

# Quarterly Economic Briefing

## December 2011

@ econdev@warwickshire.gov.uk

Produced by Warwickshire County Council, Warwickshire Observatory

Inside...

Chancellor's Autumn  
Statement- a summary  
Youth Unemployment  
Local & national update  
Regional Growth Fund

## Welcome

Welcome to the Quarterly Economic Briefing, produced by Warwickshire County Council. It aims to give an overview of the broader economic outlook as well as covering aspects of the local economy of Coventry and Warwickshire. We look forward to hearing your comments, please email us at [econdev@warwickshire.gov.uk](mailto:econdev@warwickshire.gov.uk)

## Local News

Unanimous backing has been given by councillors to MIRA's £300m development plans for a world class engineering, research and testing facility on the outskirts of **Nuneaton**.

PowerKut – based in **Bayton Road, Exhall** has managed to secure more than £650k in investment after landing major new contracts.

Department for Communities & Local Government has approved £3.5m ERDF for the Coventry to Nuneaton Rail Upgrade (NUCKLE Phase 1) subject to confirmation of the Department for Transport (DfT) major schemes funding. A decision from DfT is due before the end of the year.








At the Housebuilders Awards 2011, Barratt Mercia's Bluebell development part of the regeneration of Camp Hill in **Nuneaton** was crowned the best of its kind in the country.

100 in 100 Days Apprenticeship Challenge - last month the CWLEP backed by the Coventry Telegraph launched the ambitious challenge with a call for firms to take on 100 apprentices in just 100 days. The scheme has already attracted an overwhelming amount of support across the region - with 25 firms signing up to take part. The campaign, which was announced at the recent CWLEP Annual Conference will work with the National Apprenticeship Scheme to tackle the rising levels of unemployment.

## In the Fast Lane

The UK car manufacturing's turnover rose 20 per cent, to £49 billion in 2010 according to the Society of Motor Manufacturers and Traders recent report. Output was up by 27.8 per cent, while the number of vehicles exported was up 31 per cent. And last year saw new automotive apprenticeships up nine per cent adding to the 737,000 jobs in the sector.

## At a Glance

		Direction Previous Quarter
GDP	0.1% (Q2)	 -0.3%
Retail Sales	101.2 (Nov 11)	 -0.4
Index of Production	91.3 (Oct 11)	 -0.2
Index of Manufacturing	95.3 (Oct 11)	 -0.7
Index of Services	100.2 (Sept 11)	 +0.4
Inflation (PI)	4.8% (Nov 11)	 -0.2
Claimant Count (Coventry & Warks)	18,500(Nov 11)	 -615

# Quarterly Economic Briefing

## December 2011

@ econdev@warwickshire.gov.uk

Produced by Warwickshire County Council, Warwickshire Observatory

### Autumn Statement

The Chancellor, George Osborne last week presented his autumn statement to the House of Commons. The key points are outlined below;

**ECONOMIC FORECAST** - the 2011 economic forecast was revised down to 0.9% from 1.7% and the 2012 forecast revised down to 0.7% from 2.5%.

**GOVERNMENT BORROWING** - there will be an extra £100bn in borrowing over four years. The borrowing forecast will be £127bn in 2011-2, falling to £120bn, £100bn, £79bn and £53bn in following years.

The debt to GDP ratio will peak at 78% in 2014-5, falling afterwards.

**TAXES & BENEFITS** - the planned 3p fuel duty rise in January to be scrapped. August 2012 duty rise reduced from 5p to 3p

