Shropshire Local Transport Plan 3

Evidence Base

Part 3: Economy and Growth

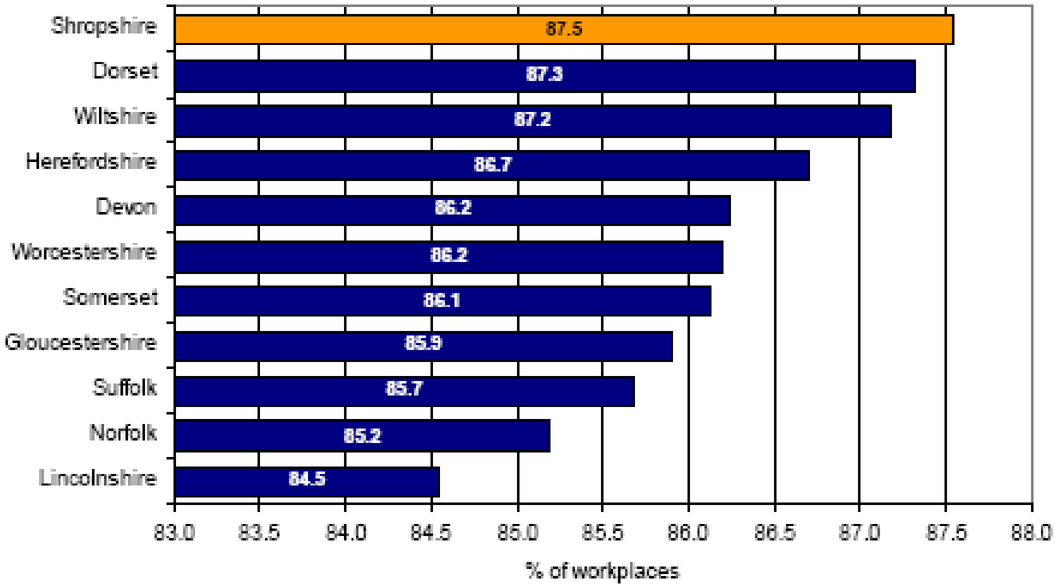
February 2011

1. Shropshire economic portrait[1]

Business & enterprise

Shropshire has a predominantly small business economy, with 87% of businesses employing 10 or fewer staff (compared to 85% nationally and only 2.5% of business having over 50 employees (compared to 3.5% nationally), a higher percentage than any of our statistical (or regional) neighbours.

Figure 3.1 Penetration of small businesses. Statistical neighbours 2008.



Source: Office of National Statistics, Annual Business Inquiry Crown Copyright 2010
Note: Businesses employing 10 or fewer*

However, there are a few major employers which account for a disproportionately large share of the county workforce. In some smaller market towns in particular, there is heavy reliance on a small number of large employers, which can mean that the choice of employment opportunities is narrow. It also leaves these towns vulnerable should one of the main employers go out of business or relocate.

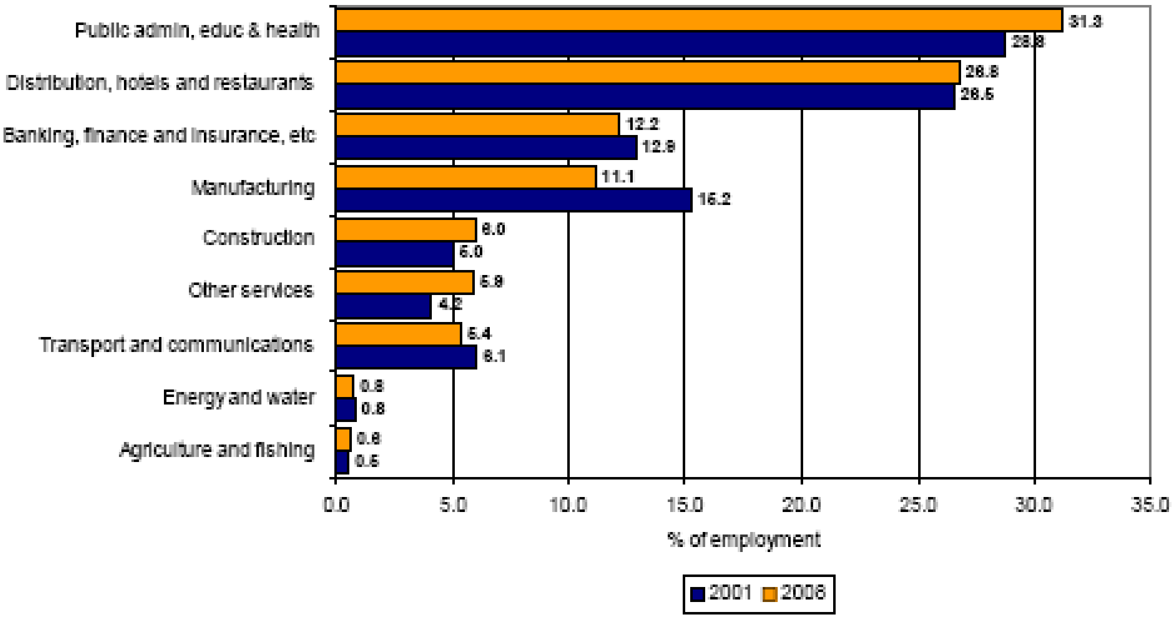
There are high levels of enterprise and entrepreneurship; with higher than average new VAT registrations, and good rates of business survival. Shropshire has high levels of self-employment, 11.8% in Shropshire compared with 9.2% nationally. Many self-employed have home based businesses, Shropshire ranks second in the UK for home-based enterprise.

