



**Sustaining success in  
a prosperous region:  
Economic implications  
of the South East Plan**

South East England Development  
Agency (SEEDA)

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## 1. Executive summary

- 1.1 SEEDA commissioned Deloitte in November 2004 to undertake a focussed review of the evidence base underpinning the draft South East Plan, explore the relationship between economic growth and spatial planning and identify the economic implications of the three proposed housing options in the Plan.
- 1.2 Phase 1 of the study established that none of the three housing options proposed in the draft South East Plan is consistent with an annual Gross Value Added (GVA) growth forecast of 3%<sup>1</sup> and would lead to labour shortfalls of between 270,000 and 380,000 workers.
- 1.3 Phase 2 explored possible ways of sustaining economic growth while minimising pressures on house building rates. Four possible sources for achieving this have been examined, namely:
  - Productivity growth;
  - Reducing economic inactivity;
  - Reducing in-migration; and
  - Offshoring.
- 1.4 Significant improvements in productivity and economic activity are already assumed in the South East Plan baseline forecasts and effective policies are required to achieve these projected growth levels. Therefore, assumptions about achieving any further growth must be supported by a robust policy framework and investment plan.

### Productivity

- 1.5 The starting point, identified by the Regional Assembly, for our productivity-based analysis is that regional productivity is expected to grow by 2.27% per annum over the Plan period, and productivity levels are estimated to rise from £39,000 per employee (Full-Time Equivalent or FTE) in 2005 to £62,500 per employee (constant prices) in 2026. This is a 60% improvement over 20 years, and at this rate the region is expected to become the 9th most productive region in Europe by 2015 (the South East ranked 16th in 2004).
- 1.6 Through focused efforts and innovative public policy and investment, the region might be able to achieve a maximum of 5% additional productivity growth on the baseline of 2.27%. This would deliver overall productivity growth of 2.39% per annum to 2026 (compared with the HM Treasury long-term forecast of 2.0% annual growth for the UK). However, any change in the productivity growth trend over the next 5 years to 2010 is highly unlikely. Thereafter, it would require a rise of 4% between 2011 and 2015 and 8.5% between 2016 and 2026 to deliver an overall additional productivity improvement of 5% over the Plan period.

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<sup>1</sup> The Draft South East Plan and the Regional Economic Strategy aim for a long-term annual GVA growth of 3% (consistent with various forecasts).

### Economic Inactivity

- 1.7 Economic activity rates in the South East are around 83%: the highest in the UK. The baseline forecasts for the South East Plan assume that economic activity will rise to 85% by 2026; this means an additional 50,000 currently economically inactive people joining the labour market.
- 1.8 Nevertheless, there are approximately 800,000 people of working age who are economically inactive in the South East. It might be possible to bring a maximum of 265,000 of them to the labour market over the Plan period, by removing some very tough barriers to employment facing these individuals. It must be noted that a co-ordinated and multi-pronged approach would be required to achieve this very stretching target, including national policy changes. Achieving this target would give the South East the highest economic activity rate in Europe at approximately 90% by 2026. It would be unrealistic to assume any further improvements in activity rates due to lifestyle choices made by affluent residents on one hand and the inability of others to work due to certain barriers, such as illness, on the other.

### In-migration

- 1.9 Currently, 41,000 people per year migrate from London to the South East. Of these, 15,000 commute back into London. In-migrants from London are significantly better qualified than the South East's indigenous labour force, and are therefore well-equipped to compete in the region's labour and housing markets. If housing supply were constrained in an attempt to deter in-migration, the results would be perverse. It is reasonable to suppose that in-migrants from London would compete successfully for available housing at the expense of less well-qualified South East residents, and that house prices would be pushed up further. This would only worsen problems of affordability and availability for existing South East residents.

### Offshoring

- 1.10 Offshoring will continue to be a significant feature of the region's economy. Indeed this is an established mechanism by which businesses move up the value chain, and is a significant factor in explaining why manufacturing employment in the region has declined by 140,000 since 1984, while gross value added in manufacturing has remained broadly constant. Although this implies changes in the composition of the workforce (with a loss of some lower skilled jobs and an intensifying need for upskilling), the overall effects on regional productivity and value added are certainly positive.
- 1.11 It would be unrealistic to subtract the gross job losses expected due to offshoring from the outputs of existing economic forecasts, since these losses (together with their substitution by higher order activity and jobs) have already been factored into the baseline forecasts underpinning the South East Plan.
- 1.12 According to DTI research, job losses caused by offshoring in call centres have not led to increased unemployment – rather, employment in the service sector, including call centres, is higher than before. It has always been the case that, as trade grows and technology changes, some jobs are created and others disappear. The 'churn' caused by offshoring is not, however, particularly large, especially in the South East.

**Economic and housing growth scenarios**

1.13 The following scenarios reflect what could be achieved in the South East through concerted policy interventions in terms of productivity and employment growth, and the implications for housing growth.

**Table 1: Achieving 3% per annum GVA Growth to 2026**

	The baseline - based on the draft South East Plan figures	Scenario 1 - maintaining historic productivity growth and reducing economic inactivity by 65,000	Scenario 2 - 5% pa additional productivity growth and reducing economic inactivity by 265,000
Annual productivity growth (%)	2.27 (historic trend 2.32)	2.32	2.39
Total Full Time Equivalent (FTE) employment growth	805,000	772,000	712,000
Labour shortfall – with a build rate of 25,500 per annum	381,000	336,000	155,000
Labour shortfall – with a build rate of 28,000 per annum	339,000	294,000	113,000
Labour shortfall – with a build rate of 32,000 per annum	273,000	227,000	46,000
<b>Dwellings required for a balanced labour market under each scenario</b>	<b>48,000</b>	<b>45,500</b>	<b>34,800</b>

Source: Deloitte and Experian calculations based on the draft South East Plan figures

- 1.14 **The baseline** - the rate of productivity growth in the baseline (2.27% per annum), is slightly lower than the recent trend of 2.32% per annum, and reflects structural changes in the region’s economy away from manufacturing to services (which record measurably lower productivity rates). Even at a level of 2.27% p.a., this translates into an overall increase in productivity from £39,000 per worker in 2005 to £62,500 per worker by 2026 (at constant prices). Employment growth projections in this scenario assume that economic activity rates will rise to bring an additional 50,000 residents into employment. This implies an increase in economic activity rates from 83% (already the highest in the UK) to 85%.
- 1.15 **Scenario 1** – this scenario reflects what might be achieved through additional regional efforts in terms of enhancing productivity and economic activity. It assumes that concentrated action on research and development, innovation and productivity maintains the current average yearly productivity improvement despite the structural shift towards service sectors. It also assumes that all those who are economically inactive but relatively well-skilled and ready to return to work (65,000 existing residents in total) are brought back into employment in the South East.

- 1.16 **Scenario 2** – this is at the upper limit of what could conceivably be achieved with significant investment, concentrated action by all relevant partners, and with major innovations in public policy. Over the course of the Plan period, productivity growth progressively improves by an average additional 5% (of the projected trend) per annum, implying that the South East becomes one of the most productive regions in Europe by 2026. The aggregate productivity growth under this scenario would be 2.39% per annum.
- 1.17 To put this scenario in a more regional context, if every sector in Kent, the Isle of Wight and East Sussex (the lagging areas of the South East in terms of productivity) were to catch up and match the region's average productivity levels by 2026, the additional average annual growth in productivity would be around 5% - similar to the levels assumed under this scenario.
- 1.18 In addition, major efforts to bring more challenging groups of economically inactive residents into employment are assumed to succeed under this scenario, with a total of 265,000 additional residents finding employment. Specifically:
- The number inactive due to childcare or other care commitments would fall by one third from 295,000 to 190,000;
  - The number inactive due to long-term sickness or disability would halve from 160,000 to 80,000;
  - The number inactive due to early retirement would fall slightly from 75,000 to 60,000; and
  - The only other group remaining significantly economically inactive would be full-time students.
- 1.19 This implies lifting the region's overall economic activity rate to almost 90%, a rate never yet achieved in any regional economy, and significantly higher than anything yet achieved in any part of the South East.
- 1.20 This is a challenging target to achieve, where all who would like to work but currently cannot work (e.g. due to childcare commitments or long-term illness etc.) are assisted to enter the labour market. Again, for context, if all parts of the region were to increase economic activity rates to match the highest current rate (i.e. Berkshire), this would deliver less than half the overall improvement in economic activity assumed under this scenario.

### **Housing growth**

- 1.21 As shown in the table above, despite achieving maximum possible improvements in productivity and economic activity, the South East needs around 35,000 dwellings per annum to sustain an annual GVA growth of 3% to 2026.

### **Implications of achieving 2% GVA growth per annum**

- 1.22 Modelling the effects of lower growth rates demonstrates that there is a clear choice between sustainable growth and decline. For instance, if growth in GVA was constrained to an average of 2% per annum over the Plan period:
- The region would generate £43 billion (constant prices) less GVA per annum by 2026, compared to the 3% growth scenario (i.e. GVA of £206 billion instead of £249 billion in 2026). In total, over the Plan period, the region would generate £400 billion less GVA (constant prices) under the 2% growth scenario;

- Employment growth would shrink to 113,000 over the Plan period (compared with a growth of 805,000 jobs under the 3% growth scenario); and
- Given the projected growth in the economically active population, this would imply an unemployment rate of 7% (roughly 400,000 residents unemployed) by 2026, compared to around 2% unemployment under the 3% growth scenario<sup>2</sup>.

### **Policy Considerations**

- 1.23 For the region to achieve the baseline productivity growth of 2.27% per annum and enhance it further to a maximum of 2.39% per annum, significant investment in skills, innovation, infrastructure and enterprise is required. Sub-regionally, the sectors expected to perform well in terms of productivity growth are located in the prosperous parts of the region. For these parts to improve productivity even further, they need to attract high value added activities/functions. For instance, the financial and business services sector in London is more productive than in the South East primarily due to the nature of activities undertaken in London.
- 1.24 For relatively less successful parts of the region the challenge is to attract high value added sectors within which they need to focus on specific functions. There are two ways of achieving this: either through local entrepreneurship, or inward investment. For both, these areas need to invest in their infrastructure and skills with probably more radical approaches for support and promotion.
- 1.25 Historically, the proportion of highly qualified people in the labour market has been improving marginally in the South East. For the region to achieve higher productivity, a significant change in the qualification mix of the labour force is required, especially in deprived areas.
- 1.26 There is a gap between the prosperous and the less successful parts of the region in terms of business start-up rates (enterprise), investment, skills (educational achievements as well as qualification levels of the workforce) and the innovation infrastructure. There has to be a marked change in these drivers if the lagging parts of the region are to catch up with the rest of the region.
- 1.27 Overall productivity in the region could be enhanced in two ways (although these are not mutually exclusive): either through investing in success; or by improving the performance of the lagging elements. The former requires significant investment in the infrastructure of successful areas and enhancing connections to lagging areas e.g. through effective transport links; and the latter requires a bold economic vision in the deprived areas.

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<sup>2</sup> These figures are based on the assumption that there is only a 10 percent reduction of both net migration and net commuting under the scenario. Further, it is assumed that 50 percent of the fall in employment will be taken up by inactivity and 50 percent by unemployment.

## 2. Introduction

2.1 Deloitte was commissioned by SEEDA to undertake a review of economic and demographic projections underpinning the draft South East Plan and identify their implications for the regional economy. The brief also included testing various assumptions in terms of influencing the key drivers of economic growth and their implications for housing growth. The project was undertaken in two phases.

### Phase 1

2.2 This phase focused on reviewing the evidence base underpinning the draft Plan and assessing the impact of the three housing options proposed by the draft Plan on economic growth, labour shortages and affordability: exploring the relationship between economic growth and spatial planning.

2.3 The preliminary findings of the first phase of the research (set out in Section 4 of this report) established that none of the three housing growth options in the draft South East Plan is consistent with a forecast of 3% per annum GVA growth on current forecast assumptions. The housing growth options of 25,500, 28,000 and 32,000 dwellings per annum would lead to labour shortfalls of 380,000, 340,000 and 270,000 respectively, by 2026. This could compromise the competitiveness of the region and trigger a decline in its economic performance.

