Milton Keynes Economy Review

January 2009

South East England Development Agency (SEEDA)
SEEDA Research & Economics Team

Summary

- In cash terms the MK economy was worth £6.3 billion in 2006. MK's output or Gross Value Added (GVA) expanded from £3.1 billion in 1996 to £6.3 billion in 2006.

- The MK economy accounts for 3.8% of the South East economy, making it the ninth largest sub-regional economy in the South East.

- The inflation adjusted rate shows that GVA growth in MK was very high on average (over 5.5 per cent) between 1997 and 2003. However between 2003 and 2005 it dropped from 4.8 per cent to 1.3 per cent. The latest GVA figures show that in 2006 the adjusted annual growth rate recovered, moving from 1.3 percent in 2005 to 1.6 in 2006.

- Milton Keynes was the fastest growing economy in the South East between 1997 and 2003 but reported one of the lowest average annual growth rates between 2002 and 2006. The average annual growth rate was well above both the regional and national averages until 2003, but was below the South East average between 2004 and 2006.

- Milton Keynes has one of the largest number of businesses of any local authority in the South East. The industrial structure in Milton Keynes is dominated by small and micro businesses. However, large companies make up a greater proportion of total business stock in Milton Keynes than in most other parts of the region.

- In line with what has been happening at regional and national level, economic development in Milton Keynes over the last decade has been characterised by a structural change whereby manufacturing has been shrinking and the service sector growing, both in terms of number of businesses and people employed.

- During the ten years to 2007 workplace based employment in Milton Keynes increased significantly in business services and in the transport and communications sector.

- Employment and economic activity rates in Milton Keynes are higher than in the South East as a whole. In 2007/08, the economic activity rate in Milton Keynes stood at 82.4% - slightly ahead of the South East figure of 82.0%. The employment rate in Milton Keynes is high, at 79.6% ('full' employment is often defined as an 80% employment rate). This compares to 78.5% in the South East as a whole.

- The skills of the resident population, as measured by qualifications, tend to be slightly lower in Milton Keynes than in the South East. While 30.8% of the population of the South East hold a qualification at NVQ 4 or higher (equivalent to a degree), the figure for Milton Keynes is 28.2%. The proportion of the working age population with a NVQ 2 or higher is 63.1% in Milton Keynes, compared to 68.2% in the South East as a whole. The proportion of people with no qualifications is relatively high in Milton Keynes, at 13.4% compared to 9.6% in the South East.

- In November 2008 there were 4,100 people claiming JSA in Milton Keynes, which represents 2.8% of the resident population – higher than the South East average of 1.9%. Between October and November 2008 there was a 0.3 percentage point increase in the proportion of people claiming JSA, which is in line with the regional figure.

- Between November 2007 and November 2008 the number of people claiming JSA in Milton Keynes increased by almost 1,400, while the proportion of residents claiming grew by 1%, which was one of the fastest rates of increase of any local authority in the South East.

- The latest GVA forecasts produced by Experian suggest that Milton Keynes will be less severely affected by the current economic downturn than the South East as a whole and the UK. While the GVA growth rate is forecasted to decrease in the South East from 0.6% in 2008 to -1.1% and in the UK from 0.2% to -1.2% in 2009, in Milton Keynes GVA is projected to decline to -0.3% in 2009 and to recover much faster than the South East and the UK.

- Total employment in Milton Keynes is projected to increase by 16% between 2007 and 2026. This projected growth is above the UK average of 4.5% and above the South East average of 8%. Between

2007 and 2011, the average annual rate of growth in Milton Keynes is projected to be 0.3% - in contrast to the region as a whole, where employment is expected to fall by -0.3% per year.

- The forecast increase in total employment is mainly driven by increases in the transport and communications, financial and business services, distribution, hotels and catering sectors and other (mainly public) services.

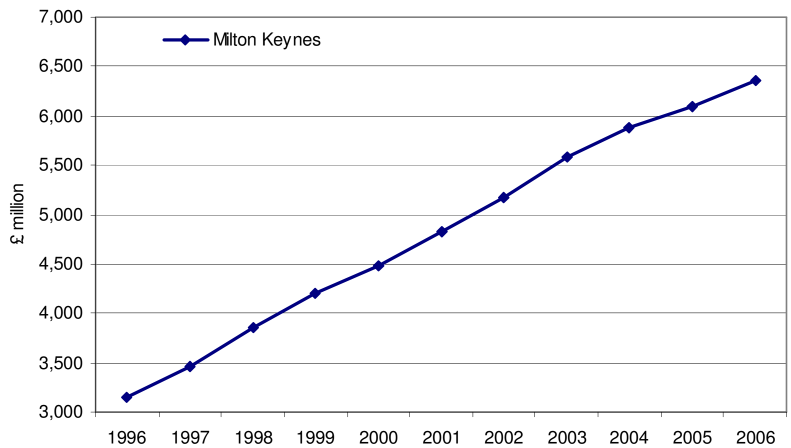
Introduction

This Review presents a picture of how the economy and labour market in Milton Keynes (MK) has been performing in recent years and is projected to change in future. The report includes analysis of growth in Gross Value Added (GVA) and GVA per head; the changing sectoral composition of business stock and employment and the performance of the labour market.

Trends in output growth – Milton Keynes continues to expand over the past decade

In cash terms the MK economy was worth £6.3 billion in 2006. MK's output or Gross Value Added (GVA) expanded from £3.1 billion in 1996 to £6.3 billion in 2006 *(Figure 1)*[1].

