Worcester Town Investment Plan

Socio-economic Baseline Report

December 2020

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1 Introduction

This report provides a socio-economic assessment of Worcester City and the wider area to support Worcester City Council (WCC) with the development of a Town Investment Plan and subsequent business case development. The purpose is to demonstrate the robust evidence base used to underpin project development and prioritisation for the town centre.

1.1 Purpose

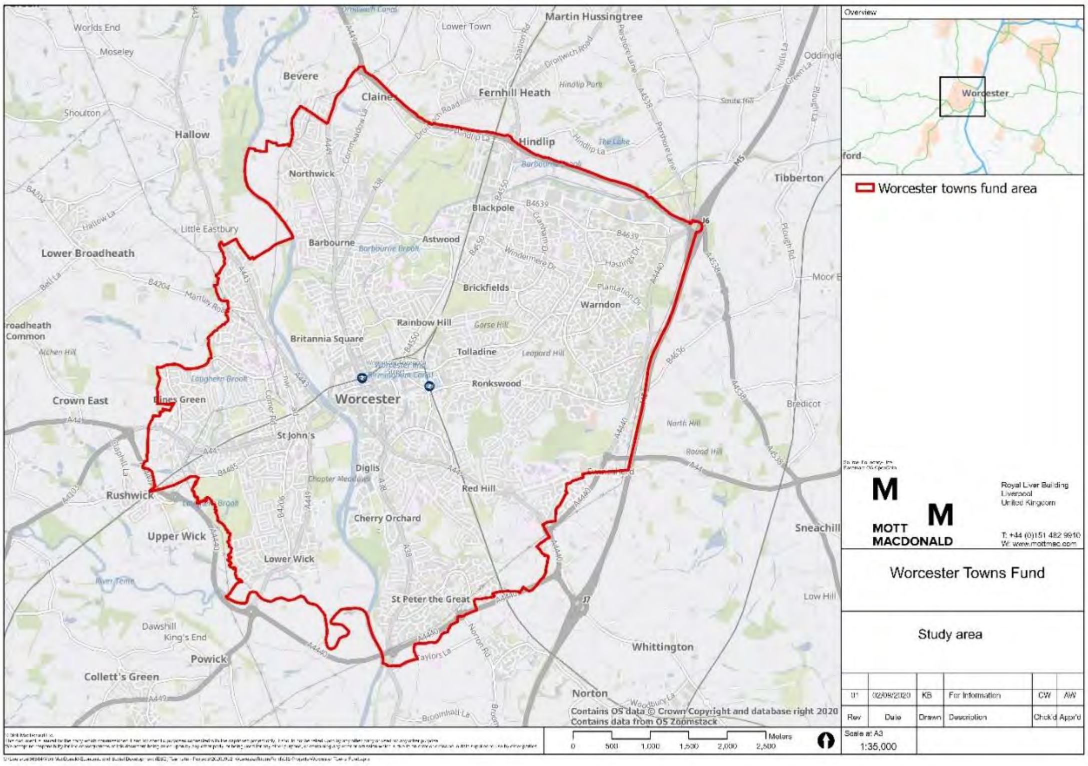
This baseline provides a detailed overview of the socio-economic characteristics and has been utilised during the TIP development to identify constraints and opportunities in the town, as well as within the wider functional economic geography. Understanding the current role and economic performance of the city and its wider catchment area, and how it forms part of the wider Worcestershire economy, is critical for developing ways to address key growth constraints and deliver sustainable long-term economic regeneration.

1.2 Study area

Worcester is set on the River Severn and boasts a historic cathedral, a growing university and a diverse retail, culture and leisure offer. It is in a potentially excellent location although transport links are poor, particularly through the rail network. It is also near the M5, M6, M42 and M40 and is within a relatively short distance of Birmingham International Airport by car.

The Worcester Town Deal area covers the full extent of the built-up area of Worcester. Worcester is the main urban area and civic and cultural centre of the county of Worcestershire.

Figure 1.1: Worcester Town Deal boundary



1.3 Report structure

The rest of this report is structured as follows:

- **Section 2: Population -** outlines key population and demographic characteristics.
- **Section 3: Employment and business base -** examines the overall employment structure and business base.
- **Section 4: Labour market characteristics -** provides a detailed overview of labour market indicators and trends.
- **Section 5: Visitor economy, arts and heritage –** provides an overview of the tourism, arts and culture offer in the city.
- **Section 6: COVID-19 and potential impacts -** provides a high-level review of the potential impacts for Worcester.

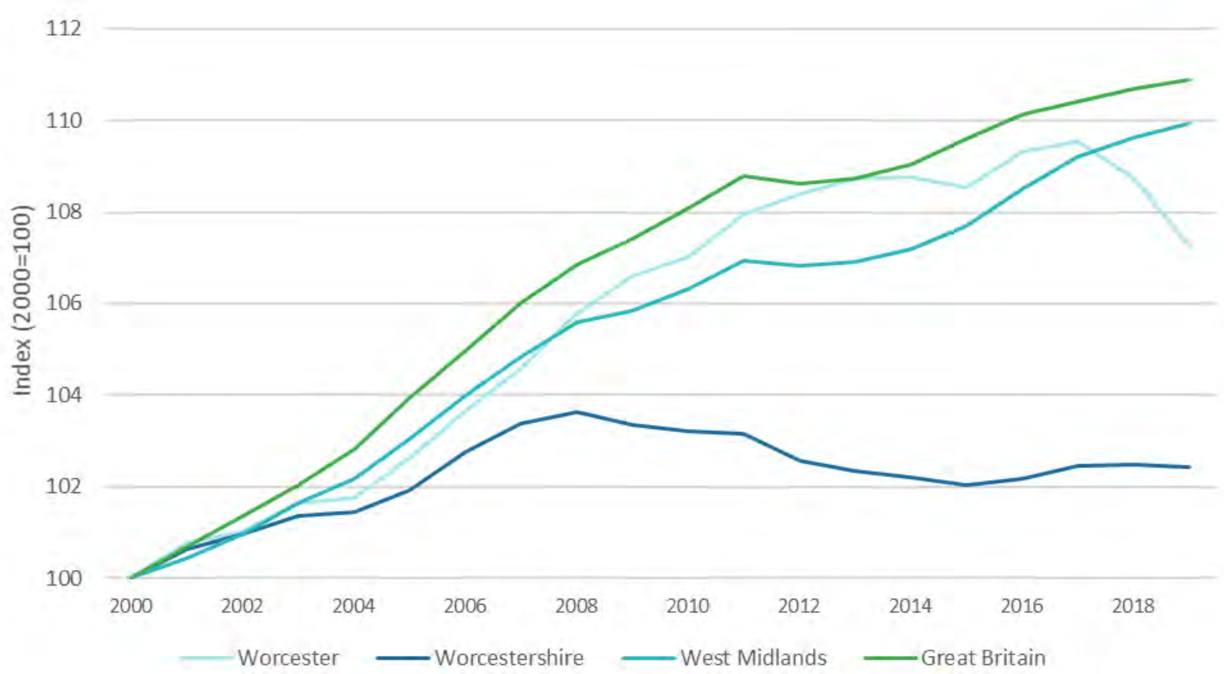
2 Worcester's population

2.1 Population trends

In 2019, the total population of Worcester stood at 101,200 people, representing an increase of 5.6% from 2010; the growth rate in this period was lower than the regional West Midlands (6.6%) and Great Britain (6.4%) averages. Since 2017, Worcester's population has plateaued, and consequently reduced in size by 1,000 to 2019.

The working age population in Worcestershire, as shown in Figure 2.1, has also levelled off between 2010 and 2019, increasing by only 152 people, or 0.2%, whilst the working age population of the district of Worcester has fallen by 0.7% over the same period, resulting in a reduction in the proportion of the working age population from 63.1% to 59.3% in Worcester. This is despite continued growth for this age cohort at regional and national level.

Figure 2.1: Index of working age population growth, 2000-19 (2000=100)



Source: Population Estimates, ONS, 2000-2019

The proportion of working age residents has declined for Worcester and Worcestershire between 2010 and 2019, but Worcester has experienced a steep decline between 2017 and 2019. In 2019 the proportion of working age residents was lowest for Worcester (59.3%), compared to Worcestershire (64.3%), West Midlands (61.7%) and the United Kingdom (62.5%). This fall is due to two key factors; the transition in Worcester (and nationally) to an ageing population; and the consistent domestic net outflow of the working age population to the rest of the UK to live and work over this time period.

The number of residents aged 0-15 in Worcestershire is estimated to have increased by 360 (2.0%) between 2010 and 2019 but grew more substantially in the district of Worcester by approximately 5,700 (5.7%). The most significant change in the population of Worcester was for the 65 and over age bracket, which increased by an estimated 35,000 (26.7%) to 2019. The proportion of residents aged 65+ increased from 19.0% to 22.8% in this time, the largest proportion compared to Worcestershire (17.3%), West Midlands (18.6%) and Great Britain (18.6%) in 2019.

2.2 Key points

- Since 2017, Worcester's population has begun to steadily decrease, driven by a decline in the working age population. This decline is also apparent at a county and regional level but is most pronounced in Worcester.
- There is a large proportion of residents aged 65+ in the city of Worcester (22.8%) and is increasing. There will be an increasing need to support this cohort, and an ageing population, in the future.

