

Central
Bedfordshire

great
prospects



Quarterly Economic Monitoring Report

November 2016

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What's happening nationally?

- **74.8% of people aged 16-64 were in work between July 2015 to June 2016, the highest employment rate since comparable records began in 1971**
- **The unemployment rate for the year to June 2016 was 4.8%, down from 6.0% from a year earlier**
- **The female employment rate is at a record high, 69.8%**
- **Consumer Price Index (CPI) fell to 0.9% in October 2016**
- **The Bank of England's Economic Growth Forecast for 2017 increased from 0.8% to 1.4%, but long term growth forecasts have been revised down.**

In their latest *Assessment of the post-referendum economy* the Office for National Statistics (ONS) advised that although the EU referendum vote had an immediate impact on the stock market and currency, with the value of sterling falling by a further 9.5% by the end of July 2016, Sterling has since steadied. The Assessment also noted that the fall in the value of sterling had so far had little effect on prices, though this may change over time with the sharp depreciation of the pound making the sterling price of imports more expensive and possibly driving inflation up over the coming months.

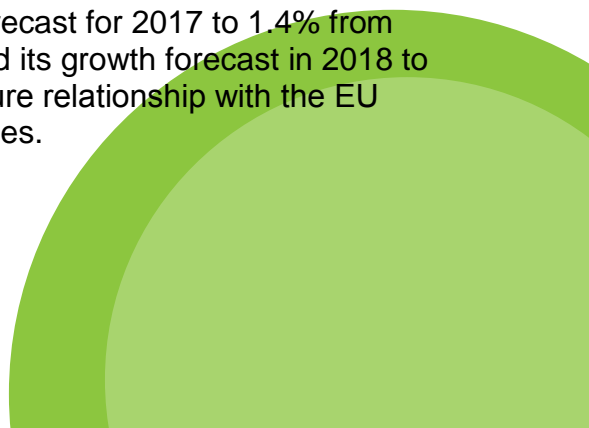
The assessment summarised that "As the available information grows, the referendum result appears, so far, not to have had a major effect on the UK economy. Though there does remain uncertainty over what any Article 50 negotiations may mean.

The estimated growth of 0.5% for Quarter 3 (July to September) is slightly slower than the growth seen in in Quarter 2 (0.7%) but is still continuing the trend of positive growth seen since 2015 and the services industry still outperforming the rest of the economy.

Consumer Prices Index (CPI) inflation fell to 0.9% in October 2016, from 1% in September, below the 1.1% predicted by economists. Despite this, ONS said that factory gate prices (up by 2.1%) and the costs of raw materials (up by 4.6%) rose much faster in October, and inflation expectations have increased in the near future.

On 2 November 2016 the Bank of England's Monetary Policy Committee voted unanimously to maintain the Bank Rate at 0.25 as indicators of activity and business sentiment have recovered from their lows following the referendum

The Bank of England has increased its Economic Growth forecast for 2017 to 1.4% from 0.8%. However, Looking further ahead the Bank has reduced its growth forecast in 2018 to 1.5% from 1.8%, noting that the exact nature of the UK's future relationship with the EU and rest of the world would determine longer term growth rates.





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In all cases the Purchasing Managers' Index (PMI) data (measuring industry confidence, with a score above 50 indicating expansion)) is increasing since the referendum decision. PMI for the UK Service Sector rose from 47.4 in July 2016, to 52.9 in August 2016, 52.60 in September and 54.50 in October 2016. The UK Construction Sector PMI rose to 49.2 in August, to 52.3 in September, with a slight increase to 52.6 in October. PMI for the UK Manufacturing Sector showed a small decrease between September and October, but at 54.30 it is still higher than July's 48.3.

As a response to the Autumn Statement, the Office for Budget Responsibility (OBR) has revised their March 2016 forecast. Although the OBR can only respond to current Government stated policy, they have made a judgement that any Brexit outcome may lead to lower trade flows, lower investment and lower net inward migration, meaning that the economy will grow more slowly than expected. Consequently, GDP growth in 2017 has been revised down from 2.2 to 1.4 per cent. Inflation is forecast to peak at 2.6 per cent and unemployment to rise modestly to 5.5 per cent during 2018.

What's happening in Central Bedfordshire?

