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Bedfordshire

great
prospects



Quarterly Economic Monitoring Report August 2014

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What's happening nationally

Economic conditions continue to improve. GDP increased by 0.8% in the second quarter of 2014. The largest contribution came from services; these industries increased by 1.0%. In the latest quarter there was widespread growth, with increases in each of the four main services aggregates (business services & finance; distribution, hotels & restaurants; transport, storage & communication; and government & other services). In Q2 2014, output from services was 3.0% above its previous peak in Q1 2008, prior to the economic downturn.

There was also an upward contribution (0.05 percentage points) from production; these industries rose by 0.3%, with energy supply increasing by 4.4%, manufacturing increasing by 0.2%, and mining & quarrying increasing by 0.5%.

Construction output was flat in Q2 2014 when compared with Q1 2014, therefore having no contribution to GDP growth. The comparison with a year earlier shows much stronger growth than the quarter-on-quarter comparison, however, with construction estimated to have increased by 4.8% when compared with Q2 2013.

The Bank of England held UK interest rates at a record low of 0.5% for another month in August 2014. Given the improving economic climate and falling unemployment, debate over the timing of a rate rise has intensified, with Bank governor Mark Carney hinting recently that it could come by the end of this year.

It is likely the rate is being held down because wage growth has been surprisingly weak. Data from the Office for National Statistics (ONS) showed average wages excluding bonuses grew by just 0.6% in the year to June. This is the slowest pace of growth since records began in 2001.

The annual rate of UK inflation rate fell more than expected in July as the cost of clothing, footwear, food and non-alcoholic drinks eased. Consumer Price Index (CPI) inflation fell to 1.6% from 1.9% a month earlier. CPI, however, remains well above average wages

The national economy is predicted to be the best-performing of the world's largest economies in 2014, with growth of 2.9% according to the International Monetary Fund. However the Office for Budget Responsibility predicted a 2.7% growth, and in February the Bank of England raised its 2014 forecast to 3.4%.

Business confidence remained at a record high in Q2 2014, standing at +37.3. Confidence is stabilising at a high level after rising for six consecutive quarters, highlighting the extent to which business conditions have strengthened over the past two years.

What's happening in Central Bedfordshire

The picture this quarter has overall been extremely positive. Employment rates are up, unemployment is down to almost half the national rate and has returned to pre-recession levels and JSA claimant count rates are down. Employers are increasingly investing in staff training, with levels up by over 20%. There have been more commercial property deals this quarter, although some towns have seen a rise in their retail vacancy rates.

The council has been working to attract UK and overseas business to the area and support existing business to grow and thrive and there has been much activity in Central Bedfordshire recently in terms of regeneration, inward investment, and the growth of existing businesses.

Center Parcs Woburn Forest opened its doors to visitors for the first time this summer, supporting over 1300 jobs and attracting thousands of visitors to the area.

American owned fast-growing food technology innovator It'sFresh! has located at Cranfield University Technology Park. Director, Simon Lee, said that the park's location and links to world-renowned research facilities at Cranfield University were a major factor in the company's decision.





The speculative logistics development by Prologis on the former Renault Trucks site in Boscombe Road, Dunstable, is near to completion and has the potential to create 500 new jobs.

BBC Three Counties Radio is moving from Luton to Dunstable, establishing a new state-of-the-art studio in Grove Park. With the recent opening of a new sports bar, the second biggest in the country outside of London, Grove Park will be fully occupied for the first time.

The £15m refurbishment of Central Bedfordshire College is underway and scheduled to be completed by the end of 2015.

Central Bedfordshire is a leading location for High Performance Technologies, Research and Development nationally. Within this sector, our Regeneration and Business Team has helped Millbrook Proving Ground to secure Regional Growth Funding to develop the world class technology and test centre capabilities on site.

