

An Economic Summary for Herefordshire

INSIDE THIS ISSUE:

News	1
Editorial: Weak signals	3
Unemployment	4
Annual Survey of Hours and Earnings 2010	4
House Prices	5
Economic Productivity (GVA)	6
Business births, deaths and survival rate	6
Employment by industry	7
QER readers' survey 2010	7
Recently Published Research	8

Key Points for Herefordshire:

- Unemployment rose by 15% in January 2011 (page 4).
- Median weekly earnings for people who work full time in Herefordshire were £380.70 in 2010, 25% lower than earnings across England as a whole (page 4).
- The median house price for quarter 3 of 2010 (£190,000) was higher than for the same period in 2009 (£185,000), but still lower than in 2008 (£197,000) (page 5).
- In 2008 GVA per head was £15,857 in Herefordshire compared to £17,335 in the West Midlands and £21,049 across England (page 6).
- In 2009 there were a total of 625 business births in Herefordshire and 805 deaths, more deaths and fewer births than previous years (page 6).

Redundant building grants—Relaunched

Redundant building grants are designed to assist in bringing vacant or unfit for purpose buildings back into a productive economic use by assisting in their refurbishment. The scheme, which is now live, can contribute a maximum of £25,000 or 25% of costs, whichever is the lesser, for a variety of capital items. For more information contact Herefordshire Council's Economic Development team on 01432 261 758

NEWS

SOURCED FROM THE PRESS

Development, investment and jobs

Following the announcement of a major investment in its properties, Herefordshire Housing through its contractors has taken on a total of 39 local trades' people and 3 apprentices (recruited from Herefordshire Technology College). The new employees will be involved in the programme of improvement works which includes new kitchens, bathrooms, heating installation, electrical re-wires, re-roofing, external painting and estate improvements. In other news, Herefordshire Housing are planning for a re-development of the Oval estate in Newton Farm, South Hereford. Under the plans current housing would be pulled down to make way for a mix of new housing to include: 85% affordable rent, 5% shared ownership and 10% for outright sale. The development could also include a community hub where businesses could be based. The plans, which are still in development, will help regenerate an area which is amongst the most deprived in the country, where residents experience multiple aspects of deprivation.

A Hereford firm has secured a £13million contract to supply British soldiers with new lightweight, see-through magazines for their standard issue SA80 rifles. Made from plastic, the Magpul Emag magazine, which can carry 30 rounds, is about half the weight of a traditional metal magazine. Level Peaks Associates, based in Gwynne Street, have already delivered 100,000 new magazines to troops in Afghanistan. The Ministry of Defence says that number will eventually increase to one million.

Geoff Davies OBE has been appointed chair of the Marches Enterprise Partnership, the new body responsible for overseeing economic development in Herefordshire, Shropshire and Telford and Wrekin. Geoff Davies who received an OBE in 2004 for his services to agriculture and rural areas, is director of McConnel Ltd in Ludlow and Vice-President of Alamo Inc, the world's largest vegetation maintenance machinery company.

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 260 893 or e-mail researchteam@herefordshire.gov.uk

For a large print copy, please call 01432 260 893

NEWS (CONT.)

KGD, a Rotherwas based company who are manufacturing process designers and equipment suppliers, have announced more than £2 million in orders for the coming year. This positive increase in the order book is expected to require an increase in apprentice and staff numbers.

A number of redundancies are due to be made at the Bulmers site in Hereford this spring. The job losses, which were announced back in 2009, will total 65.

The Diocese of Hereford has signed off a model license which will allow Allpay or other providers to use church buildings throughout the county for delivering wireless broadband. The system, which was trialled last year in Kingstone can now be rolled out across the county. Churches will have to apply for licenses individually. Meanwhile Allpay are looking at options for fibre optics to feed the service. Ultimately the scheme could be part of a mix of methods that could take advantage of infrastructure improvements that are delivered through the BDUK pilot for south Herefordshire, announced at the time of the Comprehensive Spending Review. Visit allpaybroadband.net if you are experiencing connectivity problems in your area.

