

THE BUCKINGHAMSHIRE ECONOMIC SUMMIT

The Regional Picture

Ivan Perkovic
Head of Economic Research

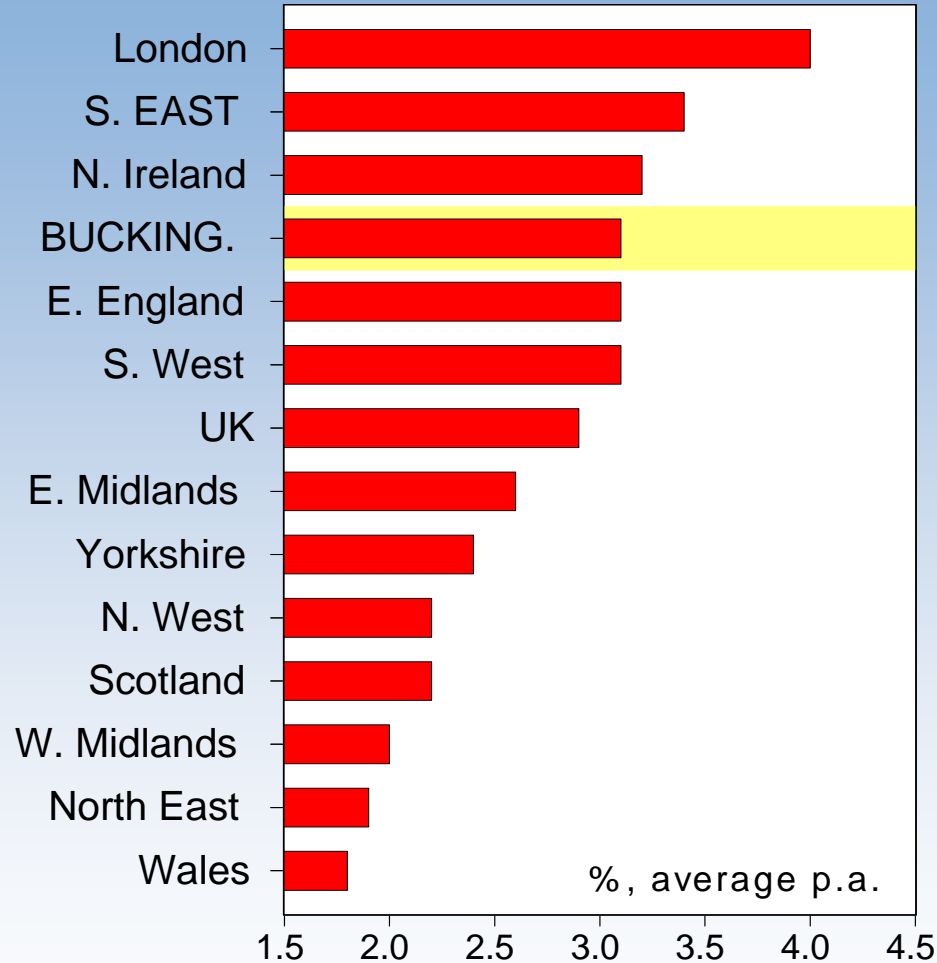
WWW.SEEDA.CO.UK

Overview

- Performance over time
- Recession for all?
 - Business activity
 - Spare capacity
 - Sectoral and spatial distribution
 - Labour market
- Expectation for 2009
- Key challenges
- How recession proofed is Buckinghamshire?

