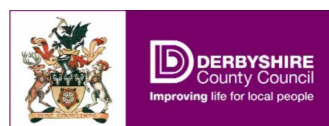


Introduction

This review aims to give a brief overview of the latest statistics and news on the Derbyshire¹ economy both in a national and local context. The report provides a “snapshot” of the Derbyshire economy, informing the development and delivery of future economic strategies in the area. It is primarily based on evidence available from the Derbyshire Observatory, which aims to be a single information source for partners and organisations across the county. The update also provides information on two ‘In focus’ topics, in this edition: Environment and Energy, and Crime and Community Safety.

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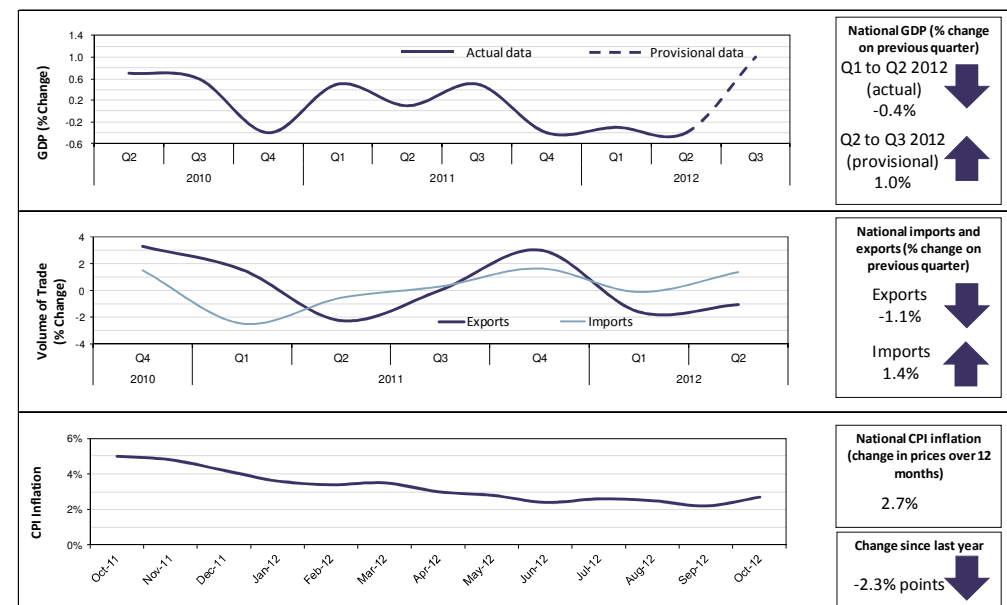
Research and Information
Policy and Research Division
Chief Executive's Office
Derbyshire County Council
County Hall
Matlock
Derbyshire
DE4 3AG
Email: research@derbyshire.gov.uk

- The performance of the local economy is slightly ahead of that of the East Midlands, according to latest figures from the Derbyshire and Nottinghamshire Chamber of Commerce's State of the Economy Index. In quarter 3 of 2012 firms in Derbyshire were reported to be showing more confidence about future turnover and profitability.
- House prices have begun to increase over the last year, suggesting a slow recovery in both the local and national housing markets. A more dynamic housing market is likely to trigger increased activity in the house-building sector, with access to mortgages and credit being a key factor in enabling the local property market to thrive. In support of this Derbyshire County Council has agreed to participate in the Local Authority Mortgage Scheme (LAMS), which aims to improve affordability and assist first time buyers to purchase a property.
- Self employment levels can be indicative of the level of entrepreneurship in an area. In Derbyshire the level of self employment is currently at an all time high, possibly signifying increasing levels of entrepreneurial activity in the county. High levels could however reflect the changing nature of the labour market, where there is an increasing desire for individuals to create opportunities for themselves if they have found it difficult to secure employment elsewhere. Irrespective, the challenge is to ensure that those wanting to become self employed or start up a small business are supported to do so.
- Claimant count unemployment is lower in Derbyshire than England, although hotspots exist across the county where unemployment levels are severely high, particularly the wards of Gamesley in High Peak, Rother and St Helens in Chesterfield, and Ilkeston North and Ilkeston Central in Erewash.
- Youth unemployment in Derbyshire is higher than across England, and in some areas of the county the problem is acute, particularly the wards of Moor and Loundsley Green in Chesterfield and Bolsover West in Bolsover. Another significant issue is the increasing number of long-term youth unemployed with the level doubling over the last twelve months. It is important that supporting young people into employment is given focus by partners.