The Royal Institute of British Architects (RIBA) open design competition for the re-design of the Hereford Butter Market is now reaching its final stages, with four entries shortlisted. The four ideas were placed on public exhibition in early December 2010 and can be viewed via the Hereford Futures page. The winner of the competition will be chosen by the RIBA judging panel and announced in March 2011. The search is also underway for a suitable developer to bring the chosen design to life.

Agriculture and environment

Fownhope and District Carbon Reduction Action Group (CRAG) are currently looking for local businesses or organisations, which currently spend over £5,000 annually on their heating bills, to install wood-fuel boilers and take part in their Woolhope Dome Community Wood Fuel Project. The project is offering free wood-fuel boilers and free installation and servicing to participating organisations within 15 miles of the Woolhope Dome area.

A farm based education centre looking to teach children about sustainability has received a boost from an energy firm. EDF have donated £25,000 from their green energy fund to install a wind

turbine, solar panels and a ground source heat pump. The Cart Shed, housed in a renovated barn on Devereux Wootton Farm, will allow children to learn about wildlife, conservation, energy and a sustainable approach to life.

Horticulture firm Haygrove are looking to the future by reducing energy bills and increasing the sustainability of their business. The Ledbury based company has installed a photo-voltaic array on its premises that will help power the refrigeration needed in summer to preserve its valuable fruit crop.

Rural watchdog, the Country Land and Business Association is urging local farmers to protect their fuel supplies after the increase in fuel prices has led to an increase in theft of heating and vehicle fuel.

Community and volunteering

A resident's action group in North Hereford are leading plans to turn a pub into a community hub. North Tupsley Action Group (NTAG) along with the Reverend John Watson of St Pauls Church are bidding to turn the Whitehouse pub into a community facility, which could include a library and playgroup room.

Plans to create an independent tourism information centre (TIC) in Bromyard have been advanced after local businesses and the town council pledged £6,000 between them for the centre. The plans, championed by Cllr Gary Swinford, are for a multipurpose centre run by volunteers that could offer local information about anything from tourism to jobs. There was good news for Ledbury TIC as well when local businessman John Eager announced his plans to re-open the TIC on Monday, March 7 alongside the Ice Bytes internet cafe in The Homend.

Retail

Two shops in Hereford closed in the New Year. Powerplay the only independent record store in the city has closed after eight years of trading with the operator stating that the business was no longer viable. Mail Boxes Etc, the package delivery and mailing service firm, has also closed its doors after three years of trading.

In more positive news homeware store Lakeland has announced that it will create 15 new jobs when it opens a store on the site of two vacant premises on commercial road.

EDITORIAL: WEAK SIGNALS

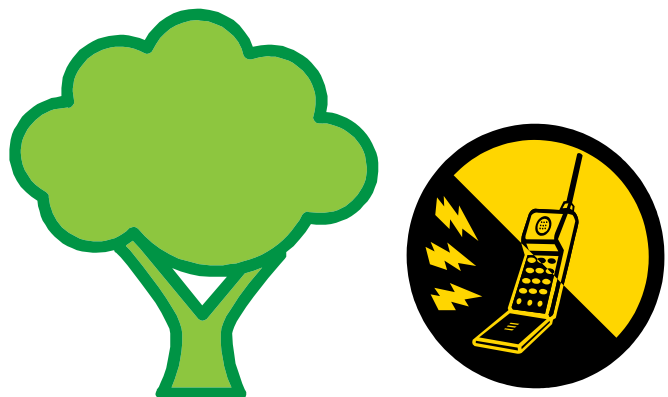
AUDREY HEALY, COMMISSION FOR RURAL COMMUNITIES

Mobile phone use is embedded into every aspect of life. People expect and need to be contactable all the time, wherever they are. They expect to be able to use smartphones and 3G technology, which enable them to surf the internet and handle data on the move. Innovations like these are blurring the line between mobile and broadband use and changing the way we live and work.

