

Impact of the recession

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Abstract

This report looks at the impact that the most recent recession (during 2008 and 2009) has had on people's lives at a regional level. It brings together data from a wide range of subject areas to help understand how different aspects of life have been affected during this period. Topics explored include unemployment, jobs, migration, income, housing, education and crime. The report attempts to provide a fuller cross-topic picture of the recession and includes a wide range of statistics not available until more recently.

The impact of the recession is different across the UK; this article explores some of the differences between the English regions and Wales. This article is likely to be of interest to those who would like to understand how their region has been affected. For example, it will be of interest to policy makers who need to get a simple understanding of how the different themes are affected, ranging to members of the public who want to get an understanding of how their area was affected compared to other areas.

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Key findings

The report is divided into sections exploring each topic in turn and at the beginning of each section the key findings for that topic have been presented. This section presents a selection of those key findings.

Unemployment and employment

- Unemployment levels were adversely affected by the recession at different times in each area. The West Midlands and North West regions saw the largest rises in the unemployment rate (4.7 and 4 percentage point rises respectively) during the course of the recession. However, these areas then began to see falls in the unemployment rate before others
- In the year to 2009 Q2 the redundancy rate rose in every English region. The rise was greatest in the West Midlands, where the rose from 5.9 redundancies per 1,000 employees to 15.9 redundancies.

Jobs

- Workforce jobs decreased over all English regions and in Wales between 2008 Q2 and 2010 Q2. The West Midlands saw the largest percentage of job losses, a 4 per cent decrease equating to 116,000 jobs
- During this period the Manufacturing, and Wholesale and Retail Trade industries had the greatest loss of jobs. These two sectors combined contributed to at least 39 per cent of the total job loss in the East of England, East Midlands, South East, South West, West Midlands and Wales
- The Human Health and Social Work activities and Education industries saw the most consistent increase in jobs across the English regions and Wales, which compensated for some of the losses seen in other industries. In London the number of jobs in the Human Health and Social Work activities and Education sectors increased by 13,000

Income

- The rate of change for basic earnings fell continuously from mid-2008 to the end of 2009. However, until September 2009 the annual percentage change in basic earnings remained above the inflation rate. The first six months of 2010 were marked by a sharp increase in bonus payments and a small increase in basic earnings, much lower than the inflation rate
- In the majority of areas average gross household earnings grew less in the two years to 2010 than in the year to 2008. Among English regions, the North East had the highest increase (4 per cent) in the year to 2009, only 1 percentage point below the increase in the previous year. In the year to 2010 the North West saw the smallest increase of all areas, 1 per cent

Housing

- The number of property sales decreased rapidly during late 2007. Wales and all English regions were consistently affected with the number of property sales decreasing by approximately 40 per cent between 2007 Q2 and 2008 Q2
- House prices declined between 2007 Q3 and 2009 Q1 in England and Wales. Between 2008 Q2 and 2009 Q2 the East and South East saw the largest decrease and London saw the smallest decrease
- The number of possession orders fell dramatically during the recession in all regions by consistent levels. Between 2008 Q3 and 2009 Q3 the number of mortgage possession claims reduced by around 30 to 40 per cent in each of the English regions and Wales. Between 2009 Q3 and 2010 Q3 the number of possession claims reduced by a further 10 to 20 per cent

Demographic change (including migration)

- London saw the largest changes in net internal migration during the recession, where around 36,000 fewer people left during the year to mid-2009 compared to the previous two years. This was about half the previous flow. Changes in other regions were much smaller
- The level of net international migration into the UK reduced during the recession. In London the net level of international migration reduced by 39,000 in 2009 compared with 2007

Education

- The difference between demand and supply for higher education changed significantly between 2008 and 2010. The North East, North West, Yorkshire and The Humber, East Midlands, West Midlands and East of England saw rises of over 70 per cent in the number of applicants who were not accepted for entry in these years

Crime

- Overall the level of crime continued to decrease during the recession. Any changes during the recession were small in the context of a longer-term trend

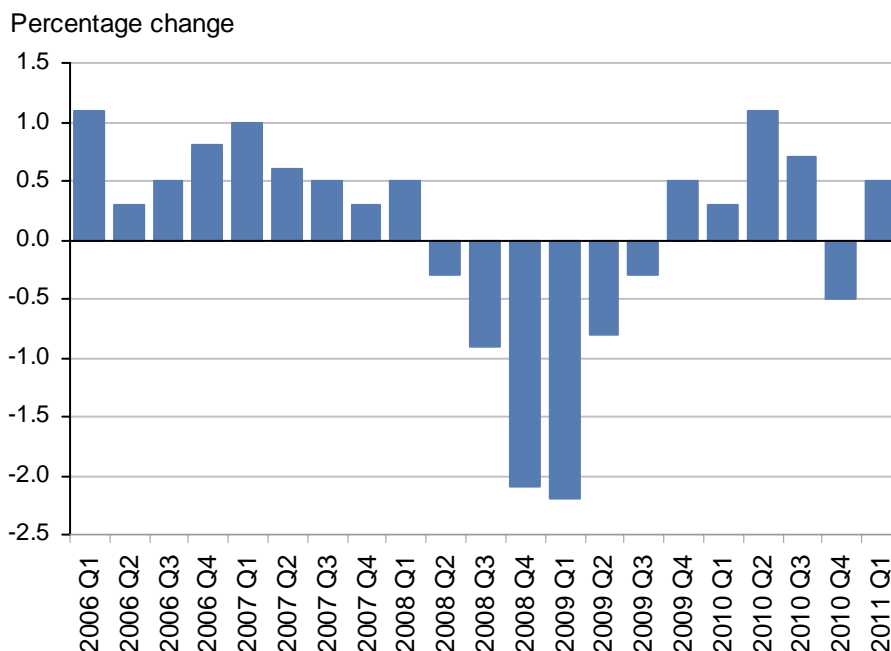
Introduction

This report takes a reflective look at the impact of the most recent recession, focusing on the way it has affected and influenced people's lives. It provides analysis on a wide range of topics, exploring the differences within the English regions and Wales.

The UK economy experienced almost 16 years of unbroken Gross Domestic Product (GDP) growth in the period to 2008 Q2. GDP contracted in consecutive quarters during 2008 Q2 and Q3, two quarters of negative growth for GDP is typically regarded as a recession. By this definition the recession lasted for six quarters from 2008 Q2 to 2009 Q3 (**Figure 1**).

Figure 1 Gross Domestic Product, quarter-on-quarter change

United Kingdom



Source: *Quarterly National Accounts, Office for National Statistics*

Even after four consecutive quarters of growth to 2010 Q3 the total UK output remained 4 per cent below its pre-recession level, therefore the impact of the recession continues to this day.

The impact of the recession is different for each area. The aim of this report is to look at the impact of the recession within English regions¹ and Wales and to compare and contrast the different ways that this may have affected people's lives, topic by topic.

¹ As a result of the 2010 Comprehensive Spending Review the Government Offices for the Regions (GORs) closed at the end of March 2011. However, there is still a requirement to maintain a regional level geography for statistical purposes. Former GORs will be retained as statistical areas but are referred to as regions throughout this report.

This report examines changes in the labour and housing markets, education, income, migration and crime. It includes statistics which were not available at the time of the recession and attempts to provide a picture of the recession which has not previously been presented.

Unemployment and employment

Unemployment and employment: key findings

- Between early 2008 and throughout most of 2009 the unemployment rate rose sharply in all English regions and Wales. The employment rate fell sharply at the same time
- In the two-year period to April 2010 the North West and London saw the smallest percentage increase in the numbers unemployed. Yorkshire and The Humber saw the largest percentage increases
- During the course of the recession changes in unemployment levels over time varied across areas. At its worst the West Midlands and North West regions saw the largest rises in the unemployment rate (4.7 and 4.0 percentage point rises respectively). However, these areas then began to see falls in the unemployment rate before other areas
- The number of notified job vacancies fell in all English regions in the year to June 2009. Falls of over 40 per cent were seen in the North West, Yorkshire and The Humber and the South East
- In the year to 2009 Q2 the redundancy rate rose in every English region. The rise was greatest in the West Midlands, where the rate increased by 10 redundancies per thousand employees, from 5.9 redundancies per 1,000 employees to 15.9 redundancies
- By the end of the recession the 25 to 49-year-old age group had seen the largest percentage increase in the numbers who were unemployed and this was consistent across all English regions and Wales

A contraction of GDP typically feeds through to the labour market as many companies are faced with the need to cut labour costs in order to adjust to a reduction in demand for their products. Cuts in labour costs across many companies will lead to change across national and regional labour markets, in the total number of jobs, employment and unemployment rates, and household income.

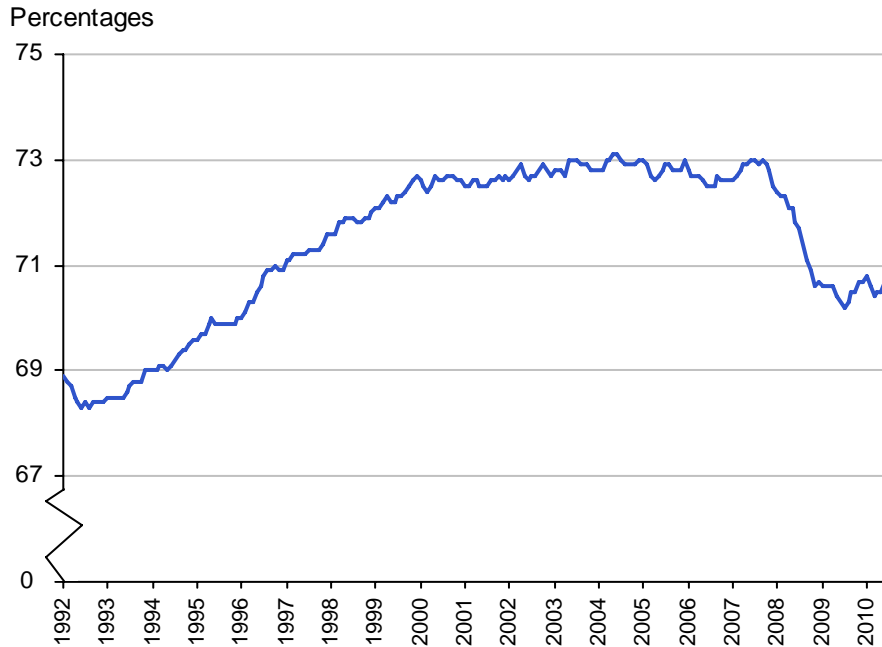
Some companies are forced to take severe measures such as introducing redundancies, while others are able to implement alternative strategies to cut back on labour costs and avoid redundancies. Measures such as adjusting hours worked and wages have less impact on employment but reduce the earnings paid and therefore people's income. The impact of these measures on income and average earnings is analysed in a later section.

Strategies that result in a reduction of vacancies and an increase in redundancies will affect unemployment levels. At the end of the previous recession in 1991 and 1992, the employment rate in the UK was just over 68 per cent and the unemployment rate was over 10 per cent (**Figure 2**).

The employment rate rose to around 73 per cent in 2004, remaining relatively static until the recent recession.

Figure 2 Employment rate^{1,2}

United Kingdom



1 Employment rates are for those aged 16-64. Each year refers to the July-September time point.

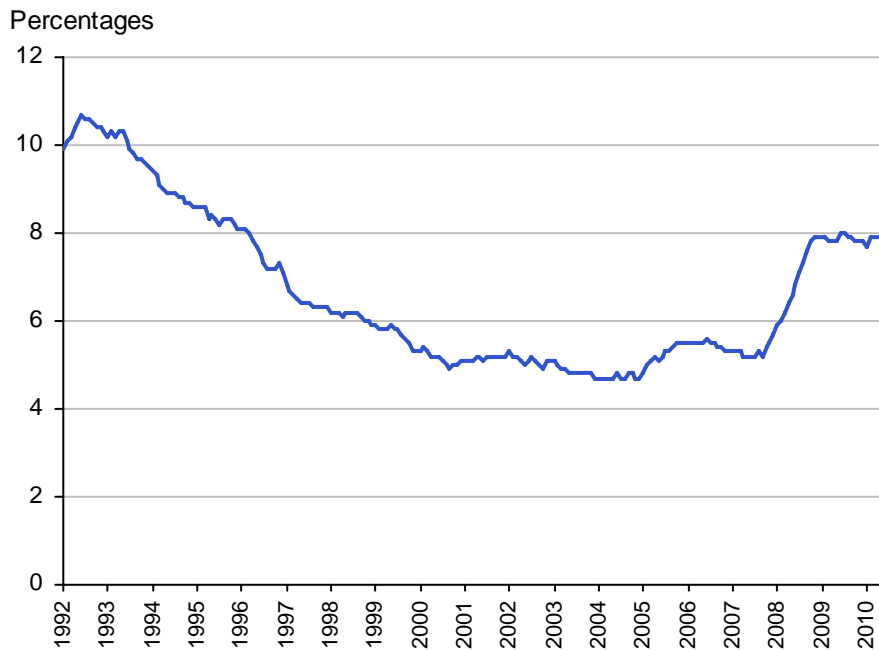
2 Seasonally adjusted

Source: Labour Force Survey, Office for National Statistics

Between March 2008 and March 2010, the employment rate in the UK fell sharply, this mirrored the fall seen in GDP (**Figure 1**), although there was some time lag. Employment levels fell to their lowest levels since 1996, but not as low as seen in previous recessions.

Figure 3 Unemployment rates^{1,2}

United Kingdom



1 Unemployment rates are for those aged 16 and over. Each year refers to the July-September time point

2 Seasonally adjusted

Source: Labour Force Survey, Office for National Statistics

After the previous recession in 1991 and 1992 the unemployment rate fell from around 11 per cent to around 5 per cent in 2000 (**Figure 3**). Between 2000 and the start of the most recent recession the unemployment rate remained relatively constant at around 5 per cent. During the second half of 2008 the unemployment rate rose rapidly to around 8 per cent where it has remained since. Like the employment rate, the unemployment rate has not yet reached levels seen in the previous recession.

Simplistically, a rise in unemployment happens because of reduced flows of people into employment and increased flows of people from either economic inactivity or employment into unemployment. Changes to these flows happen for many reasons and the interaction between these changes is complex. During a recession those who are in employment may be made redundant as some employers affected by the downturn look to reduce their labour costs.

People who are already unemployed may find it increasingly difficult to find jobs as employers reduce the number of available vacancies. There is also increased competition for the vacancies that remain because of increasing numbers of potential workers who have recently become unemployed.

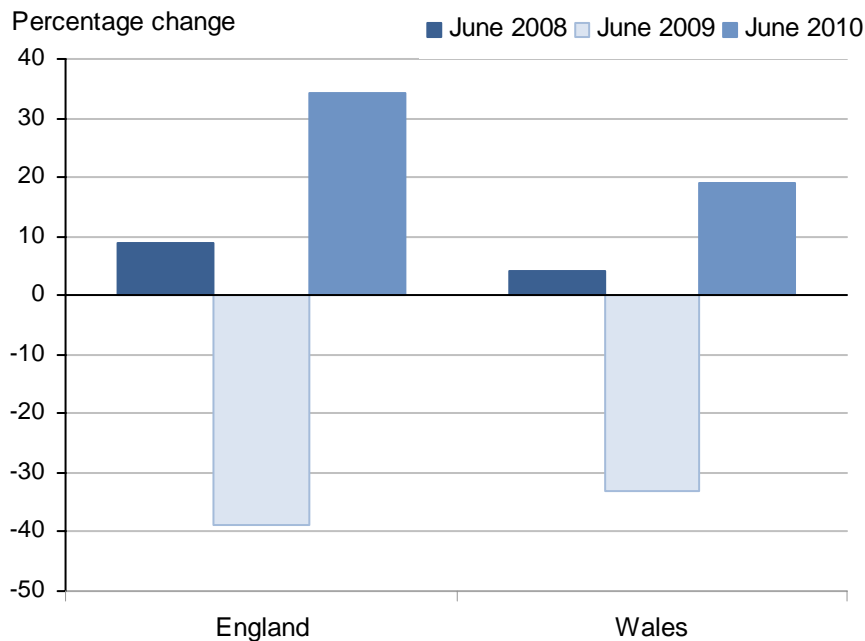
The economically active population also includes individuals who were previously economically inactive. For example students who have finished their studies, and those who were previously looking after the home may enter the job market either out of personal choice or a need to earn extra income. Because of reduced job opportunities and increased competition some of these may become unemployed. In particular a change to benefit entitlement during the recession meant that

a significant number of lone parents may have become economically active² but unable to find work.

Figures 4 and 5 show the annual percentage change in the total number of notified job vacancies using figures from Jobcentre Plus. Jobcentre vacancies cover only the vacancies notified by employers to Jobcentre Plus and account for around only half of all vacancies as reported by the Office for National Statistics (ONS) Vacancy Survey.

Figure 4 Total notified vacancies, year-on-year percentage change

England and Wales



Source: Jobcentre Plus administrative system, Office for National Statistics

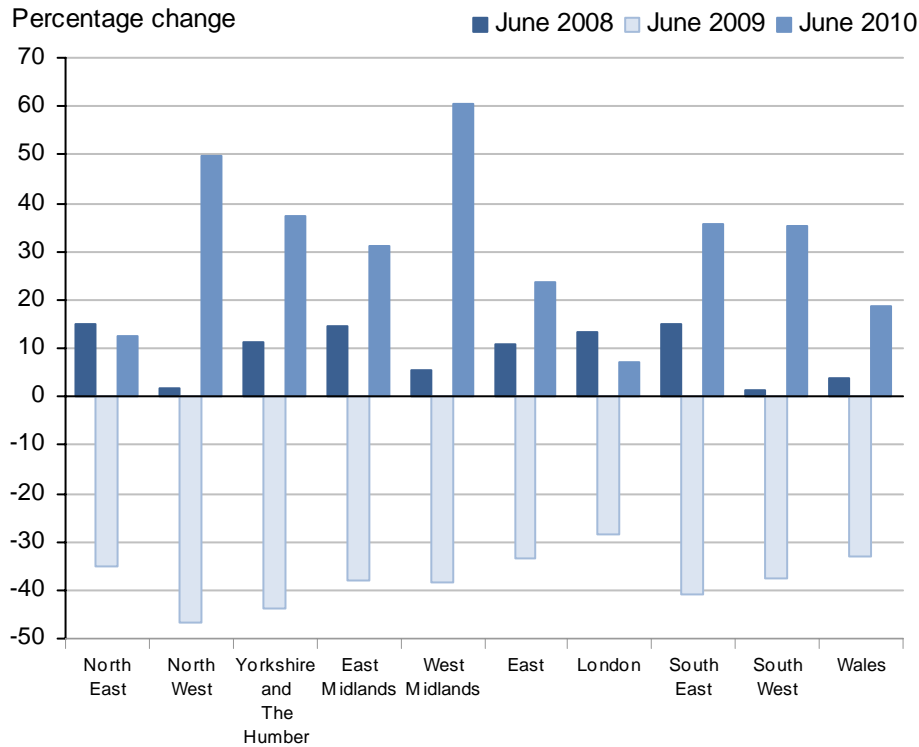
The number of job vacancies dropped substantially in the year to June 2009 in England (-139,000) and Wales (-7,000). Vacancies in England dropped by 39 per cent and in Wales by 33 per cent. Both England and Wales saw a recovery in the year to June 2010 (by 34 and 19 per cent, respectively).

² For more information please see:

www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/On_a_low_income/

Figure 5 Total notified vacancies, year-on-year percentage change

English regions and Wales



Source: Jobcentre Plus administrative system, Office for National Statistics

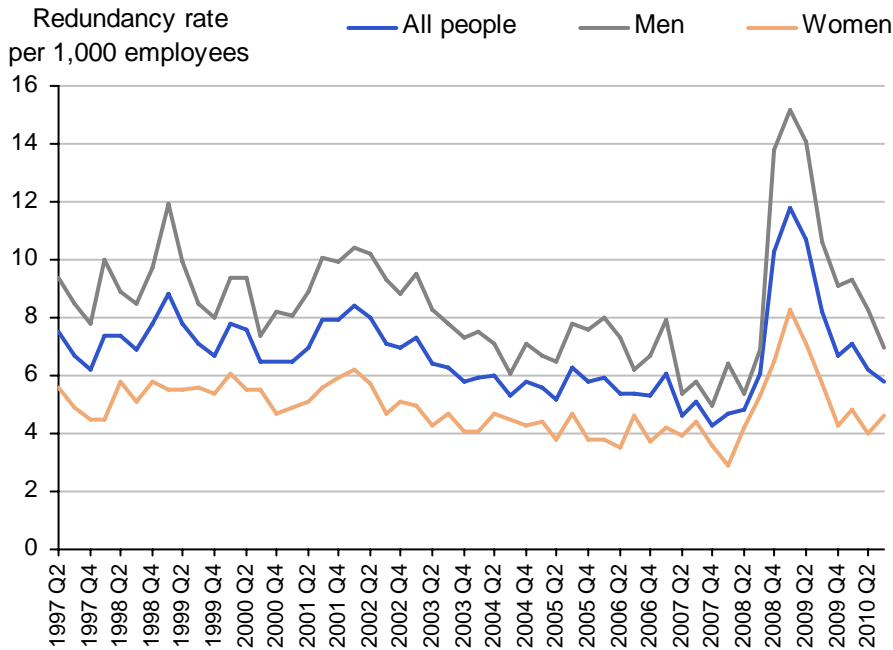
Figure 5 shows that in the year to June 2009 the number of vacancies available dropped in all regions. Three regions saw a fall of more than 40 per cent. The North West was hit the hardest with the number of vacancies decreasing by 47 per cent, from 61,000 in June 2008 to 32,000 in June 2009. In Yorkshire and The Humber the number of vacancies dropped by 44 per cent (18,000) and in the South East it dropped by 41 per cent (21,000). London was the only region with a decrease of less than 30 per cent.

