Milton Keynes and North Bucks Partnership Company – Interim Advisory Board

Impact of the recession on Milton Keynes: a focus on unemployment

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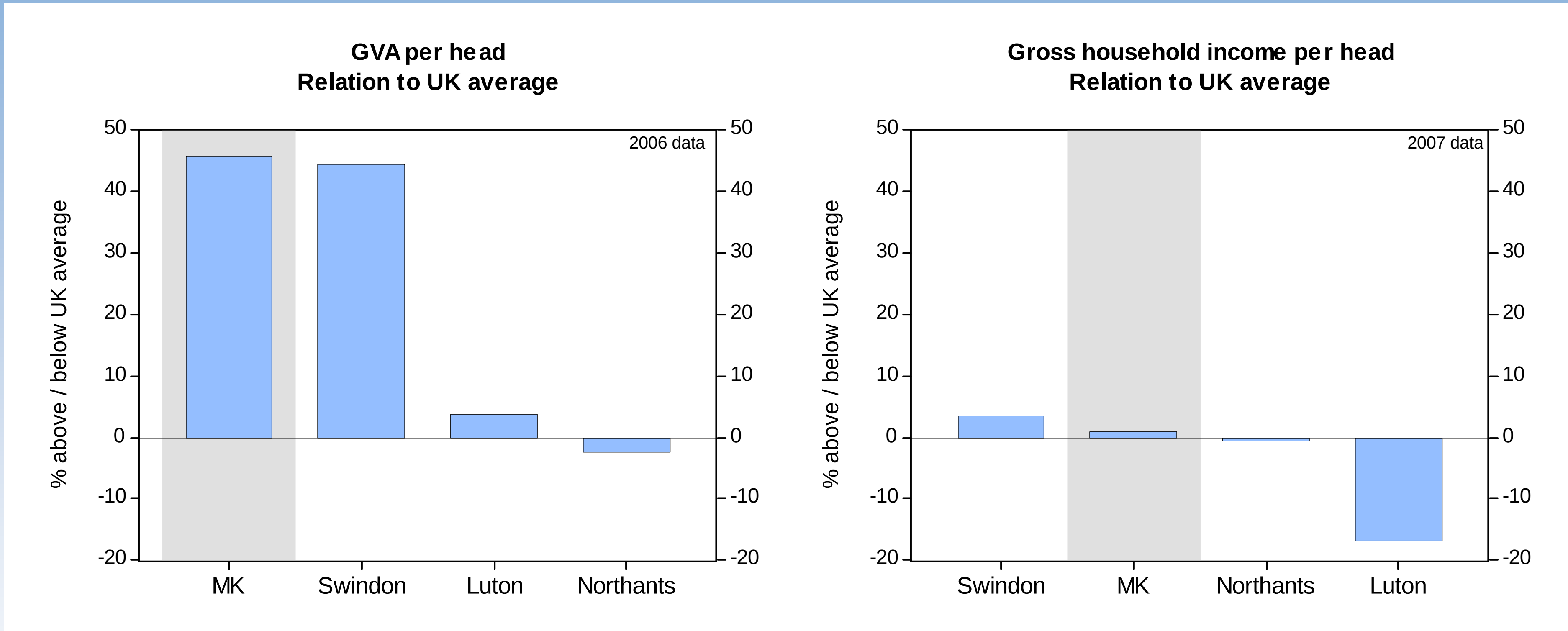
Overview the Milton Keynes economy

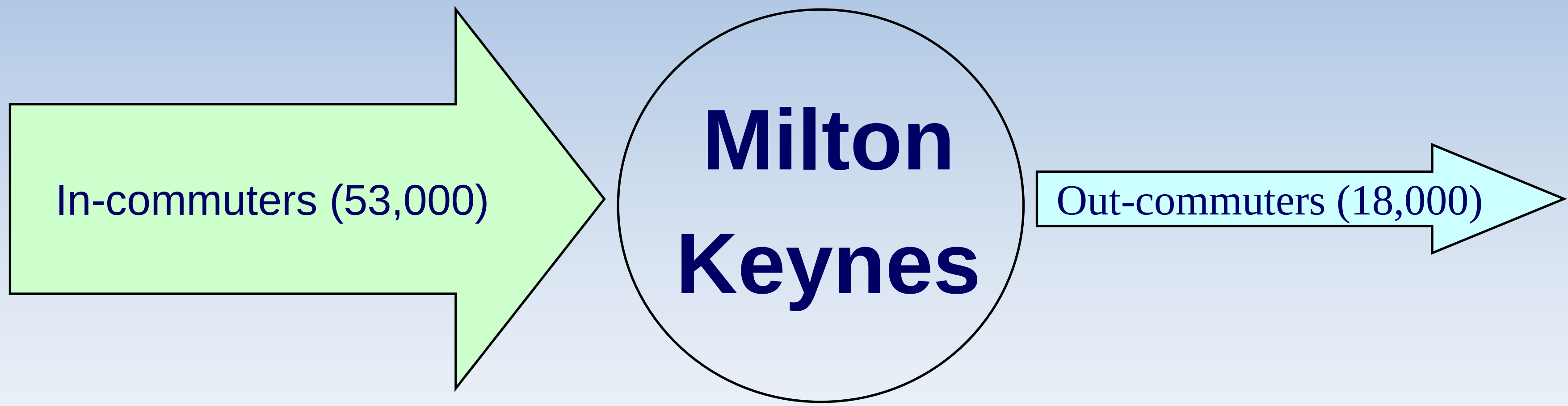
• **High output**	in 2006 GVA per head was 45% above the UK average
• **Heavily service-based**	Services account for over 85% of employment
• **High labour market activity**	in 2008, the employment rate was 6% above the UK average
• **Skills deficit**	Residents are on average less qualified and in lower occupational groups than the regional average. Many skilled workers commute to MK from elsewhere.
• **Relatively high unemployment**	Before the recession claimant count unemployment rate was 1.8% compared to 1.3% average in the South East

