

Policy and Research, Chief Executive's

Derbyshire Economic Review - March 2013

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: the Economic Climate and Employability, Education and Skills.

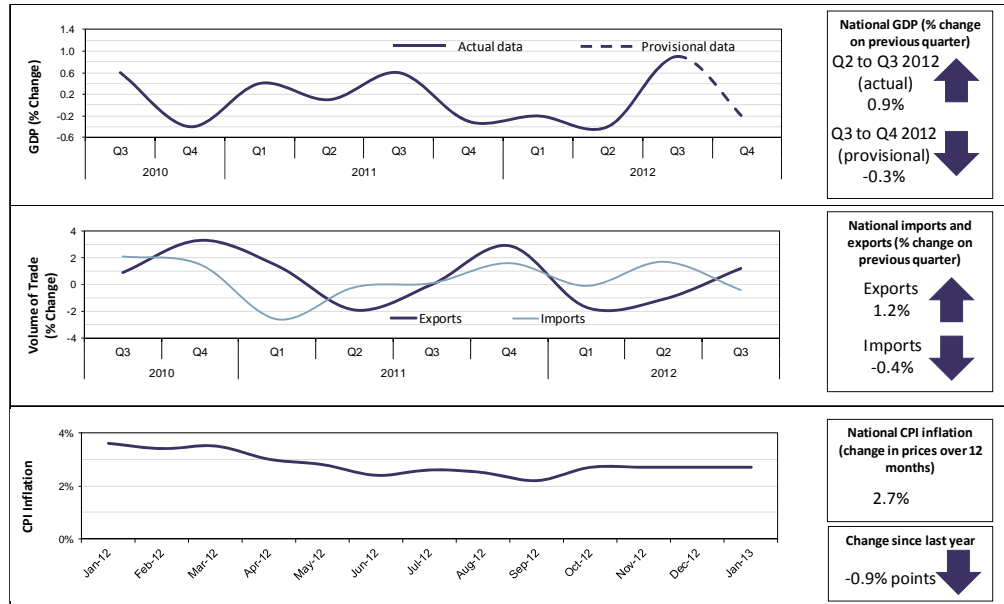
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Overview

- Derbyshire and Nottinghamshire Chamber of Commerce's Quarterly Economic Survey has consistently suggested that Derbyshire's economy is in a strong position compared with that regionally. According to the quarter 4 of 2012 survey the rate of economic growth in the county has improved, with performance remaining ahead of that in the East Midlands. The growth has largely been driven by improved sales, particularly those in the UK.
- D2N2, the Local Enterprise Partnership for Derbyshire and Nottinghamshire, aims to make sure that support is available to help small businesses grow. There are a high number of small firms in the county and D2N2, in partnership with East Midlands Business Ltd, has developed the 'Unlocking Investment for Growth' programme specifically for smaller firms. This will aim to give grant funding to support capital investment by small and medium-sized enterprises (SMEs) in the county. This is an important initiative that goes over and above the help provided to businesses through the Government's Regional Growth Fund and is one to which the County Council will be lending its support.
- Overall levels of youth unemployment in the county have generally declined since early 2012, and the youth unemployment rate locally is now only marginally higher than that for England. However, in some areas of the county the problem remains acute, particularly the wards of Loundsley Green and Rother in Chesterfield, and Gamesley in High Peak. Additionally, the number of long-term youth unemployed has increased by nearly half over the last year. It is important that partner activity maximises the potential of the county's young people, supporting them to be work-ready and improving their employability.
- Qualification levels are an important factor in enabling the local economy to perform well. Data from the 2011 Census shows adult qualifications have improved significantly in the county over the last ten years, although the workforce locally remains less qualified than that across England. Partner activity across the county has contributed to this improvement and it is vital that this continues to help sustain future economic growth.

National Performance Indicators



National Gross Domestic Product (GDP), an indicator of economic growth, is estimated to have decreased by 0.3% according to provisional data for quarter 4 of 2012². This follows the increase of 0.9% from the previous quarter. A decrease in output of the production industries has been a contributory factor in the dip.

The volume of trade for imports decreased by 0.4% in quarter 3 of 2012, whilst that for exports increased by 1.2%³. This has contributed to a fall in the net trade deficit from £7.3 billion in quarter 2 of 2012 to £5.5 billion in quarter 3.

