

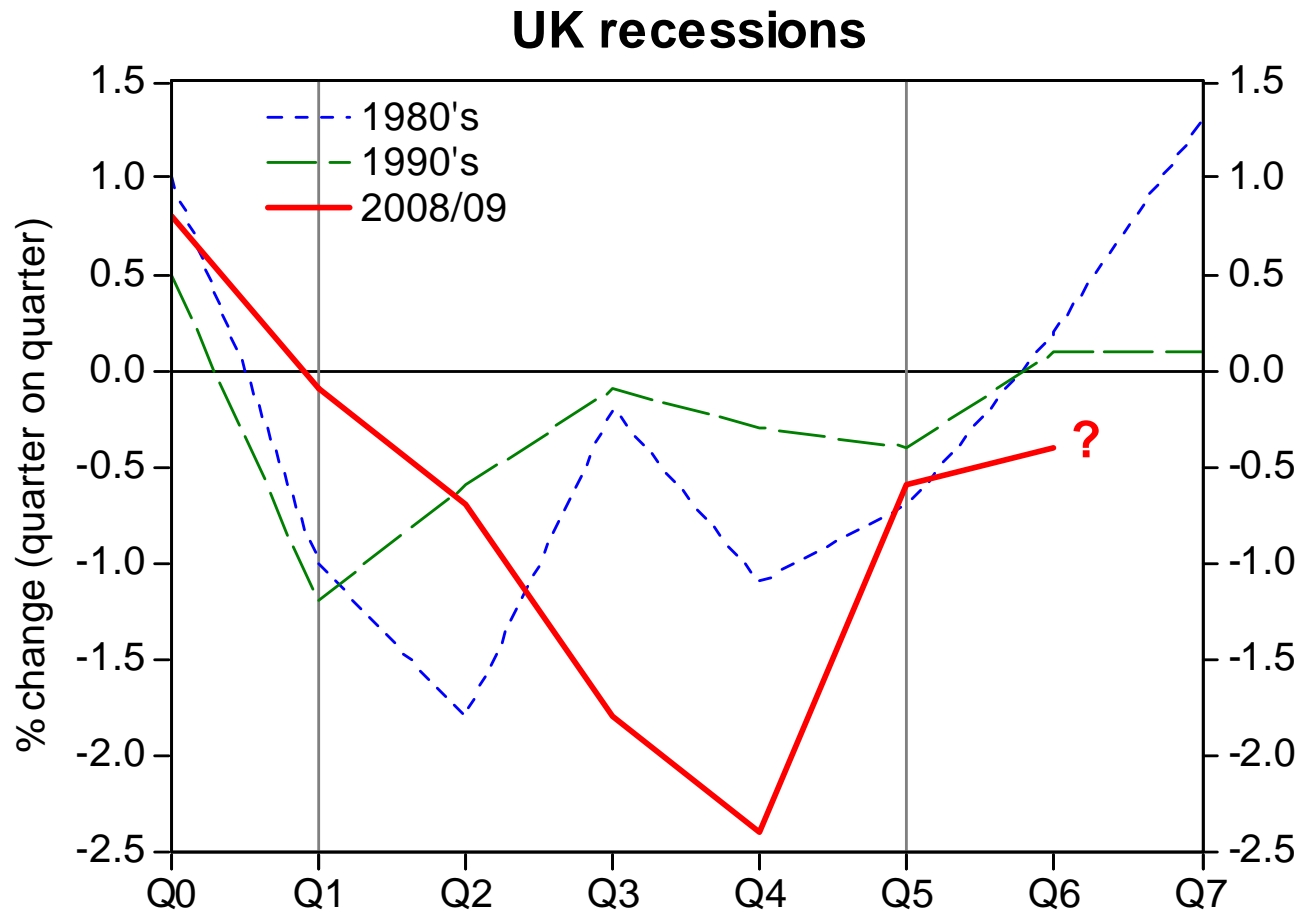
# Review of economic conditions in the South East: November 2009

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# Outline

- UK context
- Effect of the recession on South East businesses
- Labour market impacts
- Impacts of the recession on skills needs and training
- Outlook for 2010 and beyond

