



June 2024

Norwich Economic Barometer



NORWICH
City Council

Norwich Economic Barometer – June 2024

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Business news

Economy

- UK public sector borrowing was higher than expected in June, according to the Office for National Statistics (ONS). Borrowing (the difference between public sector spending and income) was £14.5bn in June. That was £3.2bn less than in June 2023, and the lowest June borrowing since 2019, but higher than the £11.6bn forecast by the Office for Budget Responsibility. The year-on-year drop was fuelled by higher tax revenues and lower spending from debt interest payments and the ending of energy support schemes.
- Figures released by the ONS show that retail sales in the UK slumped in June by more than forecast as cautious households reined in their spending amid poor weather, election uncertainty and the cost of living crisis. Retail sales volumes were estimated to have fallen by 1.2 per cent in June, after a rise of 2.9 per cent a month earlier. City economists had predicted a shallower 0.4 per cent decline.

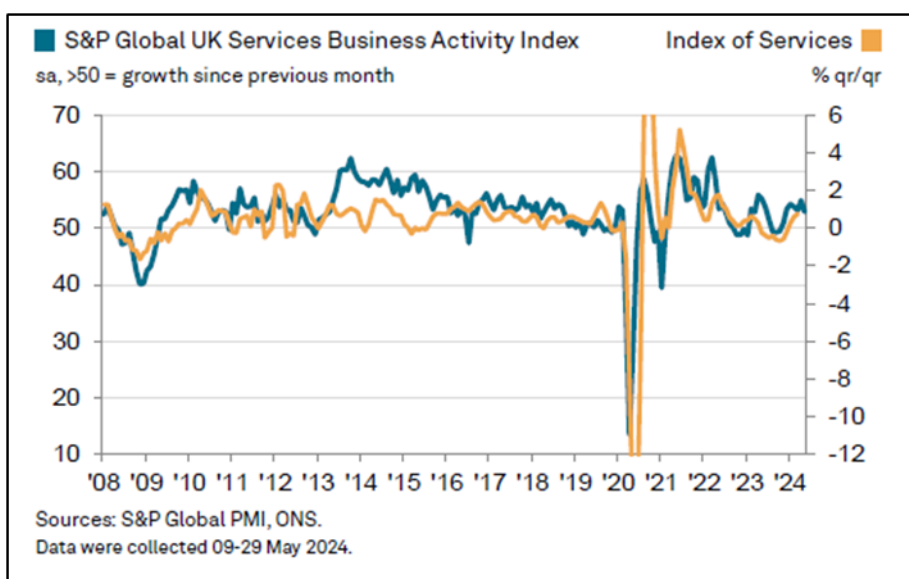


Figure 1: S&P Global/CIPS UK Services Business Activity Index

- The UK services economy grew further midway through the second quarter, although some momentum was lost as expansions in business activity and new orders eased from their 11-month highs seen in April. Nevertheless, there were slight pick-ups in jobs growth and the level of business confidence. Of note was a substantial cooling in the rate of input cost inflation, which fell to its weakest since February 2021. This fed through to output prices, as companies were less aggressive with their price setting. Overall charges for UK services rose at the slowest rate in over three years. The seasonally adjusted S&P Global UK Services PMI Business Activity Index, shown in Figure 1, recorded above the 50.0 no-change mark in May for a seventh month in succession, signalling a sustained

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expansion in output across the UK's services economy. The headline measure from the survey did fall, however, to 52.9, from April's 11-month high of 55.0, indicating a softer rate of expansion that was also the slowest since November last year. Companies attributed gains in output levels to stronger sales performances. Indeed, incoming new business volumes rose again in May, extending the current sequence of increasing demand for UK services to seven months. Where greater new orders were reported (at close to a quarter of the survey panel), successful marketing campaigns, greater client confidence, new customer wins and a boost to the general number of enquiries were cited as reasons for the uplift. Although, the rate of expansion slowed from April's near one-year peak amid reports of subdued overseas demand.

