Chesterfield Economic Assessment 2022

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1). National Context

Significant headwinds at the macro-economic scale (including high inflation, rising interest rates and international trade disruption caused by Covid, Brexit and the war in Ukraine) means that the UK economy has been slowing down and may even have entered recession at the end of 2022. The Office for Budget Responsibility (OBR) forecast that the economy will see a recessionary phase in 2023 (with average GDP growth of -1.4% across the year), before returning to a low level of growth in 2024 (+1.3%) and increasing in 2025 (+2.6%).

Although the labour market has now mostly recovered from the impact of the Covid pandemic, in large part due to the furlough scheme keeping people connected to their jobs, the national (claimant count) unemployment rate remains above its pre-Covid start point at 3.7% (compared to 3.0% in March 2020). The latest forecast (OBR) suggests that the recession will see unemployment rise by approximately 500,000 with (LFS) unemployment peaking at 4.9% in Q3 2024, before falling back gradually to 4.3% in 2026.

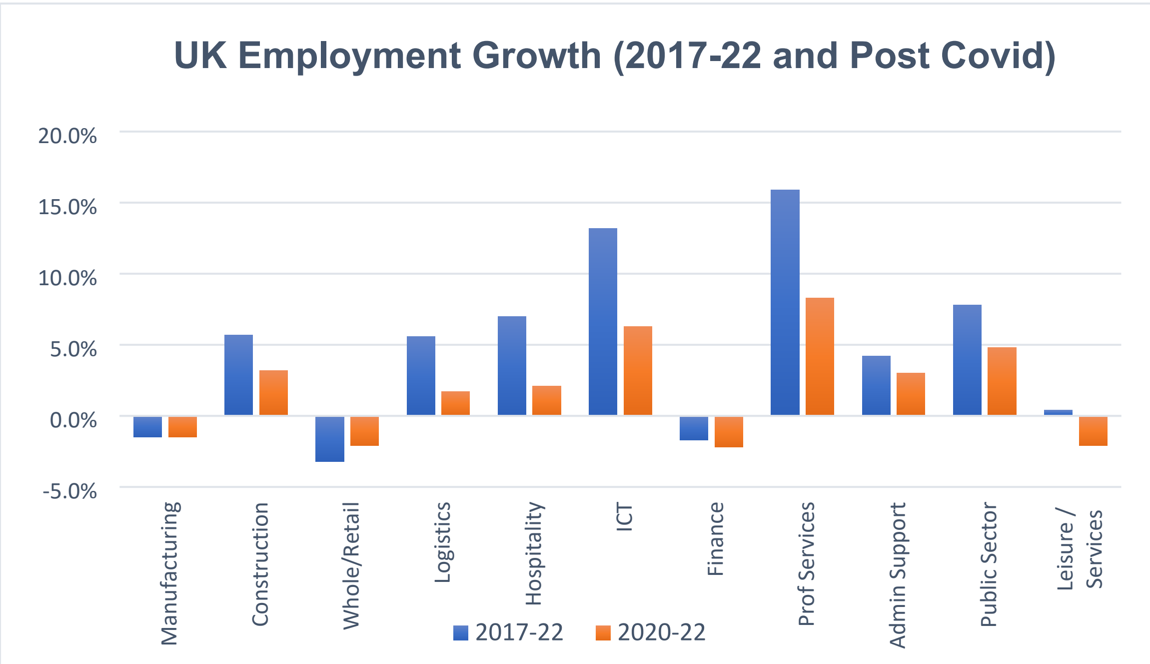
There has been a reduction in the overall supply of labour, with more working age people being classified as economically inactive as a result of the pandemic. There have been increases in the number of people with a limiting long-term illness, students in full-time education and people taking early retirement (plus a reduction in EU workers following Brexit).

Despite the negative outlook for economic growth, the jobs market remains relatively buoyant, with a historically high level of vacancies (1.25m) compared to the number of unemployed (with 0.9 claimants per vacancy). However, the number of vacancies does now appear to have peaked (with vacancies falling in each of the last 3 months), potentially signalling a turning point in the labour market and an increase in unemployment going forward.

The cost of living crisis is placing a significant squeeze on household incomes and this is likely to have a disproportionate impact on lower-income households (which are experiencing a higher relative inflation rate on essential goods and utilities).

The following chart provides a breakdown of national employment by key business sector, highlighting growth over the last five years (Aug 17 to Aug 22) and during the time of Covid (relative to a Feb 2020 baseline). Professional services and ICT have shown the strongest employment growth both on a five year view and in relation to Covid recovery. Both sectors are established drivers of higher-value employment growth and demonstrated a high degree of adaptability to remote working during the pandemic.

Four sectors have still not recovered from the impact of Covid and for three of these (manufacturing, wholesale/retail and finance), this reflects the continuation of the five year trend of declining employment. In the case of manufacturing, this is an established long-term trend, however in relation to the retail and finance sectors the impact is relatively more recent and is primarily linked to the shift to on-line self-service delivery and the consequent reduction of the physical premises network.



2). Population Profile

In 2020 there were 104,900 people living in the borough, with a male / female split of 49% / 51%. Chesterfield has an older age profile with 21% of the population aged 65+, compared to 19% nationally.

The population has grown by 6,000 people or 6% over the last 20 years, however this is less than half the growth rate seen nationally. This lower rate of growth is considered to reflect the industrial restructuring that has taken place in the local economy, with fewer jobs created meaning that fewer people have been attracted to the area for, or have left the area to find employment elsewhere (including those younger people entering higher education and then not returning to Chesterfield for work).

