



enterprise **m3**

Delivering prosperity through innovation

ECONOMY & LABOUR MARKET SNAPSHOT

October 2020

CONTENTS



Headlines



Business Activity and Growth



Sentiment and Investment



Labour Market

HEADLINES

Summary of economic conditions

- The UK economy grew by just 2.1% in August, considerably slower than 6.4% in July (revised downwards). Economic output in the UK was estimated to be 9.2% lower in August than in February. Economic growth in Enterprise m3 was estimated at 1.7% in August, significantly slower than in July (6.3%) and the 9.7% estimate for June.
- 'Eat Out to Help Out' scheme stimulated consumption and was probably a major factor that boosted growth in this sector and the economy as a whole. Sluggish growth in most other sectors and retail, manufacturing and higher-value added services has held back faster growth in August.
- The survey data from purchasing managers was strong in September but there were signs of a slowdown in business activity and new orders and this was even before the start of the introduction of local lockdowns.
- Consumer sentiment edged higher in September despite the threat of a second wave of the coronavirus and growing speculation of another nationwide lockdown, however sentiment remains heavily subdued. Enterprise m3 saw a strong growth in the number of residential property transactions during June, but the numbers were smaller than in February and well below June 2019 levels.
- Employment in both the UK and in the South East decreased in the three months to August. Job shedding in the South East was marked in September, but nevertheless the slowest since March according to PMI data.
- Timely data shows that unemployment on the claimant count measure in Enterprise m3 increased by 710 or to 39,005 in September, slower than in August (up 3.7%), whereas youth unemployment (16-24 years old) increased by 250 to 7,695 in September, faster than in the August.
- Quarterly data suggests that employment in Enterprise m3 decreased in the year to June 2020 compared to the previous year and compared to the year to March but the decrease was small. The Government's job protection schemes have dampened the impact of the pandemic on the labour market.
- Enterprise m3 had 75,200 employee jobs furloughed in August (due to the introduction of flexible furlough the data for September was not robust enough for publication) and 48,800 self-employed residents on the Government's Job Retention schemes in September. The existing job support schemes have been extended until the end of December.

