

QUARTERLY ECONOMIC BULLETIN

An Economic Summary for Herefordshire

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Key Points for Herefordshire:

- Unemployment: Since July 2009 the seasonally adjusted claimant count (Jobseekers Allowance) has shown a general decrease. (page 4).
- In 2009 21% of establishments in Herefordshire reported having skills gaps in their workforce. (page 4).
- The three sectors which employ the greatest proportion of employees in Herefordshire are wholesale and retail trade (19%), manufacturing (14%) and human health and social work (12%); together accounting for nearly half of all employees (46%) (page 5).
- The volume of house sales was up 43% for August 2009 to January 2010 compared with the same period in 2008-09 (page 6).
- Wards in the east of Herefordshire tend to have the highest house prices in the county (page 7).
- The average electricity consumption per employee in the industrial and commercial sector in Herefordshire was 8,042 kWh in 2008, greater than for the West Midlands region (6,770 kWh) and Great Britain (7,201 kWh) (page 7).

NEWS SOURCED FROM LOCAL AND NATIONAL PRESS

Development and Investment

Dyecor Ltd sales in their medical division have grown from zero to well over a million pounds, following the development of new absorbent packaging sold to hospitals, NHS and primary care trusts.

Demand for locally made Chase Vodka is soaring in the US thanks to winning the 2010 San Francisco World Spirits Competition, helping to build up the brands profile.

Bromyard firm, Hydro-Logic has won a contract from Defra to undertake flood assessments in nearby Worcestershire towns. The results will lead to the 200 most at risk properties receiving help or guidance on protecting their property.

Rotherwas Industrial Estate will soon have access to 4, 8 or 20Mb broadband speed following an agreement between wireless broadband provider Airband Community Internet Ltd and Rotherwas Futures (joint venture between Herefordshire Council and Advantage West Midlands). Improved electrical and communications networks in Hereford City centre are also underway and set to be completed by the end of the year.

A Ross-on-Wye holiday site will be expanding to allow for a further 14 visitors to their 27 people barn accommodation.

Leominster satellite communications business, QP Reflectors has been expanding over the last year since it has started and may continue following securing 2 new contracts with overseas buyers.

Archaeological Investigations Ltd has merged with Headland Archaeology, and will now form the centre of their English operations. This has meant that jobs will be secured locally and current projects will be continued.

A £500,000 refurbishment of the former Chadds department store will soon be underway, following a delay caused by the credit crunch. The refurbishment will allow new businesses to move into the premises from September, the first of which is set to be the national toy chain, The Entertainer.

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.)

Health and Social Care

Herefordshire Multiple Sclerosis (MS) Centre now has a larger decompression chamber to ease MS symptoms alongside existing therapies for 5 people at a time. The chamber can potentially provide treatments for smoke inhalation and for children with autism or cerebral palsy.

The Young Mums To Be (YMTB) programme, which supports 15 to 19 year old mums and dads, has been recognised as a centre of excellence and the programme has now been adopted by Gloucester and Liverpool.

A number of new Community First Responders, trained in lifesaving techniques including the use of a defibrillator, are now in action, 3 in the Golden Valley and another 1 in Hereford City.

Agriculture and Environment

New certificates of competence are now required for drivers and attendants on livestock and poultry journeys. The NFU are supporting this by offering training and examination days.

Asparagus is becoming a key crop in Herefordshire with some of the largest producers in the UK based in the county, Cobery Farm and S&A Produce farm over 1,000 acres of asparagus between them to make the most of the six to eight week season.

Advantage West Midlands has agreed a £250,000 grant, from the Rural Development Programme for England, for a local farmer to support the development of a new strawberry enterprise outside Hereford. The grant will contribute to an access road to the site, rainwater harvesting system, dirty water collection and cold storage.

Around 10 tonnes of carbon dioxide emissions have been saved in Herefordshire following the installation of more energy efficient street lights, dulling of lights at night and switch-offs for part of the night in some areas.