Urban areas generally have better communications infrastructure, so enjoy better mobile and fixed-line broadband coverage than rural areas. However, rural businesses and communities across England say poor mobile and broadband coverage is undermining their competitiveness. In 2010, the Commission for Rural Communities (CRC) asked rural communities to report on how poor coverage affects them. Businesses reported that poor coverage is undermining their productivity, losing them business and reducing the scope for home working. Respondents also reported instances of being unable to call 999 in an emergency. However, the rollout of 999 roaming should address this.

Poor coverage also means not being able to keep in touch with family or friends. This particularly affects young people, those on low incomes (who may not have a fixed phone line) and older people. Poor mobile coverage can also affect the delivery of vital services. Domestic violence workers, for example, reported that poor signals increased the vulnerability of many of their clients and providers reported making unnecessary journeys because clients couldn't be contacted.

Improving rural mobile coverage is challenging. The way coverage is measured can discriminate



against rural areas because an area may be classified as 'covered' when in fact much of it is not. For the network operators, rural areas are largely commercially unviable because infrastructure costs are much higher and revenues far smaller. But topography, building type and weather can all compromise signal strength, so simply erecting more masts may not solve the problem. And masts need to be sited within easy access of power lines, which are thinly spread in rural areas. Planning issues also play a part; restrictions as a result of land being designated as Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest make the challenge of improving rural communications infrastructure even thornier.

There's no 'one-size-fits-all' solution. Mobile and fixed line broadband technology are converging and need to be examined and planned for strategically and collectively. Dealing with them in isolation will lead to future problems. For those without access to fixed line broadband, mobile broadband offers a lifeline to the internet. But large parts of Herefordshire do not have sufficient 3G coverage. Encouragingly, however, Herefordshire has been selected for the Government's pilot scheme to assess the viability of bringing superfast

broadband to remote areas. The benefits are many, and the CRC outlined these recently. One area that would really benefit from improved rural communications is online healthcare. Telehealth and telecare enable patients to manage their conditions at home, live independently for longer and they reduce hospital admissions and the need to travel.

Rural communities are starting to take the initiative. Across the border in Ceredigion, residents in the Tregaron area have set up a community interest company tasked with erecting its own mobile masts and leasing them back to network operators that have not invested in the area. And in Kingstone in Herefordshire, a successful trial has been carried out using church spires and historic buildings to house masts to deliver wireless broadband.

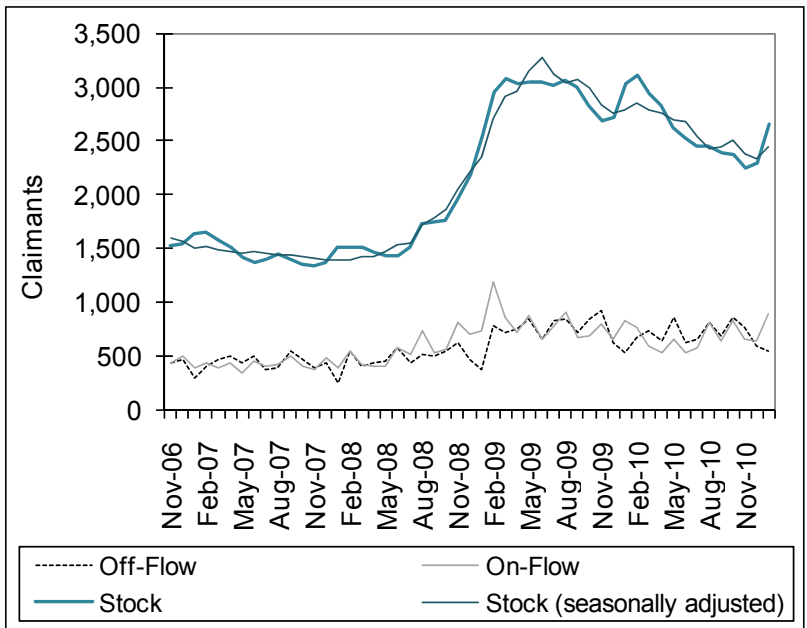
Time is of the essence though. The Government plans to shift more services online so it's crucial that rural areas have adequate coverage before existing services are cut, or run the risk of falling further behind urban areas.

