



NORWICH
City Council

Norwich
Economic Barometer
January 2016

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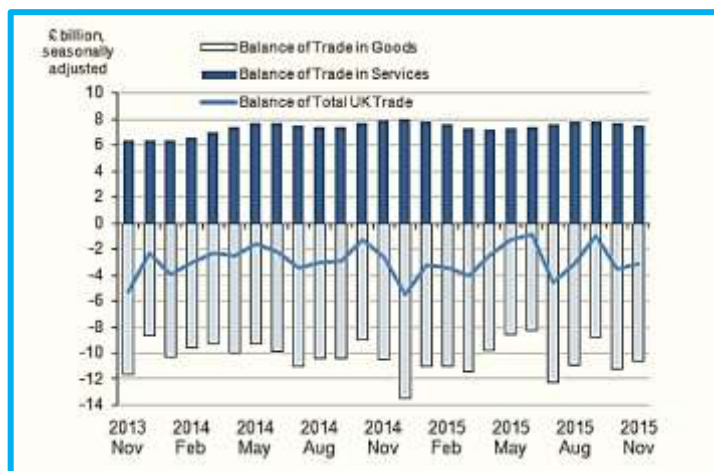
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Business News

Economy:

- **The government borrowed £7.5bn in December, £4.3bn lower than the year before, official figures show.** The figure takes borrowing for the financial year to date to £74.2bn, £11bn lower than at this point in 2014. The running total is already above the £68.9bn forecast for the whole fiscal year by the independent Office for Budget Responsibility. However, government finances usually record a surplus in January as a large number of tax bills are paid then. In the 2014-15 financial year, borrowing was £89.1bn. The latest borrowing figures mean total public sector net debt - excluding support for public sector banks - is now £1.54 trillion, or 81.0% of GDP.
- **The UK's trade deficit - the difference between the value of imports and exports - narrowed in November.** There was a deficit of £3.2bn in the month, which was down £0.3bn from October, according to the latest estimates from the Office for National Statistics (ONS). The ONS put the narrowing deficit down to a £0.5bn fall in imports of oil during the month, to £2.2bn. The three-month figures also showed a narrowing in the trade deficit. The deficit for the three months to November was £7.7bn, down £1.0bn from the previous quarter.

Figure 1 Balance of UK trade, November 2013 to November 2015



- **UK interest rates have been left unchanged again at 0.5 per cent by the Bank of England's rate-setters.** The nine rate-setters on the Monetary Policy Committee (MPC) voted 8-1 for no change, predicting that inflation would stay below 1 per cent until the second half of next year. December's inflation figures will further dampen expectations of a rise in interest rates any time soon.
- **The UK's inflation rate rose to an 11-month high in December, with a sharp rise in air fares offsetting falling food and clothing prices.** The rate as measured by the Consumer Prices Index rose to 0.2 per cent, from November's 0.1 per cent, It is the first time in a year that the rate has exceeded 0.1 per cent and the rise is higher than economists had expected. Air fares jumped 46 per cent in December, the biggest rise for 13 years. December typically sees a high monthly increase in air fares, due to the Christmas holidays, but the ONS said this jump was the highest since 2002. But it

warned that air prices were "highly variable" and said a November-to-December increase of more than 40 per cent was not unusual. Petrol prices, while lower than November, fell less than in the same period last year, so they also contributed to the rise in inflation. This jump in transport costs was partially offset by a drop in alcohol, tobacco and food costs. The Retail Prices Index, a separate measure that includes housing costs, grew by 1.2 per cent up from 1.1 per cent in November. For 2015 as a whole, consumer price inflation averaged 0, its lowest level since comparable records began in 1950.

Figure 2 Inflation 2005-2015



- **UK firms cut their foreign investment by the largest amount in a decade last year**, according to ONS official figures. British firms clawed back a net £79.9bn worth of overseas investments in 2014. That compared with a £28.4bn increase in overseas investments by UK firms a year earlier. Foreign firms also scaled back their investments in the UK. It is the first time UK companies have reduced net foreign direct investment in more than a decade, the said. Overall, the amount of money invested overseas by UK companies fell to £1.15trn in 2014 from £1.25trn in 2013. Foreign companies cut their direct investment into the UK to £27.8bn in 2014 from £33bn in 2013.
- **Company administrations fell to an 11-year low in the final quarter of 2015**, according to new data, with the UK economy demonstrating ongoing resilience in the face of international headwinds. The number of UK companies going to the wall fell 10.3 per cent year-on-year in 2015, according to the latest Insolvency Service figures, dropping to 14,629. The downward trend has been fuelled by a marked decrease in compulsory liquidations, which fell to the lowest annual total since 1981, as the UK shrugs off the remaining effects of recession.
- **Service sector growth in the UK stabilised at a solid pace in December**, according to the latest PMI® survey data from Markit and CIPS. Total activity rose at a strong overall rate, supported by a sharp rise in new business. Employment increased at a robust pace, albeit the weakest in five months. That said, growth in recent months has been slower than in the first half of the year and when compared with the trend rates set in 2013-14. Reflecting this, outstanding business continued to grow only modestly in December, and firms' longer-term expectations for business activity were the weakest since early 2013. The current period of rising UK service sector output was extended to three years in December, as signalled by the Business Activity Index remaining above

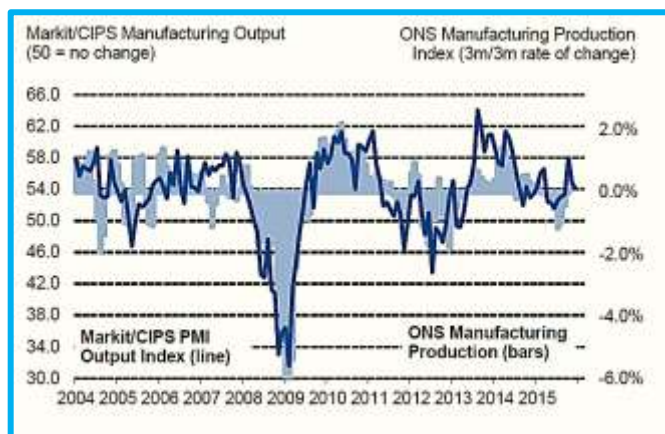
the no-change mark of 50.0. The index fell slightly to 55.5, from 55.9 in November, but remained just above the long-run survey trend level of 55.2, indicative of solid overall growth.

