

QUARTERLY ECONOMIC BULLETIN

An Economic Summary for Herefordshire

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Key Points for Herefordshire:

- 18% of all employees in Herefordshire are **employed in the public sector** (based on the legal status of the employer) compared to 22% across England (**Page 4**).
- In October 2011 the **shop vacancy** rate for Hereford City was 10.0% (**Page 4**).
- **Qualification rates** in Herefordshire were lower than across England in 2010 (**Page 5**).
- In October 2011 the **youth unemployment** rate (aged 18-24) was at 7.2% down slightly from 7.4% in September, but still much higher than the other age groups and nearly as high as it was during the height of the recession (**Page 5**).
- 24% of existing fixed line **broadband connections** in Herefordshire are not achieving 2Mbit/s speeds (**Page 6**).
- Herefordshire has the worst **earnings-to-rental ratio** (0.40) out of the West Midlands authorities (**page 6**).
- In 2010 there were a total of 2,081 house sales, which is almost half the peak figure of 3,851 sales seen in 2006 (**page 7**).

NEWS

SOURCED FROM THE PRESS

Development and Investment

The detailed plan for the redevelopment of the former cattle market off Edgar Street has been approved and should be up and running by Christmas 2013. Plans include a department store, a multi-screen cinema and high street shops, which should result in more than 1,000 new jobs.

Newspapers across Britain, including the Hereford Times, have pledged £15 million of free advertising to young and promising businesses. The Local Business Accelerators search will award 3 local businesses free advertising space and one will get the opportunity to win a year of working with specialist mentor, Deborah Meaden (from Dragons' Den).

BT have announced that Bromyard will be the next area, after Ledbury, to receive new copper broadband service allowing broadband speeds of up to 20 Mbps. Hereford and Ross already have this technology.

Business start-ups can lease up to £15,000 worth of technology and communications under the new scheme KickStart, run by BT and Shire Leasing. The aim is to help small firms trading for under 3 years to avoid having to rely on bank loans and credit cards.

As part of the government-backed BDUK initiative, leaflets and questionnaires were distributed to all homes in the county to find out how the internet was being used and to assess demand for superfast broadband. Results will feed into the Borders Broadband programme which is expected to bring over £20 million of broadband infrastructure investment to the county.

Vodafone are looking for 12 communities in the West Midlands to play a part in rural mobile coverage trials, exploring their "open-femto" technology with a view to provide vital connectivity to areas which have some of the patchiest coverage in the UK.

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

West Midlands Ambulance Service will now have staff operating out of South Wye Police Station, a move which is the first of its kind in the West Mercia region. This is part of the Make Ready plans which includes the rebuilding of the Hereford ambulance station on Ross Road, into a 'hub' for the whole fleet and a new around the clock maintenance of the fleet, allowing more ambulance crews to be on the road. In addition, two paramedics have received advanced training so that they can treat more patients in the field, with an aim of reducing the numbers of people having to visit hospital. This scheme will be supporting Bromyard and the surrounding area before this approach is rolled out.

Kemble Care has developed a mentor training programme that will provide a network of support to carers often working alone and during unsociable hours. With two qualified and eight more currently being trained will be able to offer support to over 100 carers.

Due to new methods of working at the Hereford County Hospital's Stonebow Unit patients are returning home sooner. This has led to the unit running under capacity which in turn has led to the reduction of the number of beds allowing money to be reinvested in the teams who offer individual services in patients' homes.

Education and Training

Aylestone Business and Enterprise College has put a bid in to receive a bail out to balance its books. They are looking for a long term repayment plan for £30,000 a year over 10 years. Falling pupil numbers have been one of the main causes for the deficits here and in other schools.

Housing

Herefordshire Housing has reached a £200,000 settlement with insurers for Disraeli Court after a long running dispute. Subsidence caused the closure of the sheltered housing scheme after it was identified in 2005. A number of options for its future use of the building are currently being considered.