- **77.4% of people aged 16-64 were in work - higher than all comparator areas (June 2016)**
- **The unemployment rate of people aged 16+ was 3.1% - lower than all comparator areas (June 2016)**
- **Weekly earnings for full time female residents have increased by an average of 7.05% (with men seeing a 2.63% increase) with some pay bands having increases of 14%.**
- **The gap in earnings between Central Bedfordshire residents and those who work (but may not live) in Central Bedfordshire has risen from £100.20 in 2015 to £107.10 in 2016**

There have been a number of business activities over the quarter including:

FEAST – The Council is actively working to develop its offering to support the Agri-food sector and have teamed up with The Food and Drink Forum to provide local businesses with support through a £3.5million ERDF project. Central Bedfordshire SMEs within the sector will benefit from business mentoring, industry events, technical support, technical apprentices and grant funding over the next three years.

Innovation Bridge – The Business Support team have launched a £3.98million ERDF project to help business access specialist university expertise and grants to innovate and grow. The delivery partners of the project are the University of Bedfordshire, Anglia Ruskin University and Suffolk University and will be available to businesses based in Aylesbury







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Vale, Bedfordshire, Cambridgeshire, Cherwell District, Milton Keynes, Norfolk, North Hertfordshire, Northamptonshire, Peterborough, Rutland, Suffolk and Uttlesford District. This scheme will strengthen links between businesses and universities, as well as supporting growth within the area. Eligible SMEs will work with a specialist academic to develop a business plan and receive assistance to apply for grant funding to implement it

Inward Investment enquiries - There were 160 inward investment enquiries between 1st April - 5th December 2016, with 13 successful outcomes – more than anticipated. The successes have led to 809 confirmed new jobs to date.

The **National Infrastructure Commission** has concluded its report into the Oxford, Milton Keynes, Cambridge Growth Corridor. This recognises the potential of the area to deliver significant housing and economic growth and supports the development of East West Rail and Express Way proposals to improve connectivity within the area. Central Bedfordshire is at the heart of the Growth Corridor, and is working to maximise the economic impact this will have on the area.

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, Annual Population Survey, via Nomis)	135,600 (June 2016)	Red		This has fallen by 1,600 (1.24%) people in one quarter, but the rate of 77.4% still continues to be above all comparator areas.
Employment rate across Central Bedfordshire remains 5% above the England Rate	3.4 % points above (June 2016)	Red		The gap between Central Bedfordshire and England has decreased to be 3.4 percentage points and is below our target of remaining 5 percentage points above the national rate (Central Bedfordshire 77.4%, England 74.9%, SEMLEP 77.1% and the East of England 77.1%).
Number of out of work benefit claimants (Department for Work and Pensions, via Nomis)	8,880 (May 2016)	Green		The number of people claiming out of work benefits decreased from 9,170 to 8,880, falling from 5.4% to 5.1%. This remains significantly below England by 3.3% points, SEMLEP by 1.6% points and the East of England by 1.8% points
Economic activity rate (ONS, Annual Population Survey, via Nomis)	79.3% (June 2016)	Red		The number of economically active people has decreased by 1,900 (1.3%) in the last quarter but 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 June 2016 there were 140,900 people aged 16+ in employment in Central Bedfordshire, 1,200 more than in June 2015 but 1,600 fewer than in March 2016.

The number of people aged 16-64 in employment is 135,600, 1,700 fewer than in March 2016. These changes can be explained within the statistical confidence of the data source. This employment rate of 77.4% is higher than all comparator areas – England 74.0%, East of England 77.1%, and SEMLEP 77.1%.

Table 1: Employment rate aged 16-64

Date	Central Bedfordshire Confidence interval +/- 3.5%	England Confidence interval +/- 0.2 %	SEMLEP Confidence interval +/- 1.3%	East of England Confidence interval +/- 0.8%
Jun-14	78.7%	72.0%	75.6%	75.7%
Sept-14	80.2%	72.3%	76.0%	75.9%
Dec- 14	81.6%	72.5%	76.3%	75.7%
Mar-15	78.6%	72.9%	76.2%	76.0%
Jun-15	78.2%	73.3%	76.4%	76.3%
Sep-15	78.6%	73.6%	77.1%	76.8%
Dec - 15	79.4%	73.9%	77.4%	77.3%
Mar-16	78.6%	73.9%	77.1%	77.0%
Jun -16	77.4%	74.0%	77.1%	77.1%

