

Leicester City Profile Leicester Shire Economic Baseline Study 2006



Leicester Shire Economic Baseline Study 2006 - Leicester City Profiles

The 2006 Leicester Shire¹ Economic Baseline Study provides a comprehensive review of the sub-regional economy including chapters based around the economy and investment, people, labour market and skills and the Local Economy Audit Model carried out by Ecotec Research and Consulting. This separate document provides a summary of how Leicester City scores on each of the Local Economy Audit Model (LEAM) domains and a snapshot profile using additional data from the baseline. The LEAM has provided systematic analysis of the performance of the local economy adopting an external perspective. The model uses a series of carefully selected indicators in order to specify strengths and weaknesses and challenges and opportunities associated with the local economy. For a copy of the full report or executive summary please visit <http://www.lsint.info>.

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

Seven District profiles have been produced for:

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

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

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

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

Leicester City Summary

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

Overall LEAM Profile 2006

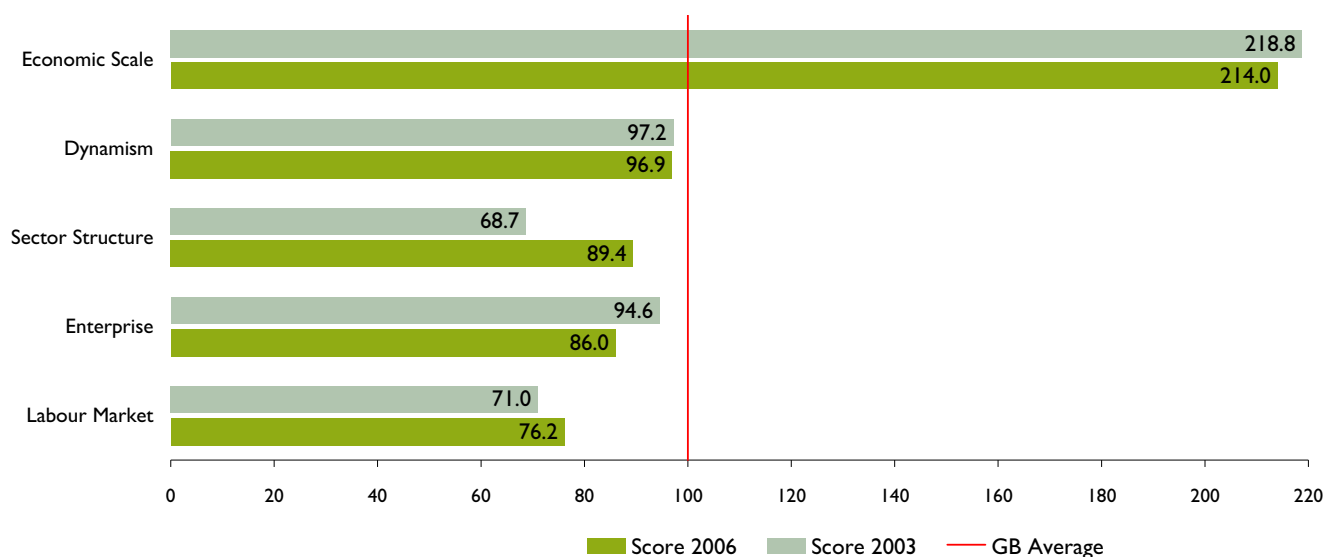
Table I: Overall LEAM Profile for Leicester City, 2006

Area	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicester City	214.0	25	96.9	354	89.4	173	86.0	279	76.2	382
Leicestershire County	52.1	N/A	102.3	N/A	88.3	N/A	99.7	N/A	101.1	N/A
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100	N/A	100	N/A	100	N/A	100	N/A	100	N/A

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

Source: Ecotec Research and Consulting, 2006

Figure I: Competitiveness Summary Chart for Leicester City, 2003 & 2006



Note: For full details of the 2003 scores see http://www.lsint.info/downloads/Baseline_Survey2.pdf

Source: Ecotec Research and Consulting, 2006

Key points

- By far the strongest indicator for Leicester City is economic scale where it scores 214. There were no other domains where Leicester City scored above the national average (100) in 2006.
- Compared to the Leicester Shire average, Leicester City performs better in relation to economic scale and to a much lesser extent sector structure. Leicester City performs particularly poorly in relation to the labour market domain, when compared to Leicester Shire as a whole.
- Since 2003, Leicester City has improved its relative performance compared to the national average on two of the five domains (sector structure and labour market).

