

Business Resilience and Growth

September 2022



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Headline Summary

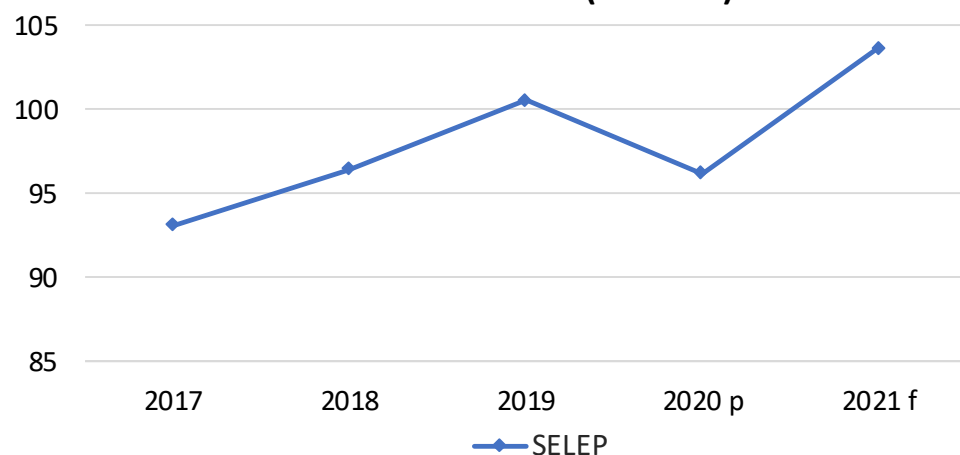
- SELEP saw a larger shock to economic output (GVA) in 2020 than the UK (-10.5% compared to -9.8%)
- Quarter 2, 2022 was the fifth quarter in a row to see business closures exceeding new business creation
- Growth Hub business support activity reduced to more normal levels in quarter 2, with the Peer Network Programme coming to an end
- Employee job numbers have reached levels above pre-pandemic levels since late 2021, with job vacancies at record levels, although SELEP continues to have low job density, with reliance on commuting to London
- The claimant count continues to reduce and is now proportionately lower for those aged 16 to 24 compared to those aged 25 to 49
- Latest data for 2021 shows SELEP continues to lag behind the national average for residents with level 4 qualifications
- After two years of low apprenticeships starts during the pandemic, data for the current academic year indicates a return to pre-pandemic levels



Gross Valued Added (GVA)

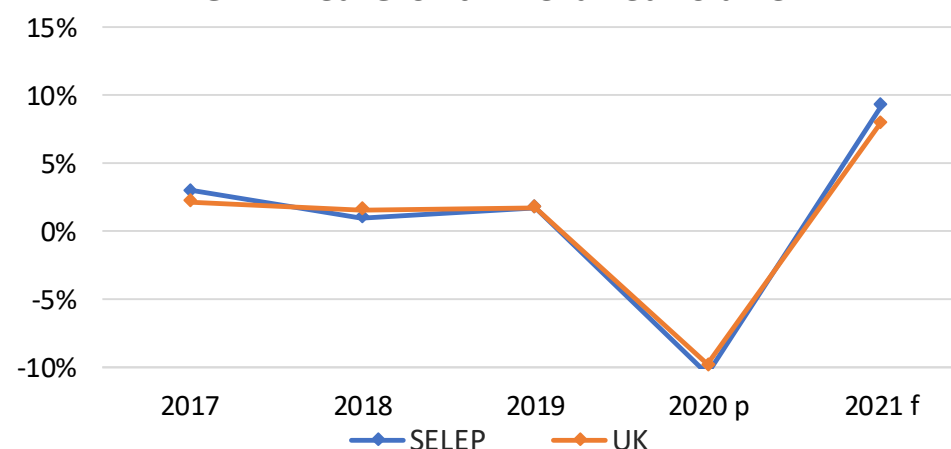
- Economic output as measured by GVA fell at unprecedented levels during 2020 but saw a strong recovery in 2021
- GVA for SELEP fell more than for the UK as a whole in 2020 with disproportionate impacts on our Manufacturing and Professional Services industries
- SELEP was more resilient to the economic shock in our Accommodation and Food and Agricultural sectors
- Note that official GVA estimates for 2020 are provisional numbers (p) and 2021 numbers are forecast (f) based on local calculations

GVA at Current Prices (£ billion)



	2017	2018	2019	2020 p	2021 f
SELEP	93.1	96.4	100.5	96.2	103.6
UK Share	5.0%	5.0%	5.0%	4.9%	5.0%

