

QUARTERLY ECONOMIC BULLETIN

An Economic Summary for Herefordshire

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Key Points for Herefordshire:

- Numbers of unemployed fell last quarter (page 2).
- Property prices have risen by 119% in the last 7 years (page 3).

In March 07:

- 39% of businesses reported an increase in UK sales (page 4).
- 82% of firms attempting to recruit staff reported having difficulty in recruiting (page 4).
- 65% of businesses expect their cash flow to improve over the next 12 months (page 4).

In 2005:

- Wholesale, retail and repair trade, manufacturing and health and social work sectors accounted for just under half of all employees (page 6).
- Herefordshire had a slightly higher proportion of smaller businesses than regionally and nationally (Page 6).

NEWS SOURCED FROM LOCAL PRESS

Since the last issue, a grant of £11,630 has been awarded to Wye Pursuits, an outdoor leisure company, for the conversion of a building for a reception/office and instructor room, and £20,000 to the Falcon Hotel, Bromyard for the conversion of a redundant building for a multi-purpose function room and meeting room. A grant of £28,500 has been awarded to Arrow Court, Kington for the provision of industrial units for letting. These projects will create a further 28 new jobs in the county.

12 jobs have been secured, following the procurement of CML Engineering at Rotherwas by one of its customers. The company, which fits components to pipework, were taken over by Teddington Engineering Solutions. The new owners intend to develop the business further, potentially leading to new jobs.

Hereford's Royal National College for the Blind have entered several continental markets with sales of their multi-sensory PC/laptop aids, that were developed in conjunction with a US software engineer.

Provider of motivational coaching and development programme, Red Space Company, has received a 'selective finance for investment' grant to the amount of £38,000 from regional development body, Advantage West Midlands. The money will be used to expand the business based at Harewood End and is set to create further jobs.

A new media studio has been made available in Kington as a result of a National Lottery Awards for All grant. The money was used to purchase new IT equipment for the purpose of providing training programmes run by trained volunteers.

A new youth project aimed at addressing homophobic bullying in rural areas, called Sticks and Stones, has received funding from the national lottery operator The Camelot Foundation. £76,000 has been given to The Rural Media Company to recruit gay/lesbian young people from around the UK to work on short films for the Internet about the impacts of bullying.

The Department of Health has awarded a grant of £266,740 to St Michael's Hospice to help with its redevelopment. The money will be spent on a therapeutic suite, a garden room and landscaping.

Hay-On-Wye have received £5,000 to fund a UN Gold Star Community Scheme, with the intention of developing links with sub-Saharan Africa.

Two new primary schools are to be built at a cost of £11 million. Work on the Riverside Primary, formerly Hunderton Infant and Junior School and Sutton County Primary School, will begin in May.

The Support Housing for Young People project, which tackles housing problems for young people in Herefordshire, has received more than £2,000 worth of electronic goods from the DSG Group of companies that include PC World, Dixon.co.uk and Currys.

A £650,000 visitor centre and café has recently opened at Goodrich Castle. The centre was built by E G Carter and designed by Heath Avery architects of Cheltenham.

Megan Bank House, a children's charity based in Moreton Eye, Leominster, has received £88,000 from Children in Need towards the salary of a senior conductor. The charity provides free conductive education sessions to children with disabilities such as cerebral palsy.

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 2007**. All figures are unadjusted for seasonal variation unless otherwise stated.

In April 2007:

1,513 people were claiming unemployment benefits in Herefordshire, a decrease of 121 claimants from the previous quarter, January 2007 (1,634), and lower than numbers seen a year ago in April 2006 (1,714). The unemployment rate was 1.5%, the same as the previous quarter but lower than in April 2006 (1.7%) and lower than both the West Midlands region and England (See table opposite).

Over two thirds of claimants were male (71%).

The number of claimants in Hereford City decreased over the year (646 claimants in April 07 compared to 762 in April 06).