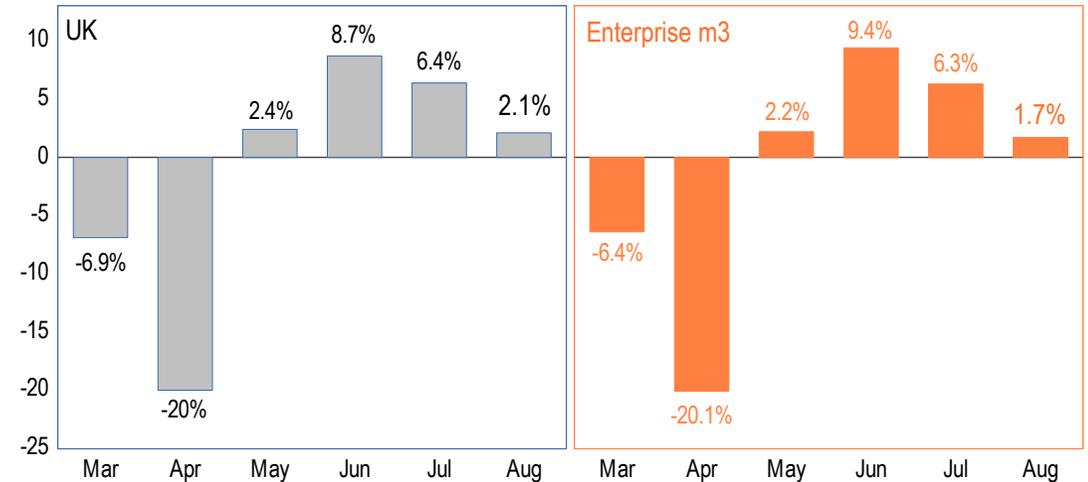


BUSINESS ACTIVITY AND GROWTH

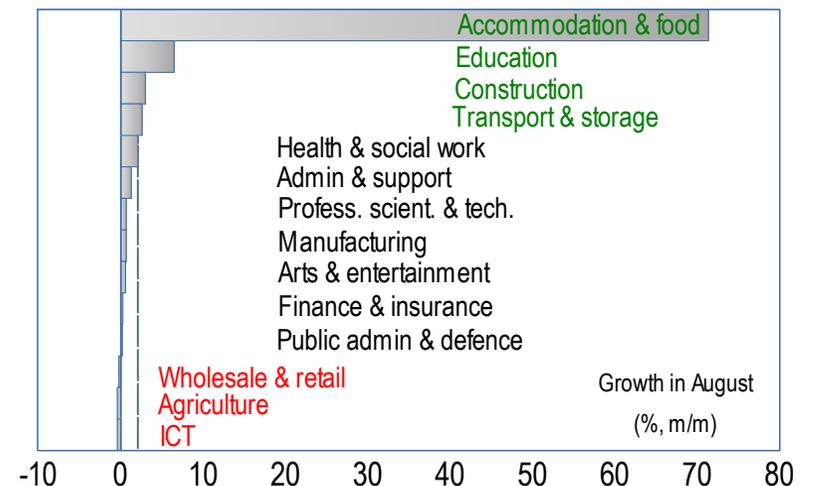
ACTIVITY AND GROWTH

- Official estimates of economic growth in the UK suggest that the UK economy expanded by 2.1% in August, considerably smaller than 6.4% in July (revised downwards). Economic output in the UK was estimated to be 9.2% lower in August than in February.
- Much of growth last month came from accommodation & food. 'Eat Out to Help Out' scheme stimulated consumption but the overall growth in the economy was disappointing.
- Our estimate of economic growth suggests that the Enterprise m3 economy expanded by 1.7% in August, compared to 6.3% in July and 9.7% in June.
- Accommodation & food expanded by 71.4% in August and output growth in this sector was faster in July than previously thought. Output growth was sluggish in manufacturing, retail and higher value-added services.
- In terms of contribution to economic growth, services contributed 1.9 percentage points out of 2.1% growth in the economy. However, just one service sector (accommodation & food) contributed 1.25 percentage points to the growth in the economy during August. Faster growth was in large part held back by retail, higher value-added services and manufacturing.
- Survey data from purchasing managers (PMI survey) indicated a further month of economic growth in the South East in September but the overall pace of output growth was softer than in the previous month. At the sector level, the growth in business activity was broad-based last month.

Economy continued to expand but at a much slower pace



Much of growth in August came from accommodation & food



BUSINESS NEWS

Capgemini is to **create up to 250 jobs** in the Highlands, having won a contract to run the Ministry of Defence's IT service centre. Capgemini, No 1 Forge End, **Woking, Surrey**, GU21 6DB.

<https://news.google.com/search?q=Capgemini%20Highlands%20Ministry%20Defence's%20IT%20when%3A7d&hl=en-GB&gl=GB&ceid=GB:en>
<http://www.capgemini.com>

Toucan Travel, the **Hampshire-based** chain of seven **travel agents**, **has gone into administration** through KRE Corporate Recovery.

<https://news.google.com/search?q=Toucan%20Travel%20Hampshire%20KRE%20Corporate%20Recovery%20when%3A7d&hl=en-GB&gl=GB&ceid=GB:en>
<https://www.toucantravel.co.uk>

Andover Health Centre is to relocate its medical practice to a new multi million-pound wing of Andover War Memorial Hospital next year. 08- Sep-2020.

Premier Veterinary Group is to acquire The **Animal Healthcare Company** from Hampshire based **Simplyhealth Group** for £6.6 millions. 17-Aug-2020.

Test Valley Borough Council is to consider **plans from Azure One to create a £10 millions nature-based campus and visitor centre** at a former aquatic centre in **Romsey, which could create 150 jobs**. 12-Aug-2020.

Rossshire Engineering has **acquired WES, the Basingstoke based manufacturer** of chemical dosing solutions for the water industry with 50 staff. 27-Jul-2020.

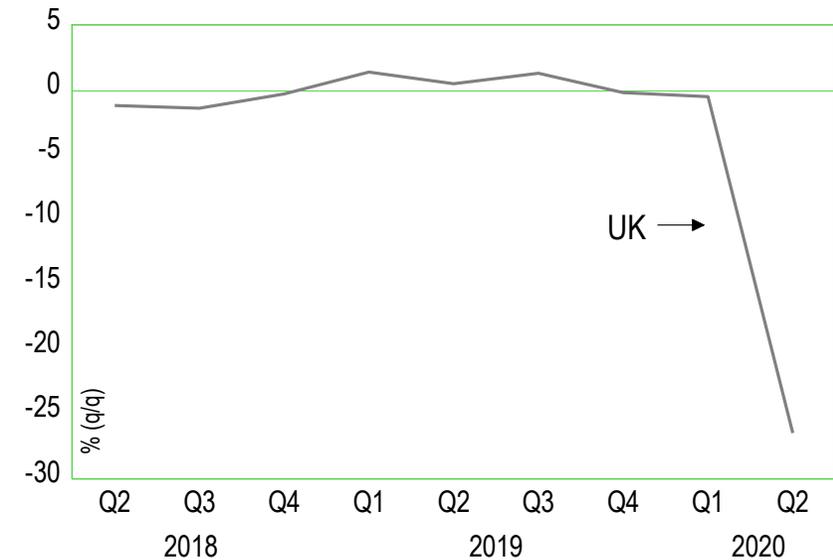


SENTIMENT AND INVESTMENT

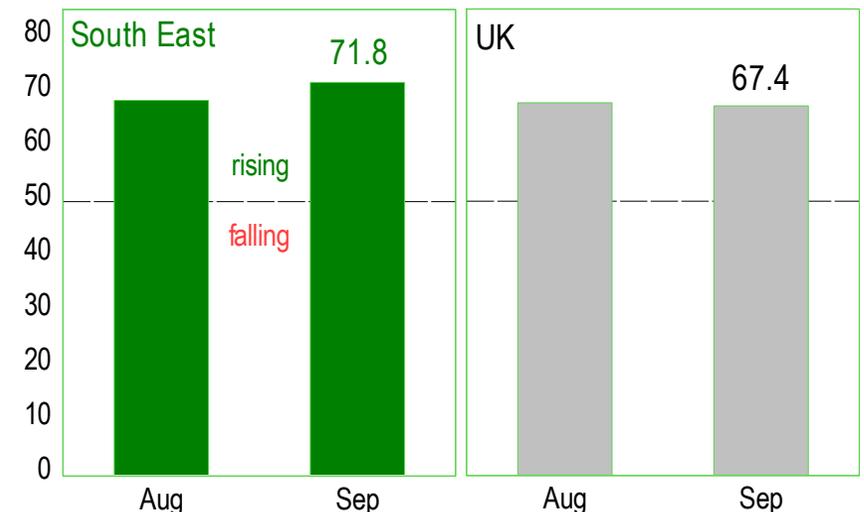
SENTIMENT AND INVESTMENT

- Private firms in the South East reported a further increase in new business (a leading indicator of economic growth over the short-term) for three consecutive months in September but growth was softer than in August.
- Business investment decreased by 26.5% in the second quarter of the year, not as fast as previously thought.
- Nevertheless this was the largest quarterly fall in business investment on record. By comparison, investment fell at most by 9.6% during the 2008 recession.
- At sectoral level, the increase was broad-based, however services providers recorded a faster increase in new business than goods producers.
- Business sentiment in the South East increased in September but sentiment in the UK eased slightly, ahead of further lockdowns.
- The level of business sentiment over the next 12 months was relatively high in the region and linked to rising new business and marked rebound in demand.
- Business confidence across private firms in the South East exceeded that recorded at the UK level. Moreover, South East was the second-strongest region of all UK regions, behind only Yorkshire & Humber.

