



THE PROFILE of
SOUTH EAST ENGLAND

September 2008

Further Information and Acknowledgements

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

SEEDA Research & Economics are grateful to the Office for National Statistics' Regional Statisticians in the South East for their support in producing this report.

CONTENTS

OVERVIEW	3
ECONOMY.....	4
EMPLOYMENT AND SKILLS.....	5
ENTERPRISE, INVESTMENT, INNOVATION AND PRODUCTIVITY	6
MANUFACTURING IN THE SOUTH EAST	8
INTERNATIONAL COMPARISONS	9
UNTAPPED POTENTIAL	10
TRANSPORT AND INFRASTRUCTURE	12
HOUSING	13
ENVIRONMENTAL RESOURCES & QUALITY OF LIFE.....	14
APPENDIX 1 : South East and European Regions	15
APPENDIX 2: Sub-regional disparities and social deprivation	16

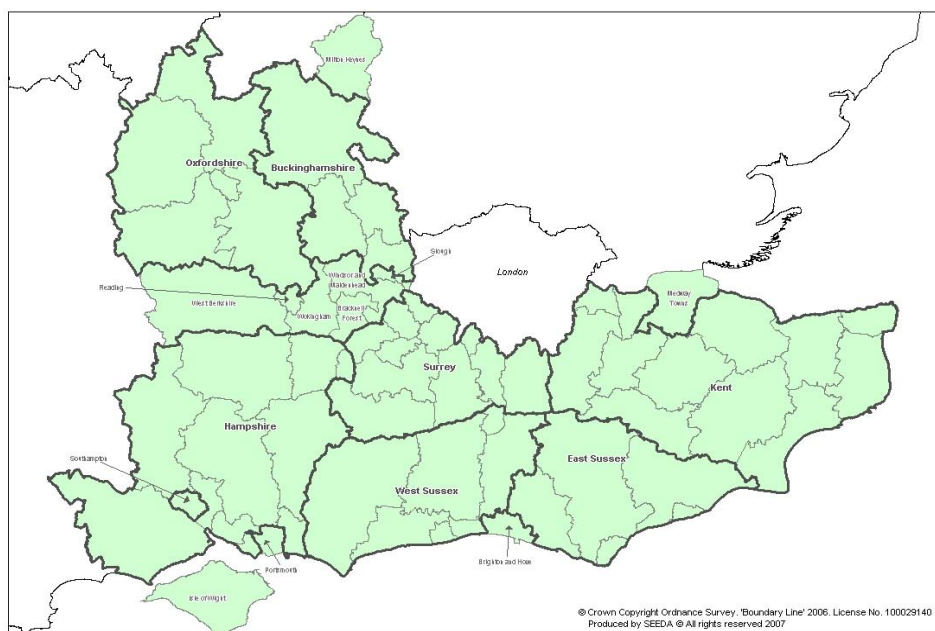
OVERVIEW

The South East covers an area of **19,000 square kilometres**. It encompasses 19 county and unitary authorities and 55 districts, stretching around London from Thanet in the East to the New Forest in the West and Aylesbury Vale and Milton Keynes in the North. It includes the counties of Kent, Surrey, East Sussex, West Sussex, Hampshire, Isle of Wight, Berkshire, Oxfordshire and Buckinghamshire.

The South East has the largest population of any Government region of England; more people live here than in Scotland and Wales together. According to ONS, the population of **8.3 million people** is expected to increase by more than 11% between 2006 and 2021.

With **436 people per square kilometre in 2007**, the region has the third highest average concentration of people after London and the North West. The average for England is 392 per square kilometre; for the UK as a whole, it is 251. Although the population density in London of 4,807 people per square kilometre is more than 10 times the average for the South East, population densities in Portsmouth and Southampton do reach similar levels to London with 4,942 and 4,624 people per square kilometre respectively.

Over 80% of the South East area is classified as rural. However, three-quarters (78%) of the South East's population live in areas classified as urban (based on DEFRA's 2004 definition of rural and urban areas).



ECONOMY

In 2006 the South East contributed **£177.2 billion** to the UK economy or **15.7% of the total Gross Value Added (GVA)**. This was the second highest after London (which made up 17.4% of the total)¹. Combined, these two regions accounted for over one third of the UK's total GVA. At current basic prices, the South East's economy is larger than that of many individual countries such as **Austria, Denmark, Norway, South Africa, Greece, Finland and Singapore**. *Source: SEEDA estimates based on World Bank data and UK Regional Accounts (ONS).*

Residence-based **GVA per head of population in the South East was £21,514** in 2006, again the second highest of any region in the country and 15% above the UK average. *Source: ONS, December 2007.*

Within the South East, Berkshire, Buckinghamshire and Oxfordshire contributed 34% of regional GVA in 2005, followed by Surrey, East and West Sussex (31%), Hampshire and the Isle of Wight (20%) and Kent (15%). Both the first two groups of counties each earned in excess of the total GVA (£36.8 billion) for the North East region. *Source: ONS, December 2007.*

Residents of the South East made an estimated **net contribution of £17.7 billion to government finances in 2006/07**. This represents approximately 50% of the total net contribution.² *Source: Oxford Economics, 2008.*

Exports through the **South East were valued at approximately £33,456 billion worth of goods in 2007. This figure is the highest out of all UK regions**. *Source: HM Customs and Excise, August 2008.*

The region is a major **gateway to the rest of the UK. Its transport infrastructure is of national and international importance**. Heathrow and Gatwick airports and the major South Coast ports, including Dover, Southampton and Portsmouth as well as the Channel Tunnel make the South East the country's natural access point to mainland Europe and the rest of the world.

¹ Measured on a residence basis at current prices.

² The reported estimates allocate the impact of commuters to residence rather than their workplace.

