

Forecast unemployment in Kent

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NOTE: *within this bulletin 'Kent' refers to the Kent County Council (KCC) area which excludes Medway*

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This bulletin looks at the forecast unemployment in Kent based on three forecast scenarios produced by the Office for Budget Responsibility (OBR) (November 2020).

Summary

The OBR produce forecasts when formally requested to by the Government to accompany a fiscal event (such as Autumn Budget or Spring Statement).

In November 2020 The OBR published three forecast scenarios for Great Britain: A central forecast, an upside forecast and a downside forecast.

Current unemployment rates (2020) for Great Britain are 3.9% and the current rates for Kent are slightly lower at 3.8%.

The Central scenario forecasts the GB unemployment rate to peak in 2021 (6.8%), the Downside scenario peaks in 2022 (10.4%) and the Upside scenario peaks in 2021 (4.7%)

Using historic unemployment patterns Kent Analytics have used the OBR forecasts for Great Britain and modelled the data to provide an unemployment forecast for Kent and Kent local authority districts.

Introduction

The Office for Budget Responsibility (OBR) is an independent organisation which provides analysis of the UK's public finances. The OBR usually produces forecasts twice a year, to accompany each Autumn Budget and Spring Statement which are published in their Economic & Fiscal Outlook.

In their [November 2020 Economic and Fiscal Outlook](#) the OBR considered three scenarios for the future path of the economy for the next five years. The scenarios were developed prior to the end of the 2nd UK lockdown which ended 2 December 2020.

Central Forecast: a higher infection rate at the end of the lockdown and a less effective TTI system necessitate keeping a more stringent set of public health restrictions in place over the winter. These may vary regionally and temporally but are broadly the same as remaining at the equivalent of England's pre-lockdown Tier 3 until the spring. The arrival of warmer weather then allows an easing of the restrictions. An effective vaccine becomes widely available in the latter half of the year, permitting a gradual return to more normal life, though at a slower pace than in the upside scenario. In this scenario there is also a lasting adverse impact of the pandemic on the economy.

Downside Scenario: continued high infection rates after the current lockdown ends on 2 December mean that a less effective TTI system must be augmented by even more stringent public health restrictions than in the central forecast to be kept in place throughout the winter. These may vary regionally and temporally but are broadly equivalent to somewhere between England's pre-lockdown Tier 3 and the November lockdown. The arrival of spring again permits some easing of the restrictions but, unlike in the central forecast, a sufficiently effective vaccine does not become available. Subsequent waves of infection necessitate the periodic reimposition of health restrictions, while the continued risk of infection induces more lasting changes in economic and social life. This scenario includes a third wave of infections next winter whose impact is roughly half that of the present wave. In this scenario, the longer-term economic impact of the pandemic is significantly greater than in the central forecast.

