ENTERPRISE & CIVIC ENVIRONMENT

ST. ALBANS

THE STATE
OF THE
LOCAL ECONOMY

St Albans
CITY AND DISTRICT

ST. ALBANS – STATE OF THE LOCAL ECONOMY

Key Features:

- **The largest sector in the economy is business, finance and insurance and the fastest growing is construction. The fastest declining is public administration, education and health.**

- **The Knowledge sector, seen by the EU and UK Government as a major source of future employment and wealth, is strong in St. Albans.**

- **St. Albans scores high on an indicator measuring how good an area is for enterprise though recent trends give cause for concern. New firm growth has been consistently below the county average and in 2002 there was a net loss of businesses contrary to the county and regional trend.**

- **Small firms dominate the local economy. An average business size of 7.07 workers per business gives the district the lowest ranking in Hertfordshire in terms of average business size and it ranks 387 out of 407 nationally.**

- **St. Albans has a highly skilled workforce and ranks No. 1 in the county and No. 8 nationally.**

- **There is a wide gap, over £200 per week, between the average pay of St. Albans residents and the average pay of jobs based within the district. This reflects a position where the higher paid professional and managerial workers tend to commute out of the district for work.**

- **More than half (51%) of the St. Albans resident workforce commute out of the district for work and 42% of local jobs are taken by incommuters.**

- **Unemployment in St. Albans is well below the national and regional average. However local unemployment has increased by 38% over the past two years whilst it has fallen nationally.**

- **London Colney has seen the largest increase in unemployment with the figure more than doubling between 2001 and 2003.**

- **There appears to be a mismatch between the jobs being sought by local job seekers and the vacancies being offered. In particular there is a local shortage of professional and managerial posts.**

- **Where local companies seek to fill professional and managerial posts the level of pay offered is often not sufficient to attract applicants.**

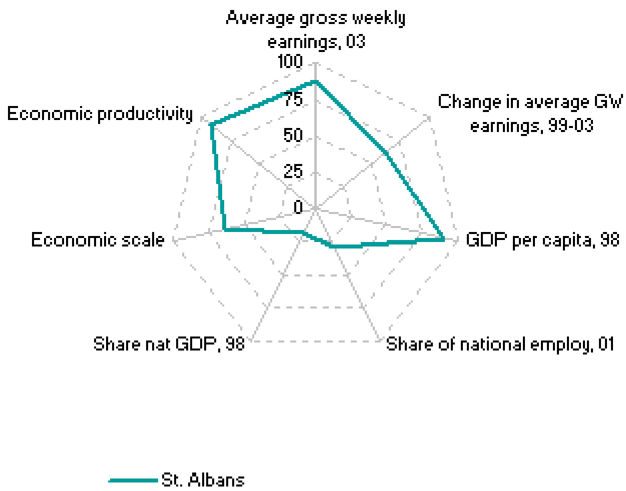
- **There has been a significant loss in industrial and commercial floorspace in St. Albans. There has been a compensatory increase in retail and office accommodation but there still appears to be a shortage of office space.**

Economy

St. Albans can be described as a relatively prosperous dormitory economy located just outside the M25 ring. It has a largely well educated and highly skilled population who are attracted to the higher salaries offered in central London.

The relatively high gross weekly earnings of St. Alban's residents is reflected in the spider diagram at figure 1 below. This also reflects the high GDP per capita and economic performance of the local economy. The lower figures for share of national employment and GDP largely reflects the position that St. Albans is a relatively small local authority district.

