

January 2017 Economic Summary

March 2017

Economic conditions at a glance

Cheshire West and Chester in January 2017



Unemployment estimates have gone down slightly to 3.9%.



Borough level Claimant Count rates are steady at 1.4%.



Long term unemployment is steady at 0.2%.



Employment estimates are down to 72.4%.

UK in January 2017



The UK/PMI Manufacturing index is relatively steady at 55.9.



Consumer confidence levels have risen slightly to -5.0.



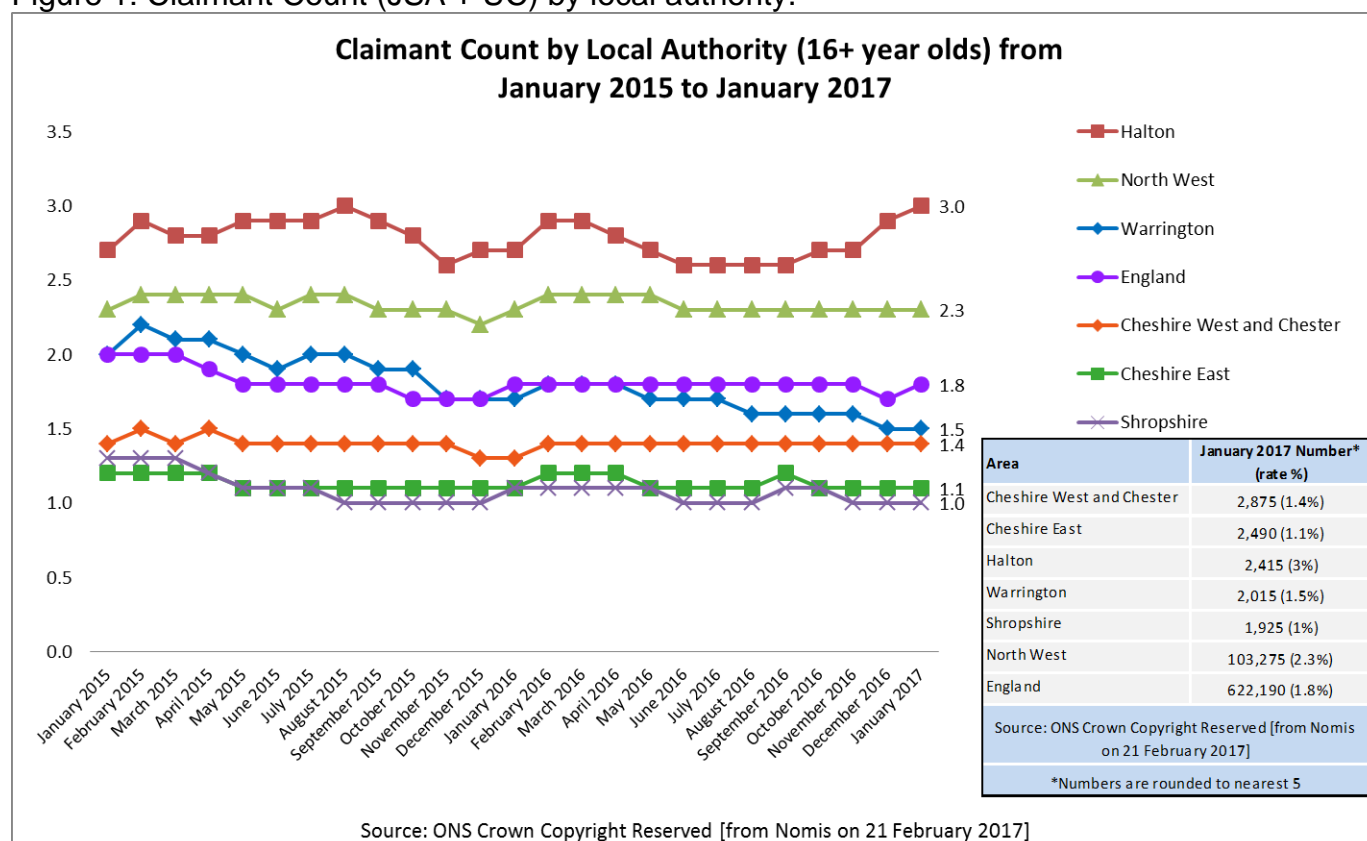
Consumer Price Index has risen to 1.8.

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.