Wool prices have risen with the prospect of further increases this year, as an increase in demand for wool has left local wool stocks low.

Education and Training

Further funding has been secured to fund a scheme helping to get 18 to 24 year olds into temporary employment. This experience is vital in securing further employment that is often where

prior experience is required. £130,000 has been secured and will fund the scheme for a further 12 months.

Specialist education centres are being set up in secondary schools across Herefordshire to help those that need extra support. Central Government has supplied £2 million to Herefordshire Council to run this project. The 3 that have been set up so far have been acknowledged by Whitehall as best examples of behaviour improvement policy.

Transport

The German-based rail and bus group Deutsche Bahn (DB) have bought out Arriva in a £1.59 billion takeover, becoming one of Europe's largest passenger transport groups. Arriva run Arriva Trains Wales which own Hereford and Leominster stations at which their Cardiff-Manchester service stops.

A new specialist team has been employed to help fix the increased number of potholes that appeared as a result of the winter weather. The specialists are quicker, cheaper and use less energy than traditional crews. Herefordshire Council also received an extra £1 million from Central Government to help with the additional costs resulting from the winter's big freeze.

Community and Volunteering Groups

11 new play areas aimed at 8 to 13 year olds have recently been opened, as a result of £30,000 funding from the Government Playbuilder scheme. Money was spent on ramps, boulders and nature friendly equipment aiming to encourage play in the natural environment. The new play areas are in Leominster, Bromyard, Hereford, Kington, Ross-on-Wye, Peterchurch and Credenhill.

Heritage Lottery Fund are renovating a historic clock tower in Whitchurch, costing £24,700, which will change the look of it and supply it with a back-up battery.

National News

Small businesses and entrepreneurs are being offered free help and support to create or improve their own website by the Getting British Businesses Online programme run jointly by Google, Enterprise UK, BT, the Department for Business Innovation & Skills and e-skills UK.

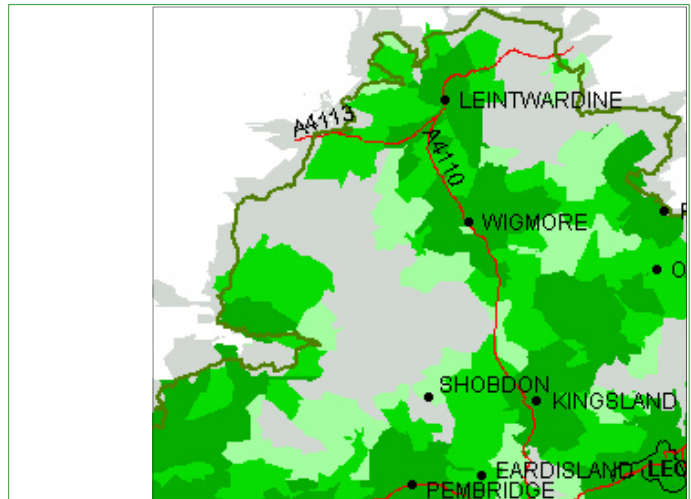
EDITORIAL: BUSINESS BROADBAND IN HEREFORDSHIRE

ALAN RONALD, ECONOMIC DEVELOPMENT TEAM, HEREFORDSHIRE COUNCIL

Herefordshire businesses are in a difficult position when it comes to getting a fast broadband service. Work by the Research Team in early 2008 established that around 1,970 commercial premises and 30,000 homes were limited to less than 1Mb broadband services from the main provider in the county, BT. In some areas there is a wireless broadband service available that can provide a faster service – up to 20Mb in the case of Rotherwas – but in many rural areas there is currently no service at all.

BT's infrastructure division, Openreach, has been busy in the county and many areas may have seen some improvement in the quality of the broadband service they receive. However, the basic problem is that many houses and business premises are just too far from an exchange to get a reasonably fast broadband service from BT, and the number of premises in an area, and level of demand are too low for BT to improve their service.

