

## Executive Summary

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- In the three months to June 2009 there were 4.42 million economically active people in the South East – a decrease of 13,000 on the previous quarter.
- The economic activity rate in the South East, at 82.4%, is the joint highest in the country with the East of England. However, the South East activity rate fell by -0.4% on the previous quarter, while the UK figure also decreased by -0.3%, to 79%.
- In the three months to June employment in the South East fell by 40,000, to 4.15 million people. Unsurprisingly, nearly all regions saw a drop in employment in the three months to June – including London (down 47,000), the South West (down 45,000) and the North East (down 42,000). The only region to experience an increase in employment, for the second month in a row, was the East Midlands, where employment rose by 5,000.
- Female employment has continued to fall in the South East, with the number of women in work dropping by 5,000 in the three months to June. Male employment in the three months to June dropped by a significantly greater degree than female employment, falling by 35,000 in the South East. This was one of the largest falls in men’s employment of any region, behind the South West.
- In the three months to June there were 263,000 unemployed people in the region, or 26,000 more than in the previous quarter. This is one of the larger increases in unemployment of any region, with only the West Midlands and London recording greater increases.
- The number of people in the South East claiming Job Seekers’ Allowance (JSA) increased by 1,432 between June and July, to 153,556 (non seasonally adjusted figure). As of July 2009, 72% of those claiming JSA were men and 28% were women.
- The number of JSA claimants in the South East saw a small decrease of 52 over the quarter, and 80,797 over the year from July 2008. The claimant count rate in July remained the same as the previous three months at 3%, but was up by 1.6% on the year.
- Looking at changes in claimant count unemployment over the past year, Kent and Hampshire have seen the largest increases in unemployment in absolute terms - 13,319 and 10,393 respectively. However, Reading has seen the fastest increase in the claimant count rate over the past year - increasing by 2.7%, which is well above the South East and UK averages.

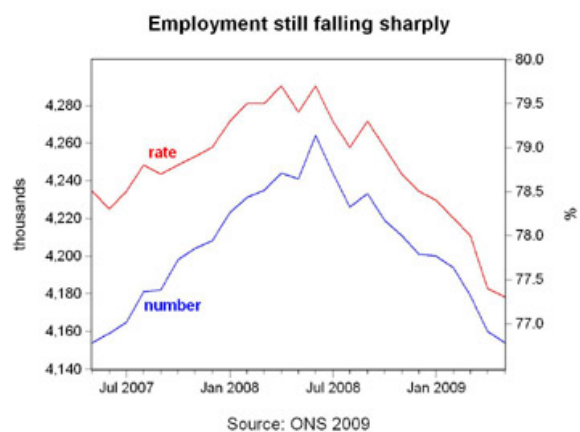
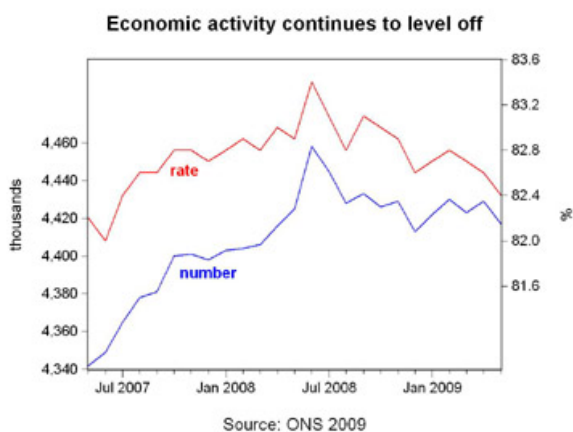
- Local authorities in Kent and Berkshire have tended to see the fastest increase in the claimant count rate over the past year, while other 'hotspots' include the coast of Hampshire and Sussex, as well as Milton Keynes and Crawley.
- The fastest increases in the unemployment rate over the past quarter have tended to be in the west of the region – in Hampshire and parts of Surrey and Berkshire – with parts of north Kent also seeing a relatively rapid rise in the unemployment rate. Many of these areas have substantial numbers of out-commuters to London. If they lose their jobs in the capital, commuters will register for JSA in their place of residence.
- Although the service sector (excluding retail) continues to be hit, the proportion of redundancies attributed to this sector has dropped to 45% in July, compared to 70% in June 2009. In July there was a marked increase in the number of redundancies in the retail sector, with nearly 500 notifications - more than double the number reported in June.
- Berkshire accounted for approximately one third of all redundancy notifications in July. Berkshire continues to be dominated by redundancies in the retail and service sectors, with over 40% of all the notifications being in this sector. The number of redundancies in Buckinghamshire and East Sussex saw a ten fold increase in July on the number reported the previous month (from a low base).
- Between July 2008 and July 2009 the number of vacancies notified to Jobcentre Plus in the South East fell from 36,619 to 31,745. In July 2009, the business and financial services sector accounted for almost half of these vacancies.