Agriculture, Food and Environment

Blue-green algae has appeared at Bodenham Lake, likely due to the recent warm, wet weather, which can be harmful to livestock, pets and humans.

The government has announced it will be cutting by half the amount households can receive from the feed-in-traffic generated from solar panels. This will have an impact on households who install solar panels and growth of local installation businesses.

Transport

As part of the national Access to All scheme, Network Rail will embark on an improvement plan for Leominster railway station. The plan will include new disabled lifts, toilets, a waiting area and extra platform seats.

National News - Education and Training

New data published from the Higher Education Statistics Agency (HESSA) show that 28% of students who graduated in 2006/7 were not in full time paid work three and a half years later. Nearly 4% were assumed to be unemployed, higher than previous years. 22% also reported that they did not feel that university had prepared them for their career.

Information for this news article has been sourced from the press

Business grant news

A new **Business Enterprise Fund** has been launched, aiming to support 140 existing local businesses and help a further 160 people start up a new one. The Shropshire and Herefordshire Business Enterprise Fund is supported by £1.1 million from the European Regional Development Fund which is managed by the Department for Communities and Local Government, and matched by the businesses themselves.

The **RE:think Energy** initiative will help more than 220 businesses based in Shropshire, Herefordshire, Staffordshire and Telford and Wrekin to improve their energy efficiency and developing renewable energy technology solutions. RE:think Energy is supported by more than £200,000 from the European Regional Development Fund.

£1.5 million in **Redundant Building Grants** has come to the Marches area, serving both Herefordshire and Shropshire, following the latest round of Regional Growth Fund bids. Supported by the Marches LEP and administered by Herefordshire Council, the scheme will support small businesses and start-ups to transform redundant buildings into a base for their enterprise and will run until March 2014.

For more information on the Business Enterprise Fund and RE:Think contact 01432 383 633. For information on the redundant building grant scheme email rbgscheme@herefordshire.gov.uk or call 01432 260662 / 383616. Alternatively you can visit www.herefordshire.gov.uk

EDITORIAL: ROTHERWAS ENTERPRISE ZONE

RAY STONE, CHAIR OF THE ENTERPRISE ZONE BOARD AND FORMER MANAGING DIRECTOR OF WIGGINS SPECIAL METALS

In August 2011 the Prime Minister announced that the Rotherwas Industrial Estate had been awarded Enterprise Zone (EZ) status. The site on the edge of Hereford City was nominated by the Marches Local Enterprise Partnership (Shropshire, Telford & Wrekin and Herefordshire) and the bid developed by the Herefordshire Business Board. The Enterprise Zone status means businesses who locate themselves on the 61.5 hectare site will benefit from a simplified, faster planning process and business rate relief. They will also be able to take advantage of improved infrastructure such as faster broadband and the Rotherwas link road. An Enterprise Zone board consisting of business board representatives, elected members, land owners and representatives from the Marches Local Enterprise Partnership has been set up to oversee the project.

The intention is to attract hi-tech manufacturing and defense firms to the Enterprise Zone that can bring high value jobs to the county, starting to reshape the local economy to be more productive and draw higher wages. We are interested in businesses that have high growth prospects that can attract (and retain) young working age people and their families. This will help build the future workforce, support local services and mitigate the effects of growing numbers of older people by creating demand for services and increasing the local tax take. It's vital that the jobs created are new jobs and not displaced from elsewhere. The EZ will build on Herefordshire's strengths in manufacturing and defense and fit well with the wider vision for the city.

So far there has been lots of interest; around 40 businesses have expressed an interest from as far afield as America and Eastern Europe. We are actively pursuing 12 that fit our criteria and have had 2 letters of intent. The EZ is likely to be a real advantage for Herefordshire and the wider area, attracting a lot of interest from inward investors and giving a boost to the local area. Whilst not all enterprises will meet the criteria for the EZ there are lots of other great locations in the area for business - we will be actively encouraging businesses to explore these opportunities further.