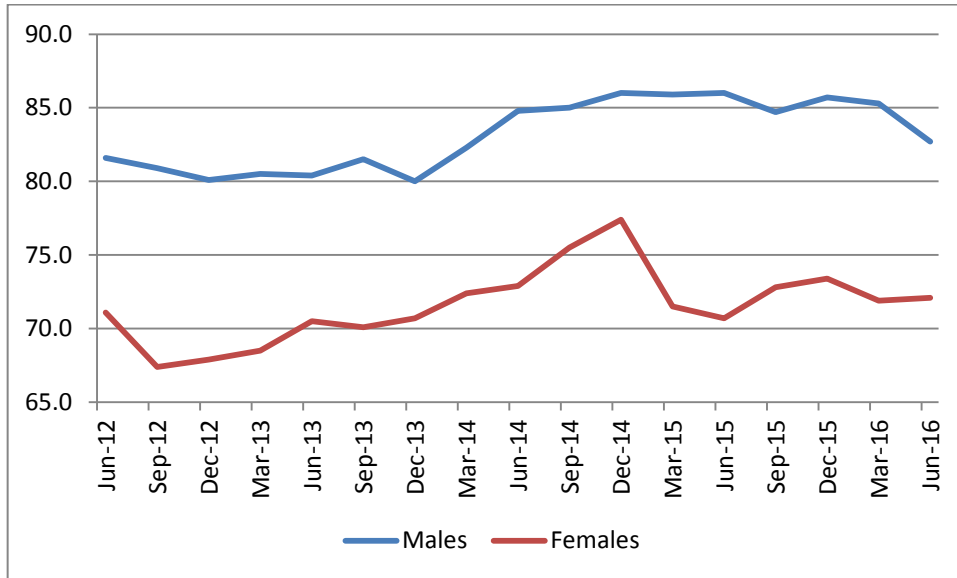
ONS Annual Population Survey via Nomis, November 2016

With regard to gender, the employment rate of males aged 16-64 has dropped to 72,000 from 74,000 between March 2016 and June 2016, with the rate of employment for males falling from 85.3% to 82.7% in June 2016. The female employment rate has increased slightly from 71.9% (63,300) in March 2016 to 72.1% (63,500) in June 2016.





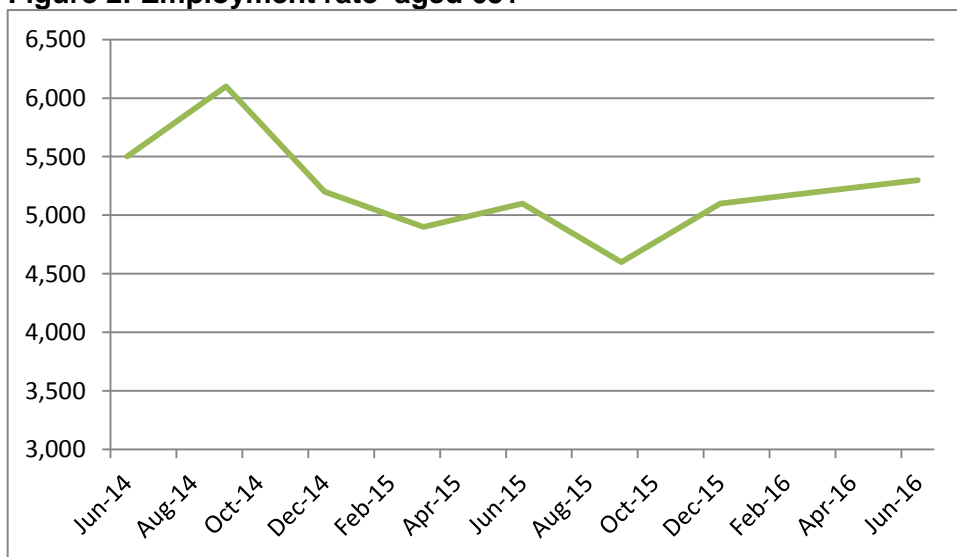
Figure 1: Female and Male employment rate as a percentage of working age people (aged 16-64), change between June 2012 and June 2016



Source: ONS Annual Population Survey November 2016, via Nomis

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 2016 the overall number of people remaining in work over the age of 65 is 5,300, an increase of 100 in the past quarter.

Figure 2: Employment rate aged 65+



ONS Annual Population Survey via Nomis, November 2016



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 June 2016, the economic activity rate of people aged 16-64 in Central Bedfordshire was 79.3%, or 138,900 people. This rate has decreased from the 80.6% in March 2016, but still remains above all comparator areas – England 78.1%, East of England 80.1%, SEMLEP 80.0%.

