

# **Oldham's Local Economic Assessment 2019**

## **Section 1: Business, Enterprise and Competitiveness**

**An analysis of the local economic conditions in Oldham**

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# Local Economic Assessment Overview

***“A productive place to invest where business and enterprise can thrive”***

Oldham Council, Corporate Plan 2012-19

This document replaces the previous Economic Assessment (produced in 2017) and seeks to support the key corporate objective above, by producing a strong evidence base and understanding of economic conditions within Oldham.

Since 2011, Oldham and the UK have seen significant economic and social developments, and this refresh will ensure that the Local Economic Assessment (LEA) remains as a current and vibrant document, telling a 'story of place' through the combination of evidence across a range of themes.

The assessment is split into 3 sections:

## **Business, Enterprise and Competitiveness**

A strong and diverse business base coupled with a healthy culture of enterprise and entrepreneurship are key elements of a successful economy. This section will specifically examine business sectors, public sector employment, Oldham's business base, self-employment, Gross Value Added (GVA) and competitiveness.

## **Labour Market and Skills**

A capable population of well-qualified individuals with high earning potential is not just a key driver in attracting new businesses to Oldham, but also critical in ensuring the economic and social future of the borough. This section will specifically examine the composition and key trends of employment, occupational structures, income, travel to work patterns, worklessness and skills, providing insight into labour market interaction with the wider Greater Manchester (GM) economy.

## **Transport and Business Connectivity**

Underpinning the competitiveness of existing Oldham business, and our ability to attract new businesses is the need for a strong and modern infrastructure. This section will specifically examine Oldham's transport infrastructure, accessibility, and wider business infrastructure requirements such as broadband availability and business site availability.

# Business, Enterprise and Competitiveness:

## Key Points

### Overall

Oldham has continued to undergo economic restructuring, but has yet to capitalise on agglomeration benefits from Greater Manchester's growth. Movement to a high wage high growth economy requires the successful continuation of the Invest in Oldham programme, along with a commitment from the GM Combined Authority to review and prioritise investment sites and business infrastructure in GM North.

### Economic sectors

- Oldham's economy has **continued to restructure** with the largest growth in the Education, Motor Trades, Public Admin and transport and warehousing (which is growth within the low skilled employment sectors).
- Employment within the **retail** and **manufacturing** sectors has decreased.
- **Health** is Oldham's largest sector; employing 14.2% of the entire workforce has seen a 20% increase (between 2009 - 2015) but this is starting to slow down (between 2015 - 2017).
- **High value and growth sectors** are under-represented in Oldham.
- **Employment growth** is forecast at 7.9% over the next 20 years (0.37% annually).
- The **public sector retrenchment** has been a challenge and the local labour market is responding with mild growth of private sector jobs.
- Oldham's employment forecasts highlight that the **construction, business services** and **health** sectors will see significant **growth**, whilst manufacturing and jobs with the public sector will continue to decrease.

### Business demographics and enterprise

- Oldham has **7,295 businesses (increase of 1,000 since 2015)** employing **90,000 people (increase of 9,000 new jobs since 2015)**.
- While most businesses are small to medium enterprises (SMEs), there are **higher proportions of microbusinesses (<9 employees)** than elsewhere, this is offset by a decline in small businesses (>10 employees) perhaps due to economic slowdown.
- In Oldham nearly **30% of all jobs** are provided by a **few large employers**.
- **Business start-up levels in Oldham are increasing** (43 per 10,000 population), but rates are still below GM (80 per 10,000) and England (57 per 10,000).
- Levels of **self-employment** are low, which may be linked to low levels of entrepreneurialism.

### GVA and competitiveness

- Oldham's economy generated **£4.1 Billion** during 2018, providing around 6.3% of the total GVA generated within GM. GVA per head in Oldham is the fifth lowest within the region. Productivity in Oldham needs to be a focus for the next phase to include the outcomes of the local development framework
- The GM economy has become an economy of two halves, creating a micro-scale **north/south divide**.
- Underlining this is a lack of local competitiveness. The UK Competitiveness Index showed that Oldham ranked **365th out of 379** local authorities nationwide.

# Business, Enterprise and Competitiveness: Recommendations

The Business, Enterprise and Competitiveness chapter has demonstrated that economic restructuring is still taking place in Oldham and some key indicators are improving. Key points are:

## **Recommendation 1 - Increase the number of quality businesses starting up.**

The number of businesses in Oldham is growing but whilst the start-up rate has increased, the GM rate is still significantly higher (17 percentage points higher). At the same time, the survival rate of Oldham business in year 1 and 2 is better than GM and National benchmarks however, it dips below in years 3-5 with 60% of new start-ups ceasing to trade within the first 5 years.

Improving business survival rates alongside increased start up rates is a key requirement to increase private sector employment in Oldham to offset over dominance of public sector employment.

The ERDF business support programme and the £2m Oldham Enterprise Fund are key enablers to increase start up rates and improve survival rates.

## **Recommendation 2 – Rebalance the Economy: Inclusive growth, investment and business support.**

Oldham's economy still remains over-dependent upon relatively low-skilled and low-wage enterprise. Over the last decade new jobs have been created, but the majority of these have been low value service or low value health jobs. The proposed outcomes of the Invest in Oldham programme will create job opportunities predominantly within retail, manufacturing and warehousing, with the aim to move towards capturing more Business Finance and Professional services in line with GM growth sectors. The development of the Metrolink network and key gateway sites make this an attractive proposition.

Oldham's economy needs to shift towards a higher skill, higher wage economy, a task which requires a long term plan. It is important that The Economy and Skills Cluster and Council develop an approach which sees this transition into higher value opportunities. The ERDF programme currently includes support for start-up and indigenous businesses to develop practices, products and markets. This could be targeted towards more key sectors.

The Council seeks to invest in areas which will drive forward the economy and will through the Business and Investment strategy seek to extract additional value from the support services in order to ensure the private and public sector can benefit from inclusive growth. The ambition is that the wider GM family will add value to this ambition.

## **Recommendation 3 – Improve Competitiveness and GVA.**

The assessment demonstrates that Oldham's economy has a higher proportion of businesses with a turnover of £250k and above (2.1% above GM and 3.4% above England). However due to low competitiveness and productivity this doesn't translate into profit, GVA or jobs.

The UK Competitiveness index analyses a number of key performance indicators and this suggests that Oldham needs to develop an approach that improves: productivity (output per hour), employment rate, weekly pay, and number of knowledge based businesses. This indicator should form a key measure of success in terms of economic policy and should feature as part of the Economy and Skills plans.

Future plans will need to support the GM Local Industrial Strategy, including business to business interconnectivity, as well as supporting locally important key sectors.

The Oldham Skills and Work Strategy recognises the importance of skills development and the how it will drive up productivity. The next iteration will review the vocational pathways linked to the key local and sub-regional sectors, including the introduction of T-levels. The Career Advancement Service is supporting citizens to develop their skills and the ERDF programme will work with employers to develop their own Learning Needs Assessment, supported by upskilling initiatives e.g. the apprenticeship levy the productivity gap will be addressed.

## Sectoral makeup of Oldham

Historically, Oldham's economic strength was in manufacturing, especially textiles and mechanical engineering. However, like many other former industrial towns across the UK, Oldham's economy has experienced large scale deindustrialisation, and as a result has undergone significant restructuring. Since 2009, Oldham's **manufacturing sector** has continued to shrink in size and has lost around 1900 jobs. There has been a loss of 240 jobs in the manufacturing sector alone from 2015 to 2017. There have been significant losses in the Healthcare industry as well as Businesses and Accommodation & Food Services. Jobs within these industries have a combination of low and high skilled individuals.

Not all manufacturing jobs are in fact low paid and there is a presence of more high valued employment often referred to as the “**advanced manufacturing**” sector. Jobs in this sector are often more skilled, more productive and as a result, better paid. Unfortunately this sector has also seen large job losses (-12.7% from 2015-2017), which is a concern for Oldham, as growth in this industry is vital as the economy continues to restructure.