3 Economy and business base

3.1 Economic snapshot

In 2019, the Worcester economy consisted of 101,200 people and 53,000 employees. The latest data shows that in 2018, Worcester contributed £2.9bn of GVA, representing 2.1% of the West Midlands economy as shown in Table 3.1. Worcester's economy overperforms relative to the West Midlands economy, with very high labour market participation rates and low unemployment rates. This can also be seen in productivity, measured by GVA per filled worker, which in 2018, was higher than Worcestershire and in line with regional levels. The Worcester economy has lower levels of deprivation relative to the region, but higher levels than for Worcestershire.

Table 3.1: Economic snapshot – key indicators

Measure	Worcester	Worcestershire	West Midlands	Great Britain
Population, 000s, 2019	101.2	595.8	5,934.0	64,903.1
Employees, 000s, 2019	53.0	272.2	2,668.7	30,427.0
GVA (B), £bn, 2018	£2.9	£13.5	£141.4	£1,850.5
GVA (B) per filled worker, £, 2018	£49,200	£46,600	£50,000	£56,400
Unemployment rate, 2019	1.8%	3.5%	4.9%	4.0%
Resident employment rate, 2019	80.2%	78.0%	73.9%	75.8%
% of residents aged 16-64 qualified to NVQ4+, 2019	34.5%	37.1%	34.1%	40.3%
Workplace wages (full time mean), £, 2019	£33,200	£32,100	£34,200	£37,600
% of neighbourhoods within 10% most deprived nationally, 2019	12.7%	4.9%	15.8%	-

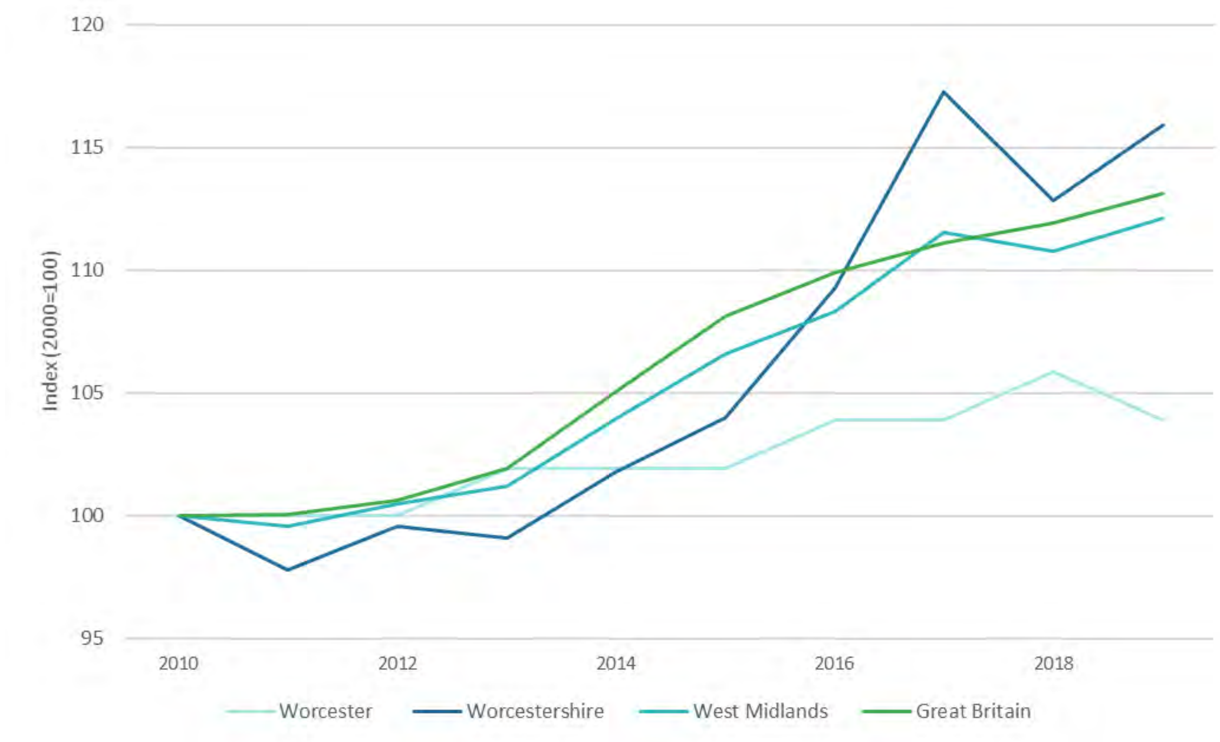
Source: Population Estimates, Business Register and Employment Survey (BRES), GVA Balanced (B) approach, Sub-regional productivity and Annual Population Survey (APS), all ONS. Index of Multiple Deprivation (IMD), MHCLG, 2019. GVA per filled worker rounded to nearest 100.

3.2 Employment breakdown

Figure 3.1 shows that Worcester's employment growth has fallen below all comparators at county, regional and national level since 2010. This is despite positive employment growth occurring steadily over this period, similarly to regionally and nationally. At a county and regional level, Worcestershire has largely followed growth patterns of the West Midlands, albeit with more volatility, growing at a faster rate since 2016.

Examining employment growth by sector shows that Worcester's growth was driven by the subsectors of Accommodation, Food and beverage, Employment activities, Social work, Human health and Sports and recreation.

Figure 3.1: Index of employment growth, 2010-2019 (2010=100)

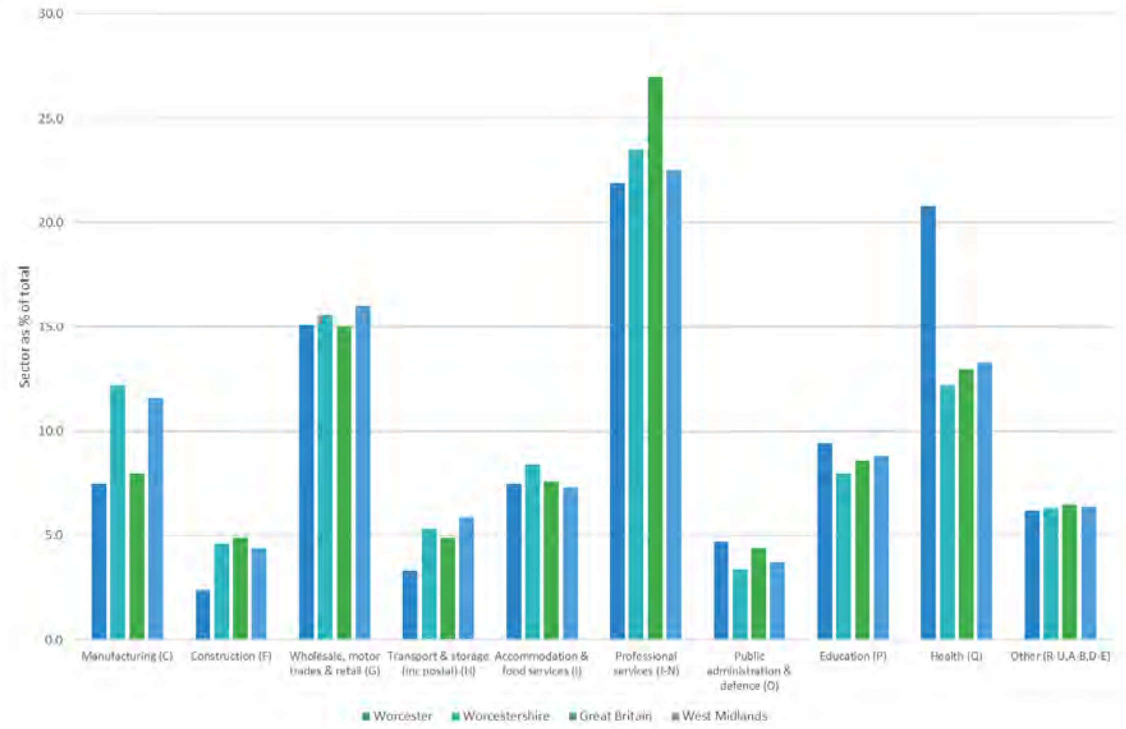


Source: BRES, ABI, ONS, 2000-2018

A breakdown of sectoral employment is provided below, showing employment levels by broad industrial group for Worcester together with the proportion of employment in each industrial group for comparator areas over the same period. In 2019, the sectors with the highest proportions of employment in Worcester were Professional services (21.9%), Health (20.8%), Wholesale, motor trades and retail (15.1%) and Education (9.4%). Only the proportions of employment in the public sectors (Health, Education and Public administration and defence) exceeded the averages for all comparator areas. The employment composition is mainly driven by major companies such as Worcester Bosch, Mazak, University of Worcester and Royal Worcester Hospital – in health, manufacturing, education, wholesale & retail trade and administrative and support activities respectively.

When compared to the similar cathedral cities of Exeter, Gloucester and Lincoln, the industrial compositions are similar, with large public sector presence, and proportionally high employment in Professional services and Wholesale, motor trades and retail. Similarly, there is low employment in Transport & storage and Other sectors across the cities. However, Worcester differs from the other cities in a larger manufacturing sector (7.5% compared to 6.6% for Lincoln) and a smaller construction sector (2.4% compared to 4.7% for Gloucester).

