



Economic Report: the labour market in the regions of England

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Section one

Introduction

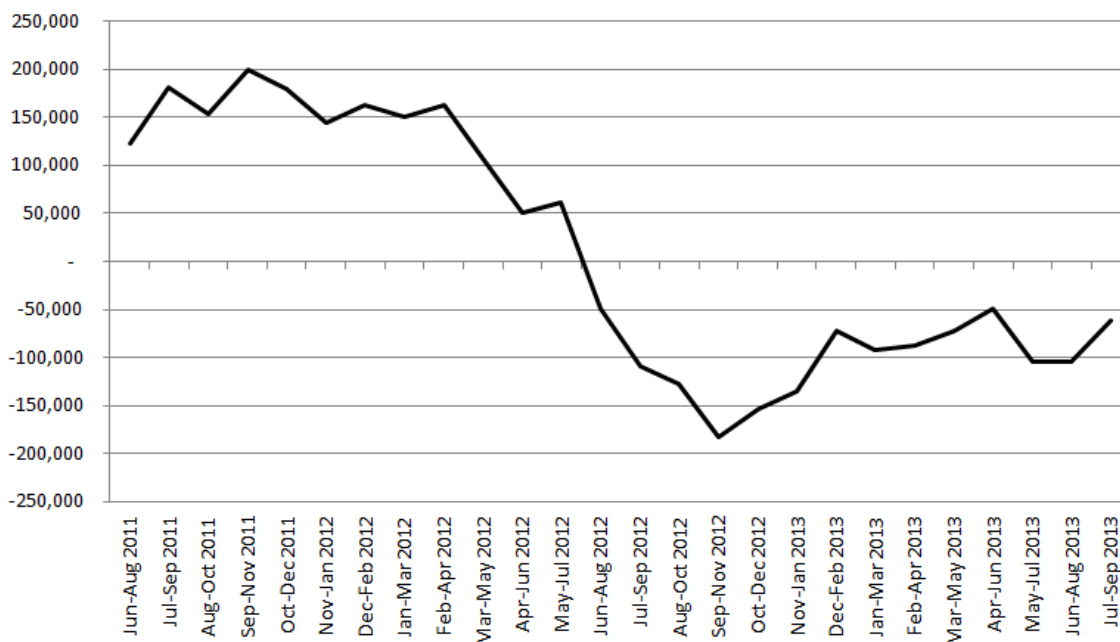
The story of what has happened to jobs in the UK over the last five years is well known:

Table 1: Employment and Unemployment, UK, 2008 - 13

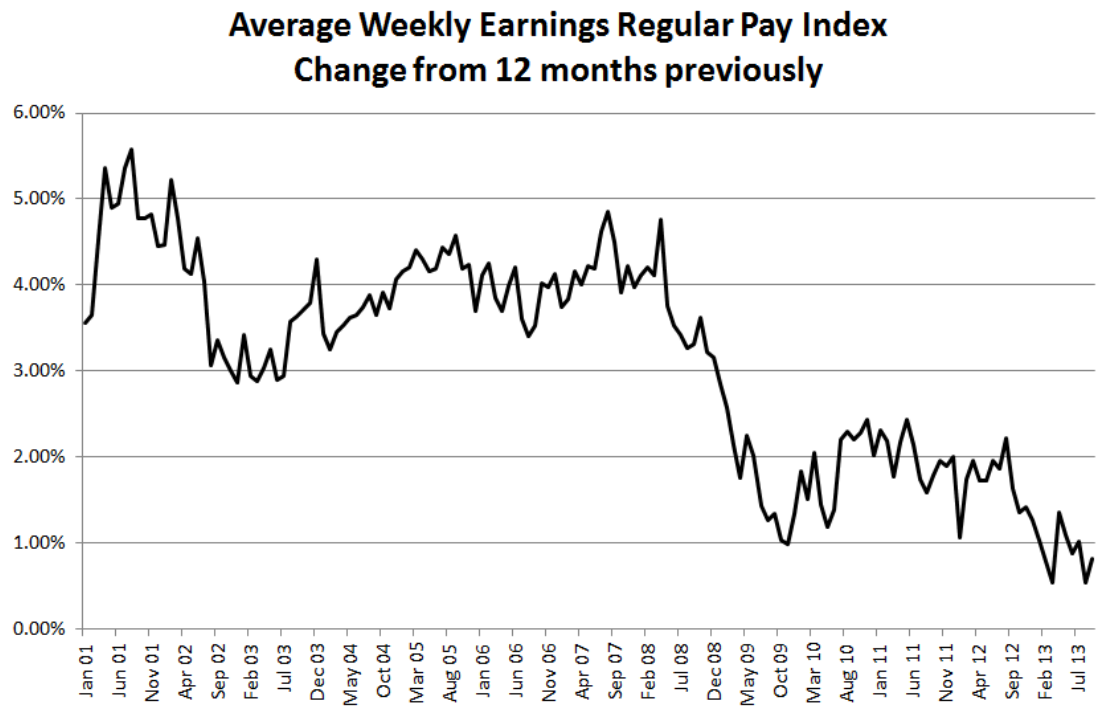
	Employment		Unemployment	
	Level	Rate	Level	Rate
Jul-Sep 2008	29,386	72.4	1,836	5.9
Jul-Sep 2009	28,867	70.6	2,462	7.9
Jul-Sep 2010	29,173	70.8	2,442	7.7
Jul-Sep 2011	29,063	70.2	2,624	8.3
Jul-Sep 2012	29,576	71.2	2,514	7.8
Jul-Sep 2013	29,953	71.8	2,466	7.6

The employment level and rate fell during the recession, but the employment level has recovered quickly (with a dip in 2010-11). The employment rate has been slower to improve, in part because the working age population has increased by two-thirds of a million. The unemployment level and rate rose in the recession, and again in 2010-11; a slow improvement began in 2012, which may have tailed off in recent months:

**Change in Unemployment Level
from 12 months previously**



The other headline item is what has been happening to wages, with increases in average earnings slumping from the onset of the recession and very low since late 2009:



This Economic Report shifts the focus from the national picture to what has been happening in the English regions, using the Office for National Statistics’ standard regions: the North East, North West, Yorkshire and the Humber, East Midlands, West Midlands, East of England, London, South East and South West.¹ It finds divergent trends and that in some areas of the UK labour market performance has been poorer than the headline regional statistics suggest.

The regional picture

Population changes

In modern UK employment statistics, employment and unemployment levels (and unemployment rates) are figures for the adult population (aged 16 or over) in these categories but employment rates and inactivity levels and rates are calculated for the proportion of the “working age” population (aged between 16 and 64). This is quite important for UK figures: in the last 21 years the working age population has grown by nearly four million people (10.8 per cent) and the adult population by nearly six million (13.2 per cent). The rate of increase has slowed down since the recession but even so, in the past five years the adult population has grown by 1.8 million (3.7 per cent) and the working age population by 658,000 (1.7 per cent).

Table 2: adult population (16+), 000s, July- September quarters

	1993	2008	2013	Change 93 - 13	Change 08 - 13
UK	45,033	49,133	50,975	13.2%	3.7%
North East	2,022	2,077	2,159	6.8%	4.0%
North West	5,299	5,489	5,622	6.1%	2.4%
Yorks & Humber	3,862	4,184	4,364	13.0%	4.3%
E Midlands	3,177	3,558	3,675	15.7%	3.3%
W Midlands	4,080	4,298	4,399	7.8%	2.3%
East	4,040	4,563	4,809	19.0%	5.4%
London	5,383	6,133	6,416	19.2%	4.6%
South East	6,004	6,658	6,973	16.2%	4.7%
South West	3,731	4,197	4,353	16.7%	3.7%

In each of the English regions, the direction of change in the adult population is similar, growth in both the past 20 years and the past five with growth particularly strong in the East and London. In the 1993 – 2008 comparison, growth in the North East, North West and West Midlands is only about half the national average. Growth rates in the past five years are much less dispersed, ranging from 2.3 per cent in the West Midlands to 5.4 per cent in the Eastern region.

Table 3: working age population (16 - 64), 000s, July - September quarters

	1993	2008	2013	Change 93 - 13	Change 08 - 13
UK	36,352	39,627	40,284	10.8%	1.7%
North East	1,634	1,662	1,697	3.9%	2.1%
North West	4,277	4,416	4,435	3.7%	0.4%
Yorks & Humber	3,110	3,383	3,464	11.4%	2.4%
E Midlands	2,566	2,858	2,878	12.2%	0.7%
W Midlands	3,303	3,433	3,429	3.8%	-0.1%
East	3,252	3,627	3,737	14.9%	3.0%
London	4,469	5,278	5,463	22.2%	3.5%
South East	4,814	5,318	5,443	13.1%	2.4%
South West	2,898	3,252	3,285	13.3%	1.0%

Nationally, and in all the regions except London, the working age population has grown less than the adult population over the past 20 years; London's working-age population growth is spectacular. The same three regions with low increases in the adult population (NE, NW, W Midlands) have working-age population increases under half the national average for this period and the East, SE and SW have high increases. Over the past five years, however, the increase is much smaller, and the W Midlands working age population in Jul – Sep 2013 was actually slightly smaller than in the same 3 months of 2008. London has the highest increase over the past five years, with the Eastern region not far off. The South West has seen a below average increase over this period and the North East above average.

The extent of population change matters for our understanding of employment rates. For example, an area with a constant employment level and a rising population will see its employment rate fall. Similarly, an area with a falling employment level but a faster falling population would see its employment rate rise. In the case of the regions considered in this reports, particularly high performers are likely to be those with both rising populations and rising employment rates. In contrast, any with both falling populations and falling rates are likely to be doing particularly badly.

The North East

This North East entered the recession after a decade and a half of generally rising employment and falling unemployment. Between the July – September quarter of 1993 and equivalent quarter in 2008, the employment rate rose 5.8 points, the largest rise of any region. The unemployment rate fell 5.3 percentage points; London was the only region to see a larger fall.

The North East still had the lowest employment rate and highest unemployment in the UK, but the gap between the North East average and the UK average had shrunk, especially in the last few years before the recession. The gap between the employment rate in the UK as a whole and the employment rate in the North East fell from 6.3 points in Jul – Sep 1993 to 4.4 in Jul – Sep 2008. It was a similar picture with regard to unemployment. In the UK as a whole, the unemployment rate fell 5.1 points in this period, compared to a drop of 6.9 in the North East. Since then employment and unemployment rate gaps have not fallen.

The inactivity rate fell between 2003 and 2008 but has not changed much since the start of the recession. As a result, the gap between the region's inactivity rate and the national figure, which had narrowed, has now opened up again, though it is not as big as it was in 1998 or 2003.

Table 4: Employment, Unemployment and Economic Inactivity, North East, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	1,028	62.2	160	13.5	457	28.0
1998	1,043	63.8	96	8.5	487	30.2
2003	1,089	66.5	77	6.6	465	28.8
2008	1,149	68.0	103	8.2	429	25.8
2009	1,124	65.9	123	9.8	449	26.8
2010	1,176	67.9	116	9.0	425	25.2
2011	1,128	65.0	150	11.7	445	26.2
2012	1,175	67.8	127	9.8	419	24.8
2013	1,168	67.3	133	10.2	436	25.7

Table 5: Employment rate gaps, North East: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, North East	Gap
1993	68.5	62.2	-6.3
1998	71.6	63.8	-7.8
2003	72.8	66.5	-6.3
2008	72.4	68.0	-4.4
2009	70.6	65.9	-4.7
2010	70.8	67.9	-2.9
2011	70.2	65.0	-5.2
2012	71.2	67.8	-3.4
2013	71.8	67.3	-4.5

Table 6: Unemployment rate gaps, North East: UK, Jul – Sep

Quarters

	Unemployment rate, UK	Unemployment rate, North East	Gap
1993	10.2	13.5	3.3
1998	6.2	8.5	2.3
2003	5.1	6.6	1.5
2008	5.9	8.2	2.3
2009	7.8	9.8	2
2010	7.7	9.0	1.3
2011	8.3	11.7	3.4
2012	7.8	9.8	2
2013	7.6	10.2	2.6

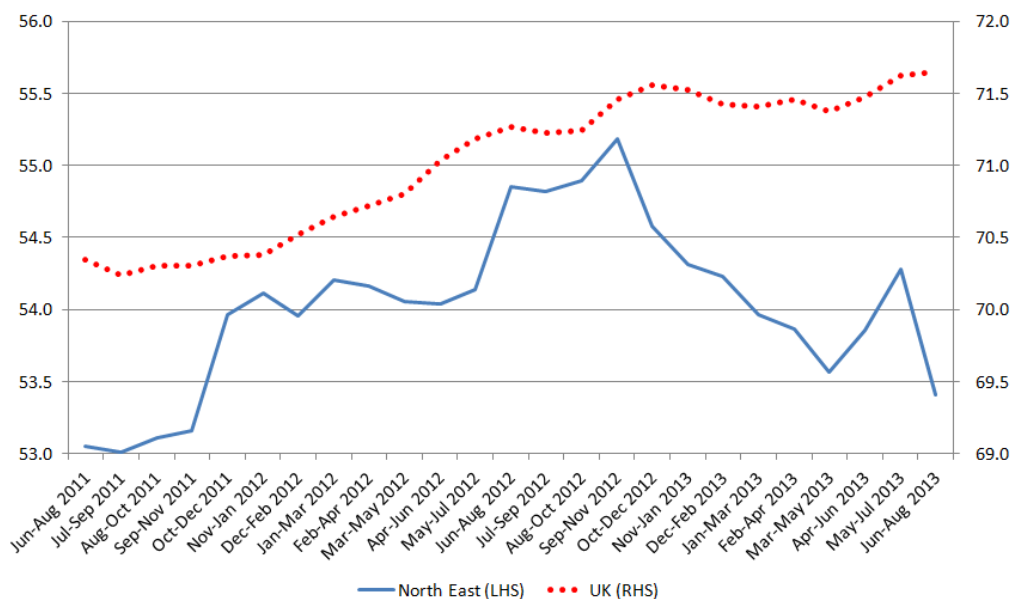
Table 7: Economic inactivity rate gaps, North East: UK, Jul – Sep

Quarters

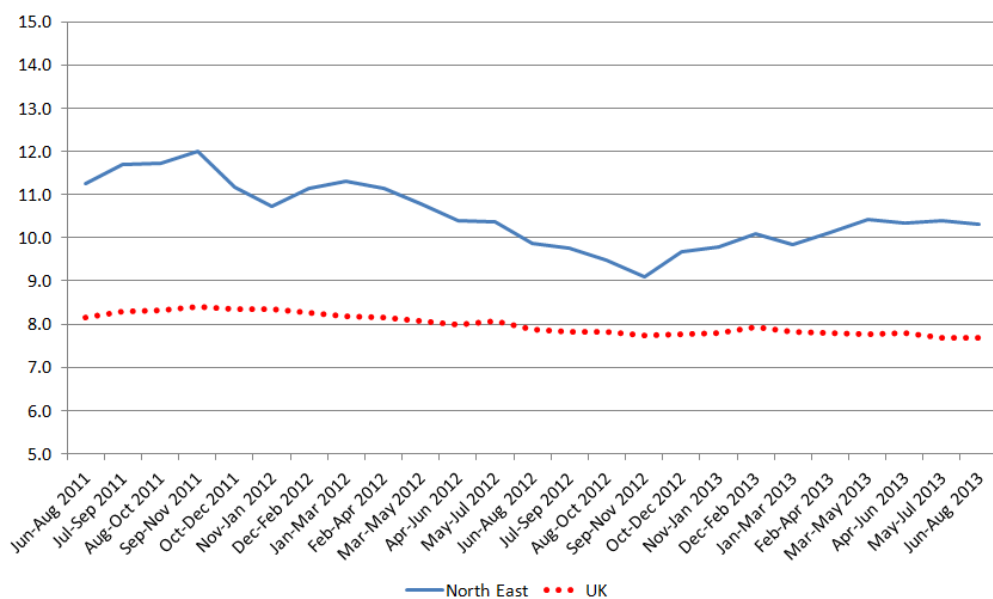
	Inactivity rate, UK	Inactivity rate, North East	Gap
1993	23.6	28.0	4.4
1998	23.6	30.2	6.6
2003	23.3	28.8	5.5
2008	23.0	25.8	2.8
2009	23.3	26.8	3.5
2010	23.2	25.2	2
2011	23.3	26.2	2.9
2012	22.6	24.8	2.2
2013	22.2	25.7	3.5

The evidence so far suggests that the North East has missed out on the improving labour market of the last two years. In the UK as a whole, the employment rate has risen throughout, though at a slower rate in the last few months; in the North East the employment rate has fallen in most months this year. In the UK, unemployment rates have come down – very slowly – throughout this period but in the North East we have seen a sharper fall until the end of 2012, followed by a small increase this year (although there was a slightly faster increase in the population of the NE than the UK as a whole over this period).