High output, but average income



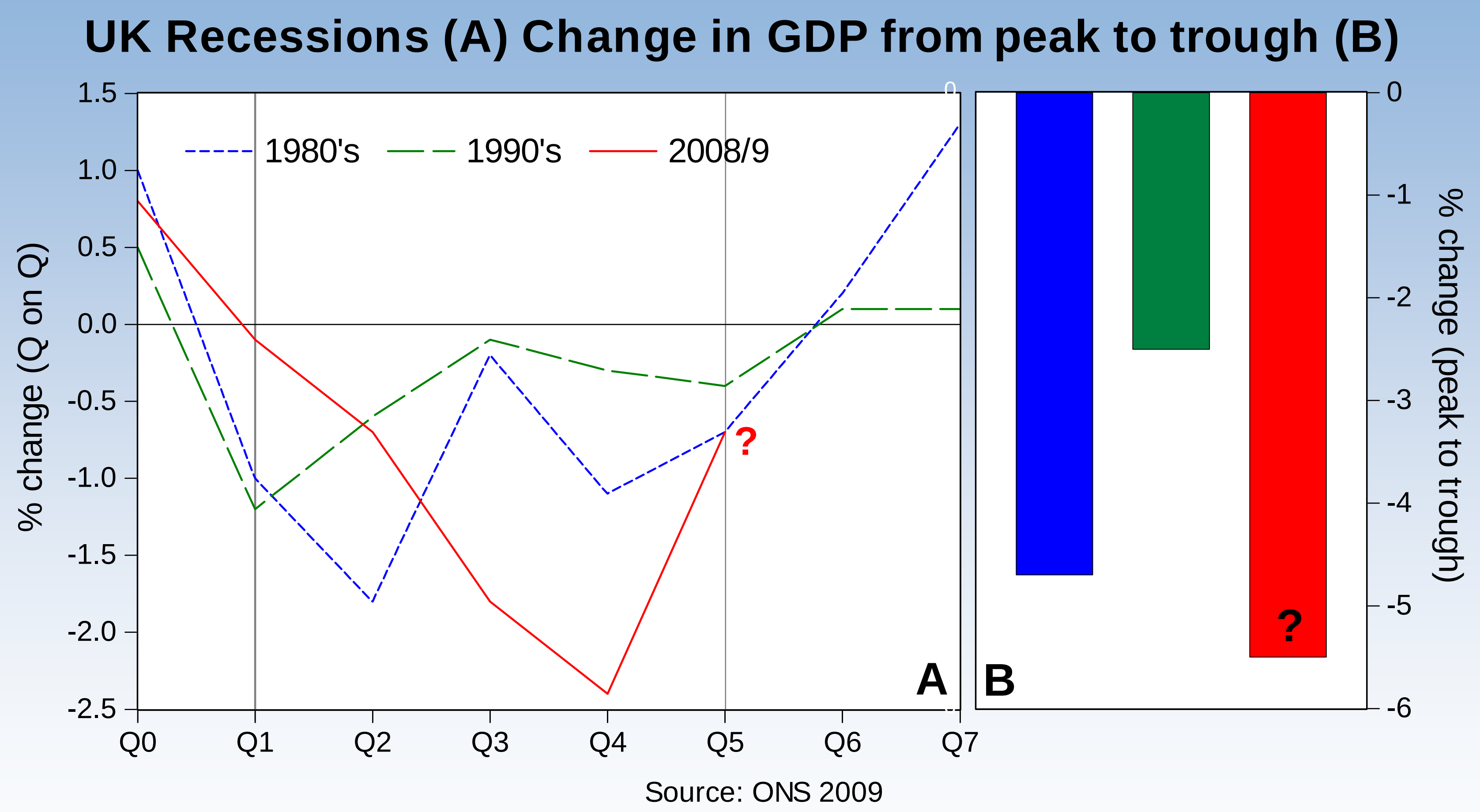
- Gross household income per head just 1% above the national average

Milton Keynes as a regional employment hub



In-commuters: usually higher skilled, less likely to lose job; excluded from unemployment statistics

Similarities with previous recession but contraction in GDP the sharpest since WWII



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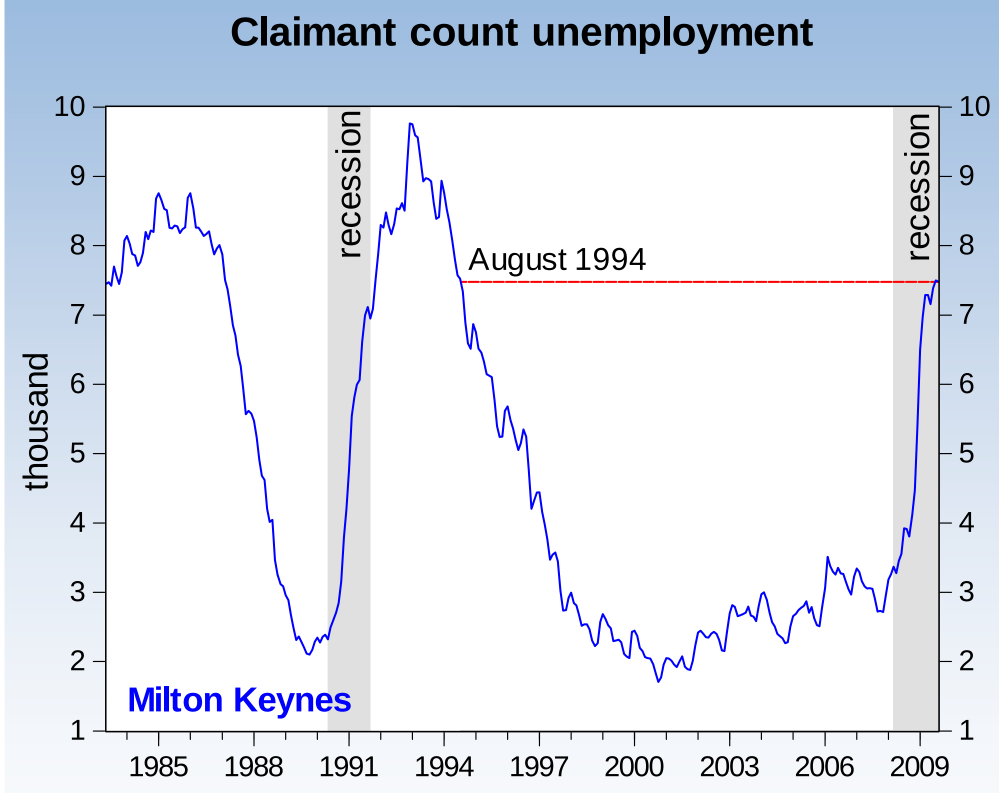
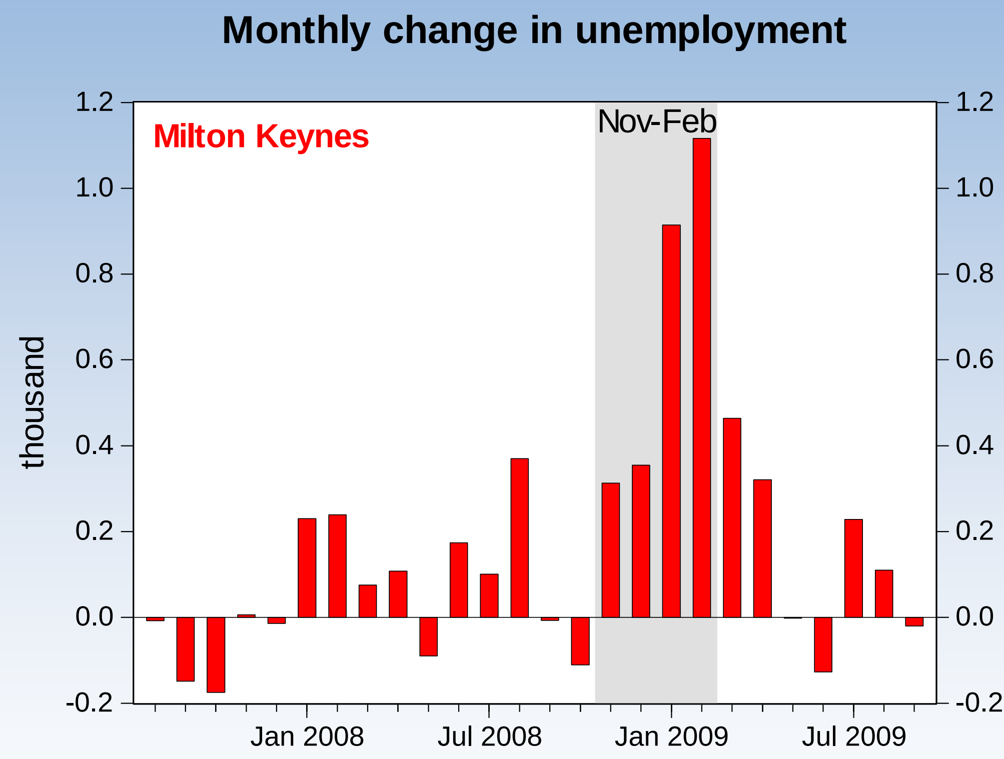
A sharp increase in unemployment