Figure 3.2: Employment by sector, 2019



Source: BRES, ONS, 2019

Health is one of the largest employers in Worcester and is projected for long term employment growth due to the ageing population in the district. The Royal Worcester Hospital is a major employer, to the east of the city. To continue this sector's development, the city must prioritise start-up opportunities for firms linked to healthcare, the digitisation of the workforce to continue to increase the skills base, and to continue strong links with the University and the Education sector to retain students in Healthcare within the city.

The sectors comprising Professional services[1], like the Health sector, have strong long-term growth projections, driven by growth in the size of the Financial & insurance and Professional, scientific and technical sectors. These are likely to be driven by start-ups in the city centre, and with regards to the latter, likely to possess skills that can simultaneously benefit the Health sector. However, there may be transitional short run implications of COVID-19 for this sector as employees switch to working from home and may currently lack quality home space in which to work effectively.

In line with national trends, the retail sector, a large component of employment in Worcester, is forecasted to decline. Within Worcester, retail is expected to become more concentrated into a core retail offer. This is also in response to social distancing restrictions due to COVID-19 and an increasing reliance on online shopping.

Manufacturing is another important sector, with a high concentration of employment at factories for Bosch and Mazak, both located on the outskirts of Worcester. There are likely to be negative short run impacts from social distancing and COVID-19 which will affect workplace processes.

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[1] Professional services includes; Information and communication, Financial and insurance, Property, Professional, scientific and technical and Business administration and support services.

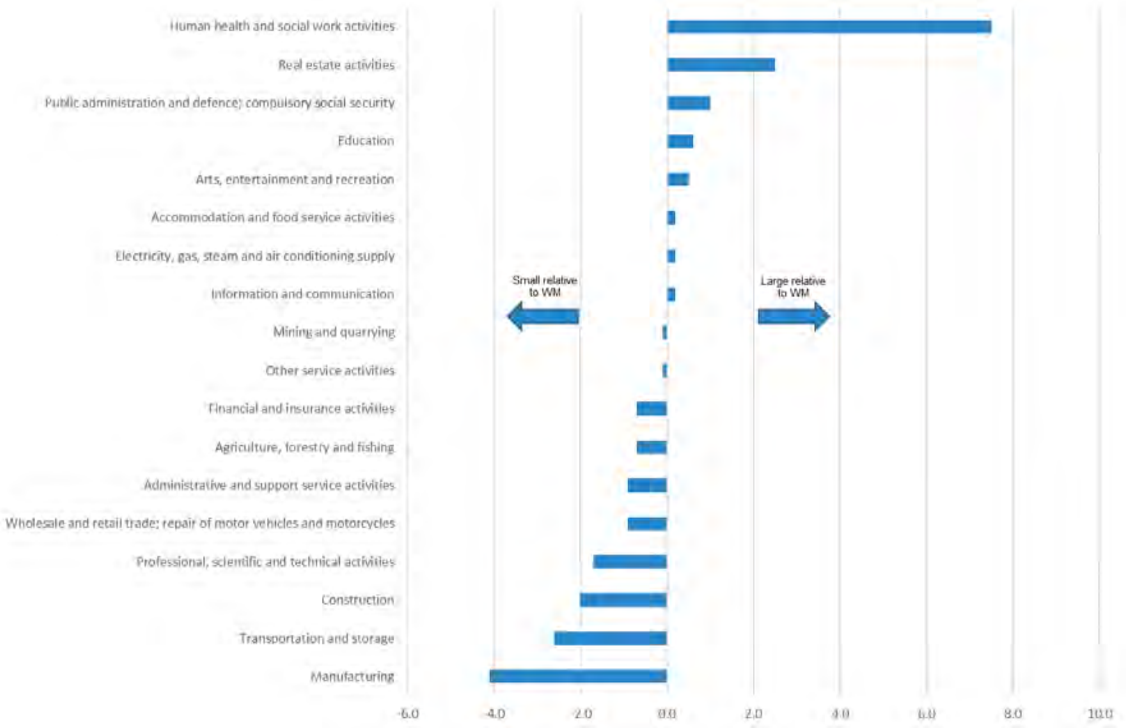
To continue to maintain its prominence within the Worcester economy, the sector will likely need to apply greater digitisation to develop the workforce's skills base.

The Transport and storage sector is a small but important sector for Worcester. The sector is a strength given the close proximity to the M5 corridor; however, this is on periphery of the city and not accessible by public transport. There is also a low jobs density, and a low value added in comparison with other employment sectors.

In terms of growing sectors, the Tourism, Cultural Transport and storage sectors will be crucial to future employment growth for Worcester. The Tourism and Cultural sectors benefit from a wealth of cultural and heritage assets, that will drive growth in both value and jobs within the visitor economy. To expand on these sectors, there is a need to attract more overnight stays, and to develop the heritage offer further to increase the potential of sector, through events such as the Arches festivals and festivals focused on the city centre. There are negative short run impacts from COVID-19, but the city may in fact benefit from greater domestic tourism.

Worcester's economy is over-reliant on the public sector for employment, as shown by Figure 3.3 below. Human health and social work, Education and Public administration employment are all proportionally higher than the West Midlands average. However, Worcester's employment base is also over reliant on some high-skilled, high-wage sectors, such as Real Estate, and Information and Communication, which are also proportionally higher. Low-wage sectors such as retail, construction and manufacturing employment are under-represented, and proportionally lower than the West Midlands average.

Figure 3.3: Sectoral employment structure, Worcester, 2019



Source: BRES, ONS, 2018

3.3 GVA and productivity

Table 3.2 shows that productivity, in terms of GVA per worker, is just £900 below regional averages, but falls below national averages. A strong contributing factor to this strong level of productivity is lower mean workplace wages in Worcester when compared to national wages. It is notable that, given the decreasing working age population, Worcester's GVA per head is much closer to the national average than the GVA per worker figure.

Worcester has a relatively sized proportion of employees in professional services[2], at 22.8%, in line with the county and regional averages. However, this again highlights the productivity gap to the national average, where 26.9% of national employment is centred in professional services.

Table 3.2: Productivity and Innovation, Worcester and comparator regions, 2018/19

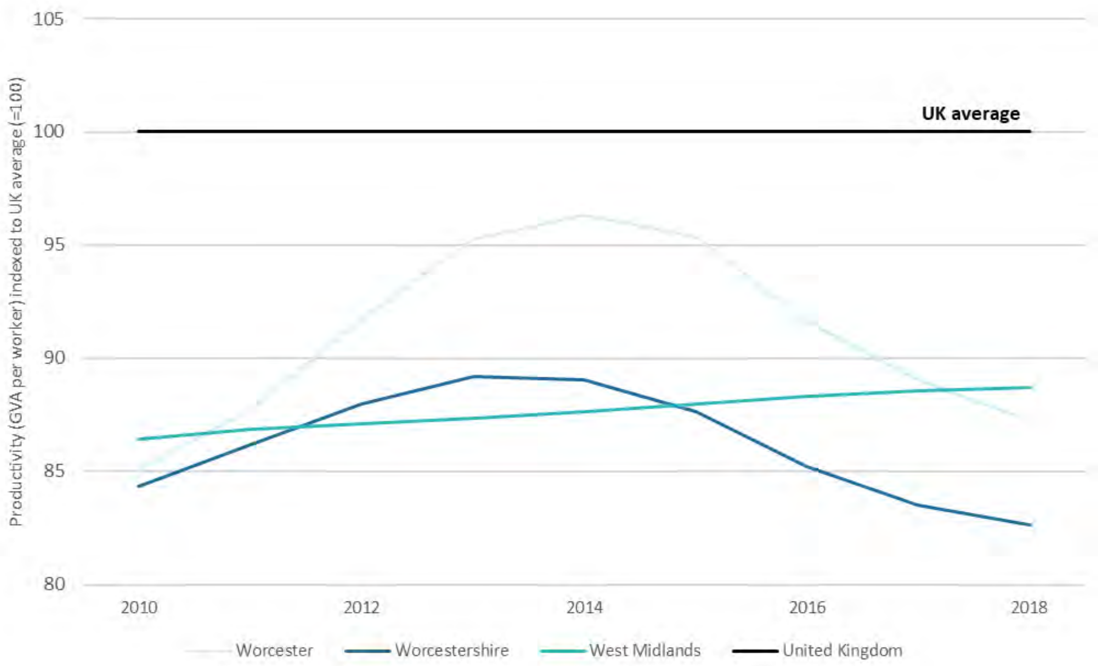
Measure	Worcester	Worcestershire	West Midlands	Great Britain
GVA per worker, £, 2018	£49,100	£46,600	£50,000	£56,400
GVA per head, £, 2018	£28,200	£22,600	£23,800	£28,500
Wages - workplace, full time, mean - 2019	£33,200	£32,100	£34,200	£37,600

Source: GVA per filled job, Subregional productivity by industry, ASHE, population estimates, all ONS, 2018-2019.

Figure 3.4 shows that, over the past 20 years, Worcester has consistently struggled to keep pace with national trends, and has been diverging since 2014. However, Worcester has outpaced Worcestershire's productivity since 2010. Worcester's GVA per worker outpaced West Midlands in the 2010s, showing rapid increases relative to the UK average between 2010 and 2014, but has since fallen behind the region in 2018. At a regional level, West Midlands have consistently fallen below the UK average since 2002, highlighting the regions' long term under-performance in comparison to the national productivity average.