EMPLOYMENT AND SKILLS

The South East is the region in the UK with the highest number of residents in employment. **In 2007 there were 3.9 million people in employment.** *Source: Nomis/ONS, August 2008.*

The **employment rate** for people of working age in the South East was 78.4% in 2007, the highest rate of any region of the UK and 4.1 percentage points above the UK average (74.3%). However, over the same period there were wide disparities within the South East: employment rates varied between 88.5% in Test Valley and 66% in Oxford. *Source: Nomis/ONS, August 2008.*

Self-employment in the South East is higher than the UK average; in 2007 10.9% of people over 16 were self-employed, compared to 9.3% in the UK as a whole. *Source: Nomis/ONS, August 2008.*

Qualification levels in the South East are above average when compared to England and the rest of the UK, whether measured on the proportion of population with high-end qualifications or with no or low-end qualifications.

30.8% of the South East working age population held NVQ 4 and above or equivalent qualifications in 2007, compared with 28.3% for England as a whole³. Furthermore, **49.6% of the working age population held NVQ3 and above or equivalent qualifications, compared with 46% for England as a whole.** *Source: Nomis/ONS, August 2008.*

At 9.6%, the number of people of working age with no qualifications is the second lowest in the UK, after the South West. *Source: Nomis/ONS, August 2008.*

The South East has a higher proportion of its resident population employed in high-skilled occupations than the country as a whole. In 2007, an estimated **17.5% of all residents in employment were employed as managers and senior officials**, the highest proportion after London (18%). *Source: Nomis/ONS, August 2008.*

³ National Vocational Qualifications (NVQs) are work-related, competence based qualifications. They reflect the skills and knowledge required to perform a job effectively, and show that a candidate is competent in the area of work the NVQ represents. NVQs are organised into five levels, based on the competences required. In the case of NVQ4 level, the competences are broad to allow the performance of a wide range of complex (technical or professional) work activities, moreover the job is performed with a substantial degree of personal responsibility (Learning and Skills Council, www.lsc.gov.uk). An NVQ 4 is equivalent to a degree, whilst an NVQ 3 equates to two or more A Levels.

ENTERPRISE, INVESTMENT, INNOVATION AND PRODUCTIVITY

In 2007, there were **740,785 businesses** in the South East, the second highest number of any region in the UK⁴ after London. *Source: Small Business Service, 2008.*

The number of **VAT-registered businesses in the South East was 306,920** at the beginning of 2007, 18.4% of the total number registered in England and only slightly below the number registered in London (309,225). In the 10 years to the beginning of 2007, more than 290,000 new businesses registered for VAT, although de-registrations totalled some 230,000 over the same period. *Source: Nomis/ONS, August 2008.*

Business start-up rates in the South East averaged 43 businesses per 10,000 resident adults in 2006, the second highest rate after London. Start-up rates within the South East were highest in South Buckinghamshire at 75; they were lowest in Gosport at 23 new registrations per 10,000 resident adults. Of the unitary authorities, Windsor and Maidenhead with 64 newly registered businesses per 10,000 resident adults in 2006 had more than double the rate of Portsmouth and Southampton, each with 25. *Source: Small Business Service, 2007.*

Business survival rates are high in the South East. Three-year survival rates of VAT-registered businesses were 73.2% in the South East compared to a UK average of 71.3% in 2005. Only Northern Ireland and the South West had higher average survival rates. Within the South East, the rate was lowest in Slough at 64%, showing no change from 1995; it was highest in Chichester at 79%. In Swale survival rates at 78% were also high; here the rate had increased by 14 percentage points since 1995. One-year survival rates were 92.8% in the South East, above the UK average of 92.1%. *Source: Small Business Service, February 2007.*

The South East total entrepreneurial activity (TEA) in 2007 stood at 5.1%. Having decreased by 1.3 percentage points between 2006 and 2007, it is currently below the UK TEA average (5.6%).⁵ *Source: Global Entrepreneurship Monitor UK, 2007.*

In 2005, **total R&D expenditure as a percentage of GVA in the South East was 2.7%**, the second highest in the country after the East of England. The proportion of business expenditure on R&D is 1.8%, again the second highest in the country, while government expenditure accounts for 0.3% of regional GVA. *Source: BERR, 2008.*

⁴ This number includes enterprises that are not registered for VAT, public corporations and sole proprietors – i.e. self employed owner managers.

⁵ The TEA index measures the numbers of people who are engaged in entrepreneurial activity in the UK. It comprises of:

- All the people who are setting up a business by themselves or with other people as a stand-alone activity.
- All the people who are setting up a business by themselves or with other people as part of their work.
- All the people who own or run a business that has not been paying salaries for more than 42 months.

Employment in R&D carried out by businesses in the South East accounts for more than 24% of all UK employment in R&D and it is the second highest in the country after London. *Source: ONS, 2008.*

The region has the **greatest percentage of all enterprises** in the country involved in **product innovation** (28%). *Source: BERR 2005.*

In 2005/2006 the **South East accounted for 18% of total UK foreign direct investment**. In 2005 the South East reported 5,100 foreign-owned enterprises, **the second highest number of any region in the UK after London**. In the same year, these companies employed 516,000 people. Both the number of foreign-owned companies and employees increased significantly in the South East between 2004 and 2005 (by 6% and 10% respectively). *Source: UKTI, SQW based on ONS data.*

MANUFACTURING IN THE SOUTH EAST

In 2007, manufacturing accounted for 12% of the region's GVA, compared with 13.7% for the UK (*Source: Experian Business Strategies*). Despite a relatively low concentration of manufacturing business in the region, the sector retains a strategic importance both regionally and nationally.

