



Opportunity Peterborough

Economic Snapshot of Peterborough

October 2013



Peterborough



1 INTRODUCTION

Peterborough has ambitious growth plans. It's well-placed logistically and geographically, and has a diverse work-force and robust infrastructure to flourish. Most importantly Peterborough's can-do attitude extends to exploring new and innovative ways of attracting investment and growth – to build a better city for the future.

Home to large, influential companies such as Thomas Cook, Perkins Engines and Diligenta (part of the Tata Consultancy conglomerate), Peterborough has proved its strength in fulfilling the needs of global operators. We've created a unique environment in which international brands can access an experienced workforce and entrepreneurs and niche businesses can also prosper, thanks to comprehensive business support widely available in the city.

Peterborough is well located in the country, with links to London by rail in 45 minutes and direct routes to the northern cities of Leeds, York, Newcastle and Edinburgh, and east-west to Cambridge, Leicester and Birmingham. Direct connections to the city will be improved even further with the extension of the Thameslink service in 2016. As well as rail connections to Stansted Airport, four other national airports are within a 75 minute drive of the city, with more international connections through Eurostar (via King's Cross) and Felixstowe Port.

Peterborough is one of only four Environment Cities in Britain. It aims to be the UK's Environment Capital, delivering both regeneration and growth in an environmentally sustainable way. Peterborough benefits from several hectares of parkland, wildlife sites and nature reserves and has the most green space per capita ratio in the UK. A unique network of cycle ways, footpaths and bridleways known as "The Green Wheel" runs throughout the city and beyond. The city boasts an excellent quality of life making it a fantastic place to work, live or visit.

This report gives an insight into the latest socio-economic profile of the city using a variety of data sources including Census 2011 and the Annual Population Survey.





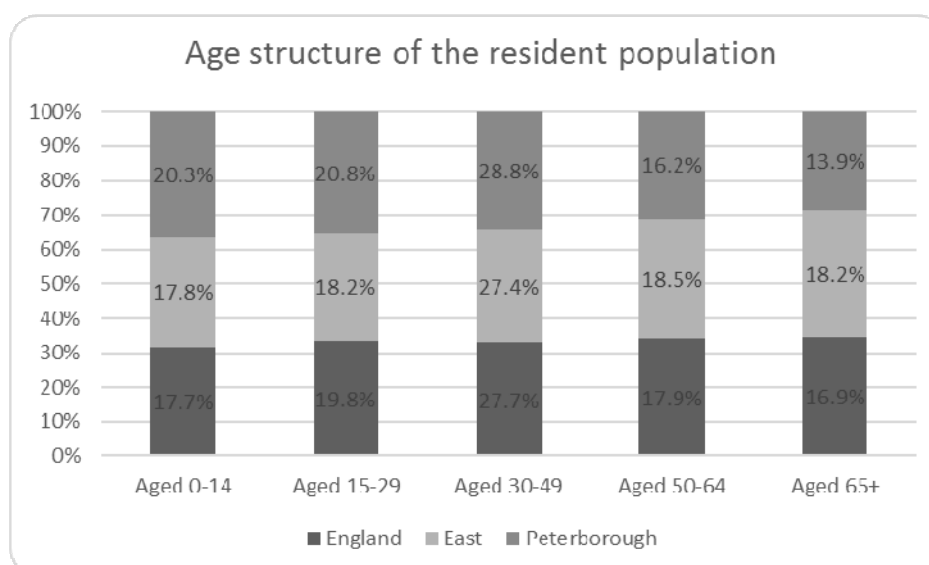
2 DEMOGRAPHICS

Peterborough continues to boast a slightly younger resident profile in comparison to England and the eastern region. The city has seen an increase in all age groups between 2002 and 2012.

2.1 AGE STRUCTURE OF RESIDENT POPULATION

According to the latest data from the Mid-Year Population Estimates, a total of 186,500 people live in the City of Peterborough. The city has a slightly younger profile in comparison to England and the Eastern region with 41% of the population aged 29 and under compared with 38% in England and 36% in the East. There are a total of 120,000 people in the city of working age. Peterborough also has a lower proportion of people aged 65+ in comparison to the regional and national averages.