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National Performance Indicators



National Gross Domestic Product (GDP), an indicator of economic growth, is estimated to have increased by 1.0% according to provisional data for quarter 3 of 2012². This follows three successive quarterly falls in economic growth that placed the UK's economy in recession.

The volume of trade for imports increased by 1.4% in quarter 2 of 2012, whilst that for exports declined by 1.1%³. Although this is an improvement on quarter 1 of 2012 there remains a net trade deficit.

Households are currently paying more for their goods and services. The Consumer Prices Index inflation rate currently stands at 2.7%, above the national target of 2.0%⁴. Although the general trend has been a declining one since October 2011, the figure is up on that of 2.2% for September 2012.

The Bank of England interest rate stands at 0.5%⁵ and has remained unchanged since March 2009. Additionally the Bank of England highlighted the following national trends as at November 2012⁶:

- Growth in demand for consumer goods has picked up very modestly. Gradual growth in spending on consumer services has continued.
- The seasonal pick up in housing market activity has been less than expected.
- Prospects for growth in business investment remain very modest.
- Export growth has slowed further, with weakness in demand reported to have spread further within the euro area.
- Demand for business services has continued to grow at a slow pace.
- Manufacturing output has been becoming more affected by weakening international trade prospects.
- The fall in construction output might have begun to bottom out.
- Employment intentions suggested that there would be little net job creation in prospect over the coming six months.

More information can be found at: <http://www.bankofengland.co.uk/publications/Pages/agentssummary/default.aspx>

¹⁴ Claimant Count, October 2012, ONS (Nomis) © Crown Copyright. Published November 2012. Claimant count unemployment is derived from administrative data generated by the system of benefits paid to people who are out of work. It is a different definition and measure of unemployment than the ILO unemployment noted earlier, which is the preferred measure of unemployment nationally that is derived from the Annual Population Survey.

¹⁵ Claimant Count, October 2012, ONS (Nomis) © Crown Copyright. Published November 2012. Proportions are based on figures rounded to the nearest five.

¹⁶ Claimant Count, October 2012, ONS (Nomis) © Crown Copyright. Published November 2012. Youth unemployment relates to people aged 16-24. The rates for young people at ward level are unofficial and have been calculated using population figures from the 2010 Mid-Year Population Estimates.

¹⁷ DWP has temporarily changed the frequency with which it will release its benefit claimant datasets, publishing data on a six monthly basis instead of the previous quarterly basis. This means that it has not been possible to update the benefits data that was in the previous Derbyshire Economic Review (September 2012).

¹⁸ Department for Work and Pensions (DWP) Benefits, February 2012, ONS (Nomis) © Crown Copyright. Published August 2012.

¹⁹ Jobcentre Plus, live unfilled vacancies, October 2012, ONS (Nomis) © Crown Copyright. Published November 2012. Note, vacancies data is affected by regular seasonal variations, and comparisons are best made with the same month in the previous year to avoid seasonal effects.

²⁰ HM Land Registry Quarterly House Price data, quarter 3 2012, provided by Communities and Local Government © Crown Copyright. Data provided November 2012. Note, the figures for quarter 3 2012 are provisional.

²¹ HM Land Registry Quarterly Property Sales data, quarter 3 2012, provided by Communities and Local Government © Crown Copyright. Data provided November 2012. Note, the figures for quarter 3 2012 are provisional. Also, house sales are affected by regular seasonal variations, and comparisons are best made with the same quarter in the previous year to avoid seasonal effects.

Version	Author	Date	Contact
0.9.5	Research and Information, Chief Executives	07/12/2012	research@derbyshire.gov.uk
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¹ Data for Derbyshire in the review does not include Derby City unless otherwise stated.