[2] Professional services defined as Information & communication (J), Financial & insurance (K), Property (L), Professional, scientific & technical (M) and Business administration & support services (N)

Figure 3.4: Productivity trends in West Midlands



Source: GVA (B) per filled worker, Sub-regional productivity, ONS, 2010-2018

3.4 Business demography

3.4.1 Business size and sector

As of 2019, there were 3,090 businesses in Worcester. The largest proportion of businesses were micro businesses employing 0-9 people which account for 87.9% of all businesses in Worcester. Small businesses, employing 10-49 people, account for 9.5% of the total businesses of Worcester, while medium-sized businesses, employing 50 to 249 employees, made up 1.6% of total businesses in Worcester. Large businesses employing 250 or more employees were the least prevalent size of business in Worcester in 2019, with just 0.8% of businesses classified as large. The proportion of micro-businesses was smallest in Worcester, compared to all comparator areas, however Worcester had the largest proportions of small and medium-sized enterprises.

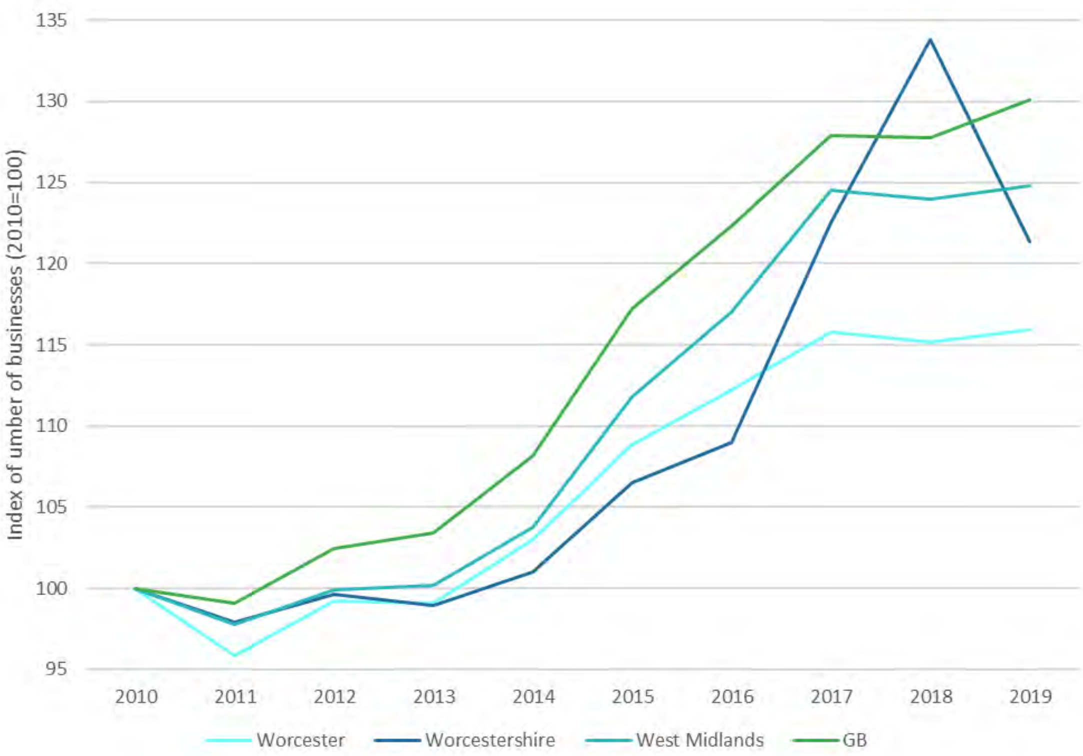
Table 3.3: Business stock by employment levels, 2019

Enterprise (number of employees)	Worcester	Worcestershire	West Midlands	GB
Micro (0 to 9)	87.9%	89.8%	89.1%	89.5%
Small (10 to 49)	9.5%	8.3%	8.9%	8.6%
Medium-sized (50 to 249)	1.6%	1.5%	1.6%	1.5%
Large (250+)	0.8%	0.4%	0.4%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: IDBR, ONS, 2019. Note: Totals do not add completely to 100% due to rounding within the dataset. Shading indicates where proportion is larger than national average.

Figure 3.5 shows the overall business stock in Worcester has increased steadily since 2011, with slight declines in 2010-2011 and 2017-2018. Growth in Worcester's business stock has remained below the rates of regional and national comparators, highlighting a divergence from these growth trends. This represents a stable business stock and high competition among business start-ups in Worcester.

Figure 3.5: Index of Business stock, 2010-2019 (2010=100)



Source: IDBR, ONS, 2010-2019

By examining the business base by sector, as shown in Table 3.4, the largest sectors for businesses in Worcester are in Professional, scientific & technical activities, Wholesale & retail trade and Construction, cumulatively accounting for 44.7% of Worcester's total businesses. Of these sectors, only Construction (at 10.7%) has a lower proportion of businesses than the national average (12.6%), and only comparatively represents 2.3% of employment.

Table 3.4: Business base by broad sector, as % of total, 2019

Broad sector	Worcester	Worcestershire	West Midlands	GB
A: Agriculture, forestry & fishing	0.6%	6.7%	5.8%	5.0%
C: Manufacturing	5.2%	6.4%	6.8%	5.0%
B,D&E: Mining, electricity & water supply	0.3%	0.4%	0.5%	0.5%
F: Construction	10.7%	12.8%	11.9%	12.6%
G: Wholesale & retail trade; repair of motor vehicles & motorcycles	15.7%	14.1%	16.1%	14.3%
H: Transportation & storage	4.9%	7.2%	6.2%	4.1%
I: Accommodation & food service activities	7.4%	5.1%	5.6%	5.8%
J: Information and communication	7.4%	5.9%	6.0%	8.5%

Broad sector	Worcester	Worcestershire	West Midlands	GB
K: Financial & insurance activities	2.1%	1.7%	1.7%	2.2%
L: Real estate activities	3.7%	3.9%	3.6%	3.7%
M: Professional, scientific & technical activities	18.3%	15.3%	14.7%	17.6%
N: Administrative & support service activities	8.4%	9.3%	9.2%	8.6%
Public sector (O,P&Q)	7.3%	5.4%	6.1%	5.7%
R: Arts, entertainment & recreation	2.8%	2.0%	1.7%	2.5%
S: Other service activities	5.3%	3.7%	4.1%	3.9%
Total	100.2%	100.0%	100.0%	100.0%

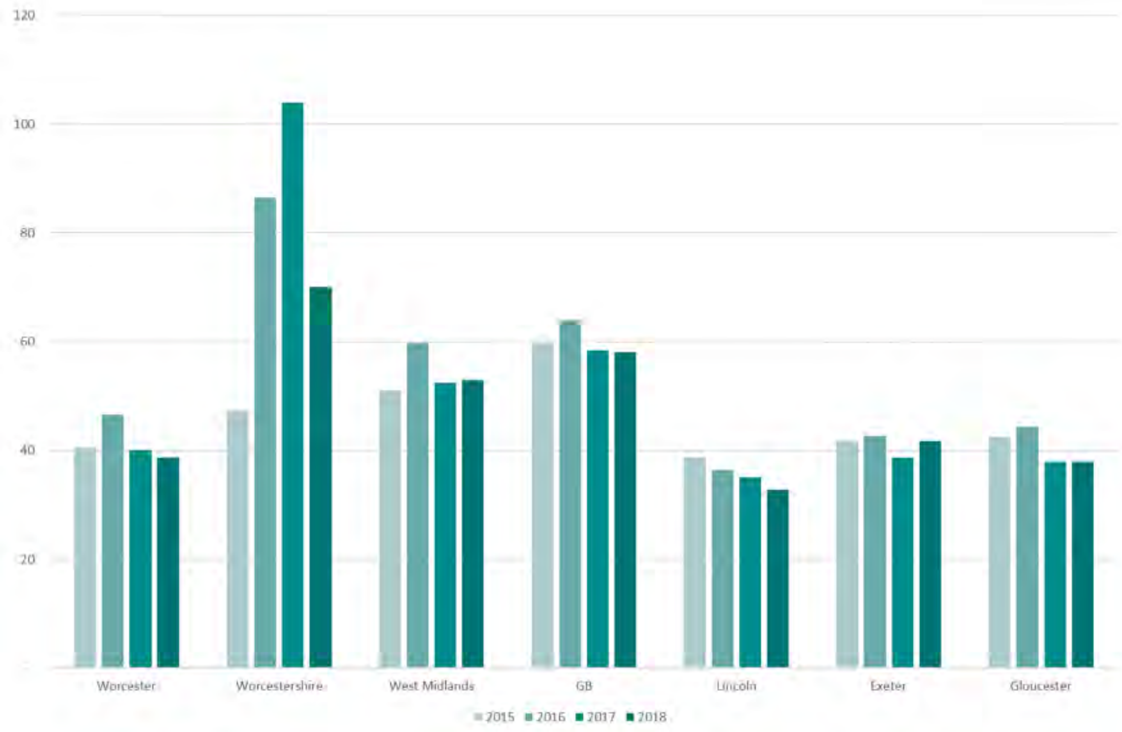
Source: IDBR, ONS, 2019. Note totals do not add completely to 100% due to rounding within the dataset. Shading indicates where proportion is larger than national average.