The nature of business enterprise in Shropshire reflects its rural character with agriculture, farm diversification and tourism playing an important part and employing significant numbers of people. Although the structure of the economy has changed significantly over the last two decades, with the emphasis increasingly on service industries rather than agriculture and manufacturing, many of Shropshire’s key sectors today have their origins in the land.

Like many other rural economies, Shropshire has a greater than average dependence on public sector employment, which may undermine the overall economic stability of the county once the expected sharp reduction in public sector budgets occurs. At the current time, around one in three workers in Shropshire is employed by the public sector.

[1] Spotlight on the Shropshire Economy, Draft for Consultation, June 2010

Figure 3.2 Breakdown of Shropshire employment 2001 & 2008



Source: Office for National Statistics (Nomis). Annual Business Inquiry, 2008, © Crown Copyright 2010
Note: Excludes farm based agriculture

Shropshire has several key sector specialisms. The high quality and diversity of local ingredients has given rise to a thriving food and drink industry. The food manufacturing industry currently accounts for more than 3% of total Shropshire employment, and some of the county's key employers operate within this sector. Other key sectors which underpin the overall economy include environmental technologies and creative industries as well as tourism.

However, productivity in Shropshire is low, and it has been growing at a comparatively slow pace. This partly reflects the fact that many high earners commute out of the county to work, and partly a traditional dependence on agriculture and related sectors with low productivity rates.

Figure 3.3 GVA per head. Shropshire's statistical neighbours 2007

	Headline GVA per Head	% Growth 2006/07
Gloucestershire	£19,831	+3.5
Suffolk	£17,405	+6.8
Wiltshire	£17,313	+4.3
Somerset	£16,642	+4.5
Worcestershire	£16,047	+3.4
Norfolk	£15,898	+0.5
Devon	£15,242	+4.0
Herefordshire	£15,176	+5.0
Dorset	£14,593	+5.2
Shropshire	**£14,093**	**+3.8**
Lincolnshire	£14,000	+5.0
West Midlands	£17,044	+4.4
UK	£20,430	+4.8

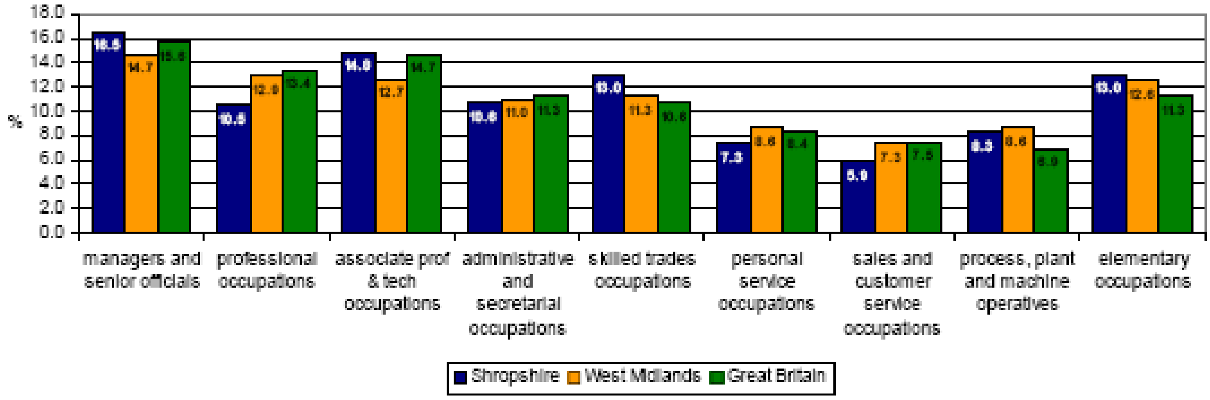
Source: Office for National Statistics, Crown Copyright 2010