Figure 1. Economic Performance



Note: The chart displays the national ranking of the LAD, converted to a percentile score (i.e. the top ranking LAD scores 100% and the bottom ranking 1%)

	St. Albans	
Average gross weekly earnings, 03 (£)	Percentile	87.65
	Value	446.98
	Nat Av. Value	371.1
Change in average GW earnings, 99-03 (%)	Percentile	61.43
	Value	18.2
	Nat Av. Value	17.12
GDP per capita, 98 (GDP/Pop)	Percentile	90.42
	Value	17850.19
	Nat Av. Value	N/A
Share of national employ, 01 (%)	Percentile	28.77
	Value	0.23
	Nat Av. Value	100
Share nat GDP, 98 (%)	Percentile	18.18
	Value	0.18
	Nat Av. Value	0.42
Economic scale (GB=100)	Percentile	62.38
	Value	68.05
	Nat Av. Value	100
Economic productivity (GB=100)	Percentile	91.44
	Value	135.69
	Nat Av. Value	99.9

Source: Local Knowledge

Industrial Structure

The local economy is service sector dominated with a large proportion of small enterprises. The largest sector of the economy is business, finance and insurance and this has seen significant growth in recent years. Also important locally is the retail, tourism, hotel and catering sector. These sectors combined account for more than 55% of local jobs and are also significant growth areas as illustrated by Table 1 below.

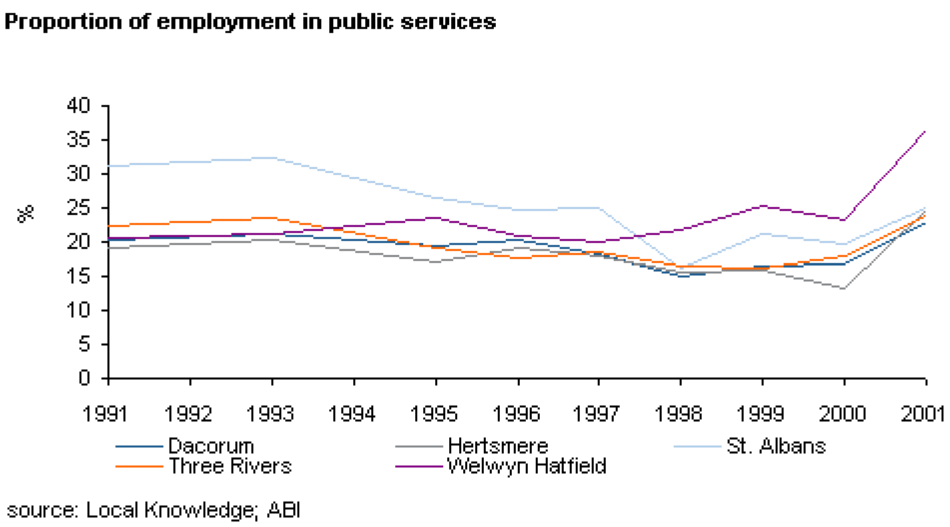
Table 1: Employment by Industry in St. Albans

Industry	*1993 No.*	*%*	*2001 No.*	*%*	*Change 1993 - 2001*	*% change 1993 – 2001*
Agriculture, energy & water	500	1.1	500	0.9	0	0
Manufacturing	4600	9.7	2900	5.0	- 1,700	- 37%
Construction	1800	3.8	3700	6.4	+ 1,900	+ 106%
Distribution, hotels & restaurants	12000	25.4	15200	26.3	+ 3,200	+ 27%
Transport & communications	2300	4.9	3500	6.0	+ 1,200	+ 52%
Banking, finance & insurance etc	9300	19.7	16900	29.2	+ 7,600	+ 82%
Public admin, education & health	15300	32.4	12000	20.7	- 3,300	- 22%
Other services	1500	3.2	3200	5.5	+ 1,700	+ 113%
TOTAL	47200	100.0	57900	100.0	+ 10,700	+ 23%

Source: Annual Business Inquiry
NOMIS

In percentage terms the Construction Sector was the fastest growing sector in the area, providing an additional 1,900 jobs between 1993 and 2001.

Chart 1: Proportion of employment in public services, 1991-2001



With regard to declining sectors the largest employment loss was experienced by ‘Public admin, education and health’ where employment fell from around 1 in 3 to around 1 in 5 jobs. Restructuring in the health sector and local hospital closures took place during this period. This is also illustrated by Chart 1 on the previous page.

