

March 2017 Economic Summary

May 2017

Economic conditions at a glance

Cheshire West and Chester in March 2017



Unemployment estimates have remained steady at 4.0%.



Borough level Claimant Count rates are up at 1.5%.



Long term unemployment is steady at 0.2%.



Employment estimates are down to 72.7% from last 12 month period.

UK in March 2017



The UK/PMI Manufacturing index has dropped to 54.2.



Consumer confidence levels has remained at -6.0.

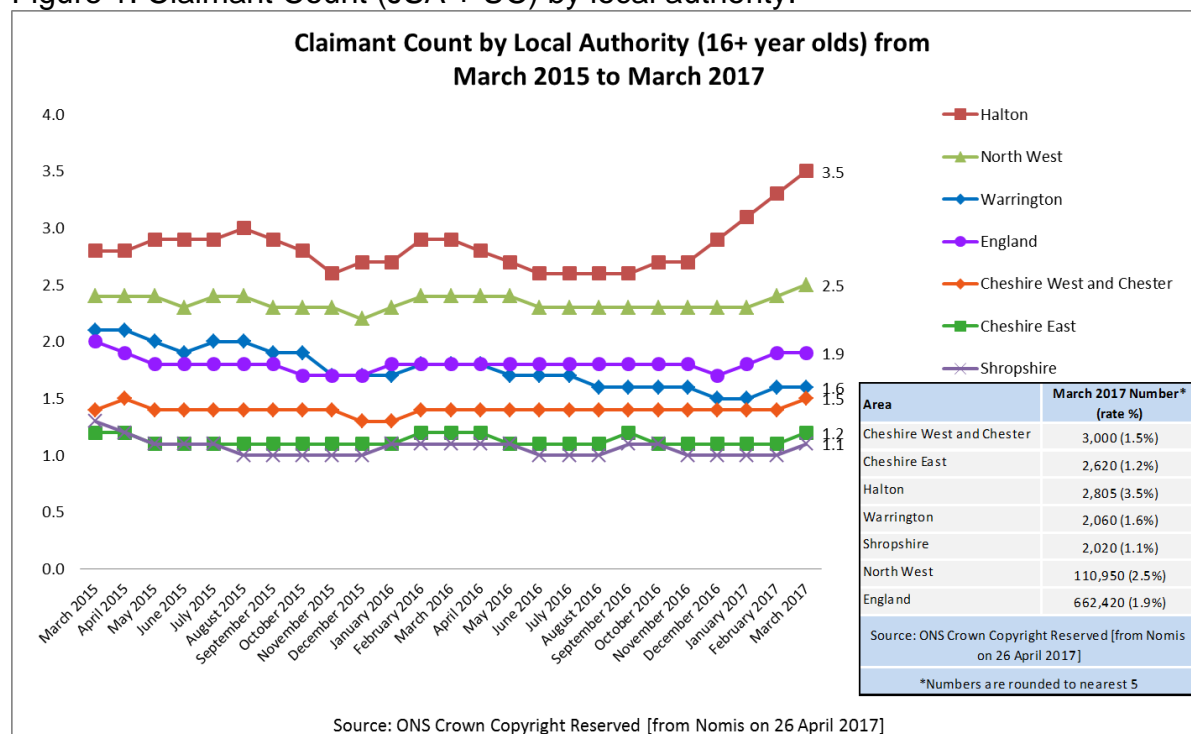


Consumer Price Index is stable at 2.3.

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 1.1% of the resident working age population, equivalent to 2,020 people.
- Cheshire West and Chester has the third lowest Claimant Count rates at 1.5%, or close to 3,000 people, up from the revised February 2017 total of 2,945 people.
- For all the areas, except Warrington, the Claimant Count numbers increased in March 2017 from the previous month. Last month it was expected that the Claimant Count numbers would follow trend and fall in March. The question as to why this has happened is not able to be definitively answered at the moment. However, an article in Business Insider UK details a report from the British Retail Consortium showing that the number of people working in retail shop floors across Britain fell by 2.4% in the first quarter of 2017 compared to the same quarter a year ago. While not an exact comparison, if this rate was applied to the most recent retail sector numbers in Cheshire West and Chester it would equate to around 506 job losses (2.4% of 21,100 in 2015). It may be that the general trend of declining in shop floor staff may have influenced the rise in claimant count numbers.