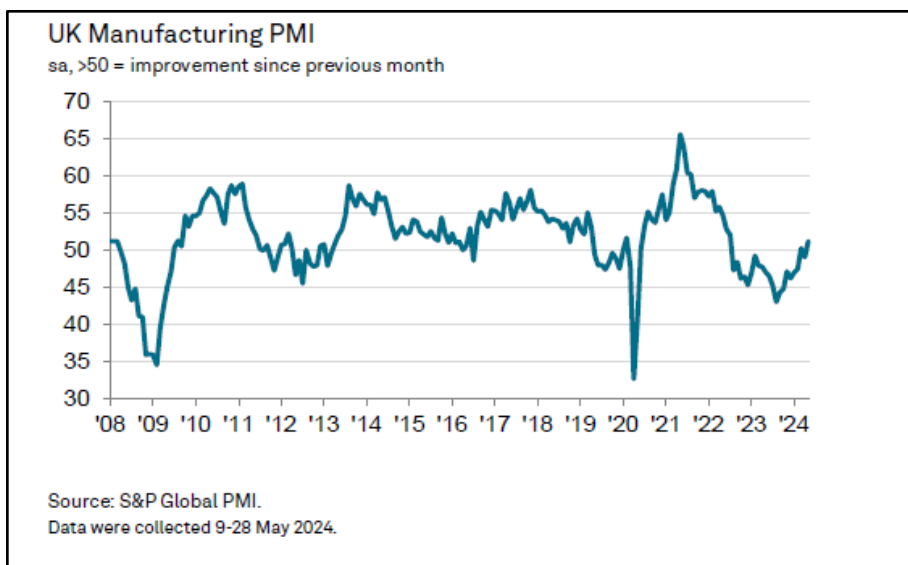


Figure 2: S&P Global/CIPS UK Manufacturing PMI

The UK manufacturing sector returned to growth in May, as output expanded at the quickest pace in over two years on the back of improved intakes of new work. The outlook also brightened as manufacturers' positive sentiment rose to its highest level since early-2022, with 63 per cent of companies expecting output to expand over the coming year. Figure 2 shows the seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index (PMI) rose to 51.2 in May, up from 49.1 in April, its highest reading since July 2022 but a tick below the earlier flash estimate of 51.3. The headline PMI has posted above the neutral 50.0 mark in two out of the past three months. May saw manufacturing production expand at the quickest rate since April 2022, with the upturn broad-based by both sector and company size. All three product categories covered by the survey (consumer, intermediate and investment goods) and all three size definitions (small, medium and large) registered concurrent expansions for the first time in over two years. Output growth was underpinned by improved intakes of new work, stronger market conditions and efforts to complete existing contracts. The level of new business

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placed with UK manufacturers rose for the second time in the past three months and to the greatest extent since April 2022. The upturn in demand was centred on the domestic market, as new export orders fell for the twenty-eighth month in a row. There were reduced inflows of new work from several trading partners, including the US, the EU (with specific mentions of Germany and Poland) and the Middle East. That said, the rate of contraction was the joint-weakest in the current sequence of decline (matching March 2022).

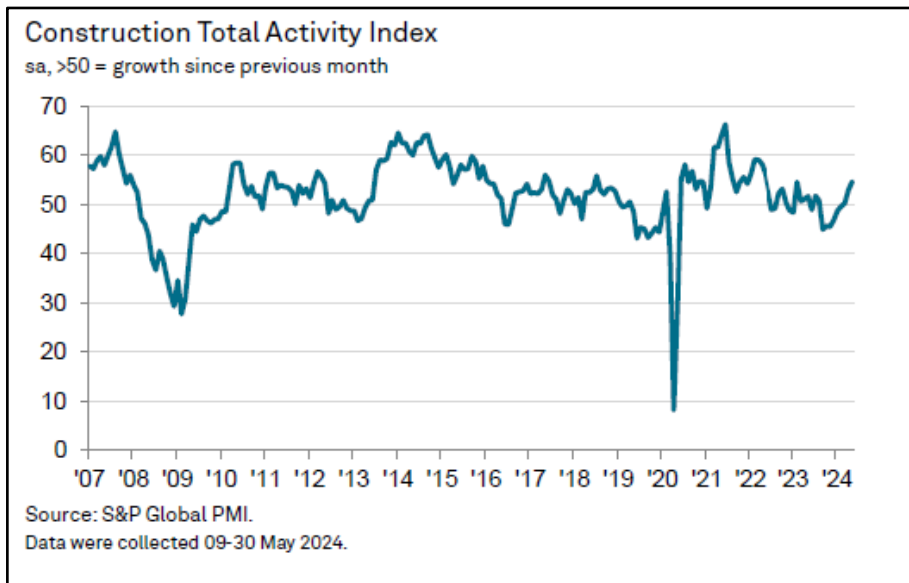


Figure 3: S&P Global/CIPS UK Construction PMI

- Growth in the UK construction sector gained momentum during May, with activity and new business increasing at sharper rates than in April. Rising workloads prompted renewed expansions in purchasing activity and employment, while business confidence also strengthened. Supply-chain conditions continued to improve amid reports of good stock availability at vendors. This contributed to the pace of input cost inflation slowing to a marginal pace. The headline S&P Global UK Construction Purchasing Managers' Index (PMI) posted above the 50.0 no-change mark for the third month running in May to signal a sustained expansion in activity midway through the second quarter of the year. Moreover, as shown in Figure 3, the index rose to 54.7 from 53.0 in April, pointing to a marked increase in activity that was the fastest for two years. For the first time since May 2022, all three monitored categories saw activity increase during the month as housing activity returned to growth. However, the expansion in activity on residential projects was only marginal. The sharpest increase in activity was seen in the commercial category where the rate of growth accelerated to a two-year high. Meanwhile, civil engineering activity rose at a solid, but slightly softer pace. According to respondents, the latest increase in total construction activity reflected sustained growth of new orders. New business rose for the fourth consecutive month, and at a solid pace that was the fastest for a year as demand conditions

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improved. In particular, firms linked higher new orders to the winning of new contracts and the commencement of previously delayed projects.