Of the market towns, Leominster and Ross-on-Wye have the highest levels of unemployment (156 and 121 claimants respectively). Ross-on-Wye has seen the largest decrease (48 fewer claimants than this time last year). Bromyard has seen a rise of 11 claimants over the year to 60 people claiming unemployment benefits. Unemployment in Ledbury and Kington was low and has remained at similar levels over the last year (42 and 25 claimants respectively in April 2007).

Unemployment rates remain higher in the Hereford Constituency than in Leominster (1.7% compared to 1.2%).

Ward unemployment rates show that St Martins & Hinton, Belmont, Leominster North & South and Ross-on-Wye West have the highest rates, each with over 2% of their working age population claiming unemployment benefit. Leominster North has also seen an increase in the numbers of unemployment claimants.

Unemployment claimant figures and rates are now released at smaller geographical levels (SOA level¹ i.e. below ward level) which allow more detailed mapping of where clusters of unemployment are within Herefordshire.

¹ Lower level 'super output areas' (SOAs) are areas with fixed geographical boundaries. There are 116 of these in Herefordshire, each with a population of about 1,500.

	April 2007			A year ago (April 2006)
	Total	Male	Female	
Herefordshire	1,513	1,072	441	1,714
	1.5%	2.0%	0.9%	1.7%
West Midlands	3.3%	4.7%	1.8%	3.5%
England	2.5%	3.4%	1.4%	2.6%

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

The highest numbers of unemployment claimants occur in parts of Hereford City, Ross-on-Wye, Bromyard and in the areas (SOAs) around the centre of Leominster. The SOA in Ross on Wye (which includes the John Kyrle area) and the SOA in Bishop's Meadow-Hunderton (which includes the Hunderton area of South Wye) have the highest numbers of unemployment claimants (both 54 claimants, accounting for 7.1% of all of Herefordshire's claimants in April 2007).

The highest proportion of unemployment claimants were those aged between 25 and 49 years who have been unemployed for less than 6 months (36%), a slight decrease from the last quarter (38%), January 2007.

The majority of claimants (74%) have been unemployed for less than 6 months, a decrease from 78% in April 2006.

A little over half of all claimants are aged between 25 and 49 years (51%), showing a slight decrease compared to the previous quarter (52% in Jan 07).

In April 2007, 30% of unemployment claimants were classed as 'youth unemployment' (those aged under 25 years), the same as it was last April (2006).

'Click here for the full article' - please note this opens a new window (646 KB)

Any queries please 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 which forms the basis of the data below. The most recent data for house prices is **Quarter 4 in 2006** and for the House Price Index, **March 2007**.

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 4th quarter of 2006, the median price of a property in Herefordshire was **£182,995**. In comparison, the median property prices for

England & Wales and the West Midlands were £170,000 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 4th Quarter	Median property prices			Lower quartile property prices		
	England & Wales	West Midlands	Herefordshire	England & Wales	West Midlands	Herefordshire
2000	£82,500	£69,500	£89,950	£53,500	£48,500	£65,000
2005	£160,000	£136,000	£174,500	£116,000	£105,000	£129,963
2006^a	£170,000	£145,000	£182,995	£124,500	£112,000	£142,500

Source: HM Land Registry

^aFigures for 2006 are provisional.

Affordability

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

Over the 4th quarter of 2006, the lower quartile house price was £142,500 in Herefordshire as compared to £124,500 for England & Wales and £112,000 for the West Midlands region. With Herefordshire earnings lower than the national and regional average, this makes affordability of housing a key issue for the county.

Other House Price Information

On 31st October 2006, the Land Registry launched a new House Price Index (HPI) with April 2000 as the base. The new feature of this index is that it is calculated by selecting properties that have changed hands more than once since April 2000, so the index is based on genuine price increases for particular properties.

The Index stands at 219.2 in March 2007, indicating that property prices in Herefordshire have risen by 119.2% in 7 years.