GVA - Real Growth in Chained Volume

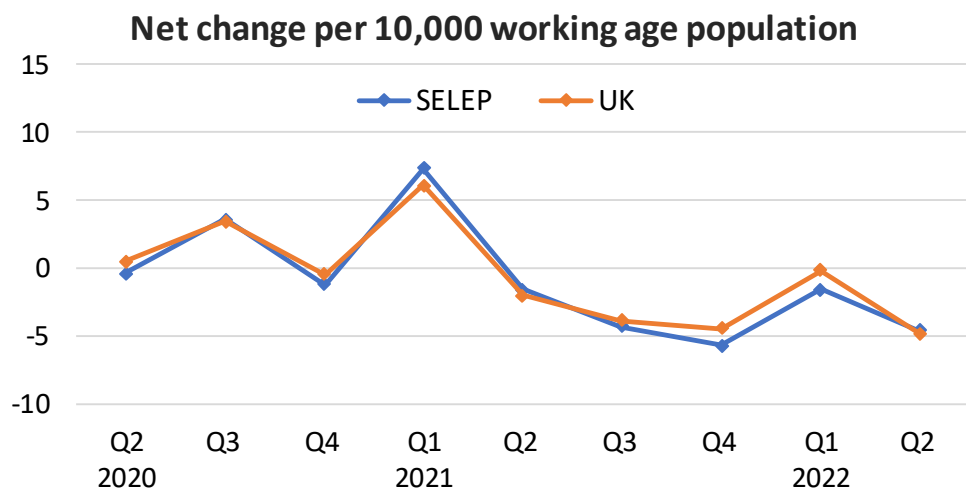


	2017	2018	2019	2020 p	2021 f
SELEP	3.0%	1.0%	1.8%	-10.5%	9.3%
UK	2.2%	1.6%	1.8%	-9.8%	8.0%

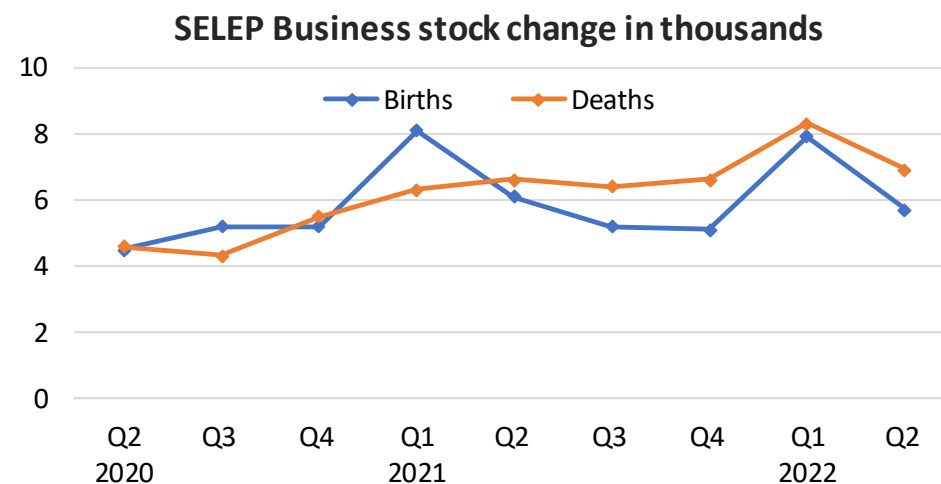
Source: ONS, Regional GVA (balanced)

Business Growth

- Government business support schemes helped many businesses to survive during COVID restrictions
- However, the impacts of the crisis emerged during 2021 and there have been net business losses every quarter for over a year
- While new business start-ups (births) remain similar to past trends each quarter, business deaths have been much higher than past trends
- Business closures have been concentrated in micro businesses within the IT and Professional Services sectors



	2020			2021				2022	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SELEP	-0.4	3.6	-1.2	7.3	-1.6	-4.3	-5.7	-1.6	-4.6
UK	0.5	3.4	-0.5	6.1	-2.0	-3.9	-4.5	-0.2	-4.8