Economic Development Plan Indicators

Key Economic Monitoring Indicator	Number	RAG rating ¹	Performance since last quarter ²	Reason for RAG
Number of people in employment aged 16-64 (ONS, Annual Population Survey, via Nomis)	128,300 (Mar 2014)	Green		This has gone up by 3,500 (2.8%) people in one quarter and is now above all comparator areas. The rate is the highest it has been since September 2010.
Employment rate across Central Bedfordshire remains 5% above the England Rate	5.5 % points above (Mar 2014)	Green		The gap between Central Bedfordshire and England has increased to 5.5 % points and meets our target of remaining 5 % points above the national rate.
Number of out of work benefit claimants (Department for Work and Pensions, via Nomis)	10,650 (Feb 2014)	Amber		There has been a slight increase in the number of people claiming out of work benefits in the last quarter (30 people) and similar increases have been seen in all comparator areas. When looking at this as a % of working age people, the rate has actually fallen very slightly from 6.4% to 6.3% as a result of an increase in the overall working age population. Central Bedfordshire's rate remains significantly below comparator areas.
Economic activity rate (ONS, Annual Population Survey, via Nomis)	80.4% (Mar 2014)	Green		The number of economically active people has increased by 1,900 (1.4%) in the last quarter and is above the national and regional rates, and only very slightly below SEMLEP.

¹ RAG rating applies the Red, Amber, Green traffic light system of performance and risk to each of the monitoring indicators, taking into account the relative performance of Central Bedfordshire against comparator areas. Red are of concern, amber should be monitored and green are on target.

² Performance data is subject to statistical variations (confidence interval) within a 95% standard error.

Employment

In March 2014 there were 128,300 people in employment in Central Bedfordshire of a total working age population (aged 16-64) of 165,700 – 77.4%. This rate is higher than all comparator areas – England 71.9%, East of England 75.5%, and SEMLEP 75.7% - and is in line with our corporate target of remaining more than 5 percentage points above the national rate, meeting the target for the first time since June 2012. The number of people in employment has grown by 3,500 (2.8%) in the last quarter

The number of people in work remains below pre-recession levels (134,400 in September 2008), but the growth since March 2013 shows continuing positive signs of economic recovery. The number of people in employment has grown by 4,800, or 3.9%, since March 2013.

Table 1: Employment rate of working age people (ONS Annual Population Survey via Nomis, March 2014)

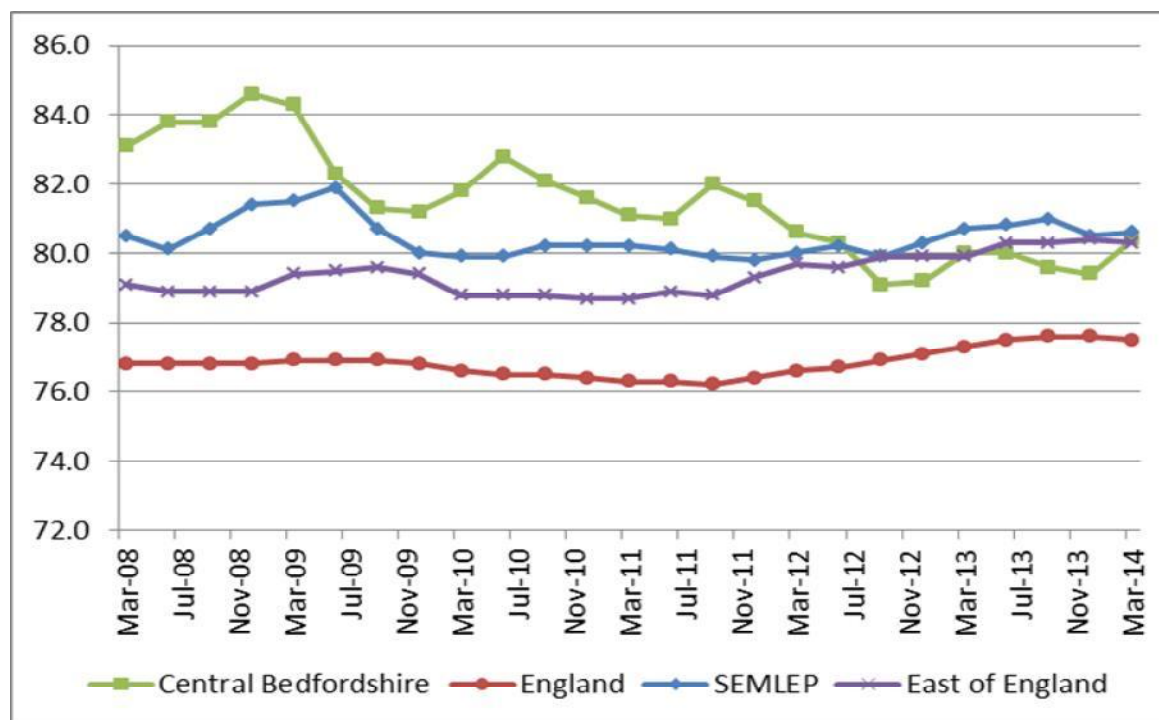
Date	Central Bedfordshire +/- 3.7%	England +/- 0.2 %	SEMLEP +/- 1.2%	East +/- 0.8%
Mar-13	74.8%	71.1%	75.3%	74.5%
June-13	75.8%	71.3%	75.1%	75.0%
Sep-13	76.1%	71.4%	75.4%	75.1%
Dec-13	75.4%	71.7%	75.4%	75.5%
Mar-14	77.4%	71.9%	75.7%	75.5%

