

December 2016 Economic Summary

January 2017

Economic conditions at a glance

Cheshire West and Chester in December 2016

-   Unemployment estimates have gone down slightly to 3.9%.
-   Claimant count rates are steady at 1.4%.
-   Long term unemployment is steady at 0.2%.
-   Employment estimates are relatively steady at 72.4%.

UK in December 2016

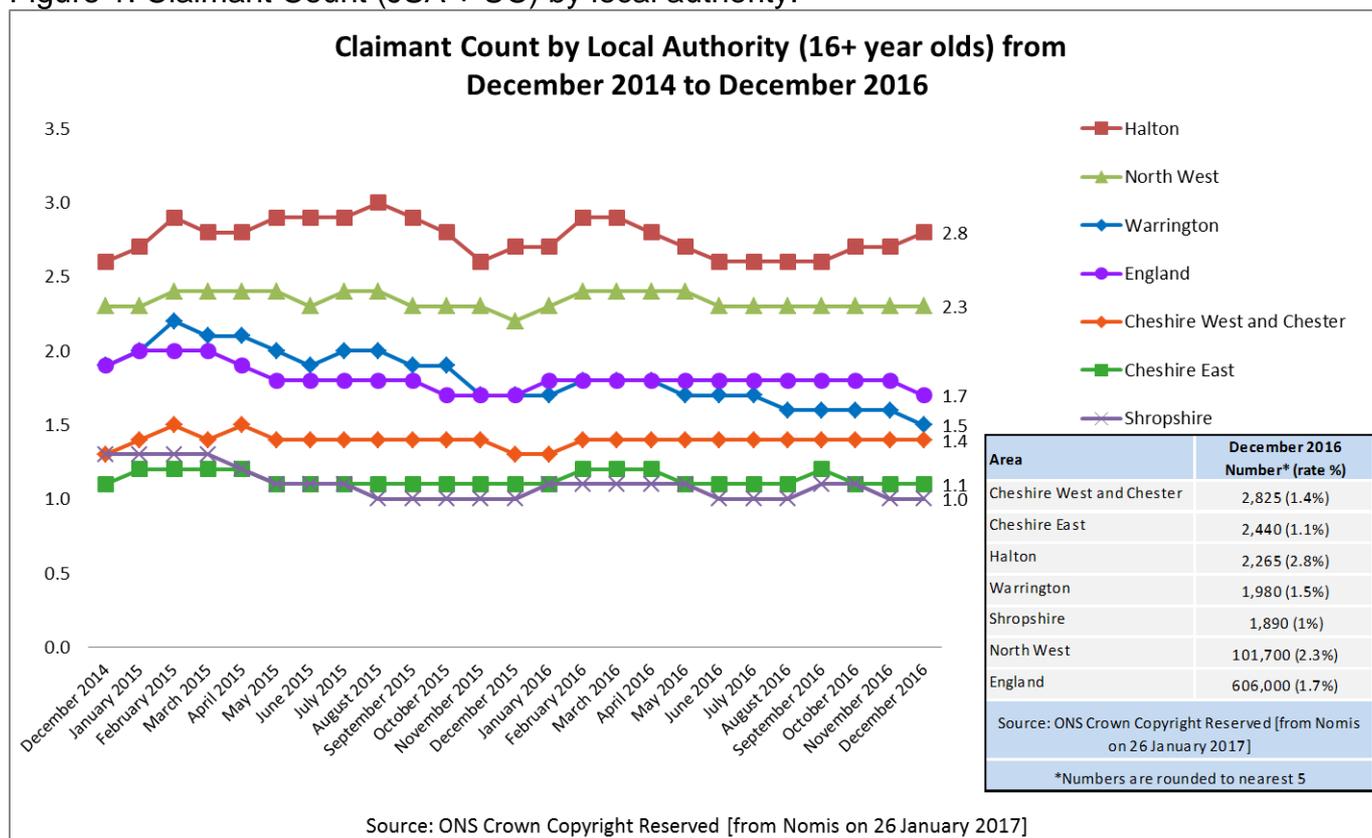
-   The UK/PMI Manufacturing index has risen to 56.1
-   Consumer confidence levels have risen slightly to -7.0.
-   Consumer Price Index has risen to 1.6.

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.



