Shropshire Economic Profile

Information, Intelligence and Insight, Shropshire Council

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Key Characteristics of the Shropshire Economy

- Shropshire is one of the most rural and sparsely populated local authorities in the country, with less than one person per hectare compared with more than four persons per hectare in England. This makes it more time-consuming for much of the population to travel to and from work and also makes the provision of physical and digital infrastructure to support economic growth more challenging.

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

- Like many rural areas, the population is ageing, with approaching one in four (23.3%) people aged 65 or over in 2015. Since 2011, the Shropshire population of traditional working age (16-64) has been in decline, and it now represents just 60% of the total population. This is exerting pressure on the labour market and will increasingly do so in the future as the population ages further.

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

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

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

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

- Key employment sectors include health, education, retail and manufacturing. Shropshire is under-represented in private sector services such as professional, scientific and technical and finance and insurance. The mix of sectors in Shropshire contributes to comparatively low workplace wages and to low levels of productivity (GVA generation).

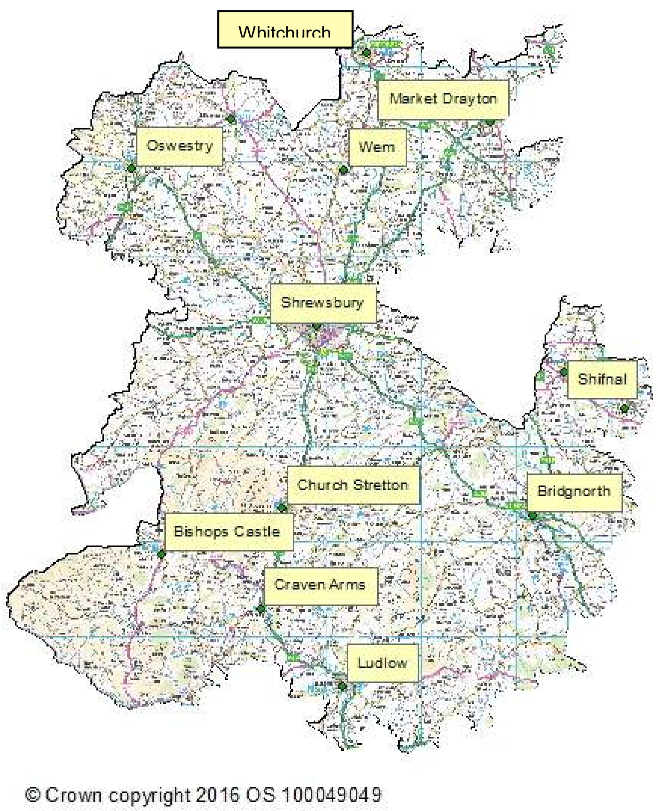
- Shropshire has more resident workers than it does jobs, and consequently net out-commuting is significant. However, in-commuting rose more rapidly than out-commuting in the decade to 2011. A tendency to out-commute is more prevalent amongst higher earners, and this factor contributes to the considerable differential between workplace and resident's earnings.

Context

Location

Shropshire is located in the centre of the country and is the second largest inland county behind Wiltshire. It has a population of 311,400 (2015 mid-year estimates) and is sparsely populated, with just under one person per hectare (0.97) compared with 4.1 in England. Around 35%[1] of the population live in villages, hamlets or dwellings dispersed throughout the countryside. The remainder live in either the county town of Shrewsbury or one of the other 17 market towns/key service centres.

Figure 1: Location of Shropshire



Deprivation

Shropshire is a comparatively affluent county, with low levels of unemployment, poverty and crime. However, there are pockets of deprivation, where people are more likely to lack qualifications, be unemployed and/or to claim benefits. According to the Indices of Multiple Deprivation[2] just under 5% of the Shropshire population live in the 20% most deprived areas of England. Five of the 10 most deprived LSOAs in Shropshire are in Shrewsbury, the remainder in Oswestry, Ludlow, Whitchurch and Market Drayton.

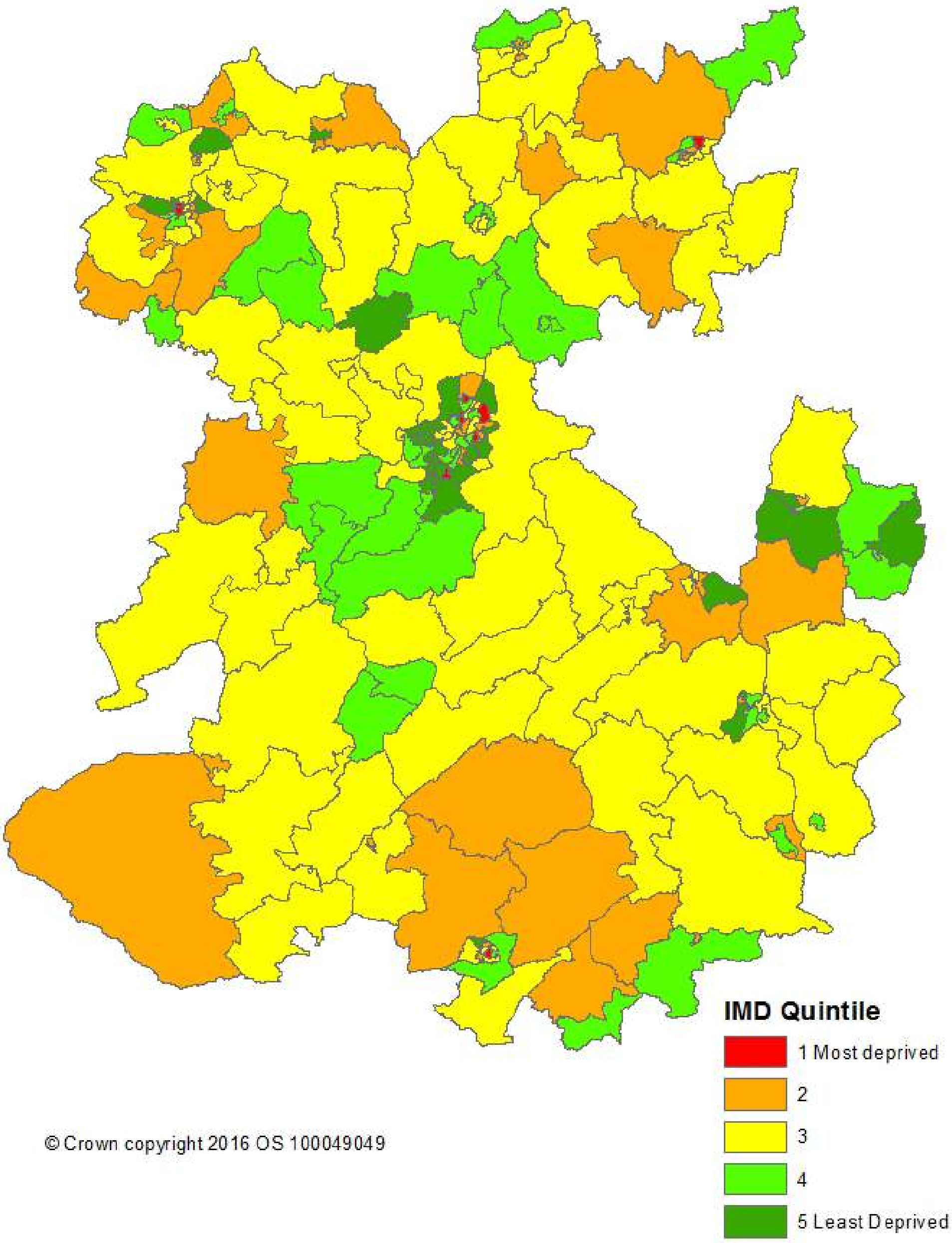
Just over half of the population (54%) live in the least deprived 50% of areas in the country.

[1] ONS Rural/Urban Classification

[2] The English Indices of Deprivation 2015 [IMD 2015] data is provided by the Department for Communities and Local Government (© Crown Copyright 2016). It provides an indication of deprivation at Lower Super Output Area [LSOA] level, a small area statistical geography.

It is important to note that the IMD measures concentrations of deprivation, and that not all people living in a deprived area will be deprived. Conversely, some deprived people will live in areas that are not considered to be deprived.

Figure 2: Levels of Deprivation in Shropshire



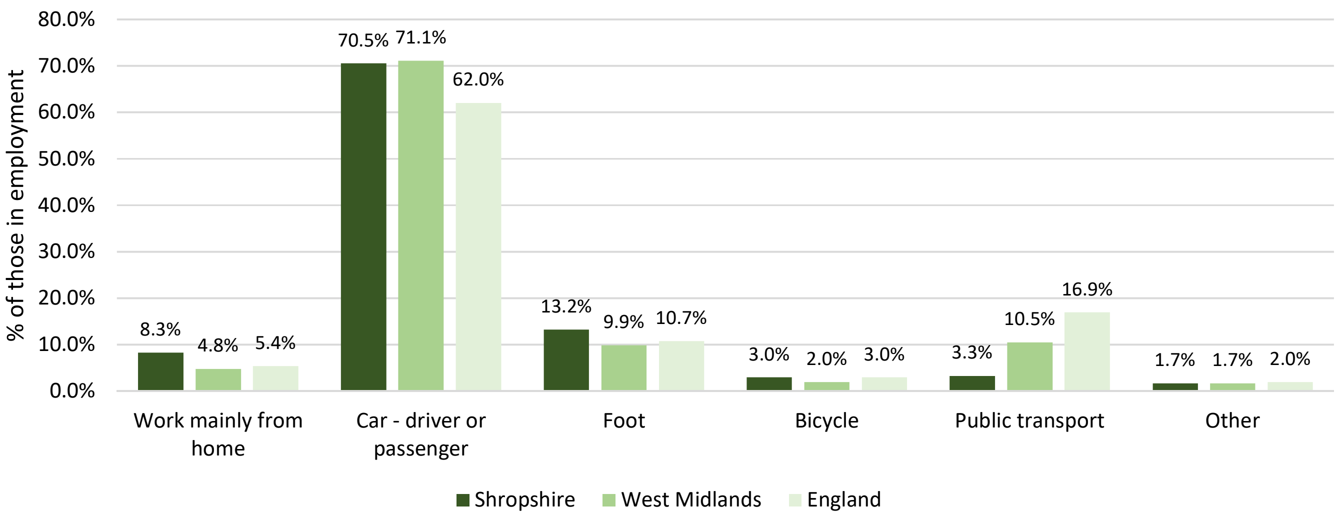
Source: IMD 2015, Department for Communities and Local Government, © Crown Copyright 2016.

Although less deprived than many other parts of the country, the rural nature of the County means that access to goods and services is challenging, especially outside the main towns. One of the sub-domains that make up the IMD - Geographical Barriers - which focuses on the travelling distances by road from selected facilities and services, shows that 65 (out of 193) LSOAs in Shropshire are ranked within the top 10% most deprived nationally. Around a third of the Shropshire population live in these LSOAs and consequently do not have easy access to facilities, services or employment.

Travelling to Work

Shropshire's rurality means that car dependency is high. Just 15.8% of households in Shropshire do not have a car[3] compared with just over a quarter of households (25.8%) nationally and just under a quarter (24.7%) in the West Midlands. There is also a high reliance on cars as the principal means of travelling to work. In 2011, 70.5% of those working used a car (either as a driver or passenger) as their principal means of travelling to work compared with 62% nationally. Far fewer workers in Shropshire use public transport – just 3.3% in 2011 compared with 16.9% nationally.

Figure 3: Main Means of Travelling to Work, 2011



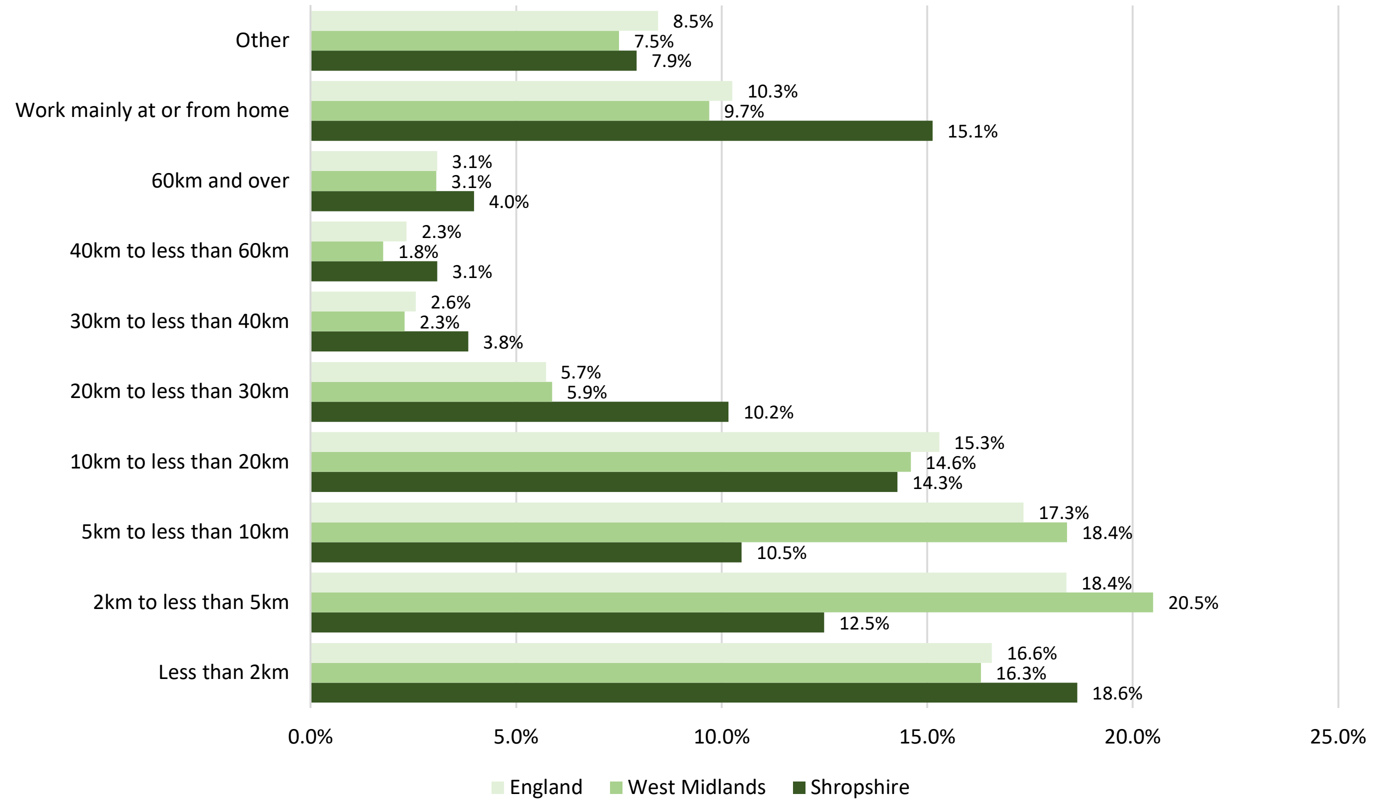
Source: ONS (2011), Census, Crown Copyright – 2016

The rural nature of the County also impacts on how far residents travel to work. High numbers work mainly from home, but proportionally higher numbers also travel considerable distances to get to their workplace. 21% of Shropshire workers travel 20km or more to get to work compared to 13% and 13.7% in the West Midlands and England respectively. The average commute for Shropshire residents was 18.7km in 2011 against an average of 14.1km in the West Midlands and 14.9km in England.

Note: The number of people working mainly from home is calculated differently for different Census tables. For figure 3, Census respondents were specifically asked how they travel to work, with working mainly from home one of the given options. The distance travelled to work did not constitute a specific Census question; instead ONS statisticians calculated the distance based on home postcode and workplace postcode. This means that the number and proportion of the population who are reported to work primarily from home do not always correlate.

[3] According to the 2011 Census

Figure 4: Average Distances Travelled to Work, 2011



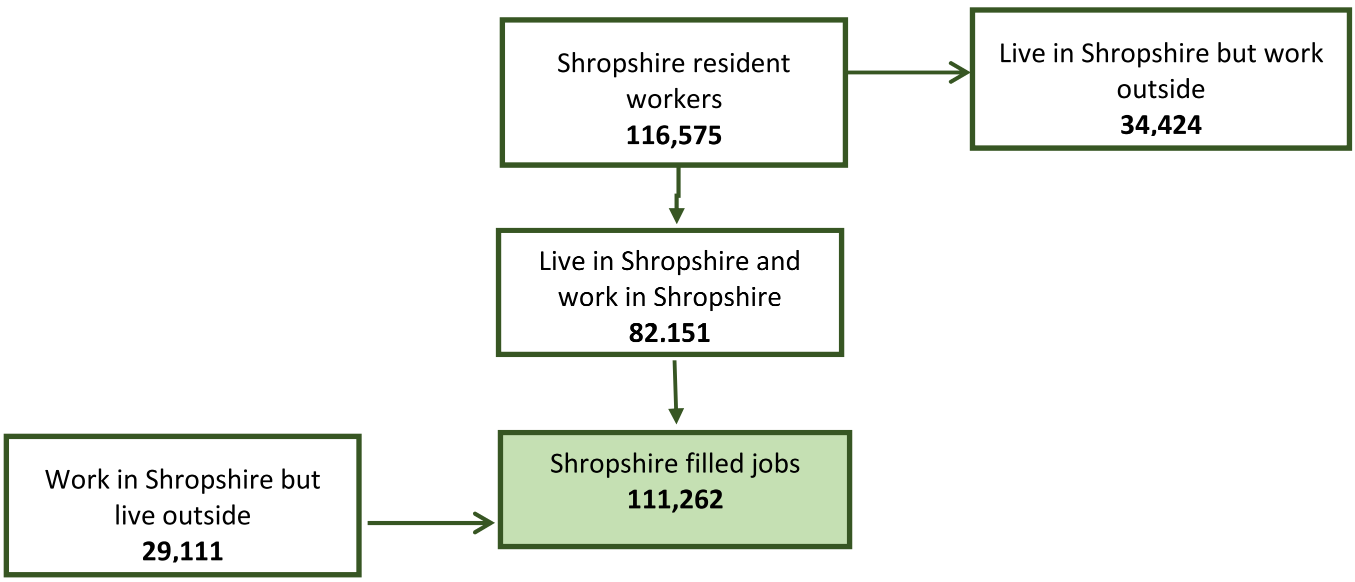
Source: ONS (2011), Census, Crown Copyright – 2016

Commuting Patterns

At the time of the 2011 Census, 111,262 people aged 16 and over had jobs in Shropshire; while 116,575 people aged 16 and over living in Shropshire were in employment. This means that the County has more workers than it has filled jobs, with net out-commuting standing at 5,313 in 2011.