Figure 3 Services growth remains solid at year-end



- The Markit/CIPS UK manufacturing PMI survey showed that **the end of 2015 saw the rate of growth in the UK manufacturing sector slow further from the recent peak reached in October**. At 51.9 in December, the PMI slipped back towards its long-run survey average of 51.5. Over the final quarter as a whole, the average readings for the headline PMI, Output Index, New Orders Index, New Export Orders Index and Employment Index were all above their respective averages. However, averages over 2015 were in each case below those achieved in 2014. Manufacturing production rose for the thirty-third month running in December, underpinned by higher intakes of new business from both domestic and export clients. The consumer goods sector remained the prime driver of production and new order growth, despite seeing its rates of expansion ease over the month. Similar decelerations were also seen at intermediate and investment goods producers.

Figure 4 Markit/CIPS UK manufacturing PMI survey



- **UK construction companies ended 2015 with a robust and accelerated expansion of overall business activity**, thereby indicating a rebound from the slowdown recorded

in November. The headline seasonally adjusted Markit/CIPS UK Construction PMI registered 57.8 in December, up from a seven-month low of 55.3 in November. Higher levels of construction output have been recorded by the survey since May 2013, but the overall rate of expansion remained slightly weaker than seen on average over this period. Commercial construction remained the best performing sub-category of activity, with the latest upturn the fastest since October 2014. Housing activity also increased at a robust rate that was much stronger than the 29-month low seen during November. Anecdotal evidence cited an improving flow of development opportunities and new invitations to tender. Meanwhile, a decline in civil engineering activity contrasted with the overall upward trend seen across the UK construction sector in December. The fall in civil engineering activity was only marginal, but this ended a seven-month period of sustained growth.

Figure 5 UK Construction PMI by Category of Activity



- **The UK's recent growth, employment progress and deficit reduction have been "strong"**, the International Monetary Fund (IMF) has said. Underlying economic vulnerabilities have been addressed, and steady growth looks set to continue, it said. But high household debt, a "strikingly large" trade deficit and high government debt are still risks to the economy. It also warned about uncertainty over whether the UK would stay in the EU.
- **UK retail sales increased by 1.7 per cent in November, helped by pre-Christmas spending, official statistics show.** Compared with the same month last year, sales were up by 5 per cent, according to the ONS. The figures were stronger than analysts had expected, with retailers offering promotions at the end of the month for the Black Friday sales. For the three months to November, sales were up 5.3 per cent compared with the same period the year before.
- The Recruitment and Employment Confederation (REC) and KPMG Report on Jobs shows that **permanent staff placements increased at a stronger rate in November, with the rate of expansion quickening to a seven-month high.** Temporary/contract staff billings also rose at a faster pace, with growth the sharpest in five months. Demand for staff continued to rise in November. Although easing to a 29-month low, the rate of expansion remained marked overall. The availability of staff for both permanent and

temporary/contract roles fell at sharp and accelerated rates in November. Shortages of candidates for a range of skill-sets were reported by panellists. Permanent staff salaries continued to rise in November. The latest increase was again strong, with panellists citing competition for qualified staff. Temporary/contract staff hourly pay rates rose at the fastest pace in three months, although growth remained slower than that seen for permanent employees.

- **An Aecom poll has found skills shortages are driving up construction sector costs.** The LGA says the number of construction qualifications awarded in the past two years has fallen by 10,000.
- **Nearly two-thirds of public sector organisations are having recruitment difficulties.** Although only one in 10 has hard-to-fill vacancies, the public sector is struggling to find suitable candidates, according to the Chartered Institute of Personnel and Development (CIPD). Cuts to pensions, caps on pay and the prospect of further budget cuts make it hard to attract candidates. However, the most common issue recruiters' face is the "poor perception of the public sector", according to a Centre for Economics and Business Research survey.
- **Wages are unlikely to rise significantly next year unless productivity jumps,** according to a new report by the Resolution Foundation. Pay growth could be just 1 per cent if inflation rises faster than expected and productivity remains steady. Issues such as the availability of staff would also affect pay growth in 2016, the think tank said. Real pay increased this year after six years of stagnation, but only because inflation remained low.
- **Companies face the highest level of risk in a decade because of factors including terror attacks and China's economic slowdown,** a report has said. Consultants at Control Risks issued the warning in their 2016 Risk Map. The global risk outlook was currently an "eight out of 10".
- **Businesses face more than £1bn in costs from the introduction of the government-set national living wage next year,** according to government advisors. From April, workers aged over 25 will receive a minimum of £7.20 per hour. The Regulatory Policy Committee, which advises government, estimates the change will cost companies £804.4m in extra wages and staff costs. A further £234.3m of spillover costs from keeping pay differentials will take it over £1bn. The amount is slightly higher when including the public sector, where more workers are already paid above the national living wage.
- **UK new car sales hit an all-time record last year,** the latest trade industry figures show. Some 2.63 million new vehicles were registered in 2015, up about 6 per cent on 2014 and the fourth consecutive year of growth, the Society of Motor Manufacturers and Traders (SMMT) said. Stronger consumer confidence, special deals and cheap finance drove sales. Registrations in December are thought to have been the best December figures on record.
- **Figures from the National House Building Council show there were 156,140 registrations for new homes in 2015 – the most since 2007** and 75 per cent higher than during the depths of recession in 2009. But it is some way short of the 200,000-plus homes that need to be built every year for Britain's growing population.