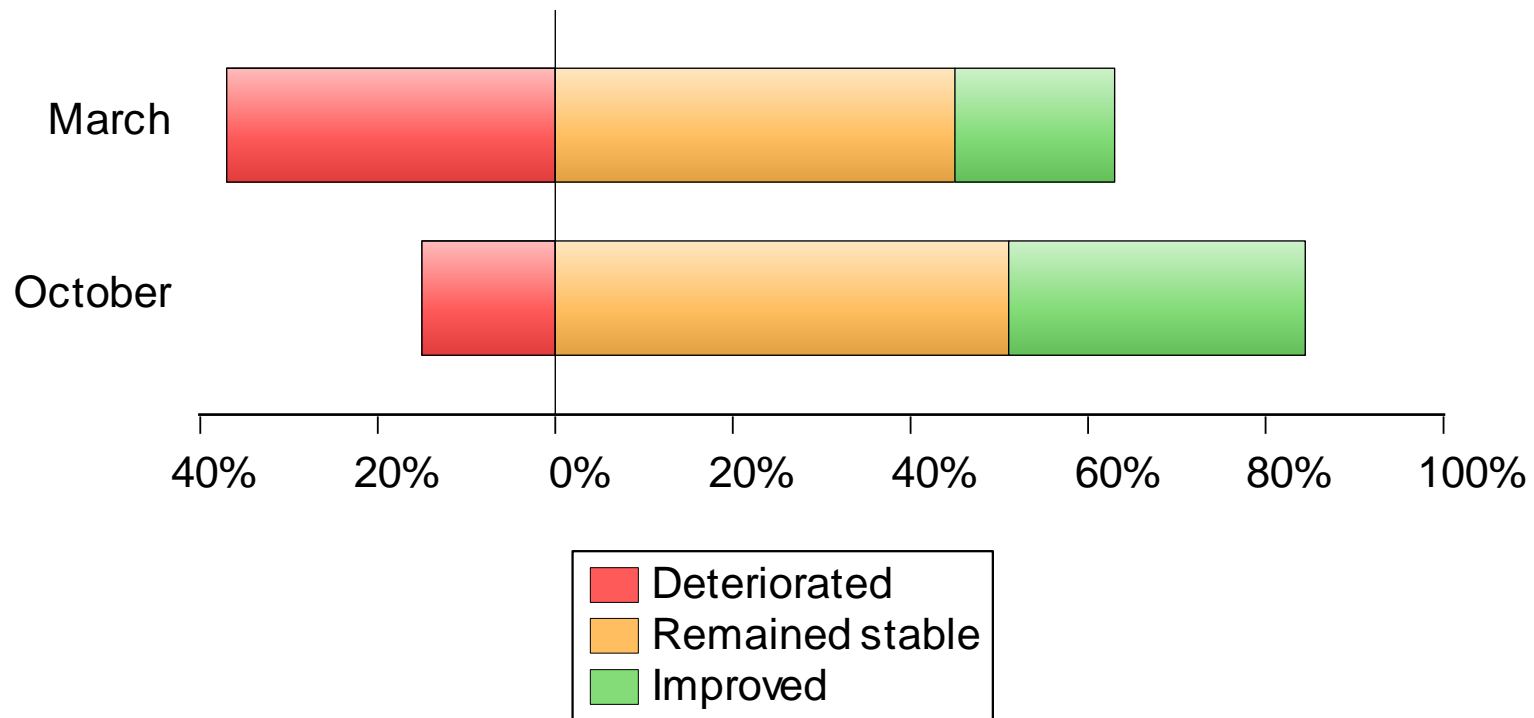
# UK now in recession for 6 consecutive quarters