The Shropshire economy is over-reliant on sectors which are forecast to decline in the future. There has been and a relatively slow up-take in knowledge based sectors which are expected to be the main focus of economic growth in the future. 30% of employees work in the knowledge economy, compared to 40% nationally, and the proportion is declining.

Further expansion of the knowledge sector will require improvements to ICT, as currently Broadband connections and speed are inadequate in some areas and there is a lack of a universal mobile phone network.

Labour market

Figure 3.4 Breakdown of Shropshire resident employees by occupation 2008



Source: Annual Population Survey, Office for National Statistics, Crown Copyright 2010

Shropshire’s resident profile demonstrates a higher proportion of people in managerial and senior positions than either the West Midlands or the UK, with 16.5% being employed in these occupations in 2009 (year ending June) compared with 14.7% in the West Midlands and 15.6% in the UK. However, a high proportion of Shropshire residents working in these top level positions work outside the county.

On average workers in Shropshire have significantly lower wages than those in other areas in 2008, average weekly workplace earnings stood at £410 compared with £449 in the West Midlands and £479 in the UK. In this respect, Shropshire is ranked 15th worst in the UK.

Figure 3.5 Median gross weekly workplace earnings. Shropshire’s statistical neighbours 2009

	£ per week
Gloucestershire	468.3
Wiltshire	459.9
Norfolk	445.2
Suffolk	440.3
Dorset	433.8
Worcestershire	432.2
Somerset	430.9
Lincolnshire	418.3
Devon	415.8
Shropshire	**406.4**
Herefordshire	383.3
UK	490.2

Source: Office for National Statistics); Annual Survey of Hours and Earnings, © Crown Copyright 2010
Note: Full-time employees on adult rates

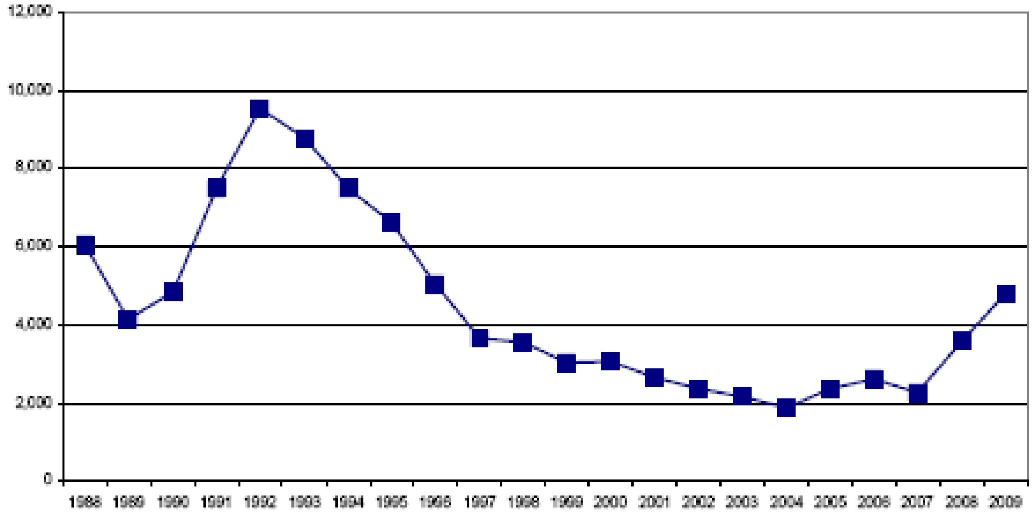
However residents’ average weekly pay is much closer to the regional and national average reflecting the fact that a significant proportion of high skilled, and better paid, workers commute out of the county to work.

