Transforming North Staffordshire Evidence Paper B: Key Issues for North Staffordshire

Prepared for the North Staffordshire Regeneration Partnership

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Contents

1. Introduction

At a time of growing prosperity that has brought economic revival to many areas, North Staffordshire, made up of the local authorities of Stoke-on-Trent, Newcastle-under-Lyme and Staffordshire Moorlands, still faces significant economic and social difficulties. These difficulties persist despite some local successes and the considerable efforts of many local stakeholders to transform the area.

One of the main reasons for the ongoing challenges the area faces is the lack of consensus about a shared vision of the future and a resulting lack of focus on the priorities for action. This lack of agreement, combined with challenges around management capacity to deliver large-scale economic regeneration projects and to address entrenched issues of worklessness, has led to many action plans and strategies foundering at an early stage. The need to clarify the key challenges, agree priorities for action and then have a relentless focus on implementation was one of the reasons that The Work Foundation, with a history of research on cities and engagement with policymakers, was asked to conduct this report.

This evidence paper is one of five supporting the overview and provides the detailed analysis of the key issues facing North Staffordshire that underpins The Work Foundation's recommendations to the North Staffordshire Regeneration Partnership. It should be noted that this report is not, and cannot be, a 'silver bullet'. Whilst it contains considerable insights into where North Staffordshire is now and the key priorities for action, it does not contain all the answers for North Staffordshire, nor does it provide a foolproof blueprint to success. For North Staffordshire to transform its economy and society requires local leaders and managers to take the insights in this work and translate them into a detailed delivery plan and a relentless focus on key priorities.

This evidence paper reviewing the key issues facing North Staffordshire is organised into the following sections:

Economy – Analysis of evidence on economic indicators, comparing the performance of North Staffordshire's economy with the national average and with other places.

Place – Analysis of the infrastructure, built environment and linkages within North Staffordshire, looking at how they enable or act as a barrier to transformation.

People – Analysis of the social indicators for North Staffordshire, focusing particularly on skills, job quality and quality of life.

Leadership – Analysis of the current leadership in North Staffordshire, drawing particularly on findings from interviews with stakeholders across the sub-region.

Image – Analysis of how North Staffordshire's image is portrayed, demonstrating the impact that this has and will have on the sub-region's economic and social transformation.

A detailed methodology is included in Evidence Paper E.

2. Economy

Since the 1970s, the ability to use, share and analyse knowledge has become a key driver of economic growth and wealth creation. More sectors and more firms rely primarily on the use and application of knowledge and technology and competitive advantage for firms increasingly relies on the ability to use, share and analyse knowledge. In 2006, almost half of employment in the UK was in knowledge based industries[1] and those cities with a greater proportion of employment in these industries, including London, Manchester, Bristol and Edinburgh, have been experiencing strong economic performance as a result. This section looks at how the changing economy is impacting upon North Staffordshire and provides an overview of some of the challenges and opportunities facing North Staffordshire.

2.1 Economy: An overview of the challenges

1. **Poor comparative economic performance:** While other cities thrive, North Staffordshire as a whole lags behind on almost every economic indicator. There are exceptions within the area, with Staffordshire Moorlands and Newcastle-under-Lyme performing better than Stoke-on-Trent on GVA and productivity measures. However, as a whole, the sub-region performs poorly economically; creating concerns not just locally but also at regional and national level as the area is not contributing to the national economy.

2. **Below average growth:** Value added in North Staffordshire is below average, with Stoke-on-Trent facing particular challenges. Recent work by Experian found that Stoke-on-Trent's average annual growth in Gross Value Added (GVA) between 1982 and 2005 was 1.5 per cent, compared to 2.8 per cent for Newcastle-under-Lyme (a figure which matches the regional and national average)[2]. Whilst Newcastle-under-Lyme's growth slowed to 2 per cent between 2000 and 2005, it still remains ten times higher than growth in Stoke-on-Trent in the same period.

3. **Slow transition to a 'knowledge economy':** 45 per cent of total employment in the three local authorities of North Staffordshire is in knowledge based industries, compared to a national average of 52 per cent. More than half of this employment is in the public sector (compared to a national average of 42 per cent).

[1] Brinkley, I. (2006) *Defining the Knowledge Economy*: The Work Foundation
[2] *Updating the North Staffordshire Integrated Economic Development Strateg*y (October 2007) Experian

4. **Absence of any sizeable specialist knowledge industries:** As our Ideopolis research has found, cities that thrive in the knowledge economy have a diverse economic base with strong knowledge based specialisms. North Staffordshire has a small number of large employers, such as JCB and Britannia, in knowledge based sectors, as well as capitalising upon expertise in ceramics design and on university expertise in medical technologies (drawing on the different specialisms of the two universities). However, job creation and spillovers into other industries remain limited, with too few knowledge industries or workers starting, growing or relocating in the North Staffordshire area.

5. **Sluggish employment rates:** The employment rate in North Staffordshire is 72.1 per cent, compared to a national average of 74.3 per cent. In addition, there is above average benefit dependency: 22 per cent of residents in Stoke-on-Trent are on some form of benefit and North Staffordshire has twice the national average of Incapacity Benefit claimants in its population of working age (12 per cent compared to 6 per cent).

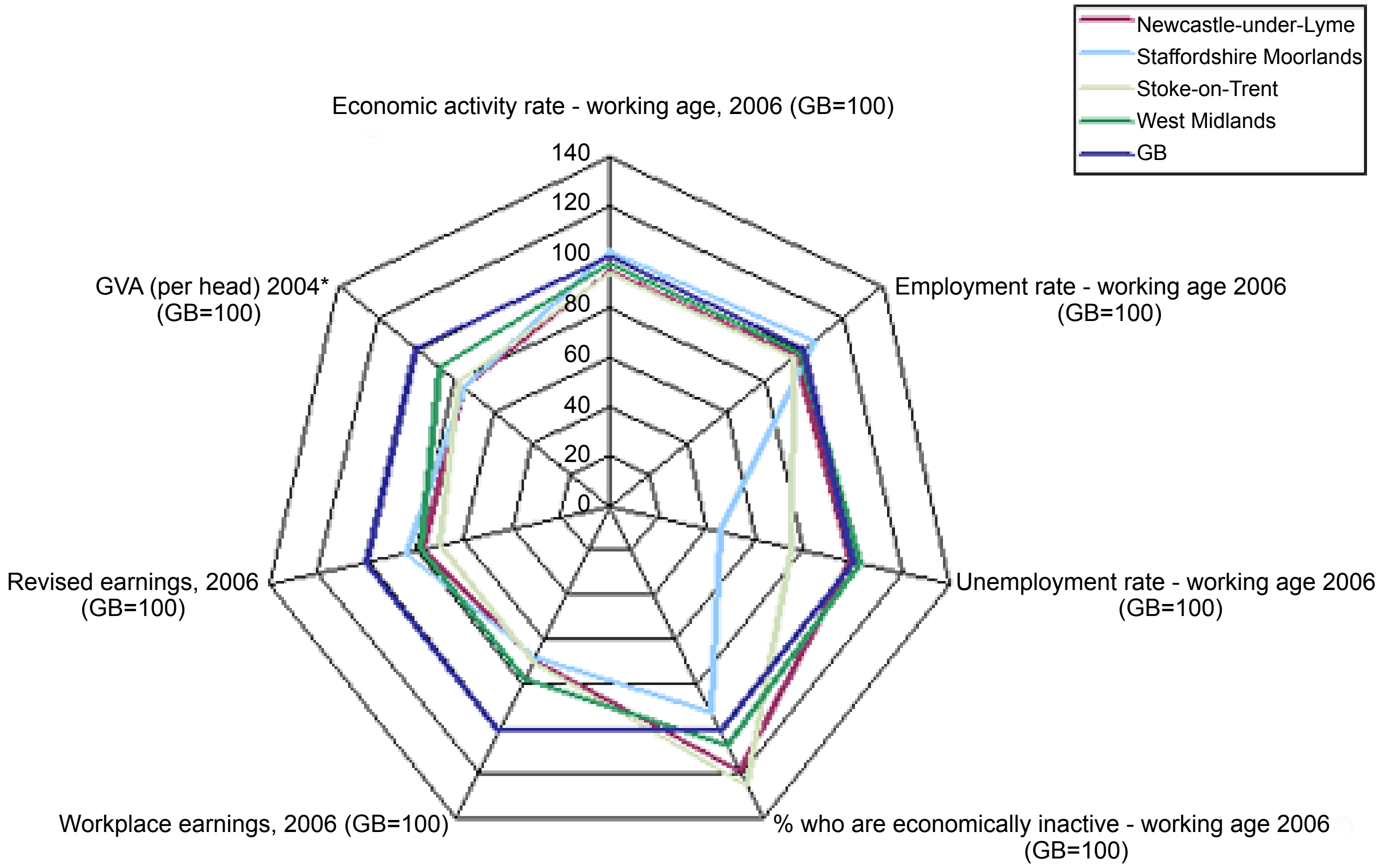
6. **Job quality:** Average weekly workplace earnings are £311.40, compared to a national average of £372.50. Furthermore, interviewees argue that North Staffordshire does not offer career paths that help the area to attract or retain talented people and there is concern that the area is trapped in a low skill, low wage equilibrium. The economic and social outcomes of this are significant.

2.2 Comparative economic performance

The figures in this section compare North Staffordshire and its three constituent local authorities on key economic performance indicators with the UK and with other sub-regions.

In Figure 1 on the next page, where the national average is shown as 100, it is clear that on almost every indicator the sub-region is below average. Of particular concern is the data on average wages and also on productivity (GVA).

Figure 1: Comparative performance on key indicators



Looking at productivity in more detail, Figure 2 on the next page compares gross value added in North Staffordshire with other cities and sub-regions. This is a measure of the contribution to the national economy of specific places, industries and individuals. What can seen is that as a whole North Staffordshire does not contribute significantly to the national or regional economy. Furthermore, GVA per head is lower than national and regional averages. However, looking at change between 2000 and 2005, we can see that average annual growth during this period is more in line with regional trends. Analysis of change in GVA per head between 1995 and 2004 reveals that Stoke-on-Trent in particular has lagged behind national and regional trends.

Figure 2: Productivity (GVA) in North Staffordshire

	GVA at current basic prices, 2004	Share of national GVA, 2004	Share of regional GVA, 2004	Average annual % GVA growth, 1995-1999	Average annual % GVA growth, 2000-2005	% change in GVA, 1995-2004	GVA per head at current basic prices, 2004	Average annual % change in GVA per head, 1995-1999	Average annual % change in GVA per head, 2000-2005	% change in GVA per head, 1995-2004
North Staffordshire	6,113.20	0.01	0.07	3.54	4.00	39.66	13,402.72	3.83	4.19	42.40
Stoke-on-Trent	3,268.00	0.00	0.04	2.03	3.22	26.72	13,731.00	2.56	3.74	32.69
Newcastle-under-Lyme*	1,611.11	0.00	0.02	5.71	4.94	58.81	13,121.00	5.60	4.84	57.40
Staffordshire Moorlands*	1,234.09	0.00	0.02	5.46	4.96	57.49	13,121.00	5.60	4.84	57.40
Birmingham and Solihull	21,791.00	0.02	0.27	6.50	5.37	67.03	18,268.70	6.70	5.31	67.87
Coventry	5,357.00	0.01	0.07	6.67	3.07	50.44	17,609.00	6.52	3.11	49.88
Humberside	12,656.00	0.01	0.17	2.45	4.94	40.02	14,260.00	2.68	4.64	39.29
South Yorkshire	16,718.00	0.02	0.22	5.30	5.47	60.35	13,077.00	5.51	5.32	60.57
The Black Country	15,192.00	0.01	0.19	2.76	3.78	34.15	14,039.18	3.09	3.88	36.57
West Midlands	81,741.00	0.08		5.18	4.68	53.81	15,325.00	5.11	4.44	51.60
Great Britain	1,044,165.00	n/a	n/a	5.74	5.46	63.04	17,451.00	5.44	5.05	58.11

Figures 3a and 3b illustrate this in more detail and show that whilst North Staffordshire and the three local authorities of which it is comprised have generally mirrored national and regional trends, because they have started from a lower base there is a productivity gap between the sub-region and other comparable places.

As well as being a major issue for the future of the sub-region, this ‘productivity gap’ also has serious implications for people living and working in the area: wages are well below national averages. Figure 4 on page 11 illustrates this and highlights some particular issues in relation to the mobility of North Staffordshire’s labour market and the concentration of jobs. In Staffordshire Moorlands, for example, workplace earnings are significantly lower than resident earnings, meaning that those who commute out of Staffordshire Moorlands earn significantly more than those who both live and work there. In Stoke-on-Trent, however, both workplace and resident earnings are low