Employment Rates, UK, North East



Unemployment Rates, UK, North East

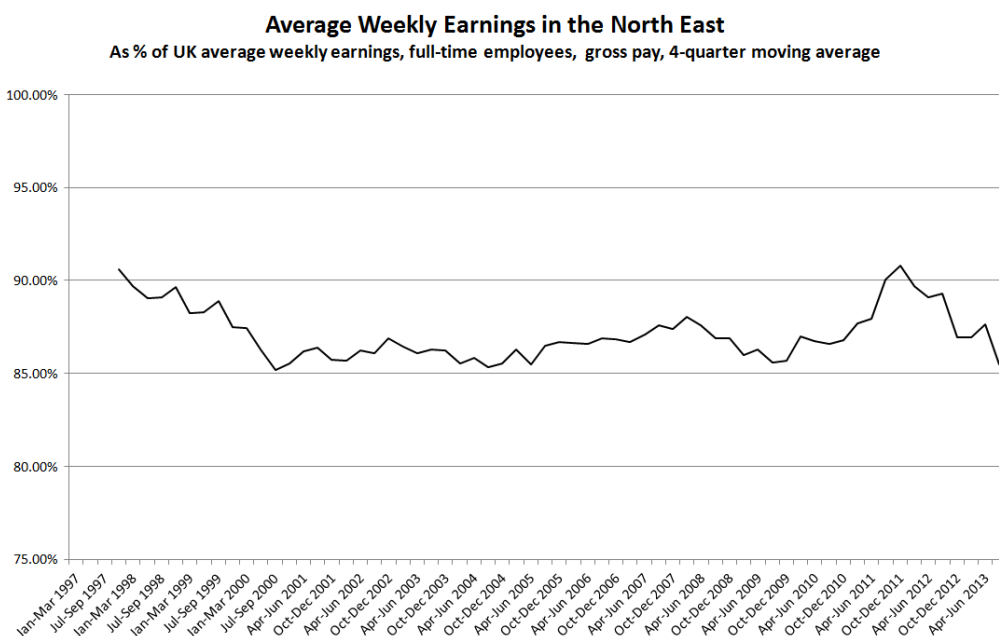


The impact of the recession in the NE was more serious than in the rest of the UK, with the employment and unemployment rate gaps both growing a little. If we turn to the local authorities of the North East, the proportion of 16 – 74 year olds in employment in the 2011 Census ranges from 55.6 per cent in Middlesbrough to 65.6 per cent in North Tyneside. The ten point range between the highest and lowest is the smallest of any English region, but then the North East is the smallest region. North Tyneside only just manages to exceed the 65.5 per cent 16-74 census employment rate figure for England as a whole, significantly below the highest scoring district in any other region.

Table 8: Proportion in employment, North East, 2011

	District	Percentage
1	North Tyneside	65.6
2	Darlington	64.5
3	Northumberland	63.5
4	Stockton on Tees	62.7
5	Gateshead	62.7
6	North East	60.7
7	Sunderland	60.1
8	South Tyneside	60.1
9	County Durham	60
10	Newcastle upon Tyne	57.9
11	Redcar and Cleveland UA	57.5
12	Hartlepool UA	57.3
13	Middlesbrough UA	55.6

Currently average gross weekly earnings² for full-time employees stand at £484, significantly below the UK average of £563. Relative to the UK average, the North East average fell in the late 90s, rose sharply after the recession, but has been falling since the late summer of 2011.



Between 1998 and 2003, average pay in the North East rose 21.7 per cent; below the UK average of 23.8 per cent, but not markedly so. Between 2003 and 2008, pay rose 22.1 per cent, significantly above the UK average of 18.6 per cent. Between 2008 and 2013, the increase has been 6.1 per cent, well below the 9.6 per cent national average.

The North West

Between 1993 and 2003 employment rose strongly and unemployment halved. This was a time when the UK average figures for these measures were also improving and the gaps at the end of this period were much the same as they had been at the start. Between 2003 and 2008, employment fell and unemployment rose and the gaps between the North West and the average for the UK as a whole rose too.

Employment fell significantly between 2008 and 2009, and has been steady since then. Unemployment rose very sharply in that first year and has not fallen much since then. The UK average was even worse affected in the first years of the recession and the gap with the North West improved a little. In the last two years, the North West has seen less improvement than the UK as a whole; the gaps have therefore increased – the employment rate gap between the North West and the country as a whole has become markedly wider, though the unemployment rate gap has remained the same. The economic inactivity rate in the North West has not moved a great deal over the past 20 years, the rate has shrunk a little nationally in recent months, so the gap between the national and NW rates is larger.

Table 9: Employment, Unemployment and Economic Inactivity, North West, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	2,909	67.1	331	10.2	1,076	25.2
1998	2,963	68.7	211	6.7	1,121	26.4
2003	3,133	71.5	164	5.0	1,067	24.7
2008	3,142	69.7	226	6.7	1,115	25.3
2009	3,107	68.6	294	8.6	1,099	24.8
2010	3,167	69.2	280	8.1	1,090	24.5
2011	3,153	68.8	295	8.5	1,096	24.6
2012	3,184	69.8	293	8.4	1,048	23.6
2013	3,141	68.5	283	8.3	1,117	25.2

Table 10: Employment rate gaps, North West: UK, Jul – Sep

Quarters

	Employment rate, UK	Employment rate, North West	Gap
1993	68.5	67.1	-1.4
1998	71.6	68.7	-2.9
2003	72.8	71.5	-1.3
2008	72.4	69.7	-2.7
2009	70.6	68.6	-2
2010	70.8	69.2	-1.6
2011	70.2	68.8	-1.4
2012	71.2	69.8	-1.4
2013	71.8	68.5	-3.3

Table 11 Unemployment rate gaps, North West: UK, Jul – Sep

Quarters

	Unemployment rate, UK	Unemployment rate, North East	Gap
1993	10.2	10.2	0
1998	6.2	6.7	0.5
2003	5.1	5.0	-0.1
2008	5.9	6.7	0.8
2009	7.8	8.6	0.8
2010	7.7	8.1	0.4
2011	8.3	8.5	0.2
2012	7.8	8.4	0.6
2013	7.6	8.3	0.7

Table 12: Economic inactivity rate gaps, North West: UK, Jul – Sep

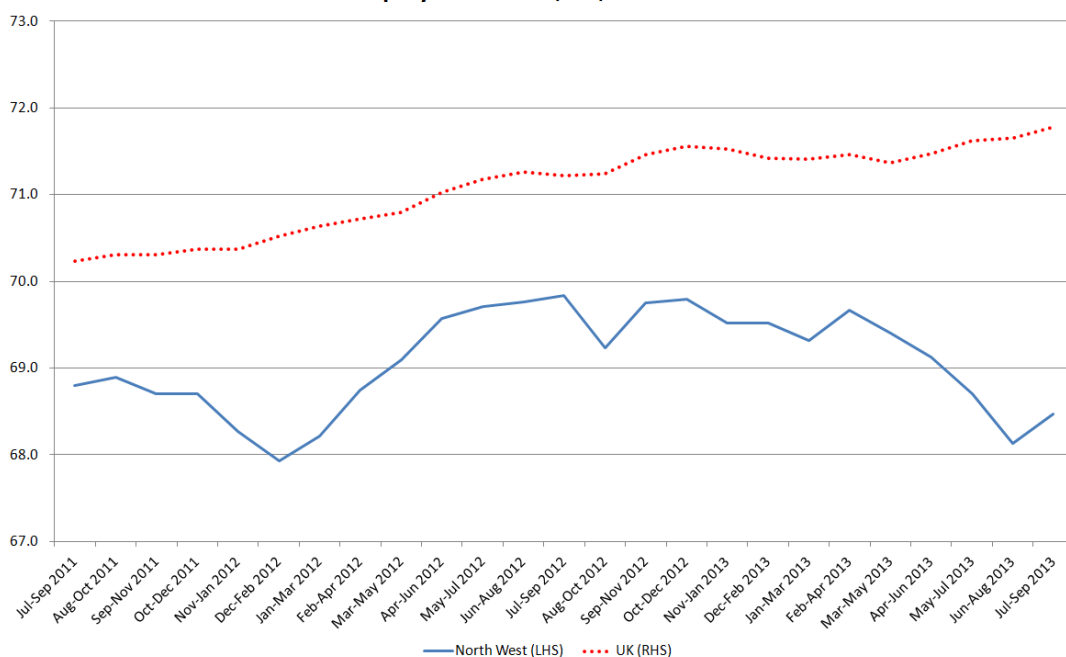
Quarters

	Inactivity rate, UK	Inactivity rate, North West	Gap
1993	23.6	25.2	1.6
1998	23.6	26.4	2.8
2003	23.3	24.7	1.4
2008	23.0	25.3	2.3
2009	23.3	24.8	1.5
2010	23.2	24.5	1.3
2011	23.3	24.6	1.3
2012	22.6	23.6	1
2013	22.2	25.2	3

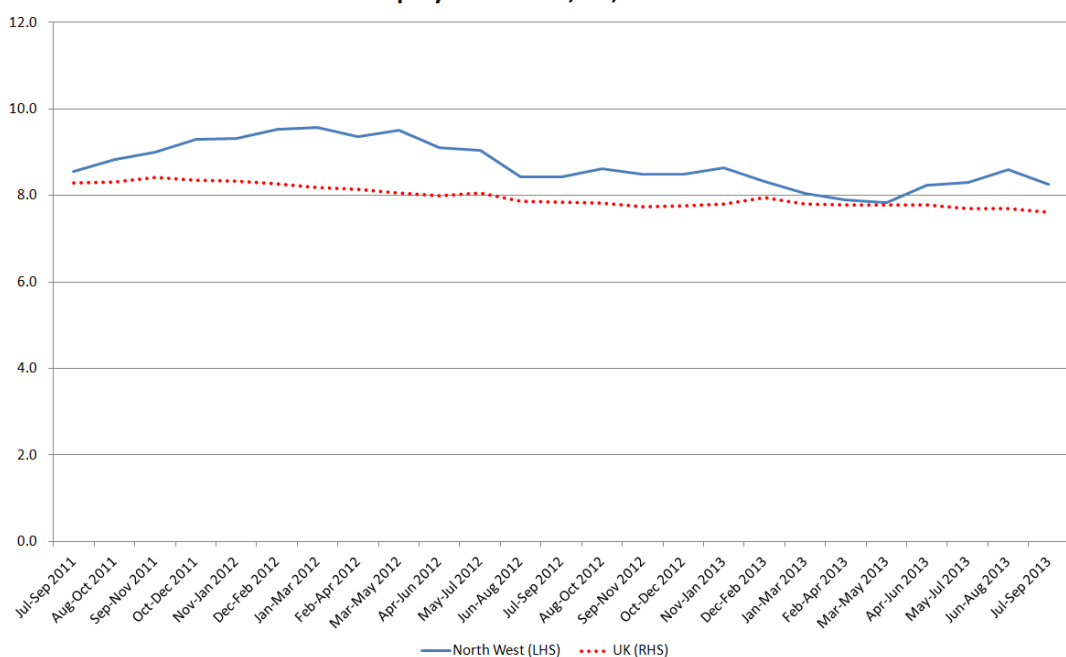
The North West has not gained from the improving labour market of the last two years. This year the employment rate has fallen (though with a rise in the

most recent data) and the improvement in the unemployment, weak enough in the national data, is even weaker in the North West. This change is despite the fact that adult and working age population growth in the NW has been substantially slower than the rest of the UK.

Employment Rates, UK, North West



Unemployment Rates, UK, North West

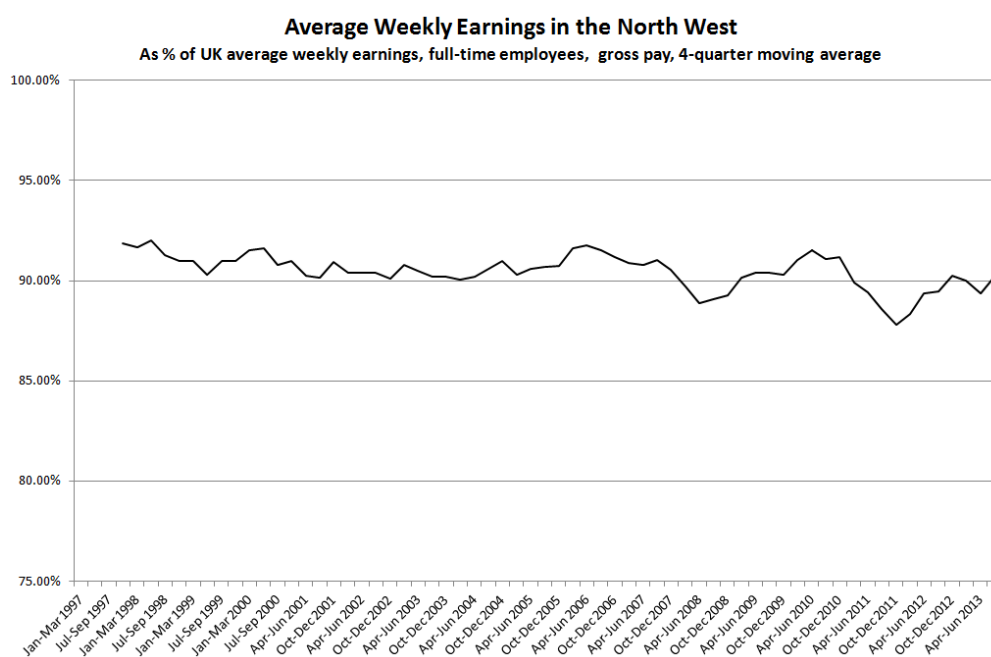


The proportion of 16 – 74 year olds in employment in Districts in the North West ranges from 56.7 per cent in Liverpool (third lowest in England) to 71.3 per cent in Eden (one of only eight Districts in the North and Midlands to score over 70 per cent). The 14.6 point range is very close to the 15.1 point average for English regions.