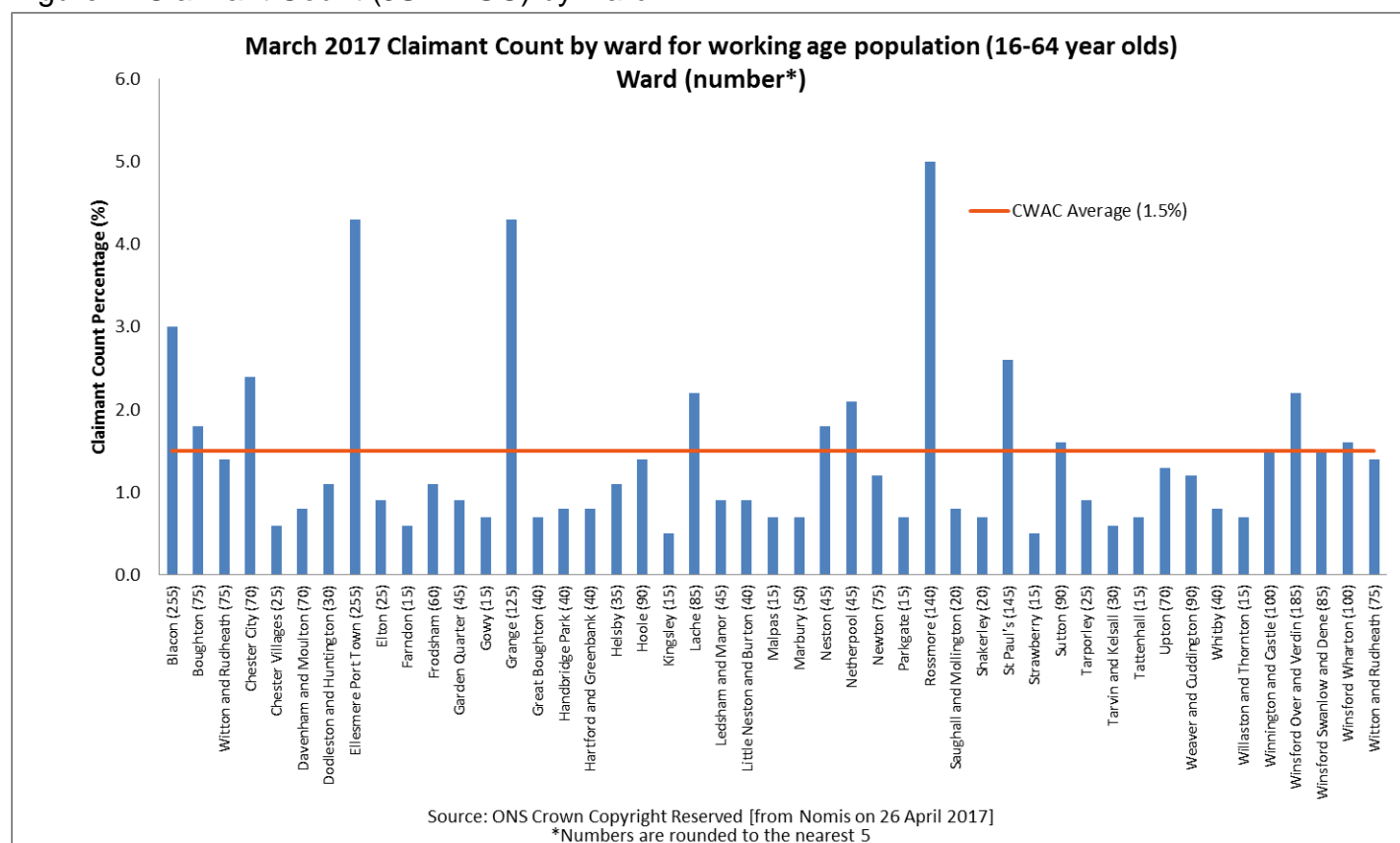
(<http://uk.businessinsider.com/brc-full-time-retail-employees-fall-in-the-first-quarter-2017-4>)