2.4 The Phase 1 research also highlighted that, like any other advanced economy, the choice for the region is not between status quo and growth but between sustainable prosperity and decline, the latter characterised in the South East by collapse in services, social polarisation and further isolation of coastal areas. Similarly, economic growth at any cost is not an option as it would be detrimental to the environmental quality of the region and increase pressures on its physical infrastructure.

### Phase 2

2.5 This phase explored possible sources for sustaining a GVA growth rate of 3% while lessening impacts on house building rates. Four possible sources for achieving this have been examined, namely:

- Productivity growth;
- Reducing economic inactivity;
- Replacing in-migration with the indigenous labour force; and
- Offshoring.

2.6 This report highlights current and projected trends in each of these areas and identifies the potential scope for further improvement. It then demonstrates the impact of achieving substantial improvement in productivity and economic activity on economic growth, housing and employment. It also tests the implications of achieving a lower GVA growth (2% per annum).

2.7 The report also comments on the key broad policy areas and identifies interventions required to achieve any improvements in productivity and economic activity to sustain the scenarios presented in this research, by agreement with SEEDA.

2.8 The Experian Business Strategies economic forecasting model (the same model used to generate economic forecasts supporting the South East Plan Consultation Document) was used in producing alternative scenarios.

### 3. Global economic context for the South East

- 3.1 The South East is one of the most successful regions in the UK and has enjoyed sustained economic growth over the last few decades. With the lowest unemployment rate and second highest GVA per head in the UK, the region is prosperous overall. But there are significant sub-regional disparities: specific communities are not benefiting from the region's prosperity, there is pressure on natural resources, and the region's physical infrastructure is straining to meet demand.
- 3.2 However, it would be naïve to conclude that the region has achieved its overall economic potential and now is the time to focus purely on a regeneration, social and environmental agenda. Sustaining economic success is as challenging as achieving it, in a globally competitive economy. The development support demanded by the South East economy is critical. The challenges are stark and resistance to change could risk undermining the heart of the knowledge economy of the South East with implications for the success of the wider UK economy.
- 3.3 Therefore, any policy response to enhance quality of life and sustain the success of the region must deal with economic, social and environmental issues in a coherent way, and invest in success as well as countering inequalities.
- 3.4 The global economic landscape is changing rapidly and the following trends will have a significant impact on the SE economy:
- China will challenge the US as the largest economy in the world in a generation;
  - By 2021, China will have more graduates than Western Europe and the US combined;
  - India alone is producing 3 million graduates a year;
  - China and India combined have a consumer market five times bigger than Europe's and between them they produce 125,000 computer science graduates every year compared with 5,000 in the UK;
  - Brazil, Indonesia, South Africa and many other developing economies are competing with the South East for certain functions and in export markets;
  - Dubai is emerging as a centre for financial services and biotechnology, with huge business parks and a world class infrastructure, targeting high value added activities and highly skilled workers
  - Closer to home, ten new countries have joined the EU and others are on their way, all with lower wage costs. This makes them an attractive location for 'near-shoring', a substitute for companies reluctant to embrace off-shoring.
- 3.5 The changing global economic climate brings challenges as well as opportunities. The challenges come in the form of increased competition for the South East's firms, and the opportunities from an expanding global market for services and goods where the region enjoys a competitive advantage, in terms of innovation, technology and creativity.

- 3.6 The South East is well-placed to thrive on this change provided that it is proactive in its policies and seizes opportunities before its competitors. Economic forces are strong and public policy cannot stop this transformation. If the region does nothing more than it is already doing, then it risks being overtaken by other global regions, losing successful businesses and skilled people to its competitors. The resources at the region's disposal are marginal in terms of regional GDP, but wisely focussed could help repel the global challenge in key areas.
- 3.7 If the region is not planning for growth, by default, it is planning for relative decline. The South East's competitors such as Boston, Singapore and Silicon Valley are adopting aggressive strategies to enhance their competitiveness.
- 3.8 However, just any type of growth will not fulfil the region's policy objectives of economic success, social inclusion and environmental protection.
- 3.9 The next section of this report provides a summary of the baseline review and findings from Phase 1 as background and the rest of the report explores policy approaches for sustaining economic prosperity while minimising pressure on the region's physical infrastructure, especially housing.

## 4. Phase 1: Review of the baseline summary findings

- 4.1 The key objectives of Phase 1 of our work included assessing the impact of the three housing options proposed by the Regional Assembly on economic growth, labour shortages and affordability. The findings of Phase 1 are summarised below.

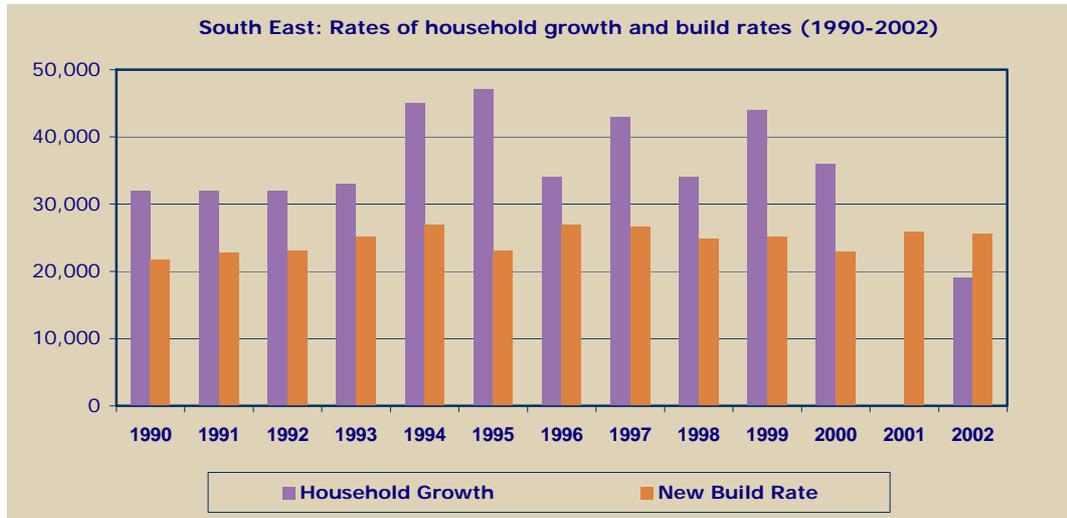
### Policy context

- 4.2 The global economic landscape is changing rapidly and it brings new challenges and opportunities for the South East. In order to benefit from these new developments and avoid losing comparative advantage in the international market, the region needs to draw a roadmap to sustain success. Like any other advanced economy, the choice for the region is not between status quo and growth but between sustainable prosperity and decline. The latter would be characterised in the South East by collapse in services, social polarisation and the further isolation of coastal areas.
- 4.3 There are perceived and real tensions between social, economic and environmental priorities. The South East Plan must be viewed in this context and while damaging environmental quality is not desirable, social inclusion and economic competitiveness must not be ignored either.
- 4.4 The Plan itself is based on a vision for the region, consistent with the Regional Economic Strategy, which focuses on the quality of life in the South East, underpinned by the well-being of its citizens, the vitality of its economy, the wealth of its environment and the prudent management of its natural resources.
- 4.5 In order to achieve that vision, a social optimum has to be sought: balancing economic, social and environmental needs. For instance, economic considerations alone have been considered to suggest a housing growth of over 47,000 dwellings per annum (the Barker Review).
- 4.6 There is a substantial body of evidence suggesting that 'restraining' growth in successful parts of the South East would lead businesses to relocate not to other parts of the South East, but out of the UK altogether.

### Current housing market and the affordability challenge

- 4.7 Whilst it is debateable how much housing is required to meet future needs (partly because of views about future household size and formations), it is clear that current levels of new housing development are failing to meet current rates of household growth. Household growth in the South East exceeded the rate of house building by 6,700 dwellings per annum between 1991 and 2001, representing a total shortfall of almost 70,000 homes.

Chart 1: South East: Rates of household growth and build rates (1990 – 2002)

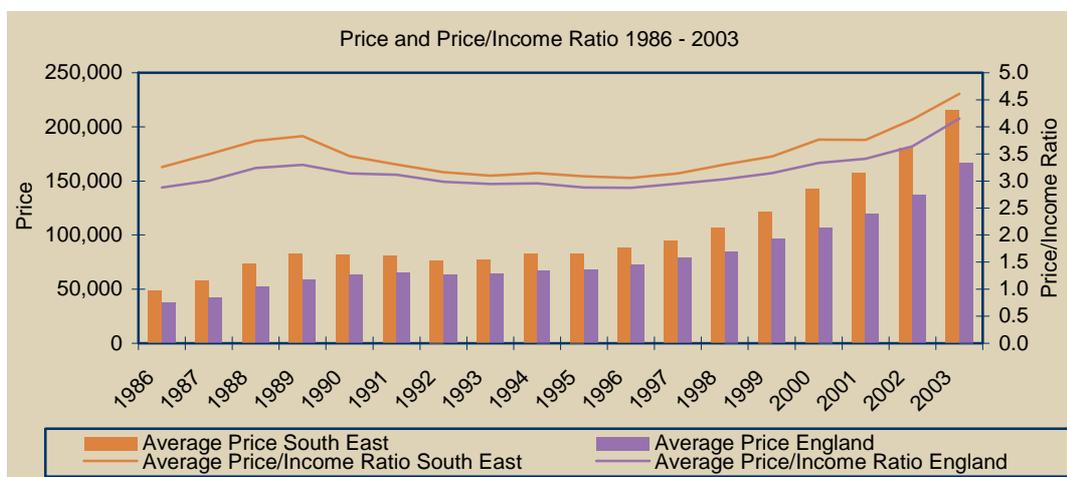


Source: ODPM

4.8 Whilst housing market dynamics and drivers are complex, it is evident that, as a result of shortages, the South East is experiencing problems of affordability, inequality in housing wealth and barriers to labour market entry with implications for both the public and private sector industry/services. If the shortfall experienced during the 1990s continued over the lifetime of the Plan (to 2026), there would be a shortfall of almost 170,000 dwellings. On current plans (i.e. before taking into account the South East Plan and decisions to be based upon it) there is no prospect of the current housing market shortfall being overcome.

4.9 The South East has experienced rampant house price inflation over the last decade or so; since 1986 house prices in the region have quadrupled. As shown in the figure below, the prices have consistently been above the UK average and since 1998 the gap has been growing more rapidly.

Chart 2: House Prices and Price / Income Ratios 1986 - 2003



Source: ODPM

4.10 Household incomes have not been rising at similar rates. As demonstrated in the chart above, the house price/income ratio has been rising since 1998.

4.11 As a result, house prices in the South East are increasingly unaffordable for those on low-middle incomes and lacking existing equity. This is a barrier to labour market mobility. An increasing number of households lack any means or prospect of securing market access to housing in the region, as demonstrated by the following analysis:

- house prices have risen by 70% since 1999, with housing at the lower end of the market (i.e. the most affordable) rising by 89%;
- annual earnings have increased by just 30% in the same period, making home purchase less affordable;
- On normal lending criteria of 3.5 times income, prospective home buyers in the region need to earn over £54,400 a year to buy the average home – twice the regional average earnings of £29,000. More people are below the mean earnings level than are above it;
- The proportion of house purchases by first time buyers in the South East has fallen from 48% in 1993 to just 18% in 2003.
- Waiting lists for housing are rising by more than 10% a year and homelessness has increased by 15% over the past 4 years. There are 147,000 people on housing waiting lists in the region; and
- Affordable housing completions are just 6,000 a year, and do not compensate for the loss of social rented properties as a result of right to buy.

4.12 This is creating growing inequalities between: a) those with housing equity (and housing wealth) who benefit from rising prices and are able to progress up the ladder (and who are able to use this equity in a way which fosters entrepreneurship and investment); and b) those whose incomes are insufficient to give them market access to housing and who therefore do not have access to equity and housing wealth. A recent report by Shelter suggested this might represent a “return to the deep social divisions of Victorian England” The potential for a very significant proportion of the population in the region to lack the ability to access housing wealth will give rise to dramatic changes in the structure of the economy.