For local workers, higher than average house prices combined with lower than average wages create significant affordability issues.

Worklessness

Unemployment rates in Shropshire are relatively low; although there are pockets of high unemployment in some towns, and youth unemployment is rising. However, lower claimant rates to some extent disguise a significant level of rural under-employment. A relatively high proportion of jobs are part-time (35.5% of jobs in Shropshire were part-time in 2007 compared with 31% in the UK), and there is a substantial amount of seasonal and casual work (both tourism and agriculture related). Many people work two or three part time jobs to make ends meet.

Figure 3.6 JSA claimant count in Shropshire 1988-2009



Source: JSA Claimant Count, Office for National Statistics, Crown Copyright 2010

Although worklessness in Shropshire is clearly not as widespread as it is in many more urban areas, there are some areas where worklessness is significant, affecting more than a quarter of the working age population.

Specifically, long term unemployment is a major issue in parts of the former wards of Harlescott, Meole Brace and Sundorne in Shrewsbury and in part of Castle in Oswestry. Overall, a tenth of the working age population in Shropshire is currently claiming work-related benefits. Although this proportion is lower than it is in either the West Midlands or Great Britain, it still amounts to a sizeable 17,070 people (August 2009)

2. Economic Development Strategy

To address these economic challenges Shropshire's economic development policy is currently focussing on improving skills, restructuring of the economy, growing Shropshire's existing businesses and supporting start-up enterprises. There is a focus on the elements of our key sectors which have been identified as capable of significant growth, which include:

- Tourism
- High tech manufacturing, including food & drink and other land-based industries
- Care/assisted living
- Environmental technologies
- Creative industries - particularly the design and new media sub-sector
- High-quality, independent retail; particularly in Shrewsbury

To support our economic development strategy Shropshire requires a modern, sustainable and affordable transport system. Development of better ICT infrastructure is also essential particularly in rural areas to support the modernising of the economy, increase competitiveness and reduce the need to travel.

Local business have identified that high quality of life, good environment and a central location are strong assets of operating a business in Shropshire. Access by car is seen as being relatively good although parking cost and availability is an issue of concern, and some trunk road improvements are called for. Congestion is not considered to be a significant problem except in a few 'hot spot' areas, predominantly in and around Shrewsbury.

Businesses do not consider public transport currently meets the needs of themselves or employees, with better access to rail and better reliability called for; and the lack of public transport for those working shifts (particularly in the manufacturing, care and hospitality sectors) highlighted as particular issues.

3. Tourism

Tourism is a growing sector for the Shropshire economy. Shropshire has around 10.6 million visitors per year, spending £561M; supporting in the region of 15,691 jobs. [2]

The tourism sector has a strong reliance on good transport provision, as well as generating significant volumes of traffic. In addition specialist tourist activities such as sightseeing by car; walking; cycling and horse riding have specific requirements and impacts as they utilise the highway and wider right of way networks. Cycling and walking have also been identified as important parts of the tourism offer for Shropshire, with the quiet lanes and by-ways offering a high quality experience. Maintaining quiet routes for such tourism is important.

The majority of visitors to Shropshire are day visitors (76%[3]-88%[4]). The over two thirds of day visitors are from the West Midlands region (67%). The North West region (13%) and Wales (13%) are the next biggest suppliers of day visitors to Shropshire.[5]

The 2007 Shropshire visitor survey[6] found that the majority (86%) of visitors arrive in Shropshire by car which is above the regional average. Only 6% of visitors to Shropshire used public transport as their main mode of transport to the area. The most visited towns and villages were Shrewsbury, Bridgnorth and Ludlow.

When visitors were asked unprompted what they liked about Shropshire the high quality, tranquil rural and historic environment dominated the responses, including such phrases as countryside, nature, scenery, picturesque, old and peace & quiet.

When asked what had spoilt their visit, whilst 77% said nothing, 2% of visitors mentioned road works or traffic, 2% referred to the lack of or cost of parking and 1% to lack of /poor signing. Making transport related issues the most significant problems identified other than poor weather. However, in a separate leisure market survey 'travel time' and 'convenience and enjoyment of the journey' were rated as 2 of the most important factors in influencing day trips to Shropshire[7]

The county's tourism and leisure potential could be further exploited by extending the holiday season, encouraging visitors to stay longer and spend more and by developing more niche markets to widen Shropshire's appeal.