- The cost of childcare over the school summer holidays is now more than £1,000 per child on average, a survey from Coram has suggested. The report says fewer than one-fifth of local authorities in England have enough holiday childcare provision for full-time working parents and costs have risen since last year.
- Net migration drove the largest annual population growth in England and Wales in 75 years last year as births slipped to a two-decade low. The population of England and Wales grew by almost 610,000 to 60.9mn in the year to mid-2023, the Office for National Statistics (ONS) reported the largest annual increase since 1948. Population growth was helped by 622,000 more people immigrating than emigrating in that period. At the same time, the number of births at 598,400 was the lowest in 21 years, contributing to the smallest “natural change” — defined as total births minus total deaths — since 1978. The number of people aged between 75 and 79 rose by 4.5 per cent in the year to mid-2023 - growth across the whole population stood at 1 per cent, while the working-age population (people between the ages of 20 and 65) was stagnant.
- A steep drop in the number of new businesses being set up in East Anglia has continued for a second month running whilst late payments remain a problem, according to insolvency and restructuring trade body R3. Its figures show that 6,538 businesses set up in East Anglia in June, a 37 percent fall on April's 10,405 total ahead of the general election announcement. The May figure was also low at 6,440 start-ups. R3's figures also show a high number of East Anglian companies with late payments on their books – 63,143 in June – and a growing quantity of debts owed by liquidated firms in the region.
- Equity investment in smaller business based in the East of England fell last year but still out-performed the rest of the UK. British Business Bank figures point to a 21 per cent fall in equity investment to £856m in the region last year and a similar-sized fall in the number of deals announced in the region to 150. Nationally, investment fell by 48 pc to £8.8 billion in 2023.
- More than nine in ten SMEs in the East of England face concerning skills shortages in project management which risk the delivery of future infrastructure projects in the region, according to a survey by the Association for Project Management (APM). The association polled over 500 project professionals in SMEs and some 93 per cent based in the East said their employer needs to improve project skills across the workforce. The most popular solution was ‘recruiting more widely across different professions’ (almost half of respondents in the East) followed by ‘training

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and upskilling existing employees' and apprenticeships. The skills gap was also cited amongst the biggest challenges facing project growth.

- Private business growth in the East of England continued to slow in June as projects were put on hold ahead of the general election although business expectations for the next 12 months remain strong. The NatWest East of England growth tracker business activity index fell to 50.6 from May's 51.6 but stayed above the no-change mark of 50.0, signalling output growth in the region for the seventh month running. The volume of new business at firms in the East of England fell for the third month running in June and at the fastest rate since last November. Input cost inflation stayed close to May's recent low.

Local Business

- Cellexcel, a spin-out from the University of East Anglia based on Norwich Research Park, has been named KPMG's East of England Tech Innovator, beating off competition from 10 local tech startups. The firm has developed a technology to enable net zero by enhancing the performance and increase the usage of plant-based materials in manufacturing without the use non-biodegradable materials that prevent recycling.
- A firm that secured a £75,000 investment on Dragons' Den is opening a shop in Norwich. Eyewear company Pop Specs, which aims to make buying glasses "fun, affordable and quick", is opening a store at Chantry Place. The team won the backing of three dragons while on the BBC show after pitching how they can make prescription glasses in just 20 minutes. Pop Specs will be located on the Upper Ground Floor between Pandora and Hollister.
- Outdoor clothing brand Trespass, is closing its shop in Norwich following store closures nationwide. The Norwich branch follows in the footsteps of others across the country after stores in Harrogate, Canterbury, Derby, Solihull, Workington and Chesterfield were closed earlier this year.
- Drive Lounge, a new 'motorsport simulator experience', has opened its first UK centre in Norwich's Castle Quarter. The owner plans to open venues across the UK and chose Castle Quarter to launch as the former shopping centre changes into a social, leisure and lifestyle destination. One-half of the units in the centre now involve leisure, dining and social experiences.
- Ben & Jerry's is taking over the former Warren James store in Chantry Place and is due to open before the school summer holidays start. It comes after the arrival

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of East Coast Gelato earlier this year - an award-winning gelato parlour which now has three stores across the county.

- The former Byron Burger in Chantry Place is being replaced by the national chain Rosa's Thai. The restaurant will set up a large indoor and outdoor seating area alongside a waiting lobby for customers and order collection.
- A new wellness studio is set to open in an historic Norwich location. Yantra Studio will launch in Netherconesford in King Street this September in the former New Museum of Contemporary Art. The business is set to offer yoga, barre and Pilates classes from the site.
- A value garden centre group owned by QD Group, Cherry Lane, has acquired Salhouse Garden Centre in Norwich. Salhouse is the eighteenth garden centre owned by the QD Group and will be known as Salhouse Garden Centre by Cherry Lane.