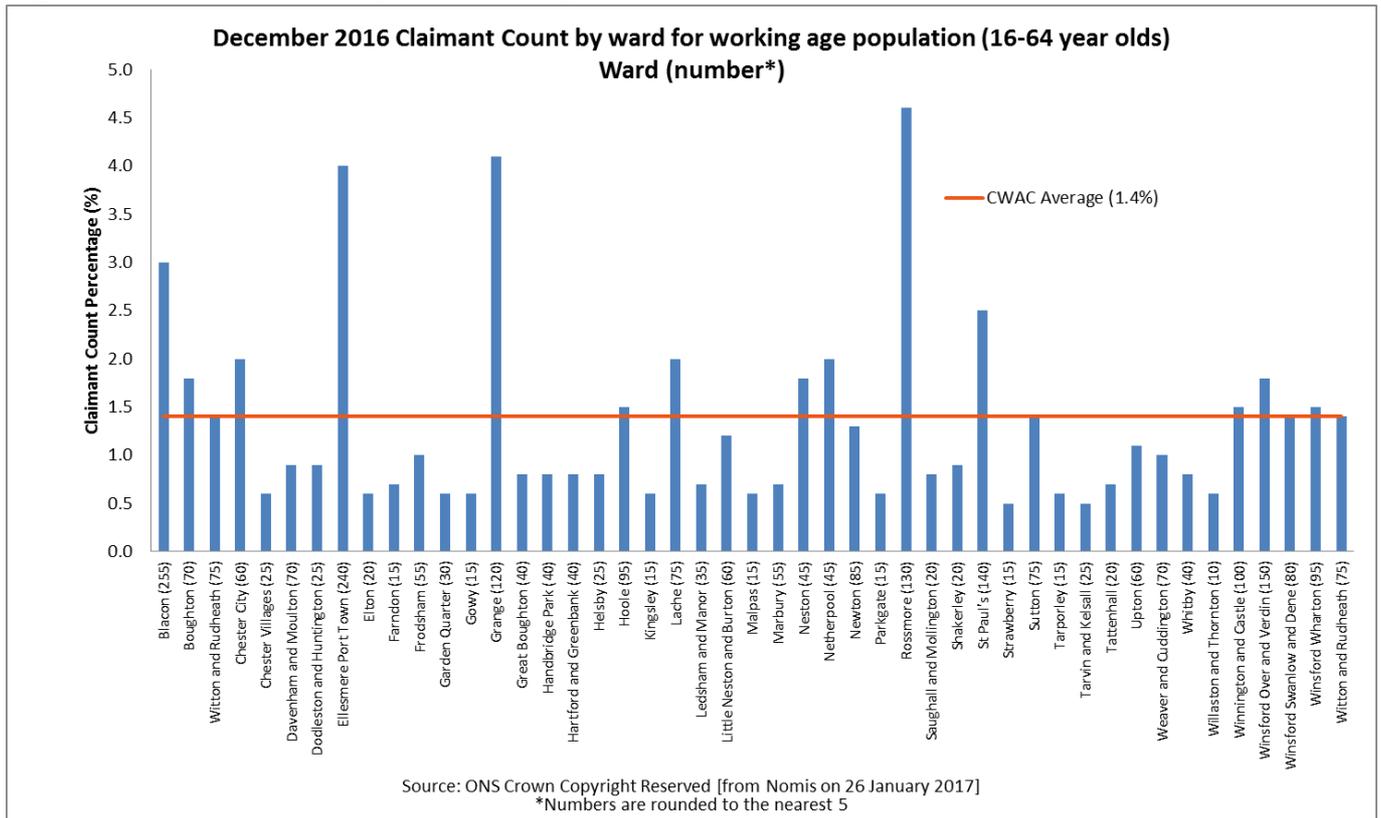
- Shropshire continues to be the local authority with the lowest Claimant Count rate, at 1.0% of the resident working age population, equivalent to 1,890 people.
- Cheshire West and Chester has the third lowest Claimant Count rates at 1.4%, or close to 2,825 people, down from the revised November 2016 total of 2,855 people.
- For all the areas, except Halton, Claimant Count numbers decreased in December 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.

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



- The Cheshire West and Chester figure was 2,855 in November; it has now fallen to 2,825 in December 2016.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.4% in December; this has remained steady with the revised rates of the last 11 months.
- Rossmore Ward has the highest Claimant Count rate with 4.6%; followed by Grange, then Ellesmere Port Town Ward with 4.1% and 4.0% respectively.
- In terms of numbers (in brackets at the end of each ward name), Blacon Ward was highest with around 255 people, up from 245 last month people; then Ellesmere Port Town at 240 (up from 230 in November 2016). These two wards are still significantly higher than the next highest ward of Winsford Over and Verdin with 150 people (down from 155 from last month).

