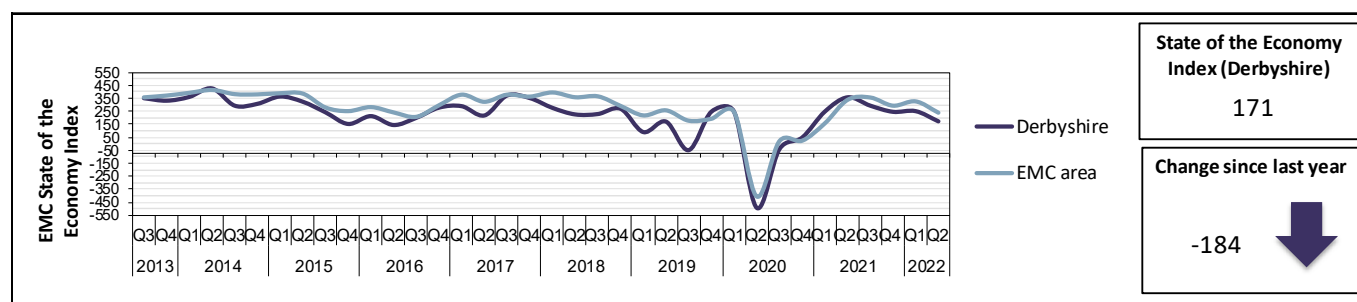


Local Economic Context - July 2022

Business Conditions

State of the Economy Index for Derbyshire and the East Midlands



Source: Quarterly Economic Survey, quarter two 2022, East Midlands Chamber of Commerce

East Midlands Chamber's (EMC's) Quarterly Economic Survey (QES), carried out during May and June 2022, indicates that Derbyshire showed a slowing in economic performance in quarter two of 2022⁸. This means that three of the last four quarters have seen a decline locally. The wider East Midlands region has also seen a slowing in quarter two though not quite as significant as that across the county.

Following the slight easing of economic conditions in the early part of the year, quarter two of 2022 has seen a renewal of economic stress. Lingering uncertainty related to supply chains and staffing in meeting the rising demand for goods and services post pandemic, as well as changes in trading conditions with the UK leaving the EU, have been compounded by the economic impact of the conflict in Ukraine. This has created further supply chain difficulties for firms as well as contributing to the wider cost of living crisis.

There has been a slowing in the county's performance for 10 of the 12 indicators that comprise the Chamber's State of the Economy Index. It is important to note that despite the slowing, nine of the 12 indicators are in net positive territory with more firms positive than negative. At the height of the pandemic two year ago, only one indicator was net positive.

The two areas seeing the greatest slowing are confidence in both future turnover and profitability. This reflects some of the other trends seen. Both UK and export orders have dipped, alongside a slowing in investment in machinery. The latter is important for driving productivity growth so is a concern. There are also fewer firms looking to take on staff in the coming months. Future pricing is also an issue, linked to inflation. Inflation was cited as an issue by 66.0% of the county's businesses, the biggest concern locally.

Areas of least concern are export sales, which showed no change, and investment in training which only saw a very minor decline.

Once again there has been an increase in businesses that have attempted to recruit, rising from 63.0% to 65.0%, and also a rise in businesses that have found recruitment

difficult, from 84.0% to 85.0%. This is reflected in access to skilled labour being the second biggest concern that firms locally have, identified by 36% of businesses.

In summary, economic recovery has slowed in the county this quarter as it has across the region. Progress in orders, investment in machinery, and plans for future employment levels have all dropped in quarter two, conspiring to put a dent in business confidence with inflation and access to the right skills continuing to be the biggest concerns for the county's firms.

However, a relatively high level, 38.0%, of businesses are operating at full capacity. This suggests that demand in the economy is still there and, alongside the recent Government measures to mitigate the cost of living crisis, offers some hope in this challenging time for the economy.

Investment

National business investment data from the ONS showed that business investment across the UK fell by 0.6% in quarter one of 2022⁹. Business investment nationally is still 9.2% lower than the pre-pandemic level.

Locally, Invest in Derbyshire and the Derbyshire Economic Partnership received seven investment enquiries between April and June 2022. This is lower than the last three quarters, which have stood at between 12 and 14 enquiries and suggests the uncertain economic climate arising from the high level of inflation and other factors is dampening the investment climate. This also ties in with the findings noted above from the EMC's Quarterly Economic Survey. Five of the enquiries were in manufacturing/engineering, and the other two in logistics and warehousing.

Markham Vale continues to grow and develop, and a number of agreed and proposed developments are progressing. On Markham Vale West, the construction of the new drive-thru restaurant for Chesters is progressing towards a late summer completion. Revised proposals are being prepared for a further drive-thru restaurant on the remaining part of the service area. On the opposite side of Enterprise Way, a planning application has been submitted for the construction of an Electric Vehicle Service station for Gridserve which will include up to 36 charging points for Electric vehicles on a 1.6 acre site. A new 0.6 acre plot has recently been prepared for development and marketing of this plot has just started.

