

ROTHERHAM BOROUGH COUNCIL

1.	Meeting:	Cabinet Member for Regeneration and Environment
2.	Date:	1st November 2010
3.	Title:	Rotherham's Local Economic Assessment
4.	Programme Area:	Environment and Development Services

5. Summary

To seek approval of the final version of Rotherham's Local Economic Assessment (LEA) and agreement that it be circulated to partners and made available to the public.

6. Recommendations

- **To endorse the final version of the Rotherham Local Economic Assessment.**

7. Background

The Local Democracy, Economic Development and Construction Act proposed to place a duty on County and Unitary councils to prepare an assessment of the economic conditions of their area, which had been one of the key recommendations of the Review of Sub-National Economic Development and Regeneration (SNR).

These Assessments would provide a mechanism for bringing together existing evidence from a range of partners into a common economic evidence base. This evidence base would then inform local, sub-regional and regional strategies, ensuring all policy making was based around a full and shared understanding of local economic challenges.

The new Government has now removed this duty, but RMBC decided to continue with the production of an LEA due to the work already undertaken and its potential usefulness in the future; providing data for policy and strategy development.

The final Assessment

The report has been broken down into a number of sections, mainly in line with the guidance, but with some specifically local issues such as Rotherham Town Centre. The full list of sections is:-

- Spatial context
- Demography
- Employment
- Skills
- Business and Enterprise

- Inclusion
- Land, Buildings and Infrastructure
- Environment
- Rotherham Town Centre

Each section provides the most up to date and relevant data/evidence, predominantly focusing on the current situation, but with some historical figures where appropriate and also future forecasts if they are available. The section ends with a summary setting out the key issues with regard to Rotherham's economy.

The Assessments will be kept up to date and fit for purpose. Annual reviews will be undertaken, with a major revision taking place in 2013 when the data from the 2011 census will be available to substantially refresh and update the evidence base.

The Assessment highlights a number of key issues facing the Borough, these include:-

Demography

- Since 2000 Rotherham's population has increased by 5,900 to reach 252,900 by mid-2008. In line with national trends this increase has been primarily within the older, mainly retired, age groups
- Inward migration was the main reason for any increases as the economy grew and job opportunities increased, but last two years natural change has been the main factor
- Projections to 2033 show a continuing steady rise in Rotherham's population, increasing by 11.5% from the 2008 baseline. This is still slower than the South Yorkshire, national, and regional rates Growth is expected primarily within the older age groups with working age population increasing only slowly i.e. an ageing population
- Increases in the 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

Skills

- Lower level of skills within the local workforce compared with regional and national averages, while 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%
- GCSE performance improving rapidly and closing the gap with the national average
- Reduction in 16-18 year old NEET (not in Education, Employment or Training) rate, the challenge is to maintain this in current economic downturn
- Numbers taking up apprenticeships increasing despite the recession.
- A 25% increase in last nine years in number of entrants to higher education institutions

Employment

- There is an identified growth potential within higher tech manufacturing.
- The current recession has resulted in the employment rate gap to the national average again widening.

- Over 11,000 people in Rotherham unemployed, more than double the pre-recession figure
- Over 3,000 JSA claimants are young people (24 or under)
- Large increase in long-term unemployed with more than 1,400 claiming JSA for over a year
- Overall inactivity rates similar to the region but higher within certain groups
- Most common reason for economic inactivity is long-term sickness or looking after home/family, accounting for a third of the total
- Lower percentage of residents in Rotherham working in the higher skilled managerial / professional occupations than the national average, although this has risen sharply in recent years
- Higher percentage of residents working within the lower skilled, elementary occupations
- Workplace employment is predicted to continue falling until the end of 2010 with a gradual recovery starting in 2011
- In the long-term employment within the low-skilled/basic manufacturing sectors is expected to decline.

Enterprise

- Rotherham has a higher concentration of businesses in the manufacturing and construction sectors compared to the regional / national averages
- The rate of increase in workplace employment in Rotherham for the period 1998 to 2008 was over twice the sub-regional, regional and national averages
- 3-year enterprise survival rates are higher than the regional average
- Rotherham has traditionally had a below average business stock size, though increase has been above average in the last 10 years
- Rotherham relies more heavily on large employers in providing employment
- The public sector, banking, finance & insurance, and distribution sectors now provide more employment than the manufacturing sector
- 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
- Productivity gap remains to UK average, despite high growth over last decade.
- In order to reduce output gap to the UK, productivity in Rotherham must be improved – i.e. need to diversify / modernise economy, increase business base, raise skills, increase employment and economic activity.

