

LANCASTER VISION

**LANCASTER DISTRICT
ECONOMIC BASELINE:
WORKING PAPER**

Final

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Regeneris Consulting

1-5 The Downs

Altrincham

Greater Manchester

WA14 2QD

Tel: 0161 926 9214

Fax: 0161 926 8545

Web: www.regeneris.co.uk

regeneris

consulting

CONTENTS

1. INTRODUCTION	3
2. HEADLINE ECONOMIC OUTCOMES	4
3. HOW DOES LANCASTER DISTRICT EARN ITS LIVING?	13
4. UNDERPINNING GROWTH FACTORS	18
APPENDIX A	24

1. Introduction

- 1.1 This working paper provides an economic baseline for the Lancaster district. It focuses on headline economic outcomes, how the district earns its living, and underpinning growth factors.
- 1.2 The paper sets out latest indicators for Lancaster district and past trends in these, relative to sub-regional, regional and national figures and five selected benchmark districts. This working paper is complemented by two others: *Lancaster District Rural Economic Baseline*, focusing specifically on the economy of rural Lancaster district, and the *Lancaster District Futures Baseline* which identifies the issues and sectors which are likely to determine growth in future.

Lancaster district's economic baseline is benchmarked against five other districts: **Exeter, Canterbury, York, Preston and Carlisle**.

These have been selected due to their "nearness" to Lancaster district in many respects, using the CIPFA (Chartered Institute of Public Finance and Accountancy) Nearest Neighbour statistical model, and through discussions with the steering group.

The CIPFA model is designed to aid local authorities in comparative and benchmarking exercises and provides a list of districts which are "closest fit" on a range of socio-economic indicators (see Appendix A for full list and scoring for benchmark districts). From a long list of 25 authorities five were selected by Regeneris and the Steering Group for comparators, on the basis of key factors such as high university presence, location within the UK, and fit with previous benchmarking work in Lancaster.

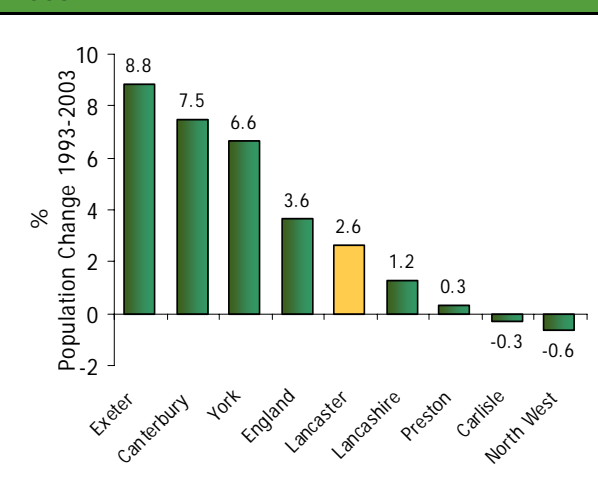
2. Headline Economic Outcomes

Population

2.1 The district of Lancaster is home to 135,800 people in 2003. Population has grown significantly since 1993. In total it increased by 2.6% or 3,500 people over this period, against a backdrop of relatively slow population growth in Lancashire¹ (1.6%) and falling population across the North West.

2.2 Lancaster district's population profile is affected by its high student presence. In the 2001 Census, there were 13,000 students, 9.8% of residents, registered for Lancaster district. This is almost double the regional (5.0%) and national average (5.1%). Of the benchmark districts only Exeter has a higher student density, with students accounting for approximately 11% of its total population. This captures most of the students at Lancaster University and St Martin's College, of which there were 16,000 in total in 2000/01², equivalent to 12% of

Figure 2-1: Percentage population change 1993-2003.



Source: Mid-year population estimates, ONS.

Lancaster district's population. Around 4,000 were part time, a significant proportion of which would not be registered as students as they are more likely to live outside of the district or be in employment³. (Table 2-1 shows numbers of students recorded in the 1991 and 2001 Census' as a proxy for numbers in 1993 and 2003).

2.3 Table 2-1 shows population by age cohort and how this has changed over time. Location Quotient (LQ) shows how the share of population of a particular profile compares to an average area of the same size in Great Britain. Lancaster district has almost double the numbers of students than average, and consequently has 20% more residents aged 15-19 and 60% more aged 20-24. Another notable feature is a relatively high share of those of retirement age and relatively few of younger working age (aged 25-39).

2.4 Absolute population growth in Lancaster district over the period (3,500) is primarily accounted for by growth in students and those aged 50-64 (and aged 30-49 to a lesser extent). Faster growth *relative* to the rest of the North West region is accounted for by growth in those aged 15-25, in turn mostly driven by student numbers. The student

¹ Lancashire throughout this document refers to the Lancashire sub-region and includes the Blackpool and Blackburn and Darwen local authority areas.

² Higher Education Statistics Agency (HESA), Lancaster University and St Martin's College.

³ Part time students who are in full-time employment will not be classified as students in the Census.

share of population has risen by 2.5 percentage points over the period, faster than in benchmark areas.

- 2.5 The Office of National Statistics (ONS) produced trend-based projections of population for local authority districts. These are based on previous trends and assumptions about future levels of births, deaths and inward migrations. Following trend growth, the population aged over 65 in Lancaster district is projected to rise 21% (from 24,000 to 29,000) between 2003 and 2015, with a rise in those of working age of just 1.4%. Overall, population is projected to grow by 2,200 (1.6%) over the period, with working age population growing by 1,100. ONS stress they show what the population will be if past trends continue, and that they do not take into account any future policy changes or local development policies that have not yet occurred⁴.

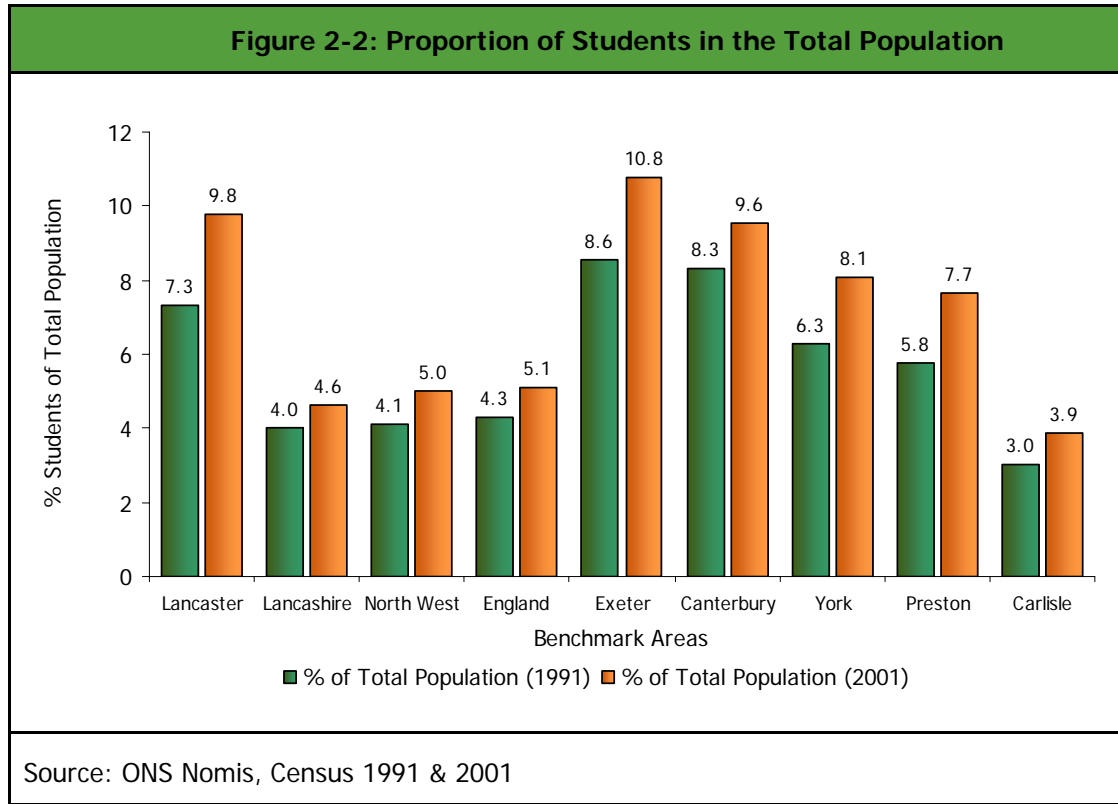
Table 2-1: Population Change, 1993-2003							
Age Range	Lancaster district (2003)	LQ vs. GB	Lancaster district Change (1993-2003)	Lancaster district Change (%)	Lancashire Change (%)	North West Change (%)	Great Britain (%)
All People	135,800	1.00	3,500	2.6%	1.2%	-0.6%	3.2%
Aged 1-4	6,800	0.85	-1,200	-15.0%	-15.9%	-18.9%	-12.5%
Aged 5-14	16,200	0.93	200	1.3%	1.8%	-2.0%	2.5%
Aged 15-19	10,200	1.22	2,000	24.4%	14.6%	13.1%	13.4%
Aged 20-24	12,700	1.55	1,700	15.5%	-14.0%	-15.2%	-12.1%
Aged 25-29	6,800	0.76	-3,200	-32.0%	-26.9%	-27.1%	-21.5%
Aged 30-39	18,000	0.85	800	4.7%	6.7%	5.0%	9.7%
Aged 40-49	17,400	0.95	500	3.0%	2.4%	3.1%	5.8%
Aged 50-64	23,700	1.00	3,400	16.7%	17.3%	13.4%	17.3%
Aged 64-74	12,300	1.08	-900	-6.8%	-5.5%	-5.5%	-3.4%
Aged 75+	11,700	1.14	200	1.7%	8.7%	9.7%	13.7%
<i>Students⁵</i>	<i>13,000</i>	<i>1.92</i>	<i>4,000</i>	<i>44.1</i>	<i>-1.5</i>	<i>22.6</i>	<i>24.1</i>
Source: Mid-Year Population Estimates, ONS Nomis. Student numbers from Census 1991 & 2001 © Crown Copyright							
Note: Age profile figures include student numbers.							

- 2.6 Only Exeter has a higher proportion of students amongst its total population than Lancaster district with almost 11% of its population students. Just under 10% of Lancaster district's population is comprised of students. Figure 2-2 illustrates that the

⁴ <http://www.statistics.gov.uk/cci/nugget.asp?id=995>

⁵ We use Census 2001 and 1991 figures for students as proxy for students in 2003 and 1993, to give comparability across areas.

proportion of students within the total population has increased by 2.5 percentage points over the past decade rising from 7.3% in 1991.



2.7 Population in the Lancaster district has continued to grow since 2001. Student numbers continued to increase in the Lancaster district between 2000/01 and 2003/04, by 5,400 at Lancaster University (3,650 of which are part time) and 800 at St Martin’s. Mid-year population estimates record population increase of a further 1,800 or 1.3% to 2003, which may be a slight underestimate of the effect of increased student numbers. This further growth is reflected in increases in numbers of residents aged 15-19 and 20-24.

Employment

2.8 There were 52,368 employee jobs recorded in Lancaster district in 2003. This includes jobs filled by those who commute from elsewhere to work in the district (6,600 in 2001) and both part-time as well as full-time jobs⁶. A comparable time series for employee jobs runs from 1998 to 2003, which has corrected data anomalies for a small number of sub-sectors at a district level over time. In Lancaster anomalies are apparent for Health and Social Care, specifically hospital activities were significantly overestimated in 1998, and to a lesser extent Energy (specifically oil and natural gas extraction employment was not captured until 2003).

