste was landfilled, the second highest figure in the region after Herefordshire. The borough's recycling rate was lower than the regional average, although it was comparable with those of neighbouring boroughs.

Deprivation

Sandwell is amongst the most uniformly deprived boroughs in the country. Whereas most other LA areas are characterised by pockets of deprivation interspersed with more affluent areas, Sandwell's problems are evenly distributed across the Borough, as illustrated by the map below (figure 5.7).

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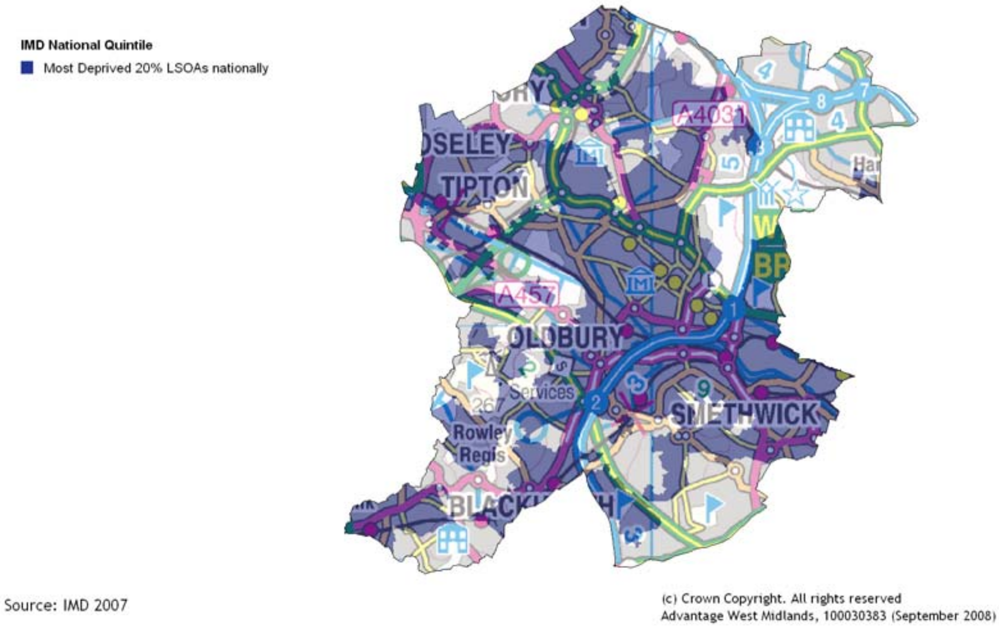
[13] Per capita reduction in of Co2 emissions in the LA area, 2005 - www.defra.gov.uk/environment/statistics/globatmos/galocalghg.htm
[14] As Above
[15] DEFRA Municipal Waste Statistics

Figure 5.7: Index of Multiple Deprivation by national quintile for Sandwell



Source: IMD 2007

According to the 2007 Index of Multiple Deprivation, 29.5% of lower level super output areas (LSOA's) in Sandwell fall within the 10% most deprived nationally (nearly double the regional figure). Only Birmingham and Stoke had higher deprivation levels on this basis, with 39.6% and 33.1% of LSOAs falling within the most deprived 10% nationally. As a comparison, 9.8% of Dudley's LSOAs and 23.4% of Wolverhampton's LSOAs fall within the 10% most deprived nationally. A further 30% of the borough falls in the second most deprived 10%, meaning virtually 60% of its LSOAs lie in the most deprived fifth of the country. This is the highest share in the region.

On the 2007 indices of multiple deprivation, Sandwell was ranked as the 14th most deprived borough across England; on the 2004 indices it ranked 16th. Of its neighbours, Wolverhampton was 35th in 2004 and 28th in 2007, Walsall was 51st in 2004 and 45th in 2007, and Dudley was 109th in 2004 and 100th in 2007.

