

Policy and Research - Commissioning, Communities and Policy

Derbyshire Economic Review - March 2019

Introduction

This document gives a brief overview of the latest statistics and news on the Derbyshire¹ economy both in a national and local context. The report provides a 'snapshot' of the Derbyshire economy, to help inform the development and delivery of economic strategies in the area. It is primarily based on evidence available from the Derbyshire Observatory, which is a single information source for partners and organisations across the county. The update also provides information on an 'in focus' topic, in this edition 'the Rural Economy in Derbyshire'.

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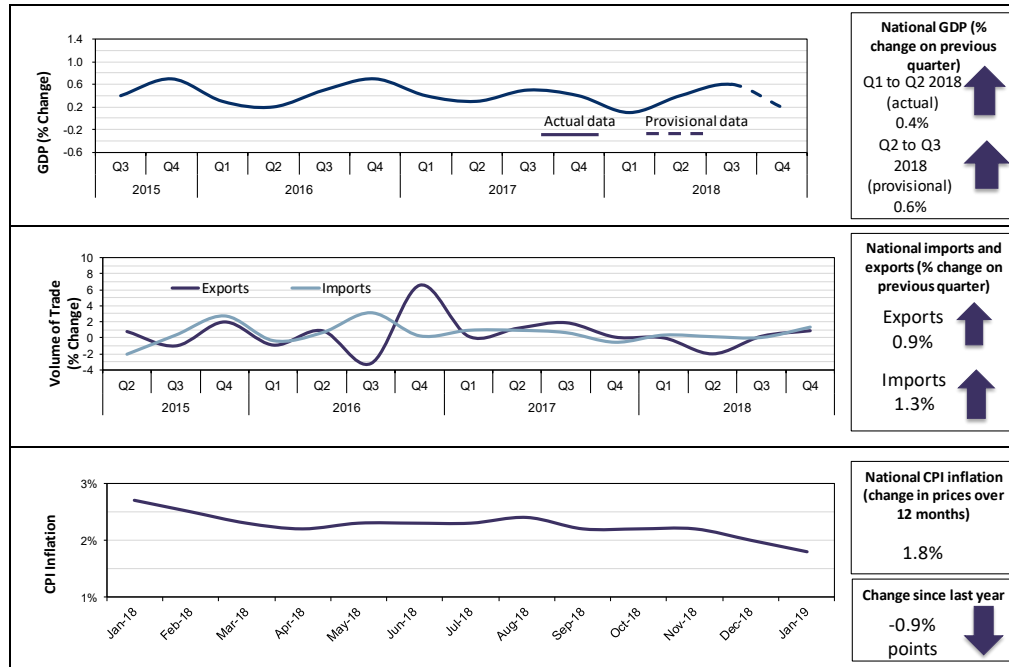
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Overview

- UK gross domestic product (GDP) was estimated to have slowed to 0.2% during the fourth quarter of 2018, meaning the UK economy grew by 1.4% in 2018, the weakest growth since 2009, with Brexit related uncertainty thought to be a factor.
- The annual Consumer Prices Inflation (CPI) rate (including housing costs) shows that the price of goods and services has increased by 1.8% over the last year, a fall on the 2.0% the previous month.
- The Derbyshire economy has expanded during quarter four of 2018, according to the East Midlands Chamber of Commerce's (EMCC) most recent Quarterly Economic Survey. This compares with a slowing of growth across the wider East Midlands Chamber area towards the end of 2018.
- The employment rate in Derbyshire has risen slightly from 78.8% to 79.1% in quarter three of 2018, and is 1.0% higher than a year earlier, the second highest level in nearly 14 years since the current time series began.
- The overall claimant count unemployment rate in Derbyshire is currently 2.0%, remaining 0.5% points lower than the England rate. However, levels locally and nationally have risen slightly since the early part of 2018. This is likely to reflect the increasing inclusion of Universal Credit claimants as well as Jobseekers Allowance claimants in the claimant count.
- More than 50.0% of Derbyshire's JSA unemployment claimants have been out of work for more than a year (50.2% or 1,030 residents aged 16-64). This has increased by 18.8% points over the last year. The long-term unemployment figure is based purely on Jobseekers Allowance claimants with new claimants now being put onto Universal Credit. Whilst there is a reduction in JSA claimants, the claimants themselves are more likely to have been claiming longer, therefore contributing to the rise.
- The youth unemployment rate (aged 16-24) in Derbyshire stood at 2.8% (2,100) in February 2019, marginally above the England rate of 2.7%. Having been relatively stable, the youth unemployment rate in the county has risen slightly during 2018. Again this is likely to reflect the increasing inclusion of Universal Credit claimants as well as Jobseekers Allowance claimants in the claimant count.
- The average price of a house in the county is £179,250, around £68,600 lower than the national average. However, annual house price growth in Derbyshire stands at 5.0%, 2.7% points higher than for England. The West Midlands, along with the East Midlands, and Yorkshire, continue to see the greatest rises in annual house prices of the English regions.

National Economic Context

National Performance Indicators



UK gross domestic product (GDP) grew by 0.2% in Q4 2018² compared with the previous quarter, meaning the UK economy grew by 1.4% in 2018, the weakest growth since 2009. The Eurozone also saw growth of 0.2% in Q4 2018 with Germany at 0.0%, whilst the USA and Japan showed respective growth of 0.6% and 0.5%.

Brexit uncertainty appears to be affecting domestic consumption and business investment. Services growth has eased slightly to 0.4% reflecting a slowdown across a number of industries, including retail which fell by 0.2% in the three months to December 2018. Production output fell by 1.1%, with manufacturing output having now fallen for six consecutive months, which last happened at the time of the financial crisis. Following two consecutive quarters of growth, construction output fell by 0.3% in quarter four.

The total UK trade deficit in goods and services widened by £0.9 billion to £10.4³ billion in the three months to December 2018 due mainly to a rise in goods imports, with companies storing supplies ahead of the exit from the European Union thought to be partly attributable. Having provided a boost to GDP growth in 2017, net trade

National Economic Context

fell in 2018 a possible reflection of the waning effects of sterling's depreciation and a slowing in momentum in the global economy.

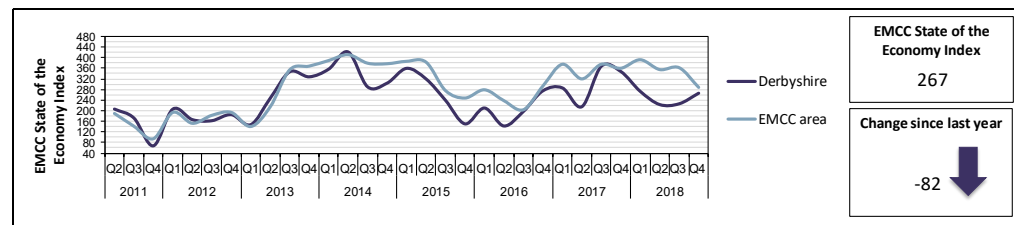
Total trade imports increased by £1.8 bn while total trade exports increased by just £1.0 bn. The net trade in goods showed a widening contribution to the deficit with imports rising by £1.5 billion compared with the £0.1 billion increase for exports. However, for services the rise in imports of £0.3 billion was offset by an increase of £0.9 billion in exports. The rise in imports of machinery and transport equipment was the main contributor to the widening of the trade deficit. The trade in goods deficit widened by £1.6 billion with EU countries and narrowed by £0.2 billion with non-EU countries in the three months to December 2018. An increase in car imports was the largest contributor to the widening of the deficit with EU countries.

