

Statistical Summary

ISLE OF WIGHT

**LOCAL ECONOMIC
ASSESSMENT**

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Statistical Summary

The Island's Economy

Between 2000 and 2008 the Island's annual average output growth (GVA) was between 2.5% and 3%. Island output fell by 3% in 2009, the UK and South East fell by 5%. Output for 2010 is forecast to be 4% faster than the Partnership for Urban South Hampshire (PUSH) at 3% and UK at 2%. Transport and communications (53% growth since 2000) and Business Services (74%) were the fastest growing sectors. Island manufacturing output fell by some 4% to 2008, when in the UK and South East it fell by 10%. Construction grew strongly 23% (10% UK and South East). Between 2000 and 2008, Island employment growth was volatile year on year but strong (8%). Figures for PUSH and the South East were 2%, the UK 5%.

In 2009 Island employment growth fell more (over 3%) than the UK (2.2%), the South East and PUSH figures were both under 3%. The Island lost some 1,200 net jobs during between 2008-2010.

In 2010, health is the largest Island employment sector (16% of employment), Distribution employs 14%, Hotel and catering 11%. Business services employ 10%, up from 6% in 2000.

Prior to the recession, the Island performed slightly better than would have been expected given its industrial structure, by some 1,700 jobs. Island output is expected to grow by 4% in 2010, 2% in 2011, and 2.5% in 2012. At the same time 1% employment growth is expected in 2010, -0.25% in 2011 and 0.5% in 2012. Business services in expected to grow by 13% to 2013, transport and communications 7%, distribution 5%. Public administration is expected to fall by 9%, manufacturing by 3%.

GVA per Island employee is £29,000 and there has been little growth in this figure since 2004 (£37,000 - UK, £39,000 – South East). On the Island, GVA per worker is highest in financial services (c. £50,000), and manufacturing (c. £38,000). It is lowest in Hotels (c. £15,000) and Agriculture (c. £10,000).

Economic Linkages

The island is served by six ferry/hovercraft routes. Some 3.9 million passenger journeys are made each year between it and the mainland – some 3.1 million vehicle movements. The Island loses some 2,400 people (net) per day who work on the mainland. Some 800 people commute to Portsmouth, 550 Southampton, 400 to London. Some 150 Island employees commute to the Island from Bournemouth, 100 from Poole, 90 from Southampton, 80 from Portsmouth. But 95% of Island resident employees also work there (54,025).

In July 2010, 75% of Island firms only advertise for staff on the island (down from 81% in October 2010), 23% advertise on the mainland and Island. Construction firms (86%) and retail/hospitality (84%) were most likely to look for staff solely on the Island, manufacturing (58%) the least likely. Some 30% of Island firms rely on the Island for 100% of their sales. The figure is highest within the construction sector (5%) rely on the Island for all sales. 80% of firms had zero international imports and 15% said all their suppliers were located on the island. By

value, manufacturing firms have the least proportion of Island suppliers (10%); Construction firms the most (35%).

The Island's People

The 2008 Island population was 141,000. Average Island resident population growth since 2000 has been 0.7% (PUSH and South East was 0.6%, the UK (0.5%). Death's per 1,000 (12) outweigh Births (9). Per 1,000 people, the birth rate amongst under 44's is low (28); so too is the over 65's death rate (53). Male life expectancy is 79 and 83 years for women (higher than national rates 78 males – 82 females). Some 25% of Island residents are over 65 years of age, over 50% are 45 years old or older. Inward migration accounted for 9,000 new people between 2003 and 2008; 4,000 of these were over 45, and a further 1,000 over 65, but 2,600 were 14 or under. Some 96% of Islanders are white (PUSH 94%; South East 92%, UK 88%). 10% of the island population have no qualifications (PUSH – 9%, South East 9%, UK 13%). 24% are qualified to NVQ Level 4+ (PUSH 30%, South East 32%, and UK 29%). Data from 2003 to 2008 indicates the situation is improving with a 12% reduction in those with no qualifications and an 8% increase in those qualified to NVQ Level 3+. Those with NVQ Level 4+ increased by 6% (PUSH 12%, South East 7%, UK 9%).

The island population is expected to grow at 0.7% per year between 2010 – 2016, slightly higher than the South East (0.6%) and the UK (0.5%).

Child Poverty and Well-being

22% of the Island's children live in low income households, in line with the UK (PUSH 16%, South East 15%). 22% live in out of work households, (PUSH 18%, South East 17%, England 23%). The Island performed well in the environment score in the child well-being index (35th out of 254 local authorities), but poorly on the housing and education scores (319th and 280th respectively). The gap in educational attainment between children in receipt of free school meals at Key Stage 2 was 26.5 points in 2004/05; 12.8 points in 2008/09. At Key stage 4 the equivalent was 28.5 in 2004/05 23.8 in 2008/09. 17% of young people on the island from low income families progress onto higher education (England 19%).

The Island's Labour Market

In April 2010 the Island had as JSA unemployment rate of 4.25%, in line with the UK average, and some 4.5 job centre vacancies for 1,000 working age population (the South East figures were 3% and 7.5, respectively). This compares to April 2007, where the Island's figures were 2.3% unemployment, 7.5 vacancies per 1,000 working age population. 13% of Island jobs are in managerial/senior positions (PUSH 16%, South East 17%, UK 15%). In addition, 13% of Island jobs are in elementary occupations (PUSH 11%, South East 10%, and UK 11%). Between 2002 and 2009, personal service occupations grew by 37% (South East 14%). Professional occupations grew by 21% (South East 13%). Managerial/senior occupations fell by 9% (in the South East they grew by 8%). Skilled trade occupations fell by 12% (South East 9%). Island self employment is 13%, (PUSH and UK 10%, South East 12%).