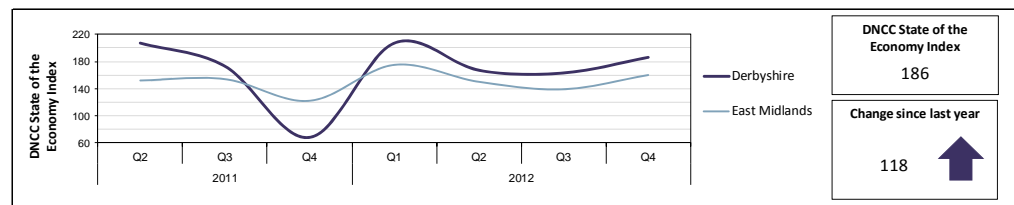
Households are currently paying more for their goods and services. The Consumer Prices Index inflation rate currently stands at 2.7%, above the national target of 2.0%⁴. This has remained the same for the fourth month in a row, the longest period for which CPI growth has remained unchanged.

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 February 2013⁶:

- Consumer goods sales during Christmas rose modestly on a year earlier. Growth in demand for consumer services remained subdued.
- There were tentative signs of a gradual increase in housing market activity, supported by reductions in mortgage costs. The Funding for Lending Scheme was thought to be providing a stimulus to house sales.
- Corporate credit availability was gradually improving, though less so for smaller firms where conditions remained tight.
- Business investment intentions continued to edge higher.
- Exports of goods were on average reported to be growing slowly on a year earlier, with weak euro area demand offset by growth in other markets.
- Modest growth in the output of business services had continued.
- Manufacturing output for the domestic market was reported to be broadly flat on a year earlier, with growth in some 'high-tech' areas offset by weakness in construction-related sectors.
- Construction output remained lower than a year ago.
- Employment intentions continued to edge higher in business services but declined for consumer services, partly reflecting recent high street failures.

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

Business Conditions



Although the national economy continues to experience difficulties, locally the rate of economic growth has improved according to Derbyshire and Nottinghamshire Chamber of Commerce's (DNCC) most recent Quarterly Economic Survey⁷. Improved sales, particularly those in the UK, are largely responsible for the growth although export sales are also higher. There also appears to be a more rigorous focus towards increasing exports outside of the eurozone.

Investment

The Derbyshire Economic Partnership received a total of 25 enquiries from firms seriously looking to invest in the county⁸ between November 2012 and January 2013, an increase on the 17 from the previous quarter. 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 the [Invest in Derbyshire](#) website, supported by D2N2 and UK Trade & Investment (UKTI).

Derbyshire County Council is publishing an Economic Trade and Investment Consultation Strategy in March 2013. The Strategy will look to complement government policy by focusing regeneration activity on supporting and facilitating export promotion and inward investment through building on the Council's long standing twinning links to open up new and existing markets. Through the Derbyshire Economic Partnership, proposals are also being discussed to seek Regional Growth Fund support to help deliver this strategy to micro-businesses and self employed individuals across Derbyshire.

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 November 2012 and January 2013.