The Consumer Prices Index including owner occupiers housing costs (CPIH) 12-month inflation rate was 1.8% in January 2019⁴, down from 2.0% in December 2018. The largest downward contribution to the change came from falling gas and electricity prices which partially reflected the response from energy providers to Ofgem's January energy price cap. Accommodation services also had a large downward contribution as did motor fuels due to falling crude oil prices. Inflation has been falling for more than a year and Brexit-related uncertainty is thought to be causing consumers to be more mindful of their spending and businesses to hold back on new investment. The reduced demand for goods or services is placing less upwards pressure on prices. With the figure below the BoE's target of 2.0%, it may mean that any interest rate rises are less likely in the near future.

The Bank of England's (BoE) Monetary Policy Committee voted unanimously in favour of keeping the UK interest rate unchanged at 0.75% in February 2019⁵. The UK economy slowed towards the end of 2018 and has weakened further in the early part of 2019 reflecting tightening global conditions as well as the uncertainty surrounding Brexit. This has suppressed domestic demand, however as greater clarity over Brexit emerges this domestic picture may improve. The BoE has said that the economic outlook will continue to depend significantly on the nature of EU withdrawal and the new trading arrangements between the EU and the UK, whether the transition to them is abrupt or smooth and how households, businesses and financial markets respond.

Local Economic Context

Business Conditions



Quarterly Economic Survey, Quarter 4 2018, East Midlands Chamber of Commerce.

The Derbyshire economy has grown during quarter four of 2018, according to the East Midlands Chamber of Commerce's (EMCC) most recent Quarterly Economic Survey⁶. This is the second consecutive quarter where the county's economy has shown growth, although the picture is less positive than a year ago. The latest results are at odds with the findings across the wider region where there has been a reduction in growth over the last quarter, reflecting the slowing in the wider UK economy. The findings suggest that the county's businesses are showing resilience in the current uncertain economic climate.

Although UK sales and orders have slowed for Derbyshire businesses, the figures for the domestic market are better across the wider Chamber area. Additionally, firms exporting locally have shown increased levels of growth in export markets. This appears to be feeding through to business confidence with an increasing number of local firms confident about future turnover and profitability. Encouragingly, more local businesses have also been investing in training. The increase may be driven by necessity in terms of continued shortages of skilled labour, particularly for those businesses in sectors heavily reliant on EU labour.

Derbyshire businesses have scaled back slightly on recruitment over the past three months and firms are less positive about their cashflow position. However, the latter could reflect inflationary pressure from wage increases and continued skills shortages reported across the region. Competition remains the biggest area of growing concern for businesses as a whole, although when looking specifically at manufacturers this switches to access to skilled labour and exchange rates. The generally improving picture for Derbyshire firms towards the end of 2018 is positive, however it will be important to see if this continues through into the early part of 2019.

Local Economic Context

Investment

Invest in Derbyshire and the Derbyshire Economic Partnership received a total of six enquiries between November 2018 and January 2019⁷, one fewer than the previous quarter and four fewer than the same period a year ago. The year to date figure of 24 for 2018-19 is also behind the corresponding figure for 2017-18. It is very likely the reduced levels of enquiries may reflect uncertainty surrounding Brexit, with reports nationally suggesting that some firms are holding back on investments until there is greater clarity. Three of the enquiries came directly and three were from the Department for International Trade. Five enquiries related to innovation and advanced manufacturing and one for leisure.

The Markham Vale regeneration site continues to grow with the ongoing addition of new companies to the business community. On Markham Vale North, construction has started on a 52,500 sq. ft. building for Protec International creating 20 new jobs when the facility becomes operational at the end of 2019. The company supplies flame retardant temporary protection materials to the construction and house building sectors.

On Markham Vale West, Grangers International are now fully operational in their 43,000 sq. ft. new building which comprises manufacturing, testing, sales and distribution facilities. The company manufacture protection and cleaning products for clothing and footwear. On the adjoining plot, construction is due to start in April for a speculative development of a 55,000 sq. ft. factory unit.

On Markham Vale East, Priority Space Ltd. completed the construction of a 15,000 sq. ft. warehouse with offices; the company has developed this speculatively and the unit is generating a number of enquiries. Priority Space Ltd. also developed the Wilson Business Park on Plot 5, offering 13 workshop/office units between 1,200 sq. ft. and 3,050 sq. ft. Eight of the thirteen units have been sold, the latest occupiers include GB Joinery Ltd., Globebusters Ltd., which runs global motorcycle tours, and industrial controls firm LTEK Systems Ltd.

Several enquiries have been received during the period for buildings up to 50,000 sq. ft., two of which are progressing to detailed discussions.

Job Losses and Gains

The following job losses and gains information relates to Derbyshire (including Derby City), and is drawn from articles in the local press between November 2018 and January 2019.

