ROTHERHAM METROPOLITAN BOROUGH COUNCIL

A LOCAL ECONOMIC ASSESSMENT 2010

DRAFT June 2010

Produced by: Neil Rainsforth
Research & Spatial Analysis Officer
Forward Planning

Contents

Executive Summary

This is the first Local Economic Assessment carried out in Rotherham and complies with the new statutory duty, placed on all local authorities, to produce an assessment of the economic conditions of their area, which came into force in April 2010. This short summary brings together key issues to emerge from the assessment, highlighting the many improvements seen in Rotherham's economic performance over recent years but also focusing on the structural weaknesses that still remain in the economy. The recent UK recession (and weak recovery) has impacted on Rotherham and this assessment attempts to assess the likely long-term outcomes and additional problems which will need to be overcome.

The main body of the document is broken down into several key areas or themes and this summary adopts a similar structure –

Spatial Context

Rotherham's economy cannot be considered in isolation – the performance of the local economy is inextricably linked with the performance across South Yorkshire and the wider Yorkshire & Humber regional economy, which is in turn highly dependant on national (and international) economic conditions. Rotherham is part of the Sheffield City Region and has particularly strong links with Sheffield, not only in geographical terms but also with dense patterns of economic interaction through strong sectoral complementarities, supply chains and labour markets.

Large scale investment and regeneration that followed the closure of the traditional coal and steel related industries in the late 1990's had a strong impact on major structural changes to Rotherham's economy over the last decade. The period saw over 20,000 additional new jobs within the borough but the increase was not spread across all sectors. In 1998 over 27% of employment in Rotherham was in manufacturing with only 14% of jobs within the banking, finance and other services sectors. By 2008 the position had been reversed with only 15.3% of employment within manufacturing (although this remains higher than the national average) and almost 22% in the banking, finance and other services sectors.

The geographical location of jobs in the borough has also changed in this period with newly reclaimed / regenerated areas showing strong growth. Areas in the Dearne Valley (chiefly along Manvers Way / Cortonwood), Bramley /Wickersley (due to Hellaby Industrial Estate expansion & Bramley Lings area), and Dinnington (due to former colliery reclamation / redevelopment) have been the areas driving employment growth over the last decade.

Demography

Rotherham's population had been declining throughout the 1990's in tandem with the decline of its traditional industries, reaching a low point of 247,000 in 2000. However this trend was reversed with job growth beginning to stimulate inward migration and the population has grown by 5,900 since 2000 to reach 252,900 by 2008. In common with the rest of the UK the make-up of the population is ageing with increasing numbers in the older, mainly retired, age groups.

During the 1990's net outward migration was the primary reason for Rotherham's falling population but since 2000 net inward migration (internal and international) has been the main factor. A major factor in the rise in international migrants to Rotherham, and the UK in general, has been the enlargement of the European Union with many workers entering the UK from Eastern Europe since 2004. National Insurance registrations to overseas nationals settling in Rotherham have been over 1,000 in each of the last four years (2005/06 to 2008/09) with over half of worker registrations originating from the EU Accession States. Unfortunately there is no record of how many workers subsequently return home although there is some national evidence that suggests many East European workers have returned home since the start of the recession. This could already be happening in Rotherham as in the last two years, to 2008, there has been net outward migration, with natural change becoming the predominant reason for population growth.

Looking forward Rotherham's population is expected to continue to steadily increase, although slower than the national rate, with the largest increases expected in the older age groups. The working age population is expected to increase only slowly, although increasing retirement ages to be phased in over the coming years will have an impact upon the size of the workforce.

Employment

Rotherham has made great strides in increasing employment over the last 10-15 years with the employment rate rising from the 65%-66% range during the mid-1990's to reach over 74% in 2004/05, close to the national average. This rate has now fallen back to around 70% with the gap to the national average widening again, particularly over the last 18 months due to the impact of the recession. The female employment rate in Rotherham is closer to the national average than for men, but women are far more likely to be working part-time than men.

Unemployment has shown a similar pattern with a strong improvement up to 2005 but jumping from 5.8% in 2008 to 9.1% by 2009 as the recession impacted. Numbers claiming Job Seekers Allowance have increased substantially in the last two years to just over 9,000 at the beginning of 2010; the claimant count rate has risen more quickly in Rotherham and the rest of South Yorkshire compared to the regional and national rates of increase - possibly due to the heavier reliance on manufacturing (a sector particularly hard hit) for employment in the sub-region.

Average earnings in Rotherham, both workplace and residence based, compare poorly with the national average with annual workplace earnings consistently averaging around 90% of the UK average in most years (but around 97% of the regional average). This is partly a reflection of the types of occupations of those in employment in Rotherham with a higher proportion employed within process, plant & machine operatives and elementary occupations, traditionally lower skilled / lower paid, compared to nationally. Similarly there is a lower proportion employed within the managerial and professional occupations, traditionally higher skilled / higher paid, compared to nationally or regionally.

Latest employment projections for Rotherham show no significant improvement until 2011 and at a very low rate of increase, with the numbers employed within the borough not predicted to reach pre-recession levels until around 2020. In the longer-term job losses in the manufacturing sector will continue, particularly in the lower skilled / low value basic manufacturing sectors, with increases expected within the Financial and Business Services sector. These projections are based on 'policy-off' expectations – i.e. on a pure trend basis given the sectoral make-up of the local economy. A 'policy-on' scenario where Rotherham attracts additional investment would boost the employment level above this. However the level of any future large-scale investment is unknown, but given the current tight financial constraints any public investment is likely to be much more modest in nature than in recent years. It will therefore become increasingly important to attract higher levels of private investment into Rotherham.

Skills

The recent recession has highlighted the pressure on 'old' labour intensive / elementary occupations, which are forecast to continue their decline due to increasing pressure from overseas low skilled / low wage economies. The evolvement of the UK economy to a service sector and high-tech manufacturing orientated economy requires a skilled workforce and Rotherham must ensure its own workforce is equipped to take advantage. Improvements in the qualifications of the working age population in Rotherham have been made with for example 22% being qualified to at least NVQ level 4 (e.g. degree level) or above in 2008 compared to less than 15% in 2001.

However the gap to the national and regional averages remains substantial, with 26.6% qualified to NVQ4+ regionally and 30.5% nationally – i.e. Rotherham requires an additional 7,000 people up-skilled to reach the regional average or 12,000 to reach the national average. At the other end of the scale Rotherham has 5,000 more people without any qualifications than if at the regional average or 7,000 more than if reaching the national average. The importance of qualifications in the workforce is highlighted by the fact that the employment rate of those qualified to NVQ4+ in Rotherham is over 90% compared to an employment rate of just 40.9% for those with no qualifications.

There is better news when looking at school attainment with recent improvements in Rotherham narrowing the gap to the national average – the percentage of pupils at Key Stage 4 achieving 5 or more A*-C GCSE's (including English and Maths) at 47.1% is now just 3.6 percentage points below the all England average. The NEET (not in education, employment or training) rate in Rotherham has also improved and for 2008 was below the regional rate and only slightly above the national rate.

Enterprise

The health and growth of the private sector within the local economy is a key element in the provision of employment and wealth creation across the borough and for the overall strength of the economy. Rotherham has historically had a low business to population ratio and this remains the case despite significant improvements over recent years to close the gap. With just 273 VAT and/or PAYE enterprises per 10,000 adult population Rotherham's performance is one of the lowest in the region.

Rotherham has a higher concentration of businesses in the manufacturing and construction sectors compared to the regional and national averages with also a relatively high number in the mainly public service industries (administration, education and health). It has a correspondingly lower concentration of businesses in the professional, scientific and technical, and information and communications sectors. Rotherham also relies more heavily on large employers in providing employment – a potential weakness which makes Rotherham potentially more susceptible to a general downturn in the national economy.

The rate of increase in workplace employment in the last 10 years has been over twice the regional and national average with the public sector, banking finance & insurance, and distribution sectors now more important than manufacturing in providing employment in Rotherham. Workplace employment within the Knowledge Intensive sectors has grown faster than regionally or nationally, closing the gap to both. This is important given projections suggesting that employment in these sectors will grow.

The business birth rate (start-ups) has been similar to the sub-regional average in recent years but remains well below regional and national rates. However, the three year survival rate for Rotherham businesses is higher than the regional rate and is particularly high in the council run business centres. The level of self-employment in Rotherham remains low with female self-employment being particularly low compared with regionally or nationally.

Estimates of Gross Value Added (GVA) for Rotherham show strong growth over recent years although this fell in 2008 as the recession began to impact on output. However a significant productivity gap to the UK average remains – to close this gap Rotherham's economy needs to continue to diversify and modernise, increase its business base, raise skills levels to attract high value jobs and investment, increase levels of employment and economic activity in the workforce.

Inclusion

The recovery in Rotherham from the closure of the areas coal mines and traditional industries has been substantial but disadvantaged neighbourhoods and "communities of interest" still exist across the borough. Overall deprivation appears to be reducing with Rotherham improving from 48th most deprived local authority in 2000 to 68th most deprived by 2007. However almost 31,000 people, or over 12%, of residents in Rotherham still live within areas ranked in the top 10% most deprived areas nationally. The Economic Deprivation Index shows that over 37% of the borough remains within the top 20% most deprived nationally for employment.

Total out of work benefits had been falling but since the start of the recession in mid-2008 worklessness rates have risen sharply, driven by increasing numbers of Job Seeker Allowance claimants. However, Incapacity Benefit / Employment Support Allowance claimants still account for over half of all workless benefit claimants. The gap between the best and worst performing areas appears to be widening again in the current recession, with the highest rate of worklessness now at over 40% in one area compared to less than 5% in the best performing area.

Equivalised average household income in Rotherham is just 70% of the England average and approximately 36,000 households in the district are managing on less than the minimum income needed to achieve an acceptable standard of living; 55% of households in Rotherham East ward are living below this standard of living compared to 19% of households in Sitwell ward.

There are generally high levels of ill-health across South Yorkshire, partly due to the areas industrial past, and mortality rates in Rotherham are above average, particularly for males. Life expectancy is improving but remains below the national average for both males and females.

Land, Buildings & Infrastructure

In addition to promoting economic growth of the borough we must provide quality, sustainable and mixed community neighbourhoods in order to retain existing residents and attract new workers to locate here. Businesses also expect a good transport infrastructure, an attractive environment, and a good supply of business units and/or developable employment land in the right locations if they are to relocate or invest.

Despite a falling population between 1981 and 2001 the number of households in Rotherham increased by over 13,000 – due to increasing numbers of one-person households, particularly within the older age groups. Latest projections suggest that household numbers will increase by almost as much again to 129,000 by 2026. Over the last 10 years house prices in Rotherham have increased by 128%, despite falling back in the recession of the last two years, but the average price remains relatively affordable at around 77% of the national average. However the house prices to earnings ratio has increase substantially (the average house in Rotherham being 4.5 times the average annual salary), particularly in the more desirable areas of the borough, making affordability an issue.

Rotherham has relatively low levels of home ownership compared to the national average with correspondingly high numbers in social rented accommodation. The Yorkshire & Humber Regional Spatial Strategy requires

Rotherham to provide an additional 1,160 net additional homes per year to 2026 but we are currently below this target with the recent economic downturn severely impacting on the house building / construction sector.

The net total floorspace on Rotherham's employment sites had reached over 2.84 million sq m by the end of 2009 with just under a quarter of this floorspace being constructed within the last 10 years. A significant proportion of this new floorspace has been constructed in the north of the borough, particularly around Manvers in the Dearne Valley, but also at other key sites such as Dinnington and Templeborough. Vacancy rates have risen over the last two years with some of the older units in less desirable locations to business being vacant for some time. The amount of economic land requiring reclamation and infrastructure has shrunk significantly and future employment land requirements are currently being considered by an Employment Land Review as part of the Local Development Framework.

Poor transport links will act as a barrier to long term sustainable economic growth and strong evidence that Rotherham and Sheffield share a single economy means it is essential that good transport links exist between the two. Key strategic transport corridors and future growth areas are covered by the South Yorkshire Local Transport Plan (SYLTP) - of particular relevance to Rotherham are the identified key economic regeneration sites at Manvers, Waverley, Dinnington, and Rother Valley in the borough, but also the Lower Don Valley area just over the border in Sheffield. This identifies congestion at peak times on some routes in/out of Rotherham and the need for improved transport links, particularly to the Rotherham-Sheffield corridor.

Environment

It is becoming increasingly important to consider the impact of local economic development on the environment and how the local economy will be affected by a transition to a low-carbon economy. There is a high level of commuting to / from Rotherham, particularly between Rotherham and Sheffield, with 39% of Rotherham's resident working population travelling outside the borough for work and over 30% of the workplace population in Rotherham travelling into the borough. High commuting, coupled with low public transport usage and high car usage, impacts on energy consumption, congestion and air quality.

Traffic congestion is impacting on air quality in some parts of the borough, particularly close to Rotherham town centre and around M1 / M18 motorway junctions. Overall energy consumption and CO_2 per head in Rotherham has been falling in recent years as the economy becomes less reliant on traditional manufacturing industries. Road transport now accounts for almost 30% of all CO_2 emissions in Rotherham.

In the past an inevitable consequence of economic growth has been an increase in the amount of waste produced – in the future newer / more modern ways of working in businesses will be needed to ensure a more sustainable use of resources. Over recent years the handling of waste in Rotherham has been transformed; the percentage of municipal waste sent for land fill has fallen from almost 90% in 2002/03 to under 44% for the year

2008/09. Given the scarcity of suitable sites for land fill and the need to maximise use of natural resources this figure will need to reduce further which will primarily be done by greater reuse and recycling, with Barnsley, Doncaster and Rotherham local authorities working together on future projects. This sector will also provide opportunities for new businesses dealing with the processes in handling and recycling of this waste.

Rotherham Town Centre

Over the past few decades Rotherham has witnessed a steady decline in the number people living in and using the town centre. Rotherham residents are more likely to use Parkgate Retail World for shopping, Meadowhall / Sheffield City Centre for eating out and cinema / theatre, and local centres for pubs / clubs. The result has been the stagnation and decline of Rotherham as both an economic and social centre.

The Rotherham Renaissance program has begun to address some of these issues - significant progress has already taken place with successful completion of the Westgate Demonstrator Project, a new leisure centre at St Ann's, a new 'walk-in' PCT centre, and the refurbishment of Imperial Buildings to provide new retail units and living accommodation. There have been improvements around the High Street and the Minster through the Townscape Heritage Initiative and work has begun on Rotherham Central train station and on the new civic offices on the former Guest & Chrimes site. There remains significant work to do, with the recent recession impacting on many town centres across the UK and reflected in the number of vacant units in Rotherham town centre increasing to 17.6% in 2009.

A recent retail study identified that there is a significant need for an improved retail and leisure offer in the town centre with potential capacity for a further 3,135 sq.m. of convenience goods floorspace and 11,150 sq.m. of non bulky comparison goods floorspace. There is a need for bigger shops providing more choice and variety, clear anchors, more recognisable branded retailers, more clothing retailers, more quality independent operators, more and better quality catering and restaurants, and more of a leisure offer – including a cinema. Currently too many vacant units reinforce the negative perceptions that exist amongst retailers and shoppers.

****

Each of the above sections is explored in greater depth in the main body of this Local Economic Assessment, giving historic trends, latest available position, and projections where possible. The key issues facing Rotherham for each of these 'themes' is summarised at the end of each section with an overall summary / conclusions at the end of the document.

Assessing Rotherham's Economy

Approach

The Local Democracy, Economic Development and Construction (LDEC) Bill makes provision for the new local authority economic assessment duty. This requires all county councils and unitary district councils to prepare an assessment of the economic conditions of their area.

This Local Economic Assessment (LEA) has the following core objectives (as suggested in official guidance) in respect of understanding Rotherham's economy. It will provide a comprehensive and robust diagnosis of local economic conditions in the borough which should inform interventions by the local authority and its partners. It attempts to -

- Provide a sound understanding of the economic conditions in the area and how they affect residents and businesses.
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities.
- Identify the local economic geography, including the economic linkages between the area being assessed and the wider economy.
- Identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth.

The approach will focus on past trends and include the latest available data – identifying where Rotherham has improved but also where gaps remain to national and regional / local economies. Depending on the geographical level to which data is available, comparisons are generally made with both national (UK or Great Britain in most cases) and the regional (Yorkshire & Humber) averages. Comparisons with the Sheffield City Region economy, the South Yorkshire sub-region, and with individual South Yorkshire authorities are also made.

Where appropriate the analysis also considers forecasts, for example around productivity and sector employment, for the local and wider economy. The impact of the recent recession which began mid-2008 and the potential long-term impact on Rotherham are also included when this more recent data is available. There are limitations to the amount and reliability of some of the data when looking at a relatively small economic area such as Rotherham – some economic data, for instance small industrial sector analysis, is insufficient or unreliable at this level and can only sensibly be considered as part of the regional or city region picture.

An Economic Assessment of the Sheffield City Region[1] is being carried out and this assessment should be seen as being complementary to this with a more specific and detailed analysis of Rotherham's economy. This LEA will

[1] *Sheffield City region consists of nine local authorities – the four South Yorkshire authorities of Rotherham, Sheffield, Doncaster and Barnsley, plus Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire.*

also form part of, and inform, the evidence base of the Local Development Framework. It should also help to inform other local strategies, such as Housing, Transport, and the Economic Plan. Performance measures from the new National indicators set are used where possible and these will highlight the relative performance of the local economy and help to inform the new comprehensive area assessment (CAA) which came into force in April 2009.

Guidance

Wherever possible this LEA follows guidance set out by the Department for Communities and Local Government (CLG) and also by the Improvement and Development Agency (I&DEA), but adjusted to take into account local economic priorities and concerns unique to Rotherham. The layout of the document reflects this guidance and analysis and performance is structured loosely around several 'themes' –

Business and enterprise
- Sectoral structure of local economy and significance of particular businesses.
- Enterprise and innovation: levels of and trends in businesses start-ups and closures, growth of small and medium-sized enterprises (SMEs), self-employment, and employment in, or growth of knowledge intensive industries and other high-growth sectors, and in the public sector.
- Local business needs and factors affecting business investment and economic growth

People and communities
- Demography: current and future population trends, particularly the working-age population.
- Labour market: occupational structure and patterns, including earnings, employment and unemployment rates.
- Skills: local skill levels, including educational attainment and skills gaps.
- Economic inclusion: areas or communities that exhibit high levels of deprivation and economic exclusion and the key underlying economic and social barriers to economic participation.

Environment
- Current and future issues including biodiversity, reducing waste and greenhouse gases and increasing renewable energy capacity.
- Pressures economic growth is likely to place on environmental sustainability, or potential opportunities for maximising 'green growth'.
- Risks from long-term climate change and their potential economic implications.

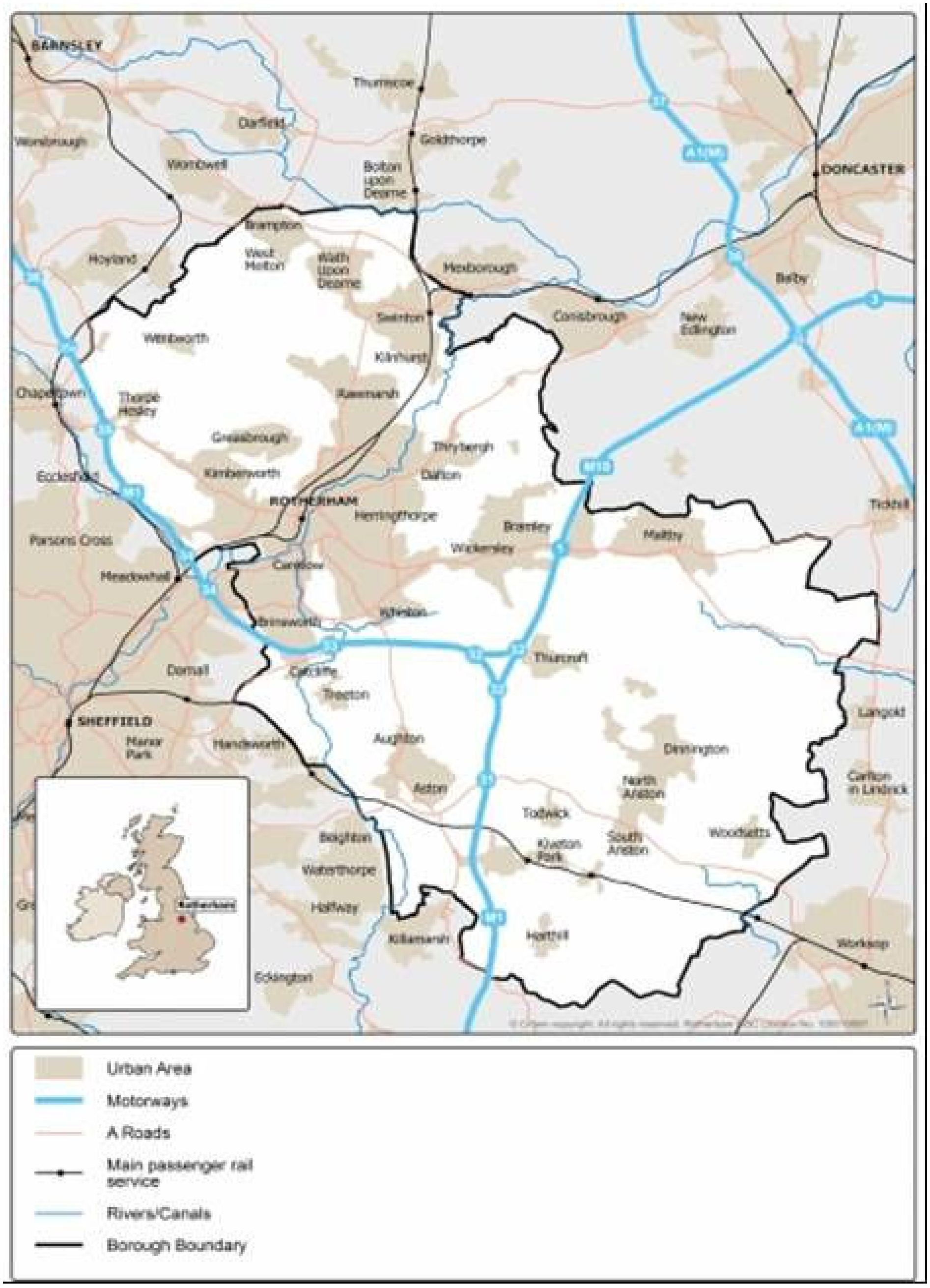
Land, buildings and infrastructure
- Existing and proposed land uses and infrastructure – physical and ICT – and whether they support the economic sustainability of the area, drawing

on the evidence assembled to underpin local development frameworks (LDF's).
- Whether there is sufficient residential, commercial and industrial provision of the right size and affordability with suitable infrastructure to support sustainable economic growth and economic inclusion.

Economic and spatial trends
- Considers past, present and future factors and linkages to understand impacts and trends:
- Reviews the current forecasting models relevant to the area – most likely to be associated with the regional economic strategy (RES) and regional spatial strategy (RSS) and being consolidated as part of the development of the integrated regional strategy (IRS) – to draw out key inferences for the development of the area in the short, medium and long-term.

ROTHERHAM IN CONTEXT

The metropolitan borough of Rotherham occupies an area of 28,653 hectares (286.53 sq. km.), one of four metropolitan areas within South Yorkshire, bounded by Sheffield to the west, Barnsley to the north, Doncaster to the east and North East Derbyshire and Bassetlaw (Nottinghamshire) in the south. The M1 motorway runs along much of the borough's western edge and the M18 bisects the borough to the south of Rotherham town centre.



Rotherham has excellent transport links to the rest of the country, served by the M1 and M18 motorways and an extensive network of rail and bus services (but lacking a direct service to London). There are five airports within a 50 mile radius, including "Robin Hood" airport near Doncaster.

History:

Rotherham developed from a small market town into a major industrial centre based on coal and steel. The population of the present Borough grew from 17,000 in 1801 to 120,000 in 1901. Much of the traditional industry of the 19th and 20th centuries has now vanished although there is still a steelworks at Aldwarke and a coal mine at Maltby. Many of the challenges facing the Borough stem from the decline in the area's traditional coal and steel industries. This has resulted in significant change within the population, the local economy, changing jobs and businesses as well as the environment, communities and social conditions.

Rotherham has transformed itself over the last two decades to play a major role in the forefront of regeneration in South Yorkshire with many old industrial / colliery sites such as Manvers, Dinnington, Templeborough and Waverley now home to a variety of high profile companies, many in financial and business services and high-tech manufacturing. After a period of decline, the local economy has grown rapidly in recent years, boosting the employment rate from 67% in 1998 and reaching a high of 74% in 2004. Employment growth in the same period was 29%, the highest increase in Yorkshire & the Humber and Rotherham's unemployment rate also fell to below the national average.

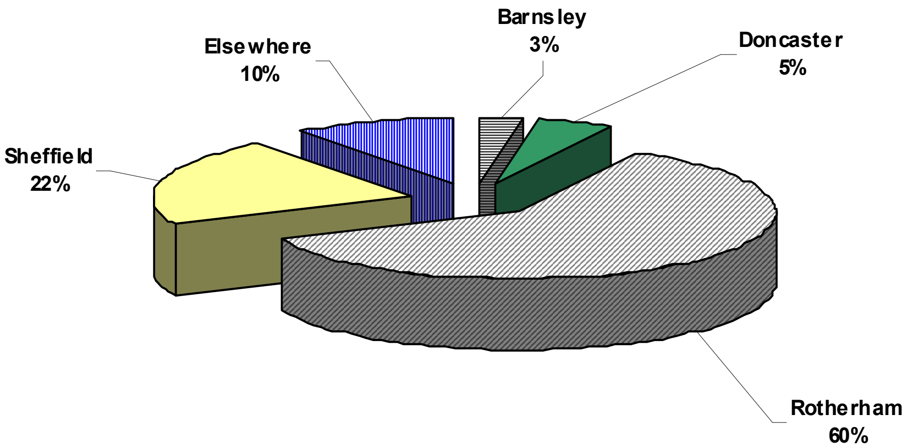
Despite becoming more diverse the economy remains relatively dependant on manufacturing for employment, the number of businesses remains well below average and the local workforce remains comparatively low-skilled. The recent national economic downturn and recession has highlighted these weaknesses and impacted strongly on Rotherham's economy and on South Yorkshire as a whole. Unemployment has risen significantly and the employment rate gap to the national and regional averages has again begun to widen.

Economic relationships:

Rotherham is part of the Sheffield City region and Sheffield is a major source for employment opportunities for Rotherham's workforce, with the 2001 Census origin/destination statistics showed that only 60% of Rotherham's workers actually worked within the Borough, with 22% of workers commuting into Sheffield. There are several likely explanations for this.

- Geography: Many of Rotherham's workers, particularly in the South of the Borough, would find it easier to get to work within Sheffield's boundary than Rotherham's.
- Employers: Many local jobs are located in the lower Don Valley, equidistant between Rotherham and Sheffield, yet within Sheffield's borders.
- Economic: Sheffield, as a city economy, will always draw its workforce from the surrounding hinterland.

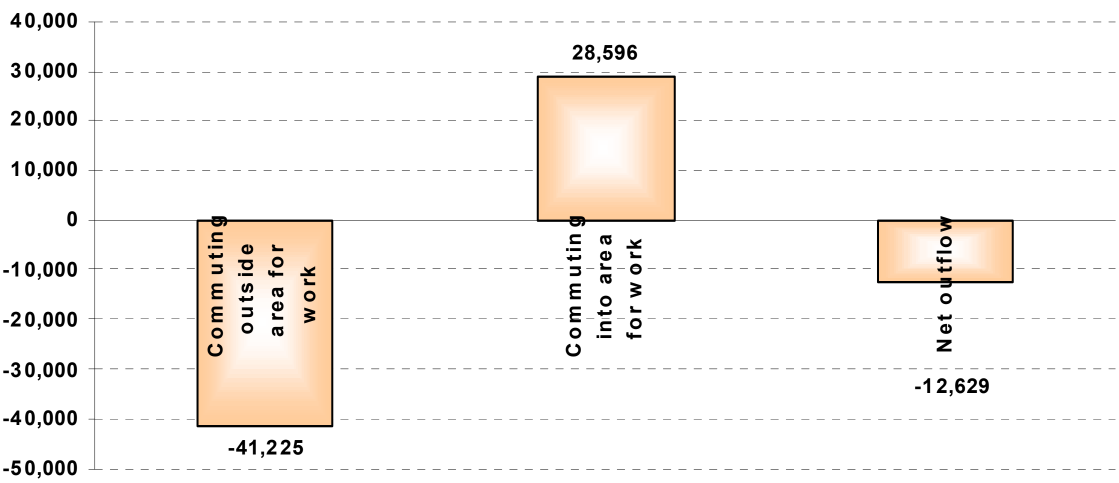
Workplace of Rotherham's Resident Working Population



Source: 2001 Census. Crown Copyright

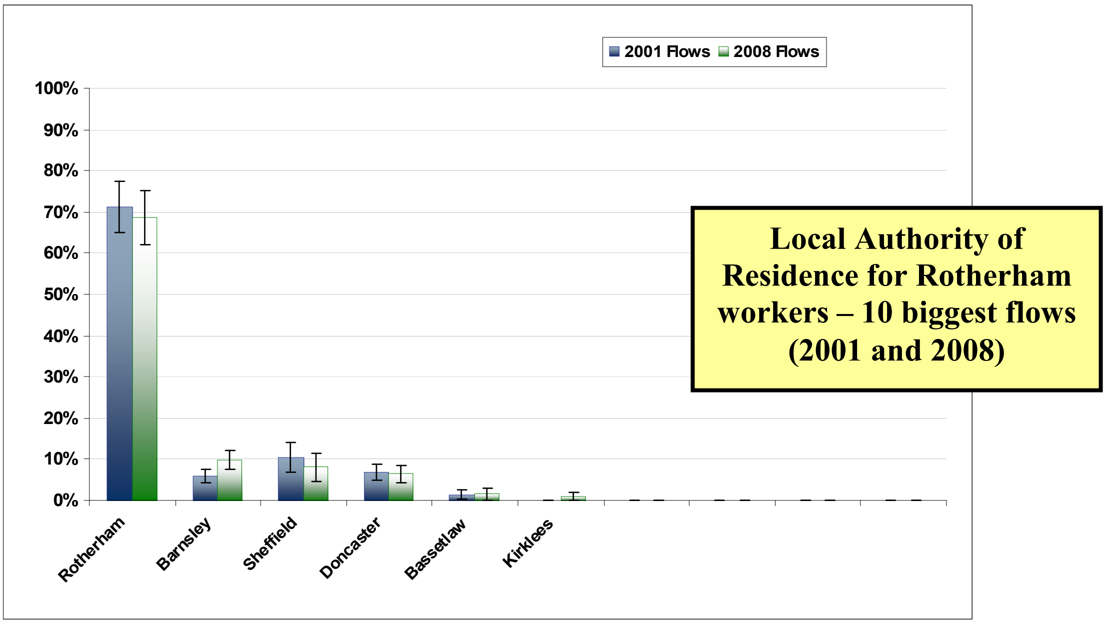
As a result, Rotherham is a net exporter of workers, with 40% of resident workers out commuting, and a figure equivalent to 27% of resident workers in-commuting. Over 30% of Rotherham's workplace population commute into the borough, with Sheffield accounting for 11%, Doncaster 7%, Barnsley 5% and 8% from elsewhere.

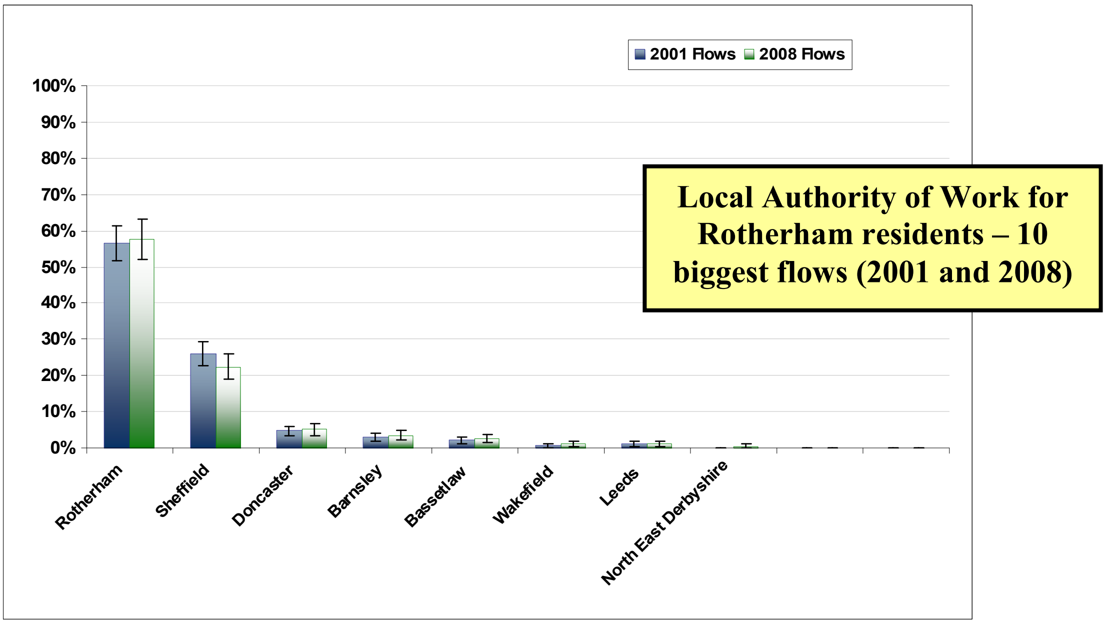
Working population commuting into / out of Rotherham



There have been significant changes in Rotherham's economy since these 2001 Census flows were measured – particularly with employment growth in areas such as the Dearne Valley. There are no more recent figures available but we can estimate the net outflow by comparing figures from the ONS Annual Population Survey (APS) residence and workplace jobs datasets – this indicates that the net commuting outflow from Rotherham has been decreasing (now less than 4,000). Important to note that it is the **net** outflow decreasing – **total** commuting (in and out of Rotherham) is likely to have increased.

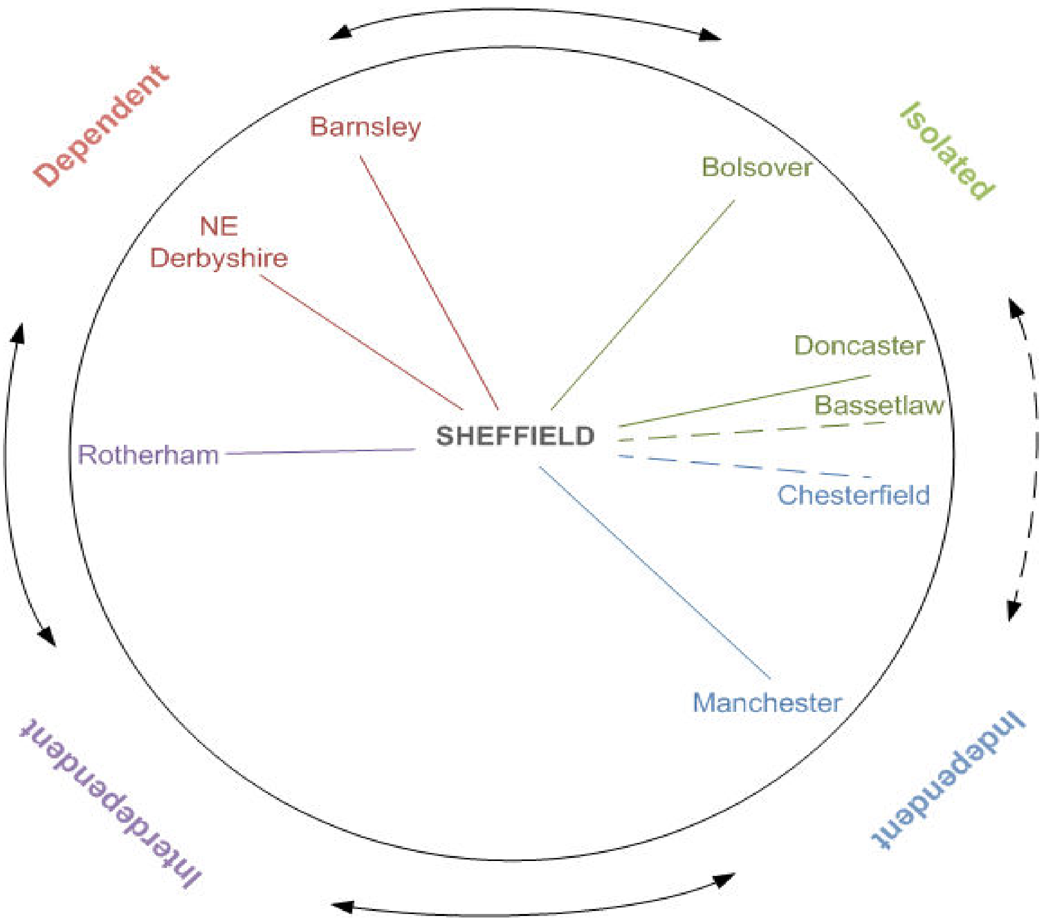
The ONS have recently produced a tool which is designed to support local authority's Local Economic Assessments by providing more up to-date evidence of commuting links, a key determinant of functional economic areas. This work aims to bridge the gap between Travel to Work Areas based on the 2001 census and the need for information about present day commuting patterns. However it should be noted that this work does not provide Travel to Work Areas for the present day.





This work can be subject to both sampling and non-sampling errors and most changes between the 2001 and 2008 datasets are not significant. However one change that does appear to be significant is in the number of workers in Rotherham whose place of residence is within Barnsley – increasing from 5.8% in 2001 to 9.7% in 2008. This is almost certainly due to the large increase in jobs created during this period within the Dearne Valley, which is an area easily accessible to Barnsley residents.

A new report, City Relationships[2], commissioned by The Northern Way and CLG attempts to address what makes city regions complementary. The broad City Relationships model proposes that core cities have differing relationships with surrounding areas. The factors that they identify as contributing to complementary relationships are skills, transport, businesses, the pull of the economic centre, the industrial history and the quality of place. Their analysis provides the following interpretation of what the relationship is between Sheffield as the economic centre and the rest of the city region districts. The 'Wheel' diagram below illustrates the relationship between Sheffield as the economic centre and the other districts - Rotherham has an interdependent relationship, reflecting its proximity and commuter evidence.



Source: City Relationship report 2009

A report on the Joint Economy of Sheffield and Rotherham[3] found that the two areas' economic centres are contiguously linked to form a single agglomeration. These geographical links are in turn associated with dense patterns of economic interaction through direct business interactions (supply chains and clusters), based on strong sectoral complementarities, and through the labour market. As a whole this characterises the two economies

---

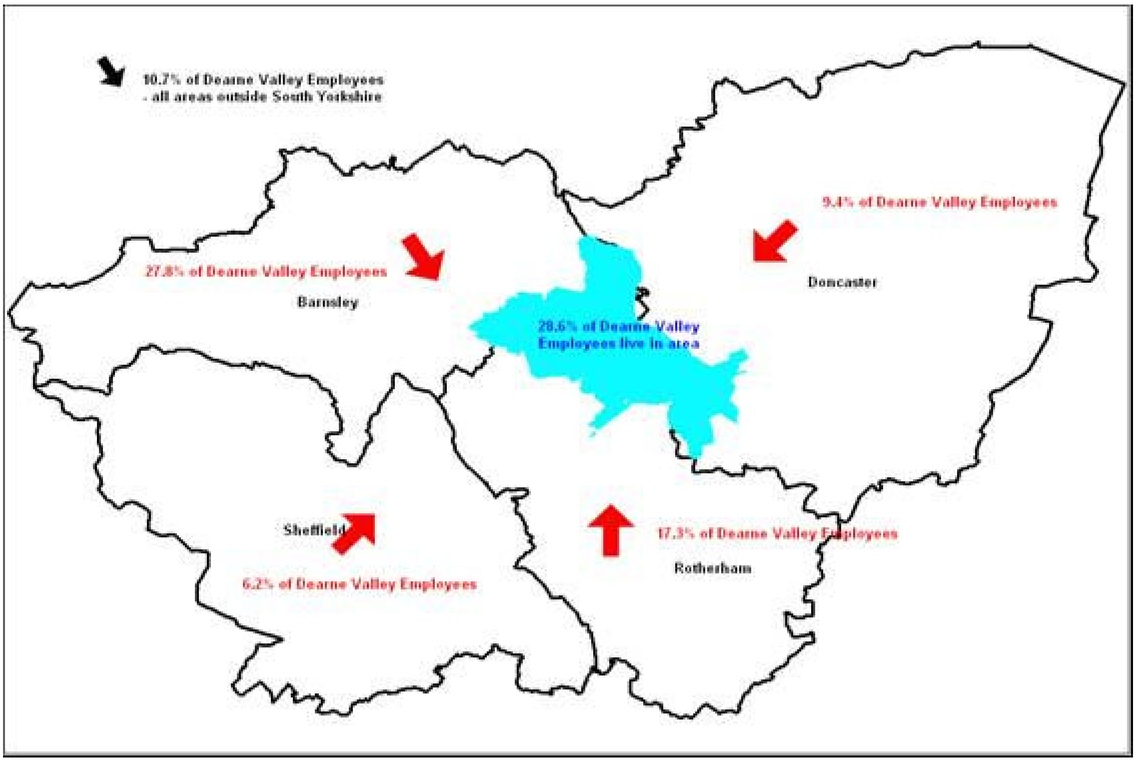
[2] *City Relationships: Economic Linkages in Northern City Regions (November 2009)*
[3] *Centre for Urban and Regional Studies School of Public Policy: The Joint Economy of Sheffield and Rotherham (April 2007)*

as a distinct economic entity within both the broader South Yorkshire sub-region and Sheffield City Region.

Many of the new jobs created in Rotherham in the last 10 -15 years have been concentrated in the Dearne Valley – an area to the north / north east of Rotherham town centre which also includes parts of Barnsley and Doncaster boroughs. Research undertaken in 2008 by means of a survey involving 20 major employers located within the Dearne Valley showed that only 28.6% of their employees actually lived within the Dearne.

Although Rotherham has the highest number / percentage of those living and working in the Dearne, it is people living in Barnsley who are more likely to travel into the Dearne for work based on this sample - possibly due to better transport links and/or skills. Overall, the biggest percentage of employees in the Dearne originates from within the Barnsley area.

Employees working in the Dearne Valley (sample)			
Sample Size:	**8,274**		*% of total*
Living in Dearne	**2,369**	**28.6%**	
Barnsley	654	27.6%	*7.9%*
Doncaster	689	29.1%	*8.3%*
Rotherham	1,026	43.3%	*12.4%*
Live outside Dearne	**5,905**	**71.4%**	
i.e. Commuting into Dearne:			
Other Barnsley	2,299	38.9%	*27.8%*
Other Doncaster	780	13.2%	*9.4%*
Other Rotherham	1,433	24.3%	*17.3%*
Sheffield	510	8.6%	*6.2%*
Other outside South Yorkshire	883	15.0%	*10.7%*



Structural Change:

By the end of the 1980's much of the traditional employment in mining, steel and related industries had disappeared and it wasn't until the end of the 1990's that large scale investment and regeneration began to have an impact – the changes in Rotherham's patterns of employment are highlighted by comparing the change in workplace employment sectors between 1998 and the latest available 2008 data.

ROTHERHAM WORKPLACE EMPLOYEES 1998 - 2008					
	1998	**%**	**2008**	**%**	**Change:**
Agriculture / Utilities	900	*1.1%*	1,400	*1.4%*	500
Manufacturing	22,000	*27.2%*	15,200	*15.3%*	-6,800
Construction	4,700	*5.8%*	6,800	*6.8%*	2,100
Distribution, hotels and restaurants	19,800	*24.4%*	21,700	*21.9%*	1,900
Transport and communications	4,300	*5.3%*	4,500	*4.5%*	200
Banking, finance and insurance, etc	8,700	*10.7%*	17,500	*17.6%*	8,800
Public administration,education & health	17,900	*22.1%*	27,900	*28.1%*	10,000
Other services	2,700	*3.3%*	4,300	*4.3%*	1,600
TOTAL:	81,000		99,300		18,300
Source: Annual Business Inquiry					

In 1998 manufacturing was the most important sector and accounted for over 27% of all employee jobs based in Rotherham. By 2008 manufacturing had been overtaken in importance as a source of employment in Rotherham by the public sector (a large increase of 10,000), distribution / hotels sector and the financial services sector (significant impact of call centres, particularly in the Dearne Valley). However, manufacturing remains a more important sector for employment in Rotherham than the regional or national average.

The make-up of employees in Rotherham has also changed with jobs taken by females increasing at a faster rate than males – number of workplace jobs is now roughly equal for both sexes. There has also been an increase in part-time[4] working with part-time jobs now accounting for almost one-third of all workplace employee jobs in Rotherham.

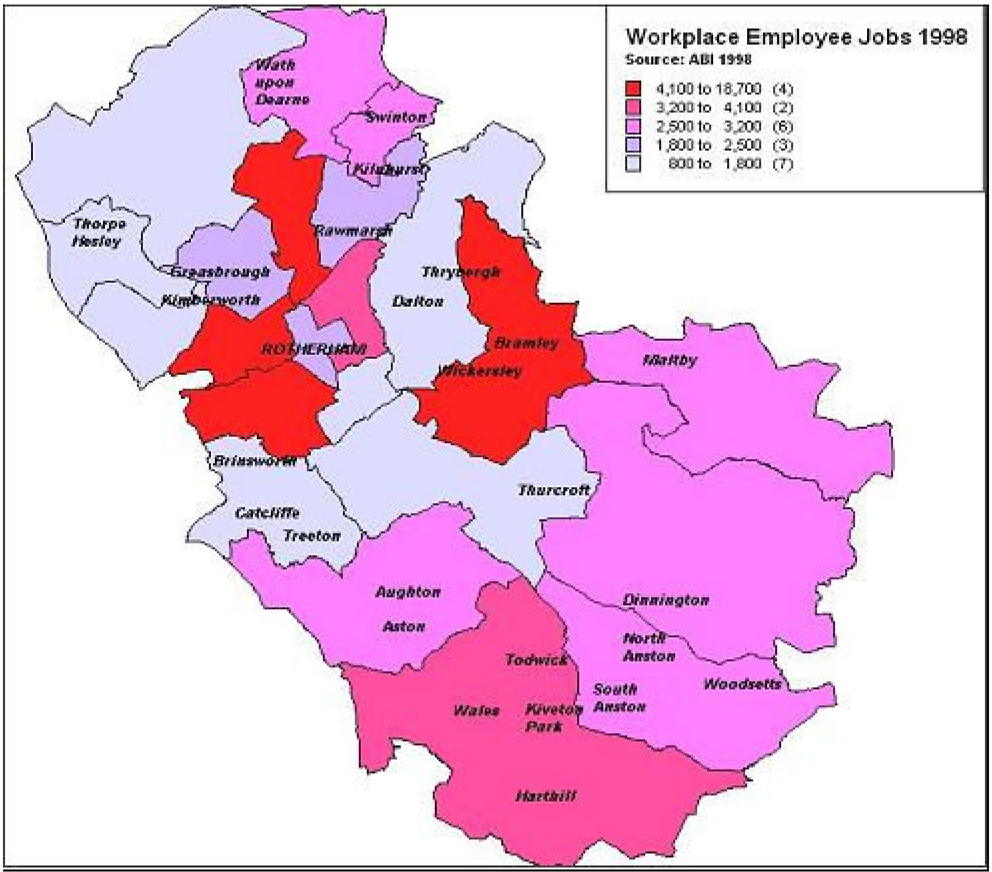
	1998		**2008**		**Change:**
Male	42,200	52.2%	49,600	49.9%	7,400
Female	38,700	47.8%	49,700	50.1%	11,000
Total	80,900		99,300		18,400
	1998		**2008**		**Change:**
Full Time Workers	56,200	69.5%	67,400	67.9%	11,200
Part Time Workers	24,700	30.5%	31,900	32.1%	7,200
Total	80,900		99,300		18,400
Source: Annual Business Inquiry					

The largest percentage of new part-time jobs have been taken by women and half of all female employees in Rotherham work part-time compared to less than 14% of males.

[4] *Part-time employees are those working for 30 or fewer hours per week.*

	1998		2008		Change:
Male Full Time Workers	37,100	87.9%	42,800	86.3%	5,700
Male Part Time Workers	5,100	12.1%	6,800	13.7%	1,700
Total	42,200		49,600		7,400
	1998		2008		Change:
Female Full Time Workers	19,100	49.4%	24,600	49.5%	5,500
Female Part Time Workers	19,600	50.6%	25,100	50.5%	5,500
Total	38,700		49,700		11,000
Source: Annual Business Inquiry					

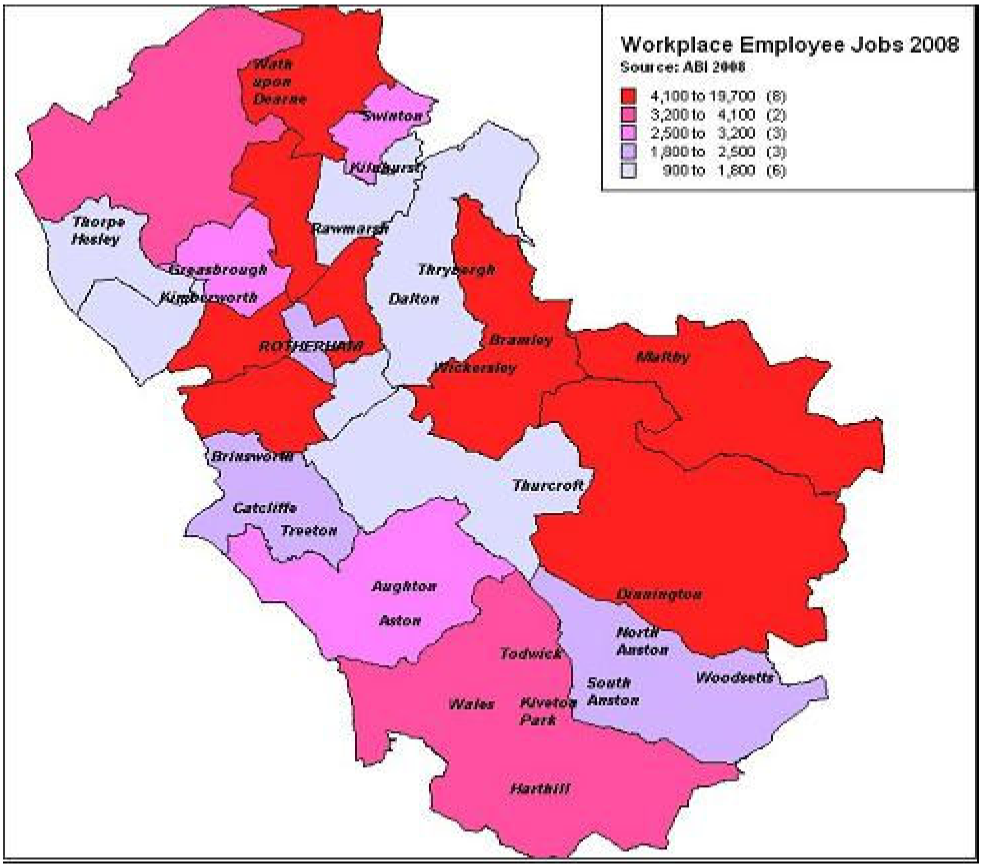
The geographical location[5] of jobs also changed during this period – the map below from 1998 shows most employee jobs located in and to the west (including Templeborough, Masbrough areas) of Rotherham town centre, plus the Parkgate area to the north, and the Bramley area to the south-east of the town (which includes Hellaby Industrial Estate at Junction 1 of the M18).



By 2008, the latest data available, other areas of the borough had also become important for providing employment. The Dearne Valley area close to Wath (chiefly developments along Manvers Way) and the Dinnington area both showing strong growth – Wath ward alone experienced an increase of 10,000 jobs in this period.

---

[5] *Areas based on 'old' (pre-2004) Rotherham 22 ward boundaries to allow comparison over time.*



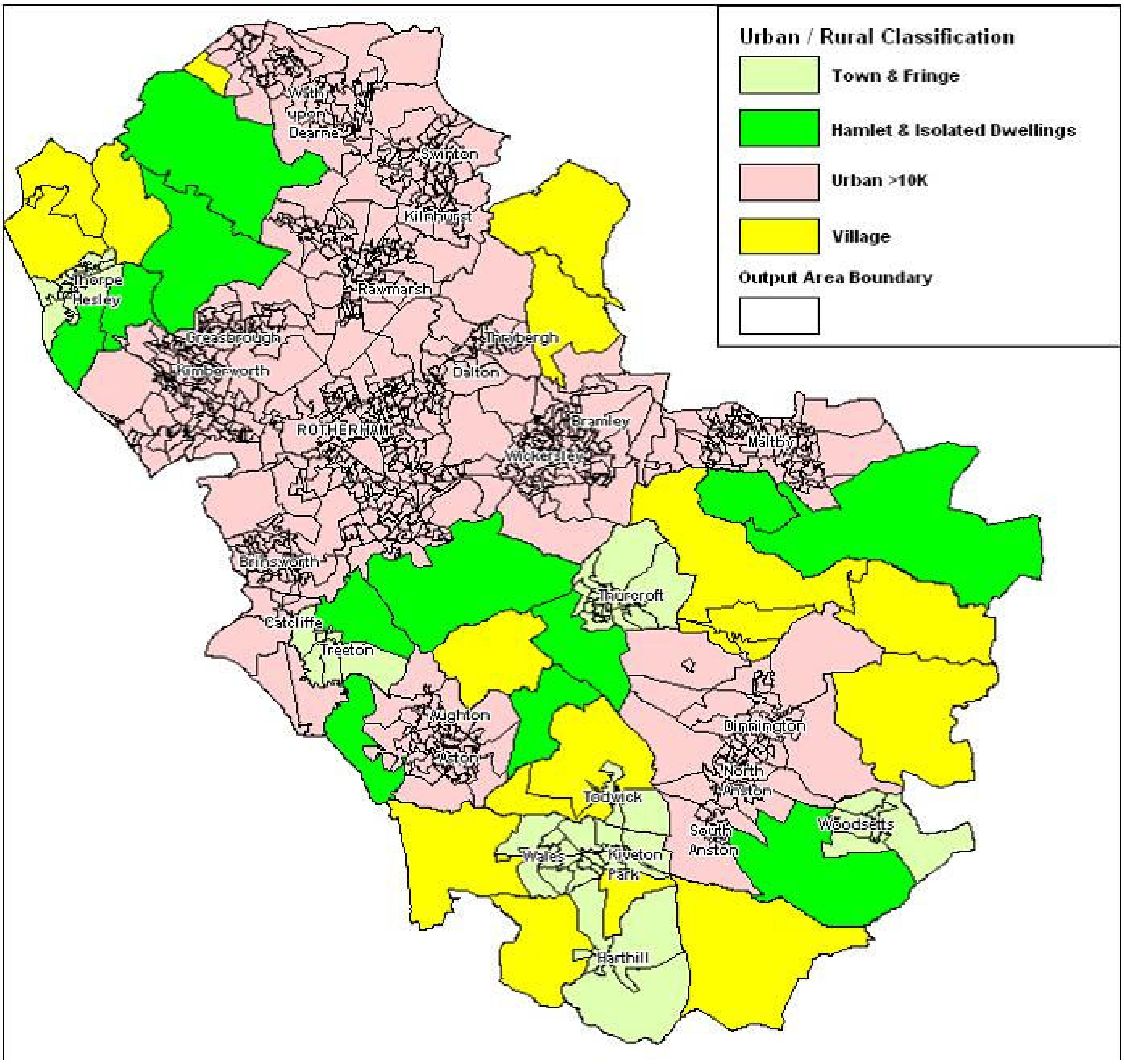
Wath (due to developments off Manvers Way), Bramley / Wickersley (due to Hellaby Industrial Estate expansion & Bramley Lings area), Brampton (due to Manvers / Cortonwood developments) and Dinnington (due to former colliery reclamation / redevelopment) have been the areas driving employment growth over the last decade.