EZ status is already putting Hereford on the map and along with the county getting pilot status for 100% delivery of superfast broadband, sees us leading the way in a number of areas. We are also working more closely with government departments and ministers (previously we'd have gone through Advantage West Midlands). This can only be seen as positive. The development of governance arrangements for the EZ board has received attention from the Department of Communities and Local Government which could



see Herefordshire shaping the way EZs are governed nationally. A new 'Here you can' brand for Herefordshire (see images above) is well timed to build on this positive momentum.

One of the strengths of the EZ is strong collaboration between the private sector (Herefordshire business board), the Marches Local Enterprise Partnership and the Local Authority. This was reflected in the bid and will be a strength going forward.

This is a fantastic opportunity and is very exciting for the county.

Herefordshire Business Board

The Herefordshire Business Board is made up of 15 private sector members of diverse size and industry. It acts as a sounding board for local policy development and is the private sector representative for Herefordshire on the Marches Local Enterprise Partnership.

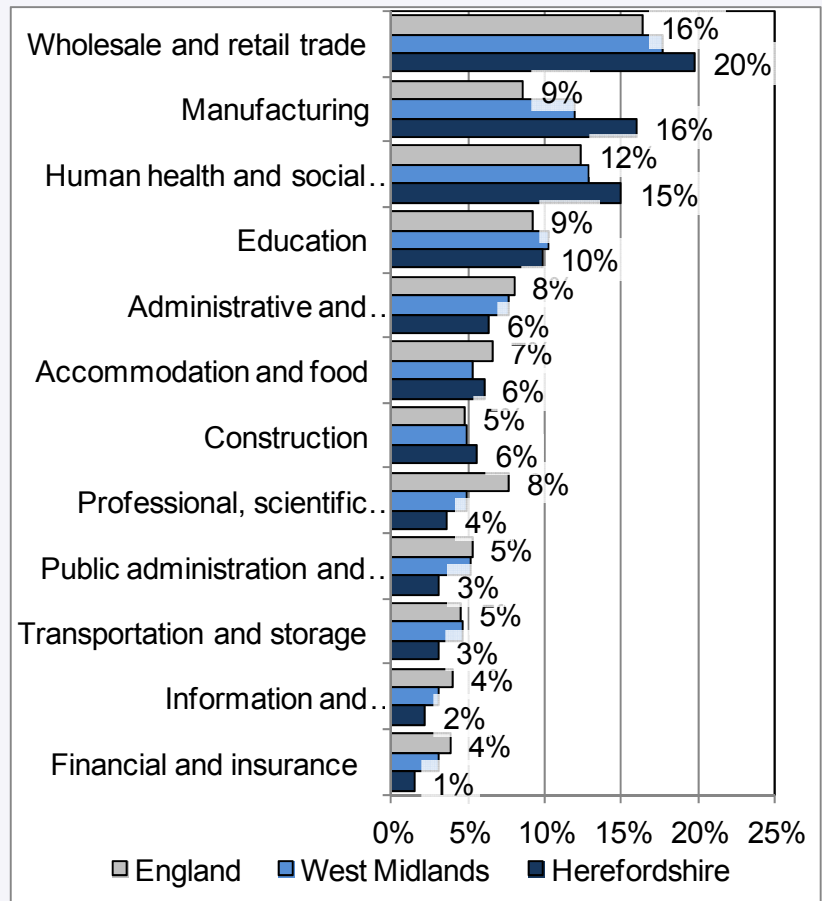
For more information see www.herefordshire.gov.uk/business/56893.asp

EMPLOYMENT BY INDUSTRY

The latest estimates of employment for the county are for 2010 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.