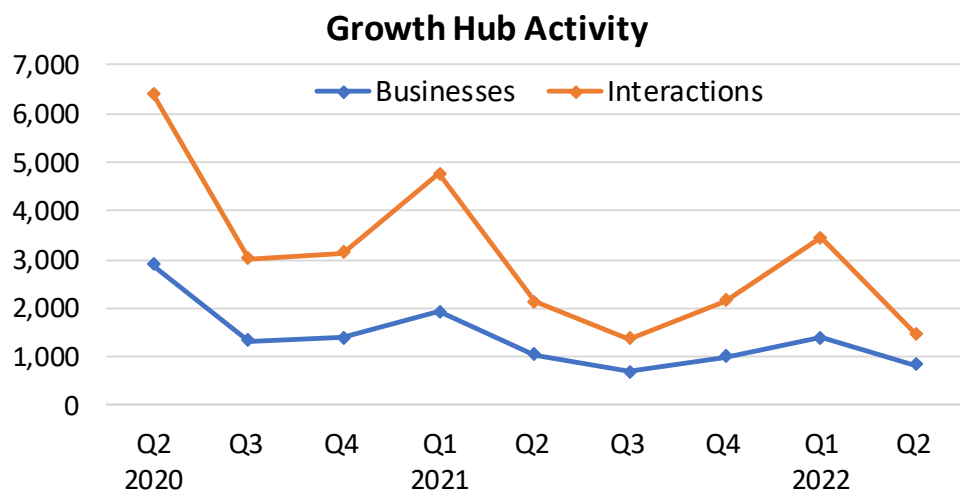


	2020			2021				2022	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Births	4.5	5.2	5.2	8.1	6.1	5.2	5.1	7.9	5.7
Deaths	4.6	4.3	5.5	6.3	6.6	6.4	6.6	8.3	6.9

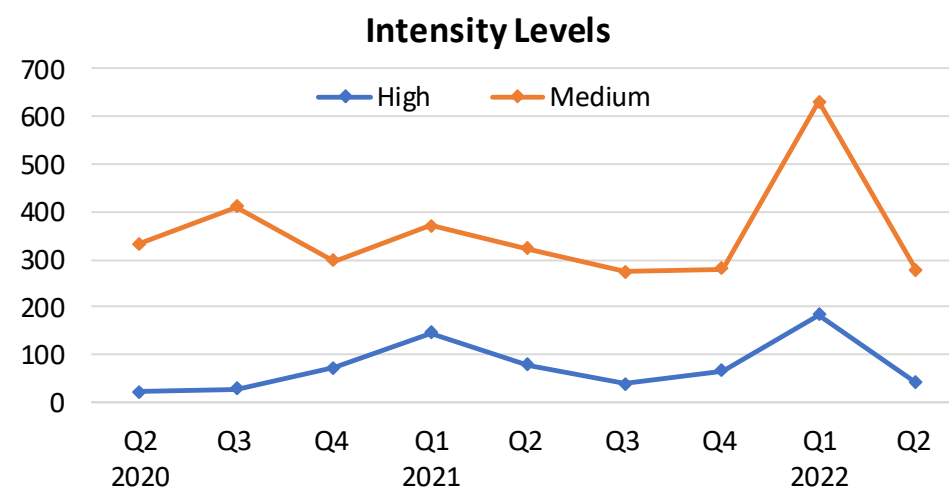
Source: ONS, Business Demography Quarterly

Business Support

- Business support activity increased significantly during the pandemic through the SELEP provided Growth Hubs
- The initial lockdown and the following third lockdown saw particularly large numbers of support interactions across a high number of businesses
- Activity returned to more normal levels by quarter 3 of 2021 but saw a further increase in early 2022, primarily driven by the Peer Network Programme, which came to an end in March 2022



	2020			2021				2022		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Businesses	2,893	1,333	1,387	1,918	1,042	687	999	1,382	831	
Interactions	6,405	3,001	3,136	4,760	2,132	1,362	2,146	3,437	1,459	

