CULTURE & COMMUNITY DEVELOPMENT

Tourism & Regeneration Unit

ST. ALBANS CITY & DISTRICT

THE LOCAL ECONOMY

June 2009

St Albans City & District Council

Introduction and Overview

The City and District of St Albans is situated in central Hertfordshire, has an area of 161 square kilometres and is situated within the Metropolitan Green Belt, 20 miles from Central London. It has a population of around 131,300 people. From the 2001 Census 6.9% of the population is non–white, and 13.1% if all ethnic groups are included. (Table in Appendix 1 for detailed ethnic groupings).

Its main settlements are the historic cathedral City of St Albans and the residential town of Harpenden. Also within the district are the specified settlements of Bricket Wood, Chiswell Green, How Wood, Park Street/ Frogmore, London Colney, Redbourn and Wheathampstead. All these areas make a positive contribution to the District's local economy.

A number of key transport routes pass through the District, including the M1, M10, and M25 motorways, the A414, A1081, The Thameslink route – between St Albans and Bedford and central London and Brighton. These ensure excellent connections to London and the rest of the country including Heathrow, Luton, Stansted and Gatwick airports, and now more recently with the direct Eurostar rail service to Paris and Brussels via St Pancras International. In addition there is a local branch line railway service – The Abbey Line, linking St Albans and Watford.

A large proportion of the local resident population travel outside the District to work – around 51%, where many residents with high skill levels can command higher paid employment. The District itself hosts 59,300 jobs, around 48% are taken by in-commuting.

The key characteristics of the District's local economy have changed markedly over the last 15 years or so. The recession of the early 1990's saw the closure of the large manufacturing operations, such as Marconi, Murphy and Brook Bond, which has resulted in a significant shift from manufacturing industry.

The local economy today is made up predominantly of offices, small enterprises, retailing, catering and tourism based enterprises (including film).

St Albans is now one of the main office markets in Hertfordshire, generally attracting financial and business services industries.Such companies such as Deloitte & Touche, Building Research Establishment, AECOM previously (Faber Maunsell), PricewaterhouseCoopers, KPMG, Premier Foods, Hewitt, all have a large office base here. The surrounding area is favoured by the distributive industries, for example NFT Distribution for Sainsburys which employs over 600 staff.

The following organisations work very closely with the Council regarding information, intelligence and networking regarding the business community:

- St Albans District Chamber of Commerce (www.stalbans-chamber.co.uk).
- St Albans Enterprise Agency (www.stanta.co.uk)
- Business Link (www.businesslink.gov.uk/east)
- Federation of Small Business (www.fsb.org.uk)

In addition through St Albans & District Local Strategic Partnership (www.stalbanslsp.org.uk), an Economic Partnership is in the process of being established involving key players in the local economy.

The current recession has had a major impact on the local economy – particularly with unemployment increasing in the last year by nearly 150%. (April 2008 – April 2009). Many people in the labour market have been affected and unlike previous recessions senior level personnel have lost jobs. In response to this, the Local Strategic Partnership has set up an Executive Forum for the District to help local people get back on track in job search activities.

The City of St Albans is a significant market town and retail centre featuring a good concentration of small specialist independent retailers, as well as High Street multiples along St Peter's Street, in the Maltings and Christopher Place shopping centres. The city has a wide range of restaurants and bars, which contribute to a vibrant evening economy.

Harpenden is mainly a residential town in an important geographical position with the rail connections direct to London, close to the M1 and with easy access to St Albans and London – Luton Airport. Main employers in Harpenden include Rothamsted Research (one of the largest agriculture research stations in the world), BUPA Hospital, Jarvis Contracting Ltd, J Sainsbury Plc and Waitrose Ltd. Several medium sized to small size employers are located on the industrial areas of Batford Mill, Coldharbour Lane, Southdown Road and Lea Industrial Estate.

In general terms, the City and District of St Albans has a reputation of being an affluent, prosperous and highly qualified area, with nearly 50% of local residents have a degree qualification or above and in the working population 62.8% of residents are employed in professional and managerial occupations, compared to 42.3% nationally.

