

DERBYSHIRE COUNTY COUNCIL

CABINET

26 January 2016

REPORT OF THE CHIEF EXECUTIVE

**DERBYSHIRE ECONOMIC REVIEW – DECEMBER 2015
(Strategic Policy, Economic Development and Budget)**

1. Purpose of the Report

To present the latest Quarterly Economic Review – December 2015 to Cabinet.

2. Information and Analysis

Background

The Derbyshire Economic Review is a quarterly economic update produced by the Council. The update, which is attached at Appendix A for consideration, provides an overview of the current economic conditions in Derbyshire and summarises key economic trends to support broader discussions and policy developments across the Authority. The Review also supports and facilitates the delivery of partnership activity, most notably through the Derbyshire Economic Partnership, the Local Transport Board and the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Local Enterprise Partnership (LEP). The Economic Review is available electronically on the Derbyshire Observatory at the following link <http://observatory.derbyshire.gov.uk/IAS/lea/>

Summary of Key Findings

The key findings for the latest quarterly review are outlined below:

- In Derbyshire and across the East Midlands, economic growth continues but the level has slowed for the second successive quarter. Although the level of growth for both areas is the lowest in over two years, the figures do remain significantly above those seen in the aftermath of the recession. The local and regional picture reflects the reduced level of economic growth in quarter three of 2015 for the UK.
- In the county both domestic and overseas sales and orders have declined, but particularly those for overseas markets. Export trade is an important element of Derbyshire's manufacturing strength so it will be important to monitor future activity. The sales and orders performance appears to have resulted in a dip in

business confidence. Despite these figures, investment in machinery and plant in Derbyshire is above that regionally, investment in training is stable and firms have expanded their workforces over the last quarter.

- Claimant count unemployment¹ continues to fall in Derbyshire, whilst the level across England has been flat for the past few months. There has therefore been a slight widening of the gap, with the county unemployment rate of 1.2% being lower than the 1.8% rate nationally. However, in parts of Derbyshire, unemployment remains higher, in particular areas of Ilkeston, Bolsover, Chesterfield, Buxton and Gamesley.
- There is a slightly lower proportion of unemployed residents in the county (26.0%) who have been out of work for more than a year compared with England (27.6%). However, the level of long-term unemployment locally has been creeping up since the spring, and a total of 1,415 residents remain long-term unemployed.
- Encouragingly, the rate of youth unemployment in Derbyshire continues to fall and for the past three months has been the same as that across England, standing at 1.6% in October 2015. However, there has been an increase since the last Quarterly Economic Review in the number of wards where the youth unemployment rate is more than double the national average, with 16 this time compared with 11 previously. Youth unemployment rates are high in parts of Ilkeston in Erewash; Elmlton-with-Creswell, Shirebrook, Bolsover, and Clowne in Bolsover district; and Woodville in South Derbyshire.
- In Derbyshire, the proportion of residents claiming an Out-of-Work Benefit (OoWB) has continued to fall, with there being 2,150 fewer residents claiming an OoWB than a year ago. However, although the level of 8.7% is the lowest since this measure was first reported in 1999, more than one in five of the working-age population are claiming an OoWB in Gamesley (High Peak); Rother, Middlecroft and Poolsbrook, and Loundsley Green (Chesterfield); and Shirebrook North West in Bolsover.
- There has been mixed progress on jobs in the county between August and October 2015. Although more firms have reported job gains than losses, the manufacturing sector has been affected with three firms announcing job losses. These are JCB at its Foston plant, S and A foods in Derby and Chesterfield industrial sink and catering equipment producer, Franke Sissons. Conversely, positive news includes HL Plastics in Denby creating 200 new jobs with the construction of a new warehouse, clothing firm David Nieper opening a new factory at Alfreton, where 15 new staff will be based, and ten young people being offered work in health and social care as a result of a partnership between The Prince's Trust and Chesterfield Royal Hospital.
- Although Derbyshire's employment rate remains higher than England's, the level has fallen for the third quarter in succession, with a fall in employment levels in Bolsover and Chesterfield a key factor. Whilst the national rate is on a gently upward path there has been a narrowing of the gap. The dip in employment rate has contributed to a dip in economic activity which has dropped, albeit marginally, below the England rate for the first time in over 10 years. It will be important to see whether these trends are evident in the next quarter and if there continues to be an increase in the numbers leaving the

labour market locally.

- In September 2015, the average house price in the county was £131,164, £54,000 lower than the £185,553 across England and Wales. House prices are continuing to grow locally, with the rate of growth hovering around 3% since the early part of 2015, however, the rate is still 7.7% below its level prior to the recession. Negative equity will therefore be an issue for some people.

‘In focus’ topic – ‘The English Indices of Deprivation 2015 in Derbyshire’

At the end of September 2015, the Department for Communities and Local Government released the English Indices of Deprivation (ID) 2015. The data provides a relative measure of deprivation for local areas across the country and is an important source of information used across central Government departments for targeting resources. The key measure is the Index of Multiple Deprivation (IMD) 2015 which combines information from seven domains².

- The most deprived area in Derbyshire covers part of Cotmanhay in Erewash, this lower super output area (LSOA) ranks within the top 1% most deprived of areas in England.
- In the county 3.7% (18) of the 491 LSOAs fall in the most deprived 10% in England, with 12.2% (60) in the most deprived 20%.
- Whilst each district contains at least one area within the most deprived 20% nationally, nearly a third (29.0%) of the LSOAs in Chesterfield are in this band, with Bolsover (20.8%) and Erewash (16.4%) also having high levels.
- Whilst these three districts are where the bulk of the deprived areas sit, there are pockets elsewhere including parts of Ironville, Riddings and Langley Mill in Amber Valley, Gamesley in High Peak, North Wingfield in North East Derbyshire, and Matlock in Derbyshire Dales.
- Across the seven domains of deprivation Derbyshire scores the worst for Education, Skills and Training, with around one fifth of all LSOAs (102) in Derbyshire falling within the 20% most deprived areas in England. This domain is a particular issue in Bolsover, with 43.8% of its LSOAs in this category.
- Education, Skills and Training is closely followed by two other domains, Employment, and Health and Disability. Each of these have 17.7% (87) of LSOAs in the most deprived two deciles.

The ID 2015 uses the same methodology as the ID 2010 so comparisons can be made between the two. Whilst there has been little change for the overall IMD in the number of LSOAs in the most deprived 10% of areas across England, with 18 areas in the worst 10% in ID 2015 compared with 17 in ID 2010, the distribution of the county's most deprived areas has changed considerably. In particular Bolsover has seen a reduction in the number of LSOAs falling within the most deprived 20% (from five down to two), whilst Chesterfield has seen an increase (from 17 to 20).

3. Equality and Diversity Considerations

Overall and youth unemployment levels are currently falling, but there remain pockets of unemployment where levels remain stubbornly high, for example youth unemployment in Ilkeston North is 6.8%, well above the national rate of 1.6%. DCC's recently published Youth Employment Strategy asserts how unemployment can scar young people and stunt their life chances. There is also a significant financial impact, through the cost of intervention and support as well as lost tax revenues. The strategy sets out the County Council's commitment to supporting young people under the age of 25 to make the successful transition from education and training into employment.