In the year to June 2010 all the regions saw an increase in vacancies, though there were large differences between them. The West Midlands, with a 60 per cent increase in job vacancies in the year to June 2010, was the only region that recovered to the previous number of vacancies available in June 2008. London saw the smallest increase in job vacancies (7 per cent), followed by the North East (12 per cent).

During a recession employers may make redundancies in an effort to reduce employment costs, this increases the inflow of people into unemployment. **Figure 6** illustrates how the recession has impacted the number of redundancies and how the patterns by gender differ.

Figure 6 Redundancy rates:^{1,2} by sex

United Kingdom, seasonally adjusted



1 The redundancy rate is the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter, multiplied by 1,000

2 Seasonally adjusted

Source: Labour Force Survey, Office for National Statistics

There was a substantial rise in the redundancy rate for both men and women during the recession. Redundancies for all people peaked at a rate of 12 per thousand employees in 2008 Q4. This peak was quite sudden, rising from a general downward trend over the past nine years, which at its lowest point was only a rate of 4 per thousand (2007 Q3). After the peak during 2008 the rate fell almost as quickly as it had risen, to 6 per thousand in 2010 Q2. Both men and women followed this general trend, though the redundancy rate for men peaked at a higher level (15 per thousand in 2008 Q2) than for women (7 per thousand in 2008 Q4). The redundancy rates had fallen by 2010 Q2 to a rate of 7 per thousand for men and 5 per thousand for women.

Some industries have been hit harder than others during the recession. The different mix of industries in each region means that some regions were affected more than others. This translates to the redundancy rates seen in each region.

Table 7 **Redundancy rate per 1,000 employees and year-on-year change**

	England	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of London	London	South East	South West	Wales
Redundancy rate											
2007 Q2	4.9	*	3.7	5.0	5.5	5.4	7.3	3.8	4.3	*	*
2008 Q2	4.8	*	6.2	6.4	6.2	5.9	5.0	*	3.8	*	*
2009 Q2	11.1	*	10.0	14.0	12.1	15.9	6.4	11.6	10.7	11.4	11.3
2010 Q2	6.2	*	6.3	7.4	7.0	*	4.9	7.7	6.1	5.1	*
Year-on-year change											
Year to 2008 Q2	-0.1	*	2.5	1.4	0.7	0.5	-2.3	*	-0.5	*	*
Year to 2009 Q2	6.3	*	3.8	7.6	5.9	10.0	1.4	*	6.9	*	*
Year to 2010 Q2	-4.9	*	-3.7	-6.6	-5.1	*	-1.5	-3.9	-4.6	-6.3	*

* Data considered unreliable due to small survey sample sizes

Source: Labour Force Survey, Office for National Statistics

Table 7 shows a distinct increase in the redundancy rates across all English regions in the year to 2009 Q2 as the recession began. The highest rate in 2009 Q2 was seen in the West Midlands (15.9 per thousand), which was an increase of 10 redundancies per thousand employees on the preceding year. The second largest increase was observed in Yorkshire and The Humber where the rate of redundancy rose from 6.4 to 14.0 per thousand employees.

Between 2009 Q2 and 2010 Q2 the redundancy rate decreased across all regions for which reliable data are available³. Several regions saw redundancy rate decreases broadly proportional (though smaller) to the size of the increase in the redundancy rate seen in the previous year.

The combination of increasing redundancies and decreasing job vacancies leads to increased unemployment. **Figures 8 and 9** show how the regions were affected in terms of unemployment.

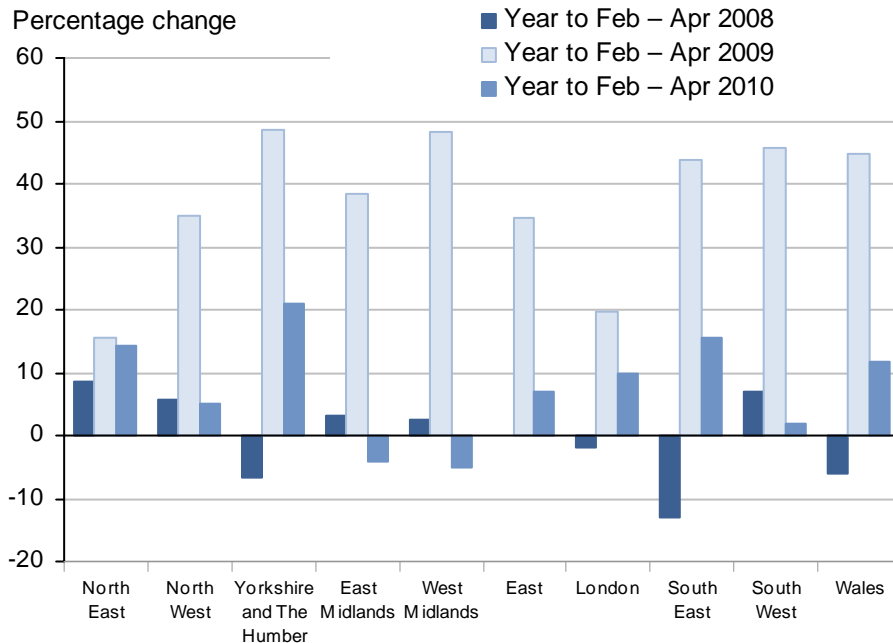
Figure 8 shows the year-on-year percentage change in the number of unemployed in each region between 2008 and 2010 for the same period in each year⁴.

³ This does not include regions where data for 2010 are considered unreliable.

⁴ Calculated using the average unemployment LFS estimates over the three months February, March and April for 2007, 2008, 2009 and 2010.

Figure 8 Change in unemployment, annual percentage change

English regions and Wales



Source: Labour Force Survey, Office for National Statistics

In Wales and in most English regions the number of unemployed changed by relatively small percentages in the year to February–April 2008 when compared with the change in the year to Feb–Apr 2009. In the year to Feb–Apr 2009 the number of unemployed increased rapidly. Wales, Yorkshire and The Humber, West Midlands, South East and the South West all saw increases of over 40 per cent. The North East saw the smallest percentage increase (15 per cent), with London having the next smallest rise (20 per cent).

In the year to Feb–Apr 2010 there is a mixed picture. Some English regions began to show some stabilisation and recovery. The East Midlands, West Midlands and the South West show either a small reduction in the number of unemployed or only a moderate increase. The West Midlands saw the largest recovery, with unemployment reducing by around 5 per cent on the previous year.

Over the period between Feb–Apr 2008 and Feb–Apr 2010 the largest percentage increase in unemployment was in Yorkshire and The Humber (80 per cent). London saw the smallest rise in unemployment at 31 per cent and the North West saw a similar rise of 32 per cent.

Looking at set yearly periods doesn't always tell the full story. Areas will be impacted at different times compared with the UK as a whole. Some areas will have started seeing increases in unemployment prior to the start of the recession as whole, and vice versa. Also some areas will have started to recover earlier than others. Figure 3.8 shows the percentage point change in unemployment rates in six-monthly intervals. It also shows the cumulative change in the unemployment rate in the six-monthly periods where the unemployment rates were rising. Looking at the unemployment rates also negates any effect of changes in the economically active population.

Table 9 Six-month change in unemployment rates

English regions and Wales, Seasonally adjusted

	Six months to June 2008	Six months to December 2008	Six months to June 2009	Six months to December 2009	Six months to June 2010	Cumulative six-monthly increases in unemployment
North East	0.6	0.9	1.5	-0.7	0.2	3.0
North West	1.8	1.4	0.8	-0.1	-0.4	4.0
Yorkshire and The Humber	0.7	0.6	2.2	0.2	0.0	3.7
East Midlands	0.3	0.7	1.0	-0.1	0.2	2.1
West Midlands	0.3	1.8	2.6	-1.3	-1.0	4.7
East	0.2	0.9	0.9	0.1	0.3	2.4
London	0.0	0.6	1.6	0.3	0.1	2.6
South East	-0.3	0.9	0.8	0.4	-0.1	2.1
South West	0.1	1.0	1.6	0.0	-0.3	2.7
Wales	0.1	1.9	0.7	0.8	0.4	3.9

Notes:

1. The last column shows the sum of the six-monthly periods where the region has seen an increase in the unemployment rate. In the case of the East Midlands the six months to December 2009 showed a reduction in the unemployment rate followed by a larger rise in the six months to June 2010. In these cases we have included this fall and the subsequent rise in the overall impact

2. Unemployment rate is for all persons aged 16 and over

Source: Labour Force Survey, Office for National Statistics

Table 9 shows that unemployment rates in each area did not start to rise at the same time. In the six months to June 2008 the South East saw a decrease in the unemployment rate, while other areas saw large increases in their unemployment rates. Over this period the North West saw an increase in its unemployment rate of 1.8 percentage points. In the 12 months to June 2009 all regions saw an increase in their unemployment rates. The West Midlands saw the largest rises during this time, a rise of 4.4 percentage points.

Over the following 12 months, to June 2010, the change across areas was more mixed. The West Midlands, having had the largest percentage point increase, saw by far the largest recovery, a reduction in the unemployment rate of 2.3 percentage points. The North West was the only other region to show a reduction in the unemployment rate with a decrease of 0.5 percentage points. Some areas continued to see increases in their unemployment rates.

The final column in **Table 9** shows the sum of the increases in the unemployment rate for the consecutive six-monthly periods where the unemployment rate rose in an area. It is important to remember when interpreting these figures that the unemployment rate has not finished rising in some areas, while in other areas, such as the West Midlands, substantial decreases have already been seen. Over this period, the North West and the West Midlands saw rises in the unemployment rate of 4 percentage points or more; the highest recorded was in the West Midlands at 4.7 percentage points. The smallest rises in unemployment rates were seen in the South East and East Midlands, with rises of 2.1 percentage points.

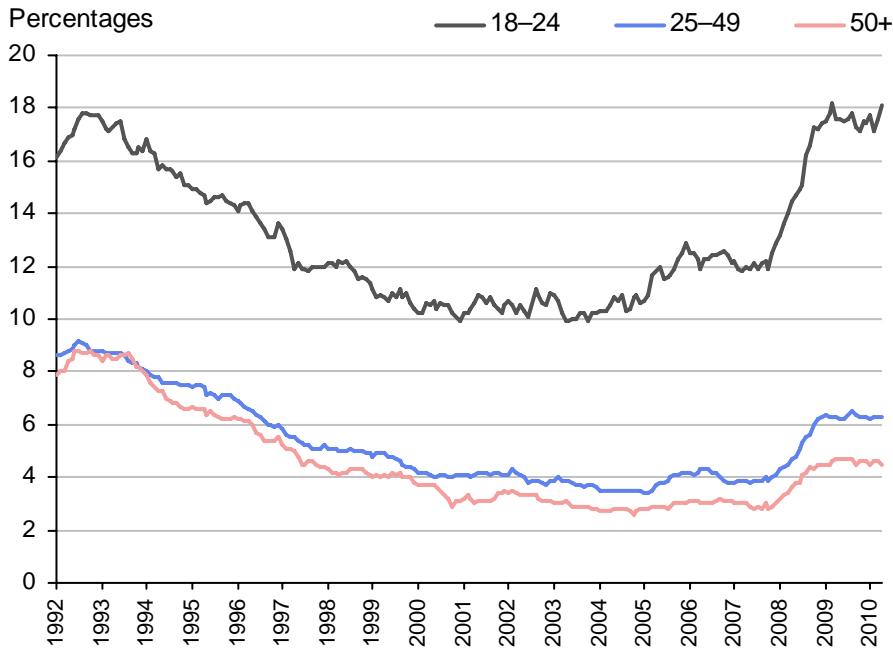
Unemployment by age

This section explores how the recession affected unemployment levels for different age groups.

Figure 10 shows how the unemployment rate has changed for different age groups over the period July 1992 to October 2010.

Figure 10 **Unemployment rate¹: by age**

United Kingdom



¹ Seasonally adjusted. Each year points refer to July

Source: Labour Force Survey, Office for National Statistics

Figure 10 shows that the 18-to 24-year-old age group consistently has the highest unemployment rate and this age group has seen the largest percentage point increase – around 6 percentage points over the recession period (2008 Q2 to 2009 Q3). Over the same time period the rise in the 25- to 49, and 50 and over age groups was more modest, at around 2 percentage points. The rise in unemployment for these age groups is significant; there was a rise of 453,000 in the number of 25 to 49-year-olds unemployed between April 2008 and April 2010 (a 64 per cent rise), while in the 50-and-over age group there was an increase of 161,000 in the numbers unemployed (a 70 per cent rise). The 18-to 24 –year-old age group saw a rise of 209,000 in the numbers unemployed (42 per cent).

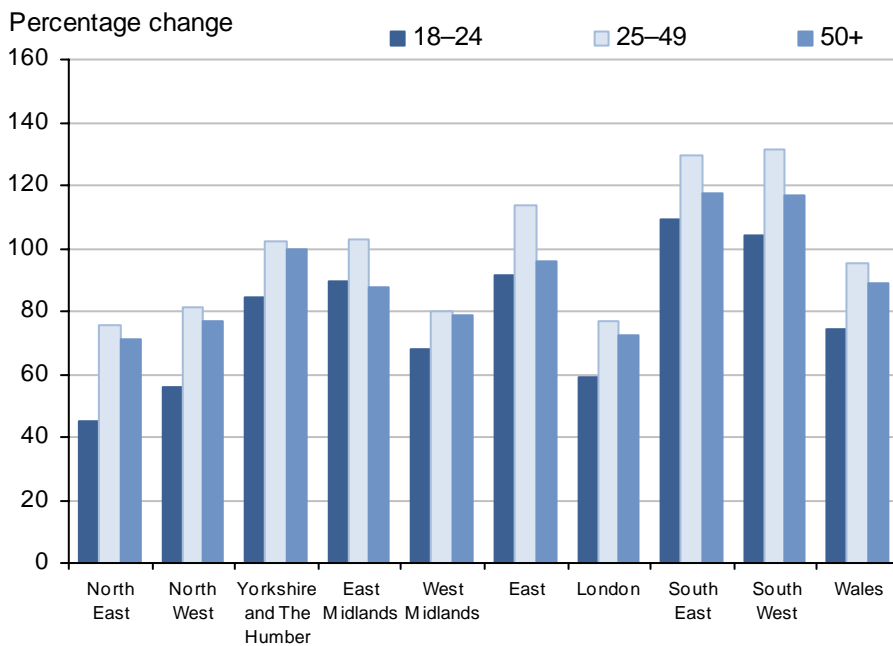
Claimant count data allow examination of the impact of unemployment at a regional level to see which age groups were affected the most by increasing unemployment. The claimant count is a count of those claiming the Jobseeker's Allowance and is derived from administrative sources; this differs from the LFS unemployment series. The claimant count broadly follows the LFS

unemployment pattern, although there are differences between the two measures and periods of divergence and convergence⁵.

Figure 11 shows the percentage change by age group in the numbers of claimants over two year period from April 2008 to April 2010.

Figure 11 Change in claimant count: by age group, April 2008 to April 2010

English regions and Wales



Source: Jobcentre Plus administrative system, Office for National Statistics

In general for most areas the 18-to 24-year old age group saw the smallest percentage change in the numbers claiming the Jobseeker’s Allowance (JSA) over the period shown, and in most areas the 25 to 49-year-old age group saw the largest increase. One possible reason why the 25 to 49-year-old age group was disproportionately affected is that changes to lone parent income benefit entitlement meant that many lone parents who were previously economically inactive were encouraged to look for paid work and to claim JSA.

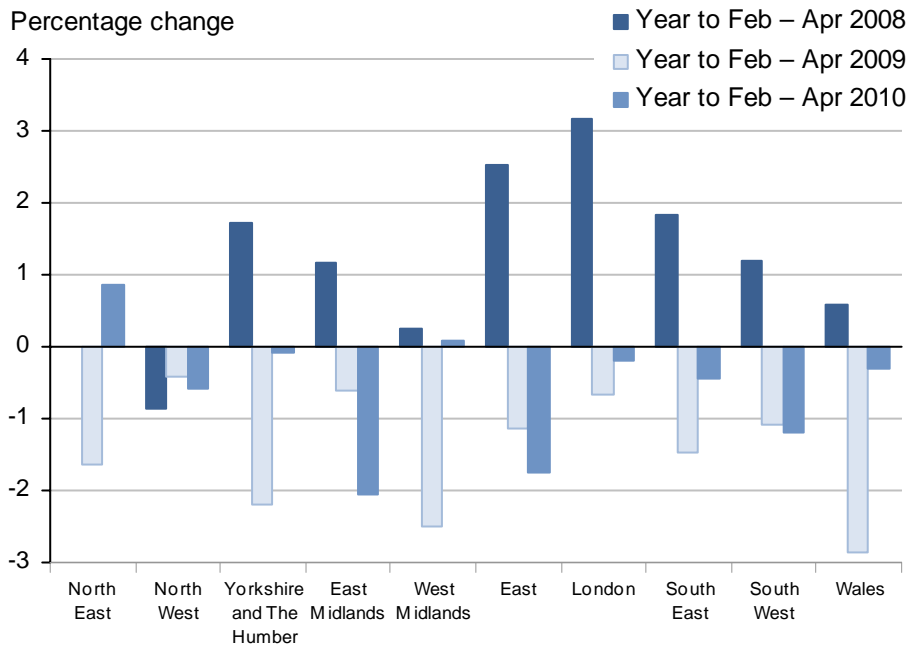
Employment

Increases in redundancies and fewer job opportunities lead to a decrease in the numbers of people employed.

⁵ For more information about the differences between the LFS unemployment measure and the claimant count: www.statistics.gov.uk/elmr/07_10/downloads/ELMR_Jul10_Stam.pdf

Figure 12 Change in employment, annual percentage change

United Kingdom



Source: Labour Force Survey, Office for National Statistics

Figure 12 shows that the numbers employed fell in every region and country in the year to February to April 2009, covering much of the recession period. Over this period, the highest percentage falls in the numbers employed were seen in Wales, West Midlands, and Yorkshire and The Humber, with falls of between 2 and 3 per cent. In the year to Feb–Apr 2010 the North East saw an increase in the numbers employed while most areas continued to a fall.

Overall between Feb–Apr 2008 and Feb–Apr 2010 Wales saw the largest percentage decrease in employment numbers, with a fall of 4.7 per cent. The North East and London saw the smallest percentage decrease in employment numbers with falls of 0.8 and 0.9 respectively.

Jobs

Jobs: key findings

- The year-on-year growth in the number of workforce jobs in the UK was consistent from 1994 onwards before dropping between in the years to 2009 and 2010. During the year to 2010 the number of jobs decreased by a smaller amount than seen in the previous year
- Workforce jobs decreased in all English regions and Wales and between 2008 Q2 and 2010 Q2
- During this period the Manufacturing, and Wholesale and retail trade industry groups had the greatest loss of jobs over regions and Wales. These two sectors combined contributed to at least 39 per cent of the total job loss in the East of England, East Midlands, South East, South West, West Midlands and Wales
- The Human health and Social work activities and Education industries saw the most consistent increases in jobs across the regions and Wales which compensated for some of the losses seen in other industries. In London there was a 13,000 increase in the number of jobs in the Human Health and Social Work activities and Education sector
- Typically employee jobs have declined over this period in all areas, while self-employed jobs have increased in many areas and decreased in others. Full-time employee jobs decreased in the majority of areas while part-time employee jobs increased in some areas while decreasing in others
- Full-time positions for both genders decreased from 2007 to 2010 for both genders, however the largest percentage decreases, in the majority of regions, were for jobs held by females. For part-time positions the picture was more mixed, typically the percentage change in the number of jobs held by males and females was similar

The unemployment and employment chapter shows that the job markets across the English regions and Wales have been impacted in different ways. This chapter explains how the economic structure of regions influences how a recession impacts each area, with a focus on jobs. This section makes use of data from the Workforce Jobs series. Similar analysis could be undertaken using the Labour Force Survey. Both sources have their strengths and weaknesses, but because the workforce jobs series is the preferred source of statistics by industry it has been used throughout this section for consistency.

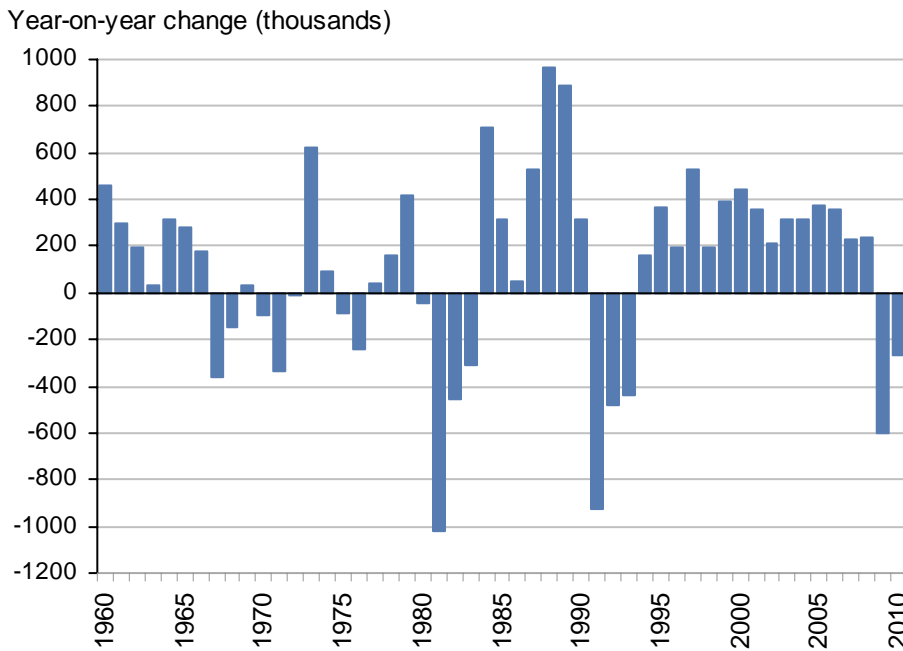
The number of jobs in the economy depends on employers' demand for labour. The demands for labour, as for all other factors of production, depend on the demand for the products they produce.