The annual jobs survey was concluded at the start of the quarter and recorded that over 70 businesses are based at Markham Vale employing 2,700 people in full time equivalent roles, an increase of 470 over the same period last year.

Job Losses and Gains

The following job losses and gains information relates to Derbyshire (including Derby City) and are drawn from articles from digital sources and online local press between April and July 2022. There are several online sites to help people find a job, including the <https://www.gov.uk/find-a-job> site, that has over 3,450 jobs listed for Derbyshire.

Job losses

May

- A total of 160 jobs have been lost after modular housing company Urban Splash, which has a production base at Alfreton, entered into administration.

June

- Glossop based marketing company, FIG Creative, ceased trading with the loss of 16 jobs.

Job gains

April

- Meal-kit delivery business, Hello Fresh, is recruiting hundreds of people at its new distribution centre in Derby. It hopes to eventually employ 450 people.
- Rolls-Royce SMR has announced it will create 400 jobs, split between Warrington and Derby, to support the growth of its nuclear business.
- Gridserve Sustainable Energy has submitted plans for new EV charging facilities at Markham Vale. More than 25 jobs could be created through the design, engineering, construction and operation phases.

May

- A planning application has been submitted on behalf of Clowes Developments that could bring almost 700 jobs to Dove Valley Park, Foston, South Derbyshire.
- Work has started on the Becketwell regeneration scheme in Derby, paving the way for a performance venue that could create 200 local jobs.
- Following growing online sales, A1 Comms is to create over 30 part-time and full-time roles split across its Darley Abbey, Derby and Alfreton sites.

June

- Verdant Regeneration has gained planning permission to develop New Stanton Business Park, between Derby and Nottingham, creating up to 4,000 jobs.

