



Economic Recovery Strategy: evidence summary

Compilation of all area specific evidence,
brigaded by theme

Last updated: 03/11/2023

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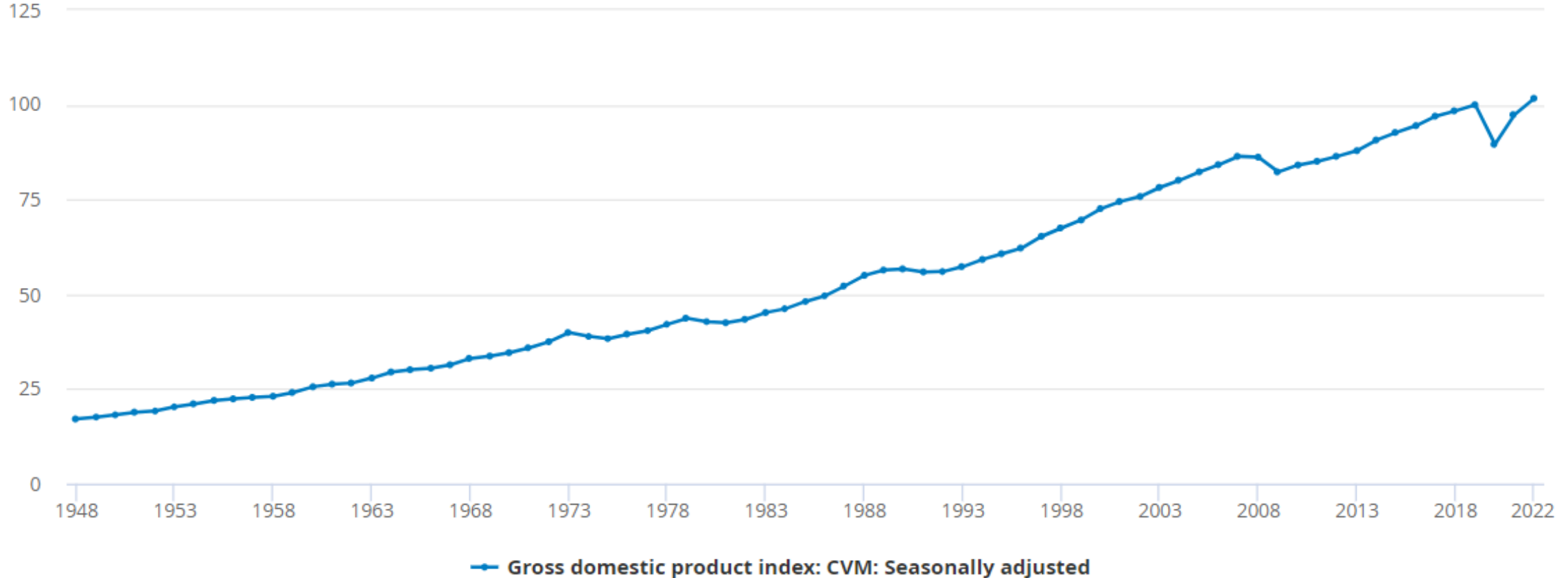


Introduction

GDP decreased at a record rate in 2020, but recovered to, and exceeded, 2019 levels in 2022.

Gross domestic product index: CVM: Seasonally adjusted

Index, base year = 100



NB: 2019 = 100

Source: [GDP quarterly national accounts time series \(QNA\)](#)

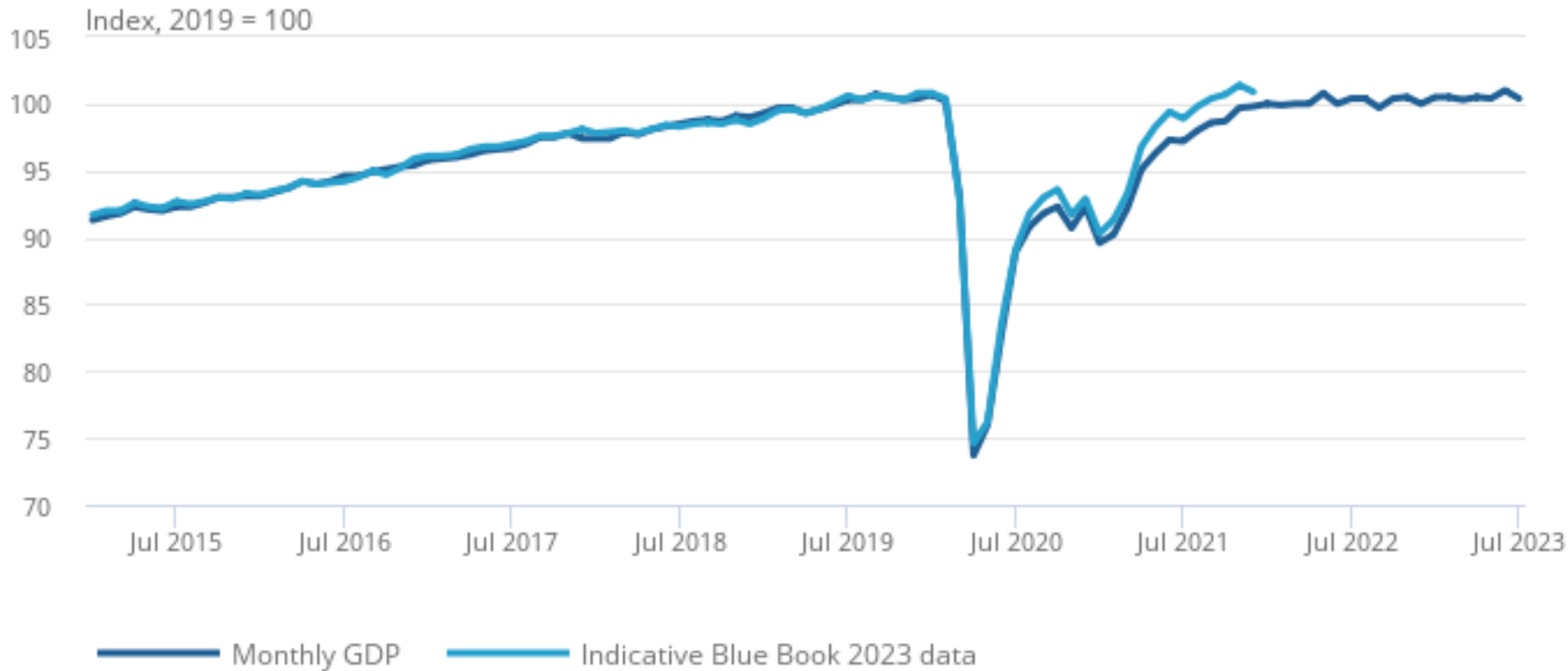
Locally, early estimates of Gross Value Added suggest the SEM economy remains smaller than before the COVID-19 pandemic, in real GVA terms, despite very rapid growth in 2021 as restrictions were lifted. GVA in Luton and Central Bedfordshire remained significantly smaller than before the pandemic, while Bedford's economy was larger than in 2019, and North and West Northants both close to 2019 GVA levels in 2021.

LA name	2021 current price Gross value Added (GVA), £bn	2019 - 2021 Real GVA growth rate	2020 - 2021 Real GVA growth rate	5 years to 2021, Real GVA Compound Average Annual Growth Rate (CAGR)
Bedford	4.7	2.2%	15.8%	2.2%
Central Bedfordshire	6.0	-5.5%	7.1%	-0.5%
Luton	4.8	-21.0%	8.2%	-3.5%
Milton Keynes	14.9	-2.6%	10.3%	0.4%
North Northamptonshire	7.4	-0.9%	8.8%	0.6%
West Northamptonshire	13.2	-1.2%	9.7%	1.3%
South East Midlands	51.0	-4.2%	9.8%	0.3%
England	1760.4	-3.4%	8.1%	0.5%

Source: [Regional gross domestic product: local authorities, 1998 – 2021, ONS](#)

Figure 1: UK GDP is estimated to have fallen by 0.5% in July 2023, following 0.5% growth in June 2023

Monthly index, January 2015 to July 2023, UK

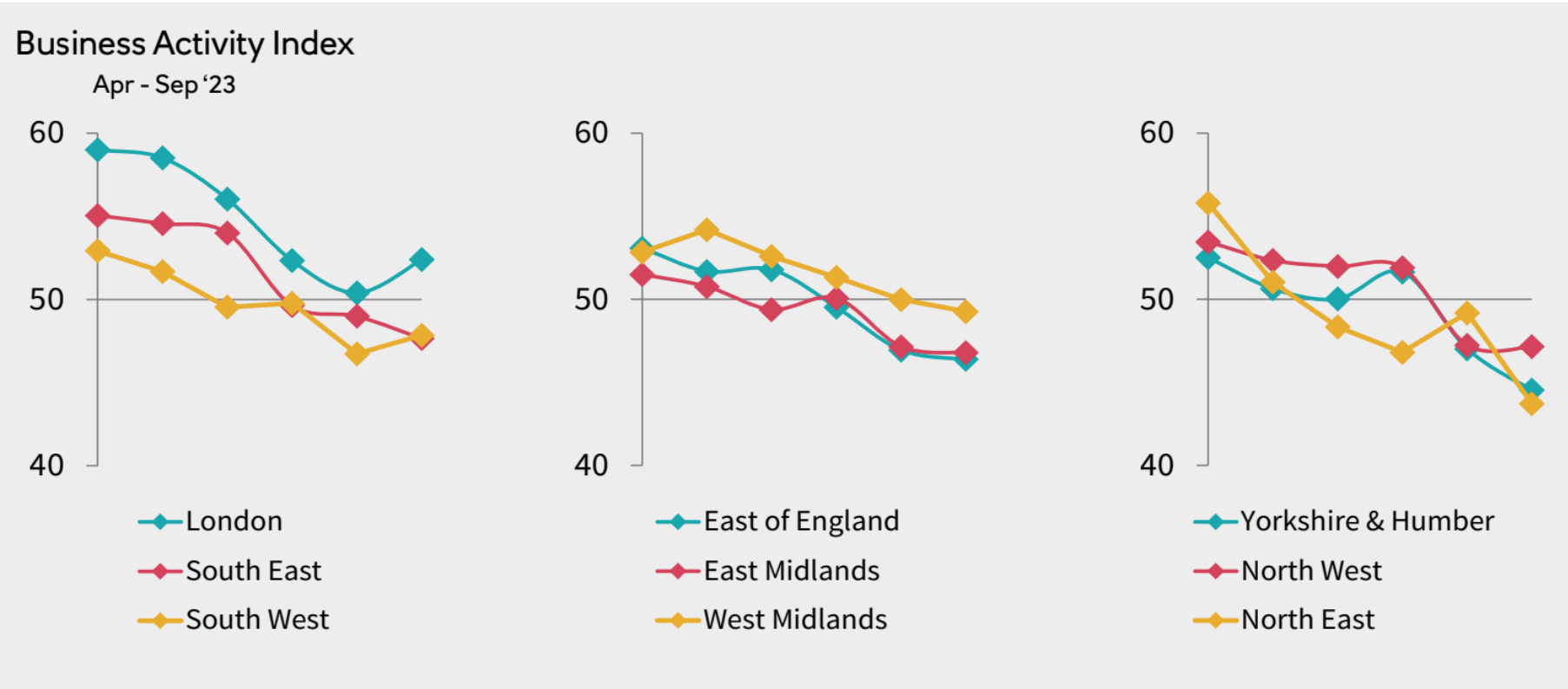


Real GDP growth continued to be limited in the three months to July, growing just 0.2%. However, revisions to the Blue Book could mean that GDP is currently being underestimated.

The latest Purchasing Managers Index (PMI) estimates suggest a decline in business activity in the East, East Midlands and South East regions of the UK since July 2023. Only London reported an increase in business activity.

UK Regional PMI

Business Activity Index
 sa, >50 = growth since previous month, Sep '23



Source: [NatWest UK regional PMI report for September 2023](#)

Economic growth and unemployment forecasts from the Bank of England are now slightly less optimistic compared to its August forecast in the short to medium term, likely because of the impacts of high inflation and interest rates on economic activity, with limited growth and rising unemployment to the end of 2025.

Table 1.A: Forecast summary (a) (b)

	2023 Q4	2024 Q4	2025 Q4	2026 Q4
GDP (c)	0.6 (0.9)	0 (0.1)	0.4 (0.5)	1.1
Modal CPI inflation (d)	4.6 (4.9)	3.1 (2.5)	1.9 (1.6)	1.5
Mean CPI inflation (d)	4.6 (4.9)	3.4 (2.8)	2.2 (1.9)	1.9
Unemployment rate (e)	4.3 (4.1)	4.7 (4.5)	5 (4.8)	5.1
Excess supply/ Excess demand (f)	0 (¼)	-¾ (-¾)	-1½ (-1½)	-1½
Bank Rate (g)	5.3 (5.8)	5.1 (5.9)	4.5 (5)	4.2

(a) Figures in parentheses show the corresponding projections in the August 2023 Monetary Policy Report.

(b) Unless otherwise stated, the numbers shown in this table are modal projections and are conditioned on the assumptions described in Section 1.1. The main assumptions are set out in [Monetary Policy Report – Download chart slides and data – November 2023](#).

(c) Four-quarter growth in real GDP.

(d) Four-quarter inflation rate. The modal projection is the single most likely outcome. If the risks are symmetrically distributed around this central view, this will also provide a view of the average outcome or mean forecast. But when the risks are skewed, as in the current forecast, the mean projection will differ from the mode.

(e) ILO definition of unemployment. Up to June 2023, this projection is based on LFS unemployment data. Beyond this point, the Committee is drawing on the collective steer from other indicators of unemployment to inform its projection (see Box B).

(f) Per cent of potential GDP. A negative figure implies output is below potential and a positive that it is above.

(g) Per cent. The path for Bank Rate implied by forward market interest rates. The curves are based on overnight index swap rates.

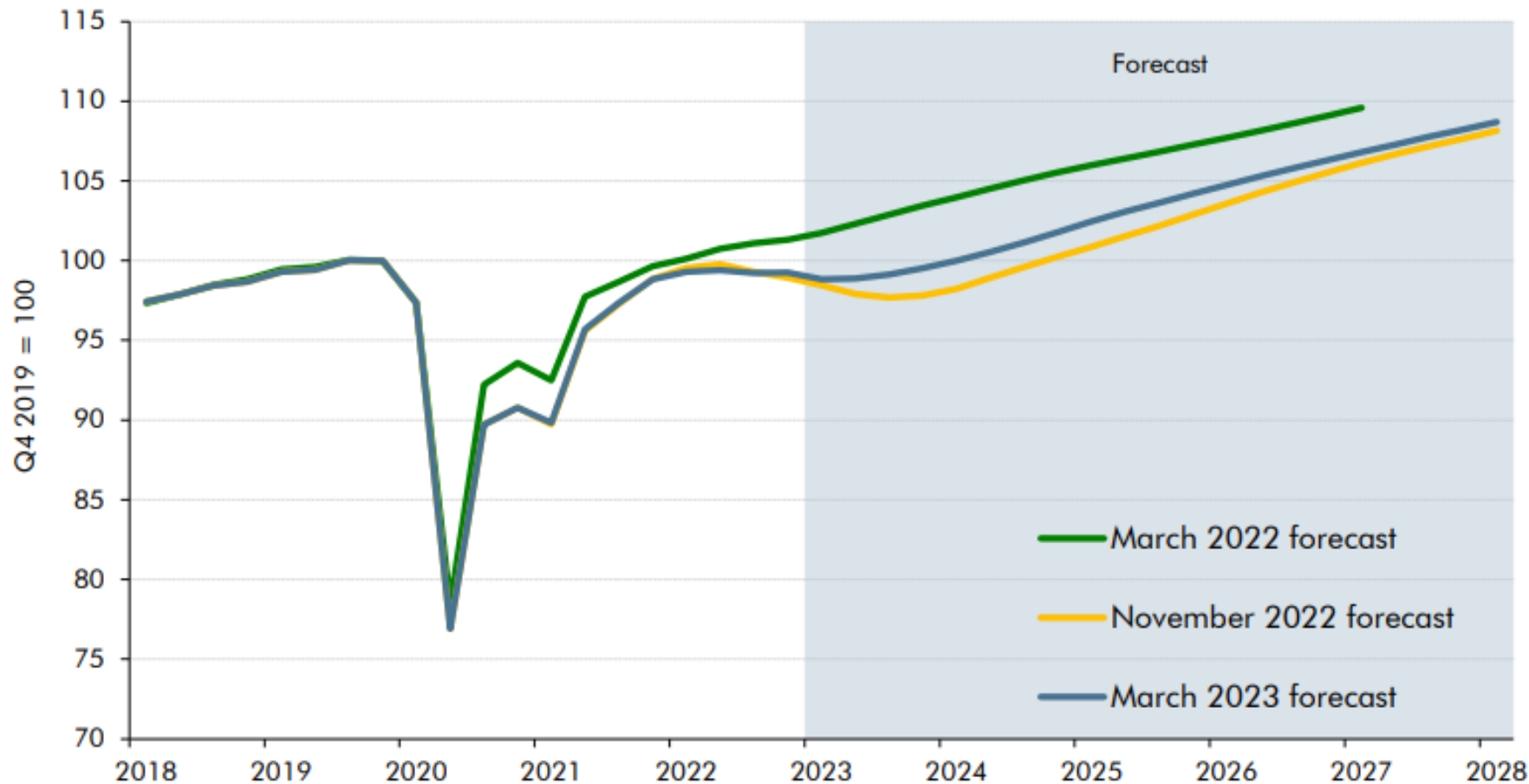
Chart 1.1: GDP growth projection based on market interest rate expectations, other policy measures as announced



Source: [Bank of England's November 2023 Monetary Policy Report](#)

The UK economy is now expected to experience a 0.2% fall in GDP in 2022, avoiding a technical recession. However, output per head growth to 2027 has been revised down to 1.6% from 1.9% in November 2022.

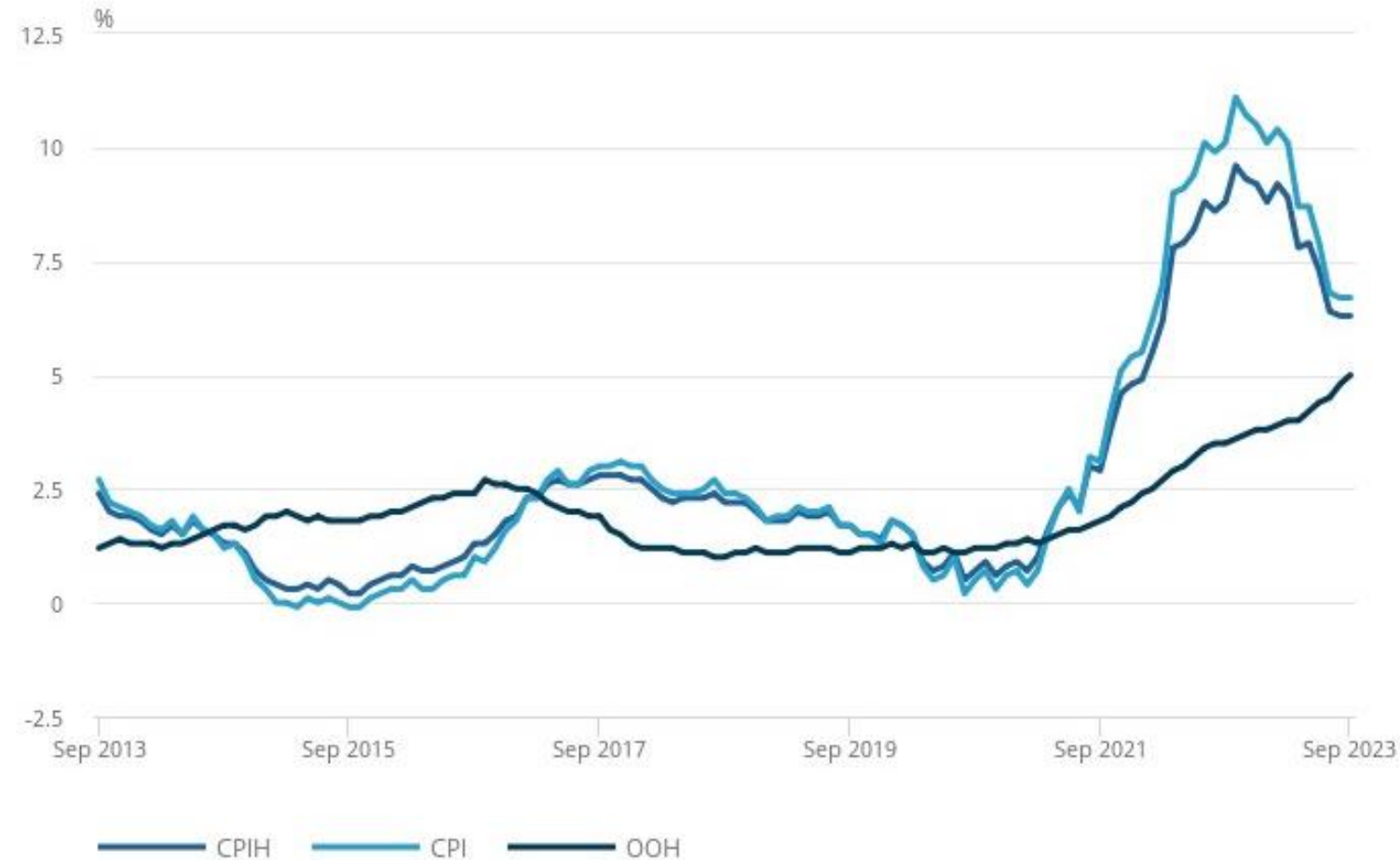
Chart 1.2: Real GDP



Source: ONS, OBR

Sourced from the [OBR's March 2023 Economic and fiscal outlook](#).

CPIH, OOH component and CPI annual inflation rates for the last 10 years, UK, September 2013 to September 2023

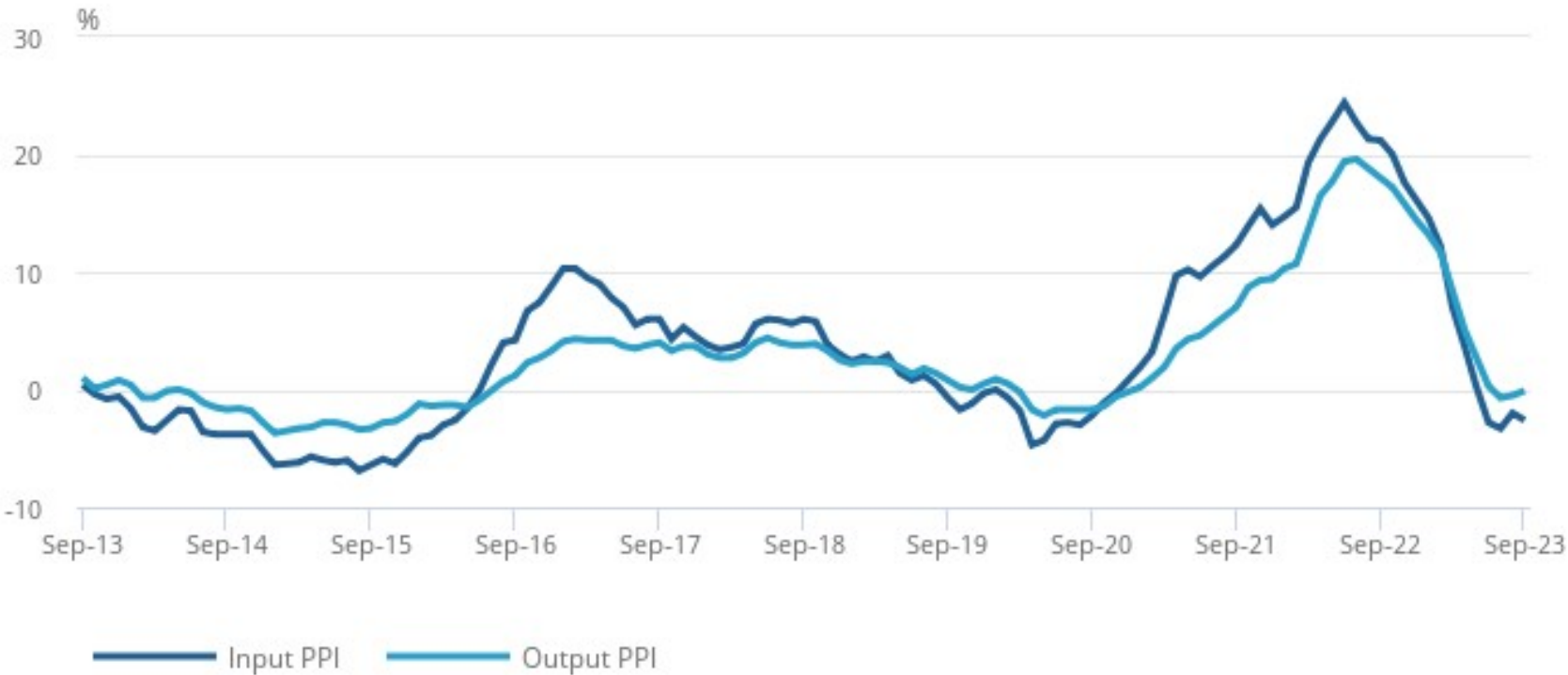


The Consumer Prices Index (CPI) rose by 6.3% in the 12 months to September 2023, unchanged on the previous period.

Rising fuel prices were offset by lower food price inflation.

Figure 1: Annual input and output PPI inflation rates remained negative in September 2023

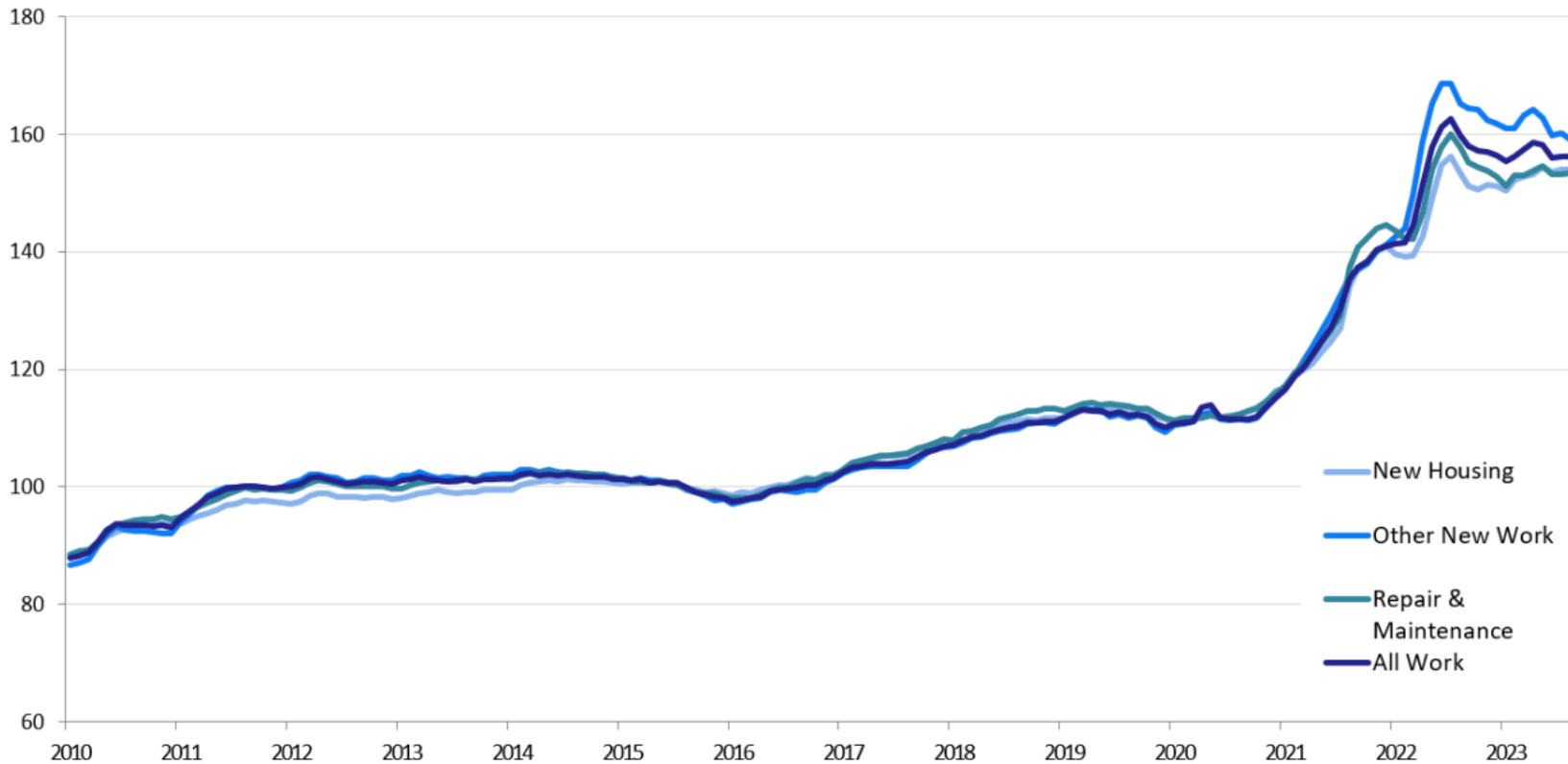
Input and output Producer Price Index (PPI) annual inflation rates, UK, September 2013 to September 2023



Producer Price Inflation (PPI) continued to slow significantly in 2023, returning to pre-COVID rates. This could signal further reduction in inflation soon.

Source: Producer Price Index (PPI) from the Office for National Statistics

Chart 1: Construction Material Price Indices, UK
Index, 2015 = 100



Source: Monthly Statistics of Building Materials and Components, Table 1

Construction material prices have remained at very high levels in 2023. Notably, there was a 32.8% decrease in brick deliveries in September 2023 compared to September 2022, according to the seasonally adjusted figures.

Price rises are also impacting some businesses, but the proportion of businesses with concerns for the future has gradually fallen throughout 2023.

- Nearly two-thirds (63%) of businesses reported some form of concern for their business when looking ahead to November 2023; this is broadly stable with October 2023 and remains the lowest percentage reported since the question was introduced in February 2022.
- The proportion of businesses that reported experiencing worker shortages in late October 2023 remained unchanged from late September 2023, at 10%; however, this has slowly fallen from the 13% of businesses experiencing worker shortages in late May 2023.
- A higher proportion of businesses were affected by industrial action in September 2023 compared with August 2023; 7% of businesses were affected, up from the 5% reported in August 2023.

Input Prices Index

sa, >50 = inflation since previous month, Sep '23



Prices Charged Index

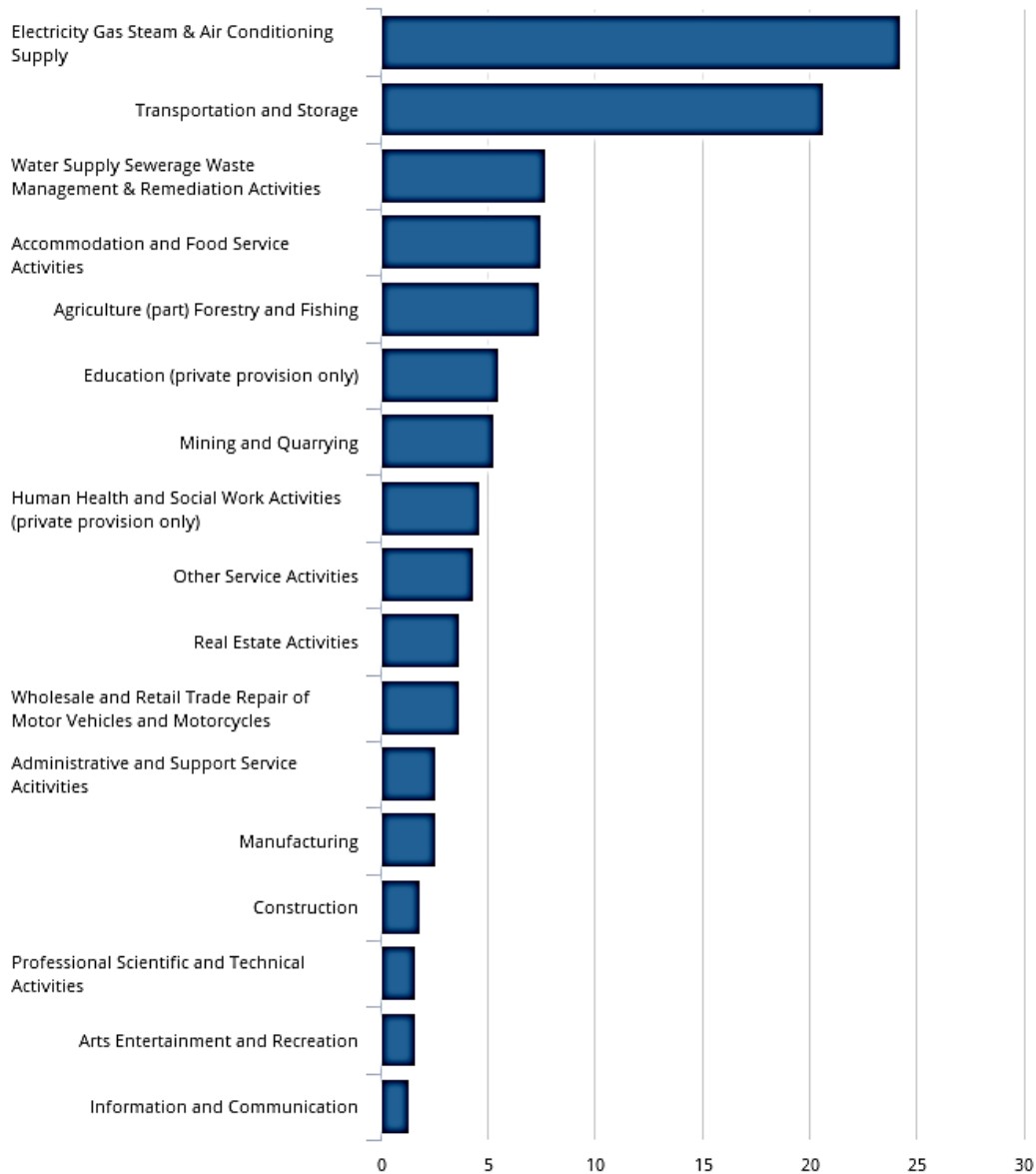
sa, >50 = inflation since previous month, Sep '23



The NatWest PMI survey also confirms that the rate of producer price inflation is starting to ease, with business cost pressures eased in September, with input prices increasing more slowly in all areas.

