

# Warwickshire's Rural Economy in 2016

## *Methodology/Background Notes*

The indicators in this profile were chosen and analysed at lower super output area (LSOA) level, to highlight the characteristics and dynamics of Warwickshire's rural economy.

The 2011 rural-urban definition for super output areas (SOAs) is sourced from ONS. The ONS definition incorporates eight classifications:

- Rural village and dispersed in a sparse setting
- Rural village and dispersed
- Rural town and fringe in a sparse setting
- Rural town and fringe
- Urban city and town in a sparse setting
- Urban city and town
- Urban minor conurbation
- Urban major conurbation.

From this list each of Warwickshire's SOAs are classified as one of the following three: Rural village and dispersed; Rural town and fringe; and Urban city and town, with rural areas comprising the first two.

Where SOA level data is unavailable, the ONS rural-urban definition for local authorities has been used.

To measure economic and business performance in the priority growth sectors, the following industries were used in the analysis: Manufacturing; Transportation and Storage; Information and Communication; Professional Services; Advanced Engineering; IT and Digital Media; and Tourism.

## ***Natural Environment***

Warwickshire's natural environment, as natural capital, plays an important role in supporting the rural economy. Natural capital refers to both the living (e.g. animals, fish stocks, forests) and non-living (e.g. minerals, energy resources) aspects of nature which produce value to people, both directly and indirectly. The goods and services derived from this capital are called 'Ecosystem Services' and are the benefits that people receive from the natural environment. There are four categories of ecosystem services:

- Provisioning services – such as timber production, food production
- Regulating services – such as climate control, disease control
- Supporting services – such as crop pollination, nutrient cycling
- Cultural services – such as recreation, tourism, leisure.

Warwickshire County Council, through the Habitat Biodiversity Audit and Oxford University, has mapped Natural Capital and the Provisioning, Regulating and Cultural services it provides. This will underpin local strategic decision making to both enhance Warwickshire's natural capital and to maximise nature's contribution to Warwickshire's economy.

## ***Population***

Nearly two-thirds of Warwickshire's population live in urban areas. At 169,000 people, the rural population made up about a third of the total in 2011. This differs in North Warwickshire and Stratford. In North Warwickshire 74% of residents live in rural wards, and in Stratford this is 68%.

A perception is often that the population in more rural areas is older. At district/borough level this isn't necessarily the case in Warwickshire, with the age structure of Warwickshire's rural population broadly similar across all of our districts and boroughs. Older people, aged over 65, account for around one quarter of the rural population.

In terms of concentrations of elderly people, Stratford Guild and Hathaway ward (in Stratford town, and which is classified as urban), contains the urban super output area with the largest proportion of elderly people in Warwickshire. This is also seen in the Bilton ward of Rugby – highlighting how issues linked to the ageing of the population is an equally important issue in urban areas as it is in rural areas.

In Stratford and North Warwickshire, there are smaller proportions of children and young people (aged 16 and under) living in the main town centres, and are more concentrated in the semi-rural outskirts of the towns there.

Population projections show that Warwickshire's urban areas are forecast to grow 4% faster on average than rural areas over the next 20 years (2015 to 2035). This is skewed particularly by Rugby's growing population (23.9%) adding to the size of Rugby town.

## **Health**

Life expectancy varies slightly between Warwickshire's rural and urban areas, with rural areas having slightly higher life expectancy (*as measured in years 2008-12*). The gap is slightly bigger for women, 85.2 years in rural areas and 83.4 in urban areas, whilst amongst men life expectancy is 80.6 in rural areas and 78.9 in urban areas.

In terms of hospital admissions, the standardised admissions ratio for 'All Cause Emergency Admissions' is considerably higher in urban areas than rural areas, at 87.2 compared with 79.8 respectively (*for the time period 2008/09 – 2012/13*).

Cancer incidence is also higher in urban areas, with a standardised incidence ratio (SIR) of 94.7, compared to a SIR of 90.6 in rural areas (*2007 – 2011*).

A comparison of National Child Measure Programme data shows that excess weight in both reception and year six aged children is slightly higher in urban areas (*2010/11 – 2012/13*). However, the increase in excess weight between reception and year 6 aged children is higher in rural areas, with a 58.4% increase, compared to urban areas, with a 47.6% increase.