Analysis of the English Indices of Deprivation 2015 shows that certain areas of Derbyshire are struggling with deprivation levels relatively significant. This data is being used to inform the development of the important work across the county to tackle inequality and deprivation through targeting of resource and reconfiguration of services, under the banner of the Thriving Communities project. This is looking at new ways to support families and strengthen communities.

4. Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, human resources, environmental, health, property and transport considerations.

5. Key Decision

No

6. Call-in

Is it required that call-in be waived in respect of the decisions proposed in this report? No.

7. Background Papers

Files and supporting papers are held in the Policy and Research Division, Chief Executive's Office.

8. Officer's Recommendation

That Cabinet note the information presented within the Derbyshire Economic Review – December 2015 and that the findings be used to support future service planning and policy development.

Ian Stephenson
Chief Executive

¹ Claimant count unemployment is derived from administrative data generated by the system of benefits paid to people who are out of work. The Office for National Statistics is now publishing Claimant Count unemployment rates, which includes Jobseekers Allowance and Universal Credit claimants. This is now the headline measure of unemployment. However, data for youth and long-term unemployment is still based on those claiming Jobseekers Allowance.

² In ID 2015, the 32,844 lower super output areas in England are ranked on the basis of their scores in the Indices of Deprivation. The key measure is the Index of Multiple Deprivation 2015 which combines information from seven domains and is the official measure of relative deprivation for neighbourhoods in England, with every LSOA ranked from 1 (most deprived area) to 32,844 (least deprived). The seven domains are Income deprivation; Employment; Education, Skills and Training; Health Deprivation and Disability; Crime; Barriers to Housing and Services; and the Living Environment.

Policy and Research, Chief Executive's

Derbyshire Economic Review - December 2015

Introduction

This document gives 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, to help inform the development and delivery of future economic strategies in the area. It is primarily based on evidence available from the Derbyshire Observatory, which is a single information source for partners and organisations across the county. The update also provides information on an ‘In focus’ topic, in this edition: ‘The English Indices of Deprivation 2015 in Derbyshire’

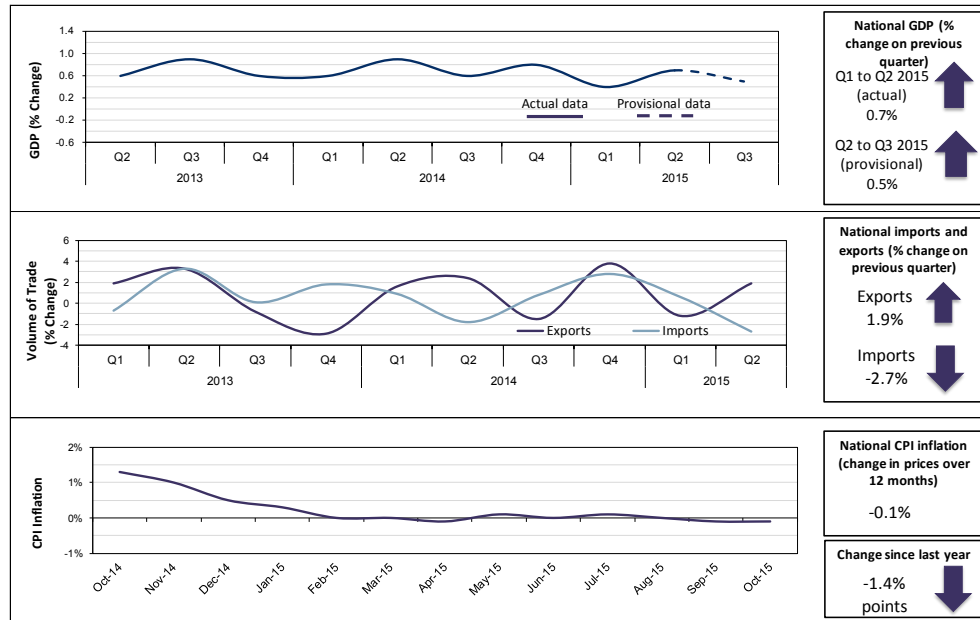
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Overview

- In the third quarter of 2015, growth in the UK economy slowed to 0.5%. Although this is the 11th consecutive quarter of expansion, growth has slowed due to a 2.2% fall in construction output, with the wet August weather possibly a factor. Alongside this was a decline in manufacturing which has fallen by 0.9% in 2015. Producers are struggling as weak demand in many overseas markets, notably China and other emerging nations, is being exacerbated by the appreciation of sterling, which creates export challenges.
- The Consumer Prices Index (CPI) inflation rate monitors changes in the price of goods/services purchased by households. The CPI rate is -0.1% for the 12 months to October 2015, with the rate having been around zero for the last nine months.
- In Derbyshire and across the East Midlands, economic growth continues but the level has slowed for the second successive quarter according to the Derbyshire, Nottinghamshire and Leicestershire Chamber of Commerce's State of the Economy Index. Additionally, the Derbyshire figure remains slightly below that regionally.
- The employment rate in the county is 74.4%, higher than the 73.3% for England, however the gap has narrowed for the third quarter in succession.
- The overall claimant count unemployment rate in Derbyshire is 1.2%, below the 1.8% for England. However, across the county hotspots still exist where unemployment levels are relatively high e.g. Ilkeston North (3.5%), Cotmanhay (3.3%), and Ilkeston Central (3.1%) in Erewash; Elton-with-Creswell in Bolsover (2.8%); Rother (2.6%) and Middlecroft and Poolsbrook (2.4%) in Chesterfield; and Barms and Gamesley in High Peak (both 2.4%).
- Over a quarter (26.0%) of all unemployment claimants in Derbyshire have been out of work for more than a year, slightly less than the national average (27.6%).
- The youth unemployment rate in the county stands at 1.6%, the same as that for England. However, the problem is a concern in 16 out of 177 wards, where youth unemployment is more than double the national rate.
- Annual house price growth in the county was 3.3%, and remains below that for England and Wales (5.3%).

National Performance Indicators



According to provisional data, national Gross Domestic Product (GDP), the main national indicator of economic growth, is estimated to have increased by 0.5% in the third quarter of 2015². This is a slowing of growth on the figure of 0.7% in quarter two, although of the G7 countries³, UK performance was second only to the U.S.A.

Whilst the service and agricultural sectors saw respective growth of 0.7% and 0.5%, the productive industries only increased by 0.3% and construction saw a decline of -2.2%. A decline in manufacturing of -0.3% was the key reason for the decline in productive industries. Strong performance in business services and finance was the main reason for strong performance in the service sector, which remains the only one of the four main industry groups where output has exceeded its pre-downturn peak. The service sector contributed 0.59% points to GDP growth, with production contributing 0.04% points. Agriculture made a net zero contribution whilst construction contributed -0.14% points.