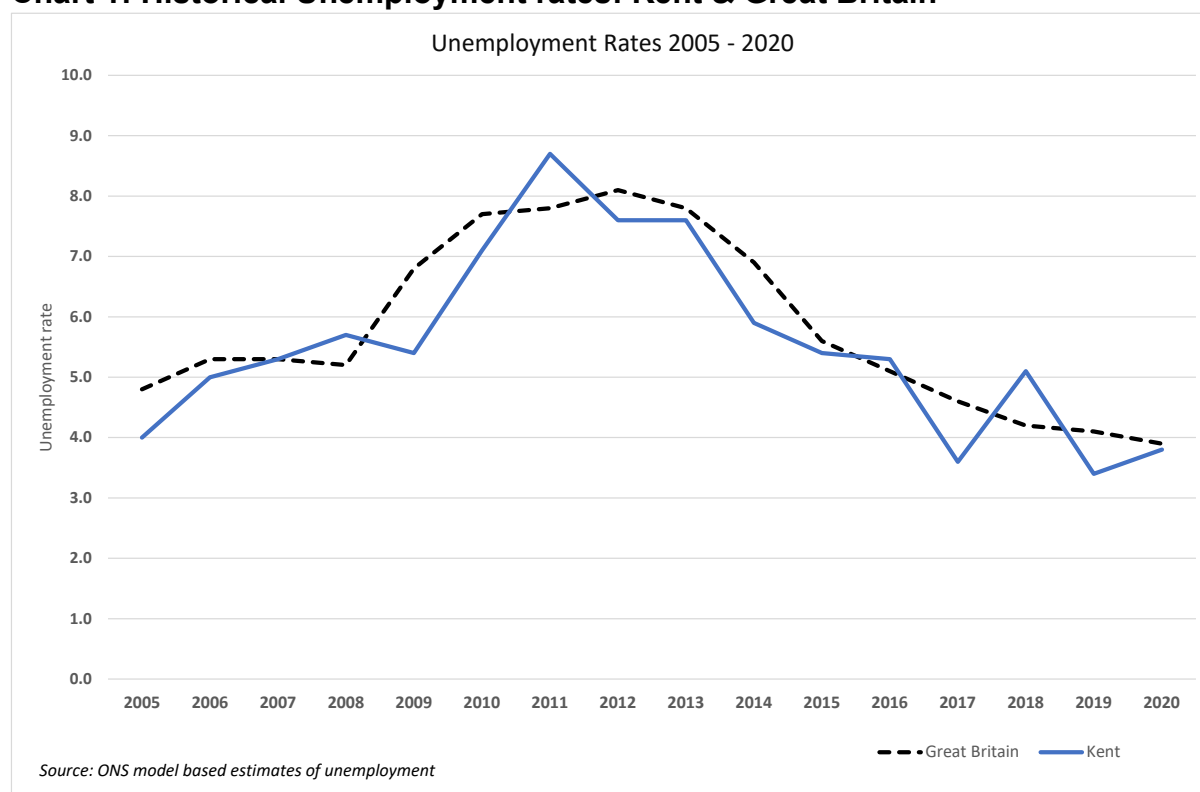
Upside scenario: assumes that the national lockdown now in place substantially reduces the infection rate by 2 December. Thereafter, an effective test, trace, and isolate (TTI) programme keeps outbreaks in check together with a return to a tiered system of local public health restrictions similar to that in place prior to the lockdown. While these may vary in intensity both regionally and temporally, they are broadly the same as remaining at the equivalent of England's pre-lockdown Tier 2 until the spring. An effective vaccine becomes widely available in the spring of 2021, permitting a further easing of health restrictions and a gradual return to normality as the year progresses. The medium-term economic impact of the pandemic is negligible in this scenario.

Kent Analytics have used the OBR forecasts for Great Britain and modelled the data to provide an unemployment forecast for Kent and Kent local authority districts.

The Kent forecasts use historical local unemployment rates and compare them to the to those of Great Britain.

Historical unemployment rates in Kent have largely reflected the national average. However, as chart 1 shows, there have been some differences between Kent and Great Britain over the past fifteen years. We have taken account of this and have applied that difference to the OBR forecast scenarios. Kent's three-year average unemployment rate (4.10%) is 0.03 percentage points above the national three-year average (4.07%). The difference is presented in Table 4 on page 5.

Chart 1: Historical Unemployment rates: Kent & Great Britain



We have assumed that Kent unemployment rates will continue to compare in a similar way to the National rates.

Table 1 shows the latest unemployment rate for 2020 (July 2019-June 2020) and forecast unemployment rates for the years 2021-2025 from the three OBR scenarios.

The Central and the Upside scenarios both forecast unemployment to peak in 2021. The Downside scenario sees it peak in 2022.

Table 1: OBR forecast unemployment rates, November 2020

Great Britain	2020	2021	2022	2023	2024	2025
Central Scenario	3.9	6.8	6.5	5.4	4.5	4.4
Downside Scenario	3.9	8.4	10.4	7.9	5.6	5.2
Upside Scenario	3.9	4.7	3.9	4.0	4.1	4.1

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ONS modelled based unemployment

Table 2 shows the latest unemployment rate for 2020 (July 2019-June 2020) and modelled unemployment rates in Kent from 2021 to 2025.

Table 2: Kent forecast unemployment rates, May 2021

Kent	2020	2021	2022	2023	2024	2025
Central Scenario	3.8	6.8	6.5	5.4	4.5	4.4
Downside Scenario	3.8	8.5	10.4	8.0	5.7	5.2
Upside Scenario	3.8	4.7	3.9	4.0	4.2	4.2

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Chart 2 presents historical unemployment rates, and the forecast unemployment rates for Kent.