Employment

- A total of 158,100 people were employed in Leicester City in 2004. Since 2000, employment has decreased by 4.4% (over 7,300 jobs). This is compared to a 3.2% increase in the sub-region and a 3.2% increase nationally.
- The largest employment sector in Leicester City in 2004 was public administration, education & health (31.7%) which accounted for a much higher proportion than the County, regional and national averages.
- In 2004, Leicester City had 15.8% of its employees working in the manufacturing sector. This is lower than the sub-regional average (17.8%) and regional average (17.4%). The national figure was 11.9%.
- There was a higher proportion of employment in the key growth sectors of financial and business services (17.8%) compared to the sub-region and regional averages. However, a greater proportion of people were employed nationally in financial and business services (20.0%) in 2005.
- The development of knowledge sectors, employing high proportions of graduate labour and those most capable of sustaining local competitive advantage, have grown in Leicester City, particularly amongst service sectors.
- There was a higher proportion of people working in knowledge-based services in Leicester City (16.1%) compared to the sub-regional and regional averages in 2004. The proportion of people employed in knowledge-based services nationally was 17.9%.
- Also, there was a similar proportion of people employed in high-technology manufacturing sectors in Leicester City (2.0%) compared to the sub-regional average. However this is higher than the regional average (1.7%).
- The proportion of people employed in consumer services in Leicester City (17.8%) was lower than the sub-regional, regional and national figures in 2005.

Table 2: Employment by Sector, 2004

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

Note: * figures have not been disclosed for confidentiality purposes

Source: Annual Business Inquiry, 2004

Table 3: Knowledge Economy Employment, 2004

	Leicester City	Leicester Shire	East Midlands	Great Britain
Consumer Services (1)	17.8%	20.2%	20.3%	21.3%
High Technology Manufacturing (2)	2.0%	2.0%	1.7%	1.9%
Knowledge-based services (3)	16.1%	14.7%	13.4%	17.9%

1 - Defined by SIC codes 52, 55, 92

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

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

Source: Annual Business Inquiry, 2004

Table 4: Major Employers, 2004

Company/Organisation Name	Sector	Employees
Leicester Royal Infirmary NHS Trust	Health and Social Work	6,500
De Montfort University	Education	3,500
University Hospitals of Leicester NHS Trust	Health and Social Work	3,000
University Of Leicester	Education	2,800
Leicester City Council	Public Administration and Defence	2,500
Leicester General Hospital	Health and Social Work	2,500
Leicester City Council - Social Services	Public Administration and Defence	2,000
Royal Mail Plc Leicester	Transport, Storage and Communication	1,800
Goldsmiths Group Plc	Real Estate, Renting and Business Activities	1,800
British Telecom Plc	Real Estate, Renting and Business Activities	1,300

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

Source: Leicestershire data4business, May 2006

- In May 2006, the largest employer in Leicester City was the Leicester Royal Infirmary which provided 6,500 jobs. Seven of the top ten employers in Leicester were public sector organisations providing over 22,000 jobs in the City in May 2006.

much greater proportion of units operating in the manufacturing and distribution, hotels and restaurants sectors and a much smaller proportion operating in the construction sector.

- There was a total of 7,650 VAT registered businesses in Leicester City in 2004. Between 2000 and 2004 the number of businesses grew by 1.5%, which is lower than the average growth for Leicester Shire (3.5%), the East Midlands (5.5%) and Great Britain (3.5%).

Businesses and Entrepreneurship

- The distribution of business units by sector in Leicester City differs quite considerably from the sub-region as a whole. There is a

Table 5: Business Units by Sector, 2004

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

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

Source: Annual Business Inquiry, 2004

Table 6: Business Base, 2004

	No. of VAT registered businesses (2004)	% change 2000-2004	% employing <50 people (2004)
Leicester City	7,650	1.5	95.1
Leicester Shire	28,515	3.5	96.3
East Midlands	125,170	5.5	96.2
Great Britain	1,760,955	3.5	96.2

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

Economic Baseline 2006: Leicester City Summary

- In Leicester City, 95.1% of businesses employed less than 50 people in 2004. This is slightly below the sub-regional (96.3%), regional (96.2%) and national (96.2%) averages.
- In 2004, the business registration rate was lower in Leicester City (43.8) than the sub-region (47.1). The East Midlands rate was 43.4 and the rate for Great Britain was 46.3.
- Self employment in Leicester City at 9.3% was lower than the sub-regional (10.6%), regional (12.0%) and national (12.3%) averages.
- The proportion of business start ups in the financial and business service sector in Leicester City (33.3%) was lower than the sub-regional (35.9%), regional (33.7%) and national (37.3%) averages.
- A key indicator of entrepreneurial activity and competitiveness is Micro Firm Density. The ratio of micro firms (less than 10 employees) to the population was lower in Leicester City (29.1) compared with Leicester Shire (32.2) and Great Britain (32.0).