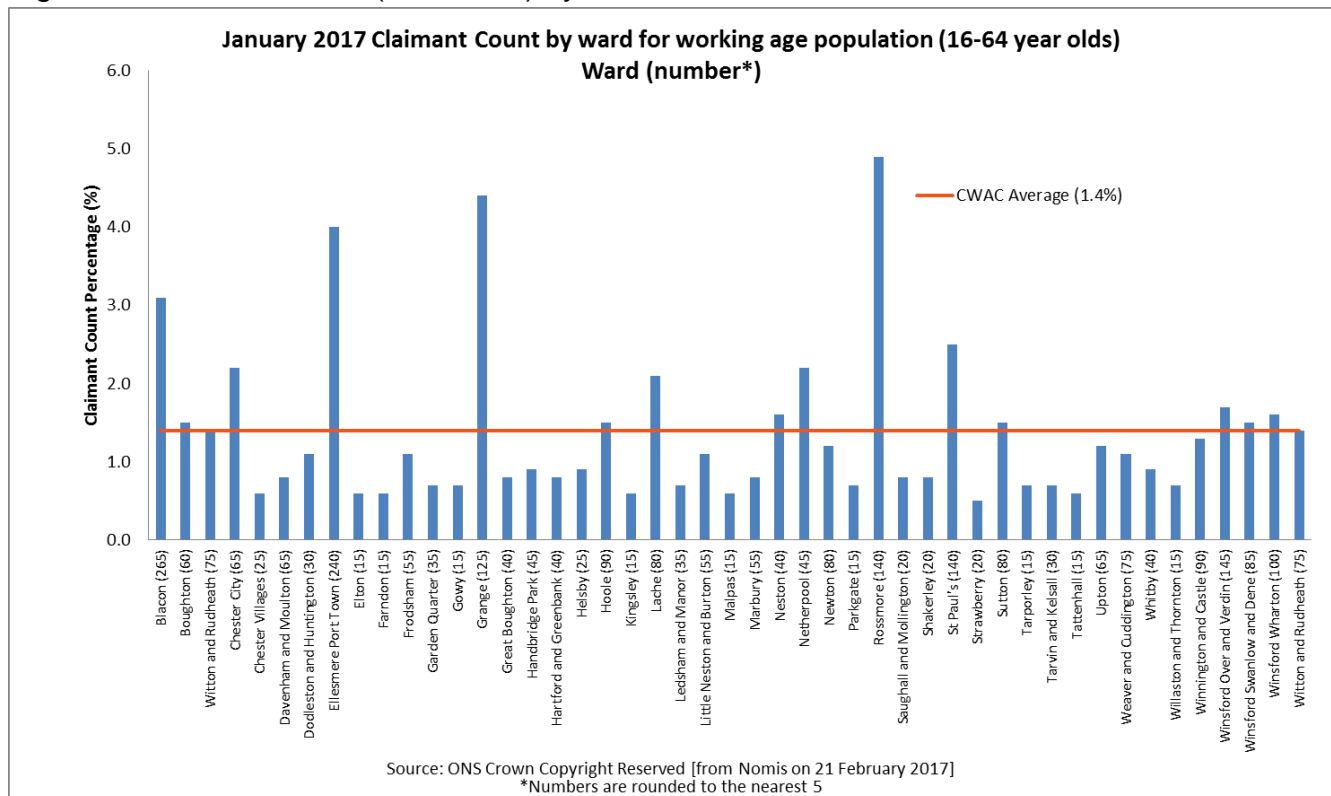
- Shropshire continues to be the local authority with the lowest Claimant Count rate, at 1.0% of the resident working age population, equivalent to 1,925 people.
- Cheshire West and Chester has the third lowest Claimant Count rates at 1.4%, or close to 2,875 people, up from the revised December 2016 total of 2,820 people.
- For all the areas, Claimant Count numbers increased in January 2017 from the previous month. It is possible that short term Christmas employment may have been the driver for December's fall in Claimant Count numbers; and the resultant increase in January's numbers. See this month's spotlight for more on Claimant Count at the end of this bulletin.

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 2,820 in December 2016; it has now risen to 2,875 in January 2017.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.4% in January; this has remained steady with the revised rates of the last 12 months.
- Rossmore Ward has the highest Claimant Count rate with 4.9%; followed by Grange, then Ellesmere Port Town Ward with 4.4% and 4.0% respectively.
- In terms of numbers (in brackets at the end of each ward name), Blacon Ward was highest with around 265 people, up from 255 people last month; then Ellesmere Port Town at 240 (same as last month). These two wards are significantly higher than the next highest ward of Winsford Over and Verdin with 145 people (down from 150 last month).

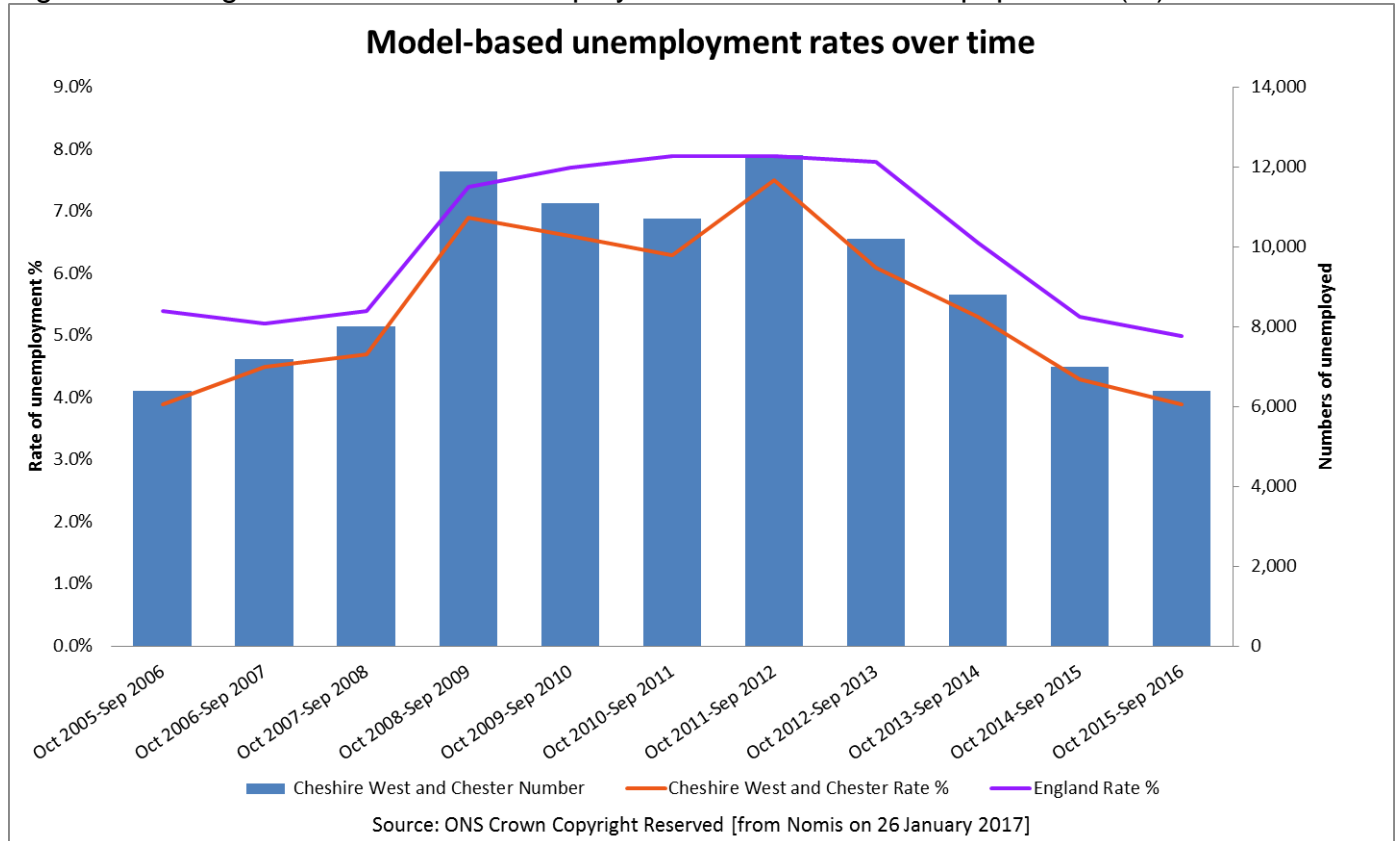
It must be noted again that this may not be a true reflection of those that would normally be on out-of-work benefits as some included in this measure may not be capable of working due to illness or injury, and some may not even be getting payments.