Chart 2: Unemployment forecasts for Kent

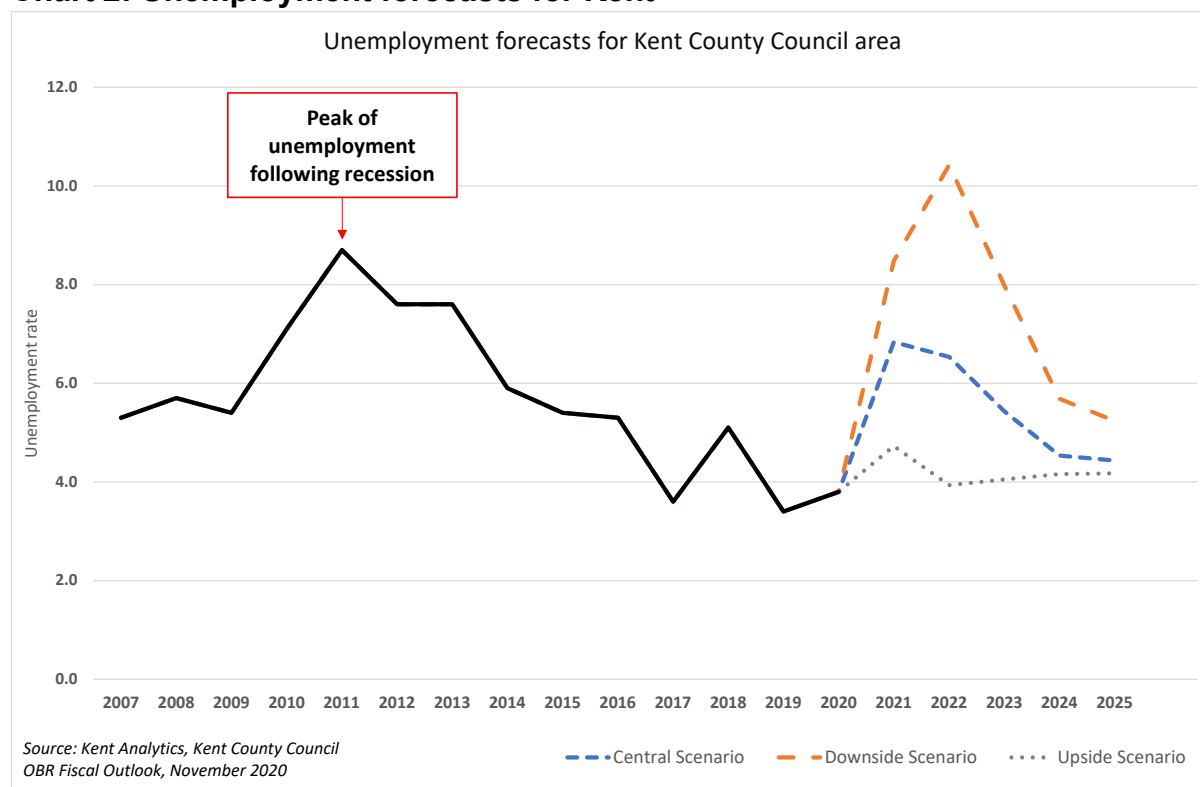


Table 3 shows the resulting number of the available labour force (economically active population aged 16+) olds who could be unemployed for each of the three scenarios. This is based upon the number of economically active population aged 16 and above forecast to be resident in Kent between 2020 and 2025 taken from the [KCC Housing Led Forecasts \(November 2020\)](#).

Table 3: Forecast number of labour force unemployed in Kent

Kent	2020	2021	2022	2023	2024	2025
Central Scenario	31,000	56,500	54,600	46,100	39,100	38,600
Downside Scenario	31,000	70,100	87,200	67,700	49,000	45,600
Upside Scenario	31,000	39,000	32,900	34,300	35,900	36,400

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Table 4 shows the difference in the three-year average unemployment rates (2018-2020) in each of Kent's local authority districts to the GB three-year average of 4.07%.

