

# Derbyshire Local Economic Assessment

2018



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# Introduction

Assessments of how the local economy is performing have been produced by upper tier local authorities since the introduction of the Local Democracy, Economy Development and Construction Act in 2009. The purpose of the 2018 Derbyshire Local Economic Assessment (LEA) is to provide a picture of how the county's economy is currently performing against core economic indicators, along with how things have changed since the last LEA in 2014.

The document analyses the latest available data to highlight key trends and identify the current issues facing the local economy. This evidence and analysis will be used to inform any future reviews of the existing Derbyshire Economic Strategy Statement, a document that sets out the strategic direction for economic development across the county. The evidence base will also inform the development of a Strategic Planning Framework for the county and an Employment and Skills Strategy. All documents are complementary and will provide a comprehensive strategic evidence base for influencing planning, attracting funding and investment into the area and to improve local economic growth. All of this information and analysis is available on the Derbyshire Observatory website.

## Policy context

Nationally, the Government published its Industrial Strategy in 2017 with the aim of building a Britain fit for the future. The focus is on using local strengths to deliver economic opportunities. It will be supported by Local Industrial Strategies, which the D2N2 Local Enterprise

Partnership (LEP) will lead on across the Derbyshire and Nottinghamshire area. The LEP is currently refreshing its Strategic Economic Plan to identify the economic strengths and challenges currently facing the area, which will help to inform this work. The Midlands Engine, a coalition of public sector partners and businesses that works alongside the Government to boost the region's economy, will also play a key role here.

The current economic landscape provides a number of challenges and opportunities for local businesses that will need to be factored into local strategic plans. Following the 2016 Referendum the UK is scheduled to leave the EU in March 2019. The 21-month transition period that will follow this will help firms to prepare, however, there will be some uncertainty for businesses until the outcomes are clearer.

Industry is about to undergo a period of transformation as a result of greater automation and data exchange under the banner of Industry 4.0.<sup>1</sup> It is likely to lead to some occupations becoming redundant as new ones emerge. With manufacturing remaining Derbyshire's largest employment sector, the county is likely to see an impact.

HS2 is the new high speed railway being built to better connect people and businesses across Britain. It will help to transform the position of local towns such as Chesterfield by halving the travel time to London. The establishment of a maintenance depot at Staveley will also help to boost employment prospects locally.



# Key economic indicators

Derbyshire has shown positive growth across all key economic performance indicators since the last LEA in 2014



Derbyshire's economy is worth **£14.9 billion** and has shown strong levels of growth over recent years

## Change since 2014

Derbyshire +15.0%  
England +17.1%



Productivity levels have improved significantly in Derbyshire with output per hour now **£30.30**, closing the gap with England

## Change since 2014

Derbyshire +15.6%  
England +8.1%



**3,505** new businesses set up in the county in 2016, the fourth year in a row where more businesses were formed than closed

## Change since 2014

Derbyshire +2.0% points  
England +2.4% points



The county's employment rate has continued to increase. It now stands at **78%** and remains 3% points higher than the national rate

## Change since 2014

Derbyshire +3.0% points  
England +3.9% points



Higher level qualifications have increased, **33%** of the working age population are now qualified to degree level or above

## Change since 2014

Derbyshire +2.7% points  
England +4.2% points







## Summary

Derbyshire is a large diverse county with a population of 786,700 people. The county benefits from being centrally located in the UK with strong links to the neighbouring cities of Derby, Nottingham, Sheffield, Manchester and Leicester.

Chesterfield is the main urban area with a population of 104,500. The county also has a number of market towns that play a significant role in the local economy both as employment centres and providers of services to residents. A large part of the north and west of the county is very rural, most of it falling within the Peak District National Park.

By 2039, Derbyshire's overall population is forecast to grow by 10%. In addition to this, the county is forecast to have fewer people of working age and an increasingly ageing population. Not only will there be fewer working age people to support the local economy, service providers will also have to deal with the demands of a growing and ageing population, which can have implications for the level and cost of many public services.

Derbyshire's economy continues to grow and is now worth £14.9 billion. Productivity levels are also improving across the county, helping to narrow the gap between Derbyshire and England.

The county is home to more than 29,500 businesses that employ around 300,000 people. The area has significant strengths in the advanced manufacturing sector, with a number of world class companies such as

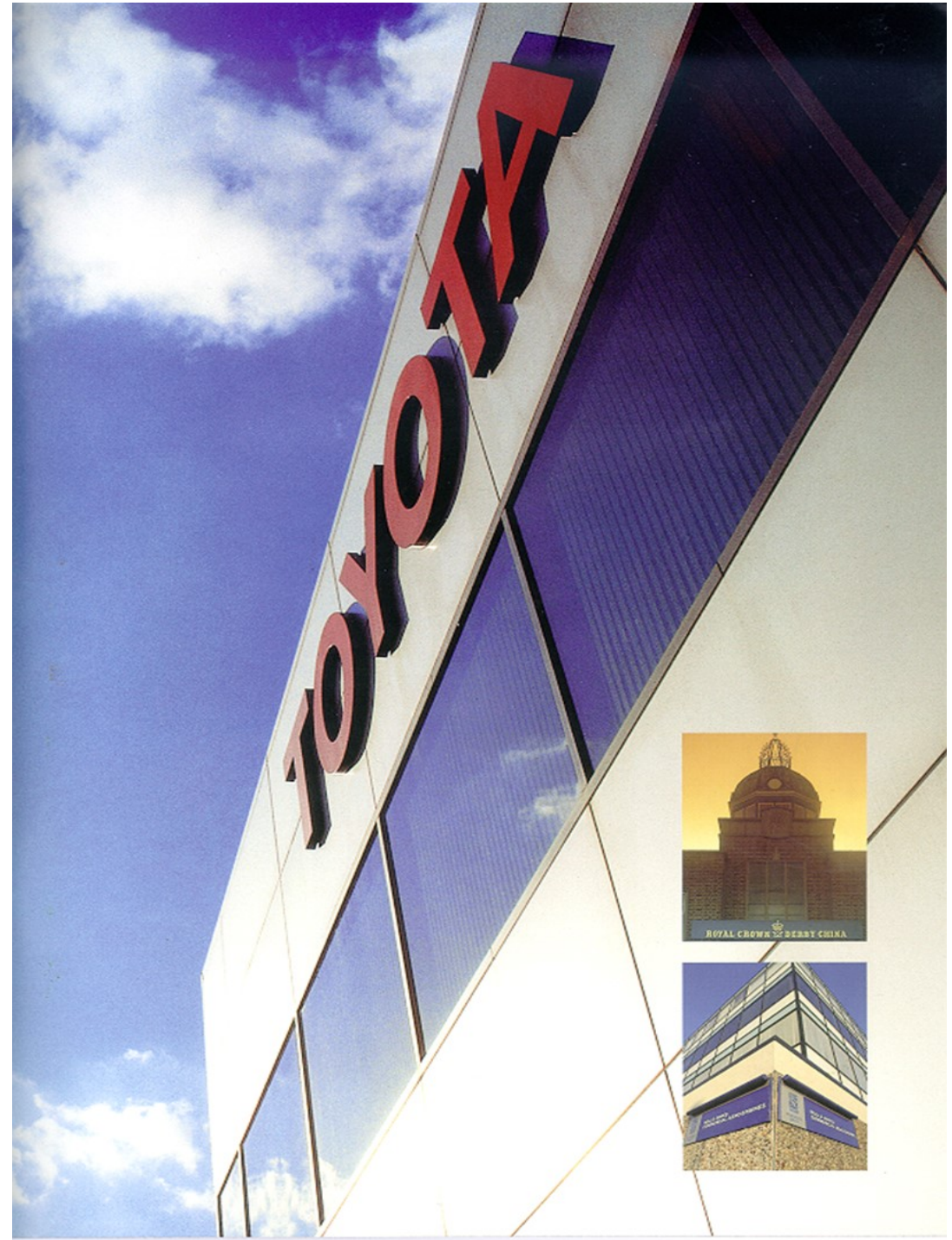


Toyota, Rolls Royce and Bombardier choosing to locate and invest in the county and its surrounding area. Although Derbyshire has fewer new businesses starting up than England, the survival rate of local businesses continues to be higher.

Derbyshire's employment structure is markedly different from the national picture. Locally, manufacturing remains a key sector accounting for nearly a fifth of all employment, more than double the national rate. The visitor economy is also a significant sector locally, employing 22,500 full-time equivalent workers. In contrast, employment in the service sector such as Business administration, Professional & scientific, Finance and the Communication sectors is underrepresented in the county.

Over the next 15 years, Derbyshire's employment levels are estimated to increase, with an additional 10,000 jobs forecast. The service sector is forecast to see some of the largest growth levels, whilst a decline is predicted in a number of Derbyshire's manufacturing sub-sectors. Further advances in automation in the manufacturing sector will play an important role in the coming years. Advances in technology and data exchange as part of Industry 4.0 are expected to lead to reductions in the workforce in some areas of the sector locally. These developments will support the sector though helping to drive improvements in productivity and competitiveness.

Derbyshire is an attractive and predominantly affordable place to live. Housing availability is one of the key challenges facing the UK







due to there being insufficient supply to meet current and future population demands in some areas. Locally there is sufficient planned housing to meet the expected levels of demand overall. However, affordability is an issue in certain parts of the county, particularly in rural areas.

Derbyshire has a large pool of available labour with above average employment levels. Unemployment rates are below average, although there are areas where unemployment levels are more than double the national average.

The overall qualification levels of Derbyshire's residents continues to improve, despite relatively fewer people in the county holding a higher level qualification than across England. The occupational profile of both Derbyshire residents and employers is also below average, reflecting the county's lower skilled industrial structure. Resident earnings remain higher than workplace earnings, suggesting that many people commute out of the county for higher paid employment opportunities. Although earning levels have been increasing they remain below the national average.

Levels of educational attainment at age 16 and 18 in Derbyshire are just below the national average. Across the county there is considerable variation with attainment at age 16 being relatively lower in Erewash, Bolsover and South Derbyshire. Despite this, the county has performed well on apprenticeships in recent years.



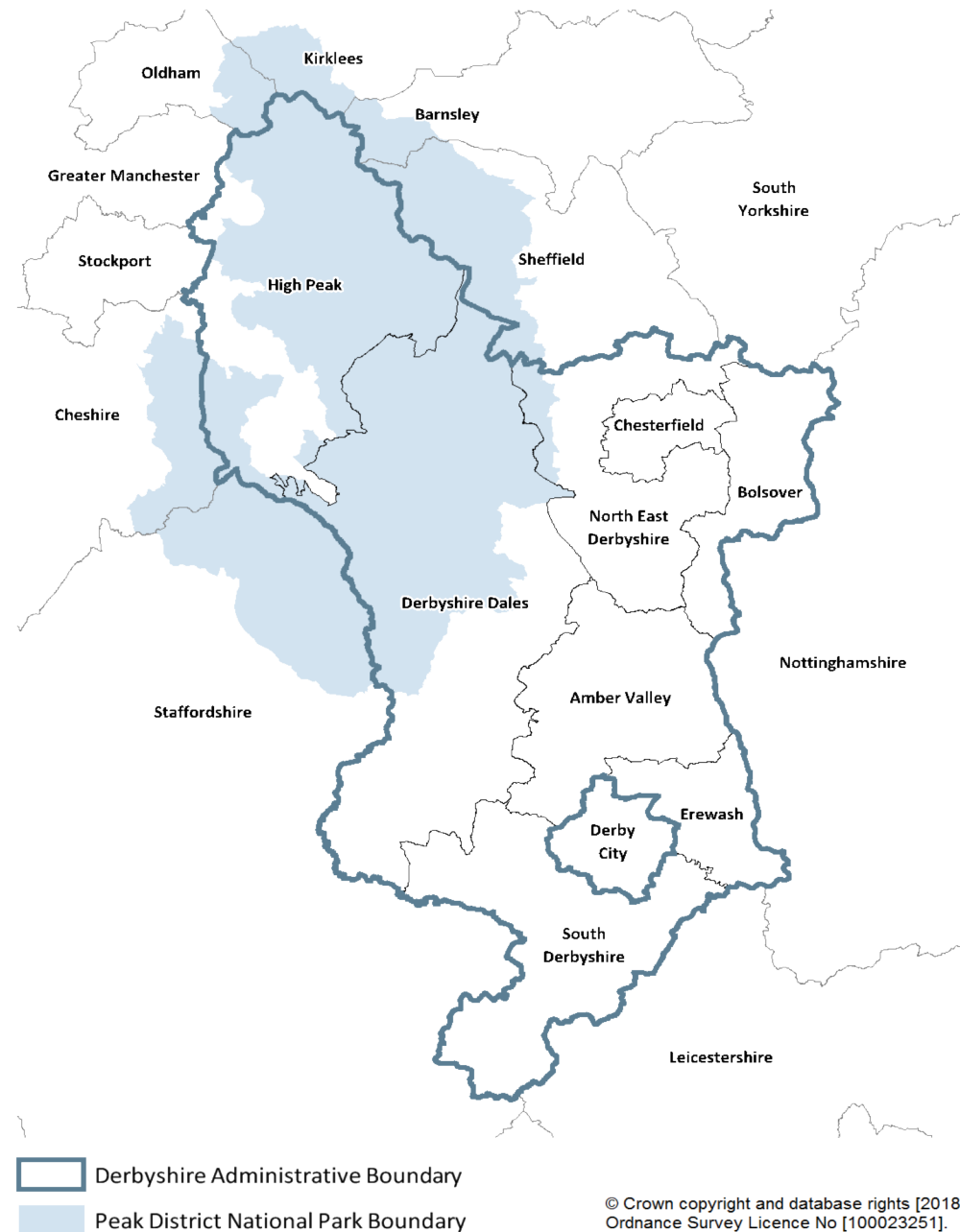
# Economic Geography

Derbyshire is a large county situated in the East Midlands with a population of 786,700. It includes the boroughs of Amber Valley, Chesterfield, High Peak and Erewash, and the districts of Bolsover, Derbyshire Dales, North East Derbyshire and South Derbyshire. The county encircles the unitary authority of Derby City and along with Derby, Nottingham and Nottinghamshire, forms the D2N2 Local Enterprise Partnership.