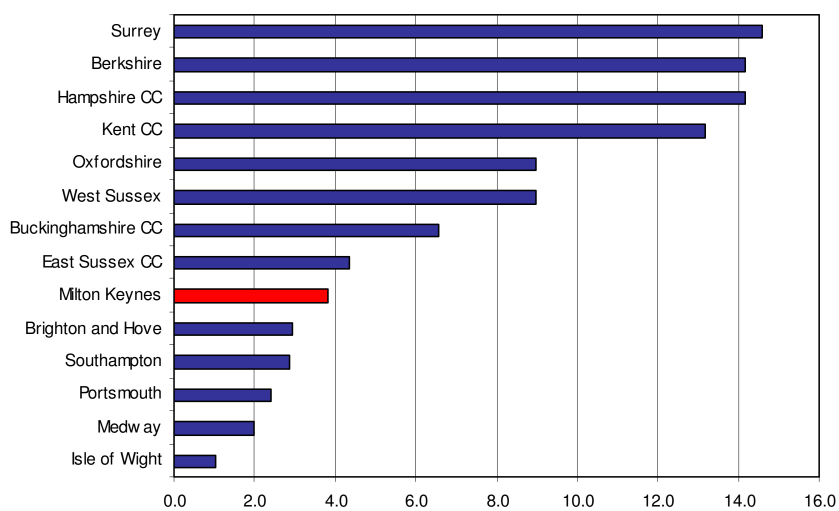
Figure 1 Milton Keynes continues to expand – Gross Value Added (GVA) 1996-2006



Source: ONS 2008

The MK economy accounts for 3.8% of the South East economy, making it the ninth largest sub-regional economy in the South East *(Figure 2).*[2]

Figure 2 Share of regional GVA - 2006

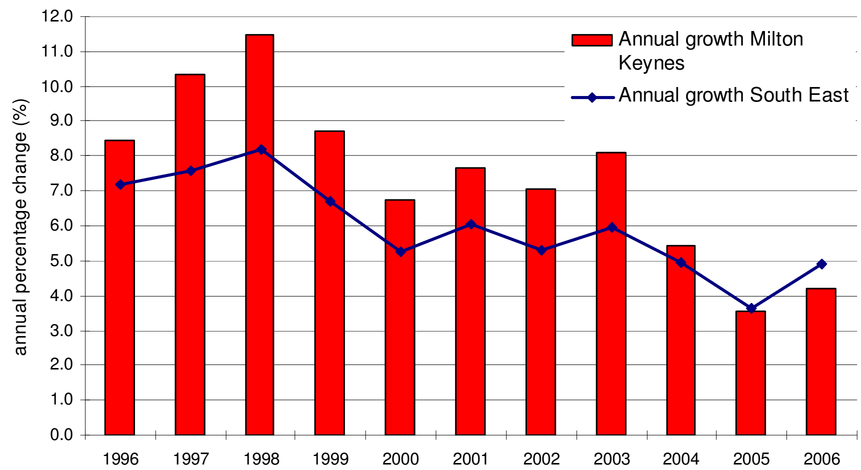


Source: ONS 2008

[1] Workplace based estimates (residence based GVA is not available at sub-regional level). The 2006 GVA data is an estimate and is likely to be revised in December 2009. The revisions to GVA estimates could impact on the 2004 and 2005 figures.
[2] Based on NUTS3 geographical areas (counties and unitaries).

Between 2003 and 2005, the rate of GVA growth slowed down in MK, in line with the South East average. However, over the ten years to 2005 the annual rate of GVA growth in Milton Keynes was well above the regional average and the latest GVA data released in December 2008 show that the growth rate increased in 2006 compared to 2005 by 0.6 percentage points *(Figure 3).*

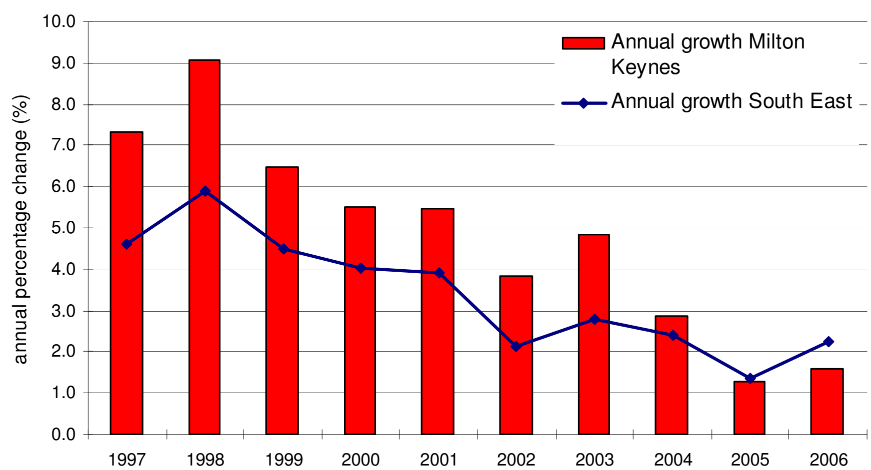
Figure 3 Annual percentage change 1996-2006 (not inflation adjusted)



Source: ONS 2008

So far we have looked at so-called 'nominal' rates of growth in GVA – that is, growth which is not adjusted for the effects of inflation. When comparing change over time it is preferable to use 'real' GVA figures – that is, figures which take account of the effects of inflation. The inflation adjusted rate shows that GVA growth in MK was very high on average (over 5.5 per cent) between 1997 and 2003, but between 2003 and 2005 it dropped from 4.8 per cent to 1.3 per cent. The latest GVA figures show that in 2006 the adjusted annual growth rate recovered, moving from 1.3 percent in 2005 to 1.6 percent in 2006. *(Figure 4)*.

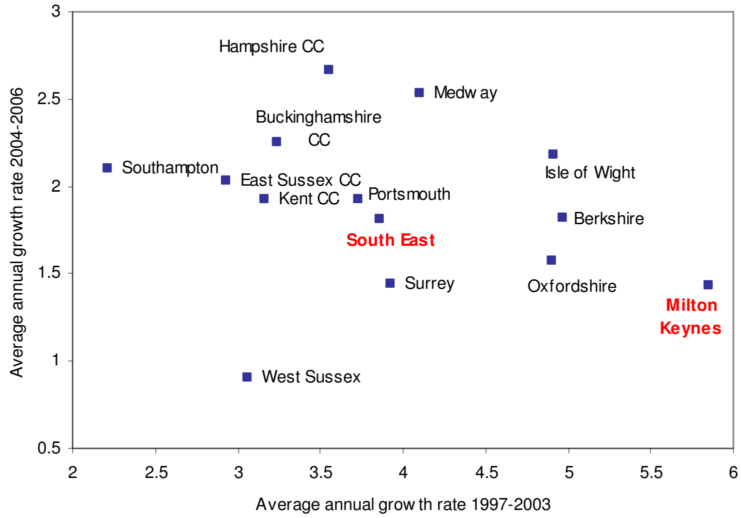
Figure 4 Annual percentage change 1996-2006 (adjusted for inflation)



Source: SEEDA calculation based on ONS 2008

Milton Keynes was the fastest growing economy in the South East between 1997 and 2003 (*Figure 5* – horizontal axis) but reported one of the lowest average annual growth rates between 2002 and 2006 (vertical axis). The average annual growth rate was well above both the regional and national averages until 2003, but was below the South East average between 2004 and 2006.