² Statistical Bulletin, Quarterly National Accounts, Quarter 2 2012 and Statistical Bulletin, Gross Domestic Product Preliminary Estimate, Quarter 3 2012, Office for National Statistics (ONS) © Crown Copyright. Published Autumn 2012.

³ Statistical Bulletin, Quarterly National Accounts, Quarter 2 2012, ONS © Crown Copyright. Published September 2012.

⁴ Statistical Bulletin, Consumer Price Indices, October 2012, ONS © Crown Copyright. Published November 2012. The CPI is the main UK domestic measure of consumer price inflation for macroeconomic purposes. It forms the basis for the Government's target for inflation that the Bank of England's Monetary Policy Committee is required to achieve.

⁵ Bank of England, Monetary Policy Committee Decisions, November 2012. Published November 2012. Note, this indicator is known as 'the bank rate'.

⁶ Bank of England Agents' Summary of Business Conditions, November 2012. Published November 2012.

⁷ Derbyshire and Nottinghamshire Chamber of Commerce, Quarterly Economic Survey, 2011-2012. Published October 2012.

⁸ Derbyshire Economic Partnership, 2012. Published November 2012.

⁹ Annual Population Survey, July 2011-June 2012, ONS (Nomis) © Crown Copyright. Published October 2012. The Annual Population Survey is updated quarterly although data relates to all interviews conducted over one year. The economic activity rate is the percentage of the working age population (age 16-64) who are employed or ILO unemployed.

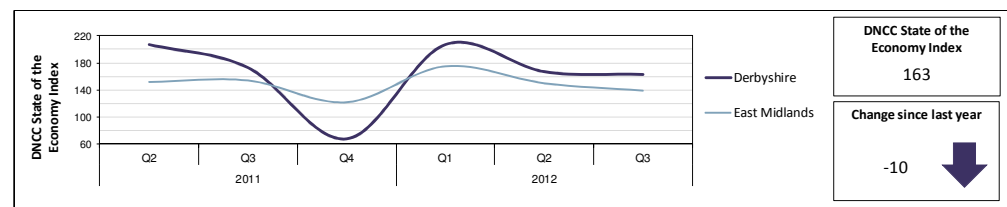
¹⁰ Annual Population Survey, July 2011-June 2012, ONS (Nomis) © Crown Copyright. Published October 2012. The Annual Population Survey is updated quarterly although data relates to all interviews conducted over one year. The employment rate is the percentage of the working age population (age 16-64) who are employed including the self employed.

¹¹ The ILO defines the unemployed as people who are without work, are available to start work within the next two weeks, and have actively sought work within the previous four weeks. The ILO unemployment rate is the number of persons who are ILO unemployed expressed as a percentage of the economically active population (employed plus ILO unemployed). This is used in the Annual Population Survey and is not compatible with the claimant count unemployment noted later, which is based on the monthly count of those people claiming Job Seekers Allowance. This internationally recognised definition of unemployment is widely used as an overall indicator of the current performance of a nation's economy.

¹² Annual Population Survey, July 2011-June 2012, ONS (Nomis) © Crown Copyright. Published October 2012. The Annual Population Survey is updated quarterly although data relates to all interviews conducted over one year.

¹³ Annual Population Survey, July 2011-June 2012, ONS (Nomis) © Crown Copyright. Published October 2012. The Annual Population Survey is updated quarterly although data relates to all interviews conducted over one year.

Business Conditions



Local economic performance is slightly ahead of regional economic performance as measured by the Derbyshire and Nottinghamshire Chamber of Commerce's (DNCC) State of the Economy Index⁷. Additionally, Derbyshire based firms have shown renewed confidence in the economy, with businesses having more confidence in their future turnover and profitability than at any time over the last year.

Investment

The Derbyshire Economic Partnership received a total of 17 enquiries from firms seriously looking to invest in the county⁸ between August and October 2012. Investment and job creation in the county is important to Derbyshire's future economic growth. Businesses looking to locate in the county can access a range of support through [Invest in Derbyshire](#).

UK Trade and Investment (UKTI) works with UK businesses to ensure their success in international markets. In the Autumn Statement of 2012 the UKTI's budget was given a 25% increase over the next two years (worth £140 million) to help boost UK export levels and attract more foreign investment.

