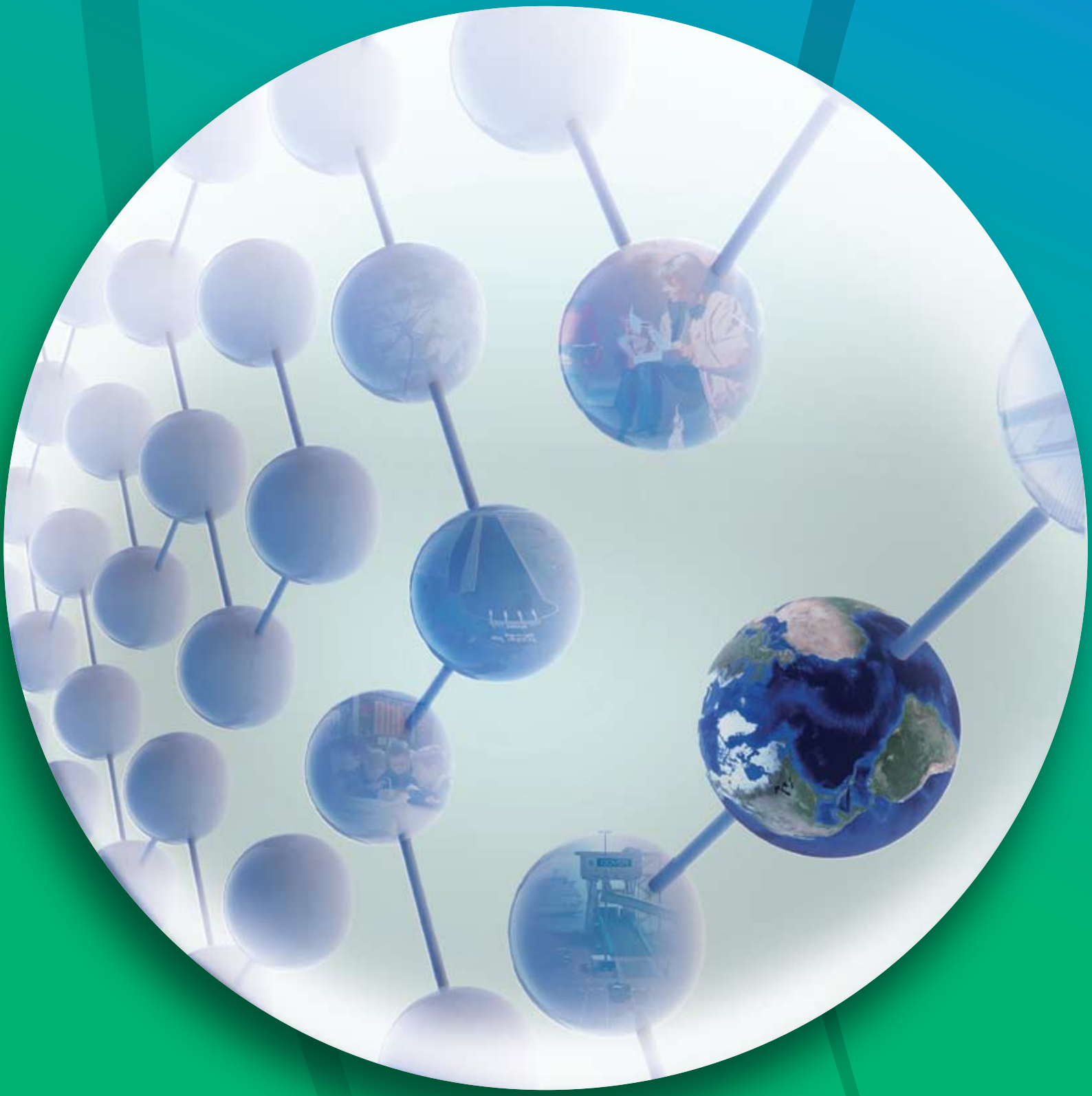


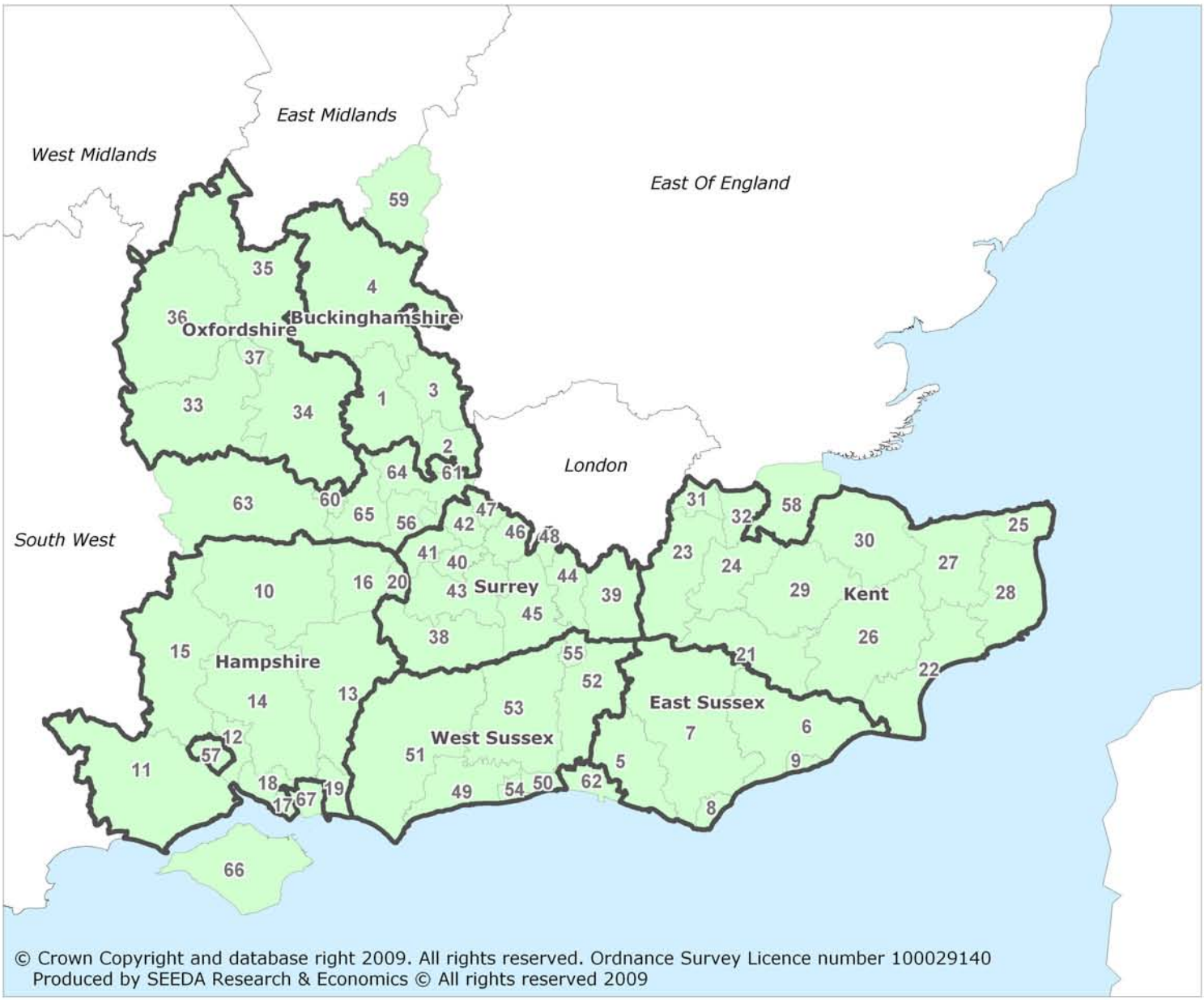
The Regional Economic Strategy 2006-2016

Annual Monitoring Report

Issue 3 November 2009

SEEDA SOUTH EAST ENGLAND DEVELOPMENT AGENCY

Working for England's World Class Region



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Further Information and Acknowledgements

If you have any queries regarding this report or its contents, please contact SEEDA's Research and Economics Team or email us at research@seeda.co.uk.

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Foreword

The third RES 2006-2016 Annual Monitoring Report has been produced in the context of unprecedented global economic change, which inevitably has had a very serious impact on the South East.

The Regional Economic Strategy (RES) 2006-2016 set out an ambitious strategic framework for the South East to achieve sustainable prosperity for all. The first Annual Monitoring Report, published in October 2006, defined the baselines against which progress towards delivering the RES would be measured. Since then we have seen major changes in the economy: rising commodity prices, the credit crunch, and the fastest contraction in output since the Second World War in the UK and globally. Individual businesses have responded to falling demand by cutting costs, including laying off staff and reducing investment, and focusing on proactive marketing and diversification to boost cashflow. These survival strategies have worked for many businesses, but unfortunately not all. Meanwhile, the delivery of major house-building programmes and other infrastructure projects has proved challenging given the downturn in the construction industry and the depressed property market. Clearly all of these developments will have implications for achieving the RES targets. Equally the second Annual Monitoring Report (2008) showed that some of the trends were negative even before these economic shocks.

This third Monitoring Report is published at a critical time. The twin impacts of the recession and a reduction in RDA funding have provided the impetus for SEEDA to review all its programmes with partners, to ensure that the work of the Agency is more business-focused and strategic. SEEDA's current priorities are offering support to businesses and individuals during the recession; identifying the likely impacts of the downturn and working to mitigate them; and investing in the future strength and infrastructure of the South East economy. From November 2009, SEEDA will have a new organisational structure in place, which will enable the Agency to support the South East's most dynamic places, sectors and clusters with policies and programmes specific to their needs. The Government's New Industry New Jobs agenda will provide the framework within which SEEDA targets its activities at those sectors most likely to drive growth in the upturn. Other partners who have taken on responsibility for delivering against RES targets have also seen major structural and financial upheaval.

Whilst the time lags in data are frustrating, this report demonstrates that the recession has had a significant impact on progress against several already challenging RES targets, casting doubt on the region's ability to meet these targets by 2016. In particular, GVA per head grew by just 0.3% in 2008, with a significant decline of around 4% forecast for 2009. The rate of growth in labour productivity fell in 2008 as the recession took hold, while in the 12 months to March 2009 the number of businesses in the region fell by more than 1,400. Economic activity and employment rates have been falling since the summer of 2008, although they remain the highest of any region. The number of self-employed women fell by 3,800 between 2007 and 2008 following a rise of 18,800 the previous year. However, we have seen measurable progress against a number of social and environmental RES targets over the past year. There has been an increase in the proportion of people of working age with qualifications at Levels 2, 3 and 4 and a fall in the proportion with no qualifications. Per capita carbon dioxide emissions are well below the national average in the South East and have fallen slightly since 2005. There has been an increase in the amount of electricity generated from renewable sources, water consumption per person is falling and waste recycling rates are increasing. There has been an increase in the proportion of people engaged in regular volunteering, which is now the highest of any region, at 53%.

Since the last Annual Monitoring Report was published in 2008 there have been significant changes in regional architecture, which will affect the manner in which targets and actions in the RES are monitored in the future. Preparatory work on the new Integrated Regional Strategy, bringing together the RES and the South East Plan, is now well underway. The South East Regional Partnership Board met for the first time in July 2009, bringing together local authorities and SEEDA to oversee the development and monitoring of the new strategy. SEEDA staff are working closely with colleagues in the Partnership Board secretariat (the former Regional Assembly) to make the strategy and associated Implementation Plan a reality.

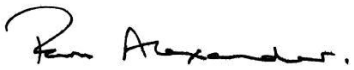
This year separate Monitoring Reports will still be produced for the RES and South East Plan, with the South East Plan monitoring report due to be published in February 2010. Staff from SEEDA and the Partnership Board secretariat will work together from May 2010 to produce a joint Monitoring Report, reflecting the move towards a new single Regional Strategy. Most of the data currently presented in this report will be included in the joint document, but the specific indicators to be used and the structure of the report will be reviewed.

A RES Steering Group was established in May 2008 to measure and review the strategic direction of travel as well as to assess whether the identified actions are still the most relevant to achieve the overarching vision of delivering sustainable prosperity for the region. All partners agreed that although targets could not be met in current circumstances the direction of travel set out was still relevant and appropriate to current priorities. Alongside the

continuing work of the Regional Transport Board and an expanded Regional Housing and Regeneration Board, Regional Funding Advice was provided to Government on priorities for the South East, and the new Regional Infrastructure Fund has begun to invest additional funding from the Department for Transport.

With the move to the single Regional Strategy, a new forum is to be established to oversee delivery against targets and actions in the existing RES and South East Plan, and the emerging actions associated with the Integrated Strategy. The Economic Development and Skills Board will bring together key stakeholders from across the South East and is due to meet for the first time in Autumn 2009.

The RES objectives and targets were already very challenging; the current recession and the need for SEEDA to review spending within its Corporate Plan casts serious doubt on whether several of them will still be achievable by 2016. The majority of targets and indicators will be reviewed as part of the work on the new Regional Strategy, and partners will be fully involved in this process through the Partnership Board and Economic Development and Skills Board. We are keen to work together to ensure that the South East emerges from the recession in a position of strength, to retain its status as a world class region.



Pam Alexander

Chief Executive, SEEDA

Executive Summary

In order to assess progress against the vision and objectives set out in the Regional Economic Strategy (RES) for 2006-2016, SEEDA produces a Monitoring Report each year. This is the third such report, which assesses the performance of the region against the baselines set out in the first Annual Monitoring Report (published in 2007), and focuses mainly on the period to the end of 2008. However, the unprecedented global economic events which began in the summer and autumn of that year have continued to have a significant effect on the South East economy throughout 2009 and, where possible, these effects are captured in this report.

An introductory chapter outlines recent trends and prospects for the South East economy, in the context of economic changes in the UK, European and global economies. This is followed by detailed analysis of the South East's performance against each of the three headline targets and 14 outcome-based targets used in the RES, drawing on the latest official data. Where possible, the situation in the South East is compared to the national average and changes since the beginning of the century are outlined. In some cases the timescales over which data is available differ between indicators; where this is the case, we have endeavoured to present a picture of the region's performance up to the end of 2008, whether based on actual figures or a more qualitative assessment of progress.

For most targets, scenarios are presented that compare trend-based projections with projections that incorporate the impact of public policy. These 'policy on' scenarios represent SEEDA's estimate of how much progress the region needs to make in order to achieve the RES targets by 2016. The report also includes qualitative examples of activity by SEEDA and its partners in support of key RES objectives.

The South East economy

Over the past 12 months we have witnessed a series of unprecedented events affecting the South East, UK and global economies. Global financial markets came close to collapse in the final quarter of 2008 following the demise of Lehman Brothers, the resultant sharp falls in equity prices and a crisis of confidence with inter-bank lending severely reduced. The effect on output and employment was marked, with the sharpest fall in global output for more than 60 years as demand from businesses and consumers plummeted. Over the year to February 2009, world industrial production declined by almost 12% and world trade in goods fell by 17%.

After a small contraction in the second quarter of 2008, the fall in UK GDP accelerated in the final quarters of 2008 and first quarter of 2009. By the end of the second quarter of 2009, the UK economy had contracted by 5.5% over the previous 12 months, which is the fastest rate of contraction since the Second World War and twice as fast as in the early 1990s recession. Contrary to expectations that business and financial services would be hardest hit, it was the manufacturing and construction sectors that showed the most rapid fall in output in the early months of the recession.

These trends have been mirrored in the South East, where 60% of businesses experienced deteriorating business performance over the year to June 2009. The proportion of businesses reporting deterioration was higher in the manufacturing and construction sectors. However, because manufacturing and construction make a smaller contribution to the South East economy than in the UK as a whole, it is likely that in the early stages of the recession output in the South East did not decline as quickly as in the UK. In 2009, though, output in the service sector started to contract more sharply, which suggests that the South East economy is likely to have been affected by the recession as much if not more than other regions in recent months.

The downturn in the economy has inevitably fed through to the labour market, with a significant fall in employment and a sharp rise in unemployment over the past year at both UK and regional levels. Between the second quarter of 2008 and second quarter of 2009 employment in the South East fell by 87,000, although the employment rate remained the highest of any region. Unemployment rose by around 90,000 in the same period to 263,000 (the Government's preferred survey-based measure), while unemployment as measured by the number of Jobseekers' Allowance claimants has been on the rise since April 2008, with the rate of increase peaking in February 2009.

Recent months have seen some signs of recovery in the economy at both UK and regional levels. A co-ordinated global policy response (including cutting interest rates and injecting cash into the economy via quantitative easing) has helped to avert a major depression. Equity markets began to recover in Spring 2009, while the inter-bank lending rate has fallen into line with the Bank of England base rate and the decline in industrial production and global trade bottomed out in Spring 2009.

In the South East, business activity and new orders increased in July 2009 for the first time since before the recession. There was a marginal improvement in levels of trade for the region's small businesses between June and August 2009. Business confidence is showing signs of improvement, with two thirds of businesses surveyed

in June 2009 expecting the business climate to improve or remain stable in the next 12 months, compared to just one third of those surveyed in December 2008. However, businesses' investment intentions are still low and firms remain cautious about the prospect of seeing any upturn in consumer demand in the near future. Unemployment is likely to continue to increase even once the economy has returned to growth. Almost one third of companies surveyed in the South East in June 2009 were expecting to make redundancies in the next 12 months.

Headline Targets

Note that in the sections that follow, traffic lights are used to indicate both recent progress and the direction of travel towards each RES target. **Red** indicates that there has been little or no progress against a particular target in the past year for which data is available and it looks unlikely that the target will be met. **Amber** indicates some progress towards the target but still less likelihood that it will be met. **Green** indicates good progress towards the target over the past year for which data is available and a strong likelihood of meeting the target. The tables show the latest data, while the accompanying text explains the extent of progress against each target.

Target	Latest Data	Progress
Achieve an average annual increase in GVA per capita of at least 3%	0.3% increase in GVA per capita (2008)	
Increase productivity per worker by an average 2.4% annually from £39,000 in 2005 to at least £50,000 by 2016 (constant prices)	1.1% increase in productivity per worker (2008)	
Reduce the rate of increase in the region's ecological footprint	5.09 global hectares per resident (2006)	

Progress against the headline targets has been significantly affected by the recession, although the trends were below target before the recession. The rate of growth in **GVA per head** was just 1.8% in 2007, falling to only 0.3% in 2008 as the recession took hold. Similarly, output per hour worked grew by just 1.4% in 2007 and just 1.1% in 2008. Forecasts for 2009 suggest that there will be a decline in the rate of growth in both GVA per head and productivity. Although growth is likely to resume in 2010, it will be at a rate well below the RES targets, which casts serious doubt on the region's ability to meet these challenging targets. Measuring progress on the target to reduce the rate of increase in the region's **ecological footprint** is hampered by time lags in data availability and a lack of comparability in data over time. Between 2001 and 2006 the ecological footprint in the South East declined from 6.07 global hectares per resident to 5.09 global hectares. This is the largest ecological footprint of all UK regions - 9.6% above the UK average. The intensive investment in new technologies necessary to break the link between economic activity and consumption is likely to have been hampered by the credit crunch and subsequent recession. However, the sharp burst of innovation that often accompanies the early stages of an upturn may accelerate progress in this area.

Global Competitiveness

Target	Latest Data	Progress
Increase the percentage of businesses located in the South East operating internationally from an estimated 8% in 2003 to 12% by 2016, maximising the South East's share of global foreign direct investment	• 8% of SE companies exporting (proxy for operating internationally) in 2006 • South East share of UK FDI (number of investments) fallen from 18% in 2005/06 to 13% (2008/09)	
Increase expenditure on research and development (R&D) in the South East from 3.2% of Gross Value Added in 2003 to 4% by 2016, and increase the proportion of businesses in the South East reporting R&D links with universities from 11% in 2005 to 15% by 2016	• R&D expenditure 2.9% of GVA (2007) • 12% of SE firms have R&D links with universities (2008/09)	
Increase the percentage of total South East business turnover attributable to new products (new to market) from 12% in 2004 to 20% by 2016 and the percentage attributable to significantly improved products from 18% in 2004 to 25% by 2016	• 10% of business turnover attributable to new products (2006) • 19% of business turnover attributable to significantly improved products (2006)	
Secure investment in infrastructure priorities to maintain international competitiveness	• Expenditure on transport increased by 1.3% (2007/08 to 2008/09) but expenditure on transport per head remains well below the UK average	

Progress on some of the Global Competitiveness targets is difficult to measure due to time lags in the availability of updated data. There is, for example, no data available regarding the proportion of companies **exporting** that predates the launch of the RES in 2006. While the South East's share of the total number of UK **foreign direct investments** fell during the three years to 2008/09, the South East remains the second best performing UK region in terms of total number of project successes recorded.

Expenditure on **R&D** as a proportion of GVA in the South East fell below the 2003 baseline in 2007 (the latest year for which data is available). The decline has mostly been driven by a fall in R&D spending in the business sector. New data on the proportion of business turnover attributable to new or significantly improved products in the South East will be available in 2010. The recession will undoubtedly have had an impact on a number of indicators of competitiveness. The drop in global demand and trade during 2008 and early 2009, coupled with a reduction in the availability of trade credit insurance, will have contributed to a reduction in the volume of exports in the region, although inward investment has performed strongly despite the downturn.

The impact of the recession on **innovation** is as yet unclear. Firms may be encouraged to innovate in the context of more competitive markets, although the pressure to cut costs may lead to reduced R&D spending. Results from the RDA Business Survey show that between spring 2008 and spring 2009 the proportion of firms expecting to reduce spending on product and process development doubled. However, by June 2009 significantly more firms reported that they were expecting to introduce a new product or process innovation compared to December 2008, and this trend has continued in the October 2009 survey.

As the main UK gateway to Europe and the global economy, the South East's **transport** infrastructure requires significant investment, in order to maintain the competitiveness of both the regional and national economies. However, between 2007/08 and 2008/09 expenditure on transport in the South East increased at the slowest rate of any region. Total expenditure on transport per head is significantly below the UK average and less than one third of that in London. More recently, the new Regional Infrastructure Fund has begun to invest additional funding from the Department for Transport in 2009/10.

Smart Growth

Target	Latest Data	Progress
Increase the number of businesses per 1,000 adult population from 50 in 2009 to 54.5 in 2016, including 10,000 new businesses run by women by 2010	• 337,385 businesses in total or 50 businesses per 1,000 adult population (2009 - new baseline). Number of businesses fell by -0.4% (2008-09)	
	• Female self-employment increased by 12,300 overall (2005-2008), but fell by 3,700 (2007-08)	
Maximise the number of people ready for employment at all skill levels and ensure they are continually equipped to progress in the labour market	• 68.9% of working age population with NVQ 2+; 17.3% with NVQ 3 as highest qualification; 31.5% with NVQ 4+; 8.9% with no qualifications (2008) • 14.7% of employers reporting skills gaps (2007) • 22.2% of working age population receiving training in last 13 weeks (2008)	
Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts	• No available data as yet. Further research will be carried out in 2010 to develop robust indicators that can be used to measure progress against this target.	
Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts	• 73% of workforce travel to work by car (2008) • 95,000 vehicles per day on motorways, 18,100 on major rural roads and 19,000 on major urban roads (2007) • 20,587 kt CO2 emitted by road transport or 2.6 kt per head (2007)	
Ensure sufficient and affordable housing and employment space of the right quality, type and size to meet the needs of the region and support its competitiveness, and create the climate for long-term investment through the efficient use of land resources, including mixed-use development	• Ratio of median house price to median income = 8.43 (2008) • 79% of new or converted dwellings completed on previously developed land (2007/08) • Total area of land with planning allocation or permission fell by 1,000 hectares (2006-2007)	

Target	Latest Data	Progress
Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016 (as a step towards bringing up to 250,000 residents into the labour market by 2026)	• Economic activity rate 82.3% (2008) • 896,500 economically inactive people (2008) • Employment rate 78.5% (2008) • 47.6% of residents in employment work in professional and managerial occupations (2008)	

Progress against a number of targets that fall under 'Smart Growth' has been relatively limited in the past year, partly reflecting the effects of the recession; however there has been measurable improvement in qualification levels. The South East has the largest **business stock** and highest business density of any region behind London. In 2008 a new, more comprehensive source of business data was introduced, which necessitates the setting of a new baseline and target for business stock. Between 2005 and 2008 the number of businesses in the region grew at a rate of 1.65% per annum. However, in the past year, growth in business stock has slowed across the country as the recession has taken hold. Between 2008 and 2009 there was a reduction of 0.4% in the number of businesses in the region. The revised target is to increase the number of businesses per 1,000 population from 50 in 2009 to 54.5 in 2016.

Although the number of self-employed women (as a proxy for female-owned businesses) fell by 3,800 between 2007 and 2008, the RES target of an additional 10,000 **women in business** appears to have been achieved already. Between 2005 and 2008 the number of self-employed women in the South East increased by 12,300 (although there was a drop of 3,700 between 2007 and 2008). There has been a small increase in the proportion of working age people qualified at all levels from NVQ 2 to NVQ 4 and a fall in the proportion with no qualifications between 2007 and 2008. The same period saw an increase in the proportion of the working age population receiving job-related training for the first time since 2005.

The South East has one of the best performing **labour markets** of any region and it has held up reasonably well despite the recession. As the labour market is a lagging indicator of activity in the economy, figures for 2008 still suggest a relatively healthy labour market in the region, with a slight increase in both the economic activity and employment rate between 2007 and 2008 and a fall of 10,500 in the number of economically inactive people. However, since the summer of 2008, there has been a significant drop in employment and rise in unemployment. The employment rate fell to 77.3% in June 2009, while the unemployment rate had risen to 6%.

Reducing **road congestion and pollution** levels is a challenging task, and, while there has been some improvement in this area since 2005, progress has been relatively limited over the past year for which data is available. The proportion of people who travel to work by car is higher in the South East than nationally and increased by one percentage point between 2007 and 2008 to 73%. Traffic volumes on motorways and major rural roads are higher in the South East than the UK average. There was an increase in average daily traffic flows on motorways between 2006 and 2007, while traffic volumes on other roads remained static or declined. It is likely that the recession led to some reduction in traffic on the region's roads in 2008 as a fall in industrial production and output inevitably means fewer goods requiring transportation. Given the high traffic volumes in the South East, it is not surprising that carbon dioxide emissions from transport are amongst the highest of any region. However, total emissions attributable to transport have fallen slightly since 2005.

There has been relatively little change on a range of **housing and land use** indicators between 2007 and 2008. There is strong evidence from businesses and business representative organisations across the region that the depressed property market and associated downturn in the construction industry have severely dampened both residential and commercial property development. One positive effect of the recession has been an improvement in housing affordability in the South East between 2007 and 2008, which is likely to have continued to improve in 2009. However, this is unlikely to be maintained if supply continues to be constrained. There was a small reduction in both the number and proportion of new dwellings completed on previously developed land between 2007 and 2008, while the total amount of previously developed land with planning allocation or permission fell by 1,000 hectares between 2006 and 2007, and is likely to have fallen still further in 2008 as the number of planning applications fell markedly across the region.

Sustainable Prosperity

Target	Latest Data	Progress
Reduce CO_2 emissions attributable to the South East by 20% from the 2003 baseline by 2016 as a step towards the national target of achieving an 80% reduction on 1990 levels by 2050, and increase the contribution of renewable energy to at least 10% of energy supply in the South East by 2010 as a step towards achieving 20% by 2020	• 65,107 kilotonnes of CO_2 emitted (2007) – a 2% reduction on 2005 • 1,187.2 GWh of electricity (3.8% of total) generated from renewable sources (2008)	
Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003/04 to 135 litres by 2016 and achieve a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016	• Water consumption per person per day = 156 litres (2008/09) • 5,713 units of GVA generated per tonne of waste (2004/05) • 511kg household waste per person (2007/08) • 36% of household waste recycled (2007/08)	
Achieve measurable improvements in the quality, biodiversity and accessibility of green and open space	• 58% of SE residents view their environmental surroundings as 'good' (2007/08) • 77% of river length classified as 'good' or 'very good' quality • 20% of all households have access to greenspace of at least 2 ha within 300 metres (2007)	
Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities	• 90% of residents satisfied with characteristics of the area in which they live (2007/08) • 53% of residents volunteering at least once a month (2007/08) • 15% of children and 19% of pensioners living in poverty (before housing costs) (2007/08) • 6.1% of 16-18 year olds NEET (May 2009)	

Over the past year, there has been more progress against the targets within Sustainable Prosperity than on many other RES priorities. However, in most cases the region is still a relatively long way from reaching the targets by 2016. **Carbon dioxide emissions** attributable to the South East fell by 2% between 2005 and 2008, but the RES target is for a 20% reduction by 2016. The generation of electricity from renewable sources has increased strongly in recent years (by 31% between 2005 and 2008), with 3.8% of total electricity being generated from renewables in 2008. Despite this good performance, it seems unlikely that the region will achieve the RES target of 10% by 2010.

Although the South East has the highest **water consumption** nationally, water usage has been falling since 2003/04, from 169 to 156 litres per person per day, although there was a small increase in consumption between 2006/07 and 2008/09. There has been an increase in the amount of GVA generated per tonne of waste in recent years, but measuring progress is hampered by the fact that the latest data is for 2004/05. Although the amount of **household waste** generated per person in the region has been falling between 2004/05 and 2007/08, the recent slowdown in GVA growth means that the generation of GVA per tonne of waste may not have risen as much as might be expected. On the positive side, recycling rates for household waste have increased strongly in recent years – most recently from 33% in 2006/07 to 36% in 2007/08, which is one of the highest figures of any region.

A variety of indicators suggest that **environmental quality** in the region has been improving, perhaps related to the reductions in carbon emissions and household waste and water consumption that have been seen in recent years. The proportion of residents viewing their environmental surroundings as 'good' increased by three percentage points between 2006/07 and 2007/08 and there was a significant improvement in the proportion of river length classified as of good chemical quality between 2005 and 2007.

It is important that all South East residents, including those from disadvantaged groups, can benefit from sustainable prosperity. However, performance across a range of relevant indicators is mixed. The proportion of residents engaged in regular volunteering in the South East has been increasing since 2005 and in 2007/08 was the highest of any region at 53%. Residents' overall satisfaction with their local area is also high and growing. However, the proportion of children living in poverty increased between 2005/06 and 2007/08, while the incidence of pensioner poverty remained unchanged. Meanwhile there has been an increase in the percentage of 16-18 year olds not in education, employment or training (NEET) between 2008 and 2009, in common with most other regions. In large part this is likely to be a reflection of the current greater competition for available jobs and training places, which tends to place new labour market entrants at a greater disadvantage because of their lack of experience.

1 The South East economy: recent trends and prospects

This chapter looks at the recent performance of the South East economy within both UK and global contexts, and the prospects for the South East economy over the short to medium term. In addition to a number of interventions within the region and the UK aimed at sustaining the rate of economic growth, there are exogenous factors linked to the UK and global economies that have an impact on rates of growth in the South East. The South East and other regional economies in the UK have benefited from the most favourable national and global macroeconomic environment for the past 50 years and this period has come to an end. The twin impacts of tighter credit conditions and increases in global commodity prices, and subsequently UK inflation, led to the credit crunch and consequent recession. All of these factors have had a profound impact on the South East economy and on the likelihood of the region achieving its targets as specified in the Regional Economic Strategy 2006-2016.[(1)]

1.1 Recent global and UK economic trends

The unprecedented liquidity squeeze in the final quarter of 2008 threatened the stability of the global economy. Over the past 12 months we have witnessed a series of unprecedented events affecting the South East, UK and global economies. The collapse of a large US investment bank (Lehman Brothers) led to a sharp fall in confidence within the global financial system, resulting in large falls in equity prices across the globe. The shockwaves quickly spread across financial markets leading to an unprecedented liquidity squeeze. Banks reduced their lending to other banks (in the inter-bank market), pushing the inter-bank loan interest rates well above the base rate. The liquidity squeeze ('credit crunch') has led to dramatic developments within global financial markets, last seen in the late 1920s and early 1930s – developments that threatened the stability of the global economy.

Central banks responded by injecting large volumes of cash into the financial markets to try to get the money supply moving again, which initially did little to relieve the strain within the financial sector in the final quarter of 2008. The flow of new credit to businesses and consumers dried up and a number of developed and developing countries found themselves in severe difficulties following the collapse of their banking systems or the flight of capital to ‘safe havens’ such as the US dollar.

The impact on the ‘real economy’ was almost instantaneous, resulting in the sharpest fall in global output over the past 60 years. The near collapse of global financial markets and the subsequent liquidity squeeze had an almost instantaneous impact on the ‘real economy’ (output and employment). The events triggered a sharp fall in business and consumer confidence with firms responding by holding back their purchases and capital spending and consumers reining back on spending (in particular on major purchases). The downturn was made even worse by the global integration of supply chains (in particular manufacturing supply chains), which helped to transmit the shock around the world more rapidly than in previous recessions.

By February 2009 world industrial production had declined by almost 12% and world trade in goods declined by 17% on the same period in 2008 (Figure 1-1.1).

1 For further information on the more recent performance of the South East Economy see: SEEDA (2009) *South East Economy Review - June 2009* and SEEDA (2009) *RDA Business Survey South East Report,* Summer 2009. See www.seeda.co.uk/what-we-do/economic-intelligence-and-research for the latest SEEDA publications on the economy, including *Monthly IntelligenceSnapshots*.

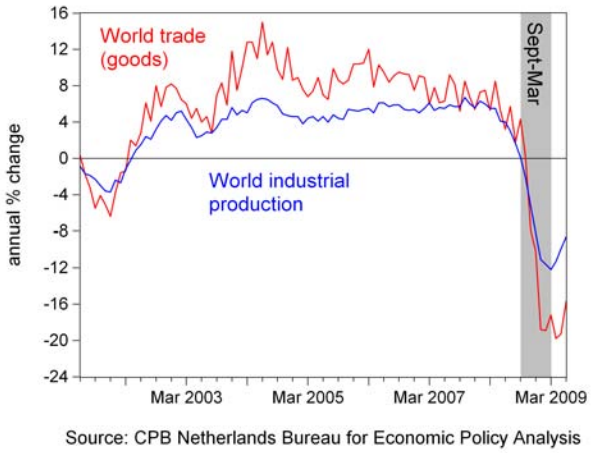


Figure 1-1.1: A sharp fall in world industrial production and trade in goods

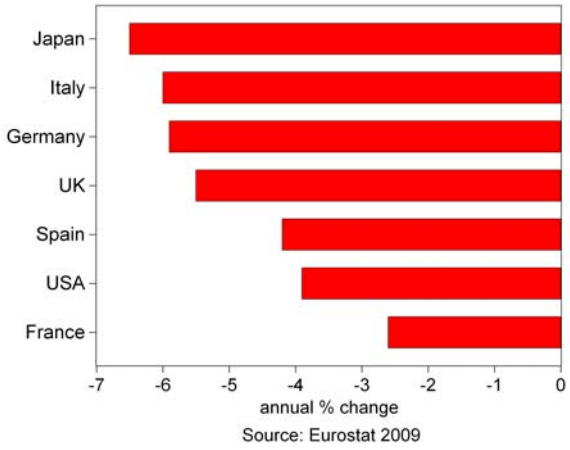


Figure 1-1.2: A sharp contraction in GDP 2008Q2 - 2009Q2 (large advanced economies)

After a small contraction in the second quarter of 2008, contraction in UK GDP growth accelerated in the final quarters of 2008 and the first quarter of 2009. By the end of the second quarter of 2009 the UK economy had contracted by 5.5%. Independent commentators expected financial and business services to be affected to a greater extent than manufacturing or construction. However, a sharp fall in output was largely driven by the large fall in manufacturing output (manufacturing of transport equipment, machinery and basic metal and metals products contracted faster than other manufacturing activities) and construction.

The contraction in output growth in a number of large advanced economies was even greater than in the UK (Figure 1-1.2). Large producers of industrial goods and economies that rely on exports, such as Japan or Germany, contracted faster than those economies with large financial services sectors (such as the UK or USA). The contagion quickly spread across developed and developing economies, with only a handful of economies managing to avoid recession in 2008. The contraction in economic activity was of such a scale that global output in 2009 is expected to contract for the first time since the second world war.[2]

The UK economy contracts at the fastest rate over the past 60 years. As indicated above, if we ignore the causes of the current recession the impact on output so far has been similar to the 1980s, in the sense that manufacturing and other production activities have been affected more than service related activities. Furthermore, up until the end of the second quarter of 2009 the UK economy had been in recession for five quarters which is the same as the length of the last two recessions (Figure 1-1.3).

