



enterprise **m3**

Delivering prosperity through innovation

ECONOMY & LABOUR MARKET SNAPSHOT

September 2020

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HEADLINES

Summary of economic conditions

- July marked the third consecutive month of recovery in the UK economy. However, economic growth in July (up 6.6%) was slower than in June and the UK economy is still 11.7% smaller than in February, prior the lockdown.
- Output growth in Enterprise m3 was estimated at 6.5%, slightly slower than the UK average. Professional, scientific & technical and ICT sectors, which are concentrated in the LEP, returned to growth during July following a small contraction in June.
- Survey data for August was exceptionally strong - business activity in the South East expanded at the fastest pace on record and the volume of new orders increased at the fastest pace in five-and-a-half years.
- Business sentiment in the South East eased slightly during August but remained historically high. Yet, new lockdown measures being introduced, a softer job protection scheme for winter and the Brexit-related tensions with the EU will impact sentiment next month. A survey conducted by the Bank of England in August found that UK businesses are reducing investment plans by a third in the third quarter of the year.
- Consumer confidence remains heavily subdued, but consumers are more positive about their own personal finances and ability to make large purchases over the short-term. Growth in retail sales eased but sales were higher in July than in February, before the lockdown. Nevertheless, clothing shop sales continued to struggle in August.
- The labour market remained under pressure, unemployment official figures increased in the three months to July while PMI survey data shows that job shedding intensified during August.
- There were 216,200 furloughed residents in July (the release of August's data has been postponed until further notice) and 43,500 self-employed residents in August on the Government's Job Retention schemes in Enterprise m3.
- Unemployment on the claimant count measure in Enterprise m3 increased by 2,015 to nearly 39,000 claimants in August, while the unemployment rate rose by 0.2 ppts to 4.1%, much lower than in the UK (6.5%). All broad age groups saw a rise in claimant counts during August, specially those aged 25 and over. Youth unemployment (16-24 years old) increased by 160 to 7,580 young claimants last month, whereas the youth unemployment claimant rate edged higher by 0.1 ppts to 5%, well below the national average (7.6%).

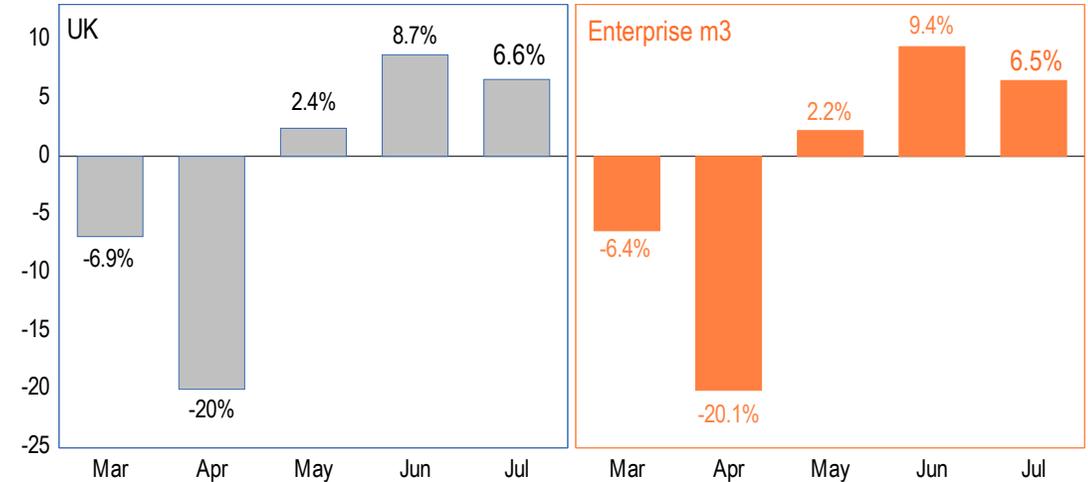


BUSINESS ACTIVITY AND GROWTH

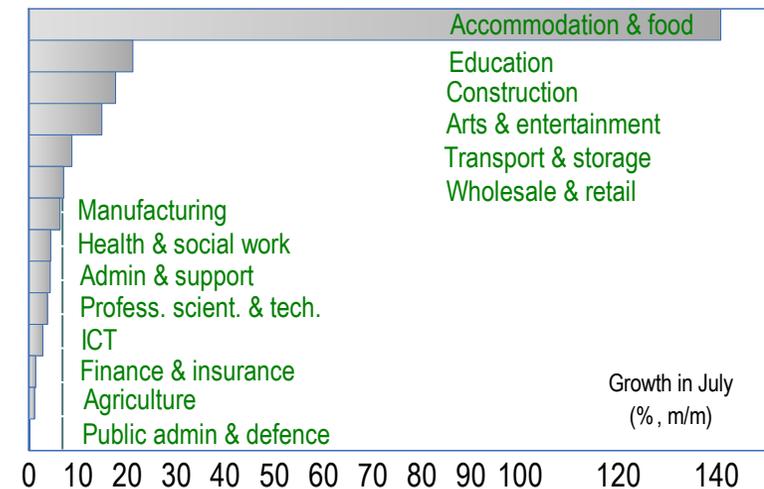
ACTIVITY AND GROWTH

- The latest estimate of economic growth from the ONS show that the UK economy expanded for the third consecutive month in July, as lockdown measures continued to ease.
- Although national growth in July was 6.6%, this was slower than the 8.7% expansion seen in June and the UK economy is still 11.7% smaller than in February, before lockdown was imposed.
- Our estimate of economic growth suggests that the Enterprise m3 economy expanded by 6.5% in July, slower than in June and marginally slower than the UK average.
- The reopening of restaurants and pubs meant the accommodation and food services sector increased by a massive 140.8% between June and July but this can be explained by a 'low base' (much of the sector was closed in the previous month).
- Traded services in Enterprise m3 such as professional, scientific & technical and information & communication returned to growth during July (6.3% and 6.7% respectively) following a small contraction in June.
- Survey evidence from a monthly survey of purchasing managers (PMI) points to exceptionally strong growth in business activity in the South East in August. The relaxation of lockdown restrictions had released pent-up client demand, according to PMI survey panellists.
- Business activity in the South East increased at the fastest pace on record in August (since comparable records began in January 1997). Private businesses in the region saw the second fastest increase in business activity in the country last month.

