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prospects



Quarterly Economic Monitoring Report November 2014

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Table of contents

What's happening nationally	3
What's happening in Central Bedfordshire.....	4
Economic Development Plan Indicators.....	5
Employment.....	6
Unemployment.....	7
Youth Unemployment.....	8
Out of work benefit claimants.....	9
Worklessness.....	10
Vacancies	10
Skills.....	13
Apprenticeships	13
Business Start Ups.....	13
Self Employment.....	13
Commercial Property Deals	14
High Street Vacancy Levels	14

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What's happening nationally

UK economic growth slowed in the three months to September, with the economy expanding by 0.7%, the figure was weaker than the 0.9% expansion recorded for the second quarter. This is the seventh successive quarter of growth and the longest sustained run of quarterly growth since the onset of the 2008 economic downturn. Annual growth of 3.0% is on a par with trend growth rates prior to the downturn. As a result, the UK economy is now 3.4 percentage points larger than at its pre-downturn peak in Q1 2008.

The largest contribution to the increase came from the services sector, which increased by 0.7%. In the latest quarter there were increases in all four main aggregates; output increased by 0.7% in services, 0.5% in production, 0.8% in construction and 0.3% in agriculture. GDP was 3.0% higher in Q3 2014 compared with the same quarter a year ago.

While the services industry has performed more strongly than the other output components since the economic downturn, the production and construction industries have also seen a recovery in output growth since the beginning of 2013.

Recent sustained output growth has led to a sharp decline in unemployment, and there has also been a marked reduction in the rate of inactivity since 2011. This is primarily driven by lower numbers of inactive people who are long-term sick and disabled, or looking after the family, more than offsetting growth in the inactive population due to higher student numbers. The fall in the inactivity rate and changes in its composition may suggest a greater degree of labour market spare capacity than previously thought.

Real incomes will be further supported by lower energy, food and other import prices. Oil prices are now 20% lower than a year ago and food price inflation is at a 12-year low. The Monetary Policy Committee expects annual real pay growth to pick up from around zero now to around 2% by the end of next year.

The Bank of England held UK interest rates at a record low of 0.5%. Inflation has fallen further below the 2% target, reflecting the impact of lower food, energy and import prices and some continued drag from domestic slack. Inflation is expected to remain below the target in the near term, and is more likely than not to fall temporarily below 1% at some point over the next six months.

CPI inflation was 1.2% in September, down from 1.9% three months ago, and much weaker than projected in August. Low CPI inflation partly reflects a decline in food and energy prices which, after pushing up CPI inflation for most of the past decade, are now weighing on the headline rate. These lower prices reflect falls in global commodity prices, which in turn reflect both the slowdown in global demand and positive news about supply. Prices of other imported goods and services are also lower.

Business confidence has dipped for the first time in two years. BCM Confidence Index stands at +28.6 down from +32.3 last quarter. Although confidence has now declined for two quarters in row, down from +32.3 in the previous three months and from an all-time high of +37.3 in Q2 2014, it still remains high by historic standards. Capital investment has picked up but is expected to fall in 2015, with turnover and profit growth stabilising. Skill shortages and levels of staff turnover are a greater issue for businesses this quarter, highlighting a potential barrier to growth ahead.

What's happening in Central Bedfordshire

The economic landscape in Central Bedfordshire is extremely positive this quarter. Employment rates are high, with 6,500 additional people in work in the past year. The number of people claiming benefits is falling and the Jobseeker's Allowance claimant rate is down to just 1.0%. All our key monitoring indicators are showing upward trends in performance. More property deals have been carried out this quarter, and town centres have seen a slight fall in the overall number of vacant properties. There has been a very slight increase in the male unemployment rate, however this is not evident in the model-based estimate of unemployment, which analysts believe to be more accurate.

A new company, Alex and Alexa, has recently moved to Foster Avenue (83,000 sq ft) in Dunstable. The company, an online retailer of high-end children's clothing, will create around 70 jobs in the first stage.

Businesses are finding the new Woodside Development Order very helpful, particularly for change of use, it's been instrumental already in helping commercial property agents to agree terms for the letting of unit 2 (32,000 sq ft) and unit 37 (64,000 sq ft) both of which are now under offer.

