

May 2017 Economic Summary

July 2017

Economic conditions at a glance

Cheshire West and Chester in May 2017

-  → Unemployment estimates have remained steady at 4.0%.
-  → Borough level Claimant Count rates are steady at 1.5%.
-  → Long term unemployment is steady at 0.2%.
-  ↓ Employment estimates are down to 72.7% from previous 12 month period.

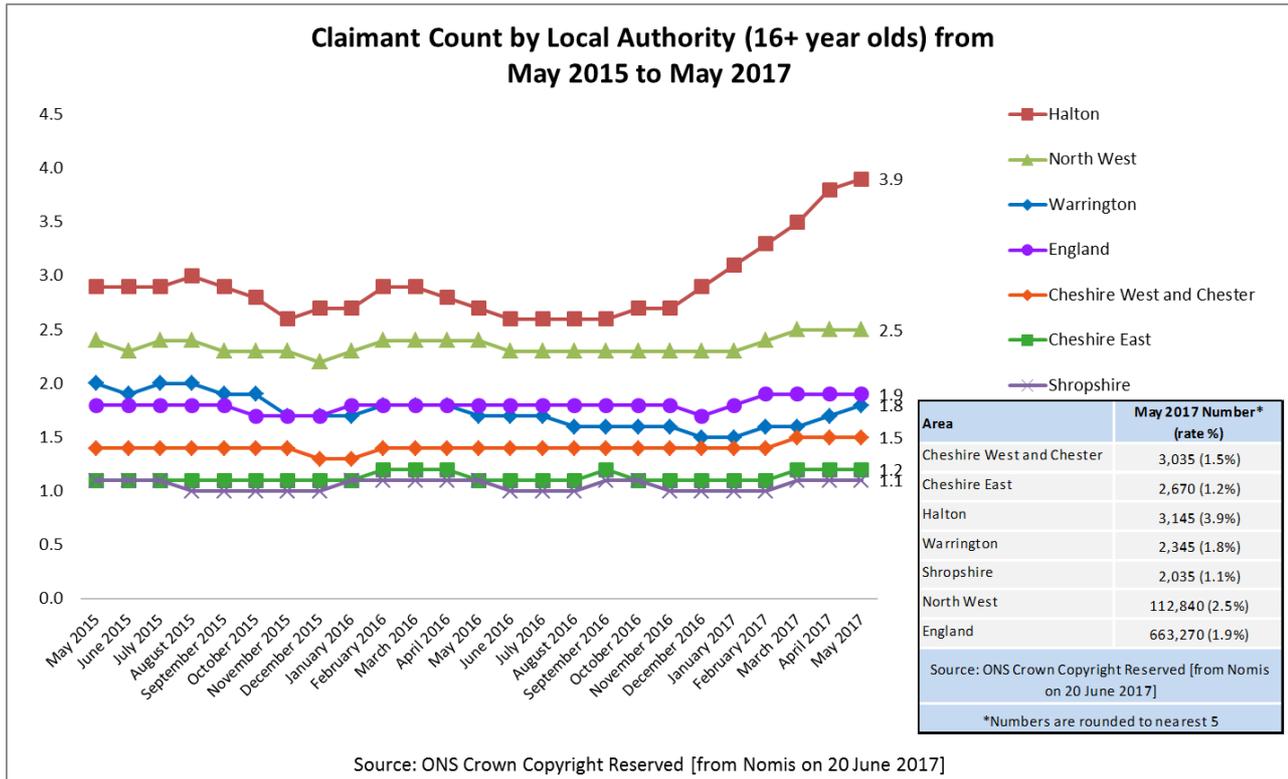
UK in May 2017

-  ↓ The UK/PMI Manufacturing index has Fallen to 56.7.
-  ↑ Consumer confidence levels have dropped to -7.0.
-  ↑ Consumer Price Index has risen slightly to 2.7.

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 2,035 people.
- Cheshire West and Chester has the third lowest Claimant Count rates at 1.5%, or close to 3,035 people, down from the revised April 2017 total of 3,070 people.
- For all the areas, except Cheshire West and Chester, the Claimant Count numbers increased in May 2017 from the previous month.