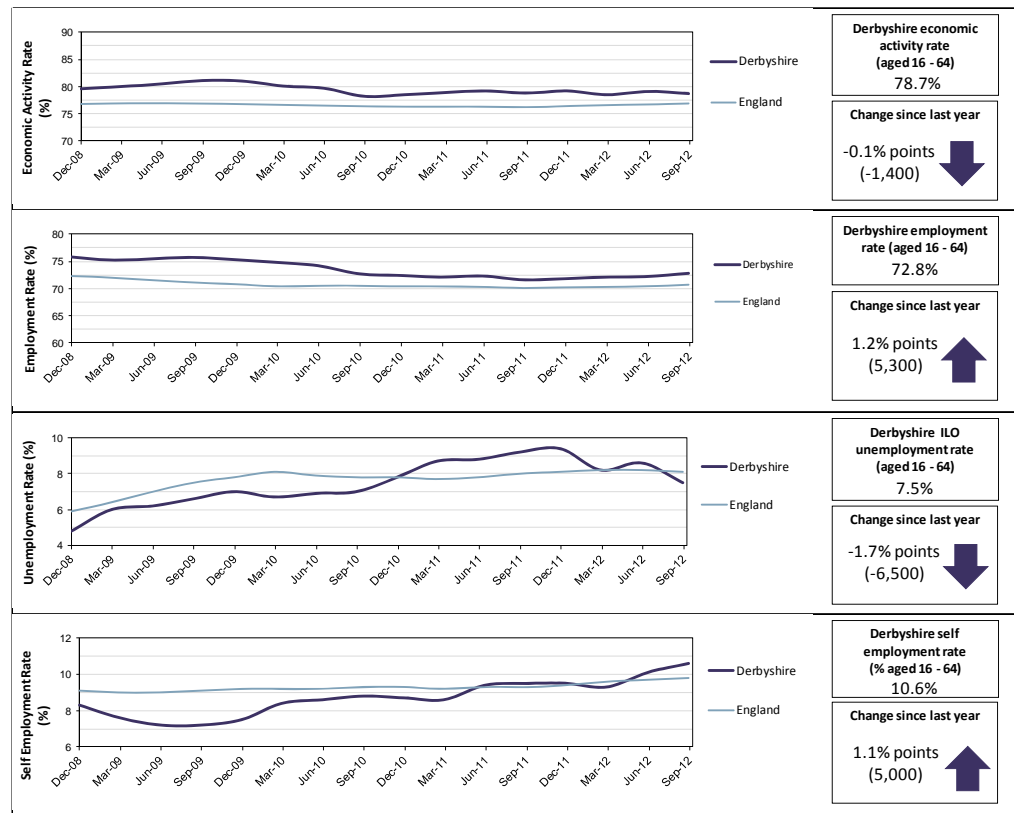
Job Losses

- 350 jobs are to be lost at Derby City Council by March 2014.
- Around 240 jobs will go by mid-2013 with the closure of Co-op department stores in the county.
- Derby games developer Eurocom closed in December due to cash-flow problems with the loss of nearly 200 jobs.
- It was announced in January that AutosplICE Brittanica, a car components business in Heanor, is to close its factory with the loss of 85 jobs and transfer its operations to Germany.
- About 60 jobs are thought to be at risk in Derbyshire after DVD and video games rental firm Blockbuster UK went into administration in January.
- A Heanor furniture firm, F&R Timber Products, ceased trading at the end of October 2012 with the loss of 50 jobs.
- 20 jobs have been lost by the closure of Comet in Derby in December 2012.

Job Gains

- A contact centre in Derby, HeroTSC, has hired 175 additional staff after winning more work from Sky.
- Cars part distributor Andrew Page moved on to the Markham Vale development in the Autumn with 120 jobs set to be created.
- Foston based Futaba, which supplies parts to Toyota's Burnaston plant, is to recruit a further 50 people by Spring 2013.
- McDonalds opened a new drive-through restaurant on the Markham Vale site in November 2012 creating 90 jobs.
- In November 2012 engineering firm Atkins announced that it is planning to increase the size of its workforce in Derby by 45 people.

Labour Market Participation

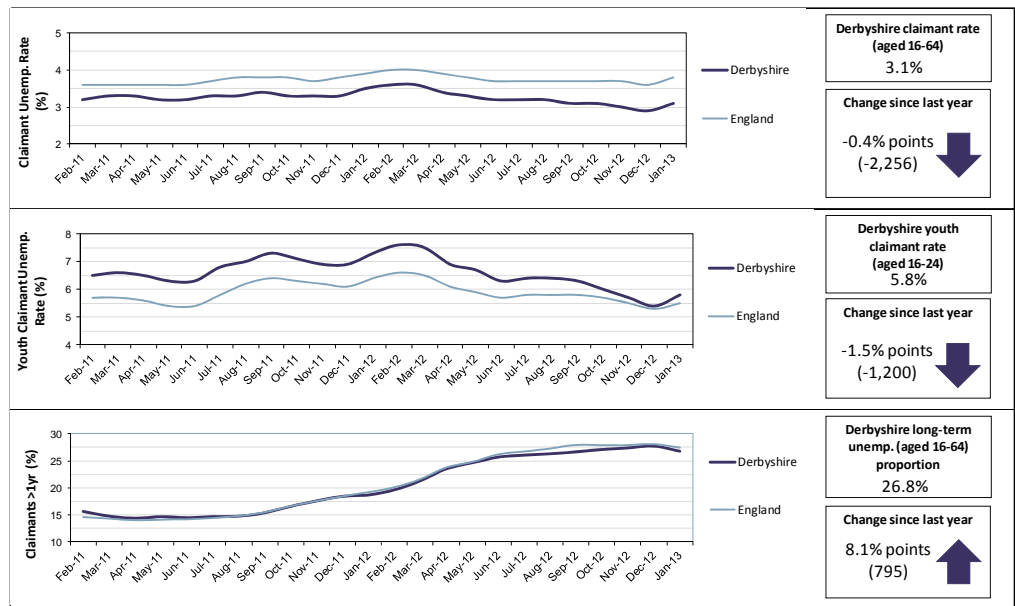


The county has above average levels of labour market participation. The economic activity rate in Derbyshire is currently 78.7%⁹, higher than the national rate of 76.9%. The county's employment rate is also higher than average, at 72.8%¹⁰.

International Labour Organisation (ILO)¹¹ 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. It can therefore produce different levels and patterns of unemployment to the claimant count.

In September 2012, the ILO unemployment rate in Derbyshire stood at 7.5%¹², 0.6% points lower than the England rate. Locally there has been a fall of 1.7% points in the rate over the last year, compared to a slight increase nationally.