- **Growth in household spending power is slowing as a result of weak wage growth and a slight rise in inflation**, according to Asda. Average weekly household disposable income was £194 last month, an increase after inflation and taxes of £13 over the year. However, the 7.2 per cent growth rate was the weakest in 14 months.
- **Confidence in the region's commercial property market remains strong and rents in the East of England are expected to rise across all sectors** - particularly for industrial space - although overseas interest in the sector is slowing. The RICS fourth quarter UK commercial market survey suggests a shortage of stock is driving rents and capital values higher. Around 42 per cent more respondents from the East expect a rise in rents across all sectors over the next three months as occupier demand grows and supply continues to fall. In the industrial sector 48 per cent more surveyors expect a further rise in rents
- **The number of 'zombie' businesses in the Eastern region- which only pay interest on their debts – has climbed to 25,000 from 18,000 in August 2014**, says an R3 survey. The rise is in contrast to overall trends; nationally, the number of zombie firms fell to 69,000 from 154,000 last year. But R3 says firms in the East may not be seeing the same profitability; the survey also shows the number of firms in the region negotiating payment terms with creditors more than doubled this year to 26,000. However, the number of firms in the East who are struggling to pay debts when they fall due has fallen from 26,000 to a negligible level.
- **More than one-half (53 per cent) of manufacturers in the East of England have invested in automation and robotics in their operations and almost two thirds see opportunities for further investment in robotics**, according to a survey by Barclays. It says an extra £1.2bn invested nationally by manufacturers into robotics and automation over the next decade could increase the sector's international competitiveness and boost the UK economy by up to £60.5bn, providing a major opportunity for manufacturers in the region
- According to R3, **businesses in the East of England suffer less from late payment than firms in other regions**. Around 13 per cent of the region's businesses have invoices more than 30 days overdue, compared to a national average of 21 per cent. The South West and South Wales have the highest regional ratio of unpaid invoices, standing at 41 per cent.
- **An estimated 34,000 East of England businesses – around 11 per cent of the region's firms - were owed money by suppliers or customers entering an insolvency procedure over the last years, says R3**. Of those, 20,000 were creditors in two insolvencies.
- **The East of England's reputation as one of the country's most entrepreneurial regions has been bolstered by a report highlighting a rising number of new start-ups and a growing level of wealth creation**. According to the latest *Barclays and BGF Entrepreneurs Index*, the number of new businesses starting up in the region rose by 7 per cent to 243,000 in the year to last March and the East emerged as one of only three regions in the country to see a rise in the proportion of 'high growth companies' with a rise of 0.2 per cent in 2014. The East also saw 142 deals resulting in wealth creation of

£200,000 or more over the year to end-June, an increase of 19.3 per cent on the same period previously and the third highest rise in the country.

- **A report from Lloyds Bank Commercial Banking says that East of England small firms expect annual sales to increase 7.5 per cent over the next two years driven by new innovation.** But although small firms in the region are planning a fresh wave of R&D investment to boost sales they risk being held back by skill shortages.. More than a third of firms (37 per cent) expect to increase their investment in new products and services over the next five years, while a further 63 per cent say they will do more if they can access the right funding.
- **Employers in the East of England are among the most optimistic in the UK and are recruiting across all levels and sectors although skills shortages are pushing up pay rates,** says a survey by recruitment firm Manpower. It shows an employment outlook of +9 per cent, against +7 per cent nationally, the fifth quarter running of above-average hiring intentions in the East.
- **According to RICS, rising construction wages in the face of skills shortages could put some of the government's largest housing and infrastructure programmes 'at risk'.** Average construction earnings rose by more than 6 per cent nationally in the year to October – compared to a UK average of two per cent - and labour shortages are cited by two thirds of firms as a barrier to go growth. Over half of respondents in the East of England are struggling to find labour with quantity surveyors particularly scarce.
- **Pay and job opportunities in the region are continuing to rise as the economy recovers. Skills shortages in sectors such as accounting & finance, engineering and IT mean that employees are benefiting from a bidding war of salary offers.** According to a survey by recruitment firm Cooper Lomaz, over half of companies expanded their workforce in 2015 and some 58 per cent of employees had a salary rise for the second year, which averaged 4 per cent. Firms are being encouraged to 'up their game' with improved benefits, holidays, training and career opportunities to attract and retain staff. Average salaries were: Norfolk £30,992, Suffolk £31,193, Hertfordshire £41,908, Cambridgeshire £37,754, Northamptonshire £34,453 and Essex £33,951. Meanwhile, the downturn in oil and gas has hit recruitment, with some candidates moving to other sectors.
- **Difficulties attracting skilled staff to Norfolk combined with weaker trade figures have provoked a dip in business confidence among the county's manufacturing firms,** according to the latest British Chambers of Commerce quarterly economic survey. Norfolk manufacturers reported a fall in sales and export orders and a drop in confidence over future profitability. More manufacturers also noted difficulties in recruiting at the end of last year. By contrast there was more confidence in the services sector although recruitment had slowed down during the three-month survey period - however there was an increase in the number of firms looking to take on staff over the next three months.

Local business:

- **In a bid to further enhance its position as a leading provider of poultry and meat produce to the worldwide wholesale market, Autumn Foods has bought Norwich-based poultry and meat producer Reids of Norwich,** which has a turnover of about

£33m. Reids of Norwich sources meat from global suppliers to sell to wholesale customers across the world from its base in St John Maddermarket. Grant Thornton's central and East of England corporate finance team provided advisory services to Autumn Foods Holdings throughout the transaction, including deal structuring, raising finance, due diligence and project managing the deal through to completion.

