West Midlands Regional Economic Assessment Wolverhampton

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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.

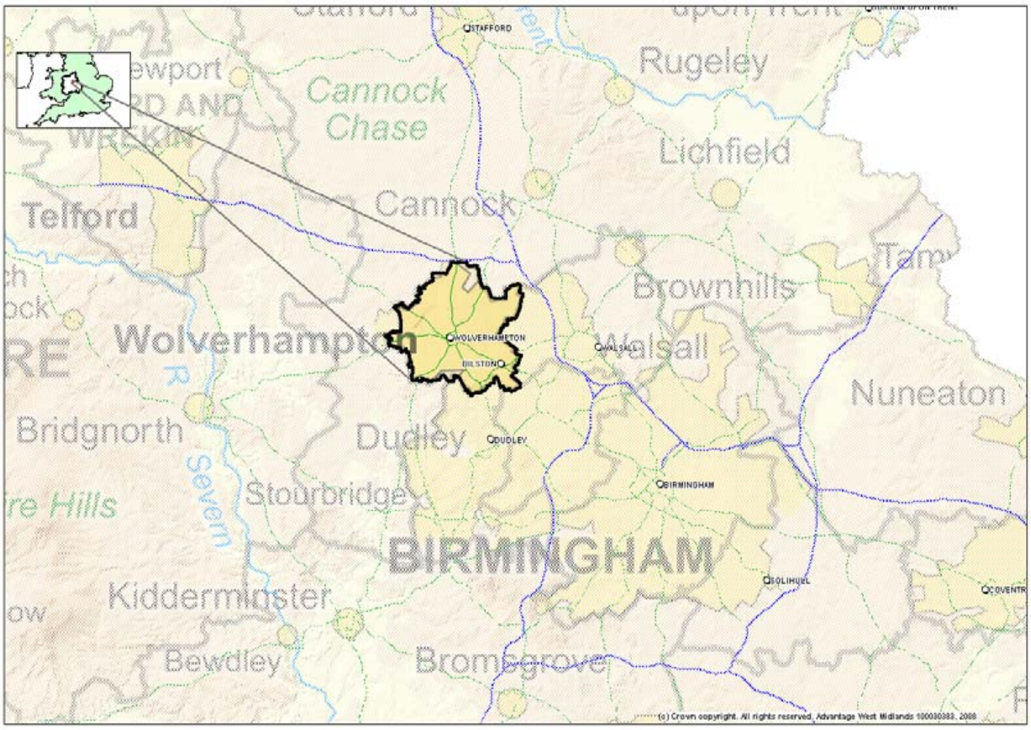
The RIEA constitutes an important **first step** in the longer term iterative development of the evidence base for the single integrated regional strategy. Partners should see the RIEA, and the local area profiles in particular, as a starting point, providing a good foundation for the much more detailed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

2 Introduction and Summary

Wolverhampton is a small industrial city in the heart of the Black Country. Spanning just less than 70 square kilometres (27 square miles), the city has a population of 236,600. With the resulting 3,407 people per square kilometre, Wolverhampton is the second most densely populated area in the whole of the Region, with only Birmingham ranking higher.

The city has borders with the other Black Country local authorities (Dudley, Sandwell and Walsall) and with more rural South Staffordshire as illustrated in figure 13.1. The western side of Wolverhampton is much more rural than the east, which holds the majority of the city's business parks and industrial estates.

Figure 13.1: Map showing location of Wolverhampton



The gap between GVA per head combined for Wolverhampton and Walsall and the regional level has been closing over the last 2 years, with total output growth driven primarily by a large increase in output from services. The large reduction in manufacturing jobs in the city has been more than offset by the increase in service sector employment – the biggest increase being in education, health and other public service. However, often these jobs are not being accessed by local people, as is illustrated by the high levels of commuting into and out of the city.

The knowledge economy in Wolverhampton has grown significantly since 2003 and by 2006 was in line with the regional average which is positive in terms of the future economic strength of the city. Enterprise is a key driver of economic growth and while levels in Wolverhampton remain below the regional average, there has been a net growth in total business stock of 21%. However, there is a concern that low business survival rates could limit growth.

The City has well advanced plans to transform its local economy over the next decade. The i54 has been designated as the Regional Investment Site and will create in the region of 6000 new high tech jobs. In addition, further major regeneration developments are set to commence in 2008/9 and all should help to attract further investment into the city.[1] Wolverhampton currently does reasonably well in terms of attracting foreign direct investment, but future regeneration plans should help to increase this.

Lack of accessible employment in the city for residents, combined with low skills levels, may contribute to high worklessness levels. Both this and below average income levels significantly impact on the socio-economic challenge faced by the city. Housing, both in terms of affordability and decency remains a key issue for the City, and this is impacted further by the generally low income levels of residents. Historically, the City has been a "low qualification" area and despite recent improvements, a high proportion of residents still have no qualifications. However, recent successes at Key Stage 4 will start to have an impact on the numbers of adults with qualifications and should help to improve employability prospects for the young adult population.

[1] The Wolverhampton Story – Wolverhampton's LAA, Final, January 2008

3 Economic Structure & Output

Output

GVA information is only available for Wolverhampton combined with Walsall. However, it is still possible to do a comparison of how this has altered over time. The latest estimate of total GVA for Wolverhampton and Walsall is just over £7bn, growing from £5.2bn in 1995 by an average of 3.4% per year. Wolverhampton and Walsall combined economies contributed 8.6% of the total regional GVA, a significant decrease when compared to the 9.8% contribution in 1995[2].

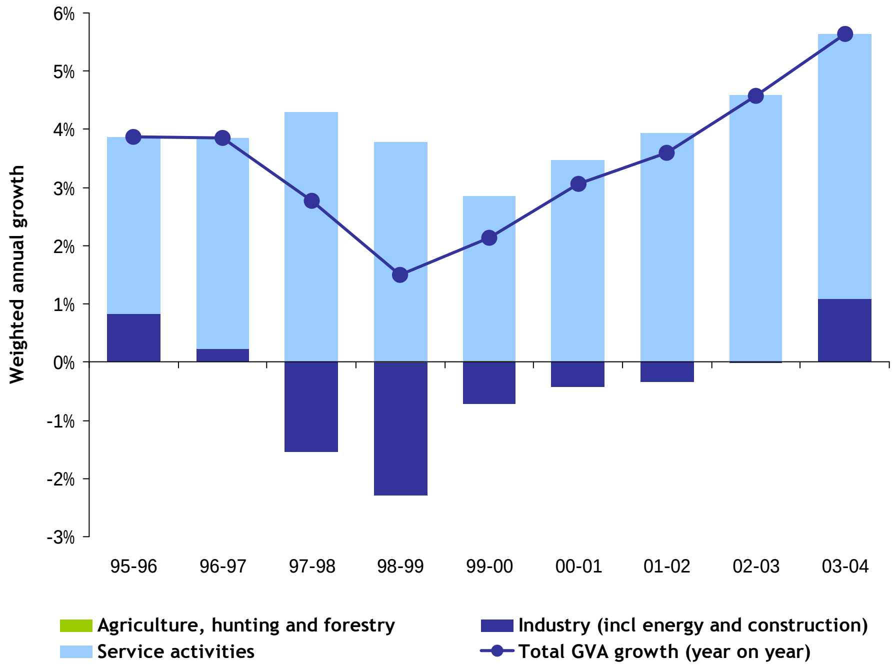
While growth in total GVA is an important measure of economic strength, it can mask key drivers in changing economic performance. GVA per head is a preferred measure as it enables a more detailed analysis of comparative output performance.

