West Midlands Regional Economic Assessment
Stoke-on-Trent

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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).

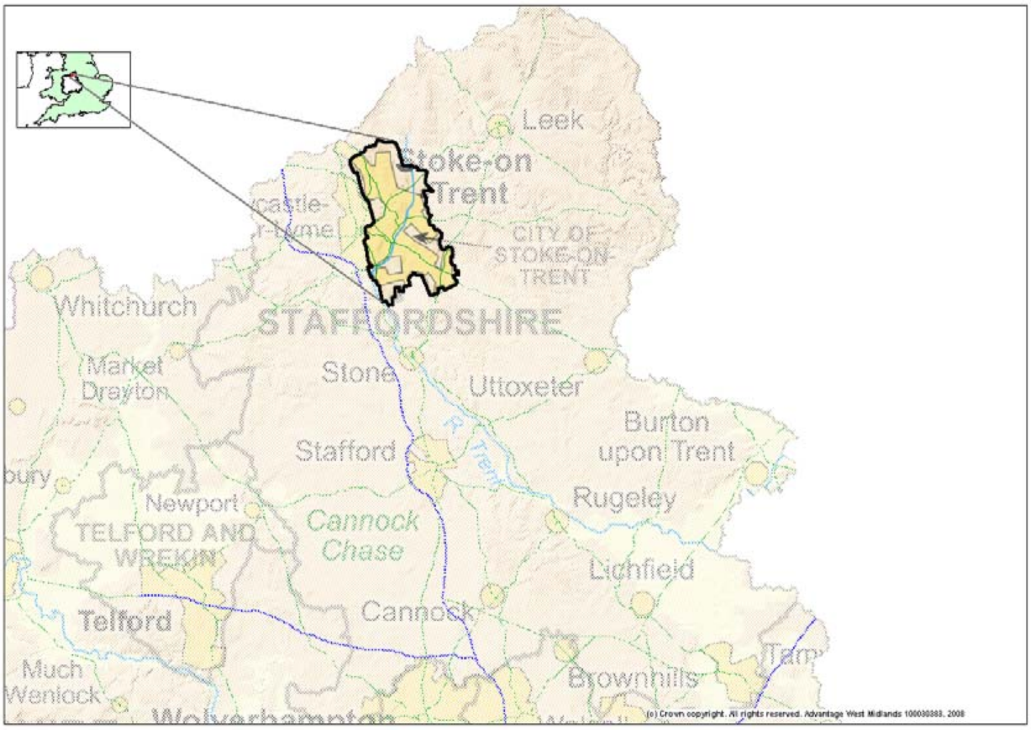
The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. It has been developed by identifying, collating, integrating, analysing and interpreting current information, rather than sourcing new information. The local area profiles incorporate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

Stoke-on-Trent is located in the north of the region – almost equidistant from Birmingham and Manchester. The City Council was created in 1910 as an amalgamation of 6 pre-existing boroughs. Home to 239,700 persons[1] living in approximately 105,000 households in 20 wards (within a total area of 36 square miles), the City forms the largest part of the North Staffordshire conurbation containing some 360,000 people.



Historically the city was dominated by the major industry of ceramics and pottery ware which lent the nickname of the area, the “Potteries”, although the city also has a legacy of coal, steel and rubber production. However the decline in all of these industries has had a major effect upon the prosperity of the city. The city’s economy was the slowest growing in the region over the decade up to 2005 (and the second slowest growing in England). To date, the city has had limited success in diversifying its business base and it has a low share of private sector service employment.

The decline of the city is evident in its labour market. The employment rate is low and the proportion of residents on benefits is high, particularly Incapacity Benefit where the claimant rate is double the national average. Skill levels are low, leading to slow growth in the city’s knowledge economy and relatively low earnings.

[1] ONS, mid-2006 population estimates

The city's economic growth is also constrained by issues with its infrastructure and environment. Whilst it has good transport links both north to Manchester and south to Birmingham and London, its internal transport infrastructure is poor. The lack of a clear, strong city centre has led to development being thinly spread rather than concentrated. A lack of poor quality housing and high levels of poor health also have a negative impact.

3 Economic Structure & Output

Output

Total GVA in Stoke-on-Trent grew from an estimated £2.58bn in 1995 to £3.35bn in 2005, with an average annual growth of 2.6%. This is less than the 4.7% growth rate for the region. This has seen Stoke-on-Trent's share of the West Midlands region's total output fall from 4.7% in 1995 to 4.0% in 2005.[2]

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 a preferred measure as it enables a more detailed analysis of comparative output performance.

The latest provisional estimate of GVA per head in Stoke-on-Trent is £14,001 in 2005, up from £13,623 in 2004, an increase of 2.8%. This annual rate is similar to the longer term trend of 3.0% per year since 1995. This represents a fall in the growth rate in the city, following a number of years of improving growth rates.

Over the last ten years, output growth in the city has been slower than anywhere else in the region. Indeed, only West Cumbria saw slower growth in England. However, in more recent years the city's growth rate has improved and has been close to the regional average over the last four years for which data are available. The net result of the decline is that, In terms of an index of GVA per head, Stoke-on-Trent has fallen from 2% above the regional average in 1995 to 12% below average in 2005, although that figure has been largely stable since 2001. The key factors underlying the county's position relative to the rest of the region are examined in more detail in the following section.

During the late nineties, Stoke-on-Trent saw a sharp decline in output from industry, particularly manufacturing. At that time, there was only limited growth in services, meaning that growth was very low, and in one year the city's economy actually reduced in size. The more recent improvement in GVA growth has been primarily driven by service activities. Nevertheless, service growth has been amongst the slowest in the region, rising by just 59% between 1995 and 2004[3], compared to a regional average of over 80%.

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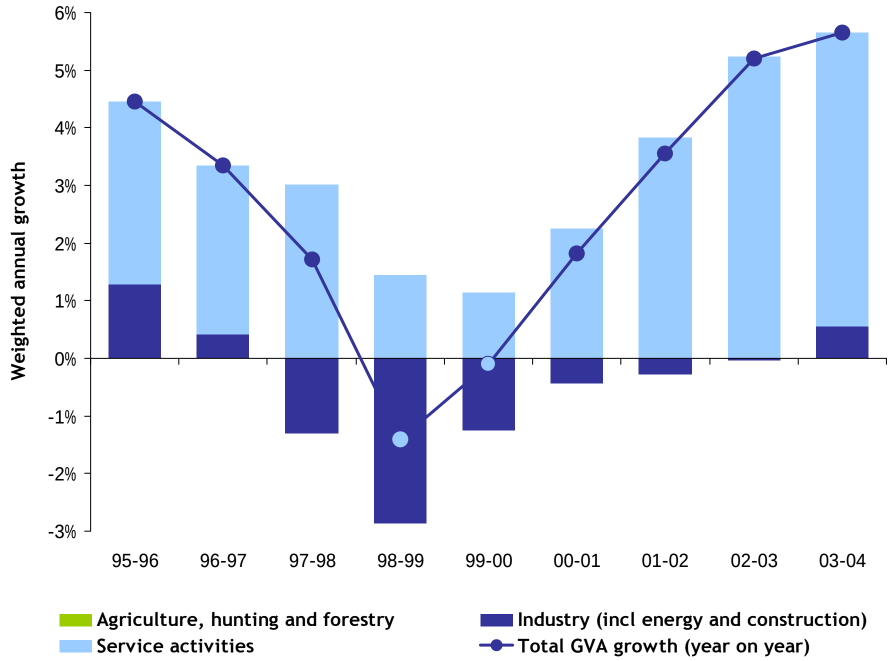
[2] ONS Regional Accounts
[3] This is the latest year for which a sectoral breakdown of GVA is available.