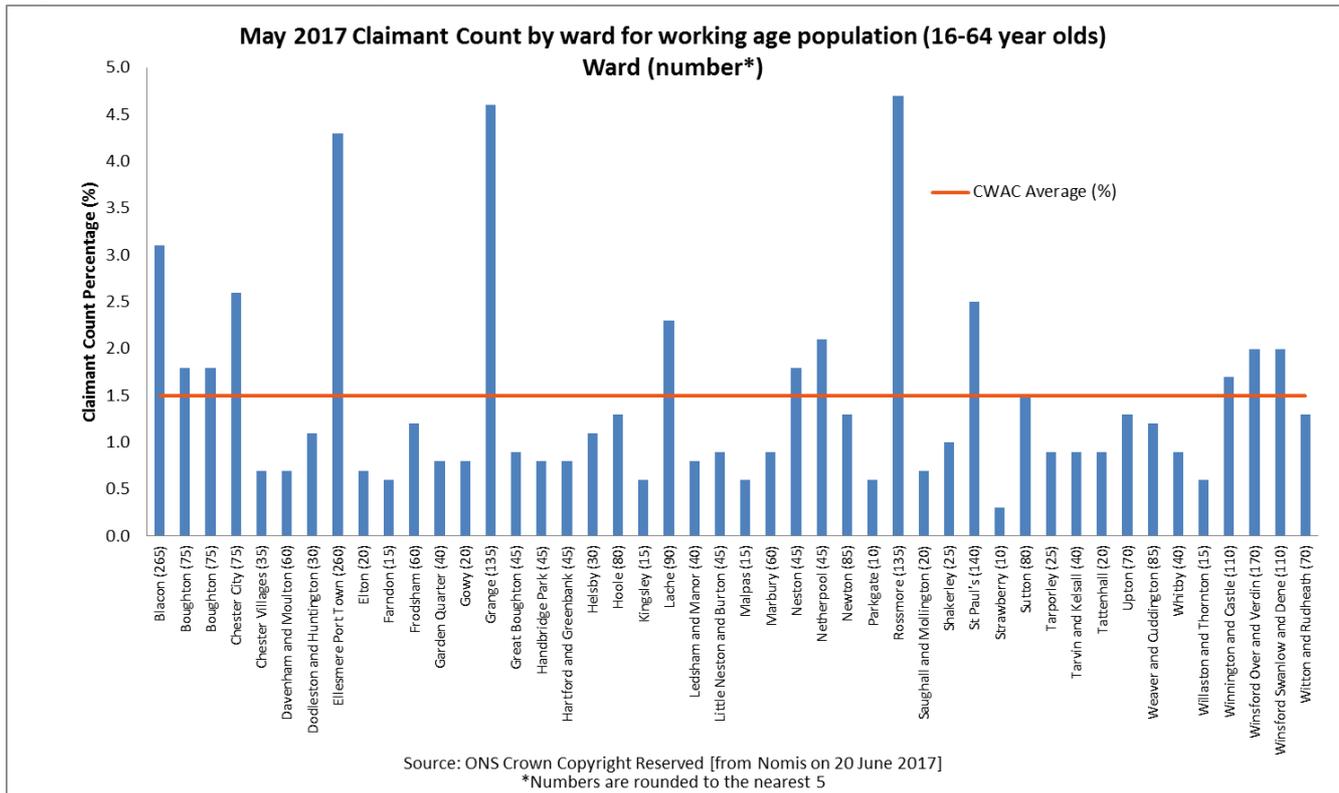


Claimant Count by Ward (Monthly)