Strong Output Growth

GVA growth 1995-2006

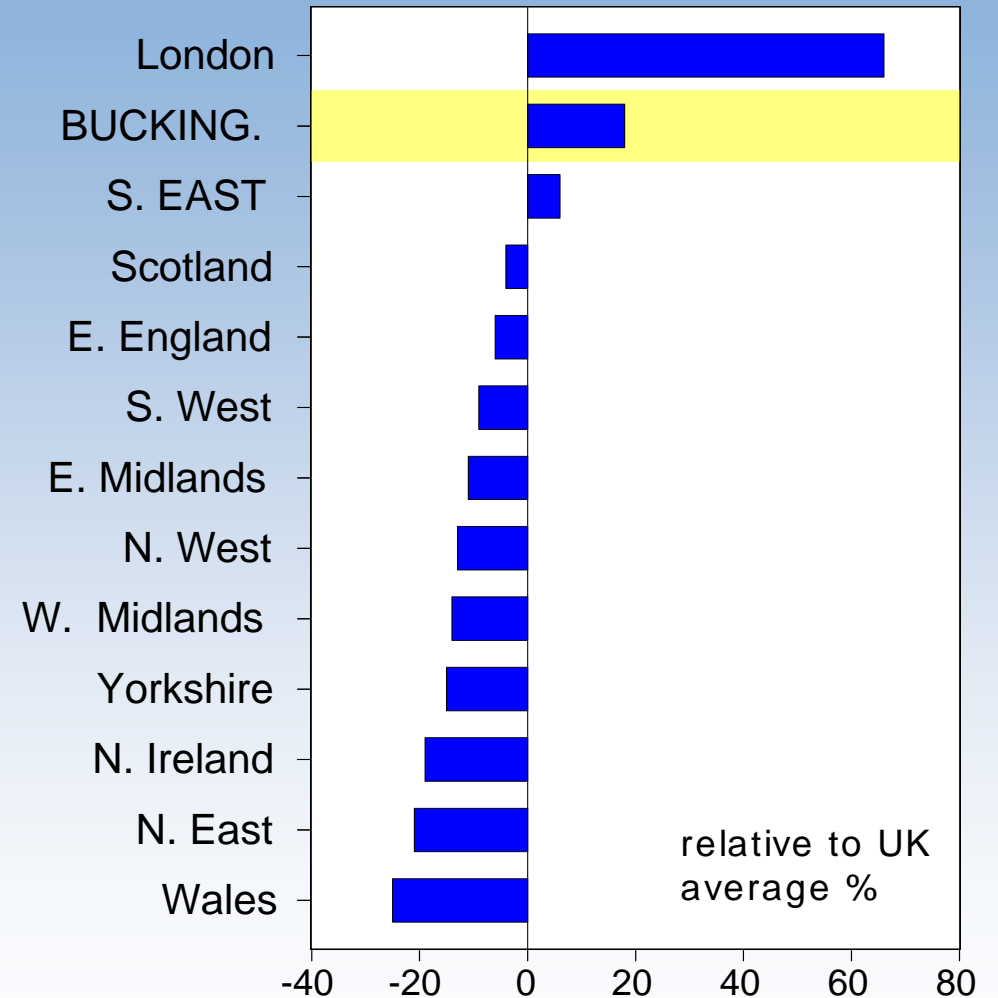


Source: SEEDA estimates derived from ONS 2008 data

Note: inflation adjusted rate (deflated by national deflator)