GVA per head in Wolverhampton and Walsall is estimated to be £15,031 in 2005, up from £14,423 in 2004, an increase of 4.2%. This annual rate is greater than the 3.8% average rise per year since 1995. Though the combined level of GVA per head for Wolverhampton and Walsall is currently below the regional average, between 1995 and 1997 Walsall and Wolverhampton were performing better than the regional average. More promising is the fact that in 2003 the GVA per head was 6.8 percentage points below the regional average, and this gap has closed over the last 2 years to just 5.1%.

Total output growth has been driven primarily by a large increase in output from services. Since 1995, GVA from services increased at an average annual rate of growth of 6.6%. This is in contrast to industry, which has seen an overall decline since 1995 of 0.8% per year. However, in recent years the industrial decline has reduced and is now going through a period of growth, increasing by 1.1% between 2003 and 2004 (figure 13.2). The estimated GVA from services in 2004 stands at £4.6bn, accounting for almost 2 thirds of total output, compared to just under £2.6bn in 1995 and just over half of the total output. Agriculture accounts for just £4million (0.1%) of total output between the two local authorities, though this is not surprising as both local authorities are densely populated urban locations.

[2] ONS Regional Accounts

Figure 13.2: GVA growth across major sectors in Walsall and Wolverhampton



Source: ONS Regional Accounts, 2005

Productivity

Average labour productivity can be broadly measured using GVA per employee. Regional growth over the last ten years started off faster than that of Walsall and Wolverhampton, but latest estimates for GVA per employee suggest that the two local authorities are now growing faster compared to the region as a whole. Estimates show that GVA per employee in Walsall and Wolverhampton was £35,400 in 2005, a growth of 10% since 2003 when GVA per employee stood at £32,100. This compares to 8.9% growth regionally, suggesting that Walsall and Wolverhampton, while lower than regional averages are catching up with the rest of the region. The two boroughs are now only 1% behind the regional average and could move above average in coming years if the recent trend continues.

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. Again, data is only available for Wolverhampton and Walsall together. For 2005, GVA per filled job was around £31,900 - approximately 1.5% above the regional average of £31,500. This represents an improvement in relative performance since 2001, when GVA per filled job for Wolverhampton and Walsall was approximately 2.5% 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 an 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 Wolverhampton and Walsall's case, their relatively poor GVA per head in 2005, some 5% below the regional average, is not attributable to productivity (per filled job) which, as noted above, had moved slightly above the regional average. In addition, commuting flows into and out of the combined Wolverhampton and Walsall area are evenly balanced, and so have little impact on GVA per head. However, Wolverhampton and Walsall's activity rate and employment rate are the second lowest within the region, with only Birmingham having lower rates, and these have a significant negative impact on relative GVA per head.

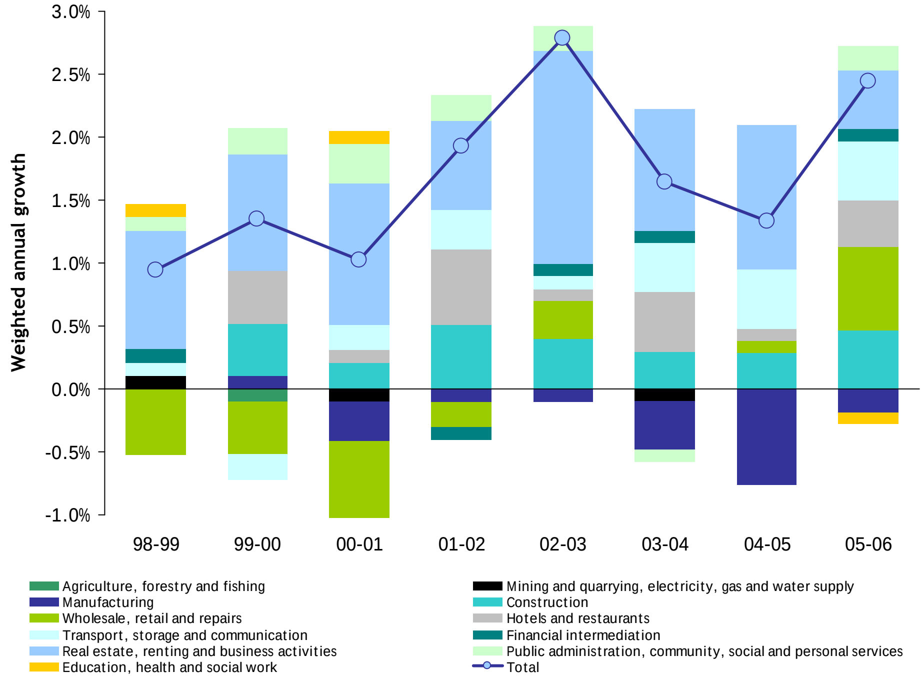
Enterprise

Enterprise, as measured by the number of new VAT registrations per 10,000 of the working age population is lower in Wolverhampton than the regional average. In 2005 Wolverhampton was just 27 per 10,000, compared to 34 per 10,000 regionally. This gap decreased in 2006 with Wolverhampton at 29 per 10,000 compared to 34.3 for the region[3].

The total stock of businesses in Wolverhampton has grown by 14% between 1998 and 2006, with growth in real estate and business services contributing over half of that growth with significant growth in both construction, transport and hotels & restaurants. Figure 13.3 shows the contributions of each of the broad sectors to total growth in business stock. In most years the principal sector of growth has been real estate and business services, while transport, retail and construction account for nearly half the growth between 2005 and 2006. The real estate industry has seen continuous growth since 1995. This industry has gone from representing just 15.2% of all businesses in 1995 to representing 24% in 2006. A total of 585 new businesses have started in Wolverhampton in real estate.

[3] BERR Small Business Service Analytical Unit

Figure 13.3: Sector contributions to year on year growth in Wolverhampton business stock 1998 - 2006



Source: BERR Small Business Service Analytical Unit

The mix of business stock has changed significantly between 1995 and 2006. The manufacturing industry has decreased its citywide business representation by 25% over this period. The industry now only represents 14.7% of all businesses in the city, down from 19.2% in 1995.

The retail and wholesale industry has also decreased between 1995 and 2006. A loss of over 150 businesses over this period has seen the industry reduce by over 20%. This change has seen it drop from representing 35.8% of all businesses in 1995 to representing 28.6% of all businesses in 2006.

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.