The economy expanded for the third consecutive month in July



July saw strong growth in several large sectors



BUSINESS NEWS

Wasdell Group, the Swindon-based pharmaceuticals outsourcing firm with 650 staff, is looking into the **possibility of relocating** to Basingstoke over the next few years. 03-Sep-2020.

<https://www.wasdell.co.uk>

<https://news.google.com/search?q=Wasdell%20Group%20Swindon%20Basingstoke&hl=en-GB&gl=GB&ceid=GB:en>

Escape Hunt is planning to **expand** its chain of escape rooms with new sites in Basingstoke and Cheltenham. 22-Sep-2020.

Escape Hunt, 3 Pear Pl, Lambeth, London, SE1 8BT.

<http://www.escapehunt.com>

<https://news.google.com/search?q=Escape%20Hunt%20Basingstoke%20Cheltenham%20when%3A7d&hl=en-GB&gl=GB&ceid=GB:en>

Arrow Business Communications has **acquired** MSP Click Networks, the Glasgow-based IT managed services firm, for undisclosed terms. 14-Sep-2020.

Arrow Business Communications, The Wharf, Abbey Mill, Godalming, Surrey, GU7 2QN.

<http://www.arrowcommunications.co.uk>

<https://news.google.com/search?q=Arrow%20Business%20Communications%20MSP%20Click%20Networks%20Glasgow%20IT%20when%3A7d&hl=en-GB&gl=GB&ceid=GB:en>

Metamorph Group has **acquired** Knight Polson, the Hampshire-based law firm, taking its workforce to 630. 21-Sep-2020.

<http://www.metamorphlaw.co.uk>

<https://news.google.com/search?q=Metamorph%20Group%20Knight%20Polson%20Hampshire&hl=en-GB&gl=GB&ceid=GB:en>

TT Electronics is **investing** up to £5m at its site in Hartlepool, in order to manufacture a new virus testing system. 14-Sep-2020.

TT Electronics, St Andrews House, West Street, Woking, Surrey, GU21 6EB.

<http://www.ttelectronics.com>

<https://news.google.com/search?q=TT%20Electronics%20Hartlepool%20when%3A7d&hl=en-GB&gl=GB&ceid=GB:en>

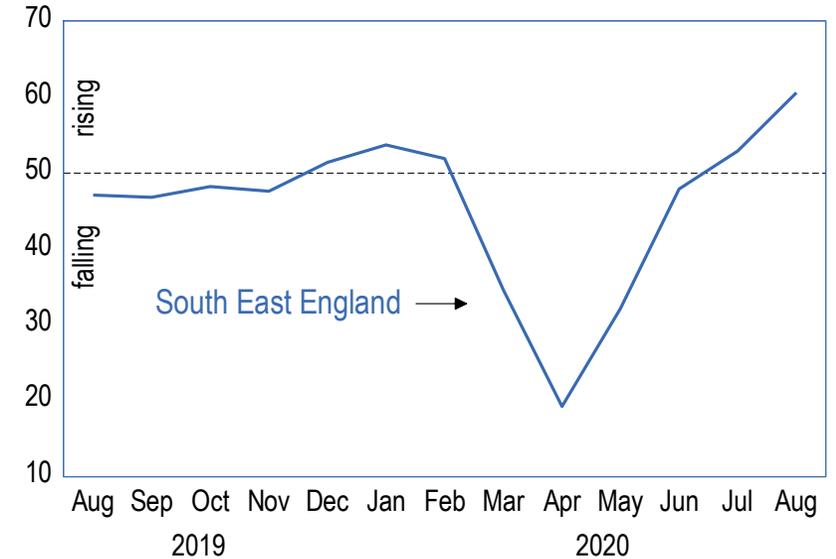


SENTIMENT AND INVESTMENT

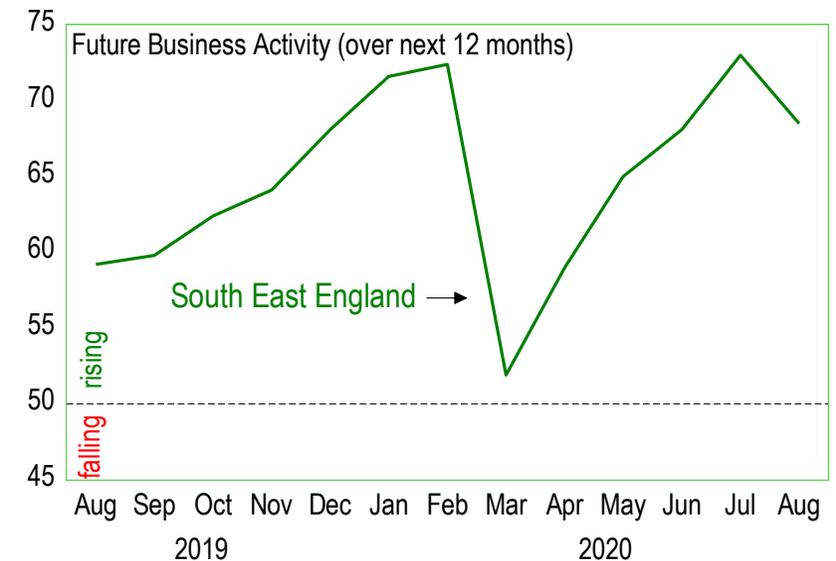
SENTIMENT AND INVESTMENT

- The volume of new orders or incoming new business (a leading indicator of economic growth over the short-term) increased at the fastest pace in five-and-a-half years in the South East last month (since March 2015).
- Business sentiment in the South East for output growth over the next 12 months moderated slightly from July but remained strong in the context of historical data.
- Anecdotal evidence linked confidence to lifting of the lockdown restrictions, improved demand conditions and hopes of a swift recovery from the economic impacts of the health pandemic.
- However, it is likely that business sentiment will moderate further next month once the impact of the new lockdown measures being introduced in the UK (and abroad), a softer job protection scheme for winter and the Brexit-related tensions with the EU get fully captured in the survey.
- Survey evidence suggests that companies across the UK are reducing investment plans during the third quarter due to the coronavirus crisis.
- By the end of September, average investment is expected to decrease by 32% compared with if there had not been a coronavirus outbreak, according to a Bank of England survey conducted in August.
- The largest falls in investment are expected in the food & accommodation sector and retail sectors (down 60% and 40% respectively), nevertheless businesses in all sectors reported falling investment.