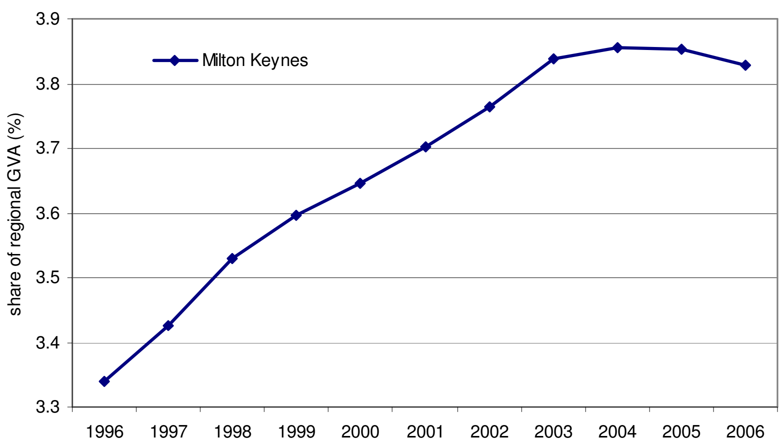
Figure 5 Inflation adjusted GVA growth, 1997-2003 and 2004-2006



Source: SEEDA calculation based on ONS 2008

A faster rate of growth relative to other sub-regions within the South East means MK's share of regional output increased between 1996 and 2003, from 3.3 per cent to 3.8 per cent (*Figure 6*). However, between 2003 and 2006 the share of regional GVA flattened and fell slightly in 2006.

Figure 6 Share of regional GVA – 1996-2006

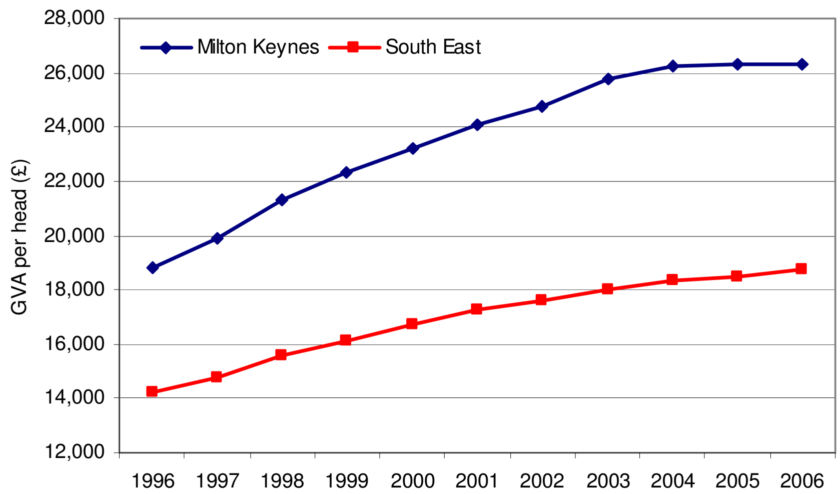


Source: ONS 2008

GVA per head growth

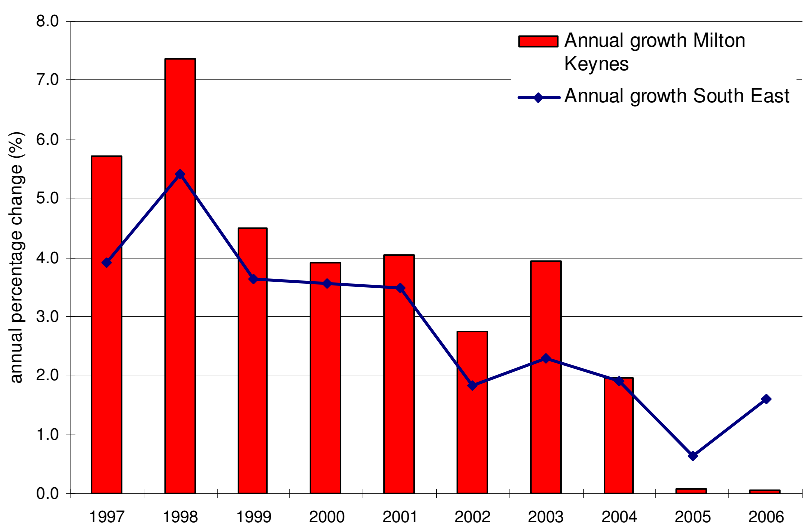
In cash terms, GVA per head (adjusted for inflation) in Milton Keynes was some £6,220 higher in 2006 than in 1996, as adjusted GVA per head in MK expanded from around £18,800 in 1996 to £26,300 in 2006 (*Figure 7*). Milton Keynes GVA per head is not only much higher than the South East average but has also been growing faster than the South East average. As a consequence, in 2006 MK reported the second highest GVA per head amongst the South East sub-regions. Over the 1996-2006 period, the inflation adjusted rate of growth in GVA per head in Milton Keynes fluctuated in line with the South East trend, but remained higher than the South East growth rate apart from 2005 and 2006 (*Figure 8*). Between 2004 and 2005 GVA per head growth dropped much faster than in the South East as a whole and reached the lowest point for ten years (0.6 per cent). Moreover, while there was a recovery in the GVA per head growth rate in 2006 at regional level, the same has not happened in Milton Keynes.

