The Marches
Local Enterprise Partnership
Herefordshire - Shropshire - Telford & Wrekin

The Marches LEP

SEP Evidence Base

October 2018

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Executive Summary

This evidence base presents a concise narrative of the Marches economy. It covers overall economic performance (including growth and productivity), sectoral specialisms and strengths, demographic and social characteristics of residents, including their commuting and migration patterns, as well as characteristics of place such as connectivity and infrastructure.

Recognising that there are important differences across the area, we have tried as far as possible to look at the different component areas within the Marches, as well as at the area as a whole.

These are the key findings of the analysis:

- **The Marches contributes £14.3bn to the UK economy.** The Marches has had fairly steady GVA growth over the past two decades. Since 1998, the economy has grown at a steady pace with growth since 2006 outpacing comparable LEPs around the country.
- **Economic activity and employment rates are high.** In the Marches, 80% of the working age population are active, compared to 78.2% nationally. There is also a high employment rate of 76.7% compared to the UK average of 74.7%.
- **The Marches is highly specialised in traditional, high value and productivity sectors and has emerging strengths in new sectors.** Specialisms in advanced manufacturing include metals, machinery, plastics and rubber, and automotive. There are also strengths in food and drink, particularly in meat and dairy processing. Linked to these sectors are growing strengths in logistics. Also, the Marches has the largest number of anaerobic digestors, demonstrating an emerging strength in environmental technology. Herefordshire has a growing cyber resilience and security sector based on traditional strengths in defence and security.
- **The business base is characterised by micro businesses and has a high survival rate and low death rate.** The proportion of micro businesses (0-10 employees) in the Marches is similar to that of the UK as a whole, but the Marches has the highest two-year business survival rate, and a low business death rate, indicating a supportive business environment.
- **Businesses in the LEP area have a strong trading relationship with the EU.** The Marches export the highest value of goods to Germany, followed by the Netherlands. The close connection between the LEP area and Germany reflect the fact that the majority of foreign-owned companies in Telford are German-owned.
- **However, the economy of the Marches area as a whole is less productive than the national average.** Despite a number of important and innovative businesses, the Marches has relatively low productivity, being 22% lower than the UK average. Like much of the rest of the country, the Marches has experienced slow productivity growth over the past decade.

- **Low productivity in part reflects the fact that the Marches has a relatively low proportion of residents with high-level skills.** Related to this is a lower than average proportion of high level occupations. Growing HE provision may help address this. The higher than average proportion of technical skills, mostly likely owing to the Marches strong FE offer, is a good proposition for businesses wishing to expand in manufacturing.
- **The Marches is an attractive place with a high quality of life.** The area is home to two UNESCO world heritage sites, and areas of outstanding natural beauty. The three main urban centres and market towns offer a good mix of heritage and modern leisure and lifestyle amenities. There is a strong education offer with a high proportion of our schools ranked 'Good' by Ofsted.
- **Because of the high quality of life, the Marches area attracts more residents than those who leave.** Shropshire has the highest levels of inward migration, which may be in part due to the relatively affordable housing in the north of the County. There are also higher than average levels of migration from Bulgaria and Romania, especially in Herefordshire, which may be impacted by Brexit.
- **The Marches has an ageing population, many of whom live in rural areas.** This presents a challenge for the future workforce and health and social care, but an opportunity for new healthcare and ageing related technologies. It is also important to note that, in parts of Telford and Wrekin there is a fast growing, younger population.
- **The Marches area's infrastructure is both a strength and a weakness.** The Marches has good connectivity to other major centres, particularly to the West Midlands conurbation, Manchester and Liverpool, and – to the south and west – Wales. This is reflected in the commuting statistics, with nearly 30% of the resident population commuting outside for work. At the same time, most of these links could be improved, either in capacity or reliability terms. Likewise, the Marches area has ultrafast broadband in urban areas that compares well to other similar parts of the country. Nonetheless, businesses and residents across the Marches, but particularly in rural areas, continue to experience slow broadband.

Introduction

This data pack presents a range of evidence related to the economy, businesses, people and place of The Marches LEP area. This evidence base provides a concise summary of the key trends affecting The Marches area, and complements other research that has recently been undertaken.

The analysis has focused on both the Marches as a whole but also spatial differences within the LEP area. Whenever possible, we have included a comparative analysis, assessing the performance of the Marches LEP area against the national average or other LEPs with similar characteristics.

This pack is organised into seven sections. The next section sets both the local and national context relative to 2014 when the last SEP was written.

Following this, key indicators of performance in the Marches economy are compared for 2016/17 relative to 2014 when the last SEP was written.

The analysis is split over five sections: economic growth, barriers to productivity, labour market and skills, sectors and businesses, and relationships with other places.

Additional maps and charts are provided in the Appendices.

Notes on methodology:

Sources:

All statistical data in this pack was retrieved from official sources. The sources of data used for each page of this pack are noted on the bottom right corner of the page. The main source of demographic and economic data is the Office for National Statistics (ONS).

Deflation of GVA time series:

All timeseries GVA figures are calculated using real prices to ensure inflation impacts are stripped out. In order to rebase GVA, official HMT deflators have been applied in order to rebase all of the figures to 2017.

Qualifications:

Qualifications are calculated at the small area level based on a combination of Census and Annual Population Survey data.

Progress since the 2014 SEP

The Marches LEP Strategic Economic Plan was written in 2014. The SEP has underpinned £104.9m of investment secured through three Growth Deals:

- In 2014, the Marches LEP succeeded in negotiating its first Growth Deal, a package of £75.3m for key transport and infrastructure projects.
- This was followed by a second Growth Deal in 2015 of £7.7m to roll out superfast broadband.
- In 2017, £21.9m of funding focusing on innovation and skills was channelled to the area through a third Growth Deal.

Key transport projects include:

- Telford Growth Point Package
- Hereford City Centre Transport Package
- Shrewsbury Integrated Transport Package
- Telford Eastern Gateway
- Oxon Link Road
- South Wye Transport Package
- Telford Bus Station

There are several broadband and skills projects such as broadband rollout, Skills Capital Support and Investing In Our Future Workforce. Projects relating to the third Growth Deal, which are yet to be delivered, include NMiTE, Shrewsbury Flaxmill, Hereford Cyber Security Centre at Skylon Park, and Newport Innovation and Enterprise Park.

Other LEP projects include European Structural and Investment Funds (ESIF) directed towards skills, business support, innovation and rural development, as well as the Marches Investment Fund and Telford Land Deal. In 2015, the Marches LEP launched the Marches Growth Hub to support new and existing SMEs.

Since the SEP was published there have been some important policy changes nationally. The result of the referendum on European Union membership has led to a period of economic and political uncertainty. Future trading relationships, regulations, workforce, and funding and investment environment are likely to change considerably. All of this has created important challenges and opportunities for businesses.

In November 2017, the UK Government published a national Industrial Strategy with the aim of raising productivity and wages. It is anticipated that places will need to produce local industrial strategies, which set out concise actions based on identified local strengths and opportunities. As part of this the Government has identified four 'Grand Challenges': AI and the data-driven economy, Clean Growth, the Future of Mobility, and the Ageing Society.

More broadly, there continue to be major technological advances in big data, artificial intelligence and automation, which are set to transform the economy.

This is therefore an important moment to take stock of recent investments, reflect on ongoing challenges and address them in a way which builds economic opportunity from the real assets that exist.

The Marches economy since 2014

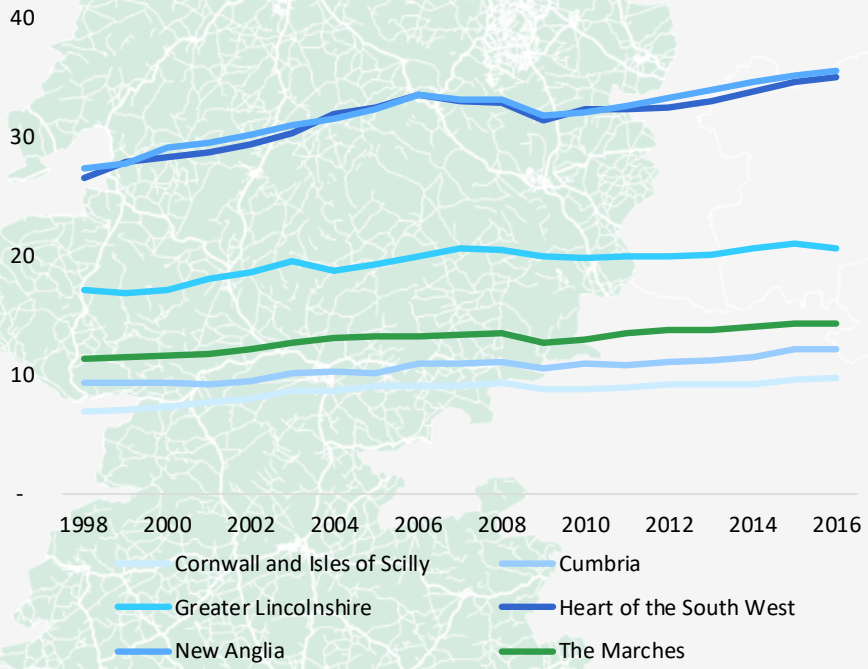
	2014	2016/17*	Marches change	UK change
Total GVA	£14.1bn	£14.3bn	0.9% per year	2.2% per year
GVA per hour worked	£28.88	£27.76	-1.9% per year	-0.6% per year
Population	668,300	684,300	+ 2.4%	+2.2%
Number of jobs	278,500	286,000	+ 2.7%	+4.6%
Number of businesses	28,325	30,775	+ 8.6%	+17.9%
% residents with NVQ Level 4+	31.4%	32.5%	+ 1.1% points	+ 2.6% points

** This data shows the latest figures available. GVA, GVA per hour worked and number of jobs are for 2016. GVA is deflated to give values in 2017 terms. Population, number of businesses and proportion of residents with NVQ Level 4 are for 2017.*

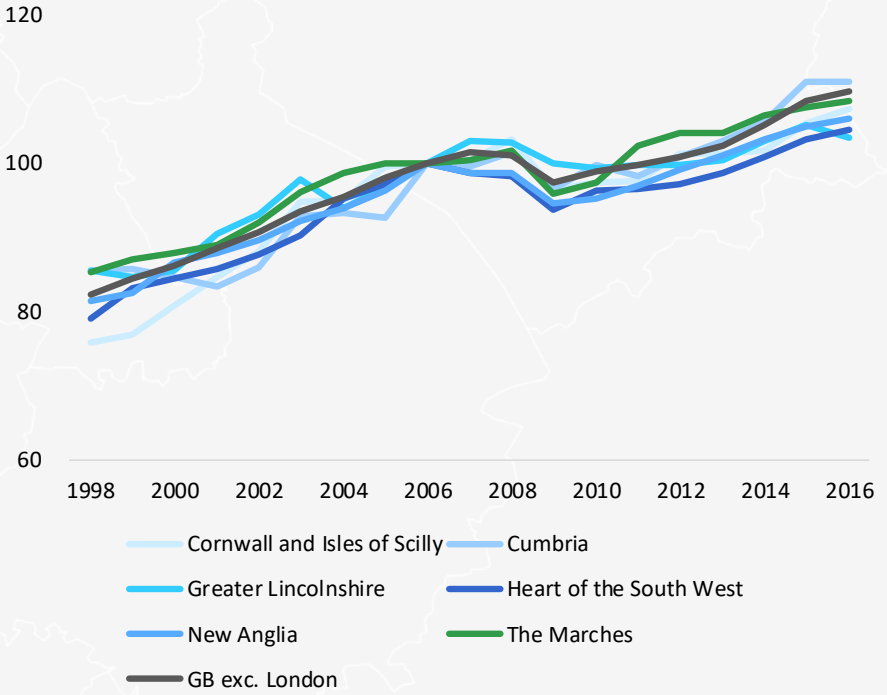
Economic growth

Higher growth in the past decade

GVA (£bn) for the Marches and comparator LEPs (1998-2016)



Indexed GVA (2006 = 100) for the Marches and comparator LEPs (1998-2016)



Gross Value Added (GVA) is the standard measure in the UK for the total size of local economies. Specifically it measures the increase in the value of the economy due to the production of goods and services in an area.

The chart on the left shows GVA growth for the Marches and comparator LEPs from 1998 to 2016. In the chart on the right hand side, GVA has been set to 100 in 2006 to emphasise change in the last 10 years, and facilitate comparison of growth rates across areas.

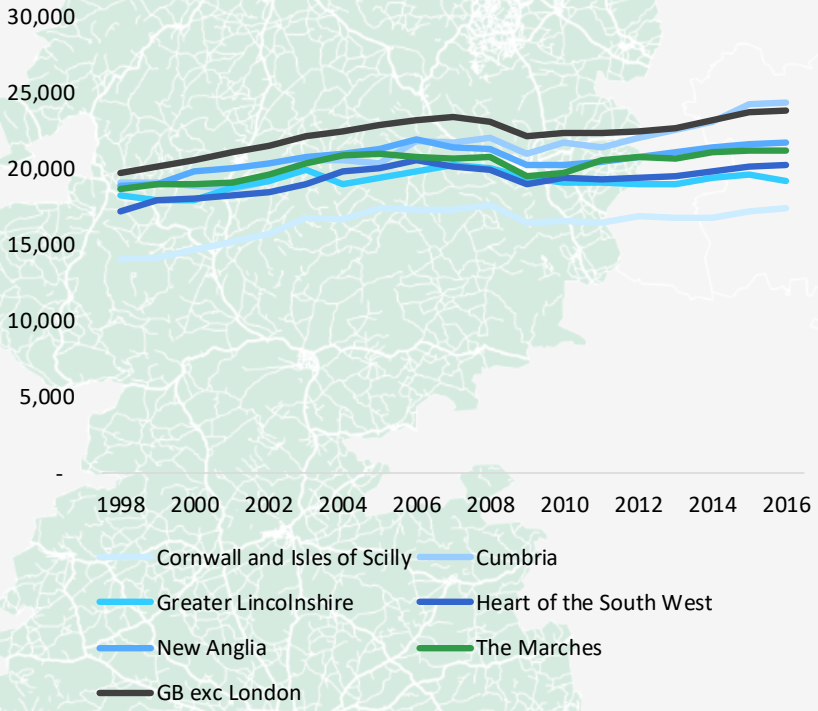
GVA has grown steadily in the Marches, with a dip during the financial crisis. The most recent data for GVA has the Marches standing at £14.3bn.

Between 1998 and 2006, the GVA of the Marches grew more slowly than comparators (compare position relative to 2006), but since 2006 its growth has been higher than all but Cumbria (though note, slightly falling behind the growth of the Great Britain economy (London excluded) as a whole).

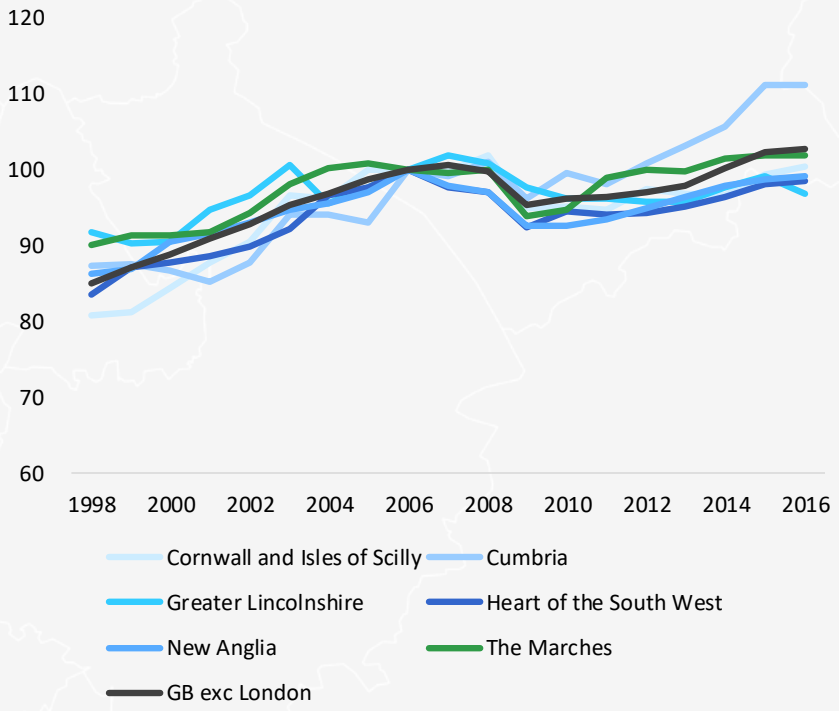
Source: ONS, Regional GVA (balanced approach), deflated to give values in 2017 terms

GVA per head is average relative to comparators

GVA per head (£) for the Marches and comparator LEPs



GVA per head (2006=100) for the Marches and comparator LEPs



GVA per head of population is a normalised measure of GVA used to compare regions of different sizes.

The chart on the left shows growth in GVA per head for the Marches and comparator LEPs from 1998 to 2016. In the chart on the right hand side, GVA is set equal to 100 in 2006 to emphasise change in the last 10 years, and facilitate comparison of growth rates across areas.

In 2016, the Marches produced £21,178 per head of population, which is lower than average GVA per head for GB (excluding London), as well as the comparators Cumbria and New Anglia.

The Marches was particularly negatively affected by the financial crisis, with a fall in GVA per head of 6.3% (compared to 4.3% for Great Britain excluding London).

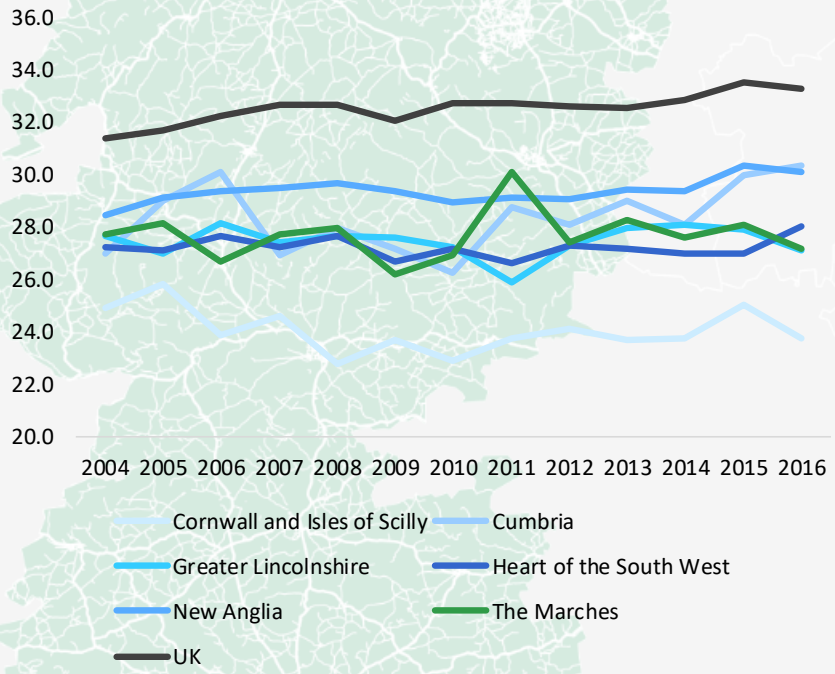
It has since recovered, and its overall growth since 2006 has been similar to GB (exc. London) rates. However, in absolute terms, it still lags behind.

Source: ONS, Regional GVA (balanced approach), deflated to give values in 2017 terms

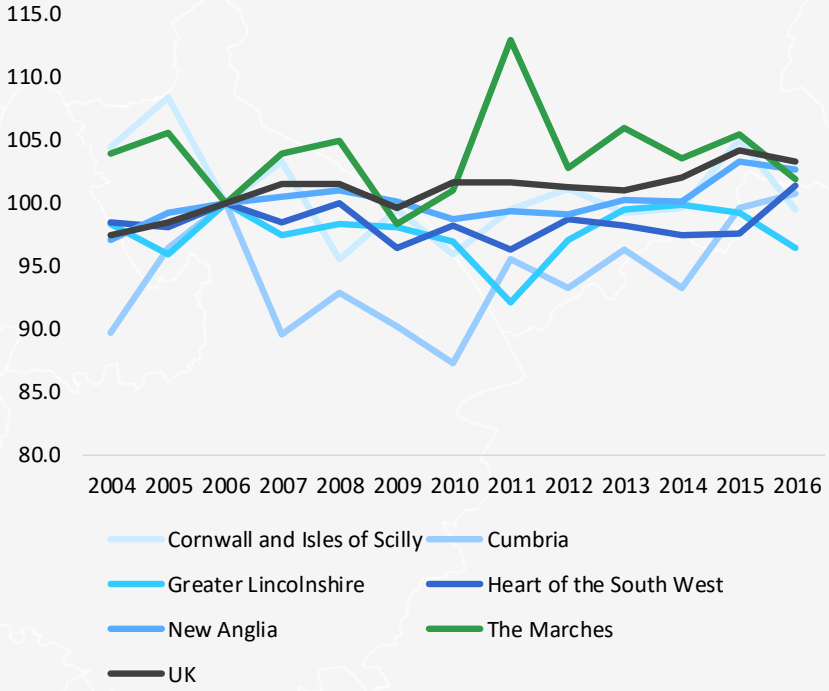
Productivity

Productivity, like the rest of UK, fairly static over time

GVA per hour worked (£) for the Marches and comparator LEPs



GVA per hour worked (2006=100) for the Marches and comparator LEPs



The charts above show productivity growth, measured by GVA per hour worked. The chart on the left illustrates productivity in the Marches and comparator LEPs.

In the chart on the right hand side, the 2006 value is set to 100 to emphasise change facilitate comparison of growth rates across areas.

GVA per hour worked is low in the Marches relative to other similar LEPs, at £27.76 (the UK figure is 22.4% higher, at £33.99). This figure peaked at £30.11 in 2011, due to a drop in the number of hours worked by 563,121. There was also a fall in the number of jobs by 2,000 between 2010 and 2011. The number of jobs then increased by 5,500 from 2011 to 2012.

