

An Economic Profile of the **South East**

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Introduction

The purpose of this document, 'An Economic Profile of the South East' is to set out the key issues facing the region and provide an essential analysis underpinning the Regional Economic Strategy (RES). Therefore, it should be treated as a reference document accompanying the RES Consultation Document.

The South East, a region with a population of over 8 million, encompasses 19 county and unitary authorities and 55 districts, stretching around London from Thanet in the east to 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, Buckinghamshire and Oxfordshire.

The economy of the South East is critical to the performance of the UK economy as a whole. In the UK context, the region is the second most prosperous region, in terms of GDP per head. However, this prosperity is not evenly spread across the region; there are significant levels of deprivation in some parts of the South East. Alongside this, there are tensions over the impact of this growth on key aspects of environmental quality.

The key challenge for the South East is to achieve smart growth, which delivers a more balanced pattern of prosperity across the region and its communities, and which supports a sustainable use of its natural resources.

Section 1

THE POWERHOUSE OF THE UK ECONOMY

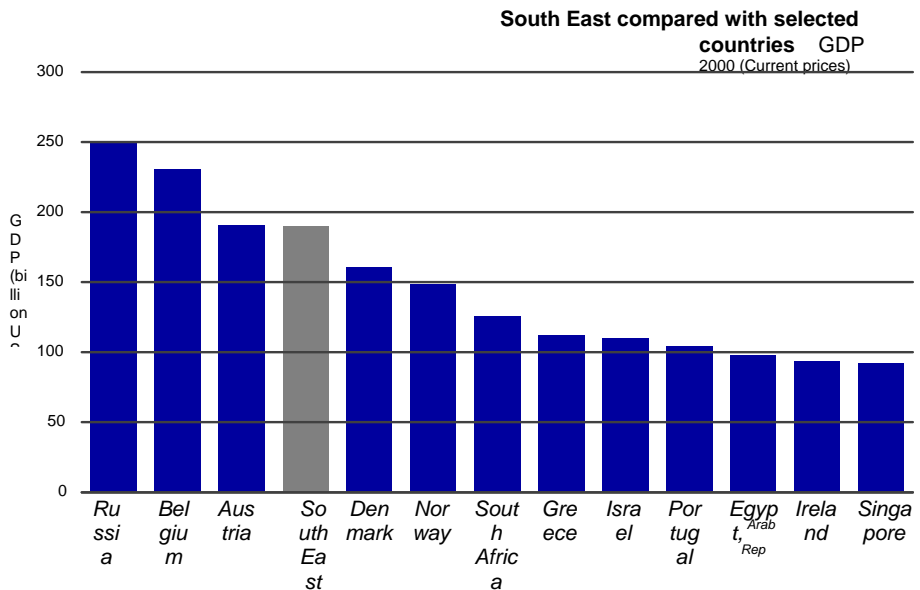
The UK economy has undergone a period of rapid growth in recent years. It now stands fourth in the world in terms of Gross Domestic Product (GDP).

Central to this success, the South East economy has been critical to the performance of the UK as a whole and will play an essential role in maintaining the growth of the UK economy in the future. Due to the scale of its economy and its location, the region acts as the engine of growth and the gateway to Britain.

¹2001 GDP based on Business Strategies' estimates.

- With an estimated GDP of £130 billion in 2001¹ (current prices) the South East is the second largest regional economy in the UK, after London. The South East economy is bigger than a number of countries including Denmark, Norway, South Africa, Greece and Singapore, as shown in the graph below.

FIGURE 1
South East in International Context



Source: WorldBank Indicators, 2001

²ONS, Regional Trends, 2001.

- The South East is the UK's largest region in terms of population. With over 8 million residents in 3 million households, it accounts for 13.5% or 1 in 7 of the UK population².

³ONS / NOMIS, 2001

- With over 255,000 VAT registered businesses, the South East accounts for 15% of the UK's total business base.

⁴ONS, Regional Trends, 2001.

- The South East accounts for over 25% of UK business expenditure in R&D and close to a third of government R&D spend⁴.

⁵ *Business Strategies Ltd, 2001.*

- Between 1990 and 2000, the South East economy grew faster than any other UK region, expanding at an average annual growth rate of 3.1%⁵ (against 2.2% for the UK as a whole).

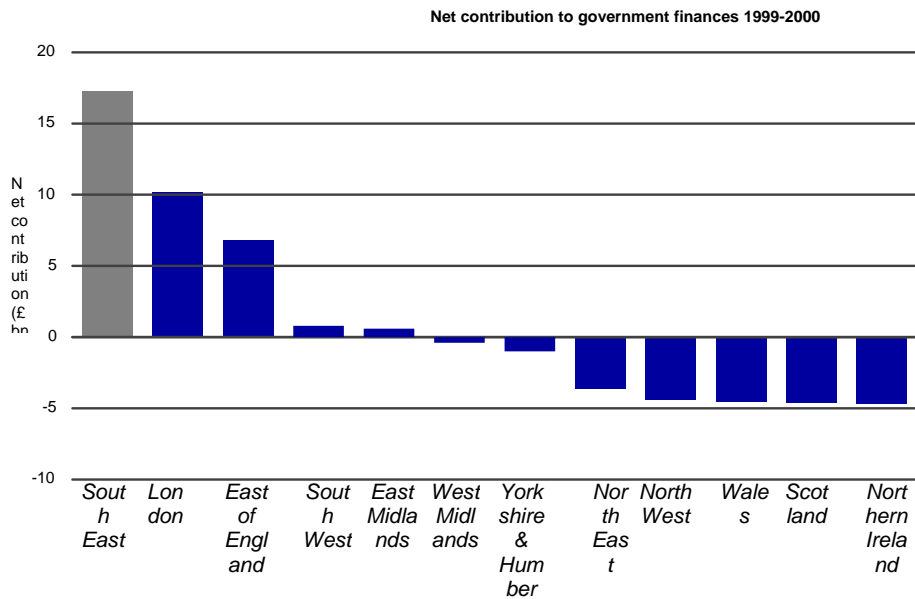
⁶ *Although Heathrow is not technically located in the South East it is very close to the regional boundary, and has a substantial regional impact.*

- The region is the gateway to the rest of the UK, with transport infrastructure of national and international importance. Heathrow⁶ 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 natural access point to mainland Europe and the rest of the world.

⁷ *BSL estimates, 2001.*

- The South East is the largest net contributor (tax minus public spending in the region) to the Exchequer. In 1999-2000 fiscal year, it contributed an estimated £17 billion⁷ to government finances. This is far more than any other region, including London (£10bn) and it accounts for nearly 15% of South East GDP.

FIGURE 2
Contribution to the National Exchequer by UK Regions

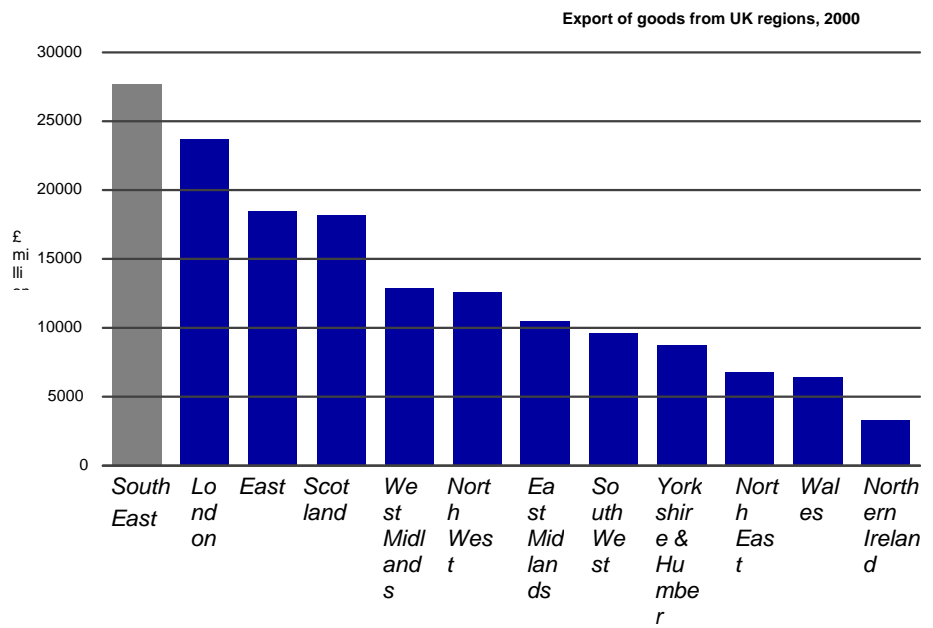


Source: *Business Strategies figures based on HM Treasury, ONS and HM Customs, 2001*

⁸ *DTI, 2001*

- The South East exported overseas nearly £28 billion⁸ worth of manufactured goods in 2000, the highest among all UK regions. London stood second with £24 billion worth of exports. Export of goods per head of population in the South East is £3,431, highest among English regions.

FIGURE 3
Value of Exports from UK Regions



Source: ONS, 2001

Section 2

TOWARDS A KNOWLEDGE-BASED ECONOMY

This section examines the South East's performance in comparison with 40 top performing regions, in terms of knowledge-based economic activity, spanning Europe, North America and Asia Pacific.

¹ Robert Huggins, *Global Index of Regional Knowledge Economies: Benchmarking South East England, 2002.*

Knowledge-based activity is increasingly seen as the ingredient that underlies the competitiveness of regions, nations, sectors or firms. At its most fundamental level, the knowledge base of an economy can be defined as: 'the capacity and capability to create and innovate new ideas, thoughts, processes and products, and to translate these into economic value and wealth'¹.

² Robert Huggins, *Global Index of Regional Knowledge Economies: Benchmarking South East England, 2002.*

According to the research carried out by Robert Huggins Associates for SEEDA², the South East is performing above average in terms of *Knowledge Economy Inputs* measured by the proportion of knowledge workers in the labour force, economic activity and employment in high-tech sectors. However, these inputs are not being effectively translated into *Knowledge Economy Outputs* measured by patent applications, GDP per capita, labour productivity and gross weekly earnings.

The study demonstrates the high level of knowledge-based economic activity, both in manufacturing and services sectors, within the South East. In particular, the region performs strongly against most of its 39 comparators in terms of '*Knowledge Economy Inputs*';

- Economic Activity is above the global high performing mean, ranking 17th position (out of 40 regions);
- The proportion of the workforce employed as knowledge workers³ is well above the high performing mean, ranking at 6th;
- The proportion of the workforce employed in high technology sectors⁴ is again well above average.

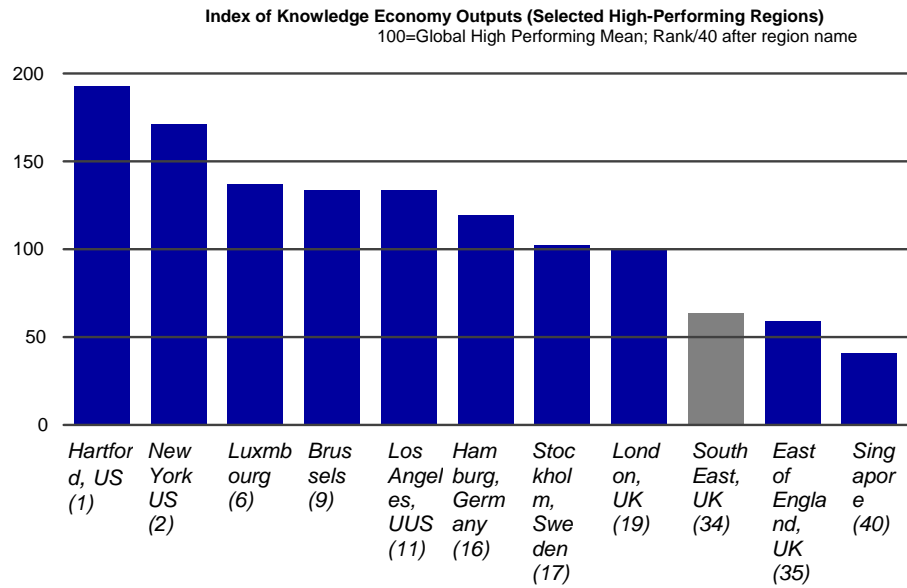
³ Defined as managers, professionals and technical workers.

⁴ High Tech sectors employment include IT & Computer Manufacturing, Biotechnology and Chemicals, High Tech services, Proportion of Managers.

These inputs of knowledge economy are not being effectively exploited to enhance the high value added growth in the region. The report shows that;

- Patent registration is over 50% below the high performing mean, ranking 27th;
- GDP per capita and labour productivity are both 23% below the high performing mean, ranking 34th and 35th respectively;
- Average earnings are 13% below the high performing mean, ranking 29th.

FIGURE 4
Benchmarking International Regional Knowledge Economies



Source: Robert Huggins, 2002

Figure 4 shows selected high performing regions and their rankings (out of 40) on the Index of Knowledge Economy Outputs. This index is a composite indicator, comprising of patent applications, GDP per head, productivity and earnings.

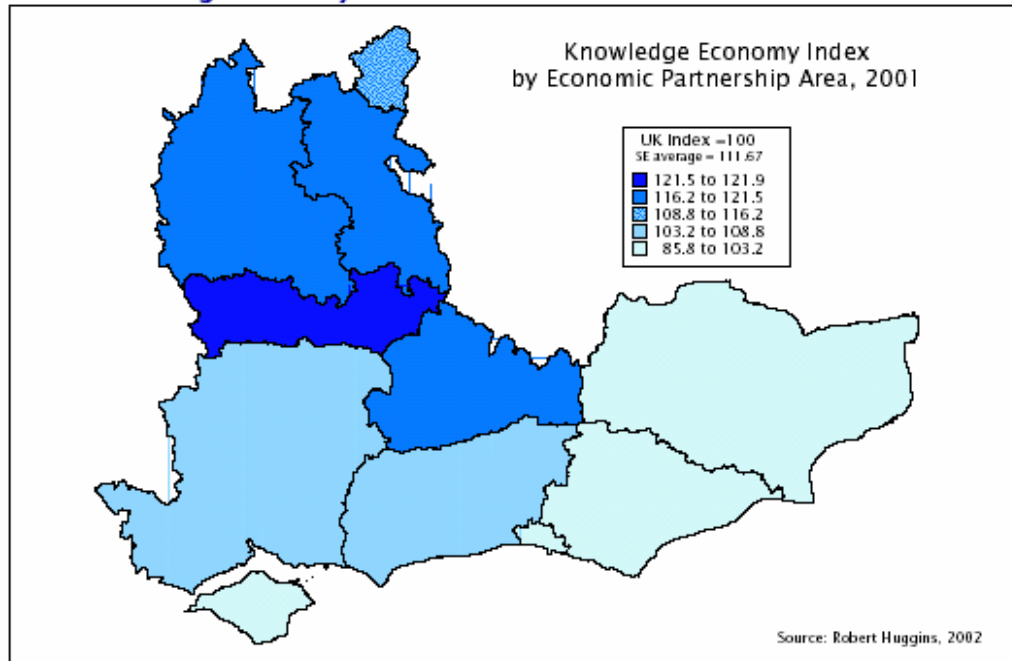
⁵Encompassing primary, secondary, further and higher education.

Measures of longer term investment in sustaining this knowledge base also show South East England well down the league. For example, public expenditure on education⁵ in the South East is 22% below the high performing mean, ranking 25th.

There are significant disparities among the sub-regions of the South East in terms of knowledge-based economic activity. The knowledge 'powerhouses' are clearly situated within the western and northern parts of the region, with the Thames Valley, Surrey and Buckinghamshire scoring above average on the local knowledge economy index⁶. In sharp contrast, Kent, East Sussex and the Isle of Wight all have 'local knowledge index' scores significantly below the regional average.

⁶ The local knowledge economy index comprises knowledge economy inputs, outputs and sustainability indicators, as listed on page four

FIGURE 5
Local Knowledge Economy Index



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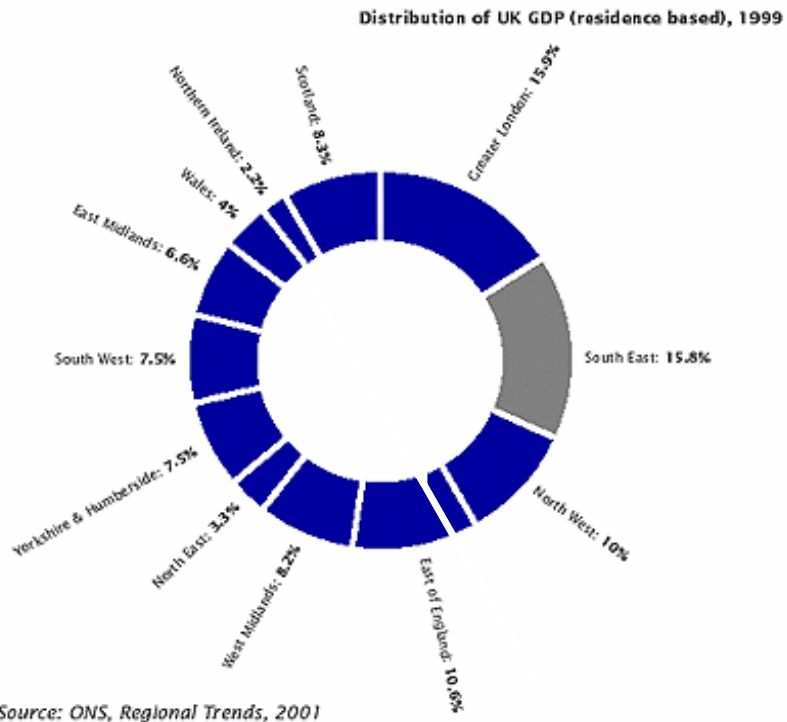
Section 3

THE PERFORMANCE OF THE SOUTH EAST ECONOMY

¹Residence based and workplace based GDP definitions

In 1999, the value of output (GDP) from the South East economy amounted to £122.0 billion (residence based¹): some 15.8% of the UK total. After London, the South East is the biggest economy nation-wide.

FIGURE 6
Comparing the UK Regional Economies



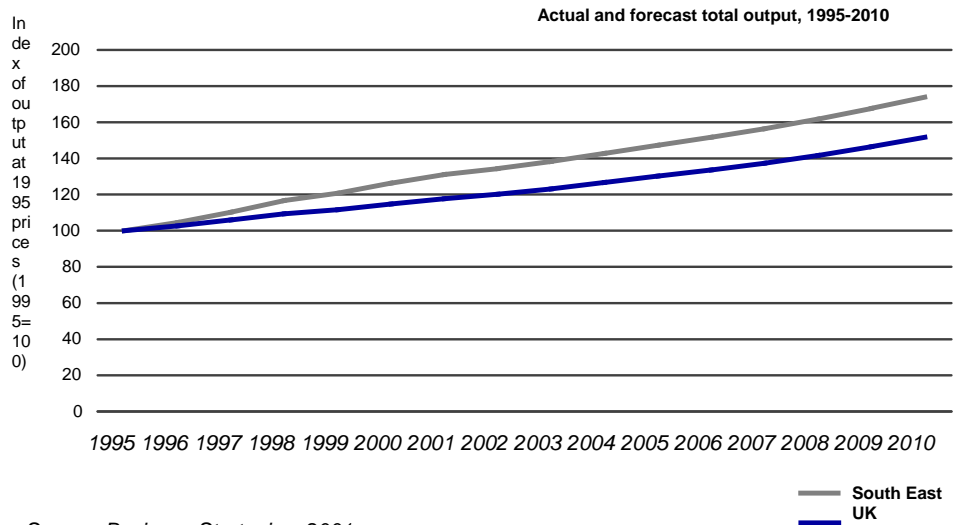
Source: ONS, Regional Trends, 2001

However, workplace-based GDP in 1999 was £115.5 billion in the South East, indicating that its residents commuting to London contribute some £6.5 billion of earnings to the GDP (workplace based) figures for London.

The regional distribution of GDP, as shown in the figure above, clearly demonstrates that the South East and London are the major contributors to the national output, both some 50% higher than the next nearest region, the East of England.

In the UK context, the South East economy has performed well over the last decade. Although London remains ahead in terms of GDP, the gap is closing steadily. Between 1990 and 2000, the South East economy grew faster than any other region, expanding by an estimated annual average of 3.1% compared with 2.2% UK average.

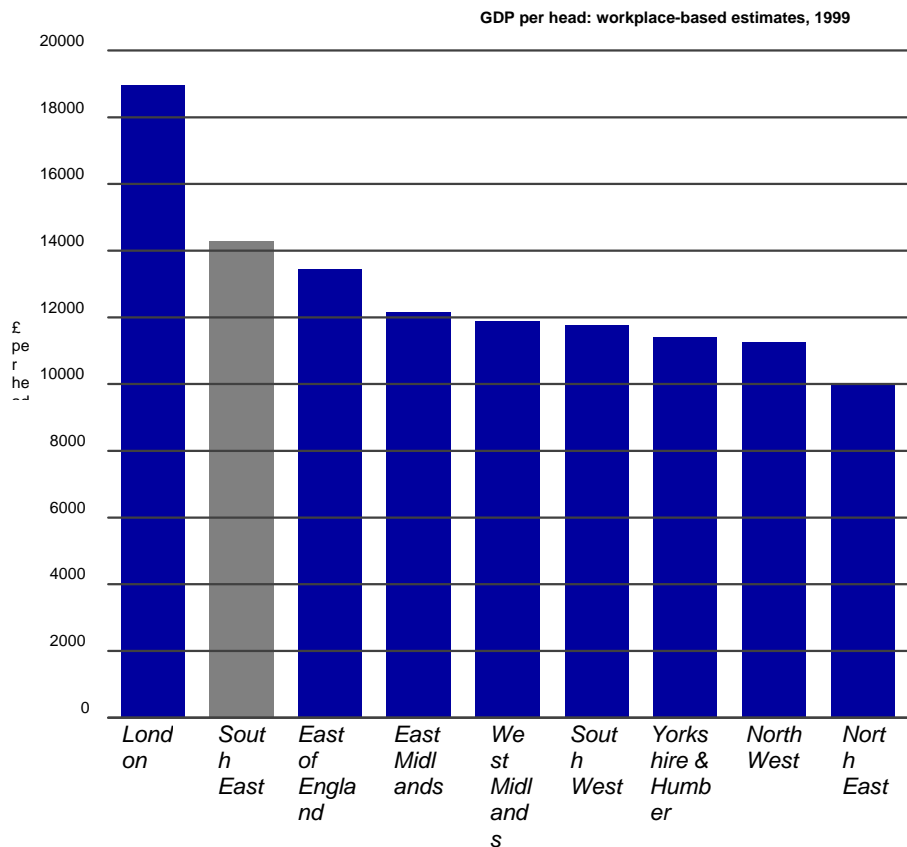
FIGURE 7
Comparing South East and UK Output - Historic Trends and Projections



Source: *Business Strategies, 2001*

Looking to the future, forecast data from Business Strategies Limited (BSL) suggests similar trends: the economy of the South East will continue to grow at a higher rate than that of the UK. Between 2000 and 2010, real growth in regional GDP has been projected at an average rate of 3.2% per annum compared with 2.7% for the UK as a whole.

FIGURE 8
Regional GDP per Head



Source: *Regional Accounts, ONS, 2001*

SECTION 3 THE PERFORMANCE OF THE SOUTH EAST ECONOMY

In the UK context, GDP per head in the South East is higher than any other region outside London. It stood at £15,098 (current prices) in 1999, and is expected to increase to £23,700 by 2010.