Source: ONS 2009



Source: ONS 2009

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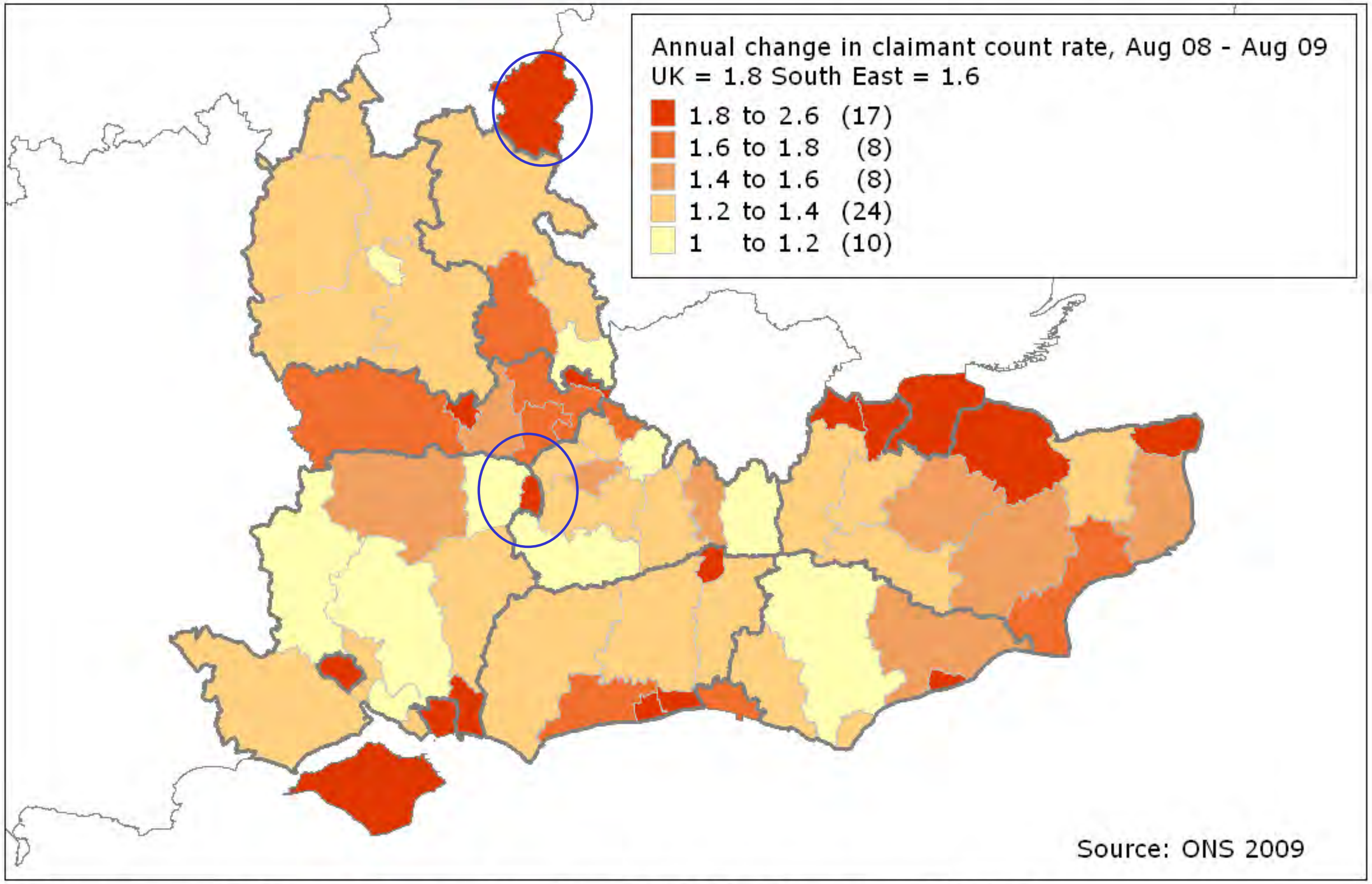
Faster increase in unemployment in urban than rural areas