Ward (pre-2004 boundaries)	1998	2008	Jobs Change
Anston and Woodsetts	2,500	2,000	-500
Aston, Orgreave and Ulley	2,800	2,800	0
Boston	11,900	10,100	-1,800
Bramley, Ravenfield and Wickersley	5,300	7,900	2,600
Brampton, Melton and Wentworth	1,800	3,700	1,900
Brinsworth, Catcliffe and Treeton	1,300	2,200	900
Broom	1,700	1,500	-200
Central	18,600	19,600	1,000
Dalton, Hooton Roberts and Thrybergh	900	1,600	700
Greasbrough	2,000	2,600	600
Herringthorpe	4,100	4,900	800
Kimberworth	1,200	1,400	200
Kiveton Park	3,400	3,700	300
Maltby	3,200	4,400	1,200
Park	2,200	2,000	-200
Rawmarsh East	2,100	1,500	-600
Rawmarsh West	4,600	4,300	-300
St. John's (Dinnington)	2,800	4,500	1,700
Swinton	2,600	3,000	400
Thorpe Hesley	1,400	900	-500
Thurcroft and Whiston	1,800	1,800	0
Wath	2,700	12,900	10,200
Total:	**80,900**	**99,300**	**18,400**
Source: Annual Business Inquiry			

Urban / Rural Economy

Large parts of Rotherham are rural in nature and many small settlements have their own economy and differing economic relationships and links with the town centres / larger settlements in the borough.

A new urban / rural classification was developed for every Output Area (OA)[6] in the country and this is shown for Rotherham on the map below -



Source: ONS, Rural and Urban Area Classification for Output Areas, 2004

All classifications are based on the predominant 'named' morphology[7] of an Output Area. That being either:

• 'Urban >10k' (Urban Settlements with greater than 10,000 population);

---

[6] *The smallest ONS level of geography, there are 830 Output Areas in Rotherham*

[7] *'Morphology' here means the form or structure of the settlement which includes this area - e.g. whether this area is part of a town, a village or an urban fringe etc. The 'morphology' of a given area is determined by the population density of the area and its wider surroundings*

• 'Town and Fringe' (Small Towns and Fringe areas that are located within the rural domain);
• 'Village' (Villages that are located within the rural domain); or
• 'Hamlet & Isolated Dwellings' (Hamlet & Isolated Dwellings that are located within the rural domain).

Those areas classified as urban cover the area radiating from Rotherham town centre out to Sheffield in the west, to the Wath / Swinton area in the north, and to Maltby in the east. All other areas (Town & Fringe, Hamlet & Isolated Dwellings, and Village) are classified as rural and within Rotherham are primarily in the north-west around Wentworth and large parts of the southern area of the borough. Using this definition 105 of the 830 Output Areas in Rotherham are classified as rural, or 13%.

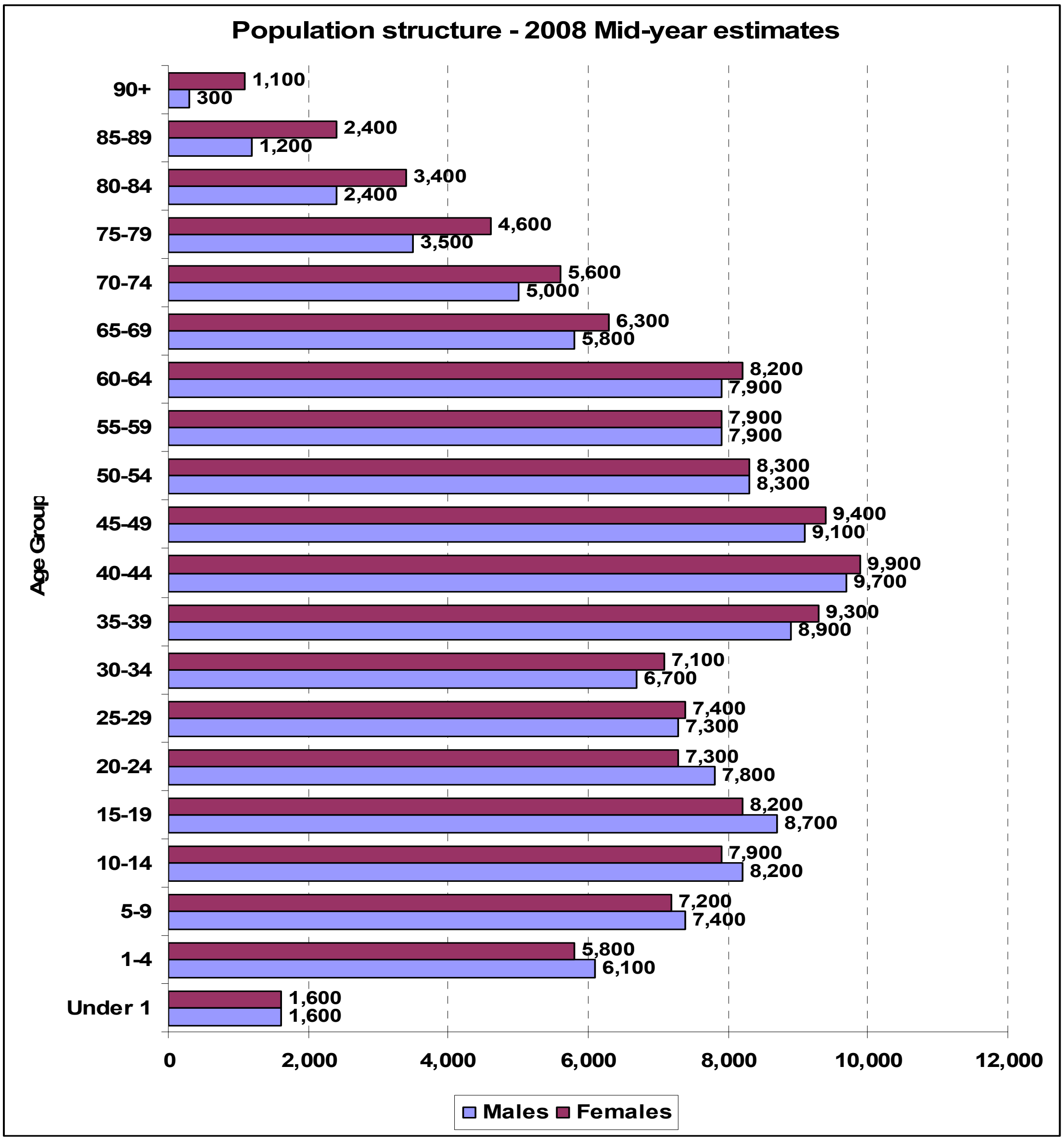
People in rural areas experience the same financial challenges as people living in more urbanised areas. But living in a rural area may bring additional challenges such as less accessibility to bank or post office branches or additional travel costs. Many minor settlements in the rural areas of the borough have developed their own small businesses which are an important source of local employment, reducing the need for travel and helping to maintain the sustainability of these settlements.

In addition to their economic contribution, our rural areas are frequently home to landscapes of national importance, high levels of biodiversity and provide a range of public benefits and amenity value that are not recognised in a straightforward analysis of economic activity. In seeking to support the optimum level of sustainable economic growth in all localities, we must not lose sight of the features that make rural areas unique.

DEMOGRAPHY

The Office for National Statistics (ONS) compiles annual Mid-Year estimates of the population in local authority areas by age and gender. The annual updates take account of the ageing of the population and for additions and reductions caused by births, deaths and the migration of people to and from an area. The latest Mid-2008 population estimates (revised in May 2010) released by ONS show the UK population continuing to age, with the number of people over the age of 85 increased from 873,300 to 1,335,400 between 1991 and 2008. This age group now makes up 2.2% of the population.

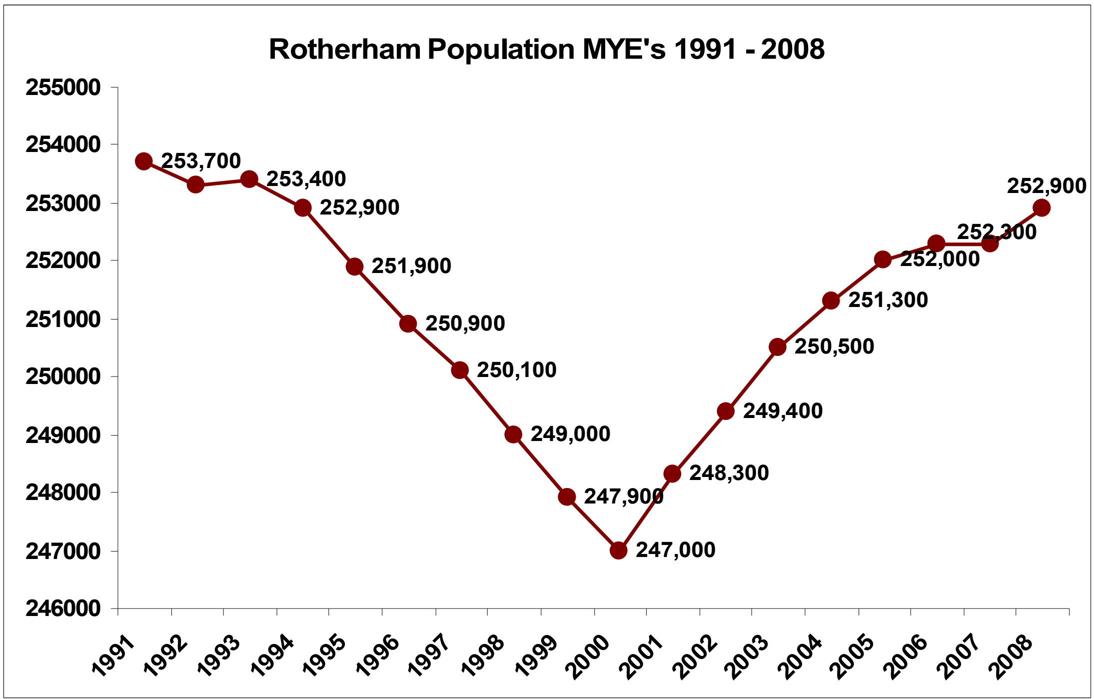
The chart below shows the age distribution of people resident in Rotherham, which is similar to the UK. There are more males than females up to age 24; however, females outnumber males in all other age groupings, except the 50 to 59 age range where there are equal counts of both males and females. The 90 plus age group has the largest difference between males and females, with 3.7 women for every man.



Source: ONS 2008 Mid-year estimates

Population change in Rotherham

Mid-year population estimates since 1981 show a decline in the population of Rotherham from 1981 to 1988. After a brief period of increase the downward trend resumed in 1991 with the population falling to 247,000 in 2000. However, in 2001 the population began to grow, a trend which has continued with the population climbing back to 252,900 in 2008, a rise of 5,900 since 2000. The average annual increase since 2000 has been over 700. Past decline was linked to economic decline and job growth began to stimulate inward migration after 2000.



Source: ONS Mid-year estimates 91-08

Whilst the population is now back close to 1991 levels there are changes in the age make-up of the population with a reduction in children and the working age groups but a significant increase in the older, mainly retired, age groups.

	1991	2008	Change
Children 0-15	53,500	49,200	**-4,300**
Working age 16-64M/59F	156,700	153,800	**-2,900**
Older people 65M/60F and over	43,500	49,900	**+6,400**

The population change seen in Rotherham since 2001 differs in that the working age population has increased substantially. Whilst the school age population is still falling the decline is now slowing and the number of children aged 0-4 has shown an increase, reflecting a rising birth rate. Rotherham's older population (over 60) continues to increase – by 2008 just over 18% of Rotherham people were aged below 15, whilst almost 23% were aged 60 or over.

	2001	2008	Change
Children 0-15	52,200	49,200	-3,000
Working age 16-64M/59F	150,800	153,800	+3,000
Older people 65M/60F and over	45,400	49,900	+4,500

Components of Population Change

Mid-2008 population estimates released by ONS show that the population of Rotherham was 253,900 at 30th June 2008, an increase of 600 compared with Mid-2007. The increase in the population of Rotherham since 2007 is mainly a result of natural increase as there was a net outward migration. There were 3,300 births in Rotherham during 2007/08 which outnumbered the 2,700 deaths to give a natural increase of 600. This was countered by net outward migration of 100 people (note that due to rounding to nearest one hundred totals may not always agree)

During the 1990's net outward migration was the primary reason for Rotherham's falling population but since 2000 net inward migration (internal and international) has been the main factor in the population increasing. This reflects the strength of the local economy in this period with substantial job creation in the borough. The last two years have seen natural change become the predominant reason for population growth with an increasing birth rate and net outward migration.

ROTHERHAM POPULATION CHANGES (mid-year 1991 - 2008)						
	Live Births	Deaths	Natural Change	Net Migration & other changes	Total Change	Population
1991-92	3,700	2,700	900	-1,300	-300	253,300
1992-93	3,500	2,700	900	-800	100	253,400
1993-94	3,400	2,900	600	-1,100	-500	252,900
1994-95	3,200	2,700	500	-1,500	-1,100	251,900
1995-96	3,200	2,800	400	-1,400	-1,000	250,900
1996-97	3,200	2,700	500	-1,300	-800	250,100
1997-98	3,000	2,700	200	-1,300	-1,100	249,000
1998-99	3,100	2,700	400	-1,400	-1,100	247,900
1999-2000	2,800	2,500	300	-1,300	-900	247,000
2000-01	2,800	2,600	300	1,100	1,300	248,300
2001-02	2,700	2,700	0	1,100	1,100	249,400
2002-03	2,800	2,700	100	900	1,100	250,500
2003-04	2,900	2,800	100	600	800	251,300
2004-05	2,900	2,600	300	500	800	252,000
2005-06	3,000	2,600	500	-200	300	252,300
2006-07	3,000	2,500	500	-500	0	252,300
2007-08	3,300	2,700	600	-100	500	252,900
Source: ONS Mid-year Population Estimates (components of change)						

Population Projections

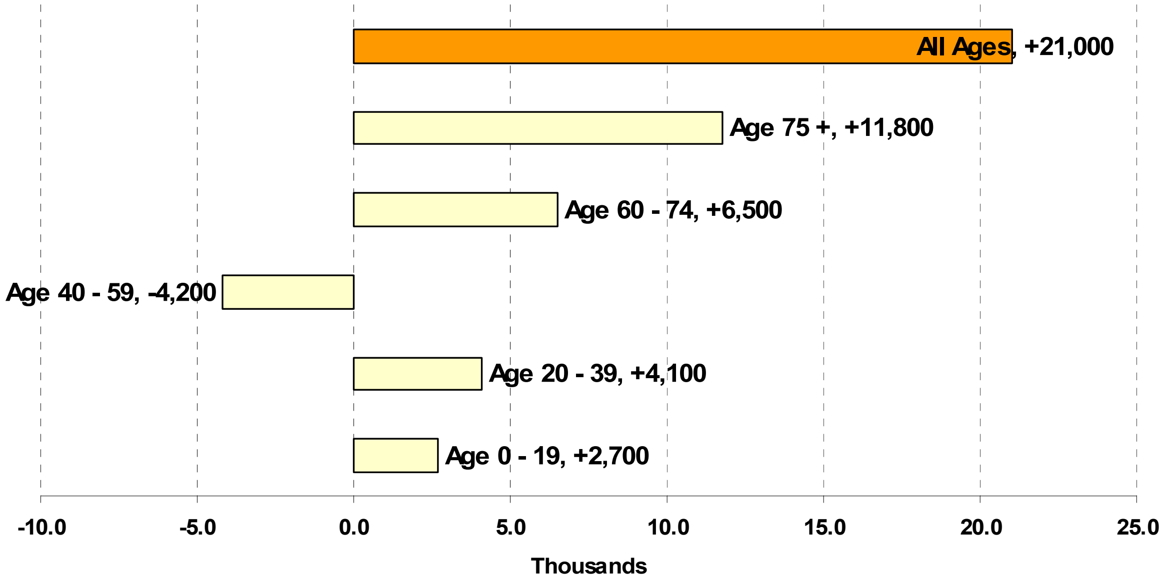
The latest population projections from ONS are the 2008 based series which use the newly revised 2008 mid year estimates as a baseline. For Rotherham these show a smaller projected rate of increase than the previous 2006-based series but the population is still expected to continue to rise steadily in the coming years.

Projections to 2033 show Rotherham's population, increasing by 11.5% from the 2008 baseline, slower than the predicted growth for South Yorkshire (16.2%) and at a slower rate than the predicted national (18.0%) and regional (20.7%) averages. Looking at the period to 2027 natural change is predicted to have the greatest impact on the increase in the early years and up to 2022, with net migration (primarily within the UK) becoming the biggest factor beyond this.

2008 Baseline Population = 252,900			**Components of Change**		
ONS Projections:		Increase:	Natural Change (Births - Deaths)	Net Internal Migration	Net International Migration
2012	256,700	3,800	2,700	300	900
2017	262,800	6,100	3,700	1,400	1,000
2022	269,600	6,800	3,800	2,100	900
2027	275,700	6,100	2,900	2,300	1,000
	Total:	**22,800**	**13,100**	**6,100**	**3,800**
	%	***9.0%***	***57.5%***	***26.8%***	***16.7%***
Source: ONS 2008 based sub-national population projections (totals may not agree due to roundings)					

Increases are predicted to be primarily within the older age groups with limited growth expected in the younger age groups. The working age population will increase only slowly although increasing retirement ages, with many people choosing or having to work beyond the current 'normal' retirement age, will have an impact upon the size of the workforce.

ONS 2008-based sub-national population projections for Rotherham (changes 2010 to 2027)



Migration

There is a high degree of uncertainty over future levels of migration (both internal and external) which could significantly alter the projections and reality of population growth in the coming years. However it is clear that during the last few years migration has played a major part in boosting Rotherham's population.

	Internal Migration			International Migration			
	In	Out	Net	In	Out	Net	All (Net)
2001 - 02	7,100	6,300	800	900	400	500	**1,300**
2002 - 03	7,200	6,200	1,000	700	500	200	**1,200**
2003 - 04	6,900	6,400	500	600	400	200	**700**
2004 - 05	6,400	6,100	300	900	500	400	**700**
2005 - 06	6,500	6,600	-100	800	700	100	**0**
2006 - 07	6,300	6,900	-600	900	700	200	**-400**
2007 - 08	6,300	6,800	-500	900	500	400	**-100**
Total	**46,700**	**45,300**	**1,400**	**5,700**	**3,700**	**2,000**	**3,400**
Source: ONS Migration indicators by local authority areas in England & Wales, mid-2001 to mid-2008							

Both internal (from other parts of the UK) and international migration (from outside the UK) have contributed to a rising population since 2001. A major factor in the rise in international migrants to Rotherham, and the UK in general, has been the enlargement of the European Union with many workers entering the UK from the 12 Accession countries[8] in Eastern European countries since May 2004.

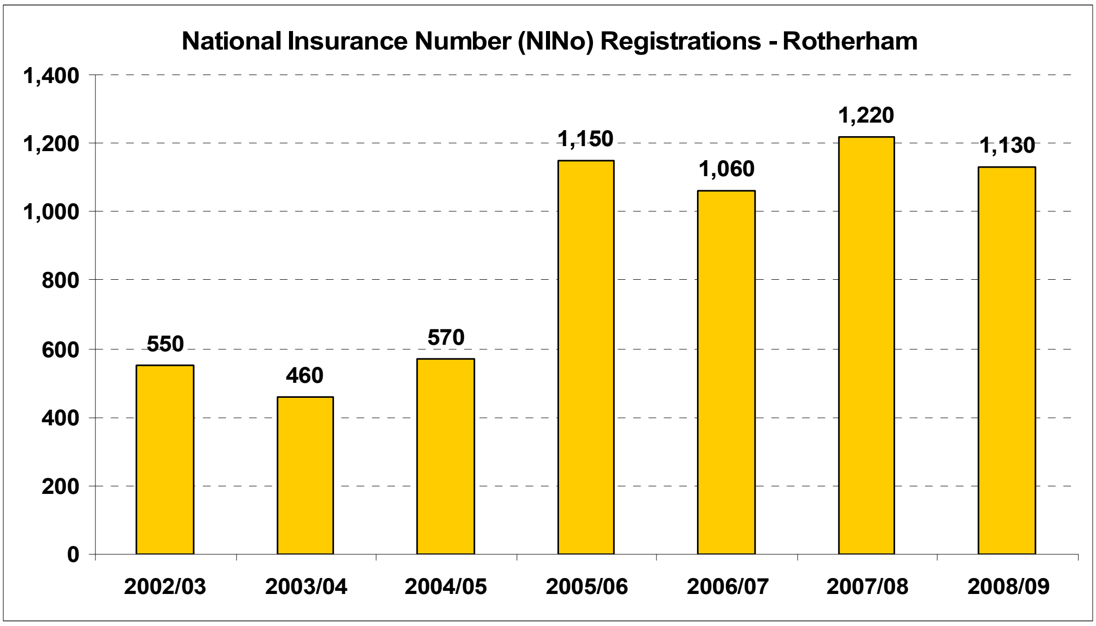
A National Insurance Numbers (NINo) is allocated to adult overseas nationals entering the United Kingdom which provide a measure of in-migration (inflow) - however they do not reflect emigration (outflow, i.e. migrants who leave the UK) or the overall migrant population (stock). The registration date represents the date the information on the individual was processed on HM Revenue and Customs' National Insurance Recording System (NIRS) and data is available at a local authority level.

Figures for authorities in South Yorkshire as below:

NINo registrations to adult overseas nationals entering the UK by year of registration							
	2002/03	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Barnsley	190	220	390	790	940	800	720
Doncaster	830	710	1,080	2,670	2,050	2,300	1,810
Rotherham	550	460	570	1,150	1,060	1,220	1,130
Sheffield	2,710	2,850	2,360	4,380	5,080	5,280	5,810
Source: DWP NINo Registrations							

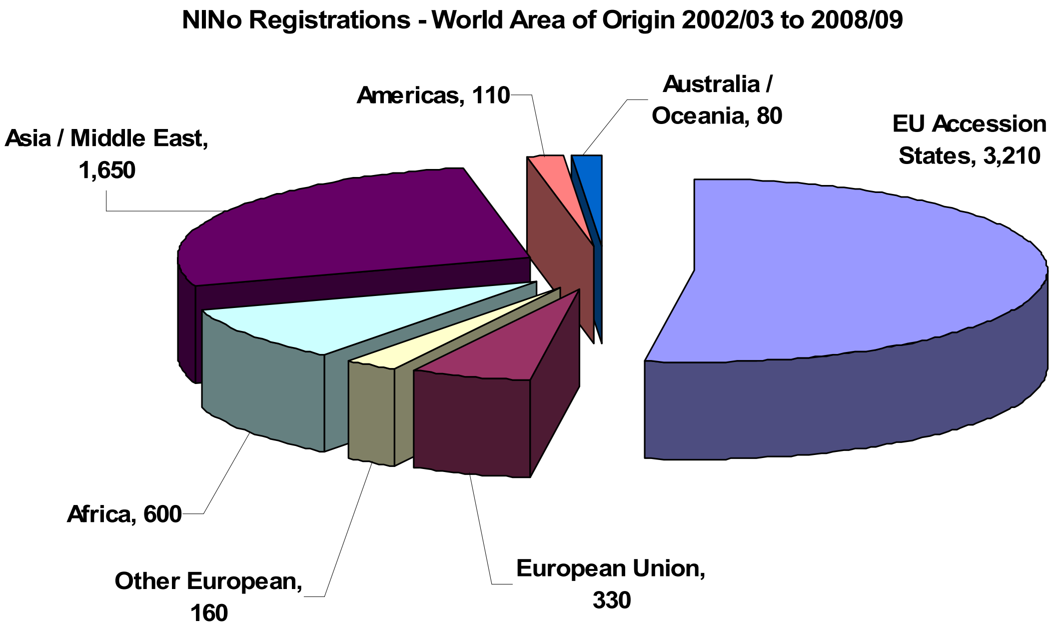
The increase in NINo registrations across South Yorkshire can clearly be seen to accelerate from 2004/05 – i.e. after EU enlargement.

[8] The 12 Accession countries - Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, which joined on the European Union (EU) on 1st of May 2004, and Romania and Bulgaria, who have joined on 1st January 2007.



Numbers in Rotherham have remained at 1,000 plus since 2005/06 although it is important to remember that the data does not measure how many workers are returning – national evidence suggests that many eastern European workers have returned home since the start of the current recession.

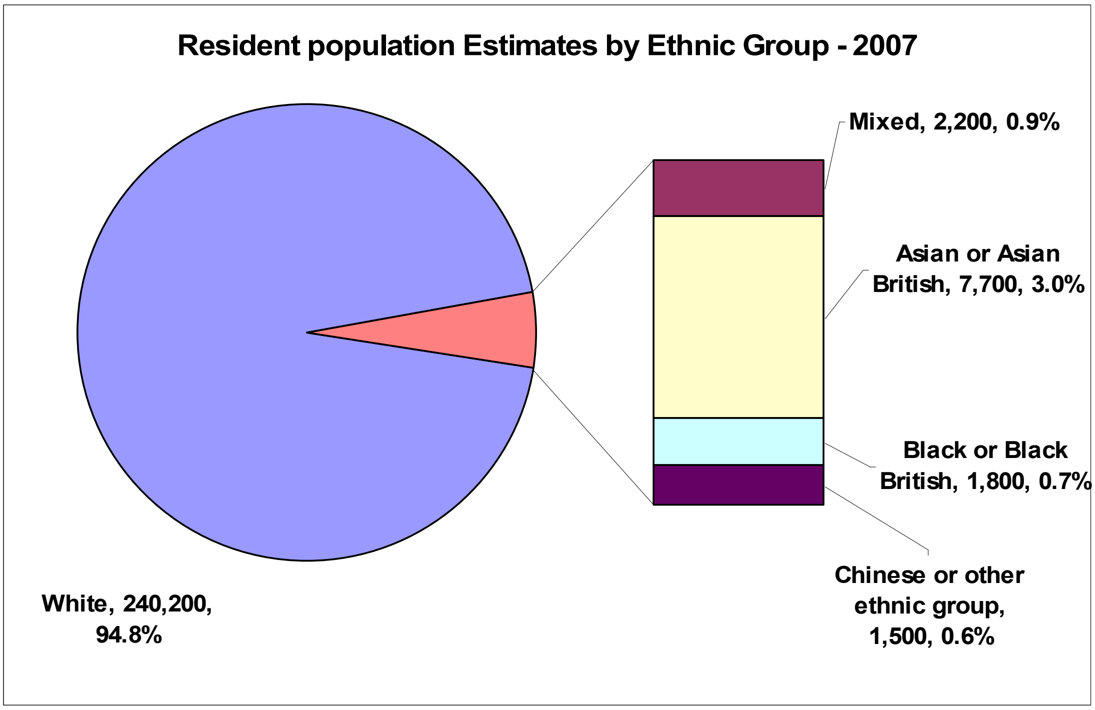
Registrations by area of origin is also available and highlights the impact of the EU Accession States with over 52% of worker registrations in Rotherham for the period 2002/03 to 2008/09 originating from these countries.



Source: DWP NINo Registrations

Population by Ethnic Group

The latest available breakdown of the population by ethnic group is for 2007 – this shows that there has been an increase in the 'non-white' ethnic population in Rotherham since the 2001 Census, from 3.1% to 5.2%. Split by broad ethnic group (using Census 2001 definitions) as below:



Source: ONS Resident Population Estimates by Ethnic Group 2007

Asian or Asian British remains the largest ethic minority population but there as also been an increase in the number of people in the 'white' category classified as 'other white'.

Demography: Key Issues

Population

- Since 2000 Rotherham's population has increased by 5,900 to reach 252,900 by mid-2008 but in line with national trends this increase has been primarily within the older, mainly retired, age groups
- Inward migration main reason for increase as the economy grew and job opportunities increased but last two years natural change has been the main factor

Projections

- Projections to 2033 show a continuing steady rise in Rotherham's population, increasing by 11.5% from the 2008 baseline, slower than the South Yorkshire, national, and regional rates
- Growth primarily within the older age groups with working age population increasing only slowly i.e. an ageing population
- Increasing age of retirement and the wish / necessity of some people to work beyond 'normal' retirement age will have an impact upon the future size of the workforce

Migration

- Both internal (from other parts of the UK) and international migration (from outside the UK) have contributed to a rising population since 2001.
- A major factor in the rise in international migrants to Rotherham, and the UK in general, has been due to EU enlargement with many workers attracted to the UK from Eastern European

Ethnicity

- Ethnic 'non white' groups increased from 3.1% of population in 2001 to 5.2% in 2007

EMPLOYMENT

The Office for National Statistics Labour Force Survey (LFS) and, from 2005, the replacement Annual Population Survey (APS), produces data on the percentage of working age people who are:

- **Economically active** – rate calculated as % of working age population; and
- **Economically inactive** - classified as not working and not having looked for work in last 4 weeks (includes students, long-term sick, discouraged workers etc); rate calculated as % of working age population

Economically active people can be:

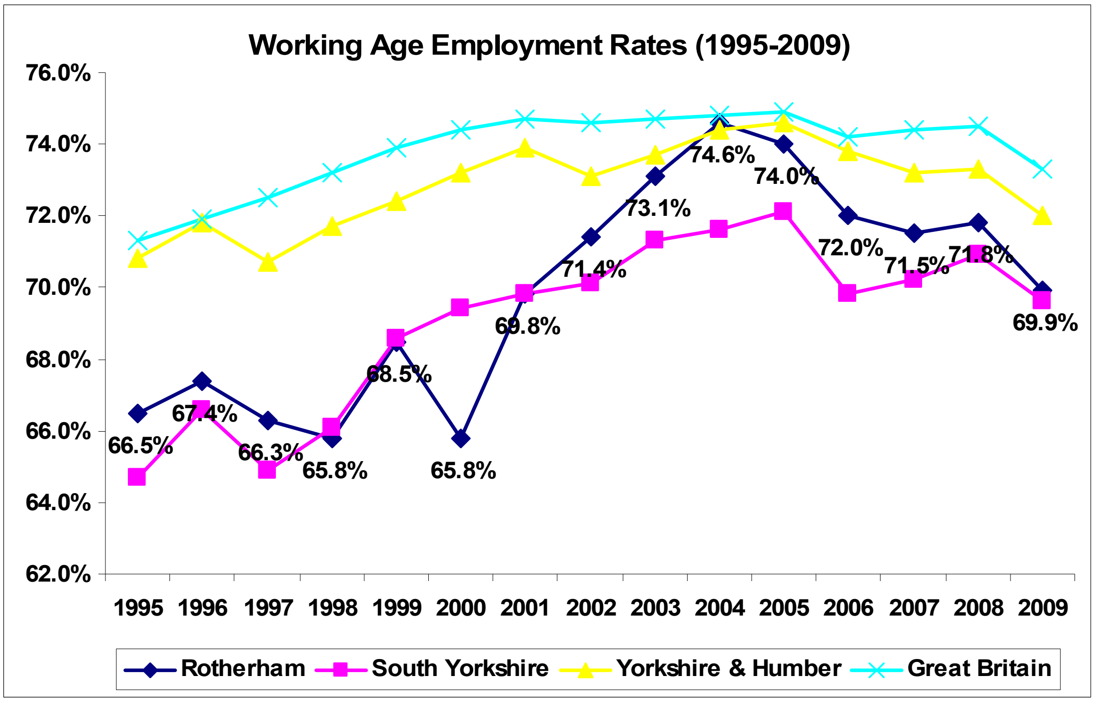
- **employed** - employment includes those on Government supported training; employment; or
- **unemployed** - classified as not working but having looked for work in the previous 4 weeks

Employment rate is calculated as % of working age population.
Unemployment rate is calculated as % of economically active population.

Although the LFS (and to a lesser extent the APS) is prone to accuracy problems at small area level, it can still demonstrate general trends particularly over longer periods of time.

Employment Rate:

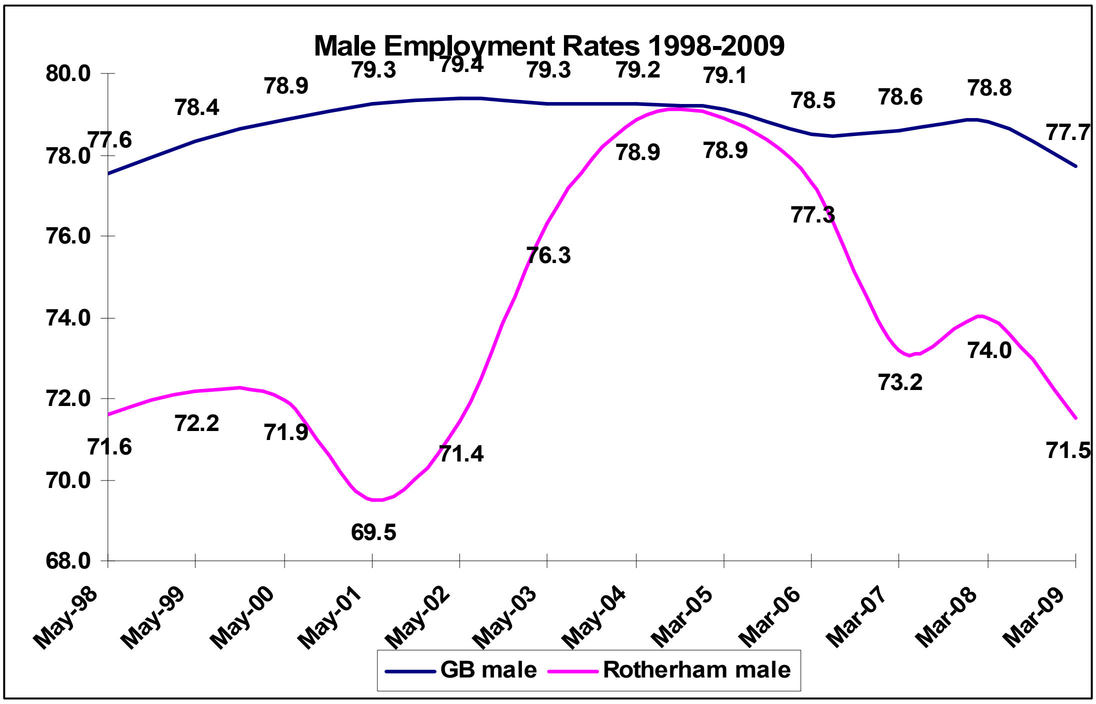
Rotherham has made great strides in increasing employment over the last 10-15 years with the employment rate of the working age population rising from the 65%-66% range during the mid-1990's to reach 74% in 2004/05, close to the national average.



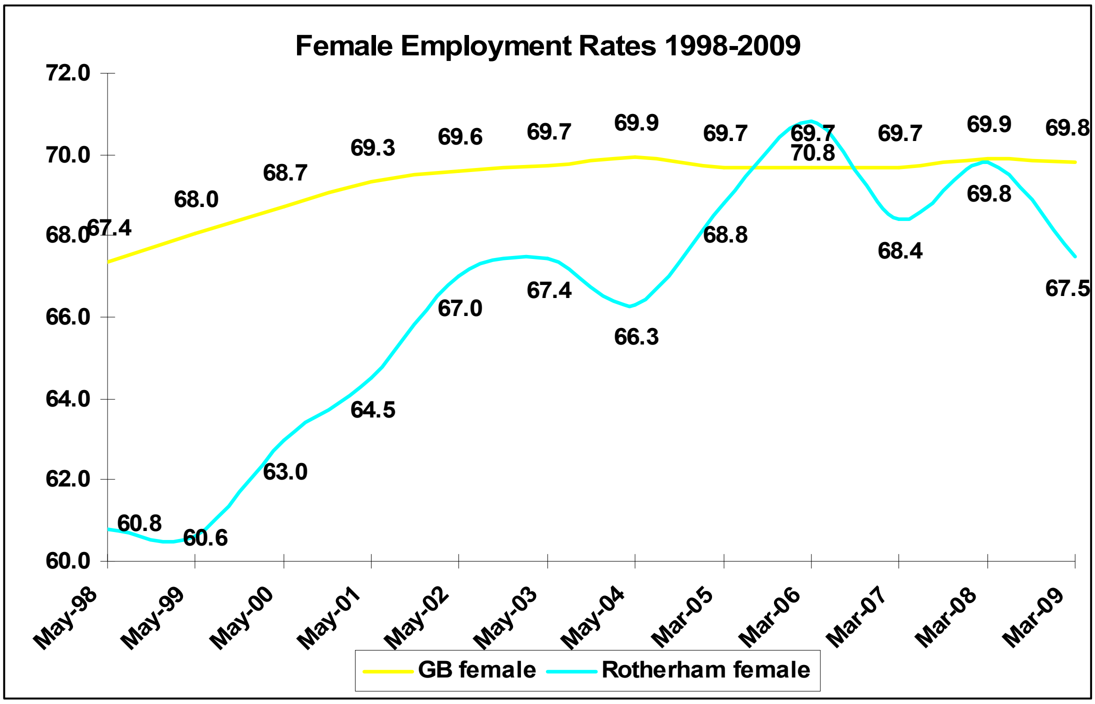
Source: NOMIS (LFS / APS)

Employment in Rotherham has fallen back from this high and the impact of the current recession can be clearly seen from 2008, with the employment rate now having fallen back to just below 70%.

The gap to the national average for male employment did close up until 2005 but the gap has again widened to around six percentage points -



Female employment in Rotherham followed a similar trend but since 2005 has performed better than males with only a slight fall back with the rate only 2.3 percentage points behind the national average –



Despite the overall increase in female employment women remain far more likely than men to be working part-time[9], with around 44% of Rotherham women employed on a part-time basis compared to just 11% of working age men in employment. This is also true nationally, although Rotherham has a slightly higher percentage of women working part-time compared to the national average.

Employment by Full-time / Part-time				
	Rotherham	South Yorkshire	Yorkshire & Humber	Great Britain
Percentage in employment working full-time	73.4%	73.7%	74.6%	75.8%
Percentage in employment working part-time	26.4%	26.0%	25.2%	24.0%
Percentage MALES in employment working full-time	88.7%	89.2%	88.9%	89.5%
Percentage FEMALES in employment working full-time	55.9%	54.9%	57.4%	59.3%
Percentage MALES in employment working part-time	11.1%	10.4%	10.8%	10.3%
Percentage FEMALES in employment working part-time	43.8%	45.0%	42.5%	40.6%
Source: NOMIS / APS June 2009 (totals may not agree due to roundings)				

Due to sample sizes the APS is limited in the amount of accurate analysis available for ethnic groups at the local authority level but it can provide a good estimate of comparative rates between a broad white / ethnic minority split. The estimated employment rate for ethnic minorities in Rotherham, using June 2009 data as an example, shows a gap of over 10 percentage points to the ‘white’ employment rate.

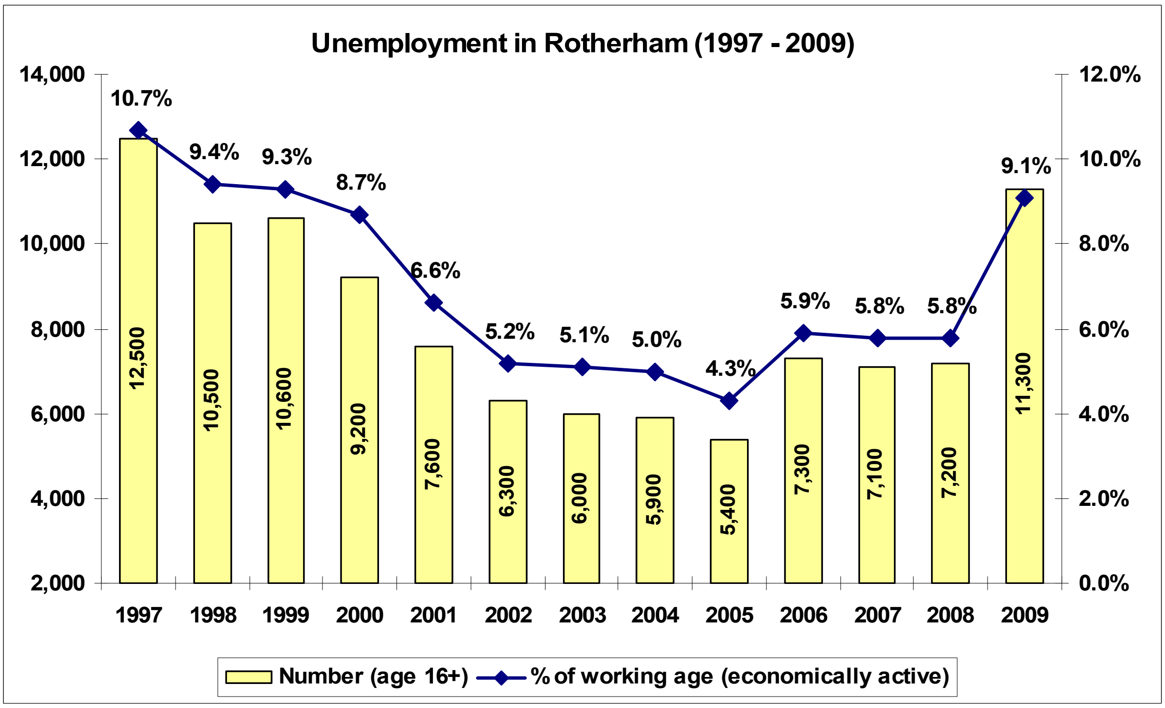
Employment Rates by Ethnic Groups - Male / Female	
working age employment rate - white	70.6%
working age employment rate - ethnic minority	59.8%
working age employment rate - white males	71.5%
working age employment rate - ethnic minority males	71.6%
working age employment rate - white females	69.6%
working age employment rate - ethnic minority females	45.2%
Source: NOMIS / APS June 2009	

However it is clear that the main factor in this gap is the very low rate of employment within ethnic minority females – whilst employment in ethnic minority males is in line with white males the employment rate of ethnic minority females is around 24 percentage points lower than their white counterparts.

[9] *Part-time defined as working 30 or fewer hours per week.*

Unemployment:

Unemployment[10] in Rotherham shows a similar pattern to the employment rate with strong improvement up until 2005 but a large increase since the start of the recession in 2008 -

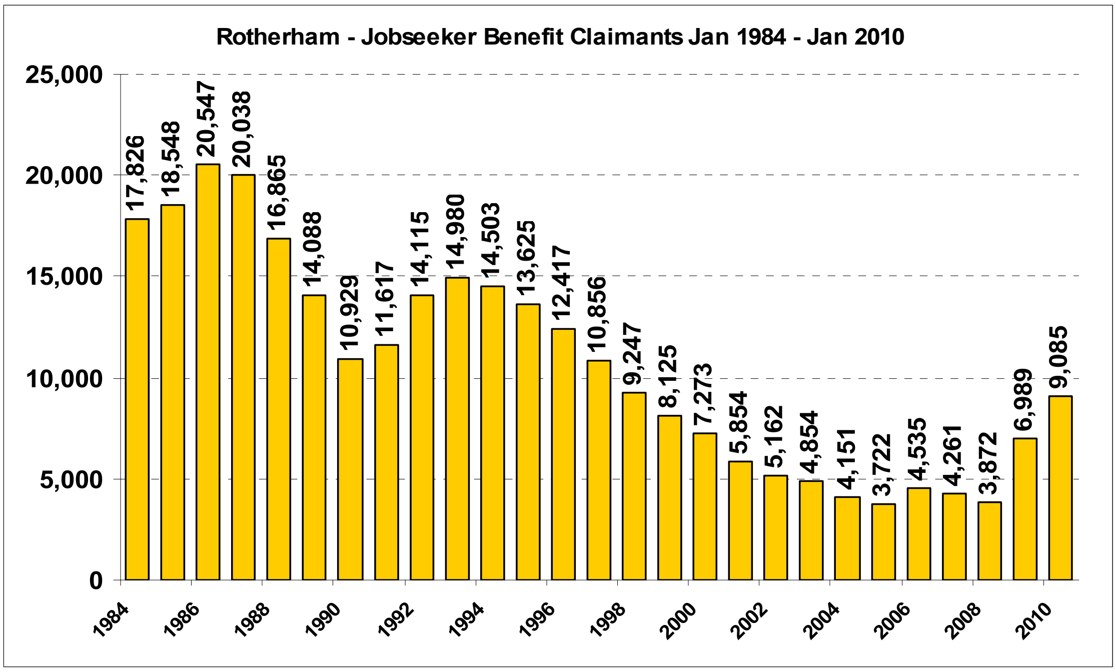


A narrower measure of unemployment is available by looking at the claimant count – i.e. the number of people that are claiming Job Seekers Allowance[11]. This is not 'true' unemployment as not everyone who is officially unemployed will be eligible or choose to claim this benefit and therefore this figure will always be lower than the actual unemployment rate. It does however have the advantage of being more accurate (i.e. it is based on actual records rather than a survey), is more up to-date and released on a monthly basis, and is also available at small area levels.

The long-term reduction in claimants since the mid-1980's can clearly be seen along with the significant increase over the last two years -

[10] *As recommended by the ONS numbers and percentages are taken from their model based estimates which are considered more reliable at a local authority level than those from the APS.*

[11] *JSA claimant count records the number of people claiming Jobseekers Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made.*



Source: NOMIS Claimants in January each year

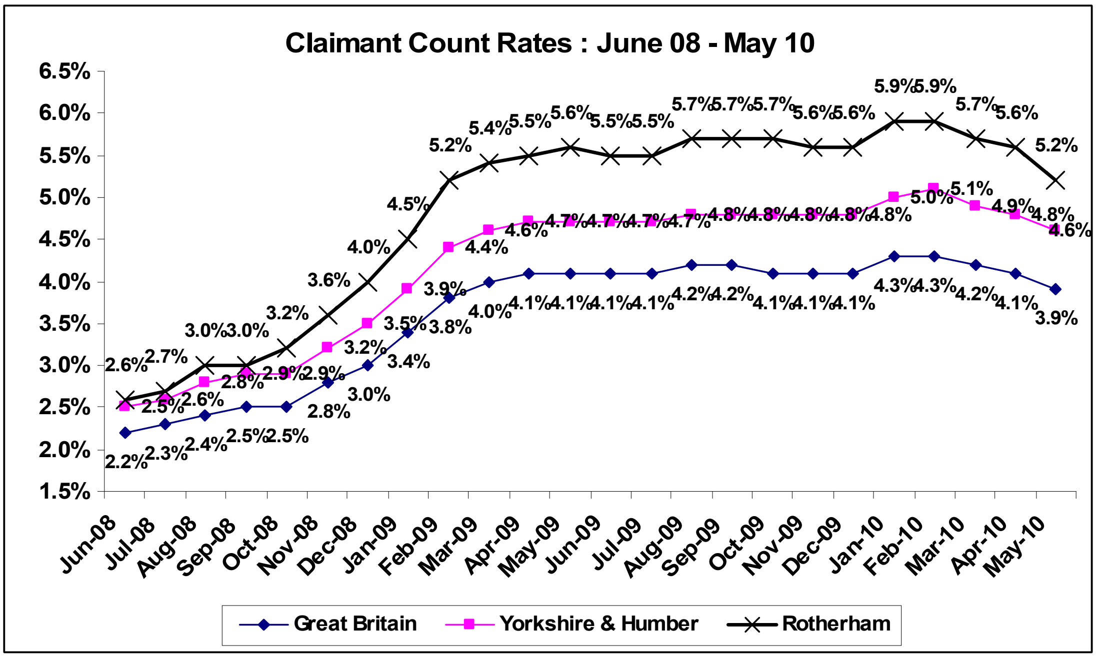
The recent increases since the beginning of the UK recession around the middle of 2008 is not confined to Rotherham with our adjoining authorities seeing similar levels of increase.

	June 2008		January 2010		Change:	
	Claimants	Rate	Claimants	Rate	Claimants	Rate
Barnsley	3,740	2.7%	7,714	5.6%	**+3,974**	**+2.9%**
Doncaster	5,164	2.9%	10,724	6.0%	**+5,560**	**+3.1%**
Rotherham	3,962	2.6%	9,085	5.9%	**+5,123**	**+3.3%**
Sheffield	8,537	2.5%	16,928	4.9%	**+8,391**	**+2.4%**
Total	21,403	2.6%	44,451	5.5%	**+23,048**	**+2.9%**

Source: NOMIS

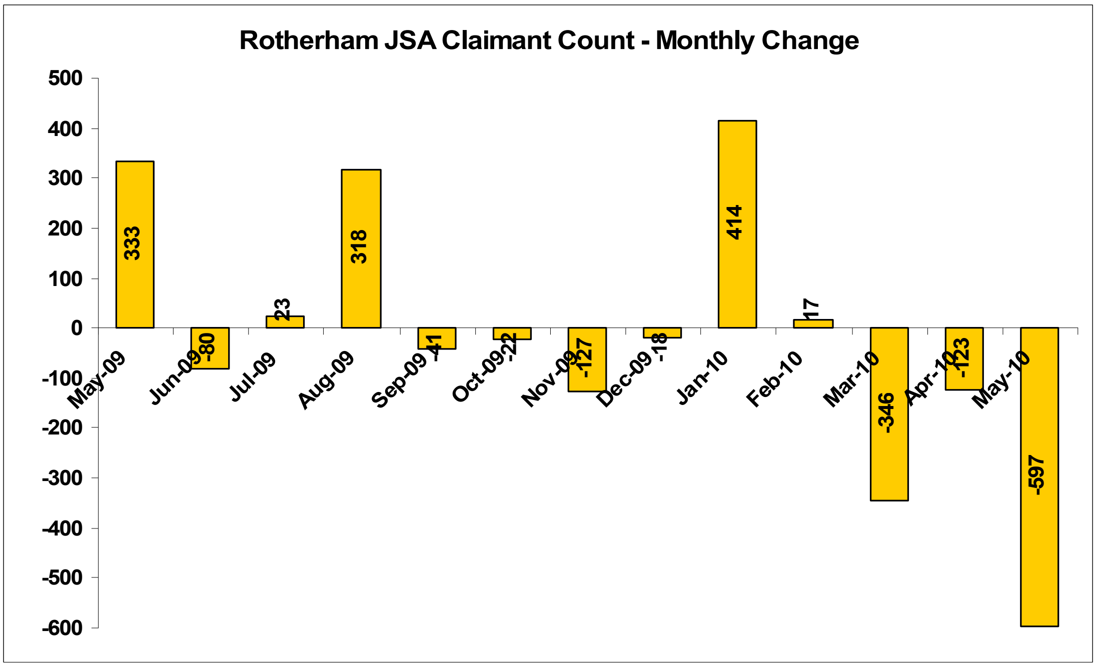
Rotherham, along with the rest of South Yorkshire, has seen relatively larger increases in the claimant count rate[12] compared to the regional and national increases – possibly due to the larger reliance on manufacturing (a sector particularly hard hit) for employment in the sub-region.