3.5 Business dynamism

3.5.1 Business start-ups and survival rates

Business start-up rates for Worcester, as shown in Figure 3.6, are the lowest of all comparator areas for 2015-2018, and since 2016, have fallen, to 38.8 per 10,000 population in 2018. This is in contrast to Worcestershire, which has exceeded start up rates for regional and national comparators since 2016. This is despite a fall in start-up rates in the most recent period, falling to 70.1 start-ups per 10,000 population. When compared to the cathedral cities, Worcester offers a similar picture to Gloucester, and a greater rate of start-ups than Lincoln, which is in decline. Exeter boasts a greater business start-up rate than Worcester due to the greater dynamism offered by businesses in this city, which is supported by the University of Exeter, a member of the research-led Russell group universities.

Figure 3.6: Business start-up rates per 10,000 population



Source: IDBR, ONS

Business survival rates are shown for the period 2014-2018 in Table 3.5. Worcester's business base showed resilience in line with the national average, exhibiting a survival rate of 50.6% in year 4, compared to 50.1% regionally and 49.3% nationally. Alongside Worcester's lower than average start up rates, this represents a less dynamic business base, which is relatively stable.

Table 3.5: Business survival rates by year (percentage), 2014-2018

Area	Year 1	Year 2	Year 3	Year 4
Worcester	89.9%	75.9%	60.8%	50.6%
Worcestershire	92.1%	77.7%	63.4%	52.2%
West Midlands	92.2%	76.2%	61.8%	50.1%
Great Britain	92.3%	75.9%	61.3%	49.3%

Source: IDBR, ONS

3.6 Key points

- In Worcester, there is high employment in Professional services (21.9%), Health (20.8%), Wholesale, motor trades and retail (15.1%) and Education (9.4%). This is driven by employment at major companies such as Worcester Bosch, Mazak, University of Worcester and Royal Worcester Hospital.
- Worcester's economy is heavily reliant on the public sector for employment, shown through employment in Human health and social work, Education and Public administration employment that is proportionally higher than the West Midlands average.

- There exists a productivity gap between Worcester and the national average, which is also a clear trend in the West Midlands more generally. This trend has been increasing since 2014 for Worcester and Worcestershire.
- At the beginning of the 2010s, Worcester's productivity was rising above the West Midlands, but has since fallen behind the regional average in the latest period.
- Worcester has a smaller proportion of micro businesses than all other comparators and had the largest proportions of small and medium-sized enterprises. This emphasises the larger scale of businesses within the city district.
- Low business growth, middling business survival rates. Implying undynamic albeit stable business base. About average for cathedral city start-ups.

4 Labour market characteristics

4.1 Unemployment & worklessness

As of July 2020, the claimant count for Worcester was 3,820, as measured by combining the number of people claiming Jobseeker's Allowance (JSA) and National Insurance credits with the number of people receiving Universal Credit principally for the reason of being unemployed. This represented 5.8% of the resident population aged 16-64, which is below the national average for the same month (6.5%).

The claimant rate in Worcester has fluctuated over recent years, however the proportion of working age residents claiming benefits increased from 2.7% to 5.9% between March and May 2020, reducing to 5.7% in October 2020. Worcester's claimant rate was consistently lower than that of the West Midlands and Great Britain, including in October 2020, although the claimant rate increased substantially in March and May 2020 for all areas. This sudden increase does not follow the wider trend and is likely due to the negative economic impacts of the COVID-19 pandemic.

Youth unemployment remains high in Worcester and is increasing in response to the unemployment resulting from COVID-19, with the latest data revealing that in October 2020 there are 770 16-24-year-olds in the city of Worcester in receipt of unemployment benefits, an increase from 325 in January 2020.

4.2 Travel to work

Based on 2011 Census data (the most comprehensive recent data), the city of Worcester is a net importer of labour with significant in-commuting to the town and district from elsewhere. Given the status of Worcester as the economic and administrative hub of Worcestershire, it is expected that people travel to work within the district from surrounding areas. In contrast Worcestershire and the West Midlands are net exporters of labour.

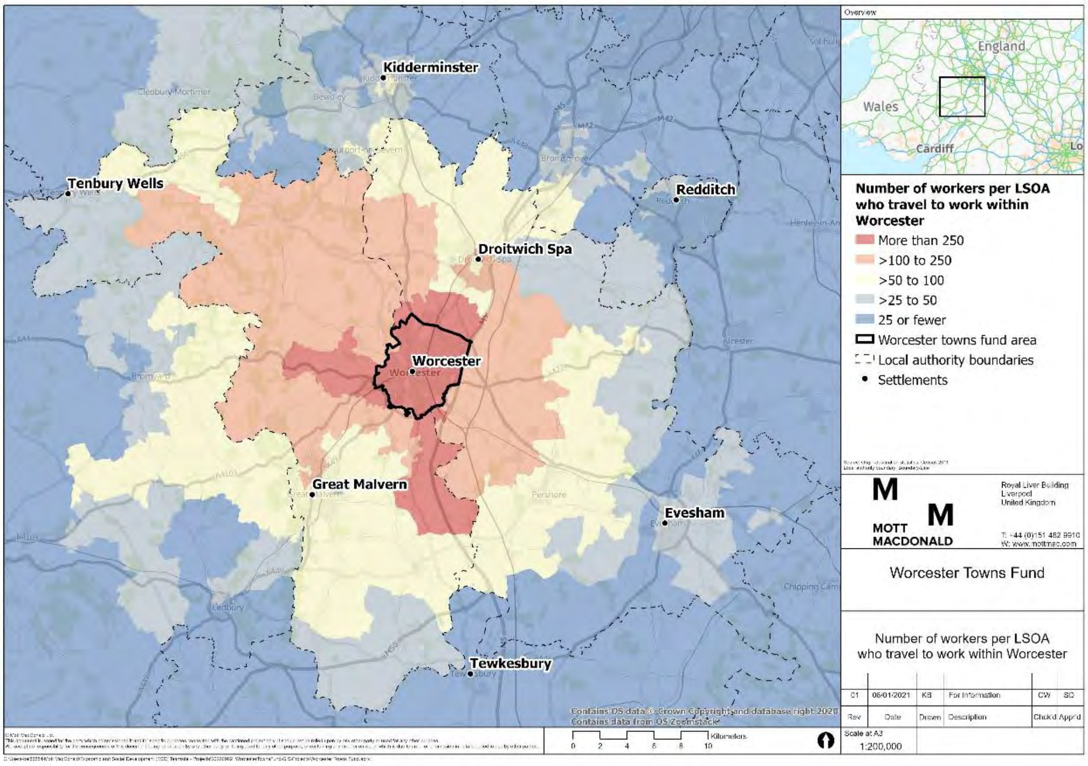
Table 4.1: Travel to work summary, 2011

	Worcester	Worcestershire	West Midlands	England and Wales
Total journeys to work to	45,902	200,731	2,092,684	21,625,060
Total journeys to work from	42,613	224,300	2,106,075	21,625,060
Net commuting	3,289	-23,569	-13,391	0
Self-containment (live and work)	54.0%	78.4%	93.5%	

Source: Origin destination statistics, Census 2011

In 2011, there were approximately 3,000 more journeys into Worcester than out the town for work. The map in Figure 4.1 highlights the majority of journeys into Worcester are short journeys from within the local authority with substantial numbers also originating from the neighbouring Malvern Hills and Wychavon local authorities.

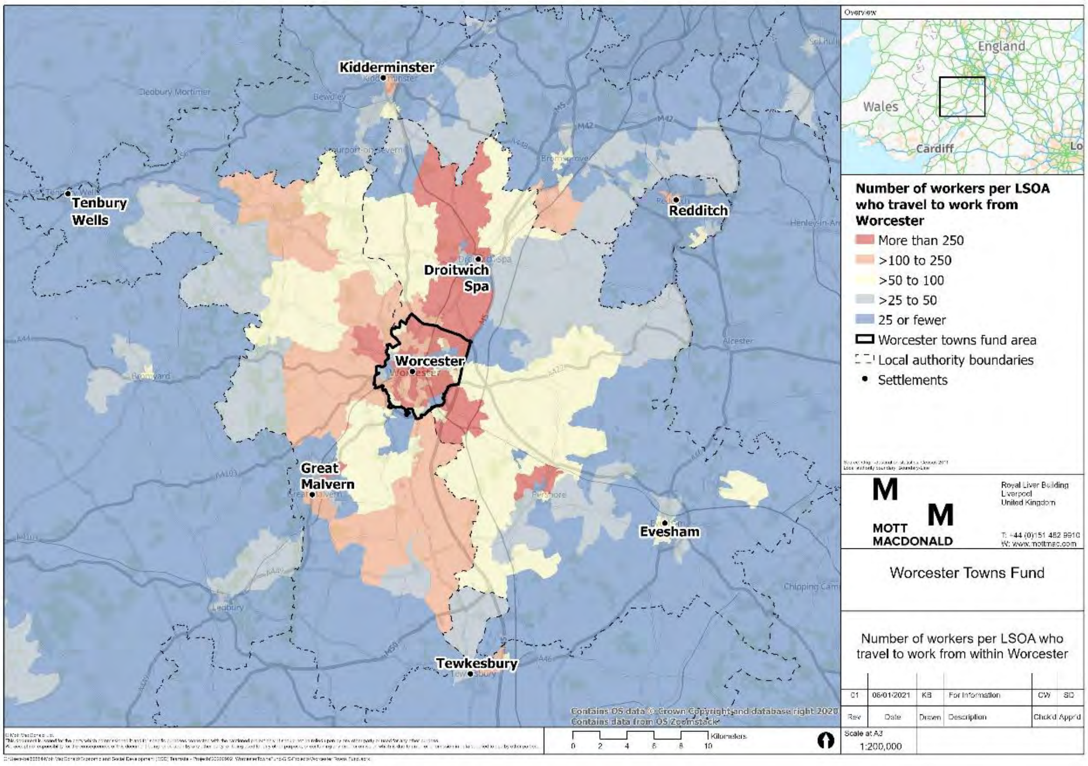
Figure 4.1: Travel to work, inbound to Worcester



Source: Mott MacDonald based on Census 2011, ONS

Figure 4.2 displays the outbound labour flows from Worcester into neighbouring towns in the Worcestershire area such as Droitwich Spa and Great Malvern.

