Leicester Shire Economic Baseline Study 2006

A review of current economic and labour market conditions and forecast changes anticipated over the next decade for Leicester and Leicestershire

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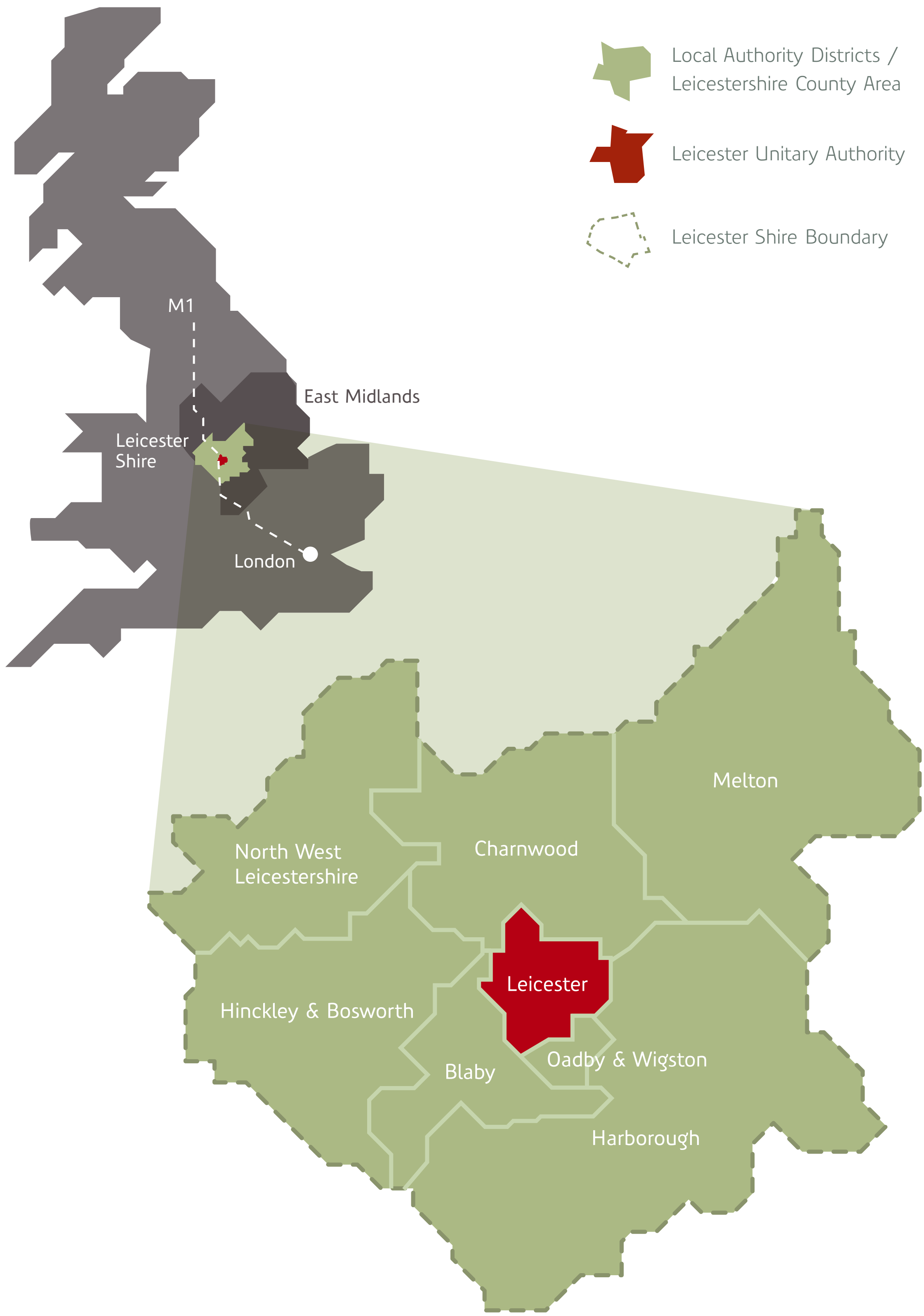

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Caroline Boucher
Project Manager
Leicester Shire Intelligence

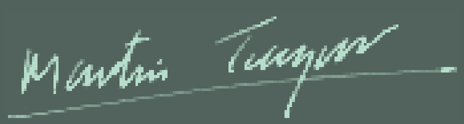
"Leicester Shire Intelligence is an excellent example of effective partnership working, bringing together research specialists in Leicester and Leicestershire. The partnership has now completed its latest Economic Baseline Study.

I am delighted to recommend this Economic Baseline Study to you. The key aim in developing the document was to present a comprehensive, robust and unbiased review of the economy and labour market in Leicester Shire. I feel that this document has fully achieved this aim, and is essential reading for those working in strategic planning, policy and service delivery roles. There has been considerable change in the local economy in recent years and it is important to recognise the trends and understand the implications.

The 2004 study introduced Ecotec Research and Consulting Ltd.'s Local Economy Audit Model (LEAM), which helped to examine the strengths and weaknesses of the local economy compared to other areas of the country. This analysis was well received by local agencies and so the model has been re-run using up to date information. Chapter Four presents the latest results and demonstrates significant improvements in some areas. The key conclusions from the document and policy implications are described in Chapter 5.

I also recommend to you the Executive Summary, which highlights the key facts and figures about the local economy. More detailed district profiles are available on the Leicester Shire Intelligence website – www.lsint.info.

We hope that you find this document useful and informative"



Martin Traynor
Interim Chair, Leicester Shire Economic Partnership

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Introduction and Context

The aim of this study was to update and re-evaluate the comprehensive 2004 baseline review of the economy and labour market in Leicester Shire[1], Leicester City and Leicestershire County. This report also takes account of the evidence base created by the East Midlands Development Agency (emda) for the Regional Economic Strategy, but has a focus on the two key areas of Economy and Investment and People, Labour Market and Skills.

1 Leicester Shire includes the combined administrative areas of Leicester City Council and Leicestershire County Council

Introduction and Context

The Leicester Shire economy cannot be viewed in isolation. It is part of a wider economy influenced by global factors and events. To understand how the sub-regional economy is developing it is essential to understand and appreciate international, national and regional factors.

International and National context

The world economy is expected to accelerate in 2006, despite setbacks caused by recent natural disasters and fears over the surging price of oil. In its 2006 analysis of global growth, the International Monetary Fund (IMF) forecast that the world economy would expand by 4.9% in 2006, up 0.1 percentage points from 2005. The economies of China, India and Russia account for most of the IMF growth prediction in 2006. China's increasingly expanding economy is expected to grow by 9.5% in 2006. The IMF predicted that the United States, the world's largest economy, would see growth of 3.4% in 2006, slightly below 2004's figure of 3.5%. The US remains the most rapidly growing economy of the major industrialised nations. The Eurozone[2] economy, which is dominated by Germany and France, is set to grow by 2% in 2006, but fall back to 1.9% growth in 2007.

The UK has outperformed its major European competitors in recent years and is expected to continue to do so. The UK economy is expected to grow by 2.5% in 2006, up from a previous estimate of 2.2%, and by 2.7% in 2007. In terms of productivity, the UK still lags behind its major developed competitors, despite closing the gap in recent years. One of the most widely used measurements of productivity is Gross Domestic Product (GDP) per hour worked. On this measure, the UK lags behind its major competitors with the exception of Japan.

The key trends and challenges in the immediate future for the UK economy are as follows:

- The dramatic increase in oil prices continues to pose a challenge for the international and national economy which could be further exacerbated by political instability in the oil exporting countries. The price of a barrel remained above $50 throughout 2004 and 2005 and has surpassed $70 in 2006. High oil prices directly impact on energy-intensive production sectors such as mining and utilities, transport and agriculture. They also have an indirect effect, through reduced levels of real income, on sectors producing discretionary consumer items such as electronics and travel.
- The impact of climate change has come to the political fore in recent years. The effects of climate change itself may have far-reaching implications including, heightened flood risks and the associated impacts on agricultural land, housing developments and related planning and insurance constraints. There are commentators who argue that these have been borne out in events such as the increased hurricane activity that produced Hurricane Katrina in New Orleans, USA.
- In the UK, the increase in the employment rate is slowing whilst the unemployment rate continues to rise. The number of people out of work and claiming Job Seekers Allowance benefit has risen month on month in thirteen of the last fourteen months up to March 2006, reaching its highest level since July 2003 of 989,136 (2.7% of working age population). The International Labour Organisation (ILO) measure of unemployment which includes those looking for work but not claiming benefits stands at 1,360,100 (4.8% of working age population). This is coupled with a falling number of reported vacancies.
- The UK manufacturing sector is expected to see a gradual recovery during 2006 following a number of years of recession exacerbated by the high value of the pound. The British Chamber of Commerce (BCC) Quarterley Economy Survey found that the manufacturing sector recorded increases in its quarterly balances for home sales and orders, export sales and orders, employment expectations, and plant and machinery investment. The signs of recovery remain tentative as fears of the further transfer of jobs to low-cost locations shows little signs of abating, with 100,000 jobs a year continually being lost in manufacturing according to the British Chamber of Commerce. Manufacturing output is now 1.7% lower than in the same period a year ago.
- Consumer spending is expected to be below trend in 2006. According to Price Waterhouse Coopers' 2006 UK Economic Outlook, consumers remain cautious in the face of high household debt and rising unemployment. However, the risk of a house price crash has declined as the market appears to have stabilised since mid-2005.
- The public sector will remain a positive engine for growth in the short-term, though it is expected to slow

2 The collective group of countries which use the Euro as their common currency

down progressively over the next few years as public spending declines following increases in the budget deficit announced in the Chancellor's latest Budget report. A combination of slower public spending and/or tax increases could dampen economic growth in 2007 and later years.

- The government's current target measure of consumer inflation rose sharply over 2005 due to significant higher petrol and other energy prices, but fell back in the first quarter of 2006 to 1.8%. Amid fears of continuing energy price increases inflation rose to 2.5% in June 2006, 0.5% above the government's target rate.
- Interest rates had been on hold for the eleven months running up to August 2006 when there was a surprise move by the Bank of England to raise interest rates by 0.25% to 4.75%. A number of analysts predict further interest rates rises to control inflation over the coming years.

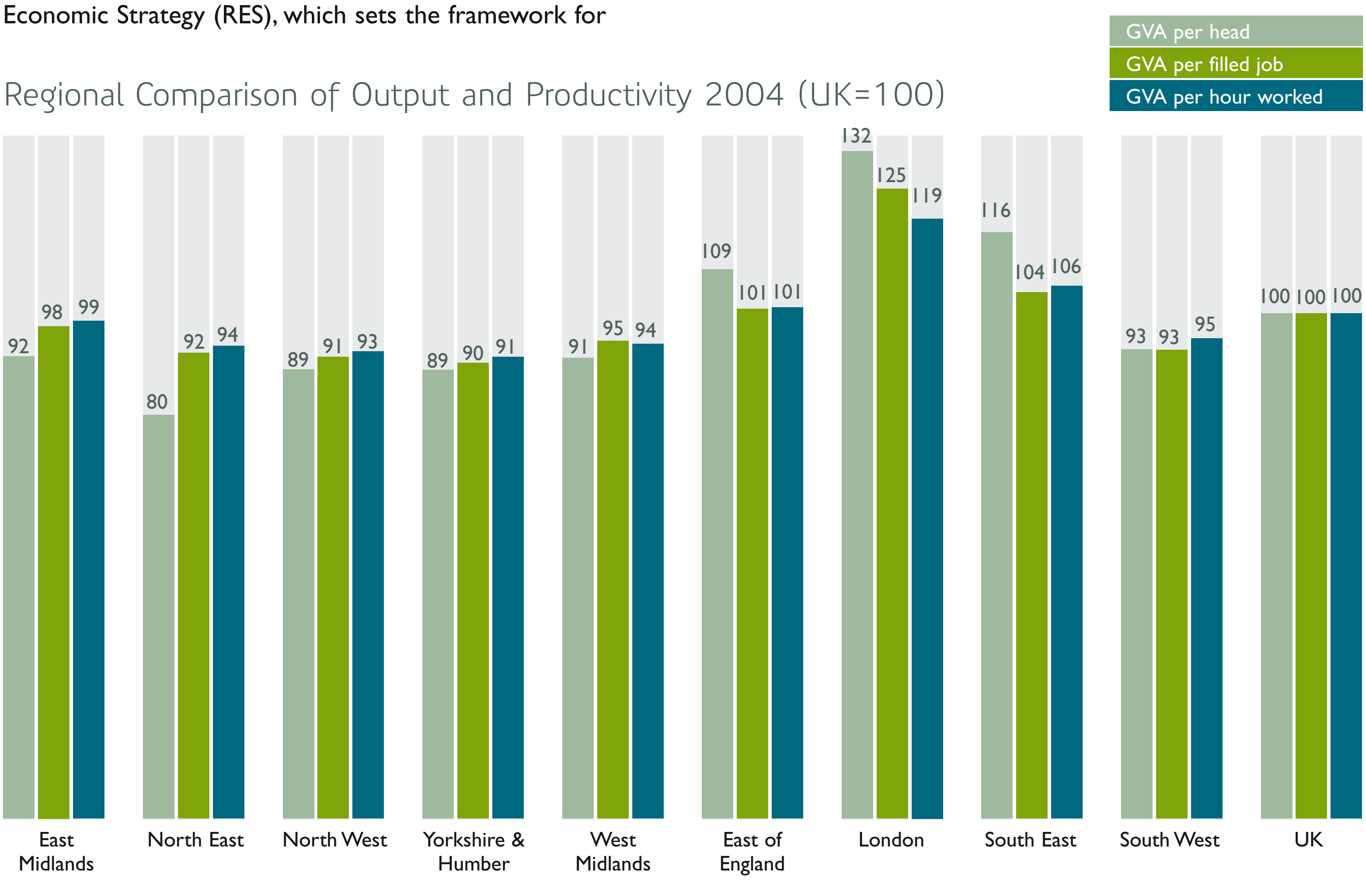
Regional Context

Since the creation of the Regional Development Agencies in 1999, the East Midlands Region has been vying to become a top 20 region in Europe by 2010. Emda has made strides towards this target, as the region has climbed from 35th place in 2003 to 28th place in 2005. Emda has recently released its third Regional Economic Strategy (RES), which sets the framework for ensuring the long term sustainable economic growth of the region. A comprehensive economic evidence base has been produced alongside the RES which gives detailed information about the economy, labour market, environment and quality of life in the East Midlands[3]. This document aims to complement the RES evidence base.

The latest ONS figures for Gross Value Added[4] (GVA) per head ranked the East Midlands fifth out of the nine English regions in 2004. Figure 1.1 shows measures of both output and productivity using GVA in each UK region indexed against the national average (100). The East Midlands gross value added (GVA) per head was 91.5% of the indexed UK average in 2004. The lowest level of GVA per head in 2004 was the North East, where it was just 80% of the UK average. In contrast, in London, which is the leading region, GVA per head was more than 30% above the UK average. The data for GVA per filled job and GVA per hour worked provides a comparison of productivity across UK regions. On both of these measures the East Midlands is ranked fourth out of the English regions, behind the East of England, the South East and London. However, the East Midlands is below the national average on both measures, by 2.5% on the filled job measure and by 1.5% on the per hour worked measure. This is because the productivity figures are heavily skewed by the London region.

Regional Comparison of Output and Productivity 2004 (UK=100)

Figure 1.1



Source: Gross Value Added, ONS

3 EMDA, Evidence Base for the East Midlands Regional Economic Strategy 2006-2020, available from www.emda.org.uk/res/
4 Gross Value Added (GVA) is a measure of total incomes earned from the production of goods and services in an area

2

Economy and Investment

This chapter provides the baseline structured around the economy and investment in Leicester Shire.

Chapter Summary

- GVA per head for Leicester Shire was at £16,117 in 2003. This was higher than the East Midlands (£14,682) but slightly below the national GVA per head (£16,485). Nonetheless, the average growth rate of GVA per head between 1995 and 2003 was lower in Leicester Shire at 4.5% than both the East Midlands (4.7%) and United Kingdom (5.2%).
- Employment grew in Leicester Shire between 2000 and 2004 with an increase of over 13,000 jobs. However, this masks the major structural shift from manufacturing to services. This has been particularly marked in Leicester City where there was a net reduction in employment between 2000 and 2004 of over 7,000 jobs. There was an increase of over 20,000 jobs in the County between 2000 and 2004.
- In 2004, the sub-region continued to have a disproportionate level of employment based in manufacturing (17.8%) compared to Great Britain (11.9%). Since 2000, there have been large reductions in the proportion of people employed in traditional textiles sub-sectors and an increase in the percentage employed in hi-tech manufacturing sub sectors, including pharmaceuticals and chemicals.
- The proportion of employment in the service sector has grown considerably in recent years in Leicester Shire. Nonetheless, the sub-region remains under-represented in the higher paid financial and business services sector (16.6% locally compared to 20.0% nationally).
- Excellent transport links and a central location accounts for an over representation in the distribution, hotels and restaurant sector (26.0% locally compared to 24.7% nationally) and the transport and communications sector (6.5% locally compared to 5.9% nationally).
- The proportionate increase in the number of VAT registered businesses in Leicester Shire was the same as the national increase (3.5%) between 2000 and 2004. The one-year business survival rate (91.9%) and three-year business survival rate (68.5%) in the sub-region were close to national (92.0% and 68.9%) and regional (92.2% and 70.6%) figures.
- Business confidence in Leicester Shire was low in Summer 2006 with more firms expecting the business/commercial climate to worsen than get better. Confidence was higher amongst service sector firms than the manufacturing sector.
- Measures of entrepreneurial activity show that Leicester Shire is not a remarkably enterprising area. In 2005, the proportion of people self employed in the sub-region (10.6%) was lower than the national average (12.3%). Self employment rates were particularly low in Leicester City (9.3%), however, the Leicestershire County rate (11.2%) was also below the national average.
- Encouragingly, the rate of business start-ups as a proportion of the working age population (47.1 per 10,000 people), the percentage of business start-ups in financial and business services (33.7%) and the ratio of businesses employing fewer than 10 employees (32.2) were similar in Leicester Shire compared to the national figures.
- In 2005, average house prices in Leicester Shire (£165,104) were below the national average (£189,549) with the lowest found in Leicester City (£132,531). The highest average house prices in Leicester Shire were in Harborough District (£218,427). However, proportionately, average house prices increased most between 2004 and 2005 in Melton Borough (9.1%).
- Calculating a housing affordability ratio shows that in 2005 the price of a semi-detached house, on average, was six times greater than the average annual earnings of a full time worker in the sub-region. This was slightly higher than the ratio for the East Midlands, but below the ratio for England and Wales as a whole. This suggests semi-detached houses are less affordable in Leicester Shire than in the East Midlands, but more affordable than in the country as a whole.

Economy and Investment

Gross Value Added

In 2003, the Leicester Shire economy contributed £14.4 billion to national GVA, and accounted for nearly a quarter of regional GVA (see Table 2.1). Leicester Shire GVA per head was higher than the figure for the East Midlands but below the national average. Due to its sheer economic scale GVA per head in Leicester City was second highest in the region behind Nottingham City.

The average annual growth in GVA per head was lower between 1995 and 2003 in Leicester Shire than both the East Midlands and the UK. Figure 2.1 shows how the growth rate reduced dramatically in Leicester Shire and the East Midlands between 1996 and 1999. However, the growth rate had re-converged with the national rate by 2001. In summary, over the whole period 1995 to 2003 there was sustained GVA per head growth in Leicester Shire.

Employment

In 2004 there was a total of 408,198 people employed in Leicester Shire, up from 395,372 in 2000 (a 3.2% increase). This contrasts with the previous four year time period (1998-2001) where total sub-regional employment reduced by almost 4% (16,000 jobs). At the regional and national level employment grew between 2000 and 2004 at about the same rate as Leicester Shire (3.8% and 3.2% respectively). Nonetheless, the growth of employment in Leicester Shire masks the major structural shift from manufacturing to service sectors. In Leicester City, there

Table 2.1

Gross Value Added in Leicester Shire, 2003

	Leicester Shire*	East Midlands	United Kingdom
Total GVA	£14,419m	£62,434m	£981,732m
GVA per head	£16,117	£14,682	£16,485
Average GVA growth (%) per head 1995-2003	4.5%	4.7%	5.2%

Note: *Including Rutland

Source: Local Gross Value Added, ONS 2003

Figure 2.1

GVA per head Annual Growth Rates 1995-2003 (%)

Source: Local Gross Value Added, ONS
Note: Leicester Shire figure includes Rutland

Gross Value Added A measure of the total of incomes earned from the production of goods and services in an area. GVA (at current prices) plus taxes on products and minus subsidises on products equals GDP

Employment Sectoral breakdown of the employment profile of Leicester Shire

Employment by Broad Sector in Leicester Shire, 2004 (%)

Table 2.2

	Leicester City	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Total Employed	158,124	250,074	408,198	1,804,824	26,024,705
Agriculture and fishing	*	0.6%	0.3%	1.2%	0.9%
Energy and water	*	1.0%	0.9%	0.8%	0.6%
Manufacturing	15.8%	19.0%	17.8%	17.4%	11.9%
Construction	3.5%	4.6%	4.2%	4.8%	4.5%
Distribution, hotels and restaurants	21.9%	28.6%	26.0%	25.1%	24.7%
Transport and communications	3.9%	8.1%	6.5%	5.7%	5.9%
Business and financial services	17.8%	15.8%	16.6%	15.2%	20.0%
Public administration, education & health	31.7%	18.2%	23.4%	25.5%	26.4%
Other services	4.5%	4.3%	4.4%	4.3%	5.1%

Source: Annual Business Inquiry 2004

Note: * figures have not been disclosed for confidentiality purposes

was a reduction of 4.4% (7,300 jobs) between 2000 and 2004. However, in the County area there was a significant increase in employment of 8.8% (20,000 jobs) between 2000 and 2004.

Manufacturing

Manufacturing still accounts for a disproportionately high percentage of employment in Leicester Shire and the East Midlands (17.8% and 17.4% respectively) compared to Great Britain (11.9%). This is particularly prominent in Leicestershire County where 19.0% of people were employed in manufacturing. In recent years, there has been a marked reduction in the number of people employed in the sector with the closures of companies such as Richard Roberts Knitwear, R Griggs Group and Aspira Leg.

Leicester Shire was traditionally a centre for the textiles industry and though the decline in this sector has been particularly severe, there were still over 10,000 people employed in textiles in 2004. However, this has fallen from 30,000 in 1998. The City accounts for the majority of current employment in the textiles sector, though there are also substantial numbers of people working in textiles in Hinckley and Bosworth Borough and Charnwood Borough. Food and drink processing is another key manufacturing sector in Leicester Shire, employing around 10,000 people in 2004. An increasing proportion of the people employed in manufacturing are working in higher value added sectors such as pharmaceuticals and chemicals. In these sectors it is easier for domestic firms to compete with overseas companies as they have the ability to add value through a particular stage of production or through image and marketing.

Services

The proportion of employment in the service sector has grown considerably in recent years in Leicester Shire. On the whole, the service sector has been slow to develop in the sub-region and still lags behind the regional and national averages in many sub sectors. The exceptions are the distribution, hotels and restaurant sector (26.0%) and transport and communications sector (6.5%), which both account for a higher proportion of employment in Leicester Shire compared to Great Britain as a whole.

The concentrations of service sector employment in Leicester Shire are in the distribution, hotels and restaurant sector (26.0%) and public administration, education & health sector (23.4%). The excellent transport links (including the M1 and Nottingham East Midlands Airport), central location, and availability of large purpose-built sites (for example Magna Park near Lutterworth) account for the sub-region's specialism in the distribution sector. Table 2.3 shows employment within broad sectors by Local Authority Districts in Leicestershire. In Harborough District, 36.4% of people were employed in the distribution, hotels and restaurant sector in 2004, which has increased significantly since 2000 (11 percentage points). Parts of the County have witnessed significant growth in business and financial services between 2000 and 2004. In Blaby, the business and financial services sector accounted for some 22.1% of employment in 2004 (above the national figure of 20%). Blaby District is home to a number of major companies including Alliance and Leicester, and Next. In Leicester City, a third of people were employed in public administration, education and health in 2004, a considerably higher proportion than the national average of 26.4%.

Employment by Broad Sector in Leicestershire Local Authority Districts, 2004 (%)

Table 2.3

	Blaby	Charnwood	Harborough	Hinckley & Bosworth	Melton	North West Leicestershire	Oadby & Wigston
Total Employed	40,091	57,921	32,036	39,275	17,478	45,621	17,652
Agriculture and fishing	*	*	*	*	*	*	*
Energy and water	*	*	*	*	*	*	0.0%
Manufacturing	10.0%	20.8%	12.2%	26.1%	23.2%	18.7%	24.3%
Construction	4.6%	5.0%	3.2%	3.5%	3.4%	6.6%	3.0%
Distribution, hotels and restaurants	31.0%	26.8%	36.4%	26.1%	25.1%	24.9%	30.6%
Transport and communications	7.7%	3.8%	9.5%	5.9%	5.7%	17.0%	4.2%
Business and financial services	22.1%	13.1%	15.8%	15.0%	13.0%	15.5%	13.2%
Public administration, education & health	19.5%	25.5%	14.0%	14.0%	20.0%	12.2%	19.4%
Other services	2.7%	4.1%	3.7%	6.7%	7.0%	2.7%	5.3%

Note: * figures have not been disclosed for confidentiality purposes

Source: Annual Business Inquiry 2004

Employment in the 'Knowledge Economy' in Leicester Shire, 2004 (%)

Table 2.4

	Leicester City	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Consumer Services	17.8	21.7	20.2	20.3	21.3
High Technology Manufacturing	2.0	2.0	2.0	1.7	1.9
Knowledge-based Services	16.1	13.8	14.7	13.4	17.9

Source: Annual Business Inquiry 2004

Knowledge Economy Standard Industrial Classification Code Sectors

Table 2.5

	SIC Codes	Sectors
Consumer Services	52 55 92	Retail trade Hotels and restaurants Recreational, cultural and sporting activities
High Tech Manufacturing	22 244 30 32	Publishing, printing and reproduction of recorded media Manufacture of pharmaceuticals, medicinal chemicals and botanical products Manufacture of office machinery and computers Manufacture of radio, television and communication equipment
Knowledge-Based Services	65 66 67 72 73 74	Financial intermediation Insurance and pension funding Activities auxiliary to financial intermediation Computer and related activities Research and development Other business service activity

Source: Ecotec Research and Consulting, 2006

Knowledge Economy

The proportion of people employed in particular sub sectors identified as contributing to the 'knowledge economy' is interesting because jobs in these sectors typically pay higher wages and have a higher value added. Many of these sectors are at the forefront of national economic growth (see Table 2.5).

In 2004, the proportion of people employed in High Technology Manufacturing in Leicester Shire (2.0%) was slightly above the national average (1.9%). In contrast, the proportion of people employed in Knowledge-based Services in Leicester Shire (14.7%) was considerably below the national average (17.9%). The proportion was higher in Leicester City (16.1%) than the County (13.8%). Since 2000, the proportion of people employed in Knowledge-based Services has risen in the sub-region, region and country as a whole.

The proportion of people employed in Consumer Services has risen noticeably in Leicester Shire between 2000 and 2004. In 2000, 16.8% were employed in Consumer Services which had risen to 20.2% by 2004 (3.4 percentage point increase). The rise has not been so significant in Great Britain (0.9 percentage points) or the East Midlands (1.7 percentage points). This has resulted from a reduction in the number of manufacturing jobs and increase in service sector employment in the sub-region.

Largest Employers

Table 2.6 shows the largest employers in Leicester Shire from the data4business database. Seven of the ten largest employers in Leicester Shire are public sector organisations. This reflects the high proportion of people employed in the public administration, education and health sector in the sub-region, which generally include larger organisations. The number of branches located in the sub-region for each organisation is shown in the table to reflect the number of employees working at individual sites. The table also indicates whether the organisation has its headquarters in Leicester Shire.

Leicester Shire's Largest Employers, May 2006

Table 2.6

Company/Organisation Name	Employees in Leicester Shire	Branches in Leicester Shire
Leicestershire County Council	23,000	167*
Leicester City Council	17,470	130*
University Hospitals of Leicester NHS Trust	12,250	4*
De Montfort University	5,310	7*
University of Leicester	4,430	9*
Leicestershire Constabulary	3,500	5
Loughborough University	3,440	7*
Asda Stores Ltd (Walmart Group)	3,390	6
Royal Mail Group Plc	3,360	24
Leicester College	3,210	7*
Tesco Plc	2,990	9
Samworth Brothers Limited	2,900	9*
Next Retail Limited	2,810	6*
Midlands Co-Operative Society Limited	2,180	90*
J Sainsbury Plc	2,150	7
Goldsmiths Group PLC	1,810	2*
W M Morrisons Supermarkets Plc	1,660	6
Alliance & Leicester Plc	1,530	5*
Walkers Snack Foods Limited (PepsiCo)	1,500	1*
BT Group Plc	1,490	2*

Source: Leicestershire data4business 2006

Notes:* indicates whether the company/organisation has a registered Head Office in Leicester Shire. Table only includes companies/organisations included on the data4business database – for information see http://www.leics.gov.uk/statistics

Business and Entrepreneurship

Table 2.7 shows the majority of business units are based in the distribution, hotels and restaurants sector (29.4%) and banking and finance sector (26.7%). Compared to the national and regional averages the sub-region has a higher proportion of business units based in the manufacturing sector (5.1 percentage point and 2.7 percentage point differences respectively). There are a lower proportion of business units based in the banking and finance sector in Leicester Shire compared to the national average (4.2 percentage point difference).

Table 2.8 shows the distribution of business units within broad sectors in each Local Authority District in Leicestershire County.

One of the most important measures of economic performance is the nature of the business environment and the extent to which an entrepreneurial culture is encouraged. Successful economies are characterised by a dynamic business base, which is both innovative and flexible enough to respond to new trends and market opportunities. The existence of a large ethnic minority population in Leicester City with its strong links to the Asian sub-continent is often associated with an entrepreneurial ethic.

Business Units by Sector in Leicester Shire, 2004 (%)

Table 2.7

	Leicester City	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Total Units	10,470	24,689	35,159	154,600	2,235,348
Agriculture and fishing	*	0.3%	0.2%	0.4%	0.5%
Energy and water	*	0.2%	0.2%	0.2%	0.2%
Manufacturing	16.8%	10.8%	12.6%	9.9%	7.5%
Construction	5.1%	11.0%	9.3%	10.5%	9.3%
Distribution, hotels and restaurants	33.8%	27.5%	29.4%	30.4%	29.3%
Transport and communications	3.4%	6.2%	5.4%	5.2%	4.5%
Business and financial services	24.3%	27.8%	26.7%	26.1%	30.9%
Public administration, education & health	9.7%	8.6%	9.0%	9.8%	8.8%
Other services	6.7%	7.6%	7.3%	7.5%	8.8%

Source: Annual Business Inquiry 2004

Note: * figures have not been disclosed for confidentiality purposes

Business Units by Sector in Leicestershire Local Authority Districts, 2004 (%)

Table 2.8

	Blaby	Charnwood	Harborough	Hinckley & Bosworth	Melton	North West Leicestershire	Oadby & Wigston
Total Units	3,386	5,680	3,844	4,044	2,080	3,830	1,825
Agriculture and fishing	*	*	*	*	*	*	*
Energy and water	*	*	*	*	*	*	0.0%
Manufacturing	10.1%	11.4%	9.7%	12.5%	9.6%	8.9%	13.4%
Construction	15.0%	11.1%	10.0%	11.4%	10.9%	9.1%	9.4%
Distribution, hotels and restaurants	23.6%	29.5%	27.0%	27.1%	28.7%	28.0%	28.9%
Transport and communications	5.9%	5.5%	5.2%	6.4%	6.5%	9.0%	4.9%
Business and financial services	27.4%	25.2%	32.6%	27.7%	26.5%	28.5%	26.3%
Public administration, education & health	10.8%	9.2%	7.1%	6.8%	9.1%	8.8%	9.2%
Other services	6.9%	7.7%	8.1%	7.6%	8.1%	7.1%	7.7%

Source: Annual Business Inquiry 2004

Note: * figures have not been disclosed for confidentiality purposes

Profile of the Business Base in Leicester Shire

Table 2.9

	No. of VAT registered businesses (2004)	% change 2000-2004	% employing <50 people (2004)	1 yr business survival rate (%) (2003)	3 yr business survival rate (%) (2001)
Leicester City	7,650	1.5	95.1%	n/a	n/a
Leicestershire County	20,865	4.2	96.8%	n/a	n/a
Leicester Shire	28,515	3.5	96.3%	91.9	68.5
East Midlands	125,170	5.5	96.2%	92.2	70.6
Great Britain	1,760,955	3.5	96.2%	92.0*	68.9*

Notes: * UK figure

Sources: VAT register, 2004; Annual Business Inquiry, 2004

Table 2.9 shows there was a total of 28,515 VAT registered businesses[2] in Leicester Shire in 2004. Between 2000 and 2004, the number of businesses grew by 3.5%, on par with the national growth rate. The business stock in the County grew at a faster rate than that in the City (by 4.3% compared to 1.5%).

There was a slightly lower proportion of small businesses in Leicester City, with 95.1% employing under 50 people compared to 96.2% in Great Britain as a whole.

Business survival rates in Leicester Shire are similar to the regional average and national average.

Table 2.10 provides a profile of the business base in Leicestershire Local Authority Districts. Figure 2.2 gives an indication of business confidence in Leicester Shire from the Leicester Shire Business Survey which shows how local companies view the sub-regional economy[3].

Since 2000, business confidence has been low in Leicester Shire. Business confidence peaked during summer 2004, but has now worsened despite making a slight recovery in the last two surveys. The most recent business survey indicates that business optimism is negative, i.e. more people are expecting the situation to worsen than get better.

Not surprisingly – and reflecting national trends – confidence is higher amongst businesses in the service sector than in the manufacturing sector. British manufacturing has shown signs of recovery in recent years despite low-cost competition from abroad. According to the Leicester Shire Business Survey, the negative sentiments of manufacturing optimism had shown little sign of improving with a large number of manufacturing businesses closing down in the sub-region and manufacturing confidence reaching a four-year low in Winter 2005/06. However, results

Profile of the Business Base in Leicestershire Local Authority Districts

Table 2.10

	No. of VAT registered businesses (2004)	% change (2000-2004)	% employing <50 people (2004)
Blaby	2,615	6.3	95.8
Charnwood	4,495	0.9	96.9
Harborough	3,740	0.7	97.5
Hinckley and Bosworth	3,545	6.1	97.2
Melton	1,945	4.3	97.3
North West Leicestershire	3,120	11.8	96.1
Oadby and Wigston	1,410	1.4	97.0

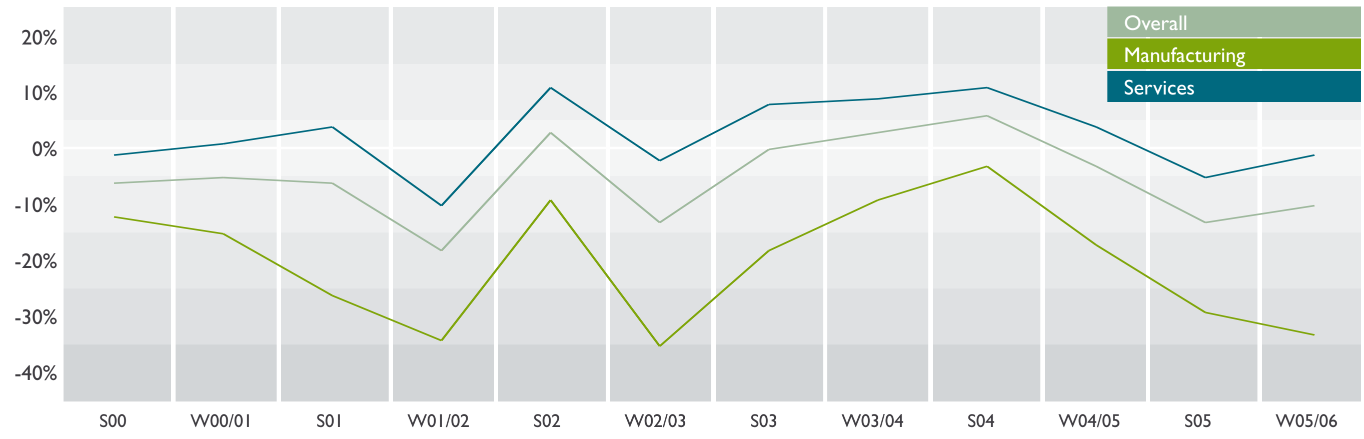
Sources: VAT register, 2004; Annual Business Inquiry, 2004

2 This figure excludes those businesses whose turnover is beneath the VAT threshold (in 2006 the VAT threshold was an annual turnover of £60,000) and thus underestimates the number of very small companies

3 Leicester Shire Intelligence, Leicester Shire Business Survey Summer 2006, updated bi-annually and available from: http://www.lsint.info/reports.asp

Business Optimism in Leicester Shire, 2000-2006

Figure 2.2



Source: Leicester Shire Business Survey, Summer 2006

Note: Business optimism is calculated by subtracting the percentage of businesses expecting a worse situation from those expecting an improvement. S = Summer, W = Winter.