Derbyshire County Council is working towards publishing an International Economic Strategy in early 2013. This will draw on the cultural knowledge the council has developed from having long standing twinning links with countries in Asia and will aim to assist local small and medium-sized enterprises in their export planning.

Job Losses and Gains

The following job losses and gains information relates to organisations in

Derbyshire (including Derby City) and is drawn from articles in the Derby Evening Telegraph and the Derbyshire Times between August and October 2012.

Job Losses

- Around 450 staff were made redundant in September 2012 following the closure of Castle Donington based firm BMI baby.
- Draka International's cables factory in Derby closed in September 2012 with the loss of around 100 jobs.
- 64 jobs will be lost by the end of 2012 with the closure of Staveley Works.
- 39 workers have been made redundant after Chesterfield drinks company Waverley TBS went into administration in October 2012.

Job Gains

- Marks and Spencer announced in September 2012 that it has launched a recruitment drive to take on 900 people at a new warehouse in Castle Donington. Additionally, the store in Derby is to recruit around 30 extra staff by the end of 2012.
- Sports Direct announced in October 2012 that 500 roles are being created at its distribution centre in Shirebrook following its purchase of JJB Sports.
- Up to 200 jobs will be created by Monarch over the next couple of years as a result of it taking over some routes at East Midlands Airport.
- Euro Car Parts has created 200 jobs after taking over a warehouse in Swadlincote in August 2012.
- Furniture chain DFS announced in October 2012 it has launched a recruitment drive to take on 60 staff at its plant in Somercotes.
- JCB announced in August 2012 it is recruiting about 50 staff at its Foston plant after production started on a new engine.
- Pattonair, an aerospace/logistics company, announced in October 2012 it is recruiting more than 50 full-time staff after expanding its Derby site.
- 50 jobs are to be created when a Revolucion de Cuba bar opens in Derby in November 2012.

in domestic burglary reflect the reduction in market value of some household items, such as DVD players.

The number of anti-social behaviour incidents fell by 10% between 2010/11 and 2011/12. However, certain parts of the county, for example High Peak, saw increases in calls for service to the police regarding anti-social behaviour. Many of these were regarding noisy neighbours and house parties, reflecting the increase in socialising at home. The 2012 Anti-social Behaviour Inspection Report for Derbyshire Constabulary showed that generally people's satisfaction with their experience of reporting anti-social behaviour had increased, but victim satisfaction in feeling their call made a difference to the problem had fallen since the last inspection in 2010.

The term economic crime refers broadly to any non-violent crimes that result in a financial loss. These crimes thus comprise a broad range of illegal activities, including fraud, tax evasion and money laundering. The task of defining economic crime is complicated by rapid advances in technology, which provide new opportunities for such crimes.

For the first time in six years, London has not been the location with the highest amount of reported fraud. The Midlands with £184 million has topped the list, compared with London at £165 million. Despite Derbyshire's reduction in actual fraud and forgery offences by 26% (year-to-date, 31st October 2012), it is considered that this is only the 'tip of the iceberg' and most new forms of economic crime are going unreported. The Fraud Investigation Syndicates within Derbyshire Economic Crime Unit (which includes Derby City) have charge of 13 high value and complex fraud investigations, the collective losses of which amount to some £33m.

A large proportion of the investigations carried out by Trading Standards would be considered economic crime. The national Trading Standards threat assessment identified three key areas; mass marketed scams (advance fee fraud); doorstep crime (rogue trader), and intellectual property crime. For example, there has been a 24% increase in the number of complaints to Derbyshire Trading Standards about scams for 2011/12 compared with 2010/11.