Chesterfield’s population is forecast to increase to 109,000 by 2040, but this will be at a slower rate of growth (4%) than seen nationally (8%). The proportion of the local population aged 65+ will also increase to 27%, compared to 24% nationally, although an increase in the pension age (reaching 68 by 2036) will mean that more people aged 65+ will remain economically active in future.

3). Local Economic Performance

In 2018 (latest figures available), Chesterfield’s economy generated GVA of £2,336m, equating to £45,800 per worker, below the national average of £56,000 per worker. This reflects the particular mix of business sectors in the borough which show a greater bias towards lower value-added activities.

In 2018 the retail & wholesale sector accounted for the largest share of economic activity at £412m, followed by the health & social care sector at £363m. Over the last 10 years (2008-2018), professional services, IT and business administration have all significantly increased their share of economic activity, whilst there has been declines in public administration and manufacturing.

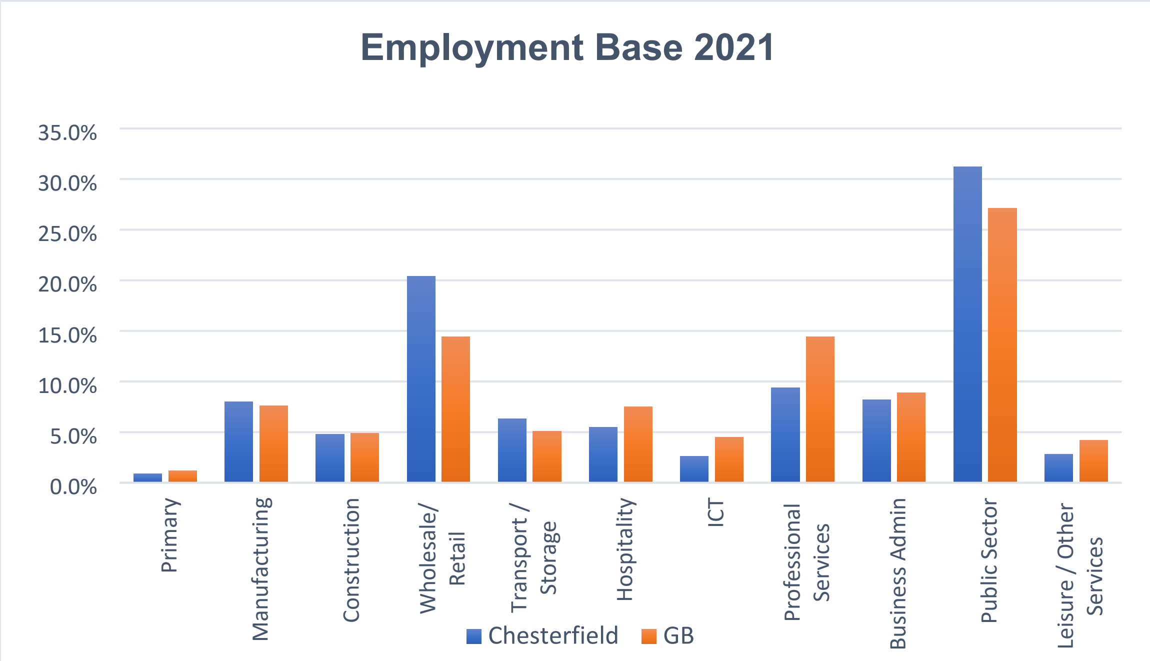
4). Economic Connectivity

With over 50,000 jobs, Chesterfield is a significant centre of employment, attracting over 21,000 commuters from surrounding areas (based on 2011 Census data), predominantly North East Derbyshire (8,400), Bolsover (3,300), Sheffield (3,250) and Derbyshire Dales (1,150), which together account for approximately 75% of all in-bound commuters.

Chesterfield is the most important source of employment for Chesterfield residents with almost 31,000 (or 64%) working within the borough’s boundary. More than 17,000 residents travel outside the borough to work each day, with North East Derbyshire (4,400), Sheffield (3,150), Derbyshire Dales (2,000) and Bolsover (1,700) being the most important employment destinations (accounting for 65% of the total). Comparing 2001 and 2011 commuting data, the largest increase has been seen in the number of Chesterfield residents travelling outside the area for work (+3,700), supporting the view that local jobs’ growth has not kept pace with the employment needs of the population.

5). Employment Base

In 2021, there were 51,000 people employed in Chesterfield (plus approximately 4,000 people classified as self-employed). The graph below provides an employment breakdown by key business sector:



The public sector (comprising public administration, education and health) is the largest employer in Chesterfield, with the health and social care sector accounting for 20% of total employment, compared to 14% nationally. This is followed by the retail & wholesale sector (20% v 14%), reflecting Chesterfield's role as a sub-regional retail and distribution centre. Chesterfield has a particular specialism in 'motor trades' (both vehicle sales and repair), accounting for almost 5% of employment in the borough (2% nationally).

Chesterfield has a higher proportion of employment in the transport & storage sector than the national average (6% v 5%), reflecting the recent growth of Markham Vale as a major logistics hub. Despite the longer term decline of the manufacturing sector (now broadly in line with the national average), the area retains particular specialisms in the production of metal goods and engineering.

Higher-value private sector services (such as professional services, finance and IT) are under-represented in Chesterfield, accounting for 12% of employment compared to 19% nationally. This more limited exposure to key growth sectors helps to explain the under-performance of Chesterfield's economy more generally over the longer term (see below). Chesterfield also has a lower share of employment in the hospitality and leisure sectors.