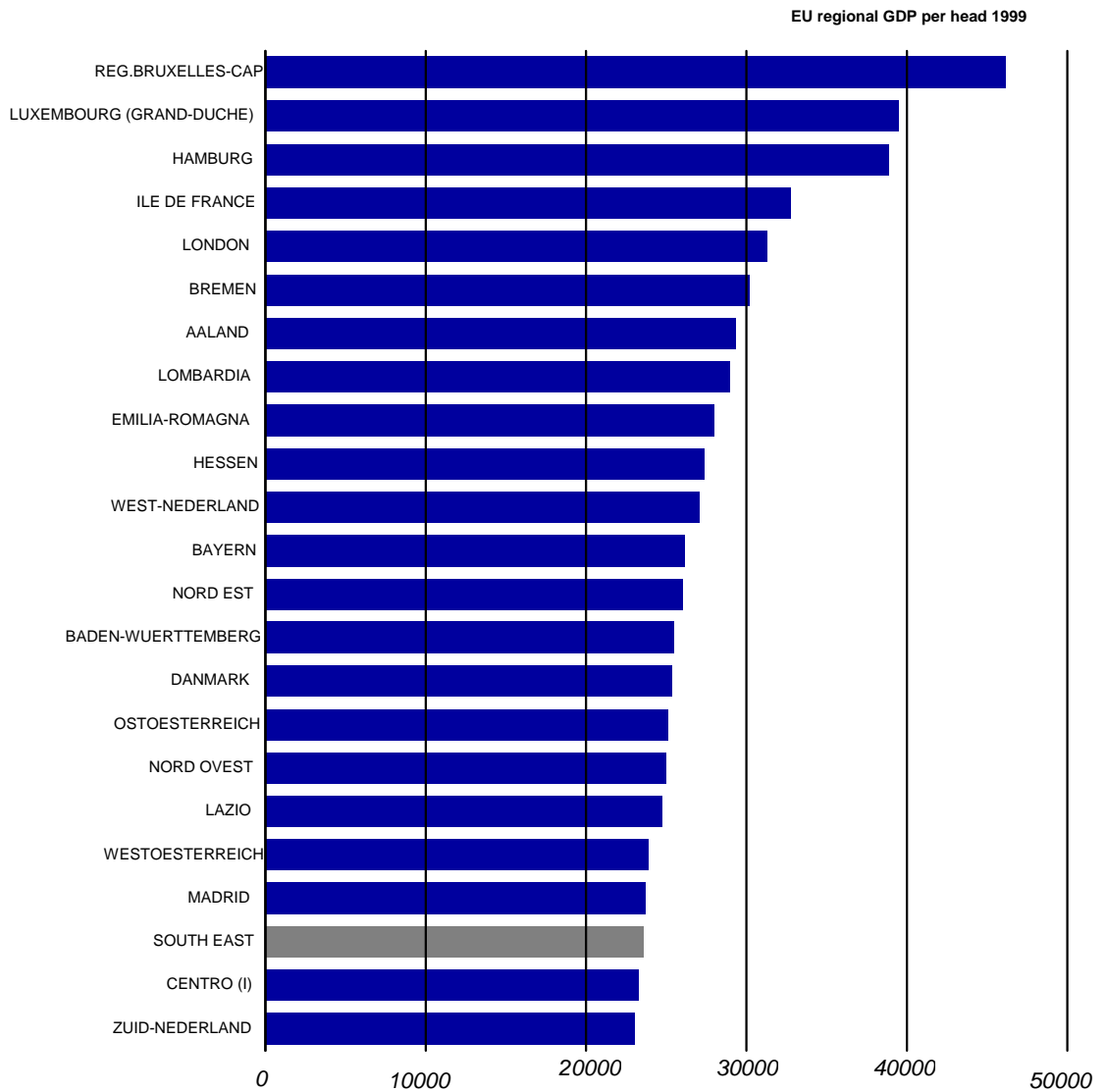
TABLE 1
Gross Disposable Household Income: By Region, 1999

Region	£ per capita	Index UK=100
UK	10,142	100
North East	9,018	89
North West	9,501	94
Yorkshire & Humber	9,325	92
East Midlands	9,409	93
West Midlands	9,542	94
East of England	10,638	105
London	12,207	120
South East	11,055	109
South West	10,073	99
Wales	8,870	87
Scotland	9,870	97
Northern Ireland	8,998	89

Source: ONS, 2002

However the performance of the South East is much less impressive in a wider European context. Figure 9 illustrates the variation in per capita GDP across the regions of Europe. Based on 1999 figures for GDP per head, the South East ranks 21st among EU regions compared to 23rd position in 1996.

FIGURE 9
South East in European Context



² GDP measure based on Purchasing Power Standard (PPS).

Source: Eurostat, 2002

Intra-Regional Variations

High levels of economic prosperity in the South East, suggested by GDP per head figures, are not evenly distributed across the region. There are widespread disparities within the South East.

Based on a range of economic and social indicators, the following sections of this document clearly demonstrate that there is a stark 'east-west and north-south' divide in the region. The eastern and southern parts of the region, mainly coastal fringes, are performing below regional average, primarily due to weak economic infrastructure. On the other hand, western and northern parts are facing the challenges of overheated economies: i.e. congestion, skills shortages etc.

TABLE 2**Key Economic Indicators - a sub-regional analysis**

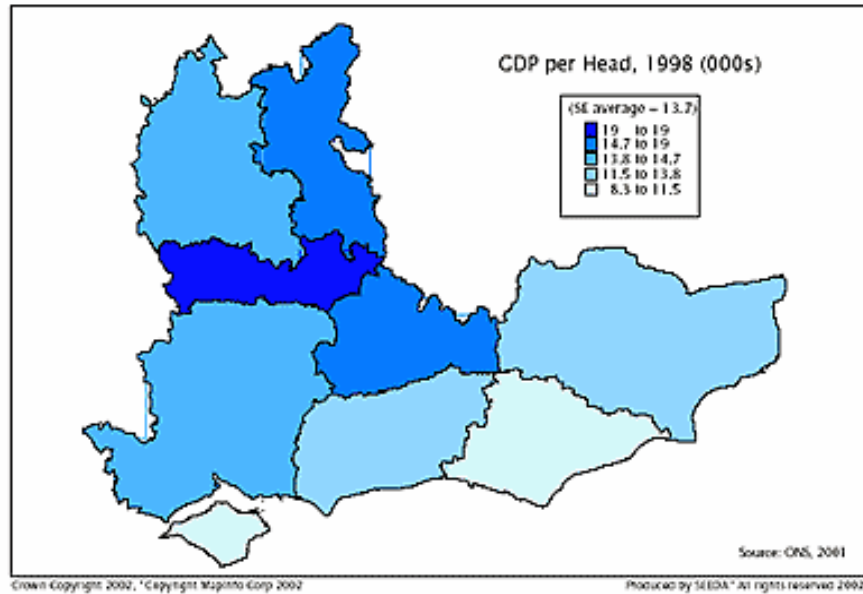
	GDP per head 1998 (000s)	Total GDP (1998) (£m)	Total Population 2000 (000s)	Population Change 1991-2000 %
UK	12.5	743,314	59,756	3.4
Berkshire	19	15,212	803	6.6
Surrey	15.9	16,914	1,081	4.5
Buckinghamshire	14.7	10,163	693	8.5
Oxfordshire	13.9	8,598	1,598	8.7
Hampshire	13.8	22,893	1,657	4.7
South East	13.7	109,797	8,115	5.7
West Sussex	12.3	10,225	764	7.3
Kent	11.5	18,282	1,353	4
East Sussex	10.3	6,450	759	6
Isle of Wight	8.5	1,064	129	4.6

Source: *Regional Trends, ONS, 2001/NOMIS, 2002*

- Based on 1998 figures, GDP per head (current prices) in Berkshire stood at £19,000, some 39% higher than South East average and over 50% above the UK average. This reflects the incidence of high-tech clusters in the Thames Valley. GDP per head was also higher than the regional average in Surrey (£15,900), Buckinghamshire (£14,700) and Oxfordshire (£13,900).
- Conversely, GDP per head (current prices) was lowest in the Isle of Wight (£8,300). This was lower than the average for all the regions including the North East (£9,740), Northern Ireland (£9,750) and Wales (£10,060). GDP per head in East Sussex (£8,500), Kent (£11,500) and West Sussex (£12,300) was also lower than the South East, UK and England averages.
- Between 1990 and 2000, the Isle of Wight's GDP grew by an estimated annual average of 1.5%, with Kent (2%), East Sussex (2.5%) and West Sussex (2.9%) also lagging behind the annual regional average of 3.1%.

In East Sussex and the Isle of Wight, there is a high incidence of economically inactive people within the population, above average unemployment and a weak industrial base.

FIGURE 10
Geographic Distribution of GDP per Head in the South East

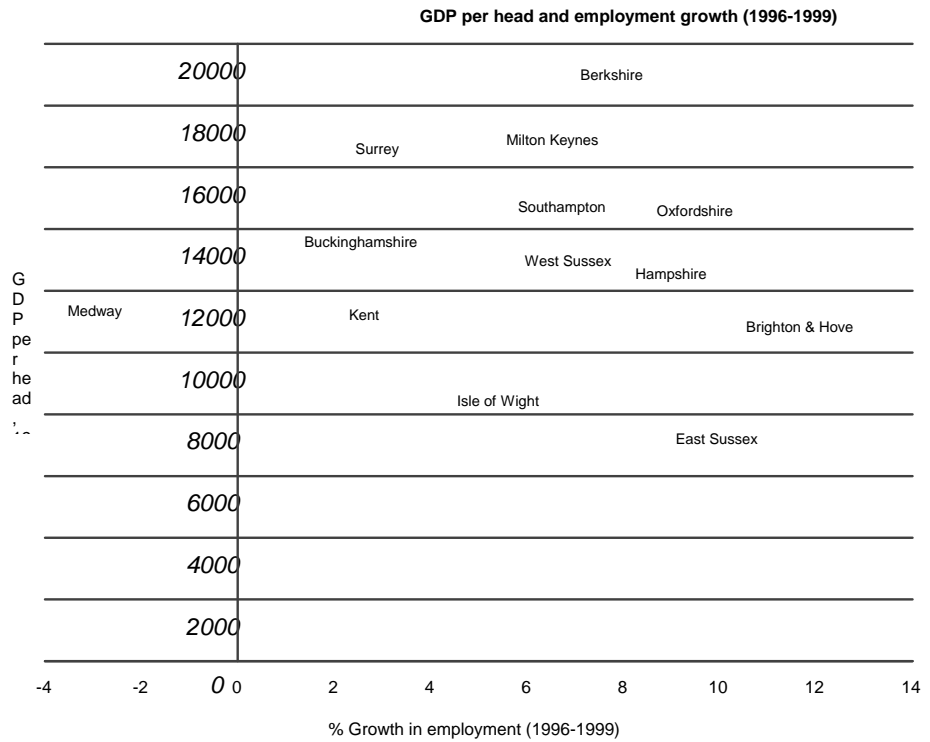


- In terms of population change, the region as a whole has seen a population growth of 5.7% since 1991, mainly as a result of in-migration. The fastest growth rates have been in the north and west of the region: Oxfordshire, Buckinghamshire and Berkshire.

The relationship between employment growth and GDP per head (a proxy for productivity) is shown in figure 11. The analysis demonstrates that Berkshire, Milton Keynes and Surrey have high levels of GDP per head and relatively modest growth in employment in recent years: an indication of high productivity and higher value added activities. In East Sussex and Brighton & Hove, by contrast, employment growth was high but GDP per head remained low: an indication of lower value added activities.

On the Isle of Wight, both employment growth and GDP per head are low, suggesting a continuing prevalence of labour intensive activities such as tourism.

FIGURE 11
Wage and Employment Growth levels



Note: The figure for Portsmouth is not included due to statistical weakness in calculating GDP for this area.

Source: NOMIS/ONS, 2001

In the sections that follow, these observations are unpacked by considering some of the underlying ingredients that determine the regional and sub-regional economic performance.

Section 4

INDUSTRIAL COMPOSITION

¹2001 figure from NOMIS

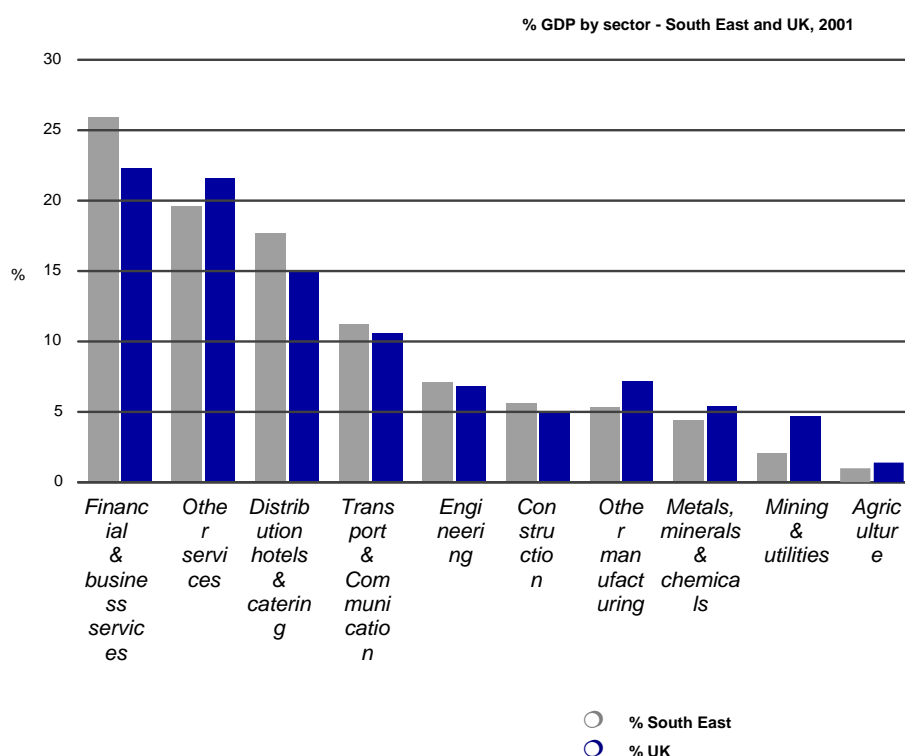
Across the region there are more than 255,000¹ VAT-registered enterprises (defined on legal unit basis) and 373,600 business sites (defined on a location basis). The stock of businesses, however defined, in the South East accounts for over 15% of the UK total (for a sub-regional analysis, see Enterprise and Investment Section).

97.1% businesses in the South East employ fewer than 50 employees and 91.3% businesses have a turnover of less than £1m. This demonstrates that the region has a sizeable population of small and medium-sized businesses, broadly in line with the national average.

Buckinghamshire and Surrey have a considerably higher incidence of large businesses. Conversely, the Isle of Wight, East Sussex, Kent and West Sussex have a low concentration of large firms.

On the basis of the Standard Industrial Classification (SIC), figure 12 provides an indication of the sectoral structure of the region's businesses. The largest sector of the South East, financial and business services, accounted for about a quarter of GDP in 2001. In Berkshire, Oxfordshire and Surrey this sector accounts for over 30% of the output.

FIGURE: 12
Sectoral Distribution of Output in the South East



Source: Business Strategies, Nov 2001

SECTION 4 INDUSTRIAL COMPOSITION

Distribution, hotels & catering (17.7%), transport & communication (11.2%), engineering (7.2%) and construction (5.6%) account for a greater proportion of regional output than nationally.

Manufacturing in the South East

Manufacturing accounts for 16.2% of the region's GDP compared with 21.3% for the UK. Despite a relatively low incidence of manufacturing businesses in the region, the sector retains a strategic importance both regionally and nationally.

² Source: ONS, 2001

The central importance of the South East to the UK's manufacturing sector is shown by the fact that in 1999²:

- the value of manufacturing output totalled £18.8 billion in the South East, a figure only exceeded by the North West (£20.4bn) and West Midlands (£18.9bn).
- gross manufacturing turnover in the South East totalled £62.9 billion, higher than any other UK region.
- Gross Value added per worker in the South East is 20% higher than the national average; an indication of high value added manufacturing activities.
- Manufacturing employment in the South East stood at 492,000, a figure only exceeded by the West Midlands (516,000) and the North West (511,000)³.

³ Source: South East Region TUC Manufacturing Task Group, 2001

SECTION 4 INDUSTRIAL COMPOSITION

TABLE 3
Sectoral Distribution of Businesses (%) in the South East (2001)

	1.	4.	5.	6.	7.	5.	14.	10.	22.	21.	10
Uv	1.4	4.7	5.4	6.0	7.2	5	14.9	10.6	22.3	21.6	10n
South	1	2.1	4.4	7.1	5.3	5.6	17.7	11.2	25.9	19.6	10n
Berks	0.63	4.01	3.48	7.33	3.99	4.86	17.13	12.77	31.31	14.50	10n
Buckingham	0.54	0.45	4.05	7.19	6.54	4.77	20.14	12.50	26.42	17.40	10n
East	1.39	1.91	2.27	5.00	4.85	7.57	17.80	8.72	25.00	25.48	10n
Hamp	0.98	2.14	4.25	10.89	3.93	5.89	17.09	8.95	22.69	23.20	10n
Isle of W	2.53	0.79	3.94	16.05	4.84	4.10	21.40	9.23	8.09	29.03	10n
Ken	1.67	2.61	6.84	5.09	7.50	7.17	18.12	12.49	18.62	19.89	10n
Oxford	1.03	1.70	3.48	4.97	8.32	5.37	17.23	7.55	30.37	19.98	10n
Surre	0.68	1.69	2.74	5.69	3.40	4.83	17.22	13.78	31.76	18.21	10n
West	1.43	1.19	7.15	6.90	5.98	4.76	17.38	10.67	25.61	18.94	10n
	Agriculture, Forestry & Fishing	Mining & Utilities	Metals, Minerals & Chemicals	Engineering	Other Manufacturing	Construction	Distribution, Hotels & Catering	Transport & Communications	Financial & Business Services	Other (Mainly Public Sector)	Total

Source: Business Strategies

SECTION 4 INDUSTRIAL COMPOSITION

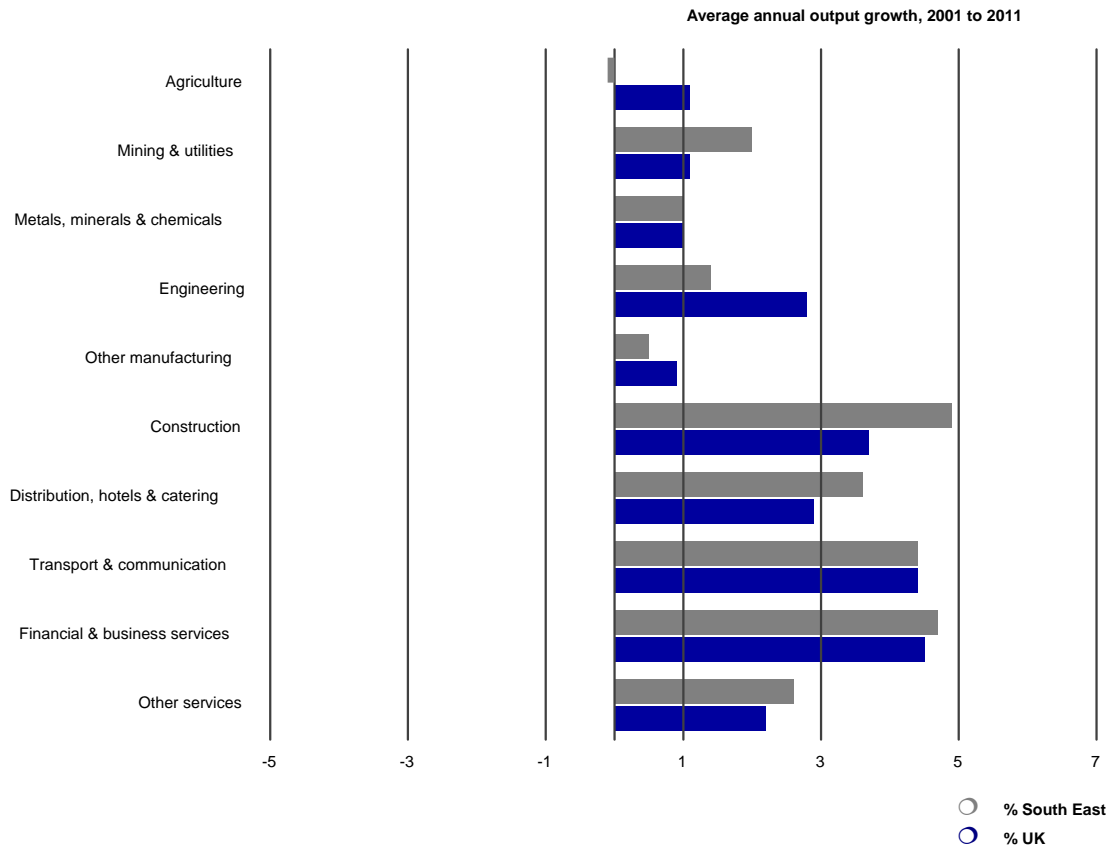
At sub-regional level, the manufacturing sector is of greatest relative importance in Buckinghamshire, Milton Keynes, Hampshire and West Sussex.

The incidence of distribution, hotels and catering is highest in the Isle of Wight: the area with the lowest per capita GDP.

Berkshire, Surrey and Buckinghamshire have the highest presence of businesses in the financial and business services sectors.

According to BSL forecasts, average annual output growth in financial and business services, construction, distribution, hotels and catering together with other services will be higher in the South East compared with the UK average. Conversely, manufacturing, engineering and agriculture sectors will grow at a slower rate than the UK average.

FIGURE 13
Average Annual Output Growth



Source: *Business Strategies, 2001*

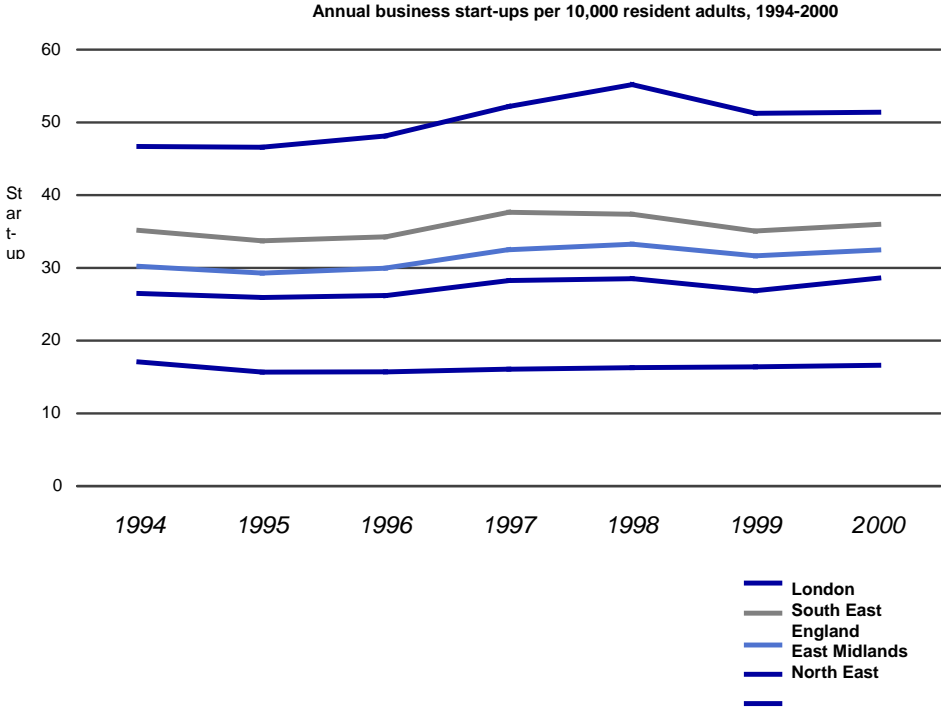
Section 5

ENTERPRISE AND INVESTMENT

Enterprise is a key driver of productivity growth and competition in the economy. The growth of new firms is often associated with the introduction of new technologies, innovative ways of working and increased competitive pressure on other firms.