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



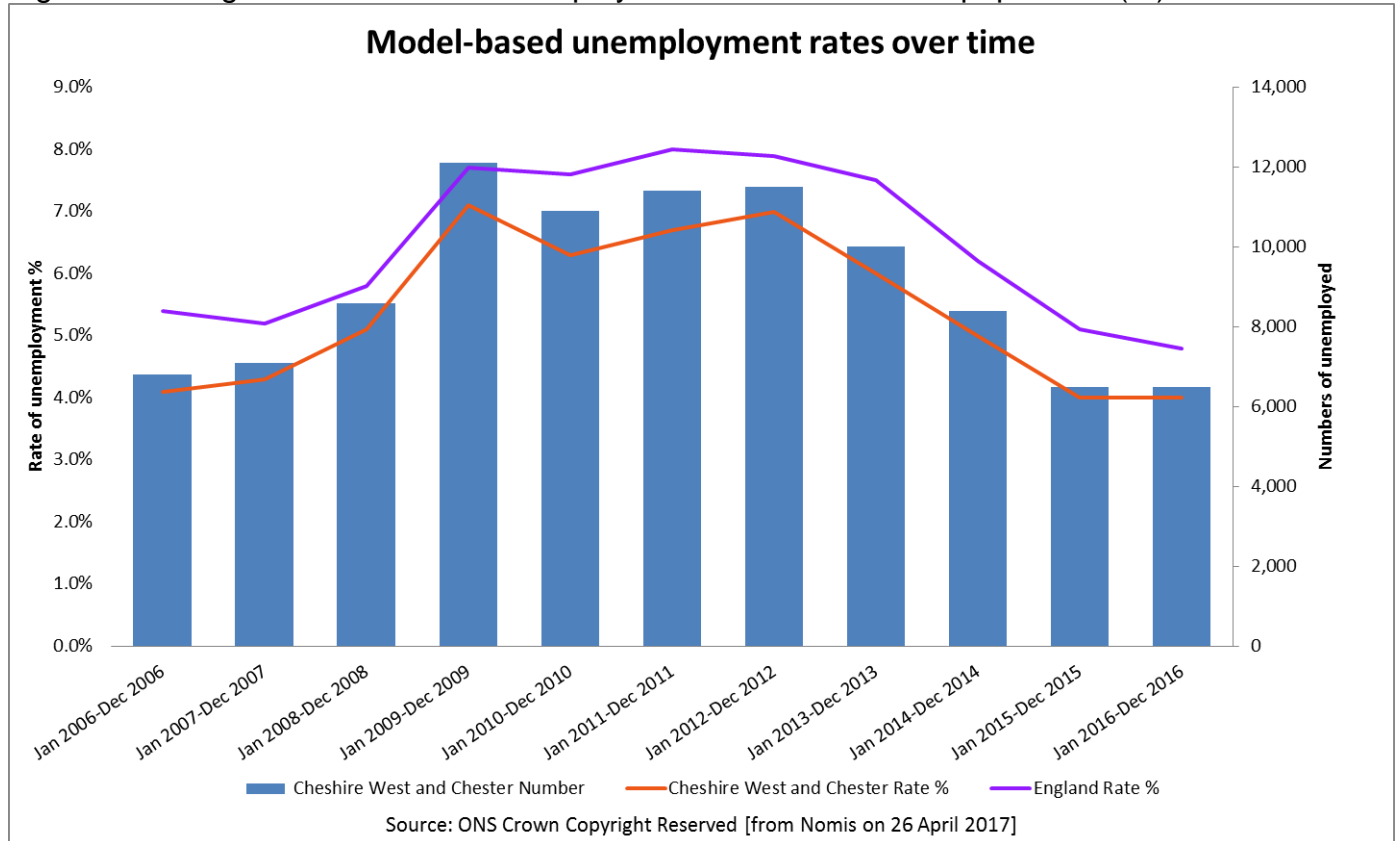
- The Cheshire West and Chester figure was 2,945 in February 2017; it has now risen to 3,000 in March 2017.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.5% in March; this is an increase from the previous 13 months.
- Rossmore Ward has the highest Claimant Count rate with 5.0%; followed by Grange, and Ellesmere Port Town Ward, both with 4.3%.
- In terms of numbers (in brackets at the end of each ward name), Blacon Ward and Ellesmere Port Town both have 255 (up from 250 last month). These two wards are significantly higher than the next highest ward of Winsford Over and Verdin with 185 people.

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 (%)

