



April 2024

Norwich Economic Barometer



NORWICH
City Council

Norwich Economic Barometer – April 2024

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Business news

Economy

- According to the Office for National Statistics (ONS), inflation has fallen to its lowest level in two-and-a-half years, driven largely by slowing food price rises. Prices rose by 3.2 per cent in the year to March, down from 3.4 per cent the month before, according to official figures. However, petrol and diesel prices rose. Lower inflation does not mean prices overall are coming down, they are just rising less quickly. While the overall rate of inflation has dropped, goods in the shops are still much more expensive than they were two years ago.
- The Treasury borrowed £120.7bn in the financial year ending March 2024 - £6.6bn more than forecast by the Office for Budget Responsibility only a month ago. Overall, government debt was around 98.3 per cent of the UK's annual gross domestic product (GDP) in March - up 2.6 percentage points from the previous year and at levels not seen since the early 1960s.

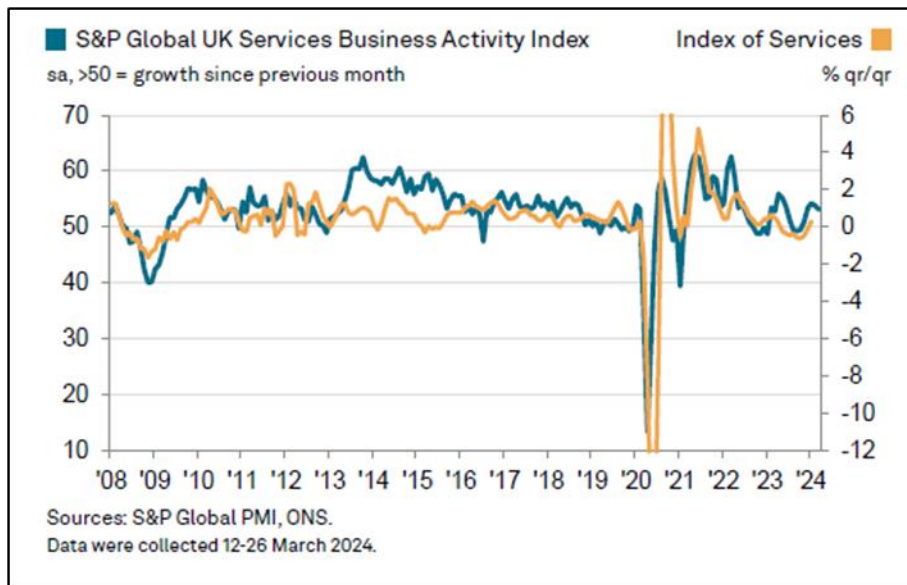


Figure 1: S&P Global/CIPS UK Services Business Activity Index

- March data pointed to a solid increase in business activity across the service economy, which extended the current period of expansion to five months. That said, the latest survey indicated a loss of momentum since February, largely due to a weaker rise in new work. Survey respondents noted that improving underlying economic conditions had helped to support service sector growth, although squeezed disposable household incomes and elevated interest rates again weighed on demand. Strong wage pressures and rising transport costs pushed up input costs in March. The rate of prices charged inflation at service sector firms nonetheless eased to its lowest for six months amid some reports of constrained pricing power. Figure 1 shows the

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seasonally adjusted final S&P Global UK Services PMI Business Activity Index registered 53.1 in March, down from 53.8 in February. The latest reading was comfortably above the neutral 50.0 threshold and signalled the slowest rate of business activity expansion since November 2023. Total new work increased moderately in March, although the rate of growth slipped to a four-month low and remained softer than the long-run survey average.

- The UK manufacturing sector showed tentative signs of recovery in March, as output and new orders increased following year-long downturns. There were also other signs of stabilisation from the latest survey data, with rates of contraction in employment and purchasing activity slowing sharply and business optimism about the year-ahead outlook hitting an 11-month high. Figure 2 shows the seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index (PMI) rose to a 20-month high of 50.3 in March, up from 47.5 in February. This was the first time the PMI has posted above the neutral 50.0 mark since July 2022. Three of the PMI sub-components (new orders, output and suppliers' delivery times) were consistent with an improvement in overall operating conditions during March. Although the sub-indices tracking employment and stocks of purchases both signalled ongoing downturns, rates of contraction eased sharply since February. Manufacturing production increased for the first time since February 2023, as output growth in the consumer goods sector more than offset downturns in the intermediate and investment goods categories. Where an expansion of production volumes was registered, this was linked to client restocking supporting a rise in new order intakes.

