

# September 2016 Economic Summary

November 2016

## Economic conditions at a glance

### Cheshire West and Chester in September 2016

-   Unemployment estimates have gone up slightly to 4.1%.
-   Claimant count rates are down slightly at 1.3%.
-   Long term unemployment remains at 0.3%.
-   Employment estimates have declined to 72.1%.

### UK in September 2016

-   The UK/PMI Manufacturing index has risen to above the 50.0 'no change' mark at 55.4
-   Consumer confidence levels have risen to -1.0.
-   Consumer Price Index has risen to 1.0 from August 2016.

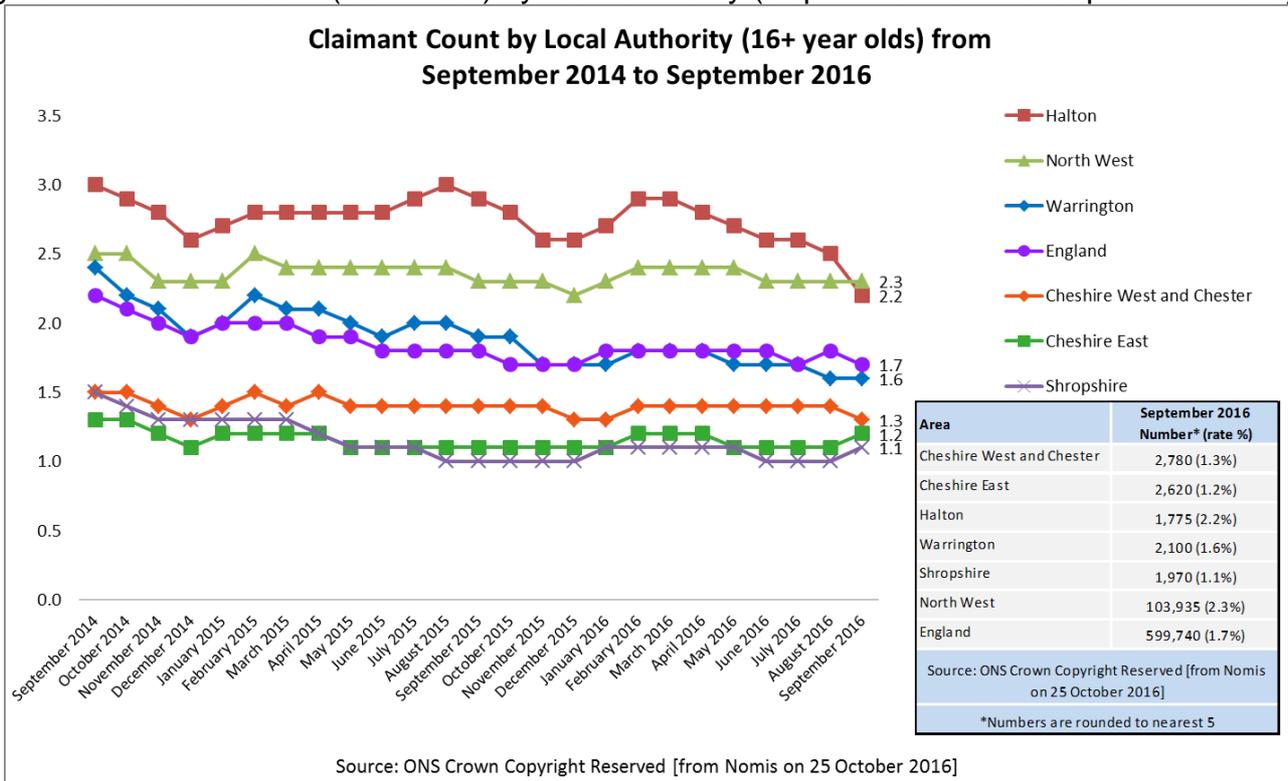


### Claimant Count by Local Authority (Monthly)

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 (September 2014 to September 2016)



- Shropshire continues to be the local authority with the lowest Claimant Count rate, at 1.1% of the resident working age population, equivalent to 1,970 people.
- Cheshire West and Chester has the third lowest Claimant Count rates at 1.3%, or close to 2,780 people, down from the revised August 2016 total of 2,855 people.
- Cheshire East is at 1.2% in September 2016; up 0.1 percentage points from August.
- For all the areas, except for Cheshire East and Shropshire, Claimant Count numbers decreased in September 2016 from the previous month.

