

CULTURE & COMMUNITY DEVELOPMENT

Tourism & Regeneration Unit

ST. ALBANS CITY & DISTRICT

THE LOCAL ECONOMY

June 2008



Introduction and Overview

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

Its main settlements are the historic cathedral City of St Albans and the residential town of Harpenden. Also within the district are the specified settlements of Bricket Wood, Chiswell Green, How Wood, Park Street/Frogmore, London Colney, Redbourn and Wheathampstead.

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

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

The key characteristics of the District's local economy have changed markedly over the last 15 years or so. The recession of the early 1990's saw the closure of the large manufacturing operations, such as Marconi, Murphy and Brook Bond, which has resulted in a significant shift from manufacturing industry. The local economy today is made up predominantly of offices, small enterprises, retailing, catering and tourism based enterprises (including film). St Albans is now one of the main office markets in Hertfordshire, generally attracting financial and business services industries. The surrounding area is favoured by the distributive industries.

In 2006 the key economic strength of St Albans was identified as “high value – added financial and business services and a dynamic micro – business economy” (Roger Tym & Partners/ Lambert Smith Partners Nov 2006).

Tourism is a central plank of the City of St Albans economy. Total visitor spend in 2005 accounted for an income of £91.6 million. If including supplier

and income spend, this figure rises to £120.9 million. In addition tourism accounts for 1,598 full time equivalent jobs.

The City of St Albans is a significant market town and retail centre featuring a good concentration of small specialist independent retailers, as well as High Street multiples along St Peter's Street, in the Maltings and Christopher Place shopping centres. The city's restaurant sector is expanding and contributes to a vibrant evening economy.

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

In general terms, the City and District of St Albans has a reputation of being an affluent, prosperous and highly qualified area.

- House prices are among the highest in the UK, -average price of a three bedroom semi is £392,207, compared to £299,440 in Hertfordshire and £233,260 in the South East (Source: Local Knowledge Oct–Dec 2007)
- The levels of attainment in education are high compared to the national average. GCSE results for the Districts schools show 73% of pupils achieving 5 or more A* - C grades, compared 67% in Hertfordshire and 62% nationally (Source: Local Knowledge 2006/07)
- In the working population 62.8% of residents are employed in professional and managerial occupations, compared to 42.3% nationally
- 83.5% of the working age population are in employment. (March 2003 – Feb 2004)

However there are pockets of deprivation in the District. Analysis of sub-ward areas (super output areas of about 1,500 people) shows there are six super output areas in the District which fall into the worst 25% in the region. These are to be found in the wards of Batchwood, Sopwell (two areas), Cunningham, Colney Heath and Park Street. In these areas some residents face issues such as low income, low educational attainment and skill levels and limited access to the labour market.

Employment in the Local Economy

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

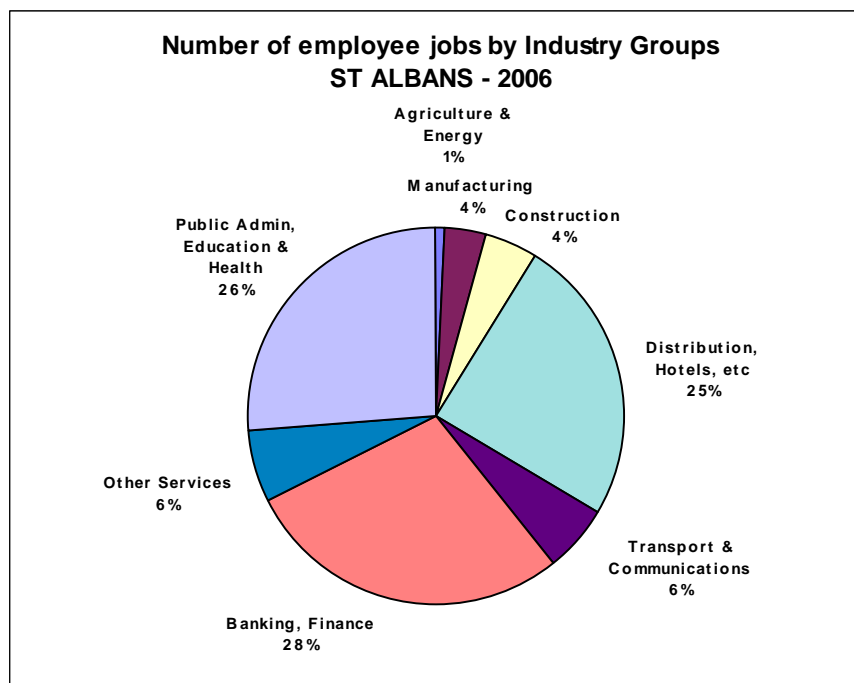
Table 1: Major Employers in the City & District of St Albans