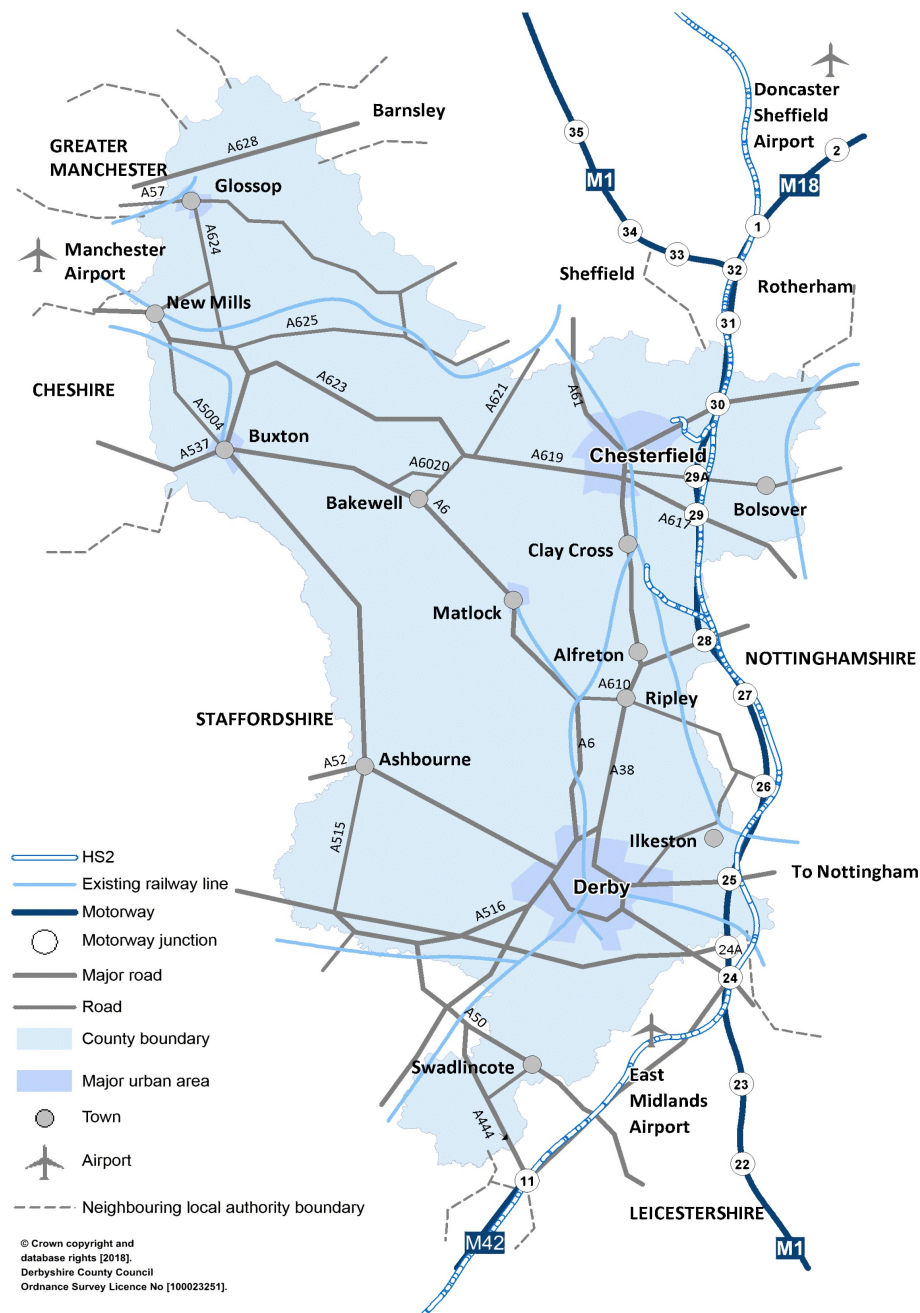
Derbyshire's central location means that residents and businesses contribute to, and benefit from, neighbouring economies, particularly those of Manchester, Nottingham and Sheffield.

Over a quarter of Derbyshire's population live in rural communities, with a large part of the North and West of the county falling within the Peak District National Park, an important asset. Although Chesterfield is the major urban centre locally, a number of smaller market towns play a significant role in the local economy as employment centres and providers of services. These include Belper, Buxton, Ilkeston, Long Eaton, Swadlincote, Bakewell and Dronfield.

Derbyshire's administrative area



## Derbyshire's transport network



## Transport

Derbyshire is highly accessible, with the M1 providing easy access to the North and South with the A50 and A38 also being important links. The county is well served by rail including the Sheffield to Birmingham and Sheffield to London mainlines. Derbyshire is also within easy reach of Doncaster Sheffield, East Midlands and Manchester airports.

Derbyshire's transport asset is estimated to be worth £3.5bn. It is a significant part of the county's infrastructure, allowing people to get around by driving, walking, cycling or public transport. The maintenance, management and development of the network therefore plays a vital part in supporting the local economy and its future growth.

The county's infrastructure is set to be further enhanced by the development of the high speed rail route HS2, which is planned to open in 2033. Direct benefits locally will stem from services being run from Chesterfield and the proposed Infrastructure Maintenance Depot at Staveley. However, disruption to the wider transport network locally during the construction phase is likely to have an impact. Across the East Midlands HS2 has the potential to help deliver an additional 74,000 jobs and almost £4bn towards the UK economy over the next 25 years.

# Investment sites

Investment in key development sites is essential to secure Derbyshire's economic growth. Across the county, a number of infrastructure projects are providing employment potential for firms. In the High Peak and Derbyshire Dales commercial sites include Ashbourne Business Park, Chapel Business Park, Graphite near Glossop and Riverside Business Park in Bakewell.

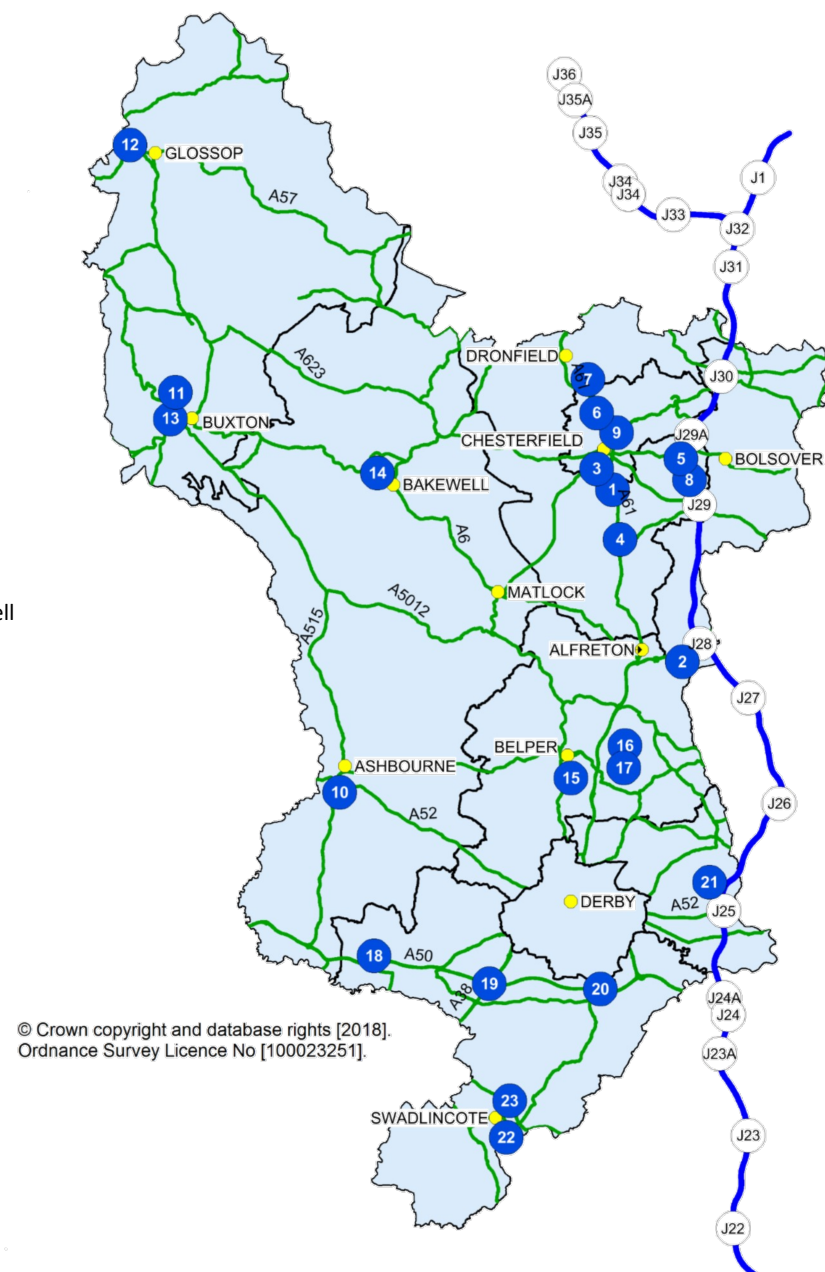
Within the Chesterfield area investment includes the Avenue site, the £340m Chesterfield Waterside scheme, Egstow Park, the Glass Yard and the Northern Gateway development. Additionally, Peak Resort will become one of the UK's flagship tourism developments. Other schemes in the eastern part of the county include Castlewood near Alfreton, Tudor Cross near Bolsover, and Markham Vale, which continues to offer firms opportunities.

In the southern part of the county, Dove Valley Park offers potential for distribution firms and manufacturers whilst the Infinity Park extension will also provide employment land in South Derbyshire. Commercial developments are also planned at Belper Mills, Denby Hall, the area to the North of Denby, the former Stanton Ironworks in Erewash, Drakelow Park in South Derbyshire, and Tollgate Park near Swadlincote.

## Key development sites across Derbyshire

### Key

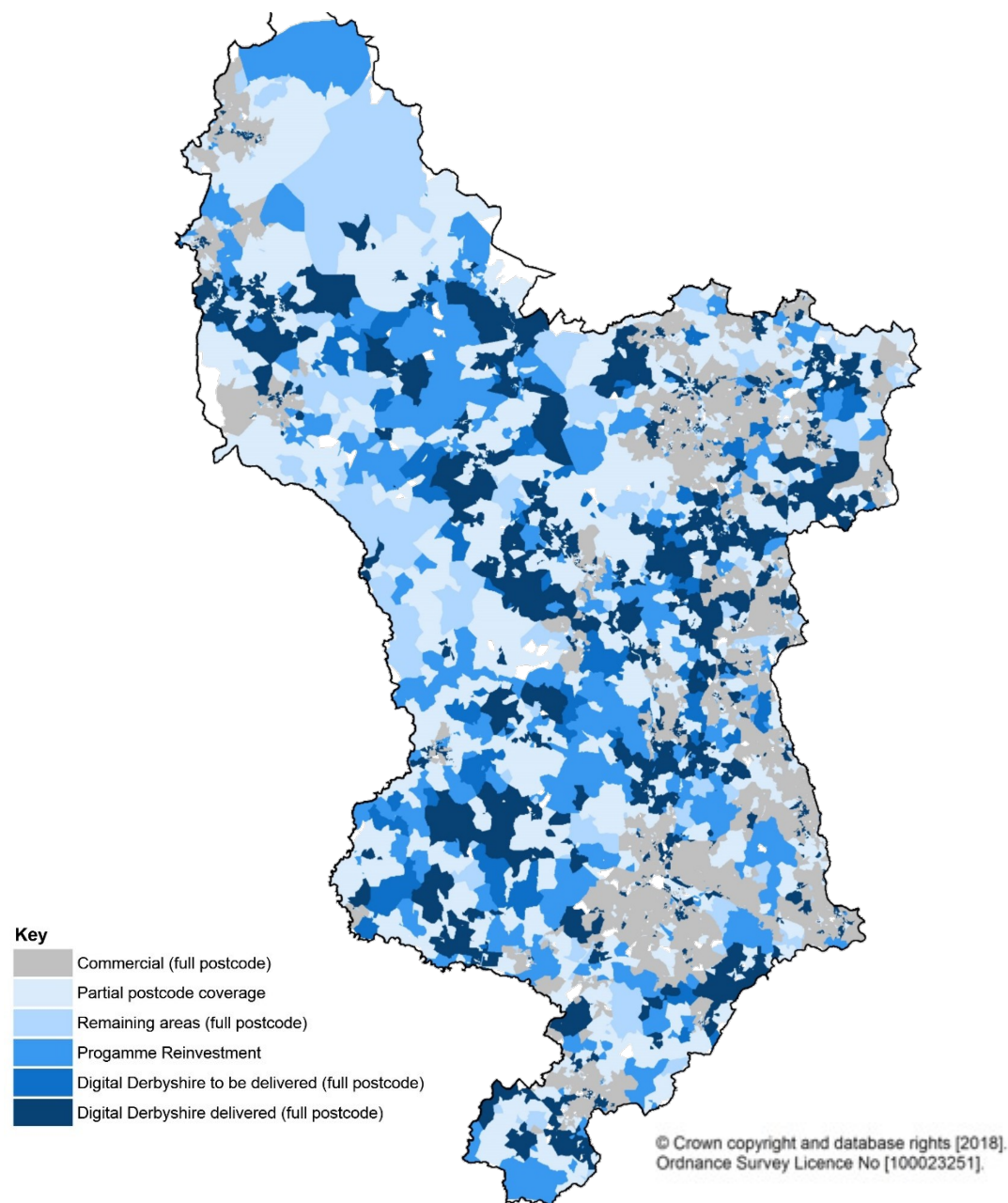
1. The Avenue
2. Castlewood
3. Chesterfield Waterside
4. Egstow Park
5. Markham Vale
6. Northern Gateway
7. Peak Resort
8. Tudor Cross
9. The Glass Yard
10. Ashbourne Business Park
11. Chapel Business Park
12. Graphite, Glossop
13. Buxton
14. Riverside Business Park, Bakewell
15. Belper Mills
16. Denby Hall
17. Land North of Denby
18. Dove Valley Park
19. Drakelow Park
20. Infinity Park Extension
21. Stanton
22. Swadlincote Town Centre
23. Tollgate Park, Woodville



Source: Derbyshire Economic Partnership, 2017



## Digital Derbyshire – roll out of fibre broadband, May 2018



Source: Derbyshire County Council, May 2018

## Broadband

Technology plays a crucial role in enabling local businesses to compete. Since 2014, Derbyshire County Council has been working in partnership with BT to lay hundreds of miles of fibre optic cable, bringing better, faster broadband to Derbyshire through the £34m Digital Derbyshire programme. To date the programme has delivered fibre broadband to over 100,000 premises, of which, over 90% can obtain speeds in excess of 24Mbps (superfast). Take-up of fibre services currently stands at 41% across the county.

The programme is currently on track to deliver fibre broadband to over 112,000 (102,000 superfast) premises by June 2020. When combined with the commercial coverage already provided, the aim is for 98% of homes and businesses in Derbyshire to be able to access speeds of at least 24Mbps. The programme also includes an incentive whereby take up of fibre services throughout the project area results in additional funding being made available to extend the fibre footprint throughout the county.

As it will not be possible to provide fibre services to every premise in Derbyshire, subsidy and voucher schemes are in place to assist homes and small businesses in the local communities with their broadband services.



## Housing

Since 2014, house prices in the county have been gradually increasing, however this growth remains below the national rate. Areas such as Belper have seen above average increases in house prices and it is one of the top 10 towns across England for house price growth in 2017.