⁶ Double-counting of those with more than one job is a potential, although generally not significant, problem.

2.9 Lancaster district saw estimated job growth of 5,700 or 11.8% between 1998 and 2003, controlling for anomalies⁷. This is accounted for by growth in full-time jobs of 3,150 (2,100 male and 1,050 female) and part-time jobs of 2,550 (1,200 male and 1,350 female). As shown in Table 2-3 the proportional increase in part-time jobs (14.6%) over the period has been faster than full-time and is similar to the regional average. However, full-time job growth has been particularly strong – 10.3% compared to 4.4% in the North West.

Table 2-2: Total Employee Jobs and Change by cohort in Lancaster district, 1998-2003				
Area	1998	2003	Absolute Change (1998-2003)	% Change (1998-2003)
Male Full Time	19,185	21,300	2,100	11.0%
Male Part Time	3,415	4,596	1,200	34.6%
Female Full Time	11,475	12,512	1,050	9.0%
Female Part Time	14,106	15,481	1,400	9.7%
Total	48,181	53,889	5,700	11.8%
Source: ONS Nomis, Annual Business Inquiry © Crown Copyright				
Note: Estimates corrected to control for Health & Energy data anomalies.				

Table 2-3: Proportional change in employee jobs (full-time/part-time), 1998-2003			
Area	Total	Full-time	Part-time
Lancaster	11.8%	10.3%	14.6%
Lancashire	3.4%	3.1%	3.9%
North West	7.3%	4.4%	14.0%
Great Britain	5.6%	2.6%	12.5%
Source: ONS Nomis, Annual Business Inquiry © Crown Copyright			

2.10 The Labour Force Survey provides estimates of the numbers of Lancaster district residents in employment. However, a small sample size in the district means that employment can only be accurately estimated to the nearest 3,000⁸. The relationship

⁷ Following ONS guidance, we take figures for 2003 employment to be correct. For Health and Social Care, we estimate the previous figures in the time series by assuming Lancaster saw the same proportional job growth as Great Britain across full-time/part-time, male/female cohorts. We take the 2003 figures for natural gas production, we assume neutral employment growth in this sub-sector between 1998 and 2003 and that all workers all full-time males, correcting pre-2003 totals for energy accordingly.

⁸ This give a possible error range of +/- 6,000 (or 12,000) for employment change between two points.

between jobs and changes in unemployment and inactivity in Lancaster district is explored below.

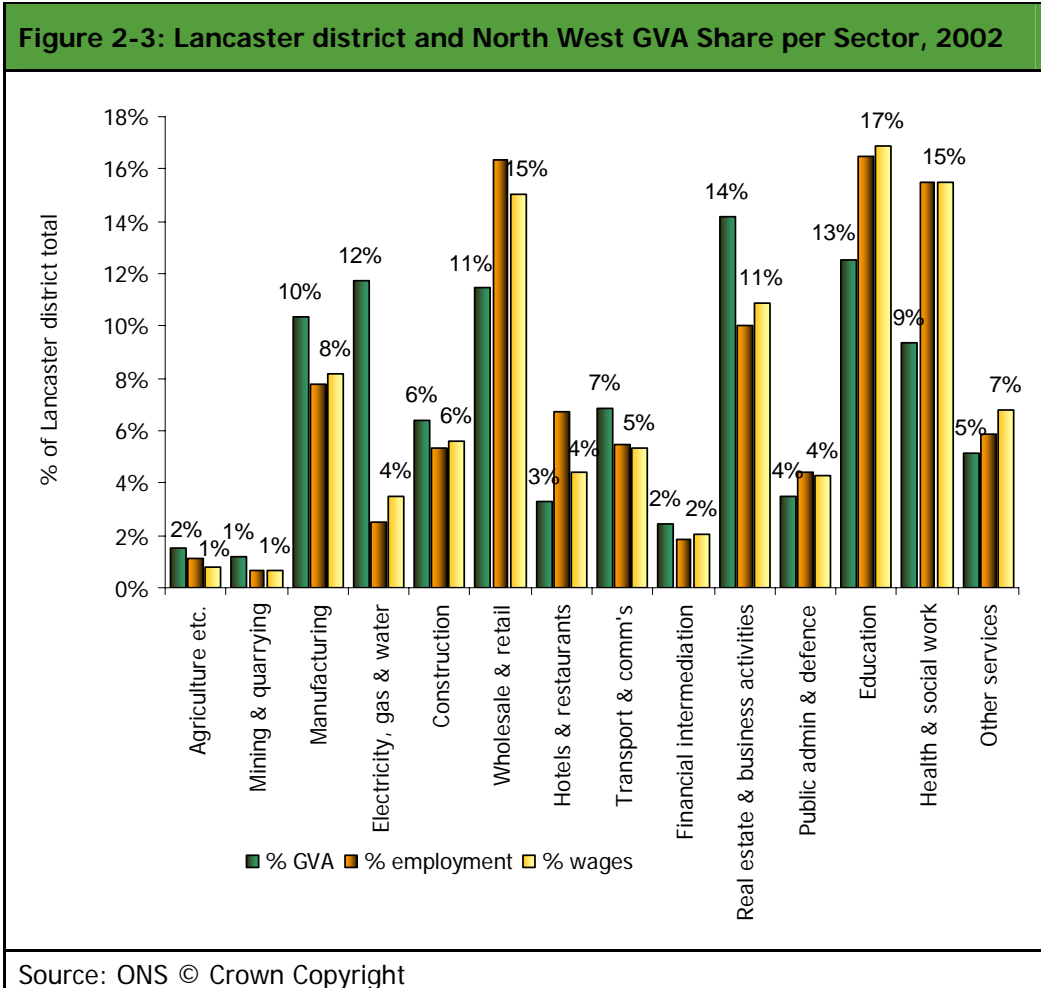
Output, incomes and deprivation

- 2.11 The output of the Lancaster district economy is measured by Gross Value Added (GVA). This is the value of goods and services produced by Lancaster district's industries minus the cost of bought in goods and services⁹. It can be thought of as the wealth created by its workers and is a general determinant of the wages and profits that accrue to its employees through their economic activity.
- 2.12 GVA in Lancaster district in 2002 is estimated at £1.7bn¹⁰. This is 10% of the output of Lancashire and 1.8% of the output of the whole North West. GVA per employee equals £32,500, marginally higher than the average for the North West (£32,200). Lancaster district's estimated GVA per employee is 7% below the average for England (£34,800). This estimate assumes productivity by sector is the same as the North West and as such should be treated with caution. Employment concentration in relatively low GVA education and health sectors lends a downward bias on this sort of estimate, while relatively high concentration in energy acts in the opposite direction. The more thorough examination of wages and employment which follows, and the more qualitative examination of skills and productivity by sector in the *Futures Baseline Paper*, allows a more meaningful understanding of the relative value of economic activity in the district.
- 2.13 Figure 2-3 provides a summary of how Lancaster district earns its living. It shows the share of Lancaster district's estimated output, employment and estimated total wages by sector¹¹. Generally, all things being equal, those sectors which employ workers with the highest productivities (GVA per employee) are associated with higher pay and Figure 2-3 confirms this to be the case for Lancaster district. Those sectors where GVA share is lower than share of employment, share of wages is also lower and vice versa. This relationship is not a one-to-one mapping, and for example, taking the output share of the energy sector as an indicator for its contribution to the Lancaster district economy would overestimate its importance as a provider of incomes. Employment is used in the section below to track Lancaster district's industrial structure and wages are tracked in the *Futures Baseline Paper*.

⁹ GVA is the methodology recognised across the UK (and by and large internationally) for calculating output by industry and/or geography. Values for output are calculated by proxy for those sectors where goods 'market' values do not exist (e.g. health, education and other public services).

¹⁰ Official statistics for GVA are not available for Lancaster. Estimated using ONS data for North West GVA by broad sector, and using employment shares by broad sector for Lancaster to calculate total GVA. Estimation method assumes GVA/employee by sector in Lancaster is the same as the North West.

¹¹ Wages and GVA estimated using average GVA and gross weekly wages by sector for the North West and applying Lancaster employment shares.



- 2.14 Average wage levels in Lancaster district are available at a district level through the New Earnings Survey. Lancaster district has relatively low average wage rates of £430 per week for full time workers. This compares to £440 for the North West and £485 for England, although it compares favourably to Carlisle and Exeter. This is somewhat surprising given the high skill levels of its workforce. It is likely to be in part due to large concentrations of employment in relatively low-wage health and social work, and low concentration in higher wage sectors such as financial, business and professional services. This is indicative of a lack of a strong base of high value, high pay financial and professional business services sector of the sort attractive to graduates.
- 2.15 Average wages are a good general measure of the incomes generated through employment. However, they tell us little about poverty, since they do not capture the 'bottom end' of the wage spectrum and, moreover, poverty in the UK is strongly associated with worklessness. The Index of Multiple Deprivations provides a holistic measure of poverty¹² on an area basis for Super Output Areas (areas average in size of 1,500 people) in England and Wales.

¹² Super Output Areas are scored and ranked using indicators for: income deprivation, employment deprivation, health and disability deprivation, education skills and training deprivation, barriers to housing and services deprivation, living environment deprivation, crime.

- 2.16 Lancaster district ranks in the top 30% most deprived districts in England, based on the proportion of its population living in the most 10% deprived (Super Output) Areas nationally according to the Index of Multiple Deprivation scores. Of the total population of Lancaster district, 9.2% or 12,440 live in seven of these Areas in the district, a concentration of deprivation similar to much of the North West. Half of these people (6,120) live in Super Output Areas within the most deprived 2.5% nationally, located in the Harbour, Skerton West, Heysham North and Poulton Wards. While the concentration of deprivation is similar to many areas, the *extent* of deprivation, that is the deprivation experienced by the poorest 10% of Lancaster district's residents, puts it in the top 18% of districts in England and is a serious problem for the district. Figure 2-5 shows how area based deprivation by Super Output Area for 2004 is concentrated around the urban core of Lancaster and Morecambe.
- 2.17 Worklessness is a problem as it is generally closely related to poverty, especially child poverty. The scale of this problem can be assessed through figures on the take up of Jobseekers Allowance (JSA) and in the long term Incapacity Benefits¹³. These, unlike IMD, are available as a time series. There has been a significant fall in JSA claimants from 4.8% in 1996 to 1.6% in 2005. This reduction represents 3,200 workers moving from the register, 1,000 since 2000.

