

# The impact of the recession on the Thames Gateway: Economic Programme

## Thames Gateway and the recession

June 2009

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# What I will cover

- A highly synchronised contraction in the global and UK economies.
- Sectoral exposure and the likely impact on the Thames Gateway
- Downturn in the labour market.
- Interdependencies within the Thames Gateway and the Greater South East.
- Independent projections for the Thames Gateway.

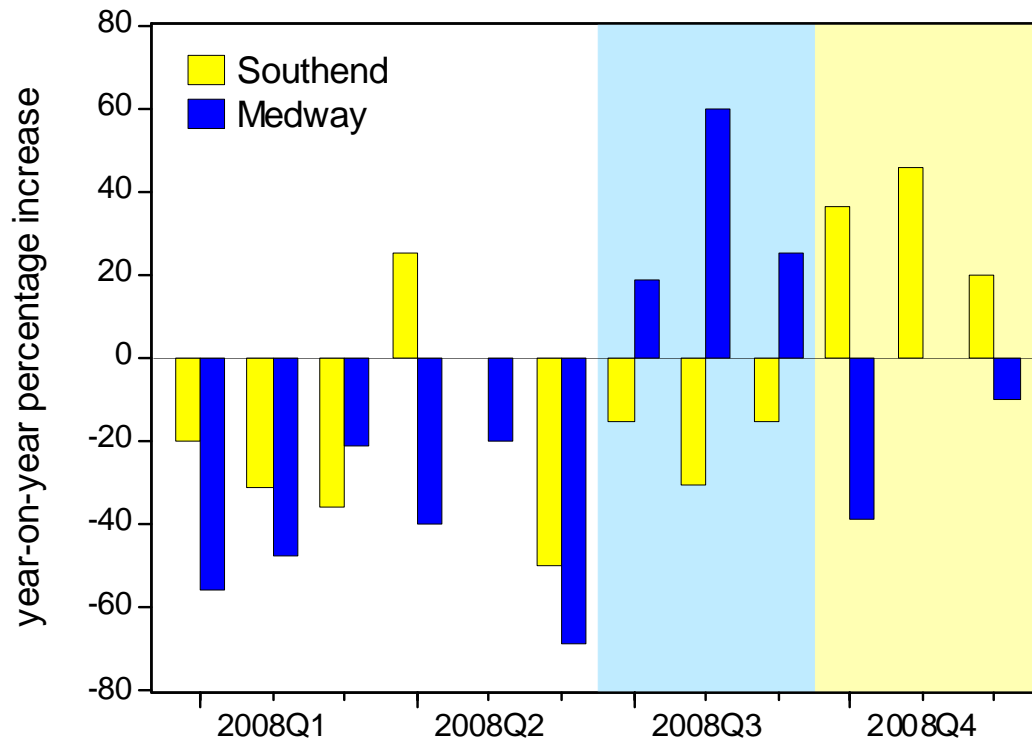
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# Global and UK economic context

- Sharp contraction in world trade, industrial production and GDP growth in past 6 months.
- Fall in output accelerated in Q4 2008 with near collapse of global financial markets.
- UK GDP growth contracted in Q1 2009 – by 1.9% compared to -1.6% in Q4 2008.
- Greatest falls in output have been in manufacturing and construction, while services affected less severely than expected.

# Growing number of business failures

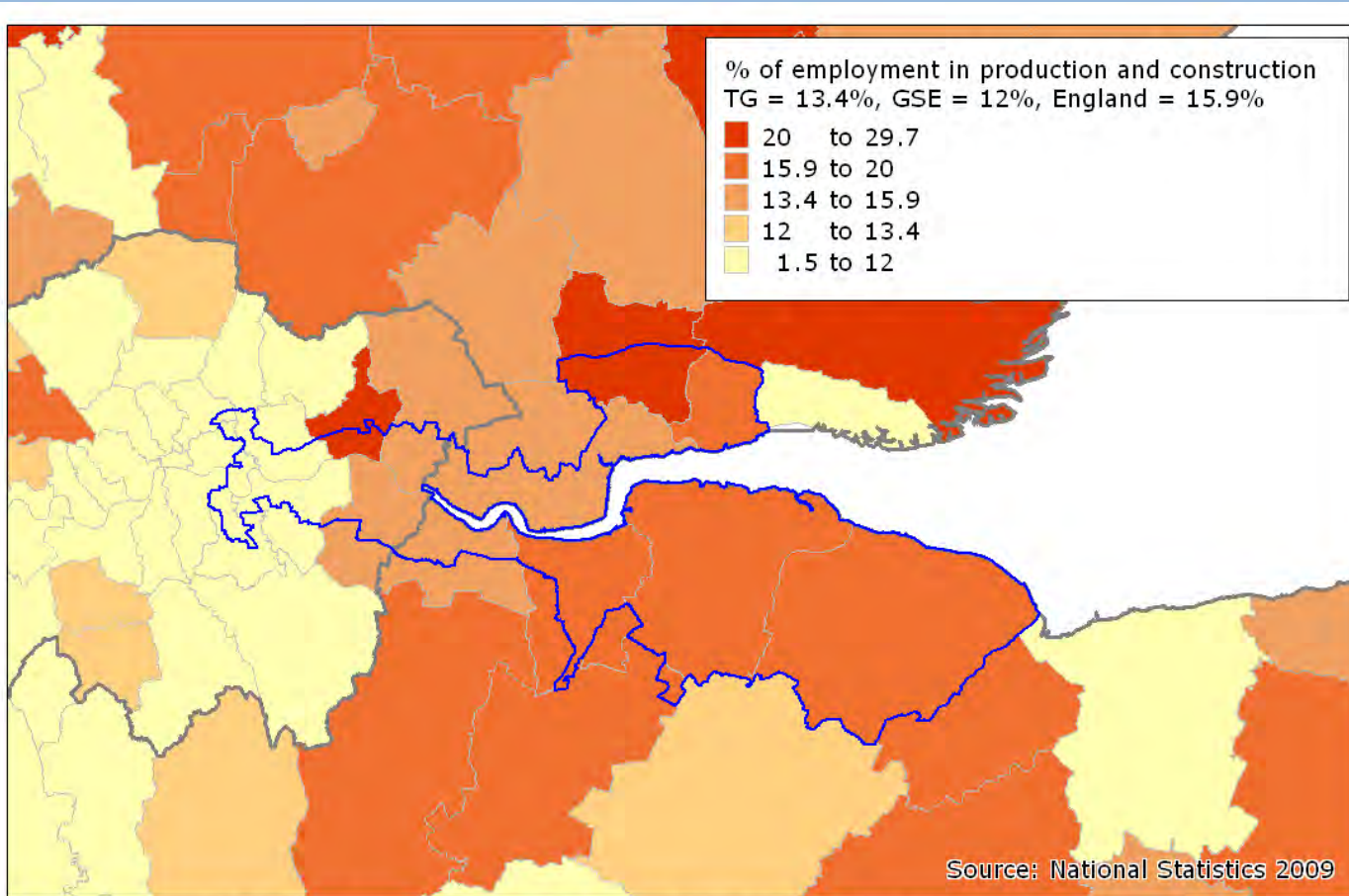
Corporate insolvencies in Thames Gateway