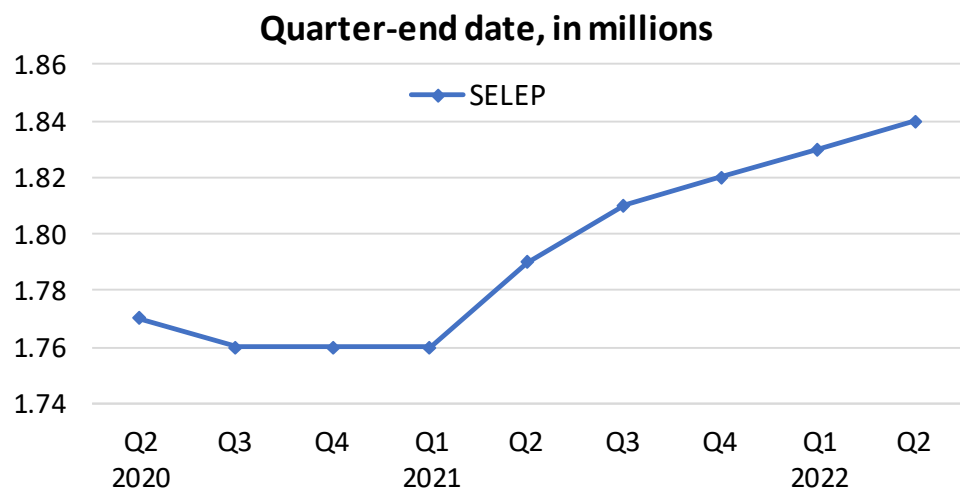


	2020			2021				2022		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
High	22	27	73	145	79	39	66	183	41	
Medium	333	410	297	371	322	275	281	631	276	

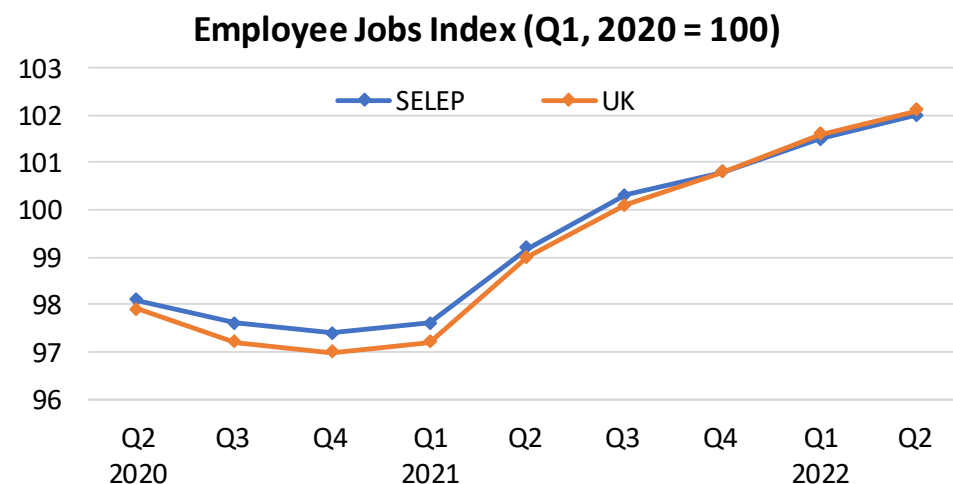
Source: South East Business Hub

Employee Jobs

- Following a fall in employee numbers during the pandemic, there has been steady employee job growth since quarter 2 of 2021
- Employee job numbers by September 2021 had recovered to above the March 2020 level
- However, over the course of the pandemic the sectorial mix of employee jobs has changed significantly
- The UK manufacturing and retail/wholesale sectors have each lost significant numbers of jobs whereas the public sector (including health), professional and business support services have seen large increases in job numbers



	2020			2021				2022	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SELEP	1.77	1.76	1.76	1.76	1.79	1.81	1.82	1.83	1.84
UK	28.4	28.2	28.1	28.2	28.7	29.0	29.2	29.4	29.6

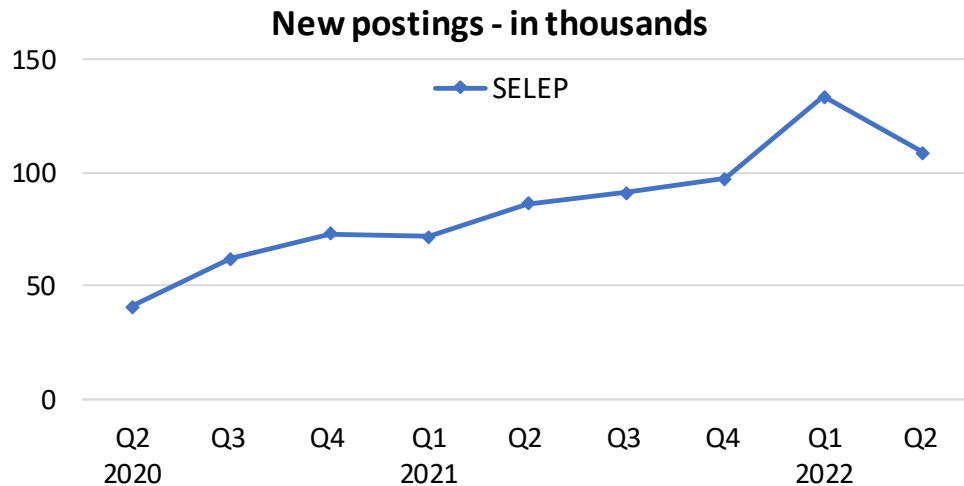


	2020			2021				2022	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SELEP	98.1	97.6	97.4	97.6	99.2	100.3	100.8	101.5	102.0
UK	97.9	97.2	97.0	97.2	99.0	100.1	100.8	101.6	102.1