Earnings

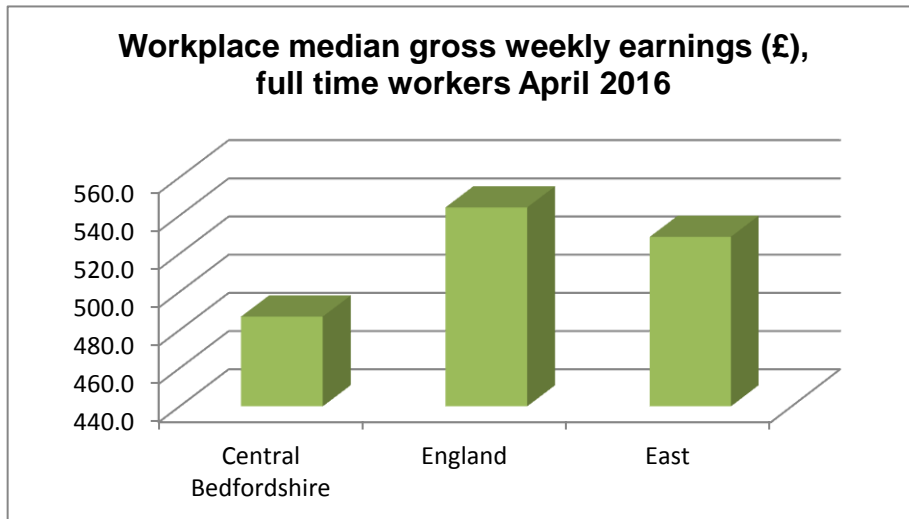
Workplace

The *Annual Survey of Hours and Earnings* reports that the 2016 workplace median gross weekly earnings for full-time employees working in Central Bedfordshire were £487 compared to England £544.20 and East of England £528.80.

In 2015 the Central Bedfordshire workplace median gross weekly earnings were £479.10, with England being £531.60 and East of England £516.80.

For men full-time workplace median earnings were £516.10 per week, a decrease from the £527.10 in 2015 per week, compared with the £415.40 median earnings for women, who saw an increase from the £410.40 in 2015.

Figure 3: Workplace median gross weekly pay



ONS Annual survey of hours and earnings via Nomis 2016, November 2016



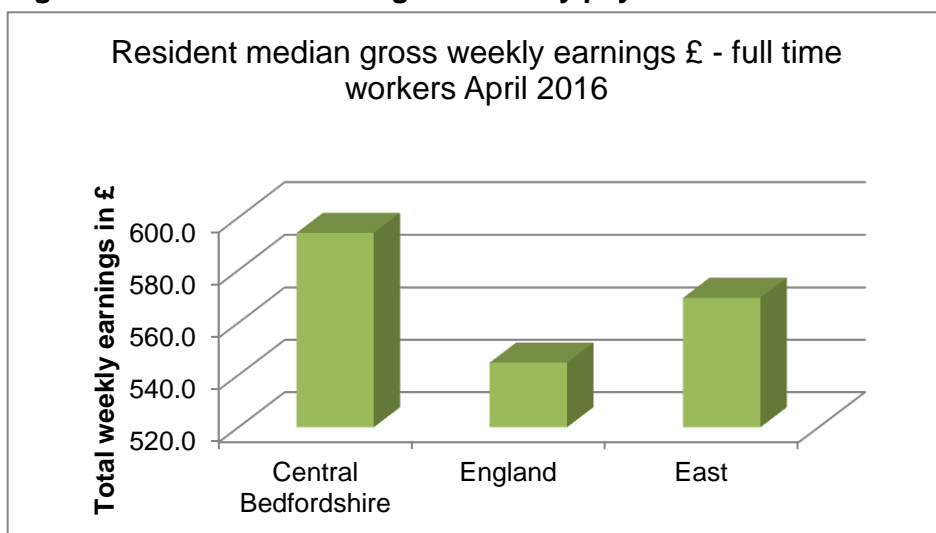
Resident

The *Annual Survey of Hours and Earnings* reports that the 2016 resident median gross weekly earnings for full-time employees working in Central Bedfordshire were £594.10 compared to England £544.70 and East of England £569.40. These earnings were all increases from the 2015 figures of £579.30 for Central Bedfordshire, £531.90 for England and £550.60 for East of England.

For men full-time workplace median earnings were £658.80 per week (an increase of 2.63% from the £641.90 in 2015), compared with £540.30 median earnings for women, who saw an increase of 7.05% from the £504.30 in 2014.