Table 13: Percentage in employment, North West, 2011

District				District				District			
1	Eden	71.3	14	Allerdale	65.3	27	Lancaster	61.8			
2	Ribble Valley	69.8	15	West Lancashire	64.3	28	Pendle	61.7			
3	South Ribble	69.8	16	Wigan	63.9	29	Barrow-in-Furness	61.7			
4	Trafford	68.7	17	Tameside	63.8	30	St. Helens	61.4			
5	South Lakeland	68.4	18	Fylde	63.7	31	Wirral	61.2			
6	Carlisle	68.3	19	Preston	63.3	32	Oldham	61.2			
7	Warrington UA	68.1	20	Salford	63	33	Burnley	60.8			
8	Chorley	67.6	21	Wyre	63	34	Rochdale	60.2			
9	Cheshire East UA	67.4	22	Halton UA	62.8	35	Blackpool UA	59.9			
10	Stockport	67.4	23	Copeland	62.8	36	Knowsley	59.1			
11	Cheshire W. & Chester UA	66.5	24	Hyndburn	62.4	37	Blackburn w. Darwen UA	58.9			
12	Rossendale	66.1	25	Bolton	62.3	38	Manchester	57.8			
13	Bury	66	26	Sefton	62.2	39	Liverpool	56.7			

Currently average gross weekly earnings for full-time employees stand at £516, consistently below the UK average of £563. Relative to the UK average, the North West average remained between 90 and 95 per cent in the decade before the recession. Since the recession, this relative position has not been steady; in recent months it has wavered around 90 per cent of the national figure, a little lower than the long-term trend before the recession.



Between 1998 and 2003, average weekly earnings in the North West rose 25.6 per cent, second only to London. Between 2003 and 2008, the increase was 22.2 per cent, above the 18.6 per cent national average. Between 2008 and 2013, it was 8.1 per cent, significantly below the 9.6 per cent UK increase.

Yorkshire and the Humber

Yorkshire and the Humber’s employment and unemployment fortunes in the fifteen years before the recession were very similar to those of the North West. Both were respectable but not outstanding, with employment rising a little over two and a half percentage points in our tables and unemployment falling by around 3.5 points.

The UK overall did a little better in this period, so Yorkshire and the Humber, which had had employment and unemployment rates close to the national average in 1993, was at the wrong end of a noticeable gap in 2008. The economic inactivity rate has improved in the last two years and improved more markedly than the reduction for the national average, so the gap between Yorkshire and the Humber and the UK has shifted, and in July – September 2013 was very slightly negative (with Yorkshire and Humber slightly outperforming the rest of the UK) .

Table 14: Employment, Unemployment and Economic Inactivity, Yorks & Humber, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	2,168	68.7	251	10.4	723	23.2
1998	2,199	70.0	168	7.1	765	24.6
2003	2,349	72.4	120	4.9	762	23.8
2008	2,462	71.4	184	7.0	785	23.2
2009	2,412	69.2	231	8.7	821	24.1
2010	2,409	68.4	238	9.0	848	24.7
2011	2,407	67.6	274	10.2	847	24.5
2012	2,474	69.8	247	9.1	799	23.1
2013	2,526	70.8	248	8.9	764	22.1

Table 15: Employment rate gaps, Yorks & Humber: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, Yorks & Humber	Gap
1993	68.5	68.7	0.2
1998	71.6	70.0	-1.6
2003	72.8	72.4	-0.4
2008	72.4	71.4	-1
2009	70.6	69.2	-1.4
2010	70.8	68.4	-2.4
2011	70.2	67.6	-2.6
2012	71.2	69.8	-1.4
2013	71.8	70.8	-1

Table 16: Unemployment rate gaps, Yorks & Humber: UK, Jul – Sep Quarters

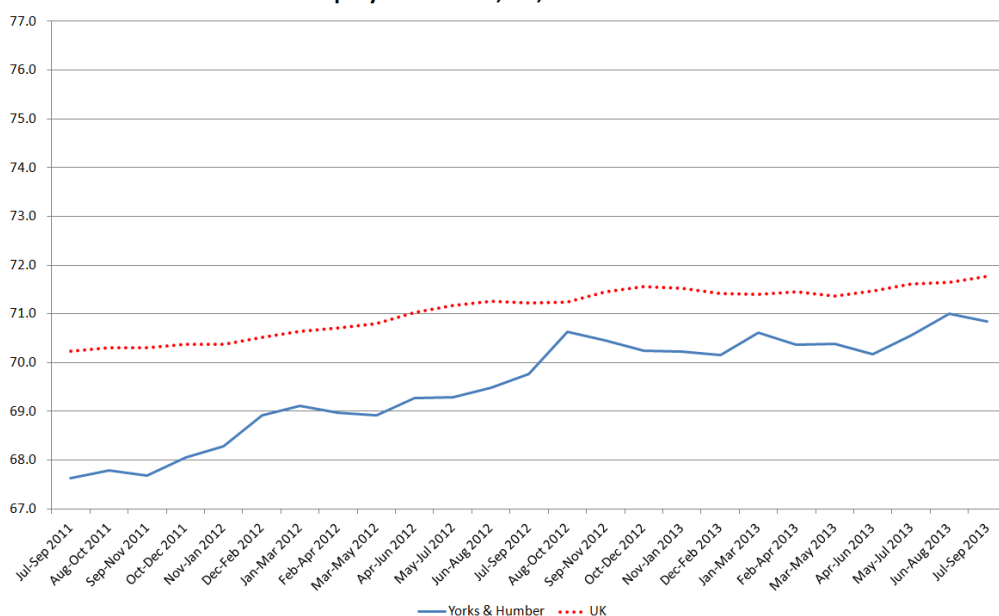
	Unemployment rate, UK	Unemployment rate, Yorks & Humber	Gap
1993	10.2	10.4	0.2
1998	6.2	7.1	0.9
2003	5.1	4.9	-0.2
2008	5.9	7.0	1.1
2009	7.8	8.7	0.9
2010	7.7	9.0	1.3
2011	8.3	10.2	1.9
2012	7.8	9.1	1.3
2013	7.6	8.9	1.3

Table 17: Economic inactivity rate gaps, Yorks & Humber: UK, Jul – Sep Quarters

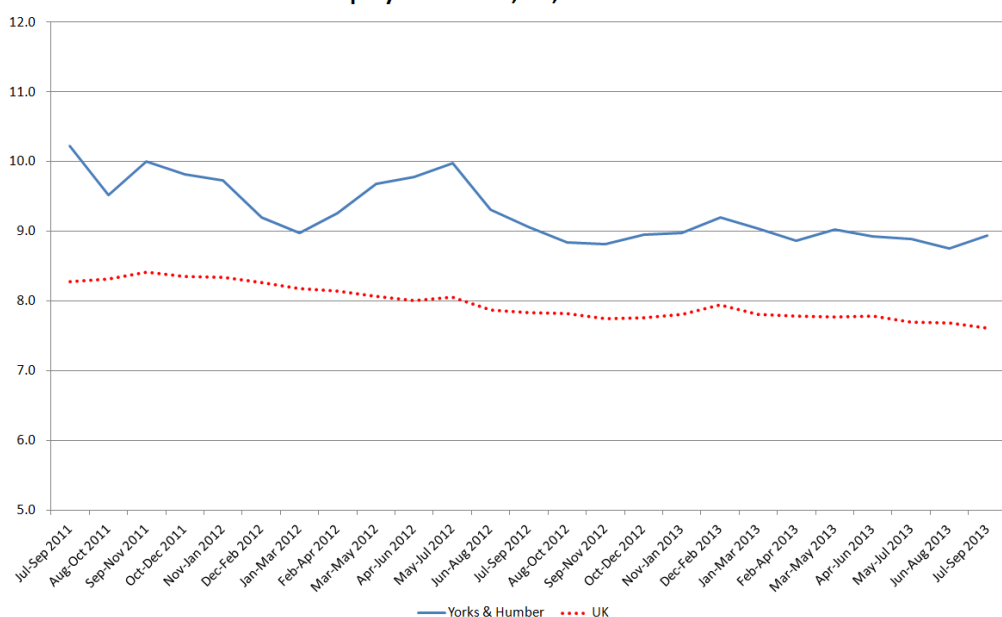
	Inactivity rate, UK	Inactivity rate, Yorks & Humber	Gap
1993	23.6	23.2	-0.4
1998	23.6	24.6	1
2003	23.3	23.8	0.5
2008	23.0	23.2	0.2
2009	23.3	24.1	0.8
2010	23.2	24.7	1.5
2011	23.3	24.5	1.2
2012	22.6	23.1	0.5
2013	22.2	22.1	-0.1

After the recession, the decline in the employment rate was worse in Yorks and Humber till 2011, but the region has benefited more than the country as a whole from the recovery of the past two years and as a result the employment rate gap in Table 13 is the same for 2013 as it was for 2008. At the same time the working age population has increased a little faster in Yorkshire and the Humber than in the UK as a whole. The rising unemployment rate also initially hit Yorks and Humber harder than the national average, with a faster rate of improvement since 2011. However, this has slackened a little recently.

Employment Rates, UK, Yorks & Humber



Unemployment Rates, UK, Yorks & Humber

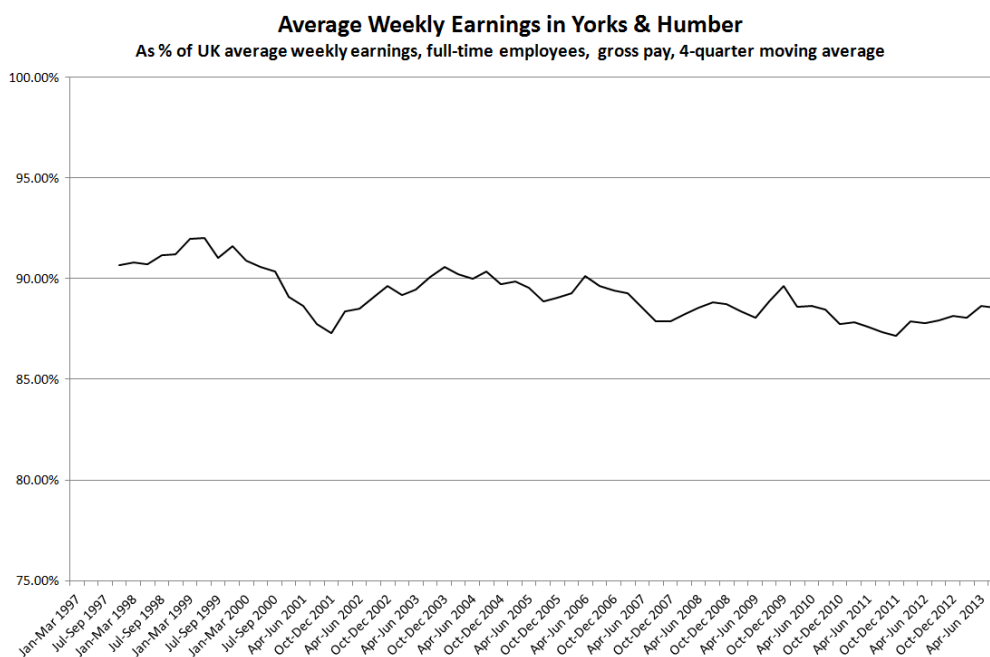


Three Yorkshire and Humberside districts – Richmondshire, Harrogate and Selby - have over 70 per cent of their 16 – 74 year old population in employment but Leeds (64.7 per cent) is the only large city with a figure comes close to the English average. Hull, Bradford, Sheffield, Doncaster and Barnsley take the bottom five places.

Table 18: Percentage in employment, Yorks & Humber, 2011

District				District	
1	Richmondshire	72.2	12	Wakefield	63.5
2	Harrogate	71.6	13	Kirklees	63.5
3	Selby	70.4	14	North East Lincolnshire UA	61.9
4	Hambleton	69.5	15	Rotherham	61.8
5	Craven	69.3	16	Scarborough	61.6
6	Ryedale	68.2	17	Barnsley	61.4
7	York UA	67	18	Doncaster	61.2
8	Calderdale	65.5	19	Sheffield	61
9	East Riding of Yorkshire UA	65.2	20	Bradford	60.8
10	Leeds	64.7	21	Kingston upon Hull UA	59.2
11	North Lincolnshire UA	64.4			

Currently average gross weekly earnings for full-time employees stand at £492, well below the UK average of £563. Relative to the UK average, Yorkshire and the Humber average pay slumped at the end of the last century. The relative position recovered but started deteriorating in the middle of the last decade. There has been some sign of relative improvement in the last two years, but average pay has been stuck below 90 per cent of the national average for most of the last ten years.



Between 1998 and 2003, average weekly earnings in Yorks and Humber rose 21.0 per cent, significantly below the 23.8 per cent UK average. Between 2003 and 2008, the increase was 12.3 per cent, again below the UK average of 18.6 per cent. Between 2008 and 2013, however, the rise was 11.4 per cent, above the national average of 9.6 per cent.

East Midlands

Twenty years ago, the East Midlands had a higher employment rate than the UK average and a lower unemployment rate. Today, that is still true. In between, the changes have been mixed: between 1993 and 2008, the region saw its employment rate grow more slowly than the national average and since the recession, it has fallen more quickly. As a result, the employment rate gap between this region and the UK shrank from 2.9 points in the July – September quarter of 1993 to 1.3 in the same quarter of 2008.

Unemployment has been a rather different story. Between July – Sept 1993 and the same quarter of 2008, the unemployment rate came down just 2.8 points: the lowest fall of any region. The unemployment rate gap, 1.6 points in the East Midlands' favour in 1993, was just 0.1 points in 2008: still better than the national average, but by a declining margin. In addition, the working age population (which is used as the base for rates of economic inactivity and employment) has risen more slowly than in the UK as a whole.

Table 19: Employment, Unemployment and Economic Inactivity, East Midlands, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	1,860	71.4	174	8.6	561	21.9
1998	1,962	74.0	111	5.3	568	21.7
2003	2,039	73.6	100	4.7	618	22.8
2008	2,154	73.7	133	5.8	619	21.7
2009	2,139	72.7	168	7.3	617	21.5
2010	2,089	70.6	181	8.0	664	23.1
2011	2,138	71.7	186	8.0	633	22.0
2012	2,120	71.4	178	7.7	645	22.4
2013	2,160	72.4	166	7.1	630	21.9

Table 20: Employment rate gaps, East Midlands: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, East Midlands	Gap
1993	68.5	71.4	2.9
1998	71.6	74.0	2.4
2003	72.8	73.6	0.8
2008	72.4	73.7	1.3
2009	70.6	72.7	2.1
2010	70.8	70.6	-0.2
2011	70.2	71.7	1.5
2012	71.2	71.4	0.2
2013	71.8	72.4	0.6

Table 21: Unemployment rate gaps, East Midlands: UK, Jul – Sep Quarters

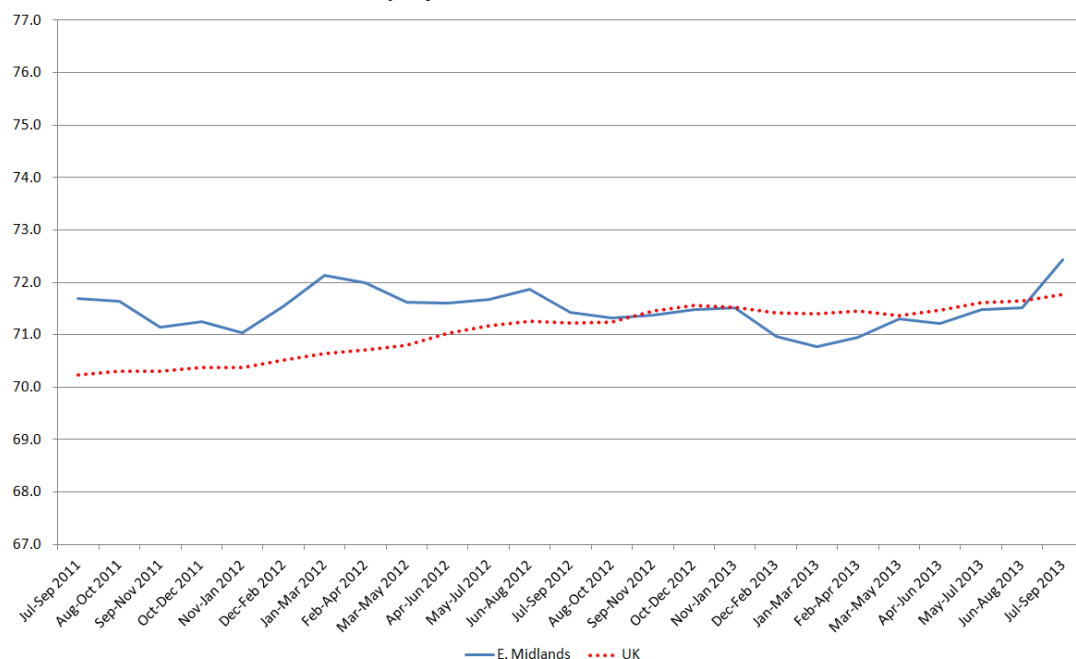
	Unemployment rate, UK	Unemployment rate, East Midlands	Gap
1993	10.2	8.6	-1.6
1998	6.2	5.3	-0.9
2003	5.1	4.7	-0.4
2008	5.9	5.8	-0.1
2009	7.8	7.3	-0.5
2010	7.7	8.0	0.3
2011	8.3	8.0	-0.3
2012	7.8	7.7	-0.1
2013	7.6	7.1	-0.5