August saw the quickest increase in news business since March 2015



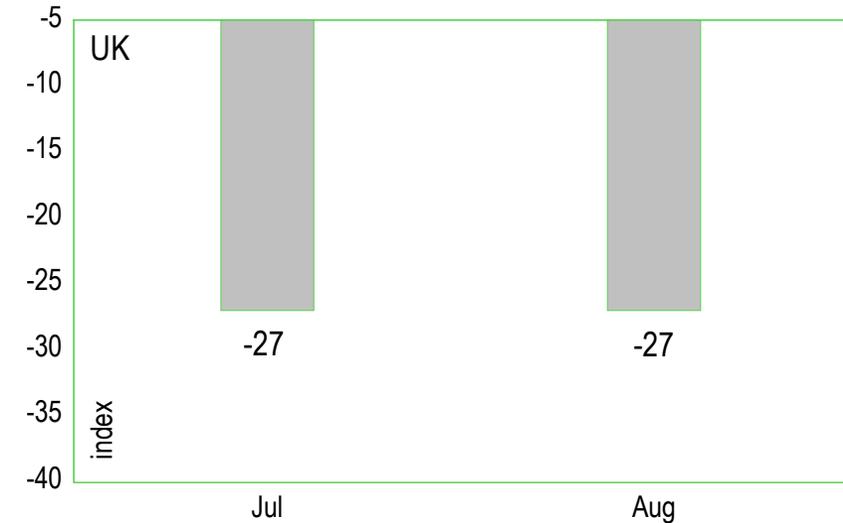
Business sentiment eased in August but remained high



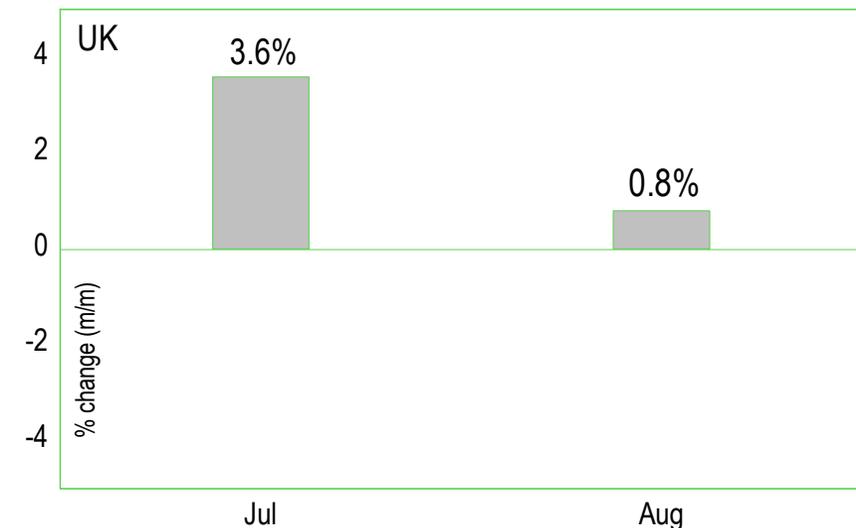
SENTIMENT AND INVESTMENT

- Consumer confidence remained heavily subdued in August and unchanged on the previous month. The UK consumer confidence index from GfK stayed unchanged at -27 last month.
- Consumers were more pessimistic about the state of the economy but more positive about their own personal finances and ability to make large purchases over the short-term.
- Discounted dinners proved to be popular across the country during August.
- The GfK survey was conducted before the announcement of further restrictions in England and chancellor's new measures to support jobs and businesses as the furlough schemes ceases at the end of October. These measures will have a downwards impact on consumer sentiment.
- Growth in retail sales eased from 3.6% in July to 0.8% in August. Nevertheless, August marked the fourth consecutive month of growth in volumes. Sales were 4% higher than in February, prior the lockdown.
- Growth was driven by spending on household goods and DIY, while clothing shops continued to struggle.
- Online retail sales decreased by 2.5% in August when compared with July, however the strong growth during the pandemic has meant that sales were still 47% higher than February's pre-pandemic levels.