In quarter 2 of 2015, the UK's trade balance reduced significantly from -£14.0 billion to -£7.6 billion⁴. Exports increased by 1.9% and imports decreased by 2.7%, resulting

in UK net trade making its biggest contribution to GDP growth in four years. Although positive, economists warn that the strong pound is hurting exports and China's difficulties may dent future exports.

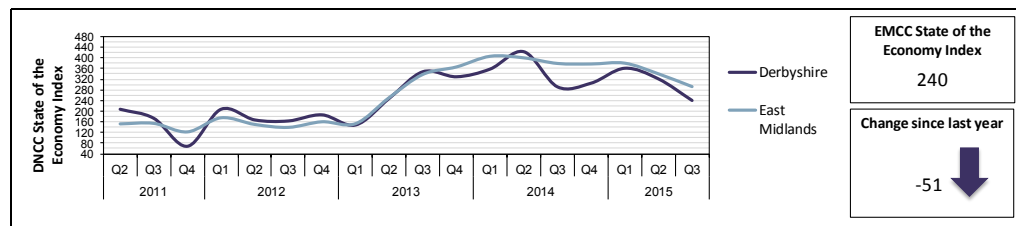
The annual CPI inflation rate remained at -0.1% for the 12 months to October 2015⁵. This marked the first time since the index was created in 1997 that CPI has fallen on an annual basis two months in a row. However, the current trend is not thought to point to longer term deflation, which could create problems for the economy, and the Bank of England (BoE) has said that CPI could rise to 1% towards the end of 2016. Negative inflation is likely to give a short-term boost to the economy, with consumer spending power boosted through increased affordability.

The BoE has voted by a majority of 8-1 to maintain interest rates at 0.5%⁶. Over the past few months, the outlook for global economic growth has dampened, with many emerging economies slowing. However, the growth in advanced economies has continued, including the UK economy. Although domestic growth has moderated, as noted earlier, growth is projected to pick up towards the middle of next year. Consumer confidence is firm, investment intentions remain robust and stronger productivity is expected to support real incomes growth. With the stagnating picture on inflation though, financial markets have now pushed back the prediction for the first rate rise back to December 2016. The BoE highlighted the following national trends as at November 2015⁷:

- Annual growth in consumer spending has edged higher.
- Housing activity has increased modestly.
- Investment intentions remain consistent with modest growth overall.
- Business services turnover growth has remained robust.
- There has been a slowdown in manufacturing output due to subdued world demand and increased competition in domestic markets from businesses abroad.
- Construction output has continued to rise solidly, although this may be easing.
- Employment intentions had eased but recruitment difficulties remain above normal.

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

Business Conditions



The dip in the rate of economic growth during quarter 2 of 2015 has continued into quarter 3 of 2015, according to the East Midlands Chamber of Commerce's (EMCC) most recent Quarterly Economic Survey⁸. EMCC's State of the Economy Index (SEI) for both Derbyshire and the East Midlands registered their lowest levels in over two years, although the figures do remain significantly above those seen in the aftermath of the great recession.

Over the last quarter, the majority of the 12 measures that comprise the overall SEI have seen a dip in the rate of economic growth, both in Derbyshire and the East Midlands. This picture reflects the reduced level of economic growth in quarter 3 of 2015 for the UK. Both domestic and overseas sales and orders have declined, but particularly those for export markets. Overseas trade is an important element of Derbyshire's manufacturing strength so it will be important to monitor future activity. The sales and orders performance appears to have resulted in a dip in business confidence. Despite these figures, investment in machinery and plant in Derbyshire is above that regionally, investment in training is stable and firms have expanded over the last quarter.

Investment

The Derbyshire Economic Partnership received a total of 11 enquiries from firms seriously looking to invest in the county⁹ between August and October 2015. This is similar to the number received the previous quarter but below the 22 received in the corresponding quarter a year ago.

Over the past three months, construction started on a drive-thru restaurant for KFC and on a 40,000 sq. ft. warehouse and factory unit for Chesterfield based Meter Provida Ltd, with the aim of both units being fully operational by Christmas 2015 thereby creating 90 jobs. Agreement was signed for a significant investment of £36m

in a 420,000 sq. ft. distribution centre and a lease deal signed with occupier Great Bear; construction is due to start in early November. Detailed negotiations are progressing on a 220,000 sq. ft. manufacturing and distribution facility which when constructed will be the first occupier on Markham Vale North. Nine new enquiries were received by the Markham Vale team.

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 local press between August and October 2015.

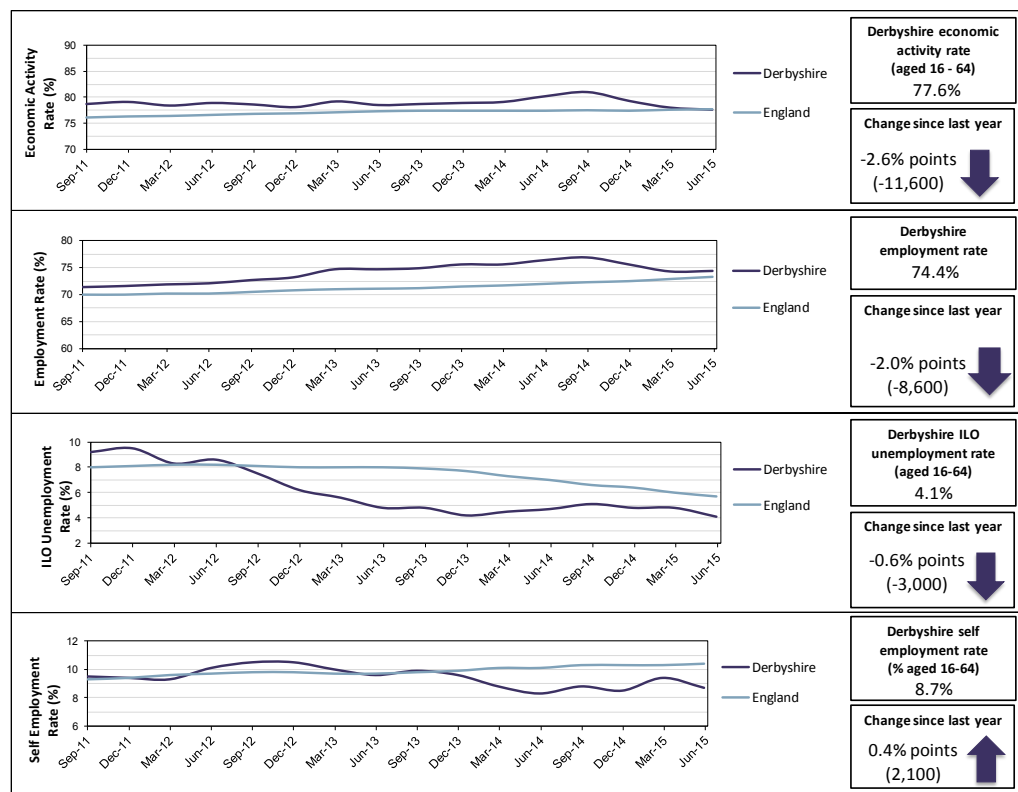
Job Losses

- In September JCB announced the loss of 400 jobs across the group, including some at its Derbyshire factory at Foston.
- The closure of S & A Foods, Derby, in October, saw the loss of 350 jobs.
- Chesterfield company, Franke Sissons, revealed in October that it is to withdraw its manufacturing base from the UK to Europe, potentially leading to the loss of 80 jobs.