Figure 3: Electricity, gas, steam and air conditioning supply is the most energy intensive industry section, followed by transportation and storage

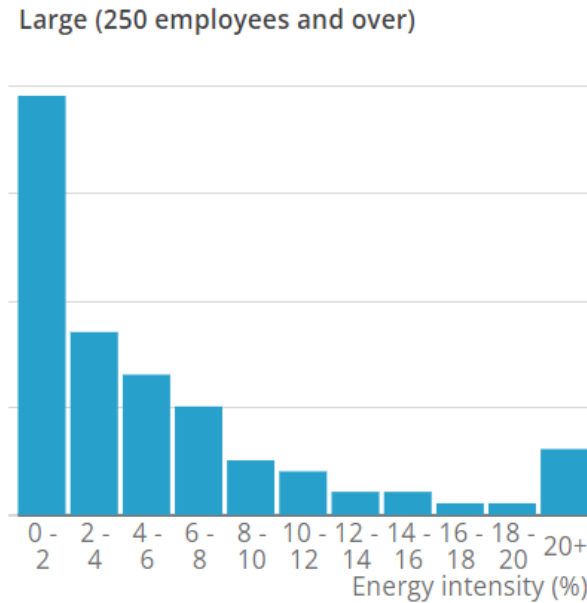
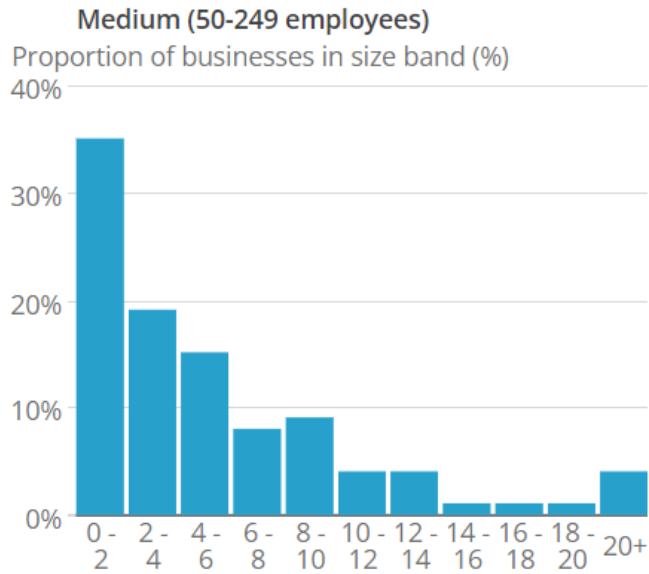
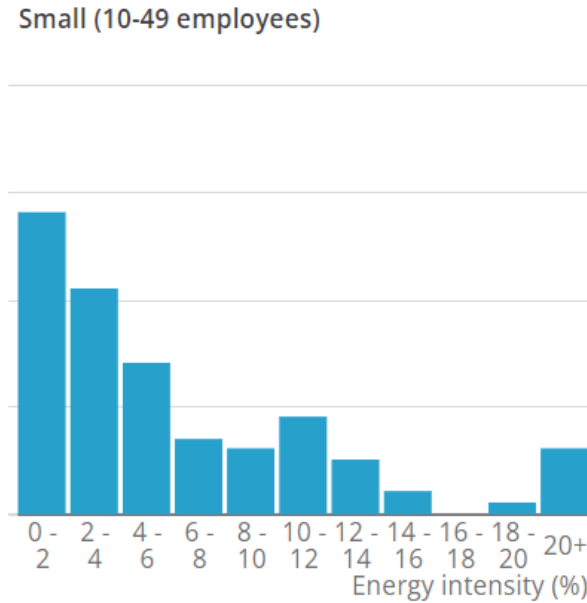
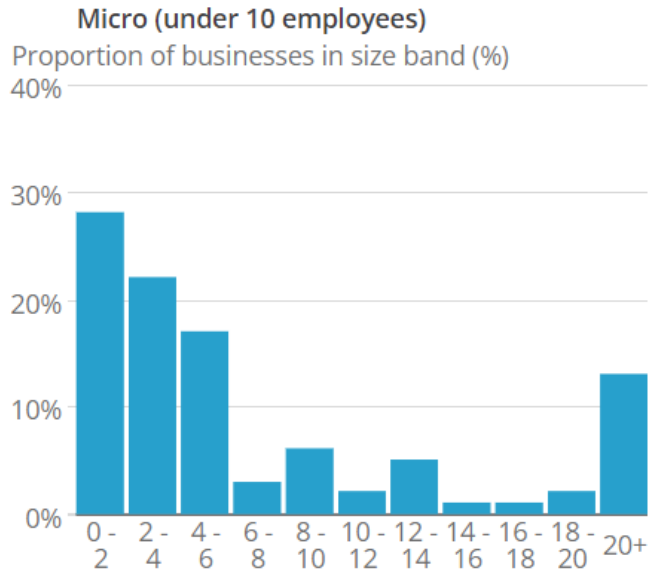
Energy intensity by industry section, 2019, Great Britain



Of note is that the transportation and storage sector, which is highly specialised in the SEM, is the second most energy intensive sector in GB. (Energy intensity is total energy costs as a proportion of total input costs).

Source: [Business energy spending: experimental measures from the Office for National Statistics' business surveys](#)

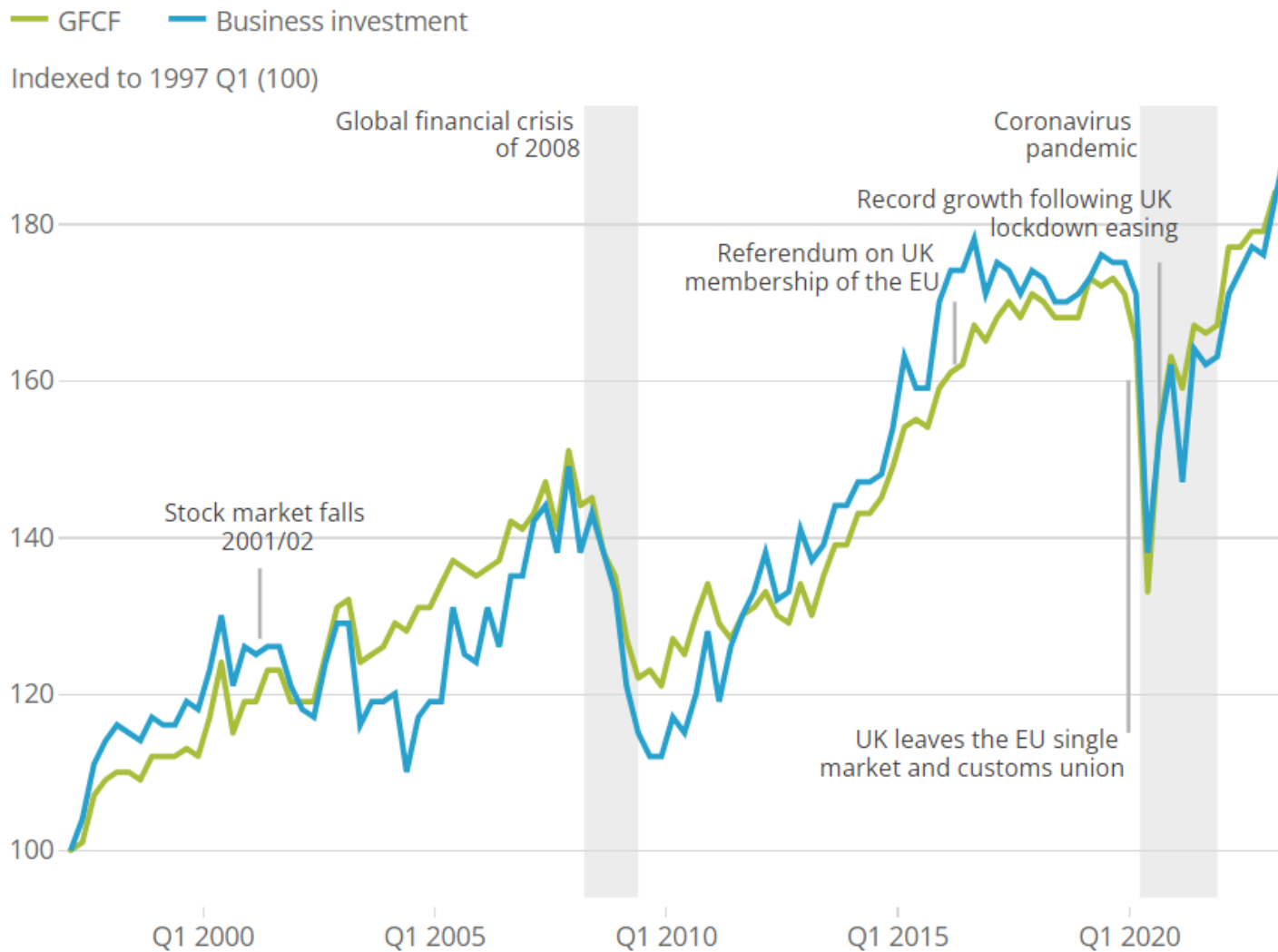
Distribution of energy intensity by firm size, 2019, Great Britain



Smaller businesses are also more likely to be highly energy intensive, with over 10% of micro firms having an energy intensity over 20%.

Source: [Business energy spending: experimental measures from the Office for National Statistics' business surveys](#)

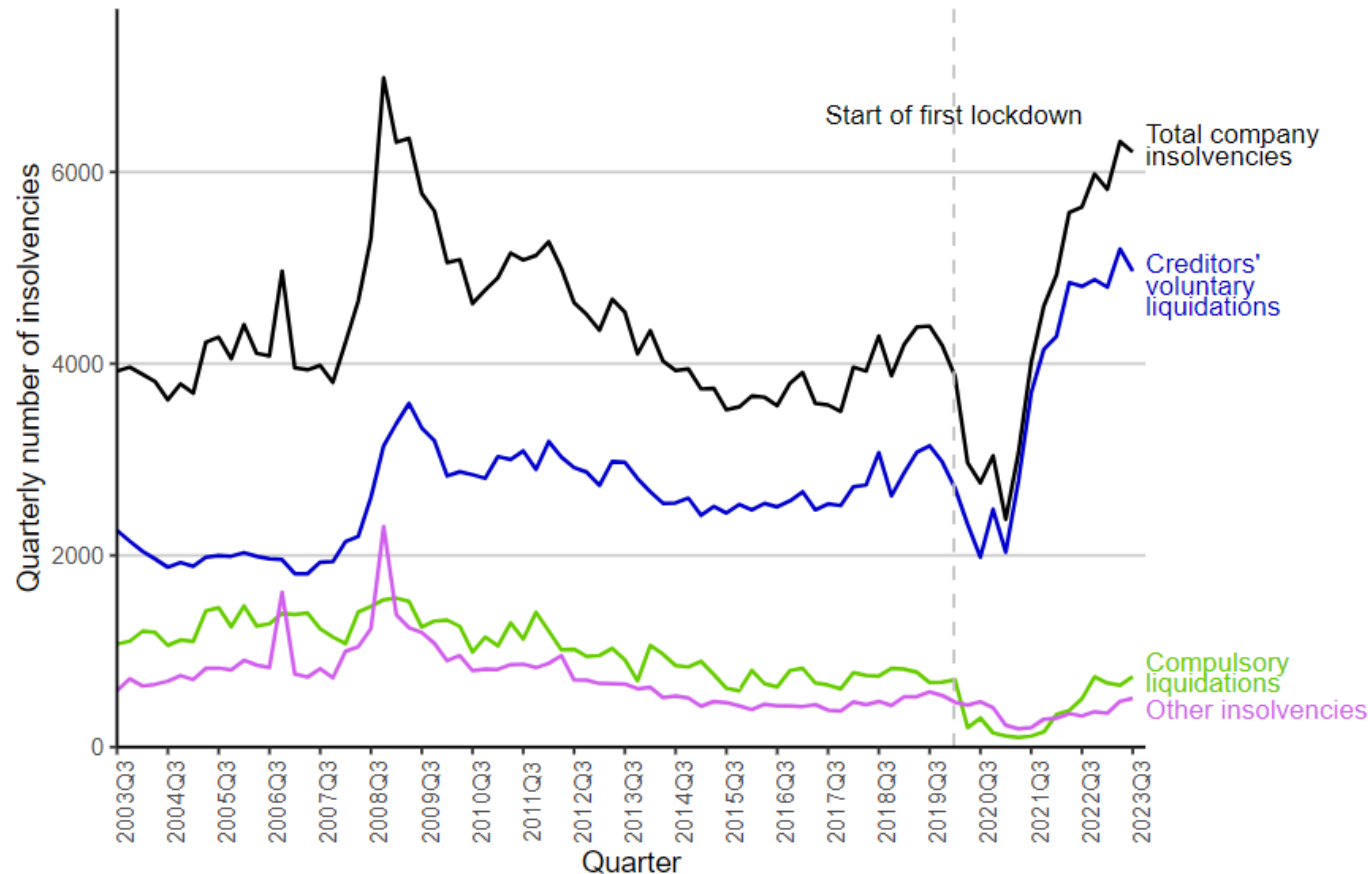
UK business investment and whole-economy investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 2 2023



Business investment recovered to pre-pandemic levels in 2022 Q4, and grew sharply (up 9.2%) in the year to 2023 Q2, outpacing growth in total investment (Gross Fixed Capital Formation) for the first time since the pandemic in 2023 Q2.

UK-wide registered insolvencies increased rapidly in late 2021 and early 2022, and continued to grow to their highest level since 2009 Q2 in 2023 Q3.

England and Wales, Q3 2003 to Q3 2023, seasonally adjusted



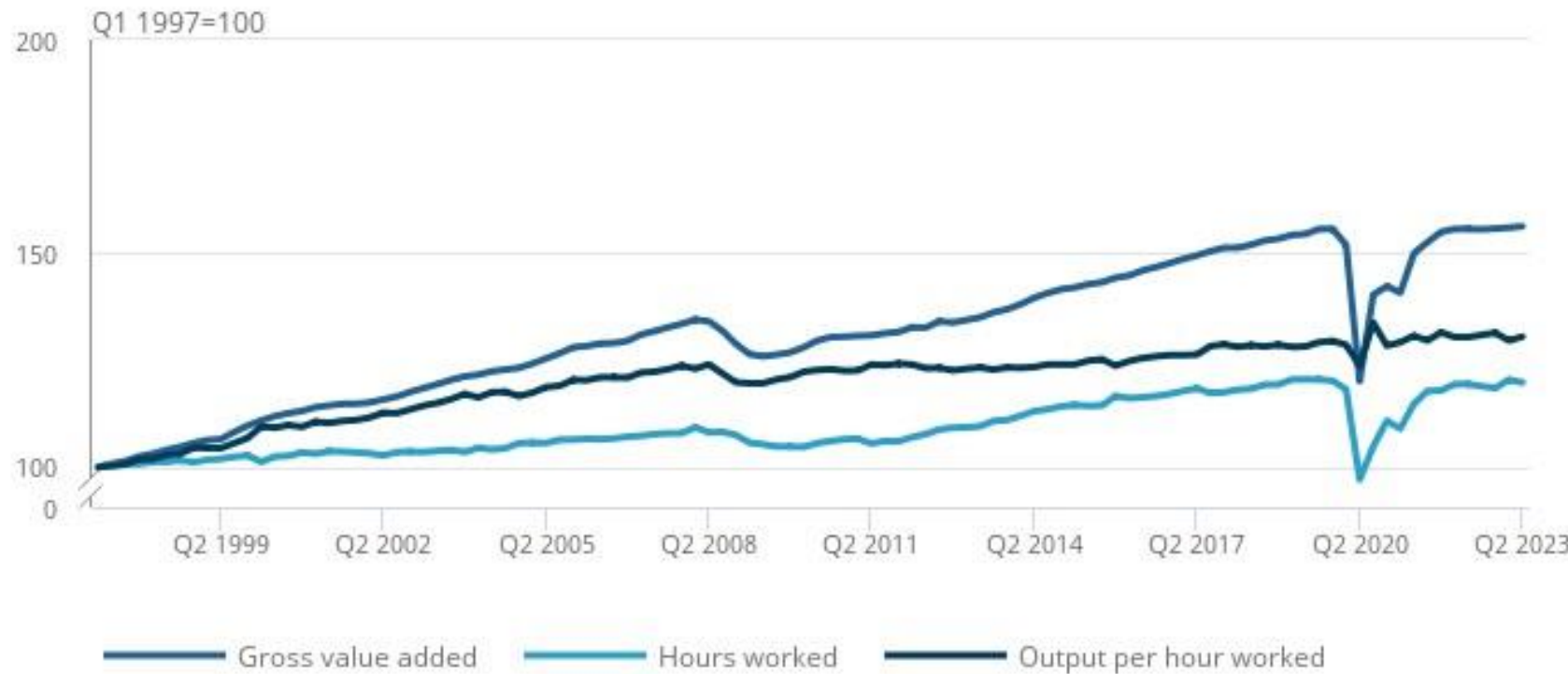
- Between 1 July and 30 September 2023 (Q3 2023), there were 6,208 (seasonally adjusted) registered company insolvencies, as shown in Figure 1, comprising 4,965 creditors' voluntary liquidations (CVLs), 735 compulsory liquidations, 466 administrations, 41 company voluntary arrangements (CVAs) and one receivership appointment.
- After seasonal adjustment, the number of company insolvencies in Q3 2023 was 2% lower than in Q2 2023, but 10% higher than in Q3 2022. The last two quarters saw the highest quarterly insolvency numbers since Q2 2009 and the highest numbers of CVLs since the start of the series in 1960. The numbers of compulsory liquidations and administrations increased to levels last seen before the coronavirus (COVID-19) pandemic.
- One in 191 active companies (at a rate of 52.4 per 10,000 active companies) entered insolvent liquidation between 1 October 2022 and 30 September 2023. This was an increase from the 46.9 per 10,000 active companies that entered liquidation in the 12 months ending 30 September 2022.

Source: [Insolvency Service - Company Insolvency Statistics July to September 2023](#)

UK labour productivity saw limited growth following the COVID-19 pandemic. 2023 q2 productivity was broadly in line with 2019 levels.

Figure 1: Output per hour worked increased by 0.1% compared with the same quarter a year ago

Output per hour worked, gross value added (GVA), hours worked, UK, index Q1 1997 = 100, Quarter 1 (Jan to Mar) 1997 to Quarter 2 (Apr to June) 2023



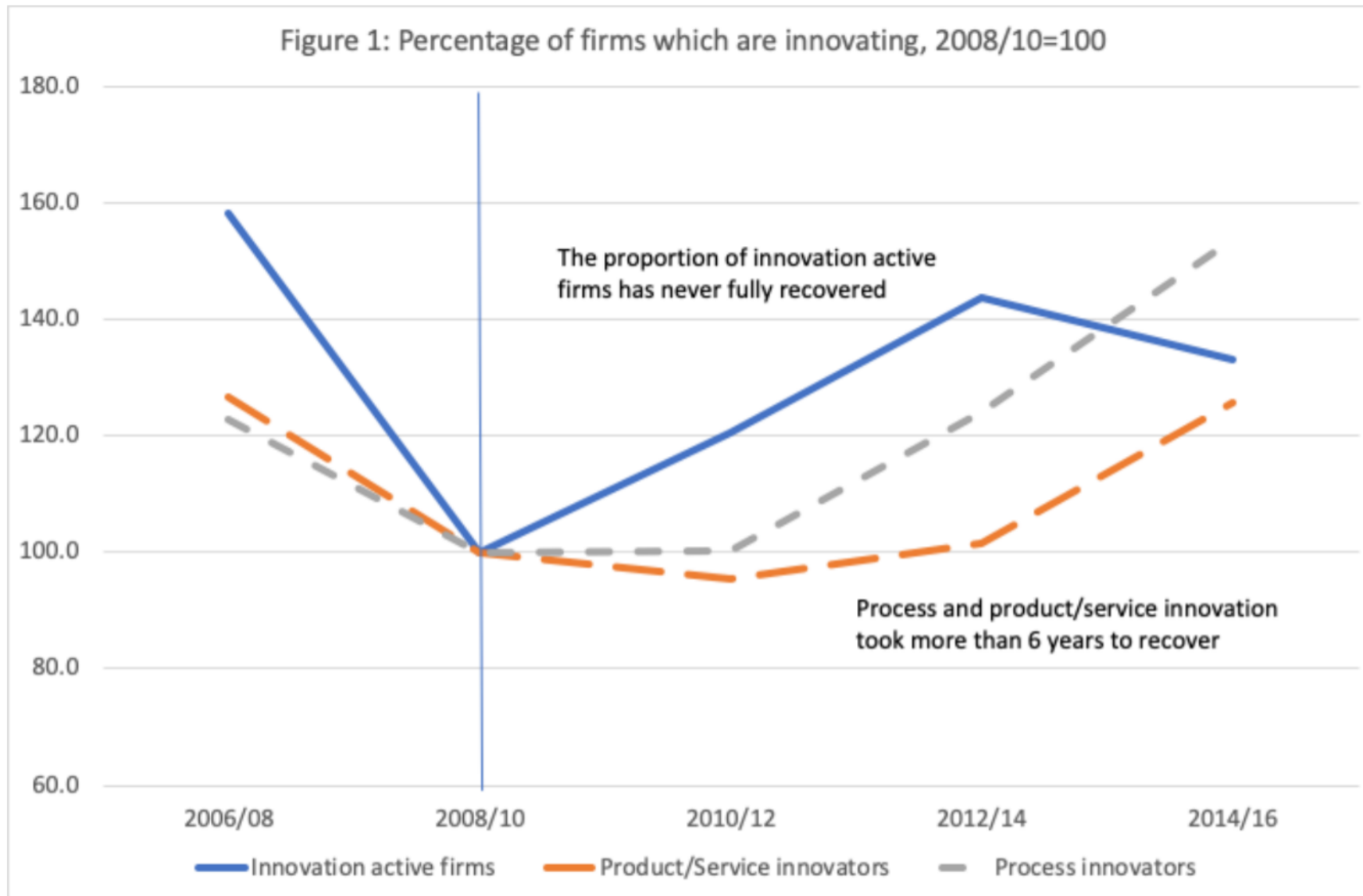
Average loans offered under CBILS and BBLs were below the national average in the SEM, but were above average in Bedford. The two Northamptonshire authorities accounted for the majority of CBILS loans, and West Northants leading on BBLs loans by value.

District	CBILS		BBLs		TOTAL		
	Number of Loans Offered	Value of Loans Offered (£)	Number of Loans Offered	Value of Loans Offered (£)	Number of Loans Offered	Value of Loans Offered (£)	Average value of loans offered
Bedford	302	78,763,916	4,305	132,027,362	4,607	210,791,278	45,755
Central Bedfordshire	442	94,022,628	6,162	178,374,520	6,604	272,397,148	41,247
Luton	195	48,480,478	6,549	216,256,132	6,744	264,736,610	39,255
Milton Keynes	472	120,549,445	7,692	234,857,076	8,164	355,406,521	43,533
North Northamptonshire	607	144,049,925	7,435	210,902,669	8,042	354,952,594	44,137
West Northamptonshire	719	173,771,105	10,407	310,291,516	11,126	484,062,621	43,507
SEM	2,737	659,637,496	42,550	1,282,709,275	45,287	1,942,346,771	42,890
England	87,809	23,035,262,171	1,357,116	41,477,641,854	1,444,925	64,512,904,024	44,648

Source: [British Business Bank](#)

Based on the last recession, it may take several years before national innovation activity recovers

Figure 1: Percentage of firms which are innovating, 2008/10=100



Source: R&D and innovation after Covid-19: What can we expect? A review of trends after the financial crisis (Enterprise Research Centre, 2020)

The SEM has remained a scale-up cold-spot since the pandemic, particularly in terms of its pipeline of scale-ups compared to other parts of the Ox-Cam Region.

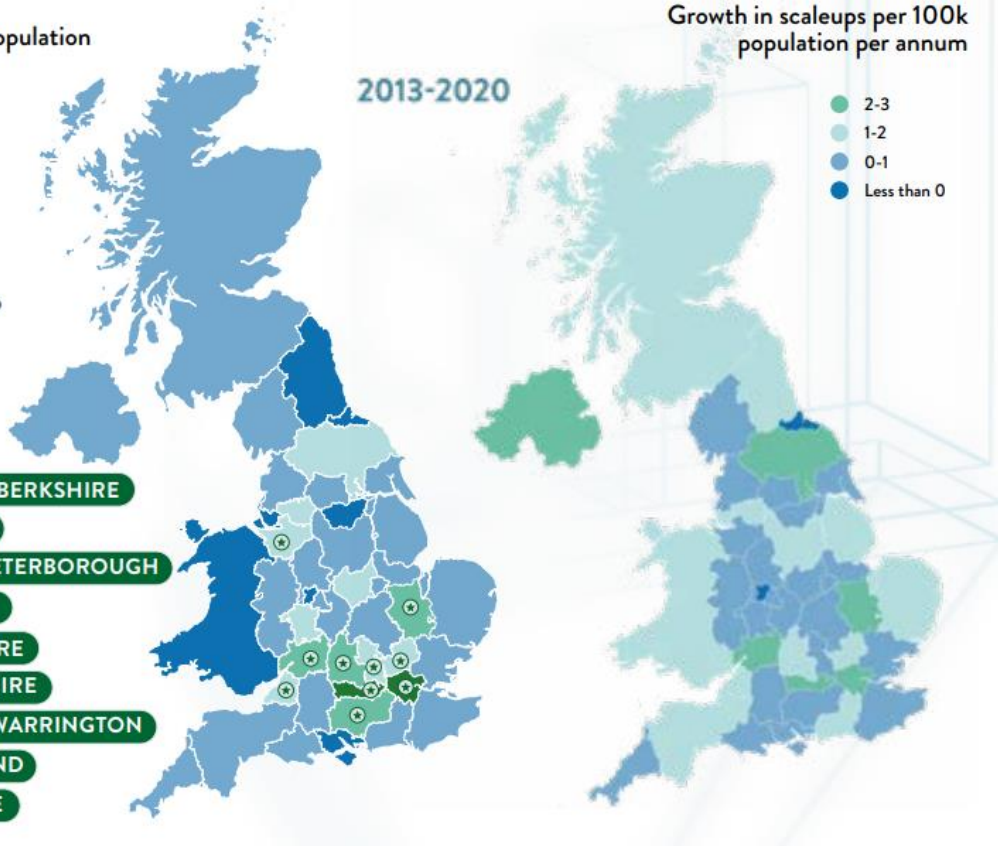
DENSITY OF SCALEUPS PER 100K POPULATION, BY LEP/DEVOLVED NATION

Scaleups per 100k population

- Greater than 70
- 60-70
- 50-60
- 40-50
- 30-40

AREAS WITH THE HIGHEST SCALEUP DENSITY:

- LONDON
- THAMES VALLEY BERKSHIRE
- OXFORDSHIRE
- CAMBRIDGE & PETERBOROUGH
- ENTERPRISE M3
- GLOUCESTERSHIRE
- BUCKINGHAMSHIRE
- CHESHIRE AND WARRINGTON
- WEST OF ENGLAND
- HERTFORDSHIRE

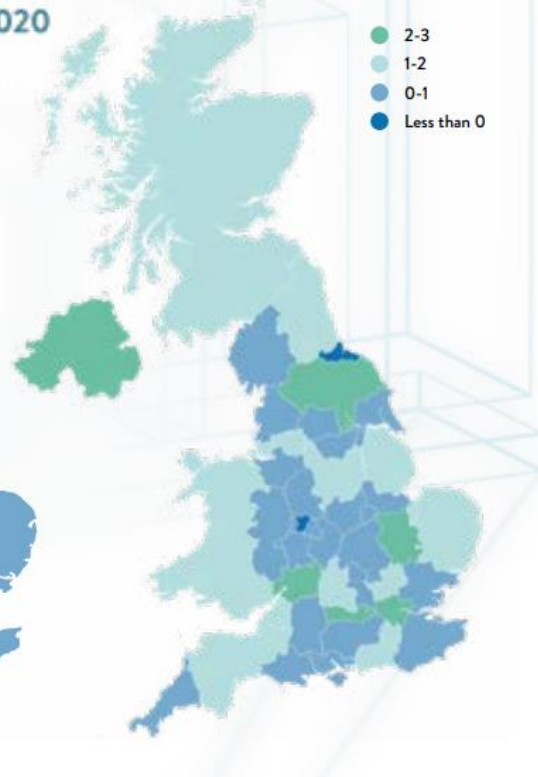


AVERAGE ANNUAL CHANGE IN SCALEUPS PER 100K POP, BY LEP/DEVOLVED NATION

Growth in scaleups per 100k population per annum

- 2-3
- 1-2
- 0-1
- Less than 0

2013-2020



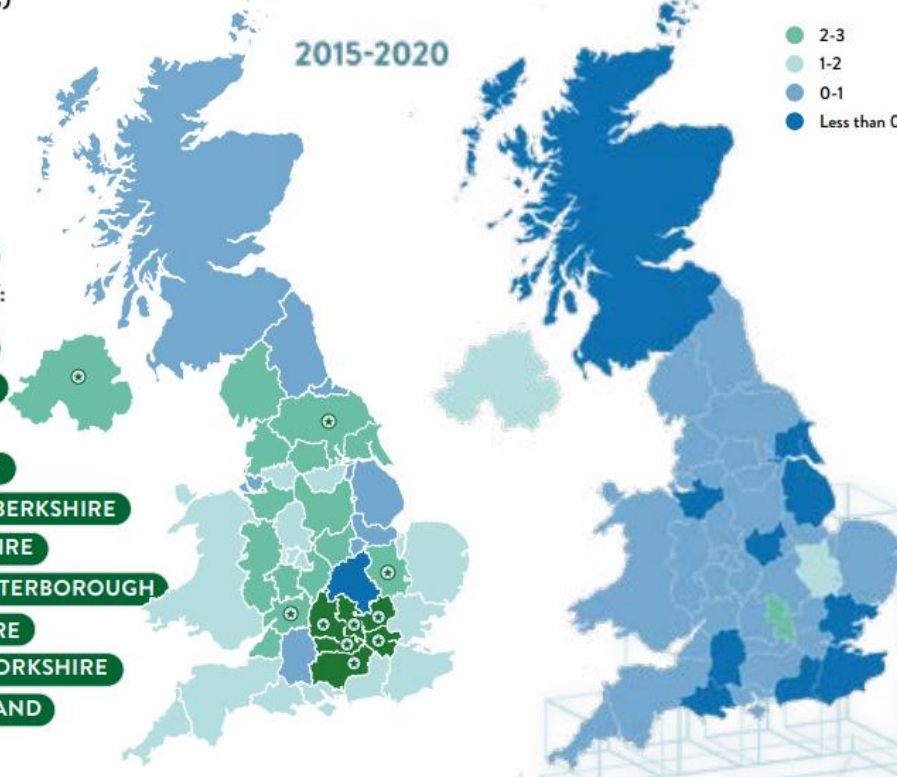
DENSITY OF SCALING PIPELINE PER 100K POPULATION, BY LEP/DEVOLVED NATION

Pipeline scaling businesses per 100k (15-19.99%)

