

QUARTERLY ECONOMIC BULLETIN

An Economic Summary for Herefordshire

INSIDE THIS ISSUE:

News	1
<i>Editorial: Tourism in Herefordshire</i>	3
<i>Unemployment</i>	4
<i>House prices</i>	5
<i>Chamber survey</i> <i>Earnings of agricultural workers</i>	6
<i>Train station usage</i> <i>Road usage</i> <i>Energy statistics</i>	7
<i>Recently Published Research</i>	8

Key Points for Herefordshire:

- Numbers of tourists visiting Herefordshire in 2008 were estimated to be 5% lower overall than in 2007 (page 3).
- Numbers of unemployed fell in April 2009 (page 4).
- House prices in Herefordshire are down 15% on last year (page 5).
- The proportion of businesses reporting an improvement in their cash flow increased over the last three months (page 6).
- Male full time agricultural workers earned an average of £7.64 per hour in September 2008 (page 6).
- Use of railway stations in Herefordshire have seen a 28% increase between 2004-05 and 2007-08 (page 7).
- Road usage (vehicle kilometres) increased by 7% between 2002 and 2007 (Page 7).
- Both electricity and gas use in the county decreased between 2005 and 2007; electricity consumption was higher than in other areas (page 7).

NEWS SOURCED FROM LOCAL AND NATIONAL PRESS

Development and Investment

Taylor Lane Timber Frame Ltd are to be one of the first to benefit from RE:think, a regional renewable energy capital grant scheme. The company who employ over 100 people will use the £35,500 to create a new biomass system that will use waste from their production, reducing energy costs and diverting waste from landfill.

M&M Direct, the discount clothes retailer, have invested £3 million in a new industrial unit in Moreton-on-Lugg, an indication of their intention to stay in the county and of good times ahead for the company.

Commercial printers ABC have invested in a suite of new presses from Heidelberg including a 10 colour B3 and Anicolour press. The new technology is expected to save them 1.5 million sheets of paper a year, plus water and energy savings.

A new scheme has been set up to minimise the risk to new business start ups in rural areas of the West Midlands. Evans Easyspace who operate the rural enterprise centre network will be offering reduced rental for differing periods at their sites in Hereford, Leominster, Ludlow and Shrewsbury. This is intended to alleviate some of the risk associated with this side of operation for new and fledgling businesses. The project is funded by Advantage West Midlands through the Rural Regeneration Zone.

Job Creation

Private sector companies in Herefordshire could benefit from easier graduate recruitment. 'Grad Central', a new service funded by Advantage West Midlands, aims to place thousands more graduates into jobs in the region's private companies over the next four years. The project is particularly aimed at helping smaller enterprises recruit to graduate positions. Businesses will have access to the best graduates and will be able to recruit free of charge for their first post.

If you would like help to understand this document, or would like it in another format or language, please call the Research Team on 01432 206 893 or e-mail researchteam@herefordshire.gov.uk

For a large print copy, please call 01432 260 893

NEWS (CONT.)

Job losses

Eight people have been made redundant from the head office of Biogenix, a company who produced fertiliser from food waste and became one of the companies from Herefordshire to be floated on the stock exchange. They are now in administration.

Community and Volunteering Groups

Jan Golding, a chartered human resources practitioner with over 20 years of experience has started her own social enterprise company specialising in providing human resources services to the non-profit sector. Roots HR CIC will be the first of its kind in the UK.

Art students from Hereford college have helped brighten up the city centre by displaying their work in an empty shop window. The work has been installed on the site of the former Bliss Homes store in Franklin House, commercial road. The college is asking any other landlords with vacant premises to come forward if they would like something similar.

Agriculture and Environment

Herefordshire rural services company 7Y is offering free energy audits to farmers as part of the RE:think scheme. The free audits will be made available to anyone considering a renewables capital project such as anaerobic digesters, combined heat and power (CHP), wind or solar energy.

Agricultural supplier Countrywide is on course for record profits after it generated an operating profit in the first half of the financial year. The company achieved a six percent increase in like-for-like sales and managed to improve profitability despite volatile commodity prices.

Local potato producer Gamber is going back to a traditional sales approach to help support the county's residents through the current downturn. The supplier who buys from local farms is offering doorstep delivery for its sacks of potato's highlighting the potential cost savings.

Local company Aconbury sprouts has marked its recent successes with an award from the International Food Exhibition 2009. Aconbury are one of the largest producers of beans and sprouts in the UK, supplying to ASDA, Waitrose and Holland & Barrett as well as to many top restaurants nationwide.