WWW.SEEDA.CO.UK

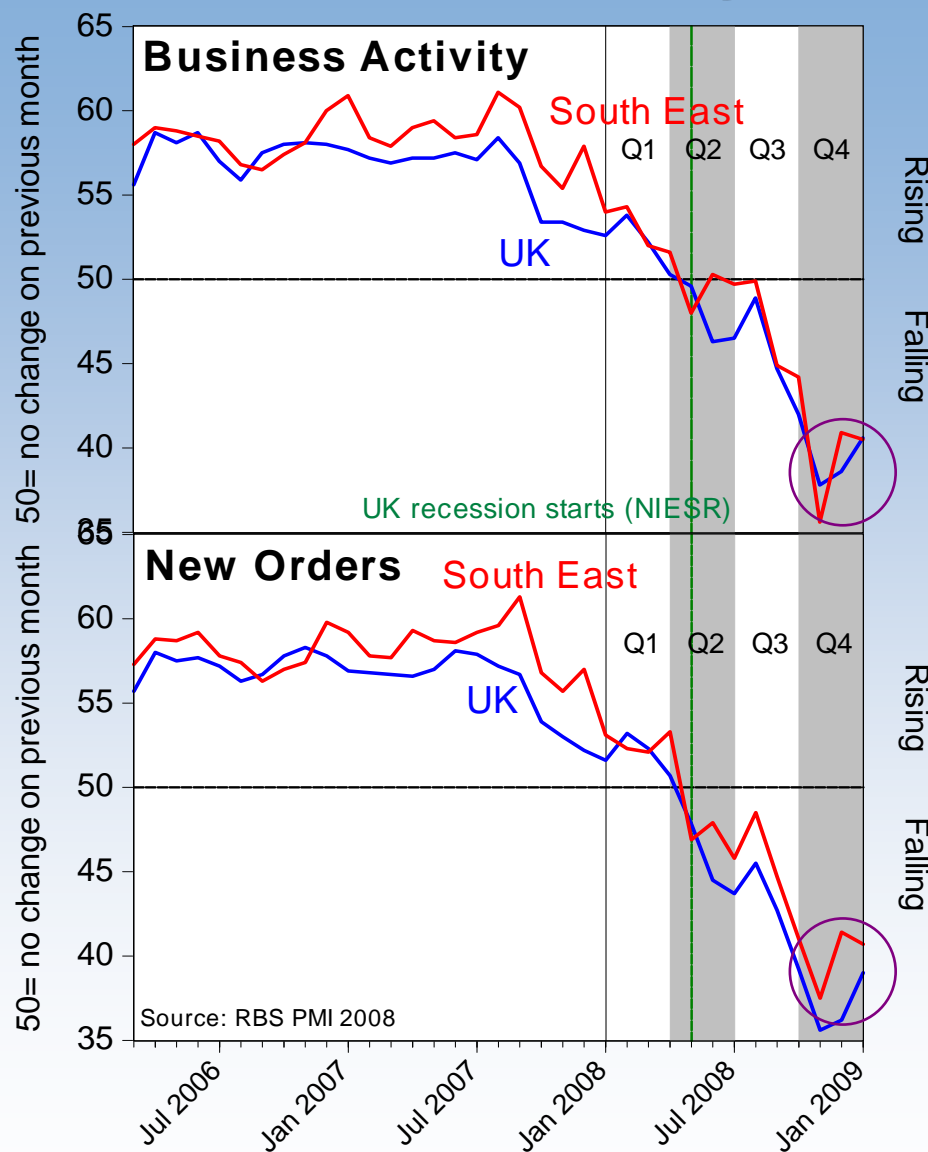
GVA per head - 2006*



Source: National Statistics, 2008

SEEDA SOUTH EAST
ENGLAND
DEVELOPMENT
AGENCY
Working for England's World Class Region

Falling Business Activity



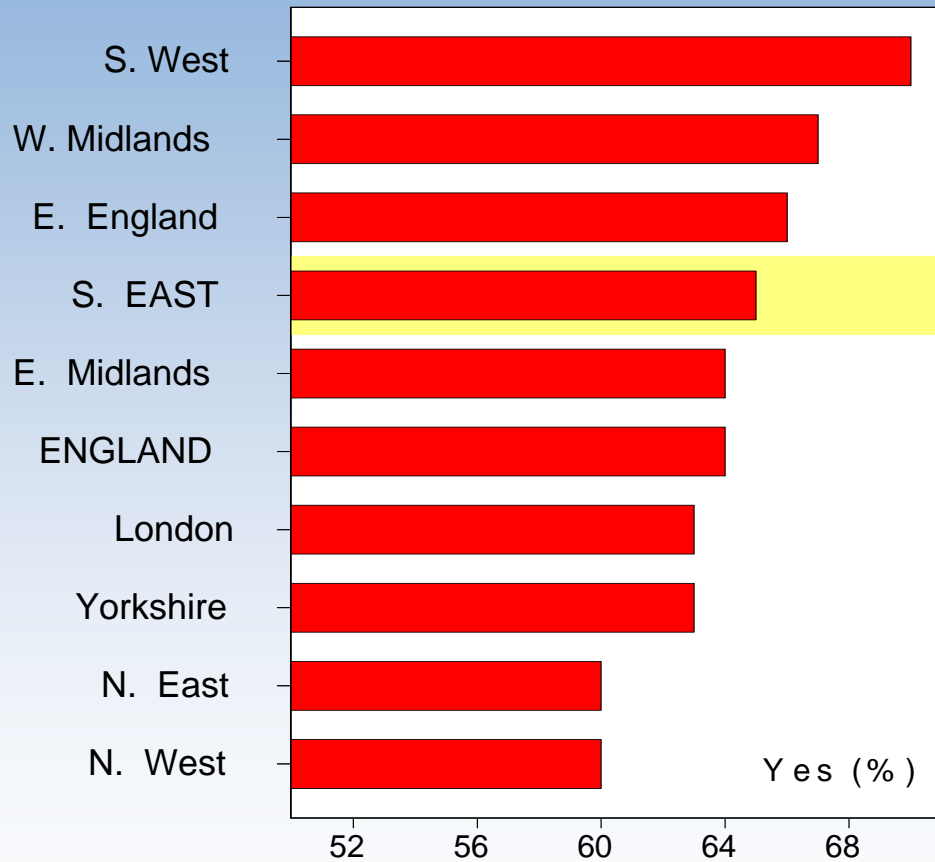
WWW.SEEDA.CO.UK

- Rate of decline has slowed down?
- Destocking is starting to ease.
- Energy and raw material costs – high, but falling.
- Profit margins and cashflow!
- Investment.