During an economic recession, the total demand for labour tends to decline as businesses need to cut their operational costs and scale back on production.

Figure 13 shows a long time series of workforce jobs in the UK⁶ and the impact on workforce jobs of the current recession as well as the previous two economic recessions (1980–81 and 1990–91).

Figure 13 Change in number of workforce jobs

United Kingdom



Source: *Workforce jobs*, Office for National Statistics

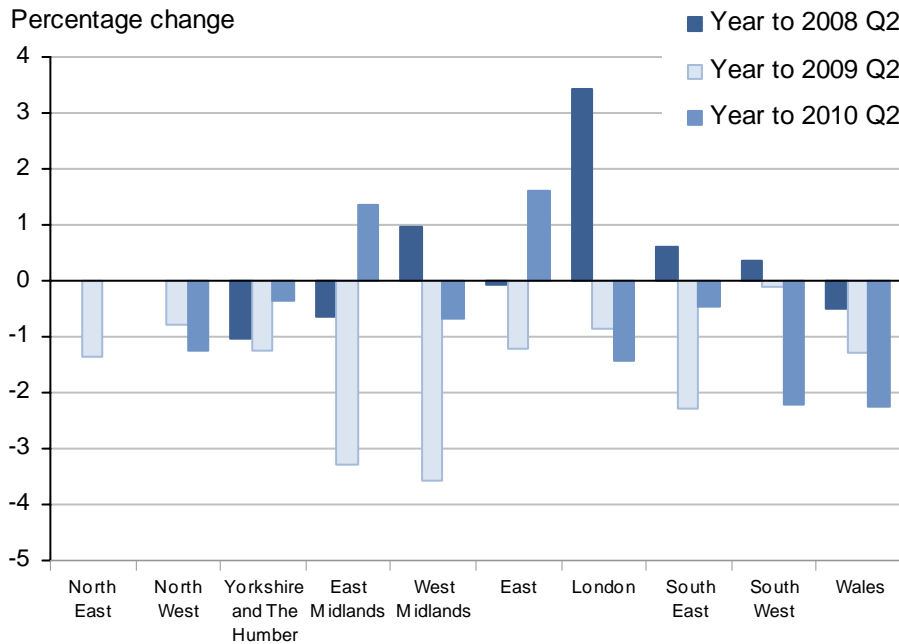
Figure 13 shows that the number of workforce jobs declined during and after the latest three recessions followed by sustained periods of job creation. From 1994 onwards the annual increase in the number of workforce jobs in the UK remained relatively stable, before dropping sharply in the year to 2009. While this is a notable decline it is not as large as the fall seen at the time of the 1980s and 1990s recessions. In the year to 2010 the number of workforce jobs continued to decrease, but to a lesser extent than in the previous year.

Figure 14 illustrates the year-on-year percentage change in workforce jobs across the English regions and Wales over the recent recession period.

⁶ Workforce Jobs: Information on the number of jobs is mainly collected through surveys of employers. This gives the number of employee jobs. The total number of workforce jobs is calculated by summing employee jobs, self-employment jobs from the LFS, those in HM Forces and government-supported trainees. Vacant jobs are not included in this measure.

Figure 14 Workforce jobs, annual percentage change

English regions and Wales



Source: *Workforce jobs, Office for National Statistics*

Figure 14 illustrates that workforce jobs decreased in all regions and Wales in the year to 2009 Q2. Jobs in the East Midlands, West Midlands and the South East all decreased by over 2 per cent. West Midlands had the largest percentage decrease, at 4 per cent, equating to approximately 97,000 jobs.

In the year to 2010 Q2 the number of workforce jobs continued to decrease in most regions and in Wales. In some areas, such as the West Midlands and the South East, the percentage decrease in the number of workforce jobs was smaller in the year to 2010 Q2 than the previous year. The opposite was true in some other areas such as the South West and Wales. The East Midlands and East of England were the only regions to see increases in workforce jobs in the year to 2010 Q2, at 1.4 and 1.6 per cent respectively.

Between 2008 Q2 and 2010 Q2, the West Midlands saw the largest percentage of job losses, with a 4 per cent decrease equating to 116,000 jobs. This was followed by Wales, which had a decrease of over 3 per cent, or 49,000 jobs. The East of England was the only region to see an increase in the number of jobs during this period, with a small increase of just over 9,000.

Jobs by industry

The difference in workforce job numbers between regions can be linked to the industries⁷ that are prevalent there. Some industry groups were affected more than others during the recession.

Figure 15 shows how a selected set of industries were impacted over the course of the recession, by region⁸.

The first eight industries presented in **Figure 15** were selected because they saw the largest absolute change in the number of jobs in the whole of the UK (1 - Wholesale and retail trade; repair of motor vehicles and motorcycles; 2 - Manufacturing; 3 - Human health & social work activities; 4 - Construction; 5 - Administrative & support service activities; 6 - Education; 7 - Transport & storage; 8 - Professional scientific and technical activities). This change was not always a decrease in the number of jobs as the total number of jobs across the UK grew in some industries. The remaining three industries (Financial and insurance activities; Arts, entertainment and recreation; Public administration and defence; compulsory social security) were chosen because they showed increases in the number of jobs in some regions. The financial and insurance activities industry was also of particular interest during the recession, due to the links between the financial sector crisis and global economies.

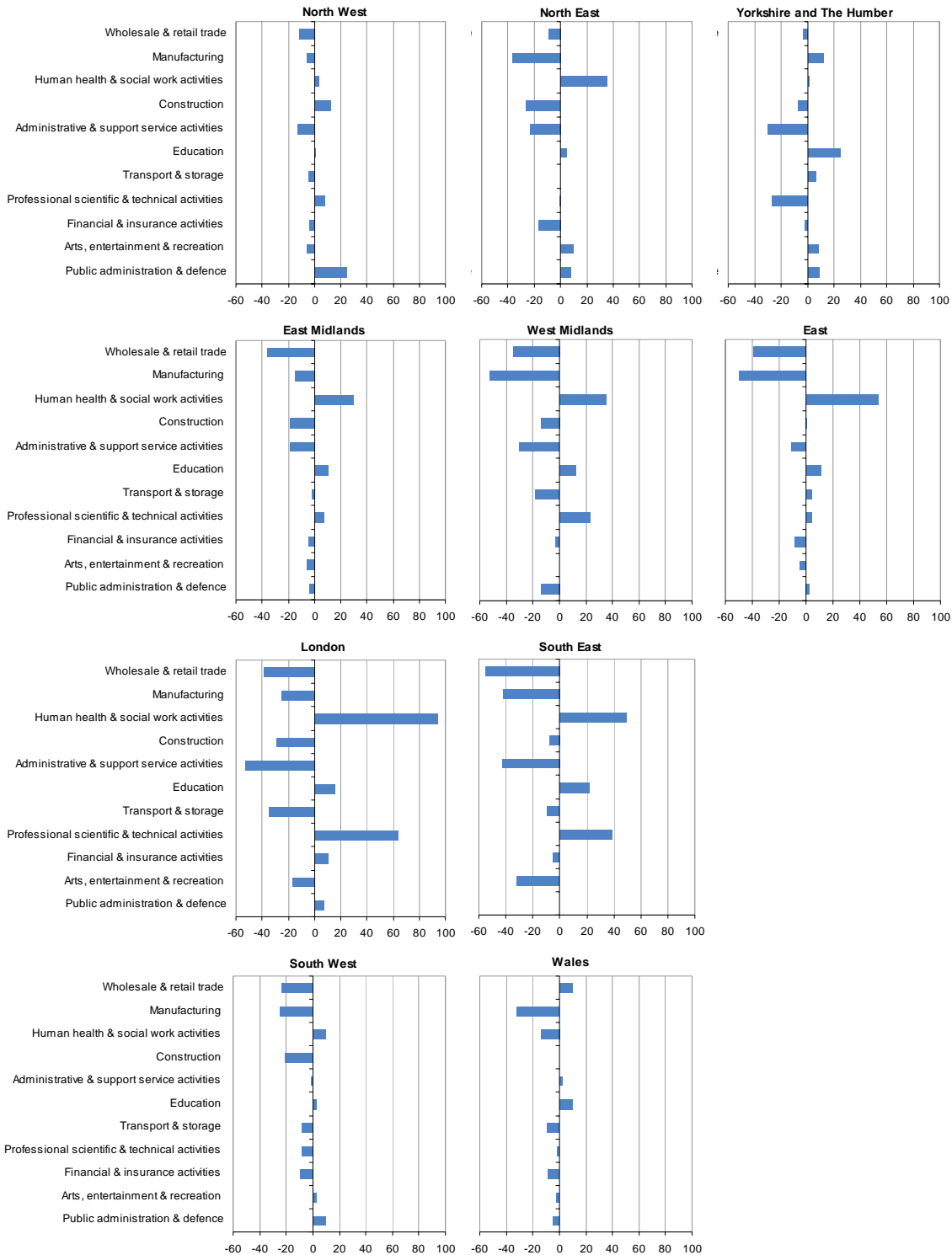
Figure 15 shows the absolute change in the number of jobs in each industry.

⁷ For additional information on the industries used in this analysis see 'UK Standard Industrial Classification of Economic Activities 2007: Structure and explanatory notes' here: www.statistics.gov.uk/methods_quality/sic/downloads/sic2007explanatorynotes.pdf

⁸ For the purpose of the figures industries have been grouped by size of absolute change in job numbers between 2008 Q2 and 2010 Q2.

Figure 15 Change in workforce jobs, 2008 Q2 to 2010 Q2: by selected industry groups

Thousands



Note: The source for public sector employment switched between 2008 Q3 and 2008 Q4. This may lead to some discontinuity for the Public administration and defence; compulsory social security industry grouping

Source: Workforce jobs, Office for National Statistics

Between 2008 Q2 and 2010 Q2 the Manufacturing, and Wholesale and retail trade industry groups showed the most job losses in most regions and Wales, while the Human health and social work activities, and Education industries showed the highest increase in jobs across many English regions and Wales. These four sectors are also the most significant in the UK and regional economies.

The losses in the Manufacturing, and Wholesale and retail trade industries particularly affected the East of England, East Midlands, South East, South West, West Midlands and Wales. These two sectors combined were responsible for at least 39 per cent of the net job losses in each of these regions, and up to 71 per cent in the East of England. The Construction industry had the third largest decrease in the number of jobs in the UK during the recession period. The South West, the East Midlands, and the North West all saw a significant decrease in the number of jobs in this sector.

London was particularly affected by losses in the Administrative and support service activities⁹ (a net loss of 53,000), this combined with net losses in other industries accounted for a total loss of 319,000 jobs. However these job losses were somewhat offset by an increase in the number of jobs in other industries (net increase of 208,000). The Human health and social work activities (94,000 net increase) and the Professional, scientific and technical activities (64,000 net increase) industries saw particularly large rises. Wales was the only area to lose jobs in the Human health and social work activities industry, a loss of 14,000 jobs during this period.

The West Midlands and the South East both showed overall job losses of over 200,000 but these losses were partially compensated for by increases in the number of jobs in other industries. The West Midlands and the South East saw net increases of over 20,000 in both the Professional scientific and technical activities and the Human health & social work activities industries.

The South East saw a loss of 32,000 jobs in the Arts, entertainment and recreation industry which represented 13 per cent of the total job losses in this region.

Employment type

The type of employment taken up differs among the English regions and Wales. Employee and self-employed jobs are components of workforce jobs¹⁰.

Comparing the numbers of employee to self-employed jobs is interesting as the level of activity in the economy can have a 'push and pull' effect on the numbers of self-employed. High and increasing levels of unemployment reflect a lack of employment opportunities in the economy which can constitute a 'push' factor for people to enter self-employment. The level of economic activity can also act as a 'pull' factor when the economy is growing. In this situation it is more likely that people will enter self-employment because new businesses are less likely to fail.

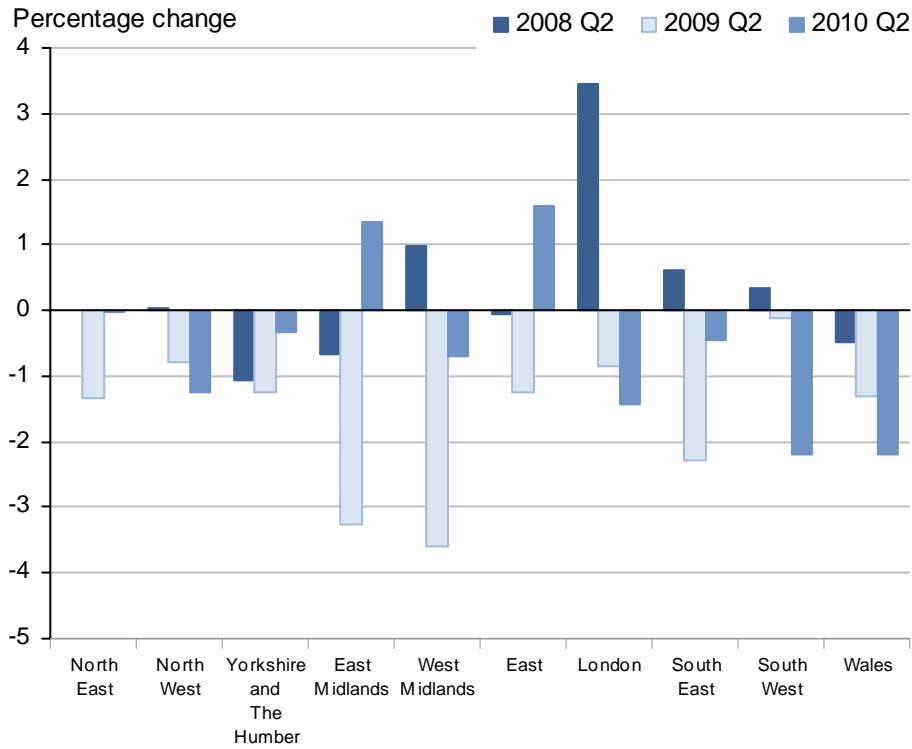
⁹ Administrative and support service activities includes rental and leasing, employment activities, travel agencies, security and investigation activities, services to building and landscape activities and office administration and support activities.

¹⁰ Workforce jobs are a measure of all jobs including civilian and HM Forces. Civilian jobs can be broken down in three categories: government supported trainees, employee jobs (the largest component of workforce jobs) and self-employment.

Figures 16 and 17 compare the annual percentage changes in the numbers of employee and self-employed jobs. To give some context to the findings approximately 15 in every 100 jobs are self-employed.

Figure 16 **Employee jobs, annual percentage change**

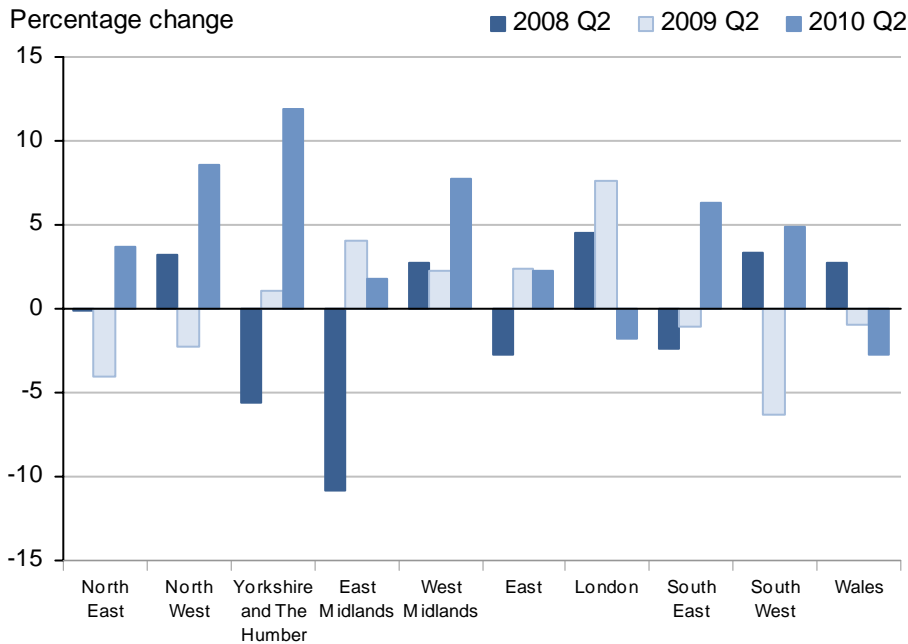
English regions and Wales



Source: Workforce Jobs, Office for National Statistics

Figure 17 Self-employee jobs, annual percentage change

English regions and Wales



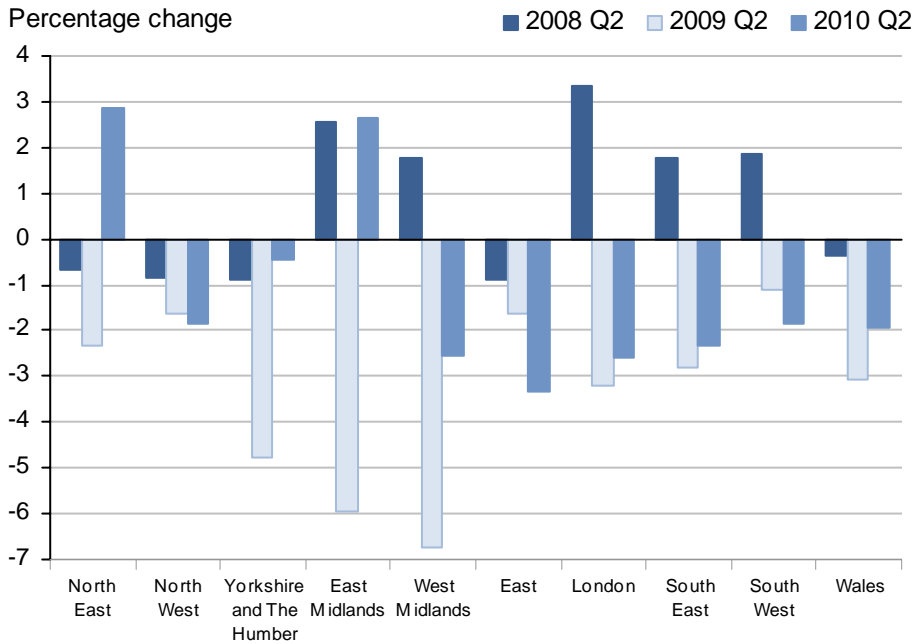
Source: Workforce Jobs, Office for National Statistics

The comparison between employee and self-employed jobs shows that trends over the recession are different for these two types of employment. The general pattern is that employee jobs have declined in all regions and Wales during the recession while self-employed jobs have increased in some areas and decreased in others, somewhat consistent with a ‘push’ factor from employee to self-employment. The patterns differ sizeably between regions. Between 2008 Q2 and 2010 Q2, the West Midlands saw an increase of 10.2 per cent in self-employed jobs (31,000) but a decrease of 6.2 per cent (149,000) in employee jobs. In the South West over this period both employee and self-employed jobs fell, with declines of 2.5 per cent (55,000) and 1.7 per cent (7,000) respectively.

Jobs can also be broken down into full-time and part-time jobs. The number of full-time employee jobs is likely to decrease during a recession. However, this may not be the case for part-time jobs. An increase in the number of part-time jobs during a recession period may occur when businesses cut back workers’ hours as a way to reduce labour costs while retaining skills. As the number of full-time jobs decreases, people may be forced to undertake shorter hours, self-employment or not work at all. **Figures 18 and 19** illustrate changes to full-and part-time employment over the course of the recession. To give some context to the findings there are approximately two full-time jobs for every part-time job in the UK, although this does vary slightly across regions.

Figure 18 Full-time employee jobs, annual percentage change

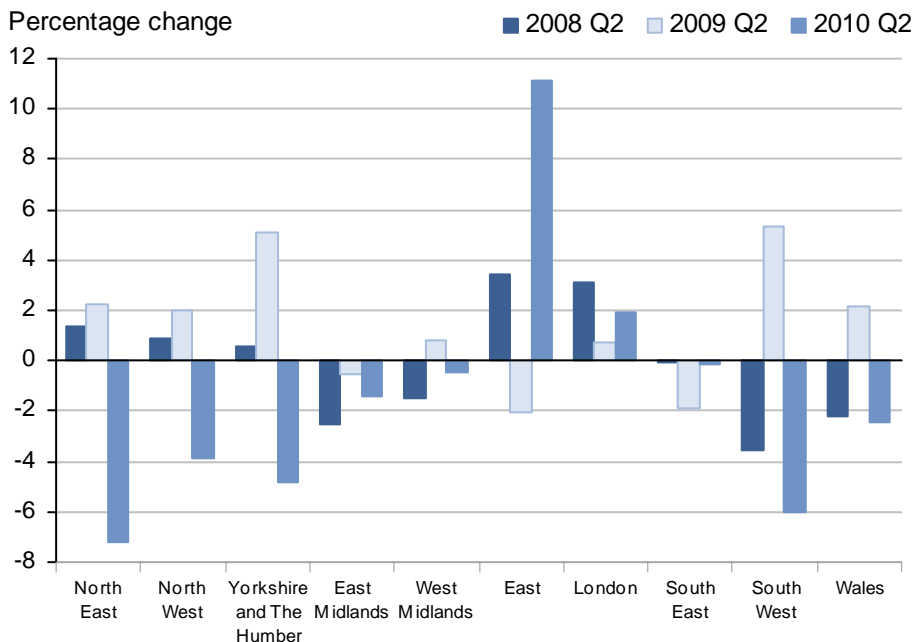
English regions and Wales



Source: Workforce jobs, Office for National Statistics

Figure 19 Part-time employee jobs, annual percentage change

English regions and Wales



Source: Workforce jobs, Office for National Statistics

Contrasting **Figures 18 and 19** reveals the differences between full-time and part-time employment patterns during the recession period. Between 2008 Q2 and 2010 Q2 every region

and country suffered full-time job losses. A number of regions, saw overall losses of 5 per cent or more during this period, the exception being the North East where the number of full-time jobs remained relatively static. Up until the recession began full-time jobs were being created in many regions, and in the regions which had previously lost jobs the losses were modest (no more than 1 per cent).