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

Jobs in the District

There are 59,300 jobs in the District, of which Banking and Finance account for nearly one third (28%), the public sector account for just over a quarter of local jobs. Distribution, which includes retail, hotels and catering accounts for a quarter of local jobs.

Chart 1: Employment by Sector in St Albans District 2006



Source: ONS 2006 Annual Business Inquiry

Table 2:

Employment sectors	Employee jobs
Ag / Energy	500
Manufacturing	2,200
Construction	2,600
Distribution	14,600
Transport	3,300
Banking	16,900
Other Services	3,500
Public Admin	15,700
Total	59,300

The number of employee jobs in St Albans District in 2006 is 59,300, which is a decrease of 2,200 jobs (3.6%) since 2005.

The largest sector of the local economy is Business, Finance and Insurance which had seen significant growth up until 2005. However since 2006 this sector has seen a recent fall. The proportion of jobs in this sector is higher in St Albans, compared to Hertfordshire and the region.

The Public Admin sector in St Albans District, with 26% of jobs, was proportionally higher than any other district in Hertfordshire and the East of England as a whole.

The Manufacturing sector with 4% was smaller than any other district in Hertfordshire and the East of England region as a whole.

The high proportion of jobs in Banking and Finance illustrates the fact that the “knowledge sector” is significant in St Albans, as it is for a substantial proportion of Hertfordshire as a whole. (The “knowledge sector”, is seen by the EU and UK Government as a major source of future high skilled employment).

Also important locally is the Retail, Tourism, Hotel and Catering sectors, which account for 24.6% of local employment.

The three employment sectors of Finance/Business, Public Admin and Distribution/ Retail combined account for 55% of local jobs.

Chart 2:

