

“Cameron County” Most Challenged Rural Authority in new cuts era

Oxfordshire has the highest number of public sector employees of all rural counties in England and the 10th highest number of public sector workers of all 152 local authority areas in total. Oxfordshire has more public sector employees than Manchester, Liverpool, Sheffield and Bristol.

Yesterday’s budget brought home a stark realisation of just how savage public sector cuts are going to be. The economy is clearly emerging from recession. We might expect economic growth to rise from its current 1.5% per year but probably only to 2% or a little over in the short term. This will be enough to stabilise employment in the private sector, but there is a price - massive reductions in public sector expenditure.

This is bad news for rural places which are more dependent on average than urban England on public sector employment

The dangers of public sector dependency were exemplified in a recent Centre for Cities¹ report which predicted that those places with the highest dependency on the public sector were the most vulnerable going forward. It suggests a policy of cautious consolidation for those cities which have low growth potential characterised by their high dependence on public sector employment.

It summarises this in the following four eye-catching points:

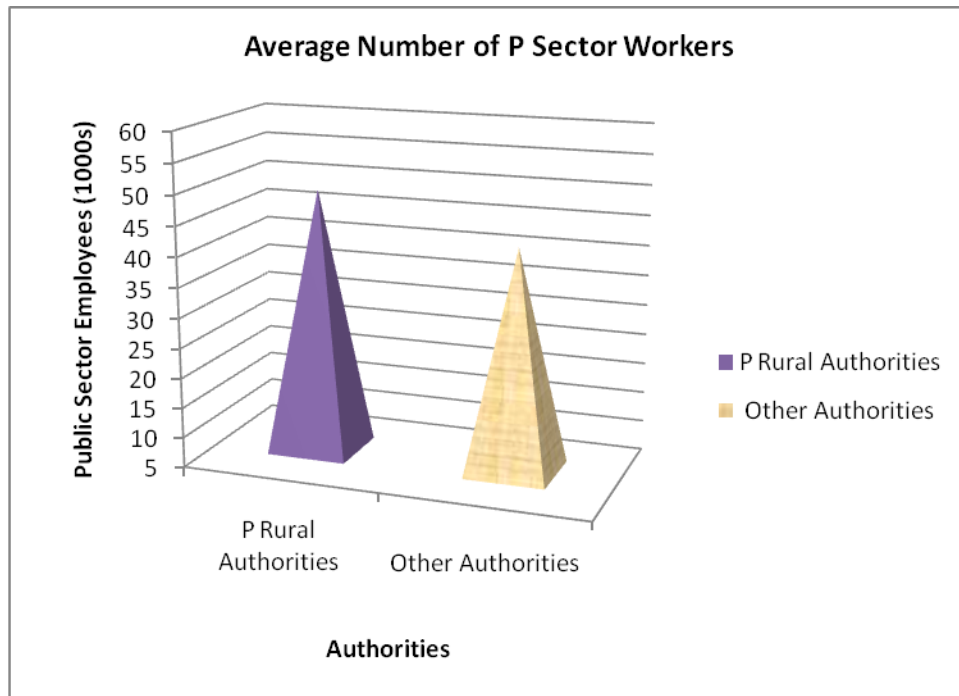
- Stop claiming that jobs can be provided for people wherever they choose to live. Lofty policy rhetoric leads to poorly thought out policies and feeds unrealistic aspirations about the growth potential of struggling cities.
- Change the objectives of built environment policies in struggling cities so that they focus on improving quality of life for residents rather than subsidising further expansion – for example, of the housing supply or commercial property.
- Continue to invest in private sector growth, but be realistic about what can be achieved. Policy makers should still invest in transport and public realm improvements that improve the business environment and support jobs growth.
- Focus on educational attainment and skills development, but recognise that people are mobile and will often move if they see greater opportunities elsewhere.

If this is applied to rural England it means those places with high public sector dependency facing stagnation.

¹ “Private Sector Cities: A New Geography of Opportunity” – Chris Webber and Paul Swinney Centre for Cities 2010

This is all very bad news for Mr Cameron's home County. Rural England is more dependent on the public sector than urban England. 33% of jobs in predominantly rural authorities² on average are public sector compared to 27% for other authorities.

Perhaps starker, in absolute terms the average number of public sector jobs in those authorities is 49,000 compared to 42,000 in other authorities. This is demonstrated in the chart below



If we order all 23 first tier authorities in the Predominantly Rural cohort Oxfordshire with 96,000 public sector jobs is top of the rural pops!