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



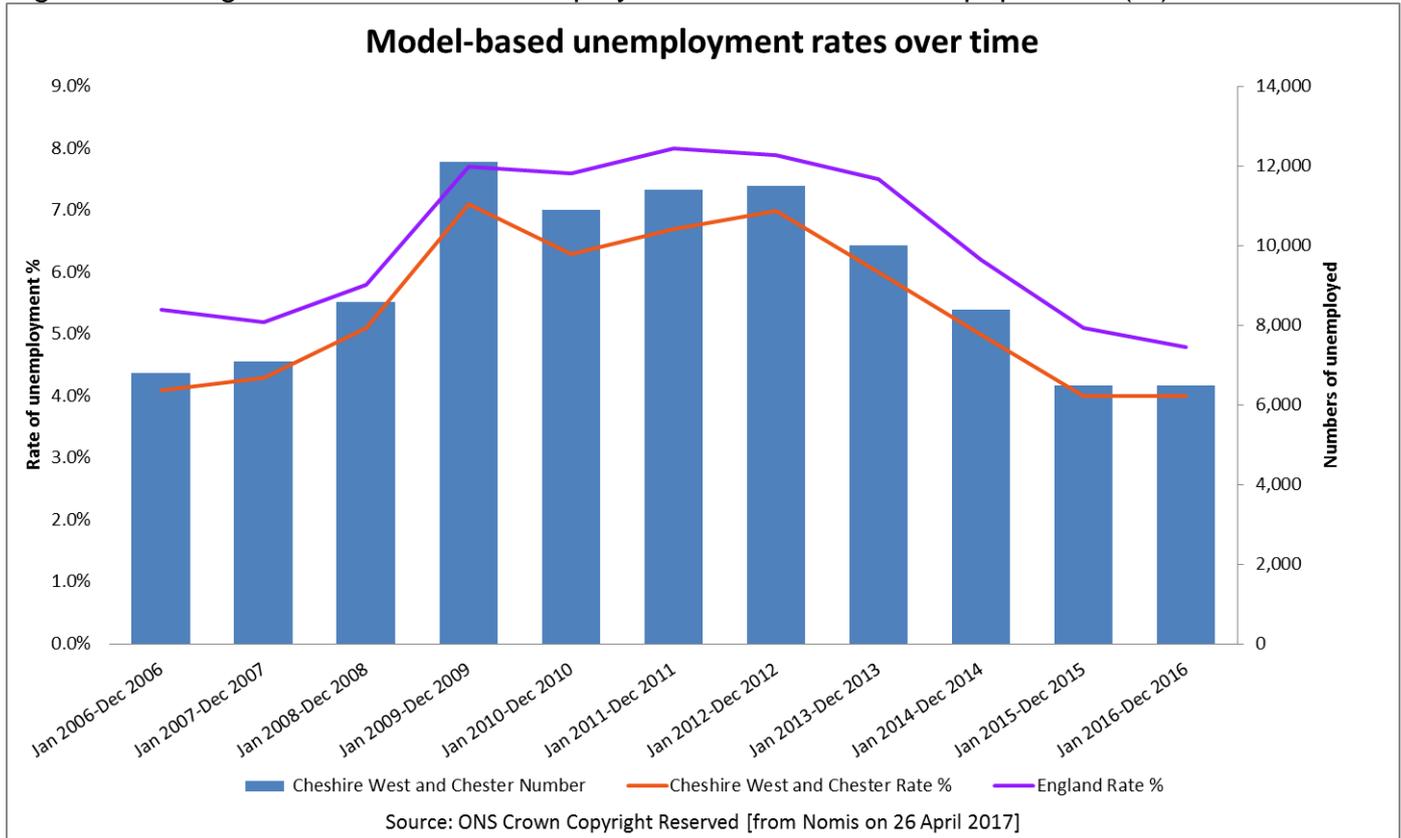
- The Cheshire West and Chester figure was 3,070 in April 2017; it has now fallen to 3,035 in May 2017.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.5% in May; this is the same as last month.
- Rossmore Ward has the highest Claimant Count rate with 4.7%; followed by Grange (4.6%) then and Ellesmere Port Town Ward with 4.3%.
- In terms of numbers (in brackets at the end of each ward name), Blacon Ward with 265 then Ellesmere Port Town with 260 (same as last month). These two wards are significantly higher than the next highest ward of Winsford Over and Verdin with 170 people (same as previous month).