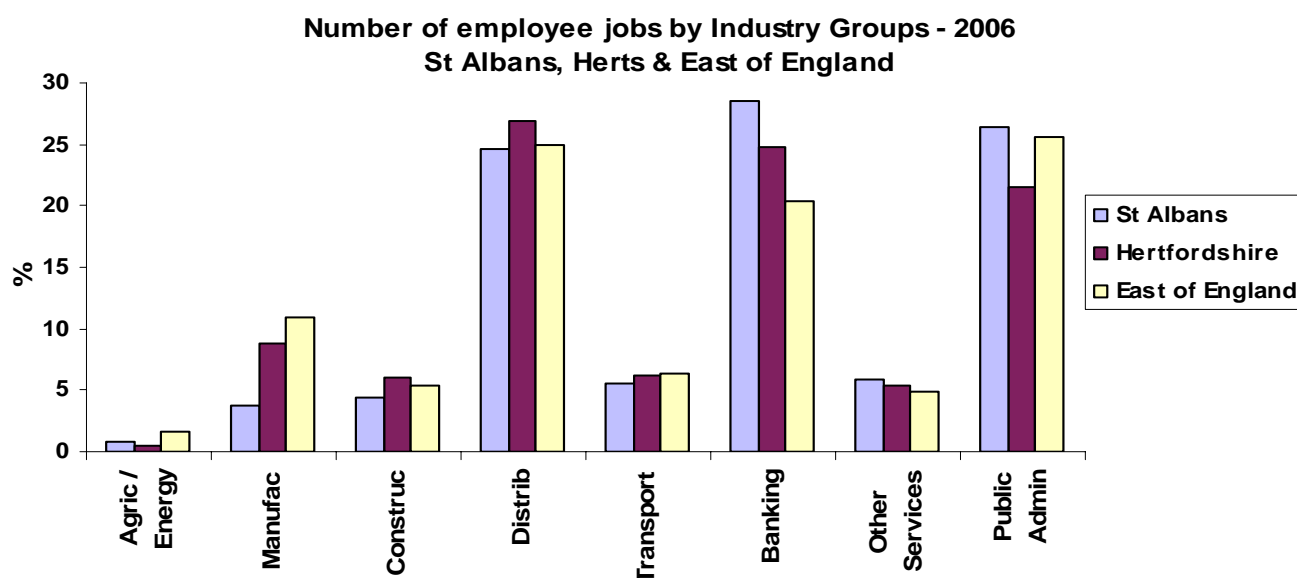


Table 3: Employment in St Albans District by sector between 2001 and 2006

	2001	2002	2003	2004	2005 (revised)	2006	% change 2001 - 2006
Agriculture & Energy	800	900	600	400	400	500	-37.5
Manufacturing Industries	2,900	2,700	3,500	2,300	2,300	2,200	-24.1
Construction	3,700	2,700	2,300	2,800	2,900	2,600	-29.7
Distribution, (retail, hotels & restaurants)	15,000	14,600	14,900	14,800	14,800	14,600	-2.7
Transport and Communications	3,700	3,500	3,100	3,000	3,000	3,300	-10.8
Banking, Finance & Insurance	17,000	15,300	15,000	18,900	19,600	16,900	-0.6
Other Service Industries	3,200	3,200	3,200	3,000	3,100	3,500	9.4

Public Admin, Education & Health	12,100	12,500	12,200	13,900	15,500	15,700	29.8
Total	58,400	55,400	54,900	59,000	61,600	59,300	1.5

Business size in the local economy

Business size in the area is illustrated in Table 4, which shows that the average employment size of a St. Albans business is 8.45 workers. This gives St. Albans District one of the lowest rankings in the County.

Table 4:

District	Average Business size 2006
Welwyn Hatfield	15.1
Stevenage	14.37
Watford	12.68
Broxbourne	8.87
Hertsmere	8.47
St Albans	8.45
Dacorum	8.39
E. Herts	8.36
Three Rivers	7.74
N. Herts	7.51

Source: Local knowledge, Local Futures Group 2006

87% of St. Albans businesses employ ten or fewer people and only 0.4% employers employ 200 or more staff

Table 5: Size of Business - 2006

No. of Hertfordshire Employees	Hertfordshire		St. Albans	
	No.	%	No.	%
1 – 10	44,492	86.9	6,100	87.1
11 – 49	5,090	9.9	699	10.0
50 – 199	1,310	2.6	176	2.5
200 & over	286	0.6	30	0.4
TOTAL	51,178	100.0	7,005	100.0

Source: Annual Business Inquiry, 2006

In 2006 there were 7,005 Business Units in St Albans District. This represents 13.7% of the County total (51,178)

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

New Business Formation Rate (2006)

St Albans District has the highest new business formation rates in the County, standing at 10.92%. The County rate is 9.85% and the national rate is 9.6%. This is reflected in the high number of small businesses in the District and the entrepreneurial skill base that exists in the local area.

Table 6:

District	New Business Formation rate %
St Albans	10.92
Watford	10.89
Broxbourne	10.23
Three Rivers	10.13
Dacorum	10.09
Hertsmere	9.98
Welwyn Hatfield	9.57
Stevenage	9.42
E. Herts	9.27
N.Herts	8.24

Source: Local knowledge, Local Futures Group 2006

Vat Registrations

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

The number of new VAT registered businesses in 2006 was 10.7% of the total stock of VAT registered businesses compared with national percentage of 9.4%. In 2006 there were more VAT registrations than de-registrations in St. Albans District.