Table 22: Economic inactivity rate gaps, East Midlands: UK, Jul – Sep Quarters

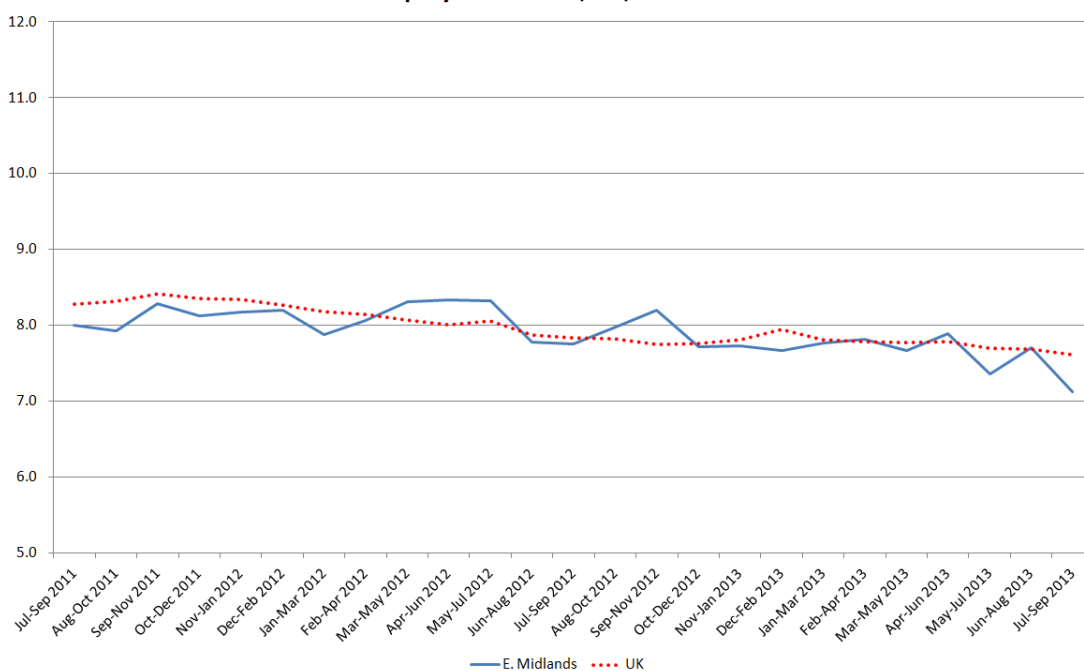
	Inactivity rate, UK	Inactivity rate, East Midlands	Gap
1993	23.6	21.9	-1.7
1998	23.6	21.7	-1.9
2003	23.3	22.8	-0.5
2008	23.0	21.7	-1.3
2009	23.3	21.5	-1.8
2010	23.2	23.1	-0.1
2011	23.3	22.0	-1.3
2012	22.6	22.4	-0.2
2013	22.2	21.9	-0.3

Since the recession, the slow improvement in unemployment and employment rates has been much the same in the East Midlands as in the national averages:

Employment Rates, UK, E. Midlands



Unemployment Rates, UK, E. Midlands



Whilst the East Midlands’ overall performance is strong compared to other English regions, there are some parts of the region with very poor employment rates. In East Midlands districts, the proportion of 16 – 74 year olds in employment in 2011 ranged from 54.9 per cent in Nottingham to 73.7 per cent in South Northamptonshire, and the 18.8 point range was the second

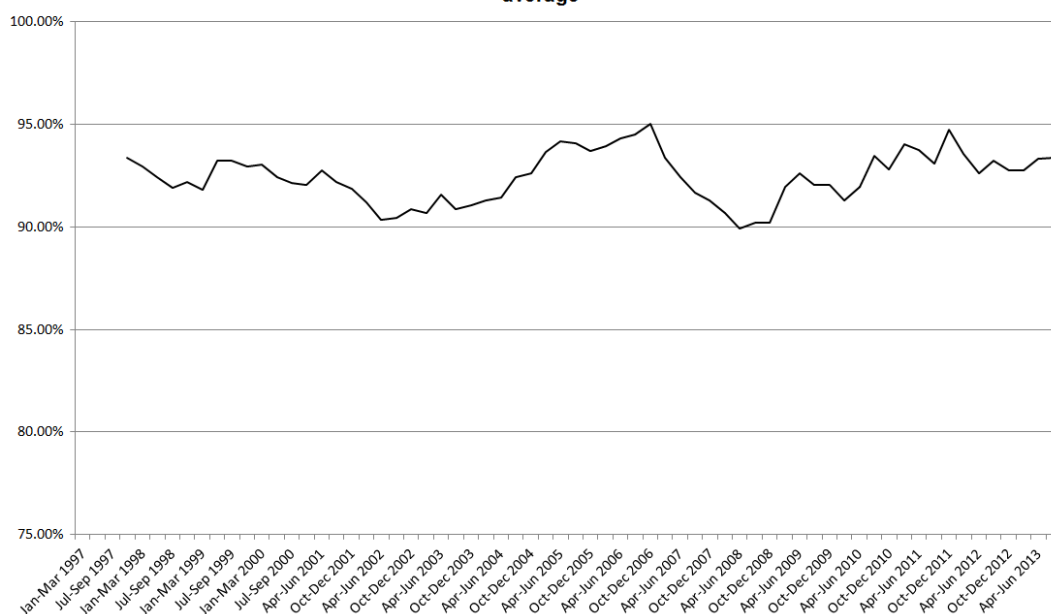
highest in the country, after the South West. Nottingham's figure is the lowest in England whilst South Northamptonshire's is the 8th highest.

Table 23: Percentage in employment, East Midlands, 2011

	District			District			District	
1	S. Northamptonshire	73.7	15	N.W. Leicestershire	68.1	29	W. Lindsey	64.5
2	Harborough	71.5	16	Derbyshire Dales	67.6	30	N.E. Derbyshire	64.3
3	Melton	71.3	17	Gedling	67.3	31	Lincoln	64.3
4	Blaby	71	18	North Kesteven	67.1	32	Bassetlaw	63.9
5	Hinckley & Bosworth	69.6	19	Erewash	67	33	Derby UA	63.8
6	Northampton	69.6	20	Rutland UA	66.9	34	Ashfield	63.4
7	Kettering	69.6	21	Wellingborough	66.9	35	Mansfield	63.3
8	South Derbyshire	69.4	22	Amber Valley	66	36	Chesterfield	63.2
9	Daventry	69.4	23	Broxtowe	65.8	37	Bolsover	62.2
				Oadby and				
10	E. Northamptonshire	69.3	24	Wigston	65.7	38	Leicester UA	58.4
11	Rushcliffe	69.1	25	Boston	65.6	39	East Lindsey	56.8
				Newark and			Nottingham	
12	South Kesteven	68.9	26	Sherwood	65.3	40	UA	54.9
13	Corby	68.7	27	South Holland	65.3			
14	High Peak	68.3	28	Charnwood	64.6			

Currently average gross weekly earnings for full-time employees stand at £536, a little below the UK average of £563. East Midlands average pay has been consistently between 90 and 95 per cent of the national average since the end of the last century. The relative position improved after 2000 but deteriorated rapidly just before the recession. Post-recession, this relative position improved a little, but it has been very steady for the past two years.

Average Weekly Earnings in E. Midlands
As % of UK average weekly earnings, full-time employees, gross pay, 4-quarter moving average



Between 1998 and 2003, the 18.4 per cent increase in average weekly earnings was the lowest of any region. The 22.0 per cent increase between 2003 and 2008 was, however, well above the national average figure, which was 18.6 per cent. Between 2008 and 2013, the 14.1 per cent increase was the highest of any region.

West Midlands

In July – September 2008, the employment rate in the West Midlands was 1.8 points higher than in the same quarter of 1993, the smallest improvement of any English region. The unemployment rate, on the other hand, was 4.8 points lower, an improvement bettered only by London and the North East. The gap between the West Midlands and the UK average had thus grown from 0.4 points to 2.5, but the unemployment gap had shrunk from 1.2 to 0.7. At the same time, there had been a significant growth in the proportion of people who were economically inactive.

Since the recession, the unemployment rate has risen 2.9 points – the biggest increase of any English region. The employment rate has fallen by 1.5 points; only the South West has seen a worse performance. As a result, the employment rate gap between the West Midlands and the UK average has grown again, to 3.4 points and so has the unemployment rate gap, to 1.9 points. Importantly, the working-age population of the West Midlands has seen a small fall over this period; even though the total number of workers in the region is declining, their chances of being in work are still lower.

Table 24: Employment, Unemployment and Economic Inactivity, West Midlands, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	2,284	68.1	293	11.4	761	23.1
1998	2,437	72.8	157	6.1	745	22.6
2003	2,431	71.2	153	5.9	812	24.2
2008	2,456	69.9	174	6.6	860	25.1
2009	2,410	68.2	270	10.1	825	24.0
2010	2,443	69.2	237	8.8	823	24.0
2011	2,401	67.8	236	9.0	876	25.5
2012	2,479	69.7	235	8.6	808	23.5
2013	2,449	68.4	257	9.5	828	24.2

Table 25: Employment rate gaps, West Midlands: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, West Midlands	Gap
1993	68.5	68.1	-0.4
1998	71.6	72.8	1.2
2003	72.8	71.2	-1.6
			0
2008	72.4	69.9	-2.5
2009	70.6	68.2	-2.4
2010	70.8	69.2	-1.6
2011	70.2	67.8	-2.4
2012	71.2	69.7	-1.5
2013	71.8	68.4	-3.4

Table 26: Unemployment rate gaps, West Midlands: UK, Jul – Sep Quarters

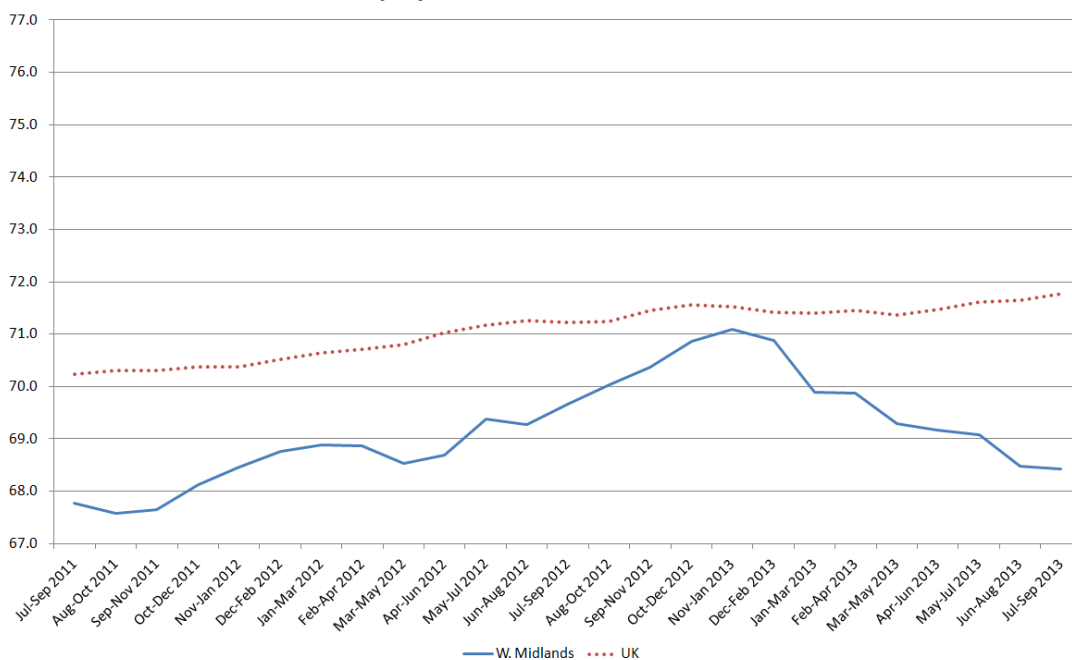
	Unemployment rate, UK	Unemployment rate, West Midlands	Gap
1993	10.2	11.4	1.2
1998	6.2	6.1	-0.1
2003	5.1	5.9	0.8
			0.7
2008	5.9	6.6	0.7
2009	7.8	10.1	2.3
2010	7.7	8.8	1.1
2011	8.3	9.0	0.7
2012	7.8	8.6	0.8
2013	7.6	9.5	1.9

Table 27: Economic inactivity rate gaps, West Midlands: UK, Jul – Sep Quarters

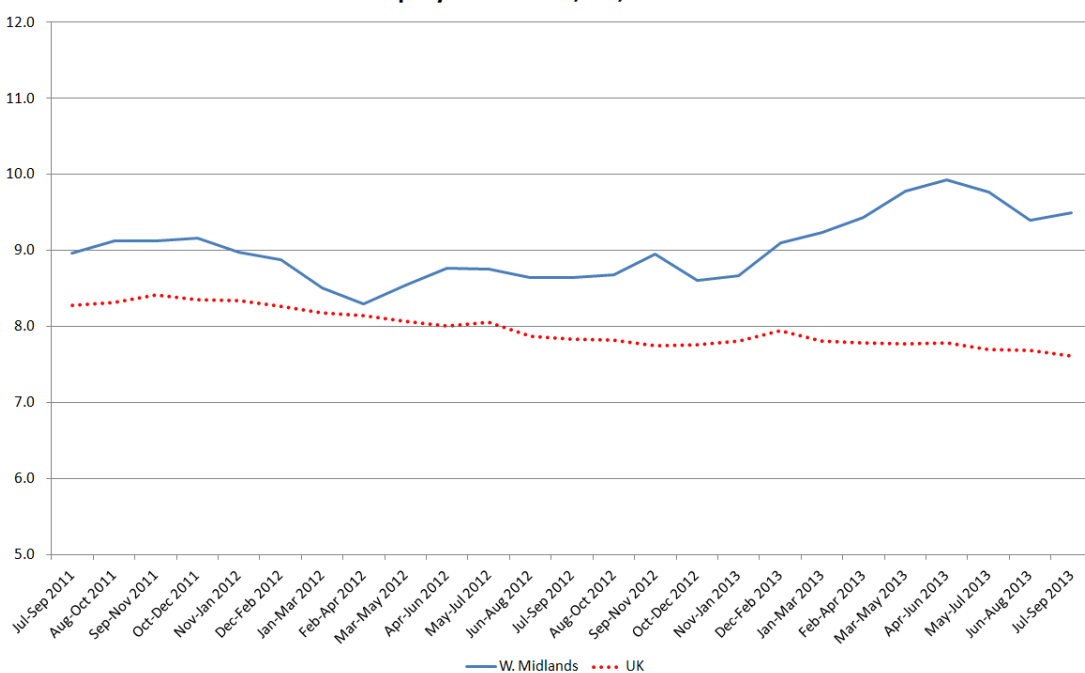
	Inactivity rate, UK	Inactivity rate, West Midlands	Gap
1993	23.6	23.1	-0.5
1998	23.6	22.6	-1
2003	23.3	24.2	0.9
			0
2008	23.0	25.1	2.1
2009	23.3	24.0	0.7
2010	23.2	24.0	0.8
2011	23.3	25.5	2.2
2012	22.6	23.5	0.9
2013	22.2	24.2	2

The last two years saw employment rates growing more quickly in the West Midlands than the UK as a whole until the start of this year. Since then employment rates have been falling again; the regional unemployment rate rose in the first half of this year, but has since subsided a little.