- For every 100 working age residents in Herefordshire there were 86 jobs (employment and self-employment) in the economy in 2009, higher than that for England (78).
- In 2010 there were an estimated 67,200 employees and a further 4,800 working proprietors in Herefordshire taking total employment to 72,000. This was a small decrease of 200 (-0.2%) on 2009 (72,200), but 4% lower than in 2008. Similarly, the West Midlands and England as a whole saw little change between 2009 and 2010.
- Half of all of all employment is in 'wholesale and retail trade' (20%), 'manufacturing' (16%) and 'human health and social work' (15%). All account for a greater proportion than across England.
- 18% of all employees are employed in the public sector in Herefordshire compared to 22% across England based on the legal status of the employer.
- The greatest proportion of workers in Herefordshire are employed in Hereford City (42% or 48% including the Rotherwas industrial estate).

Chart. Proportion of employment by industry



[Click here for the full article](#)

SOURCE: BUSINESS REGISTER AND EMPLOYMENT SURVEY

SHOP VACANCIES

The Economic Development Team monitor shop type and vacancy rates for Hereford City centre (within the city walls) on a quarterly basis in order to observe trends and changes in the retail offer, particularly in light of new developments in the city. The team also collect data for market towns on a more ad hoc basis.

- In October 2011 the shop vacancy rate for Hereford City was 10.0% (up slightly from July 2011 9.2%). Bridge Street, West Street, East Street, The Atrium - Maylords, Berington Street and Union Street had the highest vacancy rates (all over 15%).
- In comparison the vacancy rate for Leominster was at 3.8% at the start of November, much lower than November 2010—the town saw a continual decrease in vacancies since January 2010.

For more information please contact the Economic Development Team on 01432 260 706

SOURCE: ECONOMIC DEVELOPMENT, HEREFORDSHIRE COUNCIL

QUALIFICATIONS & WORKFORCE SKILLS GAPS

Key issues, as identified in the 2011 State of Herefordshire Report Key Findings:

- Qualification rates in Herefordshire were lower than across England in 2010
- Skilled trade occupations account for a relatively large proportion of those in employment; employers find skilled trade vacancies hard-to-fill; and skilled trade vacancies account for the highest proportion of skill shortage vacancies.
- Employers report that there are skills gaps in managerial and skilled trade occupations and that some young people are poorly prepared for work.

In 2010 rates of qualification amongst Herefordshire's working age residents (16-64) were lower than those across England at all levels from 1 to 5. For example 47% were qualified to at least level 3 (equivalent to 2 or more A-levels, advanced GNVQ or NVQ 3) compared to 51% across England. Herefordshire had a higher proportion of working age residents without any qualifications. This negative picture is a departure from previous years where rates have been similar to those across England.

The National Employer Skills Survey (NESS) found that all vacancy and recruitment problems decreased between 2007 and 2009, possibly as a result of the recession. In 2009, 25% of employers in Herefordshire reported having hard-to-fill vacancies. The most frequently stated reasons for having hard-to-fill vacancies were a low number of applicants with the required skills (66%), generally low number of applications (31%) and a low number of applicants with the required attitude, motivation or personality (18%).

Managers was the occupation stated as being the most likely to need to upskill in the next 12 months. The skills or knowledge that employers most frequently stated as being those that would need improving were technical, practical or job-specific skills (67%). Also general IT user skills (36%), IT professional skills (34%), customer handling skills (33%) and problem solving skills (33%).

[Click here for the full article](#)

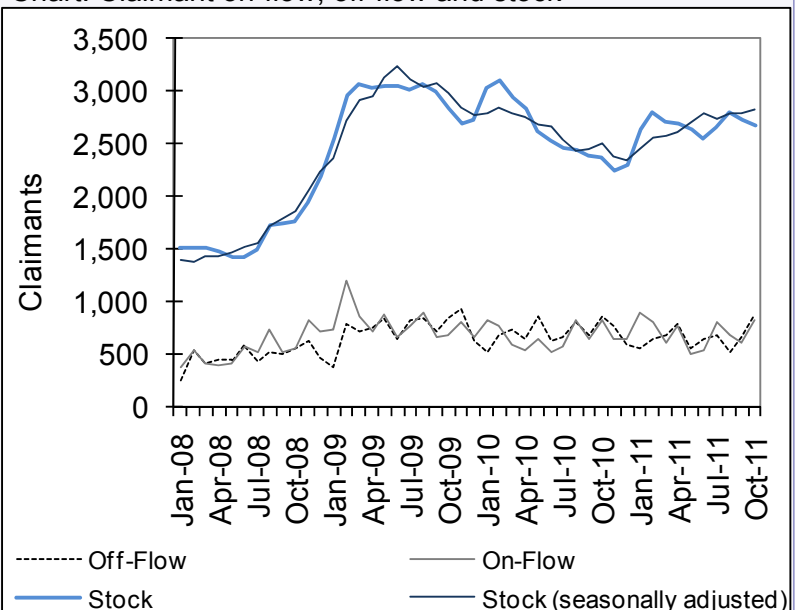
SOURCE: STATE OF HEREFORDSHIRE REPORT 2011.