There were twice the number of deaths in urban areas than in rural areas for people across all ages in the five years between 2010 and 2014. In urban areas deaths totalled just short of 16,600, compared to 8,200 in rural areas. It was a similar picture for those aged over 75, where twice the number of deaths were recorded in urban areas compared to rural areas. Around 5,700 deaths occurred in rural areas and just under 11,400 in urban, during the same period.

In rural areas, around 30.3% of deaths were caused by Neoplasms (Cancer), followed by CVD related deaths, accounting for 28% of deaths. In urban areas, the proportion of deaths caused by Cancer was slightly lower at 28.1%, compared to rural areas. The proportion of deaths caused by CVD, at 28.2%, was similar to rural areas.

## ***Commuting***

North Warwickshire, Stratford and Warwick are the three districts where more people come in to work every day (in-commuters) than leave to go out to work (out-commuters). There are significant in-flows from large neighbouring urban areas into these - highlighting the important economic role that our Districts/Boroughs play in a wider regional and sub-regional context.

In terms of net commuting, in North Warwickshire and Nuneaton & Bedworth there are higher concentrations of net out-commuters to local authority areas that are described as rural. Harborough and Daventry are the most common rural areas for net out-commuters (both in the Top 10 for North Warwickshire, Nuneaton & Bedworth, and Rugby).

Warwick has a higher concentration of net in-commuters from rural areas. There are higher commuting inflows from rural areas such as Stratford, Wychavon and North Warwickshire; compared to commuting outflows.

## ***Economic Activity***

About a third of Warwickshire's economically active population are from the county's rural areas. The economic activity rate for rural areas is 84.5%, slightly higher than the rate for urban areas, at 82.9%.

In terms of self-employment, there is a clear rural north-south divide in Warwickshire. Stratford and Warwick have the highest rates of rural self-employment at 10.8% and 11.4% respectively; 4% higher on average, compared to the north of the county.

## ***Unemployment (JSA claimants)***

Some 17% of Warwickshire's overall JSA claimants live in rural areas, with the majority of unemployed people living in the county's urban areas.

Stratford has the highest proportion of JSA claimants living in its rural areas, at 81%, although this reflects the size of Stratford's rural areas compared with its relatively small number of main towns.

With the exception of Nuneaton & Bedworth, North Warwickshire has the biggest rural-urban unemployment gap of 0.77 percentage points - and with generally low unemployment rates, this means that the urban unemployment rate is double the rural unemployment rate. Rugby has the smallest rural-urban unemployment gap of 0.05 percentage points.

Stratford is the only district in Warwickshire whose rural unemployment rate exceeds its urban unemployment rate – although rates in Stratford in both rural and urban areas are very low.

### ***Earnings (based on Parliamentary Constituencies)***

Average incomes are higher in Warwickshire's rural areas than in its urban areas.

- Amongst residents the 2013 levels were £29,453 for rural areas compared with £27,764 in urban areas.
- Amongst those who work in rural areas there is a similar difference in average earnings, £27,759 compared with £26,127 in urban areas.

Kenilworth and Southam Parliamentary Constituency is the only area in Warwickshire where workplace earnings exceed residential earnings. People who work here generally earn £490 more per capita than local residents – suggesting that there are high-value jobs in that relatively rural area.

Stratford has the biggest differential between residential and workplace wages, at £5,022 – implying that local jobs in the area could be concentrated in lower-skilled sectors and/or with lower earning potential. The low workplace earnings in Stratford reflect large numbers employed in retail and tourism. Higher-earning residents tend to commute out of Stratford for higher-value jobs elsewhere.

### ***Occupations***

In Warwickshire, around 35% of residents in rural areas are employed in higher-skilled occupations (requiring a degree level qualification), compared to 65% in urban areas.

In Stratford, 3 in 4 rural residents are employed in higher-skilled occupations (77%) – particularly driven by a large number of people in managers and senior officials occupations.

The north of the county has a greater number of rural residents employed in lower-mid skilled occupations (requiring GCSEs A\*-C) than higher-skilled roles. This is particularly driven by an increase in administration and caring occupations – emphasising two key issues which are increasing demands for those occupations: skill shortages and an ageing population.

Over half (56%) of Warwickshire’s rural population who work in higher-skilled roles live in Stratford, whether they work in Warwickshire or not.