[12] *The percentage figures express the number of claimants resident in an area as a percentage of the working age population resident in that area. Working age is defined as 16-64 for males and 16-59 for females*



Source: NOMIS Claimant Count Rates

Hopefully the large increase in claimants seen in 2008 and the beginning of 2009 has come to an end – the latter part of 2009 / early 2010 has seen smaller monthly increases and in recent months some encouraging falls. Despite this unemployment is expected to continue to rise throughout 2010 whilst the country recovers from recession -



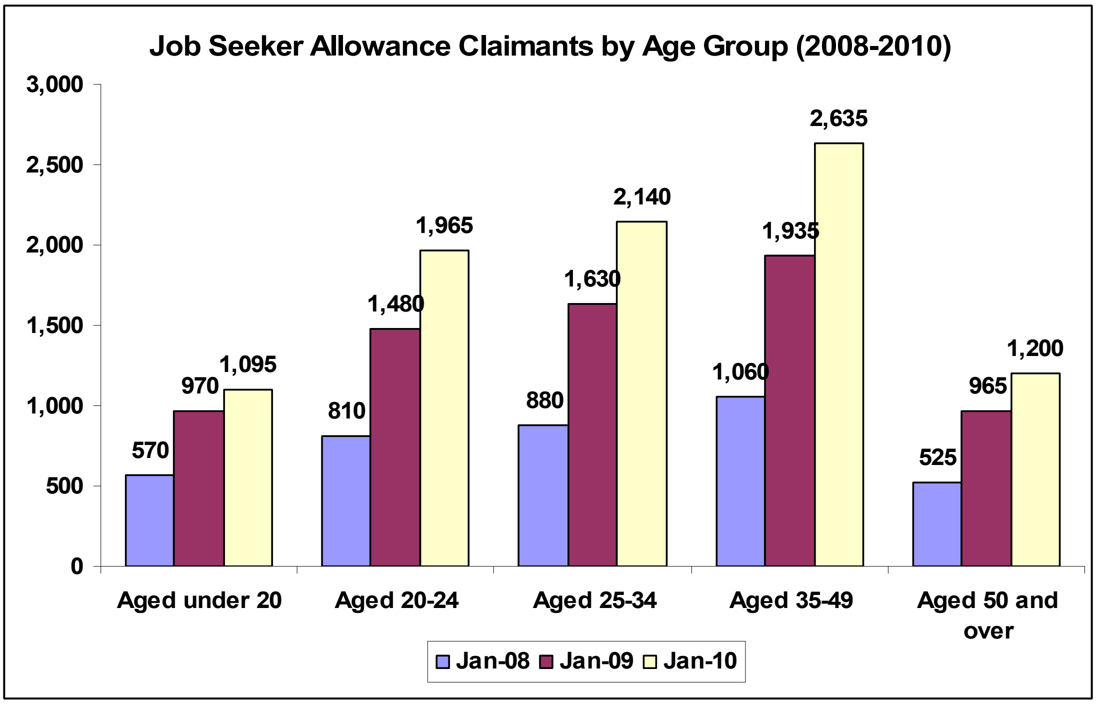
Claimant Analysis / Change:

Claimants can also be analysed by age group, duration of claim and at a small geography – the following looks at the changes that have taken place over the last two years 2008-2010 during one of the deepest recessions to impact on the UK economy.

The number of male claimants is around three times that of female claimants and the large increases over the last two years has not changed this balance. In percentage terms the increases for both sexes are similar although in actual numbers male claimants have increased by close to 3,900 whilst female claimants have increased by below 1,400.

	January 2008		January 2009		January 2010	
	Number	Rate	Number	Rate	Number	Rate
Male	2,983	3.7%	5,374	6.6%	6,841	8.4%
Female	889	1.2%	1,615	2.2%	2,244	3.0%
Source: NOMIS claimant counts 2008-10						

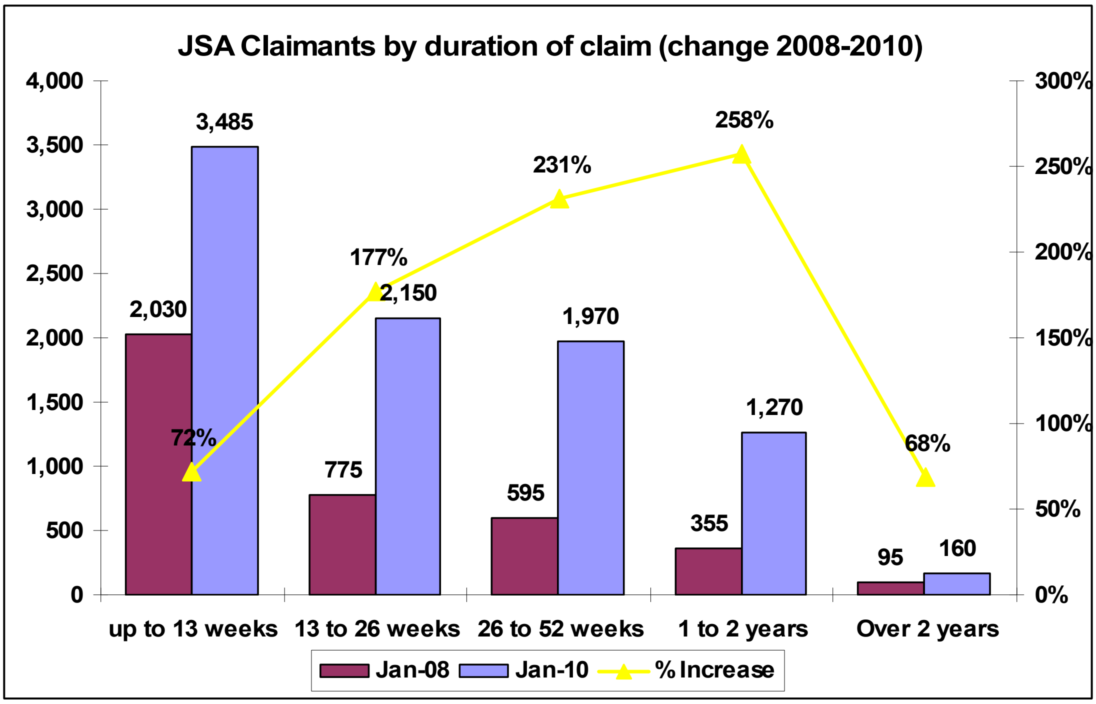
In Rotherham the increased claimants have been spread fairly evenly across all age groups – more than doubling in all but the under 20's.



Source: NOMIS, Claimant count by age and duration 2008-2010

In absolute terms the claimant numbers have increased mainly in people claiming the benefit for less than a year - this would be expected as people freshly made unemployed are usually more closely connected to the labour market, are likely to have stronger appeal to employers and usually are better equipped to take advantage of vacancies than longer term unemployed.

However it is especially concerning that the percentage of claimants claiming Job Seekers Allowance benefit for over a year has increased substantially; by almost 1,000 in the two year period, or over 200%.

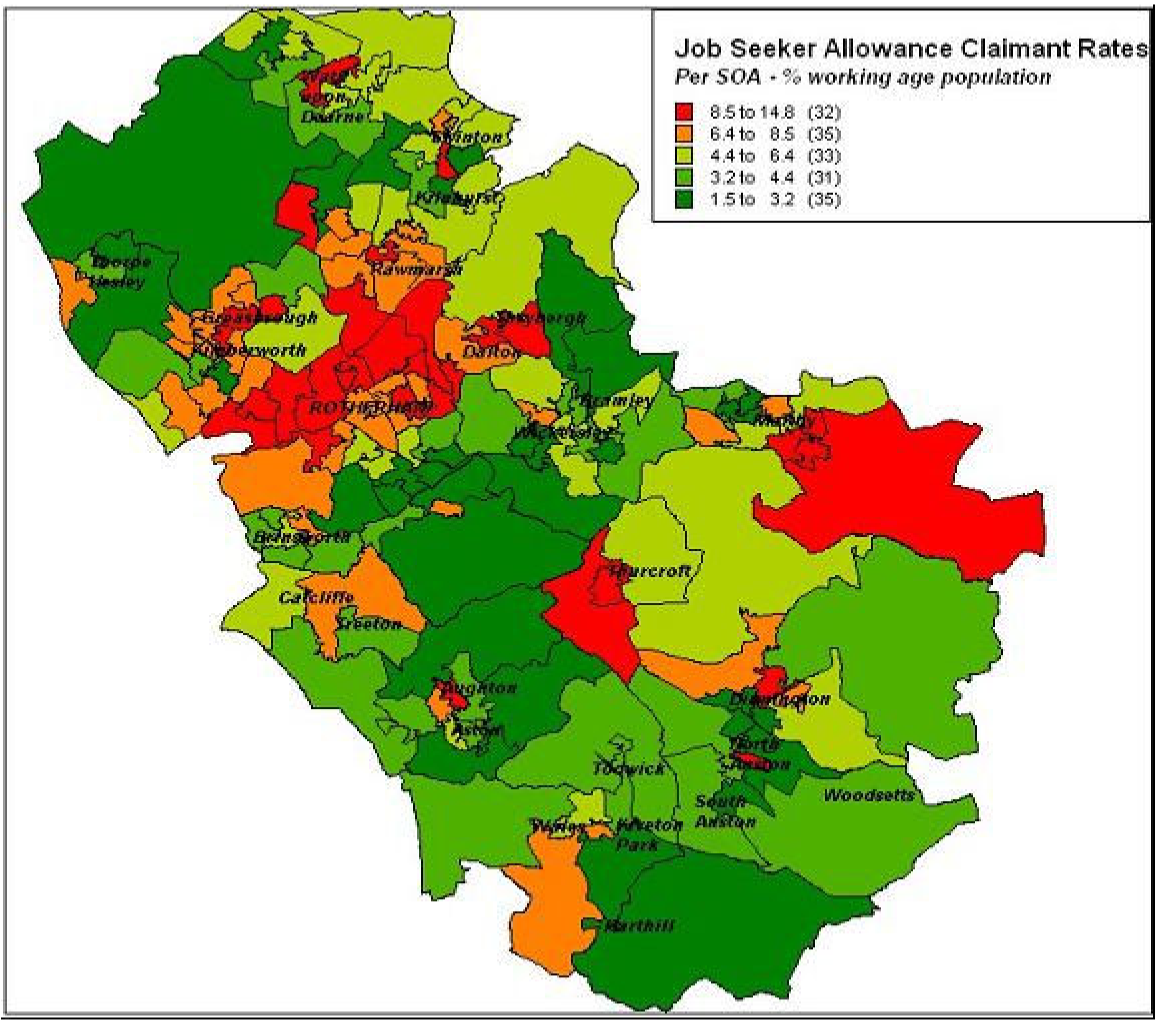


Source: NOMIS, Claimant count by age and duration 2008-2010

The difficult facing the unemployed is highlighted by a decrease in the number of unfilled jobcentre vacancies resulting in a large rise in the rate of JSA claimants per unfilled vacancy, although this has dropped slightly for 2010 compared to the previous year -

JSA Claimants per unfilled jobcentre vacancy			
Date:	**Rotherham**	**Yorkshire & Humber**	**Great Britain**
January 2008	1.9	2.9	2.7
January 2009	15.6	10.4	6.4
January 2010	11.7	9.6	8.5
Source: Jobcentre Plus vacancies			

Whilst the overall claimant rate of 5.9% (as at January 2010) is just 1.6 percentage points above the national average the rate fluctuates considerably across the borough – the rates across the 166 Super Output Areas (SOA's) varies between as low as 1.5% to as high as 14.8%. The map below illustrates the spread of claimants with concentrations chiefly around the town centre but also other pockets in outlying areas of the borough.



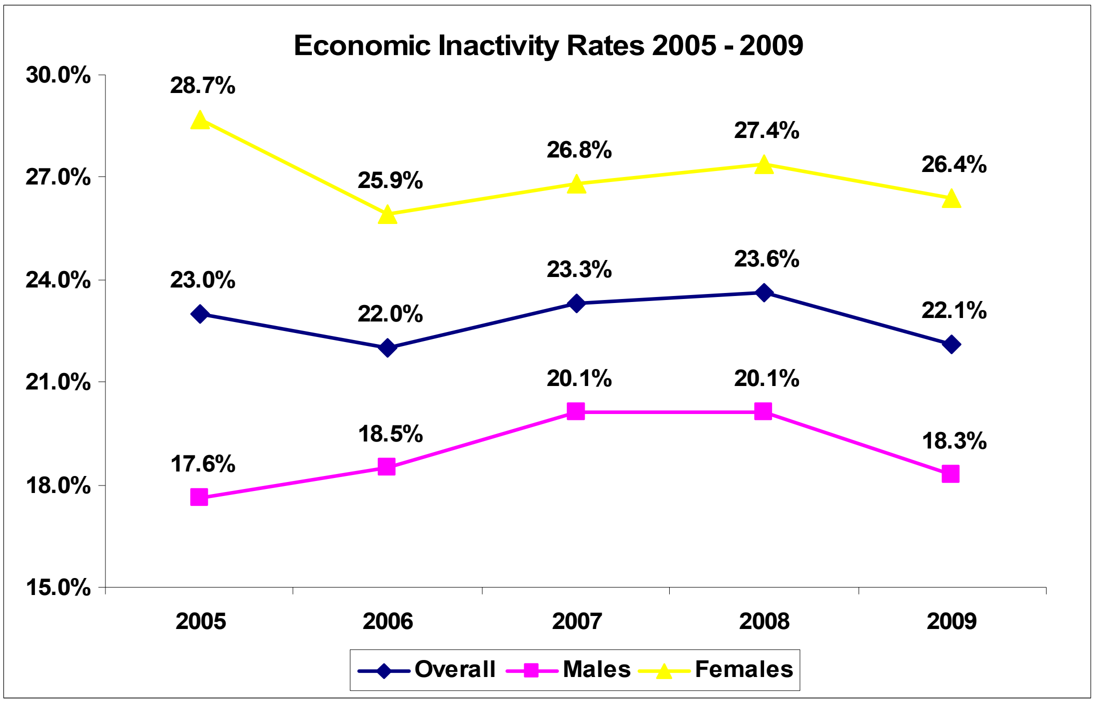
Source: NOMIS/DWP Claimant Counts (January 2010)

Economic Inactivity:

Unemployment and / or claimant count data only gives a partial picture of the scale of worklessness within an area – rates of economic inactivity[13] are considerably higher. People can be economically inactive (i.e. not working and not actively looking for work) for a number of reasons including long-term sickness, acting as carers, students, etc. or simply not wanting a job.

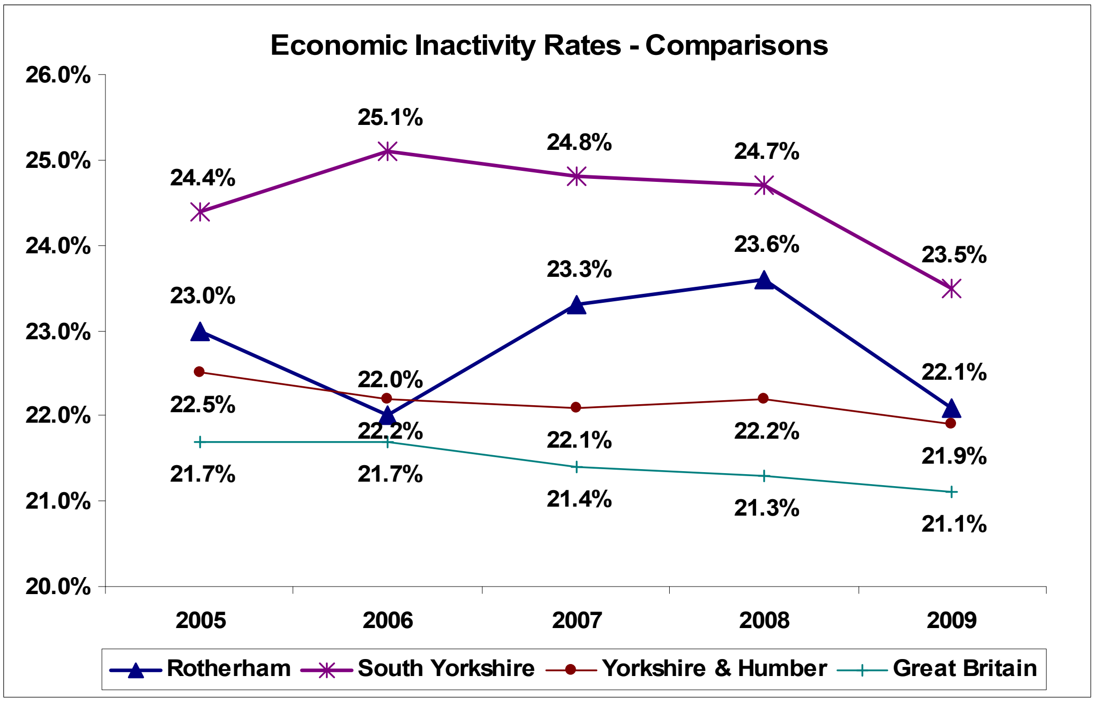
The trend in estimated economic inactivity in Rotherham has generally been downward over the long-term, particularly for females, although the last few years the overall rate has been relatively stable – generally between 22%-23% of the working age population. Female inactivity has tended to fall more in comparison to males – a result of higher numbers of females entering the labour market / taking up employment over recent years – although the gap remains substantial.

[13] *People who are neither in employment nor unemployed. This group includes, for example, all those who were looking after a home or retired.*



Source: NOMIS APS March 2005-2009

Economic inactivity in Rotherham has consistently been below the South Yorkshire average over recent years and close to the regional average.

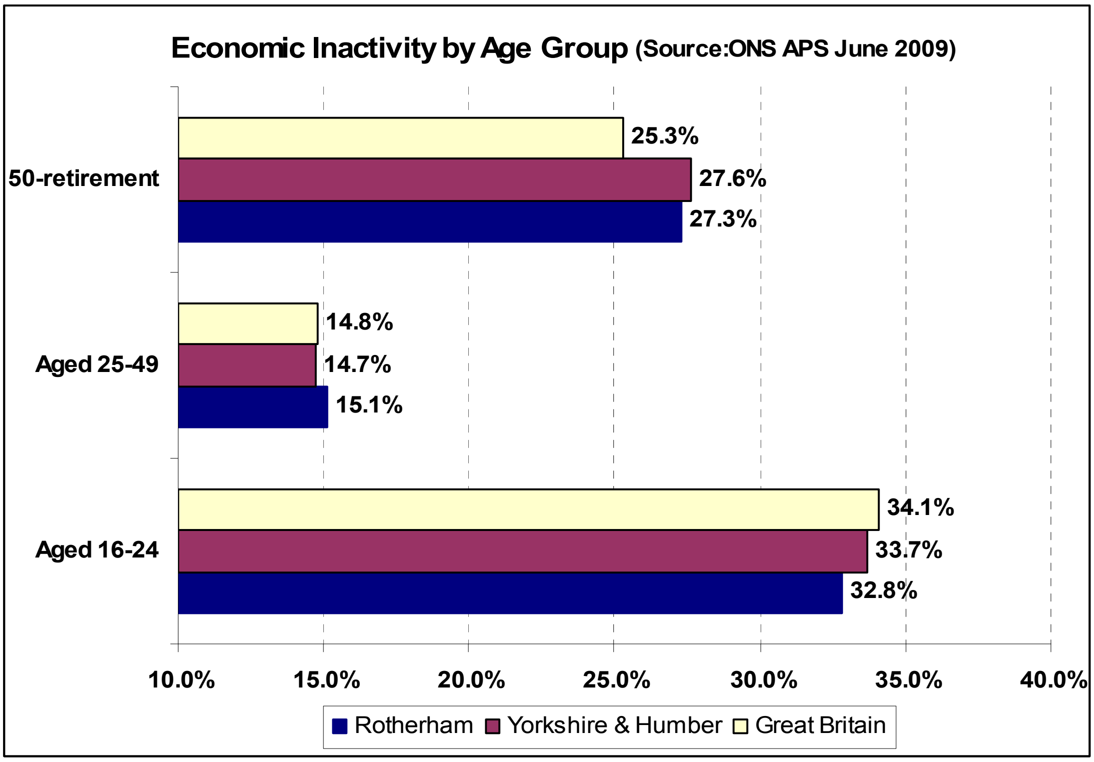


Source: NOMIS APS March 2005-2009

Whilst the percentages for ethnic minority groups are subject to a relatively large degree of variance, particularly at a district level, it is clear that they have a higher rate of economic inactivity (this is particularly true of ethnic minority females) than the ‘white’ population.

% Working age economically inactive:	All		Male		Female	
	White	Ethnic	White	Ethnic	White	Ethnic
Great Britain	19.5%	32.5%	15.9%	22.7%	23.6%	42.3%
Yorkshire & Humber	20.4%	37.6%	16.9%	24.7%	24.3%	50.2%
South Yorkshire	22.0%	33.1%	17.8%	22.9%	26.6%	44.2%
Rotherham	20.1%	38.6%	17.0%	28.4%	23.5%	51.1%
Source: NOMIS APS (June 2009)						

Economic inactivity in Rotherham tends to be lower in the younger age group, which may reflect the lower percentage of young people in Rotherham entering further education, but tends to be higher in the over 50 age groups .



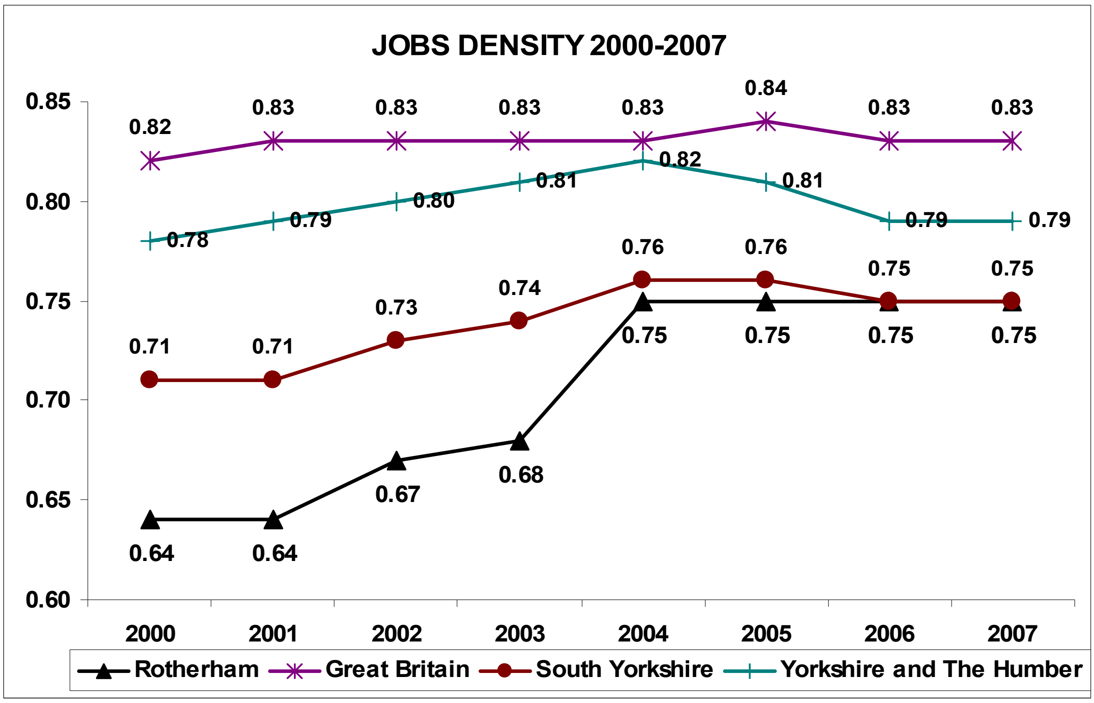
There is a great disparity in the proportion of the economically inactive population who want / do not want a job. In Rotherham of the 33,100 working age population who are classed as economically inactive just 7,600 (23.1%) stated that they actually want a job – below the South Yorkshire and regional / national average.

2008/09 (%)							
Great Britain	Yorkshire & Humber	South Yorkshire	Barnsley	Doncaster	**Rotherham**	Sheffield	**Inactive - category**
26.4	26.0	26.8	25.3	32.4	**23.1**	26.1	Want a job
73.6	74.0	73.2	74.7	67.6	**76.9**	73.9	Does not want a job
27.4	28.3	29.9	22.8	35.3	**21.6**	34.0	Males wanting a job
72.6	71.7	70.1	77.2	64.7	**78.4**	66.0	Males not wanting a job
25.6	24.4	24.6	27.2	30.7	**24.3**	19.9	Females wanting a job
74.4	75.6	75.4	72.8	69.3	**75.7**	80.1	Females not wanting a job
Reason for not wanting a job:							
0.5	0.2	!	!	!	**!**	!	Not looking - Discouraged
7.6	6.6	8.2	9.1	13.0	**7.7**	5.5	Not looking - Long-term sick
6.5	6.5	7.0	6.6	7.5	**5.6**	7.5	Not looking - Looking after home/family
4.3	4.6	3.8	4.9	4.6	**1.8**	3.8	Not looking - Student
4.3	4.4	4.5	1.4	4.8	**3.2**	6.3	Not looking - Other
Source: NOMIS APS (June 2009); ! = Estimate not available (sample size is zero or disclosive)							

Those who are economically inactive and would want a job have various reasons for not looking – the most common in Rotherham long-term sickness and looking after home / family which account for around two-thirds of the total, similar to the rest of South Yorkshire.

Jobs Density

In addition to available vacancies jobs density[14] is also an indictor of labour demand – this measures the numbers of jobs per resident of working age (16-59/64). For example, a job density of 1.0 would mean that there is one job for every resident of working age. The chart below highlights how the strong jobs growth in Rotherham up to 2004 has impacted on closing the gap to the regional and national job density rates although it shows no growth in the latest three years available.



Source: ONS Jobs Density

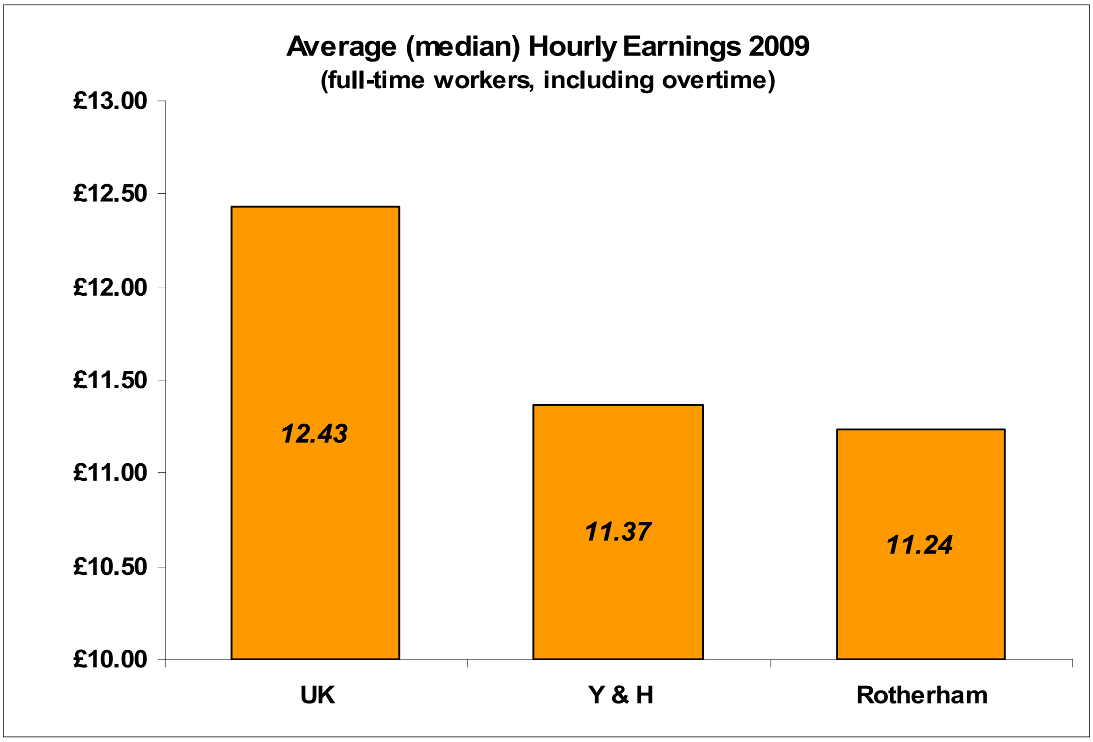
Job Density in South Yorkshire (2000-2007)				
Year:	Barnsley	Doncaster	Rotherham	Sheffield
2000	0.62	0.67	0.64	0.80
2001	0.59	0.67	0.64	0.81
2002	0.63	0.68	0.67	0.82
2003	0.63	0.69	0.68	0.85
2004	0.64	0.71	0.75	0.85
2005	0.62	0.73	0.75	0.85
2006	0.59	0.74	0.75	0.82
2007	0.59	0.73	0.75	0.82
Source: ONS Jobs Density				

[14] *The total number of jobs is a workplace-based measure and comprises employee jobs, self-employed, government-supported trainees and HM Forces. The number of working age residents figures used to calculate jobs densities are based on the relevant mid-year population estimates.*

Earnings:

The relative level of earnings in an area can be one sign of a strong economy and labour market - earnings data is available from the ONS Annual Survey of Hours and Earnings (ASHE). The ASHE is based on a 1 per cent sample of employees, information on whose earnings and hours is obtained from employers. The survey does not cover self-employed and all information relates to a pay period in April. Average earnings are usually reported using the median[15].

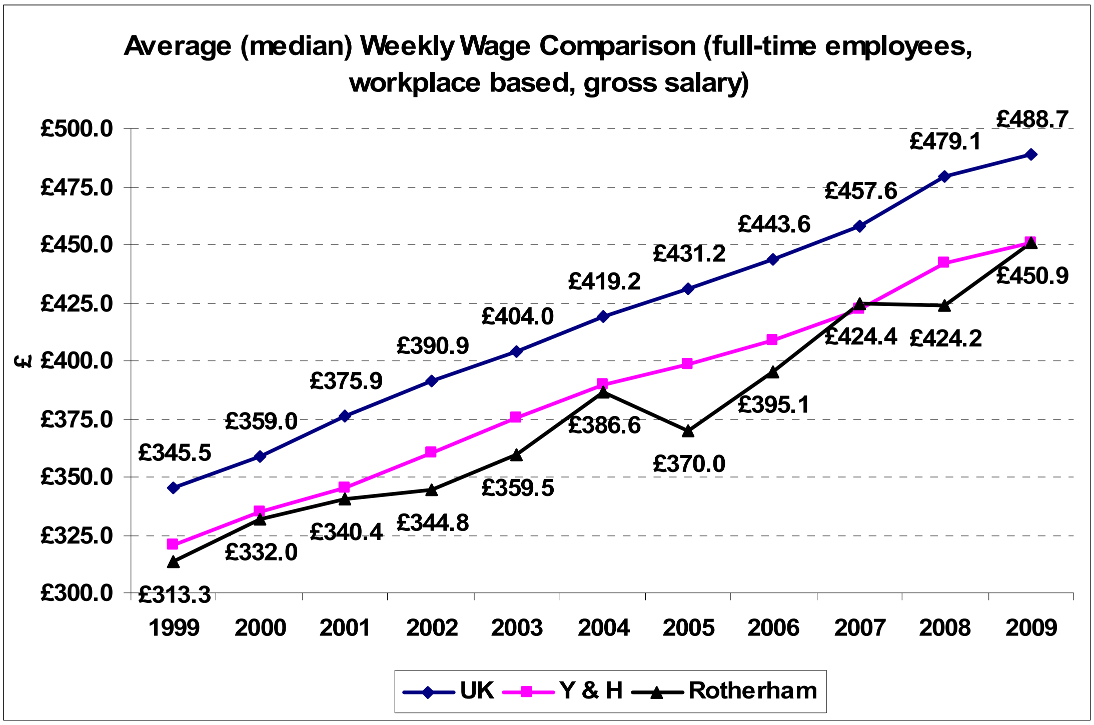
Earnings data is available either workplace based – i.e. earnings of all employees working within the borough, or residence based – i.e. earnings of all employed population living in the borough. The following analysis focuses primarily on workplace based earnings –



Source: ONS - ASHE 2009

Median average hourly earnings (for full-time workers including overtime) in Rotherham for 2009 were £11.24 compared to £11.37 regionally and £12.43 nationally. It should be noted that as this data is survey based the figures will naturally vary from year to year and it is the longer term trend which is important. Looking at weekly workplace earnings (National Indicator NI 166) it can be seen that the gap between local and regional / national wage levels has remained at a roughly similar level –

[15] *The median is the value below which 50 per cent of employees fall.*



Source: ONS - ASHE 2009

Comparing figures for annual workplace earnings shows the same pattern with Rotherham averaging close to 90% of the UK average in most years (around 97% of the regional average).

Median (Annual) gross pay for full-time employees - workplace based.											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
UK	£17,803.0	£18,848.0	£19,722.0	£20,376.0	£21,124.0	£22,056.0	£22,888.0	£23,367.0	£24,043.0	£25,165.0	£25,816.0
Y&H	£16,527.0	£17,503.0	£18,270.0	£18,863.0	£19,659.0	£20,433.0	£21,506.0	£21,674.0	£22,307.0	£23,357.0	£23,904.0
Rotherham	£16,376.0	£17,517.0	£18,110.0	£18,235.0	£18,250.0	£19,940.0	£20,914.0	£19,950.0	£21,655.0	£22,227.0	£23,727.0
Rotherham v UK	***92.0%***	***92.9%***	***91.8%***	***89.5%***	***86.4%***	***90.4%***	***91.4%***	***85.4%***	***90.1%***	***88.3%***	***91.9%***

Historically the earnings of Rotherham's employed population have been above the level of the earnings of employees working within Rotherham (as people from Rotherham take advantage of higher earnings in workplaces outside the borough, particularly from Sheffield). This gap has shrunk over recent years and workplace / residence based earnings are now broadly at similar levels – an indication that higher paid jobs have been created in Rotherham.

	2002	2003	2004	2005	2006	2007	2008	2009
Workplace based earnings	£344.8	£359.5	£386.6	£370.0	£395.1	£424.4	£424.2	£450.9
Residence based earnings	£364.3	£375.6	£385.9	£385.4	£398.2	£422.0	£424.8	£440.4
Source: ONS - ASHE workplace/residence based median earnings								

Rotherham's median weekly wage is similar to Barnsley / Doncaster but well below Sheffield (£525.7) which would be expected to be higher due to being a larger / city economy which tends to attract more highly paid professional jobs.

Occupations:

There are some clear differences in terms of occupations of those in employment when comparing Rotherham with regional and national occupations (using SOC2000 from the APS). Rotherham has a lower percentage of employees in managerial / professional roles than regionally or nationally – a 6.6 percentage point gap to the Great Britain average, equivalent to over 7,000 fewer employees in these occupations.

Conversely Rotherham has a higher percentage[16] than the regional and national averages in the process/plant/machine operatives and elementary occupations (SOC 8-9) and personal services / sales and customer service occupations (SOC 6-7).

Employment by Standard Occupational Code					
	Rotherham		South Yorkshire	Yorks & Humber	Great Britain
1.Managers and senior officials	15,400	13.7%	13.0%	14.1%	15.6%
2.Professional	12,100	10.7%	11.0%	11.9%	13.4%
3.Associate professional & technical	14,400	10.7%	13.8%	13.3%	14.7%
Total SOC Major Group 1-3	**41,900**	**37.3%**	**37.9%**	**39.5%**	**43.9%**
4.Administrative and secretarial	10,900	9.6%	11.7%	11.3%	11.3%
5.Skilled trades	12,000	10.6%	10.6%	10.9%	10.6%
Total SOC Major Group 4-5	**22,800**	**20.3%**	**22.4%**	**22.3%**	**22.0%**
6.Personal service	11,900	10.6%	9.1%	8.9%	8.4%
7.Sales and customer services	10,000	8.9%	8.7%	7.7%	7.5%
Total SOC Major Group 6-7	**21,900**	**19.5%**	**17.9%**	**16.7%**	**15.9%**
8.Process plant & machine operatives	11,800	10.5%	8.7%	8.4%	6.9%
9.Elementary	13,800	12.3%	12.8%	13.0%	11.3%
Total SOC Major Group 8-9	**25,600**	**22.8%**	**21.6%**	**21.5%**	**18.2%**
Source: NOMIS / Annual Population Survey June 2009 (totals may not agree due to roundings)					

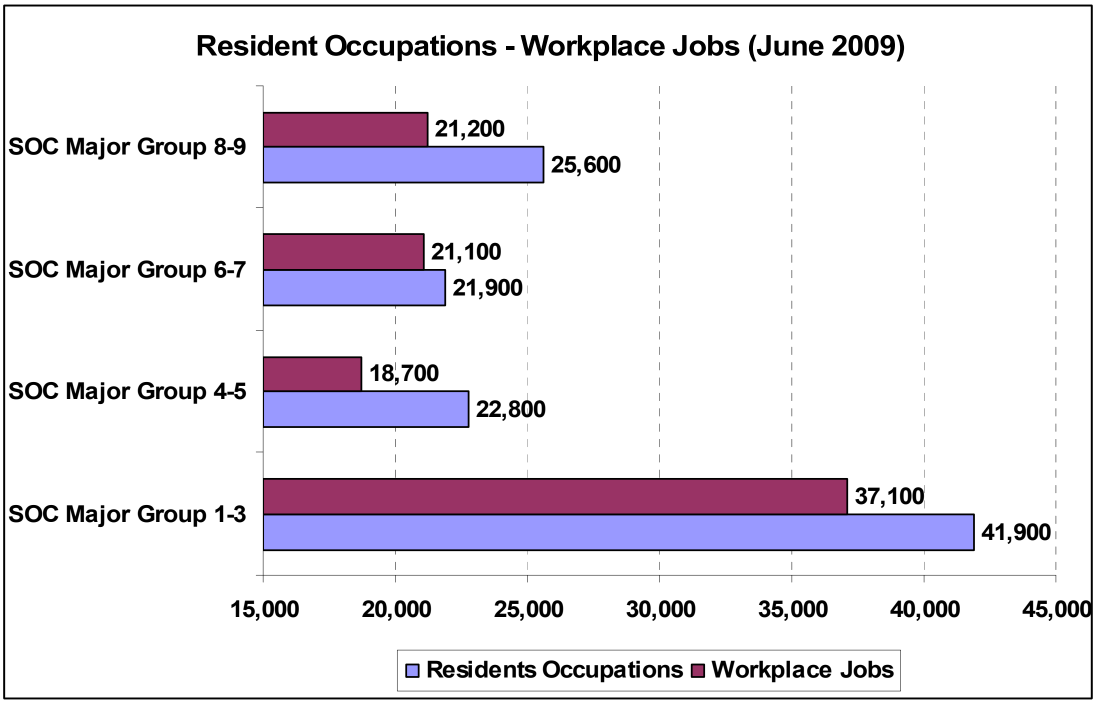
This is a reflection of many factors - the lower than average skills levels within Rotherham and also the types of jobs available in the local economy which feeds through into lower salaries. This is a serious weakness in the local economy given the predictions that employment opportunities within the lower skilled occupations will continue fall and new job creation is likely to be in professions / industry requiring higher skills.

This process is already taking place as shown by the change in the last 5 years – the percentage employed in the higher skilled occupations (SOC1-3) in Rotherham has increased by over seven percentage points with employment in SOC8-9 falling by four percentage points. People will either have lost their jobs in the lower skilled occupations or will have improved their skills and moved into a higher skilled occupation.

Change in Standard Occupational Code		
	2004	**2009**
SOC Major Group 1-3	29.7%	37.3%
SOC Major Group 4-5	25.3%	20.3%
SOC Major Group 6-7	18.2%	19.5%
SOC Major Group 8-9	26.8%	22.8%
Source: NOMIS / Annual Population Survey		

[16] *Numbers and % are for those of 16+, % is a proportion of all persons in employment*

All the above is looking at occupations of Rotherham residents but we can also compare with occupations by workplace in Rotherham.



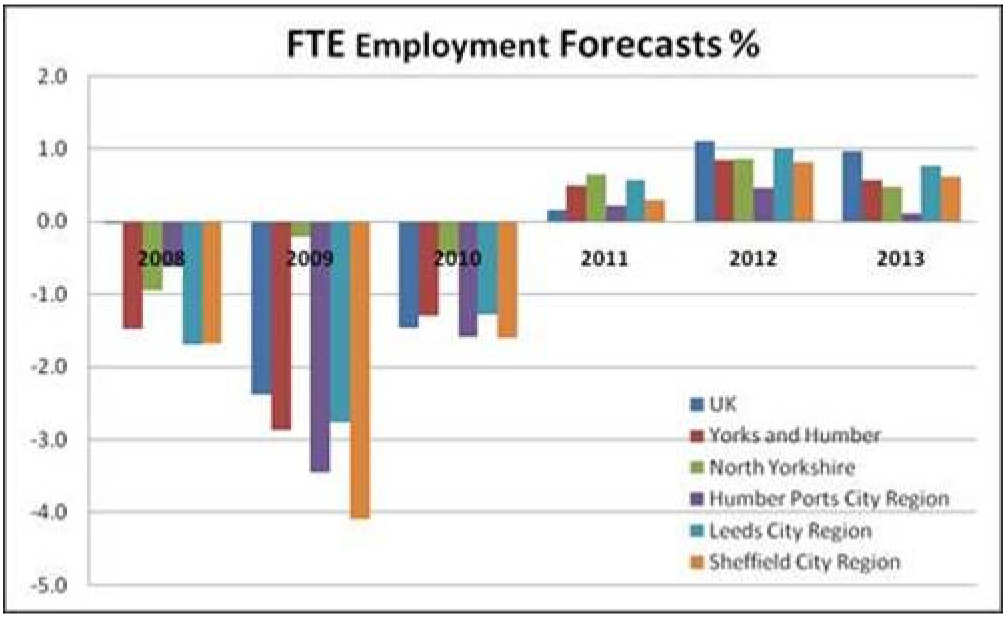
Source: NOMIS Annual Population Survey Residence/Workplace datasets June 2009

This highlights a shortage of jobs in Rotherham in the higher skilled occupations SOC1-5, suggesting that people in Rotherham are travelling outside the borough to take up these positions. There also appears to be a shortage of jobs in the lowest skilled occupations (SOC8-9) and as employment in these occupations is predicted to continue to fall it is likely that Rotherham residents will need to up-skill / re-train to keep within the jobs market.

Employment Projections:

Since 2001, Yorkshire Forward has been working with Experian Business Strategies Ltd to develop their own Regional Econometric Model (REM). Whilst the uncertainties in the wider global economy make economic forecasting difficult, the forecasts in the REM remain the most robust and reliable assessments of key economic variables at the Regional and Sub Regional Level. The forecasts are updated every quarter to ensure that the figures capture events occurring in the economy as quickly as possible. Figures below are from the spring 2010 update of the model which includes data from the results of the latest Annual Business Inquiry 2008. *All figures from 2009 onwards are therefore estimates.*

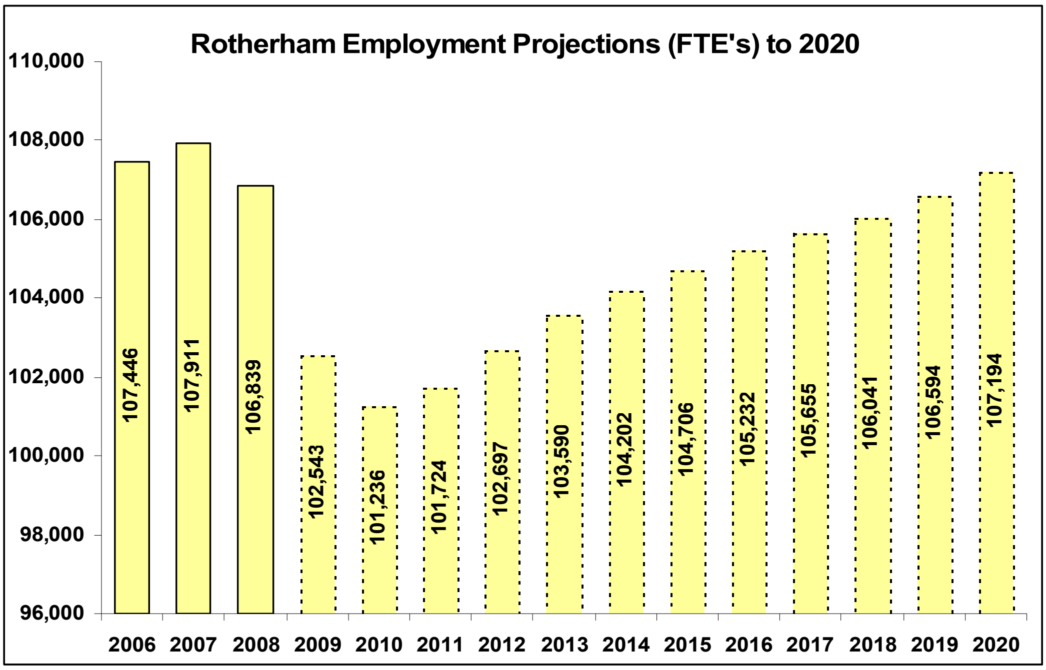
At the regional level employment levels began falling in 2008 and job losses hit a peak during 2009, with the Sheffield City Region being the hardest hit – partly due to its heavier reliance on the manufacturing sector as a share of its employment, a sector which has been particularly hard hit in the recent recession.



Source: Yorkshire Forward / Experian Regional Econometric Model

Employment is predicted to continue falling over the course of 2010, despite some modest growth in output, although the rate of fall is expected to reduce / not be so severe as in 2009. Employment growth is not expected to begin until 2011 but at a very low rate, with a slight acceleration in 2012 – again growth in the Sheffield City Region is predicted to lag behind the UK rate and slightly behind the regional average over the next three years.

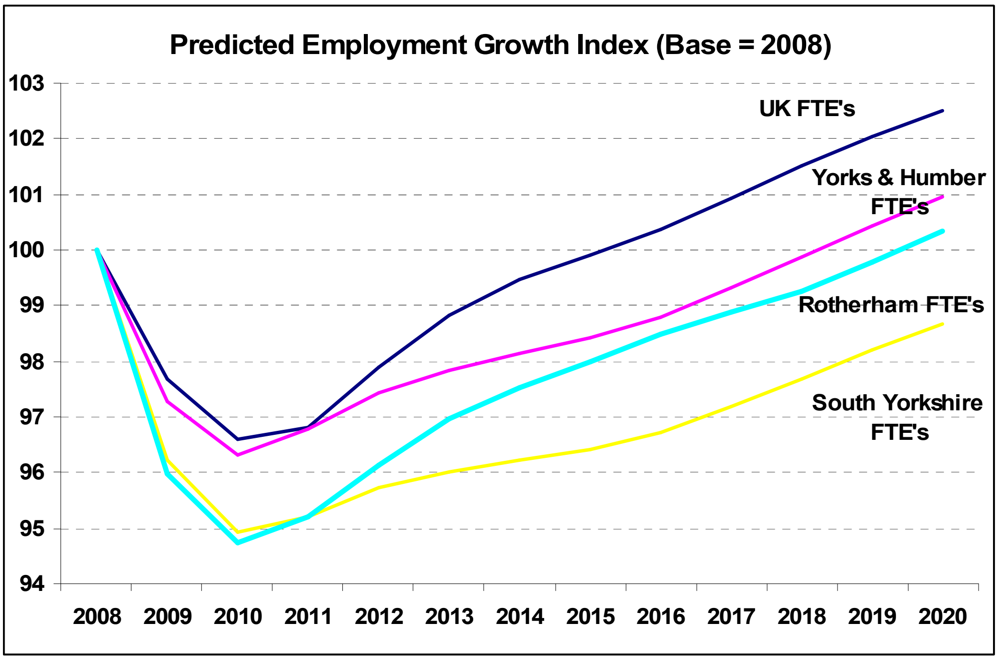
The chart below compares projected employment growth in Rotherham from 2008 (the last actual figure) out to 2020 –



Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

It is clear that the level of workplace employment within Rotherham had already begun to fall from 2007 to 2008 as the recession started during the middle part of 2008. Projections show a sharp fall for 2009 and another, smaller fall, during 2010 with only a very small improvement for 2011. Projections beyond this are liable to ever greater reliability / confidence issues but they suggest that Rotherham will not recover to pre-recession levels in the number of people employed in the borough until around 2020.

Rotherham is not alone in facing a slow recovery, comparative rates of improvement in employment up to 2020 are shown below –



Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

The impact of the recession on Rotherham in the short-term has been more severe than the average seen nationally or regionally and the longer-term recovery in employment, whilst being above the South Yorkshire average, is not predicted to fully close this gap.

In the short-term it is the manufacturing sectors that will see the biggest job losses -

Predicted Job Losses (FTE) per Sector 2008 to 2011				
	2008	2011	Change	
Agriculture, Mining, Utilities	1,700	1,600	-100	-5.9%
Metals, Minerals & Chemicals	7,300	6,100	-1,200	-16.4%
Engineering	4,200	3,400	-800	-19.0%
Other Manufacturing	5,600	5,300	-300	-5.4%
Construction	11,100	9,900	-1,200	-10.8%
Distribution, Hotels & Catering	19,400	19,500	100	0.5%
Transport & Communications	6,500	6,900	400	6.2%
Financial & Business Services	20,000	18,100	-1,900	-9.5%
Other (mainly public) Services	30,900	31,000	100	0.3%
Source: YF / Experian, REM April 2010				

All manufacturing including metals and engineering are expected to see substantial job losses (these sectors[17] have also been hit hard at the national level) along with construction, another important sector in Rotherham. Financial and business services will also shed jobs in the short-term; this has already been seen with job losses announced at several call centres based in Rotherham. Employment within the public sector** is also expected to be cut over the next few years as government spending is curtailed in response to the large public sector deficit.

In the longer-term job losses in the manufacturing sector will continue, particularly in the lower skilled / low value basic manufacturing sectors –

Long-term Predicted Job Changes (FTE) per Sector 2008 to 2020				
	2008	**2020**	**Change**	
Agriculture, Mining, Utilities	1,700	1,200	-500	-29.4%
Metals, Minerals & Chemicals	7,300	6,200	-1,100	-15.1%
Engineering	4,200	3,600	-600	-14.3%
Other Manufacturing	5,600	4,400	-1,200	-21.4%
Construction	11,100	12,000	900	8.1%
Distribution, Hotels & Catering	19,400	20,200	800	4.1%
Transport & Communications	6,500	7,100	600	9.2%
Financial & Business Services	20,000	21,000	1,000	5.0%
Other (mainly public) Services	30,900	31,400	500	1.6%
Source: YF / Experian, REM April 2010				

The construction sector is predicted to recover and will employ more people by 2020 than pre-recession. The Financial and Business Services sector is also expected to recover over the longer-term to become the second most important sector (after the public sector) in terms of employment.

All these forecasts are based on 'policy-off' expectations – i.e. on a pure trend basis given the current sectoral make-up of the local economy. Forecasts would change in a 'policy-on' scenario where Rotherham could attract additional investment, for example through EU funding. This has happened in the past, for example with Objective 1 funding, which resulted in large scale inward investment / regeneration and the attraction of businesses to relocate in the area – this boosted employment above the level which would normally have been expected. The level of any future large-scale investment is unknown but given the current tight financial constraints any public investment is likely to be more modest in nature for the foreseeable future.

****These projections were carried out before the extent of the public sector budget cuts that have just been announced were released – it is currently impossible to gauge the resulting number of public sector job losses in Rotherham but it is likely that the current projections in this sector, particularly in the short-term (showing a small rise), will prove to be 'optimistic'.**

[17] *For this analysis 10 broad sectors from the REM have been used – Agriculture, Forestry & Fishing + Mining and Utilities have been combined for Rotherham due to the relatively small numbers in these sectors.*

Employment: Key Issues

Employment Rate

- The current recession has resulted in the employment rate gap to the national average again widening – Rotherham needs around 4,000 extra people in employment to close the gap.
- The gap to the national average is greater for males than females

Unemployment

- Over 11,000 people in Rotherham unemployed, more than double the pre-recession figure
- Sluggish economic recovery predicted for the UK could result in unemployment levels struggling to improve in the near future
- Job Seeker Allowance claimant rates over 14% in some parts of the borough with males hardest hit
- Over 3,000 JSA claimants are young people (24 or under)
- Large increase in long-term unemployed with over 1,400 claiming JSA for over a year

Economic Inactivity

- Overall inactivity rates similar to the region but higher within ethnic groups, particularly female ethnic groups
- Most common reason for economic inactivity is long-term sickness or looking after home/family, accounting for a third of the total

Earnings

- Earnings of workplace employees in Rotherham close to the regional average but consistently around 90% of the national average
- Workplace and residence based earnings now broadly at similar levels

Occupations

- Lower percentage of residents in Rotherham working in the higher skilled managerial / professional occupations than the national average, although this has risen sharply
- Higher percentage of residents working within the lower skilled, elementary occupations

Projections

- Workplace employment is predicted to continue falling until the end of 2010 with only a small recovery starting in 2011
- Recession will impact more heavily on Rotherham than the UK / regional average and it will be a struggle to close this gap in the future
- In the long-term employment within manufacturing sectors (particularly low-skilled / basic) is expected to decline, with an increase in the financial and business services sector

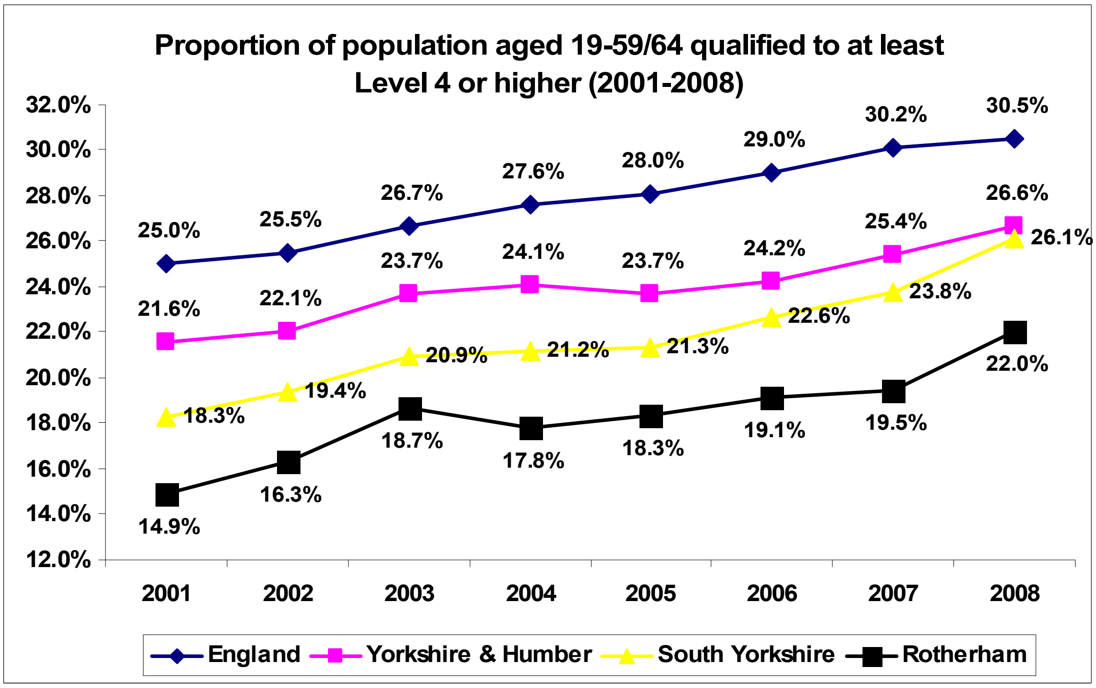
SKILLS

Skills levels, including educational attainment, are key indicators in identifying existing and potential skills gaps, both for local employers and inward investors. The recent recession has highlighted the pressure on 'old' labour intensive / elementary occupations which are forecast to continue their decline due to increasing pressure from overseas low skilled / low wage economies.