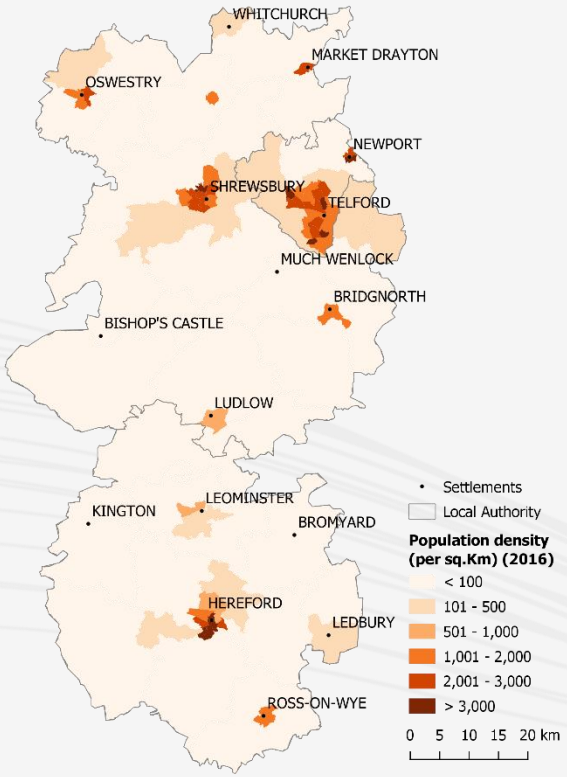
Productivity has been static since then. This suggests the Marches, like many other places, has a 'productivity problem'.

Nonetheless, the overall growth since 2006 has been about average for the comparator LEPs, mainly attributable to a large increase between 2010 and 2011.

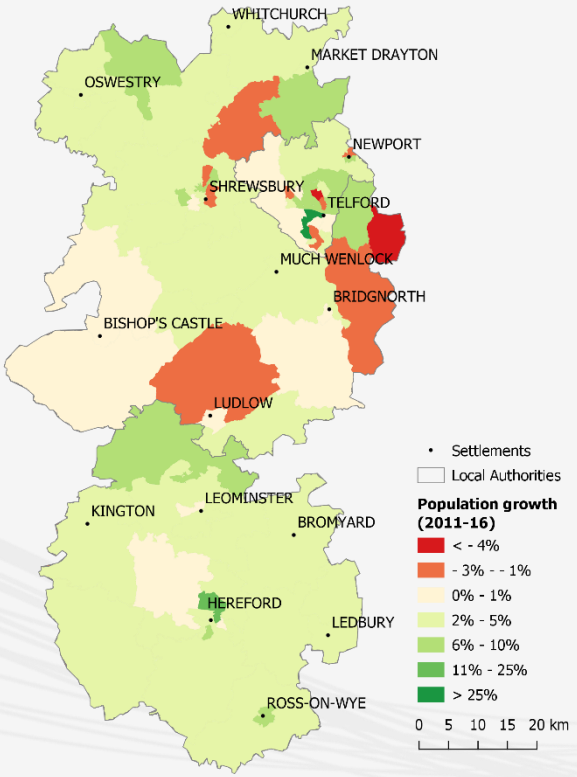
Source: ONS, Regional GVA (balanced approach), deflated to give values in 2017 terms

Low population density and growth

*Population density (2016)**



*Population growth (2011-16)**



	Population (2017)	Population growth (2012-17)	Population density (per sq. km)
Herefordshire	191,000	3.1%	88
Shropshire	317,500	3.0%	99
Telford & Wrekin	175,800	4.8%	606
The Marches	684,300	3.5%	121
UK	66,040,200	3.7%	271

The Marches LEP area has a relatively dispersed population with pockets of high density in urban areas. Compared to the average population density in the UK of 271 people per square kilometre, the Marches LEP area has a population density of 121 people. In Herefordshire, this is as low as 88 people per square kilometre. This offers the area the opportunity to pioneer new healthcare approaches in a dispersed population. Telford and Wrekin is contrary to this trend with 606 people per square kilometre.

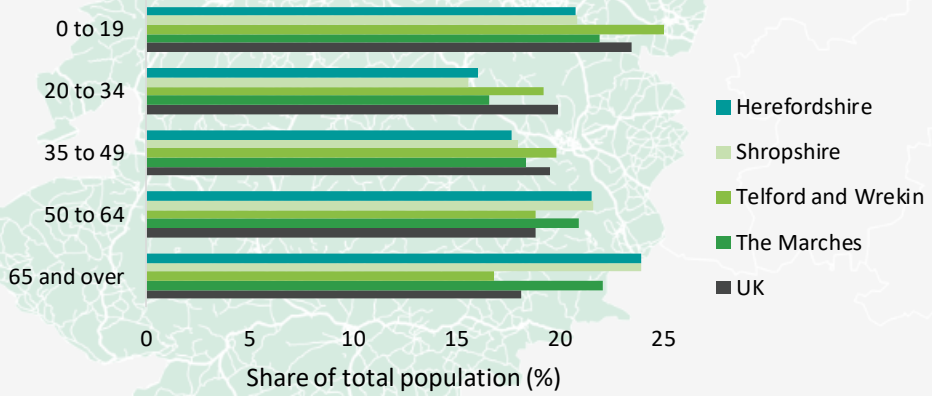
Population growth in the Marches was 3.5% between 2012 and 2017. This is similar to average population growth in the UK of 3.7%. Shropshire (3.0%) and Herefordshire (3.1%) are growing more slowly than the national average. Between 2011 and 2016, there were some areas of decline in Shropshire*. In contrast, Telford and Wrekin is growing faster than the UK average at 4.8%.

** Population estimates at small area level only available for 2016*

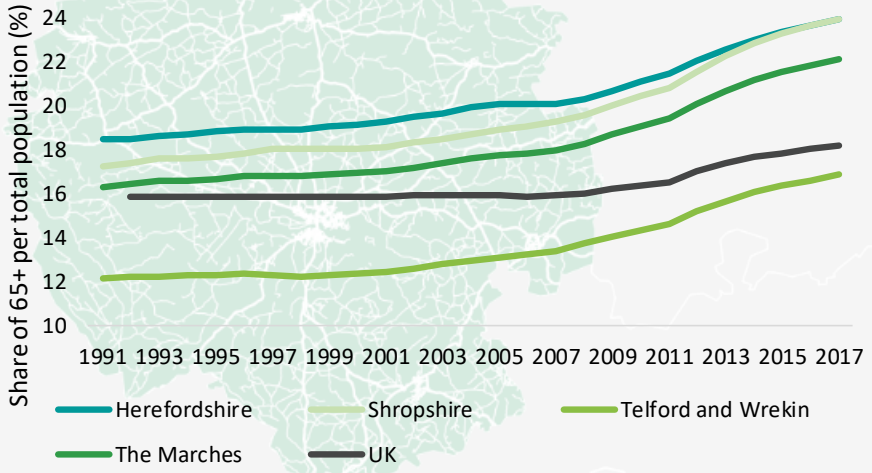
Source: ONS MSOA Mid-Year Population Estimates (2016), ONS Population Estimates – local authority (2012 and 2017)

An ageing population

Age profile (2017)



Share of residents aged 65 and over per total population (1991-2017)



Generally, the age profile of the LEP area is older than the UK average. The Marches has a higher proportion of residents aged over 50 years, particularly for the age bracket 65 and over, compared to the UK average. This is due to the high proportion of older residents in Herefordshire and Shropshire.

This is coupled with a lower proportion of residents aged between 0 and 49 years in the LEP area, and individually in Herefordshire and Shropshire. In particular, there are lower than average proportions of young professionals (residents aged 20 to 34 years).

The bottom graph illustrates the ageing population, as there is an upward trend in the share of residents aged 65 and over in the Marches, especially Herefordshire and Shropshire. The gap between the UK and Marches has grown since the early 2000s.

An ageing workforce is a major issue for employers in the Marches and puts pressure on the economy, as the health and social care need accelerate. There is an imperative to encourage healthy ageing and productive work for older people. It will also be important for the Marches to retain graduates and young people, as well as to attract young people to the area. On the other hand, an ageing population offers the LEP area the opportunity to become a test bed for healthy ageing and new assisted living technologies linked to the Industrial Strategy Grand Challenge of Ageing Society.

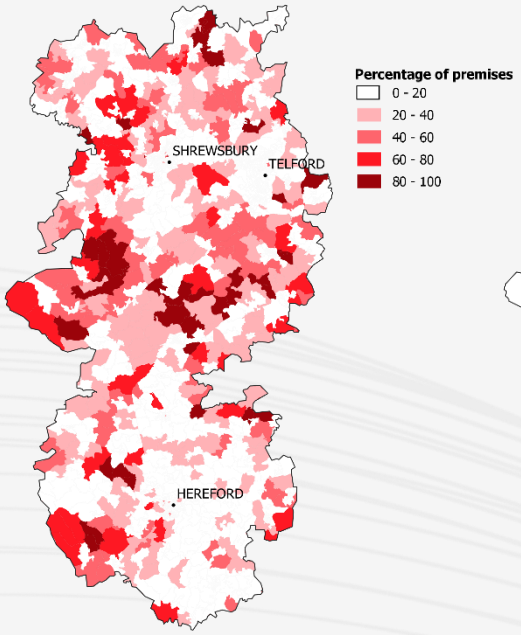
In contrast to Herefordshire, Shropshire and the LEP area generally, Telford has a young population relative to the UK. It has a higher proportion of 0 to 19 year old residents compared to the UK average, and only a slightly lower proportion of residents aged 20 to 34. It also has a lower proportion of residents aged 65 and over compared to the national average. However, there are some areas of Telford and Wrekin where there is a relatively high older population (26-30%), such as south Newport (see a map of the proportion of residents aged 65 and over in the Appendices) .

It will be important to ensure that as many young people as possible are achieving the skills needed to participate in the local labour market in order to make a contribution to and to benefit from the local economy.

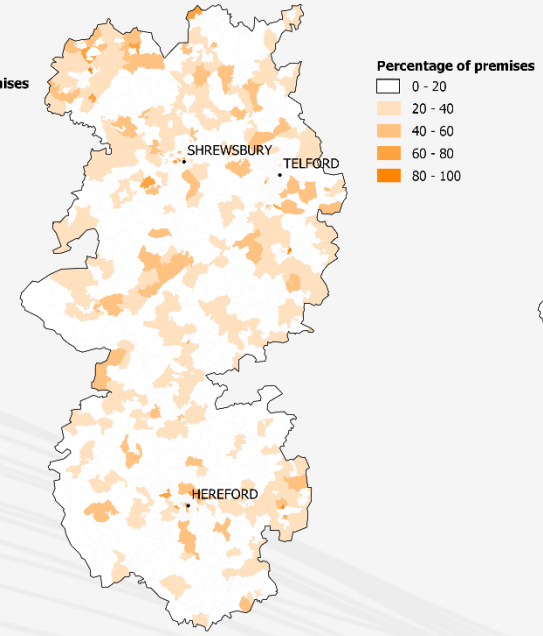
Source: ONS Population Estimates – local authority (1991-2017)

Ultrafast broadband in urban areas and the south

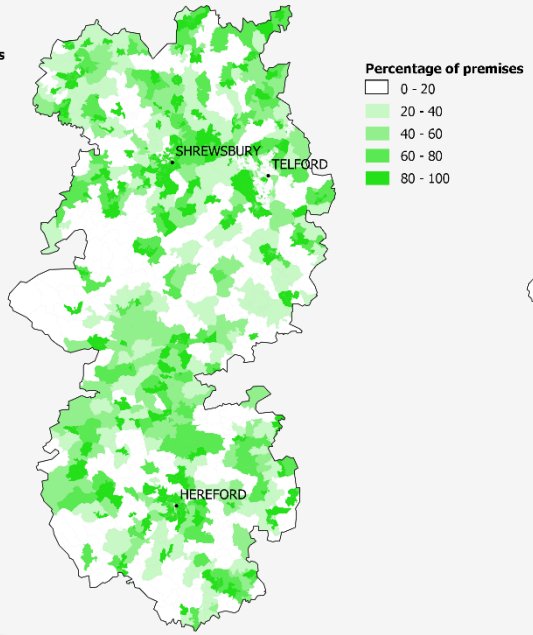
Slow (0-10 Mbit/s)



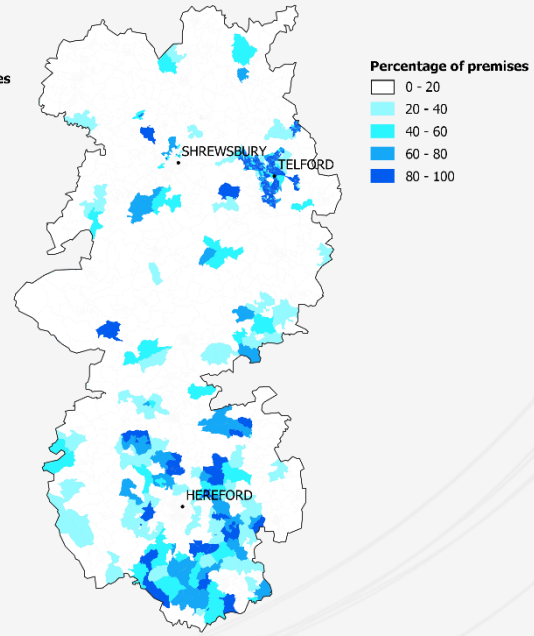
Medium (10-30 Mbit/s)



Superfast (30-300Mbit/s)



Ultrafast (300Mbit/s+)



These maps show, for every output area, the proportion of premises with slow broadband access (access to services at 0-10 Mbit/s), medium access (access to services at 10-30 Mbit/s), Superfast access (access to services at 30-300MBit/s), and Ultrafast access (access to services at speeds of greater than 300Mbit/s). There are large areas of the Marches where slow broadband is prevalent, particularly across the 'middle band' area, between Ludlow, Bishop's Castle, and Bridgnorth. Positively, many areas have superfast broadband, particularly Shrewsbury and Telford. Ultrafast (which includes 'Full Fibre') is still absent from large areas, but has significant penetration in Telford, Newport, and toward the south of the area.

Source: Ofcom Connected Nations Update (2018)

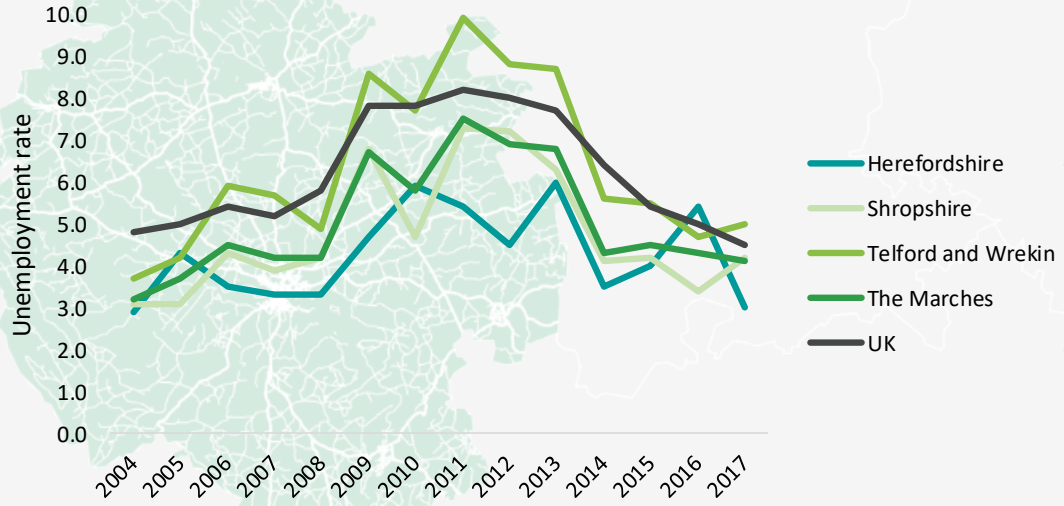
Labour market and skills

Employment and economic activity levels are high

Employment levels (2017)

	Economic activity rate (2017)	Employment rate (2017)	Unemployment rate (2017)
Herefordshire	81.1%	78.7%	3.0%
Shropshire	81.2%	77.8%	4.2%
Telford & Wrekin	76.6%	72.8%	5.0%
The Marches	80.0%	76.7%	4.1%
UK	78.2%	74.7%	4.5%

Unemployment rate (2004-2017)



Levels of economic activity and inactivity indicate the size of the labour market in an economy. Economic inactivity refers to people who are outside of the labour market, as they are neither in employment or are unemployed. This includes students, the long-term sick or carers.

The Marches, Herefordshire and Shropshire have higher economic activity rates and lower economic inactivity rates than the UK average, showing that there is a relatively large labour force. In contrast, Telford and Wrekin has lower levels of economic activity and higher economic inactivity than both the Marches and UK average.

Unemployment rate illustrates the health of an economy, as it responds to recession and growth. Unemployed people are those without a job who have been actively seeking work in the past four weeks and those who have found a job and are waiting to start.

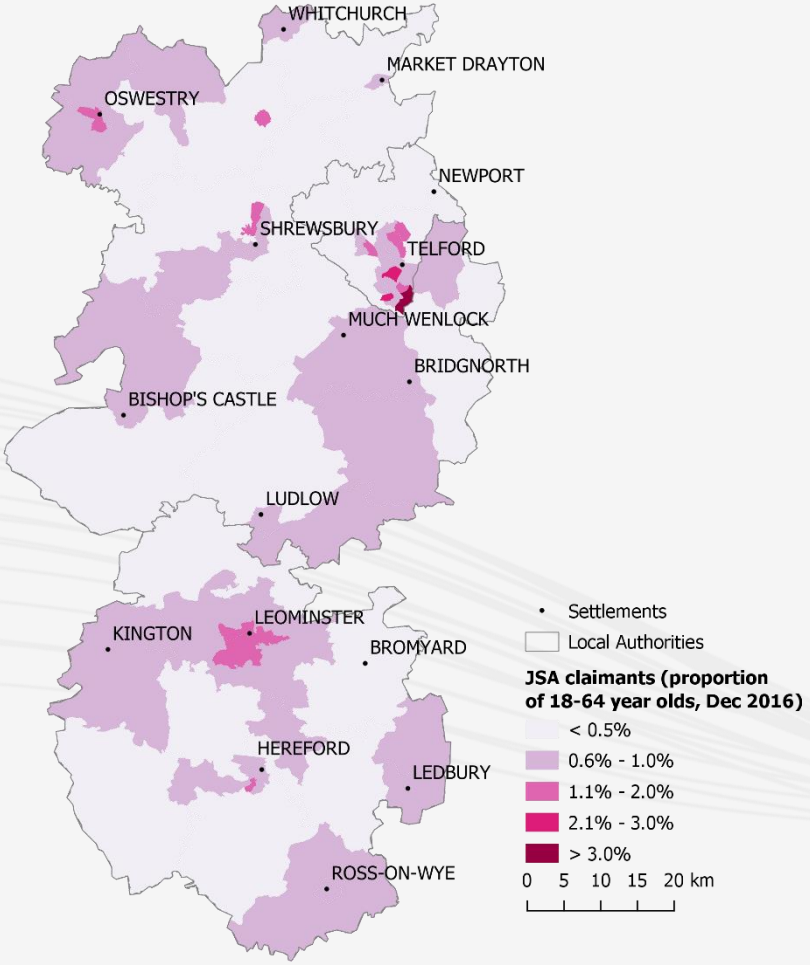
The unemployment rate in Herefordshire, Shropshire and the Marches is lower than the UK average, especially in Herefordshire. Equally, the employment rate is higher than for the UK. Telford and Wrekin however have a higher unemployment rate than the Marches and UK.

The unemployment rate in the LEP and three local authorities has fluctuated much more than the UK average. All experienced an increase post-2008 with the unemployment rate peaking in Telford and Wrekin at 9.9%.

Source: ONS Annual Population Survey (2017)

Generally low proportion of benefit claimants

JSA claimants as a proportion of 18-64 year old residents (Dec 2016)



Proportion of JSA and ESA claimants (Nov 2016)

	JSA claimants (per 18-64 year olds)	ESA claimants (per 16-64 year olds)
Herefordshire	0.7%	4.8%
Shropshire	0.6%	4.5%
Telford & Wrekin	1.0%	7.1%
The Marches	0.7%	5.3%
UK	1.2%	5.9%

Analysing Job Seekers Allowance (JSA) and Employment and Support Allowance (ESA) enriches the understanding of the labour market.

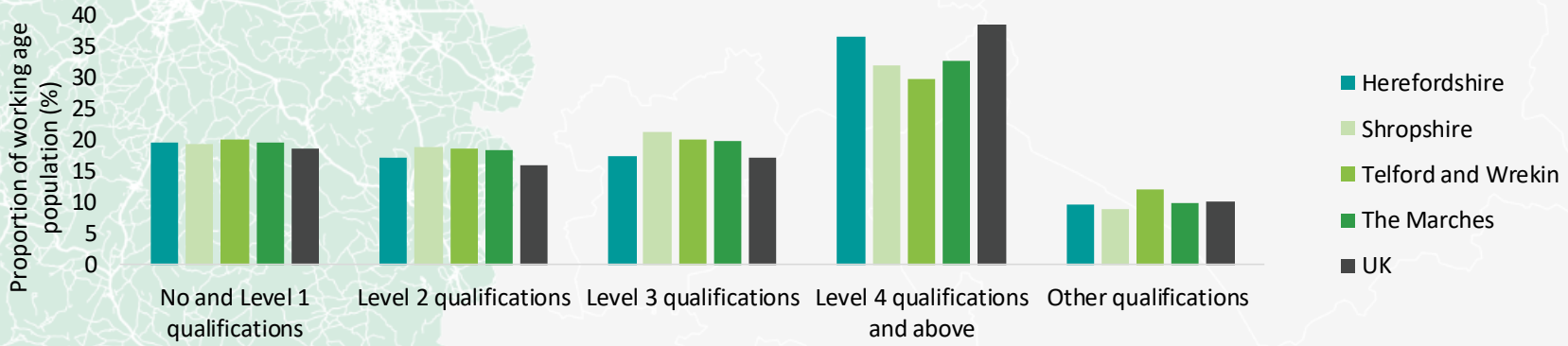
JSA claimants are those actively looking for work. The map on the left shows the spatial distribution of JSA claimants as a proportion of 18-64 year olds. The Marches as a whole has relatively low levels of claimants with many areas of Herefordshire and Shropshire with less than 0.5% of residents claiming JSA. Some of the larger towns - including Oswestry, Shrewsbury, Leominster and Hereford – are experiencing higher claimant rates of between 1% and 2%. Telford has the highest proportion of claimants with some parts of the town with a proportion of over 3%.