### ***Qualifications***

There doesn’t appear to be a particular urban-rural divide in Warwickshire in terms of qualifications. The bigger issue is that of a spatial divide between the north and the south of the county. North Warwickshire & Nuneaton & Bedworth has a higher proportion of residents with no qualifications compared to those with a degree. In contrast, Rugby, Stratford and Warwick have a larger proportion of people who are degree-educated relative to those with no qualifications.

Amongst residents with qualifications, in Stratford 75% of the population aged 16+ with a degree or above live in a rural area. This is likely due to a higher concentration of rural areas in Stratford. Similarly, in North Warwickshire this proportion is 60%, whilst in Rugby it is 30%.

### ***Economic Performance***

Warwickshire’s rural economy makes up 34% of the county’s total output (£3.9bn approx) – more than double the UK average for rural areas in 2014.

Some 36% of businesses are located in rural Warwickshire, with 32% of the total workforce living in rural areas.

- Rural economic activity in the priority sectors generally contributes 17% to Warwickshire’s total activity. Advanced Engineering saw a 11% increase in output during 2006-14; whilst Professional Services achieved a productivity gain of +24%. However, priority rural growth has on average fallen over time (-5%); particularly driven by a sharp decline in digital-creative employment.

In Warwickshire, £38,287 is produced per worker in rural areas compared to £33,879 in urban areas. This implies higher rural productivity – with a gap of £4,408 per worker.

North Warwickshire and Stratford are the only areas whose rural-urban productivity gap is bigger than the Warwickshire average. GVA per worker is the highest in North Warwickshire (£42,815) – possibly skewed by large companies or workplaces but relatively few people employed.

Warwick has the smallest rural-urban productivity gap of £667 per worker – driven by high urban output per worker, which is the highest in the county.

Nuneaton & Bedworth is classified as predominantly urban, therefore there has been generally low rural activity over time. However, there was significant growth in rural areas in other parts of Warwickshire. Rugby gained 19% business growth, Stratford achieved positive employment growth (1%), and North Warwickshire experienced a 11% rise in rural productivity – all areas outperforming the Warwickshire average.

### ***Business performance, Start-ups and SMEs***

Some 17% of Warwickshire's businesses are rural and contribute to priority sectors (we probably should say what the priority sectors are) in the county; double the national average. In Stratford, rural businesses in the priority sectors make up 34% of total activity. During 2006-14, Warwickshire achieved 11% business growth; particularly driven by Rugby's significant increase in rural business activity (27%). Professional Services and Information and Communication saw the biggest increases in growth of 48% and 28% respectively.

Based on local authority classification, there are 50 SMEs per 1,000 people in Warwickshire's rural local authorities compared to 35 in urban – implying a greater degree of market competitiveness, entrepreneurship and innovation in rural Warwickshire, and/or a good mix of suitable premises for SMEs.

Despite a higher density, 43% of all SMEs are based in rural areas compared to 57% in urban areas.

Stratford has the highest SME density, with 59 per 1,000, with Warwick slightly behind (44) – emphasising a more North-South divide. This is also true of business start-ups – Stratford and Warwick generally have about 20 extra start-up businesses per 10,000 people compared to the north of the county.

## ***Crime***

Victims of crime in rural areas are often isolated or in small communities which can have a disproportionate impact on those victims and their fear of crime. That said, crime has been falling in Warwickshire in recent years, in both rural and urban areas.

In 2013/14 crime in rural areas accounted for 25% of the 27,600 reported crimes in the county.

There are different trends across Warwickshire's rural areas though: crime in rural Rugby has shown some increase in recent years, whilst in other Districts/Boroughs this has fallen.

Violent crime, domestic burglary, burglary 'other' (such as burglary from a building other than a dwelling. e.g. shed, garage, barn, or outhouse) are the crime types that have shown some increase in rural areas.

Some specifically rural crimes involve the theft of plant, machinery or equipment, which adversely affect rural businesses, the theft of animals affecting the farming community, and the theft of heating oil from both business and residential premises which is more commonplace in rural areas.

## ***Social Isolation & Loneliness***

Whilst loneliness and social isolation is a problem present across all age groups in society, it is a significant and growing issue for older people in particular.

Almost half of adults in England say they experience feelings of loneliness. On average, 10% of the population aged over 65 are often or always lonely. Furthermore, Age UK's "Spotlight on Older People in the UK 2007" showed that the percentage of over 65s who said that they are often or always lonely was increasing dramatically.