However, the speed and depth of contraction have surprised analysts and policy-makers alike - the current UK recession has been deeper than any post war recession. Over the past 12 months (from peak to trough) UK GDP contracted by 5.5%, which is twice as deep as during the last recession and deeper than during the 1980s recession (Figure 1-1.4). In the first quarter of 2009 UK GDP fell by 2.5%, which was as much as the entire fall in output in the last recession that lasted for five quarters.[3]

2 IMF, OECD, World Bank forecasts.

3 For further information about the impact of the recession on the South East, its counties and local authority districts see SEEDA (2009) South East Economy Review, June 2009

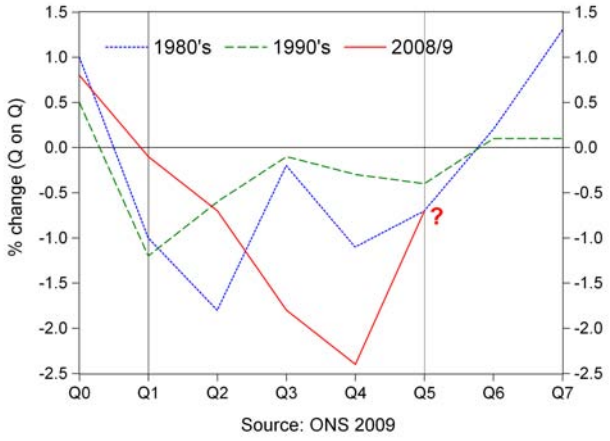


Figure 1-1.3: UK Recessions (1980s, 1990s and 2008/09)

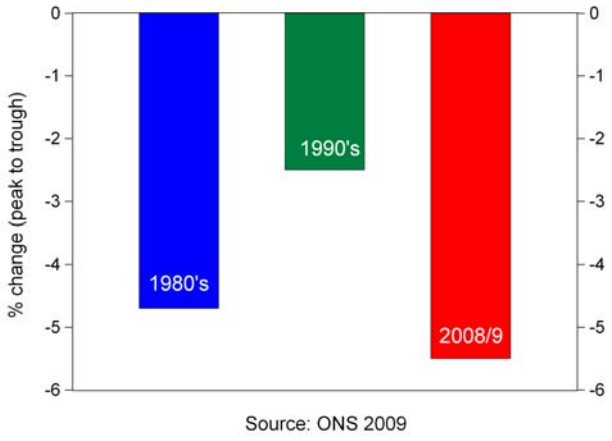


Figure 1-1.4: UK Recessions: % change in GDP from peak to trough

The unprecedented global events required an unprecedented policy response. Over the past 12 months we have seen an unprecedented policy response in the UK and across the developed and developing world. Monetary policy has been in heavy use, with the Bank of England base rate now at the lowest level ever (at just 0.5%) and for the first time the Bank has used an unorthodox measure (through its policy of 'quantitative easing') to try and boost the level of activity in the economy. The Chancellor of the Exchequer introduced a £20bn stimulus package in November 2008 which was followed by a series of additional measures announced over the past nine months. Furthermore, a number of measures have been introduced in order to support the banking sector and business survival. The response across the world was similar, with heavy use of monetary and fiscal policy and a series of measures aimed at supporting financial markets.

Growth is gradually returning to the global and UK economies. The coordinated policy response has prevented a 1930s style global depression that was feared by analysts and policy makers. Since Spring 2009 we have seen a sharp recovery in global equity markets (Figure 1-1.5). Between June and September 2009 the FTSE100 increased by 21% - the fastest rate in its history.

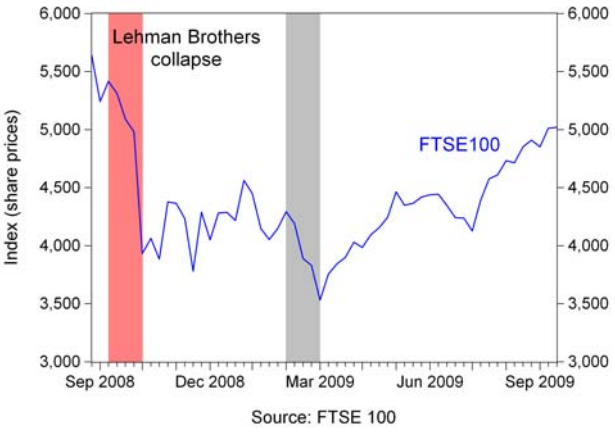


Figure 1-1.5: Confidence has returned to equity markets

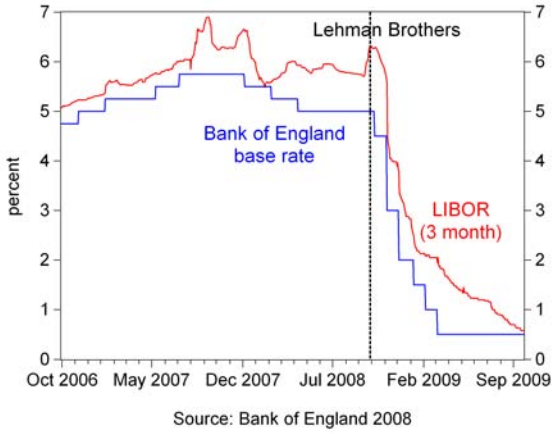


Figure 1-1.6: Interbank lending rates have fallen sharply

Since Spring 2009 the 3-month LIBOR rate has gradually converged with the Bank of England base rate (Figure 1-1.6) and much needed liquidity is gradually returning to the global financial markets.

The most synchronized contraction in industrial production and global trade bottomed out in Spring 2009. A set of OECD composite leading indicators also bottomed out in Spring 2009 and returned to the level that indicates growth in late Spring (Figure 1-1.7).

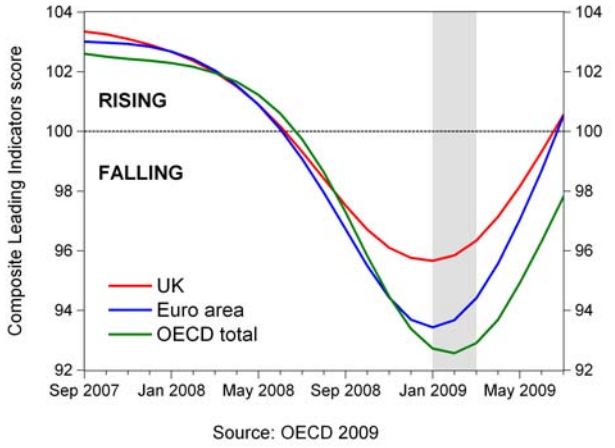


Figure 1-1.7: OECD composite leading indicators bottomed out in Spring 2009

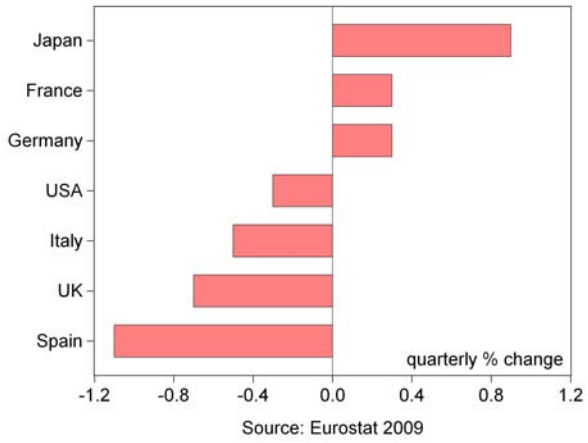


Figure 1-1.8: A recovery is underway (GDP growth 2009Q1 - 2009Q2)

The latest data shows that growth has already returned to a number of large advanced economies, including Japan, Germany and France in the second quarter of 2009 (Figure 1-1.8).

The recession in the UK continued in the second quarter of 2009, as economic output contracted by 0.6% compared to the previous three months. The rate of contraction was significantly worse than the -0.3% contraction expected by analysts, but was a marked improvement on the 2.5% drop seen in the first quarter. The decline in Q2 was broadly based with no sector of the economy remaining unscathed. However, the difference this time was that the largest contributor to falling output was the financial and business services sector. The rate of contraction suggests that we are past the worst. Business survey evidence from July, August and September 2009 indicates that growth has gradually started to return to the UK economy.

1.2 South East economic trends

Business activity contracts sharply across the region. SEEDA's survey of some 850 businesses across the region shows that close to 60% of all businesses in the South East experienced deteriorating business performance over the 12 months to June 2009. Across the South East a similar proportion of all businesses experienced deteriorating business performance, with a small difference between Kent (the lowest proportion) and Surrey (the highest proportion), Figure 1-2.2.[4]

A higher proportion of businesses in the construction, manufacturing and hotels and catering sectors reported deterioration in their business performance over the 12 months to June 2009 than across other sectors of the economy (Figure 1-2.1). There was a high degree of spare capacity in the economy with some 70% of all businesses in the region reporting that they were operating below capacity. The figure for manufacturing and construction was close to 80% - well above other sectors. Contrary to expectations financial and business services was not one of the worst hit sectors.

Hence, business performance in the South East over the past year has been broadly in line with the UK average. It is likely that up to spring 2009 Gross Value Added (GVA) in the South East contracted at a slower pace than in most of the other UK regions - the main reason being its lower concentration of manufacturing and construction than elsewhere. However, given the recent sharp contraction in services it is likely that the South East was affected as much or even more than most other regions in the second quarter of 2009.

4 No regional or sub-regional Gross Value Added (GVA) data is available beyond 2007 and 2006 respectively.

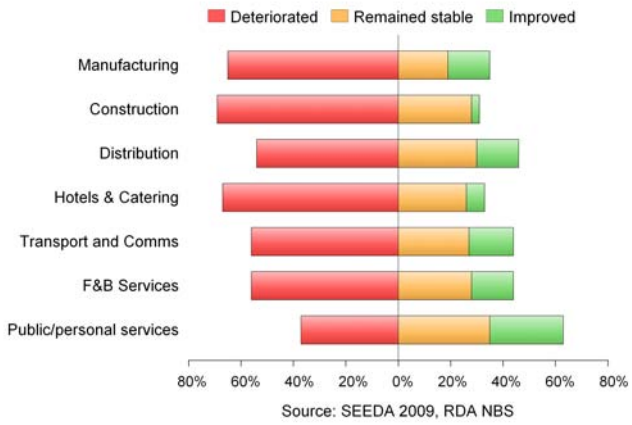


Figure 1-2.1: Business performance by sector, past 12 months

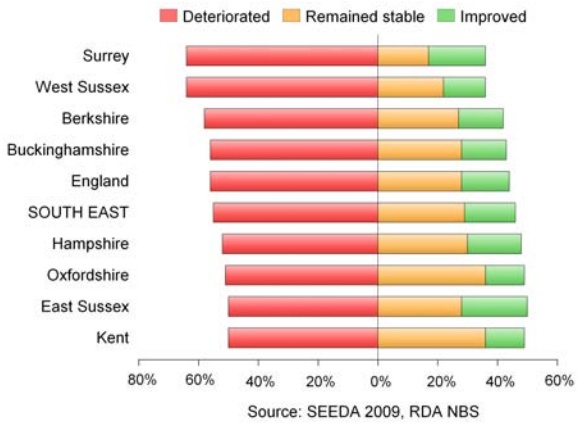


Figure 1-2.2: Business performance by county, past 12 months

Employment continues to fall and unemployment is on the increase across the region. Since the summer of 2008 we have witnessed a sharp downturn in the labour market in the region. At some 4.24 million, employment in the South East peaked in the second quarter of 2008. By the end of June the number of people in employment had decreased by some 87,000 (Figure 1-2.3). With the recession spreading to services in the second quarter of 2009 it is perhaps less surprising that there was a large drop in employment in the second quarter of this year (Figure 1-2.4). The decline in employment in the South East was affected by job losses across the region and amongst commuters to neighbouring regions (largely London).

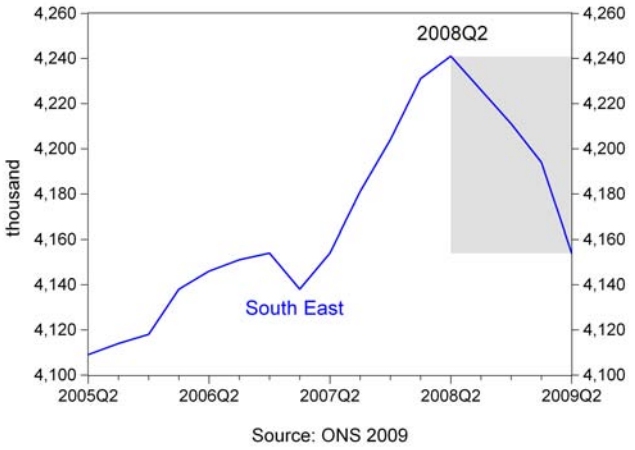


Figure 1-2.3: A sharp fall in employment

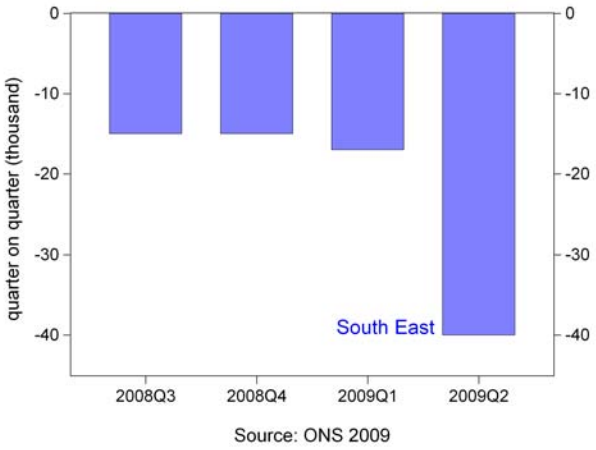


Figure 1-2.4: The rate of employment decline intensifies in 2009Q2

Despite the significant drop in employment in the region over the past year, the South East still has the highest employment rate in the country.

At the end of 2007 LFS unemployment in the region (the Government's preferred measure) fell to its lowest level since early 2005. However, since early 2008 unemployment in the region has increased by some 90,000 (Figure 1-2.5). The rate of increase in unemployment in the South East intensified in the second quarter of 2009 (Figure 1-2.6) but was the second lowest rate of increase in the country (after London) and unemployment remains the lowest of any region.

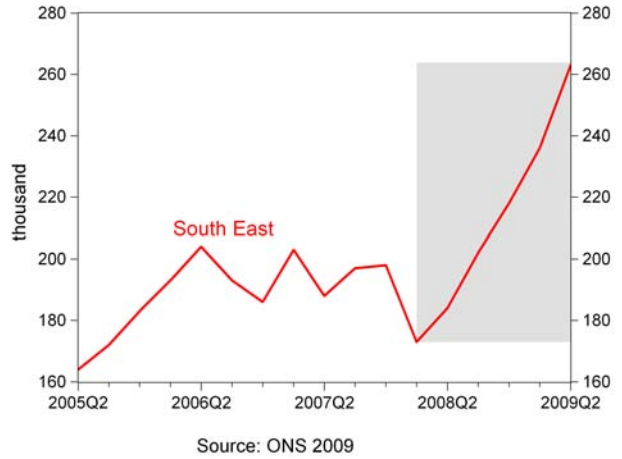


Figure 1-2.5: A sharp increase in unemployment over the past 18 months

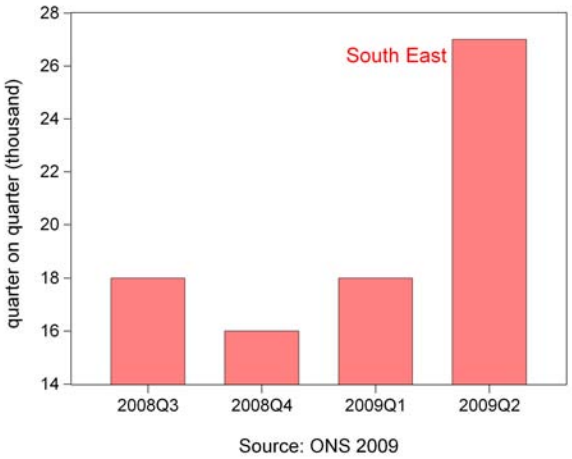


Figure 1-2.6: The sharpest increase in unemployment to date was in 2009Q2

Since the start of the recession the number of people claiming Job Seekers Allowance (JSA) has increased by some 87,000 to almost 157,000 in August 2009 - the highest level since February 1997 (Figure 1-2.7). However, the rate of increase in unemployment peaked in February 2009 with the sharpest increase on record (Figure 1-2.8). In the six months since then the rate of increase has slowed down sharply, but it is likely that we will see a faster increase in unemployment over the coming months once new graduates and school leavers enter the labour market. Moreover, there is likely to be significant 'hidden' unemployment in the South East, as many people are ineligible to claim JSA due to high household incomes, so in some cases are more likely to become economically inactive rather than registering as unemployed.

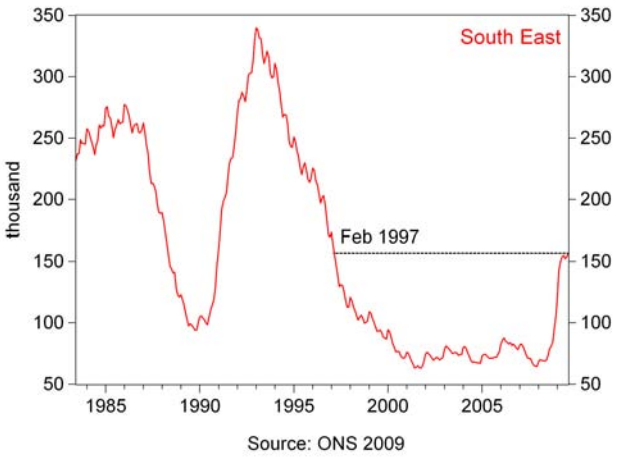


Figure 1-2.7: The number of people claiming JSA has increased sharply

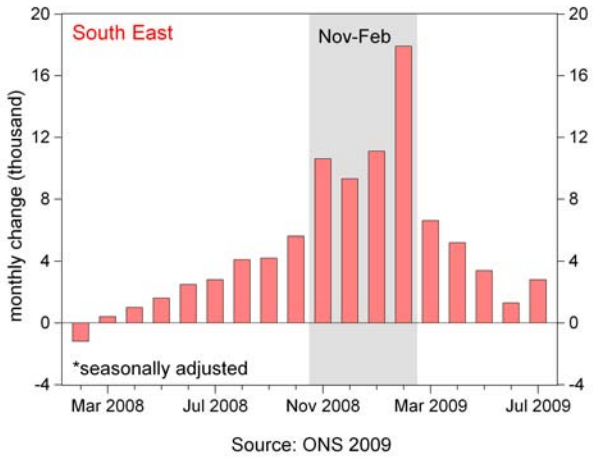


Figure 1-2.8: The rate of increase has slowed down since February 2009*

Throughout 2008 and in early 2009 it was coastal areas of the South East that experienced the sharpest increase in unemployment. However, over the past six months the greater spread of the recession into service activities has contributed to a faster increase in unemployment across the inner South East, with several large urban areas experiencing sharp increases in unemployment (Figure 1-2.9). Over the past 12 months Reading and a number of other large urban areas have seen the fastest increases in unemployment. Largely rural areas have experienced slower rises in unemployment (Figure 1-2.10).

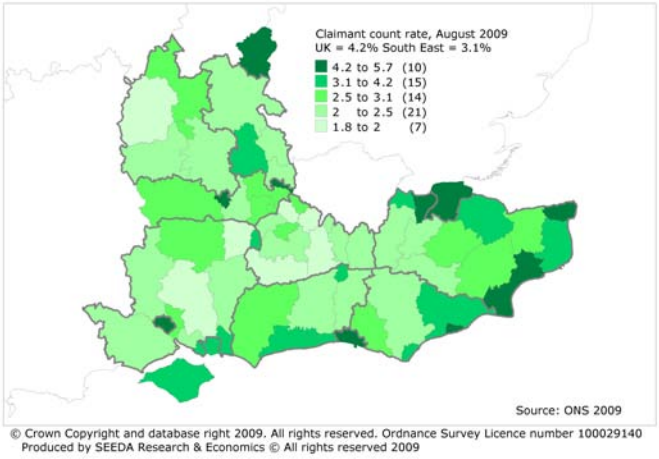


Figure 1-2.9: Unemployment rate, August 2009

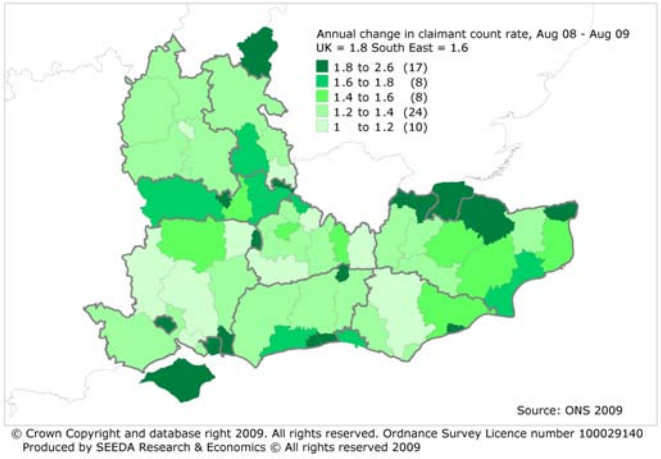


Figure 1-2.10: Unemployment rate, August 2008 - August 2009

The latest survey evidence suggests that a gradual recovery is underway in the South East. Business activity increased in July and August in the South East for the first time since June 2008, according to the Purchasing Managers Index, which provides a respected monthly survey of business conditions (Figure 1-2.11). There was a similar picture for new orders, which increased in the South East in July and August for the first time since April 2008 (Figure 1-2.12).

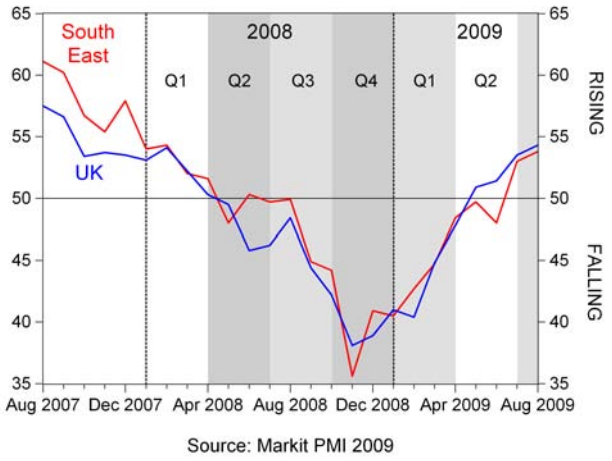


Figure 1-2.11: Business activity (output) expands for the first time since August 2008

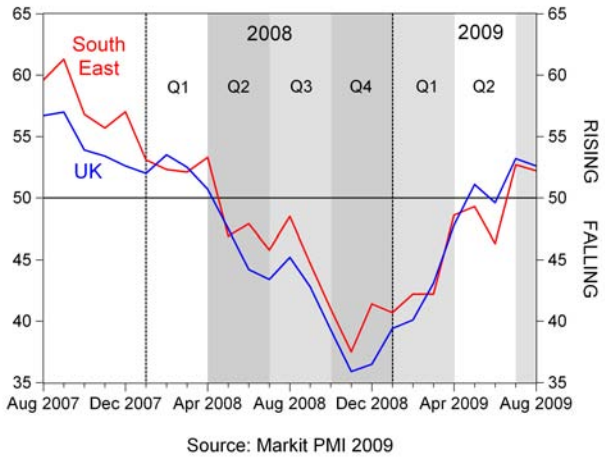


Figure 1-2.12: Volume of new orders at the highest level since April 2008

The region's small businesses have been affected by the downturn to a greater extent than larger businesses and the latest Federation of Small Businesses (FSB) survey shows that there has been a marginal improvement in the level of trade in the South East since the beginning of 2009. In this survey of around 800 businesses in the South East, we have seen a small fall in the proportion of businesses reporting a decrease in trade. However, businesses reporting decreased trade over the past 2 months still outnumber those reporting increased trade (Figure 1-2.13). The proportion of firms reporting increases has fallen since June, though fewer firms in the South East report decreases compared to the UK average (Figure 1-2.13).

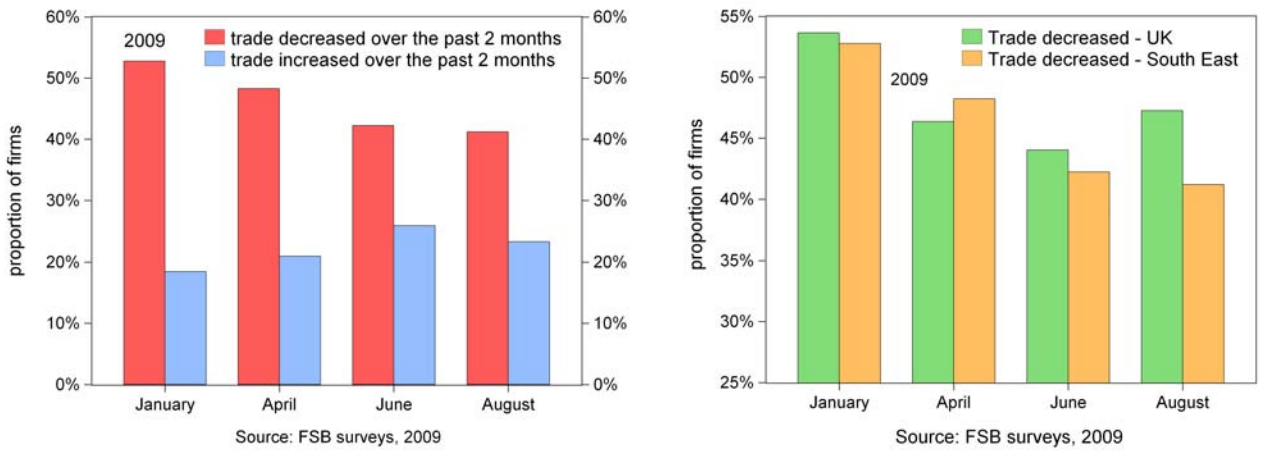


Figure 1-2.13: Has your level of trade increased or decreased over the past 2 months?

Although some liquidity has recently returned to financial markets, access to finance has remained one of the most pressing issues for businesses and in particular for small businesses across the region over the past 12 months. The FSB survey suggests that while slightly fewer firms in the South East reported being refused credit in August, the cost of new finance may actually have risen since June for many small firms (Figure 1-2.14).

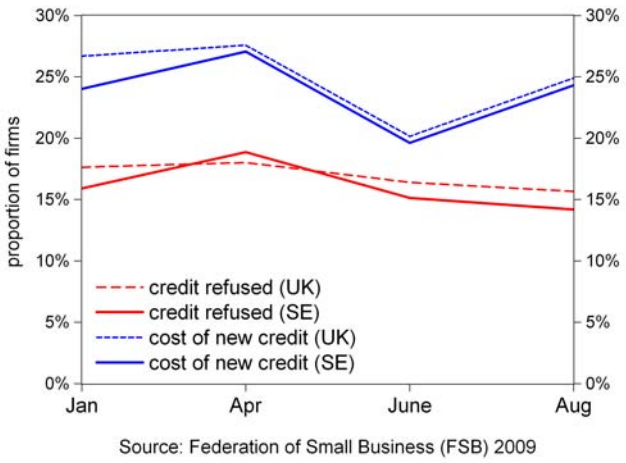


Figure 1-2.14: Access to credit and cost of new credit

The South East and UK economies are on the path to recovery, but businesses in the South East remain cautious about the strength of the recovery. The latest survey evidence from a number of sources implies that business activity in the UK and South East has gradually started to recover. In its latest World Economic Outlook the International Monetary Fund (IMF) suggests that the global economy is expanding again. However, the IMF expects the pace of recovery to be slow.

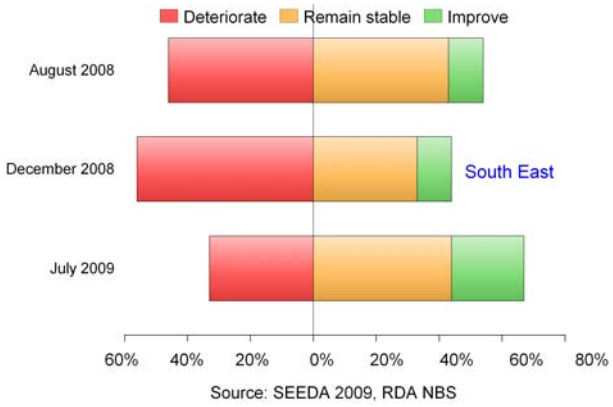


Figure 1-2.15: Business remains cautious about the outlook (% businesses expecting business climate to..)

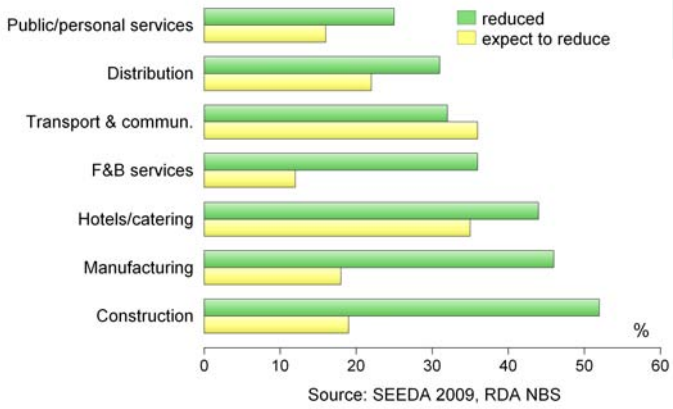


Figure 1-2.16: Businesses reporting reductions in the number of staff, South East England

Our latest survey (June 2009) shows that the outlook in the region has improved since the end of 2008. In December 2008 some two thirds of businesses in the region expected the business climate to deteriorate over the following 12 months. Our latest survey shows that in June 2009 some two thirds of businesses expect the business climate to remain stable or improve over the next 12 months (Figure 1-2.15). However, one in three businesses in the region still expect conditions to deteriorate over the next 12 months.

Clearly businesses remain cautious about the outlook over the next year and there are a number of reasons behind this. Global economic recovery remains fragile and businesses are clearly cautious about the strength of global demand. Business investment is at historically low levels and in some cases access to finance still remains difficult. With slower growth in business investment, consumer and government spending, domestic demand is expected to remain fragile which could lead to slower recovery.

Although significant, the impact on the labour market has so far not been as severe as feared, when compared to the sharp contraction in output. However, employment and unemployment are lagging indicators of business activity and with so much spare capacity in the economy it will take some time before we see an upturn in the labour market. Our June 2009 survey shows that almost 30% of businesses in the region expect to reduce staff over the next 12 months.[(5)] Over the past year we have witnessed a sharp increase in redundancies in the manufacturing and construction sectors. However, over the next 12 months less than one in five businesses in manufacturing and construction expect to reduce staff. A greater proportion of businesses in transport and communications and hospitality expect to reduce staff than in other sectors (Figure 1-2.16). Given that to date claimant count unemployment has been on the increase for some 15 months and that during the last recession it continued to increase for more than 30 consecutive months, it will probably take some time before we see a recovery in the labour market.

The sharpest contraction in the world economy since the 1930s has had a significant impact on the South East economy and hence on a range of RES targets. The depth of the contraction and its impact on public spending (alongside other factors) will have a significant impact on the deliverability of a number of regional (and national) targets.

5 For further information see SEEDA (2009) *RDA National Business Survey – South East*, July 2009.

2 Regional Economic Strategy 2006-2016: objectives and targets

2.1 Headline Targets

Headline Target 1	**GVA per head growth**	**Achieve an average annual increase in GVA per capita of at least 3%.**
Indicator(s):	HT1-1: Average annual growth rate in GVA per head	

Box HT1: Key messages

- **The latest independent estimates show a GVA per head growth rate in the South East of around 1.8% in 2007, falling to just 0.3% in 2008.**
- **The most recent independent forecasts for GVA per head growth in 2009 in the South East point to a significant decline of about 4%, which would reverse the gains of recent years. By the end of 2009, GVA per head is forecast to be below the level recorded in 2006 (in constant prices).**
- **The latest survey evidence suggests that while conditions improved somewhat in mid-2009, the business climate remains tough and many businesses remain pessimistic in their outlook.**
- **In the longer run, any recovery is forecast to be slow, with a further small decline in GVA per head possible in 2010, followed by subsequent growth, though at rates significantly below 3% per year.**
- **It is important to remember that the RES target refers to the average annual rate of growth over a 10-year period. Nevertheless, in the context of the current recession, where output at UK level has fallen at its fastest rate since the Second World War, there now appears to be little prospect of achieving this target over the period 2006-2016 as a whole.**

Gross Value Added (GVA) per head is the most commonly used indicator of economic prosperity at regional level and it is the overarching economic target in the RES.

The Government's commitment to the regional dimension of its economic policy is set out in a Public Service Agreement (PSA) target to "*make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006.*"[6] The REP PSA target will have been met successfully if for every region the annual average rate of growth in GVA per head over the period 2003-2008 is higher than the baseline. However, preliminary estimates indicate that no region successfully achieved this rate of growth over this period.

HT1-1: Average annual growth rate in GVA per head

Over the REP PSA baseline period (1990-2002), average annual growth in real GVA per head in the South East was around 2.7% (Figure HT1-1).[7] Independent estimates from Experian show an average annual growth rate in GVA per head of around 3.5% between 1997 and 2003. This means that the RES target was set after a period of what we now know to have been unusually strong economic growth.

6 HMT, DTI, Communities and Local Government (2006) *Regional Economic Performance: Progress to Date*, December 2006.

7 SEEDA estimates based on Experian data.

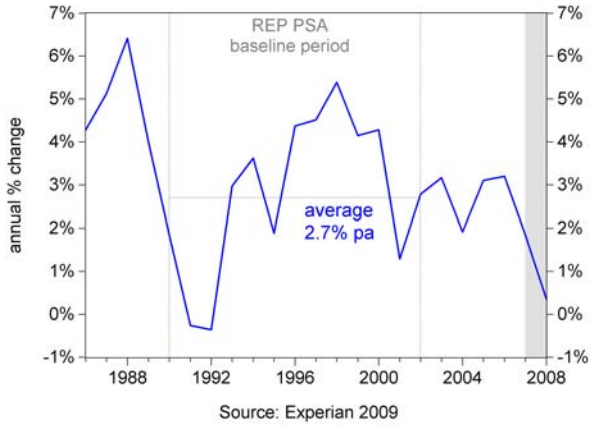


Figure HT1-1: GVA per capita growth over REP PSA baseline period, South East England

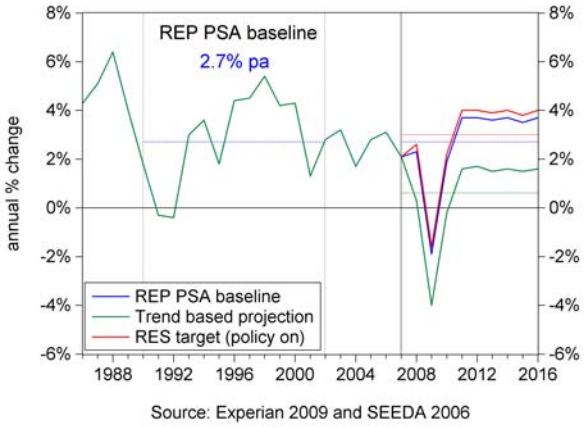


Figure HT1-2: GVA per capita growth rate. Trend based projection and policy on scenario

Figure HT1-2 shows the baseline scenario (largely policy neutral trend based projection) and the RES target (policy on scenario). The RES headline growth target refers to an average annual growth rate of at least 3% over the 2006-2016 period (Figure HT1-2). While the RES target rate is higher (0.3 points) than the REP PSA baseline rate of growth, it is lower than the rate experienced between 1997 and 2003. The period between 1997 and 2003 was a period of exceptional growth in both productivity and employment, driven by a stable macroeconomic environment, microeconomic reforms and global growth. The current RES target was set at a time when monetary policy was beginning to be tightened, public spending increases were slowing, and UK and global demand was moderating, so it was thought that the target should be set above the level forecast by independent projections (largely policy neutral) and the REP PSA baseline, but below the rate of growth experienced between 1997 and 2003. The current recession (which was not foreseen) has obviously affected this, with decreases in GVA per head due to falling output making it unlikely that the target of 3% average growth will be met.

The latest independent estimates from Experian show that in 2006 GVA per head in the region expanded by around 3.2% on the previous year, followed by a rate of growth of around 1.8% in 2007 (Figure HT1-3). The latest estimate for 2008 shows a growth rate of just 0.3%, as the recession began to take hold.

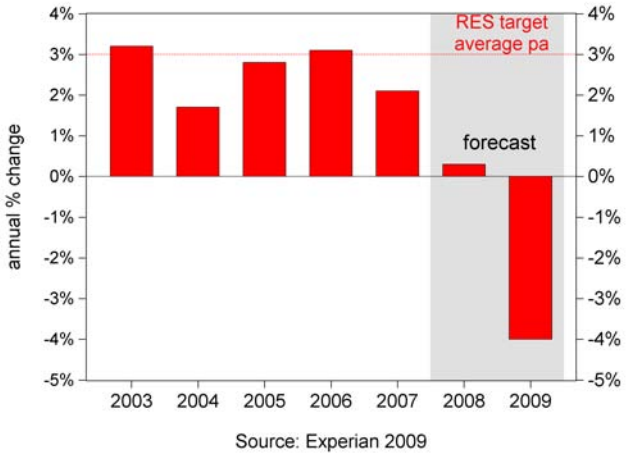


Figure HT1-3: GVA per head growth 2003-2009, South East England

The largest effects of the recession are forecast to be felt in 2009, with the latest independent forecasts[8] putting the decrease in GVA per head in the South East at around 4%. From 2010 onwards, growth is forecast to resume, though at relatively slow rates of between 1% and 2% per year.