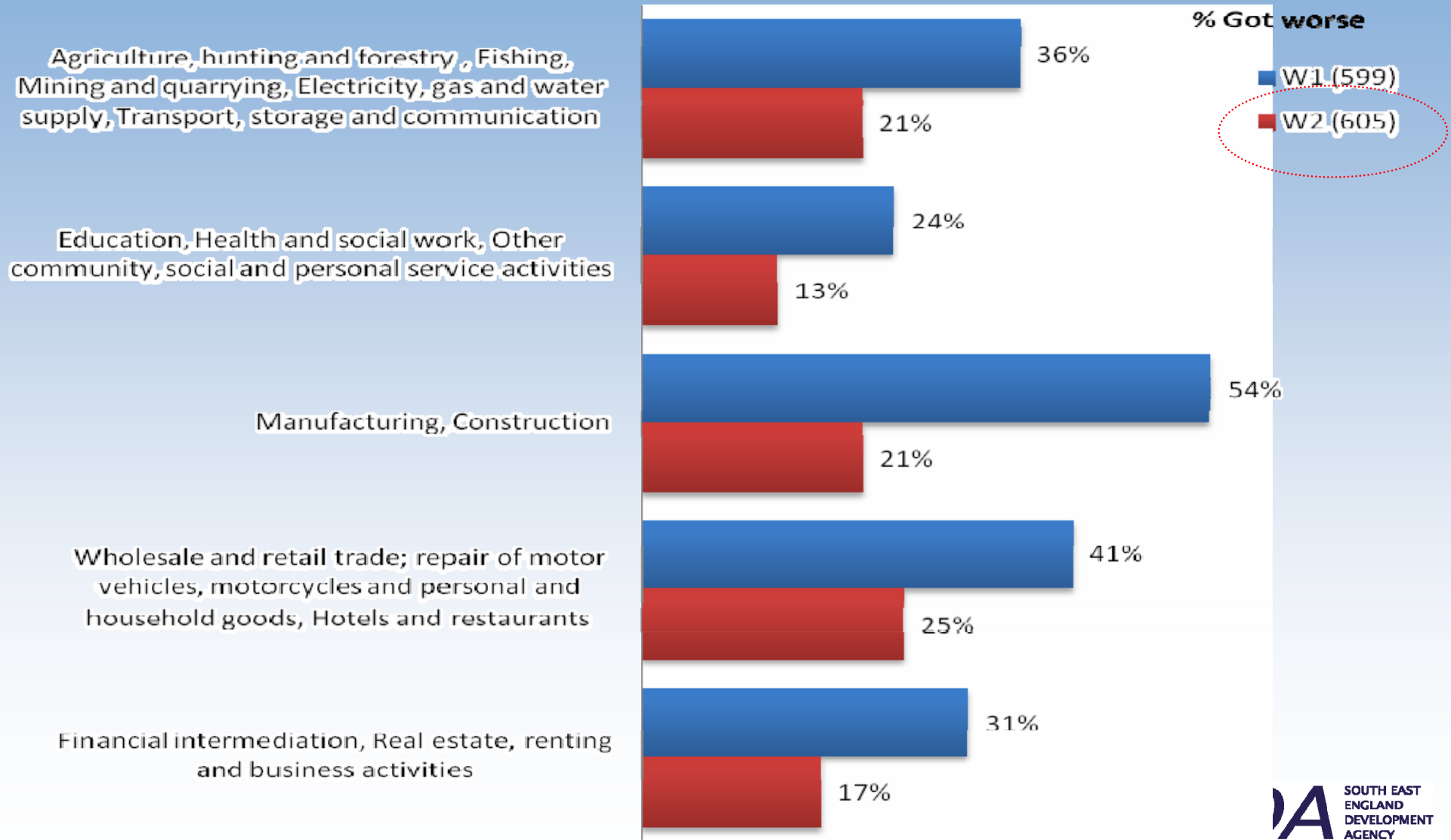
Source: ONS 2009

# Business performance in the South East has improved overall...

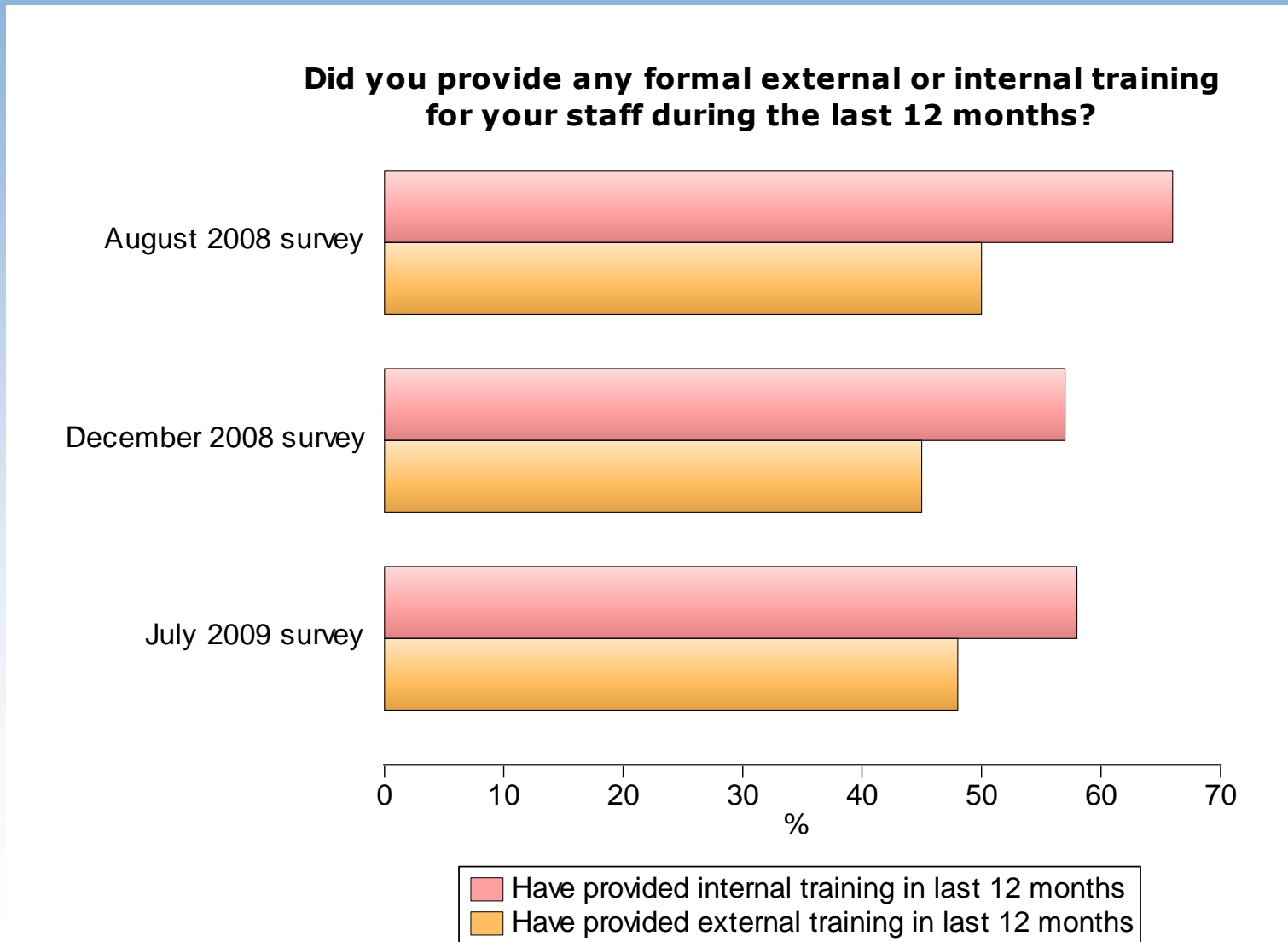
Would you say that overall, your business performance in the past 3 months has improved, remained stable or got worse?