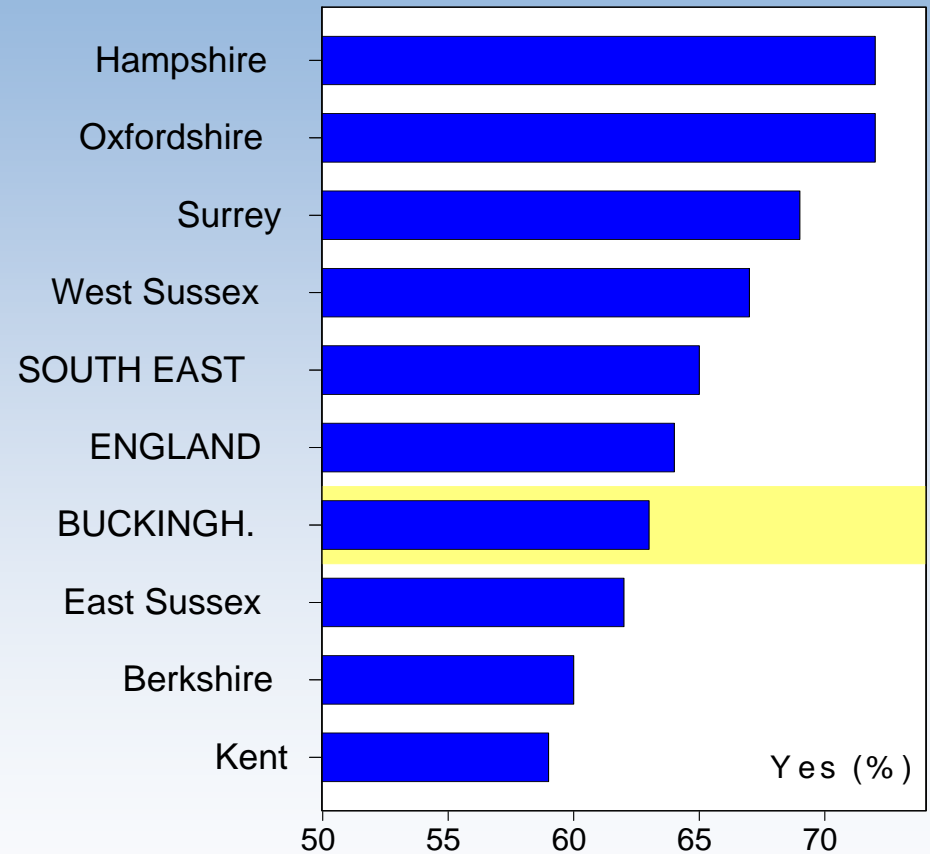
Source: SEEDA 2009, Regional Intelligence Snapshot for the South East – February 2009.

Spare Capacity

Is your present level of output below capacity
(i.e. are you working below a full rate of operation)



Source: National Business Survey 2009
(Ipsos MORI for SEEDA)



Source: National Business Survey 2009
(Ipsos MORI for SEEDA)

Employees in employment

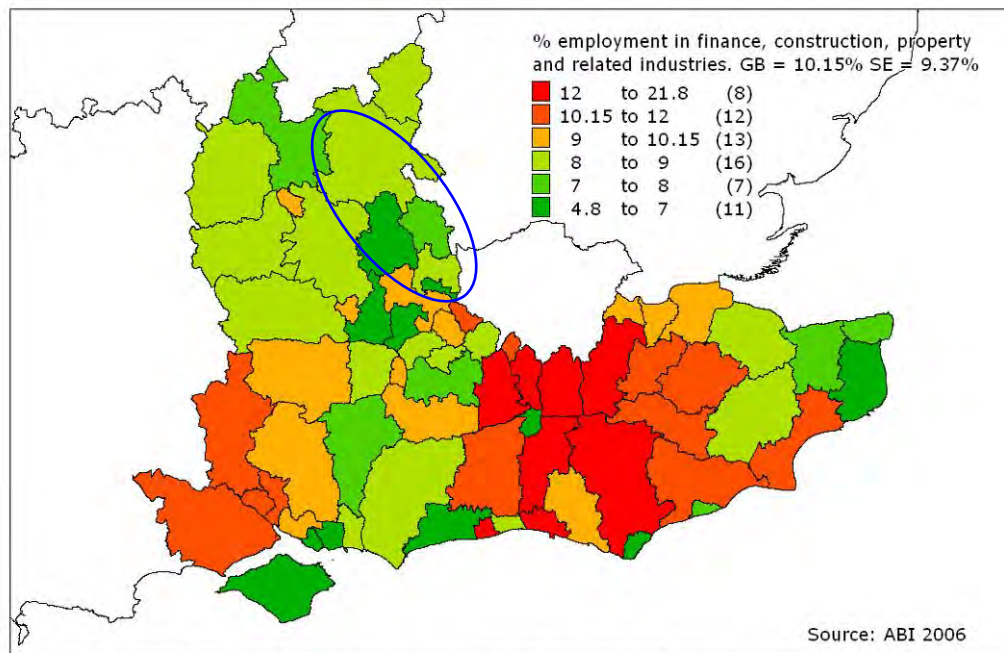
	Sep 2007 - Sep 2008		June 2008 - Sep 2008	
	000's	%	000's	%
South East	24	0.6	-12	-0.3
London	12	0.0	-22	-0.5
East	28	1.2	6	0.2
South West	14	0.6	7	0.3
West Midlands	-7	-0.3	-20	-0.9
East Midlands	-11	-0.6	-12	-0.7
Yorkshire & Humber	-25	-1.1	-13	-0.6
North West	-22	-0.7	-5	-0.2
North East	1	0.0	0	0.0
Wales	-21	-1.8	-5	-0.4
Scotland	-1	-0.1	-9	-0.4
Northern Ireland	-5	-0.6	-10	0.0
United Kingdom	-13	0.0	-96	-0.4