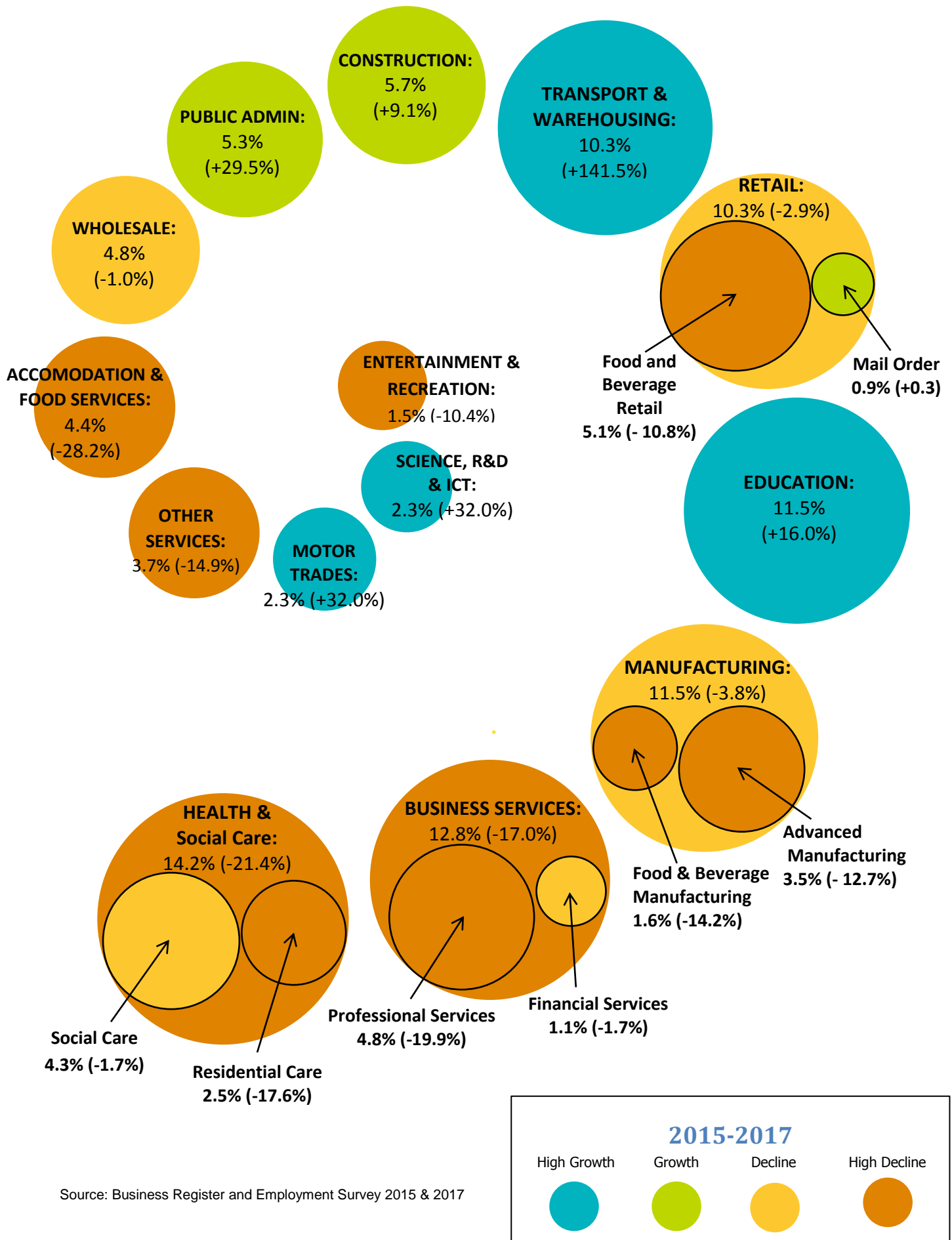
The largest sector in Oldham is **health and social care**, employing more than 12,000 people. This sector has started to decline over the past few years (-21.4% from 2015-2017) with jobs being mainly created in hospital activities and within residential care, both of which are predominantly funded by the public sector. Other aspects of the health sector are showing decline, specifically **residential care**, which has seen a decline in the number of jobs across Oldham. This is likely to be directly associated with reductions to public and organisational funding, where social care has been greatly impacted in Oldham and across the country as a whole.

The **business services** sector has been the other major contributor to job growth in Oldham but has deflated over the past few years. In many ways this growth may be linked to growth of private rented accommodation and of flexible working practices, potentially associated with recent shifts in recruitment practices, e.g. zero hour contracts, and so may not be seen as wholly positive. The professional services subsector has deflated by 20% since 2015.

Along with manufacturing, **retail** has been the other sector where there have been significant job losses. The **accommodation and food services/entertainment and recreation** industry in Oldham has been disproportionately impacted. However, Oldham has seen substantial growth in sectors such as **transport and warehousing (+142%)**, **education (+16%)**, **construction (+9%)**, **public admin (+30%)**, **motoring trade (32%)** and **science R&D & ICT (32%)**. The Business Register and Employment Survey can be subject to inaccuracies due to administrative issues such as umbrella companies, which can distort the figures. Therefore, it is important to use these sectoral figures as a guideline instead of a hard statistic.

It is evident that Oldham's economy still remains over-dependent upon relatively low-skilled and low-wage enterprise. Oldham has been slow in making the transition from a centre of industry and trade to a productive and high-value service-based economy. Over the last decade new jobs have been created, but the majority of these have been low value service jobs or low paid jobs within the health sector.

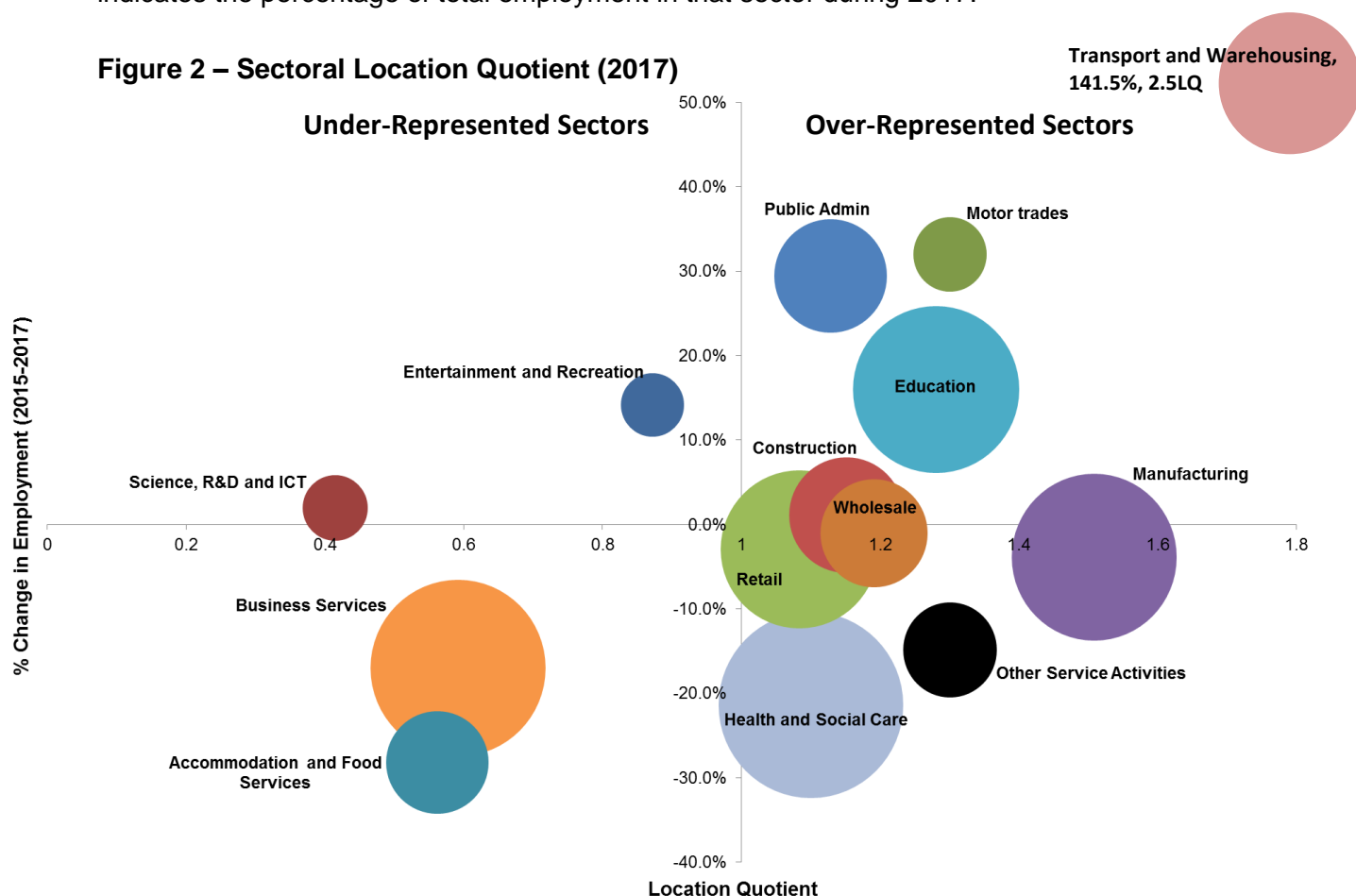
Figure 1 - Oldham employment composition (workplace based), 2015 - 2017



## Sector Diversity

It is important that any economy has a broad and varied business base and is not over reliant on any particular sector. A diverse economy is more reliant, stable, and provides greater opportunity for future growth. The chart below compares employment by sector in Oldham with that of England. The closer the bubble is to the point where the axes cross, the greater the similarity of Oldham's employment composition to that of England. The size of the bubble indicates the percentage of total employment in that sector during 2017.