Looking at the individual domains of the Indices of Deprivation, Sandwell fairs relatively poorly in many cases. This is particularly true of the Education, Skills and Training domain, where nearly two-thirds of the borough is in the most deprived fifth nationally. Over half of the borough is in the most deprived fifth on the Employment, Income, Health and Living Environment domains. However, it does better on both the Barriers to Housing & Services and Crime domains, with less than 20% of the borough amongst the most deprived in the country.

Environment & Culture

As a traditional manufacturing area surrounded on all sides by other Black Country towns and by Birmingham, Sandwell is not well blessed with green space. It has Sandwell Valley Country Park, various parks and cemeteries, and the Black Country Urban Forest which links woodlands and parks with industrial sites reclaimed by nature. Plans to further develop the Black Country as an Urban Park will increase the amount of greenspace in the borough and enhance the local environment.

Street cleanliness has consistently been raised as a concern in Viewpoint surveys among Sandwell residents. However, in 2005/6 only 4% of surveyed areas fell below acceptable standards of litter and detritus, compared with 12% in 2004/5. The regional figure was 16.7%. This was considered exceptional; the Local Area Agreement target for 2007/8 is 9%.[16]

The various towns that constitute Sandwell have a long history that is largely industrial. There are no obvious visitor attractions within the borough which will draw in tourists. The Country Park is a local visitor destination and there are several attractions in the other Black Country Boroughs, including the Black Country Museum. The site of the Soho Foundry lies within Sandwell, for students of industrial history. The elevation of West Bromwich Albion to the Premiership potentially draws in visitors.

There is some risk of flooding in the borough. Given the already developed nature of much of the land, there are competing pressures to keep flood plains clear for their natural function and at the same time to improve the economy and liveability of Sandwell.

[16] Sandwell Local Area Agreement 2007-2010 Outcome Framework.

5 The people of Sandwell

Demographics

The population of Sandwell declined on average by 0.3% per annum in the years 1991 to 2001, but then increased on average 0.2% during the years 2001 to 2006. Regionally, population increased by 0.1% and 0.3% over the same periods. Only Stoke and Wolverhampton in the region showed a decline for both periods.

The proportion of the population which is of working age is just below the regional average at 60.7%. It has increased at a greater rate since 1995 than in the region as a whole. The proportion of the population under 18 is higher than in the region as a whole or nationally, while that over 65 is below both the regional and national figure.

There was a net outflow of population from the borough of 940 to other areas of the UK for year ending June 2006. This applied to all age groups,except for the 20-29 age group where there was a modest net inflow. This probably represents young people moving to access employment opportunities within the conurbation and attracted to the borough by relatively low house prices. The largest outflows were amongst those under 15 and between 30 and 44, representing families moving out to neighbouring areas.

Taking new National Insurance registrations for 2006/7 as the measure, the borough saw 3,380 new arrivals during the year, the third highest figure in the region. The biggest group of international migrants were Poles (41%) followed by Indians (16%), Slovaks (5%), and Pakistanis (4%). Other new arrivals came from a wide range of countries. New migrants from outside the UK arriving in 2006/7 constituted 1% of the population of the borough. What is not clear is how many recent migrants (perhaps particularly those from Europe) returned to their country of origin.

Projected population growth for Sandwell over the next 20 years is to reach 303,300, an increase of some 5.2%. This compares to an increase of 6% for the region as a whole.

Sandwell has one of the highest proportions of black and other ethnic minority (BME) inhabitants in the region. 75.5% of the population is of White-British ethnic group, which is below the regional average. Of the remainder, the biggest single group is of Indian origin (9.4%), with significant proportions of Pakistani and Black Caribbean origin (in each case 3.3%). As already noted, there is a new wave of migrants from the EU Accession states together with continuing migration from the commonwealth.

Worklessness

The proportion of the population of Sandwell receiving out of work benefits is significantly above the regional average. While the England rate 12%, and the West Midlands rate is 13%, in Sandwell the rate is 5% higher, at 18%. Around 44% of benefit claimants in Sandwell are claiming incapacity benefits, which is slightly below the regional average. A slightly higher proportion of claimants in Sandwell are job seekers: 21% compared with 19% in the region[17].