Entrepreneurship in Leicester Shire

Table 2.11

	Business registration Rate* (2004)	% self-employed (2005)	Start-ups in Financial and Business Services, (%) (2004)	Micro Firm Density** (2004)
Leicester City	43.8	9.3	33.3	29.1
Leicestershire County	48.6	11.2	36.9	33.6
Leicester Shire	47.1	10.6	35.9	32.2
East Midlands	43.4	12.0	33.7	29.9
Great Britain	46.3	12.3	37.3	32.0

Sources: VAT register, 2004; Annual Population Survey 2005

Notes: * Number of business start ups per 10,000 people working age population; ** Number of VAT registered businesses (<10 employees) as a proportion of the population.

from the latest business survey show a sharp rise in the business confidence amongst manufacturing businesses. Despite this improvement in the manufacturing sector business confidence remains negative.

Table 2.11 shows the level of entrepreneurship in Leicester Shire using the business population rate, proportion of people self employed, start-ups in financial and business services and micro firm density.

In 2004, the business registration rate in Leicester Shire was on a par with Great Britain as a whole. Within Leicester City (43.8) there was a lower proportion of new business start up as a proportion of the working age population compared to Leicestershire County (48.6).

Self-employment rates are low in Leicester Shire, particularly in Leicester City where only 9.3% of people in employment were classed as self-employed in 2004. The rate in the County was higher (11.2%) reflecting some self employment in financial and business service sectors and the agricultural sector. However, this was still below the regional (12.0%) and national (12.3%) figures.

The proportion of new business start-ups in the financial and business service sectors (considered to be key drivers of future productivity) is lower in Leicester Shire (35.9%) compared to the national average (37.3%), but above the regional average (33.7%). The proportion is considerably higher in Leicestershire County (36.9%) compared to Leicester City (33.3%).

A key indicator of entrepreneurial activity and competitiveness is micro firm density. The ratio of micro firms (>10 employees) to the population is slightly higher in Leicester Shire (32.2) compared with Great Britain (32.0) and the East Midlands (29.9). However, the ratio is much higher in Leicestershire County (33.6) compared to Leicester City (29.1).

Table 2.12 shows the level of entrepreneurship in Leicestershire Local Authority Districts.

Entrepreneurship in Leicestershire Local Authority Districts

Table 2.12

	Business registration Rate* (%) (2004)	% Self-employed (2005)	Start-ups in Financial and Business Services, (%) (2004)	Micro Firm Density** (2004)
Blaby	42.4	11.7	39.2	30.4
Charnwood	39.7	9.3	34.1	30.4
Harborough	70.3	15.5	42.5	42.6
Hinckley and Bosworth	51.5	10.5	35.7	34.0
Melton	47.3	14.6	33.3	37.3
North West Leicestershire	53.4	9.3	35.5	36.2
Oadby and Wigston	41.8	10.6	36.7	27.1

Notes: * Number of business start ups per 10,000 people working age population; ** Number of VAT registered businesses (<10 employees) as a proportion of the population.

Sources: VAT register, 2004; Annual Population Survey, 2005

Inward Investment

Leicester Shire has traditionally been successful in attracting inward investment, building on the area's competitive advantages which include excellent accessibility and a central location. In recent years market activity has been concentrated in distribution and logistics, particularly along the M1 corridor where a number of large, purpose-built business parks have been developed. The greatest expansion has been at Magna Park in Lutterworth, where more development is planned for the future. Blaby District has seen considerable investment in the financial and business services sector, particular with the development of Grove Park. Within Leicester City, regeneration projects are expected to exceed £3bn up to 2010 according to Leicester Regeneration Company, including the re-development and extension of the Shires Shopping centre with the opening of a flagship John Lewis store. Table 2.13 lists some of the key investments in Leicester Shire between 2005 and 2006.

Table 2.13 shows that Leicester Shire attracts a range of businesses from a number of sectors. There has been

Inward Investment into Leicester Shire (January 2005 – January 2006)

Table 2.13

Company	Sector/ Activity	Location	Jobs created
Morrisons	Retail	Hinckley/Melton	200*
TNT	Distribution	Magna Park	200*
Marriot Hotels	Hotels and Tourism	Grove Park	150
Exel	Distribution	Magna Park	130*
Aon	Call centre	Leicester	120
Thales	Engineering	Braunstone Firth	100*
Mattioli Woods	Finance	Grove Park	50*
Available Car	Retail	Castle Donington	30*
VWR	Distribution	Magna Park	30
Kemac	Utility	Loughborough	25*
Air Charter Service	Transport	East Midlands Airport	25
Domino' Pizza	Retail/Food	Wigston	20
Virgin Megastore	Retail	Loughborough	20

Note: * Denotes a relocation within the area or an expansion of an existing site

Source: Leicester Mercury / Leicester Shire Intelligence Business Bulletin

Inward Investment A useful measure of the attractiveness and competitiveness of an area measured through analysis of data on investment levels by sector and resultant job creation.

Leicester Shire Promotions' Successes, 2005-2006

Table 2.14

Company name	Sector	New Jobs	Jobs Safeguarded	District
Meggitt	Aerospace	211	0	Charnwood
TRX Expedia	Travel	40	0	Leicester
Shearsby Bath Hotel	Leisure/ Tourism	20	0	Hinckley and Bosworth
Huge Promotions	Creative Industries	16	0	Leicester
Bott	Manufacturing	12	125	North West Leicestershire
AKA Marketing	Creative Industries	12	0	Leicester
Academy Hair and Beauty	Healthcare	10	0	Leicester
Carlton Laser	Printing	5	46	Leicester
C&R Priniting Services	Printing	0	59	Blaby
SAIT Abrasives	Engineering	0	35	Blaby
UFP	Packaging	0	32	Leicester
WF Howes	Printing	0	26	Melton
Hollister Services	Medical devices	0	25	North West Leicestershire
Great Central Railway	Tourism	0	20	Charnwood
Dransfield Novelty	Leisure	0	15	Charnwood

Source: Leicester Shire Promotions

Average Rental Values for Shops, Offices and Industrial Premises, Leicester and Comparator East Midlands Cities (Spring 2001/2006)

Table 2.15

Average Rental Values (£ per sq m per year)

Premises		Nottingham		Derby		Northampton		Leicester	
		2001	2006	2001	2006	2001	2006	2001	2006
Shops[1]	Type 1	2,000	2,600	1,550*	1,650	1,400	1,400	2,000	2,000
	Type 2	575	1,100	660*	825	850	750	575	900
	Type 3	100	275	125	170	180	240	140	175
Offices[2]	Type 1	135	140	75	90	88	135	70	145
	Type 2	150	150	88	100	118	135	80	100
	Type 3	95	100	95	105	128	135	85	105
Industrial[3]	Type 1	63	68	94	75	78	85	60	66
	Type 2	53	60	61	69	70	65	50	63
	Type 3	50	50	48	64	58	55	38	52
	Type 4	48	48	40	48	55	50	31	50

Source: Valuation Office

Notes: *uses larger zoning pattern

Shops [1] Type 1 – Prime position in principal shopping centre;
Type 2 – Good secondary position in principal shopping centre;
Type 3 – Modern, purpose built warehouse unit, edge of town location.

Offices [2] Type 1 – Town centre location with self contained suite over 1,000 sq m in office block erected in last 10 years;
Type 2 – As Type 1 but suite size in range of 150 sq m to 300 sq m;
Type 3 – Converted former house usually just off town centre.

Industrial [3] Type 1 – Small starter units, 25 sq m to 75 sq m;
Type 2 – Nursery units, 150 sq m to 200 sq m;
Type 3 – Industrial/ warehouse units, circa 500 sq m;
Type 4 – Industrial/ warehouse units, circa 1,000 sq m.

significant expansion of the distribution centres in the area, for example by TNT and Exel in Magna Park. The creation of Grove Park in Blaby District has attracted service sector employment including, Mattioli Wood pension consultants and a new Marriott Hotel.

There is interest from central government to relocate departments outside of London and the South East following the Lyons report in 2005. Leicester and Leicestershire are being considered as potential locations, as the sub-region offers a number of benefits. These include lower operating costs and excellent communication links.

Leicester Shire Promotions, a non-profit organisation responsible for promoting the sub-region to inward investors, produce reviews of the companies and organisations they have assisted to create and safeguard jobs in Leicester Shire (Table 2.14).

Property Market

Table 2.15 shows average commercial property rental values for Leicester City and a number of comparator cities in the East Midlands (national figures are not readily available) for 2001 and 2006, which gives an indication of levels of demand for commercial property.

In terms of shops, in 2006, rental values in Leicester City were slightly lower than Nottingham but higher than Derby and Northampton, which suggests that Leicester City is an important retail centre in the region. Since 2001, the rental value of shops in prime locations has risen in Nottingham and Derby, but remained fairly stable in both Leicester and Northampton.

Prime Type 1 sites (see Notes at the foot of Table 2.15 for an explanation) were £2,000 per sq m in Spring 2006 which places Leicester in the same group as centres such as Norwich, Chelmsford, Swindon and Stoke-on-Trent. Major cities such as Birmingham recorded rents for prime retail space of £3,100 per sq m, Manchester £3,500 per sq m and Leeds £3,250 per sq m.

Average office rentals in Leicester City differ somewhat between types. Type 1 offices in Leicester, for example, have the highest rental values in the region with average rents of £145 per sq m and have risen dramatically since 2001. Type 2 offices in Leicester City at £100 per sq m are below the rental values in both Nottingham (£150 per sq m) and Northampton (£135 per sq m). Type 3 offices are similar across the four large settlements in the region with the exception of Northampton where rental values are £135 per sq m compared to only £105 per sq m in Leicester City.

Since 2001, rental values have risen for all types of industrial property in Leicester City. Leicester City recorded higher rental values for Type 4 industrial premises of £50 per sq m compared to £48 per sq m for both Nottingham and Derby, but against other industrial property types Leicester City is generally below the other comparator areas.

Local employment land studies have been completed for all district authorities within Leicestershire looking at the quality and quantity of employment land and premises in the sub-region. The study for Leicester City[4] identified that there is a shortage of good quality employment land, a large number of ageing properties inherited from the declining textiles sector, a loss of employment land to other uses and a need for affordable properties.

Following these studies the recent Leicester Shire Employment Land and Premises Study[5], commissioned by Leicester Shire Economic Partnership, Leicestershire County Council and Leicester City Council assessed the quality and quantity of employment land within the sub-region. The study undertook a strategic assessment of the local studies, gave guidance on the development of a sub-regional employment land strategy and action plan, considered specific employment sites within the sub-region and assessed the delivery mechanisms required to secure good quality employment land.

The report recognised that, across the sub-region, despite a marginal net change in employment forecasts there would be a major sectoral shift with losses within textiles, machinery, printing, plastics and wholesaling, and gains in communications and business services. Key strategic issues which were raised through consultation included the need to: 1) encourage a mix of skills, jobs and employment sites, 2) develop high quality employment sites, 3) encourage the development of creative industry clusters within Leicester City and market towns, 4) ensure the affordability of employment sites, and 5) explore the opportunity of extending the boundary of the Leicester Regeneration Company.

Property Market Including commercial rental values and a number of housing statistics.

4 BE Group, Leicester Employment Land and Premises Assessment Study, January 2006

5 SQW Ltd, Leicester Shire Employment Land and Premises Study, July 2006 – a series of local studies have also been conducted for the local authority districts across Leicester Shire.

Great Britain's Top 20 Retail Centres, 2006

Table 2.16

1	London – West End	£3.94bn
2	Birmingham	£2.27bn
3	Glasgow	£2.06bn
4	Manchester	£1.33bn
5	Nottingham	£1.28bn
6	Leeds	£1.25bn
7	Bluewater	£1.25bn
8	Norwich	£1.17bn
9	Liverpool	£1.16bn
10	Newcastle-upon-Tyne	£1.15bn
11	Leicester	£1.10bn
12	Reading	£1.10bn
13	Bristol	£1.04bn
14	Cardiff	£1.02bn
15	Trafford Centre	£1.01bn
16	Sheffield	£988m
17	Milton Keynes	£992m
18	Southampton	£974m
19	Meadowhall	£944m
20	Croydon	£935m

Source: CACI Retail Footprint 2006

Leicester City is a prime retail location and ranks 11th out of all Great Britain shopping centres in the CACI retail footprint model, and has a value of £1.1bn (see Table 2.16). Retail Footprint 2006 is CACI's unique model of retail centre potential. The model covers over 2,200 comparison goods centres across Great Britain. The Retail Footprint recreates real shopper behaviour by using millions of pounds of credit card transactions as the basis for modelling current shopping patterns. Table 2.17

East Midlands Top 10 Retail Centres

Table 2.17

1	Nottingham	£1.28bn
2	Leicester	£1.10bn
3	Derby	£423m
4	Northampton	£324m
5	Lincoln	£286m
6	Kettering	£215m
7	Fosse Park	£192m
8	Chesterfield	£189m
9	Mansfield	£179m
10	Mansfield – McArthurGlen	£171m

Source: CACI Retail Footprint 2006

shows the top 10 centres in the East Midlands and their values. Leicester is ranked second in the region and Fosse Park Retail Park is ranked 7th.

Table 2.18 shows that in 2005 the average house price in Leicester Shire was £165,104, a figure lower than the England and Wales average of £189,549. The average price of a house in Leicester City was even lower at £132,531. Average house prices were highest in Leicester Shire in Harborough District in the south east of the County, which had an average house price of £218,427 (see Table 2.19).

The proportionate increase in house prices between 2004 and 2005 was higher in the County (6.6%) than the City (4.3%). The Leicester Shire percentage change (6.5%) was higher than the regional (6.0%) and national (6.2%) increase. Within the County, average house prices increased between 2004 and 2005 by the greatest proportion in Melton Borough (9.1%).

Average House Prices by Property Type in Leicester Shire, 2005

Table 2.18

	All Dwellings	% Change 2004-2005	Detached	Semi-Detached	Terraced	Flat/Maisonette
Leicester City	£132,531	4.3	£236,803	£130,560	£113,596	£126,356
Leicestershire County	£177,224	6.6	£260,543	£147,101	£125,331	£114,478
Leicester Shire	£165,104	6.5	£258,286	£142,861	£120,574	£119,730
East Midlands	£153,493	6.0	£226,700	£131,976	£111,203	£116,254
England & Wales	£189,549	6.2	£292,460	£173,637	£148,248	£175,059

Source: HM Land Registry 2005

Average House Prices by Property Type in Leicestershire Local Authority Districts, 2005

Table 2.19

	All Dwellings	% Change 2004-2005	Detached	Semi-Detached	Terraced	Flat/Maisonette
Blaby	£168,497	6.1	£232,125	£143,846	£124,144	£114,296
Charnwood	£172,723	5.6	£273,170	£147,400	£129,933	£109,251
Harborough	£218,427	5.2	£293,332	£165,474	£145,486	£134,239
Hinckley and Bosworth	£166,889	7.0	£249,882	£146,872	£120,265	£107,785
Melton	£187,218	9.1	£283,721	£143,176	£120,621	£100,525
North West Leicestershire	£164,632	5.1	£227,418	£137,867	£114,512	£142,759
Oadby and Wigston	£167,741	7.5	£263,545	£145,289	£116,865	£116,890

Source: HM Land Registry 2005

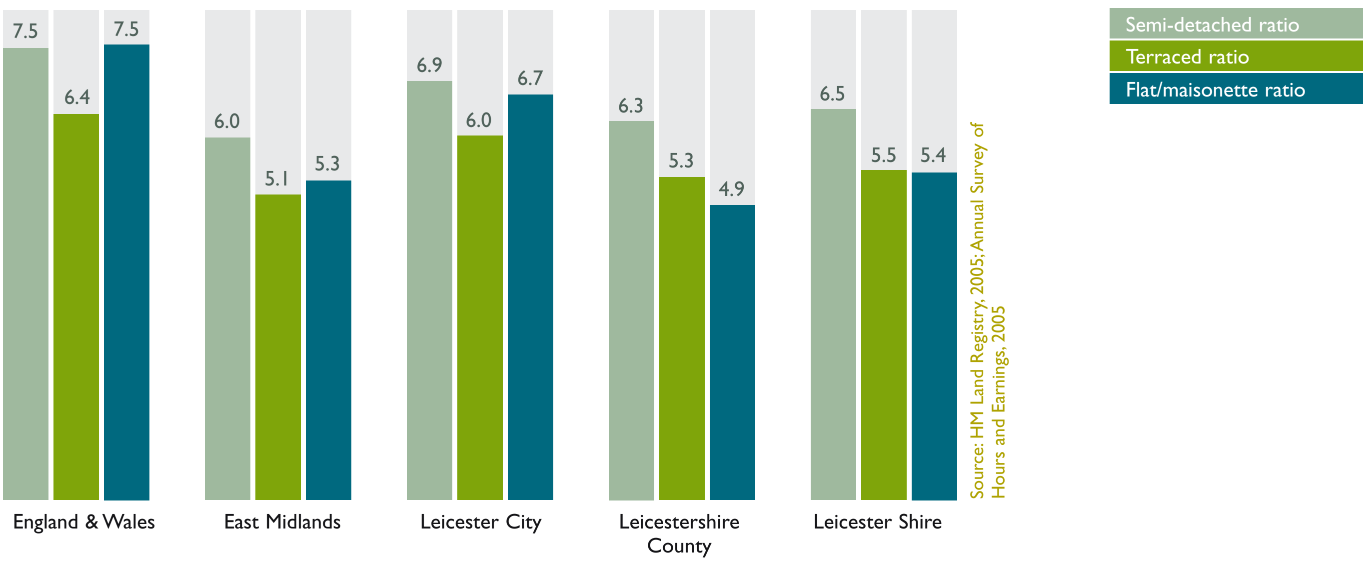
Detached houses were by far the most expensive in all areas in 2005. In Leicester Shire, the average price of a terraced house was on par with a flat or maisonette whereas nationally, flat/maisonettes were generally more expensive. Within the County, the average price of a detached house ranges quite considerable with the highest in Harborough (£293,332) and the lowest in North West Leicestershire (£227,418). The average price of other types of occupancy did not vary as much.

Access to home ownership is a major national policy issue. Many people are finding it increasingly difficult to get on the housing ladder because property prices are increasing at a much higher rate than earnings. A housing affordability ratio indicates the extent to which average house prices correspond to average earnings. The ratio used in this report takes the average price of properties sold over the year by type, divided by median full time earnings. A ratio has not been calculated for detached dwellings which, on average, are out of the range of a first time buyer based on resident average earnings. Resident earnings are used because Leicester, for example, has a substantial proportion of its workforce population living outside the City.

Figure 2.3 shows that in 2005 Leicester Shire recorded an affordability ratio for semi-detached properties of 6.5 which was higher than the regional ratio (6.0) but below the national ratio (7.5) implying less affordable semi-detached housing compared to the region but more affordable compared to the country as a whole. The same pattern is true for terraced housing and flat/maisonette properties. All types of property were less affordable in Leicester City compared to Leicestershire County most notably for flat/maisonette properties. This is a result of the relatively low resident annual earnings in Leicester City compared to Leicestershire County, rather than a reflection of the house prices, which are actually lower in the City with the exception of flat/maisonettes.

Housing Affordability Ratios for Leicester Shire, 2005

Figure 2.3

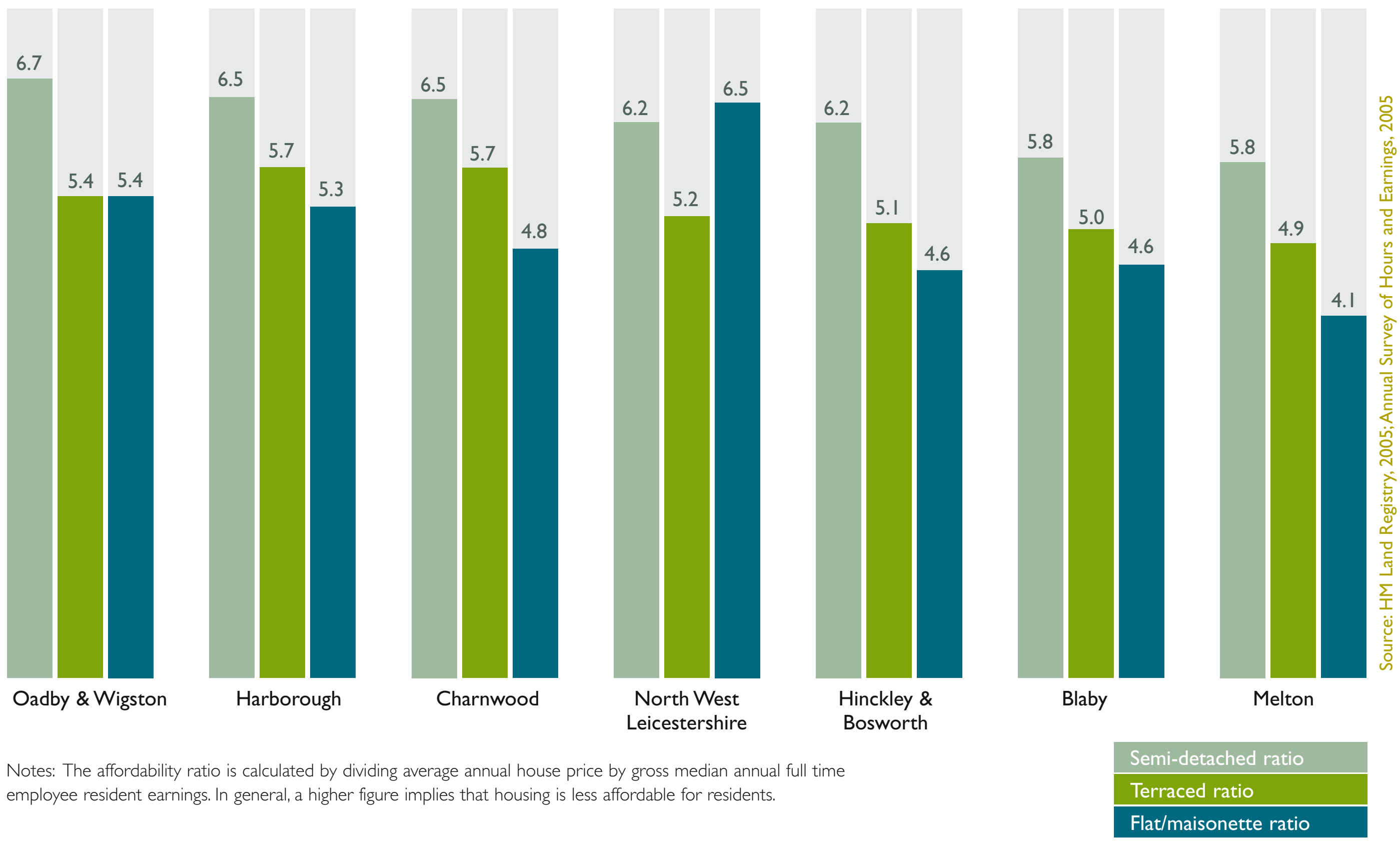


Source: HM Land Registry, 2005; Annual Survey of Hours and Earnings, 2005

Notes: The affordability ratio is calculated by dividing average annual house price by gross median annual full time employee resident earnings. In general, a higher figure implies that housing is less affordable for residents.

Housing Affordability Ratios for Leicestershire Local Authority Districts, 2005

Figure 2.4



Notes: The affordability ratio is calculated by dividing average annual house price by gross median annual full time employee resident earnings. In general, a higher figure implies that housing is less affordable for residents.

In 2005, the Council for Mortgage Lenders found that the average advance for a first-time buyer was 90% and the amount borrowed, on average, was three times the average income of the house buyer. Given that no house price ratio for Leicester Shire was less than 5.0 (i.e. average house prices are 5 times greater than the average salary) a number of first time buyers may struggle to find a lender willing to offer them a mortgage.

Figure 2.4 shows that in 2005 the least affordable semi-detached houses in Leicestershire County were in Oadby and Wigston Borough with a ratio of 6.7, however, this was still below the Leicester City ratio of 6.9. The least affordable terraced houses in the County were in Harborough District and Charnwood Borough both with a ratio of 5.7, which was also below the Leicester City ratio of 6.0. By far the least affordable flat/maisonette properties in Leicestershire County were in North West Leicestershire with a ratio of 6.5, which was again below the Leicester City ratio of 6.7.

Transport & Infrastructure

One of Leicester Shire's strong selling points is its favourable transport links. The sub-region has two major motorways (the M1 and M69) connecting Leicester to London, Birmingham and the north. The recent M1 Multi Modal Study recommended the motorway be widened to four lanes between junction 21 and 31 to cope with the increased usage of the road. The A42/M42 and A14 also provide vital links crossing the sub-region. Internal road connections are also well developed. Most market towns within the county are within half an hour's drive from Leicester City. Figure 2.5 provides a visualisation of the sub-region's road links.

The sub-region's rail accessibility is also strong. The Midland Mainline runs a regular high speed rail service from Leicester to Sheffield and London St Pancras. National rail connections are also strong from Loughborough and Market Harborough to London. The Channel Tunnel Rail Link connecting St Pancras station to the continent, which is due to be completed in 2007, will be another favourable feature for Leicester Shire.

Transport & Infrastructure In terms of the sub-regional long term growth prospects, the issues relating to transport and infrastructure are vital for future prosperity.

Leicester Shire's Road Communications

Figure 2.5

Source: Ecotec Research and Consulting; based on data supplied by AA, RAC and Green Flag

Leicester Shire's Rail and Air Communications

Figure 2.6

Source: Ecotec Research and Consulting; based on data supplied by AA, RAC and Green Flag

Cargo Handled at Major UK International Airports 1994-2004 (thousand tonnes)

Table 2.20

	1994	2004	Absolute Change	Percentage Change
Gatwick	222	218	-4	-1.8%
Heathrow	963	1,325	362	37.6%
Luton	10	26	16	160.0%
Stansted	83	226	143	172.3%
Birmingham	19	10	-9	-47.4%
NEMA	55	253	198	360.0%
Kent International	5	27	21	399.9%
Liverpool	24	9	-15	-61.8%
Manchester	91	149	58	63.3%
Edinburgh	4	27	24	645.5%
Glasgow	18	8	-10	-55.6%
Prestwick	14	34	20	142.9%
Belfast International	26	32	6	23.1%

Source: Department for Transport

Terminal Passengers at Major UK International Airports 1994-2004 (millions)

Table 2.21

	1994	2004	Absolute Change	Percentage Change
Gatwick	19.4	27.5	8	41.8%
Heathrow	44.3	60.2	16	35.9%
Luton	1.7	5.9	4	247.1%
Stansted	2.8	18.2	15	550.0%
Birmingham	3.9	7.5	4	92.3%
Bristol	1.1	3.3	2	200.0%
NEMA	1.3	3.6	2	176.9%
Manchester	12.1	17.7	6	46.3%
Newcastle	1.7	3.0	1	76.5%
Aberdeen	0.7	1.0	0	42.9%
Edinburgh	0.6	2.2	2	266.7%
Glasgow	2.9	3.9	1	34.5%
Belfast	0.6	1.2	1	100.0%

Source: Department for Transport

Importantly, Leicester City also possesses well defined rail links to other principal UK cities including Birmingham (50 minutes), Sheffield (1 hour 10 minutes), Manchester (1 hour 45 minutes) and Leeds (2 hours). There are local rail services within the area to some of the major settlements.

The Leicestershire Local Transport Plan provides more detailed information on travel times and accessibility for Leicestershire[6].

The sub-region is also home to Nottingham East Midlands Airport (NEMA). Figure 2.6 provides a visualisation of Leicester Shire's rail and air communications.

Table 2.20 shows that NEMA is now the second largest freight airport in the UK after Heathrow. Since 1994, the amount of cargo passing through the airport has increased almost five-fold to 253,000 tonnes in 2004. The draft NEMA Master Plan[7] predicts that cargo handling at the airport will rise to 1.2 million tonnes by 2016. Distribution firms including, DHL, UPS, and the Royal Mail all have a significant presence at NEMA.

Table 2.21 shows that international air travel has risen dramatically over the last ten years. The number of international passengers using Nottingham East Midlands Airport has increased by 177% since 1994 to 3.6 million passengers in 2004. NEMA have estimated that passenger numbers will rise to 9.2 million by 2016. NEMA has established itself as a hub for low fare airlines easyJet, bmibaby and Ryanair, and serves a range of domestic and European short haul destinations. The growth of NEMA will also have an economic impact in terms of jobs, investment, need for housing and surface traffic generation.

6 Leicestershire County Council, Leicestershire Local Transport Plan 2006-2011, March 2006
7 Nottingham East Midlands Airport, Draft Master Plan Summary Document, February 2006

3

Regent Street, Hinckley

People, Labour Market and Skills

This chapter provides the baseline structured around people, labour market and skills in Leicester Shire.

Chapter Summary

- The population of Leicester Shire was estimated to be 909,000 in 2004. There was a lower estimated proportion of people of retirement age in the sub-region (17.6%) compared to the regional (18.9%) and national averages (18.6%). In 2004, a significantly higher proportion of people were estimated to be aged 15 and under in Leicester City (21.0%) compared to Leicestershire County (19.1%).

- Ethnicity estimates for 2004 show that 18.8% of the Leicester Shire population were of black and minority ethnic (including White Irish and White Other) origin compared to 14.7% nationally. In Leicester City, the figure is over 40%. By far the largest ethnic minority group in Leicester Shire was the Indian community which accounted for over half the black and ethnic minority population in the sub-region in 2004.

- In 2005, the rate of economic activity was slightly higher in Leicester Shire (79.1%) than Great Britain (78.4%), but slightly below the East Midlands figure (79.3%). However, this disguises considerable differences within the sub-region, with Leicester City recording a very low economic activity rate (70.2%) and the County recording a rate greater than the national average (83.3%).

- The Claimant Count unemployment rate in Leicester Shire (2.5%) was similar to the regional average (2.4%) and national average (2.6%) in June 2006. However, this masks significant variations between Leicester City (4.8%) and Leicestershire County (1.4%). Also, there was a significantly higher proportion of people classed as long-term unemployed in Leicester (18.8%) reflecting the structural change the City economy is undergoing.

- Low wages in Leicester Shire are a reflection of the concentration of employment in lower paid service sectors e.g. distribution, hotels and restaurants and traditional manufacturing sectors e.g. textiles, particularly in Leicester City. Individual median average annual earnings in the sub-region (£18,414) were considerably below the national average (£19,110) but slightly above the regional average (£18,210) in 2005.

- Furthermore, there are large spatial disparities in household income in Leicester Shire. In some of the most affluent areas across rural Harborough District and Melton Borough in 2006, average annual household income was above £45,000 compared to only £22,000 across some urban areas of Leicester City and Loughborough.

- In 2005, there remained a higher proportion of people with no or low qualifications in the sub-region (26.5%) compared to the national average (24.1%). Attainment of NVQ Level 4 and above qualifications (degree level) follow a similar pattern with a lower proportion of people educated to degree standard in Leicester Shire (26.8%) compared to the national average (30.2%). Qualification levels are particular poor in Leicester City where almost a third of economically active residents had no or low qualifications in 2005.

- The 2006 East Midlands Household Survey uncovered some interesting educational inequalities in the sub-region. In Leicester Shire, residents who were either older, non-white, disabled, out of work or unemployed were more likely to have no qualifications and less likely to have a degree level qualification. The same groups were also less likely to be participating in job-related training, therefore, compounding educational inequalities.

- The latest Leicester Shire Business Survey shows that the proportion of businesses experiencing recruitment difficulties has decreased sharply in recent years to its lowest level for 10 years. However, manufacturing businesses continue to be more likely to report recruitment difficulties than service sector businesses.

- The Index of Multiple Deprivation 2004 shows that deprivation is much more severe in Leicester City compared to the rest of the sub-region. There were 43 Super Output Areas in Leicester City that were in the most deprived 10% in England, but none in Leicestershire County. In the County, North West Leicestershire and Charnwood were the most deprived local authority districts.

- In November 2005, a lower proportion of Leicester Shire's working age population (12.4%) made benefit claims compared to the East Midland (13.5%) and Great Britain (14.8%). In Leicester City, one in five people of working age were claiming benefits in November 2005. The largest single benefit claimed was Incapacity Benefit, which almost 9% of Leicester City's and over 4% of Leicestershire County's working age population received.

People, Labour Market and Skills

Demography

According to the 2004 ONS Mid Year Estimate (MYE), the total population of Leicester Shire was 909,000, an increase of 3.8% (33,400 people) from 1994. However, in Leicester City the total population estimate has fallen since 1994 by 1.5% (4,400 people). In the County, a growth rate of 6.4% (13,600 people) has been estimated between 1994 and 2004. Harborough District accounts for a significant proportion of the increase in the County with an estimated population growth of 14.1% between 1994 and 2004 (9,900 people).

Table 3.1 shows the components of population change in Leicester Shire between 2001 and 2004. Population change is determined by births, deaths and migration. Between 2001 and 2004, 57% of the estimated population growth in Leicester Shire was due to migration. This is lower than the England figure of 65% and much lower than the East Midlands figure of 90%. In Leicester City, there was a net out migration of people between 2001 and 2004. However, the natural population increase in Leicester City has more than compensated for the outward migration between 2001 and 2004. In the County, migration has been the key component of population change between 2001 and 2004.

Components of Population Change in Leicester Shire, 2001-2004

Table 3.1

	2001 Mid Year Estimate	Births	Deaths	Net natural change	Migration and other changes	2004 Mid Year Estimate
England & Wales	52,360,000	1,830,500	1,592,600	237,900	448,400	53,046,200
East Midlands	4,189,600	138,200	128,800	9,300	80,800	4,279,700
Leicester Shire	893,100	31,900	25,100	6,800	9,000	909,000
Leicester City	282,800	12,700	8,200	4,600	-2,300	285,100
Leicestershire County	610,300	19,200	16,900	2,200	11,300	623,900

Source: ONS, Mid Year Estimates 2004

Overseas Nationals Living in Leicester Shire and Allocated a National Insurance Number by Year of Registration and Continent of Origin, 2002/3 – 2005/06

Table 3.2

	2002/03	2003/04	2004/05	2005/06
All	4,830	6,190	6,580	10,420
Europe - EU Accession Countries	10	40	1,120	4,290
Asia and Middle East	2,350	2,900	2,620	3,220
Europe - EU Excluding Accession Countries	850	1,040	1,030	1,120
Africa	1,050	1,560	1,170	1,110
The Americas	90	130	100	160
Europe - non-EU	120	140	180	140
Australasia and Oceania	90	100	80	100
Others and unknown	0	0	0	10

Note: Figures may not sum due to rounding

Source: Department for Work and Pensions

Demography Key population statistics including the size and breakdown of the ethnic minority population and population projections

Table 3.3

Overseas Nationals Entering the UK and Allocated a National Insurance Number by Year of Registration and Place of Residence, 2002/03 – 2005/06

	2002/03	2003/04	2004/05	2005/06	Rate per 1,000 people
UK	349,240	370,750	439,730	662,390	11.4
East Midlands	13,400	16,480	23,510	38,480	9.0
Leicester Shire	4,830	6,190	6,580	10,420	11.5
Leicestershire County	1,010	1,310	1,660	2,800	4.5
Leicester City	3,820	4,880	4,920	7,620	26.7
Charnwood	430	660	680	1,120	7.1
North West Leicestershire	80	100	220	470	5.3
Melton	40	50	150	230	4.8
Oadby and Wigston	130	130	150	190	3.4
Hinckley and Bosworth	120	130	170	310	3.0
Harborough	90	100	150	230	2.9
Blaby	120	140	140	250	2.7

Source: Department for Work and Pensions

Note: Rate per 1,000 people calculated using registrations in 2005/06 divided by per 1,000 people using 2004 Mid-Year Estimates. The Great Britain MYE is used for UK. Figures may not sum due to rounding

Following the expansion of the European Union to 25 member states it has been reported that there has been an influx of economic migrants from Accession states[1] to the UK. Although there is no reliable source of such international migratory patterns, National Insurance Number allocations to overseas nationals provides an indication of the volume of people coming to work in the UK[2].

Tables 3.2 and 3.3 show National Insurance Number allocations to overseas nationals that stated they resided in Leicester Shire at the time of their National Insurance Number application. Table 3.2 shows that registrations to nationals from EU Accession countries increased by 4,280 between 2002/03 and 2005/06. Almost three quarters of this increase in registrations to Accession nationals was due to Polish arrivals. Registration from Asian nationals also increased by 870 between 2002/03 and 2005/06. The majority of National Insurance Number allocations to people from Asia were to people originating from India and China.

Table 3.3 shows that the majority of the 10,420 National Insurance Numbers allocated to overseas nationals in Leicester Shire in 2005/06 were given to residents of Leicester City (73%). Leicester Shire accounted for 27% of the National Insurance Number allocations made in the East Midlands in 2005/06. The rate of National Insurance Number allocation per 1,000 people was 11.5 in Leicester Shire for the financial year 2005/06. The rate was much higher in Leicester City (26.7) compared to Leicestershire County (4.5).