The manufacturing sector also continued to decline and by 2001 only represented 5% of local jobs.

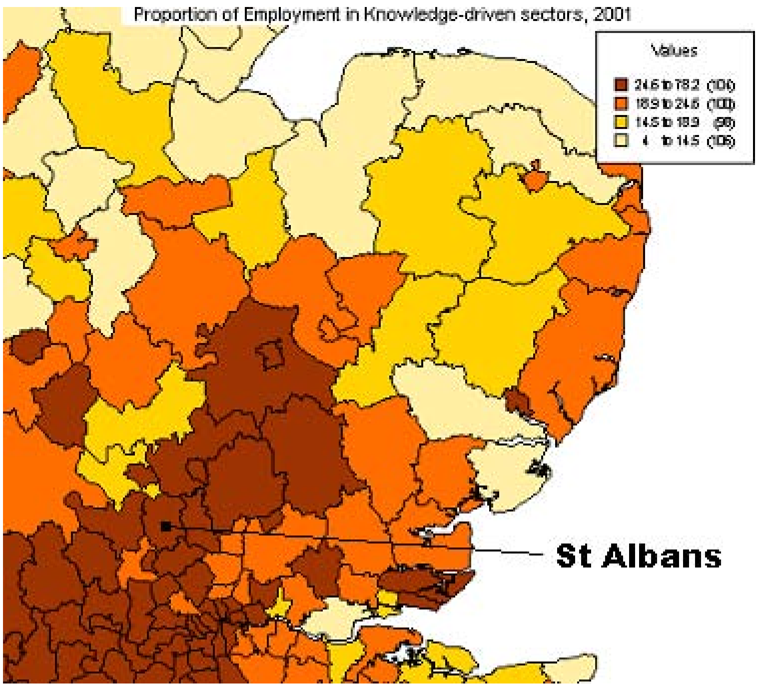
Overall employment in higher technology and the knowledge driven sector is relatively high in St. Albans. Map 1 illustrates this by showing that St. Albans lies in a ‘knowledge sector’ belt stretching North Eastwards from London.

The Knowledge Sector

According to the European Union the Knowledge Economy is the vehicle for achieving full employment and cohesion in Europe by 2010 (Employment Action Plan). This aim is also reflected in the Government’s vision of Britain which depends on trading high value ‘brain power’ rather than low value ‘muscle power’. Creating a knowledge driven economy is seen as a prerequisite for the country in order that it can adequately compete in a world economy.

As expected London possesses a concentration of knowledge based sectors. As illustrated by Map 1 this concentration of knowledge sector employment also extends North and Eastwards from the capital into Hertfordshire and embracing St. Albans.