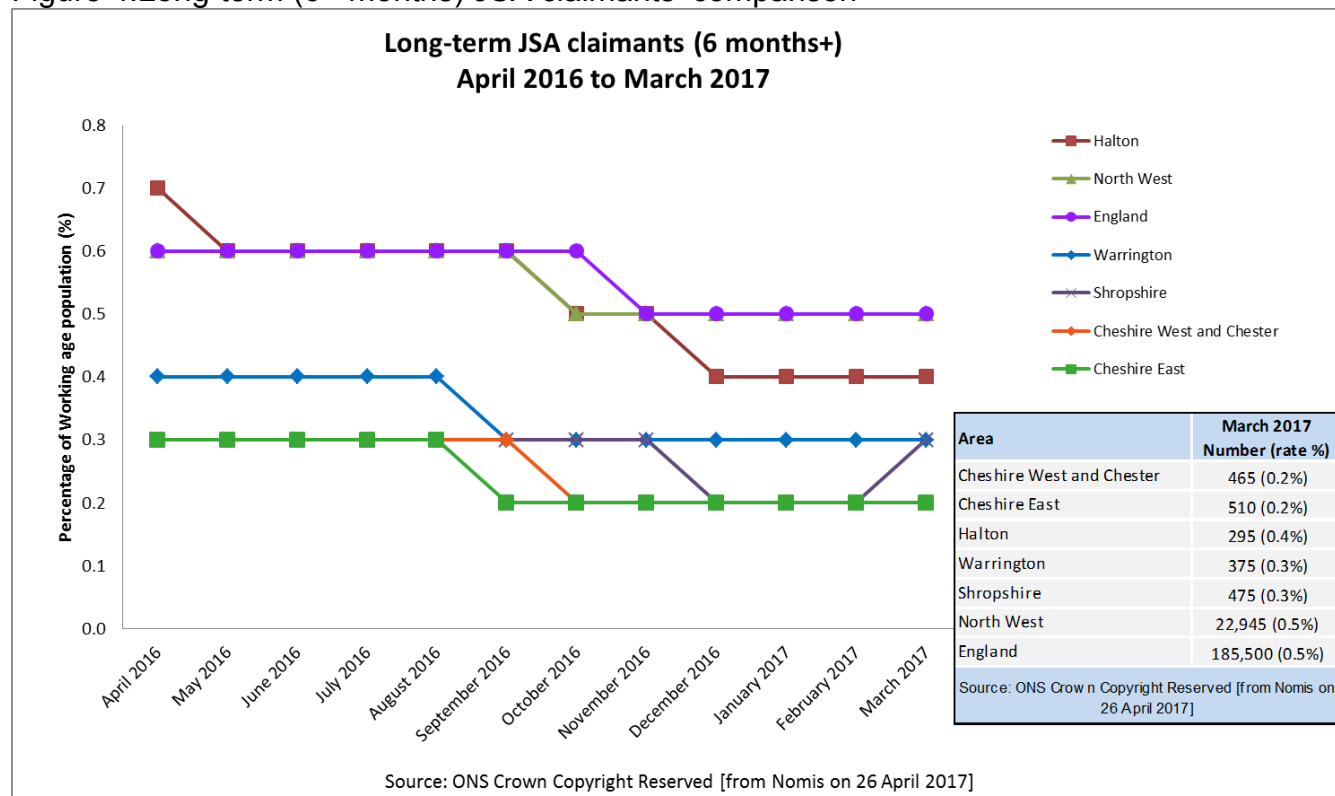


- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now less than pre-financial crisis level, from over 12,000 to around 6,500 or 4.0%.
- Cheshire West and Chester has consistently remained below the England rates, but has reflected the general trends shown at a national level.
- There appears to be a flattening out of the downward trend in the MBE of unemployment. In this case, this is inevitable as employment numbers and rates increase.

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



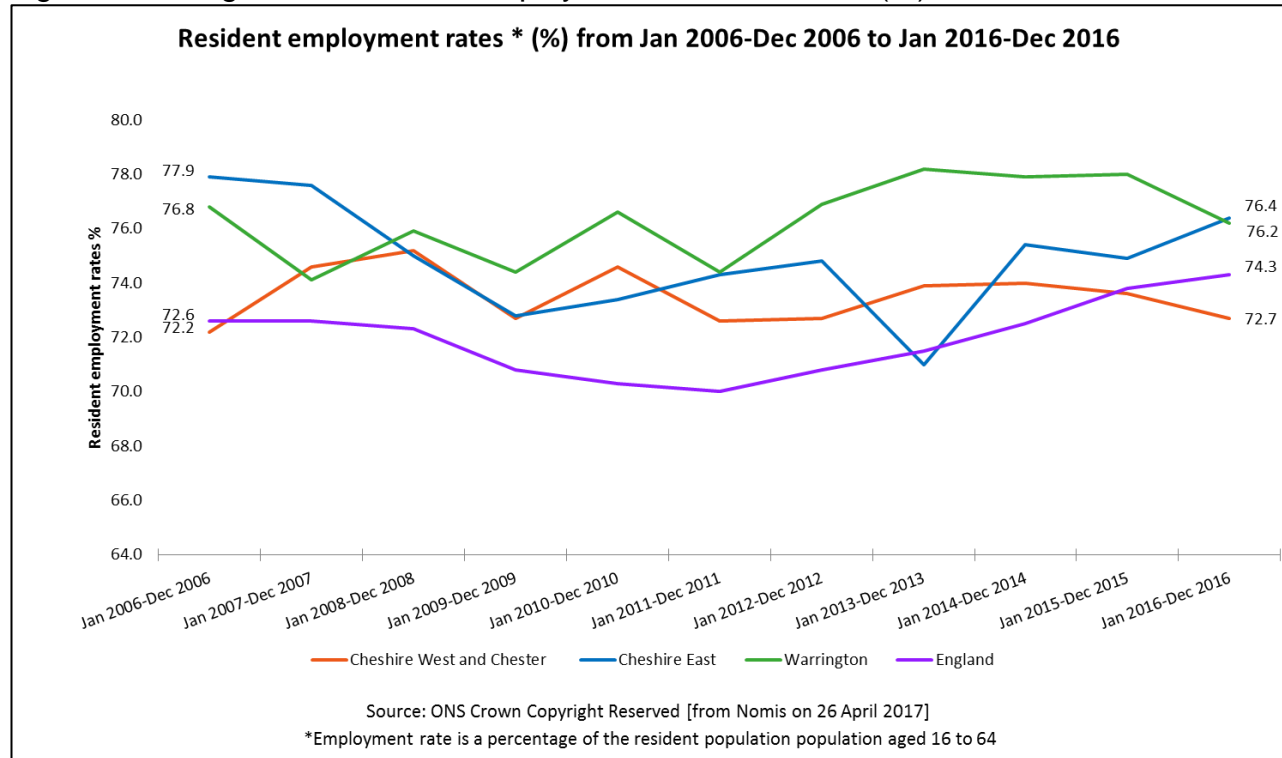
(Note that numbers in the table are rounded to the nearest 5)