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.

- In October 2011 the claimant count was 2,676, a 2% decrease on September (2,728). The count has seen year on year increases since May 2011. Compared to January 2008 (1,517), before any increase associated with the downturn was seen, the claimant count was still up 76%. The seasonally adjusted claimant count has seen an almost continuous increase since December 2010 and in October was at 2,825 (up from 2,796 in September).
- The unemployment rate in October was 2.5%, lower than the West Midlands region (4.8%) and England as a whole (3.8%).
- In October 2011 the youth unemployment rate (aged 18-24) was at 7.2% down slightly from 7.4% in September, but still much higher than the other age groups and nearly as high as it was during the height of the recession.
- In August female unemployment was higher than at any point during the recession and since 1997. In October female unemployment was down 6% on September, whilst male unemployment saw a small increase +1% (11 claimants).

Chart. Claimant on-flow, off-flow and stock



[Click here for the full article](#)

SOURCE: ONS—CROWN COPYRIGHT

DIGITAL COMMUNICATIONS

The following article contains a summary of information from Ofcom, the communications regulator, on coverage of various digital communications channels for Local Authorities in the UK. The data collected in 2011 covers broadband, mobile, television and digital radio.

Ofcom have included four different measures of service availability and quality for fixed line broadband. These statistics exclude wireless services of which there are a number available in Herefordshire.

- The **average sync speed** ranges from 10.1 in the City of Edinburgh, Scotland to 4.3 in Fermanagh, Northern Ireland—the UK average is 7.5. Herefordshire in comparison has a poor average sync speed of 5. Neighbouring Powys has a similar rate 5.3.
- 24% of existing broadband connections in Herefordshire are **not achieving 2Mbit/s speeds**. This compares to 36% for the highest local authority, Cookstown, Northern Ireland and 5% in Bristol. The average across the UK is 14%.
- No addresses in Herefordshire are within the coverage area of **superfast broadband** networks (over 24Mbit/s). The proportion across the UK is 57%, however there are some areas, e.g. Luton and Newtownabbey in Belfast; where 100% of addresses are within the coverage of superfast broadband.
- **Take up (excluding superfast broadband)** in Herefordshire is 67% as measured by the number of existing broadband connections as a proportion of residential and non-residential addresses. The average across the UK is similar at 65%, and ranges from 46% take up to 80%.

Mobile phone coverage can be an alternative for accessing internet. Two measure are used to assess coverage levels – the first represents outdoor coverage of premises (i.e. postal addresses) and the second the overall coverage of land mass. These measures also provide an insight into consumer experience in different parts of the UK (whilst recognising that in-building experience is highly dependent on the location and construction of individual buildings).

- 31% of premises in Herefordshire have **3G coverage** from all operators, across the UK the average is 64%, however it does range from 0% to 100%. 7% receive no reliable 3G signal, compared to an average of 5% across the UK.

SOURCE: OFCOM - Maps of the data and further information are available from <http://maps.ofcom.org.uk/>

PRIVATE RENTAL LEVELS

The Valuation Office Agency (VOA) carries out an on-going survey of private rental levels across England, and in September 2011 they released figures by local authority for the first time, and in more detail than previously. Analysis of this data shows that private rental levels in Herefordshire are at the median point for all English authorities (excluding London). But an earnings-to-rental ratio devised by Shelter shows Herefordshire to be in the worst quartile for affordability, due to relatively low earnings in the county.