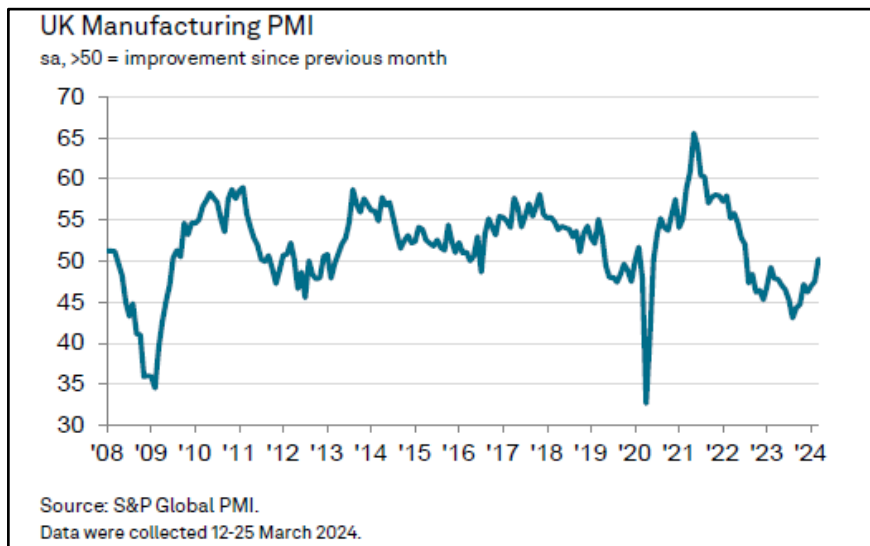


Figure 2: S&P Global/CIPS UK Manufacturing PMI

- UK construction companies indicated a renewed increase in total industry activity during March - ending a six-month period of decline. Adding to signs of a recovery in construction sector performance, new orders expanded at the fastest pace since May 2023. However, construction companies remained cautious about staff hiring, with

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employment numbers falling for the third month running in March. Figure 3 demonstrates that the headline S&P Global UK Construction Purchasing Managers' Index (PMI) rose from 49.7 in February to 50.2 in March. Although signalling only a fractional rise in business activity, the index was at its highest level since August 2023. Civil engineering was the best-performing segment in March, as output levels increased at a marginal pace. Panel members cited increased work on infrastructure projects and resilient demand in the energy sector. House building and commercial construction activity were both broadly unchanged in March. The stabilisation in residential work represented the best performance for this category since November 2022. March data pointed to a moderate increase in new work received by construction companies. The rate of expansion accelerated since February and was the strongest for ten months.

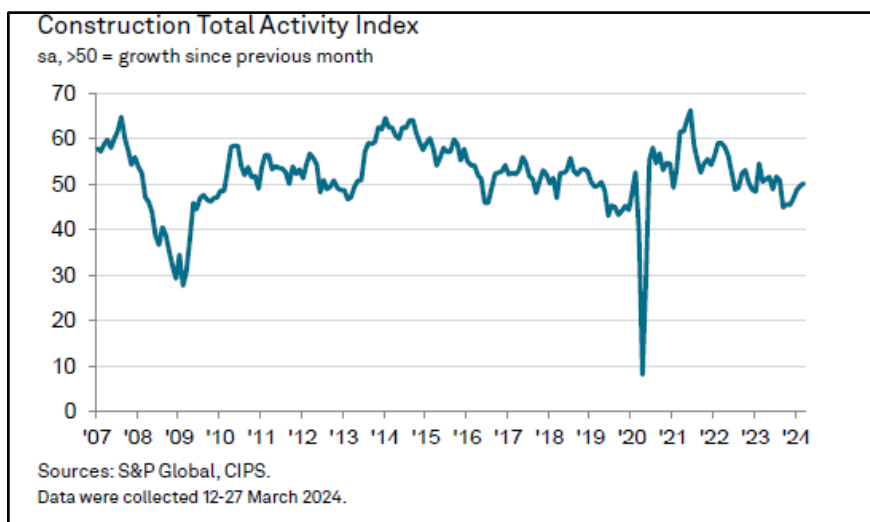


Figure 3: S&P Global/CIPS UK Construction PMI

- More than one-fifth of working-age adults in the UK are deemed not to be actively looking for work, figures suggest. The UK's economic inactivity rate was 21.8 per cent between November and January, marginally higher than a year earlier. It means 9.2 million people aged between 16 and 64 in the UK are not in work nor looking for a job. The total figure is more than 700,000 higher than before the coronavirus pandemic. Concerns have been raised over worker shortages affecting the UK economy. The UK fell into recession at the end of last year when the economy shrank for two consecutive quarters, but latest official statistics showed the level of unemployment remained steady. The figure also showed that wage rises slowed again, although pay is still outpacing inflation. However, the number of people not employed or actively looking for work has remained at a persistently high level in recent years since it first surged during the pandemic.
- A worse than expected performance for retail sales last month defied predictions of a consumer-led pick up from recession for the UK economy. The ONS reported sales

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volumes were flat in March, following an upwardly revised figure of 0.1 per cent for the previous month. It said sales at non-food stores helped offset declines at supermarkets. Sales of fuel rose by 3.2 per cent.