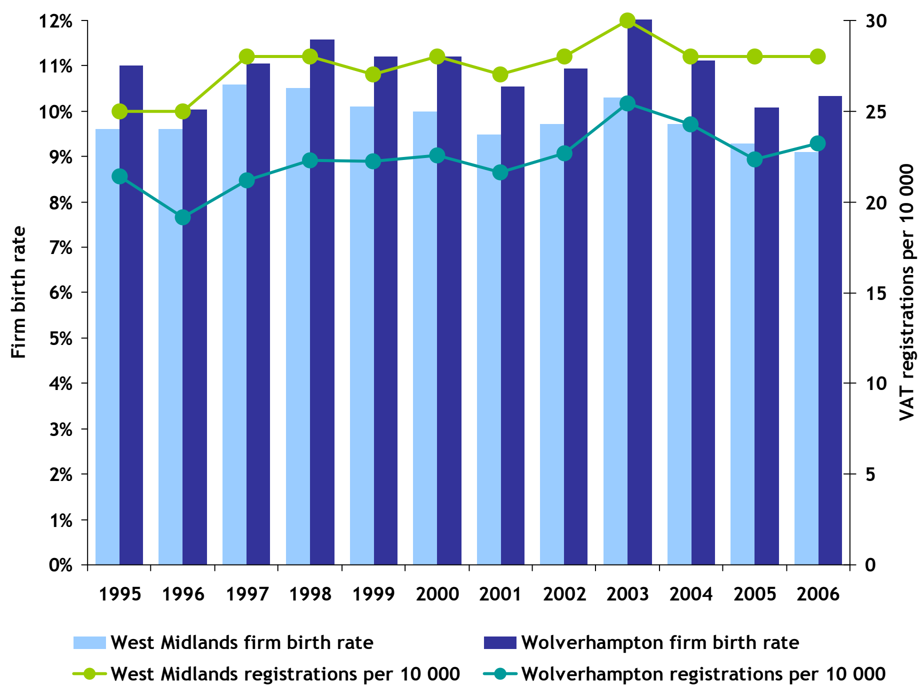
As a measure of business density, the number of businesses per 10,000 of the population provides a comparative indicator. Business density increased across the city from 194 firms per 10,000 in 1994 to 231 by 2006, nearly 80 per 10,000 lower than the regional average

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.

In Wolverhampton the number of VAT registrations in 2006 was 550, giving a registration rate[4] of 10%. This compares to the Regional average of 9.0% and the national average of 9.4%. However Wolverhampton also has a higher than average deregistration rate at 8.0% compared to the 7.4% Regional average. Since 1994 the rate of new VAT registration has averaged around 11%, compared to around a 10% rate for de-registrations. This positive net growth has resulted in total business stock increasing by 21%, from 4,685 in 1994 to nearly 5,500 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, than less densely populated rural areas. Figure 13.4 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 13.4: Comparison of business formation in Wolverhampton and the West Midlands region, 1995 to 2006



Source: BERR Small Business Service Analytical Unit

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

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 city 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 13.1 highlights the relative rate of enterprise Wolverhampton has against the region.

Area	1994	1998	2002	2006
West Midlands	100	100	100	100
Wolverhampton	105	98	96	99

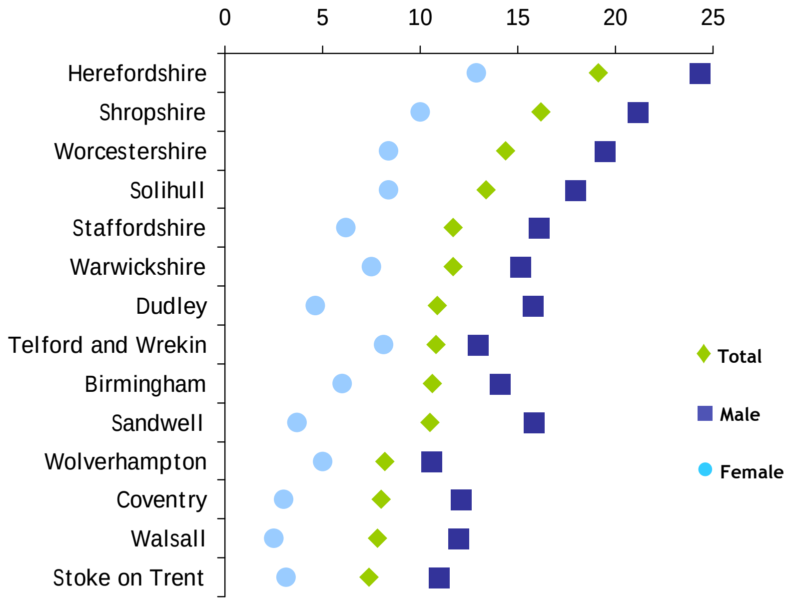
The changing distribution of firms' activities is impacting on the type of industrial and commercial office space required. Between 1998 and 2007 an additional 90,000m^2 was available for office use an increase of over 15%. Industrial floor-space fell by over 240,000 m^2, a fall of 12% across the city[5].

Business survival rates show the percentage of businesses that are still trading after a certain length of time. Three-year survival rates are around 57% for Wolverhampton businesses registered in 2002. This rate is much lower than for the West Midlands at 70.2% and the UK at 71.3%.[6] Indeed, the figure is the lowest in the country and represents a genuine concern for the future of the city's economy. However, some concerns have been raised about the accuracy of the data which could mean they will need to be revised in future.

Self employment rates in the city are among the lowest in the region; in 2006 just over 8% of the workforce was in self-employment compared to under 12% across the region as a whole. Figure 13.5 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 5%.

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

Figure 13.5: Self-employment rates, as percentages of all employed by gender and local authority area



Source: ONS Annual Population Survey, 2006

Knowledge economy

Since 2003 Wolverhampton has made significant steps forward in the percentage of employees working in knowledge intensive services[7], from being 5 percentage points below the regional average in 2003, to being in line with the regional average in 2006. The percent of people now working in knowledge intensive industries has reached 43.7% as of 2006, showing a rise to approximately 42,000 people, up 7000 from 2003 when just 35,000 were employed in these areas[8].

Wolverhampton has seen massive employment growth in the education industry and significant growth in those employed in the health industry over the 3-year period, though this is not reflected in the levels of business stock in these industries. This could be explained by the growth of the university, college and hospitals over this time with new building being added which would not be picked up on the number of businesses, but would have a significant impact on the number of people being employed at the sites.

[7] 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
[8] Analysis of data from ONS Annual Business Inquiry Employee Analysis

A number of new employment sites, detailed in the following section, will contribute to the development of the city's knowledge economy. Many of them are linked to the Wolverhampton-Telford High Technology Corridor, one of three in the region. These areas aim to consolidate and grow the existing base of technology-led enterprises, develop sites and infrastructure to benefit leading edge companies and attract new, high value added businesses through inward investment.