In Warwickshire, analysis around the risks of loneliness have identified communities across both the rural and urban areas where loneliness could be an issue. Warwickshire's "Loneliness & Social Isolation Needs Assessment 2015" shows that there are a higher number of households with increased risk of loneliness in urban areas compared to rural areas. Within Warwickshire, Nuneaton and Rugby have the greatest households at risk; with clusters in urbanised areas of the boroughs. These areas tend to have a large housing density, with close access to amenities and services. In contrast, Stratford has the fewest households at risk in the county; despite its spatial distribution of small villages.

## Appendix – Rural profile

Note that Nuneaton & Bedworth's contribution to the rural economy may be overestimated due to the significantly low proportion of rural-classified LSOAs in the borough

**Figure 1: Rural population statistics (2011)**

	% of rural population	% of rural population of working age	% of rural population aged 65+ years
North Warwickshire	58%	64%	18%
Nuneaton & Bedworth	1%	65%	12%
Rugby	25%	61%	21%
Stratford	77%	60%	23%
Warwick	10%	64%	18%
<b>Warwickshire</b>	<b>31%</b>	<b>62%</b>	<b>21%</b>

Source: 2011 Census

**Figure 2: Population growth projections by district/borough (2015-35)**

	Forecast population growth (2015-35)
North Warwickshire	9.8%
Nuneaton & Bedworth	15.6%
Rugby	23.9%
Stratford	18.7%
Warwick	19.4%
<b>Warwickshire</b>	<b>18.2%</b>
<b>Rural Warwickshire</b>	<b>15.7%</b>
<b>Urban Warwickshire</b>	<b>19.4%</b>

Source: ONS (2010-based)

**Figure 3: Life expectancy statistics by rural-urban split and gender**

	Rural			Urban		
	Male	Female	Avg. Life Expectancy	Male	Female	Avg. Life Expectancy
North Warwickshire	79.0	83.1	81.0	76.5	82.2	79.3
Nuneaton & Bedworth	N/A	N/A	N/A	77.9	82.6	80.3
Rugby	80.2	86.0	83.1	79.3	83.9	81.6
Stratford-on-Avon	81.2	85.6	83.4	80.9	84.3	82.6
Warwick	82.5	88.9	85.7	79.9	84.3	82.1
<b>Warwickshire</b>	<b>80.7</b>	<b>85.9</b>	<b>83.3</b>	<b>78.9</b>	<b>83.5</b>	<b>81.2</b>

Source: WCC

**Figure 4: Residential and workplace incomes by parliamentary constituency**

	Residential earnings	Workplace earnings	Differential
Kenilworth and Southam	£32,566	£33,056	+£490
North Warwickshire	£26,258	£25,710	-£548
Nuneaton	£26,139	£22,036	-£4,103
Rugby	£28,372	£27,864	-£508
Stratford-on-Avon	£29,534	£24,512	-£5,022
Warwick and Leamington	£28,781	£28,480	-£301
<b>Rural Warwickshire</b>	<b>£29,453</b>	<b>£27,759</b>	<b>-£1,693</b>
<b>Urban Warwickshire</b>	<b>£27,764</b>	<b>£26,127</b>	<b>-£1,637</b>

Source: Annual Survey of Hours and Earnings (2013)

**Figure 5: Rural employment in skilled occupation groups (2011)**

	% of rural residents in Level 4 employment	% of rural residents in Level 3 employment	% of rural residents in Level 2 employment	% of rural residents in Level 1 employment
North Warwickshire	15%	14%	22%	8%
Nuneaton & Bedworth	0.17%	0.3%	0.5%	0.22%
Rugby	9%	6.7%	7.2%	2%
Stratford	26%	20%	24%	7%
Warwick	6%	3%	3%	1%
<b>Warwickshire</b>	<b>11%</b>	<b>8%</b>	<b>10%</b>	<b>3%</b>

Source: 2011 Census

Based on SOC 2010 classification:

Skill group	Qualification requirement	2011 census occupations
Level 4	Degree	Managers, directors and senior professionals
Level 4	Degree	Professional occupations
Level 3	A Level	Associate professional and technical occupations
Level 3	A Level	Skilled trades
Level 2	GCSE A*-C	Administrative and secretarial occupations
Level 2	GCSE A*-C	Caring, leisure and other service occupations
Level 3	GCSE A*-C	Sales and customer service occupations
Level 2	GCSE A*-C	Process, plant and machine operatives
Level 1	GCSE D-G	Elementary occupations