Residents are eligible for ESA if they are unable to work due to illness and/or disability, or to support them with working if their condition allows them to do so. Claimant counts for ESA are not available at a level lower than local authority. ESA claimants as a proportion of working age population is lower in Herefordshire, Shropshire and the Marches than the UK average. Telford and Wrekin have a higher proportion of ESA claimants, reflecting higher economic inactivity and unemployment levels.

Source: ONS Jobseekers Allowance Monthly Claimant Count (December 2016), Work and Pensions Longitudinal Survey (November 2016), ONS Population Estimates (2016)

A shortage of high-level skills

Qualifications profile (2017)



An analysis of qualifications within the LEP area as shown in the graph provides insight into the level of skills available in the employment base.

Compared to the UK average, there is a shortage of high-level skills indicated by the lower proportion of residents with NVQ Level 4 qualifications and above across the LEP area. Telford and Wrekin has a lower proportion relative to other local authorities in the LEP.

Recent investment in HE provision in the Marches provided by Harper Adams, University Centre Shrewsbury (including the Centre for Research into Environmental Science and Technology) and NMiTE

In turn, there is a slightly higher proportion of residents with no and Level 1 qualifications than the UK average.

The UK Commission for Employment and Skills (2015) showed that 13% of employers surveyed had skills gaps, defined as a problem with skills inside their business, compared to the LEP average of 12%.

The LEP and local authorities have a slightly higher proportion of medium skills (NVQ Level 2 and 3), encompassing technical and administrative skills, relative to the UK. This is particularly the case in Shropshire and Telford and Wrekin.

Technical skills are further evident in the higher proportion of residents with other qualifications, which include residents with trade apprenticeships, especially in Telford and Wrekin. MCMT, HGTA and the three FE colleges offer mid and technical skills provision.

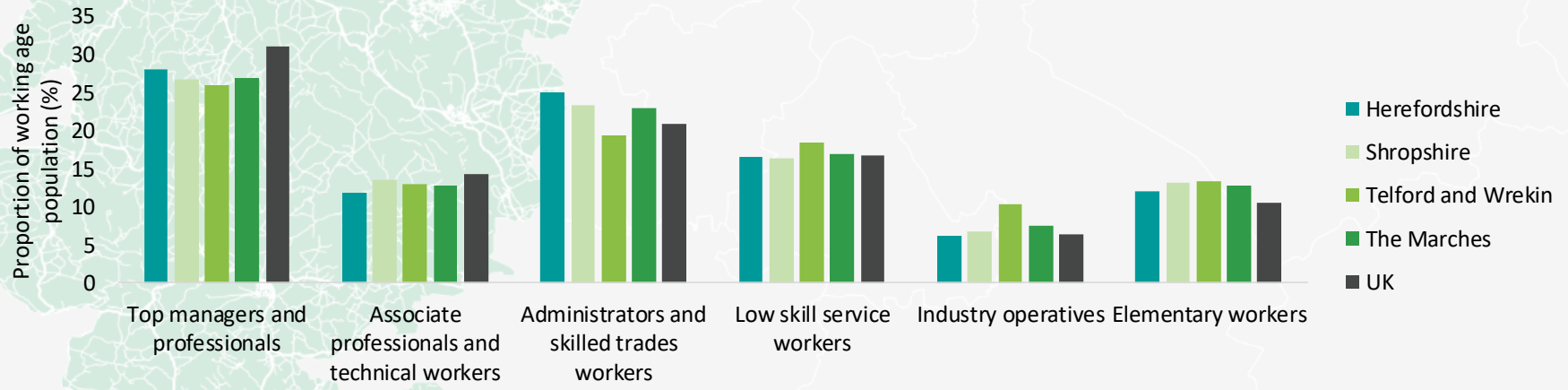
As shown in the Appendices, older residents typically have slightly lower skills levels than younger residents. Residents aged 50 to 64 have the highest proportion of no or low qualifications, whilst 30 to 39 year olds have the lowest proportion. This reinforces the importance of attracting younger people to live and work in the Marches.

The high proportion of 40 to 49 year olds with NVQ Level 4 and above probably reflects the trend of experienced professionals locating to the Marches.

Source: ONS Annual Population Survey (2017)

A higher proportion of mid-level occupations

Occupations profile (2017)



The chart above draws the occupational profile of current residents in the LEP area.

The pattern of local occupations mirrors the skills profile of the area. There are a lower proportion of residents in high-level occupations, such as those employed as top managers and professionals, in the Marches compared to the national average.

For employers in the Marches surveyed by the UK Commission for Employment and Skills (UKCES) in 2015, 9% had skills shortage vacancies for managers, compared to the 4% average for all LEPs.

Higher level occupations are often higher value jobs, which are more beneficial to the local economy.

Reflecting the higher proportion of residents in the LEP area with no or low skills, there are a higher proportion of residents employed in elementary occupations compared to the UK average.

There are higher proportions of medium level occupations (administrators and skilled trades workers) in the Marches than the UK average (with the exception of Telford and Wrekin). In Shropshire and Herefordshire, this is particularly the case.

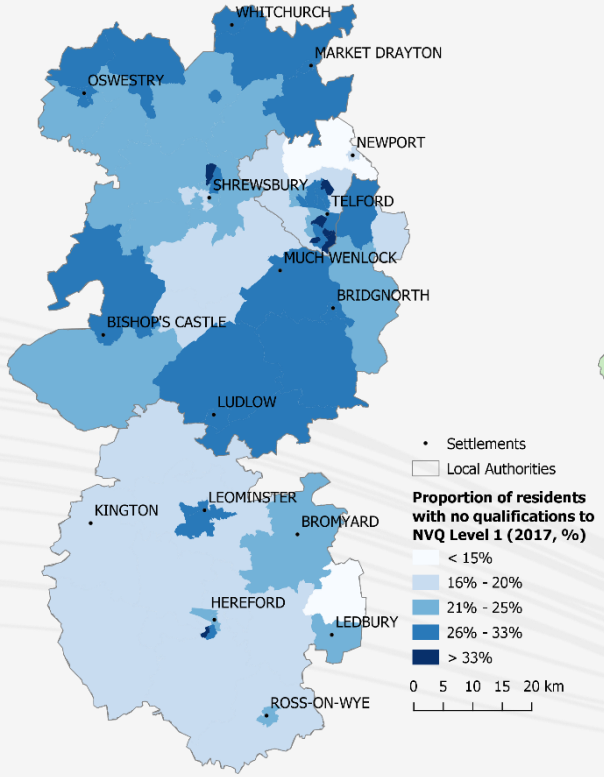
Also related to the high proportion of mid level skills in the area, particularly in Telford and Wrekin, is the higher than average proportion of industry operatives. This is also indicative of Telford's manufacturing strengths.

A strong base in technical skills offers an attractive proposition for the Marches to continue to develop its strengths in manufacturing by attracting new businesses.

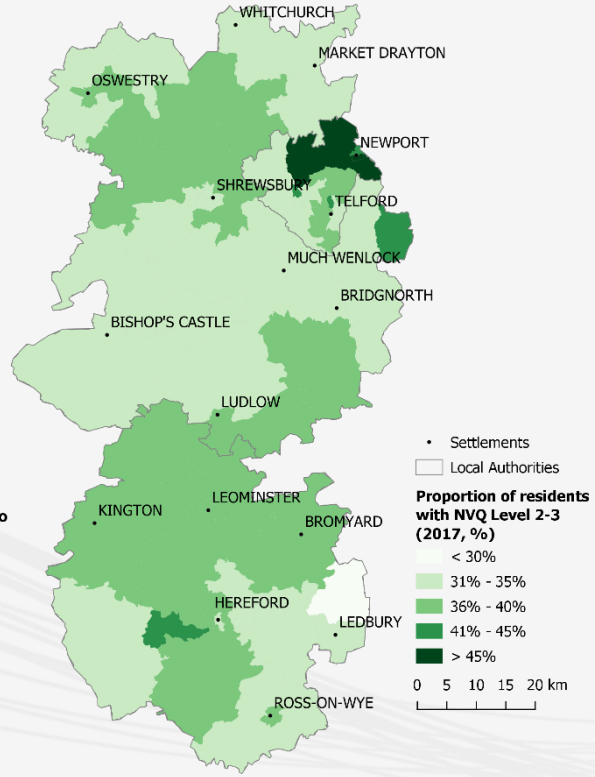
Source: ONS Annual Population Survey (2017), UK Commission for Employment and Skills (2014)

Pockets of low skills in urban areas and mid-level skills in Telford

Residents with no or low qualifications (2017)



Residents with mid-level qualifications (2017)



Mapping qualification levels provides an understanding of the spatial distribution of skills across the LEP area. The map on the left shows the proportion of residents with no or low qualifications, whilst the map on the right shows the proportion of residents with mid-level qualifications (NVQ Level 2-3).

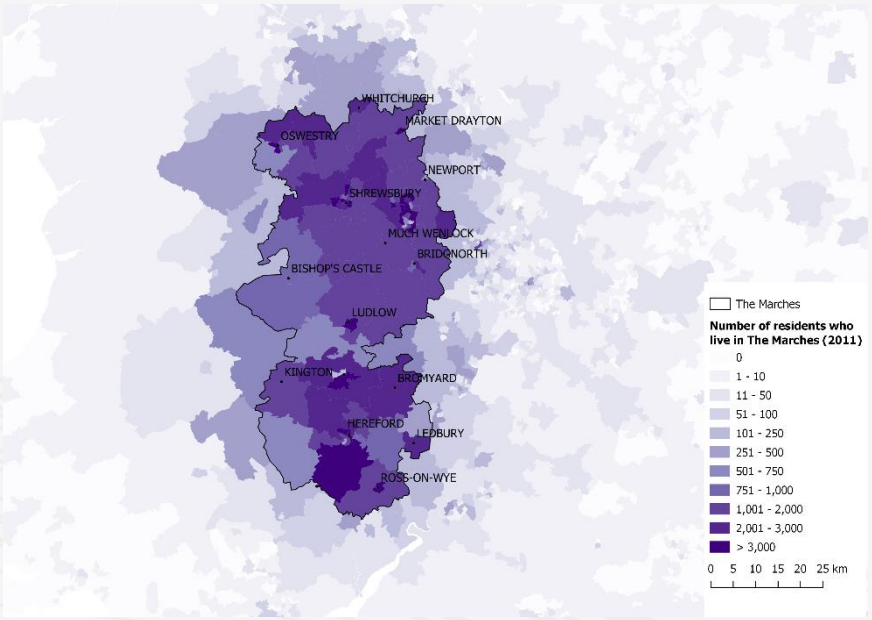
There are areas with a relatively high proportion of residents with no or low qualifications (over 33%) in south Hereford, north Shrewsbury and parts of Telford. Mapping NVQ Level 4 and above produces the inverse of this image.

There is a high concentration of residents with mid-level qualifications (over 45%) north of Telford towards Newport. There is a slightly lower concentration (41-45%) in Newport, east of Telford and west of Hereford.

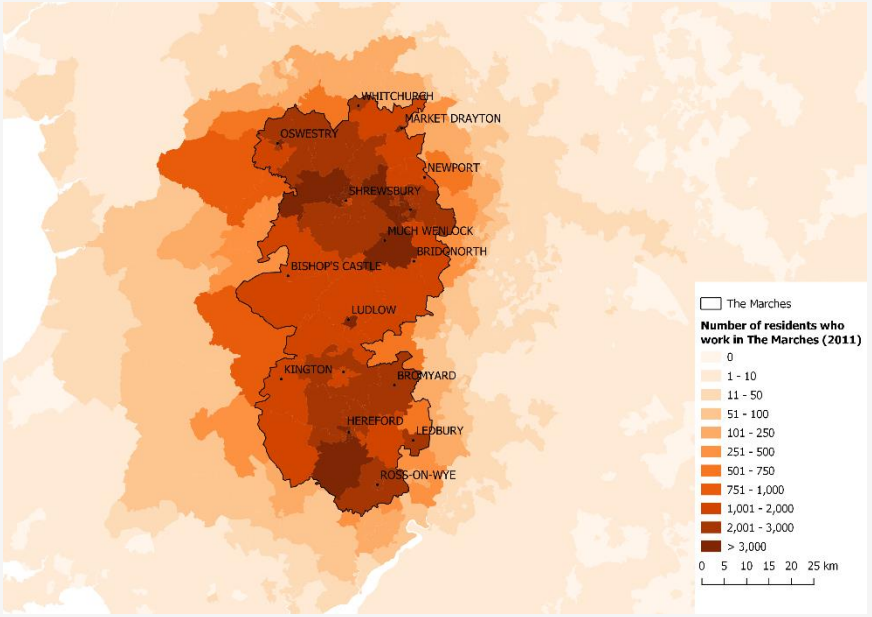
Source: Metro Dynamics estimates based on ONS Annual Population Survey (2017) and Census (2011) data

Commuting shows strong links with other major centres

Where Marches residents work (2011)



Who works in the Marches (2011)



The maps above show Marches commuting patterns at a granular level (MSOA). The map on the left (purple) shows the work locations of Marches residents, whilst the map on the right (orange) shows the places of residence of those who work in the Marches.

In the Marches, almost 18% of the resident population commute outside of the Marches for work. There is an outflow of 44,060 people and an inflow 41,060 people, giving a net outflow of 3,000 people leaving the Marches for work everyday.

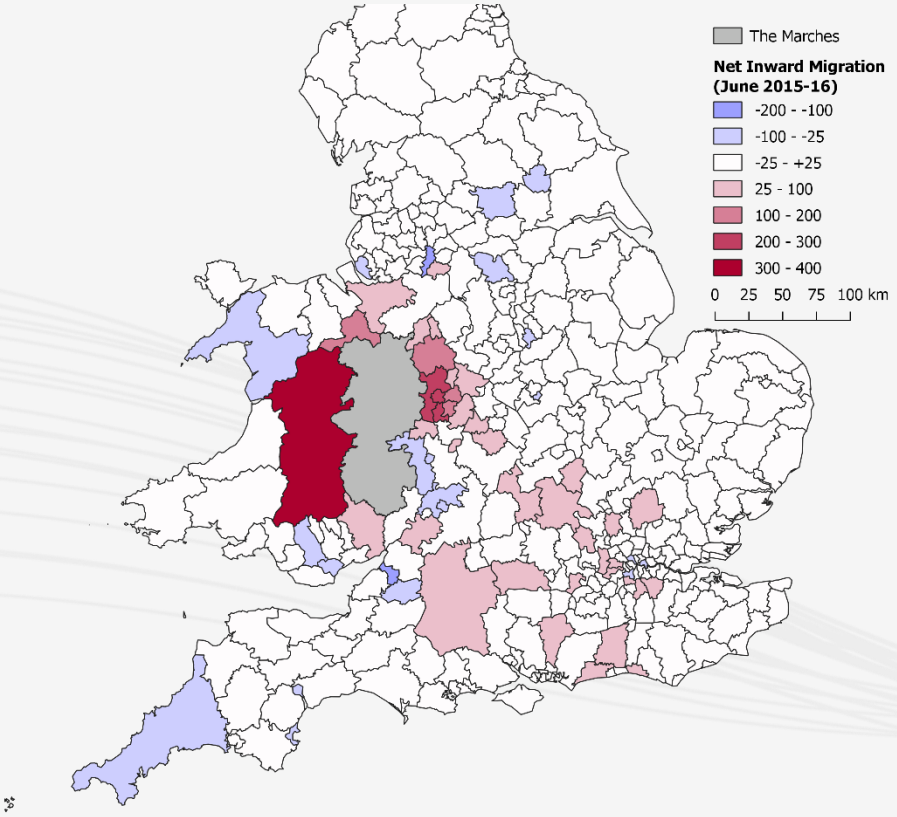
The above maps emphasise the strong links between the Marches economy and the Midlands and Wales. The Marches attracts residents from the areas which it borders including Mid Wales, Wolverhampton, Worcestershire and Staffordshire. There is a high net inflow of residents from Powys (1,727 people) and South Staffordshire (1,196 people). Birmingham is the destination with the largest net outflow of residents from the LEP area (1,280 people).

Further detail on the commuting flows of residents by local authority can be found in the Appendices.

Source: Census (2011)

The Marches is a net attractor of people

Net migration numbers into the Marches from local authorities across the UK (year ending June 2016)



The map to the left shows net migration numbers into the Marches from local authorities across the UK in the year ending June 2016. Purples indicate movements out of the LEP, whilst red denotes movements into the LEP. It should be noted that for more populated local authorities, such as Birmingham, moves constitute a smaller proportion of the local authority population itself.

Total net migration to the area was estimated at 2,980 for the year ending June 2016. This comes from around 25,000 movements in, and 22,000 movements out. The bulk of this net migration (67%) is to Shropshire. Even when it is considered that Shropshire has the largest population of the three local authorities (roughly 47%), this is still remarkable.

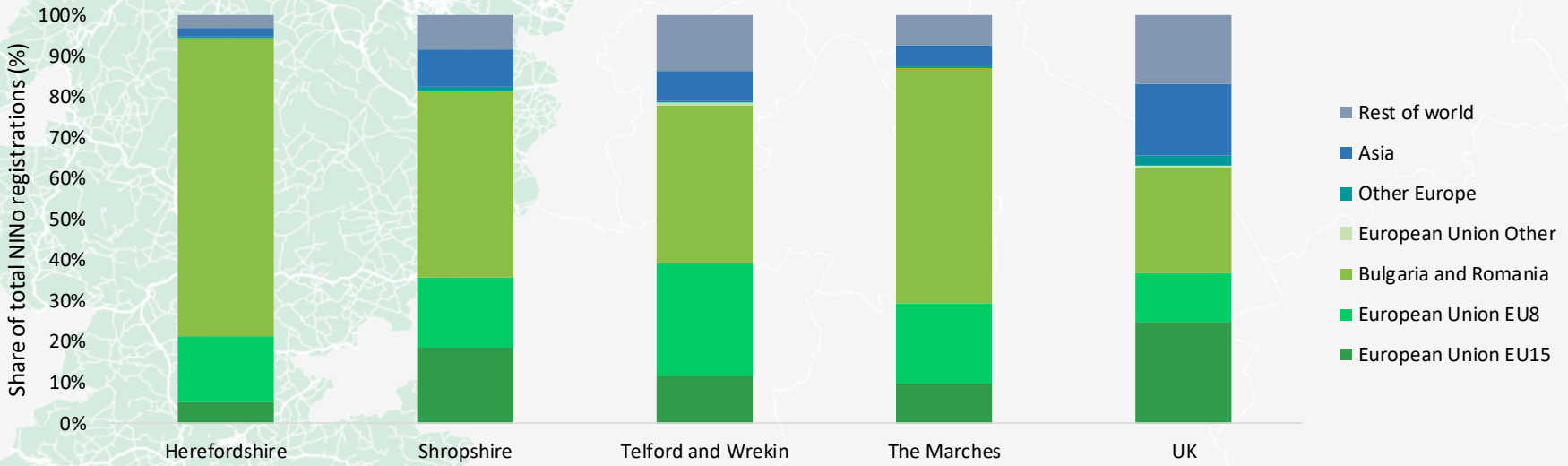
People are moving into the Marches LEP from all sides, but most notably Powys to the west (estimated 362 net moves in) and South Staffordshire, Wolverhampton and Dudley to the East (net migration numbers between 200 and 300 each). Net migration out of MLEP is most notably to Bristol and Manchester, as well as the area around Cheltenham and Tewkesbury. When only the 26 to 34 age group is considered (see map in Appendices) the Manchester effect disappears, although the Bristol effect remains. There is also evidence that small numbers of 26 to 34 year olds are moving from Birmingham to the Marches LEP – a net figure of around 30, which is largely driven by Herefordshire.

There are maps of moves in and out for all local authorities in the Appendices.

Source: Metro Dynamics analysis of ONS Internal Migration Estimates (2016)

High levels of migration from Bulgaria and Romania

NINo Registrations to Overseas Nationals Entering the UK (March 2017-18)



The chart above shows the area of the world that adult overseas nationals entering the UK who have been allocated National Insurance numbers (NINo) are from for Herefordshire, Shropshire, Telford and Wrekin, The Marches and the UK. This can be used as a proxy for migration to the LEP area from outside of the UK.

In the time period of March 2017 to March 2018, 5,211 adult overseas nationals were allocated National Insurance numbers in the Marches. Approximately 50% of these allocations were for residents in Herefordshire.