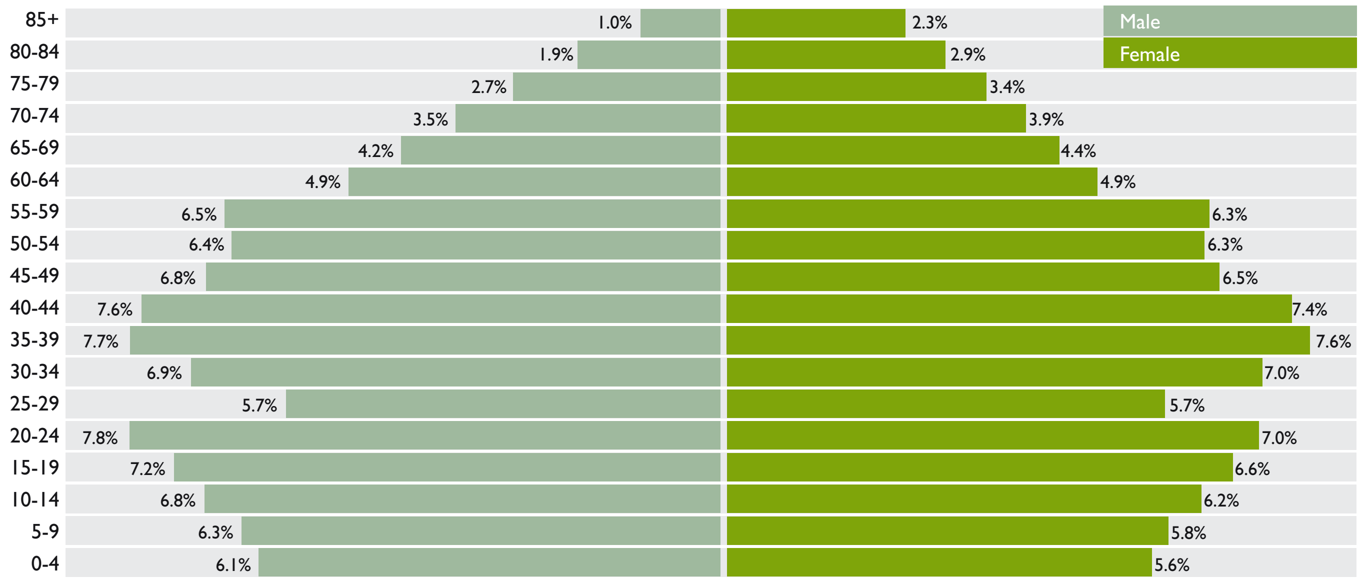
Within Leicestershire Local Authority Districts the greatest number of National Insurance allocation were made in Charnwood Borough with a rate of 7.1 per 1,000 people. There were large increases in the number of registrations in North West Leicestershire District and Melton Borough between 2002/03 and 2005/06 primarily driven by EU enlargement.

1 From 1st May 2004 Poland, Czech Republic, Slovakia, Hungary, Slovenia, Latvia, Lithuania, Estonia, Malta and (Greek) Cyprus joined the existing 15 EU member states. All EU nationals are free to enter the UK to visit and work without need for a visa or work permit.

2 For more information see Department for Work and Pensions, *National Insurance Number Allocations to Overseas Nationals Entering the UK*, 2006.

Age Structure by Gender, in Leicester Shire, 2004

Figure 3.1



Source: ONS, Mid Year Estimate 2004

Broad Age Profile of Leicester Shire, 2004

Table 3.4

	All people	Children aged 0-15	Working age 16-59/64	Older People 60/65+*
Leicester City	285,100	21.0%	64.0%	14.9%
Leicestershire County	623,900	19.1%	62.1%	18.9%
Leicester Shire	909,000	19.7%	62.7%	17.6%
East Midlands	4,279,700	19.3%	61.7%	18.9%
England & Wales	53,046,200	19.5%	61.9%	18.6%
Blaby	91,600	19.4%	61.6%	18.9%
Charnwood	157,500	18.3%	64.2%	17.5%
Harborough	79,000	20.2%	60.8%	19.0%
Hinckley and Bosworth	102,200	18.5%	62.1%	19.5%
Melton	48,300	19.3%	61.3%	19.7%
North West Leicestershire	88,300	19.7%	61.5%	18.8%
Oadby and Wigston	56,100	19.1%	60.2%	20.9%

Source: ONS, Mid Year Estimate, 2004

Notes: * above state retirement age (60 – females, 65 – males)

Figure 3.1 also shows there are increasingly higher proportions of women compared to men in the five-year age groups above 60, this reflects the higher life expectancy of women. In the youngest age groups from 0 through to 24 there are higher proportions of males than females. There are distinctly smaller proportions of both males and females aged between 25-29 years. This is a result of the low number of births between 1974 and 1979 in Leicester Shire. For all age groups as a whole, females account for 51% of the total 909,000 people estimated to be living in Leicester Shire in 2004.

Table 3.4 shows the estimated broad age breakdown of all people living in Leicester Shire in 2004. Leicester City is characterised by a younger population. In 2004, 21.0% of people were aged under 15 and only 14.9% were aged above retirement age (compared to national proportions of 19.5% and 18.6% respectively). The age breakdown of the County population is similar to the national average.

Ethnicity Population Estimates, Leicester Shire 2001–2004

Table 3.5

Leicester Shire	2001	2004	Absolute change 2001-2004	Percentage change 2001-2004
All people	893,100	909,000	15,900	1.8%
White: British	736,800	738,500	1,700	0.2%
White: Irish	7,800	7,600	-200	-2.6%
White: Other White	14,000	16,000	2,000	14.3%
Mixed: White & Black Caribbean	4,500	4,900	400	8.9%
Mixed: White & Black African	900	1,200	300	33.3%
Mixed: White & Asian	3,700	4,300	600	16.2%
Mixed: Other Mixed	2,200	2,600	400	18.2%
Asian or Asian British: Indian	90,200	92,100	1,900	2.1%
Asian or Asian British: Pakistani	5,600	7,000	1,400	25.0%
Asian or Asian British: Bangladeshi	3,300	3,900	600	18.2%
Asian or Asian British: Other Asian	7,200	7,800	600	8.3%
Black or Black British: Caribbean	5,900	6,200	300	5.1%
Black or Black British: African	4,700	8,200	3,500	74.5%
Black or Black British: Other Black	800	1,000	200	25.0%
Chinese or other ethnic group: Chinese	3,600	5,000	1,400	38.9%
Chinese or other ethnic group: Other ethnic group	2,000	3,000	1,000	50.0%
Total Black and Minority Ethnic*	156,400	170,800	14,400	9.2%

Note: * Includes White Irish and White Other. Figures may not add due to rounding

Source: ONS, Experimental ethnicity estimates

Table 3.5 shows detailed ethnicity population estimates for Leicester Shire between 2001 and 2004. The estimates have been produced by ONS using a similar method to the Mid-Year Population estimates, but use the results of the 2001 Census to estimate the differences between ethnic groups in, for example, fertility or migration patterns. The statistics have experimental status at present, which means they have not met the quality criteria for ONS[3].

The biggest estimated change in the ethnic make-up of the sub-region between 2001 and 2004 was the increase in people of Black African origin, primarily due to net inflows of Somali and Zimbabwean nationals into Leicester City.

There have also been considerable estimated increases in people of White British, Other White and Chinese origin in the sub-region as a whole.

3 For further information on the experimental ethnicity estimates and issues surrounding their experimental status see - http://www.statistics.gov.uk/ or email ri@leics.gov.uk

Table 3.6 and Figure 3.2 show the broad ethnicity breakdowns for Leicester Shire, Leicester City, Leicestershire County, the East Midlands and England. The charts clearly show that Leicester City has a substantial non-white population largely due to the considerable number of people of Indian origin living in the City. Since 2001, there has been an estimated increase in the non-white population and a slight decrease in the White population.

Table 3.7 shows ONS population projections from 2003 to 2028, based on the Mid Year Estimates. The latest available are based on the 2003 MYEs, and go up to 2028. The 2003 based population projections suggest that the Leicester Shire population could reach one million by 2028 if current trends continue. The sub-region's population is projected to increase by around 11% between 2003 and 2028 the same rate as the England average. Leicester City's projected population increase is expected to be much lower than the County (3% compared to 15%).

Table 3.6: Broad Ethnicity Population Estimates, 2001-2004

Table 3.6

	Leicester Shire		Leicester City		Leicestershire County		East Midlands		England	
	2001	2004	2001	2004	2001	2004	2001	2004	2001	2004
All people	893,100	909,000	282,800	285,100	610,300	623,900	4,189,600	4,279,700	49,449,700	50,093,100
White	758,600	762,000	182,000	179,000	576,600	582,400	3,910,200	3,951,800	44,896,900	44,834,000
Mixed	11,300	13,000	6,400	7,000	4,900	6,000	44,000	52,200	654,200	752,800
Asian	106,300	110,800	83,100	83,500	23,200	27,300	172,600	191,200	2,290,900	2,579,600
Black	11,400	15,400	9,000	11,600	2,400	3,800	41,800	53,200	1,158,300	1,315,900
Chinese/Other	5,600	8,000	2,300	3,500	3,300	4,500	21,000	31,400	238,800	611,000

Source: ONS, Experimental ethnicity estimates

Changes in the Broad Ethnicity Groups between 2001 and 2004

Figure 3.2

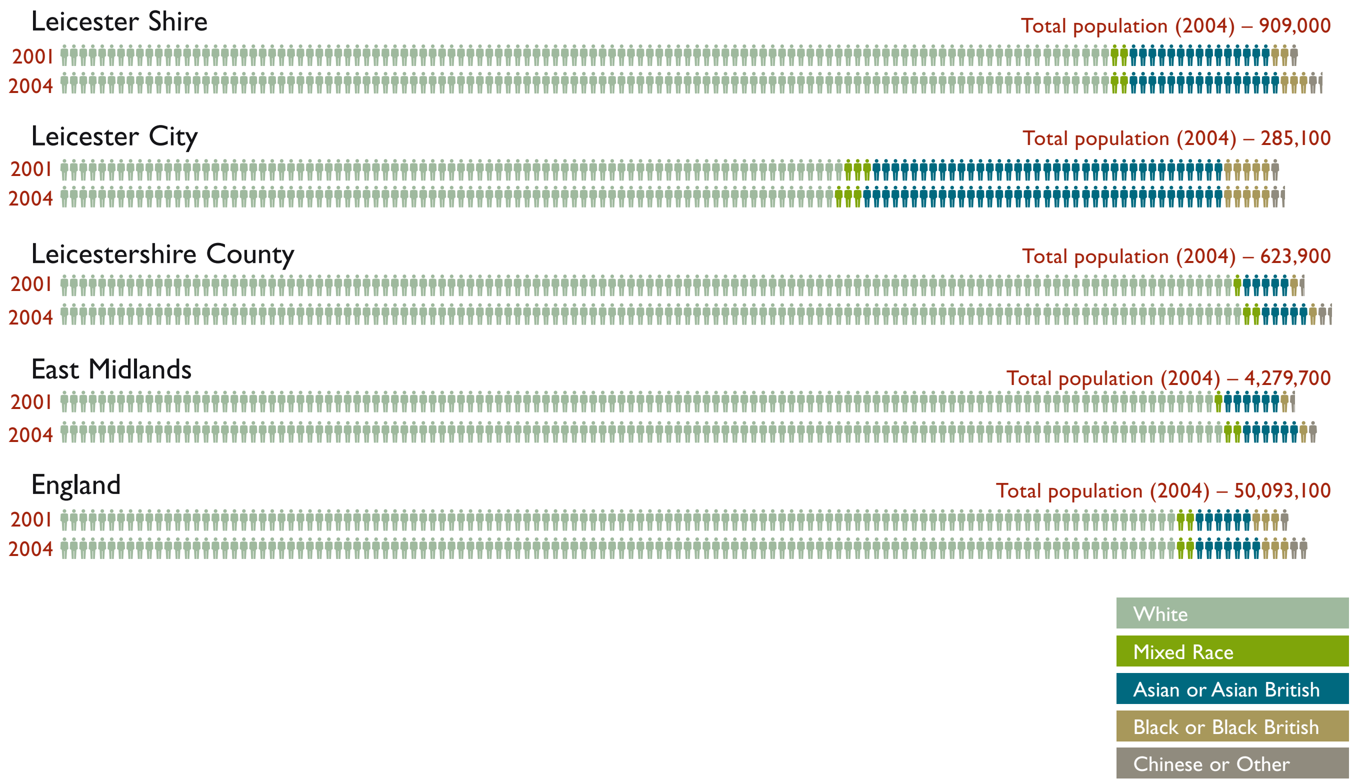


Table 3.7

Population Projections in Leicester Shire, 2003-2028 (thousands)

	2003	2008	2013	2018	2023	2028
Leicester City	283.9	282.5	283.6	285.7	288.2	291.1
Leicestershire County	619.2	640.5	660.0	679.1	697.7	713.2
Leicester Shire	903.1	923.0	943.6	964.8	985.9	1,004.3
East Midlands	4,252.3	4,365.7	4,478.5	4,593.9	4,706.3	4,803.5
England	49,855.7	50,922.5	52,058.8	53,249.3	54,402.6	55,396.7

Source: ONS, Mid Year Estimate

Economic Activity and Unemployment

Table 3.8 shows that the economic activity rate (of working age population) for Leicester Shire in 2005 (79.1%) was slightly higher than the national average (78.4%) and slightly lower than the regional average (79.3%). However, this disguises considerable differences within the sub-region, with Leicester City recording a very low economic activity rate (70.2%) and Leicestershire County recording a rate greater than the national average (83.3%).

The Claimant Count is an administrative measure of unemployment which comes from the monthly count of those claiming unemployment benefits[4]. Overall, unemployment using the Claimant Count in Leicester Shire is low. However, this masks significant geographical variations; in Leicester City a rate of 4.8% was recorded in June 2006 compared to just 1.4% in Leicestershire County. The rate amongst males in the City was particularly high (6.9%). Within specific areas in Leicester City there are pockets of very high unemployment (more than 10% for males) in Charnwood, Spinney Hills, New Parks and Beaumont Leys Wards.

Long term unemployment (people claiming unemployment-related benefits for at least a year) was more prevalent in Leicester Shire in June 2006 than in either the East Midlands or Great Britain (16.6% compared to 14.9% and 15.7% respectively). The problem was particularly significant in the City where some 18.8% of claimants had been seeking work for at least a year, a sign of an economy undergoing structural adjustments.

Like many countries, the UK publishes two measures of unemployment. The other measure comes from the Annual Population Survey, which incorporates a broader measure of unemployment based on international standards recommended by the International Labour Organisation (ILO). ILO unemployment is defined as all those who:

- were without a job at the time the survey was conducted
- were able to start work within the next fortnight
- had actively looked for work in the last four weeks or had recently found a job and were waiting to start.

The measure includes people regardless as to whether they are eligible for Job Seekers Allowance benefits.

Table 3.8

Economic Activity (2005) and Unemployment (June 2006) Leicester Shire (% Working Age)

	Economic activity rate (%)			Claimant unemployment (%)			
	All	Males	Females	All	Males	Females	LTU* (%)
Leicester City	70.2	77.3	62.8	4.8	6.9	2.7	18.8
Leicestershire County	83.3	87.0	79.3	1.4	1.9	0.9	13.2
Leicester Shire	79.1	83.9	74.0	2.5	3.5	1.5	16.6
East Midlands	79.3	83.7	74.6	2.4	3.3	1.3	14.9
Great Britain	78.4	83.3	73.2	2.6	3.7	1.4	15.7

Source: Annual Population Survey 2005; Claimant Count Series, June 2006

Note: * Long Term Unemployment (LTU) is defined as the proportion of those claiming unemployment benefit who have been out of work for at least a year.

Economic Activity and Unemployment A useful measure of the extent to which the labour pool is engaged with the local job market using activity rates and unemployment statistics

4 Leicester Shire Intelligence, Unemployment Bulletin, March 2006 – updated monthly and available from - http://www.lsint.info/reports.asp

Figure 3.3 shows that ILO unemployment for working age people in Leicester Shire followed the regional trend between 1999 and 2003. There was a large increase in the ILO rate in the sub-region between March 2003 and February 2004 when the Leicester Shire unemployment rate rose above the national rate. Since 2004, the sub-regional ILO unemployment rate has remained below the national and regional rate.

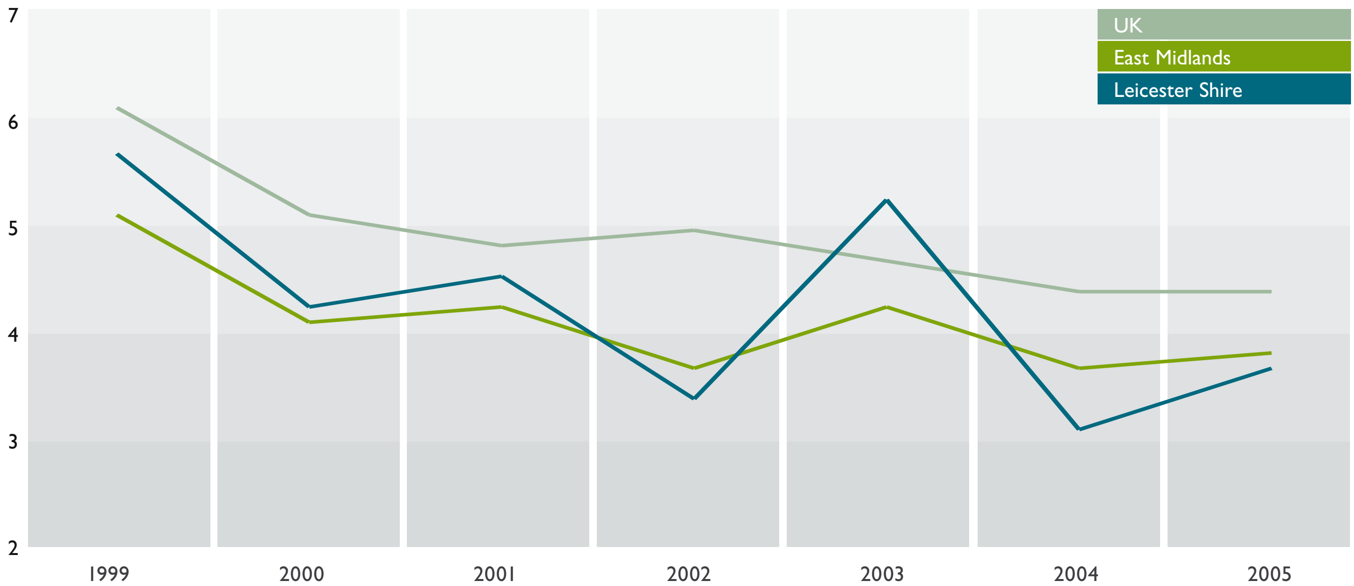
Table 3.9 shows the economic activity and claimant count unemployment rates for Leicestershire Local Authority Districts.

Earnings

Table 3.10 shows that gross weekly median earnings in Leicester Shire in 2005 (£336.20) were almost on a par with those in the East Midlands (£337.10) but were lower than the national average (£352.80). In Leicester City, the gross weekly median earnings in 2005 were just £302.50.

International Labour Organisation (ILO) Unemployment March 1999 – September 2005 in Leicester Shire, (% Working Age)

Figure 3.3



Source: Annual Population Survey

Note: Includes results of the formerly annually published Labour Force Survey 1999-2003 and bi annual Annual Population Survey 2004-2005.

Economic Activity (2005) and Unemployment (June 2006) in Leicestershire Local Authority Districts (% Working Age)

Table 3.9

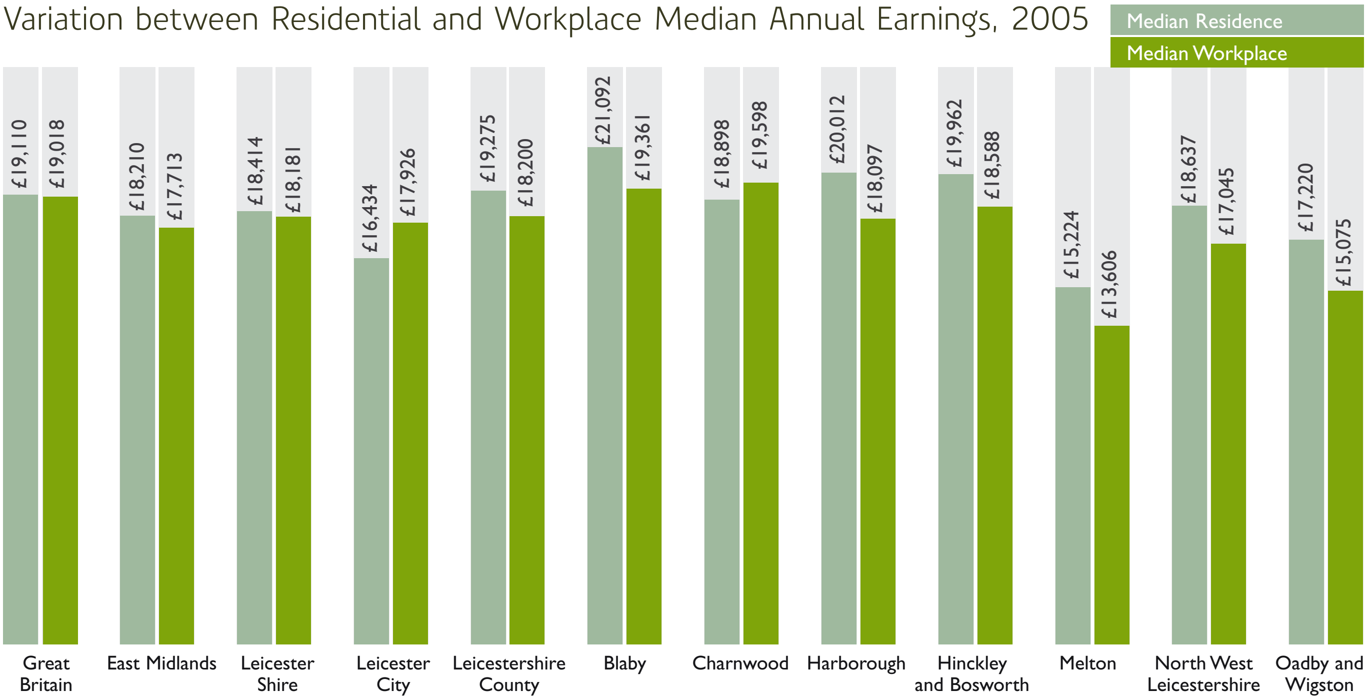
	Economic activity rate (%)			Claimant unemployment (%)			
	All	Males	Females	All	Males	Females	LTU* (%)
Blaby	82.9	88.0	77.4	1.3	1.7	0.9	13.0
Charnwood	82.2	83.8	80.4	1.6	2.2	1.0	13.0
Harborough	85.4	91.3	79.4	0.8	1.1	0.5	12.4
Hinckley and Bosworth	85.9	90.8	80.7	1.6	2.1	1.0	13.3
Melton	83.6	89.3	77.7	1.3	1.7	0.8	9.7
North West Leicestershire	82.1	84.2	79.8	1.5	1.9	1.0	15.0
Oadby and Wigston	80.8	84.1	77.3	1.7	2.4	0.9	13.8

Source: Annual Population Survey, 2005; Claimant Count Series, June 2006

Note: * Long Term Unemployment (LTU) is defined as the proportion of those claiming unemployment benefit who have been out of work for at least a year

Figure 3.4

Variation between Residential and Workplace Median Annual Earnings, 2005



Source: Annual Survey of Hours and Earnings 2005

Note: Median figures used as mean is skewed by a small number of very high earners. * Figures for Hinckley & Bosworth (workplace), Melton (resident & workplace) and Oadby & Wigston (resident) are statistically unreliable due to sample size.

Table 3.10

Average Gross Weekly and Hourly Median Earnings for Leicester Shire, 2005

	Total		Male		Female	
	Weekly	Hourly	Weekly	Hourly	Weekly	Hourly
Leicester City	£302.50	£8.06	£354.80	£8.59	£244.40	£7.37
Leicestershire County	£350.40	£9.41	£447.50	£11.14	£241.20	£7.70
Leicester Shire	£336.20	£8.96	£421.60	£10.43	£242.50	£7.61
East Midlands	£337.10	£9.03	£425.20	£10.35	£245.10	£7.68
Great Britain	£352.80	£9.62	£443.00	£11.00	£269.00	£8.41

Source: Annual Survey of Hours and Earnings 2005

Note: Median figures used as mean is skewed by a small number of very high earners. Resident based.

Table 3.10 also shows that the gross hourly median earnings for men in Leicester Shire were £10.43. This was almost £3 per hour more than the median hourly earnings for women in 2005. The disparity is much more pronounced in the County (a £3.44 difference) compared to Leicester City (a £1.22 difference). Regardless of hours worked the disparities are largely due to the high proportion of females that work in part time employment and female dominated occupations, for example, health and social care professions which tend to pay lower wages.

Table 3.11 shows that gross annual median earnings replicates gross weekly earnings patterns with Leicester City recording a significantly lower figure than the County average in 2005 (£16,434 compared to £19,275).

Figure 3.4 shows a comparison between the gross average annual earnings by place of work and place of residence. The variation between the two estimates indicates the extent to which the residential and working populations of an area are different, and allows inferences to be drawn about the impact of commuting. A series of local authority district travel to work profiles have been produced for Leicestershire County which show mode of travel, origin and destination, commuting flows, self containment and distance travelled by people who live and work in the County[5].

Earnings A number of measures of personal and household income (and thus spending power) including weekly and annual earnings and average annual household income

5 Leicestershire County Council, 2001 Census Travel to Work Data District Profiles, February 2006 – http://www.leics.gov.uk/statistics or http://www.lsint.info

Table 3.11

Average Gross Annual Median Earnings for Leicester Shire, 2005

	Total	Male	Female
Leicester City	£16,434	£19,353	£12,991
Leicestershire County	£19,275	£24,243	£12,817
Leicester Shire	£18,414	£22,544	£12,845
East Midlands	£18,210	£23,159	£12,836
Great Britain	£19,110	£24,031	£14,144

Source: Annual Survey of Hours and Earnings 2005

Note: Median figures used as mean is skewed by a small number of very high earners. Resident based.

The median residence based earnings for Leicester Shire are almost equal to the workplace estimate, with people who live in the sub-region paid £18,414 a year compared to £18,181 for people who work in the sub-region.

The gap between median residence and workplace based earnings is greatest in Harborough District where people that live in the area earn an average of £20,012 a year compared to £18,097 for people that work in the area. There are also large differences in North West Leicestershire District and Blaby District with higher average annual pay for people living in the area rather than those that work in the area. This suggests that these areas have less self-contained labour markets.

In Leicester City and Charnwood Borough there are higher median workplace earnings estimates than residence based earnings estimates, reflecting the large number of individuals in higher paid jobs who commute into Leicester and Loughborough from adjoining areas.

CACI data no longer available

Occupational Structure

Table 3.14 shows the occupational structure of the resident workforce in Leicester Shire in 2005. On the whole, the sub-region has a similar occupational profile to Great Britain. However, in Leicester Shire there are significantly higher proportions of people employed in managerial and senior occupations (15.7% compared to 14.9% nationally) and process, plant and machine operative occupations (9.6% compared to 7.5% nationally). The difference between the City and the County is notable, however, with the County recording a greater proportion of the resident workforce in higher skilled occupations (particularly managerial and professional occupations). The occupation profile of the City shows Leicester has a disproportionately high percentage of the workforce employed in elementary and process, plant and machinery occupations (14.9% and 12.4% respectively), compared with national (11.4% and 7.5% respectively), and regional (13% and 9.4% respectively) averages. The corresponding figures for Leicestershire County are 10.2% and 8.6%.

Table 3.14

Resident-Based Occupational Structure in Leicester Shire, 2005 (%)

	Leicester City	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Total Employed	117,700	322,700	440,300	2,033,700	27,391,500
Managers and senior officials	12.4	16.9	15.7	15.1	14.9
Professional	10.5	13.4	12.7	11.1	12.4
Associate professional and technical	9.9	11.9	11.3	12.4	14.1
Administrative and secretarial	11.7	12.7	12.4	11.3	12.6
Skilled trades	9.5	12.0	11.4	12.4	11.1
Personal service	9.4	7.0	7.7	7.9	7.8
Sales and customer service	8.9	6.8	7.4	7.3	7.9
Process; plant and machine operatives	12.4	8.6	9.6	9.4	7.5
Elementary occupations	14.9	10.2	11.5	13.0	11.4

Source: Annual Population Survey 2005

Adult Skills Base

In the following analysis we will refer to the following qualifications bands:

No Qualifications: refers to those who lack formal qualifications. Although this does not necessarily signify basic skill requirements (i.e. poor numeracy and literacy skills) in individual cases, it is a good indicator of the proportion of people in the labour market with limited skills;[7]

Level 1: equivalent to an NVQ Level 1 or GCSE grades D-E.

Level 2: equivalent to an NVQ Level 2, 5 GCSEs at grades A*-C, a single A-Level, or a BTEC 1st diploma. Level 2 is described by the March 2005 Skills White Paper as "the right level of skills for successful employment in many jobs", and is roughly equivalent to the level regarded by the OECD as an entry level for successful participation in the labour market;[8]

Level 3: equivalent to an NVQ Level 3 (GNVQ Advanced), 2 or more A-Levels, an ONC BTEC National, etc. This is referred to as a 'higher intermediate qualification';

Level 4 and above: equivalent to an NVQ Level 4, a First or Masters Degree, or higher vocational qualifications such as HND, BTEC, or RSA higher diplomas. This is often used to refer to those with graduate level, or 'higher level' qualifications.

Table 3.15 shows that in 2005, 11.9% of the economically active population in Leicester Shire held no qualifications, a slightly higher figure than the national average (9.9%) but similar to the East Midlands average (10.9%). However, in Leicester City some 18.8% of the workforce

Workforce Skills in Leicester Shire, December 2005 (% economically active)

Table 3.15

	Level 4/5	Level 3	Trade Apprenticeship	Level 2	Level 1	Other Qualifications	No Qualifications
Leicester City	24.4	12.8	5.1	13.3	13.0	12.7	18.8
Leicestershire County	27.8	17.3	7.7	14.0	15.2	8.8	9.2
Leicester Shire	26.8	16.0	7.0	13.8	14.6	9.9	11.9
East Midlands	26.7	16.3	6.7	15.2	16.2	8.0	10.9
Great Britain	30.2	15.5	6.1	15.9	14.2	8.2	9.9

Source: Annual Population Survey 2005

Notes: Data from the national APS dataset are not fully comparable with household survey results shown in Table 3.16. Trade Apprenticeship category generally includes older qualifications.

Highest NVQ level of qualification for Leicester Shire Residents, 2006 (% working age)

Table 3.16

	No qualifications	Below level 2	Level 2 or above	Level 3 or above	Level 4 or above
All respondents	21.3	32.7	67.3	45.2	27.3
Aged 16-24	15.4	24.4	75.6	43.8	13.3
Aged 25-44	16.5	29.0	71.0	48.7	31.7
Aged 45-64	33.3	44.1	55.9	39.3	25.8
Male	21.1	32.0	68.0	48.8	28.2
Female	21.6	33.4	66.6	41.8	26.5
White	19.0	30.9	69.1	45.6	27.4
Non-White	31.0	40.5	59.5	43.2	27.0
Limited by illness or disability	38.9	50.9	49.1	29.3	18.6
Total in work	17.3	27.7	72.3	50.2	31.7
Total not in work	34.3	49.0	51.0	28.9	13.1
Unemployed	39.2	17.5	16.5	13.4	7.2

Source: Household Survey, Learning and Skills Council 2006

Notes: caution must be taken when comparing APS qualification data (Table 3.15) and household survey results. In this table percentage of working age residents has been used as base rather than economically active population which has been used in Table 3.15

Adult Skills Base A series of indicators showing the skills levels of the workforce including qualifications, training provision, and business perceptions of skills shortages using national and local datasets held no qualifications. Attainment of Levels 4 and 5 (degree level and above) followed a similar pattern, with the City under-performing in comparison to the County and Great Britain. Encouragingly, Leicestershire County has a higher proportion of people qualified to degree level (27.8%) than the East Midlands (26.7%).

There is also a notable lack of people with trade apprenticeships and an abundance of people with 'other' qualifications in the City. This is due to the young and ethnically diverse nature of Leicester City. The 'other' qualifications held by a high proportion of the workforce in Leicester City may not always be recognised by employers which could disadvantage the bearers of such qualifications.

Although the attainment of NVQ or equivalent qualifications is reported in the Annual Population Survey, the East Midlands Household Survey[9] provides more detail on the qualifications held by different groups and highlights those that are disadvantaged by lack of qualifications.

The East Midlands Household Survey is an up-to-date and locally collected dataset conducted on behalf of the Learning and Skills Council (LSC). The survey complements national data sets, and provides a better level of local data to inform policy and planning for the LSC and partners across the region. In the East Midlands, over 13,000 interviews were undertaken, with over 2,600 of these in Leicester Shire.

Table 3.16 shows the results of the East Midlands Household Survey 2006 for the highest level of NVQ qualification by age, gender, ethnicity, health and economic status.

There is little variation by gender but by age and ethnicity there are significant results. Over 30% of those aged 45 to retirement age held no formally recognised qualifications, compared to around 16% of the younger age groups. 31% of non-white respondents held no formally recognised qualifications, as did 39% of those limited by long-term illness or disability. This clearly highlights the groups who are most disadvantaged in the labour market in terms of qualifications. These groups are also most likely to suffer disadvantage for other reasons and as such the lack of qualifications compounds the difficulties they face.

There is also considerable variation in terms of those in work and out of work with higher proportions of those not in work holding no or only lower level qualifications. This is especially high amongst people who are unemployed/looking for work, where 39% held no formally recognised qualifications with a NVQ equivalence.

The Household Survey also asked respondents to rate their abilities in basic skills in the context of everyday activities, for example reading instructions, speaking to a doctor or using the Internet. Although it is a subjective way to measure levels of basic skills it does give a good indication of levels of ability and where further training provision is required.

Table 3.17 shows the results of the East Midlands Household Survey 2006 for respondents self assessment of their basic skills including literacy, numeracy and ICT.

Table 3.17

Self Assessment of Basic Skills for Leicester Shire Residents, 2006 (%)

	Leicester Shire			East Midlands		
	Below average ability	Average ability	Above average ability	Below average ability	Average ability	Above average ability
Reading English	2.4	35.9	61.6	2.3	34.3	63.3
Writing and spelling English	3.2	37.9	58.9	3.2	35.6	31.4
Maths	4.0	41.0	54.9	4.4	39.4	56.1
Speaking and understanding English	1.9	40.8	57.4	1.3	38.6	60.0
Using a computer	17.6	41.4	40.9	17.0	38.9	42.9

Source: Household Survey, Learning and Skills Council

7 This section does not cover those with highest qualifications at Level 1 (such as Part 1 of a City and Guilds Foundation or a foundation GNVQ) or those with 'other qualifications' (which cannot be assigned to an NVQ Level equivalence), in order to concentrate on qualification levels that reflect key areas of policy focus. Therefore it should be noted that the highest qualification levels presented here will not add up to 100% of the economically active population.

8 DfES, DTI, HMT, DWP, Skills: Getting on in Business, Getting on in Work, Part 1 of the 2005 Skills White Paper, March 2005. The previous Leicester Shire Economic Baseline Study highlighted that low skills were an evident feature of the sub-regional economy compared to the national average, particularly in Leicester City. The current situation with regard to skill levels is shown below. Tables 3.14 to 3.16 summarise key skills indicators for the sub-region.

9 East Midlands Household Survey, LSC, 2006

In Leicester Shire, confidence is generally high in reading, writing and speaking English, nonetheless, higher proportions of respondents were less confident in their ability to use a computer and in maths. A considerably high proportion of respondents felt their ICT skills were below average (17.6%). The results are broadly the same for the region as a whole.

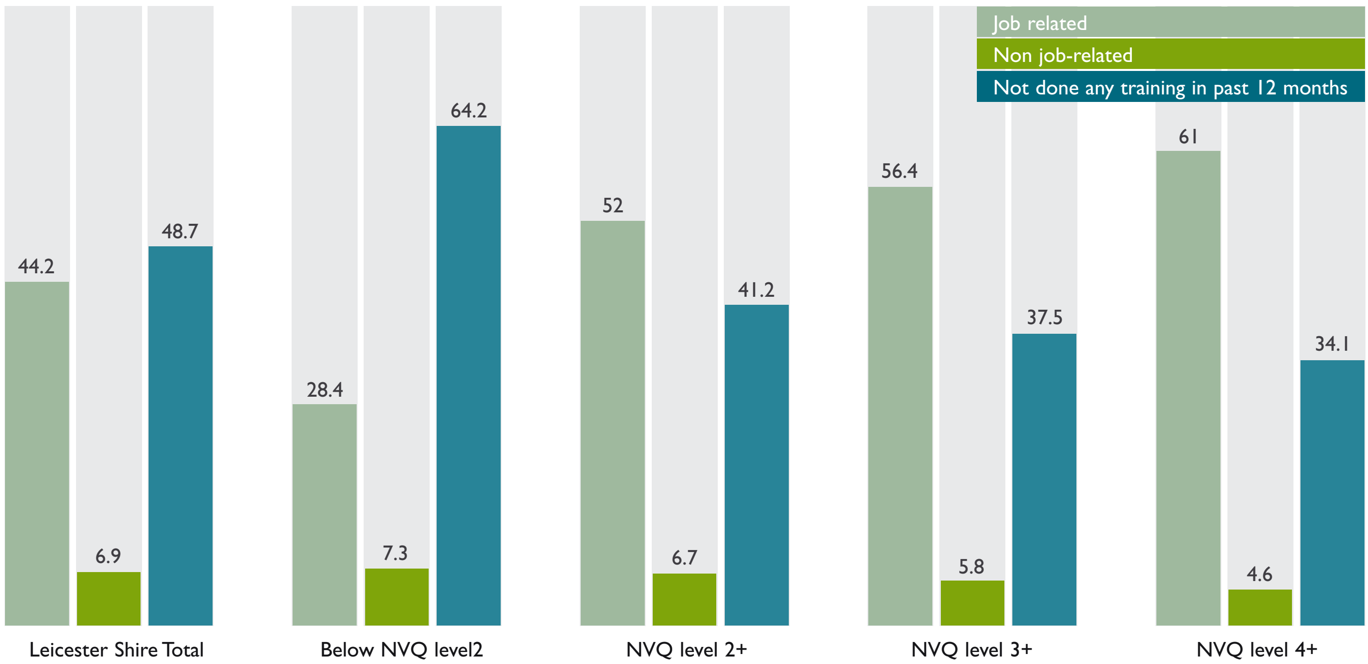
Alongside this, it is important to note that a significant proportion of residents do not have English as their first language. For the Leicester Shire area as a whole, 15% of respondents stated that English was not their first language. In Oadby and Wigston this proportion was 22% and for the City, it rises to 34%.