Table 7: Vat Registered Businesses 2006

	St Albans (numbers)	St Albans (%)	East (%)	Great Britain (%)
Registrations	660	10.7	8.9	9.4
Deregistrations	545	8.8	7.1	7.4
Stock (at end of year)	6,160	-	-	-

Source: BERR - vat registrations/deregistrations by industry Note:% is a proportion of stock (at end of year)

The Local Labour Market

St Albans District has a very highly skilled resident population. Compared to the region and the Country as a whole, the District's residents are employed in a high proportion of professional and managerial positions, 62.8% (over two thirds) compared to 42.3% nationally.

Table 8: Employment by occupation (Apr 2006-Mar 2007)

	St Albans (numbers)	St Albans (%)	Eastern (%)	Great Britain (%)
Soc 2000 major group 1-3	41,500	62.8	42.8	42.3
1 Managers and senior officials	14,000	21.2	15.4	15.1
2 Professional occupations	16,400	24.8	12.9	13.0
3 Associate professional & technical	11,100	16.8	14.5	14.3
Soc 2000 major group 4-5	8,800	13.4	23.3	22.9
4 Administrative & secretarial	5,300	8.0	11.5	12.0
5 Skilled trades occupations	3,600	5.4	11.8	10.9
Soc 2000 major group 6-7	7,900	12.0	15.1	15.7
6 Personal service occupations	4,800	7.2	7.6	8.1
7 Sales and customer service occs	3,100	4.7	7.5	7.6
Soc 2000 major group 8-9	7,800	11.8	18.6	18.7
8 Process plant & machine operatives #	#	#	7.1	7.2
9 Elementary occupations	5,700	8.6	11.5	11.5

Source: ONS annual population survey

Comparing other employment categories, St Albans residents also defy national and regional trends, as less residents are in the skilled trades and administrative occupations 13.4% compared to 22.9% nationally operatives. A similar trend occurs in other employment groupings.

Education & Skills

The Table 9 illustrates the labour market qualifications that local residents in St Albans District hold. It shows that over 43% of those residents in the labour market have NVQ level 4 and above which is equivalent to degree or postgraduate qualification.

Table 9:

Qualifications (Jan 2006-Dec 2006)					
	St Albans	St Albans	Eastern	Great Britain	
	(numbers)	(%)	(%)	(%)	
NVQ4 and above	35,400	43.9	25	27.4	
NVQ3 and above	47,100	58.3	41.8	45.3	
NVQ2 and above	61,800	76.6	61.9	63.8	
NVQ1 and above	69,200	85.8	77.7	77.7	
Other qualifications	7,600	9.4	8.2	8.5	
No qualifications	3,800	4.8	14	13.8	
Source: ONS annual population survey					

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

Wages and Salaries of Local Workers in the District

The highly skilled nature of St. Albans District's resident workforce does not necessarily benefit local businesses. The evidence presented below indicates that a significant proportion of professional and managerial workers commute out of the district for work and can command much higher pay levels than local firms can afford to pay. For example whilst the average weekly pay for full time workers living in St. Albans was £616 in 2007 the equivalent figure for jobs based in the district was only £461.

Table 10: Average Weekly Pay for Full Time Workers – 2007

	Earnings by Workplace <i>i.e.</i> for jobs based in the area	Earning by Residence <i>i.e.</i> for people living in the area.
St. Albans	£461.1	£616.1
Hertfordshire	£486.8	£543.7
London	£580.9	£553.3
Great Britain	£458.6	£459.0

Source: ONS Annual population survey

The average weekly pay for full time workers in St. Albans in 2007 was £461.1 per week, £25 lower than Hertfordshire as a whole and well below the London level of £580.9. The London figure reflects the draw of the capital for St. Albans highly skilled local workforce as illustrated in the resident based statistics. The average weekly pay for residents of St. Albans, at £616.10 is higher than the national and county average.

Commuting

Nearly 51% of St. Albans District resident workforce commuted out of the District for work. Furthermore, 58% of local jobs are taken by in-commuters.