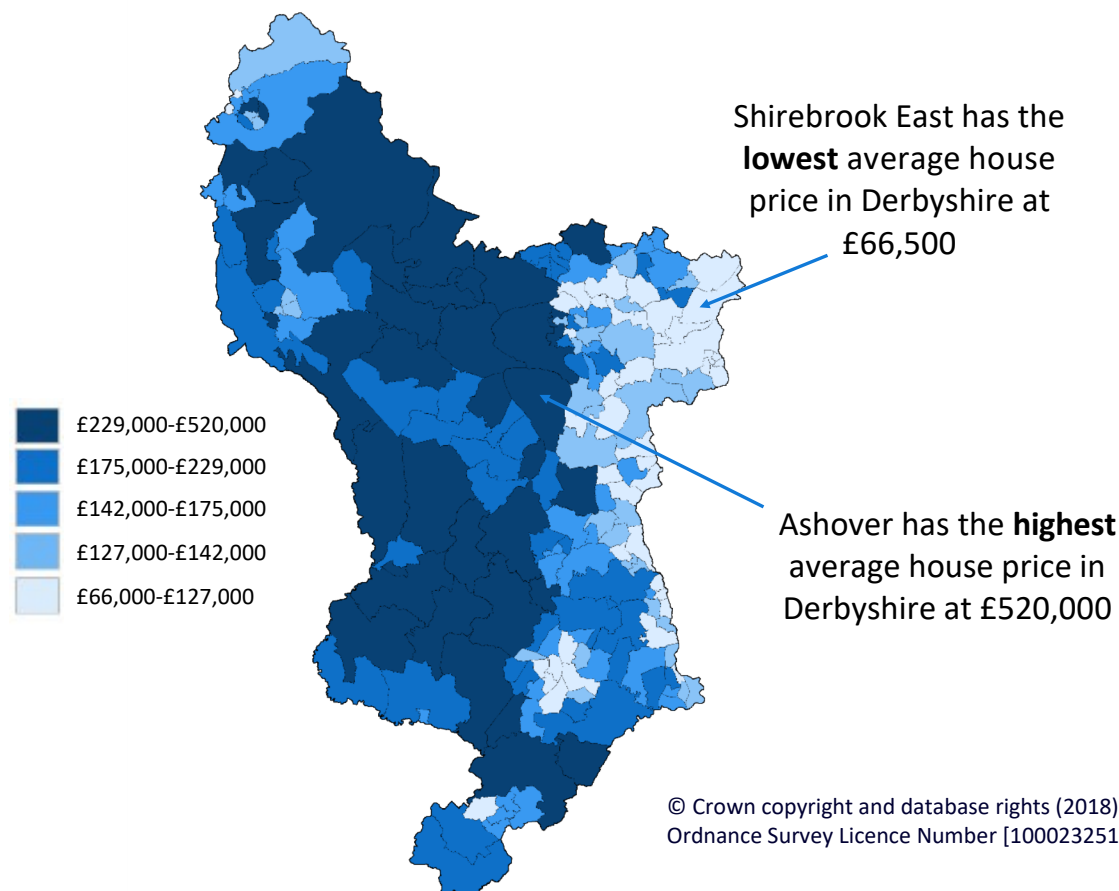
Derbyshire is a largely affordable place to live with an average house price of £162,000. Although this is 29% lower than the England average of £227,950, this varies significantly across the county, from £124,000 in Bolsover to £245,000 in the rural district of Derbyshire Dales. Affordability is an issue in parts of Derbyshire, particularly in Derbyshire Dales where there is a higher demand for houses. Being located in the Peak District National Park, the district is a sought after location and the visitor economy has an impact on both house prices and housing stock in this area due to the high number of holiday and second homes.

Meeting the demand for housing is one of the key challenges facing the UK. In Derbyshire, whilst the growth in housing has been on a par with that nationally, South Derbyshire has seen the fourth fastest rate of housing growth across England. The demand for housing is set to continue locally, however there is sufficient planned housing to meet the expected demand over the next five years.

Median House Price (£)  
**358,550**  
dwellings in Derbyshire

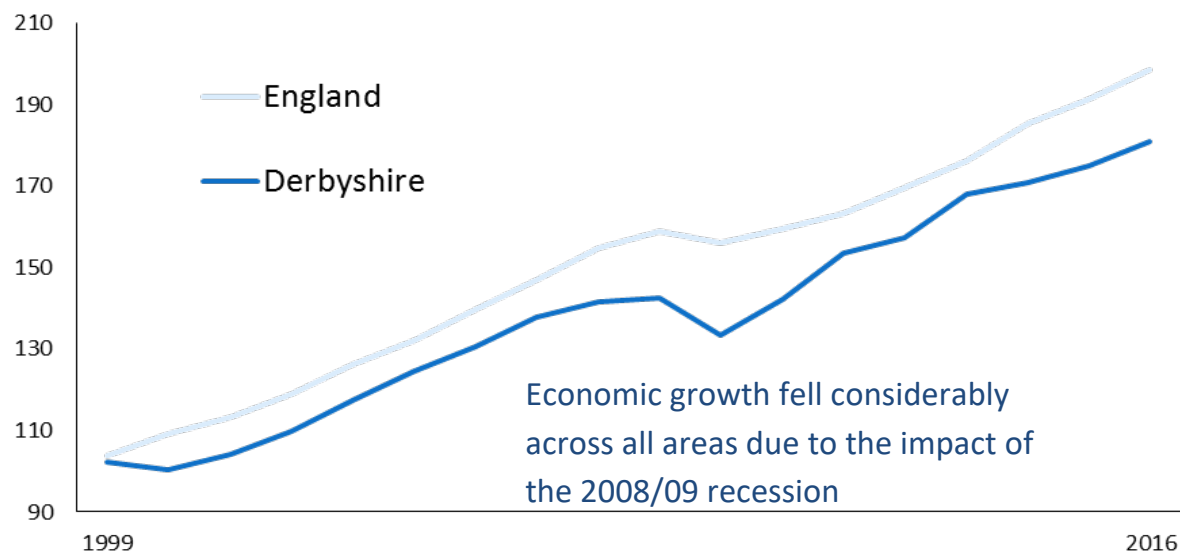


Median house prices by ward (June 2017)

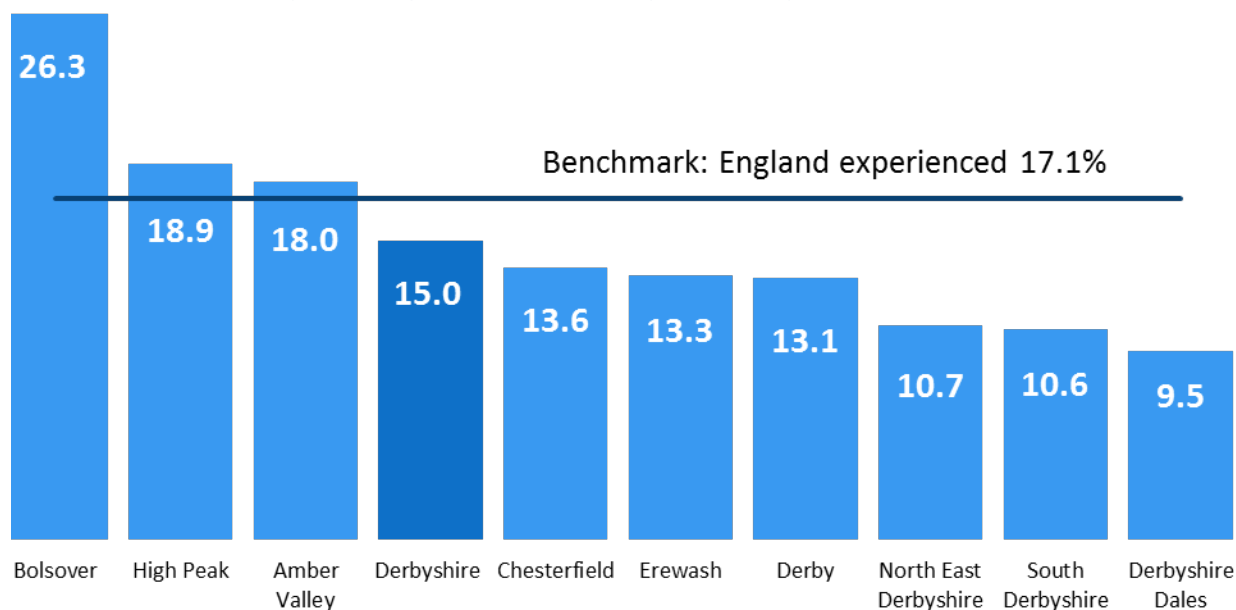


Source: HPSSA 2 – Median House Price by Ward, quarterly rolling year ending June 2017, and Live Tables, LT100, 2017, HCLG

## Change in economic growth (1998-2016)



## Percentage change in economic growth by district (2012-2016)



Source: Regional Gross Value Added (Balanced) by Local Authority, 2016, ONS, © Crown Copyright

## Economic Growth

In 2016, Derbyshire contributed £14.9bn towards the UK's economy. The four sectors that currently generate the most locally are Distribution, transport, accommodation and food (21.9%), Manufacturing (21.8%), Public services (16.9%) and Real estate activities (12.5%).

Since the last LEA in 2014 the size of Derbyshire's economy has grown by 15.0% (£1.9bn). This is slightly less than the 17.1% experienced nationally, but over the last year local growth has matched that nationally with respective increases of 3.5% and 3.7%. Over the last four years Bolsover, High Peak and Amber Valley have experienced the highest growth levels across the county, all three exceeding the national increase. North East Derbyshire, South Derbyshire and Derbyshire Dales have seen the lowest at around 10%.

The sectors contributing most during this time have been Distribution, transport, accommodation & food (£0.8bn) and Manufacturing (£0.5bn). In the former, the greatest increase has been in Chesterfield and Bolsover (both £0.2), the latter reflecting developments at Markham Vale. In Manufacturing, Amber Valley has seen the largest rise (£0.1bn). Across the county, two other sectors have also shown strong growth, Professional services (£0.3bn) and Real estate (£0.2bn).

# Productivity

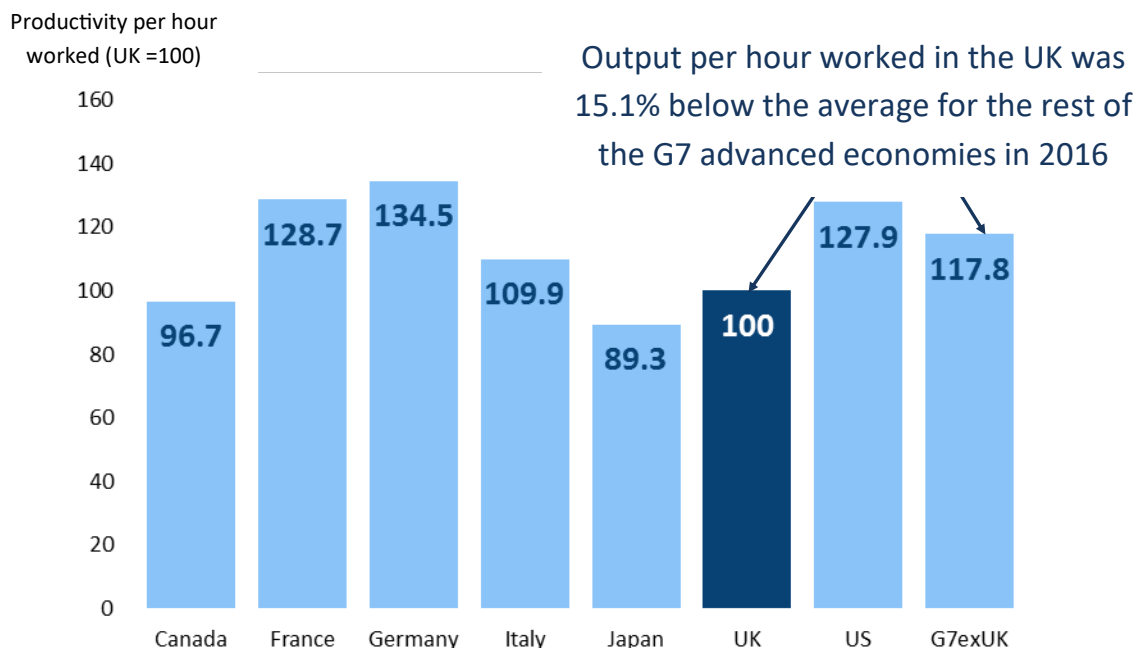
Productivity has been an issue for Derbyshire in recent years with output per hour lagging behind that nationally, although the gap appears to be closing. Since the last LEA, productivity has improved by 15.6% in the county compared to 8.1% across England.

Although the total output from the UK economy has recovered relatively well since the 2008 recession, productivity growth, or the amount of output per hour worked, has grown more slowly. Although the UK is not alone amongst western economies in this, this has been a bigger issue for the UK. The productivity level in four of the G7 nations is markedly higher than the UK, where the output per hour worked is 15.1% below the G7 average.

This has prompted commentators to refer to the UK's productivity puzzle, with recent employment growth not being accompanied by a growth in productivity. Raising productivity levels is of vital importance to the economy as it can lead to greater profitability and help play a role in improving living standards.

Productivity in Derbyshire now stands at £30.30 per hour, lower than the £33.10 for England. Across the county, South and West Derbyshire has the highest value locally at £31.10 whilst in East Derbyshire the figure is £29.00.

## International comparisons of productivity (2016)



## Productivity per hour worked (2016)



In 2017, Derbyshire was home to around 29,500 businesses, an increase of more than 15% since the last LEA. Small employers dominate with 88% of businesses employing fewer than 10 people. Although less than 1% of businesses in the county employ 250 or more employees, they are of significance to the local economy due to the numbers of people they employ.

In Bolsover, Sports Direct employs a significant number of employees whilst in Chesterfield, Health is the largest sector with the Royal Hospital and health companies such as Arthritis Research UK being based in the district. The visitor economy plays a major role in Derbyshire Dales with employers such as Chatsworth House Trust.