Fastest quarterly fall in business investment on record



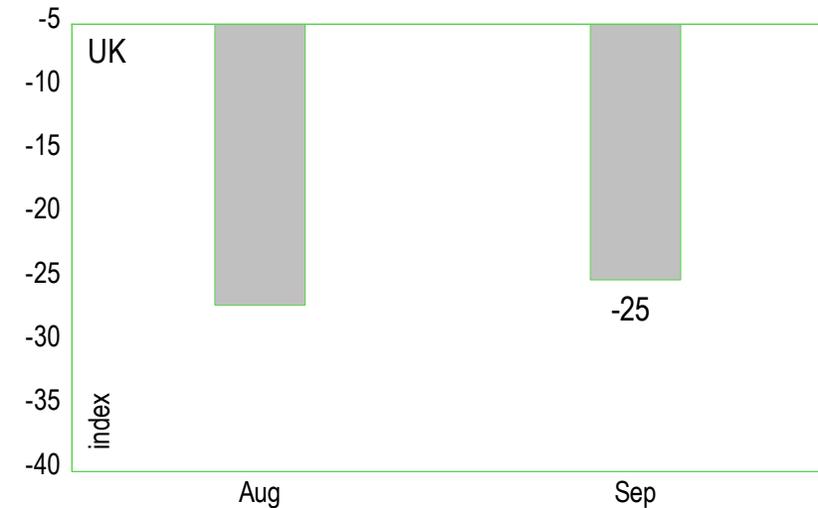
Business sentiment improves and remains strong



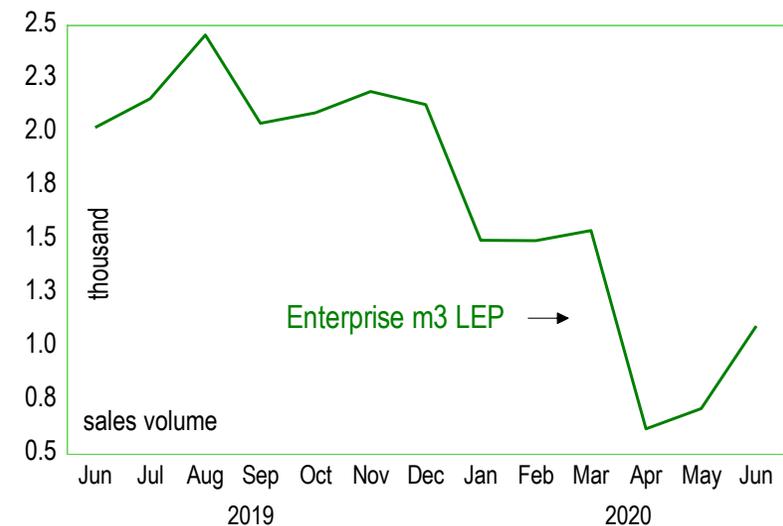
SENTIMENT AND INVESTMENT

- Consumer sentiment edged higher in September despite the threat of a second wave of the coronavirus and growing speculation of another nationwide lockdown. Nevertheless, sentiment remains heavily subdued.
- The UK consumer confidence index from GfK increased two points to -25 last month. The largest gains were seen in the outlook for the general economic situation and major purchases.
- Retail sales volumes increased by 1.5% in September, faster than in August (up 0.8%). Compared with February's pre-pandemic level, sales have increased by 5.5%. September's positive reading marks the fifth consecutive month of growth.
- Food sales have done well in recent months while non-food store sales stand at 1.7% above February's level.
- However, fuel sales volumes were still 8.6% below February due to reduced travel as many continue to work from home and clothing sales volumes were still 12.7% below February.
- Over one in four sales were made online in September (27.5%), compared with one in five sales reported in February (20.1%).
- Enterprise m3 saw strong growth in home sales during June, faster than in May. Around 1,098 residential property transactions took place in June, up 54.4% since May.
- Nevertheless, property transactions were 26.7% below February's level and 45.8% below June 2019 levels.

