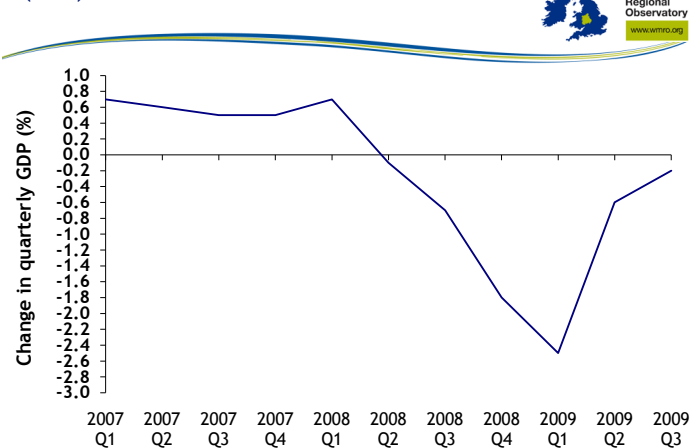


# Briefing paper – January 2010

## The economic downturn: Impact on the Rural Regeneration Zone (RRZ)

### UK and regional trends

Change in quarterly UK Gross Domestic Product (GDP)

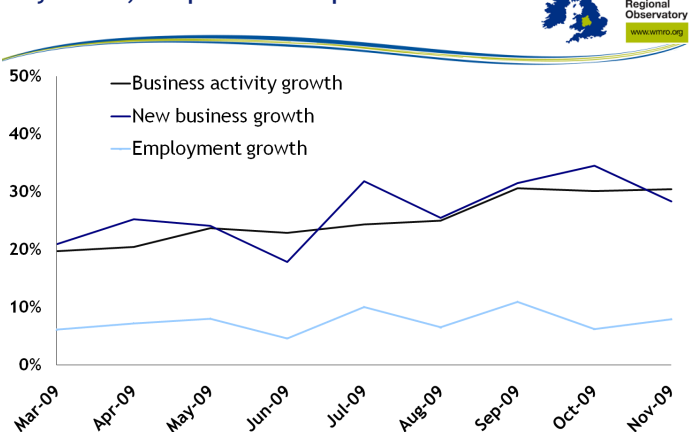


Source: Office for National Statistics

#### Tentative signs of an upturn in the economy

The UK's Gross Domestic product contracted for the sixth consecutive quarter - dropping by 0.2% in quarter 3 of 2009. However the decrease was less stark than the previous quarter when GDP contracted by 0.6%. (Source: Office for National Statistics)

West Midlands' businesses experiencing growth by month, compared to the previous month



Source: West Midlands Purchasing Managers' Index

#### Improvements in business growth

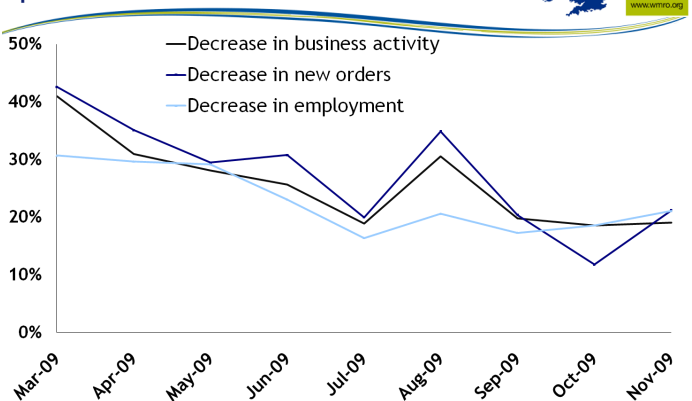
The proportion of West Midlands businesses experiencing an increase in business activity improved most between August and September this year and has since remained stable at around 30%.

Fewer businesses reported an increase in new business in November (28.3%) than the previous month (34.5%), but more businesses reported an increase than earlier in the year.

More businesses reported an increase in employment in November (7.9%) compared to the previous month (6.2%), and earlier in the year.

(Source: West Midlands Purchasing Managers Index)

West Midlands' businesses experiencing a decline in growth by month, compared to the previous month



Source: West Midlands Purchasing Managers' Index

#### Fewer businesses are in decline

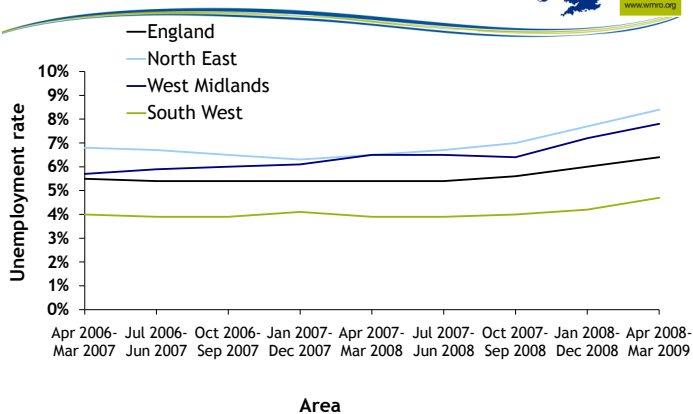
The proportion of businesses reporting a decrease in business activity in November (19.1%) was nearly half the figure reported in March (41%).