## 1. Economic Activity

Data for the three months to June 2009 shows that there were 4.42 million economically active people in the South East – a decrease of 13,000 on the previous quarter.<sup>1</sup> The South East continued to outperform other parts of the South of England which have seen considerably larger falls in economic activity, including the South West (down 29,000) and London (down 20,000). However, several regions recorded substantial increases in economic activity, including the West Midlands (up 37,000) and Yorkshire and the Humber (up 15,000). In the UK as a whole, the number of economically active people was down by 52,000 in the same period.

The number of economically active men fell by 6,000 in the three months to June 2009. Women's economic activity fell by a further 7,000 during the same period. The economic activity rate in the South East, at 82.4%, is the joint highest in the country with the East of England. However, the South East activity rate fell by -0.4% on the previous quarter, while the UK figure also decreased by -0.3%, to 79%.

The South East and the East of England have the lowest economic inactivity rate of any region, at 17.6% in the three months to June. However, the number of economically inactive people in the South East increased by 23,000 over the quarter; this was one of the larger increases of all regions, with only London (52,000) recording a greater increase.



## 2. Employment

In the three months to June employment in the South East fell by 40,000, to 4.15 million people. Unsurprisingly, nearly all regions saw a drop in employment in the three months to June – including London (down 47,000), the South West (down 45,000) and the North East (down 42,000). The only region to experience an increase in employment, for the second month in a row, was the East Midlands, where employment rose by 5,000. In the UK the number of people employed fell by 271,000 in the three months to June, bringing total employment to 28.9 million.

The data again suggest that the recent drop in employment in the regions of the Midlands and North of England has tended to be less severe than the decrease seen in the South of England. This could be explained by the fact that the full effects of the recession have now spread to a broader range of sectors, including the service sector which is more concentrated in the South and East of England. By contrast, the early stages of the recession saw the manufacturing, construction and transport industries, which tend to be more heavily concentrated in the north and Midlands, experiencing the severest impact.

<sup>1</sup> The economically active are those who are in employment or unemployed but available for work.

Looking at the longer term trends, over the year to June 2009, the South East and London experienced the largest falls in employment, of 86,000 and 88,000 respectively. The smallest fall was recorded in the East of England (-14,000), while the East Midlands was the only region to see an overall increase in employment over the year (up 12,000).

Female employment has continued to fall in the South East, with the number of women in work dropping by 5,000 in the three months to June. London (-33,000) saw the greatest fall in women's employment of any English region, whereas the West Midlands saw the largest increase in women's employment of 25,000. Male employment in the three months to June dropped by a significantly greater degree than female employment, falling by 35,000 in the South East. This was one of the largest falls in men's employment of any region, behind the South West (down 45,000). The significant decline in the South East may be due to redundancies made in the male-dominated construction and manufacturing sectors in the early part of 2009 feeding through to the employment figures.

In the three months to June the South East employment rate stood at 77.3%, which is 0.9% lower than in the previous quarter, but the highest of any region. The North East saw the largest fall in the employment rate of any English region at -2.4%. Over the same period the UK employment rate declined by 0.9% to 72.7%. Once again the data suggests that the northern regions of the UK (with the exception of the North East) are performing slightly better than the South, with a smaller fall in the employment rate compared to the southern regions.