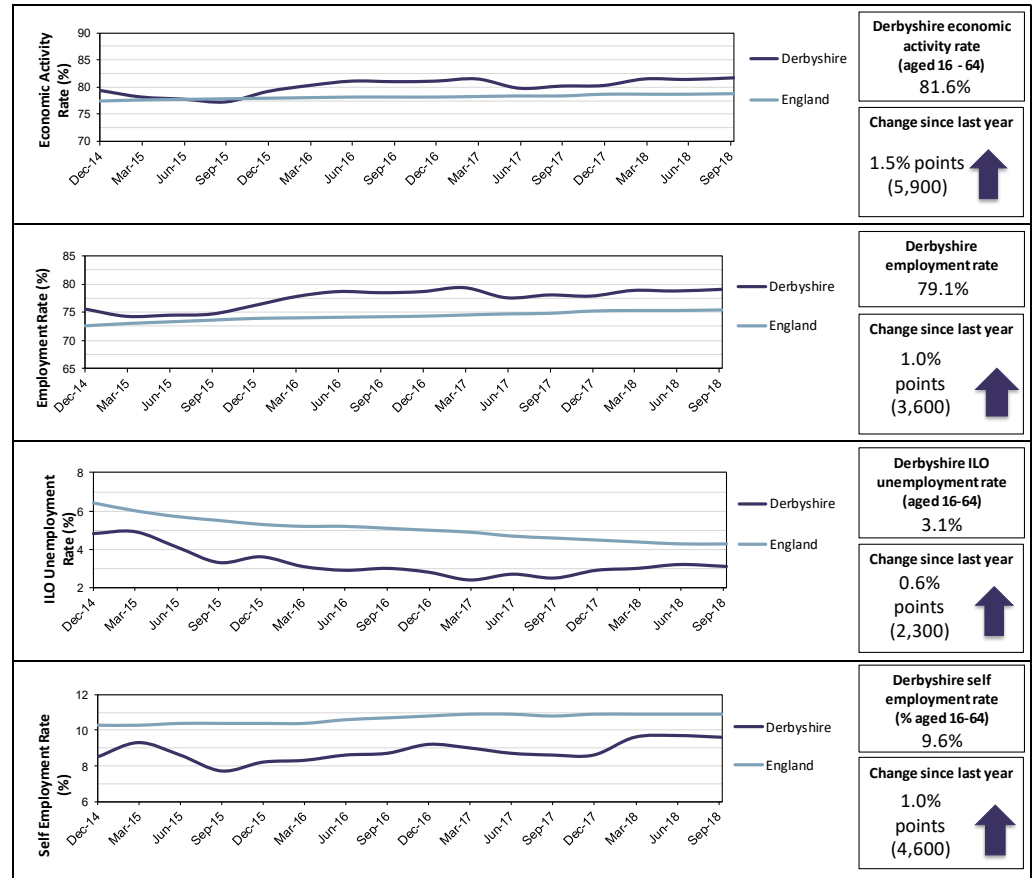
Job Losses

- in November Derbyshire County Council revealed that 144 deferred job losses for this financial year would increase the total for next year from 318 to 462.
- Hallam plastics ceased trading in November with the loss of almost 50 jobs.
- In January Marks & Spencer revealed that it will be closing branches across the country. This includes the closure of the Buxton store which will affect 46 people at the branch.

Job Gains

- At the end of January transport and plant hire specialist Explore announced that a new depot at Barlborough could eventually create up to 500 jobs.
- in November property development group Jensco disclosed plans to develop a building on Bold Lane in Derby that could bring more than 300 jobs to the city centre.
- At the beginning of January John Pye Auctions announced that 150 new jobs could be created with the opening of its new auction house in Chesterfield.
- Next announced at the end of November the closure of stores at Kingsway and Wyvern Retail parks in Derby. This is part of plans to create a store on the former Kingsway hospital site which would relocate existing staff. The works could create up to 160 full time and part time jobs.
- In November planning permission was granted for a drive-thru McDonalds in Long Eaton that could create 65 jobs.
- At the beginning of December cutlery firm I-Grunwerg stated it would be re-locating its operations to Chesterfield, creating 60 extra jobs.
- Planning permission was granted at the beginning of December for a new care home in Darley Dale that will bring 60 new jobs.
- At the beginning of November Aldi announced the recruitment of 32 staff at its new Bakewell store and up to 40 staff at its new Eckington store.
- Inchcape secured permission at the end of November to create a Jaguar dealership in Derby that could lead to 40 new jobs.

Labour Market Participation



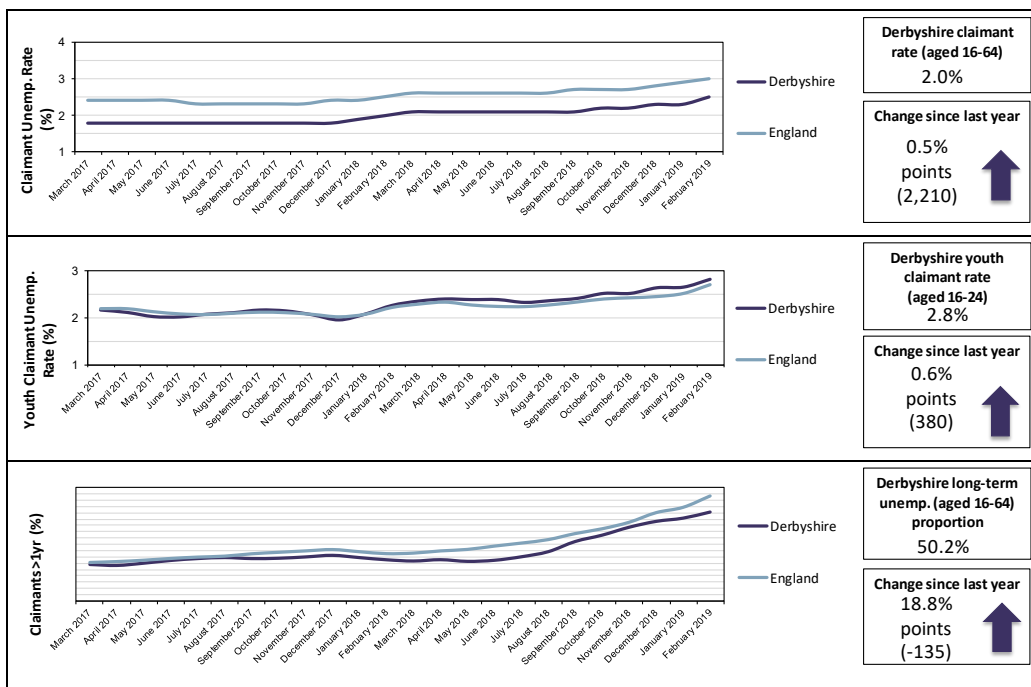
Source: Annual Population Survey, October 2017-September 2018, ONS (Nomis) © Crown Copyright.

The employment rate⁸ in Derbyshire has risen slightly from 78.8% to 79.1% in quarter three of 2018. This is 1.0% higher than a year earlier and the second highest level in more than 10 years. The national rate has risen 0.1% this quarter so the gap with England has widened marginally to 3.8%. Over the last year, South Derbyshire (+4,000) and Amber Valley (+3,000) have seen the biggest increases in employment levels and Erewash (-4,100) the largest fall. As with the employment rate, economic activity in Derbyshire has risen slightly this quarter and is higher than a year ago⁹.

International Labour Organisation (ILO)¹⁰ unemployment is regarded as the official measure of unemployment. Whilst the rate for England has continued to fall over

Labour Market

the last year, the Derbyshire rate has continued to edge upwards, rising from 2.5% to 3.1%. This compares with a fall of 0.3% across England. However, it is likely that this reflects the greater inflow of people into the labour market who were economically inactive outweighing those who have lost their jobs. It is noticeable how self-employment levels have risen strongly over the last year locally. The unknown factor is the extent to which this represents a positive choice or one born out of necessity.



Source: Claimant count (overall and youth) and JSA (long-term), February 2019, ONS (NOMIS) © Crown Copyright.

The claimant count unemployment rate in Derbyshire, based on a count of all people claiming Jobseekers Allowance (JSA) and those claiming Universal Credit (UC) who are required to seek work, is currently 2.0% (9,550 residents), remaining 0.5% points lower than the England rate¹¹. Following nearly three years of relatively stable unemployment, the rate has risen slightly over the last year. This is to a large extent due to the inclusion of UC claimants as well as JSA claimants in the count, with UC having broader requirements to look for work than under Jobseeker's Allowance.