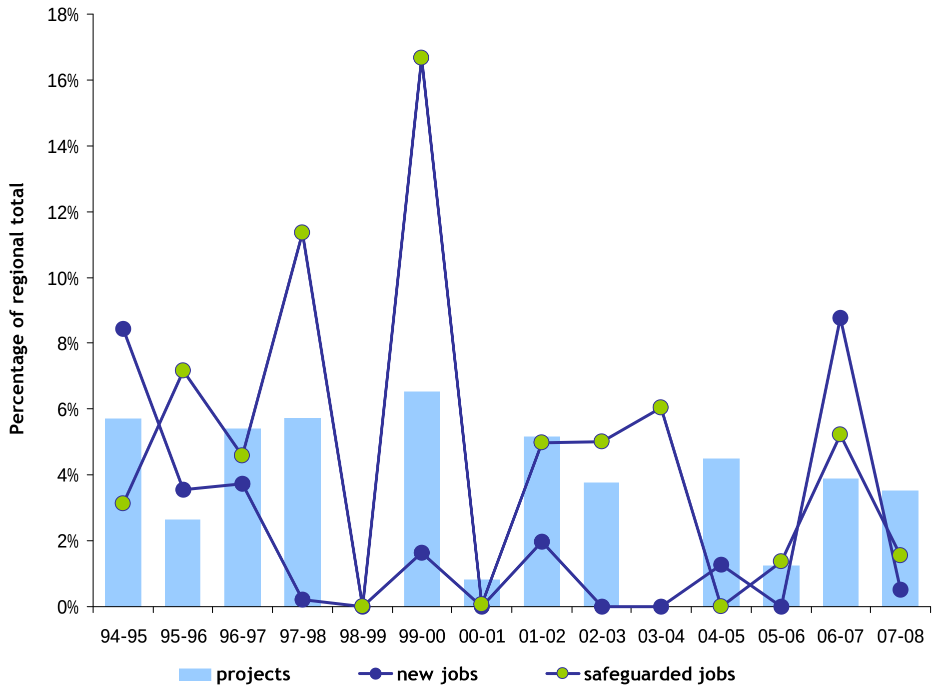
Investment

Around 20% of the companies in the city are foreign-owned, employing some 40% of the workforce. This reflects not only the strong overseas presence in the city with over 1,500 local business units but the larger size of these overseas owned companies.

Foreign Direct Investment Projects in Wolverhampton 1994-2008

Since 1994, Wolverhampton has attracted over 40 inward investment projects. During this time these overseas owned companies created over 1,300 new jobs and safeguarded almost 7,000 more. This amounts to 3.5% of all investments, 2% of new and 4.5% of safeguarded jobs in the Region (figure 13.6).

Figure 13.6: Inward Investment Projects and Jobs into Wolverhampton, 1994-2008



Source: Advantage West Midlands

Wolverhampton receives 22% of the investment projects into the Black Country, the least of the four authorities, but these projects have created or safeguarded around 8,300 jobs, reflecting slightly larger projects. Indeed Wolverhampton provides the second highest number of jobs per project in the Black Country with an average of over 200 jobs per project seen since 1994.

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

Well over half of all investment into Wolverhampton is made by the United States. France and Germany are next with seven investments each. The only other country to have made more than one investment into Wolverhampton is Canada.

Other investment

In the last five years, significant investment has been made in Wolverhampton, with the arrival of several large retailers. The opening of these and many other smaller retail outlets has resulted in the creation of over 1400 jobs within the city, the majority of which can be filled by low skilled staff with little experience.

The science park has continued to develop, creating a further 600 jobs over the same five year period. Approximately 250 of the jobs created are high tech, requiring experienced and highly skilled staff to fill the posts. It is important for Wolverhampton to create more of these jobs. This will ensure that as it raises the skill levels of its residents, there are jobs in the local area that they can enter. This will make people less inclined to move away after developing their skills levels.

Over the next five years, there is expected to be a significant level of investment. As the science park continues to develop, it is expected that a further 500 jobs will be created in this area. Developments are also scheduled to take place in the north of the city, with the i54 development bringing an expected 6000 additional high tech jobs to Wolverhampton, further catering to the needs of those developing their skills and looking to find suitable employment. i54 will have strong links with the aerospace industry, which already has a stronghold in the north of the city, looking to build upon previous success.

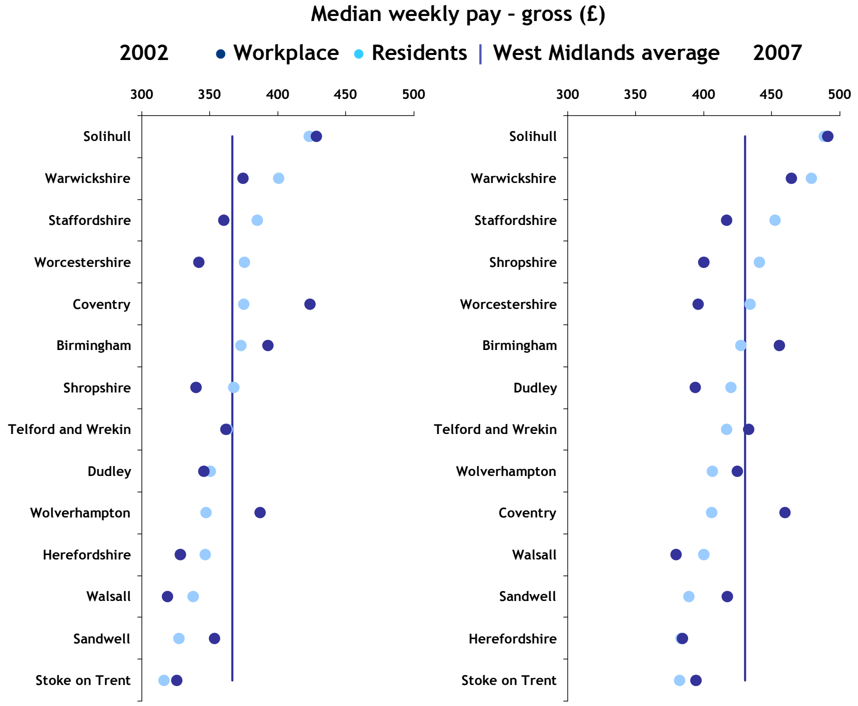
Work will soon begin on a large city centre based retail project called Summer Row. This £300 million project will involve the redevelopment of parts of the city centre, bringing a new look and feel to the city and attracting customers from further afield who may have previously overlooked Wolverhampton as a place to shop. It is expected that Summer Row will generate a further 2000 jobs for the city in a number of industry sectors, though mainly in retail.

Other large projects such as the development of the Interchange could bring up to 2100 jobs to the city, including 1100 office-based jobs. It is expected that all of the developments over the next five years will bring a total of over 13,000 jobs to the city, and the range of sectors included in this development should help to result in a growing economy with enough jobs for a majority of people of all levels of skill and ability to be able to find suitable employment.

Earnings and Income

Employees in Wolverhampton earn less than those regionally, though not significantly so. Average weekly pay was increasing steadily between 2003 and 2006, from £391 per week to £428 per week, but has fallen slightly in 2007 to £424 per week, although this may be due to sampling variation. This is higher than other Black Country authorities [9]. However, it does represent a fall relative to the regional average since 2002, when earnings in Wolverhampton were significantly higher than the regional average and behind only three other authorities.

Figure 11.6: Median weekly earnings by local authority area



Source: Annual Survey of Hours and Earnings

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[9] 2007 Annual Survey of Hours & Earnings, Office for National Statistics (ONS)

Figure 11.6 shows comparative workplace and residence-based earnings. Workplace-based earnings are higher than those for residents of the city in both years. The main reason for the gap is the relatively high number of people commuting into higher paid jobs in the city, whilst out-commuters tend to be in lower paid employment. The level of earnings of residents compared to the regional average has changed relatively little over the last five years.