Amazon is also looking to create more jobs at their Marston Gate facility over the coming months. Cllr Nigel Young, Executive Member for Business and Regeneration, said: "It is fantastic news that more jobs are being created in the area which could have real impact for local people seeking work. The council actively seeks to encourage economic development and growth in our area and ongoing improvements to the region's road infrastructure, such as the dualling of the A421, make it very desirable for big employers like Amazon to invest in the area and run their businesses here."

Liebherr GB Ltd has been named as one of the East of England's best Apprenticeship Employers in the regional final of the National Apprenticeship Awards 2014. The Awards, now in their eleventh year, celebrate the success of the country's most exceptional apprentices and Apprenticeship employers. Liebherr GB Ltd fought off tough competition to be shortlisted, and was announced as the winner of The BAE Systems Large Employer of the Year category at the Central Eastern ceremony. This is the second year in a row that Liebherr have won the award as well as being named in last years prestigious TOP 100 companies list out of 220,000 companies offering apprenticeships.

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)	131,000 (Jun 2014)	Green	↑	This has gone up by 3,000 (2.3%) people in one quarter and continues to be above all comparator areas. The rate – 78.9% - is the highest it has been since September 2010.
Employment rate across Central Bedfordshire remains 5% above the England Rate	6.7 % points above (Jun 2014)	Green	↑	The gap between Central Bedfordshire and England has increased to 6.7 percentage points and meets our target of remaining 5 percentage points above the national rate.
Number of out of work benefit claimants (Department for Work and Pensions, via Nomis)	10,150 (May 2014)	Green	↑	There has been a fall of 500 people claiming out of work benefits in Central Bedfordshire. Central Bedfordshire's rate, 6.0%, remains significantly below comparator areas, which have all also seen a fall this quarter.
Economic activity rate (ONS, Annual Population Survey, via Nomis)	82.0% (Jun 2014)	Green	↑	The number of economically active people has increased by 3,300 (2.5%) in the last quarter and has returned to a position above all comparator areas.

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 June 2014 there were 131,300 people in employment in Central Bedfordshire of a total working age population (aged 16-64) of 166,400 – 78.9%. This rate is higher than all comparator areas – England 72.2%, East of England 75.8%, and SEMLEP 75.8% - and is in line with our corporate target of remaining more than 5 percentage points above the national rate, with a current difference of 6.7 percentage points. The number of people in employment has grown by 3,000 (2.3%) in the last quarter.

The number of people in work remains below pre-recession levels (134,400 in September 2008), but the growth since June 2013 shows continuing positive signs of economic recovery. The number of people in employment has grown by 6,500, or 5.3%, since June 2013.