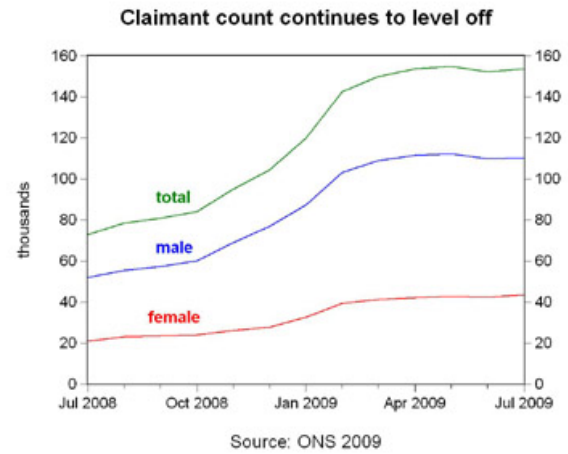
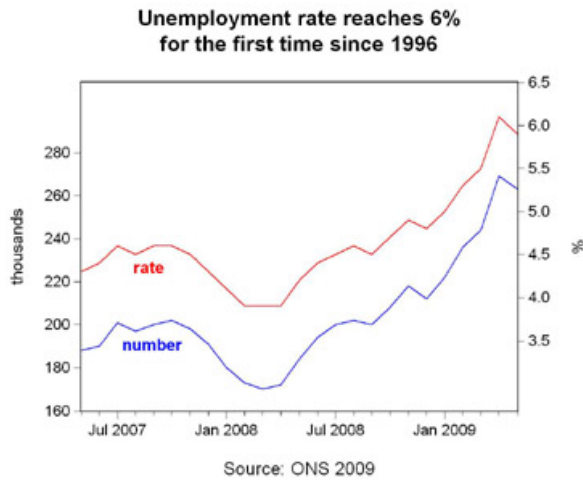
The employment rate for men in the South East was down 1.4% on the previous quarter, at 81%. The UK employment rate for men declined by 1.2% to 76%. The employment rate for women in the South East fell by 0.3% to 73.3% - still significantly above the UK women's employment rate, which dropped by 0.5 percentage points on the previous quarter, to 69%.

### 3. Unemployment

In the three months to June there were 263,000 unemployed people in the region, or 26,000 more than in the previous quarter. This is one of the larger increases in unemployment of any region, with only the West Midlands (39,000) and London (27,000) recording greater increases.

The number of unemployed people in the UK as a whole increased by 220,000 over the three months to June, with the rate increasing by 0.7% to 7.8%, bringing the total unemployed to over 2.44 million. In the South East, the unemployment rate is still the lowest of any region, at 5.9%, but this is the highest it has reached since 1996.

Male unemployment increased by 29,000, while female unemployment in the South East actually fell by 3,000 in the three months to June. The greater rise in men's unemployment could reflect continued job losses in both the manufacturing and construction sectors. Furthermore, the slower rise in unemployment amongst women may suggest that women who lose their jobs are more likely than men to move into economic inactivity rather than registering as unemployed. This could be explained in part by the fact that women are less likely to be eligible for unemployment benefit (Job Seekers' Allowance) once their spouse or partner's income is taken into account. In the three months to June the male unemployment rate increased by 1.2%, while the female unemployment rate fell by 0.2% in the South East.