Figure 5 provides a summary of the origin and destination of people living and working in Shropshire:

Figure 5: Commuter flows in Shropshire



Source: ONS (2011), Census, Crown Copyright – 2016

Levels of commuting have risen over the last two decades, with the number travelling into Shropshire to work rising by 16,181 people (+125%) between 1991 and 2011 to reach 29,111. The number commuting out of Shropshire has also risen, albeit less dramatically, from 23,710 people in 1991 to 34,424 people in 2011. This is the equivalent of an additional 10,714 in-commuters and constitutes growth of 45%. While out-commuting continues to surpass in-commuting, the gap has narrowed, with net commuting standing at -5,313 in 2011 compared with -10,780 in 1991.

Figure 6: Commuting in and out of Shropshire, 1991-2011

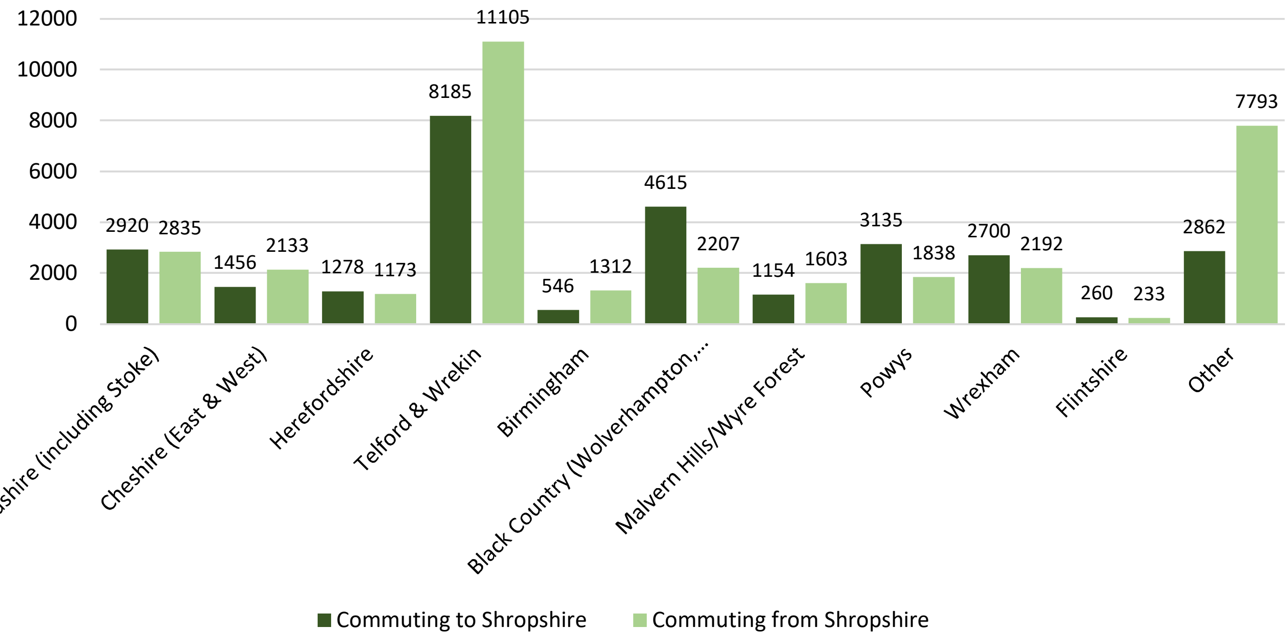
	1991	2001	2011	Change 1991-2011	% Change 1991-2011
In-Commuters	12,930	20,786	29,111	+16,181	+125.1%
Out-Commuters	23,710	33,011	34,424	+10,714	+45.2%
Net Commuting	*-10,780*	*-12,225*	*-5,313*	*-5,467*	*-50.7%*

Source: ONS (2011), Census, Crown Copyright – 2016

Figure 7 shows the main origins and destinations of cross-boundary commuting to and from Shropshire. The largest flows, both into and out of Shropshire, are with Telford and Wrekin, with 19,290 people commuting between the two Local Authorities at the time of the 2011 Census.

The top five District or Unitary Authority destinations for Shropshire residents commuting out of the County are Telford; Wolverhampton; Wrexham; Powys; and Birmingham. The top five District or Unitary Authority origins of workers commuting into Shropshire are Telford; Powys; Wrexham; Herefordshire; and Wolverhampton.

Figure 7: Cross-boundary commuting to and from Shropshire, 2011



Source: ONS (2011), Census, Crown Copyright – 2016

Self-Containment

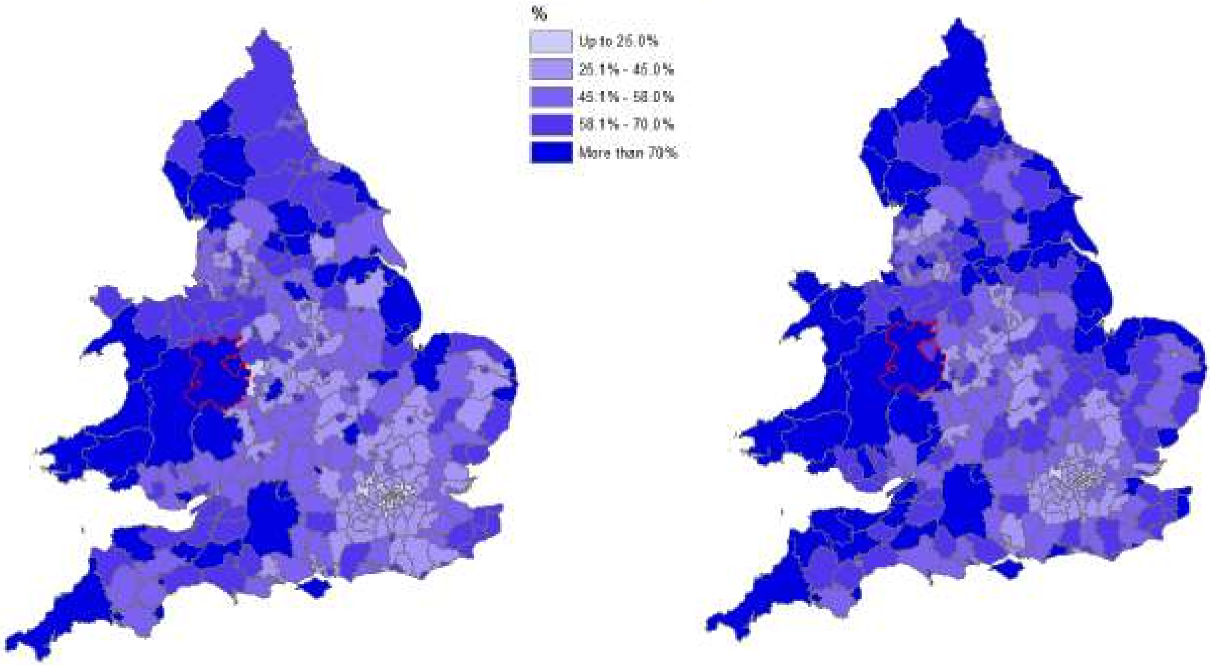
A significant proportion of people both live and are employed in Shropshire (82,151 people), which means that 70.5% of Shropshire residents work within the county (origin containment). There is also a high level of job containment in Shropshire, with 73.8% of employee jobs in Shropshire (destination containment) filled by people who also live there.

As illustrated in Figure 8, compared with much of England and Wales, this level of self-containment is high. Overall, Shropshire ranked 40th and 42nd out of 346 Unitary and District Authorities in terms of its level of destination and origin containment respectively in 2011.

Figure 8: Levels of Self-Containment across England and Wales

a) Destination Containment

b) Origin Containment

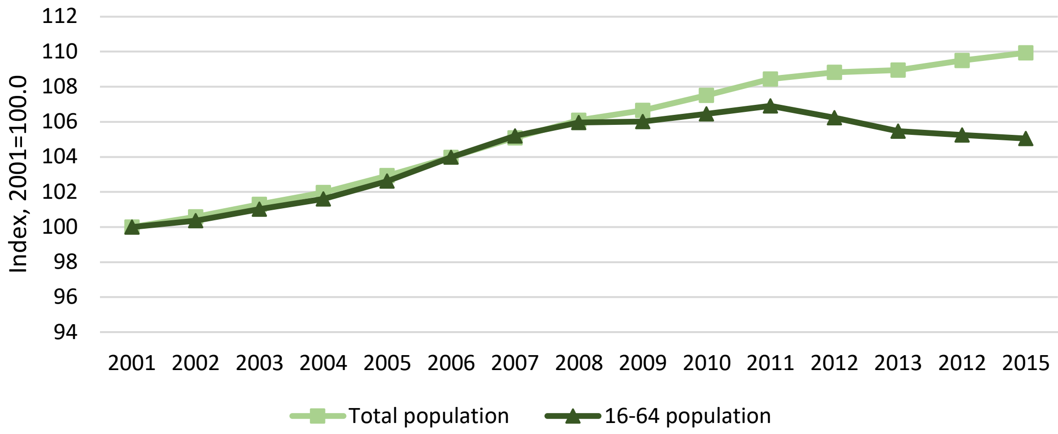


Source: ONS (2011), Census, Crown Copyright – 2016

Demographics

Shropshire's population expanded by 9.9% between 2001 and 2015 to 311,400, which equates to an additional 28,100 people. This represents marginally slower population growth than was recorded nationally (+10.2%). Over the same period, the population of traditional working age (16-64) registered significantly lower growth of 5.1% in Shropshire, with growth starting to fade away considerably from 2008 onwards. The demographic profile in Shropshire is becoming increasingly skewed towards the post-retirement age band, which is the primary factor propelling overall population growth.

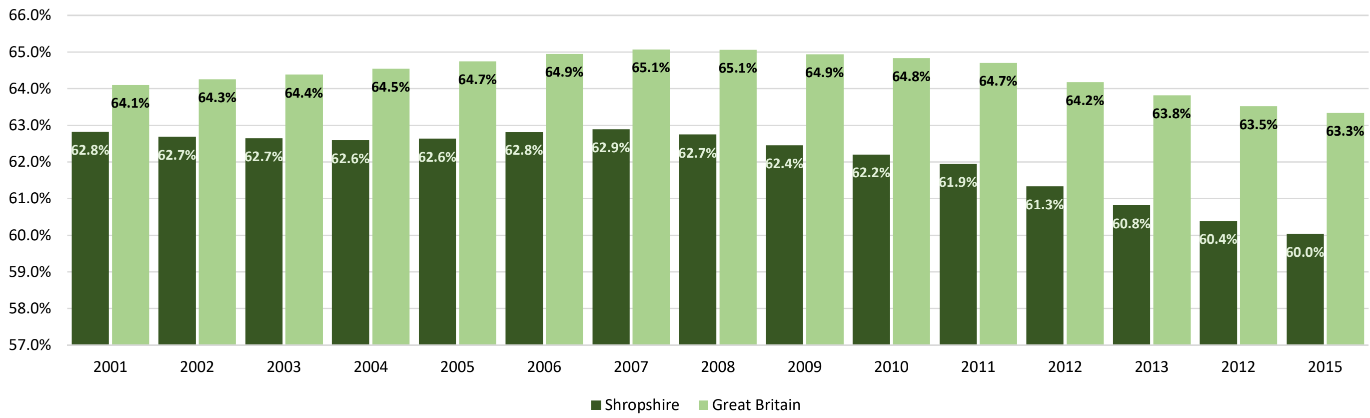
Figure 9: Population and Working Age Population Growth, 2001-2015



Source: ONS, 2015 Mid-Year Population Estimates © Crown Copyright, 2016

Since 2007, the percentage of the population attributable to those aged 16-64 has fallen from 62.9% to 60%, meaning that for every six people of traditional working age, there are now four who are either younger or older than the population segment that represents the core pool of labour for the county. This decline has also been in evidence nationally, although the decrease has been more gradual and the working age population accounts for a notably higher proportion of the total population than it does in Shropshire.

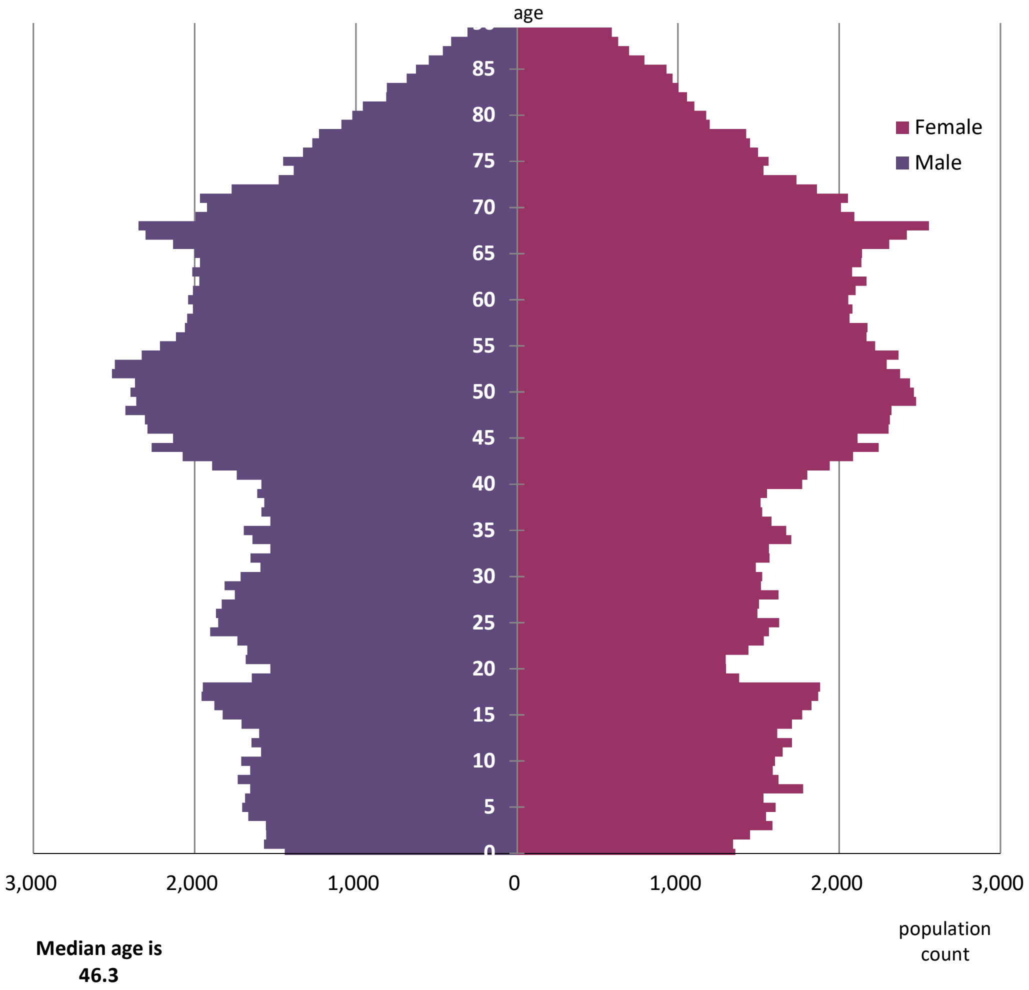
Figure 10: Working Age Population as Percentage of Total Population, 2001-2015



Source: ONS, 2015 Mid-Year Population Estimates © Crown Copyright, 2016

The following population pyramid shows the age distribution of the Shropshire population. The median age is 46.3 years, which compares with the national average of 40 years. The population is ageing across the country, but this has been particularly acute in Shropshire. Growth in the number of people aged 65 and over in Shropshire has risen more than four times as rapidly as the population as a whole (+41.6%) since 2001. This is the equivalent of an additional 21,400 people in this age bracket. As a consequence, by 2015, 23.3% of the Shropshire population was aged 65 and above, compared with 18.1% in 2001. Nationally, the 65+ age band has grown by 23.7% since 2001 and now accounts for 17.9% of the population.