Table 2-4: JSA claimant count as % of working age population for broad area of Lancaster district.					
Area	July 1996	July 2000	July 2005	Change (1996-05)	% Change (1996-05)
Urban Morecambe	6.3%	3.5%	2.4%	1,288	-61.5
Urban Lancaster	5.4%	3.3%	1.8%	1,282	-67.4
Rural Hinterland	2.6%	1.1%	0.6%	626	-76.0
Total	4.8%	2.7%	1.6%	3,196	-66%
Note: 1995 figures were unavailable					
Source: ONS Nomis, Claimant Count © Crown Copyright					

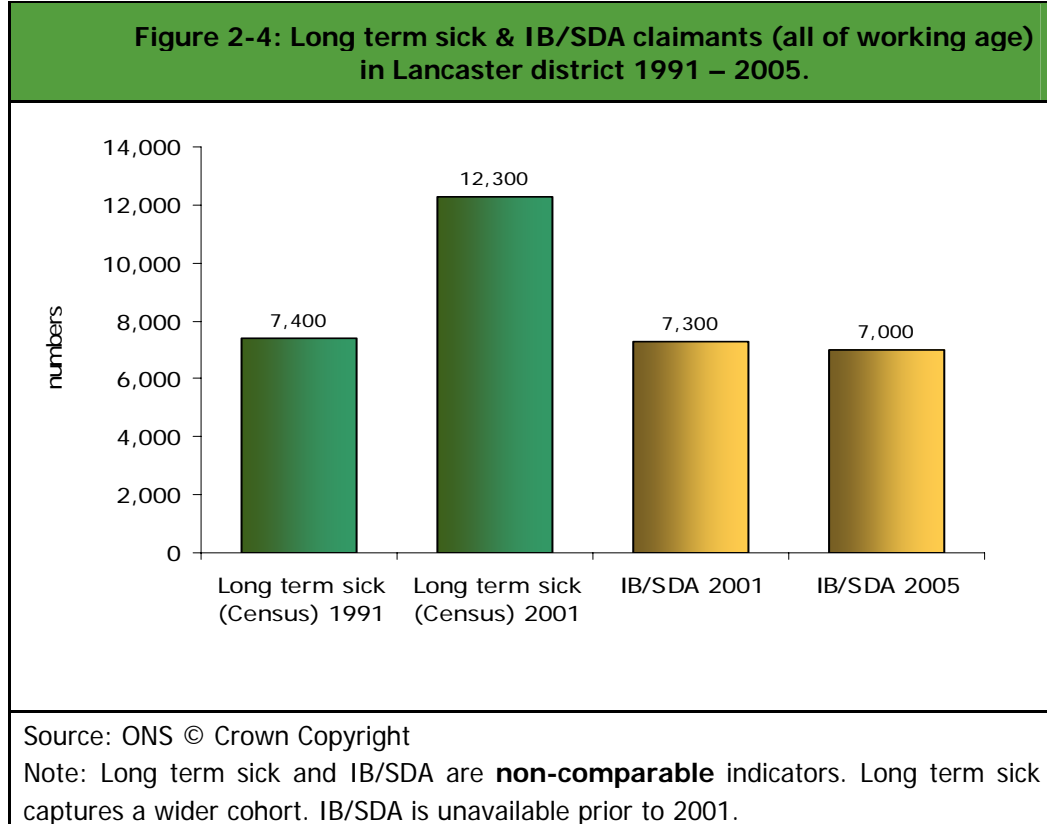
- 2.18 The late 1990s saw large numbers move from JSA and the fringes of the labour market to long-term sickness benefits across the UK. This pattern was repeated in Lancaster district and the Census measures an increase in numbers reporting long term limiting illness by over a half between 1991 and 2001 to 15% of the working age population¹⁴. Claimants of Incapacity Benefit and Severe Disablement Allowance (IB/SDA), were 7,000 or 7.2% of the working age population in 2005. This roughly matches the average for England (6.8%) and is significantly less than that of the North West (10.3%). As in

¹³ There is a too broad a confidence level to meaningfully use the broad estimate of unemployment recognised by the International Labour Organisation (ILO) and measured through the Labour Force Survey (LFS) for Lancaster.

¹⁴ Census 1991 and 2001 record those claiming long term limiting illness as a % of working age population rise from 9.7% to 15.0%.

England and the North West, total claimants for Lancaster district have not grown since 2001.

- 2.19 There was a reduction in 2,400 people claiming JSA between 1996 and 2001. It is likely that a significant number of these contributed to the rise in long term sickness of 4,900 recorded between 1991 and 2001 and are part of the 7,300 claiming IB/SDA in 2001. However, many of these will have found their way to the labour market. There is little evidence that the further reduction in claimant count of 800 between 2001 and 2005 has contributed to a rise in sickness claimants, and the majority of these are likely to form part of the workforce.



- 2.20 Morecambe has a particular problem with long term sickness, although for the town as a whole it is no more severe than the North West average. In the district’s rural hinterland only 4.1% of the working age population claimed IB/SDA in 2003, compared to 6.9% in urban Lancaster and 9.8% for urban Morecambe. Two of these wards in Morecambe – Harbour and Heysham North – have a claimant rate in excess of 13%.

Figure 2-5: Index of Multiple Deprivation in Lancaster district by Super Output Area, 2004

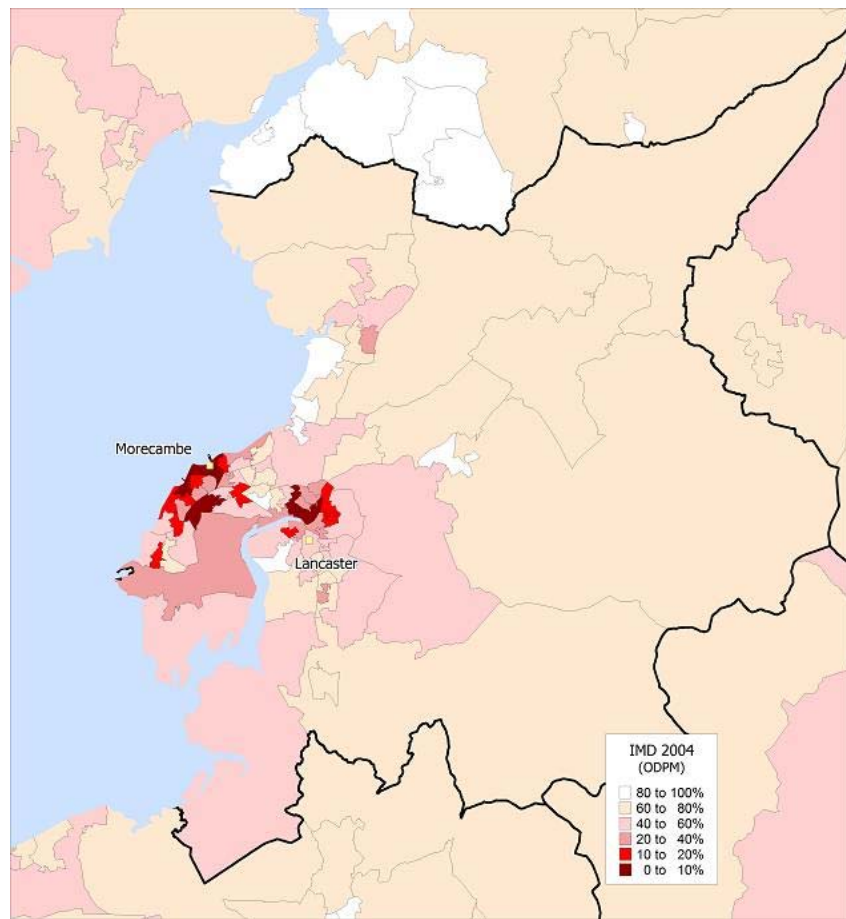
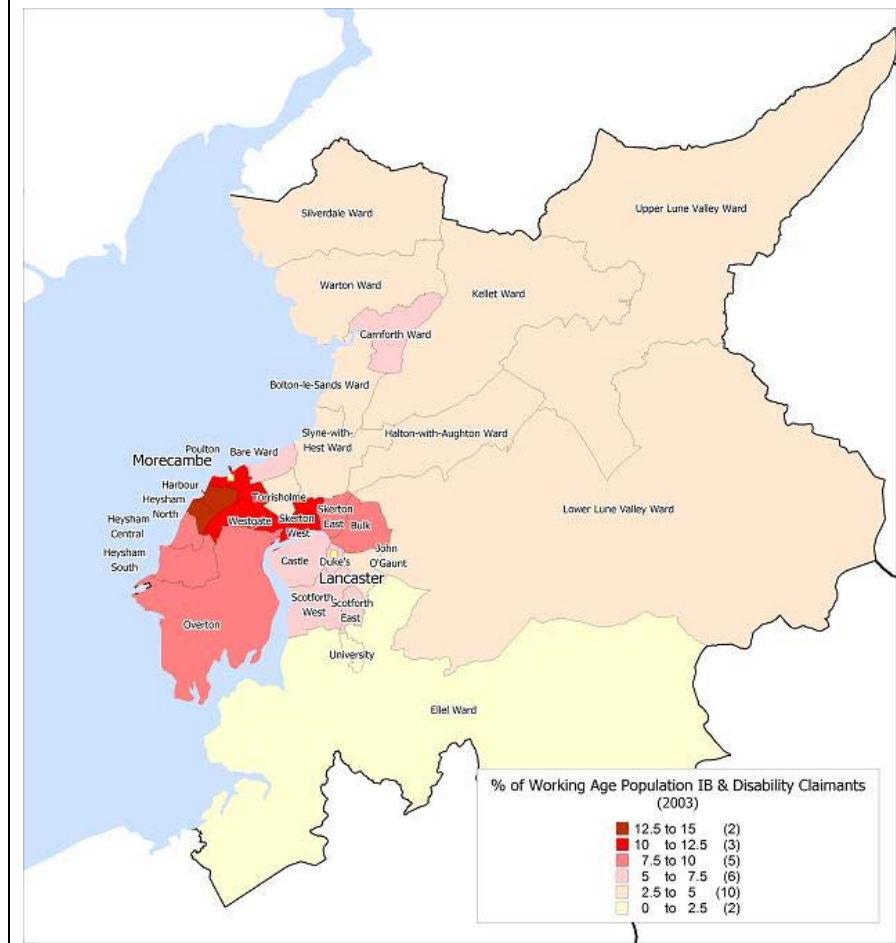


Figure 2-6: Incapacity Benefit & Disability Claimants, 2003



Source: AdminMap © ONS Census 2001. ODPM IMD 2004 & NOMIS 2005 © Crown Copyright.