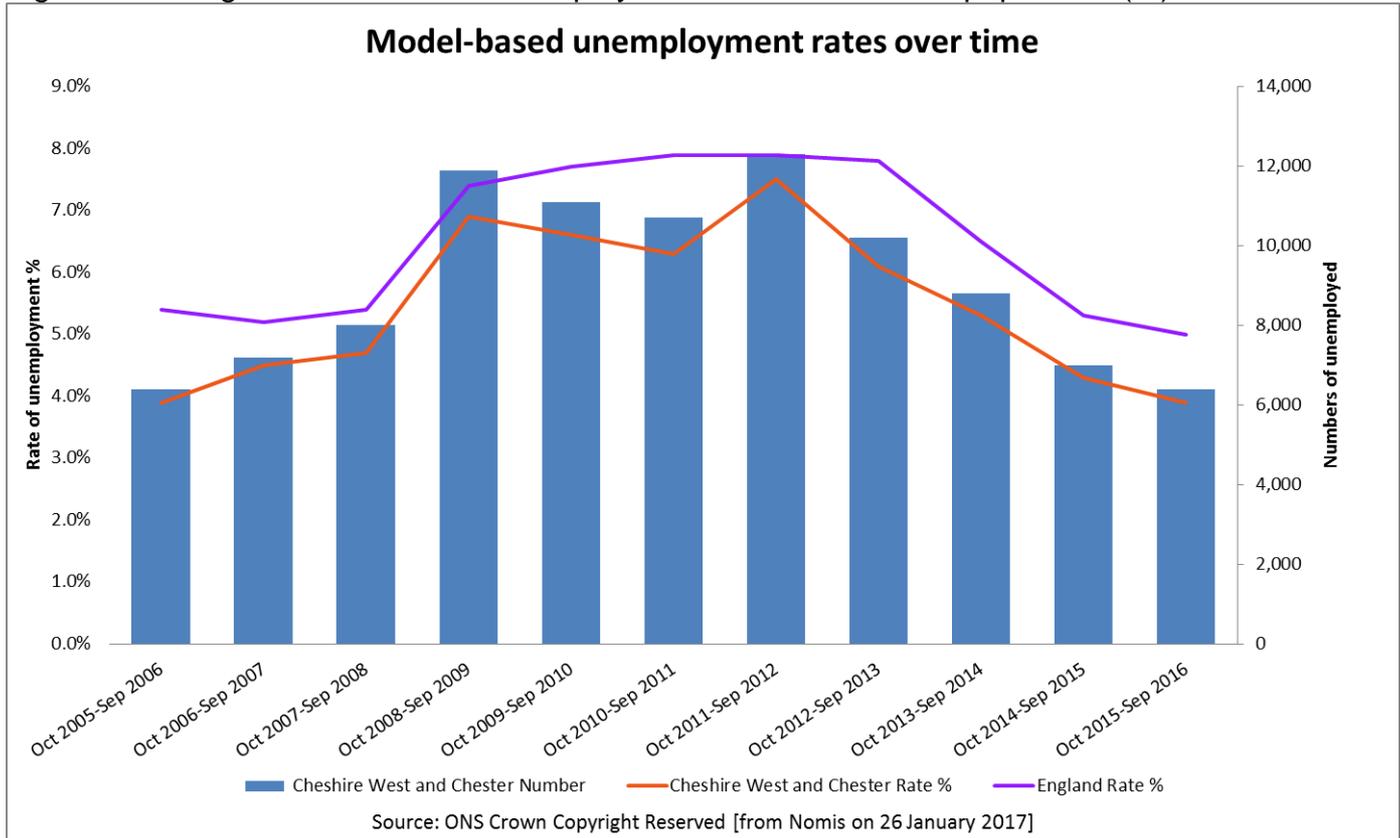
It must be noted again that this may not be a true reflection of those that would normally be on out-of-work benefits as some included in this measure may not be capable of working due to illness or injury, and some may not even be getting payments.

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 (%)