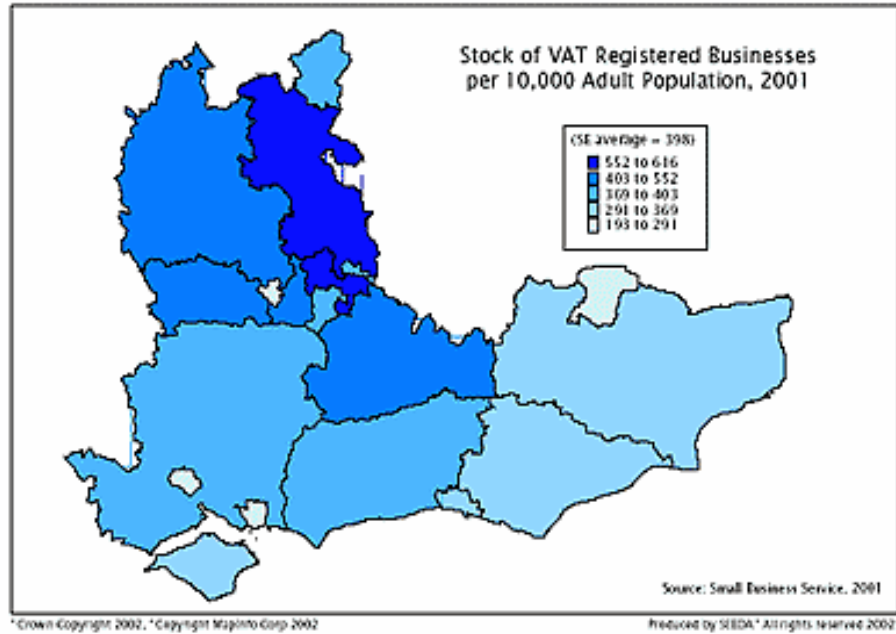
Business start up rates (a proxy for entrepreneurialism) in the South East is the highest in the UK apart from London. In 2000, 29,185 new businesses were registered in the South East, more than any other region except for London. As shown in the chart below, the business start up rate per 10,000 resident adults in the region was the second highest after London.

FIGURE 14
New Business Formation



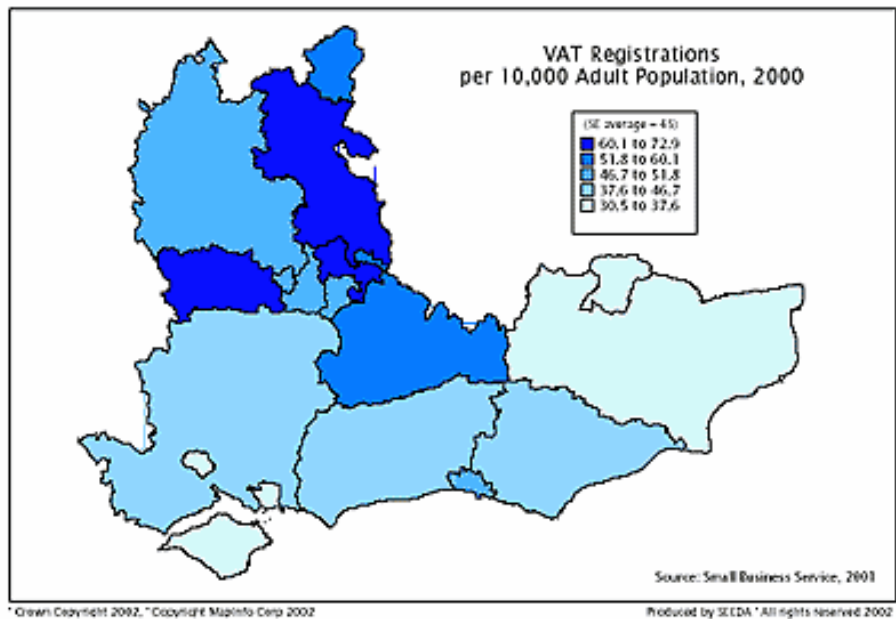
Source: Small Business Service, 2001

FIGURE 15
Business Concentration in the South East



- The South East is home to more than 15% of UK businesses. Surrey, Hampshire and Kent have the highest concentration of businesses, in absolute terms. In terms of business concentration per 10,000 people (resident adults), Windsor & Maidenhead, West Berkshire and Buckinghamshire have the highest concentration whereas Medway Towns, Portsmouth and Southampton have the lowest concentration.

FIGURE 16
Business Start-up Rates - a sub regional analysis



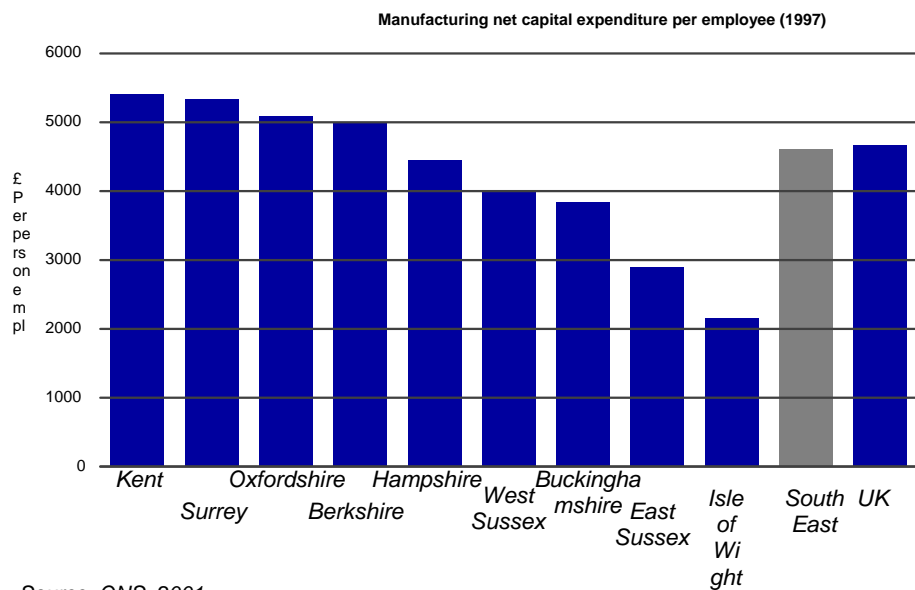
SECTION 5 ENTERPRISE AND INVESTMENT

- Business start-up rates per 10,000 people (resident adults), are the highest in Windsor & Maidenhead and West Berkshire. In 2000, the business start up rate in Windsor & Maidenhead stood at 70 businesses per 10,000 adult population; more than double compared with only 31 in each of Portsmouth, Southampton and the Isle of Wight.
- Business survival rates are the highest in the South East among UK regions. In 2000, the three year survival rate in the South East was 66.2% compared with UK average of 62.5%.

Investment in physical capital is also a key factor in determining a region's growth potential. Net capital expenditure per employee in manufacturing in the South East is broadly in line with the UK average.

As shown in the chart below, at sub-regional level it varies from over £5000 per employee in Kent to just above £2000 in the Isle of Wight. Kent together with Berkshire, Surrey and Oxfordshire are the only sub-regions with net capital expenditure per employee above the national average.

FIGURE 17
Manufacturing Net Capital Expenditure Per Employee



Source: ONS, 2001

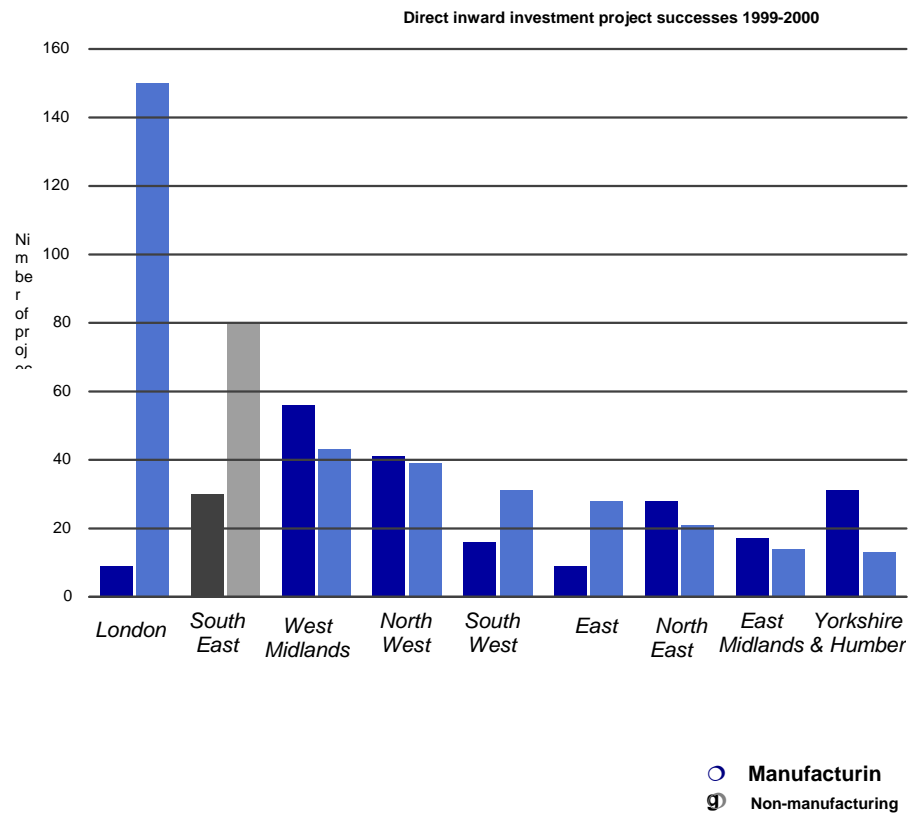
¹ *Productivity in the UK, DTI, 2001.*

Similarly, foreign direct investment plays an important role in stimulating economic performance in an area. On average, foreign-owned firms have higher productivity levels than domestic owned firms. The UK as a whole accounts for 30% of the total inflow of foreign direct investment in the European Union¹.

Nearly 15% of all UK inward investment successes in 1999-00 were into the South East, the highest in the UK outside of London.

Whilst the majority of inward investment projects were non-manufacturing (62.5%), the South East attracts the fourth highest amount of manufacturing investments after West Midlands, the North West and Yorkshire & Humberside.

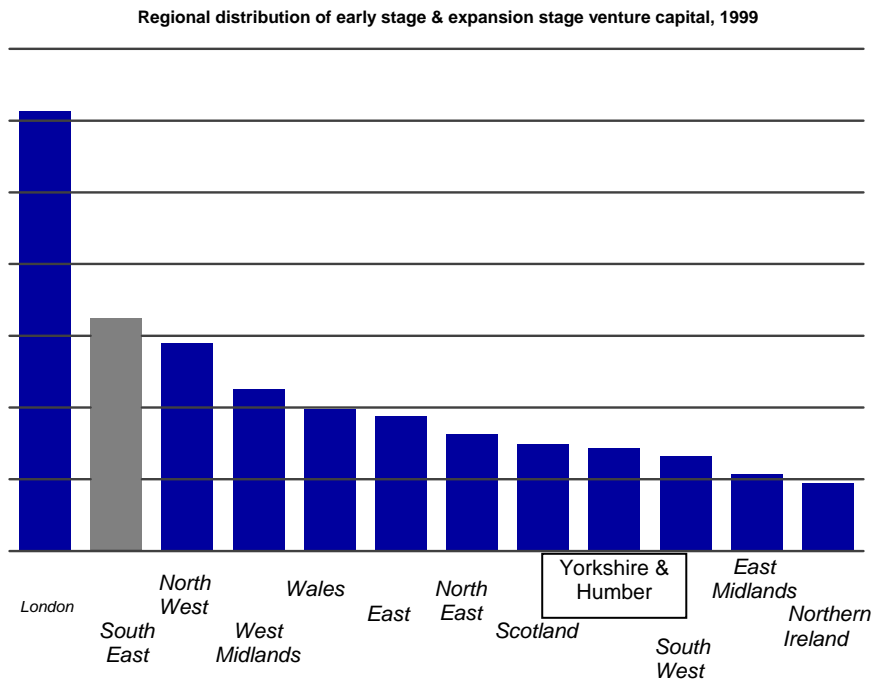
FIGURE 18
Regional Comparison of Inward Investment



Source: ONS, 2001

Venture capital is an important form of finance for new firms. The chart below shows that venture capital spending per person is significantly higher in London compared with other UK regions. The South East ranks second with venture capital spend per person of just over £30. This is half the amount spent per person in London.

FIGURE 19
Regional Distribution of Venture Capital



Source: *Global Entrepreneurship Monitor, 2000*

Relatively high levels of entrepreneurial activity, inward investment and availability of venture capital in the South East are indicators of the growth potential in the regional economy.

Section 6

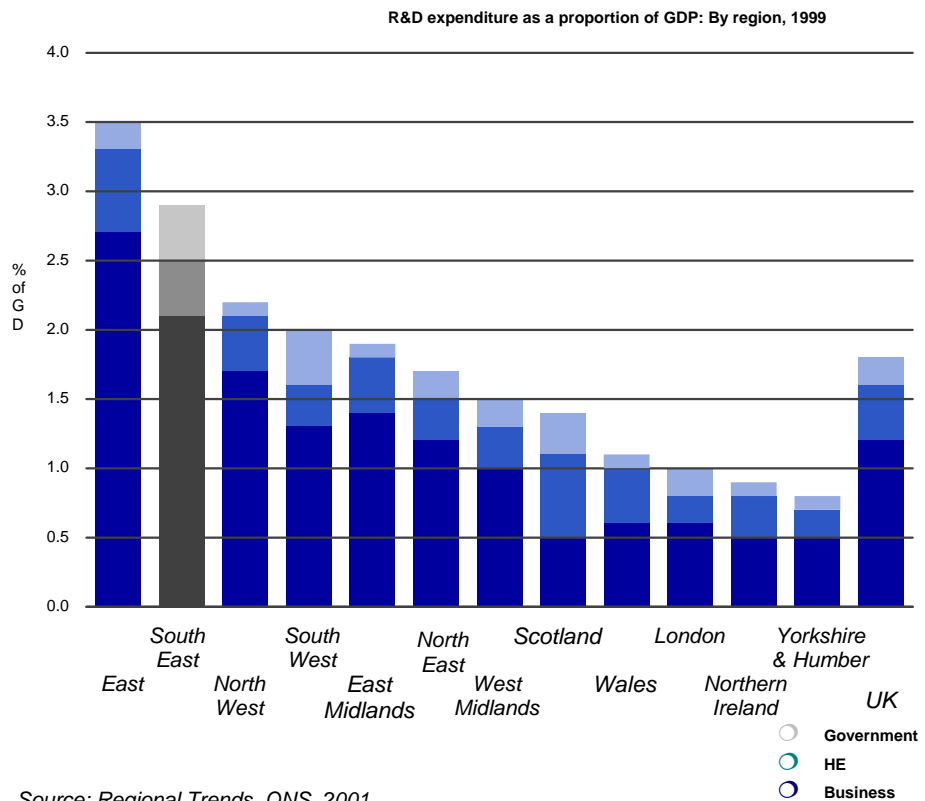
INNOVATION AND PRODUCTIVITY

Innovation and application of new technologies are key drivers of productivity growth. The following section of this document looks at some key indicators used as proxy for innovation and productivity. Due to lack of data at sub-regional level, mainly regional data is presented in this section.

Given high employment rates and growing pressures on the South East infrastructure, sustainable economic growth depends, primarily, on productivity enhancement across all sectors. The region has a huge potential in terms of innovation capacity and productivity improvement. The key challenge is to transform this potential into economic wealth.

- The South East accounts for over 25% of UK business expenditure on R&D and close to a third of government R&D expenditure. In terms of higher education R&D expenditure, the region accounts for 15% of the national total. Together, this represents a major resource.

FIGURE 20
R&D Expenditure



- In addition, the region has a number of genuinely world-class universities and several internationally excellent research specialisms. The South East universities rated highly in the 2001 Research Assessment Exercise (RAE), with a combined total of 45 departments gaining the highest (5*) rating. The University of Oxford alone gained 5* rating in 25 departments.

TABLE 4
R&D Expenditure

Indicator	UK	South East	South East as % of UK
R&D expenditure within Businesses, 1999 (£million)	11,302	2,916	25.8
R&D expenditure within Higher Education, 1999 (£million)	3,341	493	14.8
R&D expenditure within Public Sector, 1999 (£million)	1,788	557	31.2
Regional Distribution of Early Stage & Expansion Stage Venture Capital 1999 (£ million)	1503	262	17.4
Manufacturing Net Capital Expenditure per Employee, 1997 (£ per person employed)	4,673	4,604	11.1*
Manufacturing Investment by Foreign Owned Companies, (1994-97) (£ million)	5,462	736	13.3
Manufacturing Investment by UK owned companies (1994-97)	11,626	1,225	10.53
Manufacturing Gross Value Added by Foreign Owned Companies, 1997 (£ million)	35,708	5,123	14.3
Manufacturing Gross Value Added by UK owned companies, 1997 (£ million)	106,518	13,433	12.6

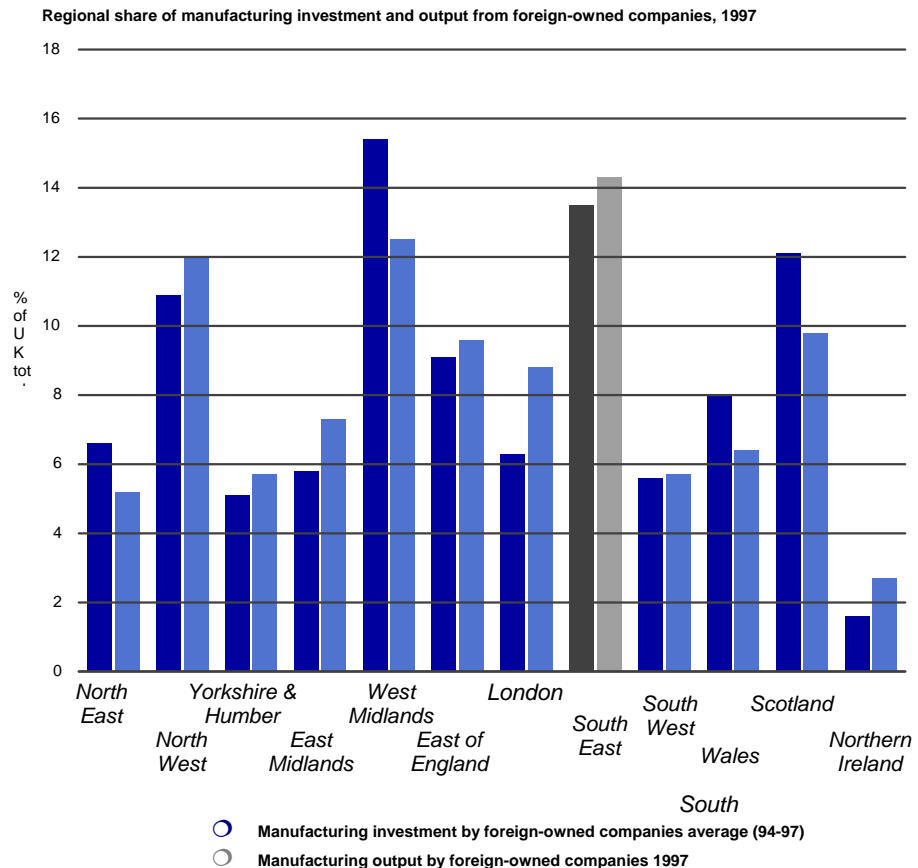
*Annual Business Inquiry (ABI) figures exclude Northern Ireland

Source: ONS, Global Entrepreneurship Monitor (DTI), HM Treasury, Regional Competitiveness Indicators, DTI

The following section attempts to identify the extent of exploitation of this innovation capacity:

- As depicted in the chart below, the share of manufacturing investment by foreign owned companies is the second highest in the South East, after West Midlands. The South East accounts for 13.3% of the manufacturing investment by foreign owned companies in the UK.

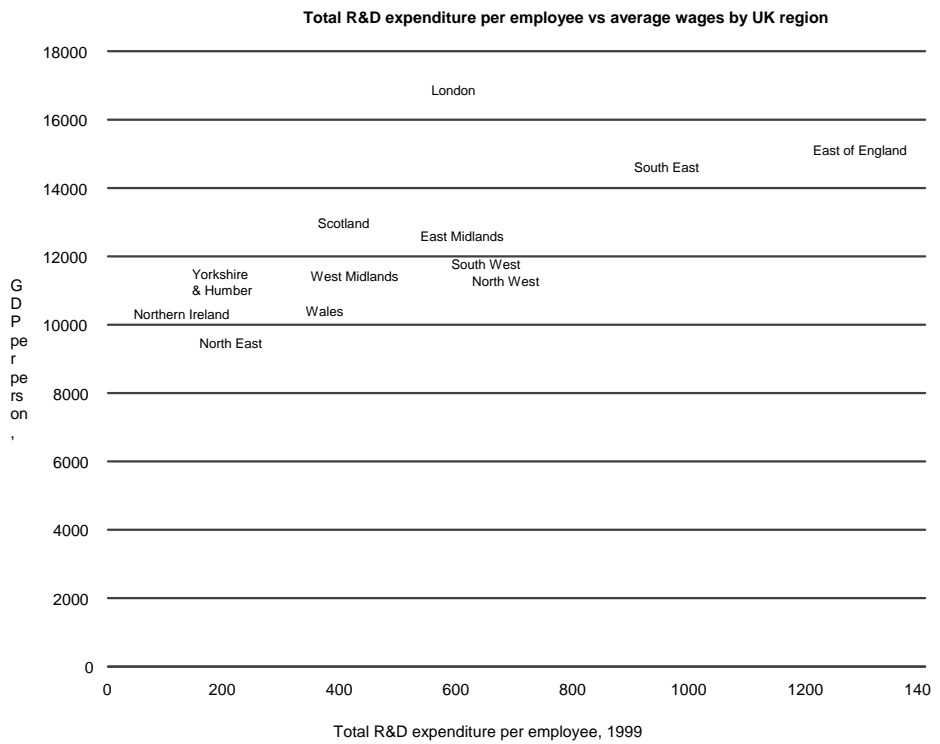
FIGURE 21
South East Business Environment



Source: Annual Census of Production / Annual Business Inquiry, ONS, 2001

- Gross value added by foreign owned companies is the highest in the South East and the region accounts for about 14.3% of the total for UK. It is important to note that the regional share of manufacturing gross value added by foreign owned companies as well as domestic companies exceeds the share of investment (figure 21 and table 4). This indicates current high levels of productivity/competitiveness in the region but it also suggests that this may not be sustained in the future as competitor businesses in some other regions are investing proportionally more.
- The South East has the highest R&D spend per employee after East of England and GDP per head is second highest after London. This indicates that the regions is, to some extent, exploiting its research base and at the same time it also suggests that further exploitation is required to realise the full potential of the regional research activities.