Table. Monthly private rental levels in Herefordshire during the year to June 2011

	room	studio	one-bed	two-bed	three-bed	four-bed+
lower quartile rent	£282	£310	£395	£495	£575	£700
median rent	£303	£330	£420	£535	£625	£800
upper quartile rent	£325	£340	£468	£575	£675	£955

- Shelter used an earnings-to-rental ratio calculated by median rent for a two-bed dwelling as a proportion of median annual take home pay, assuming one earner in the household.
- Excluding London, the earnings-to-rental ratios range from 0.19 for Copeland in North West region to 0.55 for Oxford. Herefordshire is in the most expensive quartile, with a ratio of 0.40, the same as Basingstoke and Cornwall (a ratio of 0.4 means 40% of take home pay is used on rent).
- Herefordshire has the worst earnings-to-rental ratio out of the West Midlands authorities.

[Click here for the full article](#)

SOURCE: SHELTER

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 2 in 2011** and for the House Price Index, **September 2011**.

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 2nd quarter of 2011, the *provisional* median price of a property in Herefordshire had decreased to **£185,000**. In comparison, the median property prices for England & Wales and the West Midlands were £175,000 and £143,000 respectively.

Year of 2nd Quarter	Median property prices			Lower quartile property prices		
	England & Wales	West Midlands	Herefordshire	England & Wales	West Midlands	Herefordshire
2009	£162,500	£137,000	£165,000	£117,000	£102,000	£135,100
2010	£180,000	£148,000	£195,000	£125,000	£109,000	£146,400
2011^a	£175,000	£143,000	£185,000	£122,000	£105,000	£138,000

Source: HM Land Registry

^aFigures for 2011 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 as of September 2011, house prices have **decreased** slightly since

September 2010 at the local, regional and national levels. This compares to small

increases that were seen in the

	Annual change (%)		
	Eng & Wales	West Mids	Hfds
Sep 09-10	5.3%	3.0%	1.7%
Sep 10-11	-2.5%	-4.1%	-2.9%

Source: HM Land Registry

year to September 2010.

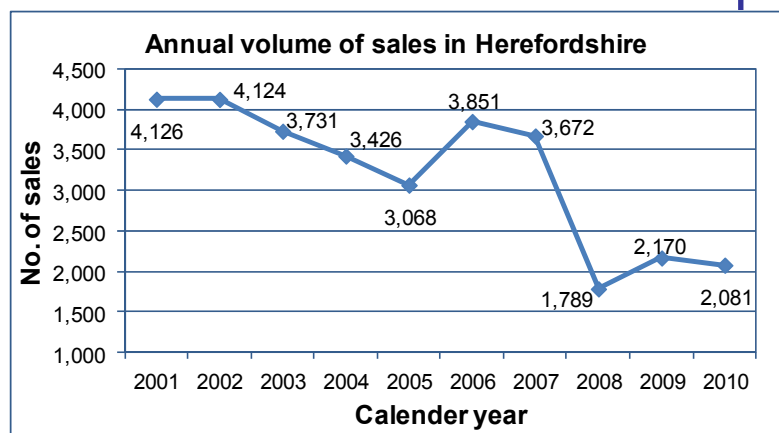
Volume of Sales

The Land Registry figure for the number of house sales in Herefordshire during July 2011 was 201. In the 6 months prior to August 2011 (February 2011 to July 2011) the volume of sales averaged 154 per month, which is a decrease of 10% from the same period in the previous year (171 sales per month). For comparison, England & Wales experienced a similar decrease of 8% and the West Midlands region saw a slightly lower decrease of 6% between the 6 months prior to August 2011 and the same period of the previous year.