Over the last 12 months self employment levels have continued to rise, with the number of working age self employed in Derbyshire having risen by 5,000 (1.1% points)¹³ to stand at 10.6%, higher than the level of 9.8% for England.



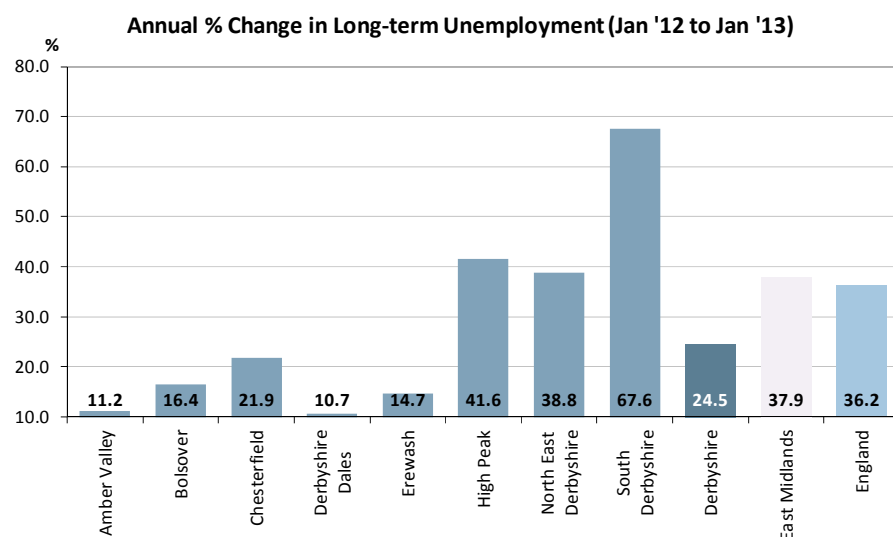
The overall claimant count unemployment rate is based on a count of all people claiming JSA. In Derbyshire it is currently 3.1%, lower than the rate of 3.8% for England¹⁴. Since the early part of 2012, claimant count unemployment has been in general decreasing, with the level of decline greater in Derbyshire than nationally. However, hotspots exist across the county where unemployment levels are severely high, particularly the wards of Gamesley and Barms in High Peak, Rother in Chesterfield, and Ilkeston North and Ilkeston Central in Erewash.

Just over a quarter of the county's unemployment claimants have been out of work

Labour Market

for more than a year¹⁵, a significantly higher proportion than this time last year (18.7%). However, in recent months the rate of increase in the proportion has slowed and the January level is actually less than that for the previous month.

Analysis of long-term unemployment by district can highlight which areas are contributing to the changes at the county level. Whilst all districts have shown an increase in long-term unemployment over the last year, South Derbyshire, High Peak, North East Derbyshire and Chesterfield have shown the greatest increase, with the lowest shown by Derbyshire Dales, Amber Valley, Erewash and Bolsover.

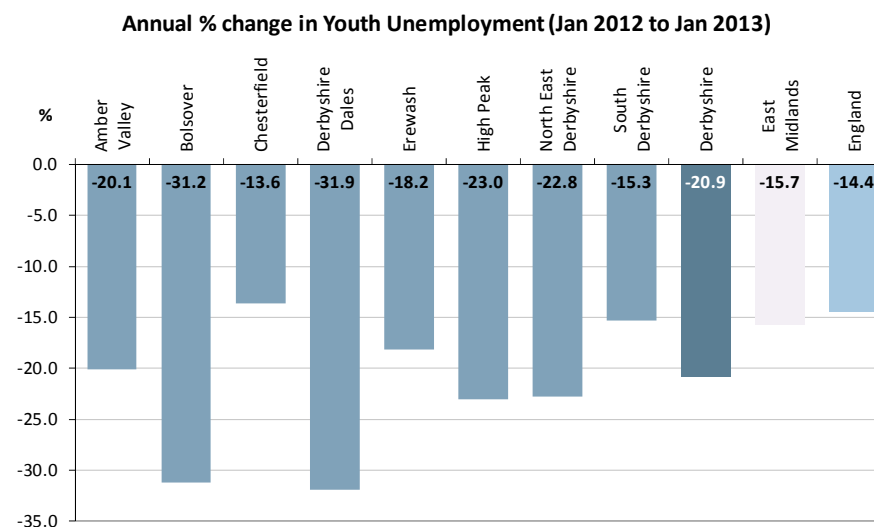


Source: Claimant Count, January 2013, Office for National Statistics (ONS) (Nomis) © Crown Copyright.