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 (%)

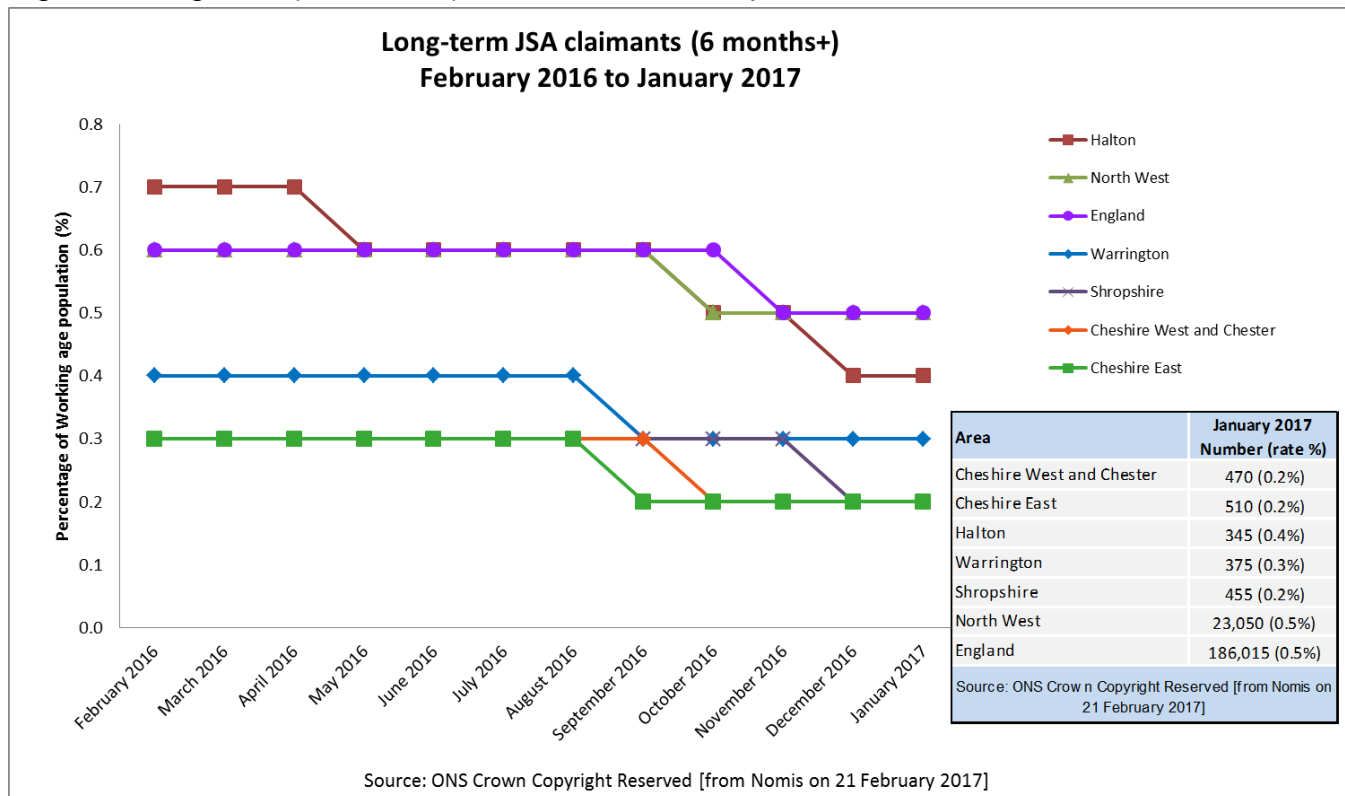


- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now close to pre-financial crisis level, from over 12,000 to around 6,400 or 3.9%.
- The rate of decline is very similar to the England rate, suggesting that unemployment rates are declining across England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