Map 1: Proportion of Employment in Knowledge-driven sectors, 2001

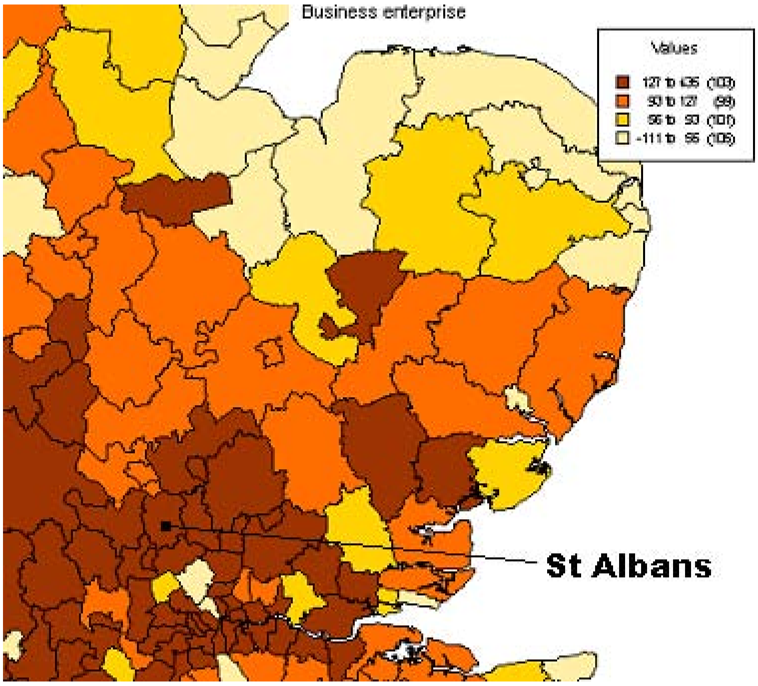


Source: Local Knowledge; Annual Business Inquiry; ONS

Business enterprise

St. Albans has a good reputation for being a good location for businesses to establish and flourish. The ‘Business Enterprise’ indicator developed by Local Knowledge reflects this. This indicator not only takes into account formation of new businesses in a locality but also considers longevity and the likelihood of their success or failure. Figures are indexed providing the GB average with a score of 100. On this basis St. Albans scores a figure of 190.14 compared with Watford at 140.58; Welwyn Hatfield at 140.07; and Dacorum at 151.77. Of the Hertfordshire districts only Stevenage scores a higher figure (195.99).

Map 2: Business enterprise



Source: Local Knowledge; Business start-ups and closures: VAT registrations and deregistrations in 2001; Business survival rate data; DTI

However recent trends suggest that this position may be under threat. For example in terms of new company formations evidence suggests that this has been consistently below the county average for a number of year. The number of new VAT registered businesses in 2002 was 9.6% of the total stock of VAT registered businesses compared with 10.2% for Hertfordshire as a whole. Furthermore in 2002 there were more VAT deregistrations than registrations in St. Albans which was at variance with the situation both in the county and the region.

New Company Formation

Table 2: VAT Registrations 1999 – 2002
Figures in parentheses refer to the %age of the previous year end stock of VAT Registered Businesses

	1999	*2000*	*2001*	*2002*
St. Albans	580 (10.7%)	640 (11.7%)	560 (10.1%)	530 (9.6%)
Hertfordshire	4330 (11.7%)	4850 (12.9%)	4515 (11.8%)	3930 (10.2%)

Source: NOMIS

Table 3: VAT Registrations and Deregistrations – 2002
(Figures in parentheses relate to percentage of previous year end stock)

	Stock at end of 2001	*2002*			*Stock at end of 2002*
		Registrations	Deregistrations	Net change	
St. Albans	5,500	530 (9.6%)	565 (10.3%)	- 35	5,465
Hertfordshire	38,560	3,930 (10.2%)	3,775 (9.8%)	+ 155	38,715
Eastern Region	177,445	17,655 (10.0%)	17,190 (9.7%)	+ 465	177,915

Source: NOMIS

Business Size

Small firms dominate the St. Albans economy. This is demonstrated by Table 4 which shows that the average employment size of a St. Albans business is 7.07 workers. This gives St. Albans the lowest ranking in the county and a national ranking of 387 out of 407.

Table 4: Average business size, Hertfordshire 2002

Rank	*Local Authority*	*Region*	*Emp/Bus*	*Nat. Rank*
1	Stevenage	EE	15.58	49
2	Welwyn Hatfield	EE	14.88	66
3	Watford	EE	14.22	79
4	Hertsmere	EE	10.27	217
5	Broxbourne	EE	9.89	236
6	Dacorum	EE	9.49	259
7	East Hertfordshire	EE	8.6	317
8	North Hertfordshire	EE	8.14	341
9	Three Rivers	EE	7.26	379
10	St. Albans	EE	7.07	387

National Average: 11.21

Source: Local Knowledge; Annual Business Inquiry; LFS

Over 88% of St. Albans businesses employ ten or fewer people with only 0.3% (half the county rate) employing 200 or more staff.