Consumer confidence remains heavily subdued



Growth in retail sales eased, but sales are above February level

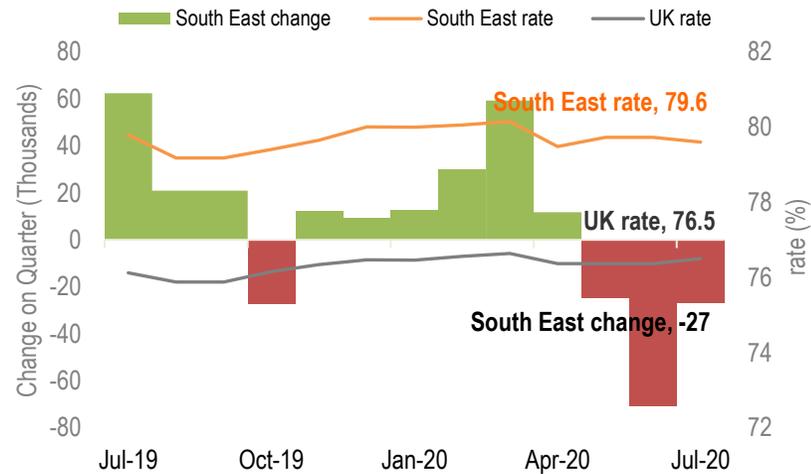




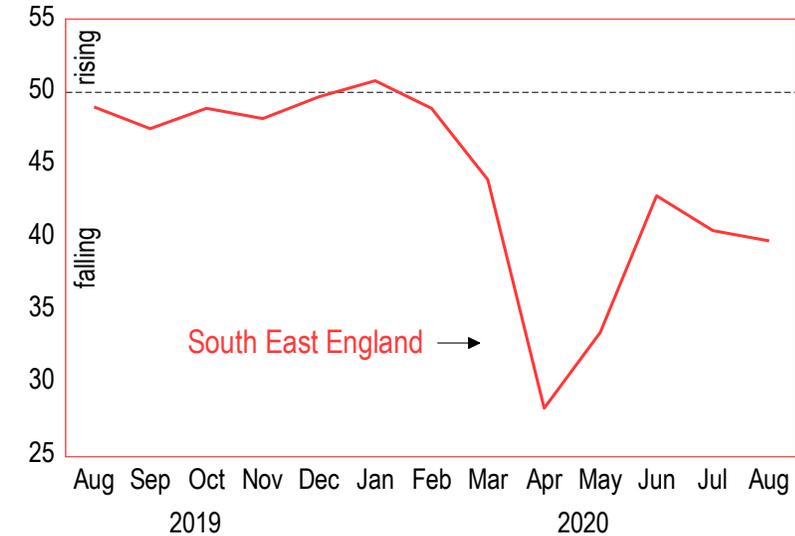
LABOUR MARKET

LABOUR MARKET – NATIONAL AND REGIONAL

Employment continued to decreased in the three months to July



Job shedding intensified in August

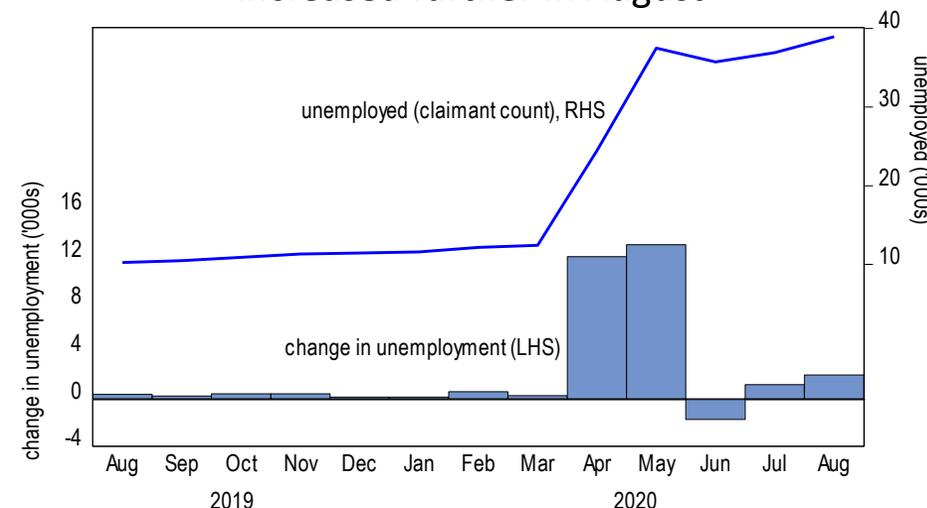


- In the three months to July, the impact of the coronavirus crisis on the labour market was significant but not as adverse as the impact on economic output. According to official figures, nearly three million workers - or 12% of the UK's workforce - are currently on partial or full furlough leave.
- The latest official estimates for May to July 2020 shows 12,000 fewer people in employment in the UK. Although there was an increase of employees in employment, this was offset by a faster sharp decrease in self-employment. On the other hand, the employment rate in the UK edged higher by 0.1 percentage points to 76.5% on the quarter. At regional level, total employment fell by 27,000 in the South East, while the rate went up marginally by 0.1 percentage points to 79.6%.
- The estimated UK unemployment rate was 4.1% in the three months to July, 0.2 percentage points higher than the previous rolling quarter, while the unemployment rate in the South East rose fast by 0.5 percentage points to 3.5%.
- Survey evidence from purchasing managers suggests that the rate of job shedding in the region was the quickest for three months in August. The current furlough scheme which ends on 31 October has prevented a faster in employment. Although the winter/post-furlough plan Job Support Scheme (JSS) will replace it, the new scheme is not as generous as the previous scheme. Before the new scheme was announced, the Bank of England predicted a rise in unemployment to 7.5% in Q4 2020 - or more than one million extra workers on unemployment benefits.

LABOUR MARKET – EM3 UNEMPLOYMENT

- Unemployment on the claimant count measure in Enterprise m3 increased by 2,015 or 5.5% additional claimants to 38,935 in August.
- The number of unemployed people on the claimant count measure of unemployment is already higher than during the 2008/9 peak but the numbers are lower than during the 1990/1 recession.
- The increase in the numbers during August (up 5.5%) was faster than in July (up 3.3%). Claimant count unemployment has increased for two consecutive months in Enterprise m3, after a small dip in June.
- All broad age groups saw a rise in claimant counts during August, specially those aged 25 and over. The number of unemployed people in the 25-50 aged group and the 50+ age group increased by 5.5% and 8% respectively, compared with a 2.2% increase across young people (age group 16-24 year olds).
- The claimant count employment rate in Enterprise m3 is not available but our estimate suggests the rate increased by 0.2 percentage points to 4.1% last month. Nonetheless it is the joint lowest LEP rate across the country, alongside Oxfordshire LEP.
- The unemployment rates in the UK and South East also increased by 0.2 percentage points respectively. At 4.1%, the unemployment rate in Enterprise m3 was well below the UK and below the South East averages, 6.5% and 5.4% respectively.
- Within Enterprise m3 area, the highest claimant unemployment rate was found in Spelthorne (5.6%), above the South East average.