Chesterfield's employment base has remained relatively static in recent years (in the range 50,000-51,000 jobs) and local employment growth has consistently under-performed growth seen at regional and national scales over the medium and longer term. For example, over the last 20 years, the number of jobs has increased by 9%, compared to 18% regionally and 17% nationally. Restructuring in Chesterfield's manufacturing base has been the main cause of this under-performance, although public austerity measures since 2010 have also had an impact, given Chesterfield's high level of public sector employment. However, it is worth underlining that new jobs are being created in the local economy, notably in areas such as private sector services and logistics, it is just that this growth is at a slower rate than nationally and partially off-set by job losses in other sectors.

6). Employment Growth Forecast

Oxford Economics has produced employment forecasts (based on a ‘policy-off’ scenario) for the D2N2 Local Enterprise Partnership (LEP) and its constituent local authorities. The forecast for Chesterfield is for employment growth of 2.9% between 2021 and 2030, compared to 3.7% for D2N2 and 5.7% nationally. Taking this forecast as a start point, a ‘policy-on’ scenario has been prepared for Chesterfield which takes account of the significant capital investment that will take place in the borough in the next few years (Staveley Town Deal - £25m and Chesterfield Levelling Up Fund (LUF) scheme - £20m). Alongside a working assumption that a major industrial site (Hartington Industrial Park) and the first phase of PEAK Resort (a new visitor destination) will come forward within the timescale, this collective investment is considered sufficient to raise the employment growth projection to 4% (or an additional 2,000 jobs) by 2030.

The table below provides a breakdown of the forecast by key business sector. It is recognised that the projection represents an educated guess as to what might happen by 2030 and that the figures could be impacted by a range of variables not yet fully accounted for (for example, near term recessionary pressures and future public spending cuts). Equally it is considered to provide a reasonable direction of travel, taking account of national trends and drivers and adjusting these for local circumstances.

Employment Sector	Chesterfield 2021 No. and (%)	Chesterfield 2030 No. and (%)	No. and (%) Change
Primary	450 (0.9%)	420 (0.8%)	-30 (-7%)
Manufacturing	4,050 (8.0%)	3,750 (7.2%)	-300 (-7%)
Construction	2,400 (4.8%)	2,470 (4.7%)	+70 (+3%)
Motor trade	2,250 (4.5%)	2,250 (4.3%)	0 (0%)
Wholesale	3,000 (6.0%)	3,200 (6.1%)	+200 (+7%)
Retail	5,000 (9.9%)	4,800 (9.2%)	-200 (-4%)
Transport & Storage	3,150 (6.3%)	3,500 (6.7%)	+350 (+11%)
Hospitality	2,750 (5.5%)	3,050 (5.8%)	+300 (+11%)
Information & Comms	1,350 (2.6%)	1,500 (2.9%)	+150 (+11%)
Finance	1,500 (3.0%)	1,400 (2.7%)	- 100 (-7%)
Property	300 (0.6%)	330 (0.6%)	+30 (+10%)
Professional Services	2,900 (5.8%)	3,200 (6.1%)	+300 (+10%)
Business Admin & Support	4,150 (8.2%)	4,400 (8.4%)	+250 (+6%)
Public Admin	1,750 (3.5%)	1,700 (3.2%)	-50 (-3%)
Education	4,000 (7.9%)	4,160 (7.9%)	+160 (+4%)
Health & Social Care	10,000 (19.8%)	10,700 (20.4%)	+700 (+7%)
Other Services, Arts, Leisure	1,400 (2.8%)	1,570 (3.0%)	+170 (+12%)
Total	**50,400**	**52,400**	**+2,000 (+4.0%)**

The health and social care sector sees the largest absolute growth over the forecast period (+700 jobs) driven by the demand for services primarily as a result of an increasingly ageing population.

The largest percentage growth (+12%) is anticipated in the ‘other services, arts, leisure’ and the hospitality sectors (+11%) reflecting a continuing shift from ‘retail to experience’ in the town centre (supported by significant place making investment from the successful LUF bid) and the delivery of the first phase PEAK Gateway development.

The professional services and IT sectors have been (and will continue to be) long-term drivers of employment growth and this is mirrored locally (+10% and +11% respectively), underpinned by new office developments in the town centre, at Chesterfield Waterside and around the rail station.

The development of Hartington Industrial Park (currently under-going reclamation) is likely to support additional employment growth in the transport & storage and wholesale sectors.

The manufacturing, retail and finance sectors all experience declining employment to 2030, reflecting increased automation, use of Artificial Intelligence and continued growth of on-line services. The decline in local retail employment will be moderated by wider investment in Chesterfield town centre and the anticipated development of the PEAK Gateway.

