Cheshire West & Chester Council
Produced by Strategic Intelligence

August 2016 Economic Summary

October 2016

Economic conditions at a glance

Cheshire West and Chester in August 2016

- Unemployment estimates remain at 4.0%.
- Claimant count rates are stable at 1.4%.
- Long term unemployment remains at 0.3%.
- Employment estimates have declined to 72.6%.

UK in July 2016

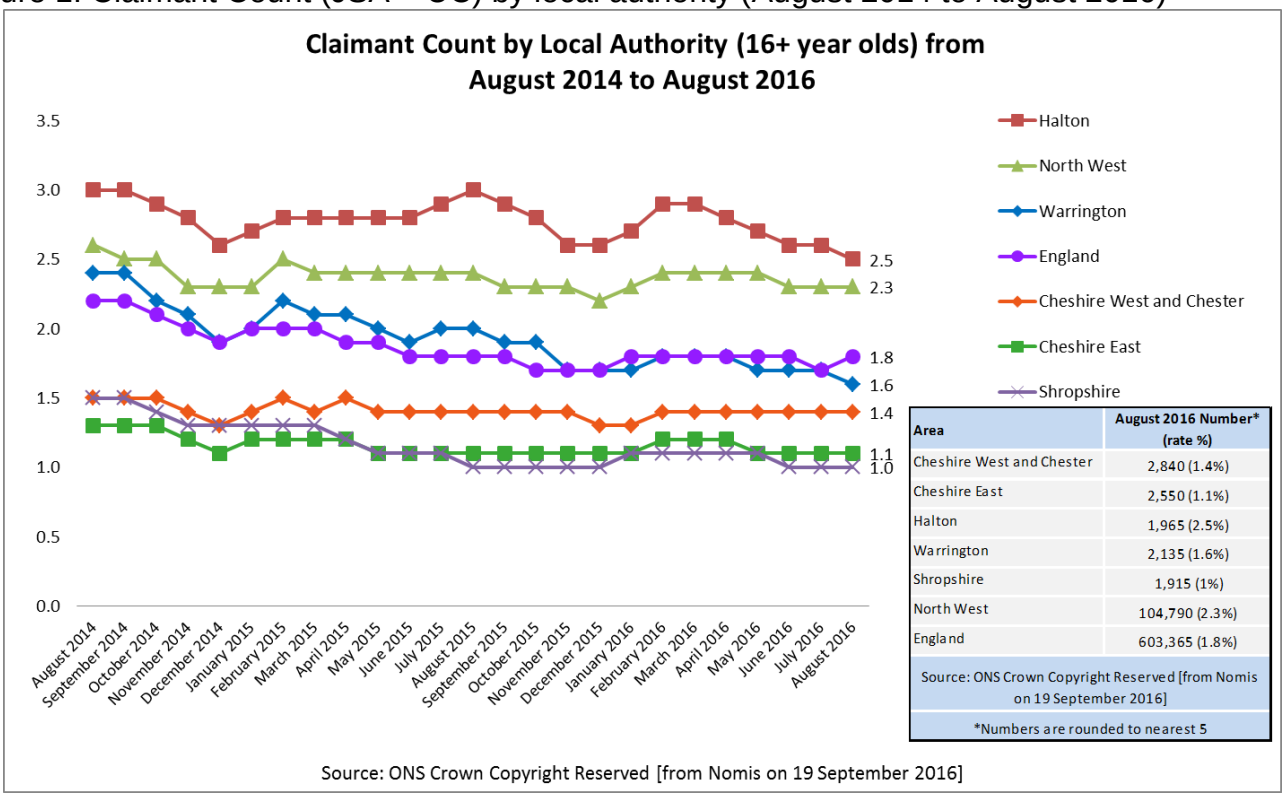
- The UK/PMI Manufacturing index has risen to above the 50.0 ‘no change’ mark at 53.3.
- Consumer confidence levels have risen to -7.0.
- Consumer Price Index has stayed at 0.6 from July 2016.

Claimant Count by Local Authority (Monthly)

The 'Claimant Count' figures in Nomis are experimental and are not considered a 'national statistic'. The figures now include both Job Seekers Allowance Claimants and those on Universal Credit that are 'out-of-work'.

There are issues with the Claimant Count data in that the coverage of the Universal Credit estimates does not precisely match the Claimant Count definition, because it includes some claimants who are not required to seek work due to illness or disability. It also includes people who claim unemployment-related benefits but who do not receive payment and those that claim JSA in order to receive National Insurance Credits.

Figure 1: Claimant Count (JSA + UC) by local authority (August 2014 to August 2016)



Area	August 2016 Number* (rate %)
Cheshire West and Chester	2,840 (1.4%)
Cheshire East	2,550 (1.1%)
Halton	1,965 (2.5%)
Warrington	2,135 (1.6%)
Shropshire	1,915 (1%)
North West	104,790 (2.3%)
England	603,365 (1.8%)

Source: ONS Crown Copyright Reserved [from Nomis on 19 September 2016]