The central importance of the South East to the UK's manufacturing sector is shown by the facts that:

- **In 2007 the value of real manufacturing output in the South East totalled £19.5 billion (2003 prices)**, more than in most UK regions. *Source: Experian Business Strategies, 2008.*
- **In the same year, GVA per worker (employees in employment) in the South East at £61,490 was 19% higher than the national average**: an indication of high value-added manufacturing activities. *Source: Experian Business Strategies, 2008.*
- **With an average annual growth rate in productivity per employee of 3.7%**, the South East was one of the best performing English regions between **1995-2007**. *Source: Experian Business Strategies, 2008.*
- **The number of employees in Manufacturing in 2006 in the South East was 322,500**, a figure surpassed only by the North West (377,000) and the West Midlands (350,700). *Source: Nomis/ONS, August 2008.*
- **73.3% of the region's business R&D expenditure in 2006 went on manufacturing**. *Source: ONS, Research & Development in UK Business 2006.*
- **69.4% of the region's business R&D employment was in manufacturing in 2006**. *Source: ONS, Research & Development in UK Business 2006.*

INTERNATIONAL COMPARISONS

The South East not only performs better than most other UK regions. It also impresses compared to European and world regions⁶:

- **Four NUTS2⁷ regions reporting the highest GDP per capita in Europe (more than 25% above the EU average) are located in the South East;** their rates of GDP growth from 1995 to 2004 are amongst the highest of all European NUTS2 areas. *Source: Eurostat, Regional Yearbook 2007.*
- **The unemployment rate in the South East is amongst the lowest in Europe.** The gender difference in employment rates is also one of the lowest in Europe, while the employment rate of older workers (55-64 years) is among the highest. These are signals of a relatively inclusive labour market. *Source: Eurostat, Regional Yearbook 2007.*
- Patent applications to the European Patent Office per million inhabitants number among the highest in Europe. **Moreover, Berkshire, Buckinghamshire and Oxfordshire form one of the leading sub-regions of Europe in terms of number of people employed in high-tech manufacturing, ranking 22nd out of all 207 NUTS2 regions.** *Source: Eurostat, Regional Yearbook 2007.*
- **The proportion of students in upper-secondary and post-secondary non-tertiary education as a percentage of the population aged 15-24 is, together with the other UK regions, among the highest in Europe⁸.** Counties in the South East report some of the country's highest percentages of 25 to 64 years olds with tertiary education. *Source: Eurostat, Regional Yearbook 2007.*
- **The South East ranks 74th among 145 world regions with the highest level of GDP per capita,** according to the World Knowledge Competitiveness Index⁹. In particular, the South East is in the top 20 regions on the index of number of managers (2nd), the index of regional employment in high-tech sectors (12th) and the index of unemployment (10th). *Source: Robert Huggins Associates, 2008.*

⁶ Eurostat, Regional Yearbook 2007; Robert Huggins Associate, World Knowledge Competitiveness Index, 2008.

⁷ The 'Nomenclature des Unites Territoriales Statistique' (NUTS) is a classification of European Union (EU) areas for statistical purposes. It provides a breakdown of the EU territory for producing regional statistics. NUTS1 refers to the largest sub-national administrative units (e.g. in England these are the Government Office Regions); NUTS2 identify the largest sub-regional units (e.g. in the South East these are: Berkshire, Buckinghamshire and Oxfordshire; Surrey, East and West Sussex; Hampshire and Isle of Wight; Kent).

⁸ "Upper secondary education usually begins at the end of full-time compulsory education and typically requires nine years or more of full-time education (since the beginning of primary level) for admission. General upper secondary education includes school programmes which, upon successful completion, would normally give access to university-level programmes. Post-secondary nontertiary education (ISCED level 4) covers programmes which are beyond the boundary of upper secondary education but are not considered university level. Often they are more advanced technical and vocational programmes for teacher training or the medical professions and/or commerce and marketing programmes." Eurostat, Statistical Yearbook 2007, p. 138.

⁹ World Knowledge Competitiveness Index is a composite measure of the knowledge economies of the world's leading regions. Some of the main variables included in the index are: Economic Activity Rate, Employment in a number of selected high-tech sectors, Expenditure in R&D, Labour Productivity and Internet Hosts.

UNTAPPED POTENTIAL

Although the South East is one of the UK's most prosperous regions, there are pockets of severe deprivation. In particular, parts of the coastal fringe of the region perform significantly below regional and national averages. Enhancing the growth rates in these areas will contribute to the overall prosperity of the region.

The South East contains **318 Super Output Areas (SOAs) in the most deprived 20% nationally**, more than either the East of England or the South West. **These 318 SOAs are home to more than 485,000 people.** *Source: Index of Multiple Deprivation, CLG 2007.*

There are **over 850,000 people living in the 20% most income-deprived areas; almost 320,000 live in employment-deprived areas** in the South East. *Source: Index of Multiple Deprivation, CLG 2007.*

Over 240,000 children in the South East (15% of the total) live in income-deprived households, more than in the North East (122,500), South West (154,200), East Midlands (158,900), East of England (179,900) and Yorkshire & Humber (224,800). *Source: The English Indices of Deprivation, CLG 2007.*

Over 230,000 older people¹⁰ in the South East (13% of the total of older people) live in income-deprived households, more than in the North East (131,200), East Midlands (161,400), East of England (185,200), South West (188,200) and Yorkshire & Humber (217,900). *Source: The English Indices of Deprivation, CLG 2007.*

Although figures **are better than in** the North West, London and West Midlands, **in 2007, 485,000 people of working age in the South East had no qualifications.** *Source: Nomis/ONS, August 2008.*

In 2007, there were 182,000 ILO¹¹ unemployed people in the South East, more than any other region in the UK apart from London and the North West. *Source: Nomis/ONS, August 2008.*

Despite the lowest reported inactivity rate in the UK, in the South East **there were 907,000 people of working age economically inactive** in 2007, **27% of them declared that they wanted a job.** *Source: Nomis/ONS, August 2008.*

Between 2006 and 2007 the number of economically inactive people of working age in the region increased by 11,300. *Source: Nomis/ONS, August 2008.*

¹⁰ People aged 60 and over.