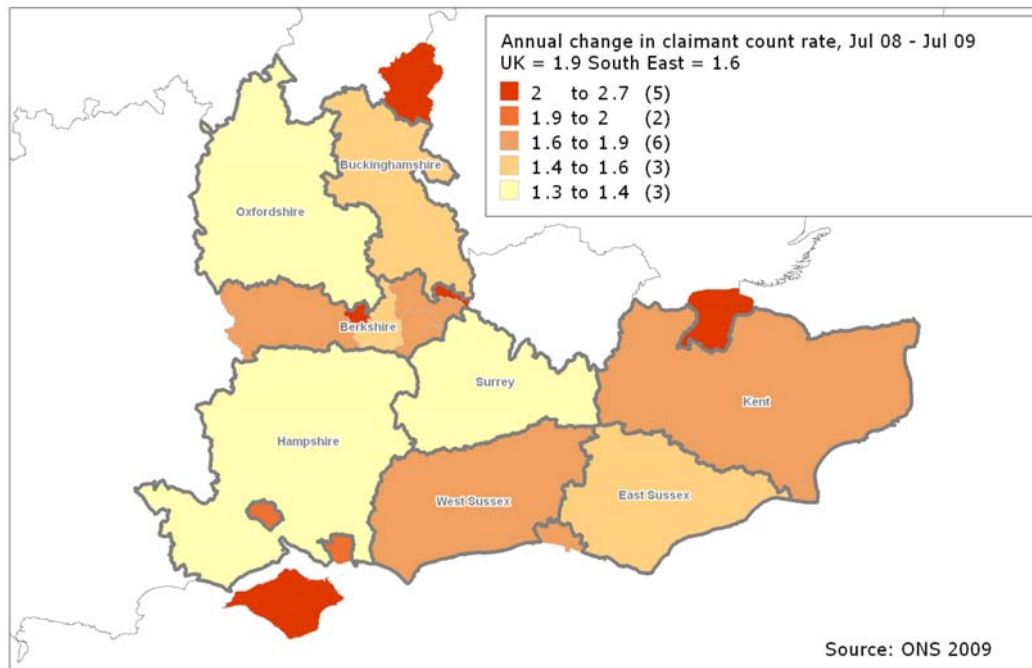


The number of people in the South East claiming Job Seekers' Allowance (JSA) increased by 1,432 between June and July, to 153,556.<sup>2</sup> As of July 2009, 72% of those claiming JSA were men and 28% were women.

Over the quarter from April to July the number of JSA claimants in the South East saw a small decrease of 52, but an increase of 80,797 over the year from July 2008. The claimant count rate (percentage of residents claiming JSA) in July remained the same as the previous three months at 3%, but was up by 1.6% on the year. The yearly increase was below the UK average (1.9%) and one of the smallest of any region. The claimant count rate in the South East, along with the South West, remains the lowest of any region.

#### 4. Sub-regional unemployment change

Map 1: Annual change in claimant count rate – county and unitary authorities (July 2008-July 2009)

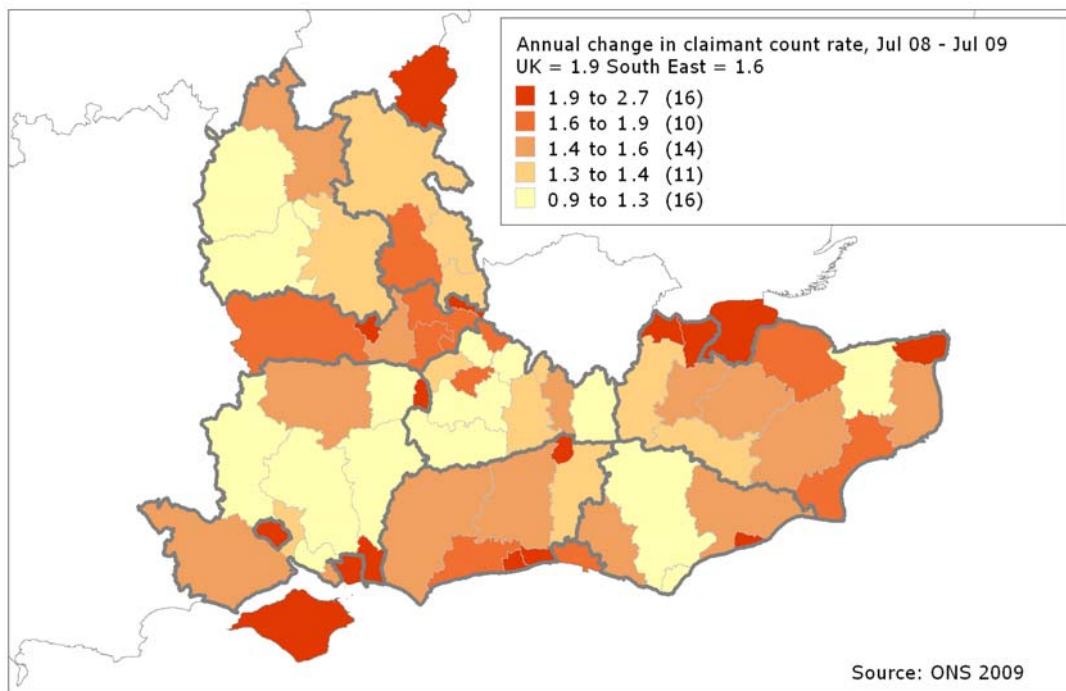


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<sup>2</sup> This is the non seasonally adjusted figure.