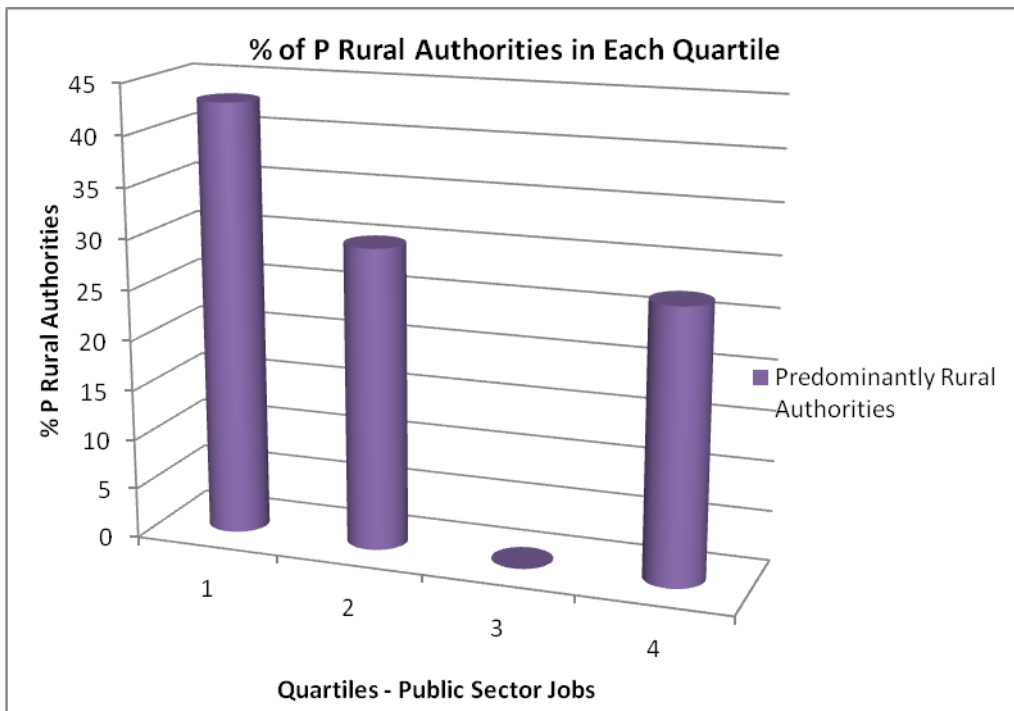
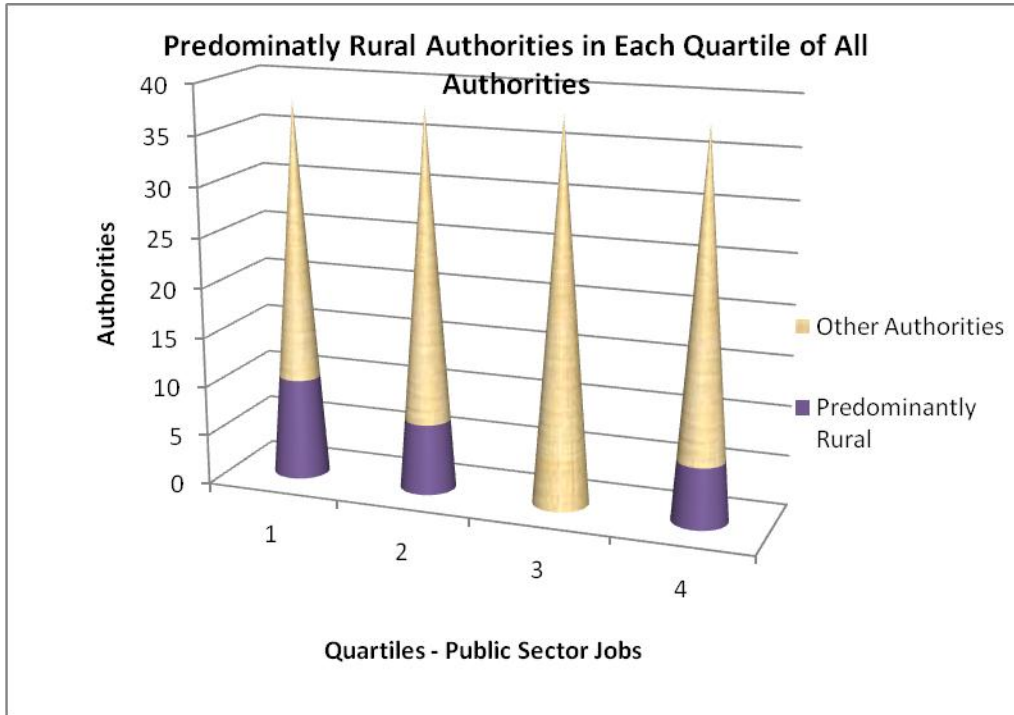
² Based on the ONS designation of top tier councils as Predominantly Rural, Significantly Rural or Predominantly Urban – see (<http://www.ons.gov.uk/about-statistics/geography/products/area-classifications/rural-urban-definition-and-la-classification/rural-urban-local-authority--la--classification/index.html>)