Source: Insolvency Service 2009

- Corporate insolvencies increasing since June 2008
- Within the Thames Gateway the rate of increase has been below the national average
- Large increases in Medway in 2008Q3 and in Southend in 2008Q4

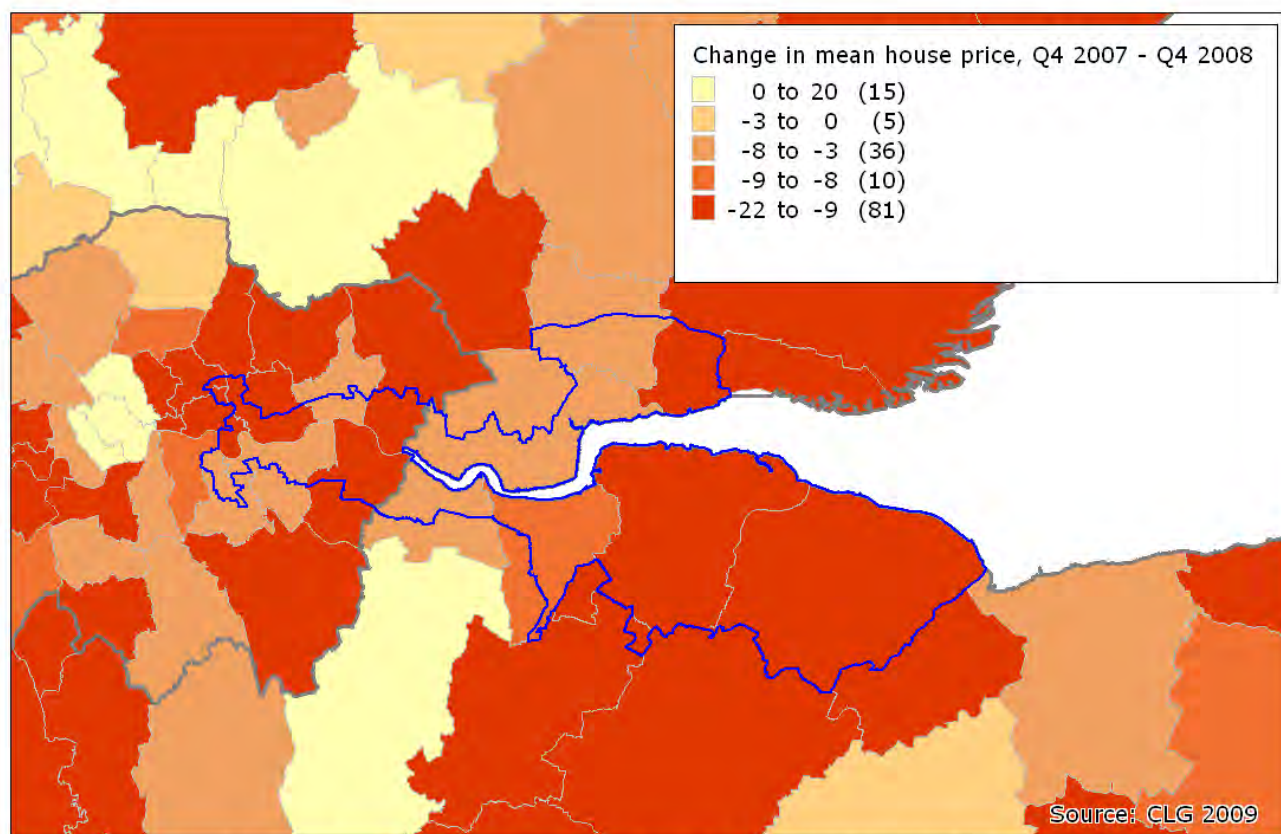
# Thames Gateway more exposed than the Greater South East?



Employment in production:  
780,000 in GSE (7.8% of total employment);  
87,000 in TG (8.5% of total)

Construction:  
425,000 in GSE (4.2% of total);  
50,000 in TG (4.9%)