*Numbers are rounded to nearest 5

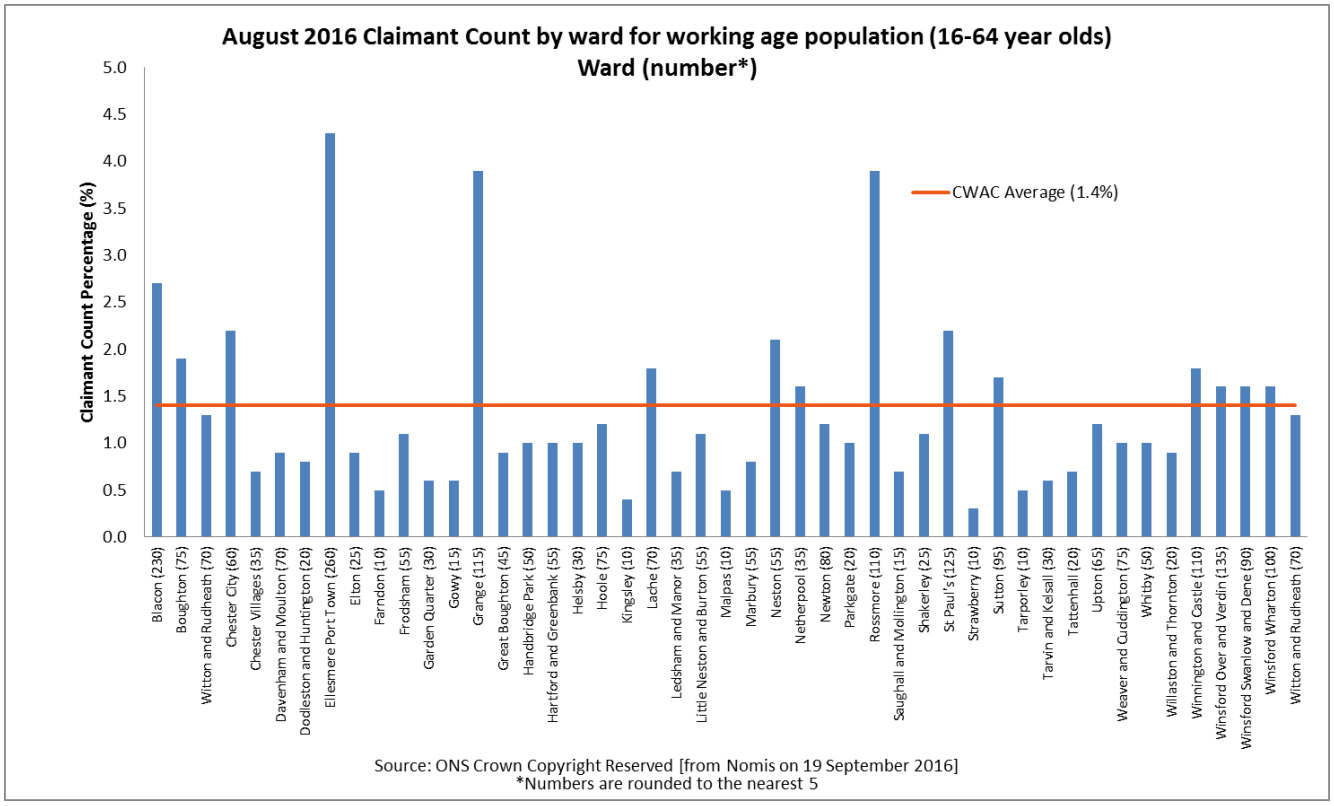
- Shropshire continues to be the local authority with the lowest Claimant Count rate, at 1.0% of the resident working age population, equivalent to 1,915 people.
- Cheshire West and Chester has the third lowest Claimant Count rates at 1.4%, or close to 2,840 people, up from the revised July 2016 total of 2,810 people.
- Cheshire East is at 1.1% in August 2016; same as it was last month.
- For all the areas, except for Halton and Warrington, Claimant Count numbers increased slightly in August 2016 from the previous month.

Claimant Count by Ward (Monthly)

The same issues that affect the Claimant Count for local authorities, impact on the Claimant Count by ward. That is, the Universal Credit out-of-work count includes those that may not fit the definition of being unemployed.

The following figure shows the Claimant Count numbers and rates at a ward level for Cheshire West and Chester in August 2016.

Figure 2: Claimant Count (JSA + UC) by ward (August 2016)



- The Cheshire West and Chester figure was 2,810 in July; it has now risen to 2,840 in August 2016.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.4% in August; this is consistent with the revised rates of the last 6 months.
- Ellesmere Port Town Ward has the highest Claimant Count rate with 4.3%, up from 4.2% last month; followed by Rossmore (4.2% in July) and Grange Ward at 3.9%.
- In terms of numbers (in brackets at the end of each ward name), Ellesmere Port Town has the highest numbers at 260 (up from 255 in July 2016), followed by Blacon Ward with around 230 people (down from 235 in July 2016), these two wards are still significantly higher than the next highest ward of Winsford Over and Verdin with 135 people (same as last month).