The most commonly spoken languages other than English that Leicester Shire residents spoke fluently were: Gujarati (10%), Hindi (6%), French (5%), Punjabi (4%), German (3%), Urdu (3%), and Spanish (2%). 73% of respondents did not speak a language, other than English, fluently.

Figure 3.6 shows the results from the Household Survey regarding participation in training and learning.

Percentage of Leicester Shire Residents Receiving Job-related Training & Non Job-related Training in last 12 months by Highest Level of Qualification, 2006

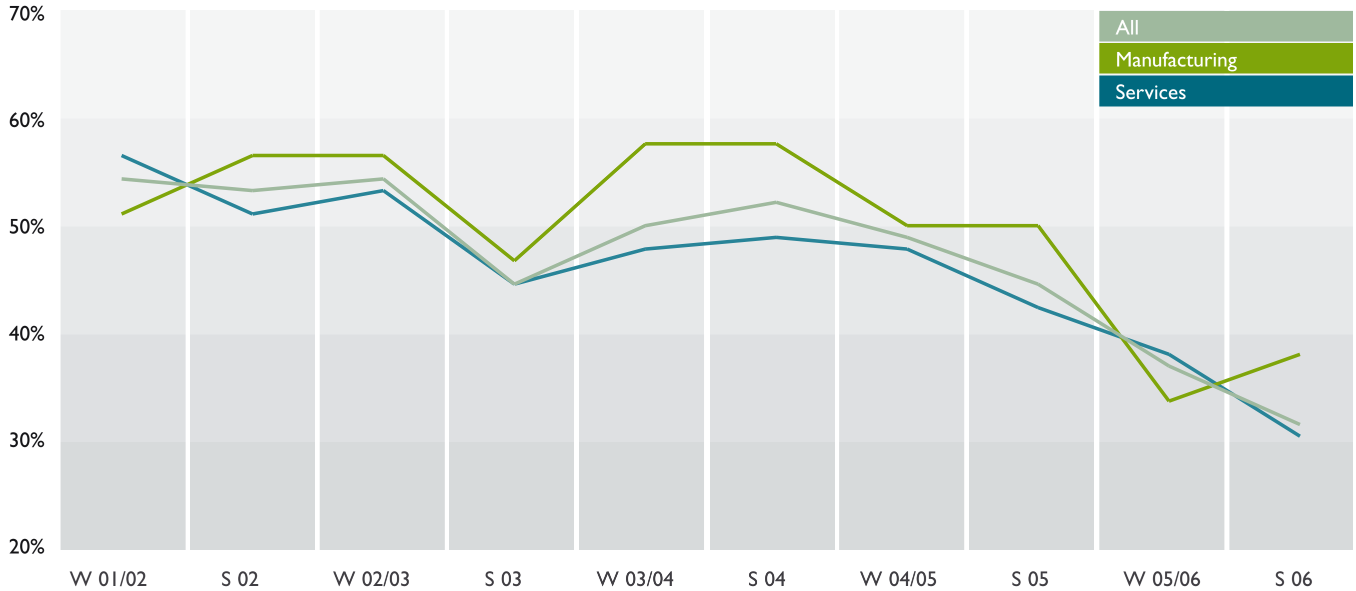
Figure 3.6



Source: Household Survey, Learning and Skills Council

Proportion of Businesses Experiencing Recruitment Difficulties in Leicester Shire, 2001-2006

Figure 3.7



Source: Leicester Shire Business Survey, Summer 2006

Note: S = Summer, W = Winter.

Percentage of Working Age People Receiving Job Related Training in the Previous four weeks (October 2004 – September 2005)

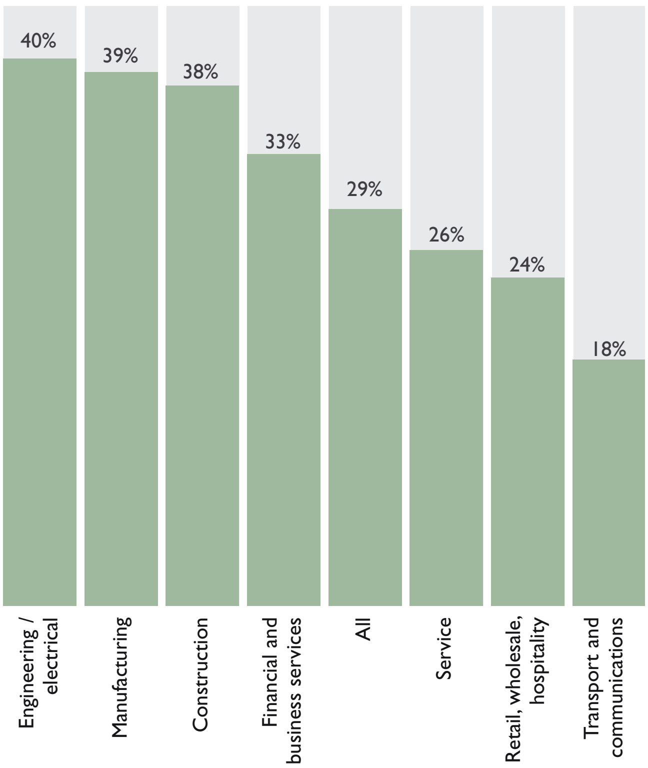
Table 3.18

	% Working age receiving job-related training
Leicester City	10.7
Leicestershire County	12.0
Leicester Shire	11.6
East Midlands	11.9
Great Britain	11.6

Source: Annual Population Surveya, 2005

Proportion of Businesses Agreeing that Skills Shortages have a Serious Impact on their Business in Leicester Shire by Sector, Summer 2006

Figure 3.8



Source: Leicester Shire Business Survey, Summer 2006

While 44% of Leicester Shire respondents had participated in job-related learning or training over the past 12 months, a larger proportion 49% had not participated in any training or learning, and this figure was higher for those who were not in work (61%). Figure 3.6 shows that the proportion of respondents undertaking job-related training increases as their level of highest qualification increases. This suggests that those who already benefit from higher levels of qualifications continue to do so by continuing to train and learn. Those with lower levels of qualifications seem less likely to undertake training or learning which would improve their qualifications and employment prospects.

Table 3.18 presents results from the Annual Population Survey showing the same proportion of the workforce was receiving job-related training (in the previous 4 weeks) in Leicester Shire as in Great Britain (11.6%). However, there was a lower proportion in Leicester City where just 10.7% of the workforce was receiving job-related training compared to 12.0% in Leicestershire County.

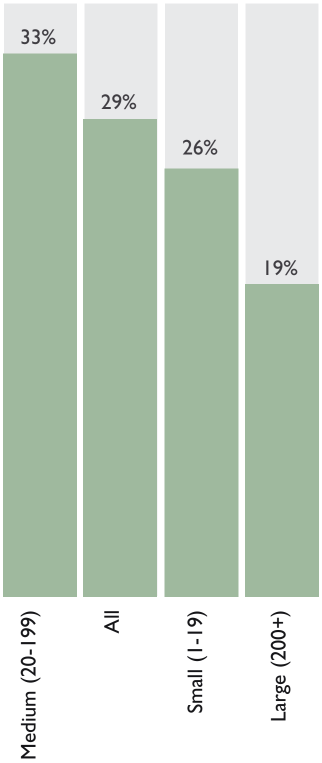
A relatively poorly skilled labour force can translate into skills shortages for local businesses and difficulties in recruiting the right staff. The Leicester Shire Business Survey asked businesses to indicate whether they were experiencing recruitment difficulties and whether skills shortages were having a detrimental impact on their business. Figures 3.7 to 3.9 summarise the results.

Figure 3.7 shows that the proportion of businesses experiencing recruitment difficulties has decreased sharply in recent years from around half of all businesses in 2004 to just a third in the Summer 2006 Leicester Shire Business Survey[10]. This is the lowest level for 10 years.

Figure 3.8 shows that the proportion of businesses agreeing that skills shortages were having a serious impact on their business was highest amongst engineering/electrical sectors (40%) and manufacturing sectors (39%).

Figure 3.9

The Proportion of Businesses Agreeing that Skills Shortages have a Serious Impact on their Business in Leicester Shire by Size, Summer 2006



Source: Leicester Shire Business Survey, Summer 2006

Figure 3.9 shows the proportion of businesses agreeing that skills shortage were having a serious impact by size. Medium size firms were more likely to agree that skills shortages were a problem (33%) compared to small businesses (26%) and large businesses (19%).

In terms of the specific skills gaps reported by respondents, communication skills were the most common (mentioned by 32% of respondents in Summer 2006). This was followed by management and supervisory skills (29%) and customer care skills (26%).

Skills shortages often lead to recruitment problems as businesses are unable to find suitable employees. As well as skills shortages, recruitment difficulties can also arise from a lack of attractive vacancies, low wages and unsociable hours offered. In Summer 2006, 21% of recruiting businesses indicated that they had experienced problems in recruiting appropriately skilled staff. Unskilled and craft occupations were considered the most problematic to recruit.

Although recruitment difficulties and skills shortages are falling in the sub-region, the workforce is still significantly lower skilled than the national average. In Leicester City, skills are particularly poor. However, the sub-region is home to a number of excellent Higher Education institutions, including Loughborough University, University of Leicester and De Montfort University.

Leicester City and Leicestershire also has the largest number of Further Education institutions in the East Midlands. This massive network provides a range of learning opportunities for individual learners and for companies and organisations based in the sub-region. Not only does the network aim to qualify the highest number of people in the region at NVQ level 2 and level 3, but it has also achieved higher success rates than any other area in the East Midlands.

A key challenge in future will be to retain graduates from the universities and Further Education colleges in the area. This will help raise overall skill levels and improve the attractiveness of the sub-region for inward investment.

Social Exclusion

The Index of Multiple Deprivation 2004 (IMD 2004)[11] is a widely used measure which aims to capture the different aspects of deprivation affecting the individual. Deprivation is measured in seven key domains: ‘income’, ‘employment’, ‘health and disability’, ‘education, skills and training’, ‘barriers to housing and services’, ‘living environment’ and ‘crime’. Each domain is assigned a score, and then ranked nationally. These domains are then combined into an overall Index of Multiple Deprivation.

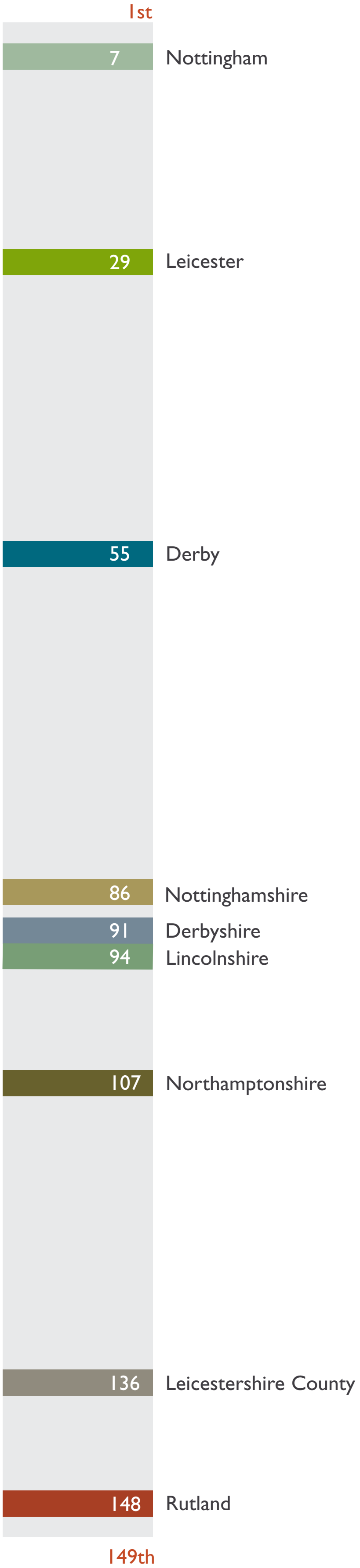
At a Local Authority level, the ranking is divided into two, with unitary and County authorities ranked separately from district authorities. Figures 3.10 and 3.11 show that deprivation was much more severe in Leicester City than in Leicestershire County. Leicester City is the second most deprived County/Unitary Authority in the East Midlands behind Nottingham. The most deprived Local Authority District in the County was North West Leicestershire.

Social exclusion A number of measures showing the barriers for certain individuals to participate in social, economic or political activities because of factors beyond their control. A focus on labour market exclusion is emphasised using deprivation and benefits data.

11 Leicestershire County Council, Indices of Deprivation 2004 Key Findings in Leicestershire, January 2005 - a series of district reports have also been produced for Leicestershire County available from - http://www.leics.gov.uk/statistics

Figure 3.10

East Midlands County/Unitary Index of Multiple Deprivation 2004 Ranking

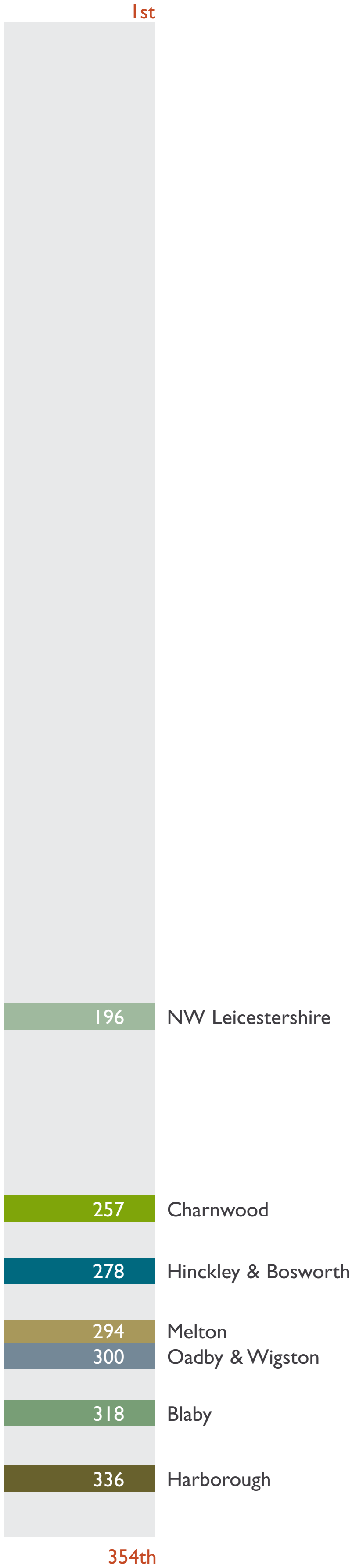


Source: Index of Multiple Deprivation 2004

Note: rank out of 149 authorities nationally, 1=most deprived 149=least deprived

Figure 3.11

Leicestershire County Local Authority District Index of Multiple Deprivation 2004 Ranking



Source: Index of Multiple Deprivation 2004

Note: rank out of 354 authorities nationally, 1=most deprived 354=least deprived

Data is also available at (lower level) Super Output Area (SOA). This is a relatively new geography created since the 2001 Census containing approximately 1,500 people, which ensures a consistent geography across the country. The use of SOA data enables much smaller pockets of deprivation to be identified. Figures 3.12 to 3.14 show the distribution of Leicester Shire SOAs across each percentage band i.e. the number of SOAs that are ranked within the 10% most deprived in England, 10-20% most deprived in England, etc. Figures 3.15 and 3.16 show the location of the SOAs in each percentage band for Leicester Shire.

Figure 3.12 shows that the distribution of Leicester Shire SOAs on the Index of Multiple Deprivation are skewed towards the least deprived percentage bands. However, analysing the data at the sub-regional level hides the high levels of deprivation in Leicester City. Figure 3.13 shows the majority (115 out of 187) of Leicester City SOAs are ranked within the 30% most deprived in England. However, in Leicestershire County the reverse is true with the majority of SOAs ranked within the 30% least deprived in England (see Figure 3.12).

Out of the total of 583 SOAs in the sub-region only 43 fall within the 10% most deprived in England[12] on the Index of Multiple Deprivation, all of them in Leicester City. These include SOAs concentrated in Abbey, Braunstone and Rowley Fields, New Parks, Beaumont Leys and Spinney Hills wards (see Figure 3.16).

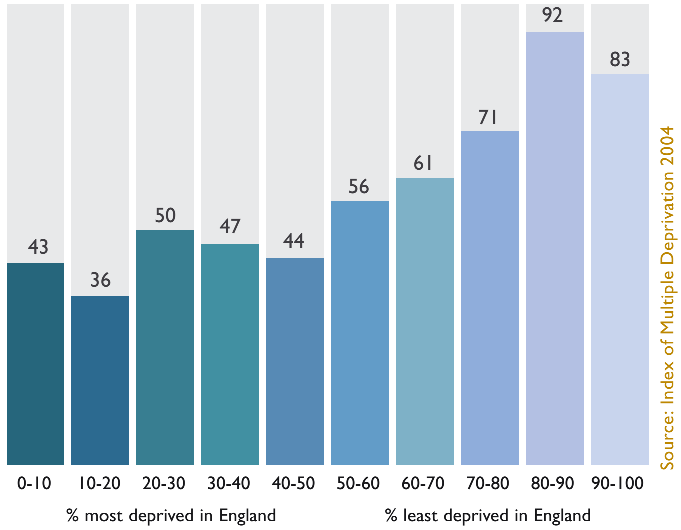
Within the County, the most deprived SOAs are located in North West Leicestershire District and Charnwood Borough. Although there are no SOAs in the top 10% there are five SOAs in the County within the 20% most deprived in England, including SOAs located in Loughborough Hastings, Greenhill, Loughborough Storer and Loughborough Shelthorpe wards (see Figure 3.15). For contextual purposes there are 74 SOAs in Leicester City within the 20% most deprived in England.

Analysis of the different domains which make up the IMD 2004 show that different areas are affected by different types of deprivation. For example, in the 'barriers to housing and services' domain, there are 14 SOAs in Leicestershire County which are ranked within the 10% most deprived in England, mainly in Harborough District and Melton Borough. These areas are located in the more rural parts of the County and highlight the different issues which affect more rural communities. A study produced by Leicester Shire Intelligence detailing the

12 Eligible for Neighbourhood Renewal Funding

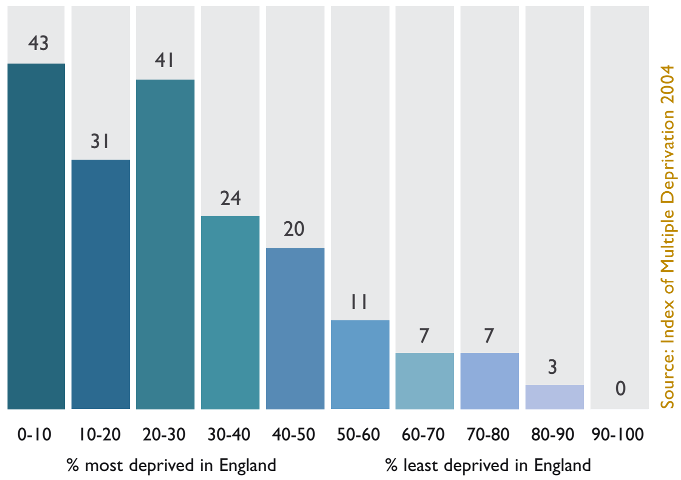
Number of Leicester Shire SOAs Ranked in Each Percentage Band

Figure 3.12



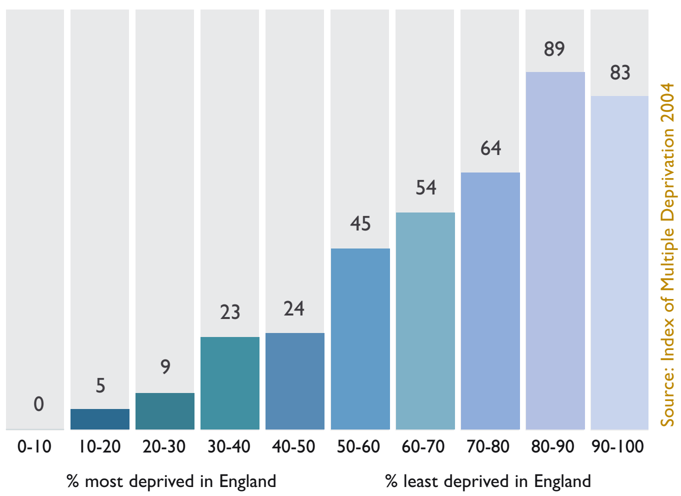
Number of Leicester City SOAs Ranked in Each Percentage Band

Figure 3.13



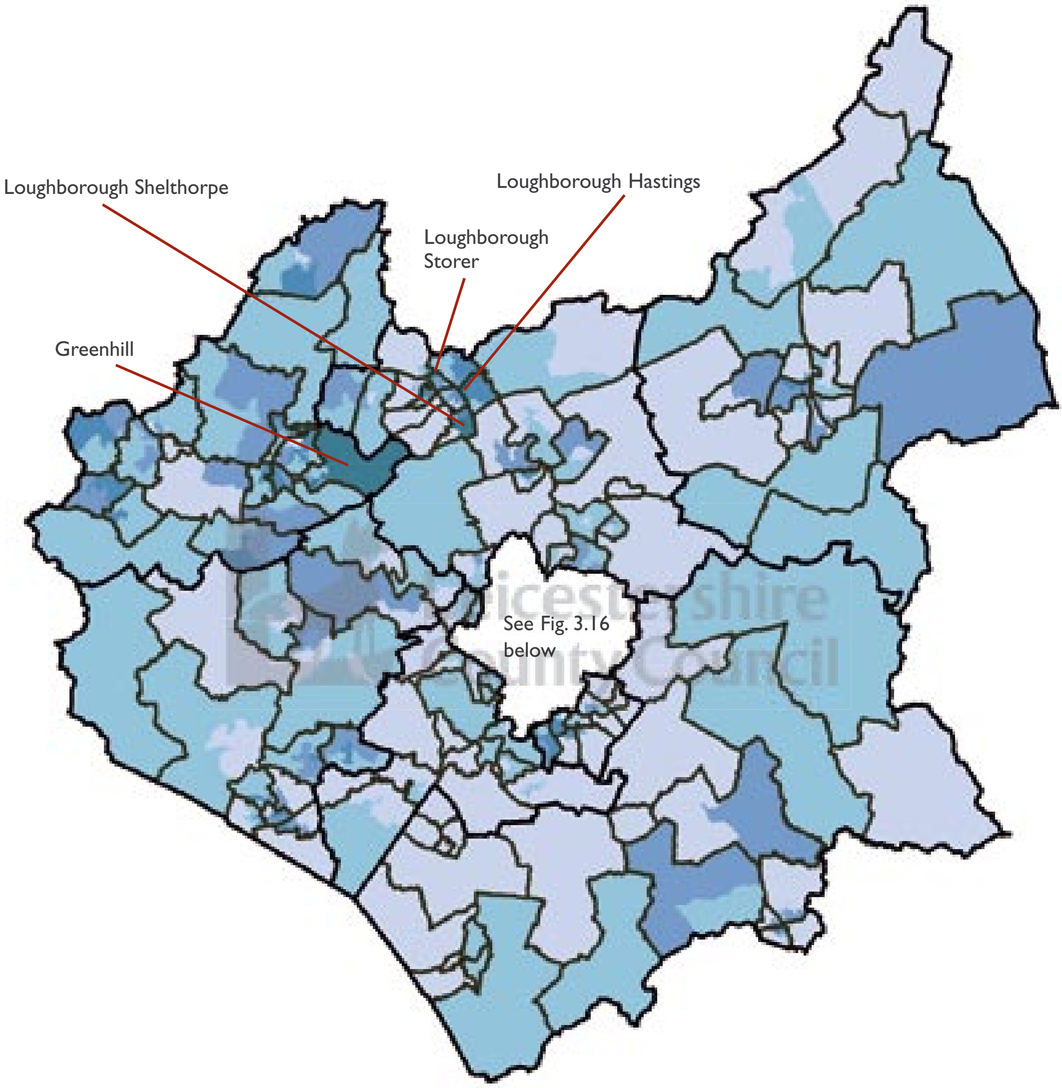
Number of Leicestershire County SOAs Ranked in Each Percentage Band

Figure 3.14



Most Deprived Areas in Leicestershire County, IMD 2004

Figure 3.15



Level of Multiple Deprivation in Leicester Shire (Number of Super Output Areas)

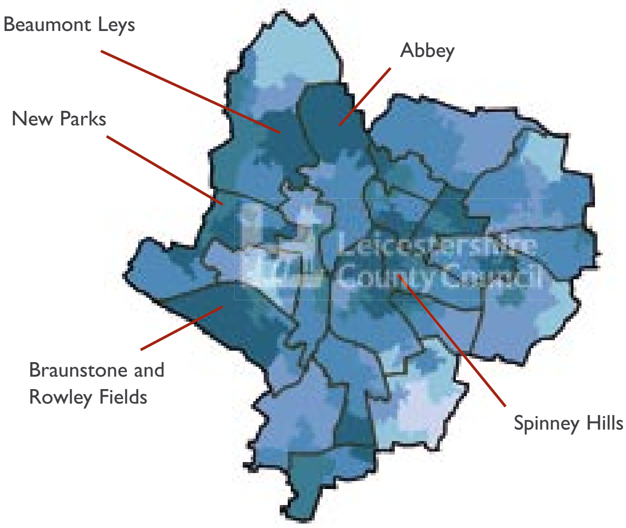
0-10% (most deprived)	(43)
10-20%	(36)
20-40%	(97)
40-60%	(100)
60-80%	(132)
80-100% (least deprived)	(175)

Electoral Ward Boundary

District Boundary

Most Deprived Areas in Leicester City, IMD 2004

Figure 3.16



Source: 2001 Census. Output Area Boundaries. Crown copyright 2006. Crown copyright material is reproduced with the permission of the Controller of HMSO.

Source: Index of Multiple Deprivation 2004

Source: Index of Multiple Deprivation 2004

Table 3.19

Number of People who are Income or Employment Deprived by Local Authority area.

	Employment deprived		Income deprived	
	Number	Percentage	Number	Percentage
Leicester City	23,205	13.7%	63,736	22.5%
Blaby	2,979	5.6%	5,162	5.8%
Charnwood	6,011	6.4%	12,411	8.1%
Harborough	1,999	4.4%	4,229	5.5%
Hinckley & Bosworth	3,774	6.3%	7,402	7.4%
Melton	1,371	4.8%	3,239	6.8%
North West Leicestershire	4,078	8.0%	7,438	8.7%
Oadby & Wigston	2,054	6.4%	4,133	7.4%
Leicestershire County	22,266	6.1%	44,014	7.2%

Source: Index of Multiple Deprivation 2004

Leicestershire County Rural Economy[13] is available from www.lsint.info.

Employment and Income deprivation for Leicester City and the Local Authority Districts in Leicestershire has also been calculated. Table 3.19 shows the actual number and proportion of people who are classed as employment deprived (involuntary exclusion from the world of work) or income deprived (living below 60% of median income).

The 2004 Index of Multiple Deprivation is often classed as a subjective measure of economic exclusion, particularly because of the use of scores to combine selected indicators of each domain. Benefits data available from the Department for Work and Pensions can provide a more direct analysis of involuntary exclusion from the labour market.

Table 3.20 shows the number and proportion of working age people claiming benefits and the reason for their claims in Leicester Shire in November 2005. Two separate reports highlighting the levels of Incapacity and Income Support benefit have been produced for Leicester Shire with analysis at County, district, ward and super output area level[14].

There were a total of 70,710 working age people claiming benefits in Leicester Shire in November 2005 (12.4%). The largest single reason for claiming benefit is incapacity. 5.6% of the working age population received Incapacity Benefit in the sub-region in November 2005.

The majority of benefit claimants in Leicester Shire live in the City where there were 36,620 claimants in November 2005. A noticeably higher proportion of the working age population claim Job Seekers Allowance in Leicester City compared to the regional and national averages (4.9% compared to 2.2% and 2.4% respectively).

There is also a much higher proportion of lone parents claiming benefit (predominately Income Support) in Leicester City compared to the County, region and national average.

The proportion of the working age population claiming benefits in the County is below the regional and national figures for all benefit claim types.

Table 3.21 shows the proportion of working age people claiming benefits and the reason for their claims in Leicestershire Local Authority Districts.

13 Leicestershire Rural Partnerships, Leicestershire's Rural Economy, April 2006

14 Leicestershire County Council, Incapacity Benefit: Leicestershire Perspective, February 2006, Leicestershire County Council, Income Support: Leicestershire Perspective, April 2006 - http://www.lsint.info

Reason for Benefit Claims in Leicester Shire, November 2005

Table 3.20

	Total		Job Seeker		Incapacity		Lone Parent		Other	
	Thousands	% of working age pop	Thousands	% of working age pop	Thousands	% of working age pop	Thousands	% of working age pop	Thousands	% of working age pop
Leicester City	36.62	20.1	8.93	4.9	15.46	8.5	6.32	3.5	5.91	3.2
Leicestershire County	34.09	8.8	5.51	1.4	16.48	4.3	3.75	1.0	8.4	2.2
Leicester Shire	70.71	12.4	14.44	2.5	31.94	5.6	10.07	1.8	14.31	2.5
East Midlands	358.05	13.5	58.64	2.2	180.08	6.8	47.53	1.8	71.78	2.7
Great Britain	5,321.03	14.8	870.52	2.4	2,710.74	7.5	778.58	2.2	961.19	2.7

Source: Department for Work and Pensions

Reason for Benefit Claims in Leicestershire Local Authority Districts, November 2005

Table 3.21

	Total		Job Seeker		Incapacity		Lone Parent		Other	
	Thousands	% of working age pop	Thousands	% of working age pop	Thousands	% of working age pop	Thousands	% of working age pop	Thousands	% of working age pop
Blaby	4.52	8	0.73	1.3	2.19	3.9	0.43	0.8	2.34	4.2
Charnwood	8.95	8.9	1.56	1.5	4.25	4.2	1.08	1.1	4.14	4.2
Harborough	3.25	6.7	0.46	0.9	1.62	3.3	0.34	0.7	1.68	3.4
Hinckley and Bosworth	5.74	9	0.87	1.4	2.84	4.5	0.57	0.9	2.92	4.6
Melton	2.33	7.9	0.4	1.3	0.98	3.3	0.3	1	1.34	4.4
North West Leicestershire	6.16	11.3	0.84	1.5	3.21	5.9	0.68	1.2	2.86	5.2
Oadby and Wigston	3.14	9.3	0.65	1.9	1.39	4.1	0.35	1	1.52	4.6

Source: Department for Work and Pensions

4

National Space Centre, Leicester

The Local Economy Audit Model

This chapter presents results of the Local Economy Audit Model (LEAM) for Leicester Shire developed by Ecotec Research and Consulting. The implications of these results are evaluated together with future growth predictions to draw policy conclusions in Chapter 5.

Chapter Summary

- Leicester Shire Intelligence commissioned Ecotec Research and Consulting to provide an update of the Local Economy Audit Model (LEAM) for 2006. The LEAM provides a systematic analysis of the performance profile of the Leicester Shire economy using a series of carefully selected indicators in order to identify strengths and weaknesses, challenges and opportunities.
- Leicester Shire does not rank in the top half of the sub-regions in the country on any competitiveness factors. Comparatively, the strongest domain for Leicester Shire is sector structure, whilst the weakest is labour market.
- Since 2003, Leicester Shire has improved on three of the five factors – sector structure, labour market and dynamism. The sub-region has actually improved most impressively in terms of sector structure, rising from ranking 39th to 25th out of 47 sub-regions.
- Measured against the other sub-regions in the East Midlands, Leicester Shire is weakest in terms of dynamism – though, encouragingly, the overall score on this domain is above the national average.
- Leicester City underperforms in comparison to the national average on all the domains with the exception of economic scale. Set against aspirational comparator areas, Leicester City exhibits the weakest profile in respect of economic dynamism, industrial structure and labour market performance. However, Leicester City's performance in terms of enterprise stands up relatively favourably against other urban areas.
- Encouragingly, since 2003 Leicester City has recorded significant improvement in the sector structure and labour market competitiveness factors. The largest improvement has been with regard to sector structure where Leicester City has moved up by 83 places against the 408 other local authorities.
- Leicestershire County's strongest competitiveness factors are dynamism and labour market. Unsurprisingly, given the lack of major commercial and economic centres in the area, the County is only a modest performer in terms of economic scale.
- For Leicestershire County since 2003, the overall score has improved on three of the five competitiveness factors – economic scale, dynamism and sector structure. The strongest increase has been in respect of sector structure, suggesting an increasingly modernising and diversifying economy.
- Locally, it is notable that all local authority districts have improved in terms of both sector structure and economic scale domains. Melton Borough is the only local authority district in the County area to record a reduction in the rank for dynamism.
- Less impressively, individual local authority districts have consistently recorded weak attainment with respect to their labour market performance – though three have moved up ranking places (Oadby & Wigston, Melton and Charnwood). Local enterprise performance remains mixed.

Local Economy Audit Model

The Local Economy Audit Model (LEAM) provides a systematic analysis of the profile and performance of the Leicester Shire economy. Specifically, it adopts an external perspective in order to 'map and measure' the local area against the national and regional context and selected comparator areas across a range of economic indicators and competitiveness domains.

Approach

A series of carefully selected indicators are employed in order to identify specific strengths and weaknesses, challenges and opportunities, associated with Leicester Shire's economy. These indicators are grouped around a series of economic competitiveness factors enabling the Leicester Shire sub-region to be benchmarked across the whole of Great Britain. The principal factors or domains that have been used to benchmark and profile performance of Leicester Shire are set out in Table 4.1 below.

Scores

Individual values on these indicators were combined to create a composite index score[1]. The average for Great Britain is 100. If an area scores less than 100, it is performing below the national average against the indicator. If an area scores above 100, it is performing better than the national average.

Ranks

The rank provides an indication of relative performance compared to other areas of Great Britain. It is useful to look at both the rank and the score when interpreting the tables.

The East Midlands is ranked against 11 other regions in Great Britain, where one is the best performing region and 11 is the worst.

Leicester Shire is expressed relative to all 47 county/sub-regional areas in England, where one is the best performing sub-region and 47 is the worst. Each local authority district, including Leicester City is expressed relative to 408 local authority areas in Great Britain; where one is the best and 408 is the worst.

Local Economy Audit Model Economic Factors

Table 4.1

Factor	Description
Economic Scale	Comparative size or 'economic mass' – including: employment, population, and business rateable value
Dynamism	Recent growth performance and capacity; direction and pace of change – including: change in employment, labour force, and business base
Sector Structure	Depth and composition of high growth and high value-added industrial sectors – including: Knowledge Economy, High Technology Manufacturing and Consumer Services
Enterprise	Profile and performance of the small business sector ('enterprise culture') – including: start-ups in financial and business services, business registration rates, self employment and micro businesses
Labour Market	Skills base and workforce profile – including: skills attainment, occupational structure, and economic activity

Source: ECOTEC Research and Consulting, 2006

Note: see Appendix A for information on indicators used for each factor

1 Composite scores for each factor represent unweighted averages of underlying indicator scores with the exception of the sector structure domain which is calculated using an indexed score of all SIC code sectors employing more than 25% graduate labour. In all cases indicator scores are indexed against the national average (GB=100)

Comparisons

In this chapter the following areas have been compared for 2006 to provide regional and aspirational[2] benchmarks:

- Leicester Shire (the combined area of Leicester City and Leicestershire County) is compared to Derbyshire, Lincolnshire & Rutland, Northamptonshire, Nottinghamshire, Cambridgeshire, Coventry & Warwickshire, the East Midlands and Great Britain.
- Leicester City is compared to Nottingham, Newcastle-upon-Tyne, Manchester, Bristol, Coventry, Sheffield, the East Midlands and Great Britain.
- Leicestershire County (including all seven local authority districts) is compared to the East Midlands and Great Britain.

Comparison with the previous LEAM used in 2003 is also made for each of the domains. The model has been improved for 2006 with a number of the indicators used for each factor updated to include more recent and appropriate datasets. Therefore, a direct comparison with the values of each indicator between 2003 and 2006 is not always valid, but a fairer comparison can be made between the scores and rankings, which are relative to the national average.

The following sections provide analysis of the LEAM model for Leicester Shire, Leicester City, and Leicestershire County, with associated comparator areas.