# Housing market correction underway

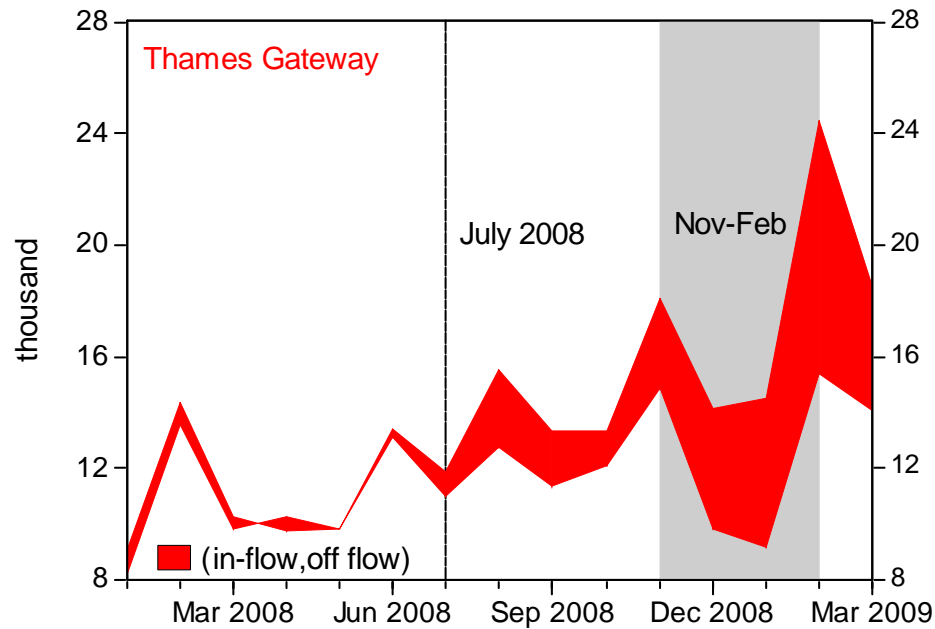


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- Sharp fall in mortgage approvals since July 2007
- House prices falling since late 2007
- Prices in Thames Gateway fallen faster than in GSE
- Affordability has improved

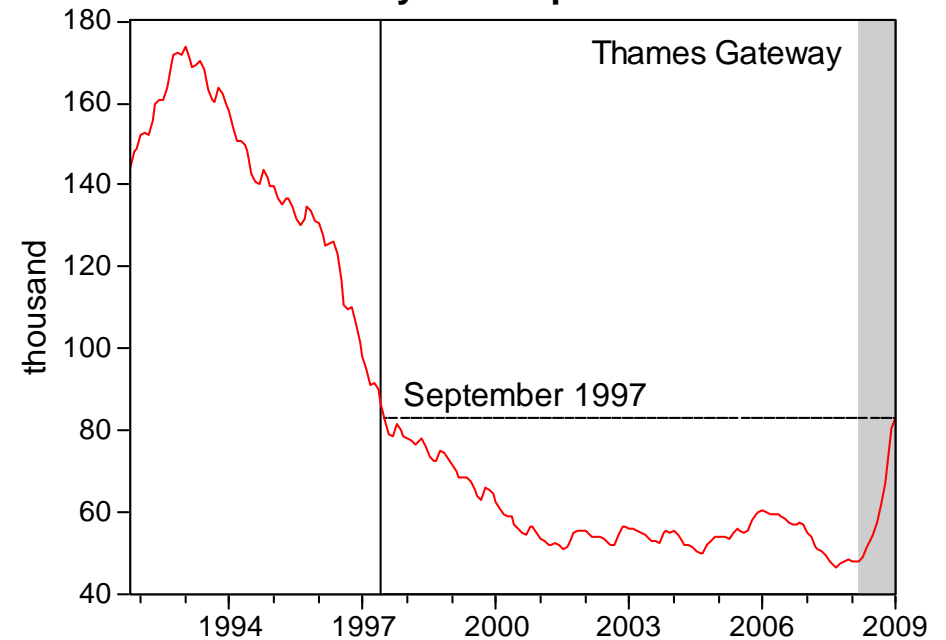
# Claimant count unemployment on the increase