Overall levels of youth unemployment have generally declined since the early part of 2012, particularly for the county so that Derbyshire's youth unemployment rate (5.8%) is now only marginally higher than the national average (5.5%)¹⁶. However, the number of long-term youth unemployed has increased by nearly half over the last year, with 19.6% of young unemployed people now having been out of work for more than 12 months, although again the level of increase in the proportion has eased off and the January level is actually less than that for the previous month.

Labour Market

For youth unemployment all districts have shown an improvement over the last year, but the greatest annual percentage decline is shown in Derbyshire Dales, Bolsover, High Peak and North East Derbyshire and the lowest in Chesterfield, South Derbyshire, Erewash and Amber Valley.



Source: Claimant Count, January 2013, ONS (Nomis) © Crown Copyright.

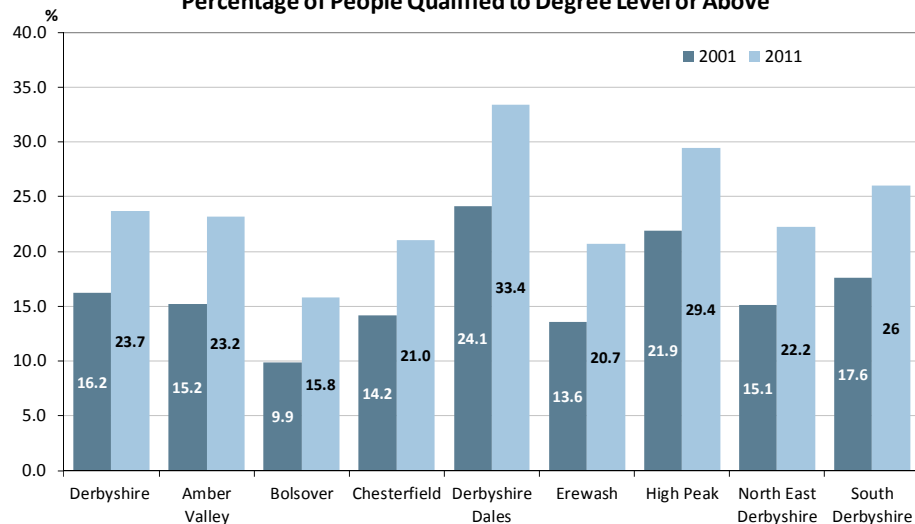
Derbyshire Observatory Link: <http://tinyurl.com/lea2012-unemp>

Ensuring that the current and future workforce is fit for the workplace in terms of educational attainment, skills and experience is important to local competitiveness. Investment in retraining, work experience and apprenticeships is key to ensure Derbyshire's working age population is work ready with skills to match demand.

Qualification levels provide an indication of skill levels in the local workforce. There has been significant improvement in adult qualifications in Derbyshire over the last ten years according to the 2011 Census¹⁷, although the workforce locally remains less qualified than that nationally.

Labour Market

Percentage of People Qualified to Degree Level or Above



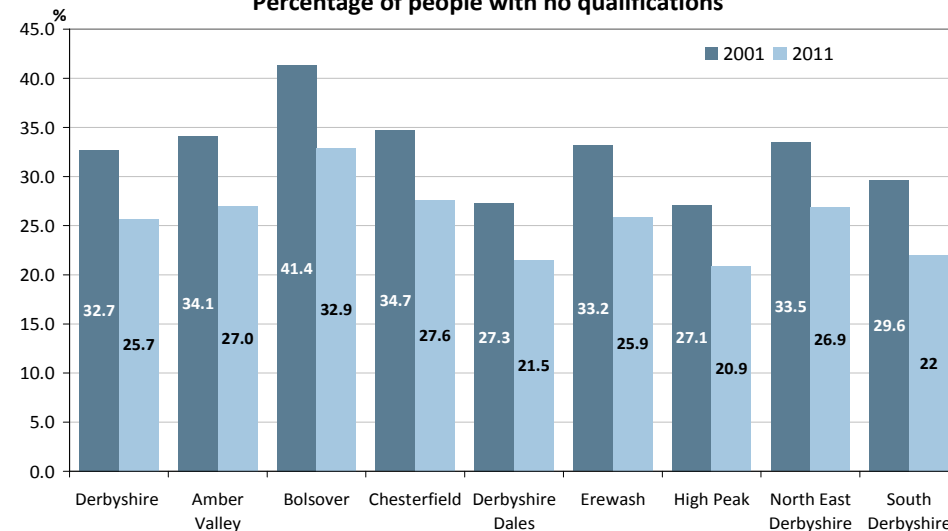
Source: ONS licensed under the Open Government v.1.0. 2011 Census Table KS501EW and 2001 Census Table KS13.