FIGURE 22
Innovation and Prosperity

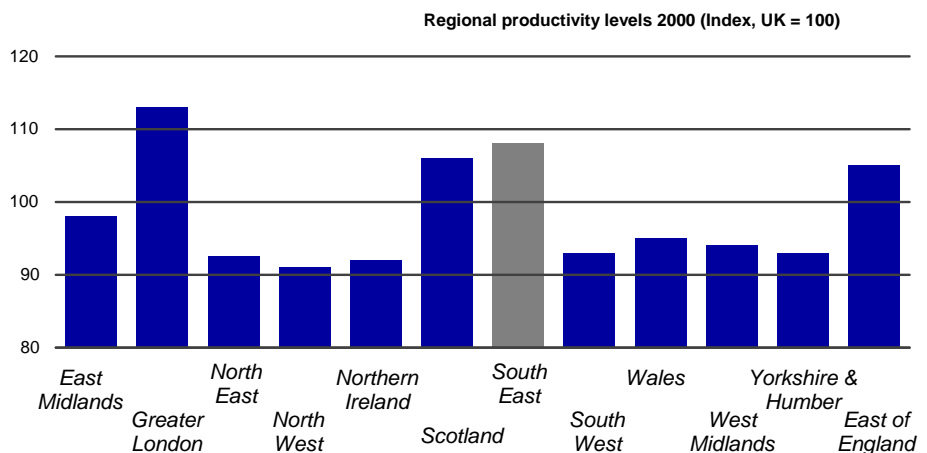


Source: *Regional Trends, ONS, 2001*

- With a quarter of business R&D expenditure and a third of public sector R&D expenditure and yet 16% of GDP, the conclusion must be either that the full commercial benefits of the region's R&D are not being realised, or they are being realised outside the South East region or even the country.

Regional productivity, defined by output per worker is highest in the South East after London.

FIGURE 23
Regional Productivity Levels 2000



Source: *Business Strategies, 2002*

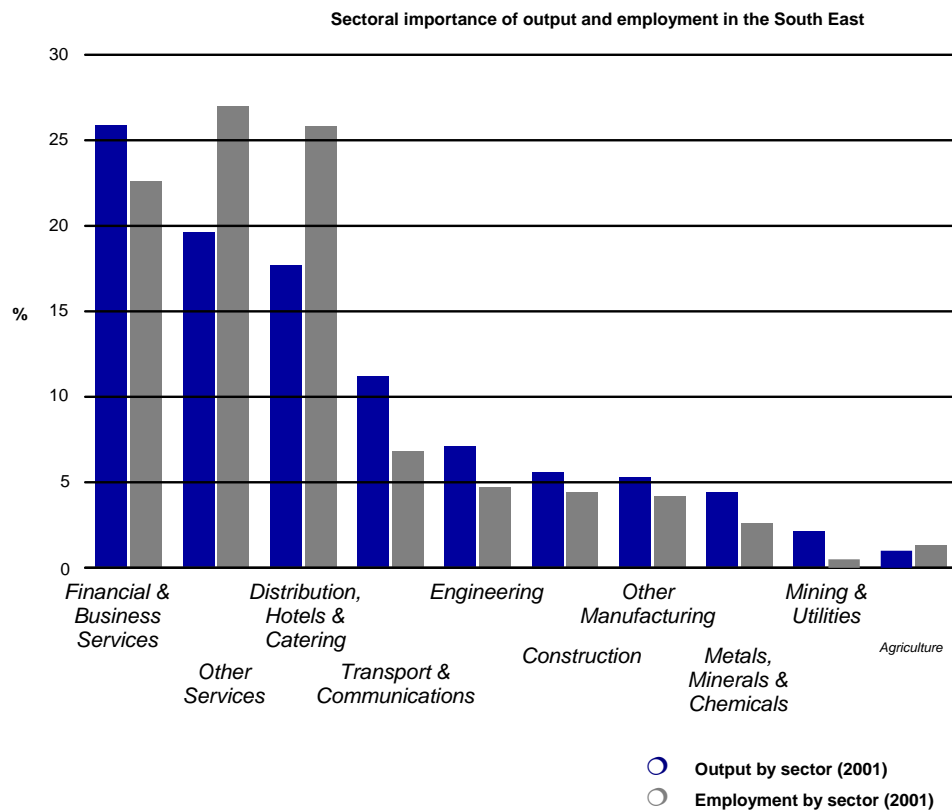
In the previous section, the sectoral structure of regional output and employment was analysed in detail. The chart below gives an insight to industry sector productivity, showing the relationship between industries' share of employment and GDP. The financial and business services sector employs comparatively less people (22.6% of regional employment) and contributes significantly more to the regional GDP (25.9%): an indication of high productivity. Likewise, manufacturing, transport and communications and construction sectors are relatively more productive.

The high productivity of the manufacturing sector confirms that this sector in the South East is characterised by high value added activities.

Conversely, the largest employment sector, distribution, hotels and catering employing some 25.8% of the workforce, contributes considerably less to the region's GDP - only 17.7%.

The key challenge for the Regional Economic Strategy is to enhance productivity in all sectors.

FIGURE 24
Sectoral Productivity in the South East

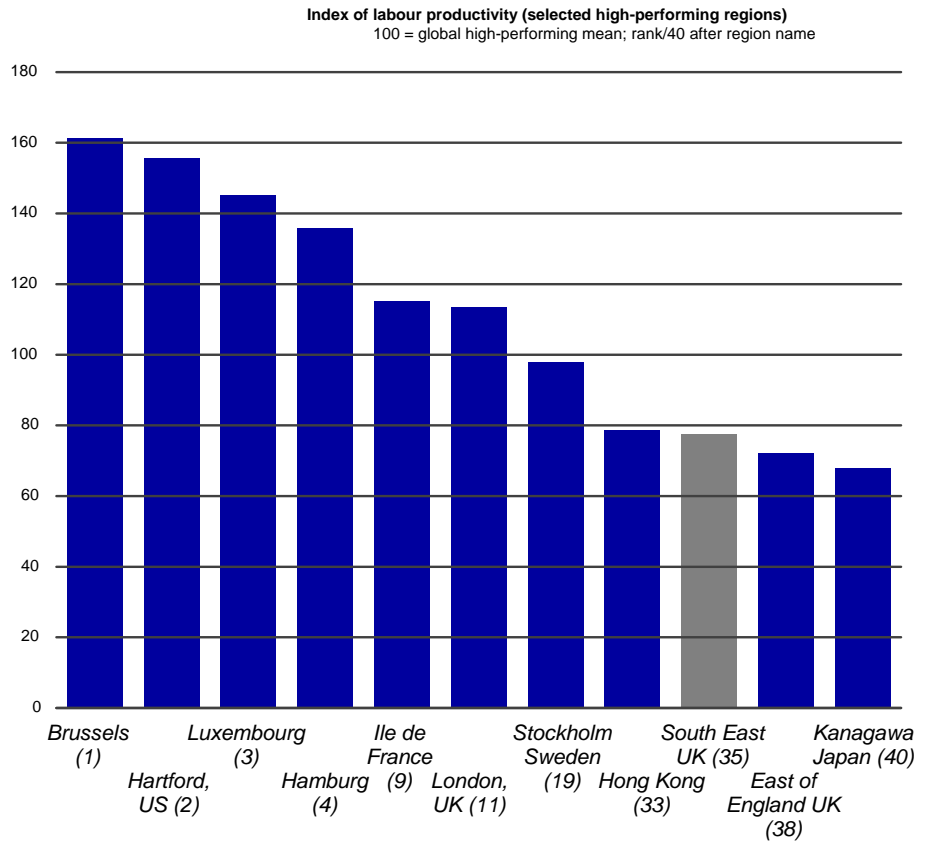


Source: *Business Strategies, 2002*

¹ *Global Index of Regional Knowledge Economies: Benchmarking South East England*, Robert Higgins Associates, 2002 (Published by SEEDA).

To put the South East in an international context, the chart below provides a comparison with 40 of the top performing regions across the globe. According to this analysis, labour productivity in the South East is 22.6% below top performing average and the region ranks at 35th position out of 40 regions.¹

FIGURE 25
Labour Productivity - An International Comparison



Source: Robert Higgins, 2002

Despite high levels of research and development activity in the region, it is lagging in terms of productivity on an international level. If the region is to maintain its competitive position internationally and to climb the ranks of the European and global regions, reaping the full benefits of its research base - corporate sector, public sector and university-based - must be a priority.

Section 7

EMPLOYMENT AND WORKFORCE

In terms of overall regional competitiveness, the labour market is an important consideration. Particularly in a high value added knowledge based economy people are a major resource. Trends and processes within the labour market determine the character of, and prospects for, the region as a whole.

¹ONS, Labour Force Survey, November 2001.

The South East is the UK's largest region apart from London in terms of employment. Total employment in the region stands at 4 million, equivalent to 15 % of UK employment¹. There are more self-employed people in the South East than in any other region.

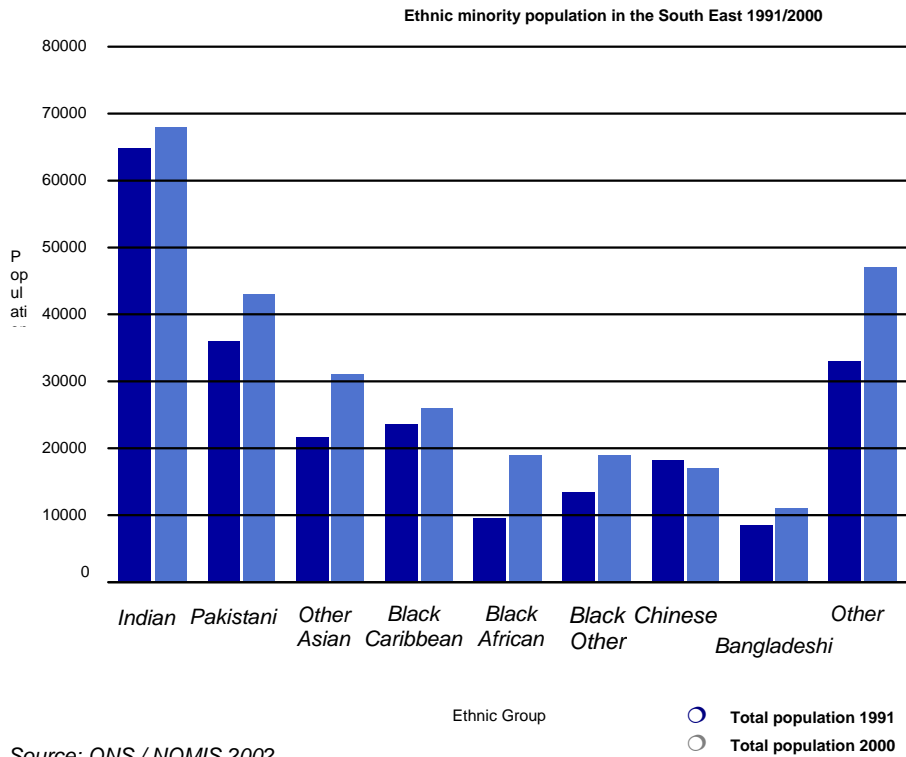
TABLE 5
Population Profile of the South East

	(Millions)
Total Population	8.1
Total Aged 16 and over	6.4
Total Economically Active aged 16+	4.3
Total Economically Inactive aged 16+	2.1
Total in Employment	4.1
Total employees	3.6
Total Self-employed	0.5
Full time	3.1
Part time	1.1
ILO unemployed	0.150
Claimant count	0.068

Source: Labour Force Survey, ONS, 2001

In 2000, ethnic minorities accounted for 3.5% (282,000 people) of total South East population. This has increased from 3.09% in 1991: a proportional increase of 13% in 9 years. As shown in figure 26, Indian and Pakistani communities represent the largest ethnic groups in the South East with a population of 68,000 and 43,000 respectively.

FIGURE 26
Ethnic Minorities in the South East



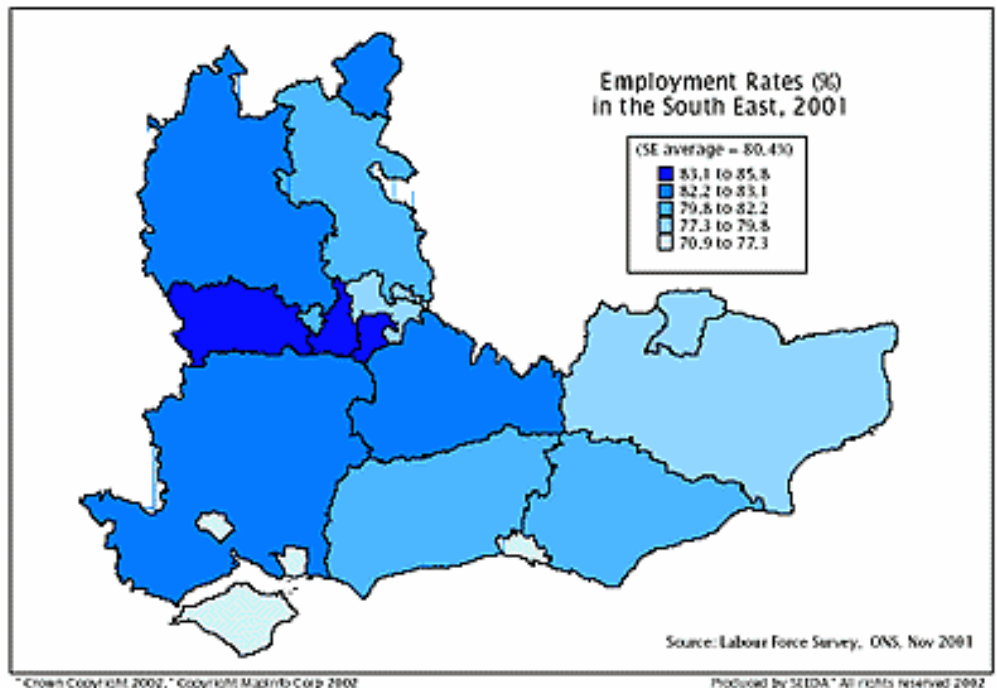
Source: ONS / NOMIS 2002

² ILO (International Labour Organisation) unemployment refers to people who are seeking employment but not working.

³ This figure does not include Northern Ireland.

The ILO² unemployment rate in the South East is significantly below the UK average. In November 2001, ILO unemployment stood at 3.6% in the South East compared with a 5.2% UK average³. However, in terms of the absolute number of people ILO unemployed, the region has the third highest number (150,000) of unemployed people in England, after London and the North West. (See Figure 38, in section 9).

FIGURE 27
Employment Rates in the South East



SECTION 7 EMPLOYMENT AND WORKFORCE

- At 80.4%, (2001 figures) the employment rate in the South East is higher than any other region and some 6.3% greater than the UK average (74.1%). Employment rates in West Berkshire (86%), Bracknell Forest (85%) and Wokingham (83%) are particularly high. By contrast, employment rate in the Isle of Wight, Brighton & Hove and Southampton is 71%, significantly below the UK average of 74.1%.

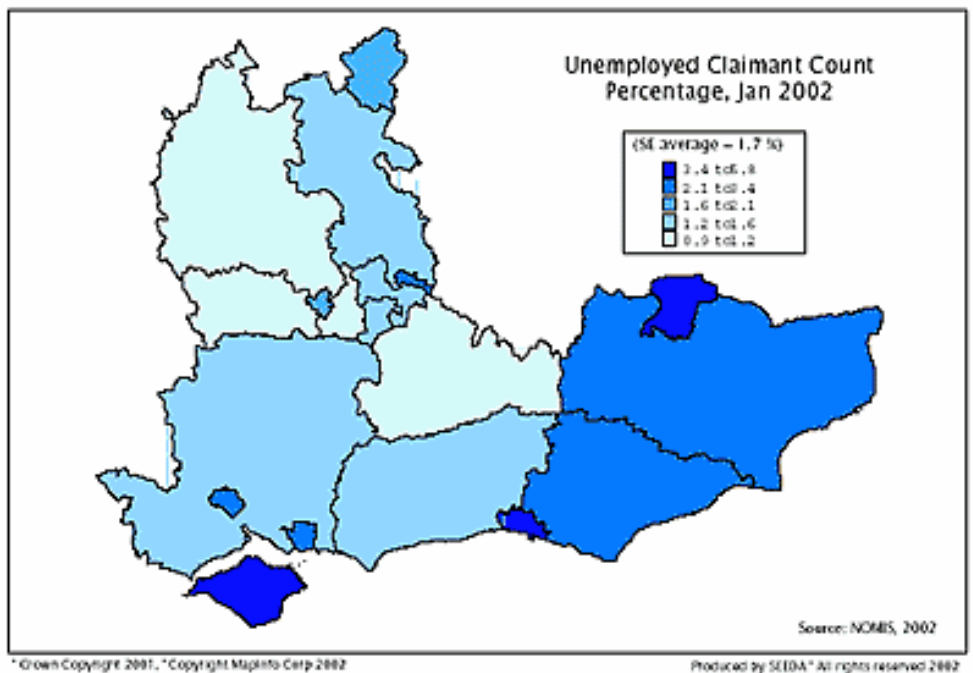
⁴Unemployed people claiming benefit

- The unemployment data (Claimant Count⁴) presented in the map below paints a similar picture: rates are noticeably lower in the South East than across the UK as a whole, but there are widespread differences within the region.

⁵Source: Nomis, 2002

- Unemployment levels in the Isle of Wight, Brighton & Hove and Medway are significantly higher than the regional and national average. At the same time in some parts of the South East (e.g. Surrey, Berkshire, Oxfordshire), there is close to full employment. In the context of high activity rates, this is beginning to point to absolute labour shortages. At local authority level, there are much larger disparities across the South East, with claimant count unemployment rates ranging from 0.5% in Mole Valley and Hart to 6.7% in Thanet⁵.

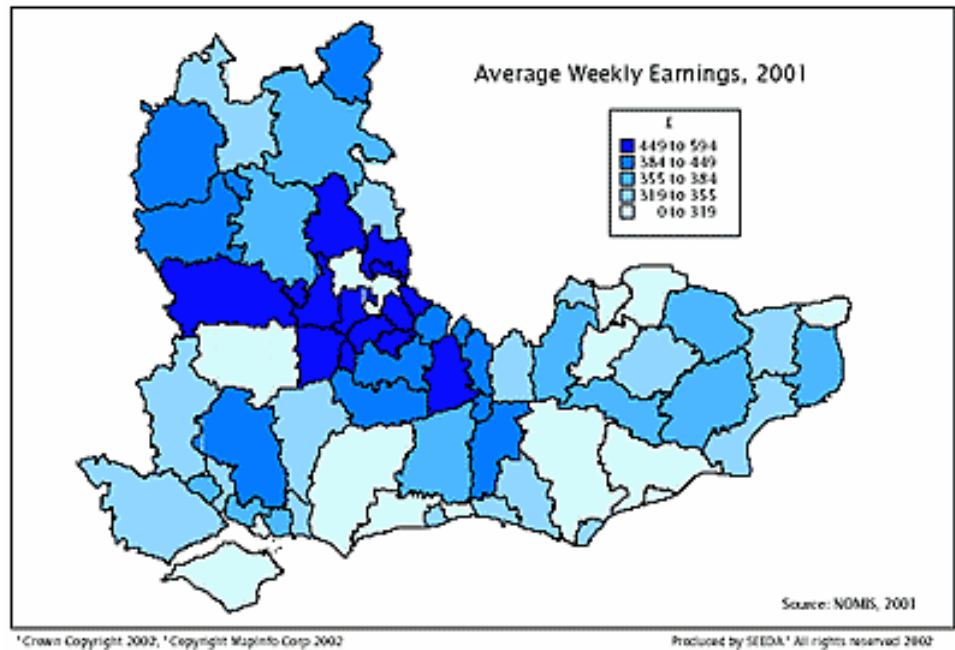
FIGURE 28
Unemployment Rates in the South East



It is important to note that despite the low levels of claimant unemployment rate in the South East, the absolute number of unemployed people is significantly higher than a number of English regions, including the North East (the region with the highest unemployment rate).

FIGURE 29

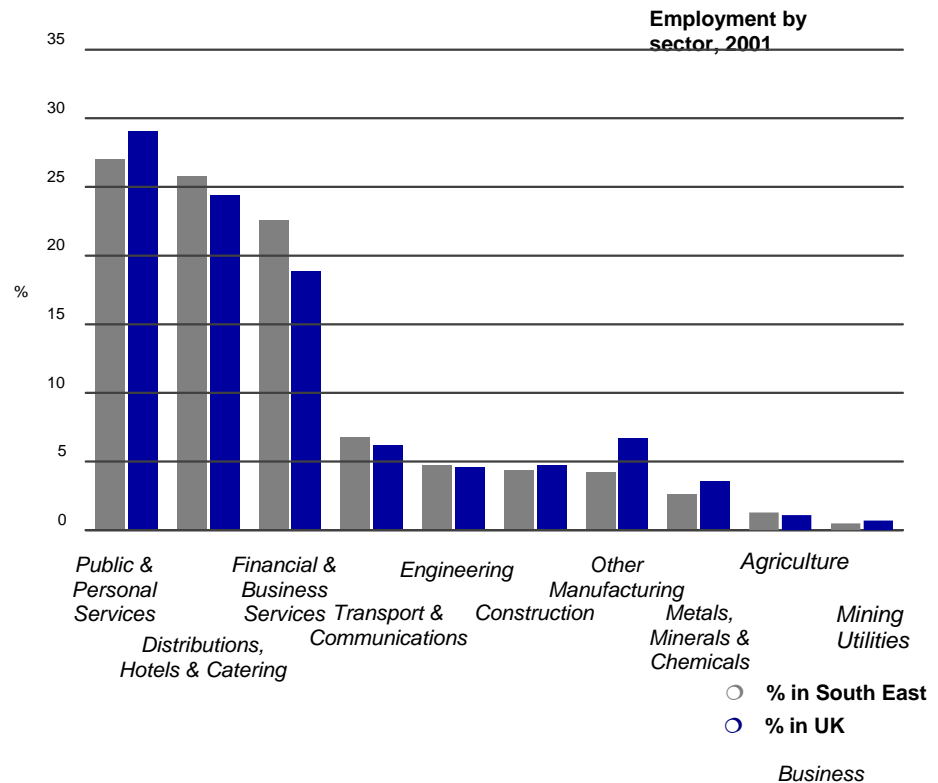
Average Gross Weekly Earnings in the South East



- Average gross weekly earnings are higher in the South East than the UK average. In the context of the above analysis, it is interesting to note that the wage levels in areas with high employment rates are significantly higher than the sub-regions with high unemployment rates. If wages represent the price of labour, then the inflated wages across much of the region are indicative of a supply side shortage. Gross weekly earnings range from 30% above regional average in Bracknell Forest to 16% below average on the Isle of Wight.

In terms of sectoral distribution of employment, financial and business services, together with distribution, hotels and catering account for almost half of all employment in the region. Financial and business services (23 %); distribution, hotels and catering (25%); transport & communication (7 %); and agriculture (1.3 %) account for a higher share of employment than nationally.