To access more information about rural connectivity visit www.ruralcommunities.gov.uk/

UNEMPLOYMENT

The Office for National Statistics (ONS) supplies data on numbers and rates of unemployment (% of the working age population claiming Jobseekers Allowance), the age of those who are unemployed and duration of their unemployment.

- The claimant count for Herefordshire saw an increase between December and January 2011. In January 2011 the count was 2,650, a 15% increase on December, but 12% lower than in January 2010 (3,028).
- The seasonally adjusted claimant count also increased from 2,340 in December to 2,447 in January.
- The unemployment rate in January was 2.4%, lower than the West Midlands region (4.7%) and England as a whole (3.6%).
- The 18-24s saw the largest percentage point increase in claimants rate, from 5.0% to 6.0%, whilst the rate for 25-49s increased from 2.3% to 2.6% and the over 50s from 1.4% to 1.6%.
- Since July 2010 the number of short-term claimants (less than 6 months) has been increasing (+460 claimants, +28%), with most of this increase coming in the last month (+320, +18%).



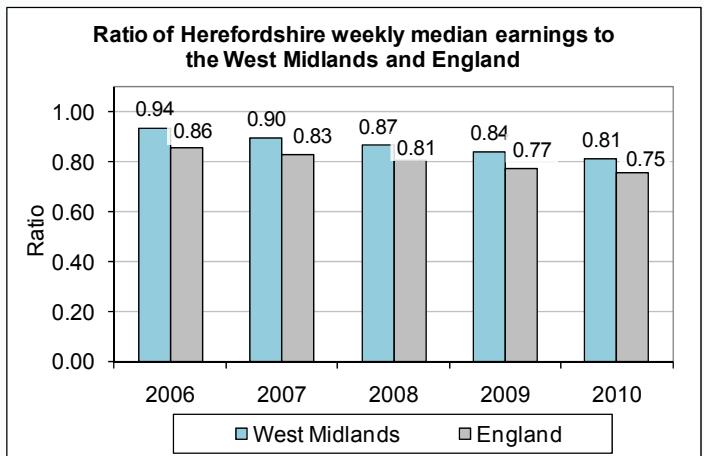
[Click here for the full article](#)

SOURCE: ONS—CROWN COPYRIGHT

ANNUAL SURVEY OF HOURS AND EARNINGS 2010

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. Unless otherwise stated, earnings are median gross weekly earnings by workplace i.e. the earnings of employees who work in Herefordshire, but who do not necessarily live in the county (± indicates 5% confidence interval).

- In 2010 workplace-based weekly earnings were £380.70 (± £39.55), significantly lower than the West Midlands region £467.50 (± £8.25) and England £504.50 (± £1.98).
- Compared to regionally and nationally Herefordshire's weekly work-based earnings appear to be getting worse. In 2006, Herefordshire's earnings were 6% lower than the West Midlands, whereas in 2010 this gap had widened to 19% lower. The gap between Herefordshire's and England's earnings is even wider, 14% lower in 2006 increasing to 25% lower in 2010 (chart opposite).
- In 2010 Herefordshire had one of the largest gender pay gaps (women's earnings were 26% lower than men's earnings) out of all the West Midlands and neighbouring authorities, only Coventry and Warwickshire had a greater gap. This change from previous years is due to a large decrease in women's earnings alongside a large increase in men's earnings.