Education

- Lakenham Primary School, on the edge of Norwich, has 47 different first languages spoken among its 439 pupils. However, its approach to supporting children who have English as an additional language has been praised in its latest Ofsted inspection. The school has been given the second-highest rating available by the regulator, rated good overall with outstanding elements.
- A city school which was rated inadequate amid fears over poor pupil behaviour has seen its status improve following a recent inspection. City Academy Norwich was handed the lowest Ofsted rating available last year, with inspectors saying pupils felt "unsafe" due to the behaviour of others at the site. However, inspectors returning to the school in June said positive changes had since been made, following "tireless efforts" to make improvements.
- The University of East Anglia (UEA) has seen improvements across all seven areas of the 2024 National Student Survey (NSS) results. The NSS is commissioned annually by the Office for Students and invites final-year undergraduates to provide feedback on their experience of the University, including their views on academic support, the student voice and learning opportunities. It is the biggest survey of final-year students' views in the UK. In 2024, 72 per cent of UEA final-year undergraduates completed the survey, up from 65 per cent in 2023. UEA has seen marked increases in scores on the Student Voice theme, which considers students' feedback on their courses and the extent to which that feedback is valued and impactful on course teaching.
- Production Arts students at City College Norwich are getting a head start in their careers in theatre and live events thanks to an exciting new partnership with Robe Lighting. Becoming an education partner with Robe means that the college's students will learn about the latest technology and careers in the moving lights

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industry, from a company that is widely recognised as a world leader. City College Norwich is one of only two educational institutions in the UK and Ireland to have been invited to partner with the Czech Republic-based company. The link-up with Robe came about thanks to Wymondham-based ETS, a leading professional sound and lighting provider in the East of England, who regularly help with equipment hire and give careers talks to the college's Production Arts students.

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Claimant count unemployment

Figure 4 summarises the trend in claimant count unemploymentⁱ. The 2020 impact of the Covid-19 pandemic was one of steep growth – the most significant increases took place between February and May 2020. Claimant count rates have fallen across each of the reported areas since that time. Currently the rate in the Norwich city council area is just above the national level; it remains higher than pre-pandemic levels and is considerably higher than rates in the urban area, the county and the region.