Tourism and Culture

Riverside restaurant complex the Left Bank will be back in business next month, if plans to re-open go ahead. Arena group, who own the Planet Ice brand, will be taking ownership of the complex which includes the restaurant, brasserie, bar and conference centre.

National News

Retail sales rose 2.6% in April compared to a year ago, helped by a faster rise in sales of both groceries and non-food goods. The rise in sales over the month of 0.9 per cent was higher than the economists' average expectation of a 0.5 per cent increase and may be the early signs of the recession easing. Although retail spending has remained surprisingly high throughout much of the downturn, other areas of consumer spending remain weak. House buying and investment in cars are at close to record lows. Spending in restaurants and hotels has also been suffering.

Figures released by the Bank of England show that growth in the stock of lending to UK businesses slowed markedly during 2008. Looking ahead, some lenders expect the overall availability of credit to the corporate sector to increase over the next three months. Business investment also showed a sharp fall in the early part of 2009 from the last quarter of 2008, construction and service sectors were particularly badly hit compared to the previous three months. In addition mortgage lending to individuals has slowed sharply since the start of the financial crisis, and is at its lowest annual rate since the series began in 1988.

A survey carried out by the CBI (Confederation of British Industry) has found that one in three employers is having to send staff for basic English and maths training. Around a fifth of employers find non-graduate recruits to have literacy or numeracy problems. A third expect the levels of skills required for work to increase over the next five years. These figures are contained in a CBI report commissioned by the Department for Education and Skills as part of its promise to raise basic skills levels through new functional skills modules for GCSEs.

Information for this news article has been sourced from local and national press

TOURISM IN HEREFORDSHIRE

Herefordshire is one of the most rural counties in England, with Hereford City as its main centre, encircled by five historic market towns. The fine and varied landscape includes two Areas of Outstanding Natural Beauty, the Malvern Hills and the Wye Valley. This makes Herefordshire a great tourist destination and therefore, tourism important to the local economy. Tourism is also one of the sectors that could potentially benefit from the current downturn, as holiday makers may look closer to home for a cheaper holiday and the euro becomes stronger against the pound. The following article looks at some of the most recent data on tourism.

Occupancy rates for visitor accommodation

Occupancy rates for various types of tourist accommodation show that all accommodation classes had slightly lower occupancy for 6 months Oct '08 - Mar '09, compared to the same period in the previous year

- Serviced with 10 rooms or less: average = 11%, compared to 15%
- Serviced with more than 10 rooms: average = 29%, compared to 30%
- Self-catering: average = 37%, compared to 39%
- Caravan & camping: average = 17% compared to 24%

This is a slightly differing picture than that for the previous six months Apr – Sep '08 when it was only the 'serviced with 10 rooms or less' category that had seen a decrease compared to the same period in the previous year.

Source: Cultural Services, Herefordshire Council

Visitor numbers

In the first part of 2008, between April and June, there was a considerable reduction compared with previous years, but with numbers then recovering between July and November. It's not yet clear what effect the economic downturn will have on visitor numbers to Herefordshire because there are additional factors to consider such as poor weather.

Table 1. Change in visitor number by type of accommodation

	Change between '07 and '08	
	Tourist numbers	Tourist days
Serviced accommodation	-12%	-6%
Non-serviced accommodation	7%	5%
Staying with friends & relatives	0	0
Day visitors	-6%	-6%

Source: STEAM Report for Herefordshire Council, 2008

Numbers of tourists visiting Herefordshire in 2008 were estimated to be 5% lower overall than in 2007. However, the decline in number of tourist days spent in the county is less marked (2% lower) i.e. less people but on average they stayed longer.

Analysis by category of visitor (see table 1) shows declines for serviced accommodation and day visitors but an increase for non-serviced accommodation.

The Scarborough Tourism Economic Monitor (STEAM) estimates for the economic impact of tourism in Herefordshire suggest a slight fall in revenue in 2008, £410.9m compared to £412.6m for 2007.

Analysis by sector of expenditure shows declines in revenue for accommodation (-4%), food & drink (-2%) and indirect expenditure (-1%) but increases for recreation (2%), shopping (2%) and transport (1%).

Results from the STEAM model also give the number of people employed in the different sectors within tourism. Food and drink activities accounted for the greatest proportion (32%) of employment in tourism in 2008 followed by accommodation (22%) and shopping (16%).