- The boroughs with the lowest rates of people claiming JSA benefits for six months or more are Cheshire West and Chester and Cheshire East with a rate of 0.2% of the working age population (16 - 64 year olds).
- Shropshire's LTU rate has increased by 0.1 percent points to 0.3%, with the numbers increasing from 465 to 475
- While the rate has only dropped once in the last 12 months, there has been a 2.1% reduction in the numbers from 475 in October 2016 to 465 in March 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.
- For the UK, employment rates are the highest since comparable records began in 1971 at 74.6%.
- Cheshire West and Chester's current employment rate of 72.7% 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 1,600 people. This level remains seemingly out of synch in comparison with the rest of the unemployment comparators. The relatively small increase of 40 people in the Claimant Count over the Jan 2016 to Dec 2016 period 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 employment rate, if the entire population of Cheshire West and Chester were surveyed, is within 4.0% of the 72.7% rate listed; or between 68.7% and 76.7%. 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 (Jan 2016-Dec 2016)			
	numerator	denominator	percent
Economic activity rate (proportion of total 16-64 year old residents)	153,600	204,500	75.1
Employment rate (proportion of total 16-64 year old residents)	148,700	204,500	72.7
Unemployment rate (proportion of the economically active population)	5,000	153,600	3.2
Economically inactive (proportion of total 16-64 year old residents)	50,900	204,500	24.9
ONS Crown Copyright Reserved [from Nomis on 31 March 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).

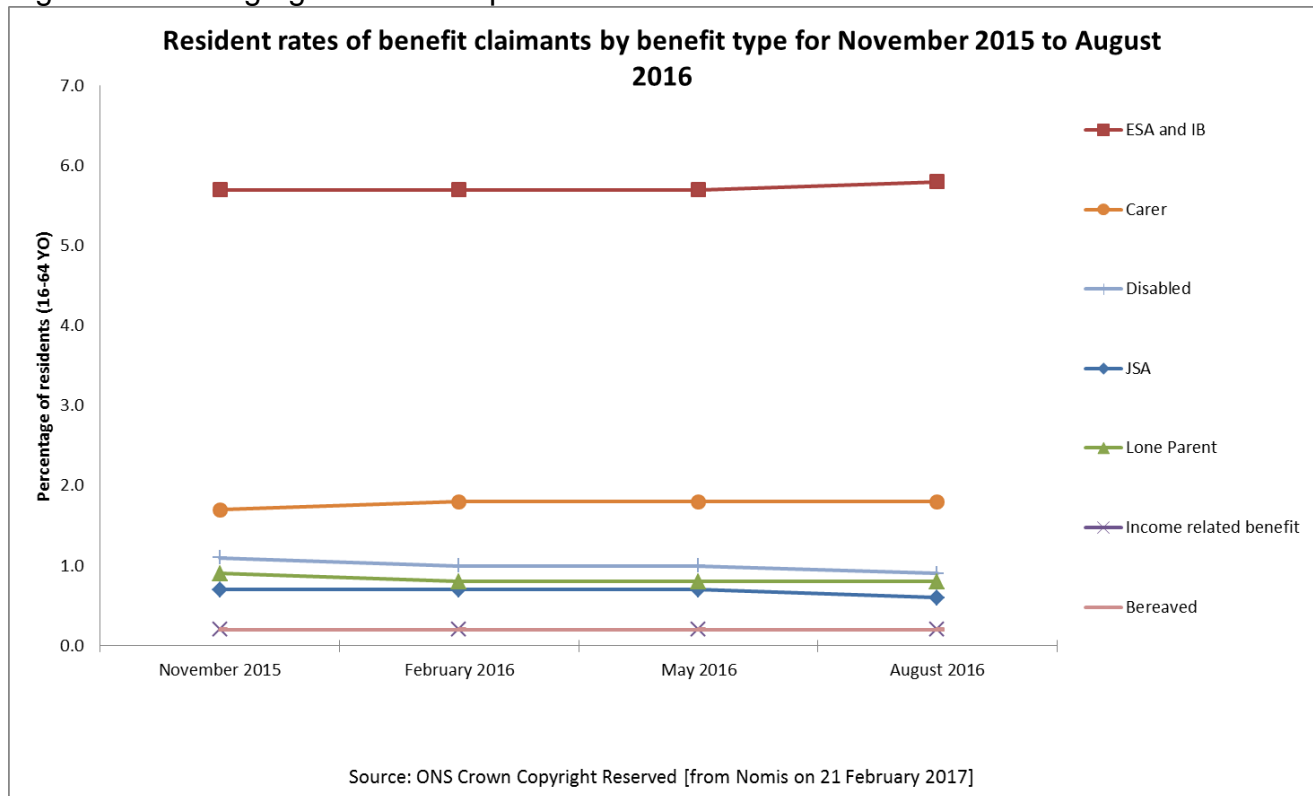
Benefit Data – Working age client group (Quarterly)