There is a real risk that if the county can not provide the IT infrastructure that families and entrepreneurs need there will be a drop in numbers coming to the county, and a requirement for fast broadband may contribute to businesses leaving the county. Also, in 2006 around 1 million jobs were created in the EU as a result of broadband; in the period from now to 2015 a further 1 to 2 million new jobs are expected to be created due to broadband. Herefordshire must be in a position to benefit from this expansion.



To view the map of broadband coverage in Herefordshire (2008) and further research

[‘Click here for the full article’](#)

Creative businesses, often working from home, need high bandwidth to move complex images around the world and allow on-line editing from any customer. This sort of application needs equally fast upload and download speeds rather than the asymmetrical service available now – with even more demand on bandwidth. All businesses may benefit from running accounts or production software over the internet, avoiding the need to maintain software on their own computers and simplifying the use of computer systems. “Just-in-time” systems for production ordering may work across the world in this global environment, with complex part specifications needing to be rapidly communicated between manufacturers and suppliers.

More staff working from home would reduce travel and resulting CO₂, and could help businesses’ accommodation costs. The ‘Digital Region’ project in South Yorkshire has foreseen a potential of 25% savings for councils in property budgets as they move towards a universal teleworking policy. Home working can also provide greater flexibility for those who have difficulty getting to work at standard times, such as carers, mothers, disabled workers and others in rural areas with limited public transport. But these opportunities are very limited without a fast broadband service available to all residents.

Herefordshire Council held a broadband event on 24th March to open the debate on the need for fast broadband in the county and to outline its commitment to working proactively to make it

happen. Information from this event is available from the Council website at www.herefordshire.gov.uk/broadband. The recent change of Government may change the parameters for how we address the issue, but we will continue to work with Advantage West Midlands (AWM), BT, other broadband service providers and communities to find ways of improving the situation. In particular the Council will continue to look at how it can help address existing broadband “not spots”, undertake some pilot projects and focus on delivering a fibre optic based service in the longer term.

For more information visit

www.herefordshire.gov.uk/broadband or contact the Alan Ronald (Economic Development Team): 01432 260 177 or aronald@herefordshire.gov.uk

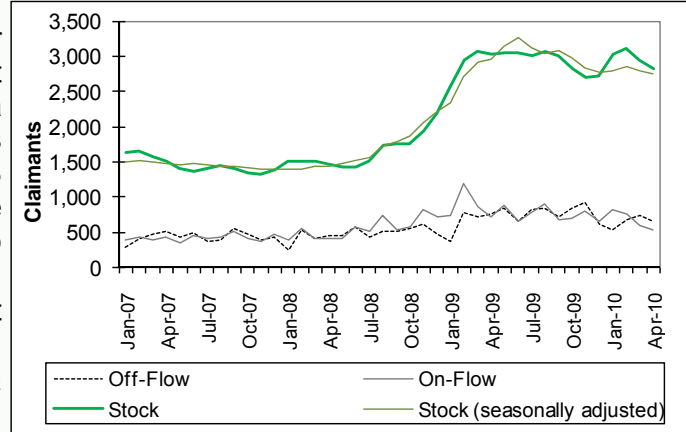
UNEMPLOYMENT

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 (Jobseekers Allowance) for Herefordshire has seen decreases over the last few months. In April 2010 the count was 2,832, a 4% decrease on March and a 7% decrease on this time last year (April 2009). Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 88%.
- Since July 2009 the seasonally adjusted claimant count has shown a general decrease.
- The unemployment rate in April 2010 was 2.7%, a decrease from 2.9% in March 2010 and April 2009. This rate remains low compared to the West Midlands region (5.2%) and England as a whole (4.1%).
- Numbers of claimants in all three age groups (under 25s, 25-49s and 50s and over) decreased in April 2010 compared to February 2010.
- Overall between March and April, only 7 wards saw an increase, 3 saw no change and 30 saw decreased unemployment. The wards with the highest unemployment rate in April 2010 were in Hereford City (Central, Belmont and St Martins and Hinton) and Leominster (North and South).
- In April 2010 the ratio of claimants to vacancies was 3.5, the lowest it has been since November 2009 and lower than the West Midlands (5.4).