Benefit payments uprated by 5.2% next year, in line with inflation

Basic state pension to rise by £5.35 to £107.45, pension credit to rise by £5.35

Below-inflation increase in some working tax credits

Above-inflation £110 rise in the child element of the child tax credit scrapped

**BUSINESS-** Credit easing programme to underwrite up to £40bn in low-interest loans to small and medium-sized firms,

Regional Growth Fund to get £1bn in extra funding,

£250m support package for energy-intensive firms

Business rate holiday relief for small firms to be extended to April 2013

Bank levy to be increased in January

**EDUCATION AND FAMILIES-**

£1.2bn spending on school buildings. Cash for 100 additional free schools

Childcare places for most deprived two-year-olds in England doubled to 260,000

**TRANSPORT -** Rise in regulated rail fares to be capped at 6.2% in January 1% above inflation - down from 8.2%

**HOUSING -** Mortgage indemnity scheme to help up to 100,000 people buy homes with 5% deposit.

£400m scheme to kick-start stalled construction projects in England

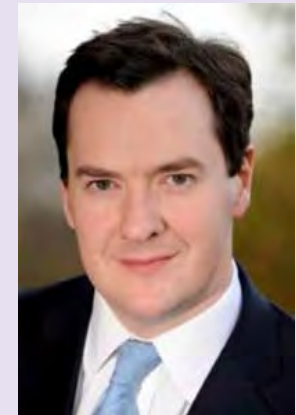
50% discount for social tenants wanting to buy their own homes

**INFRASTRUCTURE SPENDING -**

£5bn new spending over three years, including £1bn for the rail network

Go-ahead for 35 road and rail projects across England, including additional Highways Agency improvement schemes to **A45/A46 & A453 (Toll Bar End) and**

**M1/M6 intersection**



Chancellor of the Exchequer:  
Rt Hon George Osborne MP



# Quarterly Economic Briefing

## December 2011



econdev@warwickshire.gov.uk

Produced by Warwickshire County Council, Warwickshire Observatory

### Portas Report - Key Recommendations

Retail expert Mary Portas has released her government commissioned review of Britain's high streets. More than 25,000 shops have closed since the millennium and Portas described the situation in the starkest of terms: "Many [high streets] are sickly, others are on the critical list and some now are dead," she said following a seven-month investigation into the future of the high street. "They have reached a crisis point. Unless urgent action is taken much of Britain will lose, irretrievably, something that is fundamental to our society."

The review proposes the creation of a 'minister for shops' in its 28 recommendations. Other key points include;

- Town teams to run town centres like a business with a management team comprised of landlords, shopkeepers, council representatives and residents.
- National Market Day to drum up interest in markets and reduce regulations so that more people can become market traders.
- An out-of-town veto giving ministers an "exceptional sign-off" on new out-of-town developments.
- Betting shops should have their own planning label so their expansion can be tracked more closely. They are currently classed as "financial and professional services".
- Penalise landlords for leaving stores empty.
- Business rate concessions to offer the same discount given to charity shops to retail startups and small businesses.
- Free controlled parking should be set up by local authorities, with a league table to make charges transparent.
- Major retailers should report on their support of local high streets in their annual report.
- Cut red tape to make it easier for high streets to prosper.



Rugby Town Centre

### Growing Places Fund

Last month the Government announced the Growing Places Fund allocations - the CWLEP have access to **£8.5 million**. The Fund has 3 overriding objectives:

- 1, to generate economic activity in the **short term** by addressing **immediate** infrastructure & site constraints & to promote the delivery of jobs & housing;
- 2, to allow Local Enterprise Partnerships to prioritise the **infrastructure** they need, empowering them to deliver their economic strategies;
- 3, to establish sustainable **revolving funds** so that funding can be reinvested to unlock further development, and leverage private investment.

Warwickshire County Council is to act as the accountable body and will manage the fund on behalf of the CWLEP.

# Quarterly Economic Briefing

## December 2011



Econdev@warwickshire.gov.uk

Produced by Warwickshire County Council, Warwickshire Observatory

### Youth Unemployment

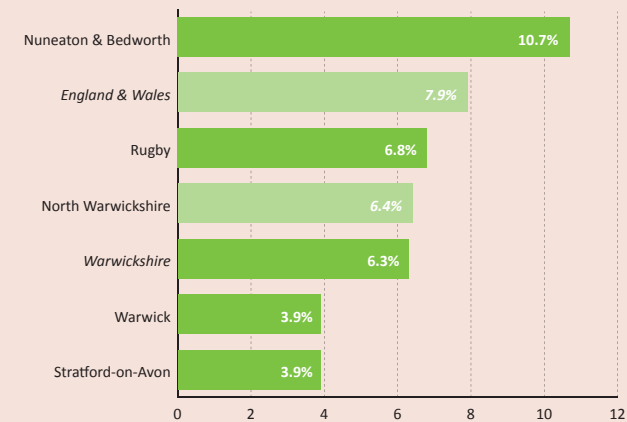
Youth unemployment has been in the national headlines in recent weeks, with more than one million people aged 16 to 24 unemployed across the UK in September 2011. The government has announced significant funding to support a new 'youth contract scheme' aimed at tackling the issue.