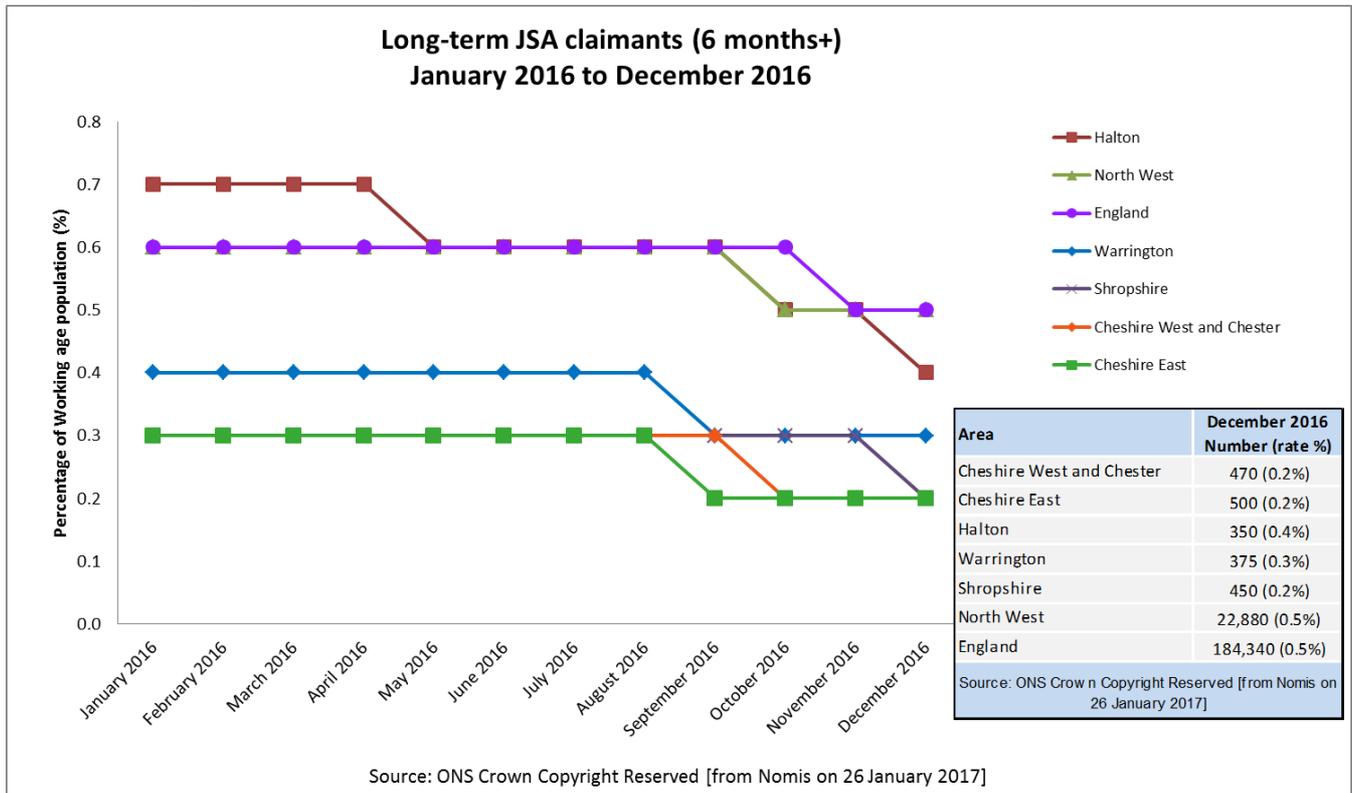


- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now close to pre-financial crisis level, from over 12,000 to around 6,400 or 3.9%.
- The rate of decline is very similar to the England rate, suggesting that unemployment rates are declining across England at a similar pace.
- Cheshire West and Chester has consistently remained below the England rates.

Long-term unemployed

Long-term unemployed counts 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