Employment Rates, UK, W. Midlands



Unemployment Rates, UK, W. Midlands



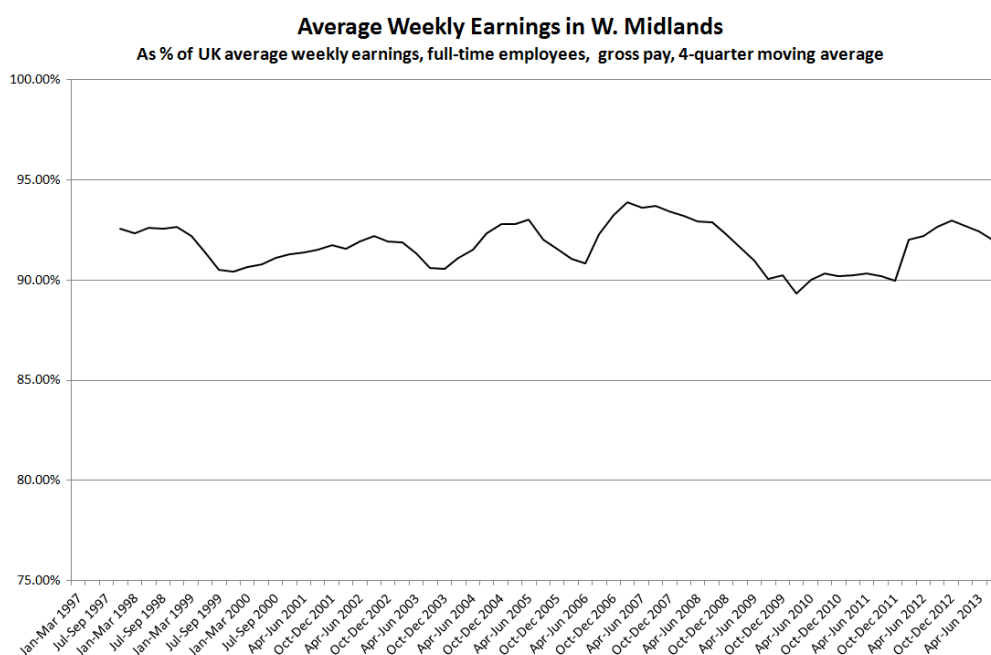
In the districts of the West Midlands, Birmingham has the lowest proportion of 16 – 74 year olds in employment, 57.1 per cent. Wolverhampton, Walsall,

Sandwell, Stoke, Coventry and Newcastle-under-Lyme all have figures below the regional average of 63.2 per cent. In Rugby, 69.9 per cent of people in this age range are in employment and Stratford on Avon, Redditch and Worcester all have above 69 per cent. The 12.8 point range between the highest and lowest is the second smallest in the country, after the North East's 10.

Table 28: Percentage in employment, West Midlands, 2011

District				District	
1	Rugby	69.9	16	Staffordshire Moorlands	66.5
2	Stratford-on-Avon	69.6	17	Cannock Chase	66.4
3	Redditch	69.3	18	Nuneaton and Bedworth	66.1
4	Worcester	69.3	19	Lichfield	66
5	Bromsgrove	68.7	20	Telford and Wrekin UA	64.8
6	Wychavon	68.6	21	Malvern Hills	64.6
7	Warwick	68.3	22	Wyre Forest	64.5
8	North Warwickshire	68.2	23	Dudley	63.3
9	Herefordshire UA	68	24	Newcastle-under-Lyme	63
10	Tamworth	68	25	Coventry	60.9
11	Shropshire UA	67.7	26	Stoke-on-Trent UA	60.2
12	Stafford	67.1	27	Sandwell	59.5
13	East Staffordshire	66.7	28	Walsall	59.3
14	South Staffordshire	66.6	29	Wolverhampton	59.1
15	Solihull	66.6	30	Birmingham	57.1

Currently average gross weekly earnings for full-time employees stand at £516, below the UK average of £563. West Midlands' average pay has nearly always been between 90 and 95 per cent of the national average ever since the data here began to be collected in the late 1990s. The relative position deteriorated after the recession and then recovered somewhat in 2011-12, but has been declining recently.



Between 1998 and 2003, average full-time earnings rose 19.6 per cent, when the UK average increase was 23.8 per cent; only the East Midlands saw a lower increase. Between 2003 and 2008, however, earnings rose 25.4 per cent, the highest increase of any English region and 6.8 points above the UK average. Between 2008 and 2013, the increase was 6.2 per cent, less than half the East Midlands figure of 14.1 per cent and 3.4 points below the UK average.

East of England

The Eastern region has high employment and low unemployment, currently the employment rate is 3.9 points above the national average and the unemployment rate 1.8 points below.

Between 1993 and 2008, the employment rate grew, but not as fast as for the UK as a whole, so the gap between the region and the national average shrank from 4 to 2.9 points. The unemployment rate, however, moved in much the same direction as the UK average, both falling 5.2 points.

Since 2008, the East of England labour market has outperformed the rest of the country (despite also seeing working age and adult population rates rise more quickly than the rest of the UK). It is one of only two regions where the employment rate in July – Sept 2013 is already higher than it was in the same quarter of 2008 (0.4 points), the other being London. The unemployment rate is currently only 1.0 points higher than it was five years ago, the smallest increase of any region. As a result, the employment rate gap with the UK grew from 2.9 points to 3.9 and the unemployment rate gap from 1.1 to 1.8. Recent performance has been especially strong with the East outperforming other regions, seeing employment rising 1 point and unemployment falling 1 point between Jul – Sep 2012 and Jul – Sep 2013.

Table 29: Employment, Unemployment and Economic Inactivity, Eastern region, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	2,399	72.5	237	9.0	660	20.3
1998	2,582	76.1	121	4.5	676	20.3
2003	2,703	76.5	110	3.9	700	20.3
2008	2,815	75.3	141	4.8	757	20.9
2009	2,803	74.9	189	6.3	727	19.9
2010	2,820	74.0	196	6.5	761	20.7
2011	2,844	74.2	213	7.0	745	20.1
2012	2,901	74.7	212	6.8	731	19.6
2013	2,953	75.7	181	5.8	730	19.5

Table 30: Employment rate gaps, East: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, Eastern region	Gap
1993	68.5	72.5	4
1998	71.6	76.1	4.5
2003	72.8	76.5	3.7
2008	72.4	75.3	2.9
2009	70.6	74.9	4.3
2010	70.8	74.0	3.2
2011	70.2	74.2	4
2012	71.2	74.7	3.5
2013	71.8	75.7	3.9

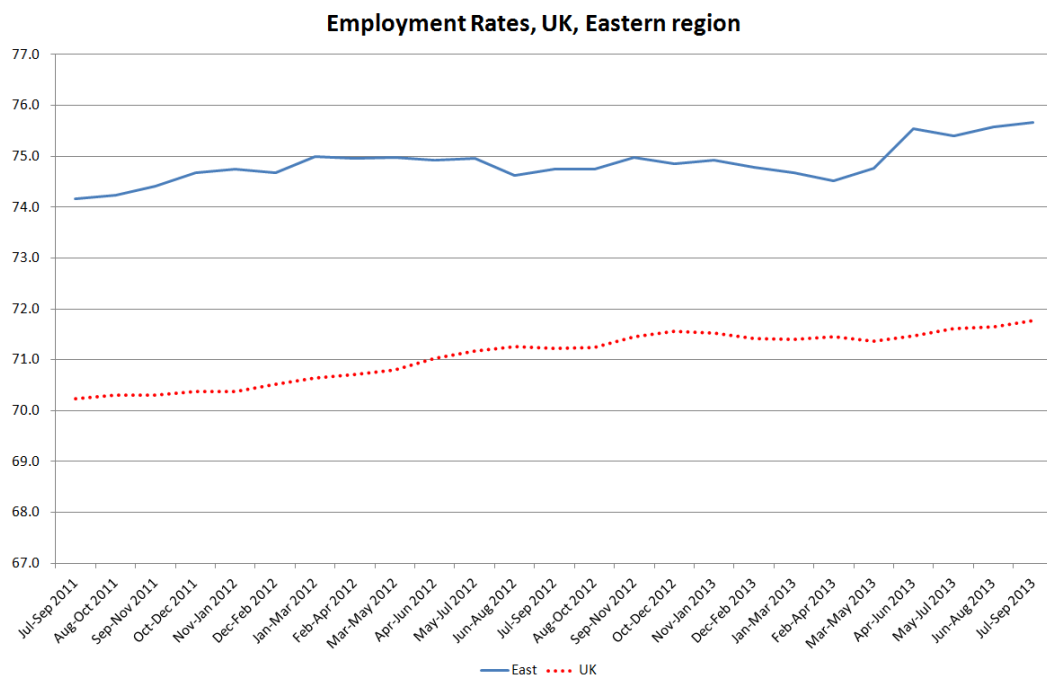
Table 31: Unemployment rate gaps, East: UK, Jul – Sep Quarters

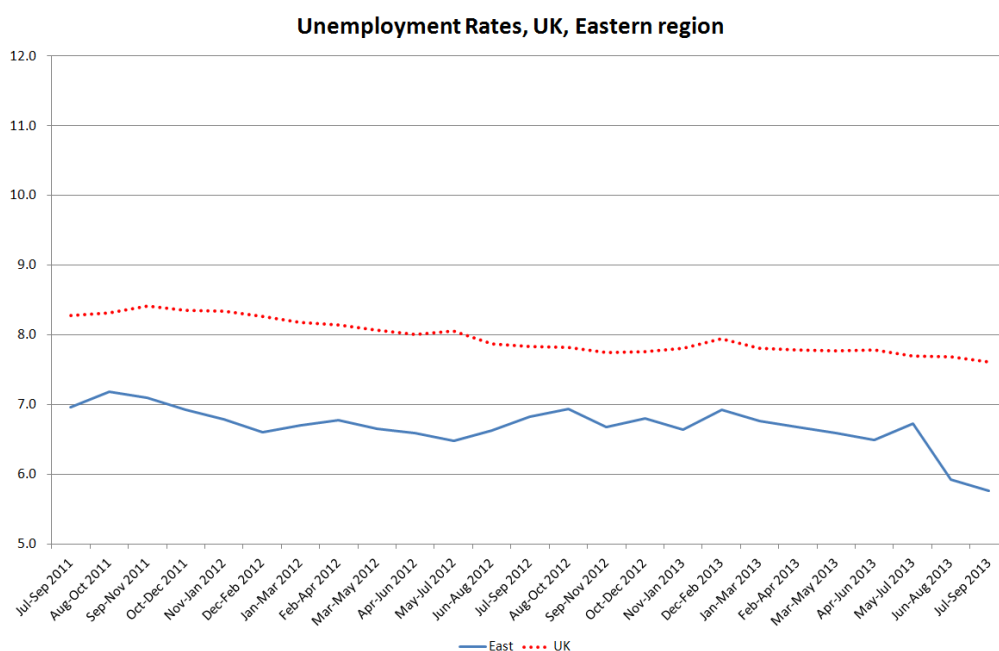
	Unemployment rate, UK	Unemployment rate, Eastern region	Gap
1993	10.2	9.0	-1.2
1998	6.2	4.5	-1.7
2003	5.1	3.9	-1.2
2008	5.9	4.8	-1.1
2009	7.8	6.3	-1.5
2010	7.7	6.5	-1.2
2011	8.3	7.0	-1.3
2012	7.8	6.8	-1
2013	7.6	5.8	-1.8

Table 32: Economic inactivity rate gaps, East: UK, Jul – Sep Quarters

	Inactivity rate, UK	Inactivity rate, Eastern region	Gap
1993	23.6	20.3	-3.3
1998	23.6	20.3	-3.3
2003	23.3	20.3	-3
			0
2008	23.0	20.9	-2.1
2009	23.3	19.9	-3.4
2010	23.2	20.7	-2.5
2011	23.3	20.1	-3.2
2012	22.6	19.6	-3
2013	22.2	19.5	-2.7

Recent months have been marked by faster employment growth and sharper unemployment reductions than the national average.





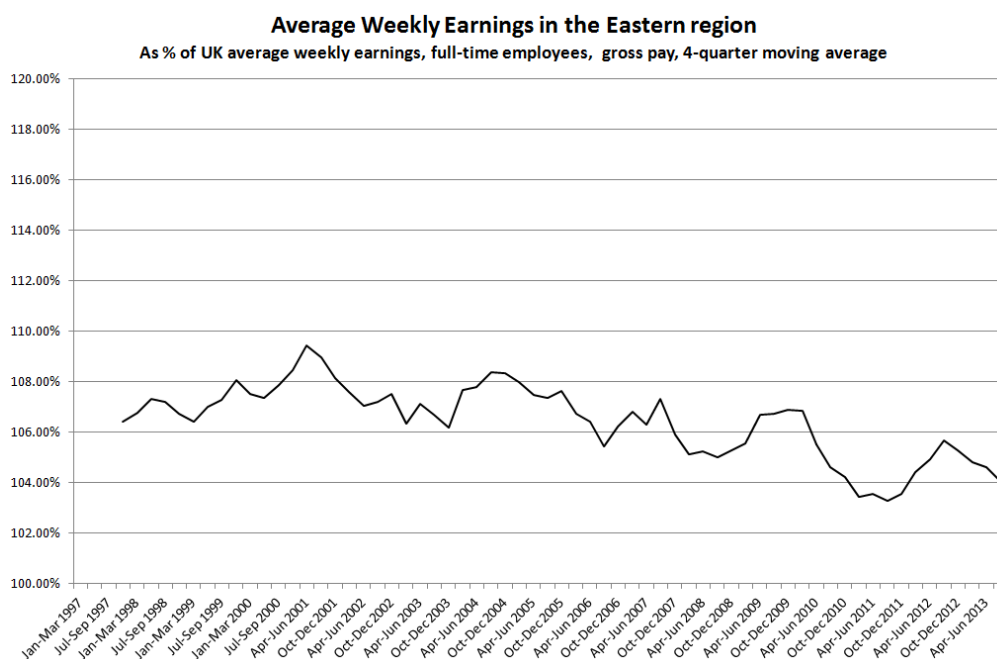
The East of England’s 16.9 point gap between the district with the lowest proportion of 16 – 74 year olds in employment and the district with the highest is the third largest of any English region. It would be substantially smaller if it were not for Tendring, whose 57.0 per cent figure is more than two points worse than the next worst performing district. Sixteen of the 47 districts in the region have over 70 per cent of people in this age group in employment, only the South East has a higher proportion.