The continuing evolvement of the UK economy to a service sector and high-tech manufacturing orientated economy requires a skilled workforce and Rotherham must ensure that its own workforce is equipped to take advantage of expansion in these areas and to attract inward investment. Developments such as the Advanced Manufacturing Park at Waverley require a highly skilled workforce – if local people do not have the necessary skills then new job creation is likely to be taken by workers from outside the borough or companies will choose to invest elsewhere.

NVQ Levels

Rotherham has traditionally had a comparatively lowly skilled workforce, due in part to its past reliance on traditional heavy industries such as steel and coal. There has been substantial improvement over recent years with 22% of the working age population[18] being qualified to at least NVQ Level 4 (e.g. a degree) or above in 2008, compared to less than 15% in 2001.

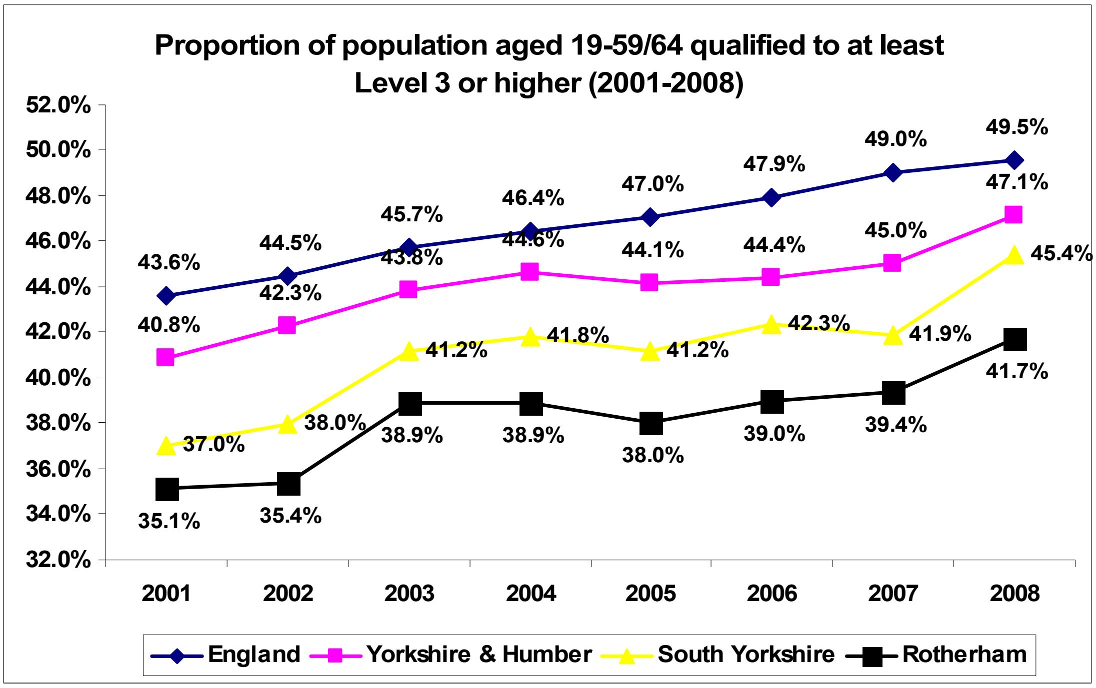


Source: DIUS from LFS/APS: Qualification levels of the 19-59/64 Population (2001-2008)

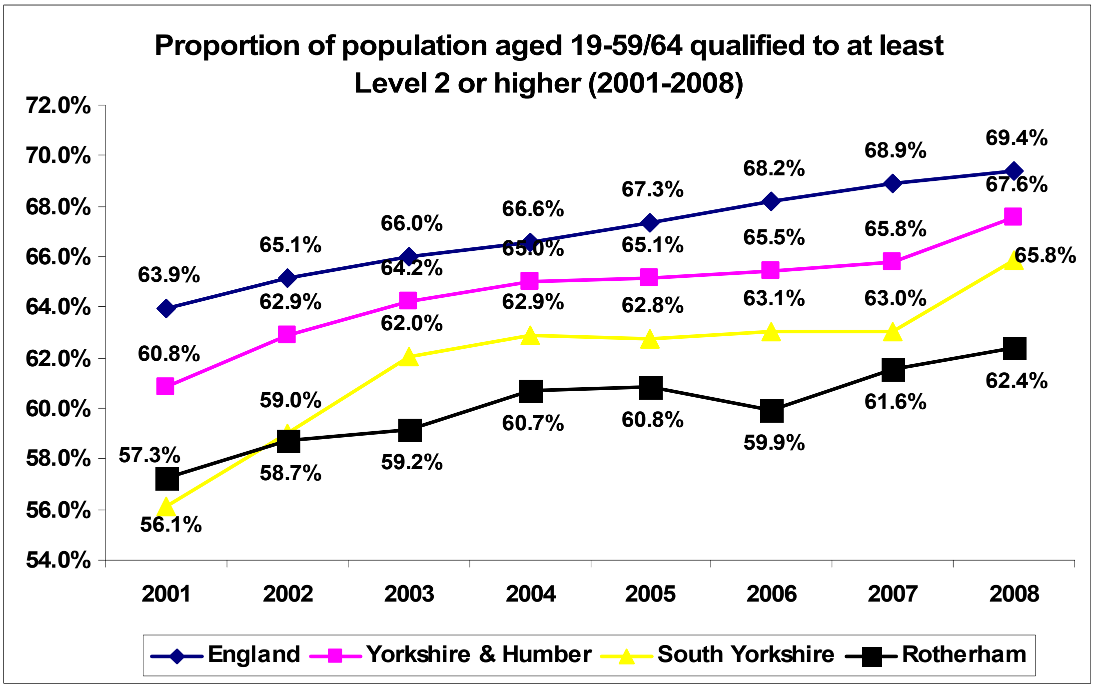
The gap to the national and regional averages has been closed but remains substantial – Rotherham would need an additional 7,000 people up-skilled to

[18] For this measure working age is defined as 19-59F/19-64M age groups

NVQ4+ to reach the regional average and an additional 12,000 to reach the average for the whole of England.
There have also been improvement in performance at the lower levels of qualifications but the gap with the national and regional averages has narrowed only slightly – comparisons of those qualified to at least Level 3[19] or higher and to at least Level 2[20] are shown below:



Source: DIUS from LFS/APS: Qualification levels of the 19-59/64 Population (2001-2008)

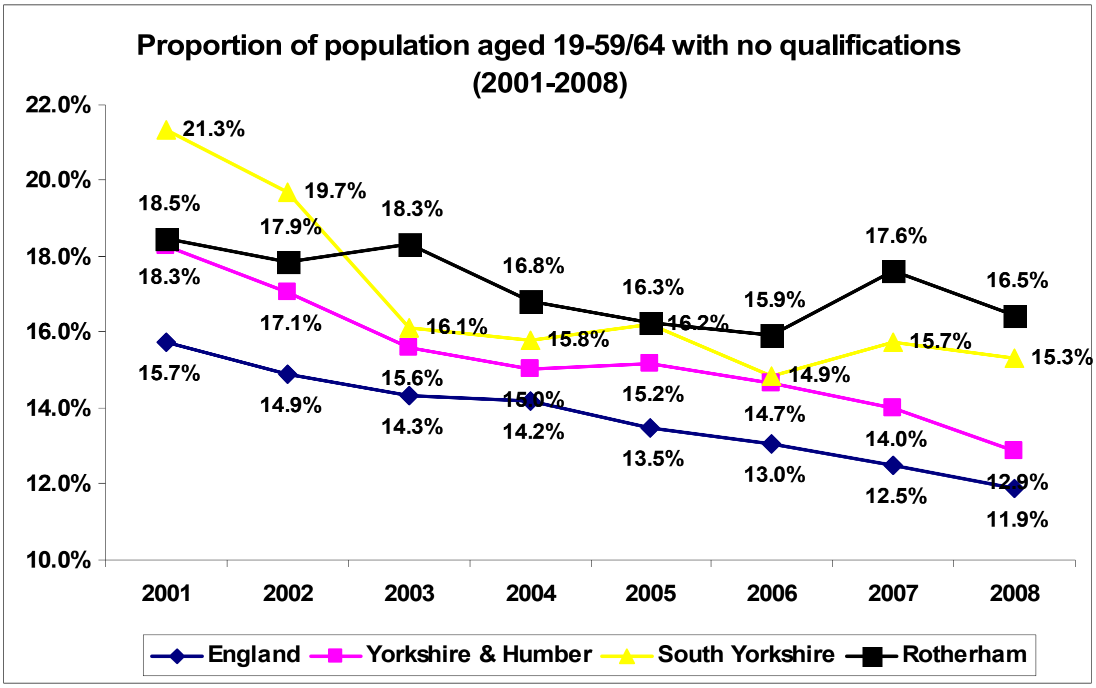


Source: DIUS from LFS/APS: Qualification levels of the 19-59/64 Population (2001-2008)

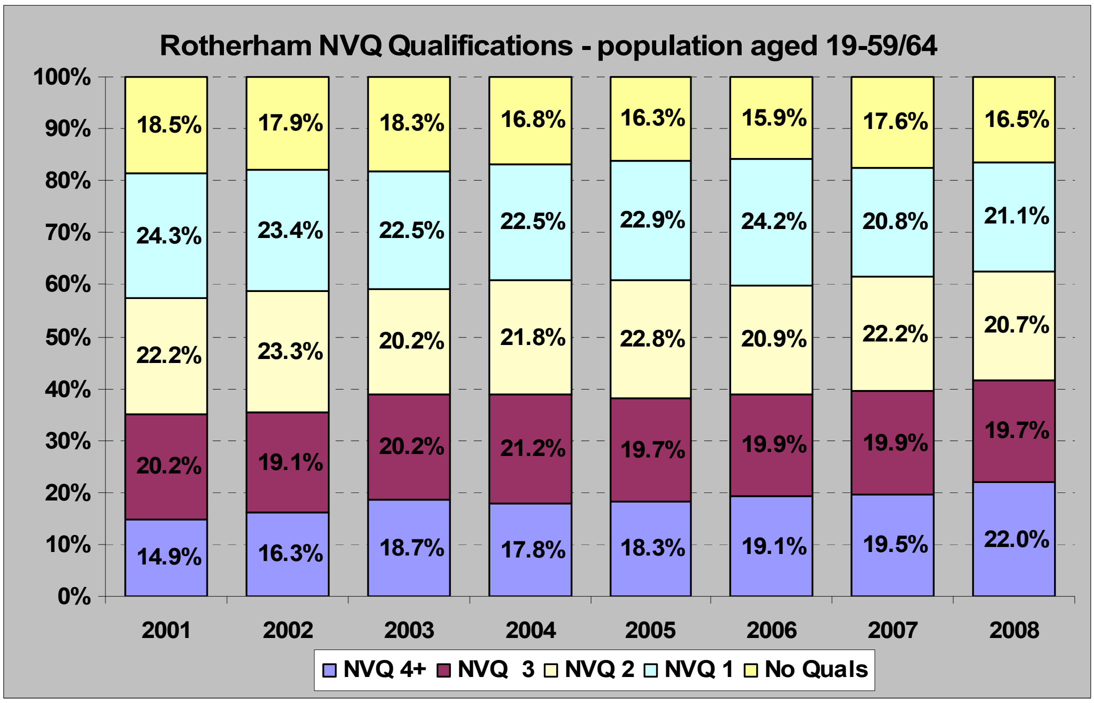
[19] *Level 3 if achieved at least 2 A levels grades A-E, 4 A/S levels graded A-E, or any equivalent (or higher) qualifications in the Qualifications and Credit Framework.*
[20] *Level 2 if achieved at least 5 GCSEs grades A*-C, two A/S levels, or equivalent*

Rotherham would need an additional 7,500 people up-skilled to NVQ2 or more to reach the regional average and an additional 11,000 to reach the average for the whole of England.

Rotherham has reduced the numbers of people without qualifications but despite this the gap to the national and regional average has increased – Rotherham has 5,000 more people without qualifications than if at the regional average, 7,000 more than if at the England average.



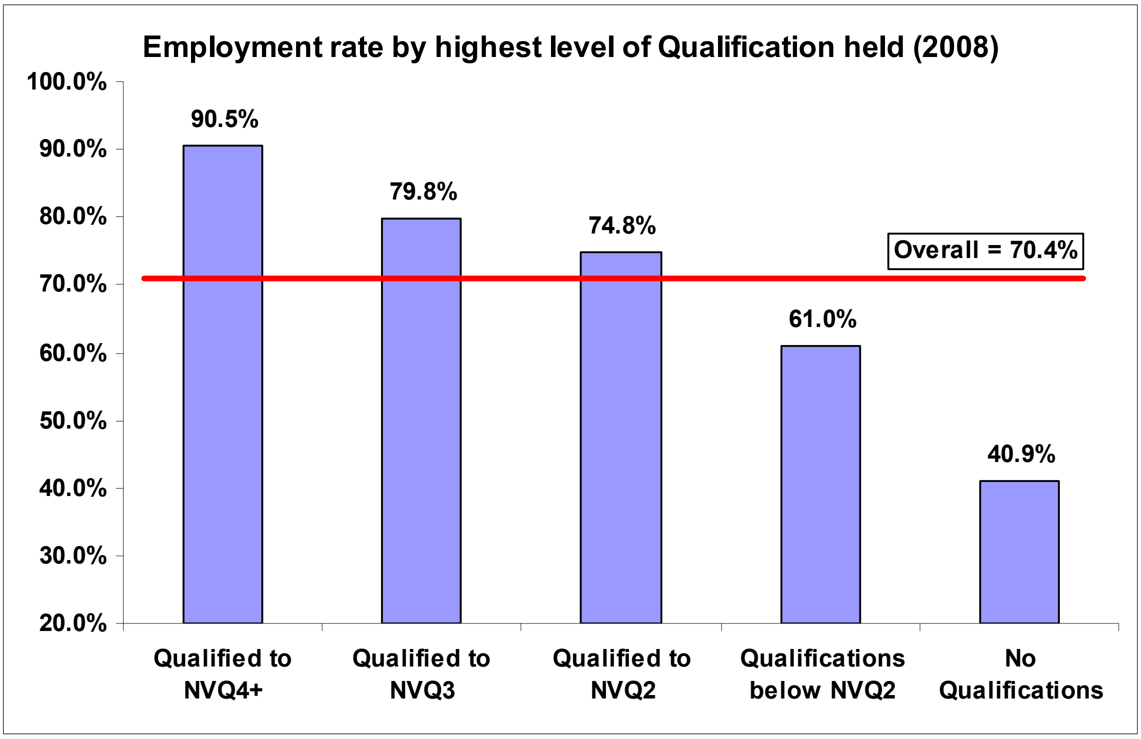
Source: DIUS from LFS/APS: Qualification levels of the 19-59/64 Population (2001-2008)



Source: DIUS from LFS/APS: Qualification levels of the 19-59/64 Population (2001-2008)

Looking at the change for individual qualification levels[21] only NVQ level 4 has shown a rise, with an additional 7.1% of the population in this bracket. The percentage at NVQ levels 1, 2 and 3 has fallen along with those who have no qualifications. The reduction in the workforce with no qualifications appears to have stalled since 2004 and it will be important in the future that this proportion of the population is up-skilled into the higher levels.

The importance of the level of qualifications in the workforce is highlighted by the following chart. At the end of 2008 the average employment rate across the borough was 70.4% but this varies dramatically by the highest level of qualification held – those with a NVQ level 4 or above qualification had an employment rate of 90.5% whilst those with no qualifications had an employment rate of only 40.9%. Only those qualified to at least NVQ level 2 had an employment rate above the borough average.

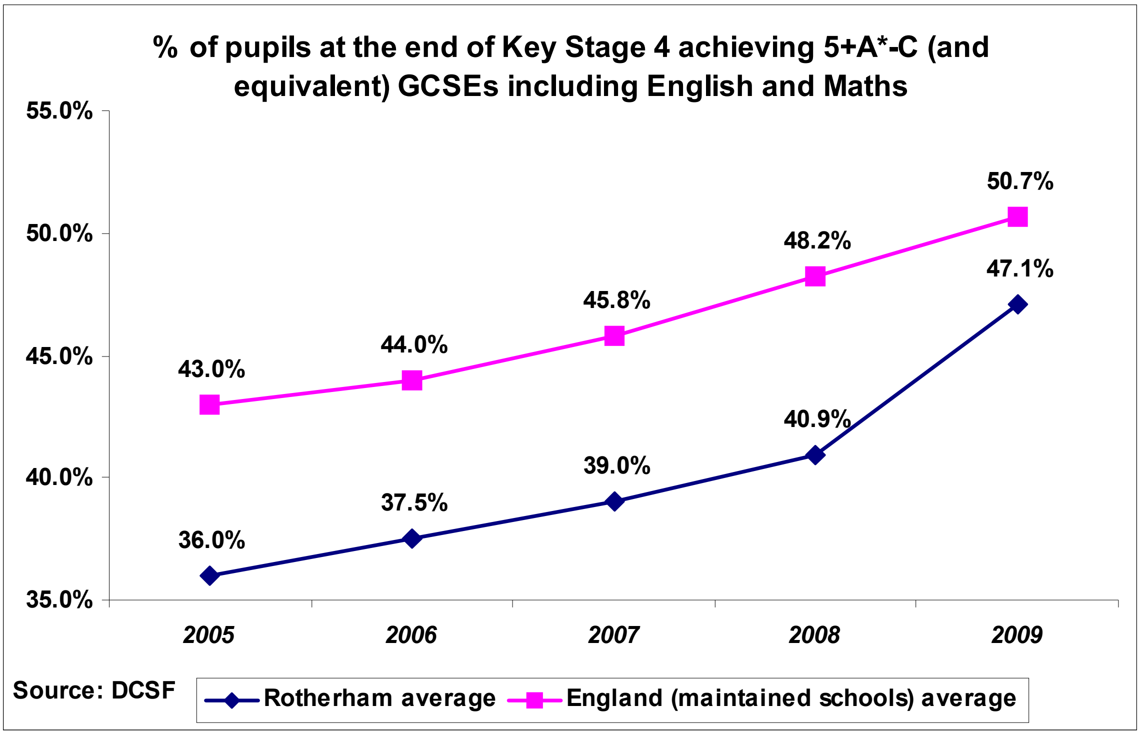


Source: DIUS from LFS/APS: Employment rates by highest level of qualification

School Attainment

The main indicator for GCSE attainment is 5 A*-C including English and Maths – data is only available at a local level from 2005 but in this period Rotherham has seen a massive improvement, reducing the gap from 7 percentage points of the England (maintained schools) average to just 3.6 percentage points in 2009.

[21] *Apprenticeships reported without a specific level are split 50% level 3 and 50% as level 2. As with all DIUS analyses other qualifications have been apportioned in the proportions 10% Level 3, 35% Level 2 (i.e. 45% level 2+) and 55% below level 2. Estimates available from NOMIS do not currently use this apportionment and therefore will tend to be lower at L3+ and L2+*



Results in 2008/09 put Rotherham as one of the better performing districts in the region, improving by 11 percentage points in the last 4 years resulting in reaching the regional average.

National Indicator 75: Percentage of pupils achieving 5 or more A*- C grades at GCSE or equivalent including English and Mathematics			
Area:	2004/05	2008/09	% points difference
York	48	59	11
North Yorkshire	52	58	7
East Riding of Yorkshire	50	52	3
Calderdale	42	51	9
England	43	51	8
Wakefield	40	49	9
Rotherham	36	47	11
Kirklees	39	47	8
Yorkshire and The Humber Region	39	47	8
North East Lincolnshire	32	46	14
Leeds	38	46	7
North Lincolnshire	38	45	8
Sheffield	38	44	7
Doncaster	34	43	9
Bradford	33	42	9
Barnsley	32	39	8
Kingston upon Hull	27	37	10
Source: DCFS			

Attainment at Level 3 (i.e. at least 1 A level or equivalent) for 16-18 year olds can give an indication of progression from GCSE achievements towards higher education. In 2008/09 the average point score achieved per candidate across England was 739.1 compared to 728.5 for the region and 719.3 in

Rotherham. The improvement in Rotherham is, like at GCSE, one of the best in the region with the gap to both the region and nationally narrowing.

Post 16 - Level 3 (A Level Results)						
Area:	Average Point Score per candidate			Average Point Score per entry		
	2006	2009	Difference	2006	2009	Difference
Barnsley	664.7	657.6	-7.1	200.5	207.3	6.8
Doncaster	677.3	697.4	20.1	187.9	199.8	11.9
Rotherham	689.2	719.3	30.1	191.1	200	8.9
Sheffield	685.1	682.5	-2.6	207.7	209.4	1.7
Bradford	646.8	677.6	30.8	190.7	196.5	5.8
Calderdale	701.9	753.6	51.7	192.8	204.8	12
Kirklees	839.2	807.6	-31.6	204.5	209.6	5.1
Leeds	690.3	694	3.7	199.1	203.2	4.1
Wakefield	728.6	748.8	20.2	199.8	203.2	3.4
Kingston upon Hull	735.6	743.2	7.6	194.8	206.1	11.3
East Riding of Yorkshire	689.9	721.2	31.3	196.9	201.6	4.7
North East Lincolnshire	718	690.9	-27.1	195.1	196.7	1.6
North Lincolnshire	759.7	737.4	-22.3	195.2	201.2	6
North Yorkshire	781.8	782.2	0.4	207.5	211.8	4.3
York	725	757.5	32.5	207.3	216.1	8.8
Yorkshire and The Humber Region	725	728.5	3.5	200.4	205.2	4.8
England	721.5	739.1	17.6	206.2	211.7	5.5
Source: DCFS						

NEET

Being out of education, employment or training (NEET) between the ages of 16 and 18 is an enormous waste of young people's potential and their contribution to society. It is also linked to a number of other poor outcomes, including low levels of attainment and teenage conception. NEET data is complex and comes from a number of different sources – one source is the Client Caseload Information System (CCIS), a database run by Connexions in local areas to record information about the young people they work with.

The Department for Children, Schools and families (DCSF) publish an annual table of CCIS data by local authority based on the average figures between November and January. Latest 2008 figures in table below:

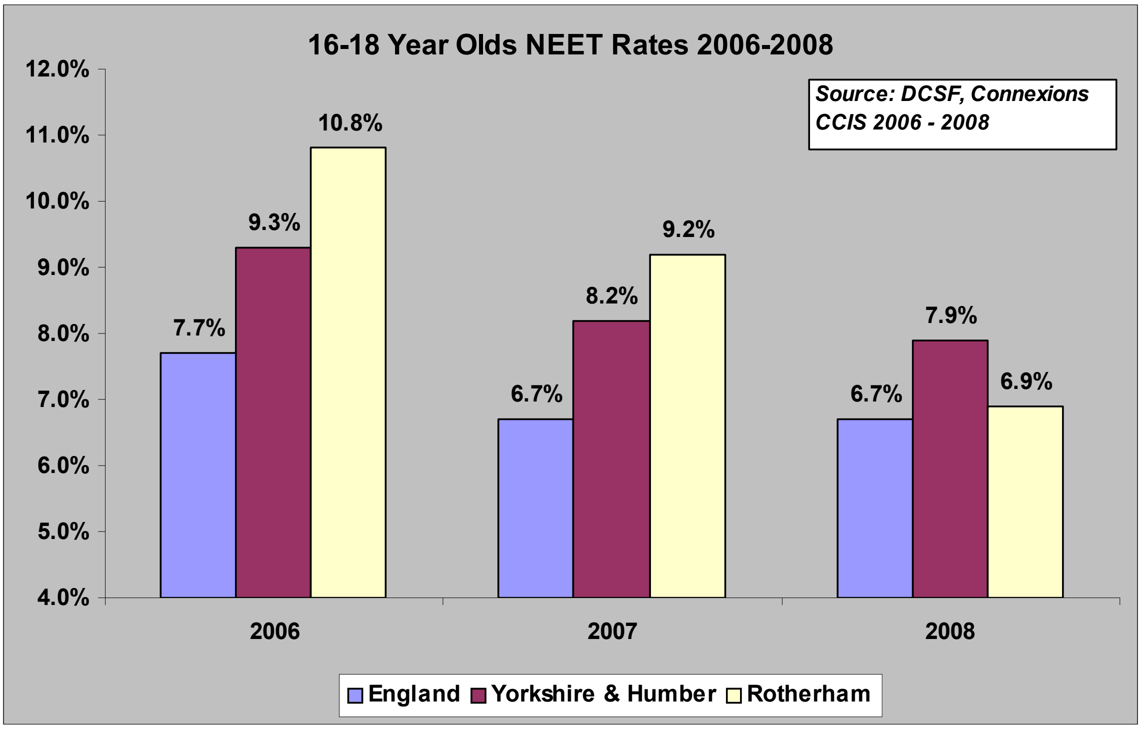
	16-18 year olds known to Connexions	16-18 year olds NEET	
		Estimated number	%
England	1,666,783	110,890	6.7%
Yorkshire & Humber	177,765	14,080	7.9%
Barnsley	7,432	590	7.9%
Doncaster	10,327	790	7.7%
Rotherham	10,921	760	6.9%
Sheffield	16,188	1,380	8.5%
Source: DCSF, Connexions CCIS 2008			

CCIS estimates[22] are always significantly lower than the Statistical First Release (SFR) – Participation in Education, Training and Employment by 16-

[22] *16-18 year olds in education are counted in the area in which their education establishment is located (except those in HE) and the percentage and number NEET has been adjusted to assume that a proportion of young people whose current activity is not known are NEET*

18 Year Olds in England which is published by DCSF each June. This is because CCIS data relates only to young people known to the service, records their actual age rather than academic age, and does not record as NEET young people who are taking a gap year or are in custody.

The large improvement in reducing the NEET rate within Rotherham in the last three years is highlighted on the chart below with the latest 2008 rate now below the regional average and close to the all England average. The recent economic downturn is likely to have impacted on this figure and it will be more difficult to maintain this improvement in the near future.



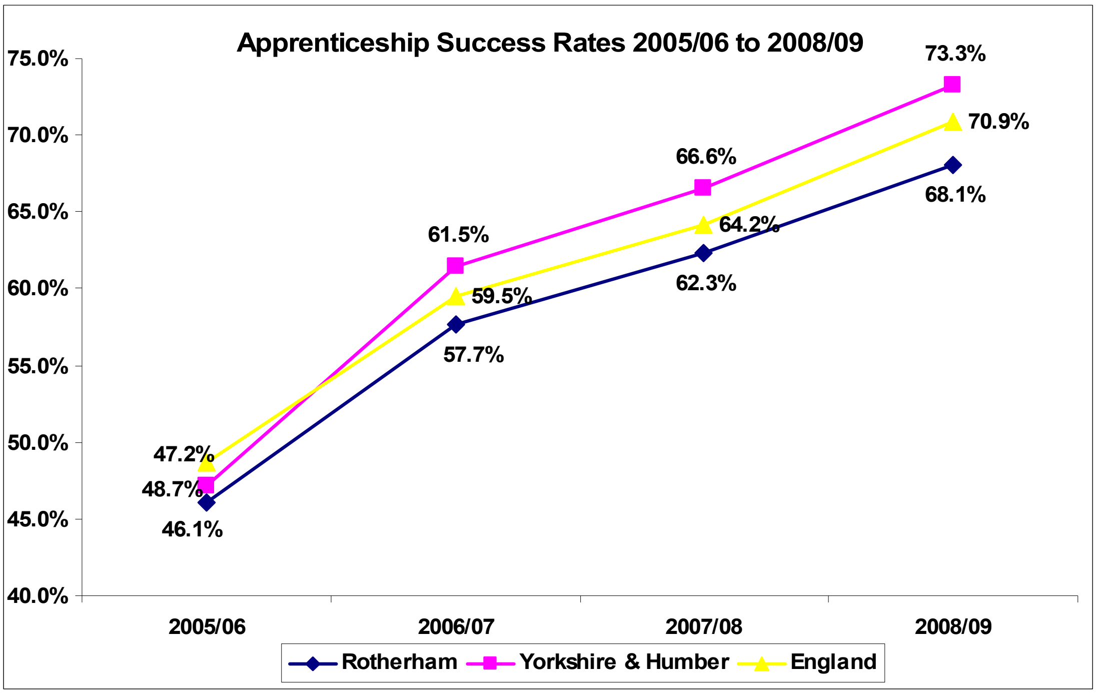
Apprentices and Higher Education

Apprenticeships bring considerable value to organisations, employers, individuals and the economy. Research shows they are an optimal way of training, developing and skilling people for the future, helping businesses secure a supply of people with the skills and qualities they need and which are often not available on the external job market.

The recently formed National Apprenticeship Service (NAS) provides details on apprenticeship numbers and success rates for all local authorities. Despite the recent economic downturn the number of apprenticeship starts in Rotherham in 2008/09 reached a record high. Numbers for each authority in Yorkshire and the Humber as below:

Apprenticeship Programme Starts by Government Office Region and Local Authority (2003/04 to 2008/09)						
Local Authority	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Barnsley	1,100	1,000	1,000	1,100	1,500	1,600
Bradford	1,900	2,000	1,600	1,900	2,200	2,300
Calderdale	800	900	800	1,000	1,000	1,100
Doncaster	1,700	1,700	1,800	1,600	2,000	2,300
East Riding of Yorkshire	2,500	2,400	2,800	3,200	3,800	5,100
Kingston Upon Hull	1,600	1,400	1,400	1,300	1,600	1,800
Kirklees	1,600	1,800	1,500	1,800	2,000	2,400
Leeds	2,300	2,200	2,100	2,300	2,800	2,800
North East Lincolnshire	700	600	500	600	800	700
North Lincolnshire	700	700	600	800	1,000	800
North Yorkshire	3,700	4,500	3,500	3,500	4,200	4,100
Rotherham	**1,400**	**1,200**	**1,000**	**1,000**	**1,400**	**1,500**
Sheffield	2,200	2,000	2,000	1,900	2,700	3,100
Wakefield	1,300	1,300	1,100	1,400	1,500	1,600
York	700	800	600	700	800	800
Yorkshire & Humber Total	**24,300**	**24,600**	**22,400**	**24,100**	**29,300**	**32,100**
Source: National Apprenticeship Service / Data Service						

Success rates[23] have also been improving over the last few years although in Rotherham the rate remains 1.8 percentage points below the regional rate and over five percentage points behind the England average.



Source: National Apprenticeship Service

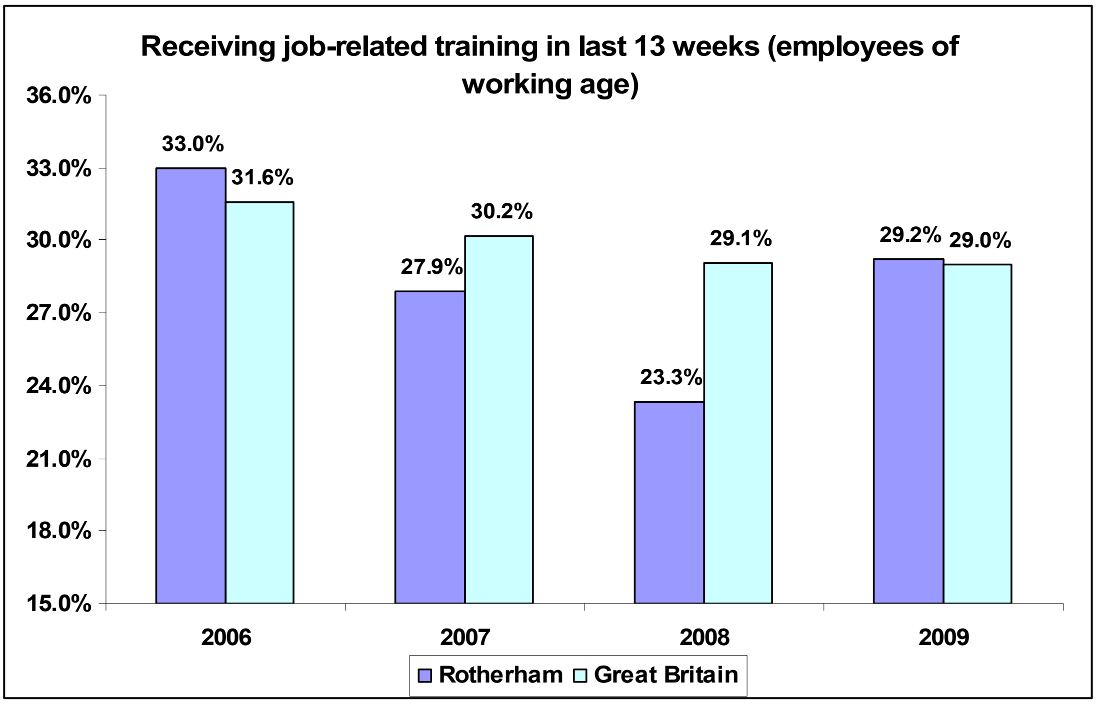
[23] *Apprenticeship success rates are based on the number of learners who meet all of the requirements of their apprenticeship framework, divided by the number of learners who have left training or successfully completed their training in the academic year. Learners allocated to areas based upon the home postcode of the learner.*

Rotherham has also seen a large increase in the number of entrants to Higher Education Institutes – a rise of around 25% between 2000 and 2009:

Higher Education Institutions - Full time and part time Entrants aged 18 to 20						
	Full Time Entrants			Part Time Entrants		
	1999/2000	2008/09	Difference	1999/2000	2008/09	Difference
Barnsley	485	735	250	30	35	5
Doncaster	820	1,060	240	25	65	40
Rotherham	**805**	**1,005**	**200**	**45**	**50**	**5**
Sheffield	1,550	2,245	695	95	95	0
Bradford	1,715	2,220	505	95	125	30
Calderdale	715	865	150	35	45	10
Kirklees	1,650	1,950	300	90	100	10
Leeds	2,520	3,145	625	175	160	-15
Wakefield	855	1,165	310	50	55	5
Kingston upon Hull	430	690	260	50	65	15
East Riding of Yorkshire	1,400	1,720	320	80	110	30
North East Lincolnshire	505	485	-20	15	35	20
North Lincolnshire	600	590	-10	25	35	10
North Yorkshire	2,710	3,185	475	85	255	170
York	685	835	150	15	55	40
Yorkshire and The Humber Region	17,600	22,115	4,515	930	1,310	380
England	203,400	257,385	53,985	9,330	15,490	6,160
Source: DCSF from Higher Education Statistics Agency (HESA) student records						

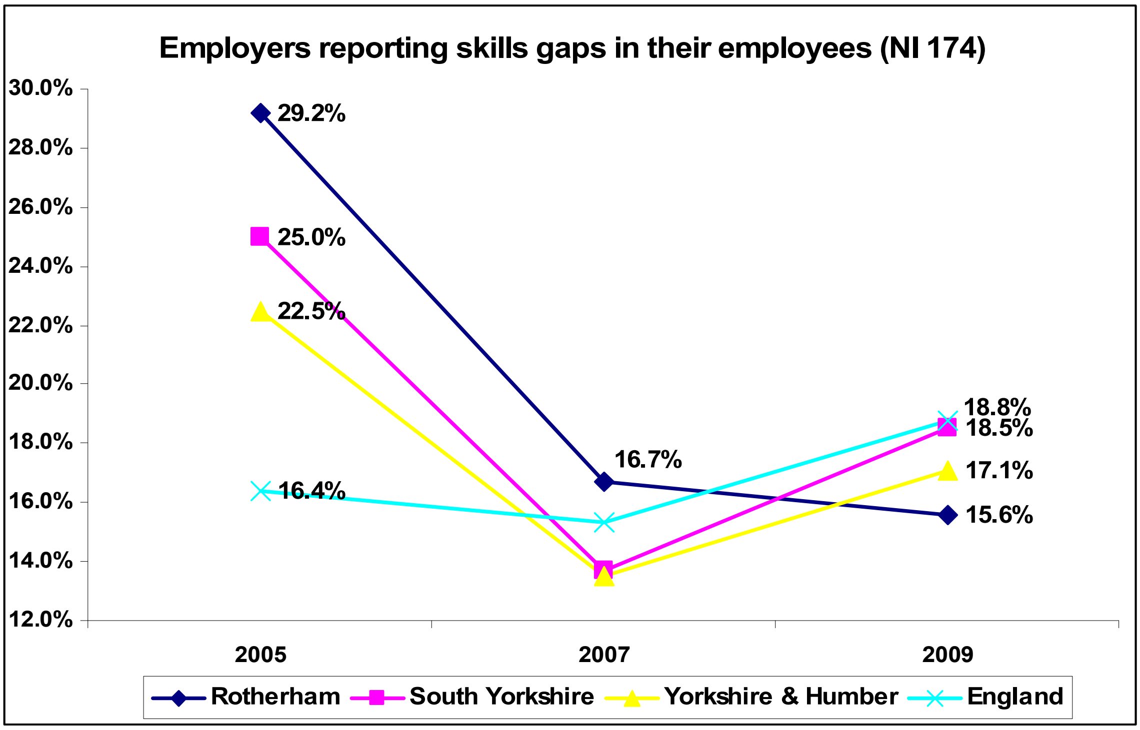
Job-related Training / Skills Gaps

The ONS Annual Population Survey (APS) gives an indication of the extent of job-related training in an area – this does tend to fluctuate at a local authority level, probably due to the sample size of the survey, but it appears that training given to employees in Rotherham is in-line with the national rate.



Source: NOMIS Annual Population Survey 2006 - 2009

The National Employers Skills Survey (NESS) is a large scale survey of employers across England which asks employers about any skills gaps that exist within their employees. This is the basis for former National Indicator NI174 and latest results are from the 2009 survey – for Rotherham 15.6% of employers reported skills gaps in their employees compared to 17.1% for the region and 18.8% for England. Last three years survey results as below:



Source: LSC - National Employers Skills Survey 2005-07

Skills: Key Issues

NVQ Levels

- Low level of skills within the local workforce compared with both the regional and national averages
- An additional 12,000 of working age need to be upskilled to Level 4+ (degree level) to reach the national average
- Rotherham has 7,000 more working age people with no qualifications than if it was at the national average

Skills Gaps

- Future employment growth predicted to be in those sectors which require a highly skilled workforce
- Importance of skills – i.e. employment rate of people with no qualifications is 40.9%, those with NVQ4+ is over 90%
- 15.6% of employers reporting skills gaps in their employees

School Attainment

- GCSE performance improving rapidly but lags behind the national average
- Reduction in 16-18 year old NEET (not in Education, Employment or Training) rate but challenging to maintain this in current economic downturn

Higher Education

- Numbers taking up apprenticeships increasing despite the recession, but success rates lagging behind the national average
- A 25% increase in last nine years in number of entrants to higher education institutions

ENTERPRISE

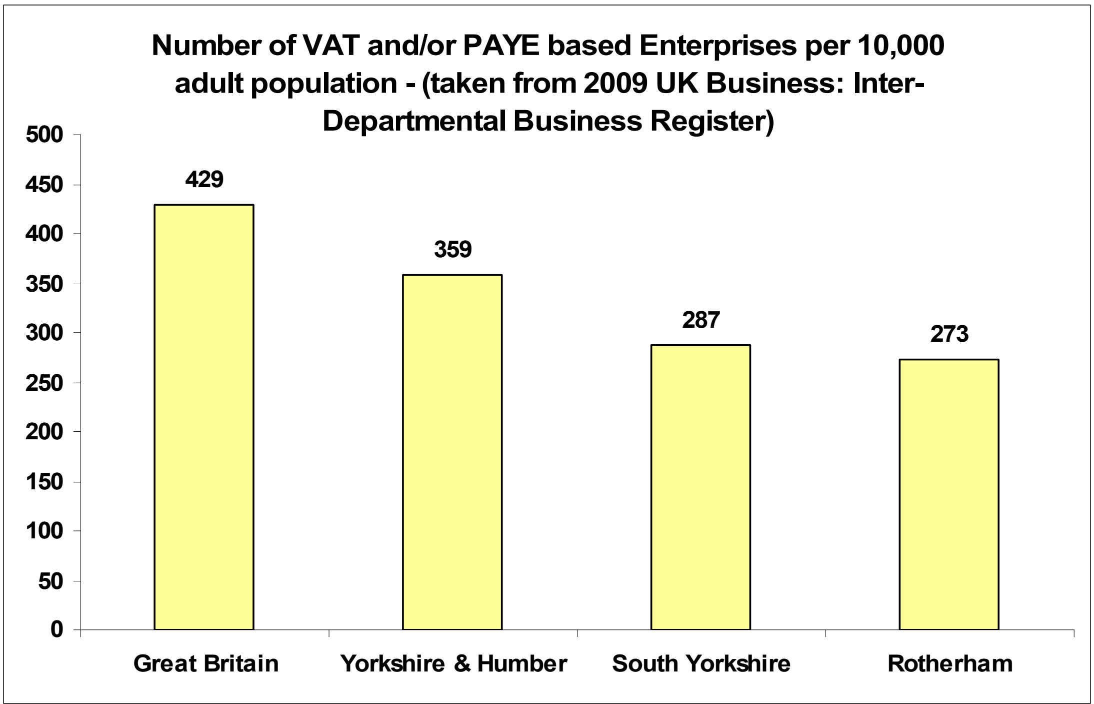
The health and growth of the private sector within the local economy is a key element in the provision of employment and wealth creation across the borough and for the overall strength of the economy. Business stocks, sector / structure, productivity, and levels of innovation and entrepreneurship can be monitored to understand how Rotherham has improved in recent years and highlight where improvements are needed.

The main source of data on businesses[24] comes from –

- The ONS Inter-Departmental Business Register (IDBR), UK Business: Activity, Size and Location
- The new ONS Business Demography datasets for business births, deaths and survival rates
- The ONS Annual Business Inquiry – annual survey of employers / workplaces

Business Numbers:

Rotherham has historically had a low business to population ratio and this remains the case despite significant improvement over recent years.



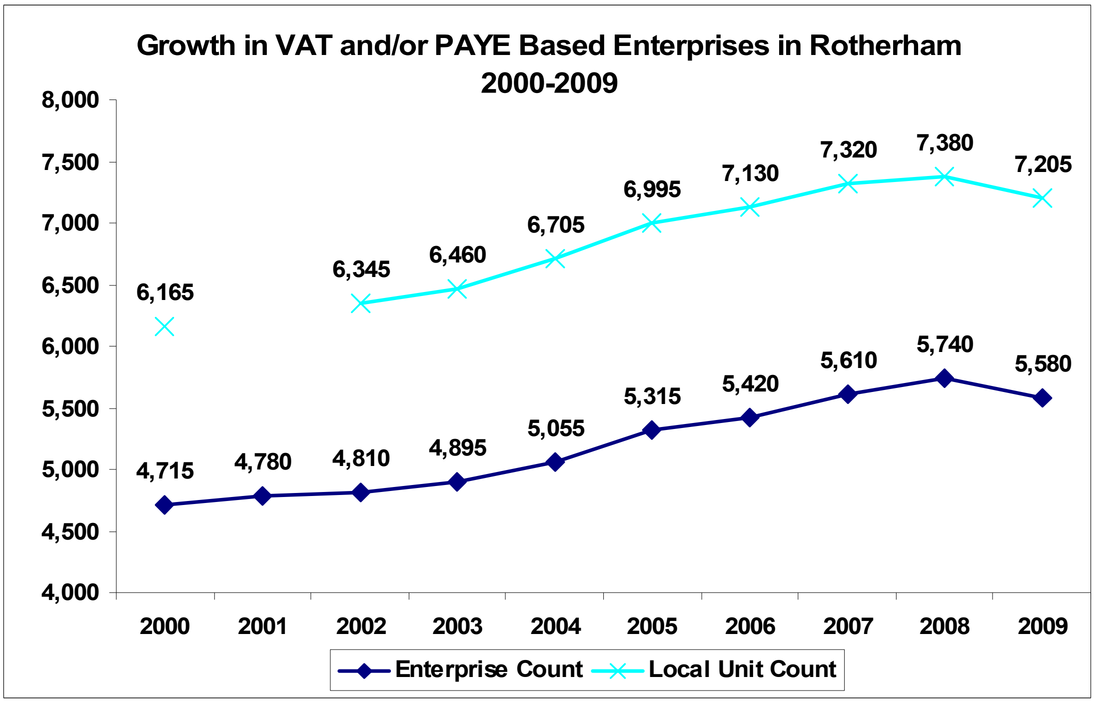
Rotherham would require an additional 1,800 enterprises to reach the regional average or an additional 3,200 to reach the national average. Compared with the other South Yorkshire districts the gap is closer but Rotherham remains

[24] *Business definitions used in this analysis are either an 'Enterprise' – a business generally based on VAT and/or PAYE records that has a certain degree of autonomy OR a 'Local Unit' – an individual site (for example a factory or shop) in an enterprise.*

the worst performing district on this measure with an additional 300 enterprises needed to reach the average.

	Total Businesses* (2009)	Per 10,000 adult (16+) population
Great Britain	2,081,780	429
Yorkshire & Humber	152,475	359
South Yorkshire	30,595	287
Rotherham	5,580	273
Barnsley	5,180	283
Doncaster	6,750	286
Sheffield	13,085	296
*Businesses = number of VAT and/or PAYE based enterprises. Taken from UK Business: Activity, Size and Location 2009 Inter-Departmental Business Register		

However the gap has closed considerably in the last 10 years with a continuing increase since 2000 although falling back in 2009 as the recession began to impact.



Source: UK Business: Activity, Size and Location Inter-Departmental Business Register

The percentage rate of growth is well above that seen across the rest of South Yorkshire and regionally or nationally –

Change 2000 - 2009	Increase in Enterprises	Increase in Local Units
Rotherham	18.3%	16.9%
South Yorkshire	14.6%	10.5%
Yorkshire & Humber	13.1%	10.5%
England & Wales	13.1%	11.9%

Business Structure:

Looking at the broad industry sector make-up of businesses in Rotherham shows clearly the heavier concentration in the manufacturing (production) and construction sectors. These two sectors account for almost 23% of businesses compared to 19.3% regionally and only 17.3% nationally.

LOCAL UNITS in VAT and/or PAYE BASED ENTERPRISES 2009, BY BROAD INDUSTRY GROUP (SIC 2007)					
Industry:	**Rotherham**	**%**	**South Yorkshire**	**Yorkshire & Humber**	**Great Britain**
Agriculture, forestry & fishing	**145**	**2.0%**	2.3%	5.7%	4.9%
Production	**670**	**9.3%**	8.2%	7.5%	6.1%
Construction	**980**	**13.6%**	12.7%	11.8%	11.2%
Motor trades	**275**	**3.8%**	3.8%	3.5%	2.9%
Wholesale	**370**	**5.1%**	5.4%	5.3%	4.8%
Retail	**905**	**12.6%**	13.9%	12.7%	11.1%
Transport & storage (inc. postal)	**405**	**5.6%**	4.3%	4.0%	3.3%
Accommodation & food services	**470**	**6.5%**	7.2%	7.3%	6.7%
Information & communication	**230**	**3.2%**	3.9%	3.9%	6.1%
Finance & insurance	**165**	**2.3%**	2.4%	2.4%	2.5%
Property	**170**	**2.4%**	2.9%	3.2%	3.5%
Professional, scientific & technical	**615**	**8.5%**	9.7%	10.1%	13.2%
Business administration and support services	**490**	**6.8%**	6.7%	6.7%	7.6%
Public administration and defence	**90**	**1.2%**	1.0%	1.1%	1.0%
Education	**220**	**3.1%**	2.9%	2.6%	2.5%
Health	**455**	**6.3%**	5.9%	5.6%	5.2%
Arts, entertainment, recreation and other service	**550**	**7.6%**	6.9%	6.6%	7.2%
Source: UK Business: Activity, Size and Location 2009 Inter-Departmental Business Register					

There is also an over-representation of businesses in the mainly public sector industries (public administration, education and health) – these accounting for 10.6% in Rotherham compared to 9.3% regionally and 8.7% nationally. Two areas where Rotherham has a significant under-representation of businesses are in professional, scientific and technical (8.5% compared to 10.1% regional and 13.2% nationally) and information & communication (3.2% compared to 6.1% nationally).

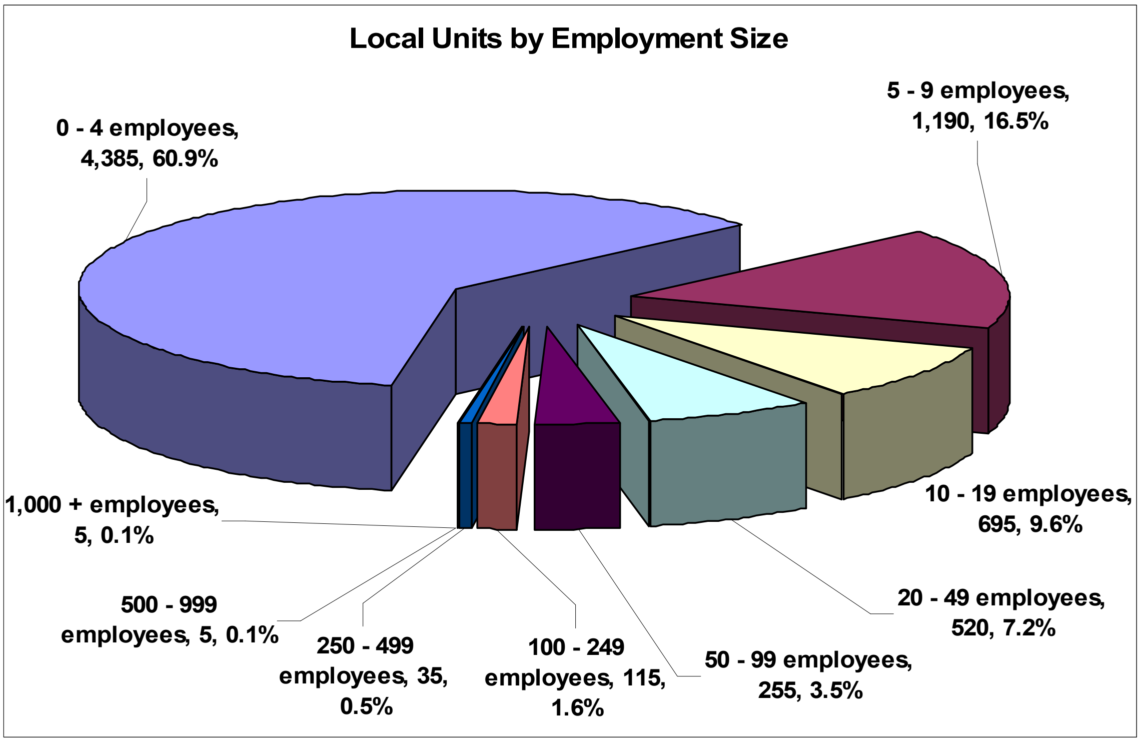
It is difficult to provide an exact comparison over time due to changes in survey methodology and in SIC[25] definitions however we can look at broad changes over the last 10 years -

INDUSTRY (data units):	**1998**	**2008**	***Change***	***% Change***
Agriculture & Utilities	**n/a**	**n/a**	***n/a***	***n/a***
Manufacturing	**722**	**672**	***-50***	***-6.9%***
Construction	**569**	**922**	***353***	***62.0%***
Distribution, hotels and restaurants	**2,150**	**2,100**	***-50***	***-2.3%***
Transport and communications	**389**	**472**	***83***	***21.3%***
Banking, finance and insurance	**1,036**	**1,629**	***593***	***57.2%***
Public administration,education & health	**503**	**780**	***277***	***55.1%***
Other services	**467**	**532**	***65***	***13.9%***
TOTAL	**5,836**	**7,107**	***1,271***	***21.8%***
Source: ONS Annual Busines Inquiry				

[25] *The United Kingdom Standard Industrial Classification of Economic Activities (SIC) is used to classify business establishments and other standard units by the type of economic activity in which they are engaged, since 1992 there have been revisions in 2003 and in 2007.*

Whilst the number of manufacturing businesses has fallen there as been significant increases in construction and in the service sectors (particularly in banking, finance and insurance and the public sector). This correlates with the fall in importance of manufacturing as a source of local employment.

Rotherham not only has a relative low number of businesses overall but also relies more heavily on large employers in providing employment – this lack of small businesses is a recognised weakness in the local economy.



Source: UK Business: Activity, Size and Location Inter-Departmental Business Register 2009

In Rotherham 77.4% of businesses[26] employ less than 10 people compared to 82.9% of all businesses at the national level. Conversely 5.8% employ over 50 people compared to just 3.4% in Great Britain and 3.8% regionally.

LOCAL UNITS BY EMPLOYEE SIZE 2009 - COMPARISON

	<10 employees	10 - 49 employees	50 - 249 employees	250+ employees
Rotherham	77.4%	16.8%	5.1%	0.7%
South Yorkshire	78.7%	16.7%	3.9%	0.7%
Yorks & Humber	80.9%	15.3%	3.3%	0.5%
Great Britain	82.9%	13.7%	2.9%	0.5%

Source: UK Business: Activity, Size and Location Inter-Departmental Business Register

This is re-enforced by looking at the number of enterprises by turnover which shows that 11.5% of enterprises in Rotherham have a turnover in excess of a million pounds, compared to 9.8% of enterprises nationally.