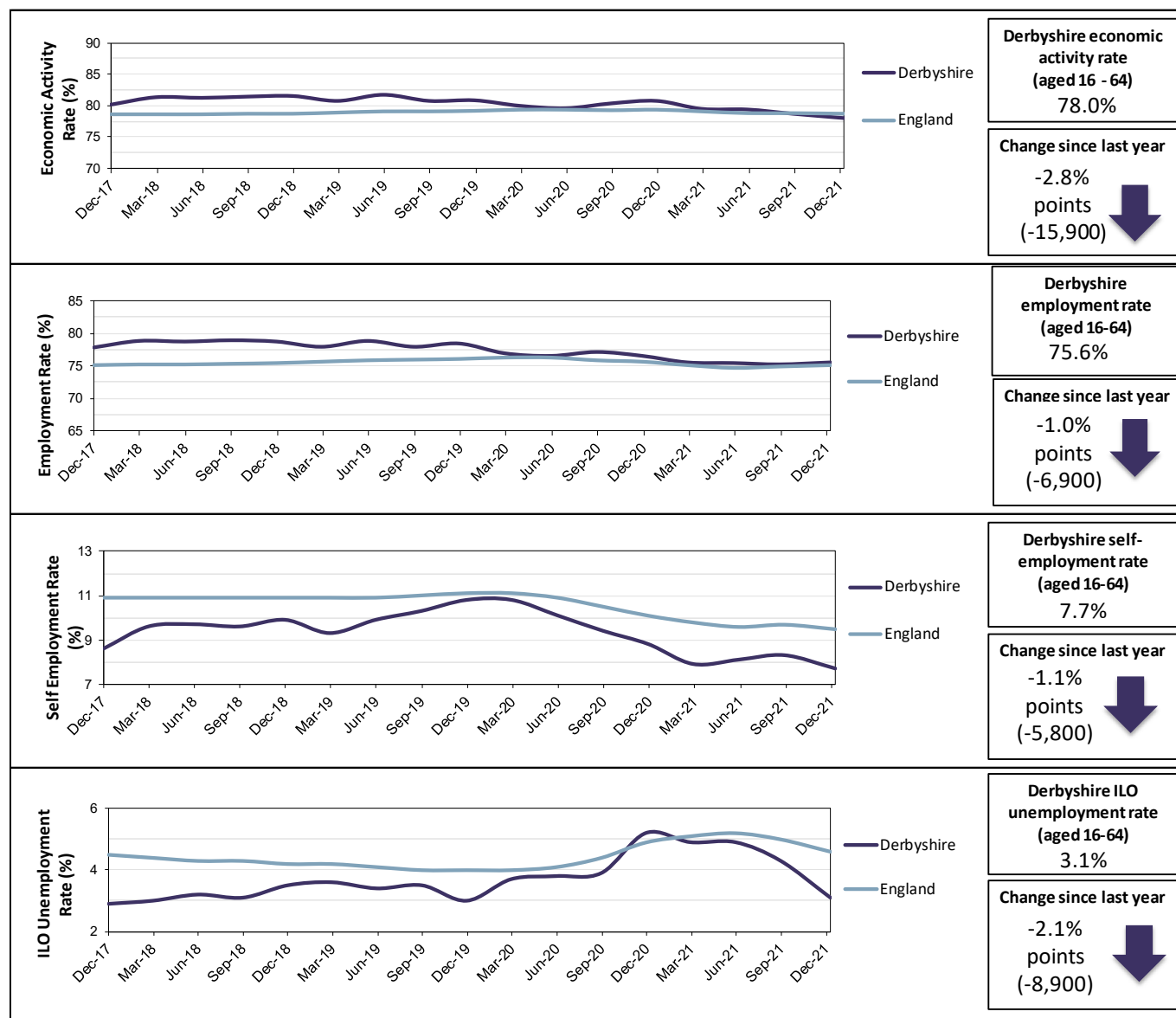
July

- JCB has announced it is to offer permanent contracts to a further 200 agency staff across its Derbyshire and Staffordshire sites.
- Ocean Foods, the fresh and frozen food supplier to restaurants, is to create 150 jobs at a new Derby base.
- Chesterfield online retailer, XB Realisations (formerly Xbite Limited) has been sold out of administration, saving all 87 jobs.
- Derby firm Right Legal group has acquired new office space in Derby, having increased staff numbers by 50 in the last year, taking the total head count to 130.

Labour Market

Labour Market Participation

Trends in economic activity, employment, ILO unemployment and self-employment for Derbyshire and the East Midlands.



Source: Annual Population Survey, January 2021 to December 2021, ONS (Nomis) © Crown Copyright.

The economic activity rate¹⁰ for the county has decreased from 80.8% to 78.0% over the last year. Historically Derbyshire's economic activity rate has been above that for England, however this quarter has seen the rate dip for the fourth consecutive quarter and fall below that nationally (78.7%) by 0.7% points. It is noticeable that the fall in activity is greater for males in Derbyshire than females. The number of economically active males has fallen by 4.6% points compared with a 1.1% decline for females over the past 12 months.

Economic activity across England is holding up better than in the county as economic recovery takes place. The Office for National Statistics, says there is no one specific

reason for the rise in inactivity, there are some people who have decided to stop working due to ill health, while the events of the past two years have convinced others that the time is right to retire. However, the record levels of vacancies in the UK economy and well documented skills shortages in some parts of the economy show that demand for workers is currently exceeding supply and that employers are needing people.

The employment rate¹¹ in Derbyshire has also declined, from 76.6% to 75.6%, over the last 12 months, remaining slightly above the England rate (75.1%). Three of Derbyshire's eight districts have seen a drop in their employment rate over the last year, the largest falls being seen in Erewash (-9.2% points) and Derbyshire Dales (-8.1% points) alongside Amber Valley (-6.0 points). North East Derbyshire has seen the greatest increase (8.0% points). In High Peak the rate remained the same as a year ago. England has also seen a fall in its employment rate over the last year, although by not as much as that in Derbyshire, resulting in the gap in the employment rate narrowing with the county. The gap is now amongst the lowest it has been in nearly 15 years. Access to skilled labour in some parts of the local economy is a key factor in this.

The overriding issue for the fall in the county's employment rate is due to the decline that has taken place in self-employment locally. Self-employed residents in Derbyshire appear to have been particularly affected with the level having dropped by 1.1% points over the last year to 7.7%. Self-employment is now 3.1% points lower than it was before the start of the pandemic and amongst the lowest it has been over the last 15 years. Nationally there has been a dip over the last year but again not quite as significant as in Derbyshire.

International Labour Organisation (ILO)¹² is regarded as the official measure of unemployment. The Derbyshire rate has declined by 2.1% points since last year to 3.1% and remains below the England rate of 4.6%. Given the decline in the employment rate we would have expected to see a rise in the level of ILO unemployment. However, the most notable trend locally is the increase in economic inactivity levels. In the county in 2021 there were 13,000 more people economically inactive than in 2020. These residents are not part of the labour market and not able to claim unemployment benefit. When focusing just on those who are economically inactive and do not want to work at all (as opposed to those who would consider working), the figure rises to 14,800 in Derbyshire. Whilst it is good that the unemployment rate is falling, the high level of economic inactivity is a concern.

Across the UK economy, employers are responding to the lack of workers in a variety of ways. Part-time staff are being offered longer hours, sign-on bonuses are being offered to new recruits and there are rises in pay. The ONS thinks it is possible some inactive older workers may be tempted back into the labour market as the cost of living rises.