Table 33: Percentage in employment, East, 2011

	District				District				District			
1	S. Cambs	73.9	17	Mid Suffolk	69.6	33	Welwyn Hatfield	66.7				
2	E. Cambs	72.7	18	Hertsmere	69.6	34	Basildon	66.6				
3	E. Herts	72.6	19	Harlow	69.5	35	Suffolk Coastal	66.4				
4	Watford	72.5	20	Brentwood	68.9	36	Southend-on-Sea UA	65.7				
5	St Albans	72	21	Broxbourne	68.9	37	Breckland	65.6				
6	Forest Heath	72	22	Thurrock UA	68.6	38	Fenland	64.9				
7	Uttlesford	71.7	23	Epping Forest	68.5	39	Castle Point	64.7				
8	N. Herts	71.5	24	Broadland	68.5	40	King’s Lynn & W. Norfolk	63.6				
9	Huntingdonshire	71.4	25	Ipswich	68.1	41	Luton UA	63.4				
10	Central Beds UA	71.2	26	S. Norfolk	68	42	Norwich	63.3				
11	Stevenage	70.9	27	Rochford	67.8	43	Cambridge	61.3				
12	Three Rivers	70.9	28	Colchester	67.6	44	Waveney	60.8				
13	Dacorum	70.8	29	Bedford UA	67.5	45	N. Norfolk	59.9				
14	Chelmsford	70.4	30	Babergh	67.3	46	Gt Yarmouth	59.4				
15	St Edmundsbury	70.3	31	Peterborough UA	67.2	47	Tendring	57				
16	Braintree	70	32	Maldon	67.2							

Currently average gross weekly earnings for full-time employees stand at £581, just above the UK average of £563. The Eastern region's average pay has been up to 10 per cent above the national average but this relative position has been trending downwards since the turn of the century.

Between 1998 and 2003, average earnings in the Eastern region rose by 21.6 per cent, somewhat below the 23.8 per cent UK average and in 2003 – 8 by 20.2 per cent, somewhat above. The 5.7 per cent increase between 2008 and 2013 is the lowest of any region in the country, well below the UK average of 9.6 per cent.



London

Considered as a region, London's employment rate is about one percentage point below the national average and its unemployment rate is about one percentage point above. In 1993, its employment rate was about three and a half points below the average and its unemployment rate about three and a half points above. So, although London still has a worse average labour market position than the country as a whole, its relative position has improved over the past twenty years.

Between 1993 and 2008, London's employment rate increased by 5.2 points, only the North East did better. Its unemployment rate fell 6.4 points, by some margin the largest drop of any region. The employment rate gap fell from 3.6 to 2.3 points and the unemployment rate gap from 3.5 to 1.4 points.

Since 2008, the unemployment rate in London has risen 1.4 points, a little below the 1.7 average for English regions. The employment rate performance has been much better, with the employment rate in July – Sept 2013 0.4 points higher than in the same quarter of 2008; London is one of only two regions where this can be said. As a result, the employment rate gap has shrunk since 2008 from 2.3 to 1.3 and the unemployment rate gap from 1.4 to 1.1. At the same time, London’s population has increased faster than the UK as a whole.

Since the recession, London’s economic inactivity rate has fallen, especially in the last two years. It has always been higher than the UK rate, but in the most recent figure, there was a gap of only 0.5 points.

Table 34: Employment, Unemployment and Economic Inactivity, London, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	2,957	64.9	469	13.7	1,102	24.6
1998	3,275	69.2	279	7.9	1,161	24.9
2003	3,539	69.5	275	7.2	1,255	25.0
2008	3,773	70.1	299	7.3	1,281	24.3
2009	3,702	68.0	369	9.1	1,338	25.1
2010	3,762	68.9	368	8.9	1,302	24.3
2011	3,737	67.8	401	9.7	1,342	24.9
2012	3,884	69.6	372	8.7	1,281	23.6
2013	3,945	70.5	376	8.7	1,238	22.7

Table 35: Employment rate gaps, London: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, London	Gap
1993	68.5	64.9	-3.6
1998	71.6	69.2	-2.4
2003	72.8	69.5	-3.3
2008	72.4	70.1	-2.3
2009	70.6	68.0	-2.6
2010	70.8	68.9	-1.9
2011	70.2	67.8	-2.4
2012	71.2	69.6	-1.6
2013	71.8	70.5	-1.3

Table 36: Unemployment rate gaps, London: UK, Jul – Sep

Quarters

	Unemployment rate, UK	Unemployment rate, London	Gap
1993	10.2	13.7	3.5
1998	6.2	7.9	1.7
2003	5.1	7.2	2.1
			0
2008	5.9	7.3	1.4
2009	7.8	9.1	1.3
2010	7.7	8.9	1.2
2011	8.3	9.7	1.4
2012	7.8	8.7	0.9
2013	7.6	8.7	1.1

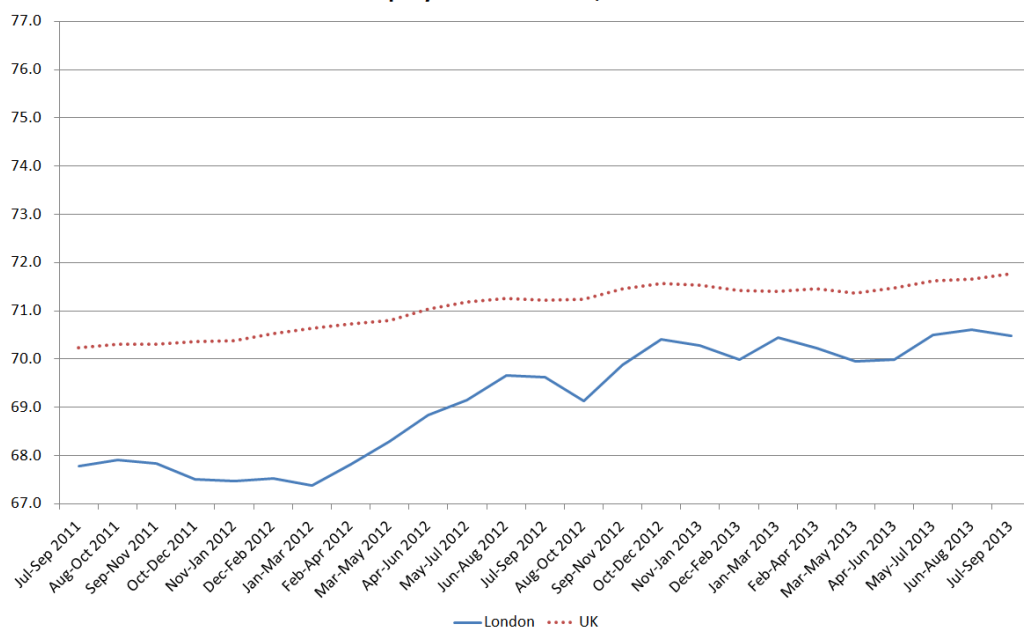
Table 37: Economic inactivity rate gaps, London: UK, Jul – Sep

Quarters

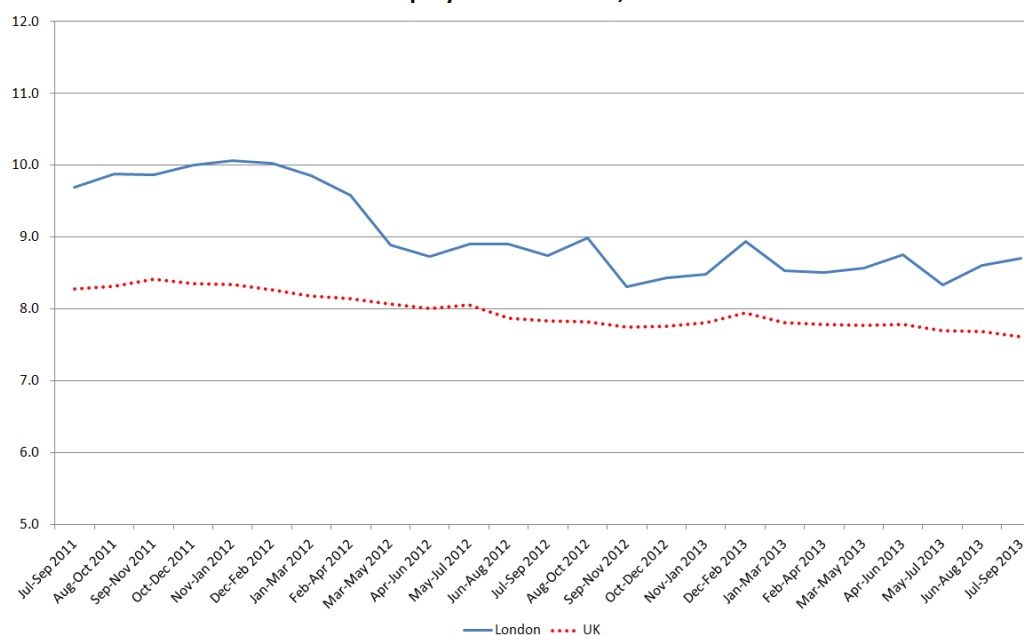
	Inactivity rate, UK	Inactivity rate, London	Gap
1993	23.6	24.6	1.0
1998	23.6	24.9	1.3
2003	23.3	25.0	1.7
2008	23.0	24.3	1.3
2009	23.3	25.1	1.8
2010	23.2	24.3	1.1
2011	23.3	24.9	1.6
2012	22.6	23.6	1
2013	22.2	22.7	0.5

Over the past two years, the improvement in the employment rate in London has matched that of the country as a whole, except for a period in 2012, when it was significantly better. There was also a faster reduction in unemployment rates during the same period, which might seem to indicate an “Olympic effect”. Whatever the reason, these improvements were not reversed once the Olympics were over, though there is some indication of worsening unemployment in recent months, but bear in mind the volatility of regional labour market figures, this may well be a blip.

Employment Rates: UK, London



Unemployment Rates: UK, London

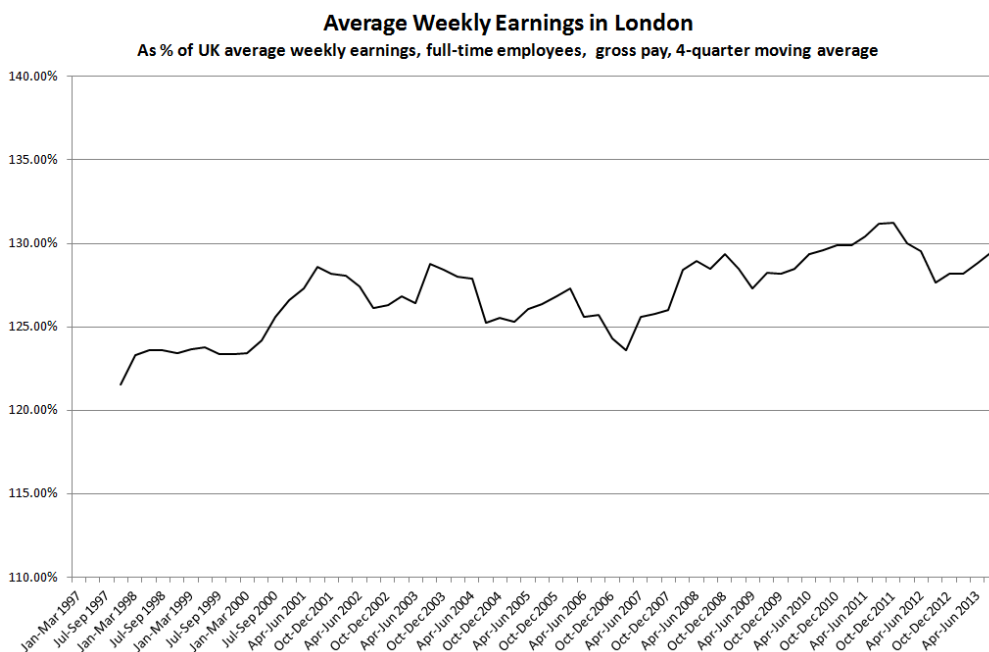


London has a notoriously divided labour market, but the 15.5 point range between the 60.3 per cent of 16 – 74 year olds in Newham who are in employment and the 75.8 per cent in the City, is actually very close to the average for English regions (15.1). One interesting feature of the table below is that it does not look as one might have expected it to look twenty years ago: quite high proportions of people in the relevant age group are in employment in Lambeth, Lewisham and Southwark and quite low proportions in Enfield and Redbridge.

Table 38: Percentage in employment, London, 2011

	District			District	
1	City of London	75.8	18	Ealing	66.3
2	Wandsworth	74.1	19	Harrow	66.1
3	Richmond upon Thames	72.5	20	Islington	65.7
4	Lambeth	71.1	21	Haringey	65.5
5	Sutton	71.1	22	Kensington and Chelsea	65.1
6	Merton	70.8	23	Waltham Forest	64.6
7	Kingston upon Thames	69.8	24	Greenwich	64.5
8	Hammersmith and Fulham	69.1	25	Hackney	64.4
9	Bromley	68.6	26	Brent	64.4
10	Hounslow	67.9	27	Westminster	64.1
11	Lewisham	67.4	28	Redbridge	63.7
12	Bexley	67.2	29	Camden	63.6
13	Southwark	67	30	Tower Hamlets	63.1
14	Barnet	67	31	Enfield	62.5
15	Croydon	66.8	32	Barking and Dagenham	60.4
16	Havering	66.6	33	Newham	60.3
17	Hillingdon	66.5			

Currently average gross weekly earnings for full-time employees stand at £716, substantially above the UK average of £563. As we have noted elsewhere, pay data for all the English regions are volatile and we should be even more cautious about the London figures, which average out very high pay in the City and low pay elsewhere. Bonus payments play a very large role in London average earnings figures, making them even more volatile. Despite these cautions, we can still see that London average earnings have been rising relative to the UK average since the current data began in the late 1990s. This process eased off from the turn of the century to the start of the recession, but the trend remains clear: fifteen years ago, average London earnings were about a quarter higher than the national average; today they are nearly a third higher.



Between 1998 and 2003, average weekly earnings for full-time employees rose by 33.6 per cent in London, easily the biggest increase of any English region and nearly ten points above the UK average (23.8 per cent). Then, between 2003 and 2008, London saw a small increase – 9.5 per cent, compared to a UK average of 18.6 per cent. Between 2008 and 2013, the region saw the second highest increase in England, 11.9 per cent, compared to 9.6 per cent for the UK as a whole.

South East

The South East has England’s healthiest regional labour market, with an employment rate of 76.2 per cent and an unemployment rate of 5.9 per cent (though the Eastern region’s unemployment rate is slightly lower, 5.8 per cent).

Between 1993 and 2008, the employment rate in the South East grew by the same amount as the national average, 3.9 points; the gap between this region and the UK average therefore remained the same, 4.6 points. The unemployment rate came down by a little less than the UK as a whole, 3.7 points, compared to 4.3, so the unemployment rate gap fell from 1.9 to 1.3 points.

Since 2008, the unemployment rate has risen 1.3 points, somewhat less than the 1.7 average for English regions, so the gap has grown again, to 1.7 points. The employment rate in July – Sept 2013 was 0.8 points lower than in the same quarter of 2008, a little more than the 0.6 fall for the UK as a whole, so

the gap had fallen a little, to 4.4 points. However, at the same time the population of the South East increased a little faster than the UK overall.