Figure 3a: Change in GVA at basic current prices, 2004

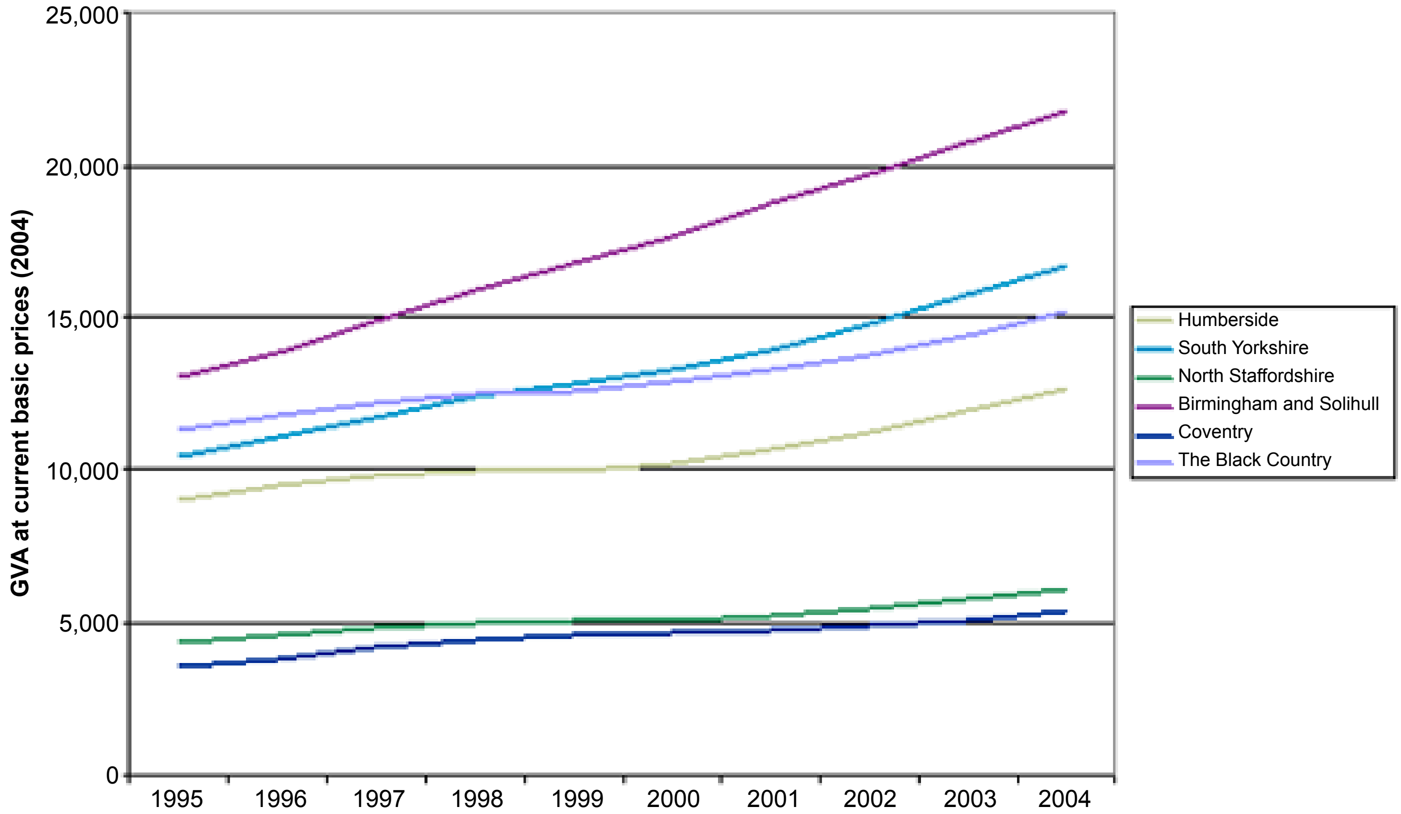


Figure 3b: Change in GVA per capita at basic current prices, 2004

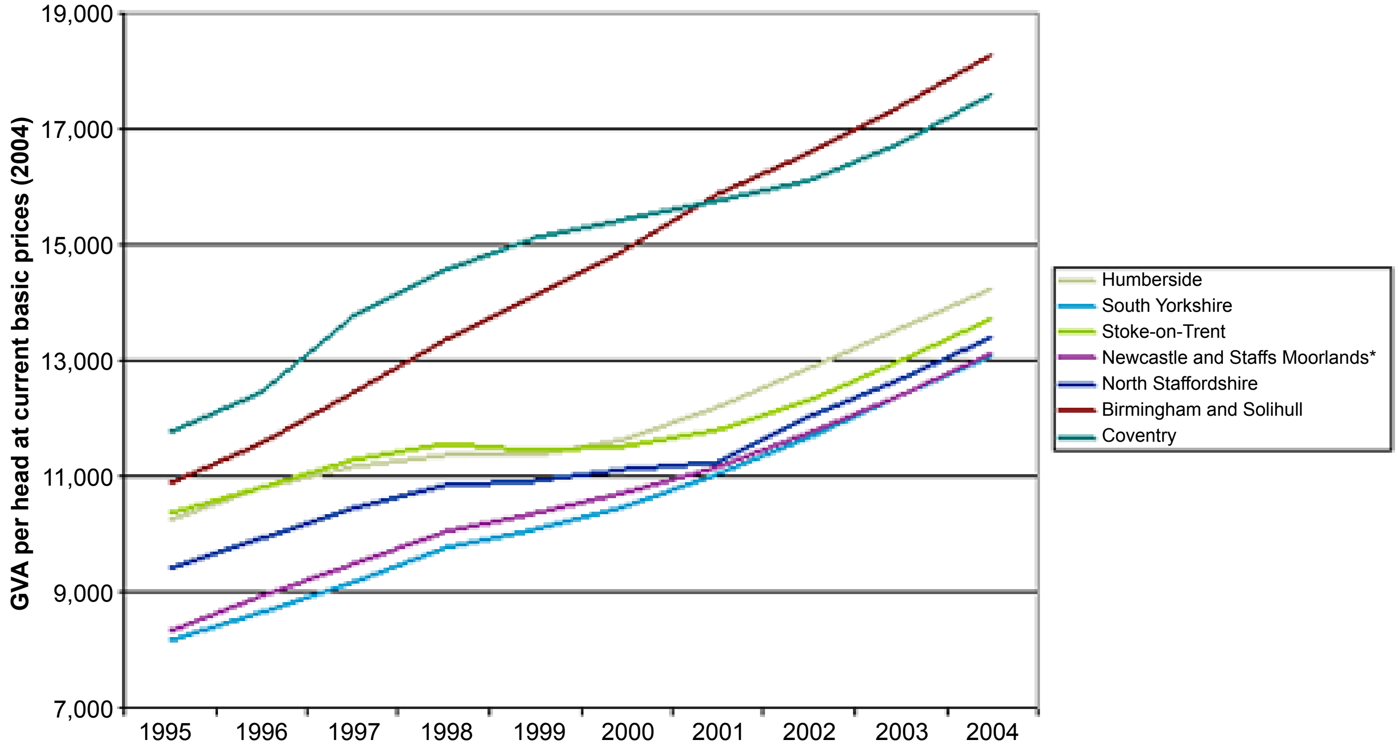


Figure 4: Workplace vs. resident earnings

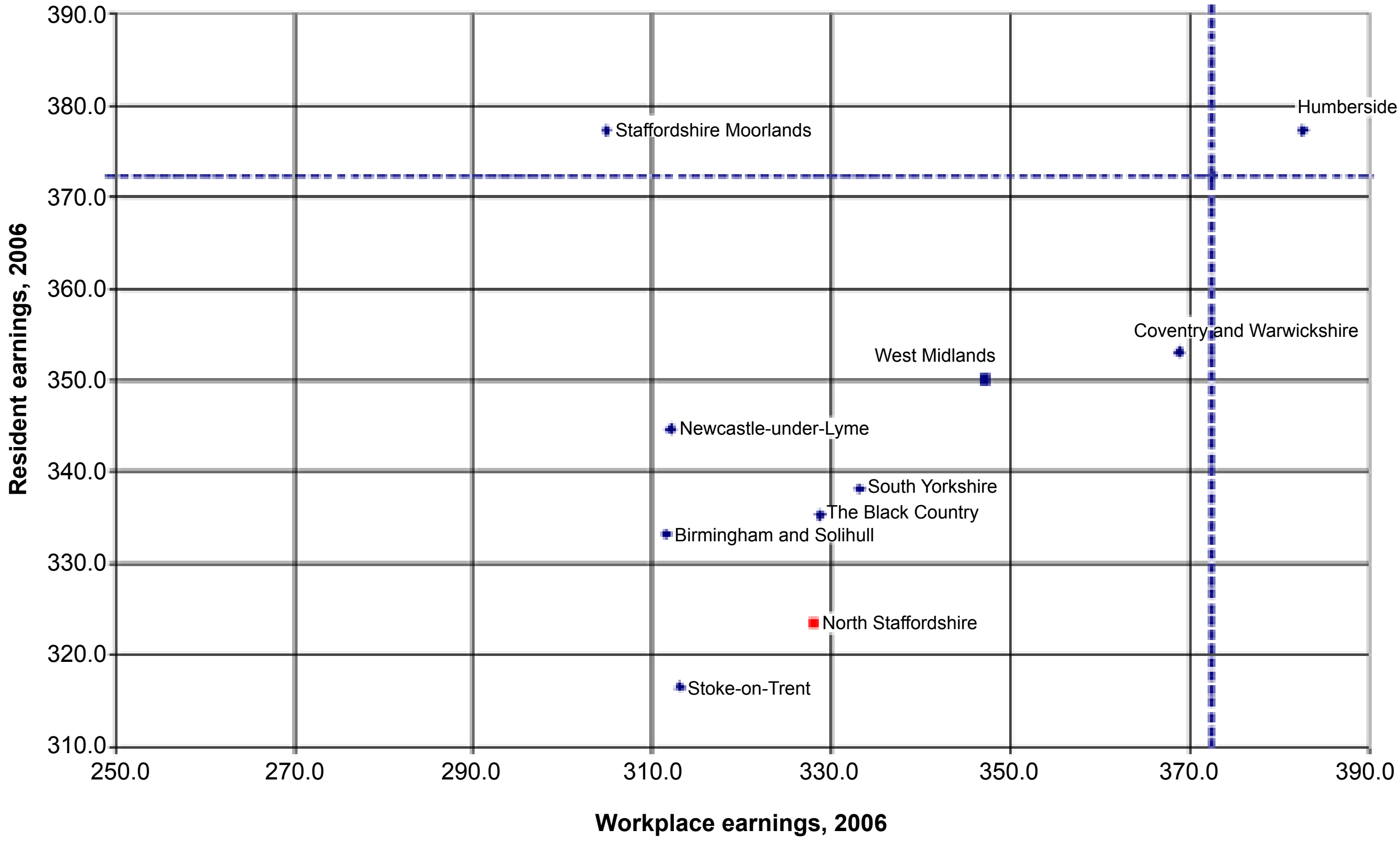


Figure 5 on the next page, however, illustrates that the picture looks different in different parts of North Staffordshire. In general, Stoke-on-Trent performs well below national averages whilst Newcastle-under-Lyme performs better – for example it has seen relatively high growth in both workplace and residence based incomes between 2004 and 2006 – and Staffordshire Moorlands tends to be above average.

Overall in North Staffordshire, it is also important to note that rates of self-employment – used as one of the measures of enterprise – are also relatively low.

Figure 5: Detailed comparative analysis on key indicators

	Economic activity rate - working age, 2006	*% change in economic activity rate - working age, 2004-06*	Employment rate - working age, 2006	*% change in employment rate - working age, 2004-06*	% of working age who are self employed 2006	*% change of working age who are self employed 2004-06*	Unemployment rate - working age, 2006	*% change in unemployment rate - working age, 2004-06*	% who are economically inactive - working age, 2006	*% change of those who are economically inactive - working age, 2004-06*	Workplace earnings, 2006	*% change in workplace earnings, 2004-06*	Resident earnings	*% change in resident earnings, 2004-06*
North Staffordshire	75.2	-1.3	72.1	-1.6	6.5	-14.2	4.1	4.6	24.8	4.5	311.4	12.5	333.2	16.6
Newcastle-under-Lyme	74.8	-2.5	70.8	-4.5	4.9	-20.9	5.4	54.3	25.2	8.2	312.0	20.7	344.7	29.1
Staffordshire Moorlands	80.3	-2.5	78.3	-2.7	11.7	9.3	2.5	8.7	19.7	11.9	304.7	3.0	377.2	17.4
Stoke-on-Trent	73.3	-0.3	70.3	0.4	5.2	-22.4	4.1	-14.6	26.7	0.8	313.0	12.0	316.5	11.6
Birmingham and Solihull	72.1	-2.5	65.5	-3.7	7.3	14.7	9.1	14.1	27.9	7.2	368.9	8.2	353.1	11.3
Coventry and Warwickshire	80.0	2.3	76.0	1.1	7.9	-2.0	5.0	28.8	20.1	-8.0	382.7	13.0	377.2	14.6
Humberside	78.5	1.8	73.6	0.5	7.7	-0.9	6.2	23.4	21.5	-5.9	333.2	12.0	338.1	13.2
South Yorkshire	74.9	-0.4	69.6	-2.1	6.9	0.3	7.1	28.8	25.1	1.1	328.7	12.4	335.2	14.5
The Black Country	73.7	-2.5	68.9	-1.9	6.6	-3.1	6.5	-8.1	26.3	7.8	328.0	11.1	323.5	10.6
West Midlands	77.1	-0.3	72.7	-0.7	8.2	4.4	5.6	6.4	22.9	1.2	347.3	11.4	350.0	12.5
Great Britain	78.6	0.5	74.3	-0.2	9.3	2.9	5.4	12.1	21.4	-1.7	372.5	12.4	372.3	12.9

2.3 North Staffordshire in the knowledge economy

Evidence Paper A presents The Work Foundation's narrative on the knowledge economy and what it means for places. As the UK economy becomes increasingly driven by knowledge based industries, our analysis finds that North Staffordshire is making slow progress in adapting to this new industrial structure. This has implications for future prosperity in the sub-region, both in terms of economic growth and what it means for people living and working in the area. Here, we look in detail at North Staffordshire's knowledge economy and look at where it is now and any opportunities on which future economic strategies should build, focusing on two Ideopolis drivers: building on what's there and diverse specialisation.

Building on what's there is about recognising existing strengths and weaknesses and playing to these: North Staffordshire already has a head start in terms of location, the presence of two universities, and existing clusters. Opportunities for North Staffordshire to build on what's there include: ceramics design, higher education (specifically the university quarter and Keele Science Park), emergent medical technology clusters, logistics and retail regeneration.

The **diversity of these sectors** is important, as the Ideopolis research highlighted that successful knowledge cities and city regions usually have a diverse range of economic specialisms for which the city or city region is known. 'Diverse specialisation' helps to manage the risk of over-reliance on one or two industries in case of economic decline in specific industries.

2.3.1 North Staffordshire's knowledge industries

Figure 6 below shows employment in knowledge industries in North Staffordshire. Looking at the different groupings of knowledge intensive industries, we can see that the public sector (health and education) is overrepresented in North Staffordshire's knowledge economy, comprising more than half (53 per cent) of employment in knowledge industries. This compares to 44 per cent in West Midlands and 42 per cent in Great Britain as a whole. The largely private sector high-tech services, market services and financial services are underrepresented in the sub-region. This includes employment in professional and business services. There is some variation across the region, however, with employment in largely private sector knowledge services being closer to the regional average in Newcastle-under-Lyme (with a recent economic baseline produced by Experian predicting that, without any intervention, private services will grow by 6 per cent between 2005 and 2021 and their 'most likely' scenario is that this will increase further[3]) and employment in high value manufacturing in Staffordshire Moorlands being double the national average.

Over time North Staffordshire's knowledge based economy has been growing as Figure 7 on the following page shows. Indeed, Staffordshire Moorlands and Newcastle-under-Lyme have seen some significant growth in employment in financial and hi-tech knowledge industries over the last decade, albeit from a small base.

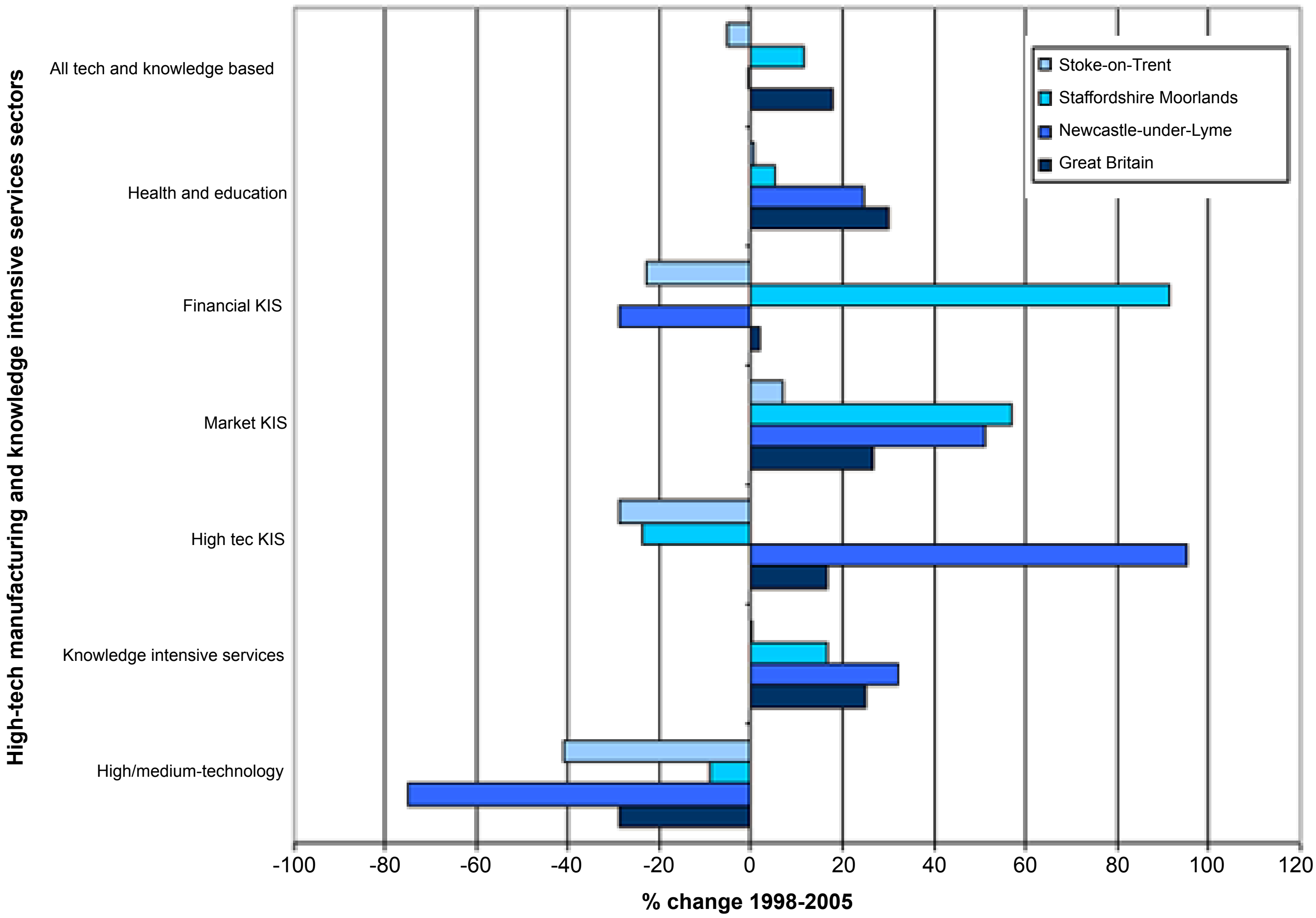
Figure 6: Employment in the knowledge economy

	% employed in all technology and knowledge based sectors	% of knowledge industry employment in the public sector	% of knowledge industry employment in high tech, market & financial service sectors	% of knowledge industry employment in high/medium technology sectors	% of knowledge industry employment in 'other' knowledge sectors
North Staffordshire	45	53	32	9	6
Newcastle-under-Lyme	45	51	37	8	4
Staffordshire Moorlands	48	46	32	16	6
Stoke-on-Trent	44	55	30	8	7
West Midlands	50	44	39	12	5
Great Britain	52	42	45	8	5