2 The aspirational comparator areas used in the 2004 Economic Baseline Study provided realistic targets for Leicester Shire and Leicester City. They were compared again for 2006 along with a number of additional areas which Leicester City has recently competed against for central government department relocations.

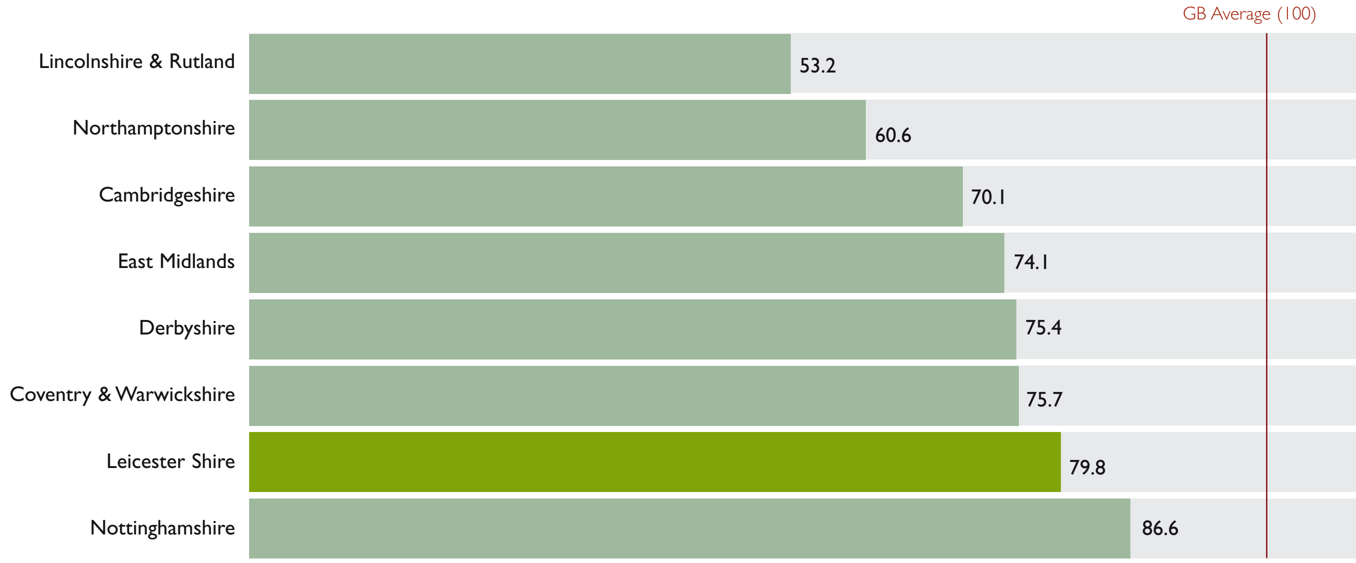
Leicester Shire LEAM

This section presents LEAM results for Leicester Shire, together with results for the other sub-regions in the East Midlands. Data is also presented for the aspirational areas of Coventry & Warwickshire and Cambridgeshire.

Economic Scale

Comparison of Economic Scale Composite Scores, 2006

Figure 4.1



Source: ECOTEC Research and Consulting, 2006

Economic Scale: Leicester Shire, 2006

Table 4.2

	Working Age Population 2004			Business Rateable Value 2005			Employment 2004			Scale Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester Shire	604,500	86.1	26	£751,479,414	67.6	27	410,113	85.5	26	**79.8**	**26**
Derbyshire	638,600	91.0	25	£607,178,651	54.6	33	386,390	80.6	27	**75.4**	**29**
Lincolnshire & Rutland	452,100	64.4	35	£442,837,384	39.8	41	265,758	55.4	40	**53.2**	**39**
Northamptonshire	428,800	61.1	38	£641,461,562	57.7	31	301,880	63.0	35	**60.6**	**34**
Nottinghamshire	689,100	98.2	22	£775,164,370	69.7	25	440,663	91.9	23	**86.6**	**23**
Coventry & Warwickshire	548,900	78.2	30	£786,590,253	70.7	24	373,806	78.0	29	**75.6**	**28**
Cambridgeshire	494,600	70.5	33	£750,356,860	67.5	28	347,005	72.4	30	**70.1**	**31**
East Midlands	2,813,100	80.9	9	£3,218,121,381	65.3	8	1,804,804	76.3	9	**74.2**	**8**
Great Britain	38,270,800	100.0	N/A	£54,173,032,777	100.0	N/A	26,011,817	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Economic Scale Attaining a certain level of scale or economic 'mass' confers particular competitive advantages in terms of the composition of local markets and the representation of key institutions and infrastructure. Key indicators used to measure economic scale include total workplace employment, resident working age population and business rateable value.

2006 Results

- With an overall score of 79.8, Leicester Shire is ranked 26th out of 47 sub-regions on Economic Scale. Figure 4.1 shows that the sub-region scores below the national average in terms of scale, but is above the East Midlands average.

- Nottinghamshire (86.6) is the only sub-region to have a larger economy than Leicester Shire. However, Nottinghamshire and Leicester Shire remain far below the national average due to a few exceptionally large economies including the City of Westminster, Birmingham and Leeds.

- All comparator areas score below the national benchmark on each indicator and for the composite score, and hence are smaller in size than an 'average' sub-region.

- The highest scoring sub-regions on the economic scale domain are London Central, London East and Greater Manchester.

- The East Midlands as a whole is one of the smallest regions in Great Britain, and is less than three-quarters the size of an 'average' region. Business rateable value is the weakest indicator for the region, for which it scores just 65.3.

Comparison with 2003

- When compared with the 2003 results, the sub-regions have broadly similar scores and ranks, and hence have not changed substantially in terms of overall economic scale.

- The composite score for Leicester Shire has declined slightly and the sub-region has dropped one ranking place.

- Despite an overall decrease in the score for Leicester Shire, encouragingly, in respect of two directly comparable indicators (employment and business rateable value), the value for Leicester Shire has actually increased at a faster rate than for both the region and country overall.

- Business Rateable Value in Leicester Shire has increased by 27.2%, over five years. This is a larger percentage increase than nationally (24.3%) and regionally (25.8%).

- Between 2001 and 2004 the employment score in Leicester Shire has increased, however the sub-region is still ranked 26th out of 47 sub-regions.

Economic Scale: Leicester Shire, 2003

Table 4.3

	Population 2001			Business Rateable Value 2000			Employment 2001			Scale Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester Shire	889,499	85.1	25	£590,875,683	72.6	26	389,964	83.1	26	**80.3**	**25**
Coventry & Warwickshire	806,708	77.2	28	£618,496,271	76.0	25	370,069	78.9	27	**77.4**	**28**
Cambridgeshire	708,719	67.8	33	£549,188,575	67.5	28	337,603	71.9	28	**69.1**	**30**
East Midlands	4,172,174	80.4	9	£2,559,013,105	64.6	9	1,755,676	75.9	9	**73.6**	**9**
Great Britain	57,103,927	100	N/A	£43,588,065,833	100	N/A	25,445,867	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Dynamism

Comparison of Dynamism Composite Scores, 2006

Figure 4.2

Source: ECOTEC Research and Consulting, 2006

Dynamism: Leicester Shire, 2006

Table 4.4

	Employment Change 2000-04			Change in Business Stock 2000-04			Change in Working Age Population 2000-04			Dynamism Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester Shire	3.2%	100.1	27	3.5%	100.0	31	3.2%	100.5	16	**100.2**	**28**
Derbyshire	4.5%	101.4	21	7.3%	103.7	1	2.5%	99.9	26	**101.7**	**12**
Lincolnshire & Rutland	6.6%	103.5	11	4.4%	100.8	24	5.8%	103.2	2	**102.5**	**5**
Northamptonshire	3.6%	100.5	26	6.7%	103.2	3	4.1%	101.4	7	**101.7**	**11**
Nottinghamshire	1.8%	98.7	35	6.2%	102.7	7	3.6%	101.0	9	**100.8**	**22**
Coventry & Warwickshire	4.3%	101.2	22	6.8%	103.2	2	4.6%	102.0	4	**102.1**	**8**
Cambridgeshire	2.5%	99.4	31	5.7%	102.2	12	4.9%	102.3	3	**101.3**	**16**
East Midlands	3.7%	100.6	7	5.5%	102.0	1	3.7%	101.0	2	**101.2**	**3**
Great Britain	3.1%	100.0	N/A	3.5%	100.0	N/A	2.6%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Dynamism Analysis of the growth performance and capacity of a local economy. Dynamism is measured using the key indicators, change in employment, labour force and business base.

2006 Results

- Figure 4.2 shows that Leicester Shire is a relatively average performer in respect of dynamism. The sub-region scores slightly above the national composite domain score and above the national average for all the indicators with the exception of change in business stock where it is the same. Nevertheless, the sub-region is still ranked in the lower half of the ranking table, indicating substantial room for improvement.
- Leicester Shire has the weakest sub-regional score across the East Midlands and comparator areas (see Figure 4.2).
- The East Midlands has a relatively strong dynamic profile, and is ranked 3rd overall in the regional league table. The region scores above the national average for all indicators and has seen the largest percentage increase in business stock across all regions.

Comparison with 2003

- Leicester Shire has moved up 8 ranking places since 2003 and, significantly, now scores above the national average.
- In particular, employment in the sub-region has increased strongly compared to a decrease in previous years, whilst business stock has also grown at an improved rate.

Dynamism: Leicester Shire, 2003

Table 4.5

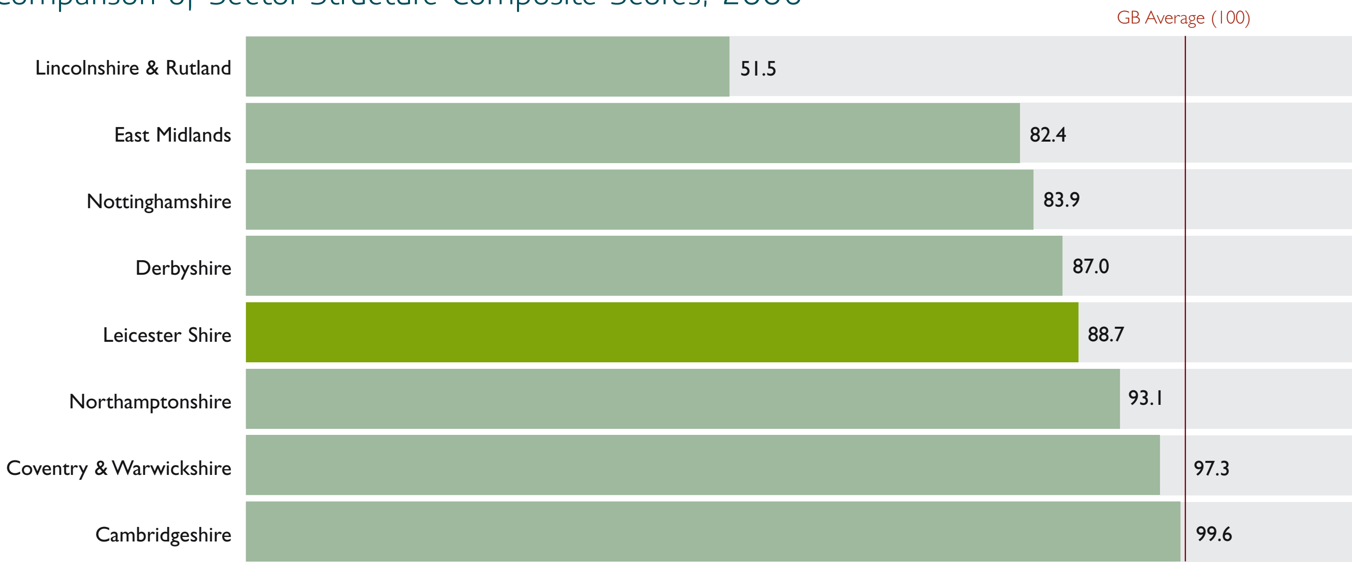
	Employment Change 1998-2001			Change in Business Stock 1998-2002			Projected Population Change 1996-2006			**Dynamism Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester Shire	-4.0%	91.5	44	1.0%	97.6	30	5.2%	102.3	16	**97.1**	**36**
Coventry & Warwickshire	-0.4%	95.1	40	8.4%	105.0	7	2.2%	99.3	31	**99.8**	**26**
Cambridgeshire	3.1%	98.6	26	3.7%	100.3	20	9.9%	107.0	1	**102.0**	**13**
East Midlands	0.0%	95.5	11	1.7%	98.3	7	4.1%	101.2	4	**98.3**	**7**
Great Britain	4.5%	100.0	N/A	3.4%	100.0	N/A	2.9%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Sector Structure[3]

Comparison of Sector Structure Composite Scores, 2006

Figure 4.3



Source: ECOTEC Research and Consulting, 2006

Sector Structure: Leicester Shire, 2006

Table 4.6

	% Consumer Services 2004			% High Technology Manufacturing 2004			% Knowledge-based Services 2004			Sector Structure Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester Shire	20.1%	95.0	32	2.0%	108.0	16	14.6%	82.3	26	**88.7**	**25**
Derbyshire	18.5%	87.3	42	1.3%	70.0	40	12.1%	68.0	36	**87.0**	**27**
Lincolnshire & Rutland	22.0%	103.7	19	1.5%	81.4	30	8.1%	45.8	46	**51.5**	**47**
Northamptonshire	17.9%	84.7	45	2.4%	128.9	6	16.6%	93.3	19	**93.1**	**21**
Nottinghamshire	21.8%	103.1	20	1.6%	84.2	29	14.0%	79.1	29	**83.9**	**31**
Coventry & Warwickshire	19.8%	93.4	34	1.6%	84.4	28	17.1%	96.4	16	**97.3**	**18**
Cambridgeshire	19.5%	92.1	37	2.3%	122.0	9	18.2%	102.4	14	**99.6**	**16**
East Midlands	20.1%	94.9	10	1.7%	93.6	6	13.3%	74.9	10	**82.4**	**9**
Great Britain	21.2%	100.0	N/A	1.9%	100.0	N/A	17.8%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Sector Structure a focus on those sectors most capable of sustaining local competitive advantage, both in terms of high value output and providing a broad range of employment opportunities.

2006 Results

- Figure 4.3 shows that Leicester Shire's sector structure remains comparatively weak, reflected by a score of 88.7 and is ranked in the lower half of the sub-regions. Whilst the proportion of employment in High Technology Manufacturing is strong in Leicester Shire, Knowledge-based Services are considerably under-represented compared to the national average.
- Comparatively, the sector structure in Leicester Shire is stronger than that for the East Midlands as a whole. Indeed, Northamptonshire is the only sub-region in the East Midlands with a stronger profile than Leicester Shire. Northamptonshire has a particularly high proportion of High Technology Manufacturing employment (2.4%), and the highest proportion of Knowledge-based Services employment (16.6%) in the East Midlands.
- Comparatively, Coventry & Warwickshire and Cambridgeshire score above Leicester Shire and are ranked in the top half of sub-regions.
- The East Midlands as a region has a weak profile on this factor and is ranked 9th overall. The region scores below the national average for all indicators, and in particular employment in Knowledge-based Services is under-represented.

Comparison with 2003

- Despite a relatively low overall score and ranking, it is significant that Leicester Shire has shown substantial improvement in terms of its sector structure during the past few years.
- The score has increased by 24.3 points, and the sub-region has moved up 14 ranking places. Representation of employment in Consumer Services and Knowledge-based Services are becoming closer to the national average, though the proportion of employment in High Technology Manufacturing has declined slightly overall.
- Leicester Shire is still below the two comparator areas of Coventry & Warwickshire and Cambridgeshire despite closing the gap and showing substantial improvement.

Sector Structure: Leicester Shire, 2003

Table 4.7

	% Consumer Services 2001			% High Technology Manufacturing 2001			% Knowledge-based Services 2001			Sector Structure Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester Shire	16.8%	82.4	45	2.3%	101.9	20	12.9%	73.4	29	**64.4**	**39**
Coventry & Warwickshire	20.0%	98.1	24	2.2%	100.5	21	16.3%	92.4	21	**99.0**	**17**
Cambridgeshire	16.8%	82.6	43	3.1%	138.4	5	19.9%	113.1	11	**99.7**	**15**
East Midlands	18.6%	91.5	10	1.8%	80.7	9	12.6%	71.5	9	**71.1**	**9**
Great Britain	20.4%	100	N/A	2.2%	100	N/A	17.6%	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

3 The sector structure score is calculated by combining SIC codes employing more than 25% graduate labour and then indexed against the national average. The indicators shown in Tables 4.6 and 4.7 relate to sectors classed as those most capable of sustaining local competitive advantage (Consumer Services, High Technology Manufacturing and Knowledge-based Services, see Appendix A for SIC codes used).

Enterprise

Comparison of Enterprise Composite Scores, 2006

Figure 4.4

Source: ECOTEC Research and Consulting, 2006

Enterprise: Leicester Shire, 2006

Table 4.8

	Start-ups in Financial & Business Services 2004			% Self-employed 2004			Business Registration Rate 2004			Micro Firm Density 2004			**Enterprise Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester Shire	35.9%	96.2	21	10.2%	84.3	39	47.1	101.6	24	32.2	100.4	28	**95.6**	**29**
Derbyshire	32.0%	85.7	29	11.8%	97.5	27	39.7	85.7	35	27.5	85.7	38	**88.7**	**34**
Lincolnshire & Rutland	28.3%	76.1	39	12.6%	104.1	19	42.1	91.0	31	31.2	97.3	32	**92.1**	**31**
Northamptonshire	38.8%	104.0	15	12.5%	103.3	20	52.9	114.3	10	33.6	104.8	21	**106.6**	**14**
Nottinghamshire	32.6%	87.6	27	11.2%	92.6	32	38.5	83.0	37	27.9	87.0	36	**87.5**	**36**
Coventry & Warwickshire	39.8%	106.7	14	10.7%	88.4	36	46.3	99.9	25	32.4	101.1	27	**99.0**	**25**
Cambridgeshire	40.0%	107.5	13	11.0%	90.9	34	45.2	97.5	27	35.1	109.5	14	**101.3**	**24**
East Midlands	33.7%	90.5	5	11.6%	95.9	6	43.4	93.6	5	29.9	93.2	5	**93.3**	**5**
Great Britain	37.3%	100.0	N/A	12.1%	100.0	N/A	46.3	100.0	N/A	32.0	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Enterprise The strength of local 'entrepreneurial culture' together with the associated competitive performance of small and medium enterprises. This is measured using start-ups in financial and business services, self employment, business registration rate and micro firm density indicators.

2006 Results

- Leicester Shire possesses a relatively strong entrepreneurial culture in comparison to the East Midlands overall and this is reflected in its higher score. The sub-region scores above the national benchmark for business registration rate and micro firm density. However, overall it is still ranked 29th, placing it in the lower half of the sub-regions.
- All other sub-regions in the East Midlands, with the exception of Northamptonshire, score below Leicester Shire. However, Coventry & Warwickshire and Cambridgeshire both score higher than Leicester Shire (see Figure 4.4).
- The highest scoring sub-regions on this domain are London Central and Surrey.

Comparison with 2003[4]

- Whilst Leicester Shire has remained in the same ranking position (29th), the overall score for the sub-region has decreased by 2.9 points. Notwithstanding the inclusion of a number of new indicators for this domain, the overall message suggests a small decline in terms of relative position.
- The encouraging news is that Leicester Shire's business registration rate has continued to improve, and the value is now above the national average.

Enterprise: Leicester Shire, 2003

Table 4.9

	Business Formation Rate (Avg. 2000 & 2001)			36 Month Survival Rate (from 1996)			% Self-employed 2001			Business Population Rate 2001			**Enterprise Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester Shire	10.9%	99.7	25	64.0%	100.2	28	7.8%	95.5	32	41.1	99.6	23	**98.5**	**29**
Coventry & Warwickshire	10.7%	97.9	27	67.5%	105.7	11	7.4%	91.5	36	40.8	98.6	24	**98.4**	**30**
Cambridgeshire	9.9%	90.2	36	68.5%	107.2	9	8.4%	103.7	25	42.2	102.0	19	**100.4**	**27**
East Midlands	10.6%	97.1	5	63.6%	99.5	7	7.7%	95.0	5	38.2	92.5	5	**97.2**	**5**
Great Britain	10.9%	100	N/A	63.9%	100	N/A	8.1%	100	N/A	41.3	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

4 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The business formation rate and 36 month survival rate have been replaced with start-ups in financial and business services and micro firm density for 2006. The self employment indicator in 2006 uses Annual Population Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute an entrepreneurial economy in 2006.

Labour Market

Comparison of Labour Market Composite Scores, 2006

Figure 4.5

Source: ECOTEC Research and Consulting, 2006

Labour Market: Leicester Shire, 2006

Table 4.10

	% Knowledge Workers 2004			% Unskilled / Semi-skilled Workers 2004			% NVQ Level 4 & 5 2004			% NVQ Level 1 or no qualifications 2004			Economic Activity Rate 2004			**Labour Market Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester Shire	39.6%	96.1	25	20.9%	91.4	28	21.0%	86.8	32	31.9%	89.6	36	79.0%	101.0	25	**93.0**	**32**
Derbyshire	37.3%	90.5	34	23.5%	81.3	38	20.6%	85.2	35	35.0%	81.6	45	78.7%	100.6	26	**87.8**	**38**
Lincs & Rutland	35.9%	87.1	36	23.8%	80.3	39	19.5%	80.7	38	32.6%	87.7	37	78.6%	100.5	27	**87.3**	**39**
Northamptonshire	37.9%	92.0	31	24.0%	79.6	40	22.8%	94.0	21	30.6%	93.2	28	82.7%	105.8	4	**92.9**	**33**
Nottinghamshire	39.4%	95.6	27	21.7%	88.0	33	22.0%	90.7	25	30.3%	94.3	26	76.4%	97.7	35	**93.3**	**31**
Coventry & Warks	37.6%	91.3	32	23.0%	83.0	36	22.7%	93.9	22	28.4%	100.5	19	78.2%	100.0	30	**93.7**	**28**
Cambridgeshire	45.4%	110.2	10	17.6%	108.5	15	27.5%	113.6	11	25.6%	111.5	10	83.3	106.5	1	**110.1**	**12**
East Midlands	38.1%	92.5	7	22.6%	84.5	10	21.2%	87.5	8	32.1%	88.9	10	78.8%	100.8	5	**90.8**	**8**
Great Britain	41.2%	100.0	N/A	19.1%	100.0	N/A	24.2%	100.0	N/A	28.6%	100.0	N/A	78.2%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Labour Market evaluating the stock of human capital focusing particularly on the skills profile and occupational structure of the resident workforce.

2006 Results

- Figure 4.5 shows that Leicester Shire has a relatively weak labour market profile, though, significantly, it is still one of the highest scoring sub-regions in the East Midlands. It scores higher than the East Midlands for the majority of indicators in this domain.
- Encouragingly, Leicester Shire has the strongest workforce profile with the highest proportion of knowledge workers and the second highest economic activity rate in the East Midlands. However, the skills profile for the sub-region is weaker than in the comparator areas.
- The labour market domain scores are highest for London Central and London South sub-regions. Leicester Shire ranks alongside Nottinghamshire and Greater Manchester.
- The East Midlands has a weak labour market profile and the region is ranked 8th in the regional league table. The region scores lower than the national average for all indicators except for economic activity, which is slightly above the national average.

Comparison with 2003[5]

- Despite retaining a relatively weak labour market profile, Leicester Shire has actually moved up seven ranking places and also now scores above the regional average.

Labour Market: Leicester Shire, 2003

Table 4.11

	% Knowledge Workers 2001			% Unskilled / Semi-skilled Workers 2001			% NVQ Level 4 & 5 2001			% NVQ Level 1 or no qualifications 2001			Unemployment Rate October 2003			Labour Market Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester Shire	38.4%	92.9	28	25.7%	82.9	41	17.8%	87.2	23	48.4%	96.6	30	2.8%	85.7	36	**89.1**	**39**
Coventry & Warks	40.3%	97.5	22	23.4%	91.0	27	19.2%	94.5	19	46.1%	101.5	23	2.2%	109.1	28	**98.7**	**26**
Cambridgeshire	44.5%	107.9	10	20.5%	104.2	16	23.0%	112.9	9	42.3%	110.7	12	1.4%	171.4	6	**121.4**	**10**
East Midlands	37.7%	91.4	7	25.6%	83.3	11	16.6%	81.7	8	49.3%	94.8	7	2.2%	109.1	4	**92.0**	**7**
Great Britain	41.3%	100	N/A	21.3%	100	N/A	20.4%	100	N/A	46.8%	100	N/A	2.4%	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

5 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The unemployment indicator has been replaced with economic activity for 2006 and the qualifications indicators in 2006 use Annual Population Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute a healthy labour market in 2006.

Overall Economic Profile – Leicester Shire

The preceding analysis has benchmarked and evaluated Leicester Shire's relative performance against a range of key competitiveness factors. The following tables and graphs summarise how Leicester Shire scores and ranks on each of these factors and how it has changed over time.

Figure 4.6 compares the composite scores for each domain on the LEAM in Leicester Shire for 2003 and 2006. The red vertical line indicates the Great Britain average (100).

Overall LEAM Profile: Leicester Shire and Comparators, 2006

Table 4.12

	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
Area	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicester Shire	79.8	26	100.2	28	88.7	25	95.6	29	93.0	32
Derbyshire	75.4	29	101.7	12	87.0	27	88.7	34	87.8	38
Lincolnshire & Rutland	53.2	39	102.5	5	51.5	47	92.1	31	87.3	39
Northamptonshire	60.6	34	101.7	11	93.1	21	106.6	14	92.9	33
Nottinghamshire	86.6	23	100.8	22	83.9	31	87.5	36	93.3	31
Coventry & Warwickshire	75.6	28	102.1	8	97.3	18	99.0	25	93.7	28
Cambridgeshire	70.1	31	101.3	16	99.6	16	101.3	24	110.1	12
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2006

Overall LEAM Profile: Leicester Shire and Comparators, 2003

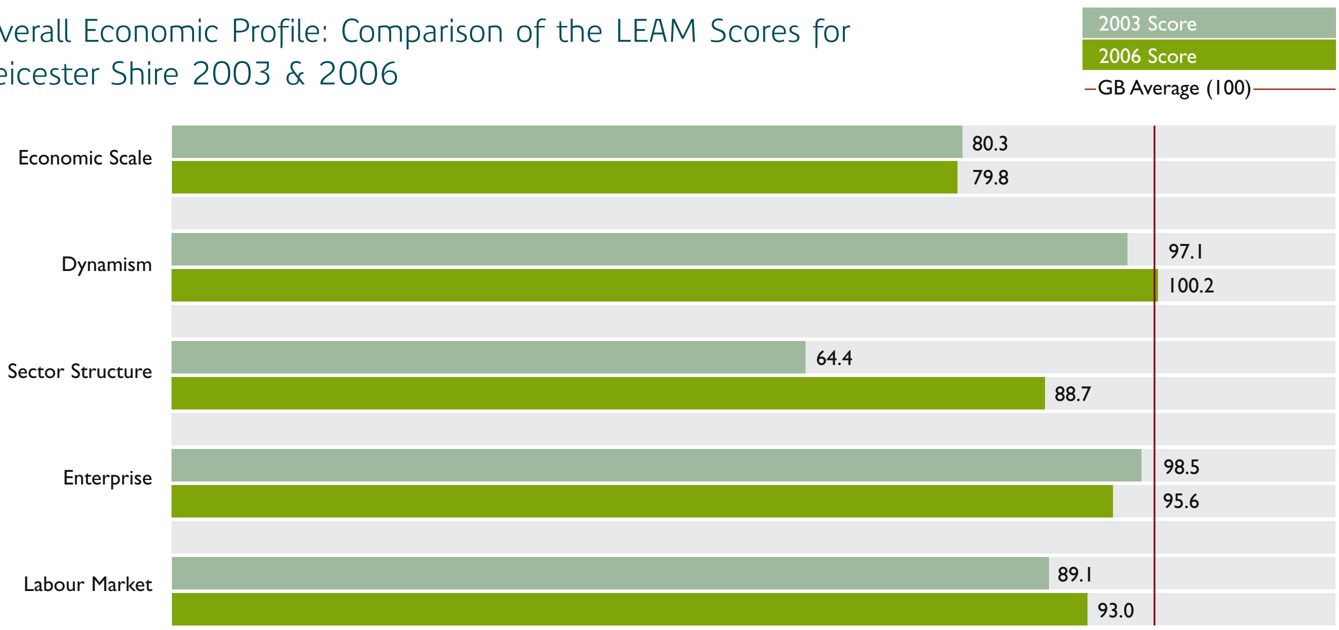
Table 4.13

	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
Area	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicester Shire	80.3	25	97.1	36	64.4	39	98.5	29	89.1	39
Coventry & Warwickshire	77.4	28	99.8	26	99.0	17	98.4	30	98.7	26
Cambridgeshire	69.1	30	102.0	13	99.7	15	100.4	27	121.4	10
East Midlands	73.6	9	98.3	7	71.1	9	97.2	5	92.0	7
Great Britain	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2003

Overall Economic Profile: Comparison of the LEAM Scores for Leicester Shire 2003 & 2006

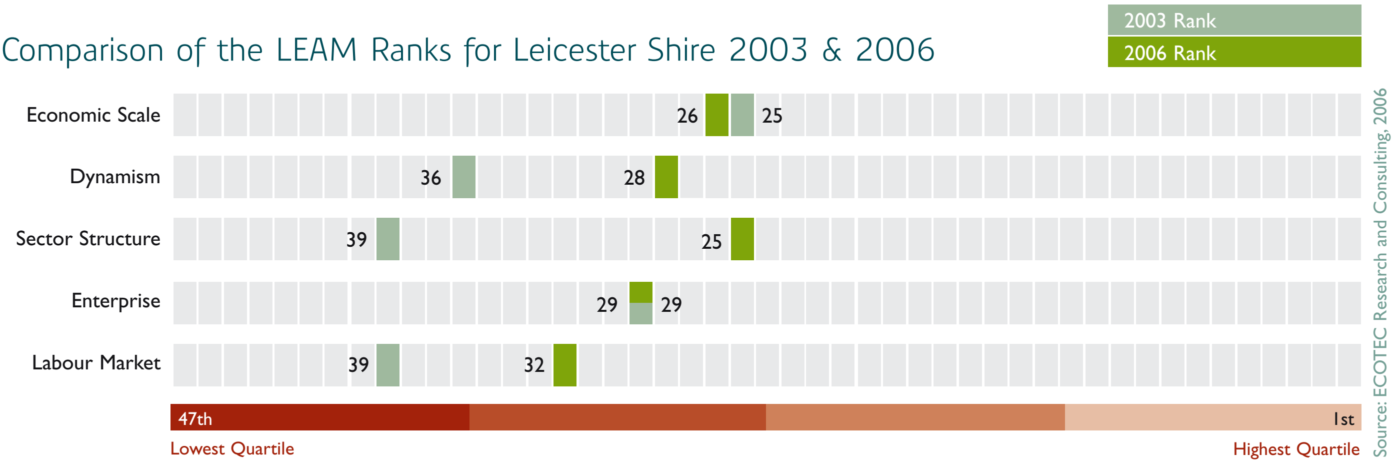
Figure 4.6



Source: ECOTEC Research and Consulting, 2006

Comparison of the LEAM Ranks for Leicester Shire 2003 & 2006

Figure 4.7



Comparison of the LEAM Ranks for Leicester Shire, Coventry & Warwickshire and Cambridgeshire, 2006

Figure 4.8

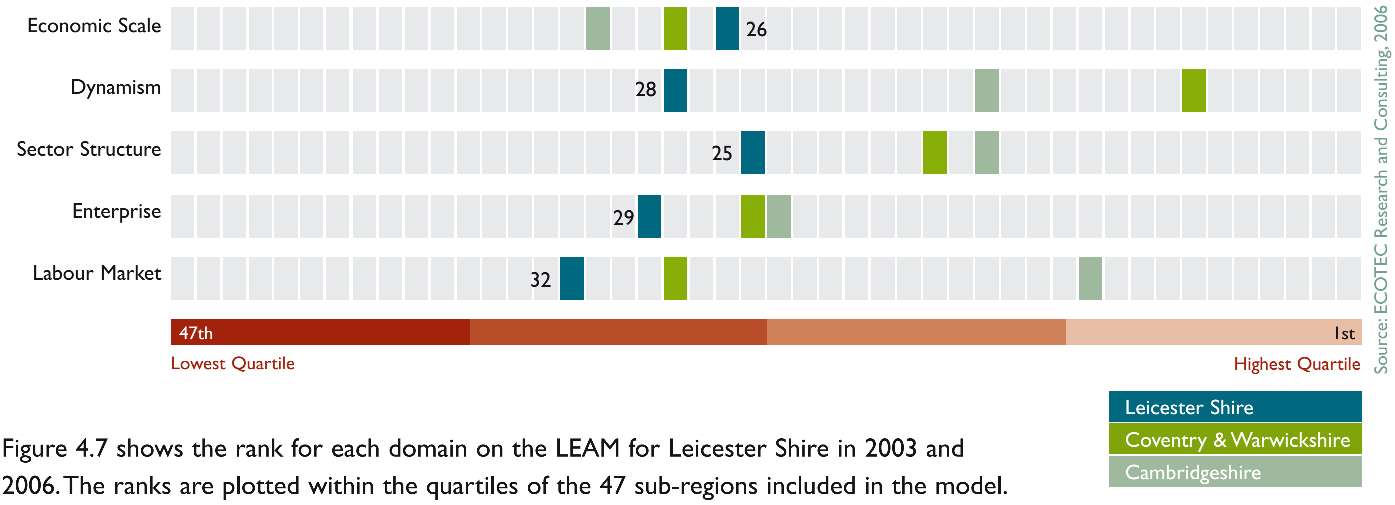


Figure 4.7 shows the rank for each domain on the LEAM for Leicester Shire in 2003 and 2006. The ranks are plotted within the quartiles of the 47 sub-regions included in the model.

Figure 4.8 shows the rank for each domain on the LEAM for Leicester Shire, Coventry & Warwickshire and Cambridgeshire in 2006. The ranks are plotted within the quartiles of the 47 sub-regions included in the LEAM.

2006 Results

- Leicester Shire does not rank in the top half of the sub-regional areas on any of the key competitiveness factors (see Figure 4.7).
- The only factor where Leicester Shire scores above the national average is dynamism (see Figure 4.6). However, with the exception of dynamism the sub-region does score above the East Midlands on all the other competitiveness factors.
- The strongest domain for Leicester Shire is sector structure, it is ranked 25th out of 47 sub-regions. The weakest domain is labour market performance, though this is a consistently weak domain across the East Midlands, and Leicester Shire is actually the second highest performing sub-region within the region.
- Leicester Shire is behind both the comparator areas of Coventry & Warwickshire and Cambridge on each factor with the exception of economic scale (see Figure 4.8).

Comparison with 2003

- It is notable that the sub-region has moved up the respective rankings on three of the five domains (see Figure 4.7).
- Although still ranked low, the sub-regional labour market score has improved, whereas the regional score has actually declined.
- Leicester Shire has climbed highest in terms of sector structure, rising from 39th to 25th, and this now represents the strongest of the five factors for Leicester Shire (see Figure 4.7).
- However, Leicester Shire's recent performance in respect of enterprise is somewhat disappointing. Although the sub-region has remained in the same ranking position, the score on this factor has fallen.

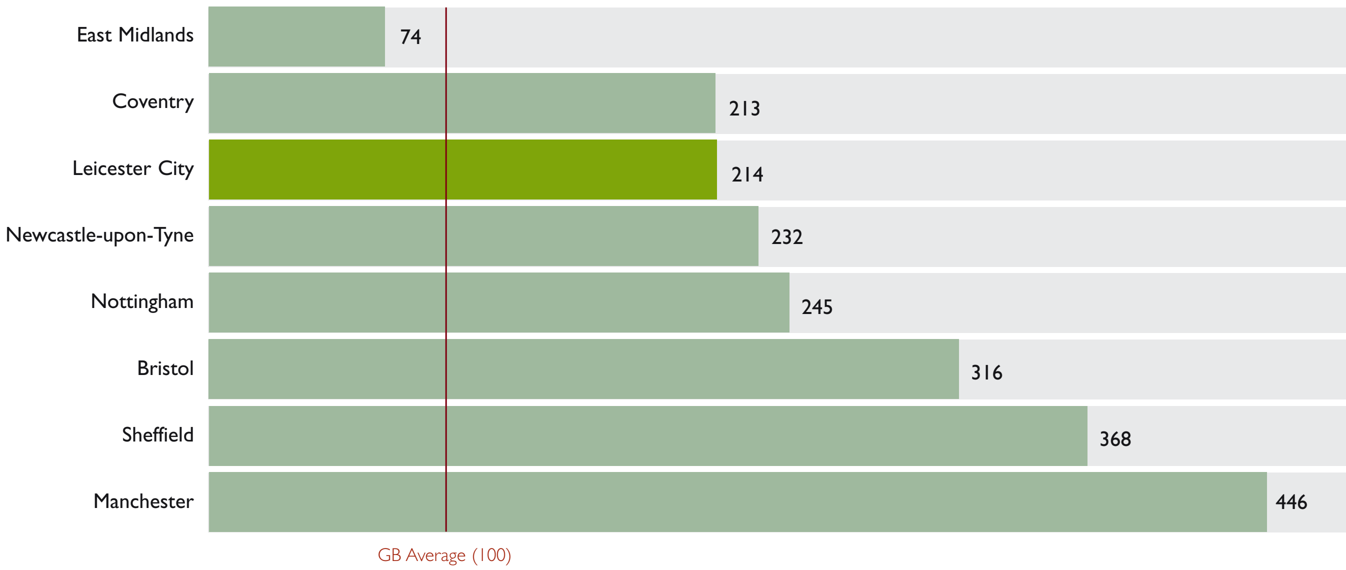
Leicester City LEAM

This section provides the LEAM results for Leicester City, along with the comparator areas of Nottingham and Newcastle-upon-Tyne, Manchester, Bristol, Coventry and Sheffield. This will enable further analysis regarding the competitive advantages of Leicester City against key comparator locations.