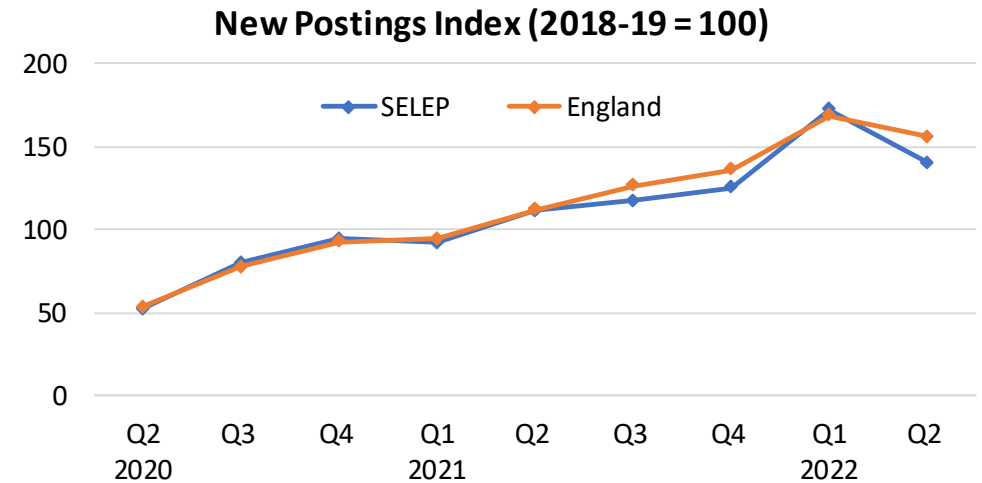
Source: HMRC, Earnings and Employment from PAYE RTI

Job Postings

- Vacancy rates as measured by on-line job postings, fell significantly during the pandemic and did not recover to pre-pandemic levels until quarter 2 of 2021
- From quarter 2 of 2021 job postings continued to increase each quarter, reaching record levels
- The latest quarter, however, has seen a drop in on-line job postings, but levels remain high
- High vacancy rates are evident in all sectors, although for the retail sector they are only marginally higher than pre-pandemic levels



	2020			2021			2022		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SELEP	41	62	73	72	86	91	97	134	109



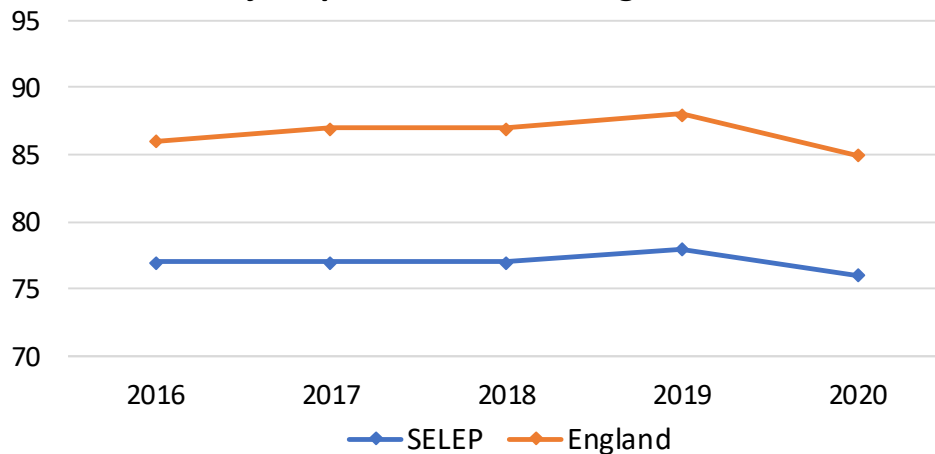
	2020			2021			2022		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SELEP	52	80	94	92	111	118	125	172	141
England	53	78	93	94	112	126	136	169	156