#### **Forecasts and analysis - demographic projections**

4.13 The Assembly had prepared two demographic projections to help inform the Plan-making process. The first projection has been produced by Anglia Polytechnic University using the Chelmer Model. It is based on long-term (ten year) migration trends. The second projection was produced by the Chairman of the Regional Assembly’s Demography Sub-Group. It is based on the ONS draft 2002-based sub-national population projections; as such it is based on short-term (five year) migration trends.

4.14 The key demographic trends over the Plan period to 2026 are as follows:

- Resident population will increase by between 985,100 and 1,094,800 (11-12% increase to the current base of just over 8 million);

- The age structure of the region's population will change significantly; with a reduction in 25-44s, increase in 45-60s and over 75s. This has implications for labour supply, service provision and household formation
  - Household size will continue to decline (ONS projections show a fall from 2.34 persons per households in 2001 to 2.15 in 2021; and
  - As a result of indigenous population growth and migration, there will be an increase of between 724,000 to 866,000 households in the region; one third generated by in-migration (primarily from London).
- 4.15 Short-term migration-based projections suggest that the region requires just over 36,000 dwellings per annum to 2026. This is consistent with the methodology for government projections in its use of the 5-year trend – although this is in itself not a justification for the results as it simply represents an extrapolation of what has occurred in the recent past. The household growth component of this projection is broadly equivalent to the Government's interim 2002-based household projections (which apply the 1996-based household formation assumptions to the 2002-based population projections). The long-term (ten year) migration-based projections result in a requirement of 30,500 per annum.

#### **Economic forecasts**

- 4.16 The demographic projections underpinning the above dwellings estimates were then fed by the Regional Assembly into Experian's economic forecasting model. The link between demographic and economic models in this process is not transparent. However our detailed analysis of Assembly's figures reveals that, even 36,240 dwellings per annum<sup>3</sup> fall short of providing enough labour required to achieve an annual GVA growth of 2.99%; and would lead to a labour shortfall of 243,000 people by 2026.
- 4.17 The following analysis provides a preliminary assessment of the Assembly's figures underpinning the draft Plan. It also identifies further work required, in association with the Assembly, to arrive at firm conclusions about housing growth required to support economic aspirations of the region.
- 4.18 According to Experian forecasts commissioned by the Assembly, an annual productivity growth of 2.27% (compared with the historic trend of 2.32%) and employment growth of 0.71% (compared with 1.42% historic trend) is projected to deliver 2.99% GVA growth per annum. This annual employment growth translates into 805,000 additional jobs generated over the life of the South East Plan. Using short term migration-based projections, 866,000 additional households (36,000 dwellings per annum) would provide 562,000 additional economically active people; leaving a total labour shortfall of 243,000 by the end of the Plan period.
- 4.19 The following table provides estimated labour shortfall under each of the three housing options proposed in the draft Plan. Clearly, none of the three would deliver the housing required to sustain a 3% per annum GVA growth to 2026.

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<sup>3</sup> This figure includes current backlog, shortfall and replacement estimates provided by the Assembly in the draft Plan.

4.20 The housing growth options of 25,500, 28,000 and 32,000 dwellings per annum would lead to labour shortfalls of 380,000, 340,000 and 270,000 respectively, by 2026. This could compromise the competitiveness of the region and trigger a decline in its economic performance.

**Table 2: Labour shortfall under the three housing options**

	Baseline (used in the draft Plan to achieve 3% GVA growth per annum)
Annual productivity growth (%)	2.27 (historic trend 2.32%)
Annual employment growth (%)	0.71 (historic trend 1.42%)
Total employment growth	805,000
Labour shortfall – with a build rate of 25,500 per annum	381,000
Labour shortfall – with a build rate of 28,000 per annum	339,000
Labour shortfall – with a build rate of 32,000 per annum	273,000

Source: Deloitte calculations based on the draft South East Plan figures

4.21 Failing to deliver the required housing would compromise the economic prosperity of the region’s residents and lead to further in-commuting. Current commuting patterns suggest that, excluding London, there are around 35,000 net in-commuters to the South East: far fewer than expected figures under all three housing options.

### Offshoring

4.22 The draft Plan notes, based on Experian’s October 2004 study, that more than 200,000 jobs might be lost to other low cost locations abroad – a number similar to the potential labour shortfall described above

4.23 However the methodology of the offshoring study is insufficiently robust to draw firm conclusions capable of being applied to the housing requirements estimates for the Plan. Firstly, it does not deal with the substitution phenomenon adequately and secondly, its findings at sub-regional level, suggesting that the areas at greatest ‘risk’ are Berkshire, Oxfordshire and Buckinghamshire, are contrary to other Experian research predicting these areas to achieve the highest growth in Europe over the next few years, underpinned by their economic structures.

### Migration trends

4.24 Because there is limited mileage in debating the underlying assumptions on household formation and natural change (these are set by the Government’s actuary department and/or reflected in the most recent projections), the major debate on future housing requirements has focused around migration (as evidenced by the two projections produced by the Assembly). However, migration trends are very complex, and need to be considered carefully.

4.25 In-migration to the South East comprises two principal components: The first is housing-led migration from London (a net inflow of 47,000 people in 2003, consisting primarily of those with higher incomes who are better able to afford market housing and are driven by desire to improve housing circumstances and quality of life). The shortages of housing and higher prices are unlikely to act as a barrier to these flows – and there is no evidence that recent trends will be reversed. The second component is people who arrive for economic reasons to work in the public and service sector (in many cases from abroad and generally at the low-middle earning level). Because incomes among this group are more modest (and often relatively low), the shortage of housing and higher prices will act as a barrier to this group – which is needed to sustain the regional economy.

#### **Economic growth and housing**

4.26 The South East's economy is strong at the current time, but still faces many challenges and therefore there is no room for complacency. Adequate housing is required in order to:

- Ensure that sufficient housing is provided to support and sustain the economic growth that is needed to maintain the South East's competitiveness in an increasingly competitive global market. This will mean supporting 'clusters' of high growth sectors and sustaining support services (including in the public sector) to ensure their performance is maintained and supported; and
- Ensure that sufficient housing is provided in less prosperous areas (e.g. the coastal areas) to ensure that mixed use housing-led development generates more sustainable communities with greater housing and local employment opportunities, coupled with consumption-led development derived from local population growth.

4.27 Phase 1 of our study for SEEDA concluded that there is a clear need to explore ways of sustaining the economic prosperity of the South East while lessening pressures on house building rates. Four possible ways of achieving this were identified: productivity; economic activity; offshoring; and in-migration. The remainder of this report explores these sources in detail and identifies the impact of achieving maximum improvements in productivity and economic activity on the housing needs of the region.

## 5. Productivity

- 5.1 Productivity is the main determinant of living standards. It refers to how well an economy uses the resources it has available by relating the quantity of inputs to outputs<sup>4</sup>. Productivity can be defined as the sum of all incomes earned from productive activity i.e. income from employment, self employment, and gross trading profits and rent divided by total full-time equivalent workers.
- 5.2 This section explores the extent to which productivity growth could be enhanced further in order to sustain the success of the South East, while minimising pressures on the region's physical infrastructure, including housing. The analysis is based on a comprehensive review of the baseline, international comparisons and the untapped potential within the region.
- 5.3 Future economic growth in the South East would, primarily, be driven by productivity growth with employment growth much slower than in the past. This is due to a slowdown in working age population growth and reduced scope for increases in employment rates given the current high levels.

### The baseline

- 5.4 The baseline forecasts underpinning the draft South East Plan estimate a fall of employment growth from 1.42% per annum in the period between 1986 and 2001 to 0.71% between 2001 and 2026. Although future productivity growth is also expected to be slower than the historic trend, the decline is marginal: from an annual growth of 2.32% to 2.27% over the same period.
- 5.5 This decline is due to restructuring of the regional economy away from manufacturing to services. Manufacturing's contribution to GVA is expected to fall further over the Plan period. In general, manufacturing industries have higher levels of productivity and growth. For instance, manufacturing productivity in the South East is 50% higher than the average of non-manufacturing sectors.
- 5.6 However, it is important to differentiate between productivity levels and growth rates; the former continue to rise. An annual productivity growth of 2.27% translates into an overall increase in productivity from £39,000 per worker (FTE) in 2005 to £62,500 per worker by 2026 (constant prices).

### The UK and the European context

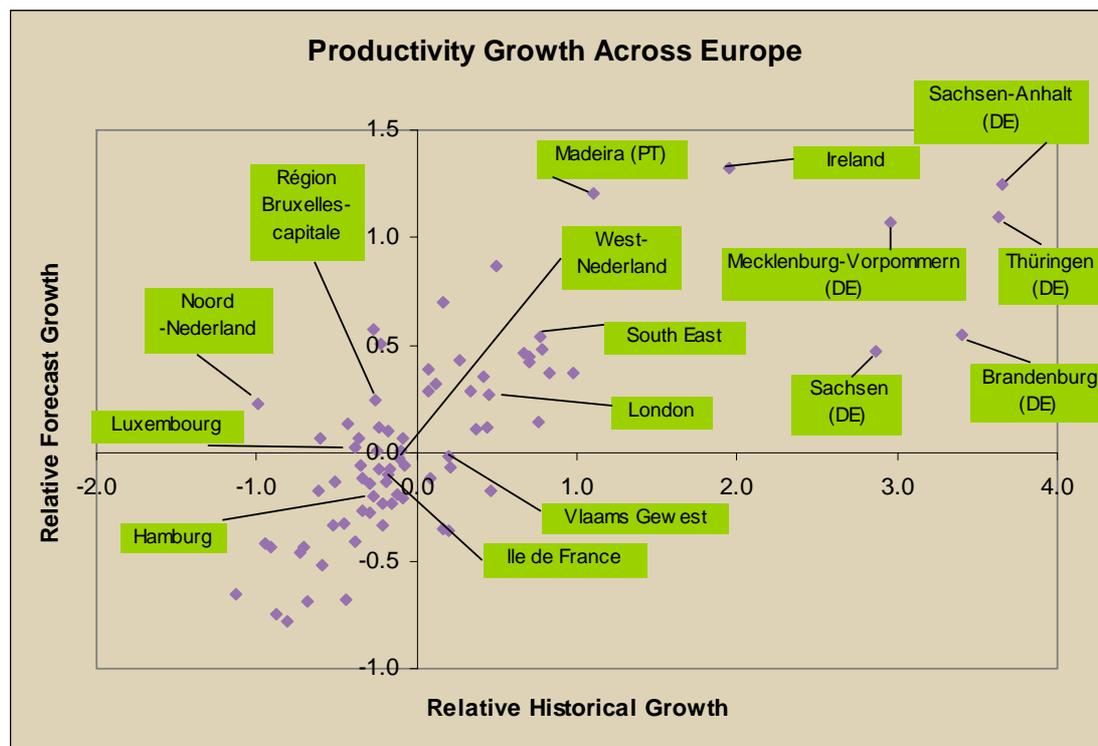
- 5.7 Productivity growth of 2.27% per annum is significantly higher than the 2.0% long-term growth projected by the HM Treasury for the UK economy as a whole. No other UK region, including London, is expected to perform better than the South East in terms of productivity growth.
- 5.8 The region lags behind other European regions in terms of productivity levels, ranking 16th out of the 77 EU 15 regions in 2004 (excluding regions in the newly joined member states). However, the following chart shows that this gap is closing. It is clear from this analysis that the region has been outperforming most EU regions, including Hamburg, Ile de France and London, in terms of productivity growth and is expected to continue this strong performance.

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4 See HM Treasury (2001) Productivity and the UK: The evidence and the Government's approach

- 5.9 These relatively high growth rates reflect in part the batting average effect whereby a number of areas across Europe will be focusing more on bringing people into work (given the distinctly higher unemployment rates in France and Germany compared to the UK) and that the marginal worker tends to be less productive. It also in part reflects the relatively strong historic rates seen in the South East.
- 5.10 The annual productivity growth in the South East has been around 1% higher than the EU average and is expected to be approximately 0.6% higher over the forecast period.
- 5.11 The regions in the top right-hand corner of the following chart (showing high historic as well as forecast growth rates) have low overall productivity levels, with the exception of Ireland. For example, Sachsen-Anhalt (Germany) and Madeira (Portugal) ranked 70<sup>th</sup> and 75<sup>th</sup> respectively out of the 77 EU regions in terms of productivity levels in 2004.