- **Ashton KCJ Solicitors has acquired Norwich-based consultancy Franchise Development Services (FDS) and plans to work with national franchise media specialists Venture Marketing Group to launch Ashtons Franchise Consulting.** The new business has five consultants and offers franchise support to existing and new franchisors. It is based alongside Ashton KCJ on the Meridian Business Park in Norwich.
- **A high-level change of ownership has secured the future of home improvements firm Anglian Group** - in what appears to be a move to reduce its debt and invest in growth. The Norwich-based firm, which employs almost 2,000 people, has returned to the control of private equity specialists Alchemy Partners, which invests in distressed and underperforming businesses. The move is the latest chapter in the firm's 50-year history and comes as it posted a £6.3m pre-tax loss for the year ending March 28 in its consolidated accounts, down from a £7.2m profit the year before. But the firm blamed machinery breakdowns and issues with online ordering for its challenges, and pointed towards an operating profit of £6m before depreciation of its assets, down from £11.7m in 2014.
- The **telecommunications company VoiceHost, based in Norfolk Tower in Surrey Street, has joined the 2015 Deloitte Technology Fast 50**, and is regional winner for Cambridgeshire and the East. Rankings are based on percentage revenue growth over the past four years, which positioned the firm in 21st place.
- **A pioneering app developed by a PhD student at the University of East Anglia is being put through its paces as part of a test event to gauge customer feedback.** Alex Ross, a PhD student, has founded ZaptoBuy.com and spent two years developing the Meenkee app, which allows users to point their phone at a product or item of clothing worn on screen, and immediately go to the site that will give you more information or sell you the item. The technology could transform the advertising market and an event tonight at the Enterprise Centre sees would-be users test a beta version. The test is part of a strategy to attract users to the platform to help increase its commercial appeal. However, the app has already attracted interest among companies such as Google, IBM, Saatchi & Saatchi and Ikea.
- **Norwich law firm Clapham and Collinge has widened its Norfolk presence by opening a third branch in Brooke** (incorporating Ashmole Solicitors) in South Norfolk. The move coincides with the firm's 60th anniversary and an expansion of its north Norfolk office. With offices in Norwich, Brooke and Sheringham, the firm is constantly expanding its workforce and currently employs 60 people.
- **A £1.3 million of refurbishment of The Maids Head Hotel in Norwich over the past year has been completed.** Forty bathrooms in the newest wing in the hotel have been renovated, an environmentally-friendly capillary heating system has been installed and the public lounges have had a makeover

- **Rostrons, a Norwich firm, has launched a tool to “help you run your life”, in a bid to stay one step ahead of the changing world of accountancy.** A £5,000 investment has seen the Thorpe Road accountants create a mobile app - encouraging clients to carry financial advice in their pockets. Partners at the firm hope the app will help businesses to think about their financial health, and act as an effective marketing tool.
- Shoppers and businesses have been handed **a major digital boost after free Wi-Fi was rolled out across Norwich city centre.** The £100,000 investment has transformed some of the city’s key shopping areas into internet hot spots, with Gentleman’s Walk, Norwich Market, Exchange Street, Chapelfield Gardens and Surrey Street all benefitting from the free service. Spearheaded by the Norwich Business Improvement District, the connection offers download speeds of 5Mbps and will be expanded to the rest of the Norwich Lanes and other areas close to the city centre in the coming months. Retailers and digital businesses said the move could boost sales both in-store and online by giving shoppers – who use their smartphones to buy online while shopping on the high street – a faster connection speed.
- **New air routes from Norwich Airport to Exeter and Newcastle and from Southend to Carlisle are set to start in Spring 2016,** after the spending review confirmed the successful bidders for support from the government’s regional air connectivity fund. Start-up aid of up to £7 million is being provided through the fund, which already supports routes to London from Newquay and Dundee. Air minister Robert Goodwill said: “Norwich Airport is a vital engine for East Anglia’s economy, connecting the UK and creating opportunities. That is why the UK government backs new air routes in this region, with our investment benefiting hardworking people across the country.” The service from Norwich to Newcastle will be run by Linksair and from Norwich to Exeter by Flybe.
- **Alan Boswell Group, which has its head office in Norwich, has been named ‘independent insurance broker of the year’ at the annual *Insurance Times* awards.** The company, which has offices in Norwich, Attleborough, Bury St. Edmunds and Peterborough, was judged on making its independent status work for it. Highlights were the company’s landlord insurance, its market-leading policy for Broads’s boat owners and a staff training and apprenticeship scheme.
- **Work to build a Screen Heritage Centre at Cinema City in Norwich has been given the go-ahead after months of delays.** A new hub is to be created at Cinema City to teach people about the rich film history of East Anglia, with screenings, talks and workshops. There will also be improved access to transform the space, including a new lift. The vision for Cinema City secured a grant of more than £500,000 from the Heritage Lottery Fund (HLF) last year, with an original target to open in autumn 2015. But after complications, including raising match funding and issues on site, the Screen Heritage Centre project was put on hold. The Cinema City charity is now in a position to go ahead, with the green light from the HLF and work due to begin in February 2016. It is hoped that the Screen Heritage Centre will open in Summer 2016.
- **Norwich-based FXHOME marked the release of the new Star Wars film, The Force Awakens with the release of HitFilm 3 Express Special Edition for free in December.** The software allows independent film makers to create their own Hollywood blockbuster style special effects.

- **Crowdfunded retailer Naked Wines saw sales lift 28 per cent over the festive trading period**, making it the fastest growing arm of parent company Majestic Wine. The Norwich-based company, which employs 145 people, launched a new gin in the weeks before Christmas, cashing in on the growing trend for artisan spirits.
- **Wild Days Conservation, a company which offers a range of wildlife conservation volunteering holidays has launched from its base in Norwich.** Wild Days Conservation was founded by Kathy Gill and Andy Jefferies to provide UK-based wildlife conservation holidays. Kathy Gill co-founded award winning Biosphere Expeditions in 1999 which takes volunteers to work on wildlife conservation projects around the world and Andy Jefferies previously worked with The Conservation Volunteers in many roles, eventually managing its international holidays programme.
- **Aviva has started 2016 with 65 new employees taking up roles in its claims handling operation at Broadland Business Park.** The roles are part of a larger recruitment drive in Norwich which will see the insurer take on a total of 400 new staff. The move comes after Aviva announced it was bringing its motor claims departments under one roof at Willow House in Norwich, closing and reducing offices in the north of England. The insurer – which already employs 5,000 people in Norfolk – is gradually transforming Willow House into a centre of excellence, creating one of the biggest motor claims handlings sites in the country.
- **Two of Norwich's most recognisable landmarks have joined forces in an attempt to boost an industry worth more than £500m to the city.** Norwich Cathedral and Norwich Castle teamed up with Visit Norwich to promote the city as a tourism destination at one of the country's biggest group travel trade shows. Excursions 2016 – a showcase for day trips and group holidays – saw more than 300 venues, attractions and event providers set up stall. With a high proportion of bookings now completed online, the show enables tourism suppliers, travel operators, coach companies and individuals the chance to meet face to face.