8 Experian estimate, Regional Planning Service, Spring 2009.

Headline Target 2	**Productivity**	**Increase productivity per worker by an average 2.4% annually from £39,000 in 2005 to at least £50,000 by 2016 (constant prices).**
Indicator(s):	HT2-1: Productivity growth; absolute increase in productivity in constant prices	

Box HT2: Key messages

- **Productivity alongside employment is a driver of economic growth and prosperity.**
- **Output per hour worked in the South East increased strongly in 2006 by 3.7%, well above the RES target, though the rate of growth fell to 1.4% in 2007.**
- **The latest independent estimates for 2008 indicate that the rate of growth in labour productivity fell again, to 1.1%, as the recession began to take hold. In 2009, productivity growth is forecast to fall by 1% as the worst of the recession is felt.**
- **Beyond 2009, the latest independent forecasts are for labour productivity to resume growing, though at rates below the RES target.**
- **It is important to remember that the RES target refers to the average annual rate over a 10-year period. However, at this stage, it seems unlikely that the target will be met.**

The level of GVA in the South East depends on how many people are in employment and how productive they are. Productivity is a driver of regional and national competitiveness and alongside employment it is a driver of regional prosperity. Given the limited scope for a significant increase in employment rates in the region (the employment rate in the South East is amongst the highest in the world), an increase in living standards in the South East will increasingly depend on productivity growth.

Although there are several measures of productivity, labour productivity is the most widely used measure in the UK. Labour productivity is a ratio of output to labour input and the most commonly used measure of labour productivity in the UK is output per hour worked.

Revised estimates indicate that output per hour worked in the South East has changed relative to the UK average, from 5.5% above the national average in 2006 to 4.7% above the average in 2007 (Figure HT2-1.1).

This still makes the South East the second best performing region in the country in terms of productivity per hour worked (Figure HT2-1.2). However, while the South East has better labour market outcomes (higher employment and economic activity rates) than London, it also has a significant productivity gap with London. In 2007, London's productivity was some 30% above the national average - mainly due to the significant concentration of highly productive financial services activity in the city (Figure HT2-1.2).

Since 1995, the UK has narrowed its productivity gap with major European economies (France and Germany) and the United States. However, the size of the gap with the US remains large (23%), and this highlights the productivity challenge for the UK and South East economies.[9]

9 Data based on ONS statistics.

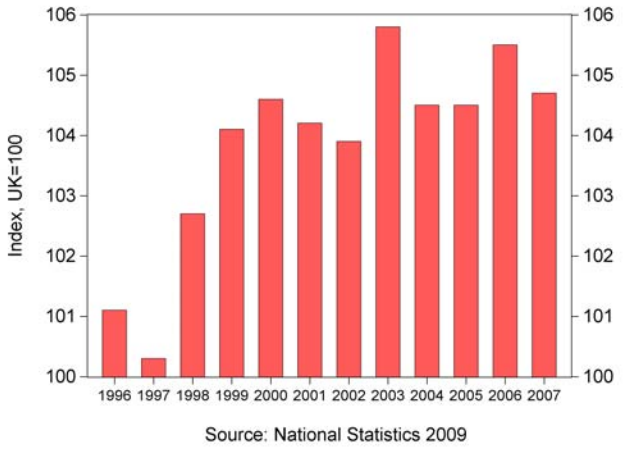


Figure HT2-1.1: Output per hour worked 1996-2007, South East England

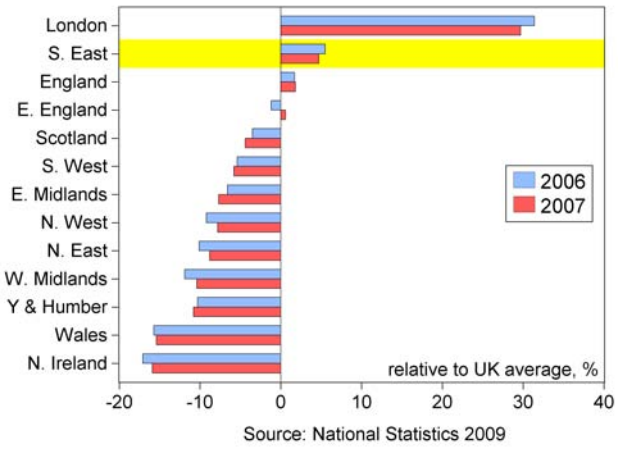


Figure HT2-1.2: Output per hour worked, UK regions/countries 2006 and 2007

Output per employee is an alternative measure of productivity often used at regional and sub-regional level. Since the data sets, namely output and employment, are readily available, it has the advantage of being easy to calculate. Another advantage of using this measure over the output per hour worked at regional level is that it allows us to use the latest independent forecasts of regional output and employment to estimate productivity per employee over the medium to longer term. Its main disadvantage is that it is influenced by the number of hours worked. The Regional Economic Strategy (RES) 2006-2016 uses a measure of labour productivity based on output per employee, but adjusted for the number of hours worked.

Figure HT2-1.3 shows the RES baseline productivity growth (largely policy neutral trend based estimate) and the RES target (policy-on scenario). The rate of productivity growth in the baseline (1.0%) is significantly lower than the RES target, and reflects the impact of the recession and the general global economic slowdown. The target rate of growth of 2.4% (based on a scenario simulation by Deloitte) represents the upper limit of what was seen as conceivably achievable when the targets were set.[10] The current recession is likely to have a significant impact on the prospects for achieving this target.[11]

Figure HT2-1.4 shows the impact of both the baseline and the policy-on scenario on productivity per employee (shaded area A shows the impact of the trend based growth and area B shows the impact of the policy on scenario – higher growth in productivity from the RES). Achieving the RES target would mean increasing output per employee by around £4,700 by 2016 (constant 2001 prices), applied over a workforce (workplace based) of over 4 million by 2016. Achieving the target would therefore obviously have a large impact on the South East economy, though the effects of the recession make this less likely.

10 Deloitte (2005) *Sustaining success in a prosperous region: Economic implications of the South East Plan*, Guildford, Deloitte for SEEDA.

11 Though note that because productivity is affected by the balance between output and employment, productivity can increase following a recession because output increases while employment (as a lagging economic indicator) stays flat.

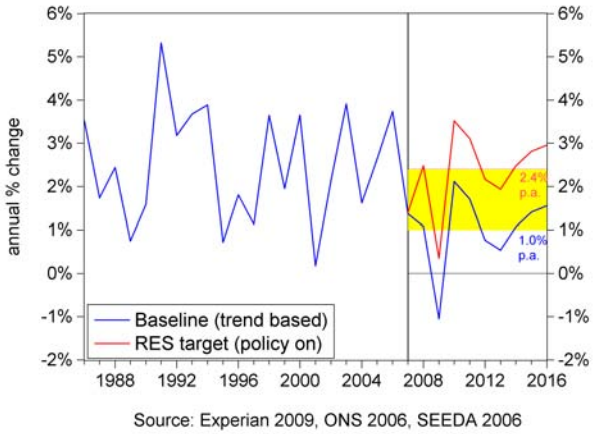


Figure HT2-1.3: Productivity growth rate. Trend based projection and policy on scenario

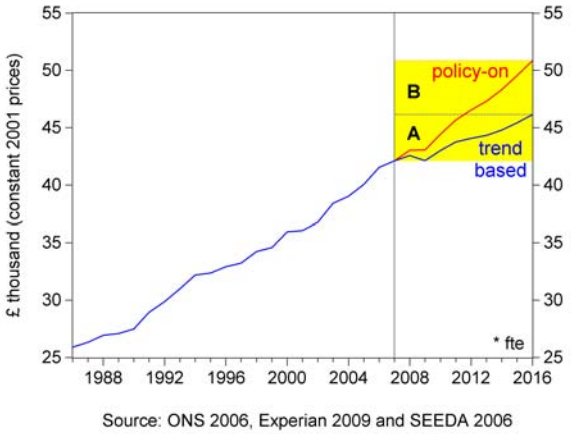


Figure HT2-1.4: Productivity per employee*. Trend based projection and policy on scenario

After an exceptionally strong performance between 1997 and 2003, a slowdown in output growth led to a slowdown in productivity growth in the South East in 2004 and 2005 (Figures HT2-1.5 and HT2-1.6). The latest independent estimates show that labour productivity in the South East increased from a revised estimate of £40,000 in 2005 to around £41,500 in 2006 – a growth rate above the RES target – but since 2006 growth has slowed. The latest independent estimates for 2007 and 2008 show labour productivity expanding at around 1.3%, while the latest forecast for 2009 points to a decline in labour productivity of around 1%.[(12)] Again, it seems less likely that the RES target will now be achievable.

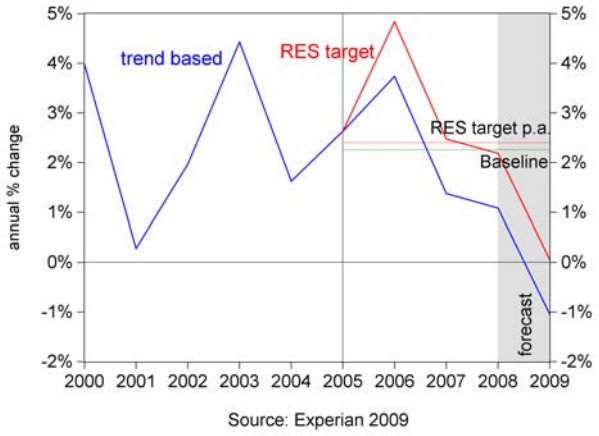


Figure HT2-1.5: Productivity growth in the South East 2000-2009

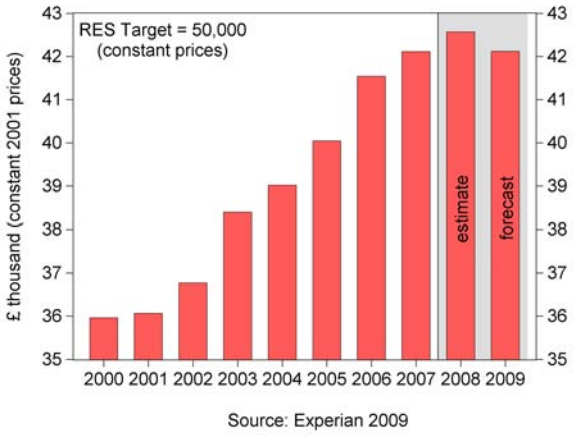


Figure HT2-1.6: Productivity per employee, South East England, 2000-2009

12 There is likely to have been a sharp fall in labour productivity in 2009, because output fell faster than employment, and difficulties in accessing finance had a detrimental effect on levels of investment. (Productivity is driven in part by capital investment).

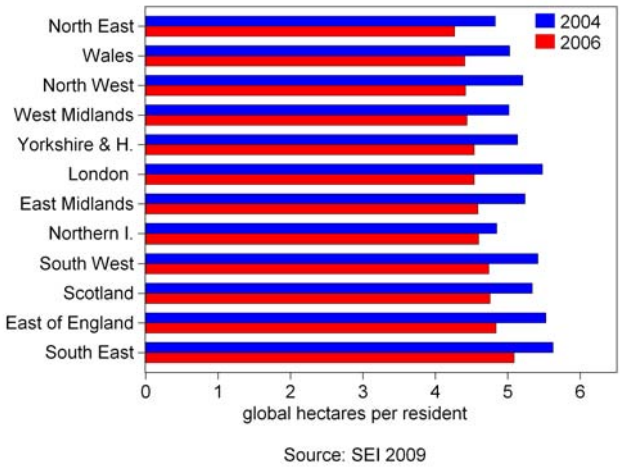
Headline Target 3	**Ecological footprint**	**Reduce the rate of increase in the region's ecological footprint**
Indicator(s):	HT3-1: The rate of increase in the ecological footprint	

Box HT3: Key messages

- **South East England has the largest ecological footprint of all UK regions and is currently almost 10% above the national average.**
- **Between 2004 and 2006 the South East ecological footprint fell by 9.7%, from 5.63 global hectares per capita in 2004 to 5.09 global hectares per capita in 2006.**
- **The current recession is likely to have stifled intensive investment in new technologies necessary to break the link between economic activity and consumption, but any spur to innovation once the upturn comes could help to promote new technological developments in this area.**
- **Greater investment in energy and water efficiency, low carbon initiatives and behavioural change are needed to stabilise and reduce the rate of growth in the ecological footprint in the South East.**

The ecological footprint can be described as the land area required to provide continuously all the natural resources and services for the consumption of a given population, wherever that land might be.[13] The latest estimates by the Stockholm Environment Institute show that at 5.09 global hectares per resident, South East England had the largest ecological footprint of all UK regions in 2006 - 9.6% above the UK average of 4.64 global hectares per resident (Figure HT3-1.1).

Between 2001 and 2006 the ecological footprint figure declined, from 6.07 global hectares per resident in 2001 to 5.09 in 2006. However, the data is not directly comparable: firstly there have been some methodological improvements which do not allow a direct comparison to be made between 2001 and 2006 data. Secondly, while between 2004 and 2006 the methodology remained the same, the ecological footprint results are reliant on national datasets which are subject to revision, which means that the historic footprint estimates can vary between publications.[14]



HT3-1.1: Ecological Footprint, UK regions, 2004 and 2006

13 The Stockholm Environment Institute.

14 The Stockholm Environment Institute in their summary of 2006 estimates points to the fact that as a result of the change in underlying datasets the ecological footprint is on average 12% lower than in the 2004 estimates. However, it is important that updates to the input data do not detract from the ecological footprint's message that remains consistent in every calculation made: that the majority of residents are proportionally consuming beyond the capacity of the earth's biosphere to provide and regenerate, ultimately leading to a degradation of environments and the use of resources at a faster rate.

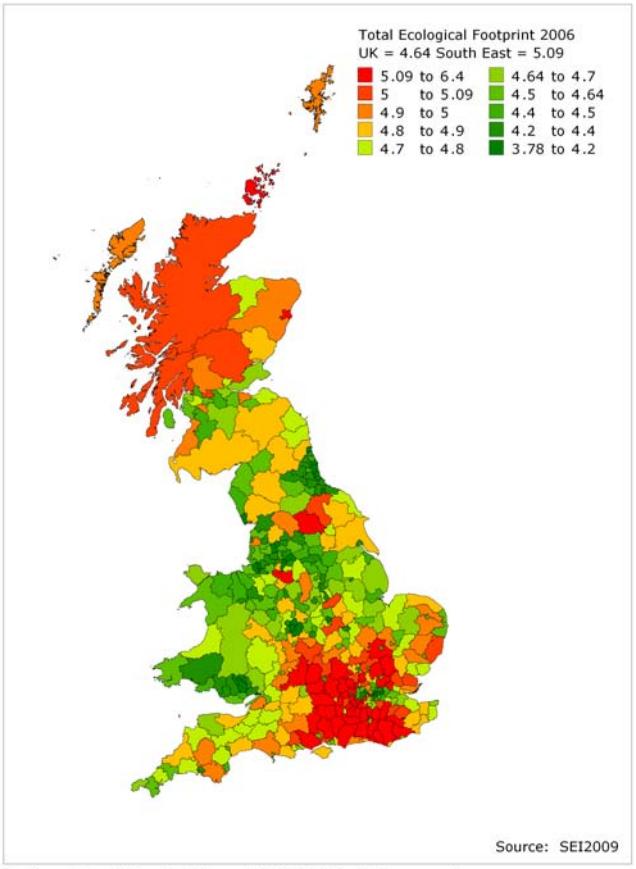


Figure HT3-1.2: UK Ecological Footprint

The connection between greater consumption and the ecological footprint seems to be obvious, with high ecological footprints in the wealthier London Boroughs, the South East and areas to the east of London (Figure HT3-1.2).[15]

Since the ecological footprint is correlated to some extent with consumption, the current recession could have a temporary positive impact on the rate of growth of the ecological footprint. However, in order to break the link between economic activity and consumption, intensive investment in new technologies will be required. This is likely to have been dented by the credit crunch and subsequent recession. On the other hand, the sharp burst of innovation which often accompanies the early stages of an upturn may accelerate progress in this area.

In future years, greater investment and behavioural change will be needed to stabilise and reduce the rate of growth in the South East's ecological footprint. This will involve major transformations towards improved efficiency and the introduction of new low/zero-carbon energy measures in all sectors, from the built environment, transport and energy supply to food, goods and services, waste and water.

15 Sub-regional estimates of the ecological footprint have to be interpreted with care since a number of data sets have been modelled (instead of being based on official data).

2.2 Global Competitiveness

Target 1	**Global business and foreign direct investment**	**Increase the percentage of businesses located in the South East operating internationally from an estimated 8% in 2003 to 12% by 2016, maximising the South East's share of global FDI.**

Indicator(s): T1-1: Percentage of exporting companies

T1-2: South East share of global FDI

Box T1: Key messages

- **The total number of exporting companies (excluding services) in the region fell from 9,058 in 2006 to 8,936 in 2008. However, the latest available data on the total number of exporting companies (including services) are related to 2006, which means it is not possible to provide an update on this indicator.**
- **However, the recession has led to a significant drop in global demand and trade, including a reduction in businesses' access to trade credit insurance, which will have had a negative impact on exports.**
- **The total number of exporting companies in the South East increased between 2003 and 2006, although the *proportion* of companies that export remained broadly stable, at around 8%.**
- **In recent years the number of foreign direct investments into the South East has risen, though there has been a significant decline in the South East's share of total UK FDI, from a peak of 18% in 2005/06 to 13% in 2008/09.**
- **Nevertheless, the South East is the second best performing UK region in terms of total number of project successes recorded in 2008/09.**

Exposure to major international markets strengthens competition and innovation, provides access to new ideas and technologies and in turn stimulates higher productivity and business growth.

T1-1: Percentage of exporting companies

Figure T1-1.1 shows the baseline and policy-on scenarios for the percentage of businesses operating internationally. The baseline figure is based on estimates of the total number of exporting companies in the region by DTZ Pieda Consulting on behalf of Trade Partners UK, and the target represents the upper limit of what in 2005 was seen as being reasonably achievable by 2016.[16] As a more up-to-date analysis has not yet been produced, it is not possible to provide an update on this target. Moreover, while data on the number of companies exporting goods is available, it is necessary to estimate the number of companies exporting services.[17] A complete update will be provided as soon as a new estimate on the number of exporting companies is produced.

16 DTZ Pieda Consulting (2005) *South East International Trade Strategy*, DTZ for Trade Partners UK.
17 Data on regional exports of services are available from BIS, but only for the period 2001-2006.

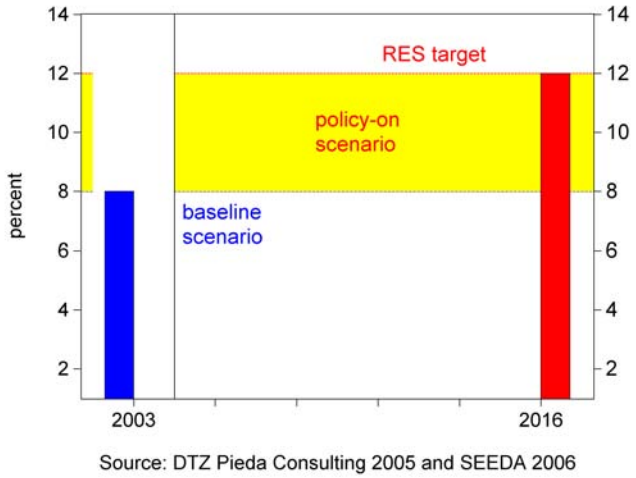


Figure T1-1.1: Percentage of exporting companies. Trend based projection and policy on scenario

Most recent data[18] indicate that the total number of exporting companies (excluding services) in the region increased from 8,399 in 2003 to a peak of 9,058 in 2006, though this has since fallen to 8,936 in 2008.

As mentioned earlier, the above figures significantly underestimate the total number of exporting companies as they are based on exports of goods only, while the service sector accounts for over 75% of the economy. The estimates produced by SEEDA (based on the DTZ approach) show that the total number of exporting companies has increased from 20,700 in 2003 to around 23,000 in 2006. Between 2003 and 2006 the proportion of exporting companies has remained broadly stable, at around 8%.

The current recession and the associated drop in global demand and trade will have had a negative impact on the number of exporting companies and the volume of exports in the South East and the UK.

T1-2: South East share of global FDI

Within the South East, inward investment plays an important role – in 2007/08, foreign-owned enterprises generated £45.5 billion in regional GVA, approximately 27% of the regional total.[19]

The number of foreign direct investments into the South East has risen sharply over the last few years, from 137 in 2003/04 to 221 in 2008/09, a 61% increase (Figure T1-2.1). Since the 2005/06 financial year, the number of FDIs recorded has remained relatively stable at around 220, though with a slight peak in 2006/07. At the same time, however, the South East's share of UK total FDI has fallen (Figure T1-2.2), from a peak of over 18% in 2005/06 to 13% in 2008/09. This is because the number of investments in other regions (notably London and to a lesser extent the North West) has increased over this period, which means that their share of total FDI has increased - in London's case, from 26% to 30%.

18 BIS 'Regional Economic Performance Indicators 2009'.
19 UKTI 'Trade and Investment Annual Report 2007-2008 – South East'.

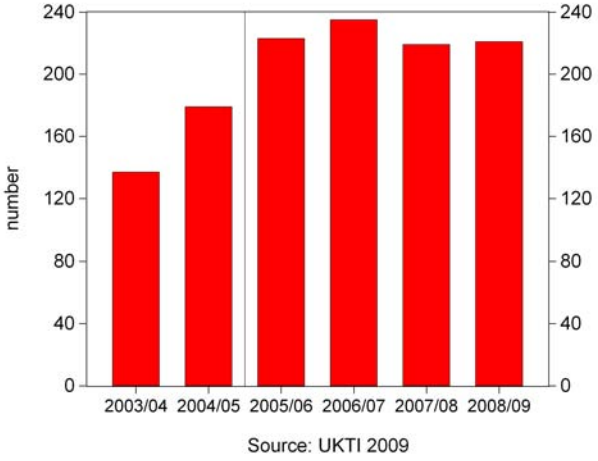


Figure T1-2.1: Number of FDIs recorded in the South East 2003/04 - 2008/09

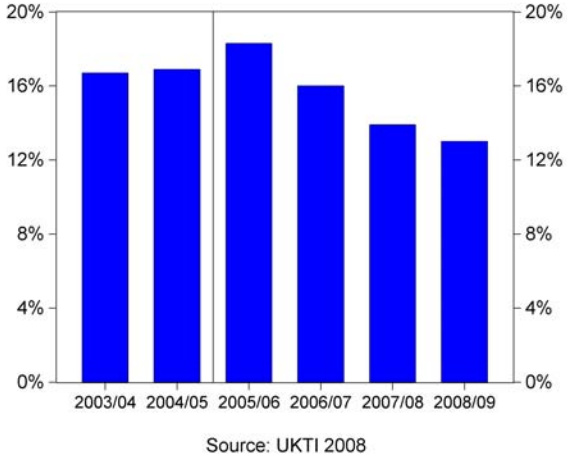


Figure T1-2.2: South East's share of UK total FDI, 2003/04-2008/09

The FDI arena has become increasingly competitive in recent years and difficult economic conditions have further enhanced the need for a strong regional service offering. Despite the decline in overall share in 2008/09, the South East remains the second best performing UK region in terms of total number of project successes recorded. Attracting new business depends on a number of regional factors such as location (proximity to major markets), infrastructure and skills, as well as a variety of external factors. North America continued to represent nearly half of all investments into the South East (47%) in 2008/09, with a relatively even split of remaining inward investment between Europe and Asia Pacific. Sterling has declined by more than 30% against both the Euro and the Dollar during the course of the recession so far, making the South East (and UK) a cheaper location to invest relative to the Eurozone.

Target 2	**Knowledge transfer and research and development (R&D)**	**Increase expenditure on research & development (R&D) in the South East from 3.2% of Gross Value Added in 2003 to 4% by 2016, and increase the proportion of businesses in the South East reporting R&D links with universities from 11% in 2005 to 15% by 2016.**

Indicator(s): T2-1: R&D expenditure as a proportion of GVA

T2-2: Proportion of businesses in the South East reporting links with universities

T2-3: Proportion of businesses reporting cooperation agreements on innovation

Box T2: Key messages

- **Similar to the trend across the UK, total R&D expenditure as a proportion of regional GVA has been declining in the South East since 2000. It is likely to decline further, given the impact of the credit crunch on access to finance which has constrained business investment.**
- **However, R&D spending as a proportion of GVA in the South East is the second highest of any UK region.**
- **The majority of R&D expenditure is accounted for by business R&D.**
- **The South East accounts for between a fifth and a quarter of total business R&D spend in the UK. The region's performance will therefore have a significant impact on the Government's ability to achieve its target of increasing R&D spend as a proportion of GVA.**
- **The latest survey data show that the proportion of South East businesses reporting links with universities has remained relatively stable in 2009.**
- **Between 2004 and 2006 the proportion of businesses reporting co-operation agreements on innovation in the South East was slightly higher than the national average. However, from 2002-2004 to 2004-2006 the proportion of businesses reporting co-operation agreements on innovation in the region dropped from 14% to 11%.**
- **A better idea of progress to date can be gathered once data scheduled for release in 2010 becomes available.**

Innovation and knowledge transfer are crucial if regions are to compete in the global economy. There are, however, market failures that hamper investment in Research & Development (R&D) and knowledge transfer activities. For example, firms may tend to under-invest in R&D because of a lack of relevant skills, or because they do not take the wider societal benefit of their research into account. Evidence shows that there is a lack of co-ordination in collaborative research between firms and universities who could share costs and spread the benefits of R&D.

As it is increasingly recognised that knowledge is the major source of competitiveness, a failure to intervene in this area could damage the long-term competitiveness and growth prospects of South East businesses through foregone economic benefits such as higher productivity, moving up the value chain or other competitive advantages.[20]

T2-1: Expenditure on R&D as a proportion of GVA

Expenditure on R&D is a measure of R&D input and one of the most widely used proxy indicators for innovation. Innovation is one of the most important drivers of productivity and competitiveness. However, we have to be aware of the fact that R&D expenditure is a measure of innovation input and not necessarily innovation output.

The effect of the recession on innovation is unclear – firms may be 'stimulated to innovate' as they face more competitive markets, though on the other hand cost pressures may lead to reduced R&D spending. As this indicator measures innovation input, it is quite possible that R&D spending may fall without innovation necessarily declining. Latest survey results[21] indicate that spending levels are set to fall - between spring 2008 and spring 2009, the

20 For additional information on knowledge transfer and R&D see SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*, section 5.3 and SEEDA (2006*) Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework*.

21 RDA National Business Surveys, 2008-09. Full reports available on the SEEDA website.

proportion of firms expecting to reduce spending on product and process development compared to the previous 12 months doubled, while the number of firms expecting to increase spending fell by 8%. Difficulties in accessing finance could have an impact on firms' spending on R&D.

Figure T2-1.1 shows the baseline and policy-on scenarios, and progress to date. The baseline assumes the 2003 rate of R&D expenditure, which has since been revised downwards (hence the difference between the two), and the policy-on scenario assumes R&D expenditure as a proportion of regional GVA above the best performing UK region (in 2003). This is one of the most challenging targets in the current RES, since historically growth in R&D has been relatively slow and since the target indicator also depends on the growth in total output (GVA). As is evident, little progress to date has been made on this target.

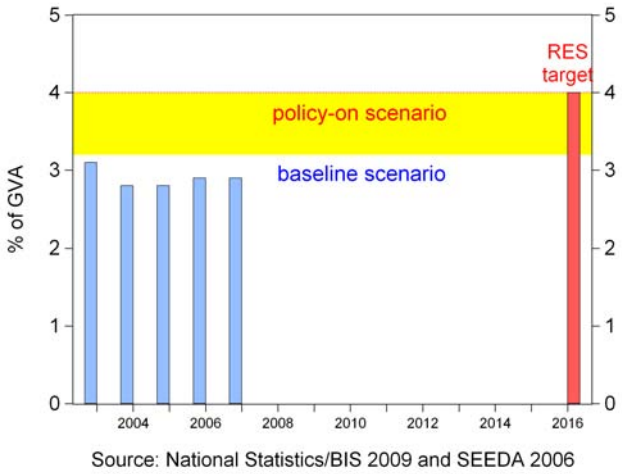


Figure T2-1.1: R&D expenditure. Trend based projection and policy on scenario.

Between 2005 and 2006 total R&D expenditure as a proportion of regional GVA in the South East increased from 2.8% to 2.9%, remaining at this level in 2007 (BIS 2009). This represents the second highest figure amongst UK regions, after the East of England, and is significantly higher than the UK average of 2.0% (Figure T2-1.3).

The UK trend of total R&D expenditure as a percentage of GVA between 1998 and 2005 appears stable, but is actually the result of very different trends amongst individual regions. Some regions such as the North East, North West and East of England reported increasing trends, some regions such as the Yorkshire and the Humber, East Midlands and London reported stable figures, and others such as the West Midlands and the South West experienced decreasing trends (Figure T2-1.2).

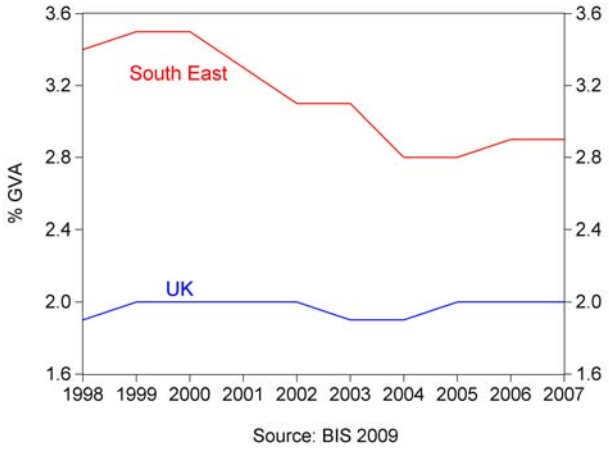


Figure T2-1.2: Total R&D expenditure, South East England and UK

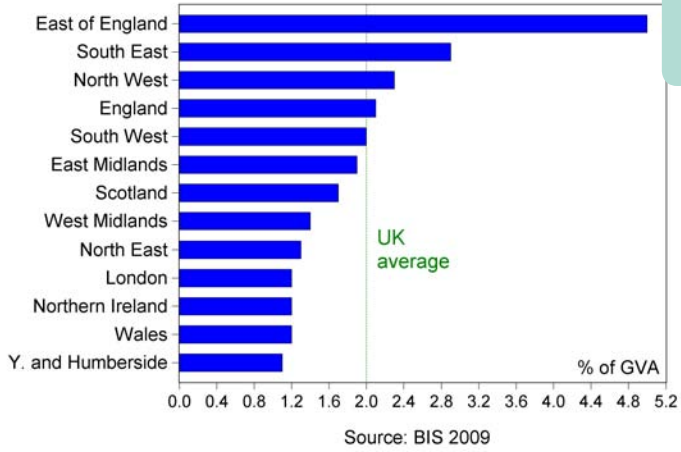


Figure T2-1.3: Total R&D expenditure by UK region/country, 2007

Looking at the components of R&D expenditure, the long-term decrease in total R&D expenditure as a percentage of regional GVA in the South East is mainly attributable to the decline in expenditure in R&D made by the business sector (Figure T2-1.4), although this has remained stable since 2004. However, business expenditure on R&D as a percentage of regional GVA is the second highest in the UK after the East of England and, in absolute terms, the South East has the highest business expenditure on R&D nationally, accounting for some £3.6 billion in 2007, representing 22% of total UK business expenditure on R&D (Figure T2-1.5).

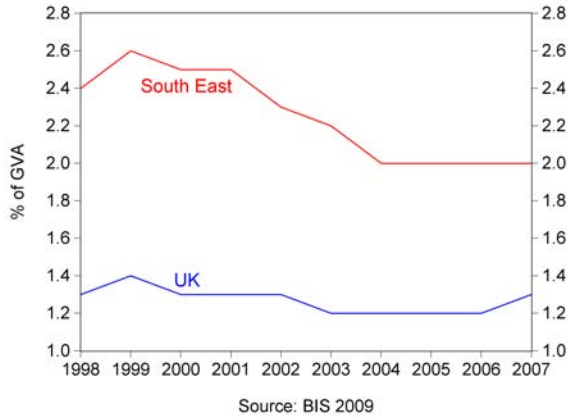


Figure T2-1.4: Business R&D expenditure, South East England and UK

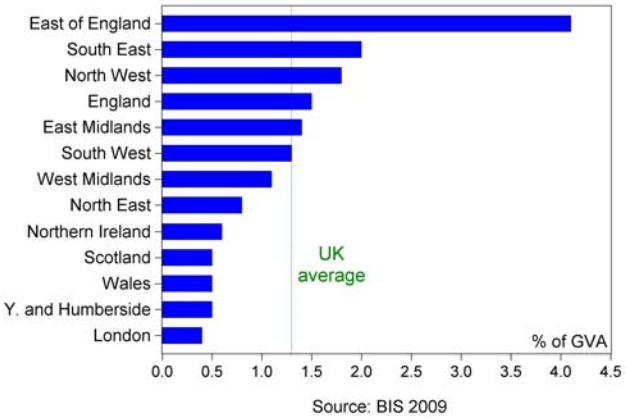


Figure T2-1.5: Business R&D expenditure by UK region/country, 2007

Government expenditure is a smaller component of total R&D expenditure, and has remained stable at 0.4% of GVA since 2003. (Figure T2-1.6). This is twice the UK average of 0.2%, and in 2007 the South East had the highest proportion of government R&D expenditure of all UK regions (Figure T2-1.7).

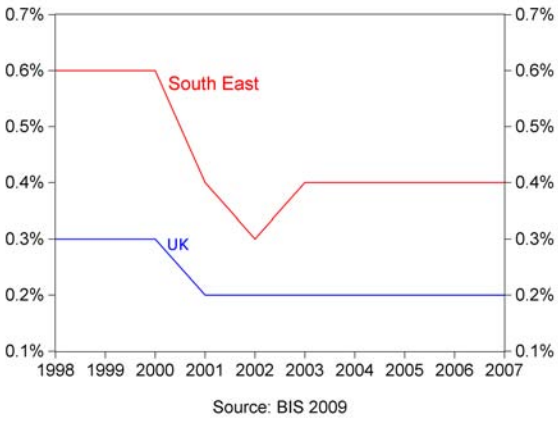


Figure T2-1.6: Government R&D expenditure, South East England and UK

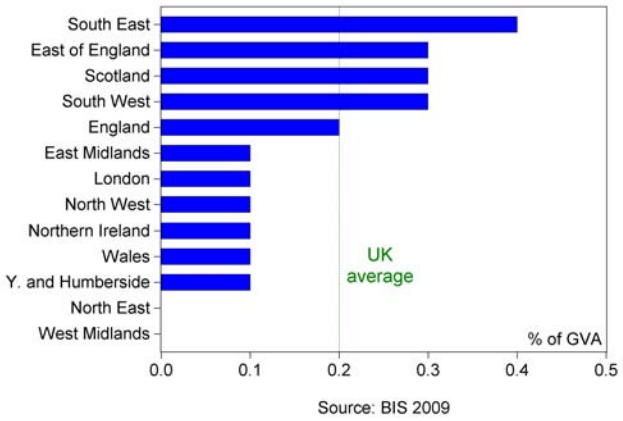


Figure T2-1.7: Government R&D expenditure by UK region/country, 2007

Expenditure on R&D by higher education is the third component of total R&D spending in the UK. The proportion of regional GVA accounted for by higher education R&D expenditure has remained fairly static, at 0.5% in both the South East and the UK between 2001 and 2007 (Figure T2-1.8). Scotland is the best performer nationally, with higher education expenditure on R&D as a proportion of regional GVA of 0.9%, with most other regions having proportions of around 0.5-0.6% (Figure T2-1.9).

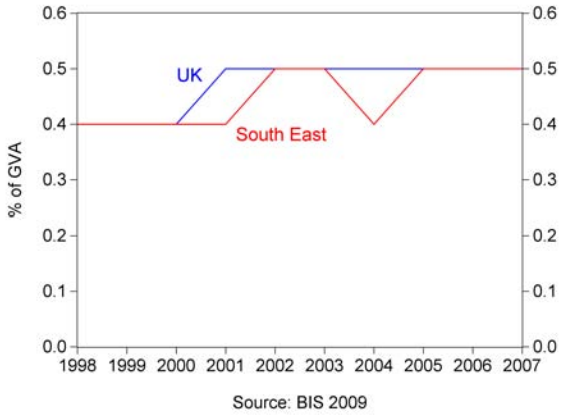


Figure T2-1.8: Higher education R&D expenditure, South East England and UK

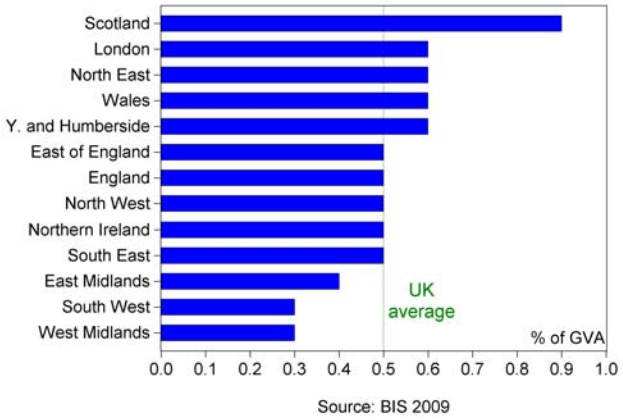


Figure T2-1.9: Higher education R&D expenditure by UK region/country, 2007

T2-2: Proportion of businesses in the South East reporting links with universities

Within the UK, a lack of co-ordination in collaborative research between firms and universities who could share the costs and spread the benefits of R&D has traditionally hampered innovation. Quantitative intelligence on business R&D links with universities is still patchy as it comes from a number of irregular surveys. The RDA survey of UK regional economic trends is one of the sources of regular data on businesses' links with universities.