Figure 4.2: Travel to work, outbound from Worcester

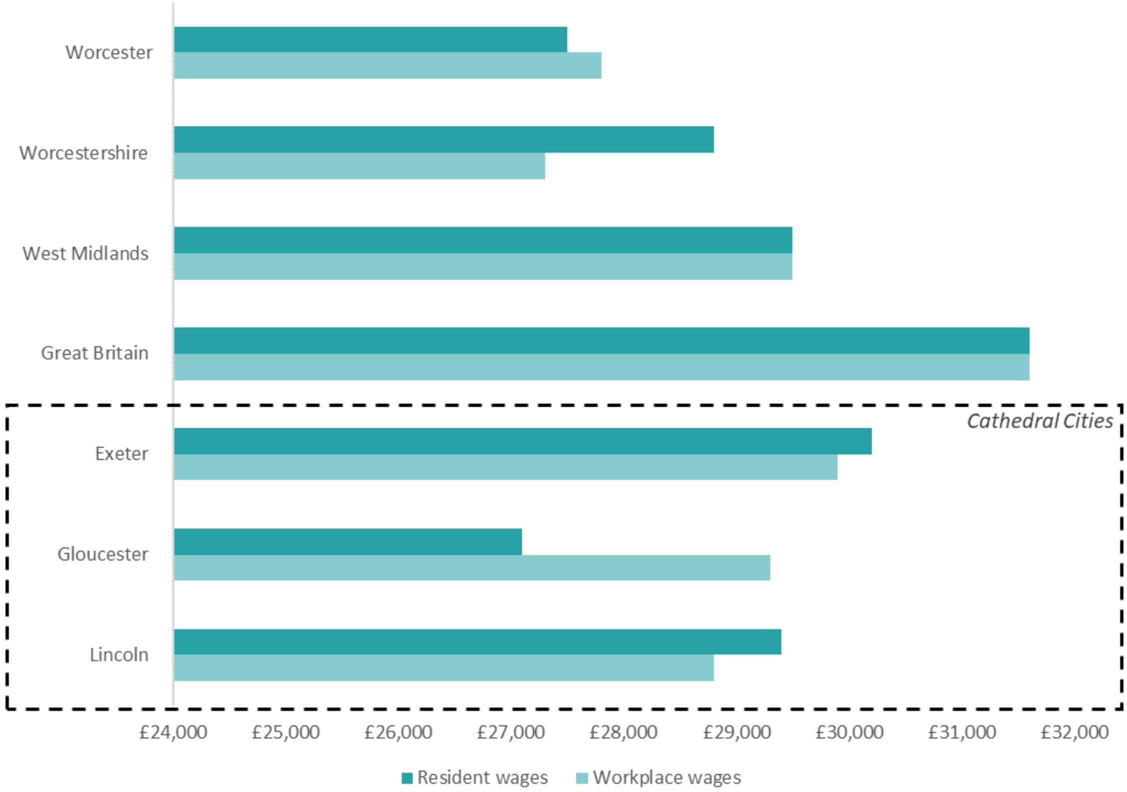


Source: Mott MacDonald based on Census 2011, ONS

4.3 Wages

In 2020, as shown by Figure 4.3**Error! Reference source not found.** Worcester's workplace wages are marginally greater than resident wages, by £300. This suggests that residents tend not to commute out of the city for employment and is similar to Gloucester in this pattern. However, this contrasts with the other cathedral cities of Exeter and Lincoln, and the county of Worcestershire, where residents clearly commute out of these areas for better pay. Exeter and Lincoln in particular also exhibit higher resident and workplace wages than Worcester.

Figure 4.3: Resident and Workplace wages, 2020



Source: Annual Survey of Hours and Earnings, ONS, 2020.

4.4 Skills and qualifications

4.4.1 Qualifications

The proportion of residents with National Vocational Qualification (NVQ) equivalent levels of qualifications in 2019 is shown in Table 4.2 for Worcester and comparator areas. The educational attainment of Worcester's residential labour force is similar to that of the West Midlands region, but lower than the wider Worcestershire level and the United Kingdom overall. There was a relatively low proportion (34.5%) of the resident population aged 16-64 in Worcester holding higher level qualifications (NVQ4 or higher) in 2019, compared to Worcestershire (37.1%) and Great Britain (40.3%), whilst it was lower for the West Midlands (34.1%). Moreover, Worcester contains the highest proportion of residents who have no qualifications (12.3%) of all comparator areas.

Table 4.2: Skills base, Worcester and comparator regions, 2019

Measure	Worcester	Worcestershire	West Midlands	Great Britain
% population aged 16-64 qualified to NVQ4+, 2019	34.5%	37.1%	34.1%	40.3%
% population aged 16-64 qualified to NVQ3+, 2019	53.7%	58.7%	52.9%	58.5%
% population aged 16-64, no qualifications, 2019	12.3%	7.3%	10.2%	7.7%

Measure	Worcester	Worcestershire	West Midlands	Great Britain
% of population aged 16-64, higher skilled occupations, 2019	45.2%	45.2%	43.2%	47.4%
Population density (persons per hectare), 2018	30.4	3.4	4.6	2.8

Source: APS, Population estimates, both ONS, 2019.

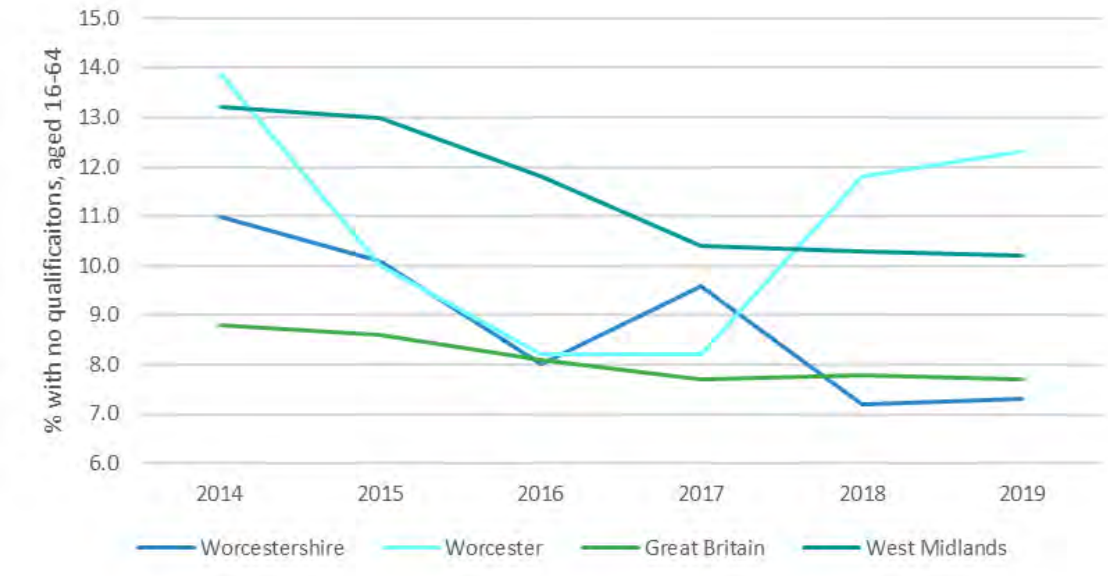
The skills base of Worcester's residents has declined over time, whilst improving steadily in the most recent 2018-19 year. For example, Figure 4.4 shows that in 2014, and 2016-17, Worcester's residents held higher level qualifications than all other comparators, but this proportion fell 13.8% between 2016 and 2018 to the lowest of all comparators. However, the most recent year shows signs of improvement, with a higher proportion than the regional average in 2019.

Figure 4.4: Skills over time - % with NVQ4+, aged 16-64, 2014-2019

Source: APS, ONS, 2014-2019

This trend is also true of the proportion of residents with no qualifications, as shown by Figure 4.5. Worcester's proportion fell sharply and then more gradually to 2017, below county and regional averages, but then increased to the greatest proportion of all comparators in 2018 and 2019.

Figure 4.5: Working age population % with no qualification (NVQ), 2014-2019



Source: APS, ONS, 2014-2019

These trends can be traced back to trends in secondary school education. Within Worcester, lower proportions of 16-17-year olds are participating in full time education and training. However, proportionally (compared to the wider regions) more pupils opting for apprenticeships and there are lower levels of NEET residents in Worcester.