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 (%)

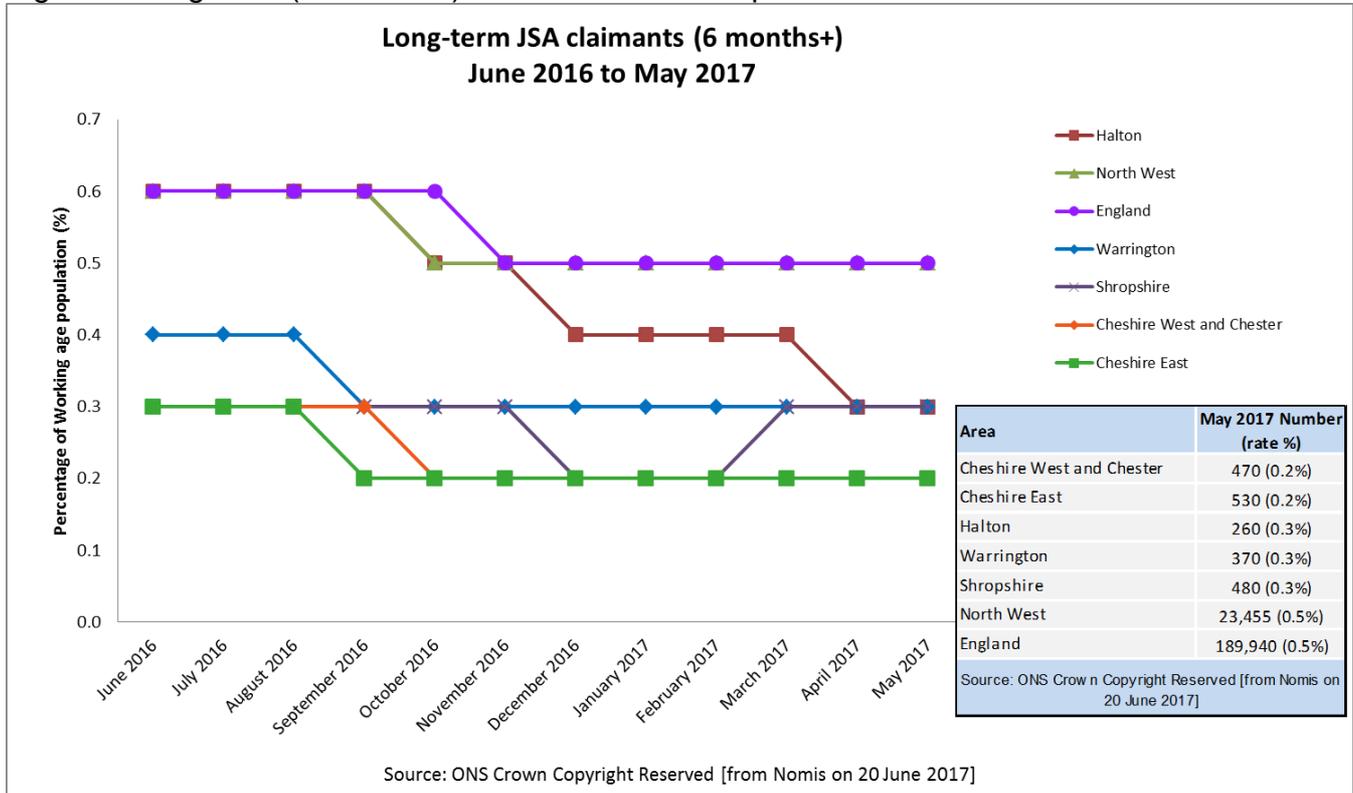


- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now less than pre-financial crisis level, from over 12,000 to around 6,500 or 4.0%.
- Cheshire West and Chester has consistently remained below the England rates, but has reflected the general trends 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