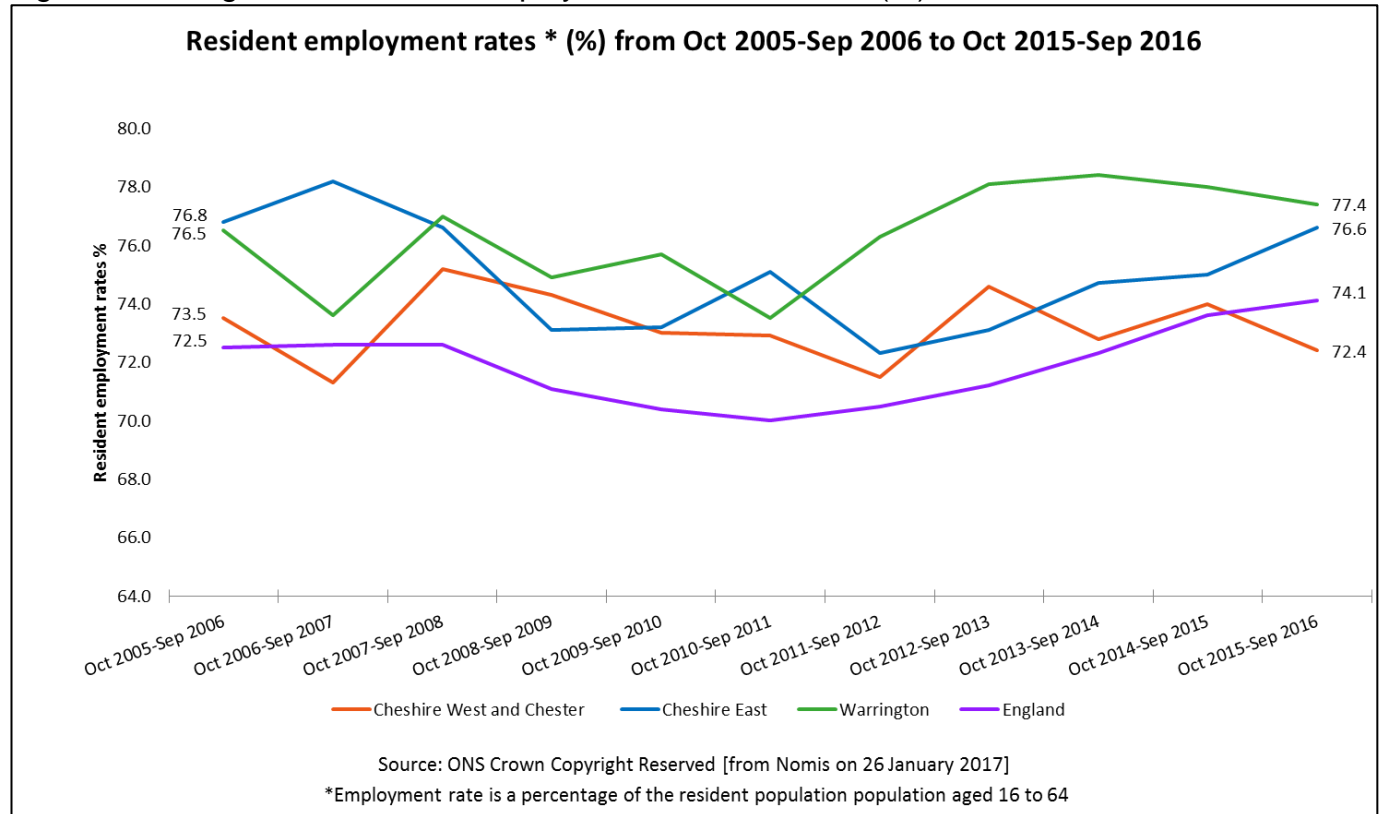
(Note that numbers in the table are rounded to the nearest 5)

- 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 10 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 August 2016 to 470 in January 2017 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 2017]			

- 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).