The chart shows that, after a steady decline in the number of house sales in Herefordshire between 2002 and 2005, there was a sharp rise the following year of 26%, coinciding with highs in house prices (annual averages of £166,500 & £176,000 for Herefordshire in 2006 and 2007, respectively) and reflected what had happened nationwide.

The number of sales plummeted in England & Wales with the onset of the economic downturn,

as the major banks began to limit lending; falls of around 50% in the number of sales between 2007 and 2008 were seen in Herefordshire, the West Midlands region and England & Wales as a whole. During the second half of 2009, sales in England & Wales started to recover and to show signs of stability. Herefordshire saw an annual increase of 21% between 2008 and 2009 (from 1,789 to 2,170 sales), in 2010 there were a total of 2,081 sales, which is almost half the peak figure of 3,851 sales seen in 2006.



NATIONAL RESEARCH

Skills shortages in the ICT Workplace

REC Technology (October 2011)

The paper highlights the key role recruiters can play in helping to bridge the skills shortages gap. This includes working more closely with schools, colleges and employers to paint a more positive picture of what working in a modern IT and technology environment now looks like. It also spells out a very real need to address the current skills shortage so that the necessary skills are in place to help the UK maintain its global competitiveness both in the short term and in the technology-driven markets of the future.

"While the demand for more advanced technology-based skills is not new, the recent economic crisis has increased the urgency of addressing the gap between available skills and what the market demands," the report states.

For more info visit: www.rectechnology.net/?p=242

Understanding the worklessness dynamics and characteristics of deprived areas

Department for Works and Pensions (DWP 2011)

The analysis in this report breaks new ground in using individual-level data on employment transitions and geographical movements to try to shed light on some unanswered questions about the dynamics of worklessness in deprived areas. Using data from the Work and Pensions Longitudinal Study (benefit data), they found the following:

That although some workless people who secure employment do move out of deprived areas into 'better' areas, and are replaced by workless people, this does not seem to be a key factor in the persistence of high worklessness rates in deprived areas. The impact of finding work and moving out on area trajectories is more than outweighed by long-term reliance on inactive benefits.

For more info visit: <http://tinyurl.com/d4mxy53>

Cause célèbre or cause for concern?

Local enterprise partnerships one year on
Centre for Cities (October 2011)

On 28 October 2010, Local Government Secretary Eric Pickles and Business Secretary Vince Cable proudly announced the birth of the first 24 Local Enterprise Partnerships (LEPs). The press release said that the partnerships would bring the public sector and business together to "take charge of the

local economy" – driving growth, creating jobs and providing strategic leadership.

The first birthday of this initial wave of LEPs provides a good opportunity to reflect on progress towards these goals. How fast are they growing up? Does the evidence suggest they are becoming an effective mechanism for promoting local economic

LOCAL RESEARCH

The 2011 State of Herefordshire has now been produced. The key findings can be downloaded from www.herefordshire.gov.uk/soh

The report is a digest of statistics about Herefordshire containing local performance and contextual information. The State of Herefordshire Report describes the county and the current issues that it is facing, a useful tool for policy making and evidence for funding bids.

The 2011 Herefordshire Joint Strategic Needs Assessment (JSNA) has been published. Herefordshire's JSNA examines health and social care needs as well as the other main factors that affect people's life-chances, quality of life and health and well-being. We are presenting the summary findings in document form; the analyses themselves are brought together on the JSNA web pages but are integrated within the unique information resource of the 'Facts and Figures' website. www.herefordshire.gov.uk/jsna

Locality profiling update — *Key findings about Herefordshire localities* are now available to replace the 'locality summaries' that the Research Team published in May. The nine localities have been agreed by the Herefordshire Partnership in order to have a single approach to service delivery.

To view these documents, please visit:

www.herefordshire.gov.uk/aboutlocalities

Forthcoming HIRN seminar:

State of Herefordshire Report 2011 & JSNA 2011

Key points & how these can be merged in future.

Morning of the 13th December 2011

@ Hereford Council Town Hall

www.herefordshire.gov.uk/HIRN

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