- Optimism among chief financial officers (CFOs) at the country's largest firms has risen for the third quarter running. But whilst corporate risk appetite has risen slightly, CFOs retain a 'defensive' stance, with cost-cutting and the need to increase cashflow seen as priorities. According to Deloitte's latest CFO survey taken in mid-March, a net 17 percent of CFOs are more positive about the financial prospects of their business than they were three months earlier. The share reporting 'high or very high levels of uncertainty' fell to 36 per cent, down from 77 per cent in mid-2022. CFOs' expectations for inflation have continued to fall and the share of who see this as a good time to take greater risk onto their balance sheets has risen slightly from the last quarter to 20 per cent. For the first time in three years, CFOs expect margins to increase over the next 12 months. Meanwhile, geopolitics was seen as the greatest risk to businesses over the next 12 months
- An estimated 7.4 million UK adults are still struggling to pay bills due to the high cost of living, a survey suggests. The number has fallen from last year, according to the Financial Conduct Authority (FCA), but many households still feel "heavily burdened". Its survey suggested one in nine adults (5.5 million) had missed a bill or credit payment in the six months to January 2024. One in nine people also had no disposable income, the FCA said. Despite inflation - the rate at which consumer prices are rising - slowing in recent months, the cost of living is still hitting households hard. Energy bills and food costs remain much higher than they were a few years ago. It is also more expensive to borrow money after interest rates were hiked to their highest level in 16 years in an effort to slow cost increases for goods.
- Private sector output in the East of England rose further in March and companies remain highly confident on the outlook for the next 12 months, despite a 'stalling in demand' during the month. The NatWest East of England PMI business activity index dipped to 51.3 from 53.1 but stayed above the no-change 50.0 for the fourth month running. Although new business at private firms in the East was flat in March, a future activity index posted its sixth-highest reading since it was first compiled in mid-2012 and the second-highest in the past three years. Confidence was linked to lower inflation and interest rates leading to a rise in disposable incomes, as well as new products, export growth and a possible post-election bounce. Meanwhile, private sector employment in the East rose for the third month running in March and was the highest in seven months. Recruitment was partly linked to an expected pick-up in demand. Cost pressures in the East of England remained strong but the rate of input price inflation, linked mainly to labour costs, eased further.
- Business confidence in the East of England rose by nine points during March to 48 per cent as firms grew more optimistic on both their own prospects and the economic

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outlook, according to a business barometer survey from Lloyds Bank Commercial Banking. Firms in the region saw their top target areas for growth in the next six months as evolving their offering, investing in teams or moving into new markets. Nationally, business confidence was unchanged at 42 per cent. Services confidence fell five points to 40 per cent but this was offset by stronger confidence in the manufacturing, retail and construction sectors. Confidence amongst retailers was at its strongest – up five points to 45 per cent - in over two years.

- The number of new businesses set up in East Anglia by entrepreneurs in March was the highest of any region outside London although debts owed by firms in liquidation have increased sharply. Figures from the Eastern branch of insolvency trade body R3 show that there were 8,183 new businesses started in East Anglia in March. Although this was below the level recorded in February, R3 says it 'still indicates a sizeable appetite for new business in the region and opportunities for growth.
- More than half of consumers in the East Anglia say they have cut non-essential spending in the first quarter and are now seven times more likely to save than spend, according to a survey from KPMG UK. The firm's consumer pulse survey of 300 consumers in the region across age and income groups showed that 52 per cent of respondents have had to cut non-essential spend in the first quarter. Eating out (68 per cent), takeaways (60 per cent) and clothing (57 per cent), were the three most cited non-essential areas for cuts. But four in 10 consumers (42 per cent) in the region said their non-essential spending has been unchanged in the first quarter. Only three per cent said that they had been able to spend more money on non-essentials. However, if prices of goods and services drop, nearly half said they would put the money into savings and nearly a quarter said they would put the money toward essential costs (mortgage/rent, energy, fuel, food).