Overall, 34% of the working age population is not in employment, well above the regional and national averages (27% and 26% respectively). The gap between the two figures is accounted for by people who are economically inactive, for example those looking after the home or family or those who have retired early.

In common with other forms of deprivation, high levels of worklessness, as measured by benefit claimants, are widespread across the borough. Some of the highest levels are seen in parts of Smethwick and Tipton. As many as 16 LSOAs in the borough (8.4%) have over a third of working age people on benefits.

Skills

Sandwell has a low skills capital, which impacts on the ability of the population to access increasingly skilled job opportunities in the Region. The proportion of the working population qualified at Level 2 or above in 2006 was 48%, the lowest in the region and significantly behind the regional rate of 61%, and the national rate of 63%[18].

The Level 4 figure is lower still, at 16%, compared with the regional rate of 24%, and the national rate of 27%. Again, this is the lowest figure in the region, along with neighbouring Walsall. Since many new jobs in the future will be at graduate level, this is a particular concern.

Nearly one in four of Sandwell's working age population have no qualifications at all. Whilst this is well above the regional average of 18% (itself the highest in England), it is slightly lower than in neighbouring Walsall and Wolverhampton.

Whilst the borough's skills position is partly influenced by migration patterns, the performance of the borough's educational institutions also plays a part. Both GCSE and A-level results are consistently the lowest in the region, leading to the proportion of the borough's young people qualified at each level being the lowest.

[17] DWP / ONS
[18] ONS Annual Population Survey

Health

Levels of health in the borough show room for improvement. This is not wholly surprising since those who experience material disadvantage, poor housing, lower educational attainment, insecure employment or homelessness are among those more likely to suffer poorer health outcomes and an earlier death compared with the rest of the population.

The standardised mortality rate is 752 per 100,000 of the population, compared with the regional rate of 621 per 100,000. This is the highest mortality rate in the region, although in common with elsewhere it has fallen significantly in recent years.

Life expectancy for both men and women has improved over recent years, although both are still behind national figures. Since 1996, life expectancy for males has increased by almost 2 years, while female life expectancy has improved by 11 months. Males still lag behind females.

Latest data for 2004 (based on a three-year rolling average for 2003-2005) shows that

- Male Life Expectancy is 74.4 years (2.5 years less than England average)
- Female Life Expectancy is 79.4 years (1.7 years less than England average)

Life expectancy on its own does not necessarily reflect the overall levels of health in the population. In Sandwell the 2001 Census recorded that 21.2% of the population had a limiting long term illness (16.9% of those of working age) and 11.9% were not in good health[19]. This compares with 18.9% of the regional population with a limiting long term illness (14.2% of those of working age) and 9.7% not in good health.

Crime & Community Safety

Crime in Sandwell is approximately equal to the regional average, at 9.7 notifiable offences per head recorded by police. Violent crime and criminal damage are both slightly below average, whilst levels of burglary and theft of motor vehicles are above average.

There is a recent history of high crime levels, however, between 2002/3 and 2006/7, overall crime in Sandwell fell by almost a third 31.9%[20] and means that Sandwell is out-performing other areas in the West Midlands and indeed other parts of the country. The higher rate of fall was apparent across all major categories of crime, and even violent crime fell against the regional and national trend.

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[19] Census 2001
[20] Sandwell Plan, Consultation draft, December 2007

Fear of crime remains high despite overall improvements, perhaps reflecting anti-social behaviour as opposed to crime. Addressing this, and the challenge of how to sustain the recent successes are key issues for the future.