Consumer confidence edged higher in September, but it remains heavily subdued



Enterprise m3 saw strong growth in home sales in June

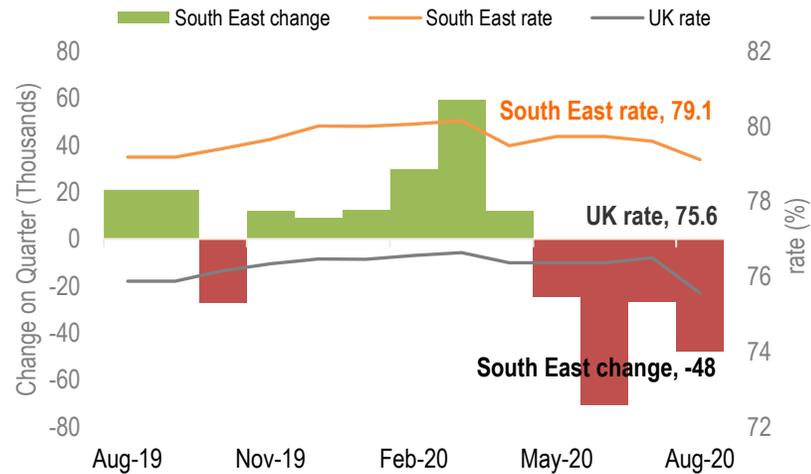




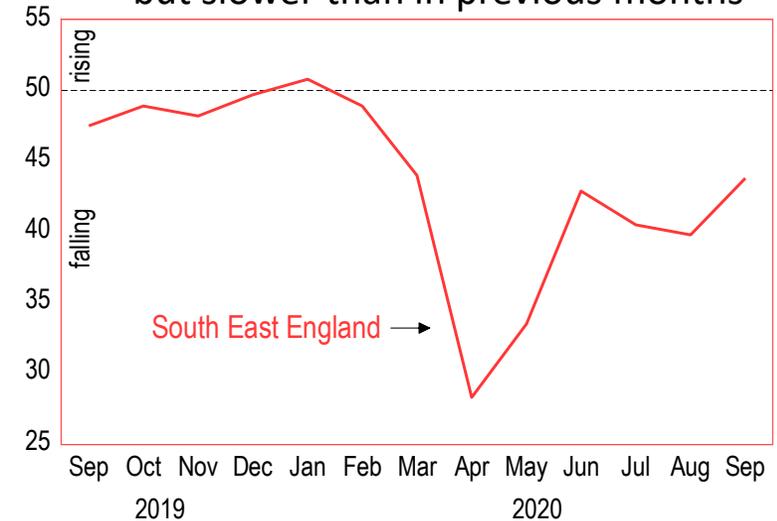
LABOUR MARKET

LABOUR MARKET – NATIONAL AND REGIONAL

Employment fell further in the three months to August



Job shedding was marked in September, but slower than in previous months

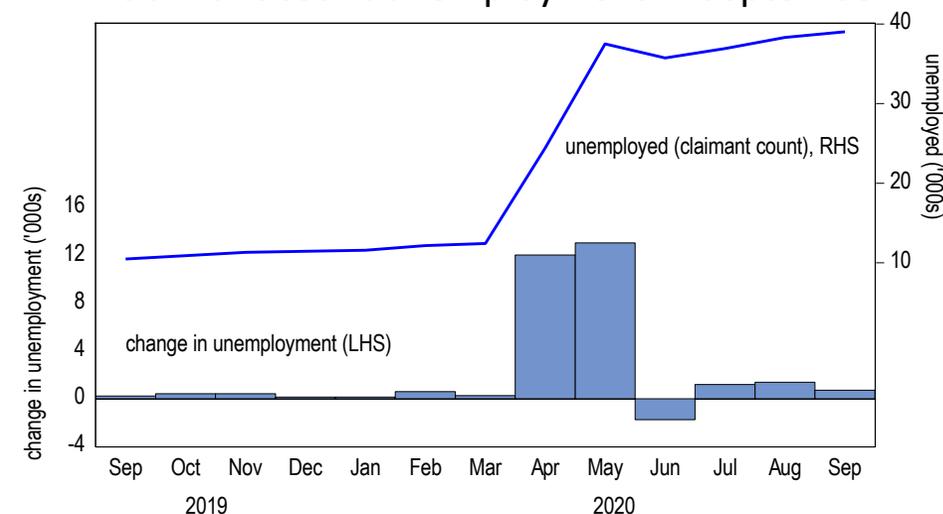


- The latest official data from ONS shows that employment in the UK in the three months to August decreased by 153,000 people, driven by a sharp fall in the number of self-employed workers. The employment rate decreased by 0.3 percentage points (ppts) on the quarter to 75.6%. In the South East, total employment decreased by 48,000 people on the quarter, while the employment rate decreased by 0.4 ppts to 79.1%, nevertheless region had the highest regional employment rate in the country.
- The number of unemployed people on the headline (survey based) measure in the UK increased by 138,000 in the three months to August. The survey-based unemployment rate increased by 0.4 ppts to 4.5%, the highest rate in over three years. The number of unemployment people in the South East increased by 48,000 on the quarter, while the unemployment rate in the region was 4.1%, 1.0 ppt higher on the quarter.
- Survey evidence from purchasing managers suggests that job shedding in the South East's private sector was marked in September, but the rate was the slowest since March.
- The UK Government has extended the existing job support schemes to December. The less generous job support scheme will replace the existing schemes from January.

LABOUR MARKET – EM3 UNEMPLOYMENT

- Unemployment on the claimant count measure in Enterprise m3 increased by 710 to 39,005 in September. The increase in the numbers during September was slower than in August.
- The claimant count employment rate in Enterprise m3 is not available but our estimate suggests the rate remained unchanged at 4.1% last month. Nonetheless it is the joint lowest LEP rate across the country, alongside York, North Yorkshire & East Riding and Oxfordshire LEPs.
- The unemployment rate in the UK increased by 0.1 percentage points to 6.5%, while the unemployment rate in the South East remained unchanged at 5.4%. The Enterprise m3 rate was well below the UK and the South East averages in September.
- Within Enterprise m3 area, the highest claimant unemployment rate was found in Spelthorne (5.7%), above the South East average.
- Unemployment on the headline (survey-based) measure in the Enterprise m3 increased on the year to June compared to the previous year according to the latest annual estimate from the ONS.
- The number of unemployed people in Enterprise m3 increased by 5,700 on the year to 24,900 for the 12 months to June.
- The headline unemployment rate in Enterprise m3 increased sharply by 0.7 percentage points to 3.2%, but well below the UK rate (3.9%) and below the South East average (3.5%).