The number of young people aged 18 to 24 claiming Jobseekers' Allowance in Warwickshire (a different measure to that usually quoted in the media) is currently around 2,700. This translates as 6.3% of all 18 to 24 year olds in the county, which is lower than the national claimant rate of 7.9%.

The Warwickshire Observatory's Quality of Life 2011/12 Report highlighted the persisting (and often increasing) inequalities that exist across Warwickshire. Youth unemployment typifies this; our most recent analysis demonstrates that the percentage of 18 – 24 year olds claiming Jobseekers' Allowance varies considerably across the county, with rates as high as 18% in some wards but less than 1% elsewhere in the county. Furthermore, seven of the ten highest youth unemployment rates are located in Nuneaton & Bedworth Borough. Conversely, eight of the ten lowest rates are in Stratford-on-Avon District.

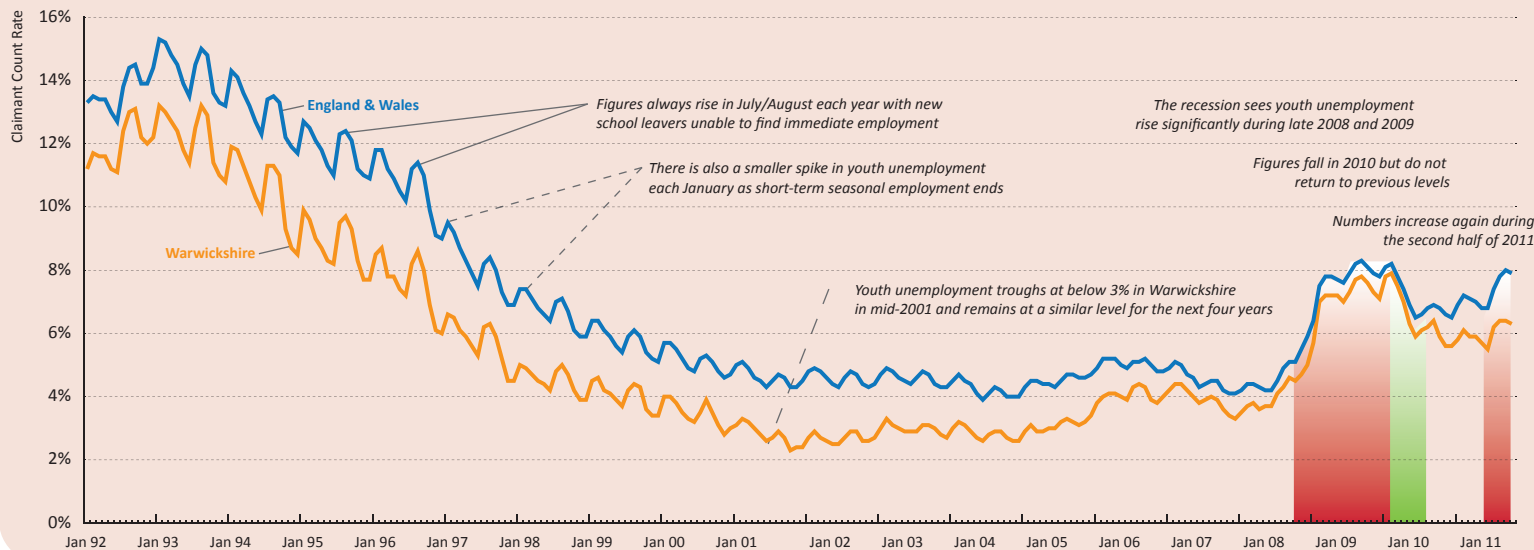
For more information, please visit <http://www.warwickshireobservatory.org/>