Figure 7 GVA per head (adjusted) – 1996-2006



Source: SEEDA elaboration based on ONS 2008

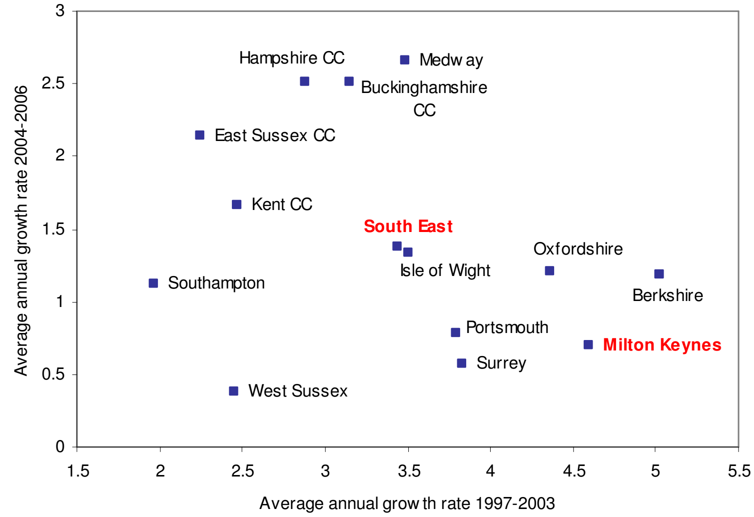
Figure 8 GVA per head annual percentage change (adjusted) – 1996-2006



Source: SEEDA elaboration based on ONS 2008

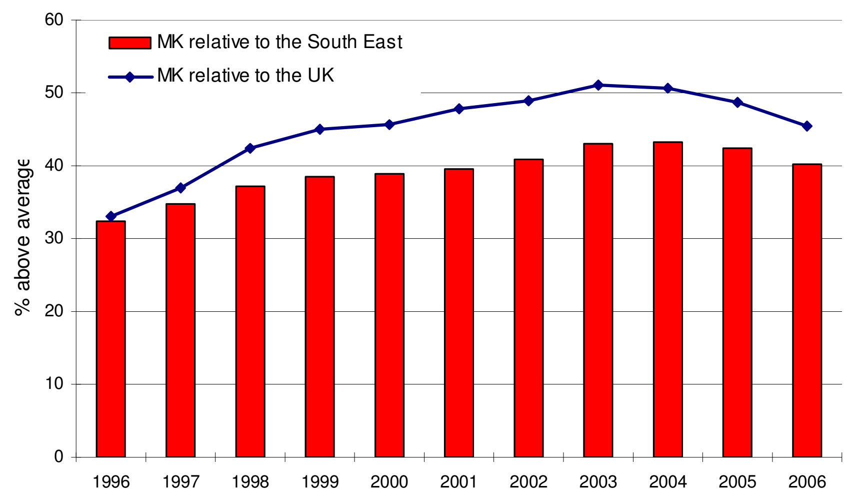
Between 1997 and 2003, the rate of growth in GVA per head in MK was above the regional average and the second highest amongst the South East sub-regional economies (horizontal axis on *Figure 9*). Between 2004 and 2006, however, growth in GVA per head in MK was not only below the regional average but also the third lowest in the region, after West Sussex and Surrey (vertical axis on *Figure 9*). GVA per head in Milton Keynes was over 30 per cent higher than the South East and UK averages in 1996. The difference between GVA per head in Milton Keynes and that in the South East and the UK grew larger between 1996 and 2003. The latest data show that GVA per head in MK is now 40 per cent higher than the South East average and 50 per cent higher than the UK average *(Figure 10).*However, the gap has been narrowing since 2003.

Figure 9 Inflation adjusted GVA per head growth 1997-2003 and 2004-2006



Source: SEEDA elaboration based on ONS 2008

Figure 10 Milton Keynes GVA per head relative to the regional and national average



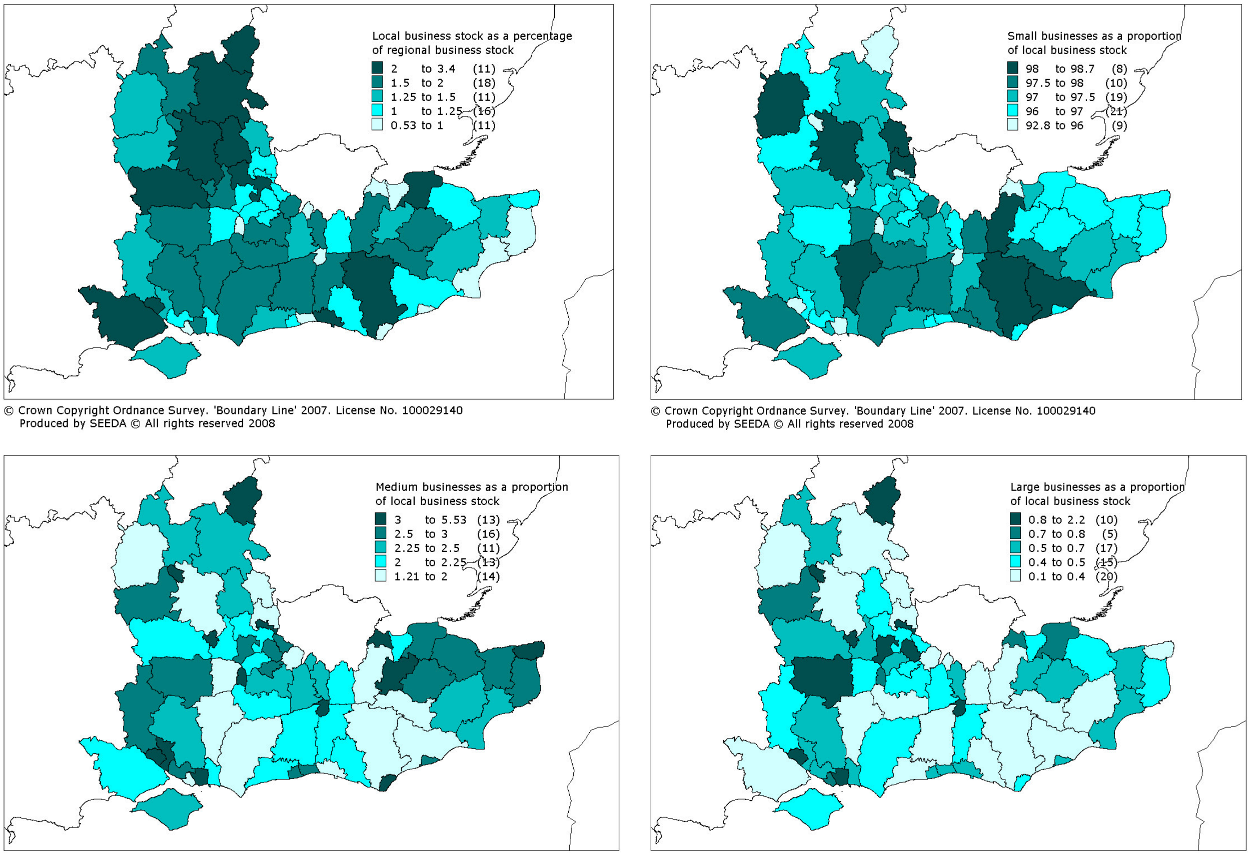
Source: ONS 2008

The industrial structure in Milton Keynes

The industrial structure in Milton Keynes is dominated by small and micro businesses. The large majority (82%) of business units in Milton Keynes have between 1 and 10 employees, 13% have between 11 and 49 employees, 4% between 50 and 199 and only 1% of local businesses have more than 200 employees.