Smaller increase in Enterprise m3 claimant count unemployment in September



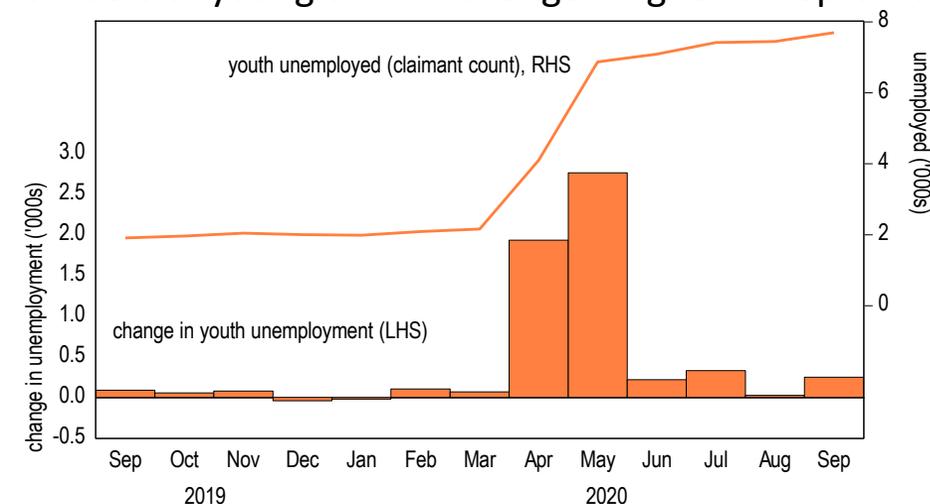
CC Unemployment	September*		Change		
	Number	Rate (%)	September*	September*	August
United Kingdom	2,709,210	6.5	21,100	0.1	0.1
Spelthorne	3,500	5.7	140	0.2	0.3
South East	304,520	5.4	3,545	0.0	0.2
Rushmoor	3,160	5.1	110	0.1	0.2
Woking	2,840	4.6	45	0.1	0.1
Basingstoke & Deane	4,895	4.4	90	0.0	0.2
Runnymede	2,530	4.3	95	0.2	0.1
Surrey Heath	2,270	4.2	0	0.0	0.2
East Hampshire	2,945	4.1	0	0.0	0.3
Elmbridge	3,340	4.1	65	0.0	0.2
Enterprise m3	39,005	4.1	710	0.0	0.2
Test Valley	2,870	3.8	-20	-0.1	0.2
Winchester	2,795	3.7	70	0.1	-0.1
Waverley	2,595	3.6	45	0.1	0.2
Guildford	3,300	3.4	60	0.1	0.1
Hart	1,955	3.3	5	0.0	0.1

Note: * Provisional. Reference date: 10th Sept 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 250 to 7,695 in September.
- Youth unemployment increase faster than the overall unemployment (16-64 years old) during September. Moreover, the rise in the number of young unemployment claimants in September was faster than in the previous month.
- Young people in the labour market are disproportionately vulnerable to economic shocks and exposure to unemployment. Many young people work in industries such as hospitality that have been heavily impacted by social distancing and local restrictions.
- The youth unemployment rate on the claimant measure is not available but our estimate indicates that the rate in Enterprise m3 increased by 0.2 percentage points to 5% in September. At 5%, the youth unemployment in Enterprise m3 was well below both the national and regional averages, 7.6% and 6.4% respectively.
- The number of young unemployed people on the headline (survey-based) measure in Enterprise m3 increased by 900 young people to 7,600 in the year to June, while the youth unemployment rate increased from 6.2% to 7.8% compared to the previous year.
- Among a raft of initiatives the Government announced in July a two billion Kickstart Scheme with the aim of creating hundreds of thousands of new, fully subsidised jobs for young people across the country.