**Claimant count unemployment  
In-flows and off-flows**



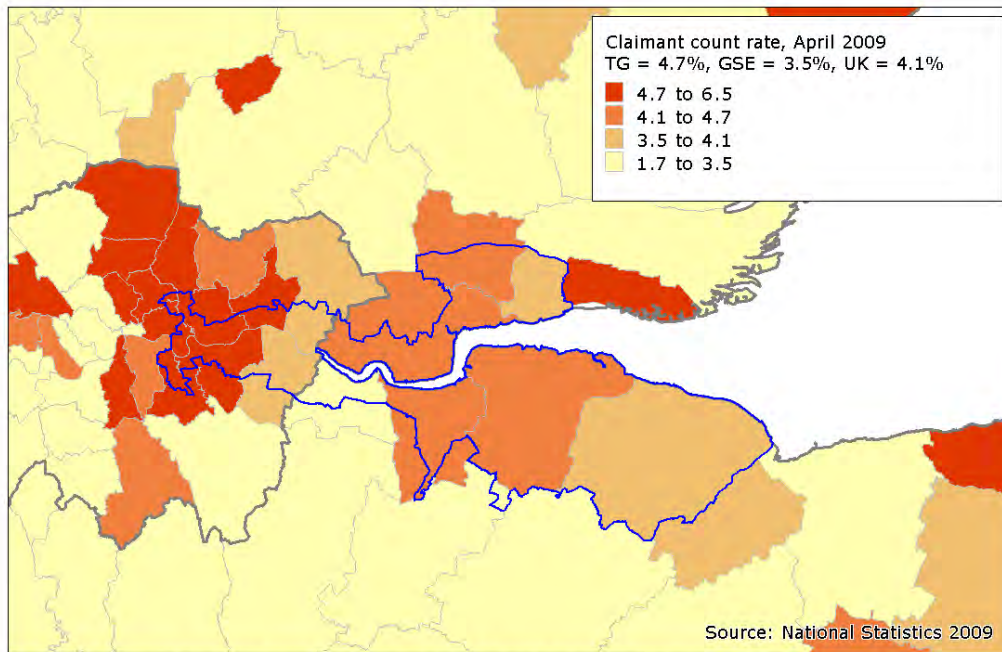
Source: National Statistics 2009

**Unemployment in Thames Gateway  
January 1992-April 2009**

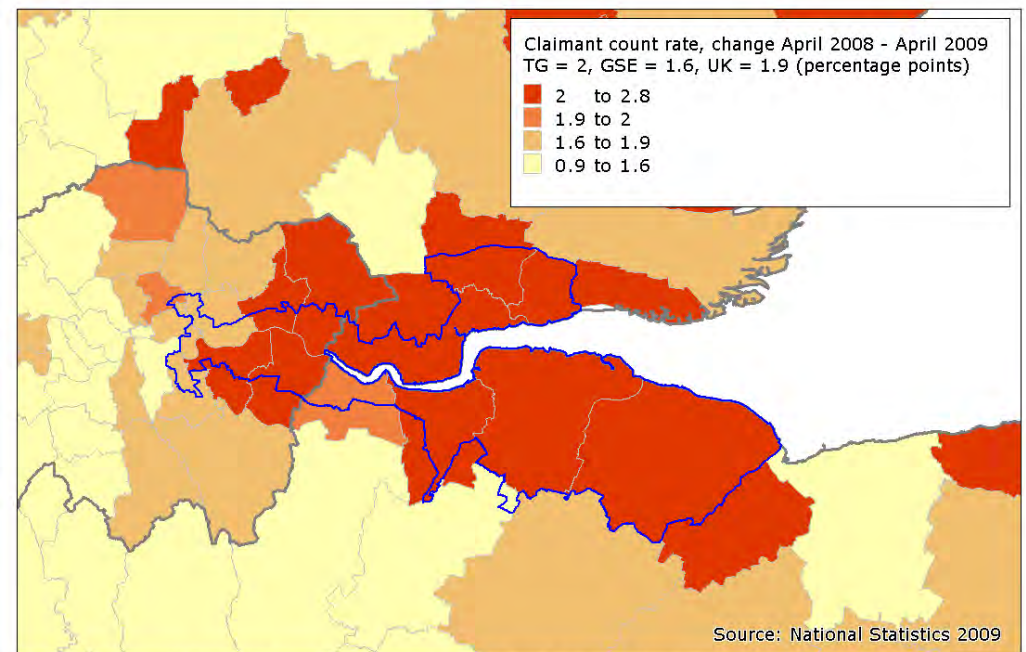


Source: National Statistics 2009

# Claimant count rate rising across the Thames Gateway



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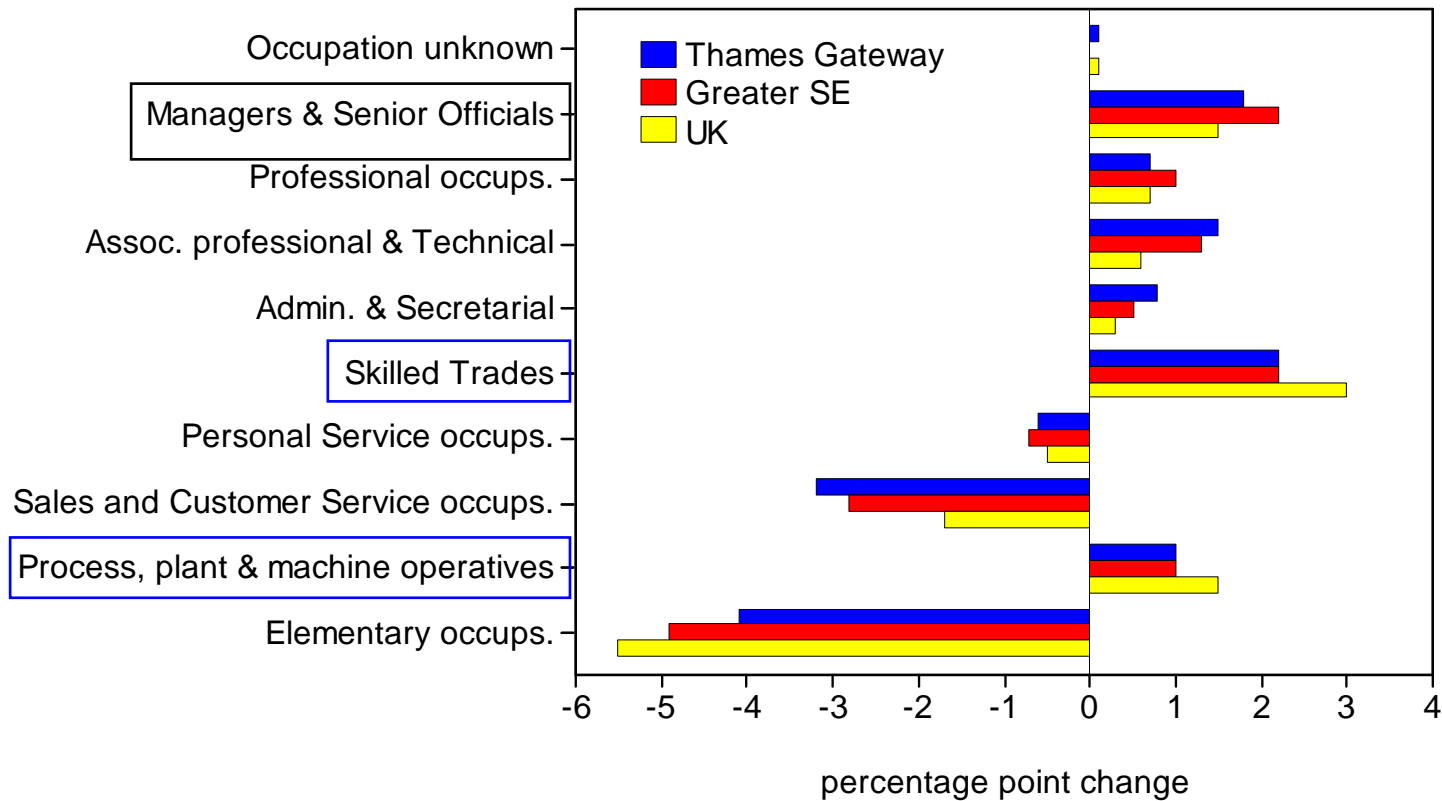
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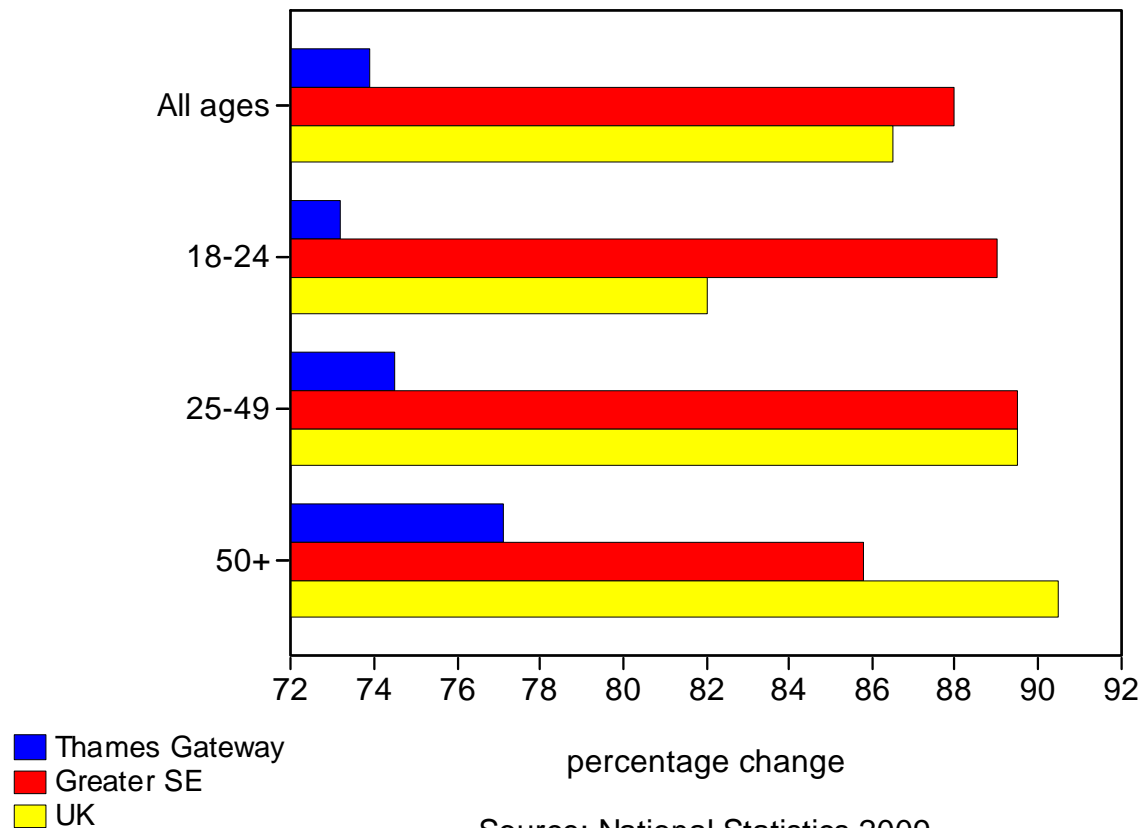
# Changing occupational profile of JSA claimants