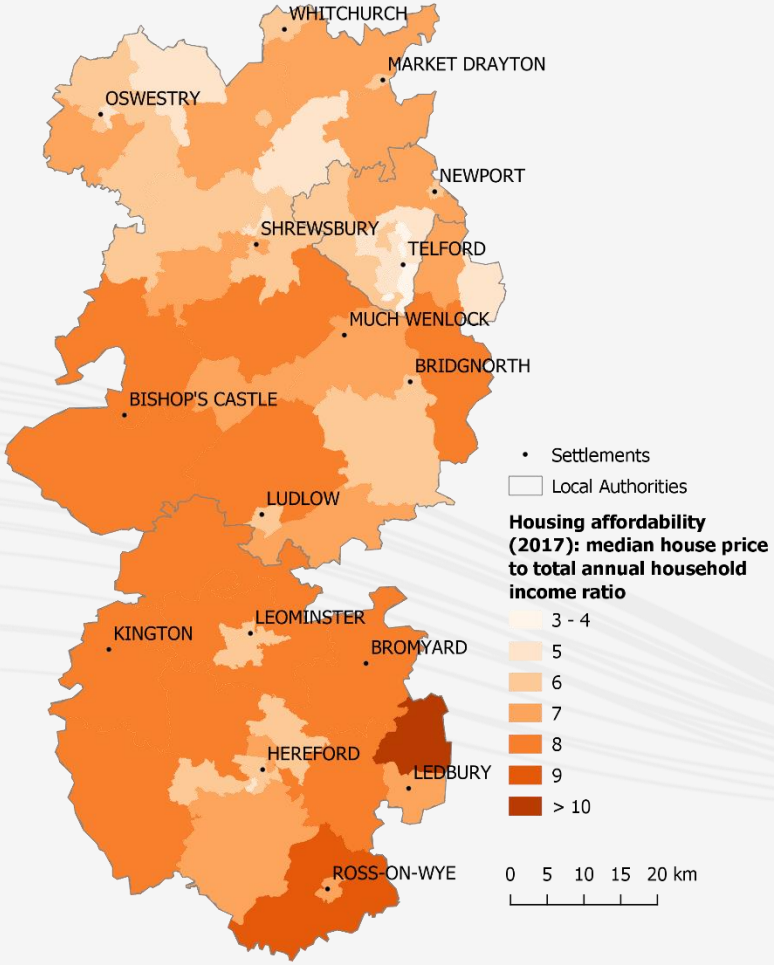
As would be expected, the majority of allocations are made to overseas nationals from the EU. In the Marches, this is 87.0%, though it is as high as 94.3% in Herefordshire. In Telford and Wrekin, the share of EU migrants allocated NINo is lower at 78.5%, due to the higher proportion of migrants from the 'rest of the world' (Africa, North, Central and South America, and Oceania).

Disaggregating the high proportion of NINo allocations from the EU for the Marches shows that the majority of EU migrants are from Bulgaria and Romania (EU2 countries). Specifically, 53.7% of migrants in the Marches are from these countries compared to 26.0% nationally. In Herefordshire, this rises to 72.9%.

Source: DWP (2018)

A mixed picture of housing affordability

Housing affordability: median house price to total annual household income ratio (2017)



Housing affordability is derived by calculating the ratio between median house prices and total annual household incomes.

The overall ratio of median house prices to median gross annual salary in the Marches is 8, which is in line with the ratio in England. Within the Marches, housing affordability is diverse with areas below and above this level.

Telford is the most affordable with house prices between 3 and 4 times higher than annual household income. Northern parts of Shropshire around Shrewsbury and Oswestry, the area south of Bridgnorth, Ludlow, Leominster and Hereford have a ratio of 5 to 6 times annual household income.

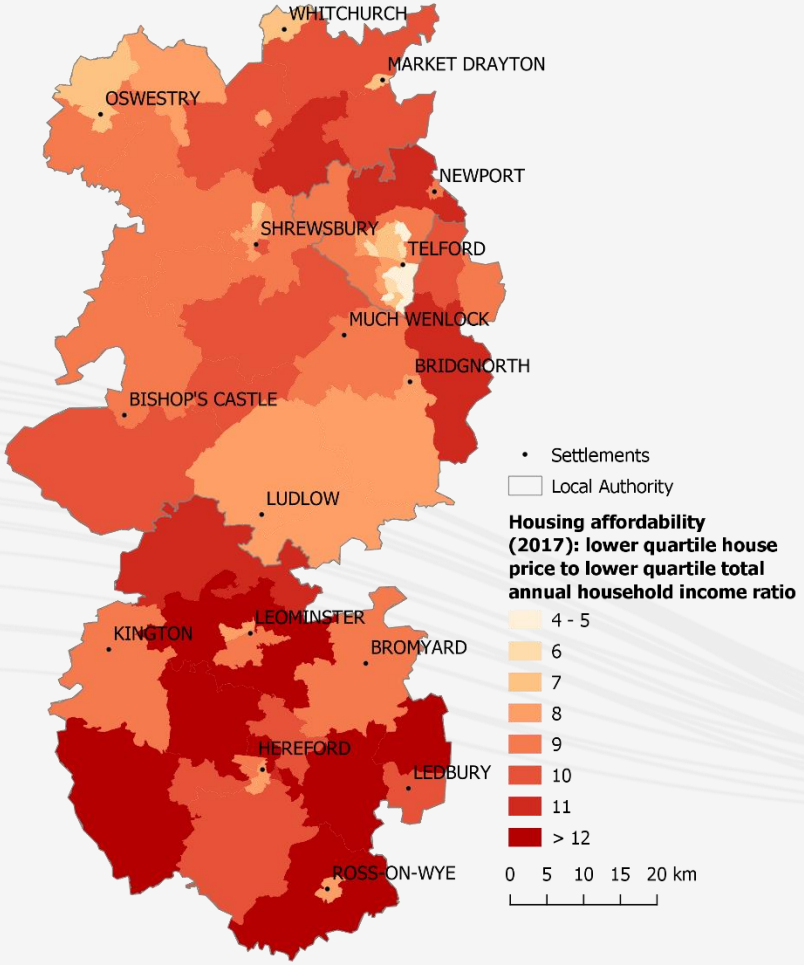
Much of south Shropshire and rural areas of Herefordshire are close to the national level with a ratio of 8. The lowest levels of affordability are found in the southern tip of Herefordshire, where house prices are 9 times higher than annual household income, and north of Ledbury around Malvern Hills, where the ratio is higher than 10.

Median gross weekly and annual pay is lower in the Marches than the national average, with the lowest wages in Herefordshire and highest wages in Telford and Wrekin. This in part explains the difference in housing affordability between the two local authorities. A table and charts for median gross weekly and annual pay can be found in the Appendices.

Metro Dynamics analysis of HM Land Registry and Annual Survey of Hours and Earnings data (2017)

Low affordability for low income residents in Herefordshire

Housing affordability: lower quartile house price to total annual household income ratio (2017)



To analyse how housing affordability impacts low income residents, lower quartile house prices can be compared to to lower quartile household income. It is important to note that lower quartile household income is only available at the local authority level, so the same value has been used for all MSOAs.

The ratio of lower quartile house prices to lower quartile gross annual salary in England is 7. It is slightly higher in the Marches at 8. Some parts of the Marches have much higher ratios than this level, which are also higher than the median house price and income ratios.

Similarly to looking at median house prices, Telford is the most affordable area with parts of the town with lower quartile prices between 4 and 5 times higher than annual household income. The north of the Telford and Wrekin local authority is very unaffordable with a ratio of 11. This is much higher than the national level.

Most of Shropshire has a ratio of 8 to 10. There are pockets in Shrewsbury, Oswestry, Whitchurch and Market Drayton, which are closer to the national level with a slightly lower ratio of 7.

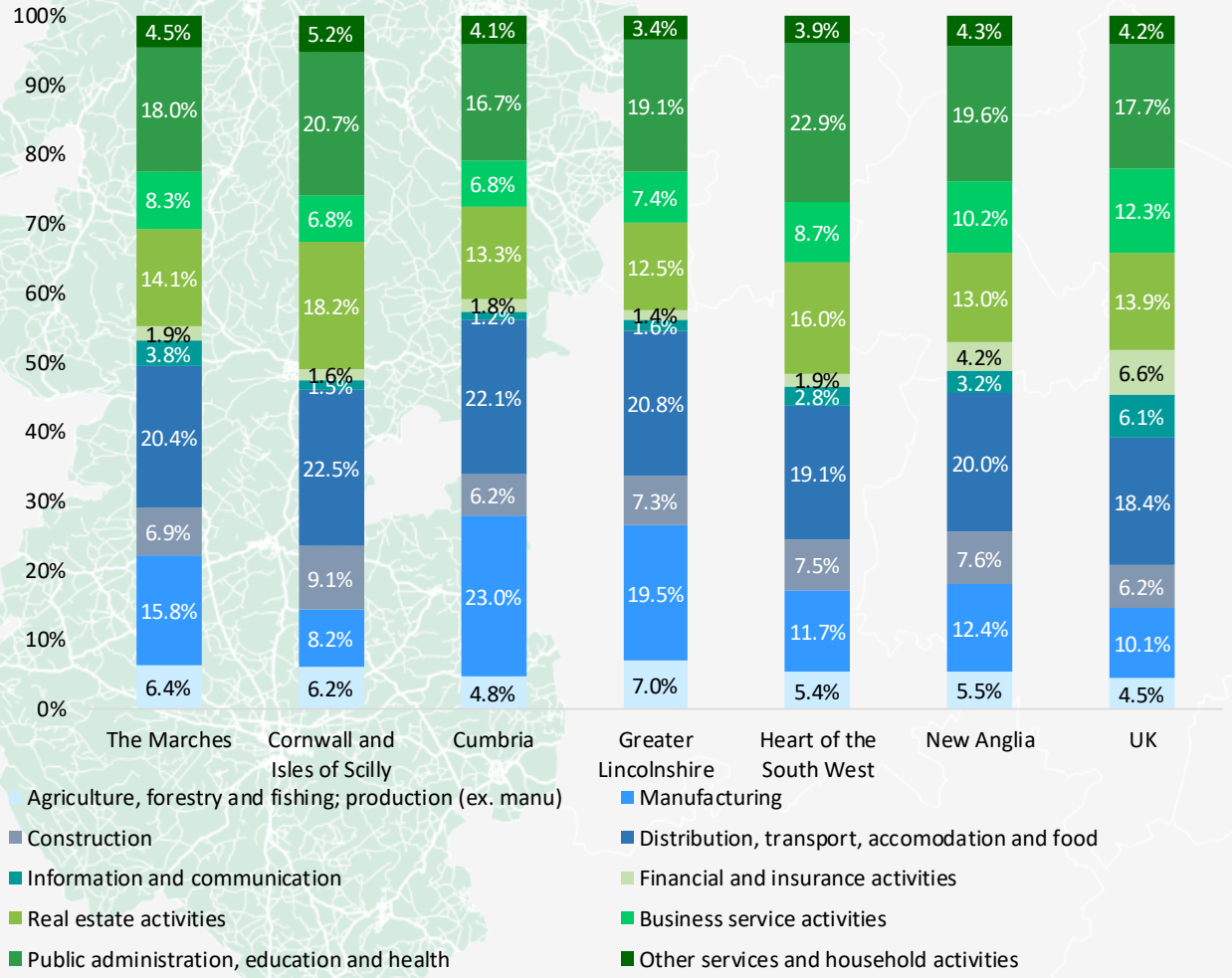
Much of the rural areas of Herefordshire have the highest levels of unaffordability with a ratio of over 12. Typically the towns are more affordable. Low affordability in Herefordshire is most likely due to the county having the lowest wages.

Metro Dynamics analysis of HM Land Registry and Annual Survey of Hours and Earnings data (2017)

Sectors and businesses

Strong GVA contribution from enabling sectors and manufacturing

GVA by industry for the Marches and comparators (2016)



The chart to the left shows the share of GVA by broad economic sector in the Marches and comparators.

The sectors making the largest contribution to the Marches economy include the enabling sectors of distribution, transport, accommodation and food; public administration, education and health; and real estate. There is also a high contribution from manufacturing. Despite the relatively high share of economic output for public administration, education and health, this sector has experienced a decline of 12.6% since 2011 (see Appendices).

Against the comparator LEPs, the Marches has higher shares of economic output in information and communication, although this is still below the UK average.

The share of economic output of manufacturing in the Marches is higher than the national average, demonstrating its strength, although it is larger in Cumbria and Greater Lincolnshire.

The sector in the Marches which has grown most in terms of its economic output is construction.

Source: ONS, Regional GVA (balanced approach), deflated to give values in 2017 terms

Specialisation in advanced manufacturing and food processing

An analysis of specialisation in the Marches LEP area enables a focus on more detailed industrial classifications.

To understand specialisation patterns in terms of concentration and de-concentration for the different activities taking place in the Marches, we carried out a Location Quotients (LQ) analysis. LQs are ratios for each sector between the local share of employment and share of employment in Great Britain. Higher LQs correspond to higher levels of specialisation, with an LQ above 1 indicating that the area is more specialised in that sector than Great Britain as a whole. This is a key piece of analysis since building on existing sectoral strengths is likely to increase the chances of economic success.

The bubble chart overleaf report results of the LQ analysis for SIC 2 sub-sectors. On the y-axis are the LQs for 2016 with a higher value indicting a higher degree of specialisation. The right quadrant denotes gains in concentration and the left quadrant represents de-concentration, relative to the average for Great Britain over the period 2011-2016. The size of the bubbles indicates total employment in the industrial subgroup.

Advanced manufacturing (indicated by the orange circles) comes through very strongly as a highly specialised economic sector in the Marches LEP area. There are seven manufacturing sub-sectors in the top 20 sub-sectors by LQ, five of which are the top six sub-sectors. These account for 15,000 jobs.

These include strengths in metals, rubber and plastic products, wood, automotive and machinery. However, manufacture of machinery and equipment, motor vehicles, and fabricated metals have fallen in concentration between 2011 and 2016, indicating that the Marches is becoming less specialised. In the same time period, basic metals, rubber and plastic products, wood and wood products, and the repair and installation of machinery have become more specialised. There are growing strengths in the LEP area in computer, electronic and optical manufacturing.

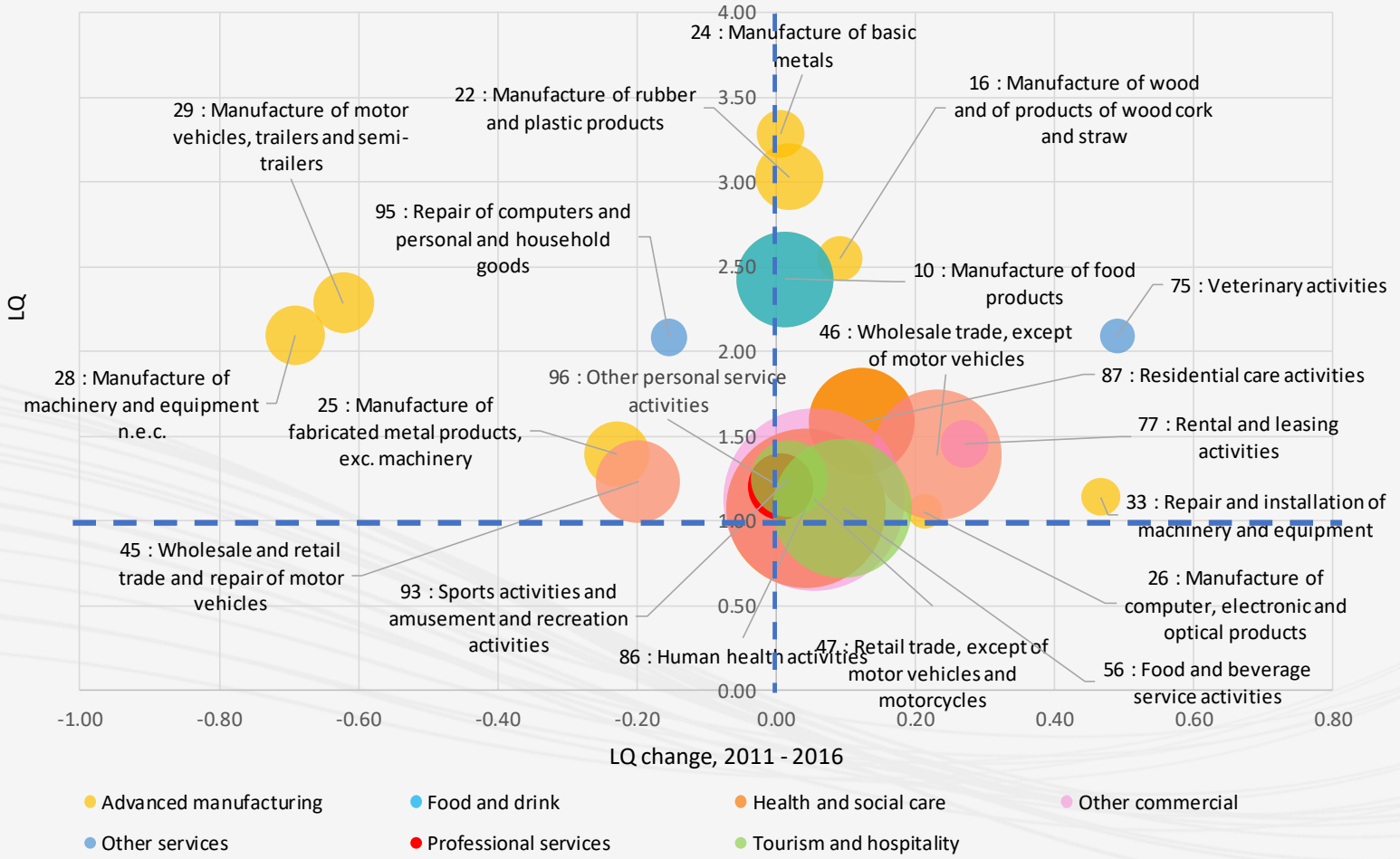
Food manufacturing is also a key specialism with a high LQ of 2.43, although it has remained stable in terms of its level of specialisation between 2011 and 2016.

The Marches also has specialisms in professional services, including rental and leasing activities, which has become more concentrated, and other personal service activities. Tourism and hospitality features as a specialism of the LEP area, namely in sports activities, amusement and recreation, and food and beverage services, both of which have grown slightly in specialisation.

The Marches is also specialised in a range of services, including veterinary services and repair of computers and household goods, and commercial activities, mostly relating to retail.

Specialisation in the Marches

Top 20 SIC 2 sub-sectors by LQ for the Marches



Source: ONS Business Register and Employment Survey (2016)

High employment in enabling sectors

Top 15 SIC 2 sub-sectors by employment for the Marches

SIC 2 sub-sectors	Jobs (2016)	LQ (2016)	Job change (%, 2011-16)	Sector group
Retail trade, except of motor vehicles and motorcycles	30,500	1.13	3.4%	Retail
Education	24,500	1.00	4.3%	Other services
Human health activities	23,500	1.08	17.5%	Health and social care
Food and beverage service activities	18,000	1.08	28.6%	Visitor economy
Wholesale trade, except of motor vehicles and motorcycles	15,500	1.39	24.0%	Other commercial
Public administration and defence; compulsory social security	11,000	0.93	-18.5%	Other services/ defence and securities
Residential care activities	10,500	1.59	5.0%	Health and social care
Manufacture of food products	8,500	2.43	6.3%	**Food and drink**
Employment activities	8,500	0.93	21.4%	Other services
Social work activities without accommodation	7,000	0.82	-26.3%	Health and social care
Specialised construction activities	6,500	0.90	-13.3%	Construction
Wholesale and retail trade and repair of motor vehicles and motorcycles	6,500	1.23	-7.1%	Other commercial
Architectural and engineering activities; technical testing and analysis	5,500	1.05	100.0%	Construction
Services to buildings and landscape activities	5,500	0.83	0.0%	Construction
Sports activities and amusement and recreation activities	5,500	1.25	15.8%	Other commercial

Analysing levels of employment and job growth is also key to identifying sectoral strengths.

The table to the left shows a list of the top 15 SIC 2 sub-sectors ranked by the number of jobs.

Sub-sectors with the highest number of jobs in the Marches LEP area typically fit within enabling sectors such as health and social care, visitor economy, and construction, as well as retail and public services.

Further emphasising the Marches strength in food and drink, the manufacture of food products is the eight largest SIC-2 sub-sector by number of jobs.

Source: ONS Business Register Employment Survey (2016)

Job growth in key advanced manufacturing sub-sectors

Top 15 SIC 2 sub-sectors by job growth for the Marches

SIC 2 sub-sectors	Jobs (2016)	LQ (2016)	Job change (%, 2011-16)	Sector group
Security and investigation activities	1,500	0.79	130.8%	Defence and securities
Repair and installation of machinery and equipment	1,375	1.14	129.2%	**Advanced manufacturing**
Architectural and engineering activities; technical testing and analysis	5,500	1.05	100.0%	Construction
Other professional, scientific and technical activities	1,625	0.74	80.6%	Other commercial
Activities of head offices; management consultancy activities	4,500	0.61	63.6%	Professional services
Warehousing and support activities for transportation	4,250	0.86	54.5%	Logistics
Accommodation	4,250	0.95	54.5%	Visitor economy
Veterinary Activities	1,125	2.09	50.0%	Other services
Office administrative, office support and other business support activities	2,375	0.48	46.2%	Professional services
Manufacture of wood and wood products	1,875	2.55	36.4%	**Advanced manufacturing**
Rental and leasing activities	2,125	1.45	30.8%	Professional services
Food and beverage service activities	18,000	1.08	28.6%	Visitor economy
Land transport and transport via pipelines	4,750	0.84	26.7%	Logistics
Insurance, reinsurance and pension funding, except compulsory social security	1,000	1.03	25.0%	Professional services
Wholesale trade, except of motor vehicles and motorcycles	15,500	1.39	24.0%	Other commercial

Employment growth indicates sectors which are gaining strength in the local economy.

The table to the left shows a list of the top 15 SIC-2 sub-sectors ranked by percentage job growth between 2011 and 2016.

There are two SIC-2 sub-sectors in advanced manufacturing with high growth in the number of jobs. These include the repair and installation of machinery and equipment, which has increased 129.2% between 2011 and 2016 and the manufacture of wood and wood products, which has increased 36.4%.

Other sectors with high job growth include defence and securities, construction, tourism and hospitality, and professional services.