FIGURE 30
Sectoral Distribution of Employment



Source: *Business Strategies, 2001*

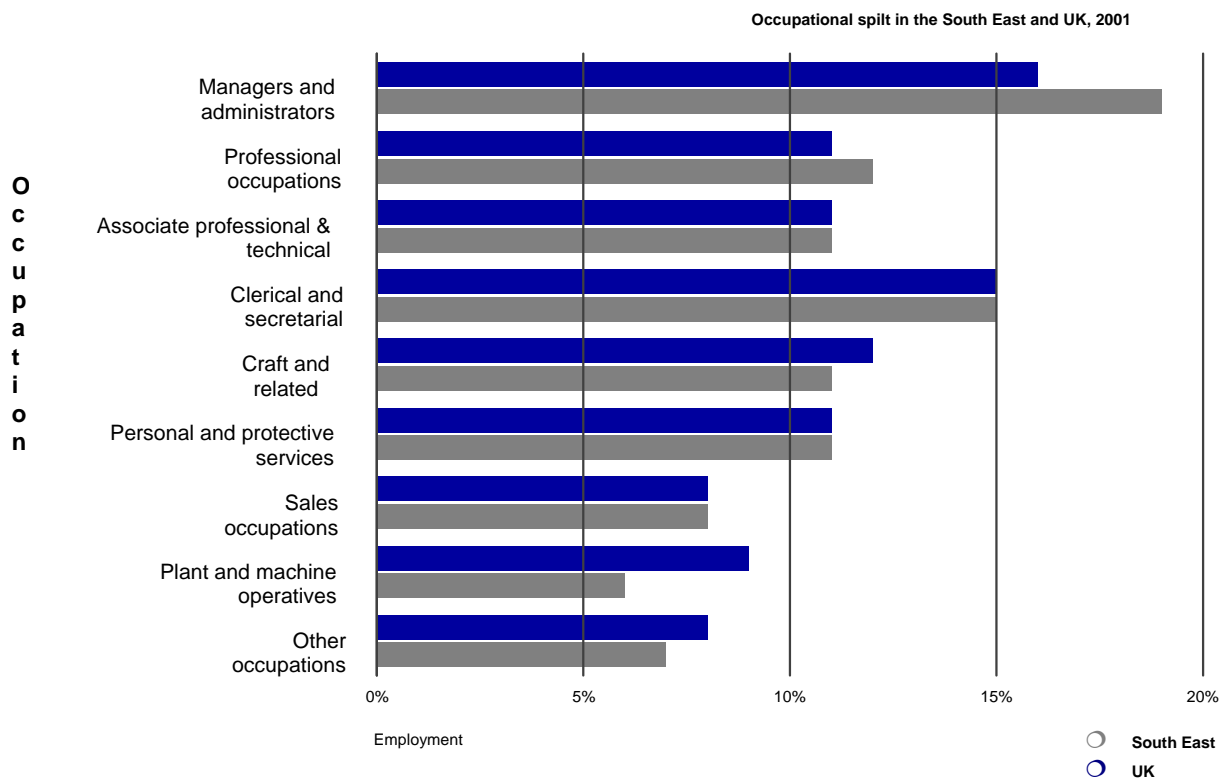
Manufacturing Employment

Although the proportion of workforce employed in the manufacturing sector in the South East is lower than the UK average, in absolute terms there are 492,000 (1999 figures) employees in this sector (primarily in high tech, high value added activities). This figure is the third highest in English regions, exceeded only by the West Midlands and the North West. Employment in the manufacturing sector is declining in all UK regions. However, the rate of decline is lower in the South East compared with other UK regions. By 2010, employment in the South East is expected to stand at 446,000, matching the West Midlands and higher than all other UK regions⁶.

⁶Cambridge Econometrics
 Forecasts, South East
 Region TUC
 Manufacturing Task
 Group, 2001.

Cross cutting the different sectors are a range of occupations that are indicative of different skill levels. Figure 31 depicts the regional occupational structure compared with the UK as whole. The South East has relatively more workers employed in typically high skilled occupations: the incidence of managers and administrators is some 2% higher than the national average. Likewise, the South East had a slightly higher proportion of workers employed in professional (11%) and associate professional occupations (12%), compared to the UK as a whole.

FIGURE 31
South East Occupational Structure



Source: ONS, 2001

Section 8

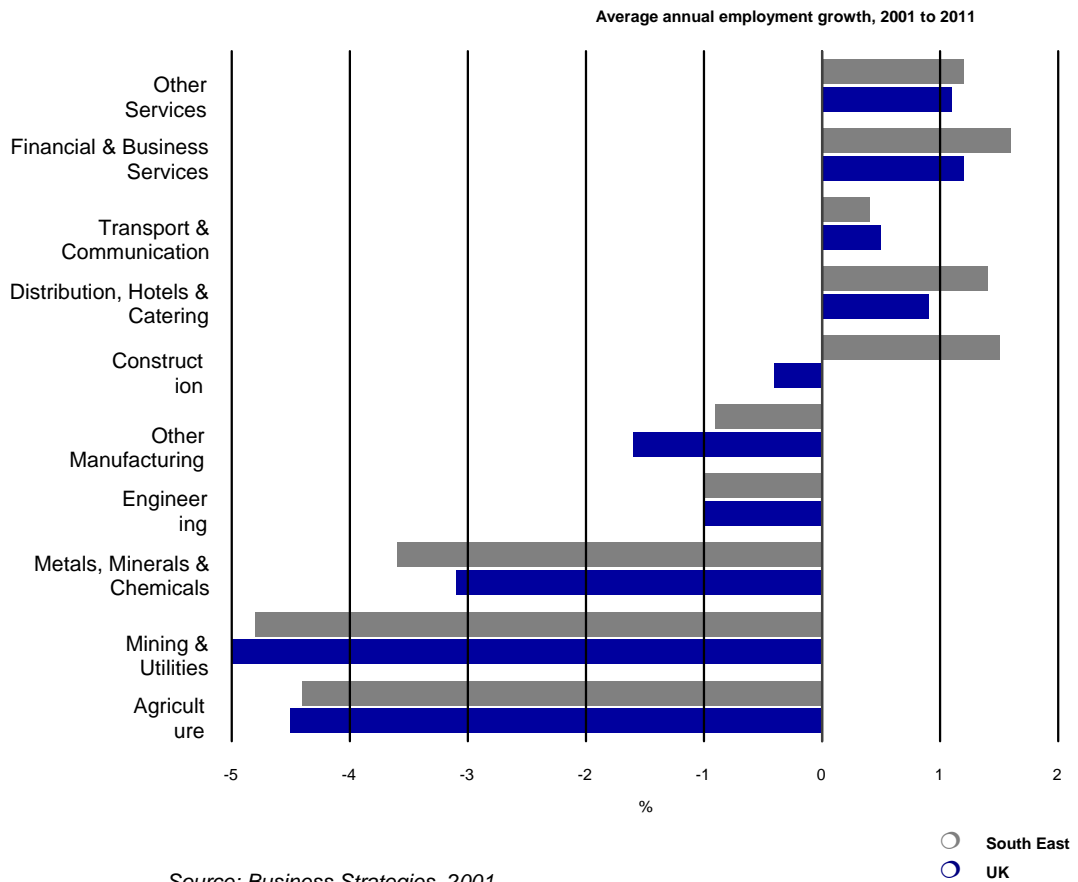
SKILLS AND TRAINING

It has already been demonstrated that the South East is lagging in terms of international productivity comparisons. In order to increase wealth and compete effectively in a global economy, it is essential that the potential of human capital is exploited to its best. Knowledge has become a primary source of productivity.

The evidence concerning the South East's skills base is mixed. There is a general assumption that the skills level is high, and the proportion of graduates in the region's workforce is above the national average. However, there are important sub-regional variations.

There has been a dramatic rise in employment in the South East during the mid and late nineties. Forecasts suggest a lower and steadier level of growth in the next decade. According to BSL forecasts, employment in the South East will grow by 9% with an additional 360,000 people in employment between 2001 and 2011. By contrast, the population of the region is expected to increase by 5.6% over the same period.

FIGURE 32
South East Employment Growth



SECTION 8 SKILLS AND TRAINING

Most of these gains in employment will be made in financial and business services; distribution, hotels and catering; and other services sectors. Construction, transport and communications will also experience positive employment growth rates over the next decade.

¹ *Business Strategies, 2001.*

Conversely, agriculture, mining and utilities; engineering and other manufacturing sectors will face a decline in employment. Manufacturing employment is forecast to contract by around 70,000 over the next 10 years¹. These losses will be shared equally across metals, minerals and chemicals; engineering and other manufacturing.

SKILLS SHORTAGES

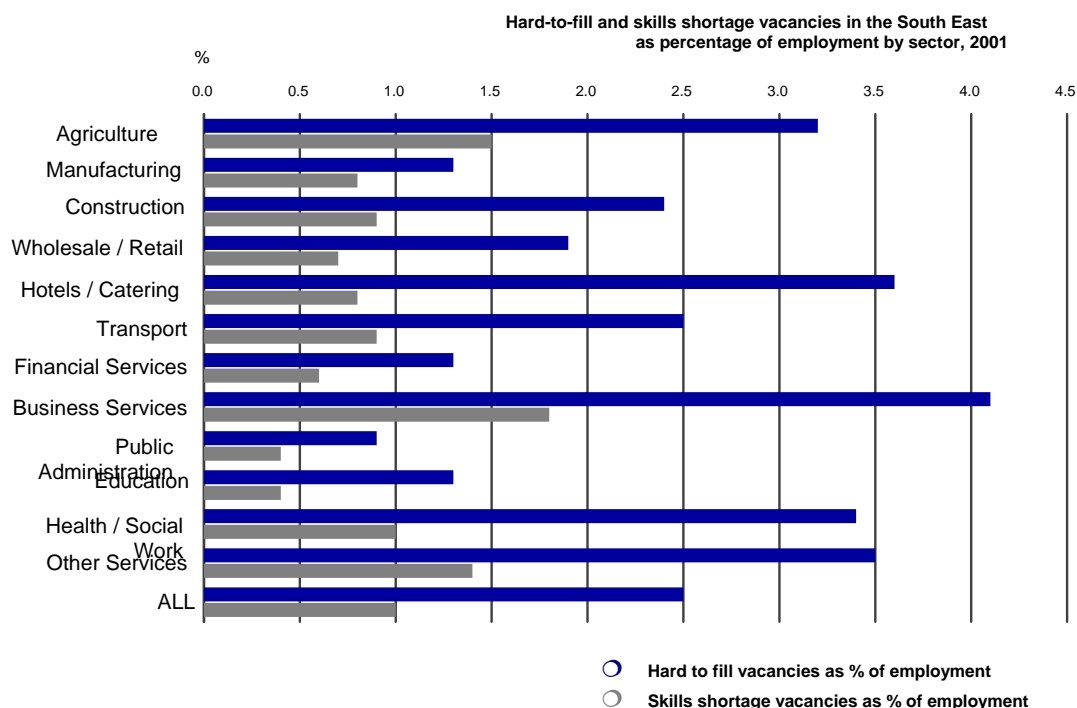
² *Annual Skills Review, Skills Insight, 2002.*

The Employer Skills Survey 2001² suggests that there were 83,192 hard-to-fill vacancies in the region. Hard-to-fill vacancies are concentrated amongst larger employers, with 65% of 500+ employee firms reporting vacancies compared with only 5% of 1-4 employee firms. The same pattern emerges with skills shortage vacancies, where there were 31,862 skills shortage vacancies in the region.

Hard-to-fill vacancies are significant in a number of sectors including business services, hotels and catering, other services and health services. The scale of the problem is most significant in business services, where hard-to-fill vacancies accounted for 4.1% of existing employment in the sector (24,361 vacancies).

In terms of skills shortage vacancies, again the scale of the problem is most severe in business services where skills shortage vacancies accounted for 1.8% of employment (10,400 vacancies). As noted earlier, business services sector is expected to gain substantial employment over the next decade and, therefore, labour and skills shortages in this sector will have a significant impact on its growth potential.

FIGURE 33
Hard-to Fill Vacancies



Source: Skills Insight, 2001

The proportion of vacancies that were hard-to-fill was lowest amongst managers and senior officials, and amongst administrative and secretarial occupations. Conversely, the proportion is highest in personal services occupations and in process, plant and machine operatives.

The presence of substantial numbers of hard-to-fill vacancies amongst low skilled / low paid occupational categories suggests possible problems associated with the high costs of living in the South East.

TABLE 6
Population of skills shortage vacancies vacant for 3 months or more at the employers skills survey 2001

	%
Professionals	77
Skilled Trades	68
Managers/senior officials	66
Sales & customer services	59
Associate professionals	47
Elementary Occupations	47
Personal services	35
Administration and secretarial	32
Process, plant and machine operatives	24

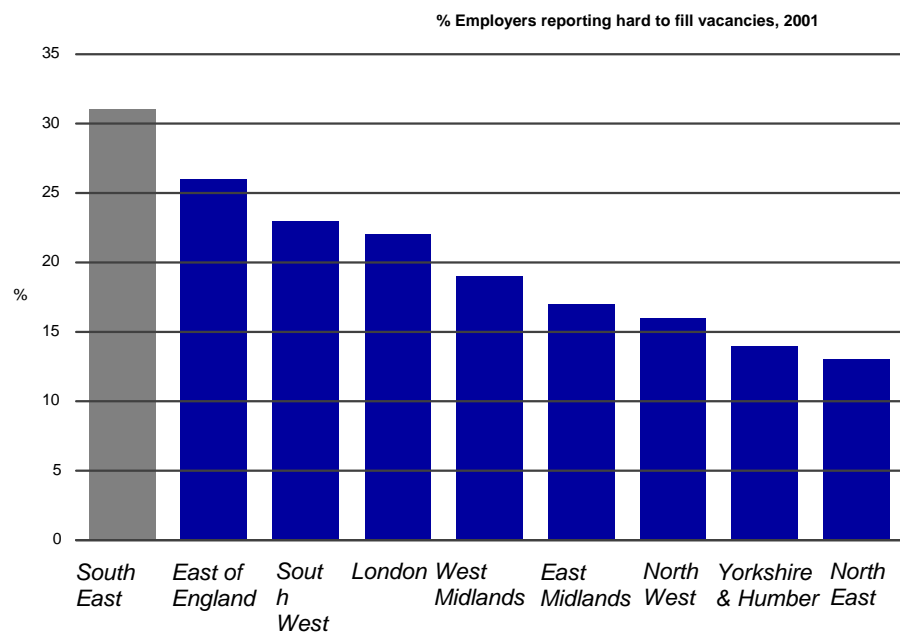
Source: Annual Skills Review, Skills Insight, 2002

The length of time for which skills shortage vacancies are unfilled is a major cause of concern. Across all occupational categories, just over half had been unfilled for three months or more at the time of the survey. The proportion of skills shortage vacancies that remained unfilled for more than 3 months was highest in professional occupations.

² *Annual Skills Review, Skills Insight, 2002.*

- Figure 34 shows that the proportion of employers reporting 'hard to fill' vacancies is the highest in the South East compared with other English regions. Hard-to-fill vacancies are significant in a number of sectors including business services, hotels and restaurants, and health services. The scale of the problem is most significant in business services, where hard-to-fill vacancies account for 4.1% of existing employment².

FIGURE 34
Labour Shortages in the South East



Source: *Employers Skill Survey, DfES, 2001*

SKILLS SUPPLY

The present and future supply of labour is dependent on working age population, proportion of economically active population and new entrants to the labour market. As shown in Table 5 (section 7), a significant proportion of the working age population is economically inactive, some of which could be brought to the labour market through policy interventions. For example, early retirements withdraw people from the workforce with years of experience and, therefore, retaining these workers in the labour force for longer should be a priority.

SECTION 8 SKILLS AND TRAINING

The key challenge for the region is to enhance the productivity of its workforce by improving its skills levels in order to achieve sustainable economic growth. The following section analyses skills levels amongst the South East workforce.

As shown in Table 7, the performance of the Local Education Authorities (LEAs) varies across the South East. The difference in performance between the west of the region (Buckinghamshire, Surrey and parts of Berkshire) and the poor performing LEAs of the South Coast is alarmingly stark; 63% students achieving 5+ GCSE A*-C in 2001 in Buckinghamshire compared with 34.3% in Portsmouth. Nearly half of the LEAs in the South East are performing below the national average of 50%.

TABLE 7
% Achieving 5+ GCSE A* - C 2001

	%
Buckinghamshire	63.3
Wokingham	61.3
Windsor & Maidenhead	58.8
Surrey	58.2
West Berkshire	56.1
West Sussex	55.0
Hampshire	54.9
Slough	52.4
Kent	52.4
East Sussex	50.1
Oxfordshire	49.7
Bracknell Forest	49.1
Medway	47.8
Reading	46.8
Isle of Wight	44.4
Brighton & Hove	43.2
Southampton	43.0
Milton Keynes	42.5
Portsmouth	34.3

Source: Annual Skills Review, Skills Insight, 2002

TABLE 8
Key Learning and Training Indicators

¹ For definitions and equivalent of NVQ levels, see notes and definitions section.

	South East (%)	England (%)
19 year olds with NVQ Level 2 ¹ , 2001 (National Target by 2002 = 85%)	78	76
Adults with NVQ Level 3, 2001 (National Target by 2002 = 50%)	48	47
Adults with NVQ Level 4, 2001 (National Target by 2002 = 28%)	29	27
Employees undertaking job-related training in last 13 weeks, 2001	31.6	31.0
Organisations (50+ employees) with IIP recognition, 2000	33.0	32.0

Source: *Regional Trends, ONS, 2001 and IIP UK, 2001*

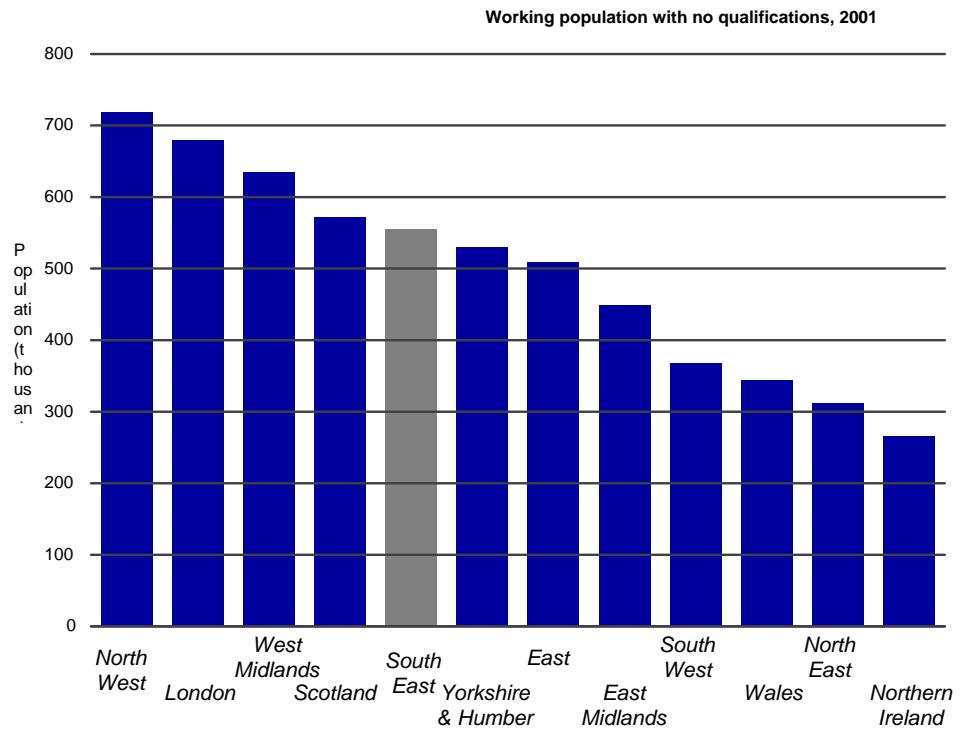
- Qualification levels in the South East are relatively high compared with England and the UK averages, with more people holding advanced level qualifications. As depicted 29% adults in the region hold NVQ level 4 qualifications compared with 27% for England as a whole. This is higher than the national target.
- In terms of NVQ level 2 and 3, although the South East is performing above the average for England, the region has some way to go in order to achieve national targets.
- Employees undertaking job-related training and organisations with Investors In People (IIP) accreditation are also higher in the South East than the average for England, an indication of continuous workforce training and development.

Despite the above average performance of the South East, there are significant skill shortages in the region. Due to the economic dynamism of the South East and its position as the prime location for knowledge-based businesses, a skilled workforce is of prime importance.

BASIC SKILLS

- It is important to note that, in absolute terms, the South East has a relatively large number of people with very low or no qualifications. According to the March 2001 Labour Force Survey, 555,000 people of working age have no qualifications. This is higher than Yorkshire & Humberside (530,000), East Midlands (450,000), East of England (507,000), the South West (370,000) and the North East (311,000).

FIGURE 35
Working Age Population with No Qualifications

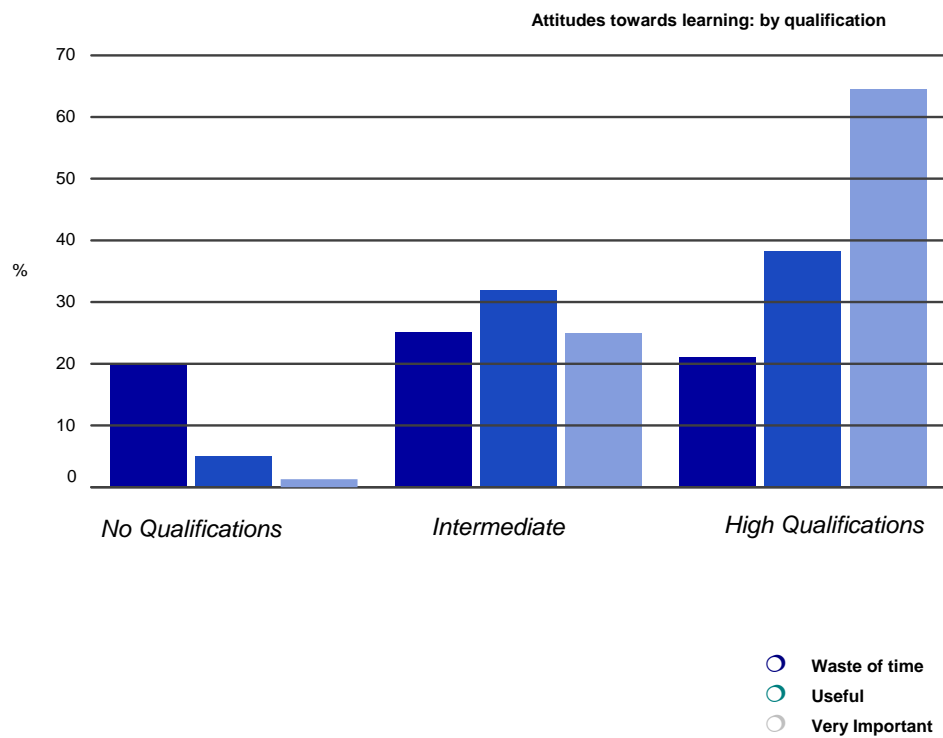


Source: Business Strategies, 2001

As shown in Table 9 (section 9), a significant proportion of the population is lacking basic literacy and numeracy skills. Despite the incidence of knowledge based economy in the region, a large proportion of the workforce is employed in low skills / low paid jobs. In order to enhance the overall productivity of the region, tackling the issue of basic skills is therefore of critical importance.

Figure 36 shows that the low skilled employees view learning as less useful; 20% of people with no qualifications view learning and training as a 'waste of time' compared with just 1% with high qualifications, whereas 64% of those with high qualifications view learning and training as 'very important' compared with 21% with no qualifications. Changing these attitudes and promoting a culture of lifelong learning, particularly among low skills workers, is a key challenge for policy makers.