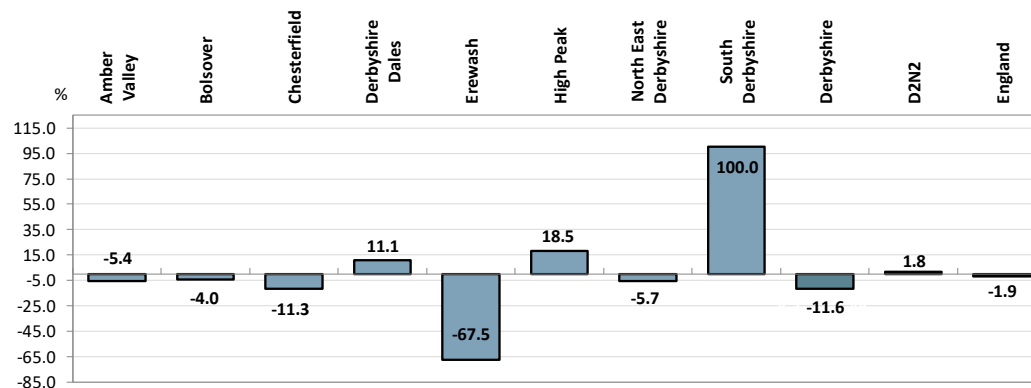
The number of wards where the rate of unemployment is more than double the national rate has dropped from four to three this quarter. These wards are

Labour Market

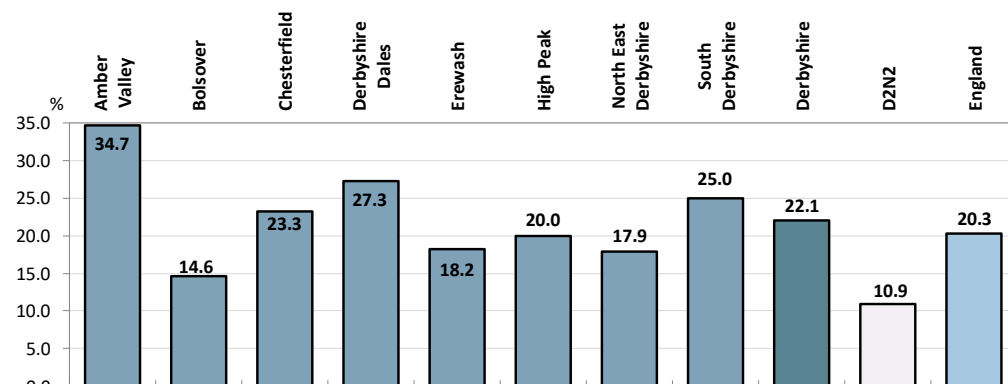
Cotmanhay and Awsworth Road in Erewash, and Rother in Chesterfield.

More than 50.0% of Derbyshire's JSA unemployment claimants have been out of work for more than a year (50.2% or 1,030 residents aged 16-64). This has decreased by 18.8% points over the last year, less than the national increase of 22.7%. This figure is based purely on JSA claimants and with new claimants now being put onto UC, the unemployment duration profile of JSA claimants is likely to become longer thus being a factor in the rise. Long-term unemployment has risen in three districts and fallen in five over the last year. South Derbyshire has again seen the largest increase, although this is from a low base of 30 rising to 60. Erewash has again seen the greatest decline in long-term unemployment (-67.5% or -135 residents).

Annual % change in long-term unemployment (Feb 2018 to Feb 2019)



Annual % change in youth unemployment (Feb 2018 to Feb 2019)



Source: JSA (long-term) and claimant count (youth), February 2019, ONS (NOMIS) © Crown Copyright

Note: D2N2 is the Local Enterprise Partnership covering Derby, Derbyshire, Nottingham and Nottinghamshire

The youth unemployment rate¹² in Derbyshire stood at 2.8% (2,100) of people aged 16-24 in February 2019, marginally above the England rate of 2.7%. Having been relatively stable since spring 2015, the youth unemployment rate in the county has edged up slightly over the last year along with overall unemployment.

There has been an increase in the number of young people unemployed in all of the Derbyshire districts, with the greatest increase being in Amber Valley (34.7% or 85 people) followed by Derbyshire Dales (27.3%) and South Derbyshire (25.0%). Bolsover has seen the smallest rise (14.6%). The phased introduction of UC and its broader requirements to look for work is a significant factor in the increases across the districts. There are 13 wards where the rate of youth unemployment is more than double the national rate, slightly higher than the last quarter (11 wards). This includes the wards of Rother and St Helens in Chesterfield, and Cotmanhay in Erewash, that have rates above 7.0%.

Although unemployment rates are relatively low, overall and youth unemployment levels are rising slightly. The broader requirements of Universal Credit are a significant factor in this.

Whilst there are nearly 10,000 working age people and more than 2,000 18-24 year olds in the county claiming unemployment-related benefits, the last year has seen a significant reduction in the working-age population who are economically inactive across Derbyshire. Whilst the current economic uncertainties may be playing a part in pushing more people towards the labour market, projects such as the Building Better Opportunities (BBO) programme that has been working across D2N2 for over two years are also contributing. This is supporting unemployed and economically inactive groups to become more socially included and move closer to the labour market. The project is helping to address barriers that individuals may be experiencing such as mental health conditions and support them to gain skills, confidence, greater resilience and stability.

Despite Derbyshire's employment levels being at near record highs the latest data shows that 62.0% of local firms that have recruited over the last quarter have struggled to get the people they need. Ensuring that the skills of residents locally match the needs of firms within the county's diverse economic base is essential.

The table below provides data for some of the key benefits available.