Source: ONS Business Register Employment Survey (2016)

Specialisation and job decline in key manufacturing sub-sectors

Job and specialisation change for SIC 2 sub-sectors with over 1,000 jobs and LQs of over 1.0 (2016)

	Jobs ↓	Jobs ↑
Specialisation ↑		**Repair and installation of machinery** Architecture and engineering activities Veterinary activities **Manufacture of wood** Rental and leasing services
Little change in specialisation	**Manufacture of basic metals**	Food and beverage service Human health **Food manufacture**
Specialisation ↓	**Manufacture of machinery and equipment** **Manufacture of motor vehicles** **Manufacture of fabricated metal products** Civil engineering Wholesale and retail trade and repair of motor vehicles	Repair of computers and personal and household goods

Source: ONS Business Register and Employment Survey (2016)

Diverse strengths in advanced manufacturing

A high number of people are employed in advanced manufacturing in the Marches. In 2016, there were 26,845 jobs. This accounts for a higher share of total jobs (9.4%) than nationally (6.2%). Despite the strength of manufacturing locally, there has been a decline in the number of jobs by 7.4% from 2011 to 2016 compared to a slight increase in jobs nationally (1.2%). This may be indicative of an increase in productivity.

Over 68% of advanced manufacturing jobs are located in four areas: metals, machinery, plastics and rubber products, and automotive. Metals, encompassing basic metals and fabricated metal products, has 6,125 jobs, having decreased by 12.5% since 2011. The most specialised sub-sector is other non-ferrous metal production, which is over 19 times more specialised in the Marches than in Great Britain, and has 600 jobs. Aluminium production is also highly specialised in the Marches with an LQ of 11.92 and 450 jobs. The casting of light metals, which may be linked to the automotive supply chain, is highly specialised with an LQ of 9.78. The highest number of jobs (1,000) are in the manufacture of metal structures, which has an LQ of 1.94.

There are 4,625 jobs in machinery. The manufacturing of office machinery and equipment is the largest sub-sector with 1,000 jobs, 600 of which are based in Telford. This sub-sector is over 26 times more specialised in the LEP area than the rest of Great Britain. Another highly specialised sub-sector is the manufacture of power-driven hand tools, which is almost 59 times more specialised in the Marches than nationally, but has a relatively low number of jobs (250 jobs).

The manufacture of plastics and rubber products has 4,250 jobs. The main sub-sector is the manufacture of other plastic products, which includes luggage, footwear, games and toys. There are 1,250 jobs in this sub-sector in the LEP area and an LQ of 2.88. There are a further 1,000 jobs in the manufacture of plastic plates, sheets, tubes and profiles, a sub-sector which is 4.5 times more specialised in the Marches than Great Britain.

There are 3,500 jobs in automotive, over 90% of which are in the manufacture of other parts and accessories for motor vehicles. This includes the manufacture of brakes, gearboxes, axles, shock absorbers, radiators, doors and seatbelts. This sub-sector has an LQ of 5.84. The location quotient (LQ) tables which this analysis is based on can be found in the Appendices.

Local information suggests that manufacturing companies in Telford are engaged in manuservices (the provision of services to support manufactured goods) – including asset servicing, augmented reality and computer aided design and prototyping.

The map overleaf shows the spatial distribution of jobs in advanced manufacturing across the Marches to identify areas of job concentration. The total number of jobs in advanced manufacturing is shown by mid-level super output area (MSOA) with the darker colour representing a higher number of jobs. There are seven areas across the Marches with a high concentration of jobs in advanced manufacturing with the largest in Telford.

Jobs in metals are concentrated predominantly on the A442 south of Telford (1,360 jobs) and further south on the A442 in the area east of Bridgnorth (1,200 jobs). There are lower concentrations of jobs in metals on the A438 west of Hereford (750 jobs), central area of Telford (375 jobs), A44 from Kington to Bromyard (265 jobs), area south of Hereford (160 jobs) and Battlefield (150 jobs).

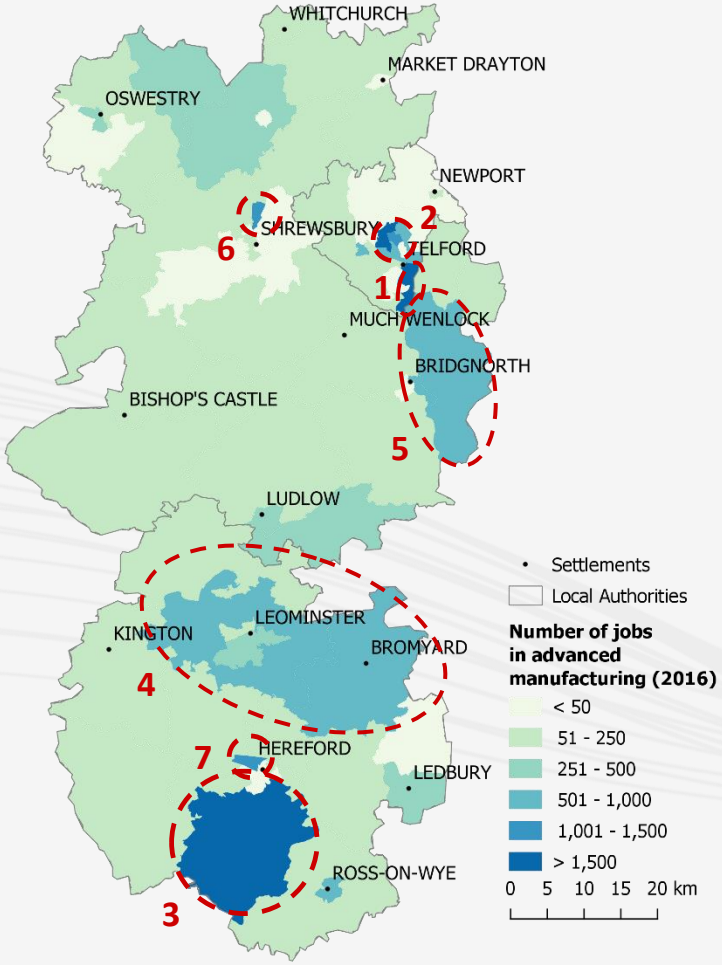
Machinery manufacturing is concentrated in Telford, where there are 1,130 jobs. Smaller concentrations exist in the area south of Hereford (655), south of Telford along the A442 (450 jobs), Battlefield (310 jobs) and A44 from Kington to Bromyard (160).

The highest concentration of jobs in plastics and rubber products manufacturing is along the A442 south of Telford (1,040 jobs). There are a smaller number of plastic and rubber products jobs along the A44 from Kington to Bromyard (570 jobs), Telford (385 jobs), west Hereford (170 jobs) and Battlefield (120 jobs).

Over 60% of automotive jobs are located in Telford and along the A442 south (2,135 jobs in total). The area stretching along the A44 from Kington to Bromyard has a further 525 automotive jobs, whilst there are 400 in Battlefield.

Seven distinct concentrations of advanced manufacturing jobs

Spatial distribution of advanced manufacturing jobs in the Marches (2016)



	Geographic area	Total no. jobs	No. jobs in sub-sectors	Example companies
1	A442, south of Telford	5,140	Metals: 1,360, Rubber and plastics: 1,040, Automotive: 575, Machinery: 450	The Metal Works, M&P Engineering, Wrekin Sheetmetal, Midland Alloy, CEL Sheet Metal, Secal, Telford Fabrications Plastil
2	Telford	4,835	Automotive: 1,560, Machinery: 1,130, Rubber and plastics: 385, Metals: 375	Ricoh, BAE Systems, GKN Wheels and Structures
3	Area south of Hereford	2,320	Rubber and plastics: 700, Machinery: 665, Metal: 160	Elite Plastics, Claymore Plastics, Deyn Plastics, Cypher Co, Selmach Metalworking Machinery
4	A44 from Kington to Bromyard	1,925	Rubber and plastics: 570, Automotive: 525, Metals: 265, Machinery: 160	Polythene Solutions, Zwick Testing Machines
5	Area east of Bridgnorth	1,445	Metals: 1,200	Bridgnorth Aluminium, Kecol Pumping Systems, Grainger and Worrall
6	Battlefield	1,250	Automotive: 400, Machinery: 310, Metals: 150, Rubber and plastics: 120	EAE Automotive Equipment, Sentinel Manufacturing
7	A438, west of Hereford	1,055	Metals: 750, Rubber and plastics: 170	AB Stainless, Special Metals Wiggin, JMG Sheetmetal

Source: ONS Business Register and Employment Survey (2016)

Food and drink strengths in meat and dairy processing

The food and drink sector in the Marches LEP area had 9,150 jobs in 2016. This amounts to 3.2% of total jobs in the LEP area, which is slightly higher than for the Great Britain (1.3% of total jobs).

Food processing dominates the food and drink sector with 8,500 jobs across the LEP area. Between 2011 and 2016, there has been relatively no change in the number of jobs (0.3%). This is significantly lower than the national average of 7.8%.

The manufacture of cider and other fruit wines is the most specialised sub-sector (21 times more specialised than Great Britain), but it has a relatively low number of jobs (375 jobs).

Almost half of the jobs in food and drink are in meat processing (4,400 jobs). The number of jobs has grown 25.7% since 2011. Specifically, the Marches LEP area has 2,000 jobs in the processing and preserving of poultry meat. This has grown by 14.3% and is almost 10 times more specialised than Great Britain. Key companies based in the Marches in this sub-sector include Cargill Meats and the new joint venture between Cargill and Faccenda, Avara Foods.

A further 1,500 are in the processing and preserving of other meats, a sub-sector which has grown 66.7% from 2011 to 2016. The Marches is almost 7 times more specialised than Great Britain in this sub-sector. ABP Food Group is a large company in meat processing and preserving.

There are a further 1,025 jobs in dairy processing, having shrunk 53.0% since 2011. Within dairy processing there are three main sub-sectors. There are 500 jobs in butter and cheese production, which is 37.5% lower than in 2011. The greatest decrease has been in the manufacture of milk products (other than liquid milk and cream, butter, cheese). Between 2011 and 2016, this sector shrunk by 74.6% to 350 jobs.

The majority of job losses were in Market Drayton. The only recent factory closure has been at Dairy Crest in Crudgington. Müller is based in Market Drayton, but the production facilities are still open, so it is possible that there was an error in BRES or a change in how SIC codes were recorded. This is further reinforced by evidence from Müller that it employs 1,000 people in Market Drayton. A small number of jobs were lost in south west Shrewsbury, where Müller has another factory.

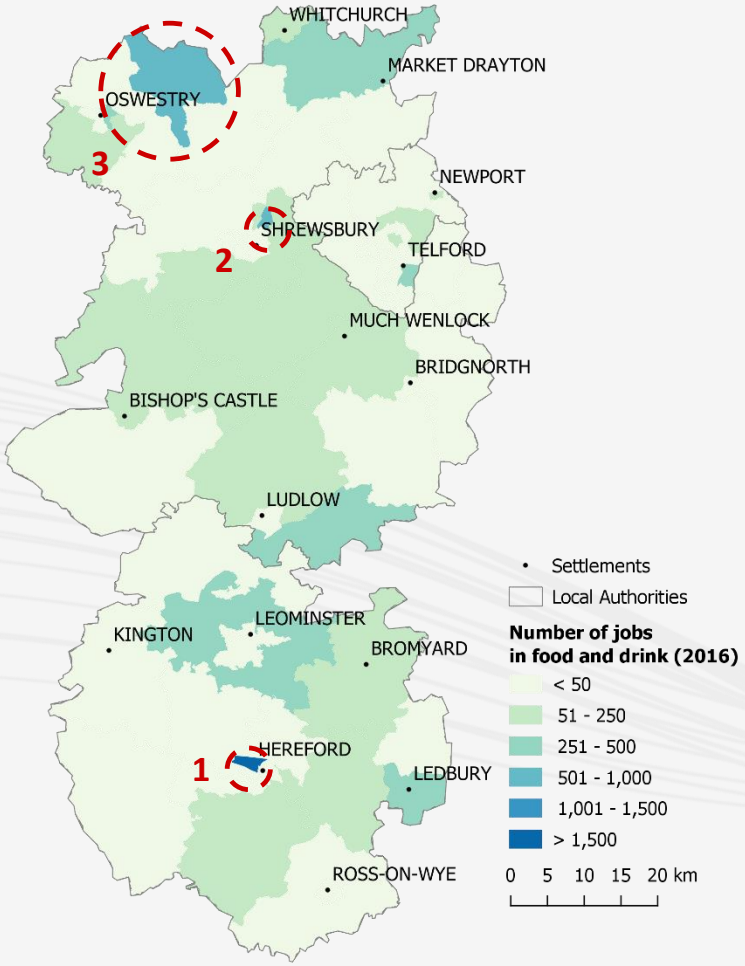
Despite this reduction in jobs, this sub-sector is 11 times more specialised in the Marches than Great Britain. There are a further 175 jobs in liquid milk and cream production, a sub-sector which had almost no jobs in 2011. The location quotient (LQ) tables which this analysis is based on can be found in the Appendices.

The map overleaf shows the spatial distribution of jobs in food processing across the Marches LEP area. This map shows that jobs in food processing are more dispersed across the LEP area than for advanced manufacturing. Nonetheless there are clear concentrations in three areas.

There are 2,250 around the A438 moving west out of Hereford. Over three quarters of these are in poultry processing, due to the presence of Cargill Meats in the Widemarsh area of the city. Battlefield, north of Shrewsbury has a further 700 jobs, 600 of which are in processing and preserving of other meats. There are 600 jobs in processing and preserving of other meats in the area north east of Oswestry. In both Battlefield and Oswestry, ABP Food Group has production facilities.

Three areas with a high number of food and drink jobs

Spatial distribution of food and drink jobs in the Marches (2016)



	Geographic area	Total no. jobs	No. jobs in sub-sectors	Example companies
1	A438, west of Hereford	2,250	Poultry processing: 1,750	Cargill, Heineken
2	Battlefield	700	Meat processing: 600	ABP Food Group
3	Area north east of Oswestry	600	Meat processing: 600	ABP Food Group

Source: ONS Business Register and Employment Survey (2016)

Environmental technology strengths in anaerobic digestion

The environmental technology sector is difficult to capture by SIC code analysis. Therefore, the granular detail with which the sector can be analysed differs to more conventional sectors, such as advanced manufacturing.

Based on the most recent data published by the Department of Business, Innovation and Skills in 2011/2012 on the Low Carbon Environmental Goods and Services (LCEGS) sector at the local level, there were 8,279 jobs, 453 companies and £1.1bn sales in this sector in the Marches.

From analysing the number of renewable energy installations as of 2016, it is clear that the Marches has strengths in anaerobic digestion. There are 53 anaerobic digesters in the Marches, over half of which are located in Shropshire (BEIS, 2018). This accounts for 13% of the total number of anaerobic digestors in the UK.

The map on the next page shows the location of anaerobic digestion plants across the Marches LEP (it is important to note that the number of digestor mapped differs to the figures quoted above due to them being from different sources). They are fairly evenly distributed across Shropshire and Hereford with four small clusters in north west Kington, Ludlow, south west Oswestry and south Herefordshire.

Anaerobic digestors are closely linked to the agricultural sector in the LEP area, as 36 of the 41 digestors mapped are 'farm-fed', the remainder being categorised as 'waste-fed'. This indicates the emergence of a circular economy, whereby wastage products from one or more industries are used to generate value through another use.

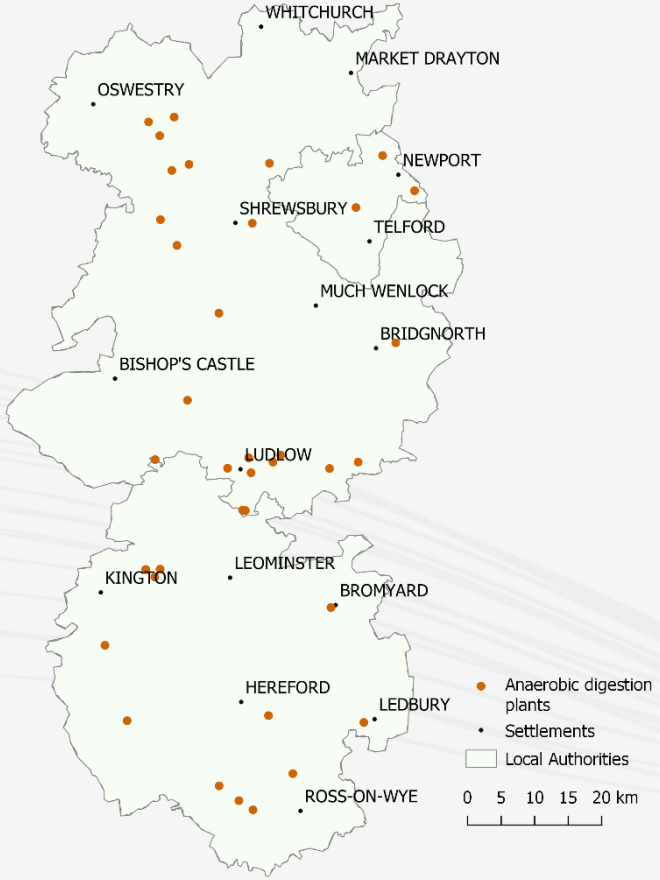
Digestors typically use more than one feedstock. The feedstock used by the highest number of plants is animal waste from cattle and pigs, including slurry and manure (22 plants). The second most popular feedstock is energy crops (20 plants), followed by poultry waste (18 plants), silage (12 plants) and food waste (11 plants). The high use of waste from livestock reflects the LEP area's strengths in poultry and meat processing. Also relating to the drink processing sector, one digestor in Ledbury was developed by Heineken to use its brewery waste.

Technology provider and engineering companies operating the anaerobic digestors include Marches Biogas, which is known to operate 14 of the digestors in the Marches, as well as plants in Lancashire, Northumberland, Gloucestershire, Cheshire, Devon, South Western Scotland, East Wales, West Wales and the Valleys. Other companies include Biogen Greenfinch, Free-Energy, OMNI Heat and Power, MT Energie, EverGreen Gas, Ener-G, PlanET and E&J Solutions.

It should also be noted that the Marches has strengths in photovoltaics. On average, the Marches has a photovoltaic installation rate of 427 per 10,000 households compared to the national average of 287 per 10,000 households (BEIS, 2018). In Herefordshire, the rate is as high as 513 installations per 10,000 households. It is likely that there are a range of service companies based around this sub-sector, demonstrating a key opportunity for the Marches.

Anaerobic digestors located across the Marches

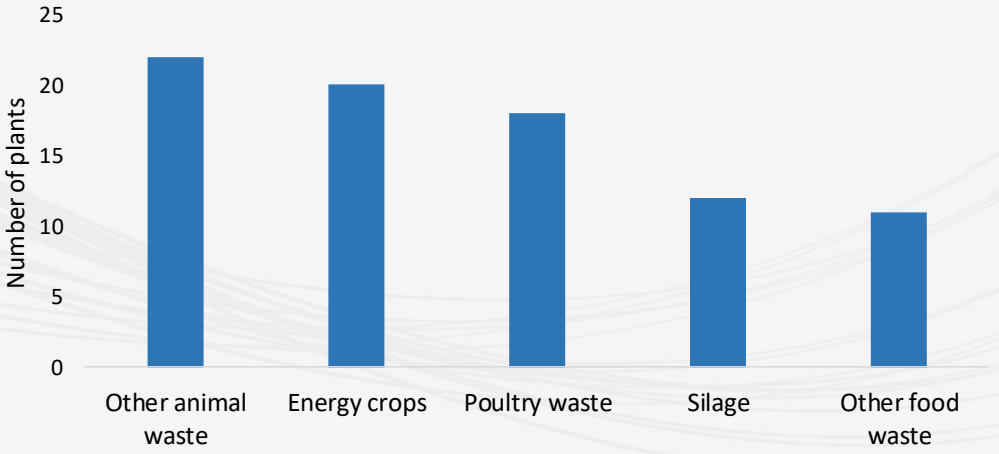
Anaerobic digestion plants in the Marches (2018)



Cumulative installations confirmed on the Central Feed-in Tariff Register (June 2018)

	Photovoltaics	Wind	Hydro	Anaerobic Digestion
Herefordshire	4,751	19	6	19
Shropshire	6,440	67	4	29
Telford and Wrekin	2,478	3	-	5
The Marches	13,669	89	10	53
Share of UK	1.7%	1.2%	0.9%	13.0%

Number of anaerobic digestion plants using particular feedstock (2018)



Source: ONS BEIS (2018) Sub-regional Feed-in Tariffs statistics; The Official Information Portal on Anaerobic Digestion (2018)

Emerging specialisation in cyber resilience and security

Cyber resilience and security is a specialised sub-sector related to both the traditional defence and security sector and the new digital sector.

The Marches has traditional strengths in defence and security, due to the presence of the Special Air Service in Hereford and G4S HQ in Ross on Wye, as well as the close proximity of GCHQ in Cheltenham. There are 12,500 jobs in defence and security, 11,000 of which are in public administration and defence and 1,500 of which are in security and investigation activities. Linked to this sector are 700 jobs in the manufacture of military fighting vehicles, a sub-sector which is 24.7 times more specialised in the Marches than Great Britain, and 300 jobs in weapons and ammunition manufacture.

Herefordshire has 200 companies in the defence and security sector, many of which have been set up by ex-military personnel.

There are a further 9,500 jobs in the digital economy. According to a recent study by the University of Wolverhampton, there are over 1,400 businesses in the Digital Economy.

Bridging defence and security and the digital sector is the emerging strength in cyber resilience and security. Within the Marches, this sub-sector is centred in Herefordshire, which along with Gloucestershire and Worcestershire, is within the Malvern Cyber Security Cluster or 'Cyber Valley'. There are over 100 businesses within Cyber Valley, focused on research and development, and producing and selling cyber security products and services. Within cyber security, businesses in Herefordshire are typically providing B2B services aimed at addressing the 'everyday' security issues of businesses, such as IP theft, rather than cyber terrorism.