# ...But some sectors coping better than others



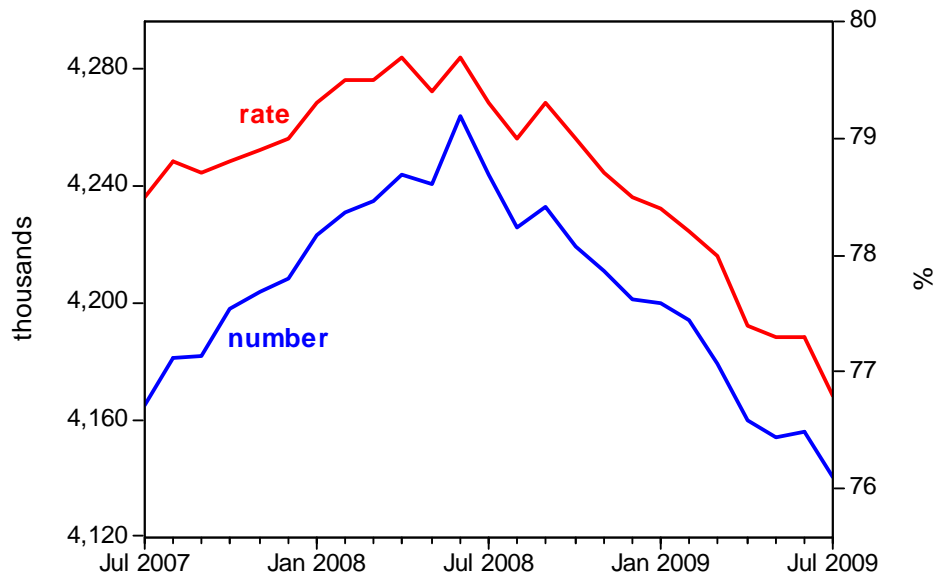
# Fewer firms offering training to staff



# Labour market impacts

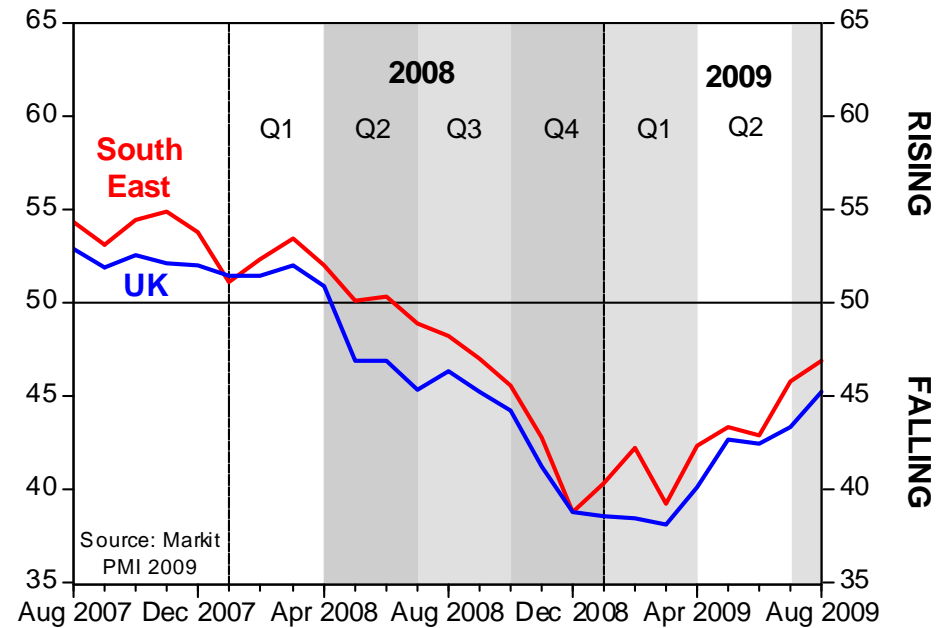
# Employment still falling, but is the pace of decline easing?