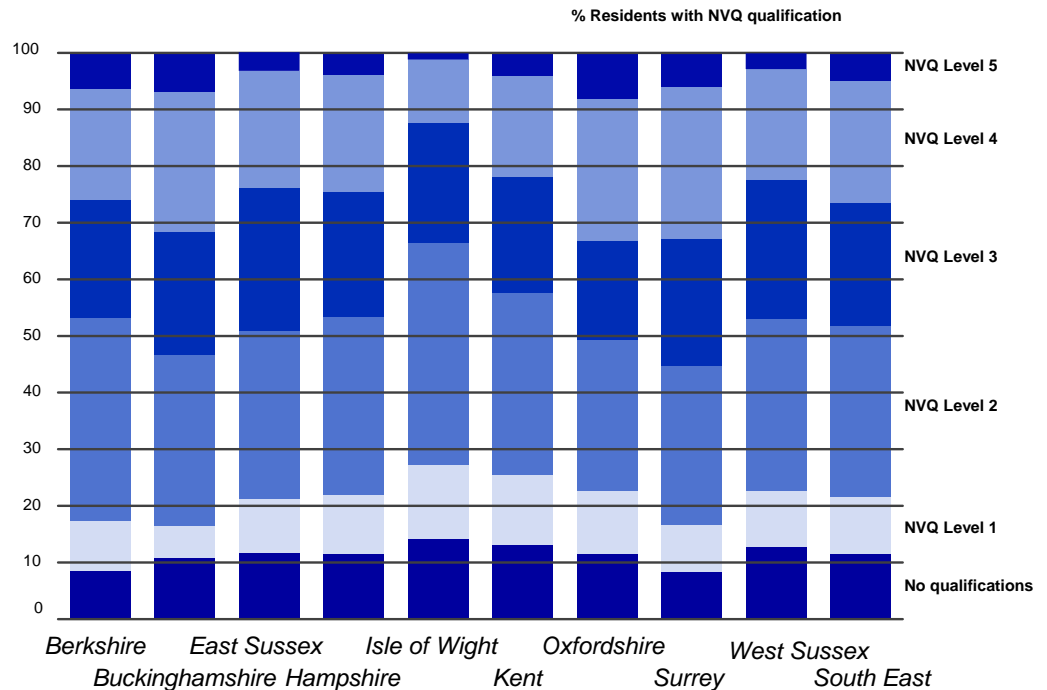
FIGURE 36
Attitudes Towards Learning



Source: South East Skills Audit/Skills Insight, 2001-02

At sub-regional level there are significant differences in terms of labour force characteristics and skills. Figure 37 demonstrates some of these disparities.

FIGURE 37
South East National Vocational Qualification levels



Source: *Business Strategies, 2001*

- Oxfordshire has the highest proportion of residents with NVQ Level 5 equivalent qualifications, with 8.2% educated to this level in 2000. This was more than double the figures for the Isle of Wight (1.1%), West Sussex (2.8%), East Sussex (3.3%), Hampshire (3.9%) and Kent (4.0%).
- The Isle of Wight had the highest proportion holding low (NVQ Level 1 equivalent) or no qualifications at all in the South East.
- A key message for the region is that in order to maintain the high levels of growth, we need to fulfil the potential of the existing labour force and tap into the potential of those with few or no qualifications.

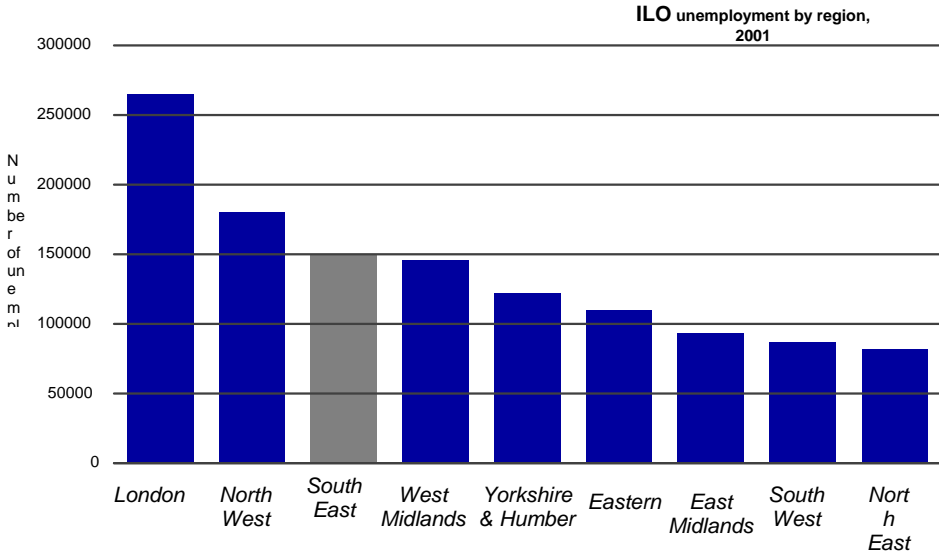
Section 9

DEPRIVATION AND SOCIAL INCLUSION

Although the South East is the second most prosperous region in the UK, there are pockets of severe deprivation. In particular, the coastal fringes of the region are performing significantly below regional and national average levels. In addition, deprivation exists in some urban areas, including the Thames Valley - arguably the most prosperous sub-region of the South East.

Moreover, due to the size of the region, levels of deprivation are often disguised when quoted as percentages and proportions. For instance, the South East has the lowest ILO unemployment rate in the UK but, in absolute terms, the region has the third highest number of unemployed people in England, after London and the North West.

FIGURE 38
Regional Unemployment Figures



Source: ONS/NOMIS, 2001

TABLE 9
Key Indicators of Deprivation - A Regional Comparison

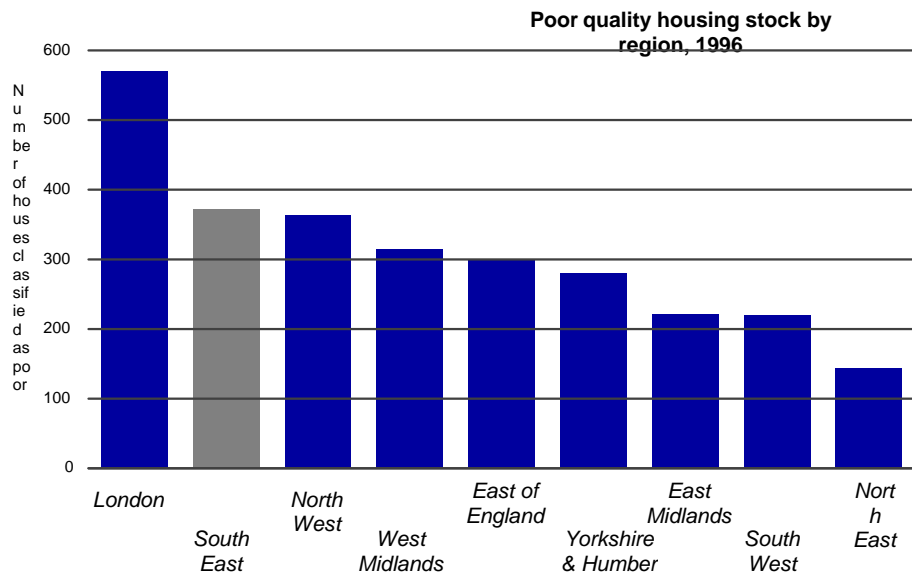
	000s Failing to meet basic literacy standard	000s failing to meet basic numeracy standards	Population of working age: with no qualifications 2001 (000s)	Number of Houses Classified as Poor (000s)	ILO Unemployed 2001 (000s)
North East	210	183	300.4	144	82
North West	662	567	707.3	364	180
Yorkshire & Humber	529	455	574.2	280	122
East Midlands	365	311	481.2	221	93
West Midlands	478	410	642.7	315	146
East of England	412	342	465.4	299	110
London	662	544	691.9	570	265
South East	584	483	604.6	372	150
South West	377	333	350.5	220	87

Source: Cabinet Office/ ONS / NOMIS, 2001

- There are 548,000 people failing to meet basic literacy standards and 483,000 lacking basic numeracy skills in the South East. On both of these accounts the region's performance is the 3rd worst among English regions, after North West and London.
- Over 600,000 people of working age had no qualifications in the South East. This number is more than double the North East figure. (See figure 37 in Skills and Training section.)
- As shown in the chart below, there are 372,000 households in the South East living in houses classified as poor¹ - the highest figure outside London.

¹ Cabinet Office, 1999.

FIGURE 39
Housing Conditions



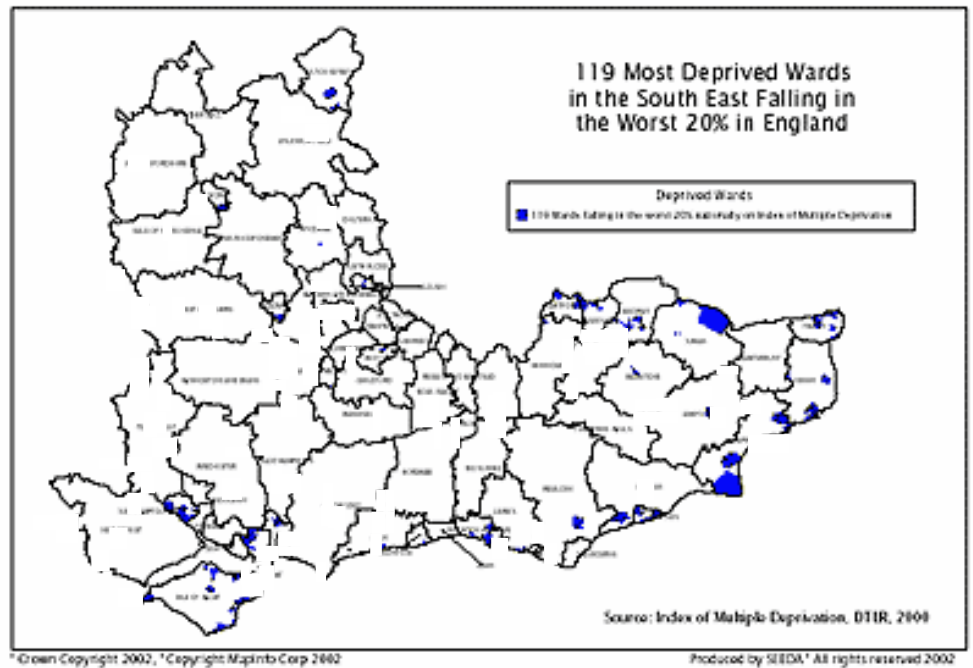
Source: 1996 English Housing Conditions Survey, Cabinet Office, 1999

²Index of Multiple Deprivation 2000 is defined by the DTLR (previously DETR) and is comprised of 6 domains i.e. Income, Employment, Health, Housing, Education, Accessibility and Child poverty.

According to the Index of Multiple Deprivation²(2000), there are 119 wards in the South East falling in the worst 20% wards in England. The Index confirms that many coastal towns together with some urban areas in the region contain significant pockets of deprivation. Although deprivation is not confined to these 119 wards only, the following analysis is indicative of sub-regional variations in the South East.

There are 704,900 people living in the worst wards region wide. In other words, 1 in 11 South East residents is living in the areas that are among England's most deprived localities. This includes over half the population of Thanet, over one third the population of Southampton and over one quarter the population of Brighton & Hove.

FIGURE 40
The Most Deprived Localities of the South East



- Districts with high levels of deprivation are found in Kent, East Sussex, the Isle of Wight and Hampshire.
- Hastings, the Isle of Wight, Thanet and Brighton & Hove have a high number of wards falling in the 119 most deprived wards in the region.
- In absolute terms, Portsmouth and Southampton have large numbers of people living in deprived wards.
- As shown in the map, Reading, Slough and Wycombe also contain a number of deprived wards, despite high levels of prosperity in these areas.

TABLE 10
Profile of the Most Deprived Wards in the South East

	Population 1999	Jobseeker's Allowance income based claimants, 1999 (%)	Income Support claimants, 1999 (%)	Claimant count, 1999 (%)	VAT registered enterprises per 1000 population 2000
119 most deprived wards	704,900	2.59	9.72	3.47	21.1
South East	8,077,600	0.87	4.36	1.27	31.0
England	49,752,900	1.59	6.36	2.1	27.6

Source: *Neighbourhood Statistics, ONS, 2001*

As shown in the table above, the 119 worst wards are performing far below the average of the region on a number of indicators.

SECTION 9 DEPRIVATION AND SOCIAL INCLUSION

- The claimant count in these wards is 3.47%, more than double the regional average (1.27%) and significantly higher than the England average (2.1%). Similarly Income Support claimants and people claiming Jobseekers' Allowance is far higher in the worst wards compared with the South East and England averages.
- In terms of VAT-registered businesses per 1000 population, there were 21 businesses per 1000 population in these wards compared with 31 per 1000 in the South East and an England average of 27.6 per 1000.

Section 10

RURAL ECONOMY

The analysis regarding competitiveness, employment, skills, infrastructure and environment is equally applicable to both rural and urban areas. In rural areas, these issues manifest themselves in different ways; therefore it is important to bring these issues to light in a rural context.

Key Features of South East's Rural Economy

- More than 2 million people live in small rural towns (pop. less than 10,000), villages and the countryside¹.
- 30 'rural' districts in the region.
- 26 market towns with between 10,000 and 20,000 population.
- 164 small rural towns with less than 10,000 population.
- There are at least 1,400 villages in the region.
- 23% of all South East businesses are in rural areas.
- 10% of the farms in England are in the South East.
- One third of the region is designated as Areas of Outstanding Natural

Beauty (AONB) - nearly one third of the total AONBs in England.

- Another 15% land is designated as the Green Belt.
- There are over 700 sites of Special Scientific Interest.
- 72 km of designated Heritage Coast.
- More than 1.16 million hectares of land in the region managed by

farming - 43% land cover under agriculture and horticulture.

- 21 of 119 most deprived ward are in rural areas.

The countryside of the South East is a rich and varied environment, which has largely been created by farming and forestry. It contributes much to the quality of life of the region, yet is dependent on continued active management to maintain it, and is sensitive to pressure from other human activities.

Two thirds of the Region's land area is used for agriculture, and the South East is also one of the most wooded parts of England with a cover of 9.2%. One third of the wooded area is classified as Ancient Woodland, present since at least 1600.

The character and beauty of the countryside is reflected in the amount of land designated as Areas of Outstanding Natural Beauty (AONB).

TABLE 11
Areas of Outstanding Natural Beauty in the South East

Region	No. of AONBs	AONB area (km ²)	% of Region in AONB	% of England's AONB area
North East	2	1465	17	7
North West	4	1570	11	8
Yorkshire & Humber	4	921	6	5
East Midlands	1	519	3	3
West Midlands	5	1269	10	6
East of England	4	1122	6	5
London	0	0	0	0
South East	12	6406	33	31
South West	15	7121	30	35

Source: *The Countryside Agency, 2001*

In addition to its beauty, the South East hosts a wealth of wildlife. It contains a third of England's ancient woodland, two fifths of its lowland heathland, a third of its wildflower meadows and a quarter of its chalk grassland. There are over 700 Sites of Special Scientific Interest (SSSI) covering 7% of the Region, and two thirds of this area is also included in the European Natura 2000 series of designated sites. This is significant given the population and economic development imperatives in the region. All the above factors contribute to the 'offer' of the region, in terms of quality of life and recreation, to its residents and tourists.

Although the land-based sector represents a relatively small proportion of the region's economic activity, it is the sector that maintains the important landscape assets which, in turn, attracts people, businesses and visitors to the region.

It is, however, only one side of the story. The other is concerned with sustaining vibrant rural communities. In-migration coupled with out-commuting amongst those with few immediate demands on the rural economy has a cumulatively adverse impact. The price of housing is increasing (making it unaffordable for local and young people), demand for local services (village shops, banks etc.) is reduced and activities that in the past have provided local jobs for local people are threatened. Local young people in search of job opportunities then tend to move away and the demographic profile starts to become unbalanced.

The following table suggests that the access to basic services in rural areas is a key issue. Although the access is slightly better in the South East compared with the average for England, 88% rural parishes have no access to a bank, 81% have no access to a doctor's surgery and 44% have no post office.

TABLE 12
Rural Parishes Lacking Basic Services

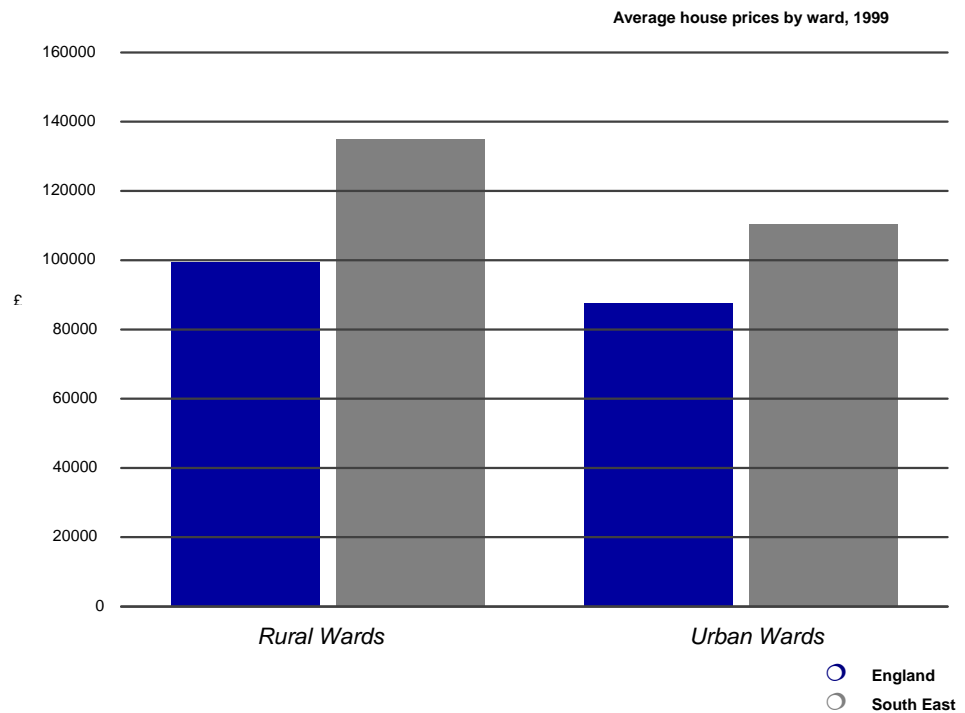
	%	
	South East	England
Rural parishes with no access to a general store	32	43
Rural parishes with no access to a post office	44	46
Rural parishes with no access to a primary school	40	46
Rural parishes with no access to a bank	88	91
Rural parishes with no access to a doctors surgery	81	86

Source: The Countryside Agency, 2001

As shown in the chart overleaf, the house prices in rural areas in the South East are disproportionately high compared with urban areas as well as rural areas elsewhere in England.

Average house prices in rural wards in the South East are 36% higher than average for rural wards in England and 22% higher than urban wards within the region.

FIGURE 41
House Prices - Urban and Rural Comparison



Source: The Countryside Agency/CACI Ltd, (2001)

¹SEEDA study of database of 195,000 Limited Companies

Approximately 23% of all businesses in the region are based in small rural towns (with population of less than 10,000), villages and the countryside¹. The majority of these businesses are in the manufacturing, services and tourism sectors but the land-based sector remains significant.

²Economic Impact of Foot and Mouth Disease in the South East Region, GOSE 2001

Foot and Mouth Disease (FMD) in 2001 brought the importance of tourism and its inter-dependence with land-based sectors to the fore. Although there were very few confirmed cases in the region, about one-third of businesses were affected by the epidemic². According to Tourist Board estimates, some £545m was lost by businesses in both rural and urban areas - £310m from staying visitors and £235m from the day visitor market. The number of overseas holidaymakers in April 2001 was the lowest ever, representing a 21% decrease on the previous year.

Section 11

ENVIRONMENT AND NATURAL RESOURCES

Effective protection of the environment and wise use of natural resources is an integral component of sustainable economic development. The regional economy has grown in recent years, enabling its residents to enjoy higher standards of living. However, it is important to analyse the impact of this growth on the environment and the consumption of finite resources.

The revision of the Regional Economic Strategy will address the issues of resource productivity and its impact on the environment, together with sharing the benefits of prosperity across the region. The following section of this document looks at key indicators of environmental quality and resource use in the South East and, where possible, compares its performance with other regions in the country.

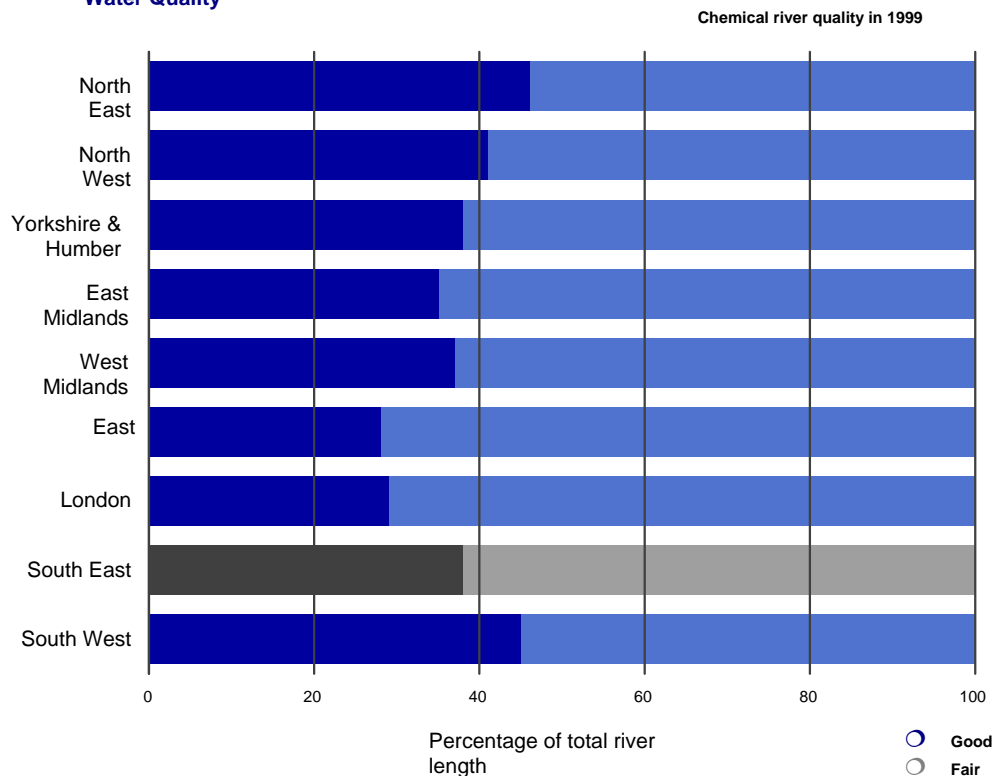
As noted in the Rural Economy section of this document, a high proportion of the land area is covered by environmental/planning designations in the South East. This means that land availability is a crucial constraint and brown field sites must be used to the full. Increasing housing demand fuelled by the region's continuing economic growth is adding to these pressures.

In 1997, 54% of new homes were built on previously developed land compared with 53% for England as a whole. The government target is to increase this figure to 60% for England by 2008. The urban renaissance and housing section deals with some of these issues in more detail.

Air and Water Quality

Assessments by the Environment Agency demonstrate that pollution levels in the region are declining, broadly in line with national trends. However, air pollution (ground level ozone concentration) in rural areas remains high.

FIGURE 42
Water Quality



Source: ONS, 2000

Pollution

Measured by the number of days when air pollution is moderate or high, the highest levels of ozone concentration are found in rural areas of the South East.

The quality of both rivers and canals in the South East has improved during early-mid 1990s. As shown in the chart, chemical river quality as a percentage of total river length in the region was better than the average for England.

