

# December 2017 Economic Summary

January 2018

## Economic conditions at a glance

### Cheshire West and Chester in December 2017



Unemployment estimates have risen to 4.0%.



Borough level Claimant Count rates have risen to 1.6%.



Long term unemployment rate is steady at 0.2%.



Employment estimates are up from the previous 12 month period to 73.6%.

### UK in December 2017



The UK/PMI Manufacturing index has fallen to 56.3.



Consumer confidence levels have fallen to -13.0.



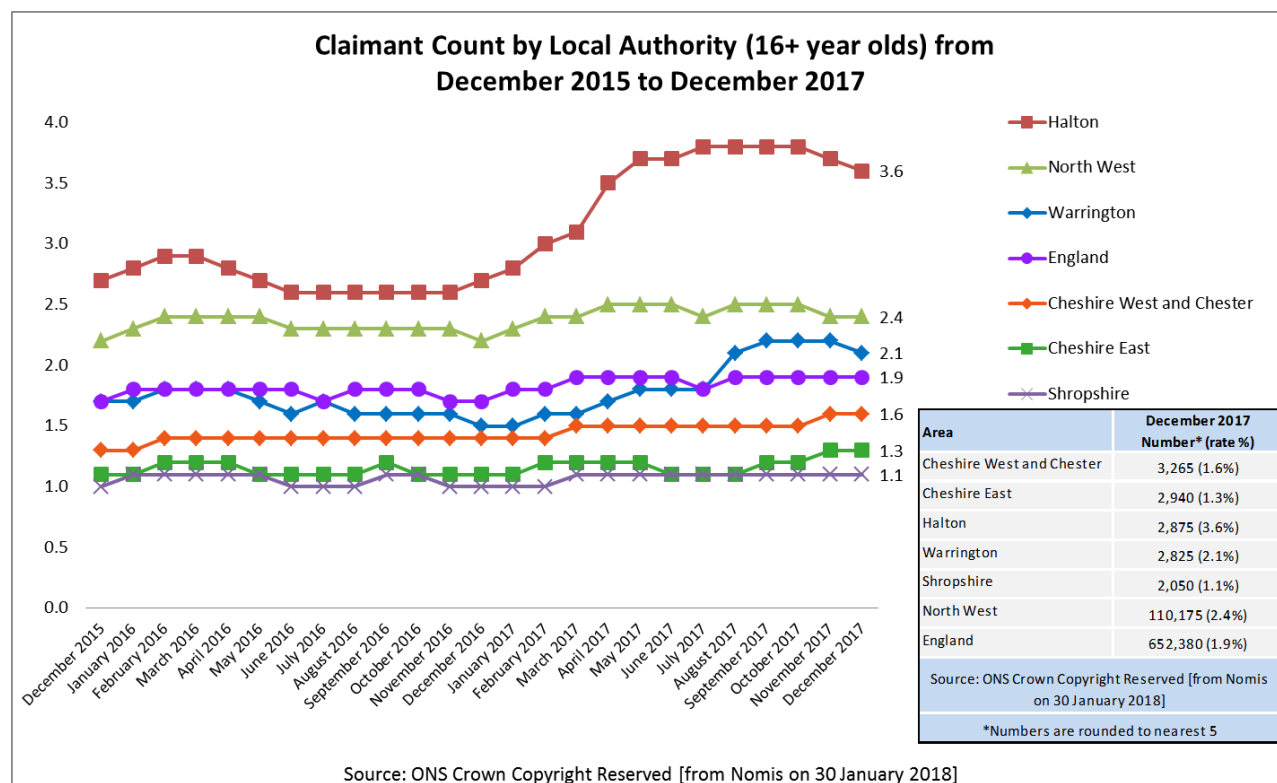
Consumer Price Index has dropped to 2.7.