Table 39: Employment, Unemployment and Economic Inactivity: South East, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	3,596	73.1	324	8.3	973	20.2
1998	3,931	76.7	185	4.5	957	19.4
2003	4,043	77.3	164	3.9	998	19.5
2008	4,218	77.0	205	4.6	1,024	19.3
2009	4,138	74.9	269	6.1	1,074	20.1
2010	4,191	75.2	278	6.2	1,063	19.7
2011	4,150	74.1	279	6.3	1,125	20.8
2012	4,189	74.5	289	6.5	1,096	20.2
2013	4,322	76.2	271	5.9	1,029	18.9

Table 40: Employment rate gaps, South East: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, South East	Gap
1993	68.5	73.1	4.6
1998	71.6	76.7	5.1
2003	72.8	77.3	4.5
2008	72.4	77.0	4.6
2009	70.6	74.9	4.3
2010	70.8	75.2	4.4
2011	70.2	74.1	3.9
2012	71.2	74.5	3.3
2013	71.8	76.2	4.4

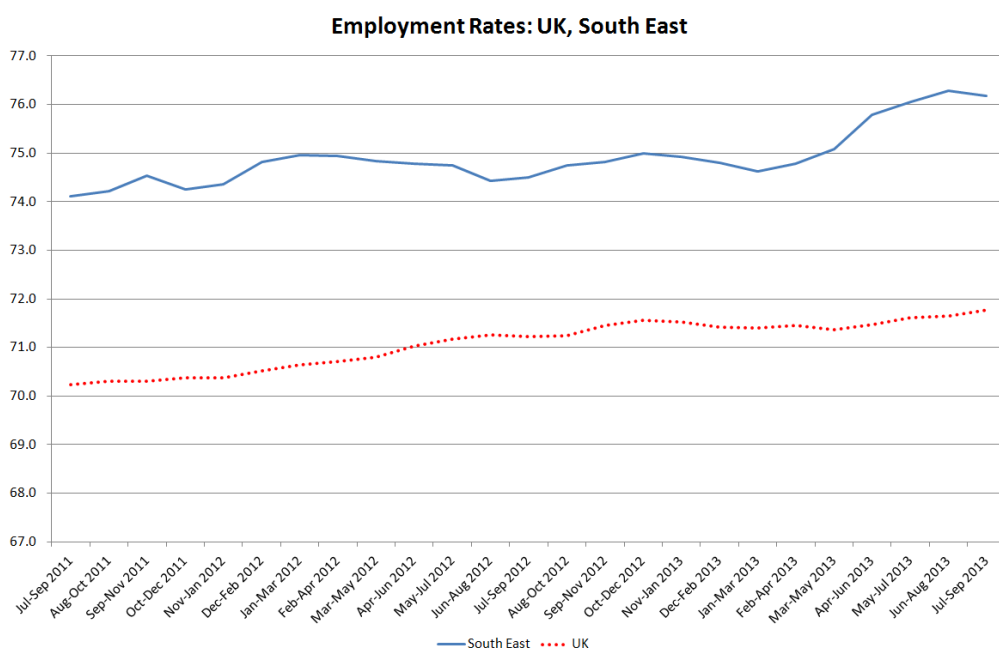
Table 41: Unemployment rate gaps, South East: UK, Jul – Sep Quarters

	Unemployment rate, UK	Unemployment rate, South East	Gap
1993	10.2	8.3	-1.9
1998	6.2	4.5	-1.7
2003	5.1	3.9	-1.2
2008	5.9	4.6	-1.3
2009	7.8	6.1	-1.7
2010	7.7	6.2	-1.5
2011	8.3	6.3	-2
2012	7.8	6.5	-1.3
2013	7.6	5.9	-1.7

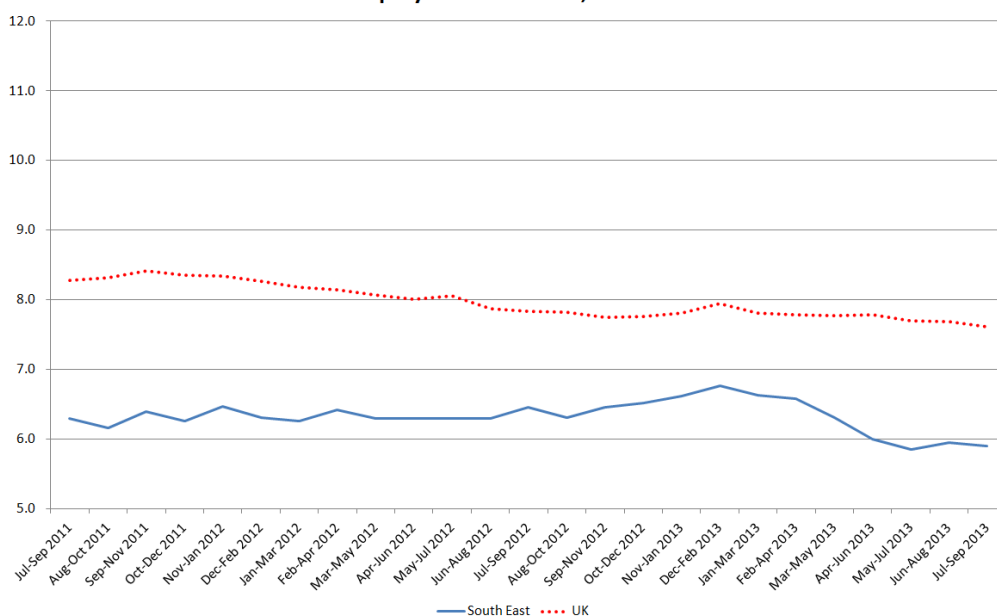
Table 42: Economic inactivity rate gaps, South East: UK, Jul – Sep Quarters

	Inactivity rate, UK	Inactivity rate, South East	Gap
1993	23.6	20.2	-3.4
1998	23.6	19.4	-4.2
2003	23.3	19.5	-3.8
2008	23.0	19.3	-3.7
2009	23.3	20.1	-3.2
2010	23.2	19.7	-3.5
2011	23.3	20.8	-2.5
2012	22.6	20.2	-2.4
2013	22.2	18.9	-3.3

Taking into account the volatility of regional labour market data, the most noticeable feature of a comparison of the changes in performance in the South East and the UK as a whole over the past two years is just how similar they are, with the South East retaining its advantage over other areas.



Unemployment Rates: UK, South East

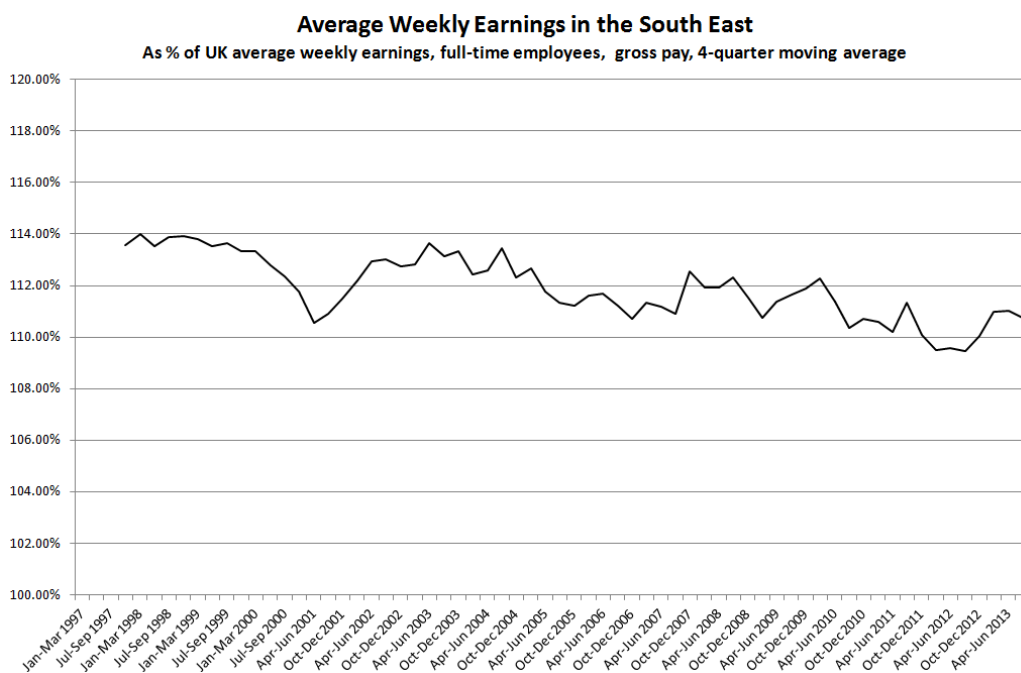


There is a 15.8 point gap between the proportion of 16 – 74 year olds in employment in the best and worst performing districts of the South East (very close to the national average). Thirty one of the 67 districts have employment rates of over 70 per cent and Bracknell Forest’s 75 per cent is close to full employment. At the other extreme, there are a group of districts with low figures, mostly on the South coast: Thanet (59.2), Isle of Wight (60), Oxford (60.1), Rother (60.2), Canterbury (60.8), Hastings (62.3), Shepway (62.6) and Dover (62.9).

Table 43: Percentage in employment, South East, 2011

	District		District		District			
1	Bracknell Forest UA	75	24	Elmbridge	70.7	47	Wealden	67.6
2	W. Oxfordshire	74.5	25	Tandridge	70.7	48	Adur	67.5
3	Rushmoor	74	26	Horsham	70.7	49	New Forest	66.9
4	Basingstoke & Deane	73.7	27	E. Hampshire	70.4	50	Chichester	66.4
5	West Berkshire UA	73.3	28	Wycombe	70.3	51	Lewes	66.3
6	Hart	73.1	29	Mole Valley	70.2	52	Medway UA	66.2
7	Wokingham UA	73	30	Fareham	70.1	53	Gravesham	65.8
8	Cherwell	72.9	31	Tunbridge Wells	70.1	54	Havant	65.1
9	S. Oxfordshire	72.7	32	Tonbridge & Malling	69.9	55	Portsmouth UA	64.6
10	Vale of White Horse	72.6	33	South Bucks	69.6	56	Swale	64.3
11	Eastleigh	72.4	34	Waverley	69.6	57	Southampton UA	64.2
12	Crawley	72.4	35	Maidstone	69.5	58	Arun	64.2
13	Mid Sussex	72.4	36	Guildford	69.5	59	Eastbourne	63.9
14	Reigate & Banstead	72.3	37	Reading UA	69.3	60	Dover	62.9
15	Surrey Heath	72.3	38	Chiltern	69.2	61	Shepway	62.6
16	Spelthorne	72.2	39	Ashford	69	62	Hastings	62.3
17	Woking	72.2	40	Runnymede	68.9	63	Canterbury	60.8
18	Aylesbury Vale	72	41	Winchester	68.7	64	Rother	60.2
19	Windsor & Maidenhead UA	71.3	42	Sevenoaks	68.7	65	Oxford	60.1
20	Milton Keynes UA	71.1	43	Worthing	68.6	66	Isle of Wight UA	60
21	Dartford	71.1	44	Slough UA	68.1	67	Thanet	59.2
22	Test Valley	70.9	45	Gosport	68	68		
23	Epsom & Ewell	70.9	46	Brighton & Hove UA	67.9	69		

Currently average gross weekly earnings for full-time employees stand at £621, significantly higher than the UK average of £563. Over the past ten years, however, the relative position of the South East has been deteriorating, and as a proportion of the UK average, average earnings in the South East have slipped slightly (but steadily), from 13 or 14 per cent higher to 11 or 12 per cent higher.



Between 1998 and 2003, average weekly earnings in the South East grew by 20.0 per cent, significantly below the 23.8 per cent UK average. Between 2003 and 2008, growth was 19.0 per cent, just above the 18.6 per cent national figure. Between 2008 and 2013, pay growth was again very close to the UK average, 9.4 per cent, compared to 9.6 for the country as a whole.

South West

As a region, the South West has a comparatively high employment rate (74.4 per cent) and comparatively low unemployment rate (6.4 per cent). Between 1993 and 2008 the labour market performance of the region was better than average; the employment rate rose 4.3 points, above the 3.9 average for UK (though the unemployment rate fell 4.2 points only slightly below the 4.3 fall for the nation as a whole). The employment rate gap between the South West and the average for the UK as a whole thus increased from 3.7 points to 4.1 while the unemployment rate gap only fell slightly, from 1.8 to 1.7 points.

Between July – Sept 2008 and the same quarter in 2013, the unemployment rate rose 2.2 points; only the West Midlands saw a bigger increase. The employment rate fell 2.1 points over the same period, the largest fall seen in any region and substantially larger than the UK average fall of 0.6 points. This was despite the working age population increasing more slowly in the SW than across the UK overall.

Table 44: Employment, Unemployment and Economic Inactivity, South West, Jul – Sep Quarters

	Employment level (16+)	Employment rate (16 – 64)	Unemployment level (16+)	Unemployment rate (16+)	Inactivity level (16 - 64)	Inactivity rate (16 – 64)
1993	2,135	72.2	196	8.4	611	21.1
1998	2,304	75.8	118	4.9	601	20.2
2003	2,436	76.6	81	3.2	645	20.9
2008	2,561	76.5	113	4.2	653	20.1
2009	2,480	73.4	174	6.6	694	21.3
2010	2,543	74.5	147	5.5	691	21.1
2011	2,505	73.7	177	6.6	687	20.9
2012	2,536	74.4	155	5.8	686	20.9
2013	2,557	74.4	173	6.4	673	20.5

Table 45: Employment rate gaps, South West: UK, Jul – Sep Quarters

	Employment rate, UK	Employment rate, South West	Gap
1993	68.5	72.2	3.7
1998	71.6	75.8	4.2
2003	72.8	76.6	3.8
2008	72.4	76.5	4.1
2009	70.6	73.4	2.8
2010	70.8	74.5	3.7
2011	70.2	73.7	3.5
2012	71.2	74.4	3.2
2013	71.8	74.4	2.6

Table 46: Unemployment rate gaps, South West: UK, Jul – Sep Quarters

	Unemployment rate, UK	Unemployment rate, South West	Gap
1993	10.2	8.4	-1.8
1998	6.2	4.9	-1.3
2003	5.1	3.2	-1.9
2008	5.9	4.2	-1.7
2009	7.8	6.6	-1.2
2010	7.7	5.5	-2.2
2011	8.3	6.6	-1.7
2012	7.8	5.8	-2
2013	7.6	6.4	-1.2

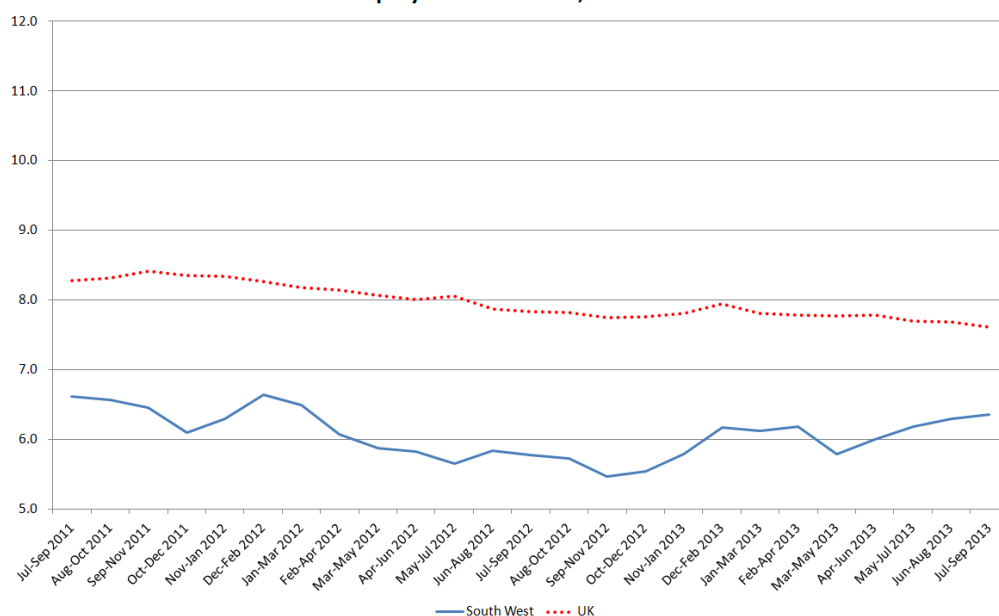
Table 47: Economic inactivity rate gaps, South West: UK, Jul – Sep Quarters

	Inactivity rate, UK	Inactivity rate, South West	Gap
1993	23.6	21.1	-2.5
1998	23.6	20.2	-3.4
2003	23.3	20.9	-2.4
			0
2008	23.0	20.1	-2.9
2009	23.3	21.3	-2
2010	23.2	21.1	-2.1
2011	23.3	20.9	-2.4
2012	22.6	20.9	-1.7
2013	22.2	20.5	-1.7

The South West has suffered since the recession began and the recovery of the last two years has been of less benefit in this region than in most of the rest of the country. The employment rate has essentially been flat lining since the summer of 2012 and the unemployment rate has been moving in the wrong direction since the start of the year.