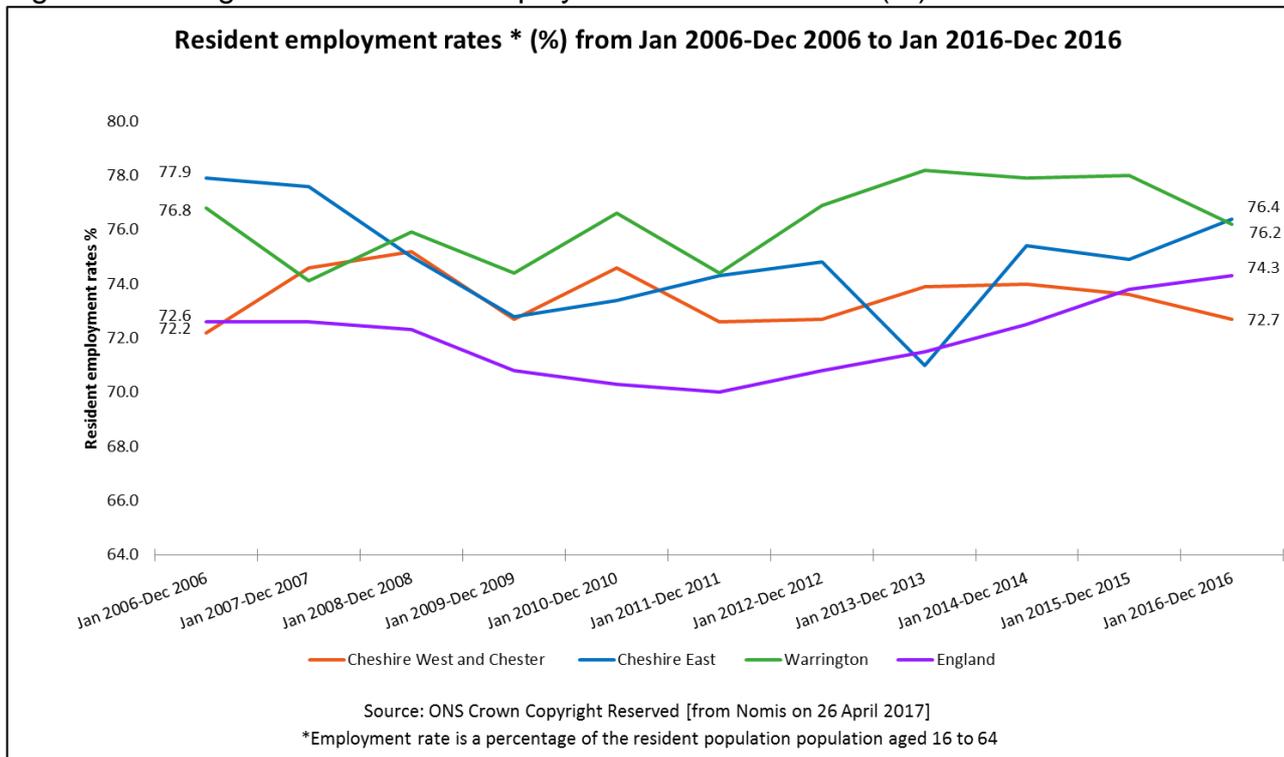
(Note that numbers in the table are rounded to the nearest 5)

- 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).
- Despite the Claimant count increasing in Halton, the LTU rate has remained the same as last month at 0.3%
- While the rate has only dropped once in the last 12 months, the numbers have dropped by 13.8% from 545 in June 2016 to 470 in May 2017.

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

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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).