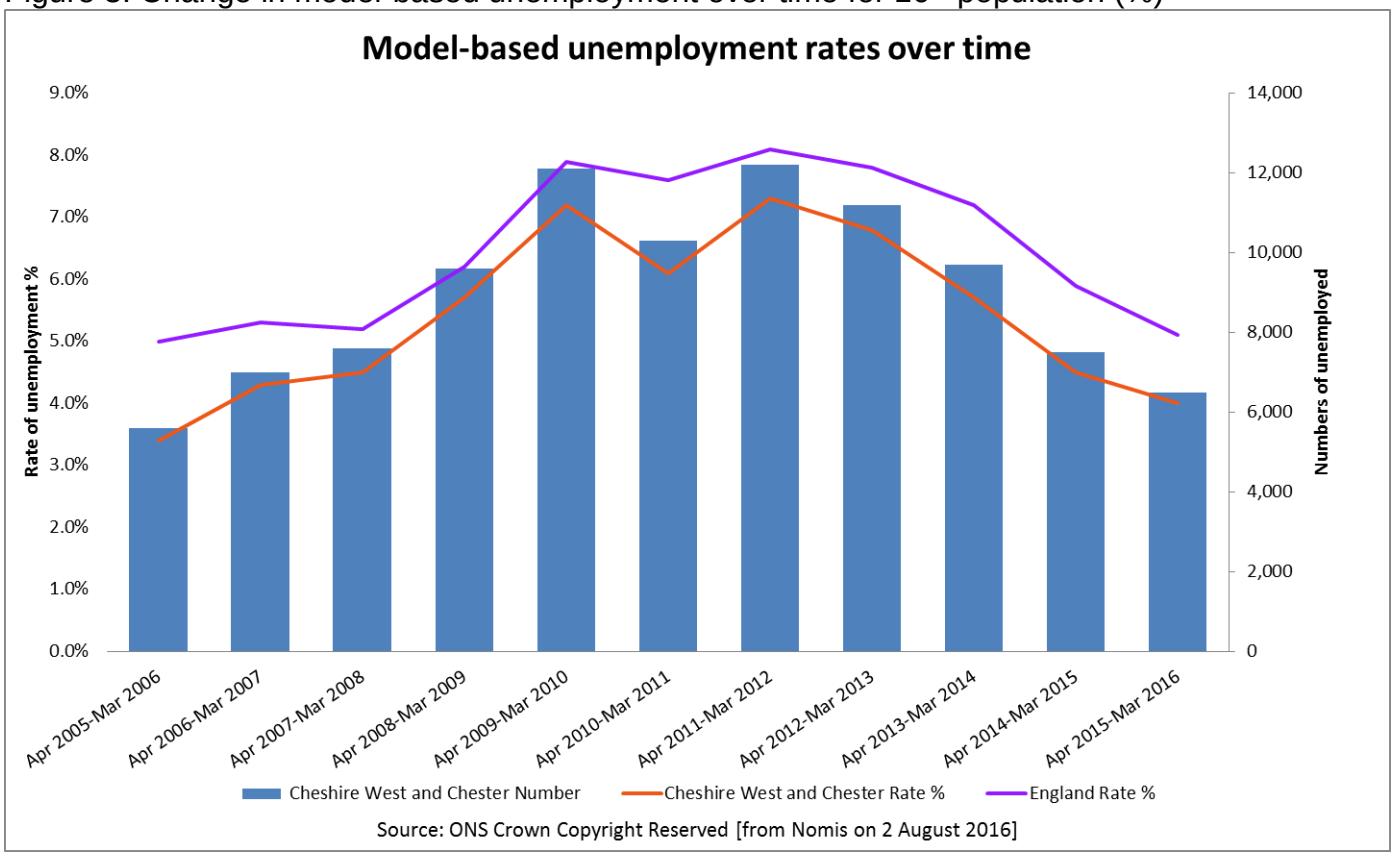
It must be noted again that this may not be a true reflection of those that would normally be on out-of-work benefits as some included in this measure may not capable of working due to illness or injury, and some may not even be getting payments.

Unemployment (Quarterly)

The unemployment rates used here are the 'model-based estimates of ILO (International Labour Organisation) unemployment' from the Office of National Statistics (ONS). These estimates are now accredited as National Statistics, and are considered to be the most reliable method of calculating unemployment for an area. These are based on rolling surveys that are conducted on a quarterly basis and are calculated at local authority level.

The graph below shows change in unemployment over the last 11 years.

Figure 3: Change in model-based unemployment over time for 16+ population (%)

