

QUARTERLY ECONOMIC BULLETIN

An Economic Summary for Herefordshire

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NEWS SOURCED FROM LOCAL PRESS

Over the last quarter, 13 new jobs have been created in Herefordshire through expansion of projects supported by the Redundant Building Grant Scheme.

20 new jobs have been created in Hereford with the opening of a new £2 million Travelodge hotel in Hereford City.

The Little Chef in Ross-on-Wye is one of several to have closed down nationwide, as a result of the company going in to administration, resulting in a loss of 18 jobs locally.

6 people are to be made redundant at machinery maintenance and production work specialists, F Kyte of Hereford. Competition from overseas has been blamed for cessation of business after 30 years.

Hereford company HFT, based at the Rotherwas Industrial Estate, has secured a £400,000 contract to supply environmentally friendly forklifts to automotive components manufacturers, Triplex Components, at their Hereford and Stratford sites.

3 Hereford companies based at the Rotherwas industrial estate have collectively secured an £800,000 order from the Italian military for rapid deployment shelters. The contract has potential to generate further orders and jobs for the city.

10 projects for disabled people in Herefordshire have been awarded funding from the Awards for All Scheme, including: £10,000 to 2XL Youth projects in Hereford; £6,000 to Bridstow Village Hall Committee for a disabled toilet; £3,100 to Paradise People (Leominster) to build a play area, £6,460 to Brampton Bryan Women's Institute to enable members to attend residential courses.

Hereford Royal National College for the Blind has been allocated a proportion of £848,000 from the European Union for 2 educational projects. The 3-year projects will benefit people with visual impairments through the development of technological learning aids and evaluation of problems experienced by visually impaired students in distance learning.

The Department for Education and Skills have awarded £21 million to fund the rebuilding of Minster College and Westfield Special School in Leominster, £2 million of this will go towards special needs facilities, for 900 11-16 pupils and 120 16-18 year olds.

An application to construct a 38 bedroom hall of residence in Hereford city centre has been approved. It will house student nurses and clinical staff of Hereford County Hospital and students at the city's further education colleges.

DEFRA are set to grant over £6 million for a flood alleviation scheme in Ross-on-Wye. Funding will be used for the creation of culverts, new sandbanks and improvements to some of the town's flood barriers. Work is expected to take place during the first half of this year.

Leominster Folk Museum is set to receive around £40,000 from the Heritage Lottery Fund. The award will go towards a project to collate and digitise recollections from older people. Plans are to use this information for presentations and for sharing with schools.

Staunton-on-Wye pre-school group has been awarded over £5,000 from the Local Network Fund. The money will go towards special needs equipment, an out-door development scheme and a programme of events and activities.

Key Points for Herefordshire:

- Numbers of unemployed increased last month (page 2).
- Overall property prices increased by 5% since last year (page 3).
- Average earnings are lower than those in England as a whole (page 4).
- Nationally earnings for agricultural workers have increased since 2003 (page 6)
- 13.8% of the working age population have no formal qualifications (page 7).

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 **January 2007**. All figures are not adjusted for seasonal variation unless otherwise stated.

In January 2007:

1,634 people were claiming unemployment benefit in Herefordshire, an increase from 1,539 last month. Herefordshire's unemployment rate was 1.6%, which is a decrease from 1.7% in January 06, and lower than the West Midlands (3.4%) and England (2.6%).

71% of claimants were male, giving an unemployment rate amongst males of 2.1% which is down from 2.4% in January 2006.

The number of unemployed claiming benefit in Hereford City has decreased over the year dropping from 797 to 732. Numbers in Bromyard, Ledbury, Leominster and Ross-on-Wye have also decreased over the year. Unemployment in Kington has varied little, remaining low throughout the last year.

The wards with the highest unemployment rates were St Martins & Hinton (193 claimants), Belmont (177) and Ross-on-Wye West (86).

Compared to claimant counts from January 06, Belmont ward has experienced a decrease in unemployment. Unemployment in St Martins & Hinton and Ross-on-Wye West have showed little change.

Unemployment claimant figures are now released at smaller geographical levels (i.e. below ward level) which allow more detailed mapping of where the clusters of higher proportions of unemployed are within Herefordshire.

Higher proportions of unemployment claimants are found in parts of Hereford City, Bromyard, Ross-on-Wye and the areas around the centre of Leominster. The Golden Post area of Newton Farm has the highest proportion of unemployment claimants (3.5% of all claimants in January 07).