Map 2: Annual change in claimant count rate – districts / unitaries (July 2008-July 2009)



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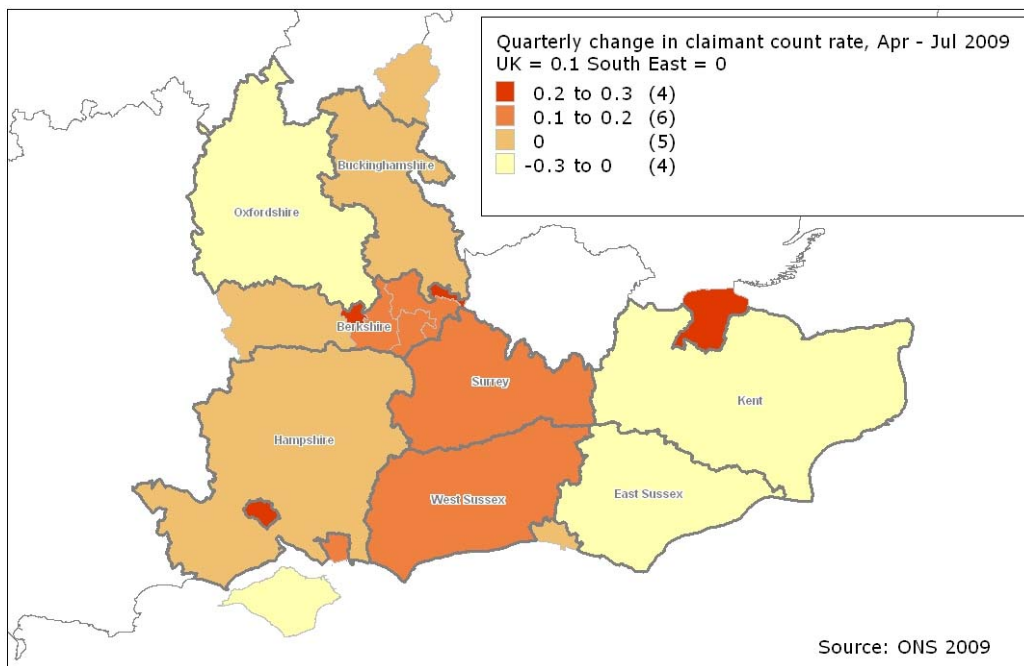
Looking at changes in claimant count unemployment over the past year, Kent and Hampshire have seen the largest increases in unemployment in absolute terms - 13,319 and 10,393 respectively. However, Reading has seen the fastest increase in the claimant count rate over the past year – that is the percentage of residents claiming Job Seekers' Allowance (Map 1). The claimant count rate in Reading increased by 2.7%, which is well above the South East and UK averages (1.6% and 1.9% respectively). Substantial increases in the claimant count rate were also recorded in Milton Keynes (2.5%), Slough (2.4%) and Medway (2.2%).

Local authorities in Kent and Berkshire have tended to see the fastest increase in the claimant count rate over the past year, while other 'hotspots' include the coast of Hampshire and Sussex, as well as Milton Keynes and Crawley (Map 2).

Looking at more recent change, over the past quarter the largest increase in claimant count unemployment, in absolute terms, has been in Hampshire (+339), although this is significantly smaller than previous quarterly increases. Several counties and unitary authorities in fact recorded a drop in unemployment over the past three months, including Oxfordshire (down 451), East Sussex (down 877) and Kent (down 878). Looking at the claimant count rate,<sup>3</sup> over the past quarter the fastest increase in the unemployment rate has been in Slough (up 0.3%). The majority of other counties and unitary authorities in the South East have seen relatively small increases in the unemployment rate (no more than 0.2%) – Map 3.