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

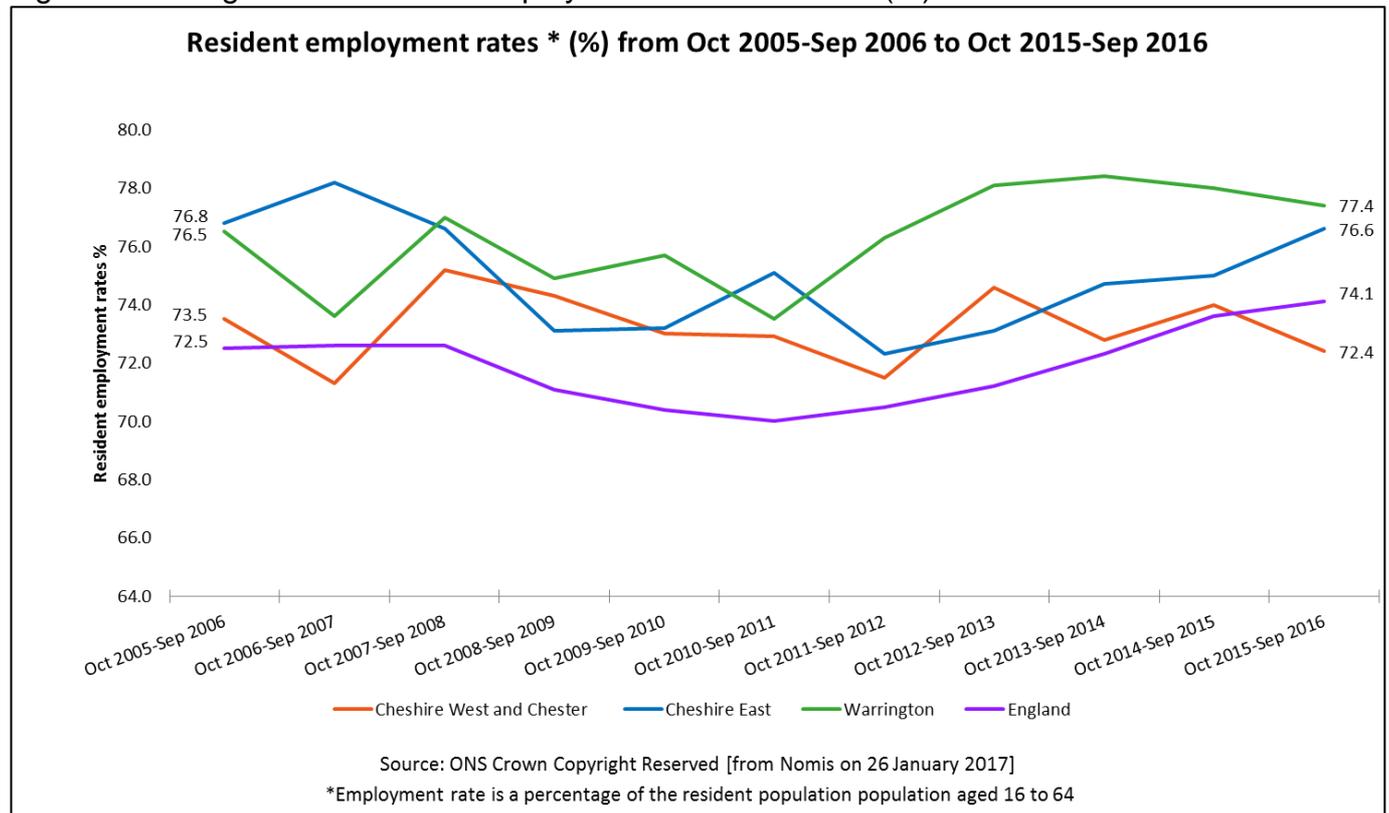
- The boroughs with the lowest rates of people claiming JSA benefits for six months or more are Cheshire West and Chester, Cheshire East and Shropshire with a rate of 0.2% of the working age population (16 - 64 year olds).
- The general stability in long-term JSA benefit rates has changed in the last 4 months with decreases in rates across the board. Halton has dropped from 0.7% to 0.4% in the last 9 months.
- While the rate has only dropped once in the last 12 months, there has still been a 13% reduction in the numbers from 540 in July 2016 to 470 in December 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, England has shown rising resident based employment levels from 2010/11 onwards.
- Cheshire West and Chester's current employment rate of 72.4% represents around 148,300 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 72.4% rate listed; or between 68.4% and 76.4%. 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 (Oct 2015 to Sep 2016)			
	numerator	denominator	percent
Economic activity rate (proportion of total 16-64 year old residents)	154,600	204,800	75.5%
Employment rate (proportion of total 16-64 year old residents)	148,300	204,800	72.4%
Unemployment rate (proportion of the economically active population)	6,300	154,600	4.1%
Economically inactive (proportion of total 16-64 year old residents)	50,200	204,800	24.5%
ONS Crown Copyright Reserved [from Nomis on 31 January 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).