As a proportion of total employees in Herefordshire, tourism¹ employs around 9%. This is similar to both England (9%) and the West Midlands region (8%).

There was little change in proportions employed in various tourism sectors between 2008 and 2007.

Source: STEAM Report for Herefordshire Council, 2008

¹ Source: Annual Business Inquiry. 4 digit SIC codes; 9272, 9262, 9261, 9253, 9252, 9234, 9233, 9232, 9231, 9213, 7110, 6330, 6022, 6021, 6010, 5540, 5530, 5523, 5522, 5521, 5510, 501

UNEMPLOYMENT

This article shows levels and trends of unemployment in Herefordshire. The Office for National Statistics (ONS) supplies data on numbers and rates of unemployment (% of the working age population claiming unemployment benefits), the age of those who are unemployed and duration of their unemployment. The following is a summary of the key information from **April 2009**. All figures are un-adjusted for seasonal variation unless otherwise stated.

In April 2009:

The claimant count was **3,038**, a 1.5% decrease on March, reversing the trend of recent months. Despite this the claimant count is still much higher than in April 2008 (1,471). The claimant counts for the West Midlands and England saw respective increases of 3% and 2% between March and April.

The unemployment rate in April 2009 was 2.9%, a decrease from 3.0% in March, but still higher than 1.5% in April 2008. This rate remains low compared to that for the West Midlands region (5.4%) and England as a whole (4.1%), both of which continued to increase between March and April.

Age and duration

Claimants between 25 and 49 years of age accounted for the greatest proportion of claimants, 52% (1,570 claimants). Those under 25 accounted for 29% and the over 50s 19%.

Unsurprisingly it was those claiming for less than six months that accounted for most of the increase (89%) since July. In April 2009 they accounted for 84% of claimants.

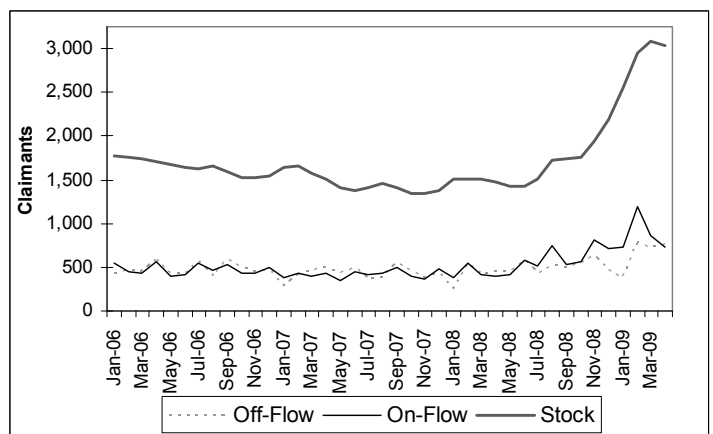
Sub county

The greatest increases between July 2008 and April 2009 in the number of claimants were in Belmont (156), St Martins and Hinton (152), Three Elms (106) and Ross-on-Wye West (97). Between March and April however, it was only Ross-on-Wye West that continued to experience an increase in number of claimants. Aylestone, Tupsley, Bringsty and Penyard were the wards that saw the largest increase on March.

Occupation

Looking at the usual occupation of claimants, the greatest proportion are in the '**elementary trades, plant and storage related occupations**',¹ accounting for 19% of all claimants. It was also this group that saw the

Chart 1. Claimant on-flow, off-flow and stock (count) for Herefordshire, 2006-2009



Source: Office for National Statistics Monthly Unemployment Claimant Counts, Herefordshire Council Research Team

largest increase in the number of claimants (280) since July 2008. The '**sales occupations**' also accounted for a large proportion of total claimants (16%) and had increased by 275 claimants since July.

Vacancies

In April 2009 the volume of vacancies notified to Jobcentre Plus (521) was considerably less than in April 2008 (854). However, this was a marked increase on January 2009 when there were only 275 notified vacancies, compared to 442 in January 2008.

Redundancies

Over the four month period, Nov '08 – Feb '09, Jobcentre Plus was notified of 43 redundancy exercises in the county affecting 720 members of staff. As of the beginning of May '09 this had increased to 55 redundancy exercises affecting 958 members of staff, an increase of 238 redundancies between Feb and May '09.

¹ 'Elementary trades, plant and storage related occupations' include; elementary trades within agriculture and construction e.g. woodworking and building labourers; elementary process plant occupations e.g. foundry workers and packers; and elementary goods storage occupations e.g. stevedores, dockers and slingers.