Crime and Community Safety

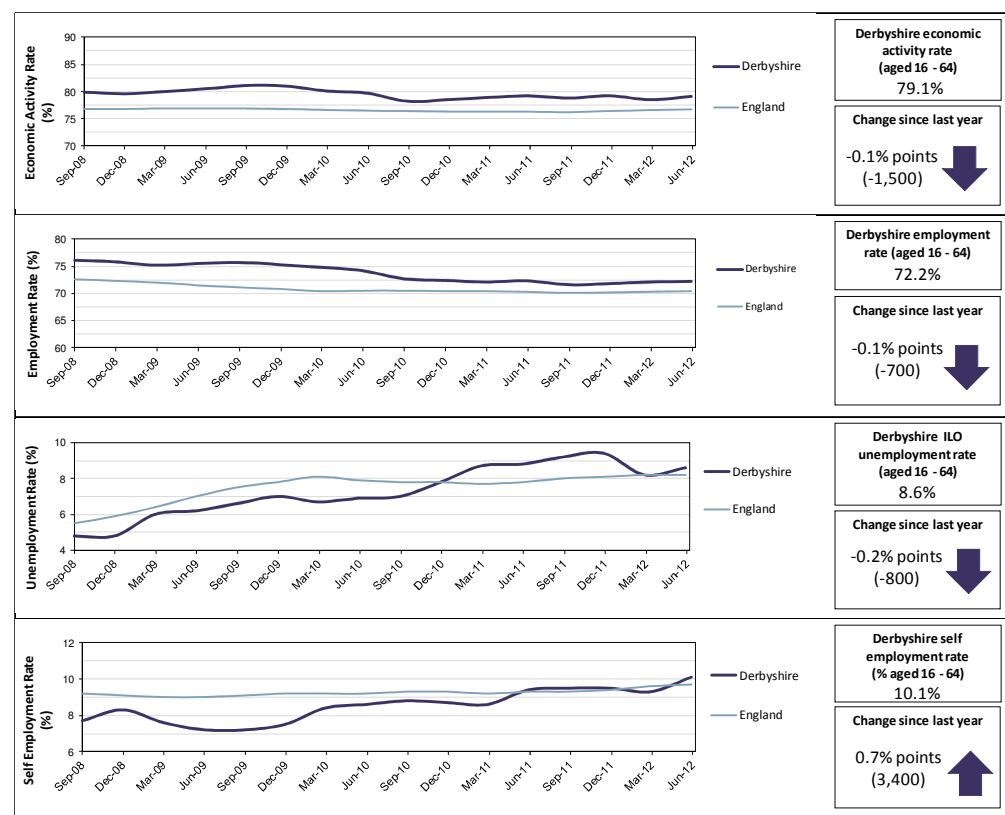
Derbyshire continues to be one of the safest counties in the country and people do feel safer. For the ninth consecutive year, crime has reduced in Derbyshire. The 7% decrease in incidents meant that there were over 2,700 fewer victims in 2011/12 compared with 2010/11. The largest single reduction was in the violent crime category which fell by 15%. A significant proportion of violent crimes are alcohol-related, and violent crime in town centres has reduced since the economic downturn with the closure of many licensed premises across the county due to people having less disposable income to go out in the evening.

However, although violent crime has seen a decrease, domestic violence has increased. Over the past three years there has been an increase of 14% in the number of domestic abuse incidents reported from 17,265 incidents to 19,673 incidents in 2011/12. Although this increase is in part attributed to successes in awareness raising as well as victims' improved confidence in the police and partner agencies, the increase in domestic violence also reflects increased levels of drinking at home, a factor that can be seen in times of economic stress, combined with easy access to cheap alcohol.

There has been a 9% reduction in serious acquisitive crime in the last year. Many of these crimes have been shown to fund drug use. However, there has been a 10% increase in incidents of drug possession and a 6% rise in drug offences. This reflects police activity and intelligence gathering as opposed to an increase in the drug market.

Stealing, which includes domestic and non-domestic burglary fell by 2%. However, high value cash and cigarette theft at small commercial outlets, such as corner shops, has been an issue, with goods being taken for resale. Additionally, there has been a steady increase in shoplifting which is up 9% compared to 2010/11. This is a category that we might expect to see increase during times of economic downturn, with people stealing high value items to sell on. This includes some food items, such as joints of meat and cuts of cheese which can now fetch a premium. The reductions