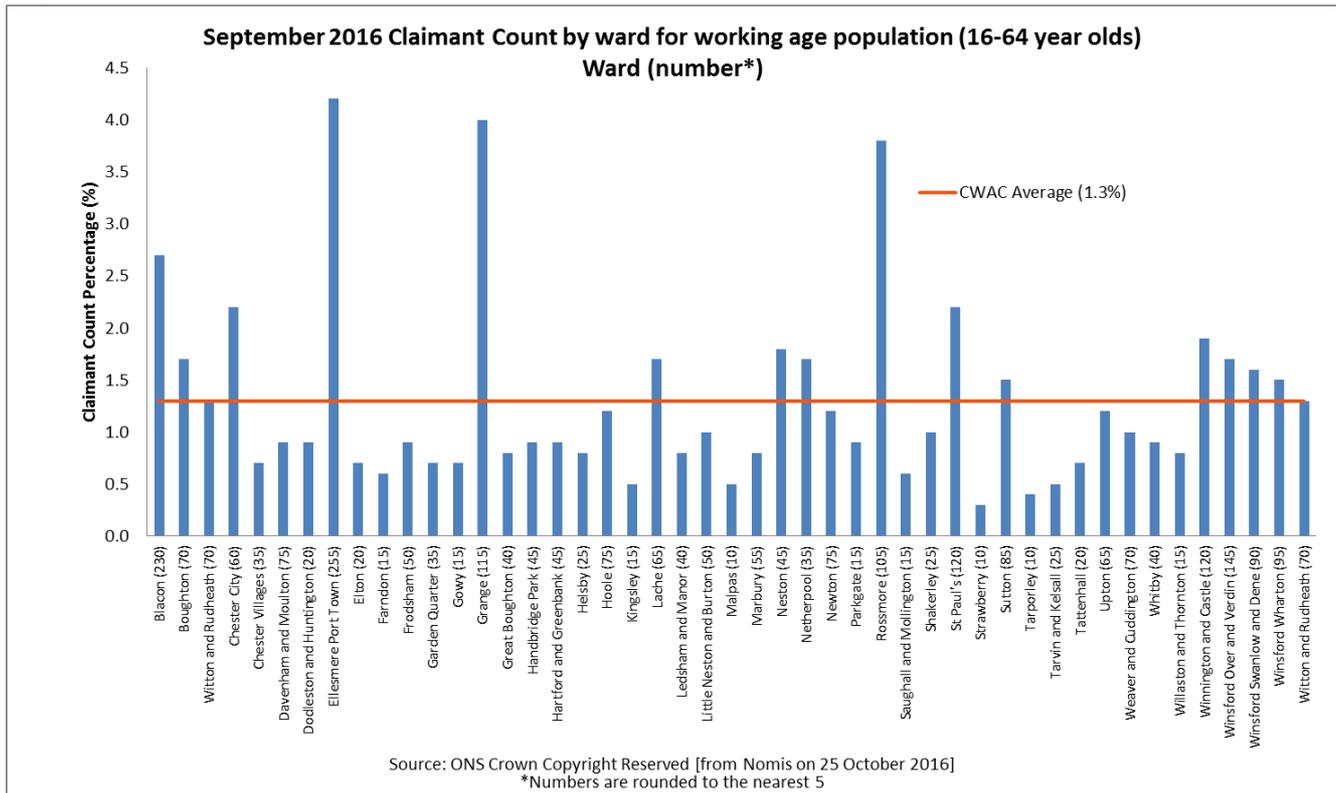


### Claimant Count by Ward (Monthly)

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 September 2016.

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



- The Cheshire West and Chester figure was 2,855 in August; it has now fallen to 2,780 in September 2016.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.3% in September; this has dropped from the revised rates of the last 6 months which were steady at 1.4%.
- Ellesmere Port Town Ward has the highest Claimant Count rate with 4.2%, down from 4.3% last month; followed by Grange Ward at 4.0% (August was 3.9%), then Rossmore 3.8% (4.2% in August).
- In terms of numbers (in brackets at the end of each ward name), Ellesmere Port Town has the highest numbers at 255 (down from 260 in August 2016), followed by Blacon Ward with around 230 people (steady with August 2016), these two wards are still significantly higher than the next highest ward of Winsford Over and Verdin with 145 people (up from 135 last month).