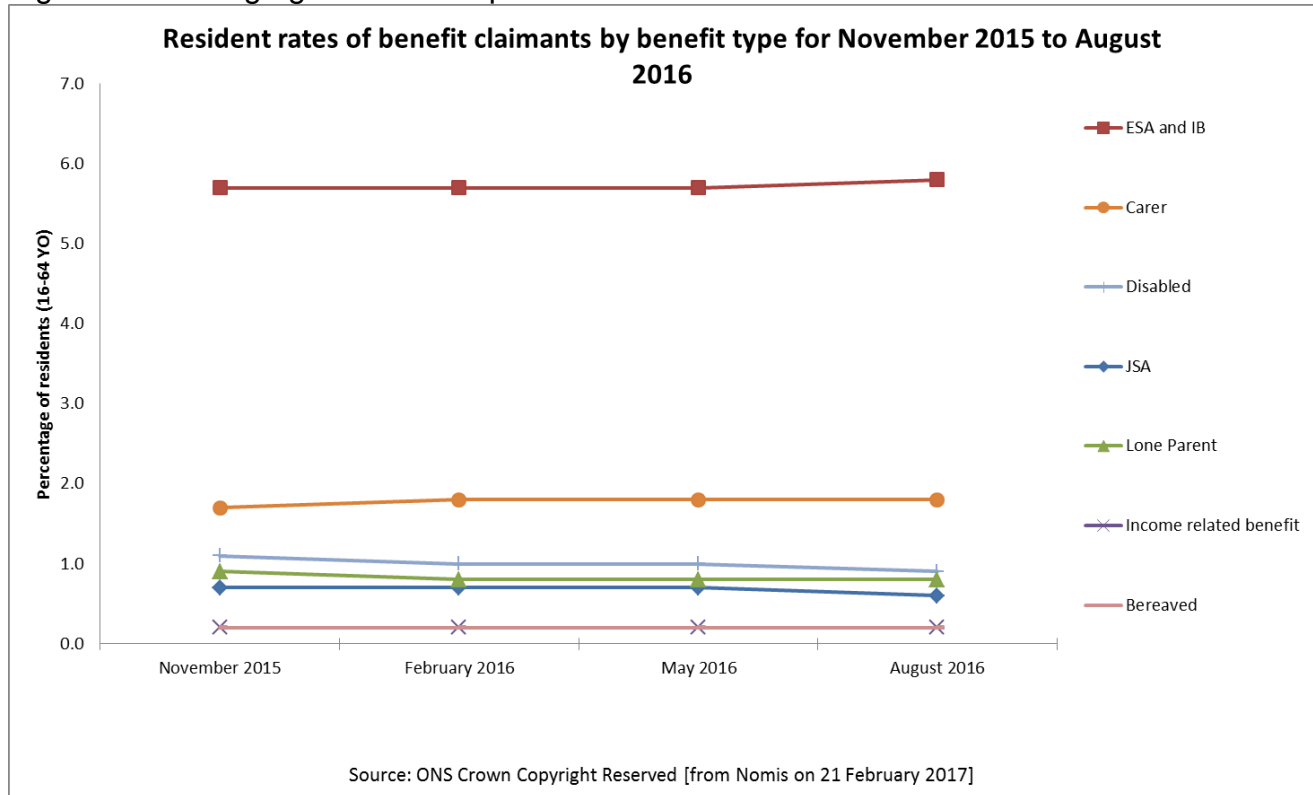
Benefit Data – Working age client group (Quarterly)

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 August 2016, ESA/IB accounted for near to 11,880 people or 5.8% of the 16-64 year old population. The numbers are up from last quarter's results of 11,800; 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 0.7% in November 2015 to 0.6% in August 2016 representing a fall of close to 230 people.
- The rate of Carers benefits has increased over the period from 1.7% to 1.8%, representing an increase of nearly 170 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)		
January 2017	↑	1.8
Previous Month = 1.6		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has risen to +1.8, this means that the 'very large shopping basket of goods' bought in January 2016 for £100.00 would, in January 2017, cost £101.80.

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 is of concern as business costs pressures are 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)		
January 2017	↓	55.9
Previous Month = 56.1		
Source: Markit/CIPS UK Manufacturing PMI®		

The manufacturing PMI remains above the no-change mark of 50.0 but is slightly lower than last month. The rate of growth in new business moderated following the prior month's high, but remained well above the long-run survey average. Price pressures intensified, however, as input cost inflation surged to a survey record high and output charges also increased at one of the steepest rates in the series history.

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		
January 2017	↑	-5
Previous Month = -7.0		
Source: GfK NOP UK		

The report from GfK states that consumer confidence has risen to -5.0 for January 2017. Although consumers report that they are feeling upbeat about their personal financial situation for the coming year, stubborn concerns about the wider economy looking back 12 months and ahead 12 months are ensuring the Index remains stuck in gloomy territory 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 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.