## 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.



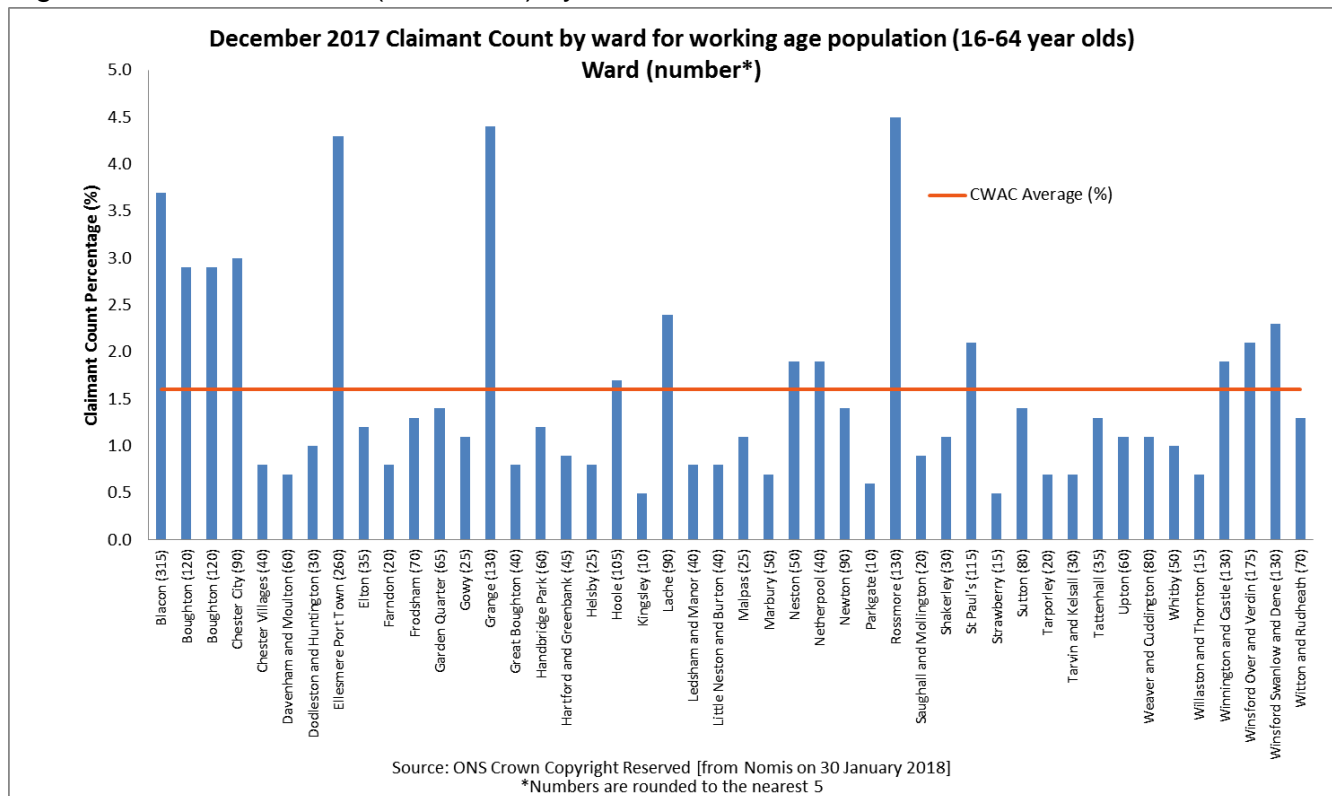
- Shropshire remains the local authority with the lowest Claimant Count rate at 1.1% of the resident working age population, equivalent to 2,050 people.
- Cheshire West and Chester has the third lowest Claimant Count rate at 1.6%, or close to 3,265 people, up from the revised November 2017 total of 3,225 people.
- For Cheshire West and Chester, the revised November data included a rise in the proportion in the claimant count, from 1.5% to 1.6% of the working age population.