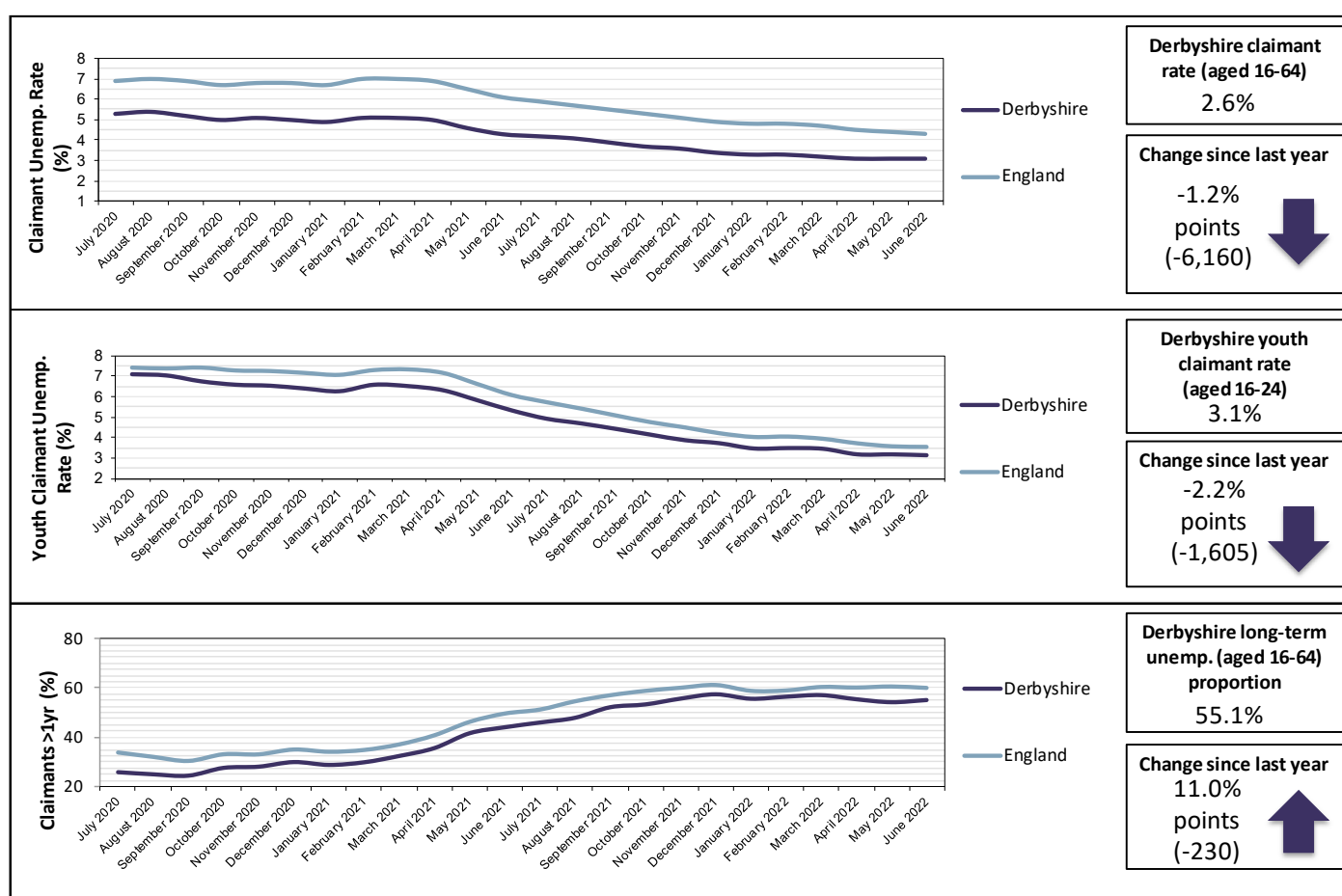
In the UK there is growing evidence that people who had previously retired are re-entering the workforce and looking for employment as pensions do not keep pace with rising inflation, and due to the volatility of financial markets and the soaring cost of living. According to data from ONS, there are now more people aged 50 and older in work or looking for work than since just before the pandemic. Interviews with 12,000 people aged 50 to 70 years old who were not currently looking for work asked if they would consider going back to work in the future. Of these one in three of those aged 50-64, and one in 10 of those aged 65 and older, said they would. Additionally, a recent poll by

Rest Less, the digital community for over 50's, of its retired members, found 32.0% would consider returning to work or were already working again. Almost 70.0% of those said they were 'unretiring' purely or partly for financial reasons.

In addition, more than 3,000 workers at 60 UK companies are involved in a four-day week trial. The pilot will run for six months beginning in June and is being organised by 4 Day Week Global in partnership with leading think tank Autonomy, the 4 Day Week UK Campaign, and researchers at Cambridge University, Oxford University and Boston College. Employees will not lose pay in exchange for a commitment to maintain at least 100% productivity. It is hoped that businesses will be able to use it as a way to retain staff and recruit new talent.

Unemployment in Derbyshire

Trends in claimant count unemployment for Derbyshire and England



Source: Claimant count (overall and youth) and JSA (long-term), June 2022, ONS (NOMIS) © Crown Copyright.

The claimant count unemployment rate in Derbyshire, based on a count of all people claiming Jobseekers Allowance (JSA) or unemployment related Universal Credit (UC), is currently 2.6% (12,565 residents), 1.2% points lower than nationally¹³. The county's unemployment rate is now 1.2% points lower than it was a year ago, when the UK economy was heading towards the lifting of Covid-19 restrictions. In June 2022 Rother (6.1%) in Chesterfield, Gamesley (6.1%) in High Peak and Awwsworth Road and Cotmanhay (both 5.5%) in Erewash were the wards locally with the highest unemployment rates.