Local Business

- Norwich-based distribution and logistics group Fitzmaurice Carriers is celebrating 105 years operating across the East of England. Fitzmaurice Carriers has a modern fleet of more than 30 vehicles and a comprehensive portfolio of warehouse units.
- Yawn Marketing, based in Norwich, has been acquired by the Jarrold Group as the company aims to expand its offering and cement itself as one of the region's leading brands. The 250-year-old Jarrold Group also provides property, facilities management, training and logistics services. The takeover comes as the Group looks to further diversify by boosting its suite of business services.
- A new Poundland store, now one of the largest in the UK, has opened its doors in Norwich city centre. The discount retailer has launched a 15,500 sq ft outlet at 23-29 St Stephens Street, welcoming customers from 8am on 30 March. The building was

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previously occupied by BHS until August 2016 and then Primark from April 2018 until December 2019.

- Holden Group car dealership has launched a new customer service centre in Norwich. Holden Group represents Dacia, Honda, Kia, MG, Renault, Seat and Volvo across East Anglia. Its new Care Hub, in Heigham Street, will streamline enquiries from customers of all of the above dealerships by recruiting a centralised team.
- A leading travel magazine has named Norwich on the shortlist of its 2024 national awards. The Group Leisure & Travel Awards recognise the best providers, attractions and destinations for groups, as chosen by the magazine's readers. This year, Norwich was named one of six shortlisted finalists in the Best UK Destination category,
- Family-owned shoe business Mr Shoes has several stores across East Anglia and is closing one of its shops in Norwich. The Mr. Shoes shop in St Stephens Street will close at the end of May. The owner said the shop was shutting as the family wished to focus on their Rampant Horse Street store in the city.
- A new family-friendly café and plant shop in Norwich is hoping to bring a "community spirit" to the city centre. Leslie Terrance in Farmers Avenue offers a selection of house plants and gifts alongside craft workshops at the shop's studio. Originally launched in Wymondham in 2015, Leslie Terrance moved to sites on Sprowston Road and Magdalen Road before opening its new city shop.
- East Coast Gelato has announced it is opening its first branch in Norwich. The firm already has stores in Hunstanton and Thornham where it has been serving homemade gelato and sweet treats since 2016. The gelato is homemade by the firm's owner in its kitchen in Hunstanton.
- A New Covent Garden Flower Market wholesaler, Green & Bloom, has formed partnerships which will expand its cut flowers and plants offer to two regional hubs, including one in Norwich. The first new branch will open at Whittingtons' Norwich branch on April 29 and a second will open in Birmingham soon. The hubs will be sub-branded Green & Bloom Local and will be set up as collection points for online web shop orders as well as offering local delivery.

Education

- The University of East Anglia (UEA) announced a new and innovative route to fast-track qualified doctors into jobs in the region and beyond, with the launch of a new Graduate Entry Medical course. The new four-year course is one-year faster than a standard medical degree course, without compromising on quality. It will be available to applicants from September 2025.
- Norwich University of the Arts has again been recognised as one of the UK's leading creative arts universities, in the Complete University Guide 2024 it achieved a ranking

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of 56, consolidating its position as one of the top two specialist creative arts institutions in the UK. Notable league table highlights for the University include: Art and design rising 8 places to 35; Architecture rising 13 places to 37; Drama, dance and cinematics rising 6 places to 73

- UEA has maintained its position as one of the world's leading universities for study and research in Development Studies, according to a global ranking table released today (Wednesday 10 April). The QS World University Rankings by Subject 2024 named UEA in the top 20 worldwide in Development Studies for a fourth year running, with the university 19th in the subject area.
- The QS (Quacquarelli Symonds) World University Rankings by Subject 2024 ranked around 1,500 of the world's top institutions in 55 different subjects, based on factors such as academic and employer reputation, and number of citations per academic paper and research collaborations. UEA was also listed in the world's top 100 for Environmental Sciences in the rankings, placing in joint 82nd by QS.
- Funding for an innovative new research project that will help universities integrate Artificial Intelligence (AI) into their art and design education programmes has recently been secured by the Nottingham School of Art & Design, in partnership with Liberty Fabrics, Norwich University of the Arts, and University of the Arts London (Chelsea). The project is one of only 18 to be funded this year by the Quality Assurance Agency for Higher Education (QAA) under its Collaborative Enhancement Projects scheme for 2024. The scheme funds groups of institutions to work together on projects to enhance the quality of the student learning experience, offering outputs that benefit the wider QAA Membership and the HE sector as a whole.
- A group of 10 adult learners have made a successful start on their journey into the caring professions, becoming the first to complete a free 4-week course at City College Norwich which covers essential skills for working in health and social care. The Apollo Essential Skills in Care course, which is supported by NHS England and the NHS Norfolk and Waveney Integrated Care Board, is designed to provide a first step for those thinking about working in health and social care who may not have the experience or qualifications they need to do so.

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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 – with the most significant increase taking place between February and May 2020. Claimant count rates have fallen across each of the reported areas since that time. The rate in the Norwich city council area is currently just above the national level; it remains above pre-pandemic levels and is considerably higher than rates in the urban area, the LEP area and the region.