**Chart 3: Productivity growth across Europe**



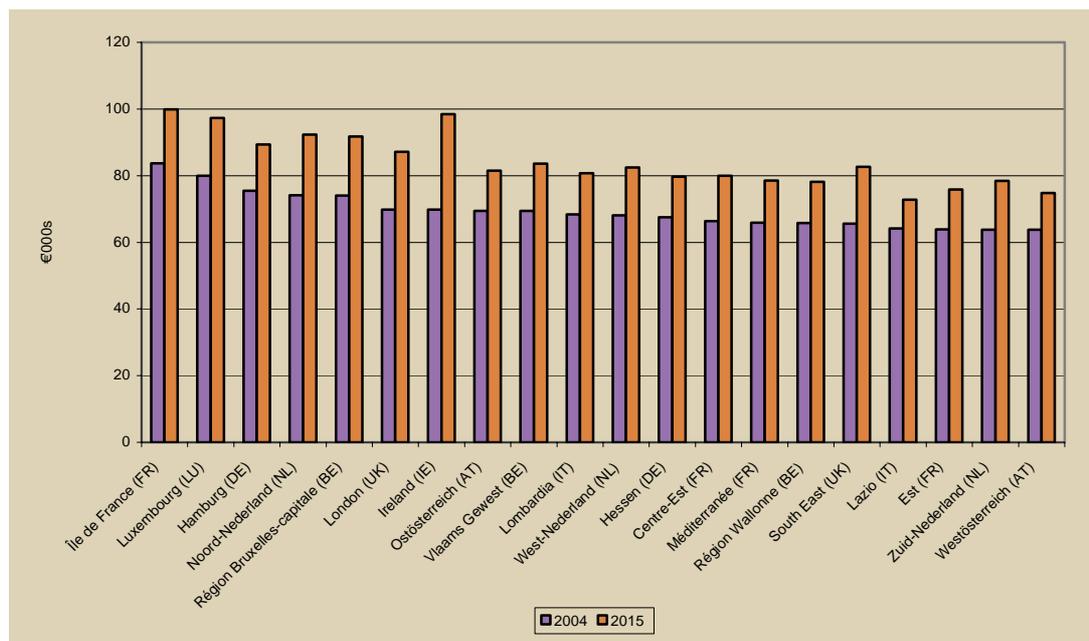
\*Growth rates are relative to the EU average. \*Historic time period (1991-2002).

\*Forecast period (2003-2015)

Source: Experian

5.12 The chart below shows productivity levels for the top performing regions in the European Union<sup>5</sup> in 2004 and their forecast performance in 2015. The chart shows the South East improving its standing from 16th in 2004 to 9th in 2015 to record the second largest productivity growth in the EU, after Ireland. Ile de France is forecast to remain the most productive region, but records only the 16th highest projected growth.

**Chart 4: Europe's 20 most productive regions (productivity level at constant prices)**



Source: Experian

**Potential for further growth**

5.13 The above analysis demonstrates that the baseline productivity growth rates assumed in the draft South East Plan are robust and consistent with other forecasts. Achieving such growth rates would enhance productivity levels significantly and close the gap between the South East and the best performing European regions. It should be noted that sustaining these rates would require concerted efforts in terms of skills, innovation, research and development and investment.

5.14 However, there are the following two potential avenues for moderate improvements in growth rates beyond the baseline:

- Reducing sub-regional disparities; and
- Attracting certain high value added activities from London.

<sup>5</sup> The data behind the chart are presented in Table A1.

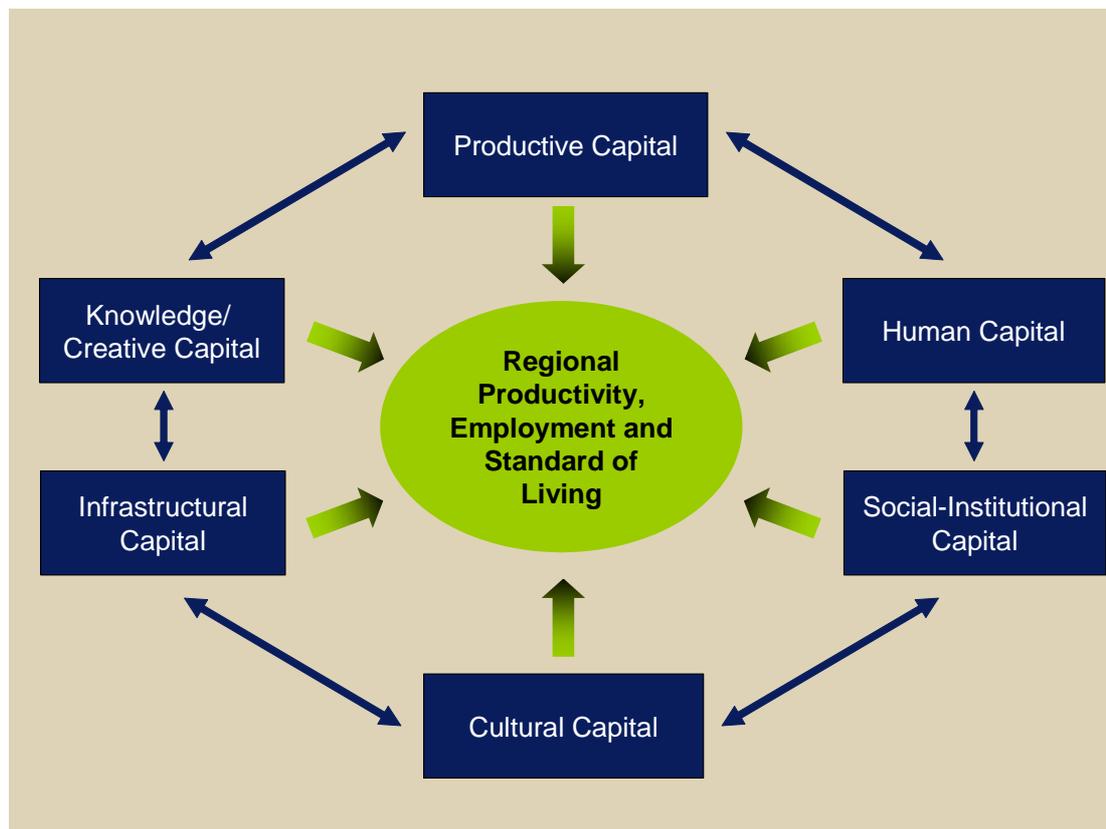
- 5.15 As demonstrated in Section 10 of this report, there are significant disparities between different parts of the region in terms of productivity. If every sector in Kent, East Sussex and Isle of Wight (the lagging areas) were to catch up and match the region's projected average productivity levels of 2026 over the Plan period, the overall regional productivity growth would improve further by around 5% on the baseline projected growth of 2.27% per annum. Although it is very unlikely that by 2026, Isle of Wight, with its current economic structure, would be matching the productivity levels of one of the most productive regions in Europe, this clearly demonstrates some scope for further improvement.
- 5.16 Secondly, financial and business services sectors are significantly less productive in the South East than in London. For example, productivity in the South East is projected to be £66,000 per worker lower in financial and business services than in London by 2026. This is due to the nature of specific activities undertaken within these sectors in the capital. This raises interesting questions as to whether it is likely that the South East economy would ever have a similar structure to the London economy and in particular in sectors such as financial services. Advancements in telecommunications present an opportunity for the South East to attract some of these activities out of London.
- 5.17 Table A2, in the appendix, details some of the sectors where there could be potential for productivity uplift in the South East as indicated by examining the sectoral performance of other regions in the UK.
- 5.18 It is estimated that if the region were to succeed on both fronts through investment in infrastructure, skills, enterprise and other policy interventions, the overall productivity growth rate might improve by 5% on top of the baseline to give 2.39% per annum growth to 2026. However, any change in the productivity growth trend over the next 5 years to 2010 is very unlikely. To achieve the 5% additional growth would therefore require, for the period 2010 to 2015, a rise of 4% over the baseline annual average forecast growth rate, and over the period 2016 to 2026 an uplift of 8.5% would be demanded, supported by a robust policy and investment framework.
- 5.19 The rest of this chapter identifies some of the policies and interventions required to achieve projected growth in productivity as well as any further improvements.

### **Policy implications**

- 5.20 The government identifies five main drivers of productivity in its approach to the UK competitiveness:
- Skills (human capital)
  - Investment (physical capital)
  - Innovation
  - Enterprise
  - Competition
- 5.21 The existence of any one of these drivers by themselves is a necessary but not sufficient condition for productive performance. The linkages between these drivers are critical.

5.22 Building on the five drivers, the following model takes into account other ‘softer’ elements of productivity growth such as institutional and social capital and demonstrates their inter-dependence. A clear policy framework is required to influence these factors in a co-ordinated way to achieve improved productivity growth rates in the region.

**Figure 1: Bases of regional competitive advantage**



**Skills (human capital)**

5.23 There is a pronounced skills dimension to productivity. Skills are critical not only to enhance the productivity of the region but also to achieve an inclusive society. The skills agenda must focus on continuous up-skilling of people and a culture of lifelong learning. This will guarantee *employability for life*<sup>6</sup> and ensure that every individual contributes their full potential to wealth creation and gets the full benefit in return.

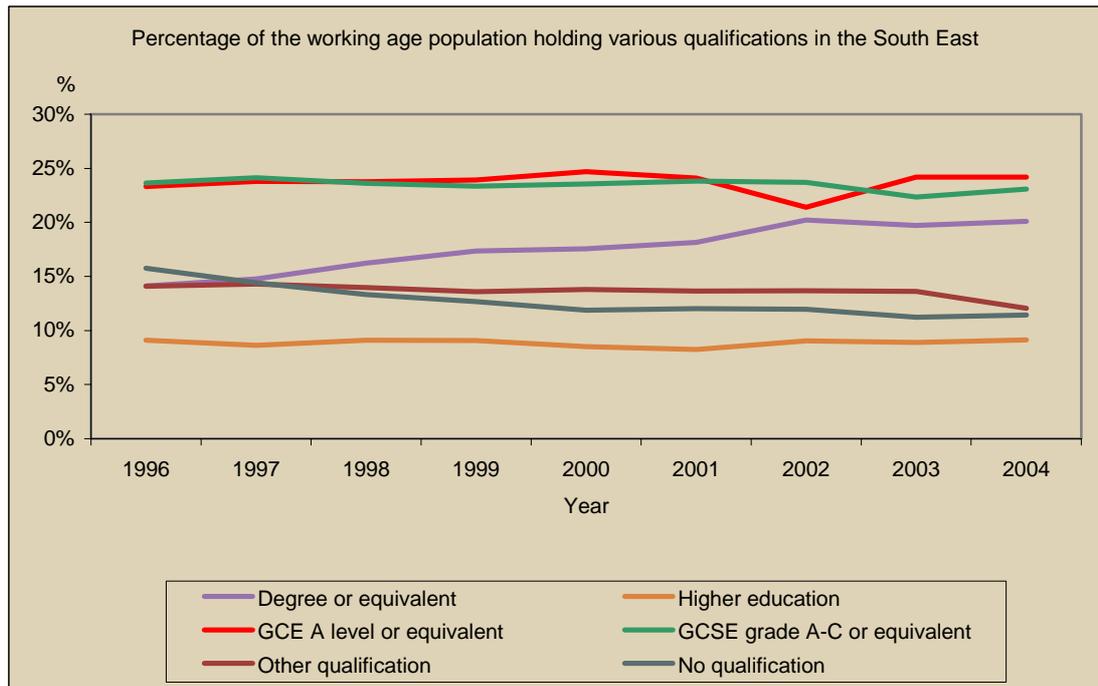
5.24 Human capital is the key determinant of economic growth: it affects productivity directly, by improving labour productivity, as well as indirectly by developing innovation and investment. The UK as a whole performs poorly in terms of the percentage of the population with literacy skills at the lowest levels. This clearly affects productivity as basic skills are required for an increasing majority of jobs in the UK as the effects of a knowledge economy begins to filter through the national economy.