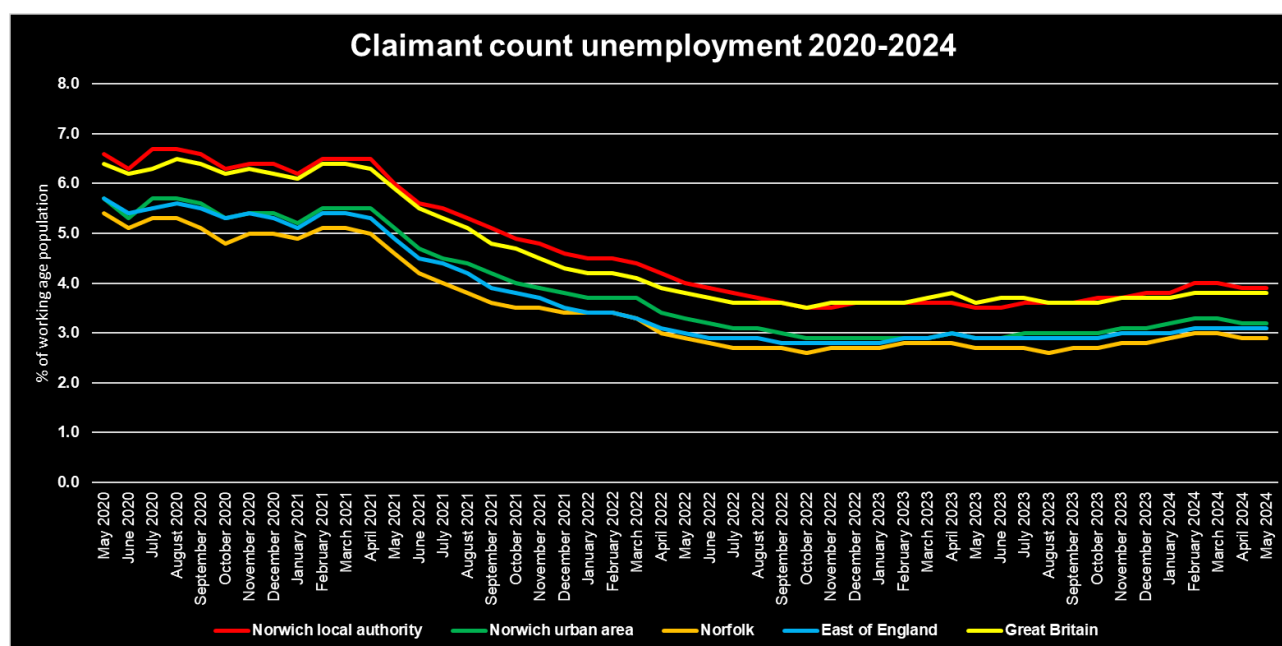


Figure 4 Claimant count unemployment 2020 to 2024

Table 1 Claimant count unemployment rate

	May 2023		April 2024		May 2024		Monthly change	Annual change
Gt. Britain	1,493,655	3.6%	1,557,550	3.8%	1,569,060	3.8%	0	+ 0.2%
East of England	113,785	2.9%	121,140	3.1%	121,050	3.1%	0	+ 0.2%
Norfolk	14,905	2.7%	15,940	2.9%	15,590	2.9%	0	+ 0.2%
Norwich urban area	4,410	2.9%	4,865	3.2%	4,870	3.2%	0	+ 0.3%
Norwich city council area	3,465	3.5%	3,845	3.9%	3,835	3.9%	0	+ 0.4%

Table 1 shows the claimant count unemployment rate increase across each of the reported areas relative to the same time last year – the city council area saw the strongest growth.

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Over the month of May rates were static against the previous month across all the reported areas.

Ward level claimant count unemployment

Table 2 shows that during the month of May, unemployment rates in Bowthorpe, Thorpe Hamlet and University wards saw a marginal increase; rates in Crome, Lakenham, Mile Cross, Nelson and Wensum wards were unchanged. Unemployment rates dropped in the remaining wards relative to the previous month.

Compared to the same time last year, unemployment rates in each of the wards saw an increase with the strongest growth taking place in Catton Grove, Lakenham and Thorpe Hamlet wards.

Table 2 Claimant count unemployment

	May 2023		April 2024		May 2024		Monthly change	Annual change
Bowthorpe	235	3.7%	265	4.1%	275	4.3%	+ 0.2%	+ 0.6%
Catton Grove	290	4.1%	350	4.9%	340	4.8%	- 0.1%	+ 0.7%
Crome	335	4.7%	365	5.2%	370	5.2%	0	+ 0.5%
Eaton	85	1.6%	110	2.1%	110	2.0%	- 0.1%	+ 0.4%
Lakenham	275	4.6%	320	5.3%	315	5.3%	0	+ 0.7%
Mancroft	385	5.4%	410	5.7%	405	5.6%	- 0.1%	+ 0.2%
Mile Cross	390	5.4%	380	5.3%	380	5.3%	0	+ 0.1%
Nelson	185	2.4%	195	2.5%	200	2.5%	0	+ 0.1%
Sewell	245	3.4%	270	3.8%	260	3.6%	- 0.2%	+ 0.2%
Thorpe Hamlet	250	3.5%	295	4.1%	300	4.2%	+ 0.1%	+ 0.7%
Town Close	210	3.0%	260	3.6%	245	3.4%	- 0.2%	+ 0.4%
University	235	1.8%	245	1.9%	260	2.0%	+ 0.1%	+ 0.2%
Wensum	345	4.2%	380	4.6%	380	4.6%	0	+ 0.4%

Figure 5 demonstrates the wide variation in ward claimant count rates across the city council area. The differential between the lowest rates (Wensum and University wards) and the highest rate (Mancroft ward) currently stands at 3.6 percentage points.

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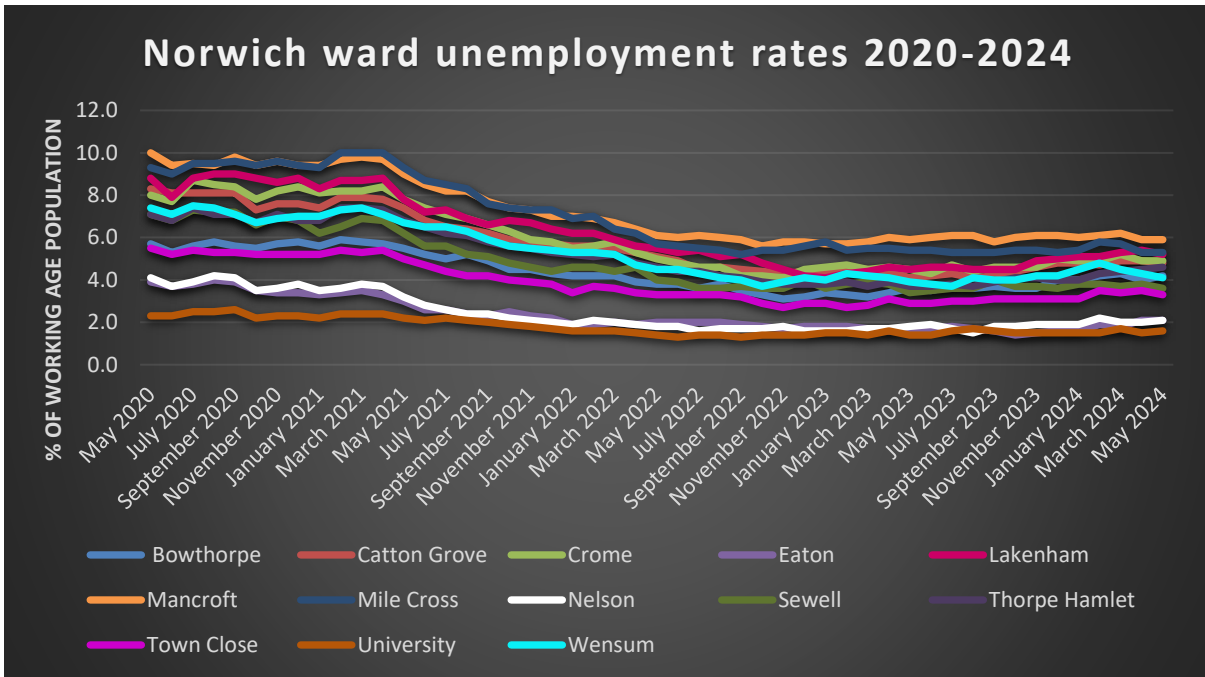