## 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 do 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

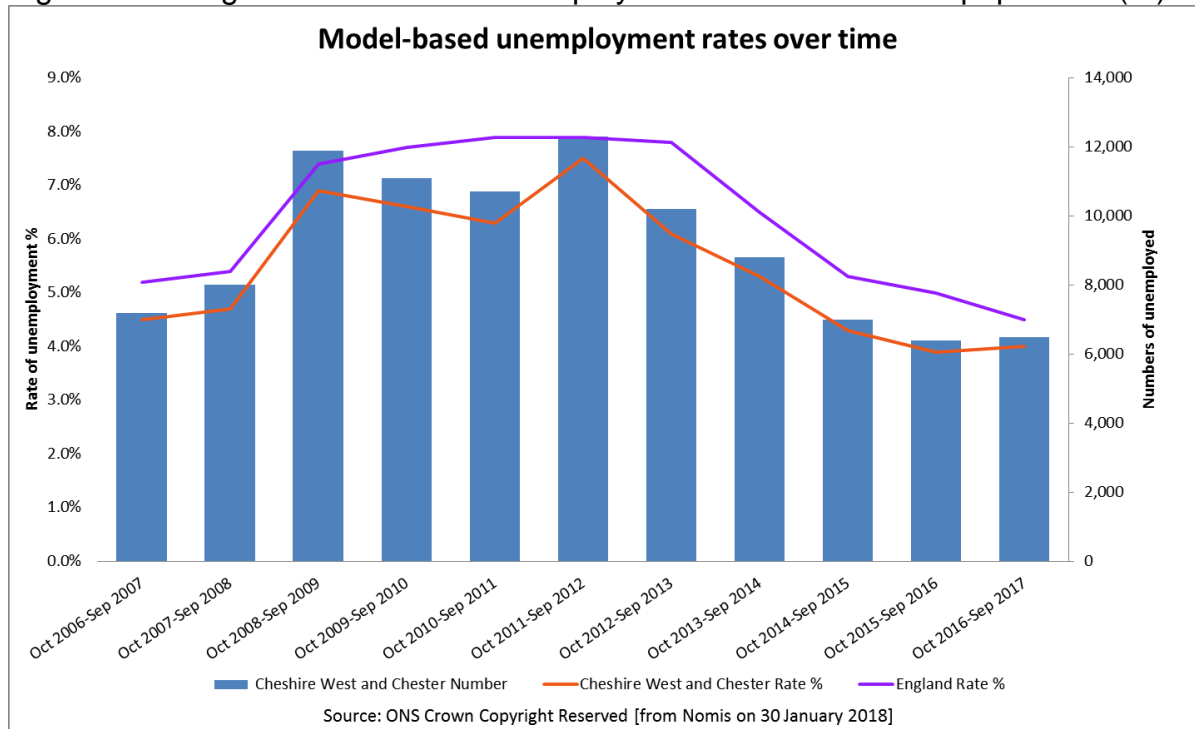


- The Cheshire West and Chester figure was 3,225 in November 2017; it has now risen to 3,265 in December 2017.
- The overall Claimant Count rate for Cheshire West and Chester rate is 1.6% of working age population in December; this increased with the revised figures in November 2017 that went from 1.5% to 1.6%.
- Rossmore Ward has the highest Claimant Count rate with 4.6%; followed by Grange and Ellesmere Port Town Wards with 4.4% and 4.3% respectively.
- In terms of numbers (in brackets at the end of each ward name), Blacon Ward was highest with 315 then Ellesmere Port Town with 260. These two wards are significantly higher than the next highest ward of Winsford Over and Verdin with 175 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 (%)