Economic Scale

Comparison of Economic Scale Composite Scores, 2006

Figure 4.9



Source: ECOTEC Research and Consulting, 2006

Economic Scale: Leicester City, 2006

Table 4.14

	Working Age Population 2004			Business Rateable Value 2005			Employment 2004			Scale Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester City	191,900	204.6	27	£251,444,095	189.4	34	158,155	248.1	20	**214.0**	**25**
Nottingham	191,800	204.5	28	£324,319,821	244.3	22	181,637	284.9	14	**244.5**	**16**
Newcastle-upon-Tyne	183,200	195.3	33	£313,716,338	236.3	25	167,735	263.1	17	**231.6**	**21**
Manchester	305,500	325.7	7	£693,717,940	522.5	9	311,814	489.1	5	**445.7**	**7**
Bristol	272,500	290.5	9	£397,410,779	299.3	13	228,557	358.5	10	**316.1**	**13**
Coventry	201,400	214.7	22	£272,031,311	204.9	29	140,504	220.4	23	**213.3**	**26**
Sheffield	343,700	366.4	4	£466,473,801	351.3	12	246,164	386.1	9	**367.9**	**9**
East Midlands	2,813,100	80.9	9	£3,218,121,381	65.3	8	1,804,804	76.3	9	**74.2**	**8**
Great Britain	38,270,800	100.0	N/A	£54,173,032,777	100.0	N/A	26,011,817	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Economic Scale Attaining a certain level of scale or economic 'mass' confers particular competitive advantages in terms of the composition of local markets and the representation of key institutions and infrastructure. Key indicators used to measure economic scale include total workplace employment, resident working age population and business rateable value.

2006 Results

- Leicester City has a large economic base, reflected in the high score and a ranking position in the top 10% of all local authorities nationally. Leicester City scores over 200 for two of the three indicators, and hence is more than double the size of an 'average' local authority.
- Figure 4.9 shows that out of the comparator areas, Leicester City is one of the smallest, with only Coventry scoring below the City. However, Leicester City and all of the comparator cities rank in the top 10% of all local authorities nationally.
- Manchester and Sheffield are two of the largest local authorities in Great Britain, ranking in the top ten. Manchester is more than four times the size of an 'average' local authority, and employment in the city is almost double that of Leicester.
- The City of Westminster and Birmingham have the largest economies according to the economic scale domain.

Comparison with 2003

- The score for Leicester City has declined slightly since 2003 by less than five points, and the City has dropped one ranking place. By comparison Newcastle-upon-Tyne still has the same ranking, and Nottingham has moved up one ranking place.
- Whilst Business Rateable Value and employment in Leicester City has increased, the percentage increases are much lower than in the comparator and benchmark areas. Business rateable value has increased by just 15.9%, compared to a national average of 24.3%, and employment has remained relatively static (increased by just 0.1 %), compared to 2.2% nationally.

Table 4.15

Economic Scale: Leicester City, 2003

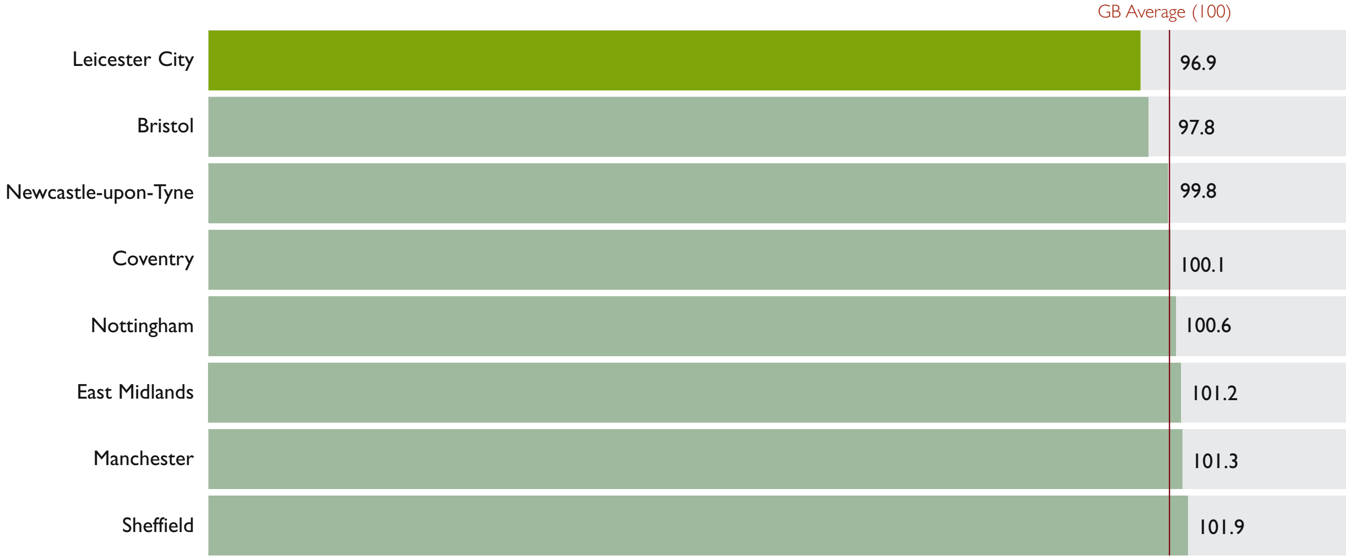
	Population 2001			Business Rateable Value 2000			Employment 2001			Scale Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester City	279,921	200.0	30	£216,862,403	203.0	30	158,012	253.4	19	**218.8**	**24**
Nottingham	266,988	190.8	32	£260,734,129	244.1	22	178,492	286.2	13	**240.3**	**17**
Newcastle-upon-Tyne	259,536	185.4	37	£238,160,388	222.9	26	163,949	262.9	17	**223.7**	**21**
East Midlands	4,172,174	80.4	9	£2,559,013,105	64.6	9	1,755,676	75.9	9	**73.6**	**9**
Great Britain	57,103,927	100	N/A	£43,588,065,833	100	N/A	25,445,867	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Dynamism

Comparison of Dynamism Composite Scores, 2006

Figure 4.10



Source: ECOTEC Research and Consulting, 2006

Dynamism: Leicester City, 2006

Table 4.16

	Employment Change 2000-04			Change in Business Stock 2000-04			Change in Working Age Population 2000-04			Dynamism Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester City	-4.4%	92.5	350	1.5%	98.0	318	3.0%	100.4	139	**96.9**	**354**
Nottingham	3.0%	99.9	227	1.9%	98.4	303	6.3%	103.7	29	**100.6**	**189**
Newcastle-upon-Tyne	4.3%	101.2	191	1.5%	97.9	319	3.0%	100.4	147	**99.8**	**237**
Manchester	8.9%	105.8	97	-4.0%	92.5	399	8.3%	105.7	13	**101.3**	**153**
Bristol	-3.9%	92.9	343	2.5%	99.0	276	4.1%	101.5	87	**97.8**	**329**
Coventry	0.0%	96.9	278	7.1%	103.6	78	2.4%	99.8	186	**100.1**	**218**
Sheffield	9.6%	106.4	86	3.5%	99.9	231	2.0%	99.4	224	**101.9**	**121**
East Midlands	3.7%	100.6	7	5.5%	102.0	1	3.7%	101.0	2	**101.2**	**3**
Great Britain	3.1%	100.0	N/A	3.5%	100.0	N/A	2.6%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Dynamism Analysis of the growth performance and capacity of a local economy. Dynamism is measured using the key indicators, change in employment, labour force and business base.

2006 Results

- The dynamic performance of Leicester City is comparatively weak, and the City has the lowest score out of all the comparator City areas (see Figure 4.10). Leicester City is ranked in the bottom 15% of local authorities.
- The low score and rank is mainly reflected in the employment change indicator which has actually declined by 4.4% in recent years – the biggest decline seen in the comparator areas.
- Sheffield has the strongest dynamic profile out of the comparator areas and is ranked in the top half of the local authorities. Importantly, employment has increased by 9.6% in Sheffield between 2000 and 2004.
- The most dynamic local authorities using the LEAM model are South Derbyshire and Tower Hamlets.

Comparison with 2003

- The score for the dynamic profile in Leicester City has remained relatively static since the previous study, dropping by just 0.3 points. However, Leicester City was previously the most dynamic out of the comparator areas, but now Nottingham and Newcastle have 'over-taken' Leicester and rank higher.
- Employment in Leicester City is declining at a faster rate than previously and while business stock is now increasing it is at a much slower rate than nationally and regionally.

Dynamism: Leicester City, 2003

Table 4.17

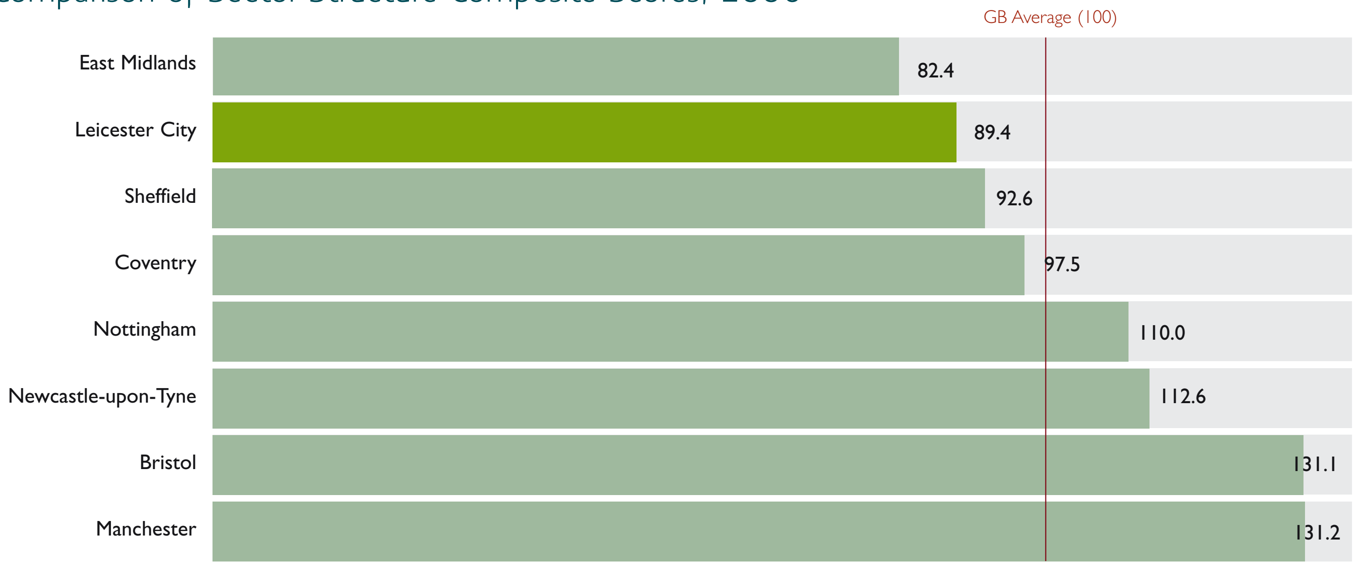
	Employment Change 1998-2001			Change in Business Stock 1998-2002			Projected Population Change 1996-2006			**Dynamism Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester City	-2.0%	93.5	330	-0.7%	95.9	309	5.0%	102.1	136	**97.2**	**306**
Nottingham	-3.8%	91.7	357	-16.6%	80.1	402	4.9%	101.9	140	**91.2**	**398**
Newcastle-upon-Tyne	10.0%	105.5	81	-14.2%	82.4	398	-0.3%	96.8	278	**94.9**	**365**
East Midlands	0.0%	95.5	11	1.7%	98.3	7	4.1%	101.2	4	**98.3**	**7**
Great Britain	4.5%	100.0	N/A	3.4%	100.0	N/A	2.9%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Sector Structure[6]

Comparison of Sector Structure Composite Scores, 2006

Figure 4.11



Source: ECOTEC Research and Consulting, 2006

Sector Structure: Leicester City, 2006

Table 4.18

	% Consumer Services 2004			% High Technology Manufacturing 2004			% Knowledge-based Services 2004			Sector Structure Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester City	17.8%	84.3	347	2.0%	106.1	134	16.1%	90.4	141	**89.4**	**173**
Nottingham	20.1%	95.2	257	1.5%	79.8	191	20.6%	116.2	79	**110.0**	**97**
Newcastle-upon-Tyne	19.6%	92.6	278	1.5%	78.9	195	20.3%	114.2	84	**112.6**	**84**
Manchester	18.3%	86.6	332	1.0%	53.0	296	26.0%	146.2	31	**131.2**	**42**
Bristol	18.6%	87.9	317	1.3%	71.1	223	27.0%	152.2	24	**131.1**	**43**
Coventry	17.5%	82.7	359	2.4%	131.3	87	17.1%	96.1	125	**97.5**	**139**
Sheffield	20.7%	97.8	232	0.8%	42.2	332	17.3%	97.3	122	**92.6**	**160**
East Midlands	20.1%	94.9	10	1.7%	93.6	6	13.3%	74.9	10	**82.4**	**9**
Great Britain	21.2%	100.0	N/A	1.9%	100.0	N/A	17.8%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Sector Structure A focus on those sectors most capable of sustaining local competitive advantage, both in terms of high value output and providing a broad range of employment opportunities.

2006 Results

- Figure 4.11 shows that Leicester City has a relatively and comparatively weak sector structure with the lowest composite score out of the comparator areas. Despite this it is still ranked in the top half of local authorities.
- Although the City has an above average proportion of employment in High Technology Manufacturing, employment is under-represented in both Consumer Services and Knowledge-based Services.
- Manchester and Bristol are the strongest of the comparator areas and are ranked in the top 15% of local authorities. These two cities have particularly high proportions of employment in Knowledge-based Services, although employment in High Technology Manufacturing is under-represented.
- Leicester City, Coventry and Sheffield all score below the national average and have a similar proportion of employment in Knowledge-based Services.
- The strongest industrial structure scores are seen in the City of London and Woking local authorities.

Comparison with 2003

- Since the previous study Leicester City has moved up 83 ranking places and is closing the gap on Nottingham.
- Encouragingly, Leicester City has seen an increase in the proportion of employment in Consumer Services and Knowledge-based Services, and improvement relative to the national average.

Table 4.19

Sector Structure: Leicester City, 2003

	% Consumer Services 2001			% High Technology Manufacturing 2001			% Knowledge-based Services 2001			Sector Structure Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester City	14.8%	72.8	387	2.2%	100.4	152	15.0%	84.9	152	**68.7**	**256**
Nottingham	19.1%	94.0	263	1.6%	71.3	221	20.2%	114.4	85	**91.1**	**157**
Newcastle-upon-Tyne	17.6%	86.2	333	1.3%	58.9	267	19.0%	107.7	103	**79.7**	**210**
East Midlands	18.6%	91.5	10	1.8%	80.7	9	12.6%	71.5	9	**71.1**	**9**
Great Britain	20.4%	100	N/A	2.2%	100	N/A	17.6%	100	N/A	**100**	**N/A**

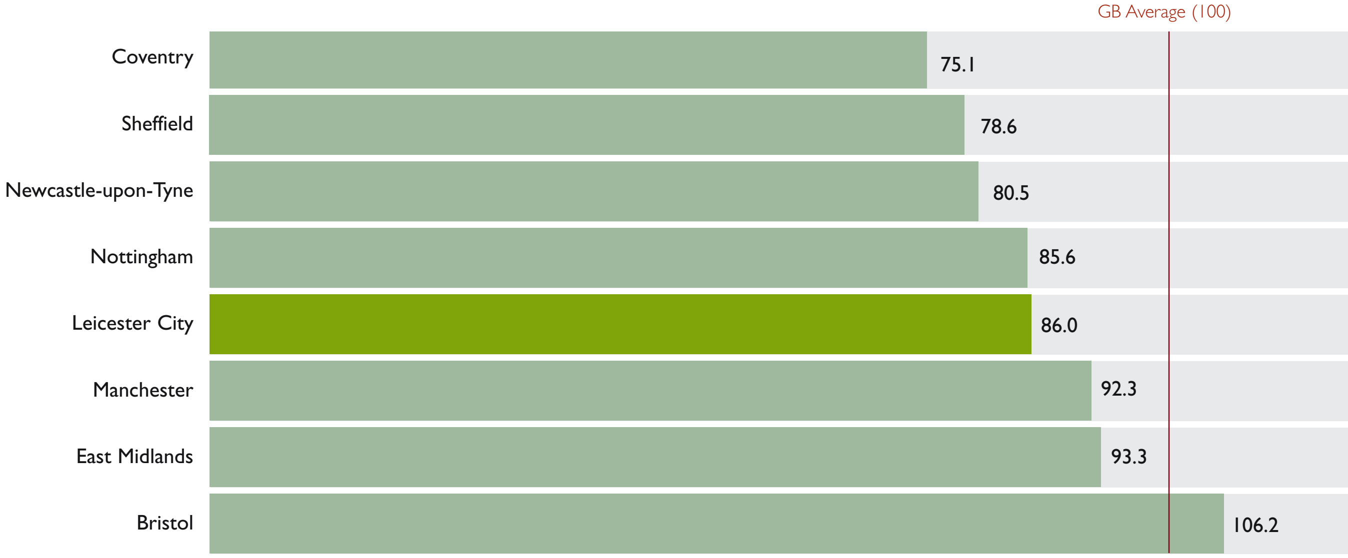
Source: ECOTEC Research and Consulting, 2003

6 The sector structure score is calculated by combining SIC codes employing more than 25% graduate labour and then indexed against the national average. The indicators above relate to sectors classed as those most capable of sustaining local competitive advantage (Consumer Services, High Technology Manufacturing and Knowledge-based Services).

Enterprise

Comparison of Enterprise Composite Scores, 2006

Figure 4.12



Source: ECOTEC Research and Consulting, 2006

Enterprise: Leicester City, 2006

Table 4.20

	Start-ups in Financial & Business Services 2004			% Self-employed 2004			Business Registration Rate 2004			Micro Firm Density 2004			**Enterprise Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester City	33.3%	89.5	189	8.4%	69.4	354	43.8	94.5	208	29.1	90.7	258	**86.0**	**279**
Nottingham	35.4%	95.0	167	10.9%	90.1	261	33.9	73.1	326	27.0	84.3	292	**85.6**	**282**
Newcastle-upon-Tyne	40.7%	109.3	99	8.9%	73.6	341	29.5	63.6	366	24.2	75.5	333	**80.5**	**313**
Manchester	37.8%	101.6	141	8.8%	72.7	344	47.1	101.7	174	29.8	93.1	242	**92.3**	**235**
Bristol	49.4%	132.6	29	10.4%	86.0	288	46.1	99.4	184	34.2	106.8	164	**106.2**	**143**
Coventry	34.1%	91.5	179	8.2%	67.8	364	32.8	70.7	339	22.5	70.3	356	**75.1**	**340**
Sheffield	29.9%	80.3	245	9.6%	79.3	311	35.5	76.6	313	25.0	78.0	321	**78.6**	**324**
East Midlands	33.7%	90.5	5	11.6%	95.9	6	43.4	93.6	5	29.9	93.2	5	**93.3**	**5**
Great Britain	37.3%	100.0	N/A	12.1%	100.0	N/A	46.3	100.0	N/A	32.0	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Enterprise The strength of local 'entrepreneurial culture' together with the associated competitive performance of small and medium enterprises. This is measured using start-ups in financial and business services, self employment, business registration rate and micro firm density indicators.

2006 Results

- The majority of the comparator areas have a relatively low ranking and score for the Enterprise domain. Leicester City has a composite score of 86.0 and is ranked 279th, placing it in the lower half of local authorities.
- Overall, Leicester City scores higher than Nottingham, Newcastle-upon-Tyne, Coventry and Sheffield. The strongest indicators for Leicester City are business registration rate and micro firm density.
- Bristol is the only comparator city to score above the national benchmark and rank in the top half of local authorities. Bristol is particularly strong in terms of start-ups in financial and business services and micro-firms density.
- However, the highest ranked local authorities on the enterprise domain are the City of London and the City of Westminster.

Comparison with 2003[7]

- Since the previous study the enterprise score for Leicester City has declined by 8.6 points, and the City has dropped 14 ranking places.
- While for the other two 2003 comparator areas (Nottingham and Newcastle-upon-Tyne) the rankings have moved up, they are still below Leicester City and in the lower half of local authorities. Newcastle is still ranked in the bottom quartile.
- Leicester City still has the highest business registration rate, though while the value has increased the score has actually decreased - indicating that it has not improved as much as has been the case nationally.

Enterprise: Leicester City, 2003

Table 4.21

	Business Formation Rate (Avg. 2000 & 2001)			36 Month Survival Rate (from 1996)			% Self-employed 2001			Business Population Rate 2001			**Enterprise Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicester City	12.1%	111.0	81	64.1%	100.4	241	5.2%	63.5	369	42.7	103.4	150	**94.6**	**265**
Nottingham	13.8%	126.4	28	62.1%	97.2	292	4.6%	56.8	388	35.5	85.9	233	**91.6**	**293**
Newcastle-upon-Tyne	12.0%	109.4	86	61.3%	96.0	313	5.1%	62.7	373	25.9	62.7	359	**82.7**	**359**
East Midlands	10.6%	97.1	5	63.6%	99.5	7	7.7%	95.0	5	38.2	92.5	5	**97.2**	**5**
Great Britain	10.9%	100	N/A	63.9%	100	N/A	8.1%	100	N/A	41.3	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

7 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The business formation rate and 36 month survival rate have been replaced with start-ups in financial and business services and micro firm density for 2006. The self employment indicator in 2006 uses Annual Population Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute an entrepreneurial economy in 2006.

Labour Market

Comparison of Labour Market Composite Scores, 2006

Figure 4.13

Source: ECOTEC Research and Consulting, 2006

Labour Market: Leicester City, 2006

Table 4.22

	% Knowledge Workers 2004			% Unskilled / Semi-skilled Workers 2004			% NVQ Level 4 & 5 2004			% NVQ Level 1 or no qualifications 2004			Economic Activity Rate 2004			**Labour Market Composite**	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester City	31.2%	75.7	358	28.7%	66.6	382	16.4%	67.8	354	35.6%	80.2	361	70.9%	90.7	386	**76.2**	**382**
Nottingham	36.4%	88.3	264	28.2%	67.7	378	21.1%	87.2	252	32.7%	87.3	305	69.7%	89.1	392	**83.9**	**341**
Newcastle-upon-Tyne	39.8%	96.6	203	19.8%	96.5	216	24.2%	99.9	170	28.7%	99.5	203	71.9%	91.9	377	**96.9**	**222**
Manchester	38.4%	93.2	222	21.6%	88.4	266	22.3%	92.1	225	29.9%	95.6	236	65.3%	83.5	404	**90.6**	**277**
Bristol	45.1%	109.5	114	16.8%	113.7	135	31.3%	129.4	64	25.2%	113.2	102	78.8%	100.8	241	**113.3**	**96**
Coventry	38.0%	92.2	232	21.7%	88.0	269	22.0%	90.8	234	28.1%	101.8	180	75.5%	96.5	328	**93.9**	**256**
Sheffield	40.0%	97.1	195	20.4%	93.6	236	24.3%	100.5	166	26.9%	106.2	146	73.6%	94.1	362	**98.3**	**209**
East Midlands	38.1%	92.5	7	22.6%	84.5	10	21.2%	87.5	8	32.1%	88.9	10	78.8%	100.8	5	**90.8**	**8**
Great Britain	41.2%	100.0	N/A	19.1%	100.0	N/A	24.2%	100.0	N/A	28.6%	100.0	N/A	78.2%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Labour Market Evaluating the stock of human capital focusing particularly on the skills profile and occupational structure of the resident workforce.

2006 Results

- Comparatively, Leicester City has a weak labour market profile and is ranked in the bottom 10% of all local authorities. The skills base and workforce profile of Leicester City are both relatively weak and it has a low economic activity rate (70.9%).
- Looking at the comparator areas, only Bristol scores above the national average and is in the top quartile of local authorities (see Figure 4.13). All the other cities rank in the lower half of local authorities and have a weak labour market profile.
- Bristol and Sheffield have the strongest skills profiles with above average proportions of people qualified to NVQ Level 4/5. Bristol also has the strongest workforce profile and is the only comparator area to have an above average proportion of knowledge workers in the resident workforce.
- Economic activity rates across the comparator areas are generally lower than the national average, with the exception of Bristol.
- The highest ranked local authorities on the labour market domain are Richmond-upon-Thames and Kensington & Chelsea.

Comparison with 2003[8]

- Leicester City retains a relatively weak labour market profile. Nevertheless, its score has improved and the City has climbed 13 ranking places – though it is still ranked in the bottom 10% of all local authorities.

Labour Market: Leicester City, 2003

Table 4.23

	% Knowledge Workers 2001			% Unskilled / Semi-skilled Workers 2001			% NVQ Level 4 & 5 2001			% NVQ Level 1 or no qualifications 2001			Unemployment Rate October 2003			Labour Market Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	**Score**	**Rank**
Leicester City	32.2%	77.9	357	33.6%	63.4	402	16.8%	82.3	253	52.9%	88.4	316	5.6%	42.9	403	**71.0**	**395**
Nottingham	37.0%	89.5	259	29.4%	72.5	384	17.6%	86.5	225	48.1%	97.3	232	4.0%	60.0	377	**81.2**	**357**
Newcastle-upon-Tyne	41.6%	100.8	155	22.4%	95.0	218	20.9%	102.4	151	46.1%	101.5	188	3.6%	66.7	366	**93.3**	**278**
East Midlands	37.7%	91.4	7	25.6%	83.3	11	16.6%	81.7	8	49.3%	94.8	7	2.2%	109.1	4	**92.0**	**7**
Great Britain	41.3%	100	N/A	21.3%	100	N/A	20.4%	100	N/A	46.8%	100	N/A	2.4%	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

8 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The unemployment indicator has been replaced with economic activity for 2006 and the qualifications indicators in 2006 use Annual Population Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute a healthy labour market in 2006.

Overall Economic Profile – Leicester City

The preceding analysis has benchmarked and evaluated Leicester City's relative performance against a range of key competitiveness factors. The following tables and graphs summarise how Leicester City scores and ranks on each of these factors and how it has changed over time.

Figure 4.14 compares the composite scores for each domain on the LEAM in Leicester City for 2003 and 2006. The red vertical line indicates the Great Britain average (100).

Overall LEAM Profile: Leicester City and Comparators, 2006

Table 4.24

	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
Area	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicester City	214.0	25	96.9	354	89.4	173	86.0	279	76.2	382
Nottingham	244.5	16	100.6	189	110.0	97	85.6	282	83.9	341
Newcastle-upon-Tyne	231.6	21	99.8	237	112.6	84	80.5	313	96.9	222
Manchester	445.7	7	101.3	153	131.2	42	92.3	235	90.6	277
Bristol	316.1	13	97.8	329	131.1	43	106.2	143	113.3	96
Coventry	213.3	26	100.1	218	97.5	139	75.1	340	93.9	256
Sheffield	367.9	9	101.9	121	92.6	160	78.6	324	98.3	209
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2006

Overall LEAM Profile: Leicester City and Comparators, 2003

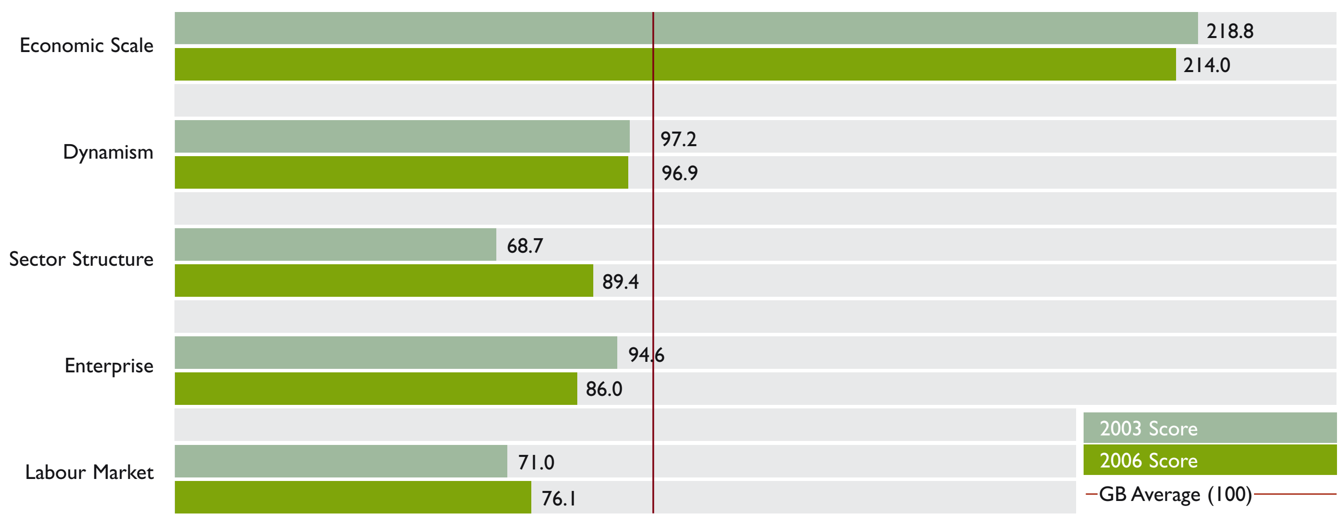
Table 4.25

	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
Area	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicester City	218.8	24	97.2	306	68.7	256	94.6	265	71.0	395
Nottingham City	240.3	17	91.2	398	91.1	157	91.6	293	81.2	357
Newcastle-upon-Tyne	223.7	21	94.9	365	79.7	210	82.7	359	93.3	278
East Midlands	73.6	9	98.3	7	71.1	9	97.2	5	92.0	7
Great Britain	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2003

Overall Economic Profile: Comparison of the LEAM Scores for Leicester City 2003 & 2006

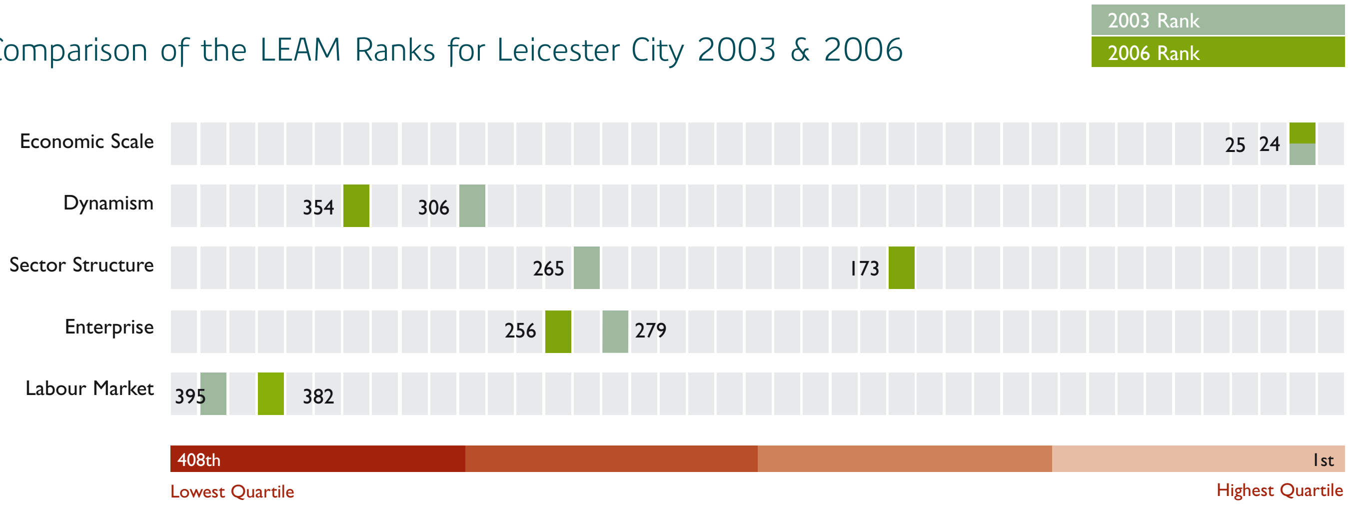
Figure 4.14



Source: ECOTEC Research and Consulting, 2006

Comparison of the LEAM Ranks for Leicester City 2003 & 2006

Figure 4.15



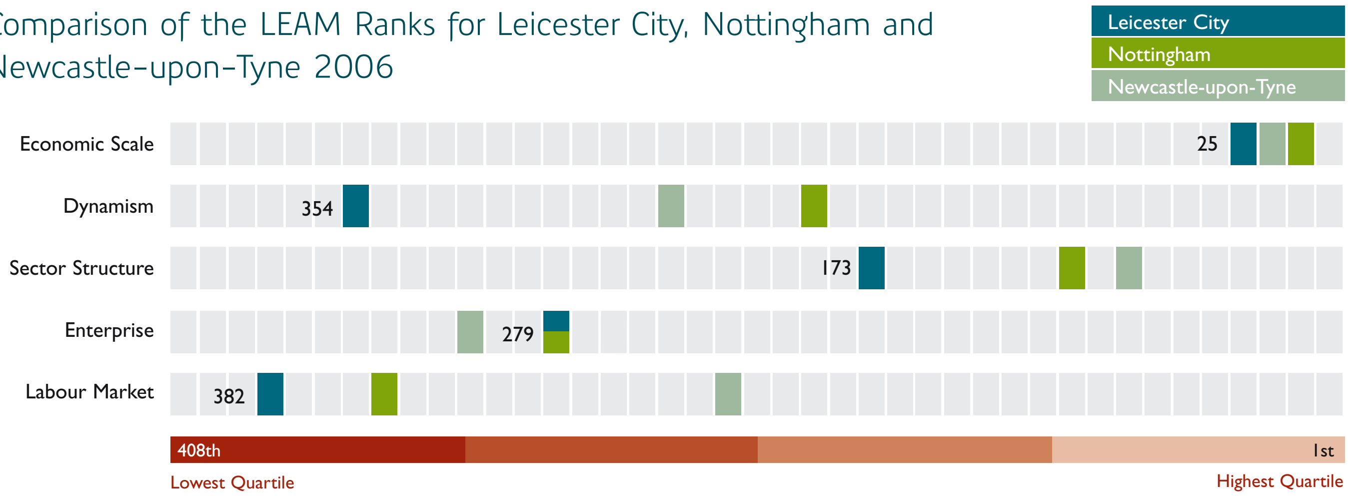
Source: ECOTEC Research and Consulting, 2006

Figure 4.15 shows the rank for each domain on the LEAM for Leicester City in 2003 and 2006. The ranks are plotted within the quartiles of the 408 local authorities included in the LEAM.

Figure 4.16 shows the rank for each domain on the LEAM for Leicester City, Nottingham and Newcastle-upon-Tyne in 2006. The ranks are plotted within the quartiles of the 408 local authorities included in the LEAM.

Comparison of the LEAM Ranks for Leicester City, Nottingham and Newcastle-upon-Tyne 2006

Figure 4.16



Source: ECOTEC Research and Consulting, 2006

2006 Results

- Overall, Leicester City under-performs compared to the national averages on all domains, with the exception of economic scale. This under-performance is particularly marked in respect of labour market, enterprise and dynamism profiles (see Figure 4.14 and 4.16).
- The City is ranked in the top half of local authorities for economic scale and, positively, sector structure (see Figure 4.15).
- Leicester City has the weakest dynamic profile, sector structure, and labour market performance of comparator areas.

Comparison with 2003

- Since the previous study Leicester City has seen improvement in the sector structure and labour market competitiveness factors.
- The largest improvement has been in sector structure where the City has moved up by 83 ranking places and the score has improved by 20.7 points.
- In terms of dynamism the Leicester City score has remained the same, however, the rank has dropped by 48 places.