[2] THE ECONOMIC IMPACT OF TOURISM, 2005, Heart of England Tourist Board, commissioned for Shropshire Council
[3] Shropshire Visitor Survey, 2007, The Research Solution
[4] The Economic Impact Of Tourism, 2005, Heart Of England Tourist Board, Commissioned For Shropshire Council
[5] Shropshire Visitor Survey, 2007, The Research Solution
[6] Shropshire Visitor Survey, 2007, The Research Solution
[7] Shropshire's Leisure Tourism Markets And Motivations, 2005, Tourism Enterprise And Management

4. Economy related transport issues[8]

Connectivity

Being able to travel easily to and from Shropshire as well as within the county itself is of vital importance for residents' accessing employment, education and services, and for businesses who need easy access to an appropriately skilled workforce as well as to customers and suppliers.

While connectivity is important to economic success, so is high quality of life. Ironically the relatively poor connectivity of Shropshire is actually one of the factors which contribute to its attraction as an unspoilt and tranquil place to live, work and visit. This is a particularly important factor in attracting higher skilled workers and businesses. It is important therefore to ensure that the environmental assets of the county are not damaged when seeking to improve connectivity and accessibility.

There is evidence that businesses in Shropshire are able to thrive despite relatively poor physical access, with rates of business survival comparatively strong. Modern businesses make more use of the internet, take advantage of facilities such as teleconferencing and increasingly encourage home-working. The high number of home workers in Shropshire is to some extent a direct result of its comparative remoteness. However, the effectiveness of home working can be compromised by the comparatively poor broadband internet connections which prevail in much of rural Shropshire.

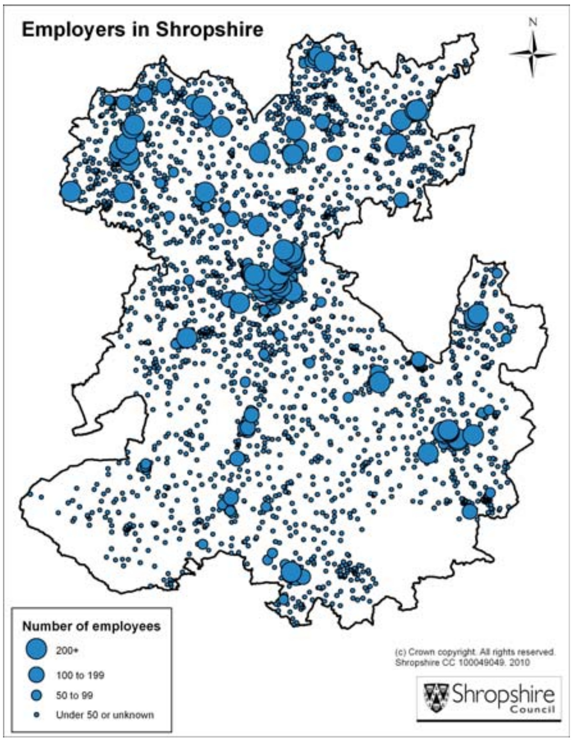
Employment location

The main employment areas in Shropshire are concentrated in Shrewsbury and the larger market towns, with access to employment a greater issue in more rural locations.

An increasing proportion of businesses are now located on the edge of towns, with business parks in particular attracting businesses which might previously have been located in town centres. Substantial investment has been made in the recent past in sites at Battlefield, Emstrey and Oxon in Shrewsbury as well as Tern Valley in Market Drayton and the Ludlow Ecopark.

Conversely, there has been limited office development within the town centres themselves as the historic value of the county and market towns makes it difficult to bring forward any major new developments. However, there has been a trend towards town centre living and the conversion of some former employment sites into housing developments has been forthcoming.

Figure 3.7 Employers in Shropshire



Parking and park and ride

The availability and cost of car parking is a key element of the transport provision. Towns need some car parking provision to support economic activity, but it needs to be properly

[8] Spotlight On The Shropshire Economy, Draft For Consultation, June 2010

managed to avoid excessive traffic generation, and balanced against other needs, such as space for pedestrians and the quality of the town's environment.