¹ *A Better Quality of Life in the South East, The Regional Sustainable Development Framework, 2001*

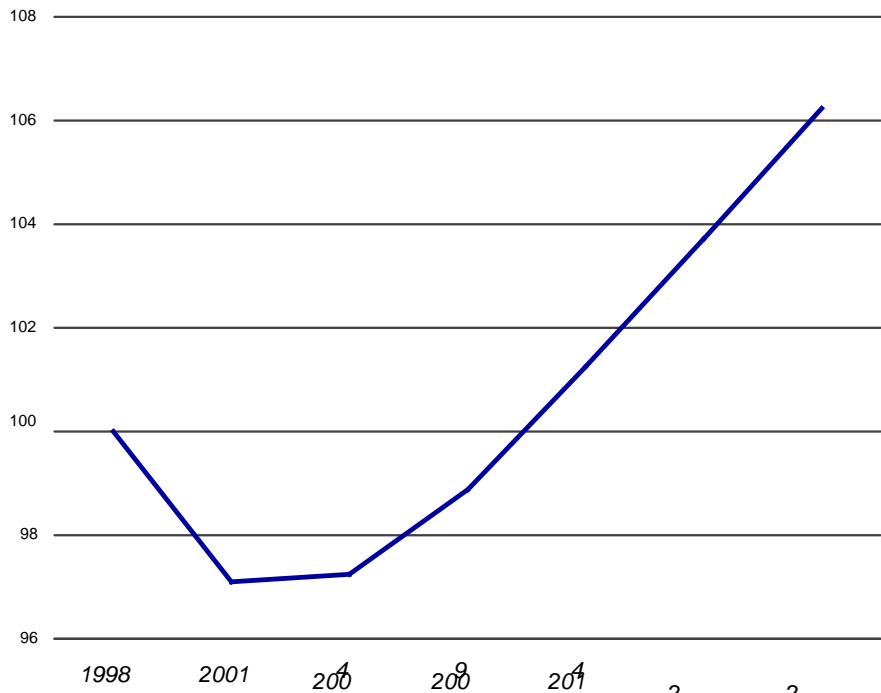
Bathing waters are also becoming cleaner. In 1997-9 only 1.3% of coastal bathing waters failed to comply with the EC Bathing Waters Directive compared with 18.5% in 1988-90 (3 year periods)¹.

Water

The issue of water supply might become a developing constraint in some parts of the region and per capita demand for water is rising (see Figure 43). Groundwater is the most important source of water in the region, both for domestic and commercial use, and for supplying our rivers and wetlands. Compared with other regions, rainfall is low in the South East, while the population density and per capita consumption of water is high, particularly in periods of peak demand. Expected future economic and housing growth will have a significant impact on the availability and use of water resources. Water is a scarce and often over-committed resource in the region, and opportunities for sustainable water resource developments are limited - this underlines the importance of increasing efficiency in water use in the region over the next 25 years.

FIGURE 43**Water Demand**

Predicted water demand as a percentage of 1997/98 water demand

Source: *The Environment Agency, 2001*

2	2
0	0
1	2
9	4

Waste

The generation of waste has increased, on average, in line with wealth. The production of municipal waste, for example, is growing at 3% per annum in the South East. The Region produces approximately:

13 million tonnes of construction and demolition waste;
 9 million tonnes of industrial and commercial waste;
 over 4 million tonnes of municipal solid waste;
 4.9 million tonnes of agricultural waste;
 723,000 tonnes of 'special' waste (including clinical and hazardous waste).

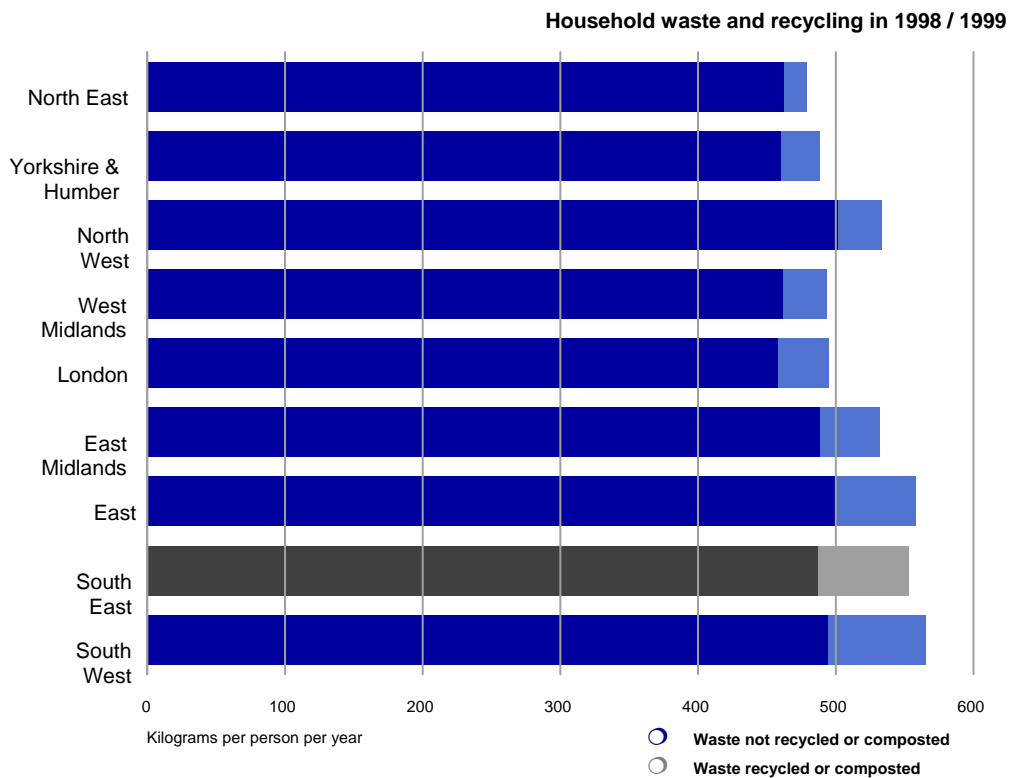
Currently the majority of this waste is landfilled, although an increasing proportion is recycled (23% of construction and demolition waste, 28% of industrial and commercial waste and 12% of municipal solid waste).

While landfill sites are in relatively short supply (at current usage levels, existing regional capacity is sufficient to last less than 7 years), the region remains a net importer of industrial and commercial waste. Within the region 2-way exchanges of waste occur between 2 counties largely reflecting the need to use the nearest appropriate site.

The EU Landfill Directive aims to achieve a gradual reduction in the amount of waste landfilled, with an ultimate target by 2020 of the equivalent of only 35% of the quantity of waste landfilled in 1995. Significant changes in the approach to waste management in the region will be needed if this target - and intermediate targets for 2010 and 2013 - are to be met.

Other EU Directives on waste electrical equipment, batteries, waste oils, refrigeration equipment and end-of-life vehicles will serve as further drives for changes in the management of waste.

FIGURE 44
Household Waste and Recycling



Source: ONS, 2001

Climate Change

Climate change will have significant impacts on the South East Region, and the South East Climate Change Partnership has been set up, with SEEDA's help, to raise awareness of the likely impacts of climate change, so that they may be appropriately factored-in to forward planning. While the need to adapt to climate change will affect the current pattern of business in the region, adaptation will also open up new business opportunities. Extensive flooding in several parts of the region during 2000 highlighted the need for effective contingency planning by the region's businesses.

Marine Environment

Of the total South East coastline, 72km is designated Heritage Coast (7% of the national total). Many of the Region's internationally recognised wildlife sites are located in the coastal zone, including 8 candidate Special Areas of Conservation covering 38,389 ha and 8 Special Protection Areas for birds covering 32,584 ha. Some 3,800 ha of these sites also lie within National Nature Reserves. The South East is of particular importance for coastal vegetated shingle, with 49% of the UK's total resource.

Pressure on priority wildlife habitats, especially coastal grazing marsh, saltmarsh and intertidal mud, is increasing as a consequence of sea level rise and development along the coastline. Extraction of marine aggregates is likely to increase with the increasing demand in relation to coastal defences.

A total of 216,448 properties are at risk from tidal flooding in the South East. It is expected that climate change will lead to an increasing risk of breaches in sea defences, due to the combined effects of greater frequency of storms, changes in wave direction and sea level rise.

The water quality of discharges at the coast is thought to be improving although the scale and effectiveness of the improvement is not known.

Energy Use and Renewable Energy

While fossil fuels are likely to continue to meet the major part of the region's energy needs over the next decade, their use generates greenhouse gases, which constitute the principal contributor to global warming; not unexpectedly, therefore, the use of fossil fuels is increasingly subject to regulation and fiscal penalty (although 'carbon trading', operational from 1st April 2002, offers a degree of flexibility).

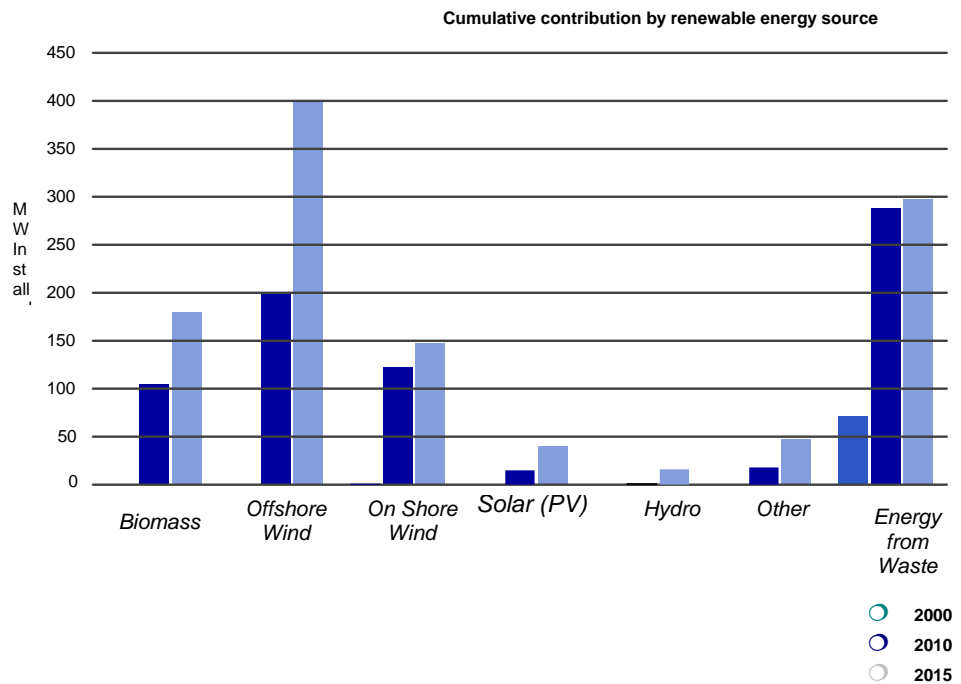
An assessment of the region's renewable energy potential undertaken on behalf of GOSE (March 2001) identifies renewable energy resources and targets for renewable energy generation to 2010 and 2015. The figures are summarised in the following:

TABLE 13
Renewable Energy Technology

Renewable Energy Technology	2000	2010	2015
Biomass		105	180
Off shore Wind		200	400
On shore Wind	1	123	148
Solar (PV)		15	40
Hydro		1	16
Other		18	48
Energy from Waste	72	288	298
TOTALS (MW)	73	750	1130

Source: ETSU/AEA Technology plc and Terence O'Rourke plc (2001). *Development of a Renewable Energy Assessment and Targets for the South East. Final Report*

FIGURE 45
Cumulative Contribution by Renewable Energy Source



Source: ETSU/AEA Technology plc and Terence O'Rourke plc (2001). *Development of a Renewable Energy Assessment and Targets for the South East. Final Report*

The 750MW target would represent 6.6% of the region's electricity being generated from renewable sources by 2010. However, it should be noted that almost 40% of this is energy from waste, not all of which would be likely to qualify as "renewable" under the terms of the government's Renewables Obligation. The 2015 target of 1130MW represents 10% of the region's electricity generation, reflecting the UK national target. These figures are included in the Regional Sustainable Development Framework.

The current level of energy generation from renewable sources, at 73MW (equivalent to 0.6% of electricity generation), is one of the lowest proportions of all the English Regions.

The Environmental Economy

The Environmental Economy comprises a range of activities with strong links to the environment. It includes activities that are directly dependent on the environment such as agriculture and forestry, those that depend on a high quality environment such as tourism, and those that contribute to a high quality environment, such as the environmental technologies.

Current research commissioned by SEEDA has concluded that these activities collectively account for around 230,000 jobs in the South East region, of which over a third is contributing towards a high quality environment. The Environmental Economy is therefore larger than other sectors that have a much higher profile: financial services, for example, accounts for 140,000 jobs while mechanical engineering accounts for 51,000.

Northern and western parts of the region, particularly parts of the Thames Valley, show a developing expertise in high value-added activities, notably the environmental technologies. By contrast, the focus in the south and east of the region is on activities that capitalise on a high quality environment, such as tourism. Research is continuing, but indicates that improving the performance of the Environmental Economy could do much to boost the performance of the region as a whole.

Although market penetration of renewable energy technologies has been somewhat limited in the South East, regulatory and fiscal drivers, coupled with government financial incentives, are likely to lead to a significant increase in the use of renewable energy in the region over the next decade. Forecast growth in national and overseas markets for renewable energy technology will drive innovation and present opportunities for both new and existing companies in the region.

Section 12

TRANSPORT AND INFRASTRUCTURE

In terms of the region's long-term growth prospects, the issues relating to infrastructure and transport are absolutely critical. There is growing evidence that both are under stress. Unless the emerging issues are addressed creatively, the region's underlying growth potential and competitive advantage could be undermined.

Table 14 and figure 46 presents a snapshot of the state of road transport in the region. From these data some important observations can be made.

TABLE 14

Key Transport Indicators

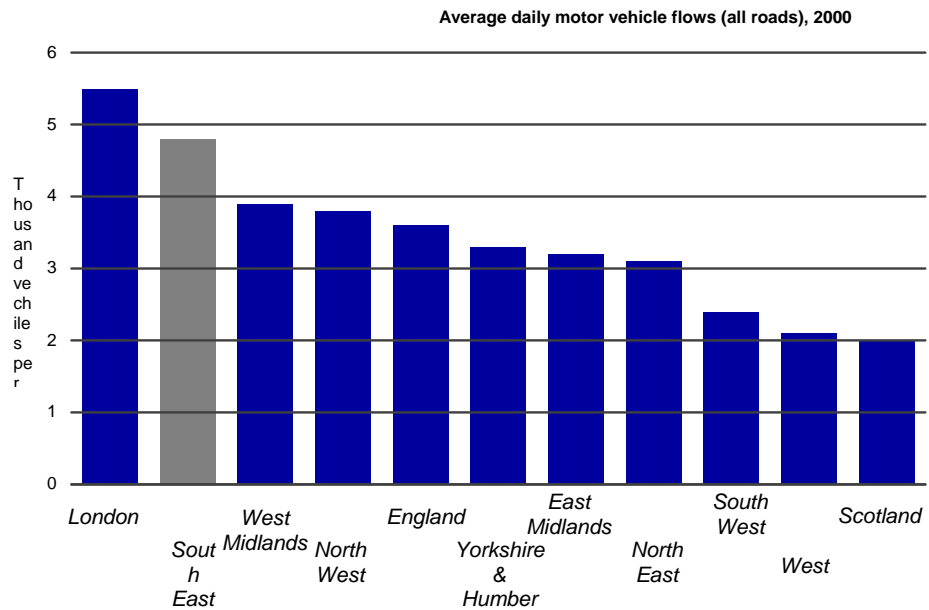
	South East	UK
Distance travelled per person per year (any mode of transport), 1998-2000 (miles)	8,144*	6,843*
Proportion of workforce travelling to work by car, 2000 (%)	73.7	70
Proportion of workforce travelling to work by rail, 2000 (%)	5.5	3.7
Average weekly household expenditure on transport (£), 1997-2000	392.50	348.20

* Figures for Great Britain

Source: *Regional Trends*, ONS, 2001

- Given high levels of prosperity in the region, the distance travelled per person per year in the South East is 20% more than the UK average.
- In the South East, levels of car ownership are the highest in the country and close to 74% of the region's workforce travel to work by car. This figure is 4% higher than the average the UK. The use of trains is also higher in the South East than the UK average.
- In consequence, it is not surprising to discover relatively high levels of road stress, measured by average daily vehicle flow, within the region. As shown in figure 46, excluding London, figures for the South East are higher than any other region in the country.
- The figures for the South East however mask important intra-regional variations. Broadly speaking, road stress is highest in the areas adjoining London. By contrast, areas - both urban and rural- on the South Coast and in the east of the region have a poor accessibility.

FIGURE 46
Traffic on the Roads



Source: Road Traffic Statistics, DTLR

There are major concerns facing the region's road infrastructure and the region's long-term competitiveness as a business location will depend on their successful solutions. However this will not simply mean the building of new roads; instead, other remedies will need to be found including traffic management, investment in public transport and the substitution of electronic forms of communication. Business can play an important role in reducing congestion through flexible working and travel plans etc.

The South East - an International Gateway

The South East is the nation's principal gateway to Europe and the rest of the world. Together, Heathrow² and Gatwick account for 55% of the UK's total air passenger volume and both have grown substantially in the past few years; with passenger volume growing by 23% between 1996 and 2000.

The wider impact of airports on economic development of the region should not be underestimated; for example, access to international airports features strongly in many inward investment decisions, in particular, head offices and European offices of multinationals. The growth of the M4 corridor and the Thames Valley sub-region owes much to the proximity to Heathrow.

² Although Heathrow is not technically located in the South East, it is very close to the regional boundary and has a substantial regional impact.

TABLE 15
Air Passengers Using the South East

Major airports in (or close to) the region	Passenger Volume (000),	
	1996	2000
Heathrow	55,732	64,620
Gatwick	24,102	32,068
Southampton	551	857

Source: Civil Aviation Authority (CAA), 2002

Sea ports also feature strongly with the region's position as an international gateway. Dover is the largest passenger port, by a big margin, in the UK. It is used by 16 million passengers annually accounting for 56% of all sea passenger movements to and from the UK.

The region as a whole accounts for some 14% of freight movements in Britain and Southampton is one of the largest ports in the UK and Europe.

TABLE 16
Sea Ports in the South East

Major seaports in the region	International sea passenger movements, 2000 (000)	Freight handled 2000, (000 tonnes)
Dover	16,078	17,434
Portsmouth	3,176	4,521
Ramsgate	76	1,237
Newhaven	313	578
Southampton	N/A	34,773
Folkstone	440	560
Medway	N/A	15,292

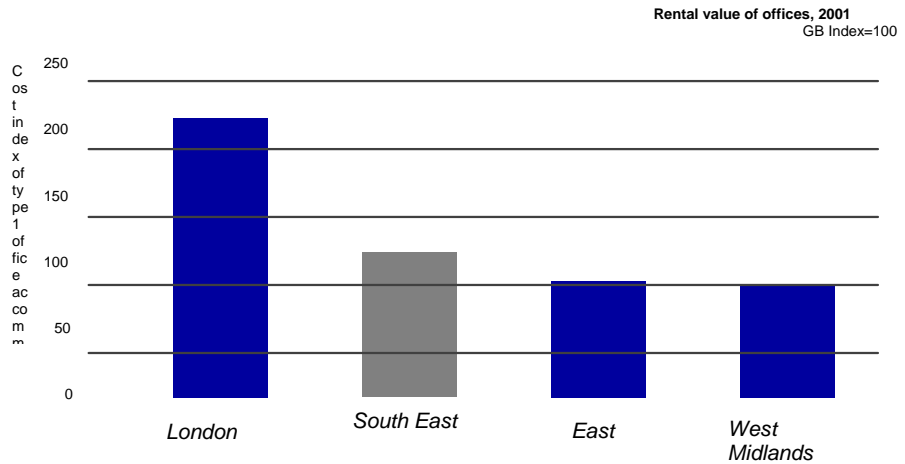
Source: DTLR, *Transport Statistics, 2001*

In terms of the region's role as an international gateway, the Channel Tunnel is the third key infrastructural element that is of growing importance for both passenger and freight traffic carried by Eurotunnel. Phase 1 of the Channel Tunnel Rail Link from Folkstone to North Kent is under construction and is expected to be completed by 2003. Phase 2 will be complete by 2007, together with the International passenger station at Ebbsfleet.

Commercial Property

Commercial property comprises a critical component of the region's business infrastructure. The following section provides some comparative data for selected regions and a number of observations.

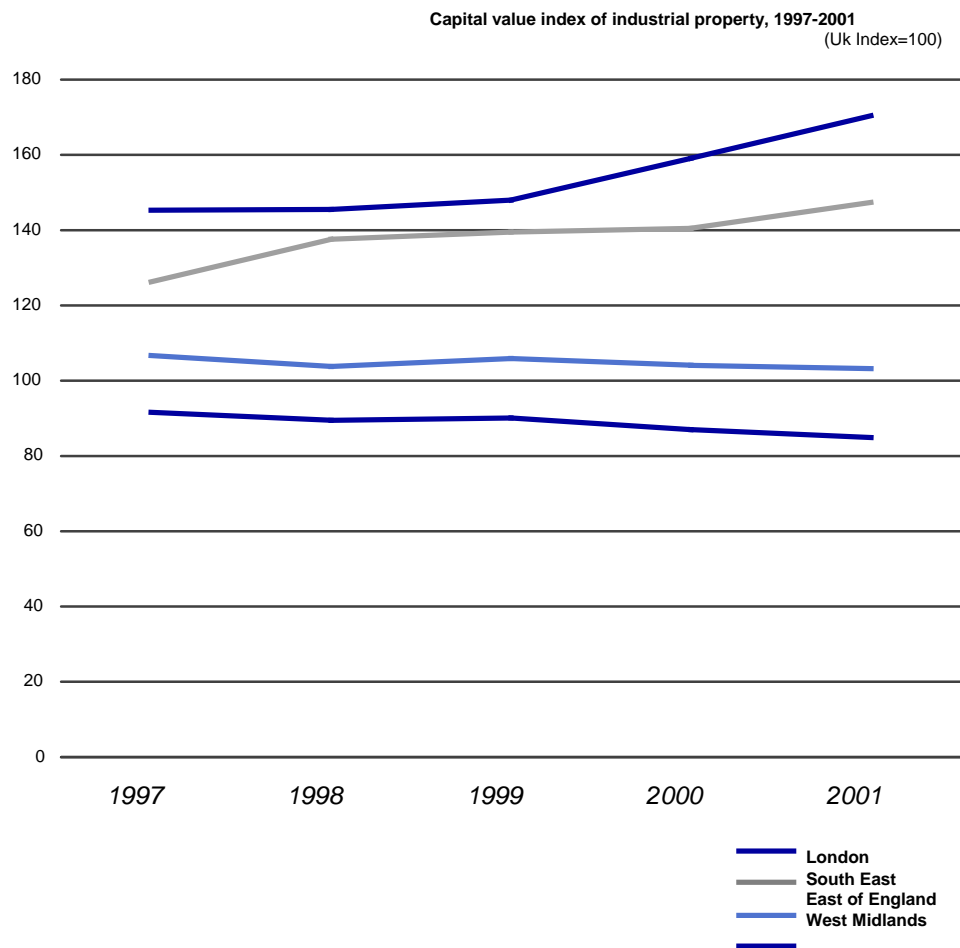
FIGURE 47
Rental Value Of Office Space - a regional comparison



Source: DTI calculations based on *Property Market Report, Valuation Office, Inland Revenue, 2001*

- For both office accommodation and industrial property / warehousing units, the South East is the second most expensive location in the country, after London.
- In terms of industrial/warehousing units, the prices in the region have increased in recent years and the gap between the South East and other surrounding regions is increasing (Figure 48 below). The gap between the South East and the East of England has widened to some 45% in recent years. This suggests that for industrial/warehousing uses, the South East as a whole is - in property terms - becoming an expensive location. Moreover, given the extent of variation within the South East, these data suggest that values in prime South East locations may equate with London.

FIGURE 48
Industrial Property



Source: DTI, 2000

High property costs coupled with high wage levels that are well above national average and high living costs in the region, (Figures 47 and 48) start to raise questions about the competitiveness of the South East as a business location.

The challenge for the South East is - in an increasingly high cost context - to harness the potential of its research base and workforce to compete on the basis of high value added knowledge-based economy. This reinforces the point that the South East's distinctive capabilities are not raw material, land or cheap labour but instead, they are knowledge, skills and creativity.