Figure 5 Norwich wards claimant count unemployment 2020 to 2024

Claimant count unemployment: male/female

In the Norwich city council area, around two in every five (40 per cent) out-of-work claimants are women. In May, female unemployment rates remained the same as in the previous month in Norwich (3.1 per cent), across Norfolk (2.5 per cent) and regionally (2.7 per cent); rates increased slightly at the national level (3.3 per cent).

Over the month, male unemployment rates reduced slightly in Norwich and Norfolk; the rate remained the same regionally and nationally. The male unemployment rate stands at 4.7 per cent of working age males in Norwich, but rates are lower nationally (4.4 per cent), in Norfolk (3.2 per cent) and regionally (3.5 per cent).

Since records began in 1992, Norwich's male and female unemployment rates have continued to be higher than rates in Norfolk, the region and the national level. The relatively high levels of unemployment can be traced back to the loss of production line manufacturing jobs and the dominance of the service sector in the city.

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Housing benefit

Table 3 Norwich City Council housing benefit claimants – 12 months

	Number of claimants	Monthly change
May 2023	13,645	+ 22
June 2023	13,639	- 6
July 2023	13,643	+ 4
August 2023	13,625	+ 18
September 2023	13,636	+ 11
October 2023	13,558	- 78
November 2023	13,519	- 39
December 2023	13,513	- 6
January 2024	13,480	- 33
February 2024	13,516	+ 36
March 2024	13,430	- 86
April 2024	13,465	+ 35
May 2024	13,488	+ 23

Housing benefit is an income related benefit designed to help people on low incomes pay for rented accommodation whether in, or out, of work. Housing benefit numbers include people who are claiming council tax benefit only. Many housing benefit claimants are pensioners, people with disabilities, carers or people who are in low waged work. It should be noted that low resident earnings in Norwich are a contributory factor to the number of people claiming housing benefit.

Table 3 shows that the number of housing benefit claimants in the Norwich local authority area rose by 23 claims during May compared to the previous month. Over the past twelve months housing benefit claims in Norwich have fallen by 1.1 per cent. Comparable national data is not available because of a time lag in data collection.

Average house prices

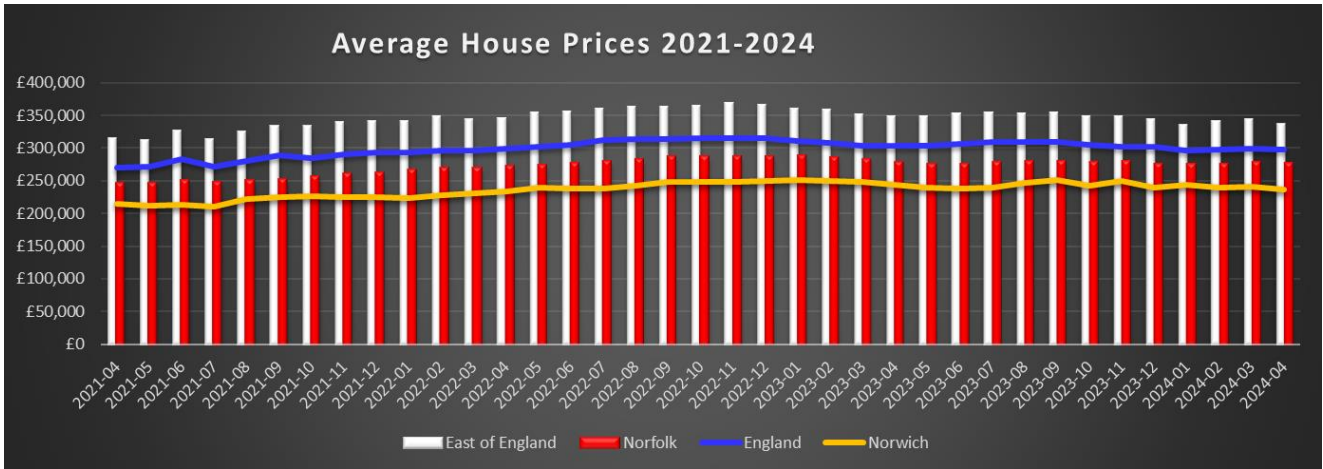


Figure 6 HM Land Registry average house prices 2021- 2024

The House Price Index (HPI) produced by HM Land Registry is the most accurate and independent house price index available for the UK.