¹¹ International Labour Organisation (ILO) unemployment is the Government's preferred measure of unemployment, since it includes those people actively seeking work, whether claiming benefit or not.

In February 2008, 196,180 people over the age of 16 claimed income support, approximately 3% of the total population over the age of 16. In absolute terms, this is more than in Yorkshire & Humber (180,500), East of England (144,500), Wales (122,500), East Midlands (130,600), South West (141,000) and West Midlands (195,000). *Source: Nomis/ONS, August 2008.*

Over one million (1.026 million) people of working age in the South East have poor literacy skills. Over 160,000 have very low literacy skills. *Source: Basic Skills Agency, February 2004.*

Almost one million (991,000) people of working age in the South East have poor numeracy skills. Over 200,000 have very low numeracy skills. *Source: Basic Skills Agency, February 2004.*

TRANSPORT AND INFRASTRUCTURE

Together, the South East and London form the nation's principal gateway to Europe and the rest of the world. **After London, the South East reported the highest number of destination passengers** (36 million) **in the UK** in 2006. On a ten-year view, this figure has **increased at 3.9% per year**. *Source: Department for Transport, 2007.*

People in the South East travel further than in most other regions: 8,378 miles per person per year against the Great Britain average of 7,171 miles per year in 2005/06. *Source: Department for Transport, 2007.*

In 2006 the South East region had **the largest share of traffic** (about 17%) **on all roads in Great Britain. The vehicle flow is the highest in Great Britain** (5,000 vehicles per day compared with a Great Britain average of 3,500). *Source: Department for Transport, 2007.*

Together with the East of England, the East Midlands, the West Midlands and Wales, the South East **has the highest percentage of people travelling to work by car (73%)**. Together with the South West, it also has the highest percentage of adults who hold a driving licence of any region and the highest number of cars per household. *Source: Department for Transport, 2007.*

Moreover, **road traffic in the South East is expected to increase by more than a third over the next 20 years**. *Source: Environment Agency 2005.*

In spite of the high and increasing level of vehicle flows, **the number of casualties has decreased by 1.2 per cent each year over the last ten years**. Over the same period, casualties on pedal cycles have almost halved. *Source: Department for Transport, 2007.*

Seaports are important within the South East's international gateway. Dover, Portsmouth, and Ramsgate together account for 69% of UK passengers. A total of 100 million freight tonnes passed through South East ports in 2006, **the highest amount recorded for all English ports**. *Source: Dover, Portsmouth, and Ramsgate ports and Source: Department for Transport, 2007.*

HOUSING

Average **house prices in the South East have risen by 500% since the beginning of 1983**, from £40,804 to £247,424 in 2008 (Q2)¹². Average house prices in the region have more than doubled since mid-1997. However, as happened in the rest of the UK, house prices in the region have fallen during the last year. In particular, between August 2007 and August 2008 **house prices in the region fell by 7.2%, above the UK average decrease of 6.1%**.
Source: HBOS, August, 2008.

At sub-regional level, **Surrey is the most expensive county in the UK, with an average house price of £332,106 in August 2008**. *Source HBOS, August, 2008.*

Four out of the ten most expensive towns to live in the UK in 2007 are in the South East region. Ascot in Berkshire, Dover in Kent and Dorking in Surrey saw the fastest rise in house prices in the South East (over 75%) from 2002 to 2007. *Source: HBOS March 2008.*

In Surrey, Hertfordshire, West Sussex, Berkshire, Oxfordshire, and Buckinghamshire, house prices are above the South East average. *Source: Source HBOS, August, 2008.*

The Isle of Wight is the only sub-region where house prices are below the average for England (£194,600 in August 2008 compared to £203,596 for England). *Source: Source HBOS, August, 2008.*

The South East contains **9,900 hectares of previously developed land which is unused or could become available for redevelopment**, the highest quantity in England after the North West; **53%** has been judged as **suitable for housing, of which 32%** has been already allocated **for housing development**. *Source: CLG, 2006.*

The South East is the fourth most deprived region in England in the Housing and Services domain, as measured by the Index of Multiple Deprivation (IMD)¹³. *Source: Local knowledge on the basis of IMD 2007.*

¹² Includes some areas of the East of England GOR.

¹³ Measured as average score of the regional Super Output Areas.

ENVIRONMENTAL RESOURCES & QUALITY OF LIFE

The environment in the South East is an important asset. Over 47% of the region is protected by some form of conservation designation.

Designated **Areas of Outstanding Natural Beauty (AONB)** form one third of the region – **and** nearly one third of all AONBs in England. Another 16% of land is designated **Green Belt**. There are 72 km of designated **heritage coast**. *Source: Environment Agency, 2008.*

The South East is the **most wooded** of all English regions: over 14% of the region is covered by woodland, which includes nearly 40% of England's total ancient woodlands. Furthermore, one third of England's meadows and lowland heaths are found in the South East. There are over **700 Sites of Special Scientific Interest** (out of a total 4,000 in England) in the South East, as well as approximately 93,000 designated **historic buildings, sites and areas**. *Source: Environment Agency, 2008.*

The **percentage of household waste** recycled or composted in the South East is amongst of the highest of all UK regions: 33%. Moreover, the South East has the second highest municipal waste recovery rate after the West Midlands: 47.7%. *Source: DEFRA, 2008.*

Bathing-water quality in the South East has improved, measured against the EU Bathing Water Directive; river-water quality has improved significantly over the last decade. *Source: Environment Agency, 2007.*