- Greater than 30
- 25-30
- 20-25
- 15-20
- Less than 15

AREAS WITH THE HIGHEST SCALING PIPELINE DENSITY:

- OXFORDSHIRE
- ENTERPRISE M3
- LONDON
- HERTFORDSHIRE
- THAMES VALLEY BERKSHIRE
- BUCKINGHAMSHIRE
- CAMBRIDGE & PETERBOROUGH
- GLOUCESTERSHIRE
- YORK & NORTH YORKSHIRE
- NORTHERN IRELAND



AVERAGE ANNUAL CHANGE IN SCALING PIPELINE PER 100K POP, BY LEP/DEVOLVED NATION

Growth in scaling pipeline per 100k population per annum

- 2-3
- 1-2
- 0-1
- Less than 0

2015-2020

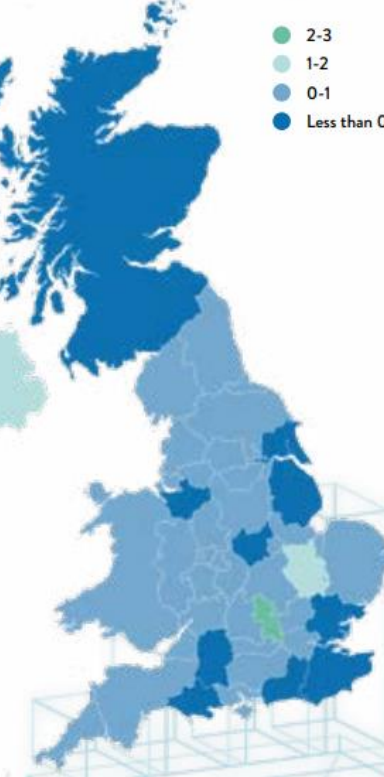
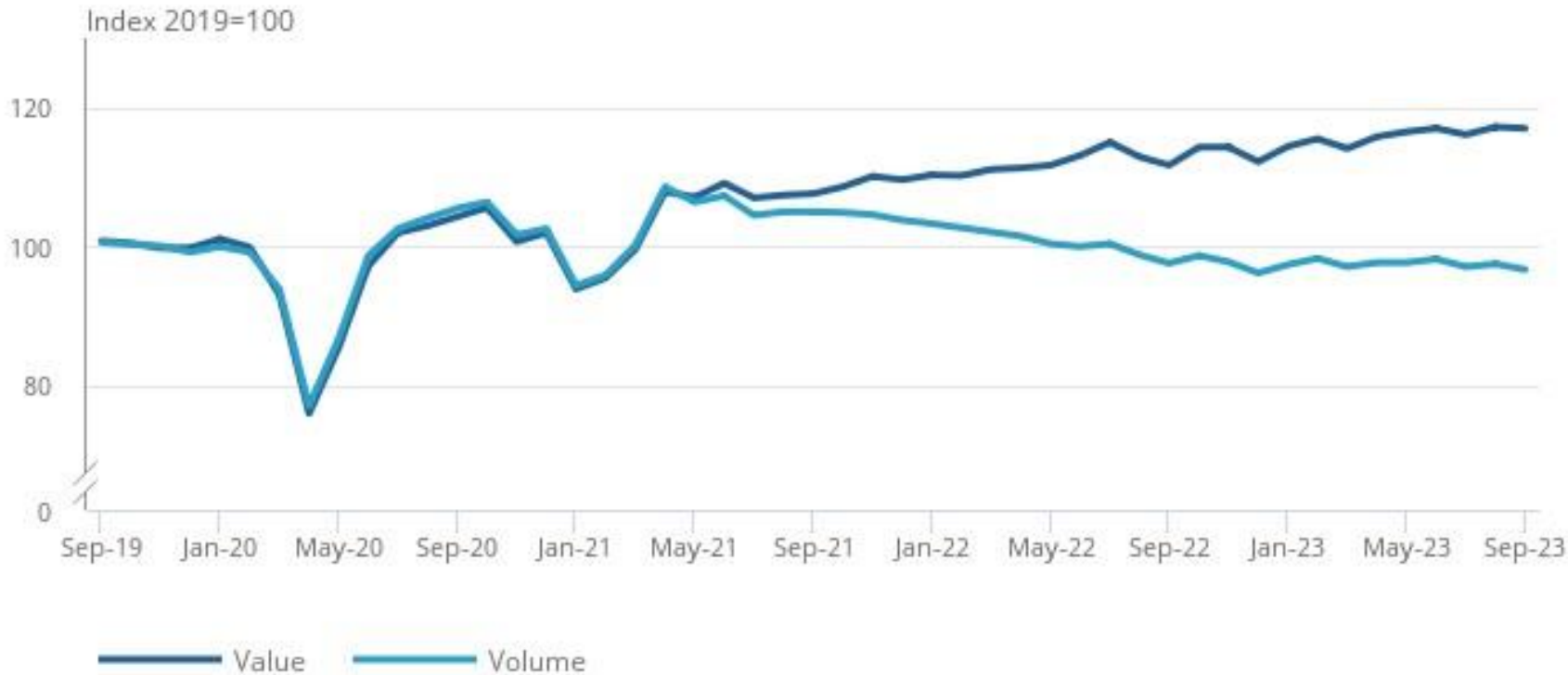


Figure 1: Divergence between retail sales volumes and values

Volume and value sales, seasonally adjusted, Great Britain, September 2019 to September 2023

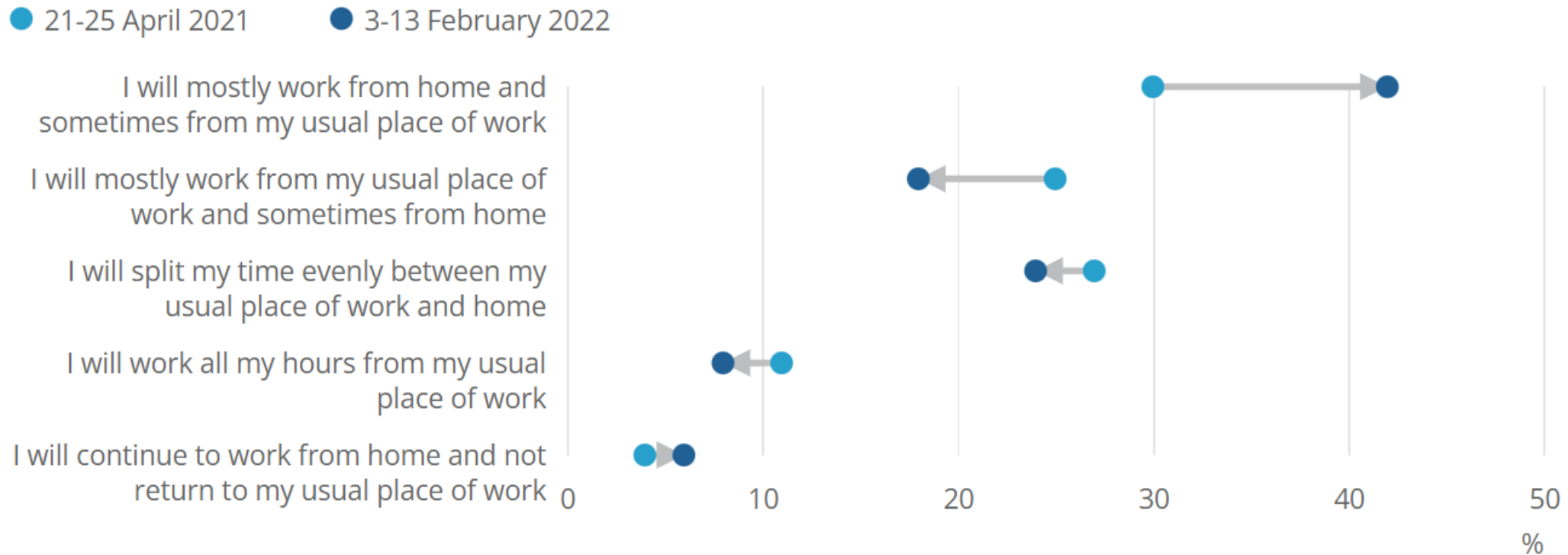


Retail volumes, in real terms, have worsened due to inflation.

Sales volumes fell by 0.8% in the three months to September 2023 when compared with the previous three months.

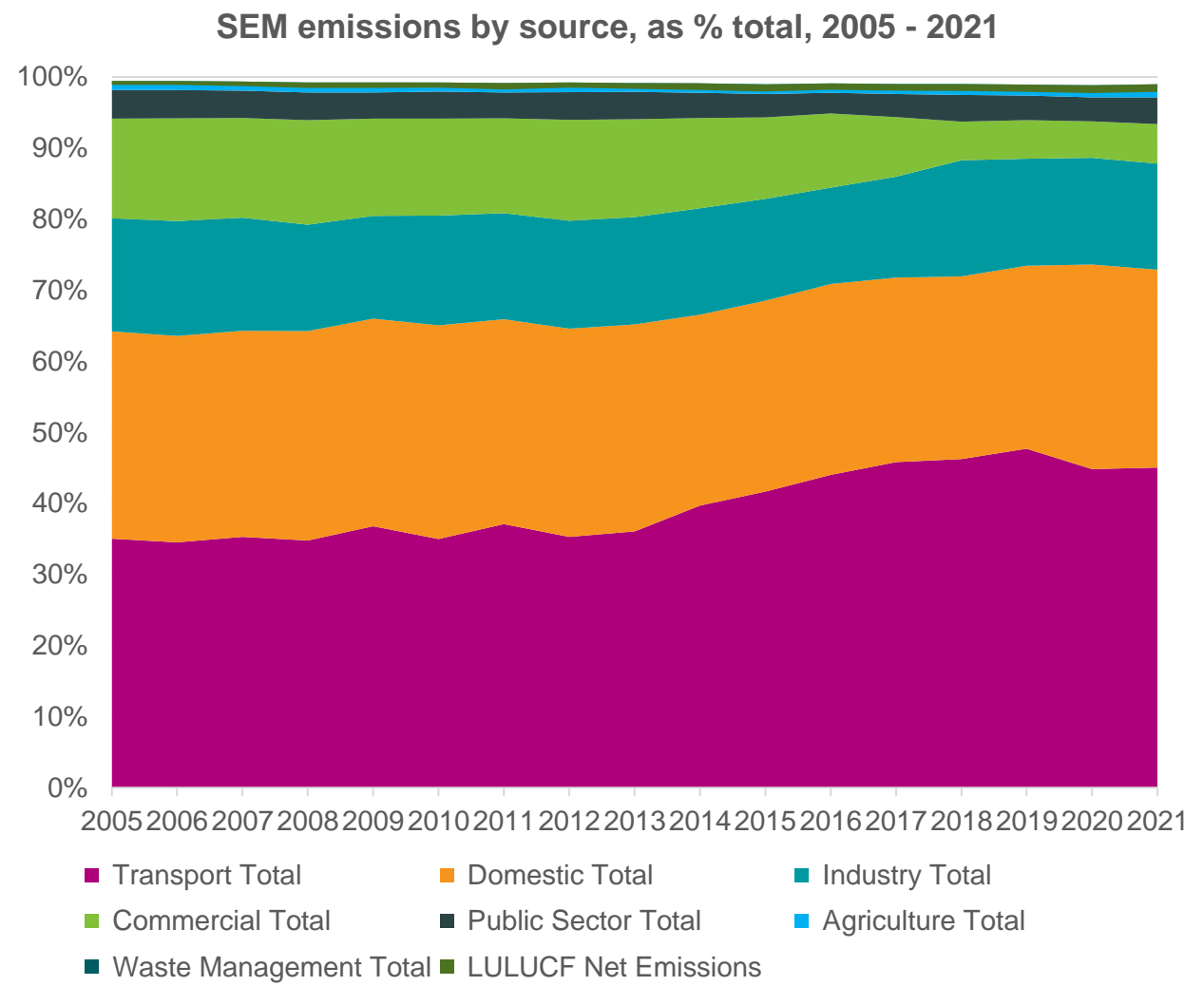
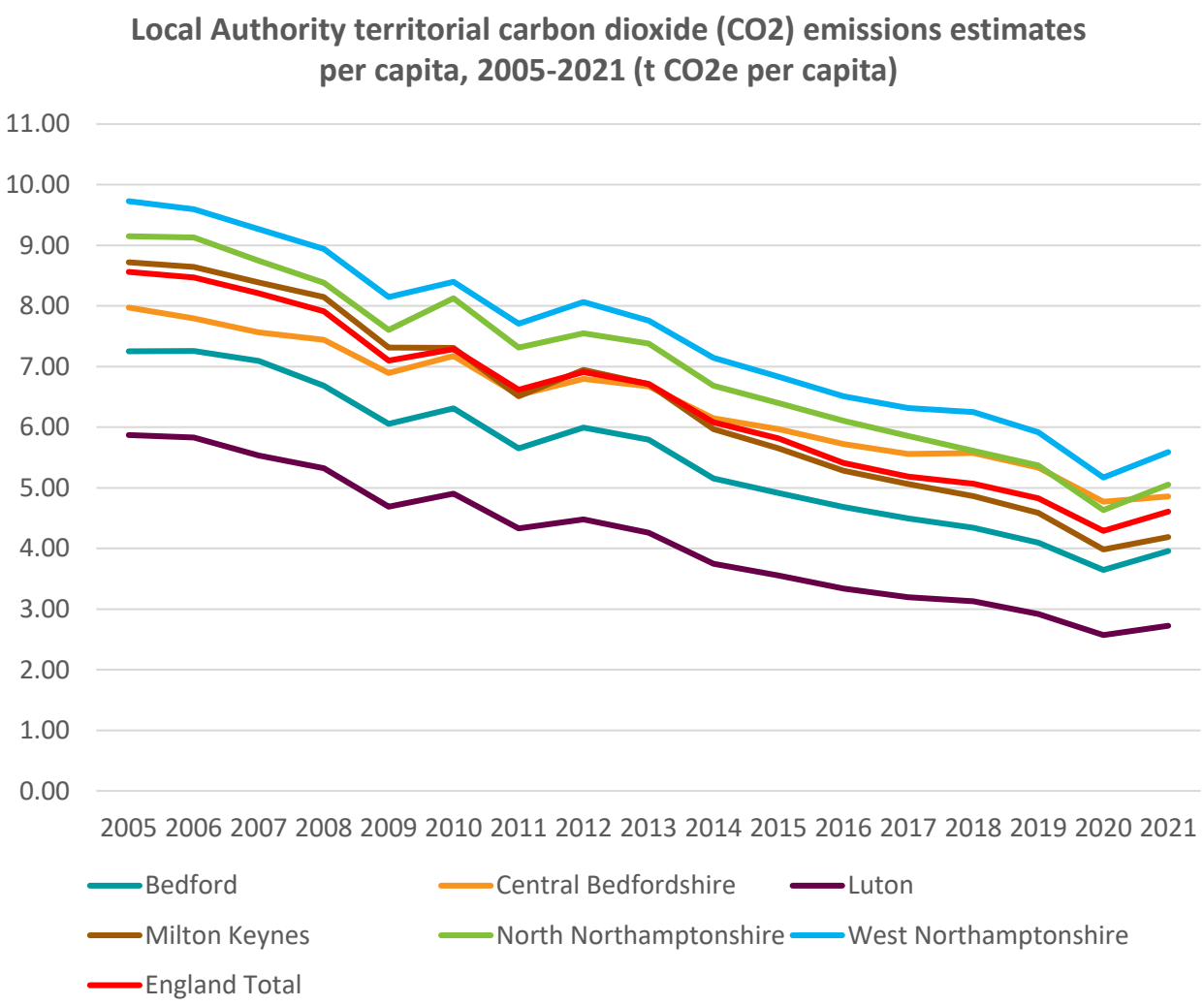
Recent evidence also suggests that homeworking, for the majority of working hours, is set to continue among those able to work from home.

Future plans of workers who worked from home because of the coronavirus pandemic, Great Britain, 21 to 25 April 2021 and 3 to 13 February 2022



Source: Office for National Statistics – Opinions and Lifestyle Survey

Per capita carbon dioxide emissions have continued on a downward trend since 2005. Note that the sharp dip in emissions in 2020 was likely due to the recession, as similar dips occurred in 2008 and 2011. Transport and Domestic sources remained the leading contributors of CO2 emissions.



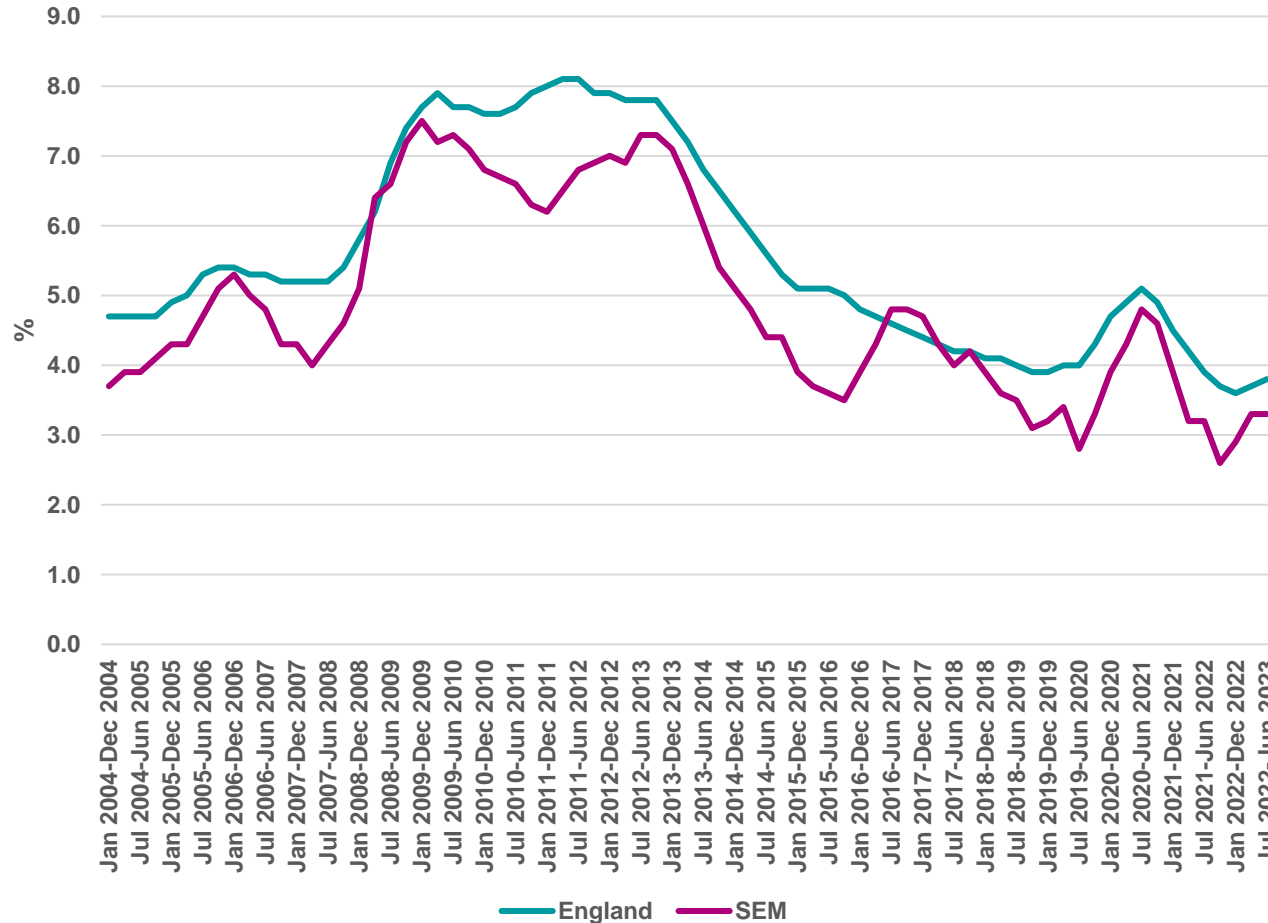
Source: [UK local authority and regional greenhouse gas emissions national statistics](#)



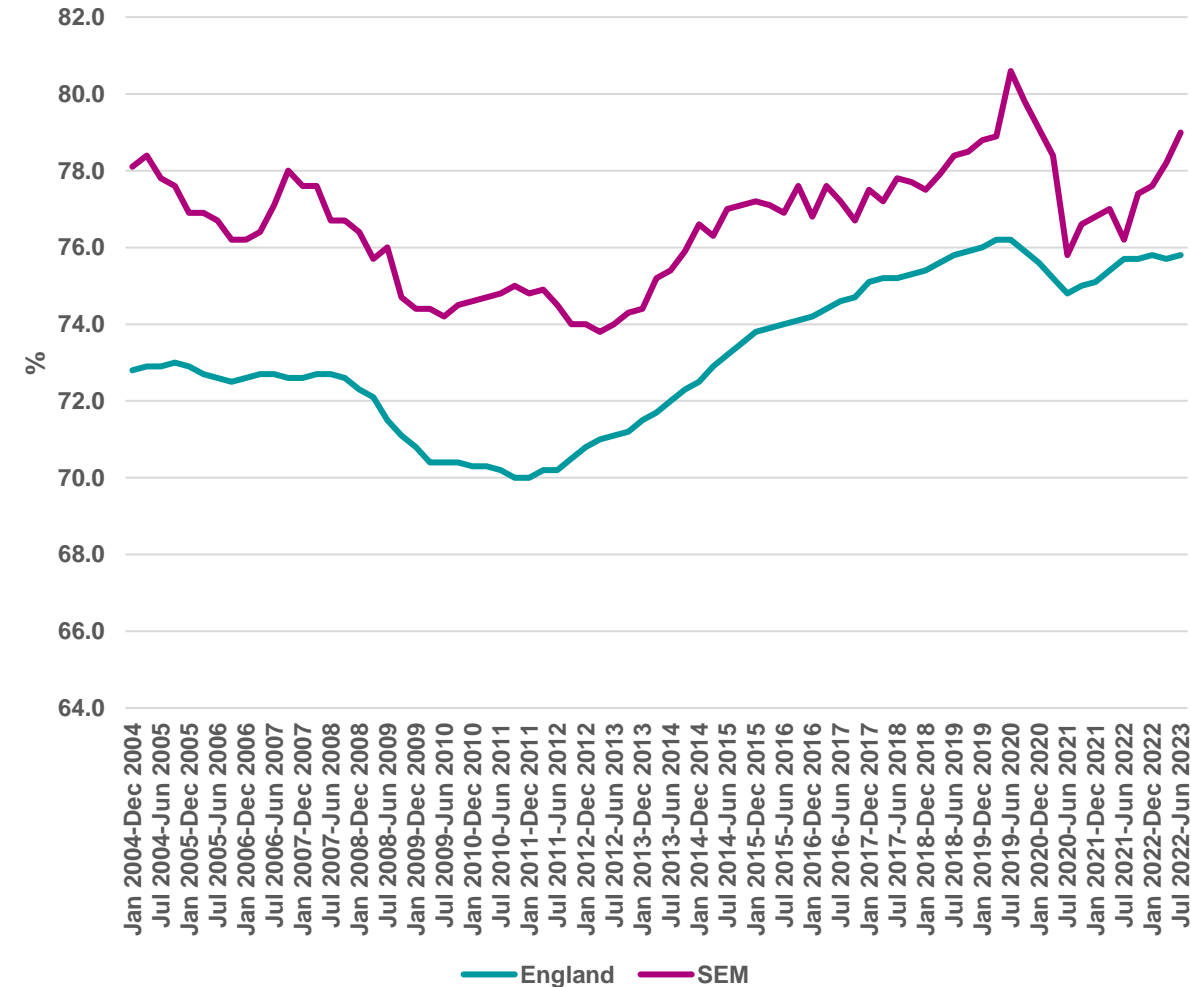
▲ Labour market analysis

The unemployment rate has risen in both the SEM and England in 2020, falling from mid-2021 onwards, and recovering to pre-pandemic levels by 2022. The local unemployment rate has remained broadly consistent at 3 – 3.3 percent since mid-2022, although there is some evidence of the national unemployment rate rising. More positively, the local employment rate reached 79% in the year to June 2022, above the 76% national rate, and is consistent with pre-pandemic levels (but note lagged data).

Unemployment rate - aged 16+, England and the South East Midlands, by rolling 12 month survey intervals



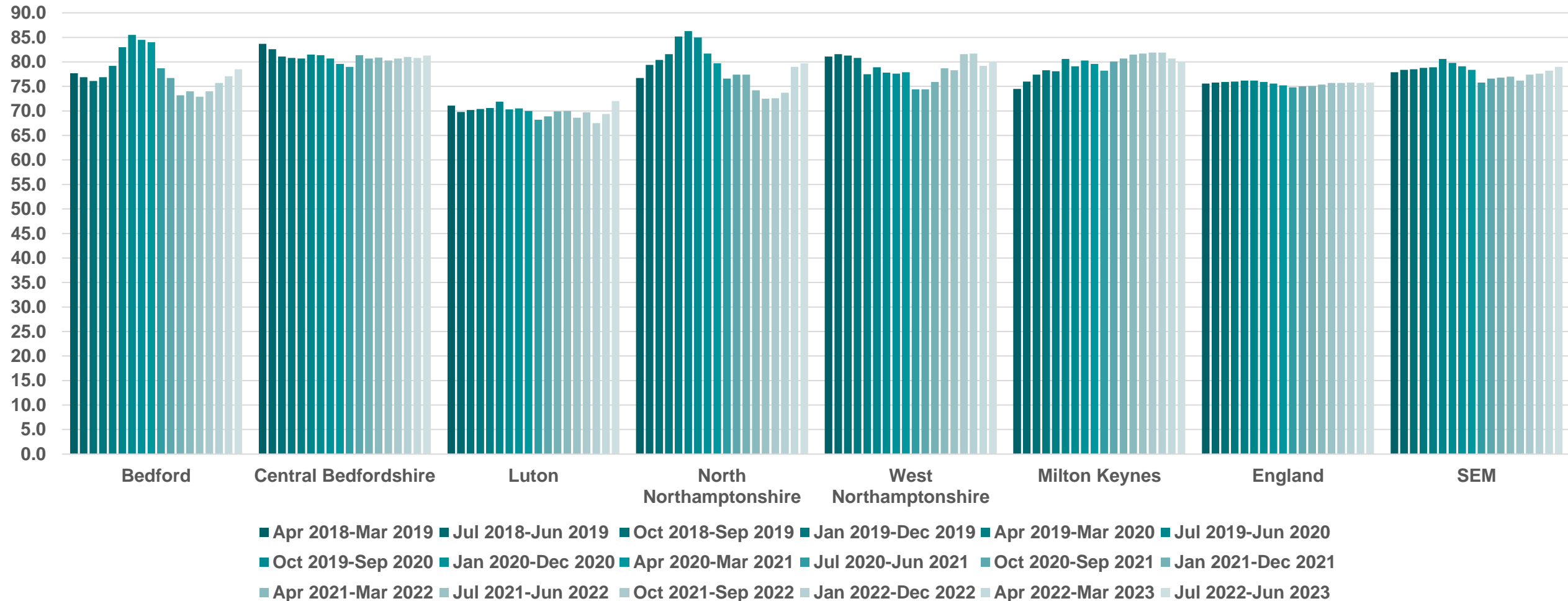
Employment rate - aged 16-64, England and the South East Midlands, by rolling 12 month survey intervals



Source: Annual Population Survey, ONS

However, while the employment rate recovered across most local authorities in the region, the employment rate in Milton Keynes was slightly lower (1.7pp) in the year to June 2023 compared to the year to June 2022. however, the employment rate across the region continued to exceed the national average, except in Luton.

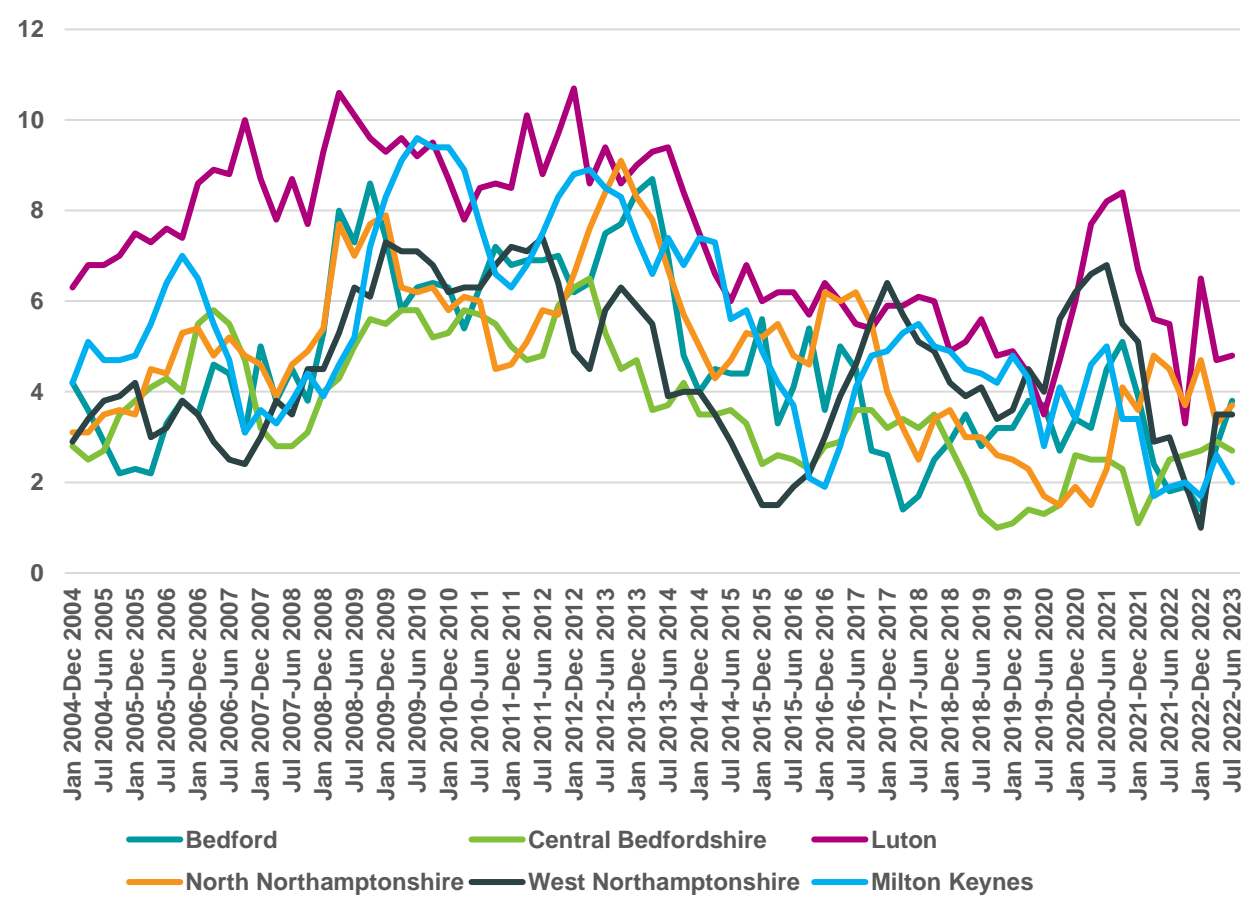
Employment rate - aged 16-64, by rolling 12 month survey intervals



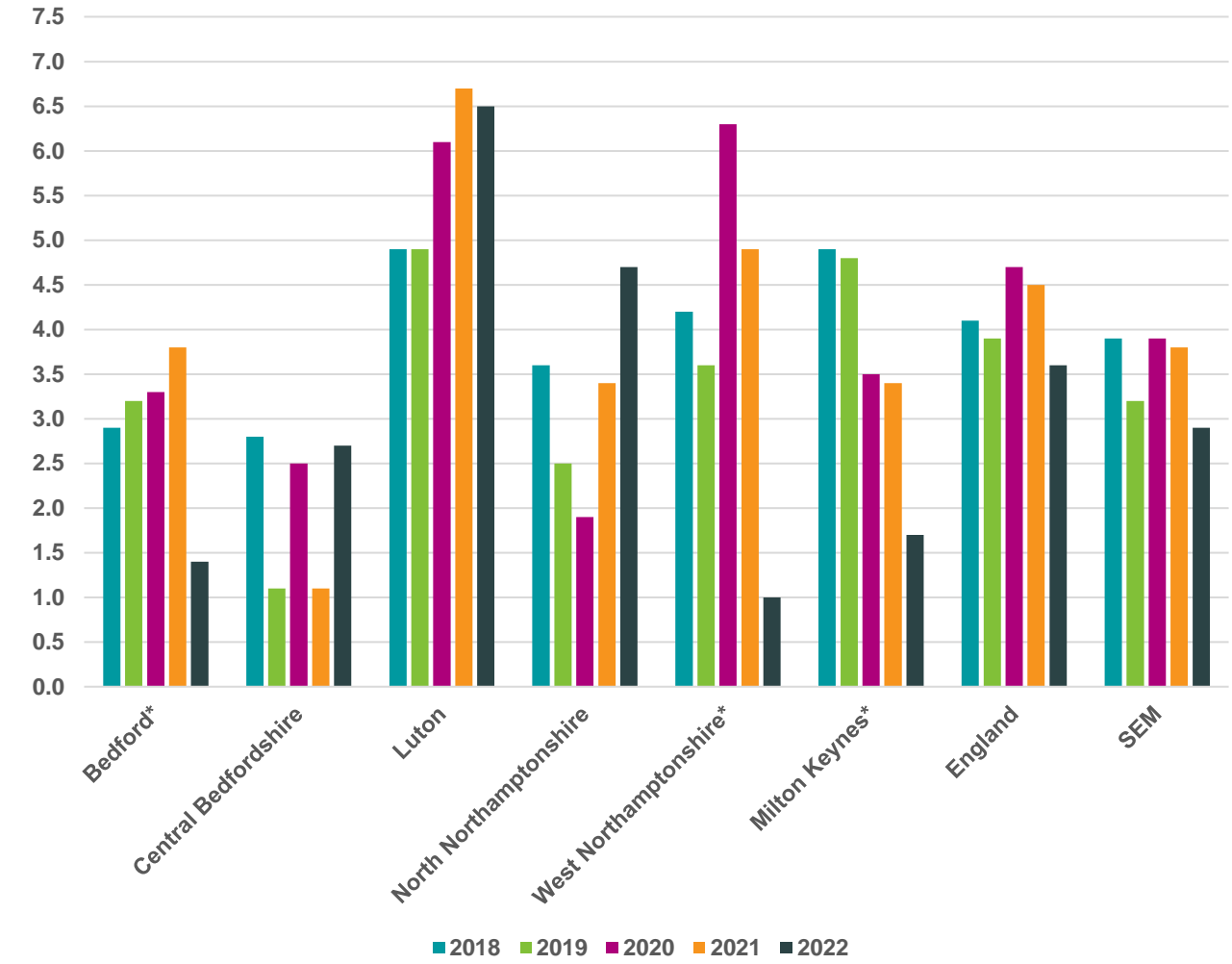
Source: Annual Population Survey, ONS

Unemployment rates have declined from their pandemic highs across most local authorities by 2022, except in North Northants and Central Bedfordshire where the unemployment rate exceeds pre-pandemic levels, and remains high in Luton. Low unemployment rates, coupled with high numbers of job vacancies, could put upward pressure on wages and create recruitment challenges. Note, however, that estimates at LA level are less reliable than estimates at national or LEP level (particularly in 2022).