Source: Lightcast, Job Postings

Job Density

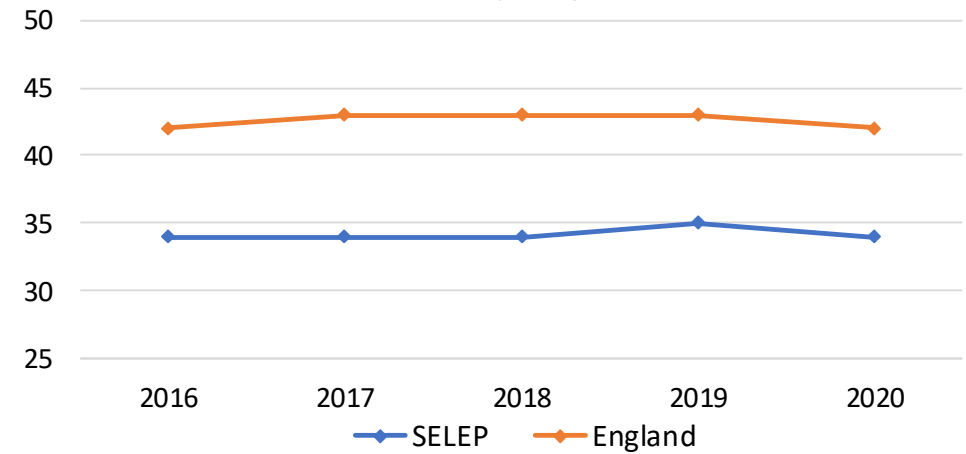
- There are significantly lower amounts of local jobs available for residents within the SELEP area compared to the England average
- The lower job density in part reflects dependency on commuting to London for employment, but also significantly this reflects extremely low levels of job opportunities within coastal areas
- There are similar job densities in SELEP to the England average for part-time jobs and public sector jobs
- It is private sector full-time jobs where there is significantly lower availability within the SELEP area

Local jobs per 100 residents aged 16-64



	2016	2017	2018	2019	2020
SELEP	77	77	77	78	76
England	86	87	87	88	85

Private sector full time jobs per 100 residents



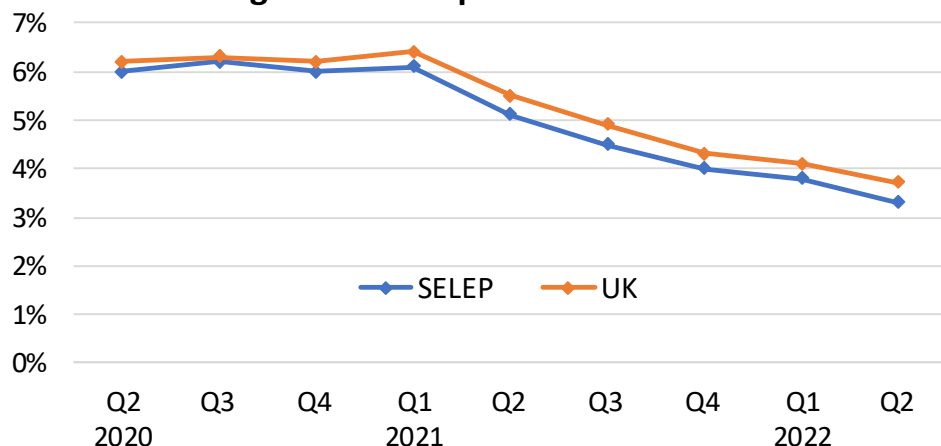
	2016	2017	2018	2019	2020
SELEP	34	34	34	35	34
England	42	43	43	43	42

Source: NOMIS, Job Density & ONS, BRES

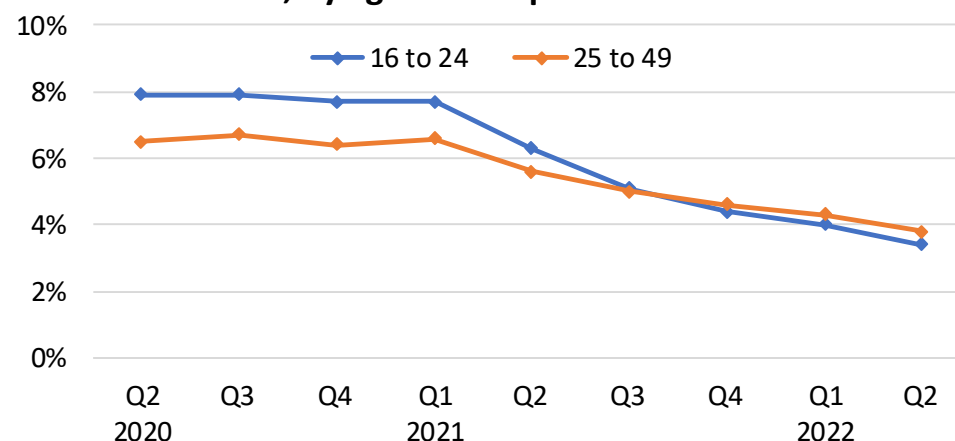
Claimant Count

- The number of working age population included in the claimant count increased significantly at the start of the pandemic and remained at a steady high level for a year, before starting to reduce in quarter 2 of 2021
- Numbers have continued to reduce each quarter into 2022, but have yet to return to pre-pandemic levels
- While those aged 16 to 24 were initially disproportionately impacted, in recent quarters we have seen claimant rates for this age group reduce to lower than rates than for population aged 25 to 49