Figure 1: Age structure of the resident population



Source: Annual Population Survey, 2012

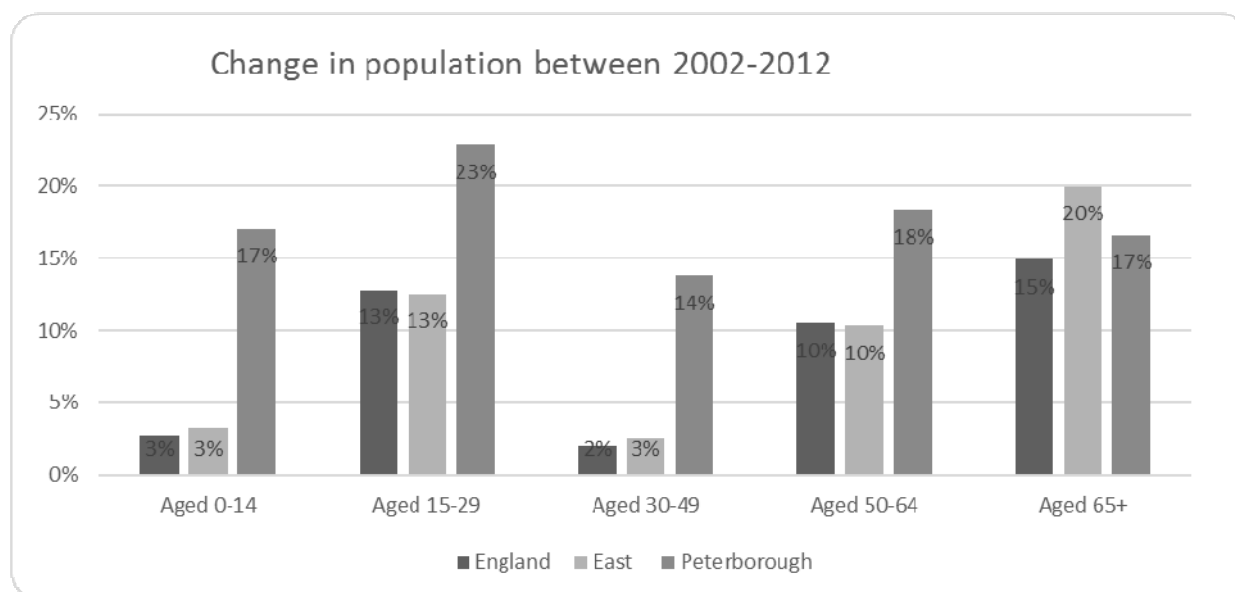
2.2 CHANGE IN POPULATION

Figure 2 shows the change in population between 2002 and 2012. It shows that whilst England has experienced a mere 3% increase in 0-14 year age group, Peterborough has seen a massive 17% increase in this category. The 15-29 age group in the city has experienced a massive 26% increase with the city as a whole experiencing a much faster than average growth of the 30-49 and the 50-64 age groups.



Overall there's been a population growth of around 17% in Peterborough, whilst England and the East of England have seen a total growth of 8% and 9% respectively. The Subnational Population Projections predict the city's population is due to increase by almost 13% by 2021.

Figure 2: Change in population between 2002 - 2012



Source: Annual Population Survey, 2012

2.3 LANGUAGE

The population of Peterborough is very diverse with over 80 languages being spoken in local schools. Census data in figure 3 shows that in 8.1% of local residents, the second most popular first language, is "other European languages (EU)". This equates to around 14,000 residents with 6,700 of these speaking Polish.

Figure 3: First or preferred languages spoken by local residents

	England	East	Peterborough
English (English or Welsh if in Wales)	92.00%	94.50%	83.90%
Other European language (EU)	2.30%	2.30%	8.10%
South Asian language:	2.50%	1.30%	4.00%
Portuguese	0.30%	0.30%	1.20%
West/Central Asian language	0.40%	0.10%	0.90%



Other European language (non EU)	0.50%	0.30%	0.50%
East Asian language:	0.70%	0.60%	0.50%
African language	0.50%	0.20%	0.30%
Arabic	0.30%	0.10%	0.20%
French	0.30%	0.20%	0.10%
Spanish	0.20%	0.10%	0.10%
Other language	0.10%	0.00%	0.10%
Total	100.00%	100.00%	100.00%

Source: Census 2011

Figure 4 shows the country of birth of local residents with the majority of local residents born in Europe. However, delving a little deeper, it's apparent that there are nearly 20,000 residents born in other parts of Europe (not including UK and Ireland) with 14,000 of these coming from accession countries and around 4,500 coming from EU member countries.

Figure 4: Country of birth of local residents

Country of Birth	England	East	Peterborough
Europe	91%	94%	90%
Africa	2%	2%	2%
Middle East and Asia	5%	3%	6%
The Americas and the Caribbean	1%	1%	1%
Antarctica, Oceania (including Australasia) and other	0%	0%	0%
TOTAL	100%	100%	100%