For women increases were seen across all percentiles of earnings, with the higher increases seen in the 10th and 30th percentiles, salary bands £270.30 - £312.30 (15.54% increase), and £368.60 - £421 (14.22% increase).

Figure 4 : Resident median gross weekly pay



ONS Annual survey of hours and earnings via Nomis 2016, November 2016

The gap in earnings between Central Bedfordshire residents and those who work (but may not live) in Central Bedfordshire has risen from £100.20 in 2015 to £107.10 in 2016.

Unemployment

Unemployment in Central Bedfordshire remains relatively 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 June 2016 the model-based unemployment rate was 3.1% or 4,500 people compared to 5.1% in



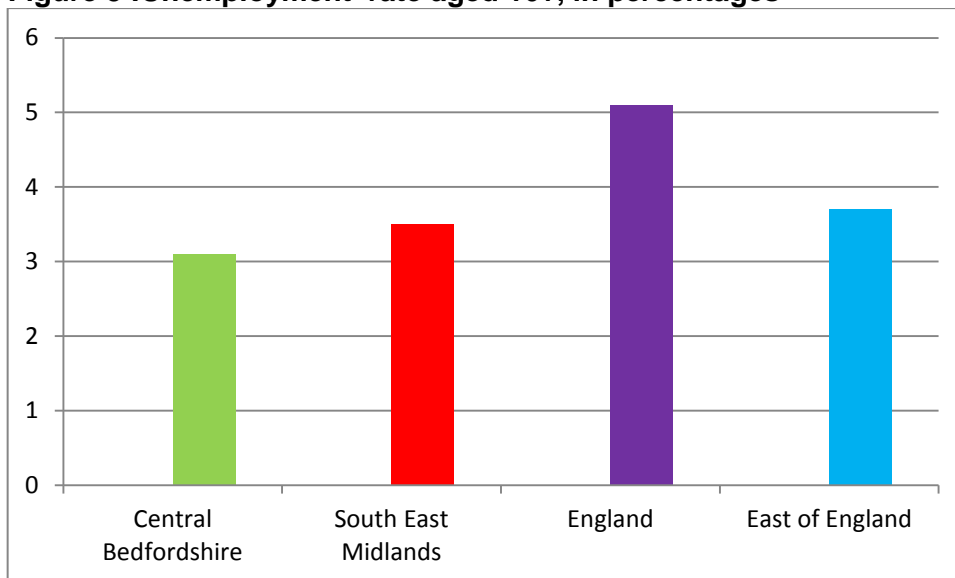
England, 3.5% in SEMLEP and 3.7% in the East of England. This is a decrease of 200 people in Central Bedfordshire since March 2016.

Table 2: Unemployment rate aged16+

Date	Central Bedfordshire	England	SEMLEP	East
Jun-14	4.4%	6.8%	5.5%	5.4%
Sept-14	4.3%	6.5%	5.1%	5.3%
Dec- 14	3.9%	6.2%	5.0%	5.2%
Mar-15	3.8%	5.9%	4.7%	4.9%
Jun-15	3.7%	5.6%	4.3%	4.6%
Sept-15	3.4%	5.3%	4.3%	4.2%
Dec-15	3.3%	5.1%	3.7%	3.9%
Mar-16	3.2%	5.1%	3.6%	3.8%
Jun-16	3.1%	5.1%	3.5%	3.7%

ONS Annual Population Survey – model-based via Nomis, November 2016

Figure 5 :Unemployment rate aged 16+, in percentages



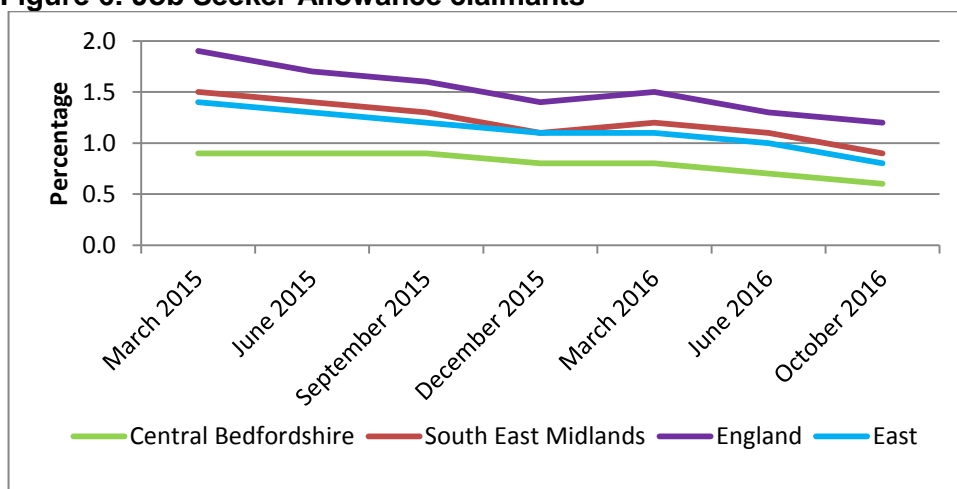
ONS Annual Population Survey via Nomis, August 2016



