

# Leicestershire County Profile Leicester Shire Economic Baseline Study 2006



# Leicester Shire Economic Baseline Study 2006 - Leicestershire County Profile

The 2006 Leicester Shire<sup>1</sup> Economic Baseline Study provides a comprehensive review of the sub-regional economy including chapters based around the economy and investment, people, labour market and skills and the Local Economy Audit Model carried out by Ecotec Research and Consulting. This separate document provides a summary of how Leicestershire County scores on each of the Local Economy Audit Model (LEAM) domains and a snapshot profile using additional data from the baseline. The LEAM has provided systematic analysis of the performance of the local economy adopting an external perspective. The model uses a series of carefully selected indicators in order to specify strengths and weaknesses and challenges and opportunities associated with the local economy. For a copy of the full report or executive summary please visit <http://www.lsint.info>.

A Leicestershire County and a Leicester City profile have been produced.

Seven District profiles have been produced for:

- Blaby District
- Charnwood Borough
- Harborough District
- Hinckley and Bosworth Borough
- Melton Borough
- North West Leicestershire District
- Oadby and Wigston Borough

The information contained in the profiles is based around the following themes:

- Local Economy Audit Model
- Employment
- Business and entrepreneurship
- House prices
- Demography
- Economic activity and unemployment
- Income and earnings

<sup>1</sup> Leicester Shire covers the combined administrative areas of Leicester City and Leicestershire County

# Leicestershire County Summary

For further information about the Local Economy Audit Model (LEAM), see page 53 of the Economic Baseline Study. The full report can be downloaded at <http://www.lsint.info>.

## Overall LEAM Profile 2006

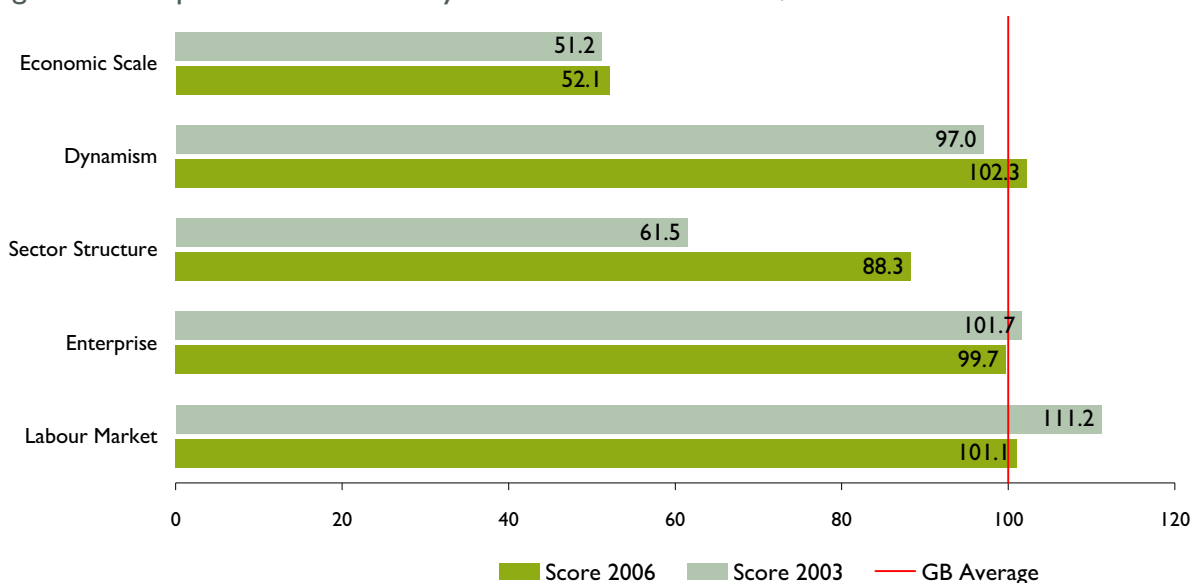
Table I: Overall LEAM Profile for Leicestershire, 2006

Area	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
	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
Leicester Shire	79.8	26	100.2	28	88.7	25	95.6	29	93	32
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100	N/A	100	N/A	100	N/A	100	N/A	100	N/A

Notes: Each local authority is expressed relative to 408 local authority areas in Great Britain. The East Midlands is compared to 11 regional areas in the UK. The Leicestershire County score is not comparable by rank. The domain scores are indexed against the national average (100).