With regard to gender, the employment rate of males aged 16-64 has risen by 1,900 people to 82.6% since December 2013. The female employment rate has also increased, by 1,400 people to 72.3%.

The number of people in employment generally rises when taking into account those people who remain in work beyond the age of 65. In March 2014, the number of people of all ages in employment was 134,200, or 64%. The overall number of people remaining in work over the age of 65 is 5,900. This has fallen by 500 people since December 2013, but still accounts for 4% of all people in work.

Many analysts regard the economic activity rate as a more accurate indicator of what is happening to the labour market than the employment rate alone. A person is defined as economically active if they are either employed, or unemployed but seeking work in a particular period. In March 2014, the economic activity rate in Central Bedfordshire was 80.4% of working age population, or 133,300 people. This is a slight increase from 79.4% in December 2013, but the rate of recovery from the recession of overall economic activity is slower than the employment rate alone. Central Bedfordshire compares well with England (77.5%) and is in a similar position to SEMLEP (80.6%) and the East of England (80.3%).

Figure One: Economic Activity Rate of working age people (ONS Annual Population Survey via Nomis, March 2014)



Unemployment

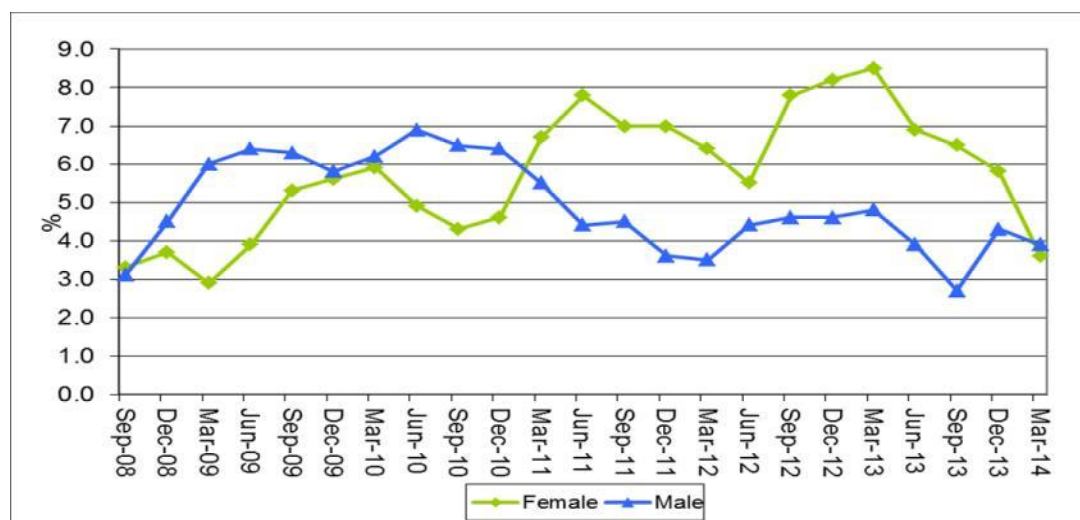
Unemployment – International Labour Organisation (ILO) measure of all people actively seeking work and able to start immediately – in Central Bedfordshire fell by 1,500 people to 5,000 or 3.7% in March 2014. This is almost half the national rate of 7.3%, the East of England rate of 5.9% and the SEMLEP rate of 6.1% and is the lowest it has been since September 2008. All comparator areas witnessed a fall in this quarter.