However there are pockets of deprivation in the District. Analysis of sub-ward areas (lower super output areas (LSOAs) of about 1,500 people) shows there are four wards in the district that contain LSOAs that rank highly in terms of relative deprivation. These wards are:

- Batchwood
- Sopwell – 2 LSOAs
- Cunningham
- Colney Heath

Three of these LSOAs sit within the 30% most deprived in England and are in Batchwood, Sopwell and Cunningham wards. The other two, one in Sopwell and Colney Heath, sit within in the 40% most deprived in England. In these areas some residents face issues such as low income, low educational attainment and skill levels and limited access to the labour market.

Employment in the Local Economy

St Albans City and District's economy is dominated by a large number of small businesses. The economy has only about 30 employers who employ over 100 staff, (six of which employ over 500 people). Many of these larger employers are well known nationally and internationally, especially within the management consultancy, business and financial sectors.

Table 1: Major Employers in the City & District of St Albans

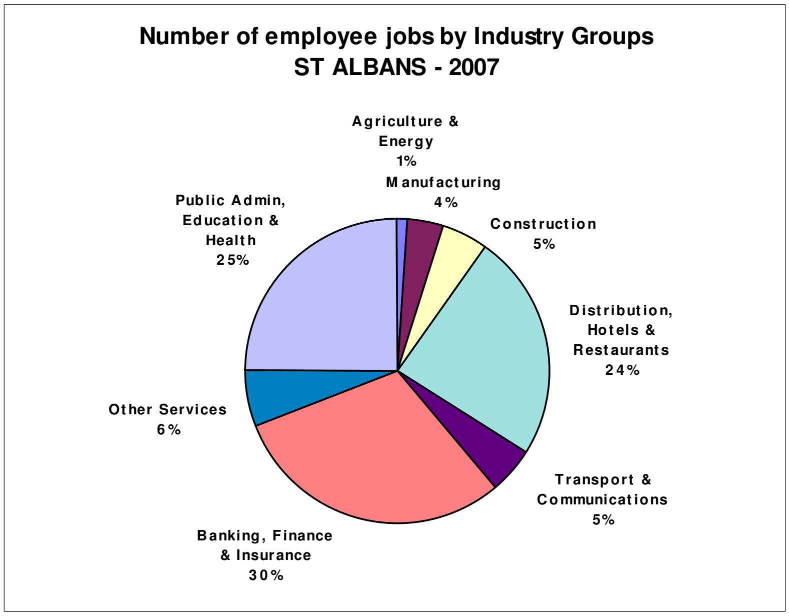
Name of Employers	Employee size
AECOM (previously Faber Maunsell)	500 - 999
Premier Foods	500 - 999
Hewitt Associates	500 - 999
J Sainsbury plc (St Albans & London Colney)	500 - 999
Herts Partnership NHS Trust	500 - 999
Rothamsted Research	500 - 999
Building Research Establishment (BRE)	500 - 999
District Council	200 - 499
Hertfordshire County Council (area offices & schools)	200 - 499
University of Hertfordshire	200 - 499
Oaklands College	200 - 499
Waitrose Ltd (St Albans & Harpenden)	200 - 499
Wm Morrisons Supermarkets plc	200 - 499
BUPA Hospital	200 - 499
NFT Distribution	200 - 499
Marks & Spencer plc	200 - 499
Deloitte	100 - 199
KPMG	100 - 199
PricewaterhouseCoopers	100 - 199
HSBC Management Training Centre	100 - 199

Jobs in the District

The most recent date regarding employment data is 2007.

As of 2007 there were 61,700 jobs in the District, of which Banking and Finance account for nearly one third (29.8%), the public sector account for just over a quarter of local jobs (25.2%). Distribution, which includes retail, hotels and catering accounts for nearly a quarter of local jobs.(23.9%)

Chart 1: Employment by Sector in St Albans District 2007



Source: ONS 2007 Annual Business Inquiry

Table 2:

Employment sectors	**Total Employee jobs**
Ag / Energy	600
Manufacturing	2,100
Construction	3,400
Distribution	14,800
Transport	3,300
Banking	18,400
Other Services	3,500
Public Admin	15,600
Total	**61,700**

The number of employee jobs in St Albans District in 2007 was 61,700 which is an increase of 2,300 jobs (3.9%) since the previous year in 2006.