Derbyshire currently has 23.7% of the workforce qualified to degree level or above, less than the 27.4% nationally, but higher than the 16.2% in 2001. Although all districts in the county have shown improvement, there is variation across the county with the greatest percentage point increases shown by Derbyshire Dales, South Derbyshire and Amber Valley and the least by Bolsover and Chesterfield.

Wards with the highest levels of the workforce qualified to degree level or above are concentrated on the western side of the county and include Duffield in Amber Valley, Hathersage and Eyam, Calver and Chatsworth in Derbyshire Dales and Dinting in High Peak. Wards with the lowest rates include wards in Shirebrook in Bolsover and Gamesley in High Peak.

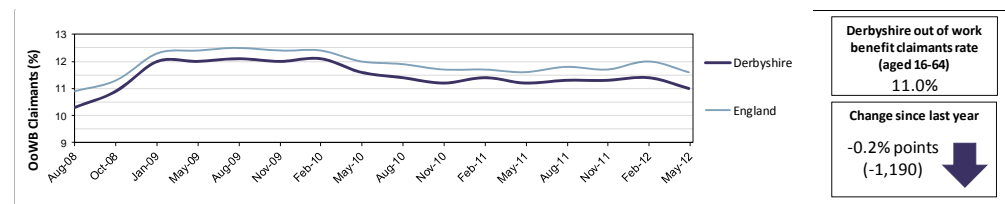
Labour Market

Percentage of people with no qualifications



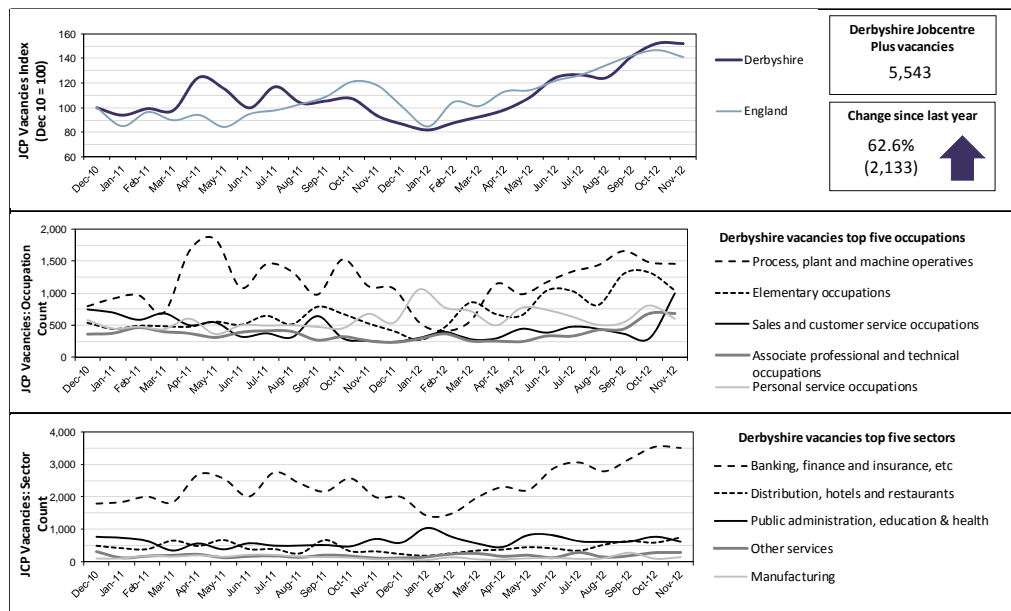
Source: ONS licensed under the Open Government v.1.0. 2011 Census Table KS501EW and 2001 Census Table KS13.

Derbyshire has a higher proportion of its workforce with no qualifications than England at 25.7% compared with 22.5%, although the county figure is an improvement on the 32.7% in 2001. Again, there is variation across the county with the greatest percentage point decreases shown by Bolsover and South Derbyshire and the least by Derbyshire Dales and High Peak. Wards with the highest levels of the workforce without any qualifications are concentrated on the eastern side of the county and include wards in Shirebrook in Bolsover and Ilkeston North in Erewash. Wards with the lowest rates include Hilton in South Derbyshire, Simmondley and Dinting and Burbage in High Peak, Duffield and Hathersage and Eyam in Derbyshire Dales.



According to the latest data, 11.0% of Derbyshire residents are currently claiming an Out of Work Benefit (OoWB), a slightly lower percentage than the England average of 11.6%¹⁸. Across Derbyshire the number of claimants varies considerably, in particular there are four wards where more than a quarter of the working age population are claiming an out of work benefit. This includes Gamesley in High Peak, Rother and Loundsley Green wards in Chesterfield, and Ilkeston North in Erewash.