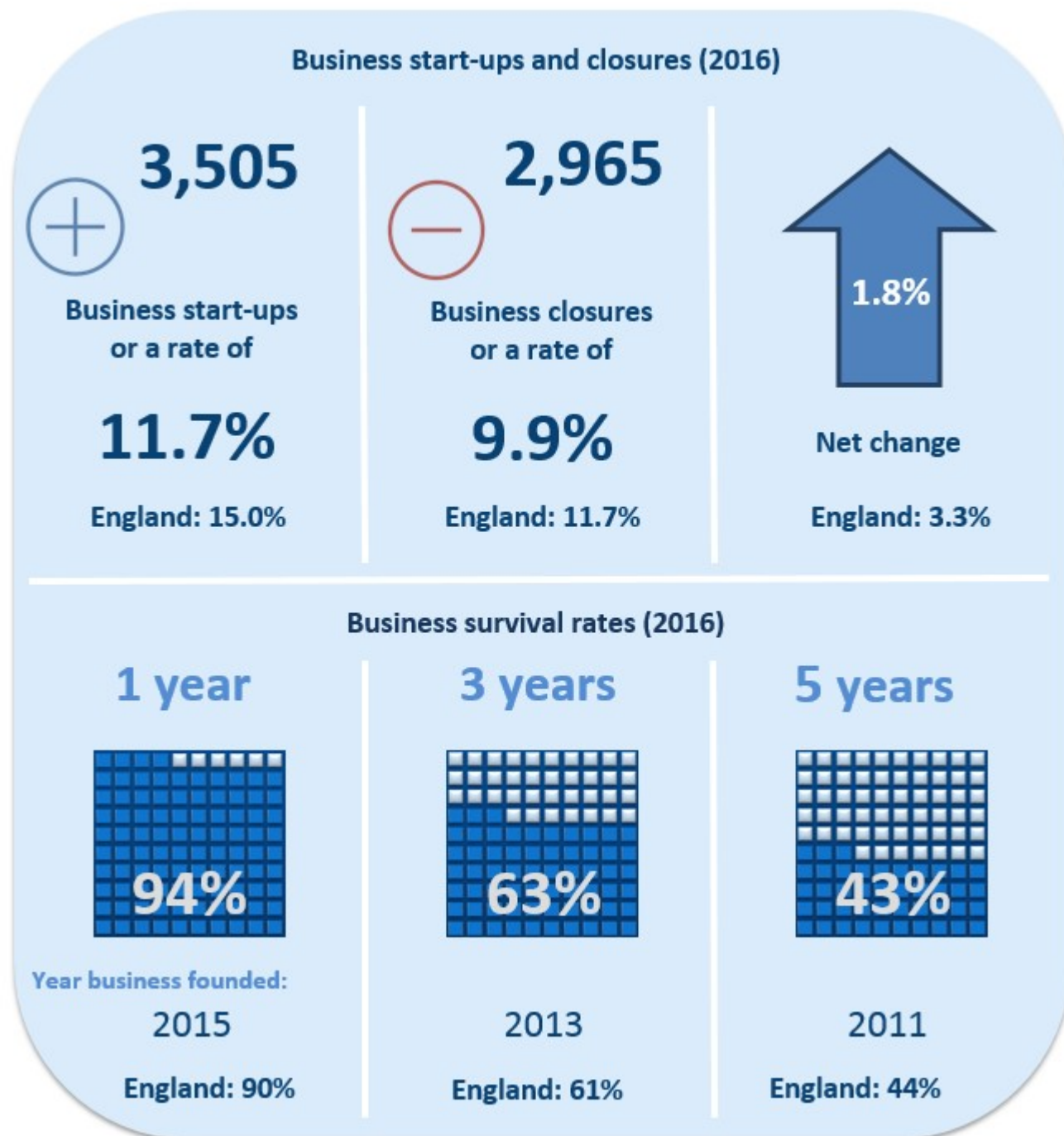


## Entrepreneurship levels

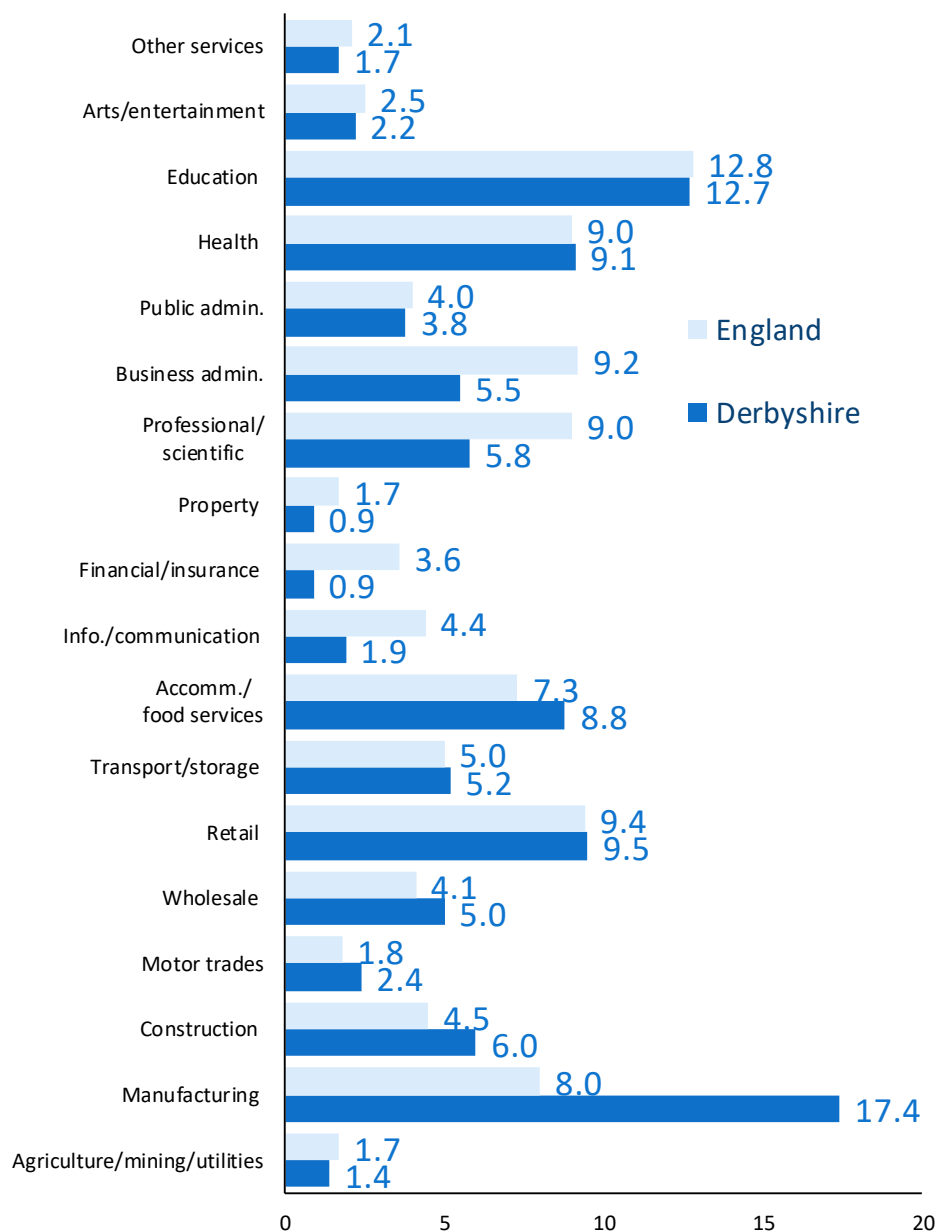
The number of business start-ups can be used to provide an indication of the level of entrepreneurship in the local economy. In 2016, there were 3,505 new business start-ups across the county, a rate of 11.7%. Whilst this rate is lower than the England average of 15.0%, this has improved since the last LEA in 2014 when the rate was just 9.7%.

The rate of business start-ups in the county marginally exceeds the business closure rate of 9.9%. Overall there was a net change of 1.8% gain in business locally. Across the county all districts experienced a positive net gain of businesses with the largest net changes taking place in Bolsover (5.7%) and South Derbyshire (3.7%).

New businesses face many challenges starting up and not all survive beyond their first year. Historically, Derbyshire firms have seemed more resilient than their national counterparts with higher business survival rates. This has also remained the case since the last LEA, with business survival rates being consistently higher, for example 63% of Derbyshire firms born in 2013 were still in business in 2016, higher than the 61% survival rate for England.



## Employment by sector (2016)



Source: Business Register and Employment Survey, 2016, ONS, © Crown Copyright

## Employment Structure

Derbyshire businesses currently employ around 290,900 workers. Following a dip in 2013 employment levels have improved locally and over the last year there has been an increase of more than 2,000 new employees.

Five sectors in the county account for almost 60% of employees locally with the largest sector being Manufacturing. The county's employment mix is quite different to that across England. Employment in the Manufacturing sector in Derbyshire is more than double that for England, whereas the Professional, scientific & technical sector is weaker as is the Information & communications sector. Sector specialisms within the county include Manufacturing in Amber Valley and South Derbyshire, Health in Chesterfield and Accommodation & food in Derbyshire Dales.

By sector, Accommodation & food has seen the greatest rise in employment over the last four years with around 9,000 more employees. Other sectors experiencing high growth levels include Construction and the Professional, scientific & technical sector. However, Education has been particularly hit, with a loss of nearly 11,000 jobs, as has Public administration with 4,500 fewer employees. Manufacturing has 1,000 fewer jobs and the recent announcement by Rolls Royce of job losses in Derby is likely to have a further impact locally.

# Manufacturing

UK manufacturing has been through a long period of decline. Despite this, the sector remains a crucial part of the local economy, generating £3.3bn (22%) of the county's economic output. Locally, the sector provides jobs for over 50,000 employees representing 17% of Derbyshire's total employment, nearly double that nationally. Employment levels are greatest in South Derbyshire and Amber Valley where over 20% of employees in these areas work in the Manufacturing sector.

The most significant manufacturing sub-sectors are Food & drink production and Metals & metal products, which employ nearly a third of the county's total manufacturing workforce. However, these two sectors have had mixed fortunes since the 2008 recession. Food & drink has experienced the greatest increase in jobs (+2,100) whilst Metals & metal products (-1,750) has seen a large decline. The greatest fall though has been in other non-metallic minerals (-2,750), e.g. concrete products.

Overall since the last LEA the share of the county's employment in Manufacturing has declined with the loss of around 1,000 jobs. Chesterfield saw the largest decline with 750 jobs lost whilst Erewash has seen the greatest increase (+500 jobs).

**50,500**  
**people are employed**  
**in Manufacturing in**  
**Derbyshire**



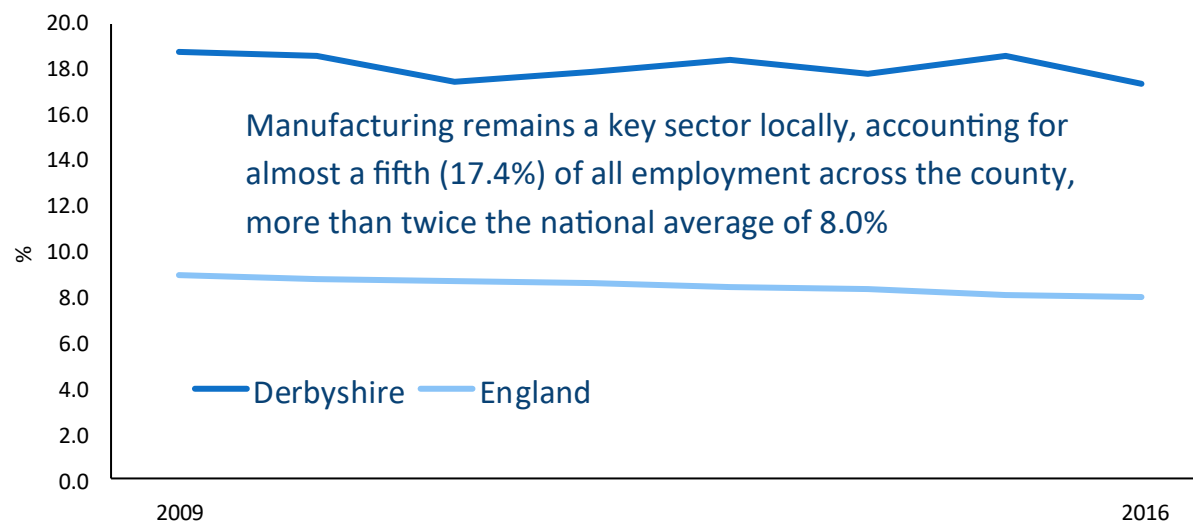
**17%**



**16%**

The largest Manufacturing sectors in the county are **Metals & metal products** and **Food & drink**

**Employment in Manufacturing (2009-2016)**



Manufacturing remains a key sector locally, accounting for almost a fifth (17.4%) of all employment across the county, more than twice the national average of 8.0%

Source: Business Register and Employment Survey, 2016, Office for National Statistics, © Crown Copyright  
Activity Size & Location 2016 and Business Demography 2015, ONS, © Crown Copyright

**32<sub>m</sub>**  
visitors to Derbyshire  
in 2016 generated  
**£1.6<sub>bn</sub>**

**29.1m**

Day visits

**1.3m**

Stays with  
friends/relatives

**0.5m**

Non-serviced  
accommodation

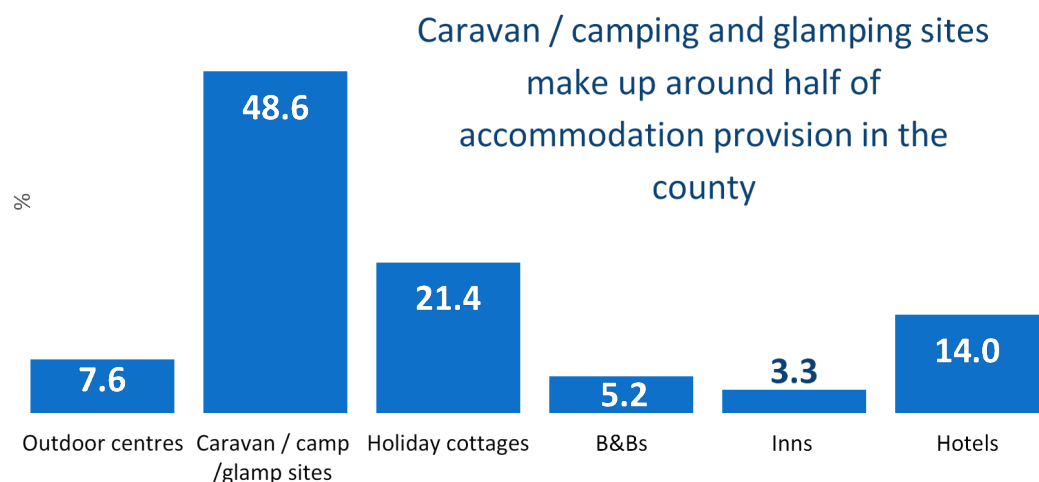
**1.1m**

Serviced  
accommodation

**32.0m**

Total visitors

### Types of accommodation (2016)



Sources: STEAM data, 2016, Global Tourism Solutions (UK) and D2N2 Visitor Accommodation Strategy, June 2017, Hotel Solutions

## Visitor Economy

Derbyshire is a spectacular county with a beautiful natural landscape rich in natural resources. Alongside this, the county also has a diverse heritage with several historic towns and buildings of great interest and importance.

Tourism is the UK's fastest growing employment sector. Locally the sector supports 22,500 full-time equivalent jobs. In 2016 around 32m visitors came to Derbyshire, contributing more than £1.6bn to the economy. Nearly 75% of this was direct income and 25% indirect income generated by firms involved in the supply chain, such as food producers. Since the end of the recession, the sector has performed well locally with a rise of nearly 3 million visitors, growth of £150m in visitor spend and a 9% rise in employment. Improvement has been driven by day-trippers (+10%), the county's largest visitor group.

Encouragingly, the length of time overnight visitors are staying in serviced accommodation has grown (+20%), despite a fall in the amount of serviced accommodation available. Whilst there has been a rise in new boutique B&Bs and limited growth in the hotel sector, Derbyshire remains relatively light in hotel provision. Conversely, non-serviced provision is seeing growth through holiday cottages but particularly through static caravans/chalets.



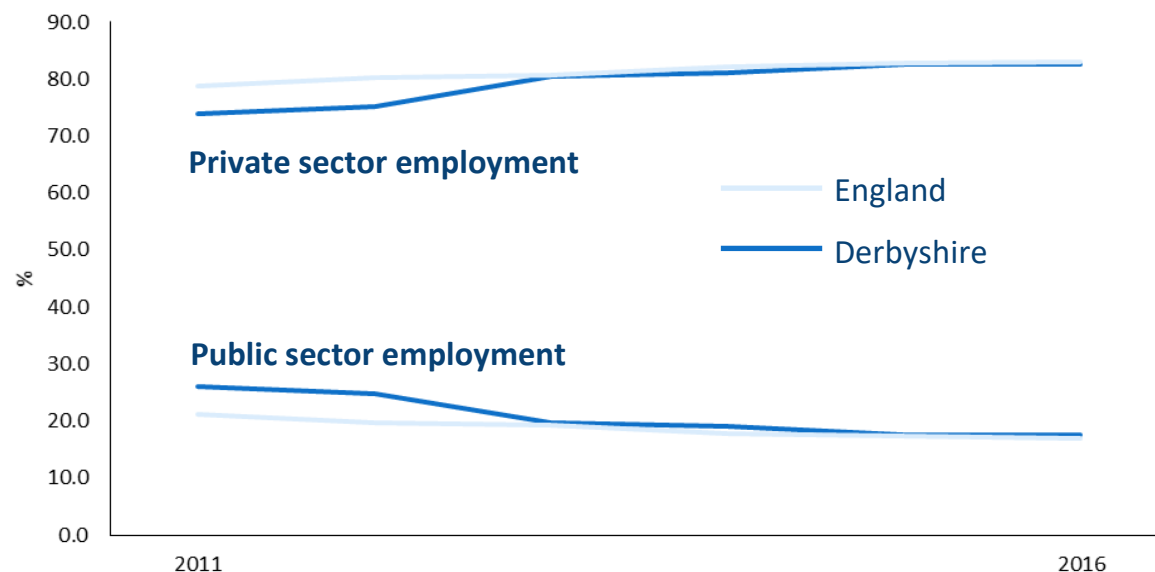
## Private sector employment

There are nearly 240,000 people employed within the private sector in the county, representing 82.5% of total employment, just below the figure for England (83.0%). Within the county, the greatest levels of private sector employment are in South Derbyshire (88.3%) and Bolsover (86.8%) whereas in Derbyshire Dales (79.1%) and particularly Chesterfield (74.0%) the levels are lower due to higher levels of public sector employment.