Percentage of 18-24 year olds claiming Jobseekers' Allowance, Oct 2011

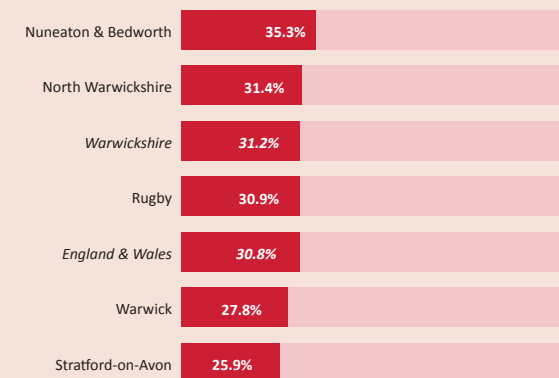


The youth unemployment rate in Nuneaton & Bedworth Borough is nearly three times the rate in Stratford-on-Avon and Warwick Districts

Percentage of 18-24 year olds claiming unemployment-related benefits, 1992 - 2011



Percentage of people claiming Jobseekers' Allowance that are aged 18-24, Oct 2011



More than one in three people claiming Jobseekers' Allowance in Nuneaton & Bedworth Borough is aged 18 - 24. In Stratford-on-Avon District, the comparative ratio is one in four.

# Quarterly Economic Briefing

December 2011

@ econdev@warwickshire.gov.uk

Produced by Warwickshire County Council, Warwickshire Observatory

## National Overview - Strong headwinds & choppy waters

Much has been made recently of the 'headwinds' that are buffeting the UK economy, particularly the Euro-zone debt crisis and the even greater impact that this might have if European governments fail to contain and address the problem. Problems within the euro-zone were singled out for blame in the Chancellor's Autumn Statement and the reason why the UK's growth forecasts have been significantly downgraded.

However to expand the analogy, the overall state of the ship facing these headwinds does not appear to be in great shape. The continued squeeze on household incomes (the Institute for Fiscal Studies predicts real incomes will be no higher in 2015 than they were in 2002) is constraining domestic demand and hurting the service sector; while falling demand in the rest of the world and weak business confidence (and continued lack of credit) is reducing investment and output in production and manufacturing industries.

The new growth forecasts set out by the Office for Budget Responsibility are low and fairly gloomy. Unfortunately most economic commentators conclude that they are probably not gloomy enough and the bounce back in 2013/14 onwards is highly optimistic. A double dip recession is looking increasingly likely and prolonged period of weak and low growth is anticipated.

**++STOP PRESS++STOP PRESS++STOP PRESS++STOP PRESS++**

## Coventry and Nuneaton Rail Upgrade

The Department of Transport this week announced funding of £9.8m to support the Coventry -Nuneaton Rail Upgrade (formerly known as NUCKLE), this along with grant funding from the ERDF, means that the rail service enhancements and two new stations on the Coventry to Nuneaton railway line can now go ahead. Work is planned to start in December 2012 and is expected to be completed December 2013.

### Disclaimer

This report has been prepared jointly by Warwickshire County Council Sustainable Communities Division and Warwickshire Observatory, with all reasonable skill, care, and diligence.

We accept no responsibility of any nature to any third parties to whom this profile, or any part thereof, is made known. Any such party relies on the report at their own risk.

## Useful Websites

Latest news on the Coventry & Warwickshire Local Enterprise Partnership, can be found at [www.cwlep.com](http://www.cwlep.com)

Facts about Coventry contains a wide range of statistical data and performance information about Coventry and its people, [www.facts-about-coventry.com](http://www.facts-about-coventry.com)

Warwickshire Observatory, can be found at [www.warwickshireobservatory.org](http://www.warwickshireobservatory.org)

The Coventry and Warwickshire Chamber of Commerce can be found at [www.cw-chamber.co.uk](http://www.cw-chamber.co.uk)

Global economic data and labour market statistics can be found at [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

## Contact Us

Email:

[Davidhill@warwickshire.gov.uk](mailto:Davidhill@warwickshire.gov.uk)

[Tessafray-smith@warwickshire.gov.uk](mailto:Tessafray-smith@warwickshire.gov.uk)

Phone: 01926 418603/418027