**Figure 6: Rural-urban productivity (2014)**

	Rural/urban	Output per worker (productivity)	Rural-urban productivity gap
North Warwickshire	Urban	£36,688	+£6,126
	Rural	£42,815	
Nuneaton & Bedworth	Urban	£29,752	+£2,808
	Rural	£32,560	
Rugby	Urban	£32,402	+£3,464
	Rural	£35,866	
Stratford	Urban	£30,107	+£7,396
	Rural	£37,503	
Warwick	Urban	£36,847	+£667
	Rural	£37,514	
<b>Warwickshire</b>	<b>Urban</b>	<b>£33,879</b>	<b>+£4,408</b>
	<b>Rural</b>	<b>£38,287</b>	

Source: TBR

**Figure 7: Top five business sectors in rural economy (2014)**

North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford	Warwick	<b>Warwickshire</b>
Construction (18%)	Construction (29%)	Construction (16%)	Construction (12.8%)	Construction (16%)	<b>Construction (15%)</b>
Wholesale & Retail (11%)	Information & Communication (12%)	Professional Services (12%)	Professional Services (12.6%)	Professional Services (12%)	<b>Professional Services (11%)</b>
Transportation & Storage (8.9%)	Arts, Entertainment and Education (10.2%)	Wholesale & Retail (8.8%)	Wholesale & Retail (11%)	Tourism (8%)	<b>Wholesale &amp; Retail (10%)</b>
Tourism (8.7%)	Transportation & Storage (10.2%)	Agriculture, Forestry and Fishing (8.6%)	Tourism (8%)	Wholesale & Retail (7.0%)	<b>Tourism (8%)</b>
Manufacturing (7%)	Administrative & Support Services (7%)	Manufacturing (7%)	Manufacturing (7%)	Agriculture, Forestry & Fishing (6.5%)	<b>Manufacturing (7%)</b>

Source: TBR

**Figure 8: Top five employment sectors in rural economy (2014)**

North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford	Warwick	<b>Warwickshire</b>
Manufacturing (15%)	Tourism (20%)	Construction (12%)	Manufacturing (10.1%)	Tourism (11%)	<b>Manufacturing (10.3%)</b>
Wholesale & Retail (13%)	Administrative & Support Services (18%)	Manufacturing (10%)	Wholesale & Retail (9.8%)	Accommodation & Food Services (10%)	<b>Wholesale &amp; Retail (9.9%)</b>
Tourism (10%)	Construction (15%)	Wholesale & Retail (8.6%)	Tourism (9.6%)	Other Service Activities (7.9%)	<b>Tourism (9.7%)</b>
Construction (8.0%)	Education (12%)	Tourism (8.6%)	Advanced Engineering (8.7%)	Health & Social Work (7.6%)	<b>Administrative &amp; Support Services (7.4%)</b>
Transportation & Storage (7.8%)	Health & Social Work (6%)	Professional Services (8%)	Administrative & Support Services (8.7%)	Construction (7%)	<b>Professional Services (7.2%)</b>

Source: TBR

**Figure 9: Top five GVA sectors in rural economy (2014)**

North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford	Warwick	Warwickshire
Manufacturing (16%)	Administrative & Support Services (28%)	Construction (14%)	Manufacturing (13%)	Construction (12%)	<b>Wholesale &amp; Retail (12%)</b>
Wholesale & Retail (15%)	Tourism (26%)	Professional Services (11.4%)	Administrative & Support Services (12%)	Professional Services (11%)	<b>Administrative &amp; Support Services (11.3%)</b>
Administrative & Support Services (14%)	Construction (14%)	Manufacturing (11.4%)	Professional Services (11.3%)	Other Service Activities (9.6%)	<b>Manufacturing (11%)</b>
Construction (7.5%)	Wholesale & Retail (8%)	Wholesale & Retail (11.1%)	Wholesale & Retail (11.1%)	Wholesale & Retail (9.6%)	<b>Professional Services (10%)</b>
Tourism (7.4%)	Information & Communication (6%)	Administrative & Support Services (9%)	Advanced Engineering (10%)	Administrative & Support Services (8%)	<b>Construction (8%)</b>