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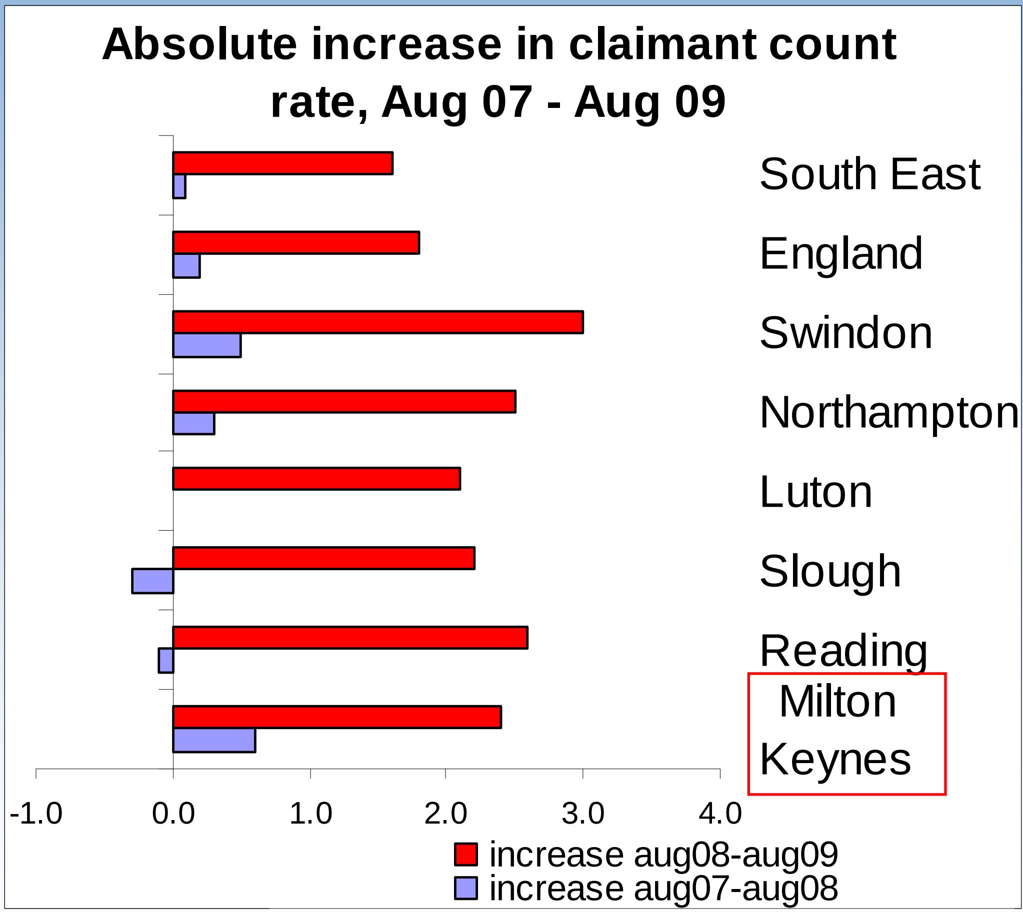
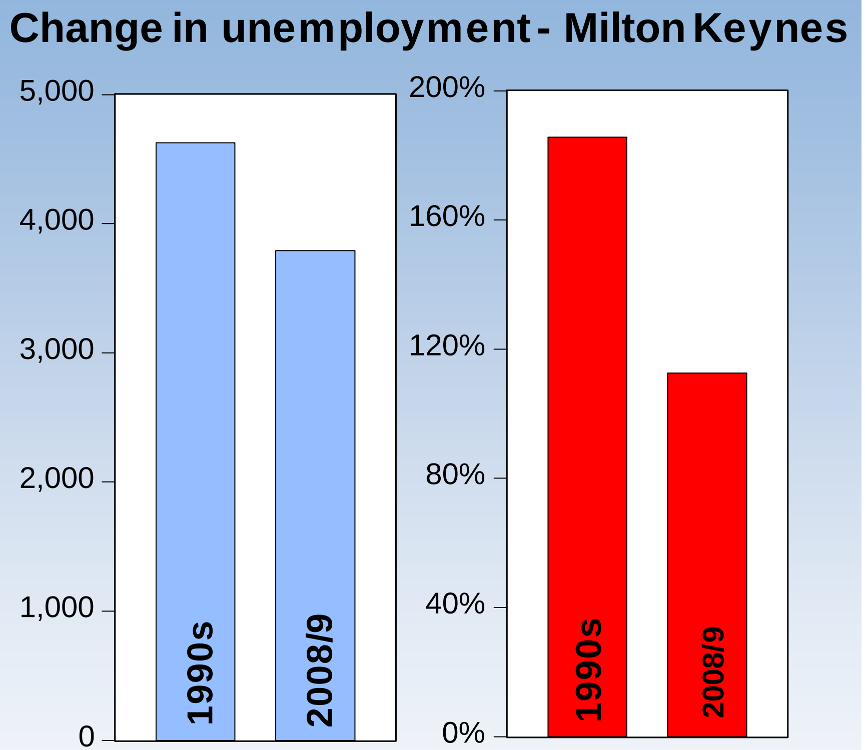
Faster increase than elsewhere and in 1990's?



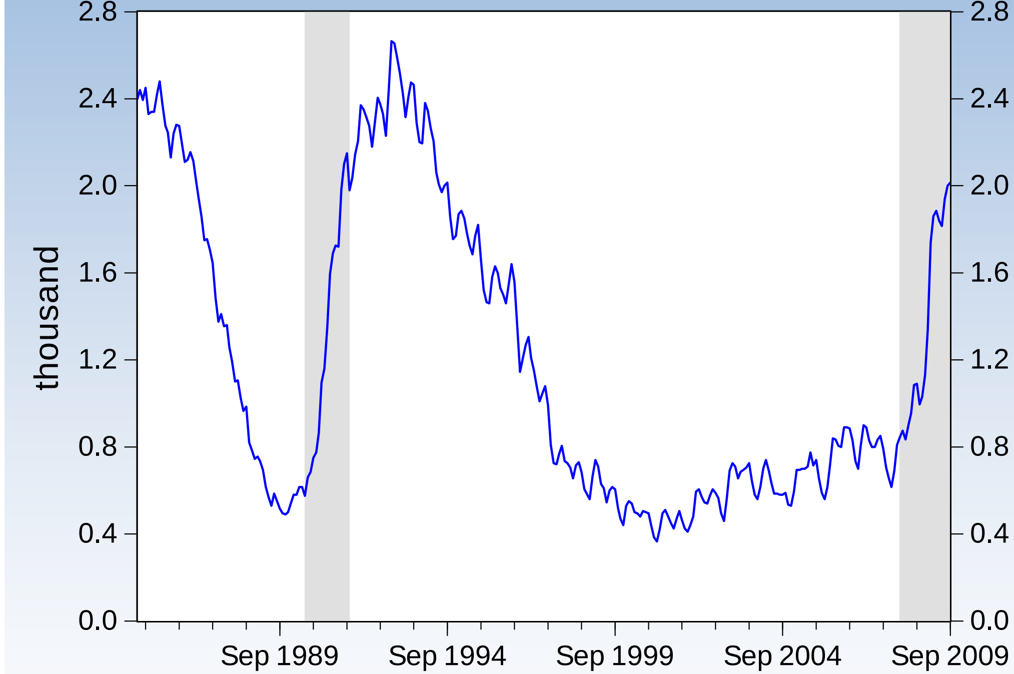


Note: change in unemployment during the period of falling GDP (five quarters in 1990s and five quarters in 2008/9)