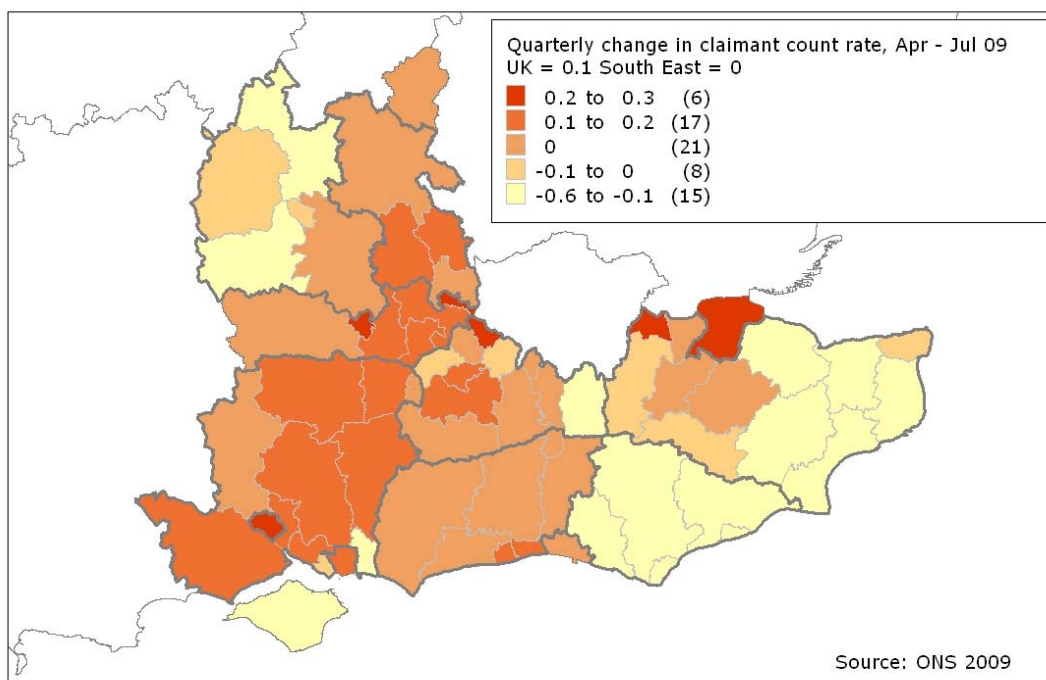
<sup>3</sup> This approach is favourable to simply looking at the percentage change (as recently used by the national press), since some areas have a low base (low claimant count) so even a small change in unemployment could result in an apparently 'significant' percentage change.

Map 3: Quarterly change in claimant count rate (April-July 2009) – county and unitary authorities



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Map 4: Quarterly change in claimant count rate (April - July 2009) – District/Unitary authorities



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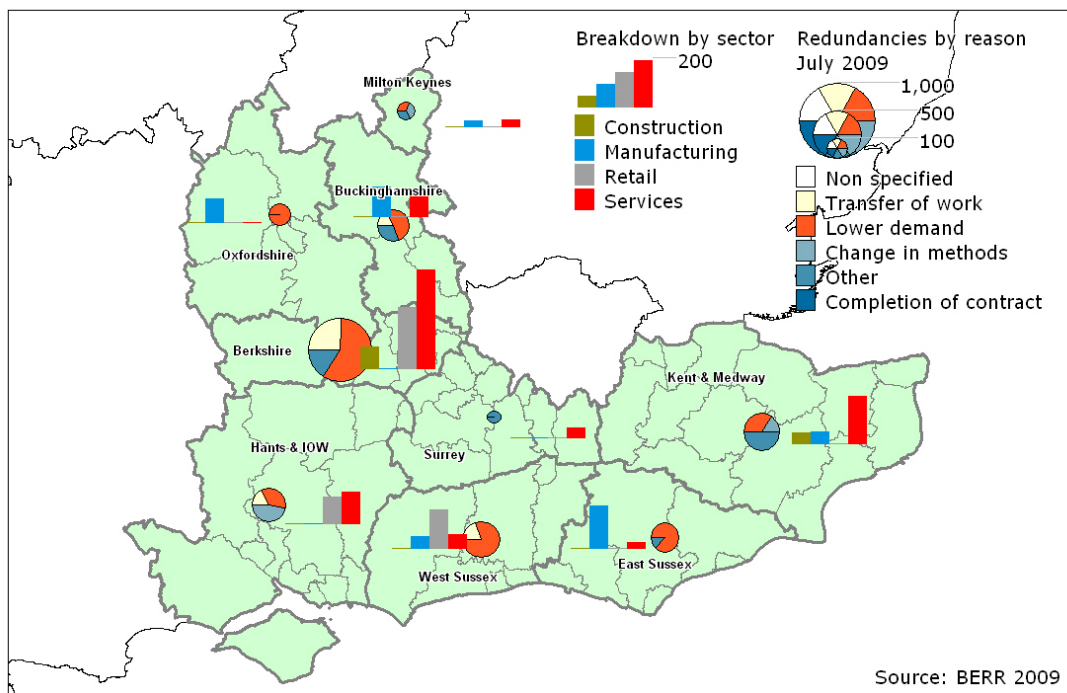
As Map 4 shows, the fastest increases in the unemployment rate over the past quarter have tended to be in the west of the region – in Hampshire and parts of Surrey and Berkshire – with parts of north Kent also seeing a relatively rapid rise in the unemployment rate. Many of these areas have substantial numbers of out-commuters to London. If they lose their jobs in the capital, commuters will register for JSA in their place of residence. This means that any increase in job losses in London can help to explain a rise in the unemployment rate in areas within commuting