Figure T2-2.1 shows the baseline and the policy-on scenario. The baseline scenario is based on the 2005 rates, while the policy-on scenario and the RES target assume a four-point growth over the period. In 2006, 7% of businesses in the South East reported links with universities, below the national average of 9%. In 2007 (Spring), this proportion had fallen to 6% compared to 11% nationally (Figure T2-2.2).

However, from 2008 onwards the methodology of the survey was improved, and more recent results indicate a higher proportion of businesses reporting R&D links with universities than previously suggested. The data from the later waves of the RDA Business Survey (2008 and 2009) are more robust than previous waves, with larger sample sizes, and as such the large jump from 2007 to 2008 is likely due primarily to the change in methodology rather than any actual increase in the proportion of businesses with links to universities.

The latest results indicate that 12% of firms in the South East have R&D links with universities - a similar proportion to the national average.

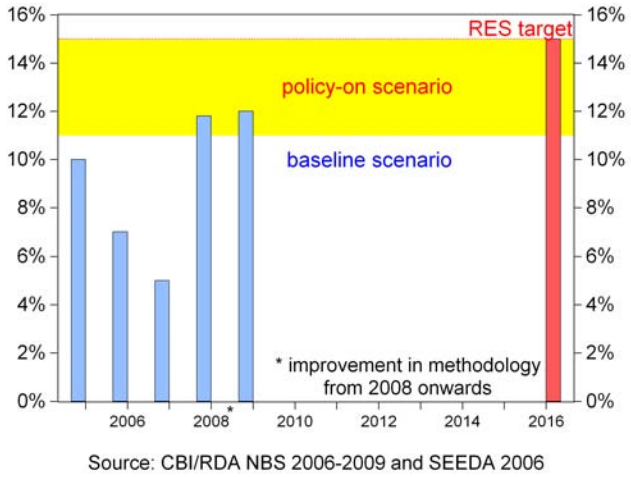


Figure T2-2.1: Businesses reporting R&D links with universities. Trend based and policy on scenario

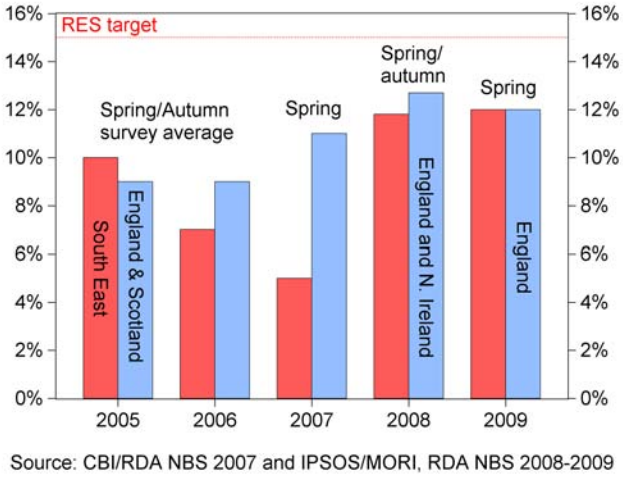


Figure T2-2.2: Businesses reporting links with universities, South East England

T2-3: Business cooperation agreements on innovation

The links between business and universities are important factors in the innovation process; equally important are business co-operation agreements on innovation. The Community Innovation Survey[22] (CIS05) puts the region in a better position than described above, showing more South East enterprises with co-operation agreements on innovation than the national average.

22 The Community Innovation Survey (CIS) monitors Europe's progress in the area of innovation and creativity. The latest available data refers to the period 2004-2006 (CIS5), whilst the previous survey (CIS4) refers to 2002-2004. In the past CIS has been conducted every four years; at the moment the survey is conducted every two years, with the next survey results due to be published in 2010.

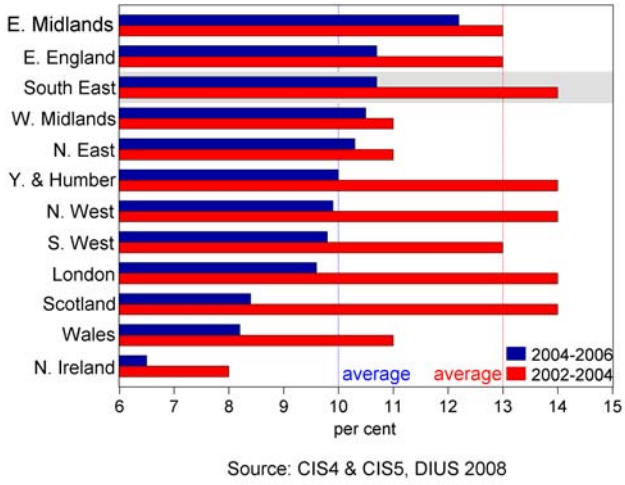


Figure T2-3.1: Enterprises with co-operation agreements on innovation, by region, 2002-2004 and 2004-2006

In 2004-2006, the South East had a slightly higher proportion of businesses reporting co-operation agreements on innovation compared to the national average (11% compared to 10% nationally). However, the proportion of enterprises with cooperation agreements on innovation in the South East dropped by 3 percentage points from 2002-2004 to 2004-2006. A significant decrease took place in almost all UK regions and countries, with falls of up to five percentage points.

This decline could be due to the decreasing trends in business R&D and in novel product innovation (realisation of new-to-the-market products, see following section). In fact, some studies[23] based on CIS data have shown that cooperative agreements on innovation activities are positively correlated to the amount of R&D undertaken at business level and to the amount of novel product innovation. As we have seen earlier, business R&D has been consistently falling in recent years and at the same time, as we illustrate in the next section, the proportion of business turnover attributable to new products in the South East has dropped significantly between 2004 and 2006. Both these factors could have had a considerable negative impact on the number of co-operation agreements on innovation.

The next wave of the Community Innovation Survey will be released in 2010, which will allow us to see the effect of the recession on business co-operation and innovation agreements.

23 Tether, B.S. (2002), 'Who co-operates on innovation, and why. An empirical analysis.', *Research Policy*, 31, pp.947-967;Fritsch, M., Lukas, R. (2001), 'Who cooperates on R&D?', *Research Policy*, 30, pp.297-312.

Target 3 **Innovation and Creativity** **Increase the percentage of total South East business turnover attributable to new products (new to market) from 12% in 2004 to 20% by 2016, and the percentage attributable to significantly improved products from 18% in 2004 to 25% by 2016.**

Indicator(s): T3-1: The percentage of total South East business turnover attributable to new products (new to market)

T3-2: The percentage of total South East business turnover attributable to significantly improved products

Box T3: Key messages

- **The percentage of business turnover in the South East attributable to new products is above the UK average, at 10% in 2006, although this has fallen from 12% in 2004. The South East ranks second behind London.**
- **The South East has the highest proportion of business turnover attributable to significantly improved products of any region, at 19% in 2006, and this figure has increased from 18% in 2004.**
- **New data to measure change over time for this target will not be available until the publication of the sixth Community Innovation Survey in 2010. As such, it will not be possible to see the effect of the recession on these indicators until then.**
- **The effect of the recession on innovation and creativity is unclear. Increased competition may have increased the need for firms to innovate to survive, but cost pressures have likely also led to a reduction in innovation spending.**
- **The RDA Business Survey for June 2009 indicates that more firms are expecting to increase than to reduce their spend on product and process development in the next 12 months.**

There are very few sources of data on innovation output, such as business turnover attributable to new products. The Community Innovation Survey (CIS) is the most widely used survey in the European Union and the UK.

T3-1: Percentage of business turnover attributable to new products (new to the market)

Figure T3-1.1 shows the baseline and policy-on scenarios for turnover attributable to new products (new to the market). The baseline scenario is based on the assumption that the proportion of business turnover attributable to new products remains broadly constant at 12% over the RES time horizon. The policy-on scenario assumes growth in the percentage of business turnover attributable to new products to 20% by 2016.

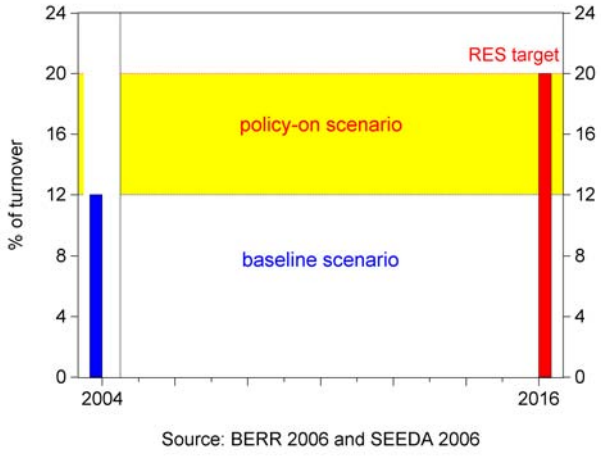


Figure T3-1.1: Turnover attributable to new products. Baseline and policy on scenario

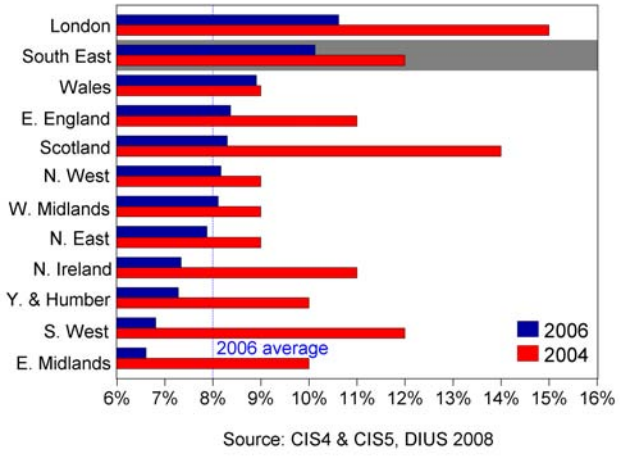
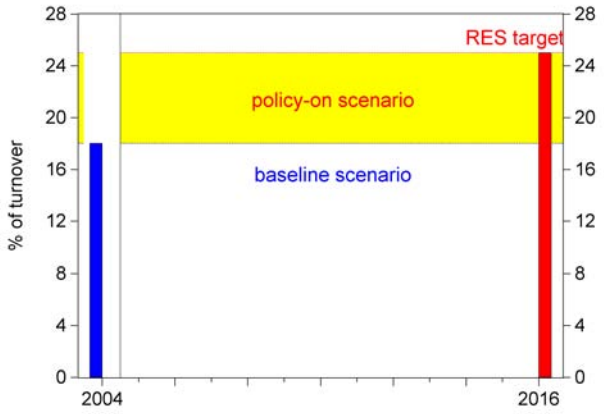


Figure T3-1.2: Business turnover from new products (new to the market), by region, 2004 and 2006

The average proportion of business turnover attributable to new products in the South East is one of the highest in the UK. At 10% the South East ranks second after London, compared to a UK average of 8% (Figure T3-1.2). However, the proportion of business turnover attributable to new products in the South East dropped from 12% in 2004 to 10% in 2006. All UK regions and countries have experienced a fall in the average turnover attributable to new products between the last two Community Innovation Surveys, apart from Wales which experienced no change. The largest fall took place in Scotland (6 percentage points' decrease in the average turnover attributable to new products) between 2004 and 2006.

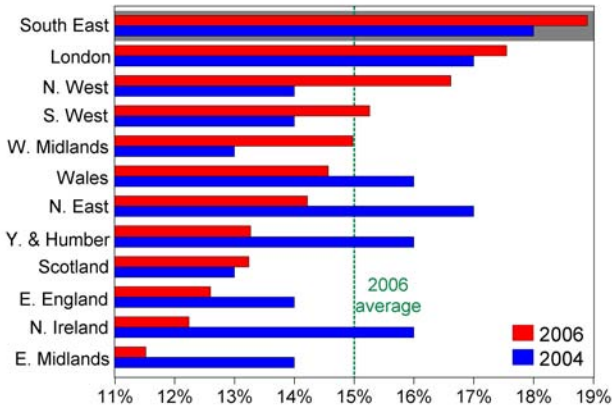
T3-2: Percentage of business turnover attributable to significantly improved products

Figure T3-2.1 shows the baseline and policy-on scenarios for turnover attributable to significantly improved products. The baseline scenario is based on the assumption that the proportion of business turnover attributable to significantly improved products remains broadly constant at 18% over the RES time horizon. The policy-on scenario assumes a growth in the percentage of business turnover attributable to significantly improved products to 25% by 2016.



Source: BERR 2006 and SEEDA 2006

Figure T3-2.1: Turnover attributable to significantly improved products. Baseline and policy on scenario



Source: CIS4 & CIS5, DIUS 2008

Figure T3-2.2: Business turnover from significantly improved products, by region, 2004 and 2006

The proportion of turnover attributable to significantly improved products is higher for businesses located in the South East than in any other region: 19% of the total turnover of South East businesses is derived from significantly improved products, compared to 15% nationally (Figure T3-2.2). In contrast to the trends related to the proportion of business turnover attributable to new products, the South East has experienced an increase in the average proportion of turnover attributable to significantly improved products, from 18% in 2004 to 19% in 2006.

The CIS6 due in 2010 will allow us to report progress for Target 3, with future updates available every two years.[24] This will also allow us to see what effect the recession has had on innovation, which is currently difficult to determine. For example, a recession may be an ideal time for a firm to temporarily shut a store in order to install new technology, or may increase the need for firms to innovate to survive. On the other hand, financial pressures will likely lead to a decrease in spending on innovation inputs such as R&D.

24 Data lags are common at regional level, even for some of the most widely used data sets. For example, the latest official provisional estimate of regional GVA data from ONS is available for 2007, with the final 2007 and provisional estimated 2008 data due in December 2009. Furthermore, data sets are often subject to frequent revision that can have a significant impact on the previous estimates.

Target 4	**Infrastructure**	**Secure investment in infrastructure priorities to maintain international competitiveness**
Indicator(s)	A number of major infrastructure projects identified in the Regional Economic Strategy	
	T4-1: Total identifiable expenditure on transport, per head	

Box T4: Key messages

- **As the main UK gateway to Europe and the global economy, the South East's transport network requires significant investment, in order to maintain the competitiveness of both the regional and national economies.**
- **SEEDA has contributed to a range of new infrastructure projects aimed at increasing the capacity and quality of transport links in the South East.**
- **Total expenditure on transport in the South East increased at the slowest rate of all English regions between 2007/08 and 2008/09 and total expenditure on transport per head in the South East is significantly below the UK average and less than a third that of London.**
- **However, the South East is the only English region that has consistently spent its full regional funding allocation for transport; the South East is therefore proving that it can deliver the investment it requires from the Department for Transport.**

The South East is home to several major motorways (M3, M4, M25), key strategic seaports (Dover and Southampton), airports (Gatwick and Heathrow on its border) and strategic rail links (Channel Tunnel Rail Link). Thus, the transport network in the region is the main UK gateway to mainland Europe and the global economy.

As well as providing linkages to sub-regional, national and international markets, the transport network acts as a major driver of economic growth through influencing other aspects of the economy (such as investment). Thus, successfully competing in the global economy requires upgrading and improving the South East (and UK) access points, hence enabling our major transport hubs to modernise in a sustainable way in order to enable efficient movement of goods and labour to Europe and the rest of the world. Furthermore, to be integrated in a global economy, it is not only necessary to have good and sustainable transport links to global hubs, but also to have good connections within the region.[(25)] SEEDA has contributed to a range of new infrastructure projects aimed at increasing the capacity and quality of transport links in the South East, some of which are outlined below.

Airtrack

BAA has now completed the scheme development and submitted it to Government under the Transport and Works Act. A decision on whether a public enquiry is needed will be made by December 2009. The two consultation periods brought two issues to light, which will need to be addressed. SEEDA is currently working with Spelthorne Borough Council to identify the economic benefits of Airtrack to Staines Town Centre and to justify the development of a new station as a sub-regional integrated interchange which will substantially unlock development opportunities, 7 minutes by Airtrack away from Terminal 5. The second issue of level crossings along the regional links will be taken up by Surrey County Council. The target date for operating Airtrack is still 2013/2014.

Route Utilisation Strategies

SEEDA is working with Network Rail to ensure the South East's interests are represented in the national electrification strategy consultation and the area based Route Utilisation Strategy consultations for Sussex (Brighton Mainline), Great Western Main Line and Kent.

A key component of this has involved SEEDA's work with BAA in Gatwick to ensure we retain the Gatwick Express Service and make operational improvements. High level engagement has also been carried out to identify the scale of and need for redeveloping Gatwick Station as a crucial arrival and departure point not only for international travel but also in light of Gatwick having a crucial global gateway role in the 2012 Olympics. A funding shortfall of around £20m will need to be addressed, in order to ensure a fully comprehensive redevelopment of the station.

25 For additional information (the evidence base) on transport and infrastructure see: SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*; SEEDA (2006) *Regional Economic Strategy 2006-2016: Technical Paper 1 - Intervention Framework*.

SMART - Solent Midlands Advancement of Rail Transport

First engineering work on the rail freight gauge enhancement between the Port of Southampton and the Midlands has now commenced and the design work on the Southampton Tunnel has been completed. A first payment from the RDAs has been transferred to Network Rail and a further, smaller payment of ERDF levered into the scheme from the SEEDA led C2C project will be processed by the end of the year.

Delivering a Sustainable Transport System (DaSTS)

SEEDA is working with Regional Partners and the Department for Transport (DfT) to develop a series of strategies to inform the future transport priorities for investment in the South East for the period beyond 2014. The strategies will highlight the key infrastructure improvements needed in the South East, ranging from better use of existing infrastructure to direct investment in road and rail networks.

To assist in informing this work,a scoping report has been completed identifying the economic benefits of strategic transport interventions in the sub-region of the Thames Valley. In addition DfT has agreed to consider the future management and capacity of the M4 corridor with a view to quantifying the economic value of improving surface access to Heathrow airport. The South East Region, through SEEDA, is making a funding contribution to this DfT study to enable the Thames Valley's business sector to directly cooperate in the study. A number of early interventions have been identified in close cooperation with the Berkshire Strategic Transport Forum, and future SEEDA work with partners will focus on rail access from the Great Western Line to Terminal 5, ThamesValley rapid Transit, Cross-Regional coach networks and working closely with the Highways Agency to improve the capacity of the M4.

Regional Funding Advice

SEEDA and the South East Councils have successfully agreed with the Department for Transport the second round of Regional Funding Advice for the South East. In the last year the RFA has enabled the delivery of several schemes in the region, such as improvements on the M27 (J3-4 & J11-12), A27 (Southerham to Beddingham) and A2 (Bean Cobham). This year has also seen the start of works on the M4 (J11) and further construction of the A3 Hindhead tunnel.

High Speed Rail

SEEDA is working at high level with the HS2 working group to ensure services are connecting appropriately with Heathrow Airport and with our region beyond the airport. The Agency has received ERDF funding to develop an economic business case and a technical case for running semi-fast services along the Channel Tunnel rail link to secure stopping services in Stratford (East London), Ebbsfleet, Ashford and in Nord-Pas de Calais. The Transmanche Metro service has already been discussed with EuroTunnel and international High Speed rail operators such as Euro Star, Deutsche Bahn, SNCF and Thalys. The macro-economic business case is anticipated to be completed by the end of October 2009 which will then inform the two key partners, SEEDA and the Regional Council of Nord-Pas de Calais, of the next steps.

Ports and Maritime

A series of projects has been developed over the past 12 months to lever additional ERDF into port diversification, improving hinterland access and modal share for freight and in identifying the economic benefits of investing in alternative energy and creating new employment in environmental industries. Specific, bi-national joint management models have been developed to address better coordination between UK and Continental ports. A number of submissions have been made under the Interreg program strands and decisions are expected between Autumn 2009 and Spring 2010. Should all project bids be successful, SEEDA will have achieved ERDF funding coverage for all ports along the South East coastline.

GSE Connect

SEEDA, EEDA and the LDA have formed a strategic alliance to assist in bringing development of the Thames Gateway forward. A development programme has been agreed with CLG and DfT and identified a number of themes for scheme delivery. SEEDA leads the "GSE Connect" transport scheme and has brought forward the development of a sustainable distribution framework with the identification of three pilot projects in the Thames Estuary, which will be developed jointly with respective port operators, Network Rail and the retail and manufacturing sectors.

T4-1: Total identifiable expenditure on transport

Between 2004/05 and 2008/09 total identifiable expenditure[(26)] on transport in the South East increased by more than 10%. However, expenditure on transport in the South East increased at a much slower rate than in all other UK regions. The greatest increase was in London, where expenditure increased by more then 60% during the same time period. On average, total identifiable expenditure in the UK as a whole increased by 40% between 2004/05 and 2008/09. During the most recent period for which data is available - from 2007/08 to 2008/09 - expenditure on transport in the South East remained broadly stable (an increase of some 1.3%, which was the lowest of any English region). By contrast, at UK level total expenditure on transport increased by 7% in the past year (Figure T4.1.2).

Between 2004/05 and 2008/09 there was a decline in the South East's share of UK expenditure on transport, which declined from 12.5% to 10.5% (Figure T4-1.1).The current share of total spending in the region is still well below the South East's share of the UK population or national output.

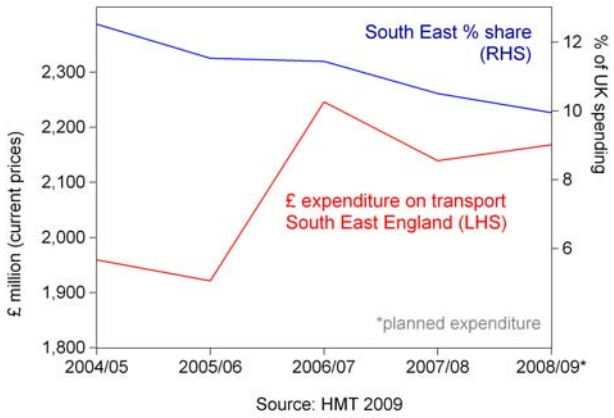


Figure T4-1.1: Total identifiable expenditure on transport and share of UK spending, South East England

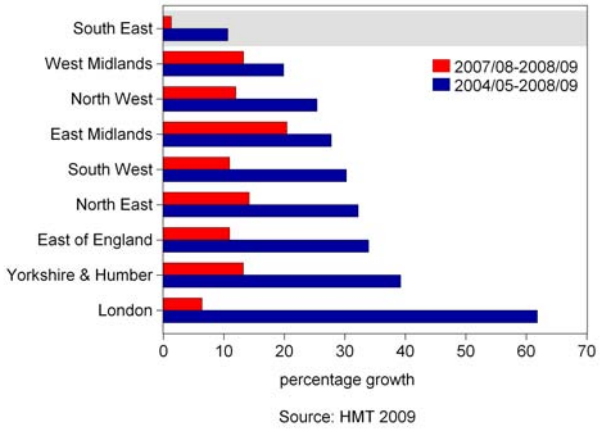


Figure T4-1.2: Growth in total identifiable expenditure on transport, English regions

In 2004/05 per head expenditure on transport in the South East was some 8% below the national average. However in 2008/09 per head expenditure on transport in the South East fell to 27% below the national average, from 23% the year earlier (Figure T4-1.4). As a consequence, not only has the South East value remained below the national value, but also the gap between the national and regional levels has widened slightly (Figures T4-1.3 and T4-1.4).

26 Planned expenditure.

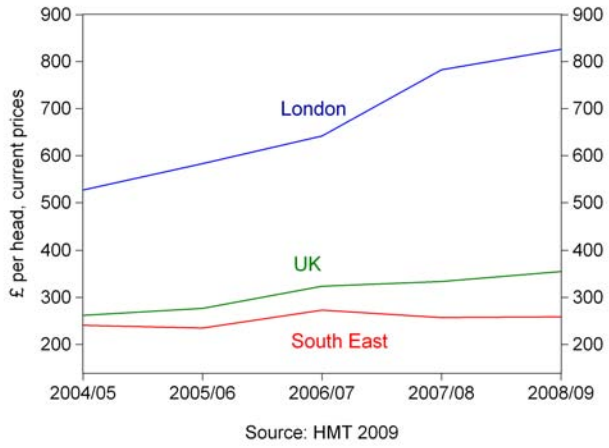


Figure T4-1.3: Per head identifiable expenditure on transport, selected regions

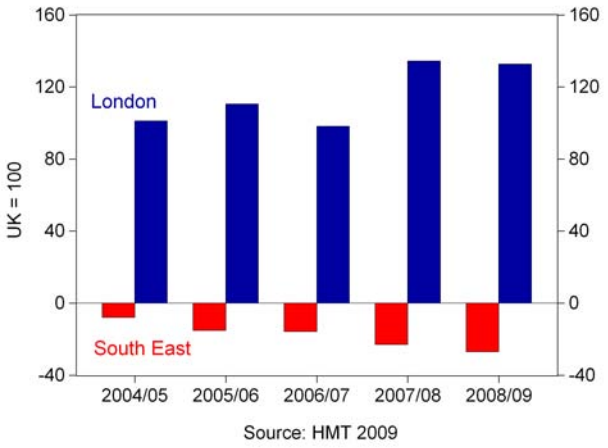


Figure T4-1.4: Per head identifiable expenditure on transport relative to UK average, selected regions

Total expenditure on transport per head of population in the South East is below the national average and less than a third the expenditure of London. Despite this, the South East is the second most productive UK region, with levels of labour productivity and GVA per capita above the UK average.

Despite the low levels of funding offered to the South East, the region has made good use of this funding, delivering several key projects. It is also noticeable that the South East is the only one of the eight English regions (excluding London), to have invested the full extent of its RFA funding. For the financial years 2007/8 and 2008/9 the English regions outside of the South East spent just 80% of their RFA allocation on average. The South East, however, was successful at delivering its priorities and invested on average £175m per annum, which is approximately 25% over the annual allocation of £140m.

Box O-1: Qualitative examples

Inward investment

The South East has attracted 221 Foreign Direct Investments (FDIs) in the past year. SEEDA has successfully supported 90 of these investments, which are forecast to create or safeguard 3,846 jobs over the next 3 years (1,229 new and 2,617 retained). This represents a 17% increase on our project successes from the previous year. UK Trade and Investment (UKTI) and SEEDA worked together to attract 67 of the investments. These figures represent an excellent return on investment for the region at a time when investment flows globally have declined sharply over the last 12 months.

Launchpad

The FDI arena has become increasingly competitive in recent years and difficult economic conditions have further enhanced the need for a strong service offering that minimises risk for overseas investors. In response to this SEEDA introduced Launchpad, our softlandings initiative offering an assisted package of support, principally targeted at small and medium-sized innovative and high-growth investors, that enables international companies to establish themselves in the South East quickly, easily and at low cost.

Offered in conjunction with a number of local partners, including Locate in Kent, Business Link and START, the programme offers comprehensive free support (ranging from legal, banking, accounting and funding advice through to marketing, recruitment and diagnostic services).

Partnering for Success

SEEDA's inward investment strategy in France focuses on building relationships between the South East's Sector Consortia and strategic French industry clusters, creating platforms for SMEs from both the South East and France to collaborate. This has opened up new opportunities for joint research and skills development programmes and enabled SMEs to come together to develop supply chain solutions.

This strategic partnering approach has resulted in the creation of a relationship between Farnborough Aerospace Consortium (FAC) and three major aerospace clusters in France. Security Innovation and Technology Consortium (SITC),the new security sector consortium in the South East, was also introduced to French IT security clusters in Paris and in the South of France as part of this programme, resulting in agreements to explore opportunities for collaboration.

South East Health Technologies Alliance (SEHTA) collaborated with the French Association of Innovative SMEs on a pact which commits to supporting innovative SMEs, through identifying British companies that could potentially undertake research for large corporates. SEEDA France is also poised to secure a major FP7 project (European R&D project) between Marine South East and the two largest French marine clusters.

Business relationships are also currently being built between the South East Media Network (SEMN) and the largest media cluster in France, based in Paris.

FDI Case Study: Huawei

One of SEEDA's most exciting R&D collaborations took place this year involving China's largest telecommunications manufacturer, Huawei, and the University of Surrey. Huawei Technologies is a leader in providing next generation telecommunications networks, and now serves 36 of the world's top 50 operators, along with over one billion users worldwide. The company is committed to providing innovative and customised products, services and solutions to create long-term value and growth potential for its customers.

SEEDA took an active role in facilitating introductions between Huawei and the University of Surrey's Faculty of Engineering & Physical Sciences, resulting in a joint research initiative in the area of advanced wireless technologies that should generate significant benefits for telecommunications R&D in the South East.

Investor Development Case Study: Ford Assembly Plant, Southampton

Working alongside a number of local partners, SEEDA provided valuable support to the management team at the Ford Plant in Southampton in 2009. On learning of the possibility of closure if a bid to win a new model for the plant was not successful, our investor development team worked with Ford to help re-skill and re-deploy a workforce of 1,100 employees, as well as 200 employees of Penske and Hamtons, two key supply chain companies working onsite at the plant.

Although Transit production was due to cease at the Southampton plant in 2011, SEEDA assisted the local management team in building a strong business case for Ford to continue to invest in the plant for a follow-on product to Transit.

SEEDA assembled a cross-organisational support team capable of responding to the needs of Ford, incorporating the expertise of the Learning skills Council (LSC), Train to Gain, Job Centre Plus, key local training providers, Business Link, Southampton City Council and Eastleigh Borough Council.

An Open Day was held where access to a specially set-up Information Centre and 1-2-1 advisory sessions were offered to all 1,100 Ford plant employees, as well as from the two onsite supply chain firms, enabling them to make an informed decision on whether to accept a voluntary severance package from Ford. More than 500 Ford plant employees indicated that they wished to accept the offer, so enabling the plant management to re-profile, up-skill and retrain the 600 remaining staff to continue Transit production until 2013, when the Chassis Cab is planned to be introduced. Having re-skilled employees ready to work on the Chassis Cab was a key factor in the decision.

UKTI South East Trade

During 2008-9 UKTI Team South East engaged in new projects with over 1,000 businesses, helping them identify and access new opportunities overseas. 58% of clients reported improved business performance as a direct result of this support.

2.3 Smart Growth

Target 5 **Enterprise**

Increase the number of businesses per 1,000 adult population from 50 in 2009 to 54.5 in 2016, including 10,000 new businesses run by women by 2010

Indicator(s): T5-1: Stock of businesses as at March each year per 1,000 adult population

T5-2: Change in the number of businesses run by women (proxy - change in self-employment for females)

Box T5: Key messages

- **Between 2006 and 2007 the number of VAT registered businesses in the region increased by nearly 6,000. However, this data series has now been replaced by a more comprehensive measure of business stock which includes businesses registered for PAYE as well as VAT.**
- **Using this new measure, the total number of businesses in the South East declined by 1,430 in the 12 months to March 2009, to 337,385. This can be explained in large part by the sharp fall in global demand and the difficulties faced by businesses in accessing finance.**
- **Business density in the South East is above the national average, at 49.7 businesses per 1,000 adult population compared to 44.1 in England in 2009.**
- **Female self-employment (as a proxy for female business ownership) has fluctuated in recent years. Most recently, the number of self-employed women fell by 3,800 between 2007 and 2008, following an increase of 18,800 in the period 2006-07.**
- **The female self-employment rate fell slightly between 2007 and 2008, from 5.4% to 5.2%, and is the second highest of any region, behind London.**

Enterprise is identified as one of the key drivers of productivity and prosperity. Research has shown that new firms entering the market account for a significant component of productivity growth. It is also a key element of competitiveness, since new businesses often come up with new, innovative ideas and can, as a result, increase the region's ability to introduce new products or organisational forms as well as reacting to economic changes. Enterprise is a concept that is difficult to define and measure. However, in its broadest sense it refers to all entrepreneurial activity and can therefore refer to business start-ups or anyone embarking on a new venture for personal gain.[27]

T5-1: Business stock per 1,000 adult population

Between 2006 and 2007 the number of VAT registered businesses in the region increased by nearly 6,000. However, following the change in Structural Business Statistics Regulation by Eurostat, all member states are now required to produce statistics on business births, deaths and survival rates using definitions and methodology determined by Eurostat. The old series, based only on VAT registered businesses, has been discontinued and the new series developed by ONS includes businesses registering for PAYE and/or VAT. Hence the new series provides better estimates of new business registrations and we are required to switch to this new series.[28]

Figure T5-1.1 shows the number of businesses active in the South East as at March in each year. The stock of businesses includes both those registered for VAT and those that may fall below the VAT threshold, but are registered for PAYE.[29]

27 For additional information (the evidence base) on enterprise, see SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*, section 5.2 and SEEDA (2006*) Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework*.

28 In its 2008-2011 Corporate Plan SEEDA stated that it will be switching to the new series as soon as the new data becomes available.

29 Introduction to the new series: http://www.statistics.gov.uk/downloads/theme_commerce/Intro-Bus-Demography.pdf

The baseline scenario in Figure T5-1.1 assumes growth in the number of businesses will continue at the average historic rate of growth for the South East.[30] In the region the historic rate of increase at 1.65% per annum was slightly below the average for England (1.91%). However, in the current climate growth rates have slowed everywhere and in the South East there was actually a small reduction (-0.4%) in the number of businesses in the region between March 2008 and March 2009.

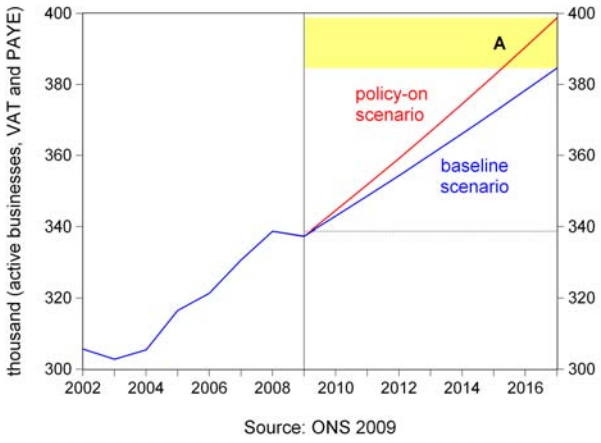


Figure T5-1.1: Business stock, South East England, March 2002 - March 2017

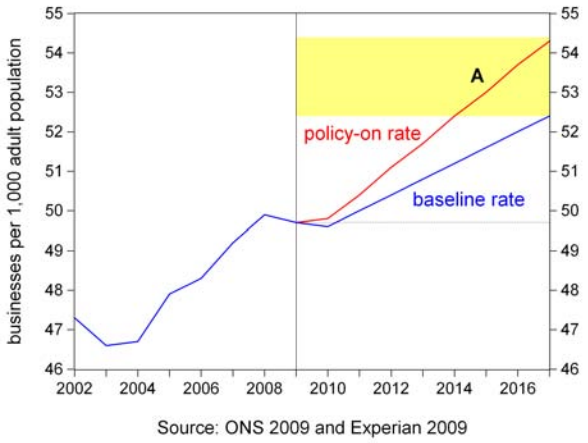


Figure T5-1.2: Number of businesses per 1,000 adult population, South East England, March 2002 - March 2017

Increasing the number of businesses is required if the region is to achieve its employment and GVA targets. However, specifying new targets in terms of absolute growth rates when there is economic uncertainty would be very difficult. A revised target is therefore to increase the number of businesses at a rate 10% above the average rate for England. The RES policy-on scenario in Figure T5-1.1 uses a rate of 2.1% (England average percentage increase +10%). Thus the target is to increase the total number of registered businesses by 61,300 by March 2017 and increase the rate per 1,000 adult population from 49.7 to 54.3 (Figure T5-1.2).[31]

Over the 12 months to March 2009 the total number of registered businesses declined by some 1,430 to 337,385. The rate of decline was similar to the national average and hardly surprising given the sharpest fall in global demand over the past seventy years and the impact of the credit crunch on businesses' ability to access finance. Within the South East there were small increases in business stock in Buckinghamshire (including Milton Keynes) by 105, Berkshire (+55) and Oxfordshire (+45), as well as individual districts in other areas such as Reigate and Banstead (+75 businesses). On the other hand there was a fall in the number of businesses in Kent and Medway of more than 600 and in Hampshire and the Isle of Wight by over 400 businesses. Kent, Hampshire and the Isle of Wight together accounted for 80% of the decrease in business stock in the region.

Business density in the South East is above the average for the country as a whole, at 49.7 businesses per 1,000 population aged 16 or over (the second highest after London) compared with 44.1 for England in 2009 (Figures T5-1.3 and T5-1.4).

30 Note: There has been a change in the baseline year. The baselines for other RES targets were calculated on the basis of average annual growth rates from 2002-2005, but for this target a baseline would be calculated using average annual growth rates for 2002-2009, which would not be consistent with other RES targets. Furthermore, given the significant difference between the new series and the old (VAT only based) series, using previous growth patterns was inappropriate. Instead, we have focused on the new baseline (March 2009), which is more robust and takes into account a sharp fall in economic activity across the global economy over the past 18 months. Growth rates are based on averages between 2005 and 2009. We are grateful to Peggy Causer (Regional Statistician from the Office for National Statistics) for her methodological assistance in developing the new target.