Labour Market Participation

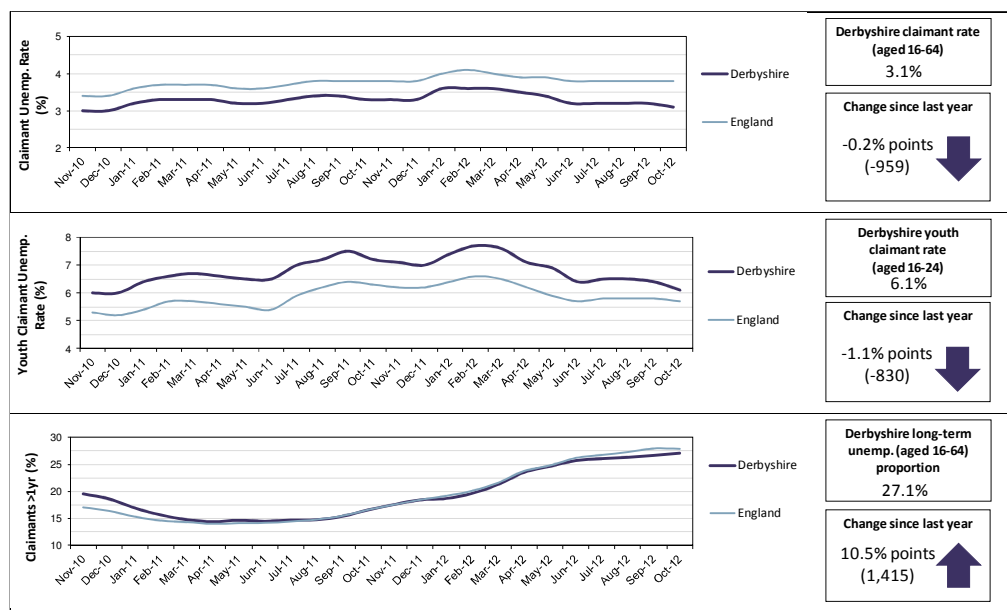


The county has above average levels of labour market participation. The economic activity rate in Derbyshire is currently 79.1%⁹, higher than the national rate of 76.7%. The county's employment rate is also high, at 72.2%¹⁰.

International Labour Organisation (ILO)¹¹ unemployment is regarded as the official measure of unemployment and can be used to place unemployment in a national and international context. It has a much wider definition of unemployment than the monthly claimant count of unemployment. ILO unemployment includes people who are out of work and claiming Job Seekers Allowance (JSA) as well as those who are out of work and actively looking for work but not necessarily claiming unemployment related benefits. It can therefore produce different levels and patterns of unemployment to the monthly claimant count referenced on page 9.

In June 2012, the ILO unemployment rate in Derbyshire stood at 8.6%¹², 0.4% points higher than the England rate. Locally, there has been a slight fall in the rate over the last year, whereas nationally there has been a slight increase.

Self employment rates have hit an all time high both locally and nationally. The number of working age self employed has risen by 3,400 (0.7% points)¹³ over the last 12 months in Derbyshire.



Using less energy not only helps to reduce our carbon footprint but it can often mean saving money on energy bills. The price of fuel is one of the biggest household expenses, particularly with recent increases in the cost of gas, oil and electricity. An estimated 78,845 (17.5%) households in the county are currently experiencing or are at risk of experiencing fuel poverty.

The council, both independently and through the Nottinghamshire and Derbyshire Local Authorities Energy Partnership, has supported communities to reduce their household energy consumption and save money. The county council supports a climate change network for community groups and a climate change website containing information for householders on reducing their carbon footprint. By loaning electricity monitors through the council's libraries, the council has helped local people, on average, to save £60-70 on their annual energy bills.

The county council has recently launched a new scheme to make it easier for local people to cut their bills by switching energy companies. The scheme is called 'Derbyshire Big Deals' and works by pooling buying power. For further information on this or other energy saving initiatives please visit www.derbyshire.gov.uk/bigdeals

The Environment and Energy Use

The potential effects of climate change are wide ranging and include increases in flooding, temperature, drought and other extreme weather activities, all of which can have detrimental effects on the functioning of the local economy.

Whilst overall levels of CO₂ emissions in the county have declined over recent years, Derbyshire's emissions rate remains higher than the regional and national averages. This is thought to be due to the large numbers of manufacturing businesses, stone walled houses, higher than average altitude and the number and length of roads in or within close proximity to the county.