Unemployment rate - aged 16+, by 12 month rolling periods



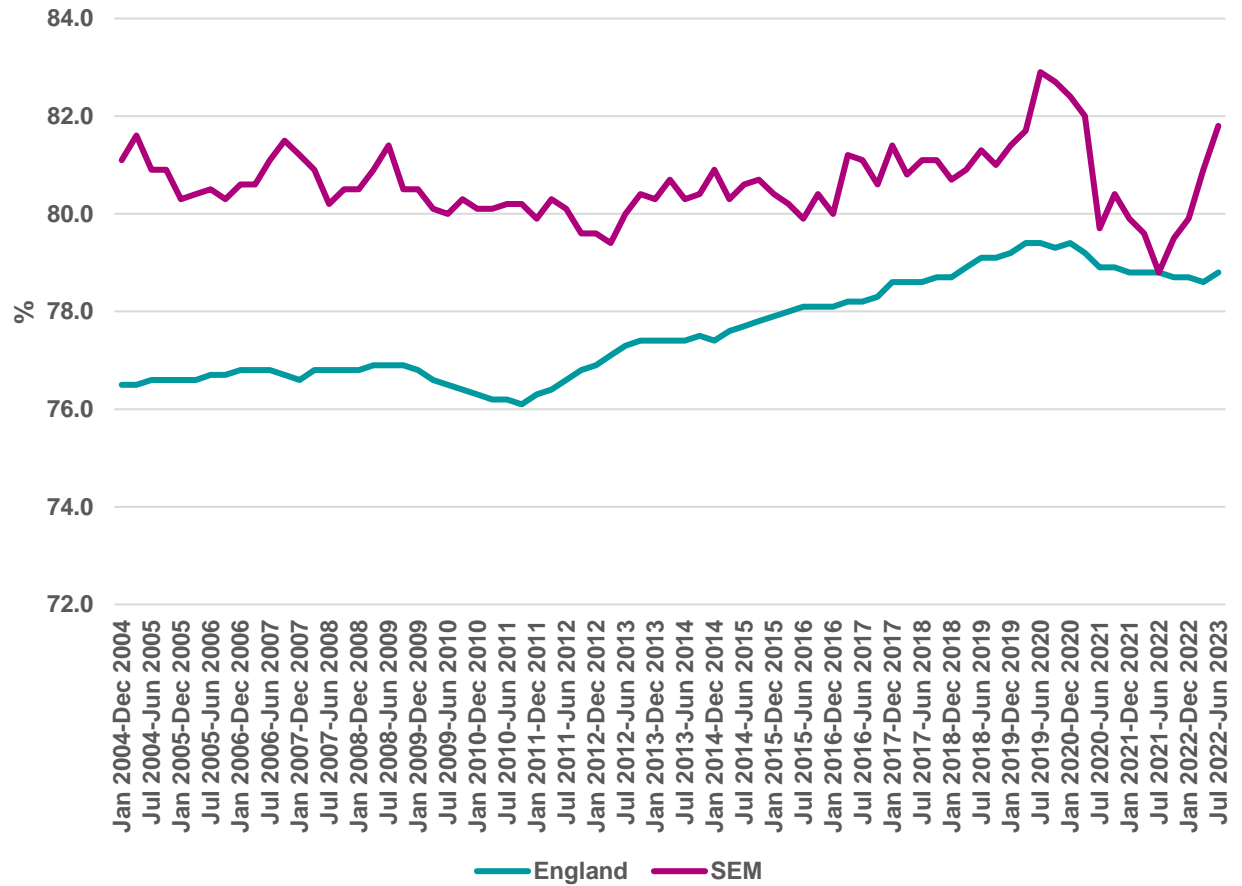
Unemployment rate - aged 16+, annual frequency (* = 2022 estimate unreliable due to small sample size)



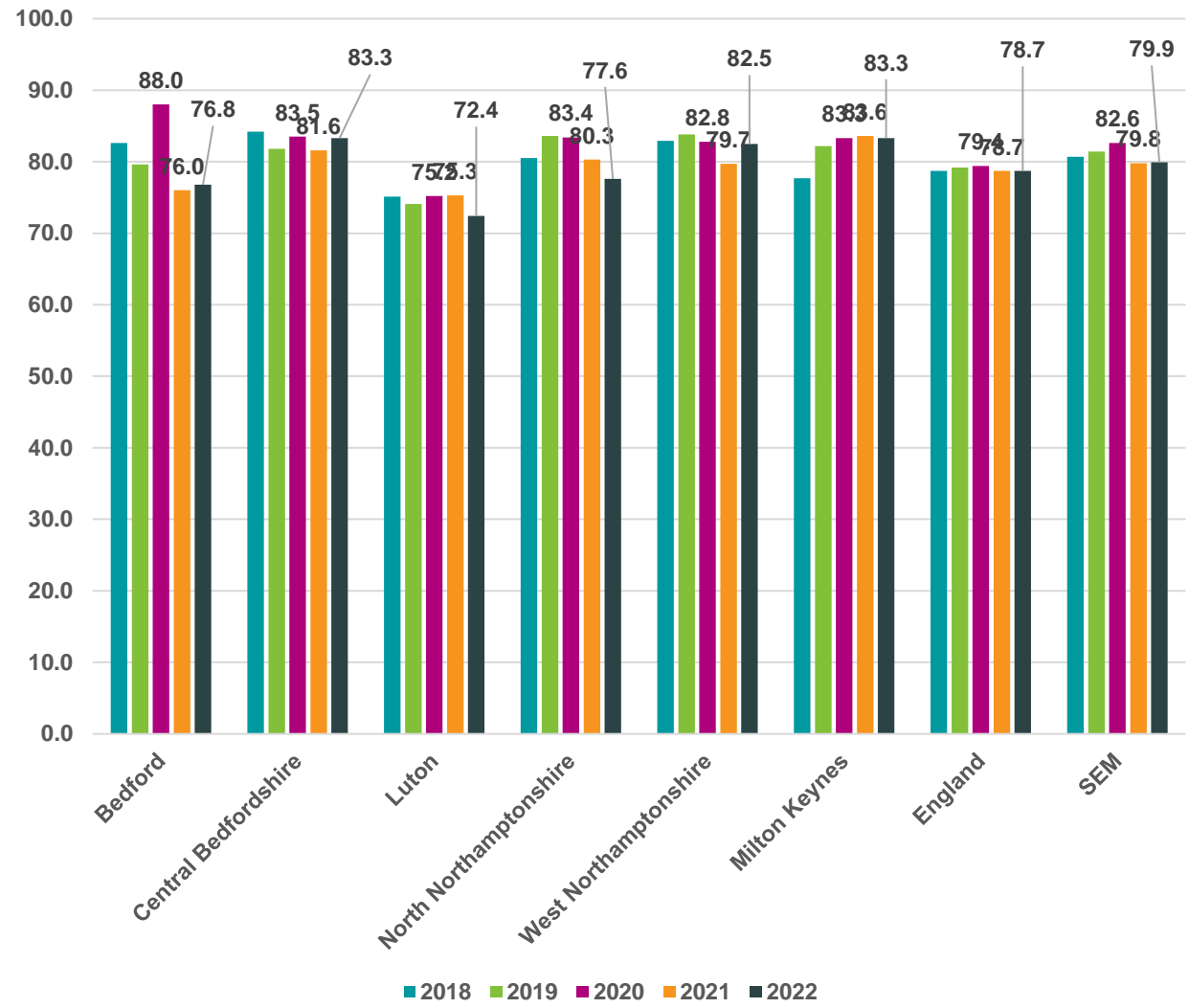
Source: Annual Population Survey, ONS

However, it is important to note that the economic activity rate has remained below 2020 levels, particularly falling in Luton, North Northants and Bedford, suggesting that some of the decrease in unemployment is linked to individuals leaving the labour market altogether. However, there has been some evidence of a significant recovery in the regional economic activity rate during 2023, returning to pre-COVID rates.

Economic Activity rate - aged 16-64, England and the South East Midlands, by rolling 12 month survey intervals



Economic Activity rate (%) - aged 16-64



Source: Annual Population Survey, ONS

As with the broader UK, long term sickness is a leading, and growing, reason for regional economic inactivity.

The three main reasons for inactivity are:

- Long-term sickness (27%)
- Students (25%)
- Looking after the family/home (20%)

Both long-term sickness and 'other' are growing at a fast rate.

The number that retired increased from 2018 to 2021 but decreased during 2022.

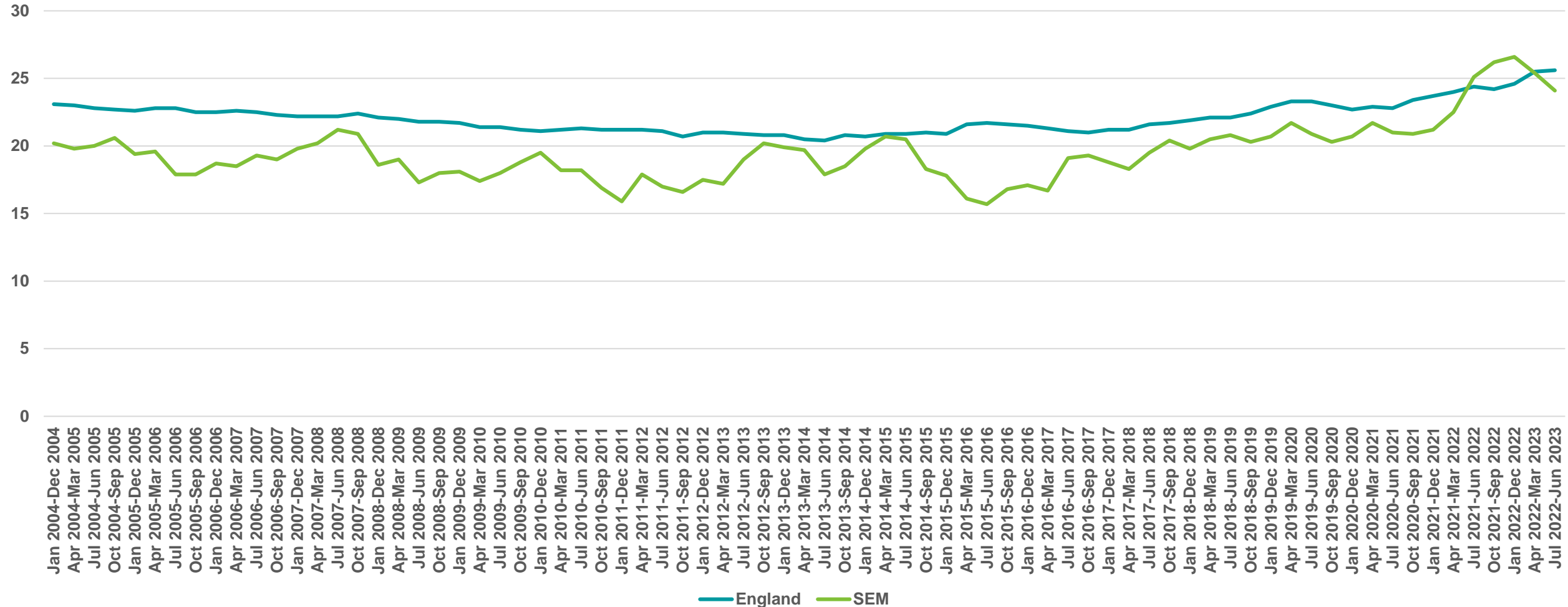
Inactivity by Reason, as proportion of total inactive - South East Midlands



Source: Annual Population Survey, ONS

Long term sickness also explains a larger proportion than the national average, and has grown at a vast rate since 2020. However, this rate has started to dip below the national average during 2023.

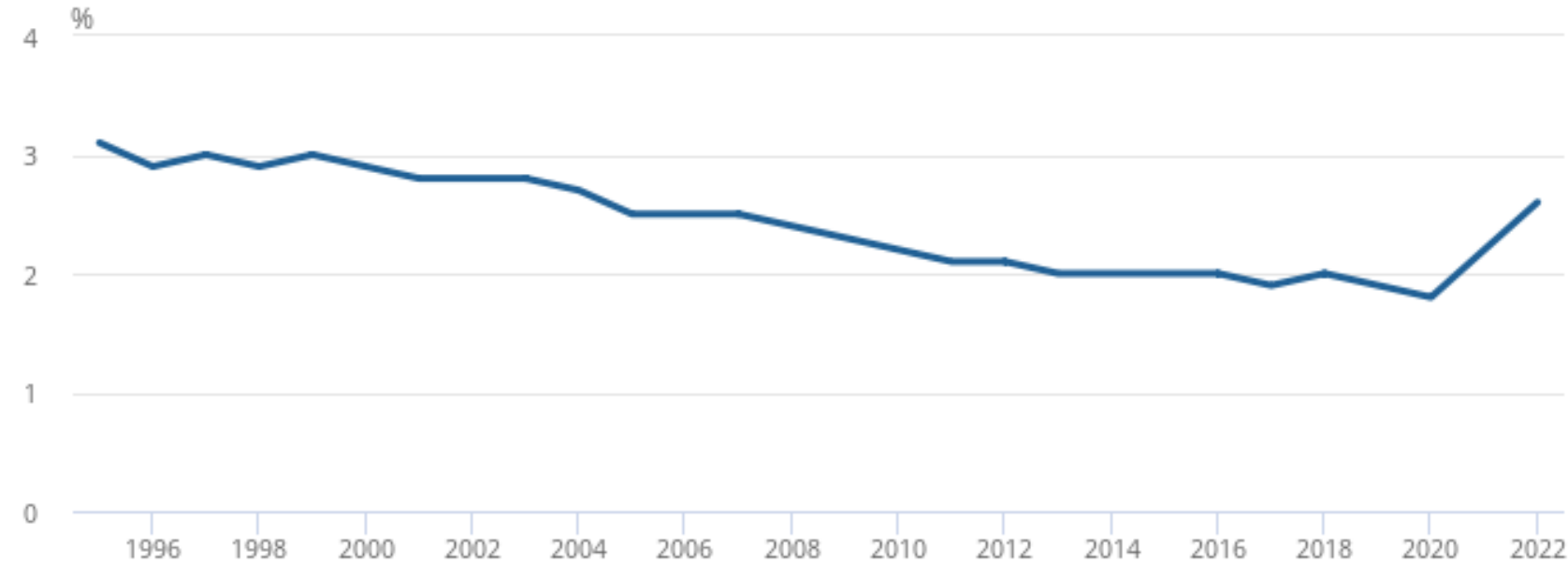
% of economically inactive due to long-term sickness, England and the South East Midlands, by rolling 12 month survey intervals



Source: Annual Population Survey, ONS

Figure 1: The sickness absence rate rose to 2.6% in 2022; this is the highest sickness absence rate since 2004

Sickness absence rate, for all people in employment aged 16 years and over, UK, 1995 to 2022



It should also be noted that record high sickness rates may also impact in-work productivity.

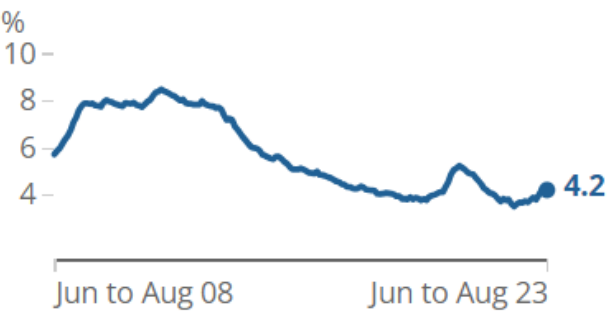
Adjusted experimental unemployment rate

Unemployment rate (all aged 16+)

Quarterly change: ▲0.2pps
Since Dec-Feb 2020: ▲0.2pps

The adjusted experimental unemployment rate is up on the quarter and on the year, and above pre-pandemic rates.

Source: LFS from ONS, PAYE RTI from HMRC and Claimant Count from ONS
[Read more](#)



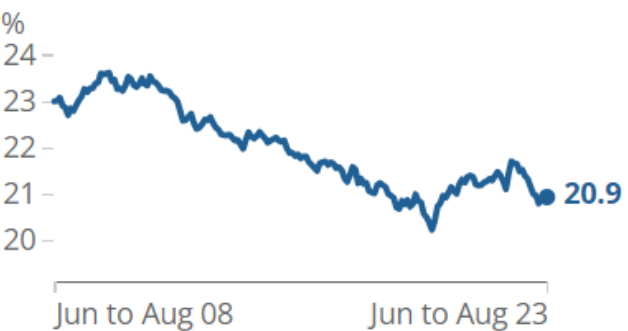
Adjusted experimental inactivity rate

Economic inactivity rate (all aged 16 to 64)

Quarterly change: ▲0.1pps
Since Dec-Feb 2020: ▲0.7pps

The adjusted experimental economic inactivity rate increased on the quarter but is down on the year, and is still above pre-pandemic rates.

Source: LFS from ONS, PAYE RTI from HMRC and Claimant Count from ONS



UK-wide, the unemployment continued to rise marginally in the quarter to August, but 0.2pp and slightly above pre-pandemic levels. Inactivity remained broadly unchanged on the past quarter, but continued to be some 0.7pp above pre-pandemic levels.

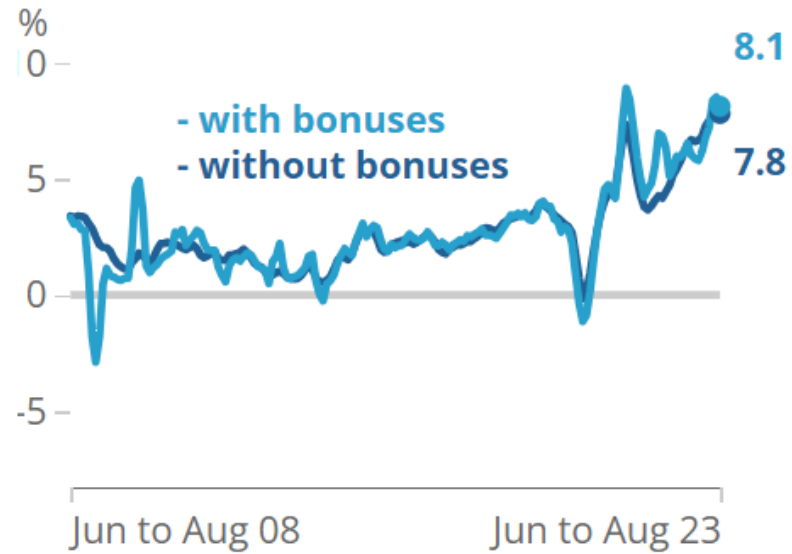
Nominal Earnings

Average Weekly Earnings annual growth rates - nominal pay

Annual growth in regular pay (excluding bonuses) is similar to recent periods and one of the highest regular annual growth rates since comparable records began in 2001

Source: MWSS from ONS

[Read more](#)



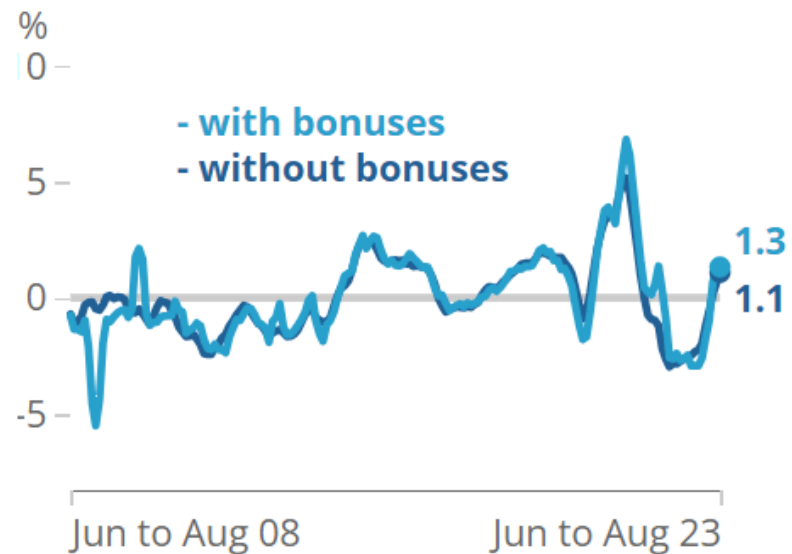
Real Earnings

Average Weekly Earnings annual growth rates - real pay (using CPIH)

As inflation has started to reduce, real annual growth rates have started to increase

Source: MWSS from ONS

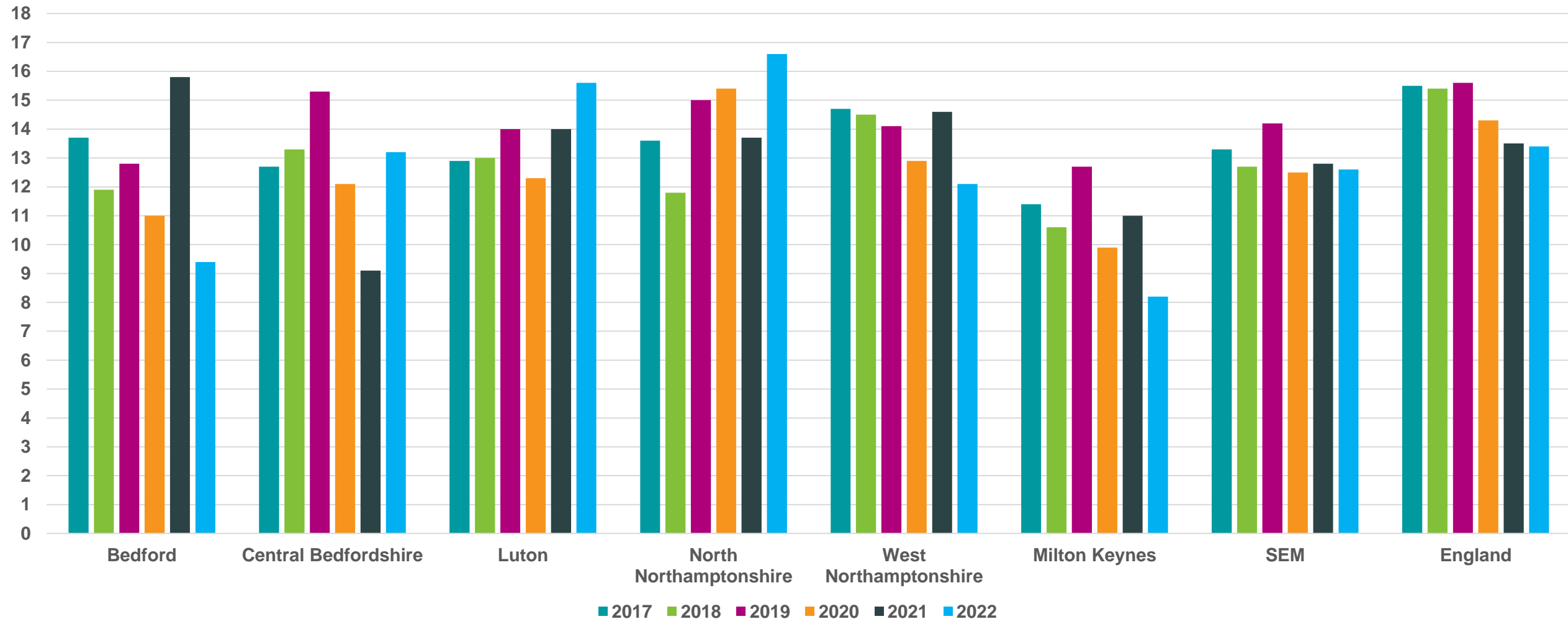
[Read more](#)



High inflation has also led to a decrease in real weekly earnings, although record high growth in nominal earnings and slowing inflation has led to modest recovery in real pay.

Similarly, the proportion of those in employment who are self-employed has gradually decreased nationally since 2019, but has remained more resilient in the SEM, driven by Luton and North Northamptonshire.

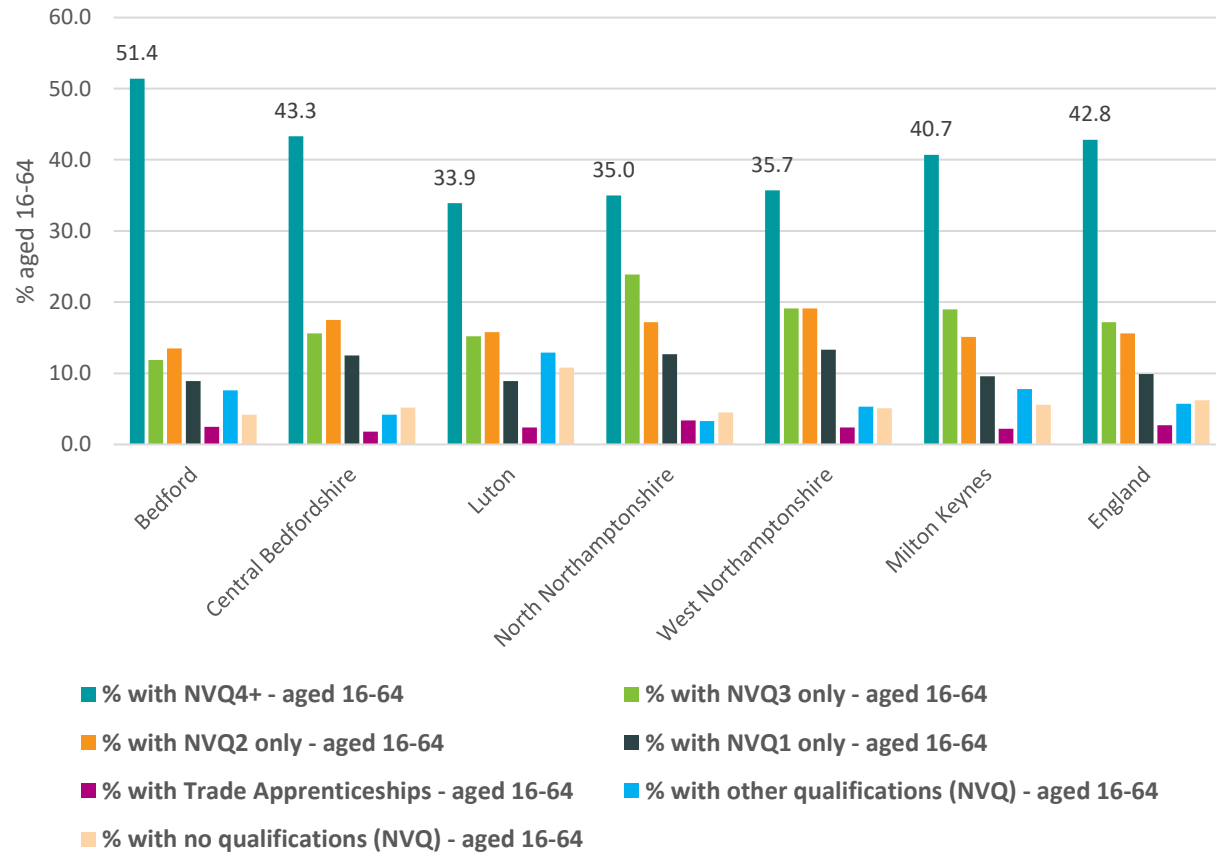
% population in employment who are self-employed, aged 16+, by local authority compared to England



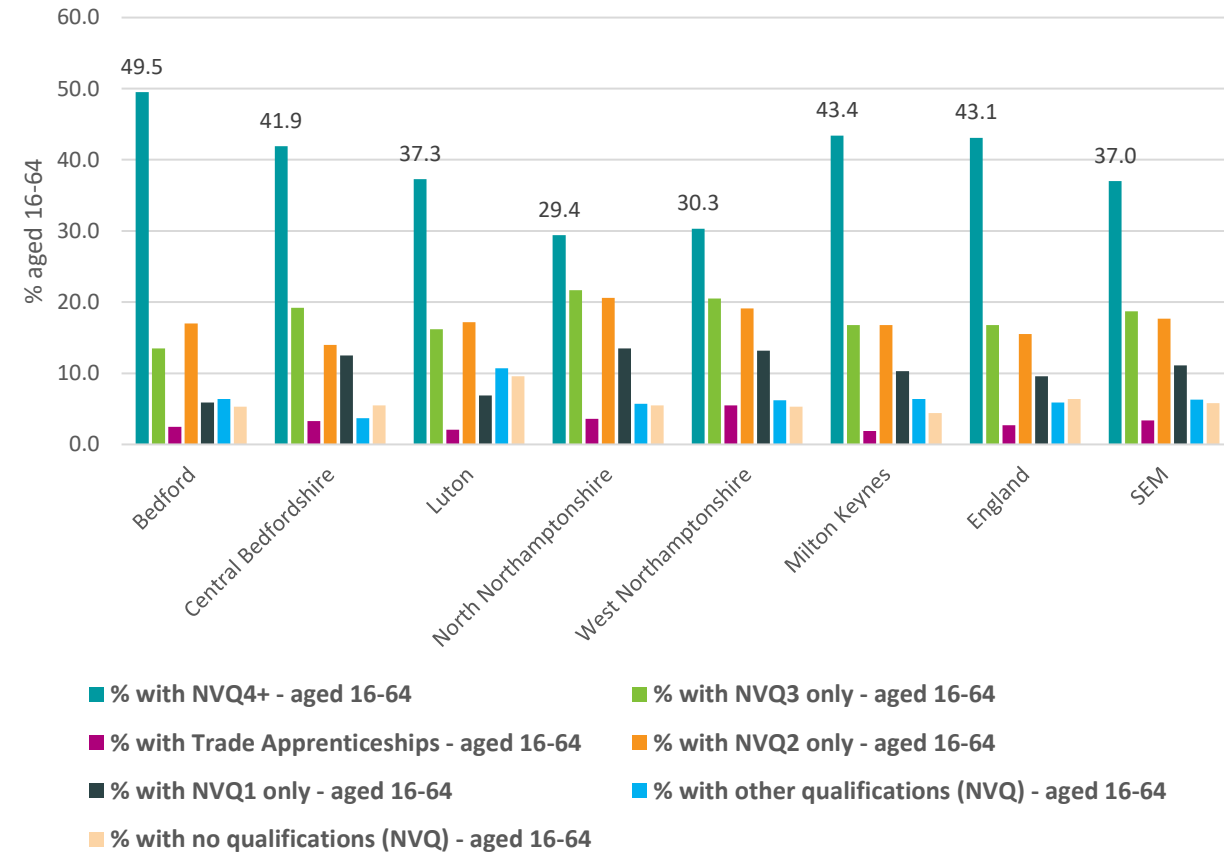
Source: Annual Population Survey, ONS

The proportion of working age individuals with NVQ4+ qualifications appears to have fallen significantly in Northamptonshire in 2021, by some 5 percentage points, but rose in Luton and Milton Keynes. Plus, while in 2021 the SEM had a smaller proportion of its population educated to NVQ4+ than in England, it had a higher proportion educated to NVQ3 level.

