

Central
Bedfordshire

great
prospects



Quarterly Economic Monitoring Report

August 2017

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What's happening nationally?

- In August the Bank of England decreased its economic forecast in 2017 to 1.7% from 1.9%, with interest rates remaining at 0.25%
- The Consumer Prices Index (CPI) 12-month rate was 2.6% in June 2017, down from 2.7% in April, and is expected to peak around 3% in October, then remaining around 2.75% early 2018.
- Sterling dropped to a nine-month low of 1.1063 Euros after the downward revision of the growth forecast
- UK gross domestic product (GDP) slowed to 0.2% in Quarter 1 (Jan to Mar) 2017, moving to 0.3% in Quarter 2 (Apr to June)
- 75.5% of people aged 16-64 were in work between April 2017 to June 2017
- The unemployment rate for the period April 2017 to June 2017 was 4.4%

Construction

The interim Construction Output Price Index (OPI) for all construction rose 1.8% in the year to June 2017, down from an increase of 2.0% in the year to May 2017.

Prices rose in the year to June 2017 for all work types within new work, and repair and maintenance, with the exception of infrastructure, which fell 1.2% on the year (Source: ONS)

Producer Price Inflation

The annual rate of inflation for goods leaving the factory gate slowed for the third time this year, mainly as a result of 2016 price movements dropping out of the annual comparison.

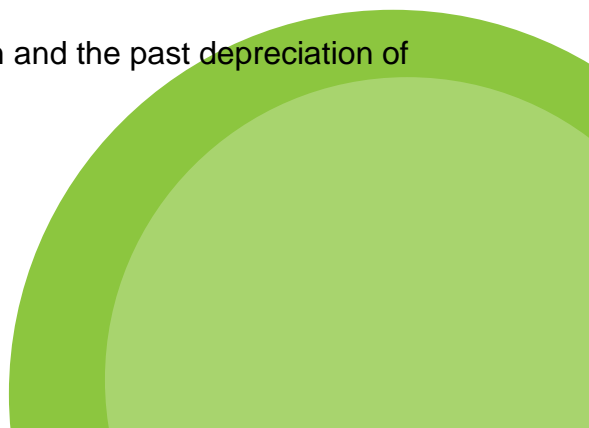
Factory gate prices (output prices) rose 3.2% on the year to July 2017, from 3.3% in June 2017, which is a 0.5 percentage points decline from their recent peak of 3.7% in February and March 2017 (Source: ONS)

Services

The quarterly rate of growth was 0.3% in Quarter 2, down from 0.4% in Quarter 1 (Jan to Mar), with an annual growth rate of 0.8%. (Source: ONS)

Trade

The outlook for net trade is bolstered by strong global growth and the past depreciation of sterling, and is growing at its strongest rate since 2011.





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What's happening in Central Bedfordshire?

- **81.7% of people aged 16-64 were in work - higher than all comparator areas (March 2017)**
- **84.2% of people are economically active**
- **The unemployment rate of people aged 16+ was 3.0% - lower than all comparator areas (March 2017)**
- **The number of out of work benefit claimants has decreased from 8,540 in November 2016 to 8,410 in February 2017**

Be Central Bedfordshire promotes inward investment and economic growth in the area. Last month the Team was delighted to win the Best Website category in the RICS Property Marketing Awards.

An example of support given to Team Sport, who opened in Dunstable in June, has been summarised by Councillor Nigel Young:

“Our Business and Planning teams have worked closely and proactively with Team Sport to help smooth their transition into the area and then support their recruitment campaign. This will add around 40 more jobs, including high-skilled positions, for young and more experienced employees, that will be a further boost to the local economy and contribute towards making Central Bedfordshire a great place to live and work.”

The Business Growth team supports local businesses to excel and advance, with particular development in our four growth sectors. Support offered includes:

- Funding opportunities (including Innovation Bridge, Business Growth & FEAST)
- Relocation support
- Staffing and recruitment
- Corporate Social Responsibility
- Support with Regulatory Services
- Early Access to Planning expertise
- Access to key partners and stakeholders

A Central Bedfordshire brewery is toasting a slice of a new £7.1million scheme, aimed at growing and supporting the food and drink manufacturing sector. Leighton Buzzard Brewing Co. will receive £3,000 from FEAST (Food Enterprise Advisory Support Team), a project part-funded by the European Regional Development Fund aimed at supporting eligible food and drink manufacturers across the South East Midlands Local Enterprise Partnership area through grants, technical support and business mentoring.