The table below shows that the current annual rate of increase in house prices for Herefordshire is 8.1%, which is similar to England & Wales (8.3%) and approximately 2 percentage points higher than for the West Midlands (6.4%).

	HPI			Annual change (%)		
	Eng & Wales	West Mids	Hfds	Eng & Wales	West Mids	Hfds
Mar-06	200.2	207.3	202.7	4.3%	3.4%	3.4%
Mar-07	216.9	220.7	219.2	8.3%	6.4%	8.1%

Local Survey of Estate Agents

A survey of 9 Estate Agents and Letting Agents in Hereford, carried out in December 2006 and published in March 2007, showed estimates of the minimum (Entry Level) price for a dwelling in Herefordshire ranged from £97,500 for a one-bed property in south Hereford to £195,800 for a four-bed property in Herefordshire outside the City.

Estimates of the minimum (Entry Level) monthly rental ranged from £365 for a one-bed property in south Hereford to £636 for a four-bed property in Herefordshire outside the City.

This full report can be found on Herefordshire Council's website www.herefordshire.gov.uk/research under the Housing Need section.

'Click here for the full article' - please note this opens a new window (34.4 KB)

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

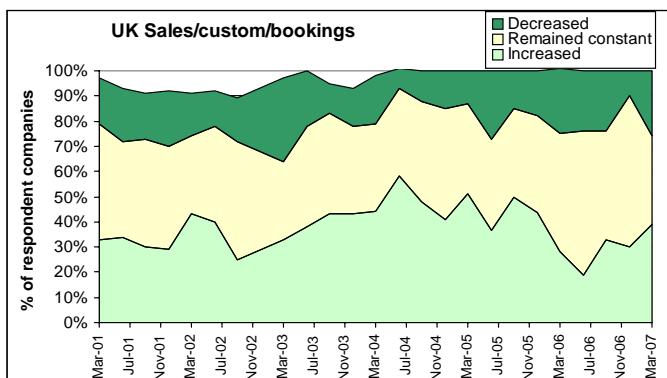
CHAMBER OF COMMERCE QUARTERLY SURVEYS

The Chamber of Commerce, Herefordshire & Worcestershire (CCH&W) carry out quarterly surveys 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. With over 10 years of back data, the survey is the longest running private survey of service sector conditions in the UK. The last survey was in **March 2007**. Due to relatively small response rates, results can only give an indication of local economic trends. Comparisons for this quarter (March 07) are generally made with the previous quarter (December 06) and the same quarter the previous year.

Sales and orders in the UK & Overseas Markets

In March 2007:

- 39% of businesses reported an **increase in UK sales** compared to 30% last quarter (December 06) and 28% in March 06.
- 26% of businesses reported a **decrease in UK sales**, similar rates to previous quarters.
- Only 11% of businesses reported an **increase in overseas sales** in March 07, which has fallen steadily from 25% in December 06 and 50% in September 06 and even 26% in March 06.
- A third of businesses (33%) reported a **decrease in overseas sales**, compared to 50% in December 06 and 2% in March 06.



Cash Flow

22% of businesses reported that their **cash flow has improved** over the last quarter, which is down from 50% in December 06 but an improvement on 17% in March 06.

30% of businesses reported that their **cash flow had worsened** over the last quarter. This is a substantial increase from 0% in December 06 but a decrease from 38% in March 06.

Workforce Changes

Over half of businesses (61%) reported no change in their workforce over the past 3 months.

26% of businesses reported an **increase in their workforce**, down slightly from 30% in December 06 but an increase from 19% in March 06.

13% reported a **decrease in the workforce**, compared to 10% in December 06 and 19% in March 06

Predictions for workforces changes for the following quarter are: **57% expect no change**

35% reported **expecting an increase** in their workforce, up from 20% in December 06 and 23% in March 06.

8% are **expecting a decrease**, which is similar to 10% in December 06 and 11% recorded in March 06.