There are three established park and ride services in Shrewsbury, and a relatively new service in Ludlow. The proportion of people travelling into Shrewsbury town centre by park and ride has increased in recent years. Of all journeys using public car parks the proportion using park and ride has increased from 29% 5 years ago to 35% in 2009/10.

However, there is evidence that park and ride is predominantly used by shoppers and visitors to the towns. Only around a third of users arrive before 10 am, indicating that the services are under-utilised by workers.

Bus use for commuting

Consultation has identified that factors preventing higher bus usage especially in terms of travelling to work, include:

- Lack of viable commuter services in rural areas
- Lack of early morning/late evening services, even in Shrewsbury, making it difficult for shift workers to leave their cars at home
- Radial bus routes in Shrewsbury mean that access to employment sites outside the town centre often requires a change of bus service resulting in comparatively longer journey times than could be achieved by car
- A lack of cohesion between bus and train times
- Perception that car use is cheaper and faster than public transport
- Lack of bus priority and traffic control methods.

Rail use by business users

It is very important that the county is easily accessible from London, other major cities and international airports by rail, as it affects the attractiveness of Shropshire as a location for businesses and a destination for tourism and offsets to some extent Shropshire's reputation for being remote.

Although Shrewsbury now benefits from a direct train line to London, via the Wrexham, Shropshire and Marylebone Railway Company, and a frequent service to Birmingham (including Birmingham International Airport), some of the county's market towns, such as Market Drayton and Bridgnorth, do not benefit from rail transport at all. The direct line train service between Shrewsbury and London is widely acknowledged to be beneficial for the county and reasonably cost effective to the traveller.

However, the infrequency of trains and journey times limits use for business purposes, meaning that the service is primarily an asset for the leisure and tourism markets. The perception of limited car parking and town centre congestion is also a deterrent to rail travel from Shrewsbury station. Indeed, Shropshire Council's consultation with businesses[1] suggests that many travellers prefer to take their car and travel from Wolverhampton, Birmingham International, Worcester or Crewe as appropriate where parking is less likely to be a problem and where rail journey times are shorter.

Electrification of the line between Shrewsbury and Wolverhampton, and improved line speeds between Shrewsbury and Crewe would significantly improve the attractiveness of rail for business use

Access by air

Birmingham International Airport is the main airport serving Shropshire. Access is relatively good via the strategic road network and by rail, with the recent introduction of hourly direct rail services from Shrewsbury to Birmingham international. Manchester International Airport also serves Shropshire; rail access is also good, talking the same time as the journey from Shrewsbury to Birmingham International with one change.

Liverpool and Bristol airports are also used, particularly for low cost flights; access by rail to these airports is more difficult

New business airport

A study[9] in 2003 identified a demand for a business airport in the west of the West Midlands region. It identified that there is a demand for limited air charter services to UK and near Europe destinations using small aircraft. A business airport would potentially attract inward investment particularly 'high technology' businesses. Business and some leisure passengers would be attracted by reduction in journey times and 'convenience' of using a small airport. There would be scope to develop aviation related businesses in the vicinity of airport and limited scope for high value/low volume airfreight.

The study looked at the potential of expanding either RAF Cosford or Wolverhampton Business Airports to meet the marked demand and concluded that RAF Cosford was nearer to meeting the model business airport criteria than Wolverhampton Business Airport; this conclusion was partly based on the poor access to Wolverhampton Airport. However due to RAF requirements it is not an option to introduce commercial operations at RAF Cosford at the current time. However the future of Cosford as a RAF training base is currently uncertain

The saved policy from the Bridgnorth Local Plan from July 2006 was that the current position of Bridgnorth District Council was that it does not support the development of RAF Cosford as business airport.

[9] Wolverhampton Business Airport and RAF Cosford, Amey Vectra 2003, http://www.advantagewm.co.uk/Images/west-midlands-airport-feasibility-study-summary.doc_tcm9-7575.pdf

