

# Rural Evidence Base 2010

**Rural Policy,  
Advantage West Midlands**



## Introduction

This document updates West Midlands Rural Evidence 2008. It provides summary of the rural West Midlands economy developed from new and existing evidence, capturing it in one place.

This document demonstrates the role rural West Midlands play in the region's economy contributing to bridging the region's output gap and successful delivery of economic growth.

The success of our rural areas in reaching their full potential will be heavily dependent on a clear understanding of the role and character of rural areas. This Summary provides that understanding supporting partners to respond appropriately in rural areas, for example, through the development of Local Enterprise Partnerships.

## Why our rural areas matter

Some 80% of the West Midlands land is rural with 35% of the region's population living there and 34% of the region's population employed in rural areas.

The rural economy contributes about 33% of total regional GVA annually.

The rural economic base remains as broad and diverse as the regional economy as a whole. This in part reflects the complex inter-relationships between urban and rural areas.

The strong rural employment sectors are public sector and tourism each providing 25% rural employment. Closely followed by banking and finance (17%) and manufacturing (14%).

To the wider benefit of the region's population 70% of the region's land mass or one million hectares are in agricultural production with a further 8% in forestry maintaining the landscape. Agriculture provides 3% rural employment.

## The rural economy differs

There are differences across the region that underpins the unique dynamics in the rural economy.

There is a predominance of **mirco and smaller businesses** (less than 50 employees) in rural parts.

There is a higher incidence of self employment demonstrating the **high level of entrepreneurship** found in rural areas.

**Large employers (over 250 employees) are proportionately more important** in rural areas. They provide a greater proportion of the employment in a location with few local alternative employment options than would be the case in an urban context.

West Midland's rural areas are home to a number of businesses with over 1000 employees. There are 14 private sector companies, about half in manufacturing, and 10 public sector predominantly health and local government.

**Higher employment levels** are found in our rural areas than urban. However, due to sparsity factors job density - number of jobs available per head of population - is weaker.

The rural economy is based on **low wage activity** (see map opposite).

**Land managers** as viable businesses contribute to maintaining the landscape. They have volatile incomes due to output prices begin beyond their control. West Midlands farms have lower farm business productivity and low levels of farm diversification compared to English averages.

**Skills** of the adult population are important to supporting the economy. Qualifications held by the rural population are better than the regional averages, although comparable to English averages. There are **pockets of low skills** in some market towns e.g. Atherstone 41% residents have no qualifications, Leominster 35%.

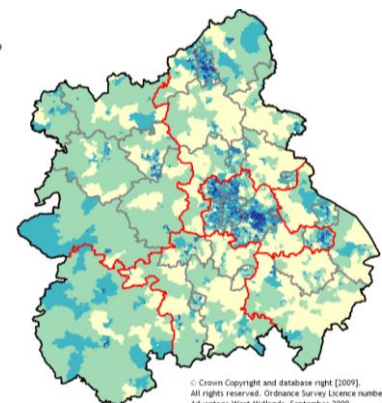
Levels of **knowledge working are lower** in rural economies, particularly to the West of the region (see map page 6) e.g. Craven Arms 8% in knowledge working, Alveley 14% and higher in Warwickshire Kenilworth 23%. Knowledge working is important as it demonstrates presence of higher value sectors.

### Low income

The map of low income – defined as households earning less than £20,000 pa. Dark blue indicates more than 50% households with less than £20k p.a. – shows there are pockets of low income in the rural areas, including (parts of) South Shropshire (around Clun), Herefordshire (Kington, Leominster and Ross), North Staffordshire and the former Warwickshire coalfield communities.

Percentage of households with income under £20,000

- More than 50%
- 40 to 50%
- 30 to 40%
- 20 to 30%
- Less than 20%



Source: CACI Paycheck Data, July 2009

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It provides a nuanced understanding of household income including income sources of benefits, pensions and investments.

## Spatial differences

With 80% of the region's land base as rural supporting 35% of the population and covering sparsely populated areas, rural places function differently across the region.

**Market towns** have a strong role as service hubs, providing centres of employment and access to key services. Of West Midlands market towns 33 have large employers (over 100 employees) providing a substantial proportion of local employment.

Economic activity is occurring throughout the rural areas, including and beyond the market towns.