In terms of tertiary education, the University of Worcester is a central driver for education and employment within the city centre, with over 10,000 students attracted to the City per annum. The university specialises in sciences allied to medicine, such as biological sciences, and education. This feeds directly into employment routes in the public sector in Worcester, which is a major employer, contributing collectively to over 30% of employment. However, there is a high level of "brain drain" from the University, as a high proportion of students leave the area on completion of their studies and do not return.

According to APS, 45.2% of Worcester's workforce were in higher skilled occupations[3], on par with Worcestershire and a higher proportion than the West Midlands. The public sector, as previously mentioned, is a large employer, with over 20% of employers in health and social work. Manufacturing, hospitality and retail are all key employment sectors in Worcester.

Although nearly half of Worcester's occupations are classed as higher skilled, there is a clear skills gap that has been identified in the district. In a recent survey of employers in Worcestershire[4], 24% of all employers reported skills gaps within their workforce, and the level of staff receiving training is lower in Worcestershire (54%) than nationally (62%). Furthermore, 62% of employers in Worcester reported the need for upskilling; through greater digital skills and advanced IT, and adaption to new equipment, processes, products and services within the workforce. This lack of employer investment in workforce development appears to be driven by availability of provision, with 35% of Worcestershire employers wanting to provide more training than they had been able to do.

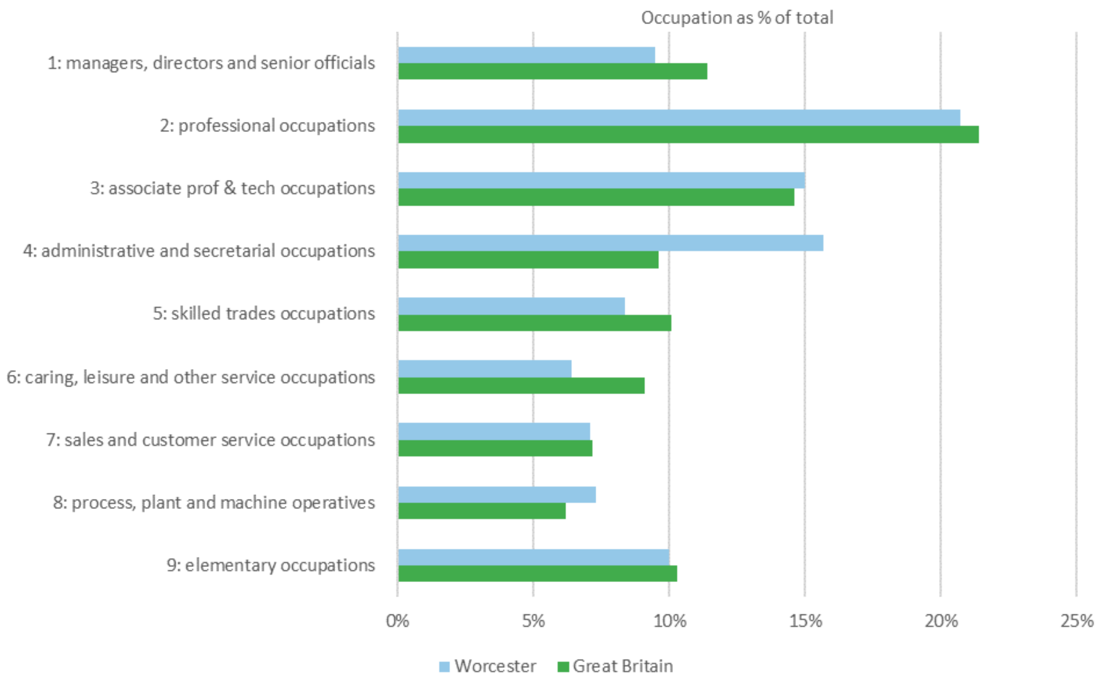
[3] Higher skilled occupations defined as SOC 1-3.

[4] "Worcestershire Employment and Skills Strategy 2018-2021", Worcester County Council, 2016.

4.4.2 Occupations

Figure 4.6 below shows the occupational structure of the residents of Worcester compared to national levels. The district has a higher proportion of employment in Administerial & secretarial occupations and Process, plant & machine operatives, and a marginally higher proportion in Associate, professional and technical occupations. The district has a lower proportion higher value occupation, especially in Managers directors and senior officials, Skilled trades, but also in Caring, leisure and other services occupations.

Figure 4.6: Occupational employment structure, 2019



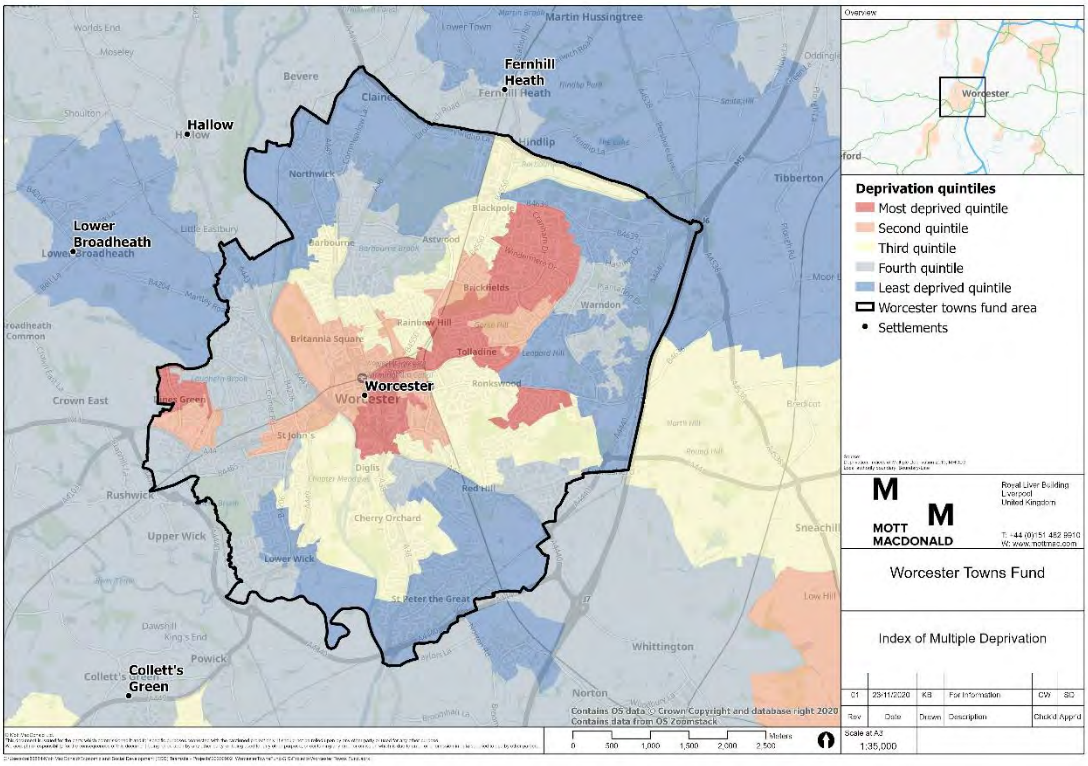
Source: APS, ONS, 2019. 1-9 refers to the SOC 2010 classifications of occupation.

In both Worcester and Worcestershire, there has been an underlying growth in the proportion of part time jobs, to a greater extent than nationally. Since 2015, the number of part time jobs has increased by 2,000, a 2.4% increase to 38.9% of all jobs in Worcester in 2018. This is a considerably greater proportion than the West Midlands region (31.5%) and nationally (32.3%). This trend can be seen to a lesser extent at county level, increasing by 12,000, or 2.2% to 2018 in Worcestershire.

4.5 Deprivation

The 2019 English Indices of Deprivation (MHCLG, 2019) ranks areas based on the level of deprivation experienced by their residents. Worcester is ranked (based on its Lower Super Output Areas, LSOA) 135th out of 317 with 1st being the area with the highest score and most deprivation on average. In addition, 12.7% of Worcester's LSOAs are included within the IMD's top 10% most deprived LSOAs with a further 6.3% included in the top 20%.

Figure 4.7: Worcester Index of Multiple Deprivation map



Despite this relatively strong overall ranking, a wide range deprivation levels exist across the city with large pockets of deprivation, particularly in the city centre core and to the north east. The wider city centre area also has issues with deprivation with the nearby Worcester 011F area which borders the intervention area also within the top 20% most deprived areas, highlighting the socio-economic issues faced by Worcester city centre.