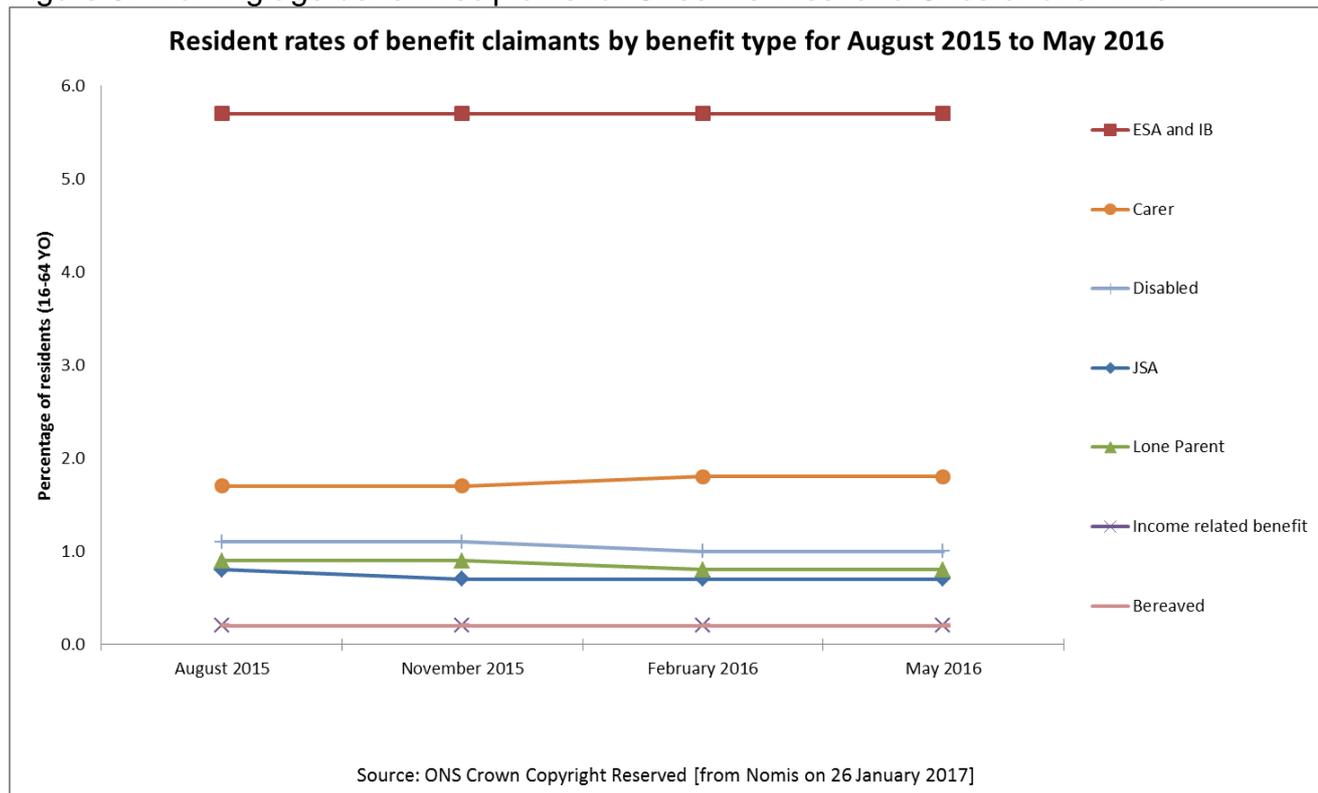
Benefit Data – Working age client group (Quarterly)

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 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 May 2016, ESA/IB accounted for near to 11,800 people or 5.7% of the 16-64 year old population. The numbers are up from last quarter's results of 11,760; 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 0.8% in August 2015 to 0.7% in February 2016 representing a fall of close to 270 people.
- The rate of Carers benefits has increased over the period from 1.7% to 1.8%, representing an increase of nearly 150 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)		
December 2016	↑	1.6
Previous Month = 1.3		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has risen to +1.6, this means that the 'very large shopping basket of goods' bought in December 2015 for £100.00 would, in December 2016, cost £101.60.

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		
Q4 2016	↑	8.50
Previous Quarter = -2.9		
Source: Federation of Small Businesses		

According to the FSB report for Q4 (Oct, Nov, and Dec) of 2016, the measure has rebounded sharply from last quarter driven by growing exports thanks to depreciating currency. However, the outlook for the next 12 months of concern as business costs pressures at their highest level since early 2014; and confidence is down about the post Brexit situation especially in London and Scotland.

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)

December 2016  56.1

Previous Month = 53.4

Source: Markit/CIPS UK Manufacturing PMI®

The manufacturing PMI remains above the no-change mark of 50.0 and is at the highest level since 2014 as increased domestic and international demand boosted output and new order growth; backlogs of work increased for the first time since February of 2014 and employment rose for the fifth consecutive month while price pressures eased this month.

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

December 2016  -7

Previous Month = -8.0

Source: GfK NOP UK

The report from GfK states that consumer confidence has risen to -7.0 for December 2016. While consumers remain relatively confident about their personal financial situation, confidence in the general economic situation for the UK has collapsed in the face of uncertainty about the future both at home and abroad according to the head of market dynamics at GfK Joe Staton.