Table 5: Size of Business - 2000

No. of Employees	***Hertfordshire***		***St. Albans***	
	No.	%	No.	%
1 – 10	41,589	85.6	6,829	88.2
11 – 49	5,330	11.0	707	9.1
50 – 199	1,341	2.8	182	2.4
200 & over	299	0.6	26	0.3
TOTAL	48,559	100.0	7,744	100.0

Source: Annual Business Inquiry, 2000
Hertfordshire Prosperity Forum Local Economy Assessment 2002

Labour Market

Education & Skills

St. Albans has a highly skilled resident workforce. This is reflected in the table below which gives composite scores for labour market qualifications. It looks at the %age of an areas workforce that have qualifications below NVQ2, at NVQ2, NVQ3 and NVQ4 or above, with each indexed to the national (Great Britain) average. The figure is then divided by four to gain an overall composite value.

Table 6: Labour Market qualifications, GB=100, 2001/2002

Labour Market qualifications, GB=100, 2001/2002 Filtered by County : Hertfordshire				
Rank	**Local Authority**	**Region**	**GB=100**	**Nat. Rank**
1	St. Albans	EE	118.72	8
2	Three Rivers	EE	112.17	34
3	North Hertfordshire	EE	111.98	35
4	East Hertfordshire	EE	110.41	45
5	Dacorum	EE	109.82	51
6	Welwyn Hatfield	EE	108.5	65
7	Broxbourne	EE	105.68	96
8	Watford	EE	102.42	155
9	Stevenage	EE	101.47	171
10	Hertsmere	EE	92.05	330
National Average: 100.14				

Source: Local knowledge; LFS
Notes: ('National Average = GB Average)

Source: Local Knowledge; Annual Local Labour Force Survey; ONS

On this basis St. Albans is ranked at number one in the region, ahead of Cambridge which is in second place, and eighth nationally (out of 407).

The highly skilled nature of St. Albans resident workforce does not necessarily benefit local businesses. Indeed, 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 £736 in 2003 the equivalent figure for jobs based in the district was only £526.

Table 7: New Earnings Survey – Average Weekly Pay for Full Time Workers – 2003

	Workplace based - i.e. for jobs based in the area	***Resident based – i.e. for people living in the area.***
St. Albans	£525.68	£736.30
Hertfordshire	£545.26	£582.82
London	£637.19	£604.53
Great Britain	£475.78	£475.79

Source: New Earnings Survey, NOMIS

The average weekly pay for full time workers in St. Albans in 2003 was £525.68 per week almost £20 lower than the Hertfordshire and well below the London level of £637.19. The London figure reflects the draw of the capital for St. Alban's highly skilled local workforce as illustrated in the resident based statistics. The average weekly pay for residents of St. Albans, at £736.30 is much higher than the national and county average and indeed when compared with neighbouring districts.

Commuting

At the 2001 Census more than half (51%) of the St. Albans resident workforce commuted out of the District for work. Furthermore 42% of local jobs were taken by incommuters. St. Albans provided 55,586 jobs locally whilst it has a working population of some 65,676. 209 of the District's residents work abroad.

As indicated by the table below outcommuting is more prevalent among professional and white collar jobs. In these jobs outcommuting exceeds incommuting while the reverse is true for skilled trades, other blue collar jobs and retail based occupations.

Table 8: Commuting by Occupation – St. Albans - 2001

Occupation	*Resident Working Population*	*Jobs in area*	*Live and work in area*	*In-commuters*	*Out-commuters*
Mngers. & 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

Unemployment

Unemployment in St. Albans remains relatively low with a percentage rate significantly below the national and regional levels. However Table 8 shows that recent trends are that whilst nationally the jobless figure continued to fall between 2001 and 2003 in the Eastern Region, Hertfordshire and St. Albans it increased. Indeed, the rise in the District was by more than a third well in excess of the increase in the county and region.

Table 9: Unemployment Trends – Claimant Count Comparisons 2001 – 2003

	Oct. 2001		Oct. 2002		Oct. 2003		% change 2001-2003
	No.	%	No.	%	No.	%	
Great Britain	880,534	N/a	872,855	2.5	859,110	2.4	- 2%
Eastern Region	51,699	N/a	54,728	1.7	54,993	1.7	+6%
Hertfordshire	6,718	N/a	8,436	1.3	8,664	1.4	+29%
St. Albans	591	N/a	775	1.0	821	1.0	+38%

Source: NOMIS, Hertfordshire County Council

Within the District most individual wards also saw an increase in unemployment between 2001 and 2003. London Colney experienced the largest increase with its figure almost doubling over the two year period.