[‘Click here for the full article’](#)

Claimant on-flow, off-flow and stock (count)



SOURCE: ONS—CROWN COPYRIGHT

NATIONAL EMPLOYERS SKILLS SURVEY 2009

The National Employer Skills Survey (NESS) is designed to provide robust and reliable information from employers in England on skills deficiencies and workforce development activities to serve as a common basis to develop policy and assess the impact of skills initiatives. NESS09 is the latest in a series of employer surveys which includes NESS surveys conducted in 2003, 2005 and 2007. The NESS09 survey consisted of just over 79,000 telephone interviews carried out between March and July 2009. The sample in Herefordshire was 414.

- Overall, all vacancy and recruitment problems decreased between 2007 and 2009, both regionally and nationally, reflecting a decrease in demand resulting from the recession. This trend is reflected in Herefordshire and Worcestershire area.
- The percentage of establishments with any hard-to-fill vacancies has halved in the West Midlands, down to just 3% in 2009, again this is likely to be a side effect of the recession.
- Nationally between 2007 and 2009 the number of vacancies that had skills shortages halved, but remains a considerable proportion of all vacancies. 16% across England, but lower, only 9% in Herefordshire.
- The recruitment of young people straight from education has declined between 2007 and 2009 both regionally and nationally, by 3 percentage points in both. In 2009 18% of enterprises in Herefordshire had recruited from this group compared to 23% across England.
- 21% of establishments in Herefordshire reported having skills gaps in their workforce. This was slightly higher than for England (19%) and the West Midlands (20%).

[‘Click here for the full article’](#)

SOURCE: LEARNING AND SKILLS COUNCIL

ANNUAL BUSINESS INQUIRY 2008

The Annual Business Inquiry (ABI) is a survey of businesses that provides data relating to the makeup of the local business population by industry, number of employees and number of business units. The ABI samples approximately 66,000 workplace units in the UK providing the best available estimates of employment at a detailed regional and industry level.

Employment in Herefordshire

The three sectors which employ the greatest proportion of employees in Herefordshire are wholesale and retail trade (19%), manufacturing (14%) and human health and social work (12%); together accounting for nearly half of all employees (46%). The proportion of employees in wholesale and retail trade and manufacturing is greater than for either England or the West Midlands region, but human health and social work was the same.

In Herefordshire financial and insurance activities (1%) and professional, scientific and technical activities (4%) both account for a lower proportion of employees than in either England or the West Midlands.

Agriculture, hunting and forestry accounts for a much greater proportion of employees (8%) in Herefordshire compared with regionally and nationally (both 1%), highlighting its importance to

the local economy relative to the other sectors.

Within Herefordshire the majority are employed in Hereford City and the market towns (67%), with Hereford City accounting for 42%. In Hereford City the Central ward accounted for 20% and Three Elms ward accounted for 11%. Leominster and Ross-on-Wye accounted for 8% and 7% of employees respectively. Together rural wards accounted for 33% of employees. Note Hollington Ward which contains the Rotherwas industrial estate is defined as rural. Hollington accounts for 5% of employment in Herefordshire. Unsurprisingly for most sectors the largest proportion of employees are in Hereford City. Exceptions to this are construction and manufacturing where 62% and 40% of employees are in rural wards (chart 1).

Between 2007 and 2008 employment in Hereford City, Bromyard, Leominster and rural wards saw

net increases, whilst Kington, Ledbury and Ross-on-Wye saw net decreases. Hollington Ward, which includes the Rotherwas industrial estate, saw a considerable increase between 2007 and 2008. Hollington is included in the rural group. If rural wards are considered without Hollington they show a net decrease over the year.