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

Table 11: Commuting patterns

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

Table 12: Where St Albans Residents Work

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

Table 13: Where Workers in St Albans Live

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

Source ONS – 2001 Census.

The out-commuting is more prevalent among professional and white collar jobs. In these jobs out-commuting exceeds in-commuting while the reverse follows for skilled trades, manual jobs and retail based occupations. See Table 14

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

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

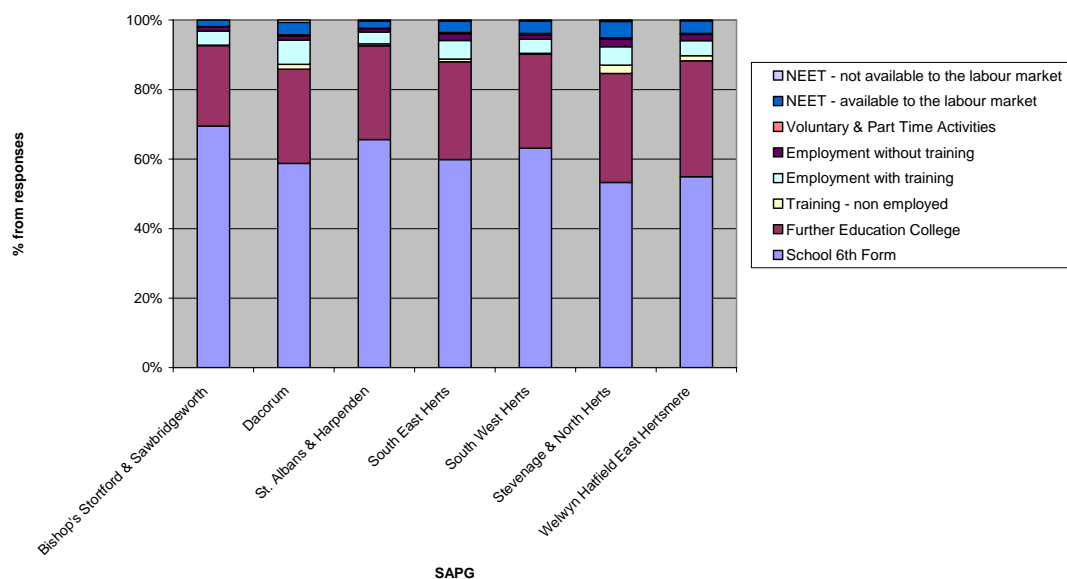
Occupation	Resident Working Population	Jobs in area	Live and in work area	In-commuters	Out-commuters
Mangers. & Snr. Officials	15,073	9,952	4,866	5,086	10,207
Prof. Occs.	12,628	8,359	4,650	3,709	7,978
Assoc. prof. & technical	10,904	7,953	4,442	3,511	6,462
Admin & Secretarial	8,203	8,075	4,849	3,226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

Source: ONS Census 2001

Young People

Table 15: Destinations of Young People

Year 11 Activity Survey by Strategic Area Planning Group (2007)



As can be seen in the Table 15, there is a high staying on rate post 16 in The District of St Albans, which compares well with other local areas in Hertfordshire.

Regarding NEET data, which covers young people who are not in employment, education or training who state that they are available to the labour market. NEET rates in St Albans and Harpenden have always been one of the lowest in the county. Latest figures (May 2008) in St Albans, show there are 87 young people aged 16 -18 who are NEET (available). There are 9 young people in Harpenden recorded in the NEET (available group), who are 16 -18 years. As a whole, 28 young people are 19 and the remaining 68 are in the 16- 18 age group. 67 % of the NEET group are male. The top three first vocational preferences for young people who are NEET in the area are, sales assistant, building labourer and office/ admin.

The 16 – 18 NEET rate in St Albans and Harpenden has risen fractionally during the past 12months.

Unemployment

Unemployment in St. Albans remains relatively low at 0.9%, compared to a county rate of 1.3%, and a national rate of 2.2%.