Age 16 to 64 - quarter-end date



SELEP, by age band - quarter-end date



	2020			2021				2022	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SELEP	6.0%	6.2%	6.0%	6.1%	5.1%	4.5%	4.0%	3.8%	3.3%
UK	6.2%	6.3%	6.2%	6.4%	5.5%	4.9%	4.3%	4.1%	3.7%

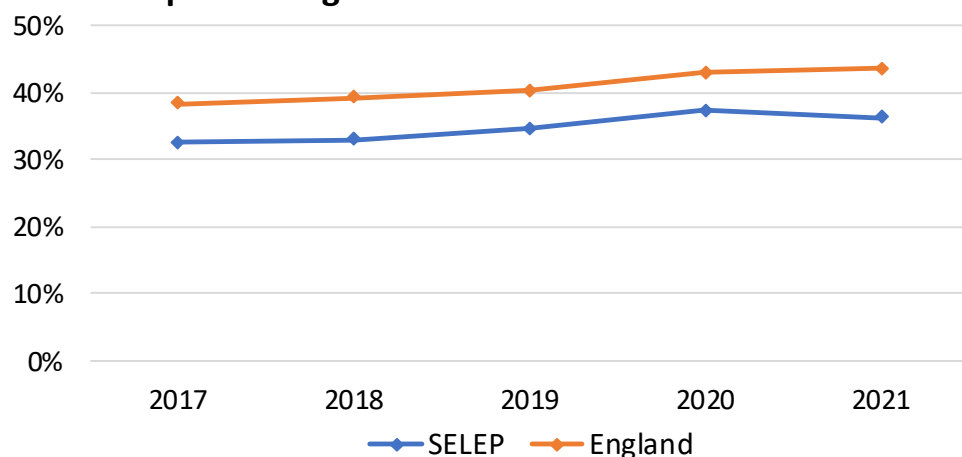
	2020			2021				2022	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
16 to 24	7.9%	7.9%	7.7%	7.7%	6.3%	5.1%	4.4%	4.0%	3.4%
25 to 49	6.5%	6.7%	6.4%	6.6%	5.6%	5.0%	4.6%	4.3%	3.8%

Source: ONS, Claimant Count

Qualifications

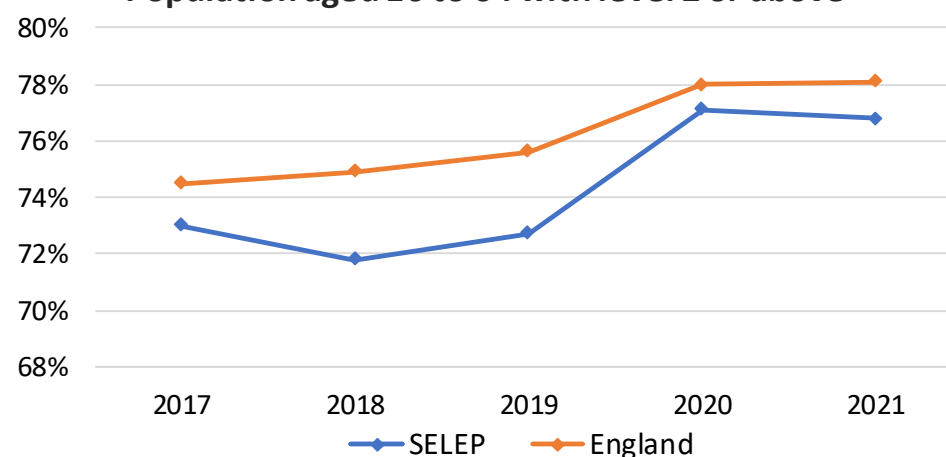
- Qualification levels for the SELEP population are below the national average, and noticeably so for level 4 and above qualifications
- For newly qualified graduates, many students return to the SELEP area after studying elsewhere, but many are also drawn to larger cities, particularly London for both employment and residence
- Qualification levels are improving over time both nationally and locally, but the gap between SELEP and the national average remains