Numbers of young claimants edged higher in September

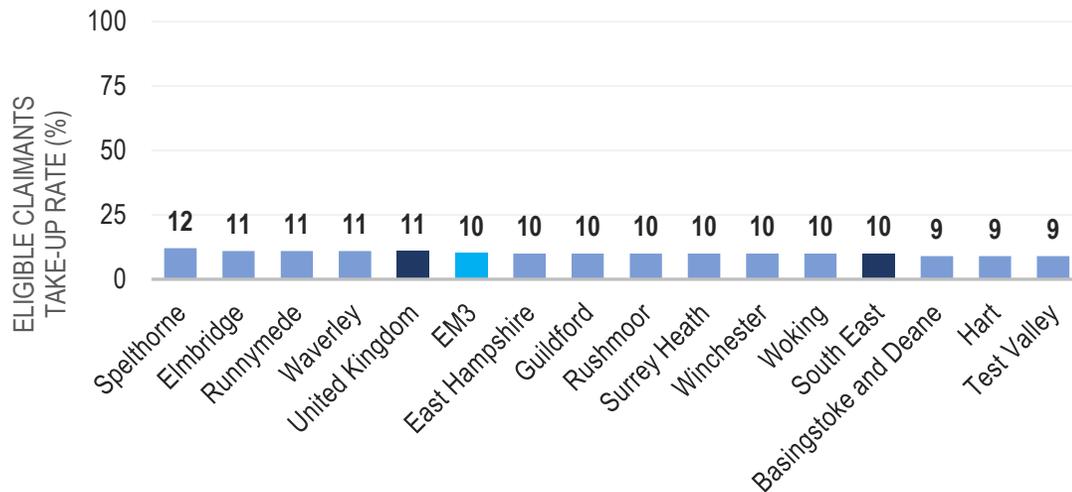


Youth Unemp. (16-24 years old)	September*		Change		
	Number	Rate (%)	Number September*	Rate (percentage point) September*	August
United Kingdom	536,370	7.6	7,305	0.1	0.0
Rushmoor	620	7.0	20	0.2	-0.1
Spelthorne	605	7.0	25	0.3	0.0
South East	59,885	6.4	980	0.1	0.0
Basingstoke & Deane	1,010	6.4	55	0.3	0.0
Test Valley	635	6.1	20	0.2	-0.1
Woking	465	5.7	0	0.0	0.1
East Hampshire	605	5.6	-15	-0.1	0.2
Surrey Heath	450	5.6	-5	-0.1	0.1
Elmbridge	580	5.4	20	0.2	0.4
Enterprise m3	7,695	5.0	250	0.2	0.0
Hart	395	4.9	5	0.1	-0.1
Waverley	520	4.4	10	0.1	0.0
Winchester	625	4.2	45	0.3	-0.2
Runnymede	475	3.6	30	0.2	0.0
Guildford	720	3.1	50	0.2	0.1

Note: * Provisional. Reference date: 10th Sept 2020

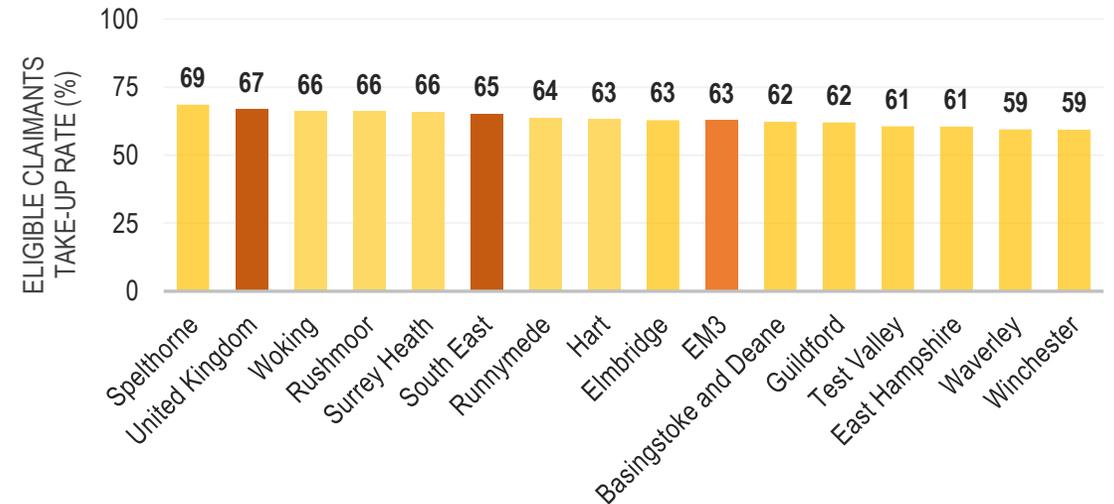
LABOUR MARKET – EM3 CORONAVIRUS JOB RETENTION SCHEME (FURLOUGH) & SELF EMPLOYED (SEISS)

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



- **Coronavirus Job Retention Scheme (CJRS) - furlough claims.** The take-up rate is a percentage of those in eligible employment as estimated by HMRC. With parts of the economy opening up from July the preliminary estimates has seen the furloughing of staff across all sectors to decrease.
- CJRS take-up rates suggest one in ten (10%) of all Enterprise m3 eligible employees were furloughed – numbering 75,200 employee jobs furloughed as of 31 August 2020; 141,200 or 65% fewer people compared to the previous month. The Enterprise m3 take-up rate is slightly lower than the national average (11%) but in line with the South East region average (10%).

Self Employed Income Support Scheme (SEISS) claim take up rate %
Claims received up to 30 September 2020