The percentage of **children living in poverty** in the South East is 13%, 9 percentage points lower than the national average. The percentage of **pensioners living in poverty** is 19%, 2 percentage points below the national average.¹⁴ *Source: DEFRA, 2008.*

In 2006 the South East reported one of the **lowest costs for crime per person** among English regions, although, having decreased between 1994 and 2000, this value has grown significantly over the last six years. *Source: Regional Index of Sustainable Economic Well-being, NEF 2007.*

There is **high life-satisfaction** in the South East: 88% of people living in the South East are satisfied or very satisfied with their local area. **As perceived by its population, the main strengths of the South East** compared to other regions in England are: **low unemployment/booming economy, proximity to London, links to Europe, attractive countryside, pleasant environment, coastline / beaches, good weather / climate and local airports**. *Source: MORI / South East England Regional Assembly, 2006.*

¹⁴ Defined as those households whose income is below 60% of the median income, before housing costs.

APPENDIX 1 : South East and European Regions

Figure 1: GDP per head, 2007

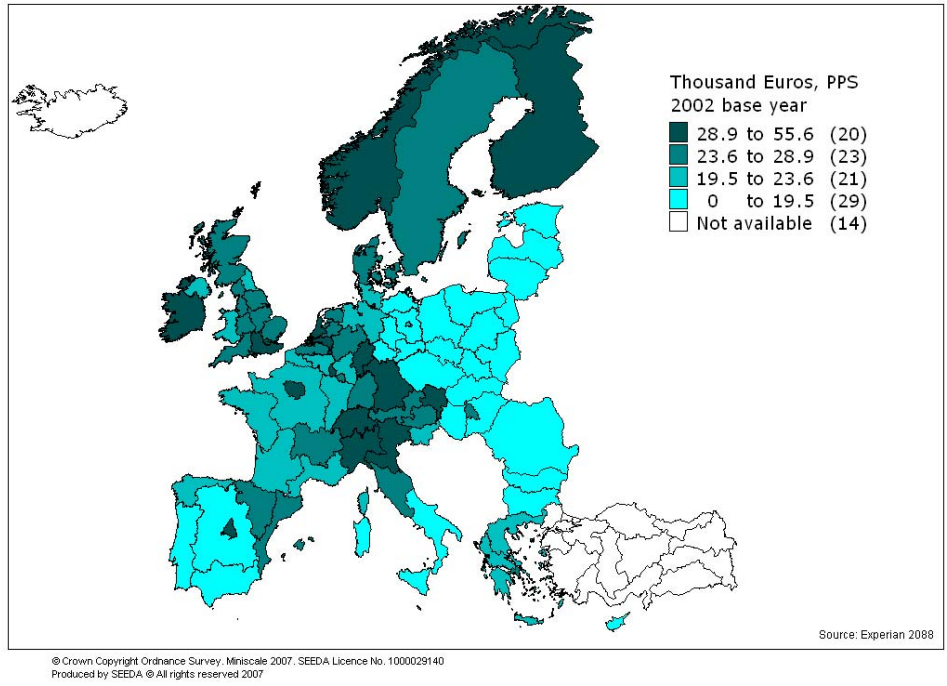
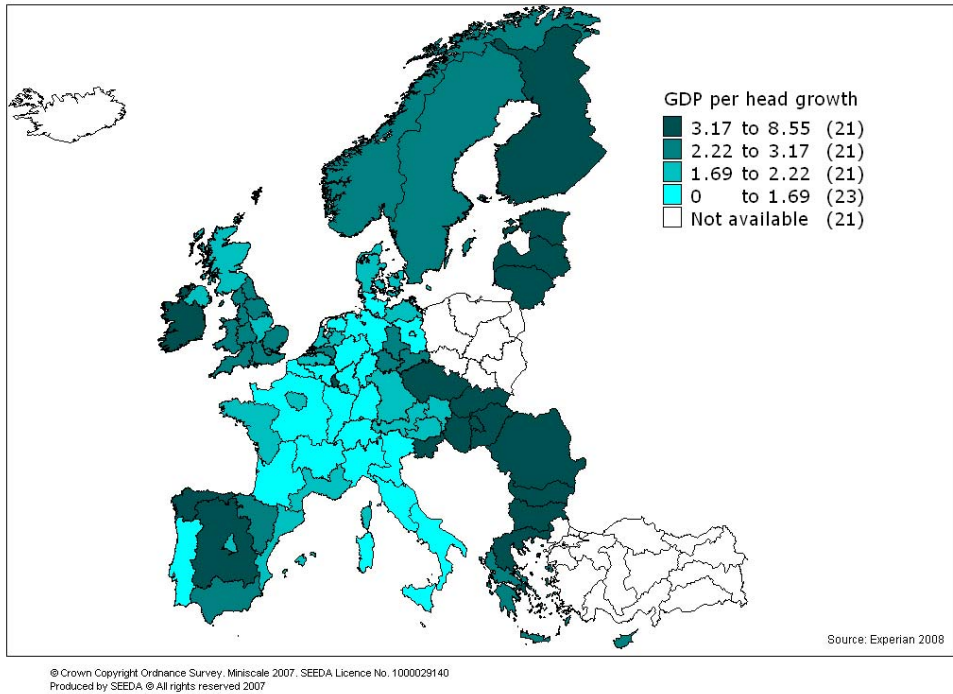
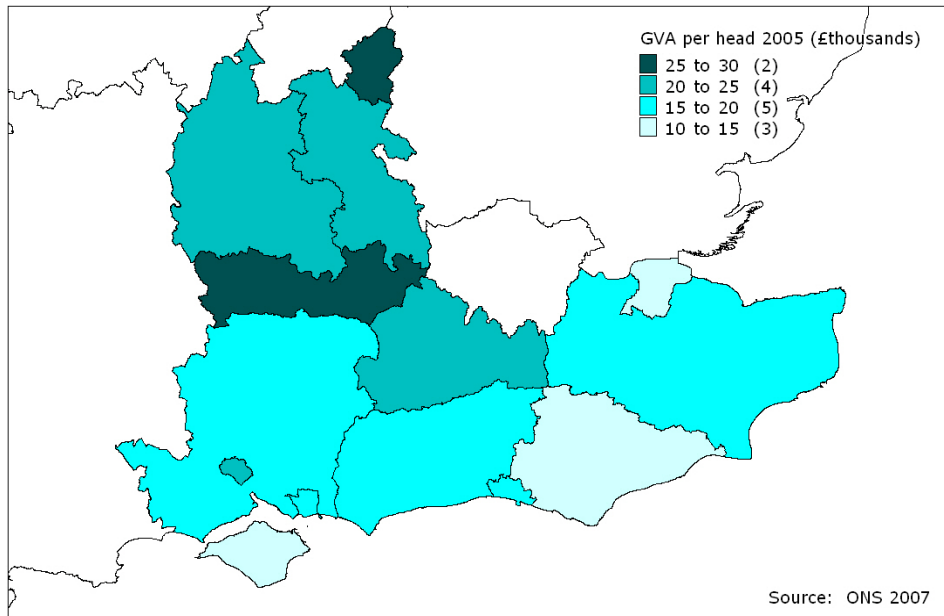