It is also important to remember that figures based around earnings only take into account those who are in employment, and are not available on a “per household” level. Recent work carried out by consultants on behalf of Wolverhampton City Council suggest that almost 40% of households have an income below £10,000 and that only 3% of households earn over £50,000. These figures are much different to the published national statistics, which often mask the gravity of income related problems within the city by only using figures for those in employment.

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 Wolverhampton and Walsall are combined at NUTS 3 level, it is only possible to present combined results for the two authorities.

The provisional estimate for Wolverhampton and Walsall’s GDHI per head for 2006 was £11,152 which was approximately 11% below the regional average of £12,546 per head. However, the provisional data also suggests that the growth of Wolverhampton and Walsall’s GDHI per head between 2005 and 2006 was at around 3.2% somewhat higher than the corresponding regional growth rate of 3.0%. In index terms (where UK average GDHI per capita = 100), the index for Wolverhampton and Walsall in 2006 at 81 has declined significantly from an index value of 86 in 1995. Over the same period the index value for the West Midlands region declined marginally from 92 to 91. Hence Wolverhampton and Walsall’s relative level of GDHI per head has declined both against the UK average and against the West Midlands average.

4 Communities and Connections

Transport

Wolverhampton has a relatively low dependence on road transport compared to the rest of the region. Figures show that Wolverhampton has a lower level of vehicle kilometres per head travelled than other local authorities in the West Midlands. In 2002 there was an estimated 5,160 vehicle kilometres per head, just 58% of that of the regional level of 8,990. Between 2002 and 2006 the figure for Wolverhampton rose to 5,280 vehicle kilometres per head, an increase of just 2.4%. Over the same time period, the regional figure increased by 2.9%, resulting in Wolverhampton now standing at just 57% of the regional level[10].

This can be partly explained by the fact that only 55% of Wolverhampton's working residents drive to work by car, while another 13% use the city's bus services[11]. The proportion of people working from home, though comparatively low compared to the rest of the region, has more than doubled between 1991 and the 2001 census, now representing 7.5% of the total resident workforce. The proportion of those travelling to work on foot has decreased slightly from almost 12% down to 10%, though the proportion of cyclists has risen over this period. The introduction of the city's Metro service has also resulted in some residents travelling to work by light rail, though this is still only around 1.1%.

Over 20% of working residents travel less than 2km to work, and over 50% travelled less than 5km. This suggests that the majority of people remain in the city, or within the Black Country for employment. This may seem positive in relation to carbon emissions, however one of the major issues within the city is the congestion of the ring road, which can result in journeys taking much longer than would normally be expected for a short journey.

This however is alleviated somewhat by the city's ever growing bus network. A survey, last conducted in 2006[12], measured traffic entering and leaving the city centre during morning peak times of 7:30a.m and 9:30a.m. It found that since 1990, traffic levels entering the city centre had decreased by over 13% during peak hours. It also found that traffic levels had decreased during off peak periods, with a decrease in numbers of cars travelling through the city centre, and an increase in the number of buses.

[10] Department for Transport Road Traffic Statistics for Local Authorities
[11] Census data 2001
[12] Wolverhampton Cordon Report 2006

Housing

Housing affordability in Wolverhampton is below the regional figure. The lower quartile house price in the city is just under six and a quarter times the lower quartile income[13]. It is lower than in neighbouring areas such as Sandwell, Walsall and Birmingham. Only Stoke-on-Trent has a lower affordability index in the Region. Whilst property is slightly more affordable in Wolverhampton than the region as a whole, a large proportion of residents (and not just the lowest earners), find it difficult to get on the housing ladder.

Between 2002 and 2004, house price inflation in Wolverhampton was 60.4%, whilst in comparison average income increased by just 9% over the same period. This has put the hopes of owner-occupancy out of the reach of many first time buyers in the city. This is particularly true in the west of the city, in areas such as Tettenhall where house prices have greater buoyancy both in terms of those for sale and those for rent.

Another issue within the city is that some properties are in low demand due to their poor quality, and are in need of renewal. This also puts a further strain on affordable housing within the city, as properties that are occupied, but are in unpopular areas, will need their residents moving to other properties before any demolition and rebuilding can take place.

Between 2001 and 2005 there was a significant increase of those on the council's housing register. Figures leapt from just over 3000 to just below 7000 over this period. The council also conducts a regular council housing needs survey, which in 2004 revealed that 76% of concealed households within the city could not afford to buy even the cheapest 1 bedroom flat. Furthermore, 36% could not afford to rent a 1 bedroom flat.

With the capacity of existing stock, the 2004 survey estimated that an additional 524 units of affordable housing needed to be provided. This is an increase of 30% compared to numbers required in 2002. This would include 256 affordable homes for rent, and a further 200 homes with special adaptations for those with special needs.

Between 1991 and 2002 over 40% of housing was affordable housing in Wolverhampton. However, between 2001 and 2005 this figure had dropped significantly to just 18%, making it unlikely that the city will be able to cater for its affordable housing needs of the future without urgent interventions over the next few years.

Over the last 5 years there have been few major developments of housing sites in the city. Most notable are the Redrow site along the canal, which resulted in the production of 220 apartments, and the development of a former industrial site into a further 130 homes. A major factor that seems to be limiting development is the availability of land, and an overwhelming majority of developments in the future will need to be on previously developed land.

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

Despite these concerns, over the last six years Wolverhampton has met the cumulative target for new housing completions within the existing Regional Spatial Strategy, although it exceeded it by less than any other major urban authority. However, the supply of land committed for housing developments is higher than anywhere else in the region, over 12 years worth at current completion rates[14].

Over the next 5 years there are several major developments expected to contribute to housing growth. The Summer Row project mentioned before will bring 140 apartments to the city centre, while development of the Bilston Urban Village is likely to result in the development of over 1000 new homes. The former Goodyear site is now being converted into residential land with plans to build a further 650 homes on this site. In total, by 2012 it is expected that over 3800 homes will have been built.

Land Use

While there is a high demand for residential development within the city, it is highly unlikely that this will impact on the city's already limited green space. Wolverhampton currently has just over 28% of its area covered by greenspace and just over 30% covered by domestic gardens[15]. Wolverhampton is one of the only local authorities in the West Midlands where 100% of developments are taking place on previously developed land[16].

Limited land availability can lead to difficulties in determining future land use: whether land should be switched from industrial to residential use or vice versa. As the city looks to develop its economy and create new jobs for new and existing residents, it is important the right balance is met.

Connections

The 2001 census shows that over 22% of residents travelled more than 10km to get to work. Given the size of Wolverhampton, this suggests that the city has a relatively high percentage of outward commuters. Less than 2% of working residents in Wolverhampton travel more than 60km to work.

[14] Regional Spatial Strategy Annual Monitoring Report
[15] Land Use Statistics (Generalised Land Use Database), 2005
[16] Regional Housing Land Availability Survey, 2007

Data from ONS from 2005[17] shows that the workplace based workforce of Wolverhampton, when combined with Walsall, was almost equal to the residence based workforce. This indicates no net in-commute or out-commute of workers, though the data does not separate the two authorities.