Figure 9.1: GVA growth across major sectors in Stoke-on-Trent



Source: ONS, 2005

Productivity

Using GVA per employee as a broad measure of average labour productivity, the latest estimates for GVA per employee in Stoke-on-Trent confirms an ongoing weakness of the city's position relative to the regional average. In 2005 GVA per employee in Stoke-on-Trent was estimated to be just over £31,680, the lowest figure in the region and well below the regional average of £35,696. This did represent an increase of 6.4% over 2004 however, one of the fastest rates of growth in the region.

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. For 2005, GVA per filled job in Stoke-on-Trent was around £28,400 - approximately 10% below the regional average of £31,500. There has, however, been a relative improvement since 2001 when GVA per filled job for Stoke-on-Trent was approximately 11.5% below the regional average.

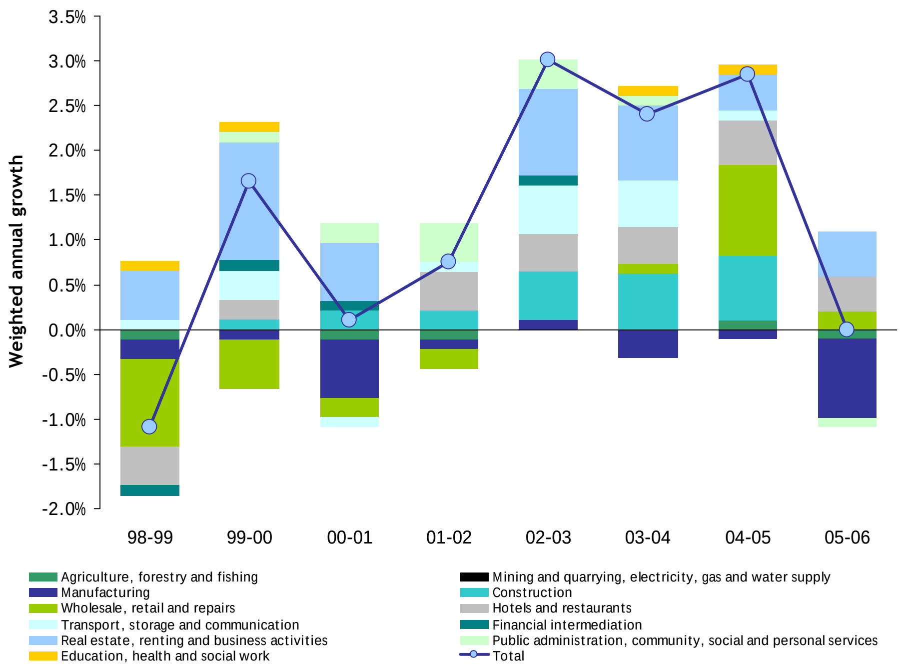
Wosnitza & Walker demonstrate how GVA per head can be decomposed into four factors, namely: productivity per filled job; the commuting rate; the activity rate; and the employment rate. This approach is discussed further in the thematic chapter dealing with Business in the regional economy.

One can examine why a given area'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 Stoke-on-Trent's case, its productivity (10% below the regional average) largely accounts for its relatively low GVA per head (12% below the regional average). Its activity rate is also somewhat below the regional average and has a depressive effect on GVA. Both commuting and employment rates are close to the regional average and so neither has a significant impact on its relative GVA per head.

The continuing low level of GVA appears to be due to the combination of a low base rate of wage earnings for many years, that stems from higher than normal unemployment and from high rates of unavailability for work. Recent improvements in public-sector knowledge-intensive industries have led to a slight improvement in the position but has been insufficient to close the gap.

Enterprise

Figure 9.2: Sector contributions to year on year growth in Stoke-on-Trent business stock 1998 - 2006



Source: BERR Small Business Service analytical unit

The total stock of businesses in Stoke-on-Trent has grown by 10.0% between 1998 and 2006, although this growth has been uneven. Growth in real estate and business services has been more consistent than in other sectors; several sectors (particularly manufacturing) have declined. Figure 9.2 shows the contributions of each of the broad sectors to total growth in business stock.

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 a comparative indicator. Business density increased from 180 firms per 10,000 in 1994 to 210 by 2006. This is almost 100 firms lower than the regional average for every 10,000 people, having grown at a slower rate.

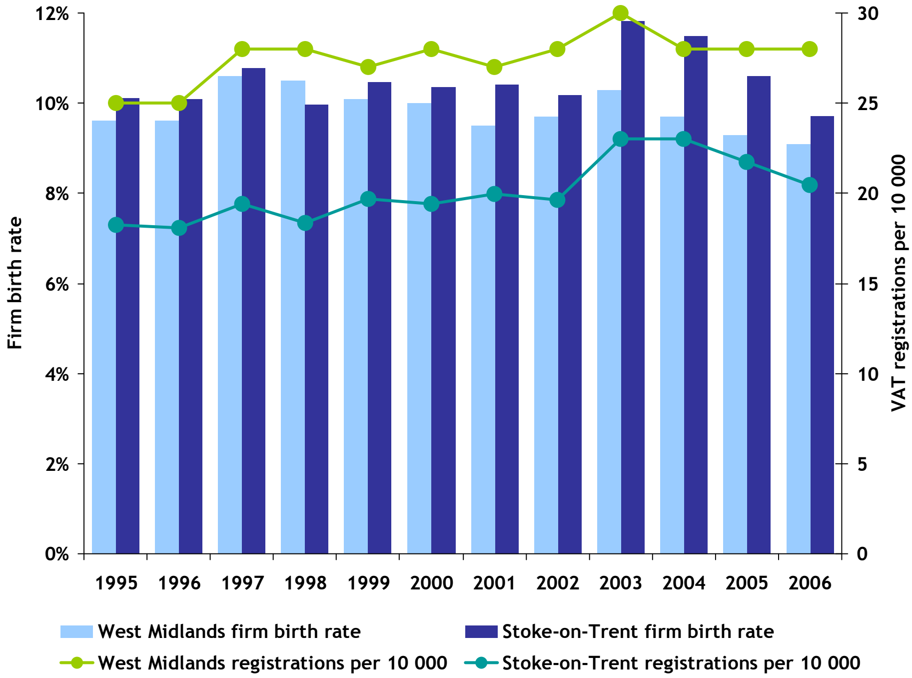
Enterprise is a key driver of economic growth. Increases in the number of firms increase the output capacity of the economy. A widely used measure is the number of new VAT registrations as a ratio of the population. There is some debate as to the appropriate population measure to use. BERR publish VAT 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, was lower in Stoke-on-Trent than both the regional and the national averages. In 2006 the rate was 20 per 10,000 compared to 28 per 10,000 for the region. Given the smaller denominator, the rate for the 16+ population was higher, at 26 per 10,000 compared to 34 per 10,000 for the region. This means that the gap between the number of enterprises in the city and across the region as a whole continues to rise.