According to HM Land Registry’s HPI (Crown copyright) over the past twelve months, average house prices fell by 2.8 per cent in Norwich and by 0.3 per cent in Norfolk but increased by 0.4 per cent in the East of England and 0.3 per cent nationally. Figure 6 summarises average house price movements since April 2021.

During the month of April, average house prices grew by 0.6 per cent in England, by 0.4 per cent in Norwich and by 0.7 per cent in Norfolk; prices fell by 0.7 per cent in the East of England.

The average house price in Norwich currently stands at £237,073 against £275,965 for Norfolk, £335,448 for the East of England and £298,299 for England.

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City centre vitality

Footfall data is provided by the Norwich BID (Business Improvement District).

	Year to date %		Year on year %		Month on month %	
	2024	2023	2024	2023	2024	2023
	Norwich	-3.6%	12.6%	-3.6%	-1.8%	2.6%
East	-3.2%	8.3%	0.0%	2.6%	7.6%	1.1%
High Street Index - BDSU (BDSU - Comparison)	-0.9%	10.7%	-0.5%	4.9%	3.9%	3.5%
UK	-1.1%	7.1%	-1.0%	4.5%	5.1%	3.4%

Benchmark calculations (Year on Year and Month on Month) have been calculated using like for like data sets (only those counters available in both comparison periods) to ensure statistical accuracy

Figure 7 Monthly footfall counts

The total number of visitors for the year to date is 6,332,636 which is 3.6 per cent down on the previous year.

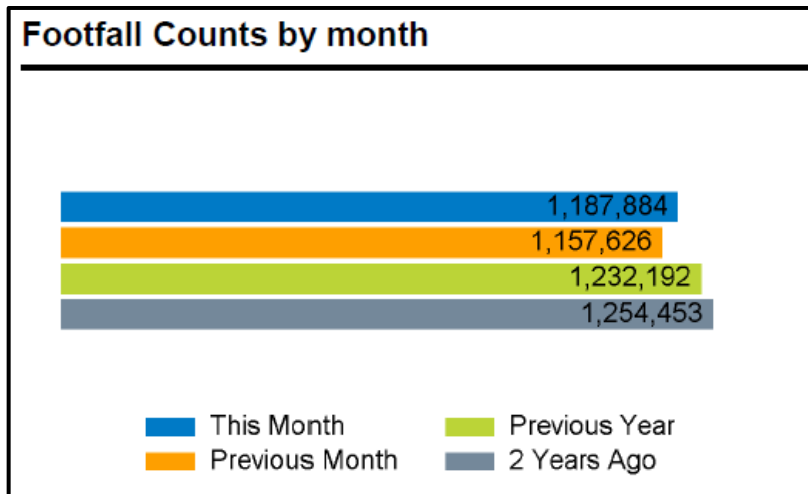


Figure 8 Comparison of monthly footfall

Figure 8 shows the total number of visitors to Norwich in the month beginning 29 April 2024 was 1,187,884.

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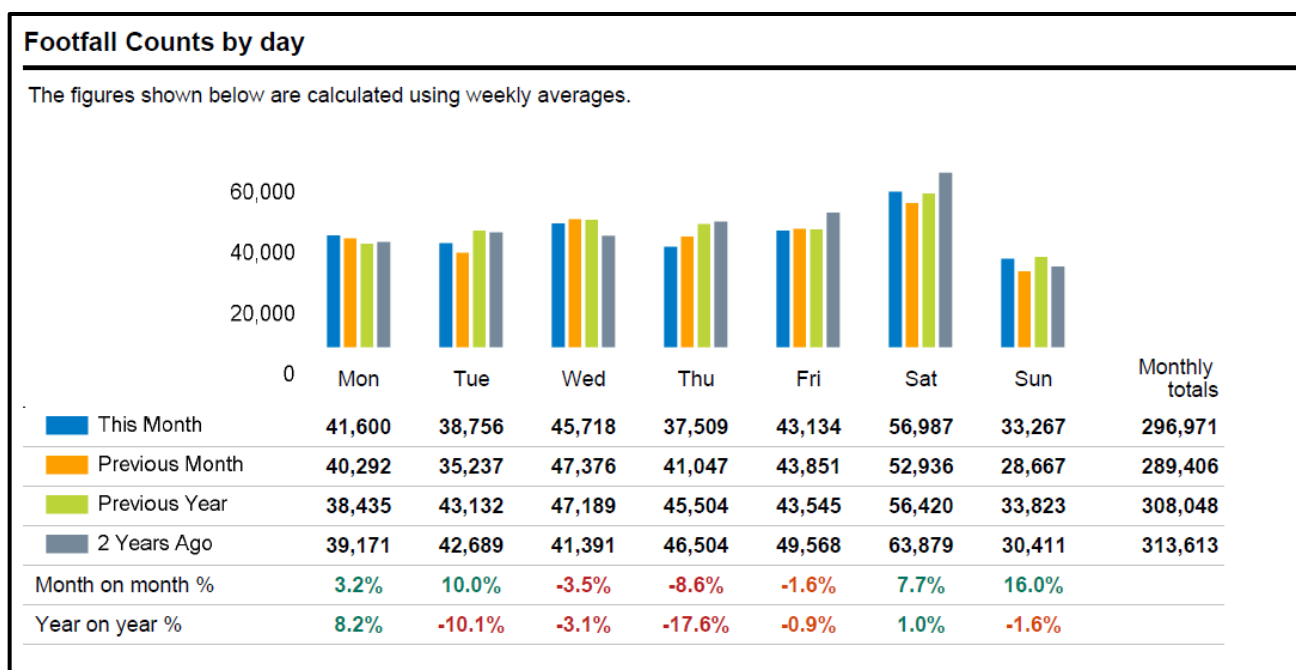