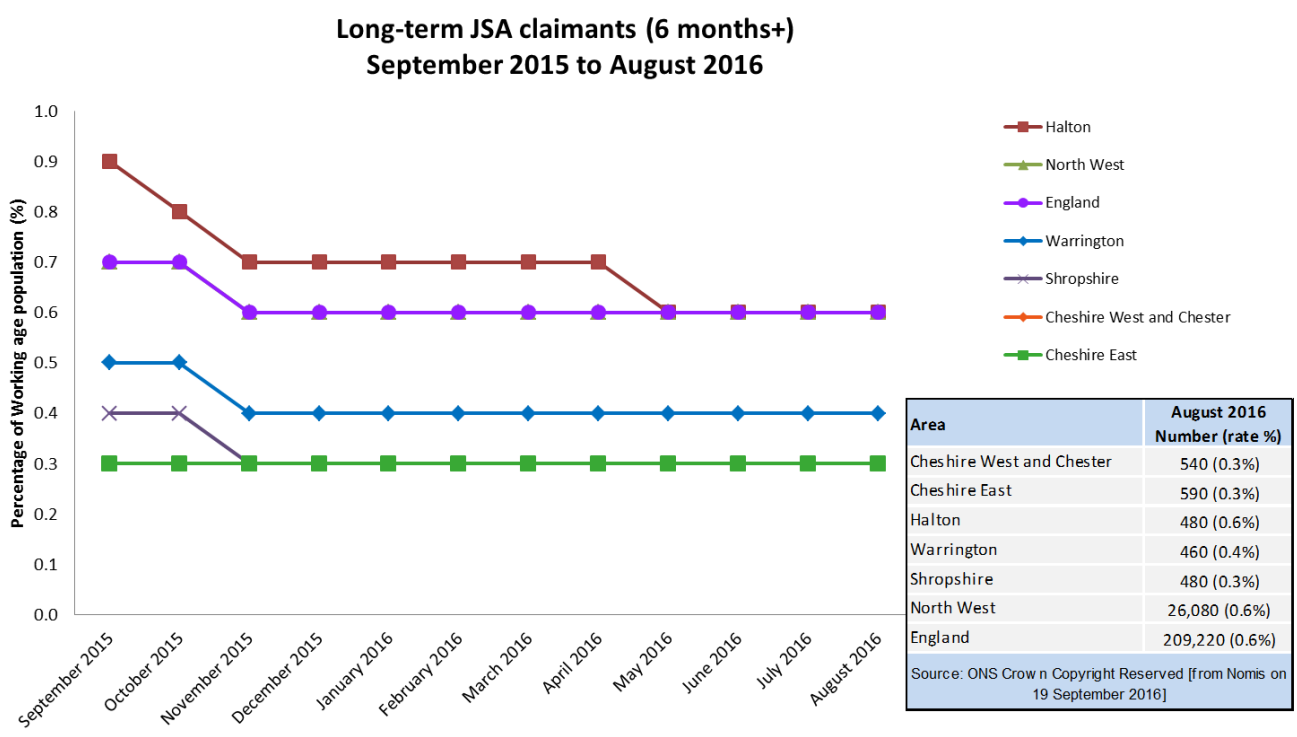


- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now close to pre-financial crisis level, from over 12,000 to around 6,500 or 4.0%.
- The rate of decline is very similar to the England rate, suggesting that unemployment rates are declining across England at a similar pace.
- Cheshire West and Chester has consistently remained below the England rates.

Long-term unemployed

Long-term unemployed looks at those who have been on Job Seekers Allowance (JSA) for more than 6 months. The reason that JSA figures are looked at, is that the 'Claimant Count' statistics do not have a 'duration' breakdown.

Figure 4: Long-term (6+ months) JSA claimants' comparison (September 2015 to August 2016)



Area	August 2016 Number (rate %)
Cheshire West and Chester	540 (0.3%)
Cheshire East	590 (0.3%)
Halton	480 (0.6%)
Warrington	460 (0.4%)
Shropshire	480 (0.3%)
North West	26,080 (0.6%)
England	209,220 (0.6%)

Source: ONS Crow n Copyright Reserved [from Nomis on 19 September 2016]

Source: ONS Crown Copyright Reserved [from Nomis on 19 September 2016]

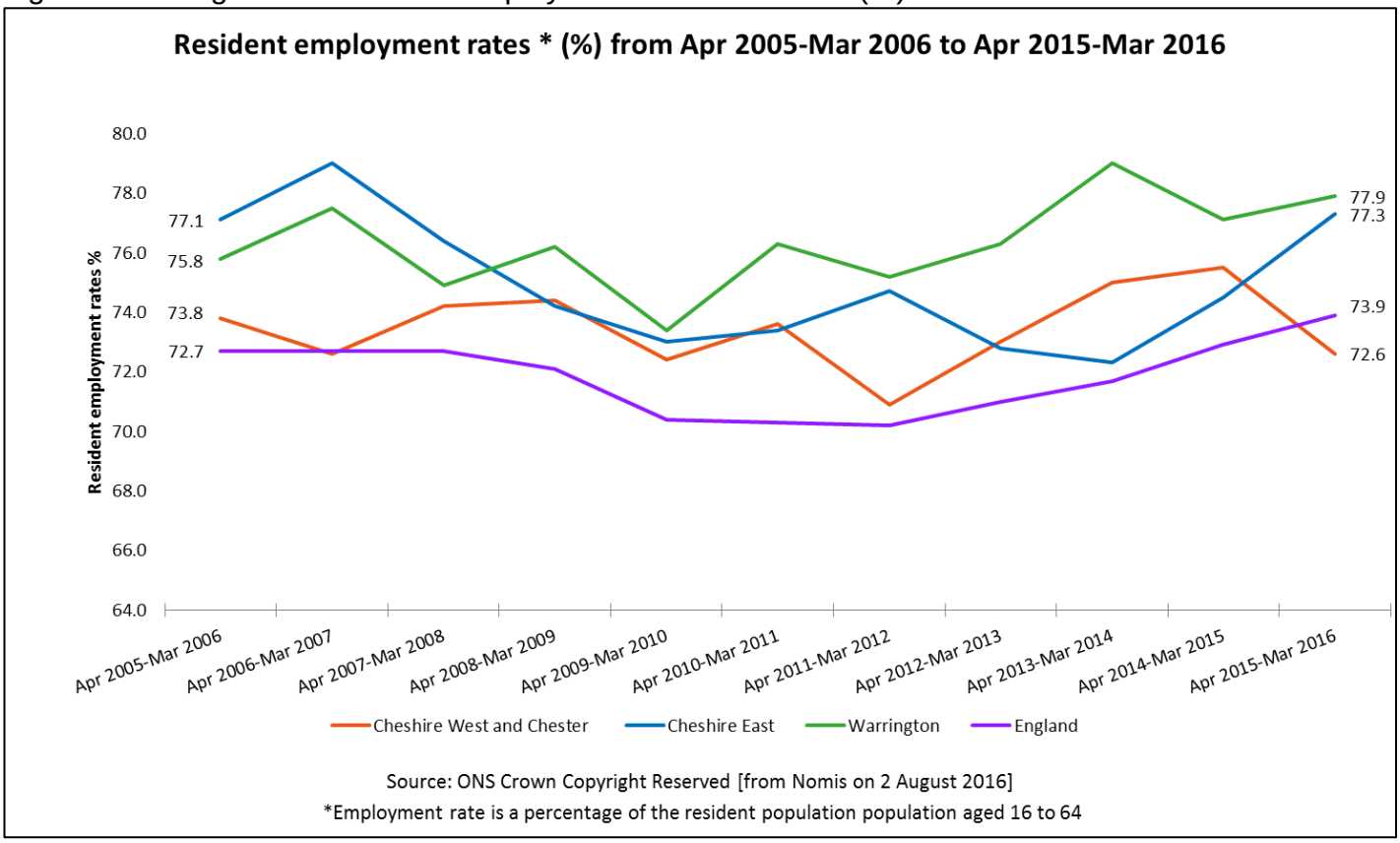
(Note that numbers in the table are rounded to the nearest 5)