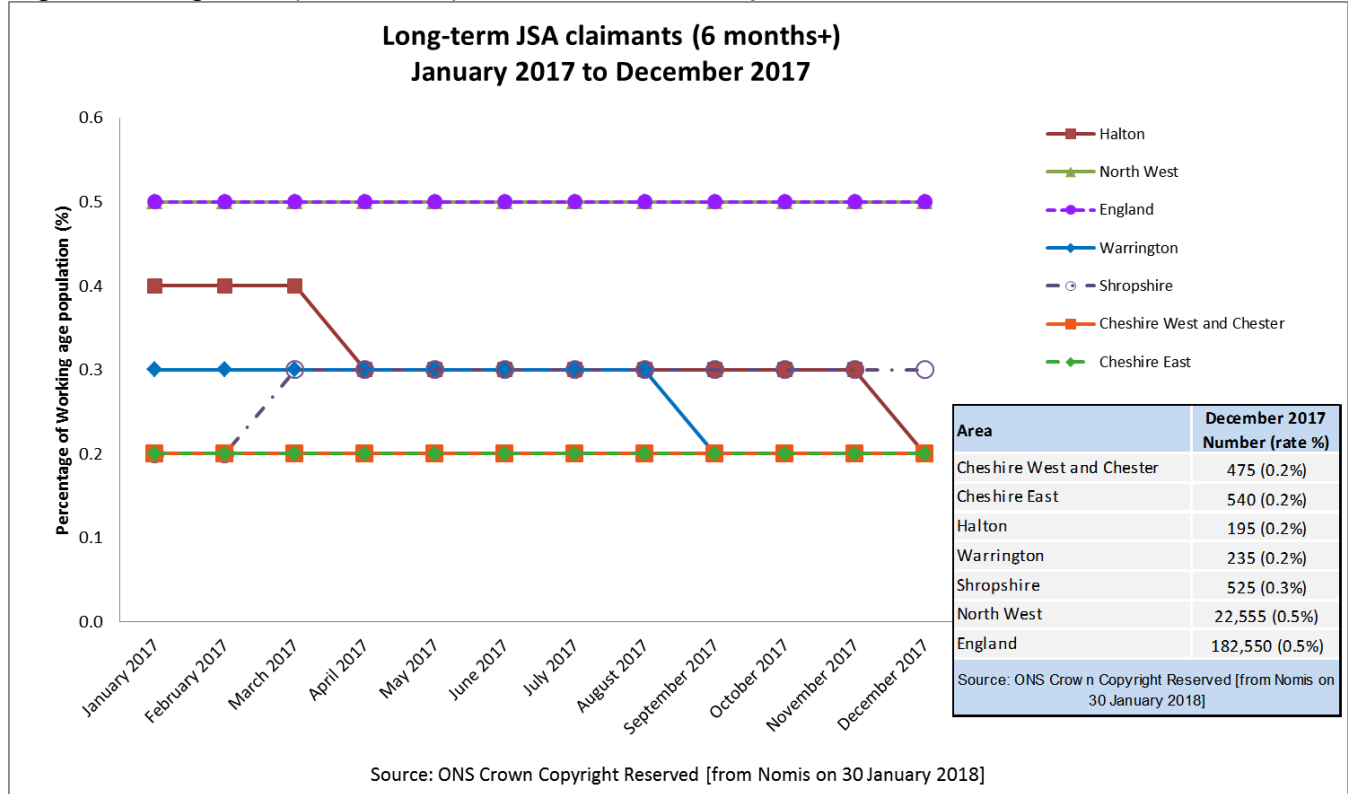


- Cheshire West and Chester unemployment rates have been dropping consistently since 2011/12 and are now less than pre-financial crisis level, from over 12,300 to around 6,500 or 4.0%. The most recent figure shows a slight rise from the same period 12 months previously from 3.9%.
- Cheshire West and Chester has consistently remained below the England rates, but has reflected the general trends shown at a national level. However, the most recent results show that the downward trend of unemployment in Cheshire West and Chester appears to have flattened out, and even reversing slightly, while the national trend is continuing downwards. This small rise is in line with increasing numbers of people in the claimant count as seen previously.
- While it is difficult to say how the MBE of unemployment will change in the next period, it is unlikely that any significant falls in the unemployment rate will occur for Cheshire West and Chester. A more likely scenario is the rates plateau. This is reflecting that the employment market in Cheshire West and Chester may have reached a point where demand for workers will increase pressure on wages; while other economic indicators are showing features that won't support increased wage growth such as reduced consumer spending and increased operational costs.