Figure 2: GDP per head growth, 1997-2007



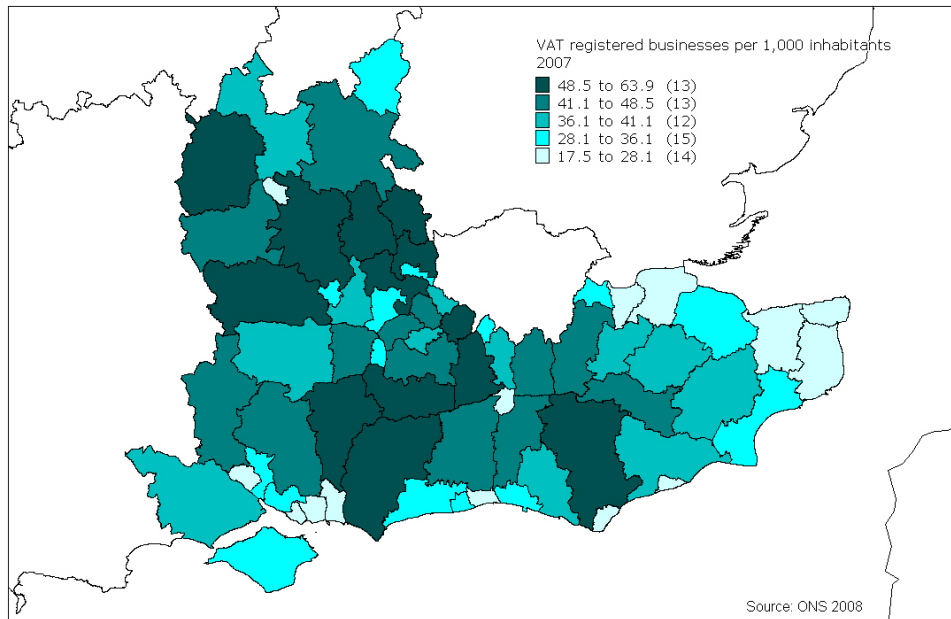
APPENDIX 2: Sub-regional disparities and social deprivation

Figure 1: GVA per Head



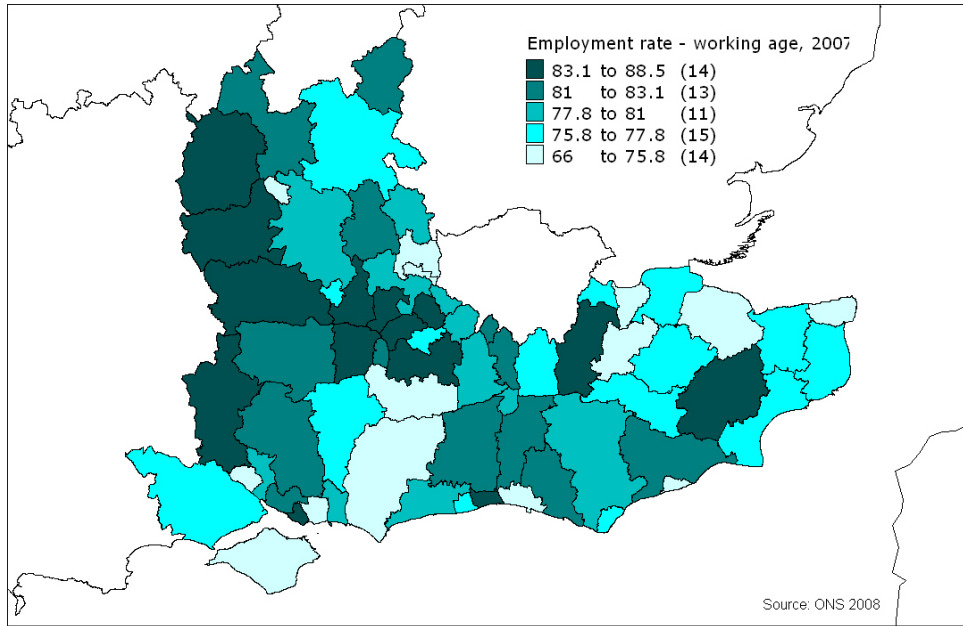
© Crown Copyright Ordnance Survey, 'Boundary Line' 2006. License No. 100029140
Produced by SEEDA © All rights reserved 2008