- The lowest rates of people claiming JSA benefits for six months or more continues to be Cheshire East, Cheshire West and Chester and Shropshire with a rate of 0.3% of the working age population.
- The general decline in long-term JSA benefit rates almost stopped for the last 10 months, with only small changes in numbers for most of the local authorities and no change in any of the rates from November 2015 onwards (except for Halton which dropped by 0.1% in May).
- While the rate hasn't changed in the last 10 months, there has still been a 3.6% drop in the numbers from 575 in February 2016 to 540 in August 2016 in Cheshire West and Chester.
- This very low rate of change suggests that either there is a group of core long-term unemployed that are very difficult to get off the register; or the low rate of change is due to the fact that as some long-term gain employment; others join the 6 month+ cohort. The Work Zone programs success in getting long –term unemployed back into employment suggests the latter.

Employment (Quarterly)

The annual population survey (APS) from ONS is a combined survey that provides information on key social and socio-economic variables at a local authority level and above. The survey relates to resident populations of the areas sampled. One of the indicators it provides is the employment rate of the resident population; Figure 5 over the page shows how the rate has changed over time for Cheshire West and Chester and comparison areas.

Figure 5: Change in the resident employment rates over time (%)



- As can be seen from the graph above, the employment rate for the local authorities fluctuates over time. However, most areas shown have rising resident based employment levels from 2010 onwards.
- Cheshire West and Chester's current employment rate of 72.6% represents around 148,700 residents aged 16 to 64. The rate has dropped from the previous 12 month period; this represents a decrease from the previous period in terms of numbers who are employed of around 6,000 people. The combination of the seemingly out of synch change in comparison with the rest of the comparators and no significant change in the claimant count suggests that this result may be a result of sampled population within the larger Cheshire West and Chester population; rather than an indication of a real change. The confidence interval is 3.9; which means that there is a 95% certainty that the actual unemployment rate, if the entire population of Cheshire West and Chester were surveyed, is within 3.9% of the 72.6% rate listed; or between 68.7% and 76.5%. So there is no statistically significant change to last year's results.

The following table shows a breakdown of the activity rate in Cheshire West and Chester.

Cheshire West and Chester for the 16-64 Population (Apr 2015 to Mar 2016)			
	numerator	**denominator**	**percent**
Economic activity rate (proportion of total 16-64 year old residents)	155,700	204,700	76.0%
Employment rate (proportion of total 16-64 year old residents)	148,700	204,700	72.6%
Unemployment rate (proportion of the economically active population)	7,000	155,700	4.5%
Economically inactive (proportion of total 16-64 year old residents)	49,000	204,700	24.0%
ONS Crown Copyright Reserved [from Nomis on 02 August 2016]			

- Economically active includes people who are either employed or unemployed (but have been looking for work in the last 4 weeks)
- Economically inactive people are not in employment, but do not satisfy all the criteria for unemployment; for example, students not working or seeking work and those in retirement are classed as economically inactive. This group is comprised of :
    - those who want a job but who have not been seeking work in the last 4 weeks,
    - those who want a job and are seeking work but not available to start and
    - those who do not want a job (for example those who cannot work due to illness or injury).