WWW.SEEDA.CO.UK

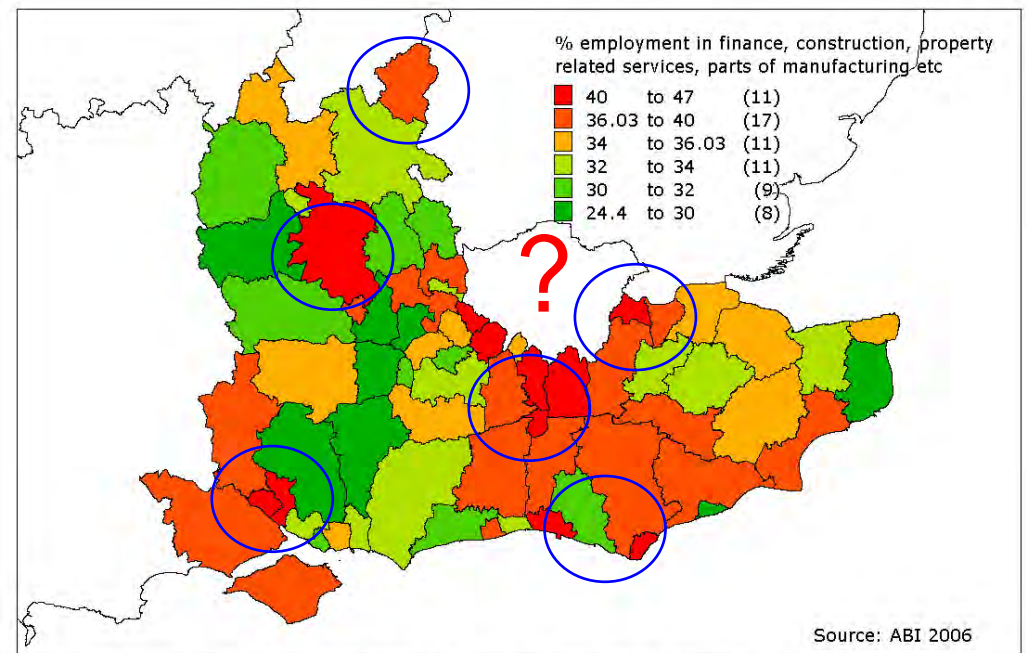
Spatial Distribution of Vulnerable Sectors?

% of employment in finance, construction and property related activities

% of employment in sectors exposed to credit crunch and consumer spending



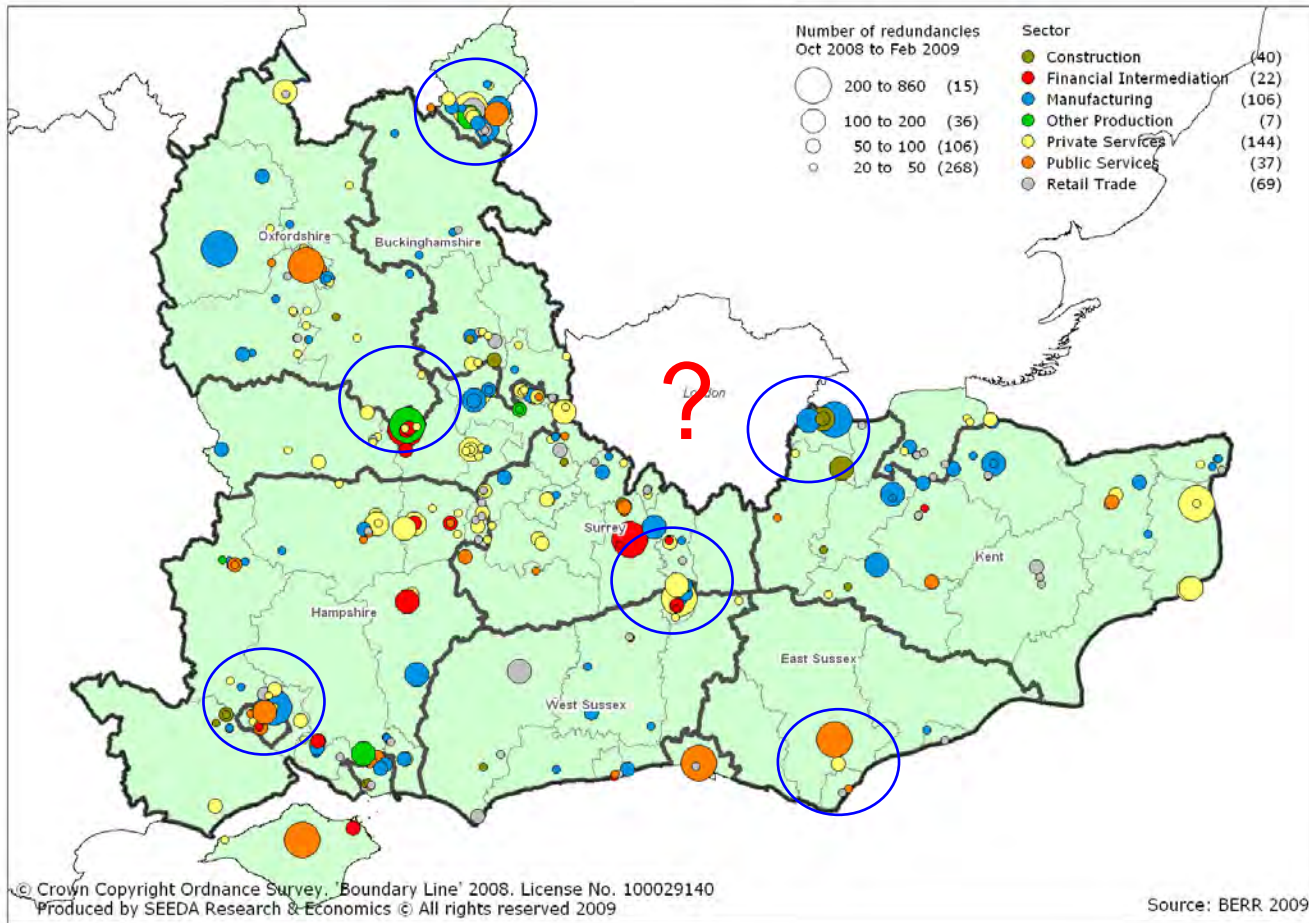
© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008