Source: Census 2011

2.4 WEEKLY PAY

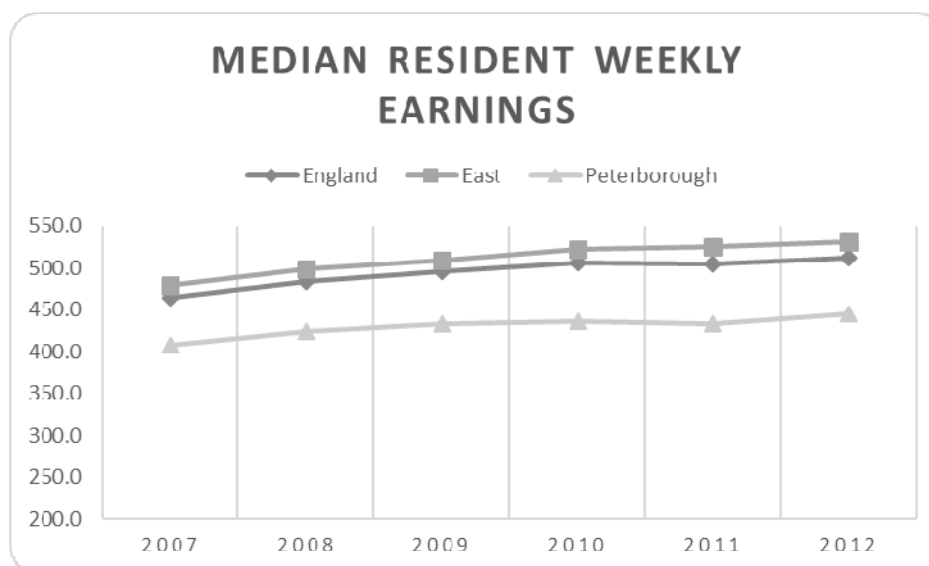
With house prices being relatively low in Peterborough, disposable income in the city is regarded as being at a medium to high level. This is despite average income being slightly lower than national averages.

The median weekly earnings within the city are increasing year on year, with Peterborough's gross weekly income currently at £444, lower than national and regional averages. With university projects in the city gaining momentum, an increased graduate population will naturally entice high value jobs to Peterborough which will thus have a positive impact on earnings.





Figure 5: Median resident weekly earnings



Source: Annual Survey of Hours and Earnings, 2012

3 HOUSING MARKET

3.1 HOUSE PRICES

Peterborough's residents benefit from an excellent house price to earnings ratio index. Property in Peterborough is both attractive and affordable and ranges from vibrant city centre accommodation to thatched stone village cottages.

Home.co.uk records that the average property selling price in Peterborough are on the up. In July 2013, the average selling price was £151,595 compared to £138,439 in July 2012, an increase of 10%.



Figure 6: Local house prices.



Residential property type	July 2012	July 2013	Change
Detached	£189,206	£209,725	+11%
Semi	£130,951	£136,825	+4%
Terraced	£105,138	£120,856	+15%
Flat	£93,167	£86,000	-8%
All	£138,439	£151,595	+10%

Source: House prices, www.home.co.uk

Halifax bank reports that for those looking to purchase a property – mortgages are at their most affordable for 14 years following lenders slashing their rates.

The study by Halifax showed that mortgage payments accounted for 27% of people's average income in the second quarter of 2013, a large reduction from the high of 48% in 2007. Halifax concluded that lower mortgage rates and a fall in house prices were the main reasons behind the improved situation.

Schemes such as the Help to Buy Mortgage Guarantee Scheme aims to assist people to buy newly built homes or existing properties with a deposit of only 5% of the purchase price. The scheme will be open to existing homeowners as well as first time buyers, and are available on all residential, solely owned property with a value up to £600,000.

The 'Help to Buy' mortgage guarantee scheme will increase the supply of high loan-to-value mortgages by offering a government guarantee to lenders that provide mortgages to people with a deposit of between 5% and 20%. There is potential for a housing bubble which will over inflate house prices, however the scheme will increase home ownership for those without a full deposit, in particular first time buyers.



3.2 HOUSING TENURE

According to Census data, just under 60% of local residents own their properties in Peterborough, with 44% owning property outright and 56% with a mortgage or loan. These figures are slightly below the national and regional averages with 49% of people in the Eastern region owning their home outright and 48% nationally. Overall almost 68% of residents in the region own their property. Just under 20% live in social rented accommodation in the city with 19% living in private rented housing.

Figure 7: Housing Tenure



Tenure	England	East	Peterborough
Owned	63.3%	67.6%	59.3%
Shared ownership (part owned and part rented)	0.8%	0.7%	0.9%
Social rented	17.7%	15.7%	19.5%
Private rented	16.8%	14.7%	19.1%
Living rent free	1.3%	1.3%	1.2%
TOTAL	100.0%	100.0%	100.0%

Source: Census 2011

3.3 OCCUPATIONAL STRUCTURE

Peterborough is showing an increase in the number of people employed in higher skilled jobs over the last 12 months.