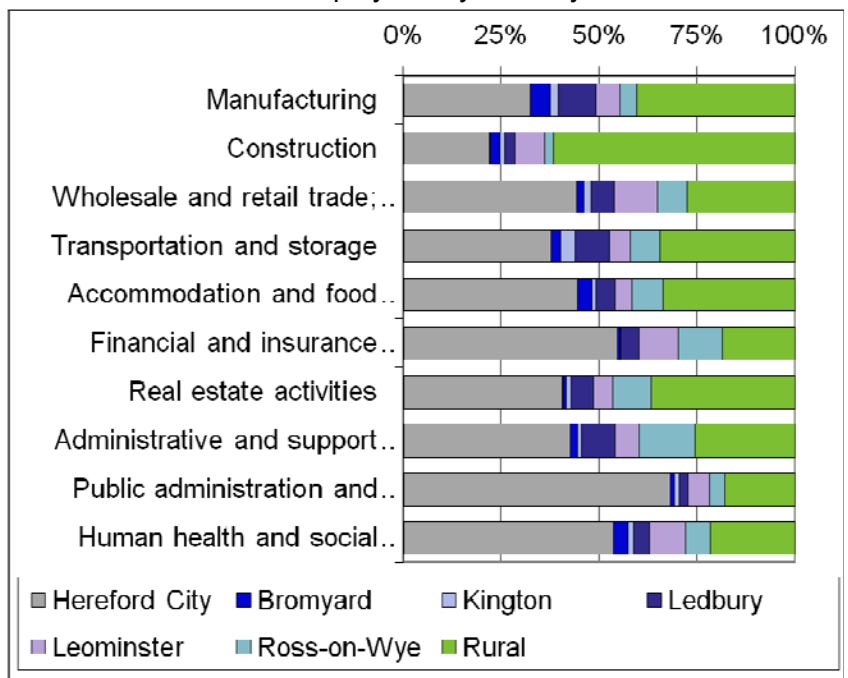
Businesses units in Herefordshire

Data (or local) units do not readily correspond to the commonly used terms, firms, companies or businesses by which employers are sometimes identified. They are roughly equivalent to workplaces.

The largest proportion of Herefordshire's business units were in wholesale and retail trade (21%) followed by construction (14%) and professional, scientific and technical activities (11%).

Construction businesses accounted for a greater proportion in Herefordshire (14%) than both England and the West Midlands (both 12%), whilst professional, scientific and technical activities

Chart 1. Location of employees by industry sector, 2008



were lower (11%) than the West Midlands (12%) and England (14%)

Herefordshire has a slightly higher proportion of smaller businesses (1-10 employees) (87%) compared to regionally (84%) and nationally (85%).

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 4 in 2009** and for the House Price Index, **March 2010**.

The published data includes 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 2009, the *provisional* median price of a property in Herefordshire was **£175,500**. In comparison, the median property prices for England & Wales and the West Midlands were £172,000 and £148,000 respectively.

Volume of Sales

The Land Registry figure for the number of house sales in Herefordshire during January 2010 was 93. In the 6 months prior to February 2010 (August 2009 to January 2010) the volume of sales

averaged 191 per month, which is an increase of 43% from the same period last year (134 sales per month). For comparison, England & Wales experienced an increase of 50% and the West Midlands region saw an increase of 38% between the 6 months prior to February 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. For 2009, the ratio for Herefordshire was 8.5, that is, for those on lower quartile earnings a house at the bottom end of the market would cost them 8.5 times their annual earnings. In 2009, Herefordshire had the worst affordability ratio out of the West Midlands authorities.