Figure 11: Population Pyramid for Shropshire: 2015 Mid-year



Source: ONS, 2015 Mid-Year Population Estimates © Crown Copyright, 2016

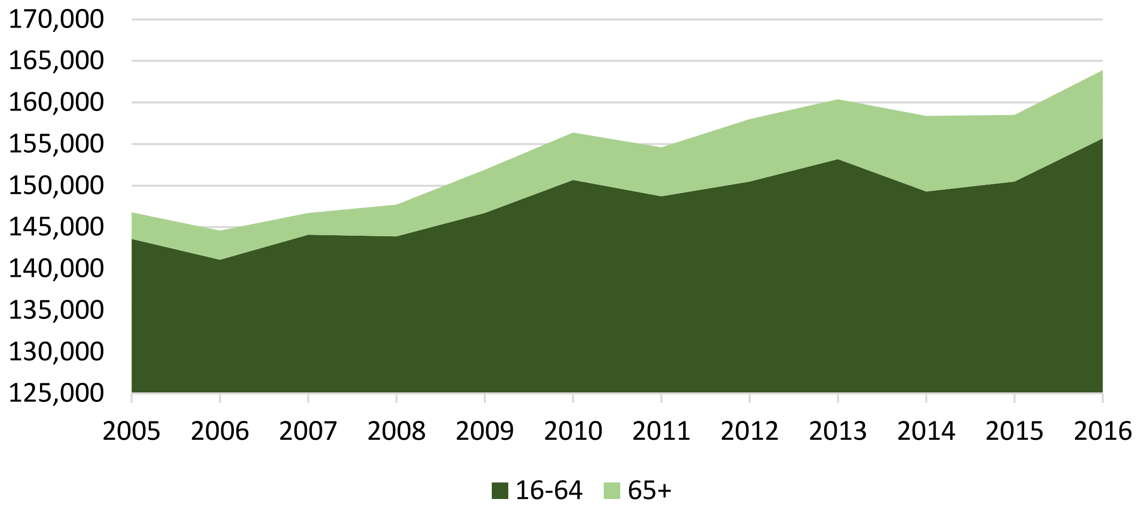
Labour Force, Employment and Unemployment

Economic Activity

According to the Annual Population Survey, there were 163,900 economically active people[4] in Shropshire in 2016, which is the equivalent of 65% of the population aged 16 and over. The number of economically active people has risen steadily over the last decade, and there are now 17,100 more residents who participate in the labour market than there were in 2005. This equates with growth of 11.6%.

The following chart illustrates the development of Shropshire's labour supply since 2005. It is evident that an increasing proportion of the labour force are aged 65 and above. In 2005, there were 3,200 people in this age bracket who were economically active – by 2016, this figure had risen to 8,200 and as a consequence, the share of the labour force held by those aged 65 or older has risen from 2.2% of the total to 5%.

Figure 12: Development of the Shropshire Labour Force, 2005-2016

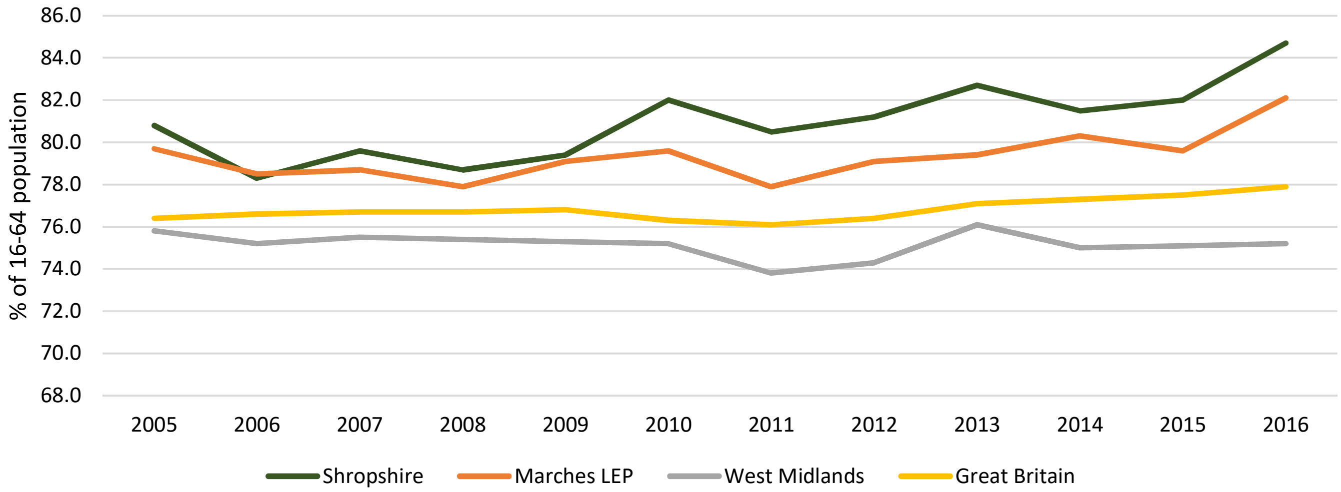


Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016
Note: Year ending June

The rate of labour market participation is high in Shropshire, especially amongst those of traditional working age (16-64), and since 2006 has exceeded the national and regional rates in each year. By 2016, 84.7% of those aged 16-64 in Shropshire were economically active – significantly higher than the national and regional figures of 77.9% and 75.2% respectively.

[4] The labour force/those who are considered to be economically active comprises those that are in employment and those who are unemployed, but who are seeking work and who are available to start work

Figure 13: Economic Activity Rates in Shropshire, Population Aged 16-64, 2005-2016

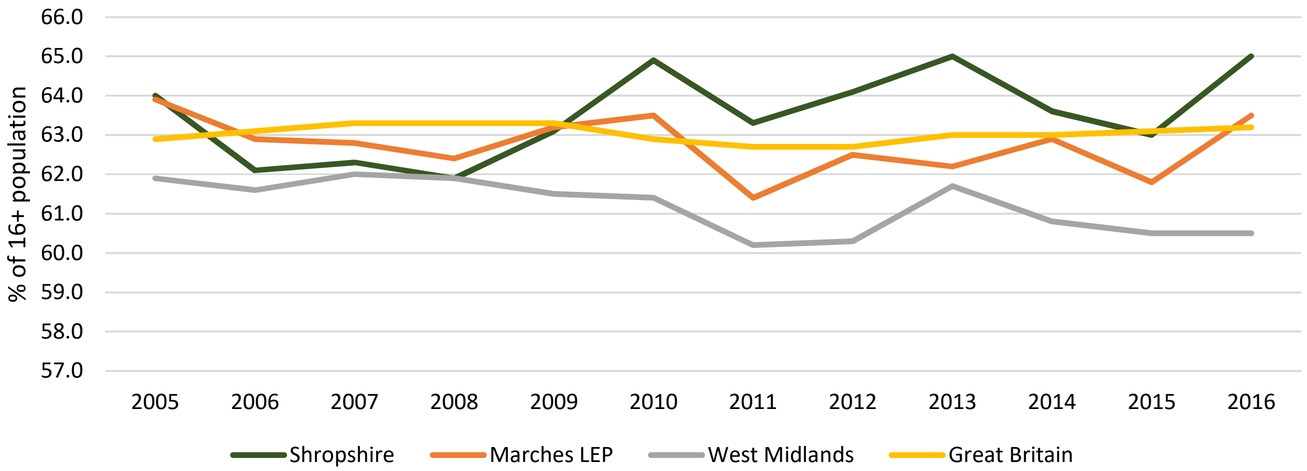


Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

Note: Year ending June

When the total labour force is taken into consideration (that is everybody aged 16 and above), the difference between activity rates in Shropshire compared with the West Midlands and Great Britain is less acute, although it is still marginally superior, at 65% in 2015 compared with 63.2% in Great Britain and 60.5% in the West Midlands. Shropshire's older and ageing population impacts on this.

Figure 14: Economic Activity Rates in Shropshire, Population Aged 16+, 2005-2016



Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

Note: Year ending June

Since the Annual Population Survey is a sampled survey rather than a count, it is useful to consider the results of recent Censuses when analysing trends in economic partition.

At the time of the 2011 Census, there were 160,564 economically active people in Shropshire, which is the equivalent of 63.5% of the total population aged 16 and over. This compares with the 65% of the population which the APS records as economically active in its latest publication (June 2016). In the two decades to 2011, the Shropshire labour force has increased by more than 29,000 people. While this growth has been largely fuelled by population growth, the level of economic activity has also risen. This means that a greater proportion of the population is now economically active than it was 20 years ago.

The main impetus for growth in the labour market has been a notable rise in economic activity amongst women, with participation in the labour market rising from less than half of all women aged 16 and over in 1991 to 57.4% 20 years later. In contrast, the economic activity rate amongst men has dropped back from 73.6% to 69.7% over the same 20 year period. Population growth has still resulted in an increase in the male labour force (+12.9% between 1991 and 2011), but growth in the female labour force has been far superior (+34.9% between 1991 and 2011).

Figure 15: Size of the Shropshire Labour Force and Economic Activity Rates by Sex, 1991 & 2011

	1991		2011	
Persons aged 16+	Number	Economic Activity Rate	Number	Economic Activity Rate
Total labour force	131,518	60.9%	160,564	63.5%
Male labour force	76,866	73.6%	86,814	69.7%
Female labour force	54,650	48.9%	73,750	57.4%

Source: Office for National Statistics, 1991 and 2011 Census, © Crown Copyright 2016

Figure 16 shows that more than three-quarters (77.6%) of labour force change between 1991 and 2011 was as a direct result of population growth within Shropshire. The remaining change – a net gain of 6,500 people – has been brought about by changes in participation rates. Given that male economic activity rates have fallen over the last 20 years, this additional labour force supply is entirely attributable to female labour force capacity.

Figure 16: Analysis of Labour Force Change, 1991-2011

Persons aged 16+	Population effect	Activity effect	Total change	% change 1991-2011
Total labour force	22,546	6,500	29,046	+22.1%
Male labour force	14,840	-4,892	9,948	+12.9%
Female labour force	8,127	10,973	19,100	+34.9%

Source: Office for National Statistics, 1991 and 2011 Census, © Crown Copyright 2016

Economic activity rates have also changed according to age over the last two decades. Higher participation in further and higher education and the ensuing delayed entry to the labour market means that the economic activity rate for the 16-19 age band has declined over the last 20 years – from 55.5% of the cohort to 52.7%. While participation in the labour force has increased amongst the 20-25, 25-29 and 30-34 age bands, population change means that the actual number of economically active people in each of these age bands has fallen. In 2011, there were almost 3,000 fewer economically active people aged below 35 than there were in 1991.

In contrast, both activity rates and the number of economically active people have risen in every older age band. In the case of the over 60s, this has been acute, with the number of economically active 60-64 year olds almost doubling over the last two decades. Over the same period, the participation rate amongst those aged 65-69 rose to 27% and the rate for 70-74 year olds climbed to 13.1%. 5.4% of those aged 75 and over were economically active by 2011. Overall, there were 11,335 more over 60s in the Shropshire labour force in 2011 than there were in 1991.

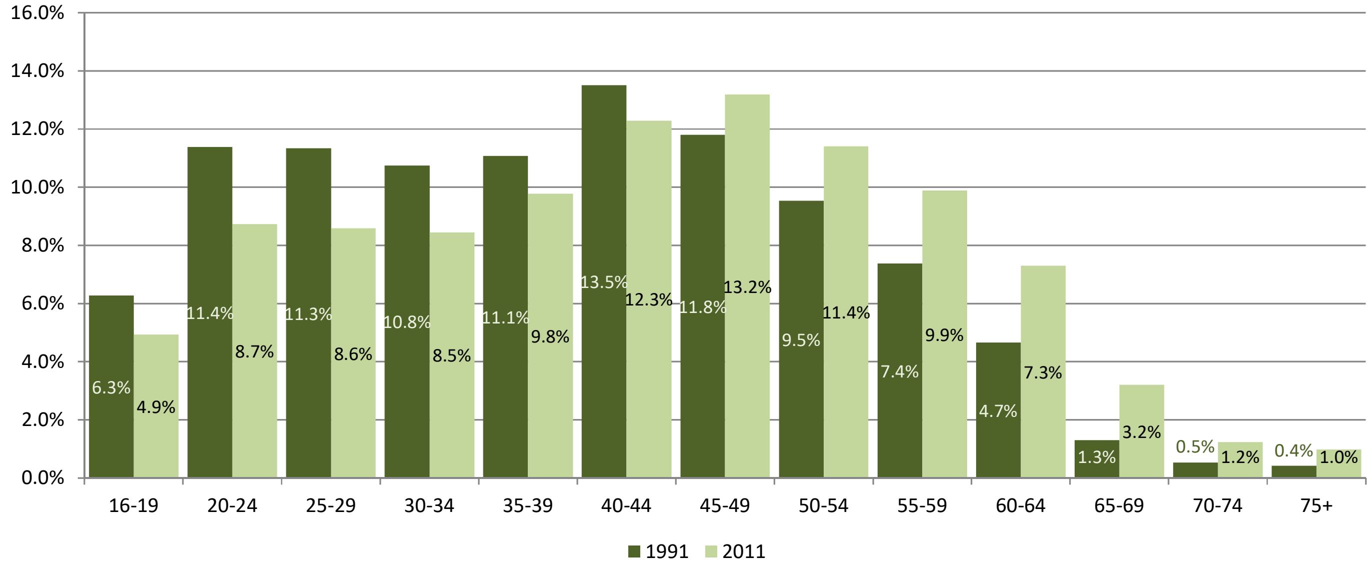
Figure 17: Size of Shropshire Labour Force and Economic Activity Rates by Age, 1991 & 2011

Persons aged 16+	1991	2011	Change 1991-2011	
			Number	%
Total labour force	131,516	160,564	29,048	22.1%
16-19	8,253	7,923	-330	-4.0%
20-24	14,979	14,025	-954	-6.4%
25-29	14,911	13,788	-1,123	-7.5%
30-34	14,142	13,571	-571	-4.0%
35-39	14,575	15,702	1,127	7.7%
40-44	17,773	19,736	1,963	11.0%
45-49	15,525	21,177	5,652	36.4%
50-54	12,544	18,320	5,776	46.0%
55-59	9,701	15,874	6,173	63.6%
60-64	6,135	11,736	5,601	91.3%
65-69	1,712	5,144	3,432	+200.5%
70-74	709	1,987	1,278	+180.3%
75+	557	1,581	1,024	+183.8%
% of all people in age group	60.9%	63.5%		
16-19	55.5%	52.7%		
20-24	81.9%	84.4%		
25-29	83.2%	88.3%		
30-34	81.3%	88.1%		
35-39	83.5%	88.3%		
40-44	86.1%	89.0%		
45-49	84.5%	89.8%		
50-54	79.1%	87.2%		
55-59	67.2%	78.7%		
60-64	41.2%	52.6%		
65-69	11.8%	27.0%		
70-74	6.2%	13.1%		
75+	2.8%	5.4%		

Source: Office for National Statistics, 1991 and 2011 Census, © Crown Copyright 2016

Figure 18 illustrates the extent to which the composition of the Shropshire labour market has changed over the last two decades. It is evident that the work force has aged discernibly, with all age bands at 45 and above accounting for a higher share of the labour force than they did 20 years ago. The reverse is true for all age bands below 45. More than half of all economically active people in Shropshire are now aged 45 and above and more than one in ten are aged 60 and above.

Figure 18: Percentage Breakdown of the Shropshire Labour Force by Age Band, 1991 & 2011

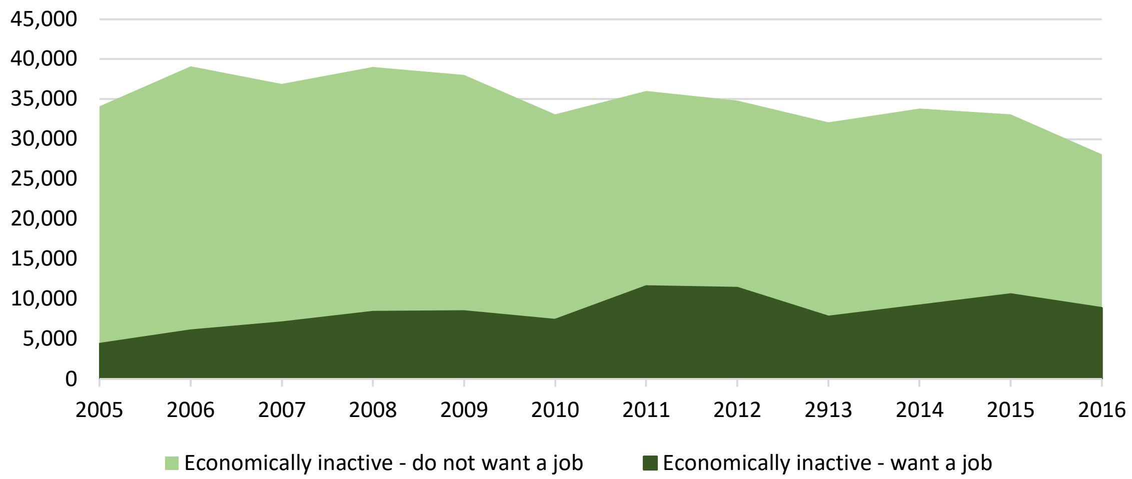


Source: Office for National Statistics, 1991 and 2011 Census, © Crown Copyright 2016

Economic Inactivity

There were 28,100 Shropshire residents aged 16-64 who were not part of the labour force in 2016 according to the Annual Population Survey. The main reasons for being economically inactive are retirement, studying or raising a family/looking after a home. An increased tendency for women to continue working while raising a family and the trend towards later retirement mean that the number of 16-64 year olds who are not economically active is in gradual decline. Of those people that are not represented in the labour force, a significant number would like to work, at 8,900 people, or 31.8% of the economically inactive in 2016. This number was highest at the height of the economic crisis and has since fallen back slightly.