Unemployment on the claimant count measure increased further in August



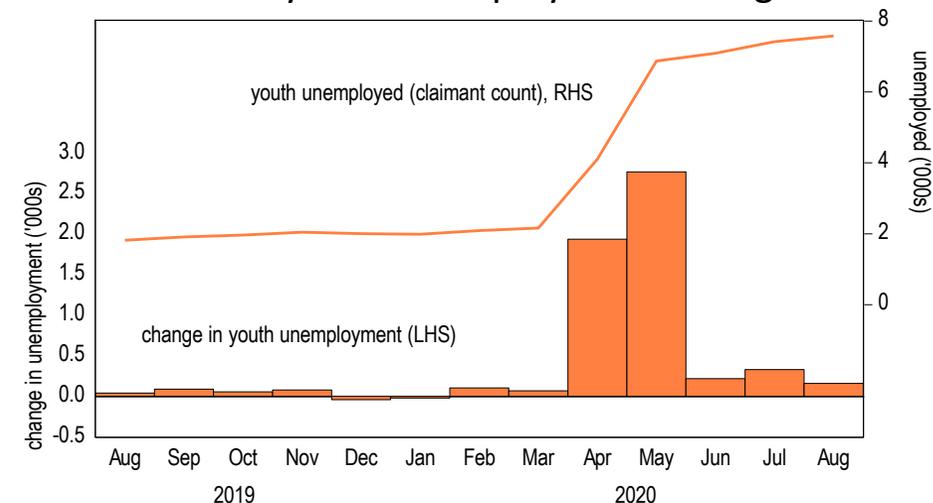
CC Unemployment Area	August*		Change		
	Number	Rate (%)	Number August*	Rate (percentage point) August*	Rate (percentage point) July
United Kingdom	2,726,510	6.5	83,695	0.2	0.1
Spelthorne	3,420	5.6	190	0.4	0.1
South East	305,500	5.4	12,685	0.2	0.1
Rushmoor	3,100	5.0	140	0.2	0.1
Woking	2,835	4.6	125	0.2	0.2
Basingstoke & Deane	4,890	4.4	210	0.2	0.1
East Hampshire	2,995	4.2	245	0.4	0.0
Runnymede	2,480	4.2	130	0.2	0.1
Surrey Heath	2,315	4.2	150	0.2	0.2
Elmbridge	3,320	4.1	190	0.2	0.1
Enterprise m3	38,935	4.1	2,015	0.2	0.1
Test Valley	2,930	3.9	135	0.2	0.1
Winchester	2,785	3.7	45	0.0	0.1
Waverley	2,585	3.5	145	0.2	0.1
Guildford	3,295	3.4	185	0.2	0.2
Hart	1,990	3.4	135	0.2	0.1

Note: * Provisional. Reference date: 13th Aug 2020

LABOUR MARKET – EM3 YOUTH UNEMPLOYMENT

- The number of young unemployed people (16-24 years old) on the seasonally unadjusted claimant count measure in Enterprise m3 increased by 160 or 2.2% additional claimants to 7,580 in August.
- The increase in youth unemployment is linked to younger workers' tendency to work in industries that were worst affected by the pandemic, that is, accommodation & food service activities and arts, entertainment & recreation. Moreover, many youngsters are employed in temporal jobs which are usually the first to go in recessions.
- Other broad age groups saw a slower unemployment increase in the previous month (excluding August) than this 16-24 aged group, who are more vulnerable in a recession.
- However, in contrast to previous months, the youth unemployment increase during August was relatively lower to the 5.5% increase in overall unemployment (16-64 years old). Moreover, the rise in the number of young unemployment claimants in August was slower than in July (up 4.7%).
- The youth unemployment rate on the claimant measure is not available but our estimate indicates that the rate in Enterprise m3 increased by 0.1 percentage points to 5% in August. At 5%, the youth unemployment in Enterprise m3 was well below the national average and below the regional average, 7.6% and 6.4% respectively.
- The Government Kickstart Scheme with the aim to create hundreds of thousands of new jobs for young people is expected to begin at the start in November and will initially be open until December 2021.

Smaller increase in youth unemployment in August than July

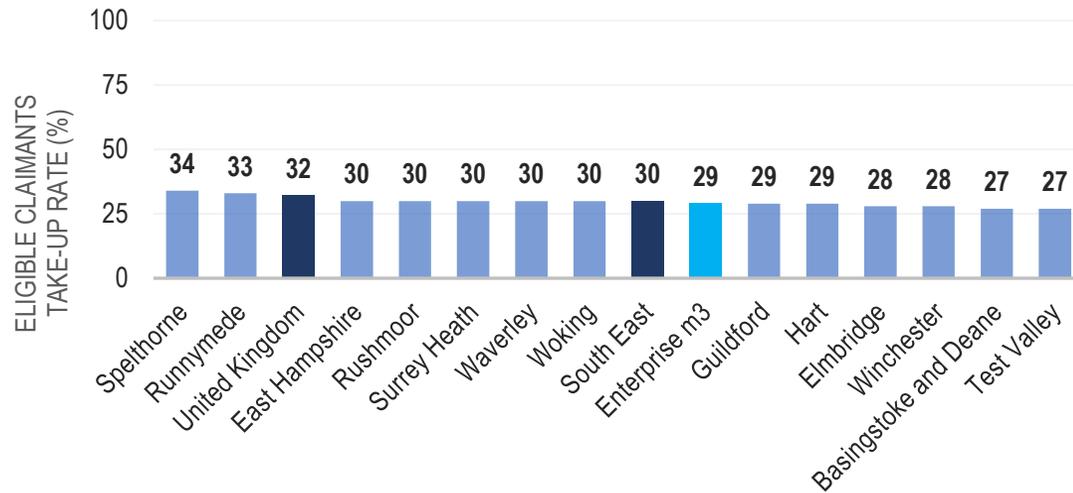


Youth Unemp. (16-24 years old)	August*		Change		
	Number	Rate (%)	Number August*	Rate (percentage point) August*	July
United Kingdom	535,730	7.6	3,330	0.0	0.2
Rushmoor	605	6.8	-5	-0.1	0.3
Spelthorne	590	6.8	10	0.1	0.1
South East	59,645	6.4	750	0.1	0.2
Basingstoke & Deane	980	6.2	25	0.2	0.1
Test Valley	625	6.0	-5	0.0	0.3
East Hampshire	625	5.8	25	0.2	0.3
Surrey Heath	465	5.8	20	0.2	0.2
Woking	470	5.7	10	0.1	0.3
Elmbridge	555	5.2	35	0.3	0.0
Enterprise m3	7,580	5.0	160	0.1	0.2
Hart	400	4.9	0	0.0	0.2
Waverley	530	4.5	25	0.2	0.3
Winchester	595	4.0	-20	-0.1	0.3
Runnymede	460	3.5	15	0.1	0.1
Guildford	685	3.0	30	0.1	0.3