Economic Development 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, APS, via Nomis)	143,900 (March 2017)	Green	↑	This has increased by 5,600 people in one quarter, and the rate of 81.7% still continues to be above all comparator areas.
Employment rate across Central Bedfordshire remains 5% above the England Rate (ONS, APS, via Nomis)	7.3 % points above (March 2017)	Green	↑	The gap between Central Bedfordshire and England has increased to be 7.3 percentage points and exceeds our target of remaining 5 percentage points above the national rate (Central Bedfordshire 81.7%, England 74.4%, SEMLEP 77.8%).
Number of out of work benefit claimants (Department for Work and Pensions)	8,410 (August 2017)	Green	↑	The number of people claiming out of work benefits decreased from 8,540 to 8,410. Data for this Indicator is now sourced direct from the DWP, rather than via NOMIS, and so the decrease in people claiming out of work benefits may be due to this change in data provider and will be further researched.
Economic activity rate (ONS, APS, via Nomis)	84.2% (March 2017)	Green	↑	The number of economically active people has increased by 5,400 in the last quarter, or 3.66%, and the rate still remains 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 March 2017 there were 148,500 people aged 16+ in employment in Central Bedfordshire, 6,200 more than in March 2016 and 5,100 more than in December 2016.

The number of people aged 16-64 in employment in March 2017 was 143,900, 5,600 more than in December 2016 (note, December's reported 139,200 has been reweighted to be 138,300). Increases in employment were seen in all age bands, apart from the 25-43 years and 65+, with the main increases seen in the 35-49 age band (4,400 people), 50-64 age band (1,800 people), and the 50+ (1,300 people). This employment rate of 81.7% remains higher than all comparator areas – England 74.4%, East of England 77.2%, and SEMLEP 77.8%.

Table 1: Employment rate aged 16-64

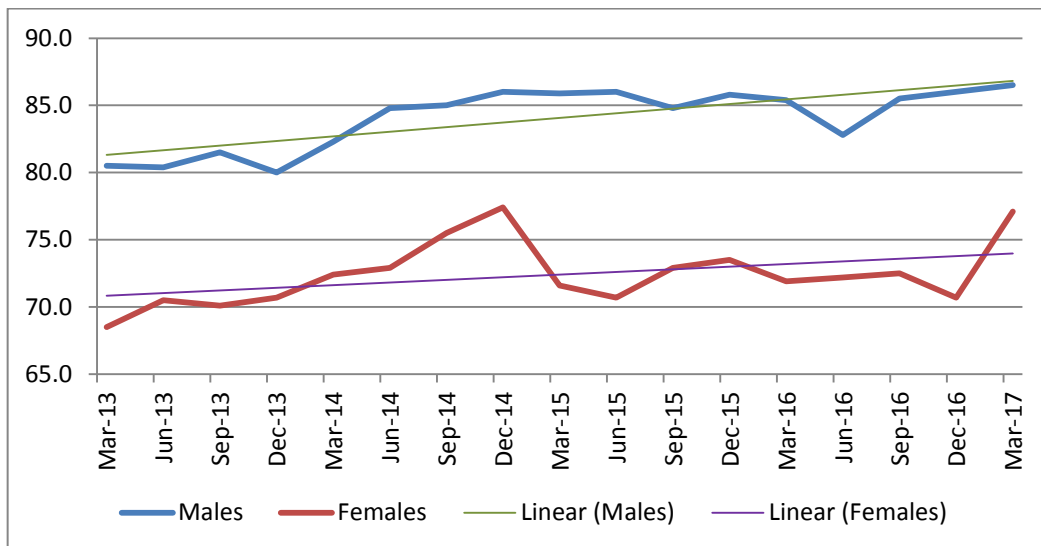
Date	Central Bedfordshire Confidence interval +/- 3.3%	England Confidence interval +/- 0.2 %	SEMLEP Confidence interval +/- 1.2%	East of England Confidence interval +/- 0.8%
Mar-15	78.7%	72.9%	76.6%	76.0%
Jun-15	78.3%	73.2%	76.9%	76.3%
Sep-15	78.8%	73.5%	77.4%	76.8%
Dec - 15	79.6%	73.8%	77.5%	77.3%
Mar-16	78.6%	73.9%	77.2%	77.0%
Jun - 16	77.4%	74.0%	77.2%	77.1%
Sept - 16	78.9%	74.1%	77.5%	76.8%
Dec - 16	78.2%	74.2%	77.0%	76.8%
Mar - 17	81.7%	74.4%	77.8%	77.2%