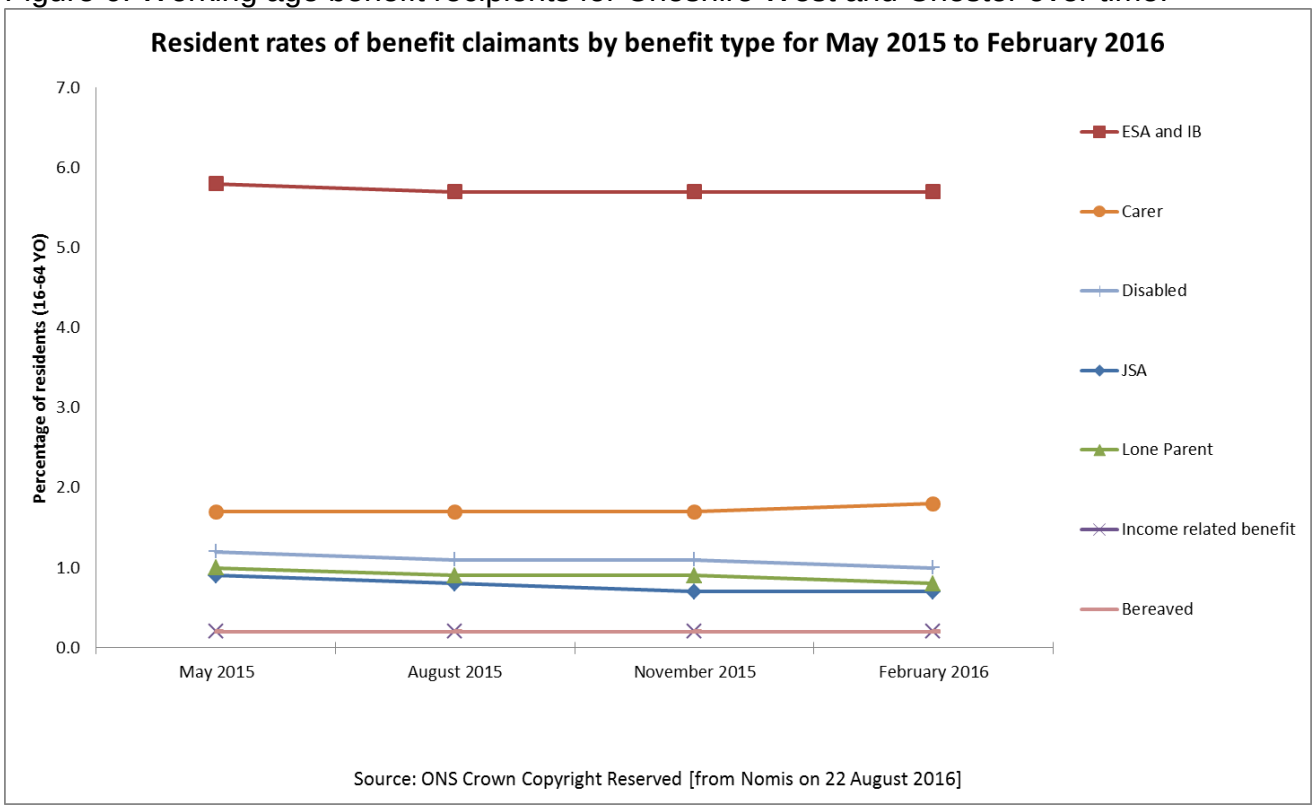
Benefit Data – Working age client group (Quarterly)

This data looks over time at those people of working age (16-64 year olds) who are on different benefit types in Cheshire West and Chester. Benefits are arranged hierarchically and claimants are assigned to the top most benefit which they receive. The groups in hierarchical order are:

- Job Seeker ‐ claimants of JSA;
- ESA and incapacity ‐Employment and Support Allowance, Incapacity Benefit or Severe Disablement Allowance;
- Lone parents ‐ single people with children on Income Support and not receiving a disability related premium;
- Carer ‐ Carer's Allowance claimants;
- Others ‐ Other Income Support (including IS Disability Premium) or Pension Credit
- Disabled - Disability Living Allowance, Attendance Allowance or Industrial Injuries benefits; and
- Bereaved ‐ Widow's Benefit, Bereavement Benefit or Industrial Death Benefit.

The data is aggregated on a quarterly basis and can be used to provide an idea of those people who are currently not participating in the workforce except through a work-related activity group. This data set is based on all claims (i.e. 100% processing of records) so is not subject to sampling error.

Figure 6: Working age benefit recipients for Cheshire West and Chester over time.