Source: ONS 2009

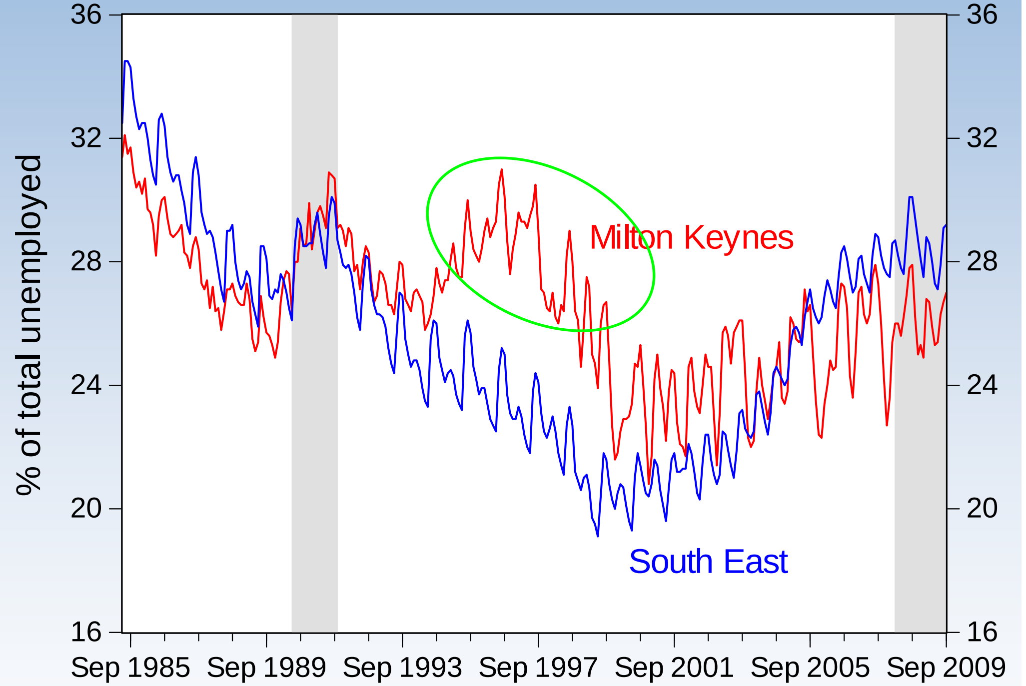
Sharp increase in unemployment amongst young people

Unemployment amongst young people (18-24 year olds)



Source: ONS 2009

Unemployment amongst young as % of total unemployment



Source: ONS 2009

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Why did we see faster increase in unemployment in Milton Keynes than across much of the region?

•Large urban areas affected more than smaller towns or rural areas.

•Structural shift in the economy towards services benefited Milton Keynes over the past 25 years.

• Industrial structure – less manufacturing but more transport & distribution and certain services (retail).

•Skills deficit and occupational structure less favourable than elsewhere.

•Lower skilled more likely to lose jobs and more likely to remain unemployed.

More jobs in MK in lower skill occupations

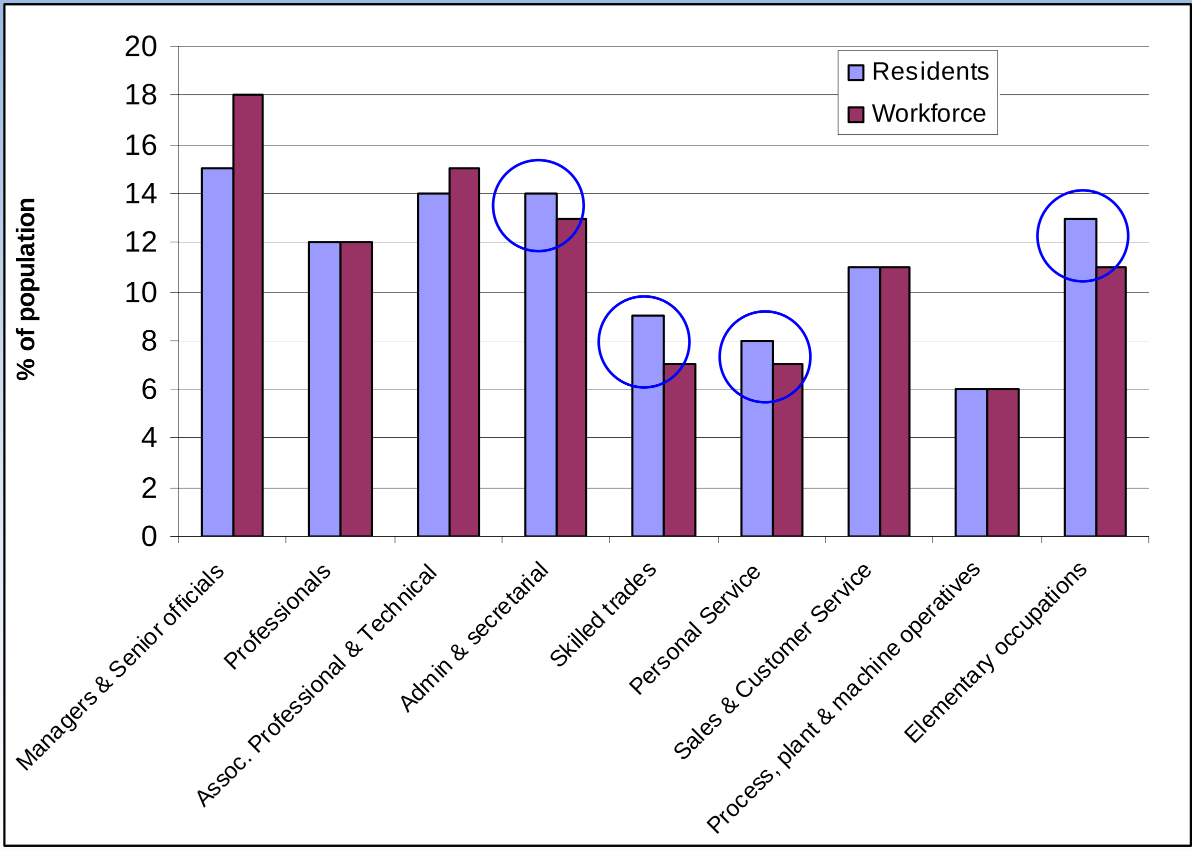
Employment by skill level, MK residents

Source: Annual Population Survey, 2008 data

Compared to both the South East and UK average, residents of MK are significantly more likely to be in low-skill occupations.