ONS Annual Population Survey via Nomis, July 2017

With regard to gender, the number of males in employment aged 16-64 has increased to 75,300 from 74,700 between December 2016 and March 2017, with the rate of employment for males increasing from 86% to 86.5% in March 2017. The female employment rate has seen a large increase from 70.7% (63,600) in December 2016 to 77.1% (68,600) in March 2017. The chart on page 8 indicates the male and female trend lines, with the male employment rate moving on trend, and the female rate moving above trend in March 2017. Please note that both male and female employment numbers reported in May's QEMR have since been revised down.



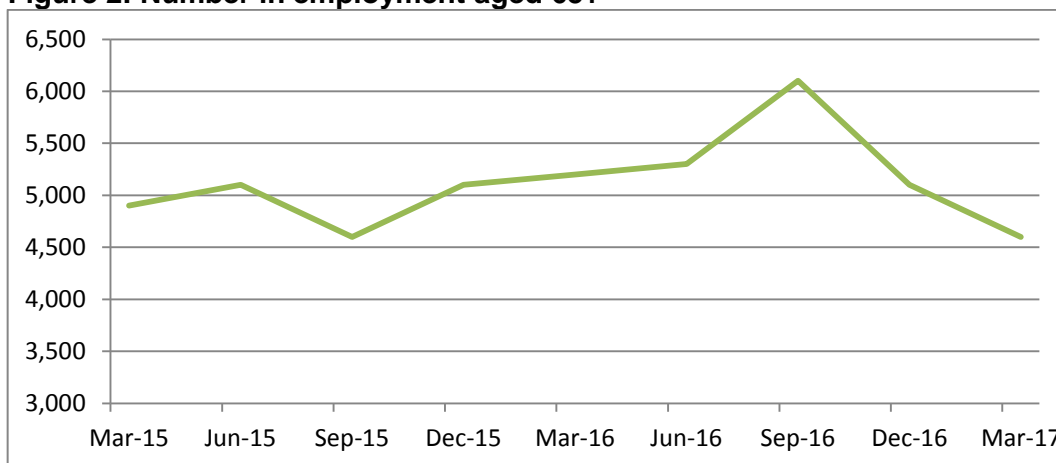
Figure 1: Female and Male employment rate as a percentage of working age people (aged 16-64), change between March 2013 and March 2017



Source: ONS Annual Population Survey July 2017, via Nomis

The number of people in employment generally rises when taking into account those people who remain in work beyond 65 years. In March 2017 the number of people remaining in work over 65+ was 4,600 (3,200 males, 1,400 females) a decrease of 500 over the past quarter. This reduction, together with the 1,000 people reduction in December 2016, could be due to people aged 65+ deciding to leave employment, or to employers deciding not to offer work to the 65+.

Figure 2: Number in employment aged 65+



ONS Annual Population Survey via Nomis, July 2017

The economic activity rate is another method to assess the performance of the local labour market. A person is defined as economically active if they are either employed, or unemployed, but seeking work in a particular period. In March 2017 the economic activity rate of people aged





16-64 in Central Bedfordshire was 84.2%, or 148,200 people (142,300 in December 16). This rate has shown a good increase from the 80.5% in December 2016, and still remains above all comparator areas – England 78.2%, East of England 80.3%, SEMLEP 81.3%, who saw small increases.