4.6 Key points

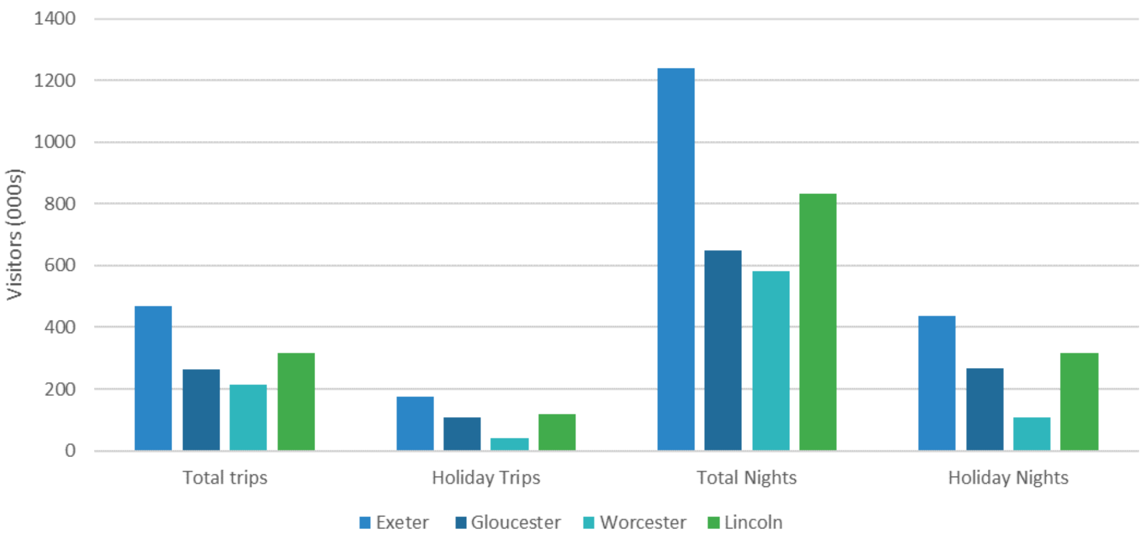
- The district has a higher proportion of employment in lower paid occupations in Administerial & secretarial occupations and Process, plant & machine operatives. Similarly, employment in high skilled occupations (SOC 1-3) is lower than the national average.
- There has been a large increase in claimants on Jobseekers Allowance and Universal Credit resulting from COVID-19. This is particularly apparent in the 16-24 cohort, which has more than doubled in Worcester.

5 Visitor economy, arts and heritage

5.1 Tourism, arts and culture

Data from Visit Britain details the results of the Great Britain Tourism Survey between 2006 and 2019, taken at three-year averages. Between 2017 and 2019, 213,000 total trips were taken annually to Worcester- of which only 40,000 were holiday trips- representing 26% of all total trips annually to Worcestershire, shown in Figure 5.1. This is lower than the number of total trips to Gloucester (264,000), Lincoln (318,000) and Exeter (470,000), and has remained below these comparator cities since 2006. This is also true for holiday trips, where the annual number of holiday trips has also fallen for Worcester since 2013.

Figure 5.1: Tourism in Cathedral cities, 2017-19

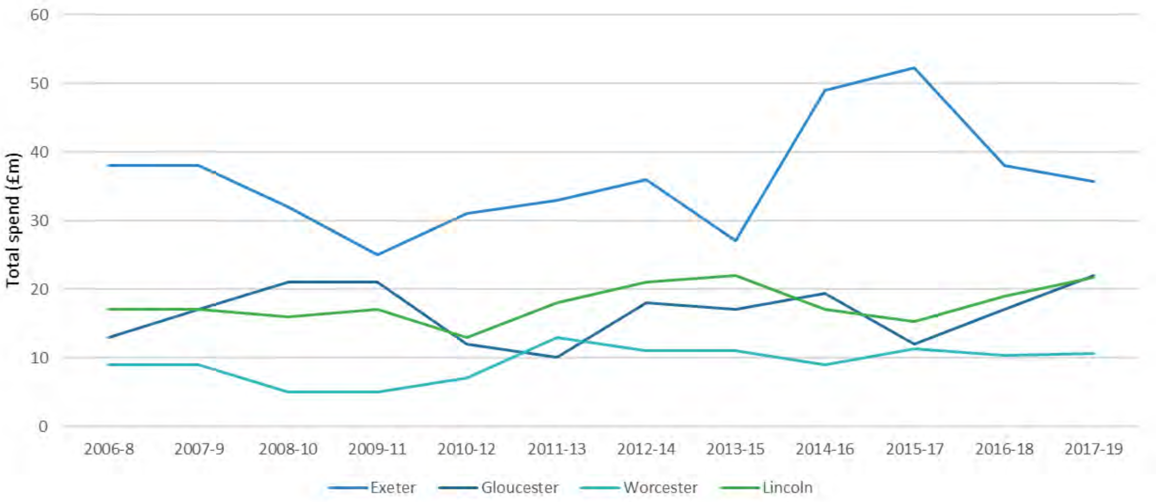


Source: Great Britain Tourism Survey, VisitBritain, 2020.

Holiday nights measures the equivalent number of nights each person spends on holiday at their destination. By this measure, Worcester averaged 110,000 holiday nights annually between 2017 and 2019, representing 15% of all nights spent in Worcestershire. This is below half that of Gloucester (268,000), and lower than Lincoln (317,000) and Exeter (436,000), representing a weakness for overnight stays compared to equivalent tourist destinations. Holiday nights have fallen from an average of 162,000 annually over the period 2015-2017, suggesting a decline in longer holidays to Worcester.

The annual value of holidays to Worcester and Worcestershire over the period 2017 to 2019 was £11 million and £50 million respectively, as shown in Figure 5.2. Worcester again is below that of its comparators Gloucester, Lincoln (both £22 million) and Exeter (£36 million) in terms of annual holiday spend and has plateaued in value since 2016. This is in contrast to Gloucester and Lincoln, which have seen increases in holiday spend in the four years to 2019.

Figure 5.2: Total holiday spend, 2006-2019



Source: Great Britain Tourism Survey, VisitBritain, 2020.

5.2 Key points

- Worcester has a strong tourism base, but struggles to attract holiday tourism, and has fallen below the tourism numbers of other major cathedral cities since 2006.
- Worcester struggles to attract overnight stays to the city and has led to lower annual values for holidays compared to other cathedral cities.

6 Potential impacts of COVID-19

6.1 COVID-19 impact

The impacts of COVID-19 on Worcester have formed part of our evidence base and informed the project prioritisation process for Worcester's Town Investment Plan, with long-term adaptation and transformation in mind as well as short-term mitigation of impacts.

The table below highlights the UK and Worcester share of GVA per sector in the second quarter of 2020. It also shows the COVID-19 effects on UK output relative to baselines and provides the Location Quotients per sector. This highlights the potential vulnerabilities of the Worcester economy to the COVID-19 economic shock. The sectors highlighted in blue are those where the Worcester share of GVA is high relative to UK average and which are 'at risk' during the continuing economic crisis. All are negative apart from 'Health' which is the only sector that has experienced a positive output effect indicating it as an opportunity sector in light of the crisis. The other sectors highlighted point to vulnerabilities with an upcoming recession.

Table 6.1: Output losses by sector in the second quarter of 2020

	UK Share of GVA	Effect on UK output relative to baseline	Worcester Share of GVA	Effect on Worcester output relative to baseline	Location Quotient Worcester
Agriculture	1%	0%	0.1%	0%	0.08
Mining, energy and water supply	3%	-20%	1.0%	-20%	0.35
Manufacturing	10%	-55%	15.4%	-55%	**1.57**
Construction	6%	-70%	2.6%	-70%	0.44
Wholesale, retail and motor trades	11%	-50%	12.7%	-50%	**1.17**
Transport and storage	4%	-35%	3.0%	-35%	0.77
Accommodation and food services	3%	-85%	1.9%	-85%	0.65
Information and communication	7%	-45%	2.5%	-45%	0.36
Financial and insurance services	7%	-5%	2.5%	-5%	0.37
Property	14%	-20%	17.1%	-20%	**1.25**
Professional, scientific and technical activities	8%	-40%	5.1%	-40%	0.65
Administrative and support activities	5%	-40%	8.3%	-40%	**1.69**
Public administration and defense	5%	-20%	5.4%	-20%	**1.11**
Education	6%	-90%	7.3%	-90%	**1.24**
Health	8%	+50%	12.0%	+50%	**1.53**
Arts, entertainment, recreation and other services	4%	-60%	3.1%	-60%	0.78
Whole economy	**100%**	**-35%**	**100%**	**-32.98%**	

Source: Office for Budget Responsibility, OBR coronavirus commentary: Output losses by sector in the second quarter of 2020

The table below shows that Worcester experienced marginally higher take up rates of the Furlough scheme compared to England. Although this does not necessarily indicate that the impact on the Worcester economy is worse, it demonstrates another possible vulnerability in some of the worst affected sectors could cost Worcester £225m[5] in GVA by the second quarter of 2020. This information, coupled with that above regarding vulnerability to oncoming recession, highlights the need to invest now to deal with the upcoming impact of COVID-19.

Table 6.2: Furloughed employment, June 2020 furloughed

Area	Employments furloughed	Eligible employments	Take up-rate (%)
England	7,600,900	25,577,800	30%
West Midlands	820,200	2,580,400	32%
Worcester	16,600	52,100	32%

Source: HMRC CJRS and PAYE Real Time Information

Beyond the immediate impacts, COVID-19 is also accelerating many existing retail trends, including the shift to greater online spending. The table above highlights that there is a greater reliance on this sector within Worcester (although the data is grouped with Motor Trades and Wholesale). This trend will accelerate the changing role of Worcester town centre in future and require focus to be paid to its repurposing and revitalisation.

At the same time future working practices and the “new normal” may lead to more opportunities for remote working and help to re-localise work. Our city’s potentially strong strategic connectivity, and the quality of life that the City can offer has appeal as a less densely populated city (compared to areas like Birmingham and Bristol).

6.2 Key points

- Dominance of retail and hospitality industries in Worcester make it vulnerable to the economic impact of COVID-19.
- Health sector and the potential of the City to benefit from new patterns of home and working life offer opportunities to exploit.

[5] This calculation is based on the OBR estimated 32% drop in Worcester’s GVA for a single quarter.

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