Change in proportion of JSA claimants by occupational group, April 2008-April 2009



# Increase in claimant count by age group

Percentage change in claimant count by age group  
April 2008 - April 2009

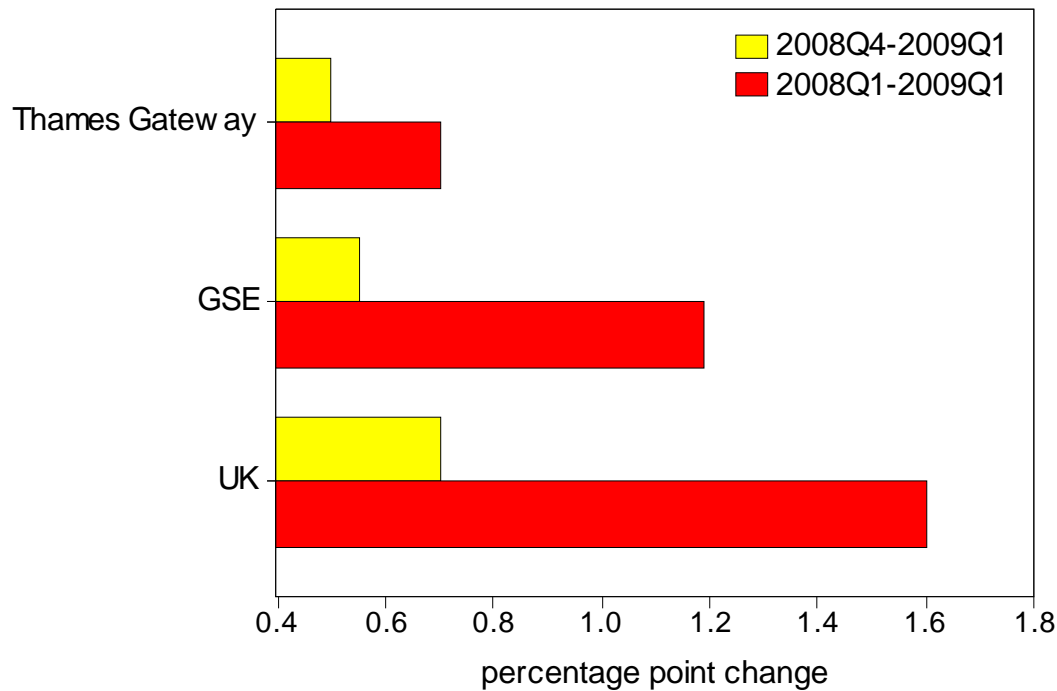


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Source: National Statistics 2009