31 Note that Experian population projections have been used for this calculation rather than ONS projections.

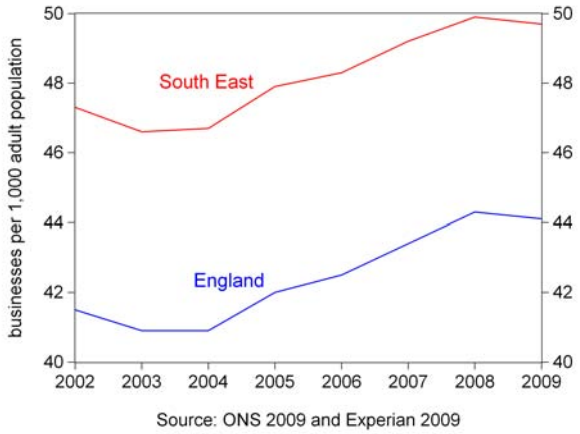


Figure T5-1.3: number of businesses per 1,000 adult population, South East England and England, March 2002 - March 2017

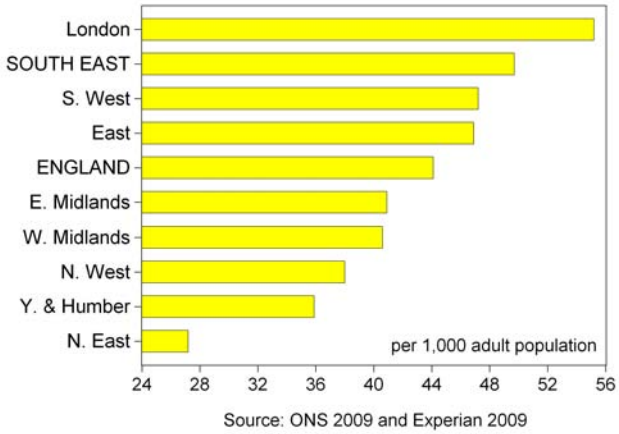


Figure T5-1.4: Number of businesses per 1,000 adult population, by region, March 2009

This regional average masks wide variation in rates between local authorities, from 27.1 in Gosport to 83.3 in South Buckinghamshire in March 2009, as can be seen from Figure T5-1.5. With the widening of the definition of a business to include a higher proportion of smaller enterprises, patterns of business density have changed and some more rural areas have higher business densities than previously.

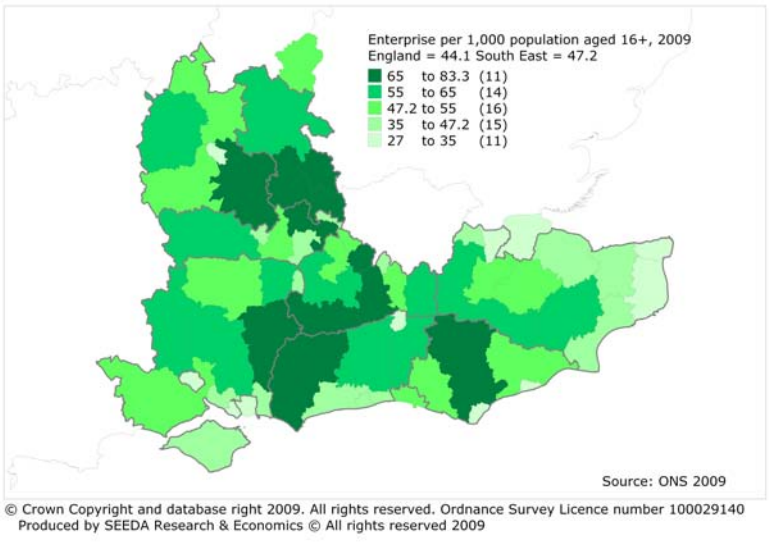


Figure T5-1.5: Number of businesses per 1,000 adult population, March 2009

T5-2: Change in the number of businesses run by women (proxy - change in self-employment for females)

Looking at the proportion of female-owned businesses, the UK economy lags significantly behind some other advanced economies such as the United States, where around half of all businesses are female-owned.[32] The gender gap in entrepreneurship impacts on the labour market outcomes for women and on the overall productivity and prosperity of the region. Thus, an increase in female entrepreneurship will have an impact on both the labour market outcome for females and the wider UK and South East economies.

32 However, this comparison should be made with caution as the US statistics count businesses with 50% female ownership as a female majority, whereas in the UK the threshold is 51%.

A major limitation in our ability to understand female entrepreneurship in the region is the lack of robust data sets. While in practice several different data sets (based on different definitions) are often used as a proxy, due to a lack of robust data sets we use female self-employment data from the ONS as a proxy indicator for female business ownership.

Figure T5-2.1 shows the baseline and policy-on scenarios used in the development of the 2010 target for the total number of businesses run by women. The baseline (trend-based) scenario is based on the past growth in female self-employment and the RES target (policy-on scenario) is based on an average annual growth rate of 1.2% per annum. The total cumulative impact of the baseline (shaded area A) and the policy-on (shaded area B) is around 10,300 more females in self-employment (a proxy for female businesses) in 2010 than in 2005.

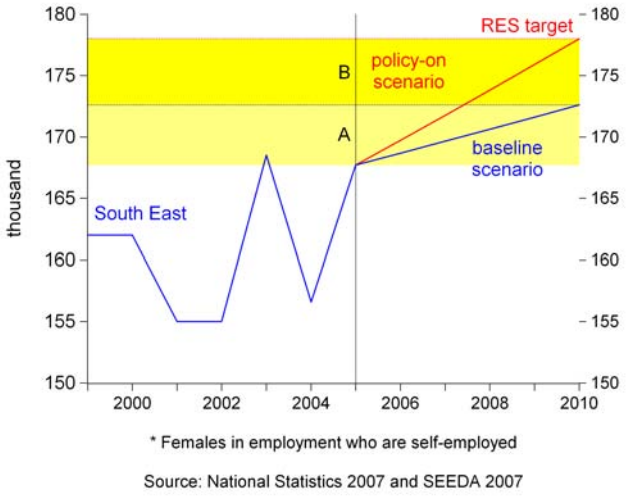
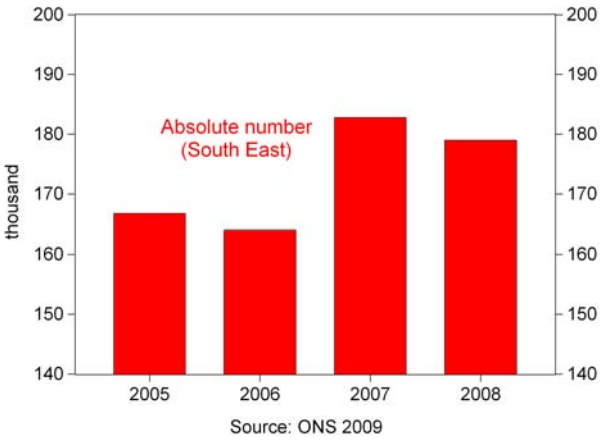


Figure T5-2.1: Female self-employment. Trend based and policy on scenario

Over the past few years there have been some fluctuations in female self-employment, with both the number and the rate of female self-employment rising and declining, sometimes quite remarkably (Figure T5-2.2). The number of self-employed women decreased by almost 3,800 between 2007 and 2008, compared to an increase of 18,800 in the period 2006-07. The self-employment rate (as a percentage of all females aged 16+) also decreased slightly between 2007 and 2008, from 5.4% to 5.2%.[(33)] The South East has the second highest female self-employment rate of any UK region, alongside London (Figure T5-2.3).

33 Using the ratio of female self-employed to females aged 16+ provides a more robust denominator compared to females in employment. For more information please see the link in footnote 34.



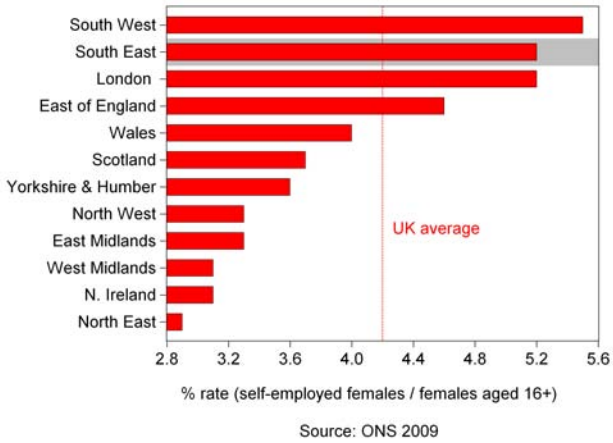


Figure T5-2.2: Female self-employment, South East England, 2005-2008

Figure T5-2.3: Female self-employment rate by region, 2008

The Annual Population Survey estimate of female self-employment in the South East increased by 12,300 between 2005 and 2008 – more than is required by the RES target of 10,000 additional females in self-employment by 2010. This indicates that SEEDA has reached its target of 10,000 more women in business well ahead of the 2010 target date set in the South East Women's Enterprise strategy. However, the sampling error around the estimates may mean that the real increase is less or more than this. Moreover, we should note that the recession is likely to have an impact on this target over the next year and therefore the level of self-employment could fall in the future.[34]

34 In July 2008, the ONS regional team in the South East published a report on 'Female owned businesses in the South East'. It provides very detailed analyses on the trends in the number and rate of self-employed females and on the main characteristics of female self-employed jobs. The report is available on the SEE-IN website: www.see-in.co.uk/downloads/ONS%20Documents/FIB%20final%20July08.pdf.

Target 6 **Skills** **Maximise the number of people ready for employment at all skill levels, and ensure they are continually equipped to progress in the labour market**

Indicator(s): T6-1: Proportion of working age population with NVQ2+

T6-2: Proportion of working age population with NVQ3

T6-3: Proportion of working age population with NVQ4+

T6-4: Proportion of working age population with no qualifications

T6-5: Proportion of employers reporting skills gaps

T6-6: Proportion of working age population receiving training in the last 13 weeks

Box T6: Key messages

- **The proportion of the South East working age population qualified to NVQ 2 or above grew by just 0.7 percentage points between 2007 and 2008, but remains the second highest in the UK, behind Scotland.**
- **Between 2007 and 2008 there was an increase of 0.7 percentage points in the proportion of people whose highest qualification is an NVQ 3 (equivalent to 40,000 people), and the South East remains the second best performing region on this measure, behind the South West.**
- **The proportion of working age people qualified to degree level or higher (NVQ 4+) is also above the national average in the South East, and increased by 0.7 percentage points between 2007 and 2008.**
- **There was a drop of 0.7 percentage points in the proportion of people in the South East with no qualifications between 2007 and 2008. This is one of the largest annual falls since 1999, taking the figure below 9% for the first time, to 8.9% in 2008, which is the lowest of any region.**
- **There was a significant fall in the proportion of South East employers reporting skills gaps between 2005 and 2007, reaching a figure below the national average.**
- **The proportion of the working age population receiving job- related training in the South East is above the national average, at 22% in 2008, and increased between 2007 and 2008.**

Improving skills and human capital is an important factor in promoting competitiveness and growth, both as an input to productivity and by contributing to technological progress and innovation. A more skilled workforce is likely to be more productive, which in turn leads to higher growth.[(35)] In line with the aspiration set out in the Leitch Review of Skills,[(36)] that the UK should aim for a world-class skills base by 2020, the South East has a directional target to maximise the number of people who have the skills that will enable them both to enter employment and to progress in the labour market.

In order to measure the region's progress against this target, it is necessary to select some quantitative indicators, which are discussed in turn, below. The first four indicators relate to the qualifications of the working age population in the South East. It is acknowledged that qualifications are an imperfect proxy for skills, as they measure the outcome of an educational or training process designed to develop skill, rather than the skill itself. In addition, they do not measure 'tacit' skills gained through experience, or more general skills such as communication or customer service. However, qualification levels are a recognised measure of workforce skill, used routinely by Government. Moreover, data on qualifications is available in a consistent format, year on year, enabling progress to be measured.

While the qualifications of the workforce relate to the supply side of the labour market, it is important to consider the demand side too. This is addressed in the final two indicators discussed in this section. The proportion of employers reporting skills gaps (deficiencies in their current workforce) gives a good indication of employer demand for skills. Finally, in order to assess the degree to which employers are equipping their workforce with the skills to progress in the labour market, we consider the percentage of the labour force receiving training.

35 For additional information on skills see SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*, section 5.4 and SEEDA (2006) *Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework*.

36 HM Treasury, *Prosperity for all in the global economy - world class skills* (December 2006).

T6-1: Proportion of working age population with NVQ 2+

An NVQ 2 (equivalent to 5 GCSEs or one A Level) is essentially an entry-level requirement for access to the labour market. Without this level of qualification, the range of employment opportunities open to an individual, and the earnings potential they can enjoy, are more limited.

Figure T6-1.1 shows the baseline and policy-on scenarios used in the development of the 2016 directional target for the proportion of the working age population with NVQ 2+ in the South East. The baseline scenario is based on the past average annual growth rate in the proportion of the working age population with NVQ 2+ (one of the slowest growth rates nationally between 1999 and 2003). The RES target (policy-on scenario) is based on a growth rate some 15% above the past national average annual growth rate.

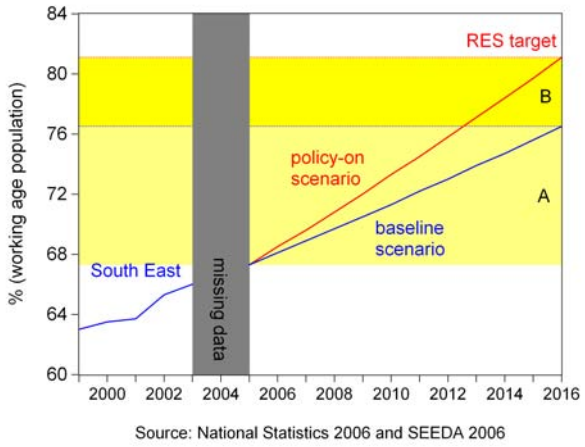


Figure T6-1.1: Working age population with NVQ2+. Trend based projection and policy on scenario

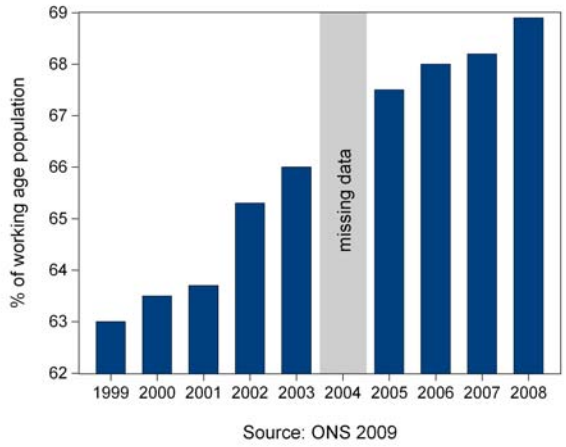


Figure T6-1.2: Working age population with NVQ2+, South East England, 1999-2008

The total cumulative impact of the trend baseline (shaded area A) and the policy-on scenario (shaded area B) is shown in Figure T6-1.1. It shows an increase in the proportion of the working age population with NVQ 2+ from 67.3% to 81% by 2016.

The South East has the second highest percentage of the working age population with an NVQ 2 or above (behind Scotland) – significantly higher than the national average of 65.1%. However, the proportion of the working age population with an NVQ 2 or higher grew by just 0.7 percentage points between 2007 and 2008, from 68.2% to 68.9% (Figure T6-1.2). Looking at the longer term trend, since 1999 the proportion has grown by almost 6 percentage points in the South East, although the gap between the region and the UK has been narrowing during this period.[37] In 1999, the proportion of working age people in the South East with an NVQ 2 or above was 5.1 percentage points higher than the UK average. By 2008 the South East figure was just 3.8 percentage points above the UK average.

There is significant sub-regional variation in the percentage of people qualified to at least NVQ 2. The highest proportions (more than 75%) are found in western parts of the region, while the lowest proportions (less than 65%) are seen in north Kent, Hastings, Portsmouth and Milton Keynes (Figure T6-1.3).

Looking at how the proportion of people with NVQ 2 or above has changed between 2005 (the baseline year) and 2008, there have been significant increases in Gosport (14.4 percentage points), South Buckinghamshire (12.7 percentage points) and Canterbury (11 points). Some local authorities, by contrast, have seen significant declines in the proportion of people with at least NVQ 2 since 2005. In Wycombe, the figure dropped by almost 17 percentage points, while in Spelthorne the fall was -12 percentage points. In general the decline has been greatest in areas bordering London and the East of England (Buckinghamshire, parts of Surrey and west Kent). (Figure T6-1.4).

37 Due to problems with the collection of qualifications data from the Annual Population Survey for 2004, all the charts relating to qualifications exclude data for that year.

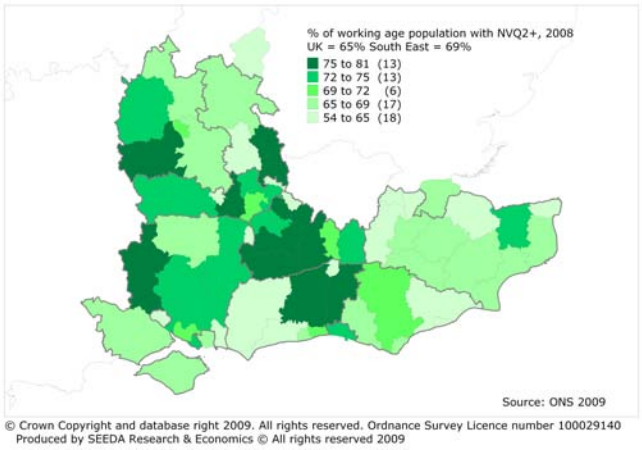


Figure T6-1.3: Working age population with NVQ2+, South East local authorities, 2008

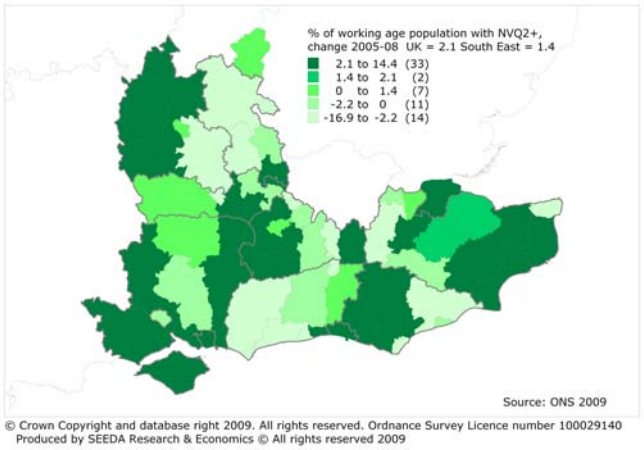


Figure T6-1.4: Change in percentage of working age population with NVQ2+, 2005-2008

T6-2: Proportion of working age population with NVQ 3

An NVQ 3 represents an intermediate qualification level (equivalent to two or more A Levels). Again, the South East performs better than the UK on the proportion of working age people whose highest qualification is an NVQ 3.[(38)] In 2008, 17.3% of the working age population in the South East held an NVQ 3 as their highest qualification -1.4 percentage points higher than the UK figure of 15.9%, and just 0.6 points behind the leading region on this measure – the South West.

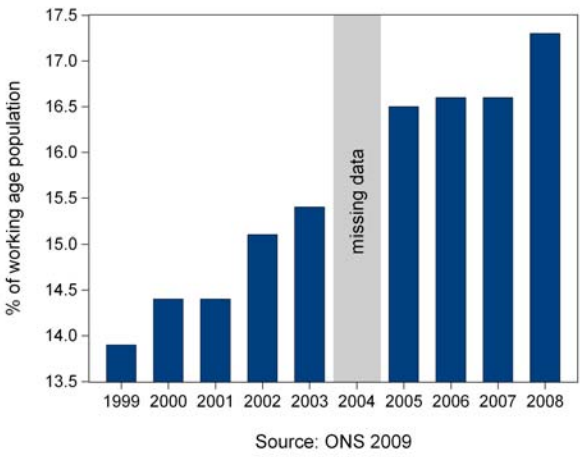


Figure T6-2.1: Working age population with NVQ3, South East England, 1999-2008

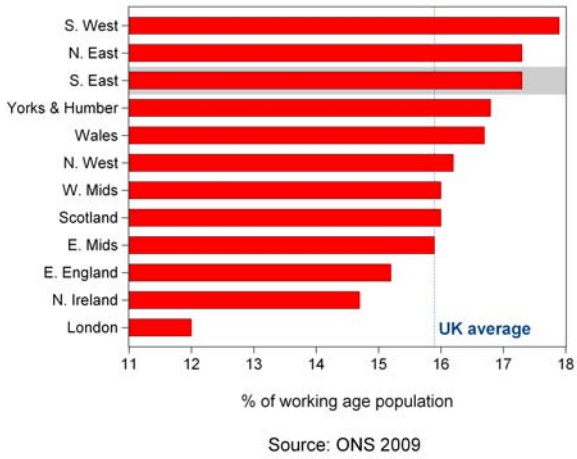


Figure T6-2.2: Working age population with NVQ3 by UK region/country, 2008

Between 2007 and 2008 the proportion of people whose highest qualification is an NVQ 3 increased by 0.7 percentage points, which is an improvement on the period 2006-2007, when there was no change in this indicator. In absolute terms the growth between 2007 and 2008 equated to an increase of almost 40,000 people, from 835,900 in 2007 to 874,200 in 2008. Since 1999, there has been a steady increase in the proportion of people with an NVQ 3 (overall a 3.4 percentage point rise).

38 For this indicator NVQ 3 only rather than NVQ 3+ is used. The reason for this is that in order to measure the extent to which the workforce possesses intermediate skills, we need to look at the proportion of people whose *highest* qualification is an NVQ 3, rather than the proportion of people who have attained *at least* an NVQ 3. This latter measure would also capture people who are qualified to degree level, and thus it would be more difficult to specify the size of the population who have intermediate level skills only.

T6-3: Proportion of working age population with NVQ 4+

In considering the qualifications profile of the population, the measure of NVQ 4 and above is very important since it assesses higher level skills, which are becoming increasingly valuable with the growth of the knowledge economy. An NVQ 4+ is equivalent to a first degree or higher qualification.

Figure T6-3.1 shows the baseline and policy-on scenarios used in the development of the 2016 directional target for the proportion of the working age population with NVQ 4+ in the South East.

The baseline scenario is based on the past average annual growth rate in the proportion of the working age population with NVQ 4+ (one of the slowest growth rates nationally between 1999 and 2003). The RES target (policy-on scenario) is based on a growth rate some 10% above the past national average annual growth rate. The total cumulative impact of the trend baseline (shaded area A) and the policy-on scenario (shaded area B) is shown in Figure T6-3.1. It shows an increase in the proportion of the working age population with NVQ 4+, from 29.5% in 2005 to 41% by 2016.

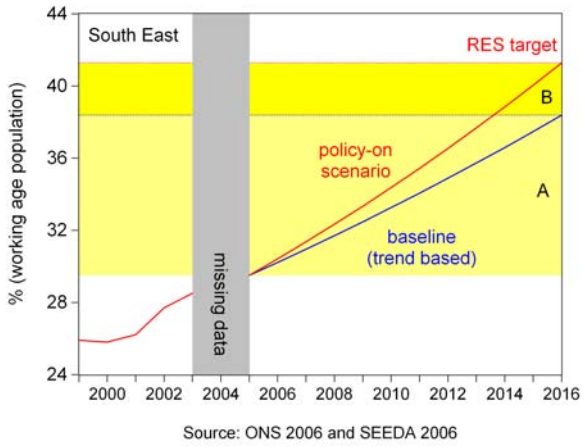


Figure T6-3.1: Working age population with NVQ4+. Trend based projection and policy on scenario

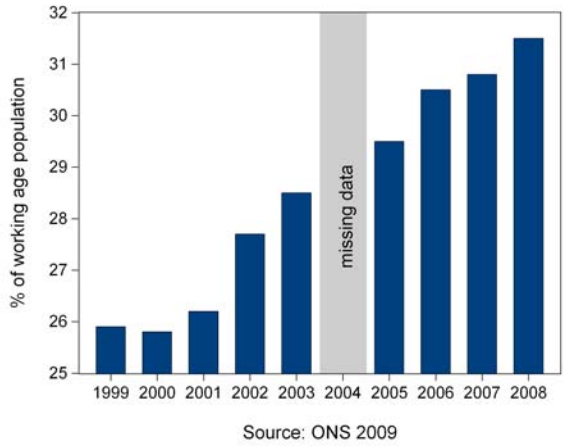


Figure T6-3.2: Working age population with NVQ4+, South East England , 1999-2008

In the South East the proportion of the working age population gaining a degree or higher qualification grew more rapidly between 2007 and 2008 than over the previous year. The figure increased by 0.7 percentage points, from 30.8% in 2007 to 31.5% in 2008 (Figure T6-3.2). This represents an increase of 41,200 people in absolute terms. The proportion of working age people with an NVQ 4 or above remains higher than the national average of 28.9%, but lags significantly behind London (38.6%) and is also lower than the figure for Scotland (33.8%). Looking over the longer term, the proportion of the working age population qualified to at least NVQ 4 has improved significantly in the South East, increasing by 5.6 percentage points between 1999 and 2008 (from 25.9% to 31.5%), Figure T6-3.2.

Across the South East there are significant differences in the proportion of the working age population qualified to at least degree level. The proportion tends to be lowest (below 25%) in the coastal areas of north and east Kent, Southampton and Portsmouth, and highest (above 36%) in Surrey, much of the Thames Valley and parts of Hampshire and Sussex – notably in Epsom and Ewell, Elmbridge, Test Valley and Winchester (Figure T6-3.3).

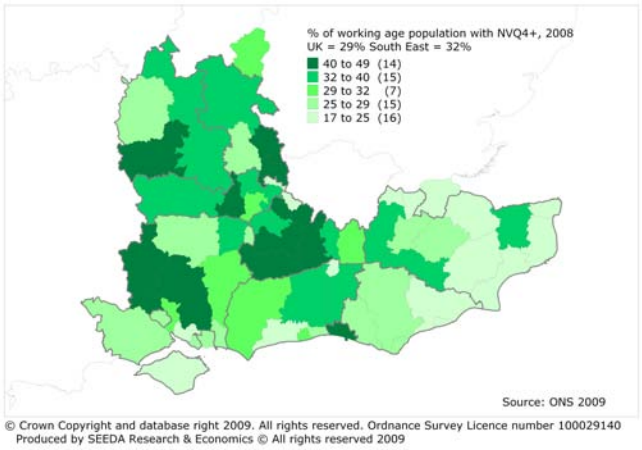


Figure T6-3.3: Working age population with NVQ4+, South East local authorities, 2008

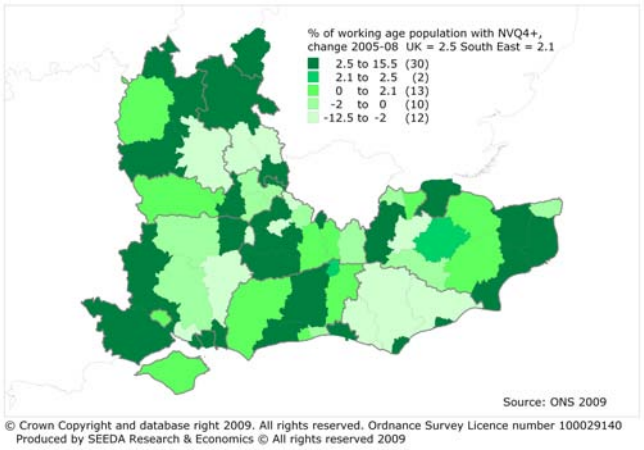


Figure T6-3.4: Change in percentage of working age population with NVQ4+, 2005-2008

There have also been marked variations in the rate of change in the proportion of people qualified to NVQ Level 4 and above (Figure T6-3.4). The most significant increases between 2005 and 2008 took place in parts of Surrey, where the population is already relatively well qualified – including Epsom and Ewell (13.4 percentage point increase), Waverley (11.1 percentage points) and Runnymede (11 points). Large parts of the Rural South East saw declines in the proportion of people qualified to degree level between 2005 and 2008 – particularly parts of Buckinghamshire, Berkshire and Oxfordshire, and large parts of East Sussex and Hampshire. In Rother, for example, there was a drop of 12.5 percentage points between 2005 and 2008, while Wycombe saw a decline of 10.8 percentage points.

T6-4: Proportion of working age population with no qualifications

To complete the skills profile of the region's population, it is important to consider the proportion of working age people who have no qualifications and therefore are more likely to be excluded from the labour market.

Whereas the period 2006 to 2007 saw no change in the proportion of the working age population without qualifications in the South East, encouragingly the figure dropped by 0.7 percentage points between 2007 and 2008, which is one of the larger annual falls since 1999. The figure has now fallen below 9% for the first time, to 8.9% in 2008. Moreover, while in absolute terms the number of working age people in the South East with no qualifications actually increased between 2006 and 2007, the most recent period (2007-2008) saw a substantial fall of nearly 35,000, from 484,800 to 450,100. The proportion of working age people with no qualifications is now the lowest of any region and remains significantly lower than the UK average of 12.7% (Figure T6-4.2).

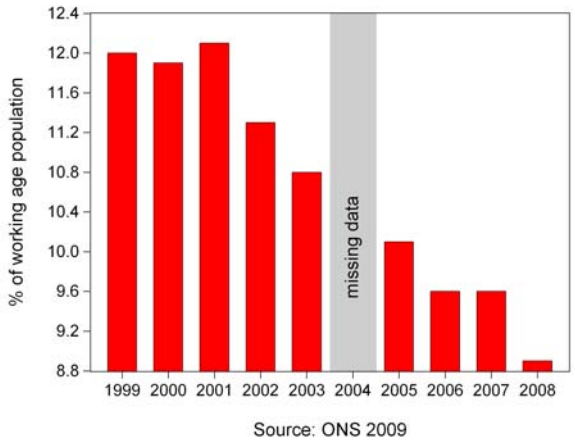


Figure T6-4.1: Working age population with no qualifications, South East England, 1999-2008

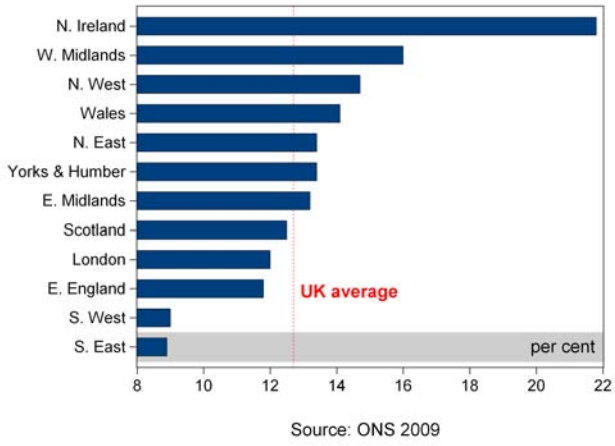


Figure T6-4.2: Working age population with no qualifications by UK region/country, 2008

Between 1999 and 2008 the proportion of the working age population without qualifications declined steadily, from 12.0% in 1999 to 8.9% in 2008 (a fall of 3.1 percentage points) (Figure T6-4.1). Over the same period the total number of people of working age with no qualifications fell by 50,000 (from 500,100 to 450,100).

Figure T6-4.3 highlights the significant sub-regional differences in the proportion of people of working age with no qualifications. Higher percentages of people (at least 9%) lack qualifications in eastern parts of the region: in coastal areas of Kent and Sussex, areas to the east of London, and in Portsmouth. In western and central parts of the region, smaller proportions (less than 8.5%) of the working age population have no qualifications.

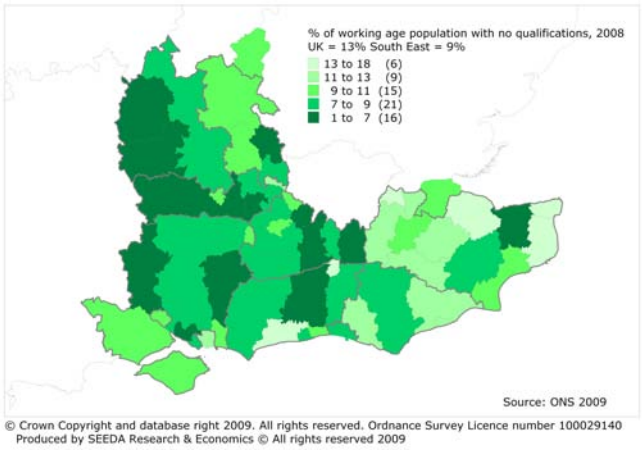


Figure T6-4.3: Working age population with no qualifications, South East local authorities, 2008

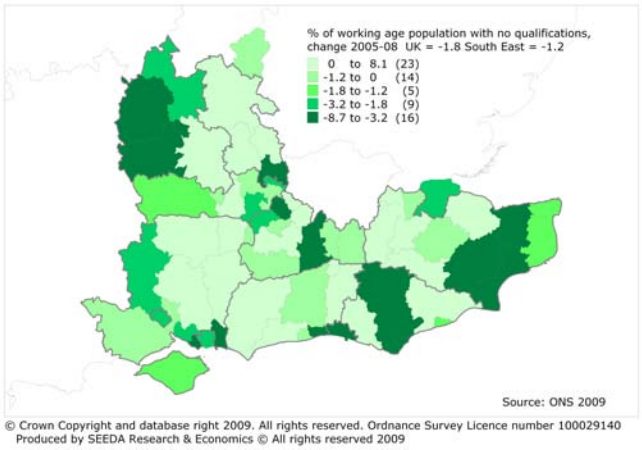


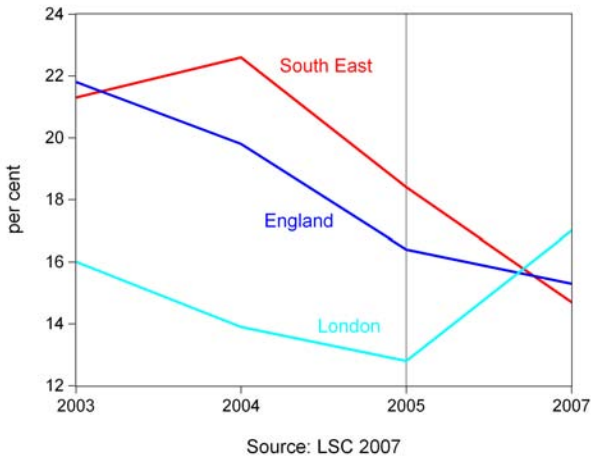
Figure T6-4.4: Change in percentage of working age population with no qualifications, 2005-2008

Looking at how the proportion of people with no qualifications has changed at local authority level since 2005, only a small number of local authorities have seen an increase - mostly in East Hampshire, parts of West Sussex and Kent - while Crawley stands out with growth of 8.1 percentage points. There has been a fall in the proportion of people with no qualifications in most local authorities – notably so in parts of Oxfordshire, Surrey, East Sussex and eastern Kent (Figure T6-4.4).

T6-5: Proportion of employers reporting skills gaps

Skills shortages and gaps are an issue in the South East, partly as a reflection of the relatively high skill requirements of employers in the region. Skills shortages relate to a lack of suitably qualified applicants for particular jobs, while skills gaps refer to staff in the *existing* workforce who are not fully proficient in their current jobs. Thus this latter indicator measures the extent to which the skills supply in the current workforce meets employers' needs.

In the South East, 14.7% of employers reported skills gaps in 2007, which represents a significant improvement on 2005 (the last year for which data is available) when 18.4% of employers had skills gaps. Indeed, the South East has seen the greatest improvement of any region on this measure between 2005 and 2007. The South East figure is lower than the national average of 15.3% and only slightly higher than the North West and West Midlands (14.1% and 14.4% respectively). The best performing region on this measure is Yorkshire and Humber, where just 13.5% of employers reported skills gaps in 2007.



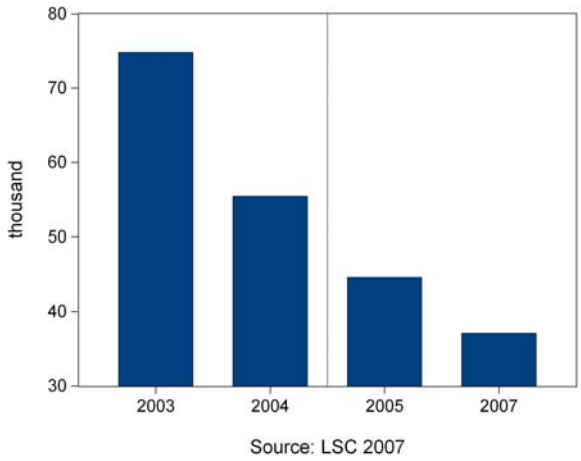


Figure T6-5.1: Proportion of employers reporting skills gaps, 2003-2007

Figure T6-5.2: Number of employers reporting skills gaps, South East England, 2003-2007

There has been a steady decline in the total number of employers reporting skills gaps in recent years. According to the National Employer Skills Survey, in 2003 74,800 employers in the South East reported skills gaps among their workforce, while in 2007 the figure had fallen to 37,100 employers (Figure T6-5.2). New data will be available in 2010 to enable us to assess progress on this indicator in next year's Monitoring Report.

T6-6: Proportion of the working age population receiving training in the last 13 weeks

The proportion of the working age population receiving job-related training in the previous 13 weeks (prior to the survey from which this data is derived) is a commonly used, though imperfect, measure of training provision. Because of the relatively short time period concerned (just 13 weeks) a large amount of training activity is likely to be missed, and induction training tends to be picked up most commonly. This does not really give us an indication of the extent of training in specific, 'transferable' skills. Nevertheless, this indicator is one of the few training-related measures which is collected regularly, consistently, and covers a large sample of the population; so it is the most appropriate for monitoring regional performance year on year.