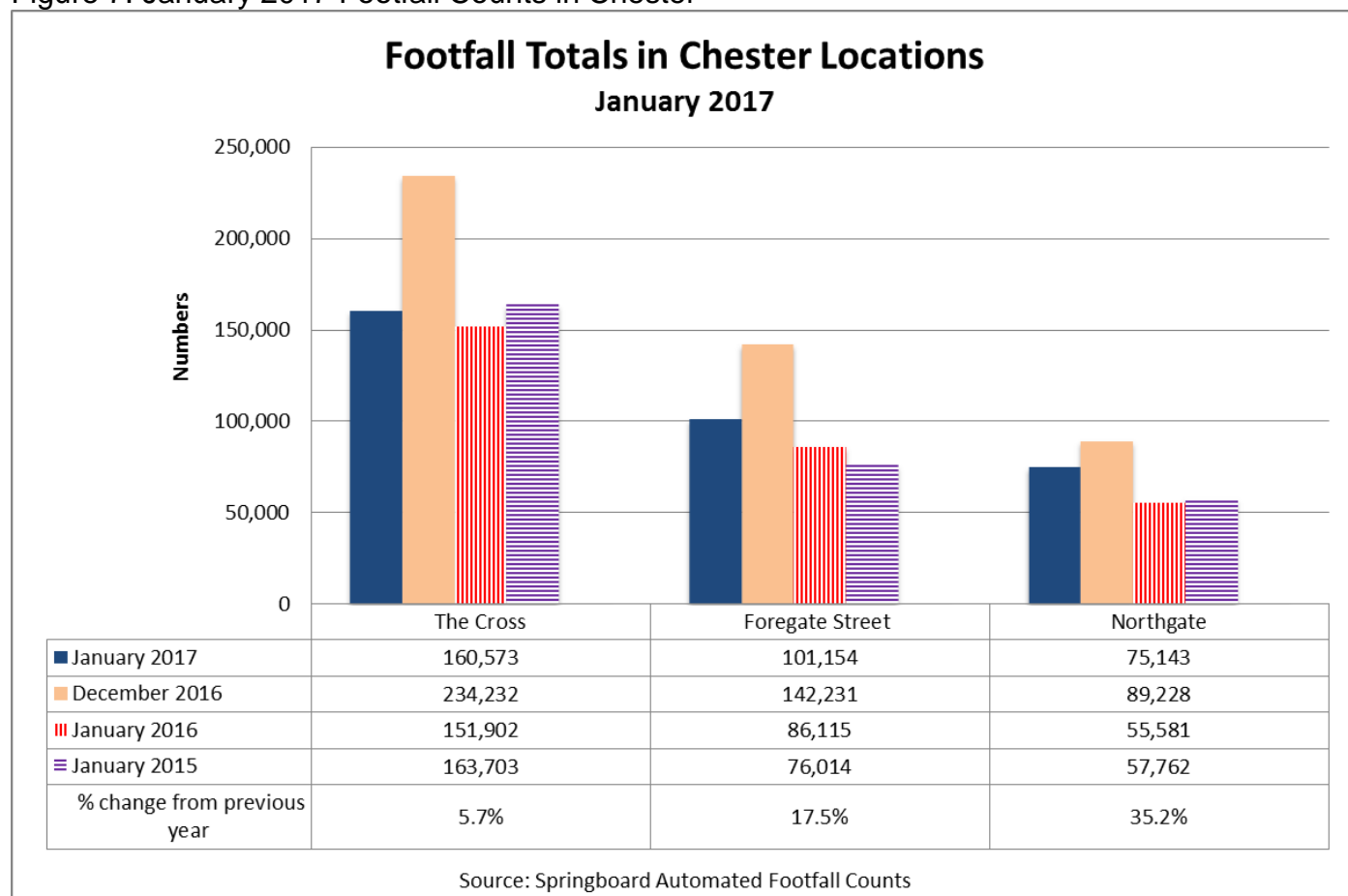
Bank of England Interest Rate		
January 2017	→	0.25
Previous Month = 0.25		
Source: Bank of England		

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 01/01/2017 to 28/01/2017.

Figure 7: January 2017 Footfall Counts in Chester



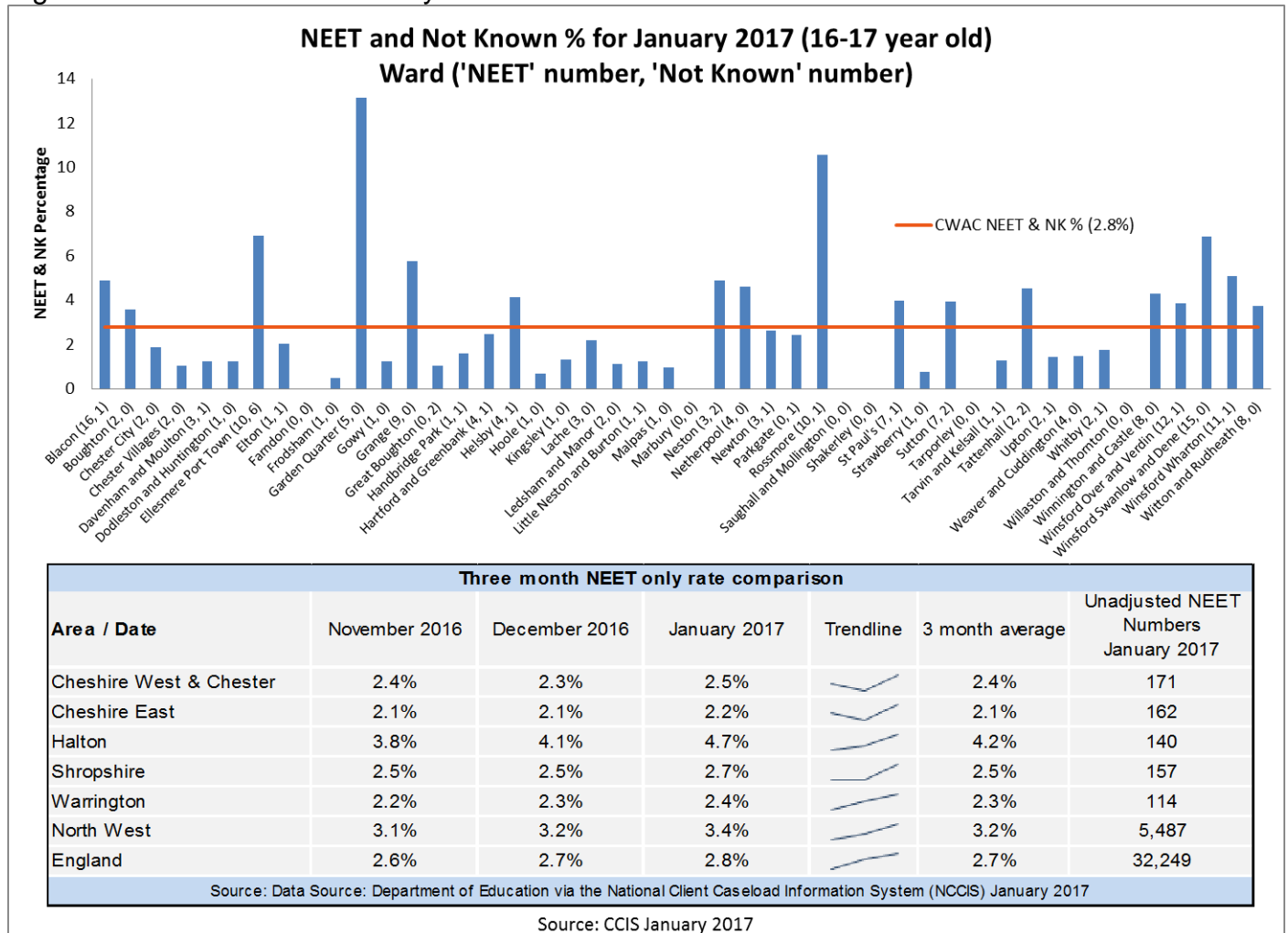
- The Cross saw a fall in foot traffic from the December 2016 figures; however, the January 2017 figures are above the figures from the same time last year.
- Footfall numbers in Foregate Street were lower than in December 2016, but higher than both years previously.
- Northgate Street figures were higher for the same period for the previous two years but not last month.
- Foregate Street saw a rise of around 17.5% from the same month last year.
- The post-Christmas period seemed to show a general decrease in footfall traffic across all 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 January 2017