In 2005 the Island's economic activity rate was 80%, (South East and PUSH 82%, UK 78%). In 2009, the economic activity rate had fallen to 76% (PUSH and South East 82%, UK 78%).

Employment rates amongst 16-24 year olds on the island is 65%, in line with PUSH (South East 60%, UK 59%). The rate amongst 25-49 year olds is 82%, in line with PUSH and the South East (the UK rate is 81%). Amongst the 50+ to retirement age rates are 67%, (PUSH 75%, South East 77%, UK 70%).

Claimant (JSA) unemployment increases by up to 1% in the winter months and decreases by up to 1% in the summer months. In May 2010 Island claimant unemployment was 3.7%, in line with Great Britain (PUSH and South East rates were 2.7%). JSA unemployment is expected to stay at around 4% until 2013. At the same time ILO unemployment rates were 4% in 2005 in line with PUSH and the South East. By 2009 these were 8% (UK 7.5%, South East and PUSH 5.5%). In April 2010, 36% of Island JSA claimants had been claiming for over 6 months (PUSH 30%, South East 33%, UK 35%). In 2010 the rate of unemployed aged between 18 and 24 was 27% (PUSH 26.5%, South East 25.5, UK 27.5%). In 2010, some 7% of 16-18 year olds were not in education employment and training (NEET). This compares to PUSH (6.5%), England (6.25%) and South East (5.5%). In November 2009, some 6% of the working age population were claiming Incapacity benefit in lieu with the UK rate (PUSH and South East 4%).

In July 2010, 71% of Island firms had not attempted to recruit any new employees in the last three months. Whilst 20% had attempted to recruit part time employees, 17% had attempted to recruit full time staff. Manufacturing firms had on average 3 skilled trade vacancies per firm. Recruitment difficulties were experienced by 29% of firms in recruiting the staff they needed, this was highest in the manufacturing sector (42%).

The Island's Businesses

69% of Island businesses employ four or fewer people (PUSH 72%, South East 74%, UK 71%). 1% employ over 100, in line with PUSH, the South East and GB. Growth in the number of Island businesses has fluctuated. In 1999 the business base grew by 2.7% (PUSH, 5.7%, the South East 5%, Great Britain 3.2%). In 2008 the figures were -0.9 on the Island, 0.5% PUSH, 1.4% South East and 1.7% Great Britain. In 2007 the business registration rate per 10,000 people on the Island was 25 (PUSH 32, South East 39, and the UK 34). The deregistration rate per 10,000 people was 19 (PUSH 25, South East 27, the UK 24).

A survey is carried out with a representative sample of Island business every three months. The latest results (July 2010) are reported in the form of 'balances'. A balance is the percentage of respondents saying that a variable has increased minus the percentage saying it has decreased. Overall, employment was up +7 (20% attributing this to seasonal reasons); orders or sales up +24 (35% attributing this to seasonal reasons); cashflow down -3; prices at which goods/services are sold up +13. Since the previous survey (carried out in April) prices have fallen (where the result was +20); so too has employment (+10 in April) and cashflow (+1 in April). Since April, orders and sales continue to recover (+21).

Confidence amongst individual business owners in their prospects for the next twelve months has improved (+10), confidence in the Island as a place to do business has fallen (-6). Business expectations for the next three months are employment growth (0), orders and sales (+25), cashflow (+22) and prices at which goods or services are sold (+12). These are all down from April's results. 35% of owners are not seeking to grow the business and 48% expect no areas of major expenditure in their business over the next twelve months.

The Island's Property

There are 57,500 households on the Island. Home ownership is high at 77% and 42% own their property outright (i.e. not with a mortgage). Some 4% of the island household spaces are second homes – four times the regional and national rate. More pensioner households (81%) own their property outright than elsewhere (75% South East, 69% in England). Between 2004 and 2009 some 780 homes per year have been built on the island. The average figure for PUSH was 525.

In 2009, the average price of a detached house on the island was £300,000, £50,000 less than the national average, (the South East average was £451,000). The average flat costs some £150,000, (South East £175,000, England £200,000). The average semi detached home costs some £200,000, in line with the England average (South East £250,000). Overall the average home is 7.1 times the average salary (PUSH 7.8, South East 7.0, England and Wales 5.8). The average net weekly social housing rent is some £70, compared to £71 regionally, and £61 nationally.

There were 3,997 commercial properties on the Island in 2008. Of these 1,797 were retail premises, 534 were offices, 811 were factories and 526 were warehouses. There was 996,000 square metres of commercial floorspace on the Island in 2008. Of this, 276,000 was retail floorspace, 94,000 office floorspace, 378,000 was factory floorspace and 149,000 warehousing. Vacancy rates are generally lower than regionally or nationally. In 2004/5 vacancy rates stood at 6%, (South East and England 9%). Some 89% of companies surveyed are unlikely to relocate away from the Island in the next three years. 42% of businesses have been in their current premises over 10 years. Firms are most satisfied with their access to local services (84%), least satisfied with the value for money they get from their premises (72%). 9% of companies were considering a relocation to other premises on the Island, of these some 61% said they expected these to be larger than the current premises they occupied.

We draw out key local messages in chapter 10 as well as set out various potential growth scenarios, we refer the reader to these summaries for local information.