In Stoke-on-Trent the number of VAT registrations in 2006 was 490, giving a registration rate[4] of 9.7%. This compares to the regional average of 9.1% and the English average of 9.7%. Total net growth has resulted in the business stock in the city increasing by 12%, from 4,500 in 1994 to over 5,000 in 2006. Urban areas tend to have above average registration rates compared with less densely populated rural areas. Figure 9.3 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.

[4] The number of new registrations as a percentage of the existing stock of businesses.

Figure 9.3: Comparison of business formation in Stoke on Trent and the West Midlands region, 1995 to 2006



Source: BERR Small Business Service Analytical Unit

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' registration rates. Each is equally weighted 50:50 to give a composite index.

Table 9.1 highlights the relative lower rate of enterprise Stoke-on-Trent has against the region.

Table 9.1: Enterprise Index for Stoke on Trent and the West Midlands region

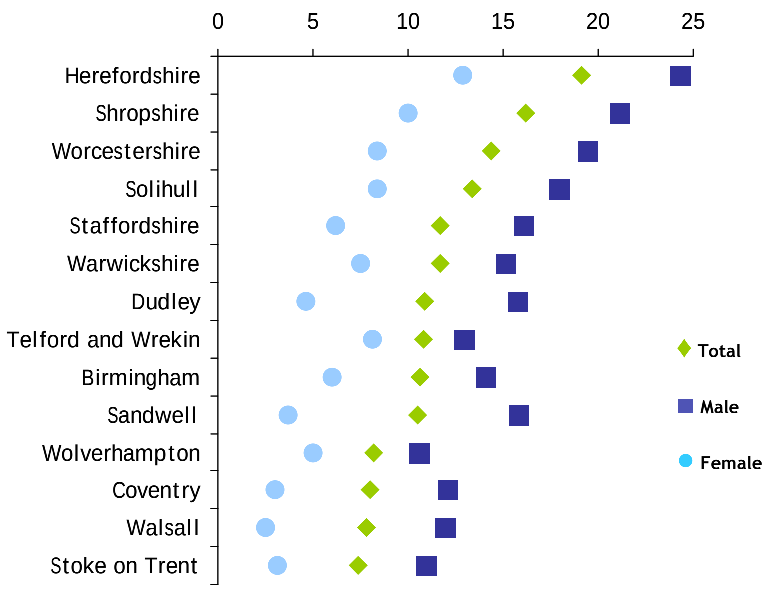
Area	1994	1998	2002	2006
West Midlands	100	100	100	100
Stoke-on-Trent UA	89	80	88	93

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 Stoke-on-Trent increased by 14%, despite the number of premises falling by almost 7%. Commercial office floorspace grew 37% and other floorspace grew almost 10%. There were slightly more factory premises in 2007, but factory floorspace decreased by more than a quarter. Warehouse space increased by nearly 40%, although the number of premises only increased by 34%[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 83% for businesses registered in 1995 to 93% for those registered in 2004, which is close to the regional average of 92%. Three-year survival rates are around 68% 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 Stoke-on-Trent are the lowest in the region; in 2006, 7.4% of the workforce was in self-employment compared to just under 12% across the region as a whole. Figure 9.4 shows the distribution of self-employment along with gender breakdown. Among males just over 10% are in self-employment, while among females the rate was around 3%[7].

Figure 9.4: Self-employment rates, as percentages of all employed by gender and local authority area



Source: ONS Annual Population Survey, 2006

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

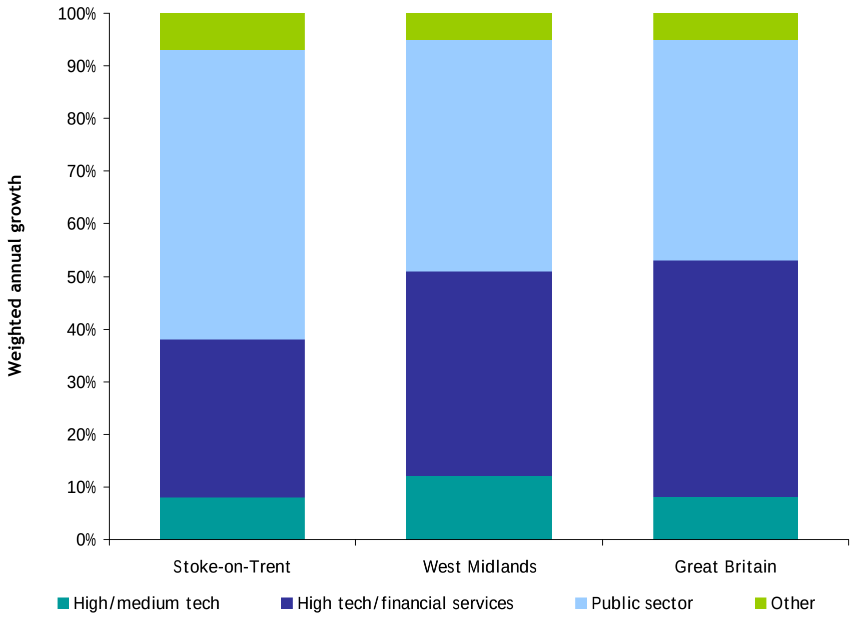
Knowledge economy

The numbers of people employed in knowledge intensive services[8] in Stoke-on-Trent is close to the regional average at around 44% of all employment. This number increased by 18.5% between 2000 and 2006, comparable to the regional average of 18.6% and ahead of the average of 13.8% across England. In 2006, estimated employment in these sectors within Stoke-on-Trent was approximately 46,600. The average annual growth rate was 2.9% per year.