Source: TBR

**Figure 10: Priority sector performance in rural economy (2014)**

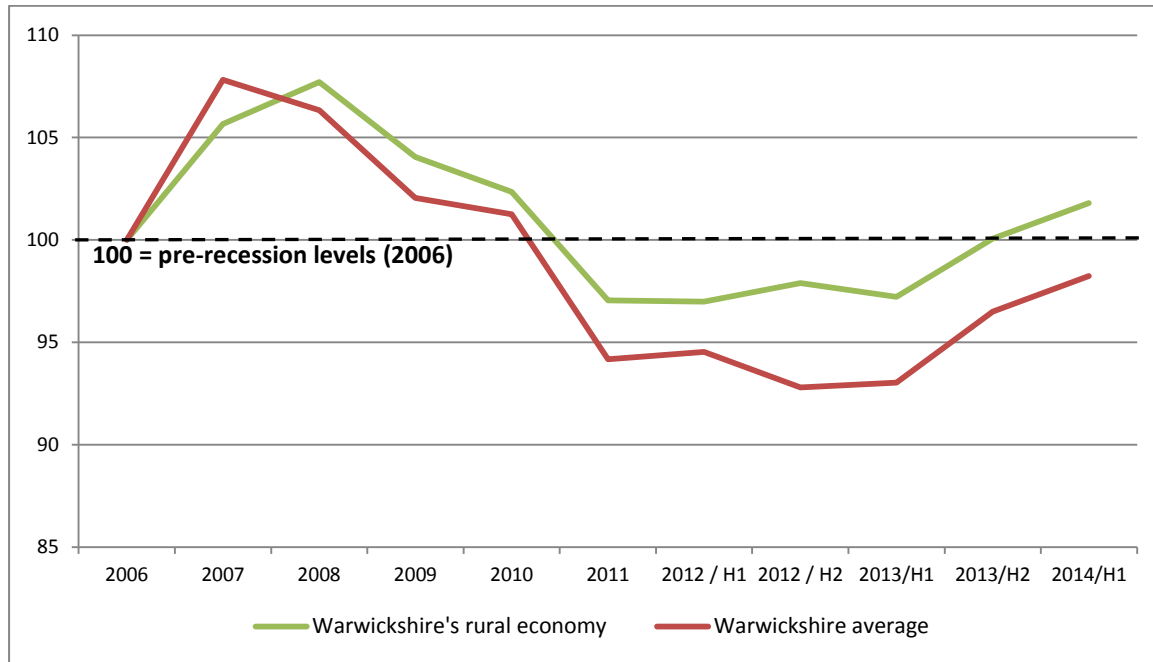
	% of rural businesses in priority sectors	% of rural employment in priority sectors	% of rural GVA in priority sectors
North Warwickshire	55.7%	40.7%	41.0%
Nuneaton & Bedworth	1.4%	0.7%	0.8%
Rugby	32.6%	34.8%	33.1%
Stratford	75.8%	76.4%	76.6%
Warwick	12.3%	7.9%	6.7%
<b>Warwickshire</b>	<b>36.1%</b>	<b>33.9%</b>	<b>32.6%</b>
England	22.1%	17.7%	15.9%

Source: TBR

Based on the following sub-regional priority sectors: Manufacturing; Transportation & Storage; Information & Communication; Professional, Scientific & Technical Services; Advanced Engineering; IT & Digital Media; Tourism