Table 10: Claimant Count by Ward 2001 - 2003

Ward	Oct. 2001	Oct. 2002	Oct. 2003	Change 2001 – 2003
Ashley	37	55	64	+ 27
Batchwood	32	57	51	+ 19
Clarence	27	30	32	+ 5
Colney Heath	10	33	25	+ 15
Cunningham	40	38	55	+ 15
Harpenden E.	14	23	29	+ 15
Harpenden N.	39	42	37	- 2
Harpenden S.	12	30	24	+ 12
Harpenden W.	24	34	23	- 1
London Colney	36	46	66	+ 30
Marshalswick N.	32	31	33	+ 1
Marshalswick S.	30	28	28	- 2
Park Street	33	56	53	+ 20
Redbourn	17	34	30	+ 13
St. Peters	62	78	76	+ 14
St. Stephens	27	26	47	+ 20
Sandridge	22	31	23	+ 1
Sopwell	44	49	67	+ 23
Verulam	24	25	28	+ 4
Wheathampstead	29	29	30	+ 1
TOTAL	591	775	821	+ 230

Source: NOMIS

Vacancies

Vacancy figures at Jobcentre can fluctuate considerably and can be influenced by seasonal factors and to some extent by campaigns by Jobcentre staff to increase notifications by employers. For example in January 2003 173 vacancies were notified to St. Albans Jobcentre yet the following month the figure was 422 and it peaked at 662 in October 2003 and ended the year at 466. As a specific example of a seasonal factor in December over 27% of vacancies notified related to sales and customer service occupations.

In order to avoid some of the obvious seasonal factors analysis has been undertaken on the July 2003 figures and during this month the number of vacancies notified to St. Albans Jobcentre was 302. Only 3.7% of these were for managerial, senior official and professional occupations although, as illustrated by Table 8, 42% of the resident workforce were employed within these groups. A significant number (30.4%) were for elementary or unskilled jobs. The other major occupational groups for vacancies were skilled trades occupations, administrative and clerical and process plant and machinery operatives.

Table 11: Notified Vacancies by Occupation July 2003

Occupation	*St. Albans*		*Hertfordshire*	
	No.	%	No.	%
Managers & Senior Officials	5	1.7	117	2.5
Professional Occs.	6	2.0	87	1.9
Associate Prof. & technical	19	6.3	191	4.1
Admin & secretarial	36	11.9	249	5.3
Skilled trades occs.	55	18.2	434	9.3
Personal service occs.	25	8.3	189	4.1
Sales & customer service	29	9.6	438	9.4
Process, plant & mach. Operatives	35	11.6	528	11.3
Elementary Occs.	92	30.5	2430	52.1
TOTAL	302	100.0	4663	100.0

Source: NOMIS

An interview with a member of staff at the St. Albans Jobcentre confirmed that there was a mismatch between local jobseekers and the vacancies being offered locally. For example many vacancies are for elementary low skilled positions whilst there are a large proportion of people seeking managerial and professional positions. Even where managerial and professional jobs are advertised the pay is often well below what is expected by jobseekers, many of who previously worked in central London earning relatively high salaries.

Commercial & Industrial Property

The review of St. Albans Local Plan reveals that there has been an overall decline in employment floorspace. Whilst there has been an increase in B1 business use of 26,900 sq.m. of gross external floorspace between 1991 and 2002 this has been far outweighed by losses in other categories. General Industrial Use (B2) floorspace fell by 76,800 sq.m. and Storage and Distribution (B8) fell by 300 sq.m. Overall there was a loss of 50,200 sq.m. of employment floorspace between 1991 and 2002.