	Authority	Public Sector Employees	% All Jobs
1	Oxfordshire	96,000	30
2	Norfolk	91,000	28
3	Devon	87,000	30
4	Cambridgeshire	84,000	31
5	Lincolnshire	73,000	26
6	Suffolk	73,000	28
7	Somerset	62,000	29
8	North Yorkshire	60,000	25
9	Cornwall	57,000	29
10	County Durham	54,000	32
11	Cumbria	53,000	25
12	Wiltshire	51,000	28
13	Dorset	50,000	33
14	East Riding of Yorkshire	37,000	34
15	Northumberland	37,000	36
16	Shropshire	34,000	31
17	Cheshire East	36,000	22
18	North Somerset	20,000	27
19	Central Bedfordshire	20,000	23
20	Herefordshire, County of	19,000	26
21	Isle of Wight	16,500	33
22	North Lincolnshire	16,000	23
23	Rutland	5,000	34

Even more striking 6 Predominantly Rural Authorities are amongst the top 25 Councils areas in England in terms of public sector jobs. This is particularly noteworthy as they make up only 21 of the 152 first tier councils in England. We have set out their relative position below.

Rank	Authority	Public Sector Employees	% All Jobs
1	Kent	161,000	29
2	Birmingham	156,000	32
3	Lancashire	146,000	30
4	Essex	134,000	26
5	Hampshire	127,000	23
6	Surrey	125,000	24
7	Hertfordshire	106,000	21
8	Leeds	105,000	25
9	Westminster	103,000	17
10	<i>Oxfordshire</i>	<i>96,000</i>	<i>30</i>
11	<i>Norfolk</i>	<i>91,000</i>	<i>28</i>
12	Manchester	90,000	29
13	Liverpool	89,000	39
14	<i>Devon</i>	<i>87,000</i>	<i>29</i>
15	<i>Cambridgeshire</i>	<i>84,000</i>	<i>30</i>
16	Sheffield	83,000	33
17	Staffordshire	83,000	26
18	West Sussex	82,000	25
19	Nottinghamshire	77,000	28
20	Derbyshire	75,000	27
21	<i>Lincolnshire</i>	<i>73,000</i>	<i>26</i>
22	<i>Suffolk</i>	<i>73,000</i>	<i>28</i>
23	Northamptonshire	71,000	23
24	Gloucestershire	69,000	27
25	Bristol, City of	67,000	29

If all Predominantly Rural authorities are profiled in quartiles across all first tier authorities in England their very significant distribution in the top half of the public sector employment league table becomes very clear. We have set this out in the two charts below



What does this mean? In essence it means the potential of significant job losses in rural England. Job losses and spending cuts which disproportionately disadvantage the most rural parts of the Country.

RSN have lobbied actively for a number of years to encourage Government to recognise and address the rural premium in terms of the costs of delivering rural services. The huge public sector deficit cannot be addressed without significant pain all round. It is our assertion that some careful thinking is needed in how that pain is shared out to avoid unintended consequences, unintended consequences in this case which could impact significantly on the home County of the Prime Minister.

Received wisdom is that there is no such thing as a distinctive rural economy. According to Defra "There is no single and separate rural economy; rather, rural enterprises and areas use local, regional and international trading links, with our modern rural economies existing in an increasingly inter-connected world. The economies of rural and urban areas are becoming increasingly similar in terms of types of businesses and employment, and more closely interlinked with one another. Most of rural England is well-connected with strong links to nearby towns and cities and good access to local markets and job opportunities."

See "Rural Economy and Business" (<http://www.defra.gov.uk/rural/economy/index.htm>)

There is however a distinctive rural context including: challenging service delivery costs and as revealed here, a high dependence on public sector employment. In our next edition we look at the implications for Rural England of significant reductions in public sector spending and employment. Implications which could impact on skills, jobs, housing and service delivery.