Table 4: Local authority difference to the GB three-year average unemployment rate

Percentage point difference to the 3 year average GB unemployment rate	
Ashford	-0.20
Canterbury	+0.17
Dartford	-1.30
Dover	+0.50
Folkestone and Hythe	-0.17
Gravesham	+0.57
Maidstone	-1.03
Sevenoaks	-0.87
Swale	+1.20
Thanet	+1.13
Tonbridge and Malling	-1.00
Tunbridge Wells	-1.00
Kent	+0.03
GB 3 year average unemployment rate (%)	4.07

Source: KCC Unemployment Forecasts May 2021

Tables 5-7 show the modelled forecast unemployment rates for Kent local authority districts. Note: Figures for 2020 are existing known rates (2020 = July 2019-June 2020).

Table 5: Central Scenario – Kent local authorities

Central Scenario	2020	2021	2022	2023	2024	2025
Ashford	3.3	6.6	6.3	5.2	4.3	4.2
Canterbury	3.9	7.0	6.7	5.6	4.7	4.6
Dartford	2.9	7.3	7.0	5.9	5.0	4.9
Dover	5.2	6.6	6.3	5.2	4.3	4.2
Folkestone and Hythe	3.6	5.9	5.6	4.5	3.6	3.5
Gravesham	4.6	7.4	7.1	6.0	5.1	5.0
Maidstone	3.5	5.5	5.2	4.1	3.2	3.1
Sevenoaks	3.8	5.8	5.5	4.4	3.5	3.4
Swale	4.9	8.0	7.7	6.6	5.7	5.6
Thanet	5.9	7.9	7.6	6.5	5.6	5.5
Tonbridge and Malling	3.0	5.8	5.5	4.4	3.5	3.4
Tunbridge Wells	2.9	5.8	5.5	4.4	3.5	3.4
Kent	3.8	6.8	6.5	5.4	4.5	4.4
GB	3.9	6.8	6.5	5.4	4.5	4.4

Source: KCC Unemployment Forecasts May 2021

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Table 6: Downside scenario – Kent local authorities

Downside Scenario	2020	2021	2022	2023	2024	2025
Ashford	3.3	8.2	10.2	7.7	5.4	5.0
Canterbury	3.9	8.6	10.6	8.1	5.8	5.4
Dartford	2.9	8.9	10.9	8.4	6.1	5.7
Dover	5.2	8.3	10.2	7.8	5.5	5.0
Folkestone and Hythe	3.6	7.6	9.5	7.1	4.8	4.3
Gravesham	4.6	9.0	11.0	8.5	6.2	5.8
Maidstone	3.5	7.1	9.1	6.6	4.3	3.9
Sevenoaks	3.8	7.4	9.4	6.9	4.6	4.2
Swale	4.9	9.6	11.6	9.1	6.8	6.4
Thanet	5.9	9.6	11.5	9.1	6.8	6.3
Tonbridge and Malling	3.0	7.4	9.4	6.9	4.6	4.2
Tunbridge Wells	2.9	7.4	9.4	6.9	4.6	4.2
Kent	3.8	8.5	10.4	8.0	5.7	5.2
GB	3.9	8.4	10.4	7.9	5.6	5.2

Source: KCC Unemployment Forecasts May 2021

OBR Fiscal Outlook November 2020

Table 7: Upside scenario – Kent local authorities

Upside Scenario	2020	2021	2022	2023	2024	2025
Ashford	3.3	4.5	3.7	3.8	3.9	3.9
Canterbury	3.9	4.9	4.1	4.2	4.3	4.3
Dartford	2.9	5.2	4.4	4.5	4.6	4.6
Dover	5.2	4.5	3.7	3.8	4.0	4.0
Folkestone and Hythe	3.6	3.8	3.0	3.1	3.3	3.3
Gravesham	4.6	5.3	4.5	4.6	4.7	4.7
Maidstone	3.5	3.4	2.6	2.7	2.8	2.8
Sevenoaks	3.8	3.7	2.9	3.0	3.1	3.1
Swale	4.9	5.9	5.1	5.2	5.3	5.3
Thanet	5.9	5.8	5.0	5.1	5.3	5.3
Tonbridge and Malling	3.0	3.7	2.9	3.0	3.1	3.1
Tunbridge Wells	2.9	3.7	2.9	3.0	3.1	3.1
Kent	3.8	4.7	3.9	4.0	4.2	4.2
GB	3.9	4.7	3.9	4.0	4.1	4.1

Source: KCC Unemployment Forecasts May 2021
OBR Fiscal Outlook November 2020

Tables 8-10 show the resulting number of the available labour force (economically active population aged 16+) who could be unemployed for each of the three OBR scenarios in Kent local authorities. This is based upon the number of economically active population aged 16 and above forecast to be resident in Kent local authorities between 2020 and 2025 taken from the [KCC Housing Led Forecasts \(November 2020\)](#).