More businesses reported a drop in new business in November (21.2%) than the previous month (11.8%), but this figure was much lower than earlier in the year.

More businesses also reported a decrease in employment in November (21.1%) than the previous month (18.6%), but fewer businesses reported a decrease in employment than earlier in the year.

(Source: West Midlands Purchasing Managers Index)

### Working age unemployment rate by region



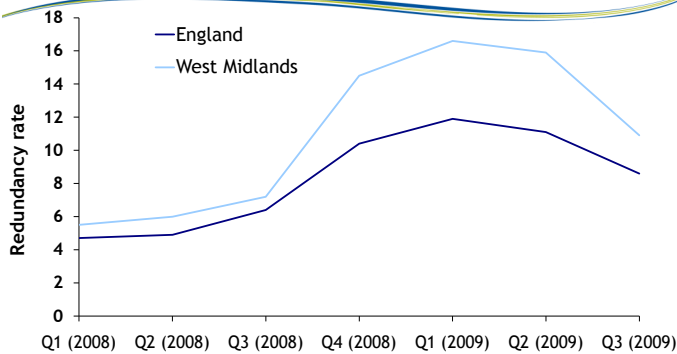
Source: Annual Population Survey - residence based

### West Midlands' unemployment remains high

The West Midlands unemployment rate remains higher than the national average. West Midlands' unemployment has been second highest in England since April 2006 - March 2007. The North East has the highest unemployment rate.

In contrast the South West unemployment rate has remained lowest.  
(Source: Annual Population Survey)

### West Midlands' redundancies made per 1,000 employees compared to England



\*Redundancy rates for the North East for Q2 and Q3 of 2009 are not available because the data is not reliable.

Source: ONS Labour Force Survey

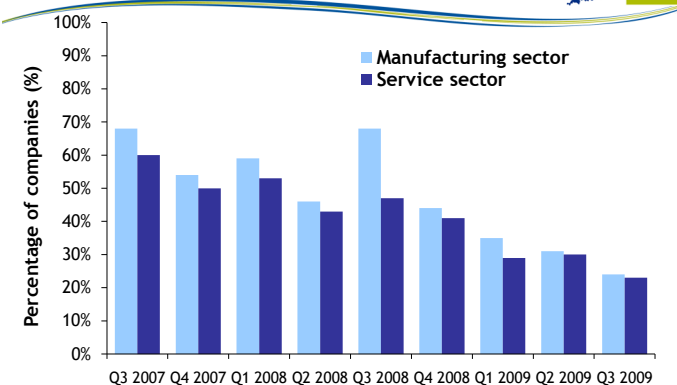
### The West Midlands redundancy rate has dropped

The number of redundancies made in the West Midlands dropped from 15.9 per 1,000 employees in quarter 2 (April to June) of 2009 to 10.9 per 1,000 employees in quarter 3 (July to September).

Despite this, the West Midlands redundancy rate (10.9 redundancies per 1,000 employees) is the second highest in England and remains higher than the English average (8.6 redundancies per 1,000 employees). (Source: ONS Labour Force Survey)

In addition, 2,797 redundancies were notified in the region in October 2009, which was double those recorded in September. (Source: Jobcentre Plus)

### Proportion of West Midlands' companies who have had recruitment difficulties by sector



Source: Chamber of Commerce survey

### Recruitment problems persist

Despite high levels of unemployment many companies are struggling to find people with the skills, experience and qualifications they require.