---

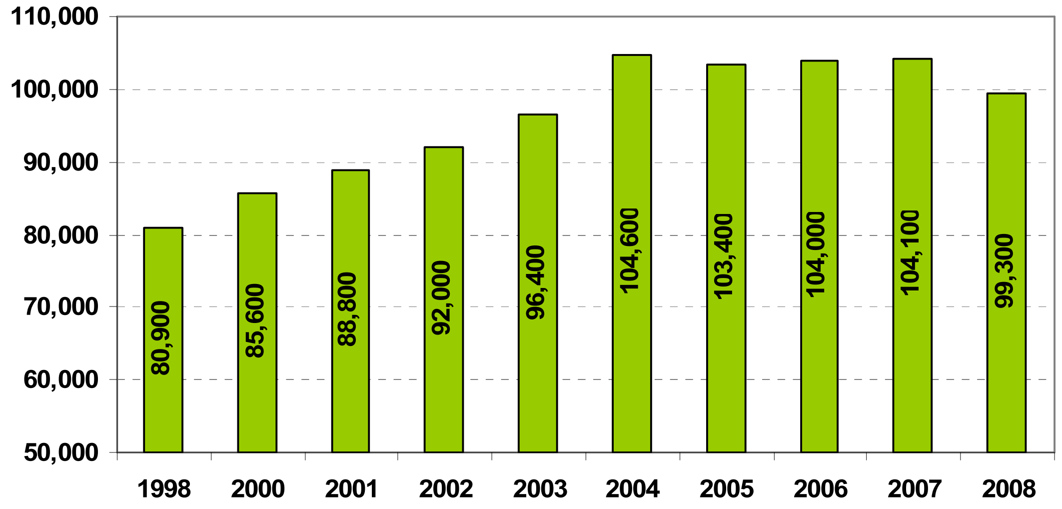
[26] *Note that these datasets will exclude many very small businesses that are not registered for VAT and/or PAYE.*

VAT and/or PAYE BASED ENTERPRISES 2009, BY TURNOVER					
Turnover:	Rotherham	%	South Yorkshire	Yorkshire & Humber	Great Britain
0 - £49,000	845	15.1%	15.5%	16.4%	17.1%
£50,000 - £99,000	1350	24.2%	23.3%	23.7%	24.8%
£100,000 - £249,000	1480	26.5%	27.7%	27.9%	27.7%
£250,000 - £499,000	770	13.8%	13.5%	13.3%	12.6%
£500,000 - £999,000	495	8.9%	8.9%	8.4%	8.0%
£1,000,000 - £4,999,000	490	8.8%	8.6%	7.9%	7.5%
£5,000,000 +	150	2.7%	2.4%	2.4%	2.3%
Source: UK Business: Activity, Size and Location 2009 Inter-Departmental Business Register					

Workplace Employment:

Strong business growth in Rotherham over the last 10 years is reflected in the number of workplace employee jobs in the borough with a strong increase up to 2004, although 2008 is showing a fall.

Employee Jobs - Workplace in Rotherham



Source: ONS Annual Business Inquiry

The rate of increase in Rotherham for the period 1998 to 2008 is over twice the sub-regional, regional and national averages -

	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	% Increase 98 - 08
Rotherham	**80,900**	**85,600**	**88,800**	**92,000**	**96,400**	**104,600**	**103,400**	**104,000**	**104,100**	**99,300**	**22.7%**
Barnsley	71,500	72,200	69,300	73,700	74,500	75,100	73,800	70,300	70,500	69,200	**-3.2%**
Doncaster	105,100	101,200	100,400	105,600	107,700	111,200	113,500	116,400	114,700	115,500	**9.9%**
Sheffield	223,800	224,500	231,400	233,700	239,700	246,700	252,000	249,300	248,200	247,800	**10.7%**
South Yorkshire	482,500	484,600	490,000	505,000	518,200	537,500	542,600	539,900	537,600	531,800	**10.2%**
Yorks. & Humber	2,049,700	2,078,100	2,113,900	2,154,500	2,199,400	2,249,400	2,243,700	2,236,400	2,238,000	2,232,300	**8.9%**
Great Britain	24,355,000	25,214,600	25,490,300	25,593,700	25,710,600	26,067,500	26,496,600	26,355,100	26,602,200	26,677,200	**9.5%**

Source: ONS Annual Business Inquiry

The increase in employment within Rotherham varies by sector, with employment in manufacturing falling but this being more than offset by increases in the service sectors. The public sector, banking, finance &

insurance, and distribution sectors are now more important than manufacturing in Rotherham in providing employment.

INDUSTRY:	1998	2008	*Change*	*% Change*
Agriculture & Utilities	900	1,400	*500*	*55.6%*
Manufacturing	21,900	15,200	*-6,700*	*-30.6%*
Construction	4,700	6,800	*2,100*	*44.7%*
Distribution, hotels and restaurants	19,800	21,700	*1,900*	*9.6%*
Transport and communications	4,300	4,500	*200*	*4.7%*
Banking, finance and insurance	8,700	17,500	*8,800*	*101.1%*
Public administration,education & health	17,900	27,900	*10,000*	*55.9%*
Other services	2,700	4,300	*1,600*	*59.3%*
TOTAL	80,900	99,300	*18,400*	*22.7%*

Source: ONS Annual Business Inquiry

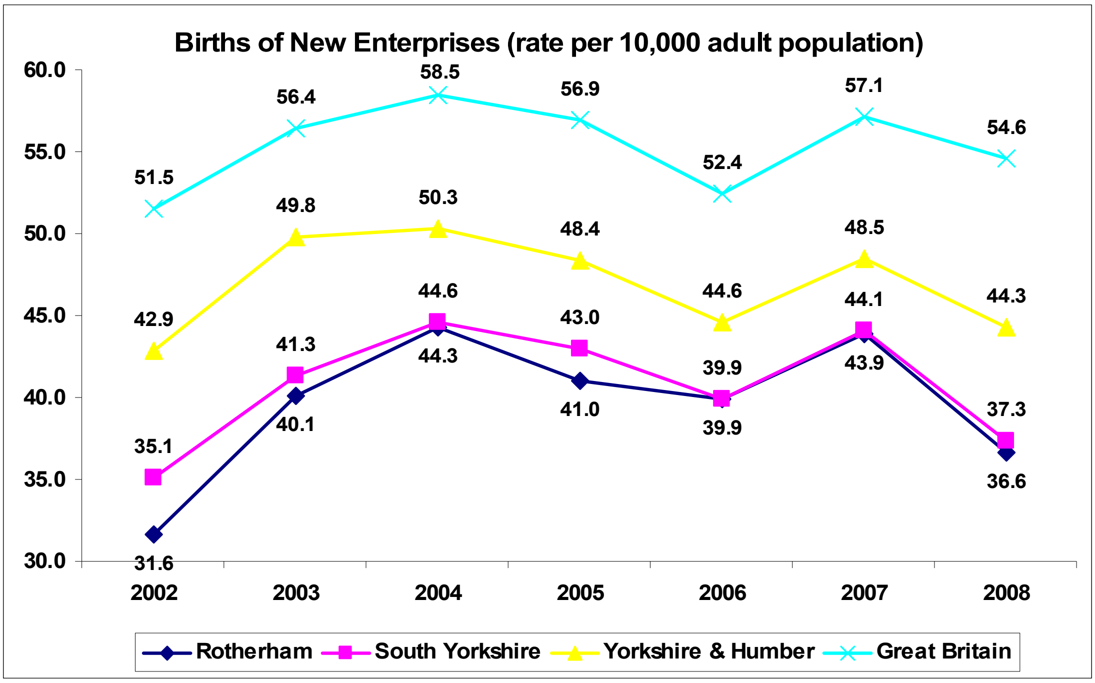
Over a third of these new jobs have been part-time[27] and the majority of these have been taken up by women. The number of workplace employee jobs in Rotherham in 2008 is now roughly equal for both men and women. Looking at the change between 1998 and 2008 some 60% (11,000) of the increase in workplace jobs have gone to female workers. However half of these new jobs have been part-time with female part-time jobs for 2008 in Rotherham outnumbering male part-time jobs by 3.7 to 1.

Workplace Jobs - Changes 1998-2008			
	1998	2008	Increase:
Male Full Time Workers	37,100	42,800	5,700
Male Part Time Workers	5,100	6,800	1,700
Female Full Time Workers	19,100	24,600	5,500
Female Part Time Workers	19,600	25,100	5,500
Source: ONS Annual Business Inquiry			

Births, deaths and survival:

The new ONS Business Demography datasets enables analysis on active[28] enterprises within an area. An important indicator on the level of entrepreneurship is the number of new start-up businesses and the ratio to population (new National Indicator NI 171). In Rotherham over recent years the birth[29] rate has been similar to or just below the sub-regional average but well below the regional and national rates.

[27] *Part-time defined as working 30 or fewer hours per week.*
[28] *The starting point for demography is the concept of a population of active businesses in a reference year (t). These are defined as businesses that had either turnover or employment at any time during the reference period.*
[29] *A birth is identified as a business that was present in year t, but did not exist in year t-1 or t-2.*



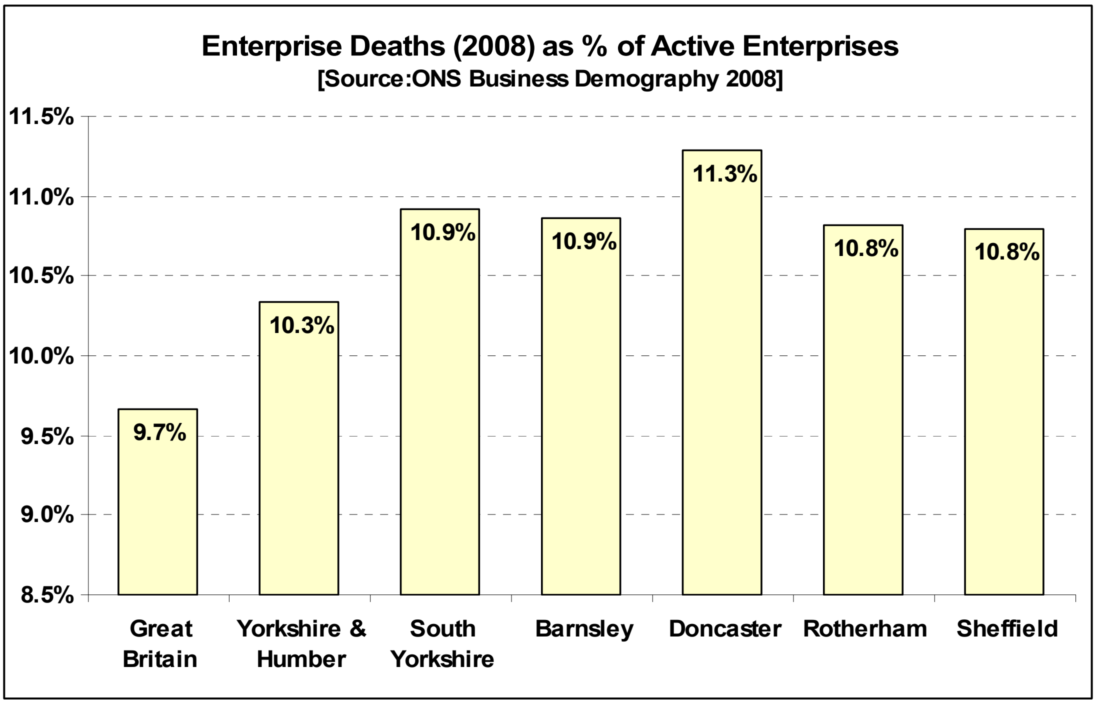
Source: ONS Business Demography Count of Births of New Enterprises

This figure does tend to fluctuate from year to year so it is difficult to ascertain long-term trends - the latest data from 2008 shows Rotherham with a rate below other South Yorkshire districts, although slightly above Sheffield.

COUNT OF BIRTHS OF NEW ENTERPRISES in 2008						
	Employment Size Band					
	0 - 4	5 - 9	10 - 19	20 +	Total	Rate:
Great Britain	240,180	15,960	5,860	2,525	264,525	54.6
Yorkshire & Humber	16,890	1,270	470	180	18,810	44.3
South Yorkshire	3,560	295	85	35	3,975	37.3
Barnsley	635	35	15	10	695	37.9
Doncaster	830	70	15	5	920	39.0
Rotherham	**670**	**60**	**15**	**5**	**750**	**36.6**
Sheffield	1,425	130	40	15	1,610	36.5
Source: ONS Business Demography 2008						

The opposite side of this data is to consider the rate of business deaths[30] - the number of deaths in 2008, expressed as a percentage of the active stock in 2007, shows Rotherham in line with the South Yorkshire average but above the regional and national rates.

[30] *A death is defined as a business that was on the active file in year t, but was no longer present in the active file in t+1 and t+2.*



Higher death rates are not necessarily a negative aspect of an economy provided they are accompanied by higher start-up rates, and a higher business 'churn' can indicate a more dynamic and rapidly modernising economy. The challenge for Rotherham is to increase business start-ups and increase overall business stocks.

Latest survival[31] rates from the ONS Business Demography dataset indicate that new enterprises in Rotherham have a lower than average 1-year survival rate, based on the number of births of enterprise units in 2007 still in existence in 2008. However the 3-year survival rate, based on the number of births of enterprise units in 2005 still in existence in 2008, is above the sub-regional and regional averages. The current recession is likely to have impacted on these figures in 2009/10 when released.

SURVIVAL OF NEWLY BORN ENTERPRISES		
	1 Year	**3 Year**
Great Britain	95.5%	64.6%
Yorkshire & Humber	94.5%	62.5%
South Yorkshire	95.1%	61.4%
Barnsley	95.7%	61.6%
Doncaster	94.4%	60.8%
Rotherham	**93.9%**	**64.5%**
Sheffield	95.7%	60.3%
Source: ONS Business Demography 2008		

[31] *A business is deemed to have survived if having been a birth in year t or having survived to year t; it is active in terms of employment and/or turnover in any part of t+1*

Rotherham Investment & Development Office (RiDO) is the regeneration arm of Rotherham Metropolitan Borough Council and provides over 180 office / workspaces for start-up and small businesses in four Business Centres across the borough - Century Business Centre (Manvers, North Rotherham), Moorgate Crofts Business Centre (Edge of Town Centre, Central Rotherham), Fusion @ Magna (Templeborough, Central Rotherham) and Matrix @ Dinnington (South Rotherham). All centres offer full secretarial and administrative support services and the survival rate for companies for the crucial first 3 years is **over 80%.**

Whilst new business formation and survival are of vital importance it is also important to the local economy and employment that existing businesses continue to grow. The ONS release figures from the IDBR which measure the percentage of small businesses[32] in an area that show employment growth (new National Indicator NI 172).

Percentage of small businesses showing employment growth						
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Great Britain	10.8%	10.3%	11.6%	14.7%	14.4%	14.4%
Yorkshire & Humber	11.3%	11.1%	12.5%	15.1%	15.3%	15.0%
South Yorkshire	11.4%	11.1%	12.5%	15.8%	14.9%	15.5%
Barnsley	10.3%	11.5%	12.0%	15.6%	15.8%	14.8%
Doncaster	10.9%	11.1%	12.4%	15.8%	15.2%	15.6%
Rotherham	**10.9%**	**10.9%**	**13.5%**	**16.0%**	**15.4%**	**15.5%**
Sheffield	12.2%	11.1%	12.4%	15.7%	14.3%	15.7%
Source: ONS Inter-Departmental Business Register						

In most of the years between 2002/3 and 2007/08 Rotherham has seen a larger percentage of its small businesses expanding when compared to the regional and national averages – this aligns with the strong overall employment growth seen in this period. The large increase in unemployment since 2008 due to the UK recession is likely to see this percentage shrink rapidly when data is released for 2008/09 and 2009/10.

Innovation:

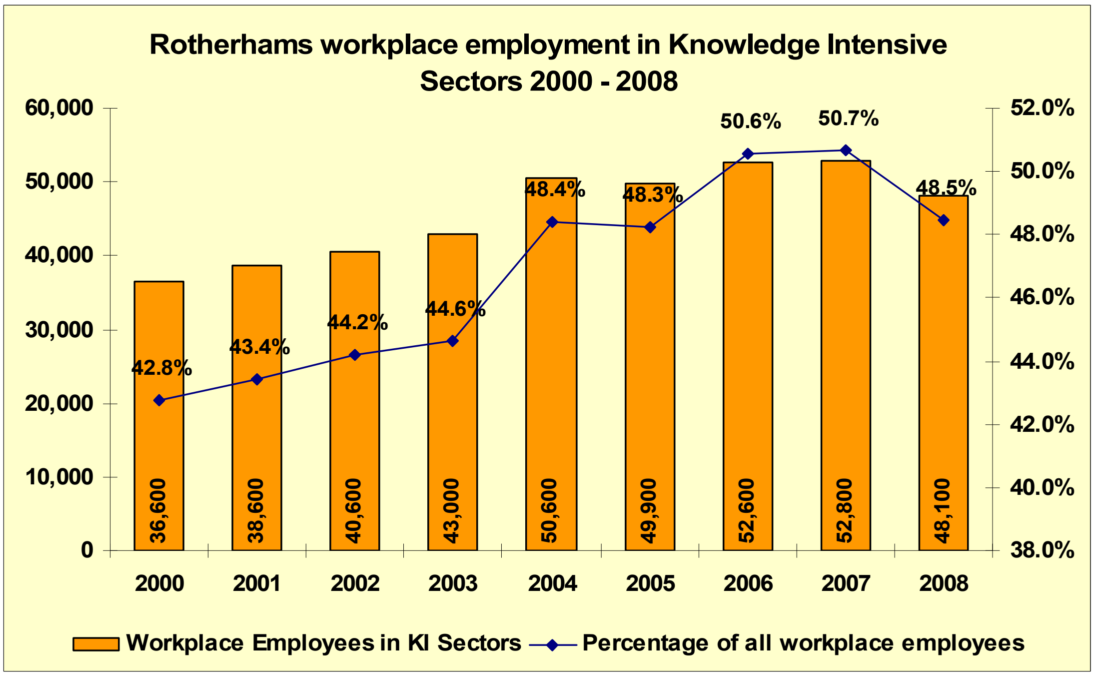
Innovation in the local economy and businesses is very difficult to quantify at a local authority or even sub-regional level. Research & Development expenditure is often used at regional and national levels but this is not measurable / captured for an area such as Rotherham. One proxy is the proportions of the workforce employed in knowledge-intensive industrial sectors, as these sectors tend to have the highest levels of R&D spend – sectors listed below.

[32] *Businesses registered for VAT and/or PAYE with fewer than 50 employees.*

Industrial sectors classed as Knowledge- Intensive	
High/Medium-Technology Manufacturing	
24	Manufacture of chemicals and chemical products
29	Manufacture of machinery and equipment
30	Manufacture of office machinery and computers
31	Manufacture of electrical machinery and apparatus
32	Manufacture of radio, television and communication equipment and apparatus
33	Manufacture of medical, precision and optical instruments, watches and clocks
34	Manufacture of motor vehicles, trailers and semi trailers
35	Manufacture of other transport equipment excluding 35.1 Building and repairing of ships and boats
Knowledge intensive services (KIS)	
61	Water transport
62	Air transport
64	Post and telecommunications
65 to 67	Financial intermediation
70 to 74	Real estate, renting and business activities
80	Education
85	Health and social work
92	Recreational, cultural and sporting activities
High Technology Knowledge Intensive Services (KIS)	
64	Post and telecommunications
72	Computer and related activities
73	Research and development
Market Knowledge Intensive Services (KIS)	
61	Water transport
62	Air transport
70	Real estate activities
71	Renting of machinery and equipment without operator and of personal and household
74	Other business activities
Financial Knowledge Intensive Services	
65 to 67	Financial intermediation
Source: Eurostat Definitions	

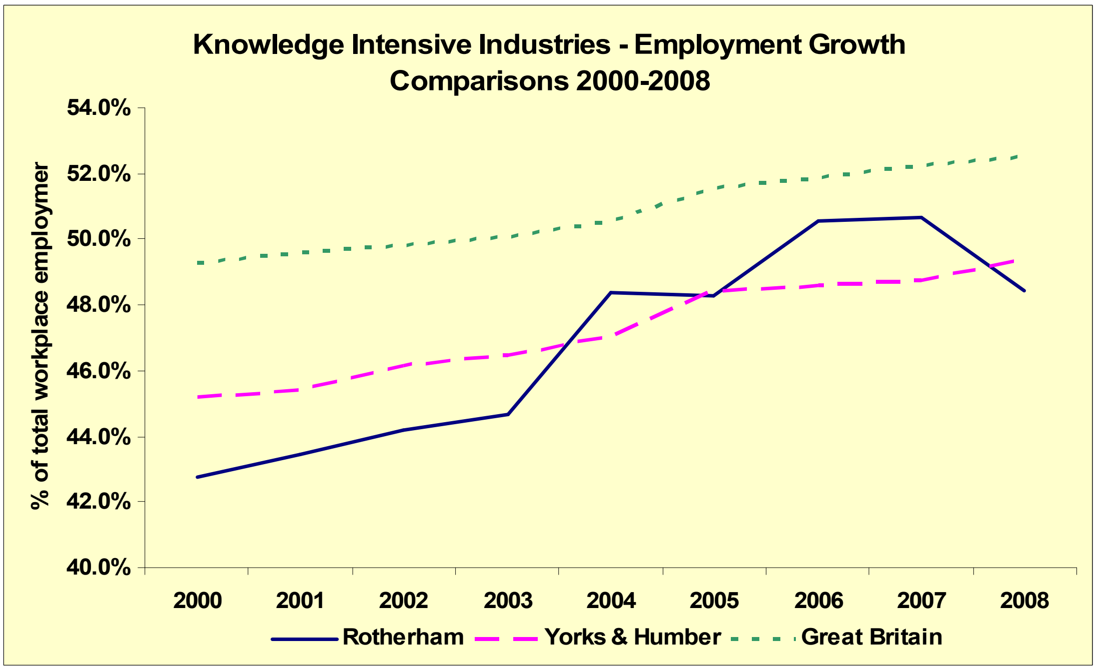
Estimated numbers employed in each sector within Rotherham is available from the ONS Annual Business Inquiry but many of these sectors are relatively small and estimates either cannot be released due to confidentiality rules or can be unreliable due to the nature / sample size of the survey. For these reasons a comparison of changes for the whole of these knowledge intensive sectors is shown below.

Rotherham has seen a steady rise in these sectors with around half of all employment now working within them. The rate of increase has been higher than both regionally and nationally, a consequence of the local economy moving away from many of the more traditional and predominantly low-skilled industries into more high-tech and knowledge intensive sectors.



Source: ONS Annual Business Inquiry 2000-2008

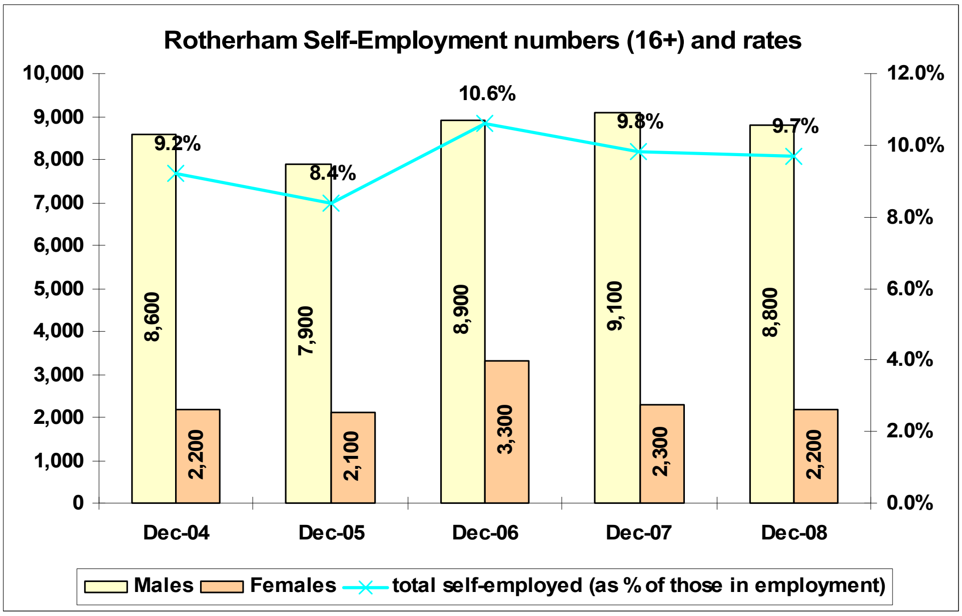
Growth faster than regionally / nationally, closing the gap despite falling back in 2008 –



Source: ONS Annual Business Inquiry 2000-2008

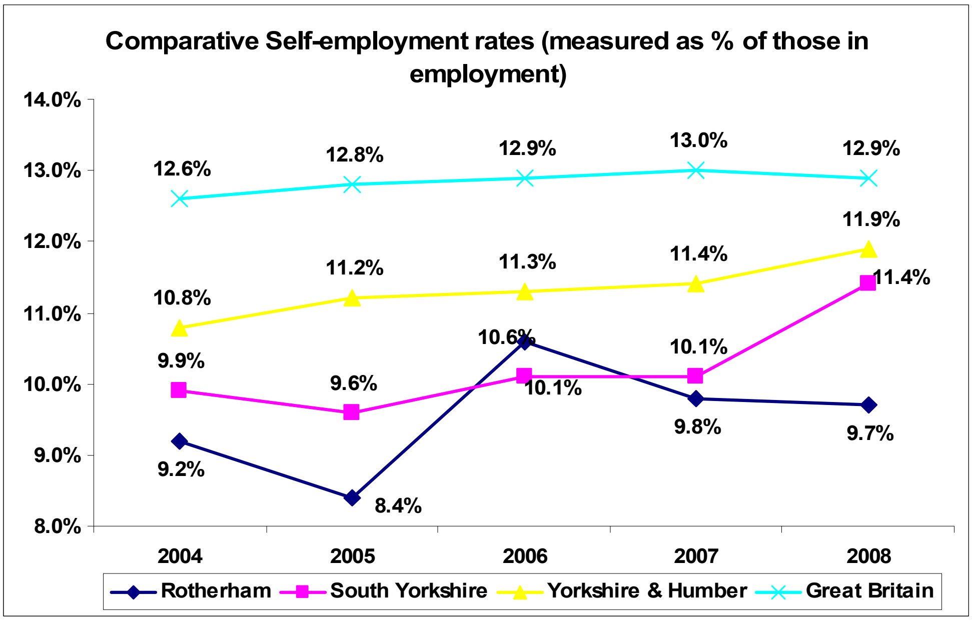
Self-employment:

The level of self-employment is a strong indication of the level of entrepreneurship in an area and a potential source of future employment growth. Self-employment in Rotherham has remained fairly constant at around 11,000 (subject to expected fluctuations due to the sample size of the Annual Population Survey) or close to 10%[33]. The male / female self-employed split has also remained fairly constant with around four times more males being self-employed than females.



Source: NOMIS APS

The self-employment lags behind regional and national rates with only a slight improvement in closing this gap –



Source: NOMIS APS

Whilst the overall gap to the national average self-employment rate is around three percentage points the gap to female self-employment rates is larger, with female self-employment in Rotherham consistently only around one half of the national rate.

[33] *Number is all self-employed aged 16+, percentage is of total in employment*

% in employment who are self employed - 16+			
	All	Males	Females
Great Britain	12.9%	17.1%	8.0%
Yorkshire & Humber	11.8%	16.1%	6.8%
South Yorkshire	11.1%	16.4%	5.0%
Barnsley	12.5%	19.6%	4.1%
Doncaster	8.7%	11.6%	5.0%
Rotherham	**9.2%**	**14.7%**	**3.1%**
Sheffield	12.7%	18.5%	6.2%
Source: NOMIS APS June 2009			

Lifestyle survey data (provided by Acxiom, via Yorkshire Forward) can be used to supplement official information on local self-employment. Questions are asked in the survey to capture households containing people who are self-employed or run their own business.

	Rotherham	South Yorkshire	Yorkshire & Humber	Great Britain
Running Own In-Home Business	1.3%	1.5%	1.9%	2.2%
Self-Employed / Business Owner	5.1%	5.4%	6.9%	7.8%
Self Employed / Business Owner / Running Own In-Home Business	**6.5%**	**6.9%**	**8.8%**	**10.0%**
Thinking About Starting New Business	1.9%	2.1%	2.2%	2.4%
Source: Acxiom 2009. Copyright				

This confirms lower levels of self-employment in Rotherham compared to the regional and national rates. It also suggests that aspirations are lower with a smaller percentage stating they are thinking about starting a new business.

Local Gross Value Added (GVA):

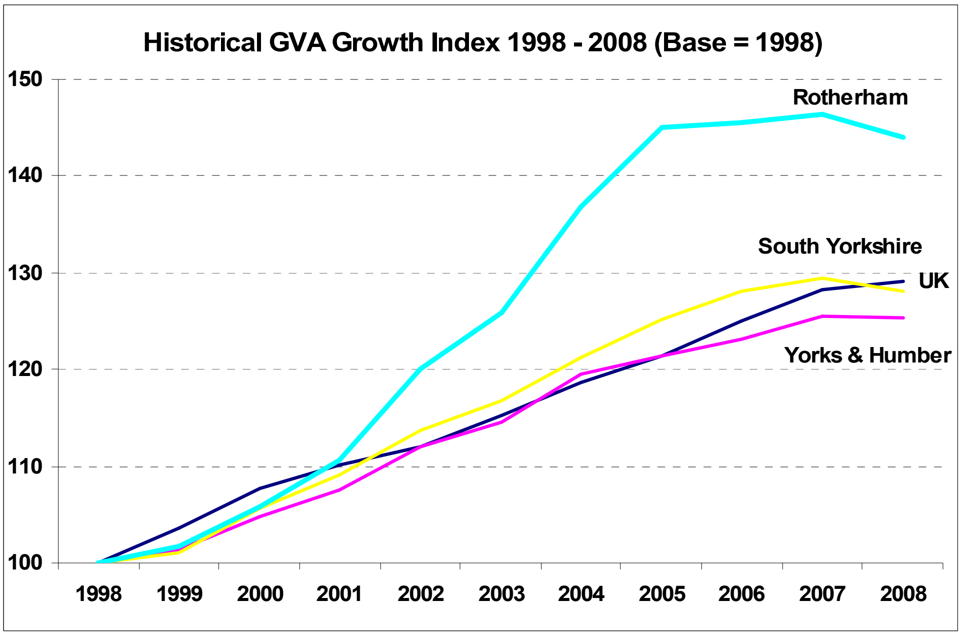
Gross Domestic Product (GDP) is used as the economic measure of growth for the national economy and the UK had seen 16 years of continual growth until the start of the recession in mid-2008. At a more local level we have to use per capita Gross Value Added (GVA)[34] which can be used as an indicator of wealth – although it must be remembered that it is based on the workplace, and not where people live.

The ONS only release estimated GVA down to NUTS 3 level[35], an area comprising Barnsley, Doncaster and Rotherham. Latest data for 2007 shows GVA at 67% of the UK average, a small improvement over the last 10 years. Sheffield has a higher GVA per head as would be expected of a city economy.

[34] *Some components of GDP are not available for smaller areas, GVA takes the value added at each stage of production in an economy before adjusting for taxes and subsidies – i.e. GDP=GVA + taxes on products – subsidies on products.*
[35] *NUTS = Nomenclature of Units for Territorial Statistics for production of regional statistics in the EU, NUTS3 being the lowest level comprising 133 areas.*

GVA per head as a percentage of UK (1997 - 2007)											
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
UK	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Yorkshire & Humber	87.1%	86.9%	85.9%	85.0%	85.1%	85.1%	84.9%	84.3%	83.2%	82.0%	81.6%
South Yorkshire	73.6%	74.0%	73.2%	72.7%	73.2%	73.9%	74.4%	74.8%	74.9%	74.4%	74.4%
Sheffield	85.3%	85.5%	84.3%	83.4%	84.1%	84.8%	85.5%	85.5%	85.6%	85.2%	85.1%
Barnsley, Doncaster & Rotherham	65.6%	66.2%	65.5%	65.3%	65.8%	66.4%	67.0%	67.5%	67.6%	67.1%	67.0%
Source: ONS											

We can use the Regional Econometric Model (REM) from Experian to provide an estimate[36] of GVA at a local area such as Rotherham. Over the ten year period from 1998 to 2008 Rotherham has seen well above average GVA growth, which would be expected given the large increase in workplace employment experienced over the same period. The region and the sub-region have performed just below the national average increase of 29% over this period whilst Rotherham's GVA has increased by 44%. The first sign of the impact of the recession can be seen in 2008 with GVA dropping in Rotherham and South Yorkshire.

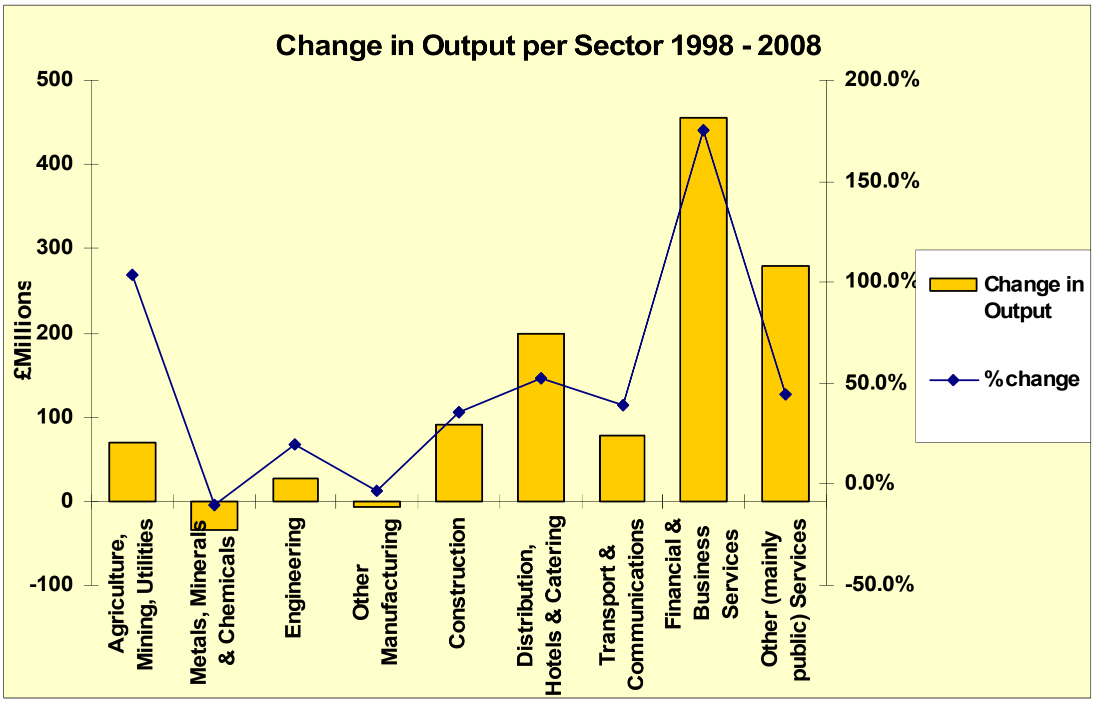


Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

Rotherham began from a very low base but this improvement has seen output[37] per capita (head of population) improve from just 69% of the UK figure in 1998 to 80% in 2008. This large increase in output varies across sectors with the largest rise of £456 million (175%) seen in the Financial & Business Services sector

---

[36] *GVA estimates obtained from the REM will not agree with ONS/Eurostat data – chiefly due to Experian using their Regional Planning Service data, the REM adjusting employment for the Census, and using constant per worker productivity.*
[37] *GVA and Output are closely linked but will not match exactly – GVA is not just the sum of value added output for all industries. Some adjustments are made for ownership of dwellings, for financial services, and for statistical discrepancy.*



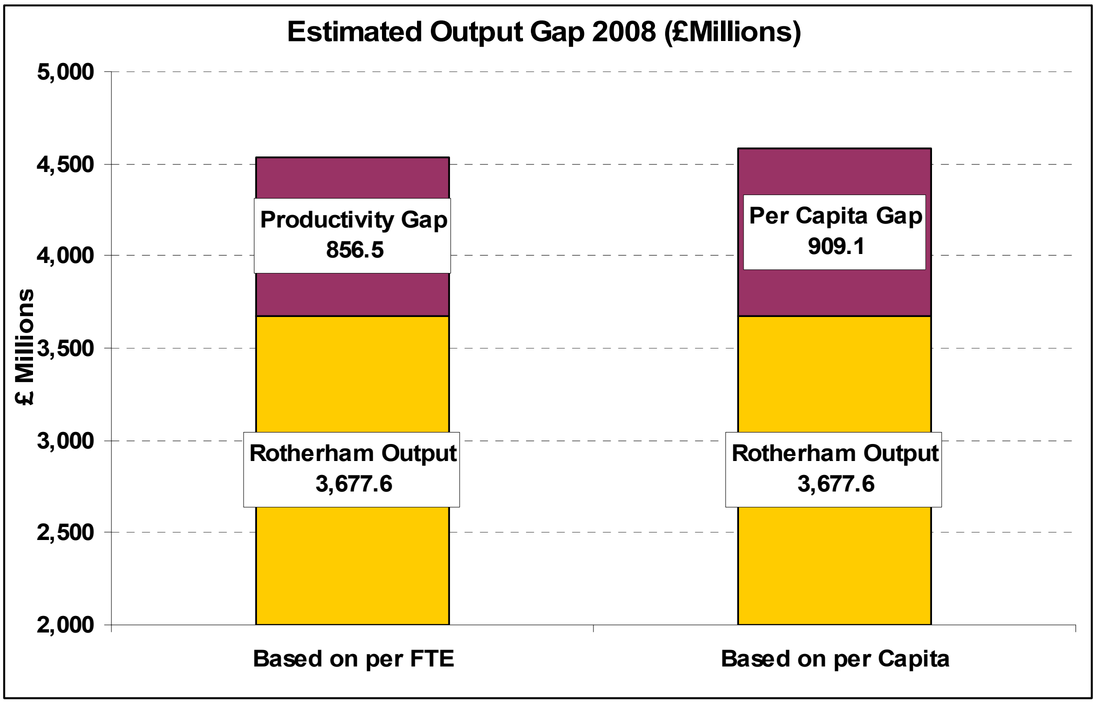
Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

The manufacturing sectors have seen little overall change in output during this period with the Metals, Minerals & Chemicals and the Other Manufacturing sectors actually showing a decline in output. However this fall in the percentage of Rotherham's economic output accounted for by manufacturing sectors has been less than that seen nationally, and manufacturing output remains relatively high as a percentage of total output compared to the regional or national average.

Output by Sector 2008 (% of total economic output)				
	Rotherham	South Yorkshire	Yorks & Humber	UK
Agriculture, Mining, Utilities	3.7%	1.4%	2.7%	4.3%
Metals, Minerals & Chemicals	8.4%	6.2%	5.6%	3.7%
Engineering	4.6%	3.6%	3.2%	4.1%
Other Manufacturing	6.4%	6.5%	8.3%	5.5%
Construction	9.5%	7.9%	7.5%	6.5%
Distribution, Hotels & Catering	15.8%	16.3%	17.3%	15.5%
Transport & Communications	7.6%	8.9%	8.2%	7.9%
Financial & Business Services	19.5%	20.4%	21.7%	28.1%
Other (mainly public) Services	24.6%	29.0%	25.6%	24.6%
Source: YF / Experian, REM April 2010				

Manufacturing still accounts for £714 million or 19.4% of the total output of the Rotherham economy compared to 17.1% regionally and just 13.3% of UK output. Despite the large increase in output from the Financial & Business Services sector the percentage of economic output in Rotherham accounted for by this sector is over eight percentage points less than the UK as a whole.

Whilst the overall picture has improved greatly over the last 10 years the performance of the economy in Rotherham lags behind the national, and to a lesser extent, the regional average.

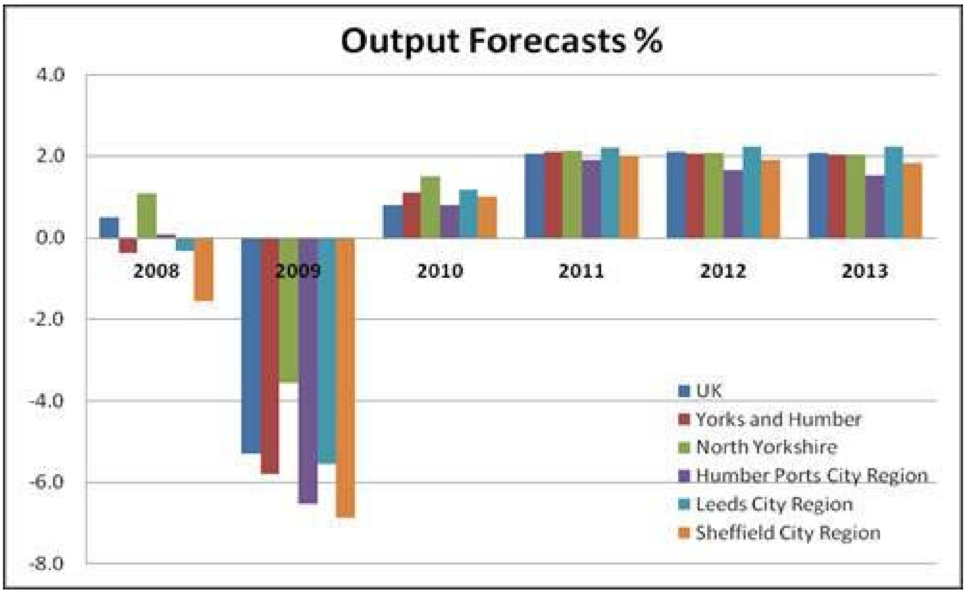


Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

The current output of the Rotherham economy is close to £3.7 billion but productivity per worker or output per capita is significantly lower than the UK average – closing this productivity gap would potentially increase the output of the Rotherham economy to over £4.5 billion. Currently each full-time equivalent worker contributes annually a productivity level of £34,400 to GVA, compared to £42,400 for the UK which equates to over £856 million in lost productivity. Measured by output per capita (output divided by population) the gap is even greater at £909 million.

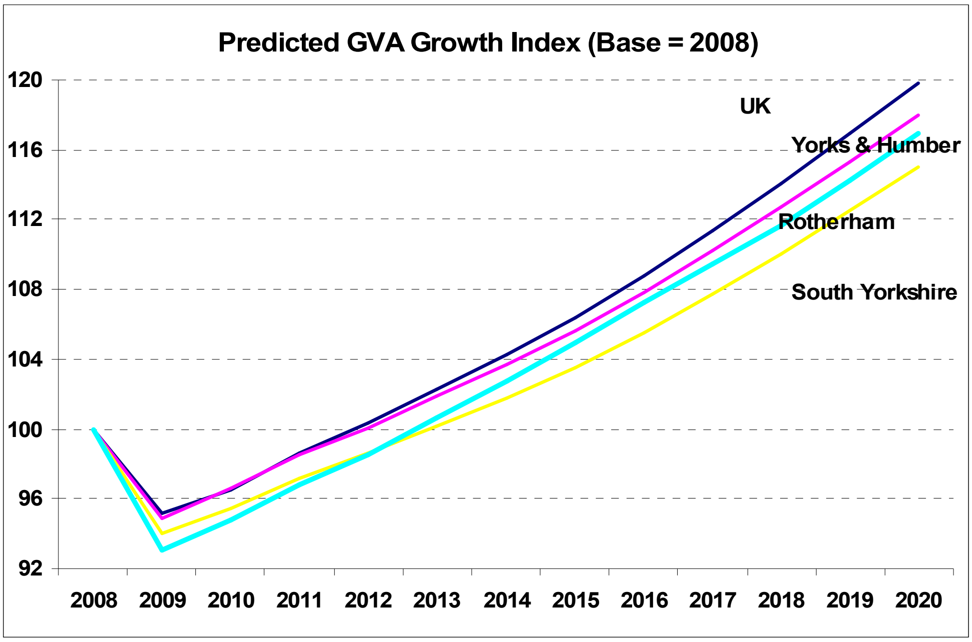
This productivity gap can be closed in a number of ways – Rotherham's economy needs to continue to diversify and modernise; the basic industrial make-up within Rotherham has changed substantially but weaknesses remain with low overall numbers of businesses and a number operating in low value / low skills sectors that are predicted to contract. The skills base of the population needs improvement to compete for the best businesses to locate in Rotherham, which in turn will help towards the necessity of increasing the number of people employed in the local economy, reducing unemployment and increasing economic activity.

Output in Rotherham showed a fall in 2008, the first signs of the national recession impacting on the local economy. Looking beyond this the latest REM projections of output for the region show significant falls during 2009, the Sheffield City region being the worst affected with an estimated fall of over 6%. 2010 is expected to see a very modest rate of growth of around one percentage point for all parts of the region – this is in line with the slow recovery in GDP growth being seen nationally. Beyond 2010 output growth is expected to be at around 2% per annum; this is lower than the rate of growth seen in the years prior to the recession when growth was running at around the 3.0% per annum mark. Sheffield City Region is predicted to experience slightly lower growth than the overall regional and UK rates.



Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

Looking specifically at Rotherham the model suggests that GVA will dip more sharply in the short term than regionally or nationally although stronger growth from 2012 onwards will improve Rotherham's relative position in South Yorkshire and help narrow the gap to the region. However the gap to the UK (and the region) will have increased compared to the 2008 baseline unless Rotherham finds ways to improve its economic performance / productivity above these trend based predictions.



Source: Yorkshire Forward / Experian Regional Econometric Model (Spring 2010)

Enterprise: Key Issues

Business numbers

- Rotherham has traditionally had a below average number of businesses but increase has been above average in the last 10 years
- Despite improvement the rate remains the lowest in South Yorkshire and recession has impacted on overall numbers in 2009

Business structure

- Rotherham has a higher concentration of businesses in the manufacturing and construction sectors compared to the regional / national averages
- Relatively high number in mainly public sector industries (administration, education & health)
- Correspondingly lower concentration in the professional, scientific and technical and information & communication sectors
- Rotherham also relies more heavily on large employers in providing employment

Workplace employment

- The rate of increase in workplace employment in Rotherham for the period 1998 to 2008 is over twice the sub-regional, regional and national averages
- The public sector, banking, finance & insurance, and distribution sectors are now more important than manufacturing in Rotherham in providing employment.

Business births and survival

- The business birth rate has been similar to or just below the sub-regional average in recent years, but well below the regional and national rates.
- 3-year enterprise survival rates higher than the regional average

Innovation and self-employment

- Workplace employment in Knowledge Intensive sectors has grown faster than regionally / nationally, closing the gap.
- Self-employment has remained at a similar level in recent years, below regional / national average

GVA

- High growth in Rotherham over the last 10 years but significant productivity gap to UK average
- Financial & Business Services sector has seen the highest growth but falls in some manufacturing sectors
- Output gap to the UK is forecast to grow unless productivity in Rotherham can be improved – i.e. need to diversify / modernise economy, increase business base, raise skills, increase employment and economic activity.

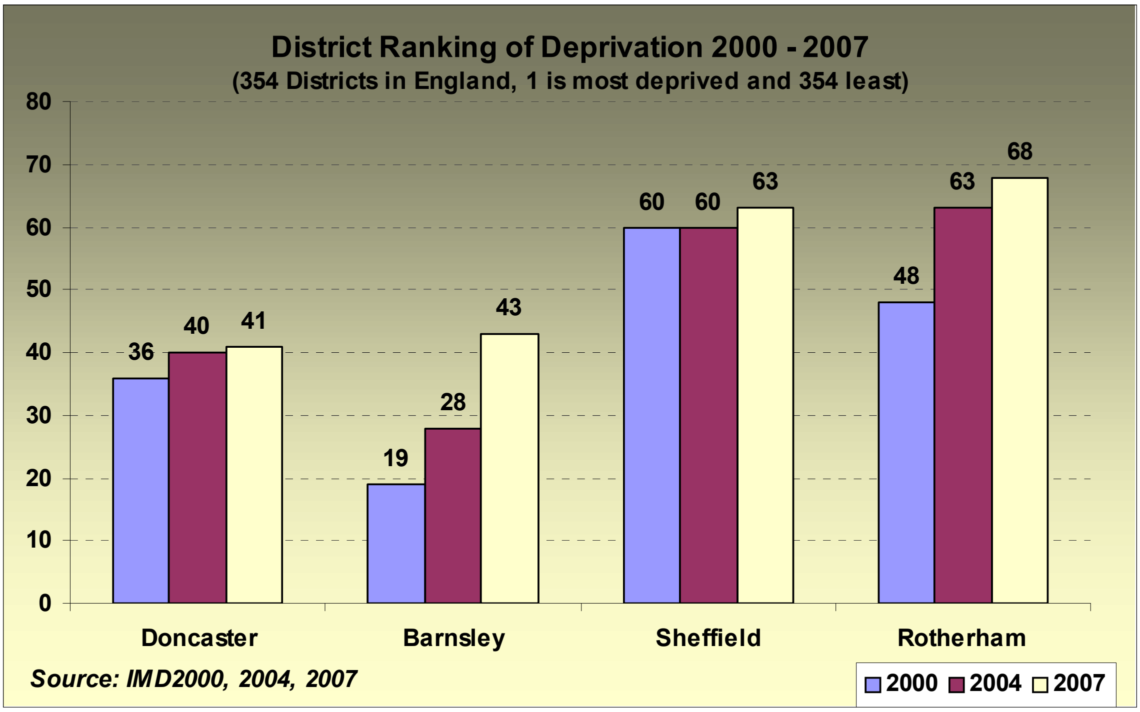
INCLUSION

Whilst it is obviously important for the strength and wealth creation within the overall economy to improve it is also important to ensure that all communities benefit from any improvement. The recovery in Rotherham from the closure of the borough's coal mines and traditional industries has been substantial but disadvantaged communities and groups still exist across the borough.

Index of Multiple Deprivation (IMD):

The main measure of disadvantage is the Index of Multiple Deprivation (IMD), which has replaced previous similar measures. There have been three IMD data sets published in 2000, 2004 and 2007 - these are not directly comparable as domain indicators have changed over time, though they all use the same domains[38] that comprise the index. They are largely used as relative comparators, ranking areas in England, and are useful because they provide information at small area level, such as lower super output area (LSOA) for 2004 and 2007, and at ward level for 2000.

Between 2000 and 2007 Rotherham's overall deprivation ranking[39] improved by 20 places from 48th most deprived district to 68th most deprived suggesting that the strong economic growth in this period helped reduce overall levels of deprivation. Other South Yorkshire districts also saw improvements in this period -



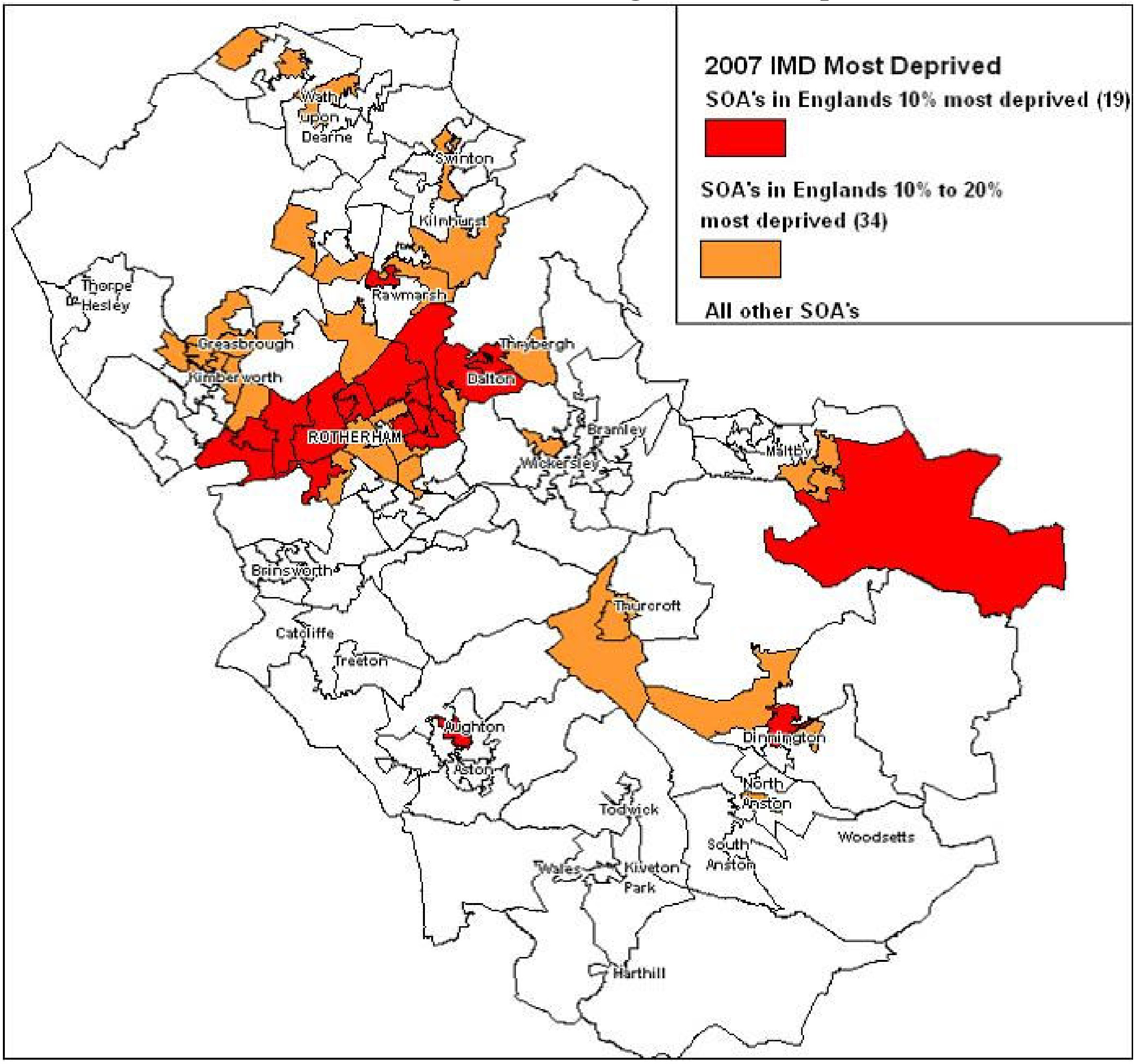
[38] The Domain Indices are: Income, Employment, Health Deprivation and Disability, Education, Skills and Training, Barriers to Housing and Services, Crime, Living Environment
[39] Rank of average IMD score out of 354 England districts, 1 being most deprived

However a significant number (19 or 11.4%) of the borough's 166 Lower Super Output Areas (LSOA's) still fall within the top 10% most deprived in England with 53, or almost a third, falling within the top 20% most deprived.