More detailed data on commuting patterns is only available from the 2001 census. This showed that some 33,800 Wolverhampton residents are working in surrounding authorities. Of the outward commuters, the most significant groups are those working in Birmingham and the other Black Country authorities. These represent more than two thirds of the city's outward commuters with the largest number, around a quarter of the total, working in Walsall. This represents a much higher rate of out-commuting than for other major employment centres like Birmingham, Coventry and Stoke-on-Trent.

A total of 43,500 commuters entered Wolverhampton to work. Over 11,500 of these came from South Staffordshire, showing that the rural local authority provides over 10% of Wolverhampton's total workforce. Telford & Wrekin, Cannock Chase, Stafford and Bridgnorth all contribute significantly with over 1,000 residents commuting to Wolverhampton from each of the authorities. Residents of the other Black Country authorities also come to work in Wolverhampton, with a total of 18,100 employees working in the city between them. Almost 8,000 of these are from Dudley, while another 7,000 are from Walsall, counterbalancing the outward commuting that is taking place between Wolverhampton and these locations.

Very few people travel from further afield to work in Wolverhampton, with the majority of commuting occurring between Wolverhampton and those authorities having borders with the city. Those who do come to the city for work tend to be employed in higher professional occupations and managerial positions. Very few people migrate to Wolverhampton for manufacturing work or retail, though this is probably due to restrictive travelling costs and relative pay levels.

Environmental Resources

Wolverhampton is responsible for lower carbon emissions than most other parts of the region with only Birmingham and Dudley performing better. An average of 6.6 tonnes of CO_2 are emitted per person within the city, compared to a regional level of 7.4 tonnes per person[18].

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[17] Regional economic indicators, May 2008, with a focus on differences in sub-regional economic performances http://www.statistics.gov.uk/elmr/05_08/
[18] Per capita reduction in of Co2 emissions in the LA area, 2005 - www.defra.gov.uk/environment/statistics/globatmos/galocalghg.htm

Domestic emissions represent 35% of all emissions in Wolverhampton. Whilst this is higher than the regional average, domestic emissions per head are still below average. Just 19% of the city's CO_2 emissions are from transport compared to 25% regionally. Industrial and commercial emissions represent 46% of all emissions in the city compared to 42% regionally[19]. The low level of emissions from transport reflects the well-developed public transport infrastructure within the city, shorter journeys being made by those travelling to work and the absence of through traffic experienced by many other authorities in the region – Wolverhampton is the only strategic local authority with no motorways within its boundaries.

A number of measures are in place throughout Wolverhampton to improve energy efficiency in domestic properties, though many of these are concentrated in deprived areas of the city. The Warm Zone project operating in the All Saints and Blakenhall Community Development (ABCD) area of the city has increased the SAP rating (the Government's recommended system for energy rating of dwellings) of properties through the installation of heating and insulation measures. In the last 2 years the number of properties achieving a SAP rating of 65 and above has risen from 13% to over 23%, resulting in significant CO_2 emission reductions.

In the same area, properties with a SAP rating below 35 have decreased a further 1.5% points over the same period, now standing at just 5.4%. Several initiatives are in place to help reduce fuel poverty across the city, and in doing so reduce CO_2 emissions at the same time.

In 2006-07, Wolverhampton Council handled 147,000 tonnes of municipal waste, the vast majority of it household waste[20]. Of this, 21% was recycled or composted, below the regional average of 28%. Use of landfill was limited at around 17%, one of the lowest figures in the region, with the majority of waste (62%) being incinerated. No recent data is available about other forms of waste in the city.

Deprivation

In the 2007 index of multiple deprivation, Wolverhampton is ranked the 4th most deprived authority in the region, behind only Birmingham, Stoke-on-Trent and Sandwell. Nationally, Wolverhampton is the 28th most deprived local authority, having slipped 7 places from 35th in 2004. It is difficult to tell whether this is because the city itself has actually got worse, or because other local authorities are improving at a faster rate than Wolverhampton.

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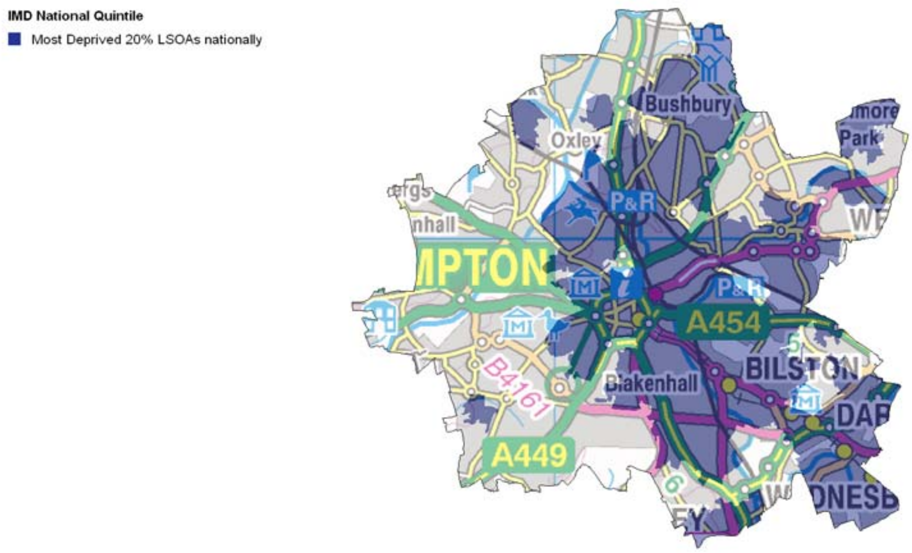
[19] Per capita reduction in of Co2 emissions in the LA area, 2005 - www.defra.gov.uk/environment/statistics/globatmos/galocalghg.htm

[20] Defra, Municipal Waste Statistics 2007 - http://www.defra.gov.uk/environment/statistics/wastats/archive/mwb200607a.xls

In 2007 the city had 77 LSOAs in the 20% most deprived in England, an increase of 2 LSOAs from the 2004 index. This represents just under half of areas in the city. Of these, 37 are in the 10% most deprived in England (23%), 15 are in the 5% most deprived, and 2 are in the 1% most deprived (figure 13.7).

Figure 13.7: Index of Multiple Deprivation rankings across Wolverhampton



Source: IMD 2007

The city's performance is relatively consistent across most of the domains of the Indices of Deprivation. Over half of the city is in the most deprived fifth of England on the employment domain, the highest proportion for any of the domains. Just under half are at the same level for the income, health and skills domains. The city fairs slightly better on other domains, and substantially better on the Barriers to Housing and Services domain, where only 6 LSOAs were in the most deprived 20% of the country.

Compared with the 2004 Indices of Deprivation, the city has improved its relative performance on the income domain, particularly at the most extreme end of the scale, but worsened on the employment domain. There was also a relative improvement on the Education, Skills and Training domain, the worst in the 2004 version. Health also saw an improvement, whilst the opposite was true of the Living Environment domain.