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

Manufacturing harder hit than services

Redundancy Notifications (Oct'08-Feb'09)



- **South East**
 - Manufacturing
 - Transport
 - Retail
 - Other Bus. Act.

- **Buckinghamshire**
 - Construction
 - Manufacturing
 - Other Bus. Act.
 - Retail

Unemployment on the increase ...

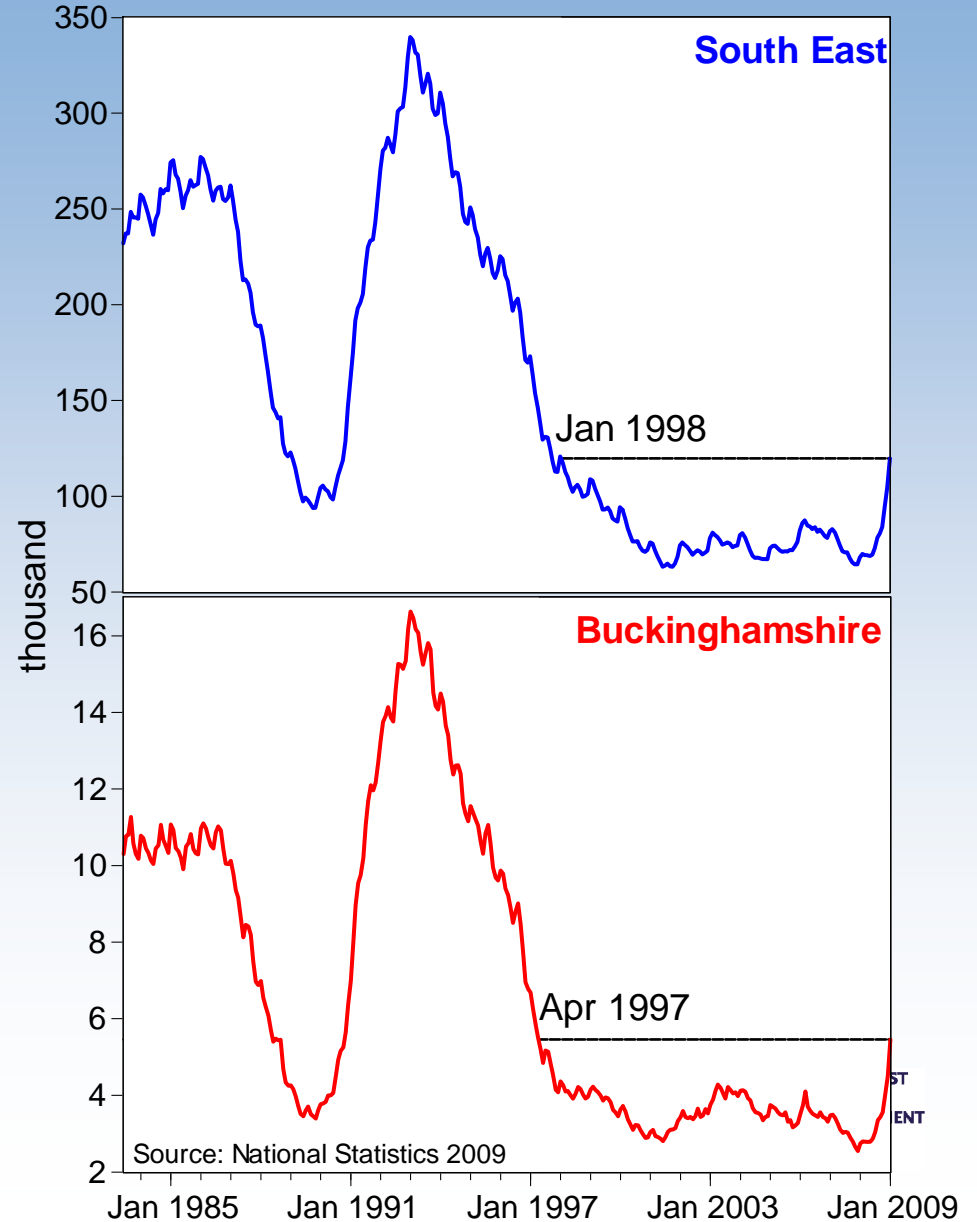
LFS unemployment rate
(pp. change 2008Q2-2008Q4)