[Click here for the full article](#)

SOURCE: ASHE ONS—CROWN COPYRIGHT

HOUSE 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 2010** and for the House Price Index, **December 2010**.

The median and lower quartile property prices for Herefordshire, England and Wales and the West Midlands in 3rd quarter of 2010 are shown in the table below, the *provisional* median price of a property in Herefordshire was **£190,000**. In comparison, the median property prices for England & Wales and the West Midlands were £187,000 and £150,000 respectively.

Year of 3rd Quarter	Median property prices			Lower quartile property prices		
	England & Wales	West Midlands	Herefordshire	England & Wales	West Midlands	Herefordshire
2008	£173,500	£145,000	£197,000	£122,500	£110,000	£149,900
2009	£175,000	£145,000	£185,000	£125,000	£108,000	£140,000
2010 ^a	£187,000	£150,000	£190,000	£130,000	£110,000	£149,000

Source: HM Land Registry

^aFigures for 2010 are provisional.

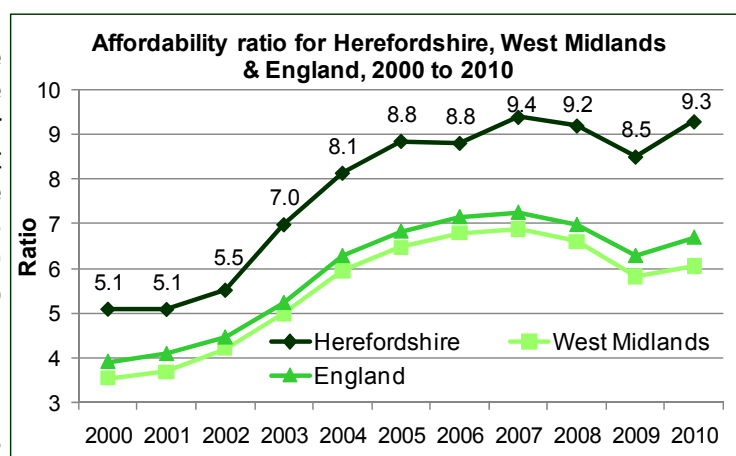
Volume of Sales

The Land Registry figure for the number of house sales in Herefordshire during October 2010 was 197. In the 6 months prior to November 2010 (May to October 2010) the volume of sales averaged 195 per month, which is a decrease of just -5% from May to October 2009 (205 sales per month). For comparison, England & Wales experienced an increase of 2% and the West Midlands region saw an increase of 3% between the 6 months prior to November 2010 and the same period of the previous year.

Affordability

The preferred measure for house price affordability is the ratio of lower quartile house price to lower quartile earnings (see chart). For 2010, the ratio for Herefordshire was 9.3, that is, for those on lower earnings a house at the bottom end of the market would cost them 9.3 times their annual earnings. In 2010 Herefordshire had the worst affordability ratio out of the West Midlands Authorities (unitaries, counties and metropolitan boroughs) and neighbouring counties.

Over the previous 11 years, Herefordshire's affordability ratio has been consistently higher than regionally and nationally.



Source: Department for Communities & Local Government

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 shows that the current (December 2010) annual rate of *increase* in house prices for

Herefordshire is 1.5%, which is the same as for the England & Wales and slightly higher than for the West Midlands region. This compares to a *decrease* of around -5% in Herefordshire in the year to December 2009.

	Annual change (%)		
	Eng & Wales	West Mids	Hfds
Dec 08-09	2.9%	1.4%	-5.0%
Dec 09-10	1.5%	0.2%	1.5%

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 (Feb 2011) are given in the table below.