Figure 19: Trends in Economic Inactivity, 2005-2016



Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016
Note: Year ending June

Employment

81.2% of Shropshire residents aged 16-64 were in employment in 2015, which compares favourably with both the West Midlands and Great Britain due to both higher economic activity rates and lower levels of unemployment. The majority of people in employment are employees, but a significant proportion are self-employed.

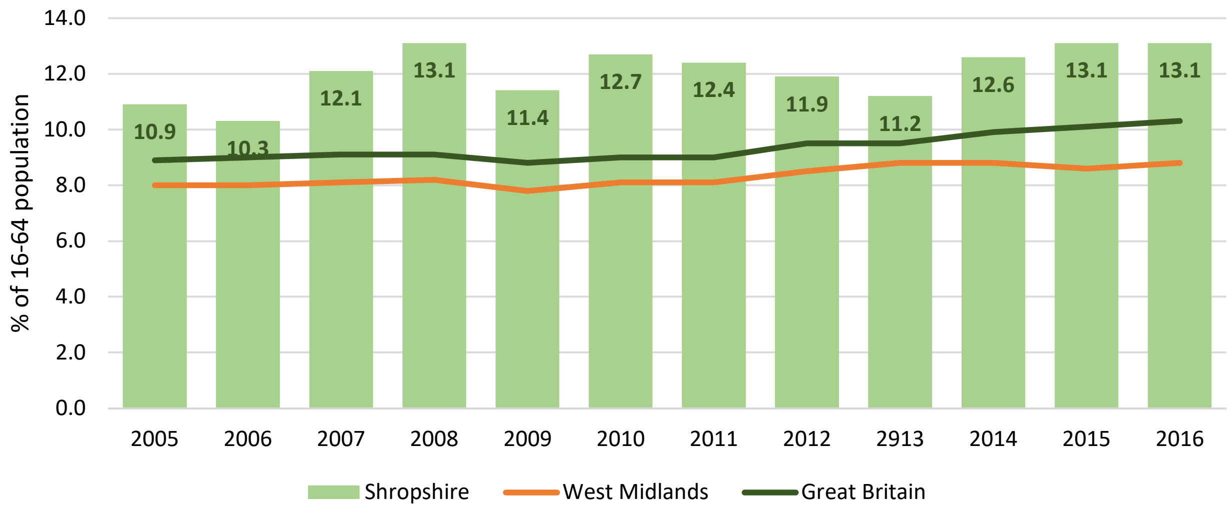
Figure 20: Employment and Unemployment Rates, 2016

	Shropshire	Marches LEP	West Midlands	Great Britain
Employment rate - aged 16-64	81.2%	78.3%	70.6%	73.8%
% aged 16-64 who are employees	67.5%	66.1%	61.5%	63.1%
% aged 16-64 who are self employed	13.1%	11.7%	8.8%	10.3%

Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

In the year ending June 2016, 13.1% of Shropshire residents in employment were self-employed. This equates with 24,100 people. While the proportion attributable to self-employment has fluctuated somewhat over the last decade, self-employment consistently accounts for a higher proportion of those in employment than in either the West Midlands or Great Britain.

Figure 21: Trends in Self-Employment, 2005-2016



Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016
Note: Year ending June

Home-working in Shropshire is also more common than it is in many places. More than one in six Shropshire residents that were in employment at the time of the last Census said that their home was their primary work base (20,252 people). This is significantly higher than is the case regionally or nationally (around a tenth of total employment in both the West Midlands and England is accounted for by homeworking).

Unemployment

The Annual Population Survey suggests that 4.2% of the Shropshire population aged 16-64 was unemployed[5] in 2016 (year ending June). This equates with approximately 6,600 people. The unemployment rate for the 16+ population was 4% over the same period. Shropshire has a lower unemployment rate than Great Britain (5.2%) or the West Midlands (6%).

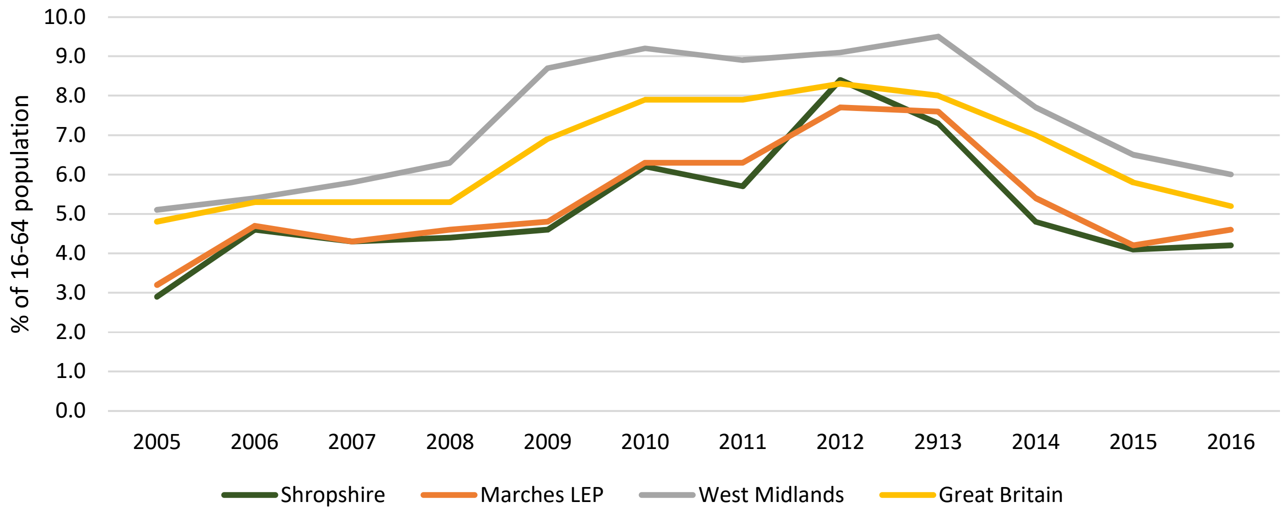
Figure 22: Unemployment Rates, 2016

	Shropshire	Marches LEP	West Midlands	Great Britain
Unemployment rate - aged 16-64	4.2	4.6	6.0	5.2
Unemployment rate - aged 16+	4.0	4.5	5.9	5.1

Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

The rate of unemployment has fluctuated by a notable extent over the last decade, starting off at just 2.9% in 2005. The rate spiked in 2010 at 6.2% when the country was in recession, and then peaked at 8.4% in 2012 in the wake of the economic downturn. Subsequently, the proportion of the population of traditional working age (16-64) which is unemployed has fallen and now seems to have plateaued at just over 4%.

Figure 23: Trends in Unemployment, 2005-2016



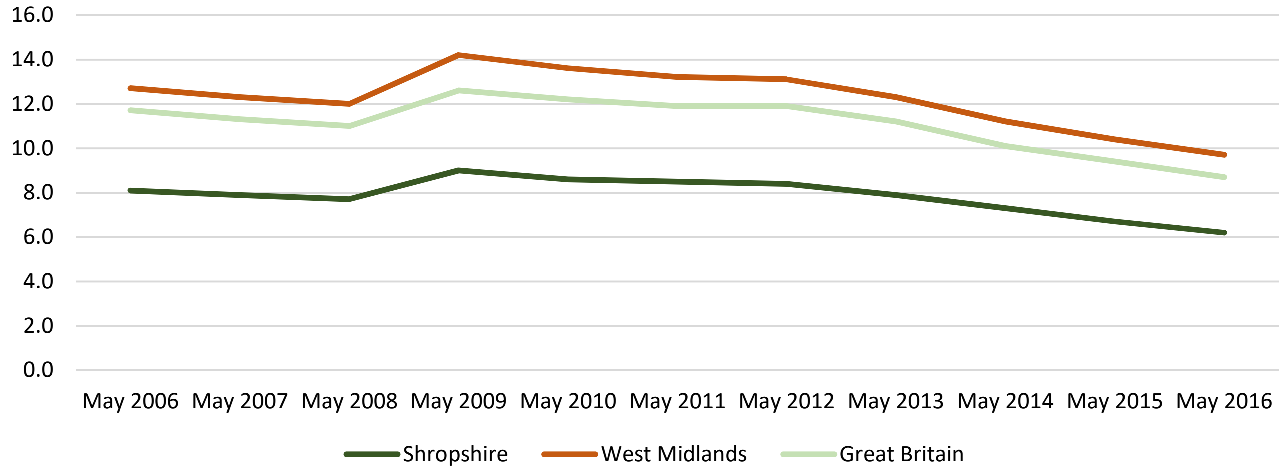
Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016
Note: Year ending June

Benefit Claimants

6.2% of the Shropshire 16-64 population, or 11,650 people, claimed out-of-work benefits in May 2016[6]. This compares favourably with 8.7% in Great Britain and 9.7% in the West Midlands. The claimant rate peaked in Shropshire (and regionally and nationally as well) at 9% in 2009. It has fallen in each subsequent year. The following chart shows that while the Shropshire out-of-work benefit claimant rate has been consistently lower than in the West Midlands or Great Britain over the last decade, it has broadly followed national and regional trends.

[5] The ILO defines the unemployment rate as the percentage of the population who are not in employment but who are seeking work and are available to work. They do not necessarily claim benefits.
[6] Out-of-work benefit claimants are not necessarily available for work, and as such are not necessarily classified as unemployed according to the ILO definition

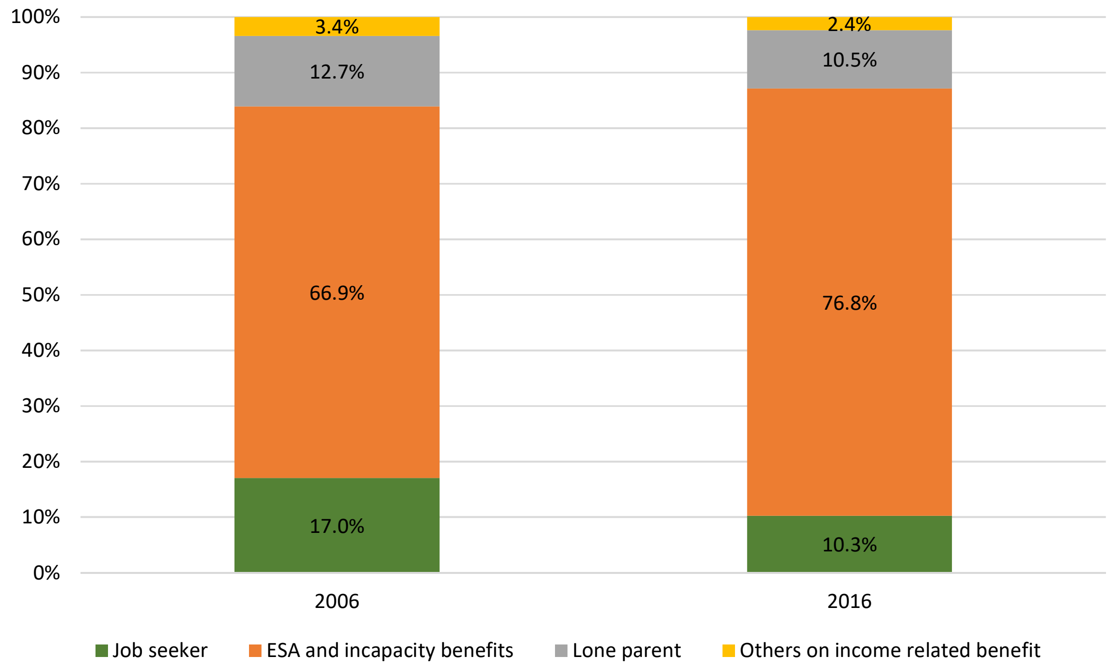
Figure 24: Out-of-Work Benefit Claimants, 2006-2016



Source: ONS, DWP, 2016, © Crown Copyright, 2016

The following chart shows how the composition of out-of-work benefits has changed over the last decade. The number claiming all main out-of-work benefits has fallen, but this has been less acute for Employment and Support Allowance (ESA) and incapacity benefit than it has for Jobseeker's Allowance (JSA) claimants or lone parents (-10.6% between May 2006 and May 2016 compared with -35.8% for lone parents and -52.9% for JSA) and as a result, ESA/incapacity benefit claimants now accounts for more than three-quarters of all claims.

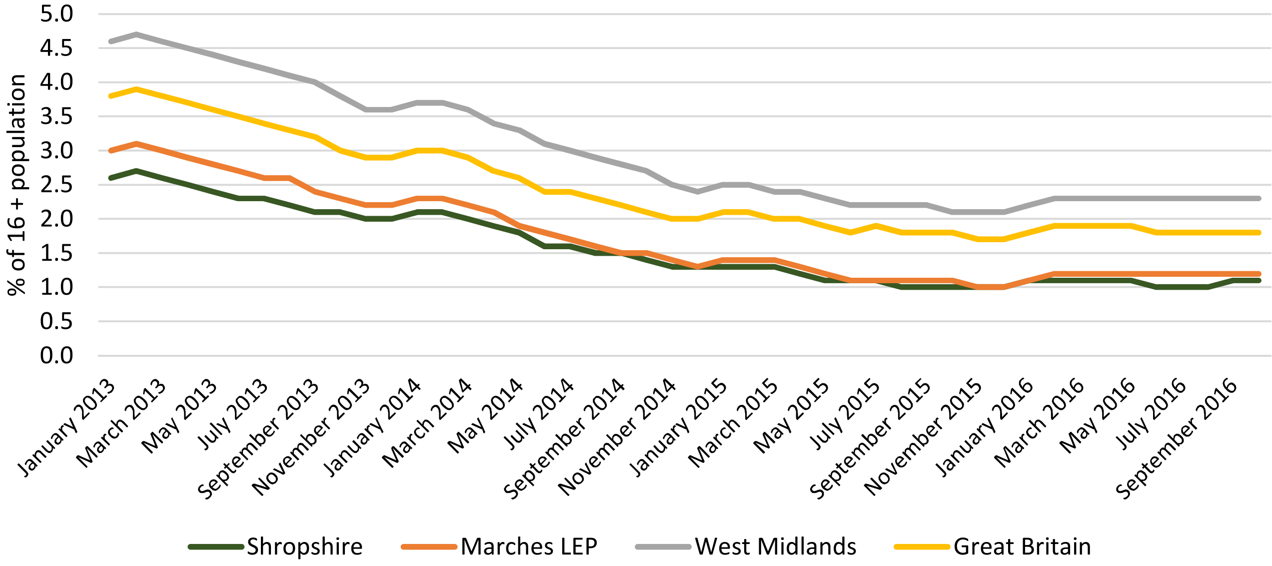
Figure 25: Breakdown of Out-of-Work Benefit Claimants by Benefit Type, 2006 and 2016



Source: ONS, DWP, 2016, © Crown Copyright, 2016

The following chart shows the percentage of the population aged 16 and over claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work. This dataset has replaced the number of people claiming Jobseeker's Allowance as the headline ONS indicator of the number of people claiming benefits principally for the reason of being unemployed. The number of claimants was in steady decline between 2013 and mid-2015, but has since stabilised at just under 2,000 people (1,990 in October 2016), or 1.1% of the population. This proportion is notably lower than in the West Midlands (2.3%) or Great Britain (1.8%).

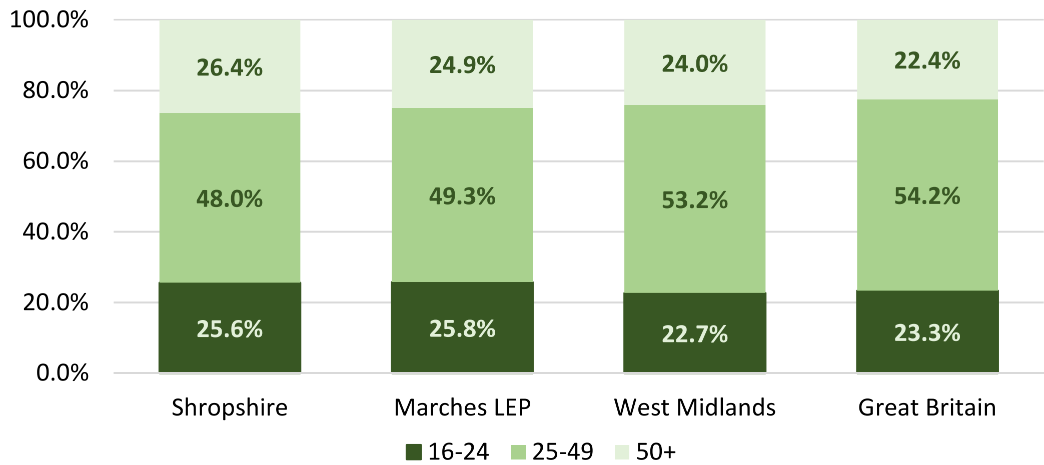
Figure 26: Proportion of the Population Claiming JSA/Universal Credit, 2013-2016



Source: ONS, DWP, 2016, © Crown Copyright, 2016

A relatively high proportion of claimants in Shropshire are attributable to younger and older age bands. In October 2016, 25.6% of the total were aged below 25 (23.3% nationally) while 26.4% were 50 and above (22.4% nationally).