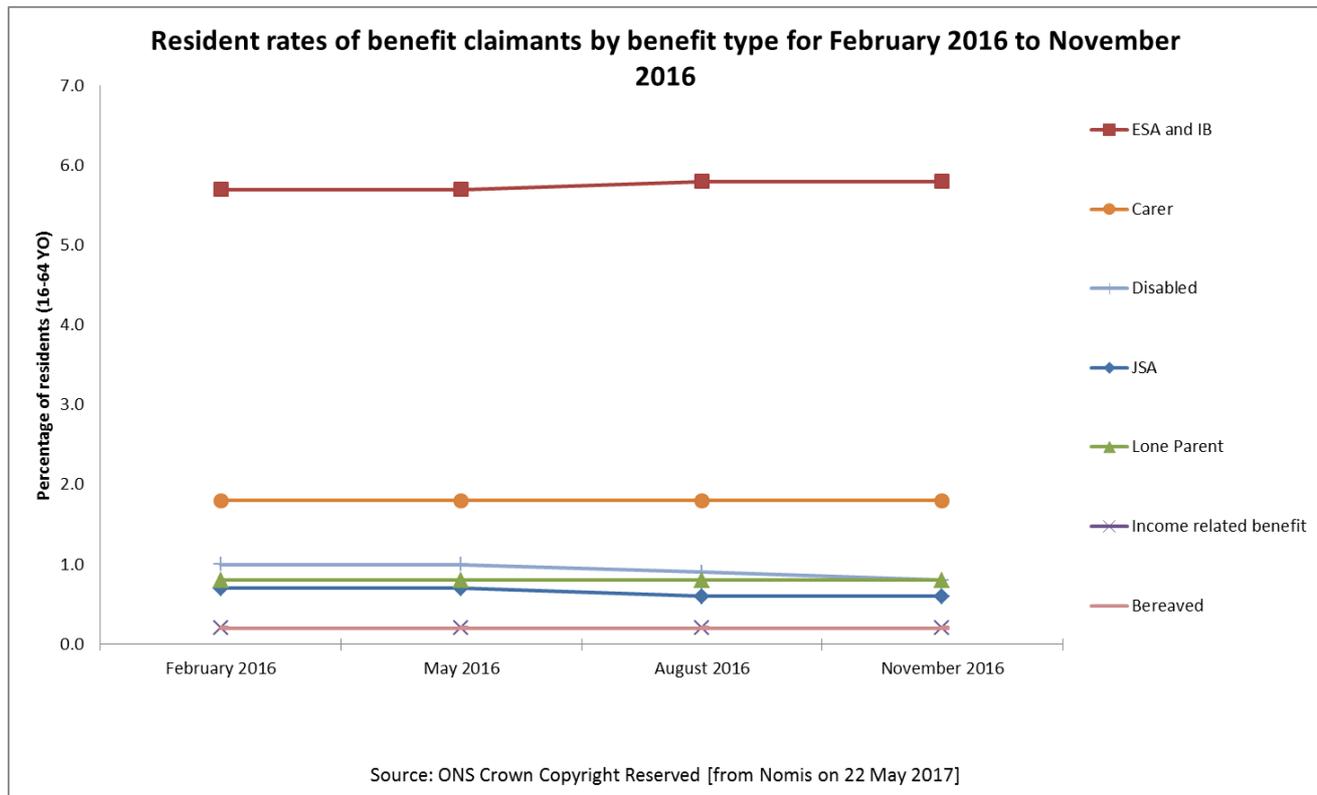
Benefit Data – Working age client group (Quarterly)

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 November 2016, ESA/IB accounted for near to 11,880 people or 5.8% of the 16-64 year old population. The numbers are the same as 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 February 2016 to 0.6% in November 2016 representing a fall of close to 290 people.
- The rate of Carers benefits has remained the same over the period at 1.8%; however there has been an increase of nearly 160 claimants to 3,790 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)		
May 2017	↑	2.7
Previous Month = 2.6		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has increased to +2.7, this means that the 'very large shopping basket of goods' bought in May 2016 for £100.00 would, in May 2017, cost £102.70.

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 2017	↓	15.00
Previous Quarter = 20.0		
Source: Federation of Small Businesses		

According to the FSB report for Q1 (April, May, June) of 2017, the measure has decreased sharply from last quarter driven by growing exports thanks to depreciating currency. It is now above its long term average, but there is still 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)

May 2017 ↓ 56.7

Previous Month = 57.3

Source: Markit/CIPS UK Manufacturing PMI®

The manufacturing PMI remains above the no-change mark of 50.0 and is higher than last month. The current number is slightly lower than last month, but is still being driven by increased rates of expansion in output, new orders and new export work. This is underpinned by robust business confidence and further job creation

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

May 2017 ↑ -5

Previous Month = -7.0

Source: GfK NOP UK

The report from GfK states that consumer confidence has fallen to -5.0 for May 2017. 'There is an unexpected uptick in the barometer this month as consumers report increased confidence in their personal financial situation, the wider economy, and future plans for shopping and saving. Despite life becoming more expensive with inflation hitting its highest level in four years, and wages dropping in real terms for the first time in three years, ... we remain happy to splash the cash as sales jump ahead of expectations.' 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