Difference in occupational structure between residents and commuters

Occupational profile of MK residents and workforce



Compared to the MK workforce as a whole, residents are more likely to be in skilled trades, personal services, or elementary occupations.

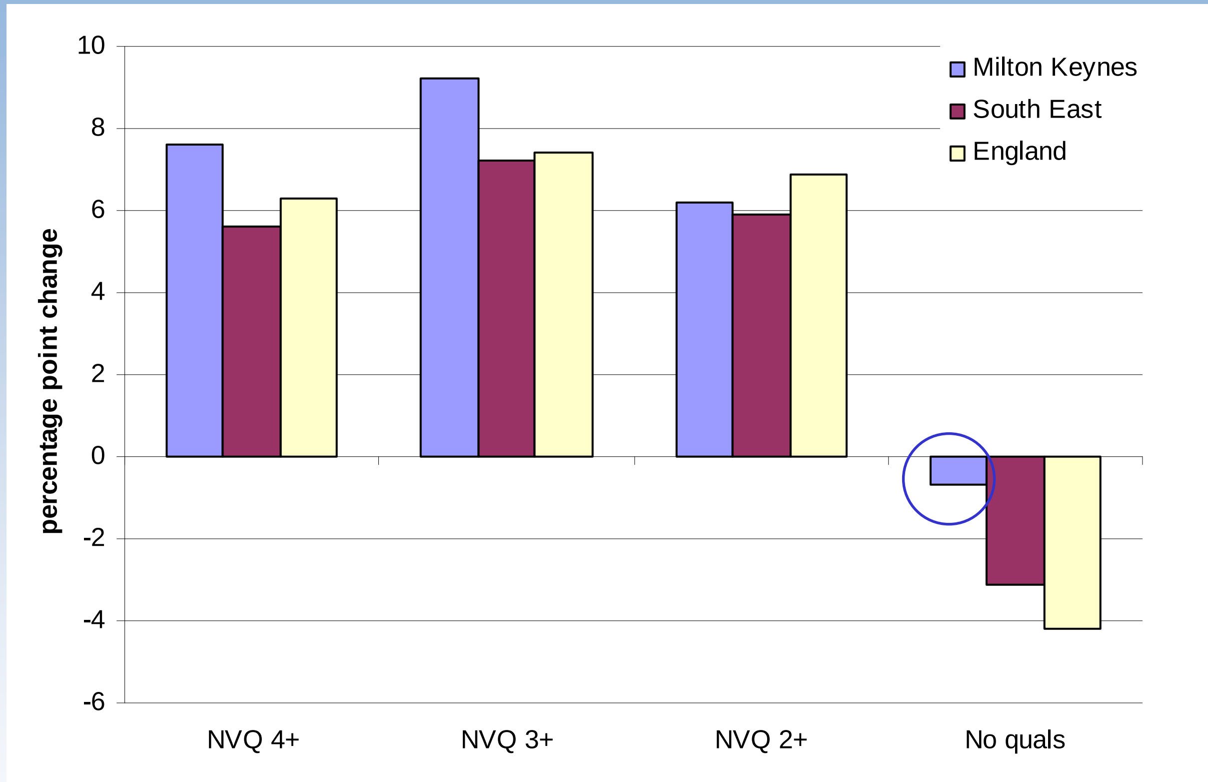
Many of those in high skill occupations such as managers and senior officials tend to commute to MK from elsewhere.

Unemployment measured on residence basis.

Skills – Improvement at the top but little progress at the bottom

The proportion of those in MK with qualifications equivalent to NVQ 3+ has been rising faster than the regional and national average.

However, the proportion of residents with no qualifications has not been falling as fast as elsewhere.



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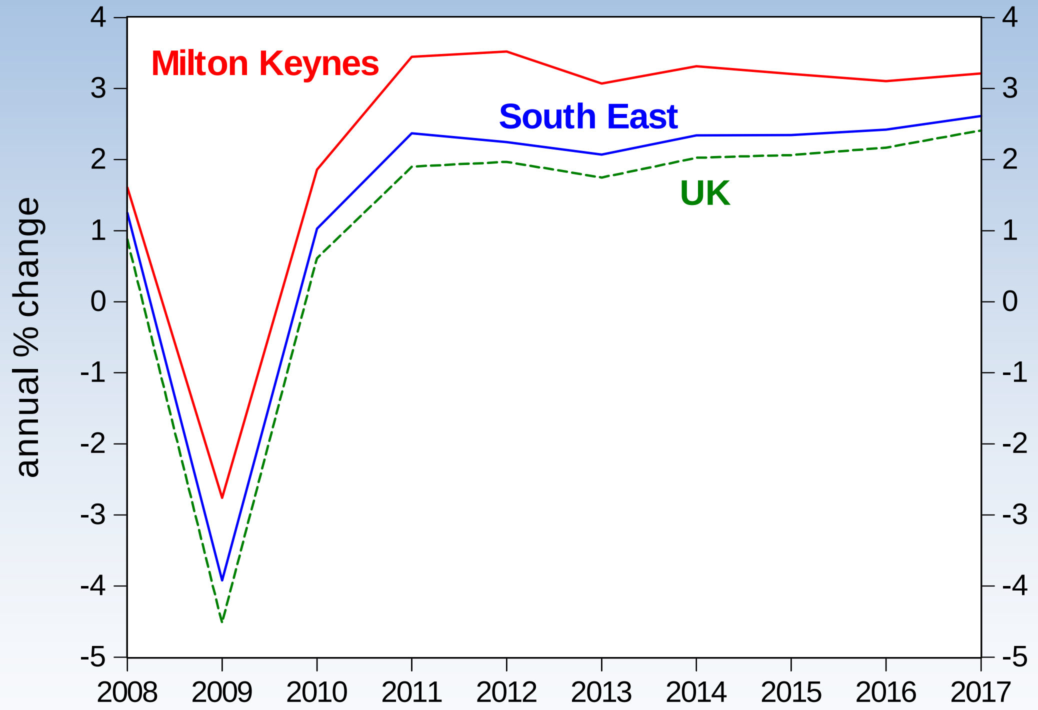
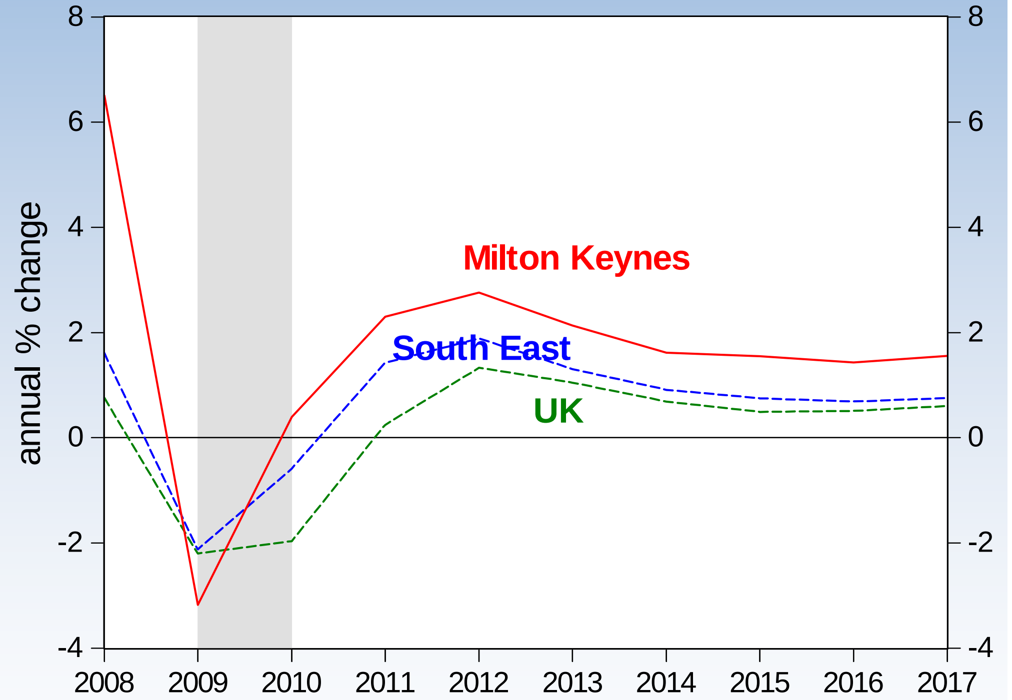
GVA and employment set to recover in 2010?