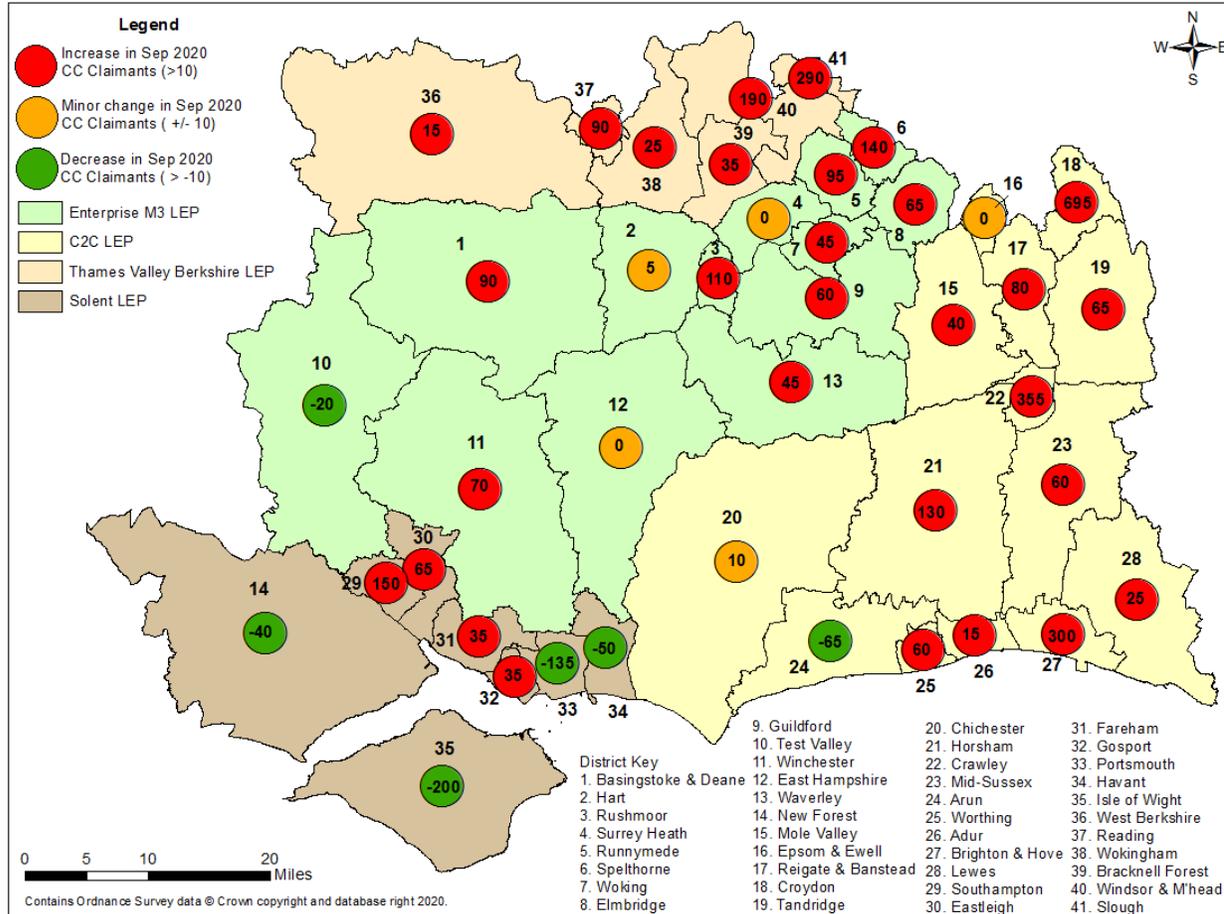


- The **Self-Employed Income Support Scheme (SEISS)** provides support for self-employed individuals whose business has been adversely affected by Coronavirus.
- On this measure, around two thirds (63%) of Enterprise m3 eligible self-employed people, numbering 48,800, have claimed SEISS as of 30 September 2020. This was 5,400 or 12% additional people compared to the previous month. The SEISS take-up rate in Enterprise m3 is lower than the UK and South East averages (67% and 65% respectively).

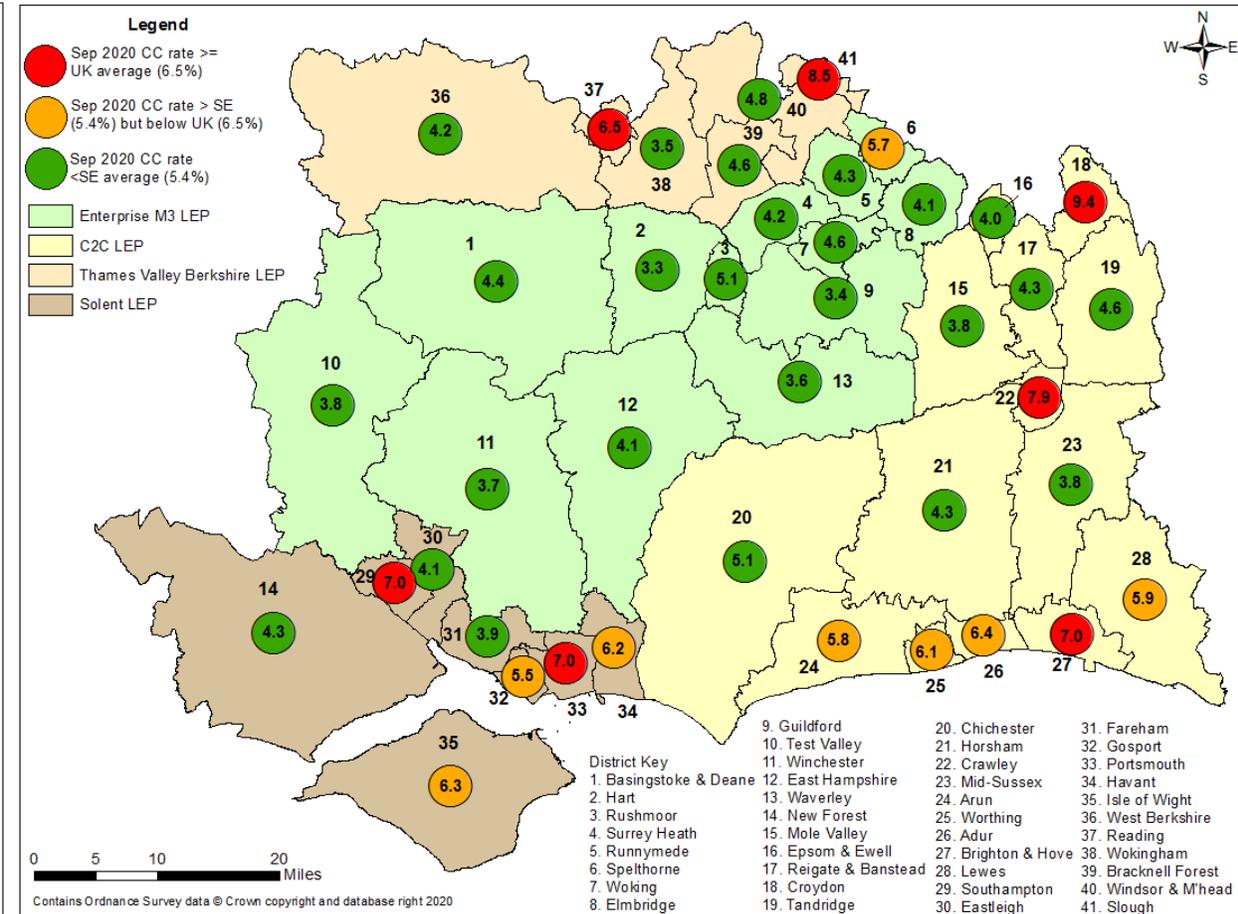
*Note: Due to the introduction of flexible furlough the data for August and September was not robust enough for publication. However the latest data for CRJS is available for August.

