

## The Island's Economy

### Economic Information

#### Summary

- Leading into the recession the Island was performing well, driven by strong employment growth in Business Services as well as in Personal Services and Construction.
- The Island fared better in the recession than elsewhere – losing around 2% of output. Longer term output growth is anticipated to be broadly in line with wider UK growth.
- With the numbers of people working in the Public Sector set to further decrease, the ability of the Private Sector to generate employment and output growth will become increasingly important.
- The jobs market is not expected to grow again until 2012. Unemployment is anticipated to remain at around 4% of the working age population until 2013, at which time it is anticipated to start to gradually decrease.

#### Gross Value Added

Gross Value Added (GVA) is an indicator of economic prosperity, measuring the contribution to the economy of each individual producer, industry or sector.

In 2000 the value of the Isle of Wight economy was £1.42 billion and in 2010 the overall value had increased to £1.78 billion. The local economy makes up approximately 1% of the wider South Eastern regional 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, while by comparison the UK and South East fell by 5%.

#### GVA by business sector

Over the last decade we have witnessed a value shift toward non-traditional sectors with the strongest growth in Business services, Retail, Personal services, Transport and Communications.

Construction output also grew strongly between 2000 and 2010, seeing an increase of 23% despite the downturn at the end of the decade.

In contrast Manufacturing output, a major sector, declined by some 4% between 2000 and 2010. However, it remains one of our most valuable and productive sectors.

Agricultural output declined by 10% over the same period. The Tourism sectors produced the same output in 2010 as it did in 2000, and as a result, its overall share of output may be considered to have declined.

GVA by Industry - as a percentage of total GVA (2010)	Isle of Wight (%)
Retailing	12.9
Manufacturing	12.4
Health	12
Business services	11.7
Education	7.2
Public administration	6.7
Transport & communications	6.4
Other personal services	6.3
Construction	6
Hotels	4.6
Financial services	2
Agriculture	1.06

(Source: Oxford Economics)

## Isle of Wight Facts and Figures 2011/12

### Employment Rate & Jobs Density (working age population 16-64 years)

The rate for employment on the Island has shown a gradual reduction year on year across the past five years. When compared with the rest of the South East Region, the Island has been consistently below the regional rate, while slipping below the rate for England from 2007, while there has been some fluctuation in the rates the margins for difference have continued to apply year on year.

	Jul 2005 - Jun 2006	Jul 2006 - Jun 2007	Jul 2007 - Jun 2008	Jul 2008 - Jun 2009	Jul 2009 - Jun 2010	Jul 2010 - Jun 2011
Isle of Wight	73.8	72.1	68.8	69.4	61.8	64.2
South East	76.9	76.8	76.7	76.0	74.2	74.7
England	72.4	72.6	72.6	71.4	70.3	70.2

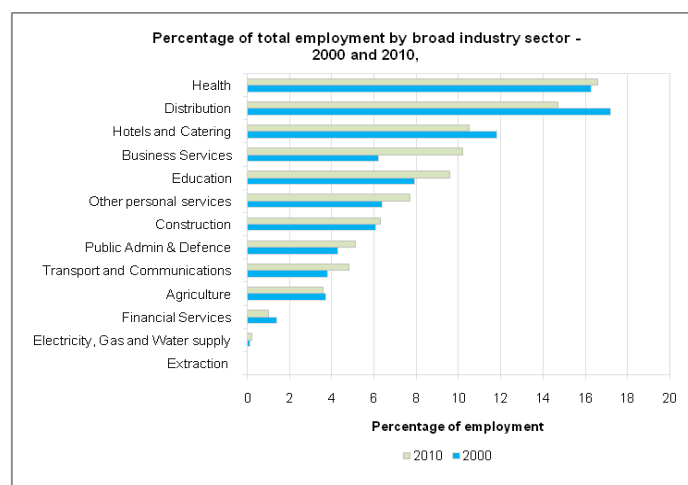
(Source: Annual Population Survey, through NOMIS, ONS)

Jobs Density (2009) represents the ratio of jobs to the working age population. There has been a general decline in rates since 2007, an indicator to fewer jobs partly and more recently due to the impact of the recession and subsequent limited economic growth.