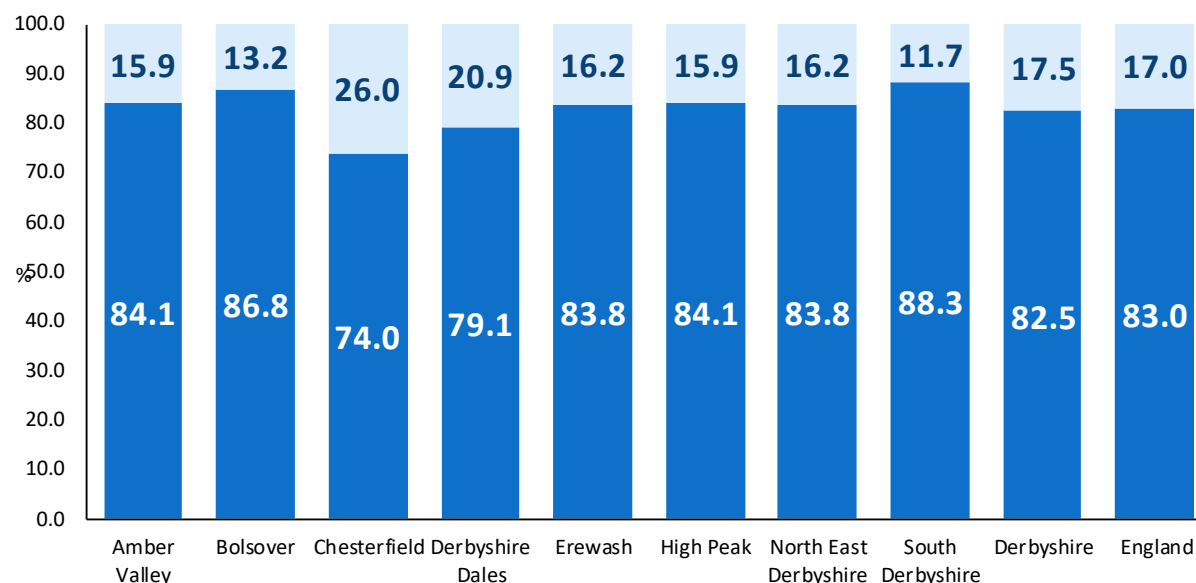
Rebalancing the economy in favour of the private sector has been a government priority since the 2008 recession. Since the last LEA, private sector employment has grown by nearly 24,000 employees in Derbyshire or 11.0%. This is just below the rise of 13.6% seen nationally but is still significant and means that there has been an increase of more than 7% points locally over the last four years. Bolsover (23.2%) and High Peak (18.7%) have seen the largest increases.

In contrast, public sector employment in Derbyshire has declined significantly over the last four years falling by 30.2%, significantly higher than the 5.9% fall nationally. Over half of the decline has been across the three districts of Derbyshire Dales (-5,500 employees), Chesterfield (-3,500) and High Peak (-3,000).

Public and private sector employment levels (2011-2016)

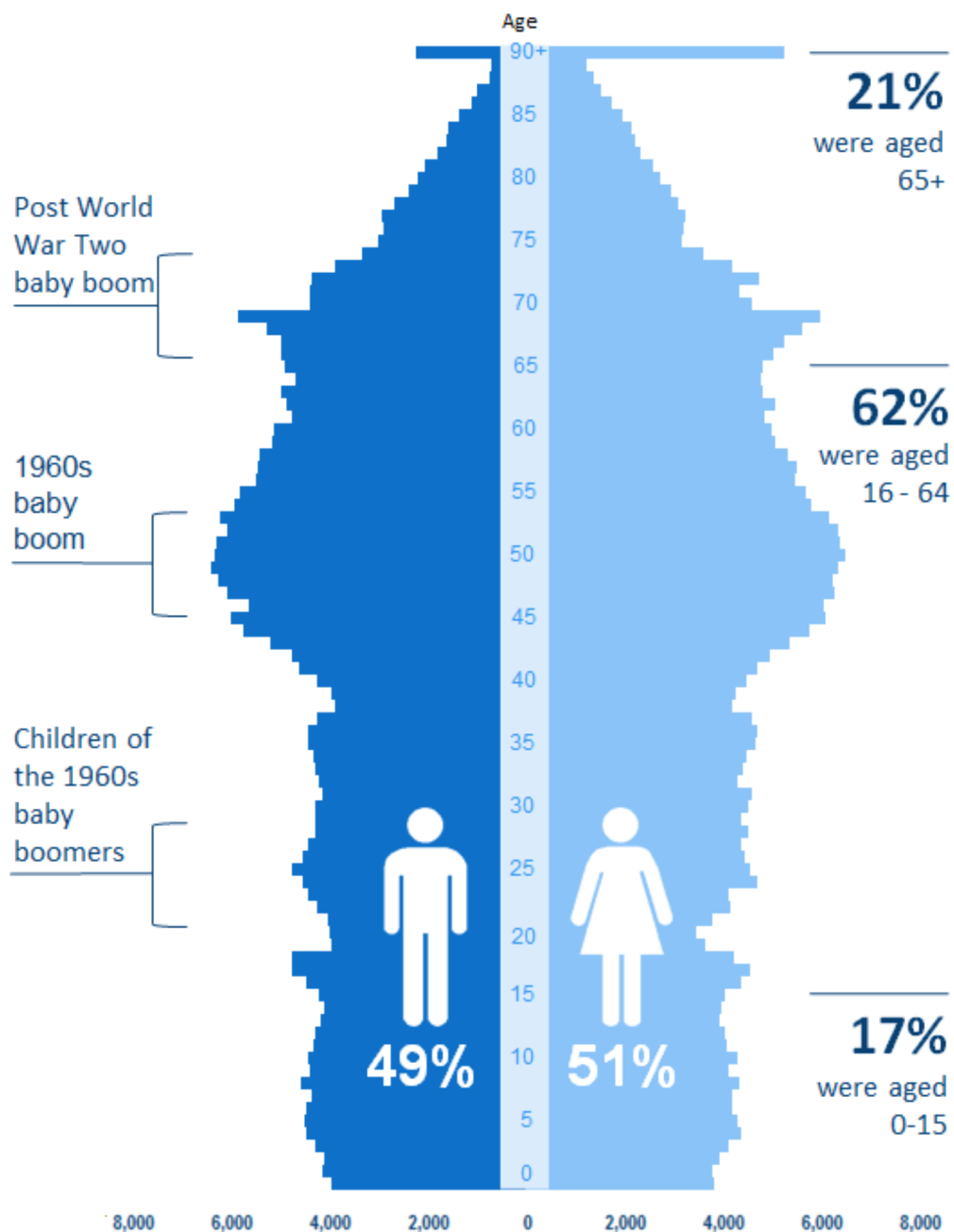


Public and private sector employment levels by District (2016)



Source: Business Register and Employment Survey, 2016, ONS, © Crown Copyright

## Population by age and gender (2016)



## Population

In 2016, Derbyshire had an estimated population of 785,765 people. 17% were children aged 0-15, 62% were of working age (16-64 years), and 21% were aged 65 and over. The age profile of the county is older than that for England. Across the county, the districts of Derbyshire Dales and North East Derbyshire had notably older age profiles than the Derbyshire average and South Derbyshire and Bolsover had notably younger age profiles.

Derbyshire's population is expected to rise by 10% by 2039, the equivalent of 79,045 people. This is lower than the 16% population growth expected for England. Derbyshire has an increasingly ageing population with the number of people aged 65 and over forecast to increase significantly by 58% (92,175) over this period. The number of children in the county is set to increase by 5% (6,129), lower than the 9% forecast for England. Derbyshire's working age population is projected to fall by 4% (19,629) by 2039. Nationally an increase of 4% is expected. This will mean there are fewer working age residents supporting those aged 65 and over.



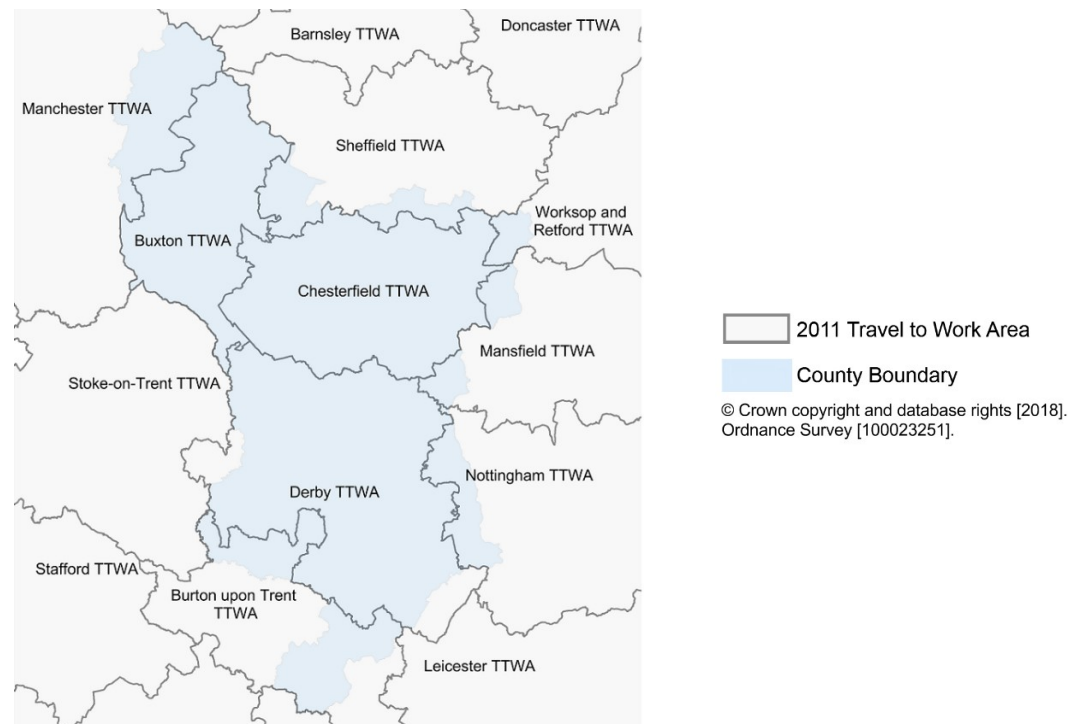
# Travel to Work

Travel to work areas provide an indication of how the local labour market operates, showing the patterns of people travelling from where they live to their place of work. The majority of Derbyshire is covered by three travel to work areas, and identifies the towns of Chesterfield, Buxton and Derby as key employment centres within the county.

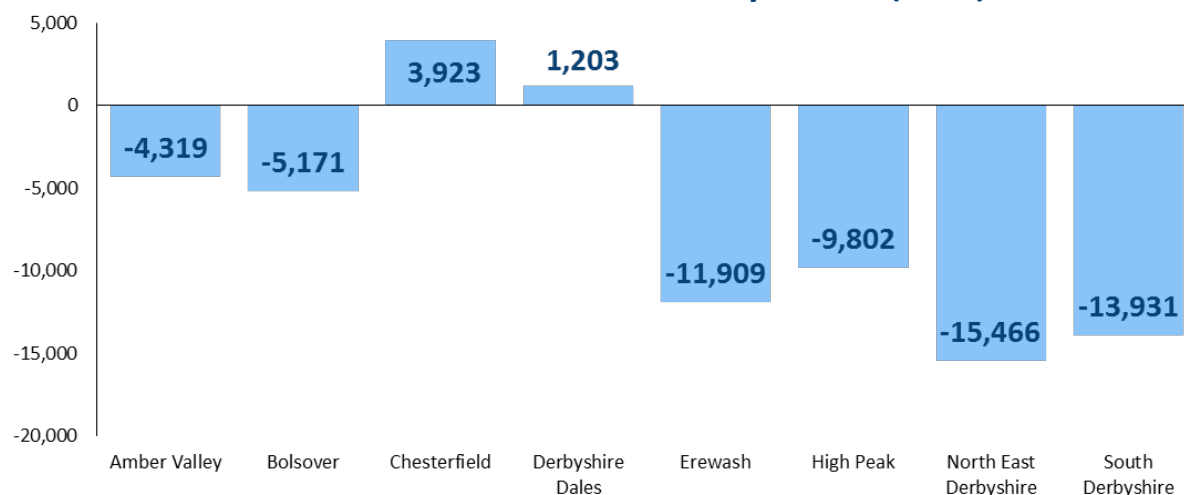
More Derbyshire residents leave the county for work than commute in from neighbouring areas. In 2011, a total of 128,436 workers travelled out of the county for work, whilst 72,964 travelled in. Since the 2001 Census there has been a reduction in the level of people leaving the county for work, which is encouraging. Locally, only the districts of Chesterfield and Derbyshire Dales have a net gain of commuters. North East Derbyshire shows the greatest net loss of workers.

The central location of the county means the neighbouring towns and cities exert significant influence. By local authority, the greatest percentage of out-bound commuters travel to Derby (20.2%), followed by Sheffield (12.4%) and Nottingham (8.6%). Almost a quarter of jobs are filled by people travelling from outside of Derbyshire. Derby is the greatest source of labour (17.3% of in-bound commuters), followed by Sheffield (12.8%) and Ashfield (8.8%).

## Derbyshire and surrounding Travel to Work areas



## Net flow of commuters by district (2011)



Source: 2011 Census – Table WU01 UK Travel Flows (Local Authority), ONS © Crown Copyright



Derbyshire's  
employment rate

78%



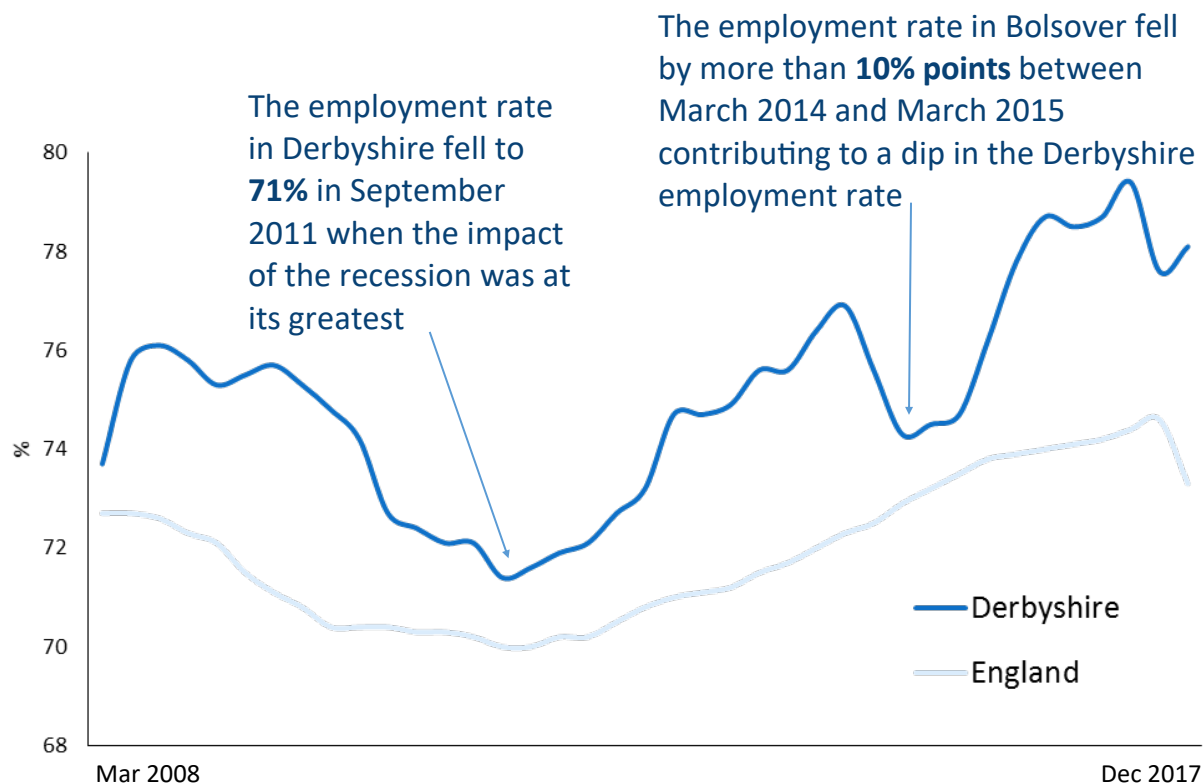
## Employment

Derbyshire's employment rate has continued to increase since the last LEA in 2014 and now stands at 77.9%, nearly 3% points higher than the England rate. Employment rates nationally and locally are now amongst the highest they have been since 2004, reflecting the improving economic picture.