Source: Ecotec Research and Consulting, 2006

Figure I: Competitiveness Summary Chart for Leicestershire, 2003 & 2006



Note: For full details of the 2003 scores see [http://www.lsint.info/downloads/Baseline\\_Survey2.pdf](http://www.lsint.info/downloads/Baseline_Survey2.pdf)

Source: Ecotec Research and Consulting, 2006

### Key points

- The strongest domains for Leicestershire County are dynamism (102.2) and labour market (101.1). There were no other domains where Leicestershire County scored above the national average (100) in 2006.
- Compared to the Leicester Shire average, Leicestershire County performs better in relation to dynamism, enterprise and labour market. Leicestershire performs poorly in relation to economic scale because of the lack of major economic and commercial centres in the County.
- Since 2003, Leicestershire County has improved its relative performance compared to the national average on three of the five domains (economic scale, dynamism and sector structure). In terms of sector structure, Leicestershire County rose 26.8 points since 2003 moving Leicestershire closer to, but still below the national average.

## Employment

- A total of 250,100 people were employed in Leicestershire County in 2004. Since 2000, employment has increased by 8.8% (over 20,200 jobs). This is compared to a 3.2% increase in the sub-region as a whole and a 3.2% increase nationally.
- The largest employment sector in Leicestershire County in 2004 was distribution, hotels and restaurants (28.6%) which accounted for a higher proportion than the regional and national averages.
- In 2004, Leicestershire County had 19.0% of its employees working in the manufacturing sector. This is higher than the sub-regional average (17.8%) and regional average (17.4%). The national figure was 11.9%.
- The proportion of employment from the Public Sector is lower in Leicestershire (18.2%) than the regional and national averages
- There was a lower proportion of employees working in Leicestershire County in the key growth sectors of financial and business services (15.8%) compared to the sub-regional, regional and national figures in 2004.
- The development of knowledge sectors, employing high proportions of graduate labour and those most capable of sustaining local competitive advantage, have grown in Leicestershire County since 2000. However, there was a lower proportion of people working in Knowledge-based Services in Leicestershire County (13.8%) compared to the sub-regional and national averages in 2004.
- There was the proportion of people employed in High Technology Manufacturing sectors in Leicestershire County (2.0%) compared to the sub-regional average (2.0%).
- The proportion of people employed in consumer services in Leicestershire County (21.7%) was higher than the sub-regional, regional and national figures in 2004.

Table 2: Employment by Sector, 2004

	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Total Employed	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	19.0%	17.8%	17.4%	11.9%
Construction	4.6%	4.2%	4.8%	4.5%
Distribution, hotels and restaurants	28.6%	26.0%	25.1%	24.7%
Transport and communications	8.1%	6.5%	5.7%	5.9%
Financial and business services	15.8%	16.6%	15.2%	20.0%
Public administration, education & health	18.2%	23.4%	25.5%	26.4%
Other services	4.3%	4.4%	4.3%	5.1%

Source: Annual Business Inquiry, 2004

Table 3: Knowledge Economy Employment, 2004

	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Consumer Services (1)	21.7%	20.2%	20.3%	21.3%
High Technology Manufacturing (2)	2.0%	2.0%	1.7%	1.9%
Knowledge-based Services (3)	13.8%	14.7%	13.4%	17.9%

1 - Defined by SIC codes 52, 55, 92

2 - Defined by SIC codes 22, 224, 30, 32

3 - Defined by SIC codes 65, 66, 67, 72, 73, 74

Source: Annual Business Inquiry, 2004

Table 4: Major Employers, 2004

Company/Organisation Name	District	Sector	Employees
Loughborough University	Charnwood	Education	2,660
Leicestershire County Council	Blaby	Public Administration and Defence	2,000
Leicestershire Constabulary	Blaby	Public Administration and Defence	1,600
Alliance & Leicester Plc	Blaby	Real Estate, Renting and Business Activities	1,500
Next Retail Limited	Blaby	Real Estate, Renting and Business Activities	1,500
AstraZeneca R and D	Charnwood	Real Estate, Renting and Business Activities	1,200
Asda Stores Plc	Harborough	Transport, Storage and Communication	1,000
Tesco Stores Limited	Hinckley & Bosworth	Transport, Storage and Communication	1,000
Ashfield Healthcare Limited	North West Leicestershire	Education	850
Alstec Limited	Blaby	Real Estate, Renting and Business Activities	850