PROPERTY PRICES

HM Land Registry collects data on house prices from all house sales in England and Wales which forms the basis of the data below. The most recent data for house prices is **quarter 3 in 2008** and for the House Price Index, **March 2009**.

This data is published as a series of 'Live Tables', including various measures of property price – the mean, the median and the lower quartile. The median and lower quartile figures are shown in the table below for Herefordshire, the West Midlands and England & Wales.

In the 3rd quarter of 2008, the median price of a property in Herefordshire was **£197,100**. In comparison, the median property prices for England & Wales and the West Midlands were £174,000 and £145,000 respectively.

The overall median house price is higher in Herefordshire compared to nationally. This is caused by the high volume of sales of detached properties in Herefordshire as compared to England and Wales, which has the effect of inflating Herefordshire's average price.

Year of 3rd Quarter	Median property prices			Lower quartile property prices		
	England & Wales	West Midlands	Herefordshire	England & Wales	West Midlands	Herefordshire
2000	£82,000	£68,500	£86,000	£53,500	£48,000	£63,000
2007	£180,000	£150,000	£196,500	£129,950	£115,000	£149,000
2008	£174,000	£145,000	£197,100	£122,500	£110,000	£150,000

Source: HM Land Registry

Affordability

The preferred measure for house price affordability is the ratio of lower quartile house price to lower quartile earnings (see chart below). For 2008, the ratio for Herefordshire was 9.2, that is, for those on lower quartile earnings a house at the bottom end of the market would cost them 9.2 times their annual earnings. In 2008 Herefordshire had the worst affordability ratio out of the West Midlands Authorities (unitaries, counties and metropolitan boroughs) and neighbouring counties.

Over the previous 10 years, Herefordshire's affordability ratio has been consistently higher than regionally and nationally and has, for the most part, been increasing at a greater rate.

House Price Index

The Land Registry releases a House Price Index (HPI), calculated by selecting properties that have changed hands more than once since January 1995, so the index is based on genuine price increases for particular properties.

The table gives the index values in March 2009 and the current annual rate of increase in house prices for Herefordshire, the West Midlands and England & Wales.

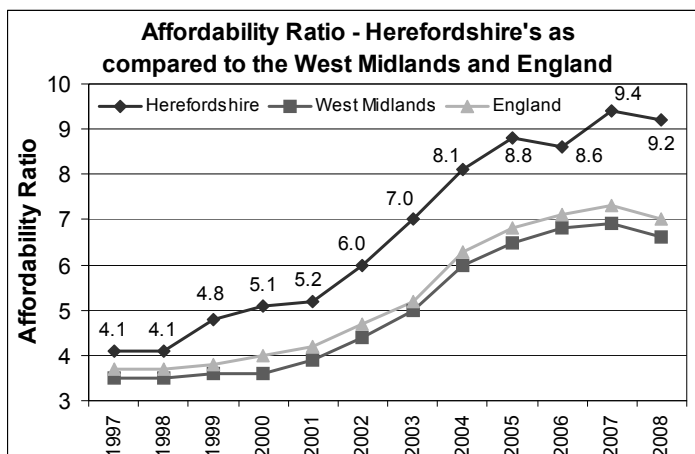
	HPI			Annual change (%)		
	Eng & Wales	West Mids	Hfds	Eng & Wales	West Mids	Hfds
Mar-08	291.9	257.3	281.6	3.2%	0.8%	3.3%
Mar-09	244.5	214.8	238.7	-16.2%	-16.5%	-15.3%

Source: HM Land Registry

Private Rental Levels

The Rent Service (TRS) publishes Local Housing Allowance (LHA) rates monthly - these represent the amount payable in Housing Benefit to cover rental of different dwelling sizes. The LHA rates are based on on-going surveys of the rental market by TRS, who then use median values as the basis for their figures. The latest figures (May 2009) are given in the table below.