## 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)

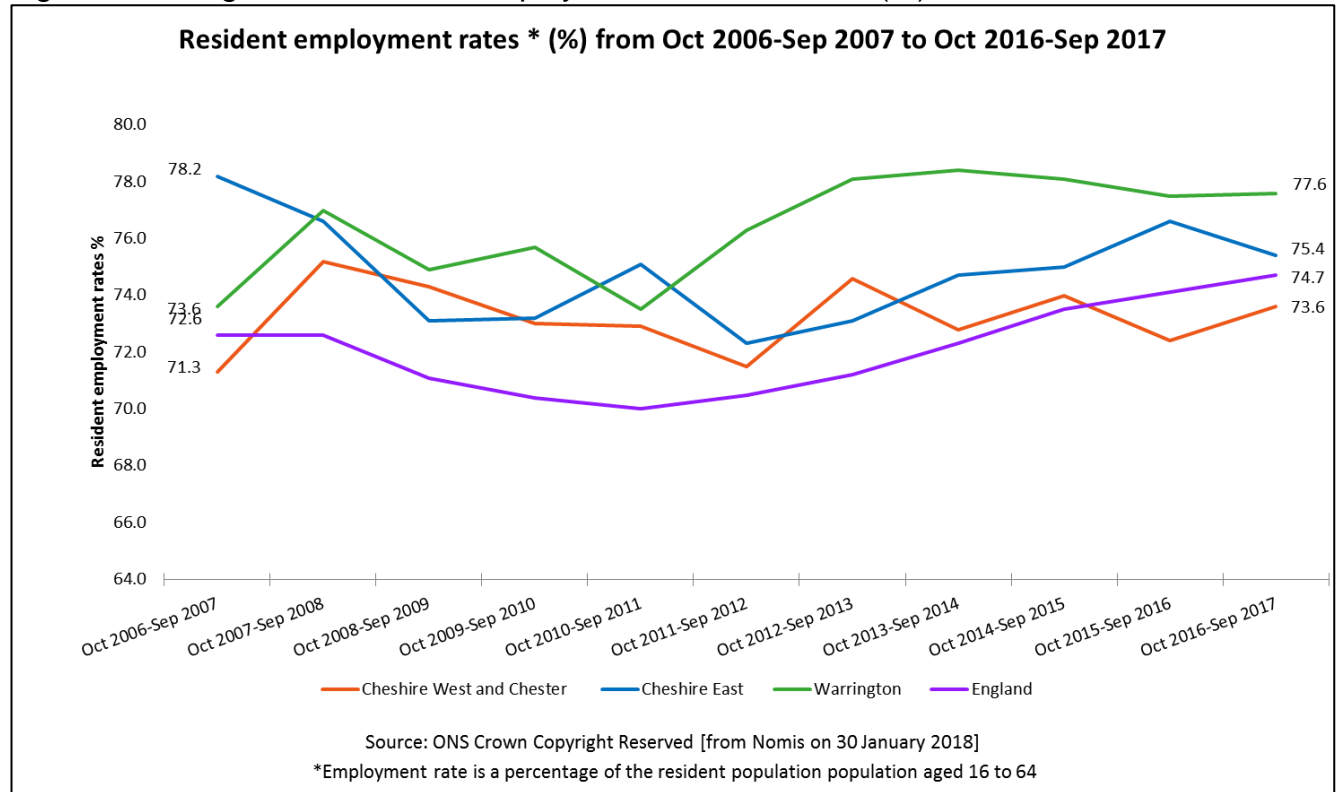
- The boroughs with the lowest rates of people claiming JSA benefits for six months or more are Cheshire West and Chester, Cheshire East, Halton and Warrington with a rate of 0.2% of the working age population (16 - 64 year olds).
- While the England rate has remained steady at 0.5%; the LTU count for England has fallen from last month, going from 183,355 in November 2017 to 182,550 in December 2017.
- In Cheshire West and Chester the rate has stayed at 0.2% for the last 12 months, but the numbers have risen by 1.1% from 470 in January 2017 to 475 in December 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 2011/12 onwards.
- For the UK, employment rates are the highest since comparable records began in 1971 at 74.7%.
- Cheshire West and Chester's current employment rate of 73.6% represents around 150,100 residents aged 16 to 64. The rate has increased from the previous 12 month period from 72.4%; this represents an increase in terms of numbers who are employed of around 2,500 people from the previous 12 month period.