Figure 8 shows that 40% of the city's population is employed in higher level jobs (e.g. manager and senior officials, professional and associate technical occupations) which is now only 4% lower than the national average. The gap is closing between the proportion of people working in higher skills jobs in the local vicinity and nationally.

The proportion of Peterborough's population that is employed in lower skilled jobs (e.g. process, plant and machine operatives and elementary occupations) has decreased to just 23%. This figure has been reduced by 4% since last year's statistics were published. Opportunity Peterborough is continuing work to further attract higher value jobs into the city and to up-skill local citizens to encourage them to move into higher skilled work locally.

Figure 8: Occupation structure of the resident population

Occupation	England	East	Peterborough
Managers, directors and senior officials	10.3	10.7	8.3
Professional occupations	19.5	19.4	16.6
Associate prof & tech occupations	14.3	15.1	15.1
Administrative and secretarial occupations	10.9	11.3	10.8
Skilled trades occupations	10.3	10.9	8.6
Caring, leisure and other service occupations	8.9	8.7	7.8
Sales and customer service occupations	8.0	7.6	9.5
Process, plant and machine operatives	6.2	6.0	8.4
Elementary occupations	10.9	9.8	14.4

Source: Annual Population Survey, March 2012



4 SKILLS

Skills levels in the city have seen a marked improvement over the last 12 months and this is set to improve further with the introduction of University Centre Peterborough, offering a diverse range of degree level courses.

The inter-relationship between skills and occupational and wage structures means that skills development is a priority for the city, and one which is moving forward quickly. The proportion of people holding higher level qualifications in Peterborough (NVQ3/4) is showing an improvement. The number of people achieving higher level qualifications is increasing and those with no qualifications are in decline. The take up of apprenticeships in Peterborough has been excellent as the figures demonstrate in figure 9, they are almost on par with the national and regional benchmarks.



Figure 9: Skills levels

	England	East	Peterborough
No qualifications	22.5%	22.5%	25.0%
Level 1 qualifications	13.3%	14.6%	15.4%
Level 2 qualifications	15.2%	16.2%	16.2%
Apprenticeship	3.6%	3.7%	3.5%
Level 3 qualifications	12.4%	11.8%	10.8%
Level 4 qualifications and above	27.4%	25.7%	20.2%
Other qualifications	5.7%	5.4%	8.9%

Source: Highest Qualification Level, Census 2011.

Peterborough is seeing an encouraging change in the retention rates of graduates with the development of the University Centre Peterborough (UCP) which opened in November 2009, and other higher education initiatives offered locally.

The total number of students enrolled to UCP during the academic year 2012/2013 has risen to 574. This figure is forecasted to rise to around 1,500 students by 2015. Courses offered revolve around subjects in business, engineering, construction and media studies. The University Centre seeks to increase the highest levels of skills attainment along with the overall



educational aspirations of Peterborough's residents and employees, thereby attracting higher wage levels and investment in the city.

The establishment of a University Centre in Peterborough will also facilitate links with other higher education institutions in the East of England. In addition, the high-technology clusters in Cambridge, Hertfordshire and other parts of the region provide an accessible and mature infrastructure to support innovation from Peterborough's companies and organisations

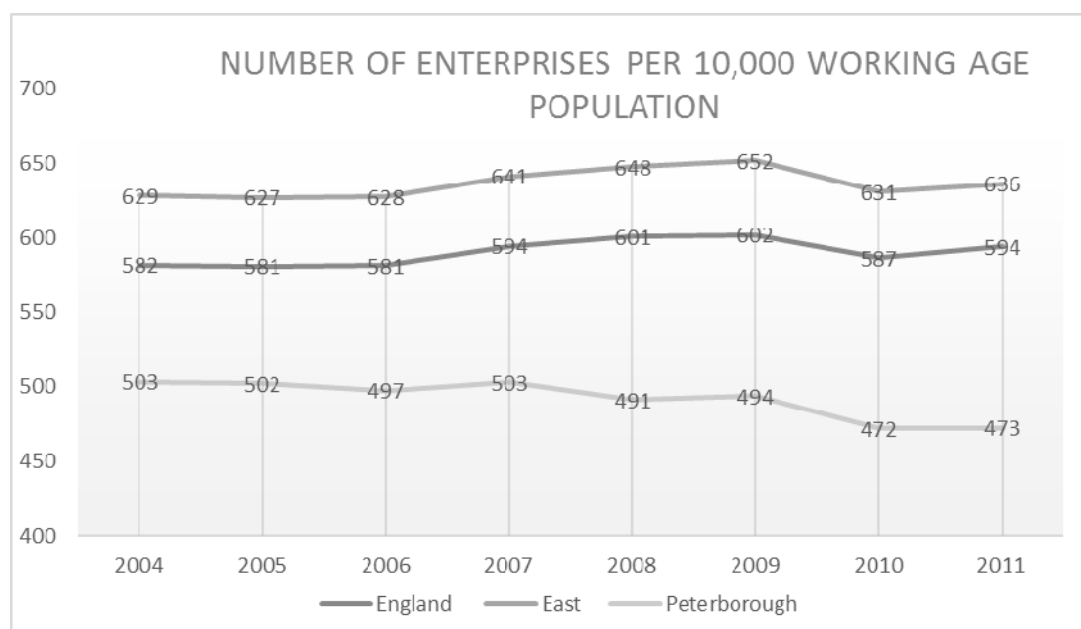
Demand for places at UCP has soared, with applications up by more than 350 percent (2010/11 to 2011/2012). Business and IT skills seem to be the subjects most in demand, with the most popular courses including a BSE in Computing and Information Systems, and a BA in Business Management.