Local Jobs (2009)	Isle of Wight Density	South East (density)	GB (density)
57,000	0.68	0.80	0.78

### Employee jobs by business sector

- Health currently represents the largest sector, followed by retailing (distribution).
- The Island has an above average public sector presence mainly driven by higher employment numbers in areas such as Health & Education.
- Strong employment growth was seen in Business services between 2000 and 2010.



(Source: Oxford Economics)

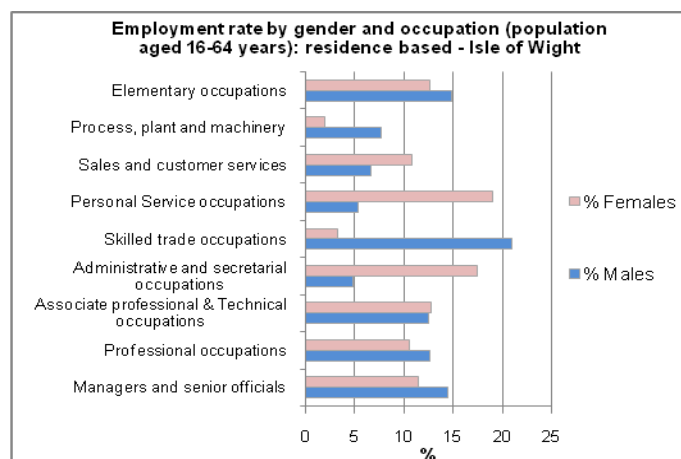
## The Island's Economy

### Employment rate by gender and occupation

The nature of employment undertaken by men and women on the Island show some distinct differences.

While men have predominated in areas considered as skilled occupations, women have, by comparison, evidence a higher participation in occupations associated with Personal Services (such as home helps) and Administrative and secretarial occupations.

However, when considering areas such as Professional Occupations and Management and Senior Officers the margin narrows, with almost as many women as men represented in these categories.



(Source: Annual Population Survey, through NOMIS, ONS)

### Annual Gross Pay (All persons)

Based on results taken from the Annual Survey of Hours and Earnings, for the four years 2006-2009 median annual gross salaries have been represented as being lower on the Island than at both a regional and national level - refer the chart below. (The figures given for 2010 should be taken as indicative only, as they remain provisional and subject to amendment.) The suggested drop in rates between 2009 and 2010 appears to have been more severe for the Island and in contrast to the South East region as a whole where rates are suggested to have increased in the same period.

Across all three geographic areas, a significant difference is suggested in the rates of pay received by men compared to women. However, it would appear that a greater difference in salaries occurs with rates paid to men than women when compared regional and national rates, with the variance being more marginal at a national rather than regional level.

### Median Annual Gross Pay by Place of Work (All Persons):

	2006	2007	2008	2009	2010	
Isle of Wight	All employee jobs	15,658	15,810	16,609	18,775	16,371
	Male employee jobs	21,400	22,584	24,482	24,487	21,723
	Female employee jobs	10,790		10,808	13,331	12,160
South East	All employee jobs	20,349	21,195	22,104	22,472	28,669
	Male employee jobs	26,051	26,992	28,310	28,758	30,418
	Female employee jobs	15,000	15,586	15,879	16,006	16,427
Great Britain	All employee jobs	19,468	20,095	20,890	21,410	21,324
	Male employee jobs	24,427	25,024	26,139	26,755	26,451
	Female employee jobs	14,548	15,056	15,672	16,194	16,374

(Source: ONS annual survey of hours and earnings (ASHE) – Median earnings in pounds given)

## Isle of Wight Facts and Figures 2011/12

### Gross Disposable Income per Head (at current prices by NUTS 3)

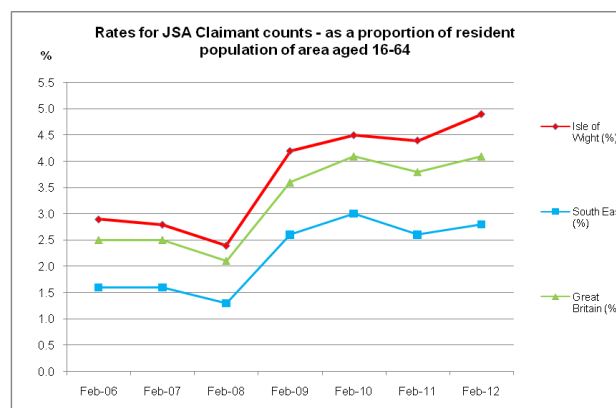
Gross Disposable Household Income (GDHI) represents the amounts of money individuals have available to spend on goods and services, to save or to invest.