May 2017 → 0.25

Previous Month = 0.25

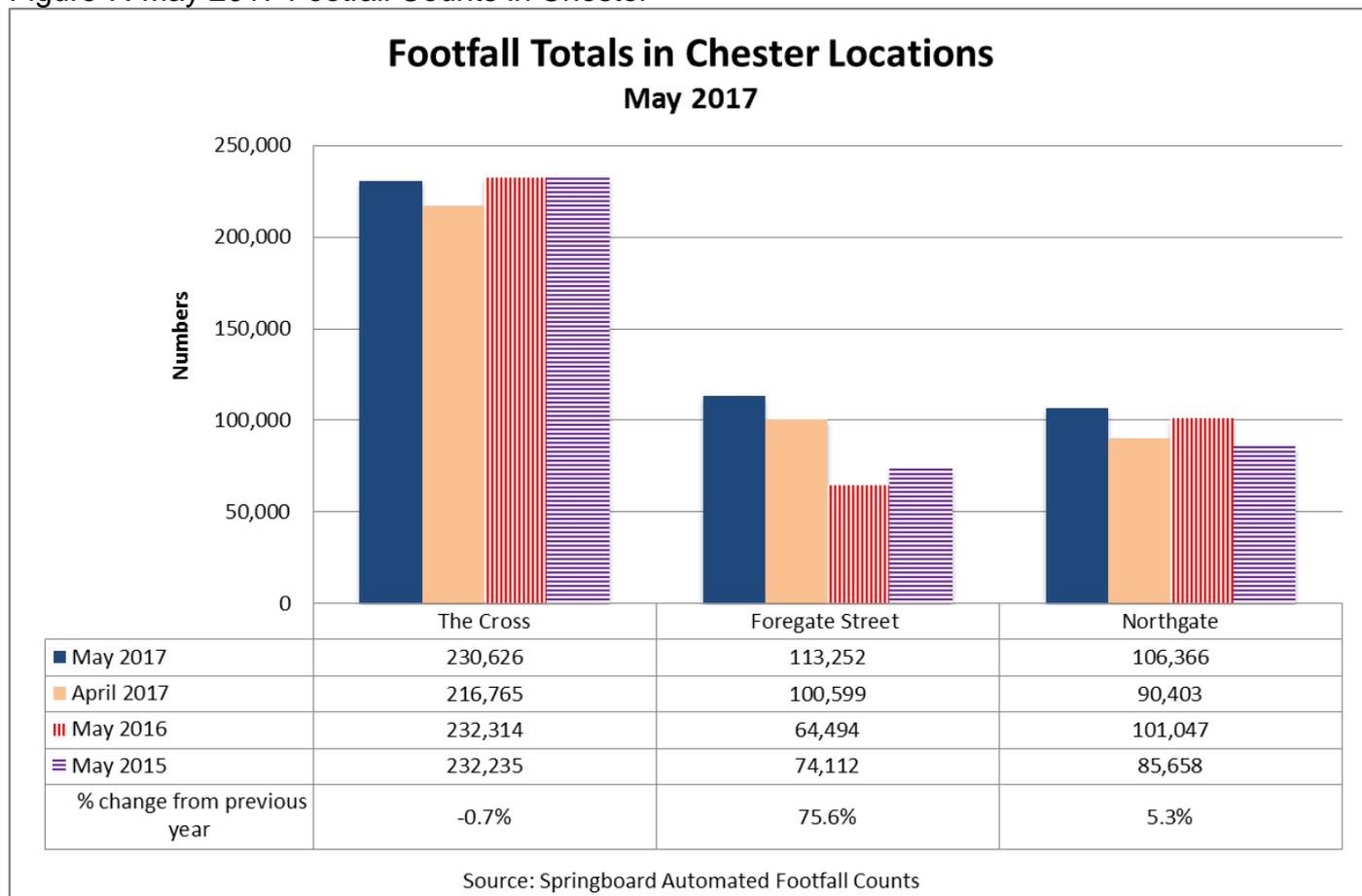
Source: Bank of England

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 30/04/2017 to 27/05/2017.