Table 2: Unemployment rate (ONS Annual Population Survey via Nomis, March 2014)

Date	Central Bedfordshire +/- 2.1%	England +/- 0.2%	SEMLEP +/- 0.8%	East +/- 0.5%
Mar-13	6.6%	8.0%	6.7%	6.7%
Jun-13	5.3%	8.0%	7.1%	6.9%
Sep-13	4.5%	7.9%	6.9%	6.4%
Dec-13	5.0%	7.6%	6.3%	6.2%
Mar-14	3.7%	7.3%	6.1%	5.9%

Female unemployment in Central Bedfordshire has fallen by 1,200 people to 3.9% in the quarter to March 2014. Male unemployment has also fallen by 400 people to 3.6%. The rate for females has been consistently higher than males for the past three years, so it is a positive sign of recovery that the two are beginning to fall and converge.

Figure Two: Unemployment rate of males and females in Central Bedfordshire (ONS Annual Population Survey via Nomis, March 2014)



With regard to Jobseeker's Allowance (JSA), there were 2,122 (1.3%) claimants in July 2014, 353 fewer than in April and almost 1,400 fewer than July 2013. The rate remains well below England (2.3%), SEMLEP (1.9%) and East of England (1.8%), although all areas have seen a fall in this quarter.

The Office for National Statistics (ONS) also produces a model-based estimate of unemployment for local authorities. This uses both the Annual Population Survey data and the Jobseeker's Allowance claimant count to produce an estimate with a smaller confidence interval. It should be noted that this measure only covers all people ages 16+ and no age or gender breakdowns are produced. The model-based estimate of unemployment for Central Bedfordshire in March 2014 was 4.9%, or 6,900 people. This estimate has fallen by 500 people since December 2013. Comparator rates based on this model are: SEMLEP 5.9%, East 6.8% and England 7.1%.

Youth Unemployment

Recent figures for JSA claimant count show 435 16-24 year olds (1.7%) in receipt of JSA in July 2014. This is a decrease of 70 people since April 2014, and 435 fewer than it was a year ago in July 2013. Again, this is below England (3.0%), SEMLEP (2.5%) and the East of England (2.4%). People in the age group 16-24, however, still account for 20.5% of all people claiming JSA in Central Bedfordshire.

Table Three: Percentage of young people (16-24 years old) in receipt of Jobseeker's Allowance (DWP via Nomis, July 2014)

Date	Central Beds	England	SEMLEP	East
Jul-13	3.4%	4.8%	4.2%	4.1%
Oct-13	2.6%	4.3%	3.3%	3.7%
Jan-14	2.3%	3.9%	2.9%	3.4%
Apr-14	1.9%	3.5%	2.9%	3.0%
Jul-14	1.7%	3.0%	2.5%	2.4%