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6 The National Skills Strategy

5.25 Although the South East is performing better than the UK as a whole, there remain significant issues with basic skills: around one million people in the region lack basic literacy or numeracy skills. The following chart demonstrates that, although there has been some improvement in the proportion of people with degree level qualifications in the region's workforce, the proportion with intermediate skills has remained fairly unchanged since 1996.

**Chart 5: Percentage of working age population holding various qualifications in the South East**



Source: Labour Force Survey

5.26 There needs to be a coherent policy to increase the opportunities for intermediate and higher level education. This must include collaborating with employers to increase the participation in training at work. Training/education must be shown to be a real option at any time throughout life.

5.27 In the current climate of rapid technological advances there must be scope for training and retraining throughout life to remain abreast of the services and processes in use (lifelong learning). Any changes in the education system today will take a generation to have an impact on skills levels in the workforce so there must be initiatives put in place to tackle the problem throughout the working life of individuals. This will enhance the productivity of the region's businesses as well as supporting 'employability for life' in the new knowledge economy.

### Investment

5.28 This is one of the defining contributory factors to improved productivity, as investment in physical plant, machinery and buildings helps workers to be more productive. In addition to these forms of investment, ICT has become a significant destination for investment and has become a major driver in the productivity of the workforce.

- 5.29 The UK as a whole suffers from low levels of capital investment in both manufacturing and services. There is a significant shortfall in business investment per worker. It must be remembered that investment is not an end in itself and can only add to prosperity if it earns sufficient returns to cover its costs.
- 5.30 Government investment both in the public and private sectors is crucial to improving productivity. Services such as transport have long-lasting effects on the economy as a whole.
- 5.31 However, this cannot be done in isolation as it must respond to the needs of the business community if it is going to provide a return. Government investment in the public sector can only go so far in raising productivity in the private sector and, therefore, needs to coincide with private sector initiatives to ensure that such investments are going to achieve improvements in productivity.
- 5.32 Another area vital to improving productivity is digital connectivity in the South East and the ability of firms to leverage its benefits. Smaller firms need to be targeted in this regard to bring them in line with the region as a whole. The government has encouraged competition in the broadband market to drive down prices and ensure a high quality product. However, this policy now needs to be tempered to ensure that all areas, including the rural communities, have access to broadband.

### **Innovation**

- 5.33 Innovation is a key driver in productivity both at a regional and national level. The UK does not perform well in this regard although there is a strong science base that is at the forefront of primary research. There is a clear need for fostering university-business links and inter-firm links to nurture a culture of innovation.
- 5.34 The needs of the region's businesses need to be prioritised in these university-business links, so that the relationship goes beyond local firms licensing the intellectual property of regional universities to a pro-active relationship whereby university staff can be used to solve specific problems facing businesses in the region. The region's firms therefore need to be able to articulate their demand, while the universities will need to become more demand-orientated in their research.
- 5.35 A second dimension to innovation is in terms of spreading best practice, so that firms can share experience to find new ways of doing familiar tasks. In this sense innovation need not be based on cutting-edge research but rather on the application of established methods in new settings.

### **Enterprise**

- 5.36 The UK's level of enterprise is not competitive on a global scale. The level of start-ups in the UK is lower than its international competitors. This issue needs to be addressed as enterprise is a very significant source of growth and enhances productivity substantially. The UK performs well in terms of equity markets but faces greater challenges in the low entrepreneurial culture, venture capital and the poor attitude to risk-taking.

5.37 There is a need to improve the availability of business support on the ground. An improvement in skills might also increase the level and success of start-ups. It must be recognised that the small number of fast-growing enterprises tend to be the main source of innovation and new job creation. It is therefore important to link small businesses with universities and other research establishments for knowledge transfer. The level of access to finance also needs to be enhanced to meet the needs of enterprises.

### Competition

5.38 Competition is the fifth driver of regional productivity<sup>7</sup>. It drives productivity by providing incentives for firms to innovate and adopt new technologies and working practices. Furthermore it is a key driver of the reorganisation of market structures, serving to allocate resources away from inefficient firms or declining sectors to more efficient firms and growing sectors.

5.39 In large and densely populated regions, such as the South East, firms are likely to experience higher levels of competition. Not only can these markets support a greater number of competitors, but also firms and consumers are more likely to have comparatively easy access to a wide choice of suppliers. The challenge for the South East is to improve competition to promote flexible markets and increase business efficiency and consumer choice.

5.40 At the global level international trade and investment adds to the competitive intensity of an economy. It permits specialisation in those goods and services that economies produce more efficiently, and access to larger markets permits the exploitation of economies of scale. Trade and foreign direct investment also generate wider benefits to the economy through knowledge spillovers, as domestic companies learn about new techniques and technologies from their international competitors.

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<sup>7</sup> HM Treasury (2001) Productivity in the UK – 3: The Regional Dimension

## 6. Economic inactivity

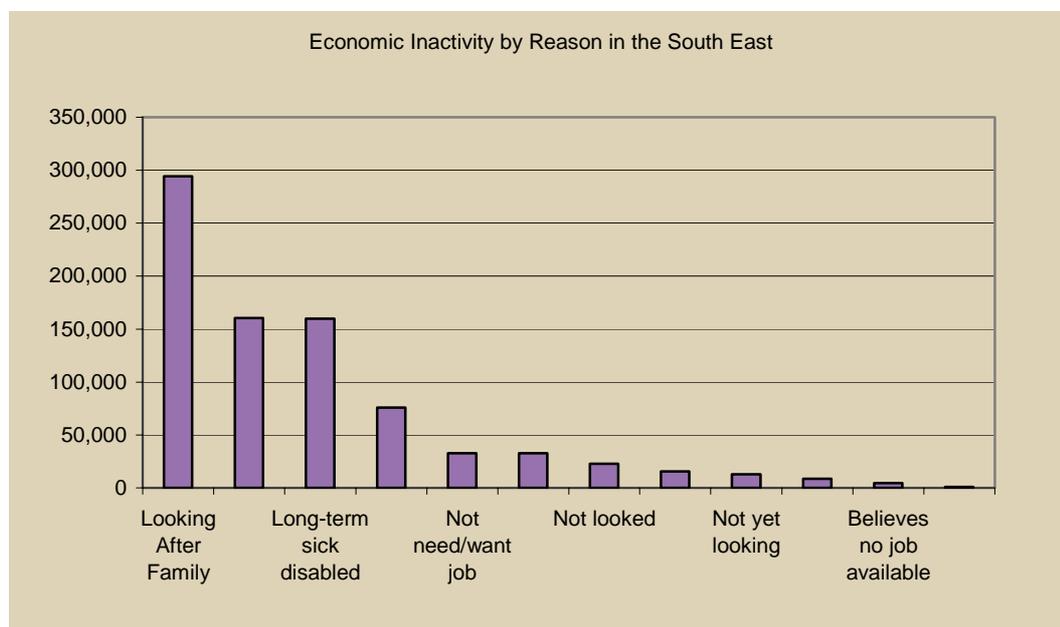
6.1 This section explores the potential for enhancing economic activity rates in the region and therefore reducing the economic pull for in-migrants. The analysis examines the profile of the economically inactive residents in the South East in terms of their age structure, qualifications and reasons for inactivity. Building on this analysis, these residents are categorised in terms of their likelihood of becoming economically active over the Plan period. The section also identifies key interventions and policies required to achieve higher economic activity rates.

### The Scale of Inactivity

6.2 On average, since 1996 there have been around 820,000 economically inactive people of working age (16-65) in the South East. To minimize the impact of any cyclical fluctuations and deal with the Labour Force Survey sampling issues, we have worked on the time series data for our analysis, especially given that the levels of inactivity have been consistent (at around 820,000) over this period.

6.3 The following chart provides a breakdown of these 820,000 economically inactive people in terms of their reasons of inactivity. It is important to note that the people 'looking after family' form by far the largest segment of the economically inactive in the region. Around 300,000 (or 35%) of the economically inactive fall under this category.

**Chart 6: Economic Inactivity by reason in the South East**



Source: *The Labour Force Survey (1996-2004)*

6.4 The second largest group is students: 160,500 people fall in this category. This group should be treated differently when establishing the scope for reducing inactivity as people in this group are expected to take up employment after completing their studies. The Experian baseline forecasts take this into account. As these students take up employment, others would join this group. In an increasingly knowledge based economy, we have assumed that a similar proportion would remain in this category over the long-term.

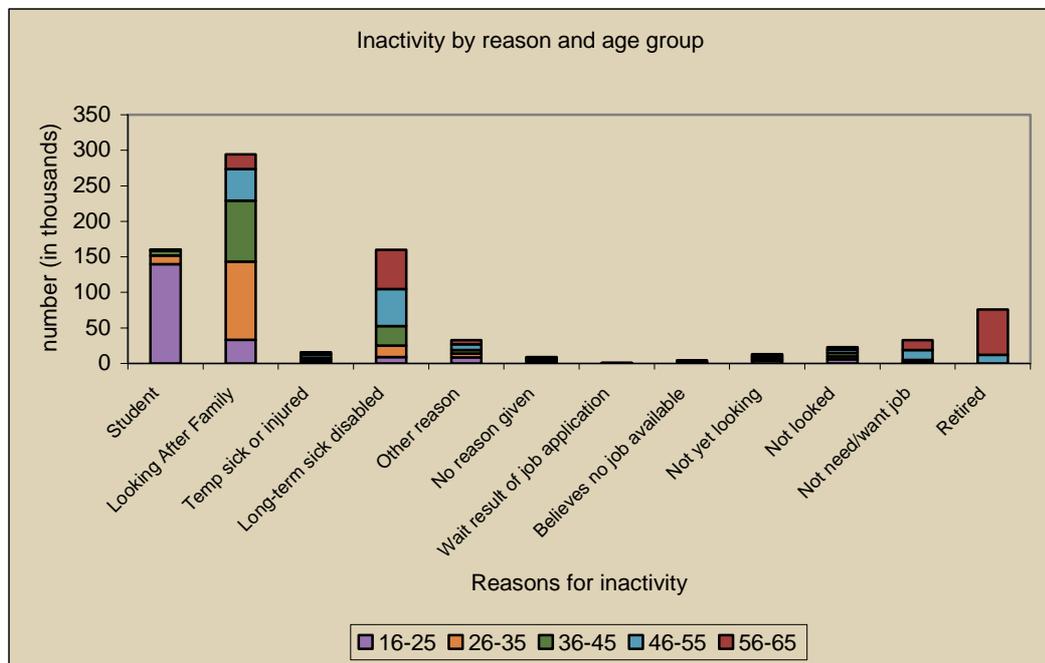
6.5 The other major categories include long-term sick or disabled (160,000) and retired (75,000).

**Age Structure**

6.6 The following chart shows the age profile of economically inactive people in the four largest groups. Not surprisingly, an overwhelming majority of students (87%) fall in the age group 16-25. Similarly, of the 75,000 retired, 64,000 are over 56 and another 11,000 over 46.

6.7 A large proportion (67%) of the 'looking after family' group is aged between 26 and 45. This group includes lone parents and people looking after elderly relatives. On the other hand, the majority of people who are long-term sick or disabled are 45 or over.