Unemployment

Unemployment in Central Bedfordshire remains lower than comparator areas. Model based estimates are produced by the Office of National Statistics, taking into account additional factors that provide a more accurate level of unemployment. In March 2017 the model-based unemployment rate was 3.0% or 4,500 people, compared to 4.8% in England, 4.2% in SEMLEP and 3.8% in the East of England. There has been a decrease of 200 people in Central Bedfordshire since December 2016, with the rate decreasing by 0.1 percentage point, to 3.0%.

Table 2: Unemployment rate aged 16+

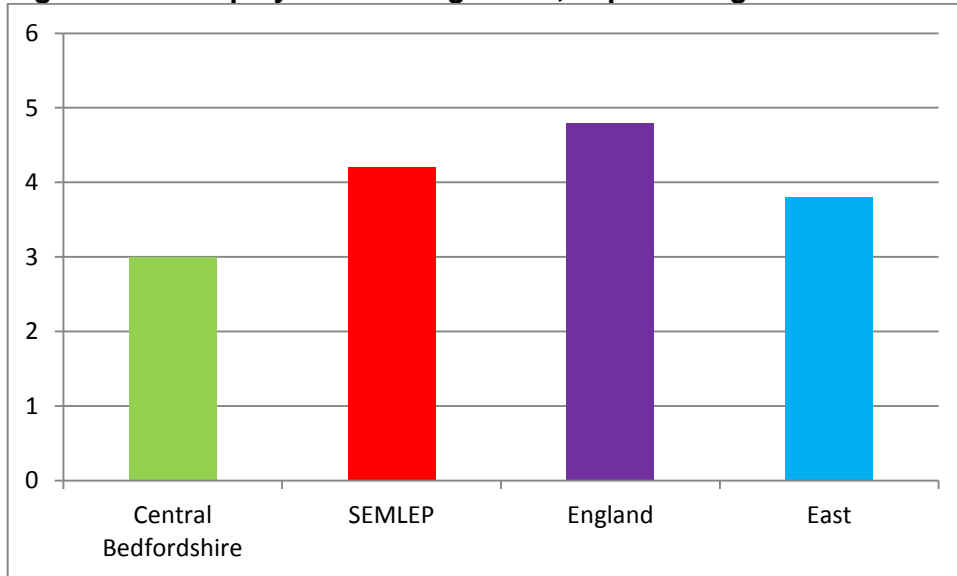
Date	Central Bedfordshire	England	SEMLEP	East
Mar-15	3.8%	5.9%	4.4%	4.9%
Jun-15	3.7%	5.6%	4.1%	4.6%
Sept-15	3.4%	5.3%	4.1%	4.2%
Dec-15	3.3%	5.1%	3.6%	3.9%
Mar-16	3.2%	5.1%	3.6%	3.8%
Jun-16	3.1%	5.1%	3.7%	3.7%
Sept -16	3.1%	5.0%	3.5%	3.8%
Dec-16	3.1%	4.8%	3.9%	3.8%
Mar 17	3.0%	4.8%	4.2%	3.8%