Notes: Table only includes companies/organisations included on the data4business database – for information see <http://www.leics.gov.uk/statistics>

Source: Leicestershire data4business, May 2006

- The three largest employers in the County were public sector organisations including Loughborough University, Leicestershire County Council and Leicestershire Constabulary in May 2006. The largest private sector organisations were Alliance & Leicester Plc, Next Ltd and AstraZeneca.
- There was a total of 20,865 VAT registered businesses in Leicestershire County in 2004. Between 2000 and 2004 the number of businesses grew by 4.3%, which is higher than the average growth for Leicester Shire (3.5%), and Great Britain (3.5%).
- In Leicestershire County, 96.8% of businesses employed less than 50 people in 2004. This is almost on a par with the sub-regional (96.3%), regional (96.2%) and national (96.2%) averages.

### Businesses and Entrepreneurship

- The distribution of business units by sector in Leicestershire County is similar to the sub-region as a whole.

Table 5: Business Units by Sector, 2004

	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Total Units	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	10.8%	12.6%	9.9%	7.5%
Construction	11.0%	9.3%	10.5%	9.3%
Distribution, hotels and restaurants	27.5%	29.4%	30.4%	29.3%
Transport and communications	6.2%	5.4%	5.2%	4.5%
Financial and business services	27.8%	26.7%	26.1%	30.9%
Public administration, education & health	8.6%	9.0%	9.8%	8.8%
Other services	7.6%	7.3%	7.5%	8.8%

Note: \* figures have not been disclosed for confidentiality purposes. Business Units do not readily correspond to the commonly used terms firms, companies or businesses by which employers are sometimes identified.

Source: Annual Business Inquiry, 2004

Table 6: Business Base, 2004

	No. of VAT registered businesses (2004)	% change 2000-2004	% employing <50 people (2004)
Leicestershire County	20,865	4.3	96.8
Leicester Shire	28,515	3.5	96.3
East Midlands	125,170	5.5	96.2
Great Britain	1,760,955	3.5	96.2

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

- In 2005, the business registration rate was similar in Leicestershire County (48.6) to the sub-region (47.1) in 2004. The East Midlands rate was 43.4 and the rate for Great Britain was 46.3.
- Self employment in Leicestershire County at 11.2% was higher than the sub-regional average (10.6%), but lower than the regional (12.0%) and national (12.3%) averages.
- The proportion of business start ups in the financial and business service sector in Leicestershire County (36.9%) was higher than the sub-regional (35.9%) and regional (33.7%) averages, but lower than the national (37.3%) average.
- A key indicator of entrepreneurial activity and competitiveness is Micro Firm Density. The ratio of micro firms (less than 10 employees) to the population was higher in Leicestershire County (33.6) compared to Leicester Shire (32.2), the East Midlands (29.9%) and Great Britain (32.0).

Table 7: Entrepreneurship

	Business Registration Rate <sup>1</sup> (2004)	% People Self-employed (2005)	% Start-ups in Financial and Business Services, (2004)	Micro Firms Density <sup>2</sup> (2004)
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

Notes: <sup>1</sup> Number of business start ups per 10,000 people working age population; <sup>2</sup> Number of VAT registered businesses (less than 10 employees) as a proportion of the population.

Sources: Small Business Service 2004; Annual Population Survey 2005

## House Prices

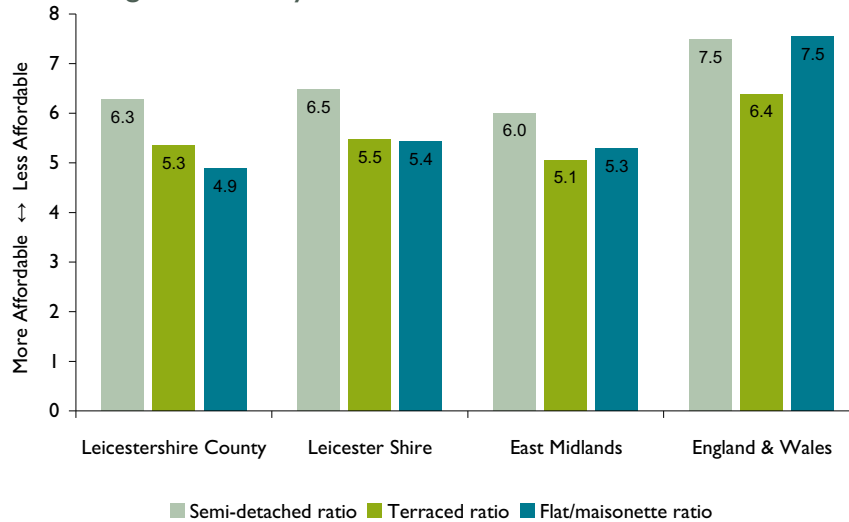
- In 2005, the average house price in Leicestershire County was £177,224. This was higher than the sub-regional average (£165,104) and regional average (£153,493) but lower than the national average (£189,549).
- The housing affordability ratio in 2005 for semi-detached (6.3), terraced (5.4) and flat/maisonette (4.9) properties was lower in Leicestershire County compared to the sub-regional and national ratios, which means that these property types are generally more affordable in relation to average resident earnings in the County compared to Leicester Shire and Great Britain as a whole.