Qualifications of population by local authority, and in England, aged 16-64, 2020



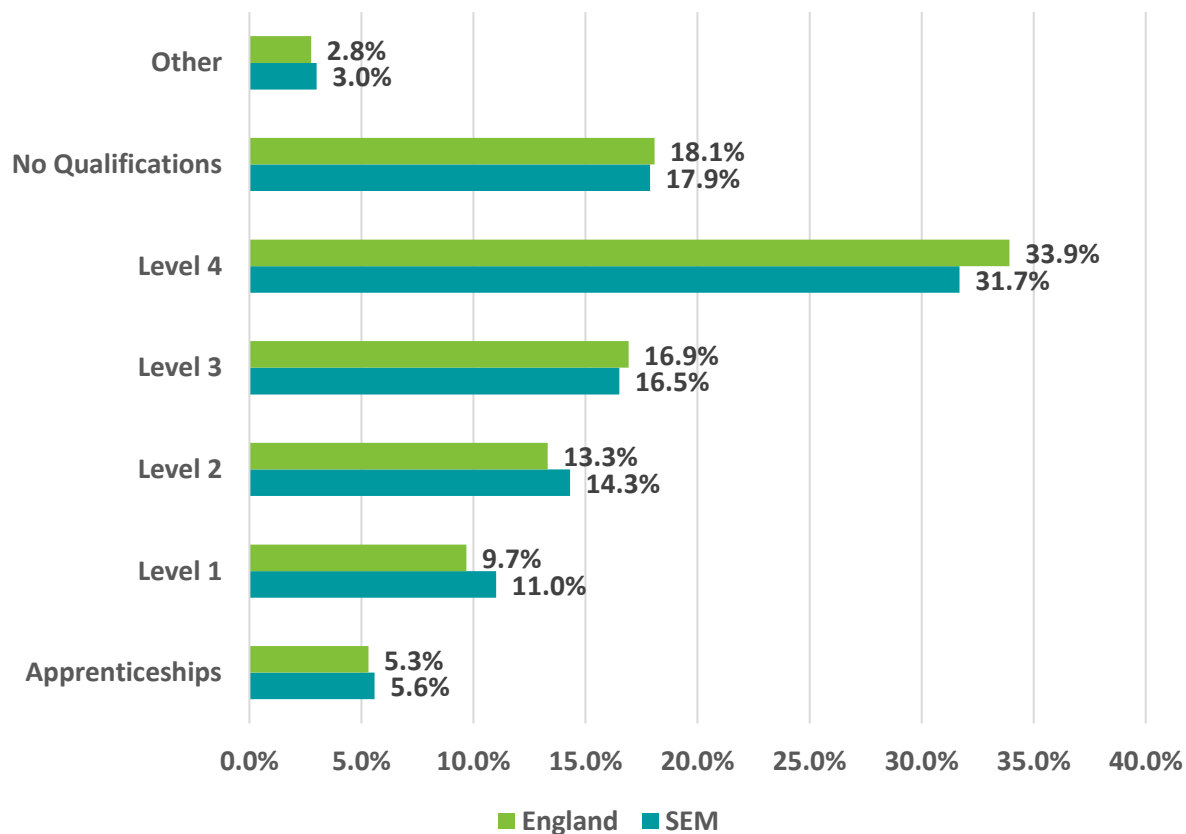
Qualifications of population by local authority, and in England, aged 16-64, 2021



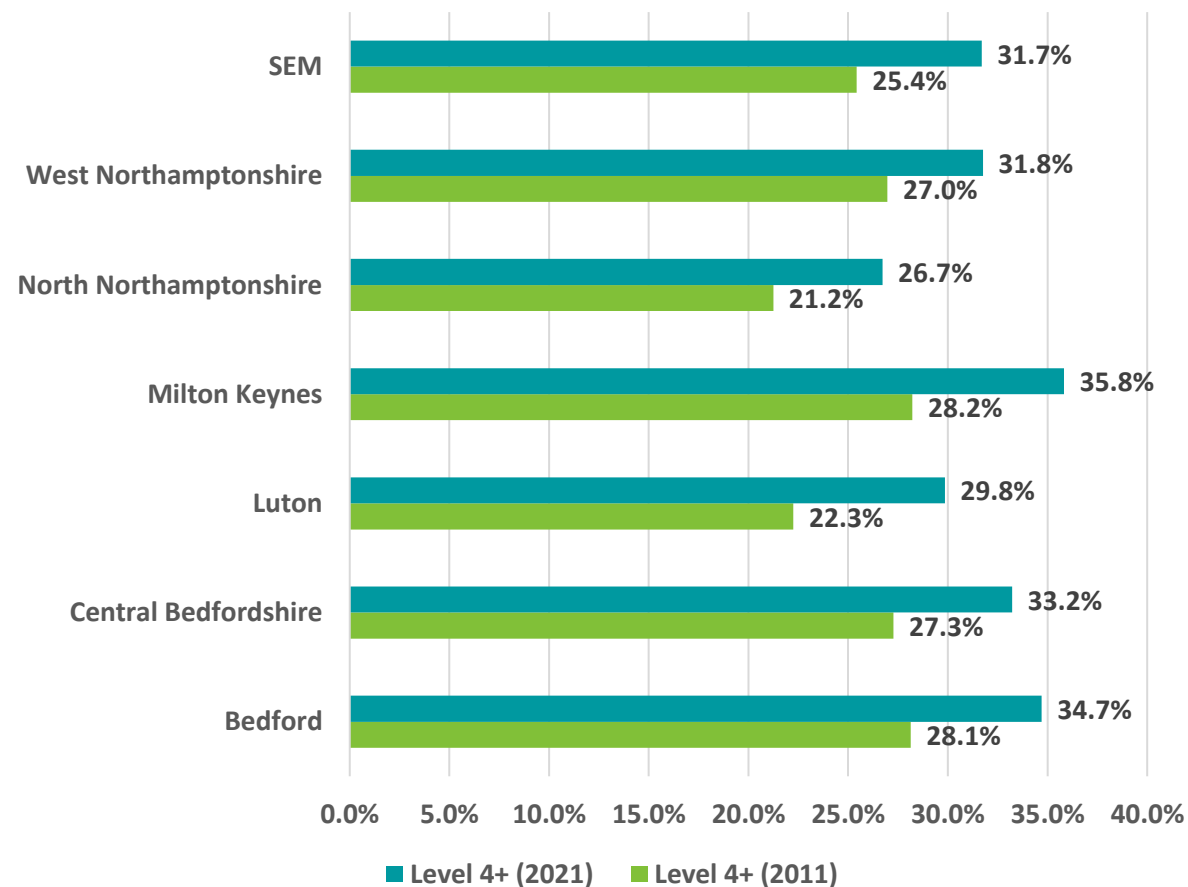
Source: Annual Population Survey, ONS

More reliable Census data confirms an increase in the supply of highly qualified to NVQ level 4+ individuals across the area in the past decade, particularly in MK and Luton. But it also reveals that these higher qualifications are slightly less common in the SEM than the national average.

Proportion of population aged 16+ with highest level of qualification, SEM and England, 2021

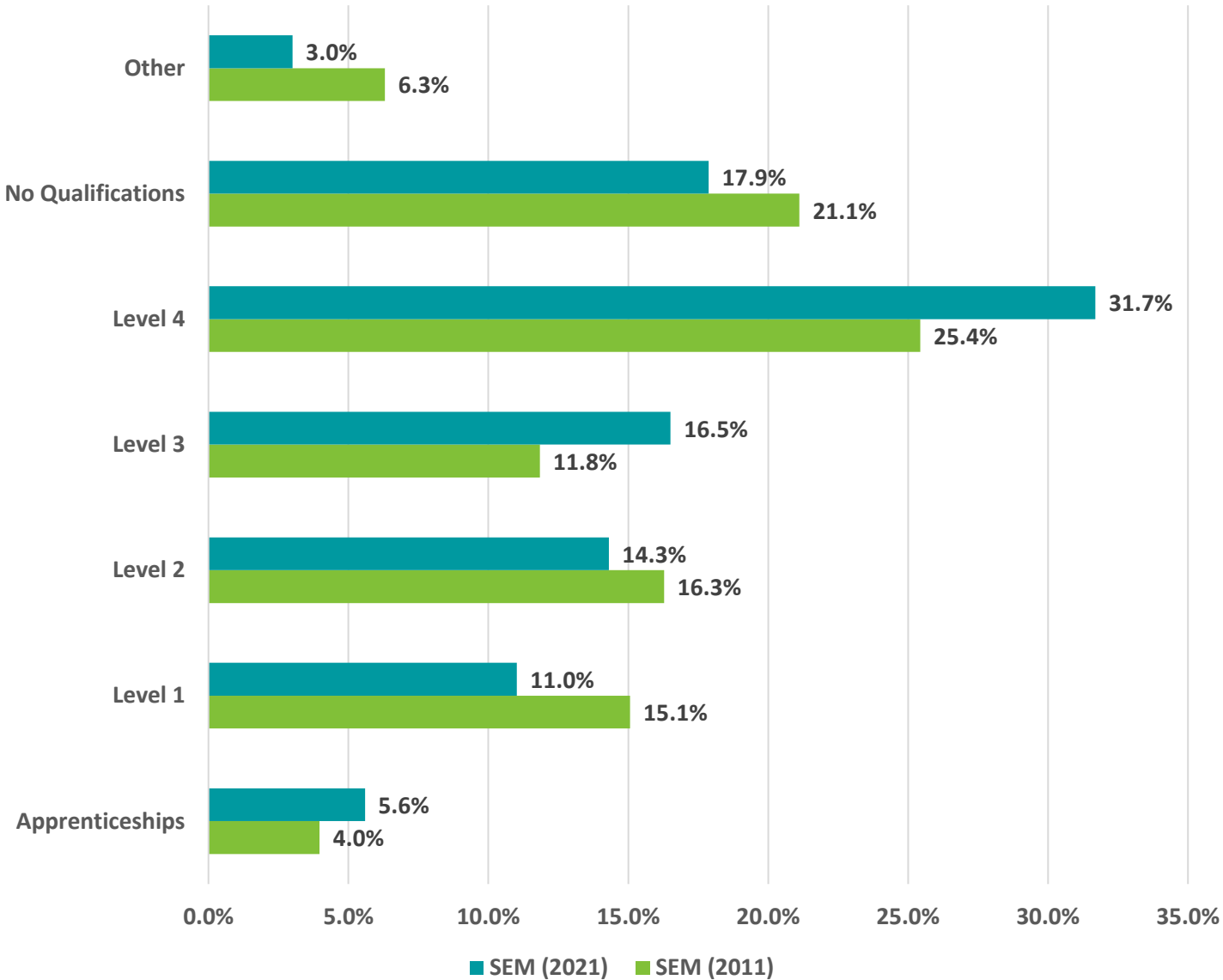


Proportion of population aged 16+ with a level 4+ qualification as their highest qualification



Source: [Education, Census 2011 and 2021, ONS](#)

Proportion of population aged 16+ with a given highest level of qualification, SEM, 2011 and 2021

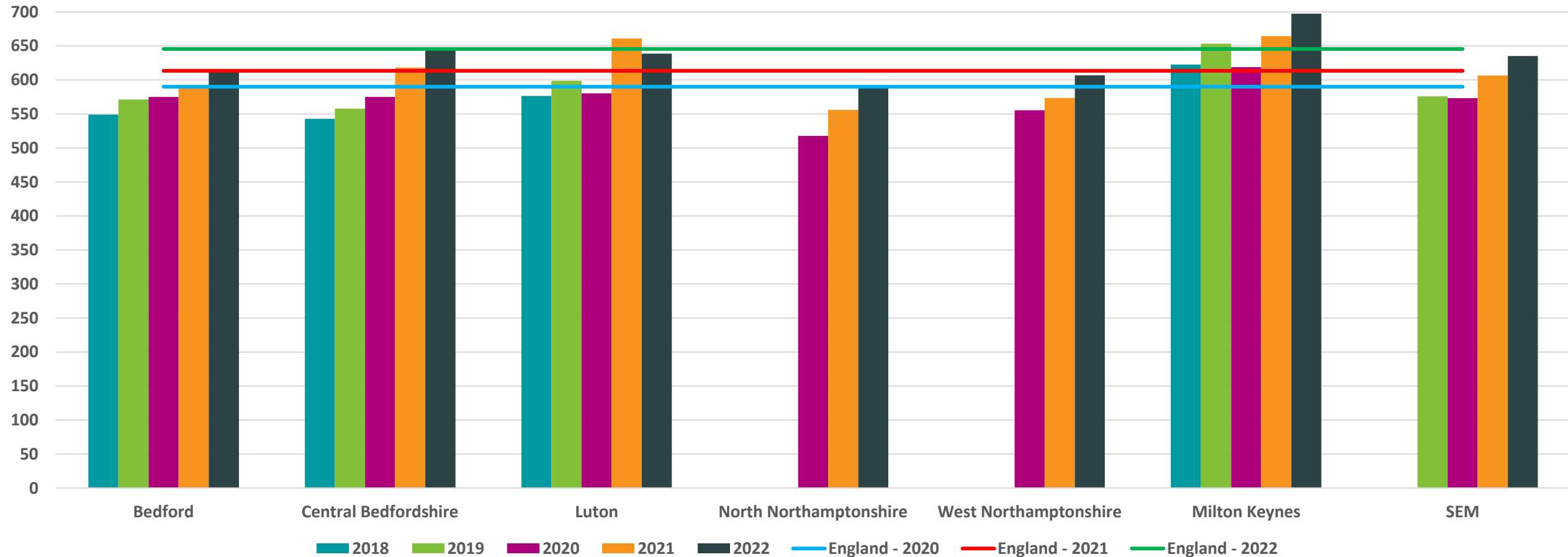


Apprenticeship qualifications have become slightly more common in the past decade, but level 3 and 4 qualifications have seen the greatest percentage point increase in their share of the 16+ population.

Source: [Education, Census 2011 and 2021, ONS](#)

Gross weekly pay for the median increased across the area since the 2020 pandemic in nominal terms. However, high levels of inflation in 2022 may have likely eroded some of these gains in pay since the pandemic. While in Luton median FTE pay fell 3.4% in 2022, this estimate has a coefficient of variation above 5%, and may not be reliable. In 2022, both Northants authorities reported the fastest rate of median pay growth, both up 5.8%. Note that growth in median pay may also reflect that individuals on lower incomes have become unemployed during the pandemic, thus pushing up average pay, in addition to labour shortages.

Median FTE gross weekly pay (£), workplace based, by local authority, 2018 to 2022



Source: Annual Survey of Hours and Earnings (ASHE), ONS

NB: Coefficient of variation for Luton and Bedford figures was above 5% for 2020 and 2022, thus estimates may not be precise. Values are calculated during April of each year.

Local Authority	Workplace basis coverage of NLW / NMW	Workplace basis coverage (per cent)
Luton	5,000	6.6
North Northamptonshire	7,000	5.2
Central Bedfordshire	5,400	5.0
Milton Keynes	7,900	4.3
West Northamptonshire	6,800	3.8
Bedford	2,600	3.1
SEM (estimate)	34,700	4.5
England	1,288,000	5.3

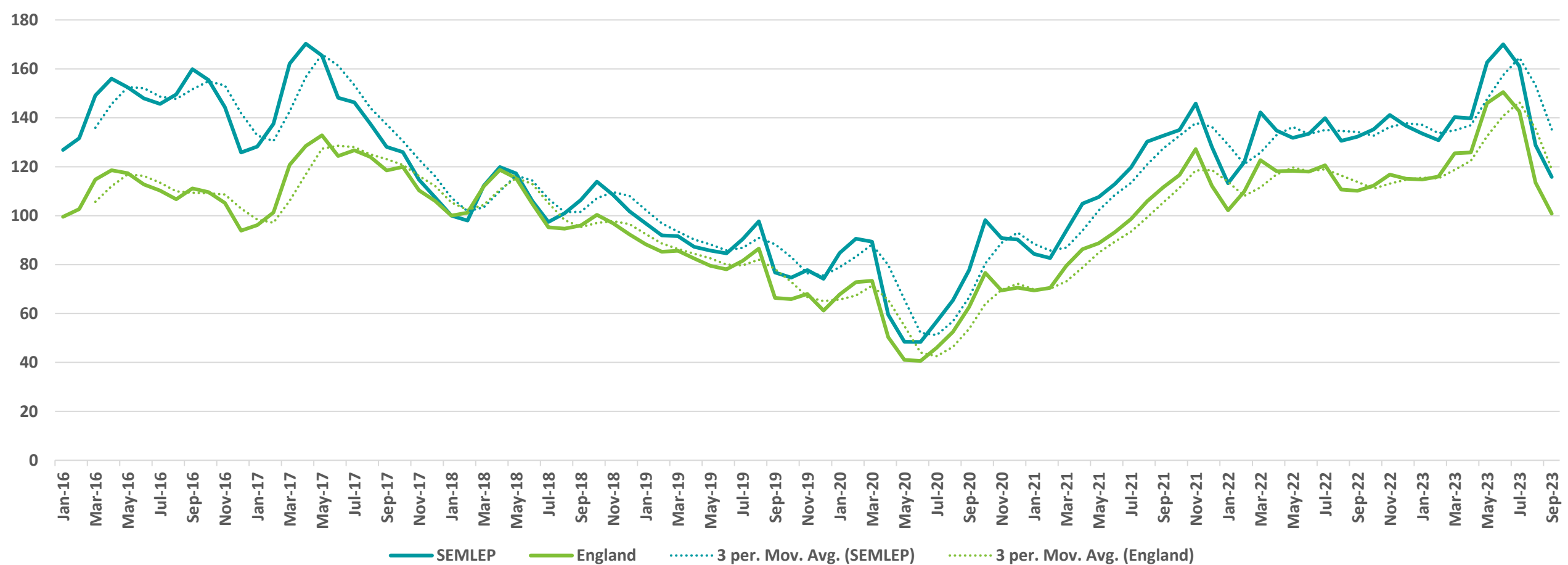
However, despite lower median pay, instance of workers paid at or below national living wage or national minimum wage is less common in the SEM compared to England. But instances of low pay are more common in Luton.

Source: [Low Pay Commission Report 2022](#)

Notes: a. Includes all NMW/NLW rates and the Apprentice Rate. b. Coverage includes those paid below or within 5p of the applicable rate. c. Data for Northern Ireland is not available by local authority. d. Local authority coverage is rounded to the nearest hundred. e. Denominator is the number of employees aged 16+.

Postings have continued to remain at historically high levels in 2023, remaining broadly constant since March 2022 in the SEM. Postings continued to climb from March 2023 to June 2023, but have since declined to their lowest level since 2022 in September, reflecting more job postings being filled than are created. Postings were 12% below September 2022 levels in September 2023.

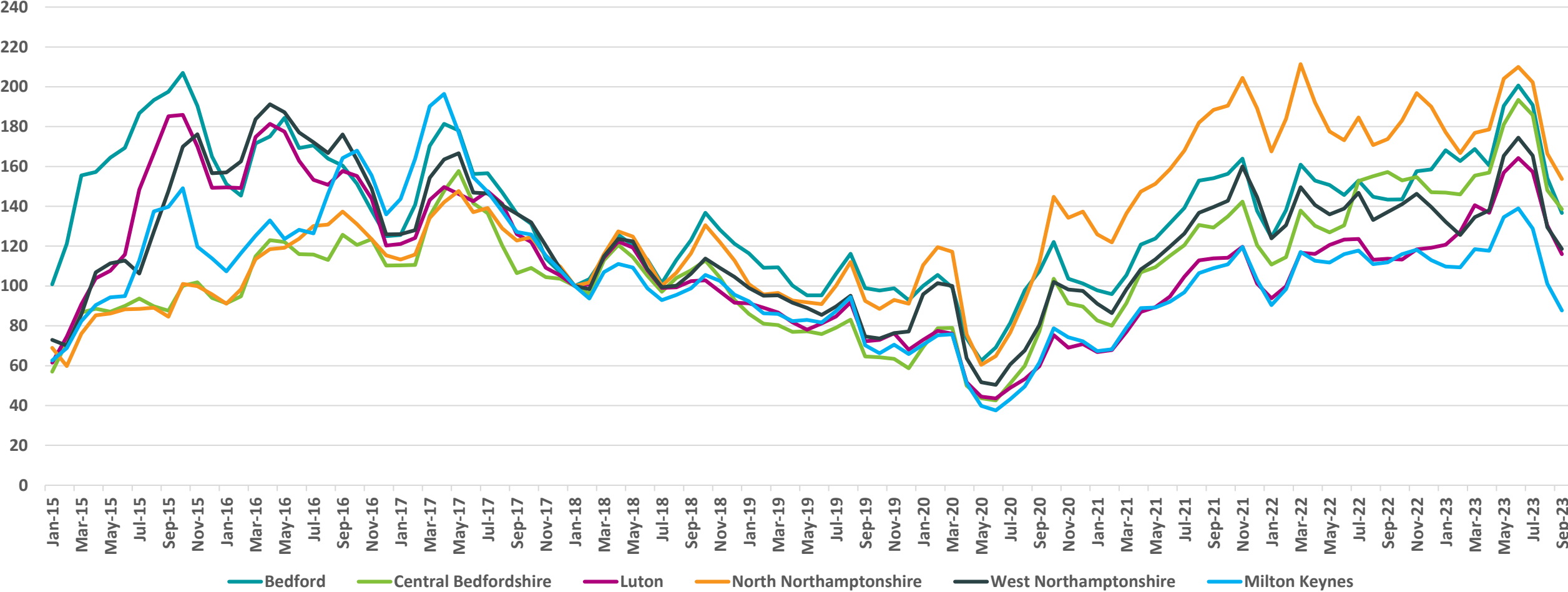
Job Postings Monthly Index, SEM and England
(January 2018 = 100)



Source: Lightcast, September 2023

Recent job postings growth has been particularly strong in North Northamptonshire and Central Bedfordshire since 2015, reaching record levels, but less strong in Milton Keynes.

Job Postings Index by Local Authority
(January 2018 = 100)



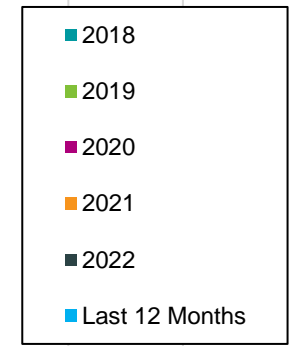
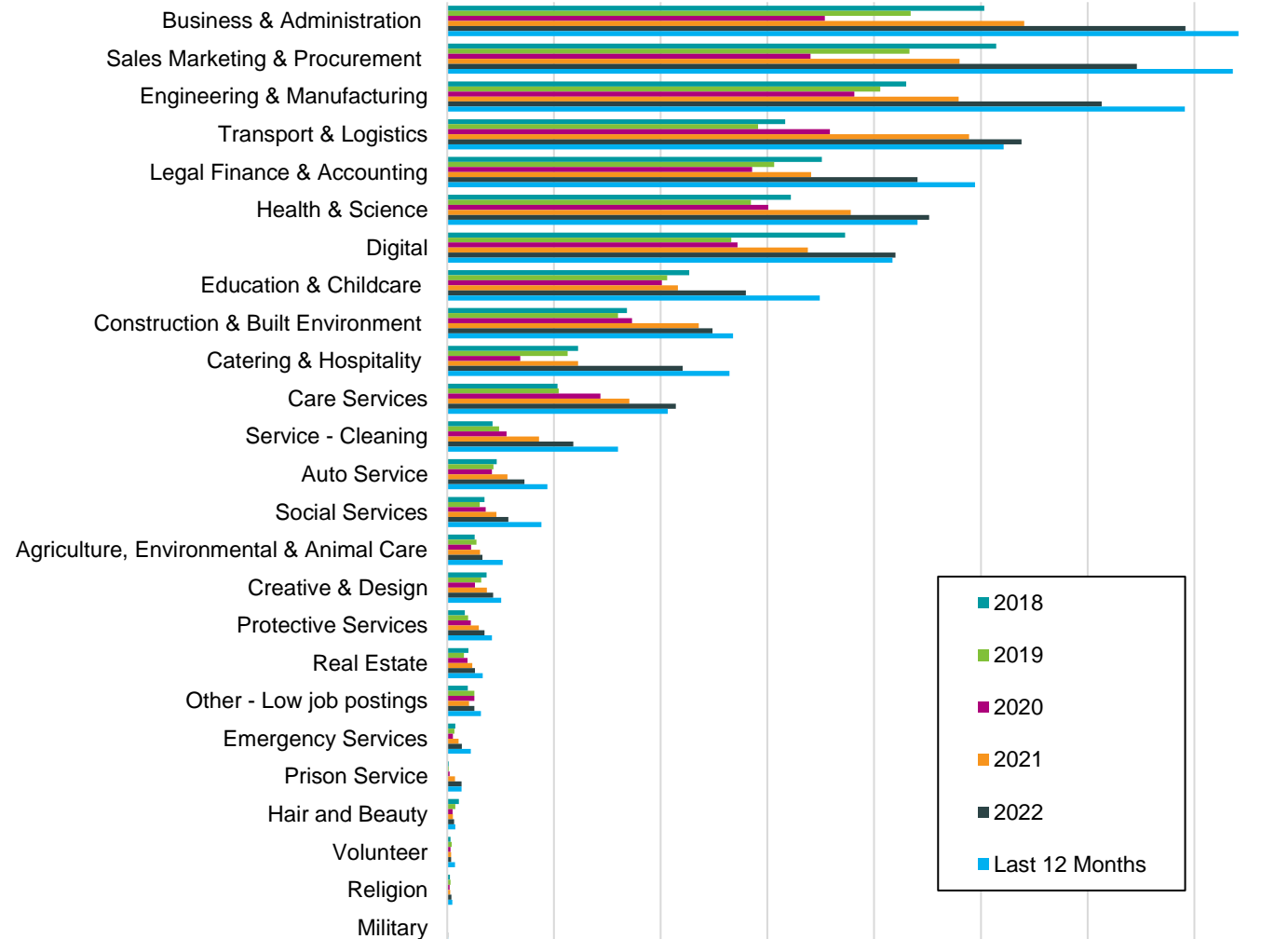
Source: Lightcast, October 2023

Labour demand appears to be highest in business administration and sales / marketing roles. But logistics, engineering and manufacturing demand has increased significantly since 2018. There is some evidence that health and science roles have also increased in demand since the COVID-19 pandemic.

Job Postings Last 12 Months - Occupational Routes and Pathways

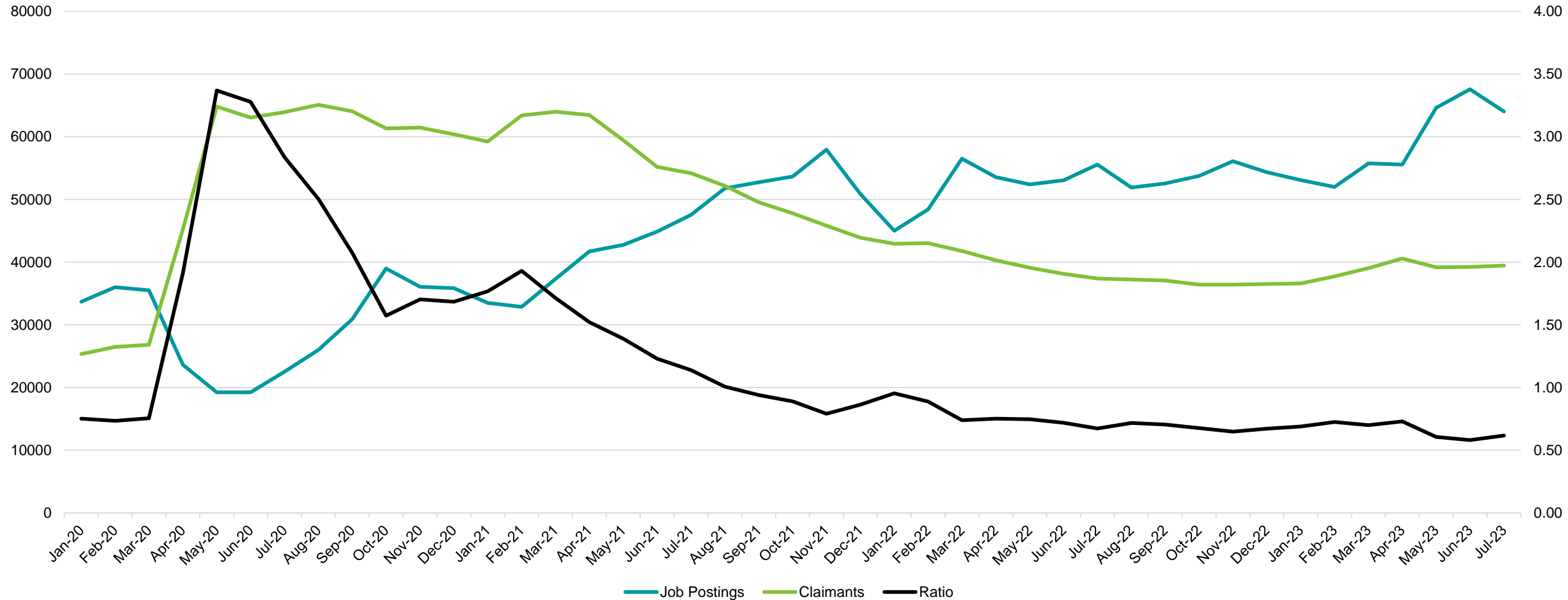


Job Postings - Occupational Routes and Pathways



The claimant to job postings ratio has now returned to pre-pandemic levels, but since May 2023 it has fallen below these levels. This signals a tight labour market, which may lead to recruitment challenges as labour demand exceeds available supply.

SEMLEP - Claimants & Job Postings



Source: Lightcast, October 2023

Alternative mobility estimates, based on mobile phone data, suggest that Northampton continues to lead overall mobility recovery within local high streets, out of the main cities in the area. The night time recovery index dropped significantly in April across the area, possibly as individuals cut back on leisure spending due to rising inflation. The spend index has recovered faster than the overall visits index, suggesting fewer trips but a higher spend per trip.

High street recovery scores to 31 March 2022

City	Weekend score to recovery	Night time score to recovery	Weekday score to recovery	Overall score to recovery	Spend index
Luton	102	91	79	84	98
Milton Keynes	107	117	78	87	106
Northampton	103	112	93	98	102

High street recovery scores to 29 April 2022

City	Weekend score to recovery	Night time score to recovery	Weekday score to recovery	Overall score to recovery	Spend index
Luton	104	70	87	81	111
Milton Keynes	105	71	79	89	108
Northampton	115	94	107	103	107

Source: Centre for Cities (based on Locomizer anonymised mobile phone data, 13 Feb 2020 = 100) Scores reflect current activity as a percentage of typical activity. Spend index figures not adjusted for inflation.

Nationally, average miles travelled per person remained low in 2021, but with some growth in frequency and duration of trips. Public transport trips are showing evidence of recovery since 2020, but remain well below 2022 levels.