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 to 3,750 people.

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)		
March 2017	➡	2.3
Previous Month = 2.3		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has stayed at +2.3, this means that the 'very large shopping basket of goods' bought in March 2016 for £100.00 would, in March 2017, cost £102.30.

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		
Q1 2017	⬆	20.00
Previous Quarter = 8.5		
Source: Federation of Small Businesses		

According to the FSB report for Q1 (Jan, Feb, and March) of 2017, the measure has increased sharply from last quarter driven by growing exports thanks to depreciating currency. It is now above its long term average, but there is an expectation that growth will slow in the next 12 months.

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)		
March 2017	↓	54.2
Previous Month = 54.5		
Source: Markit/CIPS UK Manufacturing PMI®		

The manufacturing PMI remains above the no-change mark of 50.0 but is 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 continued, 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		
March 2017	→	-6
Previous Month = -6.0		
Source: GfK NOP UK		

The report from GfK states that consumer confidence has remained at -6.0 for March 2017. Consumers remain cagey about the state of their personal finances and the general economic picture for the UK, especially as wage growth fails to keep pace with the rising costs of living 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.

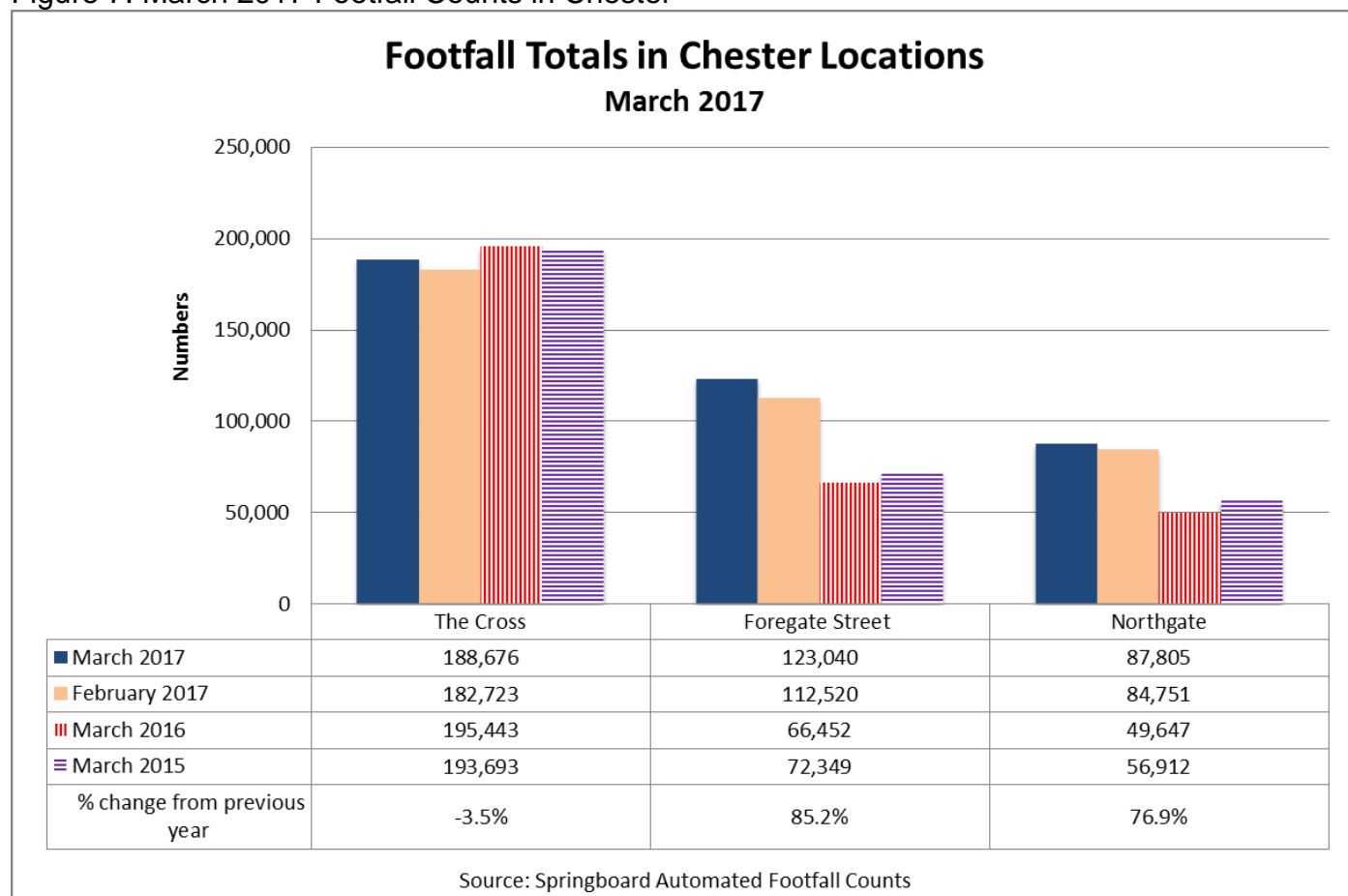
Bank of England Interest Rate		
March 2017	→	0.25
Previous Month = 0.25		
Source: Bank of England		