The change for part-time employment over the same period is more mixed. Between 2008 Q2 and 2010 Q2, of the nine English regions and Wales, five areas saw modest decreases in the number of part-time jobs of between 1 and 3 per cent; three areas saw modest changes of between -1 and 1 per cent; the extreme was the East of England which saw an increase of 72,000 part-time jobs (a 9 per cent increase). The direction of change in the number of part-time jobs also varied from year to year in some regions during the recession, for example in the North East the number of part-time jobs increased by 2 per cent in the year to 2009 Q2 but decreased by over 4 per cent during the following year.

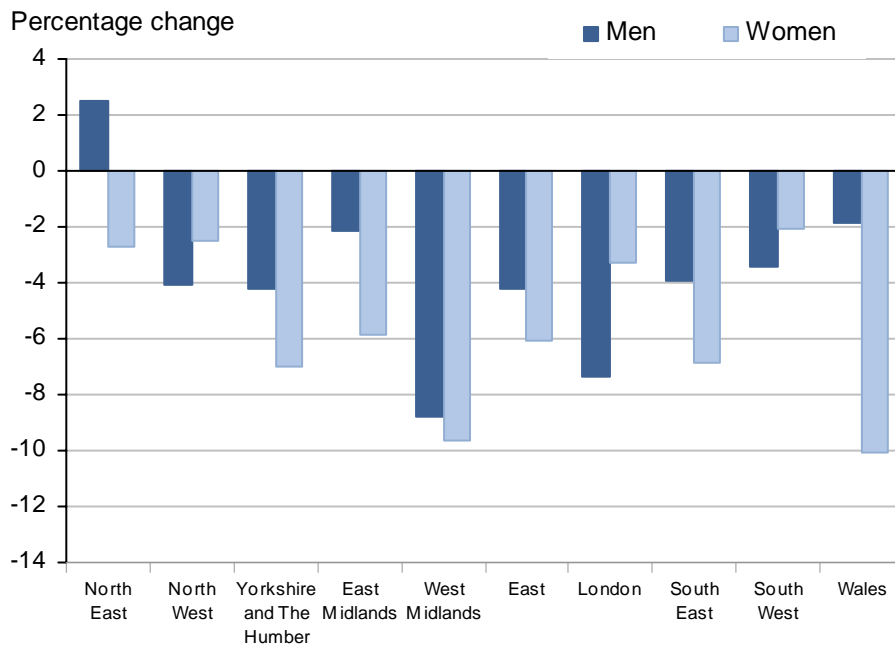
Between 2008 Q2 to 2010 Q2 there was a net loss of nearly 1 million full-time employee jobs in the UK. The West Midlands, London and the South East were the areas with the highest number of net full-time jobs losses (over 100,000 in each area). These three regions accounted for almost half of the net full-time job losses in the UK. The West Midlands saw the largest percentage decrease in full-time jobs of more than 9 per cent.

Between 2008 Q2 and 2010 Q2 there was a net loss of 60,000 part-time jobs in the UK, though small in comparison with the number of full-time job losses.

Figures 20 and 21 show that the recession has affected jobs held by men and women in different ways.

Figure 20 **Full-time employee jobs: by gender, 2008 Q2 to 2010 Q2**

English regions and Wales

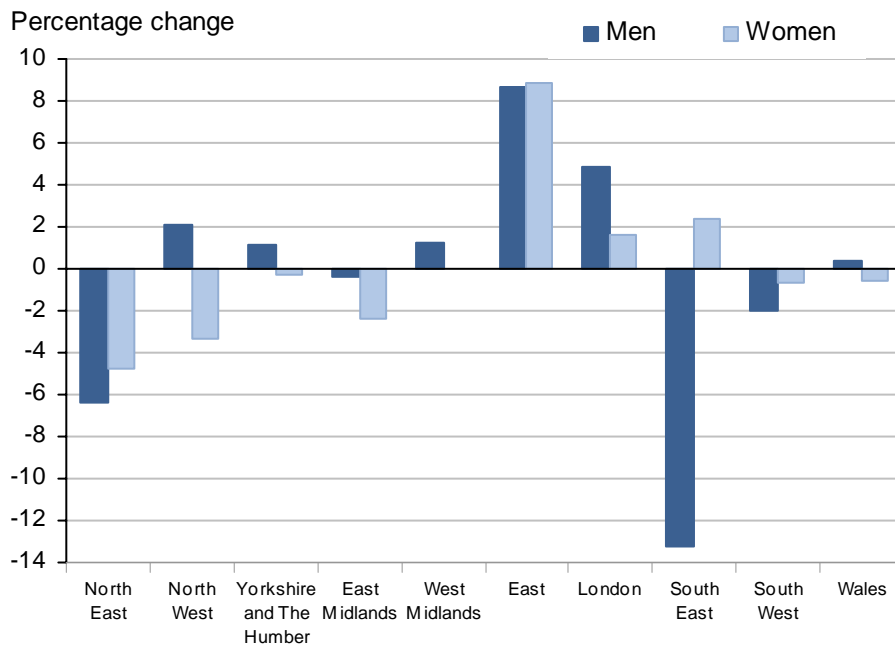


Source: *Workforce jobs*, Office for National Statistics

Full-time jobs filled by both genders decreased from 2008 to 2010; however the largest percentage decreases were typically for jobs held by women. The exceptions to this are the North West, London and the South West. Wales saw the largest difference between men and women in the percentage change in full-time jobs, where jobs held by men decreased by under 2 per cent (9,000 jobs) while jobs held by women decreased by 10 per cent (over 30,000 jobs). London was one region where the percentage decrease in full-time jobs for men exceeded that for women; full-time jobs held by men decreased by over 7 per cent (138,000 jobs) while those held by women decreased by just over 3 per cent (42,000 jobs).

Figure 21 Part-time employee jobs: by gender, 2008 Q2 to 2010 Q2

English regions and Wales



Source: *Workforce jobs*, Office for National Statistics

Comparing **Figure 20** with **Figure 21** shows that the picture for part-time jobs was more mixed. In many areas the percentage increase or decrease in the number of part-time jobs was similar for men and women. The South East was an area where there was a large difference between the genders, part-time jobs held by men decreased by 13 per cent (45,000 jobs) while jobs held by women increased by over 2 per cent (21,000 jobs). In the North West the opposite pattern was observed; jobs held by men increased by 2 per cent (5,000 jobs) and the number of jobs held by women decreased by 3 per cent (12,000 jobs).

Income

Income: key findings

- Wales showed the greatest increase in average total household income, an annual growth rate of 6 per cent between 2007/08 and 2009/10. The North West, East Midlands, South East and South West had the next highest average annual growth rates (3 per cent)
- The North East and London showed little or no growth in total household income between 2007/08 and 2009/10
- During 2008/09 wages and salaries were the main component of change in the total household income in the North East and in the East of England. In the North West the increase in total income was partially due to an increase in self-employed income and Social Security benefits
- During 2009/10 wages and salaries fell most noticeably in the North East, West Midlands, London and the Wales. In particular this drove reductions in total household income in the North East, and West Midlands
- Tax credits, Pensions and Social Security benefits increased in most of the regions between 2007/08 and 2009/10
- The rate of change for basic earnings fell continuously from mid-2008 to the end of 2009. However, until September 2009 the annual percentage change of basic earnings remained above the inflation rate. The first six months of 2010 were marked by a sharp increase in bonus payments and a small increase in basic earnings, much lower than the inflation rate
- In the majority of areas average gross earnings grew less in the two years to 2010 than in the year to 2008. Among English regions the North East had the highest increase (4 per cent) in the year to 2009, only 1 percentage point below the increase in the previous year. In the year to 2010 the North West saw the smallest increase of all areas, an increase of 1 per cent
- In Yorkshire and The Humber, East of England, London, South East, South West and Wales the annual increase in earnings between April 2008 and April 2010 was much higher for the bottom decile compared with the top decile

The total income generated in a country (usually measured by the GDP) is shared between individuals/households, companies and other organisations, and the government. When the economy is growing, there is more income available for distribution but during economic slow-downs less income is generated, which affects all parties.

Households receive income from a variety of sources, the main ones being wages and salaries and self-employed income, Social Security benefits and pensions. According to figures from the

Family Resources Survey (FRS), in 2008/09 and 2009/10¹¹, around 63 per cent of the total income in the UK was from wages and salaries. The proportion of wages and salaries in total household income, as well as the proportion of other sources of income is likely to change during a recession period, as economic activity slows down and unemployment increases.

Table 22 shows the various components of average household income for Wales and English regions, comparing the 2007/08, 2008/09 and 2009/10 data¹². Note that some care should be taken when looking at changes from one year to the other as the figures provided are survey estimates with associated sampling error.

¹¹ Period for the FRS refers to April to March.

¹² The underlying FRS data have not been equivalised (that is adjusted for family size and composition). The figures represent the average amount received across the whole population from each source, but not everyone will receive income from each source. Changes between years can be driven by either a change in the average amount from a source or the number of households with income from that source.

Table 22 Sources of average total weekly household income, 2007/08 to 2009/10

English regions and Wales,
£ per week

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of London	London	South East	South West	Wales
Wages and Salaries										
2007/08	348	368	361	388	379	450	621	541	390	318
2008/09	364	376	384	381	386	485	624	539	399	357
2009/10	347	375	375	388	365	494	614	556	406	345
Average Annual Percentage Change 2007/08 to 2009/10	0	1	2	0	-2	5	-1	1	2	4
Self-employed income										
2007/08	32	37	43	45	43	66	84	74	55	53
2008/09	23	41	*	38	50	60	85	69	*	62
2009/10	24	36	37	58	47	*	93	79	53	72
Average Annual Percentage Change 2007/08 to 2009/10	-12	-1	-8	13	4	*	5	3	-2	16
Pensions (State + Other)										
2007/08	81	84	80	85	88	102	66	100	105	89
2008/09	84	85	87	92	97	95	69	111	115	95
2009/10	93	97	84	96	98	118	70	125	118	104
Average Annual Percentage Change 2007/08 to 2009/10	7	7	3	6	5	8	3	12	6	8
Tax Credits										
2007/08	12	12	11	11	12	9	8	8	9	11
2008/09	13	14	15	12	14	10	11	9	10	11
2009/10	14	16	15	14	16	12	11	10	13	14
Average Annual Percentage Change 2007/08 to 2009/10	7	16	16	13	14	13	14	9	19	13
Social Security benefits										
2007/08	59	50	44	41	46	37	50	35	36	52
2008/09	56	56	47	43	48	37	52	38	39	55
2009/10	54	58	48	44	53	40	52	38	46	54
Average Annual Percentage Change 2007/08 to 2009/10	-4	8	5	4	7	5	2	5	13	2
Total Household Income										
2007/08	551	575	575	597	598	703	874	805	633	547
2008/09	565	599	*	598	626	722	882	817	*	611
2009/10	556	607	585	631	605	*	881	852	667	610
Average Annual Percentage Change 2007/08 to 2009/10	0	3	1	3	1	*	0	3	3	6

Note: *Some data have been omitted due to outlying data points affecting the results

Source: Family Resources Survey, Department for Work and Pensions

Most regions showed an increase in the average total weekly household income comparing 2008/09 with 2007/08, with a more mixed picture between 2008/09 and 2009/10. Between 2007/08 and 2008/09 Wales showed the greatest increase in the average total household income (12 per

cent) and within England, the West Midlands had the greatest increase (5 per cent). Between 2008/09 and 2009/10 some regions saw a decrease, with the West Midlands and the North East decreasing by 3 per cent and 2 per cent respectively. Looking at the average annual percentage change over the two years, Wales had the highest increase (6 per cent), driven by the increase in the first year. The East Midlands, South East, South West all saw average annual increases of 3 per cent.

Between 2007/08 and 2008/09 change in wages and salaries was the main component of change. Wales, the North East, and East of England all saw increases of over £20 per week. The same component fell between 2008/09 and 2009/10 in Wales, the North East and the West Midlands. In Wales and the North East the fall was partially offset by increases in self-employment, benefits and tax credit income.

The contribution of self-employed income was uneven across the regions. In the North East, East Midlands, East of England and South East, self-employed income fell between 2007/08 and 2008/09. During this time Tax Credits, Pensions and Social Security benefits increased in most of the regions across both of the years.

Earnings

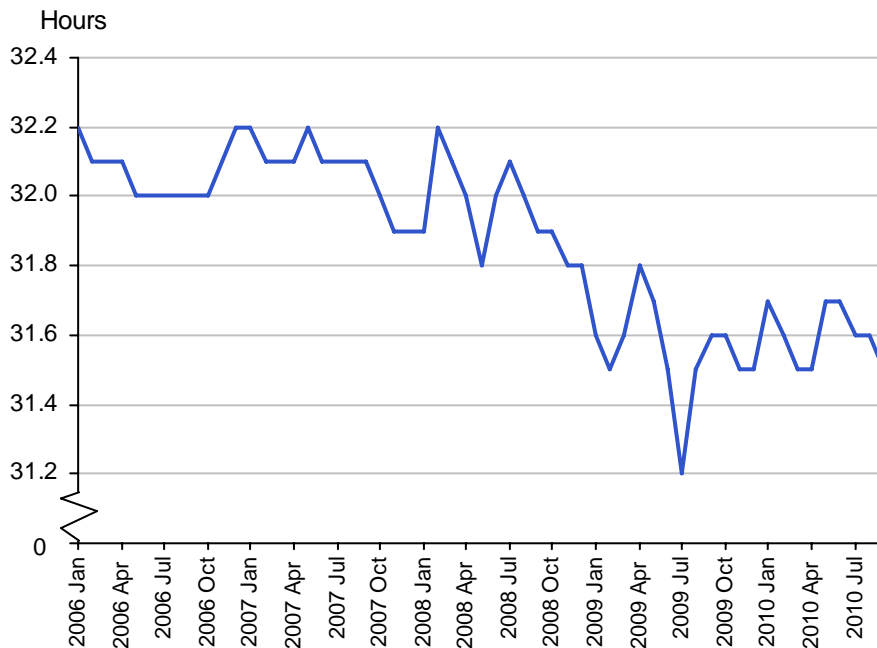
Wages and salaries are the major components of household income. Therefore, the analysis of the current changes in wages and salaries plays an important part in understanding changes in total household income. Two series are used here for the analysis of the changes in earnings during the recession: Average Weekly Earnings (AWE) and earnings data from the Annual Survey of Hours and Earnings (ASHE). AWE¹³ is the current lead measure for short-term changes in earnings in Great Britain and it is used in this section in order to provide some context to the differences observed at regional level. ASHE is used for more detailed analysis as it provides breakdowns by region, sex, full-time/part-time employees, age groups, occupation and industry. Both datasets used here are survey estimates, therefore changes from one year to the next should be considered with caution.

During a recession period many employers need to reduce their operating costs, including labour costs such as salaries and wages. Reducing vacancies and increasing redundancies is one way of doing this, as shown in the unemployment and employment chapter, but labour costs can also be reduced by cutting hours worked and by controlling wage growth. **Figure 23** plots the average hours worked in the UK for the period from January 2006 to September 2010.

¹³ For AWE average earnings are obtained by dividing the total amount paid by the total number of employees paid, including those employees on strike and temporarily absent. The annual AWE rates are based on the average of the seasonally adjusted data for the latest three months compared with a year earlier.

Figure 23 Average weekly hours worked

United Kingdom



Source: Labour Force Survey, Office for National Statistics

Prior to 2008 average hours worked each week were relatively stable. However, between July 2008 and July 2009, the average weekly hours worked fell by almost 1 hour from 32.1 hours to 31.2 hours. An observed cut in hours may help to preserve employment levels, but it constrains workers to work fewer hours than they may otherwise be willing to. For Q3 2009, according to the LFS estimates, there was a total of 3.5 million workers (12.1 per cent of the total population in employment) who wanted to work longer hours¹⁴.

The other way businesses can control labour costs is through changes to basic wages. However, negotiations of wage settlements are strongly influenced by inflation rates as employees are concerned with the purchasing power of their wages rather than the nominal growth rate. In many sectors, wage rates are set for at least one year and in sectors with powerful trade unions, those wage rates can be set for a period of three years. Although employers cannot change the nominal wage rates in the very short term, overall wages are unlikely to be kept unchanged during a recession period.

Cutting down bonus payments is another way businesses can control wage growth. For the majority of companies, bonus payments have a small effect on the AWE; however, the amount that some companies pay in bonuses to their employees can have a significant effect on the whole economy index.

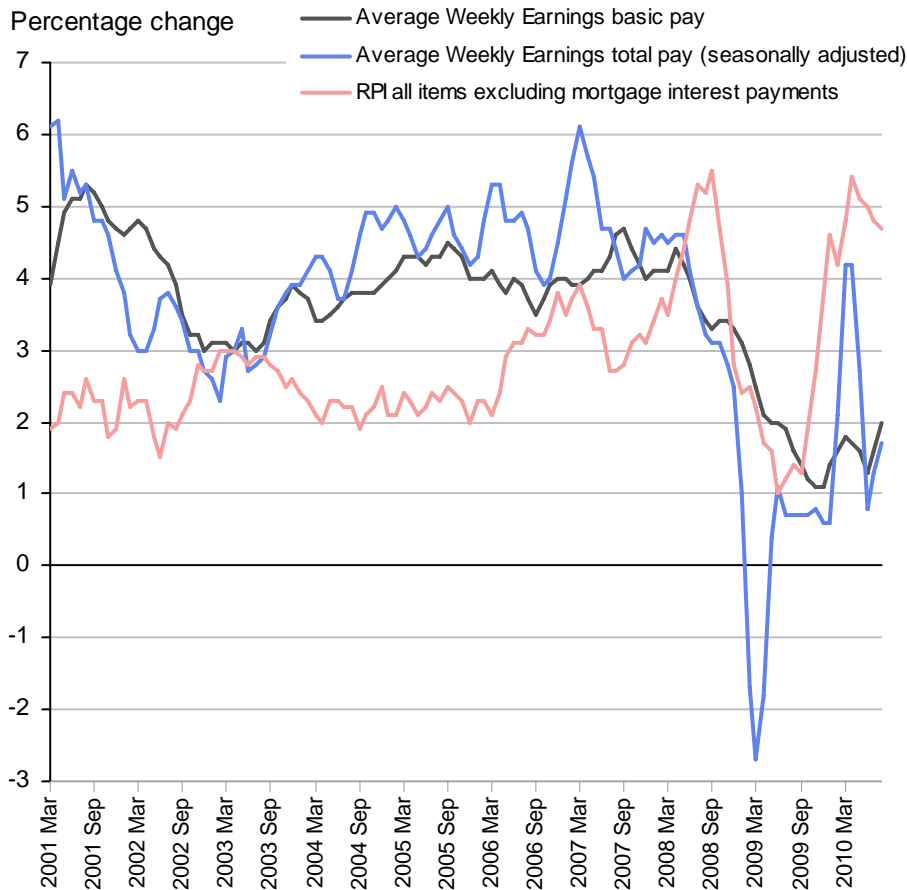
Figure 24 shows the annual percentage change of the Average Weekly Earnings in Great Britain, including bonuses (total pay) and excluding bonuses (basic pay), and the inflation rate (measured

¹⁴ For more detailed information on people who wanted to work more hours in 2009 see 'Underemployment in the UK labour market', Economic & Labour Market Review, Vol 4, No 2, February 2010. Available here: www.statistics.gov.uk/ccj/article.asp?ID=2360&Pos=1&ColRank=1&Rank=390

by the Retail Prices Index of all items excluding mortgage interest payments percentage change over 12 months). Until the beginning of the recession, average earnings both including and excluding bonuses typically increased about 4 per cent above the RPI inflation rate. However, as the recession started, bonus payments fell and so did the rate at which basic and total earnings increased.

Figure 24 Average weekly earnings, growth rate and inflation

Great Britain



Source: Average Weekly Earnings, Retail Price Index, Office for National Statistics

By mid-2008, the rate of increase of both basic and total earnings started to slow down. During 2009 Q1, total earnings fell sharply driven by a large fall in bonuses payments, mainly in the financial sector. The basic earnings rate of change fell continuously from mid-2008 to mid-2009. During this time the annual percentage change of basic earnings fluctuated above and below the inflation rate. This means that, for those for whom basic earnings payments made up the majority of their income who were able to keep their job and the same working hours, the situation may not have worsened during 2009. In fact, for those with mortgage interest payments, the economic situation may have even improved because of low interest rates (reflected in the very low RPI inflation including mortgage interests).

The first six months of 2010 were marked by a sharp increase in bonus payments and a small increase in basic earnings, though much lower than the inflation rate. The inflation rate jumped from 1 per cent in June 2009 to more than 5 per cent in April 2010, while average weekly earnings

increased no more than 2 per cent. The small increase in average earnings may be due to a combination of factors; while some workers experienced pay rises, for others there may have been a reduction in the number of hours worked in some firms, a lower increase in earnings paid in some sectors, or a change in the composition of the workforce by industry as people moved from higher paying industries to lower paying industries. In many cases employees may have ended up with lower real wages than they had before the recession.