Education:

- **The University of East Anglia (UEA) has been named one of the Top 50 best places to work in the UK**, according to a Bloomberg poll. UEA ranked 46th in the Best Employers in the UK 2016 survey, carried out by Statista for Bloomberg. The independent survey ranked 400 businesses employing more than 500 people, with carmaker Jaguar Land Rover identified as the best place to work. More than 15,000 respondents UK-wide answered 35 questions about their employer, as well as positively or negatively identifying companies in the 23 sectors of industry grouped in the survey other than their own. UEA is one of 25 education sector employees on the list, and is the fourth highest-ranked university. Other industries surveyed included automotive, media, construction, retail, travel and tourism, and insurance.
- **The UEA's global links and reputation have earned it the 93rd spot on the *Times Higher Education* top 200 most international universities list.** Compiled using Times Higher Education's own 'international outlook' indicator of their World University Rankings, the list was drawn from more than 800 institutions across the world. Universities were ranked on the diversity of their student body and the extent to which academics collaborate with international colleagues, alongside 11 other performance

indicators. The University has formed substantial links with world-leading universities and research institutions on significant projects, including nutritional research with Harvard in the US and carbon emissions research with universities in China.

- **Norfolk schools are seeing a “significant acceleration” in the number of children being expelled**, at a time when the county already has the joint-highest primary school exclusion rate in England. New figures for autumn 2015 showed a 70 per cent increase in pupils aged five to 11 being permanently excluded, compared with the same period in 2014, while high school expulsions rose by almost a third.
- **Researchers at Norwich University of the Arts (NUA) will partner with the Broads Landscape Partnership to explore the Norfolk Broads through illustrative practice after the University was awarded funding to support the project.** The project, entitled ‘Mapping the Broads’, will provide an opportunity for academics and students to make use of a variety of media to gather and expose the many ecological, human and historical layers that make up the Broads landscape
- **A Norwich student’s book design project has won the Best Student Book Award at one of the most prestigious and popular national literary events of the year.** Thomas Lynes designed Four Parts Sand/One Part Cement to accompany an exhibition as part of a project for his BA (Hons) Design for Publishing degree course at NUA. Organised by the British Printing Industries Federation, Oxford Brookes University and the Publishers Association, the awards aim to bring together designers, printers and publishers to recognise and promote the excellence of the British book design and production industry by celebrating the best books of the year.
- **City College Norwich has celebrated the success of its first 8 trainees to complete the 8-week BBC Make It Digital traineeship.** The young people were presented with certificates at an event held at MINT in The Forum. The new traineeship has been developed by the BBC, in conjunction with the Department for Work and Pensions, in recognition of the vital part that digital skills play in a huge range of job roles across all business sectors and organisations.

JSA Claimant Count Unemployment

Annual change in JSA Claimant Count unemployment: 😊

Figure 6 shows the trend in JSA claimant count unemployment since 2011. Rates have fallen noticeably since the beginning of the period; this has been especially marked since spring 2013. The rate in the Norwich City Council area started the period significantly above the national, regional and New Anglia LEP rates, but during the past year the gap has clearly narrowed.

Figure 6 Jobseeker's Allowance Unemployment 2011 to 2015

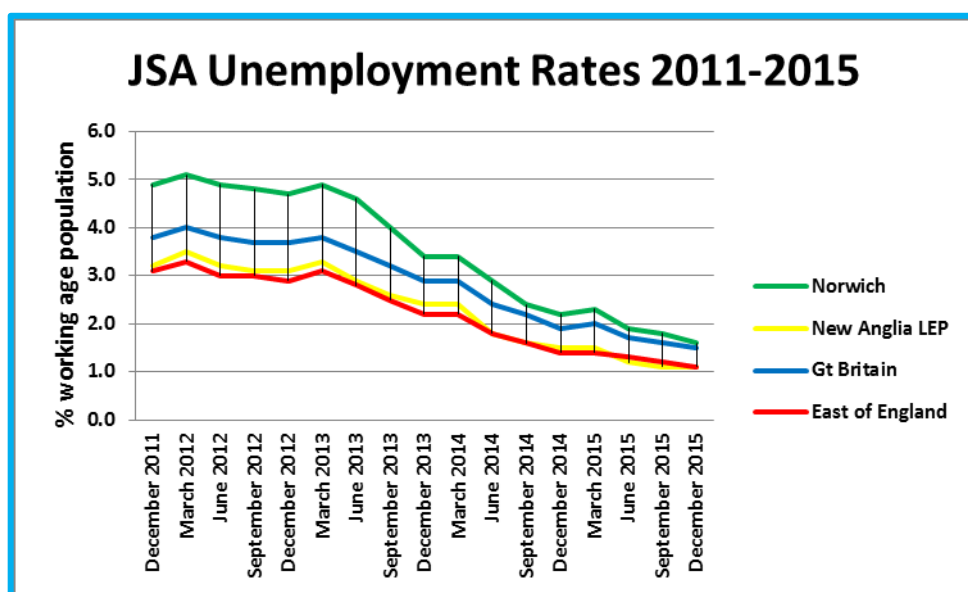


Table 1 indicates that each reported area saw reductions in JSA claimant count unemployment rates over the year.

	December 2014		November 2015		December 2015		Monthly change	Annual change
Great Britain	774,816	1.9%	603,300	1.5%	591,892	1.5%	0	- 0.4%
East of England	52,391	1.4%	41,347	1.1%	40,111	1.1%	0	- 0.3%
New Anglia LEP	14,106	1.5%	10,556	1.1%	10,379	1.1%	0	- 0.4%
Norwich City Council areaⁱ	2,030	2.2%	1,654	1.8%	1,536	1.6%	- 0.2%	- 0.6%
Norwich urban area	2,454	1.7%	1,995	1.4%	1,857	1.3%	- 0.1%	- 0.4%

Compared to November, JSA rates remained unchanged across each reported area except in the two Norwich areas which saw a marginal fall.