Year of 4th Quarter	Median property prices			Lower quartile property prices		
	England & Wales	West Midlands	Herefordshire	England & Wales	West Midlands	Herefordshire
2007	£180,000	£150,000	£190,000	£128,000	£116,000	£142,000
2008	£162,000	£138,000	£170,000	£115,000	£103,000	£138,000
2009^a	£172,000	£148,000	£175,000	£128,000	£110,000	£140,000

Source: HM Land Registry

^aFigures for 2009 are provisional.

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 (March 2010) annual rate of *increase* in house prices for

Herefordshire is 4.6%, which is slightly less than for England & Wales (7.5%) and the West Midlands (5.5%). This compares to *decreases* of around 15% that were seen in each area for March 2009.

	Annual change (%)		
	Eng & Wales	West Mids	Hfds
Mar 09-10	-15.9%	-14.9%	-15.0%
Mar 09-10	7.5%	5.5%	4.6%

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.

Private rental levels have decreased for most dwelling sizes in Herefordshire since March 2009. The rental level for 5-bedroom

dwellings are, however, up on this time last year, although they have seen a relatively large decrease over the last two years.

Monthly LHA	(Calculated from the weekly LHA rental levels published by TRS)					
	1 Bed-room Shared	1 Bed-room	2 Bed-room	3 Bed-room	4 Bed-room	5 Bed-room
Mar-09	£295	£421	£536	£652	£777	£940
Dec-09	£289	£411	£526	£627	£752	£978
Jan-10	£289	£411	£526	£627	£752	£965
Feb-10	£289	£410	£525	£625	£750	£963
Mar-10	£276	£410	£525	£620	£740	£963

HOUSE PRICES—GEOGRAPHICAL ANALYSIS

A bespoke dataset for Herefordshire, known as the “Price Paid” dataset, was purchased from the Land Registry, covering the four year period 1/1/2006 to 31/12/2009. The data is © Crown copyright material and is reproduced with the permission of Land Registry under delegated authority from the Controller of HMSO. For each property, the data includes: Post code, Purchase date, Price paid and Property type (detached, semi-detached, terraced, or flat / maisonette).

Across Herefordshire as a whole, prices for each of the four dwelling types show a similar pattern, rising between 2006 and 2007/2008, and then descending so that the prices in 2009 were below those for 2006. Prices for detached houses showed the biggest fall from 2006 to 2009.

Prices have been analysed by ward, and ward maps have been produced for each property type, with each ward shaded according to the average property price over 2006-2009 (see full article details below). Wards towards the east of the county are shown to have high prices in all of these maps, and it is believed that good communication – access onto the motorway system, plus rail links – is likely to be a factor here.

Prices have also been analysed by the seven housing market areas (HMAs), which are formed from groups of wards (see full article for definition). HMA maps have been produced for each property type, with each HMA shaded according to the average property price over 2006-2009. Grouping the wards in this way “evens out” the prices, so a much smaller range of prices is shown, particularly for the cheaper property types, than when the analysis is by ward. Hereford HMA has the lowest average price for detached and terraced properties, while Leominster HMA has the lowest average price for semis and flats. The highest rankings go to Golden Valley HMA for detached properties, and to Ledbury HMA for the other 3 property types, once more exhibiting high demand in the east of the county.

[‘Click here for the full article’](#)

ENERGY USE STATISTICS

The Department for Energy and Climate Change (DECC) produces statistics, for Local Authority areas on the level of energy consumption from electricity, gas and other fuels, for both the domestic and industrial/commercial sector. Energy use is measured in kilowatt hours (kWh), but is standardised using per capita, per employee and per unit productivity (Gross Value Added (GVA)) in order to compare between areas.