Across England, there are over two million more people in work since the end of the 2008 recession and over 27,000 more in Derbyshire. Given the record levels of employment and with the number of job vacancies at their highest level since the early 2000s, there has been debate about whether the nation is at, or near, full employment.

However, underemployment, where people are working fewer hours than they would like, remains a feature of the economy. Around 8% (2.5m) of people currently in employment in the UK say they would like to work more hours, an indication there remains some slack in the UK labour market. In Derbyshire, around a third of the workforce is part-time and it is likely that a significant number of these workers will be underemployed. Hidden unemployment is also an issue across the country with many disabled people being economically inactive when they would like to be working.

### Employment rate (2008-2017)



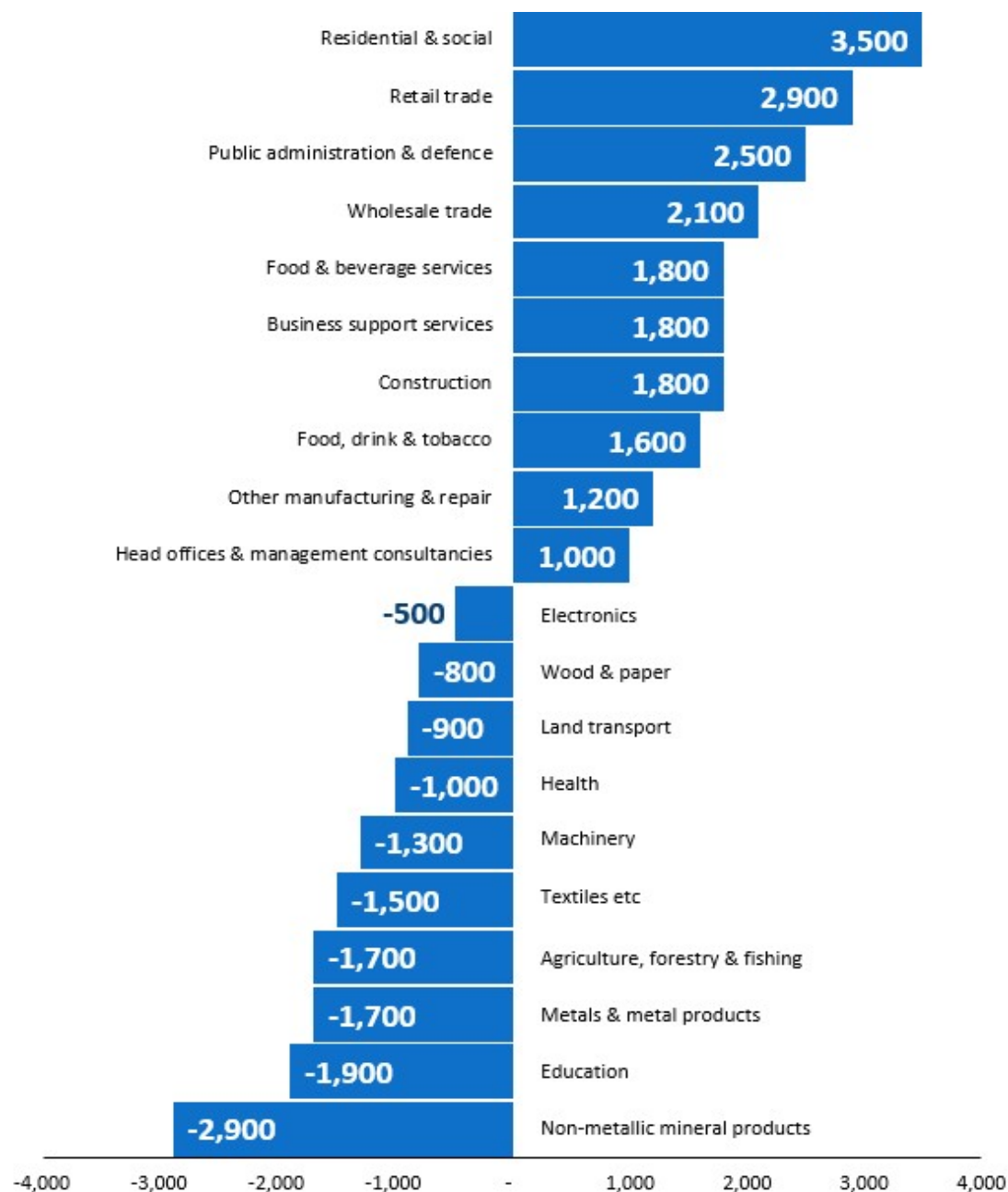
## Employment forecasts

Over the next 15 years, Derbyshire's employment levels are forecast to increase by around 3%. Although lower than the national forecast of 8%, it still equates to an extra 10,000 jobs. Additionally, economic growth is forecast to be on a par with that nationally. This may reflect the significance of manufacturing in Derbyshire, a sector likely to be at the forefront of productivity improvement. It is important that labour supply, which is projected to fall by 2% over the period, meets the skills demands of Derbyshire's growing economy.

There are major differences by sector. Although many service sectors are forecast to grow, the largest growth in employment is in Residential and social care, which is predicted to see an additional 3,500 (17.2%) employees by 2030, reflecting the demands of an ageing population. Three other sectors are forecast to see rises of more than 2,000 employees; Retail (+2,900), Public administration & defence (2,500) and Wholesale (2,100).

Manufacturing sectors dominate areas where large declines are predicted, the largest being for Non-metallic mineral products (-2,900). Education, Metals & metal products, Agriculture, forestry & fishing, Textiles and Machinery are also forecast to see employee levels reduce by more than 1,000.

Forecast change in employment numbers by sector (2014-2030)

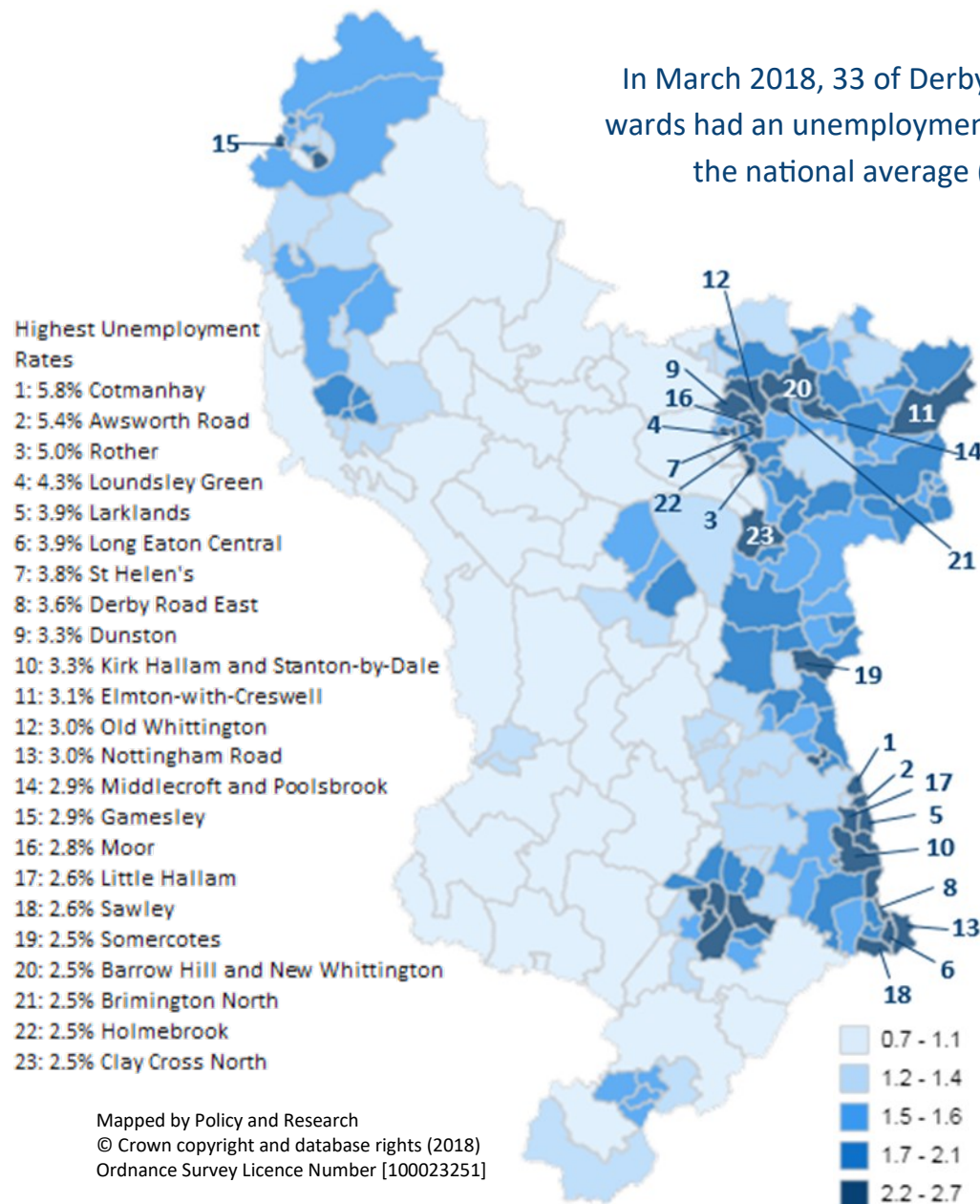


Source: Employment forecasts, Cambridge Econometrics for the Midlands Engine, November 2015



## Unemployment by ward – March 2018

In March 2018, 33 of Derbyshire's 174 wards had an unemployment rate above the national average (2.1%)



## Unemployment

In March 2018, the county's claimant unemployment rate of 1.6% remained below the England average (2.1%). However, at district level, the claimant unemployment rate in Erewash (2.7%) and Chesterfield (2.3%) was higher than the national rate with all other districts falling below the England average. The lowest rates were in Derbyshire Dales (0.7%) and South Derbyshire (0.8%).

At a very local level, 33 of the county's 174 wards had unemployment rates above the national average. Wards with particularly high levels of unemployment include Cotmanhay (5.8%) and Aysworth Road (5.4%) in Erewash and Rother (5.0%) and St Helens (4.3%) in Chesterfield. Generally, wards with higher rates of claimant unemployment are located in urban areas, such as Chesterfield or Ilkeston. Comparatively, rural areas tend to have lower unemployment.

A total of 1,175 people in Derbyshire had been out of work for more than a year. These long-term unemployed residents accounted for 31.0% of the county's unemployed, below the national average of 34.2%. Almost a quarter (23.5%) of all who are unemployed in the county are young people aged 16-24 years, above the England proportion of 19.5%.

# Earnings

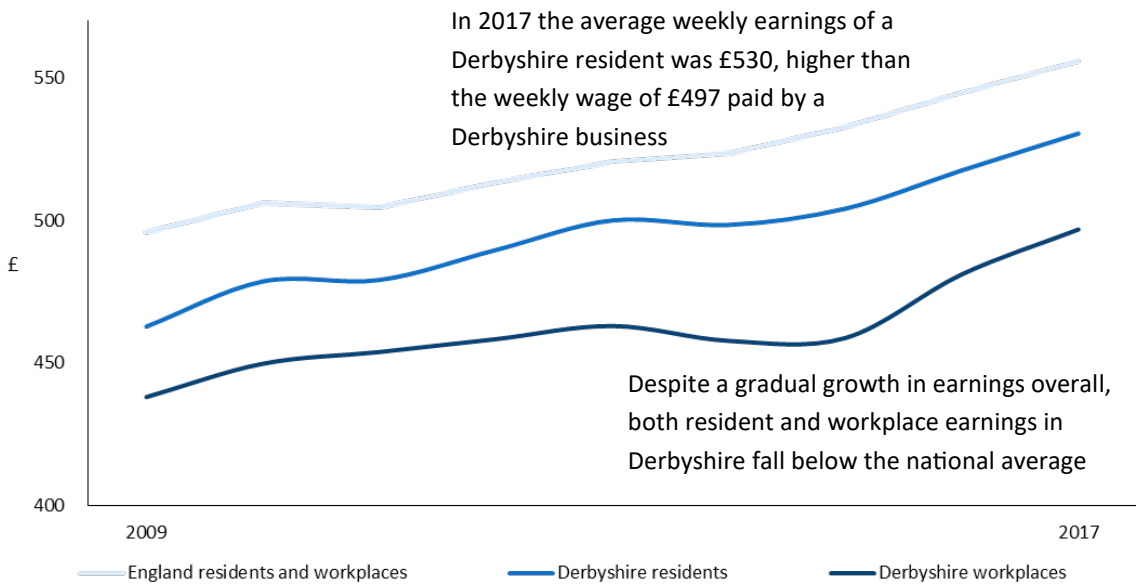
Despite a gradual growth in the level of earnings since 2009, the average weekly wage in Derbyshire remains below that for England.

Across the majority of Derbyshire districts, the earnings of those living in the area (residence based) are significantly higher than the earnings of those who work in the area (workplace earnings).

The average weekly earnings of a Derbyshire resident are £530, 5% less than the national average of £555. The average weekly wage paid by a Derbyshire business is £497, 11% below the national average of £555. This reflects the lower skilled employment structure of the county and the travel by some residents out of Derbyshire to work in order to secure higher wages.

Locally, there are considerable variations in earnings levels. Residents in South Derbyshire and Derbyshire Dales earn the highest whilst those in Bolsover earn the lowest. For workplace earnings, businesses in Amber Valley pay the highest weekly wages whilst those in Bolsover pay the lowest.