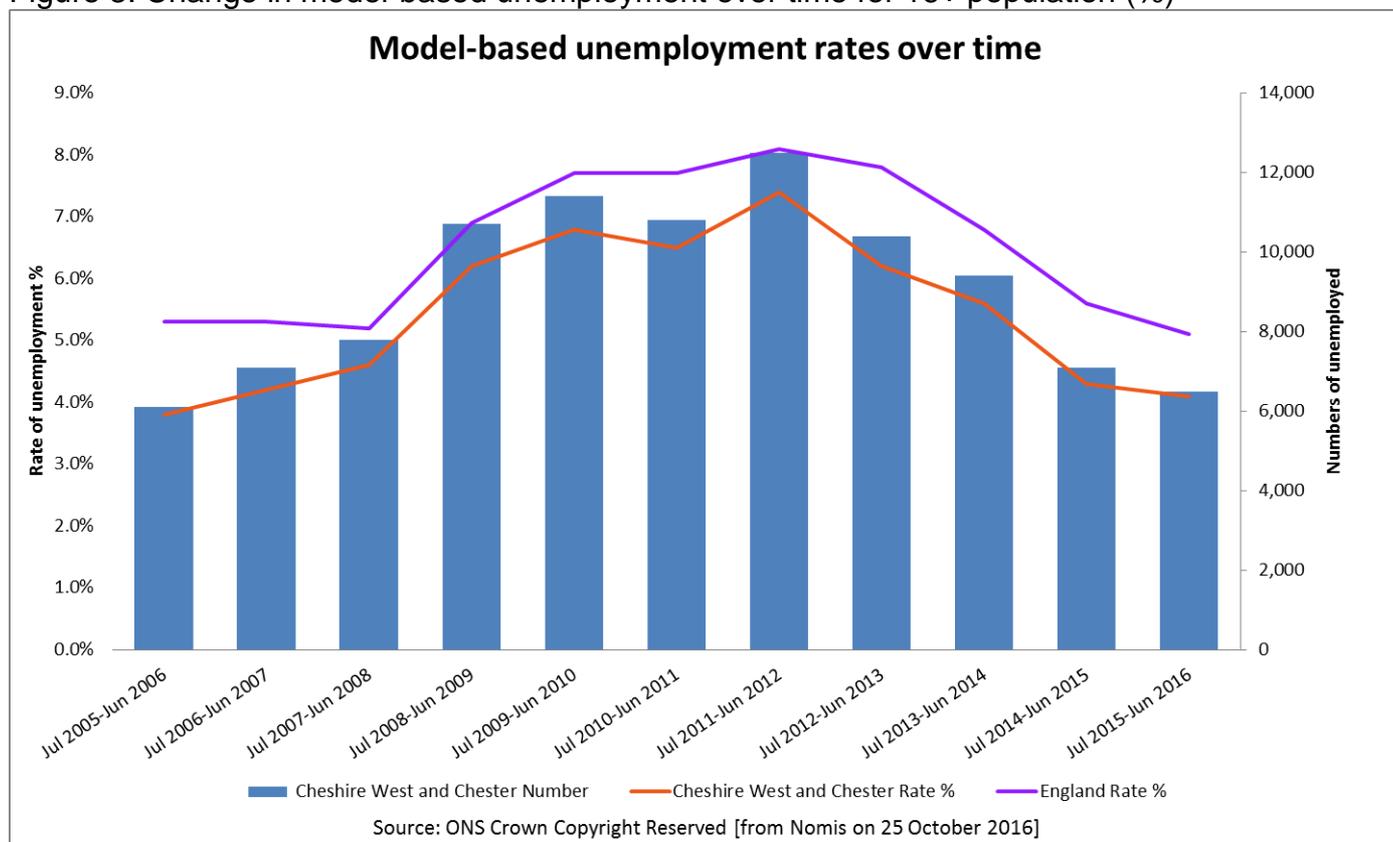
It must be noted again that this may not be a true reflection of those that would normally be on out-of-work benefits as some included in this measure may not be capable of working due to illness or injury, and some may not even be getting payments.