The proportion of the working age population in the South East receiving recent job-related training is above the national average, at 22.2% in 2008 compared to 20.1% in the UK. Since 2005 there has been a noticeable decline in the proportion of the labour force receiving training, in both the South East and the UK, although between 2007 and 2008 the proportion increased for the first time since 2005 in the South East, by 0.7 percentage points, from 21.5% to 22.2% (Figure T6-6.1).

In 2005, the proportion of the working age population receiving job-related training in the South East was the highest of any region, and by 2008 the region was ranked in second place behind the South West. In 2008, 40,800 more employees in the region had received training in the previous 13 weeks than in 2007 (Figure T6-6.2).

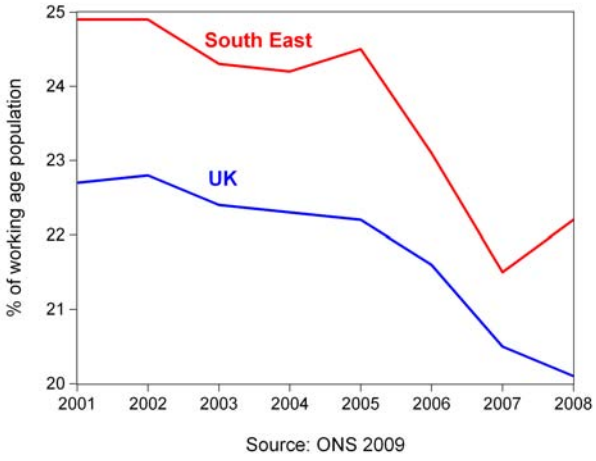


Figure T6-6.1: Labour force receiving training, South East England and Great Britain, 2001-2008

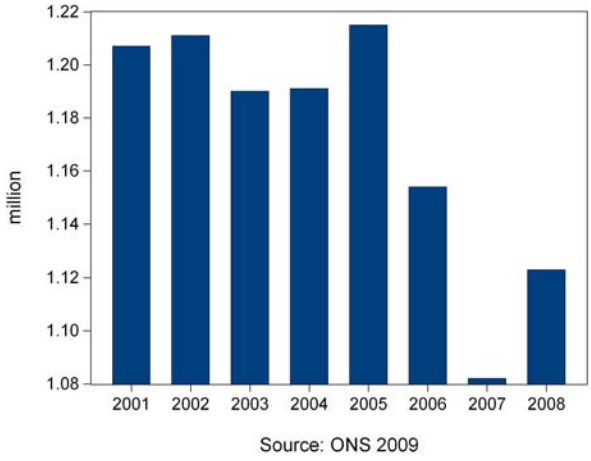


Figure T6-6.2: Working age population receiving training, South East England, 2001-2008

Target 7	**Competition and Business Regulation**	**Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts**

Indicator(s): Work in progress

Export of goods and services is often used as an indicator of competition at national and regional level. However, the data currently available at regional level, which is based on export of goods only, is not appropriate since it significantly underestimates the total value of exports from the region.[39]

The new target refers to the level of participation of South East businesses (especially SMEs and social enterprises) in tendering for public sector contracts. This is a fast moving policy area (highlighted by Lord Sainsbury and the Glover Review) in the UK, and is an area where measurement and data collection has lagged behind policy developments. While in the future it will be relatively straightforward for a single organisation (such as SEEDA) to collect the data and report on progress, a challenging task is to coordinate the data collection activities of other public sector bodies (especially large organisations such as the NHS).

Thus, current data availability prevents us from reporting progress for the region in this area. Further research is needed in order to obtain robust indicators that can be used to monitor progress effectively.

39 The number of exporting businesses in the region is one of the indicators used under Target 1.

Target 8 **Transport** **Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts**

Indicator(s): T8-1: Usual method of travel to work

T8-2: Average daily motor vehicle flows (vehicles per day) by road class

T8-3: Carbon dioxide emissions from road transport

Box T8: Key messages

- **A greater proportion of people travel to work by car in the South East than in England as a whole, although the percentage dropped slightly between 2005 and 2008.**
- **Average daily motor vehicle flows in the South East are among the highest of any region. Traffic levels have slightly increased on motorways, and fallen slightly on major urban roads.**
- **Per capita CO_2 emissions attributable to road transport are the second highest of any UK region (alongside the East of England) – accounting for one-third of total emissions in the South East. This reflects the region's position as the gateway to Europe, accommodating a large amount of transit traffic.**

Transport infrastructure is an important component of regional and national competitiveness and prosperity. Investment in transport infrastructure leads to positive externalities as it enables better access to markets for firms and employment opportunities for individuals. Under-investment has a negative impact on businesses, individuals and society. Transport infrastructure affects business investment, labour movement and, ultimately, the productivity and competitiveness of the region.

The South East has one of the highest population densities nationally. With this, the risk of congestion and transport pollution increases, given the general rise in car ownership and population. This means that it is all the more important to promote modal shift and encourage more people to use public transport facilities.[40]

T8-1: Usual method of travel to work

The percentage of people who travel to work by car (as driver or passenger) is higher in the South East than nationally. In 2008, some 73% of the South East workforce travelled to work by car compared to 70% nationally. Between 2007 and 2008, this proportion increased slightly in the South East, by 1 percentage point. However, compared to 2005, there has been a slight improvement, as the percentage of people travelling to work by car fell by 3 percentage points.

Walking is the second most popular mode for travel to work. In 2008, 11% of the workforce walked to work. The percentage has stayed broadly the same in recent years, ranging between 10% and 11% (in line with the national average). There was no change between 2007 and 2008.

In the South East, around 7.5% of people travelled to work by train in 2008, higher than the national average of 5%. Again there was no change between 2007 and 2008. However, between 2005 and 2008 the proportion of people in the South East taking the train to work increased by 2 percentage points.

Cycling has become slightly more popular in recent years. In 2008, nearly 4% of the workforce cycled to work. Between 2005 and 2008 the proportion increased by almost 1 percentage point. There was only a slight increase of 0.2 percentage points between 2007 and 2008. The use of bus/coach has declined from 4.5% of commuters in 2007 to 3.6% in 2008 (Figure T8-1.1).

40 For additional information (the evidence base) on transport see SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*, section 5.5 and SEEDA (2006*) Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework*. The South East Plan Regional Monitoring Report 2008 furthermore discussed the actions that have been carried out to promote demand management and modal shift and identifies further actions required.

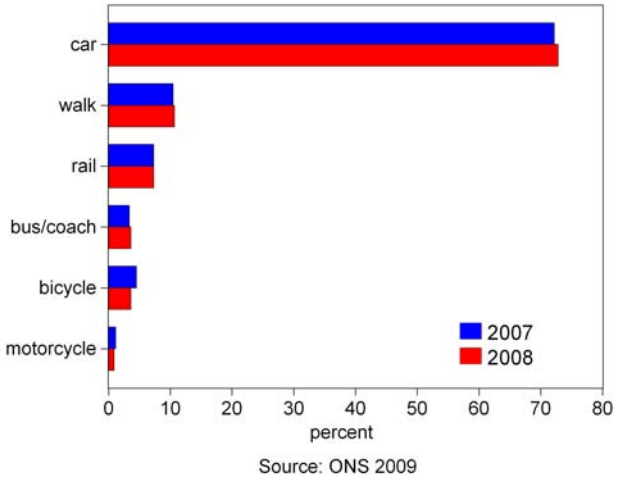


Figure T8-1.1: Usual method of travel to work, South East England, 2007-2008

T8-2: Average daily motor vehicle flows

The average daily motor vehicle flows on motorways in the South East are among the highest of any region and have increased slightly since 2006. In 2007, the most recent year for which data is available, the South East counted some 95,000 vehicles per day travelling on motorways compared to the national average of 77,400. This is only exceeded by London (97,400). Compared to 2006, there was an increase of 900 vehicles per day on motorways in the South East (Figure T8-2.1).

Daily traffic on major rural roads was 18,100 in 2007 and remained static between 2006 and 2007. However, traffic on major rural roads is higher in the South East compared to Great Britain (11,000 vehicles per day), Figure T8-2.2. Traffic on major urban roads in 2007 was slightly below the national average in the South East: 19,000 compared to 20,000 in Great Britain. Traffic on these roads fell slightly between 2006 and 2007, by 300 vehicles per day in the South East, continuing the trend since 2004 (Figure T8-2.3)

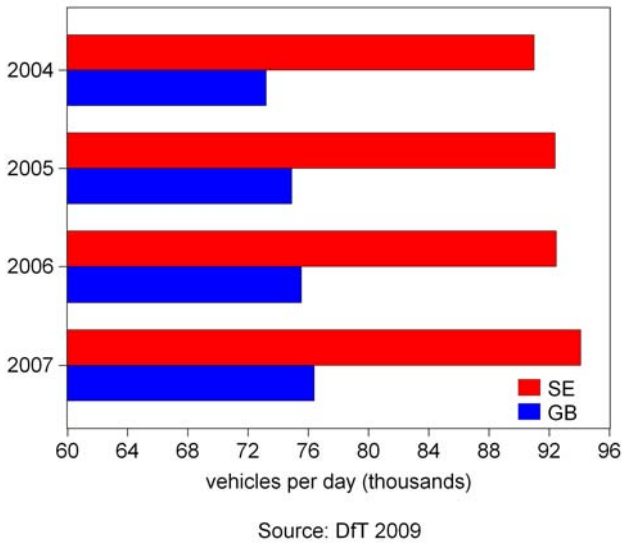


Figure T8-2.1: Average daily motor vehicle flows on motorways, 2004-2007

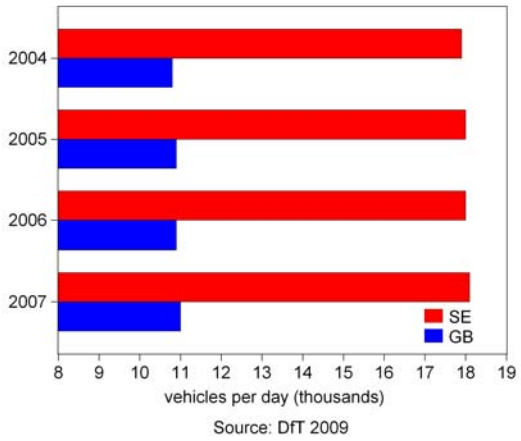


Figure T8-2.2: Average daily motor vehicle flows on major rural roads, 2004-2007

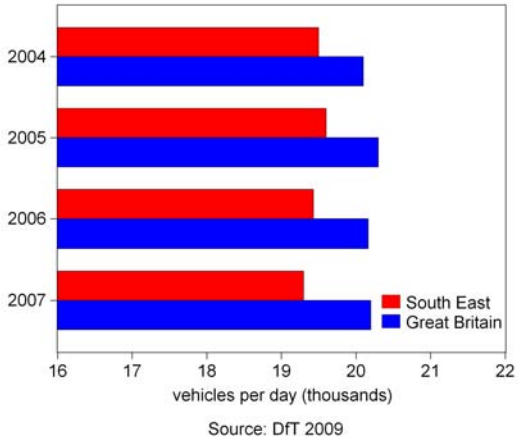


Figure T8-2.3: Average daily motor vehicle flows on major urban roads, 2004-2007

T8-3: Carbon dioxide emissions from road transport

In 2007, the most recent year for which data is available, the South East emitted 20,587 kilotonnes of CO_2 attributable to transport. This represents a slight decrease on the figure of 20,831 kilotonnes in 2005. The South East had the second highest per capita emissions caused by road transport of any region in 2007 (alongside the East of England), accounting for 2.6 kilotonnes per head compared to a UK average of 2.2 kilotonnes. Carbon dioxide emissions per head from road transport in the South East have only slightly decreased since 2005, when the figure was 2.7 kilotonnes. However, high CO_2 emissions attributable to transport in the South East also reflect the region's position as the gateway to Europe, accommodating a large amount of transit traffic.

Looking at the share of emissions from different sources in the South East in 2007, 32.2% are attributable to road transport - higher than the national average of 26.4% - but slightly lower then in 2005 (when the figure was 32.9%) Emissions from domestic end-users were also higher than the national average, at 30.8% compared to 28.2%. However, emissions attributable to commercial and industrial end-users were significantly lower than the national average at 35.9% (45.8% nationally), Figure T8-3.1 and Figure T8-3.2. The service-sector oriented industrial structure in the South East is a factor behind the region's lower emissions from industry and commerce.

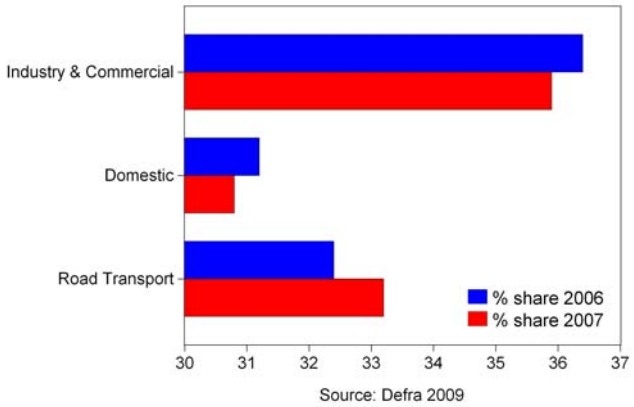


Figure T8-3.1: Share of CO2 emissions by end user, South East England

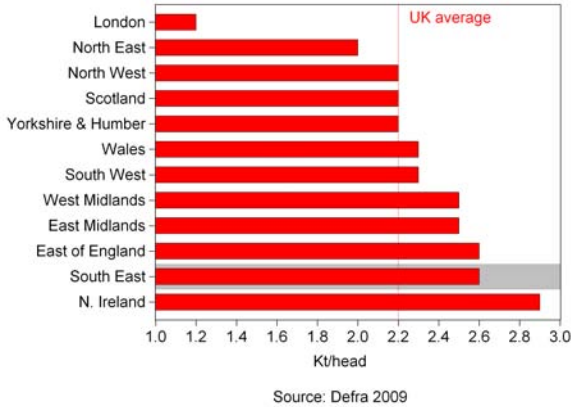


Figure T8-3.2: Per head CO2 emissions from transport by region, 2008

Target 9 **Physical Development** **Ensure sufficient and affordable housing and employment space of the right quality, type and size to meet the needs of the region and support its competitiveness, and create the climate for long-term investment through the efficient use of land resources, including mixed-use development**

Indicator(s): T9-1: Ratio of median house price to median income

T9-2: New dwellings built or converted on previously developed land

T9-3: Previously developed land by planned use (for employment land, includes employment, mixed use, retail)

Box T9: Key messages

- **Housing affordability is a significant concern in the South East. The ratio of median house price to median income has more than doubled between 1998 and 2008, but there was a slight decrease between 2007 and 2008 as house prices fell in response to the credit crunch.**
- **Both the number and proportion of new dwellings completed on previously developed land have increased significantly since 1999, with a small decrease from 81% to 79% between 2007 and 2008.**
- **The amount of land with planning allocation or permission fell by nearly 1,000 hectares between 2006 and 2007, with all types of land use seeing a decrease.**

Appropriateness of housing and land use are vital components of regional competitiveness and growth, and play an important part in equality considerations and tackling social exclusion. Unsustainably high house prices can have a fundamental negative impact on individuals (through affordability and mobility problems), businesses (through recruitment and retention difficulties) or society. It is important to ensure that sufficient housing is provided to support and sustain both the economic growth and social progression that is needed to maintain the standard of living in the region and competitiveness in an increasingly global market. [41]

T9-1: Ratio of median house price to median income

Housing affordability remains one of the main issues for the South East's population. Between 1998 and 2008, the ratio of median house price to median income in the South East steadily increased, more than doubling in ten years (from 4.38 in 1997 to 8.43 in 2008). Between 2007 and 2008 the house price affordability ratio has declined a little, from 8.47 to 8.43. The South East ratio is also the highest of any of the English regions in 2008 (including London). However, one effect of the recession may be that the affordability ratio continues to improve (i.e. declines). On the other hand there are very much higher than average ratios in many parts of the region and problems are exacerbated by difficulties for buyers in accessing mortgages.

41 For additional information (the evidence base) on transport see SEEDA (2006) Regional Economic Strategy 2006-2016: Evidence Base, section 5.5 and SEEDA (2006) Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework. The South East Plan Regional Monitoring Report 2008 furthermore discussed the actions that have been carried out to promote demand management and modal shift and identifies further actions required.

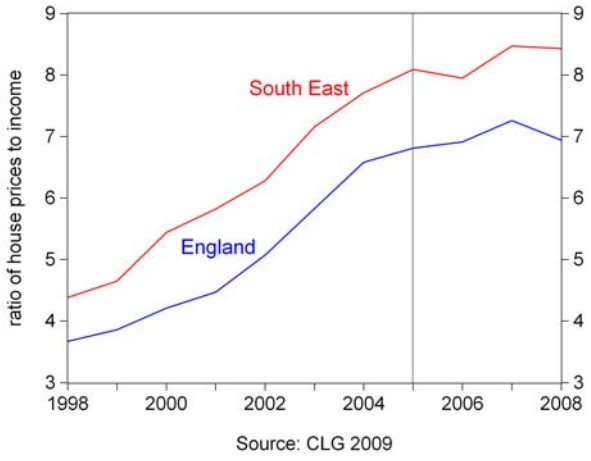


Figure T9-1.1: Ratio of median house price to median income, South East England and England, 1998-2008

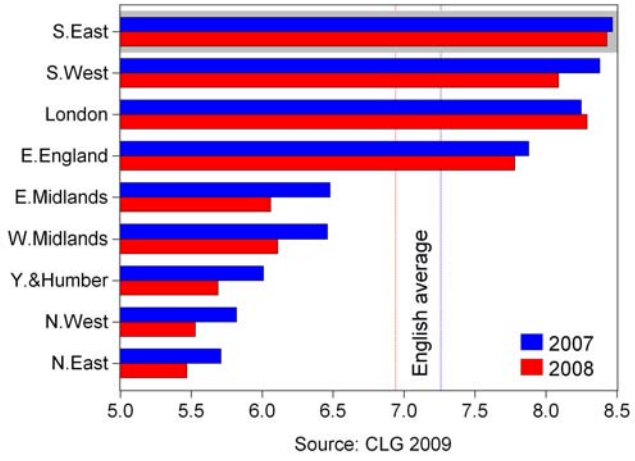


Figure T9-1.2: Ratio of median house price to median income by English region, 2007-2008

At sub-regional level, the highest house prices tend to be found in the 'core' of the region immediately surrounding London, and in many local authorities in Buckinghamshire, Surrey, West and East Sussex and Hampshire. Prices tend to be lower in eastern, northern and western parts of the region (Figure T9-1.3). Between 2007 and 2008, the house price to income ratio fell in many districts across the South East (Figure T9-1.4).[(42)]

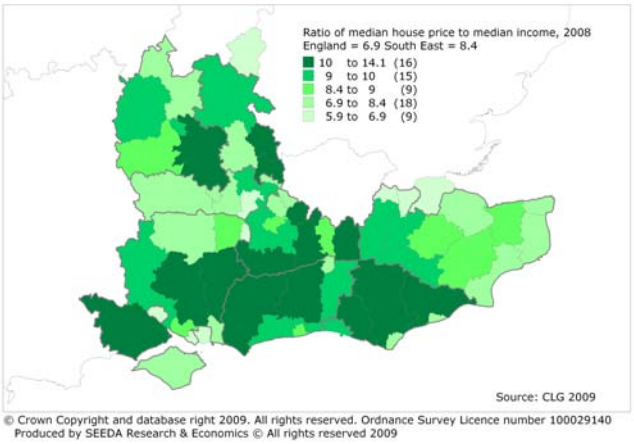


Figure T9-1.3: Ratio of median house price to median income, by District, 2008

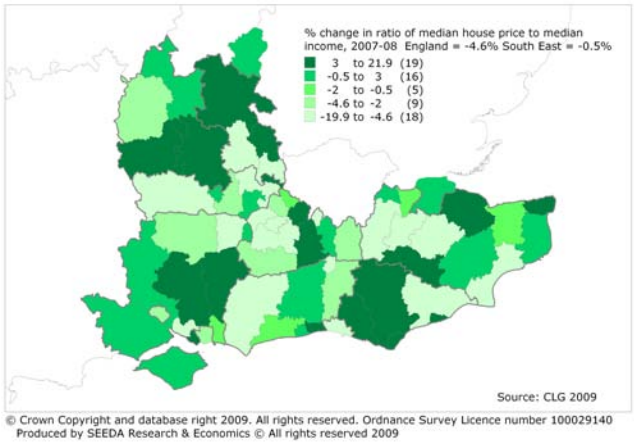
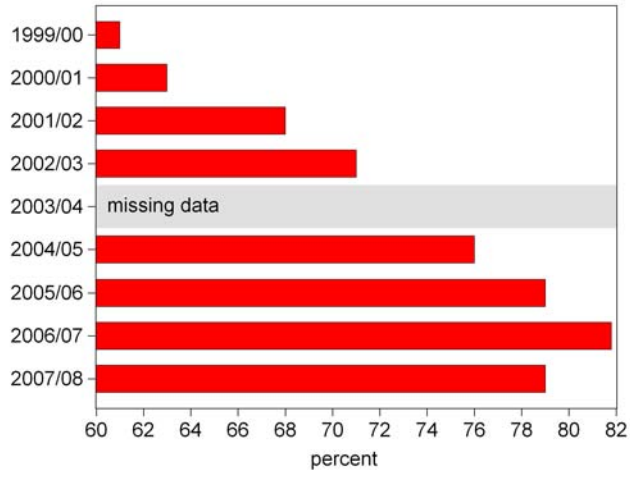


Figure T9-1.4: Percentage change in median house price to median income, by District, 2007-2008

T9-2: Proportion of new or converted dwellings completed on previously developed land

Between 2006/07 and 2007/08, the proportion of new or converted dwellings completed on previously developed land (PDL) in the South East decreased from 81.8% to 79%, returning to the 2005/06 level. However, since 2004/05, the proportion has risen by some 3 percentage points, from 76% to the aforementioned 79% in 2007/08 (Figure T9-2.1). The number of homes completed on PDL also increased, from 24,300 in 2004/05 to 27,900 in 2007/08.

42 Housing affordability and the need to deliver more affordable housing are being addressed through the work of the Regional Housing and Regeneration Board. The 2009 Regional Monitoring Report for the South East Plan summarises some of the implementation issues and actions which are needed.



Source: South East Partnership Board, 2009

T9-2.1: Housing completions on previously developed land, South East England, 1999-2008

There were wide intra-regional variations in the proportion of dwellings completed on previously developed land in 2007/08, from 30% or below in Swale, Ashford and Hart to 100% in many districts in Surrey (Figure T9-2.2). These variations reflect local characteristics and spatial policies. There is a need to ensure that best use is made of available land while also providing for a full range of housing types to meet local needs.

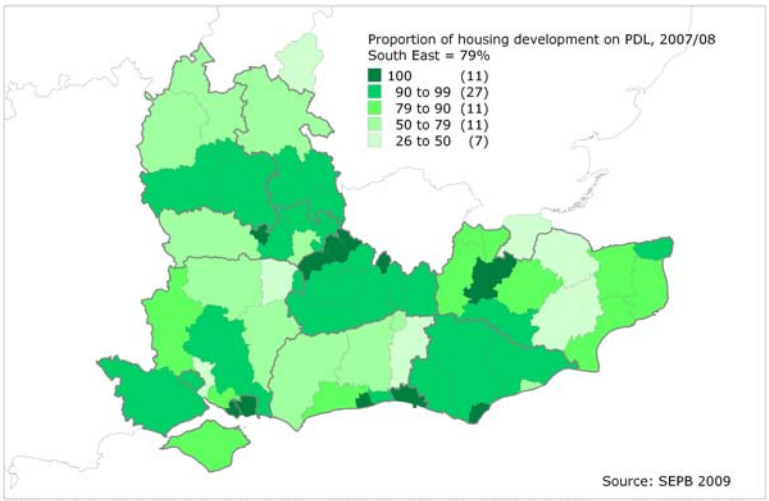


Figure T9-2.2: Proportion of new housing development completed on previously developed land, by District, 2007/08

T9-3: Previously developed land with planning allocation or permission

In 2007,[(43)] mixed-use land formed the largest share of PDL with planning allocation or permission in the South East, accounting for nearly 32% of the total (33% in 2006). Employment land formed the second largest share, accounting for 19.5% of the total (22% in 2006) followed by housing land, representing 18% of the total (16% in 2006).

In total, the amount of land with planning allocation or permission fell by nearly 1,000 hectares between 2006 and 2007. All types of land use saw a decrease between 2006 and 2007. Employment land decreased by nearly 400 hectares, mixed use land by 390 hectares, while housing land decreased by nearly 60 hectares (Figure T9-3.1).

43 2008 data will be released after the publication date of this report.

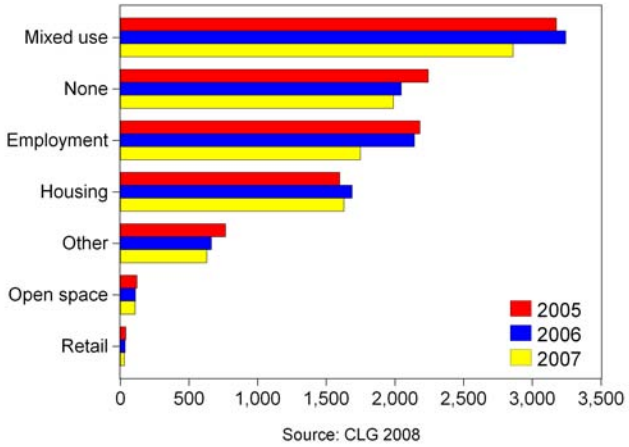


Figure T9-3.1: PDL with planning allocation/permission by type, South East England, 2005-2007 (hectares)

Target 10 Employment

Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016 (as a step towards bringing up to 250,000 residents into the labour market by 2026)

Indicator(s): T10-1: Change in the economic activity rate

T10-2: Change in the number of economically inactive people in the region

T10-3: Employment rate

T10-4: Proportion of working age population in Groups 1 to 3 of the Standard Occupational Classification (SOC): managers/senior officials, professionals and associate professionals

Box T10: Key messages

- **The South East has the highest economic activity rate of any region, which has remained at around 82% since 2003, with a slight increase between 2007 and 2008. However, as a result of the recession the activity rate has fallen between quarter 2 of 2008 and quarter 2 of 2009.**
- **While economic inactivity rates are low, there has been an increase in the *number* of economically inactive people in the South East in recent years, to a greater degree than in most other regions. However, between 2007 and 2008, the number of inactive people in the region fell by 10,500.**
- **Following a decline in the employment rate since 2000, the rate has recently started to increase, rising by 0.1 percentage point between 2007 and 2008, to 78.5%. However, the number of people in employment has fallen quite sharply since June 2008, although the employment rate has remained the highest of any region during the recession so far.**
- **On measures of job quality the South East performs well. The proportion of residents employed in Groups 1 to 3 of the Standard Occupational Classification is the second highest of any region (behind London) and increased by 0.3 percentage points between 2007 and 2008.**

Although the South East has one of the best performing labour markets of any region, with high economic activity and employment rates, certain groups within the population face barriers to labour market participation. There are approximately 900,000 economically inactive people in the region, of whom 250,000 would like to work if a job were available for them. Bringing more of these people back into the labour market and employment will help to raise prosperity in the region. Although the recession has caused some slackening in the labour market, with greater competition for available jobs, employment is expected to start growing again from 2011, and we are likely to see a return to the tight labour market conditions which characterised the South East pre-recession. This, coupled with a projected drop in the number of people of 'prime working age' in the region means there will be a need for a greater supply of labour in the future. One way to increase labour supply is to make greater use of untapped potential within the indigenous working age population of the South East.[44]

T10-1: Change in the economic activity rate

The economic activity rate describes the proportion of the working age population who are in employment or unemployed and actively seeking work. Figure T10-1.1 shows the baseline and policy-on scenarios used in the development of the 2016 target for the economic activity rate in the South East.

Since the South East already has high economic activity rates, the baseline scenario assumes a broadly constant economic activity rate at around 82%. The RES target (policy-on scenario) incorporates bringing 110,000 currently economically inactive people back into the labour market (holding all other factors constant). Thus the impact of public policy is to increase the economic activity rate from 82% to 85% by 2016. Although economic activity is not a direct driver of prosperity, it is closely related to employment (alongside productivity it is a driver of regional prosperity). The aim of regional policy is to bring additional people back into the labour market and employment and thus increase the employment rate.[45]

44 For additional information (the evidence base) see SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base,* section 5.1 and SEEDA (2006*) Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework*.

45 The unemployment rate in the region in 2016 is assumed constant at the 2003 rate.

The South East has the highest economic activity rate of any region, at 82.3% in 2008 – significantly above the national average of 78.6% (Figure T10-1.2). The rate has fluctuated between 82% and 83% since 1997, and has remained at around 82% since 2003. Between 2007 and 2008 there was an increase of 0.3 percentage points, from 82% to 82.3%. However, since the start of the recession the activity rate has fallen slightly, from 82.9% in quarter 2 of 2008 to 82.4% in quarter 2 of 2009 (Figure T10-1.2).

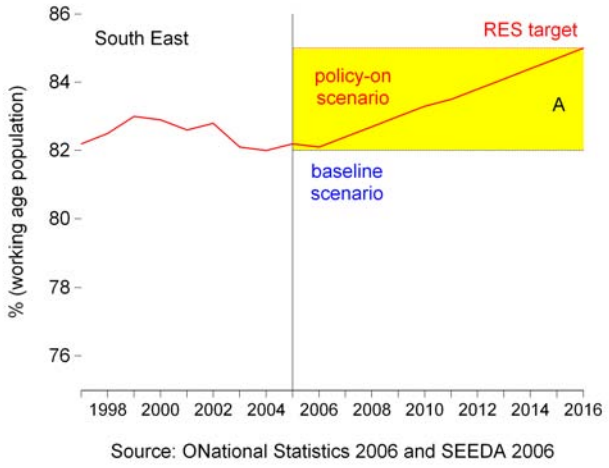


Figure T10-1.1: Economic activity rate. Trend-based projection and policy on scenario

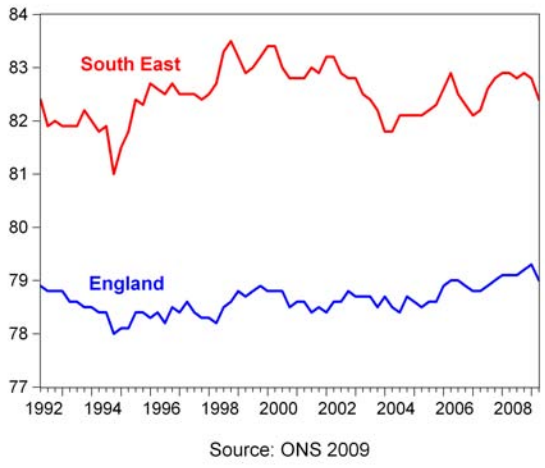


Figure T10-1.2: Economic activity rate, South East England and England

T10-2: Change in the number of economically inactive people in the region

Reflecting the trend described above, the economic inactivity rate in the South East fell by 0.3 percentage points between 2007 and 2008, from 18% to 17.7%. This is a significantly lower rate than any other region, and well below the rate for the UK (21.4% in 2008).

During the same period, the *number* of economically inactive people fell by 10,500 from 907,000 in 2007 to 896,500 in 2008 (a drop of 1.2%). In most other regions, there was also a drop in the number of economically inactive people. The only exceptions were the North West, Northern Ireland and Scotland where the number of economically inactive people increased.

Looking over the long term, there has been a steady rise in the number of economically inactive people in the South East, from 818,000 in 1999 to 896,500 in 2008 – a rise of 9.6% (compared to a 8.8% increase in the UK over the same period). Migration from other parts of the country (and in particular, London) and early retirement are probably the major factors behind the increase in economic inactivity. In 2004 and 2005, a downturn in both employment and output in the region probably also played some part in the small increase in economic inactivity, as has the current downturn.

While information on the number of economically inactive people in the region is readily available, measuring the flow from economic inactivity to activity is far more challenging since it includes those people who are inactive and do not claim any benefits as well as people claiming benefits. A comparison over time is often difficult since frequent changes in regulation could have a significant impact on the number of people claiming benefits and ultimately on the inactivity rate. For instance, October 2008 saw the introduction of Employment and Support Allowance (ESA) which replaces Incapacity Benefit (IB) and Income Support for new claimants initially. ESA is classified as an *active* benefit, whereas people claiming Incapacity Benefit are classed as inactive. [46] As more people make the transition from IB to ESA, the number of economically inactive people in the South East should fall significantly. However, it cannot simply be said that the region is therefore well on the way to achieving the RES target on economic activity, since what is important is that people make the transition from inactivity to sustained employment.

46 Employment and Support Allowance represents a significant change in the welfare system. The focus is on what an individual is capable of doing, not what they cannot do. People who are currently on Incapacity Benefit, unless severely disabled, will be given tailored support to help them find work of some kind.

The economic inactivity rate varies significantly across the region, as Figure T10-2.3 shows. Inactivity rates are higher in parts of Kent and Surrey, coastal parts of Sussex, the Isle of Wight and Oxford. Rates are particularly low in the far west of the region (in Oxfordshire and Berkshire specifically), as well as parts of Surrey and West Sussex.

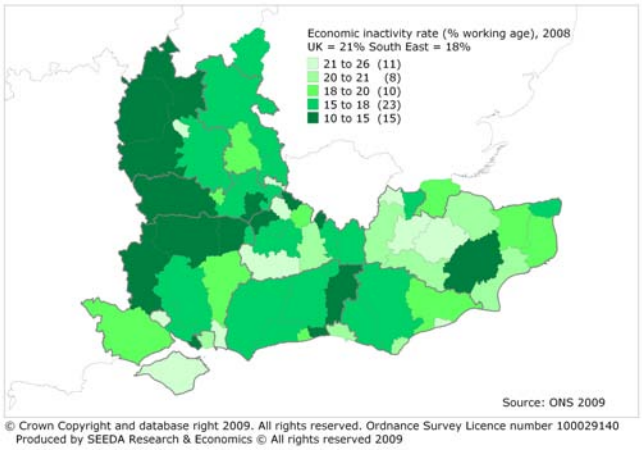


Figure T10-2.3: Economic inactivity rate, 2008

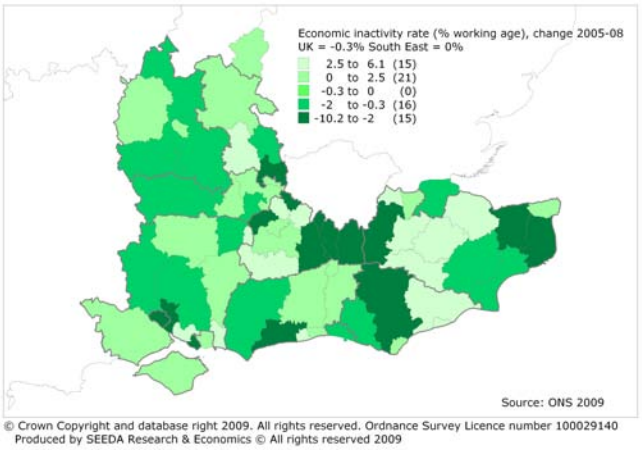


Figure T10-2.4: Economic inactivity rate, by District, percentage change, 2005-2008

Economic inactivity rates have changed quite significantly in some local authorities since 2005 (Figure T10-2.4). The largest increases in inactivity occurred in Worthing (an increase of 6.1 percentage points), Tonbridge and Malling (5.6 percentage points), and Havant (5.3 points). Several local authorities saw significant falls in economic inactivity rates between 2005 and 2008, however. These included Arun (a fall of 10.2 percentage points), Epsom and Ewell (a 5.6 percentage point fall), and Reigate and Banstead (-4.7 points).

T10-3: Employment rate

The employment rate in the South East has been consistently above the national average in recent years, though there has been a decline since 2000, when the regional employment rate peaked at 80.1% (Figure T10-3.1). Between 2007 and 2008, the employment rate increased by 0.1 percentage point, from 78.4% to 78.5%, and remained significantly above the national average of 74%.[47] Most other regions saw a small fall in the employment rate, reflecting the early impact of the recession on the labour market.