However, as the maps on the following page show, large companies make up a greater proportion of total business stock in Milton Keynes than in most other parts of the region. It is also worth noting that Milton Keynes' share of total regional business stock is one of the largest of any local authority in the South East (first map on the left).

Figure 11 Business stock in Local Authorities as percentage of regional business stock, and the percentage of small, medium and large businesses, South East 2007



© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

In line with what has been happening at regional and national level, economic development in Milton Keynes over the last decade has been characterised by a structural change whereby manufacturing has been shrinking and the service sector growing, both in terms of number of businesses and people employed. The loss of employees in manufacturing in Milton Keynes between 1998 and 2007[3] (-32.4 per cent) was only slightly higher than in the South East (-28.2 per cent) and in England (-30.4 per cent) (*Table 1*). However, the loss in the number of manufacturing companies was slightly lower in Milton Keynes (-10.2 per cent) than in the South East (-11.2 per cent) and in England (-13.7 per cent) (*Table2*).

Over the same period workplace based employment in Milton Keynes increased significantly in business services and in the transport and communication sector. In the case of the transport and communication sector and in business services the growth in employment was much higher than the South East and England averages. The significant increase in the number of businesses in the financial sector, much higher than the overall trends in the South East and in England, is due to the location in the area of some important financial institutions such as Abbey, Morgan Stanley and RBS South England Corporate. This can also explain the smaller reduction in the number of employees, compared to the regional average.

In addition, the transport and communications sector in Milton Keynes experienced a considerable increase in the number of business units (+30%) from 1998 to 2007 (*Table 2*). This growth was much higher than the South East and English averages. In terms of number of business units, the growth in the business services sector was high but in line with the trends in the South East and in England. Although

[3] It should be noted that in 2003 and in 2006 there have been methodological improvements that caused discontinuities in the final results. Discontinuities in 2003 data are at geographical and industrial level. The first one is due to the fact that 2003 ABI data for aggregate areas was based on 2003 Census Area Statistics (CAS) wards, different from previous years' ABI data which was built from 1991 census wards. The 2006 data present inconsistencies compared to previous years due to the introduction of the Business Register Employment Survey (BRES) and to a methodological improvement to the apportionment of the lower level estimates. However, due to the nature and characteristics of these discontinuities, these should not affect the figures presented here.

the growth in the number of employees in the wholesale and retail sector was approximately in line with the South East and England, the growth in the number of businesses was significant, whereas in the South East and in England the number of business units in this sector decreased over the period.

Table 1 Workplace based employment, 1998 and 2007 (selected sectors*)

Sector	1998	2007	change	% change MK	% change South East	% change England
D : Manufacturing	17,975	12,145	-5,830	**-32.4**	**-28.2**	**-30.4**
F : Construction	2,715	3,330	615	**22.7**	**18.5**	**19.4**
G : Wholesale and retail trade	29,864	30,080	216	0.7	0.0	1.3
H : Hotels and restaurants	5,120	6,450	1,330	26.0	19.4	14.2
I : Transport, storage and communication	8,010	12,420	4,410	**55.1**	**4.0**	**9.3**
J : Financial intermediation	6,100	5,965	-135	**-2.2**	**-12.3**	**0.9**
K : Real estate, renting and business activities	19,270	34,435	15,165	**78.7**	**30.6**	**33.4**
L : Public administration and defence	4,250	4,175	-75	-1.8	-12.8	8.8
M : Education	7,820	11,980	4,160	53.2	35.8	31.0
N : Health and social work	6,435	10,650	4,215	65.5	26.0	26.0
Total	107,559	131,630	24,071	22.4	8.5	8.5

Source: National Statistics (Annual Business Inquiry) 2008
Note: * absolute figures might not add up (the figures have been rounded up to nearest five)

Table 2 Number of business units, 1998 and 2007 (selected sectors*)

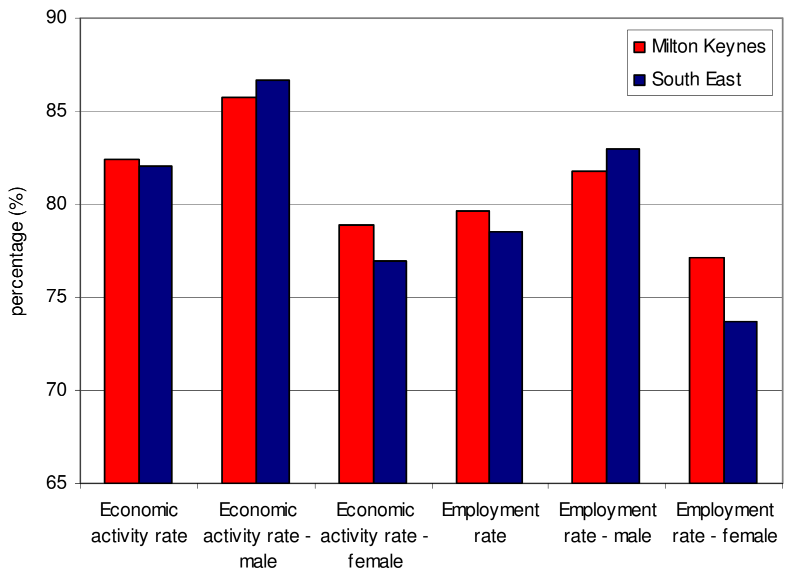
Sector	1998	2007	change	% change MK	% change South East	% change England
D : Manufacturing	685	615	-70	-10.2	-11.2	-13.7
F : Construction	630	875	245	38.6	27.9	29.8
G : Wholesale and retail trade	1,685	1,930	245	**14.7**	**-0.9**	**-3.2**
H : Hotels and restaurants	400	545	145	36.3	19.5	12.1
I : Transport, storage and communication	410	535	125	**30.5**	**10.2**	**7.5**
J : Financial intermediation	150	200	50	**34.0**	**10.4**	**10.5**
K : Real estate, renting and business activities	2,730	4,195	1,465	53.6	47.9	50.7
L : Public administration and defence	60	60	0	-3.3	9.3	6.0
M : Education	220	280	60	26.4	30.6	26.3
N : Health and social work	370	505	135	36.2	31.3	28.7
Total	7340	9740	135	32.6	22.0	18.6