Source: Eurostat, 2006. Figures rounded

[3] See *Updating the North Staffordshire Integrated Economic Development Strategy* (October 2007) Experian

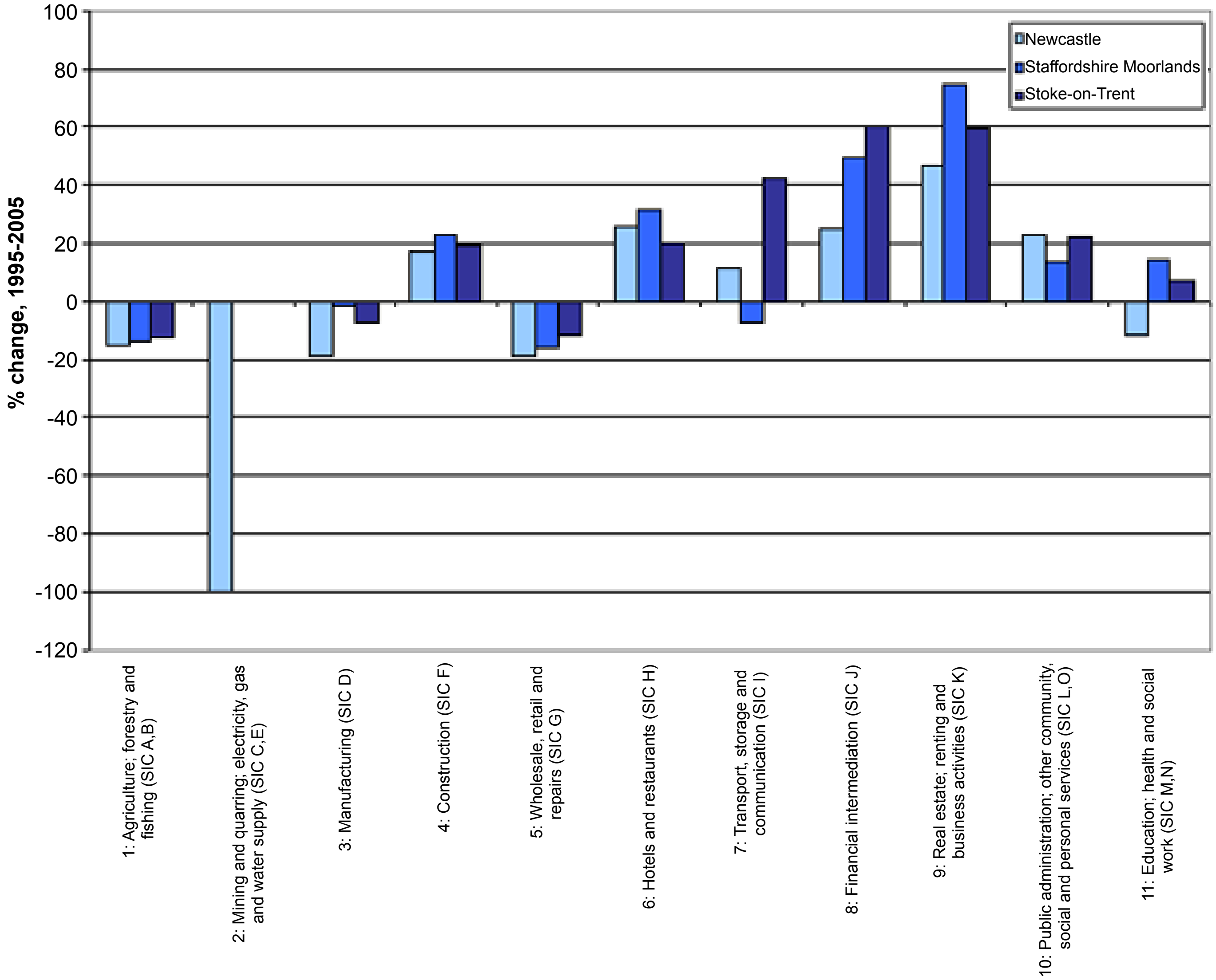
Figure 7: Change in employment in knowledge industries, 1998-2005



2.3.2 Other industries in North Staffordshire

Looking beyond the ‘knowledge intensive sectors’, we can see that North Staffordshire has seen significant growth in industrial areas, including financial intermediation, real estate and business services and public administration. This is shown in Figure 8 on the next page. Combined with the analysis of the knowledge economy in North Staffordshire, this demonstrates that there are signs of growth on which to build.

Figure 8: Change in employment in other industries, 1998-2005



Indeed, evidence suggests that the sub-region is moving from a phase of net contraction in employment to one where the growth of sectors such as logistics and distribution are adding sufficient jobs to offset the contraction of traditional industries. However, there are geographical implications for this transition from traditional to newer industries: closures take place in the inner core, high value added businesses are located outside of the inner core.[4] And there are also implications for the 'industrial mix' that this will create in North Staffordshire as well as for the continuity of existing industries.

[4] Market Renewal Prospectus, March 2004

2.3.3 Specialisation in North Staffordshire's economy

Analysis of sub-sectors in North Staffordshire gives a picture of an economy without any sizeable specialisations. However, given the size of the sub-region and the absence of a large urban core, this economic structure is to be expected. The significant sectors in North Staffordshire's economy show the importance of a small number of large employers (JCB, Britannia, the universities, local government), a large number of small employers in ceramics (especially in Stoke-on-Trent), the ongoing importance of manufacturing excluding ceramics (despite significant decline in total levels of employment in recent years) and the usual mix of employment in education (schools), retail and bars.

The current assets in North Staffordshire in the context of the wider changes in the economy are the ceramics industry, higher education and the presence of two relatively large employers in Staffordshire Moorlands, as well as the growth sectors of logistics and medical technologies. Like other medium-sized urban areas, the economic outlook for North Staffordshire now depends on the development of a greater diversity of industries (and a range of different size firms within these industries) and the growth of a small number of distinctive niches. This section looks at the evidence for each of North Staffordshire's specialist industries and discusses how these can be developed in the future.

Ceramics

Known to many as 'the Potteries', Stoke-on-Trent in particular has a long history of ceramics, both in terms of manufacturing ceramic goods and the more knowledge intensive design side of ceramics. The industry still provides a sizeable number of jobs (around 7,000) despite the losses that have occurred as the global ceramics markets have shifted. Radical lifestyle shifts over the past thirty years have changed the way that people live and eat and led to a decline in domestic demand for ceramics, although demand for restaurants and consumption of food outside the home has increased demand for hospitality and restaurant ceramics. The net result of many of these changes is that most of the manufacturing side of ceramics has moved to lower cost locations overseas and it is extremely unlikely that the scale of employment in the potteries that Stoke-on-Trent once experienced will ever return. Nonetheless, ceramics are not just about manufacturing but also a creative industry (although the Department of

Culture, Media & Sport does not classify them as such) with expertise in design and generating added value. This means that ceramics has the potential to contribute to knowledge intensive, higher value added employment in the area, as well as to activities such as tourism because it provides a distinctive niche for North Staffordshire.

Logistics and distribution

From a small base, the logistics industry in North Staffordshire, particularly in Newcastle-under-Lyme, has grown significantly over the last ten years. Logistics now accounts for around 6 per cent of employment in Newcastle and around 5 per cent of employment in Stoke-on-Trent. The central location of North Staffordshire within England, with road access to a large proportion of the national consumer and business markets, coupled with the availability of brown field sites for development, combine to make North Staffordshire an attractive location for logistics companies. Figure 9 below shows change in the logistics industry in North Staffordshire between 1998 and 2005.

Figure 9: Employment in logistics

Logistics	Total	Logistics 1998	% of employment	Total	Logistics 2005	% of employment	% change in employment
Newcastle-under-Lyme	44,658	1,232	2.76	45,736	2,686	5.87	118.02
Staffordshire Moorlands	27,315	1,116	4.09	28,232	987	3.50	-11.56
Stoke-on-Trent	121,635	2,981	2.45	106,706	4,836	4.53	62.23
West Midlands	2,271,144	67,903	2.99	2,360,078	86,983	3.69	28.10
Great Britain	24,144,258	817,070	3.38	26,338,082	897,382	3.41	9.83

Consolidating employment in logistics is an opportunity, given growth in the sector as a whole. By 2016 the distribution sector is expected to employ more people than manufacturing, whilst salaries are between 10 to 17 per cent higher than in the manufacturing sector and the additional value produced by distribution organisations has increased by 30 per cent over the last decade[5]. Despite providing relatively low GVA, it is an important source of employment growth and makes a valuable contribution towards tackling worklessness. There are

[5] *Making & Moving: The Future Prospects for British Industry* (Spring 2007) GVA Grimley, Cranfield University School of Management

opportunities to grow the knowledge intensity of jobs in distribution and to ensure that provision of land for logistics is managed appropriately and in an environmentally sustainable way.

Higher and further education

There are two universities and four further education colleges in North Staffordshire. Not only is this education offer important to skills (discussed in detail in the next section), but also in terms of local employment and cluster development. The University Quarter, covering 390 acres of land between Stoke-on-Trent station and the city centre, is a vital component of North Staffordshire regeneration because of its focus on education-led regeneration and increasing the proportion of highly skilled workers in the North Staffordshire area. The Quarter aims to ‘generate a thriving knowledge economy that is globally connected leading to sustainable prosperity and an ambitious and dynamic community. It will create an integrated learning experience, focussed upon creativity, skills and employability, promoting participation and progression’[6] and progress is already being made against this vision by the partners[7]. Against three cross-cutting themes of technology, employer engagement and a ‘Healthy City’, the main projects for the University Quarter have been identified as being: a Science Centre; a Sports Village; a Performing Arts/Music hub; a Media Place/ Creative Village; and a Knowledge Hub. Property strategies have already been prepared for the development of college and university facilities, with feasibility studies being conducted by GVA Grimley, whilst concept design proposals are in place for the Science Centre, Sports Village and Performing Arts Centre. An outline business plan is in the process of being finalised and plans are underway to work closely with the community in south Stoke-on-Trent to ensure they are fully involved and engaged[8].

The planned expansion of Keele Science Park will enable North Staffordshire also to build upon emergent sectors such as medical technologies (to which both Keele and Staffordshire are making a contribution), environmental technologies and other knowledge intensive sectors. The higher education sector in North Staffordshire therefore gives the region competitive potential and this is a key

[6] University Quarter Update November 2007
[7] Partners working on the University Quarter include Staffordshire University, Stoke-on-Trent College of Further Education, City of Stoke-on-Trent Sixth Form College, NSRP, North Staffordshire Learning & Skills Council, Advantage West Midlands and the Sanctuary Housing Association
[8] University Quarter Update November 2007

strength and distinctive asset on which the Regeneration Partnership should build, focusing investment on developing the physical accommodation, growing the skills of workers in the region and seeking to focus on emerging clusters including medical technologies, ceramics design and environmental technologies. There are lessons to be learned here from Sheffield and Manchester, both of whom adopted a clear focus on the key priority sectors for their cities and have successfully grown their economies in recent years.

The two main emergent clusters in North Staffordshire that might not provide a critical mass of employment but are knowledge based and thus will add to the richness of the sub-region's economic portfolio, are medical technologies and creative industries.

Technologies

Medical technologies are an emergent cluster based around Keele University Science Park (although both Keele University and Staffordshire University are making contributions to the sector, for example Intelligent Orthopaedics is a company spun-out from both universities). This cluster includes the presence of several small medical technology companies, facilities available at Keele Science Park; the Keele University Medical school and other related academic courses at both Keele and Staffordshire; the new 'super hospital' under construction; the new £3million clinical research centre at Hartshill; a new Health Care Careers and Skills Academy; and a possible manufacturing Medi-Park at Chatterley Valley. There are real opportunities here for a cluster for which the area will be known and which will create a small number of knowledge jobs.

Creative industries

As part of the development of the University Quarter as well as the work of the Stoke Cultural Development Team including the Cultural Quarter, the creative industries is an emergent cluster in North Staffordshire and if the work already underway is successful, the focus on this sector will help to stimulate job growth as well as regenerating the towns. The Work Foundation's recent report to the Department for Culture, Media & Sport, *Staying Ahead*, found that the creative, cultural and digital sectors (including publishing, telecommunications, advertising and radio and television activities) are emerging as an important knowledge economy sector in the UK, which has a higher proportion of these industries than any other OECD countries[9]. At a city and local level, such industries generate productivity and some employment in their own right, but also help to change perceptions of what it is like to live and work in an area, both for residents and for potential visitors/investors. Indeed, spillovers from these industries can also act as a catalyst for a range of complementary sectors and jobs[10]. Within North Staffordshire it is difficult to know precisely how many creative industry enterprises there are across the whole conurbation, although research commissioned by Stokeworks in 2003 identified 1,030 creative industries enterprises in Stoke-on-Trent, turning over in the region of £217m each year and employing about 7,704 full time equivalent members of staff (based on one part time employee being 0.5 FTE)[11]. The most distinctive creative industry remains ceramics which, whilst not included in the Department for Culture, Media & Sport's definitions of creative industries – we would argue it should be included[12] – increasingly has employment in creative positions rather than manufacturing.

2.4 Enterprise in North Staffordshire

As discussed in relation to the knowledge industries in North Staffordshire, the sub-region lacks a strong private sector, although there is local variation: for example, Newcastle-under-Lyme's economy has been performing relatively well in recent years with over half its local employment (53 per cent) in the private sector and growing its employment by 27 per cent in the last ten years[13]. The commercial sector in Stoke-on-Trent is particularly weak – banking and finance accounts for just 10.5 per cent of employment (strengthened heavily by Britannia in Staffordshire Moorlands) compared to a regional average of 16 per cent – and the business start-up rate is half of the national average. Those businesses that are based in North Staffordshire make a relatively low contribution to national and regional wealth: Gross Added Value by each business is low compared to other cities.

Other salient points about current business activities in North Staffordshire include:

- Low rates of VAT registrations (Figure 13).

[9] Hutton et al, 2007
[10] Hutton et al, 2007
[11] Stokeworks (2003) Stoke-on-Trent – A creative city?, cited in Number 4 Broad Street Feasibility Study
[12] The DCMS definition includes: Advertising; Computer and Video Games; Architecture; Music; Art and Antiques Market; Performing Arts; Crafts; Publishing; Design; Software; Designer Fashion; TV and Radio; Film and Video
[13] *Updating the North Staffordshire Integrated Economic Development Strategy* (October 2007) prepared by Experian for Renew North Staffordshire

- Commercial vacancy rates are much higher in town centres within the sub-region.
- Over 90 per cent of local businesses are 'micro' (Figure 10).
- There is a very low enterprise culture with just 8 per cent of the working population engaged in self-employment compared to the national average of 13 per cent.

Figures 10 to 13 below and on the next pages show some of the other enterprise and business indicators for North Staffordshire.