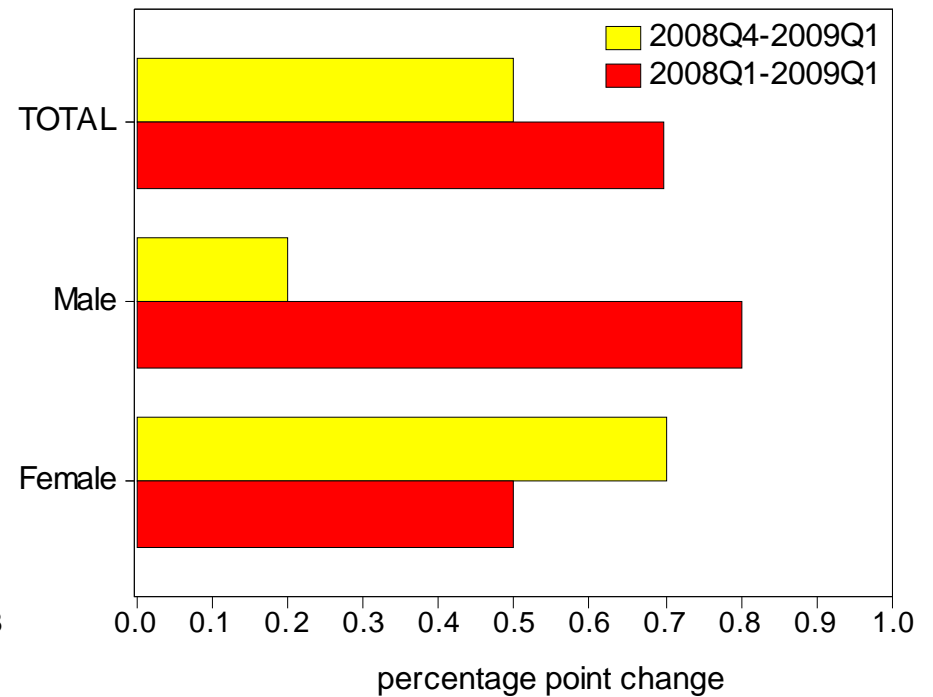
# Rise in unemployment less severe in the Thames Gateway?

**Change in ILO unemployment rate  
2008Q1-2009Q1 and 2009Q1**



Source: National Statistics 2009

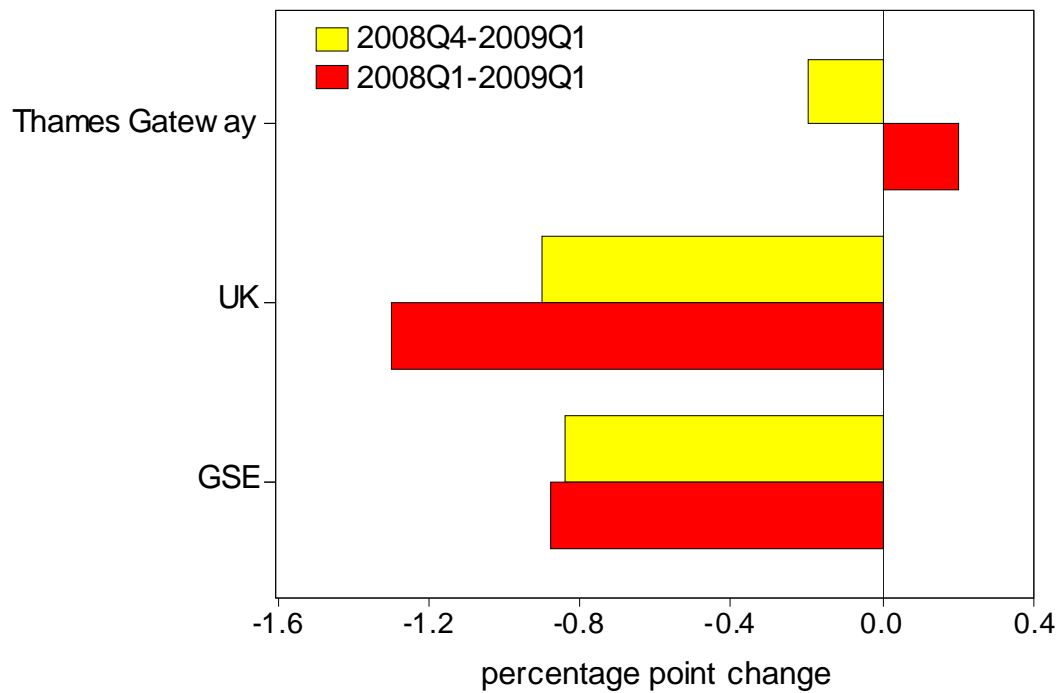
**Thames Gateway  
Change in ILO unemployment rate by gender**



Source: National Statistics 2009

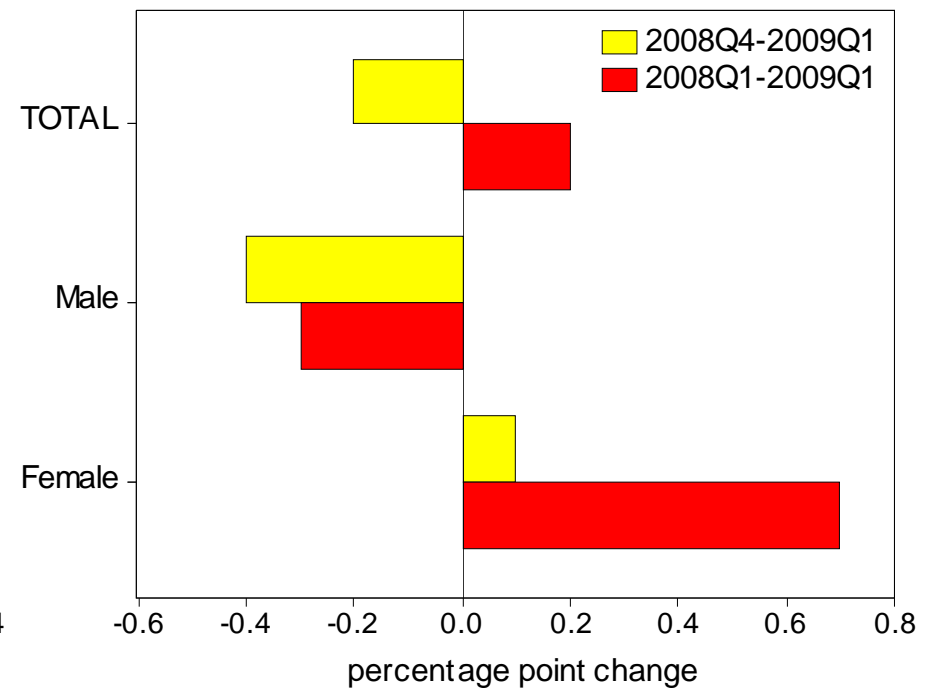
# Employment holding up well in the Thames Gateway?