Note: * Provisional. Reference date: 13th Aug 2020

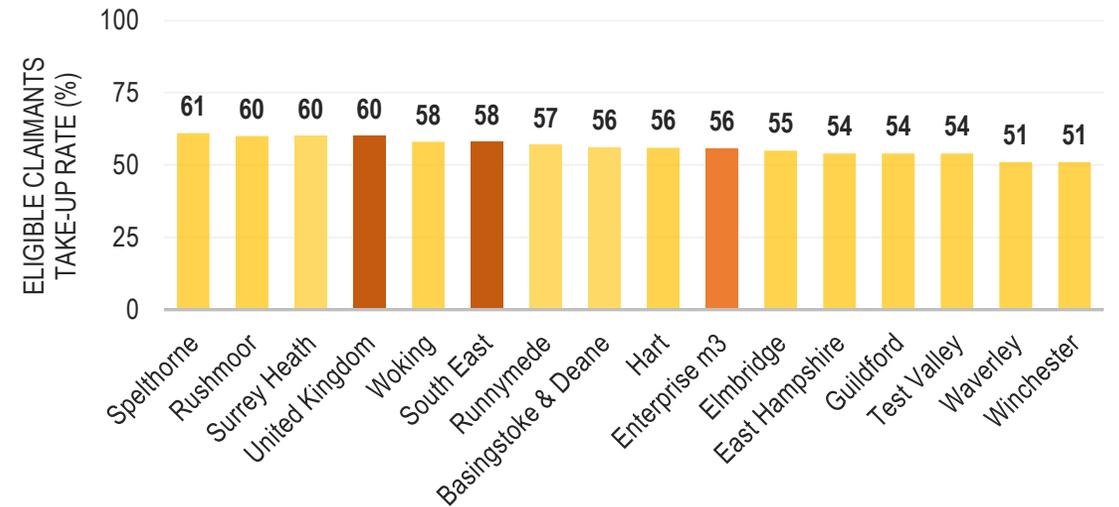
LABOUR MARKET – EM3 CORONAVIRUS JOB RETENTION SCHEME (FURLOUGH) & SELF EMPLOYED (SEISS)

Coronavirus Job Retention Scheme (CJRS) take up rate %
Furlough claims received up to 31 July 2020*



- CJRS take-up rates suggest over one in four (29%) of all Enterprise m3 eligible employees were furloughed – numbering 216,200 employee jobs furloughed as of 31 July; 13,300 additional people compared to the previous month. The Enterprise m3 take-up rate is lower than the national average (32%) and slightly lower than the South East average (30%).
- **Coronavirus Job Retention Scheme (CJRS) - furlough claims** by geographic area are based on the residential address used in PAYE. The take-up rate is a percentage of those in eligible employment as estimated by HMRC.

Self Employed Income Support Scheme (SEISS) claim take up rate %
Claims received up to 31 August 2020



- On this measure, above a half (56%) of Enterprise m3 eligible self-employed people, numbering 43,500, have claimed SEISS as of 31 August 2020. This was 14,200 fewer people compared to the previous month. The SEISS take-up rate in Enterprise m3 is lower than the national average and marginally lower than the South East average (60% and 58% respectively).
- The **Self-Employed Income Support Scheme (SEISS)** provides support for self-employed individuals whose business has been adversely affected by Coronavirus.

*Note: The release of August's data for furlough claims has been postponed until further notice.

LABOUR MARKET – EM3 UNEMPLOYMENT BY AGE GROUPS

Claimant Count Unemployment

	Claimant Count	June 2020	July 2020	August 2020
All categories: Age 16+	Enterprise m3	35,735	36,920	38,935
	South East	284,595	292,815	305,500
	UK	2,590,175	2,642,815	2,726,510

Aged 16-24	Enterprise m3	7,090	7,420	7,580
	South East	56,875	58,895	59,645
	UK	517,345	532,400	535,730

Aged 25-49	Enterprise m3	19,700	20,315	21,435
	South East	159,220	163,585	171,225
	UK	1,482,680	1,507,615	1,563,070

Aged 50+	Enterprise m3	8,940	9,180	9,915
	South East	68,485	70,320	74,615
	UK	589,520	602,165	627,085

	Rate Estimate (%)	June 2020	July 2020	August 2020
Enterprise m3		3.8	3.9	4.1
South East		5.1	5.2	5.4
UK		6.2	6.3	6.5

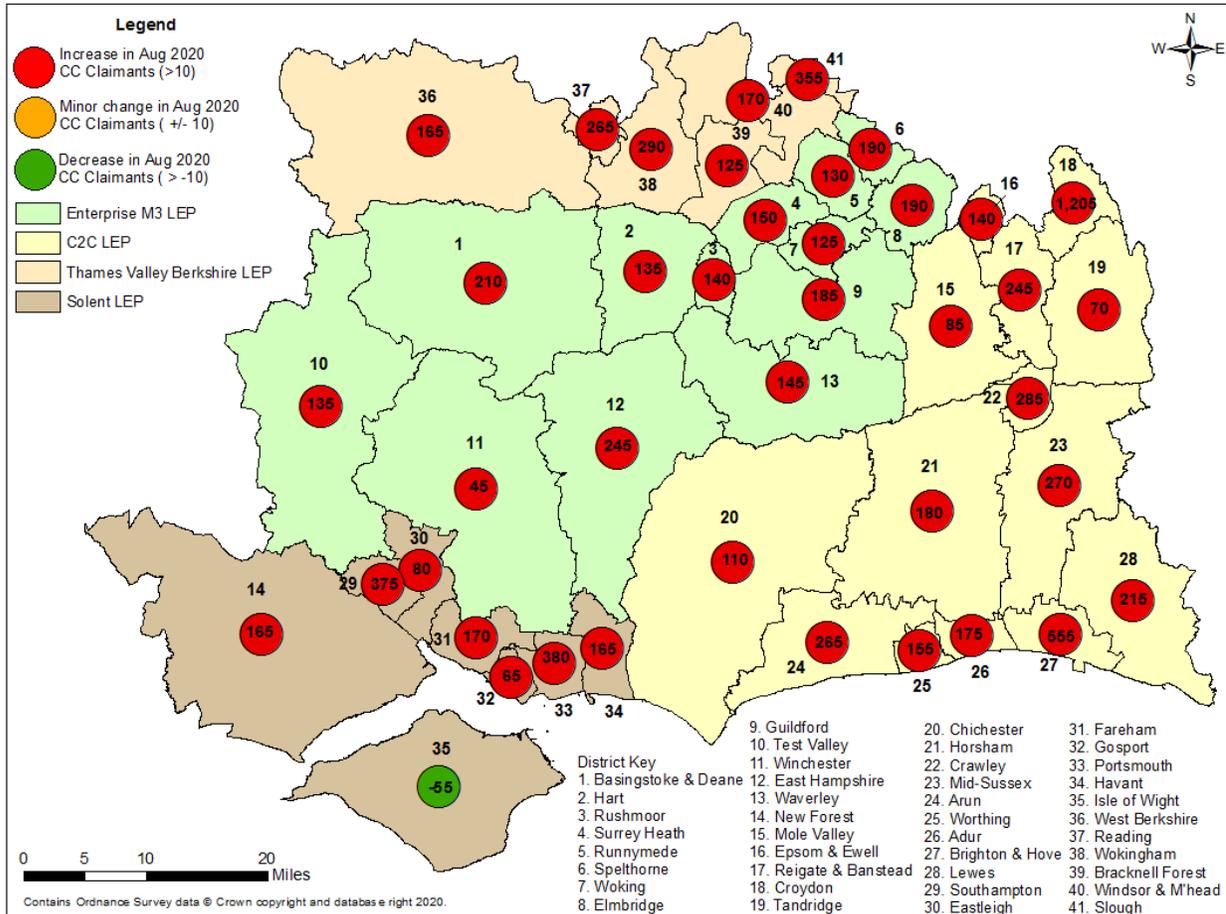
Enterprise m3		4.6	4.9	5.0
South East		6.1	6.3	6.4
UK		7.3	7.5	7.6