Figure 10: Business size (by employment), 2007

LA name	% micro businesses (less than 10 employees) 2007	% small businesses (less than 20 employees) 2007	% medium businesses (50 to 250 employees) 2007	% large businesses (more than 250 employees) 2007	% SMEs (0 to 250 employees) 2007
North Staffordshire	86.7	94.1	1.7	0.5	99.5
Newcastle-under-Lyme	86.8	94.1	1.6	0.4	99.6
Staffordshire Moorlands	92.1	97.2	0.8	0.2	99.8
Stoke-on-Trent	82.8	91.9	2.3	0.7	99.3
Birmingham and Solihull	86.9	93.5	2.1	0.6	99.4
Coventry and Warwickshire	88.2	94.3	1.7	0.6	99.4
Humberside	86.3	93.7	2.0	0.4	99.6
South Yorkshire	85.1	92.6	2.3	0.6	99.4
The Black Country	84.1	92.3	2.4	0.5	99.5
West Midlands	87.8	94.2	1.7	0.5	99.5
Great Britain	88.3	94.5	1.7	0.5	99.5

Figure 11: Business size (by turnover), 2007

LA name	% of businesses with turnover of less than £100,000, 2007	% of businesses with turnover between £100,000 to £500,000, 2007	% of businesses with turnover between £500,000 to £1,000,000, 2007	% of businesses with turnover between £1,000,000 to £5,000,000, 2007	% of businesses with turnover of more than £5,000,000, 2007
North Staffordshire	41.4	40.7	8.0	7.7	2.2
Newcastle-under-Lyme	39.8	42.5	7.3	8.1	2.2
Staffordshire Moorlands	51.3	37.4	5.8	4.4	0.9
Stoke-on-Trent	35.0	42.1	9.9	9.9	3.0
Birmingham and Solihull	38.7	40.2	8.7	9.5	2.9
Coventry and Warwickshire	43.1	38.4	7.9	8.0	2.7
Humberside	40.3	40.4	8.3	8.1	2.8
South Yorkshire	39.4	40.2	8.5	9.0	2.9
The Black Country	35.7	41.1	9.3	10.6	3.3
West Midlands	42.0	39.2	8.1	8.2	2.5
Great Britain	42.4	39.3	7.9	7.8	2.6

Figure 12: Business age, 2007

LA name	% of businesses less than 2 years old, 2007	% of businesses 2 to 10 years old, 2007	% of businesses more than 10 years old, 2007
North Staffordshire	15.3	36.5	48.1
Newcastle-under-Lyme	16.3	37.2	46.5
Staffordshire Moorlands	11.5	34.4	54.0
Stoke-on-Trent	17.6	37.7	44.6
Birmingham and Solihull	18.9	40.9	40.2
Coventry and Warwickshire	17.2	40.5	42.4
Humberside	15.7	37.0	47.4
South Yorkshire	17.4	40.1	42.6
The Black Country	17.4	38.5	44.1
West Midlands	16.6	38.5	45.0
Great Britain	17.0	39.7	43.3

Figure 13: Business enterprise in North Staffordshire

	New business survival rates (24 months), 2003	Average business size, 2005	Businesses per 000 population, 2005/6	New business formation rate, 2005	New business registrations per 000 population, 2005	Business closure rate, 2005	Long term % change in VAT registered business stock, 1996-2006	Medium term % change in VAT registered business stock, 2001-2006	Short term % change in VAT registered business stock, 2005-2006	Annual average % change in VAT registered business stock, 1996-2006	Annual average % change in VAT registered business stock, 2001-2006
North Staffordshire	n/a	12.4	21.7	9.1	2.7	8.0	6.6	4.7	1.1	0.6	0.9
Newcastle-under-Lyme	78	12.4	20.2	8.9	2.5	8.7	4.5	1.8	0.2	0.4	0.4
Staffordshire Moorlands	85	8.3	33.3	7.2	3.1	6.6	4.1	4.1	0.7	0.4	0.8
Stoke-on-Trent	80	14.3	17.9	10.6	2.6	8.7	9.6	6.8	2.0	0.9	1.3
Birmingham and Solihull	n/a	14.8	20.0	10.7	3.2	9.6	10.2	3.0	1.1	1.0	0.6
Coventry and Warwickshire	n/a	11.3	27.4	9.7	3.6	7.7	21.9	9.6	2.0	2.0	1.8
Humberside	n/a	11.8	22.8	9.1	2.9	7.6	9.0	5.8	1.5	0.9	1.1
South Yorkshire	n/a	14.3	18.1	10.1	2.6	8.7	13.2	7.2	1.4	1.2	1.4
The Black Country	n/a	13.0	20.5	9.9	2.9	10.1	5.9	-1.3	-0.2	0.6	-0.3
West Midlands	n/a	12.1	24.9	9.6	3.4	8.5	12.9	5.2	1.3	1.2	1.0
Great Britain	n/a	11.4	27.1	9.8	3.7	9.1	14.8	5.7	1.4	1.4	1.1

‘The look and feel of North Staffordshire does not send the message to local residents or people externally that this is a place that has stopped declining[14]’.

The shift to a more knowledge based economy has wide ranging implications for people and places. Cities and towns that developed to serve previous industrial structures now have to adapt spatially to serve the new industrial structure. Underpinning the future success of North Staffordshire is the infrastructure that will link up and accommodate people and businesses. From our Ideopolis research, two drivers relate to the role of infrastructure in building successful cities in the knowledge economy. The first driver is creating the physical knowledge city, which is about having the architecture and accommodation that knowledge intensive businesses and workers require. Regeneration in North Staffordshire should transform the city centre and build on the potential of other areas, including towns and green spaces. Renewal funding for housing will transform the mix of accommodation within North Staffordshire and is seen as a real catalyst to transforming the area.

North Staffordshire also needs to address the second infrastructure driver, leveraging strong connectivity within and outside the city region, which is about good communications infrastructure combined with links both within the sub-region and outside. North Staffordshire has some excellent rail and road connections but needs better internal connectivity to link people to jobs, businesses to markets and learners to education institutions.

Taking into account the spatial manifestation of North Staffordshire’s economy, as well as how the city region links into the Midlands and Northern economies, this section considers how North Staffordshire’s economy fits together and what this means in terms of physical infrastructure and transport connectivity for the sub-region. Our evidence on the current infrastructure and linkages within North Staffordshire leads us to the conclusion that with a radical overhaul, the sub-region will open up many opportunities; without it, potential will remain unfulfilled. Transformation of place must be a key priority for the area.

[14] Interviewee quote

3.1 Place: An overview of the difficulties

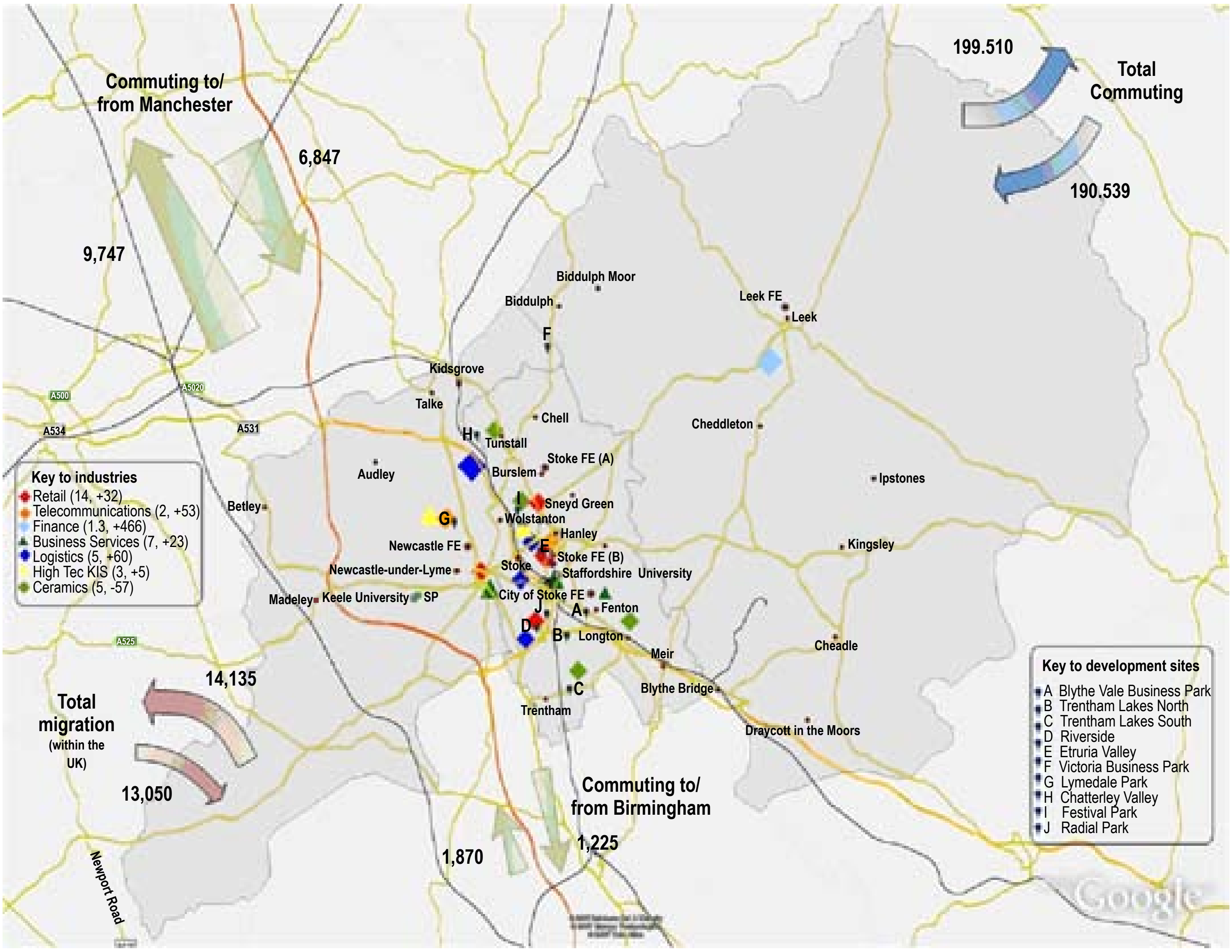
1. **Absence of a clear city centre:** Hanley West in Stoke-on-Trent is the city centre within North Staffordshire, having the highest concentration of jobs and drawing in the largest number of workers (over 19,600 from within the sub-region). Despite being the largest employment centre, however, the transport links do not all lead there, the retail offer is poor quality and there is a lack of business workspace that would help to change the feel of this area. Newcastle-under-Lyme is the other key strategic centre for North Staffordshire. It attracts around 7,000 workers each day, is the nearest town centre to Keele University and the Science Park and has a distinctive retail offer of smaller shops and boutiques.
2. **Good location but poor internal transport infrastructure:** North Staffordshire is centrally located in England, a short distance from major cities (Manchester, Birmingham and London) and well connected to markets by road and rail. However the infrastructure within the area is a real barrier. For example, visitors to Stoke-on-Trent arrive by train and there is a little sense of arrival or how to get around. The polycentric towns which served the old industrial structure (ceramics and mining) do not support the new industrial structure or the flow of people for leisure and consumer spending. At a time when there is increasing emphasis on sustainability, North Staffordshire needs to think radically and long-term about transport options that get people and products where they need to go.
3. **Tendency to 'jam-spread':** Competition for resources has led to jam-spreading, that is the distribution of funding across the sub-region equally rather than taking tough decisions to concentrate spending in specific locations to achieve better and more focused outcomes.
4. **Current infrastructure will not attact new businesses in priority sectors:** The industrial development of North Staffordshire has created an infrastructure and a built environment that will not attract new businesses in the priority sectors. Other cities have regenerated themselves to make their old industrial spaces appropriate for the new industrial structure and to forge links that will support their businesses and their communities to thrive. Physical regeneration that focuses on the commercial and residential accommodation as well as the connectivity of the sub-region is urgently required to enable North Staffordshire to make

better spatial sense to people living, working, doing business and visiting the area.

3.2 Current layout of North Staffordshire

Figure 14 below shows the location of North Staffordshire's key industries, development sites and commuter flows in and out of the sub-region.

Figure 14: Map of North Staffordshire – industry concentrations, commuting patterns and development sites



Source: Work Foundation analysis of the 2001 census and 2005 ABI data. Change in industries is measured between 1998 and 2005.

Summary: The map on the precious page shows commuting patterns, migration patterns, concentrations of industry and development sites.

For commuting, it shows that 199,510 people commute out of the North Staffordshire sub-region and 190,539 commute into the whole sub-region each day. Looking only at people commuting to/from Manchester and Birmingham, it is clear that there are stronger travel to work patterns with Manchester than Birmingham. Other commuters are travelling to various areas around North Staffordshire (and a few further afield eg London).

For migration, it shows that more people are leaving the area to live elsewhere in the UK than are moving into North Staffordshire. It does not include migrants from or to overseas.

Concentrations of industry are indicated by the key on the left and show which areas have the highest concentration of particular sectors and % change between 1998 and 2005.

The development sites are indicated by the key on the right and are scattered around the sub-region.

What the map illustrates, as do interviewees and policy and strategy documents, is the poor physical layout of the sub-region and the messages that this layout sends to existing residents and visitors and the detrimental impact it has on the area's economic performance. Many interviewees spoke of the 'spatial incoherence' of North Staffordshire and the lack of progress in physical regeneration. For example, a total of 97.5 hectares of land developed for industrial/employment use in North Staffordshire between 1995 and 2004 compared to 235.7 hectares in Birmingham[15]. This lack of regeneration in the past has left the sub-region with an infrastructure that is not fit for future economic needs and with a built environment that does not suggest to people internally or externally that North Staffordshire has stopped declining and is starting to improve.

Related to this there is at present a lack of coherence between the differing land uses across the sub-region, signalling a lack of coherence in spatial planning, and at present the spatial layout of North Staffordshire is disjointed. This has

[15] West Midlands Regional Assembly (2007) West Midlands Regional Spatial Strategy – Phase Two Revision: Spatial Options

knock on effects for the identity and image of the area. For example, Staffordshire University is located in Stoke-on-Trent but with no clear linkages to the city centre and, therefore, students do not readily associate themselves or the university with Stoke-on-Trent. Partly a result of the sub-region's historical beginning, being built up around its natural resources of clay, coal and iron ore, there is a dispersal of residential and business areas between the six towns of Stoke-on-Trent, Newcastle and outlying centres such as Kidsgrove, Biddulph and Meir with no obvious single centre. Other key issues include:

Lack of a city centre
With six towns and a fragmented urban form, the lack of city centre focus to developments is quite evident in North Staffordshire. There is no central business district in the sub-region. The city centre (Hanley Town) should be the main business district and came 43rd in Experian's 50 largest retail centres in the UK[16]. However, at present the city centre has a limited commercial and residential offer and needs to develop further its retail and leisure offers. This not only affects employment and inward investment – as seen by the relatively small number of city centre jobs in comparison with other similar sized urban areas (Stoke-on-Trent has 22,000 city centre jobs, whereas similar-sized Derby has 32,000, Wolverhampton 35,000, Leicester 47,000 and Nottingham 59,000) and the high vacancy rate but also impacts on the quality of life offer that the sub-region has. Several interviewees commented that there is not currently a centre for high quality cultural and leisure activities that give other places their 'buzz'.

Out of town vs town centres
The problems associated with a lack of city centre focus have been further compounded with the out-of-town development that has taken place in North Staffordshire. New business development sites in the sub-region have been located on the edge of the conurbation on former factory and mining sites. The Blythe Vale Business Park, Chatterley Valley, and Victoria Business Park are all examples of development sites located outside the urban centres on A-roads. This peripheral development has had negative consequences for the inner urban areas of North Staffordshire and has exacerbated economic problems – 'hollowing out' the city centres – as witnessed by the number of business closures and population decline.

[16] Experian 2007 Retail Ranking and 2017 predictions, see http://press.experian.com/documents/showdoc.cfm?doc=2822

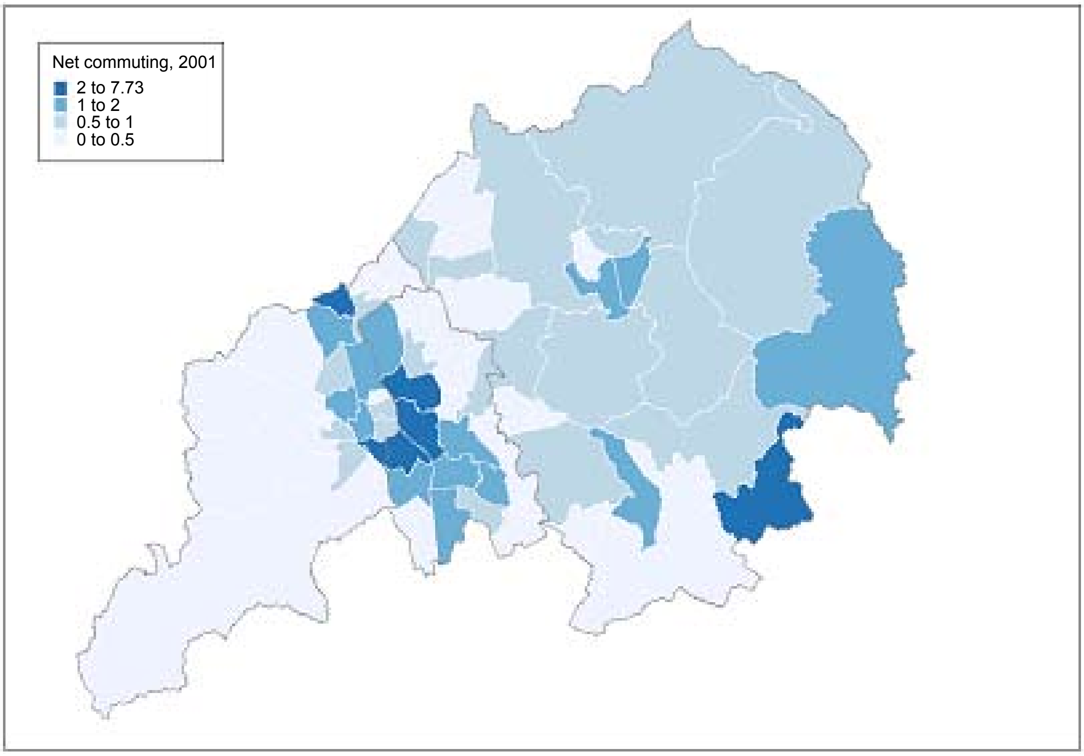
City centre developments
Current regeneration projects in the pipeline should help to reverse previous trends, concentrating development in the city centre to counteract movement out of the city and promote a process of urban renaissance. Plans for the creation of a central Business District, a University Quarter and the Cultural Quarter should all help to transform the city centre and its links with Stoke-on-Trent station, Staffordshire University and the local FE colleges. However, at present the projects continue to be implemented in a somewhat piecemeal way and, having been talked about for some time, there is some scepticism locally that projects such as the Business District will happen. There is an urgent need for these projects to be finalised as part of a wider vision for North Staffordshire and to start happening in a coordinated and complementary fashion. It is also vital that the projects are not just about tangible physical developments but about wider regeneration and this requires coordination and support from all the key stakeholders. For example, for the University Quarter to achieve its explicit aim of delivering skills-led regeneration that will improve the knowledge intensity of the wider sub-region, there needs to be long-term commitment to its skills aspirations (meaning results are visible beyond the physical transformation of the area) and it needs to be fully coordinated with the plans for the Cultural Quarter, Business District and investment in skills within the local area. Otherwise, interviewees commented, there is a risk that the ambitions of the project could be thwarted by lack of coordination and lack of progress on other projects.