### 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 (%)



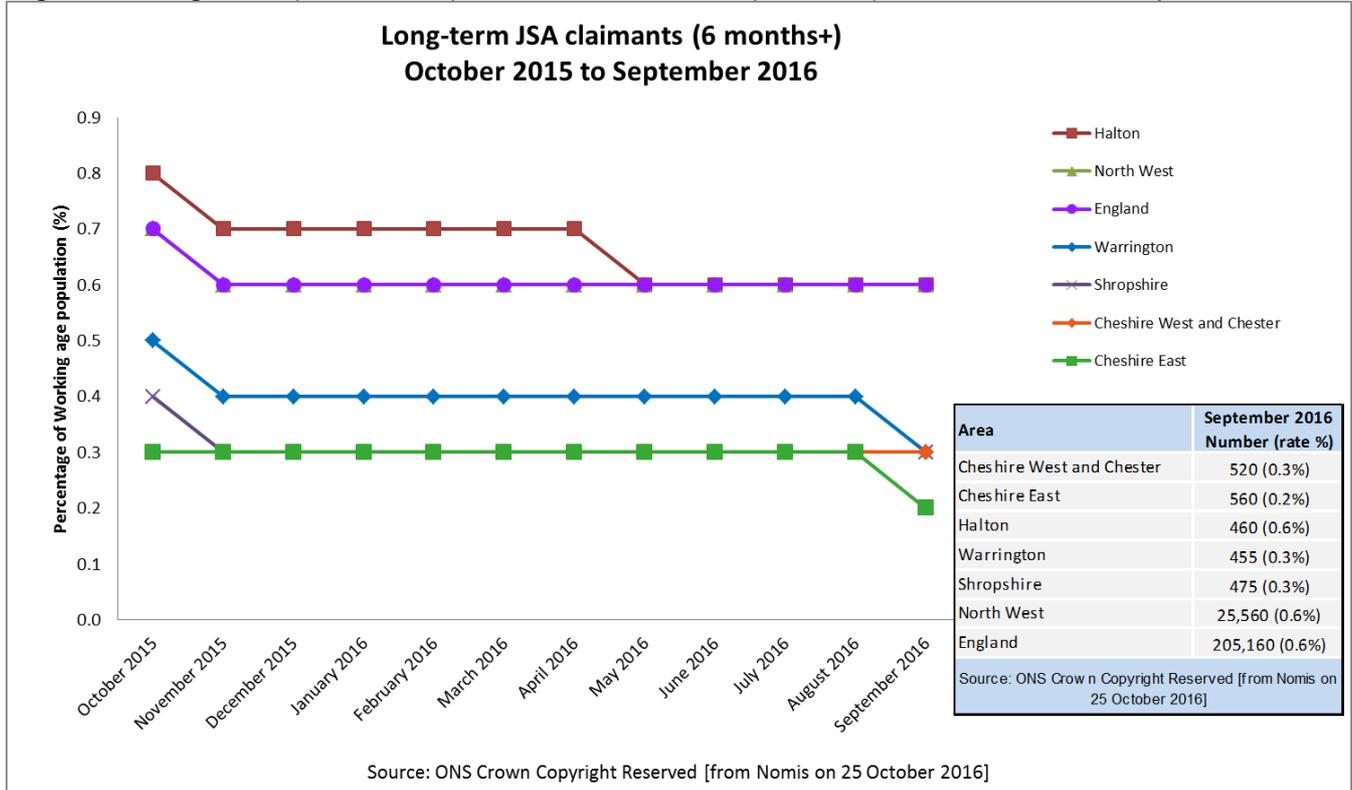
- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now close to pre-financial crisis level, from over 12,000 to around 6,500 or 4.1%.
- The rate of decline is very similar to the England rate, suggesting that unemployment rates are declining across England 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 (October 2015 to September 2016)