Inclusion

- Overall deprivation appears to be reducing; with Rotherham improving from 48th most deprived local authority in 2000 to 68th most deprived by 2007.
- 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, although this is a National rather than local trend.
- Increase in overall worklessness mainly 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 rate of worklessness now over 40% in some areas.
- Approximately 36,000 households in the district, are managing on less than the minimum income needed to achieve an acceptable standard of living
- Overall crime rates are amongst the lowest in South Yorkshire

Land, Buildings & Infrastructure

- Prediction for 129,000 households in Rotherham by 2026 (20% increase, though 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
- RMBC Cabinet approved, on 8th September 2010, an interim housing target of 750 net new dwellings per annum.
- Vacancy rates rising in current recession with some older units in less desirable locations being long-term vacant.
- Identified need for around 250 hectares of employment land to 2027
- Congestion at peak times on some routes in/out of Rotherham

Environment

- 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
- 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.
- Potential for Rotherham to increase businesses / employment within the expanding Environmental Technologies sector as the UK moves towards a low-carbon economy
- Low public transport and high car usage.
- Overall energy consumption and CO2 per head in Rotherham has been falling as the economy becomes less reliant on traditional manufacturing

Rotherham Town Centre

- The role of the town centre has changed over the last twenty years as a result of changes in shopping patterns and the growth of strong out of town offers at Parkgate and Meadowhall.
- Rotherham Renaissance launched to transform the town centre
- Many projects are completed / in-progress, including Shop Local, Business Vitality Grants and parking initiatives, which have had a positive impact on visits and footfall in the town centre.
- Recent economic downturn has had major impact on Rotherham and many other town centres, with vacancy of commercial units in the town centre increasing over the last few years. However, these still compare favourably in the Source Local Data Company - Shop Vacancy Report Mid Year 2010, which has the following town centre vacancy rates; Doncaster 23.7%, Sheffield 21.27%, Barnsley 16.9% Rotherham 14.5%
- The town centre has the potential to capture a greater proportion of catchment spend. It caters well to mass market value shopping, but its potential amongst mid market and more affluent shoppers is relatively untapped. Analysis show these shoppers are

seeking bigger shops providing more choice and variety, clear anchors, a strong supermarket, 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

These key issues will be picked up in future strategy development, including the current setting up of a Local Enterprise Partnership (LEP) for the Sheffield City Region, a major review of the Rotherham “Economic” and “Working Neighbourhood” Plans and bids into the proposed Regional Growth Fund.

8. Finance

All work on the LEA has been undertaken by RMBC, meaning costs, with the exception of staff time, are negligible.

The LEA will be used to inform future strategies and policies and as such will assist in identifying future priorities for funding within the Borough and provide the supporting evidence for subsequent funding bids including the new Regional Growth Fund.

9. Risks and Uncertainties

The Assessment will need to be updated at least annually to ensure that the information is kept up to date. A major review will be undertaken in 2013 to incorporate the findings of the 2011 census

10. Policy and Performance Agenda Implications

The LEA will inform a wide range of strategies and policies, including:-

- Sustainable Community Strategy
- Economic Plan
- Business Plan for the Sheffield City Region LEP
- Working Neighbourhoods Plan

11. Background Papers and Consultation

Colleagues in Finance have been consulted on this report.

Discussions were held with Sheffield and Doncaster Councils to ensure that there is complementarity between the LEAs for the areas, building on the existing linkages between the economies of the areas, particularly between Sheffield and Rotherham.

The draft Assessment has been discussed by SLT (5th July), this meeting (19th July), Regen Scrutiny (6th October) and the Work and Skills Board of the LSP (13th October). It was also circulated for comment to a wide range of people both within the Council and external partner organisations.

The completed Assessment will be uploaded onto the Council web-site

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Proposed list of consultees on the draft Local Economic Assessment

RMBC – EDS
RMBC – NAS
RMBC – CYPS
RMBC – Chief Executives
Rotherham NHS
Barnsley & Rotherham Chamber of Commerce
Voluntary Action Rotherham
LSP – Achieving Board
LSP – Enterprise Board
LSP – Work & Skills Board
LSP – Learning Partnership
Yorkshire Forward
SYLTE
Government Office for Yorkshire & the Humber
South Yorkshire Police
RCAT
Dearne Valley College
DWP
Skills Funding Agency