Travel trends since the 1970s

Chart 1: Trends in trips taken, miles travelled, and hours spent travelling: 1972 to 2021 ([NTS0101](#))

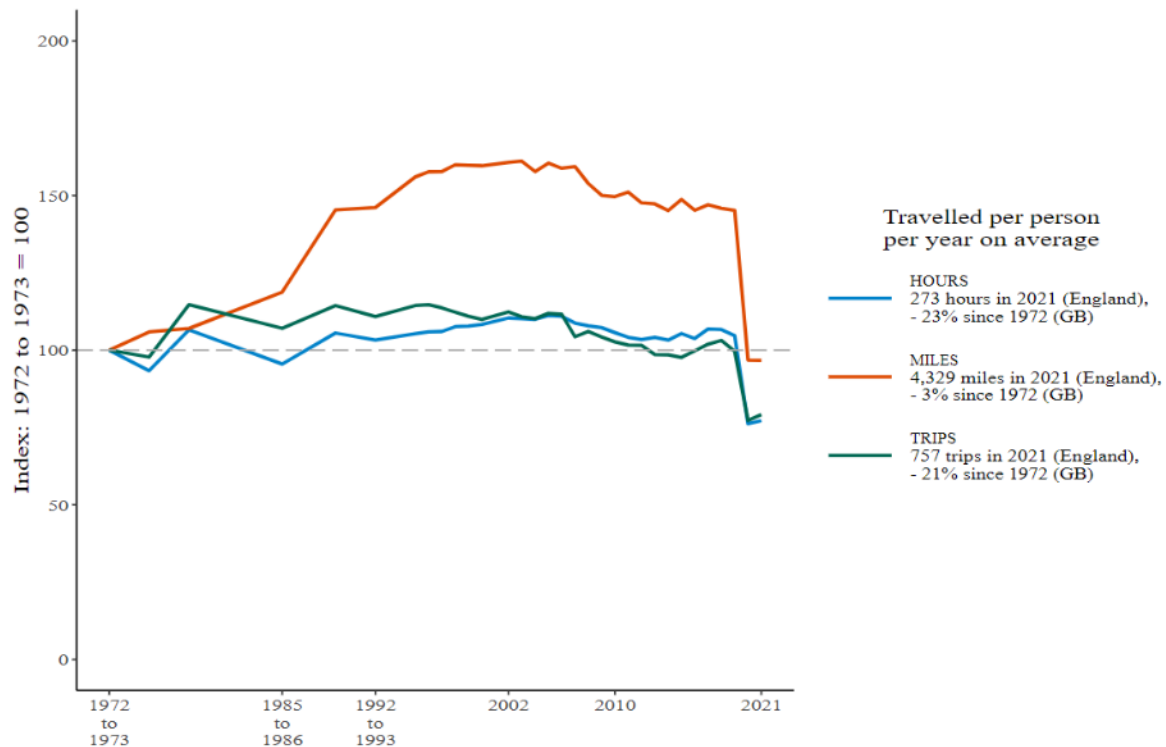
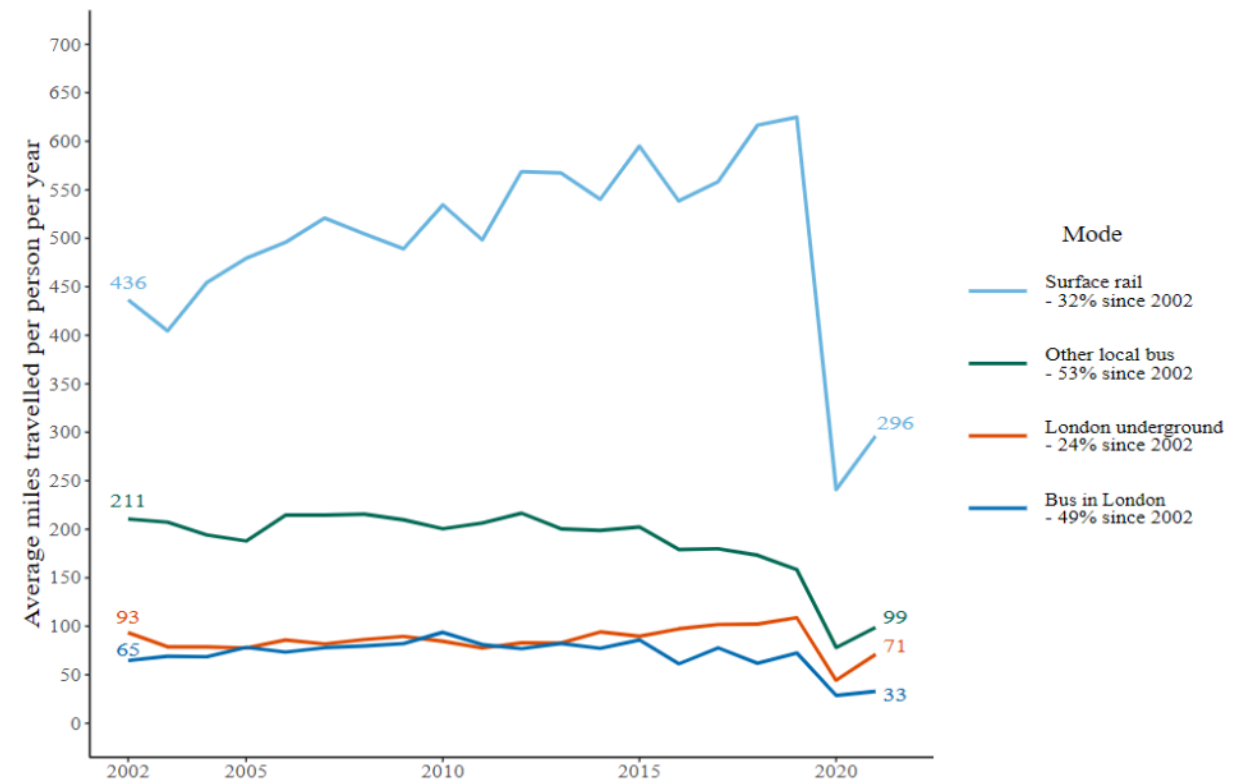
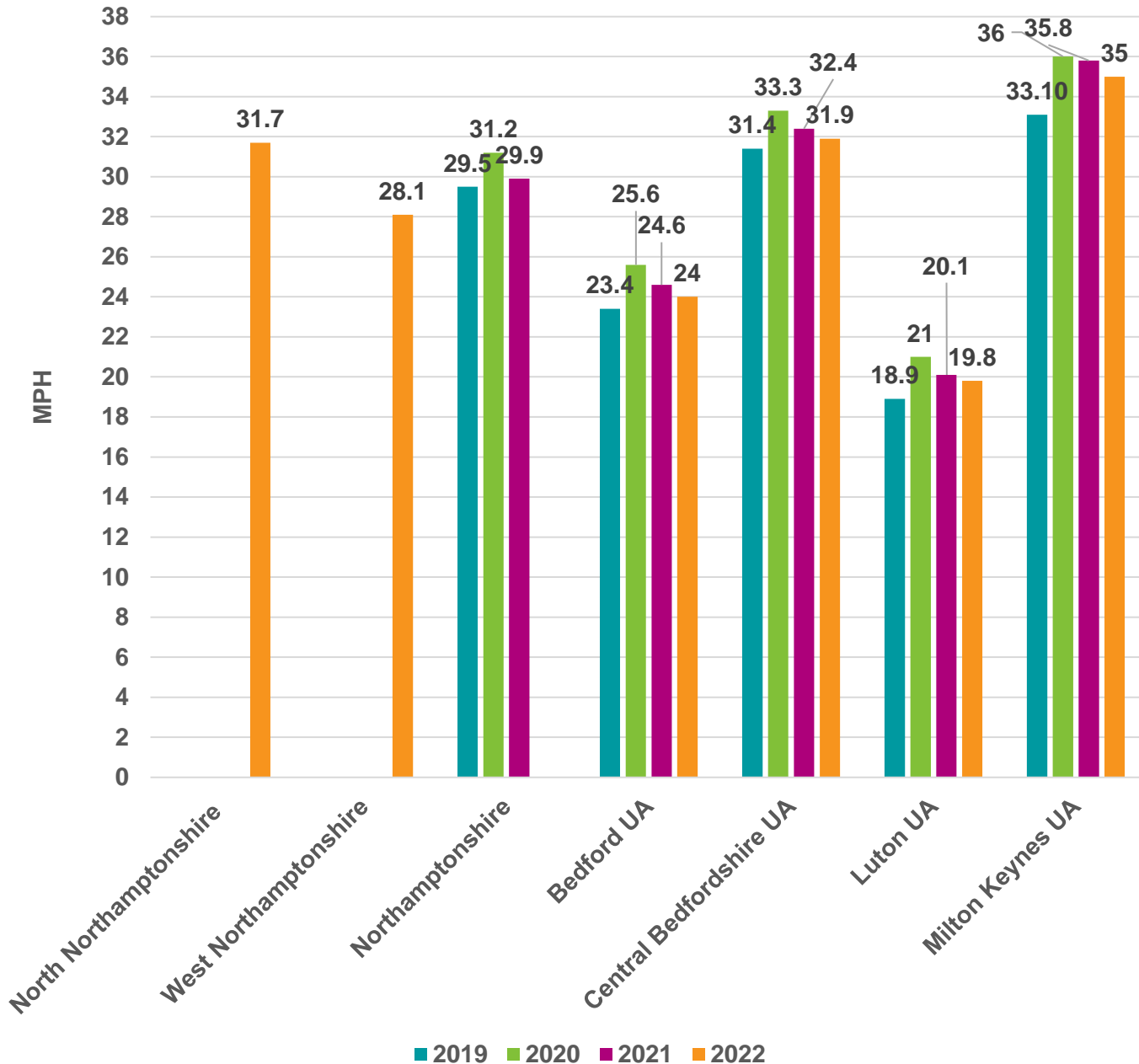


Chart 6: Miles travelled per person per year by selected public transport modes: England, 2002 to 2021 ([NTS0303](#))



Source: [National Travel Survey 2021](#)

Average speed on local 'A' roads by local authority in England, SEM local authorities and England



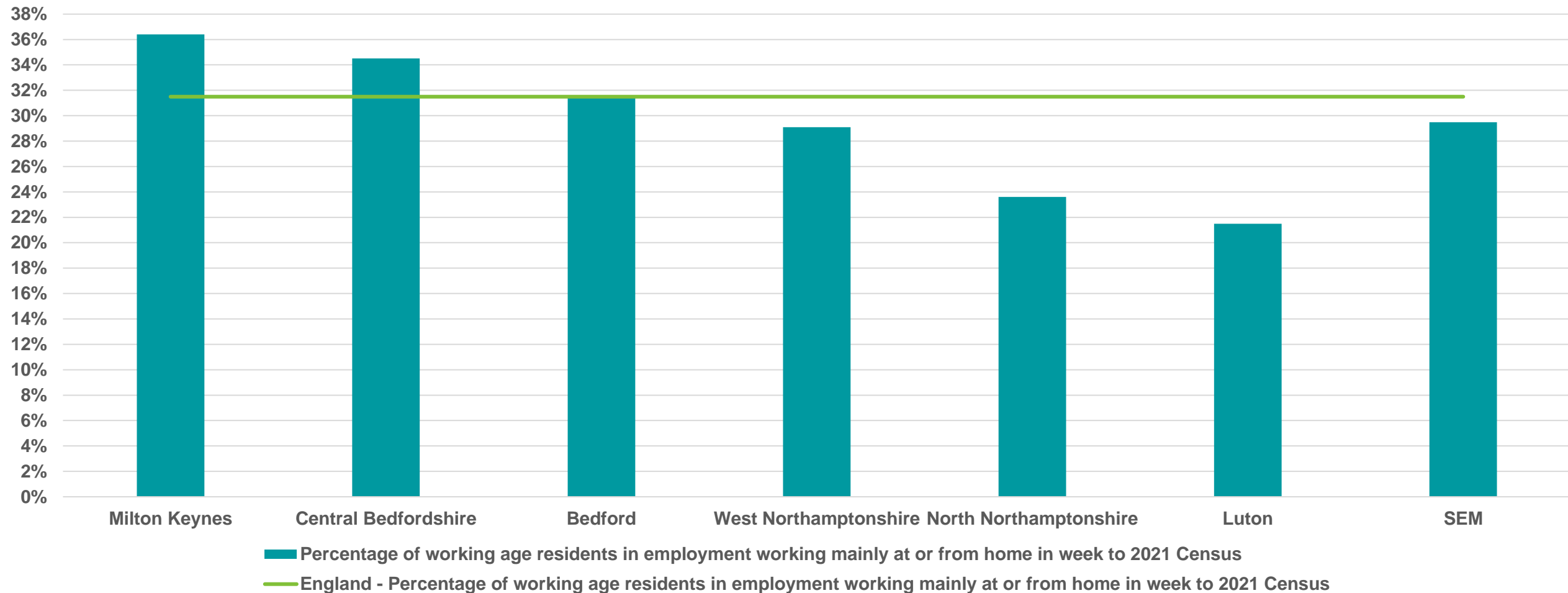
The impacts of furlough and increased levels of working from home significantly improved average traffic speeds on A roads in 2020. However, traffic speeds have gradually recovered to their pre-pandemic levels.

Source: [Average speed on local 'A' roads: monthly and annual averages, DfT](#)

NB: data from 2020-2022 impacted by COVID-19 pandemic, refer to the [methodology notes](#) for details behind how estimates are adjusted for this impact.

This is reflected in 2021 census data, showing that those employed in Milton Keynes and Central Bedfordshire were more likely to work from home in the week before Census day than the national average. Overall, those in employment were slightly less likely to be working from home in the SEM compared to the national average.

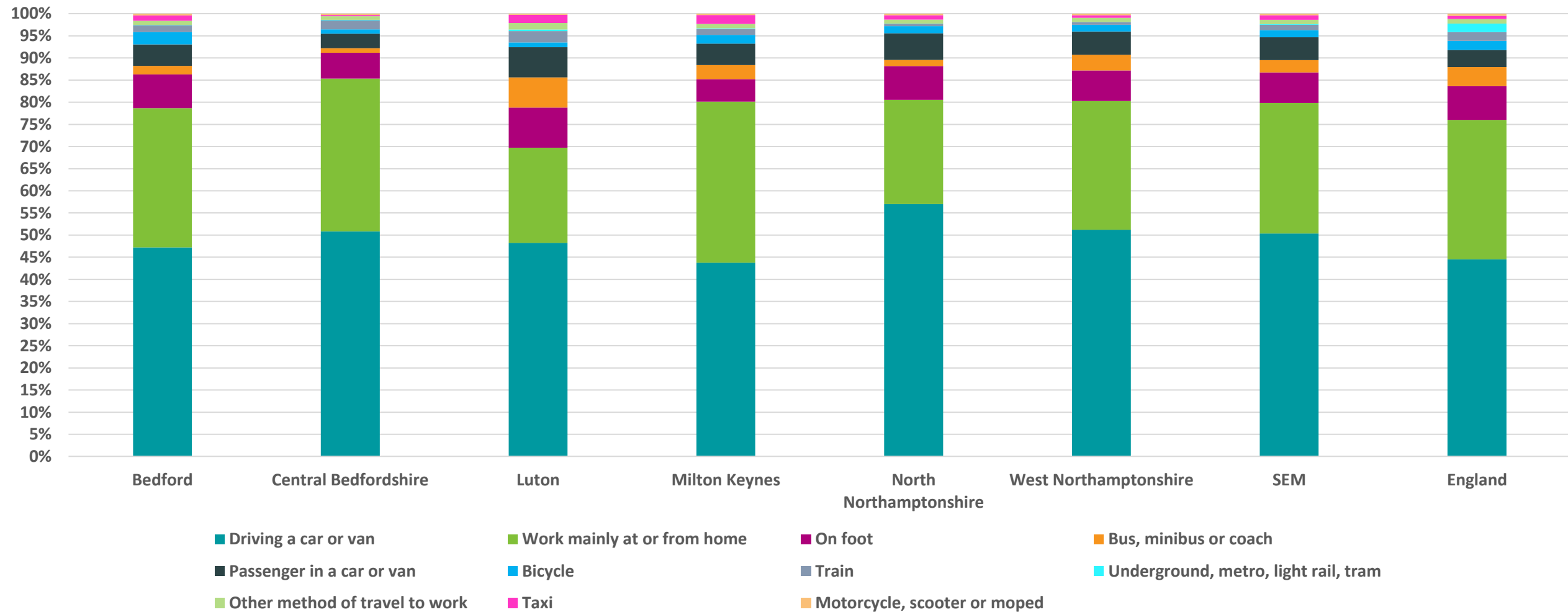
Percentage of working age residents in employment working mainly at or from home in week to 2021 Census



Source: [Travel to Work, Census 2021, ONS](#)

Travel to work by car or van remained the most popular mode for travelling to work, accounting for 50% of residents' methods for travelling to work, above the national average of 45% of workers. But due to COVID-19 restrictions these figures should be interpreted with caution

Travel to work by mode for residents aged 16+ in employment, by SEM local authority



Source: [Travel to Work, Census 2021, ONS](#)

But while traffic speed has risen on average, some parts of the Strategic Road Network (SRN) in the SEMLEP area decreased, mainly around Kettering and Northampton. Some of the strongest gains in traffic speeds were around Silverstone.

Bottom 5 roads on the SRN for annual percentage increase in average traffic speeds in the SEM, 2019 - 2020

Local Authority	Road Name (SRN)	Annual percentage change in average traffic speed, 2019 - 2020
Northamptonshire	A14 westbound between J1 and M1/M6	-3.2%
Northamptonshire	M1 northbound within J16	-3.3%
Northamptonshire	M1 northbound between J15A and J16	-3.5%
Northamptonshire	A14 eastbound between J8 and J9	-4.3%
Northamptonshire	A14 eastbound within J8	-4.3%

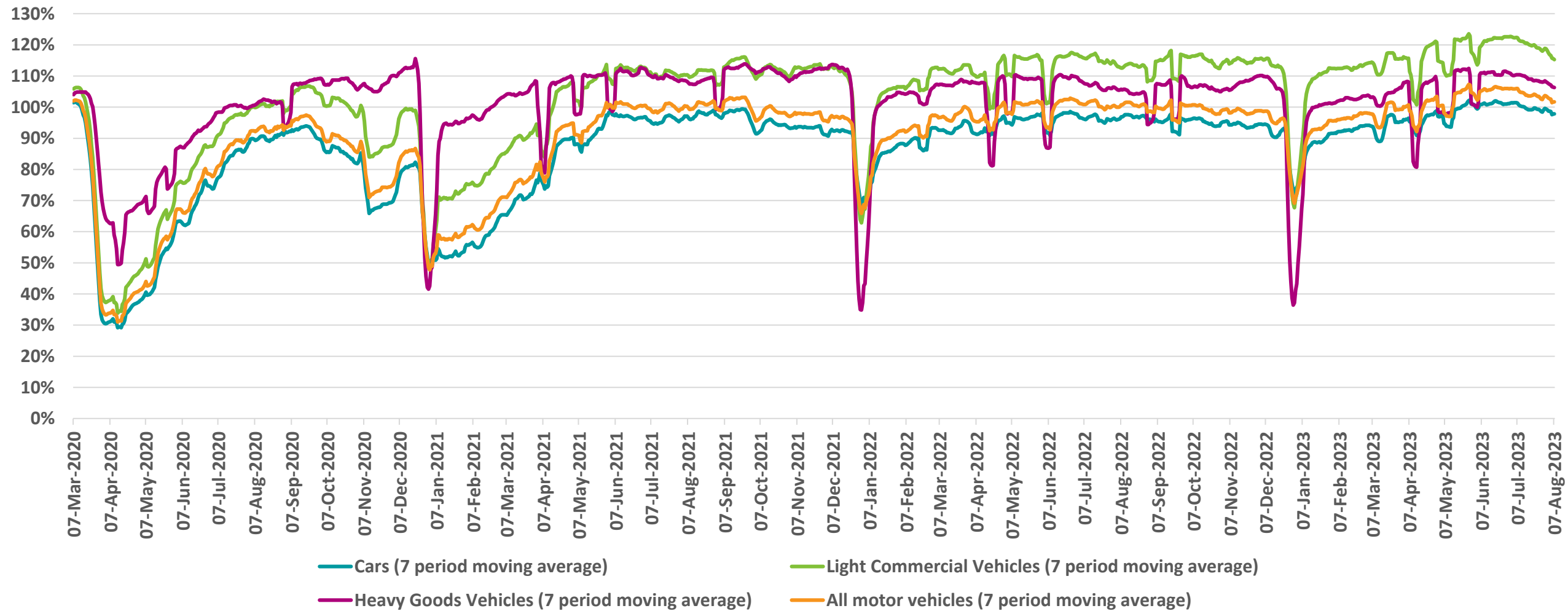
Top 5 roads on the SRN for annual percentage increase in average traffic speeds in the SEM, 2019 - 2020

Local Authority	Road Name (SRN)	Annual percentage change in average traffic speed, 2019 - 2020
Northamptonshire	A43 northbound between A413 near Whittlebury and A5	50.1%
Northamptonshire	A43 northbound between A413 near Whittlebury and A5	48.8%
Northamptonshire	A43 northbound between A413 near Whittlebury and A5	47.2%
Bedford	A1 southbound within the A428 junction	38.1%
Northamptonshire	A45 eastbound at a minor junction between A509 (south) and A5001 (east)	38.0%

Source: Average speed on the Strategic Road Network in England, DfT

These trends seem to be supported by transport data collected for Great Britain. Traffic for all motor vehicles has mostly recovered to pre-pandemic levels, but remains slightly lower. LCV and HGV traffic remains significantly above pre-pandemic levels, while passenger car traffic remains slightly below pre-pandemic levels.

Daily road traffic index: 100 = same traffic as the equivalent day of the week in the first week of February, non-seasonally adjusted, 7 period moving average, GB



Source: [Department for Transport – Road traffic statistics: management information](https://www.gov.uk/government/collections/road-traffic-statistics-management-information)

Both rural and urban areas experienced an increase in their respective employment rates and lower unemployment rates in 2022 Q2, compared to last year. However, the proportion of inactive individuals who were retired remained stable in rural areas, despite decreasing in urban areas, possibly driven by increased retirement.

Percentage of people economically active and inactive: Q2 2021 to Q2 2022¹

Status	Rural2 Q2 2021	Rural 2 Q2 2022	Urban2 Q2 2021	Urban2Q2 2022
Employed ³	77.2	78.1 ▲	74.8	75.2 ▲
Unemployed ⁴	2.9	2.5 ▼	4.9	3.9 ▼
Inactive	40.0	40.0 ◀▶	35.9	35.7 ▼
of which Inactive retired	28.2	28.8 ▲	20.3	19.8 ▼

Table notes:

Source: ONS (Labour Force Survey, not seasonally adjusted).

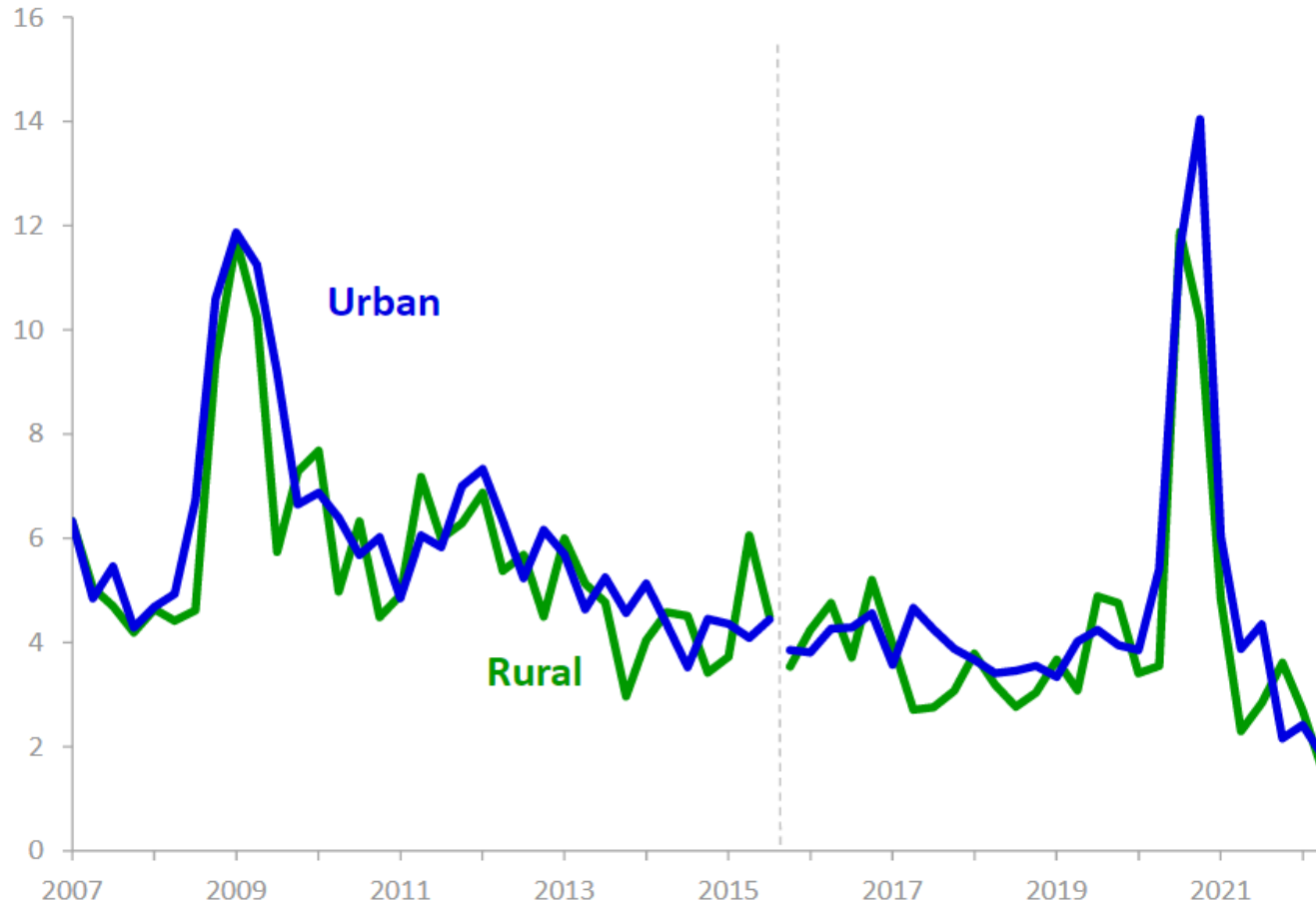
(1) All changes are based on unrounded figures and therefore may not agree exactly to the figures presented in the text and tables which are rounded to 1 decimal place.

(2) According to the Rural-Urban Classification 2011.

(3) As a percentage of people aged 16 to 64 bringing this figure in line with other publications where employment rate is shown as percentage of people aged 16 to 64.

(4) As a percentage of people aged 16 and over who are economically active (in or seeking work).

Redundancies per 1000 employees, Q1 2007 to Q2 2022



Redundancies per 1000 employees, Q1 2007 to Q2 2022

Chart notes:

Source: ONS (Labour Force Survey).

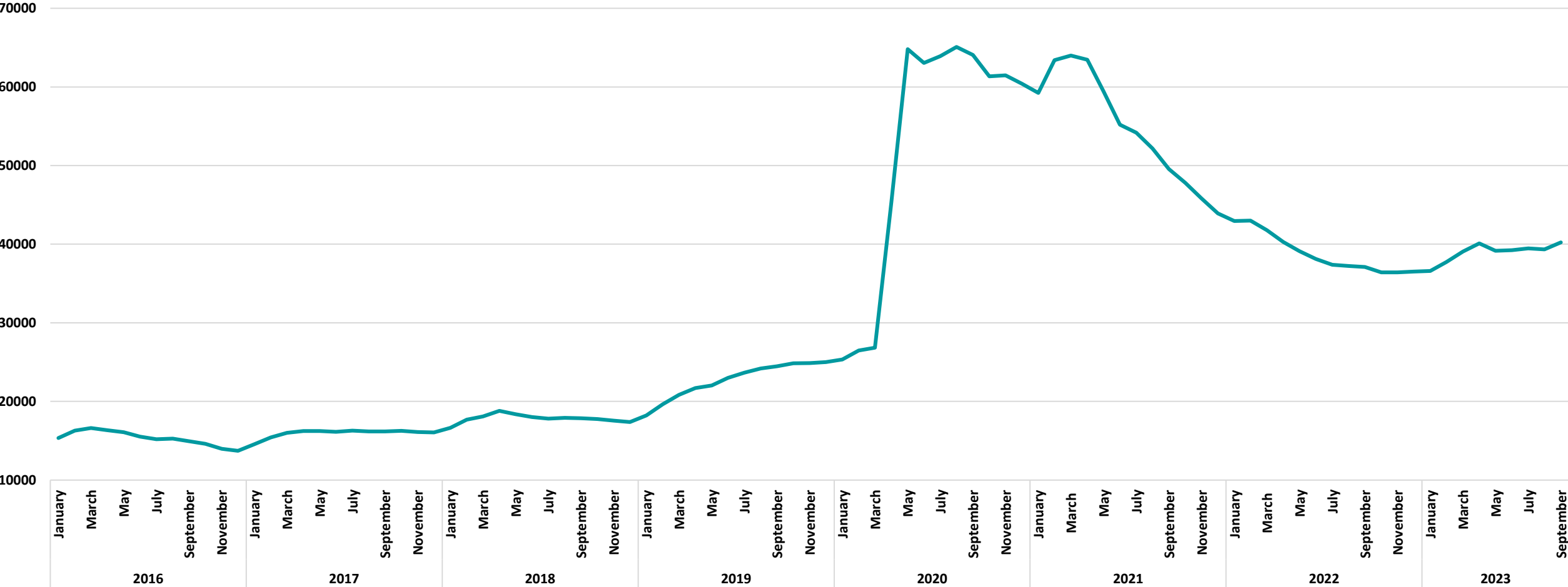
Dashed line: 2001 Rural-Urban Classification (RUC) applied up to Q3 2015, 2011 RUC from Q4 2015.

The rural and urban redundancy rates have decreased to record lows since the pandemic, mirroring the tight labour market conditions seen nationally.

The claimant count saw a sharp rise in May 2020, rising gradually to a new peak in Aug 2020. Counts have gradually risen through 2023, reaching their highest level since April 2022 in September 2023.

SEMLEP

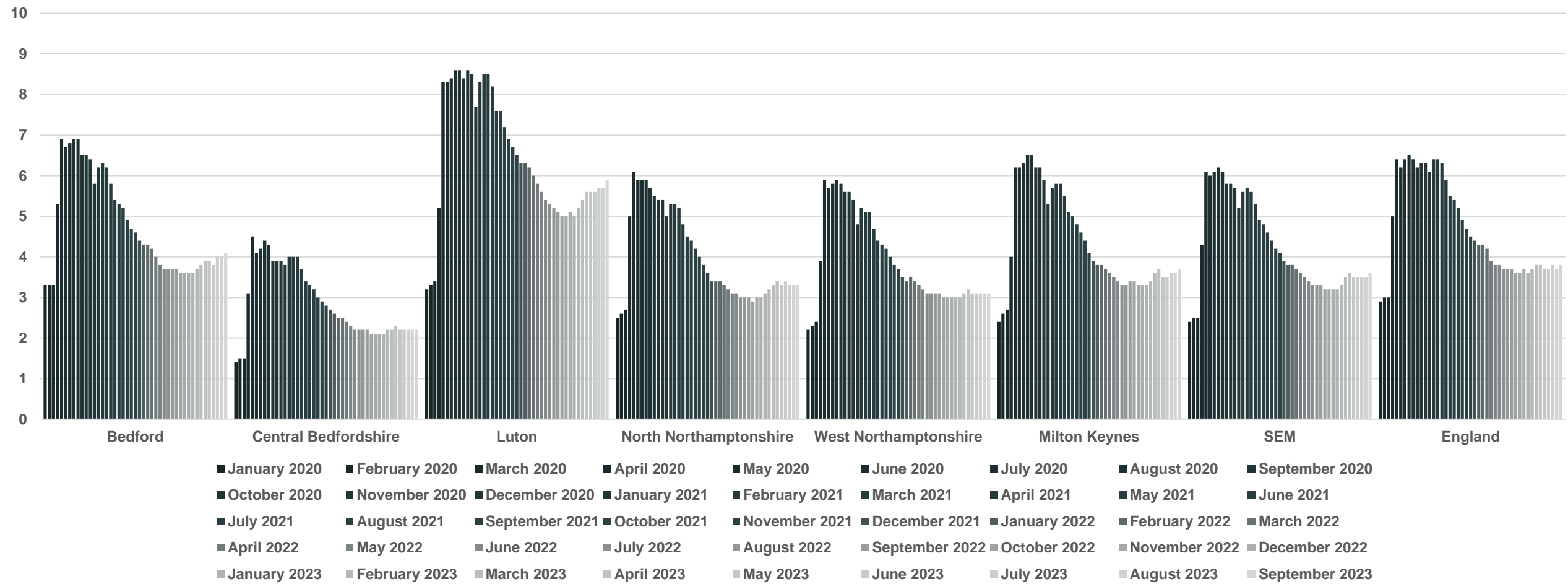
(JSA and National Insurance credits plus Universal Credit principally for the reason of being unemployed)



Source: [Claimant count by sex and age, ONS](#)

However, despite the high growth in the number of claimants, claimants as a proportion of residents in the South East Midlands remains slightly below the national average. Rates continue to be very high in Luton, at their highest level since March 2022, and above the national average in Bedford.