Source: National Statistics 2009

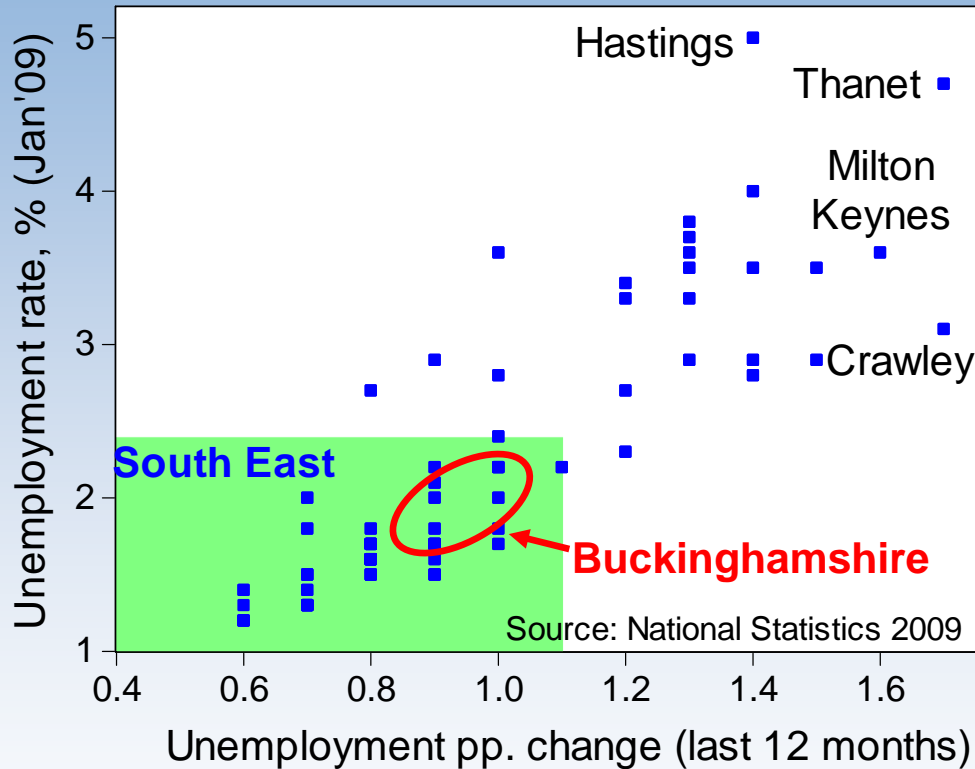
WWW.SEEDA.CO.UK

Claimant Count Unemployment

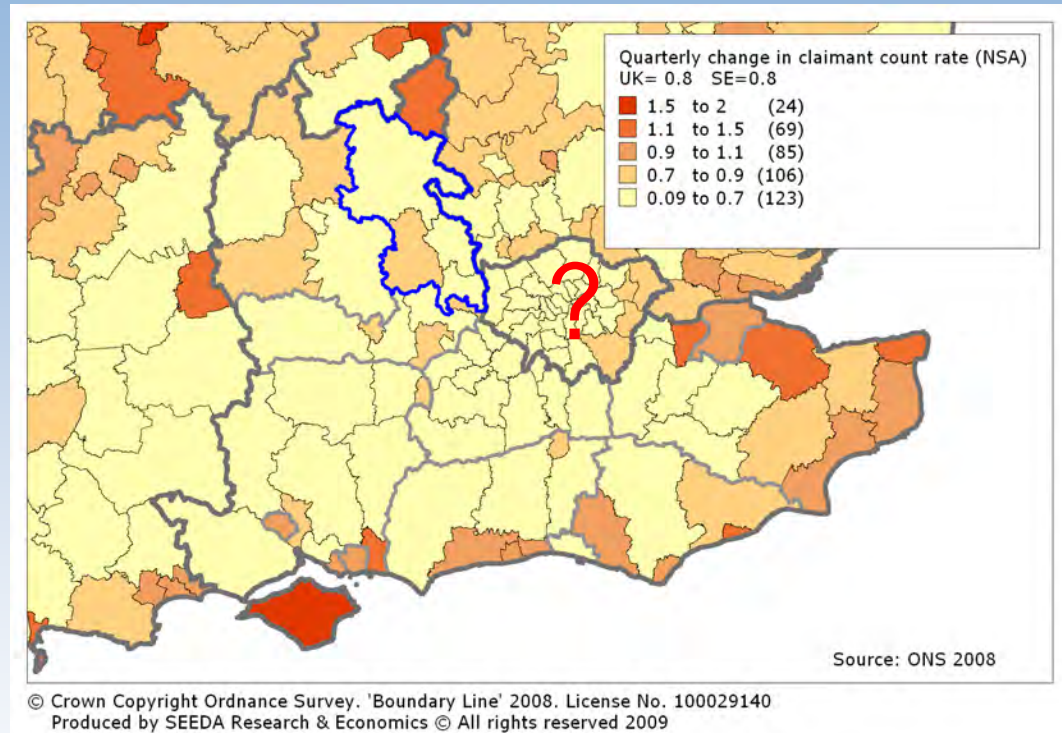


... not as fast as elsewhere?