Figure 9 Footfall counts by day

The busiest day in the month that began on 29 April 2024 was Saturday 18 May with 61,302 visitors.

The peak hour of the month was 13:00 on Saturday 18 May 2024 with footfall of 8,107.

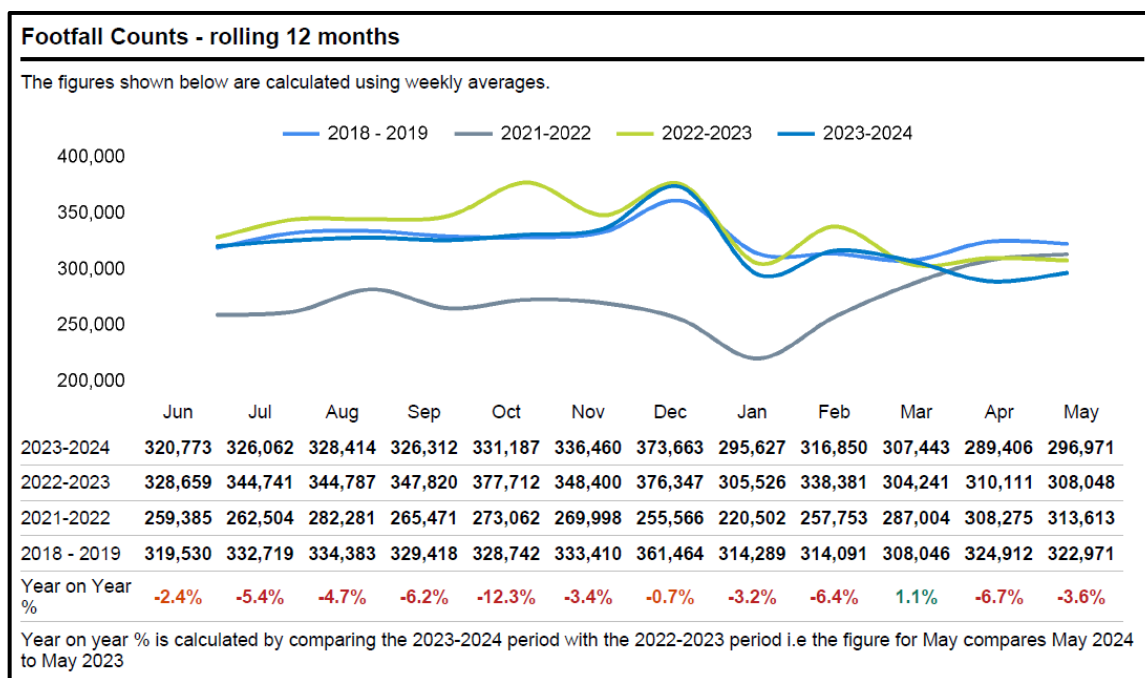


Figure 10 Rolling 12 months footfall counts

Figure 10 summarises rolling 12 month footfall counts since 2018. Each of this year's monthly footfall counts are lower than for the previous 12 months.

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Appendix

Contact details:

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Sources:

Figure 1: S&P Global/CIPS UK Services Business Activity Index

Figure 2: S&P Global/CIPS UK Manufacturing PMI

Figure 3: S&P Global/CIPS UK Construction PMI

Figure 4: Claimant count – NOMIS, Crown copyright

Figure 5: Ward unemployment – NOMIS, Crown copyright

Figure 6: House Price Index - HM Land Registry, Crown copyright

Figure 7: Monthly footfall counts, Norwich BID

Figure 8: Comparison of monthly footfall, Norwich BID

Figure 9: Footfall counts by day, Norwich BID

Figure 10: Rolling 12 month footfall counts, Norwich BID

Table 1: Claimant count – NOMIS, Crown copyright

Table 2: Claimant count – NOMIS, Crown copyright

Table 3: Housing benefit claimants - Norwich City Council

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



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