The high proportion of jobs in Banking and Finance illustrates the fact that the "knowledge sector" is significant in St Albans, as it is for a substantial proportion of Hertfordshire as a whole. (The "knowledge sector", is seen by the EU and UK Government as a major source of high skilled employment). Locally this accounts for 18,400 jobs – nearly 30% of local employment. Although it is this sector that has seen a recent decline now in employment for some of the Districts residents.

The three employment sectors of Finance/ Business, Public Admin and Distribution/ Retail combined account for nearly 80% of local jobs.

Chart 2:

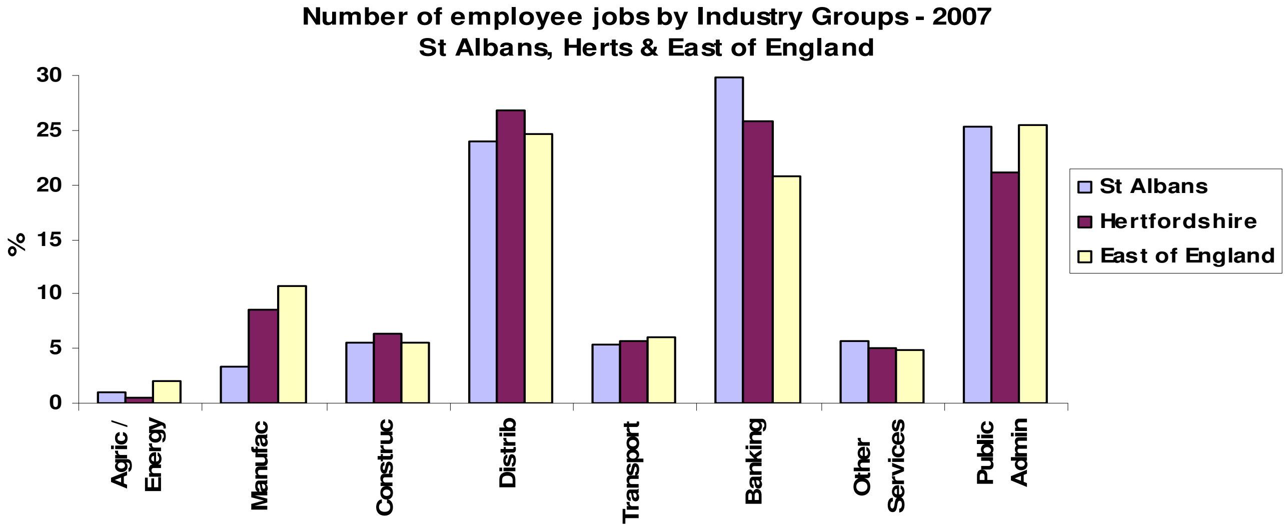


Table 3: Employment in St Albans District by sector between 2001 and 2007

	2001	2002	2003	2004	2005)	2006 (revised)	2007	% change 2001 - 2006
Agriculture & Energy	800	900	600	400	400	500	600	-25.0
Manufacturing Industries	2,900	2,700	3,500	2,300	2,300	2,200	2,100	-27.6
Construction	3,700	2,700	2,300	2,800	2,900	2,600	3,400	-8.1
Distribution, (retail, hotels & restaurants)	15,000	14,600	14,900	14,800	14,800	14,600	14,800	-1.3
Transport and Communications	3,700	3,500	3,100	3,000	3,000	3,300	3,300	-10.8
Banking, Finance & Insurance	17,000	15,300	15,000	18,900	19,600	16,900	18,400	8.2
Other Service Industries	3,200	3,200	3,200	3,000	3,100	3,500	3,500	9.4
Public Admin, Education & Health	12,100	12,500	12,200	13,900	15,500	15,700	15,600	28.9
Total	**58,400**	**55,400**	**54,900**	**59,000**	**61,600**	**59,300**	**61,700**	**5.7**

Business size in the local economy

Business size in the area is illustrated in Table 4, which shows that the average employment size of a St. Albans business is 8.5 workers. This gives St. Albans District one of the lowest rankings in the County.