Table 7: Entrepreneurship

	Business Registration Rate ¹ (2004)	% People Self-employed (2005)	% Start-ups in Financial and Business Services, (2004)	Micro Firms Density ² (2004)
Leicester City	43.8	9.3	33.3	29.1
Leicester Shire	47.1	10.6	35.9	32.2
East Midlands	43.4	12.0	33.7	29.9
Great Britain	46.3	12.3	37.3	32.0

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

Sources: Small Business Service 2004; Annual Population Survey 2005

House Prices

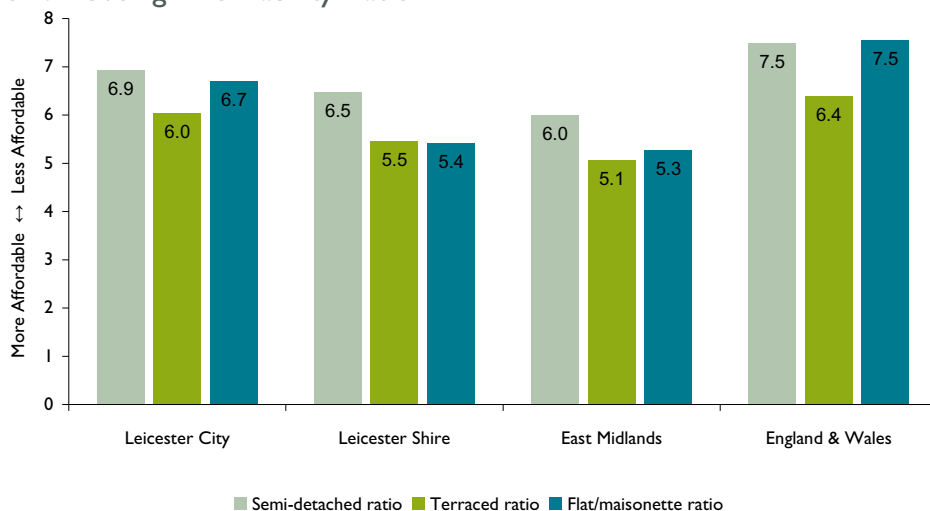
- In 2005, the average house price in Leicester City was £132,531. This was much lower than the sub-regional average (£165,104), regional (£153,493) and national average (£189,549).
- The housing affordability ratio in 2005 for semi-detached (6.9), terraced (6.0) and flat/maisonette (6.7) properties was higher in Leicester City compared to the sub-regional and regional ratios.
- This means that these property types are generally less affordable in relation to average resident earnings in Leicester City compared to Leicester Shire and the East Midlands. This is a result of the lower average earnings rather than particularly high house prices in Leicester City. However, compared to the national average the affordability ratio is lower for all these property types in Leicester City.

Table 8: Average House Prices, 2005

	All Dwellings	% Change 2004-2005	Detached	Semi-Detached	Terraced	Flat/Maisonette
Leicester City	£132,531	4.3	£236,803	£130,560	£113,596	£126,356
Leicester Shire	£165,104	6.5	£258,286	£142,861	£120,574	£119,730
East Midlands	£153,493	6	£226,700	£131,976	£111,203	£116,254
England & Wales	£189,549	6.2	£292,460	£173,637	£148,248	£175,059

Source: HM Land Registry, 2005

Figure 2: Housing Affordability Ratio



Notes: The affordability ratio is calculated by dividing average annual house prices by gross median annual full time employee resident earnings. In general, a higher figure implies that housing is less affordable to residents. Source: HM Land Registry, 2005; ASHE, 2005

Demography

- According to the 2004 mid-year population estimates, 285,100 people lived in Leicester City. This represents an estimated 1.5% decrease since 1994 compared to a 3.8% increase in the sub-region as a whole.
- Compared to the sub-region, region and

England and Wales, Leicester City has a much younger age structure with higher proportions of people aged 0 to 15 years and of working age in 2004. The estimated proportion of older people is much smaller in Leicester City compared to Leicester Shire, the East Midlands and England and Wales.