While the proportion has fallen during the recession in the 3rd quarter of 2009 more than 20% of both manufacturing and service sector firms looking to recruit were still encountering difficulties.  
(Source: Chamber of Commerce Survey)

### West Midlands recession monitoring

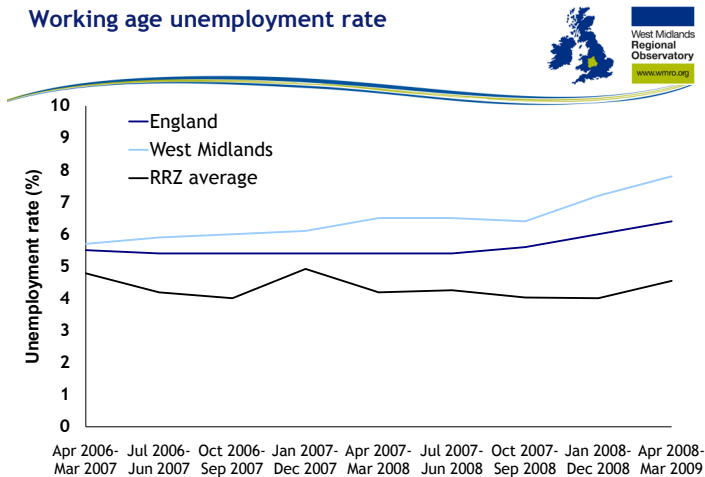
Further intelligence on the impact the recession is having on the West Midlands is available from [Advantage West Midlands' economic updates](#).

### Rural recession monitoring

Further intelligence on the impact the recession is having on rural areas is available from the [Commission for Rural Communities recession monitoring reports](#).

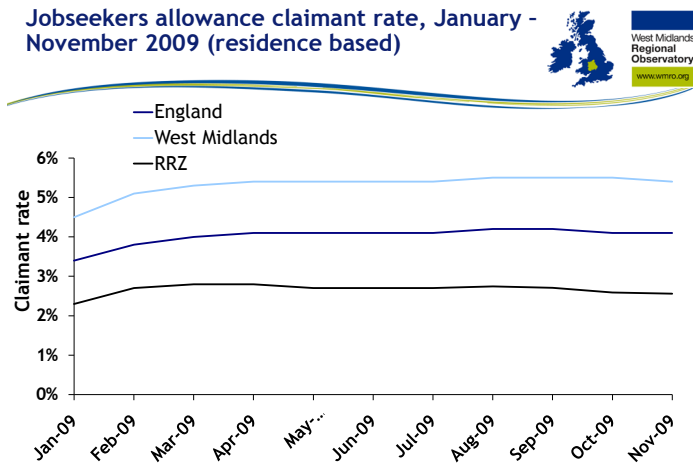
## RRZ trends

### Working age unemployment rate



Source: Annual Population Survey - residence based

### Jobseekers allowance claimant rate, January - November 2009 (residence based)



Source: Department for Work and Pensions claimant count

#### RRZ unemployment remains lower than the region or England

Unemployment increased in all RRZ authorities, apart from Bridgnorth and Shrewsbury and Atcham between January 2008 - December 2008 and April 2008 - March 2009. However, the average unemployment rate in the RRZ (4.5%) remained lower than the nation (6.4%) or region (7.8%) over this period.

Over April 2008 - March 2009, Wyre Forest had the highest unemployment rate (7.4%). Malvern Hills and Oswestry the lowest (3.3%) (source: Annual Population Survey).

Over April 2008 - March 2009 unemployment was lower in: Bridgnorth, Malvern Hills, Oswestry and South Shropshire, than a year ago. However, it was higher in: Herefordshire, North Shropshire, Shrewsbury and Atcham and Wyre Forest than last year.

#### RRZ claimant rates remain lower than the region or England

Claimant rates peaked this year and are beginning to improve in all RRZ authorities. Between October and November 2009 claimant rates dropped in: Herefordshire, Malvern Hills, North Shropshire, and Oswestry. Claimant rates remained stable in the other authorities over this period: Bridgnorth, Shrewsbury and Atcham, South Shropshire, and Wyre Forest.

Claimant rates in all RRZ authorities remained lower than the regional average throughout 2009. This is positive news - indicating that the RRZ has avoided the worst impacts of the recession.

Wyre Forest had the highest claimant rate during 2009 (4.5% in November) and South Shropshire had the lowest (2.3% in November).

Tables 1 and 2 show how claimant rates and numbers have changed over 2009. (Source: Department for Work and Pensions claimant count)

**Table 1: Number of Job seekers Allowance claimants during 2009 by month**

Area	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
West Midlands	146,790	166,448	173,067	178,108	177,467	176,625	177,764	181,511	182,389	179,907	176,696
RRZ	4,553	5,354	5,547	5,583	5,429	5,374	5,287	5,426	5,355	5,122	5,059
Bridgnorth	656	823	871	872	878	875	837	844	812	778	775
Herefordshire	2,550	2,957	3,077	3,038	3,054	3,056	3,009	3,064	3,003	2,831	2,693
Malvern Hills	820	993	1,010	1,054	1,022	1,079	1,090	1,125	1,111	1,047	1,017
North Shropshire	910	1,005	1,048	1,083	1,047	1,028	1,050	1,061	1,058	1,041	1,008
Oswestry	750	871	890	911	855	829	824	837	850	830	816
Shrewsbury and Atcham	1,347	1,641	1,747	1,751	1,746	1,716	1,736	1,741	1,642	1,650	1,665
South Shropshire	476	540	566	574	560	547	550	574	560	537	534
Wyre Forest	2,278	2,565	2,586	2,610	2,652	2,705	2,628	2,635	2,624	2,627	2,617