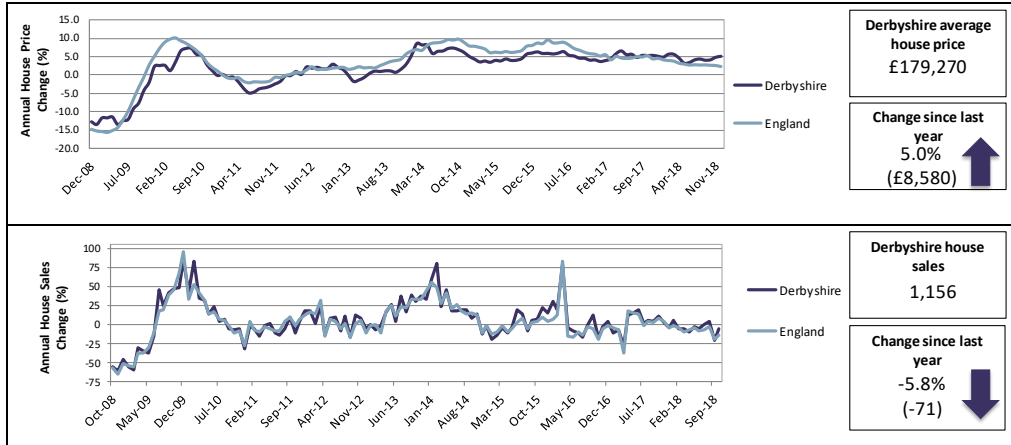
Indicator	Number	Rate (%)		Annual change		Annual trend
		Derbyshire	England	Number	%	
Individual benefits (Aug 2018 except UC and JSA/sanctions*)						
Employment Support Allowance (ESA)	28,260	5.8	5.2	-1,650	-5.5	↘
- Long term claimants (1yr or more)	25,040	88.6	88.1	310	1.3	↗
- 18 to 24 year old claimants	1,960	6.9	6.3	-400	-16.9	↘
Lone Parent Income Support (LPIS)	3,430	0.7	0.8	-540	-13.6	↘
- Long term claimants (1yr or more)	2,620	76.4	78.2	-200	-7.1	↘
- 18 to 24 year old claimants	720	21.0	19.4	-260	-26.5	↘
Personal Independence Payment (PIP)/ Disability Living Allowance (DLA)	51,096	7.8	6.9	241	0.5	↗
Universal Credit (UC)	17,593	3.6	4.2	10,637	152.9	↗
JSA/UC sanctions	83	0.0	0.0	-424	-83.6	↘
Carers allowance - working age group	11,150	2.3	2.1	770	7.4	↗
Household benefits (November 2018)						
Housing Benefit claimants	40,156	11.7	14.6	-4,873	-10.8	↘
Households affected by removal of Spare Room Subsidy	4,172	10.4	7.9	-605	-12.7	↘
- 1 Bedroom	3,438	82.4	82.0	-550	-13.8	↘
- 2 or more bedrooms	742	17.8	18.0	-47	-6.0	↘
Benefit Cap	371	0.1	0.2	-119	-24.3	↘

Source: Department for Work and Pensions (DWP)/ONS (Nomis) © Crown Copyright.

Notes: * UC February 2019 and JSA/UC sanctions October 2018

In Derbyshire, 5.8% of working age people are claiming ESA. Of these, 88.6% have been claiming ESA for over 12 months. Lone parents claiming income support make up 0.7% of the working age population, with 76.4% having claimed for more than a year. Over 20.0% are aged 18-24 with the number of young people claiming LPIS having fallen significantly over the last year locally. The number of residents 16+ claiming PIP/DLA is more than 51,000, representing 7.8% of those in this age group.

The number of UC claimants in the county has risen to 17,600, increasing by 10,600 over the last year as claimants are transferred across from other benefits. Encouragingly, over the last 12 months there has been a reduction in the number of people claiming JSA/UC who have had their benefit stopped or reduced through sanctions. There are 11,150 people locally claiming working age carers allowance, a slight increase on the year before. Over 40,000 (11.7%) Derbyshire households are claiming housing benefit, with around 4,200 affected by the removal of the spare room subsidy¹³. Around 370 households were affected by the benefit cap.



Source: UK House Price Index, ONS and Land Registry, December 2018, © Crown Copyright.

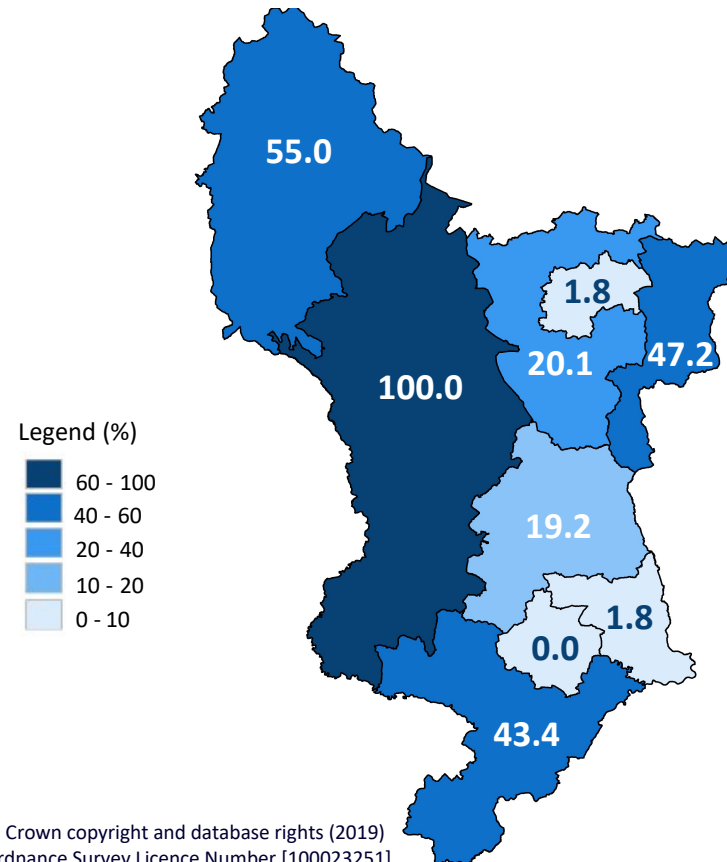
In December 2018, the average price of a house in Derbyshire was £179,270. Although this is £68,600 lower than across England, the gap is the narrowest it has been in four years. Annual house price growth in Derbyshire has been running ahead of that nationally for nearly two years and is currently 5.0%, 2.7% points higher than the England average. All districts have seen an above England rise with North East Derbyshire (14.3%) and Derbyshire Dales (7.4%) showing the greatest. Amber Valley, South Derbyshire (both 2.8%), and Bolsover (2.9%) have seen the lowest.

National annual house price growth has been falling since the Spring of 2016 with the latest figure the lowest in over six years. Slowing, and in the case of London falling, house price growth in the South and East of England is a factor. The strongest growth continues to be in the Midlands and Yorkshire. Although employment levels are high, wages are rising and interest rates low, the ongoing economic uncertainties and job insecurity are thought to be suppressing demand from potential buyers. Many buyers are adopting a wait and see approach but with fewer sellers putting their properties on the market, average house prices nationally have continued to rise in absolute terms. A recent survey by the Centre for Economics and Business Research suggested homes in cities and major towns were on the market for 102 days on average in 2018, six days longer than in 2017. Although the overall housing market nationally is subdued, the first time buyer element of the market has remained strong. Additionally, the fall in overall sales of 5.8% in Derbyshire over the last year is less than the national decline of 13.6%.

The rural economy in Derbyshire

Derbyshire is a relatively rural county with 31.9% of the population living in rural areas compared with around 23.6% across England¹⁴. The county's rural economy makes a significant contribution to wider economic output, with Derbyshire Dales and High Peak contributing £3.1 billion (20.4%)¹⁵ to the value of Derbyshire's economy. Rural communities are very different to those in more urban areas and are faced with a contrasting set of issues. This 'in-focus' outlines some of the characteristics of Derbyshire's rural economy and some of the challenges being experienced, such as the ageing population and accessibility issues, in the context of an increasingly competitive economic landscape.