Average weekly earnings of a full-time worker (2009-2017)

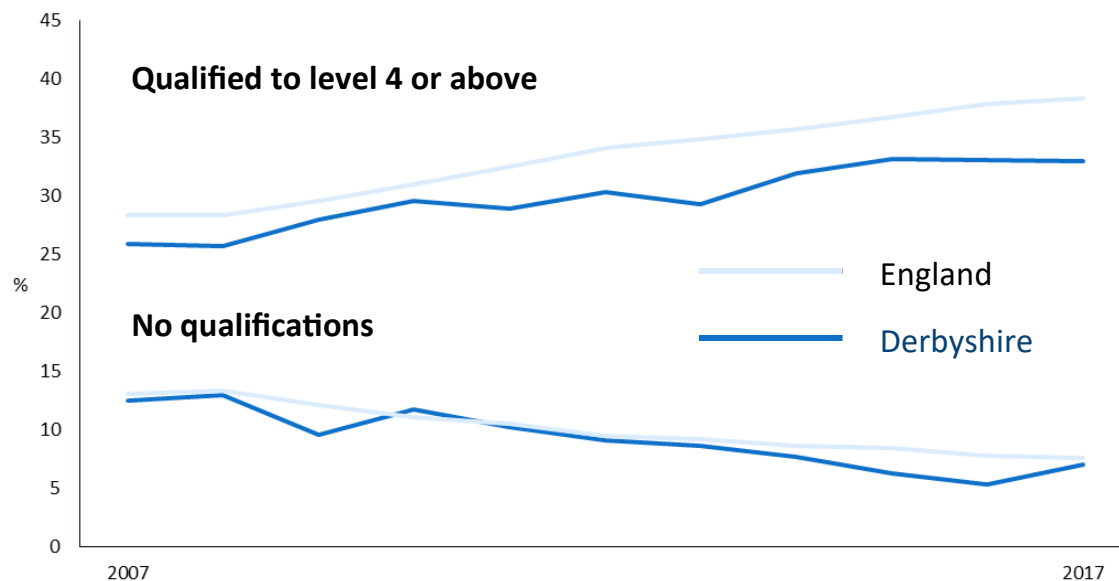


Average weekly earnings by District (2017)



Source: Annual Survey of Hours and Earnings, 2017, ONS, © Crown Copyright

## Qualification levels (2007-2017)



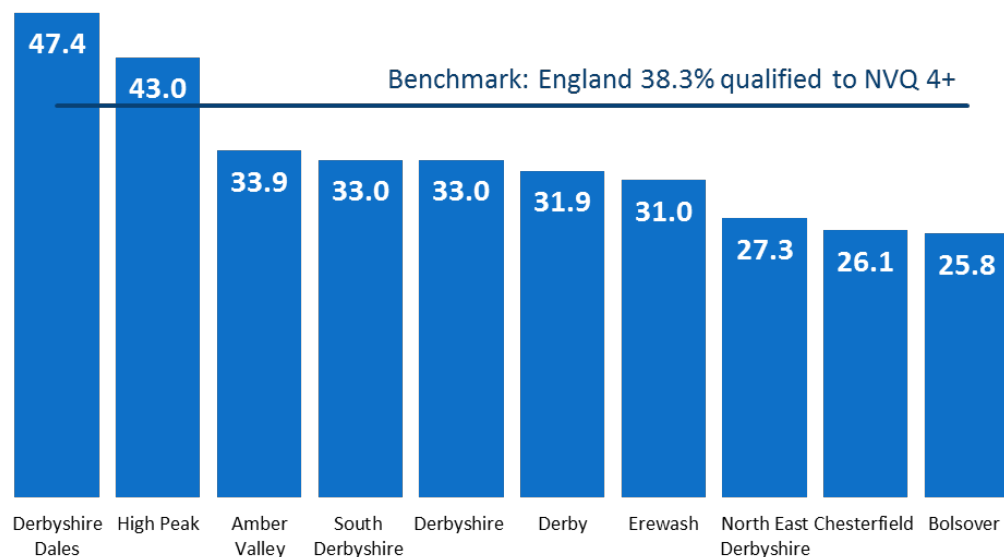
## Qualifications

The qualification levels of Derbyshire's working age population (aged 16-64 years) have greatly improved since 2007 when the proportion of people qualified to NVQ Level 4+ (degree level or above) was 25.9% and 12.5% of people had no qualifications. In 2017, 33.0% of the county's residents have a level 4 qualification and just 7.0% have no qualifications.

However, there continues to be a significant skills gap at level 4+ with relatively fewer Derbyshire residents with higher level qualifications compared with England, a factor that varies significantly locally. The proportion of the workforce qualified to level 4+ varies by more than 20% points across the county, from 47.4% in Derbyshire Dales to 25.8% in Bolsover.

Derbyshire has fewer people qualified to higher levels than the national average. The county's strength is mid-range with greater numbers of people having their highest level of qualification at level 1, 2 or 3.

## Qualified to NVQ level 4+ (% - 2017)





# Occupations

Fewer Derbyshire residents work in higher level occupations than across England, reflecting the county's different industrial structure.

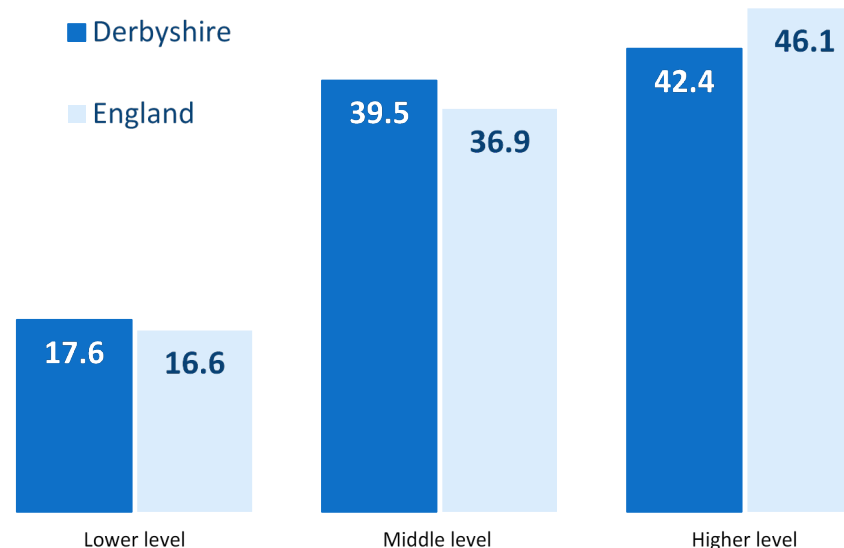
The occupational profile of Derbyshire's firms is also lower than for Derbyshire residents due to the relatively large number of people who commute out of the county for higher level jobs elsewhere.

Although Derbyshire residents have a less skilled job profile than across England, there are considerable differences within the county. In Derbyshire Dales, over 60.0% of residents are in higher level jobs<sup>2</sup>, whereas in Bolsover the figure is less than a third.

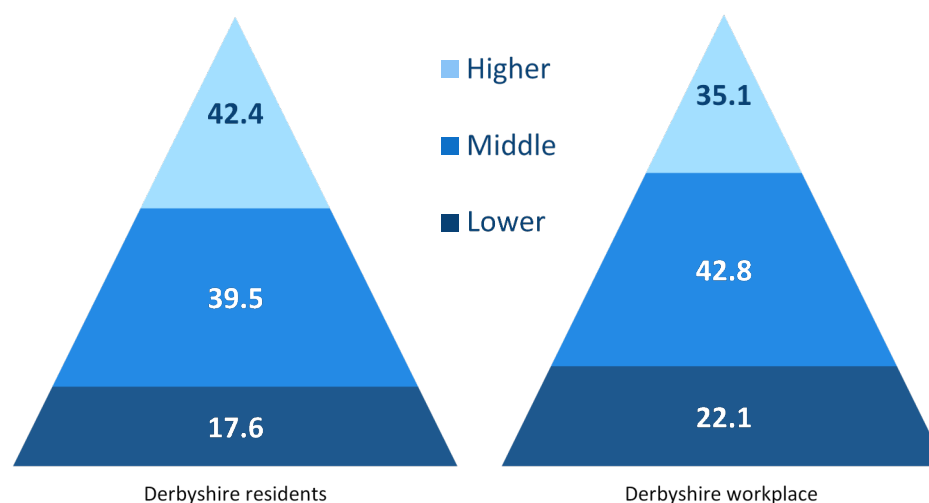
Despite this the occupational profile of both residents and firms locally is improving. Since the 2014 Local Economic Assessment, the proportion of residents in higher level occupations such as managers and senior officials has risen slightly, along with an increase in the proportion of local firms with higher level occupations.

However, the gap in the occupational profile of Derbyshire's firms is widening when compared with that of England. This is important given the debate about the need to attract higher value firms to the county to stimulate productivity growth.

Occupational levels (% - 2017)

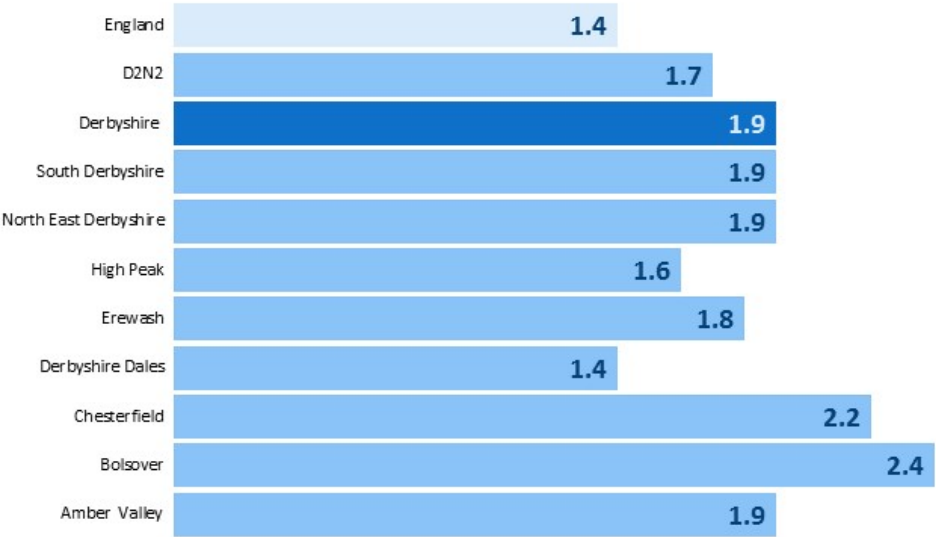


Occupational profile of Derbyshire residents and firms (% - 2017)

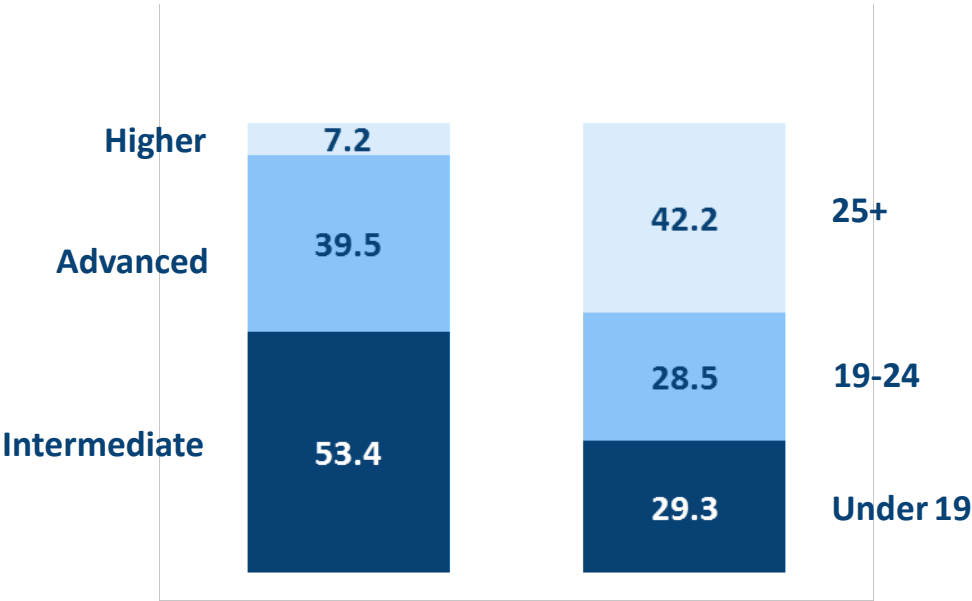


Source: Annual Population Survey, Jan – Dec 2017, ONS, © Crown Copyright

Apprenticeship starts – rate per working age population (16-64 years)



Apprenticeship starts by level and age (% - 2016/17)



Apprenticeships

Increasing both the quality and quantity of apprenticeships is seen as a central part to raising skills and productivity levels across England. In 2016/17, over 9,000 Derbyshire residents started an apprenticeship, a take-up level of 1.9, higher than the 1.4 for England. Take-up levels are the greatest in Bolsover and Chesterfield and lowest in Derbyshire Dales and High Peak. The low take-up in these areas is likely to reflect the reduced levels of access to provision in the more rural areas of the county.

Importantly more apprentices are achieving in Derbyshire. Since 2011/12 there has been an 11.7% increase in apprenticeship achievement rates locally, greater than the 7.6% across England. All districts, other than North East Derbyshire, have experienced improvements or the same level of achievement with High Peak showing the largest rise.

Analysis of apprenticeship starts shows 42.2% of all starts in the county are aged 25+, with the majority of starts at intermediate level. Higher level apprenticeships have only been up and running since 2010 and the number of people taking them is relatively low. However, higher level apprenticeships are on the increase locally as are advanced apprenticeships.

Source: Apprenticeship data tool 2011/ 2012 to 2016/ 2017 Final v4, Department for Education, © Crown Copyright

## Young People

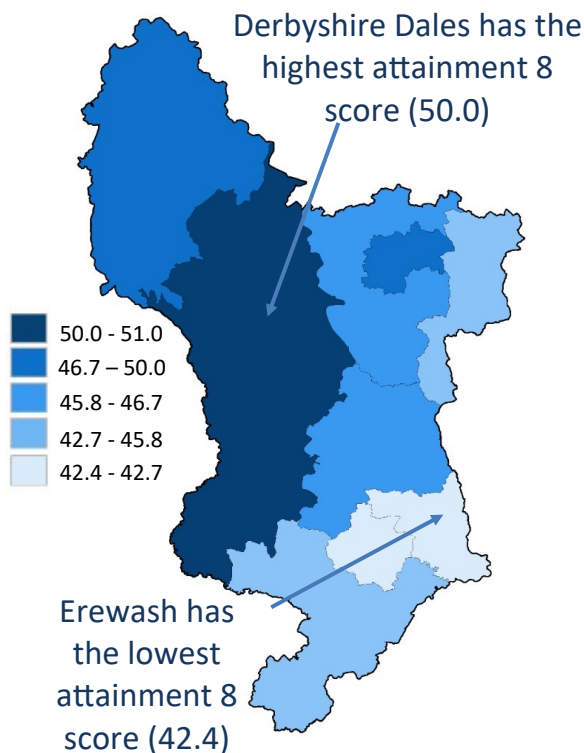
The attainment 8<sup>3</sup> score at age 16 in Derbyshire is slightly below the England average, with the average score per pupil for Derbyshire being 45.6. Within the county, attainment levels are lowest in Erewash (42.4), Bolsover (42.7) and South Derbyshire (44.1).

These results tie in with recent national research which highlights that these three districts along with Chesterfield and Amber Valley are social mobility cold spots. The research ranks all local authorities nationally based on range of social mobility indicators, with a focus on the achievement of young people eligible for free school meals. Social mobility cold spots are areas falling in the lowest 20% ranked local authorities nationally. Despite this, 95% of the county's pupils do progress into education, employment or training beyond key stage 4.