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

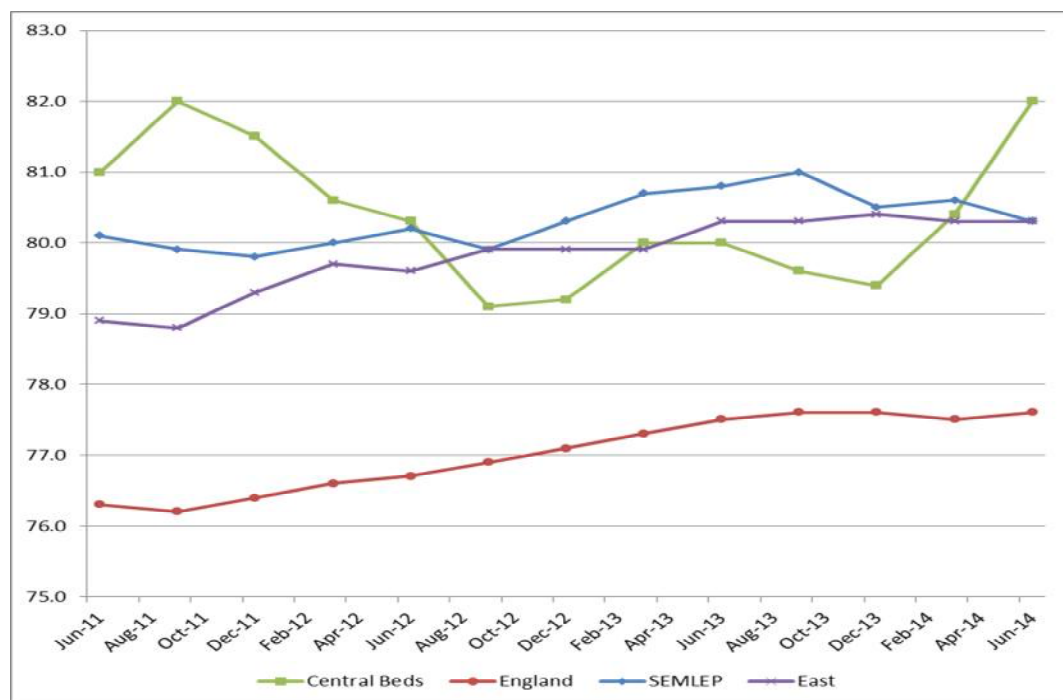
Date	Central Bedfordshire +/- 3.7%	England +/- 0.2 %	SEMLEP +/- 1.2%	East +/- 0.8%
June-13	75.8%	71.3%	75.1%	75.0%
Sep-13	76.1%	71.4%	75.4%	75.1%
Dec-13	75.4%	71.7%	75.4%	75.5%
Mar-14	77.4%	71.9%	75.7%	75.5%
Jun-14	78.9%	72.2%	75.8%	75.8%

With regard to gender, the employment rate of males aged 16-64 has risen by a further 2,100 people to 85.0% since March 2014. The female employment rate has also increased, by a further 1,000 people to 72.9%.

The number of people in employment generally rises when taking into account those people who remain in work beyond the age of 65. In June 2014, the number of people of all ages in employment was 136,800, or 64.8%. The overall number of people remaining in work over the age of 65 is 5,500. This has fallen by 500 people in the past quarter, 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 June 2014, the economic activity rate in Central Bedfordshire was 82.0% of working age population, or 136,600 people. This is an increase from 80.4% in March 2014, and has returned to a position above all comparator areas – England 77.6%, East of England 80.3%, SEMLEP 80.3%.

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



Unemployment

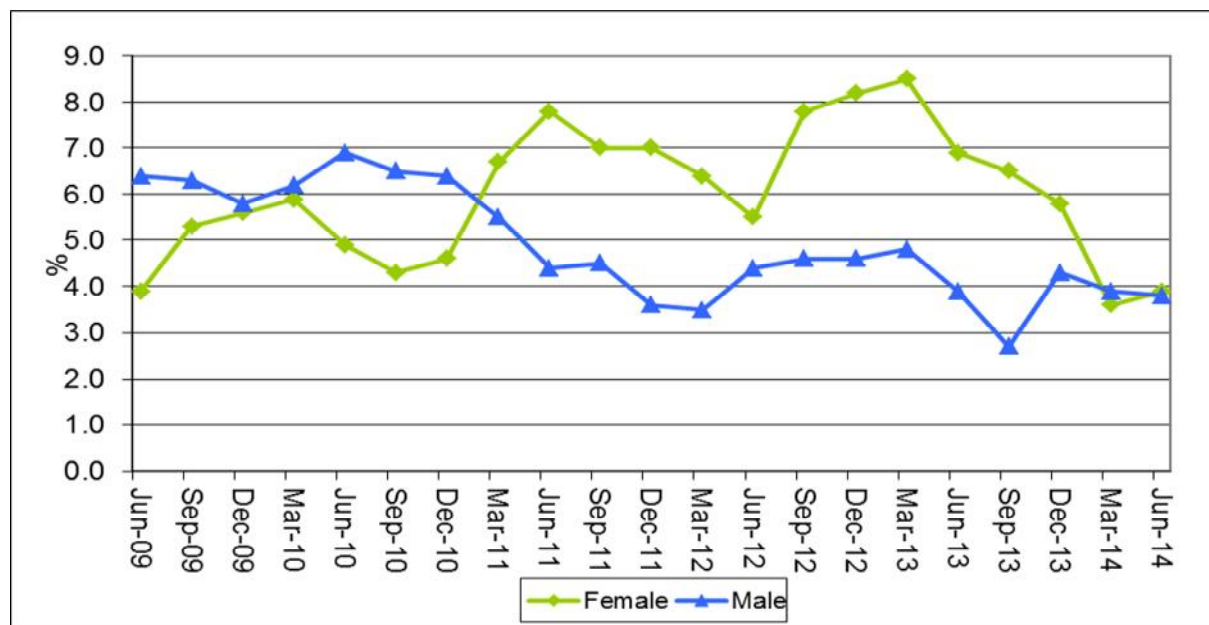
Unemployment – International Labour Organisation (ILO) measure of all people actively seeking work and able to start immediately – in Central Bedfordshire rose by 200 people to 5,200 or 3.8% in June 2014. Despite the increase, it remains below the national rate of 6.9%, the East of England rate of 5.6% and the SEMLEP rate of 5.6%. All comparator areas witnessed a fall in this quarter.