% of Derbyshire districts that are classified as rural



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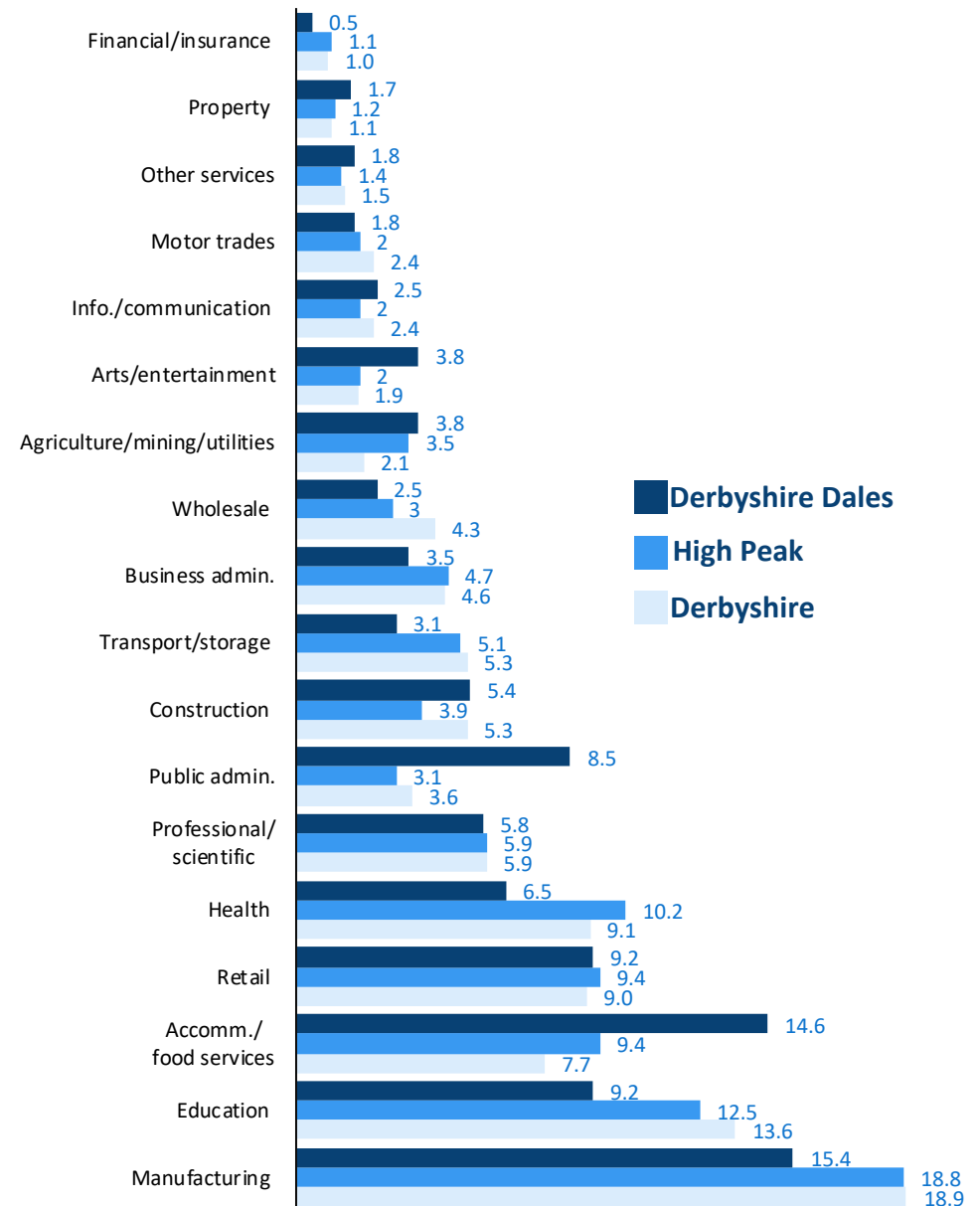
Around 245,000 (31.9%) people locally live within rural communities. Market towns including Buxton, Glossop, Matlock, Ashbourne, Wirksworth and Bakewell act as important employment and service centres. Nearly two-thirds of the combined area of Derbyshire Dales and High Peak falls within the Peak District National Park. As shown on the map opposite, all of Derbyshire Dales is identified as rural with 55.0% of High Peak being so¹⁶. Whilst these two districts are regarded as largely or mainly rural respectively, Bolsover and South Derbyshire, although described as urban, have significant rural parts too.

There are currently 8,590¹⁷ businesses in Derbyshire Dales and High Peak and levels of self employment are above the national average. Whilst this can provide flexibility in responding to economic opportunities, rural businesses can require more ongoing support in order to remain viable. A feature of Derbyshire Dales and High Peak is the greater proportion of skilled residents who work in higher-order jobs, such as accountants and science/technology professionals, that are typically located in surrounding larger conurbations such as Manchester, Sheffield, Nottingham and Derby. Internally the labour market is characterised by lower wage occupations.

In rural Derbyshire there are a range of important sectors including quarrying, manufacturing, the food and drink sector, construction as well as the recognised strength in agriculture and tourism. The chart on page 16 overleaf shows the breadth of employment opportunities across Derbyshire Dales and High Peak as well as differences between the two districts. High Peak has strength in manufacturing, with 6,000 jobs in the sector¹⁸. Manufacturing, whilst less significant in Derbyshire Dales is still important, with more than 15.4% of employment in the sector.

However, the main sector of significance relative to Derbyshire in Derbyshire Dales is Accommodation and food services, with nearly 5,000 employees in the sector, underpinning the strong visitor economy in the district. Derbyshire Dales also has a relatively large share of employment in Public administration and defence (2,800 employees), with the head offices of both Derbyshire County Council and Derbyshire Dales District Council being in Matlock. Both districts have more employment in Agriculture/mining/utilities, with 3,400 employees across the two districts reflecting the importance of farming and quarrying. Farming and the visitor economy underpin the county's rural areas and sustain wider supply chains but the rural economy extends well beyond these sectors.

Employment by sector (% 2017)



Business Register and Employment Survey, 2017, ONS © Crown Copyright.

Farming

Locally, 8.2% of businesses in the county are involved in agriculture, forestry or fishing, rising to 11.2% in Derbyshire Dales and High Peak¹⁹. The county's upland landscape means that livestock farming is important in the northern part of Derbyshire with nearly 1,000 people working in the sector²⁰. Agriculture in the southern part has greater levels of arable farming centred on larger farms. As with many sectors, farming has been going through a period of change. Despite this and the uncertainties surrounding Brexit, the sector locally is doing relatively well, particularly in livestock. However, there is more concern about the future in arable farming with the application of food standards and a greater reliance on imports being a factor.

Technological innovation and diversification are the two main drivers for ensuring that competitiveness in the sector can be maintained. Many farms in the county are utilising state of the art technology. This is helping to boost productivity and is thought to be behind a resurgence in younger workers coming into the sector, although there is some concern that it will lead to job losses. Farms are continuing to diversify to boost incomes, e.g. through visitor accommodation or food and drink production. Derbyshire's unique rural location surrounded by large urban areas has been helpful in this with captive markets in close proximity.