Job Gains

- HL Plastics, Denby, announced at the beginning of August that 200 new jobs will be created with the construction of a new warehouse.
- At the beginning of September clothing firm David Nieper opened a new cutting factory at Alfreton, where 15 new staff will be based.
- At the beginning of August it was announced that ten young people would gain work in health and social care as a result of a partnership between The Prince's Trust and Chesterfield Royal Hospital.
- Eight jobs were created by the card chain Hallmark with the opening of its shop at the East Midlands Designer Outlet in September.
- The re-opening of the Pizza Hut restaurant, Ravenside Park, Chesterfield, in September has created six extra jobs.

Labour Market Participation



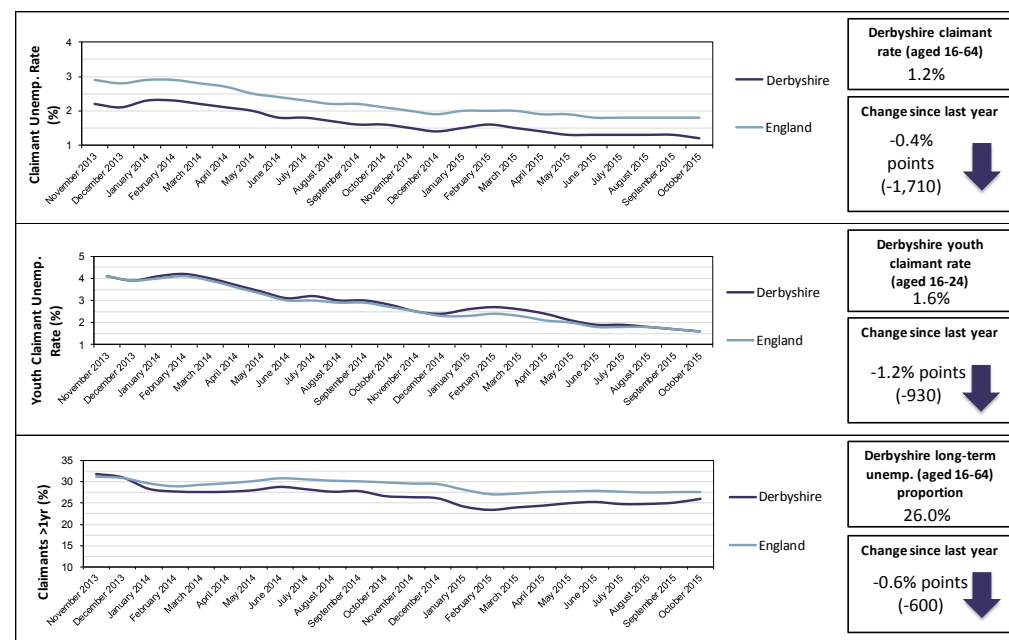
Source: Annual Population Survey, July 2014-June 2015, ONS (Nomis) © Crown Copyright.

The economic activity rate¹⁰ stands at 77.6% in Derbyshire. Although only 0.1% point below the national figure, this is the first time in over 10 years that the county's level of economic activity has dipped below that for England. This in part reflects a recent slide in the employment rate¹¹, particularly in Bolsover and Chesterfield. It will be important to monitor these trends.

International Labour Organisation (ILO)¹² unemployment is regarded as the official measure of unemployment. It has a much wider definition than the monthly claimant count of unemployment and includes people who are out of work and claiming Job Seekers Allowance (JSA) as well as those who are actively looking for work but not necessarily claiming unemployment related benefits.

The ILO unemployment rate in Derbyshire in June 2015 was 4.1%, lower than the 5.7% for England. Over the past 18 months the gap has narrowed, with ILO unemployment nationally declining steadily and the county rate being fairly stable.

Self-employment rates in Derbyshire are below England's, the latest figures being 8.7% and 10.4%. Nationally self-employment has been increasing steadily, but the rate locally has fluctuated over the last year, this quarter seeing a dip of 0.7% points.



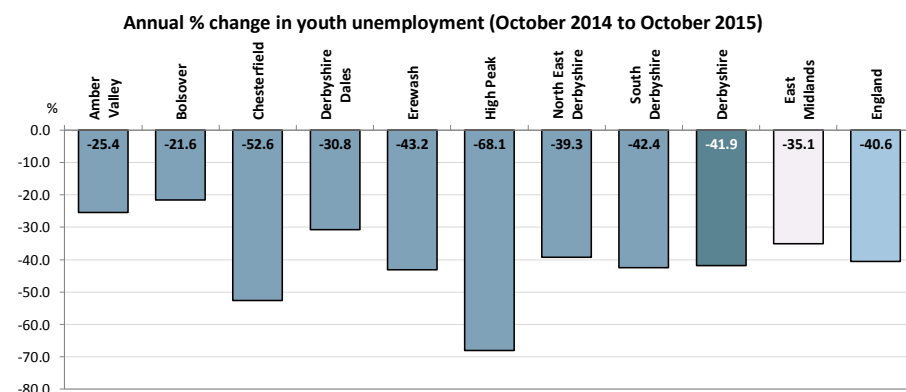
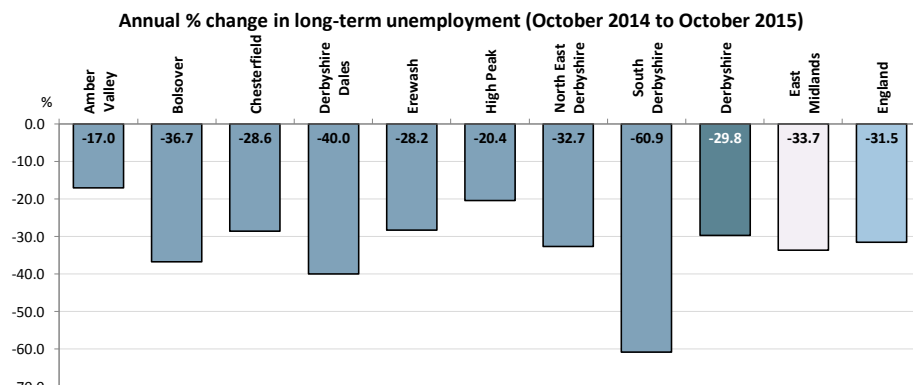
Source: Claimant Count and Jobseekers Allowance Count, October 2015, ONS (Nomis) © Crown Copyright.