5 ENTREPRENEURSHIP

5.1 ENTERPRISE BIRTHS AND DEATHS

In 2011, there were nearly 5,675 active enterprises in Peterborough along with 650 new businesses created, compared to 585 in 2010. In fact, the proportion of business stock per 10,000 population in the city has levelled out which is an encouraging sign following the recession. In relation to its working age population, Peterborough has fewer registered companies than in England and the Eastern region.

Figure 10: Number of Enterprises

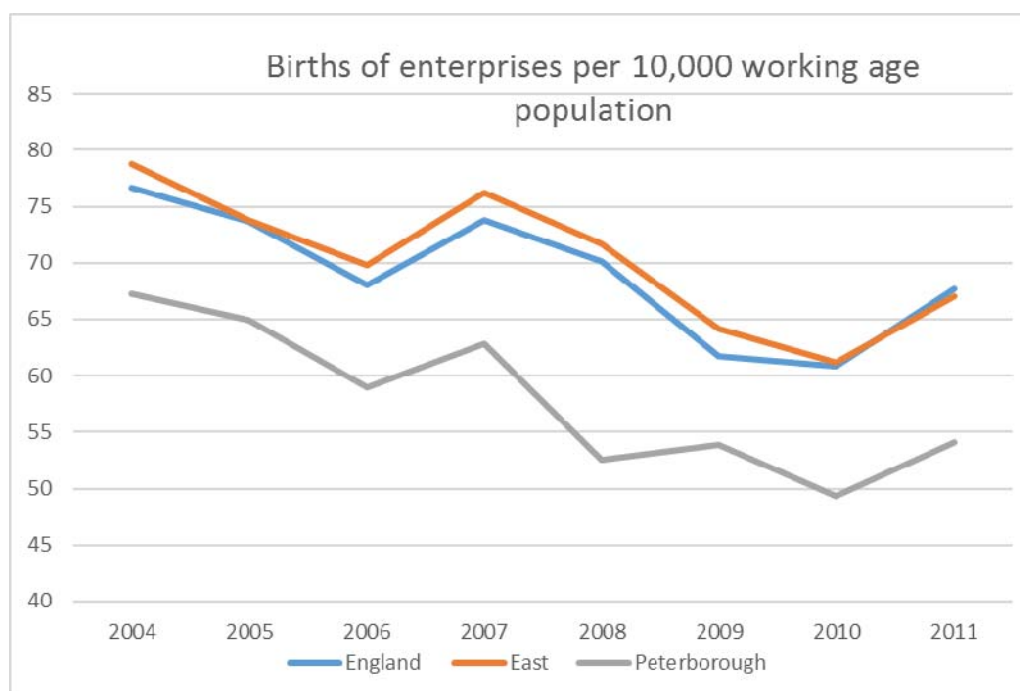


Source: Business Demography, 2011



The following figure illustrates the number of enterprise births per 10,000 of the working age population. It provides a good indicator for assessing the success of local entrepreneurship. In 2011, there were 54 births per 10,000 of the working age population in Peterborough in comparison to 67 in the region and 68 nationally showing an upward trend. This is a positive sign and suggests confidence levels are high.