Other areas with higher proportions of all claimants in Herefordshire include the region just outside Hereford City containing

	January 2007			A year ago (January 2006)
	Total	Male	Female	
Herefordshire	1,634	1,159	475	1,768
	1.6%	2.1%	1.0%	1.7%
West Midlands	3.4%	4.9%	1.8%	3.3%
England	2.6%	3.6%	1.4%	2.5%

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

Rotherwas and Holme Lacy (1.1%), the 'Kingsbridge' area (1.3%, which covers Kingstone and the region to the south) and the 'Leystones' region (1.0%) which contains the villages of Moreton-on-Lugg and Marden.

The highest proportion of unemployment claimants were those aged between 25 and 49 years who have been unemployed for less than 6 months (38%), a slight decrease from 39% last quarter (October 2006).

The majority of claimants have been unemployed for less than 6 months (77%), which is a decrease from 80% in January the previous year (2006). Consequently, the proportions of those claiming for more than 6 months increased from 19% in January 06 to 23% in January 07.

Just over half of all claimants are aged between 25 and 49 years (52%).

Youth unemployment (those aged under 25 years) has decreased between January 2006 and January 2007, dropping from 31% of all claimants to 28% over the year.

['Click here for the full article'](#) - please note this opens a new window (3.77 MB).

Any queries contact the Herefordshire Council Research Team: 01432 383634 or researchteam@herefordshire.gov.uk

PROPERTY PRICES

HM Land Registry collects data on house prices from all house sales in England and Wales and the data is published quarterly - the most recent figures were released on 8th February, and cover **October to December 2006**.

In the 4th quarter of 2006, the average price of a property in Herefordshire was **£215,208** – this is the average calculated from the 892 individual sales that took place. The overall average property price for England and Wales was £207,573 and that for the West Midlands region was £172,152.

Herefordshire's average price has risen by **5%** over the year compared to 8% for England & Wales and 7% for the West Midlands region.

The number of sales continues to show an increase as compared to the previous year – 17% more sales in Herefordshire than the same period in 2005, and 16% more sales across England and Wales.

The table of average (mean) prices below shows that in Herefordshire, prices for semi detached houses have increased the most over the year. The average price for flats / maisonettes in the county shows a decrease but this is not of great significance as flats / maisonettes show more price fluctuation than other property types due to the relatively low number of sales.

The overall average house price is higher in Herefordshire compared to nationally even though Herefordshire's prices for the individual property types are lower in most cases. This apparent anomaly 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.

	Detached	Semi-detached	Terraced	Flat/ maisonette	Overall average price
Herefordshire Oct-Dec 2005	£292,014	£168,968	£145,311	£134,905	£204,875
Herefordshire Oct-Dec 2006	£294,931	£188,730	£153,279	£127,235	£215,208
Herefordshire % change over the year	1%	12%	5%	-6%	5%
Ave. Eng & Wales Oct-Dec 06	£313,144	£187,717	£163,749	£189,695	£207,573
Eng & Wales % change over the year	7%	7%	8%	8%	8%

Source: HM Land registry

Affordability

Lower quartile prices represent the lower end of the housing market and therefore are a useful measure when looking at affordability.

Over the 3rd quarter of 2006, the lower quartile house price was £139,000 in Herefordshire as compared to £124,000 for England & Wales (provisional figures). With Herefordshire earnings lower than the national average, this makes affordability of housing a key issue for the county.

Other House price information

On the 11th January, the Bank of England base rate rose a quarter percent from 5.00% to 5.25%. Coming on top of rate rises in August and November 2006, this will mean another increase in the monthly mortgage repayment amounts for home buyers.

'Click here for the full article' - please note this opens a new window (36.3 KB).

Any queries contact the Herefordshire Council Research Team: 01432 260464 or researchteam@herefordshire.gov.uk

EARNINGS & HOURS WORKED

The Annual Survey of Hours and Earnings (ASHE) provides information about the levels and range of earnings and hours worked, for employees in all industries and occupations. The latest data was released in **November 2006** and relates to employees who were employed on the 26th April 2006. This excludes employees not paid during the pay period including 26th April 2006 and those who are self-employed. The survey is based on a random 1% sample of employees (using their national insurance number), via a postal questionnaire to their employer.

The ASHE survey provides data on earnings for employees: gross annual, weekly and hourly pay (including and excluding overtime) and hours worked (including and excluding overtime). It also provides a breakdown of earnings by gender and full/part-time workers.