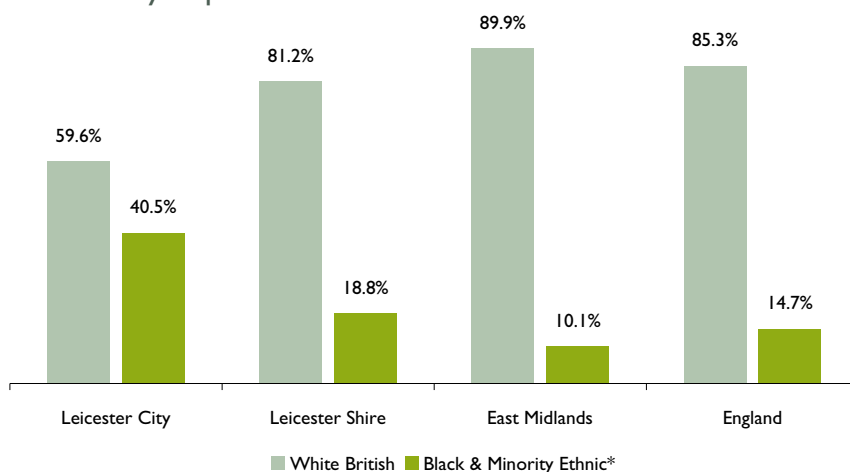
Table 9: Broad Age Profile

	All people	Children aged 0-15	Working age 16-59/64	Older People 60/65+ ¹
Leicester City	285,100	21.0%	64.0%	14.9%
Leicester Shire	909,000	19.7%	62.7%	17.6%
East Midlands	4,279,700	19.3%	61.7%	18.9%
England & Wales	53,046,200	19.5%	61.9%	18.6%

Notes: ¹ above state retirement age (60 – females, 65 – males)

Source: ONS, Mid Year Estimate, 2004

Figure 3: Ethnicity Population Estimates



Note: * Includes White Irish and White Other. Figures may not add due to rounding. Source: ONS, Experimental estimates, 2004

Economic Baseline 2006: Leicester City Summary

- In 2004, the estimated proportion of people of White British origin (59.6%) was extremely low in comparison to the sub-regional average (81.2%), regional and national average
- The estimated proportion of black and minority ethnic* residents in Leicester City was 40.5%. Indians made up the largest minority ethnic group in Leicester, accounting for over 60% of the black and minority ethnic* estimated population.
- In 2004, there was also estimated to be sizeable Pakistani, Caribbean, African and Other White communities in Leicester City.
- Providing current population trends continue, the number of people living in Leicester City is estimated to increase by 2.5% over the next 30 years compared to an estimated increase of 11.2% in the sub-region.

Table 10: Ethnicity Population Estimates

	Leicester City	Leicester Shire	East Midlands	England
All people	285,100	909,000	4,279,700	50,093,100
White: British	169,800	738,500	3,845,500	42,708,900
White: Irish	3,300	7,600	35,700	601,400
White: Other White	6,600	16,000	70,600	1,523,700
Mixed: White & Black Caribbean	2,800	4,900	23,200	257,300
Mixed: White & Black African	700	1,200	4,900	95,200
Mixed: White & Asian	2,100	4,300	14,000	220,100
Mixed: Other Mixed	1,400	2,600	10,100	180,200
Asian or Asian British: Indian	71,000	92,100	132,000	1,167,700
Asian or Asian British: Pakistani	5,000	7,000	35,300	803,000
Asian or Asian British: Bangladeshi	2,100	3,900	9,100	314,900
Asian or Asian British: Other Asian	5,400	7,800	14,800	294,000
Black or Black British: Caribbean	4,400	6,200	29,200	585,200
Black or Black British: African	6,500	8,200	19,600	624,000
Black or Black British: Other Black	700	1,000	4,400	106,700
Chinese or other ethnic group: Chinese	2,100	5,000	19,600	312,400
Chinese or other ethnic group: Other ethnic group	1,400	3,000	11,800	298,600
Black and Minority Ethnic*	115,500	170,800	434,300	7,384,400

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

Source: ONS, Experimental estimates, 2004

Table 11: Population Projections

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

Source: Sub National Population Projections, ONS, 2003

Economic Activity and Unemployment

- The economic activity rate in Leicester City in 2005 was 70.2%. This is much lower than the Leicester Shire average of 79.1%. In Leicester City, the female economic activity is particularly low (62.8%) compared to the sub-regional, regional and national figures.
- In June 2006, the Claimant Count unemployment rate was much higher in Leicester City (4.8%) compared to the sub-regional, regional (2.4%) and national (2.6%) averages.
- Unemployment in Leicester City seems to be far more structural with a high percentage of people who have been unemployed for more than a year, 18.8% compared to 16.6% in Leicester Shire, 14.9% in the East Midlands and 15.7% in Great Britain.