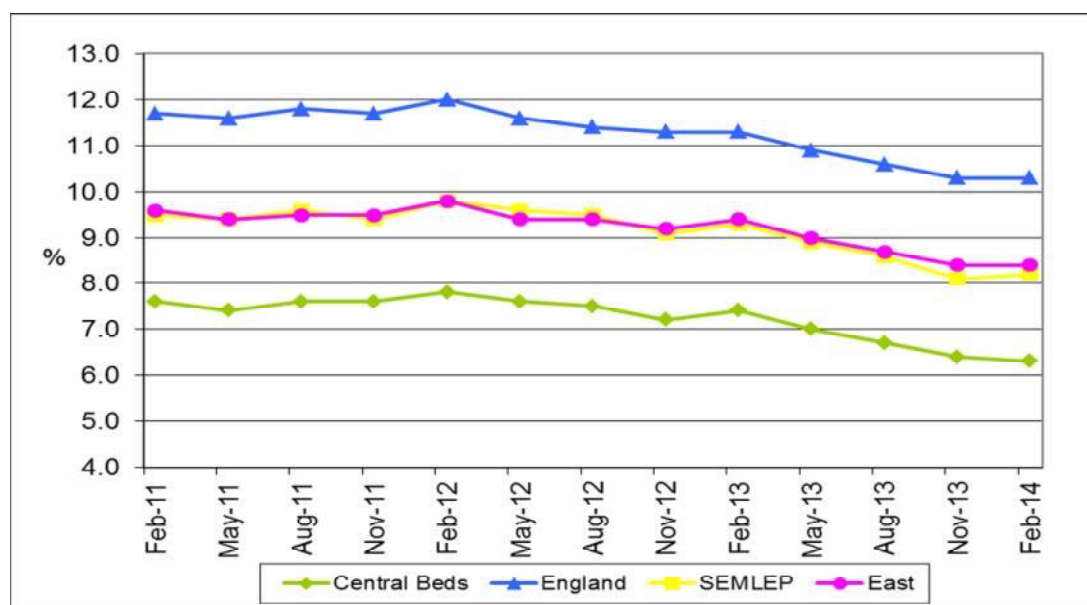
Worklessness

In March 2014, the worklessness level (people who are not employed and are either looking for work or do not want a job) fell by 3,200 people to 37,400 or 22.6% of working age people. The number of economically inactive residents (not working and not looking for a job), also fell by 1,700 to 32,400 or 19.6% of the working age population, compared to 22.5% nationally. The economically inactive figure is split into those who do and those who do not want a job. The number of economically inactive people who do not want a job has gone down significantly, by 2,600 people to 23,900 but still accounts for 73.7% of all economically inactive people. The largest single reason given for inactivity is looking after family/home. This accounted for 9,100 people, or 28.2% of the total economically inactive (compared to 26.4% nationally) in March 2014. 90% of these people are women.

Out of work benefit claimants

The number of people claiming key out of work benefits rose very slightly this quarter by 30 people to 10,650 in February 2014. The rate, however, fell marginally from 6.4% to 6.3%, owing to an increase in the working age population. Key out of work benefit claimants include those claiming JSA, Employment Support Allowance (ESA) and Incapacity Benefit, lone parents and others on income related benefits. The largest claimant group continues to be those claiming ESA. In February 2014 4,980 people were claiming ESA, accounting for 46.8% of all out of work benefit claimants. Comparator areas also witnessed a similar picture over the same period but are all still considerably higher than Central Bedfordshire: England (10.3%), East of England (8.4%) and SEMLEP (8.2%). Looking at historical data, an increase is often seen at this time of year, perhaps due to seasonal employment coming to an end.

Figure Three: Out of work benefit claimants (DWP, via Nomis, February 2014)