3. How does Lancaster district earn its living?

Industrial structure of Lancaster district

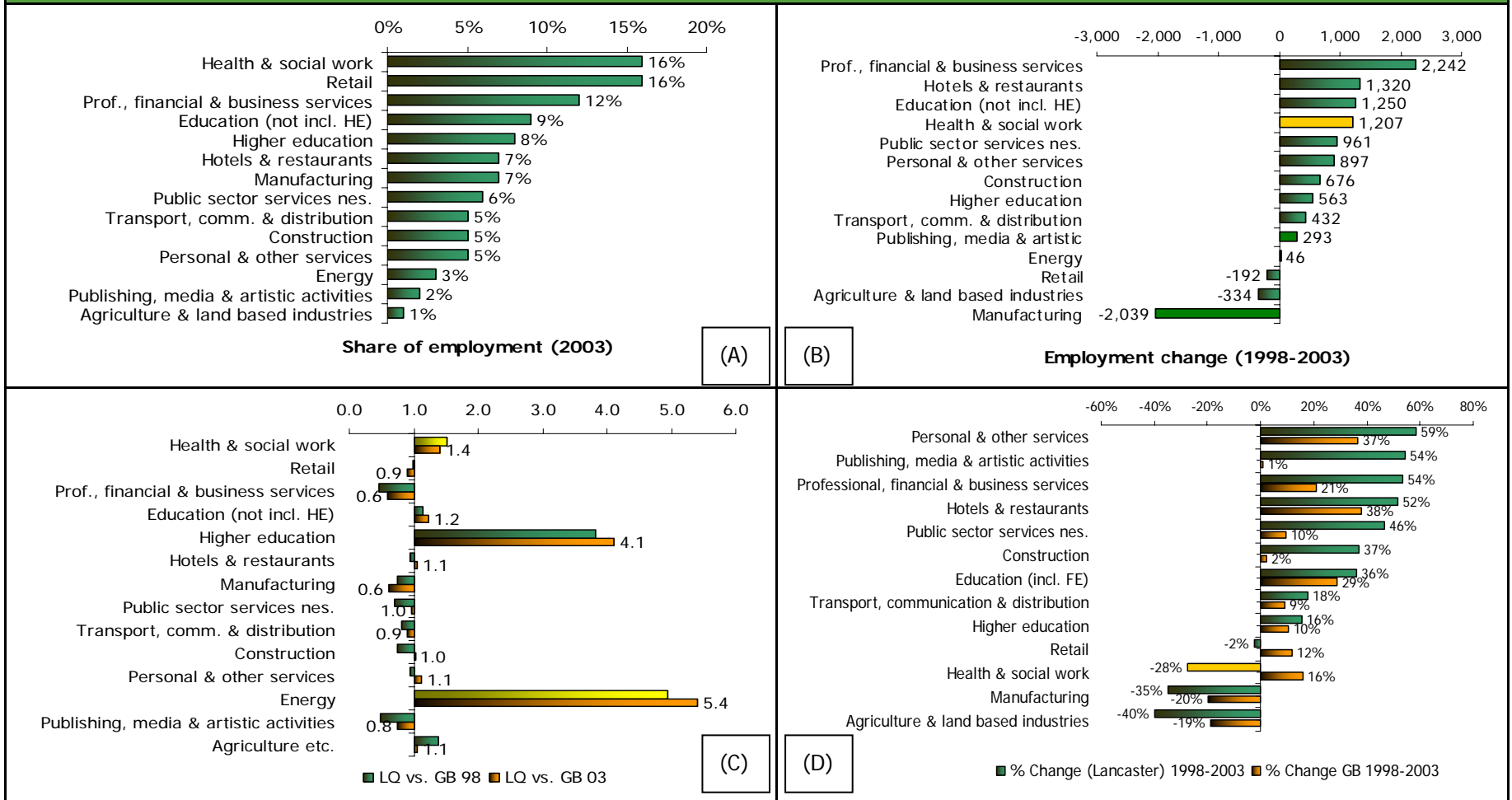
A snapshot in 2003

- 3.1 In many ways Lancaster district's broad industrial structure looks like that of many other areas of Great Britain. Figure 3-1 (A) shows the largest sectors, in employment terms, are health and social work (8,700), retail (8,600), professional financial & business services (6,400) and education, both higher education (4,200) and other education (4,700). Figure 3-1 (C) sets out Location Quotient (LQ) for broad sectors in Lancaster district relative to Great Britain. This is the relative concentration of employment and highlights the distinctive features of Lancaster district's industrial structure.
- 3.2 Employment in **higher education** and **energy** (1,500) associated with Lancaster University and St Martin's and Heysham Power Station, are clearly two of the main specialisms by which Lancaster district serves larger markets. Employment in these is over four times the national average. **Health and social work** and **education (excluding HE)** are also two strengths of Lancaster district, where employment is 40% and 20% above national average respectively. This perhaps reflects Lancaster district as a place where people, over their life cycle, choose to settle in middle age and educate their children, and also one which serves the wider sub-region.
- 3.3 There are small numbers of people employed in **agriculture** (500) in the district, and perhaps surprisingly given the district's rural feel only 10% above the national average. Likewise, despite the district's apparent tourism tradition, numbers in **hotels and catering** are also only 10% over the GB average. Numbers of **construction** (2,500), **transport and communications** (2,900), **other public sector** (3,000) and **personal services** (2,400) are close to the national average. **Retail** presence is slightly weaker (10%) than average, although this shortfall represents a significant number of jobs. **Manufacturing** employment (3,800) is 40% below and **professional, business and financial services** 30% below national average. Despite Lancaster district's creative and cultural base, employment in **publishing, media and artistic activities** (800) is 20% below average.

Changes in employment

- 3.4 Figure 3-1 (B) shows absolute, and Figure 3-1 (D) percentage, employment growth by broad sector between 1998 and 2003. The biggest contributor to employment growth over the period came from **professional, financial and business services** (which includes ICT services). Employment in this sector appears to be catching up with the national average and grew by over 50% compared to 21% nationally. There has likewise been strong "catch up" growth in **publishing, media and artistic activities** (54% compared to 1% for the UK), although minimal in overall employment terms. **Construction** also saw such a catch up, growing 37% in Lancaster district compared to a static picture nationally, seeing sector concentration reach the average elsewhere.

Figure 3-1: Share of employment (2003), employment change (1998 -2003), location quotient (vs. GB) and percentage growth (vs. GB) (1998-2003) by broad industry for Lancaster district.



Source: Annual Business Inquiry. Estimates for health & social care and energy correct for anomalies.

- 3.5 Public services overall also grew strongly and together accounted for employment growth of at least 2,700. Both **higher education** and **other education** grew faster than national averages (the latter provided the fastest growth in absolute and percentage terms). **Other public sector services** grew much faster than nationally, providing 1,300 net jobs. While not picked up due to a data anomaly, it is likely that employment in **health and social work** grew as fast as Great Britain over the period, equivalent to 16% or 1,200 people. **Hotels and restaurants** and **Personal & other services** were areas of high job growth nationally, growth more than matched in Lancaster district. **Transport & communications** also grew slightly faster than the national average.
- 3.6 The period saw continuing and significant decline in employment in **manufacturing** and **agriculture** in the district. Both fell by around 40%, around double the 20% seen nationally. This brings agricultural employment broadly into line with that seen nationally – Lancaster district's specialism here has been eroded. For manufacturing the story is different and the relatively small employment pool has become even smaller.

Travel to work

- 3.7 Lancaster district is a relatively self-contained district and a net exporter of labour. Of the 53,300 Lancaster district residents in employment, approximately 84% (46,200) work within the district and 16% (9,700) travel to work outside. Flows of workers are higher for certain groups of workers than others. 4,500 of those Lancaster district residents who travel to work outside the district are in managerial and/or professional occupations. Of the benchmark areas, the proportion of residents working outside the district is only lower in Carlisle (9%) and this is as high as 31% in Preston. Lancaster district attracts over 6,600 residents from other districts to employment within the district. This makes it a net exporter of some 2,500 workers to other districts.
- 3.8 Figure 3-2 and Figure 3-3 overleaf show travel to work by district, out of and into Lancaster district respectively. Both areas are similar, although the travel to work area of Lancaster district residents is slightly wider, with small numbers travelling to economic centres elsewhere in the North West such as Manchester and Cheshire and Warrington. Of those Lancaster district residents who travel to work outside of the district three destinations stand out as key employment locations for these residents. South Lakeland (22.2%), Preston (15.4%), and Wyre (11.5%) were the most popular districts where Lancaster district residents were employed. South Lakeland (29.4%), Wyre (18.0%) and Craven (7.5%) districts contribute significantly towards the 6,600 people who travel in to Lancaster district on a daily basis to work.

Figure 3-2: Travel to Work by Lancaster district Residents to districts outside of Lancaster district, 2001

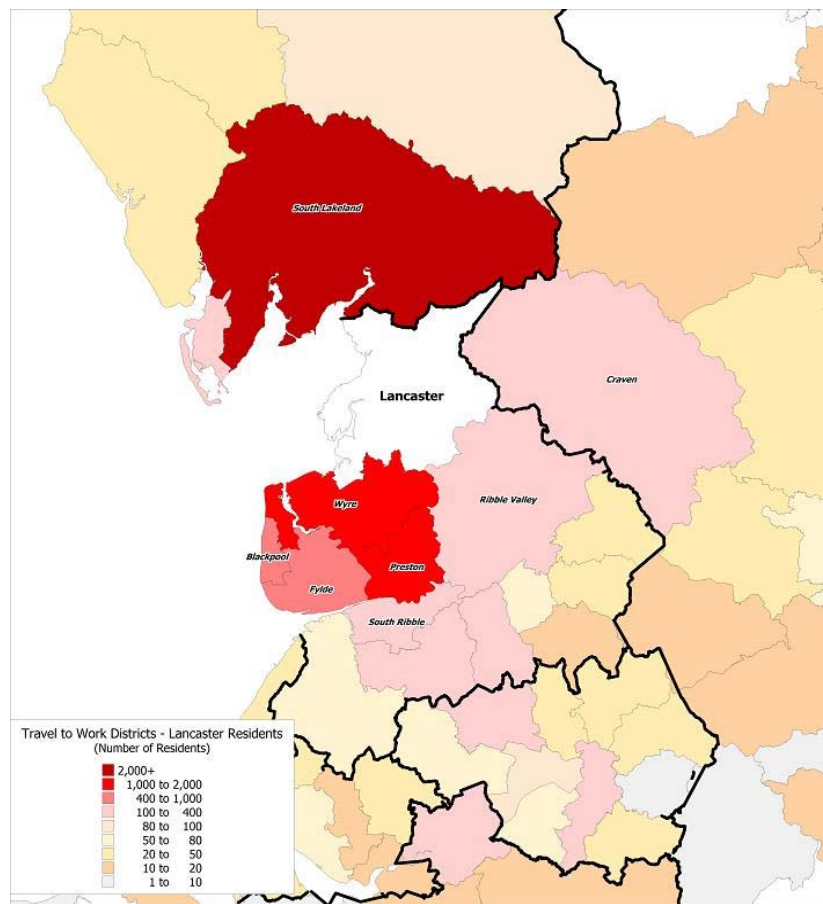
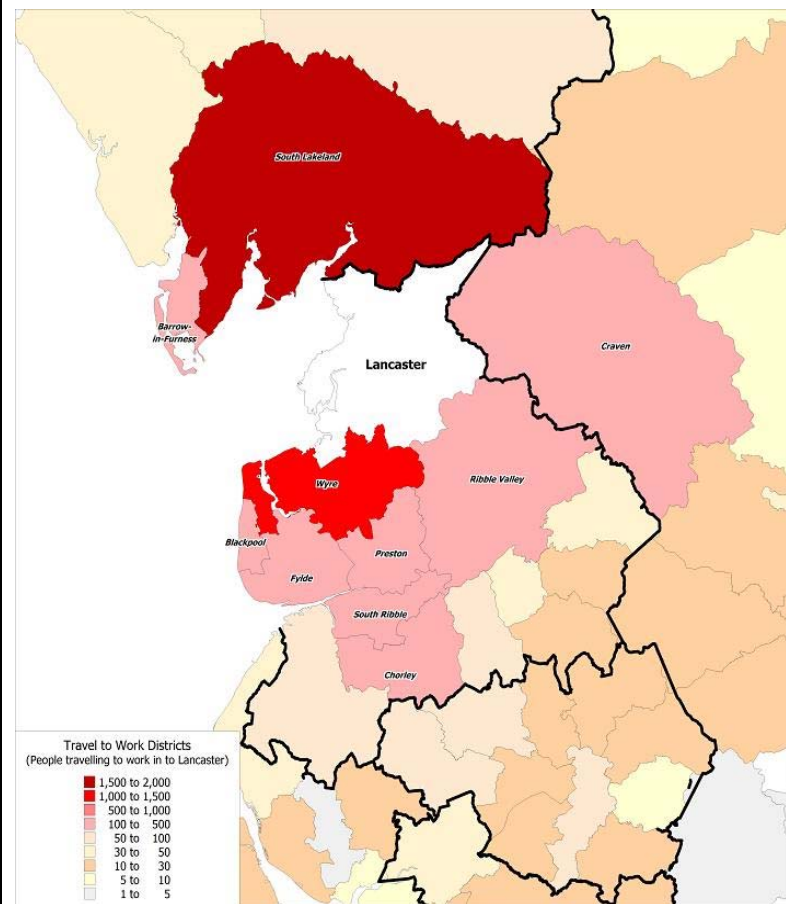


Figure 3-3: Travel to Work by commuters in to Lancaster district from other Local Authority districts, 2001



Source: AdminMap © ONS Census 2001, Origin & Destination data. © Crown Copyright.