The impact of the recession on pay and earnings of the various sectors and industries was varied. Earnings data from AWE indicates that for the public sector was not affected until early 2010. In the private sector, many companies had pay rises in 2008, 2009 and 2010, while some companies had a pay freeze in 2009. The impact of the recession on the economic activity within the regions and Wales depends on the economic structure of each area. Some areas may have seen greater change than others in their economic activity and therefore on the income generated from employment sources. Data from ASHE¹⁵ provides information on median earnings at regional level. **Figure 25** shows the growth in median¹⁶ gross weekly earnings for full-time employees in each area for the years to April 2008, 2009 and 2010¹⁷.

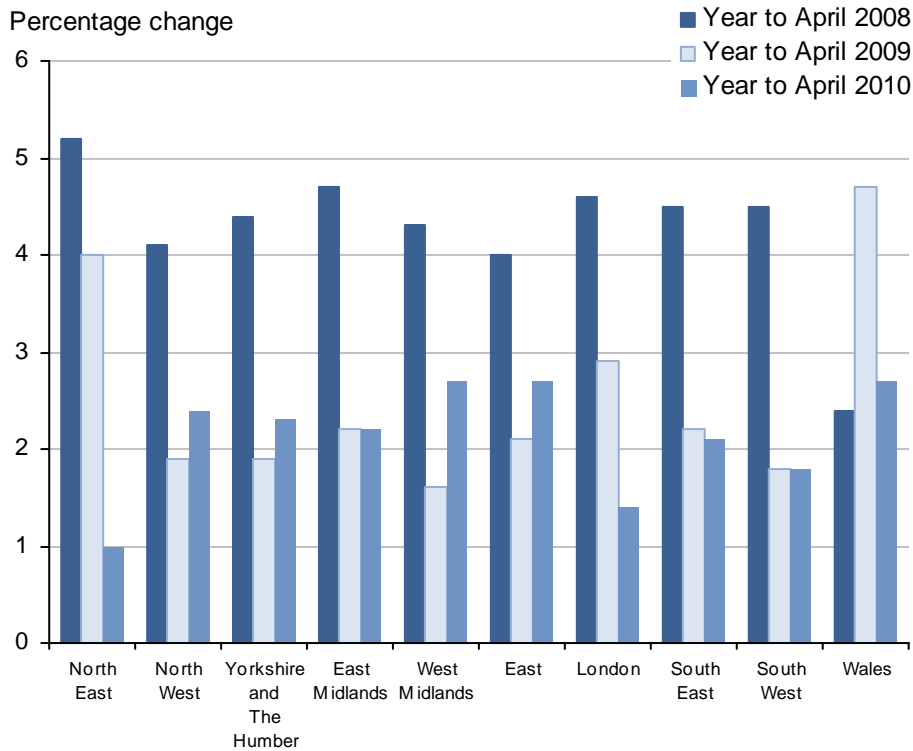
¹⁵ The Annual Survey of Hours and Earnings is based on a sample of employee jobs taken from HM Revenue & Customs Pay As You Earn (PAYE) records. The 2010 ASHE is based on approximately 177,000 returns and it provides the latest information available. In 2010, information was collected for the pay period that included 22 April.

¹⁶ The median is the value below which 50 per cent of employees fall. It is preferred over the mean for earnings data as it is influenced less by extreme values and because of the skewed distribution of earnings data.

¹⁷ April is the reference point in each year.

Figure 25 Growth in median gross weekly earnings of full-time employees, annual percentage change

English regions and Wales



Source: Annual Survey of Hours and Earnings, Office for National Statistics

In most regions the median gross weekly earnings grew by less than 3 per cent in the years to April 2009 and April 2010, whereas in the year to April 2008 they grew to over 4 per cent. The region with the highest increase over the year to April 2009 was the North East with median gross weekly earnings increasing by more than 4 per cent, only 1 percentage point below the increase in the previous year. However, in the following year to April 2010 the increase was 1 per cent, the lowest across all areas.

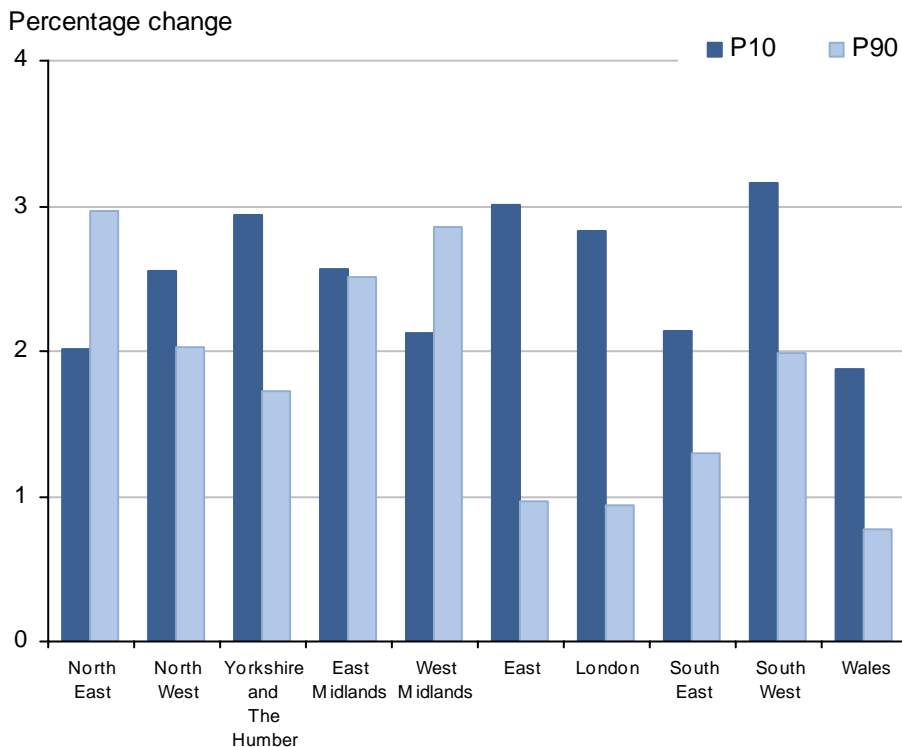
The lower growth in gross weekly earnings can be explained by a decrease in levels of overtime, lower growth in basic weekly earnings or a reduction in other payments such as shift premium pay, bonuses, premiums and incentives.

Figure 26 shows the annual percentage change of gross earnings in the 10 per cent of households with the highest earnings (P90) and lowest earnings (P10)¹⁸ for full-time employees in the two years from April 2008 to April 2010.

¹⁸ The bottom decile (P10) includes the 10 per cent of households with the lowest earnings and the top decile (P90) includes the 10 per cent of households with the highest earnings.

Figure 26 Earnings annual growth between April 2008 and April 2010 in top and bottom decile for full-time employees

English regions and Wales



Source: Annual Survey of Hours and Earnings, Office for National Statistics

The change in the annual growth rate of earnings in the bottom decile (lowest earnings) is broadly similar across all areas. The lowest growth rate was in Wales (1.9 per cent) and the largest is in the South West (3.2 per cent). The change in the annual growth rate of earnings in the top decile (highest earnings) is more varied. The East of England, London and Wales all have earnings growth rates below 1 per cent while several areas, the North East and West Midlands have earnings growth rates close to 3 per cent.

When comparing the increases in earnings there are a number of areas – Yorkshire and The Humber, East of England, London, South East, South West, and Wales, where the annual growth rate in the bottom decile was noticeably higher than the growth rate in the top decile. In other areas the difference between the growth rates between the two deciles was much smaller and in a few cases (the North East and West Midlands) there was a higher earnings growth rate for the top decile than for the bottom decile.

This analysis has shown that the recession affected both low and high income groups. During the period April 2008 to April 2010, high-earning employees were on average and in relative terms more affected than the low-earning employees.

Housing

Housing: key findings

- The number of property sales decreased rapidly during late 2007 and through 2008. Wales and all English regions were consistently affected with the number of property sales decreasing by approximately 40 per cent in the year to 2008 Q2
- In the year to 2010 Q2 property sales in London recovered more than any other region, up by 49 per cent on the previous year and over double the rise seen in any other region
- Overall dwelling prices declined between 2008 and 2010 in England and Wales
- Almost all areas saw growth in dwelling prices in the year to June 2010 with prices almost recovering to pre-credit crunch levels in some areas. In June 2010 London, the East of England and the South East recovered to prices similar to those seen in June 2007
- The number of repossession orders made fell dramatically during the recession in all regions, by consistent levels. In the year to 2009 Q2 the number of mortgage possession claims reduced by around 30 to 40 per cent in the English regions and Wales. In the year to 2010 Q2 the number of possession claims further reduced by between 10 and 20 per cent

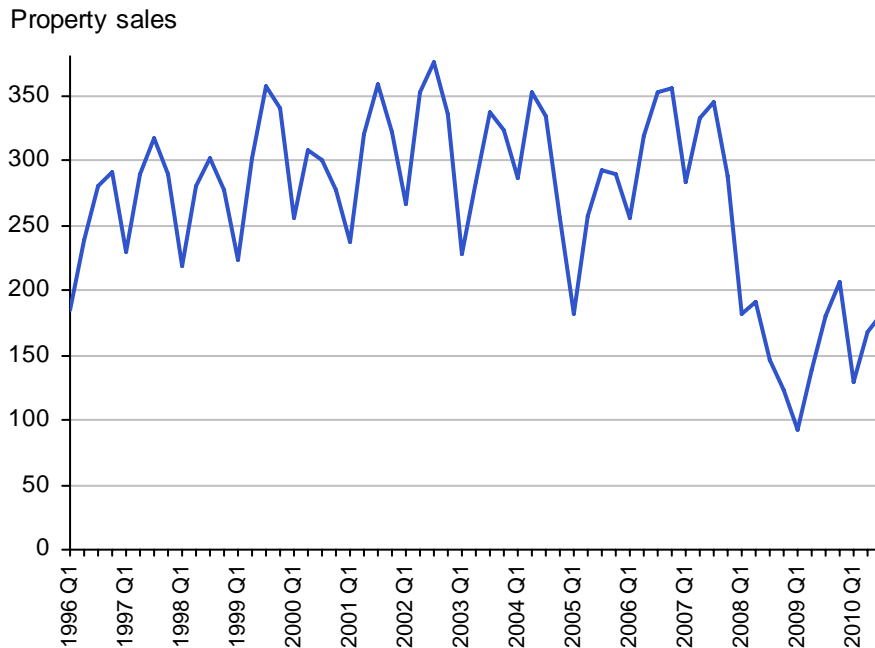
The UK housing market was adversely affected slightly ahead of and during the recession. The following section describes the impact of the recession on house sales, prices, and repossessions.

Property sales

During the recession residential property sales in England and Wales were in decline, as shown in **Figure 27**.

Figure 27 Residential property sales: by quarter

England and Wales
Thousands



Note: The figures for 2010 Q3 are provisional (last point)

Source: Land Registry

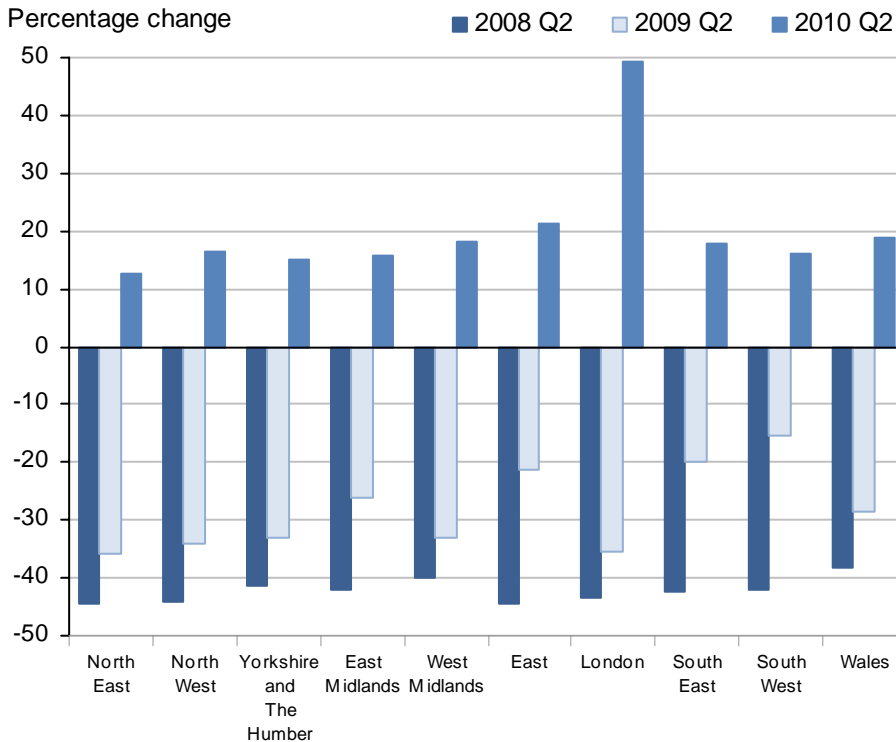
Figure 27 shows that the number of houses sold in England and Wales began to fall around Q2 2007, during the ‘credit crunch’¹⁹, that came ahead of the defined recession. It was after 2007 that the major banks in the UK and around the world began to limit lending. The fall continued throughout 2008. In 2009 Q2, property sales began to rise again, however some of this increase could be due to seasonality. The property sales series appears to continue at a new lower level compared with the years prior to the credit crunch.

Figure 28 shows the year-on-year percentage change in the property sale numbers for regions and Wales.

¹⁹The credit crunch is a reduction in the availability of monetary loans that affects all areas of the economy. For more information see ‘Housing and the Credit Crunch’ www.publications.parliament.uk/pa/cm200809/cmselect/cmcomloc/101/101.pdf

Figure 28 Annual change in number of residential property sales

English regions and Wales



Source: Land Registry

Figure 28 illustrates a fall in residential property sales over all of the regions in the years to 2008 Q2 and 2009 Q2; this was followed by a small recovery in the year to 2010 Q2. In the year to 2008 Q2 property sales had fallen between 38 per cent (in Wales) and 44 per cent (in London, East of England, North East and North West) across the regions and Wales when compared with the same quarter the previous year.

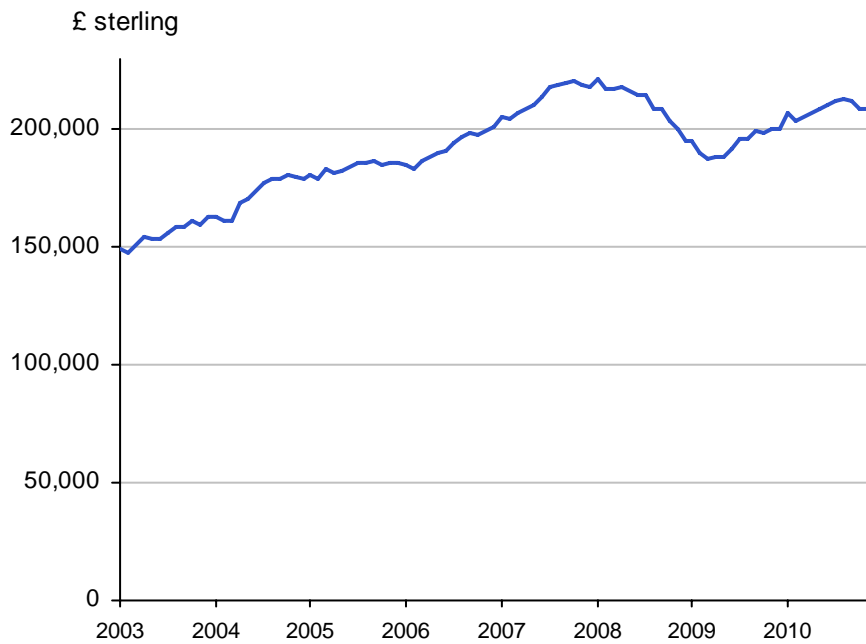
Between 2007 Q2 and 2009 Q2 property sales fell by over 60 per cent in some areas. Throughout the second half of 2009, property sales started to recover but by 2010 Q2 property sales were still well below the 2007 Q2 levels. At best, in the South West, the number of property sales were still 43 per cent below the 2007 Q2 levels; while at worst in the North East, they were still 60 per cent below 2007 Q2 levels. After 2009 Q2, London showed by far the largest recovery with property sales increasing by 49 per cent in the year to 2010 Q2 and over double the increase seen in other areas. These findings show that the percentage changes in the number of property sales over time are broadly consistent across regions and Wales, though varying in speed and intensity.

House prices

House prices follow a similar pattern to that of property sales, with falls just before the recession and recovering during through the second half of 2009. **Figure 29** illustrates the trend for the UK.

Figure 29 **Mix-adjusted house prices**²⁰

United Kingdom



Source: Regulated Mortgage Survey, Council of Mortgage Lenders

For the UK, since 2003, house prices (covering all residential dwellings) have shown an upward trend, reaching a peak of £221,000 in January 2008. House prices in the UK fell from this peak to a subsequent low of £187,000 in March 2009. Some decline from month to month can be expected due to seasonal variation but there was a consistent fall between January 2008 and March 2009, more dramatic than that typically observed.

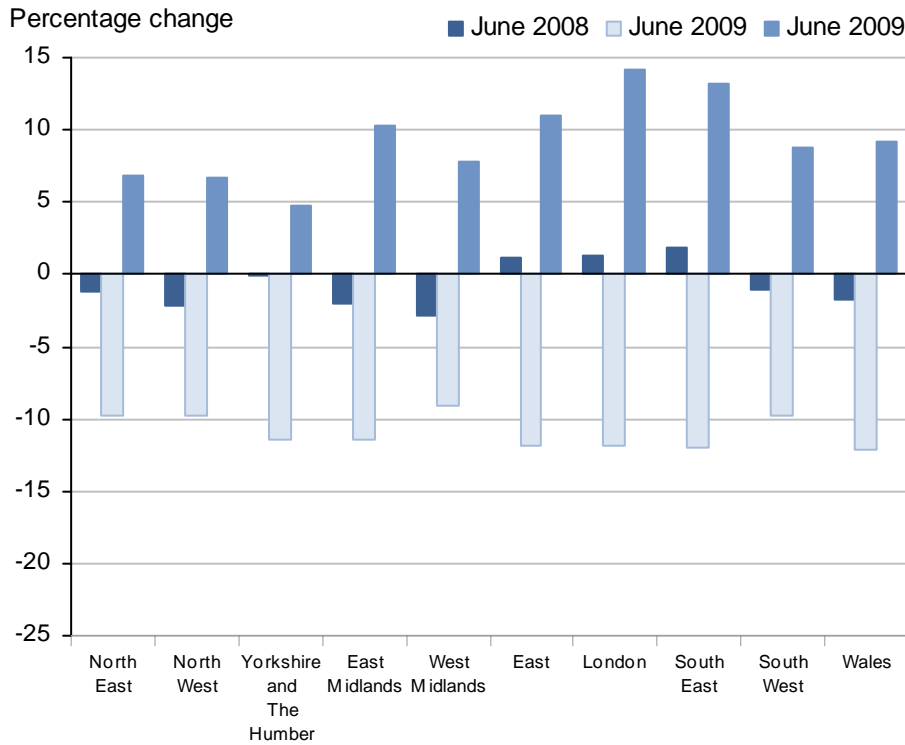
As housing demand grew, house prices started to rise after March 2009. Although property sales were still below levels seen during early 2007 (shown in **Figure 27**), house prices in the UK continued to recover throughout 2010 reaching a peak of £212,000. At the end of 2010 they still remain below the peak seen in January 2008.

The fall and subsequent recovery is shown to vary across the areas within England and Wales, illustrated in **Figure 30**.

²⁰ This source takes into account the mortgages completed and the mix of dwellings sold.

Figure 30 Annual change in mix-adjusted house prices

English regions and Wales



Source: Regulated Mortgage Survey, Council of Mortgage Lenders

In the year to June 2008 house prices remained relatively stable, with no area changing by more than 3 per cent either up or down. In the year to June 2009 notable decreases in house prices can be seen in all areas. The house prices in English regions and Wales fell by consistent amounts, around 9 to 12 per cent in each area.

Between July 2009 and June 2010 house prices increased across all areas. House price increases across regions were more mixed compared with the consistency of the falls in the previous year. London showed the biggest recovery, with a 14 per cent increase in house prices compared with the previous year, followed closely by the South East where house prices rose by 13 per cent. Yorkshire and The Humber saw the smallest increase in house prices at 5 per cent.

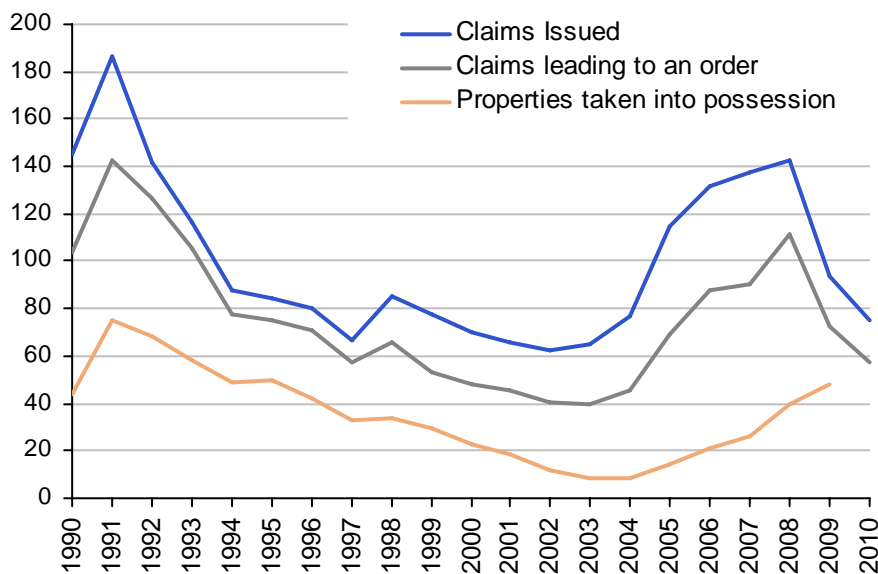
Over the period from July 2007 to June 2010, house prices initially fell in the East of England, London and the South East but recovered to prices previously observed in June 2007. In other areas house prices did not recover to previous levels, although the overall fall in each area was less than 10 per cent.

