

# The Herefordshire Economy

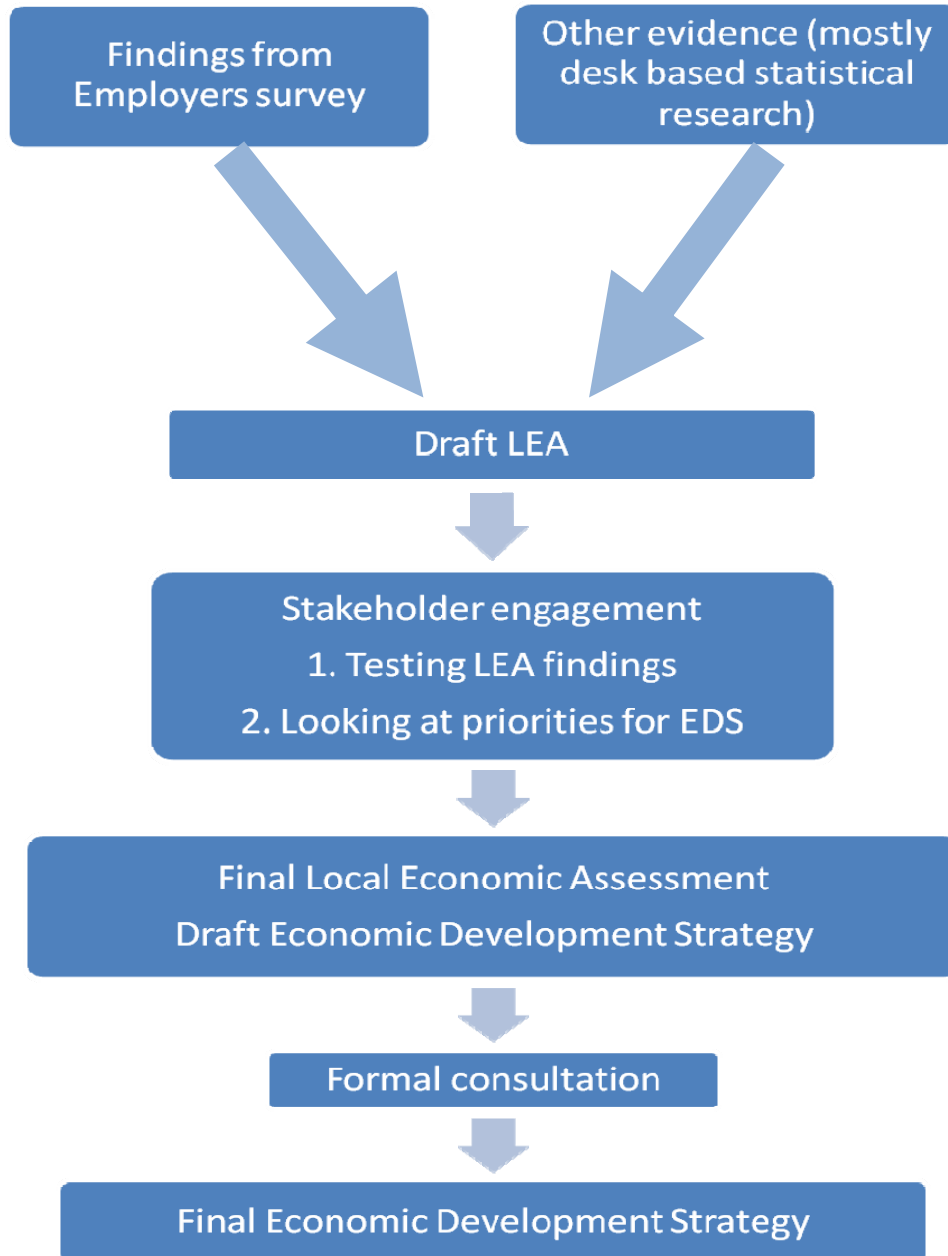
Local Economic Assessment key  
findings