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

Date	Central Bedfordshire +/- 2.1%	England +/- 0.2%	SEMLEP +/- 0.8%	East +/- 0.5%
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%
Jun-14	3.8%	6.9%	5.6%	5.6%

Female unemployment in Central Bedfordshire has remained the same in this quarter, 2,400 people or 3.8%. The increase in unemployment can be seen in the male rate, which has increased by 200 people to 2,800 or 3.9%.

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



With regard to Jobseeker's Allowance (JSA), there were 1,695 (1.0%) claimants in October 2014, 427 fewer than in July and almost 1,200 fewer than October 2013. The rate remains below England (2.1%), SEMLEP (1.6%) and East of England (1.5%), although all areas have again 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 June 2014 was 4.6%, or 6,600 people. This estimate has fallen by 300 people since March 2014. Comparator rates based on this model are: SEMLEP 5.5%, East 5.4% and England 6.8%.

Youth Unemployment

Recent figures for JSA claimant count show 345 16-24 year olds (1.3%) in receipt of JSA in October 2014. This is a decrease of 90 people since July 2014, and 320 fewer than it was a year ago in October 2013. Again, this is below England (2.7%), SEMLEP (1.9%) and the East of England (2.1%). People in the age group 16-24, however, still account for 20.4% of all people claiming JSA in Central Bedfordshire.

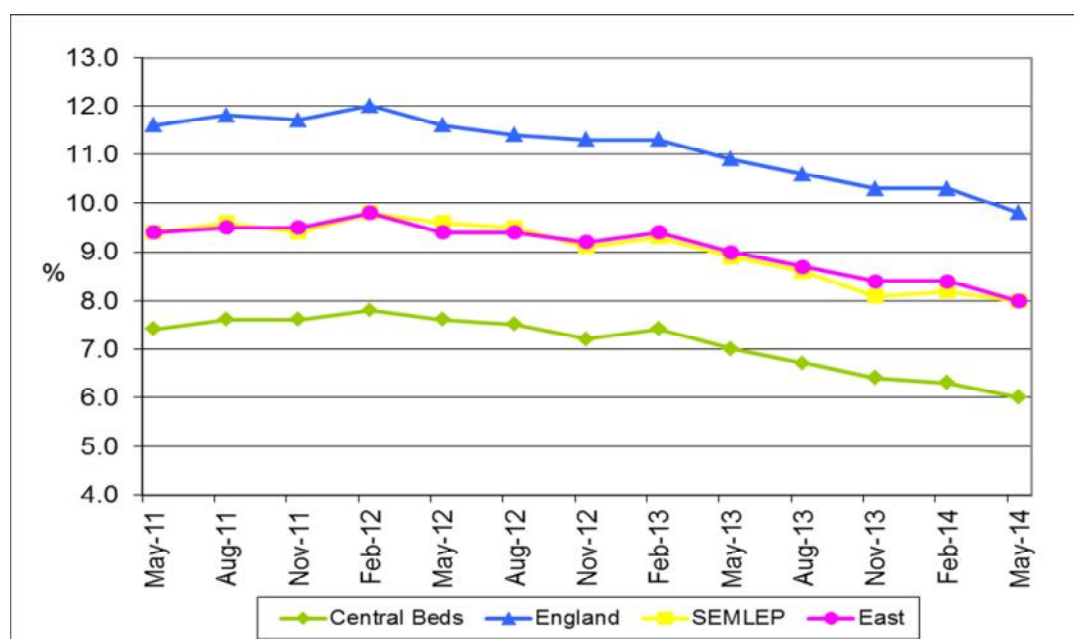
Table Three: Percentage of young people (16-24 years old) in receipt of Jobseeker's Allowance (DWP via Nomis, October 2014)