Mortgage possessions

It is typical for the number of residential mortgage possession actions to increase during a recession as unemployment rises and monthly repayments become harder to meet. **Figure 6.5** depicts the mortgage possession actions in the county courts of England and Wales between 1990 and 2010 and properties taken into possession between 1990 and 2009. This encompasses both the early 1990s and 2008/09 recessions.

Figure 31 Mortgage possession actions in the county courts^{1,2,3}

England and Wales
Thousands



1 Data relating to before 1999 represent the number of orders made rather than the number of claims leading to an order

2 Claims leading to an order include claims leading to both outright and suspended orders

3 The number of claims that lead to an order includes all claims in which the first order, whether outright or suspended, is made during the period

Source: Ministry of Justice; Council for Mortgage Lenders

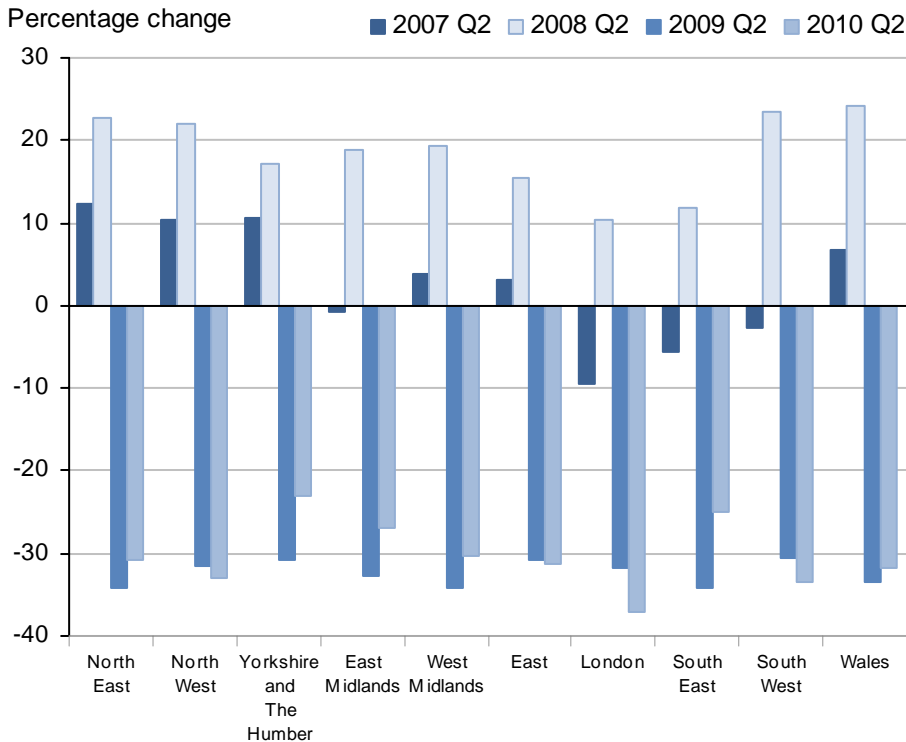
Contrasting what happened in the early 1990s recession, mortgage claims issued and claims leading to an order did not rise dramatically during or after the 2008 and 2009 recession. The mortgage possession claims issued and claims leading to an order fell between 2008 and 2010, from a level which had substantially risen between 2003 and 2008. However, this fall is likely to be the result of the Mortgage Pre Action Protocol²¹ for possession claims relating to mortgage or home purchase arrears, introduced on 19 November 2008 which was designed to deal with arrears at an early stage and avoid the need for repossession orders, in light of the recession.

²¹ The Mortgage Pre Action Protocol is designed to deal with arrears at an early stage and avoid the need for repossession orders. For more information see www.civiljusticecouncil.gov.uk/files/Mortgage_Pre-Action_protocol_21_Oct.pdf

Properties taken into possession have increased during the latest recession, as seen after the 1990s recession, however, this is a continuation of an upward trend in possessions since 2004.

Figure 32 Annual change in mortgage possession claims leading to orders made, annual percentage change

English regions and Wales



Source: Ministry of Justice; Council for Mortgage Lender

Figure 32 shows that the mortgage pre-action protocol appears to have had the intended affect of reducing the number of repossession orders in all areas. A decrease in year-on-year mortgage possession claims leading to orders is apparent across all areas in the years to 2009 Q2 and 2010 Q2. In the year to 2009 Q2 the change was reasonably consistent across all areas. The North East, West Midlands and the South East showed the largest decreases at 34 per cent, while Yorkshire and The Humber and the South West had the smallest decreases at 31 per cent.

The full impact of the Mortgage Pre Action Protocol, introduced in November 2008 is only partially reflected in the number of mortgage possession claims in the year to 2009 Q2; further falls would therefore be expected in the number of possession claims to 2010 Q2. The largest percentage decrease for 2010 Q2 was seen in London at 37 per cent, while the smallest was in Yorkshire and The Humber at 23 per cent.

Demographic change (including migration)

Demographic change: key findings

- The number of internal migration movements between English regions and between UK countries decreased by about 6 per cent in the year to mid-2009 compared with the two previous years
- London saw the largest changes in net internal migration during the recession, where around 36,000 fewer people left during the year to mid-2009 compared with the previous two years. This was about half the previous flow. Changes in other regions were much smaller
- The level of net international migration reduced during the recession in the UK. London saw the net level of international migration reduced by 39,000 in 2009 compared with 2007
- The outflow of migration for those born in the eight EU accession countries (A8) increased and the inflow decreased during 2008 and 2009. This resulted in a net decrease of 81 per cent in the people born in A8 countries entering the UK, a net inflow of 87,000 in 2007 reducing to 16,000 in 2009
- The number of suicides increased in 2008 as the recession began. The West Midlands saw the largest increase with 104 suicides, an increase of 29 per cent on 2007

There is a wide body of research which suggests that demographic patterns can be influenced by a recession, however much of this is based on research over a long period of time following previous recessions. This section concentrates on a few datasets that are more likely to be immediately influenced by the recession, regarding mortality and migration.

Internal migration

There are two types of migration, movement within areas of the UK (internal migration) and movements to and from the UK (international migration). The changes to both these types of migration during the recession are explored in this section.

Net internal migration is the balance between the inflow and outflow of people who are moving between areas within the UK. The housing section has already shown that there have been fewer property sales. This was probably in part due to the credit crunch and the recession which has made it more difficult for people to obtain a mortgage and therefore made people less likely to move house. There are also significant costs associated with moving house (such as legal fees, stamp duty, transportation and a potential for increased mortgage payments) which during times of uncertainty may discourage people from moving.

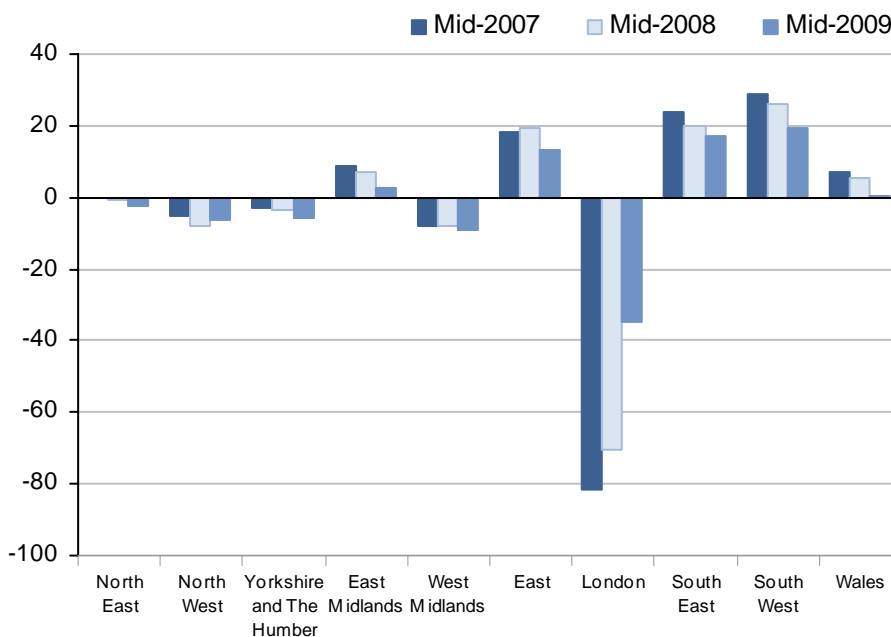
A compounding effect is the slow down in the labour market. A common driver for internal migration movements can be job-related reasons and so reduced employment opportunities may lead to lower migratory flows. Housing and job-related reasons accounted for around 60 per cent of all internal migration movements between 1991 and 2000 according to analysis based on the British Household Panel Survey²².

Patterns of internal migration between the regions and countries of the UK have changed over the course of the recession. There were 6 per cent fewer movements between regions and countries of the UK in the year to mid-2009 compared with the year to mid-2007.

Figure 33 shows the net internal migration flows between regions and the countries of the UK for the three years to mid-2009, including migration to/from Scotland and Northern Ireland (not shown).

Figure 33 Net internal migration

English regions and Wales
Thousands



Source: *Internal Migration, Office for National Statistics*

Figure 33 shows that London had the largest net internal out-migration of all areas before and during the recent recession. The net internal out-migration for London halved, changing from an outflow of 71,000 in the year to mid-2008 to a outflow of 35,000 in the year to mid-2009, the biggest change of any region. The West Midlands, Yorkshire and The Humber, and North East also had net losses of people to other regions or countries. However, unlike London, these regions had a larger net outflow of people through internal migration in the year to mid-2009 than in the two previous years.

²² See www.statistics.gov.uk/cci/article.asp?ID=595&Pos=5&ColRank=2&Rank=480 for more information.

In the years to mid-2008 and mid-2009 many regions and countries experienced a decrease in internal migration inflow. Exceptions were the North West, North East, West Midlands, and Yorkshire and The Humber which had relatively similar levels of internal in-migration over this period, and in London where internal in-migration inflow increased. Of the areas that had a decrease in internal in-migration during the recession, most also had decrease in out-migrants.

The large decrease in the net out-migration from London could partly relate to the economic conditions in London, relative to elsewhere. London lost fewer jobs than some other regions during the recession, and also had lower levels of unemployment than many other regions. This may have encouraged more workers to migrate into the region, and fewer to leave for employment opportunities elsewhere.

International migration

International migration is the movement of people between the UK and the rest of the world. During a recession, with fewer job opportunities, the UK may become a less appealing place to live compared with other countries, meaning that there may be a smaller inflow and an increasing outflow of international migrants. During late 2007 and throughout 2008 the Pound weakened against the Euro and other world currencies²³ meaning that the UK may have been less attractive to migrants from other countries. Poorer job prospects and increased competition for jobs would also have had some influence, although other countries may have experienced similar conditions.

Long-term international migration (LTIM) estimates are based on the International Passenger Survey with adjustments to account for migration to and from Northern Ireland (from 2008 onwards), asylum seekers, and people whose length of stay changes from their original intention.

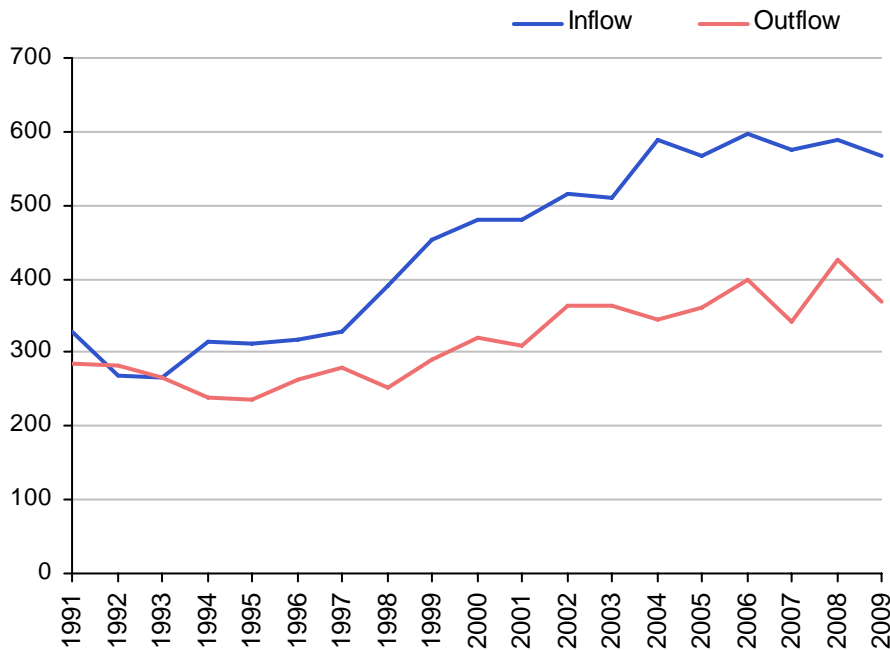
ONS uses the United Nations (UN) recommended definition of a long-term international migrant. That is someone who changes his or her country of usual residence for a period of at least a year, so that the country of destination effectively becomes the country of usual residence.

Figure 34 shows the inflow and outflow of longer-term international migrants since 1991.

²³ 'Risk and the UK exchange rate' <http://ner.sagepub.com/content/203/1/54.1.full.pdf>

Figure 34 Long-term international migration flows

United Kingdom
Thousands



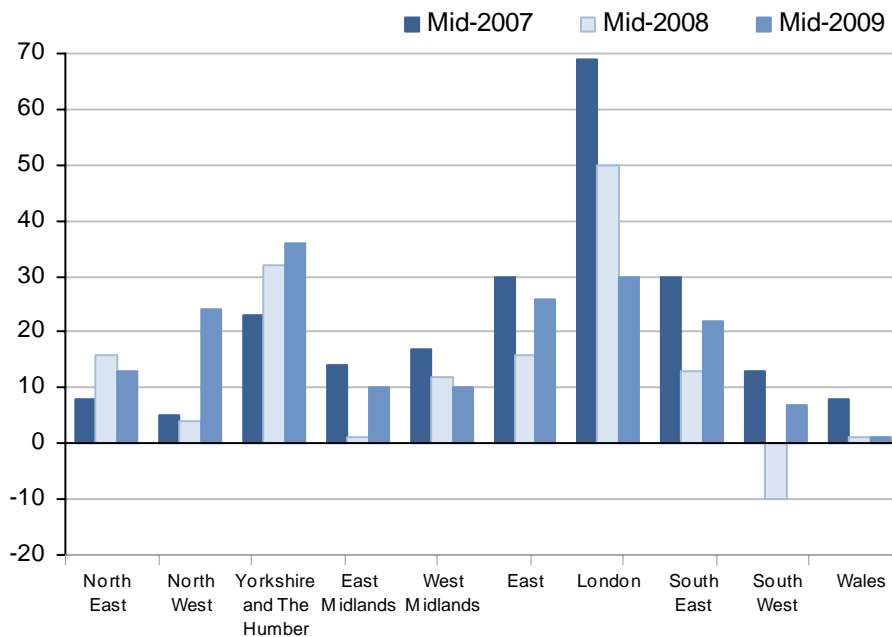
Source: *Long-term international migration*, Office for National Statistics

Figure 34 shows that the inflow of long-term international migrants has remained relatively stable in the period between 2004 and 2009, after rising throughout the previous decade. The outflow of international migrants has fluctuated more over the recession period with the number of people leaving the UK decreasing between 2006 and 2007 but with a noticeable sharp increase in the following year. It is difficult to explain why the outflow has fluctuated since 2007, but the increase between 2007 and 2008 may have been influenced by the economic conditions at the time.

Figure 35 shows the long-term net international migration experienced in the English regions and Wales.

Figure 35 Long-term net international migration

English regions and Wales
Thousands



Source: *Long-term international migration, Office for National Statistics*

The level of net international migration across the English regions and Wales varied during the recession period. London, which dominates as the region of origin and destination for international migration, has seen the largest decrease in net international in-migration through a combination of reduced inflows and increased outflows during the recession. There is no consistent pattern of change across all regions and the flows change year on year; the North West saw a large rise in net international in-migration in 2009, while the South East saw a dip in net international in-migration during 2008 followed by a rise in 2009. The size of any change in net international migration numbers for most regions is generally small compared with the change seen in London.

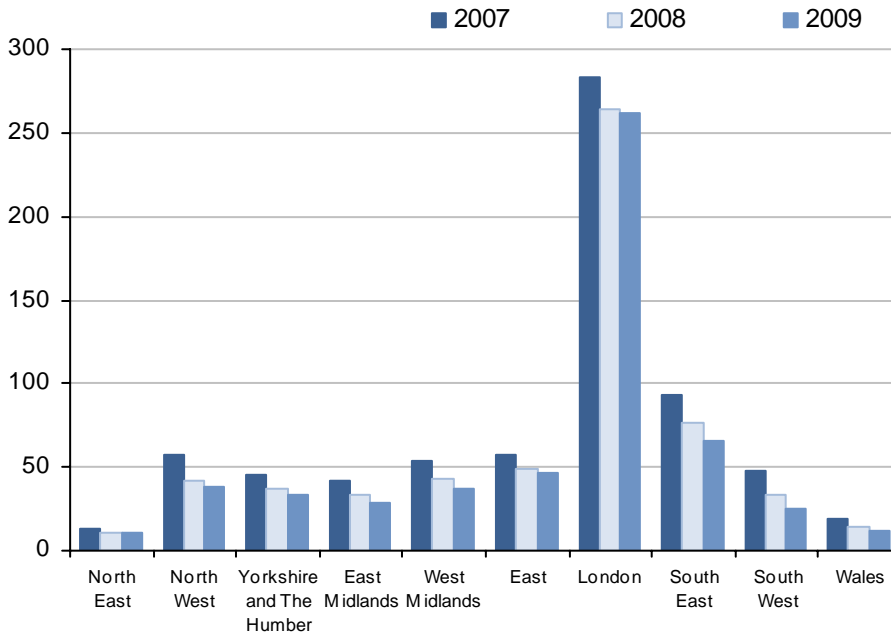
Administrative sources also provide further indications of the movements of people, enhancing our understanding of changes during the recession. One source is the National Insurance Number (NiNo) data which indicates an overseas migrant’s initial location or place of registration when entering the UK. The data are a snapshot of registrations at a point in time.

Figure 36 shows the number of new migrant NiNo registrations in each English region and Wales from 2007 to 2009.

Figure 36 National Insurance Number registrations

English regions and Wales

Thousands



Note: The data include only migrants 16 and over who plan to work or claim benefits. Note that some overseas migrants may not be counted in the year in which they arrived, due to delays in registration

Source: HM Revenue & Customs

Every area experienced a decrease in the number of migrant NiNo registrations from 2007 to 2009. This shows a slightly different picture when compared with long-term international migration inflows. There are definitional differences between the sources that might explain some of the discrepancy²⁴ as well as sampling variability in the IPS feeding into the Long-term net international migration estimates.

Figures 37 and 38 explore the inflow and outflow of long-term international migration broken down by the country of birth²⁵. The economic climate of the UK is likely to have some influence on the tendency to migrate in and out of the UK. However, it is the UK's economic climate, relative to that of other countries, that will influence the likelihood of migration for those from some countries to migrate more than others. **Figure 37** shows the inflow of long-term international migrants, broken down by country of birth.

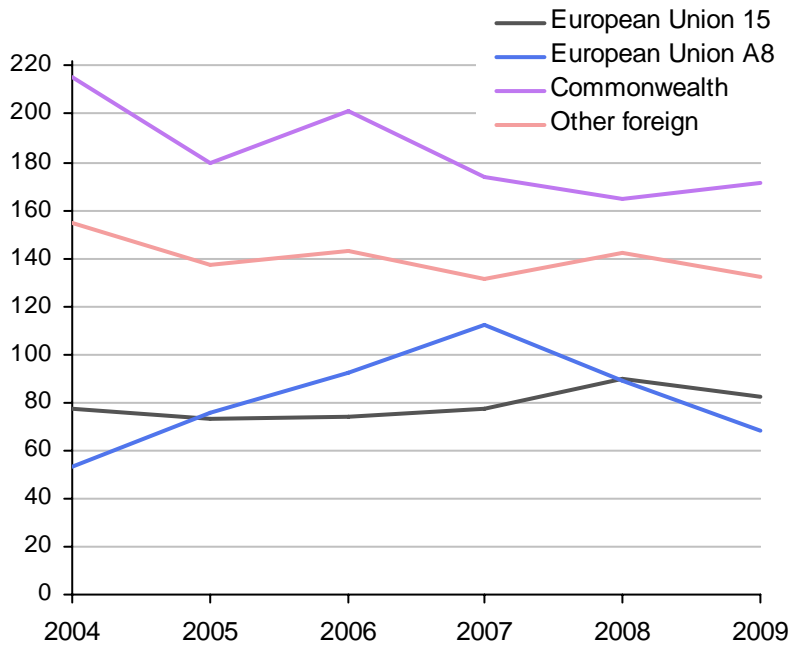
²⁴ For example NiNo data includes short-term migrants (those who stay less than a year).