Figure 27: Breakdown of Claimants* by Age, October 2016



Source: ONS, DWP, 2016, © Crown Copyright, 2016
**Note: JSA/Universal Credit*

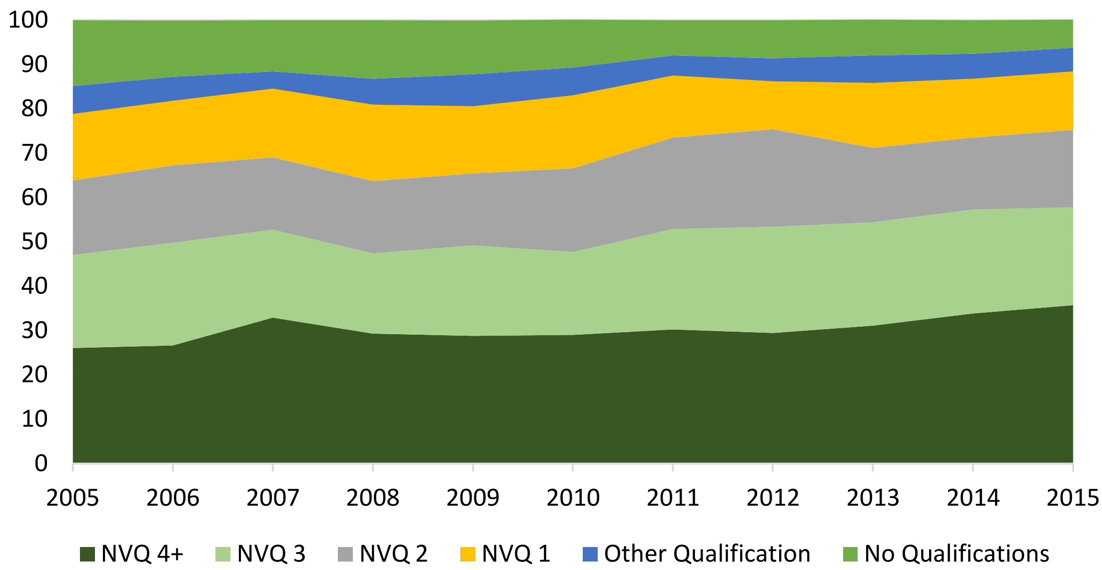
Skills and Occupations

Skills

The Shropshire resident population of working age (16-64) is becoming more highly qualified, with 35.7% having qualifications equivalent to at least NVQ level 4 in 2015 compared to 26.0% in 2004. In contrast, the proportion with no qualifications has been in steady decline over the last decade, falling to 6.3% from 14.9% over the period.

The following chart shows the breakdown of the resident population by the highest level of qualification that they hold.

Figure 28: Breakdown of the Resident Population (aged 16-64) by Qualification, 2005-2015



Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

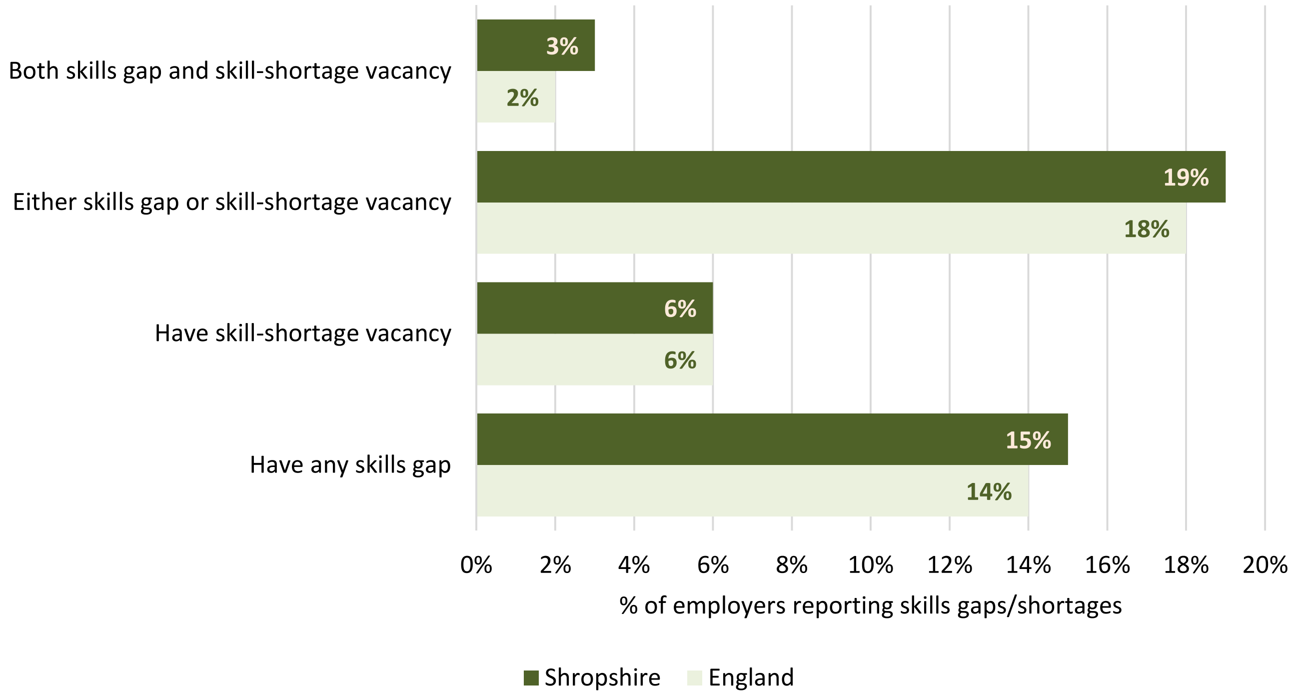
In comparison with the West Midlands, the Shropshire resident population is comparatively well qualified, with a higher proportion holding at least an NVQ level 4 qualification (35.7% compared with 31.2% in 2015) and half as many holding no qualifications at all (6.3% compared with 13%). While proportionally fewer Shropshire residents have no qualifications than is the case nationally, a lower proportion have a level 4 qualification.

Figure 29: Highest Level of Qualification Held, 2015
Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

	Shropshire	Marches LEP	West Midlands	Great Britain
NVQ Level 4	35.7%	32.6%	31.2%	37.1%
NVQ Level 3	57.8%	55.3%	50.6%	57.4%
NVQ Level 2	75.2%	73.6%	67.9%	73.6%
NVQ Level 1	88.4%	86.6%	79.9%	84.9%
Other Qualification	5.4%	6.0%	7.1%	6.5%
No Qualification	6.3%	7.4%	13.0%	8.6%

Despite rising levels of qualifications, there remain a significant proportion of businesses who report skills gaps and skills shortages, which suggests that the qualifications being acquired are not necessarily aligned to the needs of businesses. The biennial UKCES Employer Skills Survey reported that in 2015 15% of Shropshire employers had some sort of skills issue – a slightly higher proportion than the English average (14%). 6% reported a skills shortage vacancy, while 3% had both skills gaps and a skills shortage vacancy. The lack of alignment between skills need and skills attainment is also highlighted by the fact that in the same survey, 24% of Shropshire employers said that at least 30% of their employees had more advanced qualifications than required for their current role.

Figure 30: Incidence of Skills Gaps and Skills Shortage Vacancies[7], 2015



Source: UKCES Employer Skills Survey, 2015

Despite skills gaps within the workforce, the UKCES Employer Skills Survey suggests that the majority of staff are fully proficient at what they do – at 95.9% of the workforce, this is even higher in Shropshire than it is nationally. Notwithstanding this, the 4.2% of staff in Shropshire who are not considered to be fully proficient by their employers represents approaching 5,000 workers.

Significantly for Shropshire, a notable 9% of employees (the equivalent of around 11,000 workers) are thought to be under-utilised – that is workers with qualifications, experience and skills that are not needed in their current job.

Figure 31: Proficiency of Workforce, 2015

	Shropshire	England
% of workforce not fully proficient	4.15%	5.05%
% of workforce which is fully proficient	95.85%	94.95%
Total number of staff under-utilised	9.04%	7.03%

Source: UKCES Employer Skills Survey, 2015

[7] A skills shortage vacancy is a vacancy which an employer is struggling to fill because no candidates have the skills and/or experience they are seeking. Skills gaps occur when existing employees do not have the skills they need to be fully proficient at their job.

Occupations

Fewer Shropshire residents are employed in SOC 1-3 occupations compared with the regional and national averages, with a particular shortfall in professional occupations. In contrast, proportionally more Shropshire residents are employed in skilled trades occupations and there are also a higher percentage of process, plant and machine operatives and people working in elementary occupations than there are nationally (but not regionally).

Figure 32: Breakdown of Resident Workforce by Occupational Classification

	Shropshire	Marches LEP	West Midlands	Great Britain
Managers, directors and senior officials	9.9%	10.1%	9.7%	10.5%
Professional occupations	15.1%	15.1%	17.7%	20.0%
Associate prof & tech occupations	12.4%	13.3%	12.7%	14.2%
SOC 1-3	**37.4%**	**38.5%**	**40.1%**	**44.7%**
Administrative and secretarial occupations	9.8%	10.0%	10.8%	10.5%
Skilled trades occupations	14.7%	13.5%	11.5%	10.5%
Caring, leisure and other service occupations	9.3%	8.8%	9.4%	9.2%
Sales and customer service occupations	8.6%	8.1%	7.4%	7.5%
SOC 4-7	**42.4%**	**40.4%**	**39.1%**	**37.7%**
Process, plant and machine operatives	7.7%	7.8%	8.1%	6.4%
Elementary occupations	12.4%	12.9%	12.4%	10.7%
SOC 8-9	**20.1%**	**20.7%**	**20.5%**	**17.1%**
Total	100.0%	100.0%	100.0%	100.0%

Source: ONS, Annual Population Survey 2016, © Crown Copyright, 2016

The following table shows the incidence of vacancies by occupation and this demonstrates the comparatively low level of vacancies for SOC 1-3 occupations compared with the national situation. Shropshire is also less likely to have vacancies for high and middle skilled jobs. A fifth of all Shropshire businesses had at least one vacancy at the time of the 2015 UKCES Employer Skills Survey – the average number of vacancies for all establishments was 0.5, rising to 2.5 vacancies on average for the 20% of establishments that had at least one. These figures are broadly comparable with the national figures.

Figure 33: Percentage of Employers with Vacancies by Occupation, 2015

	Shropshire	England
Managers	1%	1%
Professionals	2%	3%
Associate professionals	1%	4%
Administrative/clerical staff	2%	3%
Skilled trades occupations	4%	3%
Caring, leisure and other services staff	3%	3%
Sales and customer services staff	3%	3%
Machine operatives	2%	1%
Elementary staff	4%	4%
High Skill	4%	7%
Middle Skill	5%	6%
Service Intensive	6%	6%
Labour Intensive	6%	5%

Source: UKCES Employer Skills Survey, 2015

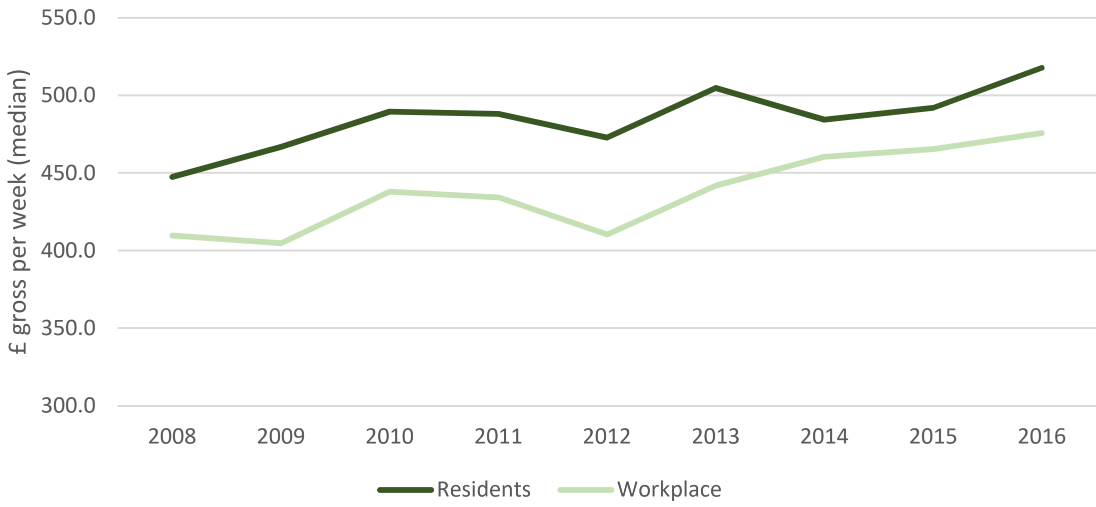
Earnings

Shropshire supports a relatively low wage economy, with workplace earnings significantly lower than national or regional averages. This arises from Shropshire's traditional reliance on jobs in comparatively unproductive and low paid sectors, including agriculture, tourism and food and drink.

Although workplace earnings are below the average for Great Britain, resident earnings are more closely aligned to the national average. The differential between workplace and resident earnings is influenced by the high level of out-commuting amongst the top earners.

The following chart shows the change in workplace and resident earnings between 2008 and 2016.

Figure 34: Comparison between Workplace and Residents Earnings, 2008-2016



Source: Annual Survey of Hours and Earnings, 2016, © Crown Copyright, 2016

Gross median weekly earnings for full-time employees stood at £475.60 in April 2016. This represents an increase of 16.1% since 2008. Within the exception of 2010, wages struggled to rise until 2013, since when annual growth has been sustained. Over the 2008 to 2016 period, workplace wage growth in Shropshire has surpassed regional and national growth by a small margin. Despite this, Shropshire wages remain lower than in the West Midlands and Great Britain, at £34.60 and £64.60 per week respectively.

Figure 35: Workplace Earnings, 2008-2016

	Shropshire		West Midlands		Great Britain	
	£ gross per week	Index, 2008 = 100	£ gross per week	Index, 2008 = 100	£ gross per week	Index, 2008 = 100
2008	409.6	100.0	448.9	100.0	479.1	100.0
2009	404.7	98.8	456.2	101.6	489.9	102.3
2010	437.9	106.9	467.4	104.1	500.3	104.4
2011	434.1	106.0	464.4	103.5	500.0	104.4
2012	410.2	100.1	469.2	104.5	507.9	106.0
2013	441.9	107.9	484.5	107.9	517.6	108.0
2014	460.3	112.4	479.2	106.7	520.4	108.6
2015	465.4	113.6	492.1	109.6	528.5	110.3
2016	475.6	116.1	510.2	113.7	540.2	112.8

Source: Annual Survey of Hours and Earnings, 2016, © Crown Copyright, 2016

Resident earnings exceeded workplace earning by £42.10 (8.9%) per week in 2016, and while they lag behind national rates by £23.30, Shropshire resident workers earn an average of £9.90 more per week than their West Midland counterparts. Like workplace wages, residents' earnings have risen at a slightly faster rate than either regionally or nationally over the last eight years.

Figure 36: Residents Earnings, 2008-2016

	Shropshire		West Midlands		Great Britain	
	£ gross per week	Index, 2008 = 100	£ gross per week	Index, 2008 = 100	£ gross per week	Index, 2008 = 100
2008	447.4	100.0	449.8	100.0	480.0	100.0
2009	466.7	104.3	456.8	101.6	490.5	102.2
2010	489.4	109.4	469.2	104.3	501.7	104.5
2011	488.0	109.1	465.2	103.4	500.2	104.2
2012	472.8	105.7	469.3	104.3	508.3	105.9
2013	504.7	112.8	483.0	107.4	517.9	107.9
2014	484.3	108.2	481.2	107.0	521.1	108.6
2015	491.9	109.9	492.1	109.4	529.0	110.2
2016	517.7	115.7	507.8	112.9	541.0	112.7

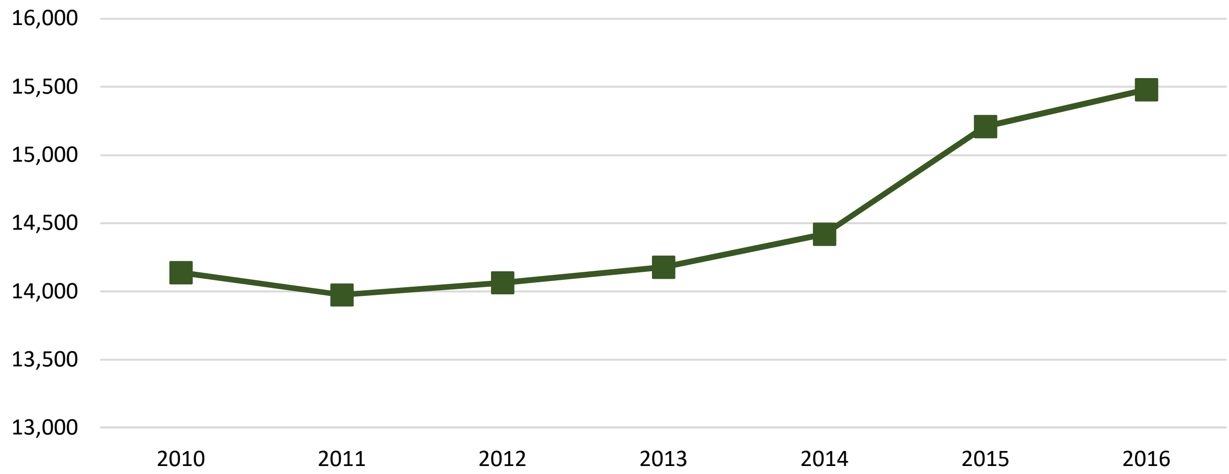
Source: Annual Survey of Hours and Earnings, 2016, © Crown Copyright, 2016

Shropshire Business Base

Businesses and Employment

There were 15,480 enterprises in Shropshire in March 2016, which were represented by 17,615 local VAT or PAYE registered units. Since 2011, when the number of enterprises dipped by 165 (-1.2%), growth has been sustained in each year, with 1,340 additional enterprises operating in 2016 than there were in 2010. This represents growth of almost 10% over the six year period. Notwithstanding this, growth in the number of enterprises has been slower in Shropshire than in either the West Midlands or Great Britain, which experienced growth of 17% and 22% respectively between 2010 and 2016.