Table 8: Average House Prices, 2005

	All Dwellings	% Change 2004-2005	Detached	Semi-Detached	Terraced	Flat/Maisonette
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	£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

Figure 2: Housing Affordability Ratio



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

Source: HM Land Registry, 2005; ASHE, 2005

## Demography

- According to the 2004 mid-year population estimates, 623,900 people lived in Leicestershire County. This represents an estimated 6.4% increase since 1994 compared to a 3.8% increase in the sub-region as a whole.
- Compared to the sub-region, Leicestershire County has an older population structure with higher proportions of people aged above retirement age in 2004. The population structure in the County is broadly similar to the regional and national age structures.

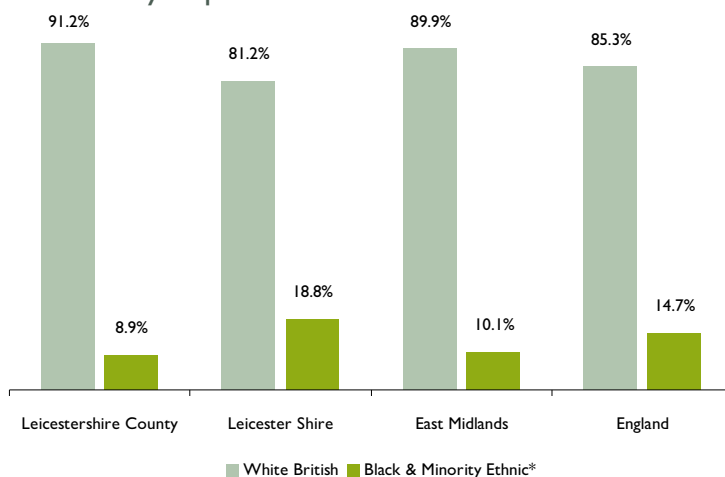
Table 9: Broad Age Profile

	All people	Children aged 0-15	Working age 16-59/64	Older People 60/65+ <sup>1</sup>
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%

Notes: <sup>1</sup> above state retirement age (60 – females, 65 – males)

Source: ONS, Mid Year Estimate, 2004

Figure 3: Ethnicity Population Estimates



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

Source: ONS, Experimental estimates, 2004

## Economic Baseline 2006: Leicestershire County Summary

- In 2004, the estimated proportion of people of White British origin (91.2%) was higher in comparison to the sub-regional average (81.2%). The regional and national averages were also lower compared to Leicestershire County. The estimated proportion of black and minority ethnic\* residents in Leicestershire County was 8.9%. By far the largest minority ethnic group in Leicestershire were the Indian population, which account for almost 40% of the black and minority ethnic\* estimated population.
- Providing current population trends continue, the number of people living in Leicestershire County is estimated to increase by 15.1% over the next 30 years compared to an estimated increase of 11.2% in the sub-region.

Table 10: Ethnicity Population Estimates

	Leicestershire County	Leicester Shire	East Midlands	England
All people	623,900	909,000	4,279,700	50,093,100
White: British	568,700	738,500	3,845,500	42,708,900
White: Irish	4,300	7,600	35,700	601,400
White: Other White	9,400	16,000	70,600	1,523,700
Mixed: White & Black Caribbean	2,100	4,900	23,200	257,300
Mixed: White & Black African	500	1,200	4,900	95,200
Mixed: White & Asian	2,200	4,300	14,000	220,100
Mixed: Other Mixed	1,200	2,600	10,100	180,200
Asian or Asian British: Indian	21,100	92,100	132,000	1,167,700
Asian or Asian British: Pakistani	2,000	7,000	35,300	803,000
Asian or Asian British: Bangladeshi	1,800	3,900	9,100	314,900
Asian or Asian British: Other Asian	2,400	7,800	14,800	294,000
Black or Black British: Caribbean	1,800	6,200	29,200	585,200
Black or Black British: African	1,700	8,200	19,600	624,000
Black or Black British: Other Black	300	1,000	4,400	106,700
Chinese or other ethnic group: Chinese	2,900	5,000	19,600	312,400
Chinese or other ethnic group: Other ethnic group	1,600	3,000	11,800	298,600
Black and Minority Ethnic*	55,300	170,800	434,300	7,384,400