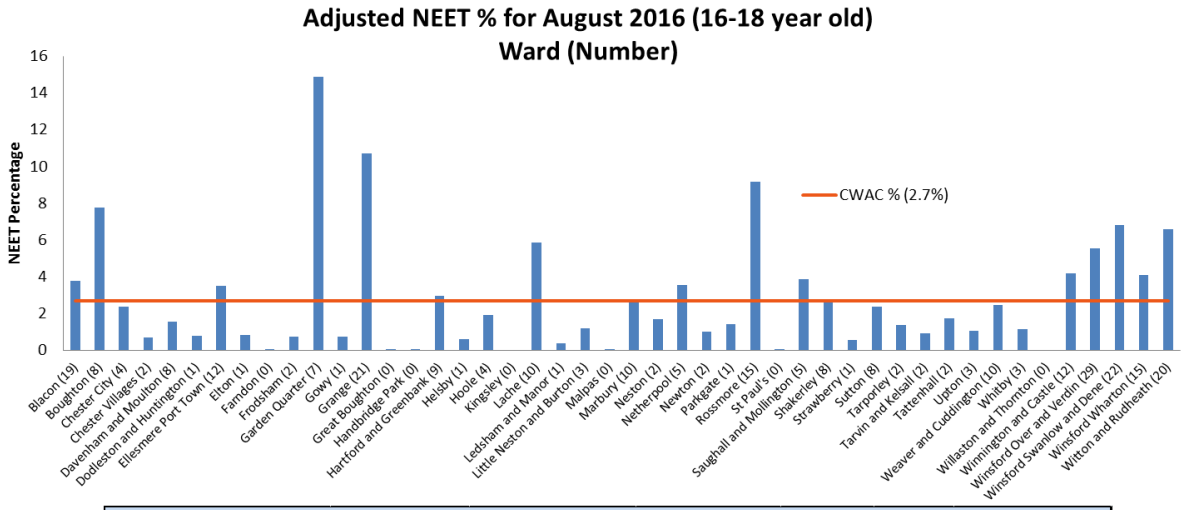


- Employment Support Allowance (ESA) and Incapacity Benefit (IB) is by far the most significant contributor to the numbers of benefit claimants in Cheshire West and Chester.
- In February 2016, ESA/IB accounted for near to 11,760 people or 5.7% of the 16-64 year old population. The numbers are slightly up from last quarter's results of 11,750; but as the numbers are rounded to the nearest 10, the actual number may be smaller or larger than this.
- The rates of all but the JSA claimants have not changed much over the last 12 months. JSA has fallen from 0.9% in May 2015 to 0.7% in February 2016 representing a fall of close to 330 people.
- The rate of Carers benefits has increased over the period from 1.7% to 1.8%, representing an increase of nearly 140 claimants.

NEET (Monthly)

The following figures are derived from 16-18 year olds who are 'not in employment, education or training' (NEET). The data is collected monthly and has been adjusted to exclude those known to have been scheduled to have finished employment, education or training in that period.

Figure 7: Adjusted NEET rates for August 2016



Three month NEET rate comparison						
Area / Date	June 2016	July 2016	August 2016	Trendline	3 month average	Adjusted NEET Numbers August 2016
Cheshire West & Chester	2.5%	2.6%	2.7%		2.6%	295
Cheshire East	2.8%	3.1%	8.3%		3.8%	364
Halton	6.3%	6.2%	6.7%		6.4%	309
Shropshire	4.1%	NA	NA		3.9%	N/A
Warrington	3.2%	3.3%	3.5%		3.3%	251
North West	5.3%	5.4%	5.9%		5.5%	13,129
England	4.5%	4.6%	5.3%		4.4%	82,014
Source: Data Source: Department of Education via the National Client Caseload Information System (NCCIS) May 2015						

Source: CCIS August 2016

- As can be seen from the graph, the highest rate of NEET in Cheshire West and Chester is in the Garden Quarter Ward with 14.9%; however, this only this represents a total of 7 people aged 16 to18 who are NEET. Grange is next with 10.7% (21 NEET); followed by Rossmore Ward which has the third highest rate of 9.2% (15 NEET).
- In terms of numbers, Winsford Over and Verdin has 29 NEET (5.5%), while the next closest is Winsford Swanlow and Dene Ward with 22 NEET (6.8%), followed by Grange Ward with 21 NEET or 10.7%.
- The Cheshire West and Chester NEET rate is increasing and has a three-month average of 2.6%, with the August average rising to 2.7%.

Macro-economic indicators

The following section provides an overview of some macro-economic indicators and what they mean:

Consumer Price Index:

Consumer Price Index (CPI) is a 12-month measure that examines the weighted average of prices of a 'very large shopping basket' of average household goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Consumer Price Index (CPI)		
August 2016	⇨	0.6
Previous Month = 0.6		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has risen to +0.6, this means that the 'very large shopping basket of goods' bought in August 2015 for £100.00 would, in August 2016, cost £100.60.

Small Business Index:

The majority of businesses in Cheshire West and Chester are small to medium size enterprises. As such, the small business index offers an insight into the confidence of these businesses looking into the future. It is a quarterly report run by the Federation of Small Businesses (FSB) and looks at capacity levels, employment, revenues and the confidence of small firms across the UK.

Small Business Index		
Q2 2016	⇩	4.30
Previous Quarter = 8.6		
Source: Federation of Small Businesses		

According to the FSB report for Q2 (April, May and June) of 2016, the reasons reported for driving the continued decrease in small business confidence was a combination of higher labour costs with the roll out of the living wage and a loss of confidence in the UK economy outlook. As the Index is still a positive number, small businesses are generally positive about the outlook ahead, but only just; and it should be noted that the Q2 index of 2015 was 37.9.

UK purchasing managers' index:

In the United Kingdom, the Purchasing Managers' Index is an indicator of the health of the manufacturing sector. It is based on new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading at 50 indicates no change.

UK Purchasing Managers' Index (PMI)		
August 2016	⇧	53.3
Previous Month = 48.3		
Source: Markit/CIPS UK Manufacturing PMI®		

The manufacturing PMI has risen back above the no-change mark of 50.0 again after its record fall below the mark in July 2016, a record monthly rebound. It is thought that a big driver of the growth in new orders was due to the falling value of the sterling against other currencies.

Consumer Confidence index:

In the United Kingdom, the consumer confidence survey measures the level of optimism that consumers have about the performance of the economy in the next 12 months. German market research company GfK Consumer Confidence index is derived from consumer surveys where they are asked to rate past and future economic conditions including personal finances, climate for major purchases, overall economic situation and savings level.

Consumer Confidence Index		
August 2016	⇧	-7
Previous Month = -12.0		
Source: GfK NOP UK		

The report from GfK states that consumer confidence has risen to -7.0 for August 2016. This month's survey showed rises in all measures and seems to reflect some of the positive results from post Brexit data. According to the head of market dynamics at GfK Joe Staton it reflects a 'wait and see approach to what post-Brexit UK' looks like.