Employment in the South East continuing to fall



Source: ONS 2009

Labour Force Survey

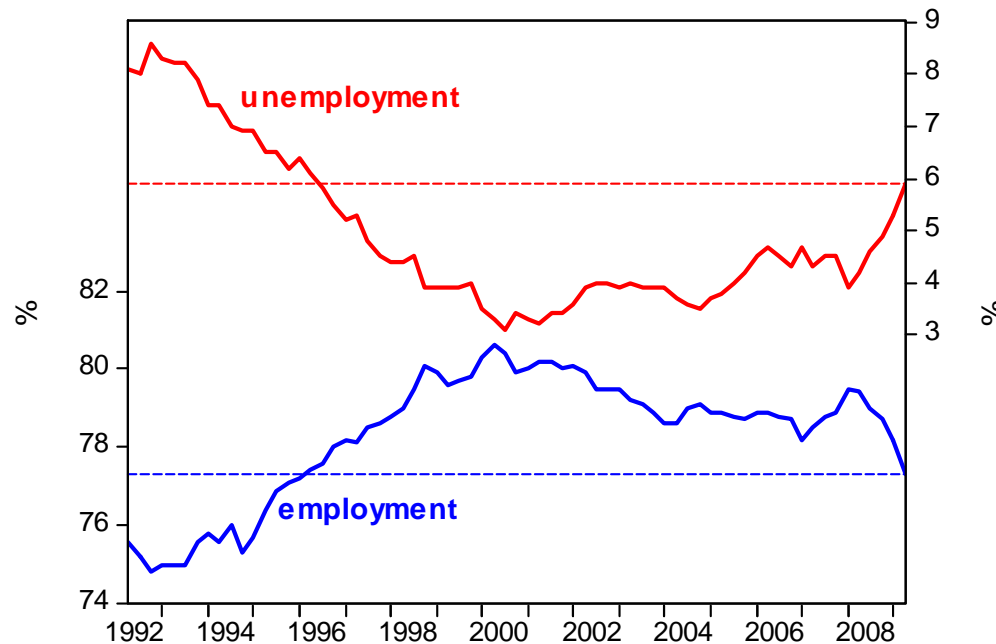


Purchasing Managers Index Survey



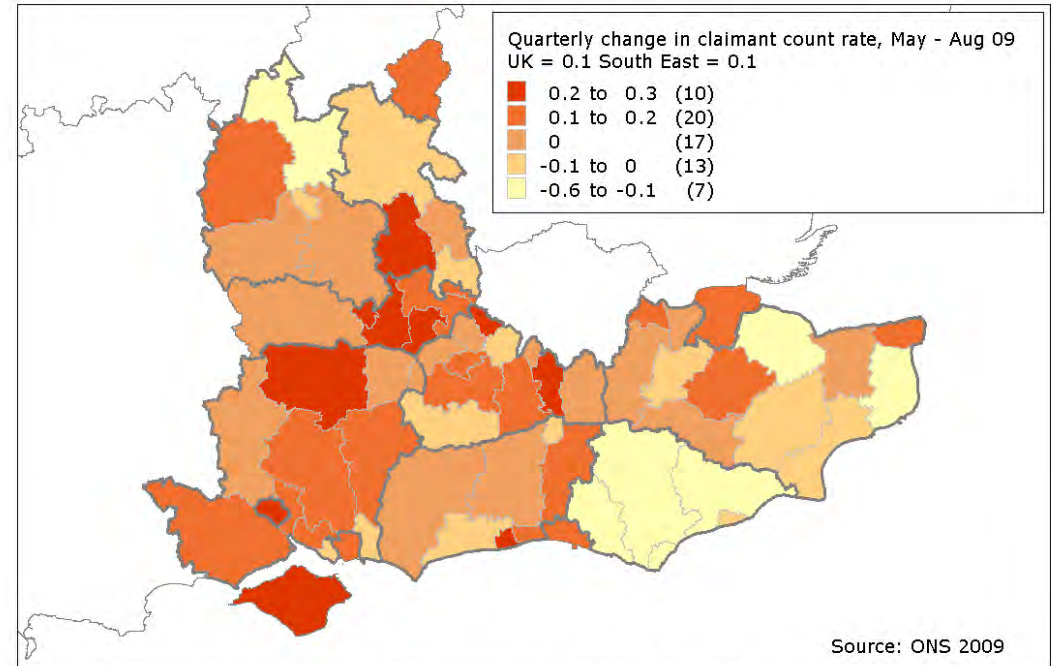
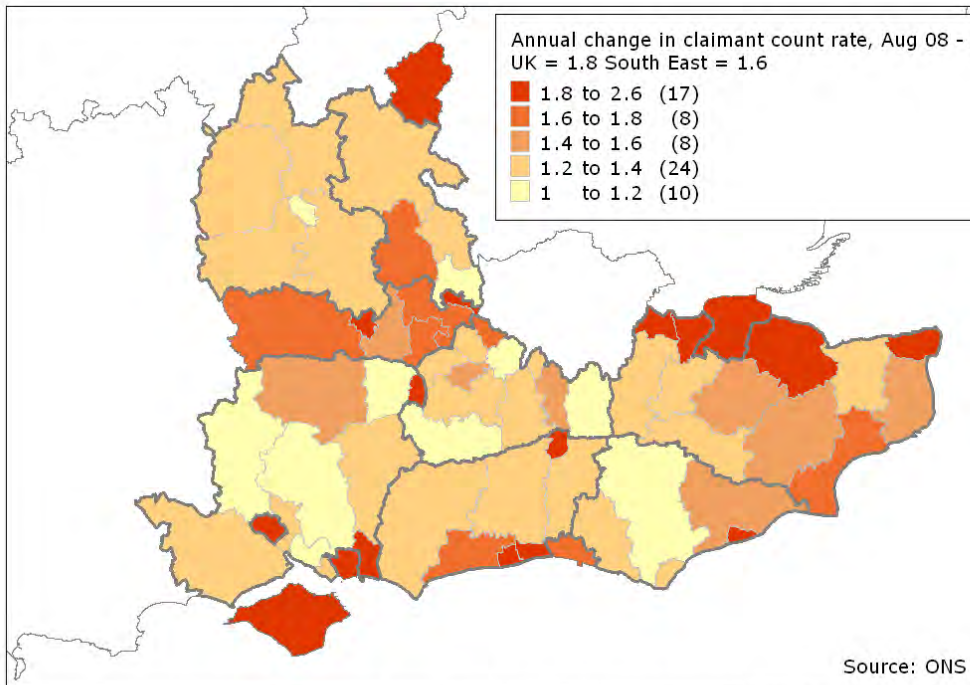
# Employment and unemployment – longer term trends