In order to respond to the threats posed by climate change, Derbyshire, along with the rest of the UK must reduce its CO₂ emissions and plan to adapt to a changing climate.

In 2011, Derbyshire County Council agreed an ambitious target to reduce its carbon emissions by 25.0% from its estate and operations by 2015. The Authority has seen a 6.5% reduction in its CO₂ emissions after the first year and if similar reductions are realised each year, it will be on track to meet the overall target by 2015. Improvements to council buildings and energy monitoring and activities such as 'Smarter Travel' have all contributed to this reduction.

Alongside its work to reduce emissions, the council is developing a Climate Change Adaptation Plan. This plan outlines the risks to council services as a result of climatic changes such as flooding and extreme weather and what the council will do to adapt its services and build resilient communities.

Households in Derbyshire are bigger consumers of gas than electricity. Latest figures (2010) show the average consumption per meter in Derbyshire was approximately 4,001 kilowatt hours (kWh) of electricity per year compared with 4,163 kWh nationally. The average domestic consumption of gas stood at 15,786 sales per meter (kWh) compared with 15,110 nationally. Energy consumption is higher in Derbyshire Dales than elsewhere in the county.

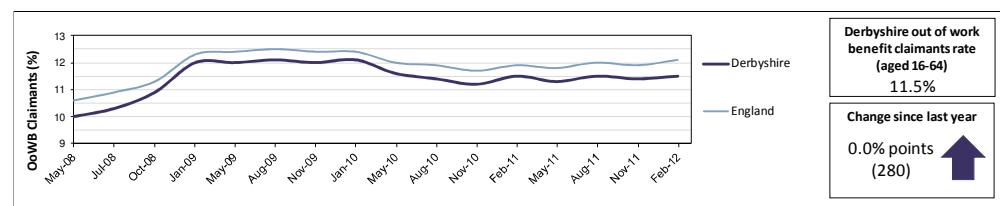
The overall claimant count unemployment rate is based on a count of all people claiming JSA. In Derbyshire it is currently 3.1%, lower than the 3.8% for England¹⁴. Since the early part of 2012 claimant count unemployment has been decreasing.

Just over a quarter of the county's unemployment claimants have been out of work for more than a year¹⁵, a significantly higher proportion than this time last year (16.6%).

Derbyshire's youth unemployment rate (6.1%) remains higher than the national average (5.7%)¹⁶. Although overall levels of youth unemployment have declined since the early part of 2012, the number of long-term youth unemployed has more than doubled over the last year, with 20.9% of young unemployed people now having been out of work for more than 12 months.

It is important to ensure that the current and future workforce is fit for the workplace in terms of educational attainment, skills and experience. On-going investment in retraining, work experience and apprenticeships are needed to ensure Derbyshire's working age population are work ready with skills to match demand.