Places with higher proportions of knowledge intensive industries and/or knowledge intensive workers are more productive and tend to have higher wage rates. This is particularly true where these workers are in the private sector. To be more effective and to match growth and development in other authorities Stoke-on-Trent needs to grow its expertise in knowledge intensive industries, and particularly private-sector services.

Stoke-on-Trent has particular strengths in its health and education sectors but in private sector services it has a significantly lower standing as evidenced in Figure 9.5. Despite its high levels of employment in manufacturing overall, the city has a relatively low level of employment in more productive high and medium-technology manufacturing.

Figure 9.5: Employment in knowledge intensive industries by sector



Source: Eurostat, 2006

[8] Total knowledge-intensive services is defined by Eurostat The sectors included are NACE Rev. 1.1 codes 61, 62, 64 to 67, 70 to 74, 80, 85 and 92. These are consistent with SIC 2003 codes

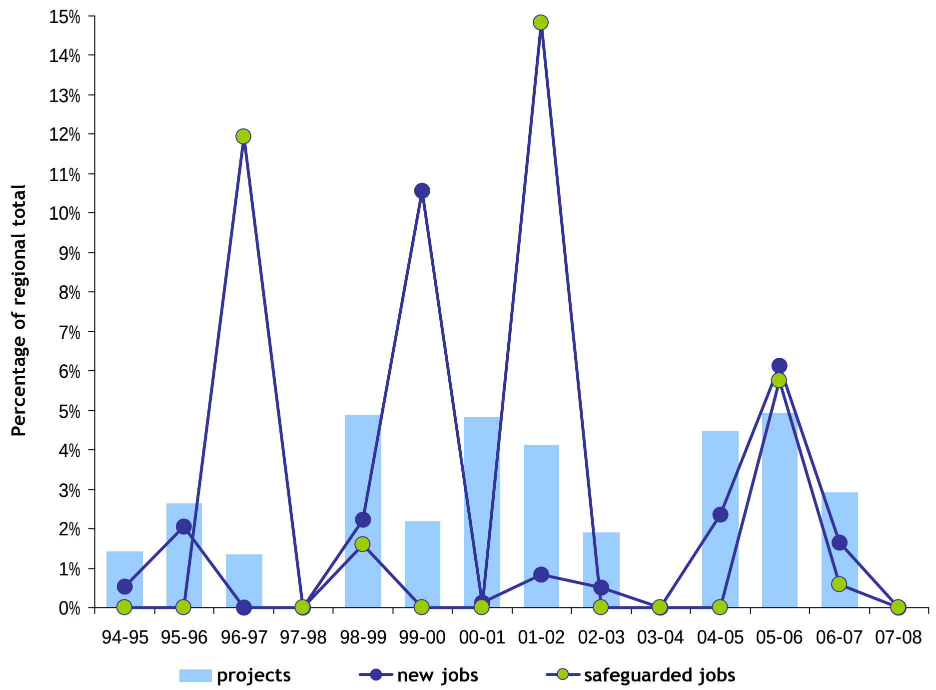
Whilst the share of knowledge intensive service employment in Stoke-on-Trent is similar to the regional average, it should be remembered that overall levels of employment are lower than average. Also, it should be borne in mind that not everyone working in knowledge intensive sectors would be classified as 'knowledge workers'. The low productivity levels in the city suggest that this might apply to a higher proportion of workers in these sectors locally than elsewhere.

Given Stoke-on-Trent's longstanding reputation of excellence in the ceramics industry, it is one distinctive area for which the city is widely known and in which it can specialise. Current trends suggest that the number of jobs in this industrial sector could stabilise if the more highly skilled elements of design and technology are encouraged and fully exploited.

Investment

Since 1994, Stoke has attracted around 30 inward investment projects, creating over 1,200 jobs and safeguarding over 5,000 more. This amounts to 2.5% of all investments, 2% of new jobs created and nearly 3% of safeguarded jobs in the Region.[9]

Figure 9.6: Inward Investment Projects and Jobs into Stoke-on-Trent, 1994-2008



Source: Advantage West Midlands

[9] Advantage West Midlands

During this time, as can be seen from Figure 9.6, there have been several investments that have either created or safeguarded large numbers of jobs, highlighting the fact that large numbers of these employees are employed by a relatively small number of overseas companies. This is a pattern also seen in indigenous companies with a small number of large companies accounting for a particularly large share of employment. This can have a particularly serious effect when these companies encounter financial problems, such as those seen in the ceramics industry in the past.

Unlike virtually all other sub-regions, inward investment into Stoke is not dominated by the United States. Only 4 of the 30 projects involved US companies, the same as France and Canada and one fewer than Germany. Other significant investing countries include Ireland, Belgium and Switzerland, all of whom have invested in multiple projects.

The city has seen some success in both foreign and UK based investment; *KPMG's 'Competitive Alternatives 2004'* report declared Stoke-on-Trent to be the most cost-effective place to set up a new UK business.

Plans for the creation a new Business District and University Quarter, alongside the ongoing development of the Cultural Quarter should help to transform the city centre (Hanley) and its immediate surroundings. If successful, these projects will establish Hanley's status as the city centre to outside investors, who have found in the past found Stoke-on-Trent a less attractive prospect than comparable UK cities. Whilst Hanley is the main business district and retail centre in Stoke-on-Trent, it has historically attracted fewer jobs than centres of other comparably sized urban areas. The mission of the University Quarter is education-led regeneration, designed to significantly raise the achievement of higher level skills and qualifications in the City.

Many other major investment sites have been located on the edge of the conurbation, often on former factory and mining sites. Examples of development sites of this kind include Blythe Vale Business Park, Chatterley Valley and Victoria Business Park.