Figure 7: May 2017 Footfall Counts in Chester



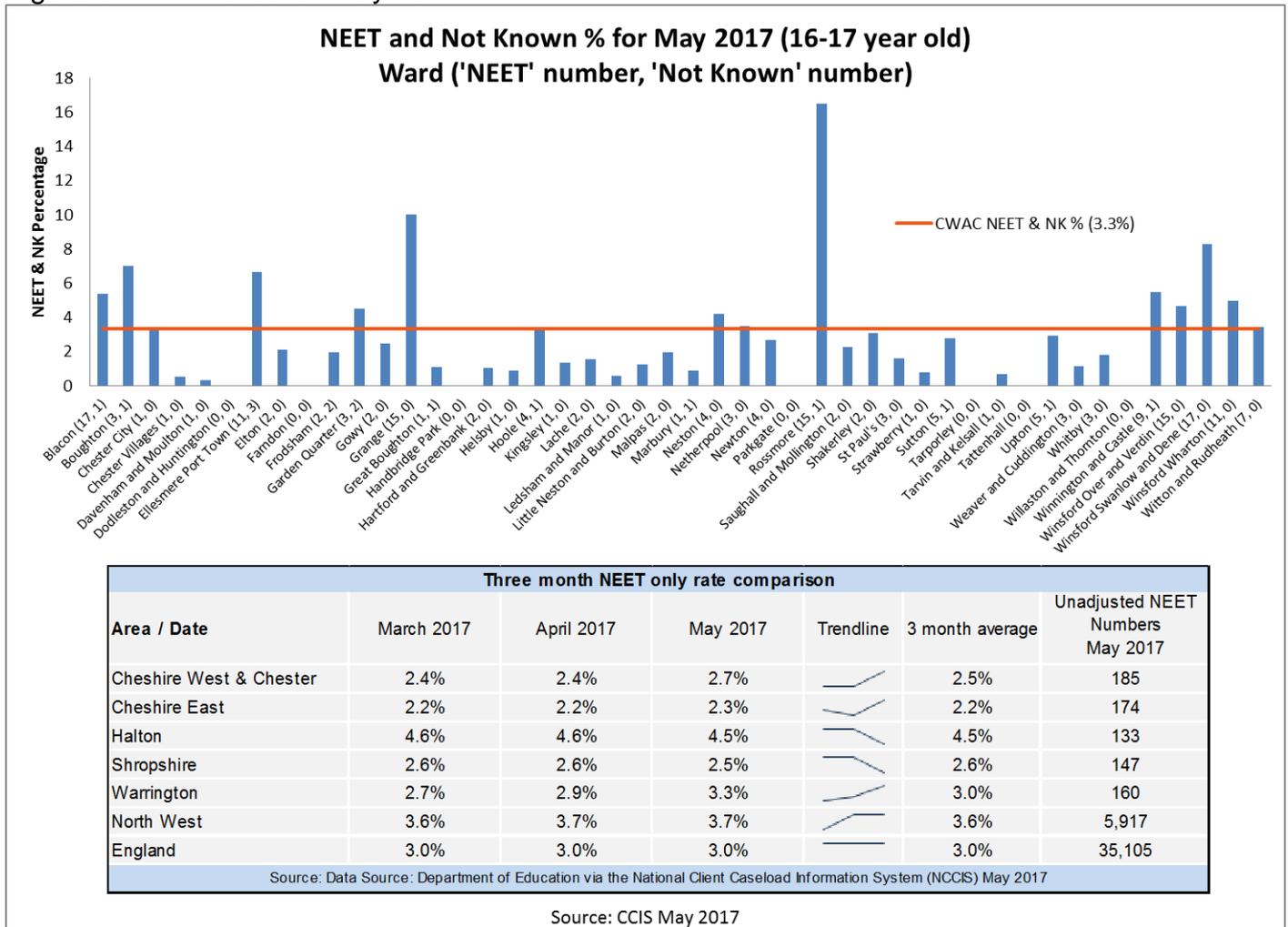
- The Cross saw a fall in foot traffic from the April 2017 figures and both years previously.
- Footfall numbers in Foregate Street were higher than in April 2017, and also much higher than both years previously. This is probably due to the influence of the new bus station location.
- Northgate Street figures were higher than the previous month and the previous two years.
- Foregate Street saw a significant rise of around 53.6% from the same month last year, while Northgate Street had a -4.2% decrease compared to 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 May 2017



- Rossmore Ward has the highest NEET and Not Known rate of 16.5% this month. This represents 16 people in this age cohort that are considered NEET/Not Known.
- Grange Ward has the second highest rate (10.0%) and represents 15 people in the NEET/Not Known cohort.
- Winsford Swanlow and Dene Ward has the highest numbers with 19 people in the NEET/Not Known category representing 5.7% of the 16-17 year old cohort in this area.

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