Section 13

URBAN RENAISSANCE AND HOUSING

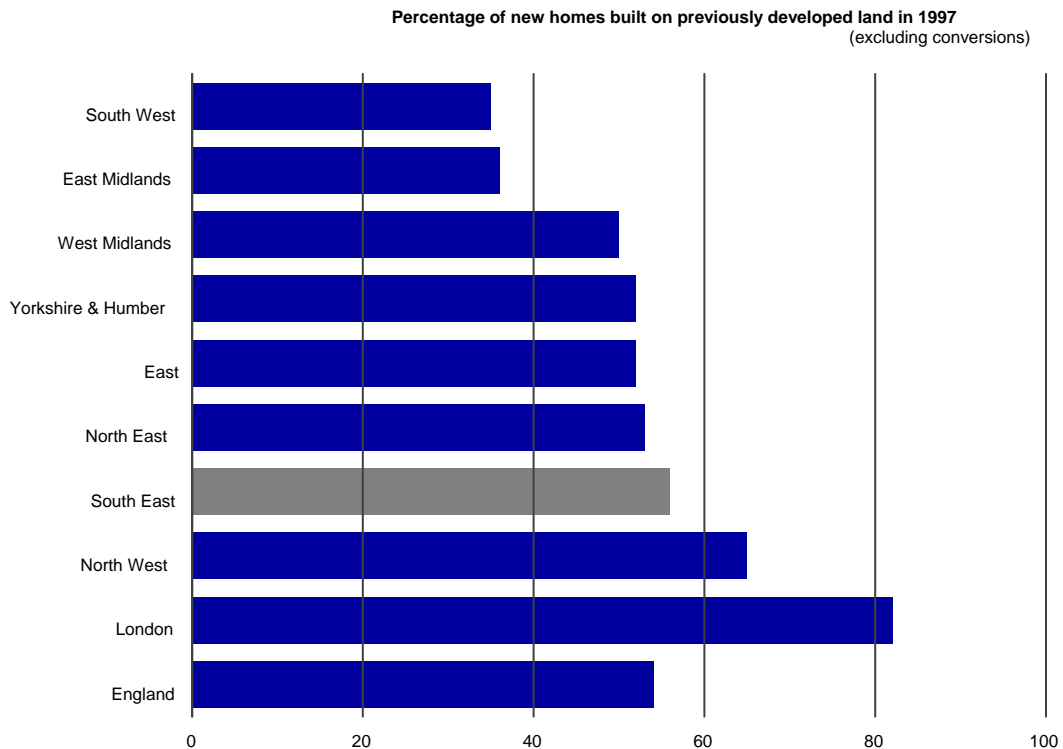
Urban renaissance is fundamentally about making our towns and cities places for people, creating a quality of life in towns and cities that will make people choose to spend time and live in them. For the South East it can be a way of reconciling continued economic and household growth with the need for a much greater emphasis on sustainability, reduction in traffic congestion and the preservation of the countryside.

Substantial scale of new physical development is required in the region to accommodate forecast growth. One way of positively accommodating growth will be through maximising the use of the region's urban assets by recycling underused vacant and derelict land. This will need to be accompanied by an emphasis on high quality urban design, and enhanced transport accessibility.

¹The Regional Sustainable Development Framework, 2001.

The figure below shows that in 1997, 54% of new homes were built on previously developed land compared with 53% for England as a whole. Although, this figure is higher than the average for England, it remains 6% below the government target of increasing the proportion of new housing development on brownfield land to 60% by 2008.

FIGURE 49
Re-Use of Previously Developed Land



Source: DTLR, 2001

URBAN REGENERATION

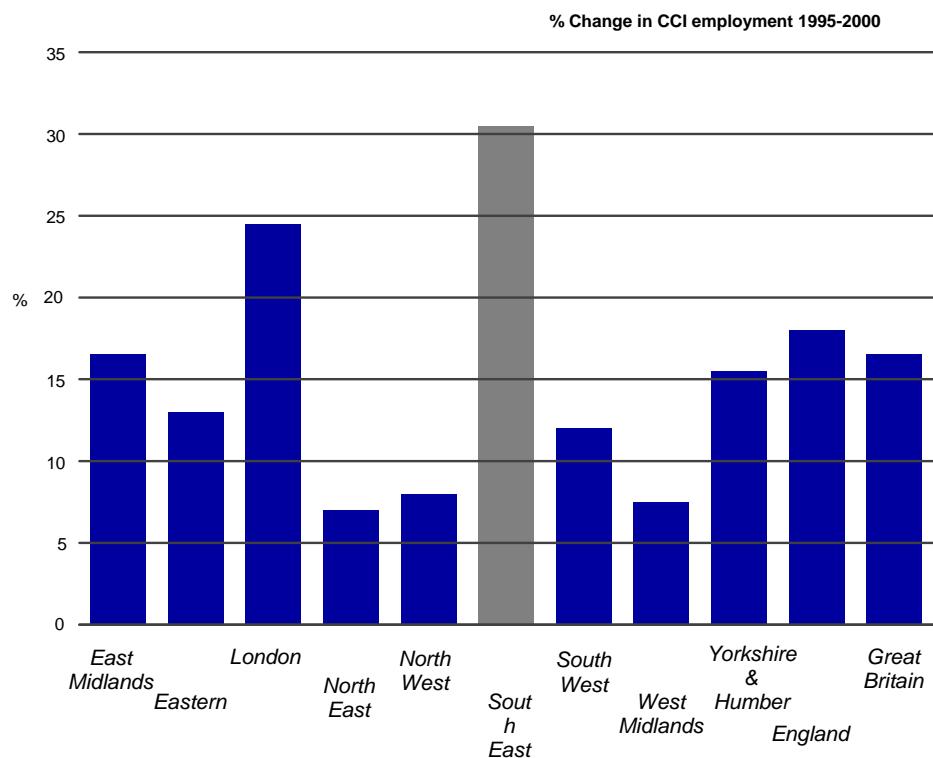
Of the 119 most deprived wards in the South East, 98 are in urban areas. Small pockets of deprivation are also found in other urban areas spread across the region, including the most prosperous sub-regions. In addition to social and economic barriers to growth and development, these areas are often characterised by poor quality housing; a declining urban fabric; a poor physical environment inherited from previous industrial heritage; and a preponderance of brownfield sites requiring co-ordinated investment in infrastructure, site preparation and remediation. The urban renaissance agenda can help to develop the right conditions for economic growth in these more deprived parts of the region.

¹ See section 'Notes and Definitions' for activities included in *The Creative and Cultural Industries (CCI's)*.

² Employment data based on ABI 2000 and revised AES (compatible with ABI outputs) 1995: Companies and Turnover data based on IDBR winter 2001. Source: *The Creative and Cultural Industries in the South East Economy, 2002*.

It is increasingly recognised that arts, heritage and cultural industries have an important role to play in urban regeneration and renaissance. A study commissioned by the South East England Cultural Industries Consortium and SEEDA suggests that there are about 0.5 million people employed in the Creative and Cultural Industries (CCIs)¹ in the South East, 17% of Great Britain's total employment in this sector². The majority of these CCIs are based in urban areas and represent a significant potential that can be exploited to make these areas an attractive place to live and work.

FIGURE 50
Employment in the Creative and Cultural Industries



Source: *Annual Business Inquiry*

- The South East and London together account for some 50% of CCI employment in Great Britain. Employment in the CCIs grew by 31.5% in the South East in the period 1995 - 2000; almost double the average for Great Britain as a whole.
- Employment growth in this sector in the South East has exceeded employment growth in London. This is perhaps the strongest indicator of the health of the sector in the region and offers strong evidence that the proximity of this global centre of creative and cultural economic activity is not a drain on the prospects of the sector in the South East as has been suggested in the past.
- About 60,000 CCIs businesses are located in the region with an estimated turnover of some £50 billion. A small number of very large firms (located in urban areas) dominate the sector as a whole.

Whilst employment in the sector is growing at an exceptional rate the region's CCIs are only performing marginally better than would be expected. The region cannot be complacent about the strength or sustainability of this sector. Employment growth and density is subject to significant variations across the region.

TABLE 17
The Creative and Cultural Industries - A Sub-Regional Analysis

	Employment growth between 1995 and 2000 (%)	share of workforce (%)
GB	17	10
South East	31.5	12.1
Berkshire	27	18.9
Buckinghamshire	22	11.3
East Sussex	14.6	9.1
Hampshire	34.3	10.8
Isle of Wight	21.6	9.5
Kent	8.5	7.6
Oxfordshire	51	14.8
Surrey	61.5	16.9
West Sussex	18.2	9.6

Source: The Creative and Cultural Industries in the South east Economy, 2002

SECTION 13 URBAN RENAISSANCE AND HOUSING

The Government has recognised the need to evaluate its agenda for an urban renaissance as set out in the Urban White Paper. The White Paper committed the Government to developing a comprehensive set of indicators for overall urban analysis and promote a standard set of urban and rural definitions for use in analysis and monitoring.

The development of indicators for monitoring urban renaissance at the regional level will be taken forward by SEEDA, in association with the Regional Assembly, building on the work being undertaken by central government. Many existing indicators are of relevance to the urban renaissance agenda and the emphasis will need to be on bringing together existing data collected by partners in the region.

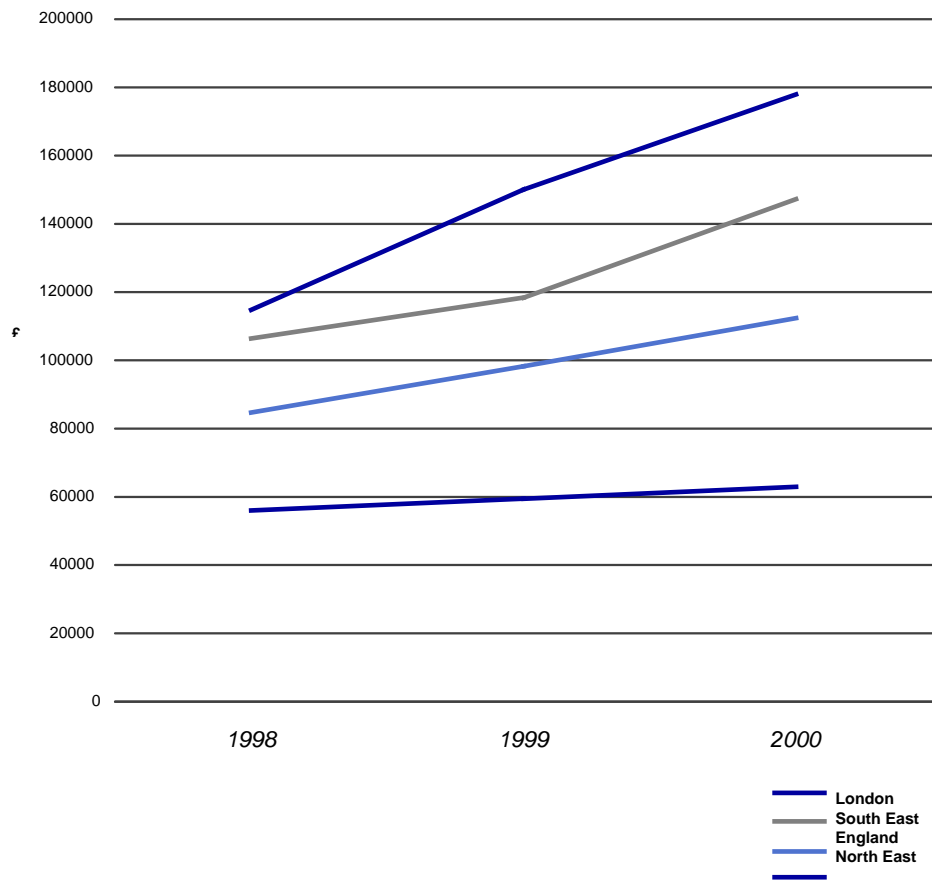
Housing

The South East is a region with intense housing pressure. High levels of income and growing economy together with inward migration (in particular from London), are leading to high demand for housing. This high demand coupled with insufficient supply, partially due to the planning system and land availability, has led to the highest prices in the South East in the UK after London.

Access to affordable housing remains the single most important housing issue in the South East. The high need for affordable housing in the region is underpinned by the relationship between the region's economy and labour market, land resources and social change.

As shown in the figure below, average house prices in the South East have risen by some 40% between 1998 and 2000 - an average of over 13% per annum.

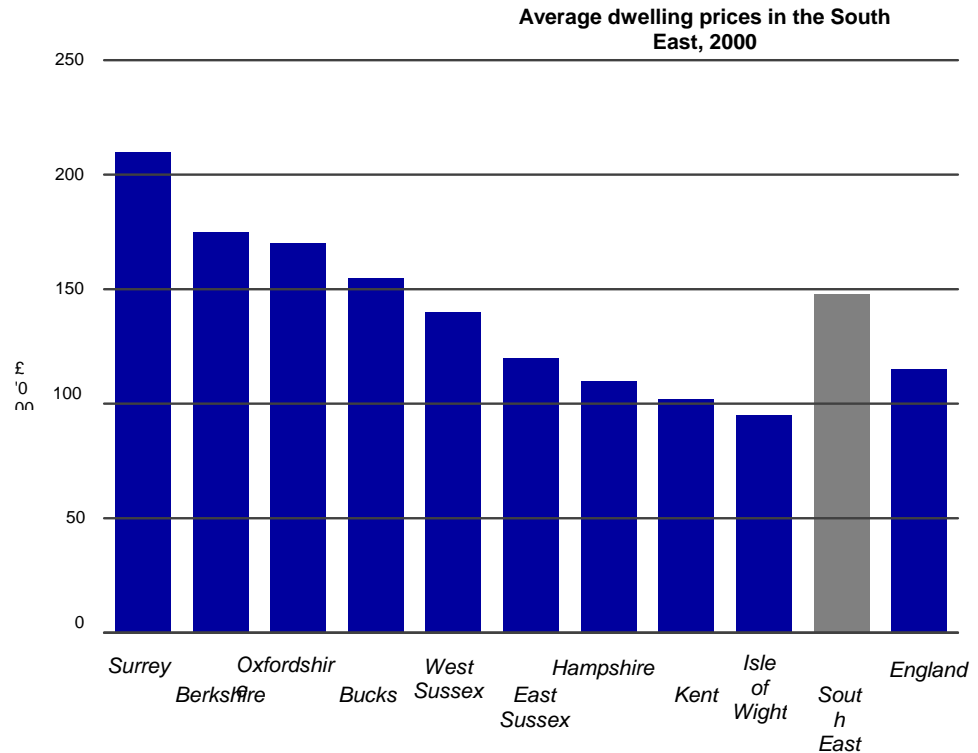
FIGURE 51
House Prices - Regional Analysis



At sub-regional level, Surrey is the most expensive county, with 90% higher house prices compared with the average for England. House prices in Berkshire, Oxfordshire and Buckinghamshire are above the South East average.

The Isle of Wight and parts of Hampshire are the only places where house prices are below the average for England.

FIGURE 52
Sub-regional House Price Variations



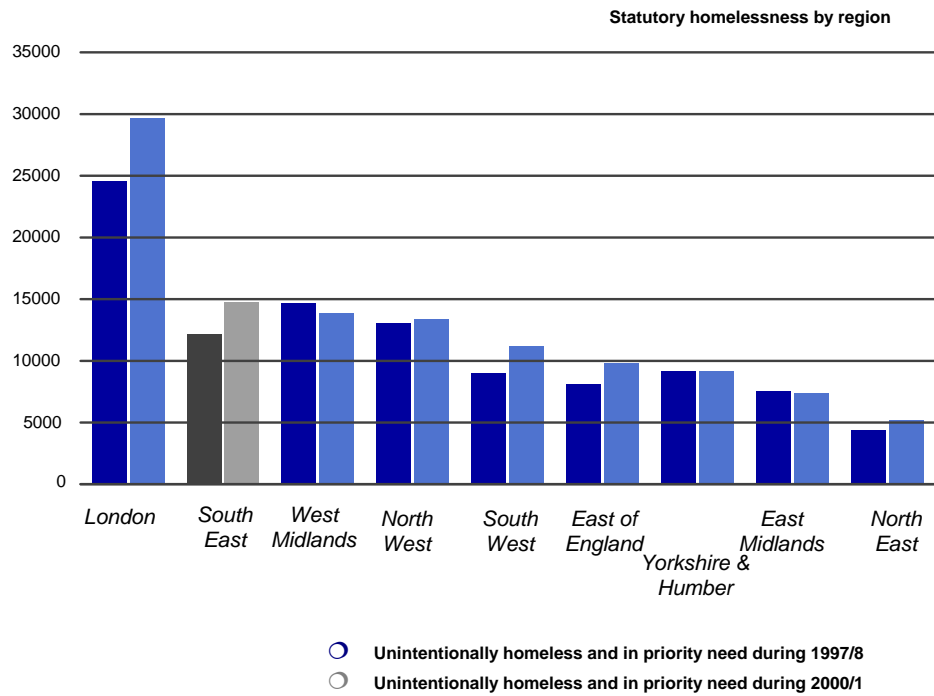
Source: ONS, 2001

The high cost of property in the region is beyond the reach of an increasing number of people. Consequently, lack of affordable housing for key workers is a challenge for policy makers in the region. As demonstrated in figure 47, in the areas of economic success in the South East, the house prices are extremely high and without policy intervention key workers with modest earnings and young people will be forced to leave the area with significant implications for businesses and public services alike.

Whilst Regional Planning Guidance indicates a need for around 12,000 new affordable homes each year, only 6700 were provided in 2000/01. This, in turn, has serious implications for economic development and future growth of the region, ie labour and skill shortages.

Urgent action is needed to reverse present trends, in terms of affordable housing supply, to accommodate the backlog of current demand and to be able to meet the demands arising from the growth in households over the next 20 years.

FIGURE 53
Homelessness



Source: DTLR, 2001

Homelessness in the south East has increased significantly over the last few years. As shown in figure 51, in 2001, the number of homeless people in the South East was second highest after London.

NOTES AND DEFINITIONS

Resident Population

The estimated population of an area includes all those usually resident in the area, regardless of nationality.

Internal Migration

Estimates for internal population movements are based on the re-registrations by patients with NHS doctors following a move between Family Health Services Authorities (FHSAs) in England and Wales and Area Health Boards (AHBs) in Scotland and Northern Ireland.

Gross Domestic Product (GDP)

Regional GDP can be calculated both on a workplace and a residence basis. Residence based GDP allocates the incomes of commuters to where they live, whereas workplace GDP allocates their incomes to where they work. The main GDP estimates published in February are on a residence basis and the breakdowns of the totals by industry are currently only available on a residence basis. Workplace based estimates differ from the residence based estimates only in London, the South East and East regions.

Purchasing Power Standard

The Purchasing Power Standard (PPS) is a unit of measurement calculated by scaling Purchasing Power Parities (PPPs) so that the aggregate for the EU-15 as a whole is the same whether expressed in EUROS (ECUs) or in PPS. Purchasing Power Parities are conversion factors, which make it possible to eliminate the combined effect of price level differences and other factors from a comparison of economic aggregates and thereby obtain a real volume comparison between countries.

Business Registrations and Deregistrations

Annual estimates of registrations and deregistrations are compiled by the Small Business Service. They are based on VAT information which the Office for National Statistics holds. The estimates are a good pattern of business start-ups and closures, although they exclude firms not registered for VAT, either because they have a turnover below the VAT threshold (£54,000 with effect from 1 April 2001) and have not registered voluntarily; or because they trade in VAT exempt goods or services. Large rises in the VAT threshold in 1991 and 1993 affected the extent to which the VAT system covers the small business population. This means that the estimates are not entirely comparable before and after these years.

The Labour Force

The labour force includes people aged 16 or over who are either in employment (whether an employee, self-employed, on a work-related government-supported employment and training programme or an unpaid family worker) or unemployed.

NOTES AND DEFINITIONS

Employment

The employment rate is the proportion of the population of working age (16-59 for females and 16-64 for males) who are in employment.

ILO Unemployment

The 'ILO definition' of unemployment counts as unemployed people without a job who were available to start work within two weeks and had either looked for work in the past four weeks or were waiting to start a job they had already obtained in the next two weeks. The ILO unemployment rate is the percentage of economically active people aged 16 and over who are ILO unemployed.

Claimant Count

The claimant count rate is calculated by expressing the number of people claiming unemployment-related benefits as a percentage of the estimated total workforce (the sum of claimants, employee jobs, self-employment jobs, HM armed forces and government-supported trainees).

Economic Activity Rates

The economic activity rate is the percentage of the population in a given age group which is in the labour force.

New Earnings Survey

The survey measured gross earnings of a 1 per cent sample of employees, most of whom were members of Pay-As-You-Earn (PAYE) schemes for a pay-period which included 4 April 2000. The earnings information collected was converted to a weekly basis where necessary, and to an hourly basis where normal basic hours were reported.

Hard-to-fill Vacancies

when an employer is unable to recruit for a variety of reasons: skills shortages, location, salary and conditions.

Labour Shortages

Regardless of skills levels, a situation exists where there is simply not a great enough supply of labour to meet demand.

Skills Shortages

Required skills are in short supply when compared with demand across the entire labour market.

Educational Qualification Levels

- Degree or equivalent includes higher and first degrees, NVQ level 5 and other degree level qualifications such as graduate membership of a professional institute.
- Higher education qualification below degree level includes NVQ level 4, higher education below degree level, higher-level BTEC/SCOTVEC, HNC/HND, RSA Higher diploma and nursing and teaching qualifications.

NOTES AND DEFINITIONS

- GCE A level or equivalent includes NVQ level 3, GNVQ advanced, BTEC/SCOTVEC National Certificate, RSA Advanced diploma, City and Guilds advanced craft, A/AS levels or equivalent, Scottish Highers and Scottish Certificate of Sixth Year Studies and trade apprenticeships.
- GCSE grades A*-C or equivalent includes NVQ level 2, GNVQ intermediate, RSA diploma, City and Guilds craft, BTEC/SCOTVEC First or general diploma, GCSE grades A*-C or equivalent, O level and CSE Grade 1.
- Other qualifications at NVQ level 1 or below include GNVQ, GSVO foundation level, GCSE grade D-G, CSE below grade 1, BTEC/SCOTVEC First or general certificate, other RSA and City and Guilds qualifications, Youth Training certificate and any other professional, vocational or foreign qualifications for which the level is unknown.

Average Dwelling Prices

Average prices for this table are calculated from data collected by the Land Registry. Because of the time lag between the completion of a house purchase and its subsequent lodgement with the Land Registry, data for the final quarter of 2000 are not as complete as those for the final quarter of 1999. The table includes all sales registered up to 31 March 2001. All sales of below £10,000 and over £1 million are excluded from the values shown for 1999 but included in the values shown for 2000.

Cultural and Creative Industries (CCIs)

Defined in this document as comprising: Archives, Historic Sites, Buildings and Houses; Libraries and Museums; Countryside recreation; Sports; Tourism; Toys and Games; Betting and Gambling; Advertising; Digital and Media; Film and Video; TV and radio; Interactive Leisure Software; Music; Photography; Publishing; Software and Computer Services; TV and Radio; Architecture; Arts and Antiques Market (including contemporary visual arts); Crafts Design; Designer Fashion; Literature; Performing Arts including Theatre, Dance Live and Street Arts, New Circus and festivals

South East England Development Agency

Key Offices:

SEEDA Headquarters
Cross Lanes, Guildford,
Surrey, GU1 1YA, England
Tel: +44 (0) 1483 484200
Fax: +44 (0) 1483 484247
Email: info@seeda.co.uk
Web: www.seeda.co.uk

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 House, 35 Square de Meeus,
1000 Brussels, Belgium
Tel: 00 322 504 0720
Fax: 00 322 504 0722