Figure 11: Births of Enterprises

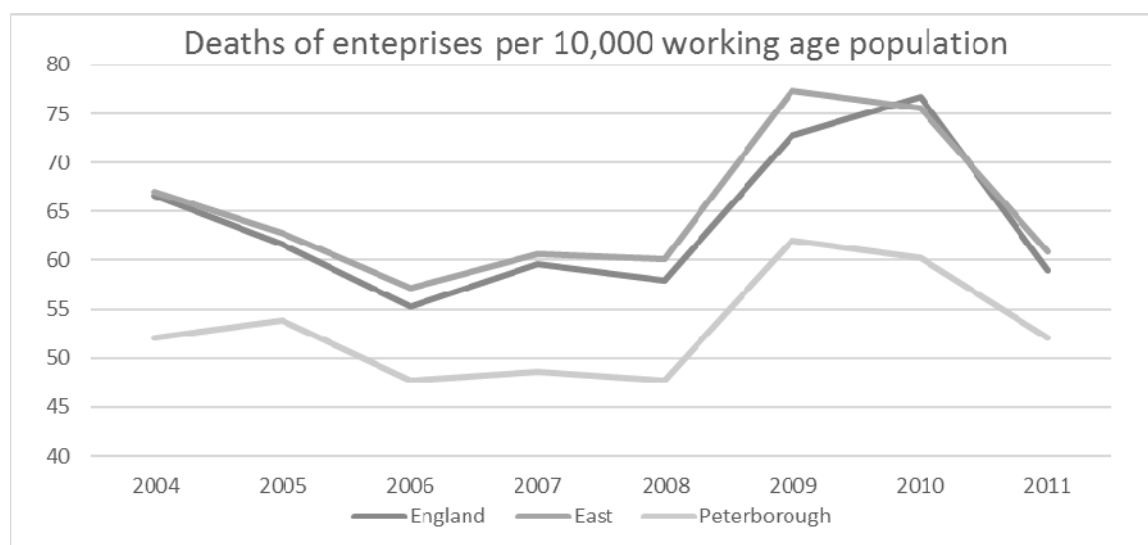


Source: Business Demography, 2011



The figure below presents the proportion of annual enterprise deaths per 10,000 working age population has decreased which implies survival rates are increasing following the economic crisis. This trend is consistent with the national and regional benchmarks and an excellent sign of an economic recovery.

Figure 12: Deaths of Enterprises



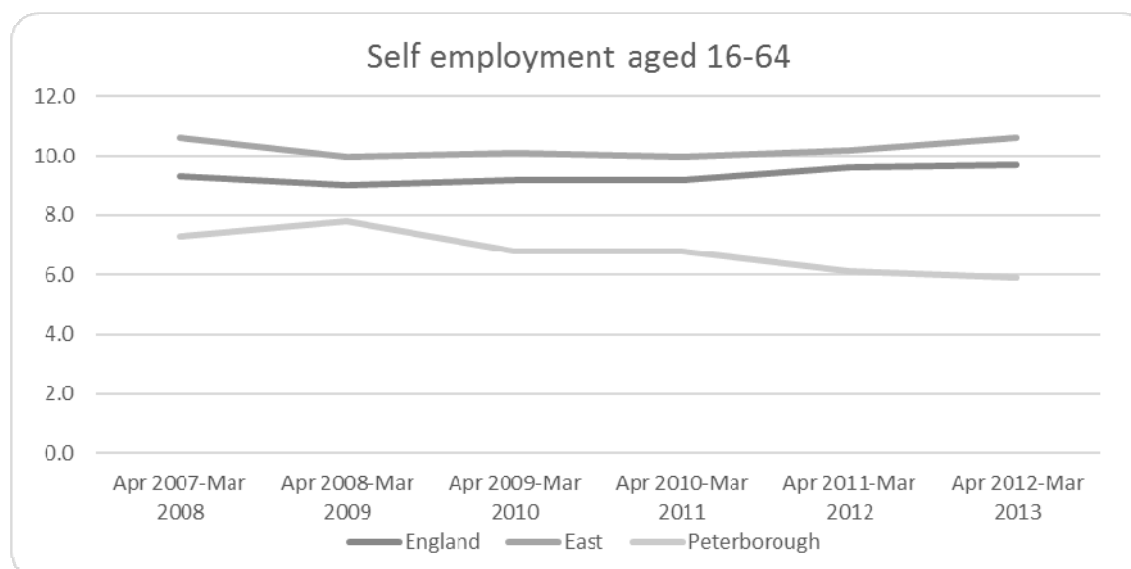
Source: Business Demography, 2011

5.2 SELF-EMPLOYMENT

The graph in figure 13 shows trends in levels of self-employment in Peterborough. Although at 5.9 % the levels are below national and regional averages (which are 10.6% and 9.7% respectively), this is not necessarily a negative indicator considering general unemployment is decreasing and average weekly pay is increasing (see section 6 and 2.4 respectively).



Figure 13: Self Employment



Source: Annual Population Survey, April 2012-March 2013

5.3 VAT/PAYE ENTERPRISES

The 2012 VAT data, which includes the number of local units in VAT and/or PAYE based enterprises, states that there were 6,455 units in total. The largest proportion of businesses are in the professional, scientific & technical services along with the retail sector (12%) which is quite similar to the national and regional trends. Overall there's been an increase of around 1000 businesses in Peterborough between 2011 and 2012, which is a sign of confidence in the economy.