Table 4: District Breakdown 2007

District	Average Business size 2007 (No. of employees)
N. Herts	7.26
Three Rivers	7.71
East Herts	7.9
Dacorum	8.41
St Albans	8.53
Hertsmere	8.61
Broxbourn	8.98
Watford	12.71
Stevenage	14.58
Welwyn Hatfield	15.03
National Average	**11.11**

Source: Local knowledge 2007

Table 5: Size of Business - 2008

No.of employees.	Hertfordshire	St Albans District
0 - 9	46,550 (85.3%)	6,400 *(86.0%)*
10 - 49	6,405 (11.7%)	830 *(11.15%)*
50 - 249	1,415 (2.6%)	190 *(2.6%)*
250 - 499	185 (0.34%)	15 *(0.19%)*
500 Plus	25 (0.06%)	5 *(0.06%)*
TOTAL	**54,580 (100%)**	**7,440 *(100%)***

Source Office of National Statistics (ONS) UK Business Activity 2008

In 2008 there were 7,440 Business Units in St Albans District. This represents 13.6% of the County total (54,580)

86% of St. Albans businesses employ nine or fewer people and only 0.25% employers employ 250 or more staff

The new business survival rate in St Albans District stands at 82% (those business surveying after 24 months 2003 – 2005), which is similar to that of Hertfordshire as a whole, both of which are higher that the national rate of 80%.

New Business Formation Rate (2007)

St Albans District has the third highest new business formation rates in the County, standing at 12.22%. The county rate is 11.25 and national rate is 10.55%. This is reflected in the high number of small businesses in the District and the entrepreneurial skill base that exists in the local area.

Table 6:

District	2007 New Business Formation rate %
Stevenage	13.64
Watford	13.03
St Albans	12.22
Hertsmere	11.50
Welwyn Hatfield	11.37
Broxbourne	11.19
Dacorum	11.16
Three Rivers	10.76
E. Herts	10.17
N.Herts	9.68

Source: Local Knowledge; Business start-ups 2007

Vat Registrations

The number of VAT–registered companies per 10,000 population is an indicator of entrepreneurship. St Albans District has one of the highest number of VAT registrations in the County.

Table 7: Vat Registered Businesses 2007

	St Albans	St Albans	East	Great Britain
	(numbers)	(%)	(%)	(%)
Registrations	760	11.80%	9.64%	10.25%
Deregistrations	540	8.39%	7.18%	7.33%
Stock (at end of year)	6,440	-	-	-

Source: Local Knowledge; Business start-ups and closures: VAT registrations and deregistrations

The number of new VAT registered businesses in 2007 was 11.80% of the total stock of VAT registered businesses compared with national percentage of 10.25%. In 2007 there were more VAT registrations than de-registrations in St. Albans District.

The Local Labour Market

St Albans District has a very highly skilled resident population. Compared to the region and the Country as a whole, the District's residents are employed in a high proportion of professional and managerial positions, 62.2% (over two thirds) compared to 43.2% nationally.

Table 8: Employment by occupation (OCT 2007-SEPT 2008)

	St Albans (numbers)	St Albans (%)	Eastern (%)	Great Britain (%)
Soc 2000 major group 1-3	**43,000**	**62.2**	**42.4**	**43.2**
1 Managers and senior officials	14,300	20.7	16.6	15.5
2 Professional occupations	18,100	26.3	13.3	13.0
3 Associate professional & technical	10,600	15.3	14.3	14.6
Soc 2000 major group 4-5	**13,300**	**19.3**	**23.0**	**22.4**
4 Administrative & secretarial	7,800	11.3	11.5	11.4
5 Skilled trades occupations	5,500	8.0	11.4	10.9
Soc 2000 major group 6-7	**7,400**	**10.7**	**14.8**	**15.7**
6 Personal service occupations	4,100	5.9	8.0	8.1
7 Sales and customer service occs	3,300	4.7	6.8	7.5
Soc 2000 major group 8-9	**5,400**	**7.8**	**18.0**	**18.7**
8 Process plant & machine operatives	#	#	6.9	7.1
9 Elementary occupations	4,100	6.0	11.1	11.5

Source: ONS annual population survey

Comparing other employment categories, St Albans residents also defy national and regional trends, as fewer residents are in the skilled trades and administrative occupations 19.3% compared to 23.3% nationally. A similar trend occurs in other employment groupings.