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

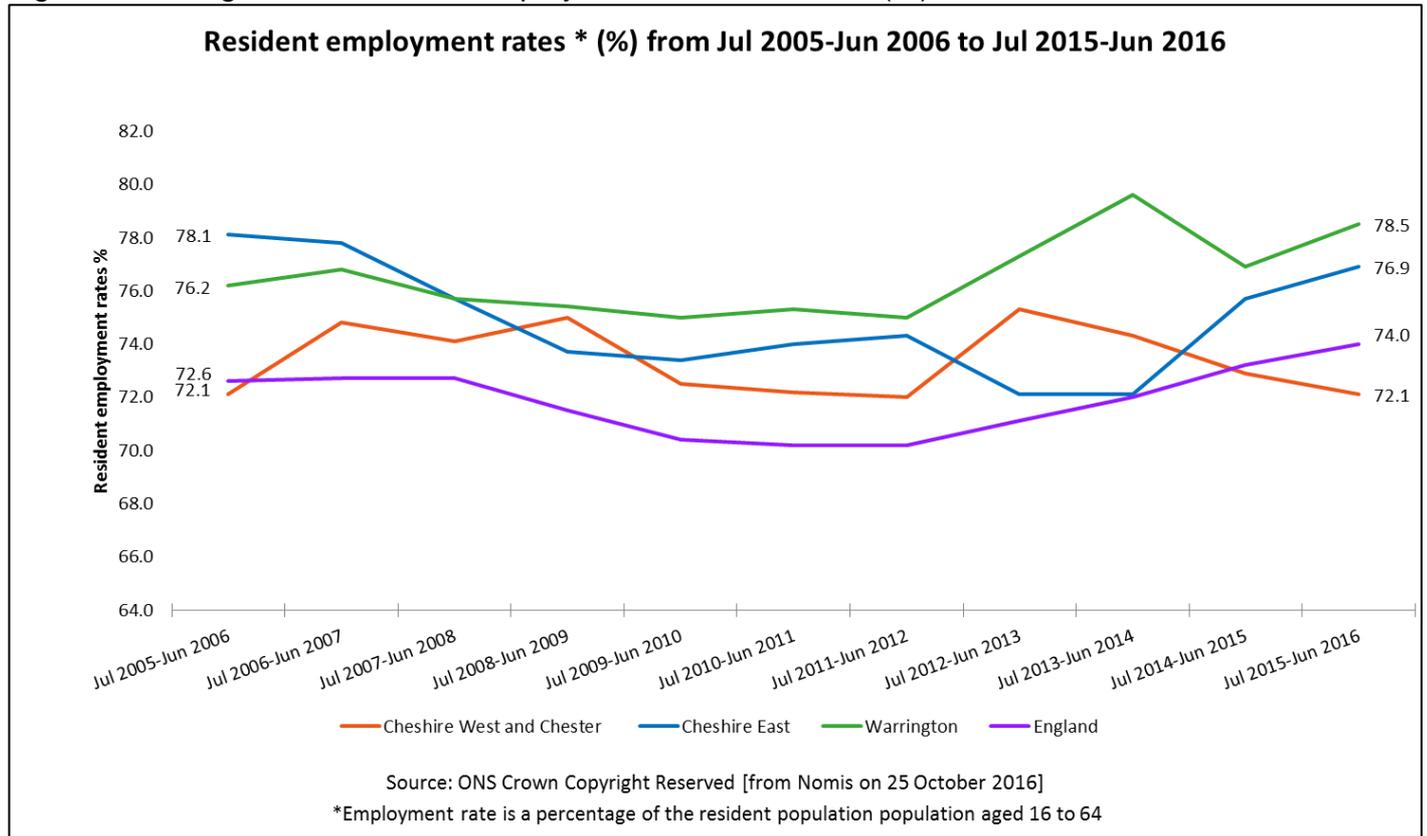
- The lowest rates of people claiming JSA benefits for six months or more is Cheshire East with a rate of 0.2% of the working age population.
- The general stability in long-term JSA benefit rates for the last 10 months has changed with both Cheshire East and Warrington dropping 0.1 percentage point from August to September 2016.
- While the rate hasn't changed in the last 10 months, there has still been a 10.3% drop in the numbers from 580 in March 2016 to 520 in September 2016 in Cheshire West and Chester.



## 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 below 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 72.1% represents around 147,300 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 2,100 people. This level remains seemingly out of synch in comparison with the rest of the unemployment comparators. 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 4.0; 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 4.0% of the 72.1% rate listed; or between 68.1% and 76.1%. 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 (Jun 2015 to Jun 2016)			
	numerator	denominator	percent
<b>Economic activity rate</b> (proportion of total 16-64 year old residents)	153,900	204,200	75.3%
<b>Employment rate</b> (proportion of total 16-64 year old residents)	147,300	204,200	72.1%
<b>Unemployment rate</b> (proportion of the economically active population)	6,600	153,900	4.3%
<b>Economically inactive</b> (proportion of total 16-64 year old residents)	50,300	204,200	24.7%

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- 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)