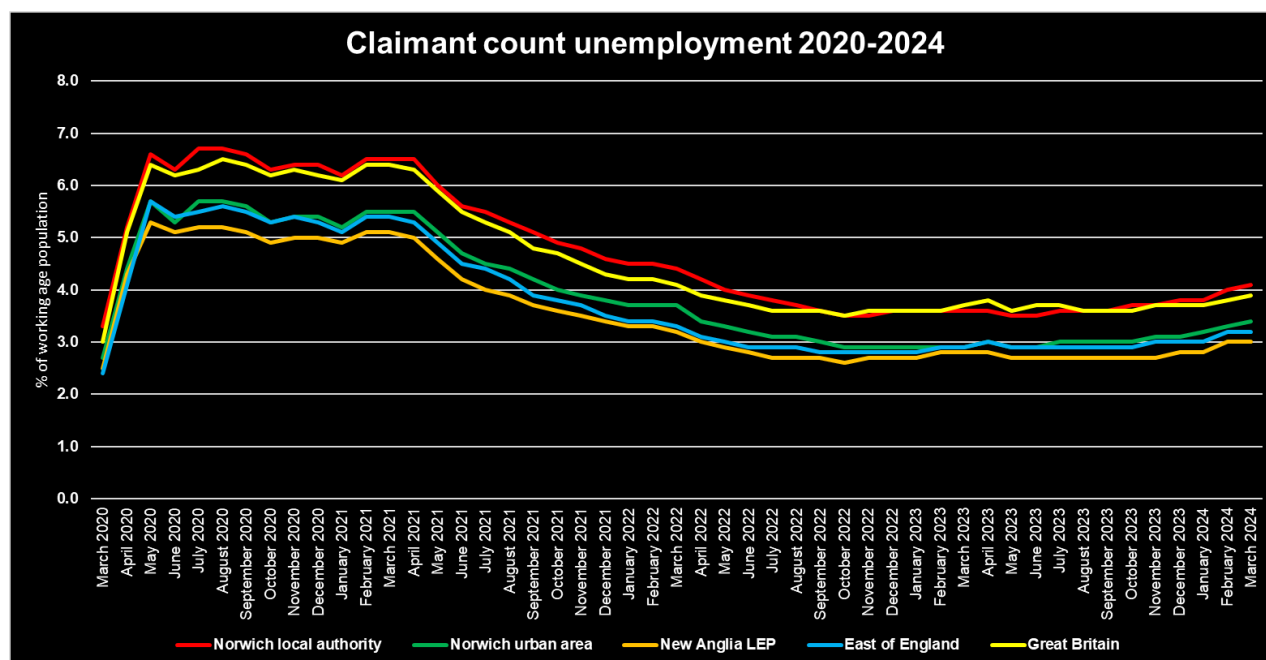


Figure 4: Claimant count unemployment 2020 to 2024

Table 1 Claimant count unemployment rate								
	March 2023		February 2024		March 2024		Monthly change	Annual change
Gt. Britain	1,521,740	3.7%	1,559,530	3.8%	1,589,300	3.9%	+ 0.1%	+ 0.2%
East of England	114,545	2.9%	121,930	3.1%	123,990	3.2%	+ 0.1%	+ 0.3%
New Anglia LEP	27,915	2.8%	29,215	2.9%	29,585	3.0%	+ 0.1%	+ 0.2%
Norwich urban area	4,395	2.9%	4,910	3.3%	5,090	3.4%	+ 0.1%	+ 0.5%
Norwich city council area	3,505	3.6%	3,905	4.0%	4,010	4.1%	+ 0.1%	+ 0.5%

Table 1 shows that the claimant count unemployment rates increased across each of the reported areas relative to the same time last year. During March an increase in unemployment rates against the previous month took place across all the reported areas.

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Ward level claimant count unemployment

Table 2 Claimant count unemployment								
	March 2023		February 2024		March 2024		Monthly change	Annual change
Bowthorpe	265	3.2%	350	4.2%	370	4.4%	+ 0.2%	+ 1.2%
Catton Grove	320	4.5%	340	4.7%	360	5.0%	+ 0.3%	+ 0.5%
Crome	270	4.5%	290	4.9%	320	5.4%	+ 0.5%	+ 0.9%
Eaton	85	1.7%	95	1.9%	90	1.8%	- 0.1%	+ 0.1%
Lakenham	245	4.4%	290	5.1%	300	5.3%	+ 0.2%	+ 0.9%
Mancroft	490	5.8%	510	6.1%	520	6.2%	+ 0.1%	+ 0.4%
Mile Cross	395	5.5%	415	5.8%	420	5.8%	+ 0.3%	- 0.3%
Nelson	115	1.7%	145	2.2%	135	2.0%	+ 0.3%	+ 0.4%
Sewell	275	3.9%	275	3.8%	280	3.9%	0	+ 0.4%
Thorpe Hamlet	345	3.7%	400	4.3%	410	4.4%	+ 0.7%	+ 0.3%
Town Close	215	2.8%	260	3.5%	260	3.4%	+ 0.6%	+ 0.2%
University	155	1.4%	160	1.5%	180	1.7%	+ 0.3%	0
Wensum	335	4.2%	380	4.8%	370	4.6%	+ 0.4%	+ 0.5%