Education & Skills

The Table 9 illustrates the labour market qualifications that local residents in St Albans District hold. It shows that over 47% of those residents in the labour market have NVQ level 4 and above which is equivalent to degree or postgraduate qualification, compared to 34% for Hertfordshire and 27% nationally.

Table 9:

Qualifications (Jan 2007-Dec 2007)					
	St Albans	St Albans	Eastern	Great Britain	
	(numbers)	(%)	(%)	(%)	
NVQ4 and above	37,600	47.1	26.0	28.6	
NVQ3 and above	51,700	64.6	43.4	46.4	
NVQ2 and above	64,700	80.9	62.2	64.5	
NVQ1 and above	72,400	90.6	78.2	78.1	
Other qualifications	5,900	7.4	9.3	8.8	
No qualifications	#	#	12.5	13.1	
Source: ONS annual population survey					

sample too small for reliable estimate.

Wages and Salaries of Local Workers in the District

The highly skilled nature of St. Albans District's resident workforce does not necessarily benefit local businesses. The evidence presented below indicates that a significant proportion of professional and managerial workers commute out of the District for work and can command much higher pay levels than local firms can afford to pay. For example whilst the average weekly pay for full time workers living in St. Albans was £649 in 2008 the equivalent figure for jobs based in the District was only £499.

Table 10: Average Weekly Pay for Full Time Workers – 2008

	Earnings by Workplace *i.e. for jobs based in the area*	**Earning by Residence *i.e. for people living in the area.***
St. Albans	£499.3	£649.2
Hertfordshire	£514.7	£568.2
London	£612.7	£580.8
Great Britain	£479.1	£479.3

Source: ONS Annual population survey

The average weekly pay for full time workers in St. Albans in 2008 was £499.3 per week, £15 lower than Hertfordshire as a whole and well below the London level of £612.7.

The London figure reflects the draw of the capital for St. Albans highly skilled workforce as illustrated in the resident based statistics. The average weekly pay for residents of St. Albans, at £649.2 is higher than the national and county average.

Commuting

Data from the 2001 Census show that nearly 51% of St. Albans District resident workforce commuted out of the District for work. Furthermore, 58% of local jobs are taken by in-commuters.

The numbers of out-commuting and in commuting have increased since 1991. Overall the District is a net exporter of labour,

Table 11: Commuting patterns

	1991	**2001**
Out- commuting	31, 000	33,436
In - commuting	22, 560	23, 340
Net out commuting	**8, 440**	**10, 096**

Table 12: Where St Albans Residents Work

Work Destinations	% of Resident Workforce
St Albans	49.1
London	22.2
Other Districts in Hertfordshire	19.7
Neighbouring Counties	6.1
Other	2.8

Table 13: Where Workers in St Albans Live

Area of Residence	% St Albans & District Workforce
St Albans	58.0
Other Districts in Hertfordshire	21.2
Neighbouring Counties	12.7
London	5.1
Other	3.0

Source ONS – 2001 Census.

The out-commuting is more prevalent among professional and white-collar jobs, where in some cases local employees commute out of the Country on a weekly basis to work. In these jobs out-commuting exceeds in-commuting while the reverse follows for skilled trades, manual jobs and retail based occupations. See Table 14

St Albans District area has low self-containment and a negative commuting balance. As shown many of its residents out-commute to work, mainly to London. Furthermore the offsetting flow of in-commuters is smaller. In net terms, St Albans District area is dependent on other places for its resident's jobs and incomes especially for the better paid jobs and higher incomes, as people who work in the area earn much less on average than people who live there, but work elsewhere.