48% of businesses attempted to **recruit staff** over the last quarter. This figure has dropped steadily over the previous few quarters, from a high of 81% in June 06 to 73% in September 06 and 50% in December 06.

82% of the firms attempting to recruit staff reported having **difficulty in recruiting**; compared to 50% in December 06 and just 38% in March last year.

Over half of firms (56%) reported difficulties in filling **skilled manual and technical worker** positions, compared to 33% in December 06 and 38% in March 06.

Operating levels

Over half (57%) of businesses reported **operating below capacity** in March 07, which is a decrease from 70% in December 06 and 77% in March 06.

QUARTERLY SURVEYS (CONT)

Investment Plans

There are higher proportions of companies reporting **no change in their levels of investment** over the previous quarter for plant/machinery/equipment and training than those who revised them downwards or upwards.

Revised Downwards

Plant/machinery/equipment 9% of businesses revised these plans downwards in March 07, similar proportions to December 06 (10%) and up from 4% in March 06.

Training No businesses reported revising these plans downwards in March 07. (However this figure did rise to 10% in December 06 compared to 2% in March 06).

Revised Upwards

Plant/machinery/equipment 17% of businesses revised these plans upwards (a sharp decrease from 40% in December 06 and a decrease from 21% in March 06).

Training 30% of businesses revised these plans upwards, up significantly from 10% in December 06 and 9% in March 06.

Business Confidence

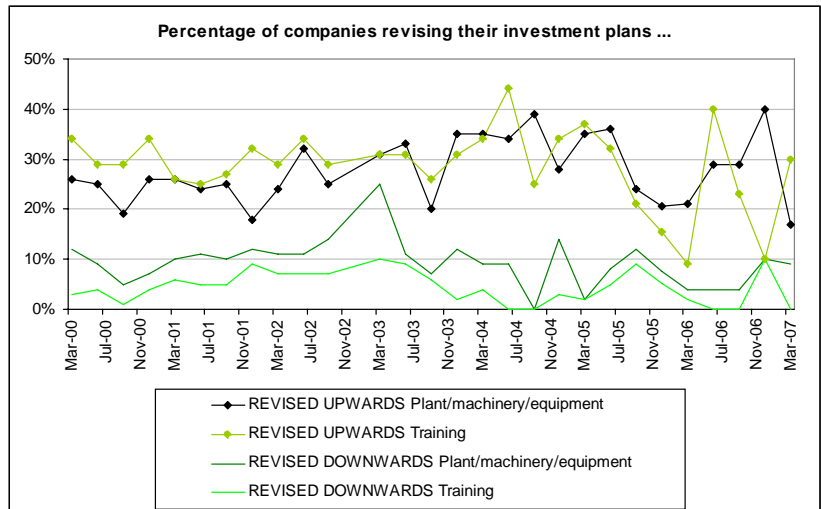
Business confidence here is defined as what businesses feel will happen to the turnover and profitability of their business over the next 12 months.

65% of businesses expect their **turnover to improve** over the next 12 months; an improvement on 40% recorded in December 06 and 45% in March 06.

17% of businesses expect their **turnover to get worse** over the next 12 months; a decrease from 30% in December 06 but similar to proportions in March 06 (19%).

48% of businesses expect **profitability to improve**, compared to 40% in December 06 and an increase from 30% in March 06

39% expect **profitability to get worse** over the next 12 months. This figure has increased steadily from previous quarters, 14% in June 06, 22% in September 06 and 30% in December 06.