Across Derbyshire the unemployment rate had been falling since late 2013 up to the start of the coronavirus pandemic. April 2020 saw a sharp rise in unemployment levels. This was partly because of the broader range of people able to claim UC due to the support put in place by the Government. Unemployment levels remained fairly steady from this point through to the Spring of 2021, when the rate has been gradually falling.

The falling unemployment rate suggests that workers made redundant during the pandemic are accessing the vacancy opportunities as the economy recovers. However, the low unemployment rate, alongside the high level of economic inactivity, is presenting challenges to employers with firms in the county finding recruitment difficult, as noted earlier.

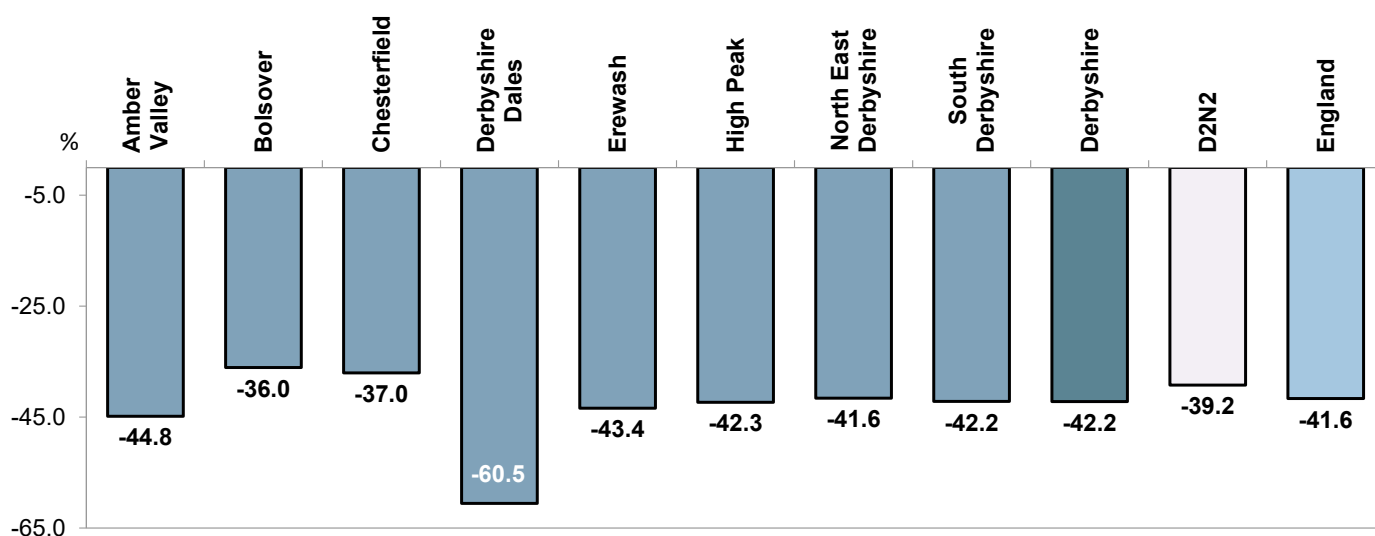
The number of UK job vacancies in April to June 2022 was 1,294,000, an increase of 6,900 from the previous quarter, and 498,400 above the pre-pandemic January to March 2020 level¹⁴. The number of unemployed people to every vacancy remained at a record low of 1.0, with the number of unemployed people falling just below the number of vacancies for only the second time in its history. This highlights the challenges that firms face in recruiting. However, the quarterly rate of growth has continued to slow down this quarter, falling for the 11th consecutive period. Over the last three months accommodation and food services saw the greatest sectoral rise in vacancies (10,200). However, this was offset by falls in other sectors, most notably wholesale, retail and the repair of motor vehicles, which fell by 7,200.

Within Derbyshire, the number of vacancies in the four weeks to 31st July stood at 7,400. This is 51.5% higher than the pre-pandemic peak and above the 41.3% across England¹⁵. The highest number of roles locally were in office/administrative assistant occupations (310), followed by customer service jobs (200), care assistants (180), care giver/personal care aides (also 180) and labourer/material handlers and teaching assistants (both 160).

Youth Unemployment

Youth unemployment in Derbyshire stood at 3.1% (2,200 people aged 16-24) in June 2022¹⁶, lower than the England rate (3.5%). Rother (10.4%) in Chesterfield has the highest youth unemployment rate out of all Derbyshire wards followed by Aysworth Road (8.5%) and Cotmanhay (8.1%), both in Erewash, and then Loundsley Green and St Helen's (both 7.4%) in Chesterfield. Across the county there are 50 wards experiencing levels of youth unemployment higher than the England rate of 3.5%. Chesterfield has the highest number (13) followed by Bolsover (10), then Erewash and North East Derbyshire, both with seven each.