*Current Prices are the actual or estimated monetary value expressed in terms of the prices of that period. NUTS is a classification employed as a mechanism for dividing up the economic territories of the European Union, in this case being used for socio-economic comparison. (NUTS 3 are the smallest regional divisions applied.)*

In 2009, the GDHI for the Isle of Wight was £13,463. This was 12.2% below the UK average, while the figure for the South East region was 12.8% above the average for the UK.

### Total Job Seekers Allowance (JSA) Claimants (February 2012)

The pattern seen for total numbers receiving Job Seekers Allowance on the Island broadly matches that seen at both regional and national levels. However, it has been consistently higher than the rates experienced for the South East as a whole and while greater than the rates seen nationally the margin between the Island rate and those for each of these two comparator areas can be seen to have widened further since 2009.



(Source: ONS claimant count with rates and proportions)

As at February 2012, the proportion of adult population (aged 16-64) claiming JSA was 4.9%, just under a full percentage point higher than the rate experienced nationally and over two percentage points higher than for the SE region as a whole. The numbers of males claiming JSA was higher than for females and the proportional rates for both genders were higher than at both regional and national levels.

Feb-12	Isle of Wight Numbers	Isle of Wight %	South East %	Great Britain %
All People	4,080	4.90%	2.80%	4.10%
Males	2,735	6.60%	3.80%	5.60%
Females	1,345	3.20%	1.80%	2.70%

(Source: ONS claimant count with rates and proportions. % is a proportion of resident population of area aged 16-64 and gender)

## The Island's Economy

### Jobcentre Plus vacancies (February 2012)

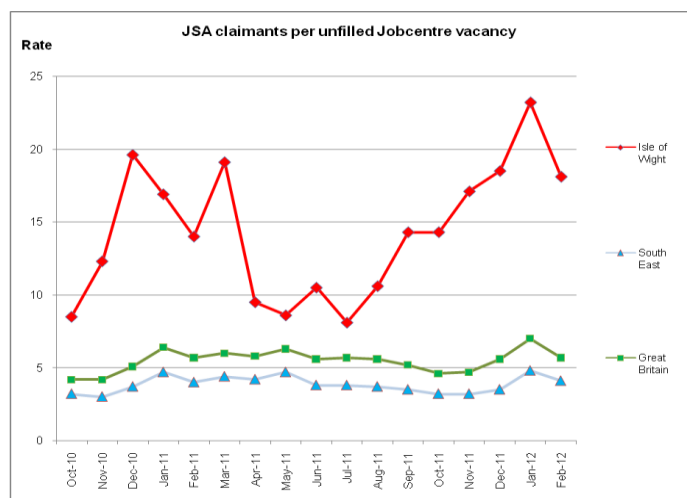
The ratio of unfilled vacancies per 10,000 population aged 16-64 is 27 for the Island, significantly fewer than the rates available to claimants at both regional and national levels.

As a consequence when the numbers of vacancies is expressed as a ratio to the numbers of JSA claimants there is a significant variance between the Island rate and those seen at both national and regional levels.

While the rate had remained the same for the months of September and October 2011, by November the rate for claimants per unfilled Jobcentre vacancy had once again begun to rise with this trend continuing into January 2012, exaggerating further the gap between the rates seen for the South East region and Britain as a whole. A small recovery was subsequently seen in February 2012 although the margin between the rates at both regional and national levels continues to remain significant.