Source: National Statistics (Annual Business Inquiry) 2008
Note: * absolute figures might not add up (the figures have been rounded up to nearest five)

Labour market and skills profile

Employment and economic activity rates in Milton Keynes are higher than in the South East as a whole. In 2007/08, the economic activity rate in Milton Keynes stood at 82.4% - slightly ahead of the South East figure of 82.0%. The employment rate in Milton Keynes is high, at 79.6% ('full' employment is often defined as an 80% employment rate). This compares to 78.5% in the South East as a whole. Interestingly, the economic activity and employment rates for men in Milton Keynes are lower than the regional average, but higher then the regional average for women (Figure 12). The unemployment rate in Milton Keynes is significantly below the regional average, at 3.4% compared to 4.2% in 2007/08.[4]

Figure 12: Economic activity and employment rates in Milton Keynes and the SE, 2007/08



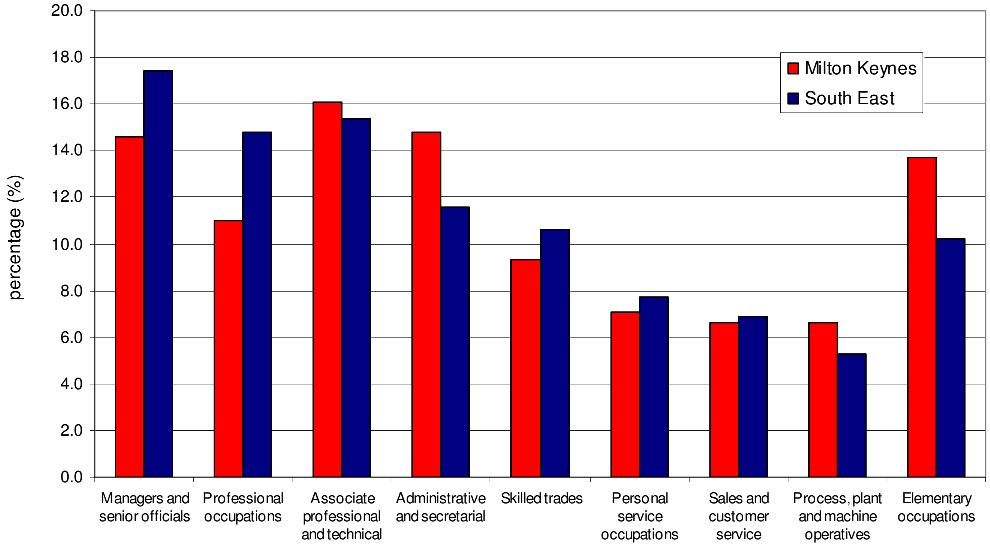
Source: ONS Annual Population Survey, April 2007-March 2008

The skills of the resident population, as measured by qualifications, tend to be slightly lower in Milton Keynes than in the South East. While 30.8% of the population of the South East hold a qualification at NVQ 4 or higher (equivalent to a degree), the figure for Milton Keynes is 28.2%. The proportion of the working age population with a NVQ 2 or higher is 63.1% in Milton Keynes, compared to 68.2% in the South East as a whole. The proportion of people with no qualifications is relatively high in Milton Keynes, at 13.4% compared to 9.6% in the South East.[5]

An alternative proxy measure of skill is the occupational category in which an individual is employed. In line with the qualifications profile of the population, a smaller proportion of people in Milton Keynes are employed in higher-skilled occupations (professional, managerial and technical) than in the region as a whole, while the percentage of people employed in occupations requiring lower levels of skill (elementary occupations and process, plant and machine operatives) is higher in Milton Keynes than the South East average (Figure 13).

[4] ONS Annual Population Survey, April 2007-March 2008.
[5] ONS Annual Population Survey, January – December 2007.

Figure 13: Percentage of working age population employed in different occupational categories



Source: ONS Annual Population Survey, April 2007- March 2008

It is important to remember that labour market indicators often say more about the characteristics of the resident working-age population than about the strength of an economy in a particular area. As the data on GVA per head (outlined above) illustrated, the Milton Keynes economy is relatively wealthy, yet the labour market participation rates of its resident population are only just above the regional average, while the skills levels of the population are below the regional average. This is because GVA data is calculated on a workplace basis, while labour market data is usually based on residence. Because individuals' output is allocated to where they work rather than where they live, urban centres which tend to attract large volumes of in-commuters (like Milton Keynes) also tend to have higher levels of GVA. These high figures often mask significant concentrations of residents with low incomes.

As an indication of commuting patterns, there is often a disparity between the earnings of those who live and those who work in a particular area. In Milton Keynes, the average earnings of the workforce are slightly higher than those of residents. Workers in Milton Keynes earn on average £23,200 per year, while residents earn an average of £22,800.[6] This suggests that higher-paid residents tend to work outside the areas in which they live.