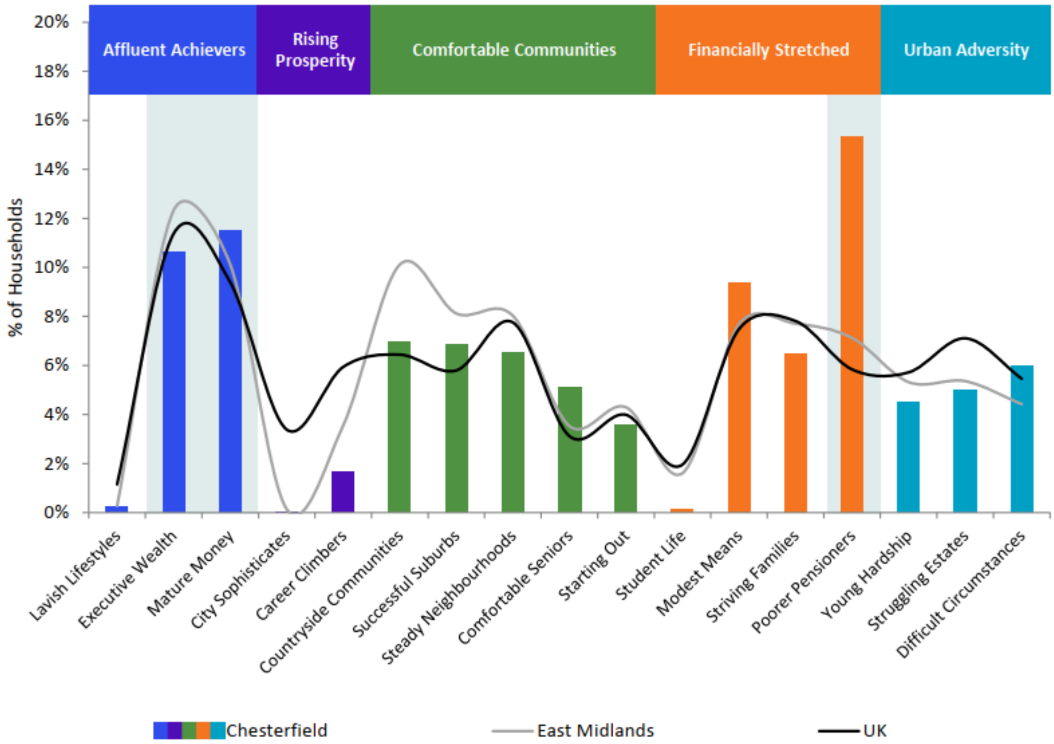
7). Chesterfield Town Centre

Chesterfield is an established retail destination, classified as a ‘Lower Average Major Centre’ by CACI meaning that it is in the second highest tier of retail destinations (Major Centres), but has a greater proportion of value retailers and therefore a bias towards the lower end of the market.

Chesterfield’s ‘core’ retail catchment is quite tightly defined and covers the main residential areas of Chesterfield borough and a significant part of North East Derbyshire. Within this core catchment the town centre achieves a market share of 52% (equivalent to 80,000 regular shoppers), making it the dominant retail centre in this market. Chesterfield’s wider retail catchment is geographically extensive (although constrained on its north/south axis by the proximity of Sheffield and Nottingham) with a total population of 1.1 million people. Within this wider catchment, Chesterfield has a regular shopper population of 105,000, making it the third most important retail destination (9% market share) after Meadowhall (16%) and Sheffield (15%).

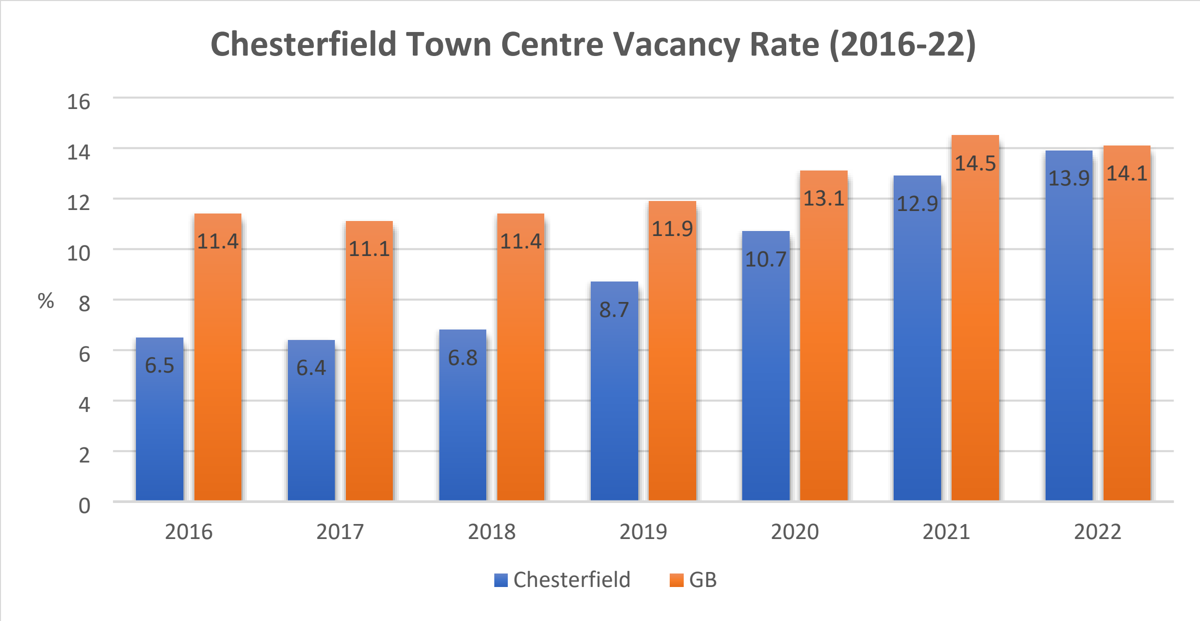
Chesterfield has a diverse (if not polarised) catchment demographic with representation across some of the wealthiest and also some of the most disadvantaged consumer groups (see below). For example, Chesterfield has a concentration of ‘Affluent Achievers’ (22%) alongside ‘Financially Stretched’ (31%) groups, with ‘Poorer Pensioners’ forming the largest single household group (15%).