**Change in employment rate  
2008Q1-2009Q1 and 2009Q1**



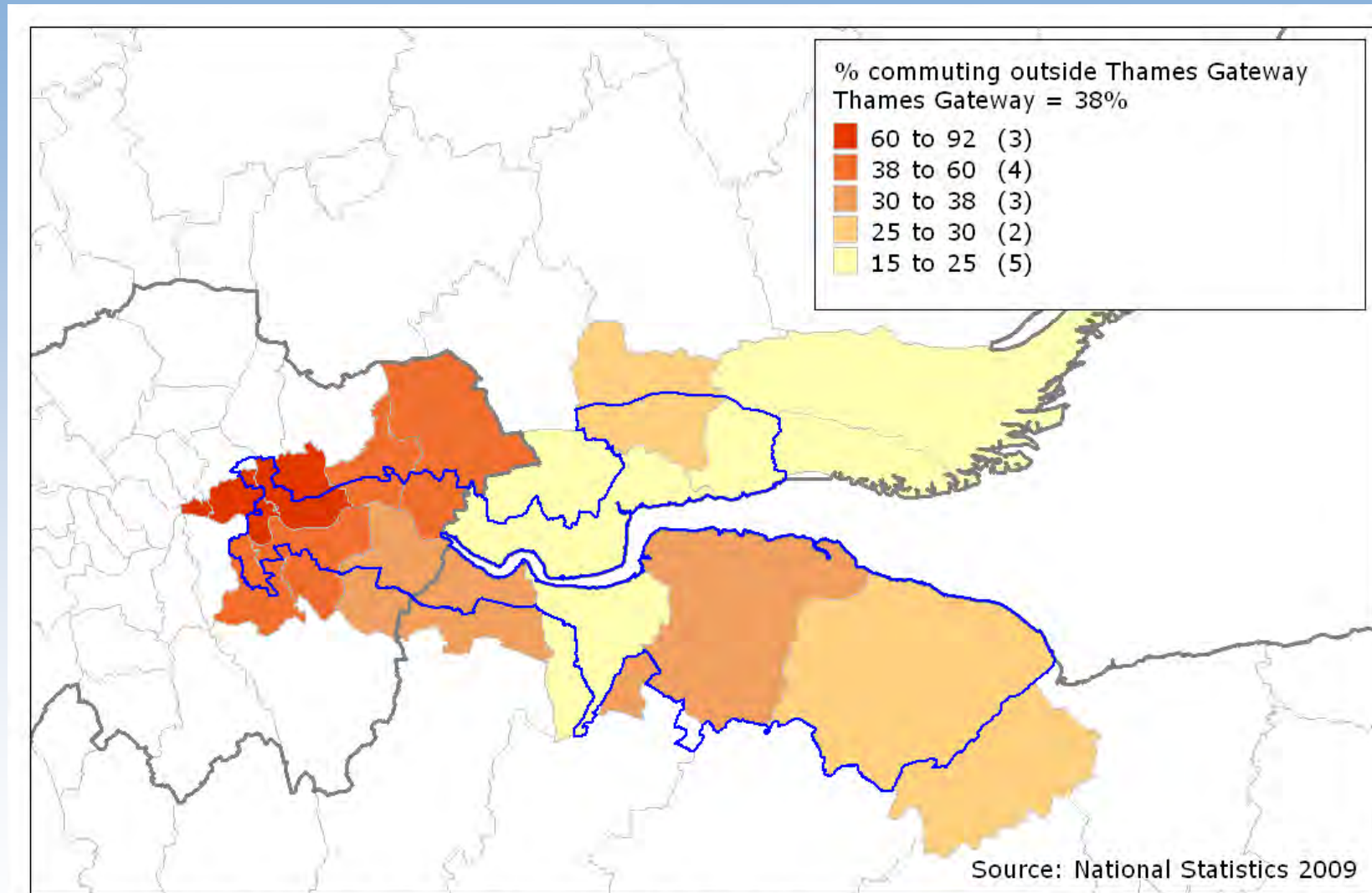
Source: National Statistics 2009

**Thames Gateway  
Change in employment rate by gender**

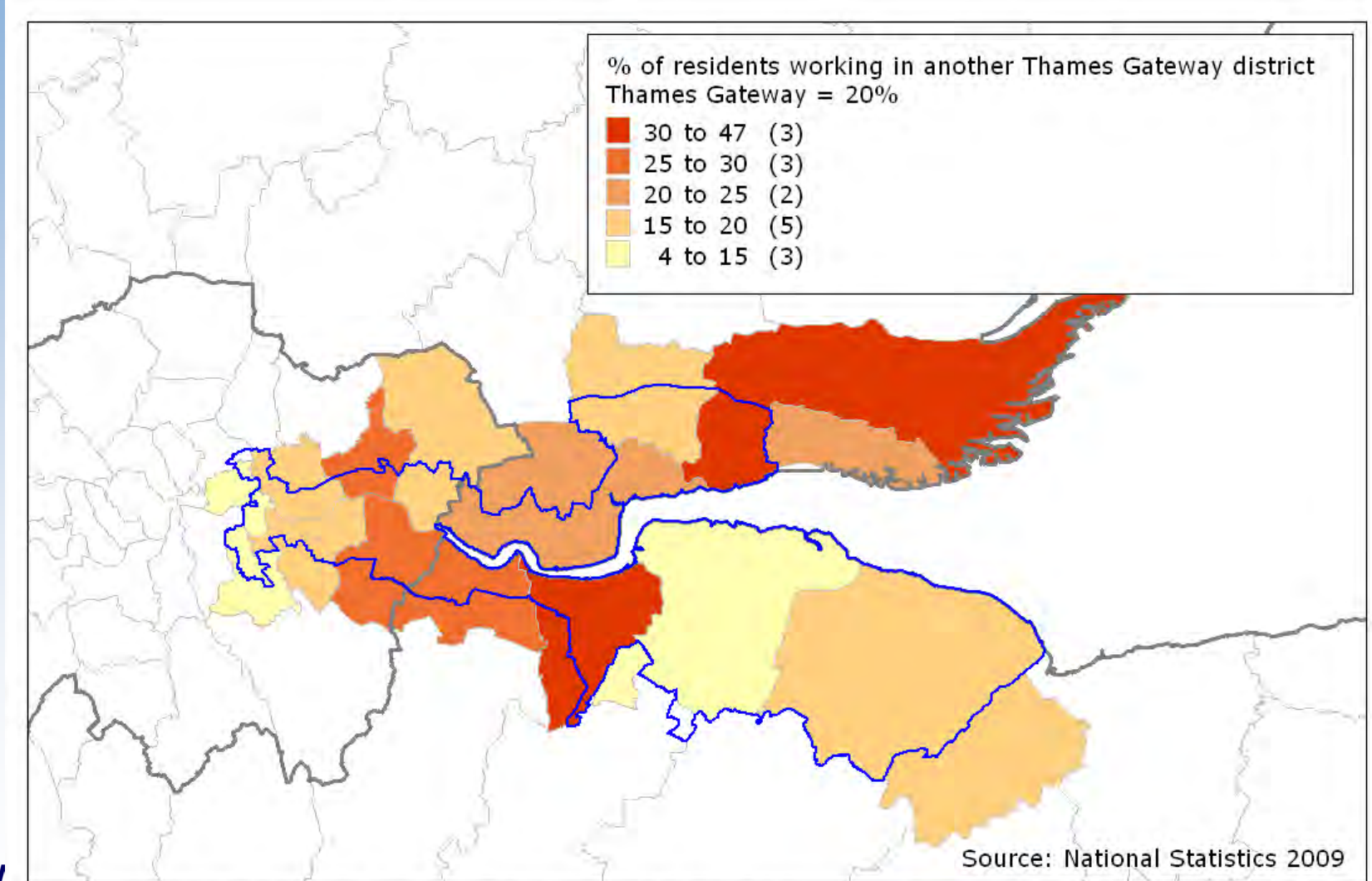


Source: National Statistics 2009

# Out-commuting from Thames Gateway



# Spatial interdependencies within the Thames Gateway



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SOUTH EAST  
GLAND  
DEVELOPMENT  
AGENCY

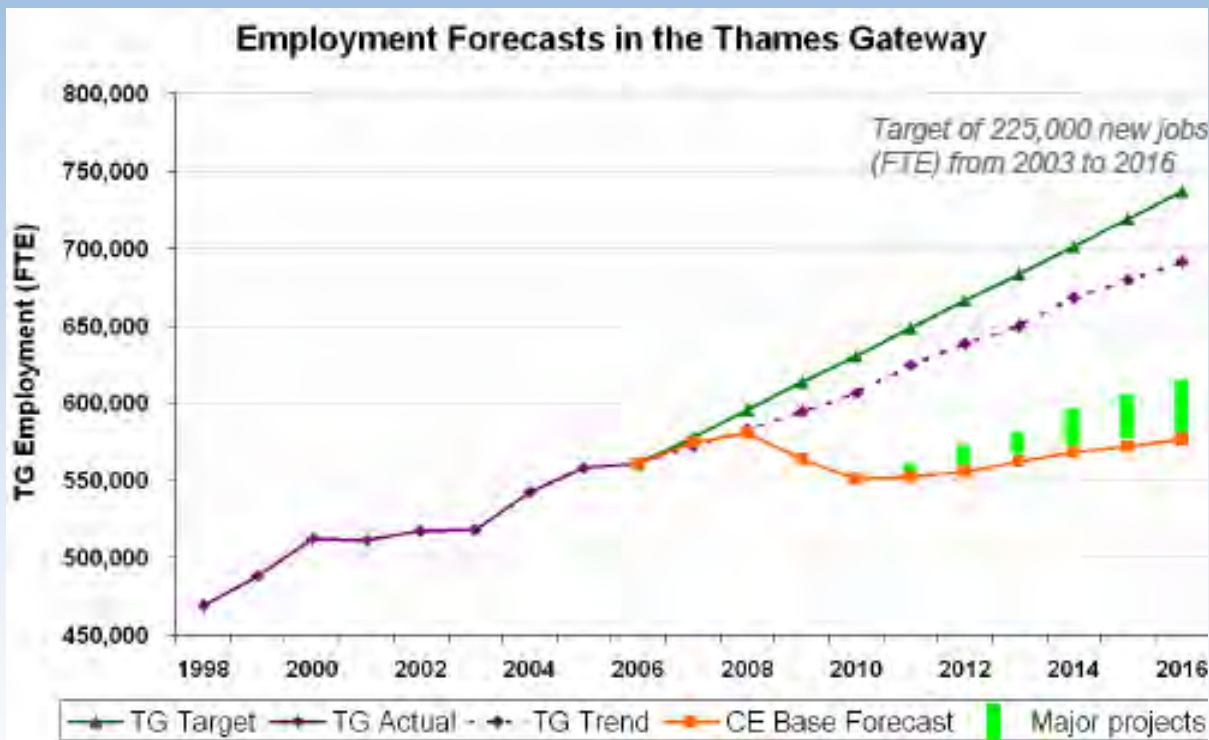
# Thames Gateway economy projected to contract

UK economy to contract by 3.25% in 2009 and 0.6% in 2010?

The Thames Gateway to shrink by 5% (2008-2010)?

A wide gap between target and trend employment relative to forecast employment is projected.

These are projections of what could happen



Source: Cambridge Econometrics 2009

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# Conclusion

- A synchronised contraction in the global and UK economies.
- Higher concentration of production and construction activities in Thames Gateway
- Unemployment has increased but less severely than elsewhere?
- Employment rate so far doing better than elsewhere.
- High degree of interdependencies within Thames Gateway and the Greater South East.
- Economy expected to shrink by up to 5% - Forecasters busier than ever!