3.3 Linking up people

Further examination of North Staffordshire's infrastructure enables us to better understand the interdependencies between the employment centres and residential areas in the sub-region. Employment in North Staffordshire is polycentric. Across North Staffordshire's wards, Hanley West in Stoke-on-Trent has the highest concentration of jobs and draws in the largest number of workers in from across the sub-region – over 13,000 from within Stoke-on-Trent, and over 4000 and 2600 from Newcastle-under-Lyme and Staffordshire Moorlands. Other wards in Stoke-on-Trent – Burslem South, Hartshill, Longton North and Trent Vale – and Town in Newcastle-under-Lyme also emerge as important employment centres, the first two bringing in over 10,000 and the others around 7,000.

Overall Stoke-on-Trent is a net importer of labour, with a larger number of people commuting into the district to work than commuting out. Despite having important local employers, particularly in the private sector – for example JCB, Britannia, legal firms such as Knight & Sons – Newcastle-under-Lyme and Staffordshire Moorlands are net exporters of labour. Figure 15 highlights the commuting patterns within North Staffordshire, whilst Figures 16 and 17 show commuter patterns to employment centres from outside North Staffordshire (within the immediate local area and to other city-regions).

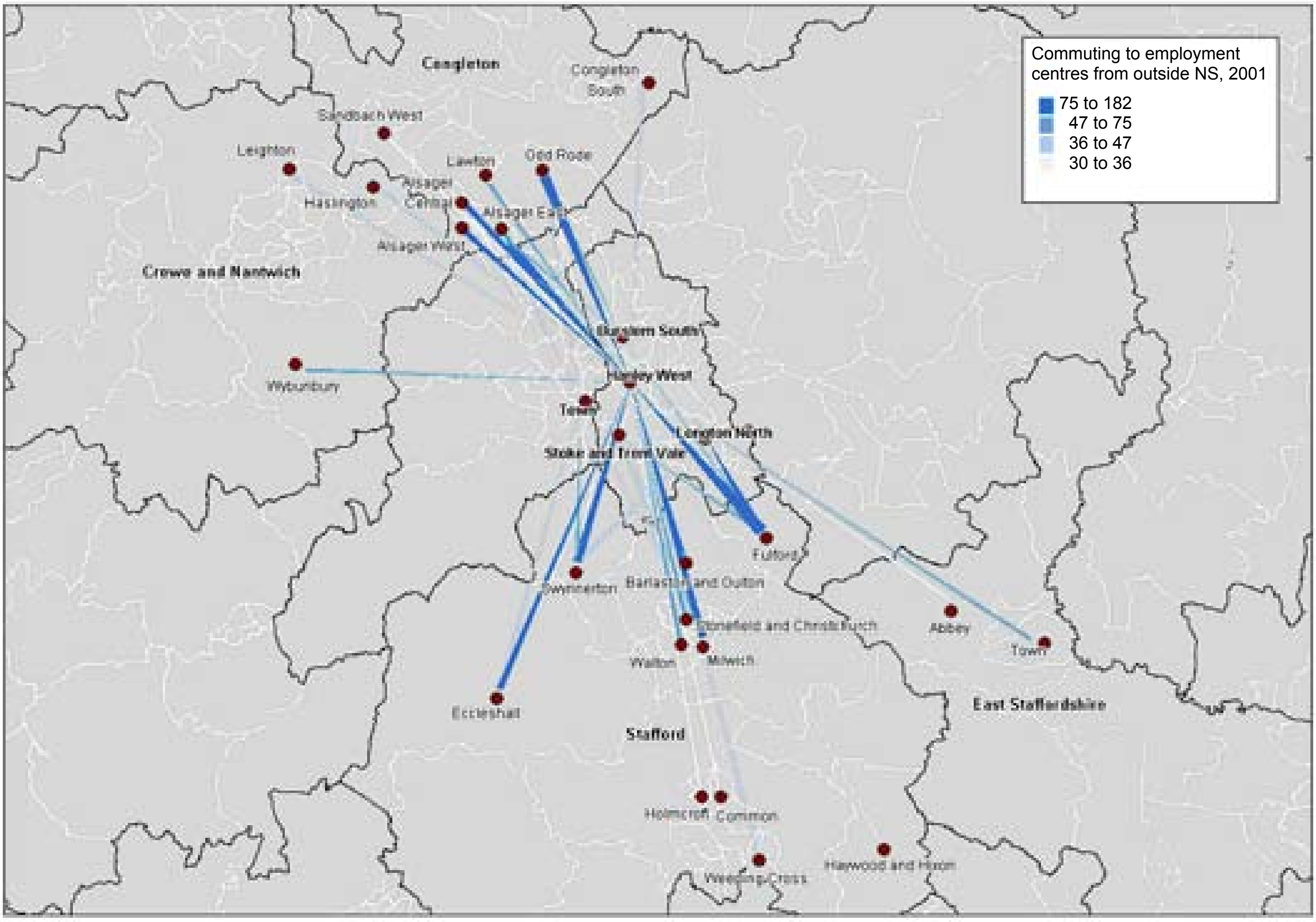
Figure 15: Commuting patterns within North Staffordshire



Source: 2001 Census Data

Summary: This map shows the areas of Stoke-on-Trent, Newcastle and Staffordshire Moorlands and highlights the 'net commuting' between the areas.

Figure 16: Commuting patterns to employment centres from outside North Staffordshire



Summary: This map shows commuting patterns of over 30 people into North Staffordshire from outside the sub-region. It highlights that the sub-region has links with East Staffordshire, South Staffordshire, Crewe and Nantwich and Congleton.

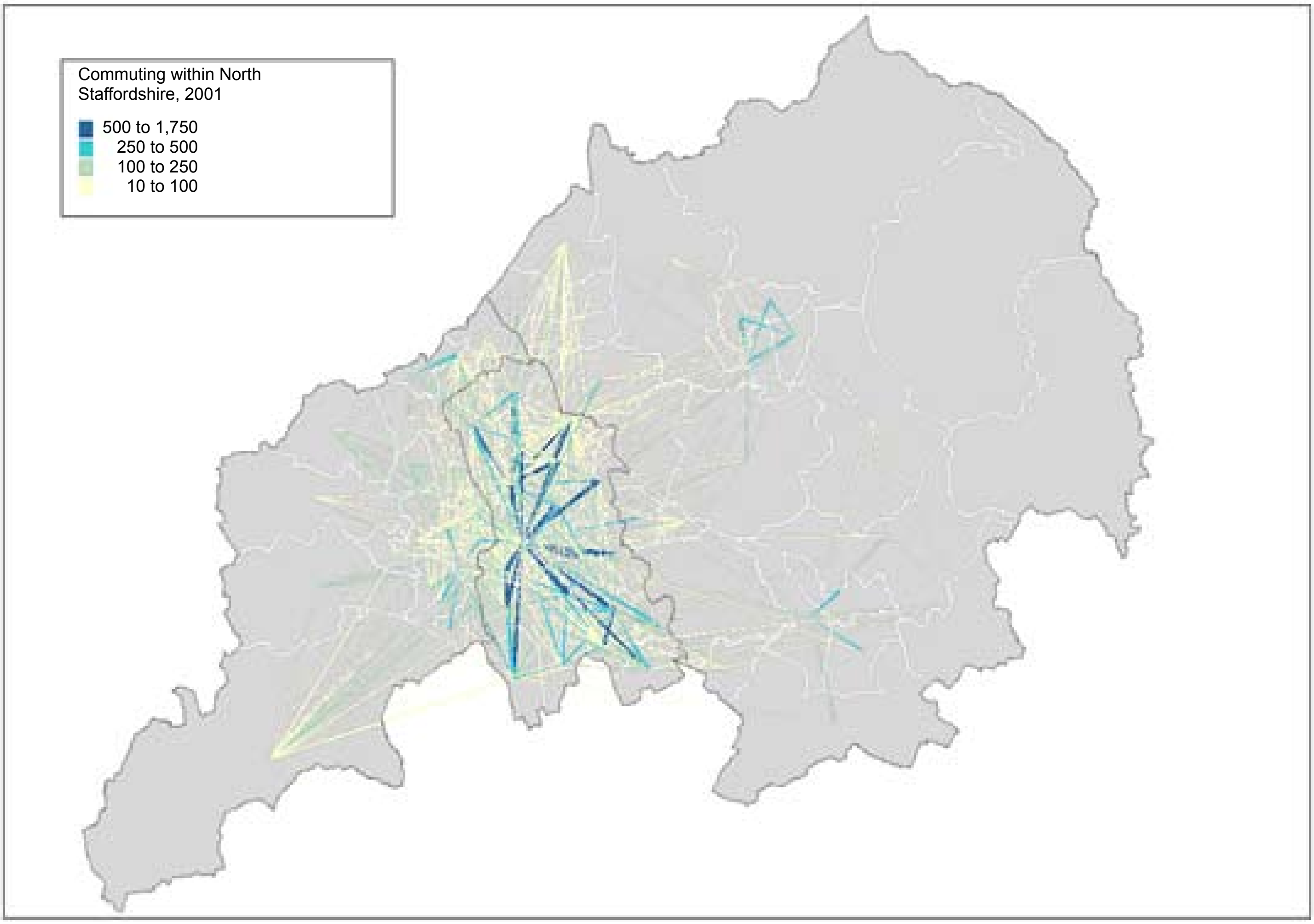
Figure 17: Commuter patterns to other city-regions

Summary: This map shows that North Staffordshire clearly positions itself between Manchester and Birmingham. The relationship in terms of labour markets is strongest between North Staffordshire and Manchester, with the highest number commuting between the two – almost 6 per cent of North Staffordshire labour market commuting to Manchester – with one of the largest knowledge economies in England outside London and the south east – to work. A far smaller number commute to Birmingham and an even smaller to London (which is just an hour and a half away on the train).

3.3.1 Comparisons with other urban areas

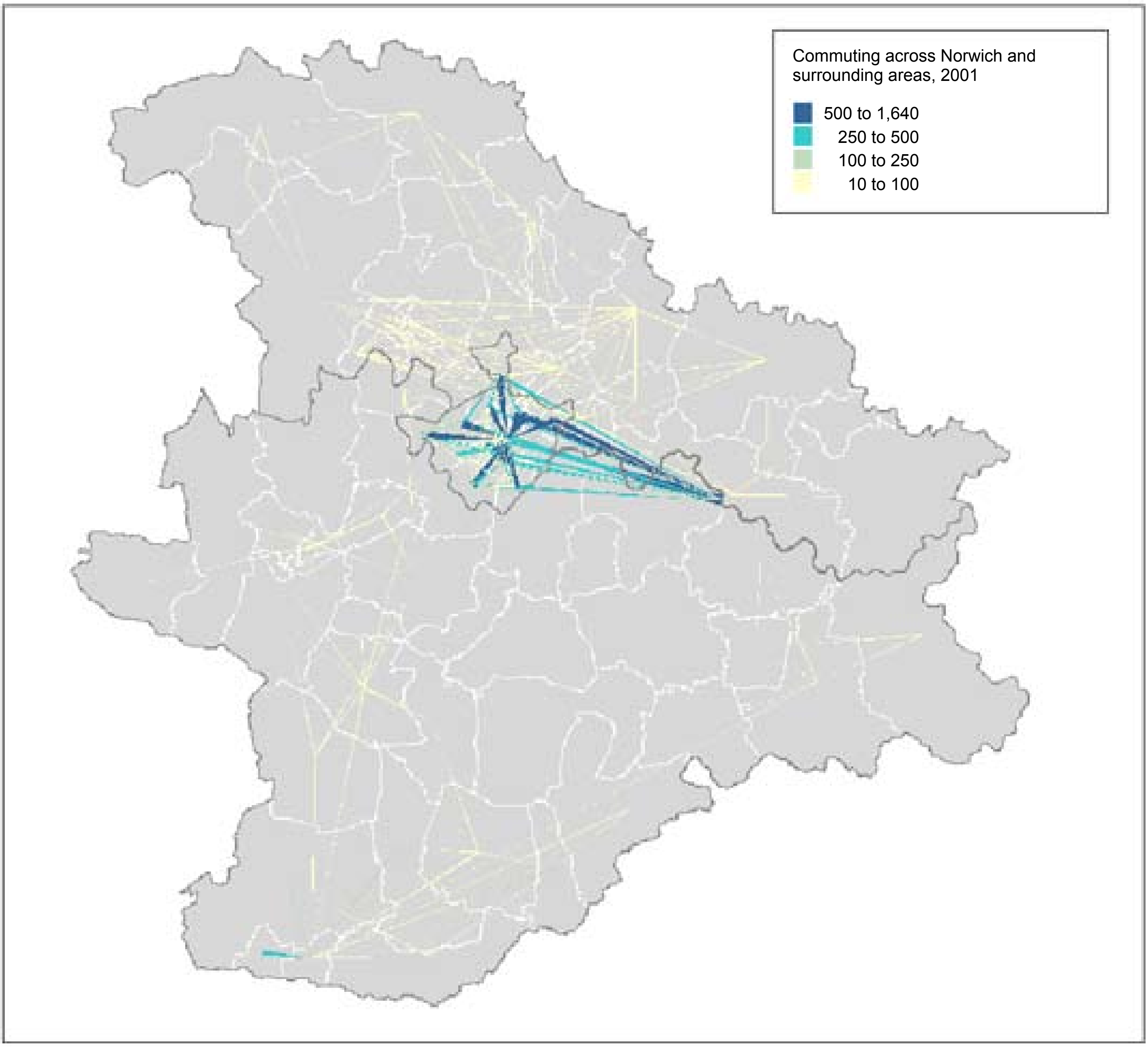
Figures 18 to 20 on the next pages show commuting patterns in Sheffield City-Region, Norwich and North Staffordshire. Comparisons of these three figures highlight the differences between polycentric and monocentric urban areas, but also demonstrate the magnet that a larger city-region economy has.