Figure 37: Growth in the Number of Enterprises in Shropshire, 2010-2016



Source: ONS, IDBR 2016, © Crown Copyright, 2016

There were 114,800 employee jobs in Shropshire in 2015, which represents an increase of 1,500 compared with 2009 (+1.3%). The number of employee jobs in both the West Midlands and Great Britain has risen faster than in Shropshire over the 6 year period to 2015 (+6.3% and +7.1% respectively).

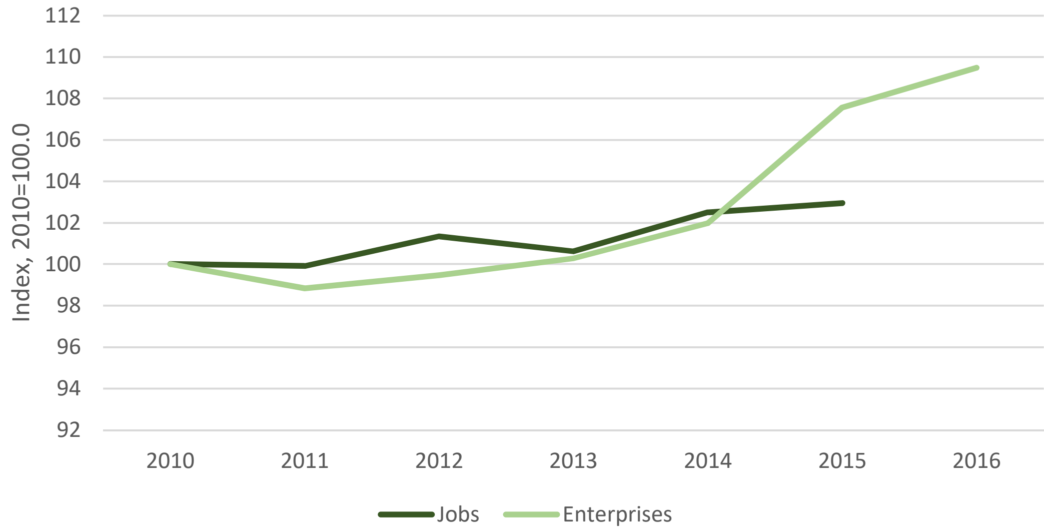
Figure 38: Number of Employee Jobs, 2009-2015

	Shropshire		Marches LEP		West Midlands		Great Britain	
	Employee Jobs	% annual change	Employee Jobs	% annual change	Employee Jobs	% annual change	Employee Jobs	% annual change
2009	113,300		258,500		2,302,300		26,642,600	
2010	111,500	-1.5%	259,000	+0.2%	2,311,700	+0.4%	26,581,300	-0.2%
2011	111,400	-0.1%	255,200	-1.5%	2,301,500	-0.4%	26,593,500	+0.0%
2012	113,000	+1.5%	260,900	+2.3%	2,322,900	+0.9%	26,752,900	+0.6%
2013	112,200	-0.7%	260,200	-0.3%	2,339,900	+0.7%	27,096,300	+1.3%
2014	114,300	+1.8%	267,300	+2.7%	2,404,000	+2.7%	27,931,600	+3.1%
2015	114,800	+0.4%	267,300	+0.0%	2,446,800	+1.8%	28,531,100	+2.1%

Source: ONS, BRES 2015, © Crown Copyright, 2016
Note: Numbers rounded to nearest 100
Excludes farm-based agriculture

The chart below illustrates the extent to which job growth has been flat in recent years with growth in the number of enterprises far surpassing the number of jobs which these enterprises have created.

Figure 39: Growth in the Number of Enterprises and Employee Jobs, 2010-2016

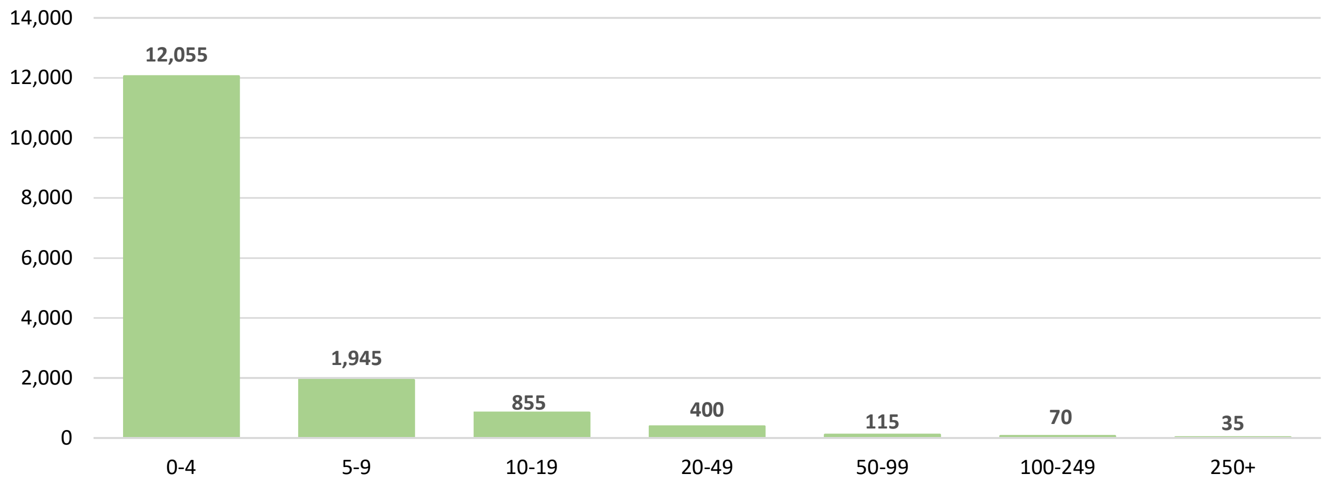


Source: ONS, IDBR 2016, ONS, BRES 2015, © Crown Copyright, 2016

Businesses by Size

Shropshire is principally a small business economy, with more than nine out of ten of the 15,480 enterprises registered for either VAT or PAYE employing fewer than 10 in 2016. More than three-quarters of businesses have four or fewer employees. Only 35 employers in the County have a workforce of 250 or more, and as such are not classified as small and medium sized enterprises (SMEs). This includes both private and public sector organisations. The penetration of small businesses is particularly in evidence in the south and north east of the county, and while they still dominate elsewhere, there is a greater presence of larger employers within Shrewsbury and Oswestry.

Figure 40: Number of Business Enterprises by Size, 2016



Source: ONS, IDBR 2016, © Crown Copyright, 2016

Nationally and regionally, small businesses dominate, but those with fewer than 10 employees account for less than 90% of the total within both Great Britain and the West Midlands.

Figure 41: Breakdown of Enterprises by Size, Shropshire, West Midlands and Great Britain, 2016

	Shropshire	Marches LEP	West Midlands	Great Britain
0-4	77.9%	77.5%	76.9%	77.7%
5-9	12.6%	12.2%	11.8%	11.4%
10-19	5.5%	5.7%	6.1%	5.8%
20-49	2.6%	2.9%	3.2%	3.1%
50-99	0.7%	0.9%	1.0%	1.0%
100-249	0.5%	0.5%	0.6%	0.6%
250+	0.2%	0.3%	0.4%	0.4%

Source: ONS, IDBR 2016, © Crown Copyright, 2016

Although the number of large employers in Shropshire is limited, these account for a disproportionately large share of employment. Some market towns are particularly dependent on one or two large employers and hence are vulnerable should these businesses close, downsize or relocate.

Business Start-Ups and Closures

Compared with the national and regional averages, Shropshire supports a low business start-up rate. This is, however, influenced by the already high level of self-employment that prevails across the county. Furthermore, many home-based and micro-businesses which are not registered for either VAT or PAYE are excluded from the official data. In addition, the low start up rate is counterbalanced by a lower than average closure rate. Shropshire therefore has a lower business churn rate than is typical across the country as a whole.

1,350 new businesses were established in Shropshire in 2015. With fewer businesses closing this year (1,070), the active business base has increased to 13,240. As a percentage of the total number of active businesses, the start-up rate in Shropshire is comparatively low, at 10.2%, compared with 14.4% nationally and 14.1% in the West Midlands. However, business closures rates are also lower than national and regional averages, at 8.1% in 2015, compared with 9.1% and 9.5% regionally and nationally respectively. In Shropshire, 17 fewer businesses were set up per 10,000 of the population compared with the national average in 2015, while the number of closures per 10,000 people was five lower. Shropshire does support a high number of businesses per 10,000 of the population which reflects the high number of micro businesses in the county.

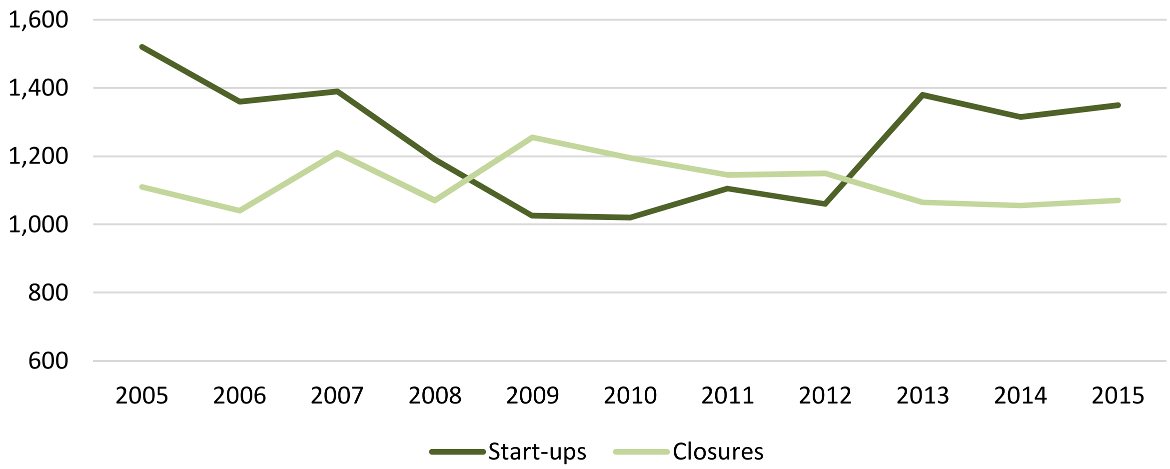
Figure 42: Business Start-up and Closures, 2015

	Shropshire	Marches LEP	West Midlands	Great Britain
Start-Ups	1,350	2,765	29,350	377,635
Closures	1,070	2,205	18,975	248,055
Businesses	13,240	26,595	207,980	2,615,965
Start-Ups as % active businesses	10.2%	10.4%	14.1%	14.4%
Closures as % active businesses	8.1%	8.3%	9.1%	9.5%
Start-ups per 10,000 population	43	41	51	60
Closures per 10,000 population	34	33	33	39
Active businesses per 10,000 population	425	397	362	414

Source: ONS, Business Demography, 2015, © Crown Copyright, 2016
Note: Includes businesses registered for either VAT or PAYE only

Figure 43 below shows trends in business start-ups and closures in Shropshire in the decade leading up to 2015. Until the onset of recession, more businesses were set up on an annual basis than closed, although in the immediate run-up to the economic downturn, the gap was narrowing. By 2009, the number of closures had exceeded the number of start-ups for the first time, and this trend continued until 2013, when the number of start-ups surpassed the number of closures once more.

Figure 43: Business Start-ups and Closures in Shropshire, 2005-2015

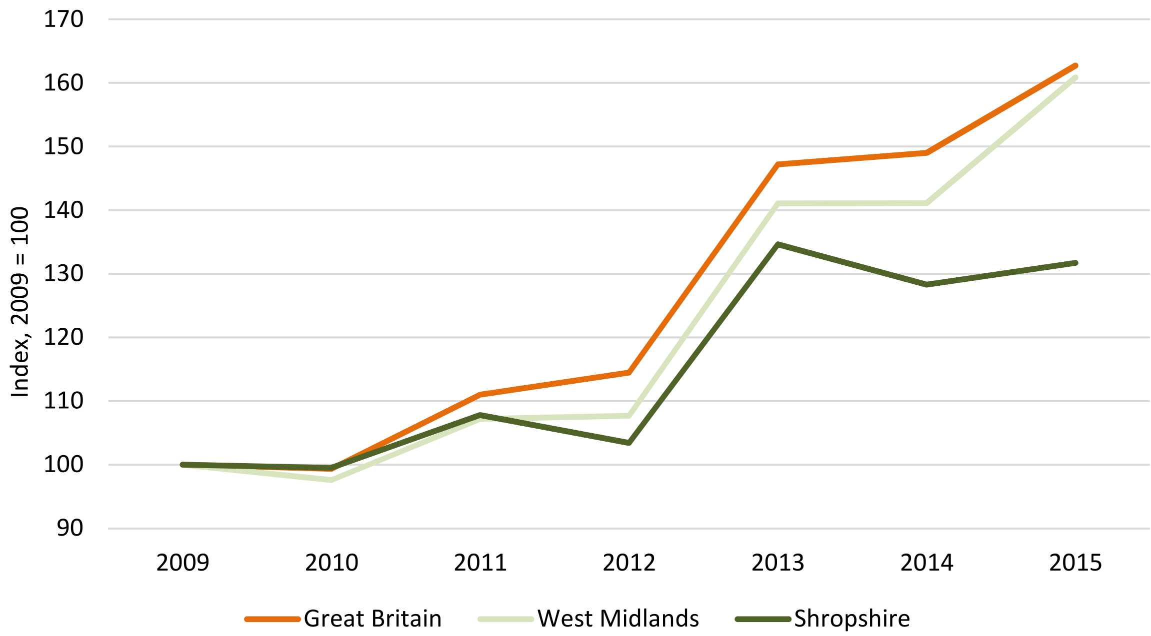


Source: ONS, Business Demography, 2015, © Crown Copyright, 2016
Note: Includes businesses registered for either VAT or PAYE only

Start-Ups

As shown in the chart below, there has been a strong increase in the number of businesses starting up nationally and regionally since 2009, with 63% more start-ups in Great Britain in 2015 than there were in 2009 and 61% more in the West Midlands. In Shropshire just under a third more businesses were started up in 2015 than in 2009. Growth in business start-ups almost kept pace with the region and with Great Britain until 2013 but has been flat over the last couple of year, with 30 fewer businesses starting up in 2015 than in 2013.

Figure 44: Change in the Number of Businesses Starting, 2009-2015



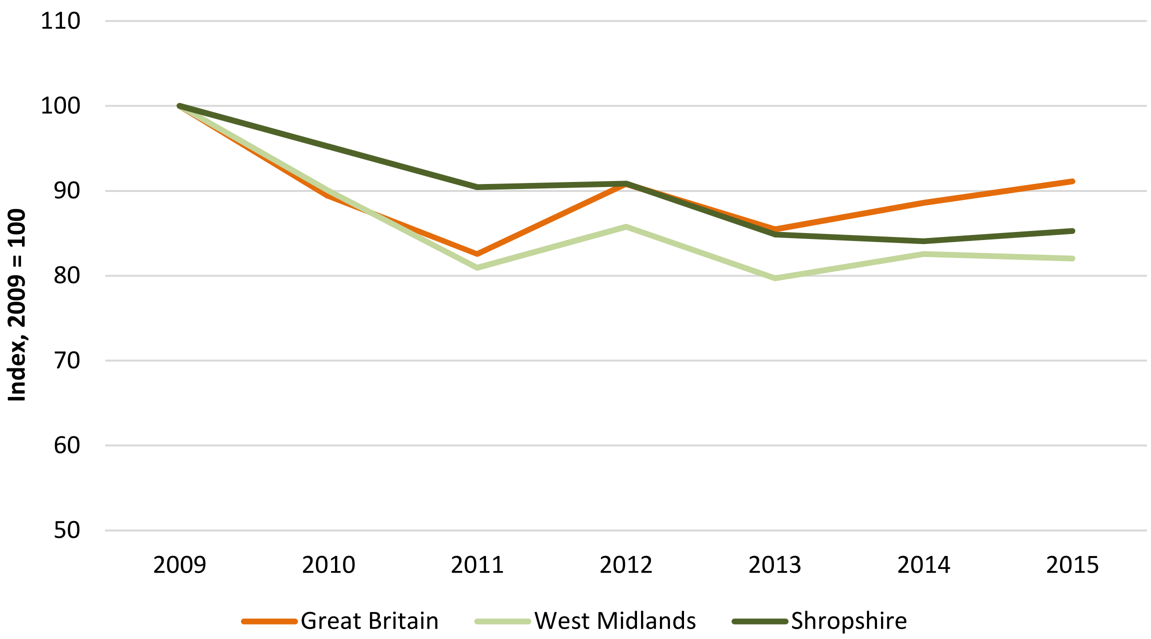
Source: ONS, Business Demography, 2015, © Crown Copyright, 2016
Note: Includes businesses registered for either VAT or PAYE only

Business Closures

185 fewer businesses closed in Shropshire in 2015 than they did in 2009, which is the equivalent of a 15% decline. The decrease in closures has been slightly slower in Shropshire than in the West Midlands, but slightly faster than is

the case nationally. As is the case with start-ups, the number of closures has flattened out over the last couple of years, which may be indicative of more stable economic circumstances.