Super Output Areas - most deprived in England per South Yorkshire District						
	Total SOA's in borough	Number of SOA's in top 10% most deprived	Percentage of borough SOA's	Number of SOA's in top 20% most deprived	Percentage of borough SOA,s	Highest ranking SOA (i.e. most deprived)
Rotherham	166	19	11.4%	53	31.9%	541
Barnsley	147	27	18.4%	56	38.1%	360
Doncaster	193	41	21.2%	73	37.8%	22
Sheffield	339	81	23.9%	123	36.3%	81
South Yorkshire	845	168	19.9%	305	36.1%	
Source: IMD 2007						

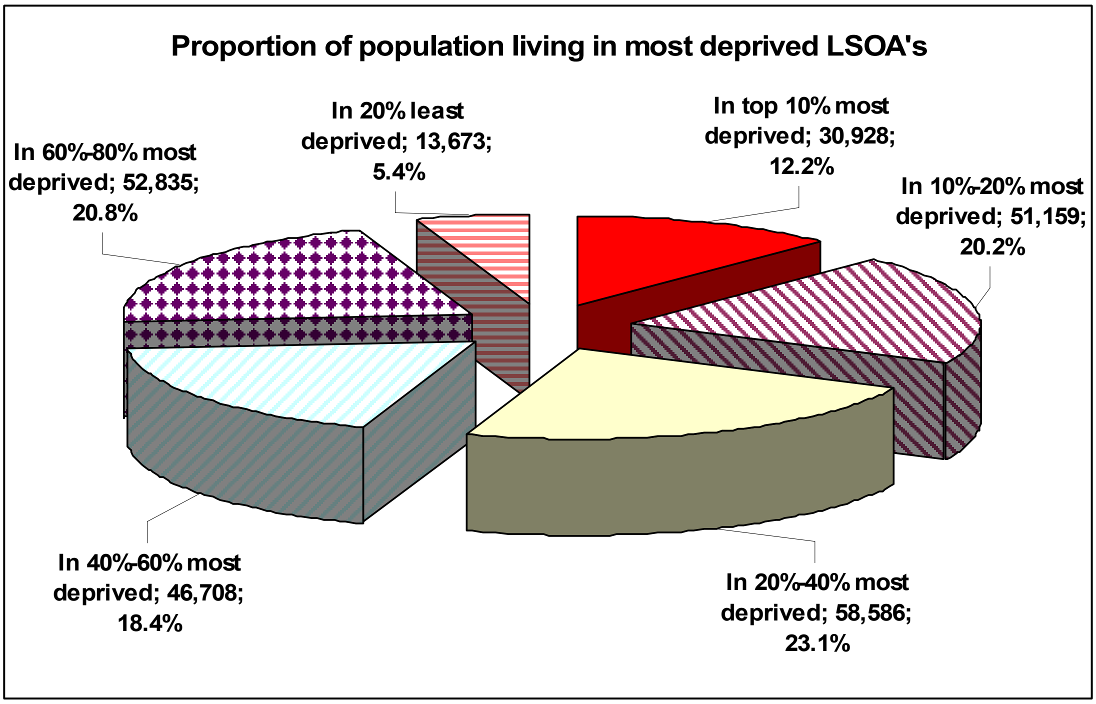
The red areas on the map below show those communities falling into the top 10% most deprived areas in England, those falling into the top 10-20% are shown as amber -

Rotherham (LSOA) IMD Ranking Areas in England Most Deprived 10% / 20%



Communities at the most deprived 10% England level in Rotherham are at Aughton, Dinnington, Maltby (west), Rawmarsh (centre) and a large area roughly aligned with the A630 corridor from the M1 in the west, through the town centre, and out to Dalton and Thrybergh in the east.

In population terms this equates to almost 31,000 people, or over 12%, of residents in Rotherham living within areas ranked in the top 10% most deprived nationally and an additional 51,000, or over 20%, living in areas ranked within the top 20% most deprived.



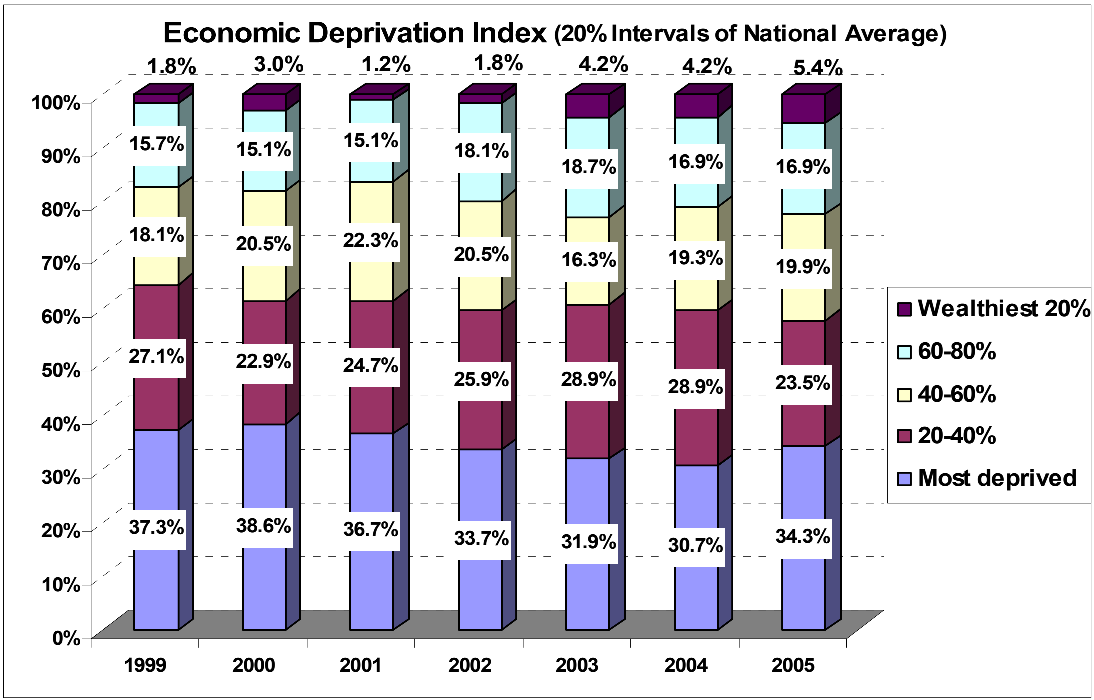
Source: IMD 2007

Economic Deprivation Index (EDI):

The Economic Deprivation Index (EDI)[40] covers the period 1999 to 2005 and can be used to track changes over time at a LSOA level. The EDI has only two domains covering income and employment, making it more appropriate as an economic measure of deprivation. At a local authority level the EDI shows a similar improvement to the IMD with Rotherham improving from 53rd in 1999 most deprived to 61st in 2005.

Looking at the ranking change of the LSOA's within Rotherham shows that 122, or 73.5%, have improved their relative ranking whilst 44, or 26.5%, have seen their relative ranking worsen. The change, by 20% intervals of the national average, is shown below –

[40] *The Economic Deprivation Index 2009, Produced by the Social Disadvantage Research Centre (SDRC) at the University of Oxford for CLG*



Source: Economic Deprivation Index 1999-2005

The percentage of LSOA's in the most deprived 20% nationally and most deprived 40% have fallen with corresponding increases in the less deprived / wealthier ranked areas.

Looking at the individual domains it is clear that deprivation in the employment domain remains more prevalent with over 37% of LSOA's ranked within the top 20% most deprived compared to 27% of LSOA's similarly ranked within the income domain. At the other extreme 13.3% of LSOA's are ranked in the 20% wealthiest areas in the income domain but only 1.2% under the employment domain.

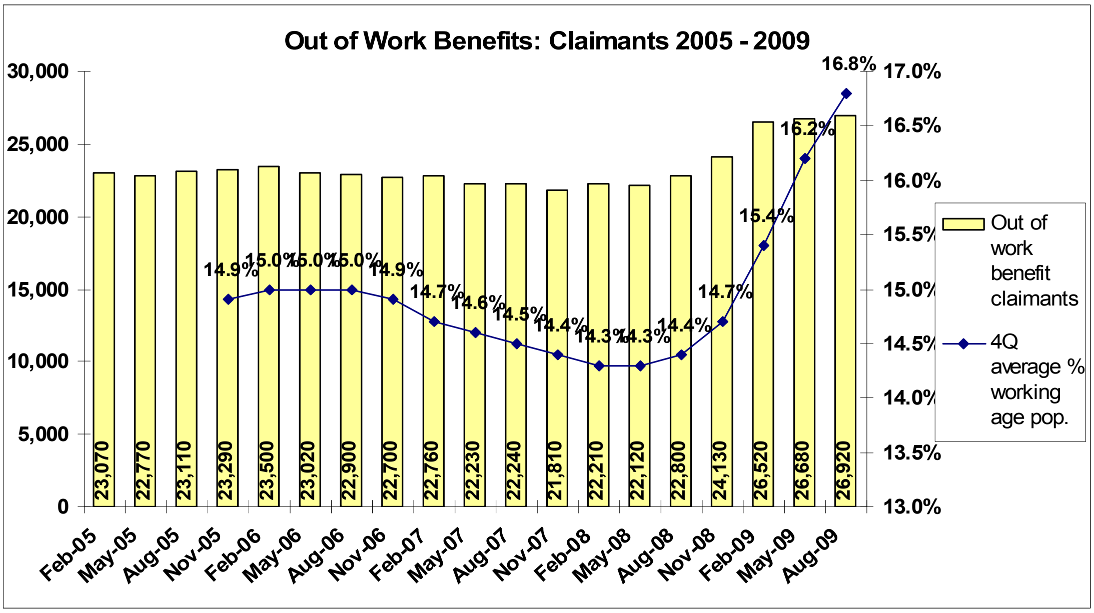
EDI Income Domain Distribution (% of LSOA's)							
	1999	2000	2001	2002	2003	2004	2005
Most deprived	30.7%	30.7%	29.5%	27.7%	26.5%	25.9%	27.1%
20-40%	29.5%	25.3%	26.5%	28.9%	28.9%	27.7%	25.9%
40-60%	13.3%	16.3%	15.7%	13.3%	15.1%	15.1%	15.7%
60-80%	17.5%	20.5%	19.9%	19.3%	18.1%	19.9%	18.1%
Wealthiest 20%	9.0%	7.2%	8.4%	10.8%	11.4%	11.4%	13.3%
EDI Employment Domain Distribution (% of LSOA's)							
	1999	2000	2001	2002	2003	2004	2005
Most deprived	42.8%	42.2%	42.2%	41.6%	41.6%	37.3%	37.3%
20-40%	26.5%	25.9%	27.7%	25.3%	23.5%	27.7%	27.7%
40-60%	22.9%	23.5%	22.9%	23.5%	21.1%	21.7%	21.7%
60-80%	7.8%	8.4%	7.2%	9.6%	13.3%	12.0%	12.0%
Wealthiest 20%	0.0%	0.0%	0.0%	0.0%	0.6%	1.2%	1.2%

It is important to remember that both the EDI and IMD are now several years old and any ranking gains in both are likely to have changed significantly since 2008 due to the impact of the recession.

Out of Work Benefits:

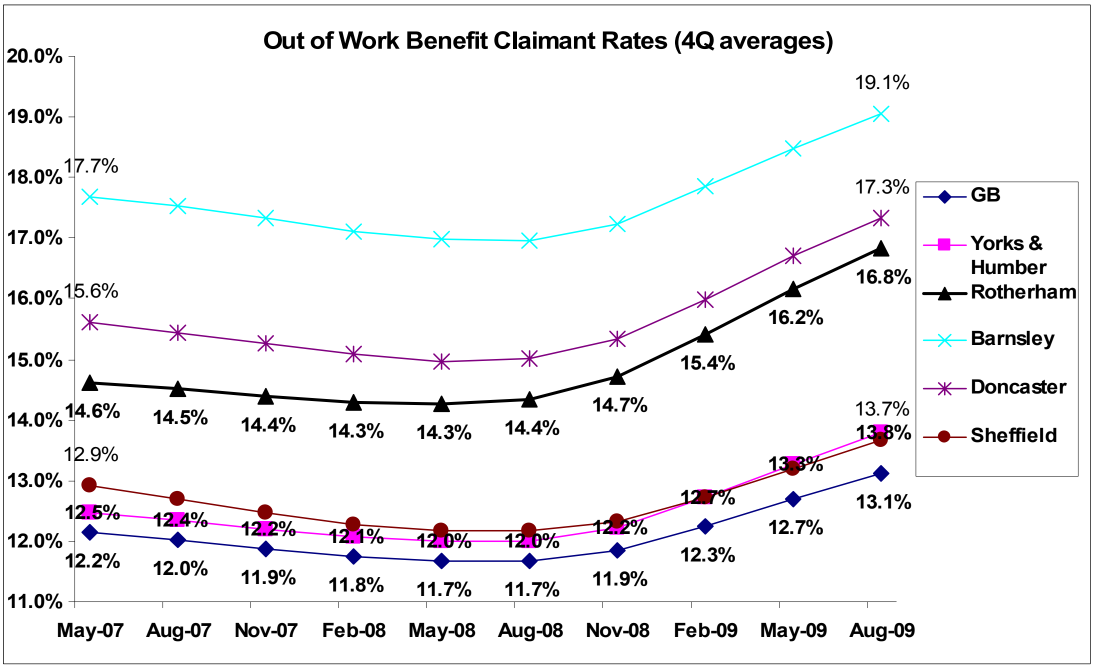
Out of work benefits are those work related benefits which people will receive when not in paid employment. These benefits comprise Job Seekers Allowance (JSA), Incapacity Benefit (IB) / Employment and Support Allowance (ESA, which replaced IB in 2008), lone parent, and other related income benefits. The last two are components of Income Support.

After gradual falls over the last few years the total number on out of work benefits have seen a sharp rise (new National Indicator NI 152) -

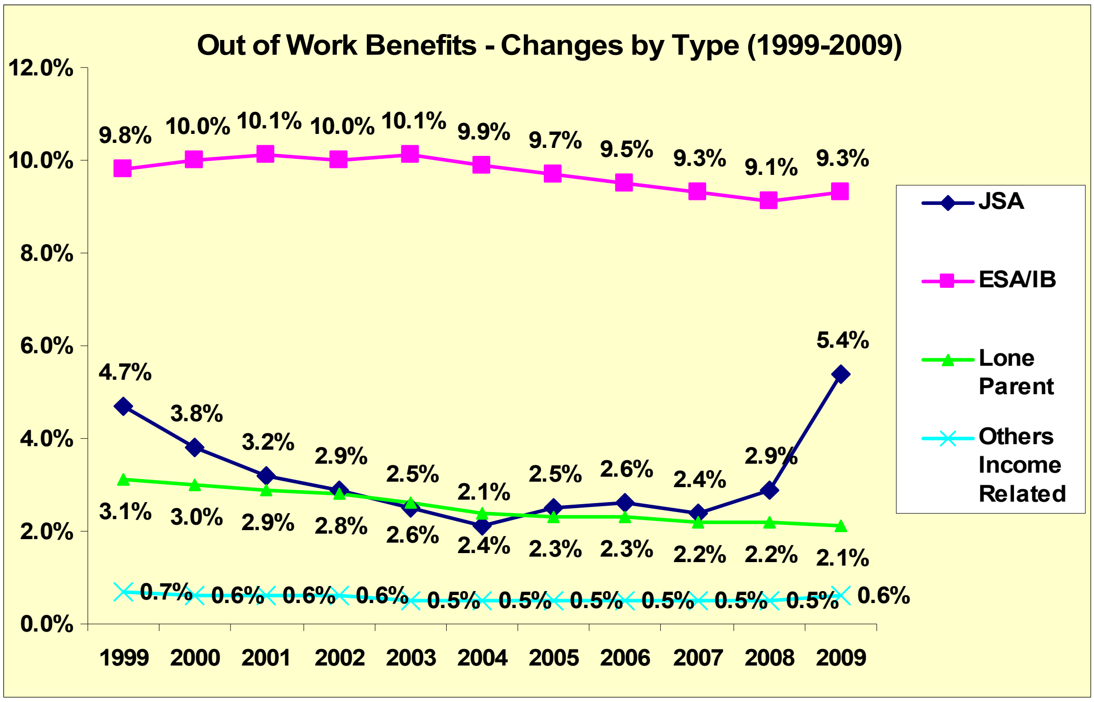


Source: NOMIS, DWP Benefits

This rise is also reflected in other districts of South Yorkshire and at the regional and national levels –

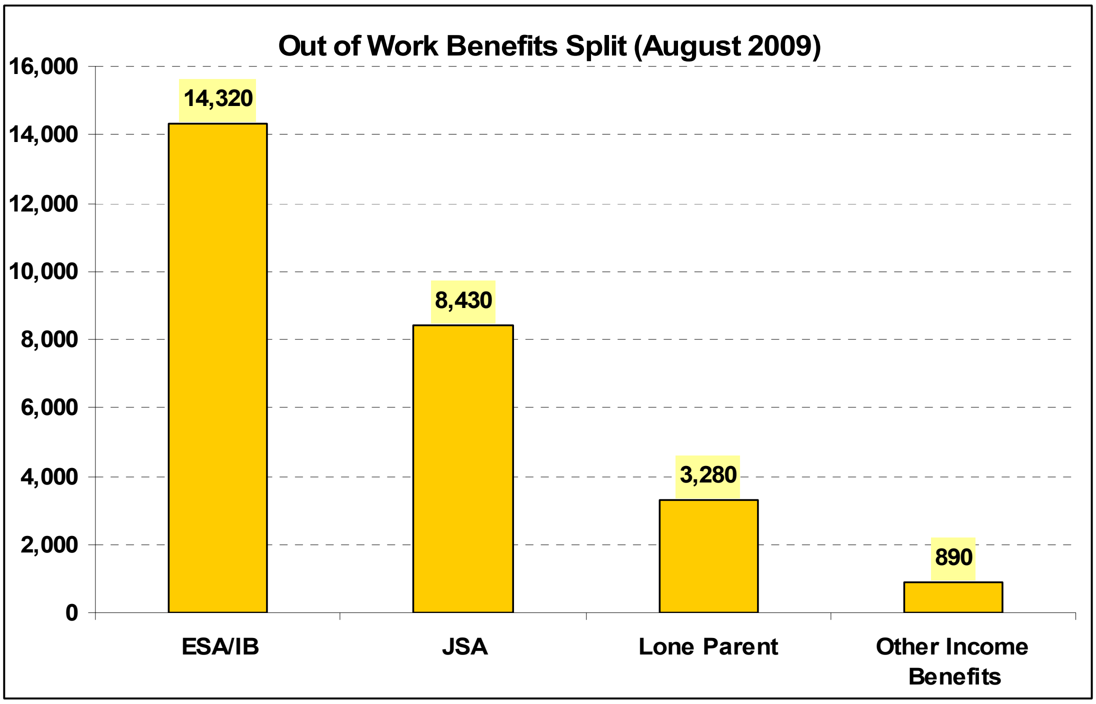


The recent large rises in out of work benefit claimants as been driven by the increase in people claiming JSA as unemployment increased (see employment section for details).



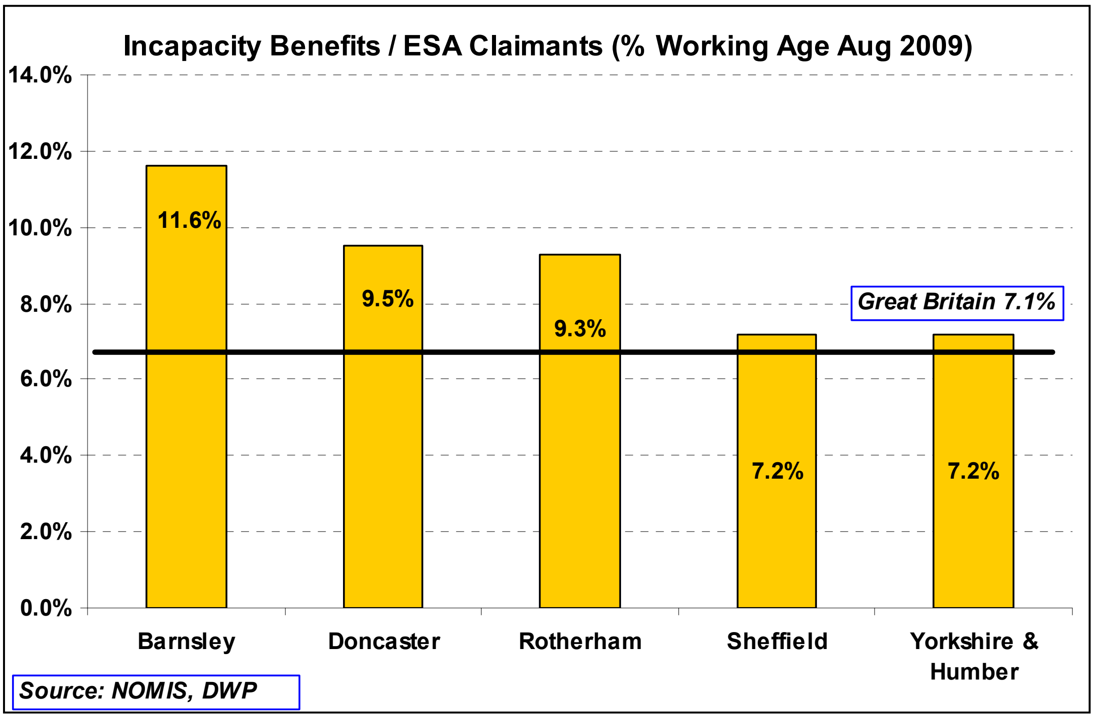
Source: NOMIS, DWP Benefits

Claimants of ESA/IB and lone parents have actually been falling during most of this period but despite this, and the recent increase in JSA claimants, well over half (53.2%) of all out of work benefit claimants are accounted for by those claiming ESA/IB.



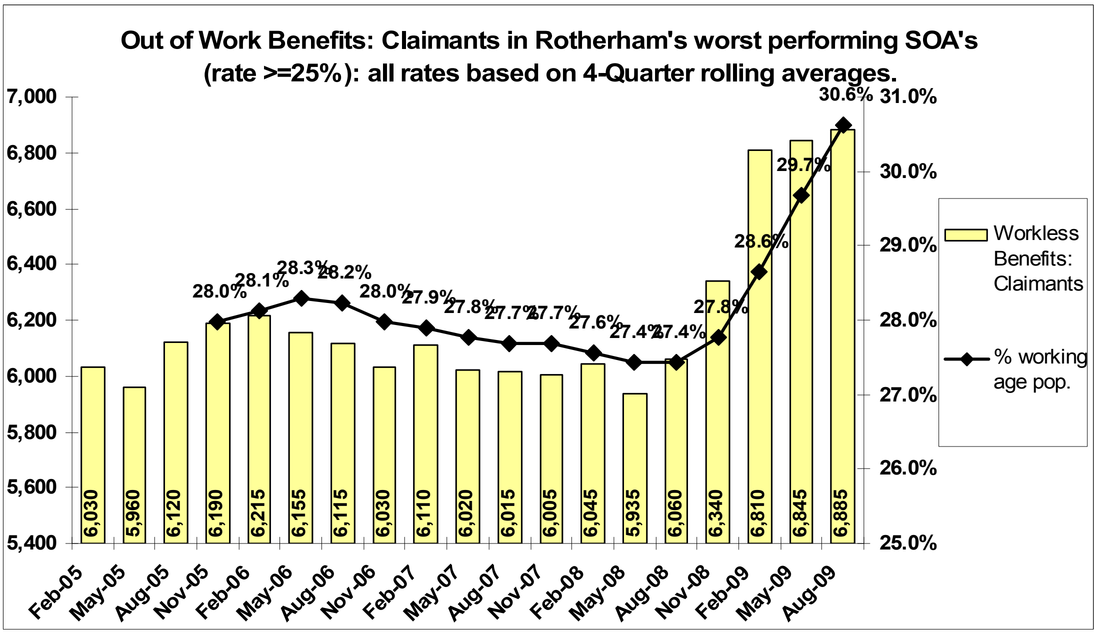
Source: NOMIS, DWP Benefits

Rotherham has 9.3% of its working age population claiming incapacity benefit / employment and support allowance, well above the regional and national rates. Rotherham would need to reduce the numbers claiming this benefit by well over 3,000 to reach the national average.



Only Sheffield within the sub-region is close to the national average on this measure, with Doncaster and Barnsley worse than Rotherham, partly due to a legacy of past reliance on coal / heavy industry for employment.

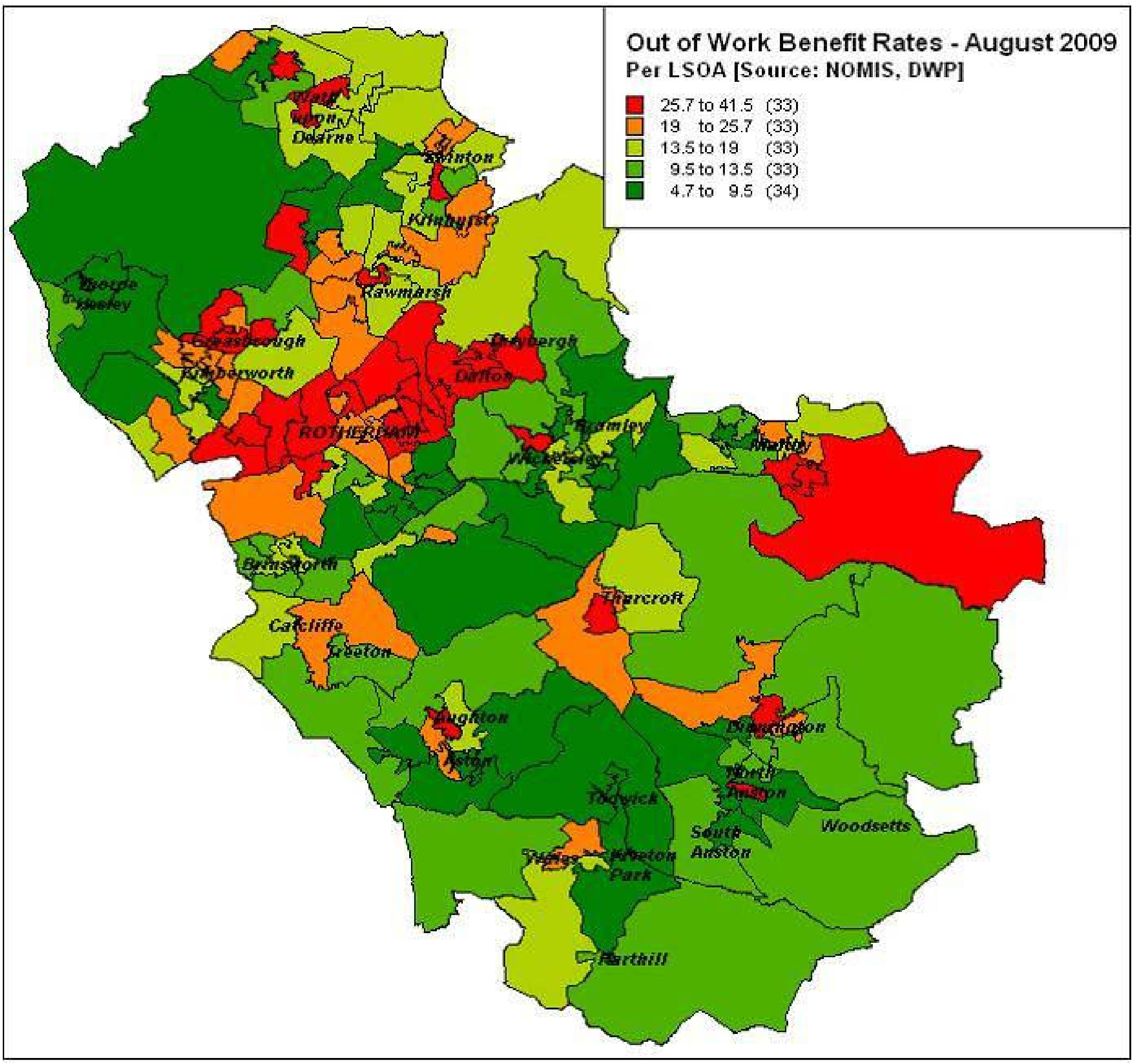
Numbers on out of work benefits are also available at the LSOA level, graph below shows the increase in those areas which had a rate of over 25% at 2007 baseline (new National Indicator NI 153) -



Source: NOMIS, DWP Benefits

This shows a similar pattern to the overall increase but from the baseline of May 2007 the increase in the worst performing LSOA’s has been 2.8 percentage points compared to a 2.2 percentage point increase overall suggesting that the gap to more deprived areas may be widening.

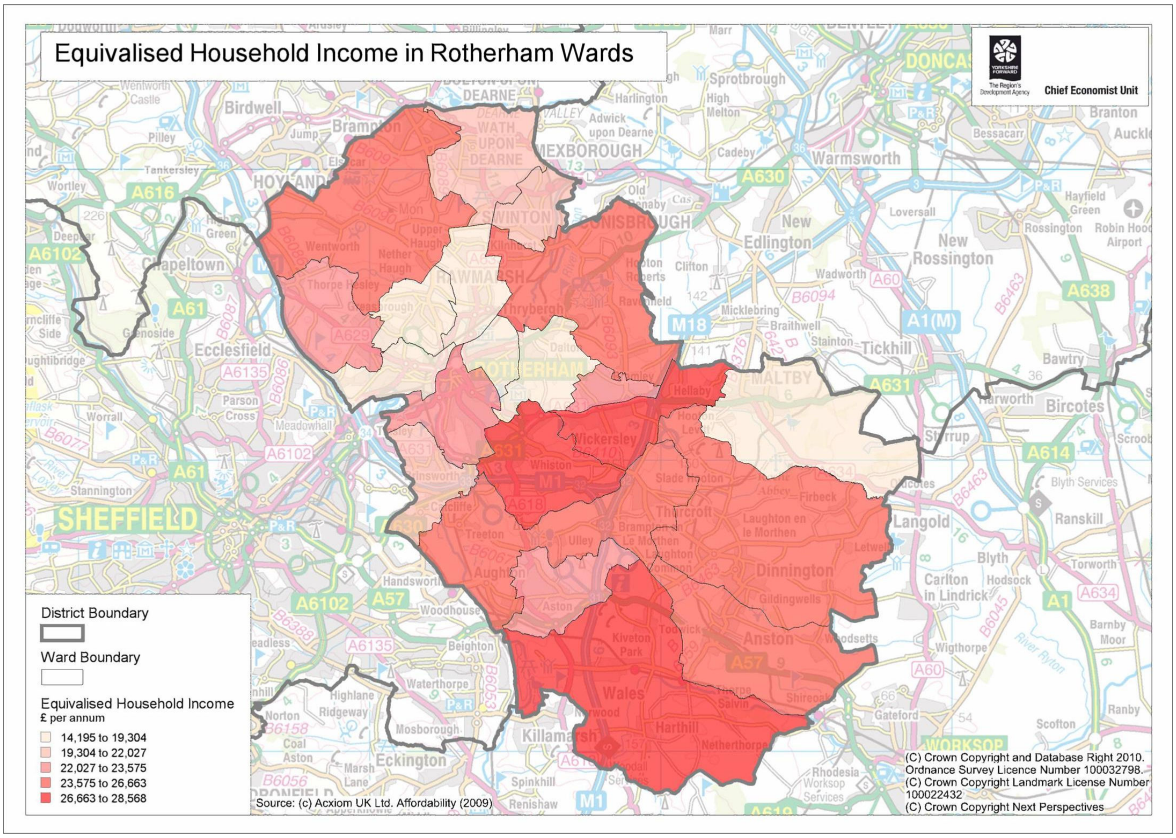
Analysis of the workless benefits rates for LSOA’s highlights areas which have a very high number of claimants of out of work benefits – rates vary from as low as 4.7% of the working age population (area around Moorgate) to as high as 41.4% of the working age population (area around East Herringthorpe).



Household Income / Affordability:

Yorkshire Forward have recently worked with Acxiom to develop a new product – “Affordability” – into a tool that allows us to analyse household economic status across the region and for local authorities. This includes data on income, spend on essentials and indulgences, levels of debt, pensioner income and standard of living to name but a few. A summary of some of the findings for Rotherham is shown below –

- Equivalised Average Household Income[41] - average household income for Rotherham is £27,017, (76% of the England average household income). If this income is equivalised i.e. takes into account the household structure, then the true spending power available to households in the district is lower at £21,857, which is 70% of the England average household equivalised income.



- Discretionary Income[42] - Average weekly household discretionary income in the district is just over half of the England average - £102 compared to £200 per week - the proportion of net household income that is discretionary is also lower than the average for England (25% v 37%)
- The proportion of adults earning in the district is 55%, lower than the average of 60% for England, however across the district the proportion

---

[41] *By taking into account the differences in household structure (i.e. the number of people living under the same roof - single, couple, family) the 'equivalised' average household income is a more relative measure of household income based on how far the money must stretch.*

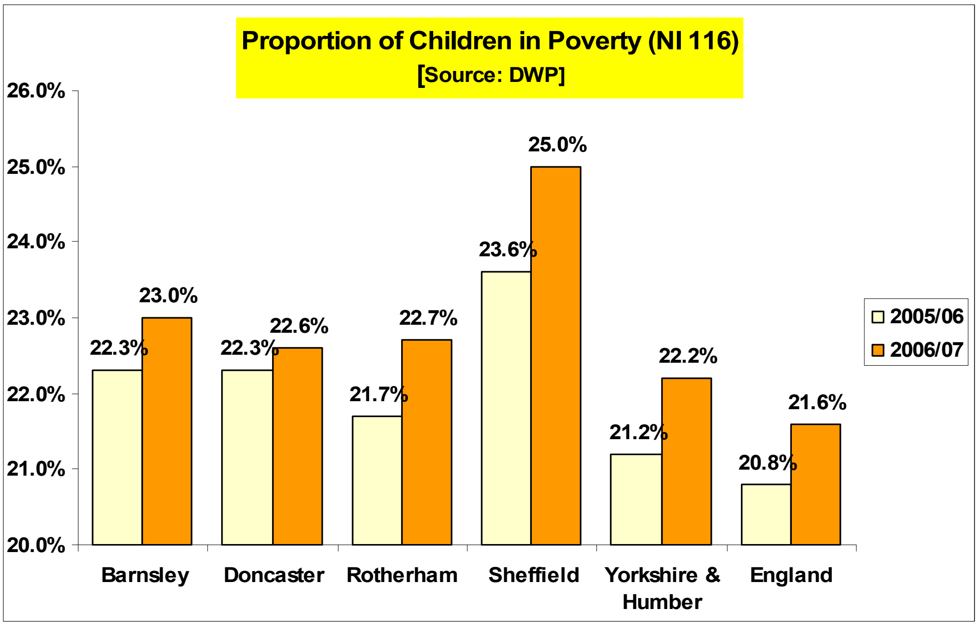
[42] *Income remaining after deducting the income committed to meet fixed costs such as rent/mortgage and other costs necessary to sustain an acceptable standard of living i.e. food, petrol, toiletries.*

ranges from a high of 61% in Hellaby ward down to 44% in Rotherham East ward.

- Standard of Living[43] - On average 25% of households across England are living below an acceptable standard of living and in Rotherham the proportion is 34%, which means approximately 36,000 households in the district are managing on less than the minimum income needed to achieve an acceptable standard of living. (55% of households in Rotherham East ward are living below this acceptable standard of living compared to 19% of households in Sitwell ward).

Child Poverty

High levels of worklessness and low incomes in an area can impact particularly hard on the children living in these households. A new national indicator (NI 116) measures the proportion of children in poverty by looking at the number of children who live in families in receipt of out of work benefits and working families whose income is below 60% of the median income. The count of children (under the age of 16) is established from Child Benefit/Child Tax Credit claims, which cover approximately 98% of children. Data is only currently available for two years 2005/06 and 2006/07 –



The proportion of children in Rotherham living in poverty is above that of the region and nationally but is slightly below other South Yorkshire districts (well below that in Sheffield). It is interesting that for all geographies the position has worsened between 2006 and 2007 – given the economic downturn and rising unemployment which began in 2008 the situation is likely to have deteriorated further since this last data.

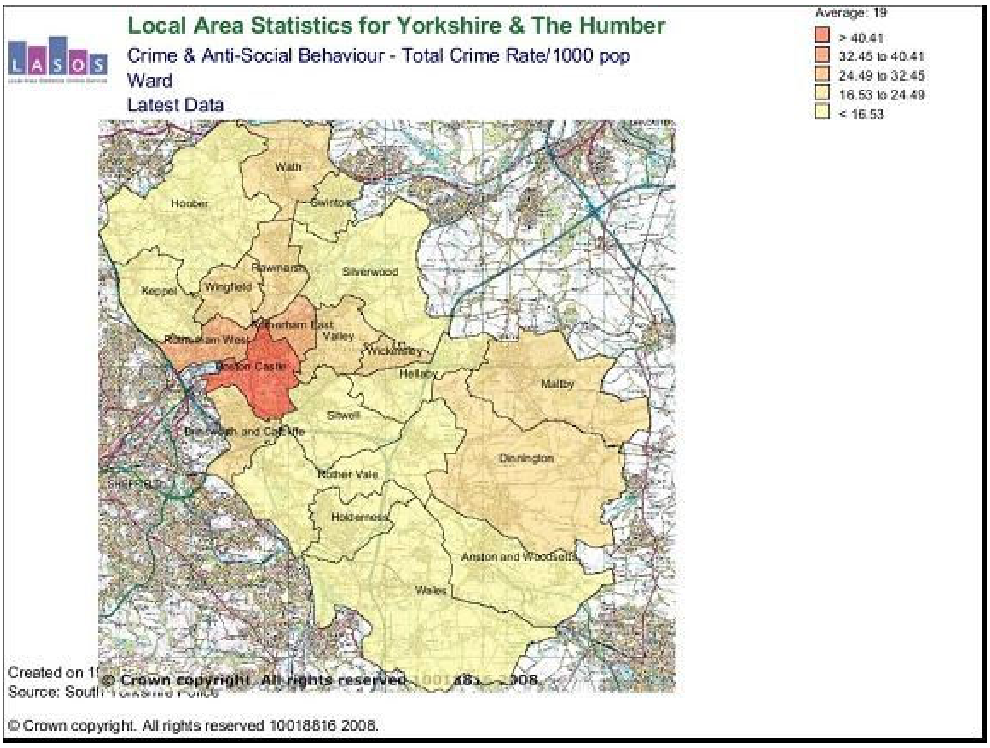
[43] Standard of Living – the Acxiom Standard of Living has been derived by reviewing a combination of household net income and household outgoings in relation to the MIS (Minimum Income Standard) 2009. For more information on the Minimum Income Standard 2009 go to http://www.minimumincomestandard.org

Crime:

It is widely recognised that there is a link between the levels of deprivation in an area and the level of crime experienced by households in that area. It is however a complex relationship and the impact on levels of crime from the expected increase in deprivation (primarily due to increasing levels of unemployment) due to the current recession are unknown. In recent years Rotherham has seen relatively low levels of overall crime being well below the South Yorkshire average. The most recent quarter's data in the table below shows this to be the case, with a crime rate above Barnsley but well below the rest of the sub-region. The rate for anti-social behaviour is relatively higher but still remains below the South Yorkshire average.

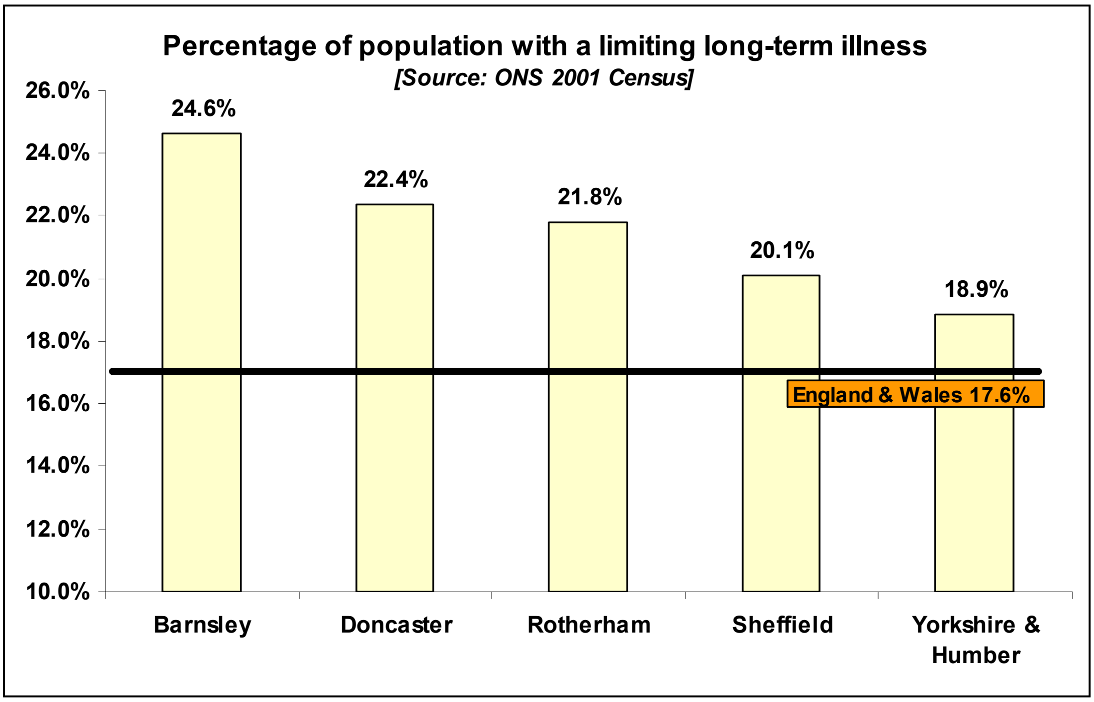
CRIME & ANTI-SOCIAL BEHAVIOUR RATES (South Yorkshire 2009/10 Q1)				
	Total Crime	Total Crime Rate / 1,000 pop	Anti-Social Behaviour	Total ASB Rate / 1,000 pop
Barnsley	3,692	17.73	4,464	19.87
Doncaster	6,985	24.00	6,854	23.55
Rotherham	4,771	18.83	6,075	23.97
Sheffield	11,088	20.91	14,644	27.61
South Yorkshire	26,536	20.64	32,037	24.65
Source: South Yorkshire Police				

Crime rates are not the same across the borough with the map below highlighting those wards with above average levels of crime – many of these do have relatively higher levels of deprivation within them. Boston Caste has a very high overall crime rate due to including Rotherham town centre; a high concentration of retail premises and leisure destinations (clubs, pubs, etc) will result in significantly higher levels of crime compared to predominantly residential areas.



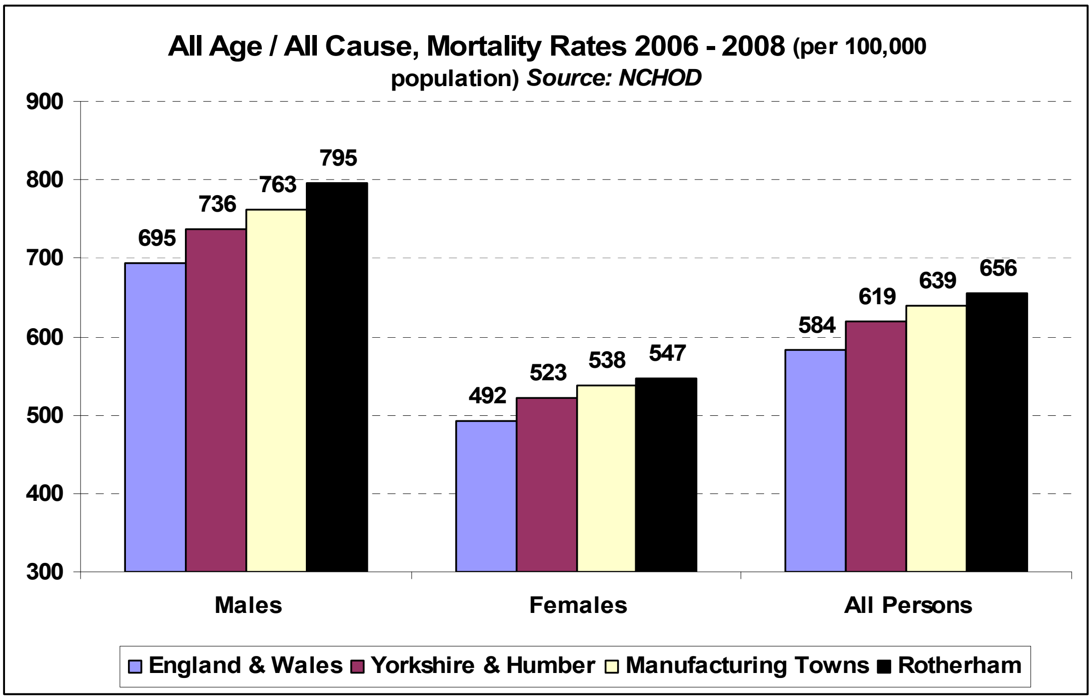
Health:

Rotherham and South Yorkshire in general has a significantly higher proportion of the population suffering from ill health. Data from the census shows a much higher percentage suffering with a long-term illness.



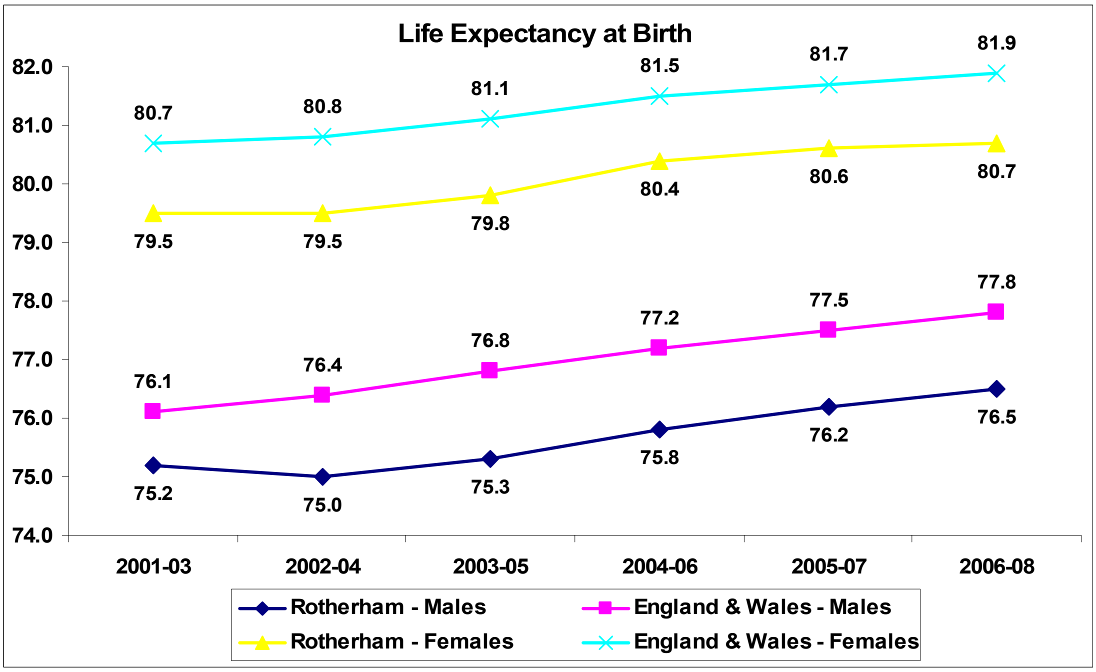
This is in part most likely due to the industrial legacy of the sub-region, with a large proportion of the population working within traditional heavy industries such as steel and coal mining which can have long-term impacts on health. This is reflected in the comparative mortality rates[44] with the rate (expressed as number per 100,000 of population) in Rotherham well above both the national and regional averages. Even when compared to other 'Manufacturing Towns'[45] the rate remains higher. This is true for both males and females, although the gap for mortality rates to the national average is higher for males than for females.

[44] *Data are based on the original underlying cause of death and age standardised*
[45] *ONS Area Classification Group (2001 Census based)*



With Rotherham's economy having diversified over recent years the numbers working within traditional heavy industry have fallen significantly and going forward other factors, such as obesity and lifestyle, are likely to be the major factors impacting on the health of local people.

Life expectancy of for both males and females in Rotherham has been improving as shown in the graph below but the average life expectancy for both remains over one year less than the national average.



Inclusion: Key Issues

Deprivation

- Overall deprivation appears to be reducing with Rotherham improving from 48th most deprived local authority in 2000 to 68th most deprived by 2007.
- But almost 31,000 people, or over 12%, of residents in Rotherham still live within areas ranked in the top 10% most deprived nationally and an additional 51,000, or over 20%, live in areas ranked within the top 20% most deprived.
- The Economic Deprivation Index shows that over 37% of the borough remains within the top 20% most deprived nationally for employment.

Worklessness

- Total out of work benefits had been falling but since the start of the recession in mid-2008 worklessness rates have risen sharply.
- Increase in overall worklessness due to rising Job Seekers Allowance claimants but Incapacity Benefit / Employment Support Allowance claimants still account for over half of all workless benefit claimants.
- Gap appears to be widening between the best and worst performing areas with highest rate of worklessness now over 40%.

Income / Affordability

- Equivalised Average Household Income in Rotherham is just 70% of the England average.
- In Rotherham 34%, or approximately 36,000 households in the district, are managing on less than the minimum income needed to achieve an acceptable standard of living (varying between 55% of households in Rotherham East ward compared to19% of households in Sitwell ward)
- Although better than the South Yorkshire average child poverty in Rotherham is above the regional / national rates and appears to be increasing

Crime

- Overall crime rates amongst the lowest in South Yorkshire
- The current recession and increasing unemployment may increase levels of crime, particularly in the most deprived areas

Health

- High levels of ill-health across South Yorkshire, partly due to the areas industrial past
- Mortality rates in Rotherham above average, particularly for males
- Life expectancy improving but remains below national rates

LAND, BUILDINGS & INFRASTRUCTURE

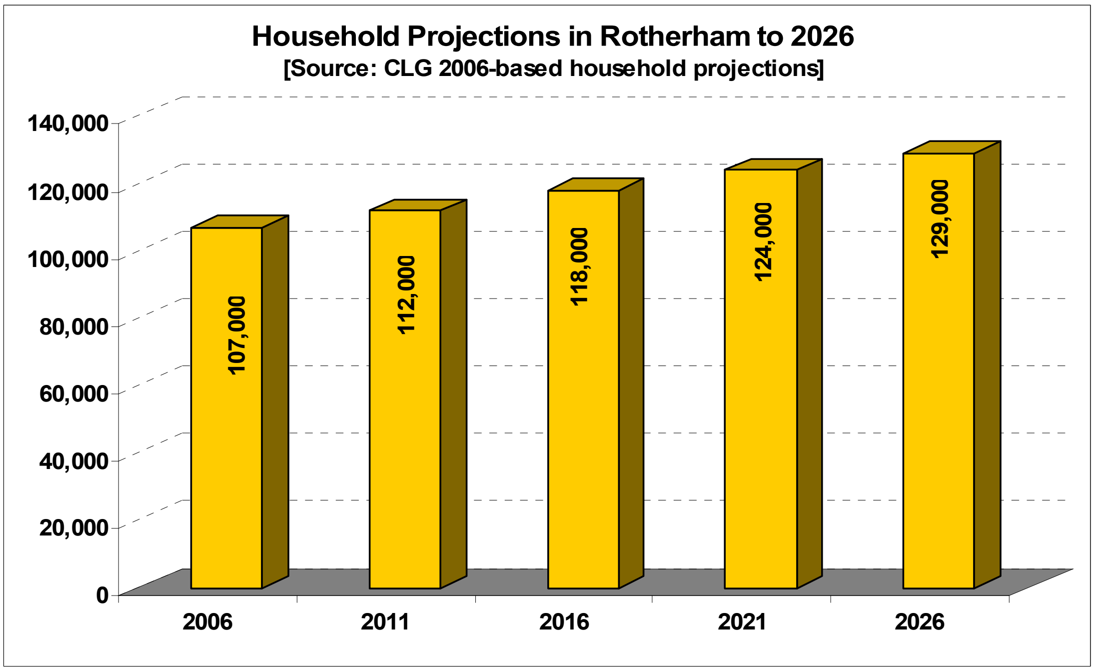
As well as promoting economic growth of the borough we must provide quality, sustainable and mixed community neighbourhoods in order to retain existing residents and attract new workers to locate here. Businesses also expect a good transport infrastructure, an attractive environment, and a good supply of business units and/or developable employment land in the right locations if they are to relocate or invest.

Housing Market:

Despite Rotherham experiencing a fall in population between 1981 and 2001 of around 5,000 people, the number of households in this period increased by over 13,000. The table below clearly indicates that the reason for this was the large increase in one-person households, particularly within the older age groups.