Figure 18: Commuting within North Staffordshire



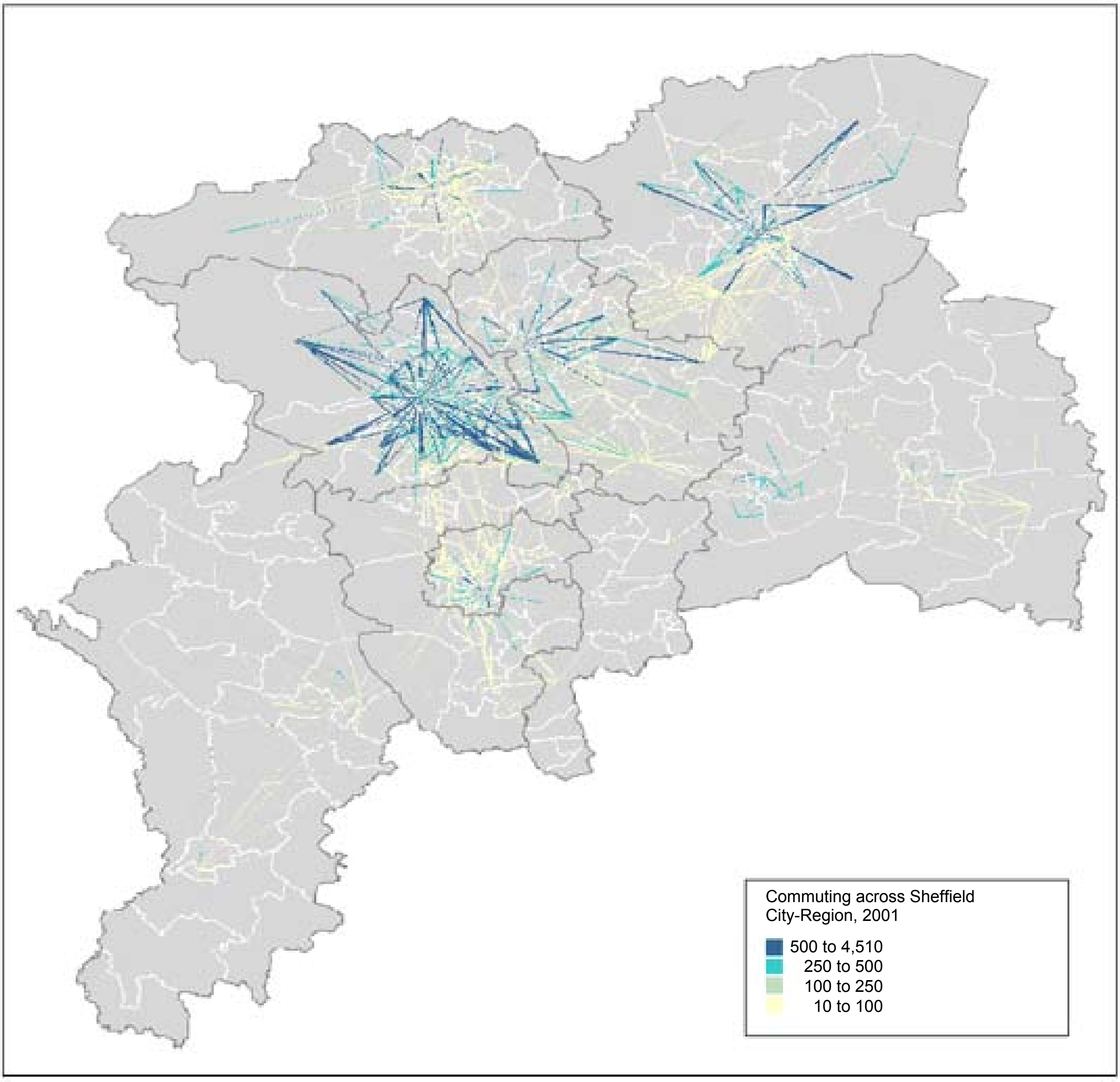
Summary: This map shows the areas of Stoke-on-Trent, Newcastle and Staffordshire Moorlands and highlights all links of over ten people who are commuting within North Staffordshire for work. It highlights that all parts of North Staffordshire have strong links with each other, with many choosing to live in one area and work in another.

Figure 19: Commuting within Norwich



Summary: This map shows the area of Greater Norwich and highlights that commuting patterns are relatively strongly focused around the city area, with some links within Norfolk as well

Figure 20: Commuting within Sheffield City-Region

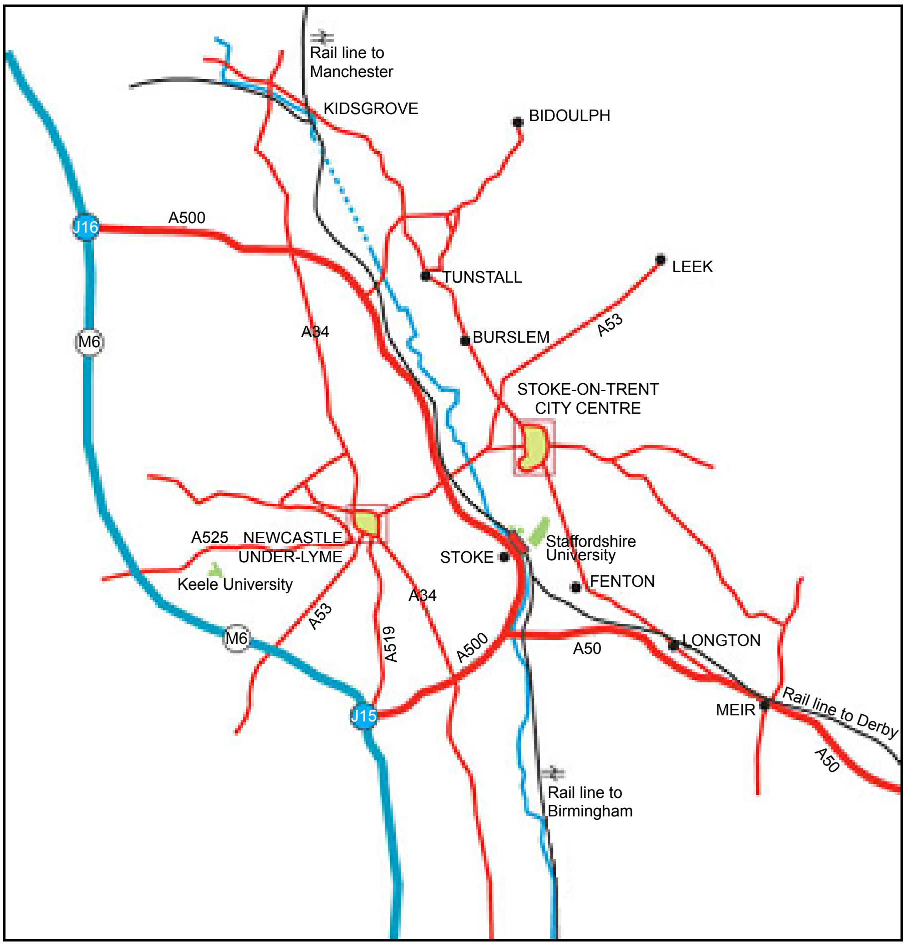


Summary: This map shows Sheffield City-Region and highlights what a polycentric area should look like – clearly identifiable centres of employment around the city-region, but also a clear centre (Sheffield) where most employment is focused.

3.4 Leveraging strong connectivity

Physical connectivity between and within places is an important enabler of economic and social activity. Places and people need physical links. To thrive, North Staffordshire needs to capitalise on its location and to improve internal connectivity. Many interviewees spoke of location as being a key asset for the area: central within England, well connected to key urban centres, access to markets, access to countryside.

Figure 21: Transport connections in North Staffordshire



North Staffordshire's location also means that it is well placed in terms of road and rail networks. The sub-region is in close proximity to the M6 and M1 motorways and Stoke-on-Trent is situated on the West Coast Mainline, with journey times of just over 30 minutes to Manchester, less than an hour to Birmingham and an hour and a half to London. The commuter times combined with relatively affordable housing means that North Staffordshire could be an ideal residential area for those working in Manchester or Birmingham but who cannot afford to live there.

Not only is important that people are able to move though the area but North Staffordshire's transport and layout should work to unite the area. Internal connectivity is, however, limited and limiting. This further reinforces the way in which the current infrastructure acts as a barrier to rather than enables economic growth. There is work underway to improve internal transport infrastructure: two new major transport projects on the A500 and A50 have been completed to improve the traffic circulation of North Staffs and the local transport infrastructure and new build residential areas are within 30 minutes public transport travelling time of key facilities.

However, as the Stoke-on-Trent Regeneration Strategy points out, there is 'plethora of convoluted bus routes within the City Centre often 'behind' retail areas leading to an incoherent and disjointed public realm'[17]. Indeed, other transport connections also contribute to this disjointedness. The A500 runs alongside the railway line, bypassing the city centre rather than drawing people into the centre of the sub-region. And out of the main employment areas, bus connections are patchy from the north to the east and from the far south to other areas. It is therefore unsurprising that the area is subject to a considerable amount of traffic congestion which, going forward, will need to be addressed.

3.5 Building the physical knowledge city

'There are cranes in other city centres but there are none in Hanley city centre[18]'

'Hanley is a disgrace…almost like stepping back into a timewarp'[19]

Future success in North Staffordshire will rely on having the architecture and accommodation that knowledge intensive businesses and workers require. This includes commercial and residential accommodation, public buildings,

[17] Source: Regeneration Strategy, City of Stoke-on-Trent
[18] Interviewee comment
[19] Interviewee comment

infrastructure and public space. It is also about having the accommodation for other businesses, such as retail and personal services, and their employees.

3.5.1 Housing

Renew North Staffordshire has been working to tackle low demand for housing in Stoke-on-Trent and Newcastle and has had a number of successes in recent years in leveraging public and private sector funding redevelopment large areas of rundown housing. Over half of Renew's spending has been concentrated in the urban core area and has succeeded in attracting new residents into the conurbation. Despite this, average house prices are still below the regional and national averages and recent increases in houses prices have followed national trends. Whilst rates of owner occupation across the sub-region are relatively high – 72.7% across Stoke-on-Trent, Newcastle-under-Lyme and Staffordshire Moorlands – they are lower than the sub-regional average in Stoke-on-Trent, although still running at over 65%. Lower levels apply within the pathfinder boundary where the average drops to 53.8% (52.6% for the city).

Across North Staffordshire as a whole, however, there is a lack of high quality housing necessary to attract highly skilled workers and organizations. It is important to note that the proportion of poor quality housing in local authority stock has reduced substantially in recent years, from 47.2 per cent of local authority stock in the sub-region being declared non-decent in 2004 to 27.6 per cent in 2007. 7 per cent of private sector dwellings were declared unfit, rising to 12 per cent in Stoke-on-Trent. Considering stock condition, housing prices and vacancies it was found that the sub-region had the 'weakest housing market in the West Midlands by a considerable margin'[20], although this may also have changed somewhat since 2004. Like the sub-region's business accommodation, new residential developments have been scattered across the sub-region. A study of business perceptions of the area found the sub-region's housing to be one of the most significant deterrent to locate in the area.[21]

3.5.2 Land

One of North Staffordshire's key strengths is the availability of land at relatively low prices. This is not without its difficulties as there is a stock of brownfield land unsuitable for business development. Nevertheless, the available land within

[20] Renew North Staffordshire (2004) *Market Renewal Prospectus*
[21] Research Associates (2003) Business Perceptions of the North Staffordshire Area

North Staffordshire presents an affordable offer to businesses looking to relocate or invest in the area.

Currently, North Staffordshire and particularly Stoke-on-Trent and Staffordshire Moorlands have a larger than average proportion of commercial floorspace classified as 'factories' and a much smaller proportion classified as offices or commercial offices compared to national and to a lesser extent, regional averages. Accommodation for knowledge based industries – which are predominantly office based – is therefore lacking in North Staffordshire. This is shown in Figure 22 below.

Figure 22: Commercial floorspace in North Staffordshire

	% of commercial and industrial classified as 'retail', 2005	% of commercial and industrial classified as 'offices', 2005	% of commercial and industrial classified as 'commercial offices', 2005	% of commercial and industrial classified as 'factories', 2005	% of commercial and industrial classified as 'warehouses', 2005
Stoke-on-Trent	16.4	7.4	5.0	51.2	23.4
Newcastle-under-Lyme	14.6	9.2	7.0	32.0	41.2
Staffordshire Moorlands	12.0	6.9	4.2	58.3	19.9
West Midlands	14.5	10.9	8.5	43.8	28.0
England and Wales	17.5	16.7	13.8	36.6	25.7.

The changing economy in North Staffordshire has and will have significant implications for the ways that people live, work and consume in the area. Decisions about how to invest in the physical infrastructure need to take into account the changing nature of jobs and the shift in demand for skills. Given the weaknesses in North Staffordshire's economy (especially in relation to worklessness and low levels of skills within the labour market), mechanisms are required to equip residents with the skills that they need to be part of the transformed North Staffordshire, to ensure that they can secure 'good jobs', to attract new people to the sub-region and to mitigate some of the challenging implications of the shift to a knowledge based economy.

The knowledge economy is associated with a cognitive transformation, with economic and social value placed on high level qualifications. In cities the presence of high skill organisations is associated with economic growth – and this is one of the nine Ideopolis drivers. Research consistently links the average level of qualifications in a city with economic growth, with considerable evidence existing that the highly skilled are more productive and that skilled cities are best able to adapt to economic change (Glaeser and Saiz[22]). A lack of qualifications is also associated with unemployment, constrained growth and innovation in firms and lower wages. This means that North Staffordshire's knowledge economy strategy ought to focus on attracting high skill organisations (in the ceramics, medical technologies and higher education sectors as discussed in the previous section) and on supporting those without qualifications to develop skills.

Whilst North Staffordshire is not alone in having a significant number of people without basic qualifications, it faces highly significant challenges in this area making it much more difficult to grow innovation or increase wage levels in the sub-region. Higher than average levels of worklessness in North Staffordshire – that is, a higher than average group of working age people who are not economically active – create a further challenge: transforming North Staffordshire requires the tackling of the many barriers that prevent people from being economically active as well as focusing on moving existing jobs up the value chain. As the knowledge economy develops, the debate about the growing or reinforced divisions between 'knowledge-haves' and 'knowledge-have-nots' continues. This is why investing in communities, another Ideopolis driver, is

[22] Edward L. Glaeser & Albert Saiz (2003) 'The Rise of the Skilled City', Harvard Institute of Economic Research Discussion Paper Number 2025.

important: ensuring that the potential benefits of a growing knowledge economy and a better quality of life are experienced by the whole community, and mitigating some of the negative consequences of the shift to a knowledge based economy.

The growing importance of qualifications and skills requires education institutions to respond to the demands of individuals and employers. Another Ideopolis driver centres on the presence of a vibrant education sector embedded in the community and economy.

4.1 People: An overview of challenges

Although many interviewees commented favourably on the friendly culture of North Staffordshire and the quality of its people, the statistics about the skills, health and employment of people living in the sub-region present a challenging picture. Four key challenges that the area is facing are:

1. **Net migration out of Stoke-on-Trent:** In Stoke-on-Trent there have been signs of a negative net migration meaning that more people left the city than moved in. North Staffordshire's population declined by around 1000 between 2000 and 2003. A declining population is a symptom of an economy that is not growing and a city that does not supply housing and a quality of life to attract people to live there. It is also worth noting that younger people and those with higher level skills are also more likely to move, leaving a population that is more likely to be economically inactive (related to age and lower skills levels).

2. **Low skill equilibrium:** 20 per cent of North Staffordshire's working age population has a degree or above, compared to a national average of 27 per cent. There are most highly qualified workers in Staffordshire Moorlands (28 per cent) and fewest in Stoke-on-Trent (17 per cent). Given the changing nature of the economy and the evidence that higher skills are associated with higher productivity, this low skill equilibrium needs to be changed if North Staffordshire is to be transformed.

3. **Sizeable population without qualifications:** The same proportion of North Staffordshire's population has no qualifications as is educated to

degree level or above. 20 per cent of North Staffordshire's population has no qualifications, compared to a national average of 14 per cent. This is highest in Newcastle (27 per cent) and lowest in Staffordshire Moorlands (9 per cent). Those with low/no qualifications reaches over 70 per cent in some wards. Stoke-on-Trent is in the top 5 per cent of districts with the highest percentage of working age residents without level 2 qualifications (basic qualifications).

4. **High levels of worklessness:** In North Staffordshire, 25 per cent of the working age population is economically inactive (that is, not in employment, education or training). This compares to 21 per cent in Great Britain as a whole and rises to almost 27 per cent in Stoke-on-Trent. The impacts of such high levels of inactivity are significant for individuals, families and communities and relate to the economy, health, social factors and quality of life.

It is important to note that many of these challenges, and the solutions to them, are inextricably linked to the economic and infrastructural analysis undertaken in previous sections. Nonetheless, with skills, worklessness and health presenting such significant challenges to the sub-region and particularly to Stoke-on-Trent, it is vital to discuss these issues in more detail in order to better understand what the likely implications and possible solutions to these challenges are.

4.2 Jobs and the labour market in North Staffordshire

North Staffordshire is facing challenges related to the number and quality of jobs in the labour market, as well as to the proportion of the working age population participating in the labour market. Firstly, that there is not a critical mass of high skill organisations, meaning that many of the jobs in North Staffordshire are low value and low wage (around 18 per cent below the national average) and also that the labour market therefore does not attract inward investment from high value organisations. Secondly, this gives rise to demographic trends with skilled young people leaving the area. Thirdly, both of these issues have a strong spatial element with the high value employment that does exist being outside the city and town centres as well as those people with high level skills living either outside the towns or outside North Staffordshire all together. Thus, fourthly, worklessness is concentrated within specific areas of the sub-region which can result in a further barrier to work for those not currently economically active.