Job Seeker's Allowance

There were 979 people aged 18-64 claiming Jobseeker's Allowance (JSA) in October 2016 (male=563, female=416), 10 more than September 2016, but 433 fewer than October 2015. This is 0.6% of the working age population, a further fall of 0.1 percentage point in three months. The rate remains significantly below England (1.2%), SEMLEP (0.9%) and the East of England (0.8%).

Figure 6: Job Seeker Allowance claimants



ONS Job Seeker's Allowance via Nomis, November 2016

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 100 people aged 18-24 claiming Jobseeker's Allowance (JSA) in October 2016 (male=60, female=40), 20 less than September 2016, and 175 fewer than in October 2015. This is 0.5 % of the 18-24 working age population. The rate remains below England (1.0%), SEMLEP (0.8%) and the East of England (0.8%).

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

Date	Central Beds	England	SEMLEP	East
Dec 14	1.6%	2.9%	1.9%	2.4%
Apr 15	1.5%	2.7%	2.2%	2.3%
Jul 15	1.4%	2.3%	2.0%	1.9%
Oct 15	1.4%	2.0%	1.8%	1.7%
Dec 15	1.3%	1.7%	1.4%	1.4%
Jan 16	1.4%	1.8%	1.5%	1.5%



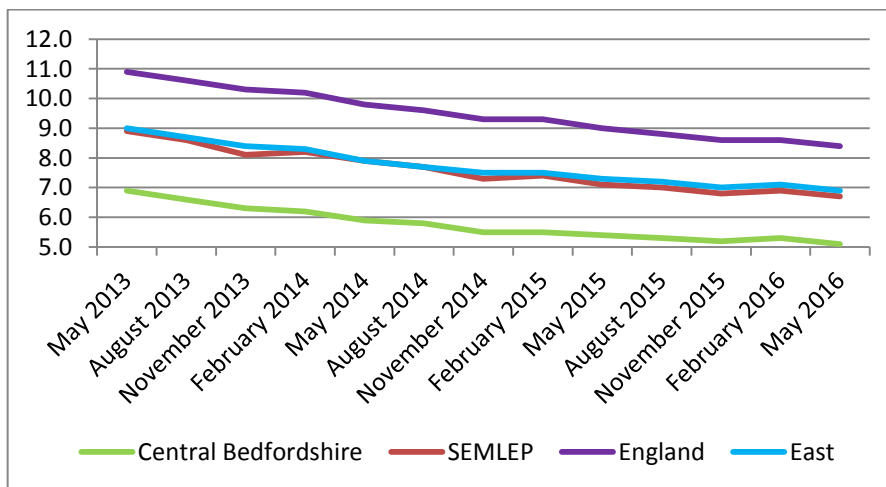
Mar 16	1.0%	1.3%	1.2%	1.1%
Jun 16	0.7%	1.0%	0.9%	0.8%
Oct 16	0.5%	1.0%	0.8%	0.8%

Department for Work and Pensions, via Nomis, October 2016

Out of work benefit claimants

The number of people aged 16-64 claiming key out of work benefits fell from 9,170 (5.3%) in February 2016 to a total of 8,880 (5.1%) in May 2016. This rate is lower than England having 8.4% of people claiming out of work claimants in February 2016, SEMLEP having 6.7% and East of England having 6.9%. Key out of work benefit claimants include those claiming Job Seeker Allowance (JSA), Employment Support Allowance (ESA) and Incapacity Benefit, lone parents and others on income related benefits.