- In 2006 Herefordshire’s total consumption of energy per unit of productivity (2.2 kWh/£GVA) was high compared to the national average (1.7) and is in the upper quartile (2.2) for all authorities in Great Britain. However, comparing our consumption to the other more rural authorities it is similar to Shropshire (also 2.2) but not as high as Powys (2.5).
- Herefordshire uses less energy per unit of productivity than Powys, but the mix of fuels used means that more CO₂ (per unit productivity) is emitted as a result.
- In Herefordshire domestic properties used an average of 4,687 kWh of electricity in 2008, a considerable decrease (-18%) on 2005 (5,731 kWh). Despite this however, in 2008 Herefordshire was still higher than its neighbouring authorities and the West Midlands region (4,234 kWh) and Great Britain as a whole (4,198 kWh).
- The average electricity consumption per employee in the industrial and commercial sector in Herefordshire was 8,042 kWh in 2008, greater than for the West Midlands region (6,770 kWh), Great Britain (7,201 kWh) and all neighbouring authorities except Shropshire.
- In Herefordshire in 2008, the average domestic gas consumption per meter point was 15,023 kWh a 12% decrease on 2005 (17,013 kWh) and low compared to all the neighbouring authorities, the West Midlands and Great Britain.
- Consumption of non-gas, non-electricity and non-road transport fuels is relatively high in Herefordshire (0.5 tonnes per cap), especially in the domestic and agricultural sectors.

[‘Click here for the full article’](#)

RECENTLY PUBLISHED RESEARCH

National Research

Over-indebtedness in Britain: 2nd Follow up report (Dept. for Business, Innovation and Skills, March 2010)

This report is a follow-up to the DTI report of March 2005 'Over-indebtedness in Britain and the analysis contained in the 2007 Annual Over-indebtedness report. The report includes discussion of trends over the twelve months covered by the survey and of changes in over-indebtedness indicators since previous studies. Overall, the analysis suggests an increase in the proportion of households meeting the criteria for over-indebtedness since 2006 (in terms of arrears and burden of commitments), but there are indications of an improvement in various measures during the first half of 2009.

Some Key Findings were:

Almost two-thirds (64%) of households had some form of unsecured credit and 75% had a loan or credit commitment of some type, including mortgages and secured loans.

About one in 12 of all households in the DebtTrack sample (8%) were spending more than 30% of their income on repayment of unsecured loans, and about one in eight (12%) were spending more than 20% of their income.

About one in seven respondents (15%) considered that keeping up with bills and credit commitments was a 'heavy burden' for their household. There were indications of a slight improvement in this indicator in the first half of 2009.

For more information visit: <http://www.bis.gov.uk/assets/biscore/consumer-issues/docs/10-830-over-indebtedness-second-report>

Is business ready for an ageing nation?

Economic opportunities and challenges of ageing: Discussion paper

There is no denying the scale of the demographic shift the UK and other nations around the world are facing. The global population aged over 60 is expected to triple in the first half of the century to reach around 2 billion. Similarly in the UK, the over-85 group is projected to more than double over the next twenty five years to reach 3.3 million.

There are a number of key issues:

- How do we retain the capabilities of the older generations in the world of work?

- What opportunities are there for business in meeting the demand for goods and services from the older population?

- How does government policy get this right in terms of supporting these opportunities?

For more information and to respond visit: <http://www.bis.gov.uk/policies/new-industry-new-jobs/opportunities-for-an-ageing-population>

How vulnerable are different industry sectors to the downturn? March 2009

To explore these issues Pricewaterhouse Coopers have compiled a database of key economic and financial indicators for 15 major UK industry sectors. They then combined these indicators into a composite PwC Sector Vulnerability Index (SVI), which reflects relative exposure to the economic downturn over the next 12 months or so.

For more information about these indicators visit: [http://www.pwc.co.uk/eng/publications/research archive uk economic outlook.html](http://www.pwc.co.uk/eng/publications/research%20archive%20uk%20economic%20outlook.html)

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. The survey is due to complete shortly and the initial findings show that farms are expecting to employ fewer seasonal workers from overseas in 2010. Information collected so far suggests numbers could be down as much as 50% on last year (when the total was 5,600), although responses are still awaited from some large farms. The full results of the survey will be available from www.herefordshire.gov.uk/factsandfigures in July.

For more information or any queries please contact:

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