Like other areas that have witnessed post-industrial decline, North Staffordshire has the legacy of low paid industrial jobs, and in particular low pay jobs within the ceramics industry. As interviewees discussed, North Staffordshire has not witnessed significant economic development in the past. In many ways, this lack of economic development was a way of retaining the ceramics industry: if economic development had occurred within the sub-region it would have created opportunities for people outside the ‘pits or the potteries’ and this would have changed the nature of the local labour market. As one interviewee put it ‘employers had a vested interest in keeping inward investment out of the area as it would push wage rates up.’

It was widely acknowledged by interviewees that there is a ‘reliance on low wage sectors such as call centres and distribution’. And this situation again keeps North Staffordshire’s economy at the low value end: a lack of high skill organisations and a lack of people with skills to work within these organisations. As one interviewee remarked, ‘there are quite a lot of low value jobs but these are needed because of the low skills base’. The implications for long-term economic development are significant: ‘A small workforce with lower relative productivity is a reality that could lead to the area being less likely to attract and develop value added business over time’.

As discussed in the previous section, placing too much weight on the proportion of employment in knowledge intensive industries to gauge the presence of high skill organisations within an area can often mask issues around job quality and the availability of ‘knowledge’ jobs. Across North Staffordshire, the proportion of people employed in knowledge industries qualified to degree level (and indication though imprecise measure of job level) is low compared to national averages. Indeed, the proportion on this group in Stoke-on-Trent is amongst the lowest in the country. This is shown in Figure 23 on the next page. Furthermore, Stoke-on-Trent has one of the highest proportions of people working within ‘knowledge industries without level 2 qualifications. Newcastle-under-Lyme broadly matches regional averages which are below national averages.

Figure 23: Knowledge Workers, 2005

	% of knowledge workers in k-industries, 2005	% change in knowledge workers in k-industries, 2004-2005	% of knowledge workers qualified to degree level, 2001	% of knowledge workers without level 2 qualifications, 2001
North Staffordshire	14.2	21.8	40.4	28.4
Newcastle-under-Lyme	16.1	13.2	44.5	25.3
Staffordshire Moorlands	14.8	58.9	41.5	28.1
Stoke-on-Trent	13.0	15.3	36.6	31.0
Birmingham and Solihull	18.1	5.9	48.6	22.8
Coventry and Warwickshire	15.6	21.6	47.5	22.7
Humberside	13.2	18.5	40.5	28.5
South Yorkshire	14.8	10.4	45.2	25.5
The Black Country	12.3	15.1	38.2	30.4
West Midlands	15.2	14.5	43.9	25.3
Great Britain	17.7	17.8	47.7	22.2

There are strong spatial and demographic implications to the current job mix in North Staffordshire. Concerns were expressed by interviewees about what the current economy offered to young people. One interviewee described 'limit to the extent to which you can persuade young people that if you get better qualifications you get better jobs…there are no signs of better jobs'. Furthermore, reflecting national trends, young people with higher levels of qualifications are more likely to move for jobs, meaning that they move away from the area.

4.3 Skills in North Staffordshire

Related to the presence of low value jobs is the issue of skills (shown in Figures 24 to 26 below). This is not only about high level skills, but a 'skill mix' that includes intermediate level skills. Interviewees highlighted this as a key issue with complex implications:

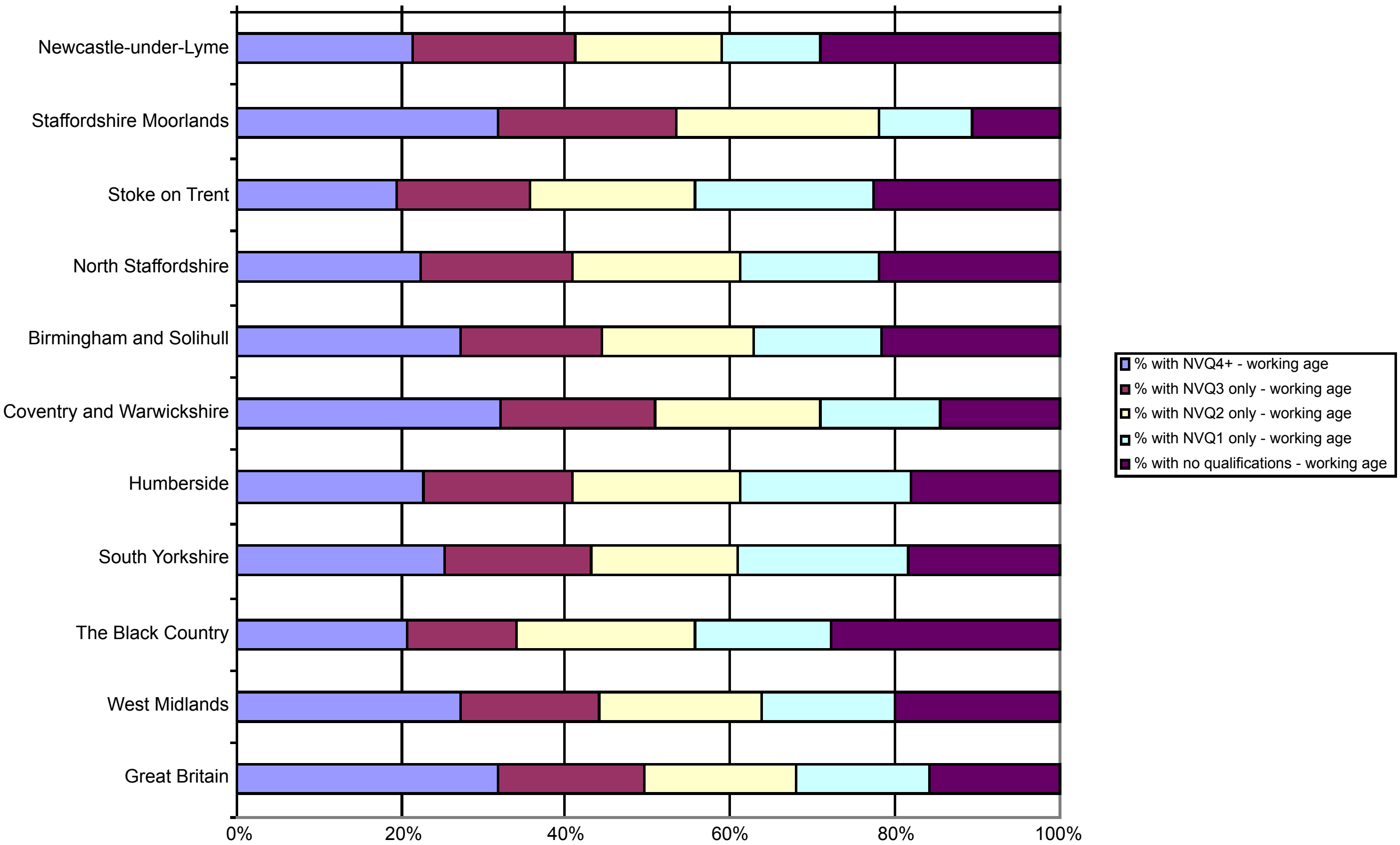
'Some very skilled people without the paper qualifications to show it. Very good and dedicated workforce.

'There are plenty of people to employ but many of them haven't got the right skills. For example, Retailer A has to recruit from South Birmingham as they can't find the right skills in North Staffordshire.'

Figure 24: Qualifications in North Staffordshire and comparator areas, 2005

	% with NVQ4+ - working age, 2005	% with NVQ3 only - working age, 2005	% with trade apprenticeships - working age, 2005	% with NVQ2 only - working age, 2005	% with NVQ1 only - working age, 2005	% with other qualifications - working age, 2005	% with no qualifications - working age, 2005	% qualified below NVQ2 - working age, 2005
Newcastle-under-Lyme	19.55	18.30	4.33	16.48	10.75	3.77	26.82	39.64
Staffordshire Moorlands	28.21	19.29	8.04	21.61	10.18	3.21	9.46	21.41
Stoke-on-Trent	17.05	14.25	5.96	17.67	18.84	6.37	19.86	42.20
North Staffordshire	19.99	16.34	5.96	18.17	14.95	5.04	19.55	37.28
Birmingham and Solihull	23.49	14.95	2.89	15.92	13.77	10.28	18.70	38.13
Coventry and Warwickshire	28.01	16.60	4.48	17.71	12.74	7.68	12.78	29.73
Humberside	19.71	15.61	6.19	17.60	17.62	7.42	15.84	37.54
South Yorkshire	21.33	15.04	6.44	15.20	17.46	8.91	15.62	37.97
The Black Country	17.86	11.61	4.98	18.66	14.14	8.66	24.08	42.99
West Midlands	23.77	14.90	4.47	17.25	14.30	7.69	17.62	36.16
Great Britain	27.43	15.25	5.33	15.83	13.95	8.46	13.75	32.36

Figure 25: ‘Skills mix’ in North Staffordshire



The percentage of young people not staying in education is above the regional and national averages in North Staffordshire (with the exception of Staffordshire Moorlands) – the average SOA score for Stoke-on-Trent stands at 71 per cent, whilst the regional and national figures are 66 and 64 per cent respectively.

Figure 26: School indicators in North Staffordshire

	% of all 15 year old pupils achieving 5+ A* C, 2004/05	% of all 15 year old pupils achieving 5+ A* G, 2004/05	% of students achieving 2 or more GCE/ VCE A Level or equivalent passes, 2004/05	% of students achieving 3 or more GCE/ VCE A Level or equivalent passes, 2004/05	% of 16 to 24 year olds qualified above NVQ3, 2005	% of 16 to 24 year olds qualified below NVQ2, 2005	Unauthorised absence in all schools, 2005/06
North Staffordshire	52.4	90.0	91.2	4.2	25.4	28.0	2.0
Newcastle-under-Lyme	54.2	90.8	83.6	2.7	26.9	28.0	0.4
Staffordshire Moorlands	63.8	92.7	93.8	5.6	28.4	20.2	0.3
Stoke-on-Trent	47.4	88.6	94.7	4.4	23.8	30.2	1.3
Birmingham and Solihull	56.8	89.6	91.8	7.0	26.9	24.8	1.6
Coventry and Warwickshire	53.1	90.1	93.5	6.5	30.5	16.9	3.2
Humberside	51.4	88.1	93.8	5.4	23.7	29.2	3.4
South Yorkshire	46.8	86.5	90.8	6.0	25.2	26.8	5.1
The Black Country	49.9	87.6	88.2	4.6	21.7	30.8	3.8
West Midlands	52.6	89.4	92.1	6.3	26.0	24.7	0.8
Great Britain	56.0	88.6	92.6	6.9	27.3	23.5	0.8

From Figures 24 to 26, we can draw out some key points to make about skills in North Staffordshire:

- Stoke-on-Trent is in the top 5 per cent of districts with the highest percentages of working age residents without level 2 qualifications (basic qualifications).
- Only Staffordshire Moorlands has a lower than national average for low/ no qualifications.
- Across North Staffordshire, there is a below average proportion of graduates (Stoke-on-Trent's is particularly low).
- Only 11.6 per cent of the workforce in Stoke-on-Trent have higher level skills (NVQ4 or above), lower than the regional average (20.2 per cent) and national (23.7 per cent). A high proportion of workers in Stoke-on-Trent (25.8 per cent) have no formal qualifications.
- Those with low/no qualifications reaches over 70 per cent in some wards (well over the national average) These wards also have a very low proportion of graduates.

The implications of this skill mix include low productivity and skills shortages. However, there are significant education and skills activities within North Staffordshire aimed to address these issues.

4.4 People and place in North Staffordshire

Given that some areas of North Staffordshire have witnessed a population decline in recent years, attracting and retaining people in the sub-region is critical to future success. At the moment, the lack of high value jobs and the quality of place offered within some areas of North Staffordshire are significant barriers to attracting new people. As one interviewee remarked, North Staffordshire is ‘not known as somewhere that people with high disposable incomes would choose to live.’ As other research has demonstrated, in part this is about jobs, housing and the provision of public services, but is also about the access to services, leisure, culture and other lifestyle related activities. One interviewee commented that there is ‘not a lively night scene unless you want to be paralytic’[23]. Within the national context, North Staffordshire is not alone in lacking a diverse range of outlets and activities for people to spend their money, however with many cities benefiting from the growth of niche consumer, service, leisure and cultural outlets, North Staffordshire risks being overlooked by whole demographics of people who otherwise might find the sub-region somewhere desirable to live given housing costs and the transport connections to jobs.

Figures 27 to 30 present data on deprivation and benefit dependency in North Staffordshire. From these figures, we can see that there are significant difficulties facing the sub-region. These include high levels of deprivation concentrated in specific areas and also high levels of benefit claimants (22 per cent of the working age population in Stoke-on-Trent are on some type of benefit).

[23] Work Foundation interviewee

Figure 27: Showing the percentage of North Staffordshire's super output areas falling in the most deprived 20 per cent of SOAs in England, IMD 2004

	% of SOAs falling in the most deprived 20% of SOAs in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the income domain in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the employment domain in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the health domain in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the education domain in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the housing domain in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the crime domain in England, 2004	% of SOAs falling in the most deprived 20% of SOAs in the living environment domain in England, 2004
North Staffordshire	31.7	25.3	36.3	46.0	40.7	3.3	24.7	17.7
Newcastle-under-Lyme	14.8	9.9	19.8	24.7	24.7	2.5	3.7	6.2
Staffordshire Moorlands	3.4	5.1	11.9	10.2	11.9	13.6	3.4	3.4
Stoke-on-Trent	50.6	40.6	53.8	70.0	59.4	0.0	43.1	28.8
Birmingham and Solihull	48.4	46.0	46.5	43.5	39.4	16.5	36.8	51.7
Coventry and Warwickshire	15.7	14.7	14.2	17.9	20.9	11.1	19.2	20.2
Humberside	29.2	28.7	28.5	22.6	34.9	6.6	40.4	26.9
South Yorkshire	38.3	34.4	44.3	44.1	45.2	6.3	21.9	17.5
The Black Country	39.7	39.2	38.3	30.2	50.1	1.1	24.3	40.4
West Midlands	27.2	26.6	26.7	25.1	31.6	11.1	22.0	26.6
Great Britain	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0

Figure 28: Deprivation in North Staffordshire (showing the percentage of super output areas falling into the 20 per cent most deprived in England, IMD 2004)

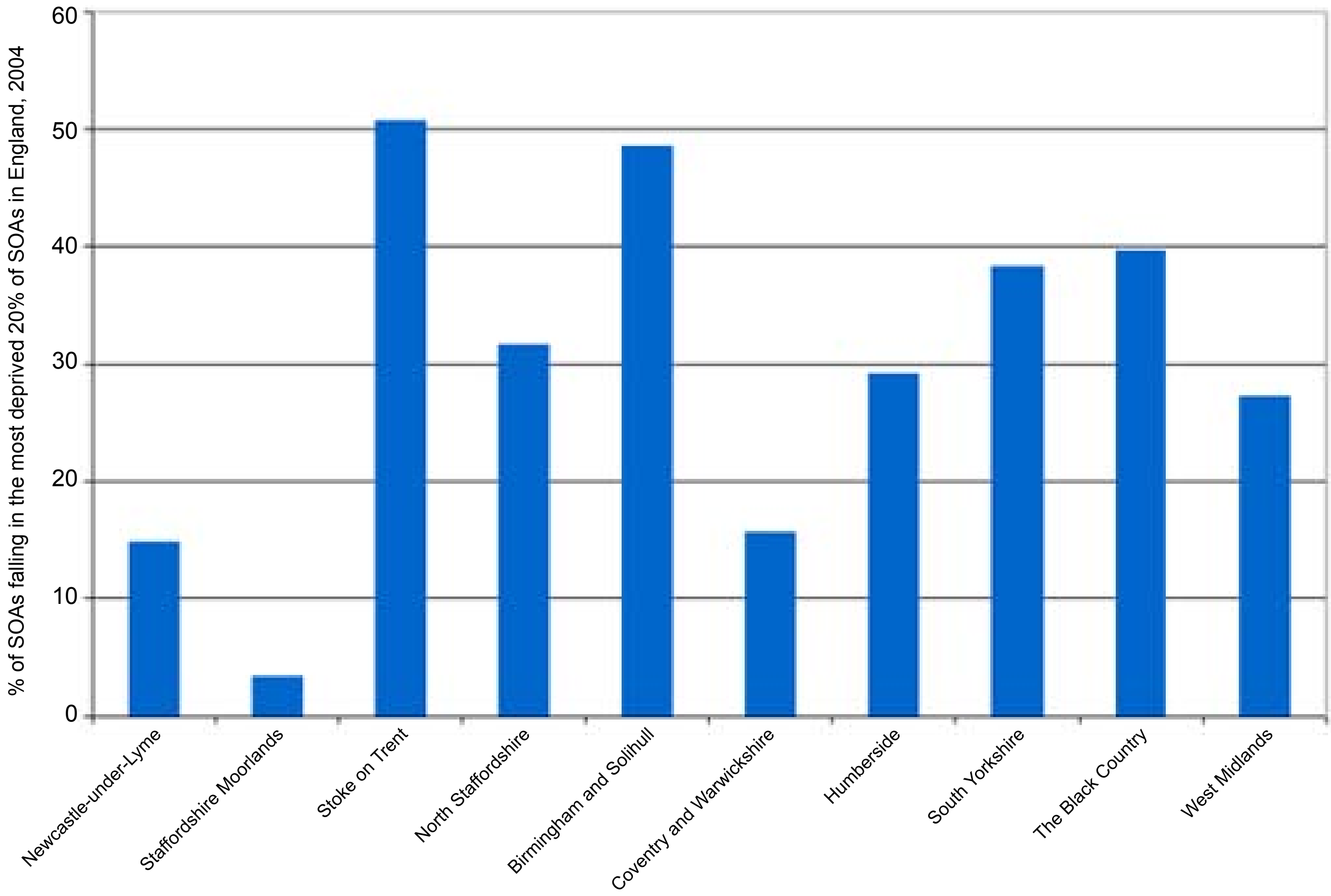


Figure 29: Showing the North Staffordshire's rank of average super output areas scores, IMD 2004