Tourism

The other main pillar of Derbyshire's rural economy is the visitor economy which has developed significantly over the last 15 years, the Peak District and its surroundings being one of the UK's premier destinations. Locally the sector supports 23,400 full-time equivalent jobs and in 2017 over 33m visitors came to Derbyshire, contributing more than £1.7bn to the economy²¹. Over the last five years there has been growth of £140m in visitor spend with improvement driven by day-trippers. Encouragingly the length of time that overnight visitors to the county are staying has risen. An area of recent focus for Marketing Peak District and Derbyshire (MPDD) has been to extend the season beyond the peak summer holiday period using Derbyshire's strength in food and drink to do so. This has seen greater numbers coming during February to May and October to December, contributing to an increase in spend and an increase in permanent jobs in the sector.

MPDD has also been working actively to develop international tourism. The county's

involvement in five national Discover England projects is helping to develop the range of bookable products for overseas visitors. One of these is based around walking trails nationally, for which Derbyshire is the national lead. Facilitating collaboration between accommodation providers, the food and drink sector and visitor attractions to turn more day visits into short breaks is an area of focus too. The reduced value in the pound since the 2016 referendum has made it relatively cheap to visit the UK and also encouraged more 'staycations'. It is important that the sector capitalises on the current position because any significant reversal in the exchange rate or downturn in global economic conditions could impact the sector.

Quarrying

Aggregates quarried from the High Peak and Derbyshire Dales are a resource of national significance, contributing around 7.0% towards the national supply of minerals. There are currently around 900 direct jobs in the sector across the two districts and the sector is highly productive generating around £133m in GVA²². The high costs associated with the transport of bulk aggregates mean that a significant number of jobs locally (around 550) are in firms using Derbyshire's quarried produce. Sectors utilising aggregates include construction, the manufacture of cement, lime, plaster, inorganic chemicals, glass, ceramics and stone products. There are 21 active quarries across Derbyshire Dales and High Peak. These include:

- Hope cement works run by the Breedon Group which is the UK's largest cement works
- Tunstead Quarry (Lefarge-Tarmac) which is the largest supplier of lime and lime products in the UK
- Dove Holes Quarry (CEMEX) which is a super-quarry
- Aggregate Industries which is a manufacturer of concrete landscaping products

There is high demand for locally generated aggregates for housing, commercial property and infrastructure. This demand is likely to continue with a range of national transport infrastructure projects, including HS2. However there are some issues for the sector including the efficiency of the road and rail network in delivering products, and the need to make the sector attractive to younger workers. The lack of affordable housing in parts of rural Derbyshire is likely to make this more difficult.

Manufacturing

In rural Derbyshire, there is significant employment in manufacturing and engineering with 11,000 manufacturing jobs in the Derbyshire Dales and High Peak²³. For example Tideswell Welding Services Ltd. in the Derbyshire Dales focuses on quarry and heavy plant engineering maintenance, employing a mix of lower skilled and skilled workers. Buxoplas Manufacturing in Derbyshire Dales produces high quality plastic goods such as innovative piping systems for industry in the UK and within Europe. Both of these firms are investing and growing. Other manufacturers in rural areas include²⁴:

- H.J. Enthoven which recycles lead in Matlock
- John Smedley near Cromford which makes high quality clothing
- Moy Park Manufacturing in Ashbourne which is a poultry producer
- Arconic Engines in Darley Dale, a producer of aero engine and gas turbine parts
- William Twigg Engineering in Matlock which is a steel fabricator
- Zanogen Manufacturing in Bakewell which manufactures industrial knives and blades
- HL Plastics Limited in Belper which designs and makes uPVC products
- Matthew Walker in Belper, a leading producer of Christmas puddings
- Breasley Foam in Wirksworth which is The UK's Largest Independent Foam and Bedding Manufacturer
- Harrington Generators in Wirksworth manufacturing high quality power equipment

The manufacturing sector in Derbyshire Dales and High Peak contributes £640m to national GVA, 18.5% of the county's manufacturing output²⁵. The development of HS2 through Derbyshire has the potential to create jobs for rural residents as well as opportunities for rural manufacturers to be involved in the supply chain.

Food and drink production

Derbyshire's rural economy has strength in food and drink production with many firms having diversified from agriculture. Food and drink producers include firms operating in the brewing industry such as Peak Ales and Thornbrigde Brewery, or dairy based producers such as Hartington Creamery Ltd. or Laura's Dairy near Tideswell which produces yoghurt. High density urban areas within close proximity of

rural Derbyshire offer huge market potential. However, one of the barriers to selling more products is in scaling-up production to match growth in demand.

Construction

Derbyshire's construction sector is vital to supporting a dynamic and growing county economy. The sector provides employment for 15,500²⁶ people and many of these are based in rural areas with the proximity of minerals and aggregate producers a factor. Construction firms range from the nationally recognised Bowmer and Kirkland based in Belper to smaller firms such as Ashbrook Roofing Supplies in Darley Dale which has been investing to improve productivity and job opportunities in the area.

Opportunities and challenges facing Derbyshire's rural economy

Over the last ten years, the number of older residents living in rural areas has risen. Whilst this has increased the affluence of localities, it is also putting further pressure on health and other services. The changes are set to continue across Derbyshire Dales and High Peak with the population aged 65 and over being forecast to increase by nearly 50.0% over the next 25 years. However, the working age population is set to decline by more than 10.0%²⁷ over the same period. The delivery of care in rural areas is therefore going to be a growing challenge. This is likely to be magnified by the difficulty of attracting workers to the health and social care sector where many jobs are relatively low paid and where distances between service users can be large.

Rural isolation can be an issue for some rural residents. Nationally it is estimated that people in rural areas travel on average 54.0% further than their urban counterparts in their daily lives²⁸. Additionally across rural Derbyshire Dales and High Peak 13.3% of households do not have access to a car or van²⁹, above the national figure of 11.8%. Connectivity, problems reaching markets and higher costs of delivery can all impact on a rural communities' ability to increase productivity. The relative remoteness of rural localities can also make it more difficult for businesses to learn from their competitors or limit their ability to track emerging market opportunities and trends.

It can be difficult for people to access affordable housing in rural communities with median house prices in Derbyshire Dales 47.0% higher than the Derbyshire average and those in High Peak 10.6% higher³⁰. This can impact on the availability of the diverse labour supply needed to make the rural economy as strong as possible. The

high quality landscape of the Peak District makes the area attractive to people wanting second homes but can put pressure on housing supply. However, housing development is planned or taking place to create opportunities for people to live in rural towns and villages, such as in Ashbourne and Wessington. Ensuring that these are matched by sufficient infrastructure and facilities is important in being able to help make communities attractive to potential workers as well as sustainable.

The median weekly earnings in Derbyshire Dales and High Peak by workplace are more than 13.0% lower than the England average³¹. Whilst out-commuting of residents from many of Derbyshire's rural areas into high value jobs outside of the county boosts the earnings levels, it also masks the low wages earned by some people. Ensuring that there are more successful, higher value and productive companies operating in rural areas could lead to higher wages. Access to training opportunities in rural areas will need to underpin the development of more good quality jobs.