**Figure 2 – Sectoral Location Quotient (2017)**



Source: Business Register and Employment Survey 2017 (BRES)

Several sectors are over represented in Oldham, particularly manufacturing, warehousing, motor trades, education and Wholesale (typically sectors which produce mainly low wage jobs). However, sectors such as Science and R&D, Business Services and ICT (which typically produce more high valued/well paid jobs) are all underrepresented. It is vital that Oldham encourages growth in these high value sectors to absorb the continual employment being shed by manufacturing and retail and move away from an economy that is over reliant on a low skilled/low wage employment.

### Forecast Growth Sectors

The Greater Manchester Forecasting Model (GMFM) produced by Oxford Economics provides forecasts on employment growth for all Local Authorities in Greater Manchester. Figure 3 identifies the projected increase in employment numbers over the next 20 years. Oldham is forecasted to lose 1275 jobs in the borough, a decrease of 1.4%. This is significantly worse than the Greater Manchester average (+7.2%) and the UK average (+5.7%) but is higher than Wigan, Rochdale and Tameside.



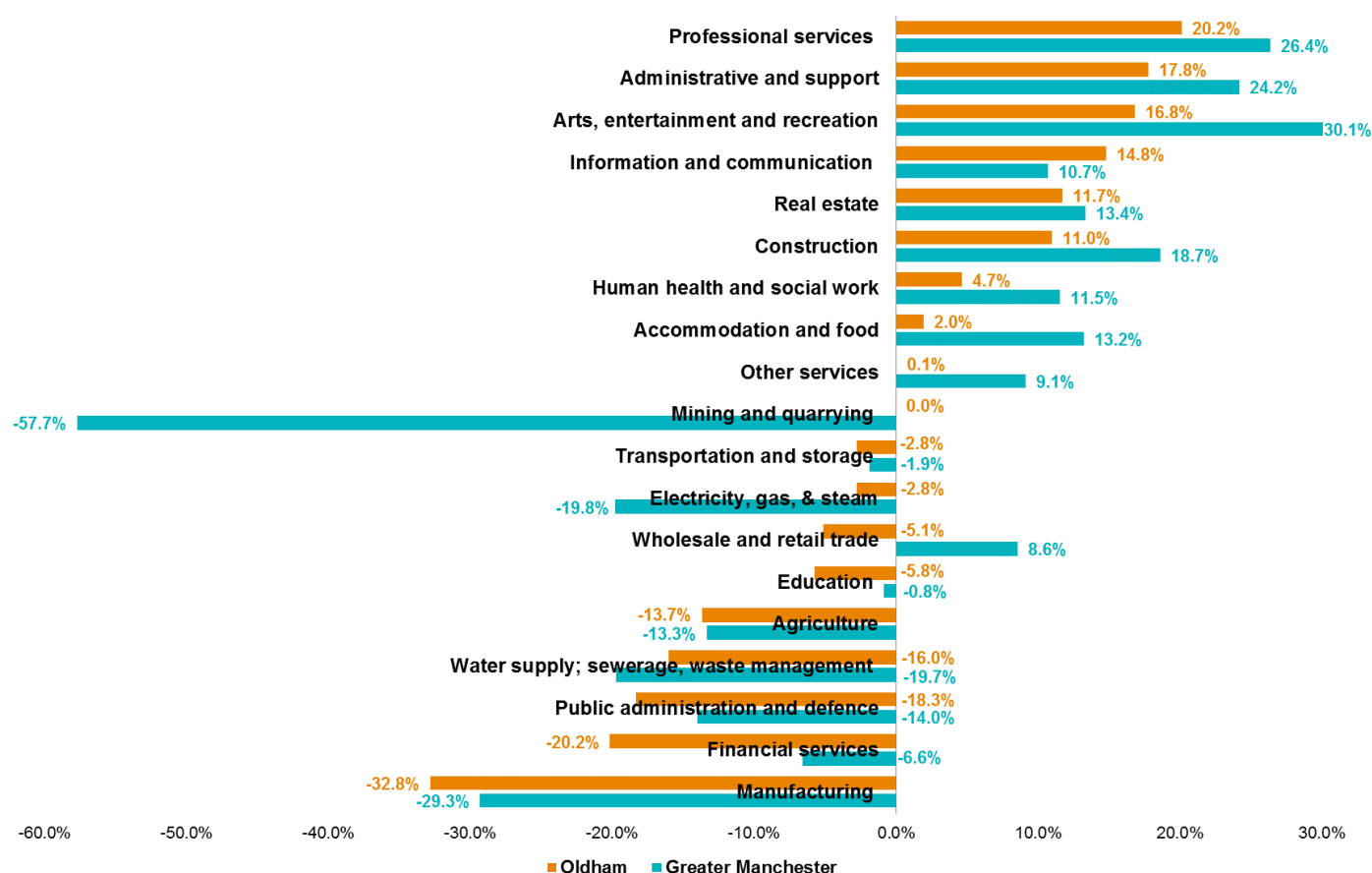
**Figure 3 – GMFM employment growth prediction**

Local Authority	Change in Total Employment 2018-2038	% Change
Salford	22111	14.2
Manchester	67565	13.7
Trafford	19724	10.6
Stockport	7697	5.1
Bolton	5553	4.2
Bury	2946	3.4
Oldham	-1275	-1.4
Wigan	-3271	-2.8
Rochdale	-3061	-3.8
Tameside	-5226	-7.3
GM	112763	7.2
UK	2136530	5.7

Source: GMFM 2018

Growth in Oldham will likely take place mainly within the construction, professional services, business services, administrative support with the largest growth to take place in arts, entertainment & recreation. The manufacturing sector is predicted to continue to shed jobs, whilst there will be less available employment within the public sector. This forecasted growth follows a different pattern across Greater Manchester, where a significant proportion of all growth will be dependent on predominantly business and professional services.

**Figure 4 – Growth Sectors in Oldham (%) 2018-2038**



Source: GMFM 2018

Growth within the professional sector is a positive outlook for Oldham, providing high-pay jobs in a currently under-developed sector. Growth within the administration, health and construction sectors is less positive as Oldham is currently over-represented in both these sectors, and jobs are less likely to be of high value and more likely to have low pay. The impact of these structural changes to Oldham's economy will therefore have minimal impact on raising average wages. (More detail on wage levels will be available in section 2).

It is also worth noting that although manufacturing as a sector is forecast to continue to decline, Oldham does have existing strengths in relation to high value manufacturing and engineering, against which there is the potential to develop and further enhance the Borough's export base.

### Impact of Local Policies

The GMFM forecast uses trend analysis of previous economic performances to predict the scale of future growth but does not take into account any local policies or interventions, such as the Invest in Oldham programme or the changes in the Local Development framework.

Figure 5 provides an overview of the number of jobs, by sector that was predicted if all the Invest in Oldham sites are developed within the next 10 years.

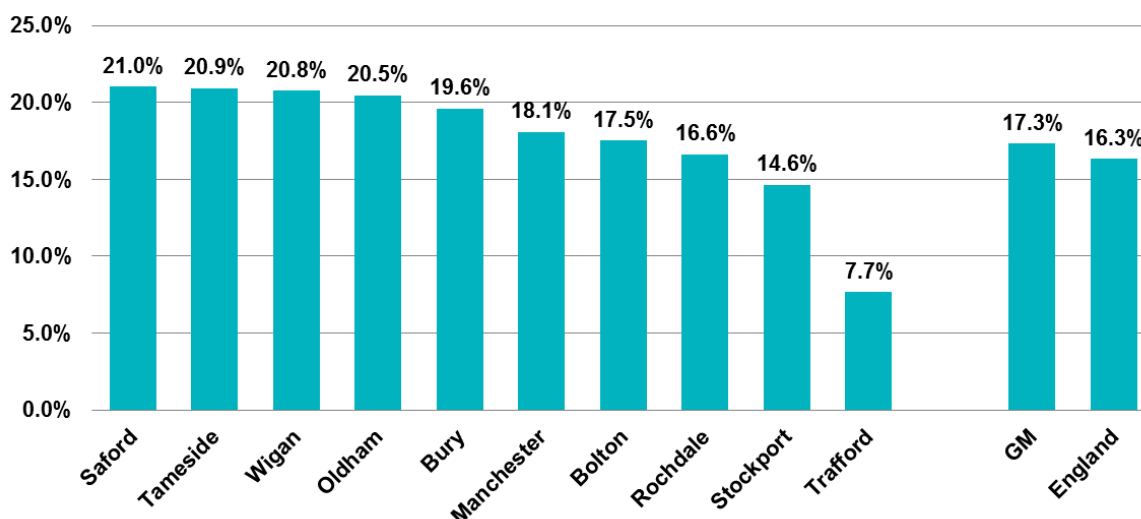
**Figure 5 – Number of potential jobs created through Invest in Oldham 2013-2023.**

Sector	Totals
Apprenticeships	151
Construction	2803
Retail	1009
Customer Service	47
Warehousing/ Distribution	1777
Office/Business Admin	423
Hospitality	95
Manufacturing	1866
Teaching	2
Ancillary staff	3
Other	669
Leisure	38
<b>Totals</b>	<b>8883</b>

## Public and Private Sector Employment

The public sector plays a fundamental role in Oldham's economy, employing thousands of local people. With the third highest rate of public sector employment in Greater Manchester, Oldham has a clear vulnerability to the continued public sector contraction. The chart below shows that in 2017, 20.5% of employment in the borough is accounted for by the public sector, which is a significantly higher proportion of total employment than in Greater Manchester (17.3%) or in England (16.3%).