distance of London. Recent marked falls in employment in London are likely to be feeding through into the claimant count figures in areas where substantial numbers of residents commute to the city. Elsewhere in the region, a number of local authorities have seen a drop in the unemployment rate over the past quarter – most notably in East Sussex, Kent and Oxfordshire.

## 5. Redundancy notifications

According to HR1 data, the level of redundancy notifications decreased in July. There were some 2,200 redundancy notifications in the South East in July against 3,500 in June 2009.<sup>4</sup>

**Map 5: Redundancy notifications by sub-region, volume, reason and sector July 2009 (Source: HR1 data via BERR / Job Centre Plus)**



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Although the service sector (excluding retail) continues to be hit, the proportion of redundancies attributed to this sector has dropped to 45% in July, compared to 70% in June 2009. In July there was a marked increase in the number of redundancies in the retail sector, with nearly 500 notifications - more than double the number reported in June. The retail sector accounted for approximately a quarter of all notifications in June, as did manufacturing. The number of notifications in the construction sector fell by a third in July compared to June 2009.

Berkshire accounted for approximately one third of all notifications in July. Berkshire continues to be dominated by redundancies in the retail and service sectors, with over 40% of all the notifications being in this sector. The number of redundancies in Buckinghamshire and East Sussex saw a ten fold increase in July on the number reported the previous month (though from a small base) with the majority of redundancies in these counties being in the manufacturing and service sectors. Hampshire and the Isle of Wight reported significantly fewer redundancies in July than in June 2009, while the number of notifications in Surrey also fell compared to the previous month.

<sup>4</sup> Note that this data only captures redundancies of more than 20 employees; some of the job losses are not scheduled to take place until later in 2009; and in some cases the redundancies are happening in another region but are registered in the South East because it is home to the company's headquarters.



## 6. Vacancies

Between July 2008 and July 2009 the number of vacancies notified to Jobcentre Plus in the South East fell from 36,619 to 31,745.<sup>5</sup> In July 2009, the business and financial services sector accounted for almost half of these vacancies. The trend in vacancies in England as a whole tends to follow that of the South East, with business and financial services making up over 50% of listed vacancies; however this sector has seen a fall of around 6,400 vacancies between July 2008 and July 2009 in the South East and a fall of 51,700 vacancies in England.

The vast majority of the drop in vacancies over the year in the South East is accounted for by the business and financial services sector, where the number of available vacancies fell by more than 6,400– unsurprising given that this sector has been hard hit by the recession and has recently seen significant reductions in staff numbers. However, the number of available vacancies increased in some industries, with public administration, education and health seeing the largest increase on the year (1,848).

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<sup>5</sup> Note that vacancies notified to Jobcentre Plus do not represent all vacancies in the labour market, as not all employers use the service when recruiting. In general higher-skilled jobs are under-represented in those vacancies notified to Jobcentre Plus.