Recent labour market conditions in Milton Keynes

The labour market is usually a 'lagging' indicator of economic conditions, so, over a year since the downturn began, its effects are beginning to be seen in employment and unemployment figures. The most timely measure of unemployment at sub-regional level is the claimant count – that is, the number of people claiming Job Seekers' Allowance (JSA). In November 2008 there were 4,100 people claiming JSA in Milton Keynes, which represents 2.8% of the resident population – higher than the South East average of 1.9%. Between October and November 2008 there was a 0.3 percentage point increase in the proportion of people claiming JSA, which is in line with the regional figure. However, month-on-month changes in the claimant count rate can be highly volatile, so it is often more useful to look at changes over a longer time period. Between November 2007 and November 2008 the number of people claiming JSA in Milton Keynes increased by almost 1,400, while the proportion of residents claiming grew by 1%, which was one of the fastest rates of increase of any local authority in the South East.[7]

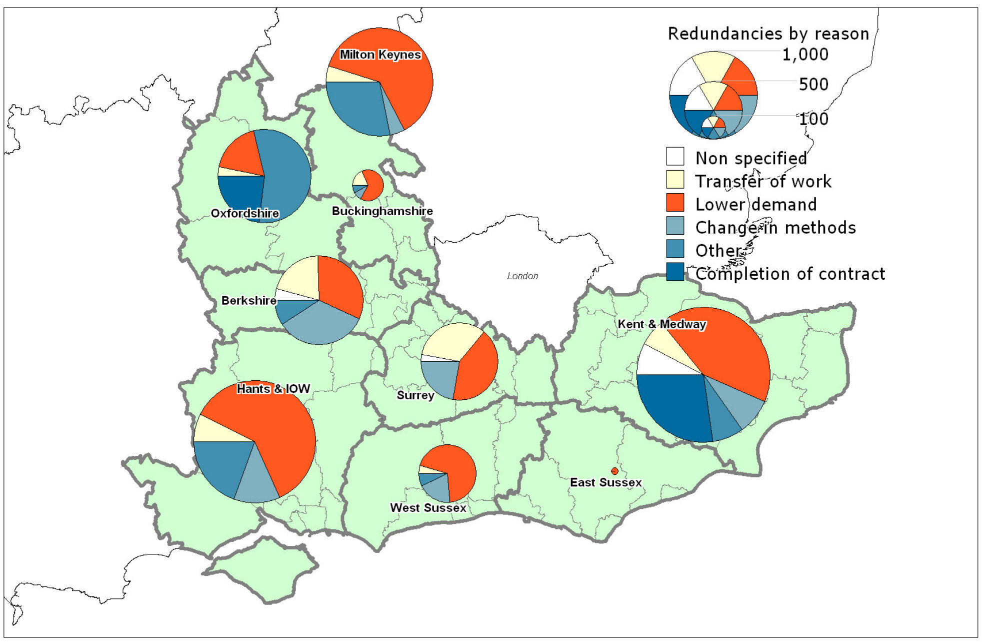
A rise in the number of unemployed jobseekers is often an indication of increasing redundancies in an area. The latest data from BERR shows that there has been a substantial number of redundancies in Milton Keynes in recent months, with MK's share of all redundancies in the South East significantly outweighing its share of the regional workforce. It is important to be aware of the limitations of this data, however. Only companies that are making more than 20 staff redundant are required to notify BERR of

[6] ONS Annual Survey of Hours and Earnings, 2008.
[7] ONS Claimant count data, from NOMIS, January 2009.

their intentions, so a large number of smaller-scale job losses are not picked up in the data. In some cases a firm's headquarters is in the South East, but the actual redundancies are taking place in another region. Moreover, some redundancies are not scheduled to take place until 2009 or even later, so we do not know whether these planned job losses will in fact happen. Finally, some 'redundancies' are simply changes of contracts for employees, yet they are still included in the redundancy data.

With these caveats in mind, the data shows that there were more than 2,200 redundancies in Milton Keynes in the last quarter of 2008 (1st October to 17th December), which represents 16% of the total number of redundancies in the South East in that period. In the period from mid-November to mid-December alone, there were 1,700 redundancies notified in Milton Keynes, which is 28% of the total recorded in the South East.[8] Given that the workforce in Milton Keynes accounts for just 4% of total employees in the South East, these redundancy figures are remarkably high. It is likely that a number of these redundancies have been recorded at the headquarters of particular companies which are based in Milton Keynes, while the job losses themselves are taking place elsewhere. Nevertheless, the numbers of redundancies are still high relative to MK's share of the South East workforce. Figure 14 below shows the number of redundancies recorded in each sub-region of the South East in quarter 4 of 2008, with the cause of these job losses identified. In the South East as a whole, roughly half of all redundancies were reported to be due to lower demand, while in Milton Keynes the figure was almost two thirds (63%).

Figure 14: Redundancies by sub-region, size and reason, Quarter 4 2008 (1 October - 17 December)



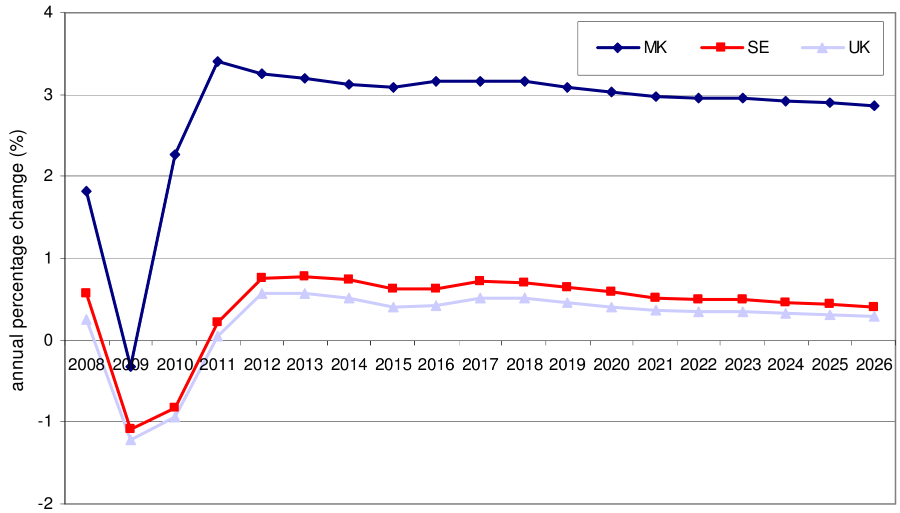
Source: BERR HR1 data, via Job Centre Plus, October-December 2008

GVA in Milton Keynes is projected to increase much faster than in the South East and in the UK after 2009

The latest GVA forecasts produced by Experian suggest that Milton Keynes will be affected by the current economic downturn to a lesser extent than the South East as a whole and the UK. While the GVA growth rate is forecast to fall in the South East from 0.6% in 2008 to -1.1% in 2009 and in the UK from 0.2% to -1.2%, in Milton Keynes GVA is projected to decline to -0.3% in 2009 and to recover much faster than the South East and the UK (*Figure 15*)[9]. Moreover Experian projections suggest that GVA in Milton Keynes will grow by approximately 3% per year from 2011.