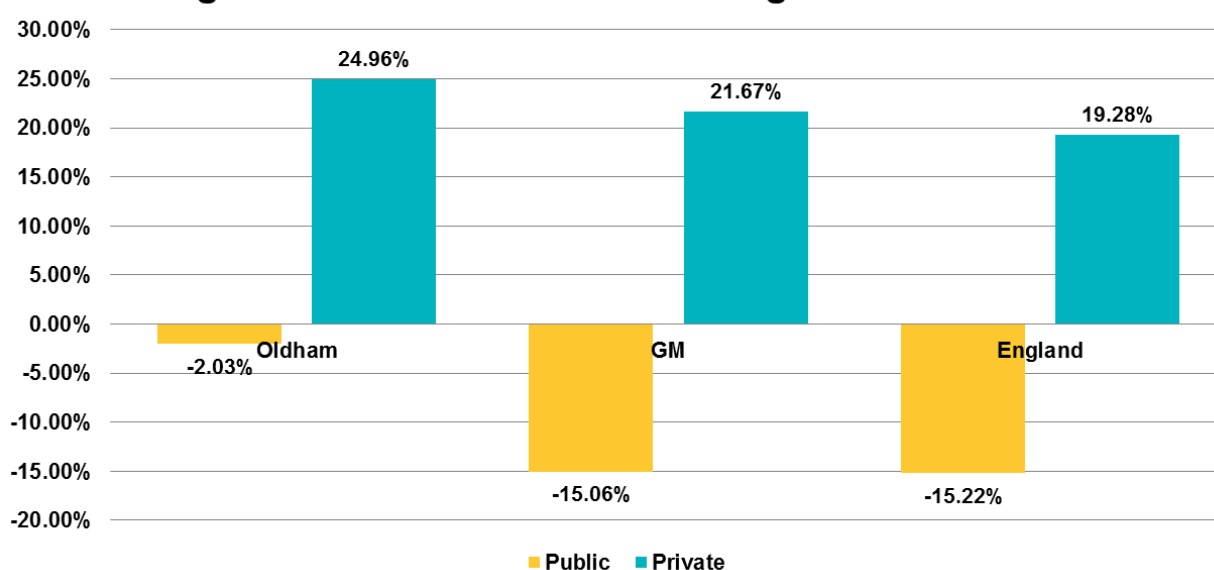
**Figure 6 - % Public Sector Employment 2017**



Source: Business Register and Employment Survey 2017 (BRES)

To counteract this contraction, generating private sector employment should be a priority for Oldham. However, this has been improving for Oldham, in recent times. The chart below<sup>1</sup> illustrates how growth in the private sector in Oldham has only grown by 24.9% since 2010, which has outstripped Greater Manchester (21.7%) and England (19.3%).

**Figure 7 - Public & Private sector growth 2010-2017**



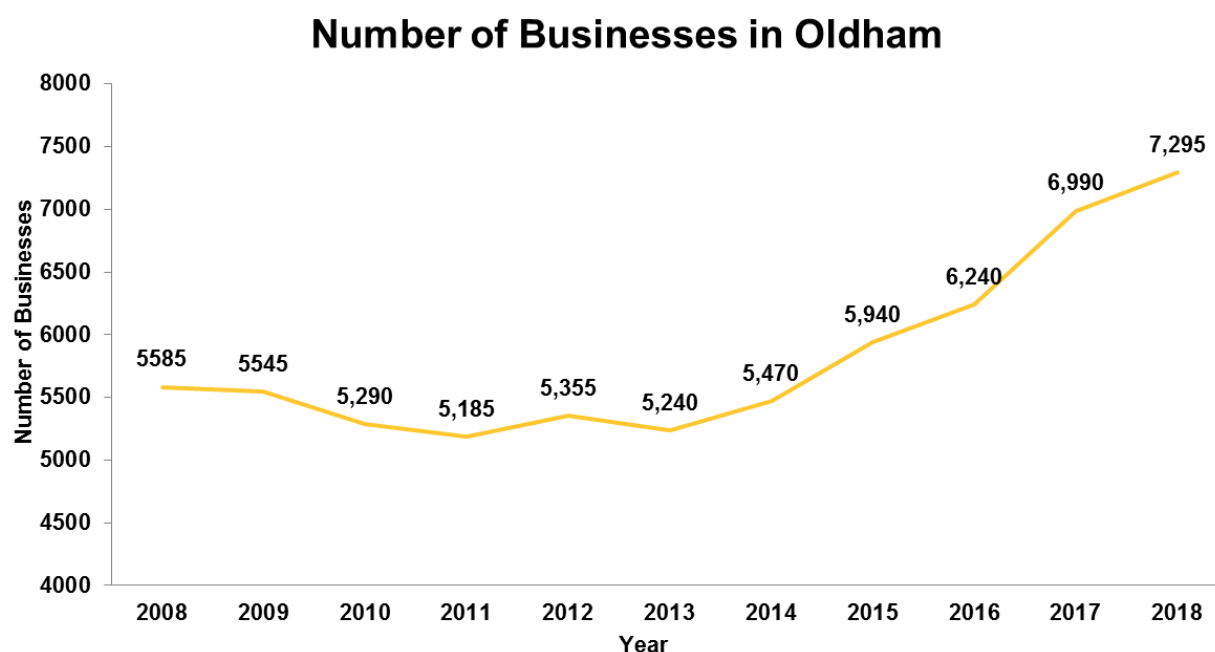
Source: Business Register and Employment Survey 2017 (BRES)

<sup>1</sup> Data source within BRES: [Business Register and Employment Survey \(excluding units registered for PAYE only\) public / private sector](#) (2010) & [Business Register and Employment Survey public/private sector](#) (2017).

# Businesses in Oldham

In 2018 Oldham is currently home to around 7,295 businesses<sup>2</sup> employing around 94,500<sup>3</sup> people. As the chart below shows, the number of business within Oldham shrank between 2008 and 2011, as a consequence of the recession, but has showed some resilience since that time with significant growth between 2013 and 2018. This follows a similar pattern to the wider Greater Manchester and England economies.

**Figure 8 – Number of Businesses in Oldham**



Source: ONS – Inter Departmental Business Register 2018

As can be seen overleaf, businesses tend to be concentrated in Oldham town centre and district centres, along with key dedicated business zones. Particular concentrations can be seen to the East of the town centre in the area centred around Huddersfield Road and Lees Road.