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



The latest vacancy data from Jobcentre Plus (JCP) shows there are a total of 5,543 job vacancies in Derbyshire, 62.6% more than in November 2011¹⁹. Nationally there has been an increase of 19.5% 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 'distribution, hotels and restaurants'.

Economic climate

The Derbyshire and Nottinghamshire Chamber of Commerce's (DNCC) Quarterly Economic Survey, the key barometer for economic conditions locally, has consistently suggested that economic conditions in Derbyshire have been in a stronger position than that regionally and the latest figures are no exception, with economic growth in the county having improved for the second quarter in succession. The county is showing employment growth with initiatives such as DCC's £77 million Markham Vale development contributing to this with 210 jobs having recently been created at the site by Andrew Page and McDonalds.

One of the key sectors that is showing expansion in the county is the construction sector, which has shown employment growth of 7.1% in the latest figures. Investment in infrastructure can help to drive economic growth as well as support a solid construction industry. Investment that is taking place in the county and beyond has contributed to this improvement, with more developments planned in the coming years.

During 2013/14, work is scheduled to start on improvements to the M1 between junction 28 and 31 with a managed motorway scheme that will utilise the hard shoulder. This is part of a £1.4bn programme of road improvement across the UK announced by the Highways Agency. Developments in local infrastructure can have a significant impact on the wider economy and it is thought that every pound invested on schemes will on average give back £7 of benefits to the economy. The development will also create construction jobs locally, with the potential for a temporary construction depot, as will the widening of the A453 between the M1 and Nottingham due to start in 2014/15.

More than £500m is to be spent electrifying the Midland Mainline, which runs from London to Sheffield via the East Midlands, under a five-year plan announced by Network Rail. The plan, which also includes an investment of £137m to increase capacity on the Derby line, would allow for more reliable and faster trains. Stations benefiting in the region would include Sheffield, Derby, Nottingham and

Chesterfield. The investment will create jobs through the construction, operation and maintenance of the facilities that are built. The Government's proposals for the next phase of the high-speed rail network (HS2) would also create jobs locally. At its peak there will be around 10,000 people nationally working on construction across the whole network, with around 200 jobs created locally at the proposed track maintenance depot in Staveley.

Under the county council's Highways and Transport Capital Programme £20million will be released for investment in 2013/14 in the local transport infrastructure. One of the key projects the county council is aiming to deliver is Ilkeston Station which it plans to complete in 2014. Another important project is the new road link to open up the western section of the Markham Vale site for development.

D2N2, the Local Enterprise Partnership for Derbyshire and Nottinghamshire, aims to ensure that support is available to help small businesses grow. Derbyshire has a high proportion of small and micro-businesses so ensuring that smaller firms can access support is crucial to support economic growth. Many smaller firms won't benefit from The Government's Regional Growth Fund (RGF), a key programme supporting private sector investment, due to the minimum threshold of £1million for bids. As a result D2N2 has collaborated with East Midlands Business Ltd to develop a programme specifically for small and medium-sized enterprises (SMEs). 'Unlocking Investment for Growth' will potentially offer a £5 million grant fund aimed at SMEs who require co-investment of capital funding for projects that will rapidly create jobs. DCC will be aiming to play an important role in promoting this initiative.

Another project that will have a positive impact on the Derbyshire economy is the £20 million RGF investment to develop a Global Technology Cluster business park in Derby, work on which is expected to begin this year. The hope is that it will help key hi-tech suppliers to firms such as Rolls-Royce, Bombardier and Toyota to expand, creating 1,000 jobs by 2022. Although this investment will be focused on the City there will be a knock-on for the wider travel to work area and also for Derbyshire businesses in the supply chain.

Employability, education and skills

A well-qualified workforce is a key factor in enabling the local economy to be competitive. Adult qualifications in Derbyshire have greatly improved over the last decade according to the latest Census data. However, the county has fewer people qualified to NVQ level 4+ and a greater number of people without any qualifications than England. There is also significant variation geographically across the county.

Overall standards of attainment for young people in Derbyshire continue to be good and are generally better than, or close to, national outcomes at each key stage. GCSE attainment can be used to indicate the potential of the future workforce. However, for the first time in six years there has been a decline in the percentage of pupils achieving five or more GCSEs at grades A* to C including English and Maths from 58.4% to 57.2% and performance has fallen below the national average (59.0%). This follows a widely publicised national decline in top level grades. There has also been a significant decline in the attainment of children in care in Derbyshire with only 6.3% of children in care achieving the benchmark. This is a decline of more than 4.1 percentage points on last year's already low figure of 10.4%.