Annual percentage change in youth unemployment (June 2021 to June 2022)



Source: Claimant count, July 2022, ONS (NOMIS) © Crown Copyright

Note: D2N2 is the Local Enterprise Partnership covering Derby, Derbyshire, Nottingham, and Nottinghamshire

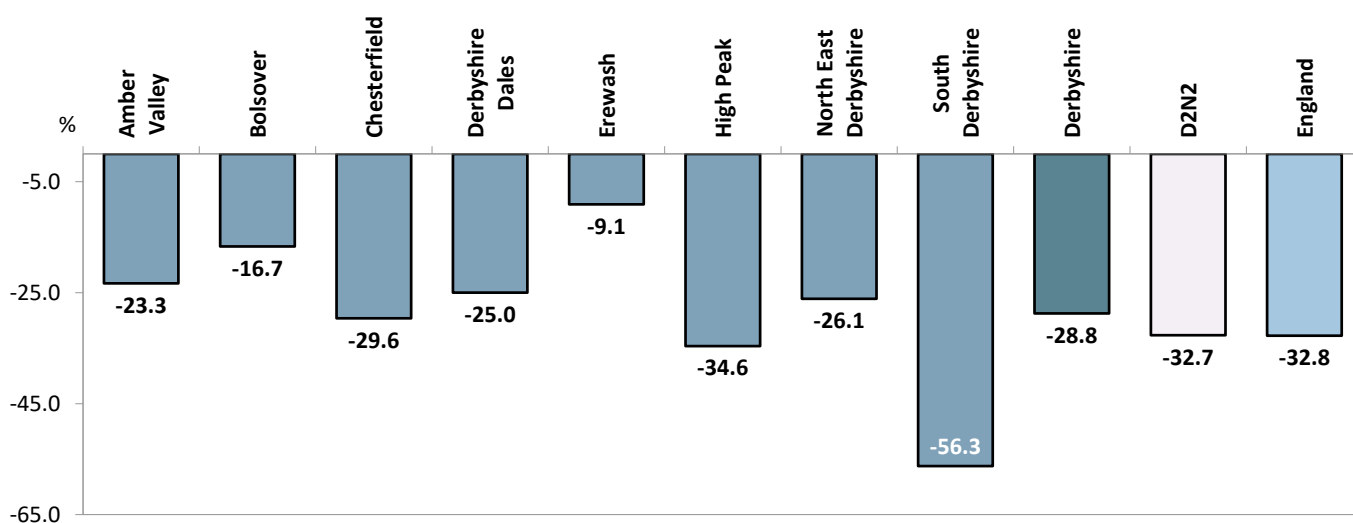
The last year has seen the number of young people out of work in the county decline by -42.2% (1,605 people). The overall percentage decrease in youth unemployment for Derbyshire is slightly higher than that for England, -41.6%. All Derbyshire districts experienced a decline in the number of unemployed young people, with the greatest decline being in Derbyshire Dales (-60.5% or 115 residents), possibly reflecting the ongoing recovery in the visitor economy in the county, followed by Amber Valley (-44.8% or 260 residents).

Despite the improvement, it is important that young people are entering the roles that are right for them. A number of support schemes are in place locally to help with this. Young people looking for an apprenticeship in Chesterfield and North Derbyshire can now use a new online search tool launched by [Apprentice Town](#). Hosted on the [Destination Chesterfield](#) website, the search function enables people to browse the wide range of level 2 to level 7 apprenticeship roles within a 15-mile radius of Chesterfield.

Additionally, the new Digital Centre at Chesterfield College has introduced a programme designed to support young people, particularly females, who may be considering or exploring a career working in the built environment, including designing, architecture, surveying and structural engineering.

Long-term Unemployment

Annual percentage change in long term unemployment (June 2021 to June 2022)



Source: JSA, July 2022, ONS (NOMIS) © Crown Copyright

Of Derbyshire's JSA unemployment claimants, 55.1%, 570 residents, have been out of work for more than a year, lower than the 59.8% across England. Over the last year the trend in the proportion of claimants long-term unemployed has been upwards, although it has been relatively stable since the end of 2021.

However, when looking at the absolute number of long-term unemployed claimants compared with a year ago there has been a fall as shown in the chart above. The ongoing recovery has enabled both long-term and newer unemployment claimants to find work. It is just the latter that have done so in greater numbers. As in the previous quarter, the decline locally (-28.8%) is less than that seen nationally (-32.8%). However, the number of JSA long-term unemployed residents has fallen in all eight districts over the last year. South Derbyshire (-56.3%) saw the greatest decline, followed by High Peak (-34.6%).