This diversity reflects the geographical extent of the catchment with the affluent residential areas to the west set alongside more deprived areas on the fringes of the town centre and former industrial/mining settlements to the east.



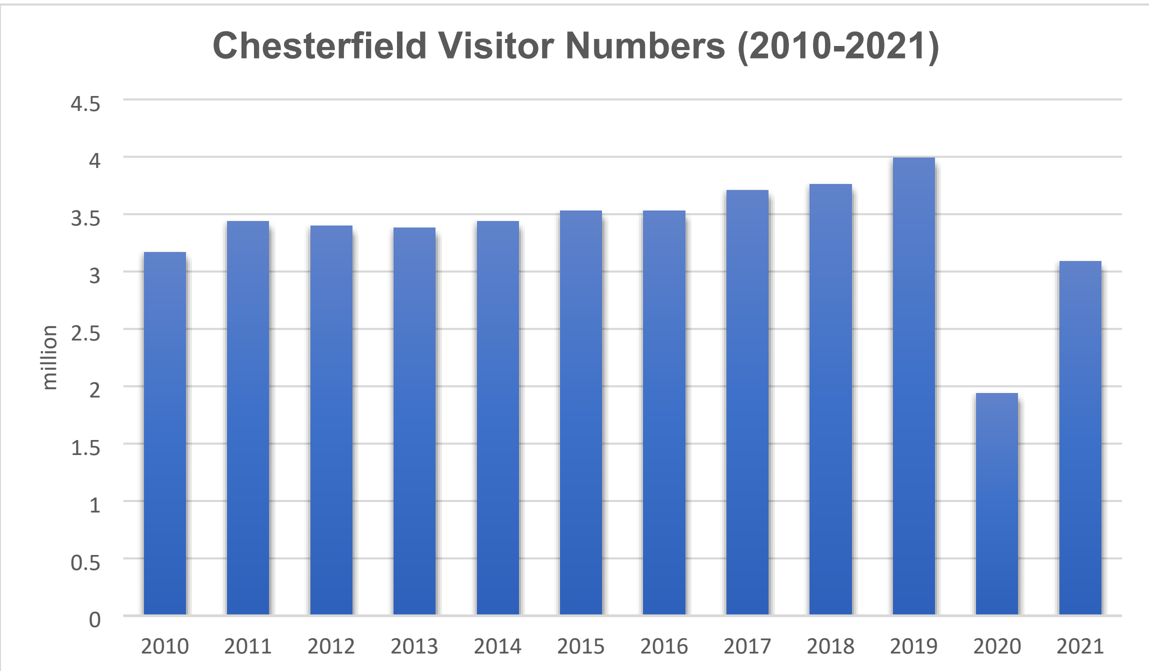
In common with other traditional high streets, Chesterfield is presently facing some key challenges, notably the continuing rise in on-line shopping and the closure / exit of national multiples out of the town centre (for example, the relocation of Next and Marks & Spencer to the Ravenside retail park). These trends have resulted in declining town centre footfall, impacting the viability of those businesses which remain and leading to a steady rise in high street vacancies.

Chesterfield town centre has consistently had a lower vacancy rate than the national average (see chart below), however the gap has narrowed since 2019 and reached a level of almost parity in 2022. The vacancy rate currently (Dec 22) stands at 13.2%, equating to 56 vacant units in Chesterfield town centre. There is a risk that vacancy rates will continue to rise as consumer spending on retail and hospitality is adversely impacted by the cost of living crisis.



8). The Visitor Economy

Prior to the outbreak of the Covid pandemic in 2020, the number of visitors to Chesterfield borough had been on a steady upward trend, increasing by approximately 25% in the previous decade and peaking at 4m visitors in 2019 (see graph below). With Covid lockdowns the number of visitors fell below 2m in 2020, but has since recovered to just over 3m in 2021.



People visiting for the day comprised 91% of total visitors, with the balance being made up of staying visitors (including those staying in paid accommodation and those staying with friends and relatives). Although staying visitors represented 9% of all visitors, they accounted for 18% of total visitor days and their expenditure supported 35% of the direct employment created (490 out of 1,420 jobs). The largest beneficiary of total visitor spend was the retail sector with 500 jobs supported, followed by food & drink with 415 jobs and accommodation with 205 jobs. In 2021, the economic impact of all visitors was estimated to be £163m which supported a total of 1,800 jobs (direct and indirect through supply chain and secondary spend).

9). Business Demography

In 2022 there were 3,350 businesses operating in Chesterfield. The table below provides a breakdown by business sector and comparison with the national profile.

Number of Businesses by Sector (2022)

Sector	Chesterfield No. and (%)	National %
Primary	55 (1.6%)	5.2%
Manufacturing	330 (9.9%)	5.0%
Construction	450 (13.4%)	13.5%
Motor Trade	180 (5.4%)	2.9%
Wholesale	190 (5.7%)	3.9%
Retail	285 (8.5%)	8.1%
Transport & Storage	145 (4.3%)	5.0%
Hospitality	275 (8.2%)	6.4%
Information & Comms	155 (4.6%)	7.2%
Finance	80 (2.4%)	2.2%
Property	95 (2.8%)	4.0%
Professional Services	420 (12.5%)	15.8%
Business Admin	255 (7.6%)	8.4%
Public Admin, Education, Health	225 (6.7%)	7.6%
Other Services, Leisure, Arts	210 (6.3%)	6.5%
Total	3,350 (100%)	100%

Although employment in manufacturing is broadly in line with the national average (8.0% v 7.6%), Chesterfield has twice as many businesses operating in the sector as nationally (9.9% v 5.0%). Chesterfield has a greater share of businesses in the retail trades, with a particular specialism in the motor trades. Despite lower levels of employment in the hospitality sector (5.5% v 7.5%), Chesterfield has a greater proportion of businesses in this sector (8.2% v 6.4%), reflecting a high proportion of micro enterprises. The key area where Chesterfield has a lower share of businesses is in relation to the higher value ICT and professional services sectors (22% v 29%). This is also the case in terms of employment (12% v 19%), although the higher share of businesses highlights that these sectors are mainly comprised of smaller enterprises.