6 Conclusion

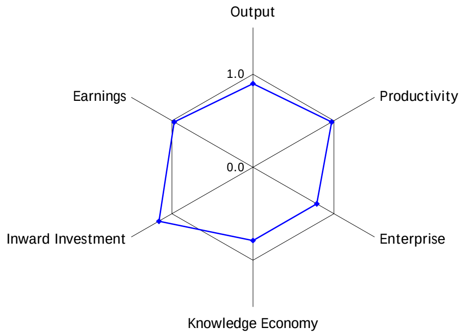
This local area profile forms part of the Regional Integrated Economic Assessment (RIEA). The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. The RIEA constitutes an important **first step** in the longer term iterative development of the evidence base for the single integrated regional strategy.

More detail about the range of thematic areas covered in this profile can be found in the thematic chapters which form part of the RIEA. These cover the position at regional level and make comparisons between different parts of the region. The overarching regional summary section of the RIEA draws together the key messages relating to each of the themes to provide an overall assessment of the state of the regional economy and the issues which impact upon it.

A summary of some of the key findings from the local area profile can be found overleaf. This incorporates a series of radar charts which are explained on the following pages.

Economic Structure & Output

Key business indicators for Sandwell

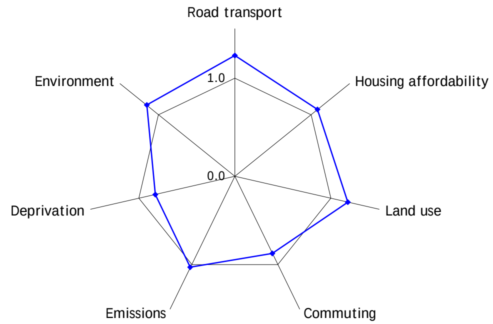


West Midlands Regional Observatory 2008

- GVA per head for the combined area of Sandwell and Dudley is at £14,331 in 2005. This is 10% less than the Regional average of £15,841 and well behind the English average of £18,267
- With a GVA per employee was around £34,473, up 9% on 2003 but still 3% below the regional average of £35,696.
- At 22 per 10,000 population, the VAT Registration Rate for Sandwell is 80% of the regional average of 28
- The percentage of employees in knowledge intensive industries is 35% and increased by 17.2% to 44,000 between 2000 and 2006 yet is still below the regional average of 44%
- Foreign owned companies employ 48% of employees as compared to a regional average of 41%, second only in the region to Solihull
- Despite marginally increasing its position in relation to the regional average the median earnings of employees in Sandwell was still 3% or £12.90 below the regional figure of £430 per week gross

Communities & Connections

Key place indicators for Sandwell

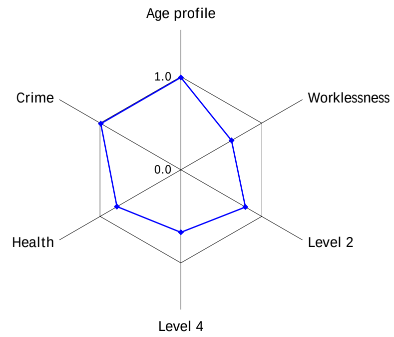


West Midlands Regional Observatory 2008

- Traffic flow measured in km per head is low in Sandwell (7,120 km per head in 2006) with a ratio to the regional figure of 0.77;
- Lower quartile house prices were 6.34 times the lower quartile incomes in 2006. This is below the regional average;
- 99.9% of building within Sandwell is on Previously Developed Land (PDL), well above the regional average of 84.3%;
- Data from ONS from 2005 shows that the workplace based workforce of Sandwell and Dudley combined was 6% smaller than the residence based workforce. This indicates a net out-commute of workers;
- Carbon emissions, at 7,100kg per capita in 2005, were slightly below the regional average;
- Sandwell is amongst the most uniformly deprived boroughs in the country. 29.5% of lower level super output areas (LSOA's) in Sandwell fall within the 10% most deprived nationally.