**Chart 7: Inactivity by reason and age group**

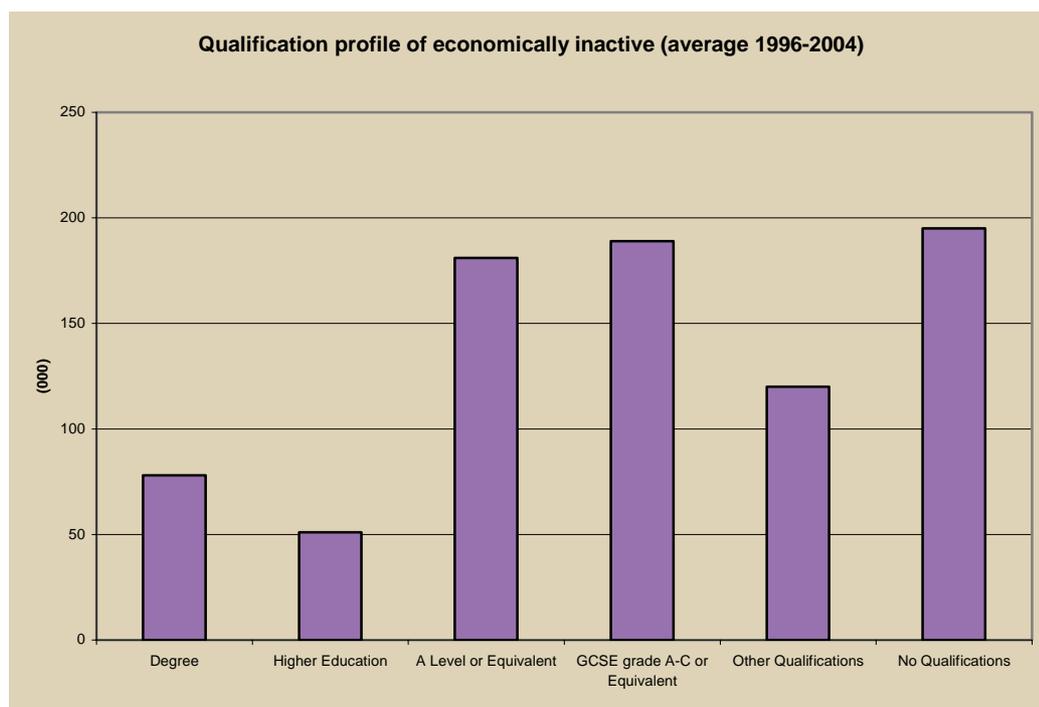


Source: Labour Force Survey

### Qualification levels

6.8 The following chart shows the highest levels of qualifications held by economically inactive people in the South East. Over 300,000 of these people are qualified to level 3 or above. On the other end of the spectrum, 200,000 have no qualifications.

**Chart 8: Qualification profile of the economically inactive (average 1996 – 2004)**



Source: Labour Force Survey (1996-2004)

- 6.9 According to 2004 data, 88% of people with degree level qualifications are employed compared to 60% with no qualifications. Employment rates among people with qualifications have remained constant or improved slightly since 1996. However, employment rates among people with no qualifications have fallen from 65% in 1996 to 60% in 2004.
- 6.10 Similarly, 35% of people of working age with no qualifications in the region are economically inactive (up from 28% in 1996), compared with just 10% with degree level qualifications (this figure, however, rises to 17% for the 56-65 age group, indicating early retirement amongst more affluent residents). (Table A7 in the annex provides detailed analysis of economic inactivity by age and qualifications.)

### Scope for improving economic activity

6.11 As demonstrated in the above analysis, around 800,000 people of working age are economically inactive in the South East. In a dynamic and prosperous economy such as the South East, where demand for skilled labour is high, a proportion of these people could be brought back into the labour market.

6.12 Government is making a concerted effort to enhance employment rates among certain groups such as people claiming incapacity benefits and ethnic minorities. If these measures, alongside the provision of adequate childcare, are successful, a significant proportion of those currently inactive in the South East might be able to take up employment.

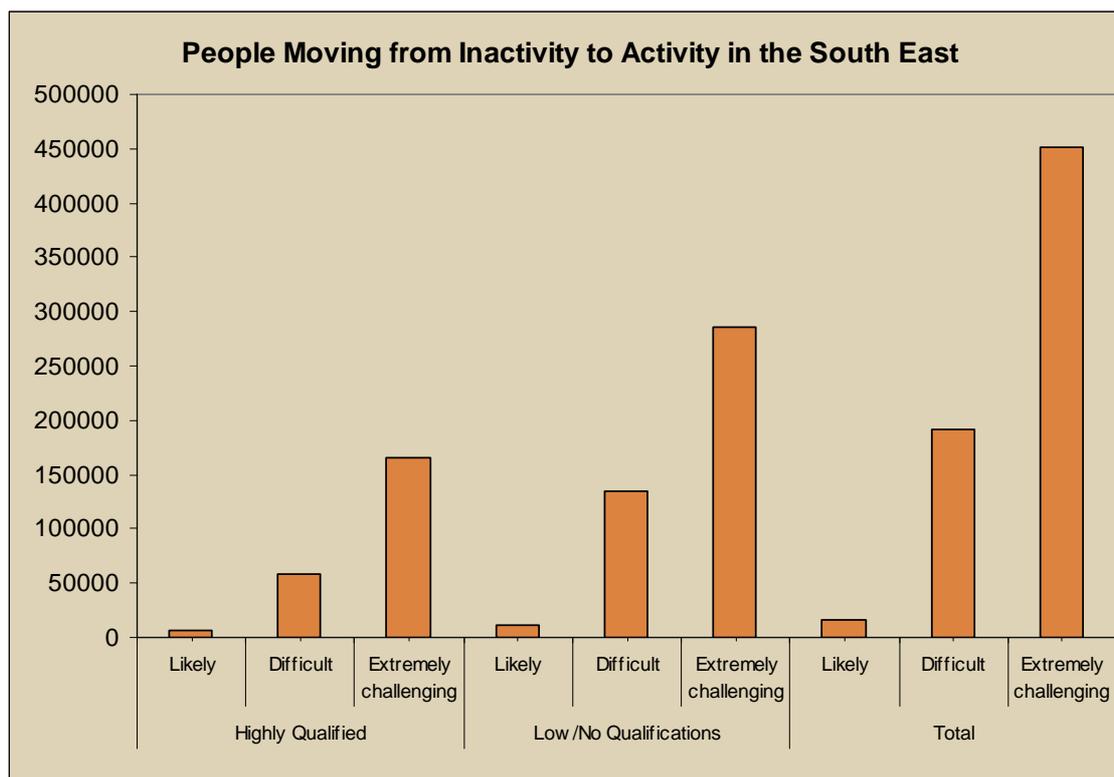
**The Base Line**

6.13 Before establishing the scope and scale for further reductions in economic inactivity, it is important to note that employment growth projections in the draft South East Plan assume a rise in economic activity rates to bring an additional 50,000 residents into employment. This implies an increase in economic activity rates from 83% (already the highest in the UK and Europe) to 85% by 2026.

**Potential scope**

6.14 Based on the profile of the economically inactive and their reasons for inactivity, the following chart categorises these groups in terms of their probability of joining the labour market over the Plan period

**Chart 9: People Moving from Inactivity to Activity in the South East**



*Note: Highly qualified include people with NVQ level 3 and above.*

*Source: Deloitte and Experian Calculations*

6.15 All economically inactive people, except students, are categorised as follows:

- **Likely (17,000):** This group includes individuals who are seeking work, plus those who would like to work and are not looking after family or long-term sick. It also includes those people who are temporarily sick or awaiting a job application result. Of these people around 35 percent are highly qualified (level 3 and above);

- Difficult (190,000): This group includes individuals who would like a job but are not seeking employment as they look after family, are long-term sick or believe that there is no job in the market suitable for them. This group also include those who have not yet looked for a job or did not give any reason for inactivity. It would be harder to bring these people back into economic activity compared with the first group as there would be a number of policy interventions required to achieve this, such as childcare provision, addressing the benefits trap and also issues of job awareness.

There have been a number of recent policy announcements from central government to tackle these issues and, subject to their success; it is conceivable that all of these people could be brought into the labour market by 2026. However, it is important to note that this is a stretching target. To put this in context, if all parts of the South East were to increase economic inactivity levels to match the highest current rate (i.e. Berkshire), the reduction in economic activity would be 96,000: less than half of those currently in these two groups; and

- Extremely challenging (450,000): This group includes those who are not seeking work and would not like to work. The individuals are either retired, long-term sick or disabled and looking after family or do not need/want a job.

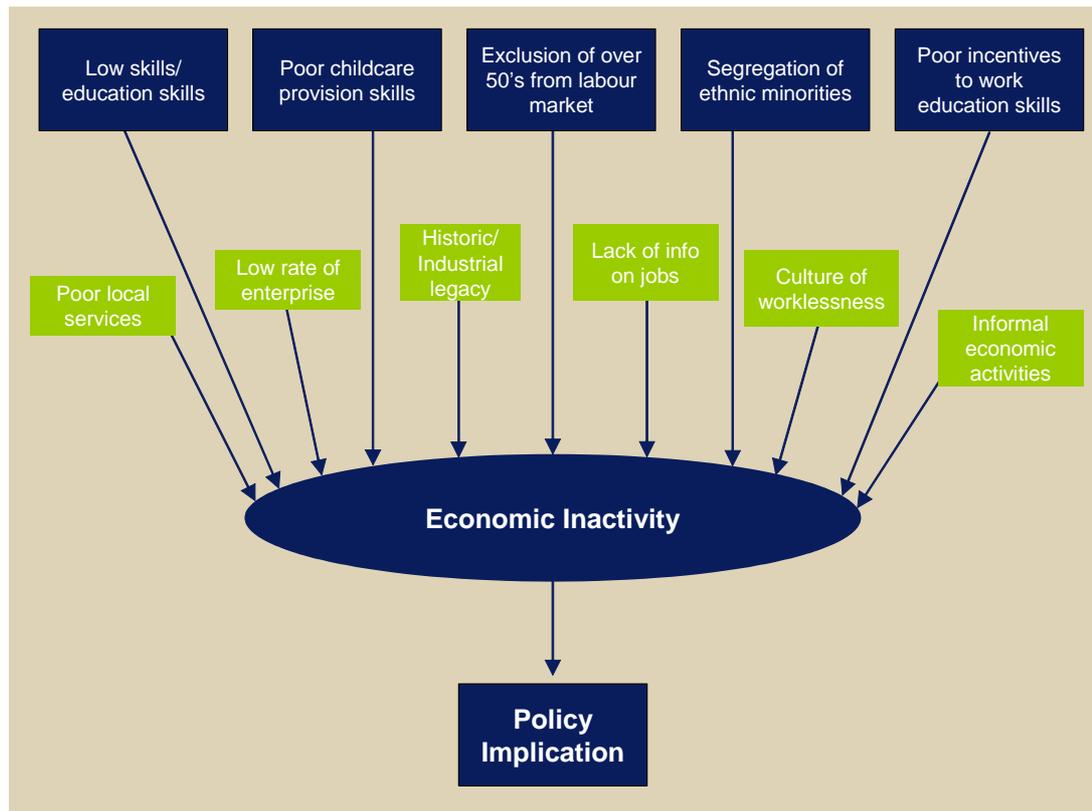
6.16 The first two groups (likely and difficult) combined include 55% (105,000) of those who 'look after family' and 53% (80,000) of the 'long-term sick'.

6.17 Some people who are currently inactive may not want to work in certain occupations such as low-paid services (care sector and catering for example); while on the other hand they might not be able to work in highly skilled occupations, unless their skills and abilities are significantly enhanced. Moreover, a large number of economically inactive people in the region are relatively affluent and do not work due to lifestyle choices such as early retirement, career breaks and spending time with family.

### Causes of economic inactivity

6.18 Economic inactivity is a complex and multidimensional issue with a range of drivers. The following section outlines some of the key causes of economic inactivity and highlights policy challenges facing the South East in terms of tackling this issue.

**Figure 2: The Drivers of Economic Inactivity**



### Low skills and qualifications levels

- 6.19 As highlighted in the analysis above, economic inactivity is particularly high among people with no or low qualifications. Sub-regionally, areas with high rates of economic inactivity such as East Sussex, Isle of Wight and Kent have also a higher concentration of low skilled people.
- 6.20 Levels of qualifications and economic activity seem to be directly related. According to the Census 2001, about half of the population had no qualifications in the 10% of the output areas with the highest proportion of people receiving benefits – one and a half times the national average. In all of the South East's sub-regions inactivity rates are highest for those with no qualifications and lowest for those with high qualifications.

6.21 In order to bring economically inactive people back into the labour market, the region needs to improve the qualification/skills levels of its population. Addressing the skills challenge is a generational issue requiring interventions at all levels: from schools to lifelong learning. The age profile of currently economically inactive in the region suggests that a concerted effort would be required to improve the employability of these people. A demand led approach to skills is required; where regional stakeholders work effectively with employers to identify current and future skills needs and ensure that the educational infrastructure responds adequately.