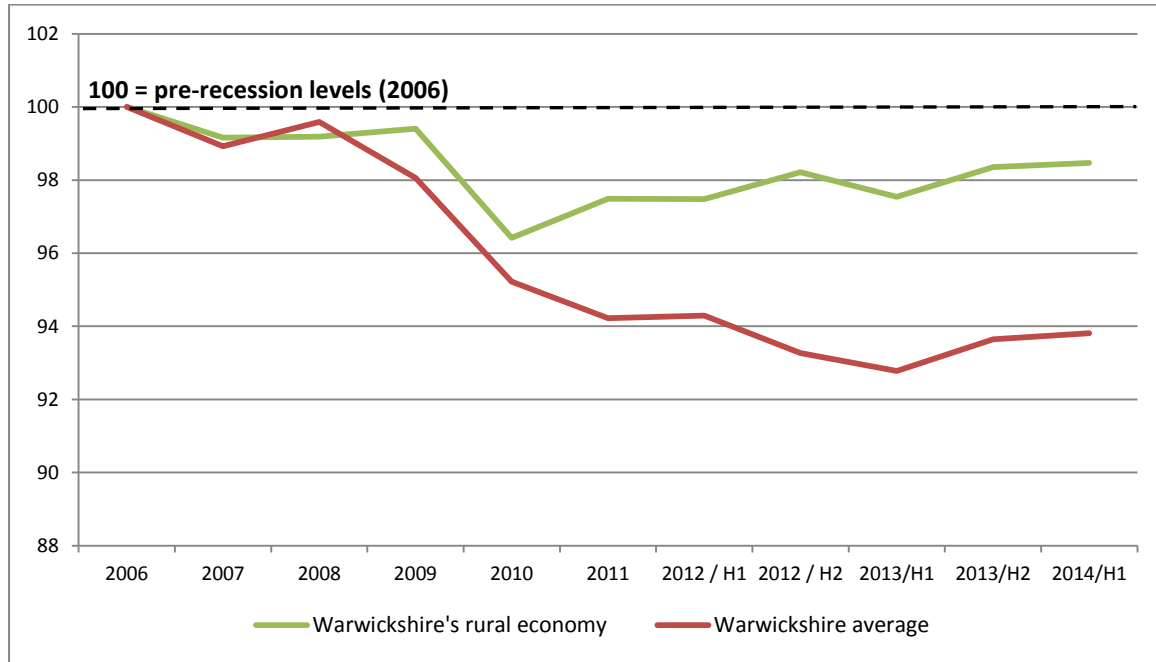
**Figures 11: Economic resilience in rural economy (2006-14)**

a) Rural GVA performance compared to the county average



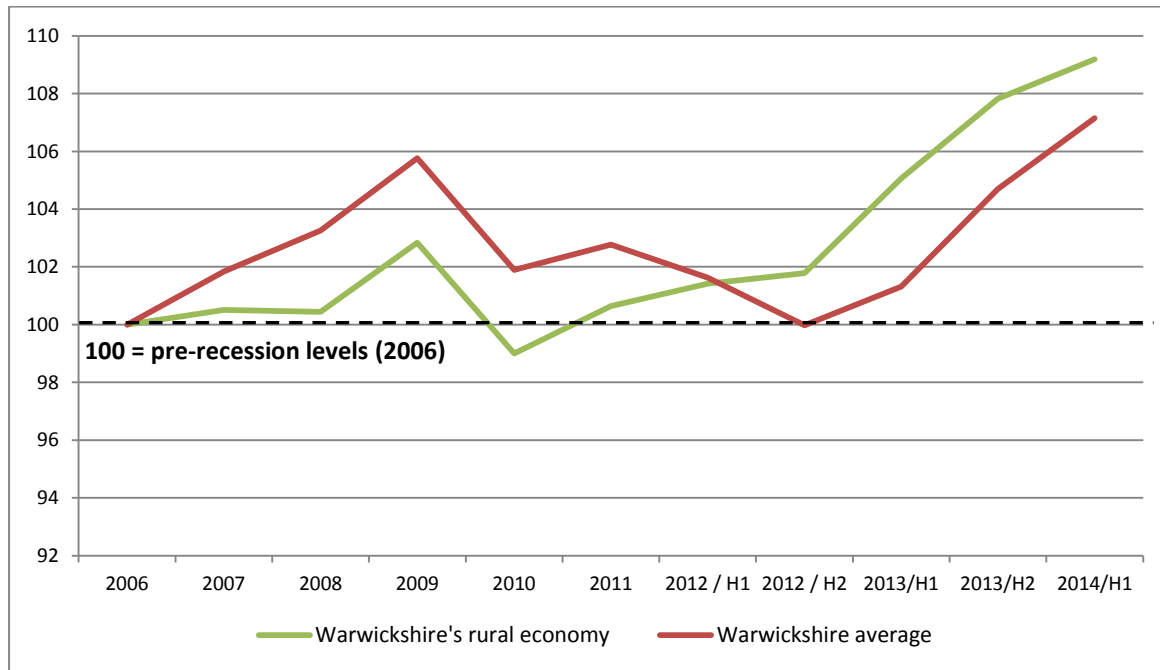
Source: TBR; note that H1=Jan-Jun and H2=Jun-Dec

b) Rural employment performance compared to the county average



Source: TBR; note that H1=Jan-Jun and H2=Jun-Dec

c) Rural business performance compared to the county average



Source: TBR; note that H1=Jan-Jun and H2=Jun-Dec