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

Source: ONS, Experimental estimates, 2004

Table 11: Population Projections (Thousands)

	2003	2008	2013	2018	2023	2028
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: Sub National Population Projections, ONS, 2003



## Economic Activity and Unemployment

- The economic activity rate in Leicestershire County in 2005 was 83.3%. This is higher than the Leicester Shire ( 79.1%), regional and national averages.
- In June 2006, the Claimant Count unemployment rate was lower in Leicestershire County (1.4%) compared to the sub-regional average (2.5%). The regional (2.4%) and national (2.6%) unemployment

rates were also higher in June 2006. The proportion of people who have been unemployed for more than a year was 13.2% in Leicestershire County compared to 16.6% in Leicester Shire, 14.9% in the East Midlands and 15.7% in Great Britain.

Table 12: Economic Activity and Unemployment

	Economic activity rate (%)			Claimant unemployment (%)			
	All	Males	Females	All	Males	Females	LTU <sup>1</sup> (%)
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

Note: <sup>1</sup> 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

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

## Occupational Structure

- In 2005, there was a higher proportion of residents in Leicestershire County working in managerial and senior official and professional occupations than the sub-regional, regional and national averages.

- There were also lower proportions of residents working in elementary occupations in Leicestershire County compared to Leicester Shire, East Midlands and Great Britain averages.

Table 13: Occupational Structure

	Leicestershire County	Leicester Shire	East Midlands	Great Britain
Total Employed	322,700	440,300	2,033,700	27,391,500
Managers and senior officials	16.9%	15.7%	15.1%	14.9%
Professional occupations	13.4%	12.7%	11.1%	12.4%
Associate professional and technical occupations	11.9%	11.3%	12.4%	14.1%
Administrative and secretarial occupations	12.7%	12.4%	11.3%	12.6%
Skilled trades occupations	12.1%	11.4%	12.4%	11.1%
Personal service occupations	7.0%	7.7%	7.9%	7.8%
Sales and customer service occupations	6.8%	7.4%	7.3%	7.9%
Process; plant and machine operatives	8.6%	9.6%	9.4%	7.5%
Elementary occupations	10.2%	11.5%	13.0%	11.4%

Source: Annual Population Survey, 2005

## Income and Earnings

CACI data no longer available

- Average hourly earnings in 2005 were also higher in Leicestershire County compared to the sub-regional and regional averages, but below the national average.
- Furthermore, the disparity between male and female hourly average earnings was more marked in Leicestershire County (£3.44 p/h difference) compared to in Leicester Shire (£2.82 p/h difference).
- The variation between annual earnings by place of residence and place of work indicates the extent to which the residential and working populations of an area are different, allowing inferences to be drawn about the impact of commuting.
- In 2004, the median resident annual earnings were estimated to be £1,075 more than the median workplace annual earnings in Leicestershire County. This suggests that the area has a less self contained labour market with higher earners travelling outside the County to work. The sub-region appears to be more self-contained with median resident annual earnings estimated to be only £233 greater than workplace annual earnings.

Figure 5: Variation Between Residential and Workplace Median Annual Earnings\* (£)



Source: ASHE, 2005

Table 14: Average Hourly Earnings\*

	Total	Male	Female
Leicestershire County	£9.41	£11.14	£7.70
Leicester Shire	£8.96	£10.43	£7.61
East Midlands	£9.03	£10.35	£7.68
England & Wales	£9.62	£11.00	£8.41

Source: ASHE, 2005

\*Median figures have been used as mean figures are skewed by very high earners.

## Labour Market

- The proportion of economically active people with no or low qualifications (NVQ 1 and below) was lower in Leicestershire County (18.0%) in 2005 compared to the Leicester Shire average (21.8%). The proportion in the County is similar to the regional average (18.9%) and national average (18.1%).
- The proportion of people with a NVQ 4/5 (degree level) qualification in 2005 was slightly higher in Leicestershire County (27.8%) compared to the Leicester Shire average (26.8%). The County average was also above the East Midlands average (26.7%), but below the Great Britain average (30.2%).