Enterprise m3		4.1	4.2	4.4
South East		5.5	5.7	5.9
UK		6.8	6.9	7.2

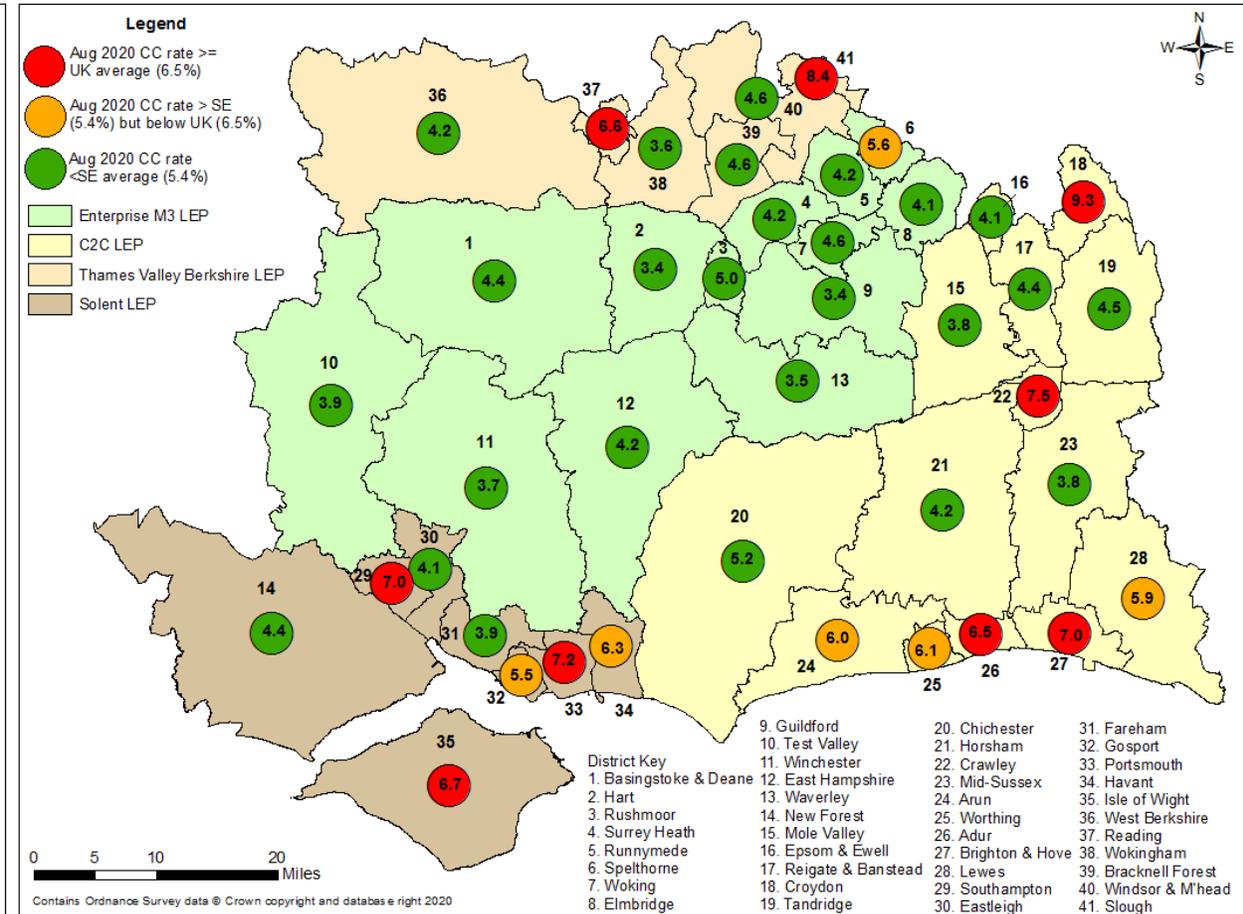
Enterprise m3		2.9	3.0	3.2
South East		3.8	3.9	4.2
UK		4.6	4.7	4.9

UNEMPLOYMENT ACROSS ENTERPRISE M3

Map 1: Monthly Change in Unemployment (Claimant Count) - August



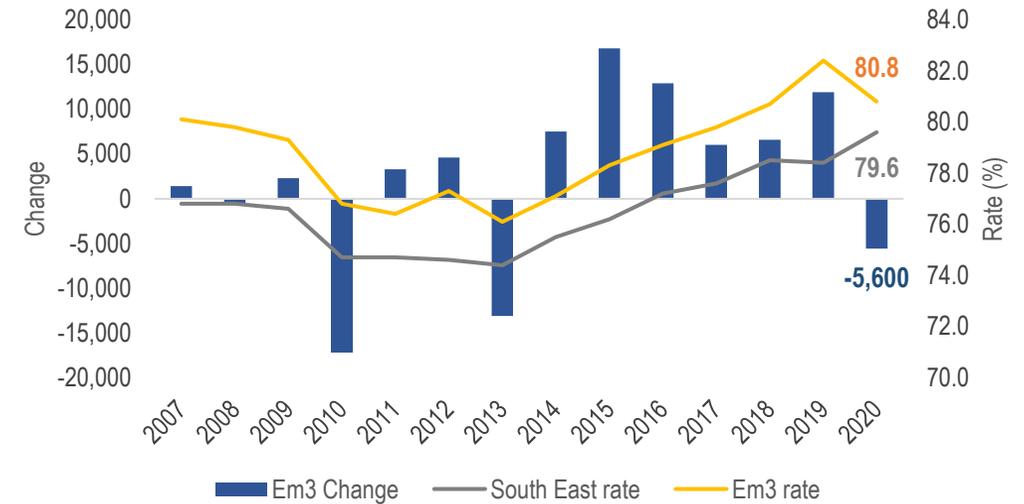
Map 2: Claimant Count Unemployment Rates - August