**Childcare provision**

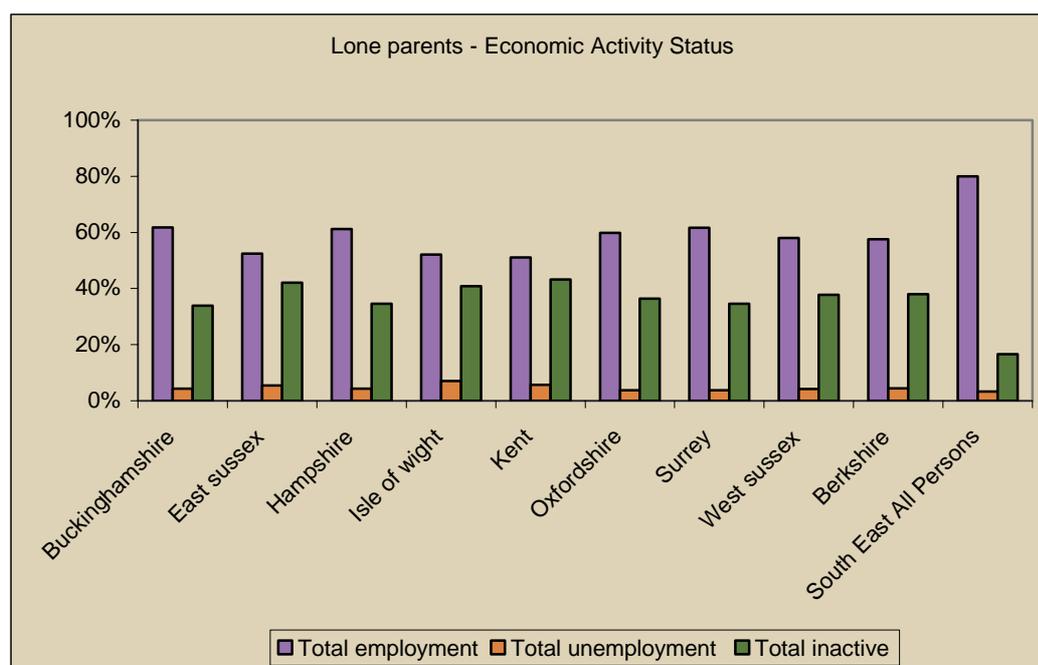
6.22 Around 300,000 people cite 'looking after family' as the reason for economic inactivity. There are diverse reasons for economic inactivity within this broad category such as elderly care, but looking after young children seems to be the primary reason, given the age structure of people within the broad category. This group includes lone parents.

6.23 As can be seen from chart below, the 35% economic inactivity rate among lone parents is more than double the regional average. At a sub-regional level the inactivity rates for lone parents are highest in Kent (43%), East Sussex (42%) and Isle of Wight (41%).

6.24 In order to bring this group to the labour market, substantial investment is required to provide appropriate childcare as well as elderly care. Employers need to be encouraged to provide more flexible working arrangements that facilitate more opportunities for those looking after children.

6.25 In the light of the ageing population of the region, the issue of elderly care will become even more challenging unless adequate interventions are made.

**Chart 10: Lone parents – Economic Activity Status**

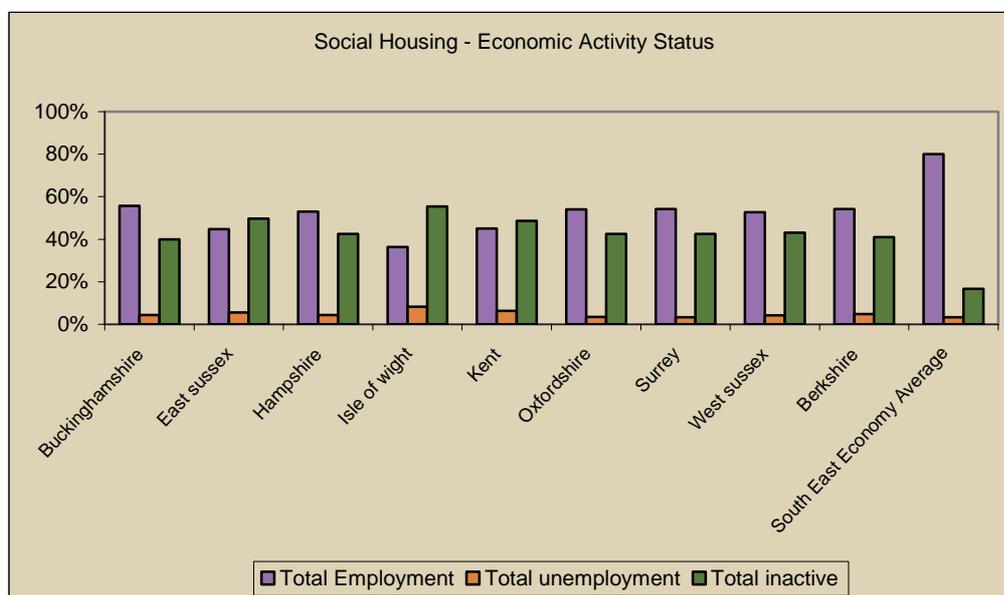


Source: 2001 Census, LFS

### Benefits trap

- 6.26 Clearly it is difficult to motivate people to enter the labour market if they are receiving as much or more money on benefits as they would in employment. In regions with high housing costs such as the South East, incentives to work are reduced even further.
- 6.27 As can be seen from the chart below, economic inactivity rates are much higher amongst people in social housing: over 40% inactive compared with the regional average of 17%. At a sub-regional level the inactivity for people in social housing are highest in the Isle of Wight (55%), East Sussex (50%) and Kent (49%). Rising house prices in the South East could act as deterrent for some of these economically inactive people who might not see economic benefit in joining the labour market.

**Chart 11: Social housing – Economic Activity Status**



Source 2001 Census, LFS

- 6.28 In order to tackle economic inactivity, particularly in deprived neighbourhoods, there is a growing realisation that greater incentives for those economically inactive or unemployed to return to the labour market are required. The policy implications range from increasing the minimum wage to a review of the benefits system. There is a need to attract people to employment gradually by integrating employment with the benefits received. This would allow those entering the labour market to gradually realise the full benefits of employment.

### Informal economy

- 6.29 The benefits trap is aggravated by the prevalence of the informal economy, which provides people with an opportunity to 'top-up' their incomes while claiming benefits. The informal economy accounts for between 7% and 13% of total national GVA<sup>8</sup>.

<sup>8</sup> Jobs and Enterprise in Deprived Areas, ODPM, September 2004

- 6.30 The merits of transferring businesses to legitimate means need to be given greater exposure, with emphasis being placed on the importance and prospects ensuing from formal employment. The authorities must act also against both illegitimate and informal economic activity.

#### **Historical/industrial legacy**

- 6.31 Clearly historical developments can affect communities considerably. There is not always a lack of jobs in these areas, but few accessible jobs matching skills. In the South East by 2012 both the manufacturing industry and primary industries/utilities will have declined losing 64,000 and 13,000 jobs respectively. However the construction, distribution & transport, business & other services and non-marketed services are expected to grow creating 25,000, 117,000, 176,000 and 71,000 jobs respectively<sup>9</sup>
- 6.32 This problem is most prevalent in former manufacturing/industrial areas and is principally caused by a lack of appropriate skills rather than a lack of jobs. Therefore there needs to be a concerted effort to ensure that those currently out of work are made aware of the available opportunities for retraining and education. In many of these areas the transport infrastructure needs to be improved to provide a realistic option of commuting to more appropriate employment.

#### **Vulnerable communities**

- 6.33 There is currently a greater incidence of economic inactivity amongst lone parents, older workers (over 50s), ethnic minorities, low-skilled and disabled people. Maps showing the correlation between the incidence of some of these groups and economic inactivity at sub-regional level are presented in the annex (Maps A1 to A4). Specific and targeted measures are required to bring these groups back to employment.

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9 Working Futures: Regional Report 2003-4, New projections of Employment

## 7. London to South East migration

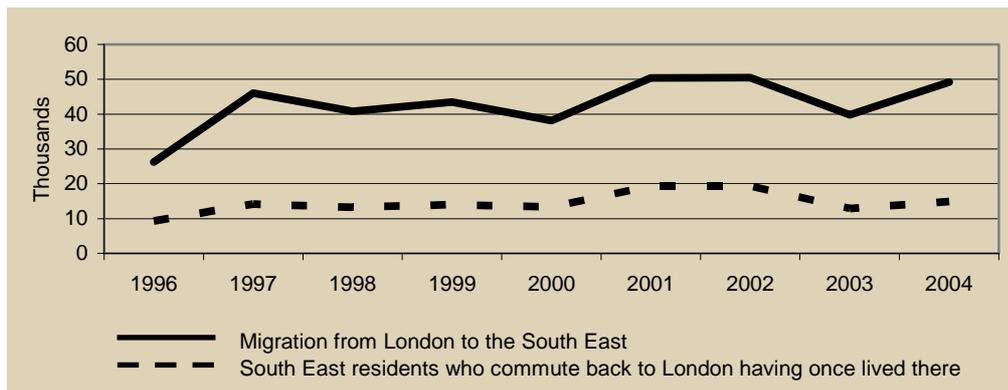
7.1 Almost half of the total in-migration to the South East comes from London. This section examines the profile of in-migrants from London and the drivers for this migration. The key hypotheses tested here are as follows:

- Could the South East stop this in-migration from London through higher house prices?
- To what extent the region could, through upskilling its indigenous population, minimise the economic pull for these migrants and replace them with the local labour force?

### The scale and profile of migrants

7.2 Since 1996, nearly 400,000 people have migrated from London to the South East (an average of over 40,000 per annum). As shown in the chart below, 135,000 commute back to London (15,000 per annum).

**Chart 12: Migration from London to the South East and those who commute back**



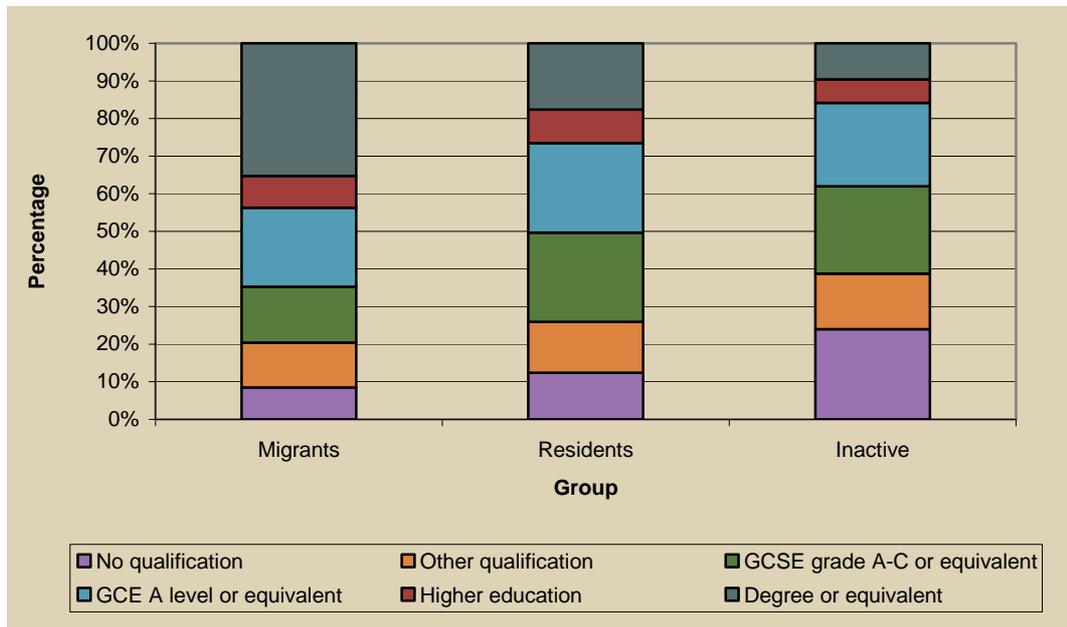
Source: Labour Force Survey (LFS)

7.3 Of these migrants from London, around 250,000 (an average of around 28,000 per annum) are well-qualified. 70% migrants from London to the South East are qualified to NVQ level 3 or above. This figure is even higher (80%) for those who then commute back to London.