# Presentation outline

1. Background to LEA
2. Key findings
3. SWOT analysis
4. Where next

# Background to LEA

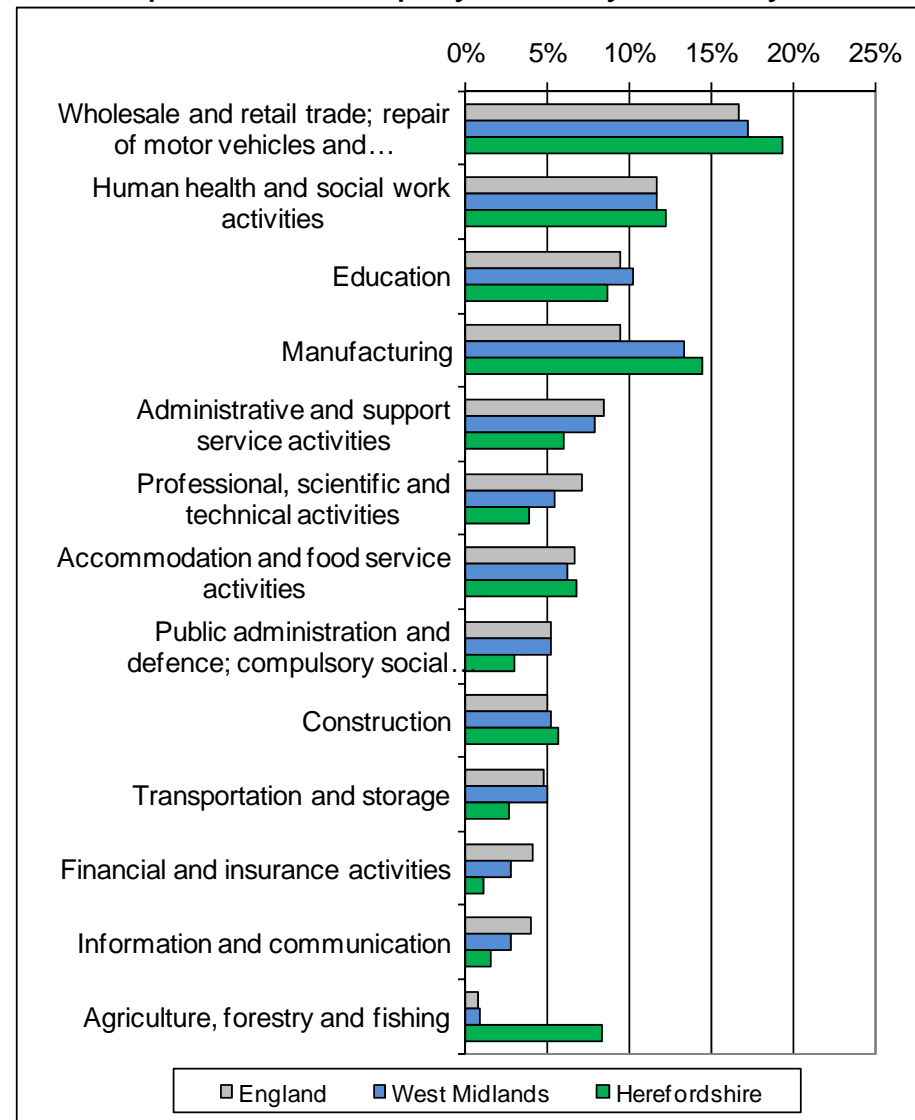
- Statutory requirement from April 2010
- The State of Herefordshire Report
- Change to regional and national policy
- Refresh of the economic development strategy



# Herefordshire's economic output is low compared to regionally and nationally

- Low GVA per resident
  - Herefordshire (£15,176 )
  - West Midlands region (£17,044)
  - England (£20,458)
- Explained by differences in
  - Age structure
  - Value added per hour worked
  - Number of hours worked per job
  - Commuting out of the county
- Value added per hour worked
  - Low wages generally
  - Dominance of low value added sectors
  - Lower productivity