[8] BERR HR1 data, obtained via Job Centre Plus, October-December 2008.
[9] It must be noted that, due to the methodology applied by Experian, the forecasts at local authority level are not as reliable as those at regional and national level when the economic environment is highly volatile, as it is currently.

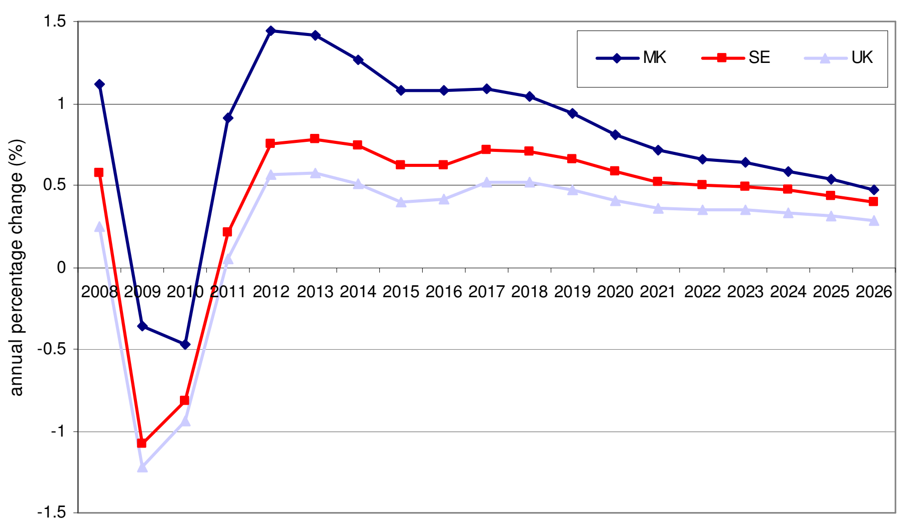
Figure 15 Forecast growth rates in GVA - Milton Keynes (MK), South East (SE) and UK – 2008-2026



Total employment in Milton Keynes is projected to increase by 16% between 2007 and 2026 – well above the regional and national averages[10]

Total employment in Milton Keynes is projected to increase by 16% between 2007 and 2026. This projected growth is above the UK average of 4.5% and above the South East average of 8%. Between 2007 and 2011, the average annual rate of growth in Milton Keynes is projected to be 0.3% - in contrast to the region as a whole, where employment is projected to fall by -0.3% per year. Between 2007 and 2026, the average annual rate of growth in employment is projected to be 0.8% in Milton Keynes - above the South East average (0.4%) and UK average (0.2%).

Figure 16 Forecast growth rates in total employment - Milton Keynes (MK), South East (SE) and UK – 2008-2026



The increase in total employment is mainly driven by increases in the transport and communications, financial and business services, distribution, hotels and catering sectors and other (mainly public) services (*Table 3*). The other (mainly public) services sector is projected to see an increase of around 8,320 employees – equivalent to growth of 25% - between 2007 and 2026, and around 1,115 or 7% between 2007 and 2011. On the other hand, sectors such as Agriculture, Forestry & Fishing and Engineering are projected to see falls in employment. It is important to underline that forecasts can change over time as they are constantly revised to take account of the latest changes in the economy. For this reason both the

---

[10] These forecasts were released in mid-November 2008.

GVA and employment forecasts presented here are likely to be revised in the next forecasts to be released by Experian in Spring 2009.

Table 3 Forecast growth in employment by sector

Section: Industry	Milton Keynes				Average annual growth rate 2007-2026		
	2007	**2011**	**2026**	**Absolute change 2007-2026**	**Milton Keynes**	**South East**	**UK**
Agriculture, Forestry & Fishing	385	387	232	-153	-2.6	-1.5	-0.8
Mining & Utilities	149	149	112	-37	-1.5	-1.7	-3.1
Metals, Minerals & Chemicals	2,548	2,524	3,163	615	1.1	-0.9	-1.2
Engineering	4,429	3,983	3,730	-699	-0.9	-1.2	-1.0
Other Manufacturing	6,301	6,392	6,537	236	0.2	-0.4	-1.5
Construction	5,650	5,515	5,864	214	0.2	-0.3	0.0
Distribution, Hotels & Catering	39,901	39,965	46,419	6,518	**0.8**	**0.5**	**0.5**
Transport & Communications	13,330	14,319	17,765	4,435	**1.5**	**1.1**	**0.7**
Financial & Business Services	44,584	44,713	49,268	4,684	**0.5**	**0.5**	**0.5**
Other (Mainly Public) Services	33,380	34,494	41,700	8,320	**1.2**	**0.6**	**0.4**
Total	**150,657**	**152,441**	**174,791**	**24,134**	**0.8**	**0.4**	**0.2**

Source: Experian, Local Market Database (Autumn 2008)

Concluding remarks

Milton Keynes was the fastest growing economy in the South East between 1996 and 2003. However, after 2003 the pace of growth in Milton Keynes slowed down. The latest GVA data show that there was a recovery in the growth rate between 2005 and 2006, but it must be noted that these are preliminary estimates and we will need to look at the GVA due in December 2009 to confirm that a recovery has actually been occurring.

With regards to the industrial structure, we have seen that Milton Keynes is one of the South East local authorities with the largest share of total regional business stock, and the vast majority of these businesses are SMEs. However, large companies make up a greater proportion of total business stock in Milton Keynes than in most other parts of the region. In line with what has been happening at regional and national level, economic development in Milton Keynes over the last decade has been characterised by a structural change whereby manufacturing has been shrinking and the service sector growing. In particular, employment growth in Milton Keynes in the last ten years has been driven by growth in business services and in the transport and communication sector.

As both these sectors have been particularly affected by the current downturn, it is not surprising that Milton Keynes has recently reported high levels of JSA claimants and redundancies. However, the latest GVA and employment forecasts produced by Experian suggest that Milton Keynes will not be as severely affected by the current downturn as the South East and the UK and will also recover much more quickly. This is partly because Milton Keynes has a diverse business population and employment structure, which means that even if some sectors suffer as a result of the downturn, other sectors will not be as severely affected and thus will form the basis of the recovery.