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 28/02/2017 to 01/04/2017.

Figure 7: March 2017 Footfall Counts in Chester



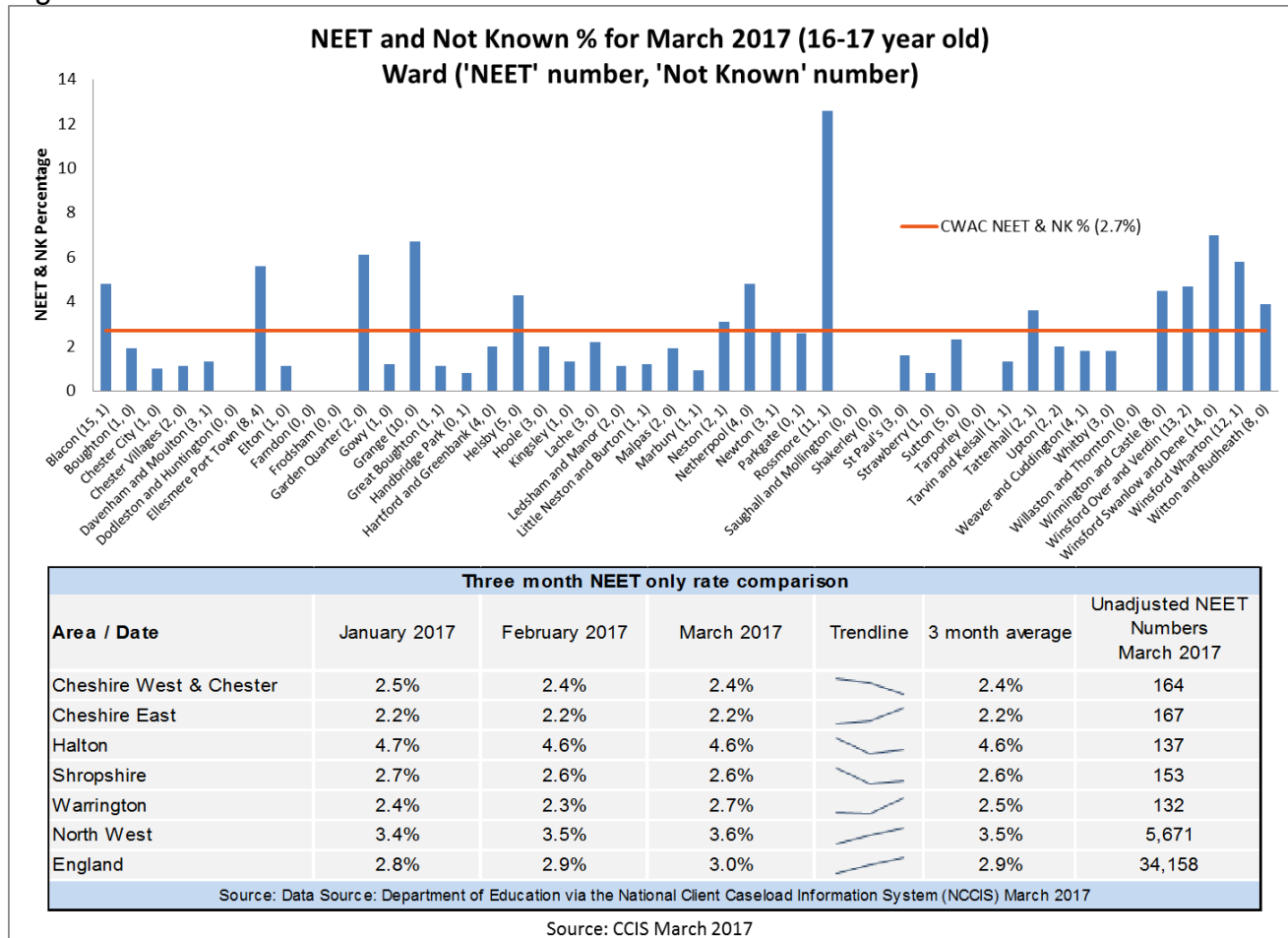
- The Cross saw a rise in foot traffic from the February 2017 figures; however, the March 2017 figures are lower than the figures from both years previously.
- Footfall numbers in Foregate Street were higher than in February 2017, and also much higher than both years previously.
- Northgate Street figures were also higher compared to the previous two years and last month.
- Foregate Street saw a significant rise of around 85.2% from the same month last year, while Northgate Street had a 76.9% rise compared to the same time last year.
- Overall the footfall numbers for the year to date have increased by 17.2% from the same time last year.