There was a mismatch between local jobseekers and the vacancies being offered locally. St Albans Job Centre have noticed that there is a mixed pool of Job Seekers in St Albans District area, having a wide range of skill sets seeking work in a wide range of employment areas; office, retail, warehousing, construction. From the employers' side, locally there is an increase during the summer period for the demand for people to work in the

areas of hospitality, such as bar work, restaurants and hotels, which does not tend to match the areas of employment that local people are seeking.

Even where managerial and professional jobs are advertised the pay is often well below what is expected by jobseekers, many of who previously worked in central London earning relatively high salaries.

In addition a recent area of concern which the St Albans Job Centre have noticed is the increase of young people (those under 25 years old) claimants. Further work needs to be undertaken in examining this trend.

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

April 2008

Ward	Number	Rate
: Ashley	31	0.7
: Batchwood	64	1.6
: Clarence	30	0.8
: Colney Heath	36	1.0
: Cunningham	58	1.6
: Harpenden East	38	0.9
: Harpenden North	17	0.4
: Harpenden South	20	0.5
: Harpenden West	16	0.4
: London Colney	76	1.5
: Marshalswick North	15	0.4
: Marshalswick South	29	0.7
: Park Street	28	0.7
: Redbourn	23	0.6
: St Peters	58	1.2
: St Stephen	28	0.7
: Sandridge	17	0.5
: Sopwell	60	1.4
: Verulam	15	0.4
: Wheathampstead	26	0.7
Total	685	0.9

Unemployment in the region is 1.7% and at 0.9% unemployment in St Albans District is the second lowest rate in Hertfordshire.

Vacancies

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

Table 17: NEW MONTHLY JOBCENTRE PLUS LIVE UNFILLED VACANCIES

DISTRICT	APR 2008	APR 2007
BROXBOURNE	398	338
DACORUM	898	958
EAST HERTFORDSHIRE	485	555
HERTSMERE	554	455
NORTH HERTFORDSHIRE	559	449
ST ALBANS	776	590
STEVENAGE	657	507
THREE RIVERS	224	226
WATFORD	549	530
WELWYN HATFIELD	818	503
TOTAL	5,918	5,111

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

From the table above it can be seen that the levels of unfilled vacancies in St Albans District is high compared to other Districts, this reflects the local mismatch which has been discussed earlier

Deprivation

There are pockets of deprivation in the District. Analysis of sub ward areas (super output areas of about 1, 500 people) shows there are six super output areas in the District which fall into the worst 25% in the region. In these areas some residents face issues such as low income, low educational attainment and skill levels and limited access to the labour market.

Six Super Output Areas (SOAs) in St Albans District are higher than the Hertfordshire average. Four are higher than the national average.

Table 18:

SOA	Score
Batchwood	25.66
Sopwell (1)	23.79
Sopwell (2)	23.61
Cunningham	22.36
Colney Heath	21.64
Park Street	20.64
National average	21.67
Herts Average	10.80

SOA's in London Colney and St Peters score fairly close to the highest six.

The six most deprived Super Output Areas in the District score highly in the following domains:

Batchwood

- income, health & crime

Sopwell (1)

- income, education & crime

Sopwell (2)

- income, health & education

Cunningham

- employment & health

Colney Heath

- income, employment & health

Park Street

- health & housing

Conclusions

It can be seen that the City and District of St Albans is a relatively dynamic local economy, and is due to its key locational advantages and the skills that many of the local population hold. The District is seen by many employers as a desirable place to be.

However there are issues that this report has highlighted , which will need to be addressed in the future:

- High level of out-commuting
- Relatively low paid local jobs
- Recent decline in local jobs by 2,200 between 2005 and 2006.
- Recent increasing numbers of young people unemployed
- Local mismatch of jobs available to people seeking employment
- Pockets of deprivation in the local area

In addition, there are important major national economic issues ahead: the growth agenda, climate change and the potential down turn in the national economy. These all have major implications locally.

For further information on any aspects of this report contact:

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June 2008

APPENDICIES

Appendix One.

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

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