Date	Central Beds	England	SEMLEP	East
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%
Oct 14	1.3%	2.7%	1.9%	2.1%

Out of work benefit claimants

The number of people claiming key out of work benefits fell this quarter by 500 people to 10,150, or 6.0% in May 2014. 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 May 2014, 5,190 people were claiming ESA, accounting for 51.1% of all out of work benefit claimants. Comparator areas also witnessed a similar picture over the same period but are all still higher than Central Bedfordshire: England (9.8%), East of England (8.0%) and SEMLEP (8.0%).

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



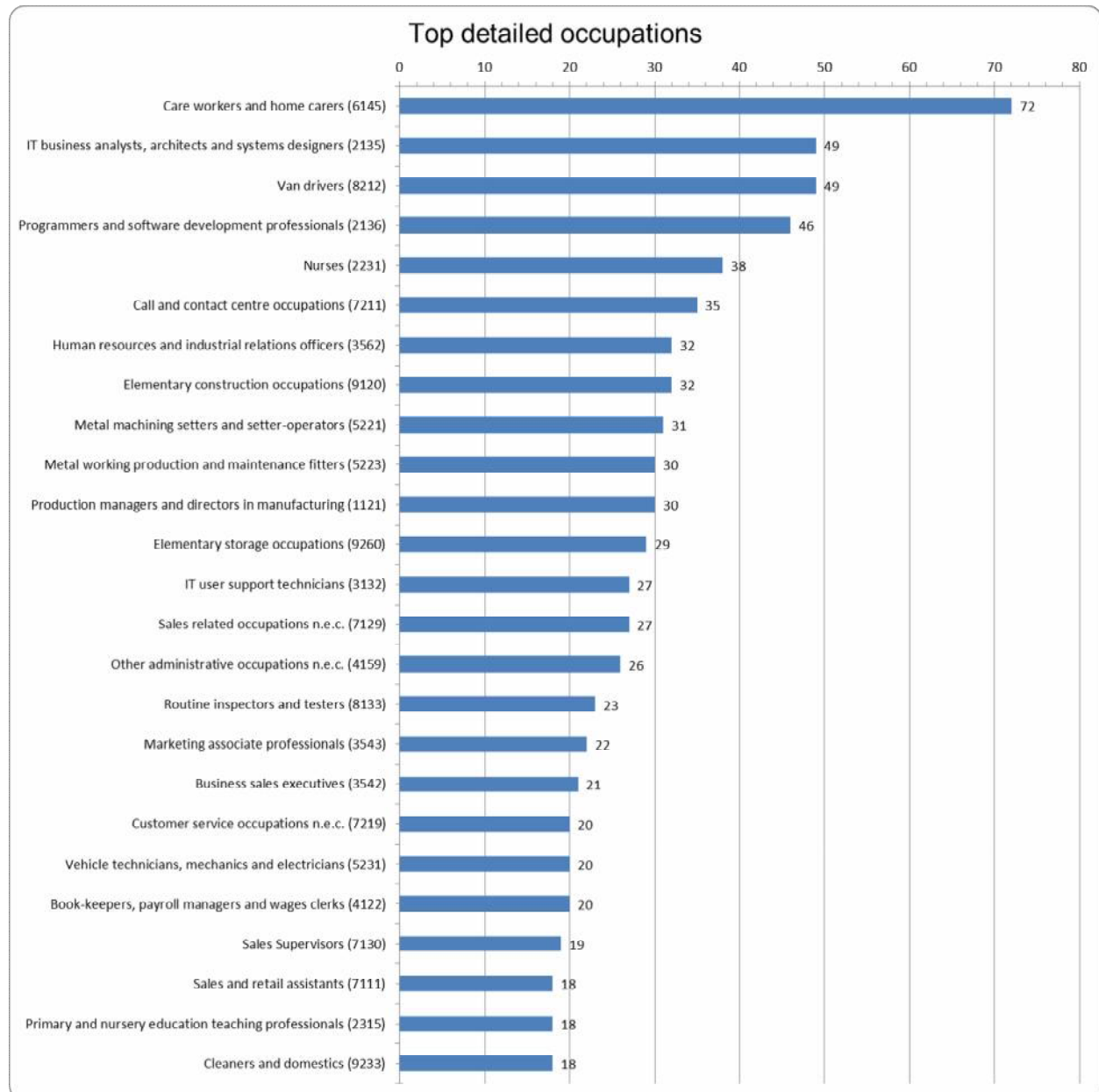
Worklessness

In June 2014, the worklessness level (people who are not employed and are either looking for work or do not want a job) fell by a further 2,400 people to 35,000 or 21.0% of working age people. This compares to 27.8% in England and 24.2% in both SEMLEP and the East of England. The number of economically inactive residents (not working and not looking for a job), also fell by 2,500 to 29,900 or 18.0% of the working age