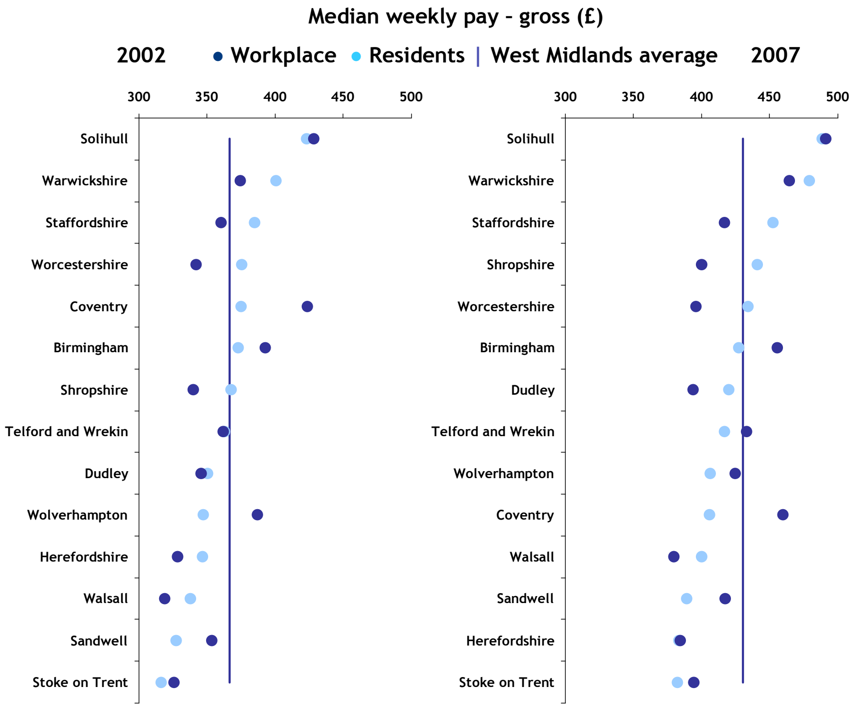
Earnings and Income

In 2007, the average (median) gross weekly earnings for full-time employees working in Stoke-on-Trent were estimated to be around £394.30, compared with £430.00 for the West Midlands Region and £462.00 for England.[10] Average workplace earnings in Stoke-on-Trent were the fourth lowest out of the 14 West Midlands authorities in 2007. Between 2002 and 2007, estimated gross weekly earnings increased by 21%, which was the second highest rate in the region (after Warwickshire); the average regional increase was 17%. The gap has therefore been closing, but it remains considerable.

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.

Figure 9.7 shows comparative workplace and residence-based earnings. Stoke-on-Trent's residence-based earnings were the lowest in the region for both years, and remained slightly lower than workplace earnings. Nevertheless, the gap between earnings of city residents and those in other areas with relatively low income has closed over recent years.

Figure 9.7: Median weekly earnings by local authority area



Source: Annual Survey of Hours and Earnings

[10] 2007 Annual Survey of Hours & Earnings, Office for National Statistics (ONS)

Gross Disposable Household Income (GDHI) per head is a measure of economic welfare. It takes into account not only wages and salaries but 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.

The provisional estimate for Stoke-on-Trent's GDHI per head for 2006 was £10,659 which was approximately 15% below the regional average of £12,546 per head, and was the lowest in the region. The provisional data suggests that the growth of Stoke-on-Trent's GDHI per head between 2005 and 2006 was at around 3.0% in line with the corresponding regional growth rate of 3.0%. Stoke-on-Trent's GDHI per capita in 2006 was 23% below the UK average and has declined markedly since 1995 when it was 18% below average. However, the gap has stabilised from 2003 onwards. Over the last decade, GDHI in the West Midlands region also fell relative to the UK average, so the gap between Stoke-on-Trent's figure and the regional average increased only marginally from 8% to 9%.

4 Communities & Connections

Transport

Road traffic flows per head in Stoke-on-Trent are the second lowest in the region after Wolverhampton, at 5,810 vehicle kilometres per head of population in 2006[11]. This figure is in line with most of the metropolitan areas. Traffic levels in the borough have remained fairly constant since 2002, rising by just 50 vehicle kilometres per head of population over that time.

Stoke-on-Trent had a comparable number of people travelling to work by car to that in the other major urban areas[12]. At the time of the 2001 Census, 57.5% of Stoke-on-Trent residents drove to work. Stoke-on-Trent had higher proportions of people travelling to work by bus (9.9%) or on foot (11.7%) than the regional average.

53.9% of people in Stoke-on-Trent travelled less than 5km to work with another 6.6% working from home. Regionally the proportion of people working from home was higher at 8.9% but the proportion of people travelling less than 5km was considerably lower at 42.1%. This indicates that Stoke-on-Trent has a relatively self-contained labour market, with few people commuting long distances. To some extent, this can be explained from further Census 2001 data which shows that Stoke-on-Trent has a high proportion of households without access to a car.

Another contributory factor to short commuting distances may be the relatively poor transport infrastructure in Stoke-on-Trent, and the wider North Staffordshire area. Whilst the city is well connected to markets, such as Manchester, Birmingham and London, by rail and road, its internal transport infrastructure is a real barrier to development. The network of towns, which largely followed the dictates of primary and secondary industry, is not well suited to the needs of new, office-based knowledge businesses, or the flow of people for leisure and retail purposes. An example is Stoke-on-Trent railway station, which is located between Hanley City Centre and Stoke town centre, poorly linked by foot or public transport to both these centres and the remainder of North Staffordshire.

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[11] Source: Department for Transport Road Traffic Statistics for Local Authorities
[12] ONS Census 2001

Housing

Between 1996 and 2006 the middle (median) price of properties sold in Stoke-on-Trent increased 267.7% from £32,250 to £87,000. Whilst the percentage growth in house prices in the city has been similar to the regional figure, and only slightly below the English average, in absolute terms the gap has grown significantly. The median house price across the city is now £55,250 below the regional median compared with £19,000 in 1996 – and £81,500 below the English median compared with £25,000 in 1996.

House prices have remained consistently the lowest in the West Midlands (Sandwell's 2006 median figure of £116,000 being the next lowest) – and amongst the lowest in England. During 2006 the city ranked 348th out of 354 English districts in terms of middle (median) house prices.

House prices at the bottom end of the scale showed a similar pattern. Between 1996 and 2006 the lower quartile price of properties sold in Stoke-on-Trent increased from £22,500 to £65,000. Over the same period lower quartile house prices increased by 285.7% across the West Midlands to £110,000, and by 297.6% across England to £122,000[13]. In absolute terms lower quartile house prices across the city are now £45,000 below the regional median compared with £16,000 in 1996 – and £57,000 below the English median compared with £18,500 in 1996.

Stoke-on-Trent had the lowest affordability ratio in the Region; this compares the price of the lowest quarter of houses to the lowest quarter of incomes[14]. In 2007, the provisional figure of 4.67 showed that for those on lower incomes, while access to the housing market was difficult, it was more affordable than the Region as a whole, where the figure was 6.86. Nevertheless, this represents more than a doubling of the affordability index figure for Stoke-on-Trent since 2001.

The city forms part of the Housing Market Pathfinder, Renew North Staffordshire, which works to tackle low demand for housing in the area. Whilst this has had a number of successes, the housing market in Stoke-on-Trent is still the weakest in the region. A study of business perceptions found North Staffordshire's housing to be one of the most significant deterrents to businesses locating in the area.[15]

Between 1998 and 2007 a total of 5638 dwellings were completed in Stoke-on-Trent of which less than 5% were housing association/registered social landlord. The proportion of 'new-build' in the RSL / HA sector is less than half the regional and national averages[16].

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[13] City of Stoke-on-Trent Economic Profile - 2008
[14] DCLG ration of lower quartile house prices to lower quartile earnings by district 2007
[15] Research Associates (2003) Business Perceptions of the North Staffordshire Area
[16] City of Stoke-on-Trent Economic Profile - 2008

Land use

In common with the other major urban areas of the Region, the vast majority of new housing in Stoke-on-Trent is built on previously developed land (PDL). In 2006/07, the figure was 99.8%[17].