Across the business base as a whole, Chesterfield has a lower proportion of micro businesses than the national average (85% v 89%), but then a greater share of businesses across each of the small, medium and large size categories. This difference is primarily due to the sectoral composition of the local economy, with Chesterfield having a greater share of those sectors with a tendency towards larger company representation, for example, the manufacturing and wholesale sectors, and fewer businesses in professional services which has a high proportion of micro businesses.

Over the last ten years (2012-2022), the stock of businesses in Chesterfield has increased by 21% or 585 businesses. Whilst positive, this was below the rate of growth seen at both the regional (31%) and national (29%) levels. The largest absolute growth has been seen in construction (+115 businesses), business administration (+110) and professional services (+95). The largest percentage growth has been in business administration (+76%) and transport and storage (+70%), possibly reflecting a rise in courier related activities in response to the Covid pandemic. On a positive note, growth in both ICT (+29%) and professional services (+29%) has been ahead of the growth seen at the national scale. Over the period, only the retail and wholesale sectors have experienced a small decline in the number of enterprises (compared to continued growth at the national level).

10). Workforce

The table below sets out the occupational profile for Chesterfield residents. Figures are taken from the Census 2021 (Chesterfield figures for Census 2011 also included for reference).

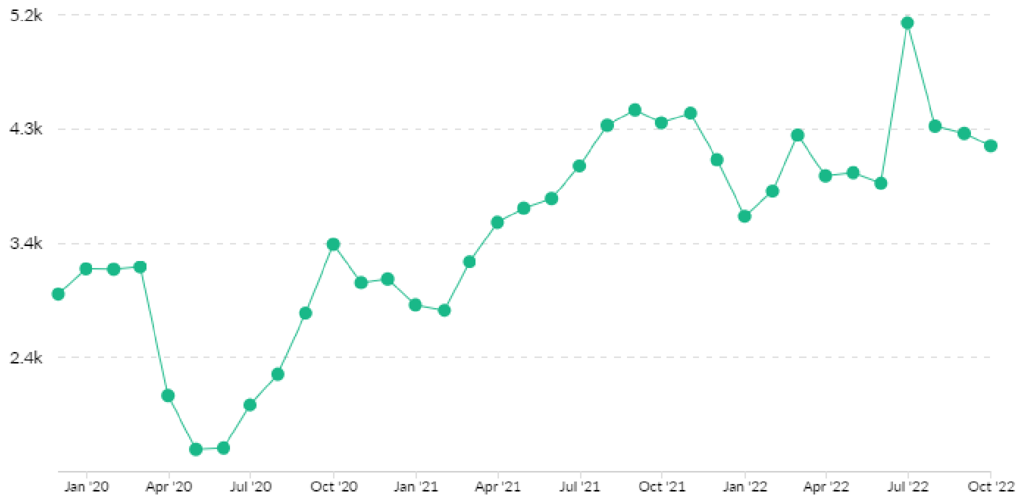
Occupations (Census 2021)				
	Chesterfield (2011)	**Chesterfield (2021)**	East Midlands (2021)	National (2021)
Managers	9.1%	**10.5%**	12.0%	12.9%
Professionals	14.5%	**16.8%**	17.5%	20.3%
Associate Professionals	10.7%	**11.2%**	11.9%	13.3%
Admin / Secretarial	11.4%	**9.5%**	9.1%	9.3%
Skilled Trades	12.0%	**11.2%**	10.8%	10.2%
Caring, Leisure and Other Services	11.1%	**11.9%**	9.5%	9.3%
Sales and Customer Service	9.5%	**9.0%**	7.7%	7.5%
Process, Plant and Machine Operatives	9.1%	**8.1%**	8.9%	6.9%
Elementary Occupations	12.5%	**11.6%**	12.6%	10.5%

Chesterfield has fewer ‘knowledge workers’ (managers, professionals, associate professionals – 38.5%) than both the regional (41.4%) and national (46.5%) averages, although the share of knowledge workers has increased by over 4% points since 2011. Conversely, Chesterfield has a greater proportion of lower skilled occupations (caring, leisure, sales, elementary occupations – 32.5%) compared to the regional (29.8%) and national (27.3%) averages, and is only slightly down on the 2011 figure (32.7%).

Apart from the knowledge based occupations, the only other occupation that has increased its share of employment is ‘caring, leisure and other services’ and this is likely to reflect the high level of health related employment in Chesterfield. The largest decrease (-1.9% points) has been seen in ‘administrative and secretarial’ occupations reflecting the increased use of IT and service automation.

In 2021, the median weekly salary for Chesterfield residents was £540, this compares to £573 regionally and £613 nationally. The average weekly salary for people working in Chesterfield was £528, slightly below the residence based figure, suggesting a degree of out-commuting to better paid jobs in the sub-region.