Environment and Culture

Street and environmental cleanliness in Wolverhampton is slightly better than the regional average. In 2006/7, 11% of locations sampled had unacceptable levels of litter and detritus. This was a significant improvement compared with a year earlier, when 23% of locations were unacceptable[21]. The regional figure was 16.7%

Wolverhampton has a range of museums, galleries and arts centres, although these support a relatively local audience and the city has limited cultural resources to draw in visitors from further afield. There are 374 listed buildings, 4 scheduled monuments, 2 registered parks and gardens and 30 conservation areas in the district, plus numerous voluntary and professional cultural groups.[22]

There are 382 hectares of nature reserve or nature conservation land, including 3 country parks in Wolverhampton. The general lack of greenspace in the city obviously limits the development of other natural environment resources of this kind. Nevertheless, plans to further develop the Black Country as an Urban Park will increase the amount of greenspace in the city and enhance the local environment.

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[21] BVPI 199 data
[22] Wolverhampton Cultural Strategy 2006

5 The people of Wolverhampton

Demographics

The 2001 census figures show that the population of Wolverhampton fell by 4% between 1991 census the 2001 census. This amounts to a decrease of 10,500 people over the 10-year period from 248,500 in 1991 to 238,000 in 2001. The mid-year population estimate released in 2006 by the Office for National Statistics shows the population of Wolverhampton standing at 236,600.

The population of Wolverhampton has aged since 1991 but not significantly, though the city does have a larger proportion of people in older age groups than the regional average. 60.9% of the population are of working age, less than half a percent lower than the Regional average (61.2%). However, more than one in five people are over the age of sixty, and one in eight people are over the age of seventy.

Wolverhampton is an ethnically diverse City. Latest estimates from ONS show that 73.7% of people are from the White British ethnic group[23]. This compares to a regional average of 84.1%. The city also has the highest proportion of Indian people in the West Midlands. The current figure of 12% is more than three times the regional average.

While the majority of Wolverhampton's residents are of Christian faith this figure is lower than the regional average of 72%. It is also significant that Sikhs account for 7.6% of the city's population[24]. This is the highest proportion of Sikhs in the West Midlands, but even more significantly it is the 4th highest proportion in the entire country.

Measured by National Insurance Registrations, migrant workers represent 2% of the City's workforce population with an overwhelming majority of migrants finding employment. Whilst Poles represent the largest group of new migrants in recent years at 30%, this is a lower proportion than in most other places. The second largest group is Indians, who form around 20% of migrants, higher than elsewhere in the region. In October 2007, there were 815 asylum seekers in receipt of accommodation and support in the City and a further 167 failed asylum seekers. This is broadly consistent with the numbers over the past eighteen months[25].

[23] Source: ONS 2005 mid-year population estimates (experimental)
[24] Source: 2001 Census
[25] Source: The Wolverhampton Story 2008

The population in Wolverhampton is expected to decrease slightly (by 1.2%) over the next 20 years[26]. This shows a decrease of approximately 2,800 people over this time period. It is likely, with the major developments going on within the city, that it will become a more attractive place to live over the next 3 – 5 years, and this may increase migration to the city, and retention of people already residing within the city. However, it will be imperative that the city develops in a manner which can accommodate such an increase in population size.

Worklessness

Wolverhampton has one of the highest levels of worklessness in the Region. 18.6% of the working age population are currently in receipt of out of work benefits, a figure higher than the Regional average (13.4%)[27]. Only Stoke-on-Trent had a higher proportion of people on benefits, although Birmingham's share was almost identical.

It is difficult to specify a group that are causing this figure to be high, as for every category of claimant the figures are above the Regional average. Two groups that stand out however are lone parents, of which Wolverhampton has the second highest percentage in the Region at 3.5%, and incapacity benefit claimants, of which Wolverhampton also has the third highest percentage in the Region, only behind Stoke on Trent and Sandwell at 9.2%.

A high concentration of benefit claimants spans the majority of the city, though they are less concentrated in the western wards. Forty-three of the city's LSOAs have more than one in four of the working age population in receipt of benefits. The majority of worst performing LSOAs are in Bilston, Blakenhall and other deprived areas though two of them are also in Tettenhall, the city's most affluent area. Some of these LSOAs have over 40% of their working age population in receipt of benefits.

Overall, only 68.7% of the working age population are in employment compared to the Regional average of 72.9%[28]. 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. On this measure, Wolverhampton performs better than Birmingham, Walsall or Sandwell, suggesting a relatively lower proportion of people are economically inactive than in those authorities.

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[26] ONS population projections, 2006 - 2026
[27] Source: DWP working age client group benefits, ONS mid-year population estimates, August 2006 – May 2007
[28] ONS Annual Population Survey 2006

Skills

Skill levels, as measured by qualifications, in Wolverhampton are lower than the Regional average. The gap with the Regional average has also been increasing, as the number of working age residents in Wolverhampton with achievement at all levels has started to decrease, against the trend of the Region.

Over 25% of those of working age have no qualifications at all, a percentage that has been increasing since 2001. Less than half of the city's working age group have attained NVQ level two or above (5 good GCSEs), one of the lowest figures in the Region. Fewer than one in three have completed NVQ level three (A-Level equivalent) and fewer than one in five have completed NVQ level four (degree or equivalent).

These figures, while significantly low compared to Regional averages, do reflect the working history of the city, whereby the majority of Wolverhampton's jobs were available in manufacturing industries, which required few or no qualifications. As the manufacturing industries have started to decline in the city, it is expected that the new wave of industry and knowledge intensive sectors will help to attract a higher skilled workforce to the city.

It is also noteworthy that Wolverhampton's schools are performing much better than would be expected when looking at working age skill levels. One of the likely reasons for this not being reflected in an overall skills improvement is that Wolverhampton seems to have a poor retention for its skilled workers. Wolverhampton University is also highly popular with foreign students, many of whom return to their country of origin upon completion of their courses. Until a greater number of higher skilled jobs are made available in the city, post-graduates and other skilled workers will continue to venture into other parts of the Region and country.

Health

The health and well-being of the City is an area in need of improvement. Wolverhampton is a Health Spearhead authority because life expectancy is in the bottom 20% nationally. Life expectancy for women has not improved for 3 years. Mortality rates are the second worst in the region, after Sandwell, with nearly 80 more deaths for every 100,000 people. Nearly eight out of every thousand babies in the City dies before they are one-year old. However, there is a four-fold variation across the City. Most of our health problems are related to poor lifestyle choices. Smoking causes over 450 deaths per year. It is the direct cause of the very high infant death rate in the city and also the high rates of heart disease and stroke.

Variations in health experience in the city are strongly linked to socio-economic factors, which are closely linked to lifestyle choice. Nearly 20% of females will conceive before they are 18 years of age. 10% of children aged 11 years are obese. Take-up of sporting activities amongst both young people and adults remains low compared to the regional average.

Wolverhampton has the highest rate of problematic drug users across the West Midlands at 2,929 (a third of whom are aged 15 to 24) and the 18th highest in England. Drugs use amongst 15 to 24 year olds is the highest in the West Midlands. Wolverhamton also has the highest prevalence of crack cocaine use across the region. Drugs Services are well integrated with the criminal justice system, with over half of drug service users coming from CJS referrals, compared with one third nationally.