Figure 14: VAT/PAYE Enterprises

	England	East	Peterborough
Agriculture, forestry & fishing	4%	5%	2%
Production	6%	6%	6%
Construction	10%	13%	9%
Motor trades	3%	3%	5%
Wholesale	5%	5%	6%
Retail	11%	10%	12%
Transport & storage (inc. postal)	3%	4%	3%
Accommodation & food services	6%	6%	6%



Information & communication	7%	7%	7%
Finance & insurance	3%	2%	3%
Property	4%	3%	4%
Professional, scientific & technical	15%	14%	12%
Business administration and support services	7%	7%	8%
Public administration and defence	1%	1%	1%
Education	3%	3%	3%
Health	6%	5%	6%
Arts, entertainment, recreation and other services	7%	7%	7%

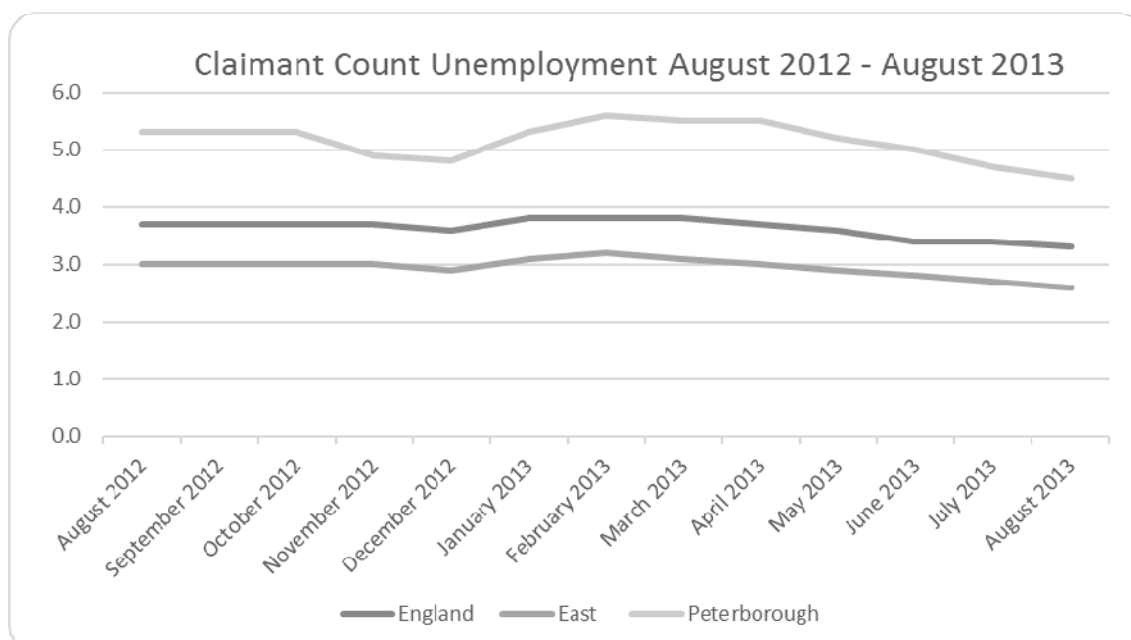
Source: UK Business: Activity Size and Location, 2012

6 UNEMPLOYMENT

6.1 CLAIMANT COUNT

Claimant count unemployment is down in Peterborough from 4.7% to 4.5%, a reduction of 238 claimants between July and August 2013. In the 12 month period from August 2012 to August 2013 a reduction of 955 claimants has occurred. These figures are expected to drop further leading towards the end of 2013 with the recruitment of seasonal vacancies well underway.

Figure 15: Claimant count unemployment



Source: Claimant Count, rates and proportions, September 2013.