The chart below shows the trend in the number of job vacancies in Chesterfield since the beginning of the Covid pandemic. There were an average of around 3,200 monthly vacancies prior to the pandemic, falling to a low of 1,700 vacancies in May / June 2020, before showing a strong rebound to currently (Oct 22) stand at 4,100 vacancies. This has been driven by an increase in the demand for labour as businesses have re-opened following the lifting of lock down restrictions. However, the current high level of vacancies is also likely to reflect the reduction in the overall supply of labour referred to in a previous section (1. National Context).



The highest number of vacancies were for nurses, care workers/home carers, ‘other administration’, customer service, teaching assistants, elementary storage and sales related occupations, all of which had over 500 unique job postings in the last 12 months.

11). Skills and Qualifications

In 2019 (the latest available), the average attainment 8 score for Chesterfield’s secondary schools was 45.4, below the national average of 46.7. At the local level, 3 schools - St Marys, Brookfield and Outwood Academy - had a higher attainment 8 score than the national average.

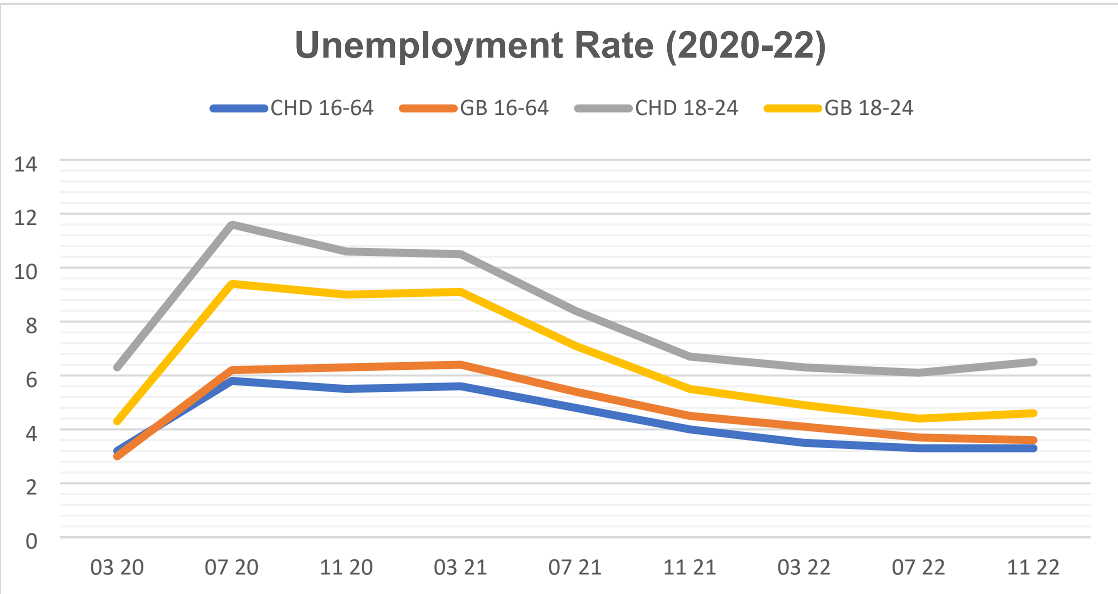
The table below provides a breakdown of the highest qualification levels for Chesterfield residents compared to the regional and national averages (figures from Census 2021, with Chesterfield Census 2011 figures included for comparison).

Qualifications (2021)	Chesterfield 2011	**Chesterfield 2021**	East Midlands 2021	National 2021
No qualifications	27.6%	**20.2%**	19.5%	18.1%
Level 1 qualifications	14.3%	**10.9%**	10.4%	9.7%
Level 2 qualifications	17.0%	**15.2%**	13.9%	13.3%
Apprenticeship	4.0%	**6.4%**	6.0%	5.3%
Level 3 qualifications	12.1%	**18.0%**	18.3%	16.9%
Level 4 qualifications and above	21.0%	**26.8%**	29.1%	33.9%
Other qualifications	3.9%	**2.5%**	2.8%	2.8%

Chesterfield has a lower qualifications profile than the regional and national averages, with fewer residents (aged 16+) qualified at Level 4 or above and more people with no qualifications. Compared to 2011, Chesterfield has seen a notable increase in both Level 3 (+5.9% points) and Level 4 and above (+5.8% points) qualifications, as well as a significant fall in people with No qualifications (-7.4% points) and a decline in lower level qualifications (Levels 1 and 2). Chesterfield has a greater proportion of people with an apprenticeship as their highest qualification (6.4%) than the national average (5.3%).

12). Unemployment

Chesterfield's claimant count unemployment rate (see chart below) currently stands at 3.3% (2,115 claimants – Nov 2022), below the national average of 3.6%. Chesterfield's unemployment rate had shown full recovery from the Covid pandemic, falling to a low of 3.1% in September 2022 (from a Covid high point of 5.9% in May 2020), but has now started to increase again as growth in the economy slows down. Despite there being a continuing high level of job vacancies nationally, it appears that the unemployment rate may have reached the bottom of the cycle and will now start rising again as the economic outlook continues to deteriorate.



The rate of youth unemployment (18-24 year olds) currently stands at 6.5% (Nov 22), above the national average of 4.7% and one of the highest rates in the East Midlands. The rate has fallen from a peak of 11.6% during the Covid pandemic to a low point of 5.5% (May 22), before increasing again in recent months, at a faster rate than the national average (see chart).