This decline in floorspace reflects the loss of employment sites to other uses (including housing) and the lack of new development. Whilst the loss of industrial floorspace may be justified by changing economic trends and in particular the decline in manufacturing activity there is evidence of a shortage of office space and especially a shortfall in accommodation for small and starter businesses.

Supportive research for the Hertfordshire Structure Plan indicates that there is sufficient employment land allocated for the plan period (2001 – 2016). However further research will be undertaken by St. Albans District Council as part of the process to formulate the Local Development Framework for the District.

Table 12: Change in commercial floorspace, Hertfordshire 1985-2002

Rank	*Local Authority*	*Region*	*%*	*Nat. Rank*
1	Stevenage	EE	48.43	52
2	Watford	EE	20.62	150
3	East Hertfordshire	EE	15.97	175
4	Broxbourne	EE	11.42	205
5	Dacorum	EE	10.53	208
6	Hertsmere	EE	9	216
7	Welwyn Hatfield	EE	8.69	217
8	St. Albans	EE	-8.12	301
9	North Hertfordshire	EE	-11.67	312
10	Three Rivers	EE	-21.94	327

National Average: 21.4717

Source: Local Knowledge; Commercial and Industrial Floorspace and Rateable Value Statistics; ODPM

Table 12 illustrates that the District saw a reduction in total commercial floorspace of 8.12% between 1985 and 2002 and ranked number 301 (out of 345) in terms of the loss of floorspace.

The situation was even more evident for industrial floorspace as illustrated by Table 13 overleaf. The District experienced an almost 40% loss of industrial floorspace between 1985 and 2002 with a national ranking of 317. In Hertfordshire only Three Rivers witnessed a greater decline.

Table 13: Change in industrial floorspace, Hertfordshire 1985-2002

Rank	Local Authority	Region	%	Nat. Rank
1	Stevenage	EE	23.06	97
2	Broxbourne	EE	3.04	160
3	East Hertfordshire	EE	0.23	173
4	Welwyn Hatfield	EE	-6.58	208
5	Watford	EE	-11.9	235
6	Hertsmere	EE	-17.08	255
7	Dacorum	EE	-24.36	282
8	North Hertfordshire	EE	-25.54	285
9	St. Albans	EE	-39.89	317
10	Three Rivers	EE	-57.76	339

National Average: 6.956725
Source: Local Knowledge; ODPM

By contrast, as illustrated by Table 14, there was significant growth in retail floorspace. The increase in St. Albans, at 53.73%, was above the national average growth of approximately 39%. St. Albans national ranking was 76 and it ranked fourth in Hertfordshire.

Table 14: Change in retail floorspace, Hertfordshire 1985-2002

Rank	Local Authority	Region	%	Nat. Rank
1	Stevenage	EE	101.32	13
2	Dacorum	EE	100.27	15
3	Watford	EE	61.63	55
4	St. Albans	EE	53.73	76
5	Welwyn Hatfield	EE	52.95	78
6	Hertsmere	EE	39.86	136
7	Broxbourne	EE	22.44	237
8	East Hertfordshire	EE	21.61	242
9	Three Rivers	EE	14.53	280
10	North Hertfordshire	EE	9.88	299

National Average: 38.84807
Source: Local Knowledge; ODPM

Similarly office floorspace, as indicated by Table 15, grew significantly over the period although this was below the national average.

Table 15: Change in office floorspace, Hertfordshire 1985-2002

Rank	*Local Authority*	*Region*	*%*	*Nat. Rank*
1	Three Rivers	EE	287.68	23
2	Stevenage	EE	188.27	78
3	Dacorum	EE	185.5	84
4	St. Albans	EE	144.83	131
5	East Hertfordshire	EE	139.14	142
6	Hertsmere	EE	115.88	180
7	Watford	EE	108.65	194
8	North Hertfordshire	EE	88.55	228
9	Broxbourne	EE	61.32	287
10	Welwyn Hatfield	EE	58.71	290

National Average: 153.0155
Source: Local Knowledge; ODPM

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