There are two sets of figures of earnings data for Herefordshire:

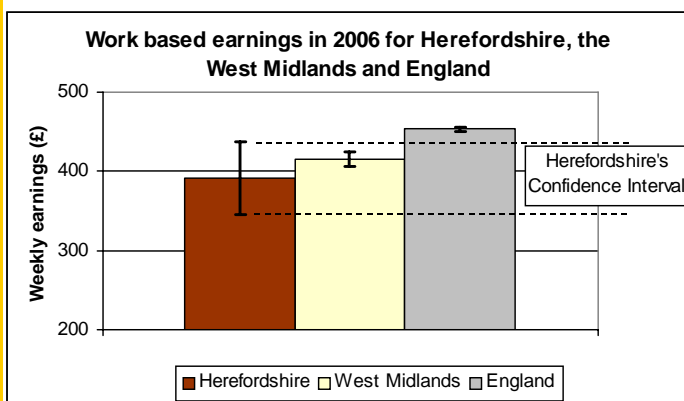
- **Work based** – all people who work in Herefordshire regardless of which county they live in, and
 - **Residence based** – people who live in Herefordshire i.e. includes those working outside the county.
- This article focuses on 'work based median' earnings - this figure provides a mid-point for earnings such that half the workers earn more than this and half earn less. Unless otherwise stated figures are gross weekly earnings for full-time adults.

It is important to use **confidence intervals** when making comparisons using results drawn from sample surveys, as differences seen between the published figures may not be statistically significant. For example, if the ranges of the confidence interval for each of the estimates overlap with each other then it is possible that the 'true values' are actually the same. When confidence intervals are referred to they will be shown as \pm £0.00, i.e. plus or minus however many pounds from the published figure.

Average WORK BASED earnings for full-time employees

In 2006, the **median weekly earnings** for people who work in Herefordshire were **£390.60** (\pm £45.90).

Comparatively, median weekly gross earnings were £415.50 (\pm £9.00) in the West Midlands region and £453.30 (\pm £2.70) in England.

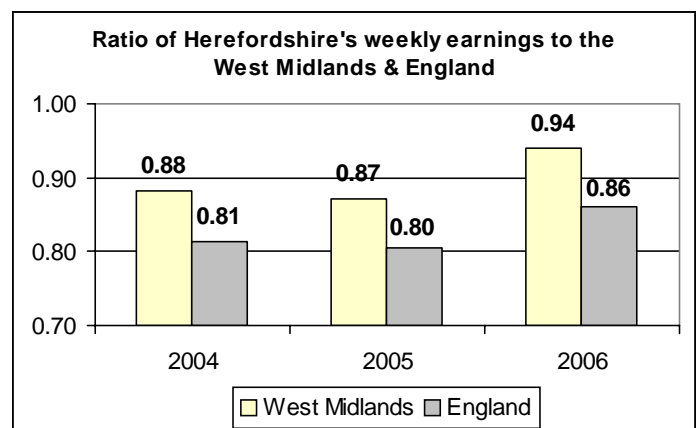


Herefordshire's published earnings appear lower than those in the West Midlands region and England, however, the observed difference between Herefordshire and the West Midlands is not statistically significant.

In 2006, Herefordshire's work based gross **median annualised¹ earnings** were **£20,367.00** (\pm £2,395.20) compared with £21,665.36 (\pm £467.10) for the West Midlands and £23,636.36 (\pm £139.00) for England.

Median hourly earnings (excluding overtime) for people working in Herefordshire were **£9.00** (\pm £1.00) compared with £10.31 (\pm £0.20) in the West Midlands region and £11.26 (\pm £0.04) in England.

Ratios of earnings



The ratio of Herefordshire's earnings compared to regionally and nationally over the past few years allows us to monitor whether the gap between earnings in Herefordshire and elsewhere has got larger or smaller.

In 2006, earnings for Herefordshire compared to England give a ratio of 0.86 which means Herefordshire's earnings were 86% of those nationally i.e. 14% lower.