Alcohol is a significant health issue in Wolverhampton with high rates of deaths due to alcoholic liver disease. There are widespread concerns regarding the prevalence of alcohol-related crime, particularly violent crime in relation to domestic violence and the night time economy. An Alcohol Action Plan is being developed to address both health and crime issues.

Crime

Crime in Wolverhampton can be split into 2 main categories, as crime against the resident population and as crime against the city's businesses. Overall recorded crime in the city has dropped by a quarter between 2001 and 2006. This is a greater fall than the region as a whole and, whilst the city's crime rate is still above the regional average, it is now lower than other similar cities. Over the same period, the city has seen a 6% reduction in violent crime, against the regional trend. Criminal damage and theft of, or from, a motor vehicle have also declined significantly faster than the regional average.

In the latest years the worst performing neighbourhoods having made the greatest levels of improvement. This shows that the gap between worst performing neighbourhoods and the rest of the city, while still significant, is decreasing.

As well as actual crime, it is also important to consider the perception of crime, as this can play a key role when trying to attract residents and businesses to a particular area. The percentage of people who were satisfied with crime levels in the area they live rose between 2005 and 2008 from 80% to 85%. With businesses however there is still a high level of perceived threat from crime. This however relates to the fact that over a third of the businesses in Wolverhampton are likely to have been subject to some form of crime over the last 12 months, and this rises to over half of businesses when looking at medium to large enterprises.

Efforts are being made to reduce the number of offences committed as a result of the night-time economy, as this seems to be having a particularly detrimental effect on the city centre.

Wolverhampton City Council and a number of partner organisations, including the police, have recently undertaken work to provide a unique insight into levels of business crime in the city, with volumes of crime, types of crimes affecting businesses, and several other factors now being quantified.

Between January 2004 and January 2008, 23% of all crimes in Wolverhampton were crimes against businesses. The vast majority of these crimes were shoplifting and burglary, representing 50% of all business crimes occurring in the city. Criminal damage represented 13% of business crime, with arson representing just 1%.

There are 3 concentrations of business crime in Wolverhampton. The first is in the city centre, where shoplifting is the prominent crime type, mostly due to the fact that this is also the area with the highest concentration of retail outlets in the city. The second area is Bilston town centre, where again the high street has a high concentration of retail outlets, and Wednesfield for similar reasons.

Interestingly, there is a series of crime hotspots along the A449 road heading north out of the city. It is likely that the offenders involved in these crimes are using the A-road as a quick and easy escape route.

Anti-social behaviour is now perceived as being a major issue within Wolverhampton, with 57% of residents claiming it to be their greatest concern in the community. In 2007 in the eastern part of the city, known as the G1 policing area, there were over 8000 incidents of anti-social behaviour, though this is lower than it has been in previous years.

6 Conclusion

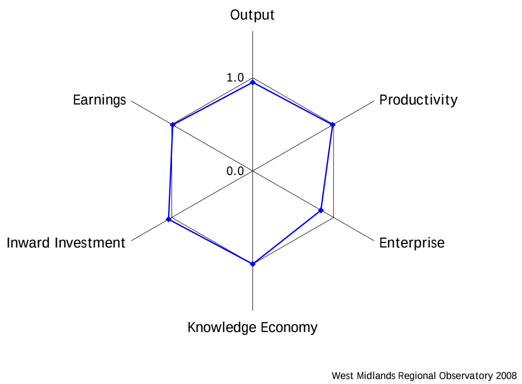
This local area profile forms part of the Regional Integrated Economic Assessment (RIEA). The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. The RIEA constitutes an important **first step** in the longer term iterative development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

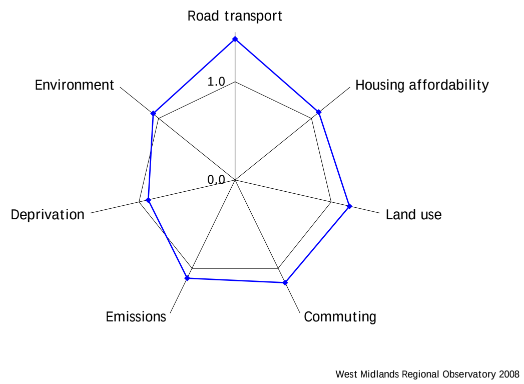
Key business indicators for Wolverhampton



- GVA per head in Wolverhampton and Walsall is estimated to be £15,031 in 2005, up from £14,423 in 2004, an increase of 4.2%;
- Estimates show that GVA per employee in Wolverhampton and Walsall was £35,233 in 2005.
- Enterprise, as measured by the number of new VAT registrations per 10,000 of the working age population, is lower in Wolverhampton than the regional average at 29 per 10,000 in 2006 compared to 34.3 for the region.
- The percent of people now working in knowledge intensive industries has reached 44% as of 2006.
- Foreign-owned firms accounted for 43.2% of employment in Wolverhampton, compared to 41.5% regionally.
- Median weekly pay was £425 in 2007, compared to £430 for the region as a whole.

Communities & Connections

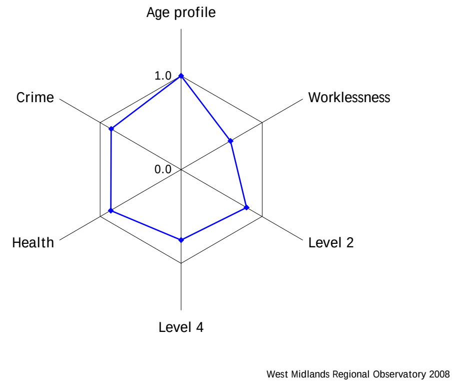
Key place indicators for Wolverhampton



- Wolverhampton has a lower level of vehicle km per head travelled (5,280 vehicle km per head) than other local authorities in the West Midlands;
- The lower quartile house price in the city is just under six and a quarter times the lower quartile income;
- Wolverhampton is one of the only local authorities in the West Midlands where 100% of developments are taking place on previously developed land;
- Data from ONS from 2005 shows that the workplace based workforce of Walsall & Wolverhampton combined was 0.5% higher than the residence based workforce. This indicates a slight net in-commute of workers;
- An average of 6,600kg of CO_2 are emitted per person within the city, compared to a regional level of 7,400kg per person;
- In the 2007 index of multiple deprivation, Wolverhampton is ranked the 4th most deprived authority in the region. 37 of its LSOAs are in the 10% most deprived LSOAs in England.

The People of Wolverhampton

Key people indicators for Wolverhampton



- The population of Wolverhampton fell by 4% (or 10,500 people) between 1991 census the 2001 census. 60.9% of the population are of working age, less than half a percent lower than the Regional average (61.2%).
- Wolverhampton is an ethnically diverse City with 73.7% of people from the White British ethnic group compared to a regional average of 84.1%.
- Wolverhampton has one of the highest levels of worklessness in the Region. 18.6% of the working age population are currently in receipt of out of work benefits, a figure higher than the Regional average (13.4%).
- Skill levels in Wolverhampton are lower than the Regional average. Over 25% of working age population have no qualifications, while under 50% have NVQ level 2 or above.
- Life expectancy is in the bottom 20% nationally.
- Overall crime has dropped by 5% between 2005 and 2008, with the worst performing neighbourhoods having made the greatest levels of improvement.

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[29]. 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)

[29] 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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