**Table 2: Job seekers Allowance claimant rates during 2009 by month**

Area	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
West Midlands	4.5	5.1	5.3	5.4	5.4	5.4	5.4	5.5	5.5	5.5	5.4
RRZ	2.3	2.7	2.8	2.8	2.7	2.7	2.7	2.7	2.7	2.6	2.6
Bridgnorth	2.1	2.7	2.8	2.8	2.9	2.9	2.7	2.8	2.7	2.5	2.5
Herefordshire	2.5	2.9	3	2.9	3	3	2.9	3	2.9	2.7	2.6
Malvern Hills	2	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.5	2.4
North Shropshire	2.6	2.8	3	3.1	3	2.9	3	3	3	2.9	2.8
Oswestry	3.1	3.6	3.7	3.8	3.6	3.5	3.4	3.5	3.5	3.5	3.4
Shrewsbury and Atcham	2.4	2.9	3.1	3.1	3.1	3	3	3	2.9	2.9	2.9
South Shropshire	2	2.3	2.4	2.5	2.4	2.4	2.4	2.5	2.4	2.3	2.3
Wyre Forest	3.9	4.4	4.4	4.4	4.5	4.6	4.5	4.5	4.5	4.5	4.5

**More claimants in 2009 than previous years**

Table 4 shows that Jobseekers Allowance claimant rates were higher in November 2009 than any other November since 2005. They were at least a third higher in November 2009 than November 2008 in all RRZ authorities.

Despite this, claimant rates in all RRZ authorities remain below the regional average. On average 2.6% of working age people claimed Jobseekers Allowance across the RRZ compared to 4.5% in the region in November 2009.

**Table 3: Job seekers Allowance claimants, 2005-2009**

Area	Nov 2005	Nov 2006	Nov 2007	Nov 2008	Nov 2009
West Midlands	97,514	106,375	93,898	121,455	176,696
RRZ	2,550	2,663	2,525	3,536	5,059
Bridgnorth	344	403	388	505	775
Herefordshire	1,580	1,520	1,335	1,948	2,693
Malvern Hills	433	492	450	622	1,017
North Shropshire	438	544	538	733	1,008
Oswestry	404	421	416	588	816
Shrewsbury and Atcham	860	928	724	1,048	1,665
South Shropshire	283	264	261	376	534
Wyre Forest	1,140	1,166	1,062	1,581	2,617

**Table 4: Job seekers Allowance claimant rates (%), 2005-2009**

Area	Nov 2005	Nov 2006	Nov 2007	Nov 2008	Nov 2009
West Midlands	3.0	3.2	2.9	3.7	5.4
RRZ	1.3	1.3	1.3	1.8	2.6
Bridgnorth	1.1	1.3	1.3	1.7	2.5
Herefordshire	1.5	1.5	1.3	1.9	2.6
Malvern Hills	1.0	1.2	1.1	1.5	2.4
North Shropshire	1.3	1.5	1.5	2.1	2.8
Oswestry	1.7	1.8	1.7	2.5	3.4
Shrewsbury and Atcham	1.5	1.6	1.3	1.8	2.9
South Shropshire	1.2	1.1	1.1	1.6	2.3
Wyre Forest	1.9	2.0	1.8	2.7	4.5

#### Negative local news

- In November 2009, the Dairy House announced that it will close its dairy products business in Herefordshire with the loss of up to 30 jobs.
- In October 2009, Bulmers in Herefordshire announced that 65 jobs will be cut.

#### Positive local news

- In November 2009, Big Green Book announced that it will recruit up to 20 staff at its environmental business network in Oswestry over the next year.
- In November 2009, Alworths Ltd is set to move to vacant premises that were previously occupied by Woolworths in Evesham, which will create 32 jobs.
- In September 2009, Universal Beverages said it will create up to 35 jobs at its factory in Ledbury, as it develops a new canning line.
- In September 2009, Bishop's Castle Biomass Power won permission to build a new £5 million wood chip-fuelled burner in Shropshire.

For further information, please contact:  
[Naomi Winchurch](#)  
Research Team  
[Naomi.winchurch@wmro.org](mailto:Naomi.winchurch@wmro.org)