The claimant count unemployment rate in Derbyshire, based on a count of all people claiming Job Seekers Allowance as well as out of work Universal Credit claimants, is currently 1.2%, lower than the England rate of 1.8%¹³. The rate for the county has continued to decline, whilst the England rate has been flat for the past few months, so that a slight gap has opened up. Despite this low level there are hotspots in the county including the wards of Ilkeston North, Cotmanhay, and Ilkeston Central in Erewash; Elmlton-with-Creswell in Bolsover; Rother and Middlecroft and Poolsbrook in Chesterfield; and Barms and Gamesley in High Peak.

Labour Market

Over a quarter (26.0%) of Derbyshire's unemployment claimants have been out of work for more than a year, representing 600 fewer long term claimants than this time last year when the rate was 26.6%. Although the level is lower than the 27.6% nationally, the gap has closed slightly over the past couple of months.

Analysis by district can highlight which areas are contributing most to the changes county-wide. All districts have shown a decrease in the number of people who have been unemployed for over a year in the last 12 months. The greatest annual percentage decline is once again shown by South Derbyshire (-60.9%) and the lowest by Amber Valley (-17.0%). Additionally in Chesterfield, Erewash and High Peak, the rate of decline is lower than the East Midlands and England averages.



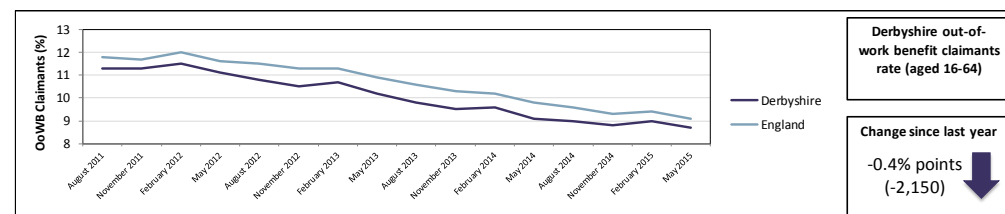
Derbyshire Observatory Link: <http://tinyurl.com/lea2012-unemploy>

Source: Jobseekers Allowance Count, October 2015, ONS (Nomis) © Crown Copyright.

Labour Market

Youth unemployment rates have been declining for three and a half years. At that point the rate locally was 1.0% points higher than nationally¹⁴. However, for the past three months the county's youth unemployment rate has been the same as that for England, currently standing at 1.6%. All districts have shown a decline in youth unemployment, with the greatest annual percentage decline in High Peak (-68.1%). The smallest was in Bolsover (-21.6%).

Whilst the county's level of youth long-term unemployment (14.7%) is well below its peak of 21.0% at the end of 2013, the last three months have seen a slight upturn. This has seen the level of youth long-term unemployment nudge higher than that for England (13.9%). Additionally, there is a wide variation within the county, from 26.7% in High Peak to 5.3% in South Derbyshire. DCC's recently published Youth Employment Strategy asserts how unemployment can scar young people and stunt their life chances. There is also a significant financial impact, through the cost of intervention and support as well as lost tax revenues. The strategy sets out DCC's commitment to supporting young people under the age of 25 make the successful transition from education and training into employment.



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

In May 2015, there were 2,150 fewer county residents (8.7%) claiming an Out-of-Work Benefit (OoWB)¹⁵ than the year before, lower than the England average of 9.1%¹⁶. The proportion of residents claiming an OoWB has now been falling for more than three years. However, in five wards there are more than 20.0% of 16-64 year olds claiming an OoWB. These are Gamesley in High Peak; Rother, Middlecroft and Poolsbrook, and Loundsley Green in Chesterfield; and Shirebrook North West in Bolsover. In Ilkeston North in Erewash, the figure of 19.8% was the first time that the OoWB rate had dipped below 20% since prior to the recession.

The table below provides data for some of the key benefits available.

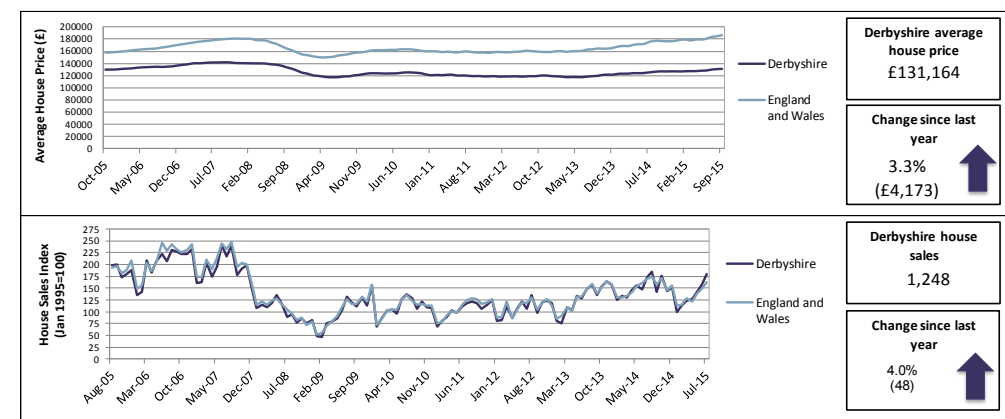
| Indicator | Number | Rate (%) | | Annual change | | Annual trend |
|--|--------|-------------------|---------|---------------|----------------------------------|--------------|
| | | Derbyshire | England | Number | % | |
| Individual benefits (May 2015 except PIP, UC and JSA sanctions*) | | | | | | |
| All Benefit Claimants | 57,170 | 11.8 | 11.8 | -2,230 | -3.8 | ↓ |
| Out-of-Work Benefit Claimants | 42,200 | 8.7 | 9.1 | -2,150 | -4.8 | ↓ |
| Employment Support Allowance (ESA) | 28,350 | 5.8 | 5.6 | 2,680 | 10.4 | ↑ |
| - Long term claimants (1yr or more) | 21,160 | 74.6 | 72.8 | 4,790 | 29.3 | ↑ |
| - 18 to 24 year old claimants | 2,460 | 8.7 | 8.1 | 370 | 17.7 | ↑ |
| Lone Parent Income Support (LPIS) | 4,480 | 0.9 | 1.1 | -360 | -7.4 | ↓ |
| - 18 to 24 year old claimants | 1,350 | 30.1 | 27.2 | -270 | -16.7 | ↓ |
| Personal Independence Payments (PIP) | 7,797 | 1.6 | 1.2 | 6,776 | 663.7 | ↑ |
| Universal Credit (UC) | 618 | 0.1 | 0.4 | 612 | Too soon for a meaningful figure | |
| JSA sanctions | 497 | | | -631 | -61.50097466 | ↓ |
| Household benefits (Aug 2015) | | | | | | |
| Housing Benefit claimants | 49,213 | 14.7 | 18.3 | -848 | -1.7 | ↓ |
| Households affected by removal of Spare Room Subsidy | 5,152 | 10.5 | 8.5 | -87 | -1.7 | ↓ |
| - 1 Bedroom | 4,284 | 83.2 | 83.0 | -19 | -0.4 | ↓ |
| - 2 or more bedrooms | 868 | 16.8 | 17.0 | -68 | -7.3 | ↓ |
| Benefit Cap | 107 | Numbers too small | | -28 | -20.7 | ↓ |

Source: Department for Work and Pensions (DWP)/ONS (Nomis) © Crown Copyright.