Official Bank of England Interest Rates:

The Bank of England (BoE) interest rate is the rate at which the BoE lends short-term money to financial institutions. This in turns affects the range of short and longer-term interest rates set by commercial banks, building societies, etc. for their customers. The idea of rate changes is to try and keep the balance between the supply of, and demand for, goods and services.

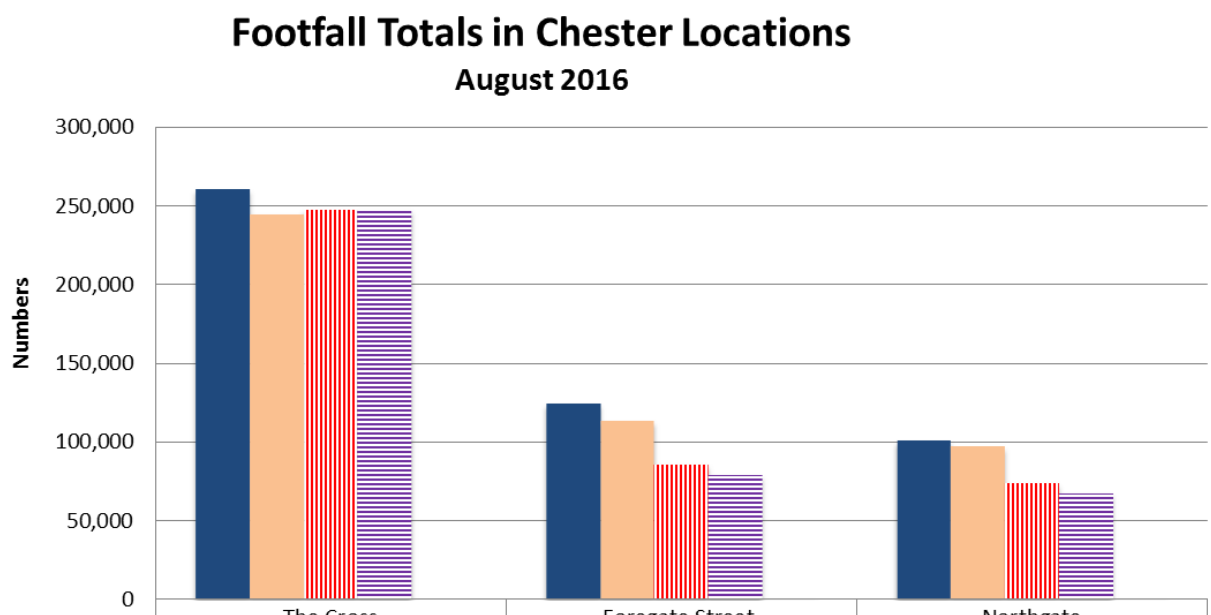
Bank of England Interest Rate		
July 2016	⇩	0.25
Previous Month = 0.50		
Source: Bank of England		

The rates have remained unchanged since last month at 0.25%. The positive news post EU referendum, helped by rebounds in manufacturing, services and construction have most economic forecasters predicting that the BoE interest rate won't change any time soon.

Chester footfall (Monthly)

Cheshire West and Chester Council receive footfall data from Springboard Automated Footfall counting. This provides an idea of pedestrian activity in an area; however it does not necessarily translate into people spending money in shops. The following is data collected from 31/07/2016 to 27/08/2016.

Figure 8: August 2016 Footfall Counts in Chester



	The Cross	Foregate Street	Northgate
August 2016	260,419	124,272	100,758
July 2016	244,408	113,321	96,881
August 2015	247,243	85,707	73,769
August 2014	247,492	78,938	67,576
% change from previous year	5.2%	57.4%	49.1%

Source: Springboard Automated Footfall Counts

- The Cross saw a rise in foot traffic from the July 2016 figures; and the August 2016 figure are above the figures from 12 months and two years ago.
- Footfall numbers in Foregate Street were significantly higher than in July 2016 and both years previously.
- Northgate Street was similar, where the figures for July were higher than the previous month and the same period for the previous two years.
- Foregate Street and Northgate Street saw a rise of around 50% from the same month last year.
- Peak footfall times occur around lunch time between 11.00am to 2.00pm during the week; this applies to the three areas covered by the monitoring equipment.
- From other information in the report, Saturday was the busiest day of the week, peaking just over 8,000 footfalls per hour just after 1.00pm on a Saturday.

Spotlight:

The Office of National Statistics has published an assessment of the post referendum economy in late September.

https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/assessmentoftheukpostreferendumeconomy/september2016

Using this report combined with other information; the general picture that is emerging at this time is one of relative minimal change overall, there has been no sign of an enduring fall in confidence and there has even been some growth in sectors due to the falling value of the pound. However it is still recognised as being very early days and the true effects will be known in the coming months and years.

The preliminary estimate of third quarter GDP will be available by the end of October which will help provide an understanding of any short term impacts on growth.

The Markit/CIPS for Services and Construction show different pictures. The construction industry still showing contraction, but that contraction is slowing as it was 49.2 in August. This is up from last month's 85 month low of 45.9; but still below the indicator of growth 50.0+. Increases in input costs due to the falling sterling have put downward pressure on any recovery, though this is counterbalanced by increasing demand.

The services sector has rebounded to show positive growth in August 2016. It rose from 47.4 (sector contraction) in July, to now 52.9. This 5.5 month-on-month point gain is the largest in the 20 year history of the survey. The rise has been driven by an increase in confidence and has been aided by the Bank of England's stimulus package.

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