- The Garden Quarter Ward rate of 13.2%, while the highest rate, only represents 5 people in this age cohort that are considered NEET/Not Known.
- Rossmore Ward has the second highest rate (9.6%) and represents 11 people in the NEET/Not Known cohort.
- Blacon has the highest numbers with 17 people in the NEET/Not Known category representing 4.9% of the 16-17 year old cohort in this area.

Spotlight:

This Spotlight is focused on unemployment in the City of Chester, and examining the detail behind a recent item in the Chester Chronicle article from the 5th March 2017 (see article here <http://www.chesterchronicle.co.uk/news/chester-cheshire-news/concern-chester-unemployment-rate-spike-12694119>)

This article shows that the numbers of people included in the Nomis 'Claimant Count' dataset rose 21% from December 2015 to December 2016 for the Parliamentary constituency of the City of Chester. The numbers of people counted in the Nomis 'Claimant Count' dataset have risen from 730 in December 2015 to 880 in December 2016 – a relative change in numbers of 20.5%.

However, when looking at unemployment, it is very important to remember that the convention is to look at the numbers of those in the Claimant Count as a proportion of the working age population (16 to 64 year old). For the City of Chester, it shows that the rate has risen from 1.2% in December 2015 to 1.4% in December 2016 (see below table).

The following table provides a quick summary of this timeframe (Dec 2015 to December 2016) for the areas of City of Chester, the Chester Job Centre Plus area and Cheshire West and Chester Council:

Table 1: Claimant Count over time

Claimant Count from December 2015 to December 2016							
	City of Chester Parliamentary Constituency			Chester Job Centre Plus	Cheshire West and Chester Local Authority		
Date	Number*	16-64 population**	Rate of 16-64	Numbers	Number*	16-64 population**	Rate of 16-64
Dec-15	730	61,144	1.2	995	2,690	206,441	1.3
Jan-16	755	61,144	1.2	995	2,780	206,441	1.3
Feb-16	815	61,144	1.3	1065	2,945	206,441	1.4
Mar-16	810	61,144	1.3	1050	2,920	206,441	1.4
Apr-16	795	61,144	1.3	1045	2,870	206,441	1.4
May-16	815	61,144	1.3	1090	2,875	206,441	1.4
Jun-16	820	61,144	1.3	1065	2,825	206,441	1.4
Jul-16	830	61,144	1.4	1080	2,810	206,441	1.4
Aug-16	850	61,144	1.4	1125	2,855	206,441	1.4
Sep-16	840	61,144	1.4	1090	2,800	206,441	1.4
Oct-16	880	61,144	1.4	1165	2,865	206,441	1.4
Nov-16	850	61,144	1.4	1135	2,855	206,441	1.4
Dec-16	880	61,144	1.4	1150	2,825	206,441	1.4
Change over time	20.5% (+150)		0.2%	15.6% (+155)	5.0% (+135)		0.1%
Source: ONS Crown Copyright Reserved [from Nomis on 7 March 2017]							
*Numbers from Nomis are rounded to the nearest 5							
**16 to 64 population provided by Nomis							