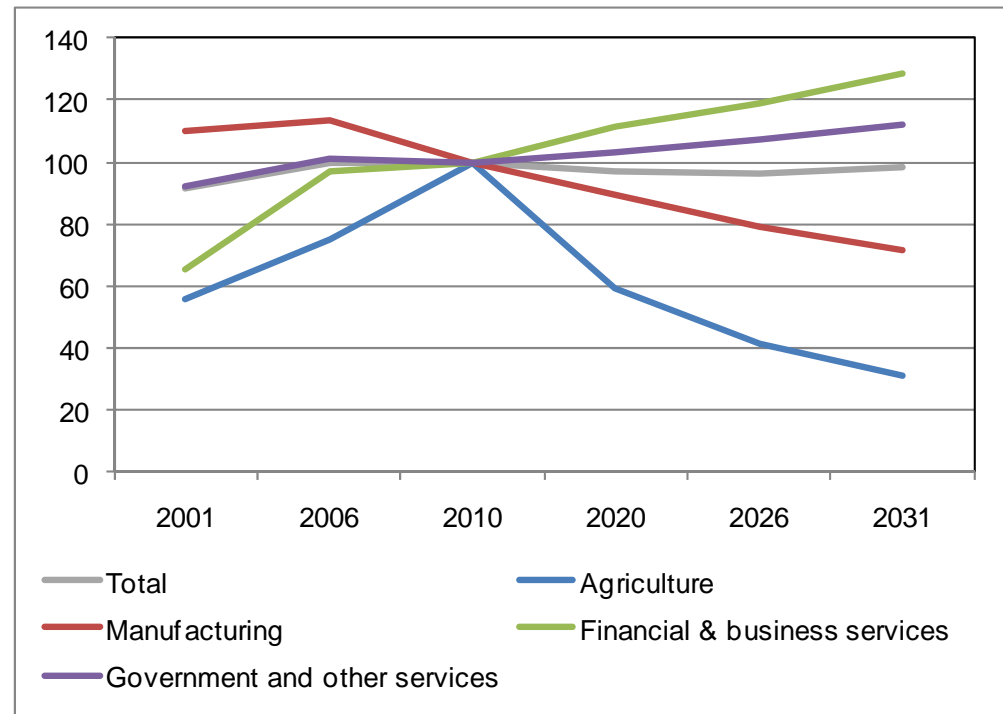
Chart 1. Proportion of employment by industry, 2008



# Total employment in Herefordshire is projected to decrease

- Total employment to decline by 4% by 2026
- Decline in manufacturing and agriculture
- Offset by increase in all other sectors
- Biggest increases in construction and financial and business services

Chart. Projected change in employment (indexed on 2010 levels)



Source: Cambridge Econometrics

# Affordability of housing is a key challenge in Herefordshire

- Low average earnings + High property prices
- Ratio lower quartile earnings to lower quartile house prices was 8.5
- High demand for affordable/social housing (40 bids per property advertised)
- Not rated as particularly important by businesses
- Difficult to assess overall effect on economy