Key Benefits

Key benefits data for Derbyshire and England

Indicator	Number	Rate (%)		Annual change		Annual trend
		Derbyshire	England	Number	%	
Individual benefits (November 2021 except UC)						
Employment Support Allowance (ESA)/ Incapacity Benefit (IB)	23,623	4.8	4.1	-1232	-5.0	⬇️
Long term claimants (1yr or more)	22,072	93.4	94.5	-1237	-5.3	⬇️
18 to 24 year old claimants (ESA only)	552	2.4	2.2	-304	-35.5	⬇️
Income Support (IS)	2,132	0.4	0.5	-609	-22.2	⬇️
Lone Parent Income Support (LPIS)	921	0.2	0.3	-417	-31.2	⬇️
Long term claimants (1yr or more)	921	100.0	100.0	-417	-31.2	⬇️
18 to 24 year old claimants	43	4.7	4.8	-77	-64.2	⬇️
Personal Independence Payment (PIP)/ Disability Living Allowance (DLA)	56,645	8.5	7.5	2,447	4.5	⬆️
Universal Credit (UC) (June 2022)*	55,521	11.3	13.8	-2,179	-3.8	⬇️
Jobseekers Allowance (JSA)	1,113	0.2	0.3	-1,942	-63.6	⬇️
Carers allowance	11,899	2.4	2.2	-134	-1.1	⬇️
State Pension	166,536	24.9	21.3	1685	1.0	⬆️
Pension Credits	16,965	10.2	12.2	-945	-5.3	⬇️
Household benefits (February 2022)						
Housing Benefit claimants	27,282	7.8	9.6	-2,821	-9.4	⬇️
Households affected by removal of Spare Room Subsidy	2,585	9.5	7.0	-410	-13.7	⬇️
1 Bedroom	2,091	80.9	81.0	-327	-13.5	⬇️
2 or more bedrooms	492	19.0	19.0	-89	-15.3	⬇️
Benefit Cap	92	0.0	0.1	-83	-47.4	⬇️

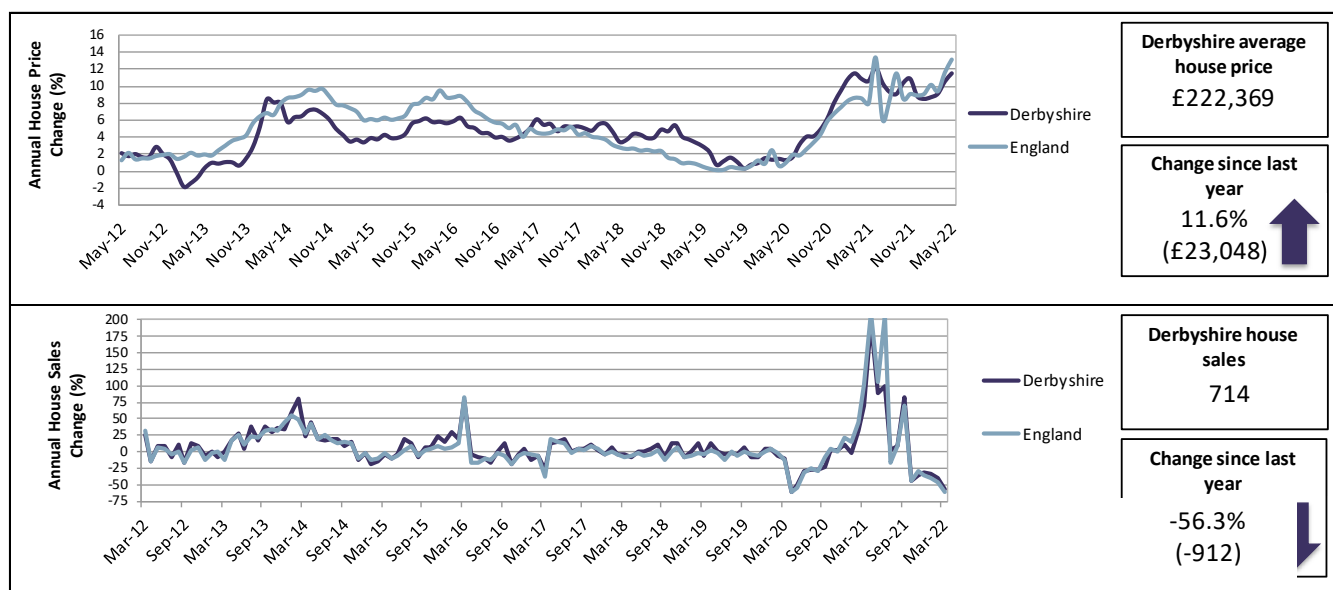
Sources: Department for Work and Pensions (DWP) (Stat-Xplore), July 2022 and 2020 Mid-year population estimates and 2018 based household projections, ONS © Crown Copyright

In Derbyshire 4.8% of working age (16-64) people are claiming ESA. Of these, 93.4% have been claiming ESA for over 12 months and 2.4% are aged 18-24. There are 2,132 residents (0.4%) claiming Income Support, with 921 being lone parents. All of the lone parent claimants have been claiming Income Support for more than 12 months and 4.7% are aged 18 to 24. More than 56,600 (8.5%) people aged 16+ are claiming PIP/DLA, an increase on the previous year. The number of UC claimants in the county has declined by 3.8% since last year to stand at 11.3%, lower than the national decline of 13.8%. There has also been a decrease in JSA claimants. This may be due to people who were able to claim JSA during the pandemic no longer claiming and, also the move of people from JSA to UC. There are 11,899 (2.4%) people locally claiming Carers Allowance, a decrease on the last year. More than 166,500 (24.9%) residents are receiving a State Pension, greater than the proportion for England (21.3%), with 16,965 of these claiming Pension Credits (10.2%), a lower proportion than the 12.2% for England. There are more than 27,280 (7.8%) Derbyshire households claiming Housing Benefit, with 9.5% of these affected by the removal of the spare room subsidy¹⁷. More than 90 households had a Benefit Cap applied locally in February 2022.