<sup>2</sup> Source: ONS – Inter Departmental Business Register 2018

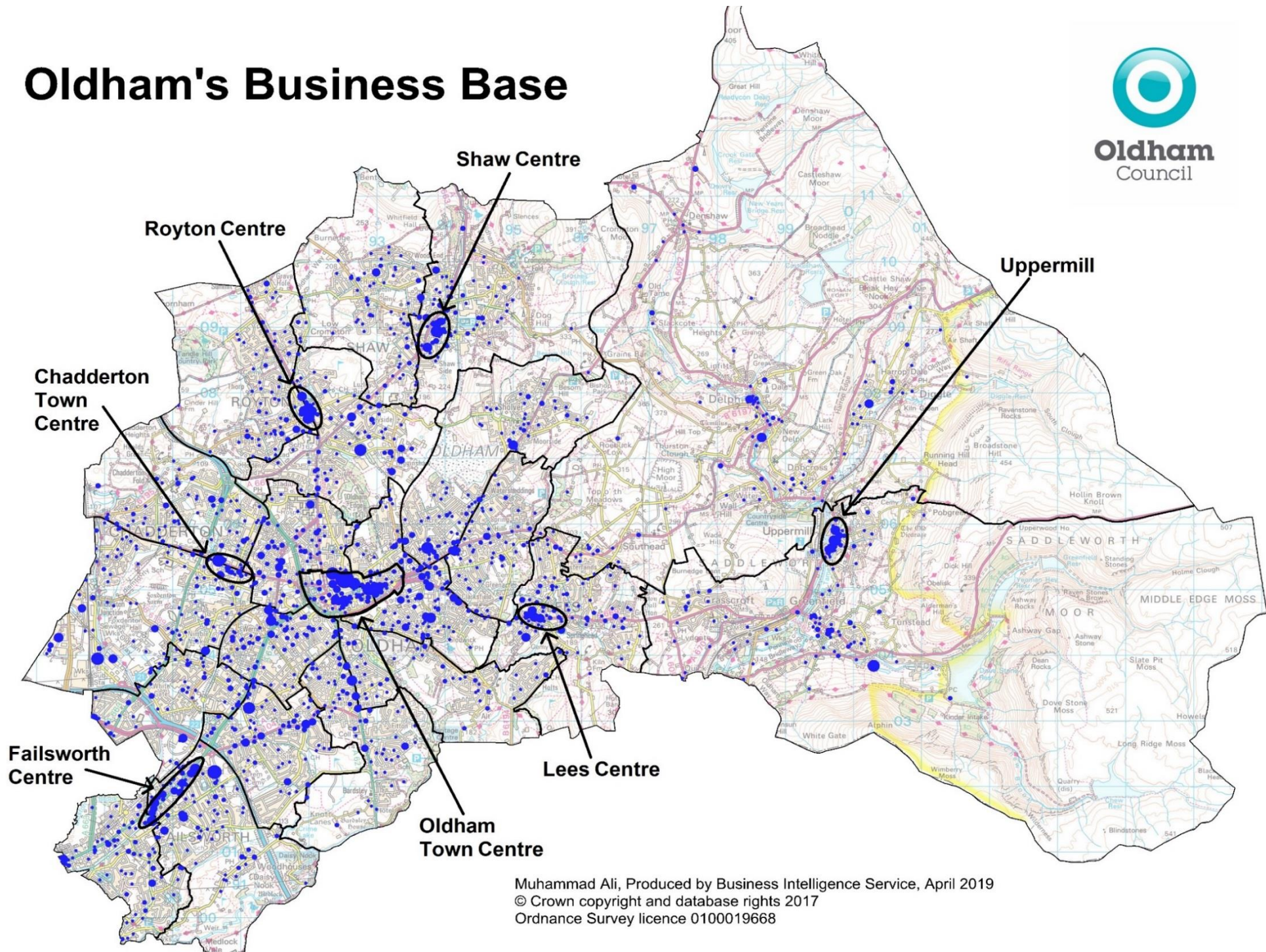
<sup>3</sup> Source: ONS – Annual Population Survey Sep 2018



# Oldham's Business Base



**Oldham**  
Council



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## Size of Businesses

Microbusinesses (classified as those with fewer than five employees) make up a large proportion of Oldham businesses (76.1%) - however, they form a lower proportion of Oldham's business base than nationally. At the other end of the scale, Oldham has around 25 large businesses, employing more than 250 people.

**Figure 9 – Percentage of Businesses by Size**

No of Employees within an enterprise	Oldham (%)			GM (%)			England (%)		
	2010	2014	2018	2010	2014	2018	2010	2014	2018
0 to 4	72.8	71.6	76.1	73.9	73.9	77.7	76.0	76.0	78.3
5 to 9	13.8	14.1	12.6	13.2	12.9	11.5	12.7	12.4	11.2
10 to 19	7.2	7.9	6.2	6.8	7.0	5.8	6.0	6.2	5.6
20 to 49	4.0	4.0	3.2	3.8	3.8	3.1	3.2	3.3	3.0
50 to 99	1.1	1.2	1.0	1.2	1.2	1.0	1.0	1.1	1.0
100 to 249	0.7	0.8	0.5	0.6	0.7	0.5	0.6	0.6	0.6
250+	0.5	0.4	0.3	0.5	0.5	0.4	0.4	0.4	0.4

Source: ONS – Inter Departmental Business Register 2018

## Business Turnover

Turnover is a useful barometer in determining the relative performance of businesses. Businesses in Oldham seem to broadly perform similar to those across Greater Manchester and nationally. The largest proportion of businesses in Oldham (32.0%) has a turnover of £50,000 to £99,000. In 2015, the previous largest business turnover business rate in Oldham was \$100,000 to £249-999, which indicates a decline in business turnover in Oldham. The Oldham economy has a higher than expected proportion of businesses with a turnover of £500k to £999k and above (0.4% larger than GM and 0.1% above England).

**Figure 10 – Percentage of Businesses by Business Turnover**

Turnover	No of Oldham Businesses	Oldham %	GM %	England %
£0 to £49,999	880	12.1	15.2	15.8
£50,000 to £99,999	2335	32.0	27.8	23.5
£100,000 to £249,999	2000	27.4	29.7	32.0
£250,000 to £499,999	920	12.6	11.5	12.3
£500,000 to £999,999	525	7.2	6.8	7.1
£1,000,000 to £4,999,999	470	6.4	6.8	6.9
£5,000,000 +	160	2.2	2.3	2.3
Total	7295	100	100	100

Source: ONS – Inter Departmental Business Register 2018



## Business Start ups

Another reason for Oldham's business base not being as competitive or productive as it could be is the large 'enterprise gap' within the borough – with relatively few businesses as a proportion of the working age population and low numbers of business start-ups (43 per 10,000 population) compared to the GM (80 per 10,000 population) and national averages (57 per 10,000), both highlighting low levels of entrepreneurship in the borough. Oldham's net growth in business start-ups is still better than other local authorities in GM. However, these businesses will be relatively smaller than those within other local authorities.

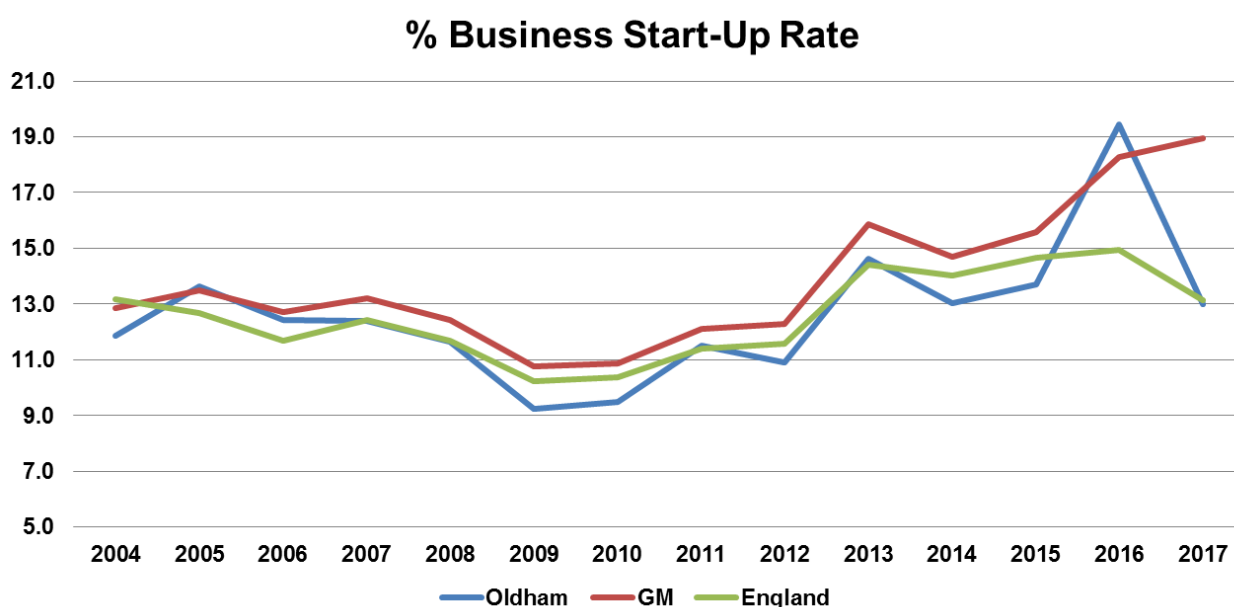
**Figure 11 – Business Start-up per 10,000 population**

Local Authority	Start Up's		Death's		Stock	
	2017	2012-2017	2017	2012-2017	2017	2012-2017
	Per 10,000 population	Net Change	Per 10,000 population	Net Change	Per 10,000 population	Net Change
Bolton	62	27	44	4	364	50
Bury	148	104	79	35	537	182
Manchester	144	94	71	26	522	191
Oldham	43	12	36	3	326	43
Rochdale	90	59	37	5	370	89
Salford	75	31	54	18	391	69
Stockport	46	3	49	5	421	15
Tameside	35	5	33	4	281	7
Trafford	73	17	88	34	555	103
Wigan	36	6	36	8	282	20
GM	80	35	54	12	412	25
England	57	17	52	13	424	97

Source: ONS, Business Demography 2017

Business start-up rates have shown a positive trend as the local and national economies have strengthened after the previous recession. It is noticeable that the Greater Manchester start-up rate is higher and continues to be higher than the England start up rate.