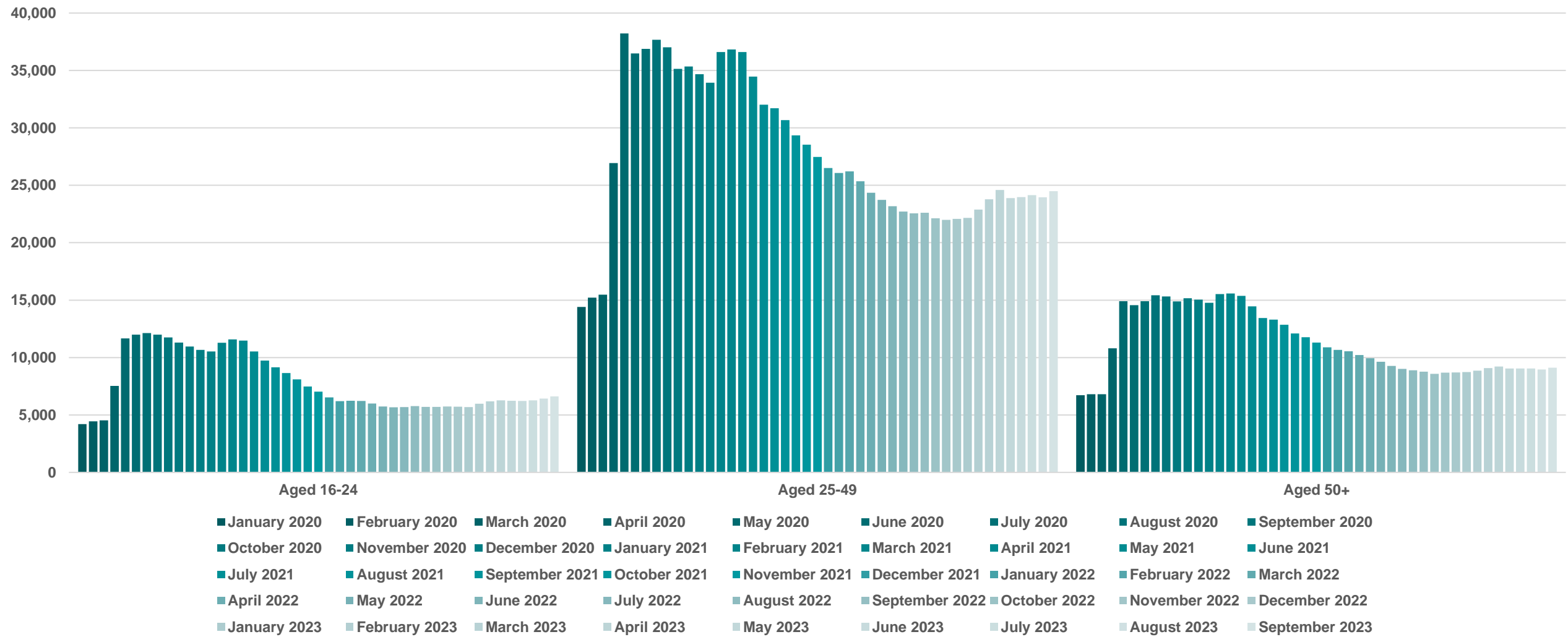
Claimant count as a proportion of residents aged 16-64



Source: [Claimant count by sex and age, ONS](#)

Most of the claimant count in September 2023 was in the 25-49 age group, up 8% in the year to September 2023. Proportionally, the claimant count grew at the fastest rate in the 16-24 age group, up 16% in the year to September 2023.

Claimant Count by Age, South East Midlands



Source: [Claimant count by sex and age, ONS](#)

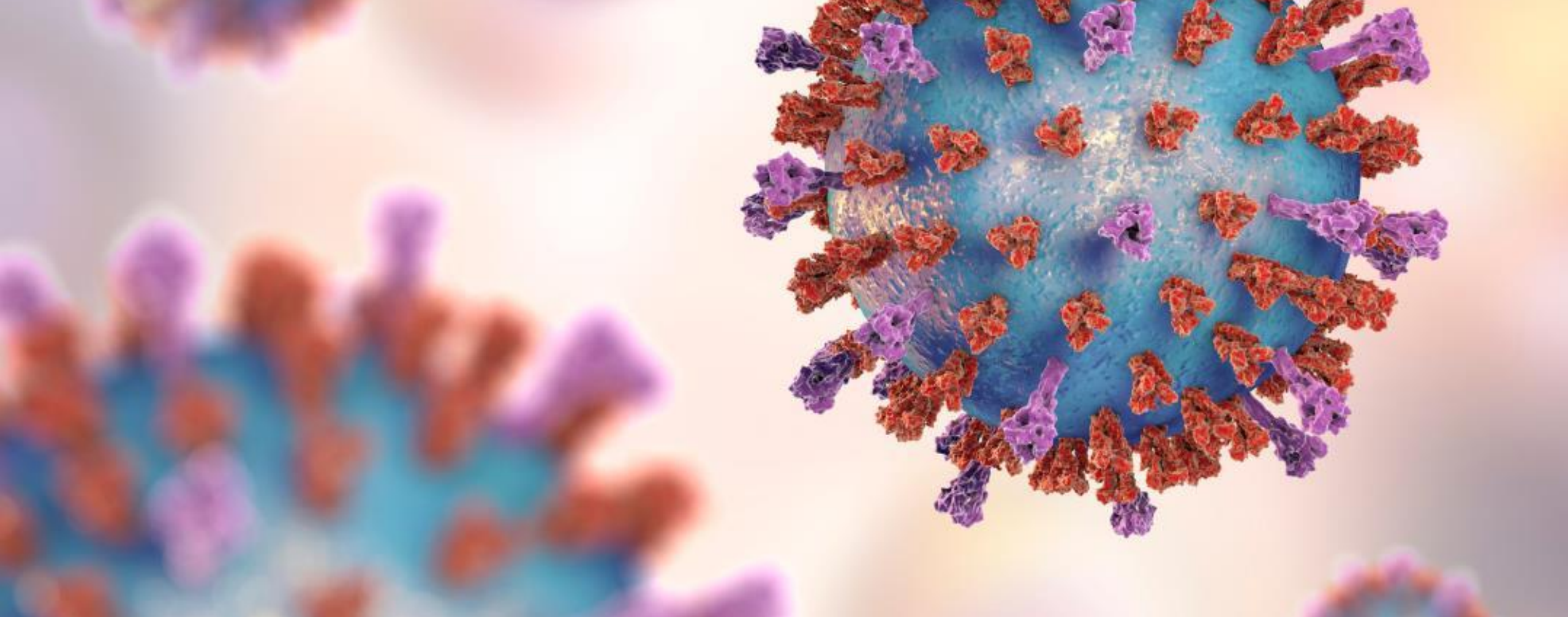
Figure 1: The percentage of young people who were not in education, employment or training (NEET) continues to increase following a fall in the previous quarter

People aged 16 to 24 years who are NEET as a percentage of all young people, seasonally adjusted, UK, January to March 2013 to April to June 2023



The proportion of young people (16-24) classed as NEET remains below pre-pandemic levels, but reached its highest rate since 2021. There was a record high increase in young men classified as NEET in 2023 Q2.

Source: Labour Force Survey from the Office for National Statistics



◀ Direct virus impacts

Cases have decreased during January 2023.

Estimated percentage of the population testing positive for coronavirus (COVID-19) on nose and throat swabs, UK, 27 February 2022 to 7 March 2023

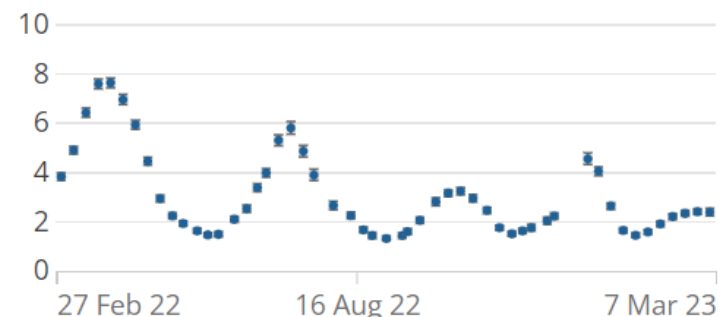
Official reported estimates of the rate of COVID-19 infections in private households in England, Wales, Northern Ireland and Scotland.

Modelled estimates are used to calculate the official reported estimate. The model smooths the series to understand the trend and is revised each week to incorporate new test results.

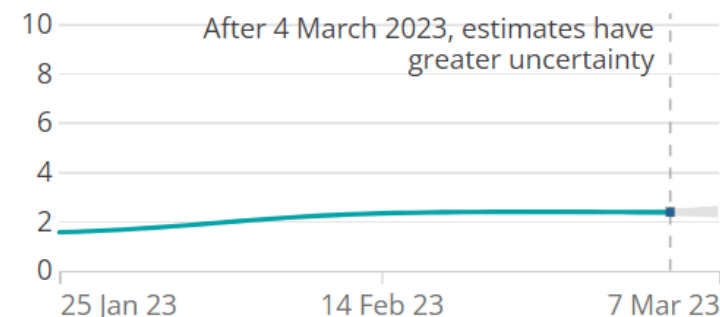
 Estimates with 95% credible intervals

England

Percentage testing positive for COVID-19



Percentage testing positive for COVID-19



- At any given time in the week ending 7 March 2023, the study estimated that **within the community population in England some 1 in 40 people had COVID-19.**
- Community in this instance refers to private households, and it excludes those in hospitals, care homes or other institutional settings.
- Infection levels have remained stable since mid-February



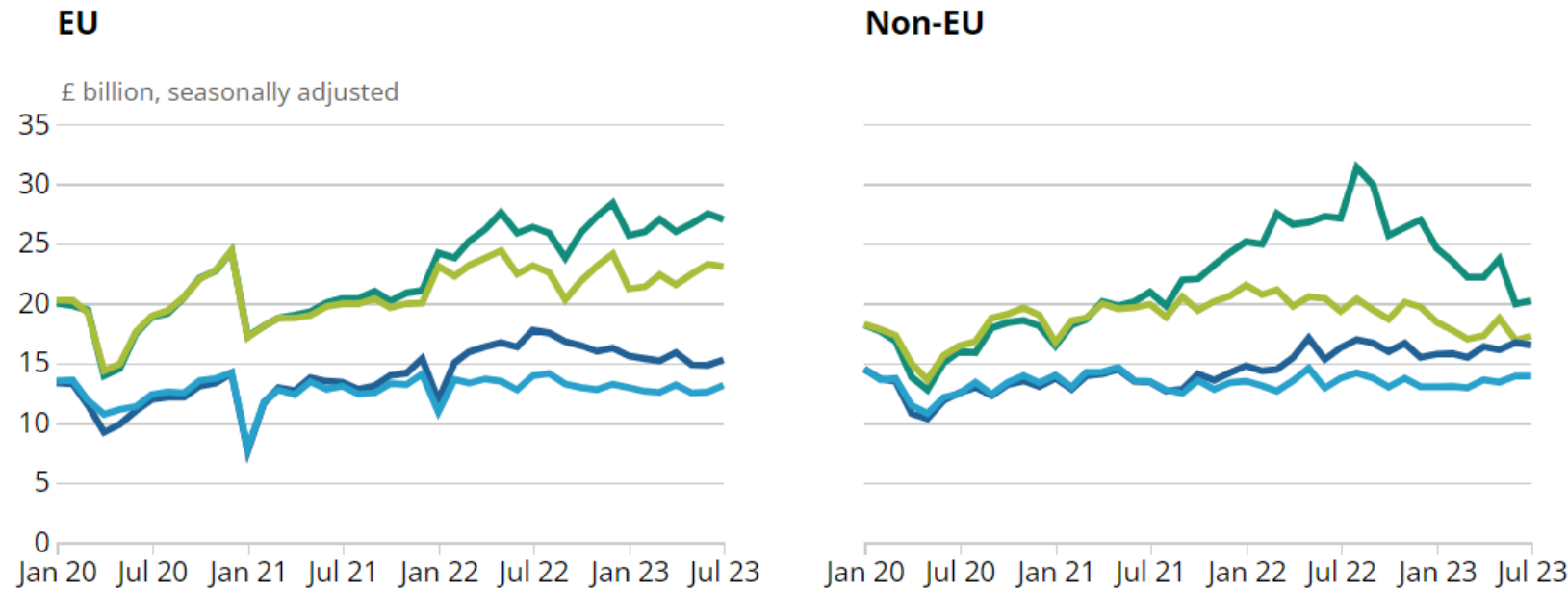
Trade

Global supply chain disruption is continuing to reduce, reaching its lowest level since December 2021, but continues to impact a minority of businesses

In September 2023, 5% of businesses with 10 or more employees experienced global supply chain disruption; this has slowly fallen from 20% in September 2022, and is the lowest percentage reported since this question was introduced in December 2021.

Imports and exports of goods, excluding precious metals, current prices and chained volume measures, seasonally adjusted, EU and non-EU, January 2020 to July 2023

Exports CP Exports CVM Imports CP Imports CVM

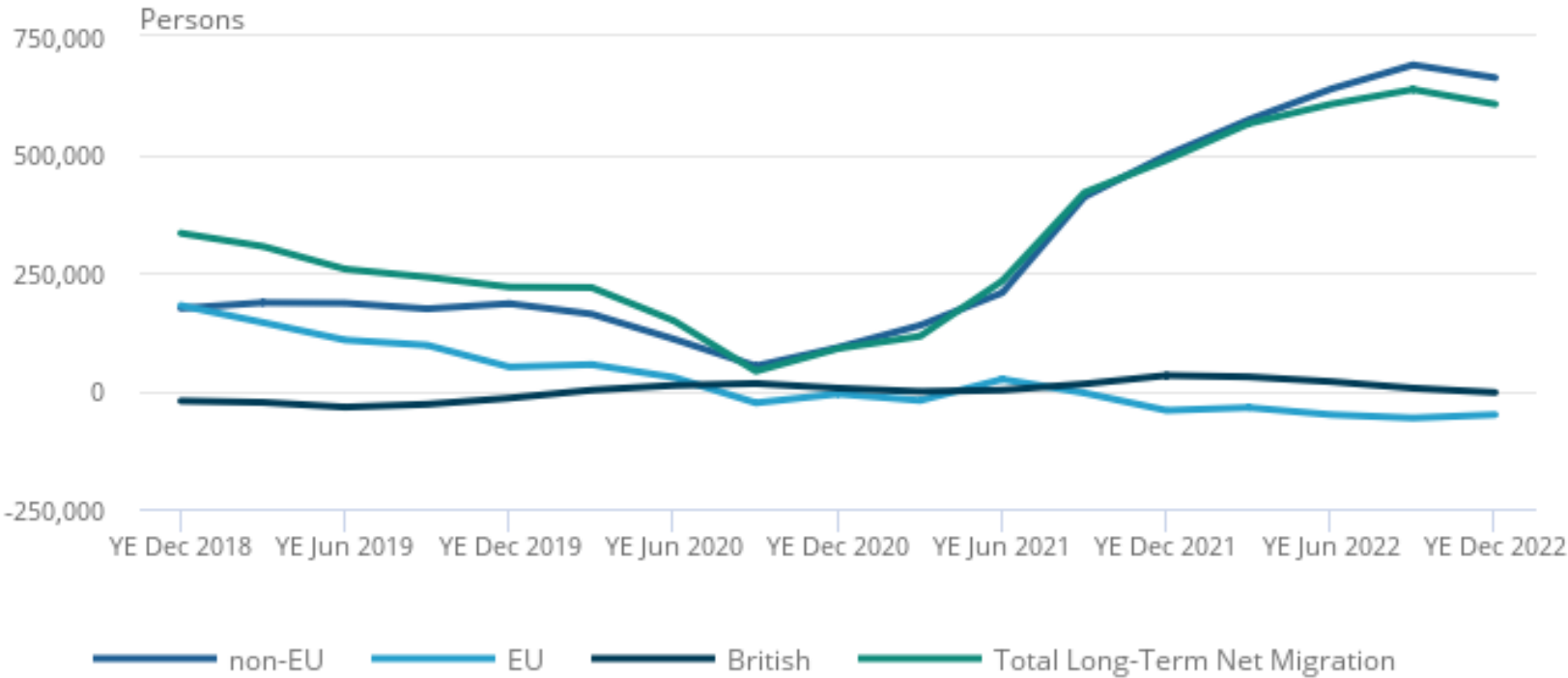


Source: UK trade statistics from the Office for National Statistics

Real terms (CVM) trade in goods have remained broadly stable since 2022, with high inflation eroding the real value of trade. The real value of non-EU imports has also steadily decreased since 2022, likely driven by significant fuel price inflation.

Figure 7: Long-term net migration in 2022 was largely driven by non-EU nationals

Net migration of non-EU, EU, and British nationals in the UK, between 2018 and 2022

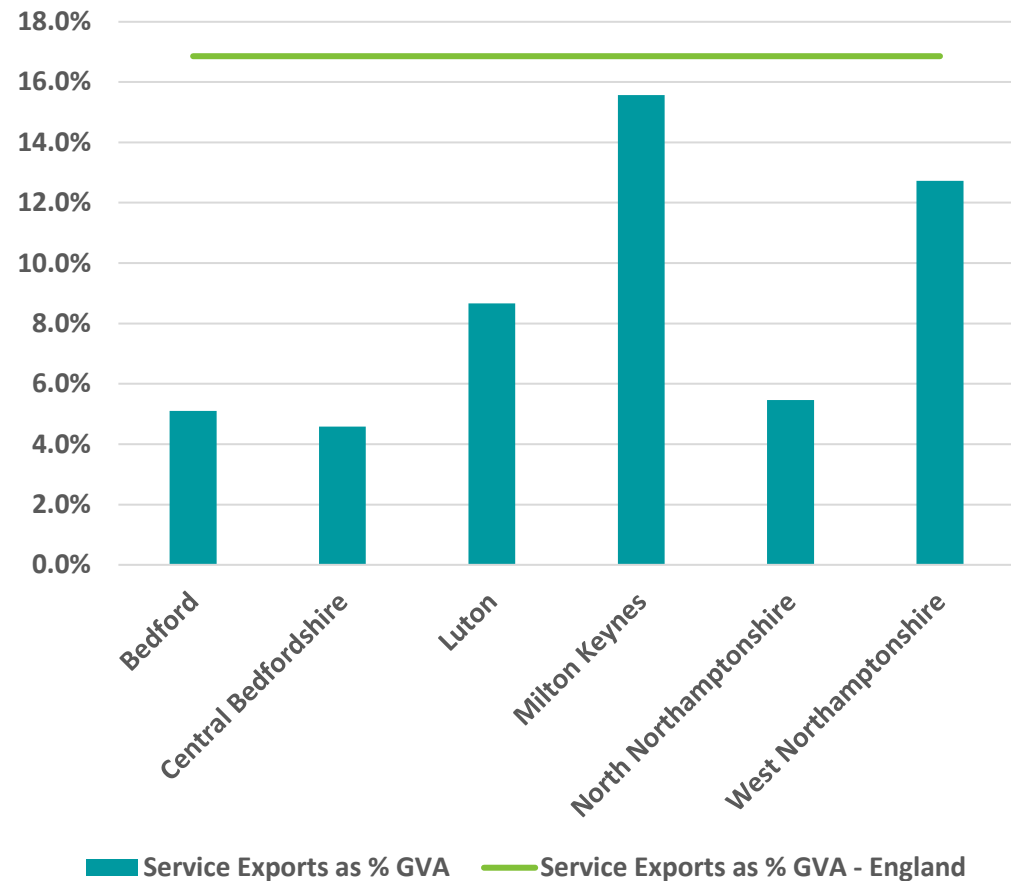


Net migration of EU nationals has decreased since 2018, but non-EU migration has risen dramatically, mainly due to seeking work and for humanitarian routes reasons.

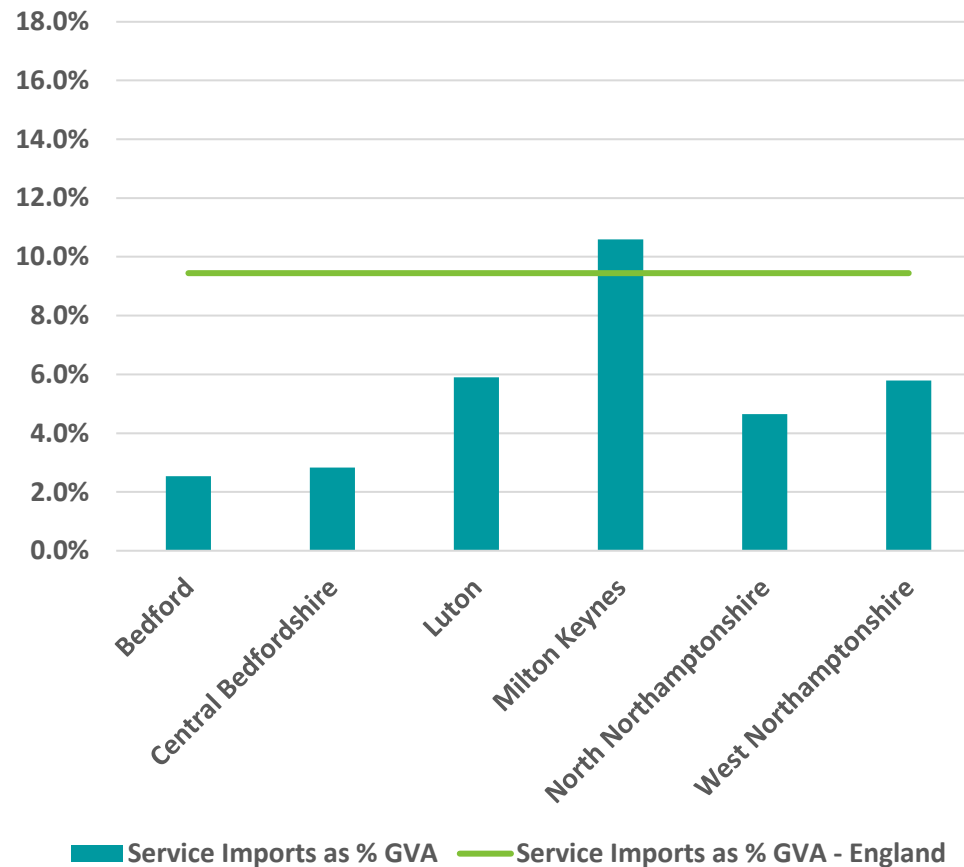
Source: Office for National Statistics, Department for Work and Pensions, Home Office

Subnational trade in services as a proportion of GVA, 2021

Service Exports as % GVA, 2021



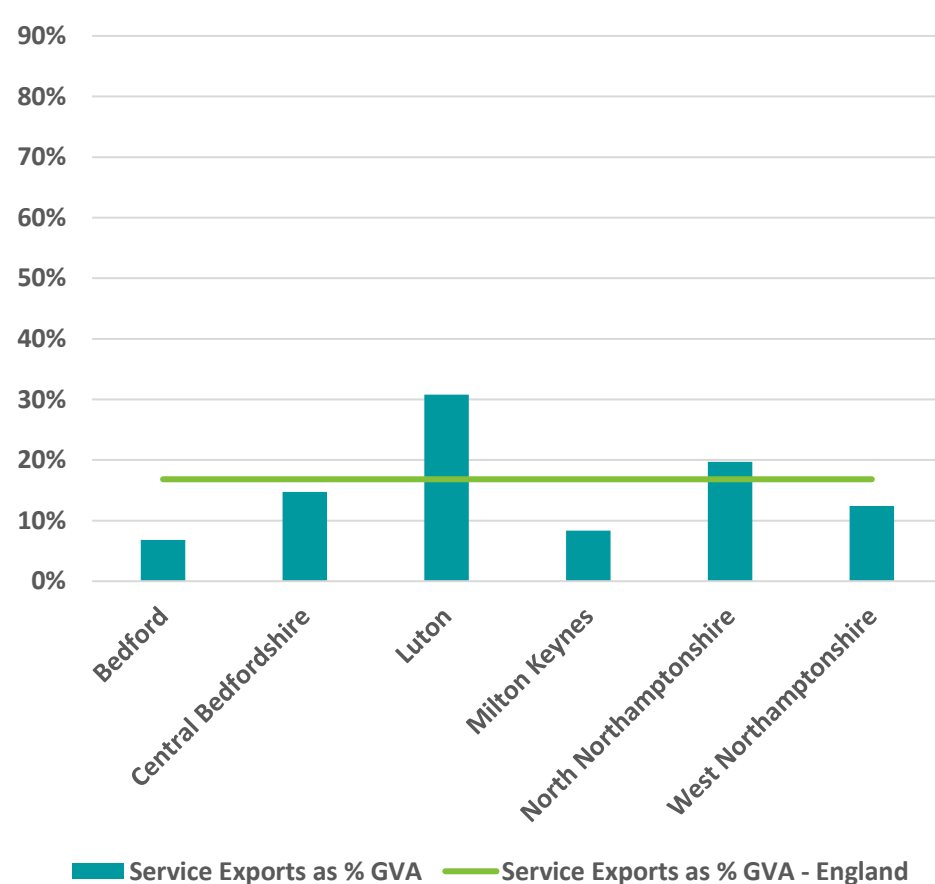
Service Imports as % GVA, 2021



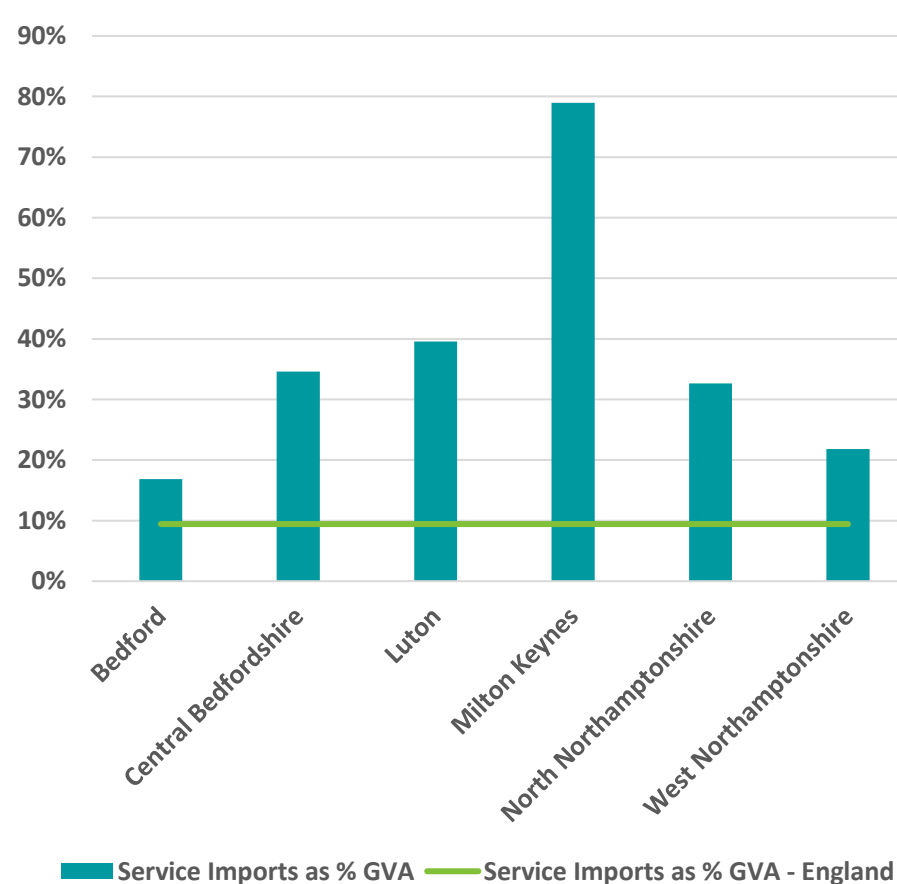
- £5.3bn exported in services in 2021 in the SEM area
- £3.3bn imported in services in 2021

Subnational trade in goods as a proportion of GVA, 2021

Goods Exports as % GVA, 2021



Goods Imports as % GVA, 2021



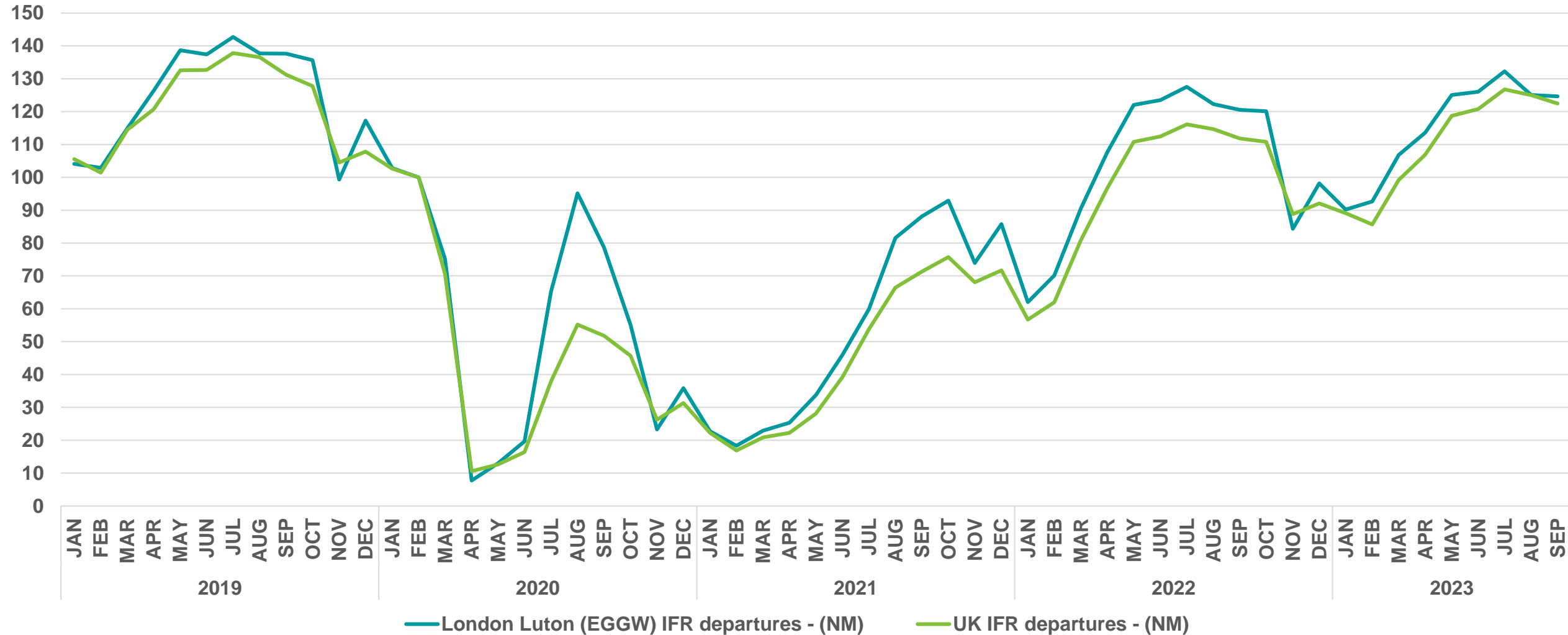
- £7bn exported in goods in 2021 in the SEM area
- £21.8bn imported in goods in 2021 in the SEM area



▲ Sector and output analysis

Departures from LLA continued to recover in April to July 2022, reaching a milestone of exceeding February 2020 levels for the first time in April 2022. However, departures remained some 9.5% below September 2019 levels in September 2023, but consistent with September 2022 levels.