Over the 2001-06 period total industrial and commercial floorspace declined by 8.3% in Stoke-on-Trent compared with an increase of 2.7% and 3.3% across the West Midlands region and England and Wales respectively. At the same time, the nature of that floorspace changed significantly.

Where factory floorspace declined by some 6% across England and Wales and by 10% across the region, it fell by and 25% in Stoke-on-Trent, although it still formed a larger share of floorspace than average. In contrast, warehousing floorspace in the city experienced a 25% increase over the period compared with 13% across the region and 8% across England and Wales. Office floorspace grew 9% in Stoke-on-Trent compared with 5% across the region – and retail floorspace grew 9% in Stoke-on-Trent compared with 5% across the region.[18]

One of the strengths of Stoke-on-Trent is the availability of land at relatively low prices, although this does include a stock of brownfield land which is unsuitable for hard end uses.

Over the 2001-06 period the total rateable value of all commercial and industrial premises in England and Wales increased by 27%. This compares with an increase of 25% across the West Midlands and of just 21% in Stoke-on-Trent. Where total rateable value derived from factories increased by 9% across England and Wales over the 2001-06 period it increased by only 1% across the West Midlands region and decreased by 14% in Stoke-on-Trent.

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[17] Regional Spatial Strategy Annual Monitoring Report 2006/7
[18] Commercial and Industrial Floorspace & Rateable Value Statistics, Valuation Office Agency

Connections

Stoke-on-Trent has a small net out-flow of commuters. Data from ONS for 2005[19] shows that the workplace based workforce of Stoke-on-Trent was 1% lower than the residence based workforce.

More detailed data on commuting patterns is only available from the 2001 Census. This shows that whilst 68% of the city's workforce lived within the city, 77% of the resident workforce worked in Stoke-on-Trent. The most significant sources of in-commuting were the neighbouring districts of Newcastle-under-Lyme (16,000), Staffordshire Moorlands (10,000) and Stafford (5,000).

Levels of commuting out of Stoke-on-Trent are smaller but follow similar patterns. The most significant destinations for out-commuting were the neighbouring districts of Newcastle-under-Lyme (10,000), Stafford (5,000) and Staffordshire Moorlands (4,000). Whilst on a smaller scale, commuting flows to and from the Manchester City Region were significantly higher than those to and from the Birmingham, Coventry and Black Country City Region.

In 2006/07 Stoke-on-Trent saw 2,110 National Insurance Number regsistrations by non-UK nationals of which the largest proportion (just under 30%) came from Poland[20].

Environmental Resources

The amount of Carbon Dioxide emissions rose between 2004 and 2005 by 0.5 tonnes per person to the new level of 7.6 tonnes per person. This represents an increase of 7% in the year and places Stoke-on-Trent along with Coventry as the only two authorities who have seen an increase in emissions per head. Similarly Stoke-on-Trent is now just above the Regional average, where previously it was well below the average[21].

In 2006/07, the proportion of household waste generated in the city which was recycled or composted was the lowest in the region at 20%. A similar proportion of waste was landfilled – below the regional average but higher than many of the other urban areas. The remainder was incinerated, the commonest single disposal method in the city[22].

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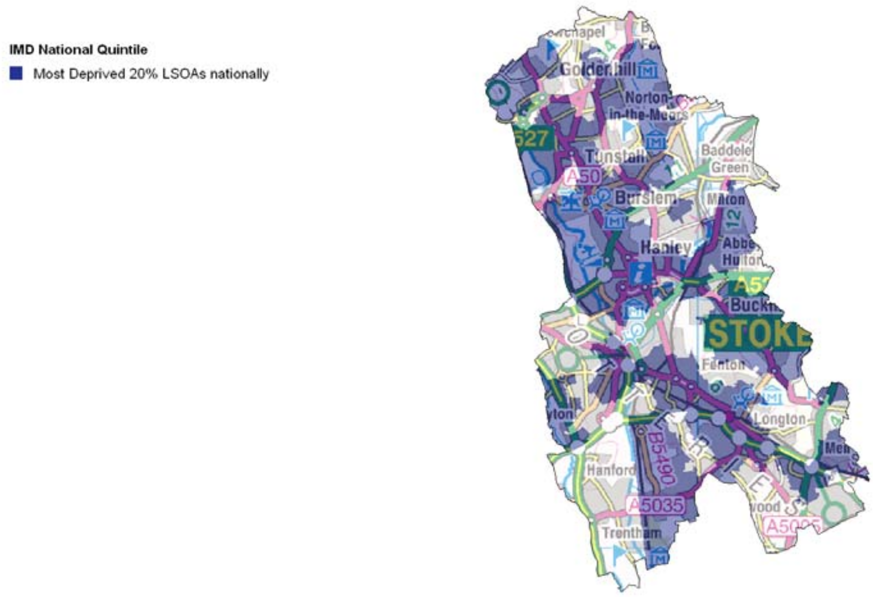
[19] Regional economic indicators, May 2008, with a focus on differences in sub-regional economic performances http://www.statistics.gov.uk/elmr/05_08/
[20] National Insurance Recording System (NIRS)
[21] Per capita reduction in of Co2 emissions in the LA area, 2005 - www.defra.gov.uk/environment/statistics/globatmos/galocalghg.htm
[22] Defra, Municipal Waste Statistics 2007 - http://www.defra.gov.uk/environment/statistics/wastats/archive/mwb200607a.xls

The latest report (August 2007)by the City Council into air quality indicates that levels of nitrogen dioxide exceed National Air Quality Objectives at several locations throughout the city. A reduction of up to a third . The City Council declared a City-wide Air Quality Management Area in April 2006.[23]

Deprivation

As a measure of deprivation, around a third of areas in the city are in the most deprived 10% of the country according to the Index of Multiple Deprivation (IMD), 53 out of a total of 160 LSOAs. This places Stoke-on-Trent well above the Regional and National averages; a performance that is 2nd worse in the Region behind Birmingham. Over half of areas are in the most deprived 20% of the country – better than only Birmingham and Sandwell in the region[24]. Overall, the city is ranked as the 16th most deprived local authority area in England according to the 2007 Indices of Deprivation. This represents a worse position than in earlier versions – the city was 18th according to the 2004 version and 34th in 2000.

Figure 9.8: Stoke-on-Trent LSOAs by Index of Multiple Deprivation Quintiles



Source: IMD 2007

[23] City of Stoke on Trent, Air Quality Further Assessment, August 2007
[24] DCLG Indices of Deprivation, 2007

The city fares even worse on some of the individual domains which make up the IMD. Most notably, over two-thirds of the city is in the most deprived fifth of the country on the Health Deprivation and Disability domain. Only one of the 160 areas in the city was in the top half of the country on this domain. Over half the city was in the bottom 20% on both the Employment and Education & Skills domains too.