Within Lancaster district . . .

- 3.9 Lancaster district's resident employees are split fairly evenly between rural Lancaster (16,800), urban Lancaster (20,300) and urban Morecambe (18,700). There is quite a high proportion of residents remaining to work in their residential area within Lancaster district. 43% of workers resident in rural areas work in rural workplaces in Lancaster district, 24% commute outside the district, 22% work in Lancaster and 11% in Morecambe. Most Lancaster residents (56%) also work in the town, smaller numbers work in Morecambe (13%) or rural workplaces (14%) while a fairly high number commute to other districts (18%). Morecambe, despite its proximity to Lancaster is fairly well contained. 55% of residents work in the town, 21% work in Lancaster and only 11% commute to work outside the district.
- 3.10 There is anecdotal evidence of connectivity problems affecting travel to work for certain groups within Lancaster district. The 2001 Morecambe Community Audit found 44% of those unemployed interviewed would only consider travelling to work in the Morecambe area¹⁵.

Table 3-1: Travel to Work Analysis within Lancaster district, 2001

Work place	Rural Hinterland Residents	% of TTW Residents	Urban Lancaster Residents	% of TTW Residents	Urban Morecambe Residents	% of TTW Residents	Total Residents	% of Total TTW Residents
Rural Hinterland Workplaces	7,134	42.6%	2,825	13.9%	2,543	13.6%	12,502	22.4%
Urban Lancaster Workplaces	3,751	22.4%	11,295	55.6%	3,855	20.6%	18,901	33.9%
Urban Morecambe Workplaces	1,854	11.1%	2,567	12.6%	10,288	55.0%	14,709	26.4%
Outside of Lancaster district	4,025	24.0%	3,623	17.8%	2,036	10.9%	9,684	17.4%
Total	16,764	100.0%	20,310	100.0%	18,722	100.0%	55,796	100.0%

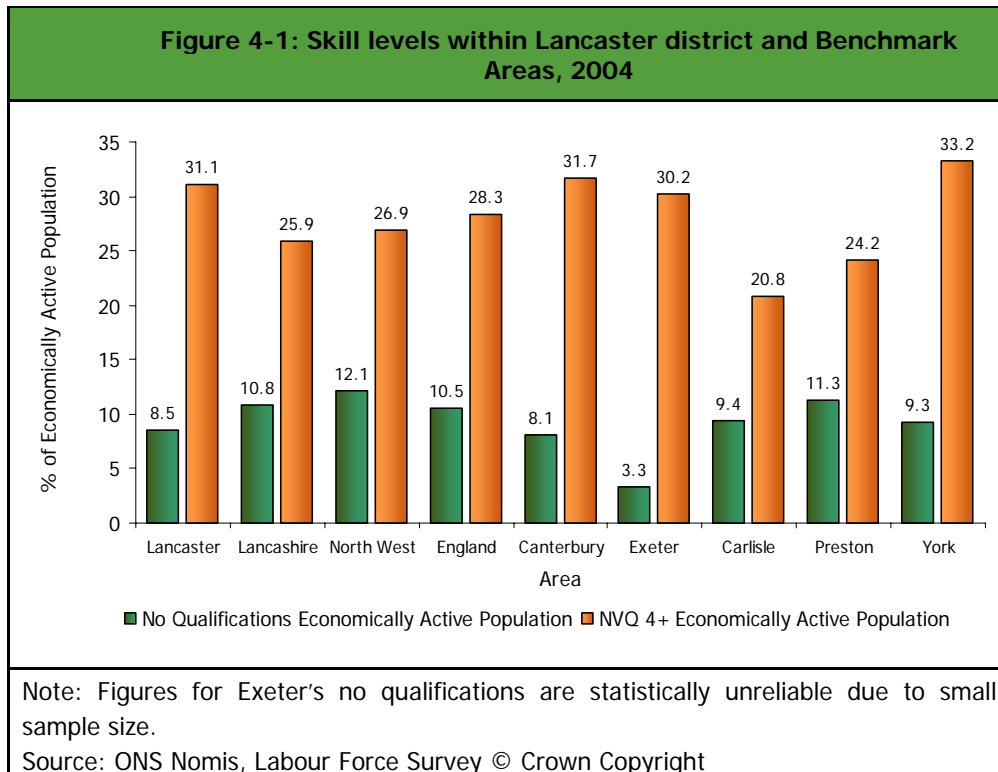
Source: ONS Census 2001, Origin & Destination data. © Crown Copyright

¹⁵ Working in Lancaster Strategy, Lancaster City Council.

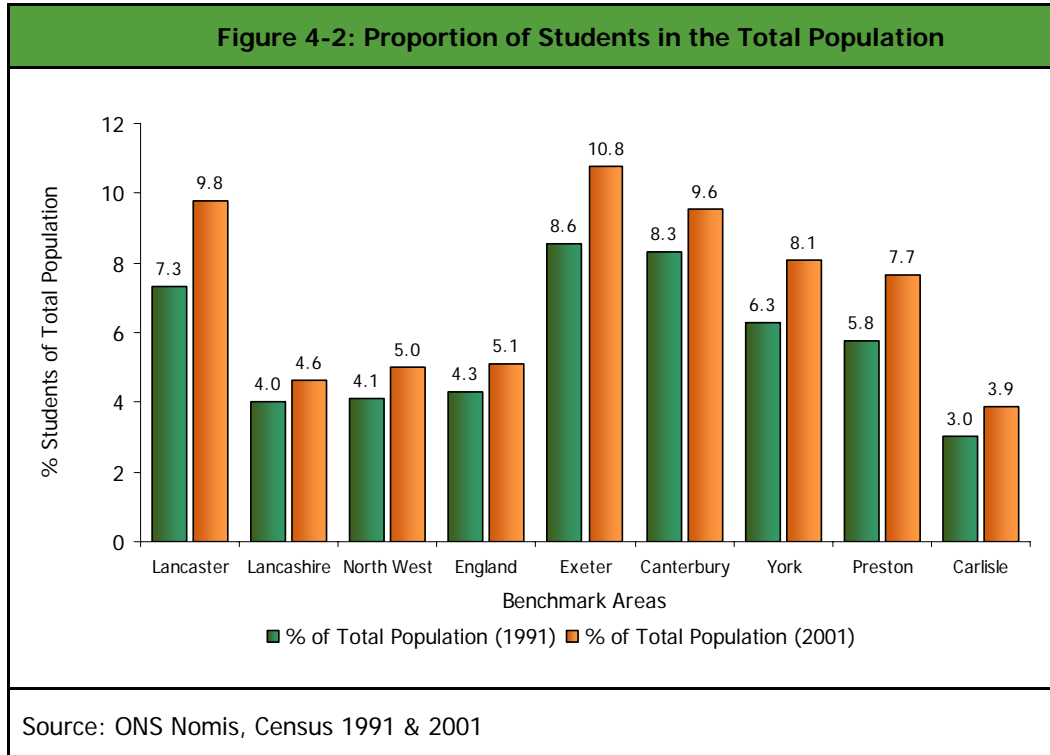
4. Underpinning Growth Factors

Labour market & skills

- 4.1 Lancaster district's resident population has a relatively strong skills profile. Figure 4-1 shows highest qualifications for economically active population. This can be thought of as Lancaster district's labour force, and discounts the majority of students who are economically inactive and includes those who work. Of Lancaster district's active population 31.1% are educated to least NVQ level 4 (degree or equivalent), while 8.5% have no qualifications. This represents a better profile than sub-region, regional and national benchmarks, and all benchmark areas apart from Canterbury, Exeter and York. Lancaster district has seen a significant improvement in its skill profile over the five years since 1999, growing by 3.3 percentage points, faster than all benchmark areas apart from Exeter. This is likely to indicate a net inflow of better educated individuals into Lancaster district, either through retention or in-migration.



- 4.2 There is some correlation between high skills in the resident workforce and a high concentration of students. The increase in student numbers, from 7.3% to 9.3% of the population, is likely to contribute to increased skills in Lancaster district, to the extent to which these individuals can be retained or attracted back to Lancaster district. Lancaster district's high skills profile is likely to be a result of its high schools performance and University presence, meaning a large proportion of those with ties to the district are generally highly skilled. It is also likely that there is a latent skills resource that is to a large extent untapped – that is those with ties to the area who choose to live elsewhere but also those with high skills who live locally but who are not presently fully deploying their skills through lack of available appropriate jobs.



4.3 Lancaster district's schools system must be viewed as a prime asset for the Borough. Pupils leaving the district's ten secondary schools achieved an average of 60% achieving 5 GCSEs graded A*-C in 2004, well in excess of the England average of 54%. Lancaster district's two (selective) Grammar Schools, both recognised for excellence, achieved an equivalent pass rate of 99%. In addition there are several strongly performing comprehensive (church voluntary aided) schools such as Ripley St Thomas and Our Lady's. Although there are some areas of acute deprivation in Lancaster district and a removal of the top cohort to Grammar Schools at age 11, as set out in Section 8 of Appendix A, all of the schools in Lancaster district achieve above the national floor target for GCSE results for 2004¹⁶ (although two schools are at present only marginally above the stretch target set for 2008). Lancaster district's school performance is significantly higher than that in all benchmark areas.

¹⁶ The national floor targets are those minimum targets set for public service agreements (PSA) by Government. PSA10 agreed by DfES is the target that in all schools at least 20% of pupils achieve equivalent of 5 GCSEs at grades A* to C by 2004, rising to 25% by 2006 and 30% by 2008. (Source: www.neighbourhood.gov.uk).