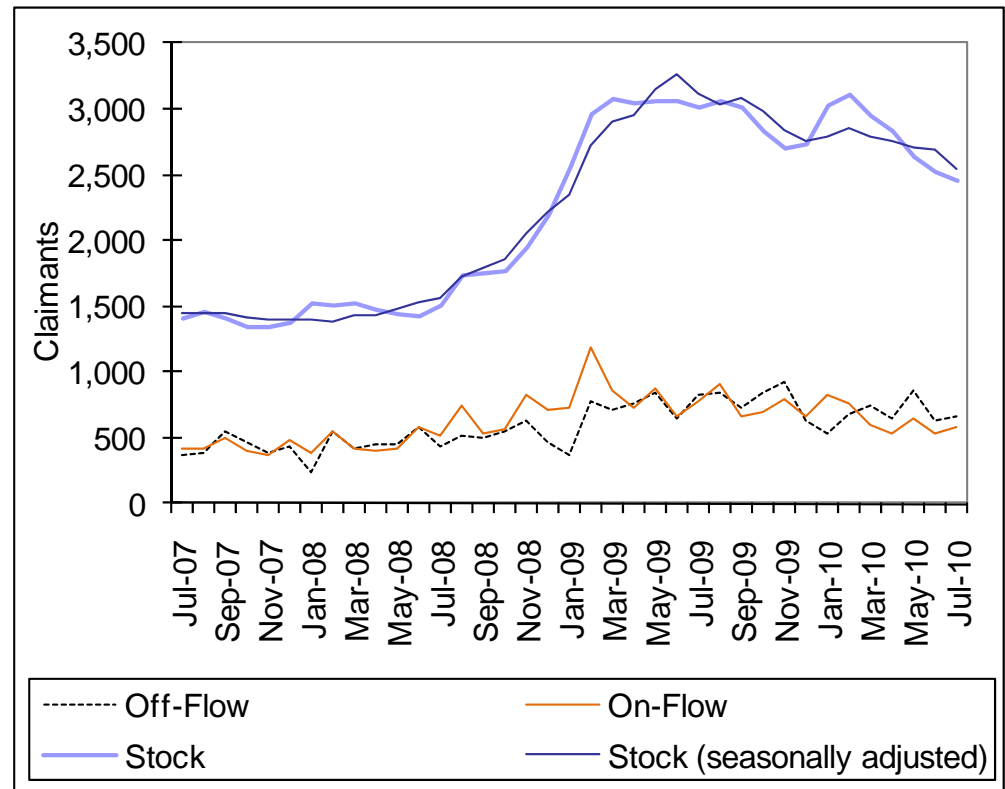
# Herefordshire has a higher proportion of residents with qualifications, but employers report that young people are poorly prepared for work

- Higher rate of qualification up to Level 2
- Some young people (under 24) are poorly prepared for work
  - 16 years olds straight from school lacked working world, life experience or maturity
  - 17 and 18 year olds had poor attitude or personality or lack of motivation
  - People straight from HE lacked required skills or competencies.
- Skilled trade vacancies reported as being hard-to-fill by 50% of employers.

# Increased number of out-of-work benefit claimants during the recession, but rates remain low compared to regionally and nationally.

- More workless people due to the recession
- Mostly due to increase in unemployed
- Long-term unemployed continues to increase