Population aged 16 to 64 with level 4 or above



	2016	2017	2018	2019	2020	2021
SELEP	33.3%	32.6%	33.0%	34.6%	37.3%	36.3%
England	38.0%	38.4%	39.2%	40.2%	43.0%	43.5%

Population aged 16 to 64 with level 2 or above

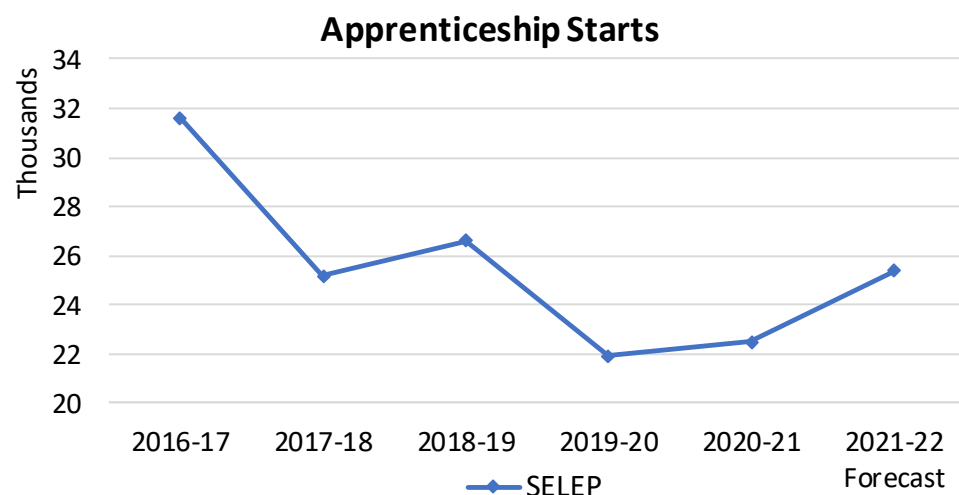


	2016	2017	2018	2019	2020	2021
SELEP	72.6%	73.0%	71.8%	72.7%	77.1%	76.8%
England	74.2%	74.5%	74.9%	75.6%	78.0%	78.1%

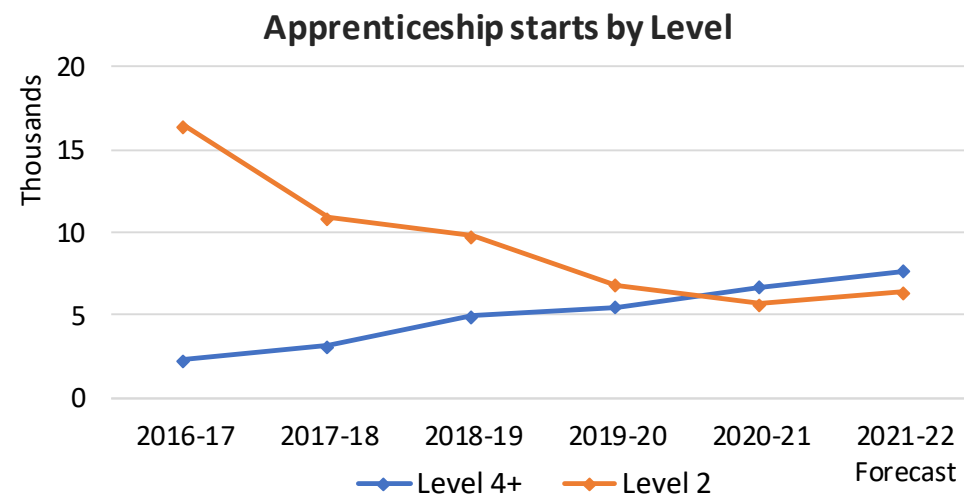
Source: ONS, Annual Population Survey

Apprenticeship Starts

- Apprenticeships starts reduced significantly in the last two academic years, during the pandemic
- For the current academic year (2021-22), apprenticeship starts have so far been much higher (data for period August to April) and indicate a return to pre-pandemic levels
- Starts for a level 2 qualification (intermediate) saw significant falls since the introduction of the apprenticeship levy (April 2017) while starts for a level 4 or above qualification (higher) have been on an increasing trend with no noticeable impact on this trend during the pandemic



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast
SELEP	31,620	25,200	26,600	21,940	22,480	25,400




	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast
Level 4+	2,270	3,170	4,980	5,510	6,690	7,700
Level 2	16,400	10,860	9,780	6,830	5,650	6,400

Source: DfE, Apprenticeship and Traineeships data

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