Claimant Count Unemployment



Quarterly change



Expectations for 2009

- 55% SE businesses expect business climate to deteriorate (balance -44%).

- **Size**

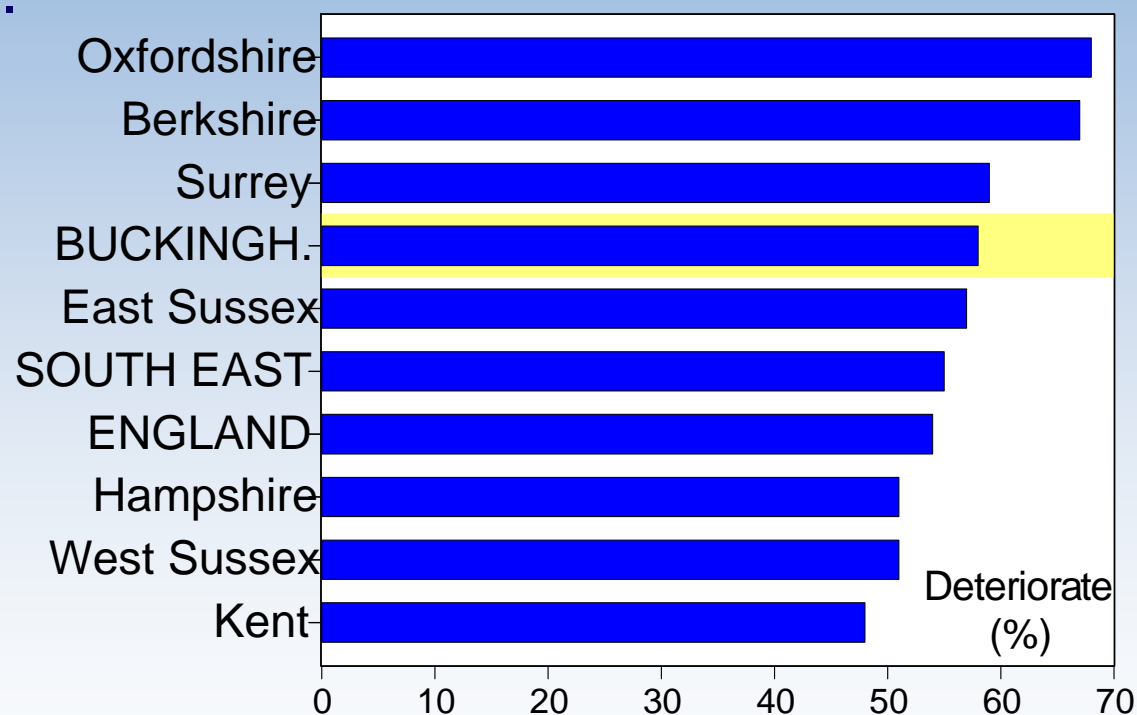
- 1-9 (57%)
- 10-49 (54%)
- 50+ (37%)

- **Sector**

- Construction (75%)
- Distribution (66%)
- Manufacturing (62%)
- Finance (55%)

WWW.SEEDA.CO.UK

Do you expect the business climate in which your business operates to generally...



Source: National Business Survey 2009
(Ipsos MORI for SEEDA)

Key Challenges

- **Liquidity – scarcity of money is an issue.**
- **Cost of credit insurance** increased for 52% of small businesses in the South East. *Source: FSB Feb'08*
- Some **credit insurers** now refusing to insure some businesses. Concern about the ability of companies in **supply chain** to withstand recession. *Source: SEEDA 2009, Regional Intelligence Snapshot for the South East*
- 2/3 of small businesses in South East have seen an increase in the overall cost of new credit in the past 2 months. *Source: FSB Feb'08*

How recession proofed is Buckinghamshire?

- Industrial structure
- Economic activity
- Employment rate
- Unemployment rate
- Skills
- Private sector economy
- Location

Summary

- Tough times
- Further loss of industrial capacity
- Almost no sector or region/sub-region escaping unhurt
- Data more favourable for Buckinghamshire than a number of other sub-regions?
- Scarcity of money
- We've been here before
- Policy will work (time lag)!

Thank you

SEEDA Research & Economics

Email: research@seeda.co.uk

Website: www.seeda.co.uk

WWW.SEEDA.CO.UK