Housing

House Prices and Sales

Trends in house prices and house sales for Derbyshire and England



Source: UK House Price Index, ONS and HM Land Registry, May 2022, © Crown Copyright

Average house prices for the year to May 2022 increased in all nine regions in England, with the national average being £302,278 an annual increase of 13.1%. In Derbyshire the average house price was £222,369 an increase of 11.6% over the last 12 months, lower than that nationally. The average price of a house in the county is currently 26.4% below the England average. All Derbyshire districts have seen house prices rise over the past year, the largest increase being in High Peak (14.6%) followed by Bolsover (14.5%). Amber Valley had the smallest increase, at 6.8%.

According to the Nationwide House Price Index house, prices rose for the tenth consecutive month. Whilst there are signs of the increase starting to slow down, it is not as significant as was being anticipated. Contrary to expectations of the impact of the squeeze on household budgets, demand for housing continues. Demand is being supported by strong labour market conditions, with lowering unemployment and an increasing number of job vacancies. The trends are also supported by the Halifax Building Society. Demand is especially strong for larger homes. Across England, detached houses show the largest increase in house prices out of all property types, with the lowest change being in flats and maisonettes.

However, the BoE has announced a series of interest rate rises over recent months, lifting mortgage rates for some borrowers. It is likely that an increased cost of borrowing will dampen demand over the coming year.

Demand for rental property also remains strong in most parts of the UK and rents continue to rise. Research by Propertymark into the private rental sector shows a slight increase in stock levels for June 2022. However, there are concerns over incoming regulatory pressures that may deter landlords either staying in or entering the rental market.

The government has released the 'Fairer Private Rented Sector' White Paper to tackle poor, sub-standard housing. This aims to improve the quality of private residential housing and reducing the threat of eviction for tenants.

The latest monthly figure for house sales in Derbyshire shows that 714 houses were sold in March 2022. Over the last year the sales level has declined by 56.3%, lower than the 61.5% decline nationally.

End Notes

- ¹ Data for Derbyshire in the review does not include Derby City unless otherwise stated.
- ² Gross Domestic Product (GDP), quarterly national accounts, UK January to March 2022, Office for National Statistics (ONS) © Crown Copyright.
- ³ GDP monthly estimate, UK, May 2022, ONS, © Crown Copyright.
- ⁴ UK Trade, May 2022, ONS © Crown Copyright.
- ⁵ The Impact of the War in Ukraine on Global Trade and Investment, World Bank, 2022.
- ⁶ Consumer Price Inflation, UK: June 2022, ONS © Crown Copyright.
- ⁷ Bank of England Agents' Summary of Business Conditions, quarter two 2022.
- ⁸ Quarterly Economic Survey, East Midlands Chamber, quarter two 2022.
- ⁹ Business investment in the UK: January to March 2022 revised results, ONS © Crown Copyright.
- ¹⁰ The economic activity rate is the percentage of the working age population (age 16-64) who are employed or International Labour Organisation (ILO) unemployed.
- ¹¹ The employment rate is the percentage of the working age population (age 16-64) who are employed.
- ¹² ILO unemployment is regarded as the official measure of unemployment. It has a much wider definition than the claimant count and includes people who are out of work and claiming Job Seekers Allowance or Universal Credit as well as those who are actively looking for work but not necessarily claiming unemployment related benefits. The ILO measure defines the unemployed as people who are without work, are available to start work within the next two weeks and have actively sought work within the previous four weeks. This is used in the Annual Population Survey and is not compatible with claimant count unemployment.
- ¹³ Claimant count unemployment is derived from administrative data generated by the system of benefits paid to people who are out of work. It is a different definition and measure of unemployment than the ILO unemployment noted above. Additionally, claimant count unemployment published by the ONS now includes Universal Credit claimants as well as Jobseekers Allowance claimants. This is now the headline measure of unemployment. Data for the youth unemployment rate is based on the Claimant Count and that for long-term unemployment is still based on Jobseekers Allowance claimants.
- ¹⁴ Vacancies and Jobs in the UK: July 2022, ONS © Crown Copyright.
- ¹⁵ Labour Insight, Lightcast, July 2022.
- ¹⁶ Youth unemployment relates to people aged 16-24. The rates at ward level are unofficial and have been calculated using population figures from the Mid-Year Population Estimates published by ONS.
- ¹⁷ Housing benefit spare room subsidy is shown as a percentage of those households claiming housing benefit.



Policy and Research, Corporate Services and Transformation

County Hall Matlock Derbyshire DE4 3AG

Email: research@derbyshire.gov.uk

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