Unemployment Rates: UK, South West

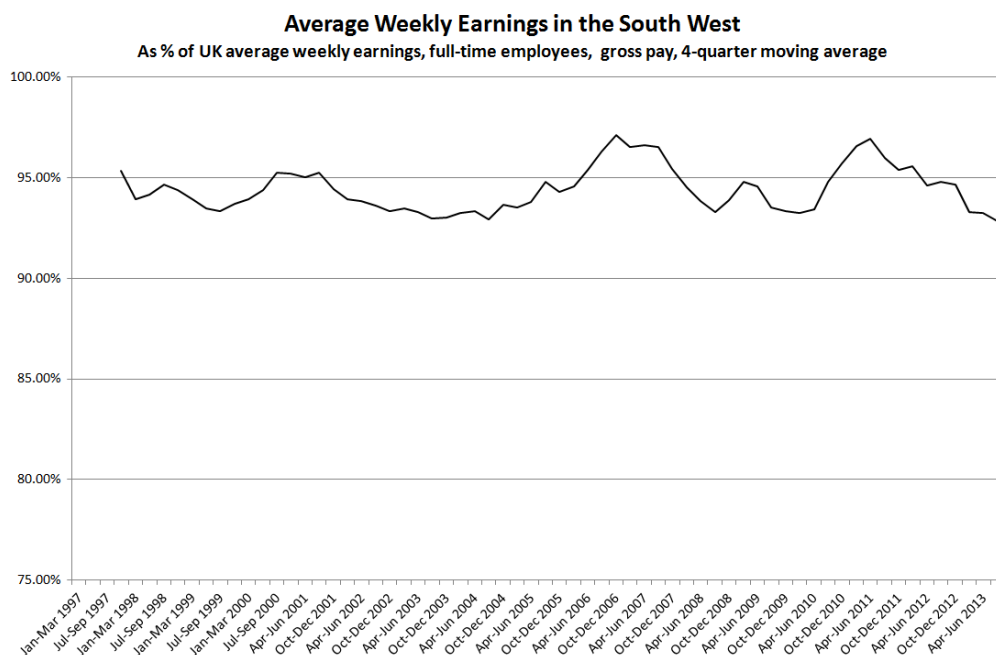


There is a 19.8 percentage point gap between the employment rates for 16 – 74 year olds in best and worst performing districts of the South West. But if we discount the Isles of Scilly as an anomaly, the gap falls to 10.6 points – taking the region from having the worst gap in England to the second smallest. One in six of the South West’s districts has a figure of over 70 per cent, and eight districts out of thirty seven score below 65 per cent, but most are bunched around the regional average of 67 per cent.

Table 48: Percentage in employment, South West, 2011

District	District	District
1 Isles of Scilly UA 81	14 North Dorset 68.4	27 Forest of Dean 65.3
2 Swindon UA 71.8	15 Poole UA 68	28 West Devon 65.1
3 S. Gloucs UA 71.6	16 North Somerset UA 67.6	29 Exeter 64.9
4 Wiltshire UA 71	17 North Devon 66.8	30 East Devon 64.9
5 Stroud 70.4	18 South Hams 66.4	31 Torrington 63.6
6 Tewkesbury 70	19 Purbeck 66.4	32 Cornwall UA 63.4
7 Cheltenham 69.6	20 Sedgemoor 66.3	33 Weymouth & Portland 63.2
8 Gloucester 69.6	21 Bristol, City of UA 66.3	34 Christchurch 62.5
9 Cotswold 69.4	22 Teignbridge 66.3	35 Plymouth UA 62.4
10 Mid Devon 69.3	23 Bath and NE Somerset UA 66	36 West Somerset 61.9
11 Taunton Deane 69.2	24 Bournemouth UA 66	37 Torbay UA 61.2
12 Mendip 68.9	25 East Dorset 66	
13 South Somerset 68.5	26 West Dorset 65.3	

Currently average gross weekly earnings for full-time employees stand at £525, persistently below the UK average of £563. Average earnings have fluctuated around 95 per cent of the national average for the last 15 years but for the past two years the relative position of the South West has been falling.



Between 1998 and 2003, average weekly earnings in the South West rose 22.9 per cent, close to the national average of 23.8 per cent. Between 2003 and 2008, the region had the second highest rise of any region, 23.3 per cent, compared to the national average of 18.6 per cent. Between 2008 and 2013 the regional increase was 5.7 per cent, the second lowest and significantly below the average for the UK of 9.6 per cent.

Conclusions

One of the key lessons of this report is that if you take nine regions and look at changes in employment, unemployment, economic inactivity and pay over the past 20 years and the past five, there are enough variations between the regions to tell a different story for each. This is something we have tried to draw out in the narrative element of this report.

But there are some stories that are common to all, or most of the regions. One is that we have a stronger labour market than in 1993. Despite the devastating recession, compared with 20 years ago, in every region, employment is higher and unemployment is lower:

Table 49: Employment and unemployment rates, July – September quarters, 1993 & 2013 (%)

Region	Emp. rate 1993	Emp. rate 2013	Change	Unemp. rate 1993	Unemp. rate 2013	Change
North East	62.2	67.3	5.1	13.5	10.2	-3.3
North West	67.1	68.5	1.4	10.2	8.3	-1.9
Yorks & Humber	68.7	70.8	2.1	10.4	8.9	-1.5
East Midlands	71.4	72.4	1	8.6	7.1	-1.5
West Midlands	68.1	68.4	0.3	11.4	9.5	-1.9
East	72.5	75.7	3.2	9.0	5.8	-3.2
London	64.9	70.5	5.6	13.7	8.7	-5
South East	73.1	76.2	3.1	8.3	5.9	-2.4
South West	72.2	74.4	2.2	8.4	6.4	-2

But since the recession, not all regions have felt equal benefits. While the East of the UK and London now have employment rates that are back to or above their pre-recession state, the South West, East Midlands and West Midlands in particular are far behind their 2008 position.

On unemployment, there is a different picture, with rates in all regions still well above their 2008 rates. The increases have been most dramatic in the West Midlands, South West and Yorkshire and the Humber.

Table 50: Employment and unemployment rates, July – September quarters, 2008 & 2013 (%)

Region	Emp. rate 2008	Emp. rate 2013	Change	Unemp. rate 2008	Unemp. rate 2013	Change
North East	68.0	67.3	-0.7	8.2	10.2	2
North West	69.7	68.5	-1.2	6.7	8.3	1.6
Yorks & Humber	71.4	70.8	-0.6	7.0	8.9	1.9
East Midlands	73.7	72.4	-1.3	5.8	7.1	1.3
West Midlands	69.9	68.4	-1.5	6.6	9.5	2.9
East	75.3	75.7	0.4	4.8	5.8	1
London	70.1	70.5	0.4	7.3	8.7	1.4
South East	77.0	76.2	-0.8	4.6	5.9	1.3
South West	76.5	74.4	-2.1	4.2	6.4	2.2

We have also looked at regional labour market prospects since 2010 when the current government took office. While some areas have seen strong improvements others have failed to gain from the national trends in stronger jobs growth. In the NE, the NW, South West and the West Mids employment rates at the end of 2013 were lower than in 2010, and the same regions had seen increases in their rates of unemployment.

Table 51: Employment and unemployment rates, July – September quarters, 2010 & 2013 (%)

Region	Emp. rate 2010	Emp. rate 2013	Change	Unemp. rate 2010	Unemp. rate 2013	Change
North East	67.9	67.3	-0.6	9.0	10.2	1.2
North West	69.2	68.5	-0.7	8.1	8.3	0.2
Yorks & Humber	68.4	70.8	2.4	9.0	8.9	-0.1
East Midlands	70.6	72.4	1.8	8.0	7.1	-0.9
West Midlands	69.2	68.4	-0.8	8.8	9.5	0.7
East	74.0	75.7	1.7	6.5	5.8	-0.7
London	68.9	70.5	1.6	8.9	8.7	-0.2
South East	75.2	76.2	1	6.2	5.9	-0.3
South West	74.5	74.4	-0.1	5.5	6.4	0.9

Although we have concentrated on the regions of England, the sub-regional stories are even more important. In Jul – Sep 2013, there was a 7.1 point gap

between the employment rate in the North East (the lowest scoring region) and the South East (the highest scoring). The 2011 figures from the census (for 16-74 year olds) give a bigger gap between the lowest and highest scoring districts in every single region of England.

Low employment rates are to be found across the country. There are 21 districts with 16 – 74 employment rates below 60 per cent, spread across 7 of the 9 regions. The exceptions are London and the South West, but even in these regions, Barking and Dagenham (60.4 per cent), Newham (60.3 per cent) and Torbay (61.2 per cent) are close.

The distribution of high employment rates, however, is more skewed. If we tally the districts with rates over 70 per cent we find a marked pattern:

- North East 0
- North West 1
- Yorkshire and the Humber 3
- East Midlands 4
- West Midlands 0
- East 15
- London 6
- South East 31
- South West 6

One result of this may be that, although every region has districts with low employment rates, in some parts of the country high employment may look like the norm and low employment an exception that has to be explained. The highest scoring region in the North East is North Tyneside, with a 2011 16 – 74 employment rate of 65.6 per cent. In the South West, South East, London, the East of England and Yorkshire and the Humber that rate would place a district in the bottom half of the table. (In Yorks & Humber, however, the big cities would all have lower rates.) It seems very likely that the “common sense” view of unemployment would be quite different in these regions.

In this paper we have reported on regional employment and unemployment rate gaps. We can see that, in the period between 1993 and 2008, some regional differences were narrowing, but there is no consistent national pattern. The picture is even more complicated for the post recession period and we should not forget the volatility of regional statistics. Bearing these caveats in mind, we can see some tendencies since the end of the downturn:

- The North East’s relative disadvantage in employment and unemployment rates reduced in the period before the recession but this has slightly reversed since 2008 as its position has become worse.

- The South West’s relative position remained much the same 1993 – 2008, but has deteriorated since then.
- The West Midlands’ and North West’s relative disadvantage grew over the 20 years and has been exacerbated by the recession with these regions among those with the weakest recoveries.
- The East Midlands’ relative advantage has shrunk (though the tables above show a significant improvement between 2012 and 2013).
- The Eastern region has done well in the post-recession period.
- London’s relative position has, to some extent, recovered from the battering it took in the 1990s recession.
- The South East’s relative position in 2013 is similar to its position in 2008, which in turn was similar to its 1993 position.

The table below looks change in regional employment and unemployment rate gaps. Green indicates an improvement (for example a reduction in unemployment to closer to the national average) while red indicates a declining position (for example an employment rate increasingly lower than the national average). Where the gap was negative, (i.e. the region had an unemployment rate below the national average or an employment rate above it) a shrinking gap becomes a negative (indicating for example a reduction in the employment rate).

Table 52: Employment and unemployment rate gaps, July – September quarters, 1993 – 2008 and 2008 - 2013 (percentage points)

Region	Change in employment rate gap 93 - 08	Change in unemployment rate gap 93 – 08	Change in employment rate gap 08-13	Change in unemployment rate gap 08-13
North East	Shrank 1.9 points	Shrank 1 point	Grew 0.1 point	Grew 0.3 point
North West	Grew 1.3 points	Grew 0.8 point	Grew 0.6 point	Shrank 0.1 point
Yorks & Humber	Grew 0.8 point	Grew 0.9 point	Same	Grew 0.2 point
East Midlands	Shrank 1.6 points	Shrank 1.5 points	Shrank 0.7 point	Grew 0.4 point
West Midlands	Grew 2.1 points	Shrank 0.5 point	Grew 0.9 point	Grew 1.2 points
East	Shrank 1.1 points	Shrank 0.1 point	Grew 1 points	Grew 0.7 point
London	Shrank 1.3 point	Shrank 2.1 points	Shrank 1 points	Shrank 0.3 point
South East	Same	Shrank 0.6 point	Shrank 0.2 point	Grew 0.4 point
South West	Grew 0.4 point	Shrank 0.1 point	Shrank 1.5 points	Shrank 0.5 point

This report has included figures for economic inactivity because this has been a focus for government labour market interventions over the past 20 years.

Despite this, one of the interesting features of this report is (with the exception of the North East) how little they have changed over time:

Table 53: Economic inactivity rates, July – September 2013, and change from the same quarter of 1993 (percentage points)

Region	Economic inactivity rate, July – September 2013	Change since 1993
North East	25.7	- 2.3
North West	25.2	=
Yorks & Humber	22.1	- 1.1
East Midlands	21.9	=
West Midlands	24.2	+ 1.1
East	19.5	- 0.8
London	22.7	- 1.9
South East	18.9	- 1.3
South West	20.5	- 0.6

The trend is mainly downwards, and, generally speaking, the regions with higher employment and lower unemployment also have lower economic inactivity rates

UK gross average weekly earnings have increased about 60 per cent since 1998, but there have been significant differences between regions and between different periods. In the last five years, when UK pay growth has been so slow, in a majority of English regions it has been even slower:

Table 52: Increase in average gross weekly earnings of full-time-employees

1998 - 2003		2003 - 08		2008 - 13	
London	33.6%	W. Midlands	25.4%	E. Midlands	14.1%
N. West	25.6%	S. West	23.3%	London	11.9%
UK	23.8%	N. West	22.2%	Yorks & Humber	11.4%
S. West	22.9%	N. East	22.1%	UK	9.6%
N. East	21.7%	E. Midlands	22.0%	S. East	9.4%
East	21.6%	East	20.2%	N. West	8.1%
Yorks & Humber	21.0%	S. East	19.0%	W. Midlands	6.2%
S. East	20.0%	UK	18.6%	N. East	6.1%
W. Midlands	19.6%	Yorks & Humber	12.3%	S. West	5.7%
E. Midlands	18.4%	London	9.5%	East	5.7%

Notes

1 Note that regional pay and employment figures are more volatile than the national figures; this report therefore uses figures spread over a number of years to show regional differences. We have used figures from 1993, 1998 and 2003 to show how labour market results were developing in the fifteen years before the recession, 2008 as the start of the recession and then yearly figures to show more recent developments. We have used the July – September quarter in each case to enable comparisons with the most recent 2013 data available. Regional employment, unemployment and economic inactivity figures are taken from the November 2013 edition of Regional Labour Market Statistics (http://www.ons.gov.uk/ons/dcp171778_335269.pdf), national employment, unemployment and economic inactivity figures are taken from the November 2013 edition of Labour Market Statistics (<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/november-2013/table-a01.xls>), pay figures are taken from LFS data for average gross weekly earnings of full-time employees by region (<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/november-2013/table-earn05.xls>) and local authority labour market figures are 2011 Census data (<http://www.ons.gov.uk/ons/rel/census/2011-census/key-statistics-and-quick-statistics-for-local-authorities-in-the-united-kingdom---part-2/rft-qs601uk.xls>).

2 Note that regional pay figures are for average gross weekly earnings and are quite volatile; the series used here has a break in Jan - Mar 2001.



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