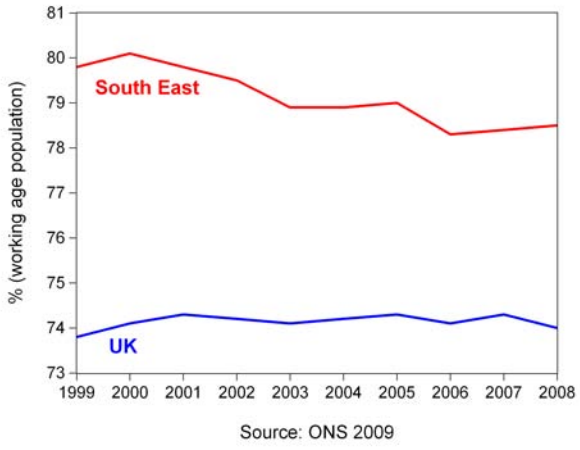


Figure T10-3.1: Annual employment rate, South East England and UK, 1999-2008

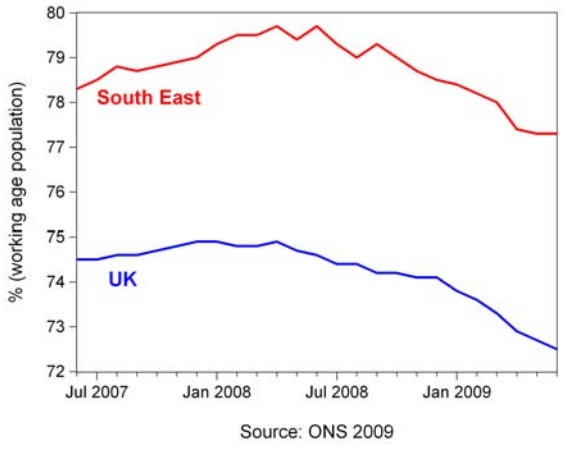


Figure T10-3.2: Monthly employment rate, South East England and UK, June 2007 - June 2009

47 The employment rate in the region is also affected by the strength of the neighbouring labour markets and in particular London.

Looking at more recent monthly data, the impact of the recession is clear. The employment rate in the South East continued to rise until June 2008, whereas the rate began to fall from April 2008 in the UK. Since then, the employment rate in both the South East and UK has fallen quite sharply, reaching 77.3% in the South East in June 2009. However, it was not until January 2009 that the employment rate fell below the level seen in mid-2007 (Figure T10-3.2). In general, the South East labour market has held up relatively well compared to other regions during the recession so far, with employment rates consistently higher than any other region and unemployment rates consistently the lowest of any region. In part this can be explained by the concentration of relatively high value, high growth industries in the South East, which helps to maintain employment demand.

Employment rates vary quite significantly across the South East, as Figure T10-3.3 shows. There is a clear west to east gradation, with employment rates being highest - above 82% - in the far west of the region (in western parts of Oxfordshire, Berkshire and Surrey), slightly lower in the central part of the region (generally between 74% and 82%), and lowest in the east of the region – in Kent, as well as in parts of Surrey and Hampshire and the Isle of Wight.

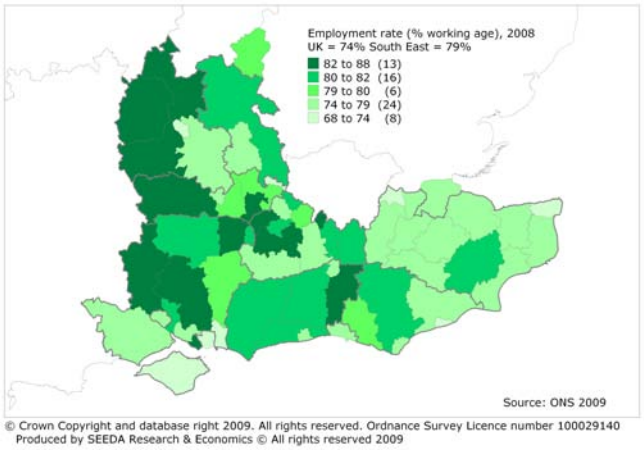


Figure T10-3.3: Employment rate, by District, 2008

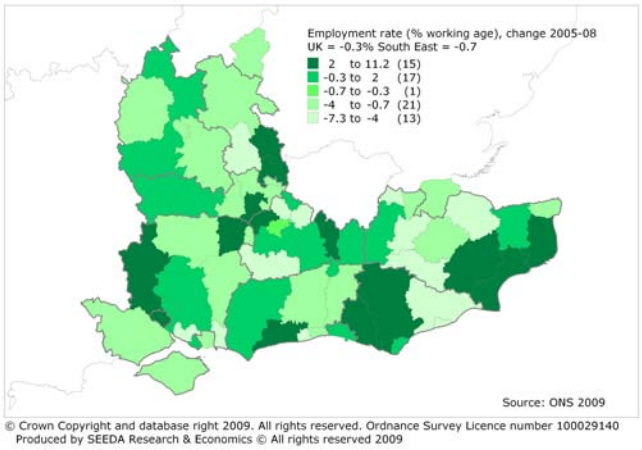


Figure T10-3.4: Employment rate, percentage change, 2005-2008

The employment rate has changed significantly in some local authorities since 2005, as Figure T10-3.4 shows. The most significant increases were seen in Arun (an 11.2 percentage point rise), Dover (a 4.6 percentage point increase) and Southampton (up by 4.4 percentage points). Meanwhile, the most significant falls in the employment rate between 2005 and 2008 occurred in Dartford (a fall of 7.3 percentage points), Swale (-7.1 percentage points) and Runnymede (- 6.6 percentage points).

T10-4: Proportion of working age population in Groups 1 to 3 of the Standard Occupational Classification (SOC): managers/senior officials, professionals and associate professionals

The quality of jobs created is an important factor contributing to sustainable economic development and improvements in the productivity of the workforce. Therefore, as well as raising economic activity (and employment) rates it is important to consider the nature of the jobs in which people are employed. Since the South East has a relatively highly skilled workforce, it would be expected that it would also have larger proportions of people employed in occupations that require high levels of skill. Indeed, the region has one of the highest proportions of employees in medium and high technology manufacturing and hi-tech knowledge intensive sectors of any region. The South East also has the highest earnings in the UK outside London. Earnings can be used as one indicator of the quality of employment.[48]

Looking at Groups 1 to 3 of the Standard Occupational Classification (which tend to require high levels of skill)[49] the South East performs well compared to other regions: 47.6% of South East residents in employment were engaged as managers/senior managers, professionals or associate professionals in 2008. Unsurprisingly the South East was only outperformed by London on this measure (53.3%). The figure for the UK as a whole was 43% (Figure T10-4.2).

48 SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*.

49 These occupations include managers and senior officials, professional occupations and associate professional & technical occupations. Overall there are nine occupational categories.

Between 2004 and 2008 the total number of residents in the South East employed in Groups 1 to 3 of the Standard Occupational Classification rose by 140,800 – an increase of 7.6%. The proportion of working age residents in the South East employed in these three occupational categories increased by just 0.3 percentage points between 2007 and 2008, which is in line with the national average (Figure T10-4.1).

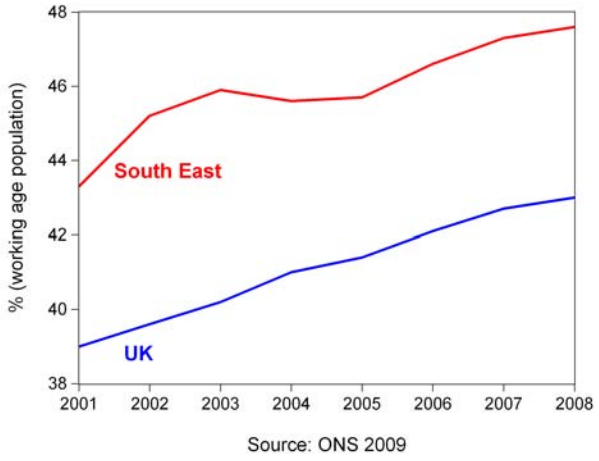


Figure T10-4.1: Top 3 SOC employment, South East England and UK, 2001-2008

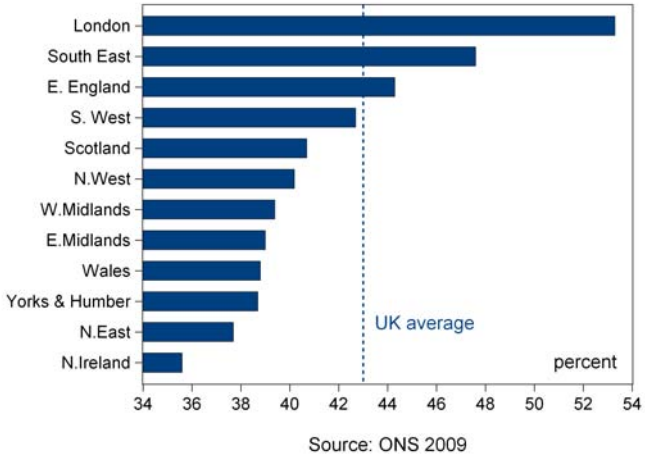


Figure T10-4.2: Top 3 SOC employment by UK region/country

Within the South East there are significant sub-regional differences in the proportion of people employed in Groups 1 to 3 of the Standard Occupational Classification (Figure T10-4.3). There is a broad west–east split in the region, with the proportions being higher than the regional average in large parts of Oxfordshire, Berkshire, Buckinghamshire, Surrey and West Sussex, and below the regional average in Kent and East Sussex (as well as Southampton and the Isle of Wight). The districts with the largest proportion of residents employed in high-level occupations (more than 60%) include South Buckinghamshire, Elmbridge, Epsom and Ewell, Guildford and Mole Valley. The lowest proportions (less than 35%) are in Crawley, Dover and Hastings.

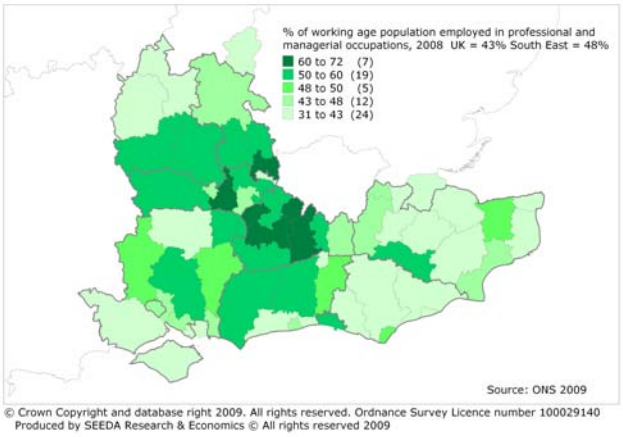


Figure T10-4.3: Working age population employed in SOC Groups 1 to 3, by District, 2008

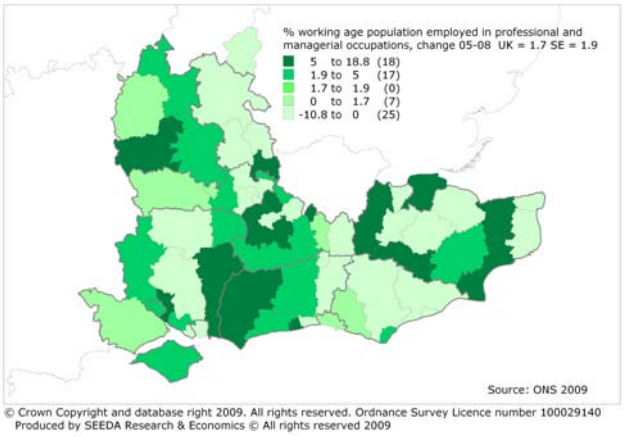


Figure T10-4.4: Working age population employed in SOC Groups 1 to 3, percentage change, 2005-2008

Most local authorities experienced an increase in the proportion of working age residents employed in professional and managerial occupations between 2005 and 2008 (Figure T10-4.4). The most significant increases occurred mostly in Surrey, where the percentage of people working in higher skilled occupations is already significant, but also in parts of Kent and Hampshire. Since 2005, South Buckinghamshire has seen an 18.8 percentage point rise, Havant a 13.7 point increase, Chichester a 12.9 point rise and Oxford an increase of 11.8 points. The most significant falls in the percentage of people employed in Groups 1 to 3 of the Standard Occupational Classification were seen in Hastings (a fall of 10.7 percentage points), Wealden (-8.1 points) and Bracknell Forest (-6.2 points).

Box O-1: Qualitative examples

Business Link support to companies during the recession

Business Link is the access channel for business support across the region. SEEDA is responsible for delivering the Business Link service in the South East and has refocused the Business Link offer to provide:

- Free Business Health Checks, which offer advice on how to maximise cashflow and improve marketing and business planning, debt management, new market and product development. Over 15,000 businesses in the region have benefited from this service since it was launched in October 2008.
- Access to finance advice, credit crunch presentations and finance clinics.
- Guidance and events on how to survive and thrive in difficult times, including advice on reducing energy consumption and costs.
- Access to the SEEDA-funded Resource Efficiency programme.
- Access to a specialist skills assessment and the new, more flexible Train to Gain service.
- Analysis and information on new business opportunities and markets, including links to the Sector Consortia.

In the 12 months to June 2009, over 154,000 businesses and individuals received 'light touch' support, which includes free business guides, workshops and information packs. Over 23,000 individuals were offered support with starting a business. In January 2009, Business Link ran the 'Survive - Grow' campaign across press, radio, direct marketing and outdoor ad-vans. During January 2009 enquiry volumes increased by 69% year on year. The South East Business Link website received 425,000 visits between August 2008 and July 2009. Visits were up by 50% in July 2009 compared to the same month a year earlier.

Continuing Employment Support Service (CESS)

CESS provides support for small, medium and large companies at any time when they are downsizing, which is particularly important during this economic downturn. It offers a free, bespoke service to all companies at the point they announce the intention to make redundancies and it also offers support to plan for the future and a subsequent upturn in the economy. It is a truly partner lead initiative having been developed by SEEDA with the involvement of all the main partners including: Jobcentre Plus, the Learning & Skills Council, Alliance of Sector Skills Councils and Business Link. This commitment from partners means that CESS is recognised by all as the first point of contact for all redundancies in the South East and the lead body to bring in other agencies, as needed, to offer further support.

When a company announces it is downsizing, a dedicated CESS Broker contacts the company to offer a package of support to those affected. The support is designed to help employees at risk of redundancy to find alternative employment as quickly as possible and prevent them having to experience a period of unemployment. The package is tailored to meet the individual needs of the employees and covers a range of different support:

- advice on pensions and state benefits, including preserving national insurance contributions;
- workshops and one to ones regarding careers advice (detailing the varied options that are available);
- CV writing and interview technique advice;
- support to retrain;
- advice and potential financial support to set up owner-enterprises and self employment options; and
- direct access to companies locally that are hiring.

CESS is an extremely effective service. In the last year alone it has supported nearly 12,000 employees facing redundancy. The success of the service is mainly down to the fact that all the partners offering publicly funded support work with the CESS Brokers to create a ‘one-stop shop’ service, thus ensuring that employers are not overwhelmed with offers of help from a plethora of publicly funded agencies.

Grow Our Own

This project, led by Bracknell Forest Borough Council, is linked to the £750 million redevelopment of Bracknell town centre, which will completely change the centre, making it ‘fit for the 21st Century’. This is linked to major expected growth in the retail, hotel and tourism sectors across the two unitary authorities (UAs) of

Bracknell Forest and Windsor & Maidenhead, once the recession is over. Some 5,000 jobs are anticipated to be created in these sectors in the next 5–7 years. Other sectors are also expected to experience growth, including construction, education and health and business services.

SEEDA funding is helping to upskill local residents to enable them to access these new job opportunities, with special emphasis upon those who are currently under/inactive. This covers a broad range of people and a wide spectrum of issues, ranging from teenage parents, black and minority ethnic groups, carers, those with learning difficulties and those with mental health problems. The project is bringing services together which is helping local people to get a job and progress in work. It is helping to provide an Integrated Employment and Skills service through strong working relationships with Jobcentre Plus and the changes that are being introduced through Welfare Reform.

The long term future of Grow Our Own is looking very positive as Bracknell Forest have identified Section 106 monies which are available to fully implement Grow Our Own in the borough of Bracknell. This is combined with agreed strategic and operational management arrangements to fully embed the project within the authority structures. Negotiations for the continuation of the service within Windsor and Maidenhead are currently being developed under a strategic review of the programme.

The project has so far reported that it has assisted 482 people in their skills development as well as a further 1,215 who have been assisted in gaining employment. The project helps to address RES targets through ensuring that people at all skills levels are continually equipped to progress in the labour market.

2.4 Sustainable Prosperity

Target 11	**Climate Change and Energy**	**Reduce CO_2 emissions attributable to the South East by 20% from the 2003 baseline by 2016 as a step towards the national target of achieving an 80% reduction on 1990 levels by 2050, and increase the contribution of renewable energy to at least 10% of energy supply in the South East by 2010 as a step towards achieving 20% by 2020**

Indicator(s): T11-1: CO_2 emissions attributable to the South East

T11-2: Generation of electricity from renewable resources

Box T11: Key messages

- **The latest available data (for 2007) shows that the South East is the region with the highest emissions of CO_2 in absolute terms, because of its large population, the presence of major airports and a transport network that acts as the gateway to Europe.**
- **However, per capita emissions are well below the national average in the South East.**
- **The generation of electricity from renewable resources in the South East increased strongly in recent years from 1,187.2 GWh in 2005 to 1,553.6 GWh in 2008, or by 31%. However, the proportion of total electricity generated from renewable sources is still low, and increased from 2.8% in 2005 to 3.8% in 2007.**
- **Looking at the actual amount of electricity generated from renewables, the strongest growth has been in wind and wave generated power and other biofuels since 2005.**

Climate change is a serious global threat to the environment, economy and society – with potentially very significant impacts on growth and development. Our actions now and over the coming decades could create risks of major disruption to economic and social activity. The *Stern review on the economics of climate change,* published in 2006, concludes that the investment that takes place in the next 10-20 years will have a profound effect on the climate in the second half of this century and in the next.

T11-1: CO_2 emissions attributable to the South East

The UK Kyoto target aims to reduce total UK emissions of greenhouse gases by 12.5% from the base year by 2008-2012. The UK Kyoto target for 2010 is 129.2 million tonnes of carbon equivalent, which represents a 20% reduction since 1990 or 14.9% on 2003. The 12.5% reduction refers to a basket of greenhouse gases and not just CO_2. On the other hand, the UK CO_2 domestic target is 80% of 1990 CO_2 emissions by 2010 (Kyoto 2008-2012 target for CO_2).

In 2000 and 2001 the South East emitted approximately 19 million tonnes of carbon equivalent. By 2003, total emissions increased to 19.4 million tonnes. The baseline and policy-on scenarios are shown in Figure T11-1.1. The baseline scenario is based on the 2003 South East emissions (it assumes 2003 emissions in 2016). The policy-on scenario has been derived by first apportioning the UK Kyoto target to the South East (based on the baseline data) - shaded area A in Figure T11-1.1 – and applying an additional 6% decline in total emissions by 2016 (shaded area B in Figure T11-1.1). Thus, the total reduction in South East CO_2 emissions is 20% between 2003 and 2016 (shaded areas A and B in Figure T11-1.1) under the policy-on scenario. [50]

50 However, it should be noted that whilst this target (as shown in Figure T11-1.1) was developed on the basis of the then in force UK Kyoto targets, these are currently being renegotiated. In the meantime the Climate Change Act has replaced the UK Kyoto target to ensure that the net UK carbon account for the year 2050 is at least 80% lower than the 1990 baseline (formerly 60%). Earlier this year the government announced legally binding carbon budgets; the new target for the period 2008-2012 is to cut emissions by 22% compared to 1990.

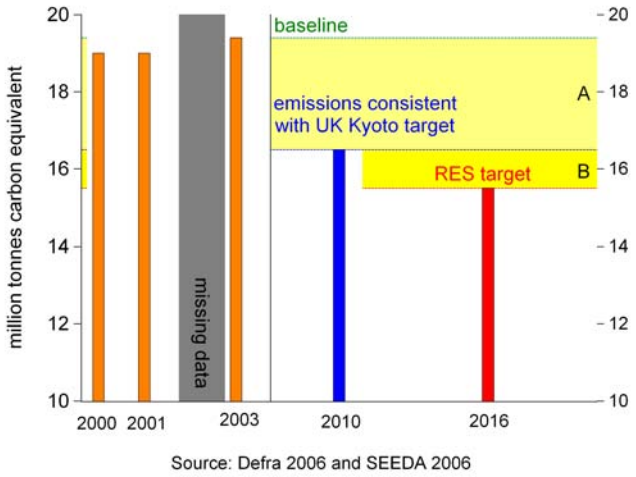
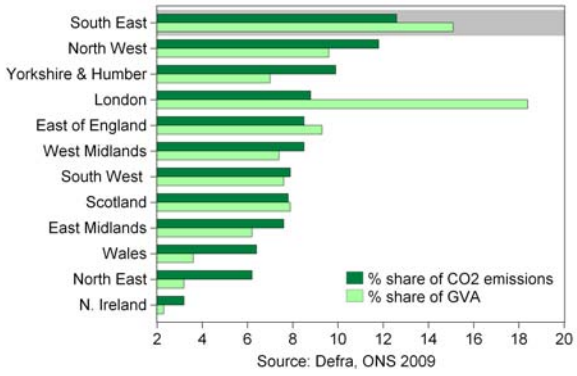


Figure T11-1.1: CO_2 emissions attributable to South East, 2000-2003, 2010 and 2016

The RES 2006-2016 Evidence Base, which underpinned the analysis on carbon dioxide emissions, used the 2003 data sets from Figure T11-1.1. In the meantime, Defra has published updated estimates for 2005, 2006 and 2007. However, due to methodological improvements on previous data, it is not possible to directly compare these years with 2003 data, which makes it difficult to monitor any progress towards this target. Nonetheless, the methodology has remained consistent between 2005 and 2007 and it is worth looking at the latest estimates on CO_2 emissions, which are also available for other English regions and at local authority level.

In 2007, the South East was the region with the highest CO_2 emissions nationally, emitting around 65,107 kilotonnes, and accounting for 12.6% of total UK emissions. Between 2005 and 2007 total CO_2 emissions in the South East declined by 2%, while the share remained stable. A large share is not surprising, given that the South East is the region with the highest population density, home or close to major airports and ports, and also serves as the main gateway to European and global markets.

Looking at the source of emissions, emissions from road transport and domestic users are above the national average while emissions from commercial and industrial users are below. With its share of total output greater than its share of carbon emissions, the South East economy appears to be more carbon efficient than most other regions (Figure T11-1.2).



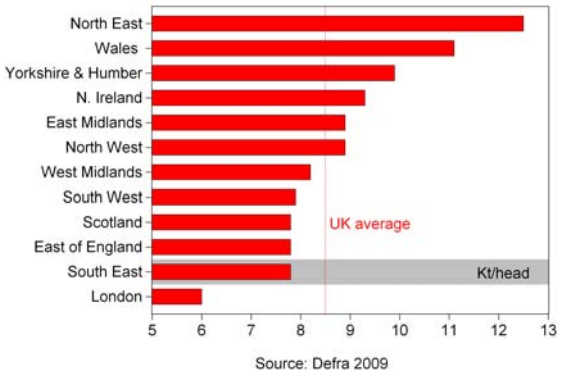


Figure T11-1.2: Share of national CO_2 emissions and GVA by UK region/country, 2007

Figure T11-1.3: Total CO_2 emissions per capita by UK region/country, 2007

In 2007, total per capita emissions in the South East were 7.8 kilotonnes, below the UK average of 8.5 kilotonnes (Figure T11-1.3). Between 2005 and 2007, CO_2 emissions per capita decreased slightly (8.1 kilotonnes in 2005).

There are some variations at sub-regional level: domestic per capita carbon dioxide emissions are mostly above the regional average in western parts of the region and in the areas closest to London, while in most of the eastern and northern areas emissions tend to be lower than the national and regional averages (Figure T11-1.4). In some respects, this pattern reflects the generation of local GVA and economic activity.

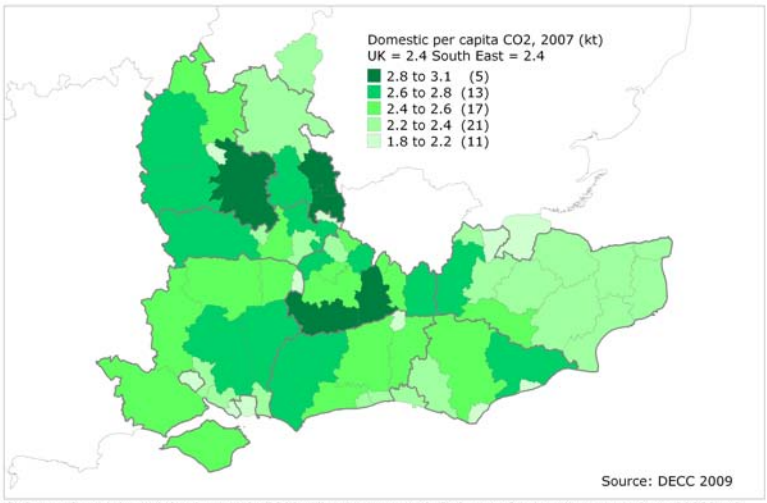


Figure T11-1.4: Domestic per capita CO_2 emissions, by District, 2007

T11-2: Generation of electricity from renewable resources

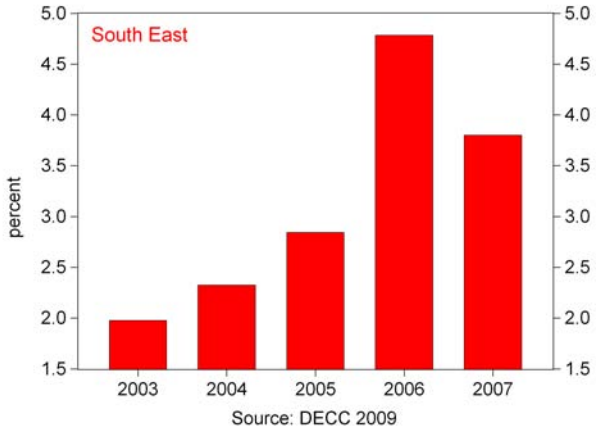
The South East has the third highest household electricity consumption nationally. In 2007, the latest year for which data is available, domestic consumption in the region stood at 4.93 Gigawatt hours (GWh) of electricity per thousand households.[51] Total domestic electricity consumption in the South East has declined slightly, from 17,041 GWh in 2006 to 16,980 GWh in 2007, but consumption by commercial and industrial consumers grew between 2006 and 2007, from 24,632 GWh to 28,423 GWh.

The generation of electricity from renewable resources in the South East increased strongly in recent years from 1,187.2 GWh in 2005 to 1,553.6 GWh in 2008, or by 31%. This was mainly due to a strong increase in 2006. More recently, between 2007 and 2008, generation of electricity from renewable sources increased only slightly, from 1,549.0 GWh to 1,553.6 GWh.

Between 2005 and 2007, the share of total electricity generated from renewable sources increased from 2.8% to 3.8%, but there was a drop of 1 percentage point between 2006 and 2007. This is mainly explained by sharp changes in the amount of electricity generated from biofuels other than landfill gas. The amount of electricity generated from this source almost trebled between 2005 and 2006, before falling by almost a half between 2006 and 2007[52] (Figures T11-2.1 and T11-2.2).

51 2007 sales, domestic consumers (Department of Energy and Climate Change, energy trends) as a ratio of 2006 revised CLG household estimates.

52 Data for total electricity consumption is available for 2007 only.



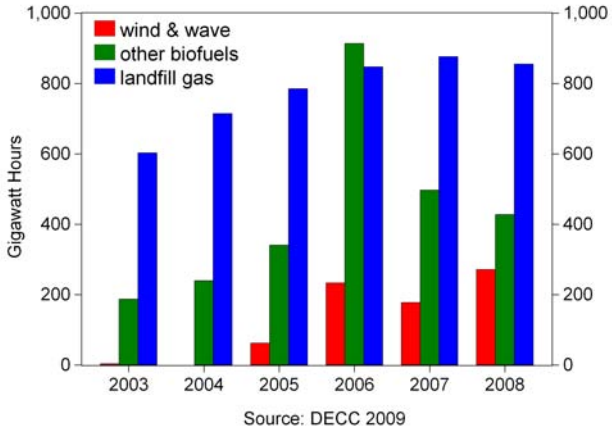


Figure T11-2.1: Share of total electricity generated from renewables, South East England

Figure T11-2.2: Electricity from renewable resources, by type, South East England

There were variations in the rate of growth in electricity generated by different types of renewables. The largest growth was in wind and wave power, where the amount of electricity generated increased from 62.1 GWh in 2005 to 271.2 GWh in 2008, or by more than 300%. Electricity generated from biofuels increased by more than a quarter, and electricity generated from landfill gas increased by 9% between 2005 and 2008 (Fig T11-2.2).

Target 12	**Sustainable Consumption and Production**	**Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003/04 to 135 litres by 2016, and achieve a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016**

Indicator(s): T12-1: Per capita water consumption

T12-2: GVA generated per tonne of materials entering the waste stream

T12-3: Total household waste (kilo/person/year)

T12-4: Percentage of household waste recycled or composted (kilo/person/year)

Box T12: Key messages

- **Water consumption in the South East has fallen since 2004/05, by 8 litres, from 164 to 156 litres per person per day in 2008/09.**
- **In terms of GVA generated per tonne of materials entering the waste stream, the South East is the second most efficient region, behind London.**
- **The total amount of household waste generated in the South East is higher than the national average and has shown a small increase since 2006.**
- **The proportion of household waste that is recycled in the South East has consistently been among the highest of any region, and has more than doubled since 2000/01. The recycling rate grew by 3 percentage points from 33% in 2006/07 to 36% in 2007/08.**

Increasing prosperity allows many people to enjoy the benefits of goods and services that were once available to just a few. However, the environmental impacts of our consumption and production patterns are severe. Environmental externalities such as carbon dioxide emissions (see Target 11), depletion of natural resources, excessive water consumption or waste generation are having a significant negative impact on the sustainability of the region.

Sustainable consumption and production (SCP) is about achieving economic growth while respecting environmental limits, finding ways to minimise damage to the natural world and making use of the earth's resources in a sustainable way. SCP is one of the four priority areas for UK action set out in the Sustainable Development Strategy 'Securing the Future'.[53]

T12-1: Per capita water consumption

Daily per capita consumption (PCC) is the amount of water used by each individual at home. The PCC data relies on estimates of other water balance components, such as estimated leakage rates and the occupancy rates for properties. The actual amount of water used also reflects local weather conditions, with water use increasing during hot and dry weather. There is considerable scope to reduce PCC through the implementation of water efficiency initiatives; metered (measured) households, for example, use significantly less water than unmetered (unmeasured) ones.[54]

53 Defra (2005) *Securing the Future - UK Government sustainable development strategy*.
54 Environment Agency (2006) *State of the Environment 2006 in South East England*.

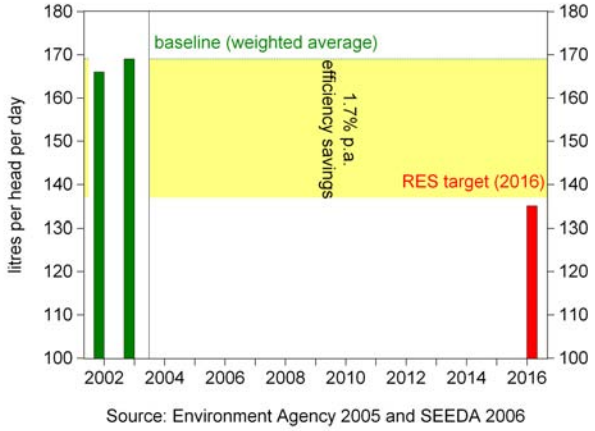


Figure T12-1.1: Daily per capita water consumption. Trend based projection and policy on scenario

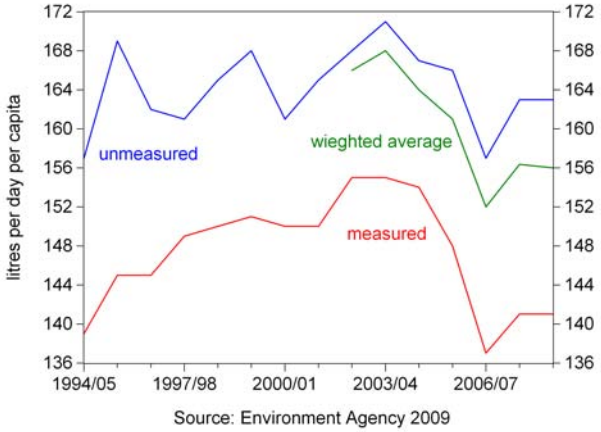


Figure T12-1.2: Daily per capita water consumption, South East England, 1994/95 - 2008/09

Figure T12-1.1 shows the baseline and policy-on scenarios. The baseline scenario is based on the 2003 weighted average daily per capita water consumption. The policy-on scenario assumes average annual efficiency savings of 1.7%. The cumulative impact of the annual efficiency savings by 2016 is a 20% reduction in water consumption over the baseline (shaded area in Figure T12-1.1).

Influenced by the rising number of metered households, the weighted average (unmetered and metered households) water consumption in the South East decreased from 2002/03, from 166 to 152 litres per person per day in 2006/07. However, more recently per capita water consumption has risen again, to 156 litres per day in 2008/09 (Figures T12-1.2 and T12-1.3).

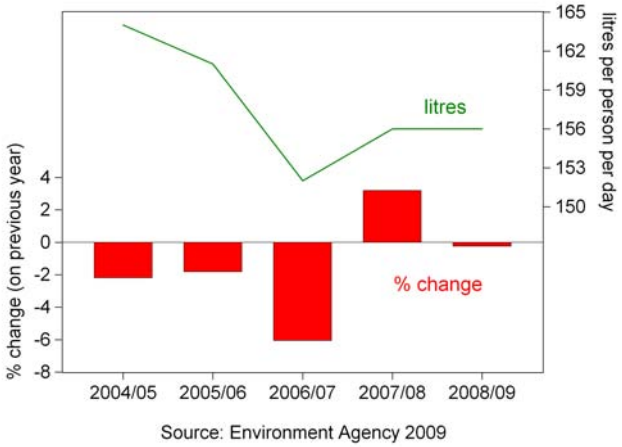


Figure T12-1.3: Change in daily per capita water consumption (weighted average), South East England, 2004/05-2008/09

The South East has the highest average water consumption for both metered and unmetered households nationally – the national weighted average reaching 150 litres per day in 2007.

T12-2: GVA generated per tonne of materials entering the waste stream

The South East generates more waste than any other English region and the number of units of GVA per tonne of waste in the South East is the second highest in the country (Figure T12-2.1).

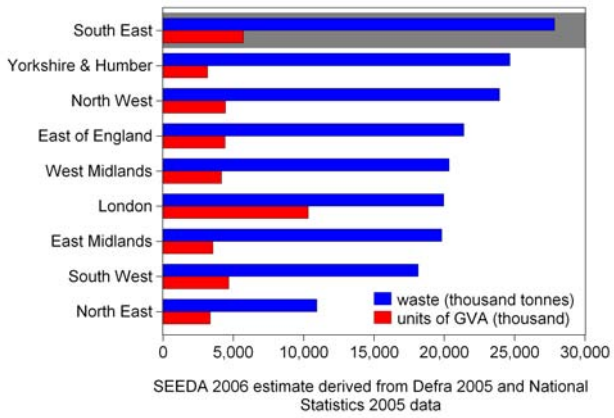


Figure T12-2.1: Total waste and units of GVA by English region, 2003/04

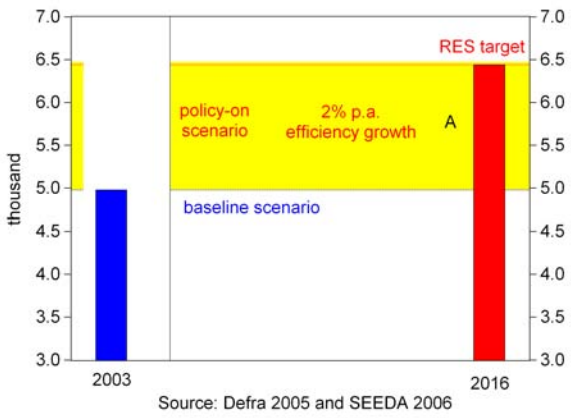


Figure T12-2.2: Units of GVA per tonne of waste. Trend-based projection and policy on scenario

Figure T12-2.2 shows the baseline and policy-on scenarios. The baseline scenario is based on the 2003 data and the policy-on scenario assumes an average annual efficiency growth of around 2%. The cumulative growth on the baseline by 2016 is 30% (shaded area A in figure T12-2.2).

During 2004/05, the South East generated 27.8 million tonnes of waste[(55)] – greater than in any other UK region. This represents a decrease of 780,000 tonnes of waste on the 2002/03 figure. At the same time, the South East had the second highest workplace based GVA in the country in 2005.

In 2004/05,[(56)] the South East generated 5,713 units of GVA per tonne of waste and this represents an increase of 735 units since 2003/04. The South East is still the second most efficient region in the UK, after London, which is almost twice as efficient as the South East (Figure T12-2.1).

T12-3: Total household waste

Over the past decade, there have been some fluctuations in household waste arising in both the South East and England (Figure T12-3.1 and T12-3.2). Since 2004/05 household waste has declined by 14 kilogrammes, from 525 to 511 kilogrammes per person in 2007/08. Half of this decline occurred most recently, between 2006/07 to 2007/08. Total household waste in the South East is higher than the national average (511 compared to 495 kilos per person).

55 The figure includes industrial and commercial, municipal and construction and demolition waste.
56 Latest data available. This indicator could not be updated for this report.