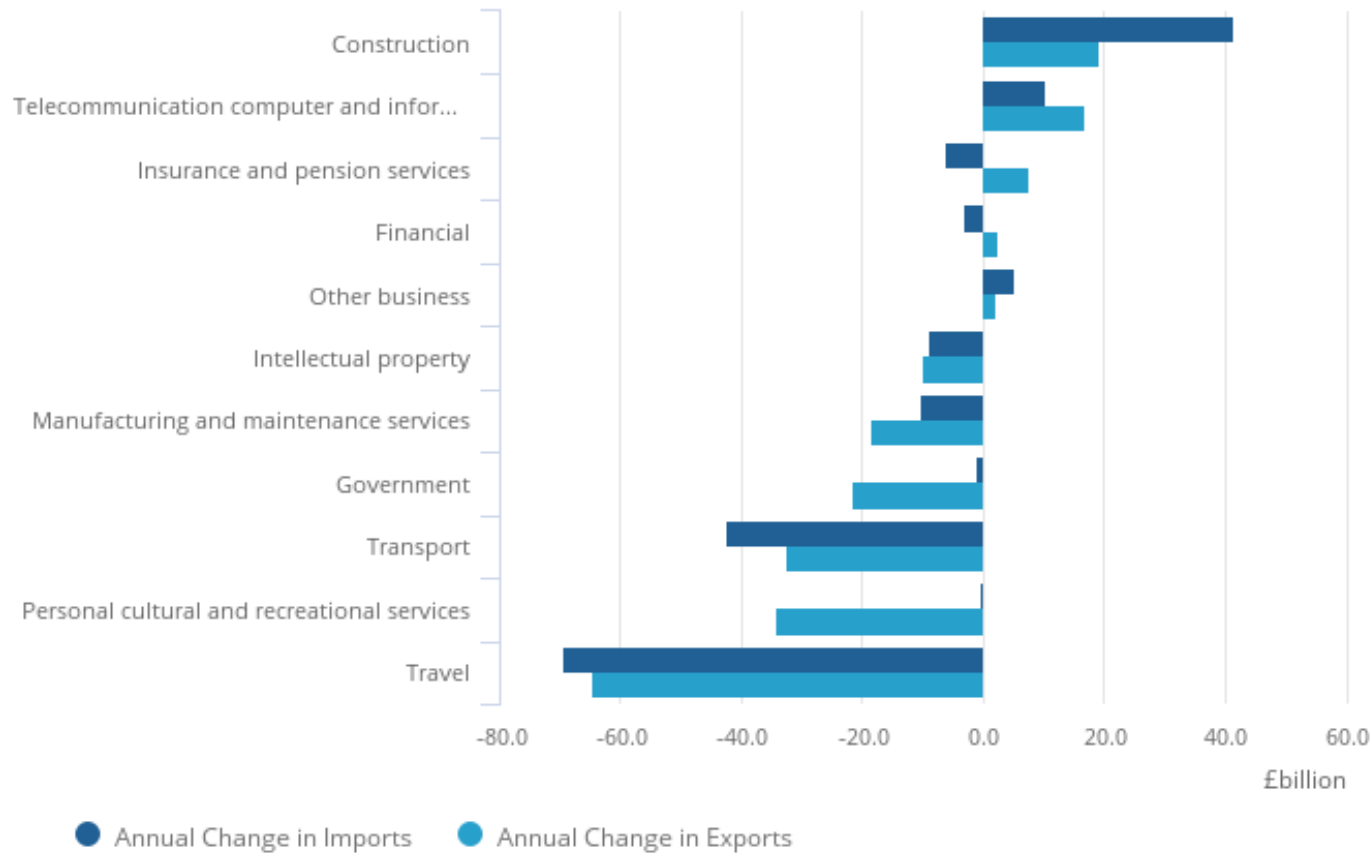
Average daily IFR departures - Network Manager based (Feb 2020 = 100)



Source: [Eurocontrol: Airport Traffic data](#) (accessed 18th October 2023)

Figure 1: There was an unprecedented decline in travel services in 2020 compared with 2019, whilst construction and telecommunications experienced an increase

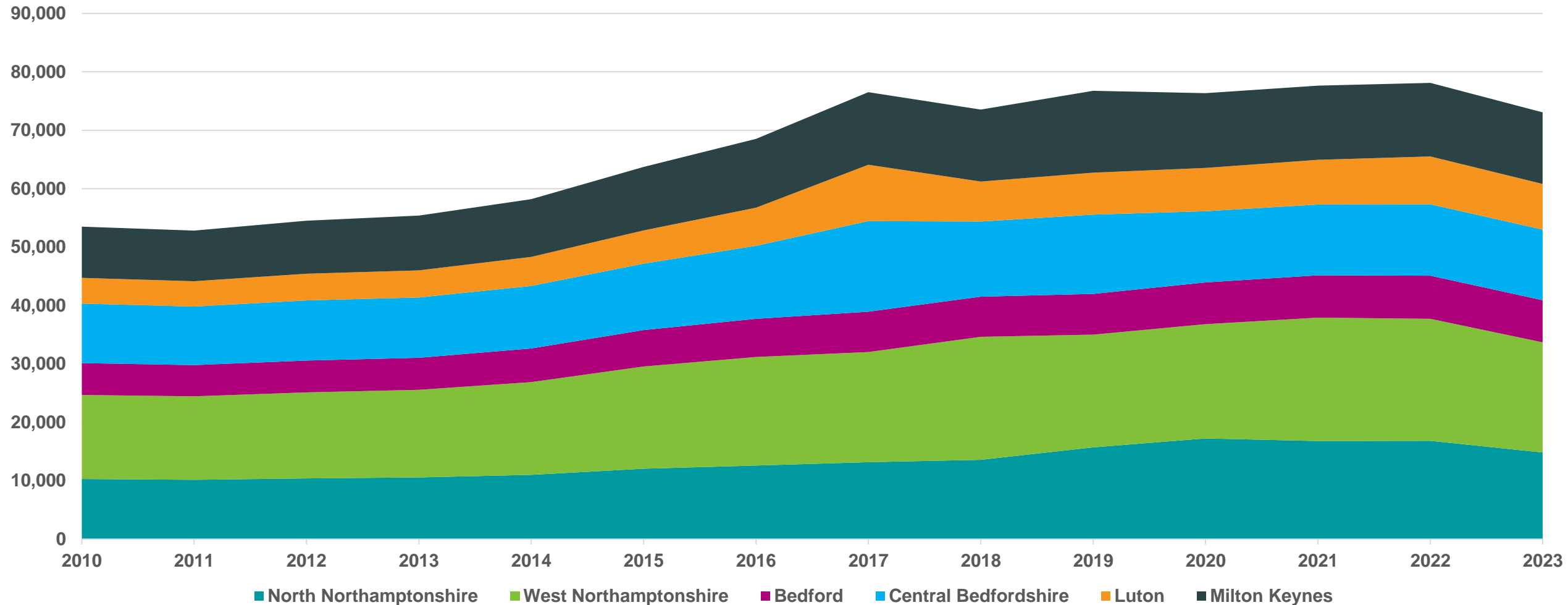
Contributions to the annual change in the trade in services imports and exports in 2020 by service type



Travel services imports to the UK (visits abroad) fell £69.5bn, and exports (inward visits) fell £64.5bn, showing the scale of the impact the pandemic has had on international travel.

While there has been high growth in the business population in the past decade in the region, the business population decreased by 6.5% in 2023, with the North Northamptonshire (down 12%) and West Northamptonshire (down 10%) areas most significantly impacted.

Business population by SEM local authority, 2010 - 2023



Source: [UK Business counts, ONS](#)

The following sectors accounted for the top 76% of the 5,055 net decrease in the local business population. This decrease may be linked to high inflation reducing disposable incomes and demand for retail (see page 23) with wider impacts on logistics, a derived demand from retail. Business administration and management consultancy businesses may have also been impacted by businesses minimising expenditure on these services due to high inflation increasing costs.

Industry	2023	Level change, 2022-2023	Level change as share of total decrease
47 : Retail trade, except of motor vehicles and motorcycles	5,085	-1,555	31%
82 : Office administrative, office support and other business support activities	2,780	-915	18%
49 : Land transport and transport via pipelines	3,265	-555	11%
52 : Warehousing and support activities for transportation	645	-455	9%
70 : Activities of head offices; management consultancy activities	4,170	-370	7%

Source: [UK Business counts, ONS](#)

By sector, the top three 2-digit SIC industries by business count were the same in the SEM and England. However, the SEM had a higher share of its business population in the Computer programming and construction sectors compared to England.

Top 5 sectors with highest business population, SEM, 2022			Top 5 sectors with highest business population, England, 2022		
Industry (2-digit SIC)	SEM	As % total	Industry (2-digit SIC)	England	As % total
43 : Specialised construction activities	7045	10%	43 : Specialised construction activities	201515	9%
47 : Retail trade, except of motor vehicles and motorcycles	5085	7%	47 : Retail trade, except of motor vehicles and motorcycles	188515	8%
70 : Activities of head offices; management consultancy activities	4170	6%	70 : Activities of head offices; management consultancy activities	142815	6%
62 : Computer programming, consultancy and related activities	4080	6%	56 : Food and beverage service activities	130445	6%
41 : Construction of buildings	3560	5%	62 : Computer programming, consultancy and related activities	115410	5%

Source: [UK Business counts, ONS](#)

Since the pandemic, there is some evidence, at least in the short term, to suggest that the SEM’s historically high business birth rates have declined, while death rates have remained above the national average. However, net growth in the business population has been maintained.

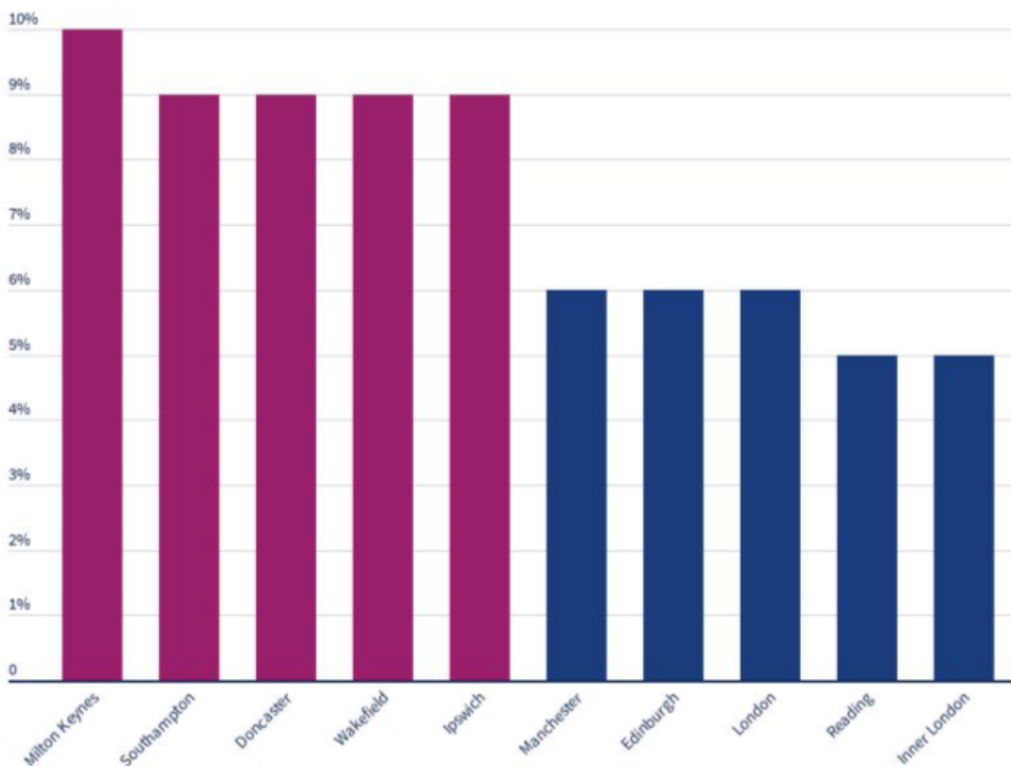
LA	2019 Birth rate	2020 Birth rate	2021 Birth rate
Bedford	12.1%	11.0%	11.9%
Central Bedfordshire	10.3%	9.9%	11.1%
Luton	16.7%	16.1%	18.4%
Milton Keynes	12.3%	11.3%	12.5%
North Northamptonshire	14.9%	10.0%	12.2%
West Northamptonshire	14.1%	11.4%	11.0%
SEM	13.4%	11.3%	12.4%
England	12.8%	11.7%	12.5%

LA	2019 Death Rate	2020 Death Rate	2021 Death Rate
Bedford	10.3%	9.1%	10.7%
Central Bedfordshire	18.6%	11.0%	10.0%
Luton	11.8%	11.7%	12.5%
Milton Keynes	14.8%	13.3%	12.7%
North Northamptonshire	10.0%	17.0%	12.8%
West Northamptonshire	9.1%	14.2%	12.0%
SEM	12.3%	13.5%	11.9%
England	10.6%	10.4%	11.2%

Source: [Business Demography 2021 \(ONS, 2022\)](#)

Milton Keynes set to see fastest economic recovery next year

Figure 6: Top and bottom five cities by annual GVA growth, Q4 2021



Source: Office for National Statistics, Cebr analysis



Milton Keynes is forecast to see 9.9% annual GVA growth between Q4 2020 and Q4 2021, following an expected 10.7% contraction in the year to Q4 2020. It's seeing one of the toughest downturns out of the UK Powerhouse cities in 2020, but is expected to recover quickly once the worst of the impacts of the coronavirus crisis are over. Similarly, in the last recession, Milton Keynes saw a sharp contraction in GVA in 2009 before a rapid return to growth in 2010, highlighting the city's ability to quickly regain output after times of economic challenges.

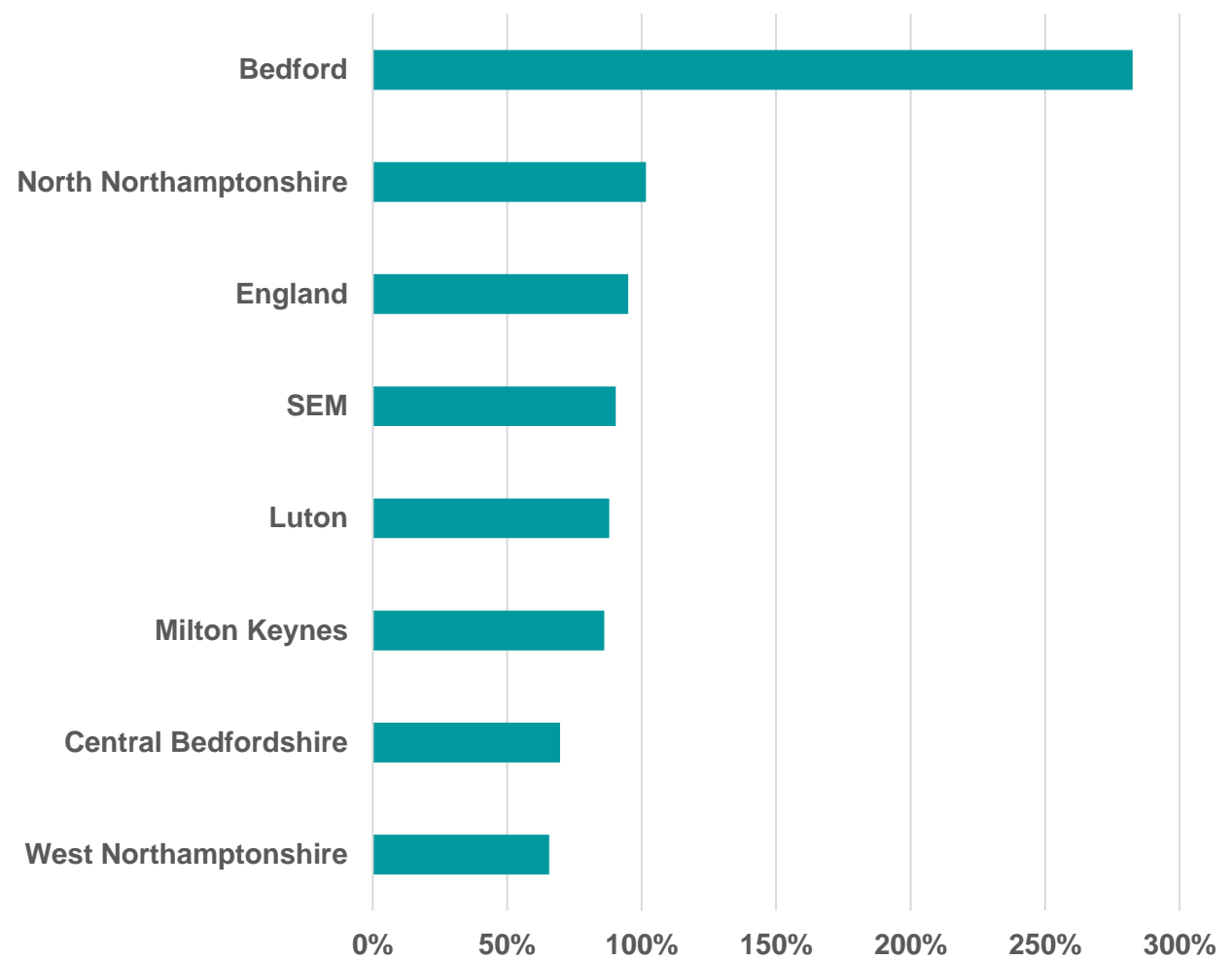
The economic make-up of Milton Keynes is heavily skewed towards services, especially highly skilled service sectors, such as IT and business services, as well as distribution and storage. Many businesses in these sectors have struggled amid the pandemic.

The June closure of Adelle Foods, one of the UK's largest sandwich makers, highlighted the challenges businesses have faced. It cost more than 2,000 jobs in the Milton Keynes area.

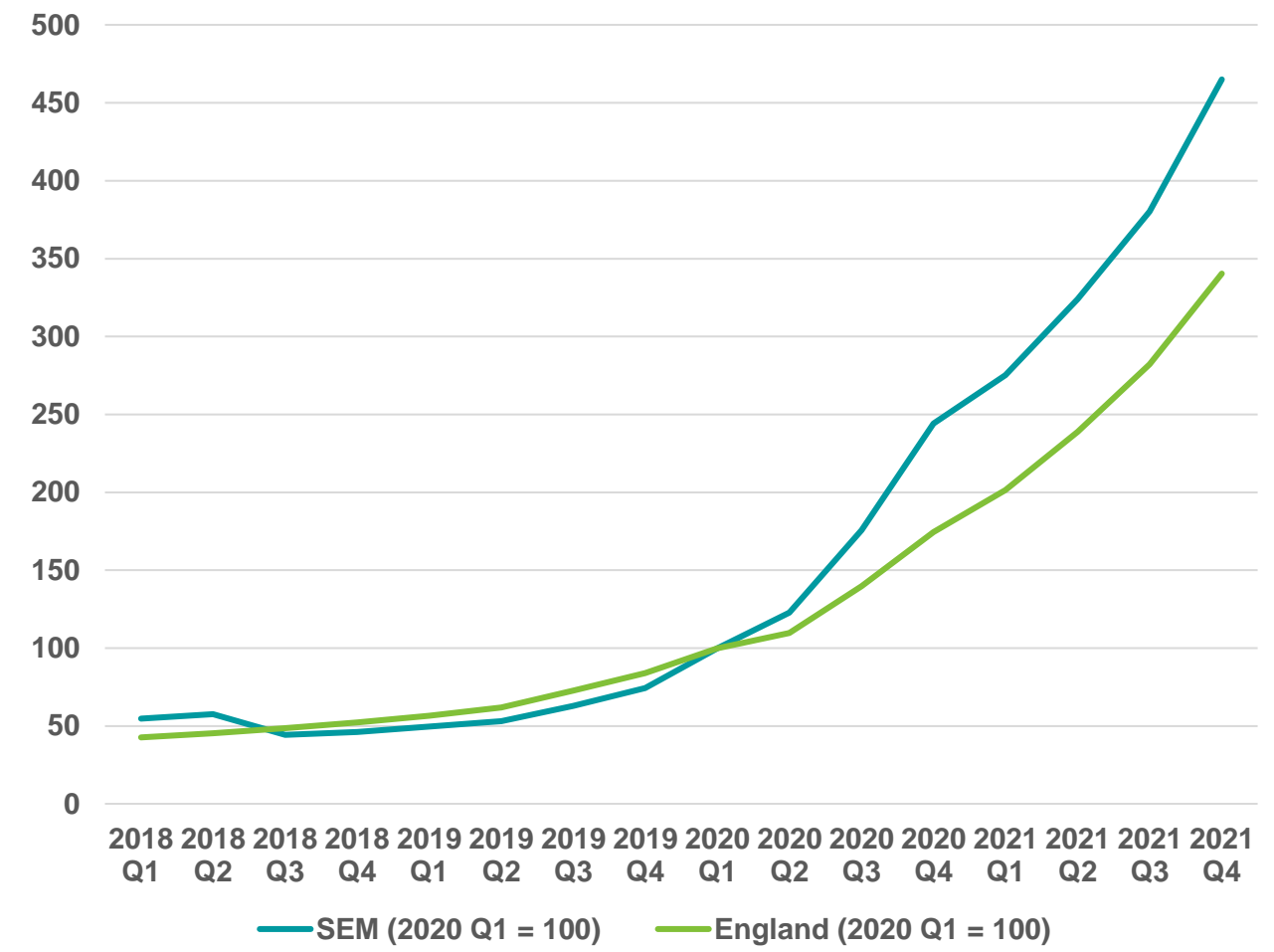
Yet a key sector of growth as the UK emerges from the pandemic will be in logistics and online retail, reflecting the change in consumer shopping patterns. Milton Keynes is home to Magna Park, which houses vast logistics sheds for Marks & Spencer, Amazon, John Lewis and Adidas.

Growth in the number of Battery Electric Vehicles registered in the area has continued to be very high in the year to 2021 Q4. Growth was particularly high in Bedford, although overall growth in the SEM has slipped behind the national average. However, since 2018, the SEM has had significantly higher growth in BEV registered locally than the national rate of change, particularly during the early stages of the pandemic.

% change in registered BEVs, 2020 Q4 to 2021 Q4



Index of BEV registrations by location (2020 Q1 = 100)



Source: [Department for Transport and Driver and Vehicle Licensing Agency](#)



▲ Digital Infrastructure: Performance and Coverage

Council	Superfast (Over 30 Mbps, % premises)	Full Fibre (FTTP, % premises)	Gigabit capable connection (900+ Mbps, % premises)	<p>Red: below national average</p> <p>Green: above national average</p> <p>Extracted 3rd November 2023</p> <p>Source: thinkbroadband.com</p> <p>NB: gigabit capable speeds can be achieved by non-FTTP infrastructure, but these connections may be less stable than FTTP.</p>
Milton Keynes	99.4%	93.2%	93.2%	
West Northamptonshire	99.3%	88.5%	91.5%	
North Northamptonshire	99.3%	62.0%	88.4%	
Bedford	98.5%	51.1%	80.7%	
Central Bedfordshire	98.6%	48.3%	82.3%	
Luton	99.5%	29.5%	94.34	
England	98.0%	57.5%	79.6%	


Coverage statistics from thinkbroadband.com show good FTTP coverage in 2023 in Milton Keynes and West Northamptonshire, and growing coverage elsewhere

Pandemic risks worsening digital divide – national survey from BT

- National survey from BT suggests impact of coronavirus risks worsening the digital divide
- 34% of adults in the UK think more should be done to ensure that everyone has access to online technology
- 43% of 25-30 year olds say their wellbeing has been impacted due to a lack of digital skills or online access, compared to 10% of over 55s
- 34% of adults surveyed in the East of England think more should be done to ensure that everyone has access to online technology
- 27% of adults in the East of England said they'd experienced some poor mental health and felt isolated due to a lack of digital skills or online access during lockdown
- Were another lockdown to occur, 13% of adults in the East of England said they'd be anxious that they'd not be able to stay connected to their friends and family online.

Source: [BT](#)

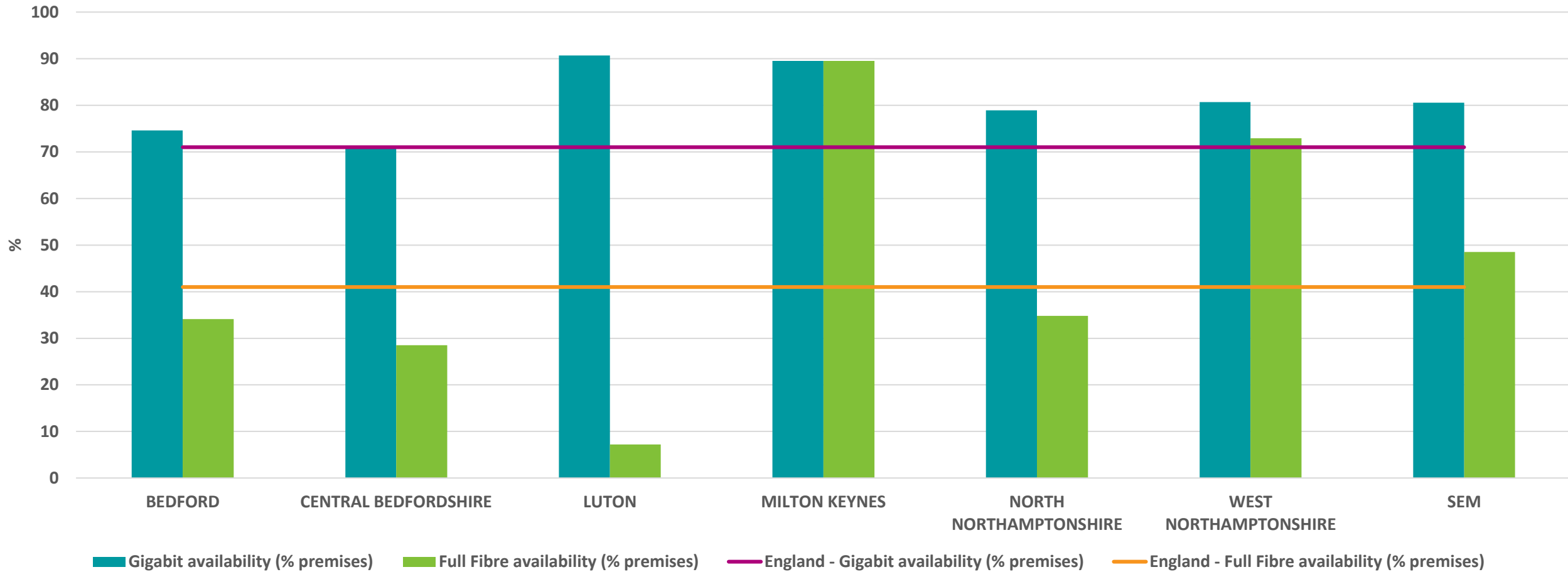
▲ Early evidence also suggest that a lack of digital skills or access has impacted their wellbeing.

Local Authority	% of premises unable to receive 10Mbit/s	% of premises unable to receive 30Mbit/s
Bedford	0.7	2.5
Central Bedfordshire	0.8	2.6
Luton	0.2	0.7
Milton Keynes	0.8	1.4
North Northamptonshire	0.5	1.4
West Northamptonshire	0.7	1.7
SEM	0.6	1.7
England	0.8	3.3

Source: [Connected Nations 2022](#)

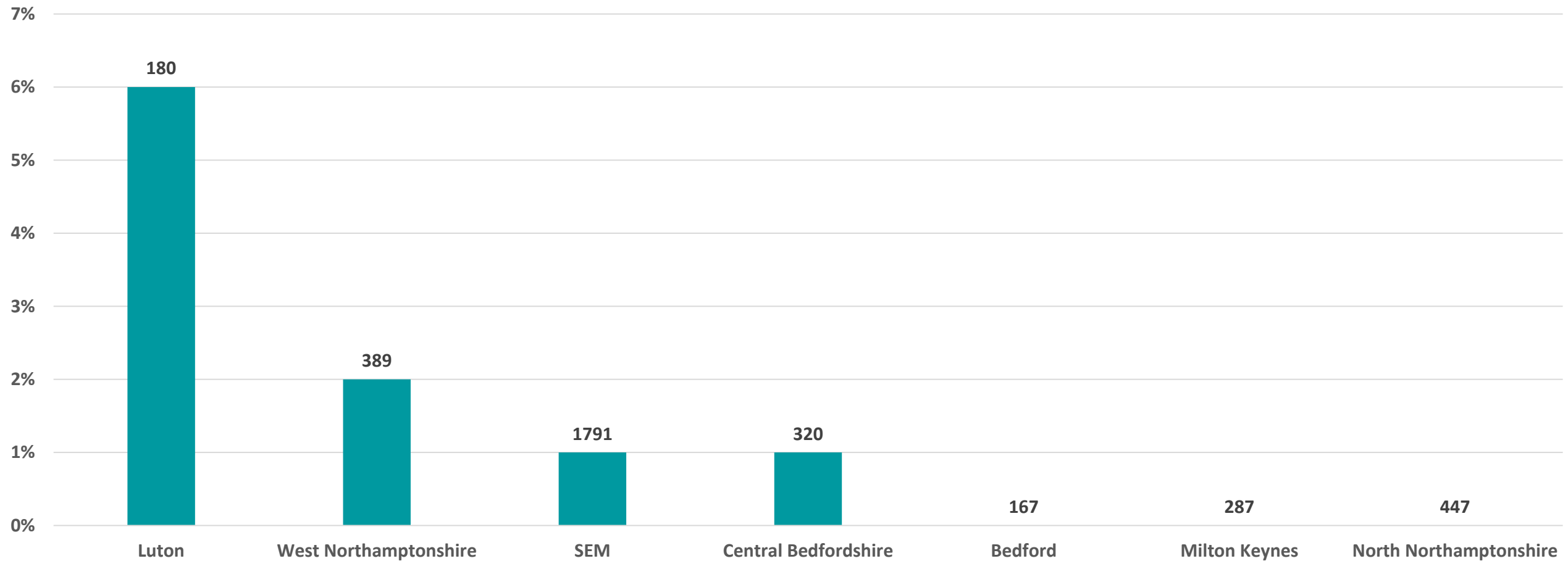
-  In 2022, only a small minority of premises were unable to access basic speeds, these being more common in Bedford and Central Bedfordshire, with the SEM marginally outperforming the national average.

% residential and commercial premises with Full Fibre (FTTP) and/or Gigabit broadband available (Ofcom Connected Nations 2022)



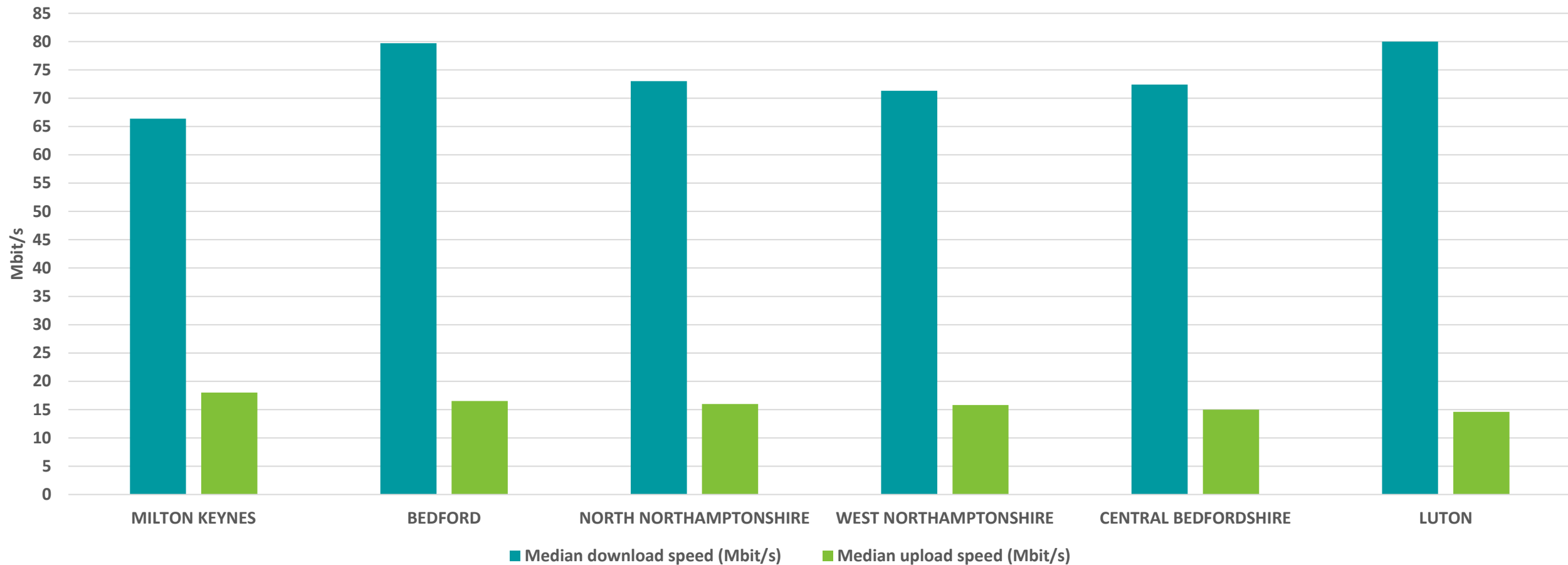
Full Fibre (FTTP) and Gigabit coverage also outperform the national rate in the SEM. However, only West Northamptonshire and Milton Keynes outperform the national average on Full Fibre infrastructure availability.

% businesses citing IT Infrastructure as a constraint on business growth (unprompted list) with sample sizes (2021)



Our business survey also confirms that only 1% businesses cite broadband as a growth constraint, but is more commonly reported in Luton (where Full Fibre infrastructure is relatively scarce).

Median and Average download speed of broadband lines, by SEM local authority, 2022, (Ofcom Connected Nations 2022)



While median download performance of broadband lines is strongest in Bedford and Luton, Luton also reports the weakest upload performance across the area.

- Around 17.6m (71%) of homes in England now have access to a gigabit-capable broadband connection, an increase of 25 percentage points compared to last year. This includes full fibre and upgraded cable networks that can deliver download speeds of 1 Gbit/s or higher.
- Full-fibre broadband is available to 10.1m (41%) of homes. This is 3.6 million more premises (14 percentage points) than a year ago.
- Public sector investment is helping some of those without a decent broadband connection to get connected. There is also increased availability of low earth orbit satellite services, offering a possible alternative for customers in poorly served areas.
- For those 97% of homes in England that have access to superfast broadband, around 73% of them do so. We estimate that the take-up of full fibre services, where fibre is available, is around 25%

Source: [Connected Nations 2022](#)

▲ **National context also suggest significant improvements in coverage, although a gap remains between rural and urban areas, as well as a gap between availability and consumer take-up of higher speeds.**