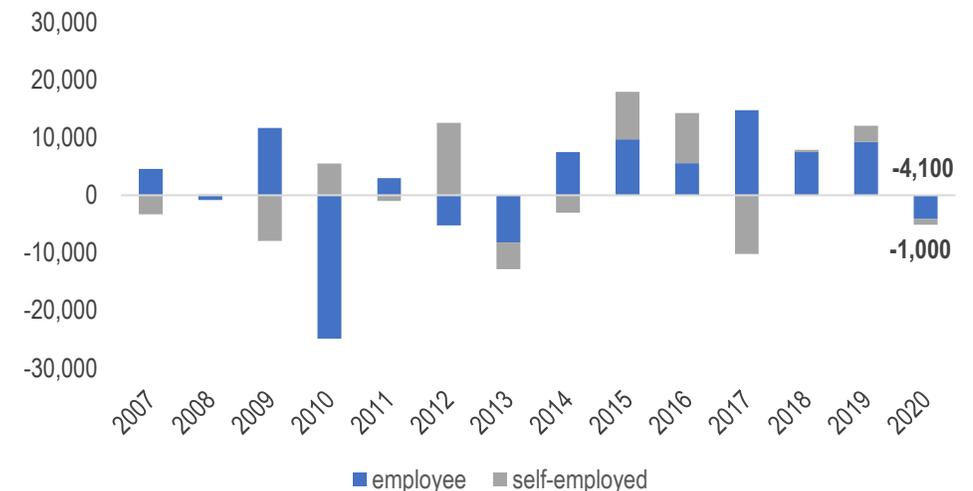
LABOUR MARKET – EM3 EMPLOYMENT OVER THE QUARTER

- The labour market survey data at local level covers a period of activity in the early stages of the current economic downturn. The latest data for the 12 months to March 2020 only captures the market at the very beginning of the economic crisis.
- In the 12 months to March 2020, employment decreased in Enterprise m3 according to ONS, with employment levels down by estimated 5,600. The decline in employment in Enterprise m3 was slightly larger than in the 12 months to December 2019 (down 5,400).
- The Enterprise m3 employment rate is 80.8% for the 12 months to March 2020, down 1.6 percentage points on the previous year. In contrast, residence-based employment in the UK and in the South East increased by 0.7 and 1.2 percentage points respectively over the same period.
- Nonetheless, the Enterprise m3 employment rate is relatively high and remains well above the UK average (75.9%) and above the South East average (79.6%).
- The overall number of employed residents in the LEP is down on the year, driven by a fall in employee numbers (down 4,100 or 0.6%), faster than in the year to December 2019 (down 0.1%). Similarly, self-employment fell by 1,000 or 0.9%, but much slower than in the year to December 2019 (down 2.6%).
- Full-time employment in Enterprise m3 decreased by 1,300 or 0.2% on the year, slower than part-time employment (down by 1,300 or 2%).

Fall in employment prior the economic crisis...



... driven by a decrease of employees in employment



GLOSSARY

Purchasing Managers' Index (PMI) scores

- Less than 50 – falling activity compared to previous month
- 50 – no change on previous month
- More than 50 – rising activity compared to previous month

Used for: Business Activity, New Orders, Future Business Activity, Employment and Input Prices.

Consumer Confidence:

The UK Consumer Confidence Barometer is conducted by Growth from Knowledge (GfK) on behalf of the EU. The index is made of three major subjects: Personal Financial Situation, General Economic Situation and Major Purchases. Moreover GfK produces an extra index related to Savings, which is not included in the Consumer Confidence Index.

Claimant Count Unemployment

The Office for National Statistics have stated that the monthly Claimant count figures are no longer a reliable indicator of the labour market. The Alternative claimant count attempts to address this. Nevertheless, this measure is included in the dashboard because it is timelier monthly data, while the Alternative claimant count estimates are quarterly.

The Claimant Count is a measure of the number of people claiming benefits principally for the reason of being unemployed, based on administrative data from the benefits system.

The Claimant count (CC) records those individuals who are unemployed and claiming job seekers allowance or other unemployment related benefits. Not all individuals who could work are able to, or want to, claim benefit. It could be seen as the stock of Universal Credit and Job Seekers Allowance claimants in a given date.

Note: Unemployment (16-64) and youth unemployment (16-24) rates are not adjusted for seasonal factors.

Labour Force Survey (LFS)/Annual Population Survey definitions

Survey based measures use the International Labour Organisation (ILO) definitions which differ to actual benefit claimants in scope, collection and methodology. National and regional labour markets use the monthly Labour Force Survey based on 3 month rolling averages. Sub-regional labour markets are restricted to the Annual Population Survey (published quarterly).

Employment: all people aged 16 or over who did paid work in the reference week (whether employed or self employed); those who had a job that they were temporarily away from; those on government supported training and employment programmes; and those doing unpaid family work (a person who works without pay in an economic enterprise operated by a related person living in the same household). The rate is the percentage of total in employment of all people in the relevant age group. The measure used is resident based.

Unemployment: all people aged 16 and over who are:

- without a job, want a job;
- have actively sought work in the last four weeks and are available to start work in the next two weeks;
- or are out of work, have found a job and are waiting to start it in the next two weeks

The unemployment rate is the proportion of the economically active who are unemployed. The measure used is resident based.

PRODUCED BY ENTERPRISE M3 LOCAL ENTERPRISE PARTNERSHIPS IN PARTNERSHIP WITH THE ECONOMIC & BUSINESS INTELLIGENCE SERVICE (EBIS)