Table 12: Economic Activity and Unemployment

	Economic activity rate (%)			Claimant unemployment (%)			
	All	Males	Females	All	Males	Females	LTU ¹ (%)
Leicester City	70.2	77.3	62.8	4.8	6.9	2.7	18.8
Leicester Shire	79.1	83.9	74.0	2.5	3.5	1.5	16.6
East Midlands	79.3	83.7	74.6	2.4	3.3	1.3	14.9
Great Britain	78.4	83.3	73.2	2.6	3.7	1.4	15.7

Note: ¹ Long Term Unemployment (LTU) is defined as the proportion of those claiming unemployment benefit who have been out of work for at least a year

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

Occupational Structure

- In 2005, there was a higher proportion of residents in Leicester City working in elementary and process, plant and machine operative occupations than the sub-regional, regional and national averages.
- There were also lower proportions of residents working in managerial and senior and professional occupations in Leicester City compared to Leicester Shire, the East Midlands and Great Britain averages.

Table 13: Occupational Structure

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

Source: Annual Population Survey, 2005

Income and Earnings

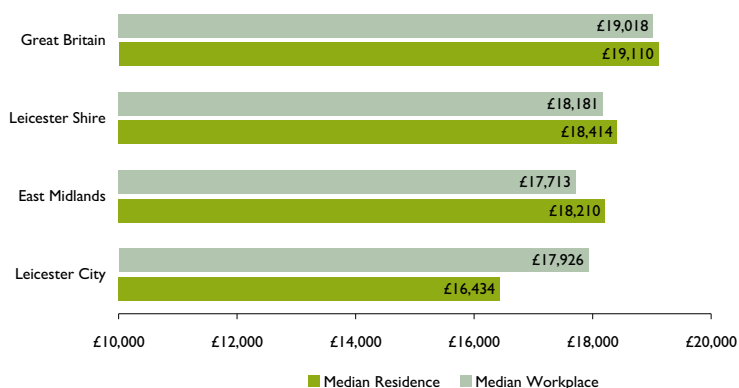
CACI data no longer available

- Average hourly earnings in 2005 were also lower in Leicester City compared to the sub-regional, regional and national averages. However, the disparity between male and female hourly average earnings was less marked in Leicester City (£1.22 p/h difference) compared to Leicester Shire (£2.82 p/h difference).
- The variation between annual earnings by place of residence and place of work

indicates the extent to which the residential and working populations of an area are different, allowing inference to be drawn about the impact of commuting.

- In 2004, the median resident annual earnings were estimated to be £1,492 less than the median workplace annual earnings in Leicester City. This suggests that the City has a less self-contained labour market with a high level of higher earners travelling into the City to work.
- By comparison, the sub-region appears to be more self-contained with median resident annual earnings estimated to be only £233 greater than workplace annual earnings.

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



Source: ASHE, 2005

Table 14: Average Hourly Earnings*

	Total	Male	Female
Leicester City	£8.06	£8.59	£7.37
Leicester Shire	£8.96	£10.43	£7.61
East Midlands	£9.03	£10.35	£7.68
England & Wales	£9.62	£11.00	£8.41

Source: ASHE, 2005

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

Labour Market

- The proportion of economically active people with no or low qualifications (NVQ 1 and below) was higher in Leicester City (31.8%) in 2005 compared to the Leicester Shire average (26.5%). The regional average was 27.1% and the national average 24.1%.

- The proportion of people with a NVQ 4/5 (degree level) qualifications in 2005 was also lower in Leicester City (24.4%) compared to Leicester Shire (26.8%), the East Midlands (26.7%) and Great Britain (30.2%).