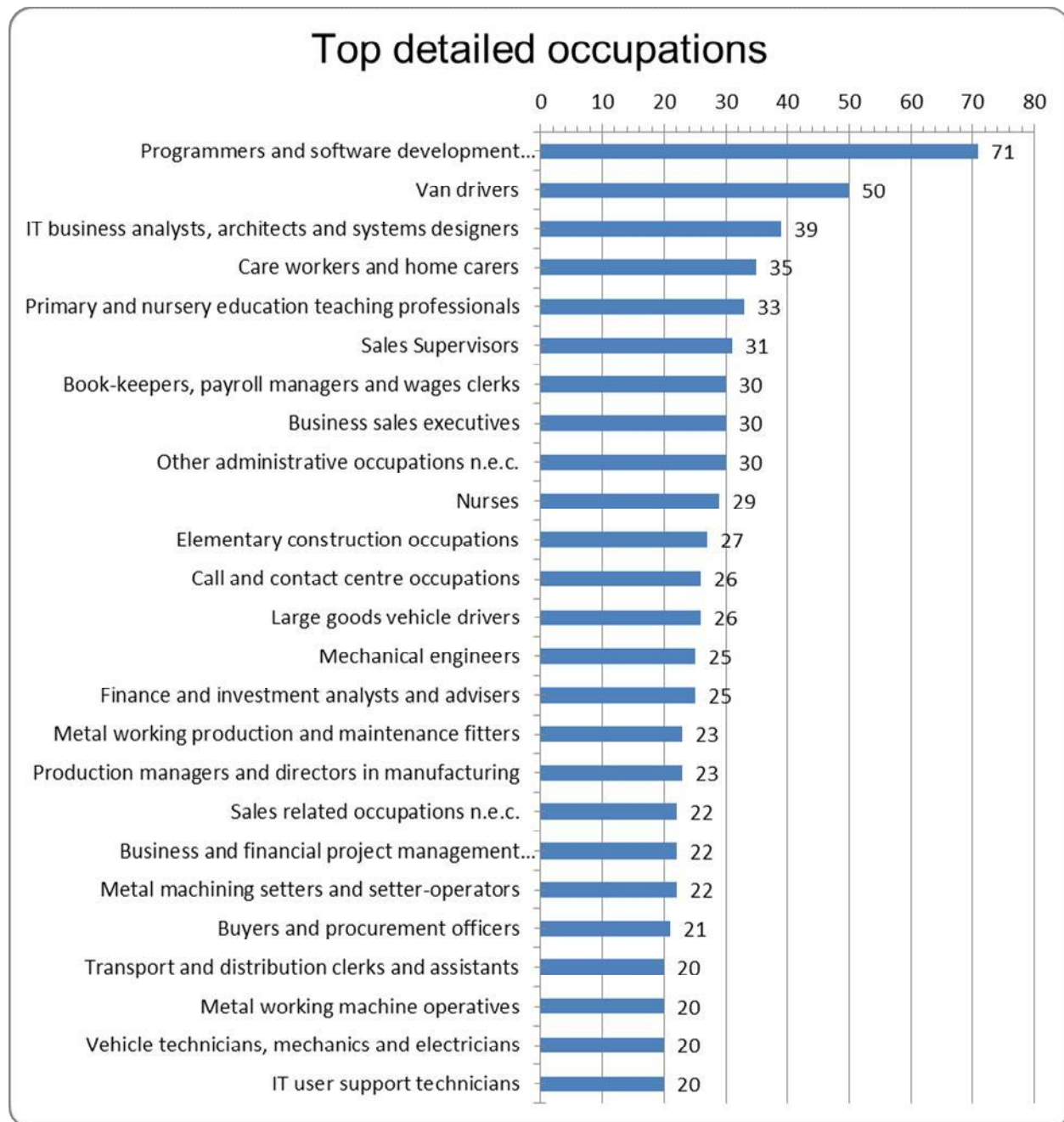


Vacancies

Data from Labour Insight, which records jobs posted by employers on job search websites, shows that there were 1,836 job postings by employers in Central Bedfordshire in the period May to July 2014, down by 129 on the previous quarter. The top occupation with vacancies in this time was Programmers and Software Development Professionals (71) for the third consecutive quarter. This was followed by Van Drivers (50), IT Business Analysts,