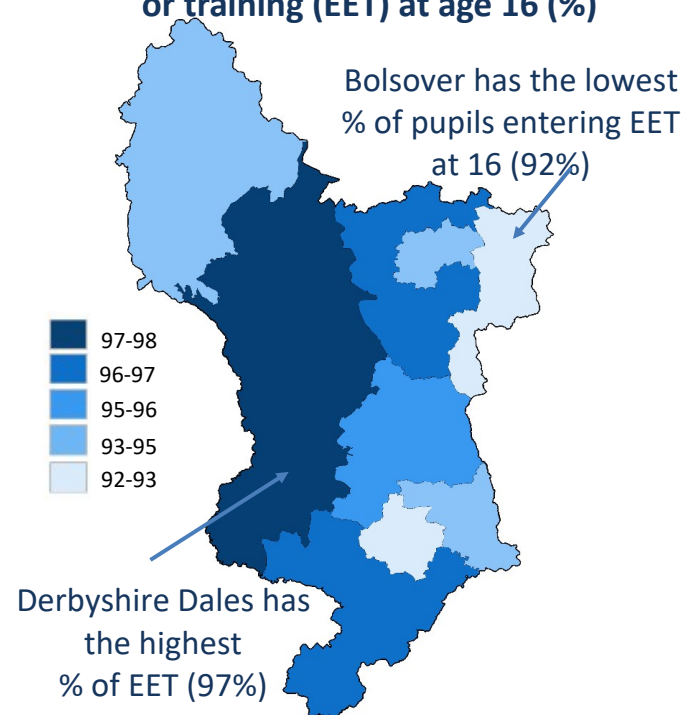
As for 16 year olds, the attainment levels in the county of 18 year olds are lower than the national average. In Derbyshire the average points scored per entry at level 3, which includes A-levels and vocational qualifications, is 29.7 compared with 32.3 across England.

Around 54% of 18 year olds locally progress into higher education (HE), with 17% going to the top third of HE institutions, slightly lower than the England average of 18%.

### Average attainment 8 score (GCSE)



### Pupils entering education, employment or training (EET) at age 16 (%)



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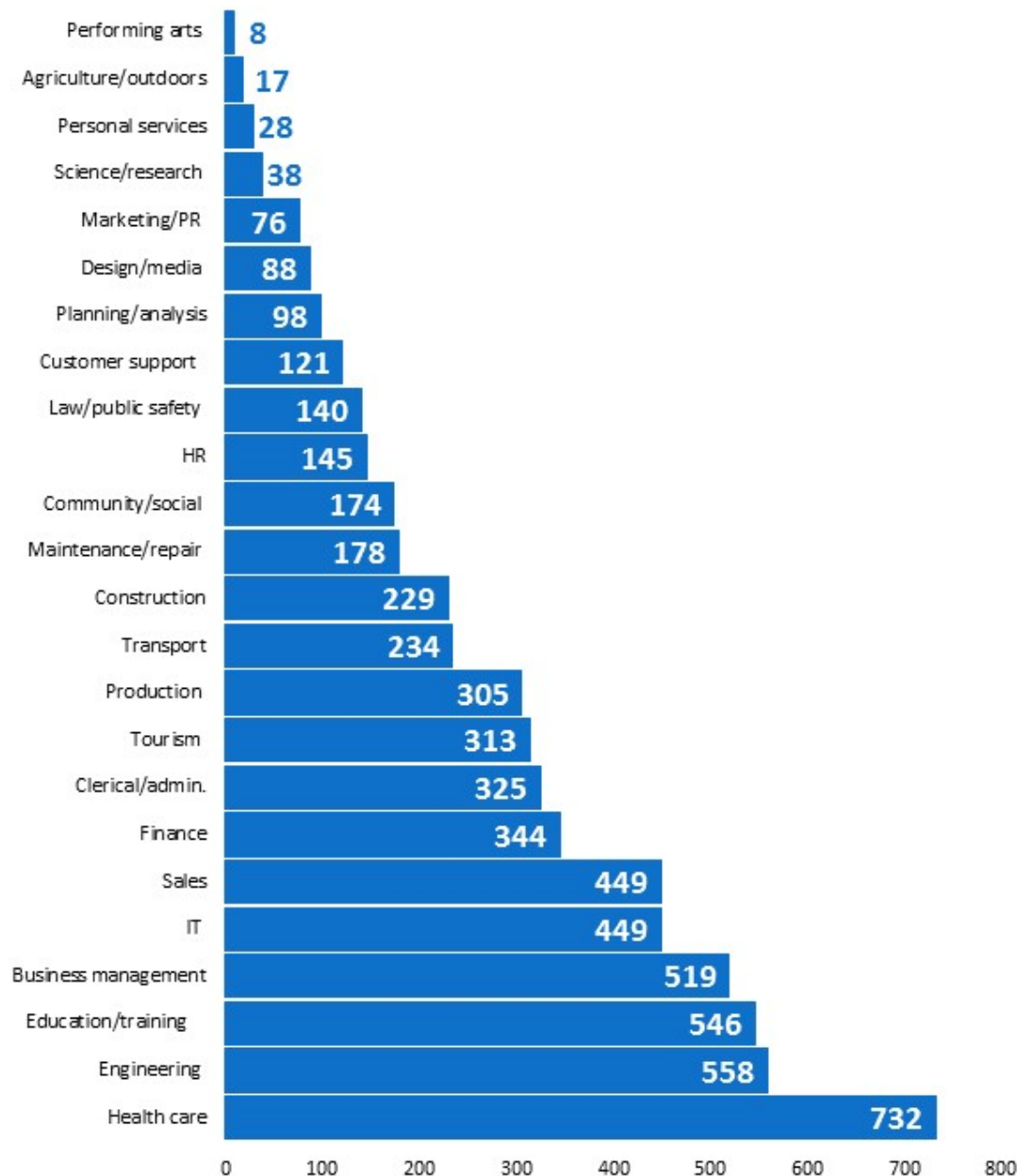
### Derbyshire England

45.6	95.0	29.7	54.0
46.4	94.0	32.3	51.0
Average attainment 8 score per pupil	% of Pupils entering EET at 16	Average attainment score at age 18	% of pupils entering Higher Education at Age 18

Sources: SFR01 2016/17, destinations of key stage 4 and 5 students 2015/16, and A-level and other 16-18 results (revised) 2016/17, Department for Education, © Crown Copyright. Also State of the Nation 2017, Social Mobility Commission



## Number of vacancies by occupational group



Source: Labour Insight by Burning Glass Technologies, January 2018

## Skills demand

According to Labour Insight's labour market intelligence tool, there were over 6,000 vacancies across Derby and Derbyshire in January 2018. Six occupational areas make up more than 50% of all vacancies, including Health and social care (12.0%), Engineering (9.1%), Education and training (8.9%), Business management (8.5%), I.T. (7.3%) and Sales (7.3%).

Although the current labour market is buoyant, there are a number of challenges facing employers. Analysis of the Chamber of Commerce's latest quarterly Economic Survey revealed that 60% of firms had attempted to recruit, with around half of these experiencing recruitment difficulties. The most significant skills shortage areas are Skilled trades, Professional services and Machine operatives. Additionally around 5% of the county's workforce are seen as having a gap in skills.

Around 30% of UK jobs are potentially at high risk of automation by the early 2030's but alongside this new jobs are expected to emerge. Derbyshire's economy is estimated to grow with nearly 10,000 additional jobs forecast over the next 15 years. This is positive particularly given that three of the county's largest sectors, Transportation & storage, Manufacturing and Wholesale & retail are identified as those most at risk of automation across the UK.

# SWOT analysis

Analysis of the key economic indicators for the county shows that the economic landscape has progressed since the last Local Economic Assessment. There are some clear areas where the economy has flourished but also areas where focus is needed if the county's economy is to continue to grow and prosper. This SWOT analysis provides an overview of the strengths and weaknesses of Derbyshire's economy but also the key opportunities and challenges that the county's economy is currently facing.

## Investment

Derbyshire's productivity levels have greatly improved over recent years, and the gap with England is reducing. Locally the largest sectors that are forecast to experience growth in employment are Health & social care and Retail. As these sectors are predominately lower value, there will be a need to attract higher value businesses and employment opportunities into the area in order to continue improving productivity levels. There is also the need to maintain the support to existing businesses to ensure the key sector strengths that already exist across the county are built upon and developed.

Despite the increasing importance of the service sector in the UK economy, manufacturing remains a hugely significant part of the local economy in Derbyshire. The county's diverse and productive manufacturing base plays a significant role in the government's aspirations for industry. Successful adoption of Industry 4.0 practices

locally will underpin this. More broadly, it will be important that firms across the whole spectrum of the local economy are able to maximise opportunities that arise through HS2 and Brexit.

Derbyshire has a high quality landscape and rich cultural heritage which are key economic assets that contribute to the area's thriving visitor economy. Promoting the county and what it has to offer, to both visitors and potential inward investors, will continue to be a key priority for DCC and partners.

## Infrastructure

Derbyshire has an excellent transport infrastructure estimated to be worth £3.5 billion. The maintenance, management and development of the county's transport network plays a vital role in supporting the local economy and its future growth. Ensuring future transport investment links up with the planned development of sites in Derbyshire will be key.

Technology also plays a crucial role in supporting the local economy and enabling local businesses to compete. The £34 million Digital Derbyshire programme aims to provide 98% of homes and businesses in the county with access to broadband and is on track to deliver fibre broadband to 112,000 premises by June 2020.

## **Enterprise**

Established businesses in Derbyshire are thriving, with more of the county's firms surviving than the national average. Whilst this suggests an operating landscape in Derbyshire that helps firms, there remains a gap around the levels of business start-ups. Entrepreneurship is a priority nationally so providing the right climate to support and encourage more people to start businesses is essential. Stimulating interest in and supporting entrepreneurship within the county can also help to boost aspiration in schools and have a broader economic impact.

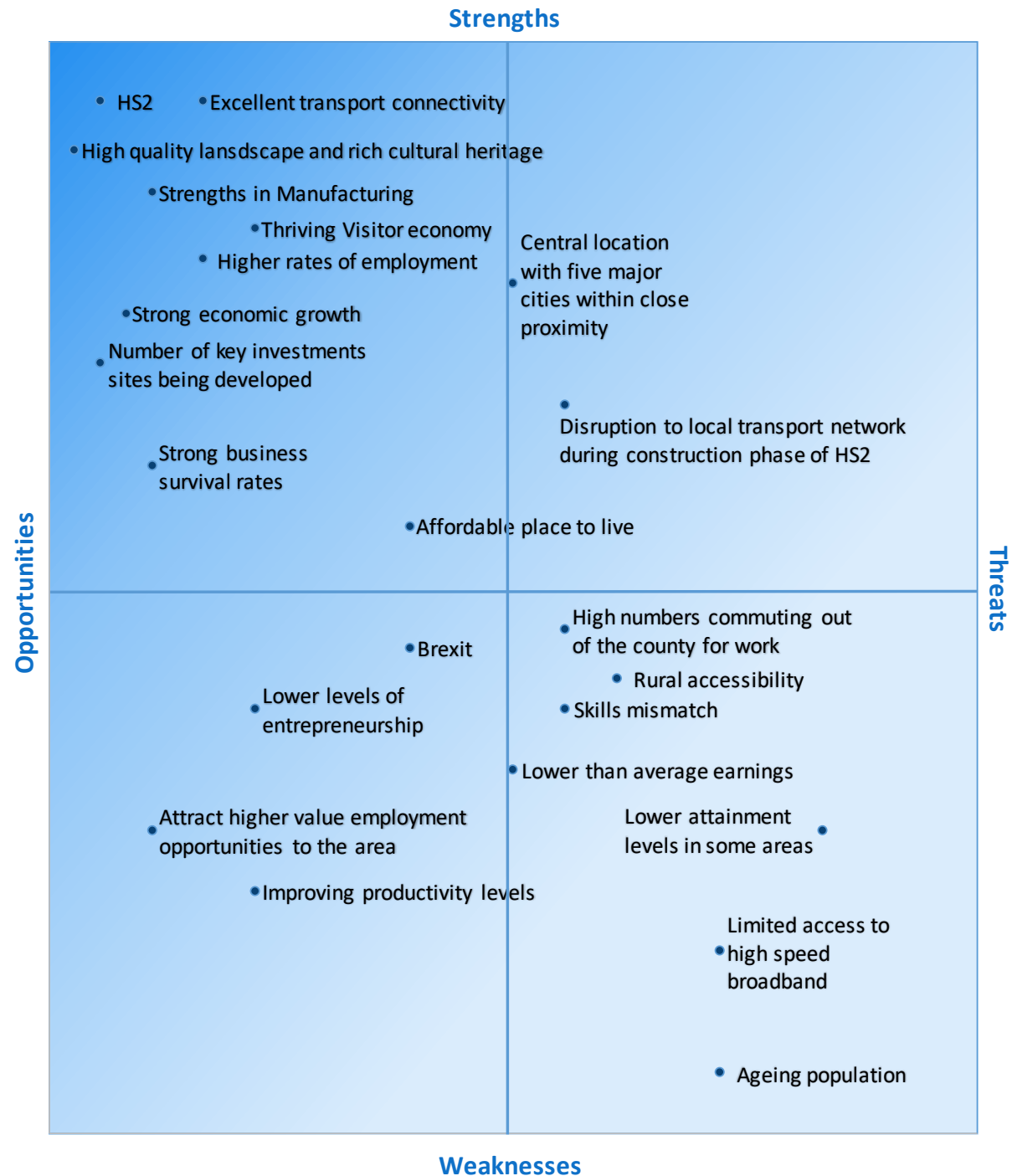
## **Skills and attainment**

There are more residents in Derbyshire who work in higher level occupations than there are higher level jobs available with local employers, suggesting that the large number of residents that commute outside of the county do so for higher level jobs. At the same time employers locally are reporting recruitment difficulties. This suggests there is a mismatch in the skill levels held by residents and those that are required by some local employers. There is a need to support activity to ensure the skills local employers demand are adequately matched through the education and training provision available. This is likely to require improvements in understanding the needs of businesses and how this can better inform provision.

Attainment levels of young people at age 16 and 18 are below average, with educational achievement in some parts of the county considerably lower. These results tie in with recent national research which highlights that five of Derbyshire's districts are social mobility cold spots, where the achievement of young people from disadvantaged backgrounds lags behind that in other parts of the country. With employment set to grow

across Derbyshire but the working age population set to decline it is important that as many young people as possible are equipped to contribute fully to the labour market. This also includes those leaving university locally. Enhancing the skills and occupational profile of the county's businesses, whilst ensuring that young people can connect with local businesses, will help to raise aspiration and attainment long-term.





## End notes

1. **Industry 4.0** is a name for the current trend of automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of things, cloud computing and cognitive computing. Industry 4.0 is commonly referred to as the fourth industrial revolution and creates what has been called a 'smart factory'.
2. **'Higher level'** occupational groups are defined as Standard Occupational Classification (SOC) 2010 major groups 1 (managers, directors and senior officials), 2 (professional occupations) and 3 (associate professional and technical occupations). **'Middle level'** occupational groups are defined as SOC 2010 major groups 4 (administrative and secretarial occupations), 5 (skilled trades occupations), 6 (caring, leisure and other service occupations) and 7 (sales and customer service occupations). **'Lower level'** occupational groups are defined as SOC 2010 major groups 8 (process, plant and machine operatives) and 9 (elementary occupations).
3. The **Attainment 8** score measures the achievement of a pupil across eight different subjects. Pupils are given a score in eight different

subjects taken for GCSEs and approved non-GCSEs. These are English and maths (which have double weighting); the three sciences, geography, computer sciences and history, which count towards the English Baccalaureate (Ebacc); and then three more out the Ebacc subjects or other approved academic, arts or vocational subjects. For each subject, pupils are given a mark from 1 to 9 (for English and maths) or from 1 to 8.5 (for other subjects). A score of 1 is roughly equivalent to a GCSE 'G' grade, and a 9 is roughly equivalent to a GCSE 'A\*' grade.

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