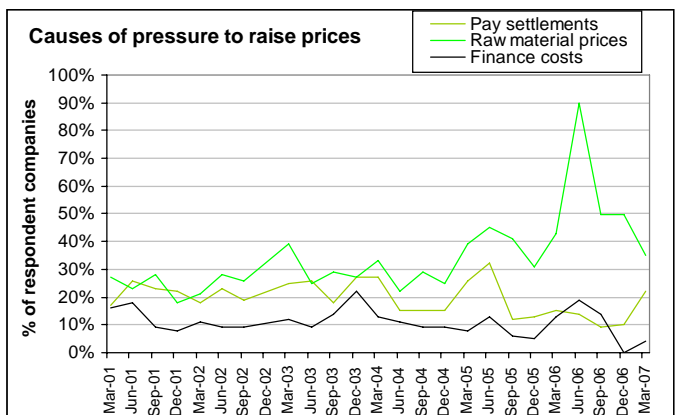
Prices/costs

Businesses are asked what they foresee happening to the price of their goods/services over the next 3 months. 57% of businesses **expected their prices to remain constant**, compared with 41% in March 06.

35% of businesses **expected the prices of their goods/services to increase**, compared to 40% in December 06 and 38% in March 06.

8% of businesses **expected prices to decrease** this quarter compared to 20% in December 06 and 15% in March 06.

Businesses were also asked if they had been placed under **pressure to raise their prices** as a result of certain factors, responses are shown below.



'Click here for the full article' - please note this opens a new window (58.5 KB)

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ANNUAL BUSINESS INQUIRY (2005)

Employment figures are sourced from the Annual Business Inquiry (ABI), the latest date for which was **2005** (released in January 2007). The ABI survey samples approximately 78,000 workplace units in the UK providing the best available estimates of employment at a detailed regional and industry level. Self-employed workers are not included in results of the ABI which may have a larger impact on Herefordshire's figures as 2001 Census information indicated Herefordshire had a higher proportion of self-employed than regionally and nationally (20% of Herefordshire's working population compared to 11% in the West Midlands and 12% in England). In particular people employed in the 'agricultural, forestry and fishing' industry may be under represented.

Current employment by Industry Sector

In 2005, there was an estimated **69,100 employees** in Herefordshire.

- The **wholesale, retail and repair trades sector** employs the most people in Herefordshire, with around 13,400 employees (19% of all employees)
- followed by **manufacturing** (10,700 employees, 15%) and
- **health and social work** (9,400 employees, 14%).

These three sectors account for just under half of all employees (49%).

In spite of a possible under-estimation of employees in the **agricultural sector**, the ABI data still shows a much **higher proportion** of people employed in this sector in Herefordshire (7%) than regionally and nationally (both 1%).

Herefordshire also has a slightly **higher proportion** (14%) of people employed in **health and social work** than the West Midlands and England (both 12%).

Herefordshire and the West Midlands region have a **higher proportion** of people employed in the **manufacturing sector** than England as a whole (15% compared to 11%).

Table 1. Employment by sector ABI 2005 (full and part time employees)	Herefordshire		West Midlands	England
	No.	%	%	%
Agriculture, hunting and forestry	4,800	7%	1%	1%
Mining and quarrying	100	*%	*%	*%
Manufacturing	10,700	15%	15%	11%
Electricity, gas and water supply	100	*%	1%	*%
Construction	4,400	6%	5%	4%
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	13,400	19%	18%	18%
Hotels and restaurants	3,400	5%	6%	7%
Transport, storage and communication	2,800	4%	6%	6%
Financial intermediation	900	1%	3%	4%
Real estate, renting and business activities	7,800	11%	15%	17%
Public administration and defence; compulsory social security	2,100	3%	5%	5%
Education	6,000	9%	10%	9%
Health and social work	9,400	14%	12%	12%
Other community, social and personal service activities	3,100	5%	5%	5%
Total employees	69,100			

Note: * % refers to a figure of less than 0.5%, which would otherwise be rounded to 0%. These are presented in this way to differentiate between a very low value and zero.

ANNUAL BUSINESS INQUIRY (CONT)

Changes in employment between 2005 and 2004

The **largest increases in numbers of employees** have been in the agriculture, hunting and forestry sector (+18%) and in the real estate, renting and business activities sector (+17%).

Other **increases in numbers of employees** have been seen in financial intermediation (+11%), other community, social and personal service activities (+10%) and construction (+7%).