**Commuting impacts** on the rural economy often 'hide' issues faced by those that live and work in that location. This is demonstrated by the difference between work-place and resident based income. The gap in accessible rural areas can be up to £8,000 p.a. (Bromsgrove). The gap in Bridgnorth is £7,000 p.a.

The commuting impact, in part, means that issues faced by remote rural areas and accessible rural areas will be different, as will the solutions.

Remote rural areas of the region have three times the level of **home working** found in urban areas.

**Access to services** is weaker in rural areas evidenced, in part, by the reliance on private transport.

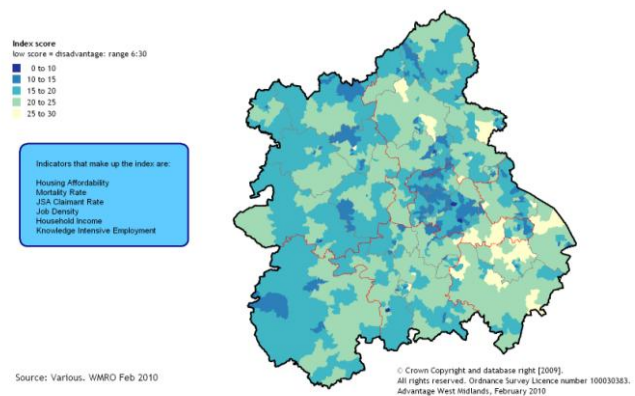
The provision of quality **broadband** falls behind that available in urban areas. Across the region 6% fall below the 2Mbps Digital Britain Universal Service Commitment. These are all rural areas.

**Rural disadvantage varies by location** and does not show concentrations of multiple disadvantage demonstrated in urban locations. Rural disadvantage is primarily reflected in issues of housing affordability, quality and range of economic opportunities and accessibility to services. It is more widely spread with specific pockets often focussed on market towns (see below).

**Housing affordability** is a rural issue demonstrating the huge disparity between available income and average house prices. The issue is more pronounced further away from the towns, influencing who can afford to live where.

### Rural Disadvantage Indicator

The RDI, developed by AWM as part of the West Midlands Economic Strategy monitoring, draws together both community and economic indicators namely: JSA claimant rate; Housing affordability; Mortality rate; Job Density; Household income; and percent of people employed in the knowledge economy.



The RDI map identifies a broad swathe of areas – west and east – including specific 'pockets' of disadvantage (dark blue showing most disadvantage) including several wards in / around : Malvern Hills, Oswestry, Cheadle, Leek, Ditton Priors, Atherstone and North Shropshire.

# Rural recession impacts

The West Midlands has been particularly affected by the recession because of its significant manufacturing base, which has been hard hit. Performance by many of the region’s industrial sectors lags behind the national average. Long term trends (1998-2005) show regional employment growth before the recession was predominately public sector employment with the private sector contracting. These highlight the long term industrial weaknesses in the region.

The rate of **growth in unemployment**, while from a relatively lower base, has been **highest in rural areas** (graph below). However, the proportion of claimants remains below regional averages.