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 March 2017



- Rossmore Ward has the highest NEET and Not Known rate of 12.6% this month. This represents 12 people in this age cohort that are considered NEET/Not Known.
- Winsford Swanlow and Dene Ward have the second highest rate (7%) and represents 14 people in the NEET/Not Known cohort.
- Blacon Ward has the highest numbers with 16 people in the NEET/Not Known category representing 4.8% of the 16-17 year old cohort in this area.

Spotlight:

This month's spotlight looks at the recently released ONS analysis of sickness rates in the workplace.

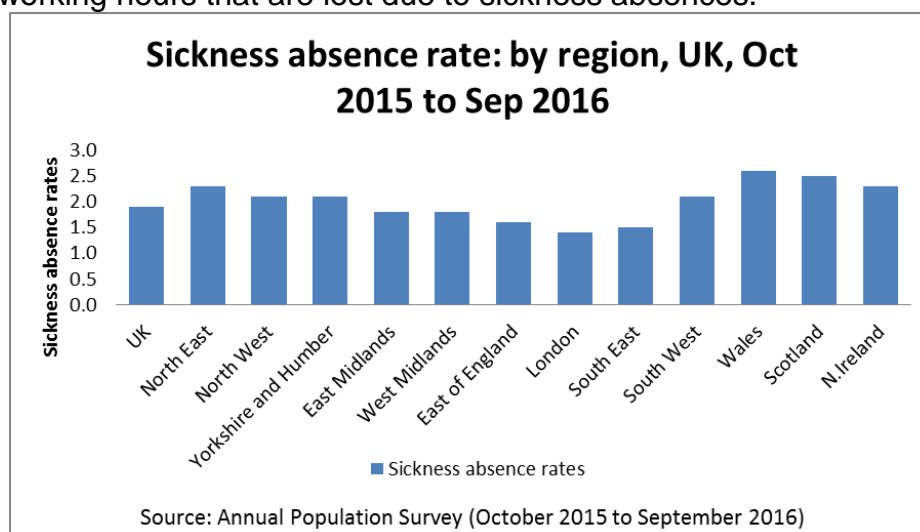
It states that around 137.3 million working days were lost due to sickness or injury in the UK in 2016. This equates to around 4.3 days per worker, the lowest ever recorded.

Minor illnesses (such as coughs and colds) were the most common reason for sickness absence in 2016, accounting for approximately 34.0 million days lost (24.8% of the total days lost). This was followed by musculoskeletal problems (including back pain, neck and upper limb problems) at 30.8 million days lost (22.4%). After 'other' conditions, mental health issues (including stress, depression, anxiety and serious conditions) were the next most common reason for sickness absence, resulting in 15.8 million days lost (11.5%).

In 2016, the groups who experienced the highest rates of sickness absence were women, older workers, those with long-term health conditions, smokers, public health sector workers and those working in the largest organisations (those with 500 or more employees).

The groups that have seen the greatest reduction in sickness absence rates over the last 2 decades are workers with long-term health conditions, workers aged 50 to 64, and those in the public sector.

The below chart shows the sickness absence rate for the regions of UK. The graph reflects the percentage of working hours that are lost due to sickness absences.



Workers living in Wales and Scotland had the highest sickness absence rates for the period at 2.6% and 2.5% respectively. In England, workers living in the North East had the highest rate at 2.3% while those in London had the lowest rate at 1.4%. This can be largely explained by the younger age profile of people and workers living in London and the types of occupations that they do (there is a large concentration of high-skilled jobs in London, which tend to have lower rates of sickness absence).

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