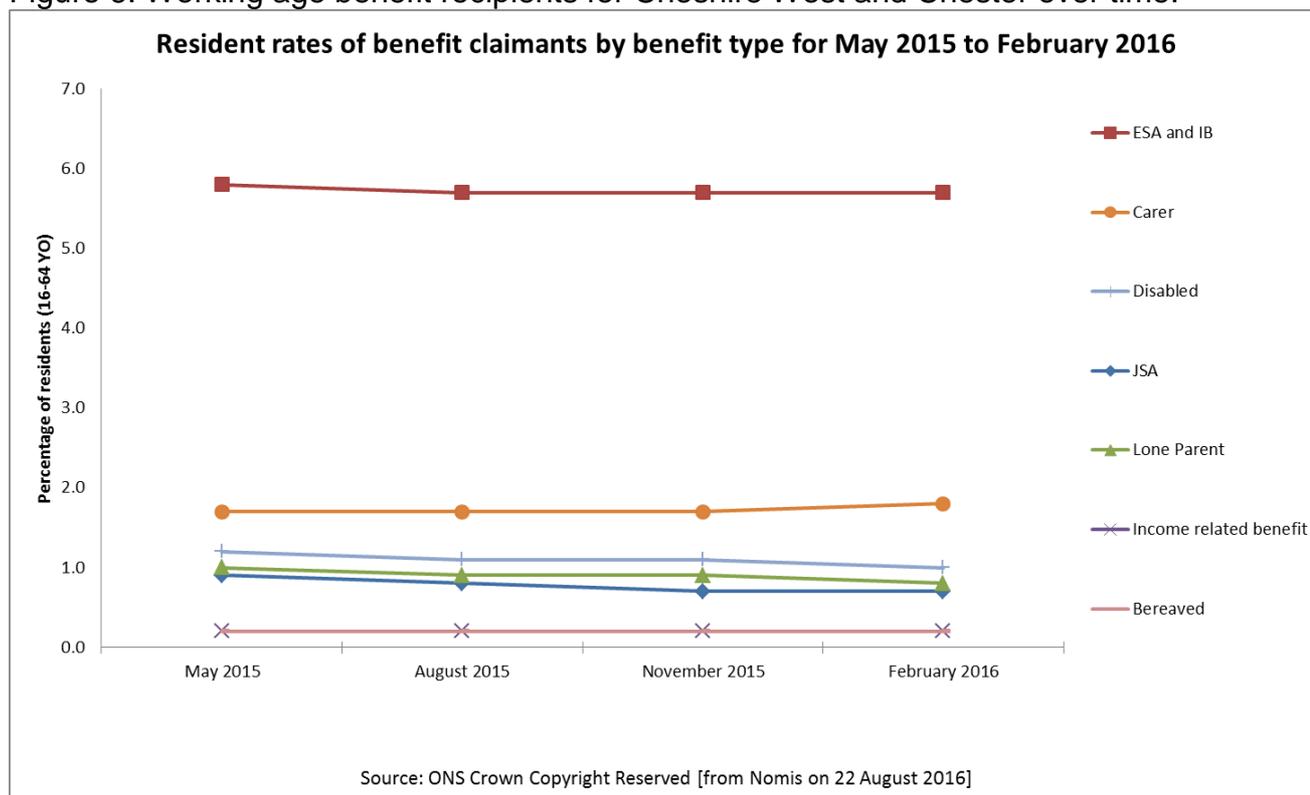
This data looks over time at those people of working age (16-64 year olds) who are on different benefit types in Cheshire West and Chester. Benefits are arranged hierarchically and claimants are assigned to the top most benefit which they receive. The groups in hierarchical order are:

- 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 dataset 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.



## 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)		
September 2016	↑	1.0
Previous Month = 0.6		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has risen to +1.0, this means that the 'very large shopping basket of goods' bought in September 2015 for £100.00 would, in September 2016, cost £101.00.

### 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		
Q3 2016	↓	-2.90
Previous Quarter = 4.3		
Source: Federation of Small Businesses		

According to the FSB report for Q3 (July, August, September) of 2016, the measure is in negative territory for the first time since 2012 and is the third consecutive quarter of decline driven by ongoing concerns about the domestic economy. However, there are some positives helping with business confidence including growing exports, declining spare capacity and improving credit availability is helping a net increase in firms looking at hiring.

### 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)

September 2016 ↑ 55.4

Previous Month = 53.3

Source: Markit/CIPS UK Manufacturing PMI®

The manufacturing PMI remains above the no-change mark of 50.0 for a second month after its record fall below the mark in July 2016. It is thought that growth in new orders and stronger than expected domestic economy helping with the generally positive outlook.

### 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

September 2016 ↑ -1

Previous Month = -7.0

Source: GfK NOP UK

The report from GfK states that consumer confidence has risen to -1.0 for September 2016. This month's survey showed rises in all measures and seems to reflect some continued positive results from post Brexit data. According to the head of market dynamics at GfK Joe Staton it is 'driven by improved expectations in our personal financial situation, perceptions of the general economic situation and intentions to make major purchases'.