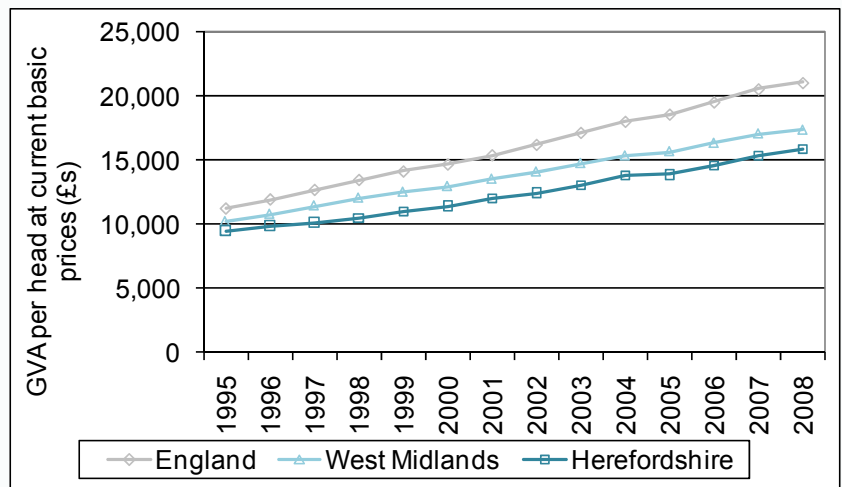
1 Bed Shared	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
£276	£421	£526	£627	£752	£902

Source: The Rent Service

ECONOMIC PRODUCTIVITY (GVA)

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in an area and is a headline measure used to monitor economic performance. It is linked to Gross Domestic Product (GDP), with GDP being equal to GVA plus taxes minus subsidies on products.

- Herefordshire's GVA was £2,840 million in 2008; 'distribution, transport and communication' and 'public administration, education, health and other services' together accounted for nearly half of this (both 24% of the total output).
- Herefordshire's economic output is low compared to regionally and nationally. In 2008 GVA per head was £15,857 compared to £17,335 in the West Midlands and £21,049 across England.
- Excluding the negative effects of the age structure and commuting, lower productivity is primarily a result of lower value added per hour worked, resulting from the type of industries in the county and low earnings.
- Business services and finance accounted for a considerably smaller proportion of GVA in Herefordshire (18%) than for England as a whole (34%), whilst production (17%) accounted for more (England 13%). The same was true of agriculture, forestry and fishing (9%) compared to just 1% for England.



[Click here for the full article](#)

SOURCE: ONS REGIONAL ACCOUNTS — CROWN COPYRIGHT

BUSINESS BIRTHS, DEATHS AND SURVIVAL RATE

Statistics based on the registration of businesses on the VAT (Value Added Tax) and PAYE (Pay As You Earn) tax schemes provide a guide to business formation (births), closures (deaths) and survival rates. Previously only data from VAT registrations was used, but starting from a baseline of 2007 (published in 2008), statistics now include those registered for PAYE as well (i.e. businesses with employees).

- In 2009 there were a total of 625 business births in Herefordshire and 805 deaths; the active business population was 8,305. This was more deaths and fewer births than in previous years, a result of the recession.
- The rate of business births per 10,000 population aged 16+ was low in 2009 (42.2) compared to 2008 (49.7) and compared to England as a whole (48.8).
- The rate of births and deaths (as a proportion of active businesses) is highest amongst smaller businesses. For businesses with 0-4 employees the rate of births and deaths was 10% and 9% respectively in 2008, compared to rates of just 1% for both births and deaths amongst the largest businesses.
- Survival rates amongst the Herefordshire business population are generally greater than nationally for businesses that have been active for 3 years or more.
- Businesses locally and nationally are at most risk of closure when they are between 2 and 3 years old.