population, compared to 22.4% nationally. The economically inactive figure is split into those who do and those who do not want a job, even though they are not looking for one at the time of the survey. The number of economically inactive people who do not want a job has gone down significantly again this quarter, by 3,600 people to 20,300 but still accounts for 68.1% of all economically inactive people. The largest single reason for inactivity is looking after family/home.

Vacancies

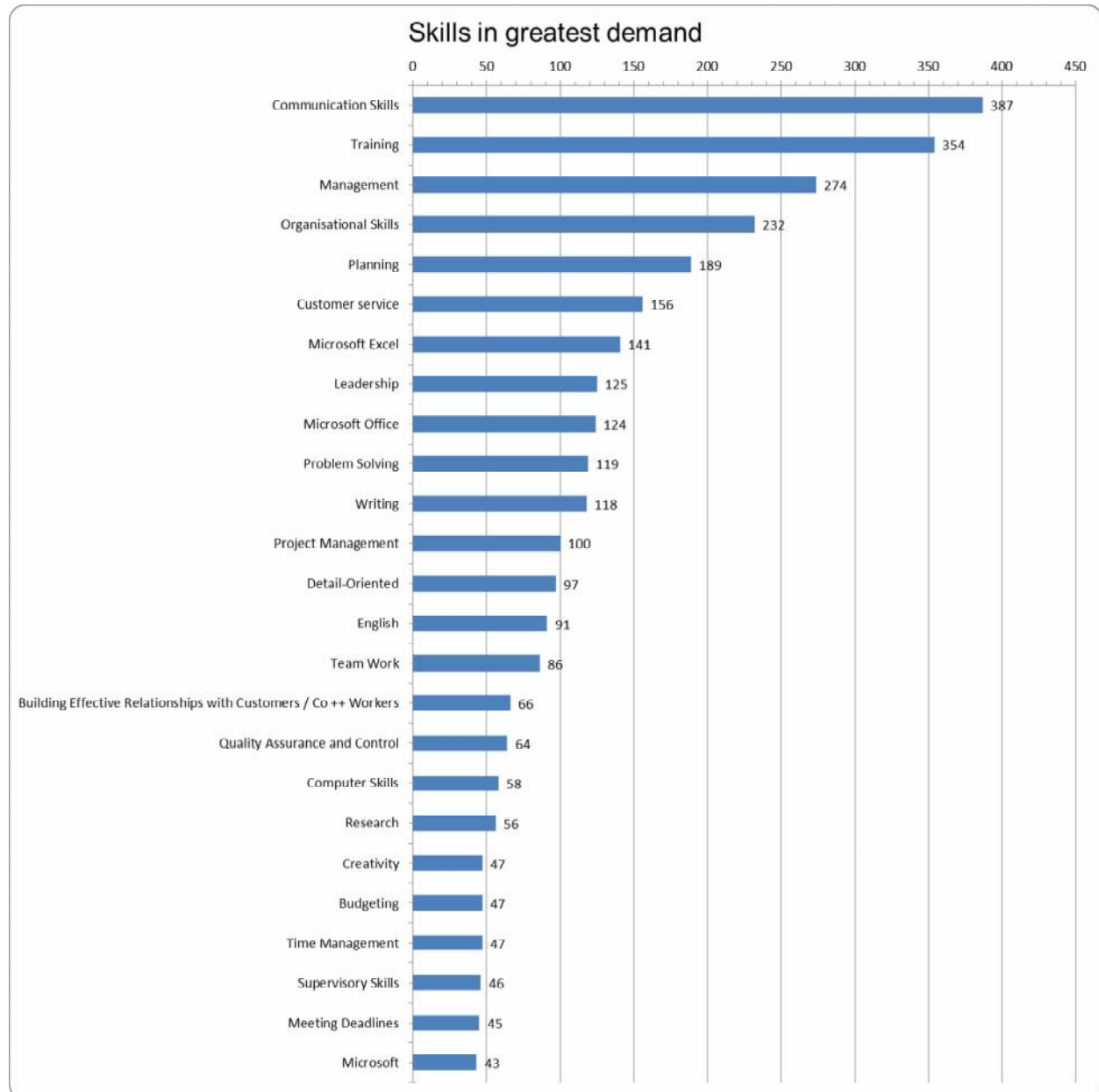
Data from Labour Insight, which records jobs posted by employers on job search websites, shows that there were 1,908 job postings by employers in Central Bedfordshire in the period August to October 2014, up by 72 on the previous quarter. The top occupation with vacancies in this time was Care Workers and Home Carers (72), replacing Programmers and Software Development Professionals (71) in the top position for the first time in a year. This was followed by, IT Business Analysts, Architects and System Designers (49), Van Drivers (49), Programmers and Software Development Professionals (46) and Nurses (38)