Table 4-1: LEA GCSE Performance by Benchmark district (LEA), 2004				
Local Education Authority (LEA)	(5 or more grades A*-C)	(5 or more grades A*-G)	% in age group with at least entry level qual.	Average total point score
Lancaster District Average	60.3%	90.2%	96.3%	360.2
Lancashire (Lancaster & Preston) LEA Average	53.8%	90.8%	96.4%	342.1
Kent (Canterbury) LEA Average	55.9%	91.6%	97.4%	350.9
Cumbria (Carlisle) LEA Average	55.3%	90.5%	96.3%	345
Devon (Exeter) LEA Average	54.9%	91.1%	97.4%	349.2
York LEA Average	56.6%	91.7%	97.5%	340.8
Source: www.dfes.gov.uk				

- 4.4 Lancaster and Morecambe College is the main Further Education Institution in Lancaster district, but it also serves north Lancashire and South Cumbria. The College is situated between both Lancaster and Morecambe. It has been through some restructuring after a period of some difficulty and appears to be making progress in raising standards of delivery. The College had over 7,000 students in 2004, with 23% of those studying full-time courses and 77% part-time. The College's most popular course in terms of enrolment numbers was ICT, followed by Hospitality, Leisure, Sports and Travel, and foundation programmes¹⁷. The College has achieved centre of vocational excellence (CoVE) status for hospitality and catering. It competes with a number of 11-18 schools within a three mile radius of the College, and these schools also offer vocational qualifications. It is likely that the majority of pupils from these take up University places outside of the Lancaster district. Lancaster and Morecambe College is therefore a key provider of skills for the Lancaster district labour market, particularly level 2 and 3 and vocational skills.
- 4.5 Connexions, the national organisation involved with aiding school to work transition for young people, collect data on those 16-18 year olds who are not involved in employment, education or training (NEET). Lancaster district has relatively low number of young people recorded as NEET as of November 2004, at 5.4%, compared to 8.4% for the North West and 7.7% for England. However, in Morecambe a relatively large number of 16-18 year olds in Morecambe, some 9.5%, had not secured employment or training options.

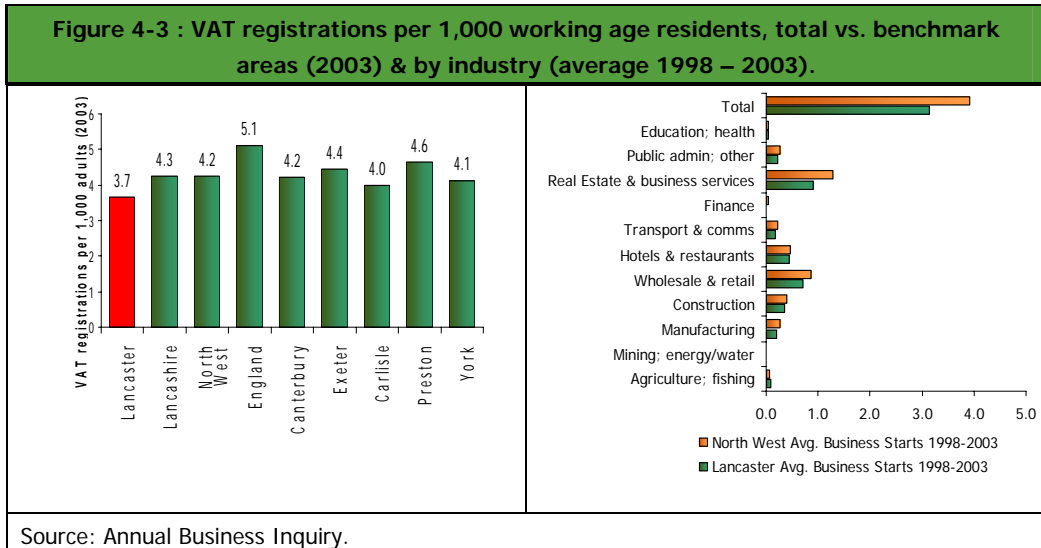
Enterprise & innovation

- 4.6 Lancaster district has a relatively low rate of start-up enterprise. In 2003, there were 325 new businesses registering for VAT in Lancaster district, 3.7 for every resident of working age. Even removing all students and inactive people from the population, start up rates in Lancaster are 12% below regional and 30% below national averages. While growth in start up activity (14%) has outstripped regional (11%) and national averages (6%), Lancaster district started from a particularly low base. The start up rate in Lancaster district remains below all benchmark areas in 2003, and the district would need another 45 firms registering

¹⁷ http://www.ofsted.gov.uk/reports/manreports/2546.htm#P91_1780

each year to bring it up to the regional average. This is perhaps surprising given the high skill profile of Lancaster district’s residents and anecdotal evidence of entrepreneurs with ties to Lancaster district returning to start businesses in middle-age. However, evidence suggests firms established in Lancaster district do tend to survive – the rate of VAT de-registrations each year is lower in Lancaster district than in any of the benchmark areas.

- 4.7 Examining VAT registrations by broad industry in Lancaster district compared to the North West, the rate of registrations per 1,000 population are similar for every broad section over 1998 to 2003, apart from businesses in financial, professional and other business services, where they are significantly lower. Although these start ups have grown quickly in Lancaster district between 1998 and 2003 (20% to 90 a year in 2003, compared to 10% growth in the North West), they remain at a relatively low level (30% below the North West average).



Land & property

- 4.8 There are around 110 hectares of allocated employment land across the district, of which around 44 hectares is greenfield and 65 hectares brownfield¹⁸. Much of this land is at various stages of development readiness. In addition there are development plans for further sites.

Office Accommodation

- 4.9 There has been relatively good quality private office stock in the district and until recently little development. In the City Centre there is some 83,000 square metres of floorspace, of which over half is accounted for by the White Cross centre (developed in 1984 in a former mill complex) – which has been a critical source of small office space for starter businesses. The vacancy rates across the city centre are very low. Until recently it has not been commercially viable to develop office accommodation in Lancaster, although this is now changing as rental levels for new high quality development are approaching critical levels. Most new office development has been along the A683 (Caton Road) out of Lancaster. Indications from the local authority’s economic development service is that there is a buoyant and growing demand for office premises – mostly for very small starter units from local firms.

¹⁸ "The Local Economy Monitoring Report", Lancaster City Council, July 2005



Recently city centre office rental levels have risen relative to Preston and Kendal. Type 3 office rentals increased from £70 to £85 per square metre per annum in Lancaster city centre between 2001 and 2004, while price of equivalent space remained static in Kendal at £75 and rose somewhat from £90 to £95 in Preston¹⁹. While appropriately-priced space has been available for start-up firms in the past, this market is approaching capacity. Given the current profile of property, finding suitable space will increasingly be a constraint for new and existing small firms.

4.10 Key sites and office property locations in Lancaster include:

- **Lancaster Business Park** – has 6.5 hectares remaining and is located by Junction 34 of the M6 and is the only available employment land along the Caton Road corridor at present. It is owned privately and has been developed out slowly for a mix of commercial and leisure uses. There are a number of industrial sites along the Caton Road which have the potential for redevelopment in the future to more modern uses.
- **White Cross** – as already stated a key location for new starter businesses, but fully let
- **Luneside East** – around 8,000 sqm of office space is to be developed by 2008 as part of this major mixed use redevelopment scheme
- **Nos. 4/5 Dalton Square:** this site is being redeveloped for small workspace and will lead to around 2,000 sqm of refurbished floorspace
- **Bailrigg** – has been identified by the NWDA as a regional strategic site, targeted at knowledge based industries due to its proximity to Lancaster University (it has been accepted as such in the draft replacement Lancaster Structure Plan and is for B1 uses only). It is 9.7 hectares in area and subject to a feasibility and master planning exercise. The idea is that it will offer grow-on space for business spun out of the University (e.g. in InfoLab 21), as well as potentially other knowledge based businesses in the area. Its potential capacity for employment uses is, we estimate, of the order of 2,500 to 3,000 jobs²⁰.
- In addition, there are some service sector office, businesses located on the White Lund Industrial Area which has a mix of retail, industrial and commercial premises.
- Finally the proposed redevelopment of the **Canal Corridor** area²¹ includes part of a mixed use development created for new employment uses, including new office development.

Industrial Sites and Premises

4.11 In terms of industrial land, the District is much better served with a mix of brownfield (65 hectares in total) and greenfield sites, although the main greenfield site (Mellishaw) has not been commercially viable for development, with substantial servicing costs and is constrained by current road access (as is White Lund more generally). The largest brownfield

¹⁹ Source: Lancaster Local Development Framework Monitoring Report July 2005. Type 3 Offices are those in "High Quality Converted Victorian or Georgian Houses".

²⁰ 9.7 ha = 97,000 sqm, at a plot density of 30% and assuming 2 storey buildings gives 58,000 sqm or 630,000 ft sq

²¹ Mitchells brewery and Bottling plant site, Alfred Street Workshops and Heron Chemicals site, [CHECK]

development site in the district (Lancaster West) is located in South Heysham, where the district's greatest concentration of industrial land is located (around 30 hectares in total). However, the attractiveness of the location is very limited by environmental quality and its poor access.

- 4.12 For both the sites in Heysham and the White Lund/Mellishaw area, the critical issues for their future attractiveness for development is the M6/Heysham link which would radically improve motorway access.

Transport

- 4.13 Transport is a key issue in the district. Indeed, across Lancashire, Lancaster district is the area with the greatest degree of recorded dissatisfaction with transport infrastructure²². The key constraint is the crossing over the Lune between Lancaster City Centre and the rest of the district. The congestion here creates several problems:

- First, it makes **access to employment sites** west of the Lune problematic as it does access to the Port of Heysham. This is likely to adversely impact on business competitiveness, as noted above on the suitability of sites for development and on the ability to attract new investment.
- Second, and in our view as important, it effectively **severs the district's labour market** (and housing market) in two making access from Lancaster to Morecambe/Heysham and vice versa difficult during peak hours. This is a particular issue in that we expect much of the future employment growth in the future to happen in areas to the east of the Lune (Bailrigg, Lancaster Business Park, the City Centre etc). Yet the majority of areas in regeneration need (with opportunities for housing development), and residents who are unemployed, are to the area to the west of the Lune. Without measures to better link these two halves in labour market terms, this will stifle the whole economy's ability to punch its weight as a 150,000 person "mini conurbation".

- 4.14 However, in terms of wider external links Lancaster district is well placed: it is on the West Coast main Line, has direct links to Manchester by rail and of course has direct access to 3 junctions on the M6. In transport and distribution terms as it sits on a major north south transport artery.

²² Lancashire County Council Transport.