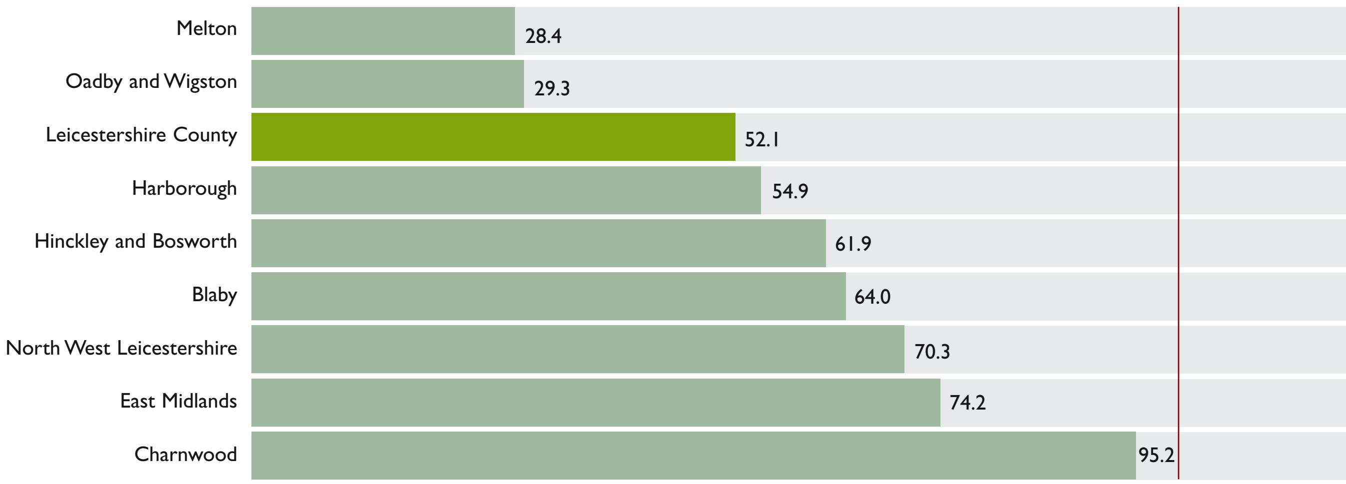
Leicestershire County LEAM

This chapter provides the LEAM results for Leicestershire County, along with local authority district level, East Midlands and Great Britain figures. There are no ranking comparisons available at the County level.

Economic Scale

Comparison of Economic Scale Composite Scores, 2006

Figure 4.17



Source: ECOTEC Research and Consulting, 2006

Economic Scale: Leicestershire County, 2006

Table 4.26

	Working Age Population 2004			Business Rateable Value 2005			Employment 2004			Scale Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	412,600	58.8	N/A	£500,035,319	45.0	N/A	251,958	52.6	N/A	**52.1**	**N/A**
Blaby	60,100	64.1	275	£86,157,946	64.9	208	40,219	63.1	250	**64.0**	**245**
Charnwood	107,100	114.2	108	£106,442,455	80.2	162	58,171	91.2	153	**95.2**	**145**
Harborough	51,900	55.3	333	£77,031,025	58.0	235	32,650	51.2	305	**54.9**	**291**
Hinckley & Bosworth	67,900	72.4	241	£68,002,004	51.2	265	39,514	62.0	259	**61.9**	**259**
Melton	31,700	33.8	394	£30,999,440	23.3	379	17,837	28.0	385	**28.4**	**389**
North West Leicestershire	58,000	61.8	289	£102,287,191	77.0	171	45,915	72.0	209	**70.3**	**218**
Oadby & Wigston	35,900	38.3	382	£29,115,258	21.9	384	17,652	27.7	387	**29.3**	**386**
East Midlands	2,813,100	80.9	9	£3,218,121,381	65.3	8	1,804,804	76.3	9	**74.2**	**8**
Great Britain	38,270,800	100.0	N/A	£54,173,032,777	100.0	N/A	26,011,817	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Economic Scale Attaining a certain level of scale or economic 'mass' confers particular competitive advantages in terms of the composition of local markets and the representation of key institutions and infrastructure. Key indicators used to measure economic scale include total workplace employment, resident working age population and business rateable value.

2006 Results

- Figure 4.17 shows that Leicestershire County is small in terms of economic scale. The overall score of 52.1 means it is nearly half the size of an 'average economy'. It is clear from this result that Leicester City remains the dominant economic and commercial centre within the Leicester Shire sub-region.
- The strongest indicator for the County is working age population (58.8); the weakest is Business Rateable Value (45.0).
- Charnwood has the largest economic profile in the County and is the only district to rank in the top half of all local authorities. The district scores over 100 for working age population, which is the only score greater than the national benchmark across the County for all the indicators.
- Two districts within the County score below 50 and are in the bottom 10% of local authorities. These are Melton and Oadby and Wigston, which are particularly small in terms of business rateable value and employment, but score stronger on working age population.

Comparison with 2003

- Since the previous study Leicestershire County's score has increased for population, employment and the composite domain.
- Business rateable value has increased substantially in the County (by 33.7%) which is impressive set against a national average increase of 24.3% and regional average of 25.8%. Business rateable value has increased by more than 50% in both Harborough and North West Leicestershire districts.
- Employment within the County area has increased by 8.6% since the previous study. Again impressively, this is almost four times the national growth rate of 2.2%. The highest increases in employment have been in Blaby, Harborough and North West Leicestershire districts.
- Encouragingly, all districts have moved up in their relative ranking, but by varying amounts. The highest climbers are North West Leicestershire, Harborough and Blaby districts.

Table 4.27

Economic Scale: Leicestershire County, 2003

	Population 2001			Business Rateable Value 2000			Employment 2001			Scale Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	609,578	58.3	N/A	£374,013,280	46	N/A	231,952	49.4	N/A	**51.2**	**N/A**
Blaby	90,252	64.5	285	£68,523,919	64.1	210	34,173	54.8	286	**61.1**	**262**
Charnwood	153,462	109.6	116	£85,406,525	79.9	166	54,397	87.2	164	**92.3**	**149**
Harborough	76,559	54.7	342	£49,561,399	46.4	284	28,979	46.5	331	**49.2**	**324**
Hinckley & Bosworth	100,141	71.5	250	£55,056,301	51.5	255	38,572	61.8	258	**61.6**	**260**
Melton	47,866	34.2	393	£23,242,725	21.8	393	17,480	28.0	385	**28.0**	**393**
North West Leicestershire	85,503	61.1	308	£68,008,491	63.7	216	41,393	66.4	233	**63.7**	**250**
Oadby & Wigston	55,795	39.9	380	£24,213,920	22.7	387	16,958	27.2	389	**29.9**	**389**
East Midlands	4,172,174	80.4	9	£2,559,013,105	64.6	9	1,755,676	75.9	9	**73.6**	**9**
Great Britain	57,103,927	100	N/A	£43,588,065,833	100	N/A	25,445,867	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Dynamism

Comparison of Dynamism Composite Scores, 2006

Figure 4.18

Source: ECOTEC Research and Consulting, 2006

Dynamism: Leicestershire County, 2006

Table 4.28

	Employment Change 2000-04			Change in Business Stock 2000-04			Change in Working Age Population 2000-04			Dynamism Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	8.6%	105.5	N/A	4.3%	100.7	N/A	3.2%	100.6	N/A	**102.3**	**N/A**
Blaby	34.3%	131.2	3	6.3%	102.8	108	1.7%	99.1	243	**111.0**	**3**
Charnwood	3.9%	100.7	201	0.9%	97.4	339	4.3%	101.7	76	**99.9**	**229**
Harborough	7.5%	104.4	122	0.7%	97.1	347	5.1%	102.4	51	**101.3**	**154**
Hinckley and Bosworth	-3.9%	93.0	341	6.1%	102.6	115	2.9%	100.3	155	**98.6**	**294**
Melton	0.8%	97.7	261	4.3%	100.8	195	2.3%	99.6	200	**99.4**	**258**
North West Leicestershire	19.4%	116.3	22	11.8%	108.3	13	4.5%	101.9	67	**108.8**	**7**
Oadby and Wigston	-3.9%	92.9	342	1.4%	97.9	323	-0.3%	97.1	367	**96.0**	**372**
East Midlands	3.7%	100.6	7	5.5%	102.0	1	3.7%	101.0	2	**101.2**	**3**
Great Britain	3.1%	100.0	N/A	3.5%	100.0	N/A	2.6%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Dynamism Analysis of the growth performance and capacity of a local economy. Dynamism is measured using the key indicators, change in employment, labour force and business base.

2006 Results

- Leicestershire County has a relatively strong dynamic profile and scores above the national average on all indicators. The County also scores above the East Midlands for the composite domain (see Figure 4.18). Employment in the County has increased by 8.6% in recent years, which is more than double the national and regional growth rates.
- Three districts within Leicestershire County rank in the top half of local authorities. The strongest performers are Blaby and North West Leicestershire, which both rank in the top ten local authorities nationally and hence have a very strong dynamic profile.
- Blaby and North West Leicestershire have both seen substantial increases in employment (34.3% and 19.4%, respectively). North West Leicestershire has also seen an increase in business stock of 11.8%.
- The district with the weakest dynamic profile in Leicestershire County is Oadby and Wigston which has seen a decline in employment in recent years, and population in the district has remained relatively static between 2000 and 2004.

Comparison with 2003

- Since the previous study the dynamic profile score for the County has improved and it now scores above the national and regional averages. Change in employment and business stock, which were previously relatively weak are now strong indicators for the County.
- Employment change in the County is now more than double the national growth rate, whereas previously employment was declining. The growth rate in business stock is now more than double what it was previously in the County.
- The district with the largest increase in score and rank is Blaby where employment has increased by 34% and business stock by 6.3%. The district has moved up 329 ranking places and is now ranked 3rd overall.
- All districts, with the exception of Melton, have moved up in terms of relative rank. Melton has moved down 70 ranking places. The district which was previously the second highest performer in the County is now 5th out of the seven districts.
- Harborough and Charnwood have moved up substantially in the ranking of local authorities and have seen improvement in terms of change in employment and business stock scores.

Table 4.29

Dynamism: Leicestershire County, 2003

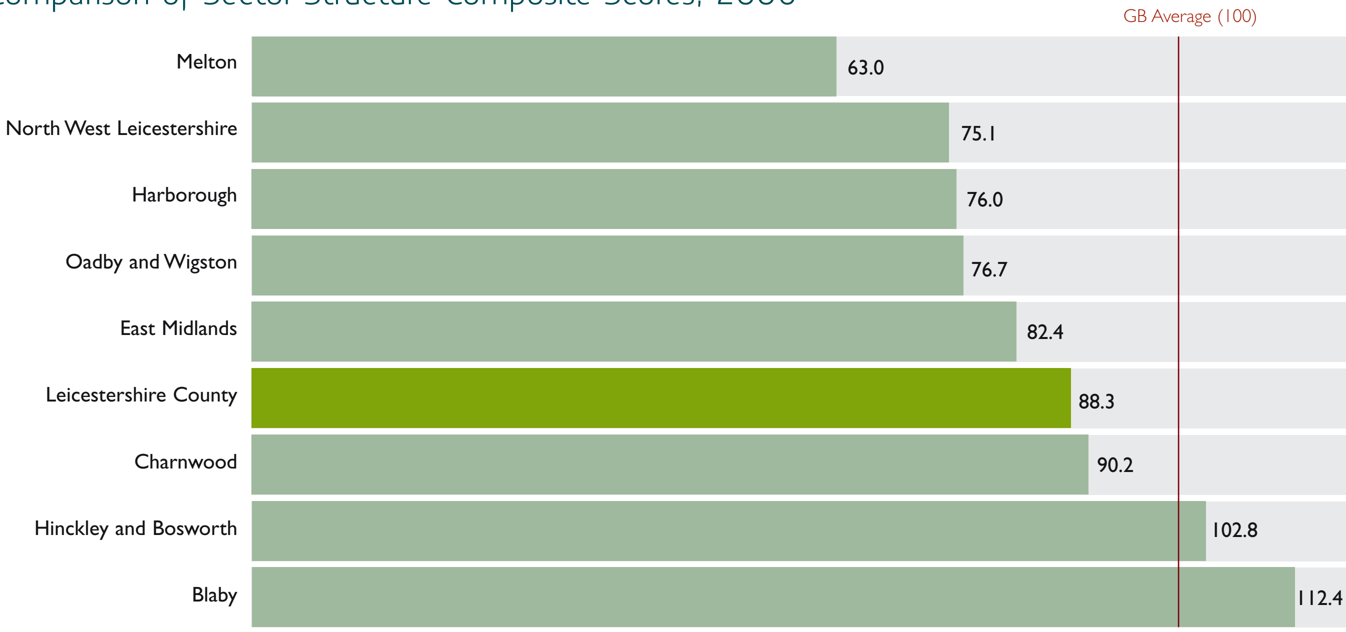
	Employment Change 1998-2001			Change in Business Stock 1998-2002			Projected Population Change 1996-2006			Dynamism Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	-5.3%	90.3	N/A	1.7%	98.3	N/A	5.3%	102.4	N/A	**97.0**	**N/A**
Blaby	-6.9%	88.7	382	1.6%	98.2	260	4.6%	101.6	151	**96.2**	**332**
Charnwood	-8.5%	87.0	387	-1.5%	95.1	334	6.9%	103.9	82	**95.4**	**355**
Harborough	-0.9%	94.6	313	-10.0%	86.6	392	6.2%	103.3	101	**94.9**	**366**
Hinckley and Bosworth	-12.1%	83.4	397	5.8%	102.4	143	4.6%	101.7	148	**95.8**	**340**
Melton	-2.6%	92.9	341	7.2%	103.8	105	7.7%	104.8	60	**100.5**	**188**
North West Leicestershire	11.7%	107.2	53	12.0%	108.7	33	1.9%	99.0	216	**104.9**	**44**
Oadby and Wigston	-17.4%	78.2	406	1.2%	97.8	266	5.0%	102.1	133	**92.7**	**389**
East Midlands	0.0%	95.5	11	1.7%	98.3	7	4.1%	101.2	4	**98.3**	**7**
Great Britain	4.5%	100	N/A	3.4%	100	N/A	2.9%	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Sector Structure[9]

Comparison of Sector Structure Composite Scores, 2006

Figure 4.19



Source: ECOTEC Research and Consulting, 2006

Sector Structure: Leicestershire County, 2006

Table 4.30

	% Consumer Services 2004			% High Technology Manufacturing 2004			% Knowledge-based Services 2004			Sector Structure Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	21.5%	101.7	N/A	2.0%	109.2	N/A	13.7%	77.2	N/A	88.3	N/A
Blaby	23.3%	110.3	132	1.4%	73.0	217	20.9%	117.6	73	112.4	85
Charnwood	19.9%	94.2	265	4.6%	249.1	15	11.5%	64.6	234	90.2	172
Harborough	27.4%	129.7	38	1.9%	103.7	142	13.7%	77.1	181	76.0	227
Hinckley and Bosworth	22.5%	106.2	158	0.9%	51.1	305	12.9%	72.8	195	102.8	113
Melton	19.2%	90.9	295	0.3%	16.6	399	11.3%	63.5	241	63.0	319
North West Leicestershire	16.6%	78.2	380	0.4%	22.7	387	12.8%	71.9	199	75.1	234
Oadby and Wigston	24.6%	116.3	93	3.5%	189.9	39	11.4%	64.4	235	76.7	224
East Midlands	20.1%	94.9	10	1.7%	93.6	6	13.3%	74.9	10	82.4	9
Great Britain	21.2%	100.0	N/A	1.9%	100.0	N/A	17.8%	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2006

Sector Structure A focus on those sectors most capable of sustaining local competitive advantage, both in terms of high value output and providing a broad range of employment opportunities.

9 The sector structure score is calculated by combining SIC codes employing more than 25% graduate labour and then indexed against the national average. The indicators above relate to sectors classed as those most capable of sustaining local competitive advantage (Consumer Services, High Technology Manufacturing and Knowledge-based Services).

2006 Results

- Leicestershire County, with a score of 88.3, has a relatively weak sector structure, however, it does score above the East Midlands for all indicators. The key area where employment is under-represented compared to national averages is in Knowledge-based Services where there is substantial room for improvement.
- Figure 4.19 shows that only two districts within the County score above the national average overall. The strongest district is Blaby, which has high representation of employment in Knowledge-based Services and Consumer Services. Hinckley and Bosworth also has a strong industrial structure with high representation of employment in Consumer Services.
- High Technology Manufacturing represents 4.6% of employment in Charnwood, which is more than double the national average. This contributes to the above average score in Leicestershire County.
- Melton has the weakest industrial structure across the County, and is the only district to rank in the bottom quartile of local authorities.

Comparison with 2003

- Since the previous study the score for Leicestershire County has increased by 26.8 points to 88.3, which is now stronger than the regional average. The proportion of Consumer Services employment has increased and is now on a par with the national average as is employment in High Technology Manufacturing.
- Encouragingly the proportion of employment in Knowledge-based Services has increased by 2 percentage points, bringing it closer to the national average.
- All districts have moved up in terms of ranking, and both Blaby and Hinckley and Bosworth now score above the national average, whereas previously all districts scored below 81 points.
- Blaby now has the strongest sector structure within the County and has moved up in terms of local authority ranking by 298 places to 85th place.
- Blaby was previously the weakest district in this domain and has seen substantial improvement. Hinckley and Bosworth and Oadby and Wigston have also moved ranking places (by 162 and 158 places respectively).
- Charnwood, which was previously the strongest district, is still very important in terms of employment in High Technology Manufacturing, but is relatively weak in terms of Knowledge-based Services employment which has remained static. Charnwood is now ranked 3rd out of the seven Leicestershire County districts in terms of its sector structure.

Sector Structure: Leicestershire County, 2003

Table 4.31

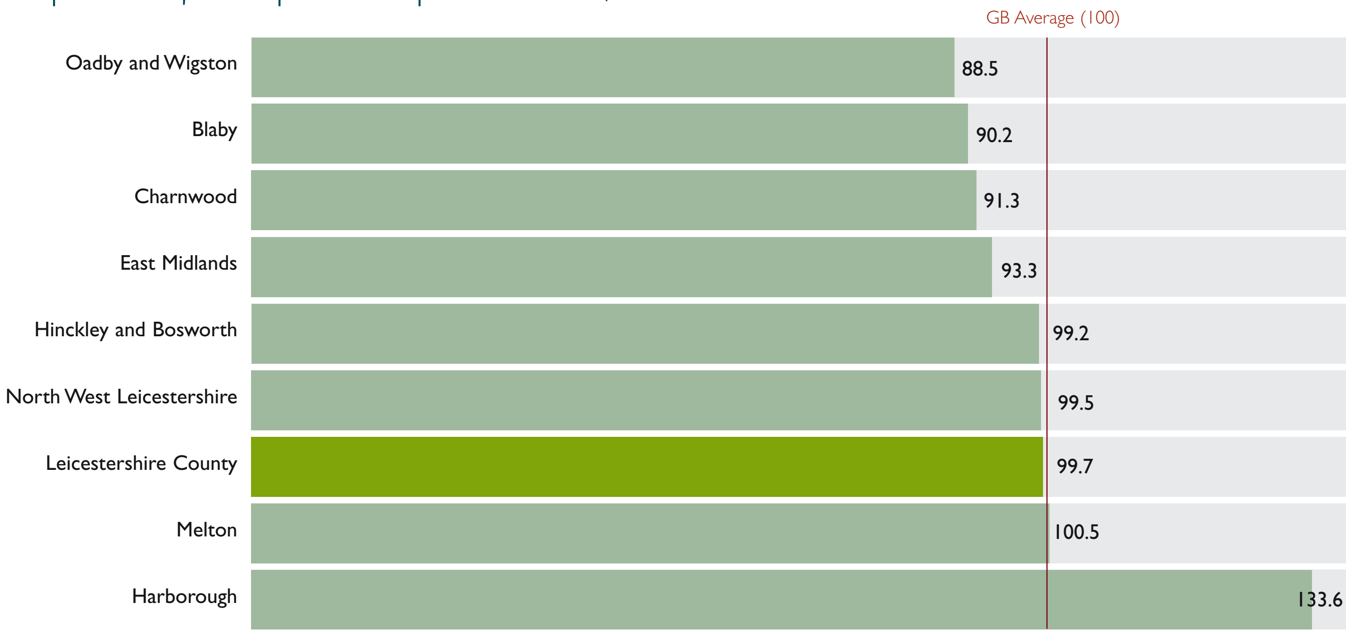
	% Consumer Services 2001			% High Technology Manufacturing 2001			% Knowledge-based Services 2001			Sector Structure Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	18.1%	88.9	N/A	2.3%	102.8	N/A	11.6%	65.7	N/A	**61.5**	**N/A**
Blaby	21.4%	104.9	160	1.5%	68.5	230	16.2%	91.7	131	**43.8**	**383**
Charnwood	16.2%	79.3	369	5.0%	225.6	25	11.5%	65.2	215	**80.1**	**208**
Harborough	19.7%	96.9	240	2.2%	101.5	149	11.4%	64.6	218	**63.8**	**276**
Hinckley & Bosworth	16.6%	81.2	362	1.1%	50.8	291	11.2%	63.6	221	**63.8**	**275**
Melton	16.9%	83.1	353	0.3%	13.9	401	8.6%	48.6	308	**52.6**	**341**
North West Leicestershire	16.9%	83.1	352	0.6%	29.3	363	10.8%	61.5	231	**57.5**	**314**
Oadby & Wigston	22.6%	111.0	127	3.8%	170.0	56	8.6%	48.8	305	**44.0**	**382**
East Midlands	18.6%	91.5	10	1.8%	80.7	9	12.6%	71.5	9	**71.1**	**9**
Great Britain	20.4%	100	N/A	2.2%	100	N/A	17.6%	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

Enterprise

Comparison of Enterprise Composite Scores, 2006

Figure 4.20



Source: ECOTEC Research and Consulting, 2006

Enterprise: Leicestershire County, 2006

Table 4.32

	Start-ups in Financial & Business Services 2004			% Self-employed 2004			Business Registration Rate 2004			Micro Firm Density 2004			Enterprise Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	36.9%	99.0	N/A	10.9%	90.1	N/A	48.6	104.9	N/A	33.6	104.8	N/A	**99.7**	**N/A**
Blaby	39.2%	105.2	117	8.4%	69.4	354	42.4	91.6	226	30.4	94.7	228	**90.2**	**255**
Charnwood	34.1%	91.6	177	11.3%	93.4	244	39.7	85.7	263	30.4	94.8	226	**91.3**	**244**
Harborough	42.5%	114.0	80	16.4%	135.5	62	70.3	151.8	21	42.6	133.0	50	**133.6**	**30**
Hinckley & Bosworth	35.7%	95.8	162	10.1%	83.5	297	51.5	111.3	129	34.0	106.1	165	**99.2**	**190**
Melton	33.3%	89.5	189	11.4%	94.2	242	47.3	102.1	171	37.3	116.3	112	**100.5**	**180**
North West Leicestershire	35.5%	95.2	165	9.0%	74.4	338	53.4	115.4	104	36.2	112.9	128	**99.5**	**187**
Oadby & Wigston	36.7%	98.4	152	9.8%	81.0	306	41.8	90.2	233	27.1	84.5	290	**88.5**	**268**
East Midlands	33.7%	90.5	5	11.6%	95.9	6	43.4	93.6	5	29.9	93.2	5	**93.3**	**5**
Great Britain	37.3%	100.0	N/A	12.1%	100.0	N/A	46.3	100.0	N/A	32.0	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Enterprise The strength of local 'entrepreneurial culture' together with the associated competitive performance of small and medium enterprises. This is measured using start-ups in financial and business services, self employment, business registration rate and micro firm density indicators.

2006 Results

- Leicestershire County has high levels of entrepreneurial spirit, as indicated by the relatively high score of 99.7. This is above the average for the East Midlands, but below the national average (see Figure 4.20).
- The weakest indictor for the County is self employment, which with a value of 10.9% is below both the national and regional averages. The County is particularly strong in terms of business registration rate and micro-firms density, where the values are above the national average.
- Four districts within the County are in the top half of local authorities nationally (Harborough, Melton, North West Leicestershire and Hinckley and Bosworth), which indicates potential for sustained economic growth if this enterprise culture can be nurtured.
- Harborough has the strongest entrepreneurial culture and is in the top 10% of the local authorities. The district scores highest on all four indicators across the County.
- The weakest district is Oadby and Wigston which has particularly low self-employment (9.8%) and micro-firm density (27.1).

Comparison with 2003[10]

- The composite score for Leicestershire County has declined by 2 points and it now scores below the national average, although it is still higher than the East Midlands.
- Only two districts have improved their score and moved up the rankings table; Charnwood and Harborough.
- Previously four districts scored above the national average, but now only two have scores over 100, namely Harborough and Melton.
- The score and ranking has decreased the most in North West Leicestershire. The district now scores below the national average and has moved down 53 ranking places to 187th place. This is largely due to the drop in the self employment indicator score by 27.7 points. However, North West Leicestershire is still one of the higher scoring districts in the County for this factor.

Enterprise: Leicestershire County, 2003

Table 4.33

	Business Formation Rate (Avg. 2000 & 2001)			36 Month Survival Rate (from 1996)			% Self-employed 2001			Business Population Rate 2001			Enterprise Composite	
Area	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Leicestershire County	10.4%	95.1	N/A	64.0%	100.1	N/A	8.9%	109.8	N/A	40.43	97.8	N/A	**101.7**	**N/A**
Blaby	10.9%	99.3	164	63.9%	100.0	251	8.8%	108.9	196	34.7	84.1	247	**98.1**	**226**
Charnwood	9.6%	87.7	286	63.9%	100.0	253	7.7%	95.0	267	32.5	78.7	290	**90.4**	**302**
Harborough	10.9%	99.8	157	64.1%	100.4	239	11.7%	143.7	63	53.1	128.4	64	**118.1**	**51**
Hinckley and Bosworth	10.6%	96.6	197	63.9%	100.1	248	9.0%	111.2	187	44.8	108.5	125	**104.1**	**160**
Melton	9.4%	86.0	299	63.6%	99.5	262	10.5%	129.0	107	44.7	108.2	127	**105.7**	**149**
North West Leicestershire	11.6%	106.0	106	64.0%	100.2	243	8.3%	102.1	229	49.9	120.7	80	**107.2**	**134**
Oadby and Wigston	9.5%	87.2	290	64.2%	100.4	235	8.0%	99.0	245	28.4	68.7	339	**88.8**	**319**
East Midlands	10.6%	97.1	5	63.6%	99.5	7	7.7%	95.0	5	38.2	92.5	5	**97.2**	**5**
Great Britain	10.9%	100	N/A	63.9%	100	N/A	8.1%	100	N/A	41.3	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

10 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The business formation rate and 36 month survival rate have been replaced with start-ups in financial and business services and micro firm density for 2006. The self employment indicator in 2006 uses Local Labour Force Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute an entrepreneurial economy in 2006.

Labour Market

Comparison of Labour Market Composite Scores, 2006

Figure 4.21

Source: ECOTEC Research and Consulting, 2003

Labour Market: Leicestershire County, 2006

Table 4.34

	% Knowledge Workers 2004			% Unskilled / Semi-skilled Workers 2004			% NVQ Level 4 & 5 2004			% NVQ Level 1 or no qualifications 2004			Economic Activity Rate 2004			**Labour Market Composite**	
Area	Value	Score	Rank	Value			Value	Score	Rank	Value	Score		Value	Score	Rank	**Score**	**Rank**
Leicestershire County	42.6%	103.4	N/A	18.0%	106.1	N/A	23.1%	95.6	N/A	30.1%	94.8	N/A	82.7%	105.8	N/A	**101.1**	**N/A**
Blaby	42.5%	103.2	149	17.3%	110.4	148	20.6%	85.2	270	33.4%	85.4	319	83.4%	106.6	63	**98.2**	**210**
Charnwood	41.7%	101.2	164	17.1%	111.7	140	22.2%	91.8	230	32.6%	87.7	300	79.9%	102.2	206	**98.9**	**204**
Harborough	45.4%	110.2	109	15.9%	120.1	118	32.6%	134.5	49	25.2%	113.2	101	84.9%	108.6	26	**117.3**	**81**
Hinckley and Bosworth	41.2%	100.0	171	22.4%	85.3	284	20.9%	86.4	262	28.7%	99.5	204	84.3%	107.8	36	**95.8**	**234**
Melton	41.8%	101.5	162	11.4%	167.5	29	24.0%	99.0	176	27.1%	105.3	153	86.9%	111.1	8	**116.9**	**85**
North West Leicestershire	43.7%	106.1	131	20.2%	94.6	225	19.8%	81.9	289	29.0%	98.6	212	83.2%	106.4	71	**97.5**	**217**
Oadby and Wigston	43.0%	104.4	143	19.2%	99.5	202	25.3%	104.7	142	31.5%	90.8	277	79.1%	101.2	232	**100.1**	**191**
East Midlands	38.1%	92.5	7	22.6%	84.5	10	21.2%	87.5	8	32.1%	88.9	10	78.8%	100.8	5	**90.8**	**8**
Great Britain	41.2%	100.0	N/A	19.1%	100.0	N/A	24.2%	100.0	N/A	28.6%	100.0	N/A	78.2%	100.0	N/A	**100.0**	**N/A**

Source: ECOTEC Research and Consulting, 2006

Labour Market Evaluating the stock of human capital focusing particularly on the skills profile and occupational structure of the resident workforce.

2006 Results

- Figure 4.21 shows that Leicestershire County's overall performance is relatively strong in terms of the labour market competitiveness factor. Overall it scores 101.1, which is above both the national and regional benchmarks. The County has a strong workforce profile and high economic activity rates. While skills levels are below the national average they are encouragingly above the average for the East Midlands.
- All districts within the County have strong workforce profiles and economic activity rates. They all score above the national and regional average for knowledge workers and economic activity rates.
- Three districts within the County score above the national average on the composite domain. The strongest districts are Harborough and Melton, with Harborough scoring above 100 on all indicators.
- The weakest district within Leicestershire County is Hinckley and Bosworth, which has a particularly weak skills profile with 22.4% of its workforce engaged in unskilled and semi-skilled occupations.

Comparison with 2003[11]

- The composite score for Leicestershire County has decreased by 10 points, however it still scores above the national and regional average.
- Previously, all districts scored above the national average; now only three do, namely Harborough, Melton and Oadby and Wigston.
- Melton and Harborough are still the strongest districts within Leicestershire County on this competitiveness factor.
- Four districts within the County have dropped places in term of relative ranks (Blaby, Harborough, Hinckley and Bosworth, and North West Leicestershire). The biggest drop is in Hinckley and Bosworth which has moved down by 16 ranking places, and now scores below the national average.
- Oadby & Wigston is the highest climber in the district, moving up 41 places despite the score remaining broadly the same. Melton and Charnwood have also moved up rankings (by 16 and 15 places respectively).

Labour Market: Leicestershire County, 2003

Table 4.35

	% Knowledge Workers 2001			% Unskilled / Semi-skilled Workers 2001			% NVQ Level 4 & 5 2001			% NVQ Level 1 or no qualifications 2001			Unemployment Rate October 2003			**Labour Market Composite**	
Area	Value	Score	Rank	Value			Value	Score	Rank	Value	Score		Value	Score	Rank	**Score**	**Rank**
Leicestershire County	40.6%	98.3	N/A	22.9%	93.1	N/A	18.2%	89.4	N/A	46.4%	100.7	N/A	1.6%	150.0	N/A	**111.2**	**N/A**
Blaby	40.4%	97.8	177	20.3%	105.2	162	17.2%	84.6	243	47.8%	97.9	227	1.6%	150.0	157	**107.1**	**199**
Charnwood	40.6%	98.3	173	23.6%	90.5	250	19.4%	95.4	181	43.6%	107.3	140	1.9%	126.3	217	**103.6**	**219**
Harborough	47.6%	115.4	75	18.3%	116.6	111	23.1%	113.3	106	40.7%	114.9	85	1.1%	218.2	58	**135.7**	**74**
Hinckley and Bosworth	38.2%	92.5	226	24.8%	85.9	291	15.8%	77.4	284	50.4%	92.7	283	1.4%	171.4	124	**104.0**	**218**
Melton	39.6%	95.9	198	24.9%	85.4	295	18.0%	88.6	214	45.8%	102.1	179	0.9%	266.7	21	**127.7**	**101**
North West Leicestershire	38.2%	92.5	225	26.3%	80.9	324	16.2%	79.7	271	51.2%	91.4	292	1.3%	184.6	107	**105.8**	**208**
Oadby and Wigston	39.8%	96.4	190	21.5%	99.0	197	17.3%	85.0	239	46.1%	101.4	189	2.0%	120	231	**100.4**	**232**
East Midlands	37.7%	91.4	7	25.6%	83.3	11	16.6%	81.7	8	49.3%	94.8	7	2.2%	109.1	4	**92.0**	**7**
Great Britain	41.3%	100	N/A	21.3%	100	N/A	20.4%	100	N/A	46.8%	100	N/A	2.4%	100	N/A	**100**	**N/A**

Source: ECOTEC Research and Consulting, 2003

11 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The unemployment indicator has been replaced with economic activity for 2006 and the qualifications indicators in 2006 use Annual Population Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute a healthy labour market in 2006.

Leicestershire County

The preceding analysis has benchmarked and evaluated Leicestershire County's relative performance against a range of key competitiveness factors. The following tables and graphs summarise how Leicestershire County scores on each of these factors and how it has changed over time.

Overall LEAM Profile: Leicestershire County, 2006

Table 4.36

	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
Area	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicestershire County	52.1	N/A	102.3	N/A	88.3	N/A	99.7	N/A	101.1	N/A
Blaby	64.0	245	111.0	3	112.4	85	90.2	255	98.2	210
Charnwood	95.2	145	99.9	229	90.2	172	91.3	244	98.9	204
Harborough	54.9	291	101.3	154	76.0	227	133.6	30	117.3	81
Hinckley and Bosworth	61.9	259	98.6	294	102.8	113	99.2	190	95.8	234
Melton	28.4	389	99.4	258	63.0	319	100.5	180	116.9	85
North West Leicestershire	70.3	218	108.8	7	75.1	234	99.5	187	97.5	217
Oadby and Wigston	29.3	386	96.0	372	76.7	224	88.5	268	100.1	191
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2006

Overall LEAM Profile: Leicestershire County, 2003

Table 4.37

	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
Area	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicestershire County	51.2	N/A	97.0	N/A	61.5	N/A	101.7	N/A	111.2	N/A
Blaby	61.1	262	96.2	332	43.8	383	98.1	226	107.1	199
Charnwood	92.3	149	95.4	355	80.1	208	90.4	302	103.6	219
Harborough	49.2	324	94.9	366	63.8	276	118.1	51	135.7	74
Hinckley and Bosworth	61.6	260	95.8	340	63.8	275	104.1	160	104.0	218
Melton	28.0	393	100.5	188	52.6	341	105.7	149	127.7	101
North West Leicestershire	63.7	250	104.9	44	57.5	314	107.2	134	105.8	208
Oadby and Wigston	29.9	389	92.7	389	44.0	382	88.8	319	100.4	232
East Midlands	73.6	9	98.3	7	71.1	9	97.2	5	92.0	7
Great Britain	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A	100.0	N/A

Source: ECOTEC Research and Consulting, 2003

Overall Economic Profile: Comparison of the LEAM Scores for Leicestershire County 2003 & 2006

Figure 4.22

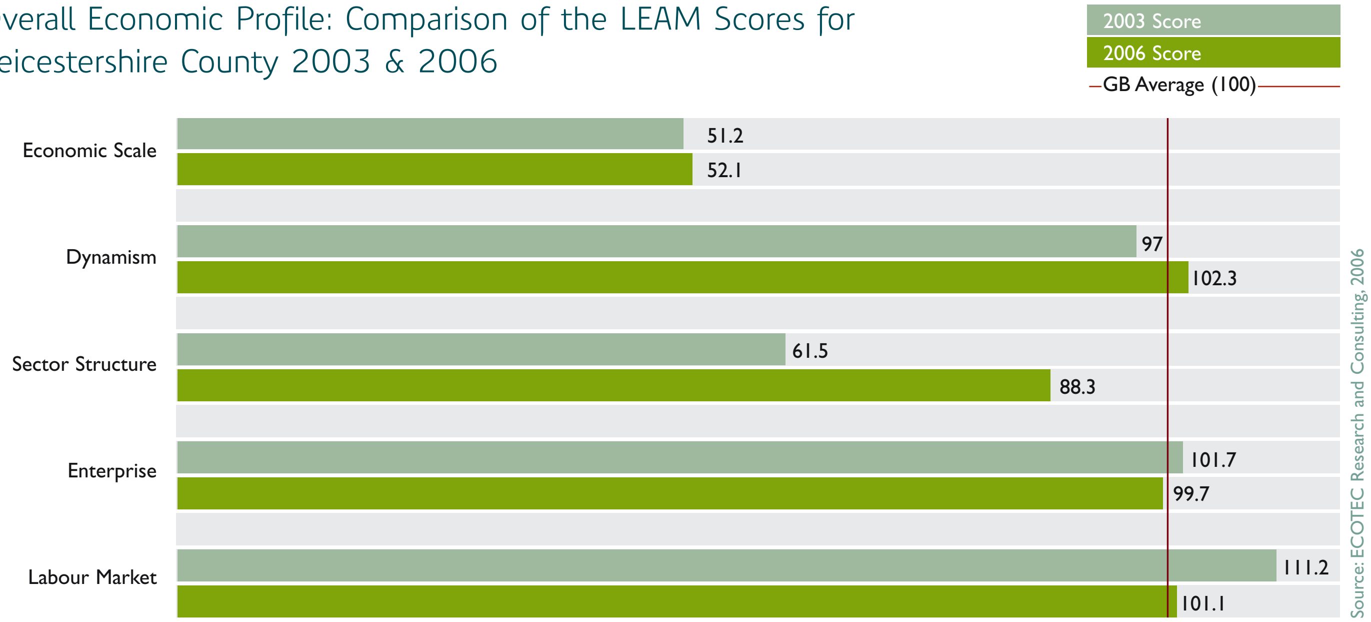


Figure 4.22 compares the composite scores for each domain on the LEAM in Leicestershire County for 2003 and 2006. The red vertical line indicates the Great Britain average (100).