Figure 7 : Out of work benefit claimants



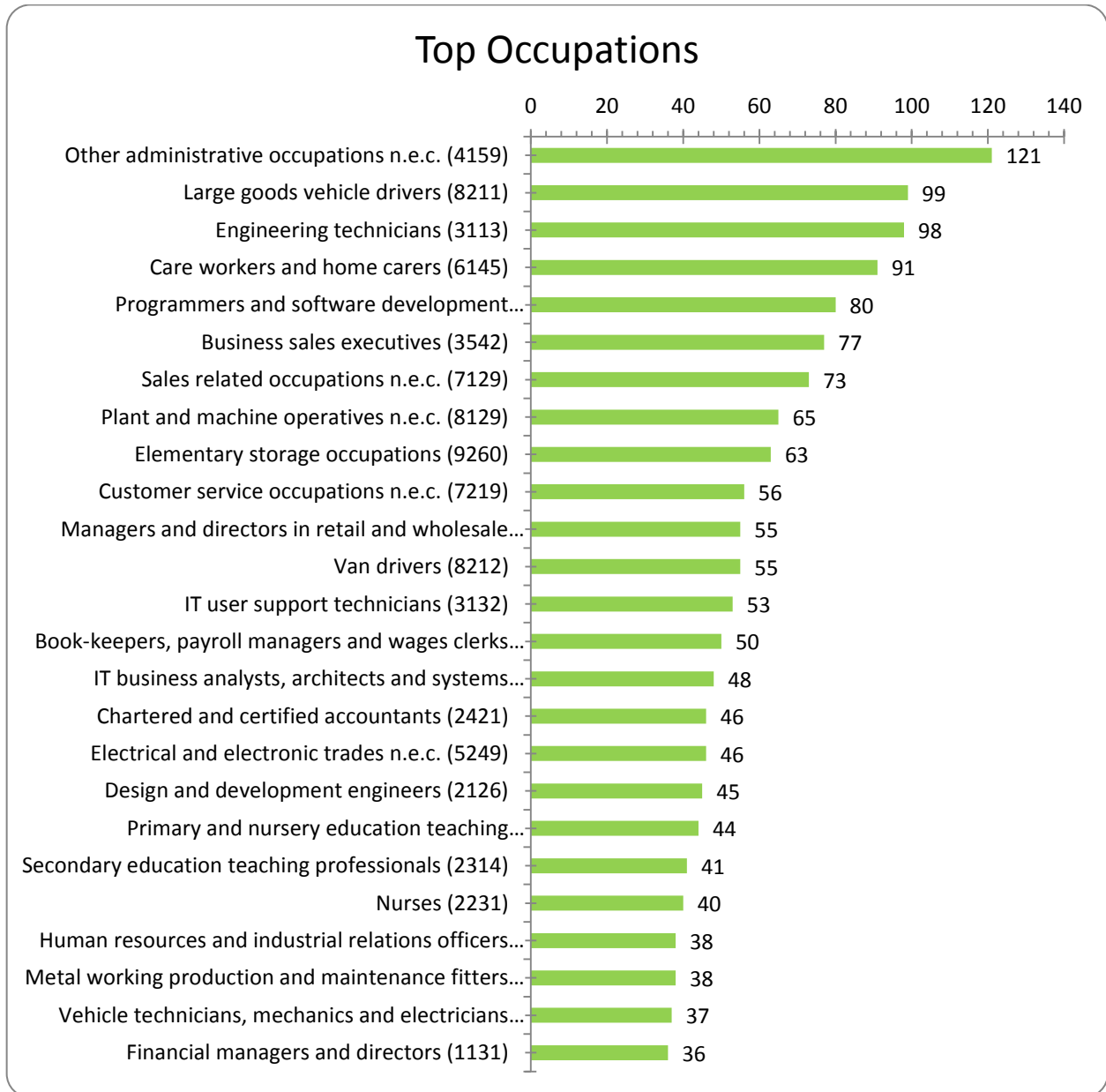
Department for Work and Pensions, via Nomis, November 2016



Vacancies

Vacancies advertised in terms of occupations and skills in most demand

Figure 8 : Occupations in greatest demand as advertised by employers in Central Bedfordshire, August 2016 – October 2016



Labour Insight, November 2016



Figure 9 : Skills in greatest demand as advertised by employers in Central Bedfordshire, A August 2016 – October 2016



Labour Insight, November 2016



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The top five occupations advertised by employers between August 2016 and the end of October 2016 were other administrative occupations, programme, large goods vehicle drivers, engineering technicians and care workers and home carers. Between August 2016 and the end of October 2016, the specialised skill most often required was 'Microsoft Excel', this was followed by 'customer service', 'Microsoft Office' skills and sales skills.