ONS Annual Population Survey – model-based via Nomis, August 2017





Figure 3 : Unemployment rate aged 16+, in percentages

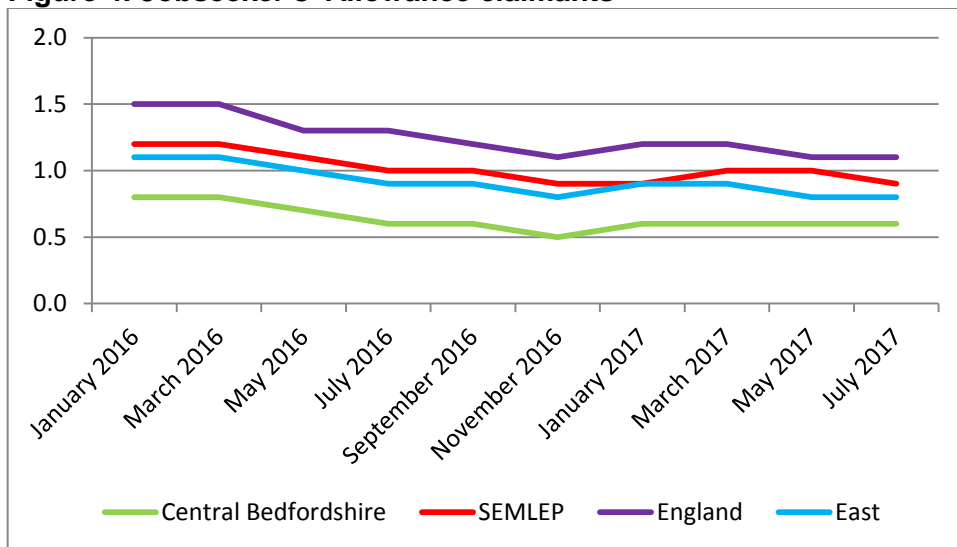


ONS Annual Population Survey via Nomis, August 2017

Jobseeker's Allowance

There were 970 people aged 18-64 claiming Jobseeker's Allowance (JSA) in July 2017 (male=543, female=427), 32 less than June 2017, and 59 fewer than May 2017. This is 0.6% of the working age population, and the rate remains unchanged from the previous month. The rate remains significantly below England (1.1%), SEMLEP (0.9%) and the East of England (0.8%).

Figure 4: Jobseeker's Allowance claimants



ONS Jobseeker's Allowance via Nomis, August 2017



Youth Unemployment

Jobseeker’s Allowance can be claimed by young people from 18 years (it can only be claimed by 16-18 year olds only in exceptional circumstances). There were 80 people aged 18-24 claiming Jobseeker’s Allowance (JSA) in July 2017 (male=45, female=35), 10 fewer than for June 2017, and 85 fewer than in July 2016. This is 0.4 % of the 18-24 working age population. The rate remains below England (0.8%), SEMLEP (0.7%) and the East of England (0.6%).

Table 3: Percentage of young people (18-24 years) receiving JSA

Date	Central Bedfordshire	England	SEMLEP	East
Dec 15	1.3%	1.7%	1.4%	1.5%
Jan 16	1.5%	1.8%	1.5%	1.5%
Apr 16	1.2%	1.5%	1.4%	1.3%
Jul 16	0.9%	1.2%	1.0%	1.0%
Oct 16	0.5%	1.0%	0.8%	0.8%
Jan 17	0.5%	0.9%	0.8%	0.7%
Apr 17	0.5%	0.9%	0.8%	0.7%
Jun 17	0.5%	0.8%	0.7%	0.7%
July 17	0.4%	0.8%	0.7%	0.6%

Department for Work and Pensions, via Nomis, August 2017

Vacancies Advertised and Occupations Sought by Jobseekers

There is a general balance between the vacancies advertised by businesses and the occupations sought by Jobseeker Allowance claimants. As of August 2017, 59% (575) of the JSA claimants resident in Central Bedfordshire are looking for work in sales and customer services. 69% of JSA claimants are looking for work in low or relatively low skills (sales and customer service and elementary occupations). The data is summarised in table 4.





Table 4: JSA claimants by sought occupation

Occupation (SIC 2000 group)	July 2015	July 2016	July 2017
Occupation unknown	95	105	110
Managers and Senior Officials	70	55	55
Professional Occupations	20	5	5
Associate Professional and Technical Occupations	50	25	15
Administrative and Secretarial Occupations	160	100	50
Skilled Trades Occupations	70	35	25
Personal Service Occupations	65	30	20
Sales and Customer Service occupations	630	545	575
Process, Plant and Machine Operatives	55	30	20
Elementary Occupations	320	185	95
	1,535	1,110	970

Source: Office for National Statistics via Nomis, August 2017
 Data rounded to the nearest 5

Out of Work Benefit Claimants

The number of people aged 16-64 claiming key out of work benefits fell from 8,540 in November to 8,410 in February 2017. Key out of work benefit claimants include those claiming Jobseeker's Allowance (JSA), Employment Support Allowance (ESA) and Incapacity Benefit, lone parents and others on income related benefits.

Data for this Indicator is now sourced direct from the Department for Work and Pensions, rather than via NOMIS. Therefore the decrease in people claiming out of work benefits may be due to this change in data provider and will be carefully monitored.