Employment and unemployment rates  
South East, 1992 Q2 to 2009 Q2



Source: ONS 2009

# Claimant count rising slowly, but picture across the SE is not uniform

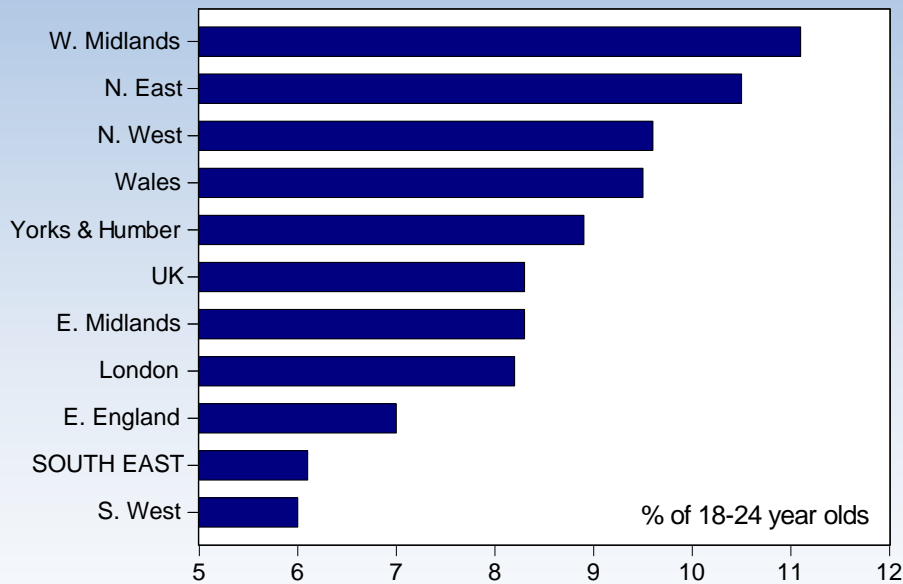


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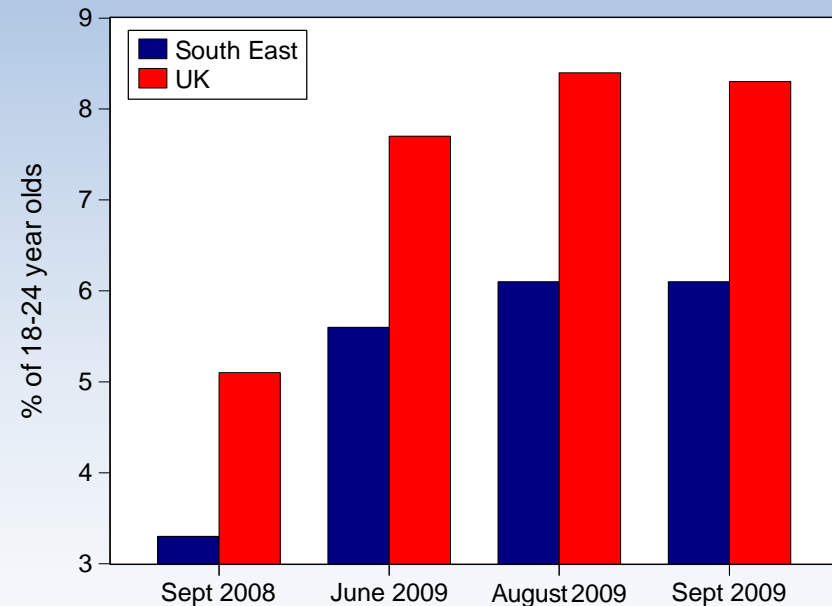
# South East has one of the smallest unemployment rates amongst 18-24 year olds

% of 18-24 year olds claiming JSA, Sept 2009



Source: ONS 2009

% of 18-24 year olds claiming JSA  
Sept 2008 to Sept 2009



Source: ONS 2009

# Impact of the recession on skills needs and training

# Impacts on employer skills needs

- Persistence of established skills shortages
  - High level science, IT, engineering
  - Pockets in care, retail and hospitality
- Some specific skills required in the recession and beyond
  - Management / leadership
  - Marketing / sales
  - Financial planning
- Multi-skilling and resilience needed to ride out the recession
- Many employers reporting no change in skills needs...