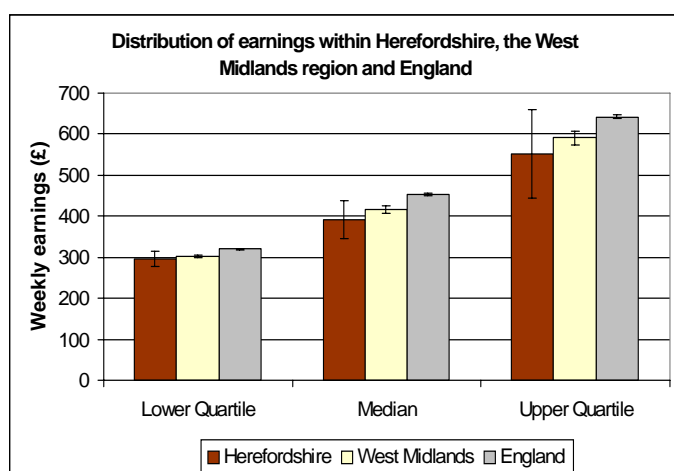
¹ Annualised earnings are derived from weekly earnings

EARNINGS & HOURS WORKED (CONT)

High and low earnings

Higher and lower levels of earnings are measured through quartile information i.e. the figures where 25% of workers earned less and 25% earned more.

In Herefordshire during 2006, 25% of adult full time workers earned less than **£297.00** and the higher earners earned more than **£551.20**. For comparison, the median is £390.60.



The only statistically significant differences are

- Herefordshire's **lower quartile earnings are lower** than England's lower quartile earnings
- and as already mentioned, Herefordshire's **median earnings are lower** than England's median earnings.

Differences in male & female earnings

Across the whole of the West Midlands region and England in 2006, median earnings for full-time female workers are lower than those of their male counterparts (ratio of 0.79 in both cases). If female and male earnings were the same the ratio would be 1.0, if females earned less the ratio is less than 1 and if females were paid more the ratio would be higher than 1. The further the ratio is from 1 the larger the gender pay gap.

Out of all of Herefordshire's neighbouring authorities and the other authorities in the West Midlands region, Herefordshire (**0.72**) has one of the largest gender pay gaps with only Coventry (0.68) and Solihull (0.72) with higher or equal gaps.

'Click here for the full article' - please note this opens a new window (72.5 KB).

Any queries contact the Herefordshire Council Research Team: 01432 383634 or researchteam@herefordshire.gov.uk

Earnings by Industry

This information is only available at a national level, but it gives some insight into the level of earnings in Herefordshire when shown alongside the proportion of Herefordshire residents working in each industry.

In 2006, the UK industry with the highest median earnings is 'mining & quarrying' at £627.10 per week, 0.2% of Herefordshire's residents were employed in this sector. The largest proportion of Herefordshire's residents were employed in 'wholesale & retail trade; repair of motor vehicles', at only £359.20 per week nationwide, this is one of the sectors with lower earnings.

17.4% of Herefordshire's residents were employed in 'manufacturing' at the time of the 2001 Census (the second largest proportion of workers), earnings for this industry nationally were £453.00 in 2006.

If earnings by industry in Herefordshire follow national patterns, the local economy is made up through small proportions of residents working in industries where earnings are high and large proportions of the workforce in sectors with lower earnings.

Hours Worked

ASHE publishes information about the number of hours worked by people working in the county providing the median figures for the **basic** hours worked and **total** hours worked (i.e. including overtime) for full-time adult workers. However due to some limitations around this data there are no differences that are statistically significant when comparing numbers of hours worked.

There is little difference between the **basic** hours worked in Herefordshire and those in England, the West Midlands and neighbouring authorities.

It would seem likely that Herefordshire's median of **total** hours worked is higher than the equivalent in its neighbouring county, Gloucestershire, the West Midlands region and England as a whole.

EARNINGS OF AGRICULTURAL WORKERS

Farming Statistics at DEFRA collect information on the earnings and hours of agricultural and horticultural workers by quarterly surveys every year. The latest results released in November 2006 for **England & Wales as a whole** contain annual estimates of the 12 months ending **September 2006**; this includes the four most recent quarterly surveys.

Method

A sample of holdings is surveyed and information collected nationally for workers aged 20 years and over. The number of workers in the sample for each type of worker is published along with a 95% confidence interval for the main results. For example, in 2006 the national average weekly earnings for male full-time workers were £340.60 with a confidence interval of \pm £22.05, so we can be 95% confident that the population average for all such workers in England and Wales lies within £318.55 - £362.65.

