

# EDS Briefing Note No. 4

## Review of the Kirklees Economy 1999/2000

*Nationally, the economy has been stronger than expected. Inflation has remained around 2.2% (below the government's target of 2.5%), the house market is buoyant (at least in some areas), and there has been a recent small increase in the levels of manufacturing output. However, the strength of sterling has continued to cause concern, leading to imbalance between foreign and domestic markets, and continued problems for exports.*

*At the local level, there have been a number of positive trends. Claimant unemployment has continued to fall (mirroring the national picture), and there have been increases in the levels of household income and in the profit margins of local firms.*

*However, in terms of growth as defined by GDP, West Yorkshire continues to lag behind the UK as a whole, and levels of manufacturing productivity continue to be low. The local economy continues to be reliant on (and therefore vulnerable to) manufacturing as the main employer (around a third of all jobs are in this sector). In addition, District wide figures frequently mask smaller areas of disadvantage.*

*Key issues for the Kirklees economy are highlighted below.*

### **Employment**

- There has been a small fall in the total number of jobs since 1995. The main losses have been in manufacturing, in particular metal manufacture, optical and electrical equipment, textiles and leather. Job gains have been concentrated in chemicals manufacture, machinery and equipment manufacture, transport equipment manufacture, construction and communications.
- Recent forecasts predict there will be an increase of 20,000 jobs during the period 1997-2005 in the region as a whole. Continued growth in managerial, professional and associate occupations will mean high demand for individuals qualified to NVQ4 or above. Key future skills that will be required by employers include computer literacy, customer care/customer service skills and practical skills.
- There is a continuing trend towards part time female employment. The latest figures show that 24% of all jobs in the District are part time female. These are concentrated in hotels, distribution and restaurants and public administration and education. Nearly a half of all male full time employment is in the manufacturing sector.

## **Unemployment**

- Official counts of unemployment have continued to fall across the District during the past year – in October 1999 total unemployment stood at 5.2%, a fall from 5.6% from the same period in the previous year. This equates to a total of 7,719 claimants. This mirrors a similar fall in national unemployment – over the same period unemployment fell from 5.2% to 4.7%. However, there remains wide differences within the District – the highest levels of unemployment are concentrated in the Deighton, Newsome and Paddock wards.
- 27.1% of those unemployed in the District are aged under 25 years. This is slightly higher than the average for both the region and nationally. This means that young people make up a high proportion of those who are unemployed.

## **Skills and education**

- In 1999, 41.3% of year 11 pupils achieved 5 or more GCSEs graded A\* to C within the District, compared to 47.9% for England as a whole.
- Levels of basic skills within Kirklees – both literacy and numeracy – are below the national average. 17.5% of the Districts' population has low or very low literacy skills, whilst 35.8% have low or very low numeracy skills. Skill levels are lowest in Deighton, Batley and Dewsbury.
- Between October 1998 and 1999 there has been an increase in the number of vacancies reported at local Job Centres. A fifth of vacancies were for plant and machine operatives. A very small proportion were managerial and professional positions, reflecting that these types of jobs tend to be recruited through other means.

## **Growth sectors**

- The manufacturing sector has continued to have low levels of gross added value per head. The local economy remains vulnerable to increasing pressure on this sector. Local economic forecasts predict that the manufacturing and construction sectors will decline most in employment terms, whilst employment in the service sector is forecast to grow in Calderdale & Kirklees by 5% - but at a rate less than across the region or nationally.
- Some manufacturing industries may buck the overall negative trend – including precision instruments, paper, printing and recycling and other manufacturing/recycling. Amongst other textile and engineering companies the trend is expected to be largely negative
- Small firms will be important as future engines of growth, particularly in terms of employment growth. Research has shown that fast growing companies account for 80% of all job growth. A recent report by the TEC singled out media, technology, financial and other producer services as likely future growth areas.

## **Local businesses**

- A recent survey carried out by the TEC indicated that the future for local businesses looked fairly mixed. Levels of domestic orders had remained broadly the same, but a higher proportion of firms were exporting. Firms were on the whole optimistic about the future with a higher proportion expecting export growth. In addition, levels of

investment were generally up, particularly staff training and recruitment, IT and plant and machinery. Investment in R&D remained low – 27% having invested in the last 6 months – but was at a higher level than in previous surveys, particularly amongst manufacturers.

- A recent survey, which ranks towns according to the profit levels of local firms, showed that Huddersfield firms have become more profitable. Huddersfield increased its ranking from 176 to 125, out of 280 UK towns and cities. Average profit margins in Huddersfield were 5.1% and in Dewsbury were 5.6%.
- Start up rates – there has been a slight increase in number of businesses registered for VAT over past year. However the District still lags behind both the region and nationally.

### **Poverty and deprivation**

- There has been an increase in the levels of household income growth in the District. However there are wide levels of variation across the District, with average income in some wards as low as £16,200. In addition the District has high levels of benefit dependency - 22.9% of all households are in receipt of Council Tax Benefit.
- In terms of the 1998 Index of Local Deprivation – seven wards in the District are in the worst 10% of wards nationally. These are: Deighton, Crosland Moor, Thornhill, Dewsbury West, Batley West, Newsome and Paddock. The Index is currently being revised, which may have implications the future allocation of regeneration monies.

*This is one of a series of Briefing Notes produced by the Economic Development Service on key policy and research issues. For further information please contact:*

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