[Click here for the full article](#)

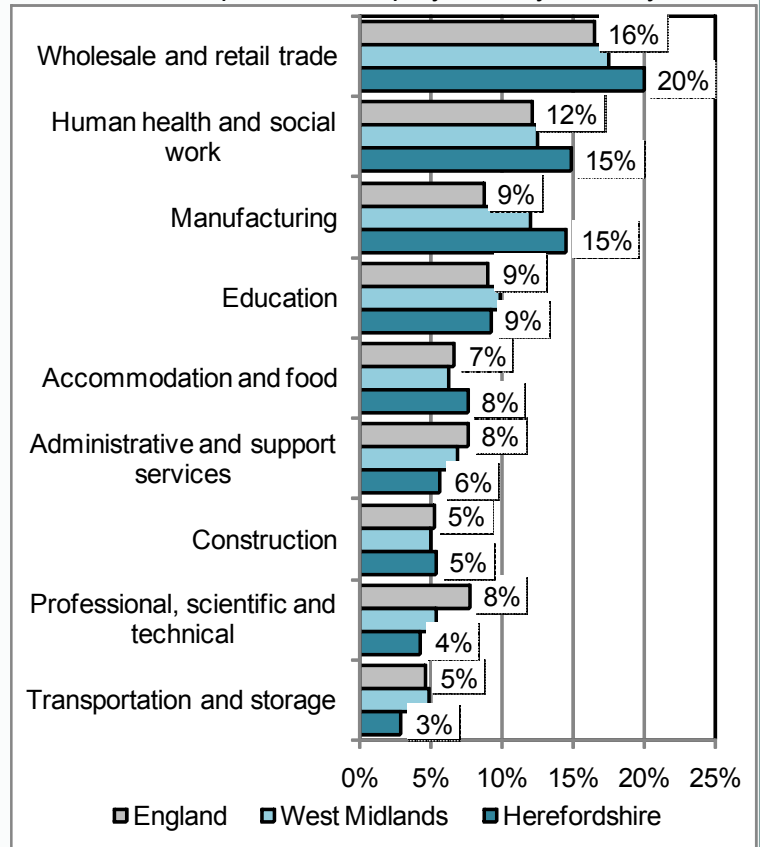
SOURCE: ONS — CROWN COPYRIGHT

EMPLOYMENT BY INDUSTRY

The latest estimates of employment for the county are for 2009 and come from the Business Register and Employment Survey (BRES), a sample survey of approximately 82,000 businesses nationally. This replaced the Annual Business Inquiry (ABI) in 2009.

Chart. Proportion of employment by industry, 2009

- In 2009 there were an estimated 67,100 employees and a further 5,100 working proprietors taking the total in employment to 72,200. This was a decrease of 2,900 (-4%) on 2008 (75,104). This was the same scale of decrease as seen across the West Midlands, but greater than for England as a whole which decreased by 2% in the year.
- The three sectors which employ the greatest proportion of people in Herefordshire are the 'wholesale and retail trade' (20%), 'manufacturing' (15%) and 'human health and social work' (15%); together accounting for half of all employees (50%). All account for a greater proportion than for England.
- The industries that saw the largest change between 2008 and 2009 were 'wholesale and retail trade' and 'manufacturing', which both decreased by around 1,200 employees (-8% and -10% respectively). 'Construction' and 'administrative and support services' also decreased by 1,000 (-20%) employees each, whilst 'human health and social work' increased by 1,100 (+12%).



- The greatest proportion of workers in Herefordshire are employed in Hereford City (43% or 48% including the Rotherwas industrial estate). Central ward alone in Hereford City accounted for 20% of all employment in the county and Three Elms ward accounted for 11%. Leominster, Ross-on-Wye and Ledbury accounted for 8%, 7% and 6% of employment respectively. Together the rural areas accounted for 32% of employment.