²⁵ European Union estimates are for the EU15 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, the Irish Republic, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden) from 1991 to 2003, EU25 (EU15 and A8 groupings plus Malta and Cyprus) from 2004 to 2006, and for the EU27 (EU25 plus Bulgaria and Romania) from 2007. Estimates are also shown separately for the EU15 and the A8 (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). Old Commonwealth countries are Australia, Canada, New Zealand and South Africa. New Commonwealth countries are all other Commonwealth countries.

Figure 37 **Long-term international migration inflow: by country of birth¹**

United Kingdom

Thousands



¹ Bulgaria and Romania are excluded from the 'Other foreign' category from 2007 onwards

Source: *Long-term international migration*, Office for National Statistics

Figure 37 shows that the LTIM inflow of people born in the EU A8 countries increased every year from 2004 to 2007 and then fell dramatically during 2008 and 2009, reversing the trend. This could be due to worsening economic conditions and decreases in workforce jobs in the UK at the time. These factors combined may make migration to the UK less appealing²⁶.

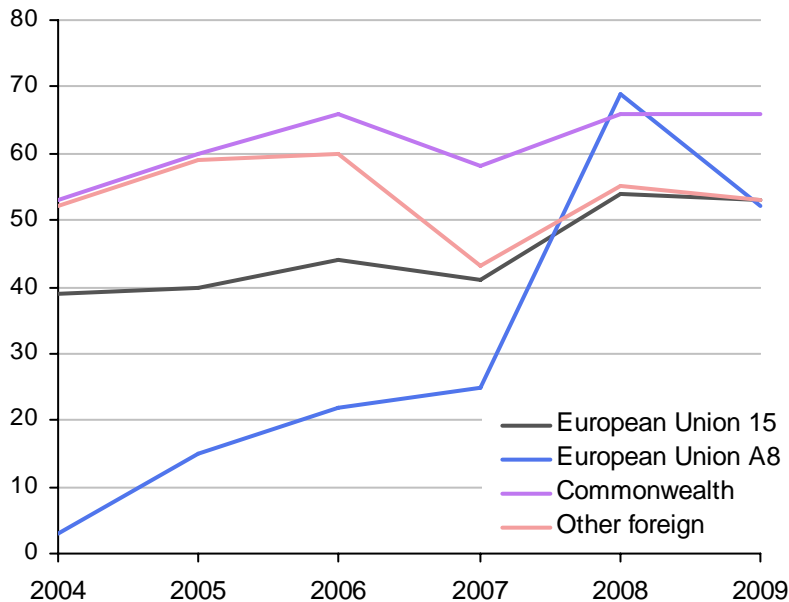
LTIM inflow of people born in other groups of countries has remained relatively stable. Those from Commonwealth countries also have typically decreased from 2004 to 2008. LTIM inflows for people born in EU15 and 'Other foreign' countries fluctuated from 2004 to 2008 with no obvious pattern, though there was a general decline in the LTIM inflows for people in Other foreign countries.

²⁶ A8 migration is explored further in this paper www.statistics.gov.uk/CCI/article.asp?ID=2556

Figure 38 **Long-term international migration outflow: by country of birth¹**

United Kingdom

Thousands



¹ Bulgaria and Romania are excluded from the 'Other foreign' category from 2007 onwards

Source: *Long-term international migration*, Office for National Statistics

Figure 38 shows that LTIM outflows increased between 2007 and 2008 for all countries of birth, but very sharply for people born in the eight European Union accession countries (EU A8)²⁷ increasing from 25,000 in 2007 to 68,000 in 2008. The accession countries are those who joined the European Union in 2004. Although we do not know the precise reasons for the sharp increase in EU A8-born migrants leaving the UK during 2008 it is possible that this could be due to the toughening economic conditions in the UK relative to the economic conditions elsewhere²⁸. It could also be due to the intended length of stay for A8 citizens. The majority of A8-born migrants intended to stay for under 4 years and so the increased outflow of migrants may be mirroring the large inflow seen when the A8 countries joined the EU.

The LTIM outflow of UK-born people leaving the UK for other countries is not shown in the previous two figures; however, there was little change in the numbers of UK-born people moving in and out of the UK between 2007 (inflow 60,000; outflow 158,000) and 2008 (inflow 71,000; outflow 159,000).

Net international in-migration to the UK for EU A8-born migrants has changed significantly since 2007, falling by 81 per cent from 87,000 in 2007 to 16,000 in 2009. Other groupings of countries

²⁷ The eight accession countries that joined the EU in 2004 are, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia.

²⁸ 'The impact of the recession on migrant labour' <http://ner.sagepub.com/content/203/1/54.1.full.pdf>

have also seen a decrease in the levels of net in-migration over this period but not to the extent of the A8 countries.

Mortality

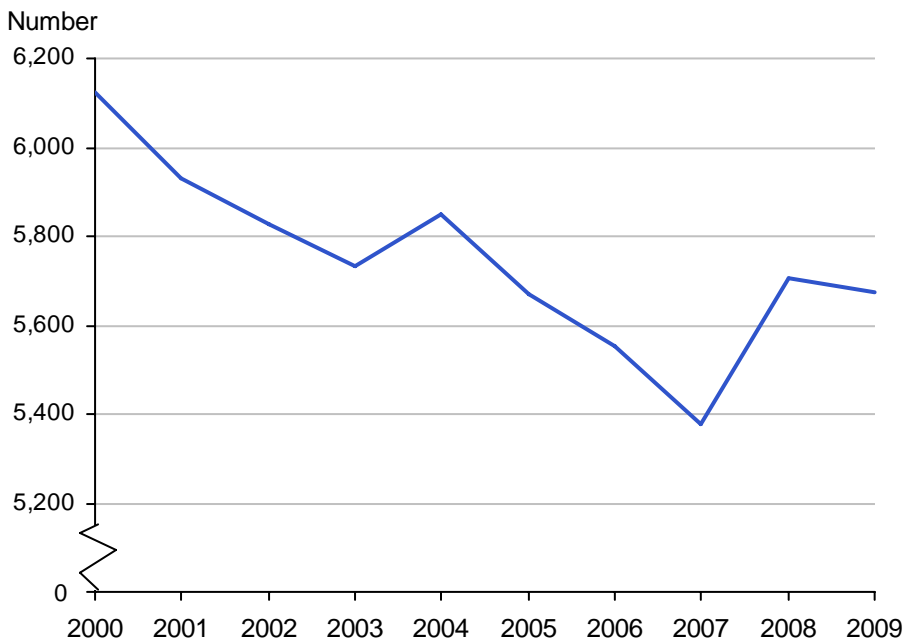
There have been many studies showing a link between unemployment and increased mortality²⁹. There are likely to be small fluctuations in mortality rates as a result of economic changes, but these are likely to have only a small impact when also considering other factors, notably diet, nutrition, environmental conditions, smoking patterns and medical advances. These factors can be influenced by economic changes but the changes will be long-term and difficult to directly attribute to a particular recession.

Suicides are only a small part of overall mortality (around 1 per cent of all deaths in 2009), however the number of suicides is more closely related to economic changes than other causes of death.

Figures 39 and 40 show the changes to the number of suicides during the recession.

Figure 39 Count of recorded suicides: persons aged 15 and over

United Kingdom



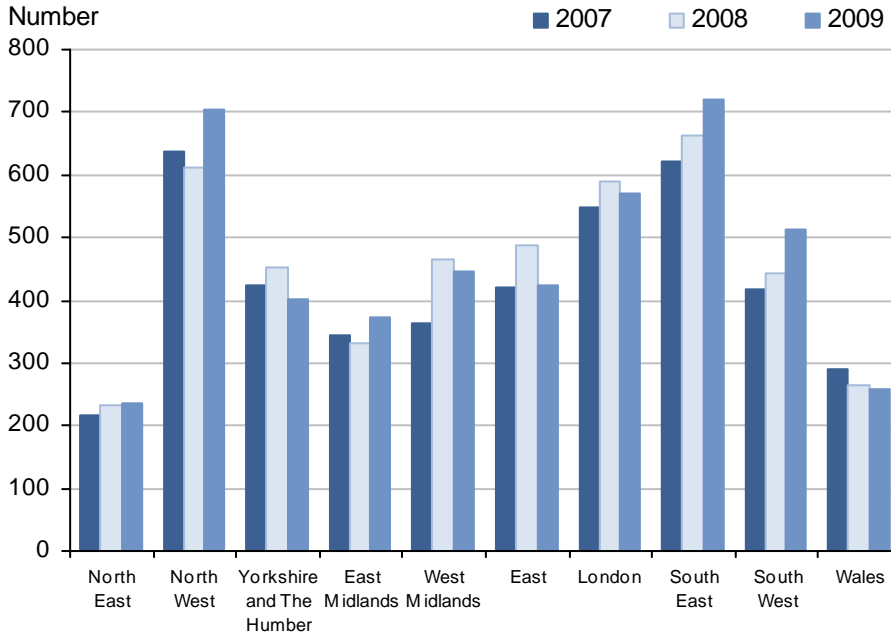
Source: Office for National Statistics, National Records of Scotland, Northern Ireland Statistics and Research Agency

Figure 39 shows a clear increase in the number of suicides in the UK in 2008. Until then there had been a long period of relative decline. The rise in 2008 saw an extra 329 people commit suicide compared with the previous year (an increase of 6 per cent). The number of suicides remained relatively constant from 2008 to 2009.

²⁹ For example: Blakely T A, Collings S C and Atkinson J (2003), 'Unemployment and suicide. Evidence for a causal association?' *Journal of Epidemiology and Community Health* **57**(8), 594–600 <http://jech.bmj.com/content/57/8/594.abstract> and 'Unemployment, mortality and the problem of health related selection: Evidence from the Scottish and England & Wales (ONS) Longitudinal Studies' www.statistics.gov.uk/articles/hsg/HSQ43Unemploymenthealthrelatedarticle.pdf

Figure 40 **Count of recorded suicides: persons aged 15 and over**

English regions and Wales



Source: Office for National Statistics

Figure 40 shows that the numbers of suicides rose in most areas from 2007 to 2008. The largest increases from 2007 to 2008 were seen in the West Midlands (a rise of 104, 29 per cent) and East of England (a rise of 67, 16 per cent). In 2009 there was a mixed picture; in some areas the number of suicides decreased compared with 2008 and in other areas the numbers increased. The largest rises from 2008 to 2009 were seen in the North West (a rise of 92, 15 per cent) and the South West (a rise of 72, 16 per cent).

Comparing the 2007 levels with 2009 levels, the South West and West Midlands saw the largest percentage increase in the number of suicides, at 24 and 23 per cent respectively, while the South East saw the next largest percentage increase at 16 per cent. Only two areas showed a decrease in the number of suicides during this period, Yorkshire and The Humber, and Wales with decreases of 6 and 11 per cent respectively.

Education

Education: key findings

- The proportion of those aged 16 to 18 'not in education, employment, or training' (NEET) has decreased during the recession in most regions, typically increasing in 2008 Q2 but decreasing in 2009 Q2
- The proportion of those aged 19 to 24 NEET increased during the recession rising in the year to 2009 Q2 in most regions, suggesting that some had difficulty securing employment, training or education. London was the only region that did not see an increase in the year to 2009
- The number of applicants for higher education courses grew significantly for entry in 2009 and 2010
- The number of accepted applicants did not rise at the same rate, leaving around 212,000 applicants who applied for entry in 2010 that needed to find opportunities elsewhere – such as training or employment. This figure was up by around 52,000 (32.9 per cent) compared with entry in 2009
- Across the English regions the increase in applicants for higher education courses was reasonably consistent. Between entry for 2008 and entry for 2010 the South West saw the lowest percentage increase (14.2 per cent) while the North East saw the largest (18.3 per cent)
- The difference between demand and supply for higher education changed significantly between 2008 and 2010. The North East, North West, Yorkshire and The Humber, East Midlands, West Midlands and East of England saw rises of over 70 per cent in the number of applicants who were not accepted for entry in these years

The impact of recession on education is somewhat difficult to understand, partly because some effects are unlikely to have emerged yet and partly because with some measures (such as education attainment and aspirations) it is difficult to distinguish the cause of any change. For example, changes in educational attainment may be due to policy changes unlinked to the recession.

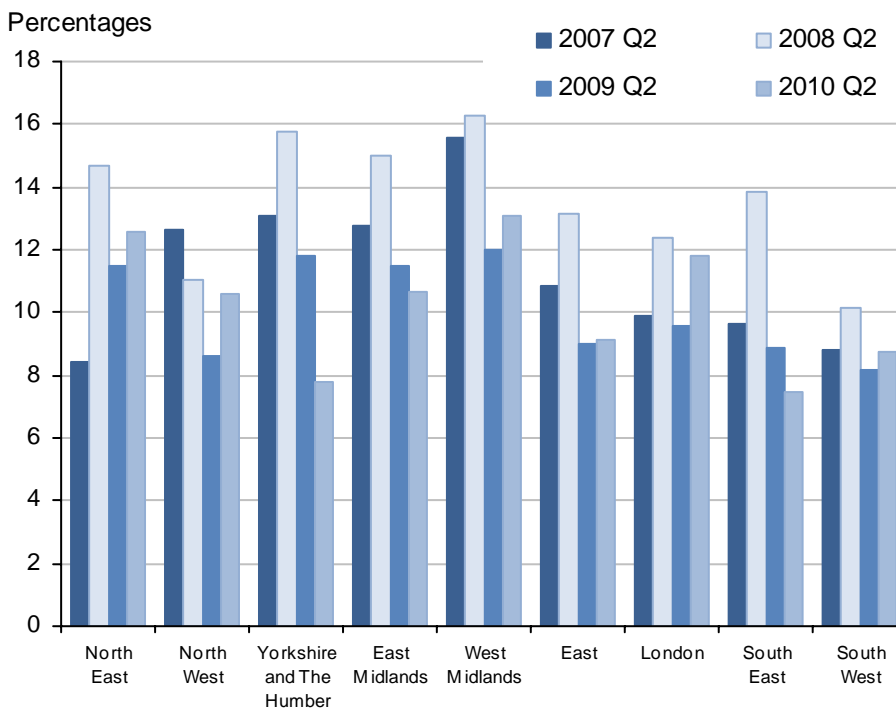
This section focuses on the demand for non-compulsory education (for example further education and higher education) as it is the one area of education where it is easier to measure any influence the recession may have had.

Studies have shown that participation rates in further and higher education have increased during previous recessions³⁰. This might be expected, as there are generally poorer employment prospects due to fewer vacancies and subsequent increased competition for employment during a recession. This may lead to many individuals choosing to continue with their education beyond compulsory school age rather than compete in a crowded job market, and those who are not participating in further or higher education, either through choice or because of lack of opportunities, may find it increasingly difficult to find employment. This section looks at several data sources to explore the changes in participation in each region.

The Department for Education releases data showing the proportion of young people not in education, employment or training (NEET). These data are based solely on LFS data. **Figure 41** shows the percentage of 16 to 18 year-olds not in education, employment or training for Q2 in the years 2007 to 2010. For those in education, this age range would typically cover those who are in further education such as colleges.

Figure 41 16-to 18-year-olds not in education, employment or training

English regions



Source: Department for Education

Figure 41 shows that the percentage of 16-to 18-year-olds who were not in education, employment or training rose in most regions to 2008 Q2 and then decreased to 2009 Q2 during the recession. There are very large confidence intervals around these data and so differences in each

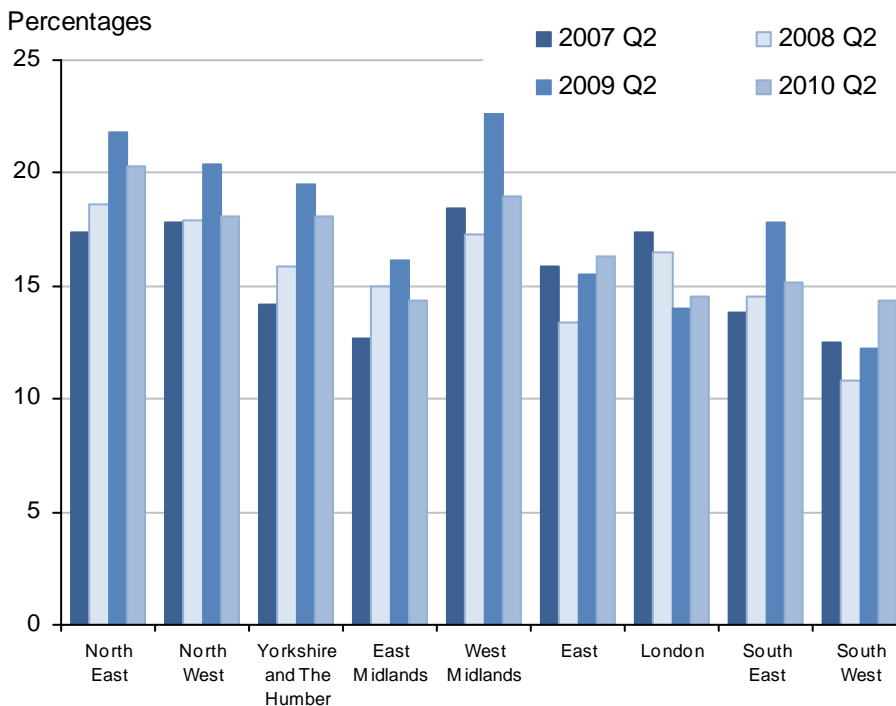
³⁰ For example: Rice P (1999) 'The impact of local labour markets on investment in further education: Evidence from the England and Wales youth cohort studies', *Journal of Population Economics* 12, pp287–312

region between quarters are not statistically significant³¹. However, the fact that this trend is occurring in many regions would suggest that a genuine trend is observed. This might suggest that 16-to 18-year olds were not generally affected by the recession, perhaps due in part to policy interventions such as the guarantee of a place in college or training.

Figure 42 uses the same data source but for 19-to 24-year olds; for those in education in this age range typically covers those in higher education, such as universities.

Figure 42 19 to 24 year-olds not in education, employment or training

English regions



Source: Department for Education

Figure 42 shows a different picture to **Figure 41** as in many areas NEET has increased in the period to 2009 Q2. This would suggest that those aged 19 to 24 have been affected by the recession and that some have struggled to find opportunities in training, education or employment. There are some exceptions to this trend, for example the percentage NEET percentage in London decreased in 2009 Q2.

With this data it is difficult to distinguish what is driving the increase. The unemployment section showed that the number of 18-to 24-year olds who were unemployed increased during the recession. It is possible that an increase in unemployment can be offset by an increase in the numbers taking up higher education. The following section explores the demand for, and supply of higher education.

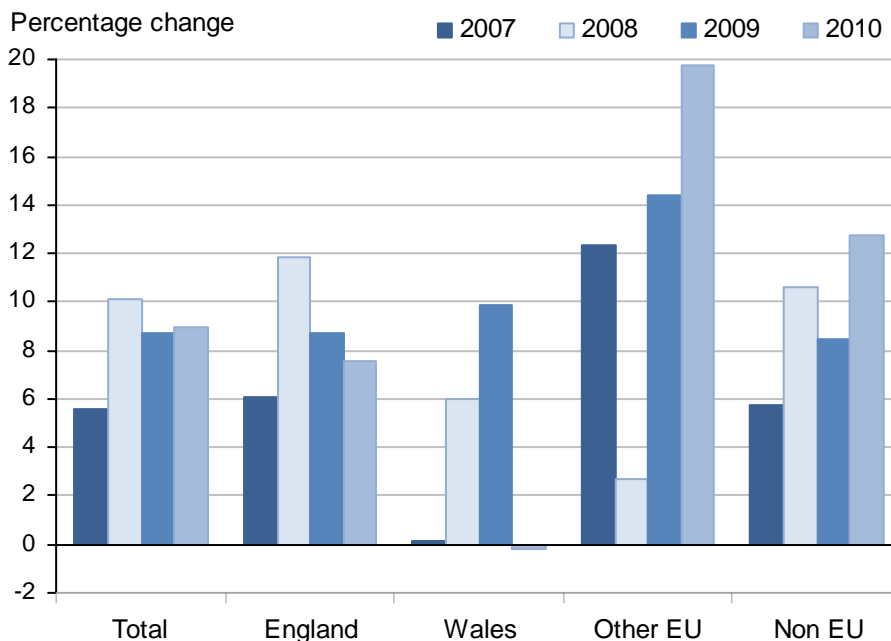
³¹ The difference between two quarters worth of data can typically be said to be statistically different if the confidence intervals do not overlap.

Demand and supply for higher education

The Universities and Colleges Admissions Service (UCAS) releases data that show the number of applicants for full-time higher education courses in the UK. This can help show the demand for and supply of higher education during the recession period.

Figure 43 shows the percentage change in the number of applicants by year of entry compared with the number of applicants for the previous year of entry.

Figure 43 Change in the number of applicants for higher education courses: by country of residence



Source: Universities and Colleges Admissions Service

Figure 43 shows that the total number of applicants for courses beginning in each academic year has increased between 2006 and 2010. The level of change has been sizeable with increases of 8 per cent or higher on the previous year for academic entry in 2008, 2009 and 2010. In total between 2006 and 2010 there has been a 37.7 per cent rise in the number of applicants. There was a large percentage increase between 2007 and 2008 largely due to the Nursing and Midwifery Application Service (NMAS) being included as part of the main UCAS scheme for 2008 entry³². Without the addition of this scheme the rise would have been around 6 per cent.