Ward Level JSA Claimant Count Unemployment

	December 2014		November 2015		December 2015		Monthly change	Annual change
Bowthorpe	157	2.0%	133	1.7%	122	1.5%	- 0.2%	- 0.5%
Catton Grove	183	2.5%	159	2.2%	151	2.1%	- 0.1%	- 0.4%
Crome	149	2.5%	116	2.0%	106	1.8%	- 0.2%	- 0.7%
Eaton	43	0.8%	49	1.0%	45	0.9%	- 0.1%	+ 0.1%
Lakenham	147	2.5%	107	1.9%	107	1.9%	0	- 0.6%
Mancroft	286	3.9%	244	3.3%	234	3.2%	- 0.1%	- 0.7%
Mile Cross	276	3.9%	217	3.1%	202	2.9%	- 0.2%	- 1.0%
Nelson	58	0.8%	54	0.7%	48	0.7%	0	- 0.1%
Sewell	139	1.9%	96	1.3%	83	1.1%	- 0.2%	- 0.8%
Thorpe Hamlet	171	2.1%	148	1.8%	145	1.8%	0	- 0.3%
Town Close	119	1.6%	92	1.2%	92	1.2%	0	- 0.4%
University	81	1.0%	62	0.8%	49	0.6%	- 0.2%	- 0.4%
Wensum	221	2.8%	177	2.3%	152	1.9%	- 0.4%	- 0.9%

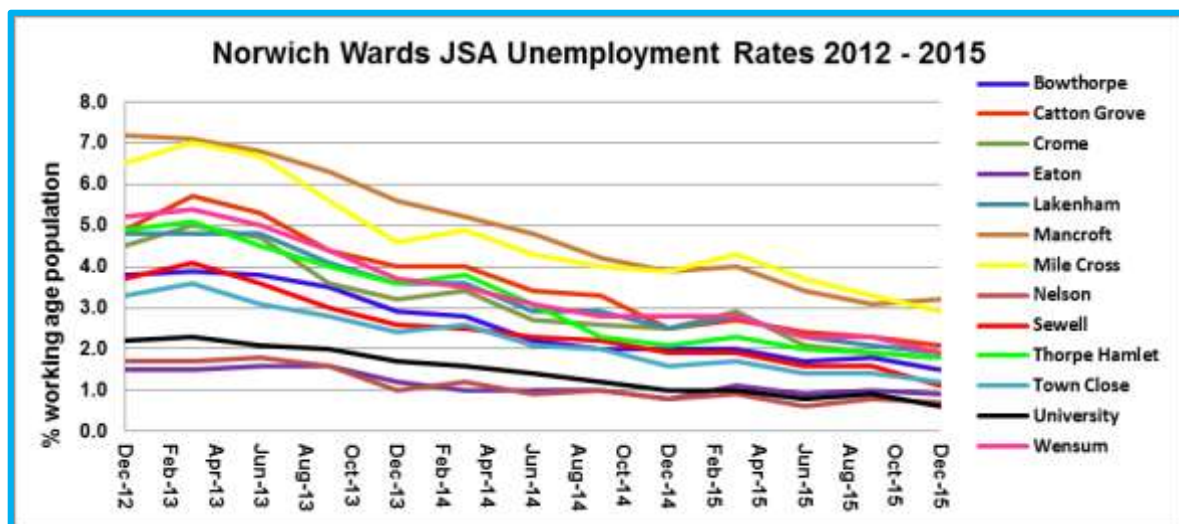
Compared to this time last year, JSA unemployment rates fell across all Norwich wards except for Eaton ward which saw a slight increase. The strongest reduction, of one percentage point, took place in Mile Cross ward.

Over the month, rates in Lakenham, Sewell, Thorpe Hamlet and Town Close wards were unchanged; all other wards saw a fall in rates.

Figure 7 on the following page, summarises the movement in JSA claimant count rates across Norwich wards since 2012.

The wide variation in ward rates across the city council area is clearly evident. The differential between the lowest (Nelson) and the highest (Mancroft) rates currently stands at 2.5 percentage points.

Figure 7 Ward Level Jobseeker's Allowance Unemployment 2012 to 2015



JSA Claimant Count Unemployment: Age and Duration

Gender: Female ☺ Male ☺

Duration: < 6 months ☺ > 12 months ☺

Age: 18-24 years ☺ 50+ years ☺

Gender: in the city council area, one in every three (30 per cent) JSA claimants is a woman. Female JSA rates have fallen over the month across Norwich (1.0 per cent); across the region (0.8 per cent); the LEP area (0.7 per cent) and nationally (1.1 per cent).

The male JSA unemployment rate is significantly higher in Norwich (at 2.3 per cent of working age males) than in the LEP area (1.4 per cent), regionally (1.3 per cent) and nationally (1.9 per cent). Over the month, rates fell across each of the reported areas.

Norwich's male JSA rate has remained higher than rates in the LEP area and at the regional and national levels since records began in 1992. The current male JSA rate in Norwich is one of the lowest ever recorded.

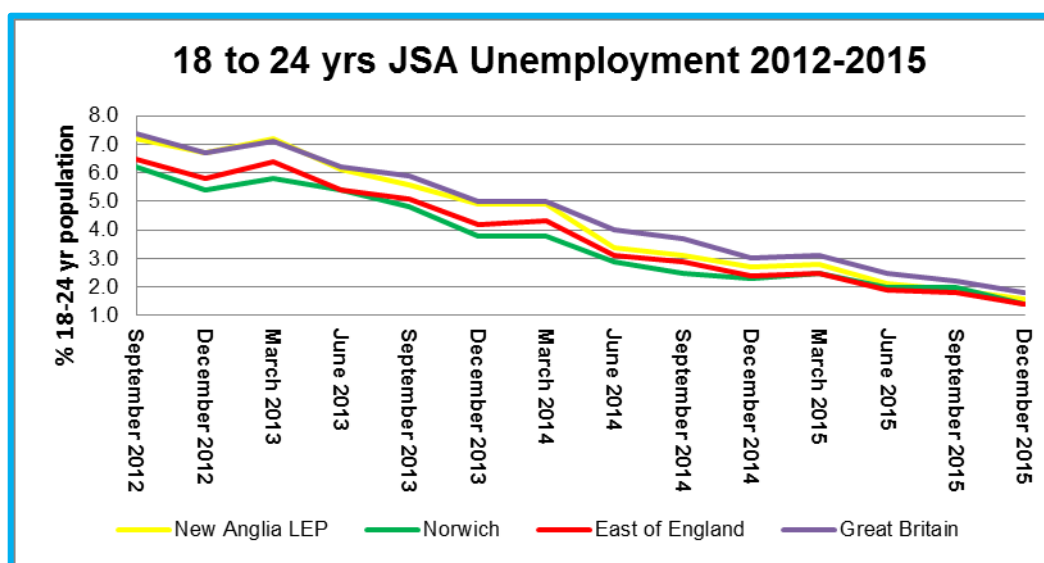
It is likely that Norwich's relatively high levels of male unemployment can be attributed to the steady loss of manufacturing jobs and the dominance of the service sector in Norwich, which claims a higher proportion of employees (90 per cent) than in the LEP area (83 per cent), regionally and nationally (85 per cent and 86 per cent respectively).