Appendix A

1. CIPFA (Chartered Institute of Public Finance & Accountancy) Indicators used in the Nearest Neighbour Model:

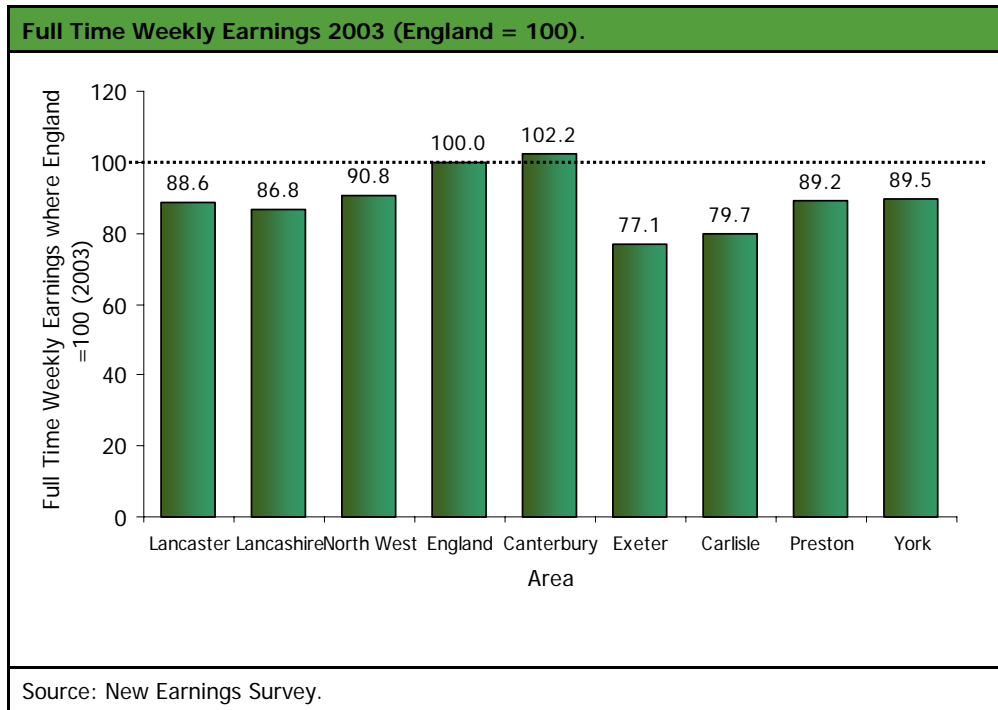
CIPFA Indicators	
Population	ED Based Sparsity
Proportion of Males in Population	Authorities with Coast Protection Expenditure
Proportion of Females in Population	Taxbase per Head of Population
Population aged 0 to 17 (%)	% Unemployment
Population aged 18 to 64 (%)	Area Cost Adjustment (Other Services Block)
Population aged 65 to 74 (%)	Non-Domestic Rateable Value per Head of Population
Population aged 75 to 84 (%)	% of Persons in lower socioeconomic classification
Population aged 85 plus (%)	Housing Benefit Caseload (weighted)
Population aged 0 to 4 (%)	% of Income Support Claimants
Population aged 11 plus (%)	Offices per 1,000 Population
Population aged 16 to 24 (%)	Restaurants per 1,000 Population
Population of a working age (%)	Shops per 1,000 Population
Female population of working age (18 to 59) (%)	% Daytime Net Inflow
Male population of working age (18 to 64) (%)	% Foreign Visitor Nights
Standard Morbidity Ratio for all persons	% Domestic Visitor Nights
Standard Morbidity Ratio for persons aged 0 to 74	% Day Visitors
% of People born outside UK, Eire, EC, Old C'wealth & USA	% of Properties in Bands A to D
Area	% of Properties in Bands E to H
Enumeration District based Density	% of People in Households with > 1 person per room
Super Sparsity (EDs with < 0.5 people / hectare)	% of Households with less than 4 rooms
Ordinary Sparsity (EDs with 0.5 to 4 people / hectare)	% of Household in purpose-built flats rented from LA or HA
Note: Orange: Population Related Indicators. Grey: Area, Sparsity etc Indicators. Blue: Economic and Service based Indicators. Purple: Flows of People (tourism, visitors) Indicators. Yellow: Property Related Indicators.	

2. Partners chose Canterbury, Carlisle, Exeter, Preston and York as the Benchmark areas for Lancaster district based on the results from the CIPFA Nearest Neighbour model. The following matrix shows the ranking position of these benchmark districts in relation to Lancaster district in total according to each indicator, and according to the five groups we have defined using all of the indicators.

CIPFA matrix Rankings					
Indicators	Rank Position from Lancaster district (Out of 351 Districts)				
	Canterbury	Carlisle	Exeter	Preston	York
Population Related Indicators	4	12	6	159	7
Area, Sparsity etc Indicators	18	139	190	102	26
Economic and Service based Indicators	68	12	69	20	59
Flows of People (tourism, visitors) Indicators	179	84	243	286	311
Property Related Indicators	69	10	136	211	11
Total	1	16	12	103	8

Source: <http://www.cipfastats.net/>

3. Full time weekly earnings in Lancaster district compared to benchmark areas.



4. Urban Lancaster, Urban Morecambe & Rural Hinterland Classification – JSA Claimants based upon 1991 wards for Time Series Analysis 1996-2005.

Ward Classification for JSA Claimants			
Urban Lancaster	Bulk	Urban Morecambe	Victoria
Urban Lancaster	Castle	Urban Morecambe	Torrisholme
Urban Lancaster	John O'Gaunt	Rural Hinterland	Arkolme
Urban Lancaster	Scotforth East	Rural Hinterland	Bolton-le-Sands
Urban Lancaster	Scotforth West	Rural Hinterland	Carnforth
Urban Lancaster	Skerton Central	Rural Hinterland	Caton
Urban Lancaster	Skerton East	Rural Hinterland	Ellel
Urban Lancaster	Skerton West	Rural Hinterland	Halton-with-Aughton
Urban Morecambe	Alexandra	Rural Hinterland	Hornby
Urban Morecambe	Harbour	Rural Hinterland	Kellet
Urban Morecambe	Heysham Central	Rural Hinterland	Overton
Urban Morecambe	Heysham North	Rural Hinterland	Silverdale
Urban Morecambe	Heysham South	Rural Hinterland	Slyne-With-Hest
Urban Morecambe	Parks	Rural Hinterland	Warton
Urban Morecambe	Poulton		
Source: ONS Nomis			

5. Claimants of Jobseekers allowance in Lancaster district's wards.

Ward level Claimant Count in Lancaster district, 1996-2005					
Wards	July 1996	July 2000	July 2005	Change (1996-2005)	% Change (1996-2005)
Alexandra	525	324	197	328	-62.5%
Arkholme	32	12	6	26	-81.3%
Bolton-le-Sands	74	33	23	51	-68.9%
Bulk	353	189	115	238	-67.4%
Carnforth	155	60	37	118	-76.1%
Castle	402	223	122	280	-69.7%
Caton	61	20	16	45	-73.8%
Ellel	109	44	24	85	-78.0%
Halton-with-Aughton	48	30	16	32	-66.7%
Harbour	190	121	82	108	-56.8%
Heysham Central	143	76	49	94	-65.7%
Heysham North	213	119	95	118	-55.4%
Heysham South	284	130	115	169	-59.5%
Hornby	38	11	7	31	-81.6%
John O'Gaunt	269	145	75	194	-72.1%
Kellet	51	19	4	47	-92.2%
Overton	92	57	41	51	-55.4%
Parks	106	52	25	81	-76.4%
Poulton	370	217	136	234	-63.2%
Scotforth East	124	70	36	88	-71.0%
Scotforth West	220	118	40	180	-81.8%
Silverdale	39	9	5	34	-87.2%
Skerton Central	178	112	64	114	-64.0%
Skerton East	175	155	75	100	-57.1%
Skerton West	182	133	94	88	-48.4%
Slyne-With-Hest	57	28	8	49	-86.0%
Torrisholme	79	44	30	49	-62.0%
Victoria	183	88	76	107	-58.5%
Warton	68	18	11	57	-83.8%
All Lancaster district Wards	4,820	2,657	1,624	3,196	-66.3%
Note: 1995 figures are unavailable					
Source: ONS Nomis, Claimant Count © Crown Copyright					

6. Claimants of Incapacity Benefit & Severe Disablement Allowance.

Incapacity Benefit & Disability Claimants, 2003			
Area	Working Age Population	IB & SDA	% of WA pop
Rural Hinterland	31,655	1,290	4.1
Urban Lancaster	34,994	2,420	6.9
Urban Morecambe	33,395	3,265	9.8
Source: ONS Neighbourhood Statistics © Crown Copyright			

7. Urban Lancaster, Urban Morecambe & Rural Hinterland Classification – Incapacity & Disability claimants based upon 2001 wards for 2003.

Ward Classification for Incapacity & Disability Benefit Claimants, 2003			
Rural Hinterland	Bolton-le-Sands Ward	Urban Lancaster	John O'Gaunt Ward
Rural Hinterland	Carnforth Ward	Urban Lancaster	Scotforth East Ward
Rural Hinterland	Ellel Ward	Urban Lancaster	Scotforth West Ward
Rural Hinterland	Halton-with-Aughton Ward	Urban Lancaster	Skerton East Ward
Rural Hinterland	Kellet Ward	Urban Lancaster	Skerton West Ward
Rural Hinterland	Lower Lune Valley Ward	Urban Morecambe	Bare Ward
Rural Hinterland	Overton Ward	Urban Morecambe	Harbour Ward
Rural Hinterland	Silverdale Ward	Urban Morecambe	Heysham Central Ward
Rural Hinterland	Slyne-with-Hest Ward	Urban Morecambe	Heysham North Ward
Rural Hinterland	Upper Lune Valley Ward	Urban Morecambe	Heysham South Ward
Rural Hinterland	Warton Ward	Urban Morecambe	Poulton Ward
Urban Lancaster	Bulk Ward	Urban Morecambe	Torrisholme Ward
Urban Lancaster	Duke's Ward	Urban Morecambe	Westgate Ward
Urban Lancaster	Castle Ward		
Source: ONS Neighbourhood Statistics © Crown Copyright			

8. GCSE attainment by school in Lancaster district, compared to the Lancaster, Lancashire and England average.

Secondary School Performance (GCSE Results), 2004				
Lancaster District Secondary Schools	(5 or more grades A*-C)	(5 or more grades A*-G)	% in age group with at least an entry level qualification	Average total point score
<i>Lancaster Schools Average</i>	60.30%	90.18%	96.30%	360.2
<i>Lancashire LEA Average</i>	53.80%	90.80%	96.40%	342.1
<i>England Average</i>	53.70%	88.80%	95.90%	340.4
Lancaster Girls' Grammar School	99.0%	100.0%	100.0%	523.5
Lancaster Royal Grammar School	99.0%	99.0%	99.0%	511.1
Ripley St Thomas Church of England School	79.0%	99.0%	99.0%	452.9
Our Lady's Catholic High School	65.0%	93.0%	96.0%	362.0
Carnforth High School	54.0%	90.0%	95.0%	330.4
Central Lancaster High School	50.0%	94.0%	96.0%	317.0
Morecambe High School	39.0%	89.0%	96.0%	301.4
Heysham High School Sports College	43.0%	90.0%	96.0%	296.0
Hornby High School	30.0%	87.0%	93.0%	285.3
Skerton Community High School	31.0%	59.0%	84.0%	222.1
Source: www.dfes.gov.uk				

9. Top workplace destination districts for Lancaster district residents and top districts from which Lancaster district draws its workers.