Vacancies

Online vacancies advertised in terms of occupations and skills in most demand

Table 5 : Occupations and specialist skills ranked in greatest demand as advertised online by employers across Central Bedfordshire, May 2017 – July 2017

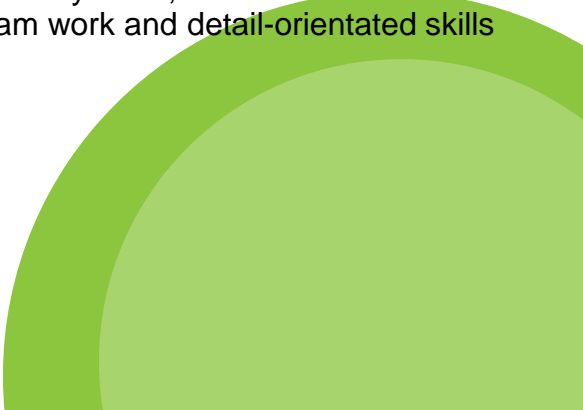
Top occupations

Top baseline skills

<p>Programmers and software dev. professionals Secondary education teaching professionals Care workers and home carers Business sales executives Other administrative occupations Book-keepers, payroll managers, wage clerks Large goods vehicle drivers IT business analysts, architects & sys design Engineering technicians Financial managers and directors Primary and nursery ed. teaching profess. Van drivers Chartered and certified accountants Vehicle technicians, mechanics & electricians Managers and proprietors in other services Design and development engineers Managers and directors in retail & wholesale Sales related occupations Elementary storage occupations IT user support technicians</p>	<p>Communication Skills Organisational Skills Team Work / Collaboration Detail-Orientated Planning Writing Problem Solving English Computer Skills Mathematics Leadership Research Creativity Meeting Deadlines Time Management Quality Assurance and Control Listening Management Multi-Tasking Analytical Skills</p>
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Source: Labour Insight August 2017

The top four occupations advertised online by employers between May 2017 and the end of July 2017 were programmers and software development; secondary education teaching professionals; care workers and home carers; and business sales executives. It is interesting to see that care workers and business sales executives are in more demand this quarter, compared with last quarter. Between May 2017 and the end of July 2017, the baseline skills most often required were communications, organisational, team work and detail-orientated skills – similar to that of the previous quarter.





Job Related Training

The number of people receiving job related training over a 4 week period decreased by a further 800 people, from 10,500 in December 2016 to 9,700 in March 2017. The number was 18,400 in March 2016. This amount comprised of 6,300 males and 3,400 females receiving training, compared with the 7,000 males and 3,600 females receiving training in December 2016.

Figure 10: Female and Male job related training between June 2014 and March 2017



Source: ONS Annual Population Survey, July 2017, via Nomis

Interestingly 7,400 people (9,200 in December 2016) working full time received job-related training, compared to just 2,400 people (1,500 people) working part-time, although an additional 1,000 people working part-time received training this quarter.

Figure 11: Full Time and Part Time job related training between June 2014 and March 2017



Source: ONS Annual Population Survey, July 2017, via Nomis



Business Start Ups

Data from BankSearch (providing details of new business bank accounts) shows in the year 2016 there had been 1,850 new small business start-ups in Central Bedfordshire, only 9 fewer than reported for 2015, but the lowest yearly total since 2008. To date, there were more business starts ups in Quarter 1 2017 (498) compared to Quarter 1 2016 (473), but slightly fewer in Quarter 2 2017 (943) compared with Quarter 2 2016 (968).

Self-Employment

The Annual Population Survey (APS) in March 2017 showed that 18,600 people aged over 16+ in employment were self-employed, 100 lower than the 18,700 in December 2016, and 600 lower than March 2016.

The rate of self-employed in Central Bedfordshire is 12.5% (12.9% in December 2016), and is below the national rate of 15.6% and the SEMLEP rate of 14.6%. Looking at the gender split, 13,600 of these people are male and 5,000 are female. Since March 2016, there are 1,600 fewer self-employed males, but the number of self-employed females has shown an increase of 1,100.