Duration: A certain amount of churn is expected within the labour market as people move between unemployment, welfare benefits and employment. Around 60.9 per cent of JSA unemployment claims in Norwich are for a period of less than six months, higher than the proportion seen nationally (57.5 per cent) but lower than for the region (62.6 per cent) and for the LEP area (63.3 per cent).

The percentage of JSA claimants who are recorded as being unemployed for more than 12 months stands at 25.1 per cent in Norwich compared to 23.9 per cent in the LEP area, 23.2 per cent regionally and 27.6 per cent nationally. Relative to the previous month, the percentage of long-term unemployed has increased slightly across all the reported areas with the exception of nationally where it remained unchanged.

It is widely recognised that long periods of unemployment make it increasingly difficult for affected individuals to find work, particularly in a weak labour market. However, over the year, the number of people recorded as long-term unemployed in Norwich has fallen from 590 people in December 2014 to 385 currently.

Figure 8 JSA Unemployment 2012 to 2015 for 18-24 Year Olds



Age: In Norwich 19.6 per cent (300) of JSA claimants are aged 18 to 24 years, a slightly higher proportion to that seen across the LEP area (19.5 per cent), regionally (17.7 per cent) and nationally (17.2 per cent). This month, the percentage of JSA claimants aged 18-24 years fell across each of the reported areas.

As a percentage of the 18-24 year old age group (rather than as a proportion of JSA claimants), the JSA unemployment rate stands at 1.4 per cent in Norwich and across the region; it is slightly higher across the LEP area (1.6 per cent) and nationally (1.8 per cent). Movement in the JSA unemployment rate over the period 2012 to 2014 is summarised in Figure 8 which shows rates began to fall in 2012 and this trend has continued.

Wensum, Catton Grove, Nelson, Sewell, Mancroft, Eaton, Bowthorpe and Crome wards have proportions of claimants aged 18-24 years above that of the Norwich average. Mancroft ward has the highest number of claimants aged between 18-24 years (50+).

At the other end of the age scale, Norwich has a lower proportion of JSA unemployment claimants aged 50 years and over (23.6 per cent, 360 people) compared to the LEP area (26.2 per cent), regionally (26.6 per cent) and nationally (25.6 per cent). Against the previous month, the percentage of JSA claimants aged 50

years or more saw a marginal increase across each of the reported areas except Norwich which saw a slight fall.

Housing Benefit

Monthly change in number of housing benefit claimants ☺

Many Housing Benefit claimants are pensioners, people with disabilities, carers or people who are in low-waged work. It should be noted that resident earnings (see Table 4) in Norwich are relatively low and this will be a contributing factor to the number of people claiming Housing Benefit.

Table 3 Norwich City Council housing benefitⁱⁱ claimants

	Number of claimants	Monthly change
December 2014	18,379	- 280 (-1.5%)
January 2015	18,359	- 20 (- 0.1%)
February 2015	18,406	+ 47 (+ 0.3%)
March 2015	18,374	- 32 (- 0.2%)
April 2015	17,925	- 449 (- 2.4%)
May 2015	17,959	+ 34 (+ 0.1%)
June 2015	18,173	+ 214 (+ 1.2%)
July 2015	18,308	+ 135 (+ 0.7%)
August 2015	18,144	- 164 (- 0.9%)
September 2015	18,114	- 30 (- 0.2%)
October 2015	18,101	- 13 (- 0.07)
November 2015	18,009	- 92 (- 0.6%)
December 2015	17,914	- 95 (- 0.5%)

Housing Benefit is an income-related benefit designed to help people on low incomes pay for rented accommodation whether in, or out, of work.

Many Housing Benefit claimants are pensioners, people with disabilities, carers or people who are in low-waged work. It should be noted that resident earnings (see Table 4) in Norwich are relatively low and this will be a contributing factor to the number of people claiming Housing Benefit.

Table 3 shows that the number of Housing Benefit claimants in the Norwich local authority area fell by 187 claims during November and December. Over the year, Housing Benefit claims in Norwich have fallen by 2.5 per cent. Comparable national data is not available because of a time lag in data collection.