	Rank of average of LSOA IMD scores, 2004	Rank of average of LSOA income scores, 2004	Rank of average of LSOA employment scores, 2004	Rank of average of LSOA health scores, 2004	Rank of average of LSOA education scores, 2004	Rank of average of LSOA housing scores, 2004	Rank of average of LSOA crime scores, 2004	Rank of average of LSOA living environment scores, 2004
North Staffordshire *(of 48)*	12	16	8	6	4	47	13	16
Newcastle-under-Lyme *(of 354)*	138	174	99	84	110	337	117	160
Staffordshire Moorlands *(of 354)*	182	241	123	121	182	237	180	197
Stoke-on-Trent *(of 354)*	18	36	21	12	7	343	36	68
Birmingham and Solihull *(of 48)*	2	2	6	9	9	8	5	2
Coventry and Warwickshire *(of 48)*	22	22	22	20	21	31	18	17
Humberside *(of 48)*	14	12	12	18	3	48	7	12
South Yorkshire *(of 48)*	7	10	5	7	2	34	16	14
The Black Country *(of 48)*	9	7	9	10	1	43	10	5
West Midlands *(of 9)*	5	4	4	4	3	5	3	4
Great Britain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Figure 30: Benefit claimants in North Staffordshire, 2007

	% of residents on benefits (all), 2007	% of residents on benefits (all) for over 1 year, 2007	% of residents on benefits (all) for over 5 years, 2007	% of residents on incapacity benefit, 2007	% of residents on incapacity benefit over 1 year, 2007	% of residents on incapacity benefit over 5 years, 2007	% of residents on Job Seekers Allowance, 2007	% of residents on Job Seekers Allowance over 1 year, 2007	% of residents on Job Seekers Allowance over 5 years, 2007
North Staffordshire	18.2	13.7	8.9	3.4	2.6	1.5	2.6	0.4	0.1
Newcastle-under-Lyme	14.2	10.7	6.8	2.8	2.2	1.2	1.9	0.3	0.1
Staffordshire Moorlands	12.3	9.6	6.2	2.9	2.3	1.4	1.3	0.1	0.1
Stoke-on-Trent	22.5	16.9	10.9	3.8	3.0	1.7	3.4	0.5	0.1
Birmingham and Solihull	20.2	14.3	8.3	1.9	1.5	0.8	5.1	1.4	0.2
Coventry and Warwickshire	13.1	9.2	5.6	1.7	1.2	0.7	2.7	0.5	0.1
Humberside	16.4	11.1	6.6	1.7	1.2	0.6	3.6	0.6	0.1
South Yorkshire	17.9	13.3	8.4	2.6	2.0	1.2	2.9	0.5	0.1
The Black Country	19.6	13.7	7.9	2.3	1.7	0.9	4.4	1.0	0.1
West Midlands	16.0	11.4	6.8	2.0	1.5	0.8	3.3	0.7	0.1
Great Britain	14.7	10.7	6.6	2.0	1.5	0.8	2.5	0.5	0.1

These figures show that the impact of economic decline and the implications of this are being experienced by existing residents in North Staffordshire. North Staffordshire has a higher than average proportion of residents claiming incapacity benefit – indeed, in Stoke-on-Trent, this rate is twice the national average. With almost 23 per cent of residents in Stoke-on-Trent claiming some type of benefit, compared to 15 per cent in Great Britain and 16 per cent in

West Midlands, the implications of economic inactivity in North Staffordshire are profound. The explanations of such high levels of worklessness in North Staffordshire are complex although there are some themes that are common to other post-industrial areas in the UK. In brief, the shift from a manual/manufacturing economy to a knowledge based economy, with the decline in male manual employment has particularly impacted on levels of economic activity in localities such as Stoke-on-Trent. The high levels of in-commuting to Stoke-on-Trent from within the sub-region also suggests that, in common with many other post-industrial cities, people within Stoke-on-Trent city (where higher concentrations of worklessness are found) lack the skills or face other barriers to participating in the labour market.

However, there are two key pieces of evidence about worklessness that are important for North Staffordshire's future strategies to recognise. Firstly, evidence suggests that employment growth does not generally have any impact on long-term unemployment: job growth can occur even if unemployment is rising. Secondly, most job opportunities within a specific place are not created by employment growth but occur when vacancies are created by people leaving their jobs and employers seek to fill those vacancies (about 5-6 times the number created by employment growth)[24]. Thus, going forward, worklessness in North Staffordshire needs to be addressed by focusing on removing the barriers to work in existing opportunities for those not economically active as well as by seeking job growth. These barriers include care responsibilities, accessibility of job opportunities (in terms of cost, distance and time), cost of training and education, cost of work-related equipment, problems of health or disability and concerns about the security and financial benefits of being in work.

[24] http://www.renewal.net

'Leadership comes before anything'[25]

Most interviewees felt very strongly that North Staffordshire had a poor track record on delivery. Many interviewees felt however that there were too many strategies that have not been implemented in such a way that the sub-region is starting to show signs of change and also felt that local bodies needed to start 'place-shaping'. Nearly three in five (58 per cent) of those attending the Forum meeting held in May 2007 said that lack of an agreed strategy and agreed priorities was the key challenge for the leadership. This is not to suggest that leaders, whether MPs, local politicians, civic officers or business leaders, are not working very hard to make change happen – they are and it is clear that progress is being made. It is also important, as highlighted earlier, to distinguish between the different challenges facing different organisations within North Staffordshire and some of the weaknesses highlighted in this document apply particularly to one or two organisations. The organisational issues within Stoke-on-Trent City Council are recognised by interviewees and external assessors as quite different to those within Newcastle-under-Lyme or Staffordshire Moorlands Councils, or indeed those within the local health Primary Care Trusts.

Nonetheless, there is a sense within North Staffordshire that the transformation of the area can only be achieved if different organisations at different stages of development work together. Like many other areas, North Staffordshire has suffered from political and institutional conflicts, from administrative boundaries not reflecting the 'real' economic geography, from the absence of a sufficient focus on or distinction between places in many national and regional policies and also from a lack of capacity to implement strategies and deliver on commitments. In successful cities, many of these issues remain. However, a differentiating factor is that there is some consensus and resolve around specific decisions which enables these cities to succeed in spite of the barriers that exist. The challenge for North Staffordshire is to get this consensus amongst leaders across North Staffordshire about where the area should be headed, with an agreed vision providing a framework for decision-making and an agreed delivery plan that highlights priorities for action (informed by and informing local strategies) is vital if the area is to transform itself. For this to happen, issues around governance will need to be resolved with clarity about which bodies have the power to take decisions in different areas.

[25] Work Foundation interviewee

5.1 What are the key issues?

The key challenges that leaders need to address include:

a. **No clear sense of 'North Staffordshire':** The strength of local identities is regarded as having held North Staffordshire back in the past, not because local pride is unhelpful – it's vital – but because it has made it difficult to make bold decisions for the whole area and resulted in lots of individual projects, some of which have not complemented other ongoing work. There is a need to ensure that these local identities are maximised – building high value jobs and some tourism around ceramics, for example – without compromising the need to ensure investment is focused and prioritised.

b. **Lack of focus:** There has not been absolute priority to maintain focus on delivering the major projects that will begin to transform North Staffordshire. This has meant that even where there have been successes; these can be undermined by action, or lack of it, in another area. For example in Stoke-on-Trent the business park near the city centre, Festival Park, has been a considerable success but failure to link it easily to the city centre has meant little retail benefit and further hollowing out of the city centre. Lack of consistency has also undermined progress.

c. **Lack of management capacity:** North Staffordshire and particularly Stoke-on-Trent faces significant challenges around management capacity to deliver large-scale and complex projects. This is an urgent issue for the area as there has not previously been investment in bringing in groups of experts to directly deliver large scale economic regeneration projects prior to the creation of the North Staffordshire Regeneration Partnership. This is starting to change but remains an ongoing challenge. There are also issues in the private sector, where improved management and leadership could contribute to improved productivity, and in the third sector, where there is scope for considerable innovation to help address the significant economic and social issues facing North Staffordshire.

d. **No clarity about governance or accountability for delivery:** When strategic plans have been agreed interviewees have argued that Stoke-on-Trent City Council in particular has an overly complex decision-making structures have frustrated progress, with a lack of clarity about who does what and how each project contributes to the whole. Complex governance structures across the whole of North Staffordshire are also cited as a challenge to cross-boundary working. The NSRP helps with this but there remains a need for greater clarity about the role of each local authority in the governance structure of the partnership. Without clearer governance, decision-making structures and accountabilities, it is difficult to know who is responsible for what – and who to congratulate/censure if something fails.

e. **Short term, stop and start approach to projects:** Many projects keep stopping and starting, with little clarity about why this has happened, why plans change or what this means for the overall vision. The focus tends to be on the short-term rather than the long-term and the resulting lack of tangible results have left people cynical and less willing to engage.

f. **Fragmented decision-making:** If North Staffordshire is going to invest in the city centre, this requires thinking about all the implications of this, from large decisions about housing to smaller decisions about where to site a bus stop. Many interviewees spoke of their frustration at large projects being undermined by smaller decisions, particularly within Stoke-on-Trent, and at the way that core policy documents in North Staffordshire say different things. All those working in North Staffordshire need to know the vision and key priorities and to take decisions that support these rather than undermine them. Within local authorities, local area agreements need to reflect local area's role in delivering the vision and agree what is monitored, the strategic rationale for action, and how it connects to the wider North Staffordshire vision.

g. **Poor consultation and communication:** Engaging with key stakeholders in North Staffordshire is enormously complex and requires meeting with a wide variety of people. Communication is poor in many areas, meaning that many people are surprised by ongoing projects, not kept aware of progress and have to attend a multitude of meetings just in order to keep up with key people, leaving little time to do their job. Much greater clarity is required about who does what, with improved communications to key people. Again, Stoke-on-Trent City Council is seen as facing particular challenges in this regard. Changing this will help to establish a culture of greater trust and will reduce the time it takes to agree and implement strategies.

h. **Lack of aspiration:** There is a wider sense of lack of aspiration across the area, particularly Stoke-on-Trent, which translates into lack of engagement in transformational strategies for the area, lack of entrepreneurship and lack of engagement in workforce development. Raising aspirations and engaging local people in change is vital to creating a sustainable strategy for the area.

i. **Poor expectation management:** Expectations of immediate transformation have been too high – it takes decades to transform an area but some actions can be accomplished more quickly. Those leading the work need to be clearer about what is happening and when.

j. **Lack of distributed leadership:** Interviewees also argued that there is not enough encouragement of innovation within North Staffordshire, leaving many people feeling disempowered and unable to take action or make decisions. The complexity of decision-making structures further inhibits rapid decisions being made, reduces clarity about who to go to in order to get a decision made and leaves people feeling able to influence outcomes. There is not enough 'distributed leadership' in the area and a feeling that instead of encouraging social enterprises and not-for-profit organisations to innovate and rewarding success, that larger institutions are keen to run everything and inhibit local action.

The new leadership at Stoke-on-Trent City Council and Newcastle-under-Lyme, as well as the creation of the North Staffordshire Regeneration Partnership, create significant opportunities to address some of these barriers to delivery such as leadership and management capacity, the need for a long-term perspective and a clear way to work together. Change is already happening as demonstrated by Stoke-on-Trent City Council's CPA rating jumping from one star ('not improving adequately') in 2006 to 3 stars in 2008.. Yet for these changes to be effective over the long-term there is a need for individuals and institutions to be supported by a clear governance structure. It is also vital that leaders across North Staffordshire agree a shared vision and delivery plan, and that where experts are needed in some areas of North Staffordshire, they are brought in to fill the skills and capacity gaps that still exist.

'(I'm) Not sure what the image is outside but dark satanic mills is one of the images. An image to do with manufacturing side of pottery which would be smoke rather than artistic creativity.[26]'

Interviewees and external stakeholders agree that a lack of a distinctive positive image hinders transformation. The image of North Staffordshire is intrinsically linked to the economic history of the sub-region. Whilst this image may contribute to the tourism offer, it has been found to hamper inward investment and to contribute to the perception of decline and decay. For example, following a study by the University of Leeds, Stoke-on-Trent became known as a 'sick city': in twenty wards half of men could expect to die before retirement age. Interviewees and strategy documents recognise how the external perceptions of the sub-region are hindering transformation, for example the North Staffordshire Zone Implementation Plan comments that 'poor internal and external image is apparent'.

This has been an issue for several cities that have worked to transform themselves from post-industrial economies to new economies, attracting investment and people. For example, Glasgow has experienced similar headlines about a sizeable proportion of the population living in areas where life expectancy is comparable with developing countries. And whilst Glasgow does still have significant difficulties to address in terms of poverty, worklessness and other indicators of deprivation, the image that the city now projects nationally and internationally, particularly as a capital of culture and as Scotland with Style, demonstrates to the outside world that things are changing in Glasgow. Drawing a line under the negative perceptions of the towns that make up North Staffordshire and demonstrating, through a few high-profile and visible actions, that the area has stopped declining and is open to the new economy is critical to the transformation of North Staffordshire.

Key difficulties to address include: first, the low aspirations of people living within North Staffordshire. Creating a greater sense of pride within the area is an important element of changing the culture in the area, encouraging skills development and changing the 'feel' of the area. This cannot happen unless the people of North Staffordshire are engaged in the changes that are taking place

[26] Work Foundation interviewee

and unless the area is promoted both internally and externally based on reality – which means taking a phased approach to showing the world that North Staffordshire has changed and continues to evolve and improve.

Second, it is important to establish agreement about how North Staffordshire promotes itself externally as the outside world does not know where ‘North Staffordshire’ is. People do know Stoke-on-Trent as the home of the potteries, however, and it attracts tourists on that basis. People also know about the tourist attractions in Staffordshire more widely, including Trentham Gardens, Alton Towers, the ceramics tourism etc. It should be noted that external marketing and internal descriptions do not need to be the same; residents know the area; external people do not.

Third, there is a need to make North Staffordshire (or however it is described externally) more distinctive for the right reasons. Recently the area has suffered from poor media coverage, with publicity about Stoke-on-Trent Council’s CPA score, the ‘Smoke-on-Trent’ issue and having a bus stop shelter the wrong way round. Having some distinctive qualities – they are unlikely to be different from everywhere else but the combination may be unusual and they will form the core marketing message – would help organisations such as InStaffs to market the area and inform the work of the marketing group. A poor external reputation affects the attitude of those living in the city as well as the likelihood of investment and relocation to the area.

Transformation of the image needs to be underpinned by real change otherwise it will not be accepted as credible. Realistic promotion of the improvements in North Staffordshire internally and externally, however, could have a significant impact on the city’s reputation, self-image and the attitudes of inhabitants, and support the tackling of challenges in other areas such as skills development and reducing worklessness.

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