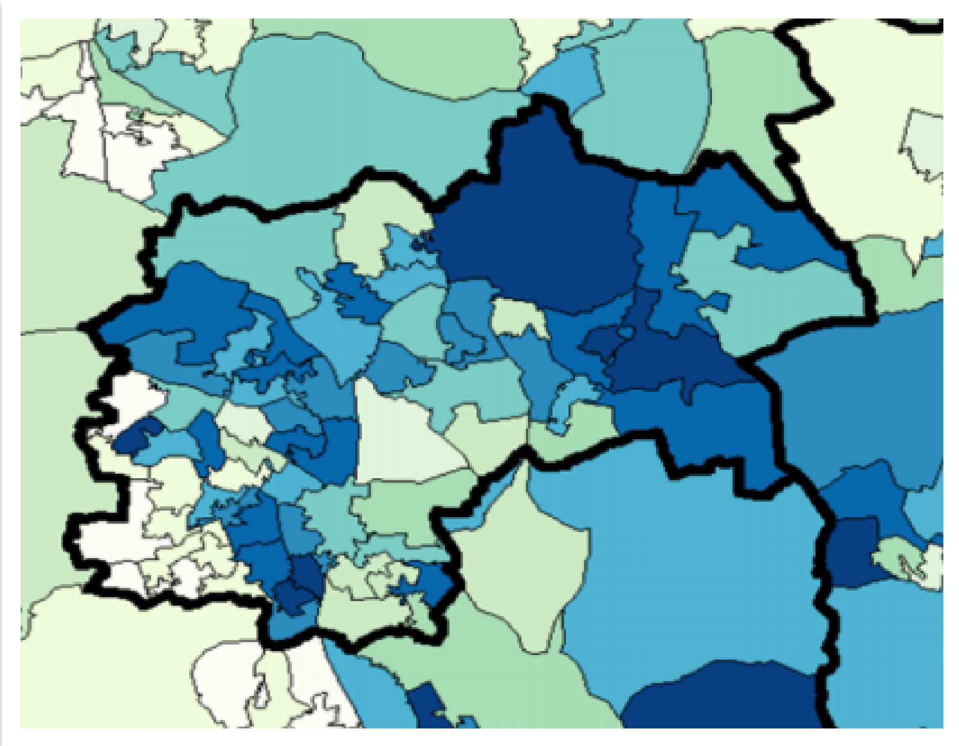
At the local ward level, the unemployment rate varies from 1.1% in West to 6.1% in Rother. Eight out of the 19 wards in Chesterfield have an unemployment rate above the national average, with Rother (6.1%), Old Whittington (5.3%) and Loundsley Green (5.0%) having the highest rates in the borough. Equally, 3 wards (West, Walton and Linacre) all have an unemployment rate below 2%.

13). Measures of Deprivation

The Indices of Deprivation (2019) ranks Chesterfield as the 86th most deprived district in the country (out of 317 districts). This is an improvement of one place compared to 2015, when Chesterfield was ranked 85th (with 1st place representing the most deprived local authority). Chesterfield is ranked as the second most deprived district in Derbyshire, behind Bolsover which is ranked 58th and compares to the least deprived district – Derbyshire Dales – which is ranked 265th.

Looking at specific aspects of deprivation, Chesterfield is ranked as the 13th most deprived district on the Health and Disability measure, 40th on the Employment measure and 64th on the Income measure. On all other aspects of deprivation comprising the Indices (Education, Skills and Training 106th, Crime 257th, Barriers to Housing and Services 276th and Living Environment 301st) Chesterfield is ranked above its average position of 86th.

At the level of Super Output Areas (SOAs – approximating to the scale of a local neighbourhood with a typical population of 1,500), 20 SOAs (out of a total of 69 in Chesterfield) are ranked in the most deprived 20% nationally, with 6 of these in the most deprived 10% (Grangewood, St Augustines, Middlecroft Central, Poolsbrook, Loundsley Green and Barrow Hill). At the other end of the scale, Chesterfield also has 4 SOAs ranked in the least deprived 10% nationally and these are all located in the west of the borough (in West (2), Walton and Linacre wards). The diagram below illustrates SOA deprivation across the borough, with the darkest shade indicating the highest level of deprivation.



Recently released Census 21 data provides a further indication of deprivation levels in Chesterfield. Based on four aspects of deprivation (below), the Census identifies household deprivation levels based on whether the household is impacted by one or more aspects of deprivation (with four being the maximum):

- Education – no person in household has level 2 education
- Employment – any person in household unemployed or long term sick
- Health – any person in household disabled
- Housing – accommodation overcrowded, a shared dwelling or no central heating.

The table below identifies the number (and %) of Chesterfield households impacted by different levels of deprivation compared to county, regional and national averages.

Census 21 – Household Deprivation Levels

	Chesterfield % and No. of households	Derbyshire	East Midlands	England
Household not deprived	44.7% (21,488)	48.8%	48.1%	48.4%
Household deprived in 1 dimension	34.2% (16,437)	33.5%	33.9%	33.5%
Household deprived in 2 dimensions	16.4% (7,884)	14.2%	14.3%	14.2%
Household deprived in 3 dimensions	4.5% (2,148)	3.4%	3.5%	3.7%
Household deprived in 4 dimensions	0.2% (101)	0.1%	0.2%	0.2%

Chesterfield has a higher level of deprivation than the county, region and country with 55% of households experiencing at least one dimension of deprivation, compared to the county (51%), region (52%) and country (52%) which all experience similar levels. At neighbourhood level, 33 SOAs in Chesterfield (48% of the total) experience higher levels of deprivation (based on 3 or 4 dimensions) than the national average.