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 2016-Sep 2017)			
	numerator	denominator	percent
<b>Economic activity rate</b> (proportion of total 16-64 year old residents)	158,700	203,900	77.9%
<b>Employment rate</b> (proportion of total 16-64 year old residents)	150,100	203,900	73.6%
<b>Unemployment rate</b> (proportion of the economically active population)	8,600	158,700	5.4%
<b>Economically inactive</b> (proportion of total 16-64 year old residents)	45,200	203,900	22.1%
ONS Crown Copyright Reserved [from Nomis on 10 December 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).

## 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 2017	↓	2.7
Previous Month = 2.8		
Source: Office for National Statistics licensed under the Open Government Licence v.3.0.		

The latest rate has fallen to +2.7, this means that the 'very large shopping basket of goods' bought in December 2016 for £100.00 would, in December 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		
Q4 2017	↓	-2.50
Previous Quarter = 1.1		
Source: Federation of Small Businesses		

According to the FSB report for Q4 (Oct, Nov, Dec) of 2017, the measure has gone into negatives for the second time in 5 years, the last time was directly after the EU referendum. It's driven by political uncertainty, weakening consumer spending and rising costs. One in seven small businesses (14.6%) are looking to downsize or close, an all-time high for the index.

### 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 2017	↓	56.3
Previous Month = 58.3		
Source: Markit/CIPS UK Manufacturing PMI®		



The manufacturing PMI remains above the no-change mark of 50.0 but is lower than last month. December saw the UK manufacturing sector build on previous gains with increasing new orders and production, albeit at a slightly reduced rate, further tempered by increasing costs.

#### 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 2017	↓	-13
Previous Month = -12.0		
Source: GfK NOP UK		

The report from GfK states that consumer confidence has fallen to -13.0 for December 2017. 'Consumers have become more focussed on savings and increasingly worried about rising inflation and uncertainty around Brexit.' 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.