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

December 2016  0.25

Previous Month = 0.25

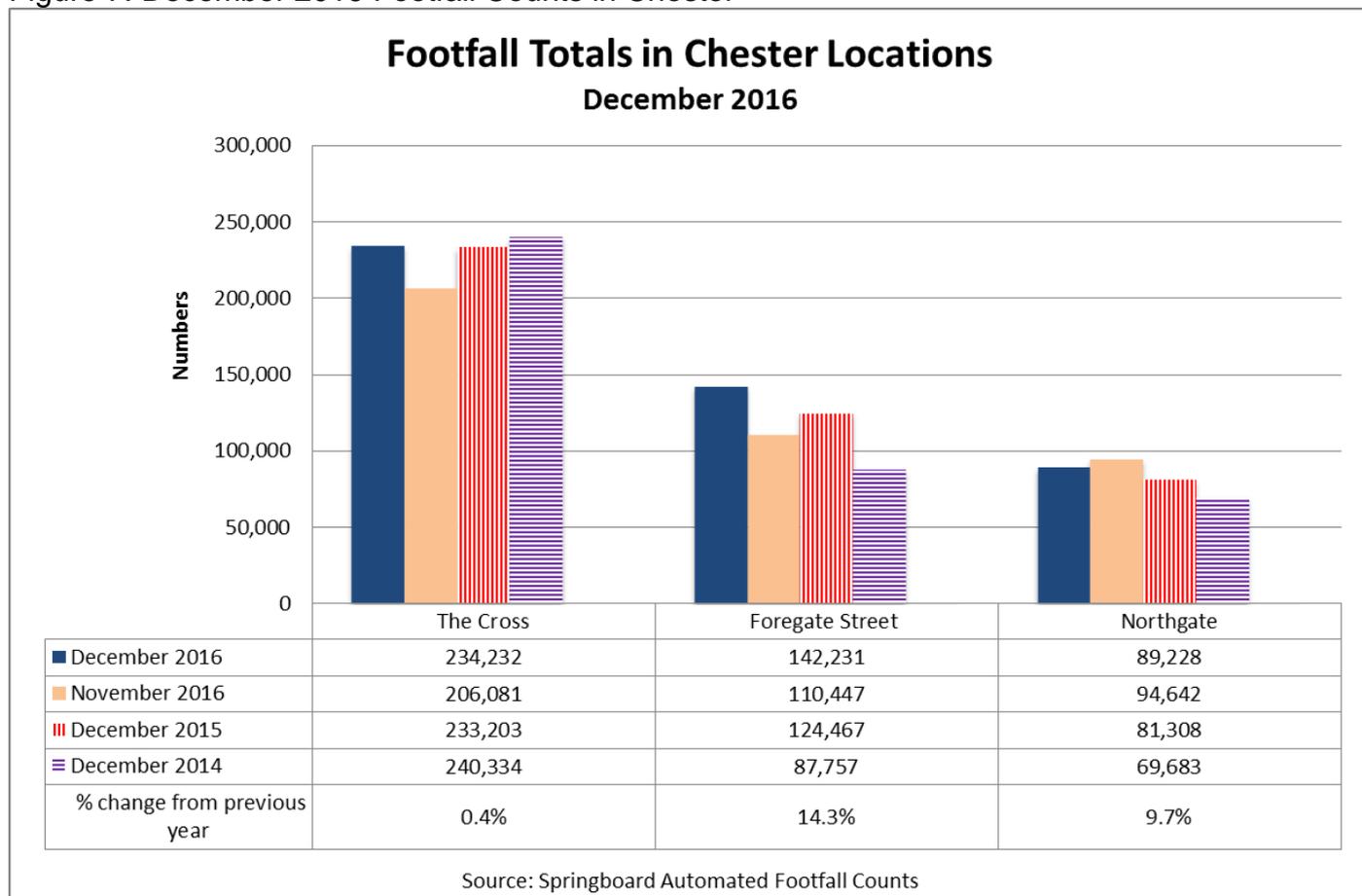
Source: Bank of England

The rates have remained unchanged since last month at 0.25%. The uncertainties around the leaving of the EU and general positive sentiment in the markets have most economic forecasters predicting that the BoE interest rate won't change within the first half of 2017.

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 27/11/2016 to 31/12/2016.