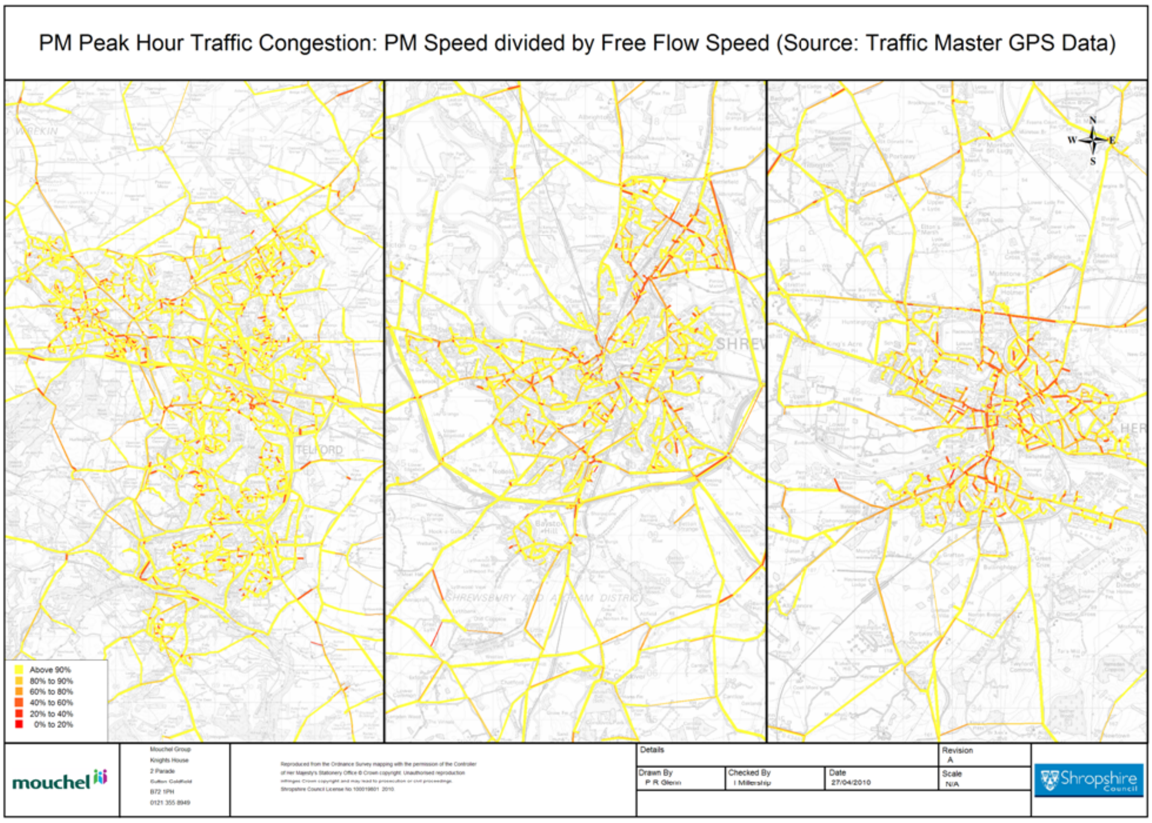
5. Congestion and delays

Outside of Shrewsbury significant congestion is generally not observed on a regular basis in Shropshire. On most interurban roads traffic levels are at less than 50% of their design capacity. An exception is the A5 from the Oswestry bypass northwards. This is identified as being at 90% of its design capacity, indicating that congestion can be expected.

The recent growth point connectivity study[10] looked at congestion in Shrewsbury, Telford and Hereford. It considered as a proxy for congestion the percentage of “free flow” (i.e. off peak) speed which is achieved on each link of the road network during the peak hours. It took data from the ‘Trafficmaster’ dataset which contains observed journey times from vehicles, rather than modelled values.

Figure 3.8 below compares the three settlements. The same scale and colour scheme is used for each settlement, and the hotter colours represent the greatest levels of peak hour congestion.

Figure 3.8 PM peak hour traffic congestion in Shrewsbury Hereford and Telford



In Shrewsbury, there is (by this measure) evidence of congestion:

- on the A5 bypass at its approach to the A5/A458 junction (both directions) - traffic light has been introduced since this data produced)
- on the A49 bypass, approaching the junction with the B5062 (southbound) - other arms of junction affected
- on sections of the distributor ring road – particularly approach to Heathgates Island, Longden Road island and Porthill Island

[10] Growth Point Connectivity - Phase 1 study, 26th May 2010., Mouchel

- Whitchurch Road, and particularly all arms of the Whitchurch Road/ Harlescott Lane/ Featherbed Road Junction (improvement works undertaken at this junction since data produced), and around the Heathgates Island and Mount Pleasant Road junctions
- The route through the town centre – Frankwell, Welsh Bridge, Smithfield Road, Chester Street and Castle Foregate

Other data analysis looking at congestion, as modelled in the Shrewsbury traffic model, shows that in the AM peak that a further problem junction is the English Bridge Gyratory system to the east of the town centre, with significant delays on the Old Potts Way and Belle Vue Road approaches

The extent of peak hour congestion in Shrewsbury means that at these times of day many road journeys into or within Shrewsbury will experience noticeable delay. By comparison there is considerably less congestion and delay in Telford, and considerably more in Hereford.