Table 8: Central Scenario – Kent local authorities

Central Scenario	2020	2021	2022	2023	2024	2025
Ashford	2,300	4,600	4,500	3,800	3,200	3,200
Canterbury	3,200	5,700	5,400	4,600	3,900	3,800
Dartford	1,900	4,800	4,700	4,100	3,600	3,600
Dover	3,100	3,900	3,800	3,200	2,700	2,700
Folkestone and Hythe	2,000	3,300	3,200	2,600	2,100	2,100
Gravesham	2,500	4,100	4,000	3,400	2,900	2,900
Maidstone	3,300	5,200	5,000	4,000	3,100	3,100
Sevenoaks	2,400	3,600	3,500	2,800	2,300	2,200
Swale	3,700	6,100	6,000	5,200	4,500	4,500
Thanet	3,900	5,300	5,200	4,500	4,000	4,000
Tonbridge and Malling	2,100	4,200	4,000	3,300	2,600	2,600
Tunbridge Wells	1,800	3,700	3,600	2,900	2,300	2,300
Kent	31,000	56,500	54,600	46,100	39,100	38,600

Source: KCC Unemployment Forecasts May 2021
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Table 9: Downside scenario – Kent local authorities

Downside Scenario						
	2020	2021	2022	2023	2024	2025
Ashford	2,300	5,800	7,300	5,600	4,100	3,800
Canterbury	3,200	7,000	8,600	6,700	4,800	4,500
Dartford	1,900	5,900	7,400	5,900	4,400	4,200
Dover	3,100	4,900	6,100	4,700	3,400	3,200
Folkestone and Hythe	2,000	4,300	5,400	4,000	2,800	2,500
Gravesham	2,500	5,000	6,200	4,800	3,600	3,400
Maidstone	3,300	6,800	8,700	6,500	4,300	3,800
Sevenoaks	2,400	4,700	6,000	4,500	3,000	2,800
Swale	3,700	7,400	9,000	7,200	5,500	5,100
Thanet	3,900	6,400	7,800	6,200	4,800	4,500
Tonbridge and Malling	2,100	5,400	6,900	5,100	3,500	3,200
Tunbridge Wells	1,800	4,800	6,100	4,600	3,100	2,800
Kent	31,000	70,100	87,200	67,700	49,000	45,600

Source: KCC Unemployment Forecasts May 2021

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Table 10: Upside scenario – Kent local authorities

Upside Scenario						
	2020	2021	2022	2023	2024	2025
Ashford	2,300	3,200	2,600	2,800	2,900	3,000
Canterbury	3,200	3,900	3,300	3,400	3,600	3,600
Dartford	1,900	3,400	3,000	3,100	3,300	3,400
Dover	3,100	2,700	2,200	2,300	2,500	2,500
Folkestone and Hythe	2,000	2,100	1,700	1,800	1,900	1,900
Gravesham	2,500	2,900	2,500	2,600	2,700	2,700
Maidstone	3,300	3,200	2,500	2,600	2,800	2,800
Sevenoaks	2,400	2,300	1,800	1,900	2,000	2,100
Swale	3,700	4,500	4,000	4,100	4,200	4,300
Thanet	3,900	3,900	3,400	3,500	3,700	3,800
Tonbridge and Malling	2,100	2,700	2,100	2,200	2,300	2,400
Tunbridge Wells	1,800	2,400	1,900	2,000	2,100	2,100
Kent	31,000	39,000	32,900	34,300	35,900	36,400

Source: KCC Unemployment Forecasts May 2021

KCC HLF Nov 2020

Note: The OBR produce forecasts when formally requested to by the Government to accompany a fiscal event (such as Autumn Budget or Spring Statement). As such there is no set timetable for forecasts to be updated.