# Impact on employer training patterns

- Great variation by size and sector
  - Training is vulnerable in smaller employers
  - Slacker labour market can favour hire vs. train
- Variation by types of employee
  - Focus on senior staff
- Widespread absence of planning for upturn

# Impacts on Apprenticeship and Train to Gain programmes

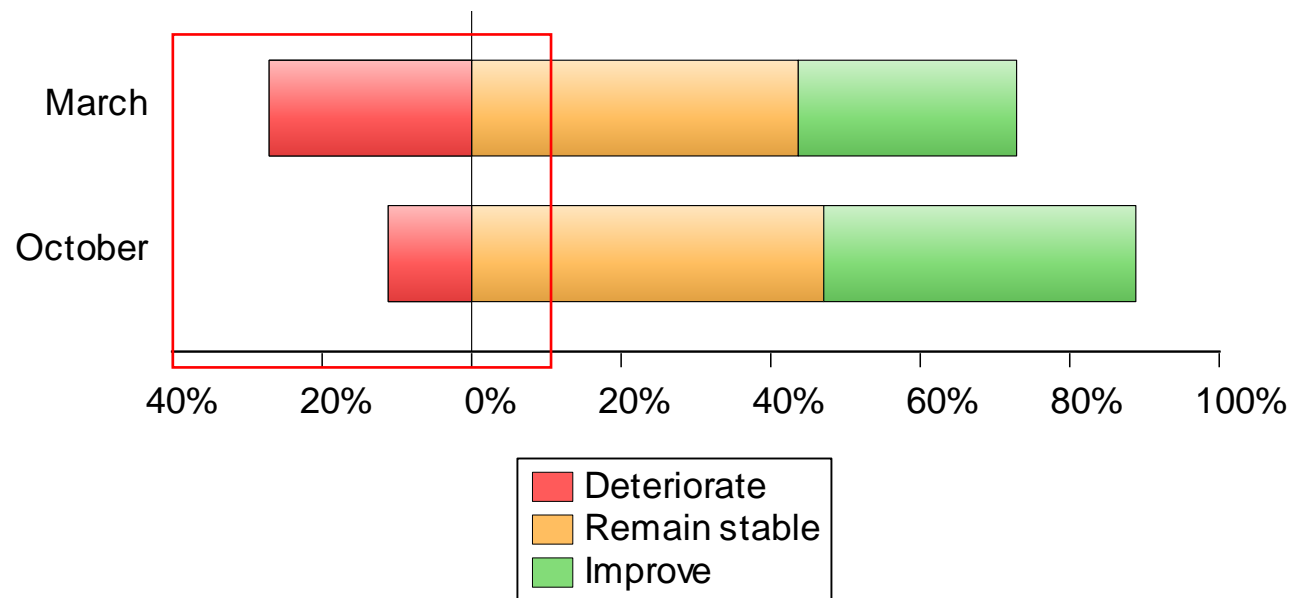
- Apprenticeship starts very varied by area.
- Growth in apprenticeship take-up driven by 25 years+ apprentices. Consistent with increased demand for apprentices in areas such as management.
- Traditional sectors worst hit by recession – eg. engineering, manufacturing, construction.
- Train to Gain participation tripled in SE, helped by new flexibilities. But funding now the limiting factor.