Figure 45: Change in the Number of Businesses Closing, 2009-2015



Source: ONS, Business Demography, 2015, © Crown Copyright, 2016
Note: Includes businesses registered for either VAT or PAYE only

Business Survival Rates

Of all businesses which were established in Shropshire in 2010, the majority were still operating a year later (89.7%). By the end of year three, less than two-thirds were still trading, and after five years more than half had ceased operations. Overall, Shropshire businesses which were established in 2010 showed stronger rates of survival at the one, two, three, four and five year marks than their national or regional counterparts. Survival rates are generally at a similar level to the Marches LEP.

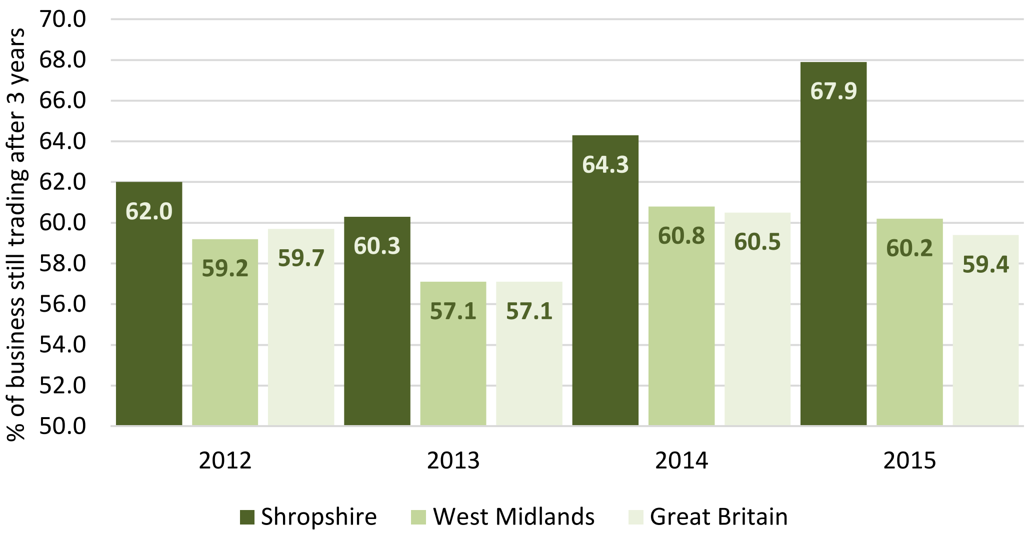
Figure 46: Survival Rates of Businesses Founded in 2010

	% of businesses surviving after 1 year	% of businesses surviving after 2 years	% of businesses surviving after 3 years	% of businesses surviving after 4 years	% of businesses surviving after 5 years
Shropshire	89.7%	75.5%	60.3%	52.0%	43.6%
Marches LEP	89.6%	75.1%	60.3%	51.3%	43.6%
West Midlands	87.1%	72.3%	57.1%	48.2%	41.3%
Great Britain	86.7%	72.5%	57.1%	48.1%	41.4%

Source: ONS, Business Demography, 2015, ©Crown Copyright, 2016
Note: Includes businesses registered for either VAT or PAYE only

Looking at three year survival rates for the last four years (that is for businesses started in 2009, 2010, 2011 and 2012), it is clear that Shropshire businesses consistently outperform their regional and national counterparts. It is also evident that three year survival rates have improved considerably since 2013, especially in Shropshire. This will have been influenced by prevailing economic conditions whereby businesses set up in 2009 and 2010 were more likely to have been impacted in the wake of the recession.

Figure 47: Three year survival rates, 2012-2015



Source: ONS, Business Demography, 2015, © Crown Copyright, 2016
Note: Includes businesses registered for either VAT or PAYE only

Figure 48 shows the number of new businesses closing in Shropshire each year. The data suggests that businesses are most vulnerable during their second and third years in operation. It also shows an exceptionally high failure rate in year two for businesses founded in 2013, a year when the number of business start-ups were higher than they had been in any year since 2007.

Figure 48: Number of Shropshire businesses closing per year

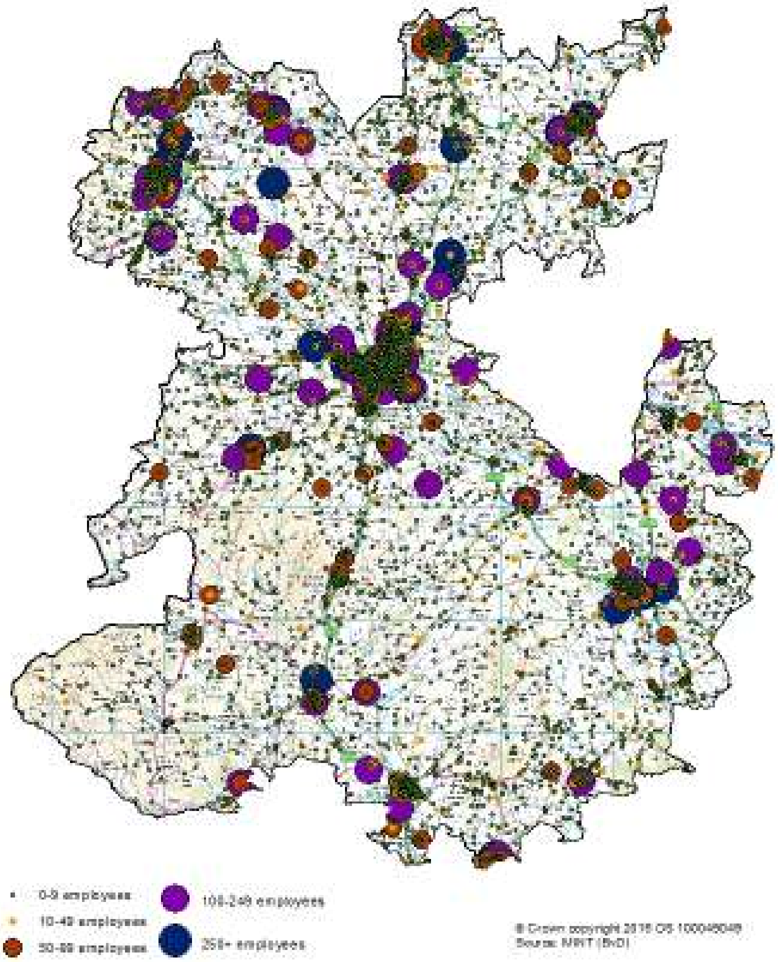
	Number Set Up	Number closing in year 1	Number closing in year 2	Number closing in year 3	Number closing in year 4	Number closing in year 5
Businesses set up in 2010	1,020	105	145	155	85	95
Businesses set up in 2011	1,105	65	160	170	100	-
Businesses set up in 2012	1,060	65	145	130	-	-
Businesses set up in 2013	1,380	65	210	-	-	-
Businesses set up in 2014	1,315	80	-	-	-	-

Source: ONS, Business Demography, 2015, © Crown Copyright, 2016

Location of businesses

The following map shows the location of businesses by size. It is clear that the majority of the largest employers are located either in the county town of Shrewsbury or in one of the principal market towns (Oswestry, Market Drayton, Bridgnorth, Ludlow and Whitchurch).

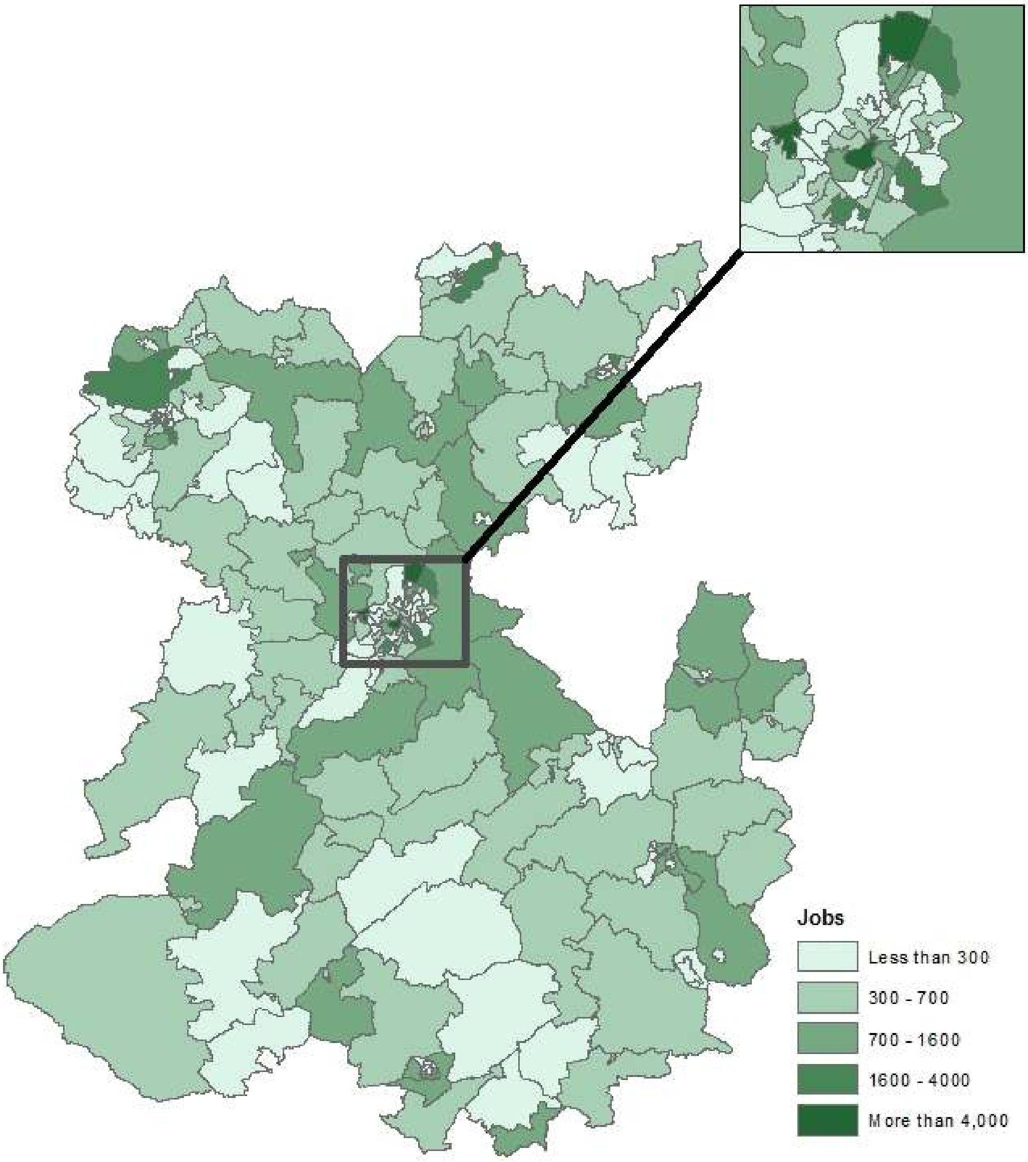
Figure 49: Location of Businesses, 2016



Employment Density

The following map shows employment density in Shropshire and reflects the higher number of jobs in locations where there are either clusters of businesses or one or more large employer (or both).

Figure 50: Employment Density in Shropshire, 2015



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Source: ONS, BRES 2015, © Crown Copyright, 2016

Types of Employment

Shropshire supports a higher penetration of part-time jobs than is the case regionally or nationally, as shown in Figure 51 below. Prevalence of part-time work can be an indicator of under-employment, although it should be noted that as people approach retirement, or pass traditional retirement age but wish/need to carry on working, the tendency to work part-time increases.

Figure 51: Breakdown of Employee Jobs by Full/Part-Time, 2015

Source: ONS, BRES 2015, © Crown Copyright, 2016

Business Sectors

The rural nature of Shropshire's economy is reflected in the breakdown of enterprises by sector, which shows that more than a fifth of all enterprises registered for either PAYE or VAT are classified as agricultural. This compares with just 5.2% of enterprises nationally. Shropshire is also over-represented by businesses in wholesale, motor trades, accommodation and food services and public administration and defence, but only slightly. In contrast, Shropshire has comparatively fewer information and communication and professional, scientific and technical businesses.

This data can be usefully considered alongside employment data, which can be found in Figure 56.

Figure 52: Breakdown of Business Enterprises by Sector, 2016

	Shropshire	Marches LEP	West Midlands	Great Britain
Agriculture, forestry & fishing	21.5%	19.5%	6.2%	5.2%
Mining, quarrying & utilities	0.4%	0.5%	0.5%	0.5%
Manufacturing	5.2%	6.1%	7.3%	5.2%
Construction	10.5%	10.6%	11.3%	11.8%
Motor trades	3.3%	3.3%	3.6%	2.9%
Wholesale	4.2%	4.3%	4.9%	4.1%
Retail	6.3%	6.7%	8.2%	7.5%
Transport & storage (inc postal)	2.9%	3.0%	5.3%	3.7%
Accommodation & food services	6.1%	5.7%	5.5%	5.8%
Information & communication	4.0%	4.7%	6.0%	8.3%
Financial & insurance	1.2%	1.1%	1.6%	2.1%
Property	3.2%	3.2%	3.5%	3.6%
Professional, scientific & technical	12.9%	12.6%	15.5%	18.2%
Business administration & support services	6.7%	7.2%	7.8%	8.3%
Public administration & defence	0.7%	0.7%	0.3%	0.3%
Education	1.4%	1.6%	1.7%	1.7%
Health	3.6%	3.5%	4.9%	4.5%
Arts, entertainment, recreation & other services	5.7%	5.7%	6.0%	6.6%
Total	100.0%	100.0%	100.0%	100.0%

Source: ONS, IDBR 2016, © Crown Copyright, 2016

The top four employment sectors in Shropshire are health, retail, manufacturing and education. These all account for around one in ten jobs (even higher in the case of health) and together they represent approaching half of all jobs.

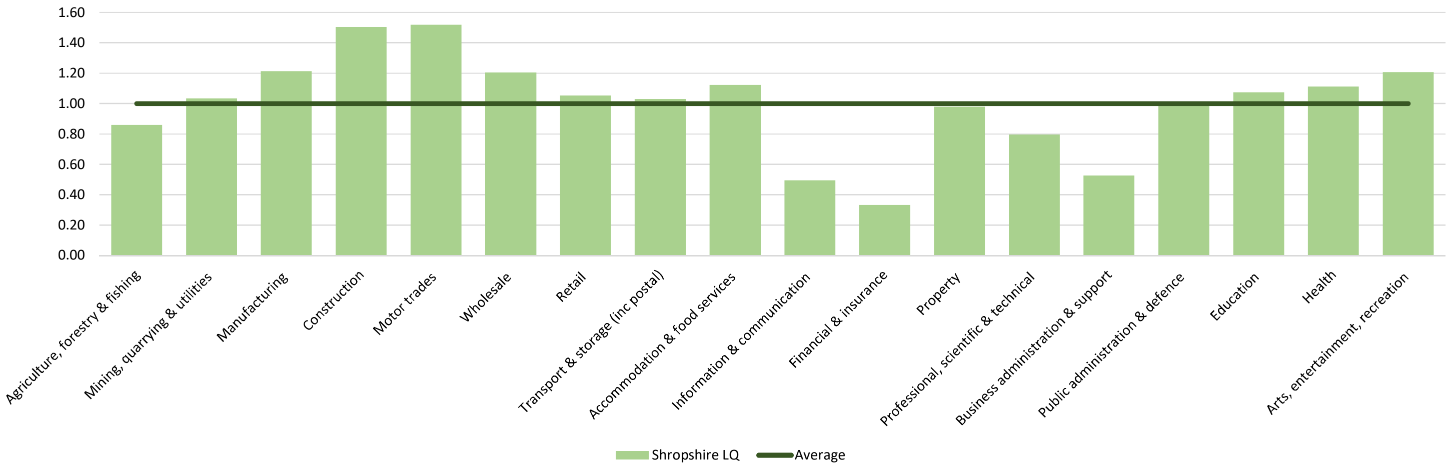
Figure 53: Breakdown of Employee Jobs by Sector, 2015

	Shropshire: Number of Jobs	% of Jobs			
		Shropshire	Marches LEP	West Midlands	Great Britain
Agriculture, forestry & fishing*	700	0.6%	0.5%	0.9%	0.7%
Mining, quarrying & utilities	1500	1.3%	1.2%	1.3%	1.3%
Manufacturing	11500	10.0%	13.6%	12.0%	8.2%
Construction	7800	6.8%	5.5%	5.2%	4.5%
Motor trades	3100	2.7%	2.4%	2.2%	1.8%
Wholesale	5500	4.8%	5.5%	5.3%	4.0%
Retail	11900	10.4%	10.3%	9.2%	9.9%
Transport & storage (inc postal)	5500	4.8%	4.3%	5.9%	4.6%
Accommodation & food services	9200	8.0%	7.0%	6.2%	7.1%
Information & communication	2400	2.1%	2.7%	2.6%	4.2%
Financial & insurance	1400	1.2%	1.2%	2.6%	3.5%
Property	1900	1.6%	1.6%	1.5%	1.7%
Professional, scientific & technical	7600	6.7%	5.3%	6.6%	8.3%
Business administration & support services	5300	4.7%	7.0%	8.3%	8.8%
Public administration & defence	5100	4.4%	4.5%	3.9%	4.4%
Education	11300	9.8%	9.3%	9.4%	9.2%
Health	16900	14.7%	13.2%	12.5%	13.2%
Arts, entertainment, recreation & other services	6100	5.3%	4.7%	4.4%	4.4%
Total	114800	100.0%	100.0%	100.0%	100.0%

Source: ONS, BRES 2015, © Crown Copyright, 2016
Note: Numbers rounded to nearest 100
**Excludes farm-based agriculture*

Figure 54 below shows the relative importance of each sector according to a location quotient (LQ). An LQ of 1 shows that the sector has the same comparative importance in Shropshire as it does nationally. Any sector which shows an LQ over 1 is over-represented in Shropshire in terms of employment, while conversely, any sector with an LQ of less than 1 is under-represented. It is clear that Shropshire has a much higher than average dependence on motor trades and construction and a much lower representation in financial and insurance, information and communication, professional, scientific and technical as well as business administration and support services.