Table 15: Workforce Skills

	NVQ4/5	NVQ3	Trade Apprenticeship	NVQ2	NVQ1	Other Qualifications	No Qualifications
Leicester City	24.4%	12.8%	5.1%	13.3%	13.0%	12.7%	18.8%
Leicester Shire	26.8%	16.0%	7.0%	13.8%	14.6%	9.9%	11.9%
East Midlands	26.7%	16.3%	6.7%	15.2%	16.2%	8.0%	10.9%
Great Britain	30.2%	15.5%	6.1%	15.9%	14.2%	8.2%	9.9%

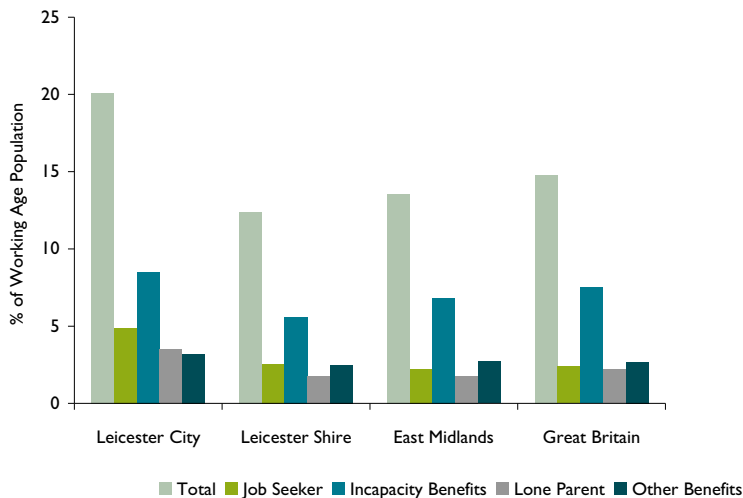
Note: Percentage of economically active residents
 Source: Annual Population Survey, 2005

Social Exclusion

- Leicester City is ranked 29th out of 149 county/unitary authorities using the 2004 Index of Multiple Deprivation where 1 is the most deprived.
- There are 43 Super Output Areas in Leicester City ranked in the top 10% most deprived areas in England on the Index of Multiple Deprivation. These are concentrated in Abbey, Braunstone and

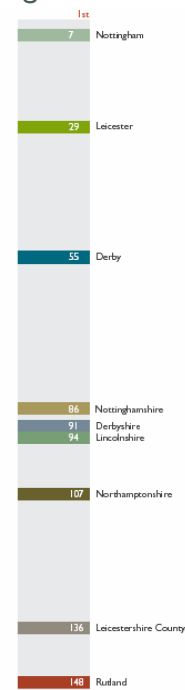
- Rowley Fields, New Parks, Beaumont Leys and Spinney Hills wards.
- In November 2005, one in five Leicester City working age residents were claiming at least one government benefit. This is compared to 12.4% in the sub region, 13.5% in the region and 14.8% in the country as a whole. The largest single benefit claimed is Incapacity Benefit which almost 9% of working age people claimed in Leicester City.

Figure 6: Benefit Claimants



Source: Department for Work and Pensions, November 2005

Figure 6: East Midlands /Unitary IMD Ranking 2004



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

Economic Baseline 2006: Leicester City Summary

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

The full Economic Baseline study contains more detail on the LEAM and presents the sub-regional economy against the national and regional context. The following table summarises the performance of Leicester City with key comparator cities on the key competitiveness factors within the LEAM.

Table 12: Overall LEAM Profile; Leicester City, 2006

Area	Economic Scale		Dynamism		Sector Structure		Enterprise		Labour Market	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Leicester City	214.0	25	96.9	354	89.4	173	86.0	279	76.2	382
Nottingham	244.5	16	100.6	189	110.0	97	85.6	282	83.9	341
Newcastle-upon-Tyne	231.6	21	99.8	237	112.6	84	80.5	313	96.9	222
Manchester	445.7	7	101.3	153	131.2	42	92.3	235	90.6	277
Bristol	316.1	13	97.8	329	131.1	43	106.2	143	113.3	96
Coventry	213.3	26	100.1	218	97.5	139	75.1	340	93.9	256
Sheffield	367.9	9	101.9	121	92.6	160	78.6	324	98.3	209
East Midlands	74.2	8	101.2	3	82.4	9	93.3	5	90.8	8
Great Britain	100	N/A	100	N/A	100	N/A	100	N/A	100	N/A

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

Source: Ecotec Research and Consulting, 2006

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

To download a copy of the Leicester Shire Economic Baseline Study please log on to www.lsint.info/reports.asp

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

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