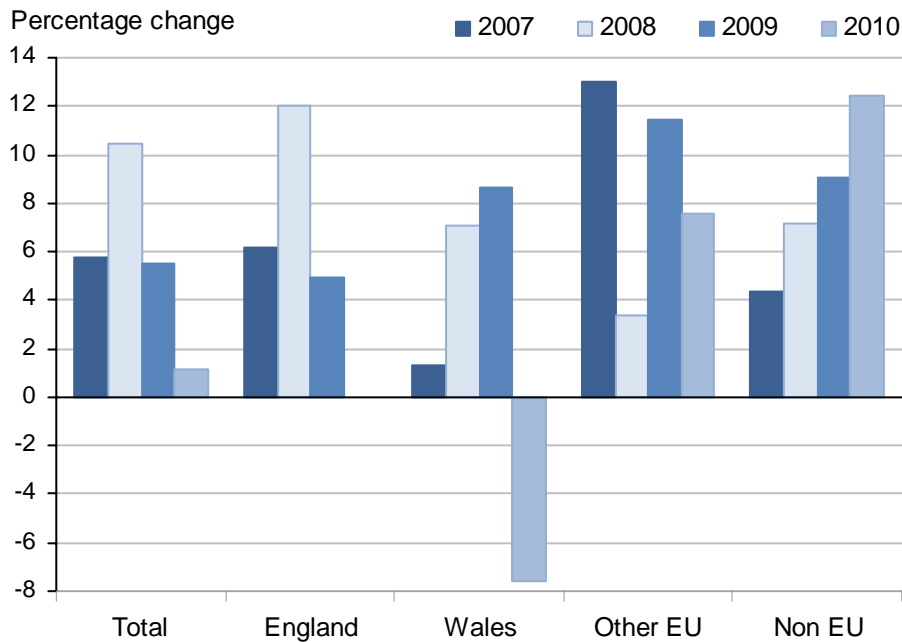
The largest increase in the number of applicants has been from the Other EU category. The number of applicants from this category has risen by around 14 per cent in the year to 2009 and by around 20 per cent in the year to 2010.

If the addition of the NMAS scheme is ignored, the recession appears to have had some influence on the demand for higher education courses for entry in 2009 and 2010.

³² For more information see: www.ucas.ac.uk/about_us/media_enquiries/media_releases/2007/2007-03-15

Figure 44 shows the annual percentage change in the number of applicants who were accepted on higher education courses by region. This is close to the number of students who enrol at a higher education institute (HEI – typically universities), although a small proportion of students do not fulfil their accepted application.

Figure 44 Change in the number of accepted applicants for higher education courses: by country of residence



Source: Universities and Colleges Admissions Service

Figure 43 shows that the number of applicants has clearly increased, but comparing this with **Figure 44** highlights that the number of accepted applicants has not increased at the same rate. This difference is particularly evident for applicants for courses starting in 2010. The total number of applicants for courses starting in 2010 rose by 9.0 per cent compared with the previous year, while the number of accepted applicants rose by only 1.1 per cent. This left around 212,000 applicants without the offer of a place on a course, up 52,000 (32.9 per cent) on the previous year.

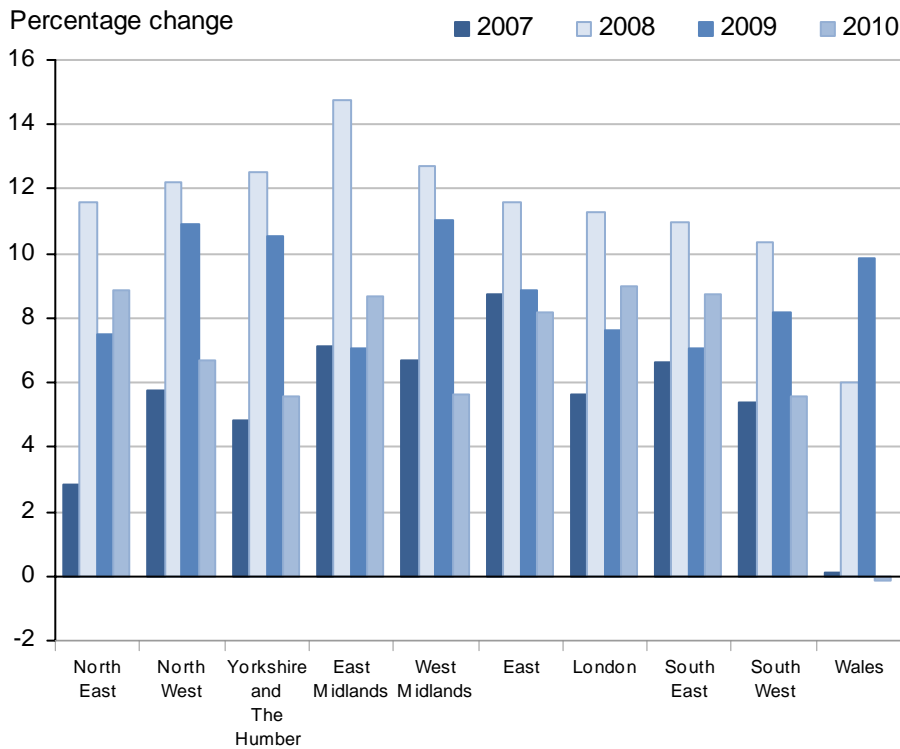
The difference between the number of applicants and the number of accepted applicants varies by country. In England the number of applicants for 2010 grew by 7.5 per cent compared with 2009, while the number of accepted applicants remained static, leaving around 136,000 applicants without an offer, a rise of around 35,000 (34.2 per cent) on the previous year.

This analysis shows that many more people (predominately young adults) will have needed to explore other avenues such as workplace training or competing in a difficult job market.

Figures 45 and 46 explore the same data looking at the changes for English regions and Wales. The number of applicants applying from each area may give some indication of the impact that the recession is having, as one reason for entering higher education can be the perceived state of the labour market.

Figure 45 Change in the number of applicants for higher education courses: by area of residence

English regions and Wales

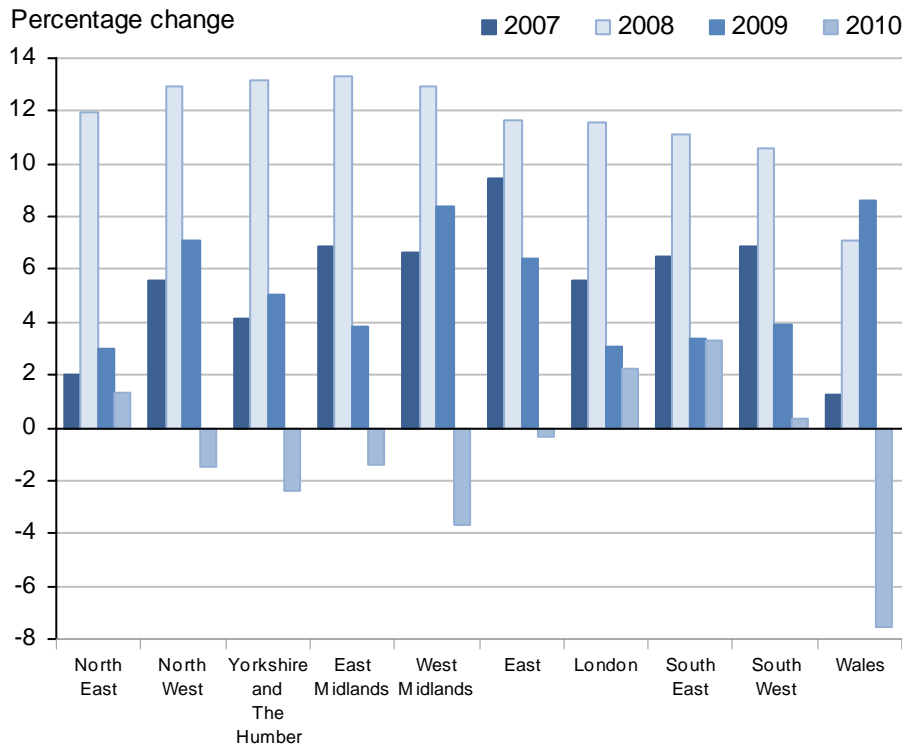


Source: Universities and Colleges Admissions Service

The recession was most likely to influence the number of applicants for courses starting in 2009 and 2010. Applicants for courses starting in 2008 will have typically made their applications prior to the start of the UK recession, although the contraction of the economy in some areas will have begun around this time. Between 2008 and 2010 the overall increases in the number of applicants was reasonably consistent across regions; the South West saw the lowest percentage increase, at 14.2 per cent, while the North West saw the largest percentage increase at 18.3 per cent. Wales had the smallest percentage increase over this period at 9.7 per cent.

Figure 46 Change in the number of accepted applicants for higher education course, by area of residence

English regions and Wales



Source: Universities and Colleges Admissions Service

Figure 46 shows that within regions, the number of accepted applicants increased most dramatically between 2007 and 2008 for the reasons stated previously. The number of accepted applicants increased in all areas in the year to 2009. In many areas the number of accepted applicants was much lower for entry in 2010 compared with 2009; areas included the North West, Yorkshire and The Humber, East Midlands, West Midlands and East of England. The most dramatic decline was in Wales where the number of accepted applicants fell by 7 per cent.

The difference between the number of applicants and the number of accepted applicants has increased in some areas more than others. This difference has increased by at least 50 per cent in every area of the UK for academic entry in 2010 compared with 2008. Differences of over 70 per cent were seen in the North East, North West, Yorkshire and The Humber, East Midlands, West Midlands and East of England, indicating that the increasing difference between supply and demand for higher education courses affected applicants from some regions more than others.

Crime

Crime: key findings

- The total level of crime continued to decrease during the recession. Any changes seen during the recession have been small in the context of longer-term trend
- Some types of crime, such as burglary in a dwelling, common assault, and thefts from the person have increased during at least part of the recession period
- The number of burglaries from a dwelling increased in the North West, Yorkshire and The Humber, East Midlands, East of England and South East between 2007/08 and 2008/09 although this was offset by decreases in the following year
- The number of 'thefts from the person' increased by 18 per cent in London between 2008/09 and 2009/10, but decreased in every other English region

It may be expected that some types of crime increase during the recession as it might be considered a way of acquiring money or material possessions during difficult economic times. In contrast there are theories as to why some types of crime may decrease during a recession. Deterrence measures can play a strong incentive not to commit crime, so it can be difficult to attribute the cause of any change in crime rates.

Figures reported in this section are mainly from police recorded crime, but where appropriate observations have also been made based on the British Crime Survey (BCS).

The total recorded crime rate in England has been decreasing for some time. The recorded crime BCS comparator rate for 2006/07³³ was 61 crimes per 1,000 population but by 2009/10 it had fallen to 45 crimes per 1,000 population³⁴. The recent pattern of decreasing overall crime continued into the recession.

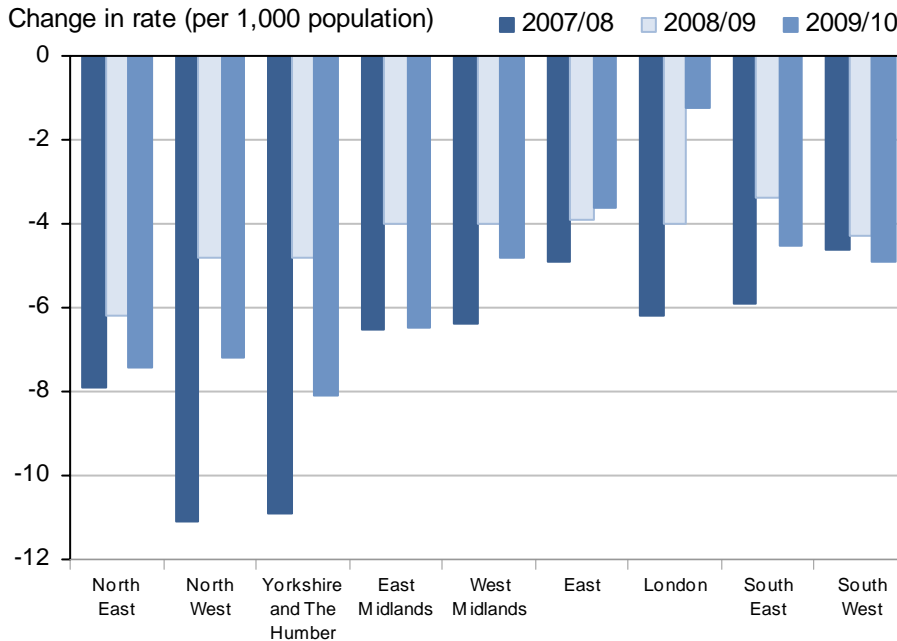
³³ Annual data are for the period from April to March.

³⁴ Please note that this not the overall rate of crime but the police recorded crime BCS comparator data. The comparator is a subset of recorded crimes than can be aligned to categories in the British Crime Survey. This avoids trends in crime being affected by changes in police activity or recording practices.

Figure 46 shows the percentage change in the BCS comparator recorded crime rate for each year compared with the previous year.

Figure 46 Changes in BCS comparator recorded crime rate

English regions



Source: Recorded crime (BCS comparator), Home Office

In almost all regions the recorded crime BCS comparator recorded crime rate has continued to decrease throughout the recession. All regions experienced a decrease in the crime rate comparing year-on-year change for 2007/08, 2008/09 and 2009/10. The decreases in the crime rate are reasonably similar across the years and across the regions. The largest decreases were seen in the North West and Yorkshire and The Humber in the year to 2007/08, with a reduction of around 11 crimes per 1,000 population.

Figure 47 shows a breakdown of recorded crime into different types and contains some crimes that are not covered by the recorded crime BCS comparator.

Figure 47 Percentage change in recorded crime levels: by type of crime

England

	Year-on-year percentage change to			
	2006/07	2007/08	2008/09	2009/10
Violence against the person	-1.6	-8.2	-6.2	-3.5
Assault without injury	10.0	-1.6	-0.9	3.0
Robbery	3.3	-15.9	-5.3	-5.9
Theft from the person	-8.1	-12.4	-11.0	2.2
Criminal damage including arson	-0.1	-12.7	-9.9	-13.9
Burglary in a dwelling	-3.0	-4.4	1.7	-5.6
Burglary other than a dwelling	-4.5	-8.2	-2.0	-8.8
Theft of a motor vehicle	-10.1	-11.9	-13.3	-19.9
Theft from a motor vehicle	-0.7	-14.0	-8.4	-14.6

Source: Recorded crime, Home Office

As the recession began most types of crime followed the pattern of decreasing rates seen in previous years. 'Violence against the person', 'robbery', 'criminal damage including arson', 'theft from a motor vehicle' and other types of crime continued their downwards trend during 2008/09 and 2009/10.

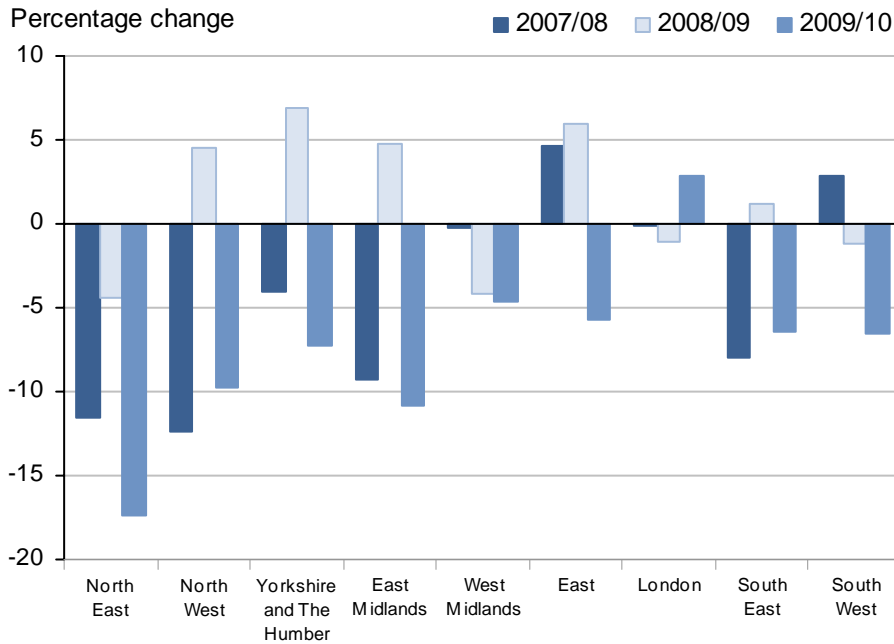
Some types of crime saw changes going against the trend. The number of 'burglaries in a dwelling' increased slightly in 2008/09 from the previous year but then decreased in 2009/10. 'Recorded crimes of 'assault without injury' and 'theft from the person' both increased from 2008/09 to 2009/10.

As shown in **Figure 47**, the recorded crime BCS comparator shows that the overall crime rate continues to decline. However, there are some types of crime examples that go against the trend of falling crime rates and these are explored in the following section, providing an insight at a regional level³⁵.

³⁵ The following analysis uses recorded crime data that may not be included in the BCS comparator data.

Figure 48 Year-on-year change in ‘burglaries in a dwelling’

English regions



Source: Recorded crime, Home Office

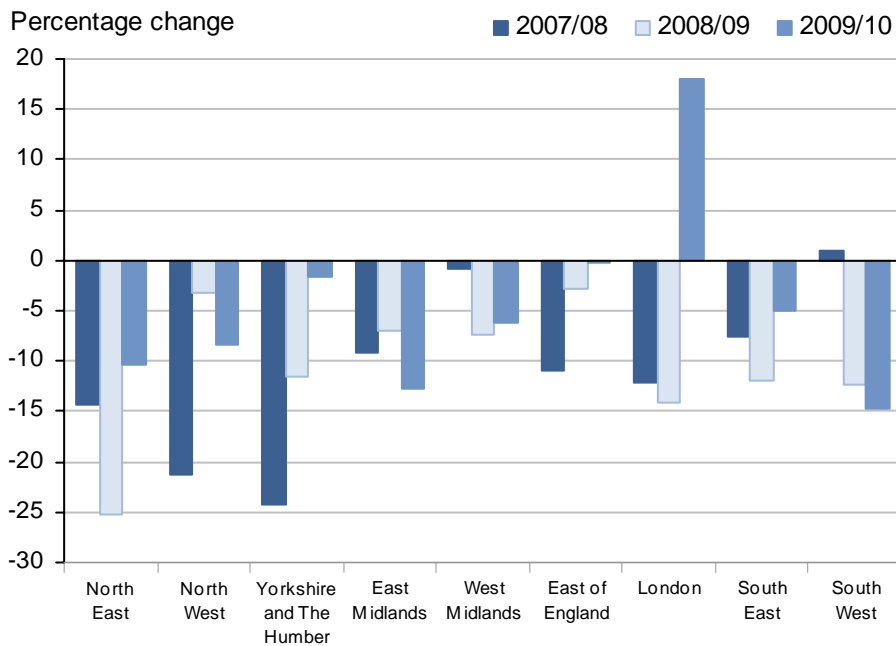
Figure 48 shows that there is no clear pattern of change across regions in ‘burglaries in a dwelling’. The North West, Yorkshire and The Humber, East Midlands and East of England all saw increases in the number of burglaries of around 5 per cent. In the year to 2009/10 all regions except London showed a decrease in the number of ‘burglaries in a dwelling’. All regions that saw an increase in the number of burglaries in the year to 2008/09 from the previous year, saw a decrease in the year to 2009/10.

Overall the impact of the recession on this type of crime appears to be minimal. To add context to these findings the BCS shows that the number of burglaries in 2009/10 is at its lowest since the survey began in 1981, falling by around two-thirds from a peak in 1995³⁶.

³⁶ Crime in England and Wales 2009/10: Findings from the British Crime Survey and police recorded crime www.homeoffice.gov.uk/rds/pdfs10/hosb1210.pdf

Figure 49 Year-on-year change in thefts from the person

English regions



Source: Recorded crime, Home Office

Figure 49 shows that the number of 'thefts from the person' decreased for most regions from 2008/09 to 2009/10, apart from London, where the number of 'thefts from the person' rose from 28,800 offences in 2008/09 to 34,100 in 2009/10, an increase of 18 per cent. It is unclear what has driven the increase in London. In other regions the number of 'thefts from the person' is much smaller: for example the South East which had the next highest number of offences in 2009/10, with 8,800 offences in 'thefts from the person'. The South West and the East Midlands had the largest percentage decreases in 'thefts from the person' during 2009/10. In the South West these offences decreased from 5,500 to 4,700. The rise in the thefts from the person in London is the reason why thefts from the person have increased in England as a whole.

Conclusion

This report has shown that patterns of change in the measures that have been examined largely coincide with the recession period. This would suggest that many aspects of people's lives have been affected and continue to be affected by the recession. The report has also shown that there have been notable differences between the English regions and Wales suggesting that areas have been impacted differently by the recession. In addition, the time period for which areas have been affected by the recession have not always been consistent.

The report has presented strong evidence that the labour market has suffered in every area, particularly in the West Midlands and Yorkshire and The Humber, which have seen large increases in unemployment over the course of the recession. A loss of jobs in 'Manufacturing' and the 'Wholesale & retail trade' industries impacted many regions, in particular the East Midlands, South East, South West, West Midlands and Wales.

The analysis undertaken has prompted ideas for further investigations and analysis which have not been covered in this report. Sub-regional analysis would be interesting where data allows; this would uncover which communities and local areas have been impacted the most during the recession. It would be interesting to use area classifications such as the National Statistics 2001 Area Classification to explore the types of areas that have been impacted by the recession.

It would also be beneficial to monitor how the UK recovers from this recession. The economic position of the UK and areas within it are forever changing. At the time of publication there was uncertainty about how cuts in government spending would affect people in the future. Many local councils have announced large job losses which would take effect during the 2011/12 financial year and cuts could affect some areas more than others, particularly areas where a significant proportion of the workforce are employed in the public sector.