Notes: * PIP July 2015, UC October 2015 and JSA sanctions June 2015.

There are 11.8% of the county's residents claiming benefits, including 5.8% ESA and 0.9% LPIS, similar to England. However, the proportion of residents aged 18-24 claiming LPIS and long-term ESA claimants remains higher in Derbyshire. There are a lower proportion of households claiming housing benefit (14.7%) than nationally (18.3%) but a higher proportion of claimants have been affected by removal of the spare room subsidy, at 10.5% compared with 8.5%¹⁷. PIPs are in the process of replacing Disability Living Allowance, so the rates are currently low. This also applies to Universal Credit which is being phased in. At the moment it is being delivered through job centres in Chesterfield, Erewash and High Peak. The figures will rise as the benefit is implemented in other areas of the county.

All benefits in the county other than ESA, which is replacing Incapacity Benefit, have seen a reduction in claimants. The benefit showing the greatest decline (-61.5%) is for people who have had their benefit stopped or reduced through sanctions, reflecting the continuing decline in JSA claimants.



Source: House Price Index, Land Registry, September 2015, © Crown Copyright

Across Derbyshire the average house price was £131,164¹⁸ in September 2015, much lower than the £186,553 for England and Wales. Since the early part of 2015, annual house price growth has hovered around the 3% mark in the county, with the latest figure being 3.3%, 2% points lower than the 5.3% nationally. Although prices are rising in the county, they are 7.7% below their level prior to the recession. Negative equity will therefore be an issue for some people. There remains a North-South divide in the housing market. Although the annual rate of house price growth has slowed in London over the past year, the 9.6% growth is still greater than for any other region. A lack of homes on the market in the South East is thought to be holding prices high.

In July 2015, there were a total of 1,248 property transactions in Derbyshire, higher (4.0%) than the 1,200 a year earlier. Following a dip in transactions around the turn of the year, sales seem to be increasing again, with this month's figure the second highest since the housing market started to pick up following the recession. An active housing market is an important element of economic performance, however, affordability remains an issue. Recent analysis by PricewaterhouseCoopers states that affordability is a particular issue for young people, with house price inflation twice that of earnings growth. This research projects that by 2025 only a quarter of 20-39 year olds may be owner occupiers, compared to three-quarters of 55 year olds.

The English Indices of Deprivation 2015 in Derbyshire

At the end of September 2015, the Department for Communities and Local Government released the English Indices of Deprivation (ID) 2015. The data provides a relative measure of deprivation for local areas across the country and is an important source of information used across central Government departments for targeting resources. This spotlight provides analysis of the ID locally, compares the data with its predecessor in 2010, and explores implications for the county. This information includes maps and would need to be printed in colour.

The key measure used is the Index of Multiple Deprivation (IMD) 2015 which combines information from across seven domains¹⁹ to arrive at a rank score in every lower super output area²⁰ (LSOA) in England.

Key findings - overall IMD

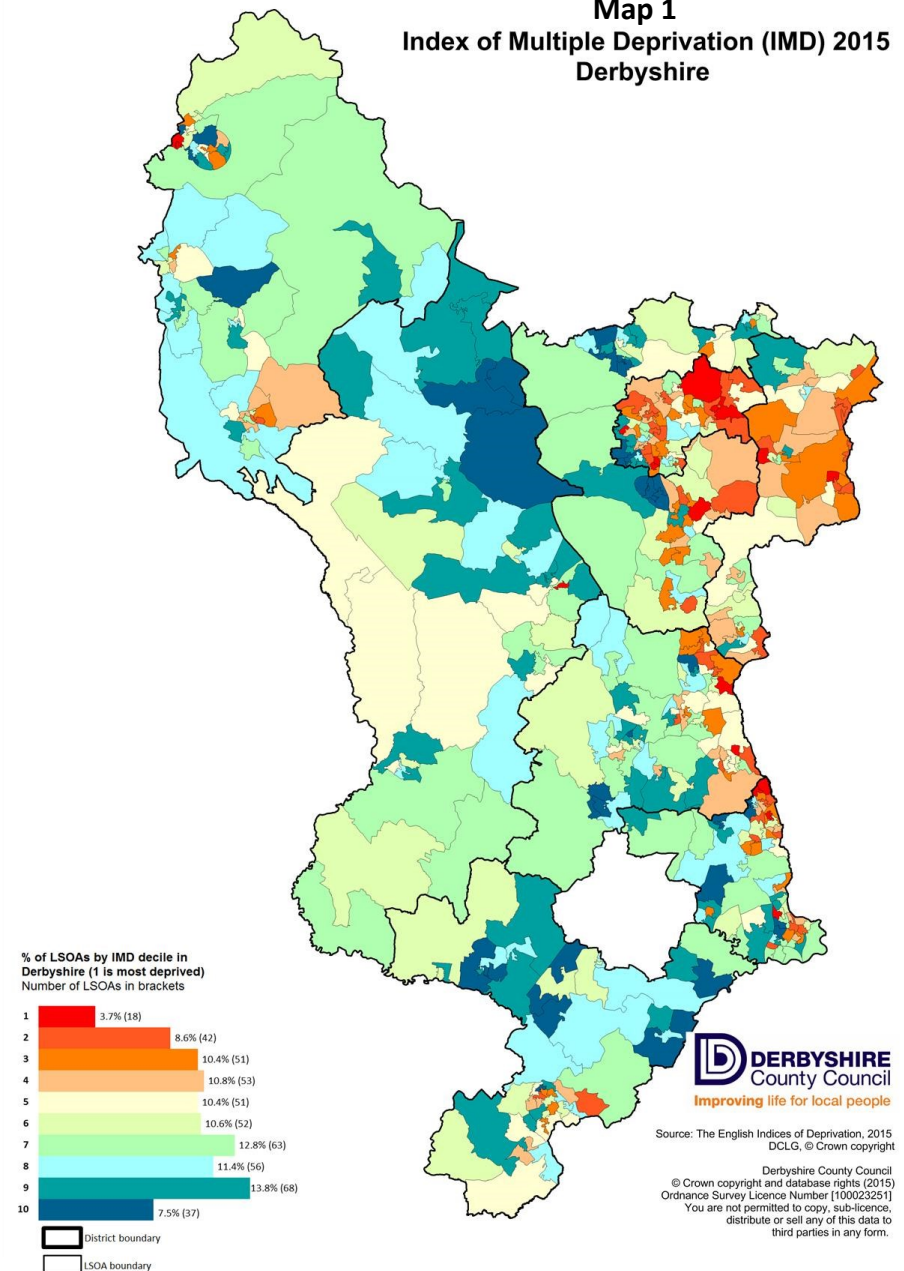
The most deprived area in Derbyshire covers part of Cotmanhay in Erewash, this LSOA ranks in the top 1% of the most deprived areas in England. In the county 3.7% (18) of the 491 LSOAs fall in the most deprived 10% in England. This equates to 26,700 residents, representing 3.5% of the county's population, although not all people living in these areas will be experiencing deprivation.