**Figure 12 – Trend in Business Start-up Rate**



Source: ONS, Business Demography 2017

## Business Survival Rates

Business survival rates also provide a useful way of assessing the health of new businesses in an area. The table below shows the total number of new businesses created since 2012 and what proportion were still in business each year after. Survival rates for new business in Oldham have been relatively in line with the regional and national levels over the period. Oldham has the 4<sup>th</sup> highest 5 year business survival rates in the GM region. Businesses, which survive past the 5 year mark, have a much higher chance of staying active for many years in the future.

**Figure 13 – Business Survival Rates by Year 2012 - 2017**

Local Authority	Survival Rate				
	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Year 5 %
Bolton	90.8	71.8	57.4	46.7	40.5
Bury	92.2	74.9	59.3	49.7	41.9
Manchester	91.0	69.9	53.2	44.6	37.5
<b>Oldham</b>	<b>93.5</b>	<b>71.9</b>	<b>58.3</b>	<b>49.6</b>	<b>42.4</b>
Rochdale	93.2	73.7	60.9	49.6	42.1
Salford	90.8	72.3	54.4	45.6	38.3
Stockport	93.0	75.8	61.1	51.6	44.3
Tameside	93.9	74.8	58.8	50.4	43.5
Trafford	90.7	68.2	55.4	46.5	40.7
Wigan	93.1	76.2	60.8	52.9	45.5
Greater Manchester	91.2	73.8	59.2	50.3	43.1
England	91.9	72.4	57.1	48.0	41.0

Source: ONS, Business Demography 2017

## Major Employers in Oldham

Whereas the majority of businesses in Oldham employ less than 5 people, nearly 30% of all available jobs in Oldham are provided by a relatively small number of larger employers. Oldham's main two employers are the Local Authority, employing around 8000 people as well the National Health Service, which employs around 7000 people. The largest private sector employers are found mainly within the retail sector, which include Shop Direct, which has a large distribution centre in Shaw, the large supermarkets, and Park Cakes.

**Figure 14 – Oldham's Largest Employers 2017**

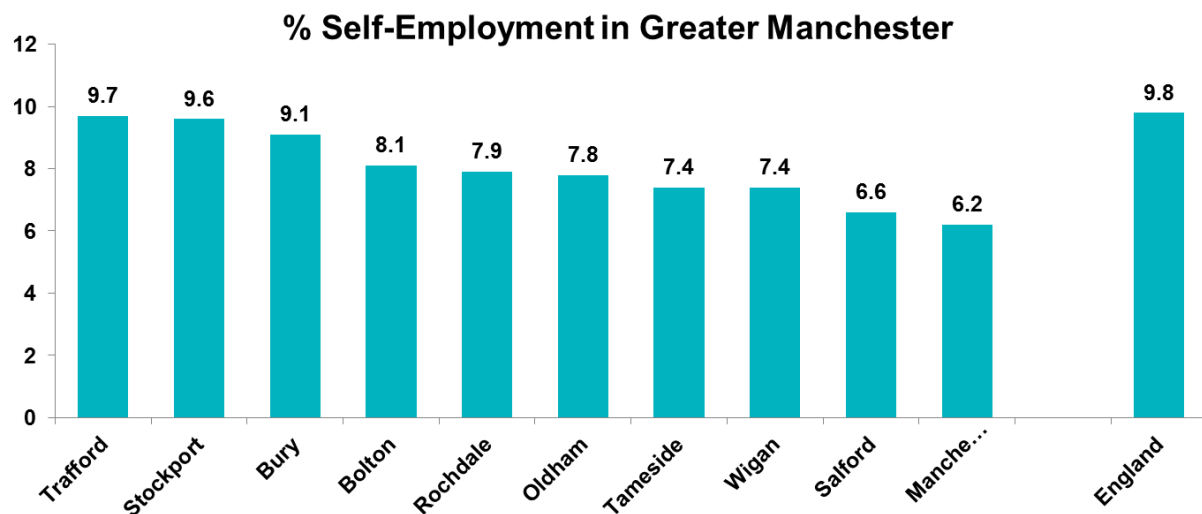
Name	Nature of Business	No of employees (approx.)	% of total jobs in Oldham
Oldham Council (including schools)	Public Sector	8000	10.7
NHS	Public Sector	7000	9.3
Shop Direct	Home Shopping	1000	1.3
Tesco	Supermarket	1000	1.3
Park Cakes	Cake Manufacturer	800	1.1
Asda	Supermarket	800	1.1
JD Williams	Home Shopping	800	1.1
Greater Manchester Police	Public Sector	600	0.8
Oldham College	Public Sector	600	0.8
First Bus	Bus company	600	0.8



## Self-Employment

Levels of self-employment can provide an indicative guide to levels of individual enterprise. Oldham (7.8%) has a lower proportion of residents self-employed than national norms (9.8%).

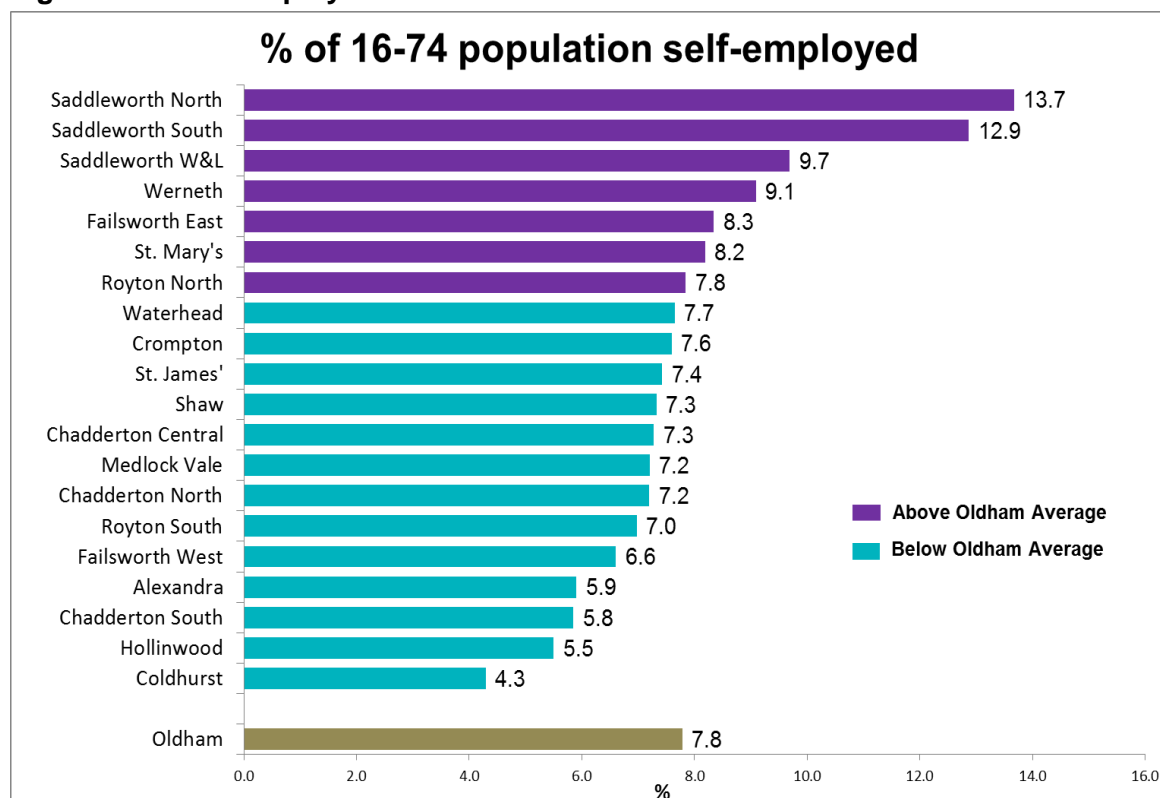
**Figure 15 – Self-Employment in Greater Manchester**



Source: ONS Census 2011

Within Oldham, levels of self-employment vary considerably. High levels of self-employment are often linked closely with areas of prosperity and Oldham's most affluent wards, Saddleworth North (13.7%) and Saddleworth South (12.9%) do have the highest rates of self-employment.

**Figure 16 – Self-Employment in Oldham wards**



Source: ONS Census 2011

However, high rates of self-employment are not always a sign of healthy entrepreneurship but can be a reflection of the difficulties in obtaining paid employment and the flexibility that self-employment provides. Self-employment within Oldham's Pakistani community has been increasing, with a predominance of jobs found within the transport sector (specifically taxi driving) and retail. This may explain why two of Oldham's most deprived wards, Werneth and St Mary's; have above average levels of self-employment.