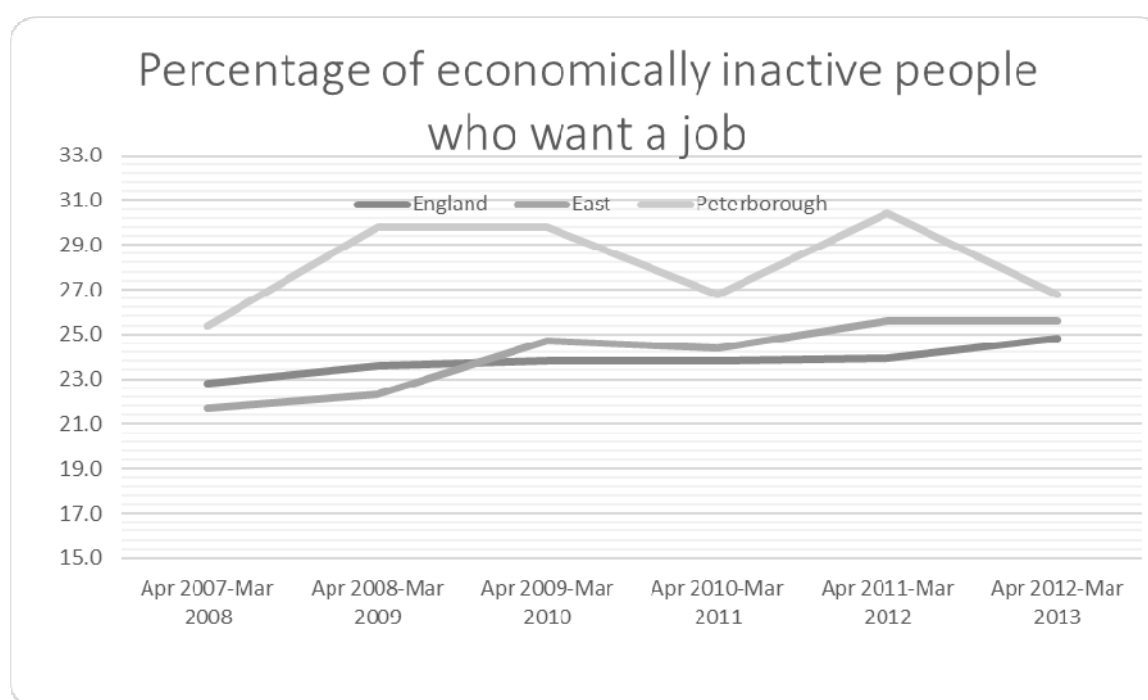
There appears to have been a considerable increase in jobs in the restaurant and retail sectors in Peterborough over the past few years, with the opening of Jack and Jones, Pandora and Fat Face in Queensgate. The destination store, TK Maxx, opened in 2011 with Nando's and Patisserie Valerie shortly after. Primark and Carluccio's opened in autumn 2012 with Wildwood and Pret a Manger due to open later this year (2013). There have also been significant company expansions too, locally established companies such as Ikea, BGL, Amazon and Kiddicare are all reporting positive growth figures.

6.2 PERCENTAGE OF ECONOMICALLY INACTIVE PEOPLE SEEKING EMPLOYMENT

Not only are unemployment levels in the city declining but the proportion of economically inactive people is above average.

Figure 16 shows that 26.8% of people who are economically inactive do actually want to work in Peterborough compared to 24.8% nationally and 25.6 % in the Eastern region. This shows there is a high proportion of labor available to work.

Figure 16: Proportion of economically inactive people who want a job.



Source: Annual Population Survey, April 2012 – March 2013



7 ECONOMIC SUMMARY

The economy carried some momentum into the third quarter of 2013, according to ONS. Monthly output estimates suggest that the UK economy grew by 0.4% in July and that output is now 1.5% higher than at the beginning of 2013. The second estimate of gross domestic product (GDP) indicated that the economy grew by an upwardly revised 0.7% during the second quarter of 2013. This was the same rate as Germany and compared favourably with France (0.5%) and the USA (0.4%). Comparing the first half of 2013 with the first half of 2012, the UK economy has grown by 0.9%, surpassing the Office for Budget Responsibility's forecast of 0.6% for the whole of 2013,

Despite the noticeable squeeze in real household disposable income during and following the economic downturn, activity in the housing market has increased during the last two years. During this period there has been a number of policies designed to boost activity, including the recent Help-to-Buy Scheme and the Bank of England Funding for Lending Scheme. The fall in residential construction during the recent recession is similar in scale to previous economic downturns, although the path since 2010 has been more erratic. Despite this real house prices (relative to average earnings) have weakened more rapidly than in past downturns with real house prices being traditionally flat since 2009. Average UK house prices were just 0.3% below their pre-downturn peak in July 2013, but there are sharp regional differences. House prices in London were 17.3% above the pre-downturn peak in July, while house prices in the North East and North West remain 11.7% and 9.6% below their respective peak levels in 2008.

Year-on-year estimates for August 2013 showed that the quantity bought in the retail industry increased by 2.1%, continuing the underlying pattern of growth seen since April 2013. The main source of upward pressure to year-on-year estimates of the quantity bought in the retail industry came from the non-store retailing sector, which includes retail businesses selling predominantly online, through mail order, or via stalls and markets. From January 2013, the amount spent and quantity bought in the non-store retailing sector have shown continued strength.

This picture is mirrored in the local economy; the economy is in recovery. House prices are increasing, and there has been a decline in unemployment. Schemes like Funding for Lending should further boost the housing market. In general, skills levels are continuing to increase in Peterborough as are average wages. There's been a significant number of new jobs created over the course of the year particularly in the retail sector with the opening of Brotherhood Retail Park late last year, as well as Primark and Carluccio's in the City Centre.



Opportunity Peterborough

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