In contrast, the city fared much better on the Barriers to Housing & Services domain, where only one area was in the bottom 20%. The next best domain was the Living Environment one, where just over a quarter of the city was in the worst fifth of the country – although this is clearly still above the national average and slightly above the regional one.

More detail about the issues underlying performance in the individual domains can be found elsewhere in this profile.

Environment and Culture

47% of land in Stoke-on-Trent is greenspace[25] and a further 19.5% is given over to domestic gardens.

Tourism in Stoke-on-Trent saw tremendous growth in the late 1980s and early 1990s, and the volume and value of tourism continued to increase along with the investment in new attractions and facilities[26]. The core of the City's offer has always been "The Potteries". Many of the larger firms such as Wedgwood, who opened a Visitor Centre in the 1970s, to cope with the huge demand for factory visits, and Spode have long realised the potential of providing visitors with the opportunity to "experience" the manufacturing process, and purchase the factory's ware directly from an on-site shop.

The late 1990s brought investment in leisure and entertainment facilities. Both Waterworld and Stoke Ski Centre on Festival Park saw investment from new owners, and the refurbishment and redevelopment of the two Cultural Quarter venues was one of the largest regional arts development projects in the country. The Regent Theatre and Victoria Hall now bring 400,000 people a year into the City Centre. The opening of the new Repertory Theatre on Leek Road added to the new night time offer.

A number of smaller attractions such as steam railways, garden attractions and close proximity to the Peak District and Alton Towers meant that the City and sub-region by the late 1990s had a significant tourism offer. From the 2004 Economic Impact Survey it is estimated that tourism contributes at least £135 million per year to the local economy, and it is estimated that tourism supports at least 3,936 jobs in Stoke-on-Trent.

[25] Land Use Statistics (Generalised Land Use Database), 2005
[26] Stoke-on-Trent tourism - http://www.stoke.gov.uk/ccm/cms-service/stream/asset/?asset_id=1266156

5 The people of Stoke-on-Trent

Demographics

In 2006, Stoke-on-Trent had a total population of 239,700 [27]. The population equates to 4.5% of the total regional population. Some 149,700 of the population is of working age, equal to 62.5% of the population, which is fractionally above both the Regional (61.2%) and National (62.3%) averages.

The population of Stoke-on-Trent declined in the period 1981 to 2004, but since 2004 there has been a slight increase in the population. Indeed this is the first time that the city's estimated population has grown in 70 years.[28] The working age population has been increasing for slightly longer, from 61.4% in 2001 to 62.5% in 2006.

In 2001, 18.6% of the total population was under the age of 15, while 21.0% were over the age of 60. By 2006, the proportion of the population aged under 15 had decreased to 17.6% whilst the proportion aged over 60 remained relatively stable at 21.4%. During this same period the proportion of the population aged 15-24 increased from 13.6% in 2001 to 14.6% in 2006.

Population estimates show that, in 2005, 91.6% of the population of Stoke-on-Trent was from the White-British ethnic group compared to 93.5% in 2001. Of the remaining 8.4% of the population in the non White-British group, the largest groups are the Asian or Asian British Pakistani ethnic group (2.8%) and Other White ethnic group (including Irish) (1.6%)[29].

The long-term decline in the population of Stoke-on-Trent is mainly due to migration out of the city. Up to 2004, this was happening at a rate of around 1000 persons per year. The majority of this migration consisted of families and older people moving to neighbouring districts. This trend continues. However, the arrival of international migrants since 2004 has contributed to the reversal of the decline in population.

In 2006/07, 2,110 non-UK Nationals registered for NINos (National Insurance Numbers) in Stoke-on-Trent, the largest contingent were from Poland 620 (29.8%) followed by the Slovak Republic 290 (13.7%) and then India 230 (10.9%). Although there is no definitive source for the number of foreign migrant workers living in Stoke-on-Trent, the number of NINo registrations give an indication of the levels of immigration.

[27] Source: ONS 2006 mid-year population estimate
[28] City of Stoke-on-Trent Statistical Summary, February 2008
[29] Source: ONS 2005 mid-year population estimates (experimental)

Worklessness

Levels of worklessness in Stoke-on-Trent are significantly higher than the region as a whole; 19.2% of the working age population are in receipt of out-of-work benefits compared to a regional average of 13.4%. This is the highest level in the Region.

A higher proportion of those on benefits in Stoke-on-Trent are on Incapacity Benefits than is the case across the Region. 58% of benefit recipients were claiming Incapacity Benefits in Stoke-on-Trent compared to 47% across the Region. The proportions of benefit recipients claiming other out-of-work benefits are therefore lower than the Region, with the proportion of working age people claiming Job Seekers Allowance being lower than the regional average, for example.

Whilst benefit recipients represent an important category of workless people, the total number of working age people who are not in employment is higher. In 2006, just under 30% of the city's working age population are in this category. Whilst this is higher than the regional average of 27%, it is below the figures for Birmingham and most of the Black Country authorities.

Skills

Skill levels, as measured by qualifications, in Stoke-on-Trent are lower than the regional averages and thus the national averages. This was particularly true at the higher end of the achievement scale. In 2006, 17.1% of the working age population in Stoke-on-Trent were qualified to level 4 or higher compared to 23.9% across the Region and 27.1% nationally. The proportion of the working age population qualified to level or 2 or higher was also lower in Stoke-on-Trent than the regional average (54.9% compared to 60.5% regionally)[30].

There is also a higher proportion of the working age population having no qualifications in Stoke-on-Trent compared to the West Midlands. There are 29,000 people of working age in Stoke-on-Trent without any qualifications, equivalent to nearly 20% of the total working age population, above the regional average and more than one and a half times the national average.

[30] ONS Annual Population Survey

Poor attainment amongst school-age children in Stoke-on-Trent is not likely to improve the skills situation. At all key stages, including GCSE, performance in the city is below the national average and overall the area ranks in the bottom dozen local education authorities in England. Although the area does have two universities, one in the city and one in neighbouring Newcastle-under-Lyme, graduate retention is believed to be significantly lower than elsewhere.[31]

Health

One of the key measures of health is the age standardised mortality rate (which takes account of differences in age profiles) and in Stoke-on-Trent this is higher than the regional average. In Stoke-on-Trent the mortality rate is 698 per 100,000 well above the regional rate of 622 per 100,000 people[32]. Life expectancy too is well below the regional average – both males and females in the city can expect to live around two years less than average. On both those indicators the city is amongst the worst in the region, although it is better than parts of the Black Country.