The People of Sandwell

Key people indicators for Sandwell



West Midlands Regional Observatory 2008

- Following a decline in the population of Sandwell between 1991 and 2001, there was a small increase between 2001 and 2006.
- Nearly 25% of the population of Sandwell was from a non-white British ethnic group in 2005. This is higher than the regional figure of 16%.
- Levels of worklessness in Sandwell are higher than the regional average with 18.3% of the working age population claiming out-of-work benefits in 2006/07 in Sandwell, compared to 13.4% across the West Midlands.
- Sandwell has a smaller percentage of its working age population qualified to level 2 and level 4 and above than the region. In addition, nearly 25% of the working age population have no qualifications compared to 17.5% in the West Midlands.
- Mortality rates in Sandwell are higher than the regional average.

Appendix A – Using Radar Charts

A radar chart, also known as a spider chart or star chart because of its appearance, plots the values of each indicator along a separate axis. Each axis starts from the same point in the centre of the chart and ends on the outer ring.

Radar charts are useful when you want to look at several different indicators all related to one item. In our analysis the factors are all related to the regional figure for the West Midlands Region for each indicator.

In our analysis we use a radar chart to present data about a particular broad theme for each local authority area. In the report charts, all the variables have been measured relative to the regional average. A rating of more than 1 indicates the local area is performing better than the region as a whole, while a rating of below 1 indicates the local area is performing worse than the regional as a whole[21]. This means that for some indicators (denoted by an asterisk in the list below), a high value of the indicator will lead to a rating below 1 and a low value will mean a rating above 1.

Reading along the axes, if the indicator for the local authority is below 1 the point on the chart will be inside the middle ring. If the indicator for the local authority is above 1 the point on the chart will be outside the middle ring.

The resulting radar chart will graphically show areas of relative strength and relative weakness, as well as depicting general overall performance. The charts use the following indicators:

<u>Business</u>

Output – Gross Value Added per Head (2005, ONS Regional Accounts)
Productivity – Gross Value Added per Employee (2005, ONS Regional Accounts and Annual Business Inquiry)
Enterprise – VAT registrations per 1000 population (2006, BERR Small Business Service Analytical Unit)
Knowledge Economy - Percentage of workforce employed in knowledge intensive services (2006, ONS Annual Business Inquiry)
Inward Investment – Proportion of employees working in foreign-owned businesses (2006, ONS Inter-Departmental Business Register)
Earnings – Median earnings of people working in the area (2007, ONS Annual Survey of Hours and Earnings)

[21] Except for indicators where there it is not clear whether a high or low value is better, in which case figures above 1 represent a higher value and below 1 a lower value. This relates to the indicators of Inward Investment, Commuting & Age Profile.

Place

Road Transport – Total road traffic flow per head of population* (2007, DfT Road Traffic Statistics)
Housing – Housing affordability index (ratio of lower quartile house price to lower quartile income)* (2007, DCLG)
Land use – Percentage of housing completions on previously developed land (2006/07, DCLG)
Commuting – Net commuting as percentage of the total workforce (2006/07, ONS Annual Population Survey)
Emissions – Carbon dioxide emissions per head of population* (2005, DEFRA Local and Regional Estimates of Carbon Emissions – End User Basis)
Deprivation – Percentage of LSOAs in the area which are **not** in the 10% most deprived nationally (2007, DCLG Index of Multiple Deprivation)
Environment – Percentage of surveyed areas with acceptable levels of litter and detritus (2005/06, DCLG BVPI Local Street and Environmental Cleanliness Indicator)

People

Age profile – Proportion of the population who are of working age (2006, ONS Mid-year Population Estimates)
Worklessness – Percentage of the working age population who are on out-of-work benefits* (2006-07, DWP Working Age Client Group)
Level 2 – Percentage of the working age population qualified to at least level 2 (2006, ONS Annual Population Survey)
Level 4 – Percentage of the working age population qualified to at least level 4 (2006, ONS Annual Population Survey)
Health – All age, all cause mortality rate* (2006, National Centre for Health Outcomes Development)
Crime – Notifiable offences recorded by the police per head of population* (2006/07, Home Office Notifiable Offences Statistics)

* Low values for this indicator are >1 and high values are <1

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