Table 6 : Percentage in employment aged 16 and over, who are self-employed

	March 2015	March 2016	March 2017	Percentage point change 2014 - 2016
Central Bedfordshire	16.6%	13.5%	12.5%	- 4.1%
SEMLEP	14.5%	13.6%	14.6%	+0.1%
East of England	14.8%	14.4%	15.5%	+0.7%
England	15.0%	15.1%	15.6%	+0.6%

Source: ONS Annual Population Survey via Nomis, July 2017





Spotlight on Automation

The impact that future automation may have on jobs has received media attention this quarter. The PWC report, Will Robots Steal Our Jobs, advises that around 30% of UK jobs could potentially be at high risk of automation by the early 2030s. This is a lower percentage than U.S. (38%) and Germany (35%), but higher than Japan (21%).

The risks appear highest in sectors such as transportation and storage (56%), manufacturing (46%) and wholesale and retail (44%), but lower in sectors such as health and social work (17%).

There is a possibility that not all jobs will actually be automated, and that new automation technologies may possibly even create new jobs in the digital technology area. So the long term impact of automation may be positive or negative, but there is a strong case for increased investment in lifelong vocational education, together with training to help people adapt to increased automation.

Using the PWC model the potential employee loss for Central Bedfordshire due to automation across all industries up to 2030 may be up to 26,606 individuals. The Wholesale and Retail Trade, and Manufacturing sectors are predicted to be most effected. Any future impact regarding automation will be monitored by the Council.



House Price Index

The HM Land Registry HPI advises that Bedfordshire had an average house price of £308,434 in June 2017, with a monthly change of 0.61% and an annual growth of 10.05%. The index for Central Bedfordshire was 131.2, an increase from May's 130.40 (this index is still an experimental statistic).

Comparators have lower average house prices than Central Bedfordshire; Bedford's is £273,765, Luton's is £241,881 and Milton Keynes is £258,782.

As of June 2017 the average house price in England was £240,325, and the index stood at 118.47. Property prices have risen by 0.8% compared to the previous month, with an annual growth of 5.2%.





High Street Vacancy Levels and Retail Sales

As part of the ongoing monitoring of the Economic Development Plan the Council is monitoring the level of high street vacancies in 'A' class premises in Central Bedfordshire's town centres.

According to Springboard, in collaboration with BRC, the national town centre vacancy rate was 9.6% in August 2017, up from 9.3% in April 2017.

Figures from ONS show that retail sales grew in July by 4.2% compared to last year in value terms (not-seasonally adjusted), down from 5.3% last month, with growth slowing in July, but still holding up despite the pressures on consumer incomes. Although Helen Dickinson, British Retail Consortium Chief Executive notes that the BRC-KPMG retail sales monitor showed lower sales growth than ONS she advises that *"The month's growth was underpinned by food sales alone, while non-food sales relapsed into negative territory as the competition heats up over a shrinking pool of discretionary consumer spending power."*

The overall average vacancy rate across Central Bedfordshire town centres in August 2017, 4.7%, has increased slightly from August's 4.31%. Although fewer vacancies have been seen in Biggleswade, Sandy and Dunstable, the new vacancies noted in Leighton Buzzard, Ampthill, Flitwick and Stotfold, although few in number, impact on the overall average vacancy rate.

Table 7: Town centre vacancies % in Central Bedfordshire, August 2016 – August 2017

Town	Aug 16	Nov 16	Feb 17	May 17	Aug 17
Ampthill	1.1	0	2.2	2.2	3.3
Arlesey	6.7	0	0	0	0
Biggleswade	6.9	4.8	7.6	8.3	6.9
Dunstable	15.4	15.4	13.4	13.8	13.4
Flitwick	0	0	0	0	2.6
Houghton Regis	3.4	3.4	6.9	3.4	3.4
Leighton Buzzard	6.4	4.9	4.9	3.9	4.9
Sandy	4.5	7.5	7.5	9	4.5
Shefford	2.5	2.5	2.5	2.5	2.5
Stotfold	5.6	5.6	5.6	0	5.6
Average vacancy rate	5.25%	4.41%	5.06%	4.31%	4.7%

Source: Central Bedfordshire Council August 2017