POPULATION - HOUSEHOLD COMPARISONS							
	Population	Households	Density	One-person households			
				All	Percentage	Under pension age	Pensioner
1981	253,200	88,839	2.85	16,235	18.3%	11,110	5,125
1991	253,700	97,854	2.59	22,742	23.2%	14,244	8,498
2001	248,300	102,273	2.43	27,828	27.2%	14,701	13,127
2006*	253,300	107,000	2.37				
2011	259,900	112,000	2.32				
2016	267,800	118,000	2.27				
2021	276,100	124,000	2.23				
2026	283,600	129,000	2.20				
Source: ONS Census 1981/1991/2001, GLG 2006-based household projections							

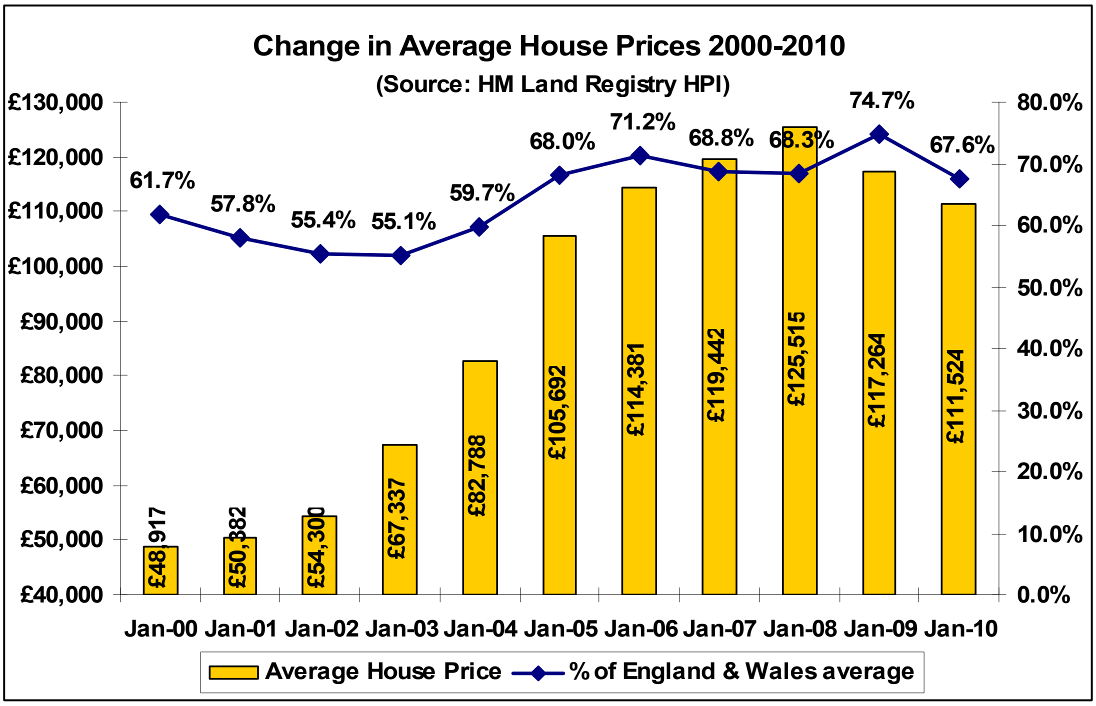
Since 2001 the population has increased and is predicted to continue (as per the ONS 2006 based sub-national population projections). In conjunction with



a predicted continuing reduction in occupation density the latest 2006-based household projections suggest that the number of households in Rotherham will increase to 129,000 by 2026.

**It should be noted that newly revised 2008-based sub-national population projections have recently been released by the ONS which show a smaller rate of population increase than the earlier 2006-based projections. The new projections suggest that the population will be over 9,000 less by the end of the 2027 compared to the old projections. The actual 2008 household projections usually follow some time later (generally several months) but as these, to a large extent, are based on the population projections it is certain that these will also show a fall – using similar density assumptions, a fall of around 4,000 on current projections could be expected.*

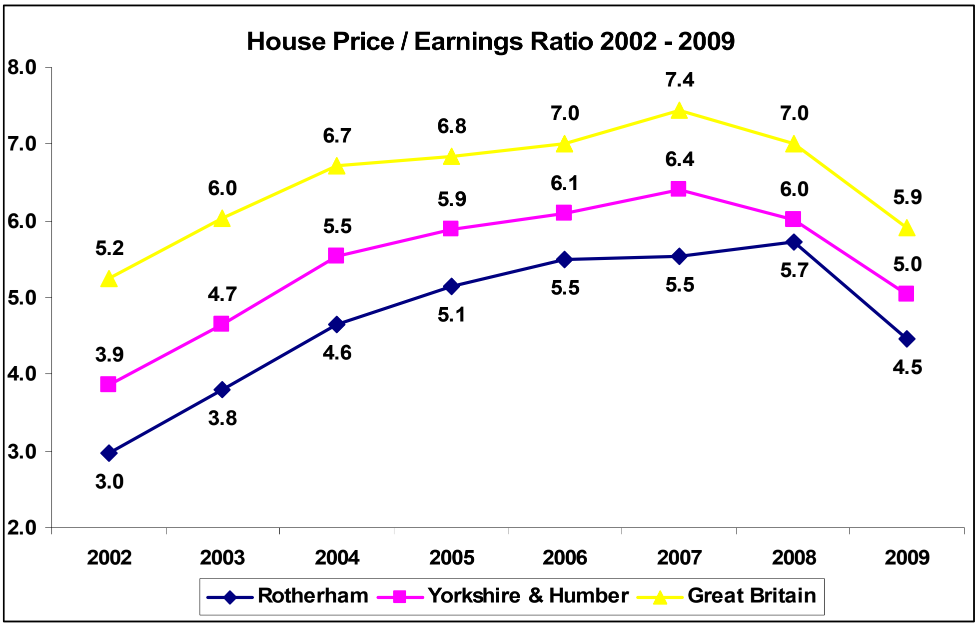
Over the last 10 years the average price of a house in Rotherham has risen significantly by 128%, despite falling back over the last two years from around the start of the recession in mid-2008. Rotherham has followed a similar pattern to changes in the regional and national averages although at a slightly faster rate of increase overall (122% in Yorkshire & Humber, 108% in England & Wales).



The average house price in Rotherham (January 2010) is £111,524, 76.6% of the national average price of £258,105, and 89.3% of the regional average price.

Average House Price Comparison					
	Detached (£)	Semi-Detached	Terraced (£)	Maisonette / Flat (£)	All (£)
Rotherham	191,531	102,498	62,608	81,761	111,524
Yorkshire & Humber	208,315	113,162	79,921	112,287	124,939
England & Wales	258,105	155,962	125,090	157,978	165,088
Source: HM Land Registry January 2010					

Whilst high house prices can be a sign of wealth in the local economy they can also cause problems with affordability – house price to earnings ratios[46] have increased substantially from 2002 although they have fallen back for 2009. The ratio has increased comparatively more quickly in Rotherham than regionally or nationally but house prices in Rotherham remain relatively more affordable.

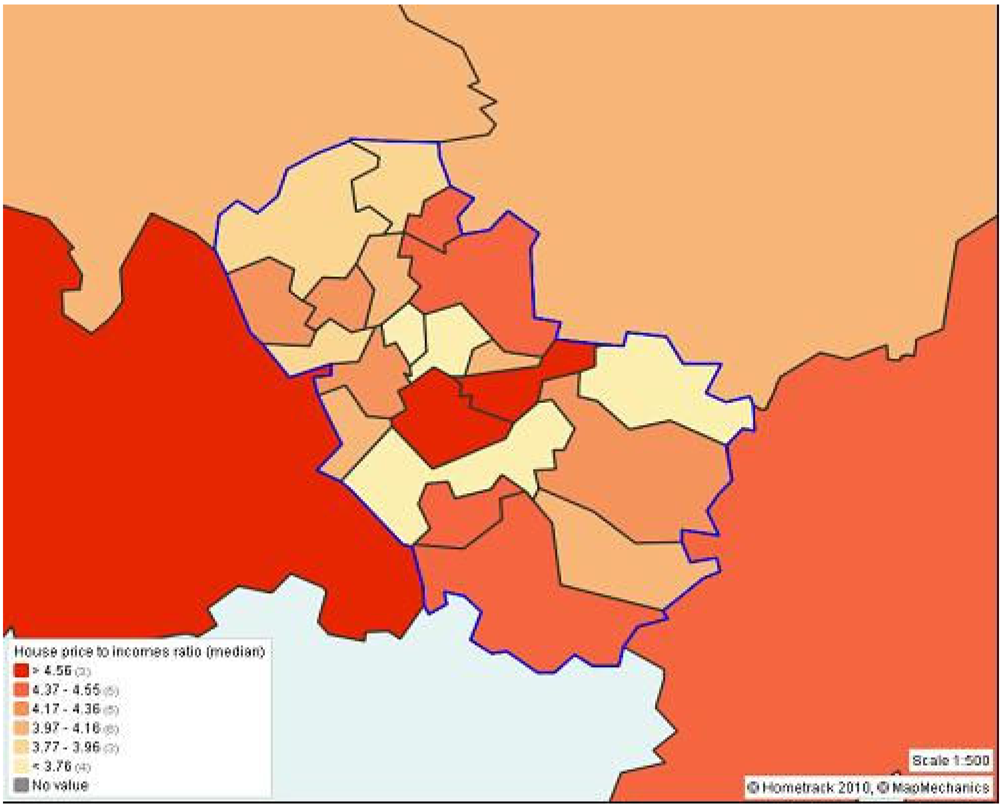


Source: ONS ASHE, HM Land Registry HPI

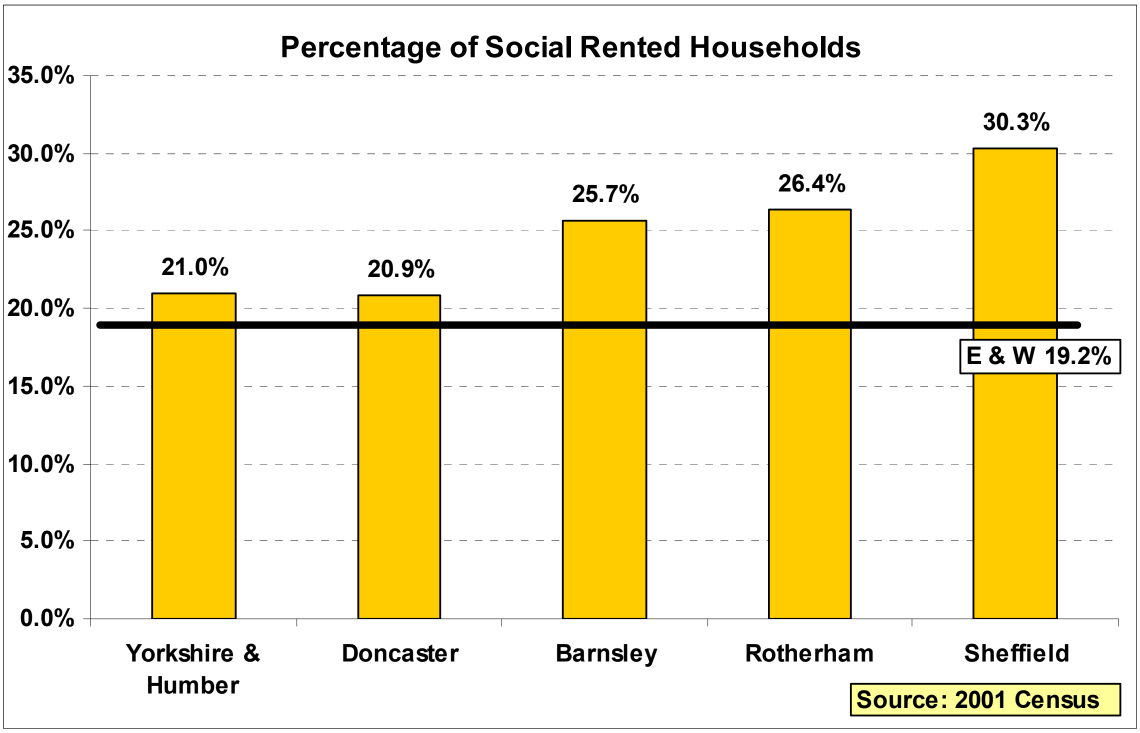
Earnings data relates to a single person in full time employment but the majority of households have more than one earner. Data from Hometrack[47] indicates that affordability in Rotherham based on household disposable incomes is 4.3:1, compared to a regional ratio of 4.8:1. The lower quartile house price to income ratio in Rotherham is 4.9:1

Affordability varies across the borough with some areas having a house price / income ratio above 4.56 as in the map showing ward boundaries below. Wards to the south of the town centre from roughly Moorgate through to Wickersley and out to Hellaby have a higher ratio, reflecting their desirability and high house prices. Other areas, such as the west of Maltby have lower ratios.

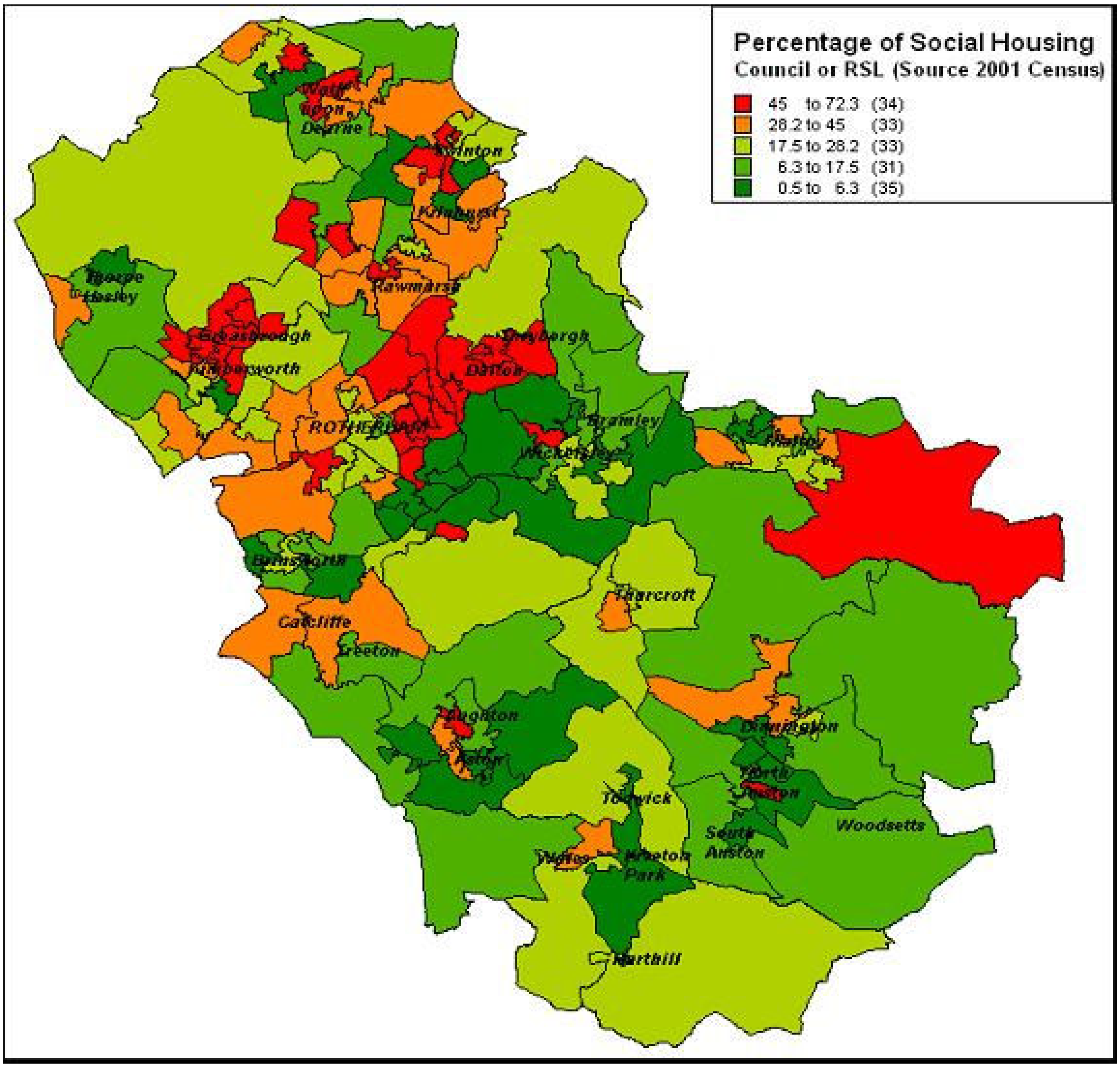
[46] *Earnings taken from ONS ASHE for full-time resident employees, gross median salary. House prices for June each year taken from HM Land Registry House Price Index.*
[47] *Hometrack is the UK's leading provider of residential property and housing information.*



Rotherham has relatively low levels of home ownership compared to the national average with correspondingly high numbers in social rented accommodation, rented from the council and registered social landlords (RSL's). All districts across South Yorkshire are above average in terms of social rented housing -



The map below shows those areas which have the highest levels of social housing by Lower Super Output Area (LSOA), the rate varying from as low as 1% in the Moorgate area to over 70% in two LSOA's covering the area around East Herringthorpe.



There are 46,000 homes in Rotherham which fall within the South Yorkshire Housing Market Renewal Pathfinder area – a government initiative to change the housing market and attract people back into areas that have become unpopular. This will hopefully help to encourage long-term investment in these areas, broaden housing choice and ensure that house values at least hold their value relative to the prices of housing elsewhere.

Future Requirements:

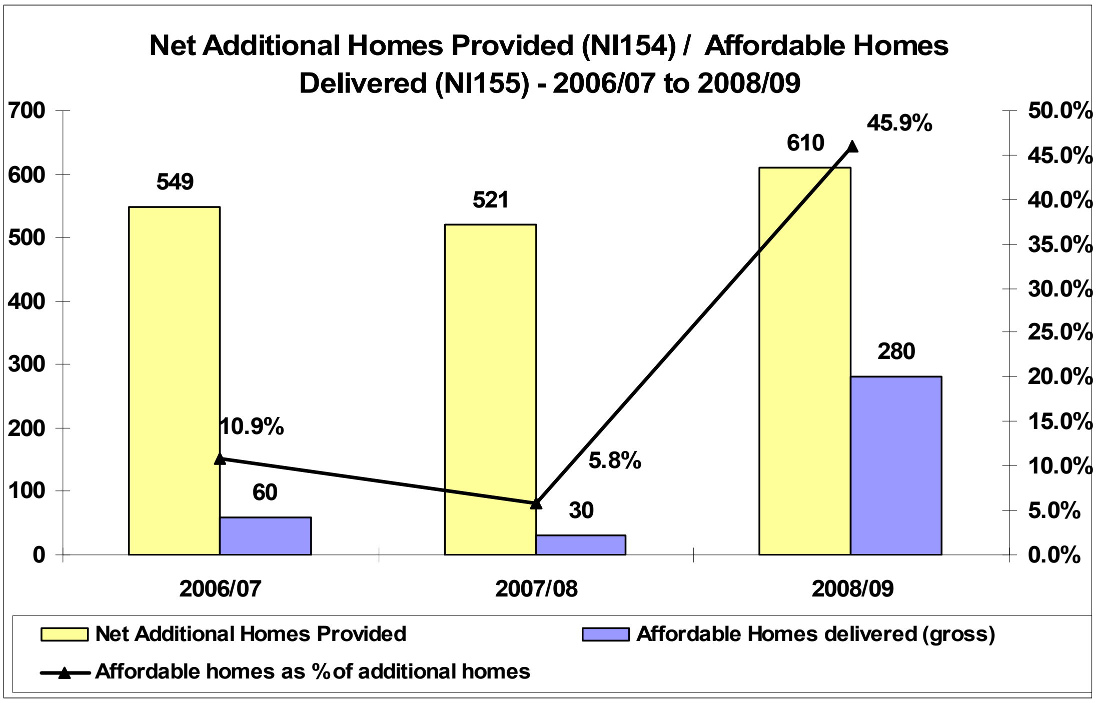
The Yorkshire & Humber Regional Spatial Strategy 2004-2026 sets out for each local authority within the region an annual net additional[48] homes target

---

[48] *The net increase in dwelling stock over one year is calculated as the sum of new build completions, minus demolitions, plus any gains or losses at the same address. Good performance is typified by an increase in numbers of net additional homes.*

– for Rotherham this was 750 between 2004 and 2008, and from 2008 to 2026 this is increased to 1,160 per year. *It has recently been announced that Regional Spatial Strategies will be scrapped in the near future and local authorities will be responsible for determining their own housing requirement – further guidance is awaited.* A full housing trajectory showing past performance and an annual requirement to 2026 taking into account actual and projected housing completions is available in the Annual Monitoring Report which forms part of the Local Development Framework.

Performance for the last three years in the provision of new homes (new national Indicator NI 154) and in the number of affordable homes delivered (new National Indicator NI 155) is shown in the chart below –



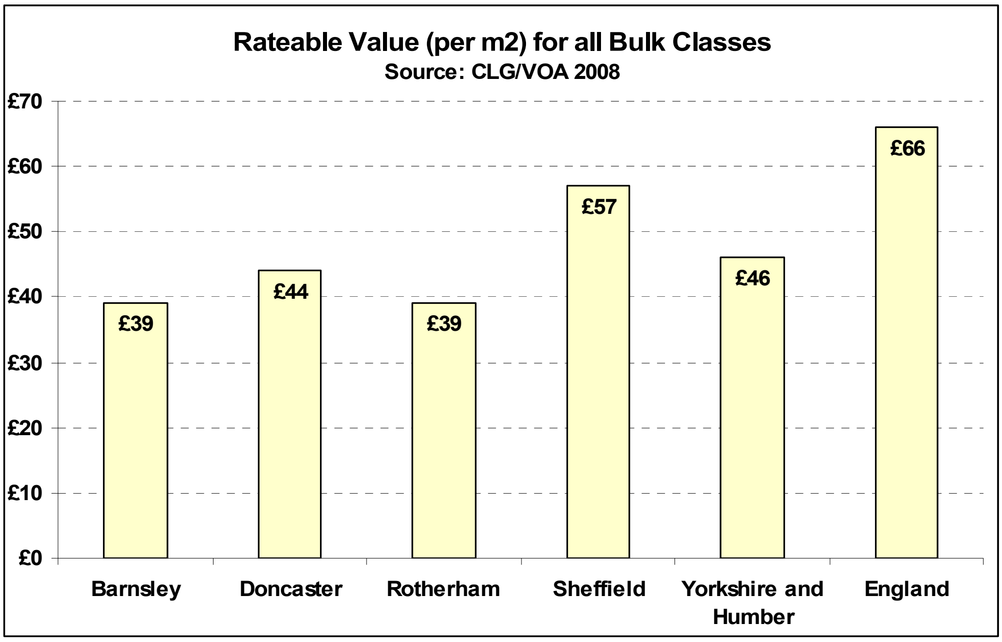
The number of affordable homes tends to fluctuate widely from year to year but by comparison the percentage of affordable homes delivered for all England in 2008/09 was 33.5% and 20.0% for the region. Obviously by far the majority of new homes are built by the private sector and the economic downturn which began in the middle of 2008 has impacted severely on the house builder / construction sector. The number of housing completions in the next few years will be strongly dependent on how quick the housing market and the wider economy recover.

Commercial and Industrial Land & Floorspace:

An overview of the number and types of commercial and industrial premises across the borough can be found from data collected by the Valuation Office Agency (VOA) and processed by Communities and Local Government. This dataset presents commercial and industrial floorspace and rateable value statistics as at 1st April 2008 as classified for the current revaluation period (2005). This dataset provides information on five different types of commercial and industrial premises (known as hereditaments[49]), these are broadly known as 'bulk classes' and include the following premises as shown in the table below -

Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2008				
	Count	Floorspace sq m (000's)	Rateable Value £,000's	Rateable Value per sq m (£)
Retail	2,136	428	43,802	£102
Offices (total)	1,070	259	15,279	£59
(Commercial Offices)	*(909)*	*(190)*	*(11,570)*	*(£61)*
(Other Offices)	*(161)*	*(69)*	*(3,709)*	*(£54)*
Factories	1,424	1,645	40,724	£25
Warehouses	732	698	20,911	£30
Other Bulk Premises	242	87	2,311	£27
Total of all Bulk Classes	**5,604**	**3,117**	**123,027**	**£39**
Source: GLG, Valuation Office Agency(VOA)				

The rateable value of a hereditament is based on the value at which a property might be expected to be let for one year a comparison of rateable value for all bulk classes is shown in the chart below –

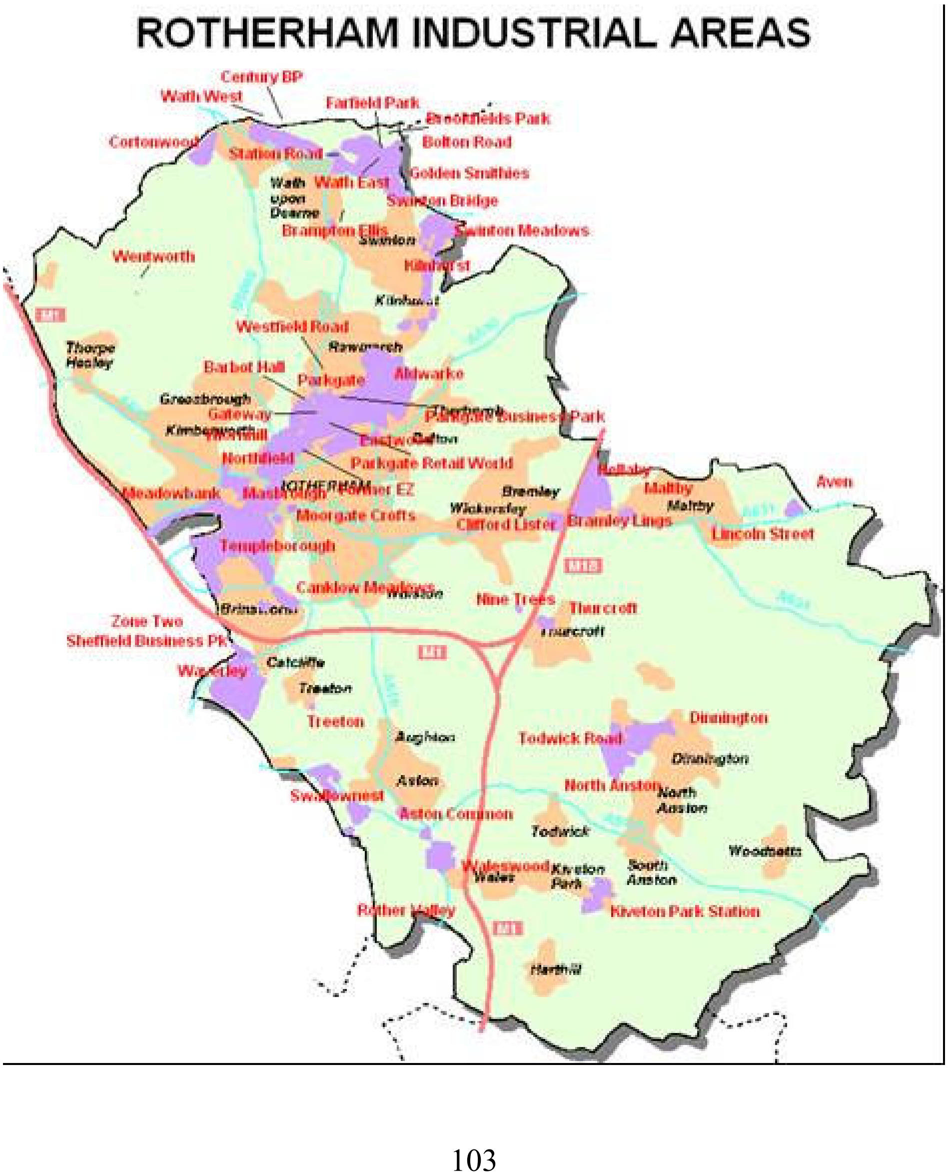


[49] *Hereditaments that do not fall into one of the five bulk classes are collectively known as the 'non-bulks'. The non-bulk category includes premises rated using other criteria (for example, turnover, in the case of public houses, the most prevalent non-bulk hereditament type), or those that are not conventional premises, such as ATMs (cash points), boating lakes and advertising rights.*

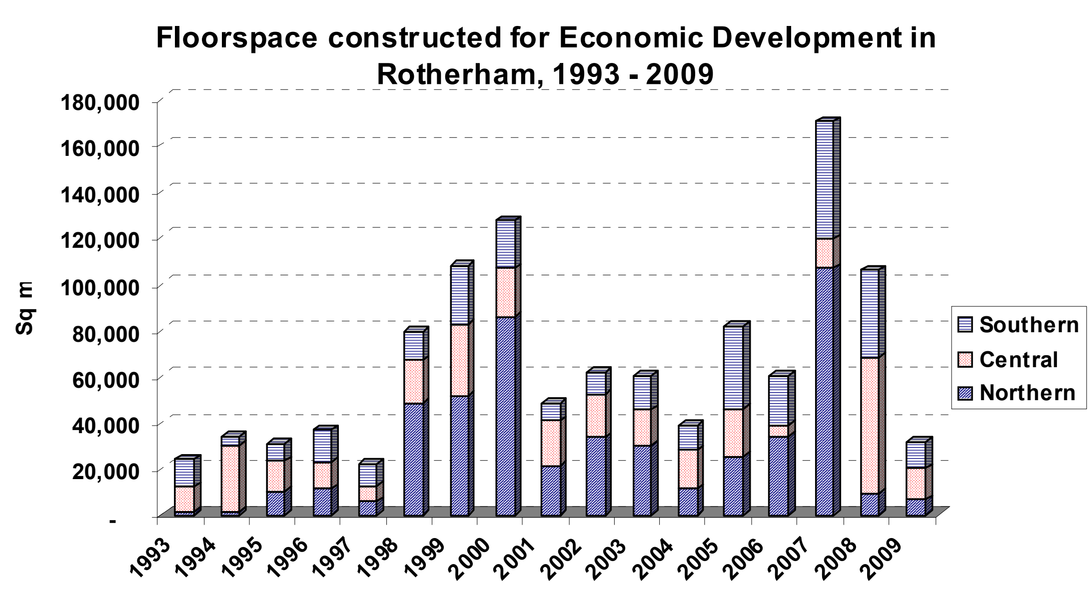
Although various factors affect this value, including location and age, a major determinant of rental value is floorspace area. Cities will also tend to have higher rateable values, as highlighted by Sheffield having by far the highest average in South Yorkshire. Values for each bulk class in table below –

Comparison of Rateable Values (£ per m2)						
	Retail	Offices	Factories	Warehouses	Other Bulk Premises	Total
Barnsley	£88	£62	£25	£27	£26	£39
Doncaster	£96	£63	£24	£35	£26	£44
Rotherham	£102	£59	£25	£30	£27	£39
Sheffield	£153	£89	£20	£32	£29	£57
Yorkshire and Humber	£113	£80	£23	£30	£26	£46
England	£130	£121	£29	£40	£32	£66
Source: GLG, Valuation Office Agency(VOA), 2008						

A local survey on the main employment sites in Rotherham is carried out annually to provide more detailed information on industrial land and floorspace including new construction, land uptake, availability and vacancy rates. The main industrial estates / business parks covered are highlighted on map below -



The net total floor-space on Rotherham's employment sites had reached over 2.84 million square metres[50] by the end of 2009. Between 1999 and 2009 there has been an increase of 643,000 sq. m. – i.e. 22.68% of the total floorspace has been constructed within the last 10 years. The breakdown is shown in the chart below, with 1999/2000 seeing very large floorspace constructed, mainly due to developments in the north of the borough, particularly in the Manvers area of the Dearne Valley. The very high floorspace construction seen in 2007 was mainly a result of the large distribution warehouses built for Next. The impact of the recession can be seen in 2009 with a much reduced rate of new floorspace construction.



Source: RMBC

Floorspace vacancy rates have tended to fluctuate between around 8% to 13% - some of the higher figures often due to 'spec' built units.

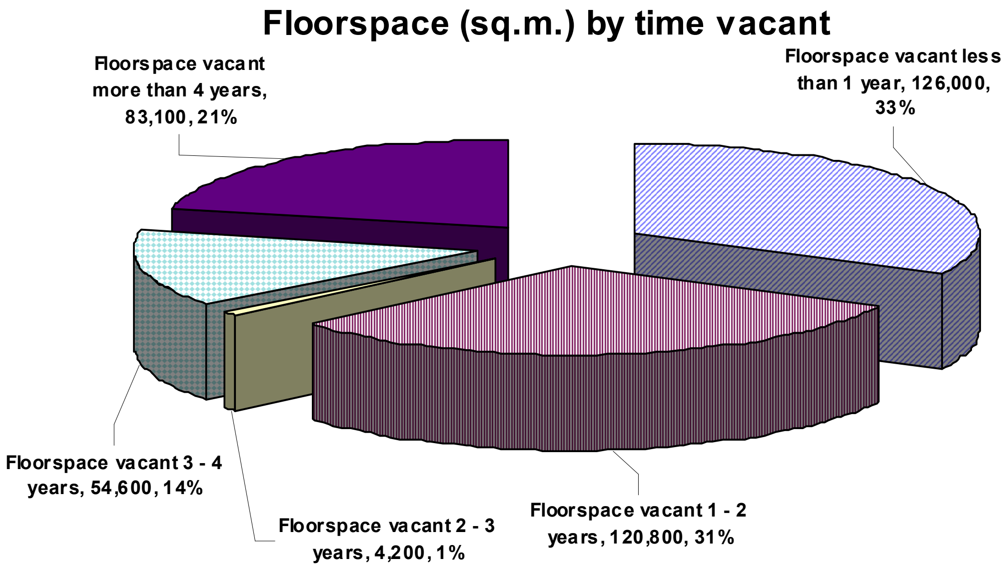
Year	Total Floorspace (Sq m)	Floorspace Vacant (Sq m)	Floorspace Occupied (Sq m)	Vacancy Rate (%)
1999	2,196,321	185,438	2,010,883	8.4
2000	2,320,851	300,897	2,019,954	13.0
2001	2,359,256	267,519	2,091,737	11.3
2002	2,399,785	235,121	2,163,707	9.8
2003	2,449,774	254,017	2,195,757	10.4
2004	2,483,462	247,307	2,236,155	10.0
2005	2,563,176	307,075	2,256,101	12.0
2006	2,598,762	348,452	2,250,310	13.4
2007	2,747,407	283,960	2,463,447	10.3
2008	2,822,897	313,340	2,509,577	11.1
2009	2,838,987	388,734	2,450,253	13.7
Change 99-09	642,666	203,296	439,370	5.3

Source: RMBC

[50] *Net floorspace accounts for floorspace constructed less floorspace demolished.*

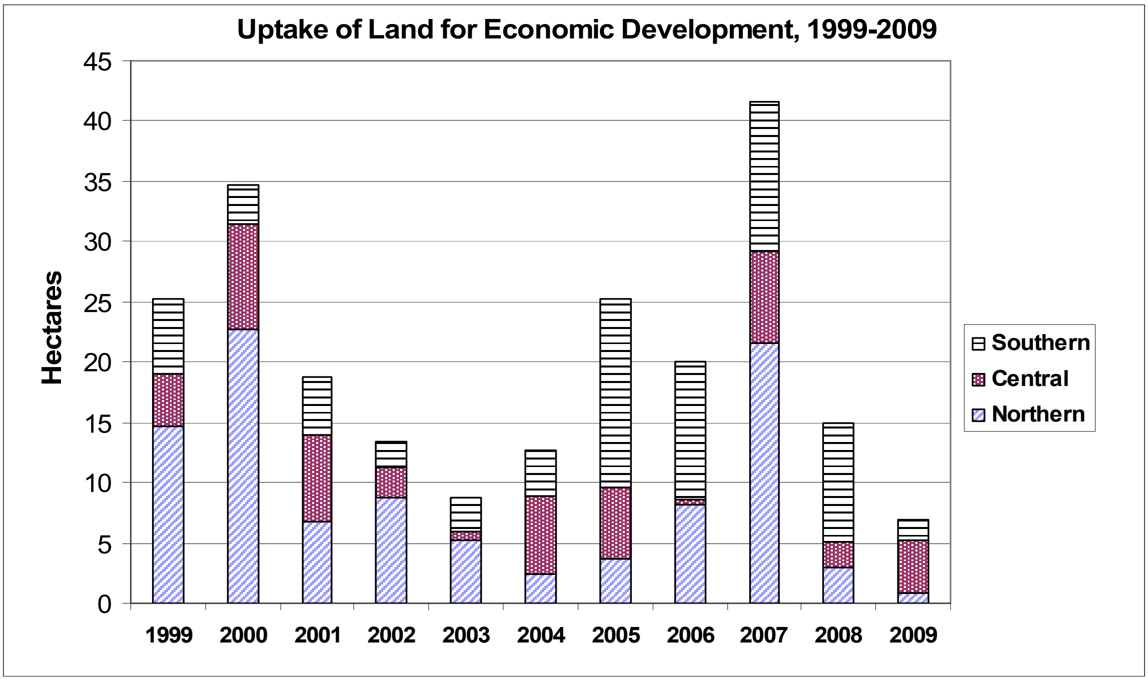
The latest vacancy rate has increased sharply due to the downturn in the local economy caused by the UK recession following closure / contraction of some companies within the borough. Some level of vacancy is healthy to allow for natural 'churn' in the market and to allow for a good selection of properties readily available to let / for inward investment.

As may be expected given the current market, floorspace under construction at the end of 2009 is lower than the end of 2008 with some representing the completion of applications from pre-recession. New units constructed have seen an influx of tenants from older units or from recently constructed units where terms may not be so generous. At the end of 2009 36% of vacant floorspace had been vacant for more than 2 years and 21% had been vacant for more than 4 years (although this represents just 2.9% of the total floorspace).



Source: RMBC

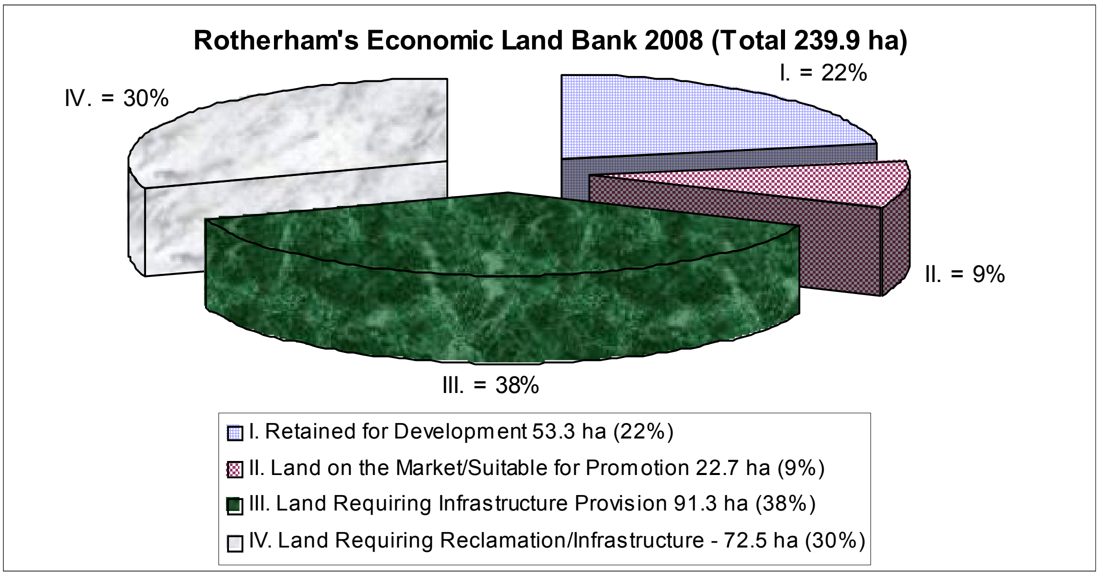
In 2009 there was 6.96 hectares of land taken up for economic development (64% in the Central area), lower than for many years and well below the long-term average. The average annual rate of land developed for economic purposes over the past five years is 21.8 hectares. A further 10.0 hectares was under development at the end of 2009.



Source: RMBC

In 2009 there were 232.6 hectares of available undeveloped land in Rotherham identified for industrial or mixed use. Of this total, only 130.8 hectares (56%) could be promoted in the short term:

- 22.7 hectares (10%) of this economic land bank was immediately available for economic purposes
- 108.1 hectares (46%) required infrastructure development,
- 55.8 hectares (24%) required reclamation and infrastructure development before it could be utilised for economic purposes – most of this being in private ownership.
- 45.9 hectares (20%) were committed to or retained by industry for future development.



The progress made in 2009 compared to 2008 is shown in the following table. The amount of land requiring reclamation fell by 16.7ha, which was due to further land at Waverley being reclaimed.

Category	2008		2009	
	ha	%	ha	%
Category I (Retained for Development)	53.3	22	45.9	20
Category II (Land on the Market/Suitable for Promotion)	22.7	9	22.7	10
Category III (Land Requiring Infrastructure Provision)	91.3	36	108.1	46
Category IV (Land Requiring Reclamation/Infrastructure)	72.5	32	55.8	24
Total (ha / %)	239.9	100	232.6	100

Source: RMBC

As a comparison, in 2003 there were 176.5 hectares of land that required reclamation in the borough.

A recent report[51] by national commercial property consultancy, Lambert Smith Hampton (LSH), showed that South Yorkshire still has an oversupply of large distribution units with the majority of supply located around the M1 and M18 corridors. The oversupply is attributable to the scale of speculative development which has taken place in previous years. The well-located estates in Rotherham performed well throughout 2009, with the sub 50,000 sq ft units driving this market forward. Occupiers are drawn to the primary locations and, in particular, motorway junctions, with similar headline rental figures to the previous year being achieved. However, despite the strong activity, prime rental values fell by -13.6% in Rotherham.

Future Employment Land Requirements:

In order to assist the preparation of the Local Development Framework (LDF) the Council carried out an employment land review (ELR) in 2007. Since the completion of the ELR in May 2007 a number of things have changed, not least the economic downturn which began to impact on Rotherham in mid-2008. A revised ELR was begun in 2009 and emerging conclusions from this give guidance to the amount of employment land needed to be allocated in Rotherham to cover the period to 2027 and provides a schedule of sites in the most appropriate locations in terms of size and types.

Draft conclusions from the 2009 ELR update include:

- An identified need for around 250 hectares of land to be required to meet future employment needs to 2027.
- It is envisaged that around an additional 5 hectares of land for office floorspace will be required to 2027. Opportunities at present are limited in many of the borough's centres however these, and in particular Rotherham town centre, should be the prime focus for new office development in the future.
- The maintenance of a portfolio of at least a 5 year supply of market ready employment sites to be maintained.

[51] *National Industrial & Distribution Report 2010*

It should be noted that future requirements will be finalised and taken forward through the LDF and will be subject to further revision in the future. The draft Core Strategy of the LDF aims to support Rotherham's economic performance and transformation by:

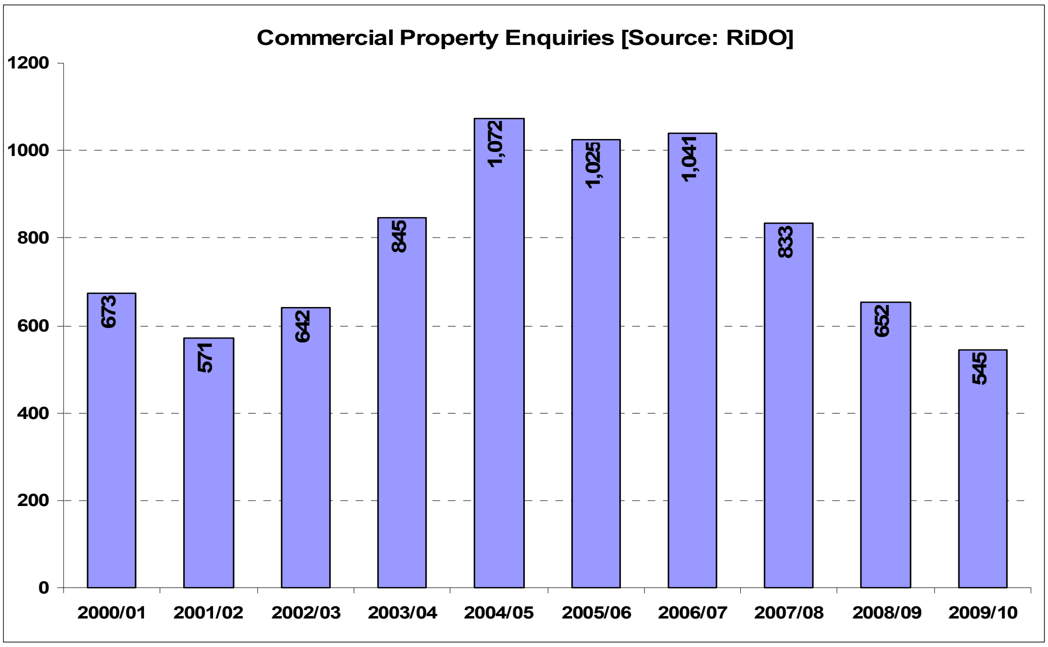
- Ensuring that a range of sites and premises are made available for economic development, through the protection of existing employment sites and the allocation of new sites to meet modern economic requirements.
- Identifying sites in general and strategic employment areas which are well served by a range of means of transport and are accessible to Rotherham's communities, in particular those within areas of highest deprivation
- Ensuring that sites which are accessible by rail or waterways are retained for economic development and utilised by end users wherever possible
- Targeting the following priority sectors:
    1. Creative and Digital Industries
    2. Advanced Manufacturing and Materials
    3. Environmental and Energy Technologies
    4. Construction Industries
    5. Business, Professional and Financial Services; and
    6. Food and Drink
- Encouraging developments which support small and start-up businesses, business incubation schemes, and low carbon industries and developments, particularly those which support the Dearne Valley Eco-vision
- Promoting access to education and training to improve the skills of all sections of the community necessary for Rotherham's future economic prosperity

The location of strategic employment sites is subject to further consultation but likely allocations include the following key areas:

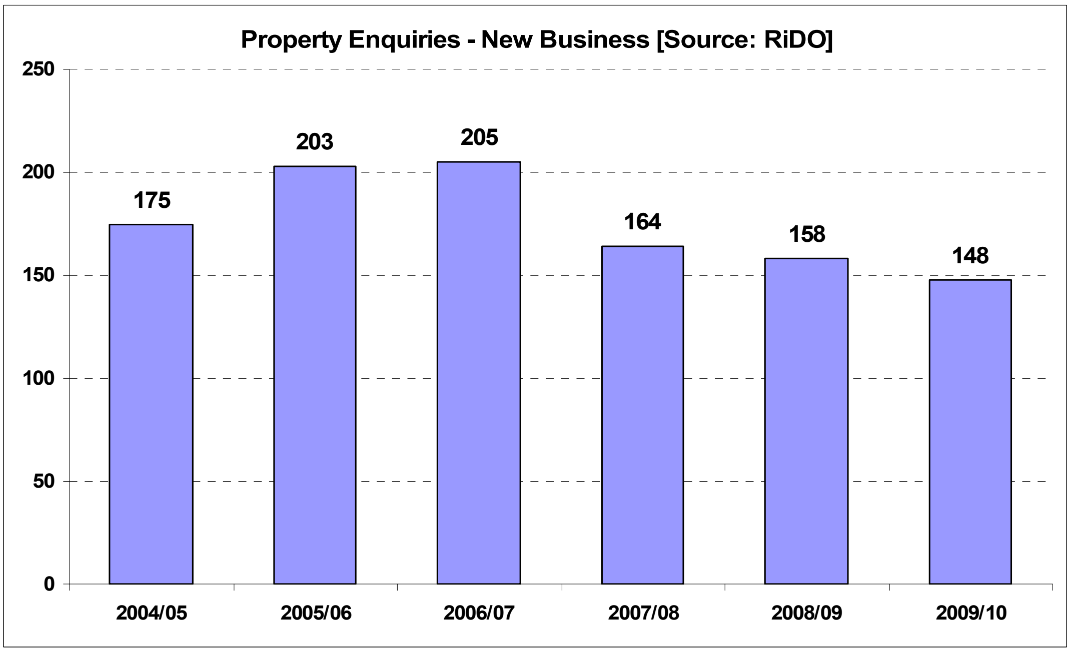
- Rotherham urban area (along the Templeborough corridor between Rotherham town centre and Meadowhall)
- Wath (Manvers)
- Dinnington
- Maltby / Hellaby / Bramley; and
- Waverley (including the Advanced Manufacturing Park)

Commercial Property Enquiries / Inward Investment:

Rotherham Investment & Development Office (RiDO) is the regeneration arm of Rotherham Metropolitan Borough Council and provides a free commercial property search service to individuals and businesses looking for property within the Rotherham borough. From 2001/02 to 2004/05 enquiries had grown steadily year on year, until they reached a peak of just over 1000 enquiries annually from 2004/05 to 2006/07. However, due to the crisis in the financial markets and the subsequent recession, enquiries then started to fall each year since 2006/07. The rate of the drop in enquiries is starting to ease and although we expect there to be below 600 enquiries during 2010/11, we remain hopeful that the markets will pickup afterwards.

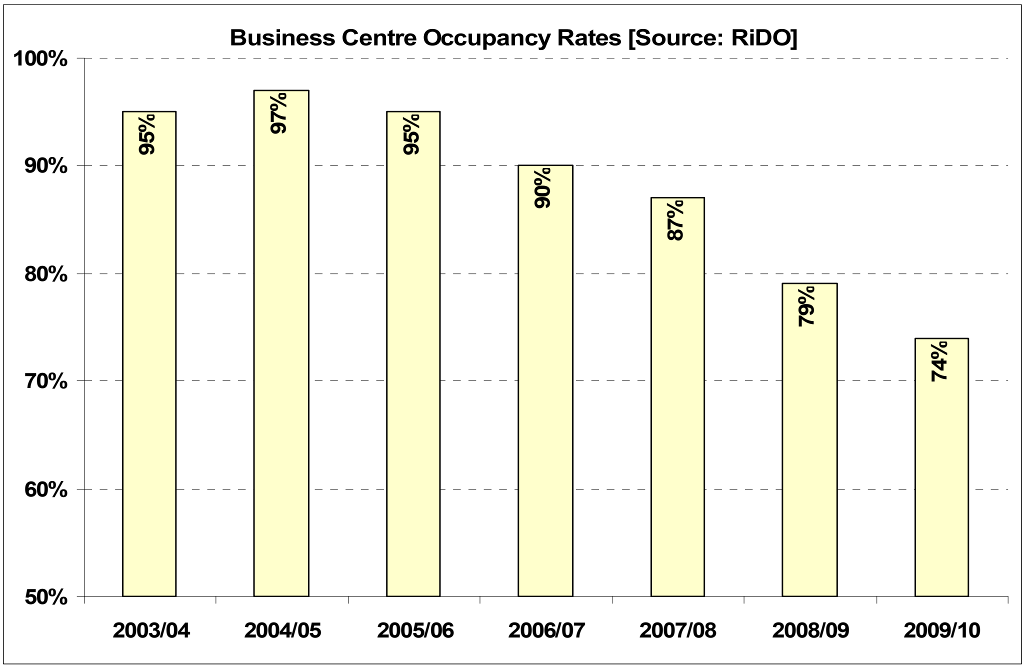


Property enquiries for new start businesses have been falling in line with general property enquiries since 2006/07, however, the rate of decline has not been as marked. This is because many people who have been facing redundancy or struggling to enter the job market have decided to start a business themselves, a further breakdown of our enquiries shows that most demand for office and industrial units is at the smaller end of the market - which is typically properties sought after by start-ups.

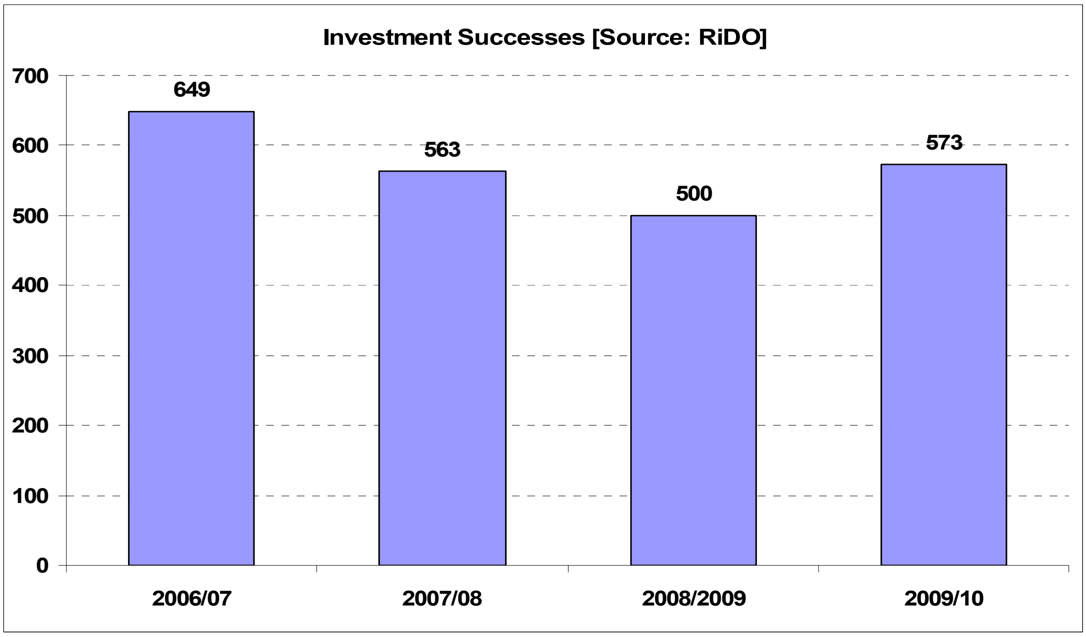


Occupancy at the RiDO managed business centres (Century, Moorgate, Fusion@Magna but excluding Matrix@Dinnington which has only recently opened) has been gradually falling since 2004/05. The relatively recent opening of Fusion will also have had some impact on these figures. The centres operate easy in / easy out lease terms, but are restricted to start-up businesses, many of whom started at home. Due to the financial climate many of the tenants have been looking to save on costs, and for many, the simplest option was for them to terminate their lease and move back home. Another factor is that one of the centres, Moorgate Crofts, had a specific target group of financial/service sector companies, this sector was especially hard hit in the recent recession.