Figure 2: VAT registered businesses



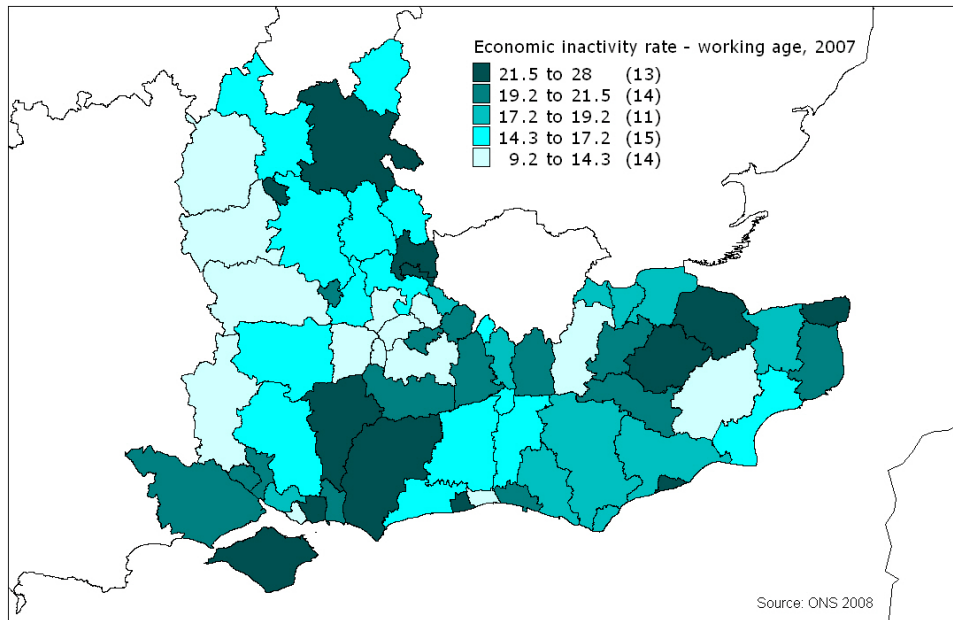
© Crown Copyright Ordnance Survey, 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

Figure 3: Employment rate



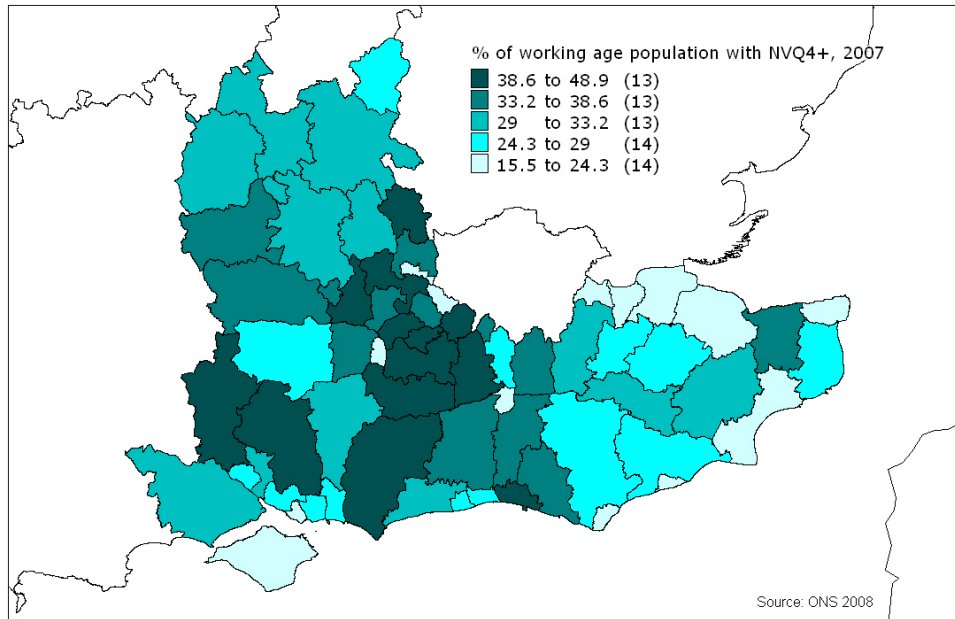
© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

Figure 4: Economic inactivity rate



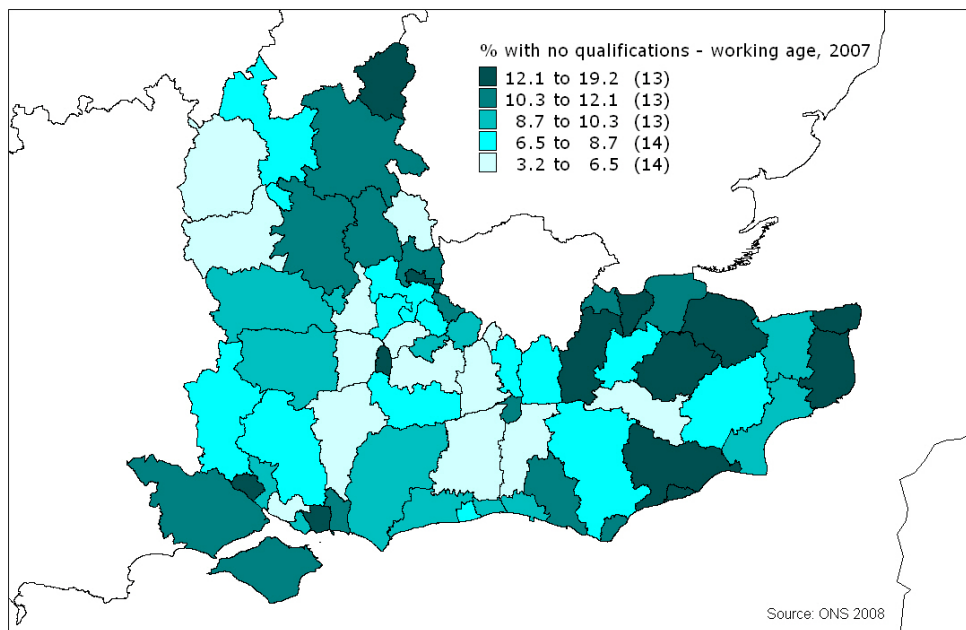
© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