Table 14: Commuting by Occupation – St. Albans - 2001

Occupation	***Resident Working Population***	***Jobs in area***	***Live and work in area***	***In-commuters***	***Out-commuters***
Mangers. & Snr. Officials	15,073	9,952	4,866	5,086	10,207
Prof. Occs.	12,628	8,359	4,650	3,709	7,978
Assoc. prof. & technical	10,904	7,953	4,442	3,511	6,462
Admin & Secretarial	8,203	8,075	4,849	3,226	3,354
Skilled trades	4,704	5,053	3,208	1,845	1,496
Personal Service Occs.	3,674	4,196	2,773	1,423	901
Sales & Customer Serv.	3,614	4,072	2,720	1,352	894
Process, plant & mach.	2,410	2,625	1,296	1,329	1,114
Elementary occs.	4,466	5,301	3,429	1,872	1,037
TOTAL	65,676	55,586	32,233	23,353	33,443

Source: ONS Census 2001

Young People

Connexions Hertfordshire undertakes an "Activities Survey" (also known as a Destinations Survey) to find out what activities students are engaged in after leaving school.

The survey reflects settled activity i.e. that on 1st November not activity immediately after leaving school.

This survey is a good source of information for identifying NEETS rates (i.e. young people who are Not in Employment, Education or Training).

The table below shows the Destinations results for Year 11 students in the St Albans and Harpenden Strategic Area Planning Group (as defined by Herts Youth Connexions).

The NEETS rate of 2.1% is the lowest in the county. The table also shows that over 90% of young people stay on in education (6th Form or FE College). This compares to 86% county wide and 82.3% nationally.

Table 15: Year 11 leaver destinations

Destination % response	St. Albans & Harpenden SPAG
School 6th Form	63.5%
Further Education College	27.1
Training - non employed	0.6
Employment with training	1.9
Employment without training	0.2
Voluntary & Part Time Activities	0.4
NEET - available to the labour market	2.1
NEET - not available to the labour market	0.3
Total number of responses	**2175**

Whilst this rate is the lowest in the County, it is important to note that this rate has remained at the same level for two years (2007, 2008). In five other districts (Dacorum, Hertsmere, Nth Herts, Three Rivers and Watford) the rate has decreased.

Unemployment

Unemployment in St. Albans District is 2.1 % compared to a county rate of 2.9% and a national rate of 4.1%. (April 2009).

However these figures masks the fact that unemployment has increased by nearly 150 % in the last year. (April 2008 to April 2009).

In addition the recession has had a major impact on high earners and middle managers in the finance, property, electronics, ICT and pharmaceutical industries, which make up a high proportion of the local workforce and those who were commuting out of the area, into London.

Many of those affected have never been unemployed and find it difficult to cope with the major changes that unemployment placed on their lives and the lives of their families. They are also unused to having to present themselves to prospective employers in a competitive environment. There is little relevant job search support available to them, as they do not fall into any of the Job Centre Plus priority sectors. Therefore key local agencies (the Council, Oaklands College, CVS and Job Centre Plus) through the Local Strategic Partnership have set up An Executive Forum.

Table 16: Unemployment Numbers and Rates by Ward in St Albans City & District and annual percentage change

Ward	Number 2009	Number 2008	Annual increase April 08- April 09
Ashley	105	31	238%
Batchwood	113	64	76.6%
Clarence	65	30	116%
Colney Heath	72	36	100%
Cunningham	130	58	124%
Harpenden East	82	38	115%
Harpenden North	55	17	223%
Harpenden South	55	20	175%
Harpenden West	47	16	193%
London Colney	168	76	121%
Marshalswick North	78	15	420%
Marshalswick South	71	29	144%
Park Street	97	28	246%
Redbourn	59	23	156%
Sandridge	57	17	235%
Sopwell	137	60	128%
St Peters	137	58	136%
St Stephens	66	28	135%
Verulam	52	15	246%
Wheathampstead	61	26	134%
Total	**1,707**	**685**	**149%**

Unemployment in the region is 3.5%.At 2.1% unemployment in St Albans District making it the second lowest rate in Hertfordshire. (April 2009)

Vacancies

Vacancy figures at Jobcentres can fluctuate considerably and can be influenced by seasonal factors and to some extent by campaigns by the Jobcentre. Such vacancies reflect about one third of all local vacancies. However these figures give an indication of the supply of local jobs.