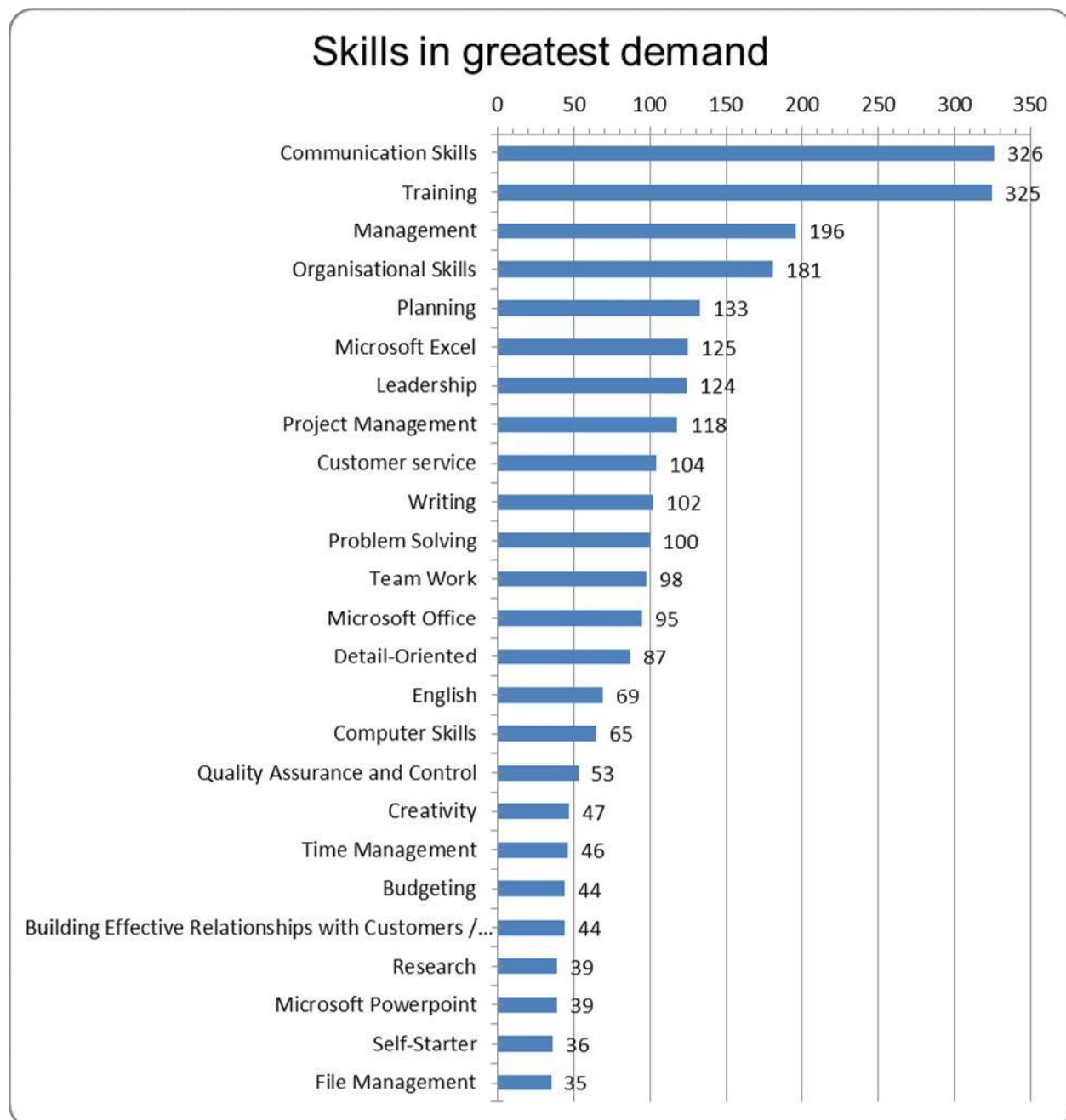
Architects and System Designers (39), Care Workers and Home Carers (35) and Primary and Nursery Education Teaching Professionals (33). The latter is new to the top five vacancies recorded.

Figure Four: Top detailed occupations in demand in Central Bedfordshire, May-Jul 2014 (Labour Insight, August 2014)



The top five skills sought by employers in this period were Communication Skills, Training, Management, Organisational Skills, and Planning. These are identical to the previous two quarters.

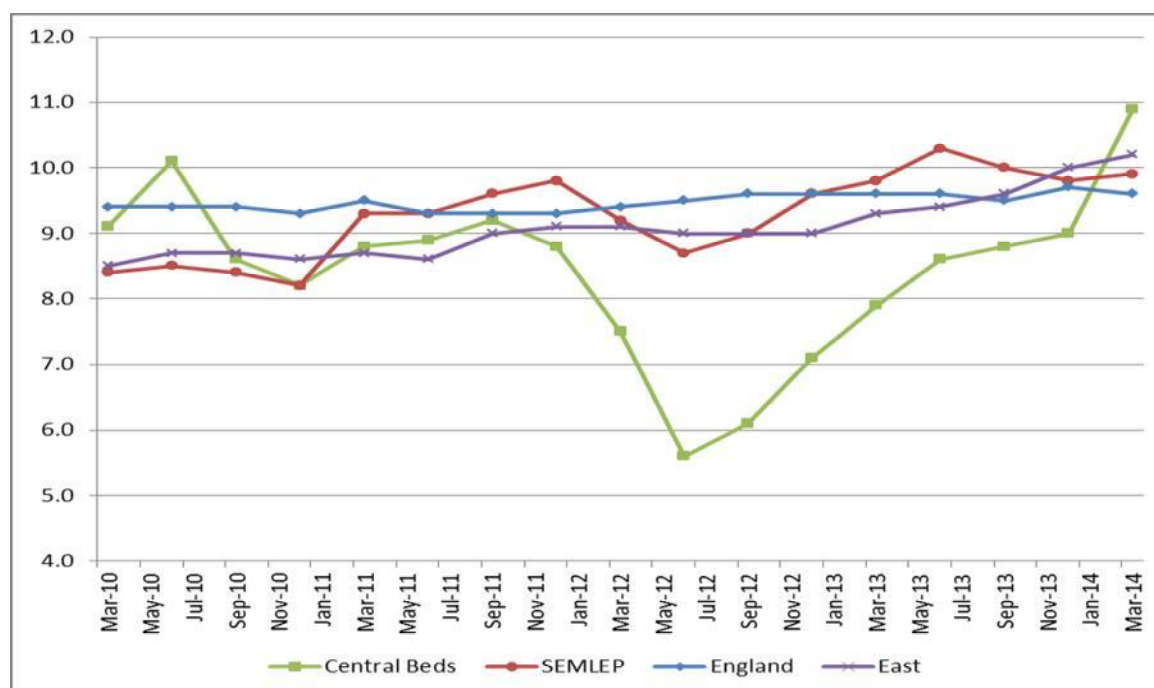
Figure Five: Skills in greatest demand in Central Bedfordshire, May-Jul 14 (Labour Insight, August 2014)