UNEMPLOYMENT ACROSS ENTERPRISE M3

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



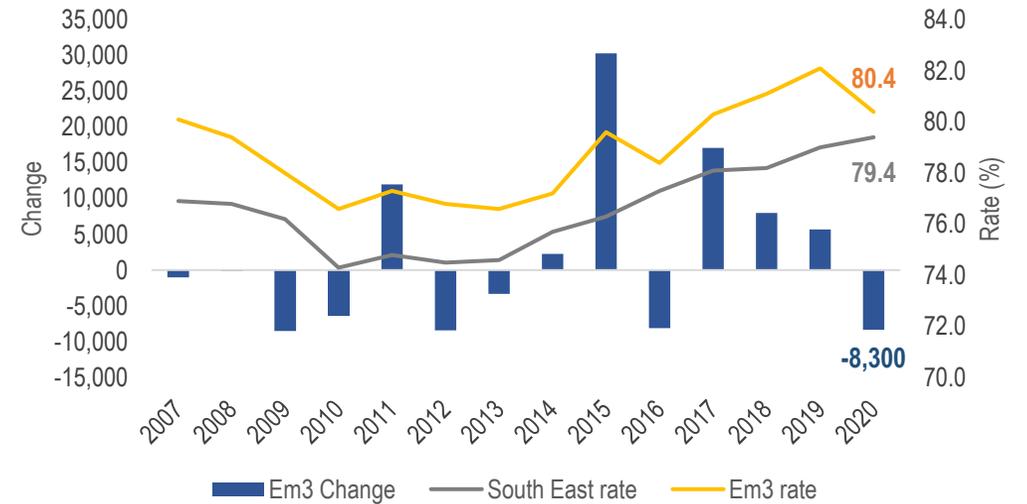
Map 2: Claimant Count Unemployment Rates - September



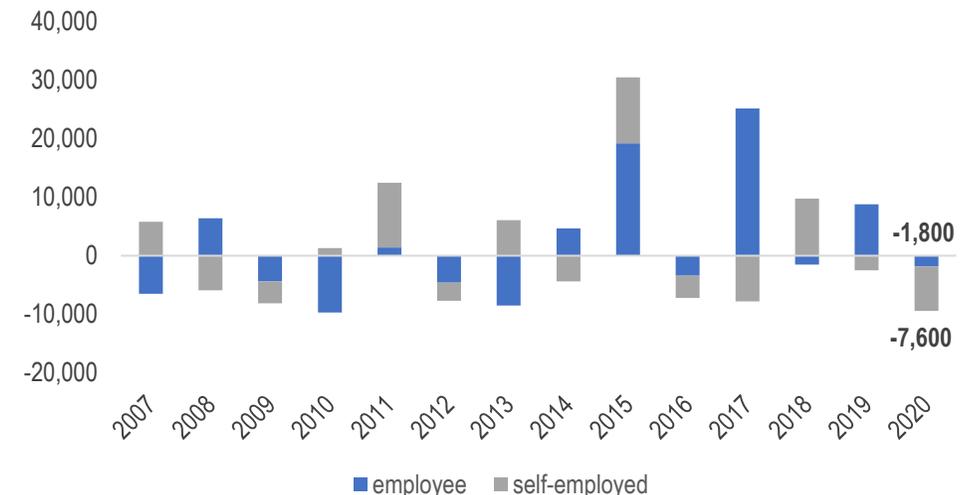
LABOUR MARKET – EM3 EMPLOYMENT OVER THE QUARTER

- At the local level, the labour market data is even more of a lagging indicator on economic performance with a greater reliance on timelier but more narrowly defined unemployed benefit claimants.
- The latest data for the 12 months to June 2020 only partially captures the lockdown and pre-dates the gradual easing of restrictions in July.
- The latest data from the ONS points to a weaker labour market in Enterprise m3 during the 12 months to June, with resident-based employment levels down by estimated 8,300. The employment decrease in the LEP was faster than in the year to March (down 5,600).
- The Enterprise m3 resident-based employment rate was 80.4% for the 12 months to June, down 1.7 percentage points on the previous year. In contrast, equivalent resident-based employment in the UK and in the South East increased by 1.1 and 0.4 percentage points respectively over the same period.
- However, Enterprise m3 employment rate is relatively high and remains well above the UK (76.1%) and above the South East region (79.4%).
- Employment in the LEP is down on the year, driven by a sharp fall in self-employment (down 7,600 or 6.9%), while the number of employees in employment decreased by 1,800 (down 0.3%).
- Full-time employment in Enterprise m3 is down by 11,300 or 2% in the 12 months to June, in contrast with part-time employment which increased on the year (up 2,800 or 1.5%).

Employment fell in the year to June 2020 ...



... driven by decrease in self-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)