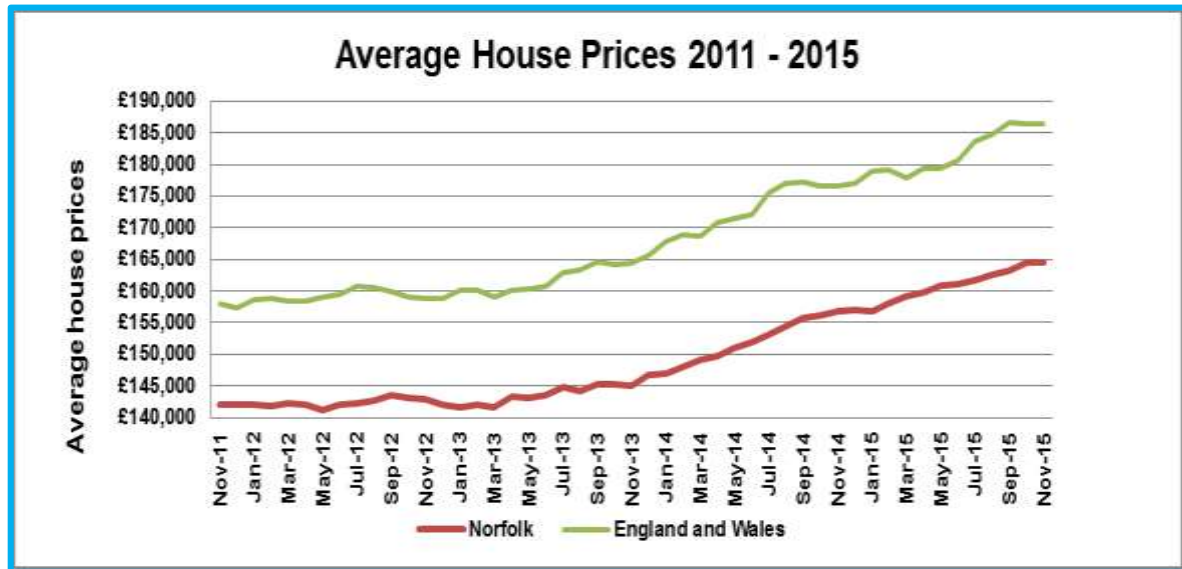
Young People (16-18 years) recorded as Not in Education, Employment or Training (NEET)

The latest update received from Norfolk County Council is that Norwich's NEET figure stands at 6.4 per cent compared to 3.7 per cent at the county level.

Average House Prices

Annual average house price changes: England & Wales 😊 Norfolk 😊

Figure 9 HM Land Registry Average House Prices 2011 to 2015



The House Price Index produced by HM Land Registry is the most accurate and independent house price index available for England and Wales. According to HM Land Registry's House Price Index (Crown copyright 30 December 2015) over the year, average house prices increased by 4.9 per cent in Norfolk and by 5.6 per cent across England and Wales.

Figure 9 summarises average house price movements since November 2011; the average house price has risen by 16 per cent in Norfolk and 18 per cent across England and Wales as a whole over the period

During the month of November, average house prices grew by 0.4 per cent in both England and Wales and in Norfolkⁱⁱⁱ compared to the previous month. The average house price in Norfolk currently stands at £164,398 against £186,325 for England and Wales.

Median Earnings 2015

Annual increase in median workplace earnings for full-time workers ☹️

Annual increase in median resident earnings for full-time workers 😊

Table 4 summarises data from the 2015 Annual Survey of Hours and Earnings (ASHE) of full-time workers' median hourly earnings (excluding overtime) for residents and by workplace. This distinction is important for Norwich which imports workers from outside of the local authority boundaries. Following the ONS convention all data is for median full-time earnings unless otherwise stated.

Table 4
Median hourly earnings excluding overtime 2015

	Male Full Time Workers	Female Full Time Workers	Full Time Workers
Norwich	£11.97	£10.73	£11.50
East of England	£14.50	£12.79	£13.81
Great Britain	£13.93	£12.57	£13.33
Norwich	£13.00	£10.70	£11.79
East of England	£13.32	£11.94	£12.78
Great Britain	£13.91	£12.56	£13.32

Historically, workplace earnings for full-time workers in Norwich have been higher than resident earnings; the latest data shows that in 2015, resident earnings were 97.5 per cent of workplace earnings i.e. resident earnings are 2.5 per cent lower. The situation is reversed at the regional level because of outward commuting to London and at the national level the effect is negligible.

Resident male earnings are 92 per cent of workplace male earnings (but note that ONS reports this estimate, in terms of robustness it is acceptable, but should be used with caution). Female resident earnings are roughly on par with workplace earnings. Given the large margin of error associated with male resident earnings it may be the case that in 2015 there isn't actually much variance between resident and workplace earnings in Norwich as this appears to be implied only by the difference in full-time male hourly earnings.

The figures suggest that over the year from 2014, earnings have increased by 5 per cent for full-time workers in Norwich, male earnings having increased by 3.7 per cent and female earnings by 1.8 per cent. These are much higher percentage increases than were seen nationally where full-time workers' hourly earnings increased by 1.4

per cent (males 1.7 per cent, females 1.9 per cent) and regionally where full-time workers' hourly earnings increased by 1.3 per cent (males 1.3 per cent, females 1.7 per cent). Workplace earnings in Norwich actually saw a fall of 4 per cent in male earnings and an increase of 3.5 per cent in female earnings, giving an overall fall of 2.6 per cent in full-time workers hourly earnings over the year. Nationally annual changes between workplace and resident remain the same and regionally the figures are similar; full-time workers' hourly earnings increased by 1.5 per cent (males 1.3 per cent, females 1.5 per cent).

Lower than average earnings levels in Norwich are likely a result of:

- 1) its relatively isolated location and travel distance from other major centres of employment and therefore a lack of wage competition, especially at the lower end of the jobs market and
- 2) the industrial mix of the local economy particularly the city's role as a regional service centre which generates many low-level, part-time jobs particularly in retail and the hospitality/leisure sector.

Appendix

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Data Sources:

Figure 6 – JSA claimant count – NOMIS, Crown copyright
Figure 7 – JSA claimant count wards – NOMIS, Crown copyright
Figure 8 – JSA claimant count 18-24 year olds – NOMIS, Crown copyright
Figure 9 – House Price Index, HM Land Registry, Crown copyright release 30 December 2015
Tables 1 and 2 – JSA claimant count – NOMIS, Crown copyright
Table 3 – Housing Benefit claimants - Norwich City Council
Table 4 – Annual Survey Hours and Earnings 2015 - NOMIS, Crown copyright

News stories from a variety of sources including EDP/Evening News; Business in East Anglia; Office of National Statistics; Reuters; BBC; Markit Monthly Economic Overview; University of East Anglia; Norwich University of the Arts, City College Norwich.

- i The Norwich City council area comprises the following wards: Bowthorpe, Catton Grove, Crome, Eaton, Lakenham, Mancroft, Mile Cross, Nelson, Sewell, Thorpe Hamlet, Town Close, University, Wensum
- ii Housing benefit numbers include people who are claiming council tax benefit only
- iii Monthly House Price data is not available at local authority district level