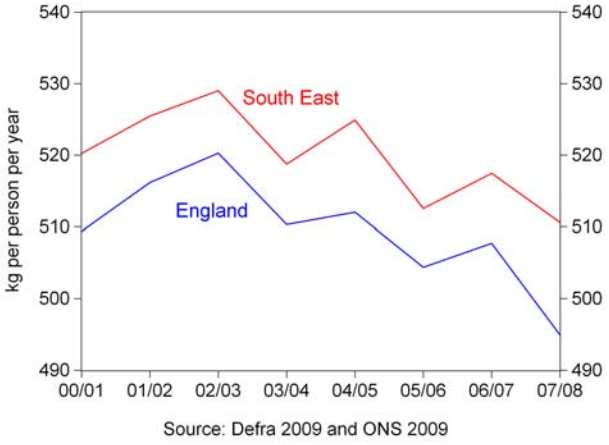


Figure T12-3.1: Household waste, South East England and England, 2000/01-2007/08

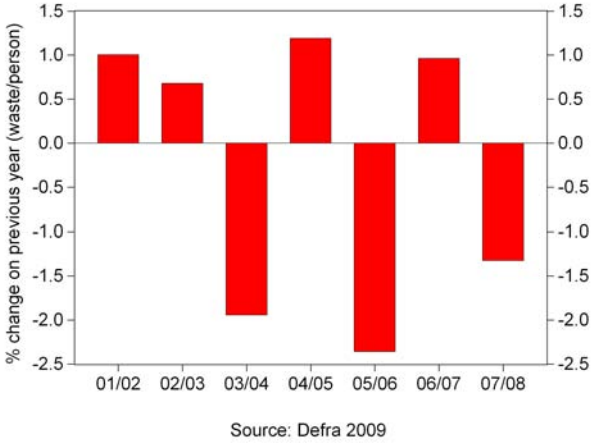


Figure T12-3.2: Percentage growth in household waste, South East England, 2000/01-2007/08

T12-4: Percentage of household waste recycled or composted

The recycling rate for household waste in the South East is one of the highest nationally. Between 2000/01 and 2007/08, the recycling rate rose steadily, more than doubling from 16.4% to 36%. More recently, the recycling rate grew by 3 percentage points from 33% in 2006/07 to 36% in 2007/08 (Figure T12-4.2). In 2007/08, more than 180kg of waste per person was recycled in the South East, compared to 170kg per person in England (Figure T12-4.1).

At the beginning of the century most other regions started from a much lower base than the South East, with the South East's recycling rate being almost 50% higher than the national average. However, this gap has started to close as other regions are catching up. Most recently, the gap between England and the South East had narrowed to 1.5 percentage points in 2007/08 (Figure T12-4.2).

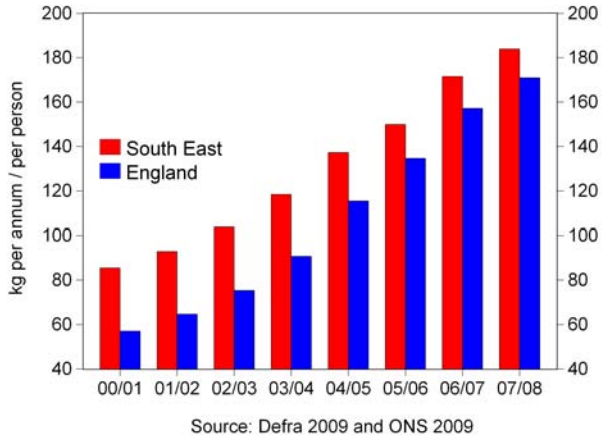


Figure T12-4.1: Household waste recycled, South East England and England, 2000/01-2007/08

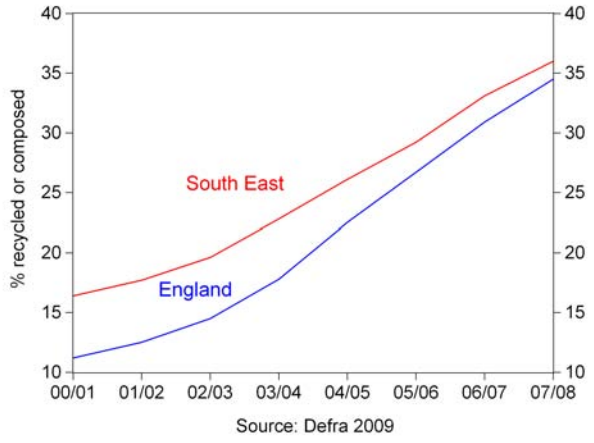


Figure T12-4.2: Household waste recycling rate, South East England, 2000/01-2007/08

Target 13	Natural Resources and Environment	**Achieve measurable improvements in the quality, biodiversity and accessibility of green and open space**

Indicator(s): T13-1: Assessment of local environmental quality

T13-2: Biological and chemical river quality

T13-3: Greenspace availability

Box T13: Key messages

- **Between 2006/07 and 2007/08, there was an increase in the proportion of South East residents viewing their environmental surroundings as 'good' or 'satisfactory' and a decline in the proportion rating their environment as 'unsatisfactory' or 'poor'.**
- **There has been some improvement in chemical river quality between 2005 and 2007. However, during the same period, biological river quality deteriorated slightly.**
- **Greenspace accounts for 85% of the total land area in the South East. Although this is slightly lower than the national average, the high population density of the South East means that this figure represents a good achievement.**

Any assessment of the prospects for economic growth in the South East is not complete without considering the scarcity of natural resources and the effects of economic activity on the environment. The quality of the environment can no longer be taken for granted as a result of growing development needs, climate change, scarce energy resources (see Target 11) and limited waste disposal (see Target 12).[57]

T13-1: Assessment of local environmental quality

The percentage of South East residents who view their environmental surroundings as 'good' increased recently by 3 percentage points, from 55% in 2006/07 to 58% in 2007/08, while the proportion of those viewing their local environment as 'unsatisfactory or poor' decreased by 3 percentage points, from 45% to 42%.

Breaking down the components, between 2004/05 and 2007/08, the proportion of residents who viewed their environment as 'good' increased from 26% to 35%, while the proportion of residents viewing it as 'satisfactory' increased from 19% to 23%. The percentage of residents who assessed the quality of their local environment as 'unsatisfactory' decreased from 52% to 42%, while the proportion describing their environment as 'poor' remained at 3% (Figure T13-1.1).

Overall, the proportion of South East residents assessing their local environment as 'good or satisfactory' is higher than in the UK as a whole (58% compared to 49%).

57 For additional information (the evidence base) on natural resources and the environment see: SEEDA (2006) *Regional Economic Strategy 2006-2016: Evidence Base*. SEEDA (2006) *Regional Economic Strategy 2006-2016: Technical Paper 1 – Intervention Framework*.

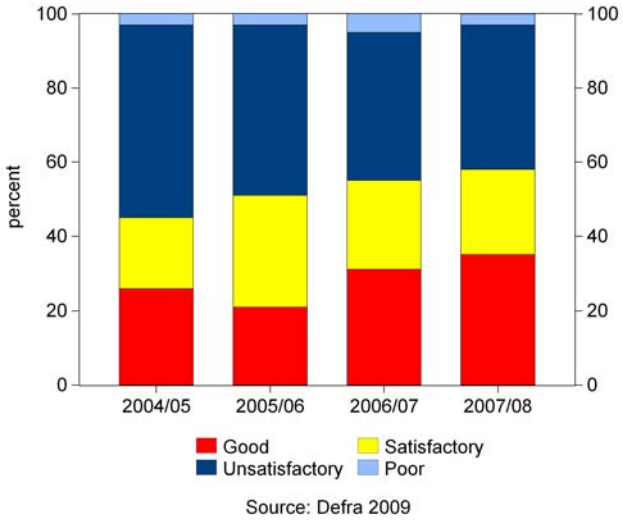


Figure T13-1.1: Residents' assessment of local environmental quality, South East England

T13-2: Chemical and biological river quality

There was some improvement in *chemical* river quality in the South East between 2005 and 2007. The percentage of river length classified as "good or very good quality" increased by 6 percentage points, from 70.6% in 2005 to 76.5% in 2007 (slightly above the English average of 76.2%). However, during the same period, *biological* river quality deteriorated, from 80.4% to 76.6% of river length classified as "good or very good". However, this is still above the English average of 72.2% (Figure T13-2.1).

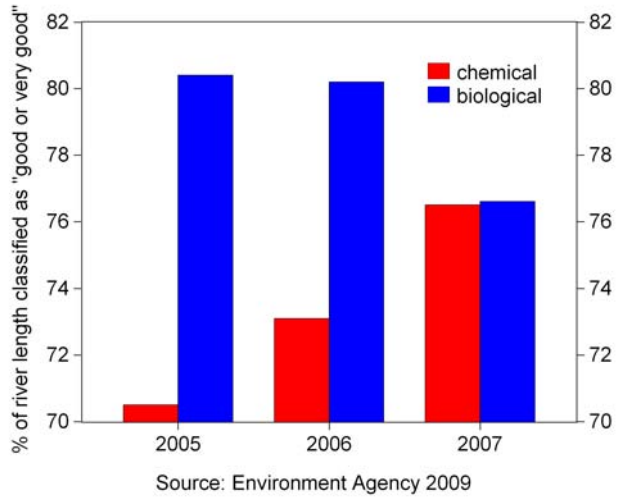


Figure T13-2.1: Chemical and biological river quality, South East England, 2005-2007

However, it should be noted that the way water quality is measured will be changing in order to ensure improvement in all ground and surface water bodies (including rivers, lakes, estuaries and coastal waters) even further to meet higher standards under the EU *Water Framework Directive*. The Environment Agency points out that early work

using the new measures shows that currently 70% of water bodies in the South East are classified as being in moderate ecological condition or above. However, only 12% of South East rivers (by length) are currently classified as having good ecological status. [58]

T13-3: Greenspace availability[59]

The Department for Communities and Local Government has recently published improved experimental statistics on land type based on 2005 data. As these are not comparable to previous publications, data cannot therefore be used for monitoring purposes at present. However, the data does provide a good picture of the availability of greenspace and is most likely to allow monitoring in future years.

The area of greenspace in the South East accounts for 84.7% of the total land area. Together with the North West this is the smallest percentage of greenspace of any region (apart from London), but only slightly below the English average of 87.0%. However, as the South East has a higher population density than any other region (apart from London), the proportion of greenspace in the region represents a relatively high percentage of available land.

At sub-regional level, greenspace availability is well above the national average in some local authorities (mainly in the west). The lowest values can be found in the areas around London, in some north-eastern authorities and also some coastal areas (Figure T13-3.1).

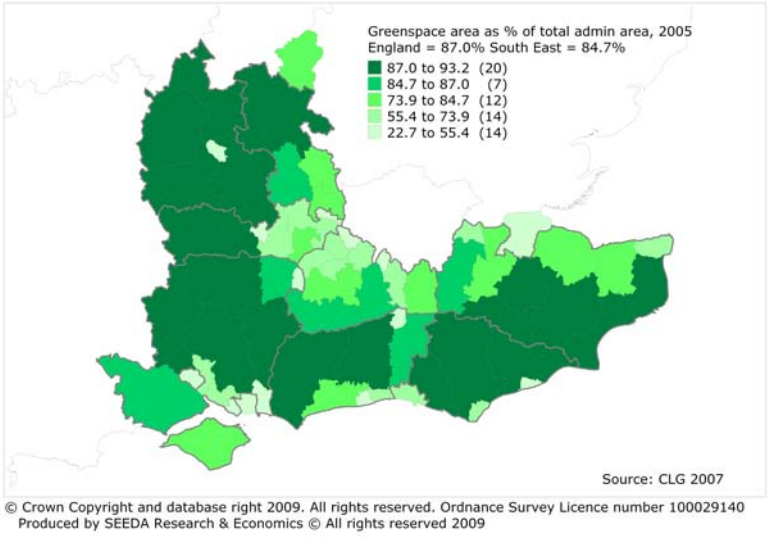


Figure T13-3.1: Greenspace availability, by District, 2005

A report on accessible natural greenspace provision in the South East (published in 2007), estimates that 20% of all households in the region have access to a site of at least two hectares within 300 metres. However, deficiencies in access to natural and semi natural greenspace are apparent in some areas of Oxfordshire, northern Buckinghamshire and in some areas of Kent, West Sussex and Hampshire. [60]

However, Natural England's recent report on the State of the Natural Environment in the South East, shows that the natural environment is under pressure, natural habitats are fragmented, there is a continuing decline in wider biodiversity outside protected sites (which have benefited from targeted management) and some of the most valued landscapes are changing (for the worst) through intensified land use and increasing development pressure. [61]

58 Environment Agency (2008): South East State of the Environment 2008. Progress will be published in future State of the Environment reports.
59 Statistics are experimental and could not be updated for this year's Annual Monitoring Report.
60 South East AONBs Woodlands Programme, the Forestry Commission, and Natural England (2007): An analysis of accessible natural greenspace provision in the South East.
61 Natural England (2009): State of the natural environment in the South East.

Target 14	**Sustainable Communities**	**Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities**

Indicator(s):

T14-1: Residents' overall satisfaction with the characteristics of the area in which they live

T14-2: Active community participation: Informal and formal volunteering at least once a month in the last 12 months

T14-3: Childhood and pensioner poverty

T14-4: Young people not in education, employment or training

Box T14: Key messages

- **The proportion of South East residents who are satisfied with the characteristics of the area in which they live is slightly higher than the English average, and increased by 2 percentage points between 2006/07 and 2007/08.**
- **The proportion of the South East population engaging in volunteering at least once in the previous 12 months increased between 2005 and 2007/08, and is the highest of any region, at 53%.**
- **The percentage of children living in poverty in the South East is significantly lower than in England as a whole, and there has been little change in this indicator in recent years.**
- **There has been a slight decline in the incidence of pensioner poverty since 2003, but more recently there was no change.**
- **The percentage of young people in the South East not in education or training increased between 2008 and 2009, but is the lowest of any English region.**

T14-1: Residents' satisfaction with the characteristics of their area

In 2007/08, 90.1% of South East residents were satisfied with the overall characteristics of the area in which they lived, 2 percentage points higher than the year before. The region was 3.1 percentage points above the English average and ranked second among the nine English regions. Between 2004/05 and 2007/08, the percentage of South East residents satisfied with the characteristics of the area in which they lived increased by 2.7 percentage points (Figures T14-1.1 and T14-1.2).

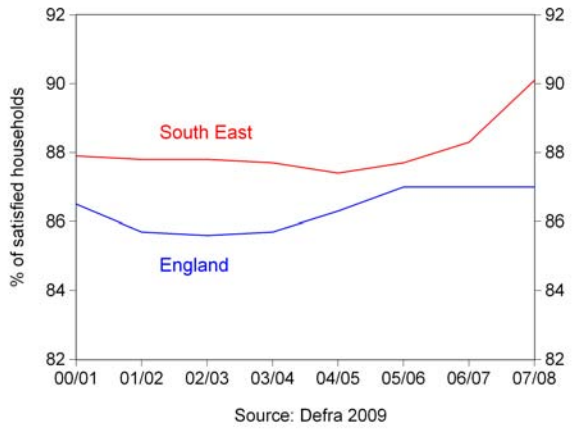


Figure T14-1.1: Residents' overall satisfaction with their area, South East England and England

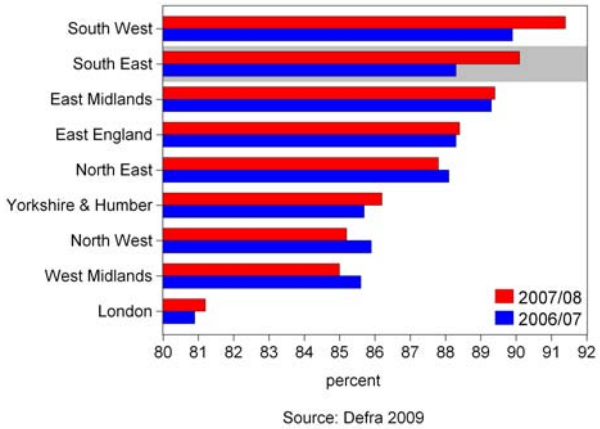


Figure T14-1.2: Residents' overall satisfaction with their area by English region

T14-2: Active community participation: Informal and formal volunteering at least once a month in the last 12 months

In 2007/08, more than half of the South East population (53%) had volunteered in some form of community activity (informal or formal), at least once a month over the previous 12 months - 5 percentage points above the English average and higher than any other region. There was a slight drop of 1 percentage point compared to 2003, but an increase of 2 percentage points compared to 2005 (Figure T14-2.1).

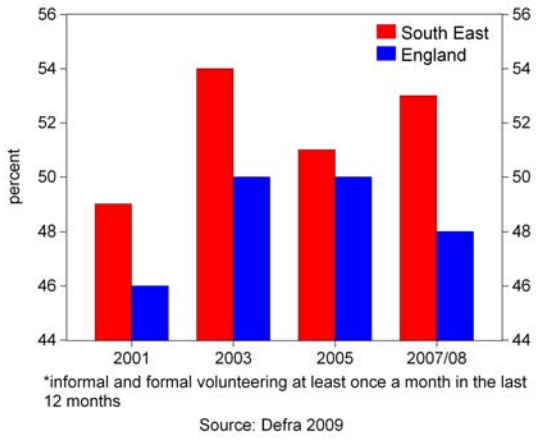


Figure T14-2.1: Active community participation*, South East England and England

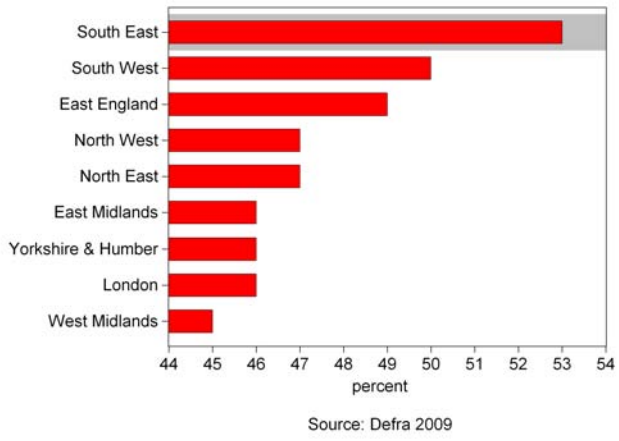


Figure T14-2-2: Active community participation* by English region, 2007/08

T14-3: Childhood and pensioner poverty

Over the period 2005/06-2007/08, the percentage of children living in poverty (defined as those households whose income is below 60% of the median income) *before* housing costs was 15%, 7 percentage points lower than the national average. This figure remained unchanged since 2004/05-2006/07 but increased by 2 percentage points from the period 2003/04-2005/06 (Figure T14-3.1).

The proportion of children living in households whose income was below 60% of the median *after* housing costs was 26% in the period 2005/06-2007/08 - 5 percentage points lower than the national average (Figure T14-3.2). This figure increased by 1 percentage point since the 2004/05-2006/07 period and by 4 percentage points from the period 2003/04-2005/06 (Figure T14-3.2).

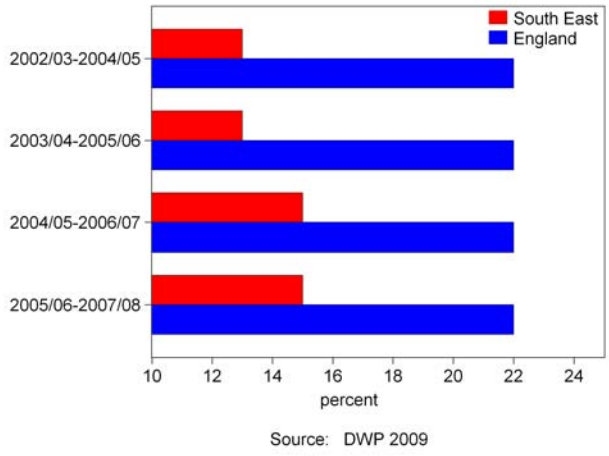


Figure T14-3.1: Childhood proverty - before housing costs, South East England and England

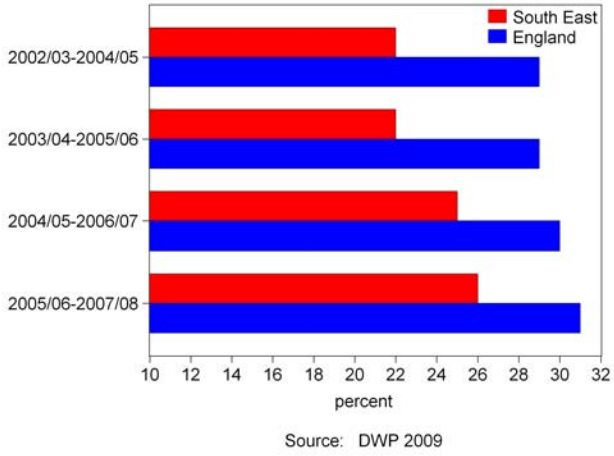


Figure T14-3.2: Childhood poverty - after housing costs, South East England and England

The proportion of pensioners living in poverty (defined as those households with incomes below 60% of the median) *before* housing costs was 19% in the period 2005/06-2007/08, unchanged from the earlier period 2004/05-2006/07 and 3 percentage points below the English average (Figure T14-3.3). During the same periods, the percentage of pensioners living in households with incomes below 60% of the median *after* housing costs remained at 16%, 2 percentage points below the national average (Figure T14-3.4).

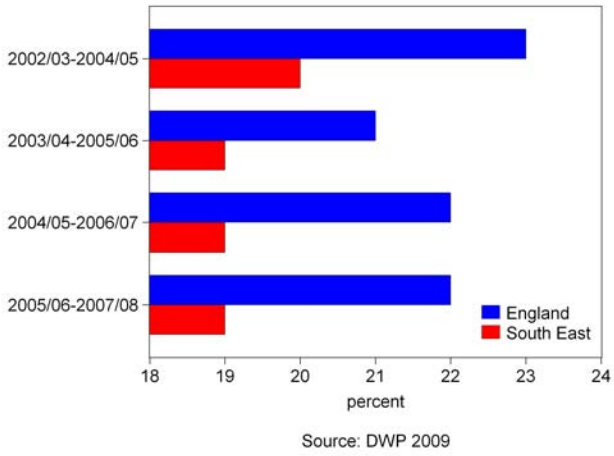


Figure T14-3.3: Pensioner poverty - before housing costs, South East England and England

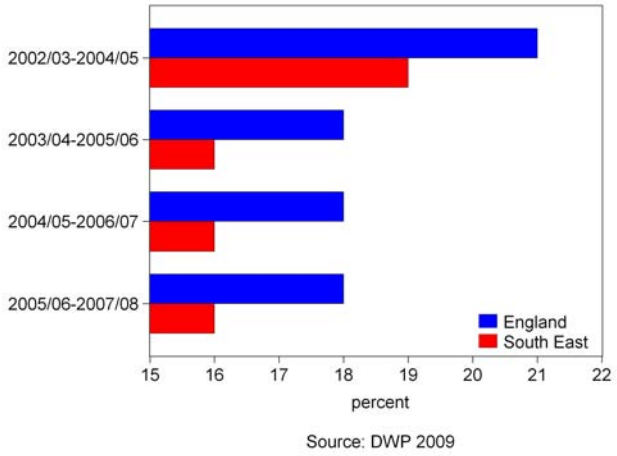


Figure T14-3.4: Pensioner poverty - after housing costs, South East England and England

T14-4: Young people not in education, employment or training

The percentage of 16-18 year olds not in education, employment or training (NEET) in the South East increased from 5.3% in May 2008 to 6.1% in May 2009. To some extent this reflects the impact of the recession in increasing competition for available jobs and training places, particularly for new entrants to the labour market. In terms of absolute numbers of NEETs, the South East saw the largest annual increase (15.4%) of any region between May 2008 and May 2009. Nevertheless, the South East has the lowest proportion of young people NEET of any English region (Figure T14-4.1).

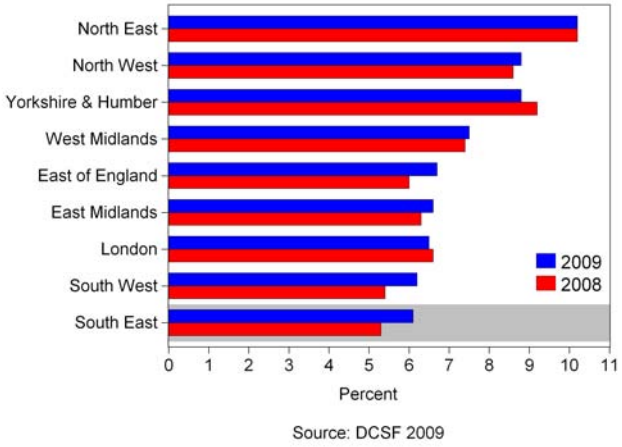


Figure T14-4.1: 16-18 year olds not in employment, education or training, by English region

Box O-1: Qualitative examples

The South East Green Infrastructure Framework

Green Infrastructure is the active planning, creation, management and protection of green multi-functional spaces in built and urban environments which includes but is not limited to parks and gardens, natural and semi natural urban green spaces, green corridors and outdoor sports facilities. The primary functions are to conserve and enhance biodiversity, create a sense of space and place and support healthy living by increasing outdoor recreational opportunities for people. Green Infrastructure also has an important role to play as one of many tools that can be used to mitigate the effects of climate change with scope for reducing the incidence and severity of flooding, supporting healthy ecosystems and reducing energy consumption by regulating the heat in urban spaces by managing micro climates effectively.

The South East Green Infrastructure Framework is a reference tool for planners, local authorities and other interested parties. It provides guidance for implementing Green Infrastructure (GI) in the South East region. It is the result of a project by The South East Green Infrastructure Partnership (SEGIP) that was formed to develop a project to deliver GI policy. The SEGIP is made up of Natural England, Environment Agency, Government Office for the South East, Forestry Commission, Wildlife Trusts in the South East, Groundwork and the South East England Partnership Board, and SEEDA.

The South East Green Infrastructure framework seeks to:

- Establish Green Infrastructure as an integral and essential component of sustainable communities;
- Develop a common understanding of the role and importance of green infrastructure;
- Help implement the South East Plan's green infrastructure policy CC8; and
- Provide detailed guidance on how Green Infrastructure can be delivered through the planning system and local partnerships.

Developments proposed for the South East region over the next 20 years have significant implications for both the environment and the people living and working within it and the framework will be a key tool for creating high quality living, working and recreational spaces in a region which already has the highest population density outside of London.

The South East Regional Minister Jonathan Shaw and leading architect and urban designer Sir Terry Farrell have endorsed the Framework and collectively agree on the important role GI has in creating green multi-functional space for people to work, live and play in. The Framework is seen as an essential piece of planning guidance for South East local authorities to help them put policy into practice.

More information can be found at: http://www.gos.gov.uk/497648/docs/171301/SEGIFramework.finaljul09.pdf

Greening Campaign

As highlighted in The UK Low Carbon Transition Plan, dynamic competitive markets, a strategic role for Government, and active communities will be needed to bring about the transition to low carbon. SEEDA has been working with the 'Greening Campaign' to motivate individuals and communities to take action to reduce their energy consumption and therefore lower their personal and community carbon footprint and in doing so helping to create markets for low carbon green goods.

The Campaign is working across the region and already has over 100 communities joining forces to take action against climate change; with SEEDA support the Campaign will provide greater support for communities to take action and in doing so benefit South East businesses providing low carbon goods and services.

SE Diamonds: Ecological Footprint (EFp) Reduction: Interactive Web-Guide

SEEDA is supporting the South East region's 8 'Diamonds for Investment & Growth' (which together cover 36 Local Authorities) in leading the region towards delivering the Regional Economic Strategy (RES) target to stabilise the region's ecological footprint (EFp) by 2016 and reduce it thereafter. Leaders and Chief Executives are being engaged to secure their commitment to deliver this target and a Web-based Guide to provide generic support to Diamonds Local Authorities was launched in April 2009. SEEDA is currently

following up with each Diamond to consolidate commitment and identify the need for further support towards preparing and delivering EFp Action Plans. The Diamonds are setting the pace and providing exemplars for the rest of the region towards delivering RES low carbon, water and waste reduction targets. The WebGuide is being developed and improved through interactive use, with wider dissemination envisaged in due course. Business feedback indicates that local authorities which adopt clear policies and Action Plans for EFp reduction are viewed as priority choices for business low-carbon investment.

More information can be found at http://www.southeastdiamonds.org.uk/Policy/Ecological.htm

Pathway to Zero Waste

In response to legislative, fiscal and policy drivers to divert increasing volumes of discarded material from the region's landfill and to grasp the economic opportunities from turning waste to resource, SEEDA, the Environment Agency (Southern Region) and Waste and Resources Action Programme (WRAP), set up the Pathway to Zero Waste (PTZW) programme in 2008. The programme has levered in commitments from partners to the value of £5m over a three year period.

The PTZW programme was launched formally in March 2009 and is focused initially on tackling construction (including wood) and food waste. The programme's overarching approach is to get the public and private sectors working together to establish a culture of resource efficiency in the region, sustained through strong demand and effective market mechanisms for trading in surplus and waste material, supported by adequate infrastructure and logistics.

While the initiative was gearing up, the region met the 2008 target (expressed in terms of diversion of an additional 250,000 tonnes of construction sector waste material from landfill). The next target of diverting an additional 650,000 tonnes of construction waste from landfill by 2011 will be more challenging.

In the future PTZW partners aim to use the programme to deliver business opportunities from innovation and in environmental technology, and to look for innovative funding mechanisms to help make that happen.

Corporate Cabinet

In May 2008 SEEDA launched the Corporate Cabinet with 16 leading Corporate Companies in the Region. They signed up to help deliver the Regional Economic Strategy, using Corporate Social Responsibility as the starting point. Despite the major impact of recession, membership has remained remarkably stable.

A key objective of the Corporate Cabinet in its first year was to support third sector enterprises that have the potential for sustainable growth. Financial Inclusion was identified as a key priority; there are 616,000 financially excluded people in the South East. SEEDA has supported Legal & General, EDF Energy, Intel Corporation and Toshiba Information Systems to develop a package of support for credit unions that includes advice on governance and business planning, marketing expertise and introductions to local media networks, and ICT support for improving front and backroom services. In addition credit unions have been able to access new investors through the Corporate sponsors' pay roll.

Another initiative, supported by BT, CISCO, Honda UK, Huawei Technologies, Intel Corporation, Legal and General, PricewaterhouseCoopers, Sony, and Toshiba Information Systems is a South East wide competition, entitled 'Reaching for Gold'. This challenges 14 – 19 year olds to put forward innovative projects for international collaboration. Nine teams will be shortlisted to receive intensive mentoring from the Corporate partners, in preparation for the final of the competition in December 2009.

Accentuate

SEEDA is jointly funding the groundbreaking Accentuate programme. Accentuate is a key part of the South East Offer for the 2012 Games and provides an important part of the South East's cultural offer in the build up to the Games. Taking the key milestones, values and achievements of the Paralympics, founded in the South East of England as inspiration, Accentuate will deliver transformational, cross-sector projects, where disabled people are central to all processes, promoting new ways of working between sports, culture, tourism and heritage.

Accentuate has the exciting potential to do something that no other programme has achieved to date. That is to establish a foundation stone on which a real cultural shift in attitudes can take place. This can be achieved if the skills and experiences of disabled athletes and artists are not only celebrated, but taken seriously.

Screen South is the accountable body working with English Heritage, Tourism SE, Arts Council SE, Sport England, Museums Libraries and Archives, to deliver the programme. Legacy Trust UK and SEEDA are the main funders of the programme.

Accentuate is underway and many of its projects are already achieveing the range of economic, cultural, social and educational targets set out in the original plan. The programme is not fixed, but constantly evolving to meet new challenges and take advantage of new opportunities. More information can be found at www.accentuate-se.org.

Sea Change

In 2008-9, SEEDA nominated two places in the South East for funding from Sea Change. Sea Change is a DCMS funded programme which aims to support innovative and inspirational cultural projects providing a high quality of experience, and which make a lasting difference to seaside resorts. Led by CABE, the programme aims to regenerate coastal towns through investment in culture and heritage projects. RDAs are responsible for putting forward resorts for the large grants which can be up to £4million. In Wave 1 Dover received around £4m for its programme of improvements to the historic Castle, seafront and transport links. SEEDA contributed to the feasibility study for a cable car link from the town centre to the castle, which would help make vital links between the town centre and Dover's major heritage attraction.

In Wave 2 Hastings was successful and will receive £2 million for an artist designed piazza, performance space and cultural community centre, enhancing the setting for the Jerwood Gallery to be built on the seafront area of the Old Town. SEEDA is supporting with a grant of £650,000 which will fund clearance of the Stade, currently a coach park, relocating the coaches to other parts of Hastings, and public realm improvements on the sea front. Expected benefits include improvement of 1.1ha. of brownfield land, an additional 133,500 visitors per annum, 104 new jobs, £10.8m extra revenue and extra GVA of £2.9m per annum. The catalytic impact will include a £2.5m increase in value of retail premises in the area surrounding the Stade, plus £232,000 pa in increased tax receipts from nearby businesses.

In addition to the large grants, SEEDA has been instrumental in helping and advising coastal resorts to submit 'open' applications, and a healthy number have been successful. Innovative and regenerative cultural projects were supported in Worthing (for Speakers' Corner), Littlehampton (the longest bench) and Bexhill on Sea (improvements to the Esplanade to link to the De La Warr Pavilion), with Margate's Dreamland, Leysdown heritage attractions and the Whitstable to Thanet coastal trail receiving money for feasibility studies.

3 Annex A: indicators and sources

Headline Targets

		Data Source
HT1-1	Average annual growth rate in GVA per head	Experian Business Strategies, Regional Planning Service
HT2-1	Productivity growth; and absolute increase in productivity (constant prices)	Office for National Statistics and Experian Business Strategies
HT3-1	The rate of increase in the ecological footprint	Stockholm Environment Institute

Objective 1 'Global Competitiveness'

		Data Source
T1-1	Percentage of exporting companies	DTZ Pieda Consulting, SEEDA
T1-2	South East share of global Foreign Direct Investment	UK Trade and Industry
T2-1	R&D expenditure as a proportion of GVA	Office for National Statistics, Department for Business, Innovation and Skills, SEEDA
T2-2	Proportion of businesses in the South East reporting links with universities	RDA/CBI Survey of UK Regional Trends; Ipsos Mori RDA National Business Survey
T2-3	Proportion of businesses reporting cooperation agreements on innovation	Community Innovation Survey, Department for Innovation, Universities and Skills
T3-1	The percentage of total South East business turnover attributable to new products (new to market)	Community Innovation Survey, Department for Innovation, Universities and Skills
T4-1	Total identifiable expenditure on transport, expenditure per head	HM Treasury

Objective 2 'Smart Growth'

		Data Source
T5-1	Business stock per 1,000 inhabitants	Department for Business, Innovation and Skills, Office for National Statistics
T5-2	Change in the number of businesses run by women (proxy - change in self-employment for females)	Office for National Statistics (Annual Population Survey)
T6-1	Proportion of working age population with NVQ2+	Office for National Statistics (APS)
T6-2	Proportion of working age population with NVQ3	Office for National Statistics (APS)
T6-3	Proportion of working age population with NVQ4+	Office for National Statistics (APS)

		Data Source
T6-4	Proportion of working age population with no qualifications	Office for National Statistics (APS)
T6-5	Proportion of employers reporting skills gaps	Office for National Statistics (APS)
T6-6	Proportion of the labour force receiving training	Office for National Statistics (APS)
T8-1	Usual method of travel to work	Office for National Statistics
T8-2	Average daily motor vehicle flows (vehicles per day) per road class	Department for Transport
T8-3	Carbon dioxode emissions from road transport	Department for Energy and Climate Change
T9-1	Ratio of median house price to median income	Communities and Local Government
T9-2	New dwellings built on previously developed land or through conversion	South East England Partnership Board
T9-3	Previously development land by planned use (for employment land, includes employment, mixed use, retail)	Communities and Local Government
T10-1	Change in the economic activity rate	Office for National Statistics (APS)
T10-2	Change in the number of economically inactive people in the region	Office for National Statistics (APS)
T10-3	Employment rate	Office for National Statistics (APS)
T10-4	Proportion of working age population in Groups 1 to 3 of the Standard Occupational Classification (SOC): managers/senior officials, professionals and associate professionals	Office for National Statistics (APS)

Objective 3 'Sustainable Prosperity'

		Data Source
T11-1	CO_2 emissions attributable to the South East	Department for Energy and Climate Change
T11-2	Generation of electricity from renewable resources	Department for Energy and Climate Change
T12-1	Per capita water consumption	Environment Agency
T12-2	GVA generated per tonne of materials entering the waste stream	Department for Energy and Climate Change, Office for National Statistics
T12-3	Total household waste (kilo/person/year)	Department for Environment, Food, and Rural Affairs
T12-4	Percentage of household waste recycled or composted (kilo/person/year)	Department for Environment, Food, and Rural Affairs
T13-1	Assessment of local environment quality	Department for Environment, Food, and Rural Affairs

		Data Source
T13-2	Biological and chemical river quality	Environment Agency
T13-3	Greenspace (% of total area)	Communities and Local Government
T14-1	Residents' overall satisfaction with the characteristics of the area in which they live	Department for Environment, Food, and Rural Affairs
T14-2	Active community participation: Informal and formal volunteering at least once a month in the last 12 months	Department for Environment, Food, and Rural Affairs
T14-3	Childhood and pensioner poverty	Department for Work and Pensions
T14-4	Young people not in education or training	Department for Children, Schools and Families

If English is not your first language, we can provide a summerised version of this document in the region's next six most spoken languages – Punjabi, Hindi, Gujurati, Urdu, Polish and Bengali.

The document can be made available in large print, Braille, disk and audio cassette.

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