### 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 turn 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

September 2016 → 0.25

Previous Month = 0.25

Source: Bank of England

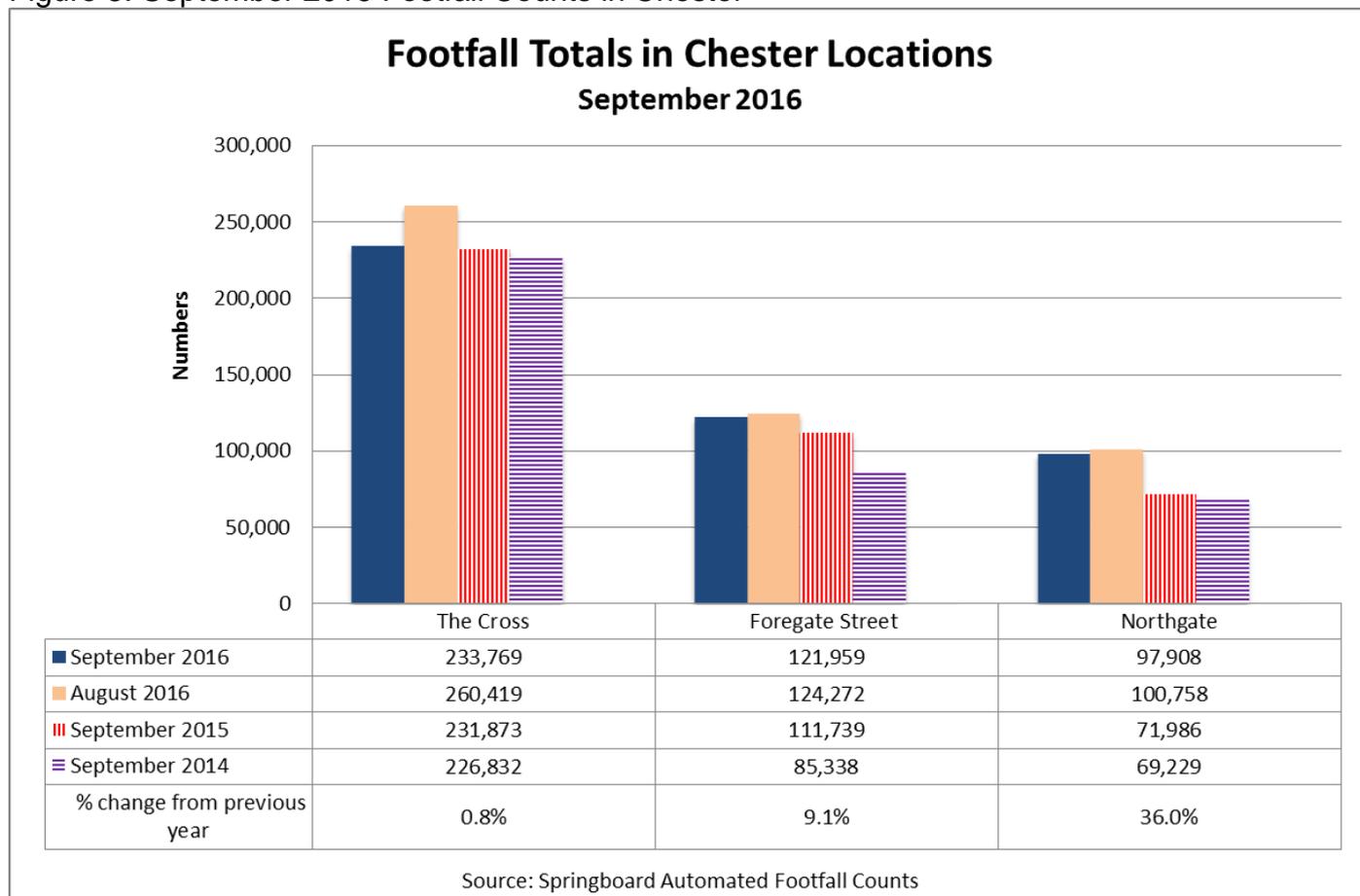
The rates have remained unchanged since last month at 0.25%. The positive news post EU referendum, helped by rebounds in manufacturing, services and construction have most economic forecasters predicting that the BoE interest rate won't change any time soon.



## 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: September 2016 Footfall Counts in Chester



- The Cross saw a fall in foot traffic from the August 2016 figures; however, the September 2016 figures are above the figures from 12 months and two years ago.
- Footfall numbers in Foregate Street were also lower than in August 2016, but higher than both years previously.
- Northgate Street was similar, where the figures for September were lower than the previous month and higher for the same period for the previous two years.
- Northgate Street saw a rise of around 36% 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 Saturday's.