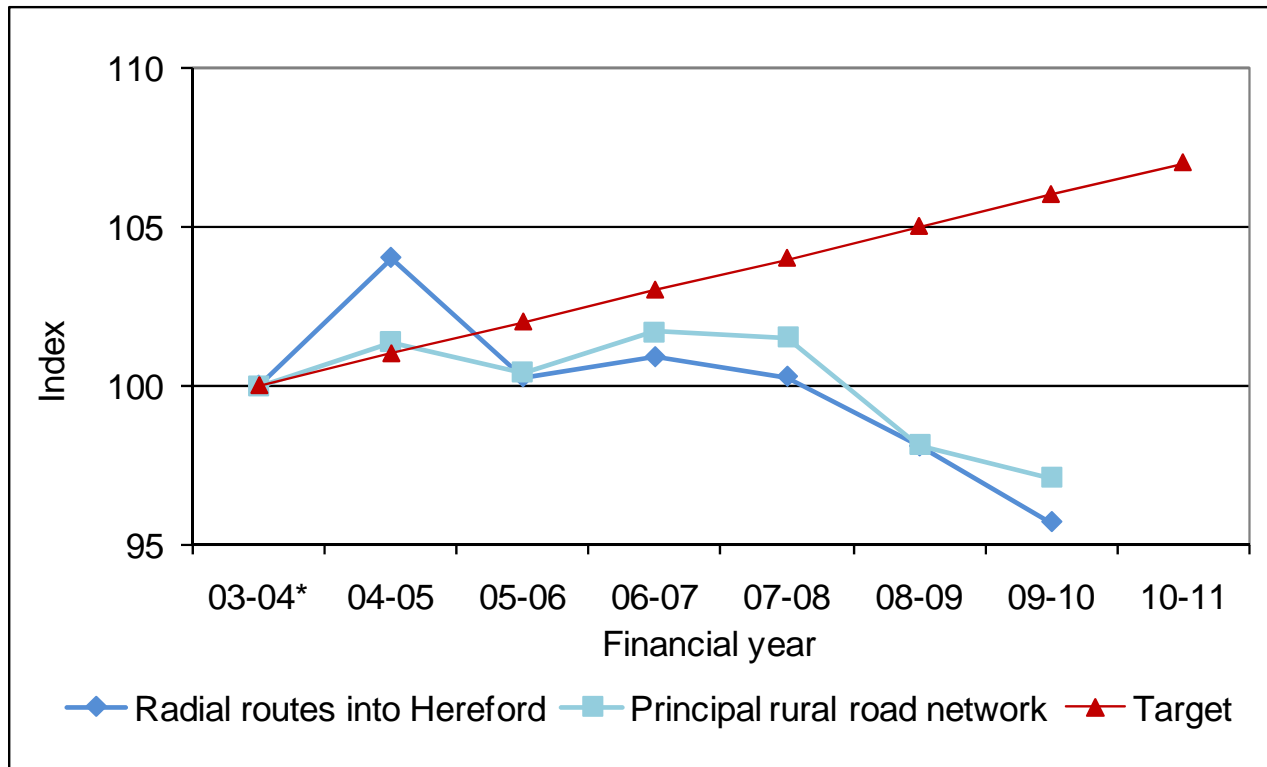
Chart. Jobseekers Allowance claimants with on-flow and off-flow



Source: nomis

# Congestion levels in the county have improved

- 86% of buses were running on time
- Traffic volumes - down 4% on radial routes into Hereford  
– down 3% on the rural road network



## Fewer people aged 16 to 64 living in Herefordshire by 2026

- Increase very slightly to 110,600 by 2011
- Fall steadily to approximately 103,600 by 2026
- 'younger older age groups', 65 to 74 expected to increase by 46%.
- Population of people over 85 expected to double by 2026

# SWOT analysis

<ul style="list-style-type: none"><li>•High qualification rates</li><li>•A high survival rate for business start-ups</li><li>•Relatively low worklessness and unemployment</li><li>•High rate of employment and self-employment</li></ul> <p><b>Strengths</b></p>	<ul style="list-style-type: none"><li>•Lack of affordable housing</li><li>•A dominance of low value added sectors</li><li>•Low wages</li><li>•Residents commuting to work outside of county</li><li>•Deprivation in urban areas, but also potentially 'hidden' deprivation in rural areas.</li></ul> <p><b>Weaknesses</b></p>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>•High quality environment for business</li><li>•Low value commercial property</li><li>•Improving congestion levels</li></ul>	<p><b>Threats &amp; Challenges</b></p> <ul style="list-style-type: none"><li>•Some young people are poorly prepared for work</li><li>•Poor or non-existent broadband access in some areas</li><li>•An increased number of long term claimants of Jobseekers Allowance as a result of the recession.</li><li>•Some skilled trade vacancies are hard-to-fill</li><li>•Fewer people of working age by 2026 and a projected decrease in employment</li><li>•A doubling of the population aged 85 and over</li><li>•High CO<sub>2</sub> emissions from electricity usage and transport.</li><li>•Public sector contraction</li></ul>

# What next

- Currently draft LEA
- Consultation on
  - Findings of LEA
  - Testing priorities for refresh of the economic development strategy