1 Bed-room Shared	1 Bed-room	2 Bed-room	3 Bed-room	4 Bed-room	5 Bed-room
£295	£421	£544	£652	£785	£890



Source: Department for Communities & Local Government

CHAMBER OF COMMERCE SURVEY

The Chamber of Commerce, Herefordshire & Worcestershire (CCH&W) carries out a quarterly survey of its members, to ascertain recent and anticipated trading experience. Questions cover sales and orders in UK and overseas markets, changes in the workforce (including skills shortages experienced), what is happening with their cash flow, investment plans, business confidence and their prices. In comparison with figures for the previous 10 years, latest results for Herefordshire from **December 2008** saw:

- The lowest proportions of businesses reporting increases in UK sales and orders over the past three months.
- The highest proportions reporting decreases in UK sales and orders and overseas orders over the past three months.
- The highest proportion expecting a decrease in their workforce over the next three months.
- + An increase since the previous quarter in businesses reporting an improvement in their cash flow over the last three months.
- The highest proportion of businesses revising their investment plans around plant, machinery and equipment downward, along with the lowest proportion revising investment plans upwards for training and plant, machinery and equipment.
- A lower proportion of businesses expecting turnover to improve over the next year and the highest proportion expecting profitability to get worse over the next year.
- + A decrease compared with the previous quarter and previous year in the proportion of businesses who expect the prices of their goods and services to increase.

[‘Click here for the full article’](#) - please note this opens a new window (64.0kb)

SOURCE: HEREFORDSHIRE AND WORCESTERSHIRE CHAMBER OF COMMERCE

EARNINGS AND HOURS OF AGRICULTURAL AND HORTICULTURAL WORKERS 2008

Farming Statistics at DEFRA collect information on the earnings and hours of agricultural and horticultural workers, aged 20 years and over, by quarterly surveys every year. The latest results released in November 2008 for **England & Wales as a whole** contain annual estimates of the 12 months ending **September 2008**; this includes the four most recent quarterly surveys.

In September 2008 male full time workers earned on average £7.64 per hour. This represents a £0.14 increase on September 2007. Female full time workers earned on average £6.95 per hour (£0.11 increase). Average weekly pay for male full time workers was £356.13 and for female full time workers was £289.02, this represents a 1.1% increase for males and a 0.6% increase for females.

For the 12 month period ending September 2008 male part time workers earned on average £7.12 per hour. Female part time workers earned on average £6.81 per hour. Average weekly pay for male part time workers was £128.54 and for female part time workers £157.57, representing a decrease of 4% and 7% respectively compared to earnings in September 2007.

Comparisons made between data from 2008 and any year from 2004 onwards yield no statistically significant changes in earnings or the number of hours worked.

[‘Click here for the full article’](#) - please note this opens a new window (56.0kb)

SOURCE: STATISTICAL NOTICE FROM DEFRA, NOVEMBER 2008

TRAIN STATION USAGE

The Office of Rail Regulation (ORR) publishes statistics based on tickets sales for each station. This includes the total numbers of entries (journeys starting at the station) and exits (all journeys terminating at the station), broken down by ticket type.

The total number of entries and exits for stations in Herefordshire increased by 28% between 2004-05 and 2007-08, slightly lower than for all UK stations (32%), but greater than for stations in the West Midlands (22%).

[‘Click here for the full article’](#) - please note this opens a new window (44.0kb)

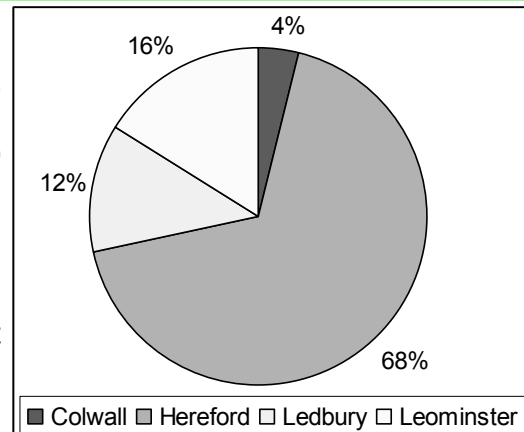


Chart 1. Percentage of all entries/exits by station

SOURCE: OFFICE OF RAIL REGULATION

ROAD USAGE

The Department for Transport (DfT) compile estimates of total motor vehicle traffic (including cars), and car traffic only, for local authorities in Great Britain. They show annual million vehicle kilometres from 1993 to 2007.

An estimated 10,500 vehicle kilometres per head were travelled on Herefordshire roads in 2007, representing a 7% increase compared with 2002. Road usage for Herefordshire remains consistently higher than for the West Midlands and England as a whole.

The estimated number of vehicle kilometres travelled by car per capita on Herefordshire roads was 7,975 in 2007. Total vehicle kilometres for just cars had increased by 5%, less than for all vehicles (7%).