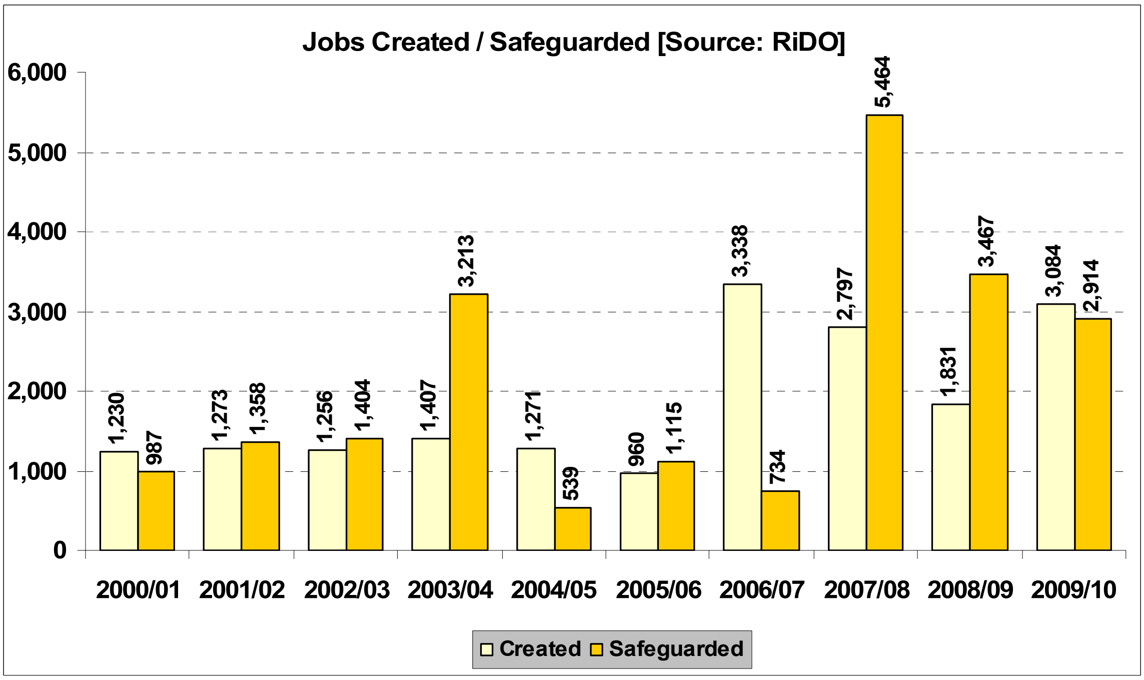
A point worth mentioning is that the target occupancy for the centres is 85%, not 100%, this is because they are "incubation centres", ideally a business should grow and move out, so there needs to always be room for new businesses to move in and start the growth process.



Investment successes are defined as any business occupying a property within Rotherham, this could be due to a new business starting up or an existing business expanding or relocating. Due to the financial climate we have understandably seen a fall in investment successes since 06/07, however, we saw a significant rise in 09/10 of 15%. This could be due to a number of factors, but is mostly likely due to businesses looking to relocate, either to downsize or to take advantage of the lower property values / rentals.

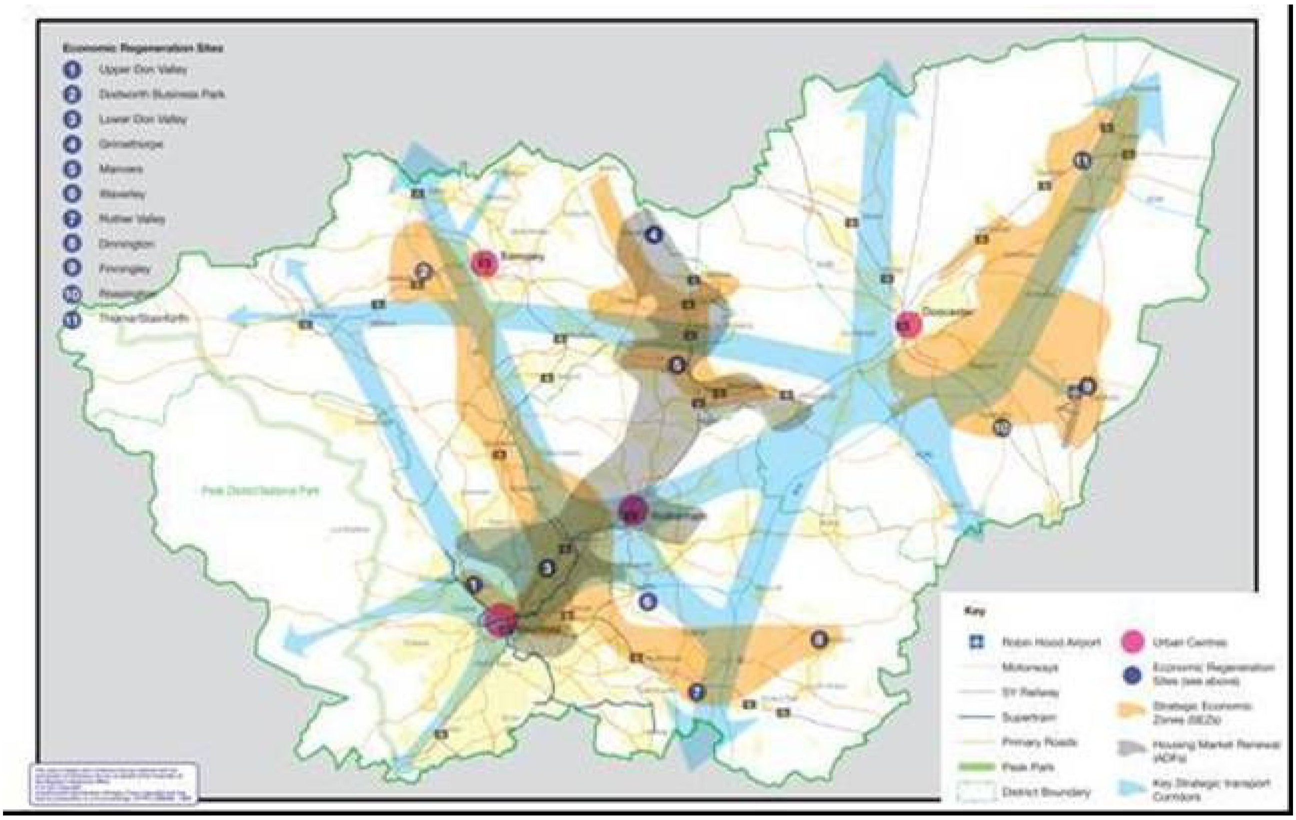


RiDO track the number of companies locating / expanding in the borough and calculate the number of jobs that have been created or safeguarded. The number of jobs created in the borough has been falling from 2006/07 to 2008/09, but then saw a surprising increase of 68% for 2009/10. It is important to note that these jobs are counted when the jobs are announced and not created and there were a number of significant announcements during 09/10. These include the 300 jobs to be created at the Nuclear AMRC, 90 jobs at a new Pegler factory in Manvers and significant investments from Metalysis, Sandvick & Cash4Gold. *Note these figures are not net – i.e. they do not take account of job losses*



Transport:

Poor transport links will act as a barrier to long term sustainable economic growth and strong evidence that Rotherham and Sheffield share a single economy means it is essential that good transport links exist between the two. Transport strategy and planning is covered by the South Yorkshire Local Transport Plan (SYLTP), a jointly developed plan by the four South Yorkshire authorities and the Passenger Transport Executive. Key strategic transport corridors and future growth areas are shown on the map below.



Of particular relevance to Rotherham are the identified key economic regeneration sites at Manvers, Waverley, Dinnington, and Rother Valley in the borough, but also the Lower Don Valley area just over the border in Sheffield.

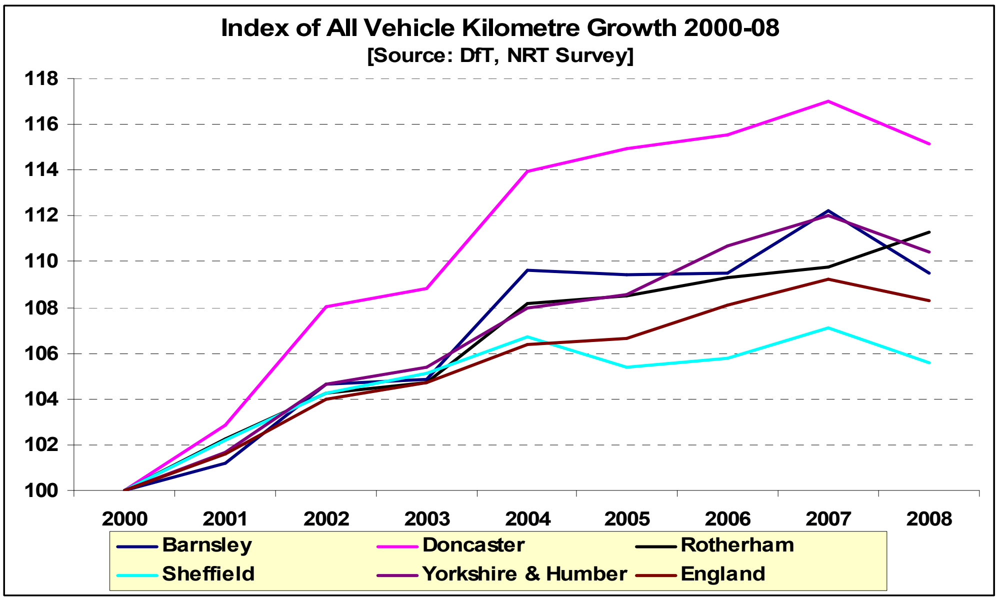
The current rail link, particularly to Sheffield, with low capacity and irregular services, needs improvement, while road transport suffers from congestion around the M1 junctions and on the main approaches into the town and through Parkgate. Traffic flow between Rotherham and Sheffield is slowed at either end of Tinsley viaduct (particularly at the south) by roundabouts; consideration should therefore be given to improving traffic flow in this area as the two economies are so integrally linked. Potential long term solutions include extending Supertram or provision of a Bus Rapid Transport (BRT) system, with a park-and-ride scheme. A new link road at Waverley and the A57 M1 Junction 31-Todwick Crossroads scheme, improving access to Dinnington, are shorter-term interventions.

Equally important are transport links to other major cities (such as Leeds, Manchester and London), as potential markets for local businesses, as well as providing a pool of skilled labour and higher-paid jobs for Rotherham residents. Rotherham, unlike Sheffield and Doncaster, is disadvantaged by not having any direct rail service to London. Rotherham is accessible to three international airports, Robin Hood (19 miles), Manchester (49 miles) and East Midlands (50 miles). Manchester is by far the largest of these airports, with the widest range of destinations, and trans-Pennine links need improvement, particularly by rail.

Evidence suggests that expanding and successful economies tend to generate an increase in commuting and freight transportation, with associated congestion problems. The increase in traffic volumes / distance travelled is clearly illustrated in the table below, with all areas in South Yorkshire seeing significant increases up to 2007.

Million vehicle kilometres - All Vehicles 2000-2008					
	2000	**2005**	**2006**	**2007**	**2008**
Barnsley	1,742	1,906	1,907	1,955	1,907
Doncaster	2,666	3,065	3,081	3,119	3,069
Rotherham	2,147	2,329	2,347	2,356	2,389
Sheffield	2,571	2,710	2,719	2,754	2,715
Yorkshire & Humber	38,502	41,794	42,612	43,128	42,525
England	402,890	429,705	435,658	440,156	436,325
Source: DfT, National Road Traffic Survey					

Road traffic nationally fell in 2008 for the first time since monitoring of this dataset began in 1993 – factors are likely to have been the large increases in fuel prices and the impact of the recession. Interestingly traffic volumes in Rotherham continued to rise by 1.4%. Over the full period since 2000 Doncaster showed the largest percentage increase in overall traffic volumes (15.1%) but Rotherham was also above the regional and national rates of increase at 11.3%.



Possible solutions to ever increasing traffic volumes include moving people from their cars to public transport and transfer of road freight onto rail.

However, transport links within the borough must provide the opportunity for all residents to access the employment and training opportunities which will be created; this is of particular importance to those people from the more deprived areas who are often reliant on public transport. Any improvements to the transport infrastructure are challenging due to the high costs involve, particularly in the current economic climate, and are largely dependent on support and funding from Central Government.

Land, Buildings & Infrastructure: Key Issues

Housing market

- Despite a fall in population between 1981 and 2001 of around 5,000 people, the number of households in this period increased by over 13,000 (large increase in one-person households)
- Prediction for 129,000 households in Rotherham by 2026 (20% increase, but this is likely to be revised downwards in 2008-based projections)
- Housing remains relatively more affordable at 77% of national average price (90% of regional) but house price to earnings ratio has increased substantially, particularly in the more desirable parts of the borough
- Higher levels of social rented housing (26.4%) than nationally (19.2%)

Future housing requirements

- Net housing completions currently below the level required to meet the targets given to Rotherham within the Regional Spatial Strategy
- Current economic downturn impacted severely on the house building / construction sector
- Affordable housing completions were high in Rotherham in 2008/09 but the amount of affordable housing provided in future years is primarily linked to an improvement in the overall market

Commercial and industrial land / floorspace

- Rateable values in Rotherham comparatively low across all classes
- 2.84 million sq m of floorspace on the main industrial estates with over 22% constructed within the last 10 years
- Vacancy rates rising in current recession with some older units in less desirable locations being long-term vacant.

Future employment land requirements

- Identified need for around 250 hectares of employment land to 2027
- Additional 5 hectares of office space required – Rotherham town centre should be the prime focus
- Need to keep a 5 year supply of market ready employment sites, offering a range of size and type in attractive locations

Commercial property enquiries / inward investment

- Overall property enquiries have fallen over last few years but declined less for new-start businesses
- 2009/10 shows an encouraging increase in number of jobs 'created'

Transport

- Need for improved transport links, road and public transport, particularly to the Rotherham-Sheffield corridor
- Congestion at peak times on some routes in/out of Rotherham
- Bus Rapid Transport scheme currently being planned to connect Sheffield and Rotherham centres, incorporating new Waverley development

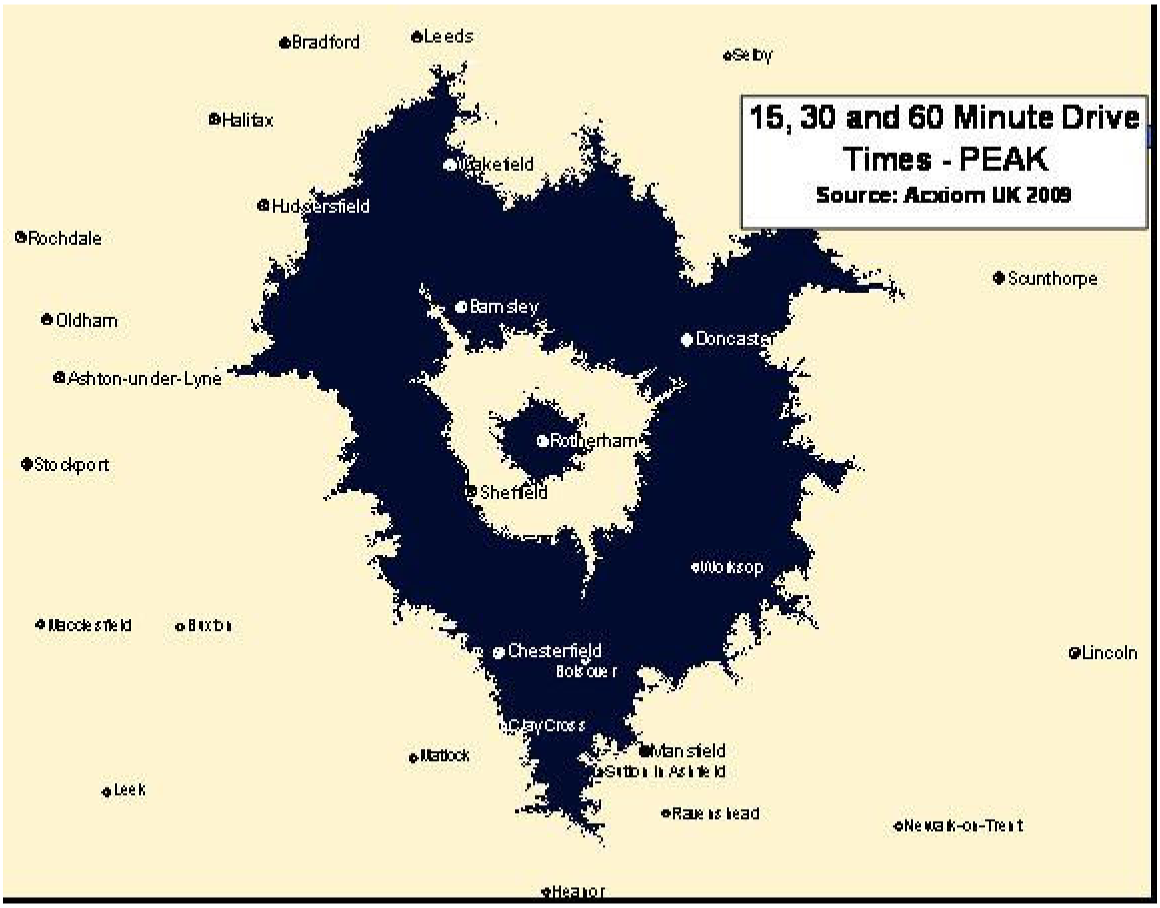
ENVIRONMENT

It is becoming increasingly important to consider the impact of local economic development on the environment and how the local economy will be affected by a transition to a low-carbon economy. Whilst it is important that Rotherham invests its efforts in those sectors of the economy that illustrate growth and where it has a competitive advantage, the environmental implications must be considered throughout. Some of the key challenges will be –

- Decoupling the link between economic growth and the environmental harm it can cause;
- Focusing on environmental and technology sectors;
- Improving local supply chains, the use of local services and employing local people;
- New developments using sustainable and/or recycled construction materials and improving their energy efficiency;
- Reducing levels of CO_2 produced by travel and transportation.

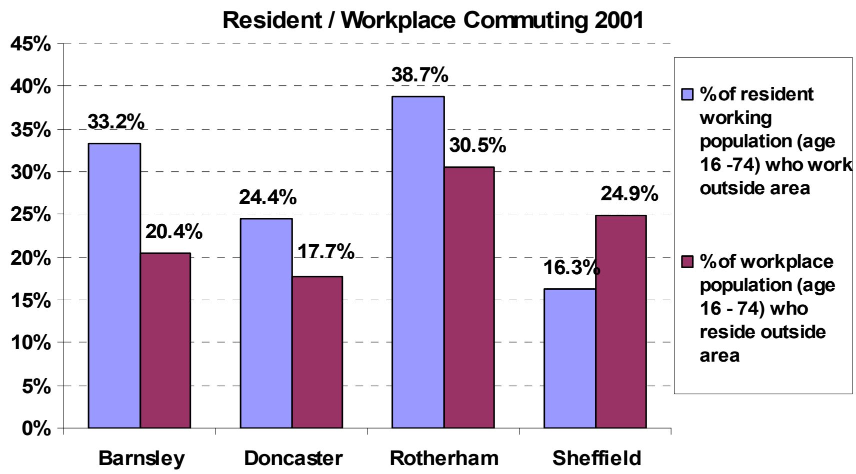
Commuting / travel to work:

Rotherham's economic relationships and the strong links that exist with Sheffield, including commuting between the two centres, were briefly discussed in the economic relationships section of the introduction.

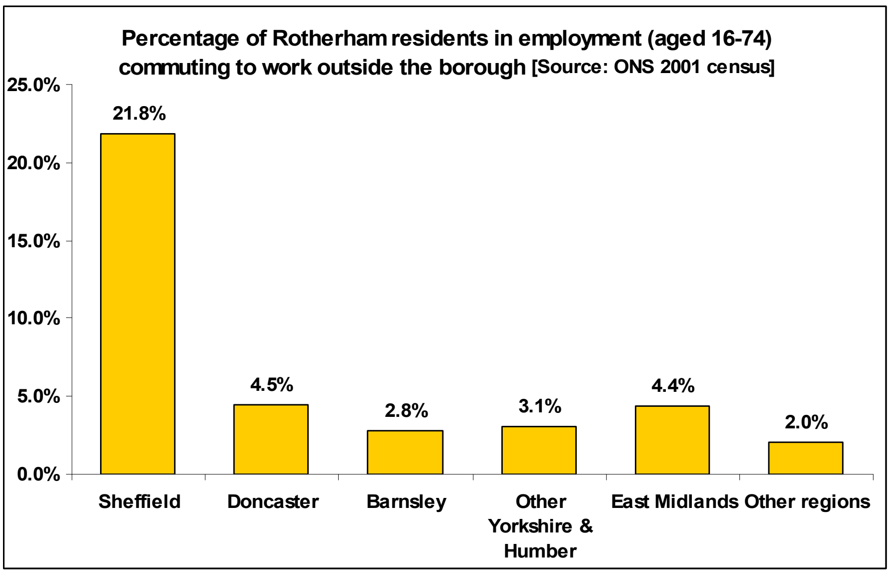


From the centre of Rotherham a peak hour journey of 60 minutes will take you beyond Wakefield (almost to Leeds) in the north and to Chesterfield / Mansfield in the south; Sheffield will take somewhere in the region of 30 minutes. Obviously these times will vary greatly by location within the borough; many residents in the south of the borough would find relatively easy commutes to places such as Chesterfield and Worksop, whilst those in the north or east of the borough may find commuting to Doncaster or Barnsley easier than coming into central Rotherham.

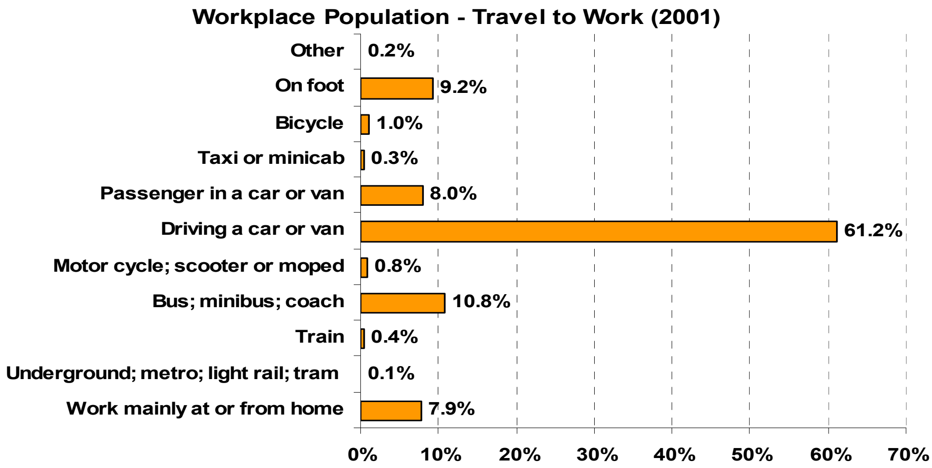
Commuting data from the Census is now dated but remains the best comprehensive source of travel to work flows available – these highlight Rotherham's central location within the sub-region with significantly higher percentage of resident and workplace population cross border flows than the other districts in South Yorkshire. Almost 39% of Rotherham's resident working population travel outside the borough for work and over 30% of the workplace population in Rotherham have travelled into the borough.

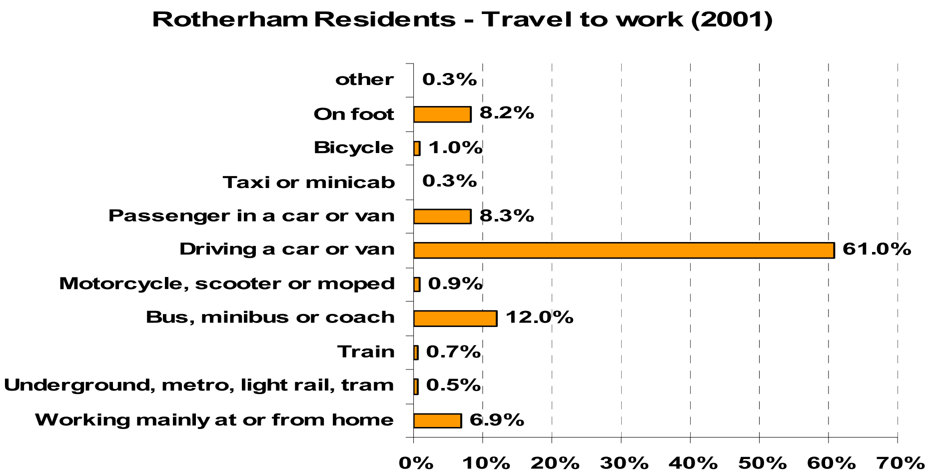


Given the proximity, and the fact that it is a city economy, it is unsurprising that Sheffield is by far the most popular destination for Rotherham residents -

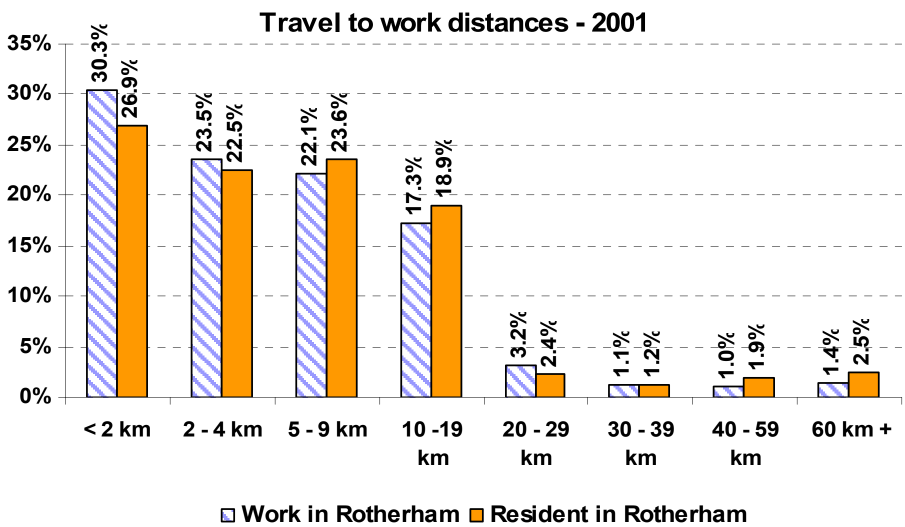


The mode of transport for both residents travelling to their workplace and for the workplace population of Rotherham shows a similar breakdown, with relatively low public transport usage and a high car usage.



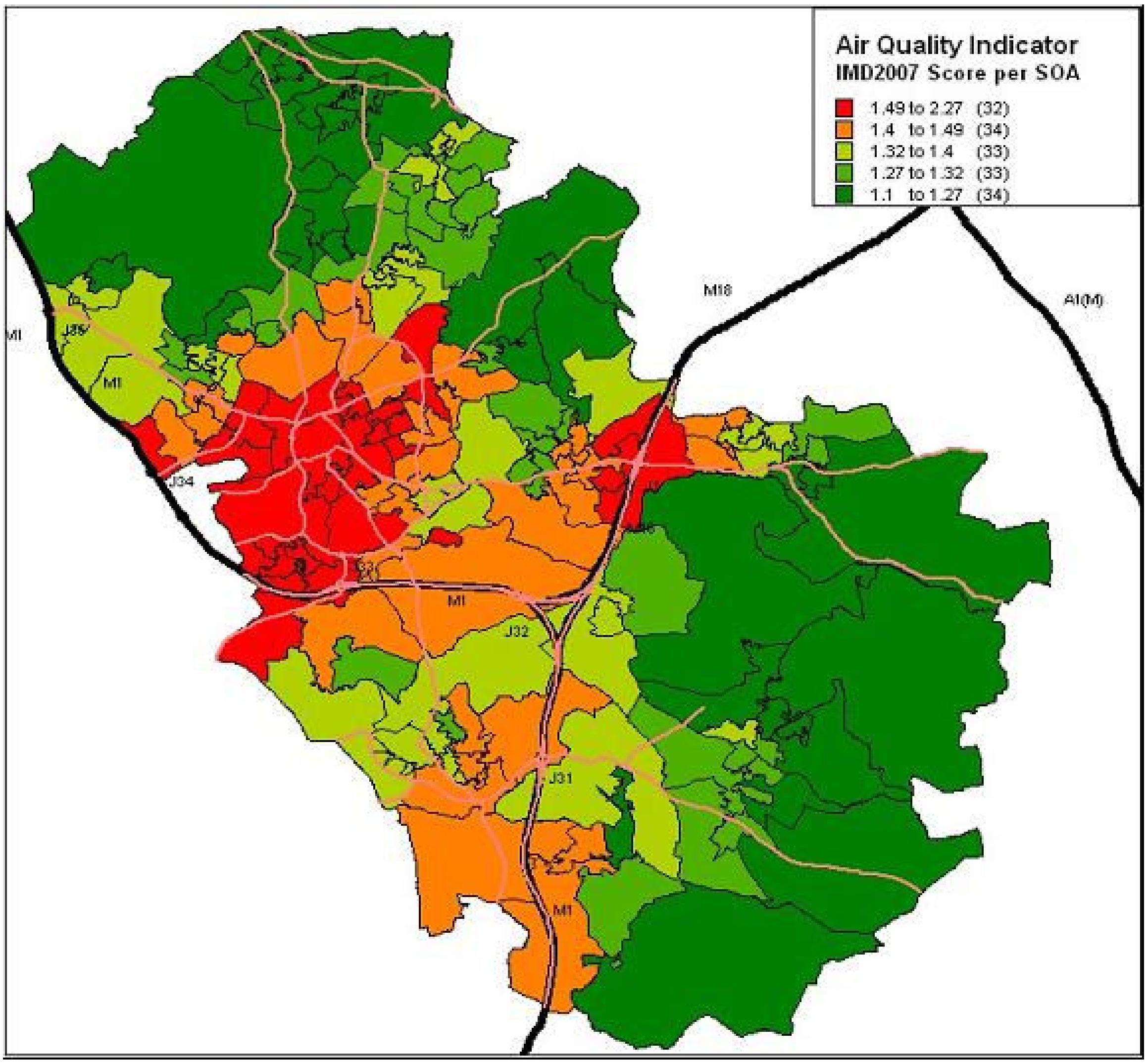


Analysis by the distance people travel to work indicates that on average people who work in Rotherham have shorter commutes than people who are commuting from Rotherham to work.



Air Quality:

The high level of commuting in/out of Rotherham has obvious implications for levels of congestion and the air quality in communities within the borough, particularly around the main arterial roads. As part of the Index of Deprivation 2007 Living Environment domain a combined measure of air quality[52] is included and a score is available for each Lower Super Output Area (LSOA). The map below clearly indicates that areas with the poorest air quality (i.e. with the highest score) are within the town centre, the industrial corridor running towards Sheffield and close to the M1 and M18 motorways. It is also noticeable that 'hotspots' are often close to motorway junctions – e.g. junction 1 of the M18 at Hellaby.



[52] *Overall air quality score represents the addition of four individual indices (Nitrogen Dioxide, Particulates, Sulphur Dioxide and Benzene). A higher value implies poorer overall air quality.*

Energy Consumption / CO2 Emissions:

Scientific evidence for climate change caused by human activities continues to grow along with the necessity to ensure that measures are taken to mitigate the impact of economic growth in the future. Just some of the possible consequences to come out of the latest UK Climate Projections 09 (UKCP09) for the Yorkshire & Humber region and for Rotherham –

- Drier summers? Mean precipitation level in the summer period throughout the region is generally predicted to decrease by as much as 20% or even 30% at the most extreme of the wider probability levels. For Rotherham this storyline is very similar.
- Wetter winters? In the winter period, the regional precipitation levels are predicted to increase. The upper predicted change for the region, (at a 67% level), sees a 10% rise. For Rotherham this figure may be as much as 16.5% (at the 67% level). Rotherham therefore may experience wetter winters than the regional mean.
- Annual temperature rise? Rotherham's annual temperature is predicted to be the highest in the region. Rotherham's temperature range between 33% and 67% for the 2050's is modelled at approximately a 2-2.7°C increase.

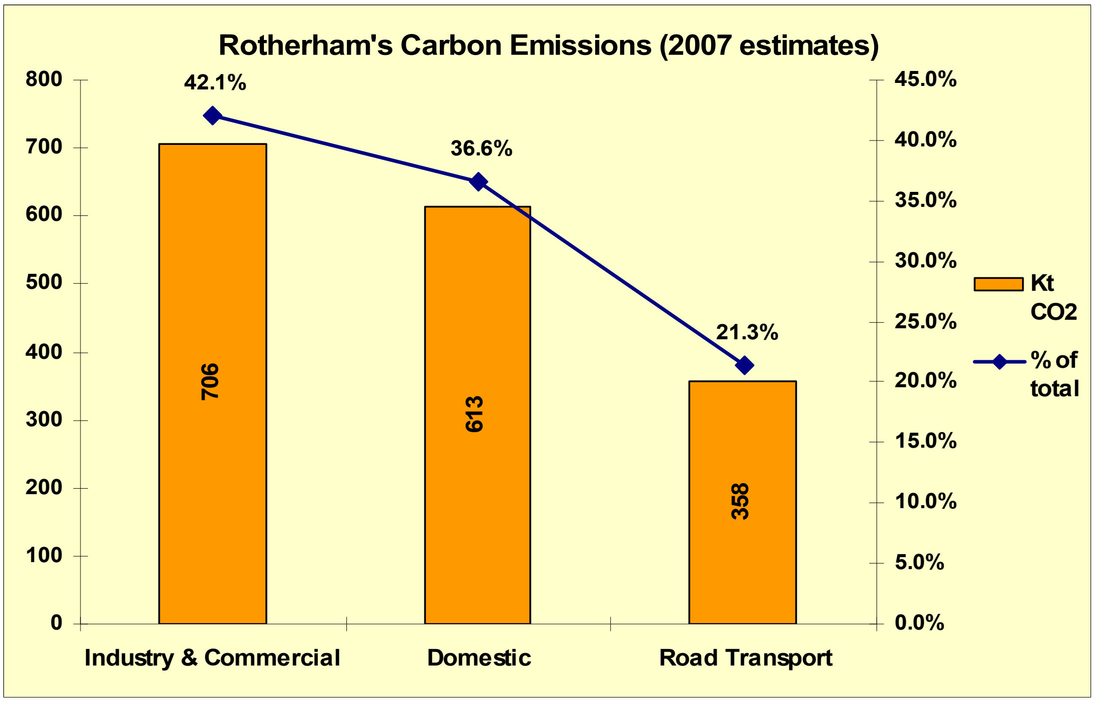
Rotherham's CO2 emissions by sector and fuel for the last two years is shown in the table below -

Emissions [kt CO2] by Sector / Fuel (2006 to 2007)			
	2006	**2007**	**Change:**
Industry and Commercial Electricity	430	398	-32
Industry and Commercial Gas	193	168	-25
Industry and Commercial Oil	46	46	1
Industry and Commercial Solid fuel	5	4	0
Industry and Commercial Process gases	26	28	2
Industry and Commercial Wastes and biofuels	1	1	0
Industry and Commercial Non fuel	2	2	0
Industry Offroad	54	55	0
Agriculture Oil	3	3	0
Total Industry & Commercial	**760**	**706**	**-54**
Domestic Electricity	230	223	-7
Domestic Gas	351	331	-20
Domestic Oil	7	6	-1
Domestic Solid fuel	48	46	-2
Domestic House and Garden Oil	2	2	0
Domestic Products	7	7	0
Total Domestic	**644**	**613**	**-31**
A-Roads Petrol	89	86	-3
A-Roads Diesel	80	84	4
Minor Petrol	104	103	0
Minor Diesel	79	83	4
Road Transport Other	3	2	0
Total Transport	**353**	**358**	**5**
Total Emissions	**1757**	**1677**	**-80**
Total Emissions Per Capita	**6.9**	**6.6**	

Source: Defra, DECC

Due to Rotherham's retention of a strong manufacturing base the production of CO2 emissions per head had been above the UK average but falls in the last two years has seen this fall to just below average. The official data shows a large fall in emissions since 2005 for Rotherham (as per National Indicator NI186) but the Department for Energy & Climate Change (DECC) have advised use of 2006 as a proxy baseline for industrial and commercial emissions – this still sees an overall reduction for all emissions of 4.5% from 2006 to 2007.

This reduction could well be a result of diversification in the local economy and reflect a move away from the more traditional heavy industries, which usually produce high carbon emissions, to more high-tech manufacturing and service sectors. There has also been a steady fall in domestic gas related emissions but relatively little change in emissions from road transport. Latest data shows that the percentage of total CO2 emissions in Rotherham produced by industry and commerce has fallen from just over half of the total to just over 42% with domestic emissions accounting for 36.6% and emissions from transport accounting for 21.3%.



Source: Defra, DECC

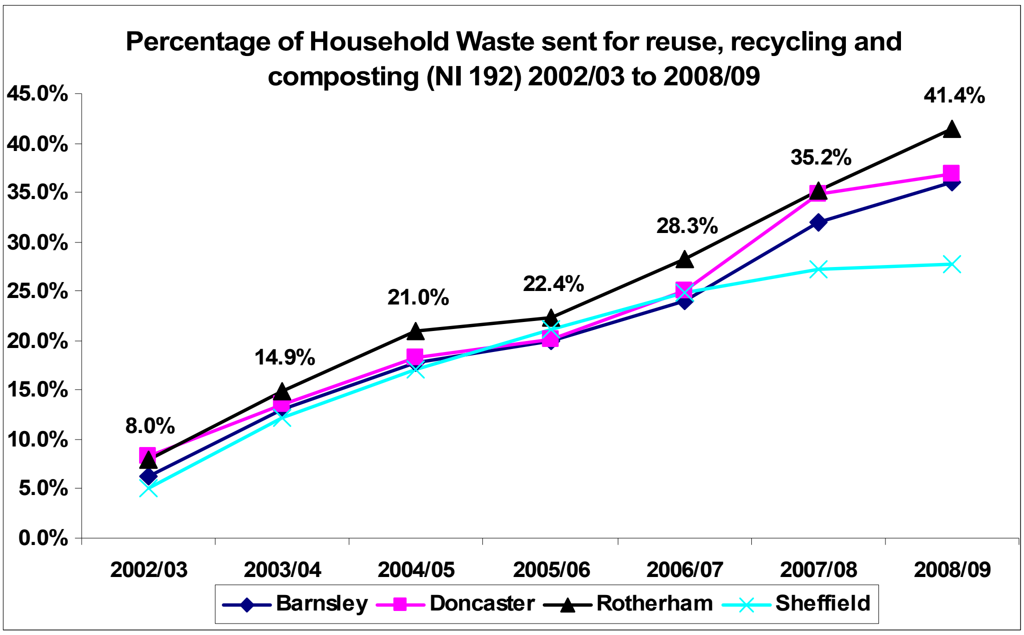
Whilst the need to cut emissions can be viewed as a problem it also presents opportunities for Rotherham as the UK moves to a low carbon economy. There is large potential in growing the number of businesses and increasing employment within the Environmental Technologies sector – e.g. waste management / treatment, renewable and low-carbon energy. One example is the recent announcement of the new £25m Nuclear Advanced Manufacturing Research Centre (Nuclear AMRC) to be built at the Advanced Manufacturing Park at Waverley and Rolls-Royce's planned civil nuclear factory, also to be built in South Yorkshire.

Waste / Recycling:

In the past an inevitable consequence of economic growth has been an increase in the amount of waste produced – in the future newer / more modern ways of working in businesses will be needed to ensure a more sustainable use of resources. Over recent years the handling of waste in Rotherham has been transformed; the percentage of municipal waste sent for land fill has fallen from almost 90% in 2002/03 to under 44% for the year 2008/09 (new National Indicator NI 193). Sheffield has by far the lowest percentage of its waste going to land fill due to the use of the incinerator in the city.

Percentage of Municipal waste sent to Land Fill							
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Barnsley	91.2%	83.4%	n/a	78.0%	74.5%	67.8%	59.7%
Doncaster	83.1%	84.6%	78.1%	72.5%	73.5%	65.4%	60.6%
Rotherham	88.8%	81.7%	75.6%	74.5%	69.4%	63.2%	43.9%
Sheffield	51.9%	43.7%	39.0%	34.9%	14.6%	16.4%	13.3%
Source: DEFRA WasteDataFlow							

Given the scarcity of suitable sites for land fill and the need to maximise use of natural resources this figure will need to reduce further which will primarily be done by greater reuse and recycling. This will also provide opportunities for new businesses within this sector in dealing with the processes in handling and recycling of this waste. The percentage[53] of household waste sent for reuse, recycling and composting (new National Indicator NI 192) is shown below. Rotherham has seen a vast improvement from just 8% being recycled in 2002/03 to 41.4% in 2008/09, the highest rate in the sub-region.



Source: DEFRA, WasteDataFlow

[53] *Estimates prior to 2007/08 have been produced by Defra's waste statistics team. They provide an indication of what LA performance would have been against the new NI if they had been in operation at the time.*

Environment: Key Issues

Commuting / travel to work

- Strongest cross-border flows in South Yorkshire, particularly to/from Sheffield.
- Almost 39% of Rotherham's resident working population travel outside the borough for work and over 30% of the workplace population in Rotherham have travelled into the borough.
- Low public transport usage and high car usage.

Air Quality

- Traffic congestion impacting on air quality in some parts of the borough, particularly close to Rotherham town centre and around M1 / M18 motorway junctions

Energy consumption / CO2 emissions

- Overall energy consumption and CO2 per head in Rotherham has been falling as the economy becomes less reliant on traditional manufacturing
- Road transport now accounts for over 21% of all CO2 emissions
- Potential for Rotherham to increase businesses / employment within the expanding Environmental Technologies sector as the UK moves towards a low-carbon economy

Waste / Recycling

- In the last 6 years the amount of municipal waste sent to land fill has reduced by over half to 44%.
- Rotherham has highest recycling rate in South Yorkshire, improving from 8% to 41.4% in six years

Rotherham Town Centre

Over the past few decades Rotherham has witnessed a steady drift of people away from the town centre, resulting in many people living, working and shopping outside of the centre. In 2006 the Council's Reachout 13 survey revealed that Rotherham residents were most likely to use Parkgate Retail World for shopping, Meadowhall / Sheffield City Centre for eating out and cinema / theatre, and local centres for pubs / clubs. The result has been the stagnation and decline of Rotherham as both an economic and social centre.

In the autumn of 2001 Yorkshire Forward launched its urban renaissance programme to help support the regeneration of major towns and cities in Yorkshire. In Rotherham a 'town team' comprising of community, business and Council interests developed the Renaissance Charter which set out a broad 25 year vision for Rotherham town centre. Following on from this was a master planning stage which led to production of the Strategic Development Framework (SDF).

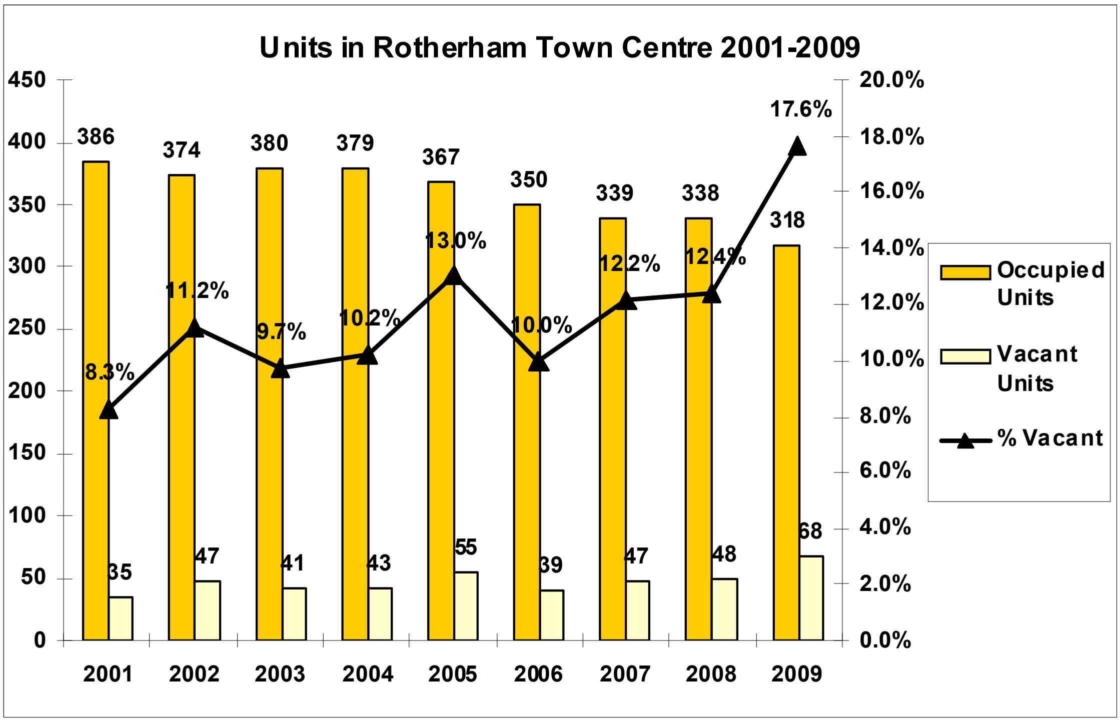
The Town Team Charter sets out ten goals that will underpin Rotherham's Renaissance. These are seen as being essential to the transformation of the town and the creation of a great place -

- Make the river and the canal a key part of the town's future
- Populate the town's centre by creating good quality living
- Place Rotherham within a sustainable landscape setting of the highest quality
- Put Rotherham at the centre of a public transport network
- Improve parts of major road infrastructure
- Make Forge Island a major new piece of the town centre
- Establish a new civic focus that not only promotes a more open and accessible type of governance but also embraces culture and the arts
- Demand the best in architecture, urban design and public spaces for Rotherham
- Improve community access to health, education and promote social well being
- Create a broadly based, dynamic local economy with a vibrant town centre as its focus

These goals can only be achieved through investment in the town centre with new housing, retail, leisure, recreation and commercial development, as well as new and improved public spaces. Significant progress has already taken place with successful completion of the Westgate Demonstrator Project, a new leisure centre at St Ann's, a new 'walk-in' PCT centre, and the refurbishment of Imperial Buildings to provide new retail units and living accommodation. There have been improvements around the High Street and the Minster through the Townscape Heritage Initiative and work has begun on Rotherham Central train station and on the new civic offices on the former Guest & Chrimes site. Some of the projects due in future years are likely to lose or reduce their public funding and we will need to find more innovative ways to deliver these and increase private sector investment.

Vacancy Rates

However the economic downturn has impacted on the speed of some developments, for example the All Saints Building has been demolished but development is on hold (it is now going to be developed as public open space) due to the current economic climate, and on the number of empty commercial properties in the town centre. The impact on the retail sector can be clearly seen in 2009 on Rotherham town centre, with an additional 20 units vacant compared to the previous year, the vacancy rate increasing to 17.6%.



Source: RMBC

At the end of 2009 there were a total of 386 units in the town centre (excluding the new Imperial Building units which at the time of the survey were not available to let) with approximately 63,743 sq m of floorspace. Of these 68 units were vacant - this equates to 11,985 sq m of vacant floorspace, or 17.6% of total units (and 18.8% of total floorspace). There are 146 units on defined prime shopping streets, totalling over 31,000 sq m of floorspace. The majority of these are retail units (i.e. A1-A5 uses) however 26 units accounting for 5,567 sq m are vacant.

Rotherham Town Centre Retail & Leisure Study

In January 2009 Colliers CRE and The Retail Group were commissioned to produce a Retail Study for Rotherham town centre. The study identifies that the current retail offer is out of sync with the town centre's potential customer base. Whilst it is appealing to the mass market shoppers, it is missing out on opportunities to satisfy the other key shopper groups such as better quality, lower mid market and mid market shoppers. They all want bigger stores, recognised, national retailers, more choice and variety, a family friendly environment, better children's facilities, improved catering and an easy and convenient shopping experience.

The opportunity is for Rotherham town centre to increase its appeal to all three customer groups, particularly the mass market value shoppers and the better quality, lower mid market shoppers, by meeting more of their 'every day basics', their top up shopping and their 'work related' retail needs and requirements.

As the table below shows by 2026 there is estimated to be capacity for a further 3,135 sq.m. of convenience goods floorspace and 11,150 sq.m. of non bulky comparison goods floorspace.

Retail Floorspace Requirements to 2026	Gross floorspace (sq m)		
	2014	2019	2026
Convenience goods (i.e. frequently bought goods such as groceries)	2,060	2,410	3,135
Non-bulky comparison goods (i.e. clothing, footwear, or other goods for which the consumer expects to visit a range of shops before making a choice)	8,555	9,315	11,150

It is forecast that there will be no requirement for further floorspace for bulky comparison goods (i.e. DIY and large retail items). The table below shows the forecast need for various leisure uses:

Leisure Activity	Frequency of Visiting (1)	Rotherhams Share of Visits(2)	Consumer Demand For Attraction in Rotherham Town Centre (3)	Forecast Growth of Market in UK(4)	Need for Activity In Rotherham Town Centre(5)
Restaurants	High	Average	Average	Average	**
Pubs/Bars	High	Average	Average	Average	**
Swimming Pool	Average	Average	Average	High	*
Cinema	Average	Low	High	High	***
Museums/Libraries	Average	Average	Low	Average	*
Health Centre/Gym	Average	Average	Average	High	*
Bingo	Low	High	Low	Low	*
Nightclub/Disco	Low	Average	Low	Average	*
Ice Rink	Low	Low	High	Average	*
Theatre/Concert Hall	Low	Average	Low	Average	*
Ten-Pin Bowling	Low	High	Low	High	*
Casino	Low	Low	Low	Average	*

Notes:
(1) Frequency with which households in the survey area visit specific leisure activities.
(2) Rotherham's existing share of trips for leisure activity.
(3) Consumer demand for leisure facilities in Rotherham Town Centre (derived from household telephone survey).
(4) Forecast growth of leisure activity in UK (source: Mintel).
(5) Colliers CRE assessment of need for new/further provision of leisure activity in Rotherham Town Centre (3 stars = strong, to 1 star = limited).

A cinema stands out as being the most appropriate for Rotherham town centre, with a relatively high level of consumer demand.

The research concluded that Rotherham's retail and leisure offer has been left behind. There is a significant need for an improved retail and leisure offer in the town centre. All of the research areas pointed to the need for bigger shops providing more choice and variety, clear anchors, more recognisable branded retailers, more clothing retailers, more quality independent operators, more and better quality catering and restaurants, more of a leisure offer – including a cinema and more of a family friendly focus. There are too many vacant units which reinforce the negative perceptions that exist amongst retailers and shoppers. The town centre's positive attributes are not being fully utilised and are overshadowed by the negative aspects of the town. Future changes to the retail and leisure offer will need to be very clearly visible and high profile in order to start to change existing views and perceptions about the town centre.

Rotherham Town Centre: Key Issues

Rotherham Renaissance

- Rotherham town centre has been suffering long-term decline, partly due to proximity of Meadowhall and Parkgate Retail World shopping centres
- Rotherham Renaissance launched to transform the town centre
- Progress has begun with many projects completed / in-progress

Vacancy Rates

- Recent economic downturn has impacted on many town centres across the UK, Rotherham no exception
- Increase in vacancy of commercial units in the town centre – increasing to 17.6% in 2009

Retail Study

- There is a significant need for an improved retail and leisure offer in the town centre
- Potential capacity for a further 3,135 sq.m. of convenience goods floorspace and 11,150 sq.m. of non bulky comparison goods floorspace.
- A need for bigger shops providing more choice and variety, clear anchors, more recognisable branded retailers, more clothing retailers, more quality independent operators, more and better quality catering and restaurants, more of a leisure offer – including a cinema
- Too many vacant units reinforce the negative perceptions that exist amongst retailers and shoppers

Conclusions

Rotherham has gone through a major transition in recent years to recover from the downturn and massive job losses in the traditional coal and steel industries suffered during the 1980s. Rotherham has progressed on many economic and social measures, often far faster than nationally or regionally, including levels of deprivation, job creation, and inward investment. Much of this improvement has been a result of major public sector interventions with historically high levels of UK and European funding which in turn attracted new private investment. Large areas of the borough were transformed with new business parks on former old industrial / colliery sites such as at Manvers in the Dearne Valley and at Dinnington.

However weaknesses remain within the local economy and levels of deprivation, worklessness and entrepreneurship compare poorly to the UK average. There is now a need for Rotherham to enter into its next transitional phase of growth to close this gap. With large scale public sector funding likely to be much more limited in the future this can only be achieved in partnership and with drive from the private sector as the lead on economic growth, as is being proposed through the new Local Enterprise Partnerships (LEPs) The recent period of deep recession, from which the UK economy is only just beginning to recover, has impacted badly on Rotherham and made this next step even more challenging.

The current output of the Rotherham economy is close to £3.7 billion but productivity per worker or output per capita is significantly lower than the UK average – closing this productivity gap would potentially increase the output of the Rotherham economy to over £4.5 billion. Rotherham showed a fall in output for 2008, the first signs of the national recession impacting on the local economy. Looking beyond this the latest projections of output for the region show significant falls expected during 2009, the Sheffield City region being the worst affected with an estimated fall of over 6%. 2010 is expected to see only a very modest rate of growth of around one percentage point for all parts of the region. The challenge for Rotherham is how to stop the gap widening again and to improve over the long-term - this assessment has highlighted the following key areas:

- The need to continue to restructure and diversify the business base
- To increase the quantity and quality of businesses, particularly in strong and emerging sectors such as low carbon industries and Advanced manufacturing
- Reducing reliance on large employers, many of which are in traditional sectors
- Increase levels of employment and reduce levels of economic inactivity and rates of worklessness
- Increase the skills levels of the working age population to take advantage of more highly skilled jobs / occupations
- Ensure all sections of the community are equipped to take advantage of the economic upturn

- Revitalising Rotherham town centre, improving the retail and leisure offer to reduce vacancy rates and overcome the current negative image
- Build on world class facilities such as the AMP.

This must be achieved whilst taking into account the following factors:

- An ageing population with the number of working age, as a percentage of the overall population, falling
- A potentially unstable global economy, particularly due to debt problems within some countries in the Euro-zone (and the UK)
- Public sector (a major source of employment in Rotherham) job losses over the next few years
- Cuts in public sector funded regeneration programmes and impact on reclamation of brownfield land
- The need to improve transport infrastructure, improve connectivity and reduce congestion
- Environmental concerns including the increasing importance of reducing emissions, disposal of waste and tackling climate change

Although Rotherham is much better placed to take advantage of a sustained economic recovery than it was in the aftermath of the large scale closures in the mining and steel industries, the future remains challenging. The basic fundamental weaknesses in the local economy of low business numbers, high rates of worklessness, and poor skills levels have improved but still compare poorly to the national average. It is unlikely that Rotherham will benefit again from large scale public sector funding / regeneration in the foreseeable future, given the need to tackle the UK budget deficit. Future investment is therefore likely to come mainly from the private sector and Rotherham can encourage this by providing the right conditions, including a skilled workforce, to help attract investment in to the borough.