Figure Four: Top detailed occupations in demand in Central Bedfordshire, Aug-Oct 2014 (Labour Insight, November 2014)



The top five skills sought by employers in this period were Communication Skills, Training, Management, Organisational Skills, and Planning. These are the same most frequently sought skills as in the previous three quarters.

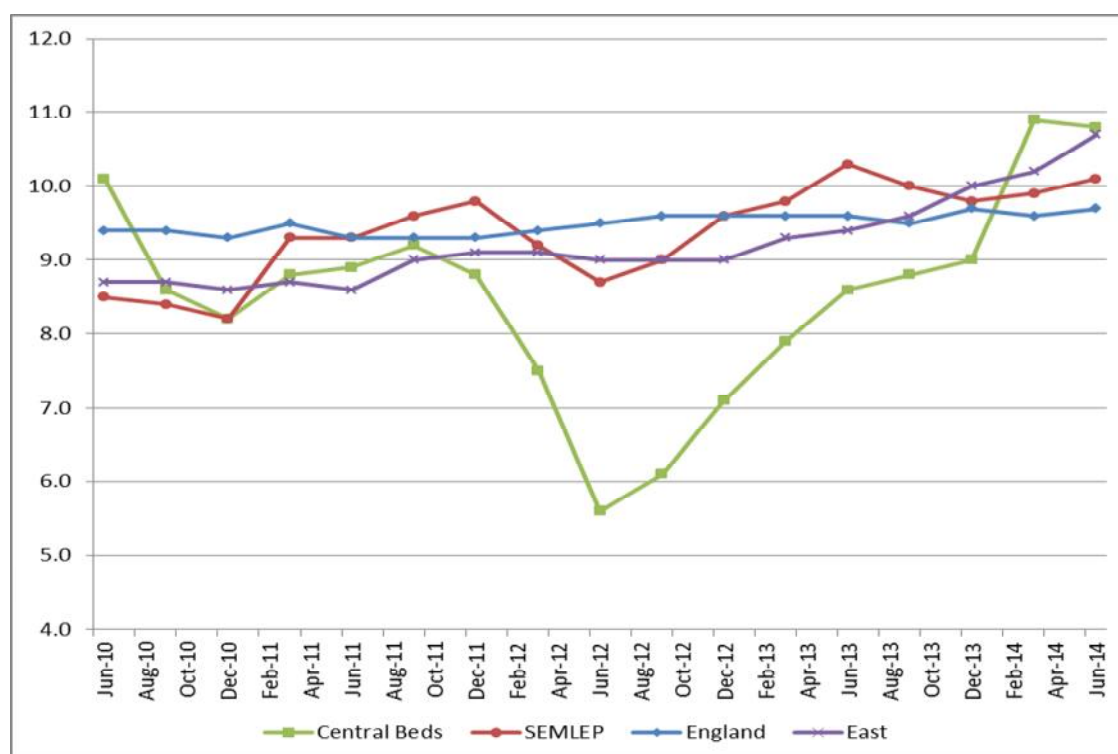
Figure Five: Skills in greatest demand in Central Bedfordshire, Aug-Oct 14 (Labour Insight, November 2014)