However, across a basket of health indicators, as represented in the Health Deprivation and Disability domain of the Indices of Deprivation, the city was the worst performing in the region. Over two-thirds of the city was in the worst fifth of the country. This reflects poor levels of health amongst the general population and, particularly, the high proportion of working age people on incapacity benefit or disability benefits. The former is the highest in the region and nearly double the national average.

Lifestyle issues play an important part in health levels. The city's residents have one of the lowest levels of physical activity in the country – leading to the highest level of obesity anywhere in England. Levels of smoking and drug use are also high, whilst healthy eating is low. The city also has very high teenage pregnancy rates. There are some brighter spots. Binge drinking is close to the national average, as are hospital admissions related to alcohol. Deaths and injuries on the city's roads are below average.[33]

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[31] City of Stoke-on-Trent Statistical Summary, February 2008
[32] Compendium of Clinical and Health Indicators, National Centre for Health Outcomes Development
[33] Health Profiles, APHO and Department of Health

Crime

Stoke-on-Trent has higher levels of crime than the regional average. There were 14.9 notifiable offences for every 100 people in Stoke-on-Trent compared with 9.5 per 100 people for the Region in 2006/07. However, overall crime levels in the region are below those in most other regions and the city is not particularly extreme by national standards. Cities as diverse as Nottingham, Manchester, Southampton and Reading all have higher crime rates.

Levels of violent crime were particularly high by regional standards. There were 6.4 notifiable offences per 100 people compared to 3.8 per 100 people across the West Midlands. Criminal damage was also much prevalent than across the region as a whole, with 3.8 offences for every 100 people compared to 2.1 at regional level. For most other categories of crime, the city was also above the regional average but the gap was smaller.

In line with regional and national trends, levels of crime in Stoke-on-Trent have decreased since 2002/03 when there were 15.7 notifiable offences for every 100 people. Overall, the fall in crime in the city has been slower than across the region as a whole. However, this is mainly because of a particularly sharp rise in violent crime. Across the other major categories of crime, the fall in Stoke-on-Trent has been similar to, and in some case quicker, than the regional average.

6 Conclusion

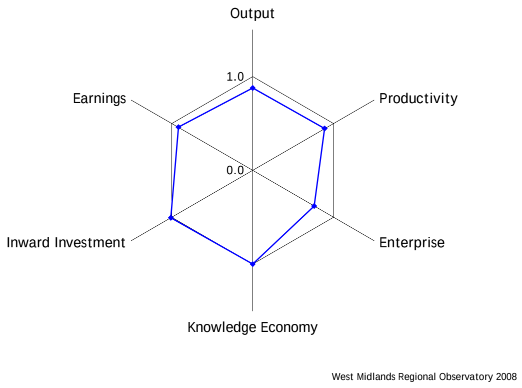
This local area profile forms part of the Regional Integrated Economic Assessment (RIEA). The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. The RIEA constitutes an important **first step** in the longer term iterative development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

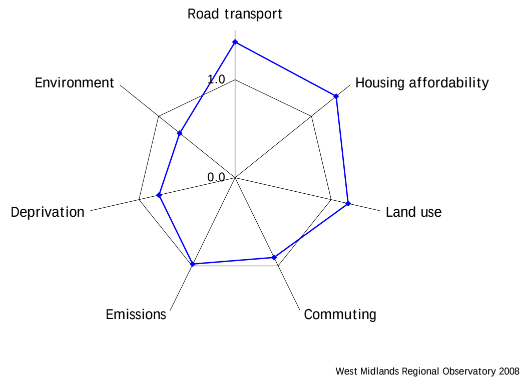
Key business indicators for Stoke-on-Trent



- GVA per head for Stoke-on-Trent increased from £10,405 in 1995 to £14,000 in 2005, an average annual increase of 3%, significantly below the regional growth of 4.5%.
- In 2005 GVA per employee in Stoke-on-Trent was estimated to be just over £31,680, a figure well below the regional average of £35,696, although this was an increase of 6.4% over 2004.
- Enterprise, as measured by the number of new VAT registrations per 10,000 of the total population, was lower in Stoke-on-Trent than the regional average.In 2006 the rate was 20 per 10,000 compared to 28 per 10,000 for the region.
- The numbers of people employed in knowledge intensive services in Stoke-on-Trent increased by 18.5% between 2000 and 2006, comparable to the regional average of 18.6% and ahead of the average of 13.8% across England.
- Since 1994, Stoke has attracted around 30 inward investment projects, creating over 1,200 jobs and safeguarding over 5,000 more.

Communities & Connections

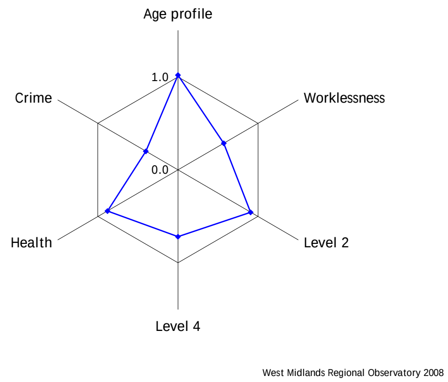
Key place indicators for Stoke-on-Trent



- Road traffic flows per head in Stoke-on-Trent are the second lowest in the region at 5,810 vehicle kilometres per head of population in 2006;
- In 2007, the lower quartile house price in Stoke-on-Trent was 4.67 times the lower quartile income, the lowest inthe Region where the average figure was 6.86;
- The vast majority of new housing in Stoke-on-Trent is built on previously developed land (PDL). In 2006/07, the figure was 99.8%;
- Data from ONS from 2005 shows that the workplace based workforce of Stoke-on-Trent was 1% lower than the residence based workforce. This indicates a small net our-commute of workers;
- CO_2 emissions, at 7,600kg per capita in 2005, were slightly above the regional average. Stoke-on-Trent is one of only two authorities to have seen an increase in CO_2 emissions between 2004 and 2005;
- Stoke-on-Trent has 53 out of its 160 LSOAs in the most deprived 10% of LSOAs across the country. This is 33% of its LSOAs and is more double the Regional average.

The People of Stoke-on-Trent

Key people indicators for Stoke-on-Trent



- 62.5% of the population of Stoke-on-Trent is of working age, slightly above the regional average.
- Levels of worklessness in Stoke-on-Trent are significantly higher than the region as a whole; 19.2% of the working age population are in receipt of out-of-work benefits compared to a regional average of 13.4%.
- Skills levels in Stoke-on-Trent are lower than the regional average – nearly 20% of the working age population have no qualifications.
- Health in Stoke is not as good as elsewhere in the Region, as evidenced by the standardised mortality rate, which is higher than the regional rate.
- Crime rates in Stoke are still higher than the regional average, with rates of violent crime significantly higher.

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[34]. 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)

<u>Place</u>

[34] 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.

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)

<u>People</u>

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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