[‘Click here for the full article’](#) - please note this opens a new window (36.0kb)

SOURCE: DEPARTMENT FOR TRANSPORT (DfT)

ENERGY USE STATISTICS

The Department for Energy and Climate Change (DECC) produces statistics, for Local Authority areas on the level of energy consumption from electricity, gas and other fuels, for both the domestic and industrial/commercial sector. Energy use and the resulting emissions of carbon dioxide are considered to be responsible for man made climate change. This, and increases in energy prices are putting pressure on organisations and individuals to reduce their energy use. In Herefordshire:

- **Electricity:** Domestic consumption averaged 5,126 kWh in 2007, a large decrease compared to 2005 (5,731 kWh), but still higher than the West Midlands region (4,433 kWh) and Great Britain (4,392 kWh). This may in part be due to a lack of mains gas supply in some areas. Average consumption per employee for the industrial and commercial sector was 27,900 kWh in 2006, greater than for all the other neighbouring authorities and the West Midlands region (21,600 kWh).
- **Gas:** Average domestic consumption was 15,582 kWh a decrease on 2005 (17,013 kWh) and low compared to other areas. Average consumption for the industrial and commercial sector was 8,600 kWh per employee in 2006, high compared to all of the neighbouring authorities.
- **Non-gas, non-electricity & non-road transport fuels:** Manufacturing consumes more petroleum per capita (0.25 tonnes) than any other area. Domestic consumption per capita is also high (0.12 tonnes) compared to Great Britain (0.04). This may be due to a lack of mains gas supply.

[‘Click here for the full article’](#) - please note this opens a new window (48.0kb)

SOURCE: DEPARTMENT FOR ENERGY AND CLIMATE CHANGE (DECC)

RECENTLY PUBLISHED RESEARCH

National Research

An independent report on the future of the automotive industry in the UK

Department for Business Enterprise and Regulatory Reform (*May 2009*)

The report highlights the following strengths and weaknesses of the UK automotive industry.

Strengths

- Diverse presence of major vehicle manufacturers, owners from Europe, Japan, Malaysia, China, Kuwait, India and the US
- Labour flexibility
- Good scale for internal combustion engine manufacture
- Globally competitive vehicle and power train Research and Development (R&D)
- Strong premium brands, second only to Germany in global market share.

Weaknesses

- Lack of any global volume vehicle manufacturers headquartered in the UK
- Lack of critical scale for vehicle manufacture
- Shortage of sufficiently skilled workers—shop floor and R&D
- Lack of adequate supply base forcing manufacturers and suppliers to conduct final assembly here and rely on foreign R&D and core technology component development and manufacture.
- Historically high interest rates and currency make exports less profitable
- Lack of orchestrated collaboration between manufacturers and suppliers
- Government ambivalence towards the automotive sector and the absence of a consistent long term strategic policy framework.

For more information visit: <http://www.berr.gov.uk/files/file51139.pdf>

The living standards of families with children reporting low incomes

Department for Work and Pensions (2009)

This report focuses on whether children in low-income households have different living standards depending on whether their parents are employed, self-employed, or workless.

This report confirms other findings that, without taking account of any other factors, children from households with the lowest incomes do not have the lowest average living standards. Instead, in general, average living standards first fall as

income rises, and then rise creating a 'U-shaped' profile between income and other measures of living standards.

Among households with similar incomes, there are clear differences in living standards, on average, depending on the work status of the household. In general, self-employed families with children have higher living standards than employed families with children with similar incomes, who in turn have higher living standards than workless families with children with similar incomes.

For more information visit: <http://www.dwp.gov.uk/asd/asd5/rports2009-2010/rrep577.pdf>

Local Research

Market Town Profiles—Following on from the Research Teams work on Local Area Profiles, a set of Market Town Profiles have now been produced. They contain information on a range of themes for areas within each town and for the town as a whole. The data includes information on population, deprivation, educational attainment, employment and much more. Profiles are available for Hereford, Leominster, Bromyard, Ross-on-Wye, Kington and Ledbury. To download a profile visit www.herefordshire.gov.uk/research under the 'About your area' section

Forthcoming HIRN events:

Herefordshire Information & Research Network

West Midlands Regional Observatory road show (22nd of July)

For more information about HIRN visit www.herefordshirepartnership.com/hirn or contact us using the details below.

For more information or any queries please contact:

Herefordshire Council's Research Team
P.O. Box 4
Plough Lane
Hereford
HR4 0XH

Phone: 01432 260 893

Email: researchteam@herefordshire.gov.uk

Website: www.herefordshirepartnership.com