Derbyshire Observatory Link: <http://tinyurl.com/lea2012-unemp>

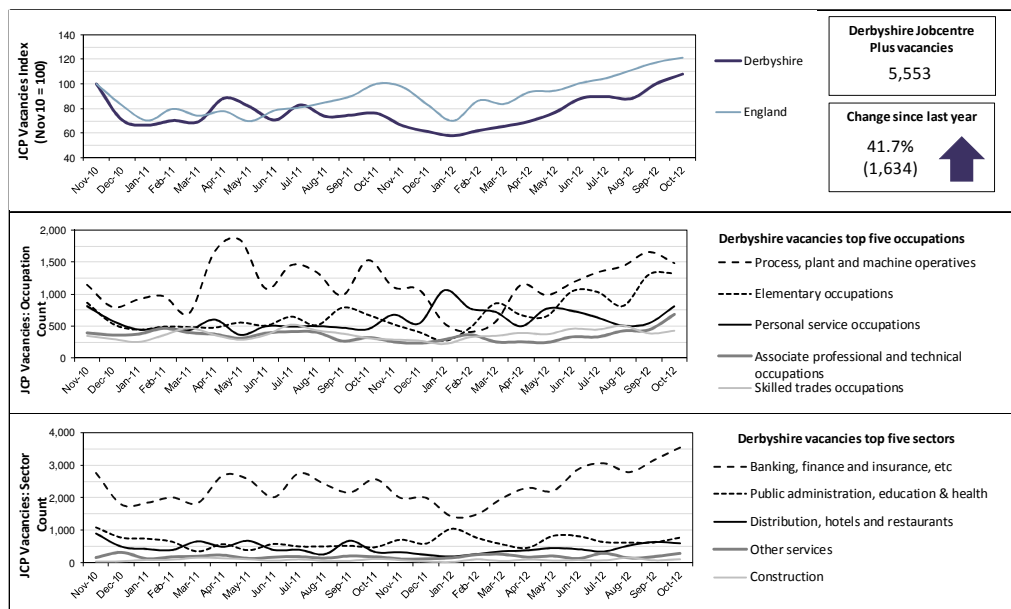


According to the latest data¹⁷, 11.5% of Derbyshire residents are currently claiming an Out of Work Benefit (OoWB), a slightly lower percentage than the England average of 12.1%¹⁸.

Across Derbyshire the number of claimants varies considerably, in particular there are five wards where more than a quarter of the working age population are claiming an out of work benefit. This includes Gamesley in High Peak, Ilkeston North

in Erewash, Rother and Loundsley Green wards in Chesterfield and Shirebrook North West in Bolsover.

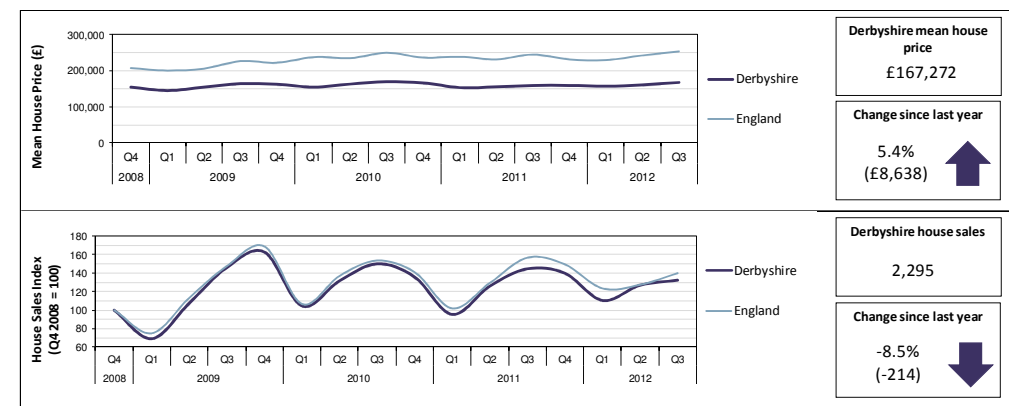
Derbyshire Observatory Link: <http://tinyurl.com/lea2012-oowbc>



The latest vacancy data from Jobcentre Plus (JCP) shows there are a total of 5,553 job vacancies in Derbyshire, 41.7% more than in October 2011¹⁹. Nationally there has been an increase of 21.1% in vacancies during this time.

By occupation, the largest numbers of vacancies in Derbyshire are within the lower skilled occupations of 'process, plant and machine operatives' and 'elementary occupations'. By industry sector, the highest numbers of vacancies in the county are in 'banking, finance and insurance' and 'public administration, education and health'.

House Prices and Sales



Over the last year, the average house price in Derbyshire has increased by 5.4%²⁰ suggesting that the housing market is showing slow recovery locally. A more dynamic housing market is likely to increase demand for homes and lead to greater activity in the house-building sector.

The average house price in Derbyshire currently stands at £167,272 as of quarter 3 of 2012, considerably lower than the average house price for England (£253,816). Across Derbyshire there are significant variations from an average of £114,812 in Bolsover to £251,606 in the rural district of Derbyshire Dales.

Derbyshire Observatory Link: <http://tinyurl.com/lea2012-change-house-price>

A total of 2,295²¹ properties were sold in Derbyshire in quarter 3 of 2012, a decline of 8.5% since the same quarter in 2011. Again the number of property sales varies across the county, from 381 sales in Amber Valley to 191 in Bolsover.