Improvement to school infrastructure can help to boost attainment. Derbyshire County Council continues to invest in schools and 2013 will see the completion of a range of improvement projects. Two of the biggest involve replacing Tibshelf Community School in a £14.9m project and Church Gresley Infant and Nursery School at a cost of £6.1m. Other ongoing schemes are taking place at Aldercar and Langley Mill, Swanwick, Glossop, and Clay Cross.

Although Derbyshire has one of the lowest rates of children in care at 44 per 10,000 population aged under 18, work to support local children in care is a priority for the County Council with initiatives such as Uni-fi in progress. This initiative aims to raise the aspirations and achievements of children in care locally through mentor support but also through specialist training of DCC employees and the development of an online portfolio for young people to record, share and celebrate their achievements. A further £1.1 million has recently been approved to be invested over three years.

As part of its corporate parenting role DCC is also renewing its call for foster carers and adoptive families with a new marketing campaign from the early part of 2013 to build on the existing team of 430 foster carers. In addition to recruiting more foster carers and adopters, the speeding up of adoption assessments is also a priority.

The work readiness of young people is currently a widely discussed issue, with the much higher levels of youth unemployment and high levels of 16-18 year olds not in education, employment or training (NEET) currently being experienced. The recent economic climate has meant that the already difficult transition from learning into work has become more challenging with young people struggling to compete in the labour market and employers saying that school leavers lack the skills and qualities they need. In November the Confederation of British Industry (CBI) said there needed to be more emphasis on skills young people need for life and work.

It is important that young people are given opportunity to develop the skills and attitudes needed by local employers to ensure that they are ready for work, and the County Council and partners will be helping to ensure that young people are able to compete in the labour market. This will include implementing the phased longer stay of young people in education or training under the Government's Raising of the Participation Age (RPA). It will also include improvement to careers guidance services, implementation of the Government's 16-19 Work Study Programme, of which purposeful work experience will be an important feature, and the development of an employer engagement strategy to help raise awareness of RPA and identify and develop suitable training opportunities.

The County Council has also recently extended its apprenticeship drive, meaning that a total of 1,000 young people will be helped into work. The Council joined forces with the National Apprenticeship Service to extend the scheme and support Derbyshire businesses create a further 300 apprenticeships for 16-24 year olds through the Derbyshire Age Grant for Employers Scheme. DCC has also contributed to the development of new provision for 16-17 year olds with low qualifications and is now working closely with the providers to provide additional support and also developing provision aimed at 18-24 year olds.

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

² Statistical Bulletin, Quarterly National Accounts, Quarter 3 2012 and Statistical Bulletin, Gross Domestic Product Preliminary Estimate, Quarter 4 2012, ONS © Crown Copyright. Published December 2012 and January 2013.

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

⁴ Statistical Bulletin, Consumer Price Indices, January 2013, ONS © Crown Copyright. Published February 2013. 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, February 2013. Published February 2013. Note, this indicator is known as 'the bank rate'.

⁶ Bank of England Agents' Summary of Business Conditions, February 2013. Published February 2013.

⁷ Derbyshire and Nottinghamshire Chamber of Commerce, Quarterly Economic Survey, 2011-2012. Published January 2013.

⁸ Derbyshire Economic Partnership, 2012-2013. Published February 2013.

⁹ Annual Population Survey, October 2011-September 2012, ONS (Nomis) © Crown Copyright. Published January 2013. 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, October 2011-September 2012, ONS (Nomis) © Crown Copyright. Published January 2013. 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, October 2011-September 2012, ONS (Nomis) © Crown Copyright. Published January 2013. The Annual Population Survey is updated quarterly although data relates to all interviews conducted over one year.

¹³ Annual Population Survey, October 2011-September 2012, ONS (Nomis) © Crown Copyright. Published January 2013. The Annual Population Survey is updated quarterly although data relates to all interviews conducted over one year.

¹⁴ Claimant Count, January 2013, ONS (Nomis) © Crown Copyright. Published February 2013. 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, January 2013, ONS (Nomis) © Crown Copyright. Published February 2013. Proportions are based on figures rounded to the nearest five.

¹⁶ Claimant Count, January 2013, ONS (Nomis) © Crown Copyright. Published February 2013. 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 ONS licensed under the Open Government v.1.0. 2011 Census Table KS501EW Qualifications and Students and 2001 Census Table KS13 Qualifications and Students.

¹⁸ Department for Work and Pensions (DWP) Benefits, May 2012, ONS (Nomis) © Crown Copyright. Published February 2013.

¹⁹ Jobcentre Plus, live unfilled vacancies, November 2012, ONS (Nomis) © Crown Copyright. Published December 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.



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1.0	Research and Information, Chief Executives	26/03/2013	research@derbyshire.gov.uk
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Various, see End Notes	Derbyshire, England		
Notes			