Figure 5: Skills level - percentage working age population with NVQ4+



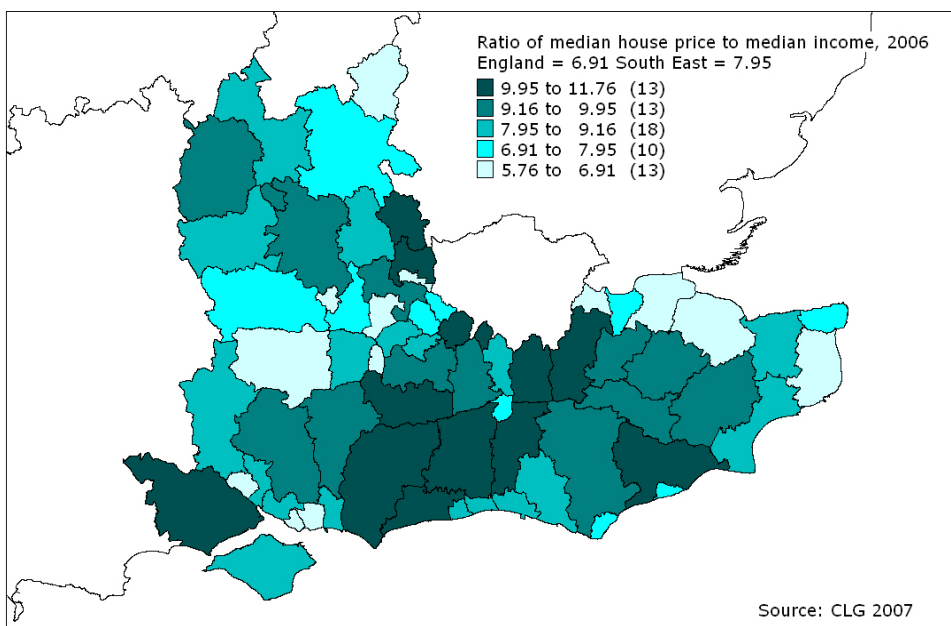
© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

Figure 6: Skills level – percentage of working age population with no qualifications



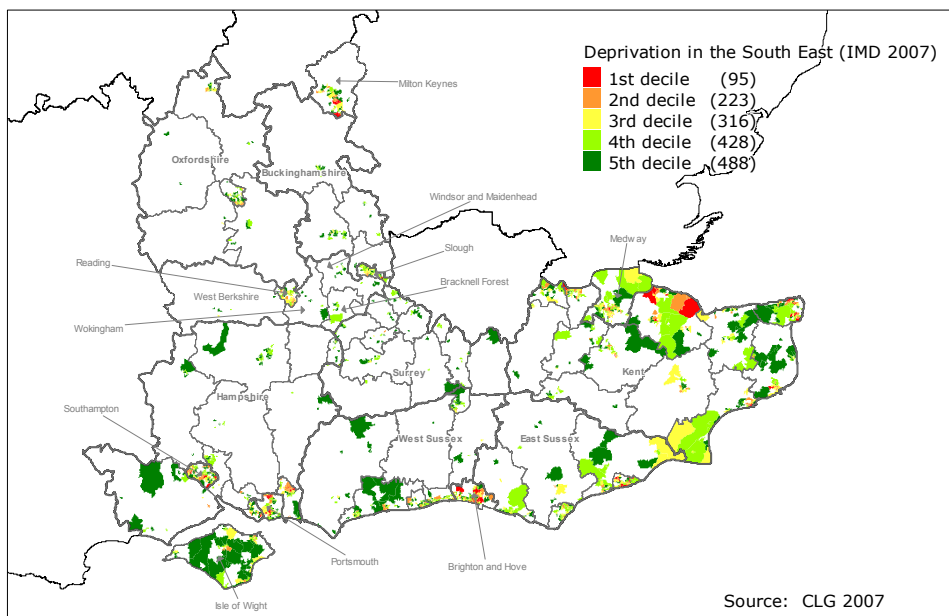
© Crown Copyright Ordnance Survey. 'Boundary Line' 2007. License No. 100029140
Produced by SEEDA © All rights reserved 2008

Figure 7: House prices



© Crown Copyright Ordnance Survey. 'Boundary Line' 2006. License No. 100029140
 Produced by SEEDA © All rights reserved 2007

Figure 8: Social Deprivation



© Crown Copyright Ordnance Survey. 'Boundary Line' 2006. License No. 100029140
 Produced by SEEDA © All rights reserved 2007



SEEDA Headquarters

Cross Lanes
Guildford
GU1 1YA
England
Email: seeda@seeda.co.uk
Tel: +44 (0) 1483 484200
Fax: +44 (0) 1483 484247

Chatham Maritime Office

The Observatory
Brunel
Chatham Maritime
Kent ME4 4NT
England
Tel: +44 (0) 1634 899900
Fax: +44 (0) 1634 899901

SEEDA is also represented
with its partners in Brussels

Brussels Office

South East England Brussels Office
45 Rue de Commerce
1000 Brussels
Belgium
Tel: 00 322 504 0720/0721
Fax: 00 322 504 0722

For more information, please visit SEEDA's website www.seeda.co.uk