**Spotlight:**  
**NEET (Monthly)**

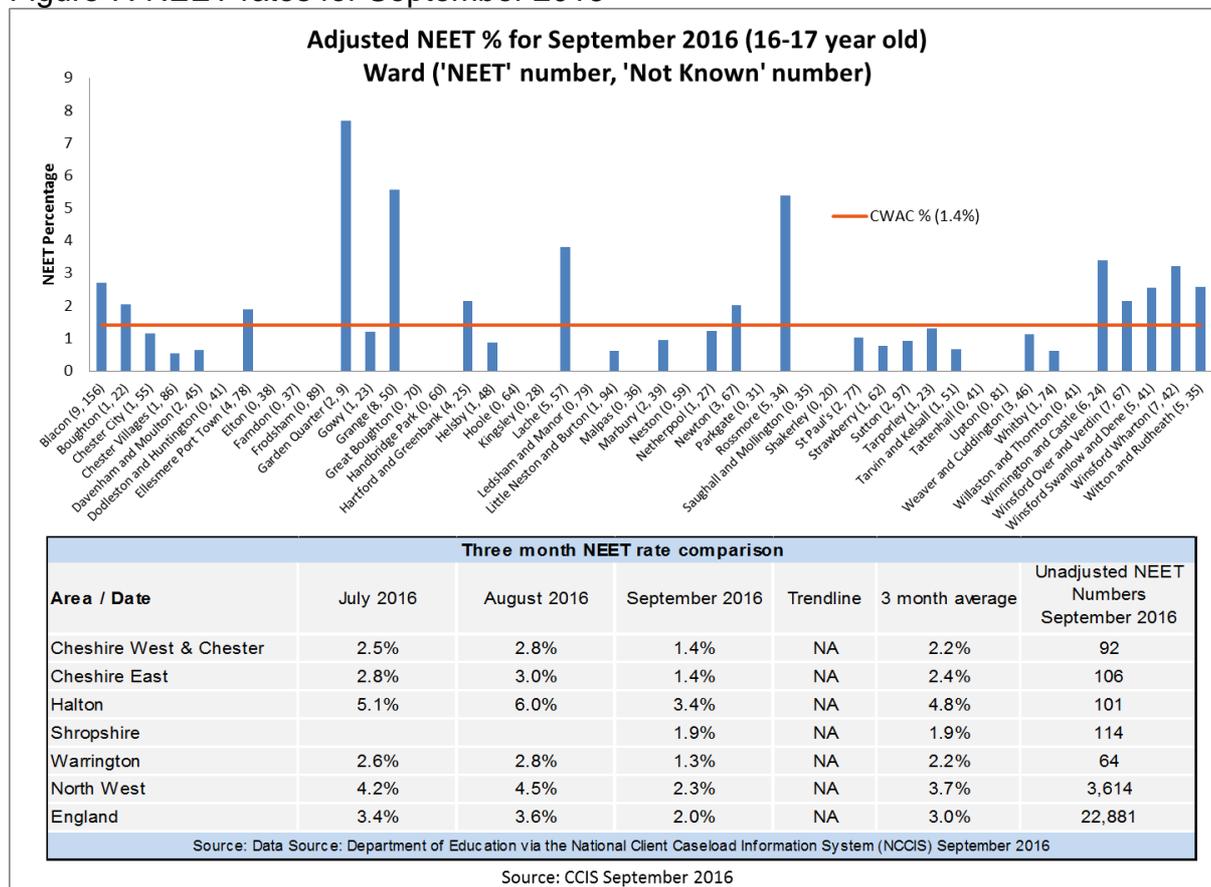
Normally a stock part of the monthly bulletin, there has been substantial changes to the way that the NEET numbers are now calculated. This makes it worthy of our spotlight this month.

The NEET counts have changed in two key ways:

1. Local authorities now only have to track the activities of those young people of academic age 16 and 17 (formally 16 to 18).
2. The DfE have also introduced a new measure, combining the NEET and the Not Known figure. This means that local authorities report on actual NEET figures now- the old NEET adjustment formula has been scrapped.

This will mean that the NEET figures will increase significantly this month, as the Not Known element is always elevated due to the beginning of the new educational year and the confusion associated with people entering and leaving education and training. Numbers are expected to reduce significantly next month.

Figure 7: NEET rates for September 2016



- As the way the data is measured and assessed has changed completely, comparisons against previous months is impossible; combined with the fact that Septembers data has traditionally been unrepresentative of NEET levels due to changing training and educational years makes it difficult to comment on trends with any degree of accuracy.



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