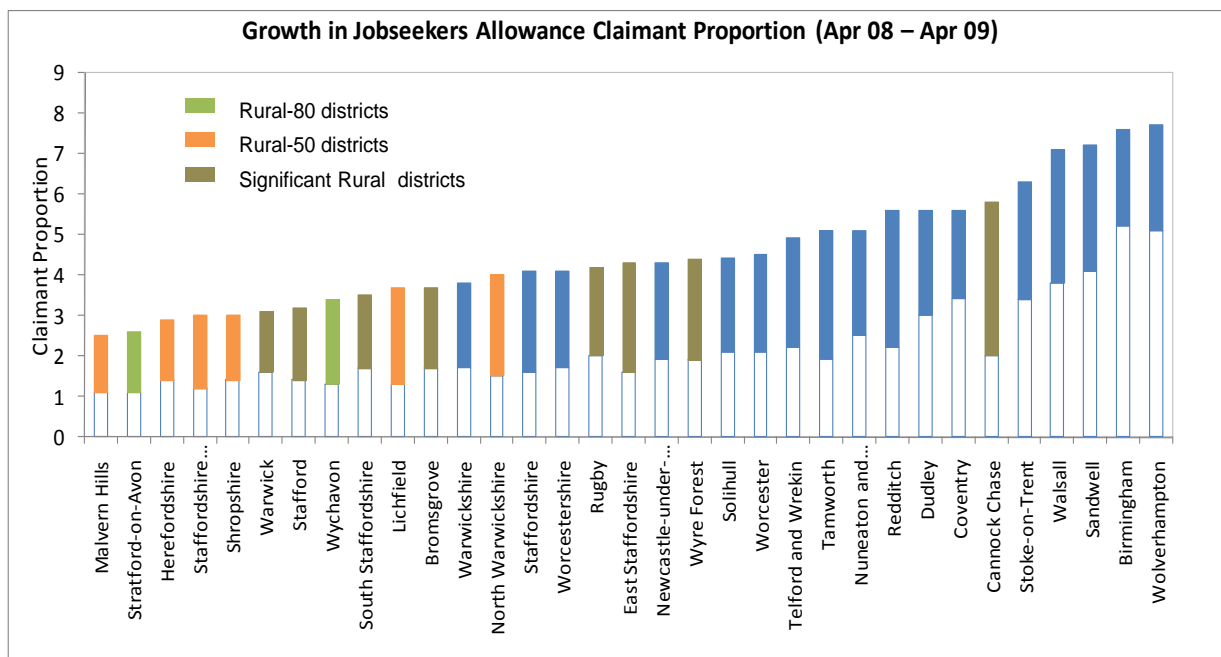
Regional **youth unemployment is highest** in across England. Rural areas have between 5% and 10% of young people claiming JSA. Absolute increases in number have been high e.g. Staffordshire Moorlands has seen youth unemployment go from 215 a more than year ago to 390 (April 2010).

Business closures and redundancies tend to have a particularly significant impact in areas where there are often few alternative sources of employment. This has been particularly true in **market towns**, which have suffered closure of national companies, e.g. Woolworths which has also impacted on high street vitality.

Manufacturing bore the brunt of early **redundancies** in rural areas, closely followed by the services sector.

**High levels of public sector employment** (25% rural employment) poses a high risk to future recovery in light of Government austerity measures. Linked with poor access to alternative jobs some places could be significantly hit e.g. Wem has 43% of population working in public sector, Bromyard 35% and Pershore 33%.

The whole region faces structural weaknesses which needs to be addressed coming out of the recession. Rural areas have the **potential to recover** quicker. Higher skilled people tend to return to work quicker than those with no skills.



## Sub Regions

The West Midlands rural areas are not homogeneous, as demonstrated by the mapped evidence presented so far.

Shropshire and Herefordshire are home to some of the region's more remote areas. There are two major settlements supported by a network of smaller market towns. The Welsh boarder area support highest levels of home working in the region.

This area 'the rural West' underperforms economically, with GVA per head in Shropshire and Herefordshire (£14,100 and £15,200 respectively) below regional average (£17,000) in 2007. There is a heavy reliance on traditional low wage industries.

Housing affordability is a problem. The differential between rural and urban is greatest in West Midlands than any other region. The problem is most acute in rural west.

Broadband access is variable across the two counties. There is a reliance on private transport to access jobs and services.

Staffordshire benefits from a network of self contained market towns that generally outperform the county's larger urban areas. The county has a long tradition of manufacturing and heavy industries such as ceramics and engineering. Some are based in the market towns serving the rural economy. These industries have declined over recent decades.

Staffordshire Moorlands shares many of the characteristics of the rural west, being more remote rural area.

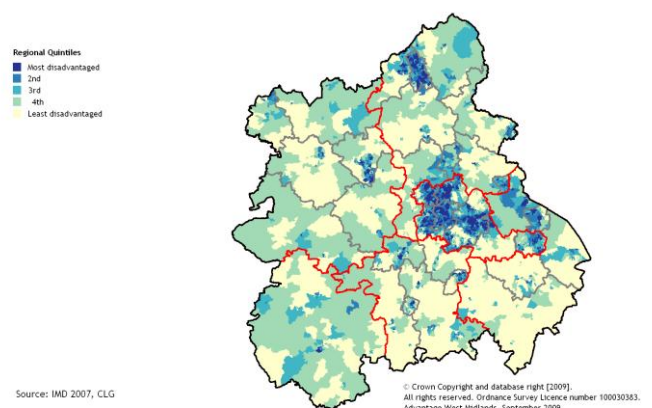
Warwickshire falls in the sphere of influence of the South East of England as well as Birmingham. This increases house prices and cost of living in rural locations. Large vehicle manufacturers have provided much of the employment.