Table 17: Jobcentre Plus Live Unfilled Vacancies

DISTRICT	APR 2008	**APR 2009**
Broxbourne	398	**260**
Dacorum	898	**337**
East Hertfordshire	485	**319**
Hertsmere	554	**255**
North Hertfordshire	559	**263**
St Albans	776	**375**
Stevanage	657	**312**
Three Rivers	224	**158**
Watford	549	**305**
Welwyn Hatfield	818	**284**
Total	5,918	**2,868**

Source: NOMIS/ Community Information Unit: Hertfordshire County Council.

In Hertfordshire there was a total of 2, 868 unfilled vacancies during April 2009, this was a decrease of 51.5% since April 2008. St Albans experienced a percentage decrease of 51.7% during this period.

The sector with the highest number of vacancies by industrial sector in St Albans was Banking, Finance and Insurance with 193 and representing 51% of the total.

The Economy and the Disadvantaged Areas in St Albans District.

The Index of Multiple Deprivation 2007 (IMD 2007) identifies sub-ward areas called Lower Super Output Areas (or LSOAs). LSOAs have between 1000 and 3000 people living in them with an average population of 1500 people.

LSOAs are a useful tool in allowing the identification of small pockets of deprivation especially when they exist in an otherwise affluent area.

In relation to the national picture, St Albans is not a district with a concentration of high ranked LSOAs – i.e. the District does not contain a large number of relatively deprived areas. However three LSOAs rank in the 30% most deprived in England with another two ranking close to this.

The deprivation levels are measured by looking at the following issues (or domains):

- Income
- Employment
- Health and disability
- Education, skills and training
- Barriers to Housing and Services
- Living Environment
- Crime

The five most deprived LSOAS in St Albans are as follows:

SOA / Ward	**ID 2007 Rank (Out of 32,482 nationally)**	**St Albans Rank** (Previous rank)
Batchwood	8016	1 (1)
Cunningham	9310	2 (4)
Sopwell 1	9703	3 (2)
Sopwell 2	9885	4 (3)
Colney Heath	11690	5 (5)

There are two high ranking SOA's in Sopwell ward as as shown in the tables. It is possible to break down the IMD data to identify the factors (domains) that contribute to the deprivation levels in each of these areas. The top two factors (domains) for each area are shown in the table below:

SOA / Ward	**Highest Ranked Domain**	**Next highest**
Batchwood	Crime	Income
Cunningham	Employment	Income
Sopwell 1	Crime	Income
Sopwell 2	Income	Health
Colney Heath	Barriers to Ho & Services	Income

This table shows clearly that income (or lack of) is a very significant contributor to the deprivation levels in these areas.

Conclusions

The City and District of St Albans has many key advantages in terms of a strong local economy, good location and the skills and qualifications that many of the local population posses. The District is seen by many employers as a desirable place to be. However the current recession has had an impact on the local economy – especially in terms of the increase over the last year in unemployment. Unemployment in this recession has hit many senior level staff that live locally who have not traditionally been out of work.

This report has highlighted the following issues which need to be addressed in the future:

- High level of out-commuting
- Relatively low paid local jobs
- Local mismatch of jobs available to people seeking employment
- Pockets of deprivation in the local area
- Identifiying those areas of business that will lead the local economy out of the recesssion and promoting them.

In addition, there are important major national economic issues; the growth agenda, climate change and the depth of the current recession. The local economy needs to be robust and diverse in order to alleviate the recession and prepare for economic recovery.

For further information on any aspects of this report contact:

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APPENDICIES

Appendix One.

Of the total Population of 129,005 people from the 2001 Census,

Ethnic Grouping from 2001 Census	**%**
British	86.85
Irish	1.97
Other White	4.27
White & Black Caribbean	0.45
White & Black African	0.15
White & Asian	0.53
Other mixed	0.45
Indian	0.89
Pakistani	0.56
Bangladeshi	1.26
Other Asian	0.60
Caribbean	0.62
African	0.28
Other Black	0.10
Chinese	0.51
Other ethnic group	0.49