Locally, 12.2% (60) of LSOAs are in the most deprived 20% in England. Whilst each district contains at least one such area, nearly a third (29.0%) of the LSOAs in Chesterfield sit within this group, followed by Bolsover (20.8%), and Erewash (16.4%). This pattern can be seen on Map 1, which highlights which of the 10 deciles each LSOA falls into. There are also pockets of deprivation elsewhere including parts of Ironville, Riddings and Langley Mill in Amber Valley, Gamesley in High Peak, North Wingfield in North East Derbyshire, and Matlock in Derbyshire Dales.

ID domains analysis

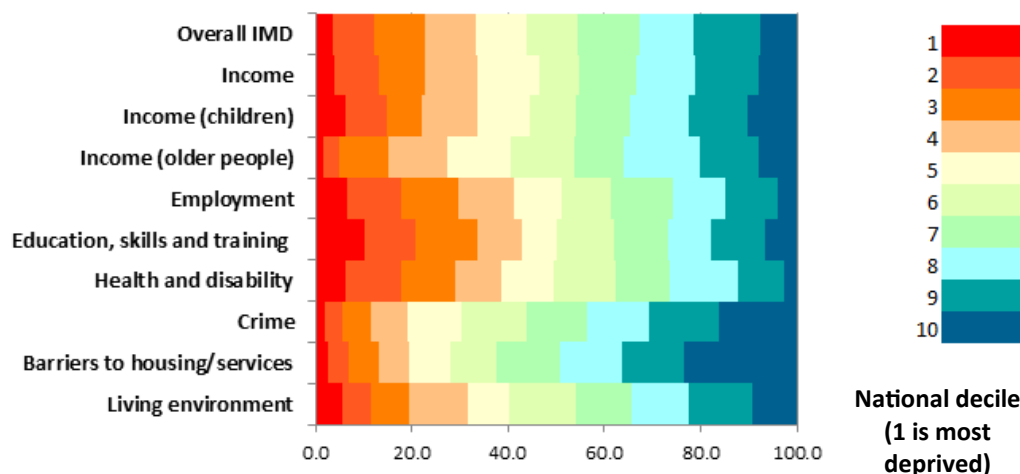
As can be seen on Chart 1, Derbyshire scores the worst on the Education, Skills and Training domain, with around one fifth of all LSOAs (102) in Derbyshire falling within the 20% most deprived areas in England. This domain is a particular issue in Bolsover, with 43.8% of its LSOAs in this category. Health and Disability, and Employment deprivation are also shown to be important issues for the county. Further analysis of the Employment domain shows that 11.7% (51,000) of working age people in Derbyshire are employment deprived. Chesterfield has the greatest proportion at 34.8%. This district also has more than half (50.7%) of its LSOAs in the

Map 1
Index of Multiple Deprivation (IMD) 2015
Derbyshire



most deprived 20% for the Health and Disability domain.

Chart 1 - % of Derbyshire LSOAs by national decile for the ID domains



Analysis of supplementary Indices relating to Income deprivation reveals that 17.0% of children and 13.8% of older people live in households that are income deprived. Also of note is that the pattern of results for the Barriers to Housing and Services domain is vastly different from that of the other domains. Of the 13 highest ranking LSOAs in Derbyshire, seven are within Derbyshire Dales. This is likely to reflect the high house prices and long distances to travel to key services in rural parts of the county.

Change over Time

The ID 2015 uses the same methodology as the ID 2010 so comparisons can be made between the two. There has been little change for the overall IMD in the number of LSOAs in the most deprived 10% of areas across England, with 18 areas in ID 2015 compared with 17 in ID 2010. However, the distribution of the county's most deprived areas has changed considerably.

Bolsover is one of ten local authority districts across England that has experienced the greatest relative improvement in deprivation levels. The number of LSOAs in Bolsover falling within the most deprived 20% across England has reduced from five

LSOAs in ID 2010 to two LSOAs in ID 2015, whilst Chesterfield has seen an increase in LSOAs falling within the most deprived 20% of areas, from 17 to 20.

This is demonstrated in Map 2 which shows which LSOAs have moved up or down the rankings. It can clearly be seen that many of Chesterfield's most deprived areas have moved up the rankings (becoming more deprived), for example Lowgates and Woodthorpe, and Rother. However, most of Bolsover's deprived LSOAs have become relatively less deprived, for example Shirebrook East and Bolsover North West.

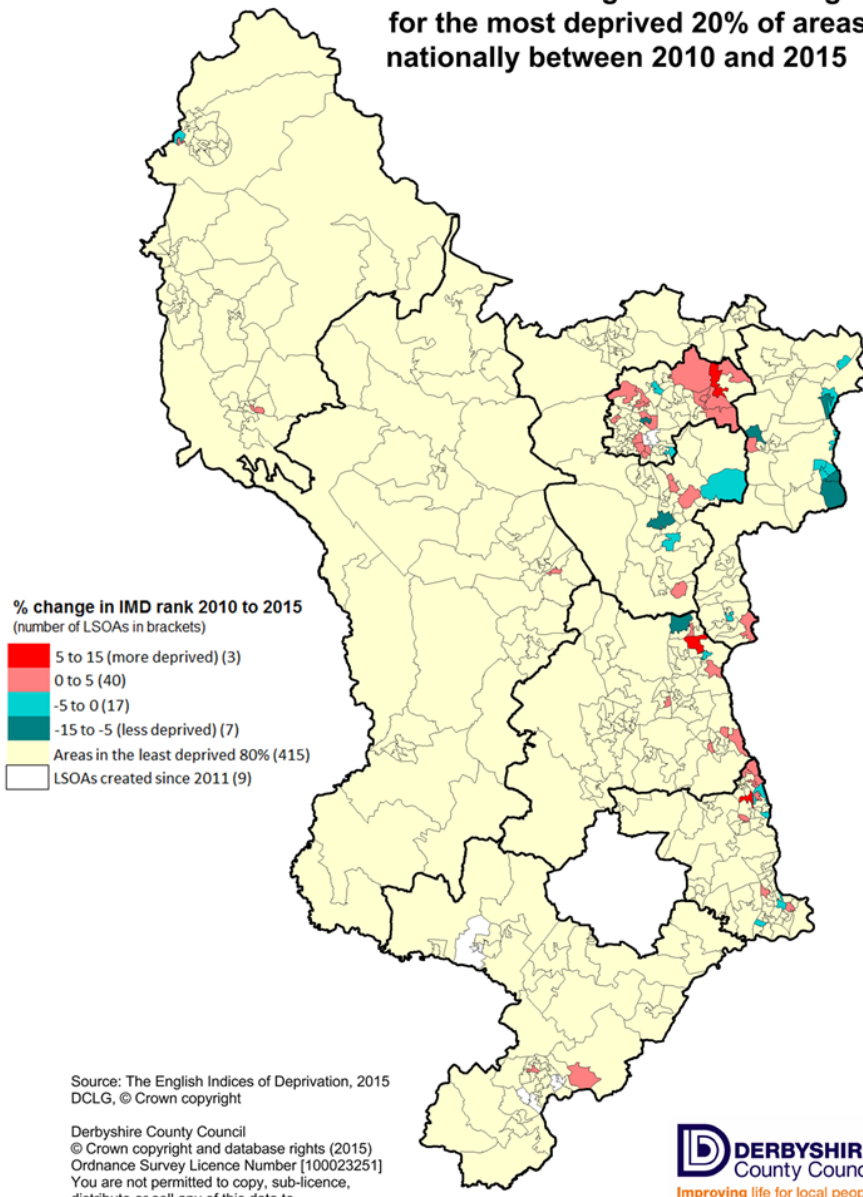
Analysis of change over time at district level shows that six of the eight districts have shown a net improvement in their rankings between ID 2010 and ID 2015. Derbyshire Dales has shown the greatest improvement (-26 places), followed by Bolsover (-18), North East Derbyshire (-14), South Derbyshire (-9), High Peak (-7) and Amber Valley (-3). Chesterfield (6) and Erewash (1) have shown a marginal decline over time, becoming more deprived.