Supply chains are a vital part of economies. Making more efficient use of local supply chains can help firms across the breadth of rural sectors gain competitive advantage by saving on transport costs for example. Brexit may offer opportunities for local businesses through strengthened local markets and export opportunities but it may also result in weakening within some sectors. Agriculture is an area where future trading relations could possibly have a negative impact, and any reduction in the pool of available EU workers may impact on recruitment and also lead to rising costs.

Boosting the degree of business to business interaction locally as well as stimulating the consumer market for local products in Derbyshire can help firms to be more successful. There are thought to be many small rural businesses making products such as furniture, ceramics and jewellery that are selling their products to other parts of the UK or overseas and there may be scope to further boost local markets.

Broadband connectivity is an issue in many rural areas. A recent report from the Prince's Countryside Fund 'Recharging Rural' identified poor broadband and mobile phone coverage as one of the main barriers to rural economic growth. In England's rural areas 15.0% of households and businesses are unable to access a broadband connection with the 10M bps download speed that Ofcom considers necessary for everyday online tasks. Recent figures from Think Broadband shows that access to superfast broadband (>24Mbps) is also an issue and in Derbyshire Dales (85.0% coverage) and High Peak (93.1%) fewer premises have access than across England

(96.2%). The advancement in digital technology offers the potential to expand services and employment opportunities outside of the traditional employment hubs. Much work is going on across the Council and partners through the Digital Derbyshire programme to improve rural broadband access and help this to happen.

Conclusion

The rural economy in the UK has transformed over the years and is now dynamic and diverse, contributing substantial added value to the national economy. However, there are a range of challenges to ensuring that its full potential can be realised. In support of this the House of Lords has drawn together a Rural Economy Committee to gather evidence and report back. At a local level the Derbyshire Rural and Farming Network is in the process of identifying the priorities for the rural agenda locally for the coming years. Recently the rural economy has been supported by European Union programmes such as LEADER which has achieved success in the county. However, Brexit is likely to have an impact on funding for rural areas. Whilst the emerging Shared Prosperity Fund will address the UK gap from the loss of EU funding, there is concern the scope of this may be more limited. Additionally there is a worry that urban areas may attract disproportionately more of the funding and that rural counties such as Derbyshire may lose out.

There is potential for the rural economy in Derbyshire to capitalise on its geographic central location and large neighbouring urban centres. Derbyshire's rural economy is diverse, and whilst farming and the visitor economy are key foundations, there are other crucial rural sectors. Building on sector strengths through investment in sites, premises, transport and broadband is important as is improving access to training to enable more higher level employment opportunities. There is also the need to provide more affordable housing to ensure there are enough key workers to deliver rural services. The funding dynamic is changing and partners locally are determined to work collaboratively to ensure that Derbyshire's rural communities benefit as fully as possible from the future funding arrangements. This analysis of the rural economy will be helping to shape the work of the Derbyshire Rural and Farming Network and other partners in the months ahead as they develop their priorities and plans.

- ¹Data for Derbyshire in the review does not include Derby City unless otherwise stated.
- ²Gross Domestic Product (GDP), Quarter 4 2018, Office for National Statistics (ONS) © Crown Copyright, and Economic Indicators Spring Statement 2019, House of Commons Library.
- ³Statistical Bulletin, UK Trade, December 2018, ONS © Crown Copyright.
- ⁴Statistical Bulletin, Consumer Price Inflation (CPI), January 2019, ONS © Crown Copyright.
- ⁵Monetary Policy Committee Decision, February 2019, Bank of England.
- ⁶Quarterly Economic Survey, Quarter 4 2018, East Midlands Chamber of Commerce.
- ⁷Derbyshire Economic Partnership, 2018-2019.
- ⁸The employment rate is the percentage of the working age population (age 16-64) who are employed.
- ⁹The economic activity rate is the percentage of the working age population (age 16-64) who are employed or International Labour Organisation (ILO) unemployed.
- ¹⁰ILO unemployment is regarded as the official measure of unemployment. It has a much wider definition than the claimant count of unemployment and includes people who are out of work and claiming Jobseekers Allowance or Universal Credit (UC) as well as those who are actively looking for work but not necessarily claiming unemployment related benefits. The ILO defines the unemployed as people who are without work, are available to start work within the next two weeks, and have actively sought work within the previous four weeks. This is used in the Annual Population Survey and is not compatible with claimant count unemployment.
- ¹¹Claimant count unemployment is derived from administrative data generated by the system of benefits paid to people who are out of work. It is a different definition and measure of unemployment than the ILO unemployment noted above. Additionally, claimant count unemployment published by the ONS now includes Universal Credit claimants as well as Jobseekers Allowance claimants. This is now the headline measure of unemployment. Data for the youth unemployment rate is based on the Claimant Count and that for long-term unemployment is still based on Jobseekers Allowance claimants.
- ¹²Youth unemployment relates to people aged 16-24. The rates at ward level are unofficial and have been calculated using population figures from the Mid-Year Population Estimates published by ONS.
- ¹³Housing benefit spare room subsidy is shown as a % of those households claiming housing benefit.
- ¹⁴Rural-Urban Classification of Local Authority Districts, 2011, DEFRA and ONS © Crown Copyright.
- ¹⁵Regional Gross Value Added (Balanced) by Local Authority, 2017, ONS © Crown Copyright.
- ¹⁶Rural-Urban Classification of Local Authority Districts, 2011, DEFRA and ONS © Crown Copyright.
- ¹⁷UK Business Counts, 2018, ONS © Crown Copyright.
- ¹⁸Business Register and Employment Survey, 2017, ONS © Crown Copyright.
- ¹⁹UK Business: Activity, Size and Location, 2018, ONS © Crown Copyright.
- ²⁰Business Register and Employment Survey, 2017, ONS © Crown Copyright.
- ²¹STEAM data, 2017, Global Tourism Solutions (UK).
- ²²Minerals and Aggregate Extraction in High Peak and Derbyshire Dales, A Sector Benefits Study, July 2017, High Peak Borough Council.
- ²³Business Register and Employment Survey, 2017, ONS © Crown Copyright.
- ²⁴Derbyshire Market Towns Project, August 2018, Fourth Street Place Consultants Ltd.
- ²⁵Regional GVA by Local Authority, 2017, ONS © Crown Copyright.
- ²⁶Business Register and Employment Survey, 2017, ONS © Crown Copyright.
- ²⁷Sub-national Population Projections (2016 base), 2018, ONS © Crown Copyright.
- ²⁸It's time for a Rural Strategy, 2019, Rural Services Network.
- ²⁹2011 Census, Table QS416EW, Car or van availability, ONS (Nomis) © Crown Copyright.
- ³⁰UK House Price Index, ONS and Land Registry, December 2018, © Crown Copyright.

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