Figure 54: Sector Significance by Location Quotient, 2015



Source: ONS, BRES 2015, © Crown Copyright, 2016
Excludes farm-based agriculture

Figure 55 compares the relative importance of each sector in relation to both the number of businesses supported and the number of employees they accommodate. It is evident that some of the largest employment sectors include some of the County's largest employers. Health, for example, accounts for just 3.6% of enterprises but 14.7% of employment, with education accounting for 1.4% of enterprises and 9.8% of employment. These two sectors, along with public administration and defence, have the highest average number of employees per enterprise. At the other end of the scale, the professional, scientific and technical sector accounts for 12.9% of enterprises but just 6.7% of employment, while construction is represented by 10.5% of enterprises but just 6.8% of employees.

The average number of employees per enterprise is 7.4 – with manufacturing, retail, wholesale and transport and storage and accommodation and food services, as well as public administration and defence, education and health, on average larger than this. Given the more rapid rise in the number of enterprises in recent years compared to employment growth, the average number of employees per enterprise is falling.

Figure 56: Comparison of Business Counts and Employment, 2015/16

	% of enterprises	% of employee jobs	Average no jobs per enterprise
Agriculture, forestry & fishing,	21.5%	0.6%	n.a
Mining, quarrying & utilities	0.4%	1.3%	23.1
Manufacturing	5.2%	10.0%	14.2
Construction	10.5%	6.8%	4.8
Motor trades	3.3%	2.7%	6.0
Wholesale	4.2%	4.8%	8.4
Retail	6.3%	10.4%	12.1
Transport & storage (inc postal)	2.9%	4.8%	12.2
Accommodation & food services	6.1%	8.0%	9.7
Information & communication	4.0%	2.1%	3.8
Financial & insurance	1.2%	1.2%	7.6
Property	3.2%	1.6%	3.8
Professional, scientific & technical	12.9%	6.7%	3.8
Business administration & support	6.7%	4.7%	5.1
Public administration & defence	0.7%	4.4%	48.6
Education	1.4%	9.8%	53.8
Health	3.6%	14.7%	30.7
Arts, entertainment, recreation	5.7%	5.3%	6.9
Total	100.0%	100.0%	7.4

Source: ONS, BRES 2015, IDBR 2016 © Crown Copyright, 2016
Excludes farm-based agriculture

Sectors experiencing the highest level of job growth since 2009 are:

- Profession, technical and scientific: +2,800 jobs
- Construction: +1,500 jobs
- Business administration and support services: +1,200 jobs
- Transport and storage: +1,000 jobs
- Accommodation and food services: +700 jobs

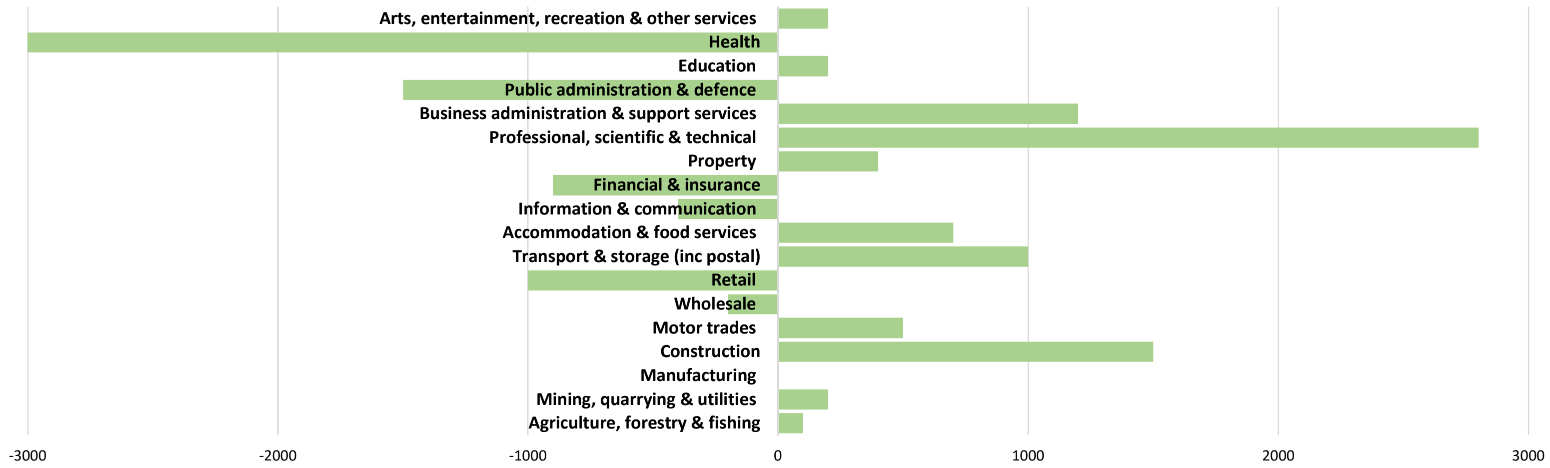
The professional, technical and scientific and construction sectors both expanded substantially in 2015 in terms of the number that they employ at +36% and +28% respectively.

In contrast, sectors which have declined the most in terms of employment since 2009 are

- Health: -3,400 jobs
- Public administration and defence: -1,500 jobs
- Retail: - 1,000 jobs
- Finance and insurance: -900

Until 2013, the health sector was expanding strongly in Shropshire, but after a static year in 2014, employment in the sector fell back by a substantial 17% in 2015.

Figure 57: Change in employment by sector between 2009 and 2015



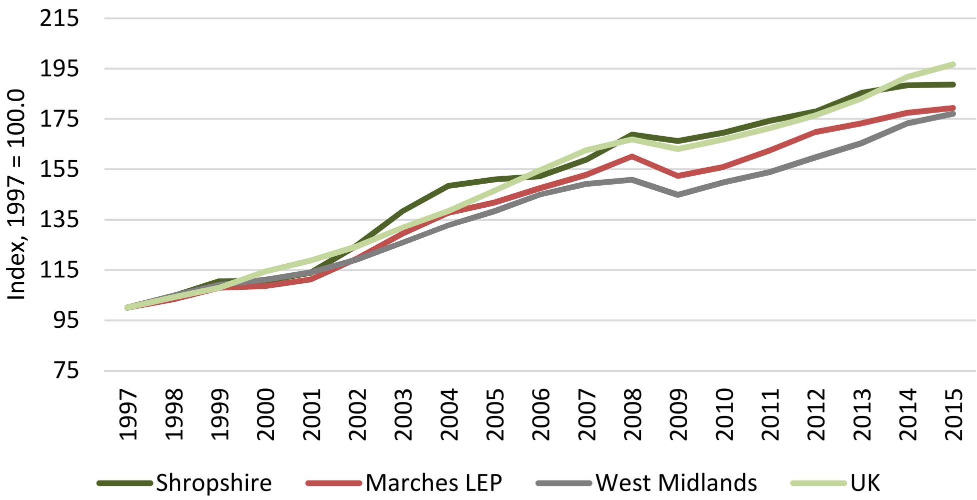
Source: ONS, BRES 2015, © Crown Copyright, 2016

Gross Value Added

GVA in Shropshire has long since lagged behind its more urban West Midlands' counterparts. There are a number of reasons for this, including Shropshire's traditional reliance on agriculture and related industries, where GVA generation is low compared with other sectors. The lack of corporate headquarters also has an adverse effect, as GVA generation is often attributed entirely to the HQ base rather than being split pro rata to branches. High levels of out-commuting, especially amongst top earners, also suppresses the value of Shropshire GVA (and particularly GVA per capita).

Nationally, the run-up to recession in 2009 and its immediate aftermath had a significant impact on GVA generation, but subsequently productivity has recovered. The following chart shows the long term trend in GVA growth for Shropshire, the Marches LEP, the West Midlands and the UK. It shows that growth in Shropshire between 1997 and 2015 has surpassed regional growth, but has been slower than growth nationally. By and large though, Shropshire has followed national and regional trends, although it is evident that growth has begun to slow in more recent years.

Figure 58: Growth in GVA, 1997-2015



Source: ONS, Office for National Statistics, 2015, Crown Copyright, 2016©

Although growth in GVA in Shropshire has almost matched growth nationally between 1997 and 2015, growth over the last decade has been less positive. Between 2005 and 2015, growth of 25% was achieved, taking GVA to £6,009 million. Growth in 2015 was flat (+0.25). In comparison, productivity in the UK expanded by 2.6% in 2015 and by 34.2% between 2005 and 2015.

GVA per head of population in Shropshire stood at £19,299 in 2015. This represents a minor decline compared with 2014 and is the equivalent of 17% growth since 2005. Per capita GVA is £6,302 lower in Shropshire than it is nationally, which is 25% less.

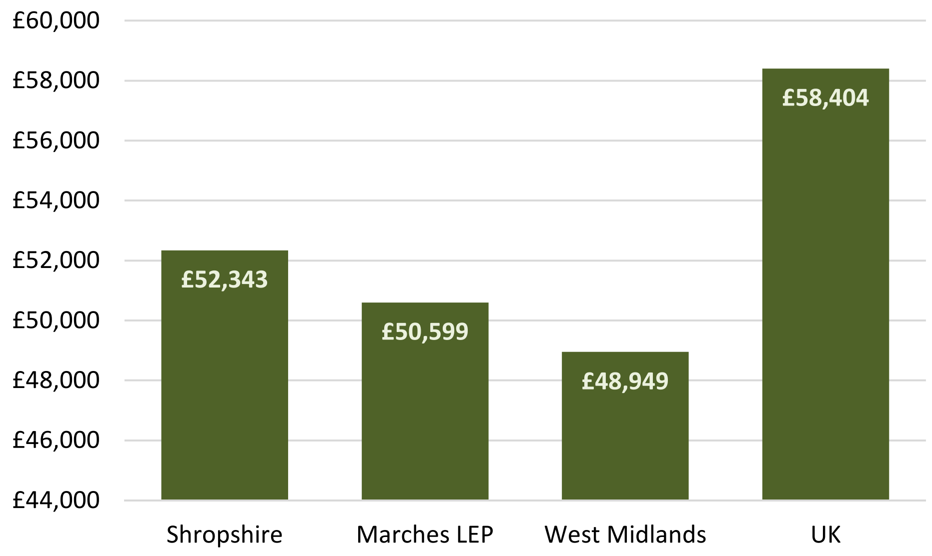
Figure 59: Gross Value Added, 2015*

	Headline GVA £ Million	% Growth 2014-2015	% Growth 2005-2015	Per capita GVA £	% Growth 2014-2015	% Growth 2005-2015
Shropshire	6,009	0.2%	25.0%	19,299	-0.2%	17.0%
Marches LEP	13,525	1.1%	26.4%	20,169	0.5%	18.6%
West Midlands	119,769	2.2%	28.0%	20,826	1.6%	17.0%
United Kingdom	1,666,342	2.6%	34.2%	25,601	1.8%	24.5%

Source: ONS, Office for National Statistics, 2015, Crown Copyright, 2016©
**At current basic prices*

Stripping out the detrimental impact on GVA caused by out-commuting and looking at GVA per employee instead, Shropshire outperforms the West Midlands but is still some distance behind the UK. The differential is much less acute than it is per capita (around 10%) though.

Figure 60: GVA per Employee Job, 2015



Source: ONS, Office for National Statistics, 2015, BRES, 2015, Crown Copyright, 2016©

GVA by Sector

Relatively low GVA in Shropshire is influenced by the types of industries which make up the Shropshire economy. To some extent, low GVA is symptomatic of a rural economy which by its nature is heavily reliant on agriculture and other land-based sectors. Some of the main employment sectors in Shropshire, including the public sector and distribution, transportation, accommodation and food are actually comparatively low generators of GVA. Notwithstanding this, these two sectors account for more than 40% of all GVA generated in the County.

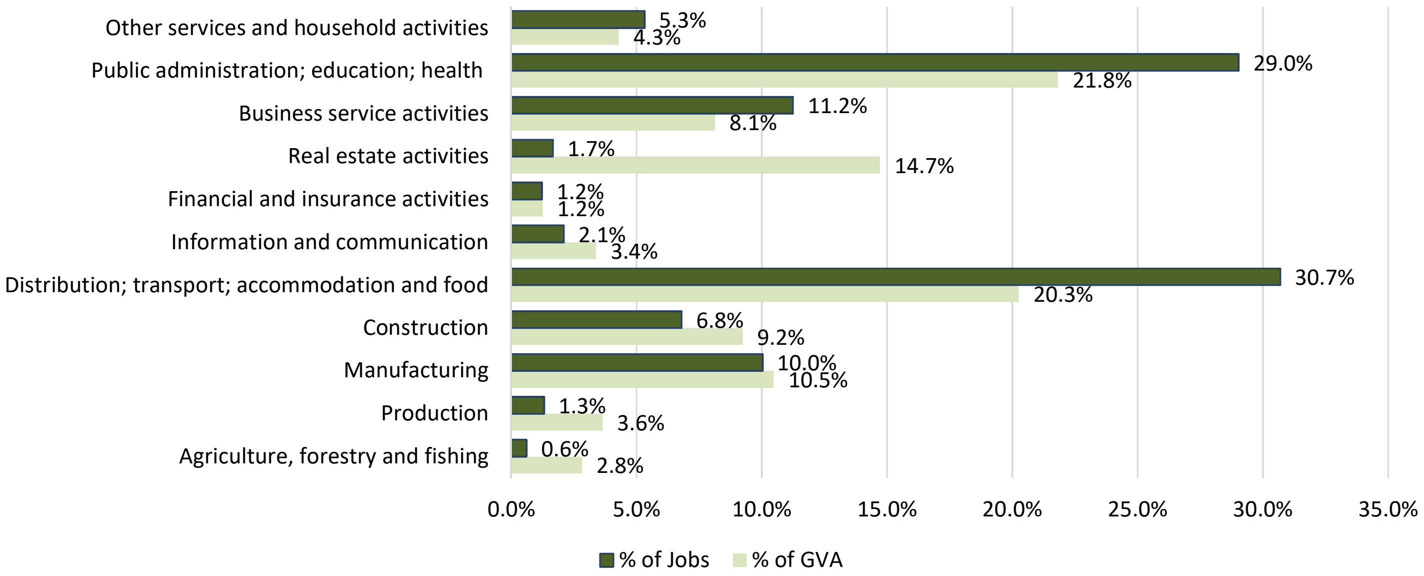
Figure 61: Shropshire GVA by Sector, 2015

	GVA Million	% of GVA
Agriculture, forestry and fishing	169	2.8%
Production	219	3.6%
Manufacturing	629	10.5%
Construction	555	9.2%
Distribution; transport; accommodation and food	1,217	20.3%
Information and communication	203	3.4%
Financial and insurance activities	75	1.2%
Real estate activities	884	14.7%
Business service activities	488	8.1%
Public administration; education; health	1,311	21.8%
Other services and household activities	258	4.3%
Total	6,009	100.0%

Source: ONS, Office for National Statistics, 2015, Crown Copyright, 2016©
**At current basic prices*

Comparing the level of GVA generated with the number of employee jobs provided by each sector shows that while the public sector and distribution, transportation, accommodation and food account for 42.1% of GVA, they also accommodate approaching 60% of jobs. Production, construction, information and communication and real estate activities all account for a higher share of GVA generation than they do of employment.

Figure 62: Breakdown of GVA and Employee Jobs by Sector, 2015



Source: ONS, Office for National Statistics, 2015, BRES 2015, Crown Copyright, 2016©

The fastest growing sectors in terms of GVA generation in the 10 years to 2015 were:

- Business service activities (+70.6%)
- Other services and household activities (+47.4%)
- Construction (+40.9%)
- Information and Communication (+35.3%)

In contrast, the following sector has declined:

- Finance and Insurance (-40.9%)

The agriculture, forestry and fishing sector has been flat (+0.6% GVA growth).