Although the Education, Skills and Training domain was the worst scoring domain in ID 2015, as it was in ID 2010, it did show the greatest level of improvement, with there being 15 fewer LSOAs in the most deprived 20% nationally. Underpinning this relative improvement was better performance for Adult Skills. Other areas showing progress were Crime (13 fewer LSOAs), Employment (11 fewer), and Income Deprivation affecting Older People (seven fewer).

Three domains show greater levels of deprivation, most notably the Health Deprivation and and Disability domain, where there are 32 more LSOAs in the most deprived 20% nationally in ID 2015 compared with ID 2010. The other two domains are Income Deprivation affecting Children (24 more LSOAs) and the Living Environment (21 more). The deterioration in the latter reflects a relative worsening in housing conditions locally.

The English Indices of Deprivation are the official measure of deprivation at small areas and provide a snapshot of relative deprivation across the country. National and local organisations use the measures, sometimes in conjunction with other data, to distribute funding or target resources to areas. It is widely used across central government to focus programmes on the most deprived areas. Locally, it is often used as evidence in the development of plans and strategies, to target interventions, and in bids for funding. The voluntary and community sector also uses the Indices, for example, to identify areas where people may benefit from the services they provide.

Map 2
Relative change in IMD ranking
for the most deprived 20% of areas
nationally between 2010 and 2015



Locally the data will be informing the development of key projects across the county to tackle inequality through targeting resource and reconfiguring services. The Thriving Communities project is a multi-partner programme run by Derbyshire County Council which is looking at new ways to support families and strengthen communities. The work aims to make sure that resources are focused on families with multiple, complex needs, that there is a reduction in the need for crisis interventions, and a reduction in the cost of providing services for high-risk families by co-designing different services that use resources and assets in new ways.

The project is being piloted in five areas – Erewash (Cotmanhay), High Peak (Gamesley), Bolsover (Shirebrook), North East Derbyshire (Danesmoor) and South Derbyshire, and analysis from the ID is being used to support these. For example, the ID is being used alongside data from the 2011 Census to finalise the target locality within South Derbyshire. Targeted work is also starting in Amber Valley, Derbyshire Dales, and Chesterfield to improve outcomes in areas that are struggling. There are some notable changes for Derbyshire when comparing the ID between 2010 and 2015, so it is important to consider what may be behind some of these. Early analysis by Chesterfield Borough Council has identified that the ongoing reforms to the welfare system may be a factor in some parts of Chesterfield that are more deprived in 2015, such as the Grangewood and Birdholme area. This LSOA has a greater level of younger people living in social housing, a group for whom the impact of reforms may be significant. Certainly, research by Sheffield Hallam University²¹ identifies that welfare reform is going to hit the most deprived areas hardest.

The English Indices of Deprivation is a vital resource in understanding those areas which are experiencing the greatest challenges, and where focus is needed. The full set of data and maps for the overall IMD and each of the domains/supplementary domains can be found on the Derbyshire Observatory at the link below. <http://observatory.derbyshire.gov.uk/IAS/>

¹Data for Derbyshire in the review does not include Derby City unless otherwise stated.

²Gross Domestic Product (GDP) Preliminary Estimate, Quarter 3 2015, ONS © Crown Copyright. Published October 2015.

³The Group of Seven (G7) members are Canada, France, Germany, Great Britain, Italy, Japan, and the United States.

⁴Statistical Bulletin, Quarterly National Accounts, Quarter 2 2015, ONS © Crown Copyright. Published September 2015.

⁵Statistical Bulletin, Consumer Price Inflation (CPI), October 2015, ONS © Crown Copyright. Published November 2015.

⁶Bank of England, Monetary Policy Committee Decisions, November 2015. Published November 2015.

⁷Bank of England Agents' Summary of Business Conditions, October 2015. Published October 2015.

⁸EMCC Quarterly Economic Survey, Q3 2015. Published October 2015.

⁹Derbyshire Economic Partnership, 2014-2015. Published November 2015.

¹⁰The economic activity rate is the percentage of the working age population (age 16-64) who are employed or International Labour Organisation (ILO) unemployed.

¹¹The employment rate is the percentage of the working age population (age 16-64) who are employed including the self employed.

¹²The 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. This is used in the Annual Population Survey and is not compatible with the claimant count unemployment noted below.

¹³Claimant 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 above. Additionally, claimant count unemployment published by the Office for National Statistics now includes Universal Credit claimants as well as Jobseekers Allowance claimants. This is now the headline measure of unemployment. Data for youth and long-term unemployment is still based on Jobseekers Allowance claimants.

¹⁴Youth unemployment relates to people aged 16-24. The rates at ward level are unofficial and have been calculated using population figures from the 2014 Mid-Year Population Estimates.

¹⁵Out of Work Benefits relates to the population claiming Job Seekers Allowance, Employment Support Allowance, Incapacity Benefit, lone parents and others on income related benefits.

¹⁶DWP Benefits, May 2015, ONS (Nomis) © Crown Copyright. Published November 2015.

¹⁷Housing benefit spare room subsidy is shown as a % of those households claiming housing benefit.

¹⁸House Price Index, Land Registry, September 2015, © Crown Copyright. Published October 2015.

¹⁹The seven ID 2015 domains are Income; Employment; Education, Skills and Training; Health Deprivation and Disability; Crime; Barriers to Housing and Services; and Living Environment.

²⁰There are 32,844 LSOAs in England and 491 in Derbyshire. Each contains approximately 1,500 residents. These are ranked from 1 (most deprived area) to 32,844 (least deprived area).

²¹Hitting the Poorest Places Hardest, the Local and Regional Impact of Welfare Reform, Sheffield Hallam University. Published April 2013.

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