Skills

The number of people receiving job-related training in Central Bedfordshire has increased once again this quarter, by 3,200 people or 21.6%, to 10.9% of all people aged 16-64 in March 2014. This is a major improvement on the previous two years and places Central Bedfordshire above all comparator areas for the first time in almost four years, as can be seen in Figure Six below. It should be noted that the confidence interval for the Central Bedfordshire data can be as high as 10%.

Figure Six: % of working age people who have received work related training in the past four weeks (ONS Annual Population Survey via Nomis, March 2014)



Apprenticeships

Data from Labour Insight shows that in the period May to July 2014 there were 112 apprenticeship posts advertised by employers in Central Bedfordshire, up from 65 in the previous quarter.

Business Start Ups

Data from Banksearch, which determines the number of small business start ups based on the opening of new business bank accounts, found that in the period April to June 2014, 498 new businesses were started in Central Bedfordshire. This is 26 fewer than the previous quarter and 104 fewer than the same quarter in 2013. The ward with the most start ups was Leighton Buzzard South (32) for the third consecutive quarter, followed again by Ampthill (30), then Arlesey (24). The wards with the fewest start ups were Dunstable Manshead and Northill, each with 6 start ups.

Self Employment

In December 2013 the number of people of all ages in employment who were self employed fell by 100 people to 20,000, or 14.9%. England (14.9%) and the East of England (15.5%) saw a slight increase, while SEMLEP fell in this quarter (13.9%). With regard to gender, the number of self employed males rose by 400 to 13,700 while the number of self employed females fell by 500 to 6,300.

Commercial Property Deals

Published data from Estates Gazette Interactive (EGI) shows that between May and July 2014, 13 commercial property deals were completed in Central Bedfordshire – four more than the previous quarter. In terms of property use type, the distribution was as follows:

Industrial/Distribution	5
Leisure	1
General / General retail	5
Office	2

With regard to location, 7 deals were in Dunstable, 3 in Leighton, 2 in Sandy and 1 in Biggleswade. It must be noted that not all commercial property deals are published on EGI.

High Street Vacancy Levels

Monitoring “High Street” vacancies by counting all vacant A class premises within the town centre boundaries has shown a total of 87 vacant units (9.6% of all units) in town centres in Central Bedfordshire. This is an increase of seven on the previous quarter, with the majority of these in Biggleswade (5 new empty properties). Dunstable remains the town with the most vacant premises, and an increase of two has been seen this quarter. There has been a small fall in Arlesey and Shefford only, with Shefford fully occupied now for the first time since this monitoring process began in 2012. Data from the Local Data Company shows that the national vacancy rate in May 2014 was 13.4%, meaning that Central Bedfordshire as a whole and all towns, except Dunstable, are below the national rate.

Table Four: Town Centre Retail Vacancies, August 2014

Town	November 2013	February 2014	May 2014	August 2014	% of all A class premises
Amphill	4	3	2	2	2.2
Arlesey	2	1	2	1	6.7
Biggleswade	11	10	9	14	9.7
Dunstable	47	56	54	56	21.1
Flitwick	2	1	1	2	5.1
Houghton Regis	0	0	0	1	3.6
Leighton Buzzard	7	7	7	7	3.4
Sandy	5	3	4	4	6.1
Shefford	2	1	1	0	0.0
Stotfold	0	1	0	0	0.0
Total	80	83	80	87	9.6

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