The hotel and restaurant sector has experienced the **largest decrease in the number of employees**, -18% (approximately 800 fewer people), followed by manufacturing (-8%).

Employment Patterns

In terms of the whole workforce the highest proportion of workers are **full time males** (43%), which is also the case in the West Midlands and England.

Changes in work place units between 2005 and 2004

Overall in Herefordshire, the **number of business units has increased** by 4% from 7,800 in 2004 to 8,100 in 2005.

The sectors with the **highest increase of business units** are education with an increase of 14% followed by health and social work (+12%) and real estate, renting and business activities (+10%).

The sector with the **largest decrease in number of business units** is the electricity, gas and water supply sector with a decrease (-18%). Mining and quarrying and agriculture, hunting and forestry also experienced a decrease in businesses (-8% and -5% respectively).

Size of companies

Herefordshire has a slightly higher proportion of **smaller businesses** (1-10 employees) than regionally and nationally (86% compared to 83% regionally and 84% nationally).

When looking at proportions of businesses by **size of company and business sector** in Herefordshire in 2005, the largest proportion (24%) were in real estate, renting and business activities and had between 1-10 employees.

The second largest proportion of Herefordshire businesses were wholesale, retail and repair trade with between 1-10 employees (20%).

Number of employees by sector

The majority of sectors in Herefordshire have a higher proportion of businesses with 1-10 employees. With the exception of public administration and defence, which have similar proportions of businesses with 11-49 employees as well as 1-10 employees.

'Click here for the full article' - please note this opens a new window (3834 KB)

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RECENTLY PUBLISHED RESEARCH

National Research

Non-domestic rates 2007-08

Department for Communities and Local Government (May 2007)

Statistical release providing information on national non-domestic rates and associated information for the financial year 2007-08, and changes over 2006-07. This information is derived from national non-domestic rates (NNDR1) returns submitted by all 354 billing authorities in England.

- The net rate yield is expected to grow by 3.2% to £18.2 billion in respect of 2007-08.
- The amount of non-domestic rates paid by billing authorities into the national pool is expected to have grown by 25% in the period 2003-04 to 2007-08.
- Billing authorities estimate they will pay out in 2007-08 £94 million more in small business rate relief than they will receive from the small business rate relief supplement. In contrast, it is estimated that the amount raised by the small business rate relief supplement in 2006-07 will exceed that paid out in relief by £92 million.
- London accounts for 26% of the contribution to the national pool while having only 15% of the population.

For more information go to:

<http://www.communities.gov.uk/index.asp?id=1002882&PressNoticeID=2423>

Key Skills Qualifications

DFES (April 2007)

Young people and adults are increasingly gaining awards in Key Skills qualifications that employers, universities and colleges value highly. Key Skills are practical, applied skills that complement subject studies. As transferable skills for learning, work and life they include English, mathematics and ICT as well as personal and social skills.

New figures show sustained growth in awards of key skills qualifications with 2.2 million made up to 2005/06 and achievements in that year 27% greater than in 2004/05. This means that those entering the workplace or further learning are better equipped.

The 'main' Key Skills - Communication, Application of Number and Information & Communication Technology – were introduced as qualifications in 2000 and achievements have been rising by around 20% each year.

Achievements for the more recently introduced 'wider' Key Skills qualifications - Problem Solving, Working with Others, Improving Learning and Performance - have risen by almost two-thirds in the latest 12 month reporting period.

For more information go to:

http://www.dfes.gov.uk/pns/DisplayPN.cgi?pn_id=2007_0067

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. The survey report for **Weobley** was published on 5th March and indicated that 11 households would be likely to need affordable housing in the village in the next 2 years. The Group Parish of Humber, Ford & Stoke Prior was surveyed during May, with the report due by the end of June.

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 383069.

Forthcoming Articles:

- **Population update**
- **Update on Seasonal and Migrant workers in Herefordshire**

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