Table 2 shows that March unemployment rates in Eaton ward saw a marginal reduction against the previous month; the rate in Sewell ward was unchanged. Rates in the remaining wards increased compared to rates the previous month.

Compared to the same time last year, the rate fell in Mile Cross ward. The rate was unchanged in University ward; the remaining wards saw an increase in the rate over the year.

Figure 5 demonstrates the wide variation in ward claimant count rates across the city council area. The differential between the lowest rate (University) and the highest rate (Mancroft) currently stands at 4.5 percentage points.

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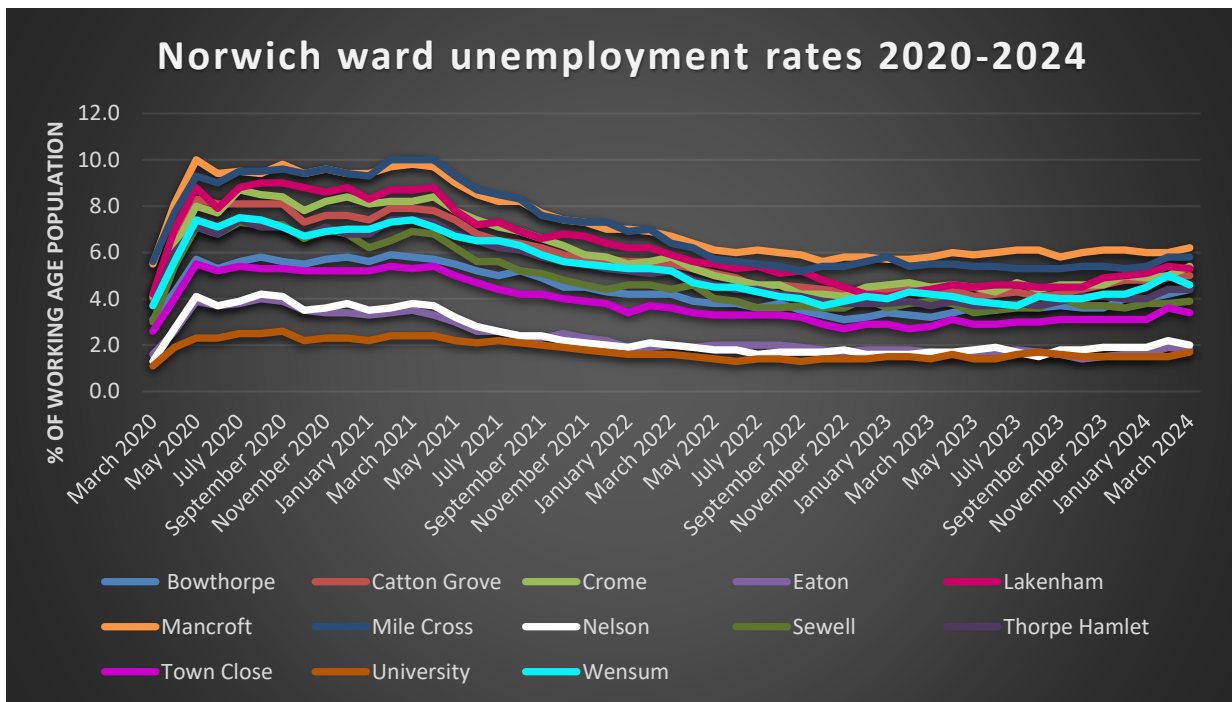


Figure 5: Norwich wards claimant count unemployment 2020 to 2024

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 March, female rates were unchanged against the previous month in Norwich (3.3 per cent) across the LEP area (2.6 per cent) and regionally (2.8 per cent); rates increased slightly nationally (3.3 per cent).

Over the month, male unemployment rates increased slightly in Norwich, across the LEP area and nationally; the rate remained the same regionally. The male unemployment rate stands at 4.9 per cent of working age males in Norwich, but lower nationally (4.5 per cent), in the LEP area (3.3 per cent) and regionally (3.5 per cent).