[Click here for the full article](#)

SOURCE: BUSINESS REGISTER AND EMPLOYMENT SURVEY

READERS' SURVEY 2010 *The Research Team would like to thank all readers who returned their readers' survey!*

The survey was sent out in November 2010 to 360 bulletin readers, including Herefordshire Council employees, Councillors, parish clerks, local businesses, community/voluntary organisations, schools, colleges and libraries. 37 questionnaires were returned. The findings include:

- 92% of respondents either agreed or strongly agreed that the Bulletin was easy to read (5% disagreed), whilst 100% of respondents agreed or strongly agreed that the Bulletin gives enough information in each of the summary articles.
- The themes that the most survey respondents found very useful were 'news summary' (67%) and 'population & migration' (64%). The themes that the most respondents indicated were not at all useful to them were 'agriculture' (14%) and 'index of multiple deprivation' (9%).
- The most frequently stated use of the bulletin was for general information and advice (64%). 27% specifically stated that they used the bulletin for service or business planning and a further 21% for evidencing funding bids.
- Water consumption, empty premises, quality of our community, measuring rural deprivation and valuing the environment were topics readers would like information on.

[Click here for the full article](#)

RECENTLY PUBLISHED RESEARCH

NATIONAL RESEARCH

Local housing market volatility

The Joseph Rowntree Foundation (Jan 2011)

As recent experience has shown, the UK's housing market remains one of the most volatile in the world.

- Volatility has long been a feature of the housing market. Before the most recent cycle, prices across the UK tended to move in line with the national average. But this link weakened in the 1980s, and since then regional growth has varied from the national average.
- Although the long recent period of unbroken economic growth was accompanied by growth in the UK housing market, its effects and timing differed across the country.
- In the late 1990s, growth in London and the south of England contrasted with falling prices and widespread low demand in parts of the north of England, Wales and Scotland.
- By the mid-2000s, prices were also rising throughout the north of England, Wales and Scotland, while the market remained buoyant in the south of England.
- This house price 'ripple' (crudely, moving out from south to north) benefited many parts of the country, but only briefly.
- Macroeconomic policy and planning reforms have aimed to even out peaks and troughs in the housing market cycle through supply-side interventions (e.g. planning de-restrictions, incentives). Local housing market restructuring has also focused on supply (e.g. stimulating house-building).
- However, the authors conclude that wide demand-side disparities (jobs, economic change, migration patterns) more satisfactorily explain divergent fortunes in housing markets. Policies for tackling long-term volatility need to recognise this.

For more info visit www.tinyurl.com/hpvolat

The macroeconomic impact from extending working lives

The Department for Work and Pensions (2011)

Extending working lives increases the supply of labour, raising the potential levels of gross domestic product (GDP) and consumption. In addition, extending working lives is likely to lead to an improvement in the position of the public finances, in particular, through boosting tax revenues. If markets work well and the extension

is well planned, providing time for people to adjust their retirement decisions, the impacts on the economy and employment would be both positive and large. This report presents findings of modelling of various scenarios involving extending working lives to quantify the macroeconomic effects therein. The main findings were as follows:

- A one year extension of working life increases real GDP by around one per cent about six years after its implementation.
- A one year extension of working life increases the level of employment by around 1.6 per cent (467 thousand), about four years after implementation.
- If the plans for state pension age (as published in the Pensions Act 2007; raising state pension age to 68 by 2046) were not implemented then the UK's real GDP would likely be almost six per cent lower than it otherwise would have been by 2030, with the level of employment around seven per cent lower.
- Around 1½ per cent of the working age population withdraw from the labour force through early retirement. A hypothetical analysis of no early retirement scenario suggests this would have boosted GDP by around 1 per cent (£14 billion) in 2009.

For more info visit www.tinyurl.com/extendwork

LOCAL RESEARCH

Employment of seasonal workers on farms 2010 survey

— Each year the Herefordshire Partnership carry out a survey of farms in the county to find out their expected employment of seasonal workers from overseas during the course of the year. This year's survey is due to complete shortly. The information from the farms that have responded so far shows that they are expecting to employ more seasonal workers from overseas in 2011 compared to 2010, although responses are still awaited from some of the largest employers. The full results of the survey will be available from www.herefordshire.gov.uk/factsandfigures in June.

For more information or any queries please contact:

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