Trends

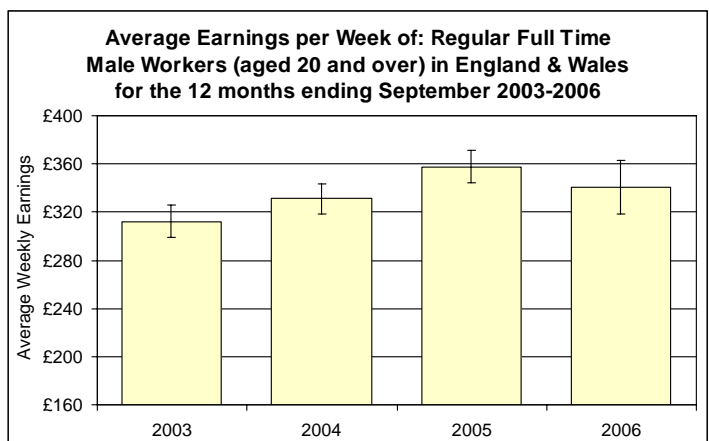
2006 data indicates that male agricultural workers tend to earn more than their female counterparts, particularly in the full time sector, with a statistically significant pay gap in the average weekly earnings and in the average hourly earnings. As a result of this fact the following information focuses on earnings and hours worked by **'regular full-time male workers aged 20 years and over'**. Analysis of trends are given for the average hourly and weekly earnings for the 12 months ending in September from 2003 to 2006.

Table 1 Average earnings and hours by type of worker in England & Wales for the 12 months ending September 2006

	2003	2004	2005	2006
Ave. weekly earnings	£312.25 \pm £13.38	£331.26 \pm £12.46	£357.64 \pm £13.62	£340.60 \pm £22.05
Ave. weekly hours worked	46.9 \pm 1.5	46.2 \pm 1.2	48.4 \pm 1.4	46.1 \pm 2.4
Ave. hourly earnings	£6.66 \pm £0.15	£7.16 \pm £0.17	£7.40 \pm £0.17	£7.39 \pm £0.21
Number in the sample	349	311	299	248

Source: Statistical Notice from DEFRA 8th November 2006.

Comparisons made between data from 2006 with the previous year yield no statistically significant changes in earnings or the number of hours worked. Significant changes in the data are, however, evident if comparisons are made over longer time scales with an **increase** in the average **hourly earnings** between 2003 and 2006 and in the average **weekly earnings** between 2003 and 2005.



Source: Statistical Notice from DEFRA 8th November 2006.

Definitions:

- Average Weekly Earnings include cash earnings, contributions to council tax, holiday pay, sick pay, bonuses and an appropriate value of payments in kind.
- Average Weekly Hours Worked includes all hours worked, paid holidays and paid sick leave. Unpaid leave is not included.
- Annual data are derived using survey data for the current and previous 3 quarters. The data have been weighted to remove any bias due to sampling or response rates. Seasonal weights have been applied for casual workers to account for the increased number of workers during the harvest period.

'Click here for the full article' - please note this opens a new window (28.7 KB).

Any queries contact the Herefordshire Council Research Team: 01432 383634 or researchteam@herefordshire.gov.uk

LABOUR MARKET PROFILE OF HEREFORDSHIRE

Labour Market Profiles are available for local authorities from the National Statistics Nomis website: www.nomis.co.uk. Some of the information for Herefordshire's labour market profile is detailed in this article. This profile brings together data from various sources.

Working Age Population (including males aged 16 to 64 and females aged 16 to 59)

	Herefordshire		West Midlands		England
	Numbers	%	%	%	
Total	104,300	58.3	61.1	62.1	
Males	54,800	62.7	65.0	65.8	
Females	49,500	54.1	57.4	58.6	

Source: Midyear Population Estimates (2005). Percentages are based on total population.

When looking at survey data such as the Annual Population Survey, some caution should be applied when making comparisons between areas. Due to confidence intervals around survey data we would need to see around 3 or 4 percentage points difference between Herefordshire's figures and those regionally and nationally before saying there was a statistically significant difference between these areas.

Economically Active Population

(Working Age)

	Herefordshire		West Midlands		England
	Numbers*	%	%	%	
Economically active	89,700	81.5	76.8	78.4	
In employment	85,900	77.9	72.7	74.4	
Employees	66,500	61.4	64.1	64.5	
Self employed	19,000	16.1	8.2	9.5	
Unemployed**	3,700	4.2	5.2	5.0	
Economically inactive	19,200	18.5	23.2	21.6	
Wanting a job	4,400	4.2	4.5	5.2	
Not wanting a job	14,800	14.3	18.7	16.4	

Source: Annual Population Survey (Apr 2005-Mar 2006). Percentages are based on the total working age population
*Numbers are for those aged 16 and over
**Percentage is based on economically active population of working age

Economically active is defined as people aged 16 years and over who are either in employment or unemployed and actively seeking work.