Norwich's male and female unemployment rates have continued as higher than rates in the LEP area and at the regional and national levels since records began in 1992. It is likely that Norwich's relatively high levels can be traced back to the loss of manufacturing jobs and the dominance of the service sector in the city.

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Housing benefit

Housing benefit is an income related benefit designed to help people on low incomes pay for rented accommodation whether in, or out, of work.

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 Norwich City Council housing benefitⁱⁱ claimants		
	Number of claimants	Monthly change
March 2023	13,664	- 71
April 2023	13,623	- 41
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

Table 3 shows that the number of housing benefit claimants in the Norwich local authority area reduced by 86 claims during March compared to the previous month. Over the past twelve months housing benefit claims in Norwich have fallen by 1.7 per cent. Comparable national data is not available because of a time lag in data collection.

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Average house prices

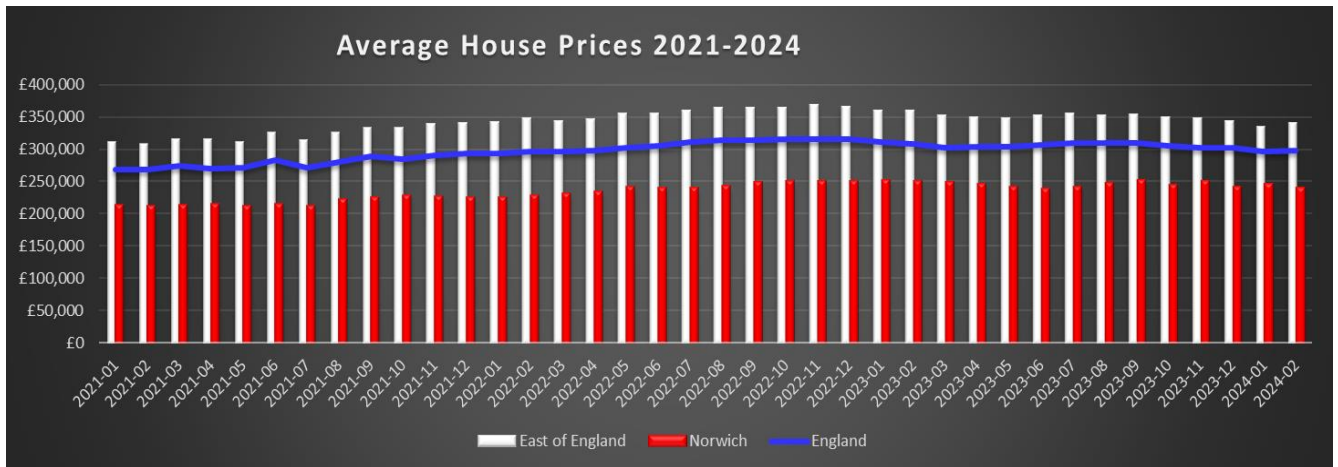


Figure 6: HM Land Registry average house prices 2021- 2024

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 year, average house prices fell by 4.8 per cent in Norwich, by 1.6 per cent in the East of England and 1.1 per cent nationally. Figure 6 summarises average house price movements since February 2021.

During the month of February, average house prices grew by 0.6 per cent in England and by 1.7 per cent across the East of England; prices fell by 2.1 per cent in Norwich.

The average house price in Norwich currently stands at £239,185 against £339,144 for the East of England and £297,735 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	-2.7%	22.4%	1.1%	6.0%	-3.0%
East	-3.1%	11.6%	1.0%	3.4%	-0.8%	-7.8%
High Street Index - BDSU (BDSU - Comparison)	-1.2%	14.3%	2.1%	2.4%	-1.2%	-6.5%
UK	-0.8%	8.9%	2.8%	-0.3%	1.1%	-5.2%

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 3,987,126 which is 2.7% down on the previous year.