Projected GVA growth: 2009-2017



Source: Experian 2009

Projected employment growth: 2009-2017



Source: Experian 2009

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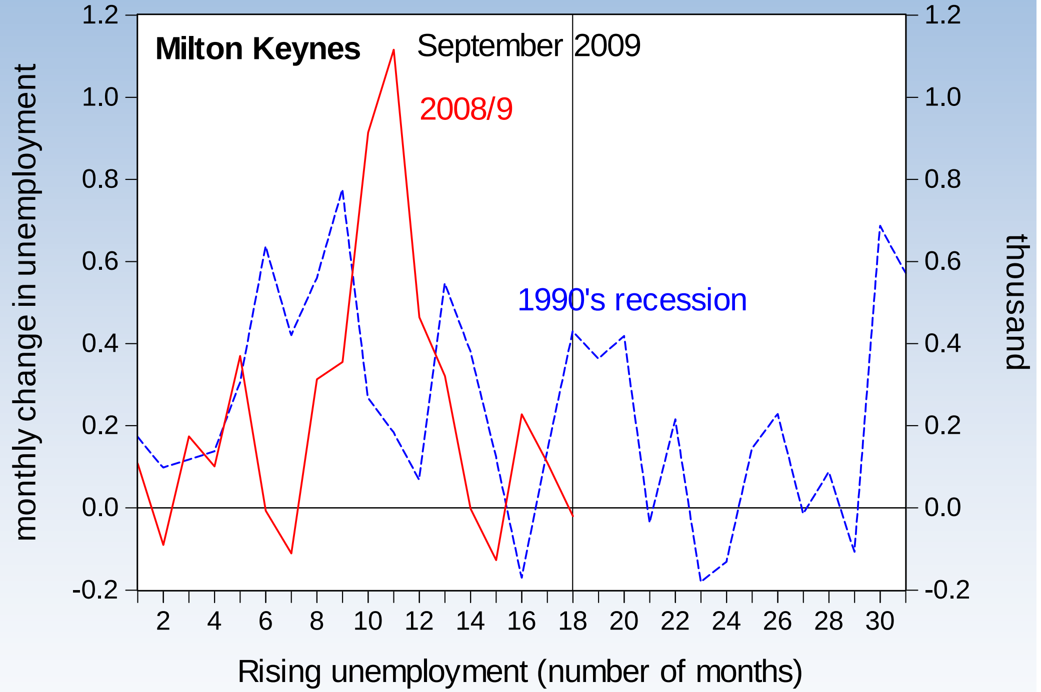
Unemployment likely to continue to increase in 2010?

- Unemployment is a lagging indicator of economic activity.
- Spare capacity in the economy.
- School leavers/graduates impact on unemployment.
- Historically, unemployment continues to increase for between 9-12 months after output (GVA) recovers.