Economically inactive is defined as people who are neither in employment nor unemployed and actively seeking work. This group includes, for example, all those who were looking after the family, a home or retired.

Qualifications (Working Age)

	Herefordshire		West Midlands		England
	Numbers	%	%	%	
NVQ4 & above	27,100	26.2	23.0	26.2	
NVQ3 & above	45,500	44.0	39.9	43.9	
NVQ2 & above	65,400	63.2	59.6	62.5	
NVQ1 & above	79,500	76.8	74.1	77.1	
Other Qualifications	9,700	9.3	8.0	8.7	
No Qualifications	14,300	13.8	17.7	14.1	

Source: Annual Population Survey (Jan 2005-Dec 2005). Percentages are based on total working age population.

Definitions of each NVQ equivalent level are as follows:

- **NVQ 4 equivalent and above:** e.g. HND, Degree and Higher Degree level qualifications or equivalent.
- **NVQ 3 equivalent:** e.g. 2 or more A levels, advanced GNVQ, NVQ 3.
- **NVQ 2 equivalent:** e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2.
- **NVQ 1 equivalent:** e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1.
- **Other qualifications:** includes foreign qualifications and some professional qualifications.
- **No qualifications:** No formal qualifications held.

Further Labour Market Profiles, including VAT registered businesses and employment by occupation, are included in the full article available from the links below.

'Click here for the full article' - please note this opens a new window (32.2 KB).

Any queries contact the Herefordshire Council Research Team: 01432 383634 or researchteam@herefordshire.gov.uk

RECENTLY PUBLISHED RESEARCH

National Research

Measuring Average Retirement Age

Pensions Analysis Unit, Office For National Statistics (February 2007)

This paper analyses trends in the average withdrawal ages of men and women from the UK labour force from 1984 to 2006, aged 50 to 75, which are taken to be broad indicators of trends in retirement. It presents estimates using changes in economic activity rates by age as the basis for calculating probabilities of withdrawal from the labour force.

The results show that, since 1984, average withdrawal ages have risen for both men and women, having fallen to their lowest in the mid- and late-1990s. Estimates of the average age of withdrawal for men in 2006 range from 64.2 to 65.6 years while for women they range from 61.8 to 63.6 years. The driving forces behind the rise in averages over time have been two-fold: firstly, fewer people appear to be exiting the labour force before reaching state pension age (SPA); secondly, more people appear to be remaining active after reaching SPA.

The full report, *Estimating the average age of withdrawal from the labour force*, can be found at: <http://www.statistics.gov.uk/cci/article.asp?id=1669>

Regional Skills Assessment 2006

West Midlands Regional Observatory (WMRO) (November 2006)

The 2006 Regional Skills Assessment explores the changing regional economy and the needs of the labour market, exploiting key analysis developed over the last 12 months including:

- The Region's recent economic performance, future employment prospects and changing regional demography
- Benefits of investing in skills and the role of skills as a driver of productivity & performance
- Investment in skills by employers - key needs, gaps and shortages and the extent of training and up-skilling
- Investment in skills by individuals – qualification attainment, participation in learning & employment and barriers to participation faced by key 'hard to reach' groups

For more information go to: www.wmro.org

Local Research

Housing Needs Studies continue across the county. After a survey and analysis is completed, a report is issued to the parish or town council and circulated to other interested parties both within and outside Herefordshire Council. Reports for the parishes of **Colwall**, and **Whitchurch (including Ganarew)** were published during the last quarter, and both show a need for affordable housing. The report from the survey of Weobley is due to be issued shortly.

All housing needs survey reports can be accessed from www.herefordshire.gov.uk/research or can be obtained by telephoning the Research Team on 01432 260464.

Results from **Herefordshire's Teenage Lifestyle Survey** are now available. A sample survey of 11-15 year olds shows an insight into how healthy their lifestyles are. Topics covered include diet, sport and activity, alcohol consumption, drug use, bullying and volunteering.

The report for Herefordshire county is available from www.herefordshire.gov.uk/research

Forthcoming Articles:

- Survey of estate agents (house prices & rental levels by property size)
- Population update
- Update on Seasonal and Migrant workers in Herefordshire
- Numbers of people employed in different sectors (Annual Business Inquiry)

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