2006 Results

- The strongest competitiveness factors for Leicestershire County are dynamism and labour market. The County is unsurprisingly a modest performer in terms of economic scale given the lack of major commercial and economic centres.
- Encouragingly, the County scores above the regional average on all factors with the exception of economic scale.

Comparison with 2003

- Since the previous study the score for the County has improved on three of the five competitiveness factors – economic scale, dynamism and sector structure. The strongest increase has been in sector structure, where the score has increased by 26.8 points.
- Less favourably, the labour market and enterprise scores have declined.
- Although the enterprise composite score has declined by just 2 points the County now scores below the national benchmark, indicating some potential future vulnerability.
- All districts have improved their score and rank in terms of sector structure and economic scale. Melton is the only district in the County area to record a reduction in score and rank in terms of its dynamic profile.
- The score for all districts has declined[12] for the labour market competitiveness factor, however, three have moved up ranking places (Oadby and Wigston, Melton, and Charnwood).
- The difference in the enterprise profile varies across the districts. Charnwood, Oadby and Wigston and Harborough are the only districts in Leicestershire to have moved up in terms of rank since the previous study for this competitiveness factor.

12 Caution must be taken when comparing the results for 2003 and 2006 for this factor. The unemployment indicator has been replaced with economic activity for 2006 and the qualifications indicators in 2006 use Annual Population Survey data rather than Census data. However, the composite score is relative to the national average based on Ecotec's analysis of what constitute a healthy labour market in 2006.

5

Future Prospects and Conclusions

This section summarises emerging sector opportunities in Leicester Shire. This together with evidence in the preceding chapters has been used to develop a SWOT analysis, conclusions and policy implications.

Future Prospects and Conclusions

Sector Prospects

The future sector prospects for the Leicester Shire economy are outlined in Table 5.1. These forecasts should be treated with caution and less emphasis should be placed on the exact figures and more on the direction of travel and the magnitude of change.

Between 2005 and 2015 total employment is forecast to increase by nearly 11,000 jobs, an increase of 2.4%. This is lower than the forecast increase in employment within the East Midlands of 5.4%.

Forecast Change in Employment by Sector between 2005-2015 for Leicester Shire

Table 5.1

Leicester Shire 1995-2015	Share of employment				
Sector	1995	2005	2015	Employment Change 2005-2015	Employment % Change 2005-2015
All	**452,830**	**447,510**	**458,460**	**10,950**	**2.4%**
Communications	1.5%	1.4%	2.1%	3,280	51.6%
Business Services	7.4%	10.8%	13.6%	13,910	28.7%
Health	9.3%	10.2%	11.9%	8,490	18.5%
Other Services	4.0%	5.0%	5.8%	3,840	17.0%
Hotels & Catering	4.6%	4.7%	5.2%	2,420	11.4%
Banking & Insurance	2.8%	3.1%	3.2%	980	7.1%
Transport	3.2%	4.7%	4.9%	1,430	6.9%
Other Manufacturing NEC*	0.8%	1.2%	1.2%	170	3.3%
Retailing	10.0%	10.7%	10.7%	1,480	3.1%
Education	8.6%	8.4%	8.2%	170	0.4%
Fuel Refining	0.0%	0.0%	0.0%	0	0.0%
Other Financial & Business Services	2.1%	2.1%	2.0%	-140	-1.5%
Electrical & Optical Equipment	2.3%	1.7%	1.6%	-160	-2.1%
Minerals	0.7%	0.6%	0.6%	-80	-2.7%
Food, Drink & Tobacco	2.4%	2.2%	2.1%	-430	-4.3%
Transport Equipment	1.0%	1.0%	1.0%	-250	-5.3%
Wholesaling	7.8%	7.3%	6.7%	-2,200	-6.7%
Agriculture, Forestry & Fishing	1.0%	1.7%	1.5%	-600	-7.9%
Construction	7.3%	6.7%	6.0%	-2,480	-8.3%
Public Admin & Defence	3.9%	5.1%	4.3%	-3,100	-13.6%
Metals	2.7%	1.8%	1.5%	-1,210	-15.4%
Oil & Gas Extraction	0.0%	0.0%	0.0%	-10	-15.9%
Machinery & Equipment	2.3%	1.8%	1.5%	-1,480	-18.1%
Chemicals	0.8%	1.0%	0.8%	-910	-20.4%
Paper, Printing & Publishing	2.1%	1.7%	1.2%	-2,150	-27.8%
Rubber & Plastics	1.4%	1.0%	0.7%	-1,470	-32.2%
Gas, Electricity & Water	0.9%	0.8%	0.5%	-1,210	-33.9%
Wood & Wood Products	0.6%	0.4%	0.3%	-680	-35.7%
Textiles & Clothing	8.3%	2.6%	1.2%	-6,350	-54.3%
Other Mining	0.3%	0.1%	0.0%	-340	-79.1%

Note: *NEC = Not Elsewhere Classified

Source: emda/Experian 2005

Growth Sectors 2005-2015

Table 5.2 shows that perhaps unsurprisingly, the top growth sectors in Leicester Shire are the same as those sectors which are forecast to have the highest growth rates in the East Midlands. The emda/Experian Scenario Impact Model used in the Regional Economic Strategy forecast a similar degree of overlap when the top growth sectors in the region were compared to the top growth sectors at a national level[1].

For Leicester Shire, Tables 5.1 and 5.2 show that:

- The fastest growing sector in Leicester Shire is forecast to be the Communications sector, where employment is forecast to grow by over 50%.
- The largest growth sector in terms of numbers in employment is Business Services, which is forecast to grow by a further 29%, representing nearly 13,910 additional jobs.
- The health sector is a major employer in Leicester Shire and this important employment role is forecast to continue to grow through to 2015.
- The growth sectors for Leicester Shire are predominantly forecast to be in the Service Industries.

Table 5.3 shows the sectors in the sub-region and the region that are forecast to have the largest percentage decline in employment between 2005 and 2015.
As with the growth sectors, there is considerable overlap between sectors in Leicester Shire and the East Midlands that are forecast to decline.

- The Other Mining sector is forecast to decline considerably (-79%), although this is from a very small employment level in 2005.
- The Textiles sector is expected to show the largest decline in terms of number of jobs in both Leicester Shire and the East Midlands. The forecast employment loss in this sector in Leicester Shire amounts to 6,350 jobs.
- It is predominantly the Primary Production and Manufacturing sectors that are forecast to decline over the next 10 years.

Predicted Top 5 Fastest Growing Sectors in Leicester Shire and the East Midlands 2005-15

Table 5.2

Leicester Shire		East Midlands	
Sector	Forecast percentage employment growth	Sector	Forecast percentage employment growth
Communications	51.6%	Communications	36.7%
Business Services	28.7%	Business Services	34.4%
Health	18.5%	Other Services	20.8%
Other Services	17.0%	Health	19.6%
Hotels & Catering	11.4%	Hotels & Catering	12.9%

Source: Emda/Experian 2005

Declining Sectors in Leicester Shire and the East Midlands 2005-15

Table 5.3

Leicester Shire		East Midlands	
Sector	Forecast percentage employment change	Sector	Forecast percentage employment change
Rubber & Plastics	-32.2%	Gas, Electricity & Water	-37.2%
Gas, Electricity & Water	-33.9%	Other Mining	-38.7%
Wood & Wood Products	-35.7%	Wood & Wood Products	-39.6%
Textiles & Clothing	-54.3%	Fuel Refining	-46.8%
Other Mining	-79.1%	Textiles & Clothing	-60.0%

Source: Emda/Experian 2005

1 p108 RES Evidence Base

Profile of Growth Sectors

The preceding analysis has identified the sectors of the Leicester Shire economy that are forecast to expand and those forecast to contract from 2005 to 2015. This section of the report will profile these top growth sectors in terms of their scale, growth prospects, employment quality and strategic significance.

Communications

The Communications sector is forecast to have the largest percentage increase in employment between 2005 and 2015. This sector in addition to the transmission of information also covers activities which offer access to the Internet.

Scale

The Communications sector is a relatively small sector in Leicester Shire, accounting for 1.9% of all employment in 2004. A location quotient[2] of 1.00 shows that the sector is just as significant to the Leicester Shire economy as it is to the Great Britain economy.

Growth Prospects

The Communications sector is forecast to be the fastest growing sector in Leicester Shire, with employment growth of 51%. This is considerably higher than the forecast 37% increase in the region.

Employment Quality

The growth in jobs in this sector may provide high quality employment, with the median average gross annual earnings in the Communications sector being 13% higher than total average earnings in the region.

Strategic Significance

Within Leicester Shire there are a small number (7) of large employers in this sector, although they do employ over 40% of workers in this sector.

Business Services

In Leicester Shire, Business Services is the largest of the five sectors forecast to have the highest employment growth rates between 2005 and 2015. This sector includes legal, accounting, book-keeping and auditing activities, tax consultancy, market research and business and management consultancy.

Scale

The Business Services sub-sector accounts for 11.2% of employment in Leicester Shire in 2004. A location employment quotient[2] of 0.84 shows that in terms of employment significance, the Business Services sector is of less importance to the sub-regional economy than it is to the national economy.

Growth Prospects

Employment is forecast to grow by 29% in the sector; this is slightly lower than the forecast 34% increase in the sector in the East Midlands.

Employment Quality

For the East Midlands, median average gross annual earnings in the Business Services sub-sector is around 5% lower than the average earnings in the region.

Strategic Significance

There was a significant number of large employers in this sector in 2004, with around 40 workplaces employing over 200 employees. The Business Services sector represents a major branch of the 'knowledge' economy and will be a key driver in developing the local economy.

Health

The health sector is an important employer in Leicester Shire and is forecast to expand through to 2015.

Scale

The health sector is one of the larger sectors in terms of employment, accounting for 10.1% of all employment in Leicester Shire in 2004. A location quotient[2] of 0.86 shows that this sector has a lower concentration in the sub-region than it does in the nation as a whole.

Growth Prospects

Health is forecast to be the third fastest growing sector in Leicester Shire with employment growth of 18.5% forecast between 2005 and 2015. This is a similar level of forecast employment growth as in the East Midlands (20%).

Employment Quality

In the East Midlands median average gross annual earnings in the Health sub-sector are considerably (20%) lower than average earnings in the East Midlands. However, full-time earnings are 7% higher than the regional average, indicating that there are some very well paid jobs in this sector.

Strategic Significance

There are a significant number (116) of workplaces that employ over 50 people within the Health sector. The health sector will continue to be of strategic importance as the population continues to age in the sub-region.

Other Services

The Other Services sector is a wide ranging sector which includes such activities as the collection of household and industrial waste, cultural and sporting industries, hairdressing and beauty treatments.

Scale

The Other Services sector is a relatively small sector in terms of employment in Leicester Shire, accounting for 4.4% of all employment in 2004. A location employment quotient[2] of 0.85 shows that the Other Services sector is of less importance to the sub-regional economy as it is to the Great Britain economy.

Growth Prospects

The Other Services sector is forecast to have steady employment growth of 17% between 2005 and 2015. This forecast employment growth is below the 21% forecast for the sector across the East Midlands.

Employment Quality

Earnings in the Other Services sector in the East Midlands are 25% lower than average earnings in the East Midlands as a whole. This could indicate that employment growth in this sector will provide more employment in lower paid careers.

Strategic Significance

The Other Services sector has very few large employers, with nearly 60% of all employment in workplaces that employ less than 50 people.

Hotels and Catering

This sector comprises the provision to customers of lodging and/or prepared meals, snacks and beverages for immediate consumption. The section includes both accommodation and food services because the two activities are often combined in one unit.

Scale

The Hotels and Catering sector accounted for 5.1% of all employment in Leicester Shire in 2004. The Sector has a location quotient[2] of 0.74 meaning that the sector plays a much more important employment role at a national level than it does in the Leicester Shire economy.

Growth Prospects

Employment in this sector is forecast to increase by 11% between 2005 and 2015. This could mean a forecasted increase of around 2,400 jobs in this sector.

Employment Quality

Median average gross annual earnings in the Hotels and Catering sector are very low and are 60% lower than overall average earnings in the East Midlands. This is due to the high levels of part-time employment in this sector.

Strategic Significance

There are a very small number of large employers in this sector and employment is structured around a high number of small independent firms. Focus is being given to develop this sector further through the work of Leicester Shire Promotions, and the recent development of the Marriott Hotel, at junction 21 of the M1, is an example of a success in this sector.

2 A location employment quotient is a measure of relative concentration and is calculated as the employment proportion of a sector in the Leicester Shire economy divided by the employment proportion of the sector in the national economy

SWOT Analysis

The previous chapters and the sector forecasts have set out an assessment of current and expected future economic and labour market conditions in Leicester Shire. Based on this evidence and input from key stakeholders, the following strengths, weaknesses, opportunities and threats (SWOT) analysis has been developed.

Table 5.4

Leicester Shire SWOT Analysis

STRENGTHS	WEAKNESSES
Sustained economic growth & strong local business performance	Dependency on traditional manufacturing
Central location	Modest employment opportunities in high valued added service sectors
Excellent road (M1 and M69) and rail links to London, with plans for further improvements	Sector structure still weaker than many areas of the country in terms of knowledge-based employment
Regional base for large distribution firms (County)	Low wage economy compared to national figures
Young and culturally diverse population (City)	Low level of entrepreneurial activity, and self employment figures below national average
High level of economic activity (County)	High levels of male unemployment & high levels of worklessness (City)
Recent employment growth	43 SOAs in Leicester City are amongst the 10% most deprived in England
Business registration rate higher than regional and national averages (County)	High proportion of benefit claimants (City)
Improved sector structure 2003-2006, indicating growth in knowledge sector employment	Large job losses and high level of long-term unemployment (City)
Large retail centre (City) with significant expansion plans underway	Large spatial inequalities in household income
3 excellent Universities with world class specialisms	High proportions of people with no or low qualifications (City)
Strong Further Education sector	Low levels of people with degree level qualifications
Nottingham East Midlands Airport (NEMA) second largest freight airport in the UK	Poor qualification levels of disadvantage groups sustained by lack of training opportunities
Established and effective partnerships	Shortage of quality employment land and premises in the City and some areas of the County
Cost effective and affordable business location, competitively priced office space and wage rates	Many deprived areas do not have suitable employment sites
Extensive labour market catchment area – 2.4 million economically active people within a one hour drive	Loss of existing employment land to housing use
High quality of life, attractive rural landscape, cosmopolitan city, choice of urban and rural living	Area has no Sites of Special Scientific Interest
	Employment not necessarily located close to housing and public transport

OPPORTUNITIES

Improvements in the sector structure toward higher value added industries
Development of high-tech manufacturing sectors
Continued investment in the financial and business services sector, particularly with the development of Grove Park in Blaby
Science Parks provide significant opportunity to develop innovation
Leicester City regeneration projects expected to exceed £3bn
Relatively low house prices
Low level of recruitment difficulties
Improving 'Dynamism' of the Leicester Shire economy
Interdependency between City and County
Improved international links for passengers and freight via NEMA
Enhance the utilisation of graduate labour from the 3 Universities in Leicester Shire
Potential to capitalise on research specialisms in 3 Universities
Gaining a public sector relocation from London and the South East
Potential to attract inward investment
London Olympics 2012
Local Area Agreements provide opportunities for joint working
Development of vocational centre of excellence in west of the city
Expanding local businesses wish to remain in the sub-region
Trade links – China and India
Underdeveloped tourism sector

THREATS

Short to medium term mismatch between traditional manufacturing skills and 'knowledge economy' sectors (more marked in City)
Low business confidence in the manufacturing sector
Net out-migration from Leicester City
Ageing population (County)
Tight employment market marked by very low level of unemployment (County)
Low wage economy (City)
Inability to retain graduate labour
Continued loss of employment land to housing
Investment is lost to other areas if suitable land and premises cannot be found
Businesses fail to innovate and become less competitive
Impact of climate change (longer term)
Developments have negative impact on the environment
Lack of agreement on image for the sub-region

Policy Recommendations

The evidence suggests the Leicester Shire economy has undergone a major structural shift away from traditional manufacturing towards higher value added manufacturing and certain service sectors. The knowledge economy sectors have developed slowly in the sub-region, but significant gains have been made in recent years. The excellent transport links and central location have led to a large expansion and dependency on complementary distribution and transport sectors. These sectors tend to offer a lower value added and pay low wages. The financial and business services sectors are expanding but remain under-represented. Despite the structural shift the sub-region has experienced, there are still high proportions of employment and business units in the manufacturing sector. Confidence in the manufacturing sector in Leicester Shire remains particularly low and high fuel and energy prices will continue to impact on the more energy intensive firms.

Leicester Shire is not a particularly expensive area to live in and although average house prices are rising out of the reach of many first time buyers, housing affordability is a less significant issue than in some areas such as the South West. The attractiveness of the area has meant the population is expected to rise, driven by migration to the County. Leicester City benefits from a much younger and ethnically diverse population compared to the national average.

Spatial disparities based on income are particularly marked across the sub-region with high levels of income across some rural parts of the County and low levels across the major urban areas in Leicester and Loughborough. The income disparity is compounded by further inequalities based on education and other aspects of social deprivation. There are higher proportions of people with no or low qualifications in Leicester City as well as in some of the most relatively deprived areas in Leicestershire County. Across the sub-region attainment of degree level qualifications is low despite the presence of three world-class universities.

The LSEP Board reviewed the strengths, weaknesses, threats and opportunities facing the local economy and identified six strategic priorities for the local economy.

These were:

- Strong local leadership
- Strong, distinctive identity for Leicester Shire
- Strong and effective partnerships
- A competitive, diverse and sustainable economy that plays to the sub-region's economic and cultural strengths
- Higher level skills including a better match between the demand for and the supply of skills
- Improved quality of life

The high level strategic priorities outlined above have been further developed into a number of intervention priorities in line with emda's Regional Economic Strategy (RES). These priorities are derived from the evidence base presented in this document.

People and Skills

- Improve the proportion of people qualified to Level 4 and above, through graduate retention and creating higher skill level employment opportunities
- Address low skill levels, and moving people to at least Level 2, especially in deprived parts of Leicester City but also deprived areas in Leicestershire County
- Improve vocational provision, especially in priority sectors such as construction, engineering, retail, food and drink, creative industries and healthcare
- Promote an enterprise culture
- Ensure the skills supply meets future labour market demand
- Ensure access to high quality relevant training for employers and individuals

Enterprise and Business Support

- Improve number of start-ups, concentrating in the financial and business services sector
- Improve business survival rates
- Provide access to high quality business support
- Promote and support self-employment
- Promote a positive image for the sub-region
- Develop ways of capitalising on opportunities around inward investment and the 2012 Olympics
- Encourage the use of technology to raise competitiveness
- Develop entrepreneurship skills with partners
- Help optimise local procurement/cluster collaboration
- Provide better access to finance through loan funds
- Support international trade development

Innovation

- Assist knowledge and technology transfer from higher education to businesses
- Help improve small and medium enterprise (SME) capacity to innovate in terms of product, processes and markets
- Support Science Park development

Transport & Logistics

- Influence transport plans in relation to the release of employment sites
- Capitalise on airport opportunities
- Help promote rail links
- Encourage transport infrastructure developments to link with employment sites and training opportunities

Land and Development

- Facilitate the identification and release of business parks and high quality employment sites in the right locations to realise the economic potential of the sub-region
- Provide a mix of affordable employment land uses and business premises to reflect the profound sectoral changes in the sub-region
- Harness the economic growth potential of the airport, regeneration activities in the City and growing market demand to the north and south of Leicester
- Promote future growth of airport-linked activity away from NEMA on sites adjoining the main urban centres and linked to areas of deprivation
- Launch a promotional programme to attract high quality employers
- Develop a collaborative approach between the City and its surrounding districts to meet the balance of employment land needs in Leicester
- Develop appropriate investment mechanisms for the sub-region
- Create small business units to grow and develop the businesses base
- Develop tourism infrastructure
- Influence integration of employment, housing and infrastructure development to ensure sustainable development is achieved across the sub-region

Economic Renewal

- Create an economic infrastructure in deprived communities
- Further improve the economic perception of the sub-region
- Help strengthen local supply chains and encourage businesses to procure locally

Economic Inclusion

- Support activities moving people from Unemployment and Incapacity Benefit into work
- Provide infrastructure to support employability (for example Access Centres)
- Provide access to finance through appropriate loan funds
- Promote enterprise in deprived communities
- Support the delivery of the economic block of the Local Area Agreements

Targets and Measures

Central to emda's Regional Economic Strategy is measuring the progress on key economic indicators. The RES has set a number proposed targets against which baseline measures are attached. Together these measures and indicators provide an overall framework for monitoring progress towards sustained and sustainable economic growth. A summary of the emda indicators[3] with sub-regional, regional and national baselines are set out in Table 5.5. The table also includes locally agreed priorities with baseline figures included.

3 Regional Economic Strategy, p40

Leicester Shire Economic Measures and Targets, 2006

Table 5.5

	Measure	Proposed target	Baseline: UK	East Midlands	Leicester Shire	Source
Productivity	GVA per hour worked	To increase GVA per hour work to national average	100%	96.9%	n/a	ONS, 2003
Employment Rate	Employment rate (% working age)	To achieve an employment above 76% by 2009 and remain above national average	74.4%	75.8%	75.7%	APS, 2005
Employment, Learning and Skills	% economically active qualified to Level 4 or higher	To increase proportion of economically active adults qualified to Level 4 or above to 30% by 2009	30.1%	26.7%	26.8%	APS, 2005
	% economically active with NVQ Level 1 and below	To reduce the proportion of economically active adults with no or low qualifications	24.2%	27.1%	26.5%	APS, 2005
	% working age receiving job related training in previous four weeks	Improve vocational provision, especially in priority sectors	11.6%	11.9%	11.6%	APS, 2005
	Employment in K1 high knowledge intensive industries	To increase the proportion of employment in K1 sectors to within 4 percentage points of UK average by 2009; and to reduce the share of employment in K4 sectors to level with UK average	32.1%	24.3%	n/a	LFS, 2003
Enterprise and Business Support	Business registration rate (per 10,000 16+ population)	Business registration rate (per 10,000 working age)	46.3	43.4	47.1	SBS, 2004
	% Start ups in financial and business sector	Improve start ups in growth area of financial and business service sector	37.3%	33.7%	35.9%	SBS, 2004
	% people self employed	Promote and support self employment to promote enterprise culture	12.3%	12.0%	10.6%	APS, 2005
	Proportion of business surviving 3 years registering in 2000	Proportion of business surviving 3 years registering in 2000	69.5%	70.6%	71.7%	SBS, 2004
Innovation	Gross Domestic Expenditure on R&D	Gross Domestic Expenditure on R&D	2.1%	2.3%	n/a	EMDA, 2002
	% of businesses' turnover attributable to new and improved products	% of businesses' turnover attributable to new and improved products	9%	4%	n/a	EMDA, 2001
Transport & Logistics	% Workforce travelling to work by public transport, walking or cycling**	% Workforce travelling to work by public transport, walking or cycling**	27.2%*	20.5%*	19.7%**	* EMDA, 2004; **LSC, 2006 – may not be comparable
Land and Development	% of new housing on previously developed land**	% of new housing on previously developed land**	68%*	58.1%**	59.5%**	* EMDA, 2004; **RSS Annual Monitoring Report 2003/04 – may not be comparable
Economic Renewal	Disparities in economic activity (% working age) between urban and rural areas	Disparities in economic activity (% working age) between urban and rural areas	n/a	Urban - 76.3% Rural - 81.8%	Urban - 74.2% Rural - 83.6%	APS, 2005
Economic Inclusion	Proportion of working age population claiming key benefits	Proportion of working age population claiming key benefits	14.7%	13.5%	12.4%	DWP, Nov 2005

Note: Locally agreed indicators shaded and those not are emda agreed targets. Resource, Efficiency & Energy and Social Capital emda indicators are not included as there is not measurable data at the sub-regional level to provide baseline.

Appendix A – Glossary of Terms

Term	Description	Source and Date
Affordability Ratio	Average house price to median resident full time earnings ratio. A higher figure implies that housing is less affordable.	HM Land Registry, 2004. Annual Survey of Hours and Earnings, NOMIS, 2005
Age Profile of Population	Age profile of resident population. Indicator of population dynamics.	Mid-Year Population Estimates, ONS, 2004
Average Annual Growth in GVA per head	Rate of change in GVA per head over time (%). To what extent an economy is growing (or declining) over time in terms of overall output.	Local Gross Value Added, ONS, 2003
Average House Price	Weighted average of house price sales in each quarter for twelve month periods.	HM Land Registry, 2004
CACI data no longer available		
Basic Skills	Share of population of working age with low level basic skill. Basic skills are defined as the ability to read, write, and speak in English (or Welsh) as well as simple mathematical and ICT ability at a level necessary to function at work and in society in general.	Household Survey, Learning and Skills Council, 2006
Benefit Claimants	Proportion of working age people claiming government benefits. Indicator of social exclusion and worklessness.	Department for Work and Pensions, November 2005
Black and Minority Ethnic	Representation of ethnic minority population including White Irish and White Other populations. Indicator of ethnic diversity.	Census, 2001
Business Optimism	Calculated by subtracting the percentage of businesses expecting a worse situation from those expecting an improvement business climate. Gauge of local business conditions.	Leicester Shire Business Survey, Summer 2006
Business Registration Rate	Number of business start-ups per 10,000 working age population.	VAT registrations/deregistrations, NOMIS, 2004
Business Units by Sector	Number business units in each broad industrial group. Measure of economic diversification.	ABI employee analysis, NOMIS, 2004
Businesses Employing less than 50 people	Proportion of all businesses employing 50 or fewer people (%). Indicative of business size profile and industrial organisational structure.	ABI workplace analysis, NOMIS, 2004
Claimant Count Unemployment Rate	Proportion of those in the workforce claiming unemployment-related benefits (Unemployment Benefit, Income Support or National Insurance credits) (%). Standard labour market performance measure.	Claimant Count Series, NOMIS, June 2006
Economic Activity	Proportion of the population aged 16-74 who are active in the labour force (includes employed, self-employed, unemployed and students) (%). Male, female and total. Labour market participation measure.	Annual Population Survey, NOMIS, September 2005
Employment by Sector	Number employed in each broad industrial group. Classical economic dynamism indicator.	ABI employee analysis, NOMIS, 2004
Gross Weekly Earnings	Gross weekly earnings (resident-based). A key measure of the 'quality' of local jobs.	Annual Survey of Hours and Earning, NOMIS 2005
GVA	Gross Value Added (GVA). Sum of all incomes earned from the production of goods and services in an area. A measure of output of an economy.	Local Gross Value Added, ONS, 2003
GVA per head	GVA per head is derived by dividing total GVA by the resident population. A headline measure of overall economic prosperity.	Local Gross Value Added, ONS, 2003
ILO Unemployment Rate	Internationally agreed measure of unemployment including those that are able to start work within the next fortnight and had actively been looking for work.	Annual Population Survey, NOMIS, September 2005
Indices of Deprivation	Index of Multiple Deprivation, 2000. Index made up of six separate ward level domain indices: Income Deprivation, Employment Deprivation, Health Deprivation & Disability, Education skills & training Deprivation, Housing Deprivation, and Geographical Access to Services.	Indices of Deprivation, 2004
Job Related Training	Percentage of all working age receiving job related training.	Household Survey, Learning and Skills Council, 2006; Annual Population Survey, NOMIS, September 2005

Term	Description	Source and Date
Long-term Unemployment	Proportion of those claiming unemployment-related benefits (Unemployment Benefit, Income Support or National Insurance credits) who have been out of work for at least one year.	Claimant Count Series, NOMIS, June 2006
Micro Firm Density	Number of micro VAT Registered businesses (less than 10 employees) as a proportion of population. A key indicator of competitiveness and entrepreneurship.	VAT registrations/deregistrations, NOMIS, 2004
Number of Businesses	The number of enterprises registered for VAT at the end of the year. This is an indicator of the size of the business population. Since over 99 per cent of registered enterprises employ fewer than 50 people, it is also an indicator of the small business population. At the end of 2004, the VAT threshold was an annual turnover of £56,000.	VAT registrations/deregistrations, NOMIS, 2004
NVQ Qualifications	Percentage of all working age population with NVQ Level equivalent qualifications (%). National Vocational Qualifications are work-related and competence based qualifications.	Annual Population Survey, NOMIS, December 2005
Occupational Structure	Proportion of the employed workforce engaged in key occupations (%). Knowledge Workers (managerial, professional or technical occupations) primarily produce, distribute or manipulate information. Typically, these are higher wage, higher skill occupations. Unskilled or semi-skilled occupations are typically lower wage and lower skill, and are primarily engaged in the manufacture of physical products or the delivery of tangible services.	Annual Population Survey, NOMIS, September 2005
Percentage Change in Number of Businesses	Rate of growth or decline in the business base over time. Measure of entrepreneurial dynamism.	VAT registrations/deregistrations, NOMIS, 2000-2004
Population Change	Growth or decline in resident population over time (%). Indicator of population dynamics, often closely linked to underlying socio-economic conditions or prospects.	Mid-Year Population Estimates, ONS, 1994-2004
Population Projections	Forecast of current population trends using MYE. Indicator of population dynamics.	Sub National Projections, ONS, 2003
Self Employment	Employed individuals (who are not classified as employees) as a proportion of the total labour force (%). Often used as an indicator of entrepreneurial dynamism - though, high levels of self employment may also reflect the particulars of local industrial structure.	Census, 2001
Super Output Area (SOA)	Relatively new geography created by ONS for the 2001 Census. They are small areas of broadly consistent population size across the country, each containing approximately 1,500 people	Super Output Area (SOA)
Survival Rate (1yr)	Proportion of businesses remaining registered for VAT over 12 months after initial registration (%). Traditionally an indicator of business start-up longevity (and quality) - though high levels of business survival may also indicate a 'conservative' enterprise culture.	Small Business Service, 2003
Survival Rate (3yr)	Proportion of businesses remaining registered for VAT over 36 months after initial registration (%). Traditionally an indicator of business start-up longevity (and quality) - though high levels of business survival may also indicate a 'conservative' enterprise culture.	Small Business Service, 2001

Equivalent Qualification Levels

Qualification Level	Equivalent Qualifications
Level 1	NVQ 1, GCSE grades D-G
Level 2	NVQ 2, GCSEs grades A*-C; an Intermediate GNVQ
Level 3	NVQ 3, 2 A Levels; Vocational A Level (AVCE); BTEC National; Advanced GNVQ
Level 4	NVQ 4, Degree, BTEC Higher National Diploma, higher level vocational qualification
Level 5	NVQ 5, Postgraduate qualification

Local Economy Audit Model Glossary – Comparison of 2003 and 2006

	Indicator	Interpretation and Rationale	Source and Date 2003 LEAM	Source and Date 2006 LEAM
Scale	Working Age Population	Resident based working age population	Census, 2001	Midyear population estimates, 2004
	Business Ratable Value	The annual rent non-domestic (business) properties in an area would command if available on the open market. A good proxy measure for the aggregate commercial value of business floorspace.	Valuation Office, 2000	Valuation Office, 2005
	Employment	Total number employed, workforce based	ABI employee analysis, NOMIS, 2001	ABI employee analysis, NOMIS, 2004
Dynamism	Employment Change	Employment change over time, workplace based	ABI employee analysis, NOMIS, 1998-2001	ABI employee analysis, NOMIS, 2000-2004
	Change in Business Stock	Rate of growth or decline in the business base over time. Measure of entrepreneurial dynamism	VAT statistics, SBS, NOMIS, 1998-2001	VAT statistics, SBS, NOMIS, 2000-2004
	Change in Working Age Population	Change in resident based working age population over time	Midyear population estimates, 1996	Midyear population estimates, 2000-2004
Sector Structure	Employment in Consumer Services	Percentage of local jobs in tourism and consumer-based employment (SIC 52,55,92). Particularly in many rural areas, tourism and consumer services are likely to continue to play a crucial role in underpinning future economic prosperity. Workplace based.	ABI employee analysis, NOMIS, 2001	ABI employee analysis, NOMIS, 2004
	Employment in High Technology Manufacturing	Percentage employed in High Technology Manufacturing (defined by SIC codes 22, 244, 30, 32). Workplace based.	ABI employee analysis, NOMIS, 2001	ABI employee analysis, NOMIS, 2004
	Employment in Knowledge Based Services	Percentage employed in 'knowledge based employment' (defined by SIC codes, 65, 66, 67, 72, 73, 74). Typically higher wage and higher value added, many of these sectors are at the forefront of national economic growth. Workplace based.	ABI employee analysis, NOMIS, 2001	ABI employee analysis, NOMIS, 2004
Enterprise	*Business Formation*	*Number of business start-ups as a percentage of business stock. Average for two years. Implies rate of new business development.*	*VAT statistics, SBS, NOMIS, 2002*	
	Replaced With: Start-ups in Financial and Business Services	Start-ups in financial and business services as a proportion of all start-ups.		VAT statistics, SBS, NOMIS, 2004
	Self Employment	Employed individuals (who are not classified as employees) as a proportion of the total labour force (%). Often used as an indicator of entrepreneurial dynamism – though, high levels of self employment may also reflect the particulars of local industrial structure. Residence based.	Census, 2001	Annual Population Survey, NOMIS, Jan-Dec 2004
	Business Registration Rate	Number of business start-ups per 10,000 working age population	VAT statistics, SBS, NOMIS, 2002	VAT statistics, SBS, NOMIS, 2004
	36 Month Survival Rate	*Proportion of businesses remaining registered for VAT over 36 months after initial registration (5). Traditionally an indicator of business start-up longevity (and quality) though high levels of business survival may also indicate a 'conservative' enterprise culture*	*VAT statistics, SBS, NOMIS, 1998*	
	Replaced With: Micro Firm Density	Number of micro VAT Registered businesses (less than 10 employees) as a proportion of population. A key indicator of competitiveness and entrepreneurship		VAT statistics, SBS, NOMIS, 2004

Note: Shaded boxes denote an indicator used in 2003 changed in 2006 LEAM

	Indicator	Interpretation and Rationale	Source and Date 2003 LEAM	Source and Date 2006 LEAM
Labour Force	Knowledge Workers	Proportion of the employed workforce engaged in managerial, professional or technical occupations (%). Knowledge Workers primarily produce, distribute or manipulate information. Typically, these are higher wage, higher skill occupations. Residence based.	Census, 2001	Annual Population Survey, NOMIS, Jan-Dec 2004
	Unskilled/ Semi-skilled Workers	Proportion of the employed workforce engaged in unskilled or semi-skilled occupations (%). Typically lower wage and lower skill, these occupations are primarily engaged in the manufacture of physical products or the delivery of tangible services. Residence based.	Census, 2001	Annual Population Survey, NOMIS, Jan-Dec 2004
	NVQ Level 4/5	Percentage of all working age population with NVQ Level 4/5 qualifications (%). National Vocational Qualifications are work-related and competence based qualifications. NVQ Level 4/5 relates to: First degree, Higher degree, HNC, HND, Qualified Teacher status, Qualified Medical Doctor, Qualified Dentist, Qualified Nurse, Midwife, Health Visitor. Residence based.	Census, 2001	Annual Population Survey, NOMIS, Jan-Dec 2004
	NVQ Level 1 or no Qualifications	Percentage of all working age population with NVQ Level 1 or no qualifications (%). Level 1 relates to 1+ 'O' level passes, 1+ CSE/GCSE any grades, Foundation GNVQ. Residence based.	Census, 2001	Annual Population Survey, NOMIS, Jan-Dec 2004
	Unemployment Rate	*Proportion of those in the workforce claiming unemployment related benefit*	*Claimant Count Series, NOMIS, Oct 2003*	
	Replaced With: Economic Activity Rate	Percentage of the working age population who are economically active. Standard labour market performance measure. Residence based.		Annual Population Survey, NOMIS, Jan-Dec 2004

Note: Shaded boxes denote an indicator used in 2003 changed in 2006 LEAM

LSEP

Caroline Boucher
T: 0116 257 5684
E: caroline.b@lsep.co.uk

Leicestershire County Council

Ian Neale
T: 0116 265 8097
E: ineale@leics.gov.uk

Learning & Skills Council East Midlands

Claire Parry
T: 0116 228 1847
E: claire.parry@lsc.gov.uk

Leicester City Council

Guy Wisbey
T: 0116 252 7256
E: guy.wisbey@leicester.gov.uk

Leicestershire Promotions

Angela Skelton
T: 0116 225 4000
E: angela.skelton@l-p-l.com

Connextions

Sheila Cunningham
T: 0116 261 5923
E: scunningham@connexions-leics.org

Chamber of Commerce

Danny Whitehead
T: 0116 204 6613
E: whitehead.d@chamberofcommerce.co.uk

Max Boden
T: 0116 204 6606
E: boden.m@chamberofcommerce.co.uk

Harborough Discrict Council

Cllr. Robin Totten
Home T: 01858 462572
E: r.totten@harborough.gov.uk

Business Link

Neil Farish
T: 0116 2575664
E: neil.farish@blleics.co.uk

DMU

Nick O'Mahoney
E: 0116 250 6224
E: dmel@dmu.ac.uk

Emda

Claire Townsend
T: 0115 947 1725
E: clairetownsend@emd.org.uk

For more information:
Leicester Shire Intelligence: www.lsint.info
Leicester Shire Online Research Atlas: www.lsora.org
Intelligence East Midlands: www.eastmidlandsobservatory.org.uk

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