Skills

The number of people receiving job-related training in Central Bedfordshire has fallen slightly this quarter, by 100 people, to 17,900 or 10.8% of all people aged 16-64 in June 2014. This slight fall comes immediately after a large increase in the previous quarter, and remains a major improvement on the previous two years. 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, June 2014)



Apprenticeships

Data from Labour Insight shows that in the period August to October 2014 there were 108 apprenticeship posts advertised by employers in Central Bedfordshire, similar to the 112 in the previous quarter. Data from the National Apprenticeship Service, extracted on 10 November 2014, shows 43 live apprenticeship vacancies in Central Bedfordshire.

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 July to September 2014, 478 new businesses were started in Central Bedfordshire. This is 24 fewer than the previous quarter but 10 more than the same quarter in 2013. The ward with the most start ups was Stotfold and Langford (29), followed by Ampthill (27), then Sandy (24). The ward with the fewest start ups was Tithe Farm (5), followed by Houghton Conquest & Haynes and Parkside, each with 6 start ups,

Self Employment

In June 2014 the number of people of all ages in employment who were self employed rose by 300 people to 20,300, or 14.8%. This is higher than the same period last year (14.3%) but is below past performance levels, where the rate was 16.6% in June 2012. England (14.9%) remained the same this quarter, while the East of England (15.8%) and SEMLEP

(14.8%) witnessed a slight increase. With regard to gender, the number of self employed males rose by 1,400 to 15,100 while the number of self employed females fell by 1,100 to 5,200.

Commercial Property Deals

Published data from Estates Gazette Interactive (EGI) shows that between August and October 2014, 15 commercial property deals were completed in Central Bedfordshire – an increase of 2 since the previous quarter. In terms of property use type, the distribution was as follows:

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

With regard to location, 8 were in Dunstable, 2 were in Leighton Buzzard, 2 in Sandy, 2 in Flitwick and 1 in Shefford. 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 85 vacant units (9.4% of all units) in town centres in Central Bedfordshire. This is a fall of 2 since the previous quarter. Dunstable remains the town with the most vacant premises, but has seen a fall of 2 this quarter. Data from the Local Data Company shows that the national vacancy rate in August 2014 was 13.3%, meaning that Central Bedfordshire as a whole and all towns, except Dunstable, are below the national rate.

Table Four: Town Centre Retail Vacancies, November 2014

Town	February 2014	May 2014	August 2014	November 2014	% of all A class premises
Amphill	3	2	2	1	1.1
Arlesey	1	2	1	1	6.7
Biggleswade	10	9	14	12	8.3
Dunstable	56	54	56	54	20
Flitwick	1	1	2	1	2.6
Houghton Regis	0	0	1	2	7.1
Leighton Buzzard	7	7	7	9	4.4
Sandy	3	4	4	4	6.1
Shefford	1	1	0	1	2.5
Stotfold	1	0	0	0	0
Total	83	80	87	85	9.4

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