Network management

Shropshire Council developed a Network Management Plan in 2005 in line with the 2004 Traffic Management Act, and as a result a number of improvements have been made to traffic and network management in Shropshire, helping to ease and prevent congestion.

Recent improvements include:

- Introduction of civil parking enforcement across Shropshire
- Improved notification and co-ordination of street works, enforced using contractual fixed penalty notices and over run charges
- Agreement of tactical diversion routes for the all the motorways and trunk roads in Shropshire with the Highways Agency.
- Publicly available information on street works and closures available via the web at: www.elgin.gov.uk

6. SWOT analysis

Strengths	Weaknesses
• There is a strong and positive interdependence of business and commuting (as well as education and training) between Shrewsbury and Telford • The Shrewsbury-Telford-Wolverhampton railway lines heavily used for passenger and county generated freight to the West Midlands and the rest of the UK • Shropshire has many attributes of a “leafy shire” and offers a high quality of both natural and built environment. There is a relative lack of congestion and the area is perceived to offer economic stability • The main employment areas are located within Shrewsbury and the larger market towns • Shrewsbury is an important sub-regional centre and is ranked as one of the top ten retail centres in the West Midlands. It serves a catchment of around 180,000 people within a 20 minute drive time. • Oswestry is Shropshire’s second largest centre and the largest market town, with a retail turnover significantly greater than that of the other market towns. • Good connectivity to neighbouring areas of the North West, Wales and the West Midlands and the rest of the UK via the A5, the A49 and the M54 • Decriminalised parking enforcement gives local authority greater control to manage streetscape.	• There is very significant new employment and housing growth planned for Telford. This may encourage net out-commuting • Many villages do not have a daily bus service and there are limited rural railway stations • There is a limited direct daily train service to London • There are significant levels of out-commuting, especially in highly skilled/managerial occupations. • The quality of the main trunk roads through the county could be improved. • Locations not on the A5/M54 and A49 central spine routes are disadvantaged in terms of access and opportunity • Low worker wages create affordability issues • Better ICT required in rural areas in order to modernise economy and reduce the need to travel. • Public transport provision does not meet the needs of businesses, particularly shift workers. • Park and rider services are under-utilised by workers. • Lack of integration between bus and rail services. • Lack of bus priority and traffic control measures. • Shropshire is unable to meet the demand for a business airport.

Opportunities	**Threats**
• Market towns could take on a greater role as centres of rural service provision and economic activity • Self employment in Shropshire is 10% above the national average. Many are home-based enterprises. Shropshire ranks second in the UK for home-based enterprise. • Tourism is an important part of the local economy, with approaching 11 million people visiting each year. Overall, tourism directly supports over 8,000 full time equivalent and more than 6% of all Shropshire-based jobs are tourism related.	• Existing rail services could be scaled back due to a reduction of funding to the Strategic Rail Authority from central government (infrastructure workshop) • As well as transport deficiencies, the lack of public and community facilities is a cause of rural isolation and deprivation • Beyond the boundaries of Shropshire there are neighbouring competing centres at Wrexham, Chester, Stoke, Telford, Wolverhampton, Kidderminster and Hereford. • The Shropshire landscape is a key economic asset creating not only an attractive place to live and work but also an important tourist destination • Much of Shropshire's appeal is due to it being a tranquil rural area with attractive countryside and high quality local food products, where a range of leisure activities such as walking and cycling can be enjoyed • A5 from Oswestry bypass northwards is at 90% of design capacity. Future traffic growth could cause congestion issues. • Congestion exists at some key junctions in Shrewsbury. • Some smaller markets towns are vulnerable due to heavy reliance on small number of large employers. • Dependence on public sector employment may undermine economic stability of county with large scale public sector cuts.