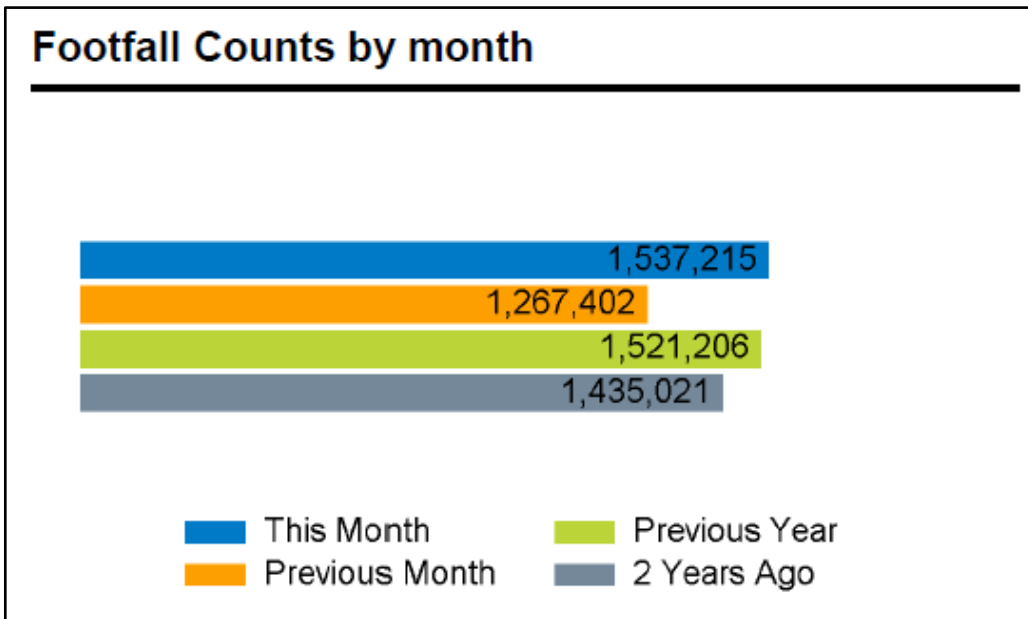


Figure 8: Comparison of monthly footfall

Figure 8 shows the total number of visitors to Norwich in the month beginning 26 February 2024 was 1,537,215.

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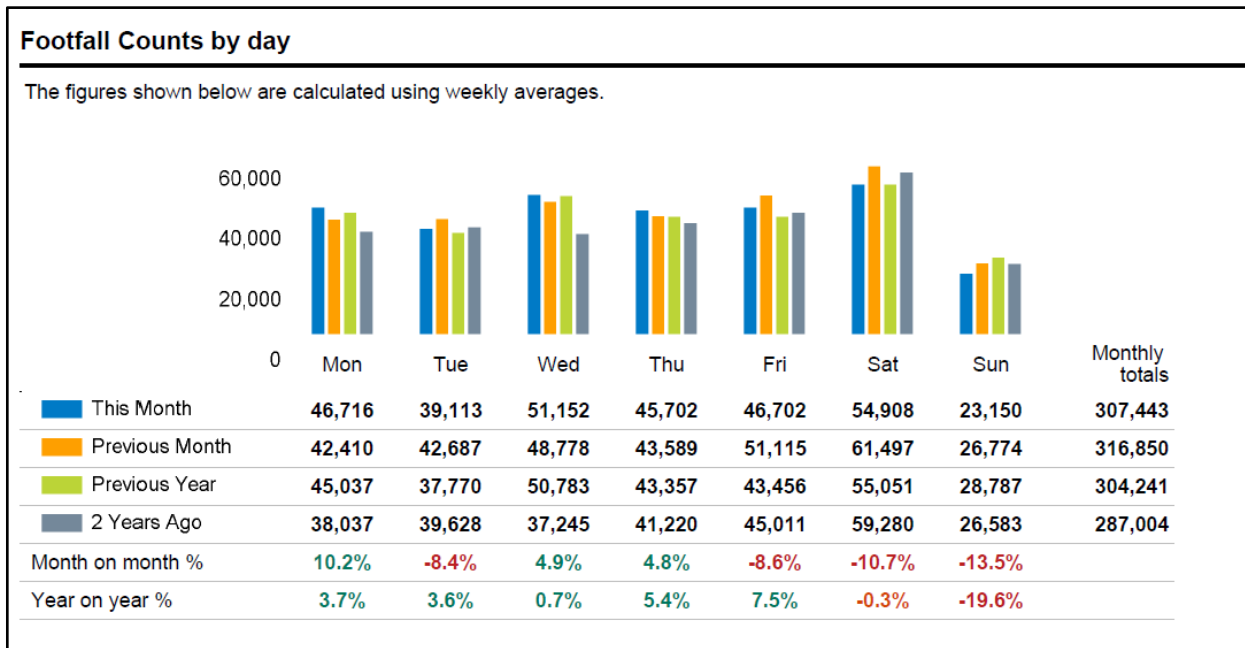


Figure 9: Footfall counts by day

The busiest day in month commencing 26 February 2024 was Saturday 9 March with 61,558 visitors. The peak hour of the month was 13:00 on Saturday 9 March 2024 with footfall of 8,645.

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Appendix

Contact details

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Data 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

Tables 1 and 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.

ⁱ The “claimant count” measure counts the number of people claiming Jobseeker’s Allowance plus those who claim Universal Credit and are required to seek work and be available for work. It replaces Jobseeker’s Allowance claimants as the headline unemployment benefit indicator.

ⁱⁱ Housing benefit numbers include people who are claiming council tax benefit only



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