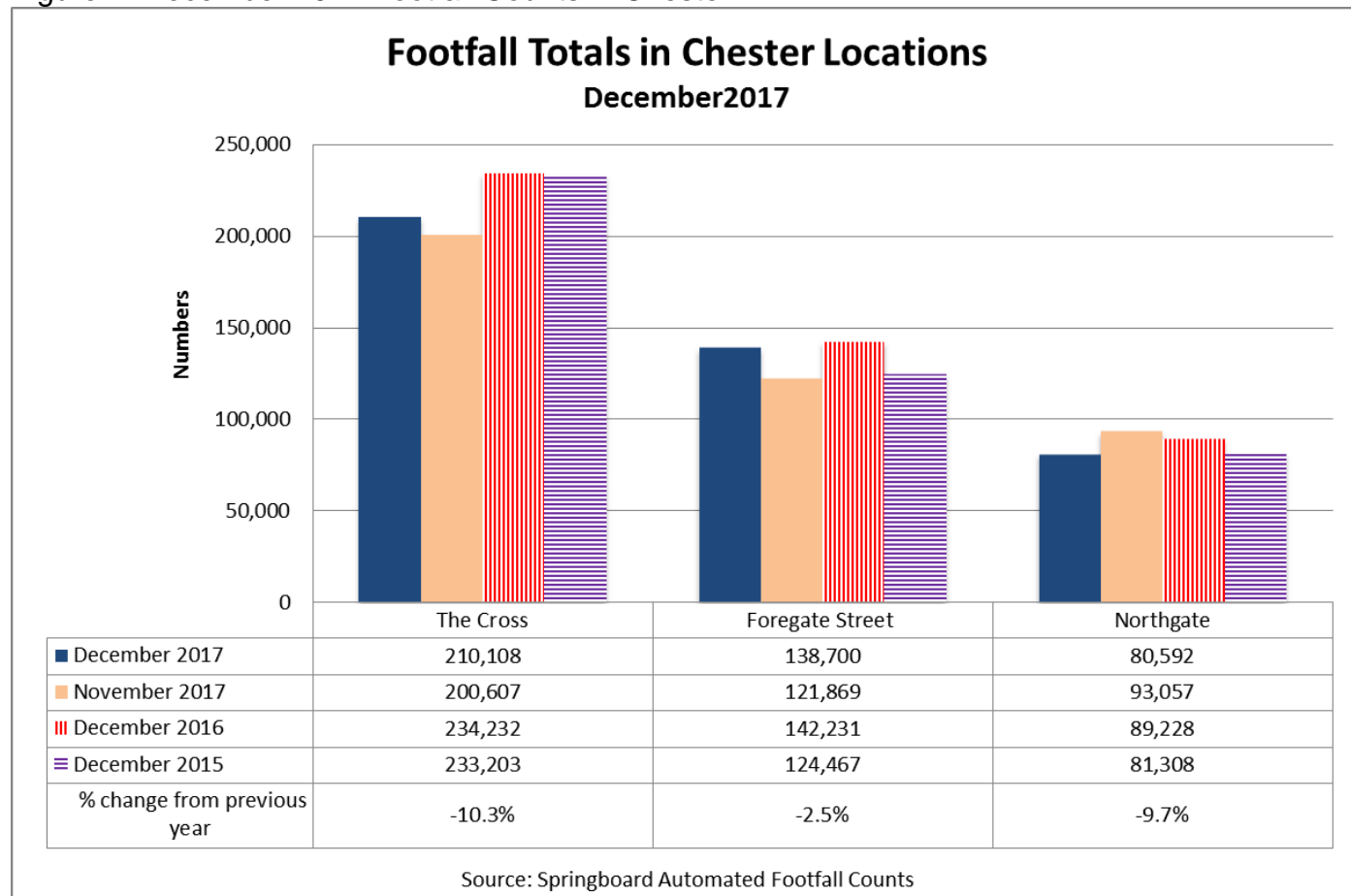
Bank of England Interest Rate		
December 2017	→	0.50
Previous Month = 0.50		
Source: Bank of England		

The rates have stayed at 0.5%. The increasing inflationary pressures have forced a rate increase for the first time since July 2007 in September. As Inflation continues above the BoE's target rate of 2 -2.5% it is uncertain when the next rate rise will occur. Other factors such a currency, stagnating wages and falling house sales continue to exert downward pressure to counterbalance the inflationary pressures.