Figure 7: December 2016 Footfall Counts in Chester



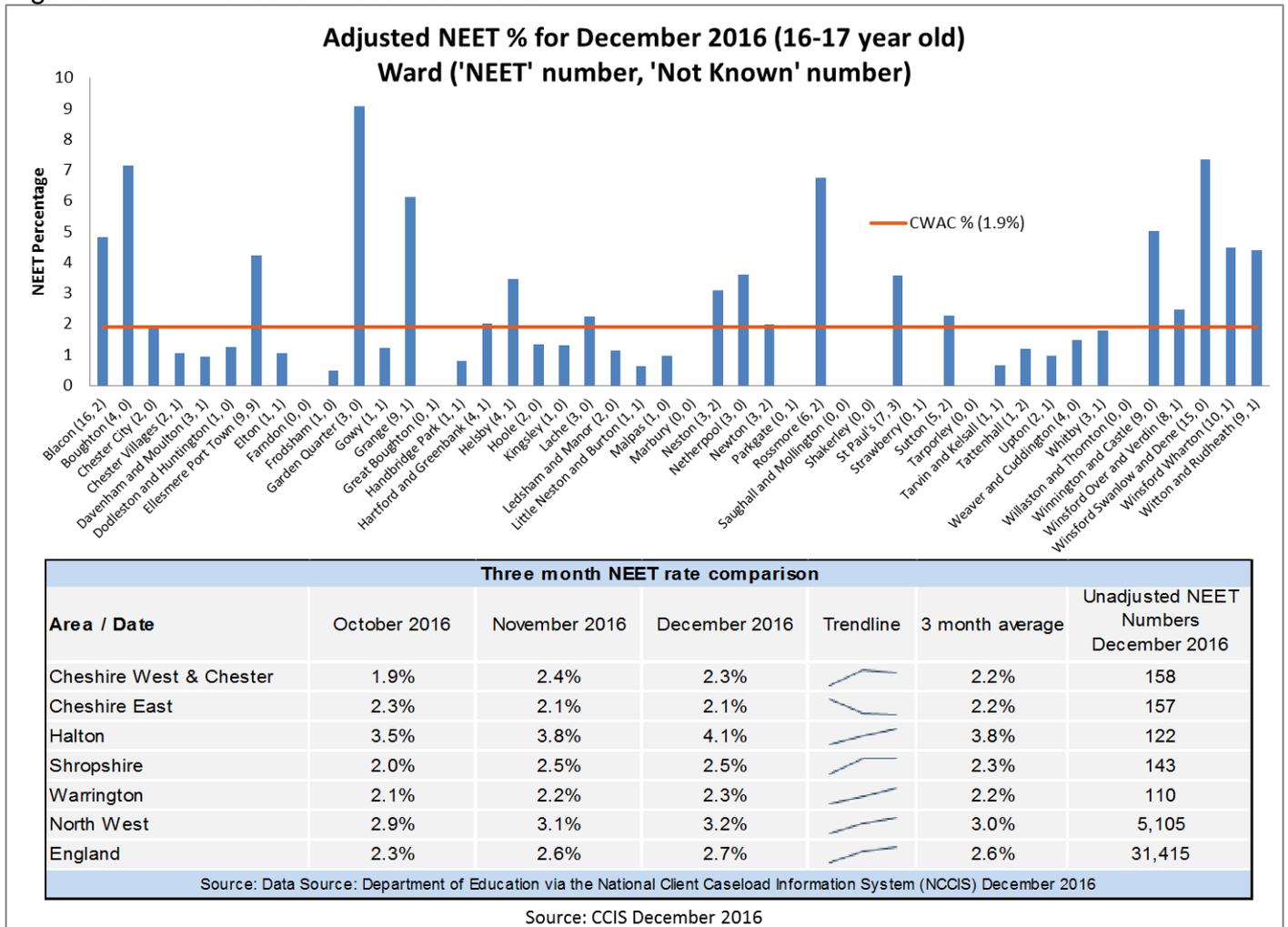
- The Cross saw a rise in foot traffic from the November 2016 figures; however, the December 2016 figures are below the figures from two years ago.
- Footfall numbers in Foregate Street were also higher than in November 2016, and higher than both years previously.
- Northgate Street figures were higher for the same period for the previous two years but not last month.
- Foregate Street saw a rise of around 14% from the same month last year.
- The Christmas period seemed to show a general increase in footfall traffic in the Cross and Foregate Street areas.

NEET (Monthly)

The NEET counts now only track the activities of those young people of academic age 16 and 17 (formally 16 to 18). The DfE have also introduced a new measure, combining the NEET and the Not Known figure.

The Local authority comparison table only provides NEET numbers and rates rather than NEET and Not Known numbers and rates.

Figure 8: NEET rates for December 2016



- The numbers seemed to have stabilised but it's still too early to tell any trends over time with the new system.
- Garden Quarter Wards rate of 9.1%, while the highest rate, only represents 3 people in this age cohort that are considered NEET.
- Rossmore Ward has the second highest rate and represents 8 people in the NEET/Not Known cohort.
- Blacon has the highest numbers with 18 people in the NEET/Not Known category.

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