## Gross Value Added (GVA)

Although not an end in itself, GVA is a traditional indicator of a healthy and dynamic economy<sup>4</sup>. The higher the GVA, the greater the wealth being created in the economy. This can be achieved with high levels of economic activity and employment and subsequently low levels of economic inactivity and unemployment.

In 2018, Oldham generated £4.1 billion of GVA<sup>5</sup>, an increase of 15.5% since 2005 and representing 6.3% of the total economic output of Greater Manchester. Manchester<sup>3</sup> (29.1%), which contains Manchester City Centre and the Airport City, generates the largest share of wealth within Greater Manchester, followed by Trafford (12.7%), Stockport (10.0%) and Salford (9.9%).

**Figure 17 – Total GVA by Local Authority**

Local Authority	GVA 2018 (£Billions)	% of Greater Manchester GVA	GVA % change since 2005
Manchester	19.0	29.1	37.2
Trafford	8.3	12.7	22.6
Stockport	6.5	10.0	1.9
Salford	6.5	9.9	21.9
Wigan	5.1	7.9	10.9
Bolton	5.0	7.7	11.1
Oldham	4.1	6.3	15.5
Bury	3.7	5.7	17.0
Rochdale	3.6	5.5	8.7
Tameside	3.4	5.3	-8.0
Greater Manchester	652.5	n/a	18.2
UK	17511	n/a	19.8

Source: GMFM 2018

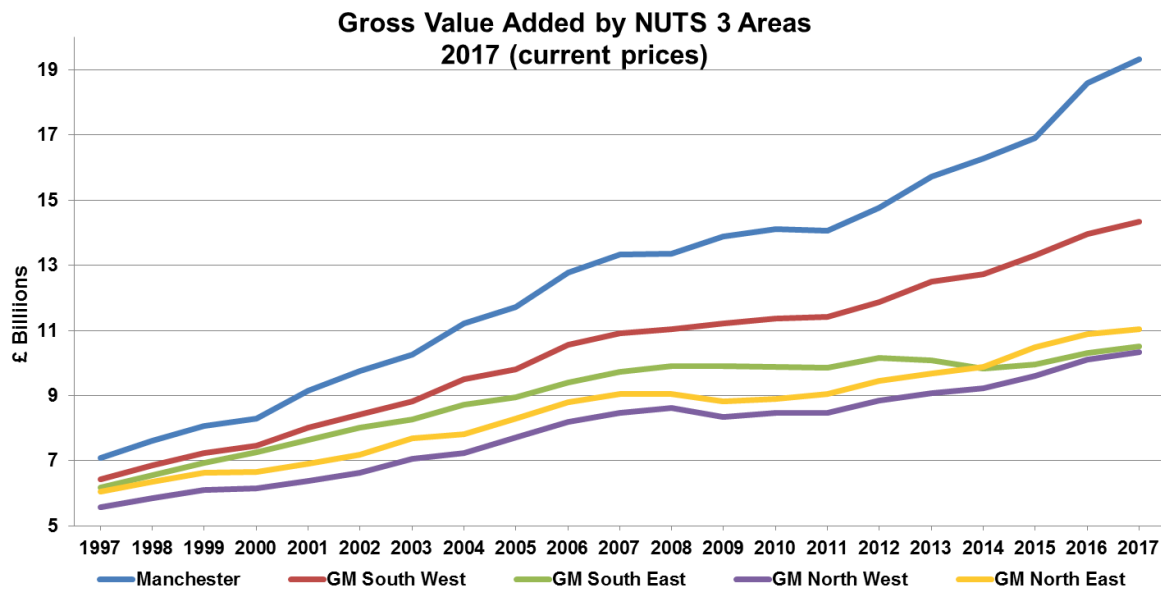
It is evident that there is a stark contrast in terms of wealth creation across the region. The 5 local authorities with the lowest GVA in GM have a GVA totalling £19.9 Billion (30.4%) out of a total of £65.2 Billion across all of GM.

The following chart highlights that Greater Manchester has in effect its own north/south divide and this imbalance is widening over time. While Manchester and GM South West has continued to see economic growth through the recession, other parts of Greater Manchester has broadly speaking levelled out since 2008. Reducing this growing inequality will require a commitment from the GM Combined Authority to review and prioritise investment sites and business infrastructure in GM North, South East and East.

<sup>4</sup> GVA represents the income generated by economic activity within the economy. GVA is calculated on a workplace basis and so does not include the income generated by Oldham residents who commute and work outside of the borough.

<sup>5</sup> ONS does not produce a separate figure for GVA output for Oldham – they produce a combined figure for GM North East (Oldham, Rochdale and Bury) under the NUTS3 economic demarcation – hence this figure is derived from the Greater Manchester Forecasting Model (GMFM) 2018.

**Figure 18 – Trend in Total GVA by NUTS 3 Area**

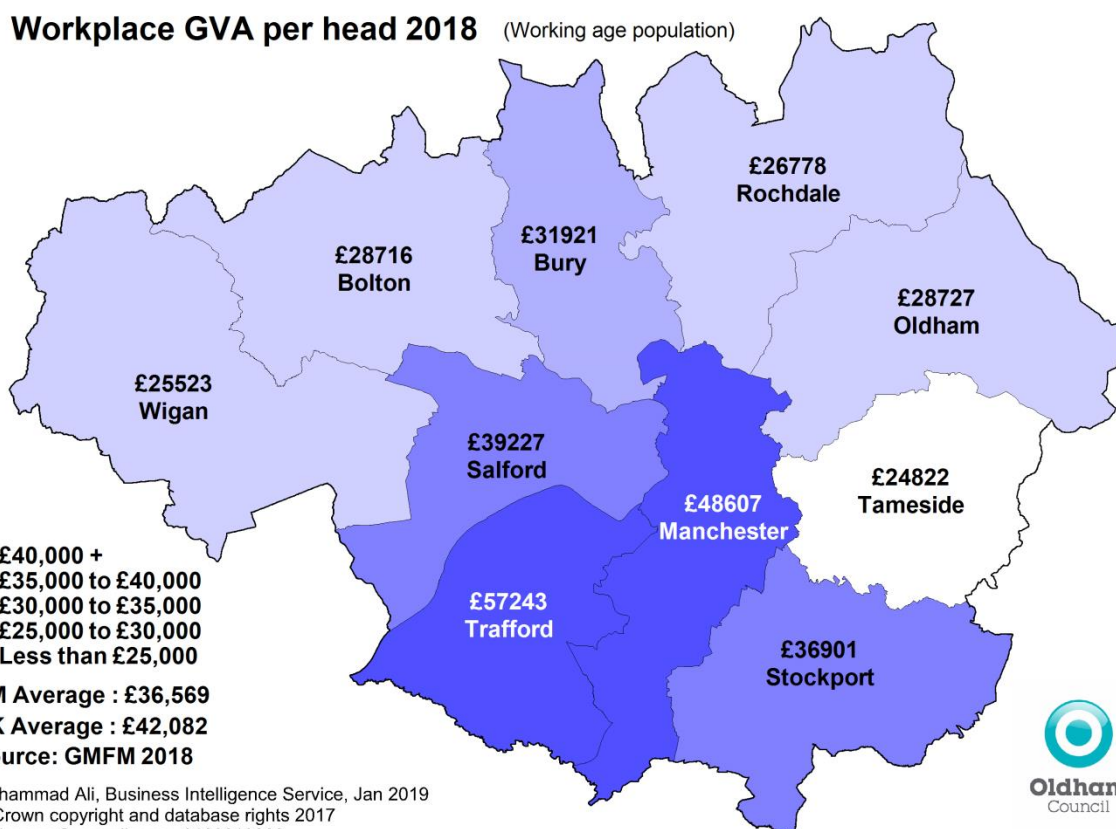


Source: ONS 2017, workplace GVA 1,2 NUTS3 at current basic prices.