- Population growth

Claimant count unemployment in the current and the 1990's recession



Source: SEEDA 2009 estimates derived from ONS data

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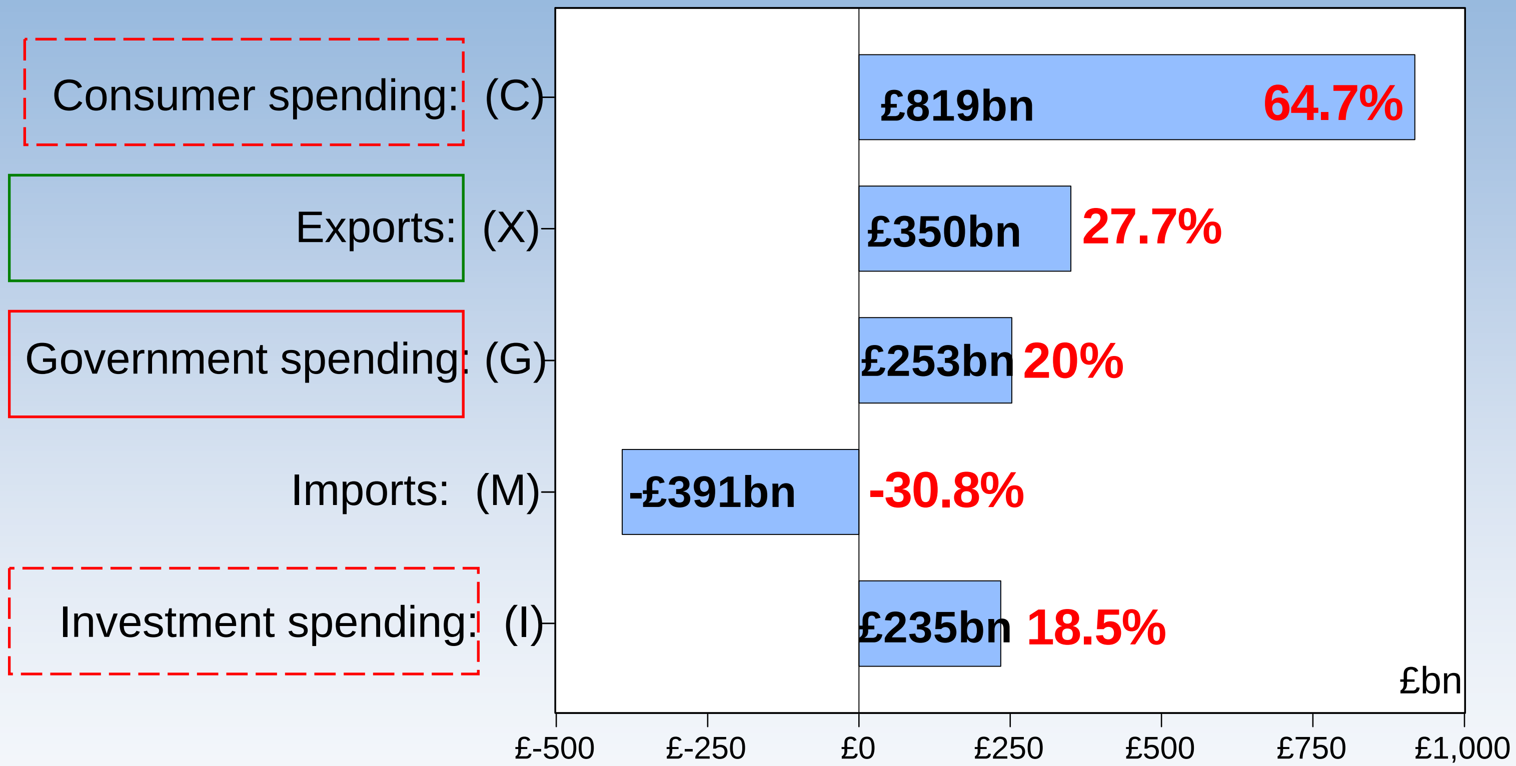
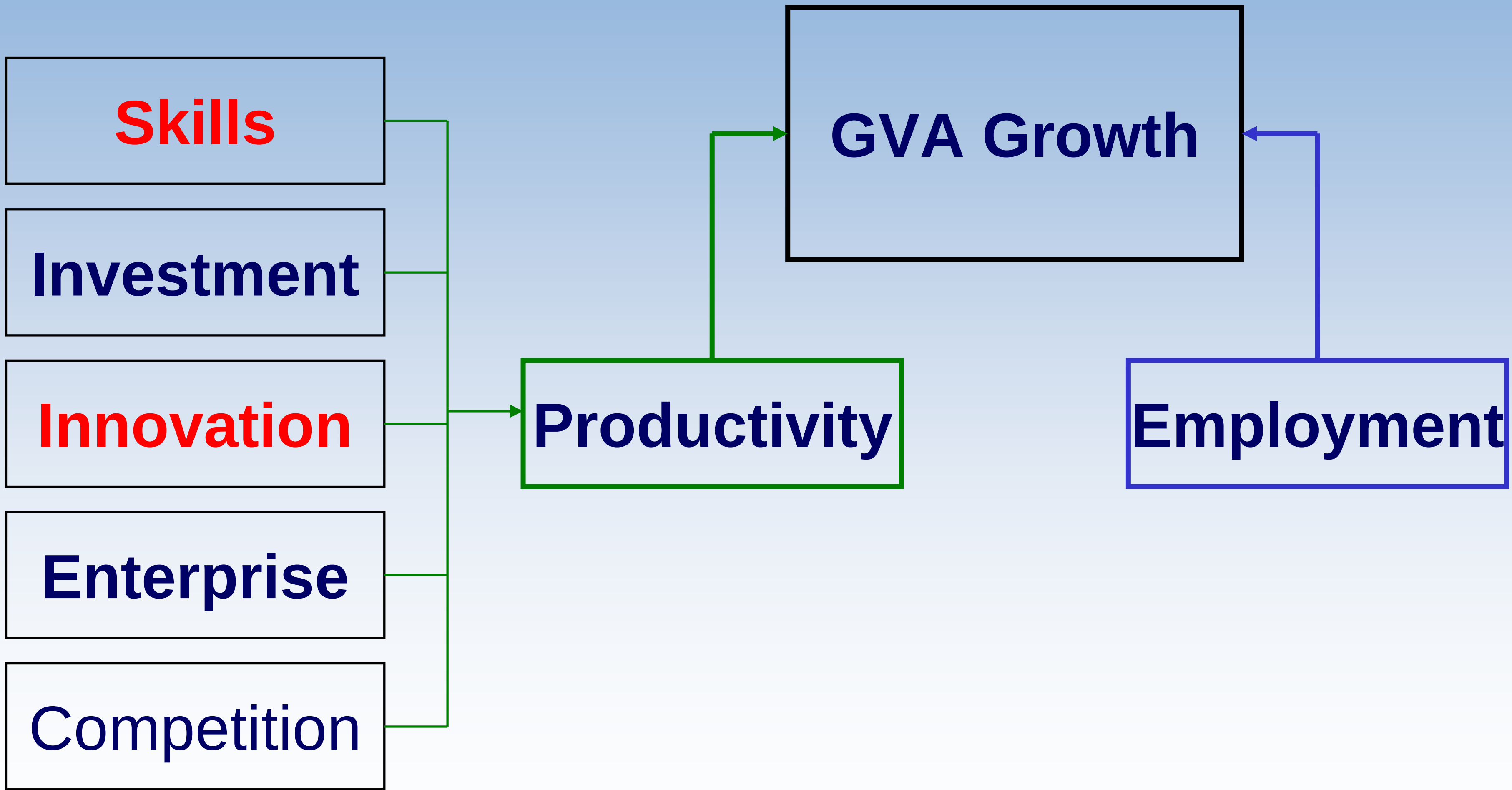
Where will future growth come from - UK?



Source: ONS 2009

Where will future growth come from - Milton Keynes?



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Summary

•One of the fastest increases in unemployment in the region and a sharp increase in unemployment amongst young people

•The rate of increase similar to other large urban areas and so far not faster than in 1990's.

•Industrial/occupational structure and skills profile the main factors behind the increase in unemployment.

•Likely to recover faster than most other towns (GVA and employment), but the rate of growth well below historic trend.

•Population to increase faster than employment – focus on job creation (short-term) and productivity drivers (skills and innovation in particular) over longer-term.

•It will help re-balancing of the economy (towards higher value-added activities).

•Unemployment likely to increase further – danger of persistent unemployment amongst young and low skilled

Thank you

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