## 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.

Figure 7: December 2017 Footfall Counts in Chester



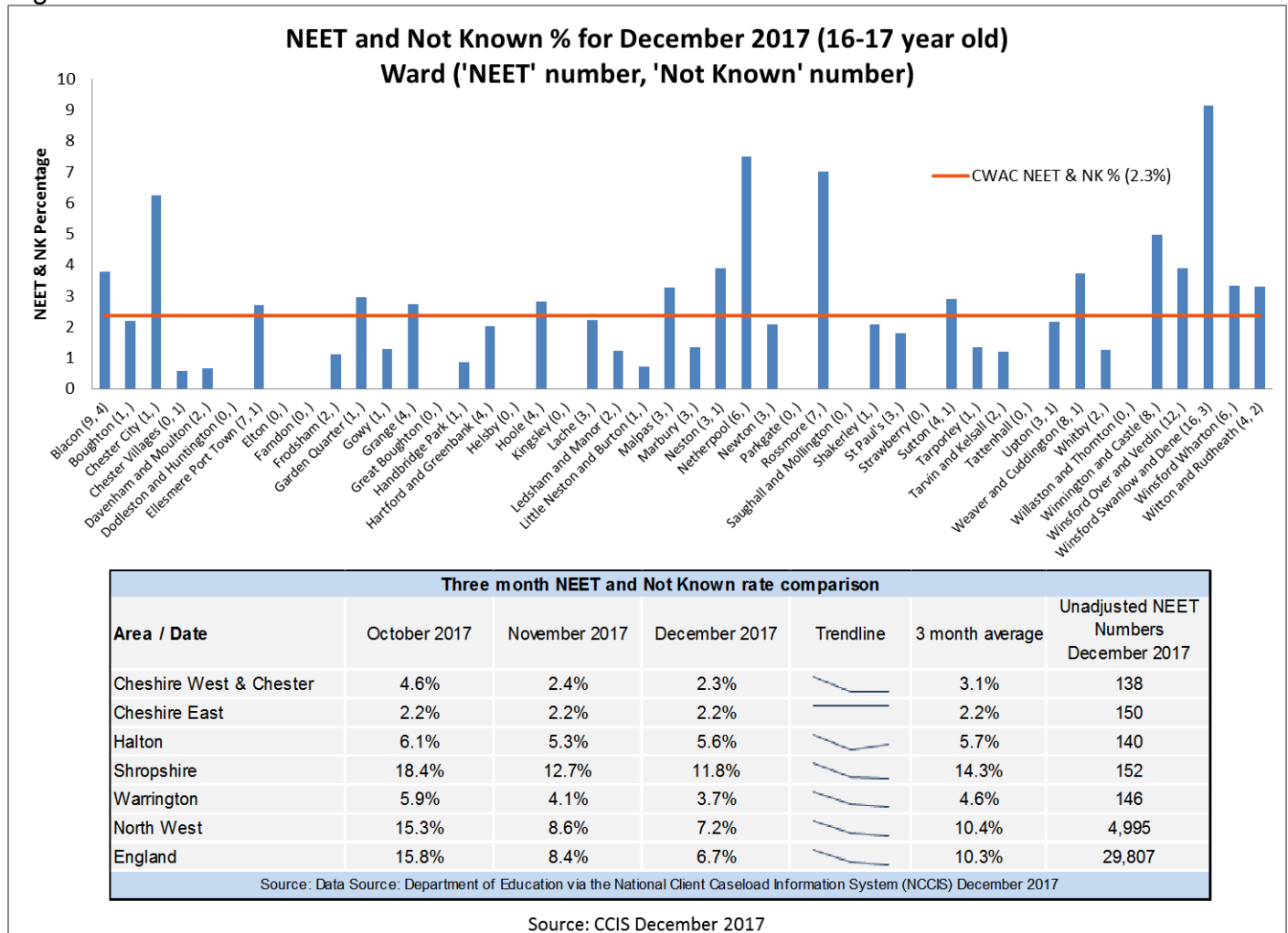
- The Cross and Foregate Street saw a rise in foot traffic from the November 2017 figures, but the numbers were down from previous years.
- Northgate Street saw a drop in numbers from the previous month's totals, and this month's totals are lower than the same period in 2015 and 2016.

## 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 2017



- Winsford Swanlow & Dene Ward has the highest NEET and Not Known rate of 9.1% this month. This also represents the largest number of NEETS/Not Known in the borough with 19 people in this age cohort.
- Netherpool Ward has the second highest rate (7.5%) and represents 6 people in the NEET/Not Known cohort.
- The recent NEET and Not Known numbers are consistent with seasonal patterns, which have returned to more usual levels.

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