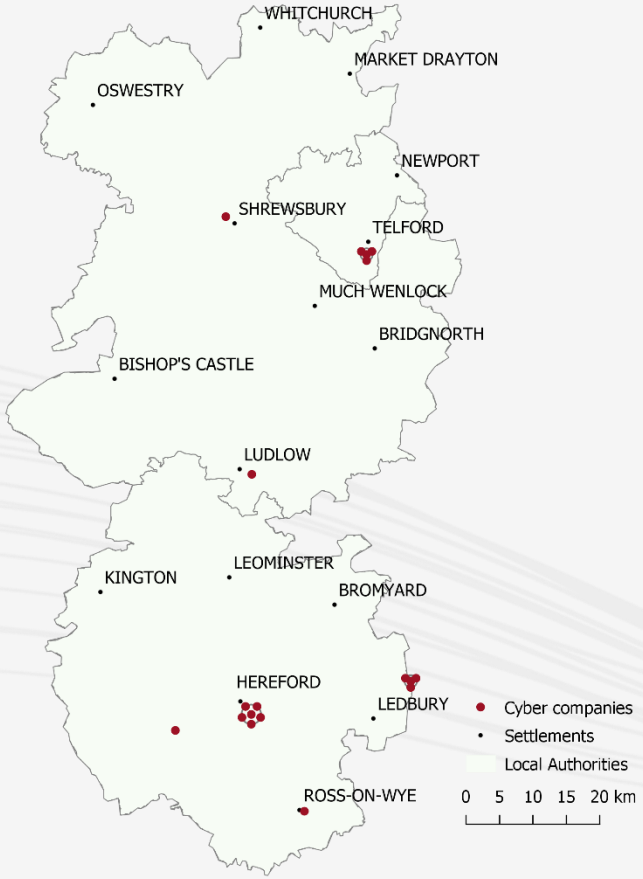
The Hereford Enterprise Zone at Skylon Park is a key employment site in this sector. It is the only Enterprise Zone in the UK with a focus on defence and security. The Centre for Cyber Security, which is supported by the University of Wolverhampton, is based there. The centre aims to provide incubation space for 20 businesses, creating 185 new jobs. Another goal is to be a base for research and development, and to encourage collaboration between businesses, the New Model in Technology and Engineering (NMiTE) University and the University of Wolverhampton. Specialist cyber security training is provided at the centre, developing the skills base of local residents and businesses.

The map on the page overleaf illustrates the distribution of cyber companies in the Marches (please note, this is not exhaustive). This reinforces the existence of a cluster of cyber companies in Hereford and on the Herefordshire-Worcestershire border towards Malvern Hills and Worcester. Local companies include, ETL Systems, Serbus and KeyIQ. Other examples of cyber companies are listed on the table overleaf.

It also shows that there are cyber strengths in Telford. Capgemini leads the cyber cluster in Telford, investing in SMEs working on control systems, the Internet of Things, and connected cars. Nasstar, a cloud hosting company with an office in Telford, sells cyber security as a part of its package of services. Telford's cyber strengths are further evidenced by the growing demand for skills in the sector through Level 4 apprenticeships offered in cyber security.

Cyber concentrated in Hereford, Telford and Ledbury

Example cyber companies in the Marches



Location	Example companies
Hereford	ETL Systems, Serbus, Simtech-IT, Xreach, Zovolt, Hex Security
Telford	Capgemini, SmartWater Technology, Nasstar
Malvern	KeyIQ, BlockMark, IASME Consortium
Shrewsbury	Hazy (Anon AI)
Ross-on-Wye	Logiplex Solutions
Ludlow	Idappcom

Artist's impression of the developed North Magazine, Skylon Park

Logistics strengths linked to freight and road transport

There were 7,940 jobs in logistics in the Marches in 2016. This accounts for 2.8% of jobs, which is only slightly lower than the 3.0% nationally. In the Marches, the sector has grown 38.6% since 2011 compared to the national average of 23.6%.

The logistics sector in the Marches is dominated by activities related to freight and road transport. This is likely to be related to the supply chains in advanced manufacturing, agriculture, and food and drink. To emphasise the interrelation between agri-food and logistics, 50% of the total volume of outbound freight was food (The Marches and Mid Wales Freight Strategy, 2018).

There are two main sub-sectors where 78.7% of jobs are located. The operation of warehousing and storage facilities for land transport has 3,500 jobs and grew by 64.7% between 2011 and 2016. This is interesting given that the Marches has relatively few large distribution centres (> 8,000m^2) (*ibid.*). Freight transport by road has 2,750 jobs and grew by 29.4% in the same period.

The map overleaf shows the spatial distribution of jobs in logistics across the Marches LEP area. This map shows that there is an uneven distribution of jobs in logistics across the Marches.

There are five distinct concentrations of logistics activity all within Telford and Wrekin and north Shropshire. These include parts of Telford, including Nedge Hill/Naird Lane (830 jobs), Donnington (535 jobs) and the A442 south (445 jobs). There are also concentrations in Oswestry (645 jobs) and Market Drayton (470 jobs).

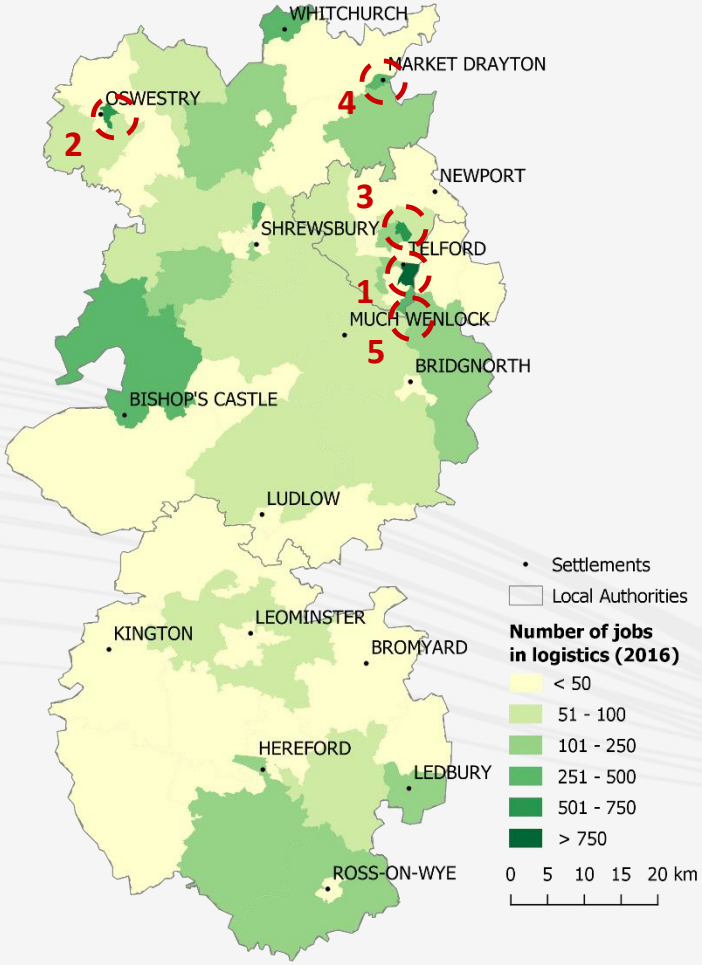
Jobs in warehousing and storage are highly concentrated, as over 65% of jobs are located in the five areas listed above. Within these five areas, the number of jobs are relatively evenly distributed. There are 600 jobs in Nedge Hill/Naird Lane, 550 jobs in Donnington, 500 jobs in Oswestry and 450 jobs in Market Drayton.

In contrast, jobs in freight transport by road are much more spatially distributed across the Marches. Only 14.2% of jobs in this sub-sector are located within the five concentrations, as there are 230 jobs along the A442 south of Telford and a further 160 jobs in Nedge Hill/Naird Lane. Areas which have a concentration of over 100 jobs in freight transport by road include parts of south Herefordshire and north Shropshire, Ledbury and Bridgnorth.

The concentration of logistics jobs in the five areas reinforces the connection between logistics and other sectors of strength in the Marches, as many of the areas listed above coincide with activity in the interrelated sectors of advanced manufacturing, and food and drink. For instance, companies operating in Oswestry include Cold Move and Pentons Haulage and Cold Storage, both specialists in chilled foods transportation.

Logistics jobs concentrated in Telford and north Shropshire

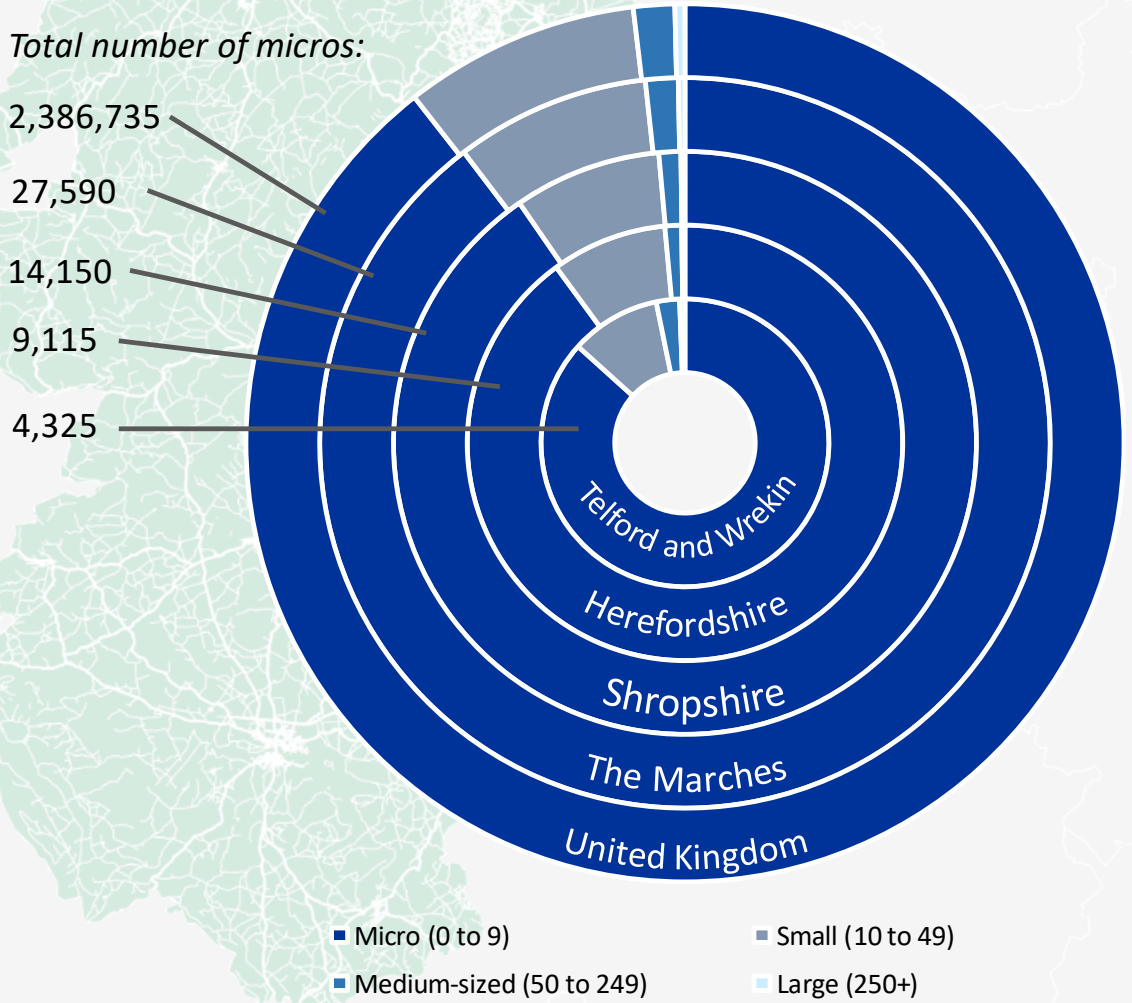
Spatial distribution of logistics jobs in the Marches (2016)



	Geographic area	Total no. jobs	No. jobs in sub-sectors	Example companies
1	Nedge Hill and Naird Lane, south Telford	830	Warehousing and storage: 600, Freight transport by road: 160	Kuehne and Nagel, SW Group Logistics, Simmonds Transport, TI Group Automotive Systems
2	Oswestry	645	Warehousing and storage: 500	Cold Move, Pentons Haulage and Cold Storage, Cadwallader
3	Donnington, north Telford	535	Warehousing and storage: 550	RL Holding Transport Services, Maiden A J & Son
4	Market Drayton	470	Warehousing and storage: 450	Culina Logistics
5	A442, south of Telford	445	Freight transport by road: 230, warehousing and storage: 190	CML, Acerax, SW Group Logistics

A business base characterised by micros

Business profile (2017)



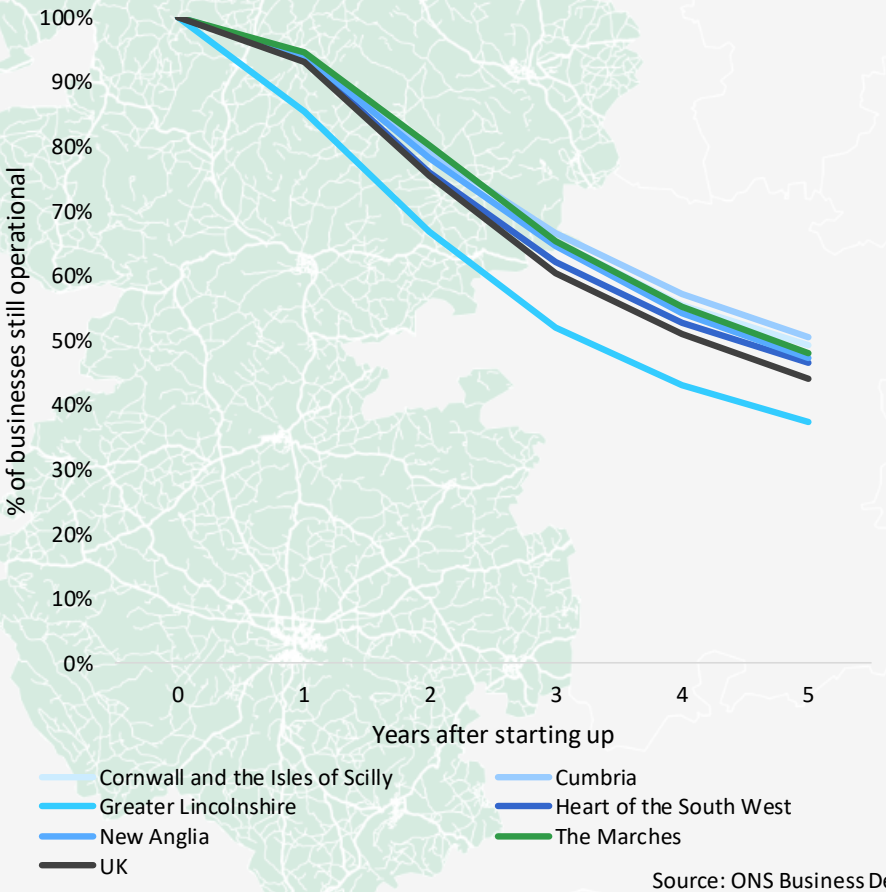
The Marches business base is characterised by micro businesses (0-9 employees), but this is similar to the UK average. Micros make up 89.7% of businesses in the Marches compared to 89.4% nationally.

Of the three local authorities, Shropshire has the largest proportion of micro businesses (90.4%). Telford and Wrekin has the largest proportion of small, medium-sized, and large businesses (13.3%), though in total it has less than half of the businesses of the next largest local authority (Herefordshire).

Source: ONS Business Counts (2017)

A mature business base with low churn

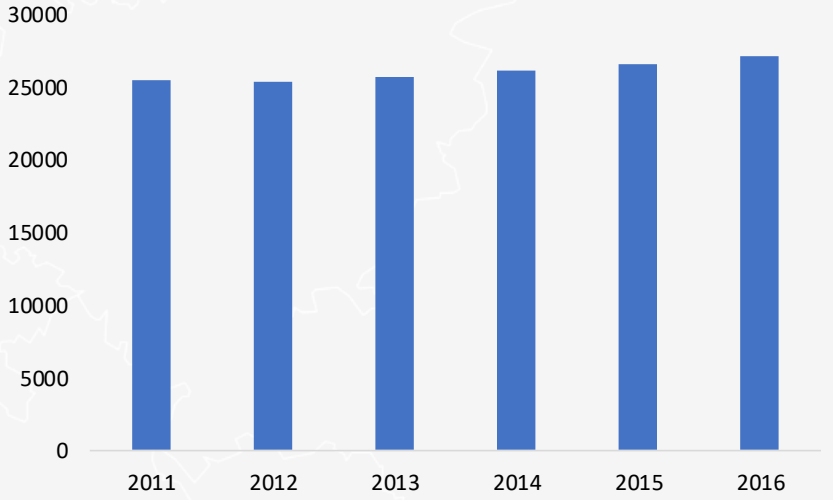
Businesses still active for years following start-up Marches and comparator LEPs



The Marches has strong rates of business survival, with the highest rate of businesses still going two years after start-up (80.2%) of any LEP. This reflects a supportive business environment, and with a corresponding low business death rate (9.1% in 2016 – the lowest of any of the LEPs) tells of a business culture which is established and mature.

Correspondingly, the rate of business births is also low – although at 10.1% (2016) is significantly above the death rate, meaning the total number of businesses has grown by 520 between 2015 and 2016.

Number of active businesses in the Marches 2011-16



Source: ONS Business Demography 2016. Birth and death rates expressed as a % of the active business population for that year. Note this uses a different measure of businesses to other figures referenced in this pack, hence why figures may not match.

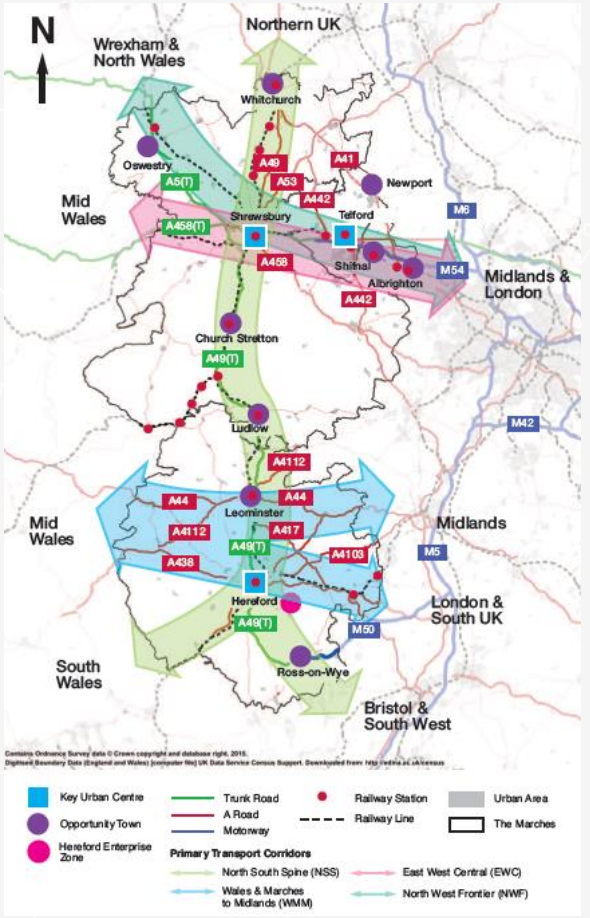
Relationships with other places

The Marches has four strategic transport corridors

The following provides a broad overview of strengths and challenges for road and rail connectivity in the Marches based on a review of three strategic documents: The Marches Strategic Transport Corridors Report (2016), The Marches and Mid Wales Freight Strategy (2018) and The Marches Rail Study (2014).

There are four strategic transport corridors:

- **North – South Spine** connecting the Marches to the North West, South West and South Wales
- **East – West Central** connecting the Marches with mid-Wales and the West Midlands
- **North West Frontier** connecting the Marches to the North West, North Wales and Ireland
- **Wales and Marches to Midlands** connecting the Marches to the West Midlands, North West and South West



Source: The Marches Strategic Transport Corridors Report (2016)

Critical roads link Marches to other regions

Road transport

According to the Freight Strategy (2018), the Marches Strategic Road Network includes:

- The M54 and M50
- A49 from Ross-on-Wye to Shrewsbury
- A5 from Shrewsbury to Chirk (Welsh border)
- A483 Pant to Oswestry
- A458 from Shrewsbury to west of Wollaston (Welsh border)

These strategic roads link key urban centres, as well as provide key transport links outside of the region.

A strength of the road network in the Marches is the connectivity with the North West, West Midlands, South West and Wales. The two motorways provide key links with the Midlands and trunk roads provide north to south and east to west connections, supporting key supply chains.

The dispersed nature of economic activity in the Marches and the presence of supply chains in agri-food and manufacturing mean that the area is highly dependent upon freight transport.

There are a number of challenges affecting the Marches road network, including:

- Many main artillery roads are single carriageway, resulting in poor average speeds, long journey times and poor reliability
- There is a lack of alternative routes, which is problematic when traffic incidents occur
- Slow moving farm traffic hinders mobility
- West of the motorways, roads become single carriageway roads, hindering efficiency and reliability
- Urban centres suffer from congestion
- Lack of accessibility has stalled development in some cases

Key north-south and east-west rail links

Rail transport

The Marches Rail Study (2014) identifies four railway lines:

1. The Marches line: Abergavenny to Wrexham

The Marches line is a double track railway, linking Hereford and Shrewsbury, and providing a key link between Wales, the North and the Midlands. This route has over 60 level crossings. It is relatively fast, travelling at 90mph between Abergavenny and Hereford and 80-90mph between Hereford and Shrewsbury. There are 1.5 trains between Shrewsbury and Hereford every hour, but this decreases to 1 per hour between Shrewsbury and Wrexham and 0.5 per hour between Hereford and Wrexham. This is a busy line with morning peak seated capacity of 1,150 from Shrewsbury to Hereford. This decreases to 620 in the afternoon. From Hereford to Shrewsbury, morning peak seated capacity is 750 and afternoon peak seated capacity is 670.