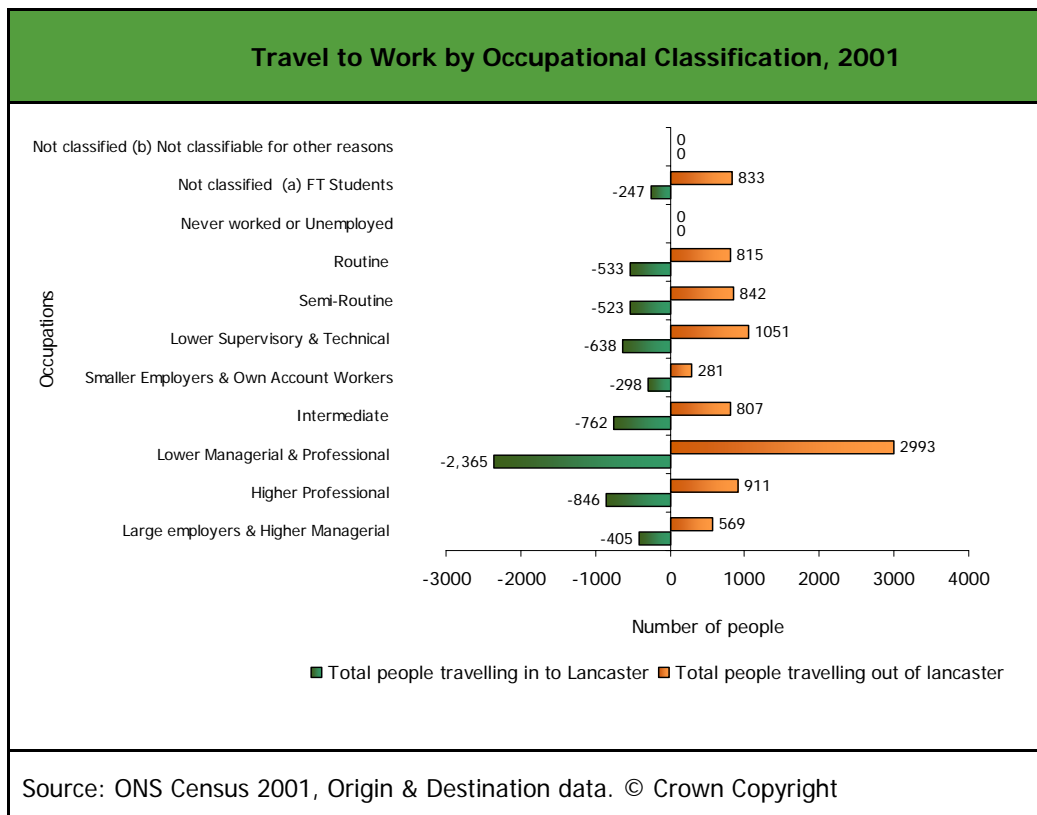
Top 10 district workplace destinations for Lancaster district residents, & Top 10 districts of Lancaster district workers who are reside outside of Lancaster district, 2001					
Lancaster district Residents Workplace district	People aged 16-74 in employment who travel to work	Proportion of Total Lancaster district Residents who travel to work outside the district	Non Lancaster district residents districts	People aged 16-74 in employment who travel to work	Proportion of Total non-Lancaster district Residents who travel to work in the district
South Lakeland	2027	22.2%	South Lakeland	1944	29.4
Preston	1405	15.4%	Wyre	1188	18.0
Wyre	1048	11.5%	Craven	498	7.5
Blackpool	434	4.8%	Preston	410	6.2
Fylde	431	4.7%	Blackpool	312	4.7
South Ribble	319	3.5%	Barrow-in-Furness	221	3.3
Craven	298	3.3%	Fylde	198	3.0
Blackburn with Darwen	195	2.1%	South Ribble	178	2.7
Manchester	175	1.9%	Ribble Valley	148	2.2
Ribble Valley	173	1.9%	Chorley	128	1.9
Source: ONS Census 2001, Origin & Destination data. © Crown Copyright					

10. Travel to work by residents outside of the district in Lancaster district and benchmark areas.

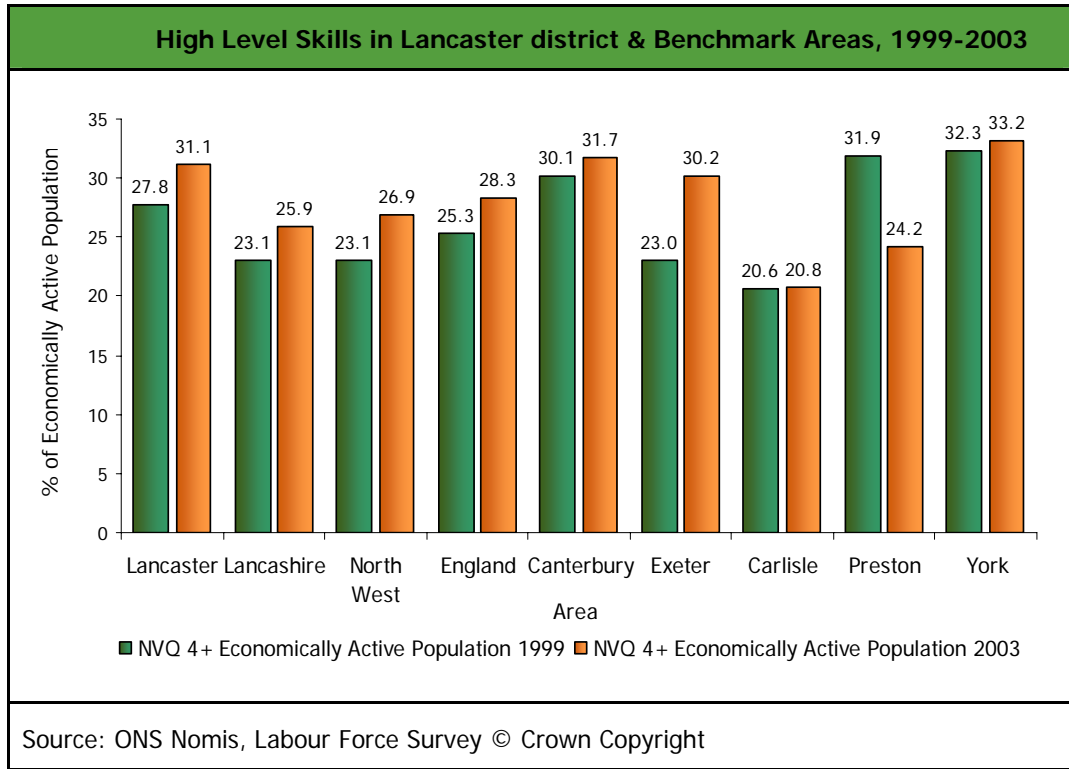
Lancaster and Benchmark districts Proportion of residents who work in their resident district and those who work outside of this district		
District	Residents who work in Resident district	Residents who work outside of resident district
Lancaster district	84%	16%
Canterbury	73%	27%
Exeter	82%	18%
Carlisle	91%	9%
Preston	69%	31%
York	81%	19%

Source: ONS Census 2001, Origin & Destination data. © Crown Copyright

11. Travel to work in and out of Lancaster district by Occupational Classification.



12. Proportion of economically active population educated to at least NVQ level 4.



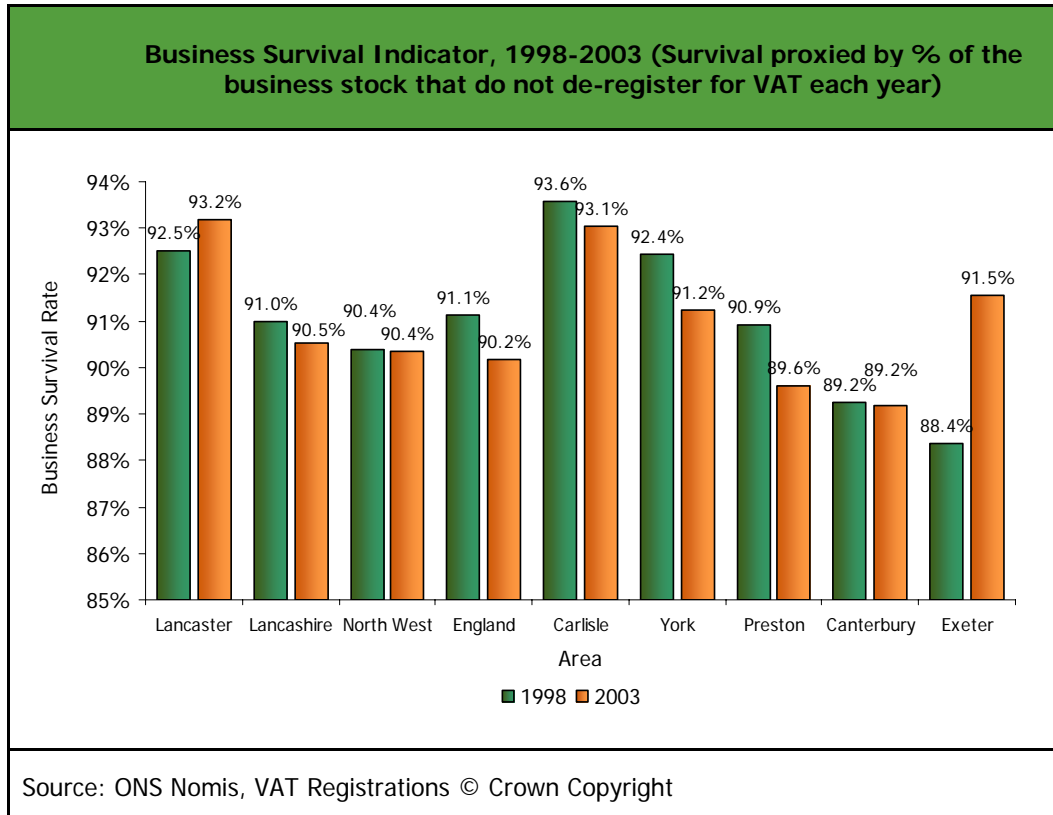
13. The numbers of 16-18 year olds registered Not in Education, Employment or Training (NEET) in Lancaster and Morecambe.

NEET data, 2003-2004

Area	NEET Nov 2003		NEET Nov 2004	
	% (Adjusted)	Number	% (Adjusted)	Number
Lancaster	5.6	159	5.4	137
Morecambe	15.0	217	9.5	172
Lancashire	7.9	3724	7.7	3501
North West	9.1		8.4	
England	7.6		7.7	

Source: Connexions, Lancashire

14. Indicator of business survival rates in Lancaster district compared to benchmark areas.



15. Business Stock per 1,000 people in 2003 and 1999.

Business Stock per 1,000 Population, 1998-2003

Area	Business Stock 1999	Business Stock 2003	Absolute change	% change	Business Density (2003) per 1,000 people
Lancaster district	3,210	3,370	160	5.0	38.0
Lancashire	36,950	38,020	1,070	2.9	41.2
North West	165,155	172,080	6,925	4.2	38.7
England	1,461,030	1,547,210	86,180	5.9	47.2
Canterbury	3,530	3,600	70	2.0	40.0
Exeter	2,970	3,015	45	1.5	38.8
Carlisle	3,035	3,170	135	4.4	47.9
Preston	3,695	3,705	10	0.3	42.5
York	4,225	4,670	445	10.5	37.9

Source: ONS Nomis, VAT Stock © Crown Copyright

16. VAT registrations by industry in Lancaster district, compared to North West and England averages.

VAT Registrations by Industry, 1998-2003 (5 year Average)			
Sector	Lancaster district Avg. Business Starts 1998-2003	North West Avg. Business Starts 1998-2003	England Avg. Business Starts 1998-2003
Agriculture; fishing	9	317	2,864
Mining; energy/water	-	15	172
Manufacturing	22	1,400	12,551
Construction	38	2,125	19,717
Wholesale & retail	76	4,641	36,544
Hotels & restaurants	48	2,522	18,781
Transport & comms	18	1,188	9,649
Finance	-	187	1,775
Real Estate	97	6,816	70,102
Public admin; other	23	1,441	15,314
Education; health	4	250	2,419
Total	335	20,902	189,888
Source: ONS Nomis, VAT Registrations © Crown Copyright			



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Regeneris Consulting Ltd

1-5 The Downs

Altrincham, Cheshire WA14 2QD

Tel. 0161 926 9214

Fax. 0161 926 8545

info@regeneris.co.uk

www.regeneris.co.uk