Feb-12	Isle of Wight	South East	Great Britain
Unfilled jobcentre vacancies (numbers)	225	37,298	283,252
Unfilled jobcentre vacancies per 10,000 population aged 16-64	27	69	72
JSA claimants per unfilled jobcentre vacancy	18.1	4.1	5.7

(Source: Jobcentre Plus vacancies – summary analysis)



Source: Jobcentre Plus vacancies

### JSA Claimants by Age (February 2012)

#### Numbers:

While the numbers of JSA claimants aged between 18-24 years is fewer than the total for those aged between 25-49, when represented as a proportion of the total population for that age group (on the Island) in each age band, the position is reversed and the contrast given significantly different.

The ratio of 12.7% of the population aged 18-24 claiming JSA is significantly higher than both the regional and national rates, a reflection of the problem being encountered by young people on the Island, with entering the jobs market.

## Isle of Wight Facts and Figures 2011/12

Feb-12	Isle of Wight (Level)	Isle of Wight %	South East %	Great Britain %
18-24	1,305	12.7	5.7	8.4
25-49	1,995	5	2.8	4.2
50+	760	2.5	1.7	2.3

(Source: ONS claimant count – age duration with proportions)

Note: % is number of persons claiming JSA as a proportion of resident population of the same age

#### Duration of claim:

Across the majority of periods for which a claim is made for each of the age groups given, the Island's rates given were higher than those experienced across the South East region as a whole.

The widest margins of variance between the Island and regional and nation rates occurred for 18-24 year olds who had claimed JSA for up to 6 months and for over 12 months. For the former the Island was more than double the regional rate and 36% greater than the national one. While for the latter the Island was 62% greater than the regional rate and 38.5% greater than the national rate.

By comparison the rates for age groups 25 to 49 are broadly similar with those evidenced for Great Britain for each period of benefit claim.

However, in the case of those aged 50 to 64 the rates for over 6 months and up to 12 months and for over 12 months, were marginally below the national levels in this month.

Feb-12	Isle of Wight (level)	Isle of Wight (%)	South East (%)	Great Britain (%)
<b>Aged 18-24</b>				
Up to 6 months	940	9.1	4.2	5.8
Over 6 months an up to 12 months	235	2.3	1.0	1.7
Over 12 months	135	1.3	0.5	0.8
<b>Aged 25 to 49</b>				
Up to 6 months	1170	2.9	1.7	2.3
Over 6 months an up to 12 months	360	0.9	0.6	0.9
Over 12 months	460	1.2	0.6	1.0
<b>Aged 50 to 64</b>				
Up to 6 months	440	1.5	1	1.2
Over 6 months an up to 12 months	135	0.4	0.3	0.5
Over 12 months	185	0.6	0.4	0.6

(Source: ONS claimant count – age duration with proportions)

Note: % is number of persons claiming JSA as a proportion of resident population of the same age

**Note:** Further information regarding the Island's economy is available in the [Local Economic Assessment](#)

## The Island's Economy

### Benefit Claimants

For this paper and for the purpose of offering comparison, information has been drawn from the Department for Works and Pensions website, specifically the numbers for claimants in the seven 'Working age claimant groups' for which figures are provided.

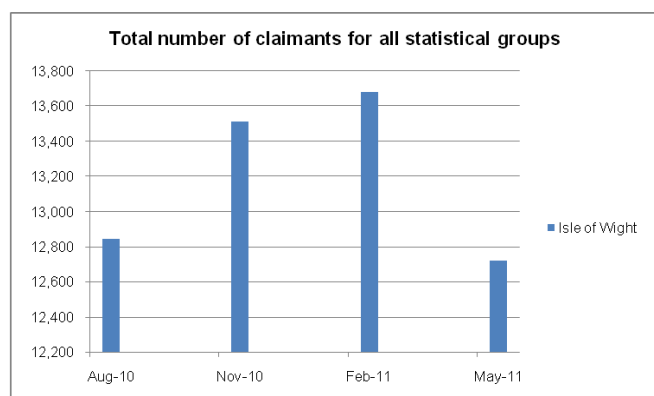
<b>Job Seekers:</b>	Jobseekers' Allowance claimants.
<b>Incapacity Benefits:</b>	Incapacity Benefit or Severe Disablement Allowance claimants.
<b>Lone Parent:</b>	Income Support claimants with a child under 16 and no partner.
<b>Carer:</b>	Carers Allowance claimants.
<b>Others on Income Related Benefit:</b>	Other Income Support (including IS Disability premium) or Pension Credit claimants under State Pension age.
<b>Disabled:</b>	Disability Living Allowance.
<b>Bereaved:</b>	Widow's Benefit, Bereavement Benefit or Industrial Death Benefit claimants.

