

Regional Economic Tracker

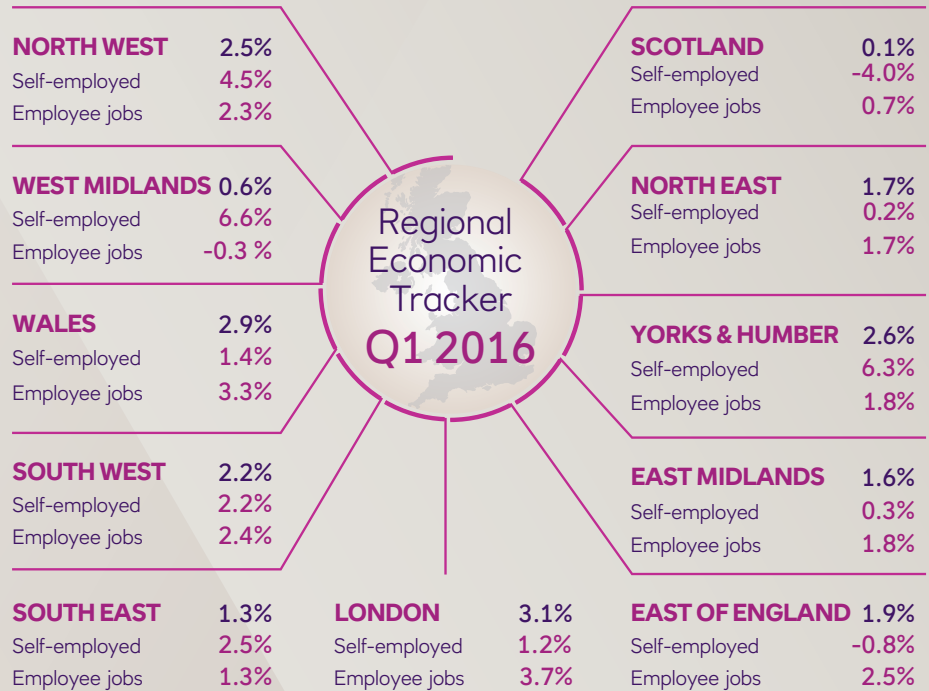
September 2016

The NatWest Regional Economic Tracker monitors employment levels in 11 regions across the UK showing where the fastest job growth has occurred on a quarterly basis.

London hits top spot for job creation

London moved into first place in the NatWest Regional Economic Tracker, seeing a higher rate of job growth than any other UK region in the 12 months to March 2016. Employment rose by 3.1% last year, comfortably clear of the UK rate of 1.9%. This excellent performance means there are now an incredible 17% more jobs than in 2008. Across the UK 1.8 million more people are now in work, compared with eight years ago and 1 in 3 of those net new jobs are in London.

Behind this success is an increase of almost a quarter of a million people who are self-employed in the capital.



Wales moves up the table for job growth

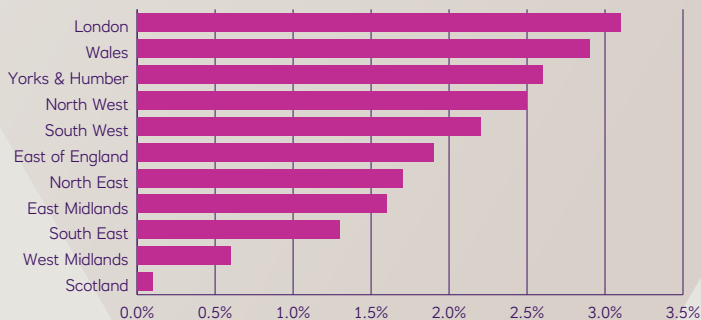
The 12 months to March 2016 saw a particularly strong period of job creation for Wales. Employment rose by 2.9%, one of the best rates seen in the last decade. This means there are now 5% more jobs in Wales than there were in 2008, an extra 67,000 people in employment.

Yorkshire & the Humber continues its good run of figures taking third place in the job creation league in the last year, its 2.6% growth is well ahead of the UK-wide rate of 1.9%. Self-employment has delivered a substantial boost to these numbers with the number of people working for themselves growing by 6.3% in Yorkshire last year.

Elsewhere job growth has been in short supply recently in Scotland and the Midlands. Taking a longer view we find Scotland and the North East propping up the rankings for employment growth since 2008, whilst the top positions are taken by regions in the south and the east of the UK, all showing expansions of more than 5%.

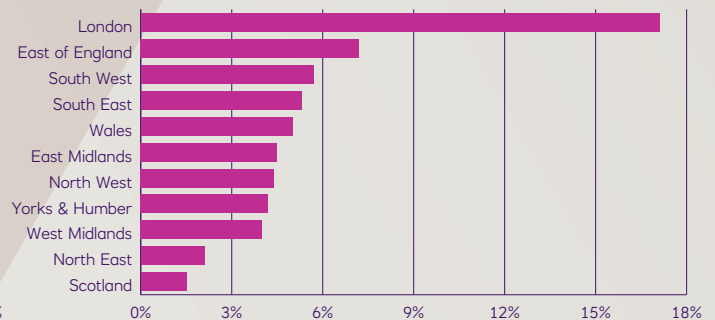
Annual employment growth, year to Q1 2016

Source: Office for National Statistics



Employment growth, 2008 to Q1 2016

Source: Office for National Statistics



Entrepreneurs behind strength of job growth through recovery

Entrepreneurs have made a fantastically important contribution to the UK's labour market recovery. Self-employment has grown by more than 20% since 2008 to account for 4.6 million workers today. That increase of 800,000 is just behind the 1 million increase in employee jobs that we've seen over the same period.

The pace of self-employment growth has varied over the course of the recovery. Right at the beginning in 2009 and 2010 self-employment was growing even as firms were shedding jobs. In general as employers recruit workers faster we see fewer people starting up on their own, but self-employment growth has been particularly resilient and only now with unemployment below 5% are we starting to see the growth in employee jobs outstrip self-employment's expansion.

The share of self-employment in the UK economy has been transformed since 2008, particularly for women. Overall the proportion of workers who are self-employed has risen almost 2% to just below 15%, but the share amongst women has increased more sharply and is now over 10%. The gap to men has therefore been narrowed and a majority of the rise in self-employment has come from women.

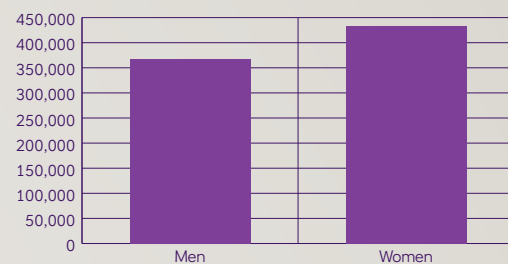
Employment growth

Source: Office for National Statistics



Rise of self-employment since 2008

Source: Office for National Statistics



Regional differences in share of self-employment

Every region across the UK has seen self-employment grow faster than employee jobs since 2008. Part of the reason this trend has been so widespread is because it is a reaction from an ageing workforce at a time when many people are disappointed by the retirement income they are likely to receive. Older workers are particularly likely to set up on their own and use the flexibility of self-employment to smooth their transition to retirement.

Yet despite many common factors there are tremendous regional differences in the share of self-employment. Towns and cities in the south stand out as having particularly high self-employment shares, whilst the North East and Wales feature less prominently.

Self-employment share in major towns & cities, by region

Source: Office for National Statistics