### Gross Value Added (GVA) by head

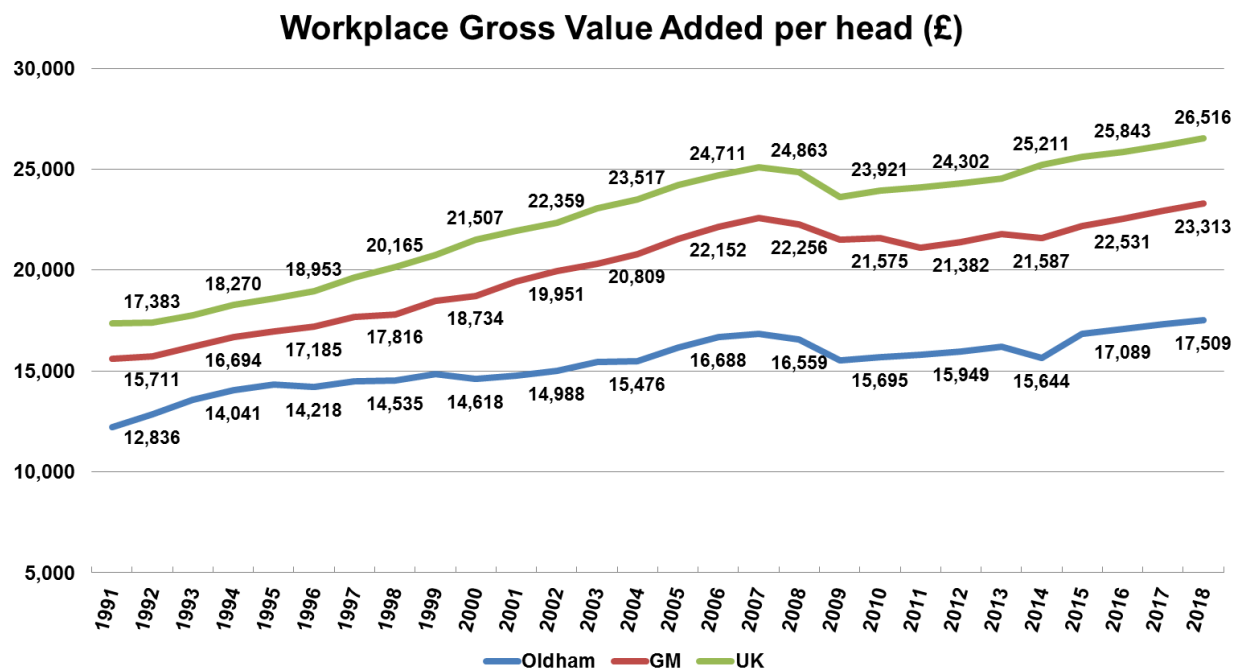
GVA per head is calculated by dividing the total GVA figure by the total resident population. In 2018, the average GVA per head (working age population aged 16-64) across Greater Manchester was £36,569, but as the map below identifies, there is again a large disparity within the region itself. The local authorities in the south have a much higher average GVA per head. Oldham's GVA per head in 2015 was £28,727, the 5<sup>th</sup> lowest across Greater Manchester, much lower than the GM (£36,569) and the UK (£42,082) averages. Only Trafford (£57,243) and Manchester (£48,607) had higher GVA per head than the UK average.

**Figure 19 – Map of Total Workplace GVA by Local Authority**



The GVA per head average has been increasing over time in Oldham, Greater Manchester and across the UK. However, this trend changed in 2008, with the onset of the recession, resulting in an immediate decrease in GVA per head averages. As the economic recovery continues, the UK has seen a more significant increase in GVA per head averages, therefore widening the gap between the national and Oldham averages.

**Figure 20 –Trend in GVA per Head by NUTS 3 Areas**



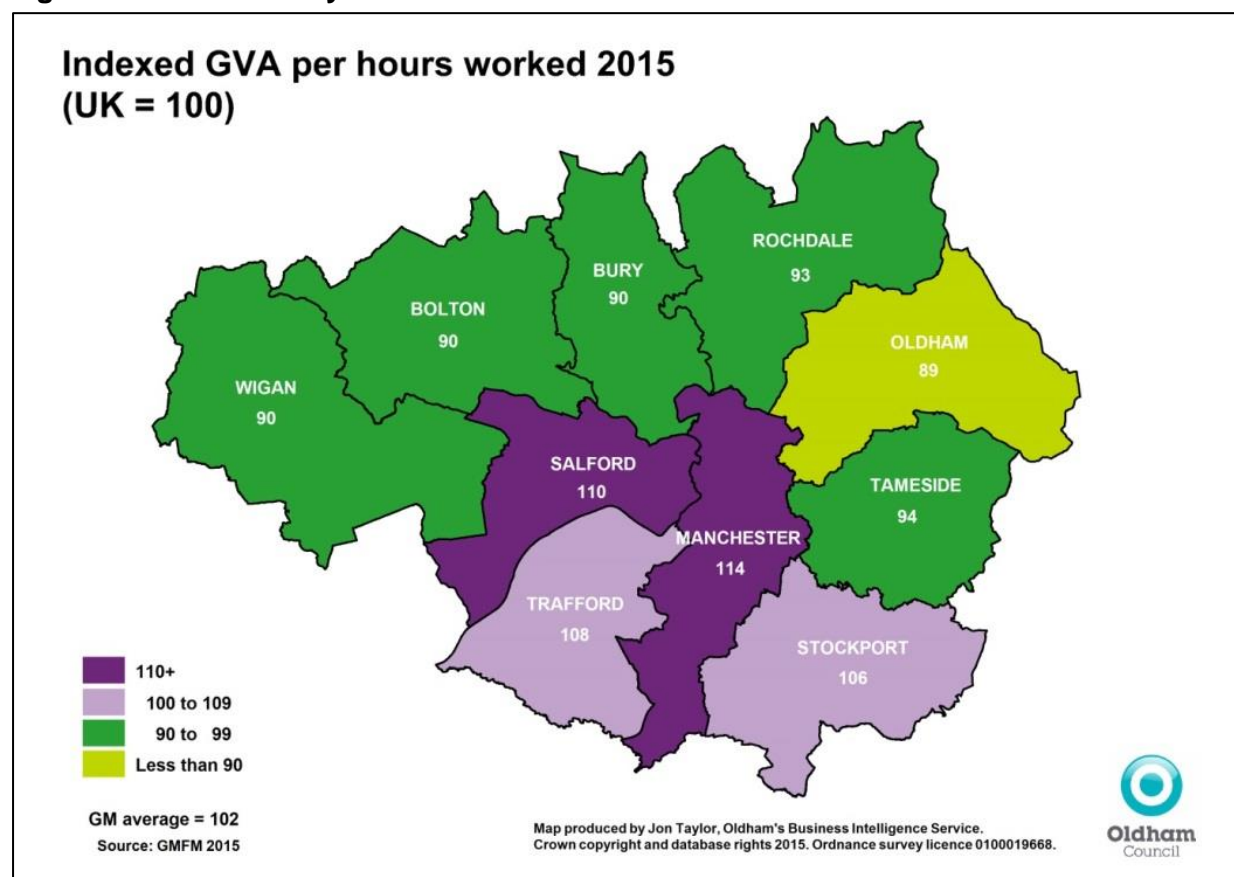
Source: GMFM 2018

## GVA per hour

GVA per hour is considered to be the preferred measure of labour productivity. Increasing productivity is essential for increasing economic growth. A higher level of productivity means that a higher level of output is being produced per unit of labour input.

As the map below shows, GVA per hour, as an index of the UK, is significantly lower in Oldham (89) compared to Greater Manchester average (102) and across the UK (100). Manchester and Salford have the highest levels of productivity with the region, but there does seem to be a distinctive north/south split. This suggests that there is a relatively large productivity gap within Greater Manchester itself, with the south of the region being much more productive than the north.

**Figure 21 – Productivity in Greater Manchester**



Source: GMFM 2015

## Competitiveness

The UK Local Competitiveness Index (UKCI) – has been developed by the Centre for International Competitiveness in Cardiff and is a useful tool for analysing the relative competitiveness of Oldham. The UKCI (2016) ranks all 379 UK boroughs and districts on a composite measure of competitiveness, which is considered to consist of the capability of an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it.

**Figure 22 - UKCI: Ranking for Greater Manchester districts 2016 and 2013**

	Ranking 2013 (1=most competitive)	Ranking 2016 (1=most competitive)	% of rank 2016
Trafford	53	57	15%
Manchester	97	99	26%
Stockport	102	114	30%
Salford	147	134	35%
Bury	210	224	59%
Bolton	292	290	77%
Tameside	326	325	86%
Wigan	325	327	86%
Rochdale	353	361	95%
<b>Oldham</b>	<b>354</b>	<b>365</b>	<b>96%</b>

Source: UK Competitiveness Index, Robert Huggins and Piers Thomson, Cardiff Metropolitan University, 2016

As the table above shows, levels of competitiveness vary considerably within Greater Manchester. Trafford, Manchester and Stockport are the highest ranked districts and perform well nationally. However, 4 out of the 10 Greater Manchester districts, which include Tameside, Wigan, Rochdale and Oldham (all located in GM north) are ranked in the bottom 15% of all districts across the UK.

Oldham (365) is the lowest ranked district with Greater Manchester (as it was in 2013), with only 14 worse performing Local Authorities across the UK. Oldham, along with six of the other Greater Manchester districts, has actually fallen in their position since the 2013 UKCI survey. Salford has seen the greatest improvement since 2013, where it has climbed by 13 positions.

It could of course be argued that this is but one of many measures of competitiveness, and in some senses may not recognise some of Oldham's economic advantages for incoming businesses- a young, educated workforce with low wage levels, supported by a high quality transport network- which will be highlighted in sections 2 and 3 of this assessment.