**NB.** Employment and Support Allowance, a fairly recent addition, is due to replace Incapacity Benefit and Income Support paid because of an illness or disability. This new benefit has been introduced with the intention of helping people move into work.

Individuals were counted only once and where they qualified for more than one benefit type, they would have been assigned to the highest statistical group.

#### Comparison of numbers receiving key out-of-work benefits:

The total numbers of claimants for all of the 'statistical groups' listed above (grouped under the heading of key out-of-work benefits), rose during the later half of 2010 and continued to rise into the first quarter of 2011 before dropping around the middle of the year. The biggest drop in numbers of just under a thousand was for JSA claimants.



Source: Working age claimants by LSOA/Data Zones – Department for Works and Pensions Information, Governance and Security Directorate)

## Isle of Wight Facts and Figures 2011/12

Based on the figures At May 2011, rates for claimant numbers of people of working age as a ratio of the estimated working age population were higher on the Island than at a regional level for each of the benefit groups shown.

It was only for claimants of Job Seeker Allowance and Lone Parents receiving Income Support that Island rates were lower than those experienced for England.

May 2011	Isle of Wight (numbers)	Isle of Wight (%)*	SE Region (%)	England %
Job Seeker	2,605	3.11%	2.37%	3.54%
Incapacity Benefit / Severe Disablement Allowance	5,950	7.10%	4.56%	6.21%
Lone Parents	1,195	1.43%	1.18%	1.53%
Carer; Disabled; Bereaved and others on Income Related Benefit	2,970	3.54%	2.38%	2.83%

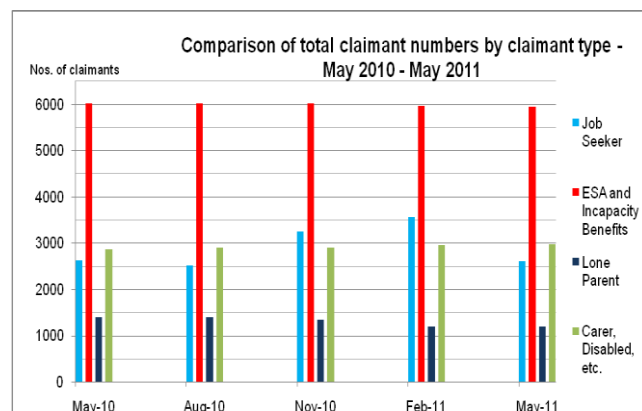
\*As a ratio of the Working age population 16-64 years

(Sources: Department for Works and Pensions Information Directorate / ONS – Local Authority Selected Ages 2010)

- The highest rates for Job Seeker Allowance, Incapacity Benefit/Severe Disablement Allowance, Lone Parents and those others on Income Related benefit, all occurred in Lower Layer Super Output Areas (LSOAs)\* associated with Ryde;
- The highest rate for Carers occurred in Osborne, and
- The highest rate for Disabled occurred in Mount Joy B.

\*LSOAs are areas whose sizes vary but are generally smaller than Electoral Wards and have an average population of around 1,500 residents. This approach can be used to rank every small area in England according to the deprivation experienced by the people living there (a total of 32,482 LSOAs exist across England and 89 on the Isle of Wight).

While there has been some marginal change in numbers for each benefit type over the year (2010-2011), the most noticeable variance was seen with numbers receiving Job Seekers Allowance – rising in the autumn and falling in the spring.



(Source: Department for Works and Pensions Information Directorate)

Further information:

Department for Works and Pensions website: <http://www.dwp.gov.uk>, or

Directgov website: <http://www.direct.gov.uk>.