Skills

The number of people receiving job-related training decreased by a total of 5,500 people, from 18,400 in March 2016 to 12,900 in June 2016. The number was 18,000 in June 2015. This amount comprised of 7,200 males and 5,700 females receiving training, compared with the 10,400 males and 8,100 females receiving training in March 2016. Interestingly, 11,800 people (91%), working full time received job-related training, compared to just 1,100 people working part-time. A similar trend is true for public versus private training with both levels falling in the period, but with private sector training being consistently below public sector levels (12.9% against 8.4%). This trend of consistently lower private than public sector training is true for SEMLEP and national levels.

Apprenticeships

There were 2,060 apprenticeship starts in Central Bedfordshire in the full year 2015 / 2016, compared to 2,070 in the full year 2014 / 2015, a small decrease of 0.5% compared with the small increase of 2% seen nationally. The sectors having the highest percentage of starts were Business, Administration and Law, having 26.7% of the starts, and Health, Public Services and Care with 26.7% of the starts.

Business Start Ups

Data from BankSearch (providing details of new business bank accounts) shows in the year January to October 2016 there had been 1,498 new small business start-ups in Central Bedfordshire, 68 fewer than reported for the same period in 2015, and at the lowest for the same period since 2008. Data shows that there were fewer business start ups in June and July 2016, pre and post the EU referendum, with numbers increasing in August, September and October.

Self Employment

The Annual Population Survey (APS) in June 2016 showed that 19,500 people aged over 16+ in employment were self- employed, 300 higher than the 19,200 in March 2016, but 5,200 lower in June 2015.

The rate of self employed in Central Bedfordshire is 13.8%, below the national rate of 15.3% but comparable with the SEMLEP rate of 13.8%. Looking at the gender split, 15,600 of these people are male and 3,900 are female. Since March 2014, there are 2,700 fewer self employed males and 2,500 fewer self employed females.



Table 4 : Percentage in employment aged 16 and over, who are self employed

	June 2014	June 2015	June 2016	Percentage point change 2014 - 2016
Central Bedfordshire	14.7	17.7	13.8	-0.9%
SEMLEP	14.8	13.9	13.8	-1.0%
East of England	15.8	14.6	14.8	-1.0%
England	15.0	15.1	15.3	0.3%

Inward Investment Enquiries

There were 160 inward investment enquires between 1st April - 5th December 2016, with 13 successful outcomes – more than anticipated. The successes have led to 809 confirmed new jobs to date. The enquiries have covered a wide variety of business sectors, with the greatest number of enquiries from Retail (10%), Logistics, Manufacturing and Food (all 8.8%), followed by Health, Leisure and Engineering (all around 5%).

Of the total number of enquiries, 66 have now been classified as “inactive” due to no further response from the initial enquirer.

High Street Vacancy Levels

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. The overall average vacancy rate within town centres is 4.41% in November 2016. This has decreased from 5.25% in August 2016 due to less vacant units in Ampthill, Arlesey, Biggleswade, and Leighton Buzzard, with an increase seen in Sandy. Dunstable remains the town with the most vacancies, 38 or 15.4% of all premises (the fall in Dunstable’s vacancy rate in August 2016 is partially due to some retail units being amalgamated into others), although the latest Dunstable count will not be carried out until December, followed by Sandy, with 5 or 7.5%. Flitwick, Ampthill and Arlesey have no vacancies. Central Bedfordshire’s vacancy rate is lower than Britain’s rate of 12.3% in October 2016 (Source: The Local Data Company).





Table 5: Town centre vacancies % in Central Bedfordshire, November 2015 – November 2016

Town	Nov 15	Feb 16	May 16	Aug 16	Nov 16
Ampthill	2.2	2.2	0	1.1	0
Arlesey	6.7	6.7	6.7	6.7	0
Biggleswade	3.5	6.9	7.6	6.9	4.8
Dunstable	17.7	17.7	18.8	15.4	15.4
Flitwick	2.6	2.6	0	0	0
Houghton Regis	3.6	3.4	3.4	3.4	3.4
Leighton Buzzard	3.4	5.4	6.9	6.4	4.9
Sandy	4.5	4.5	6	4.5	7.5
Shefford	2.5	2.5	2.5	2.5	2.5
Stotfold	5.6	5.6	5.6	5.6	5.6
Average vacancy rate	5.23%	5.75%	5.75%	5.25%	4.41%

Source: Central Bedfordshire Council