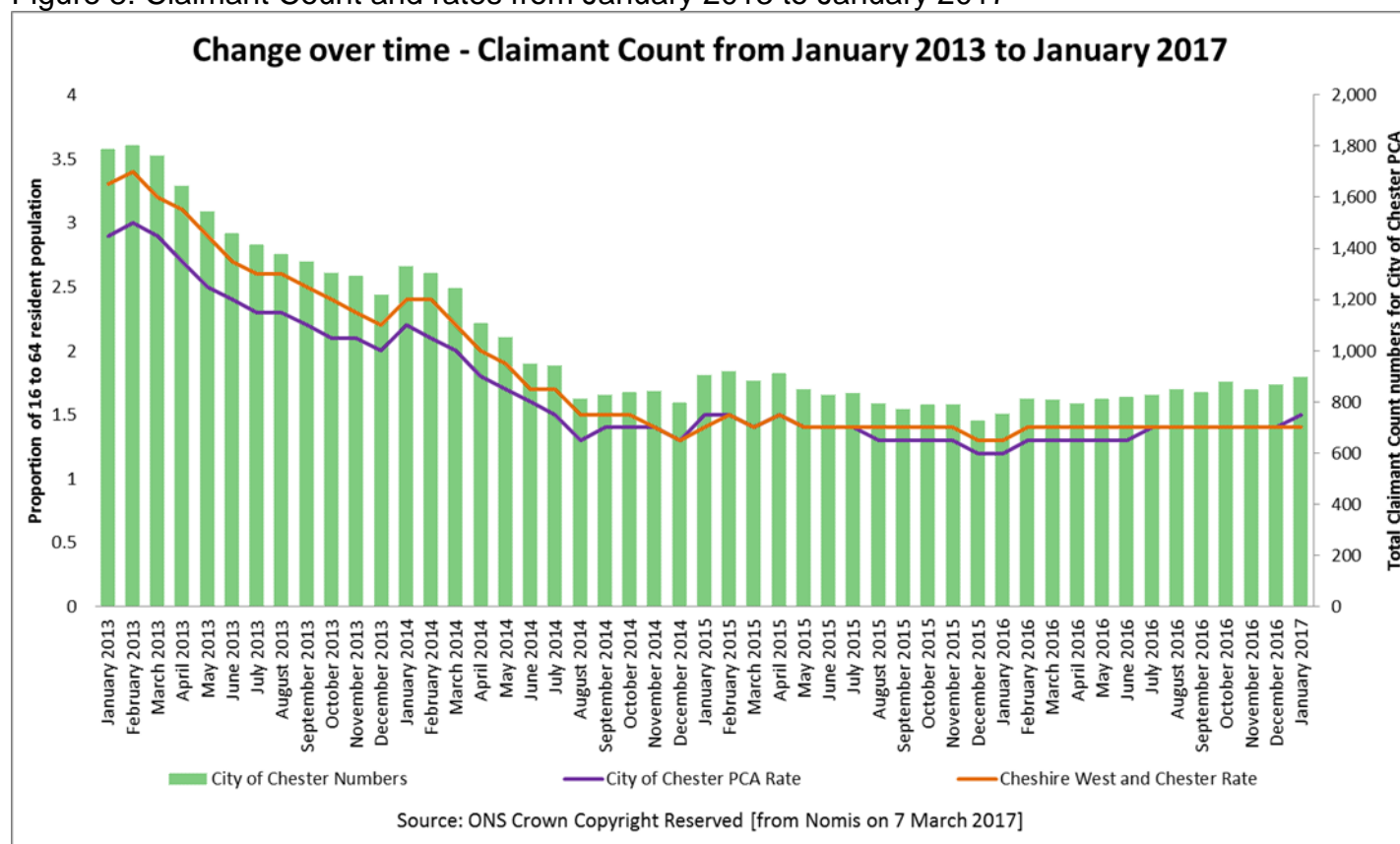
These geographies were chosen because the Chester Chronicle article referenced numbers from the City of Chester Parliamentary Constituency Area. The Chester Job Centre Plus numbers are also shown as they provide the Chester DWP context (no resident population

figures are available for this geographic level); and finally the Cheshire West and Chester Council figures provide a broader geographical context.

The rise in Claimant Count numbers for the City of Chester area of 150 people, more than accounts the borough wide increase of 135 people in the same period for Cheshire West and Chester. It is difficult to attribute reasons why this increase may have occurred in the City of Chester and more data would be needed to make a fair assessment. It is most like due to a combination of factors rather than any single reason.

To provide more context, it is often useful to have a look at change over a longer time period. The graph below shows the Claimant Count for the City of Chester in terms of numbers, and the rates of Claimant Count for the 16 to 64 population of the City of Chester and Cheshire West and Chester from the beginning of the Claimant Count statistics (January 2013) to latest January 2017 figures.

Figure 8: Claimant Count and rates from January 2013 to January 2017



The key trend evident from the graph is the general reduction in numbers for the period from January 2013 through to July 2014, followed by a relatively stable period with small fluctuations up until the most recent month, January 2017. For the City of Chester Parliamentary Constituency Area (PCA), the number of people included in the Claimant Count in January 2017 (900) is almost half that of January 2013 with 1,790 people.

There also appears to be consistent reductions in the number of people included in the Claimant Count in December, followed by increases in January and February. This is due to seasonal hiring patterns around the December holiday period, followed by the inevitable end to short term seasonal work. If this pattern is to follow, then February 2017 figures should show continued elevated Claimant Count numbers, followed by a fall in the March numbers.

Claimant Count is used in this bulletin because it gives an indication at smaller geographical levels than is possible with the model based estimates that are only available at local authority level. However, there is a critical issue with the Claimant Count dataset in Nomis in that it is still considered 'experimental data' and therefore is not considered a 'National statistic'. As stated in the Claimant Count section of the bulletin, the figures shown 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. The numbers are also rounded to the nearest five, so there are accuracy issues inherent in that.

While statistically speaking an overall increase as a proportion of the working population of 0.2% can be considered relatively small; it can be a hugely negative and impactful experience for the individuals and their families who find themselves in that situation. So it is important in this spotlight to make news of the work that the Council is doing to help those who require support. There are significant support structures in place outside the immediate services offered by DWP; including but not limited to the following teams:

- The Revenue and Benefits Team can offer immediate and ongoing support in terms of housing, housing benefits, food, and other services to help stabilise individuals and families while supporting them in the longer term.
- The Work Zone program has been designed to help those at risk of being long-term unemployed and who may need additional support to find work. In the same time period (Dec 15 to Dec 16) the Chester Work Zone team helped 199 people into paid employment. For the whole Council area the Work Zone program helped 731 Cheshire West and Chester residents into paid employment in this period.

Accessing Cheshire West and Chester Council
information and services.

Council information is also available in audio, braille,
large print or other formats. If you would like a copy
in a different format, in another language or require
a BSL interpreter, please email us at:
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