2. Shrewsbury to Birmingham New Street

This is also a double track line, linking Shrewsbury to the heart of the West Midlands conurbation. The route has relatively high speeds with continuous 70mph between Shrewsbury and Wolverhampton. There are two trains per hour on this line. Morning peak capacity from Shrewsbury to Birmingham is high at 1,120, and 440 in the other direction. In the afternoon, peak seated capacity from Shrewsbury to Birmingham is 320 and 640 from Birmingham to Shrewsbury. Between Telford Central and Wolverhampton, a 46% increase in demand is expected by 2024 based on 0% Retail Price Inflation (RPI+0).

3. Hereford to Birmingham New Street

The Hereford to Birmingham route has single tracks between Shelwick Junction and Malvern Wells with a loop at Ledbury. There is also single track between Droitwich Spa and Stoke Works Junction. Consequently, speeds are low and fluctuate between 25mph and 70mph, depending on the time. Frequency of trains on this line is one per hour. Peak seated capacity is quite low at 320 in the morning from Hereford to Birmingham, and 340 in the afternoon. In the other direction, it is 200 in the morning and 810 in the afternoon. The demand on this line is predicted to increase 69% by 2024 based on RPI+0.

4. Shrewsbury to Crewe

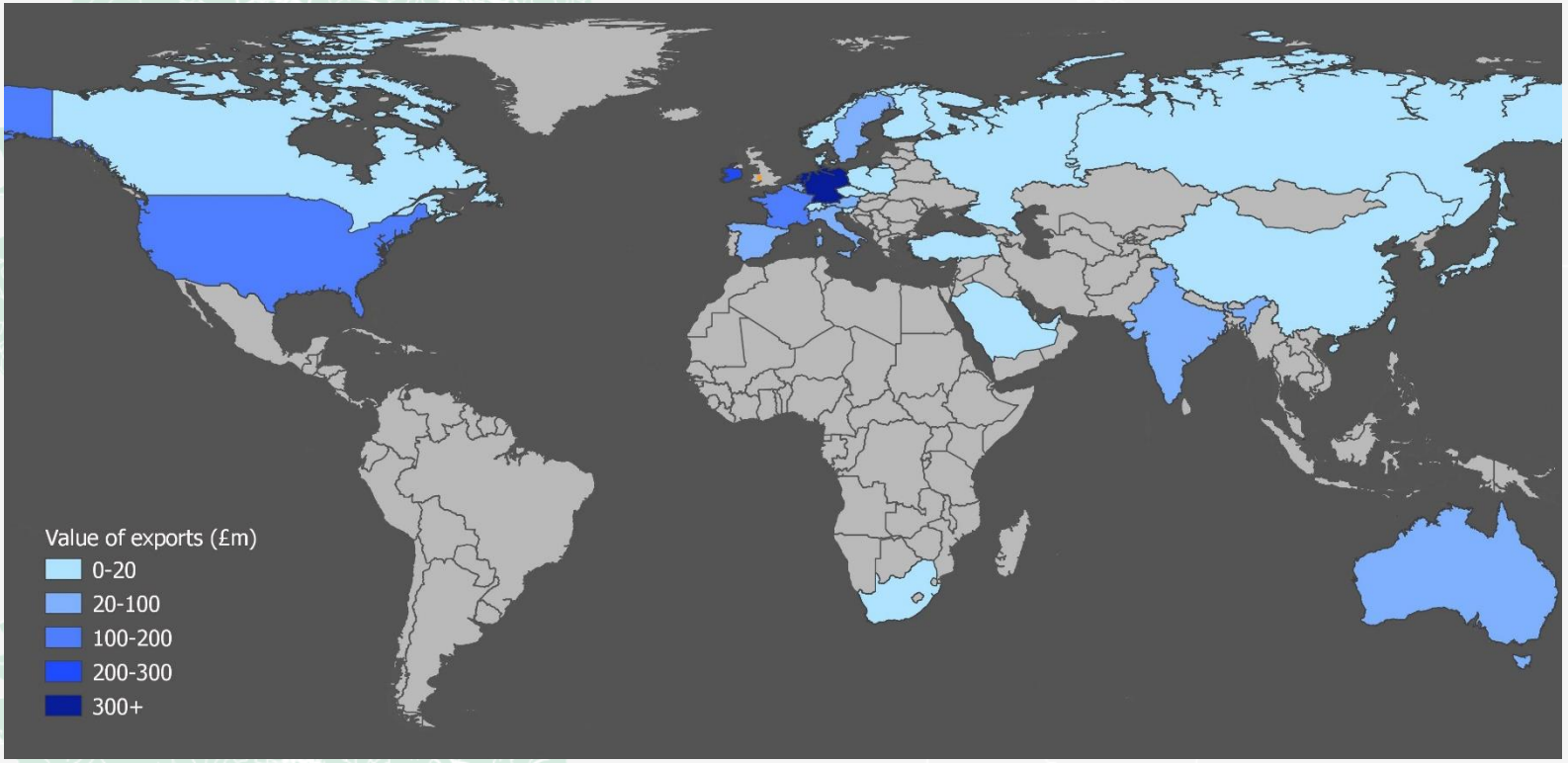
There are 1.5 trains per hour on this train. This line will be of critical importance when Crewe becomes an HS2 station, as London will be accessible from Crewe within 55 minutes, down from 1 hour 30 minutes (HS2, 2013). This will help overcome poor direct transport links to London and the South East.

Similarly to road, the Marches rail network provides important economic links to other regions. The north to south Marches Rail is intersected with important east to west routes.

Rail also links smaller towns, such as Wellington, Ludlow, Leominster and Ledbury, to the larger settlements of Shrewsbury, Hereford and Telford. However, several towns do not have rail stations, increasing the reliance on road. Poor public transport in rural places was identified as a weakness in The Strategic Transport Corridors Report (2016).

Strong trading relationship with the EU

Values of exports to main world trading partners (2015)

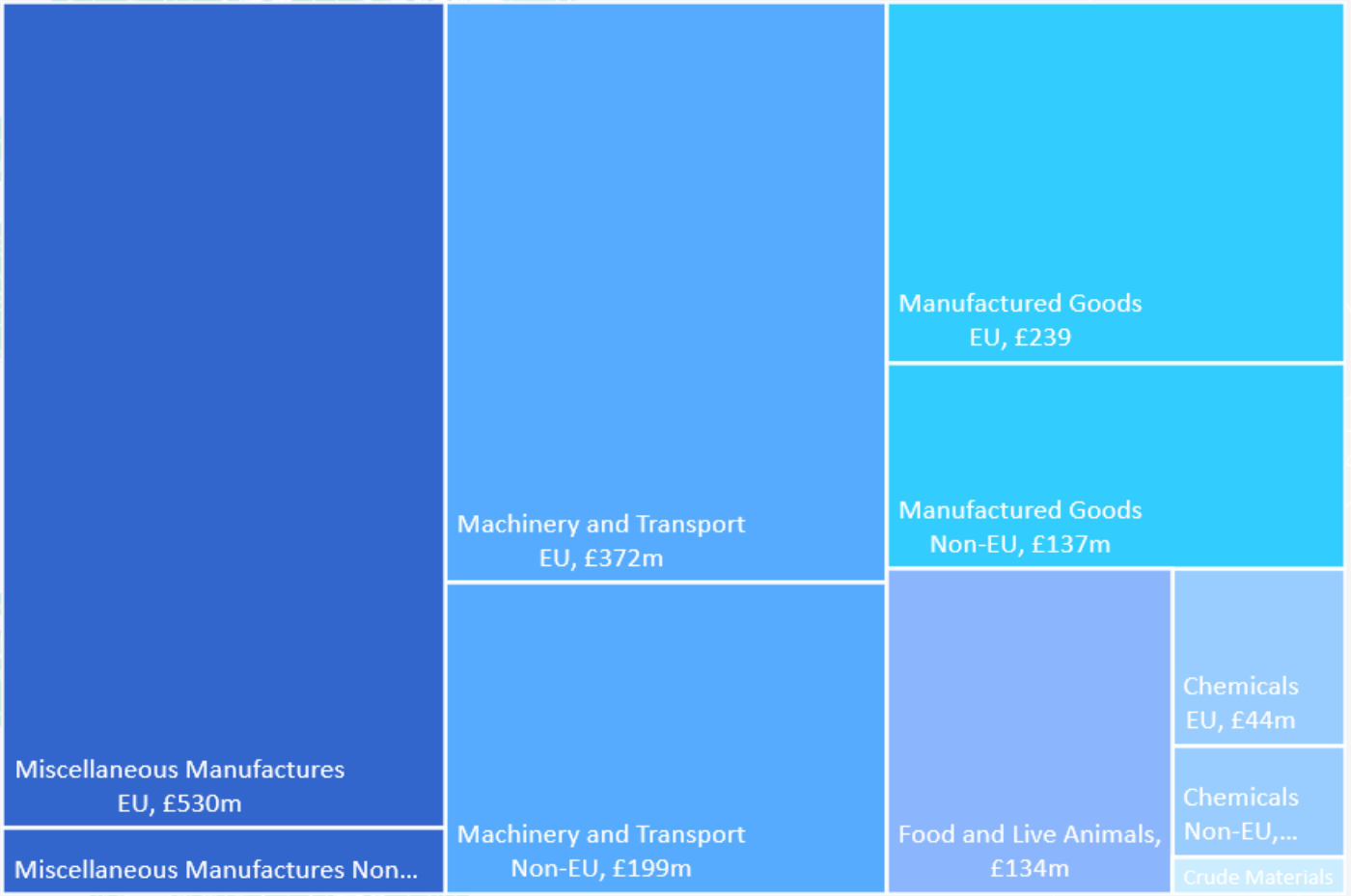


Of the £1.77bn of total exports from the Marches, £1.34bn (76%) goes to the European Union. Germany is the largest export market for goods from the Marches: a total of £415m worth of goods and services. This is followed by the Netherlands (£320m), then Ireland (£221m), the United States (£129m) and France (£125m).

Source: HMRC Growth Hub Data – Exports (2015)

High exports of manufactured goods

Export of goods by destination (2015)



Export data for the Marches LEP confirms that advanced manufacturing and food and drink are priority sectors. Of the £1.77bn of exported goods in 2015, £902m were manufacture goods and miscellaneous manufactures followed by machinery and transport (£376m) and Food and Live Animals (£134m).

Note on SITC sections:

Machinery and Transport includes industrial machinery, telecommunications equipment, electrical machines and appliances and transport vehicles and components. *Chemicals* includes organic and inorganic chemical products, pharmaceutical products, oils and cleaning preparations, plastics and fertilizers. *Miscellaneous Manufactures* includes clothing, footwear, furniture, construction and lighting appliances, and photographic equipment. *Food and Live Animals* and *Crude Materials* are not split by EU/Non-EU.

Source: HMRC Growth Hub Data – Exports (2015)

FDI focused on key sectors

Looking at foreign ownership of businesses paints a similar picture of a close connection to Germany – with German owners having the largest share of foreign owned companies. The top five countries in this area own over 70% of foreign-owned businesses.

Companies based in Telford and Wrekin with overseas owners

Country of ownership	Total businesses owned
Germany	24
USA	19
France	15
Japan	11
Switzerland	10

There are ongoing FDI projects to attract more business to the Marches and assist with items such as relocation of premises, and providing a point of entry to the UK market. It is estimated these projects have the potential to generate 1,566 jobs, and potentially an investment value of almost £350m (though this may not all not come to the Marches area).

Of 21 projects being pursued, the US is the most prominent investor country, followed by the Netherlands. There are also numerous potential projects to attract Japanese manufacturing to the area.

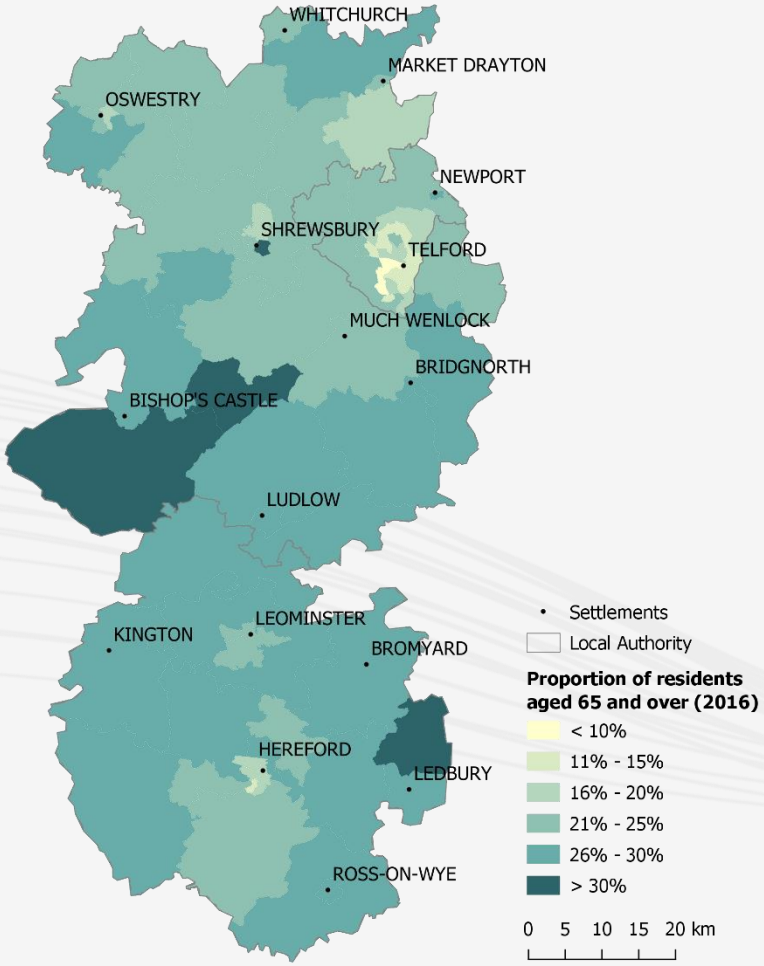
Companies being targeted correspond with the LEP area's sectoral strengths in advanced manufacturing and food and drink. For instance, investment has been channelled towards manufacturers producing tyres and other automotive products, working in metals, as well as some more high-tech/R&D operations, including robotics. There are also multiple food businesses in dairy, poultry and fruit production.

Source: Telford and Wrekin Council (2018) and The Marches LEP (2018)

Appendices

Proportion of residents aged 65+

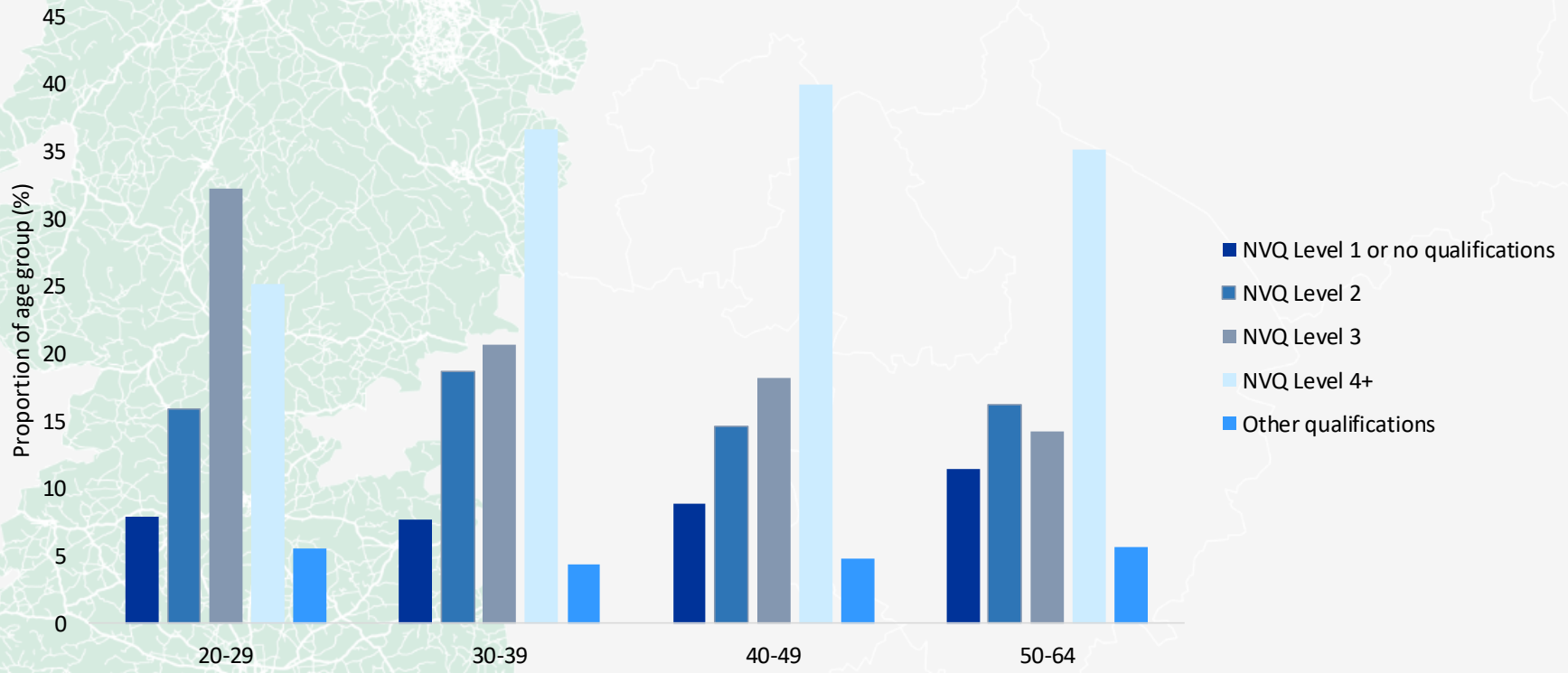
Proportion of residents aged 65 and over (2016)



Source: Metro Dynamics analysis of ONS Internal Migration Estimates (2016)

Qualifications by age

Qualifications profile by age (2017)



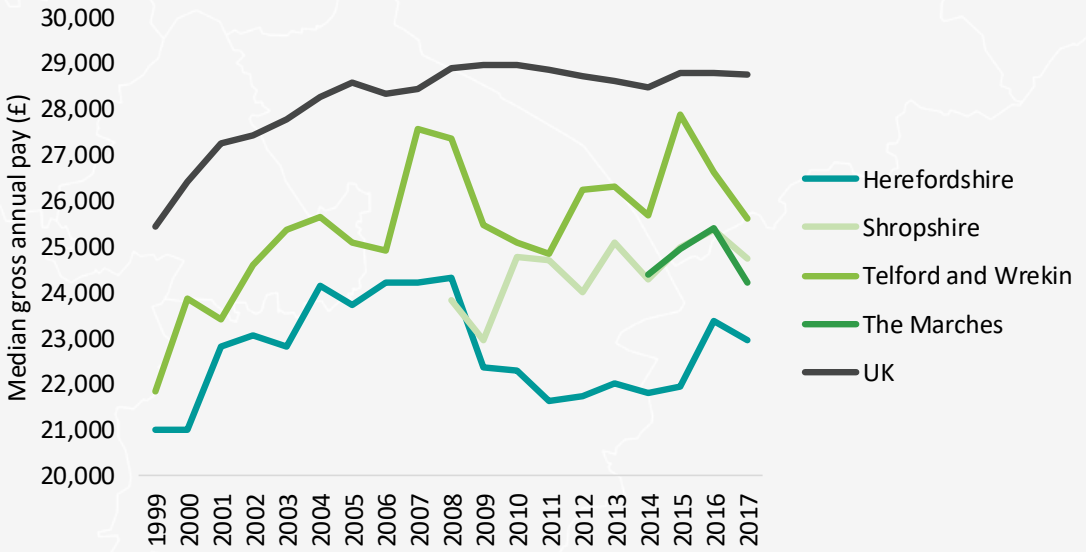
Source: ONS Annual Population Survey (2017)

Wages

Median gross weekly and annual pay for full-time workers by workplace (2017)

	Gross weekly pay (£)	Gross annual pay (£)
Herefordshire	£448.40	£22,957.00
Shropshire	£470.80	£24,725.00
Telford & Wrekin	£488.20	£25,950.00
The Marches	£473.70	£24,211.00
UK	£550.40	£28,758.00

*Median gross annual pay for full-time workers by workplace (1999-2017)**

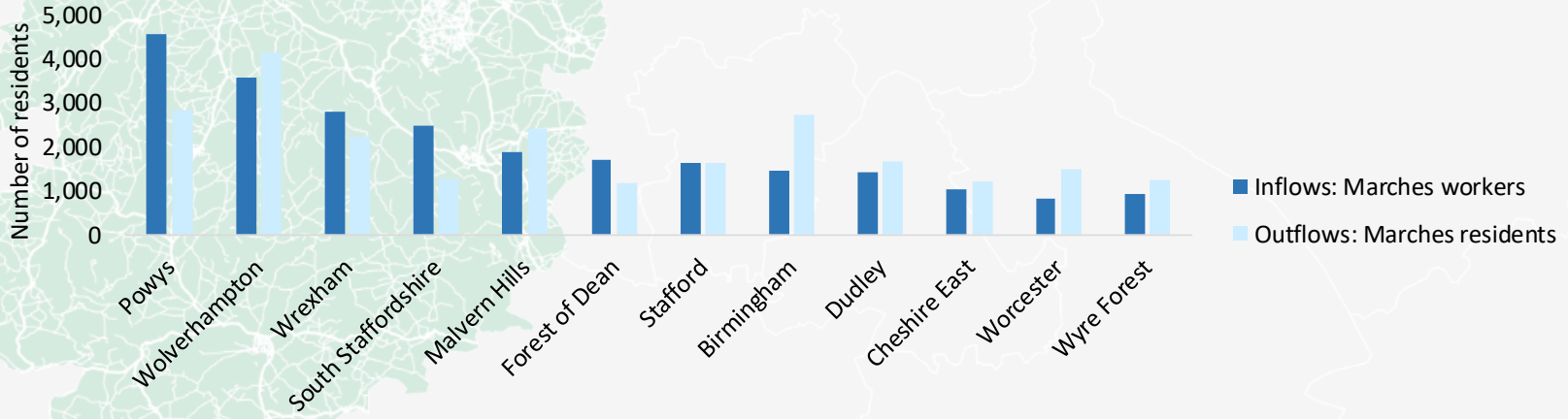


** Data is only available for Shropshire after 2008 due to local government restructuring. Data for the Marches is only available after 2014.*