Areas previously reliant on coal mining have structural problems. For example, the RDI demonstrates Atherstone has low skilled population, low incomes and low levels of knowledge working.

Worcestershire, unlike the other counties, has an even spread of employment across the county. Major employment sectors are manufacturing and public sector, the later providing 32% employment. Employment growth has been in the public sector, with decline in manufacturing.

### Skills

Below is the IMD measure of skills mapping the proportion of working age (age 25-54) population with no or low qualifications (census 2001). This shows low skills as a predominately urban problem with pockets across rural areas, mostly in the market towns. There are **pockets of low skills** in some market towns.



## Rural challenges

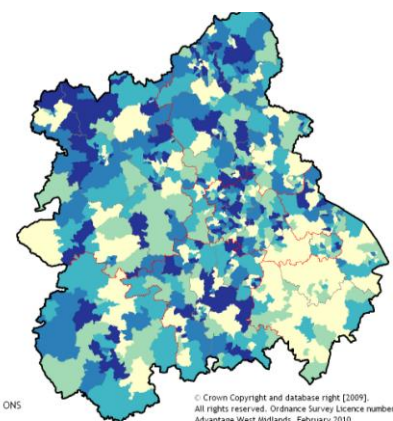
- Supporting small and micro businesses to overcome weak business networks and geographic barriers.
- Foster diverse employment growth, through increased representation of knowledge intensive businesses.
- Improve broadband access to meet future business requirements and reduce the digital divide.
- Support businesses and individuals to gain the right skills to increase competitiveness.
- Build on the region's rural strengths in response to the recession.
- Support home workers to grow their businesses.
- Support businesses to capture opportunities created through development of green economy and resilience to climate change.
- Support farmers to improve their viability and increase food production whilst benefitting the environment.
- Support market towns as service hubs for businesses and community serving surrounding rural areas.
- Recognise the spatial differences across the rural areas to develop appropriate responses.
- Address affordable house provision for those that live and work in rural parts.
- Work in partnership to improve service provision through innovative approaches.

### Knowledge Economy

In order to gauge the 'economic vitality' of the rural economy, the representation of the knowledge economy for every ward in the region has been calculated using the Annual Business Index (ABI). Public sector employment has been excluded.

This indicator is also sensitive to some of the underlying vulnerabilities of the rural economy. It acts as a proxy for job quality. Whilst Warwickshire tends to stand out as being the least disadvantaged area, conversely, the rural west – including many parts of Shropshire (dark blue) – and North Staffordshire show less vitality in this respect. This is across towns and rural villages.

Regional Quintile  
 ■ Most disadvantaged quintile  
 ■ 2nd  
 ■ 3rd  
 ■ 4th  
 ■ Least disadvantaged quintile



Source: ABI & Mid-year population estimates, ONS

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 Advantage West Midlands, February 2010

This is an important measure to the extent that presence in these growing / higher value sectors.

## Summary

The West Midlands rural areas contribute to the region's economy. The breadth of the rural economy is similar to the urban economy.

The rural economy is different in that it has a higher level of entrepreneurship; higher numbers of small firms; and, has places relatively more dependent on large firms.

Economic activity occurs across all rural areas with a focus on shire and market towns. Market towns have a clear role as service hubs providing centres of employment and access to key services.

Provision of rural broadband to support businesses in the future is required.

Rural disadvantage differs in nature and spread from that in urban areas.

## Next Steps

AWM encourages all its partners to consider this evidence base as an integral part of their plans and strategies.

Going forward this evidence can inform Local Enterprise Partnerships as they are developing.

## Rural Evidence Base

Advantage West Midlands Rural Evidence Base contains research reports and findings of independent studies commissioned by AWM to provide an in-depth understanding of rural West Midlands. On its own it provides only part of the overall picture. Hence, more informal and anecdotal sources of intelligence will continue to remain important. Recent additions to the Rural Evidence Base are:

- Rural Disadvantage Indicator providing a fine grained understanding of our rural areas.
- Rural Broadband Infrastructure Study
- Market Towns evaluation reporting on the success of this programme
- Redundant Buildings Grant evaluation reviewing the performance of the grant scheme
- Role of historic farmsteads in the landscape.

AWM's Rural Evidence Base can be accessed through <http://www.advantagewm.co.uk/what-we-do/improving-places/rural-evidence-base.aspx>

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