Table 15: Workforce Skills

	NVQ4/5	NVQ3	Trade Apprenticeship	NVQ2	NVQ1	Other Qualifications	No Qualifications
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%

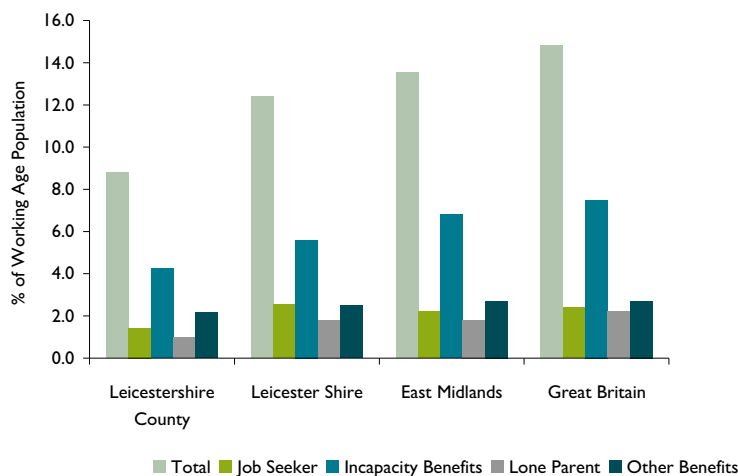
Note: Percentage of economically active residents

Source: Annual Population Survey, 2005

## Social Exclusion

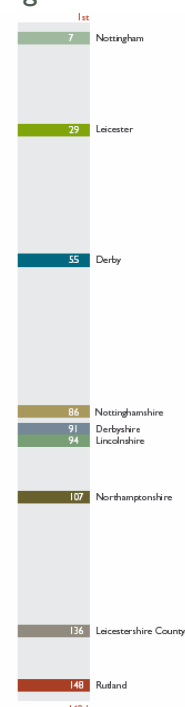
- Leicestershire County is ranked 136<sup>th</sup> out of 149 County/Unitary authorities using the 2004 Index of Multiple Deprivation (where 1 is the most deprived).
- There are five Super Output Areas in Leicestershire County ranked in the 20% most deprived areas in England using the Index of Multiple Deprivation. These are concentrated in Loughborough Hastings, Loughborough Storer, Loughborough Shelthorpe and Greenhill wards.
- In November 2005, 9% of Leicestershire County's working age residents were claiming at least one government benefit. This is compared to 12.4% in the sub region, 13.5% in the region and 14.8% in the country. The largest single benefit claimed is Incapacity Benefit which almost 4% of working age people claimed in Leicestershire County in November 2005.

Figure 6: Benefit Claimants



Source: Department for Work and Pensions, November 2005

Figure 7: East Midlands /Unitary IMD Ranking 2004



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

## Economic Baseline 2006: Leicestershire County Summary

This profile has provided a summary for Leicestershire County of its performance on the Local Economy Audit Model (LEAM) and a review of the district's economy, based around the key themes of 'Economy and Investment' and 'Labour Market and Skills'.

The full Economic Baseline study contains more detail on the LEAM and presents the sub-regional economy against the national and regional context. The following table summarises the performance of all of the districts within Leicestershire on the key competitiveness factors within the LEAM.

Table 12: Overall LEAM Profile; Leicestershire County, 2006

Area	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
	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
Leicester City	214.0	25	96.9	354	89.4	173	86.0	279	76.2	382
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100	N/A	100	N/A	100	N/A	100	N/A	100	N/A

Notes: Each local authority is expressed relative to 408 local authority areas in Great Britain. The East Midlands is compared to 11 regional areas in the UK. The Leicestershire County score is not comparable by rank. The domain scores are indexed against the national average (100).

Source: Ecotec Research and Consulting, 2006

Chapter 5 of the main Economic Baseline Study also summarises the emerging sector opportunities in Leicester Shire and this together with the detailed evidence in the study has been used to produce a SWOT analysis, conclusions and policy implications for the sub-region.

To download a copy of the Leicester Shire Economic Baseline Study please log on to [www.lsint.info/reports.asp](http://www.lsint.info/reports.asp)

Alternatively to request a hard copy or for any further information about the study please contact;

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