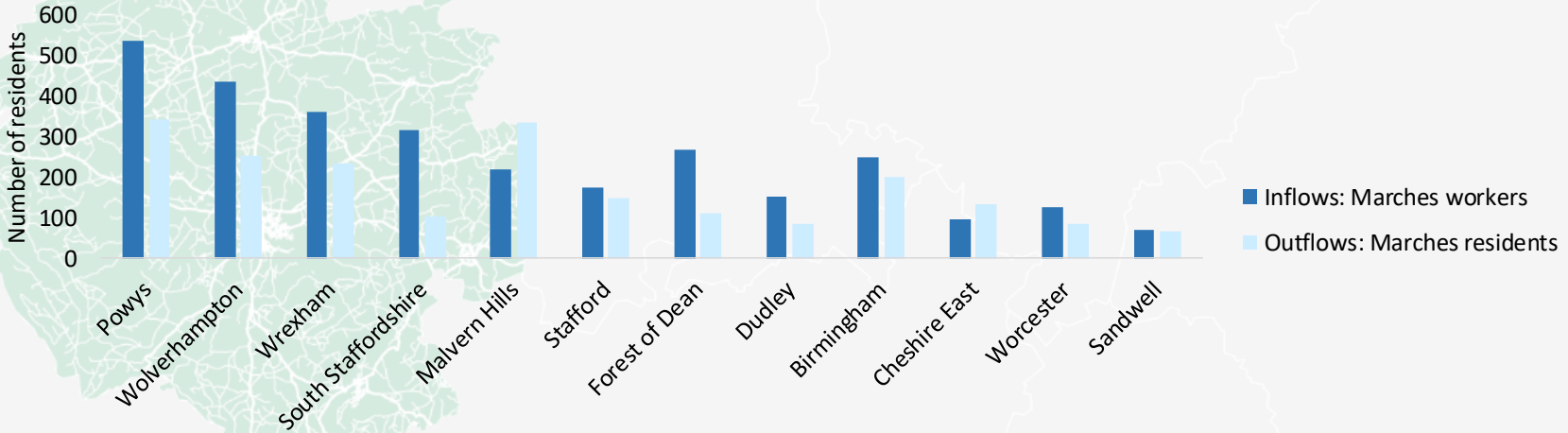
Source: ONS Annual Survey of Hours and Earnings (1999-2017), deflated to give values in 2017 terms

Commuting flows

Commuting flows by main local authorities for total population in employment (2011)



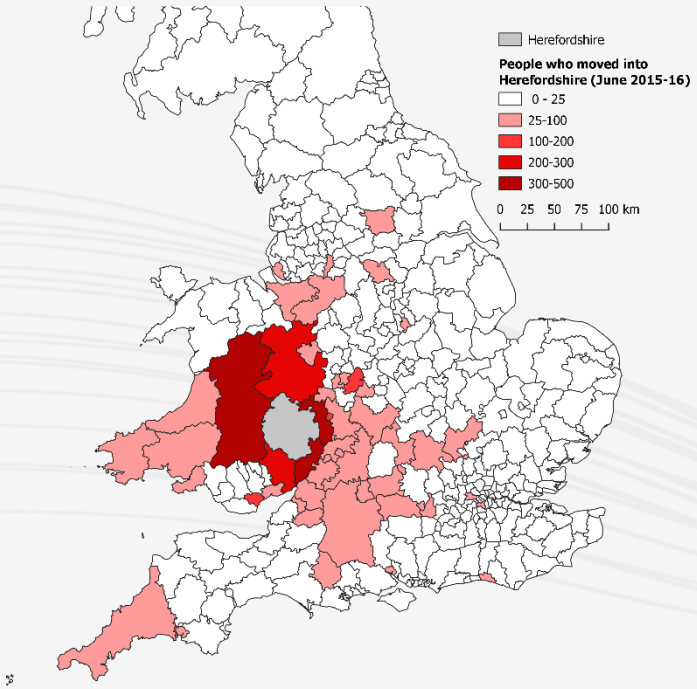
Commuting flows by main local authorities for total population aged 25-34 in employment (2011)



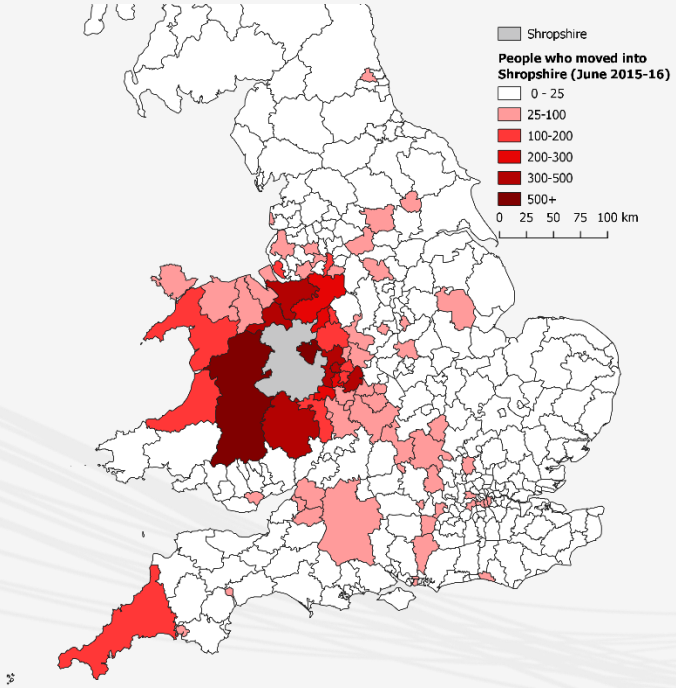
Source: Census (2011)

Inward migration by local authority

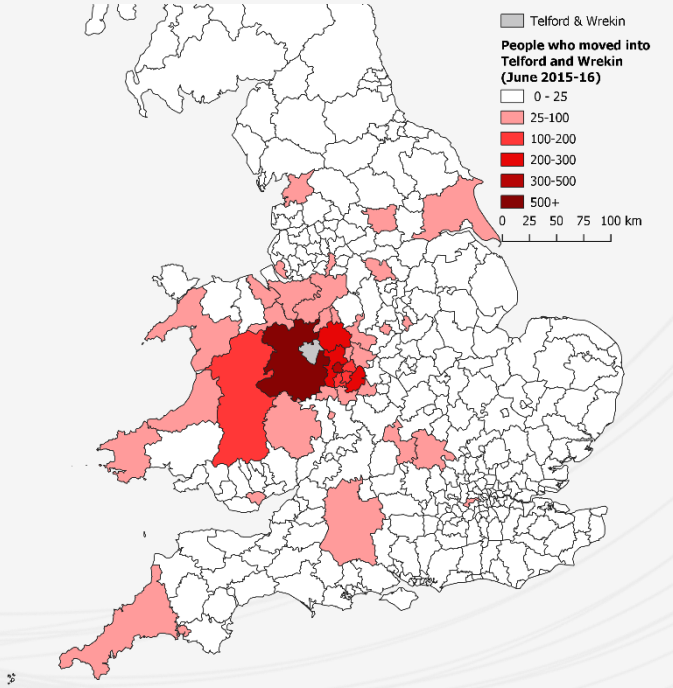
Inward migration into Herefordshire (July 2015 – June 2016)



Inward migration into Shropshire (July 2015 – June 2016)



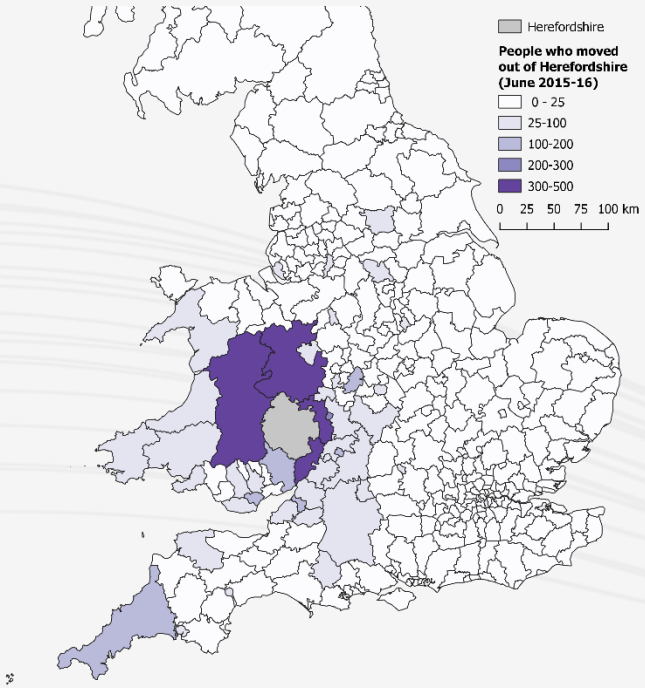
Inward migration into Telford and Wrekin (July 2015 – June 2016)



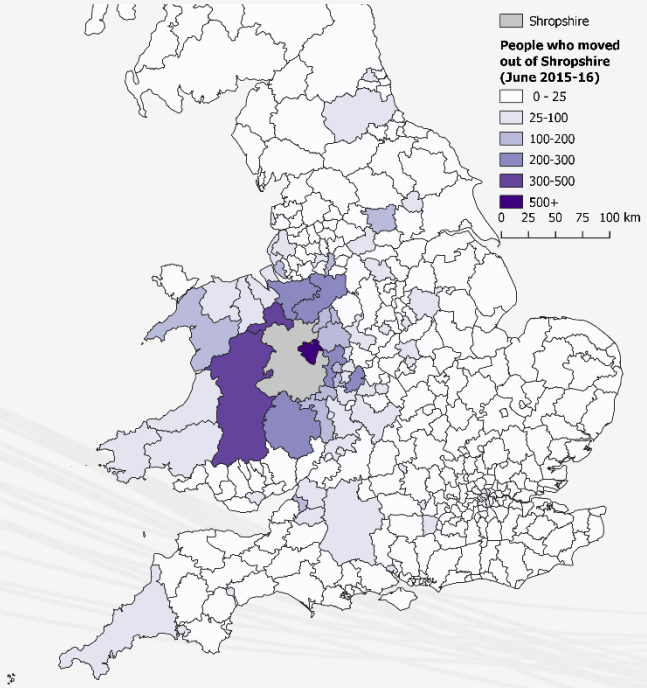
Source: Metro Dynamics analysis of ONS Internal Migration Estimates (2016)

Outward migration by local authority

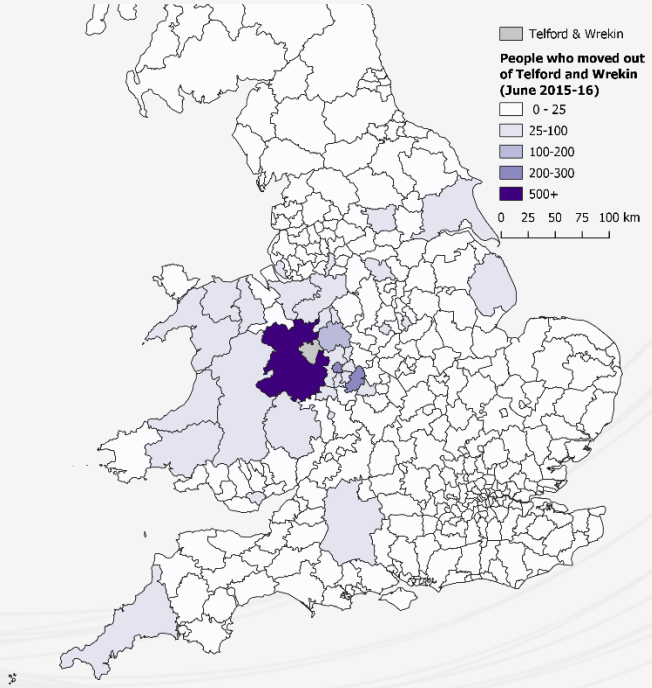
Outward migration into Herefordshire (July 2015 – June 2016)



Outward migration into Shropshire (July 2015 – June 2016)



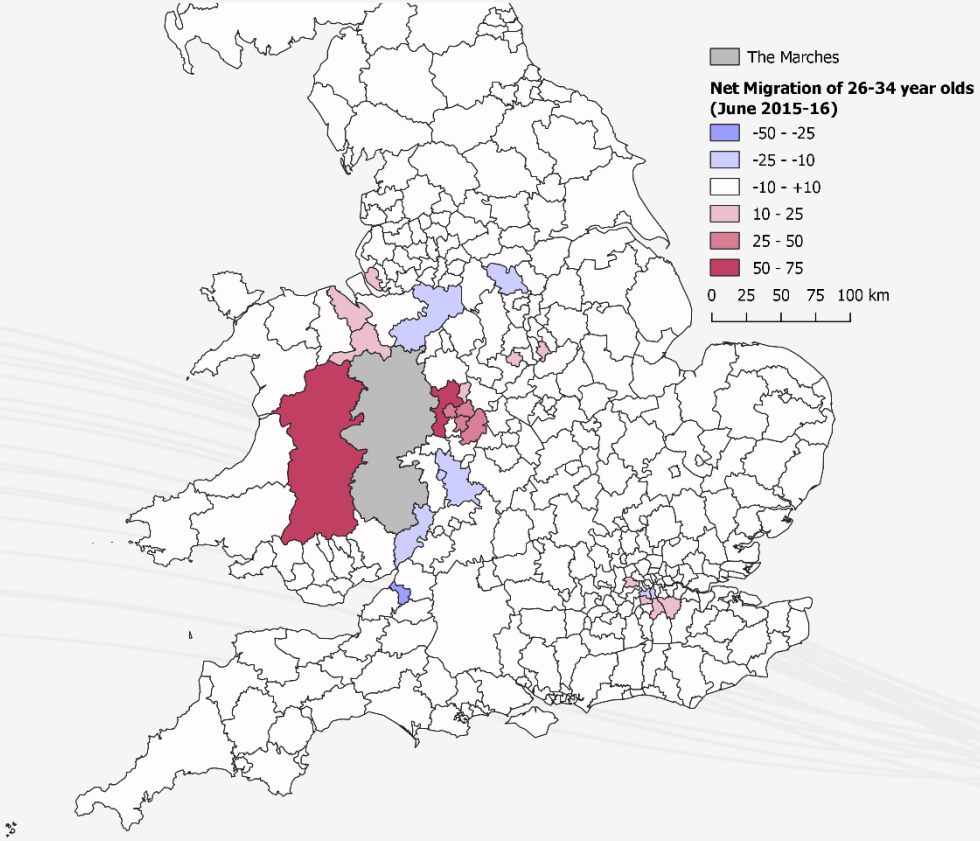
Outward migration into Telford and Wrekin (July 2015 – June 2016)



Source: Metro Dynamics analysis of ONS Internal Migration Estimates (2016)

Net migration into the Marches for 26-34 year olds

Net migration numbers into the Marches from local authorities across the UK for 26-34 year olds (year ending June 2016)



Source: Metro Dynamics analysis of ONS Internal Migration Estimates (2016)

GVA growth by industry

GVA growth by industry for the Marches and comparators (2011-16)

	The Marches	Cornwall and Isles of Scilly	Cumbria	Greater Lincolnshire	Heart of the South West	New Anglia	UK
Agriculture, forestry and fishing; production other than manufacturing	10.9%	8.8%	12.0%	13.0%	12.1%	6.0%	-2.6%
Manufacturing	14.1%	10.8%	23.6%	-3.0%	9.4%	4.9%	12.2%
Construction	21.1%	29.9%	-4.6%	16.5%	14.3%	11.2%	17.0%
Distribution, transport, accommodation and food	13.3%	13.3%	29.4%	8.8%	13.5%	15.0%	14.6%
Information and communication	2.4%	8.1%	-10.0%	19.2%	12.4%	3.2%	12.3%
Financial and insurance activities	-26.1%	-15.3%	5.8%	-15.1%	-17.0%	-6.9%	-6.6%
Real estate activities	4.0%	8.0%	3.2%	10.6%	6.7%	14.0%	21.3%
Business service activities	18.6%	9.8%	2.8%	7.6%	15.5%	19.9%	21.2%
Public administration, education and health	-12.6%	2.8%	4.2%	-5.4%	0.6%	3.6%	0.1%
Other services and household activities	19.1%	13.5%	17.9%	1.4%	19.7%	16.9%	18.0%

Source: ONS, Regional GVA (balanced approach), deflated to give values in 2017 terms

Advanced manufacturing – metals

Top sub-sectors (SIC 5) in metals (2016)

Top sub-sectors (SIC-5) in metals	Jobs (2016)	LQ (2016)	Job change (2011-16)
Manufacture of metal structures and parts of structures	1,000	1.94	-125
Other non-ferrous metal production	600	19.56	0
Casting of light metals	600	9.78	100
Aluminium production	450	11.92	-300
Manufacture of doors and windows of metal	425	2.43	25
Manufacture of other fabricated metal products nec	425	1.53	-275
Treatment and coating of metals	325	1.60	-100
Manufacture of weapons and ammunition	300	2.35	300
Manufacture of basic iron and steel and of ferro-alloys	250	1.23	190
Casting of iron	200	5.65	-25
Manufacture of fasteners and screw machine products	150	3.18	25
Manufacture of other tanks, reservoirs and containers of metal	130	3.24	-45
Other – metals	1,425		-645
Total – metals	**6,125**		**-875**

Source: ONS Business Register and Employment Survey (2016)

Advanced manufacturing – machinery

Top sub-sectors (SIC 5) in machinery (2016)

Top sub-sectors (SIC-5) in machinery	Jobs (2016)	LQ (2016)	Job change (2011-16)
Manufacture of office machinery and equipment (except computers and peripheral equipment)	1,000	26.49	-250
Repair of machinery	650	1.79	300
Manufacture of agricultural and forestry machinery (other than agricultural tractors)	475	8.39	0
Manufacture of non-domestic cooling and ventilation equipment	425	2.14	-175
Installation of industrial machinery and equipment	425	1.92	305
Manufacture of other special-purpose machinery nec	275	3.43	-75
Manufacture of power-driven hand tools	250	58.87	-350
Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	250	1.77	0
Manufacture of other taps and valves	200	2.83	50
Other – machinery	675	-780	
Total – machinery	**4,625**	-975	

Source: ONS Business Register and Employment Survey (2016)

Advanced manufacturing – plastics and automotive

Top sub-sectors (SIC 5) in rubber and plastic products (2016)

Top sub-sectors (SIC-5) in rubber and plastic products	Jobs (2016)	LQ (2016)	Job change (2011-16)
Manufacture of other plastic products	1,250	2.88	325
Manufacture of plastic plates, sheets, tubes and profiles	1,000	4.51	-400
Manufacture of builders ware of plastic	750	2.04	-175
Manufacture of plastic packing goods	700	3.53	225
Manufacture of other rubber products	475	4.32	25
Other – rubber and plastic products	75		0
Total – rubber and plastic products	**4,250**		**0**

Top sub-sectors (SIC 5) in automotive (2016)

Top sub-sectors (SIC-5) in automotive	Jobs (2016)	LQ (2016)	Job change (2011-16)
Manufacture of other parts and accessories for motor vehicles	3,250	5.84	0
Other – automotive	250		0
Total – automotive	**3,500**		0

Source: ONS Business Register and Employment Survey (2016)

Food and drink

Top sub-sectors (SIC 5) by LQ in Food and Drink (2016)

Top sub-sectors (SIC-5) in Food and Drink	Jobs (2016)	LQ (2016)	Job change (2011-16)	Sub-sector
Processing and preserving of poultry meat	2,000	9.86	250	Meat
Processing and preserving of meat	1,500	6.76	600	Meat
Production of meat and poultry meat products	900	2.89	50	Meat
Manufacture of cocoa, and chocolate confectionery	600	6.05	0	Confectionary
Butter and cheese production	500	8.83	-300	Dairy
Manufacture of other food products nec	400	1.28	340	Other
Manufacture of cider and other fruit wines	375	21.19	-125	Beverages
Manufacture of milk products (other than liquid milk and cream, butter, cheese) nec	350	10.60	-1,025	Dairy
Processing and preserving of potatoes	350	4.12	250	Fruit and vegetables
Manufacture of prepared feeds for farm animals	325	4.30	85	Arable crops
Grain milling	300	6.36	75	Arable crops
Other processing and preserving of fruit and vegetables	300	1.41	0	Fruit and vegetables
Manufacture of beer	200	1.37	-350	Beverages
Manufacture of prepared pet foods	175	3.09	50	Other
Liquid milk and cream production	175	2.18	170	Dairy
Other – Food and Drink	700		-45	
Total – Food and Drink	9,150		25	

Source: ONS Business Register and Employment Survey (2016)

Logistics

Top sub-sectors (SIC 5) by LQ in Logistics (2016)

Top sub-sectors (SIC-5) in Logistics	Jobs (2016)	LQ (2016)	Job change (2011-16)
Operation of warehousing and storage facilities for land transport activities	3,500	1.28	1,375
Freight transport by road	2,750	1.10	625
Unlicensed Carriers	600	0.78	150
Other service activities incidental to land transportation, nec (not including operation of rail freight terminals, passenger facilities at railway stations or passenger facilities at bus and coach stations)	375	0.53	255
Renting and leasing of trucks	275	3.64	55
Other transportation support activities	200	0.32	-275
Service activities incidental to air transportation	120	0.24	-30
Other – Logistics	120		55
Total – Logistics	7,940		2,210

Source: ONS Business Register and Employment Survey (2016)