# Outlook for next 12 months

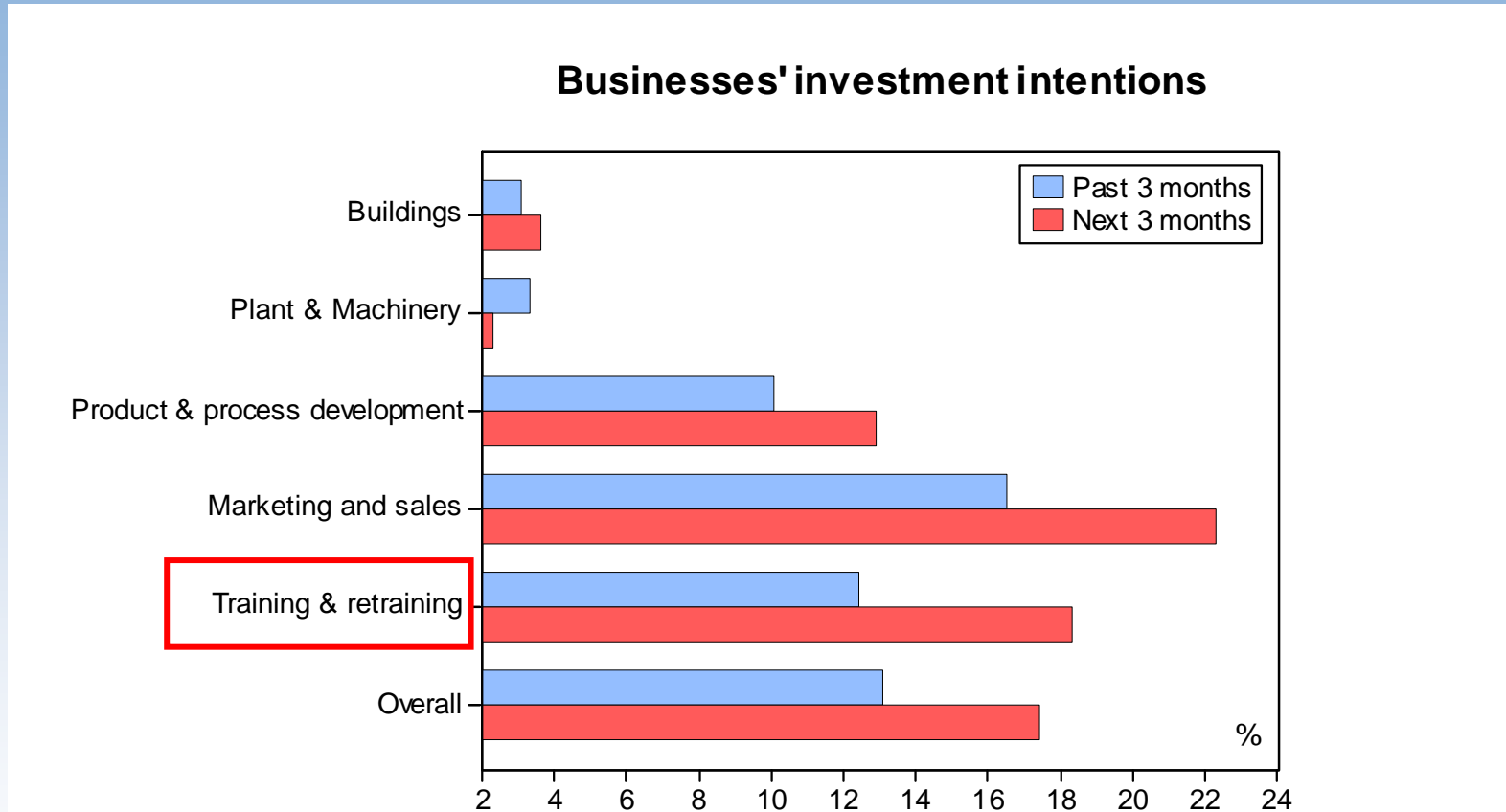


# Businesses are more optimistic looking ahead

Over the next 3 months do you expect the business climate in which your business operates to generally improve, remain stable, or get worse?



# Signs of investment picking up

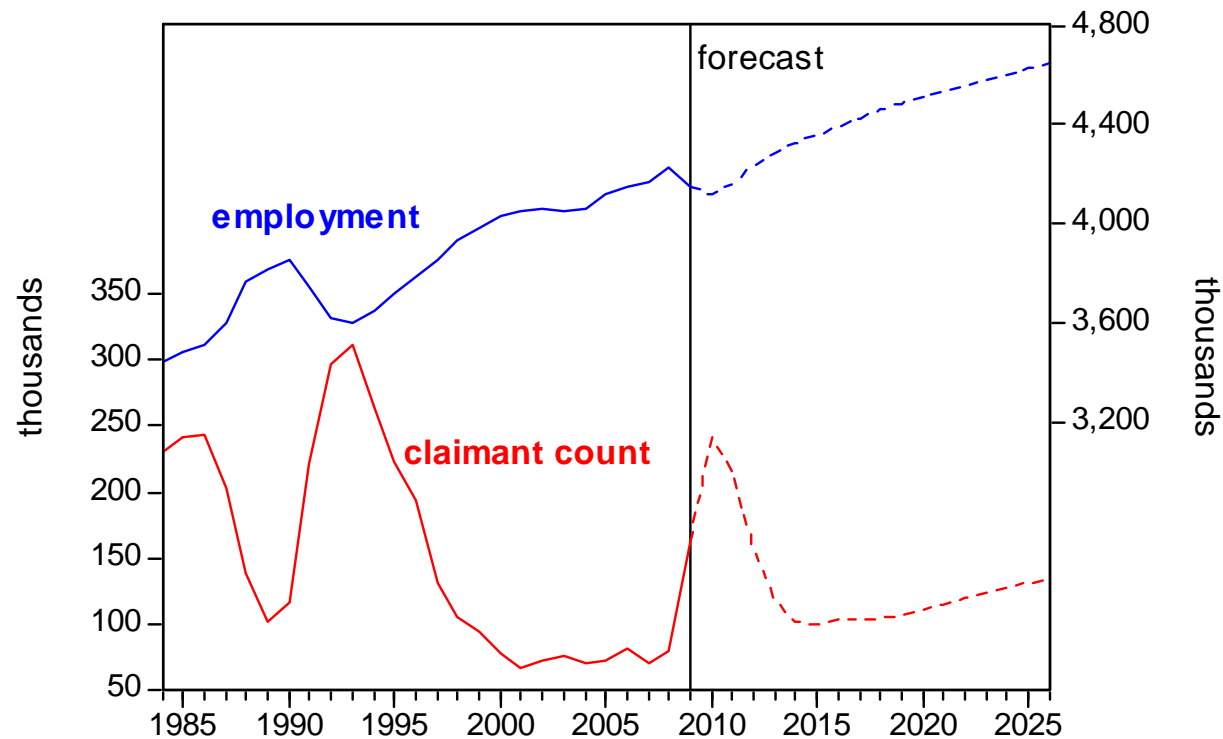


net balance (difference between firms reporting increase and those reporting decrease)

Source: Business Survey Quarterly Snapshot

# Weak labour market forecast to persist in the short term

Employment and unemployment (claimant count) in the South East, 1984-2026



Source: Experian Business Strategies 2009