7.4 Migration from the South East to London is around 30,000 per annum with 70% migrants qualified to level 3 or above.

7.5 If the historic trend continues, there could be around 200,000 net in-migrants from London to the South East by 2026.

**Chart 13: Qualifications mix of migrants to the South East, South East residents and the economically inactive**



Source: Labour Force Survey

7.6 As a group, in-migrants from London are significantly better qualified than the South East's indigenous labour force, and are therefore well-equipped to compete in the region's labour and housing markets. If housing supply were constrained in an attempt to deter in-migration, the results would be perverse. There is every reason to suppose that in-migrants from London would compete successfully for available housing at the expense of less well-qualified South East residents, and that house prices would be pushed up further. This would only worsen problems of affordability and availability for existing South East residents.

## 8. Offshoring

- 8.1 Offshoring is the fourth driver considered in this report as a possible source of alleviating pressures on the South East's infrastructure while maintaining its prosperity.
- 8.2 The draft South East Plan notes that more than 200,000 jobs might be lost to other low cost locations abroad.
- 8.3 However the methodology on which the Plan is based is insufficiently robust to draw firm conclusions capable of being applied to the housing requirements estimates for the Plan. Firstly, it does not deal with the substitution phenomenon adequately and secondly, its findings at sub-regional level that Berkshire, Oxfordshire and Buckinghamshire are at greatest risk are contrary to other Experian research predicting these areas will achieve the highest growth in Europe over the next few years, underpinned by their economic structures.
- 8.4 Given the timescale of this study, it was not feasible to undertake comprehensive primary research to identify the potential impact of offshoring. The following section is, therefore, based upon the review of secondary research undertaken by Deloitte Research, DTI, McKinsey Global Institute and others. It is challenging to quantify any future net job gains or losses due to this multidimensional global economic phenomenon. However, the evidence does not support scenarios suggesting significant reduction in either actual jobs or employment growth, because offshoring yields net gains to the spending economies, including the creation of substitute jobs (often higher value added than the ones offshored).

### Background

- 8.5 Offshoring is a term usually used to describe a decision by a company to move parts of its operations overseas. Advancements in telecommunications have made it easier for firms to conduct their operation from more than one location. As a result, white collar jobs, such as call centre workers, data processors, medical technicians and software programmers, that once were insulated from global competition can be performed in low-wage nations like India for a fraction of the cost in the UK.
- 8.6 This phenomenon has caused a certain amount of concern in the UK in the wake of high profile call centre relocations out of the country. However, some recent evaluations have gone some way to dispelling these fears suggesting that the countries and regions exporting jobs gain from offshoring and tend to create higher value added jobs to replace the ones offshored.

### Changing economic structure – a historic phenomenon

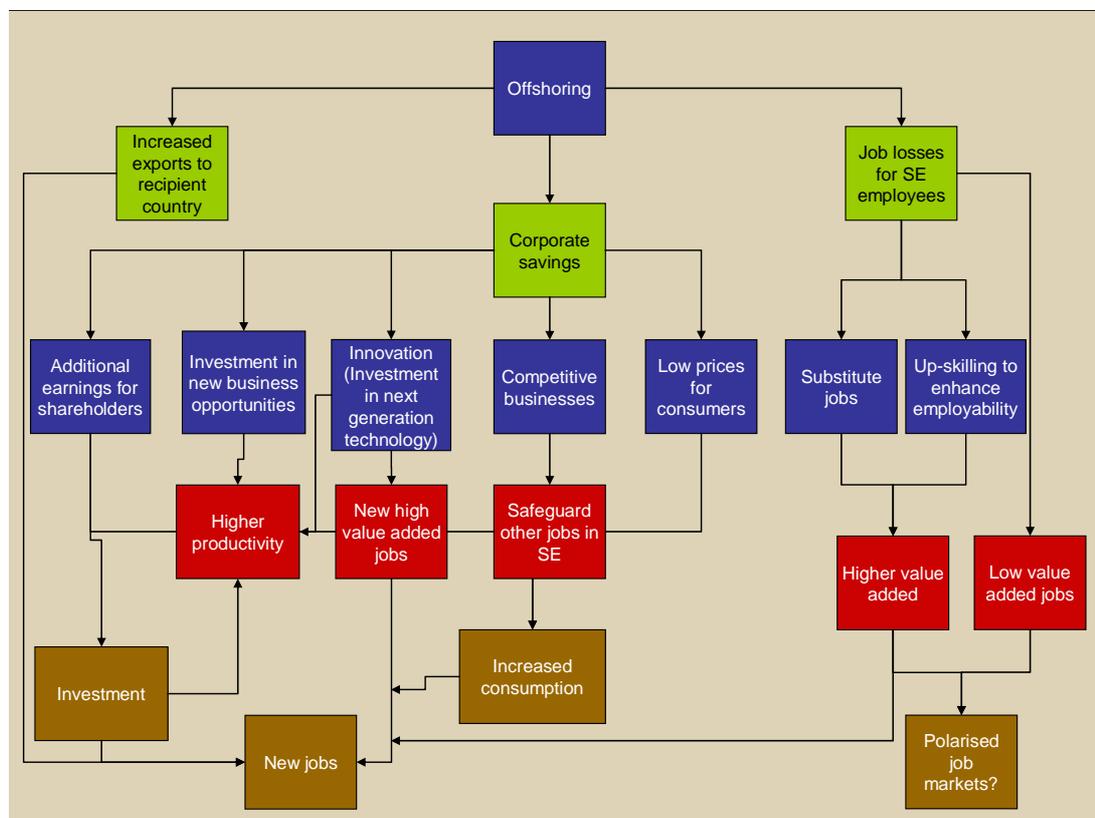
- 8.7 Offshoring is a historic phenomenon with a new dimension and forms an integral part of globalisation. Businesses have been benefiting from international trade and effective resource allocation for several decades. The manufacturing sector has experienced a similar phase over the past few decades and the evidence is clear that these jobs were replaced by the service sector. In the South East, for instance, employment in manufacturing has declined by 140,000 since 1984 while, over the same period, total employment has increased by over 800,000, demonstrating the ability of the region to restructure its economy.

8.8 According to DTI research, job losses caused by offshoring in call centres have not led to unemployment but rather to more employment in the service sector, including call centres, than ever before. This is even more pertinent for the South East, where employment in services account for 72% of total employment: the highest proportion in the UK after London. Moreover, employment in this sector is expected to grow even further, and by 2026 its share is projected to be 81% of the total employment in the region.

**Who gains from offshoring?**

8.9 The following framework, based on research by Deloitte, McKinsey and others, demonstrates how offshoring benefits dynamic and vibrant economies and creates substitute jobs.

**Figure 3: Offshoring Framework**



Source: Deloitte, 2005

8.10 The key dimensions of offshoring include corporate savings, increased exports to recipient countries and short-term job losses for the South East employees. Corporate savings in turn could be invested in new technologies and new business opportunities creating more jobs and enhancing productivity and competitiveness.

8.11 The UK as a whole, and in particular the South East, is set to gain from growing world prosperity and from continued development of a bigger global market. Over the long-term, overseas outsourcing of manufacturing as well as services will enhance regional competitiveness, ensuring that the economy continues to generate new and sustainable jobs and new business opportunities. Anecdotal evidence suggests that when companies offshore parts of their operations, they create management jobs to co-ordinate this process.

- 8.12 According to a detailed study undertaken by the McKinsey Global Institute highlighting the impact of offshoring on the United States, for every dollar of corporate spending that is outsourced to a low-wage nation, the spending economy captures more than three-quarters of the benefit and gains as much as \$1.14 in return, \$0.67 as a result of corporate savings, new exports and repatriated profits and the rest from redeployment of labour. The recipient economy (India in this case) captures only \$0.33. The study argues that far from being a zero-sum game, offshoring is a phenomenon of mutual economic gain.

### **Jobs at risk from offshoring**

- 8.13 While technological advances and innovations in business processes look set to intensify international competition in some service areas, quantifying the economic impact on the South East or trying to forecast numbers of jobs which might be lost or gained is extremely difficult. However, given the current structure of the South East economy and the skills levels of its workforce, it is unlikely that the region will suffer from long-term job losses.
- 8.14 While there are no official figures on international job movements which might provide a definitive figure of service related jobs moving in and out of the UK and the South East, data on international trade in services is available. This data suggests that the value of international trade in services is increasing, and more importantly that the UK is a net beneficiary of this process, with service exports £15 billion higher than imports. Regional breakdown of this data is not available but given the industrial structure of the South East, it is reasonable to assume that the region makes a strong contribution to this healthy trade surplus.
- 8.15 Of course what is good for the economy as a whole may not be good for particular individuals. Some people will lose their jobs and might find themselves working in relatively low paid jobs whereas others will find higher value added employment. Unlike manufacturing, people working in white collar jobs susceptible to offshoring tend to be better skilled and their probability of finding substitute jobs is higher.
- 8.16 It has always been the case that, as trade grows and technology changes, some jobs are created and others disappear. The 'churn' caused by offshoring is not, however, particularly large, especially in the South East.
- 8.17 There is no doubt that offshoring will continue to be a significant feature of the region's economy. Indeed this is an established mechanism by which businesses move up the value chain, and is a significant factor in explaining why manufacturing employment in the region has declined by 140,000 since 1984 while gross value added in manufacturing has remained broadly constant. Although this implies changes in the composition of the workforce (with a loss of some lower skilled jobs and an intensifying need for upskilling), the overall effects on regional productivity and value added are certainly positive.
- 8.18 However, it would be incorrect to subtract the gross job losses expected due to offshoring from the outputs of existing economic forecasts, since these losses (together with their substitution by higher order activity and jobs) have already been factored into the baseline forecasts underpinning the South East Plan. There is a debate to be had regarding the extent and distribution of offshoring, but it should be disregarded as a driver for significantly reducing overall demand for labour and housing within the region.

## 9. Economic and housing growth scenarios

- 9.1 It is clear from the above analysis that there is some scope to enhance productivity and economic activity rates further. However, the evidence suggests that offshoring would not lead to a decline in employment growth. Similarly, stopping in-migration from London is very challenging due to its drivers, as described in the previous sections of this report.
- 9.2 This section therefore examines the interplay between economic activity, productivity, economic growth and housing. It tests possible options to maintain an annual GVA growth of 3% while lessening the pressure on housing in the region. In consultation with SEEDA, the following scenarios were developed by Deloitte based on the Experian Business Strategies economic forecasting model (the same model used to generate economic forecasts for the draft South East Plan).

**Table 3: Achieving 3% per annum GVA Growth to 2026**

	The baseline - based on the draft South East Plan figures	Scenario 1 - maintaining historic productivity growth and reducing economic inactivity by 65,000	Scenario 2 - 5% pa additional productivity growth and reducing economic inactivity by 265,000
Annual productivity growth (%)	2.27 (historic trend 2.32)	2.32	2.39
Total Full Time Equivalent (FTE) employment growth	805,000	772,000	712,000
Labour shortfall – with a build rate of 25,500 per annum	381,000	336,000	155,000
Labour shortfall – with a build rate of 28,000 per annum	339,000	294,000	113,000
Labour shortfall – with a build rate of 32,000 per annum	273,000	227,000	46,000
<b>Dwellings required for a balanced labour market under each scenario</b>	<b>48,000</b>	<b>45,500</b>	<b>34,800</b>

Source: Deloitte and Experian Calculations based on the draft South East Plan figures

- 9.3 The baseline - the rate of productivity growth in the baseline (2.27% p.a.), is slightly lower than the recent trend of 2.32% p.a., and reflects structural changes in the region's economy away from manufacturing to services (which record measurably lower productivity rates). Even at a level of 2.27% p.a., this translates into an overall increase in productivity from £39,000 per worker in 2005 to £62,500 per worker by 2026 (at constant prices). Employment growth projections in this scenario assume that economic activity rates will rise to bring an additional 50,000 residents into employment. This implies an increase in economic activity rates from 83% (already the highest in the UK) to 85%.

- 9.4 Scenario 1 – this scenario reflects what might be achieved through additional regional efforts in terms of enhancing productivity and economic activity. It assumes that concentrated action on research and development, innovation and productivity maintains the current average yearly productivity improvement despite the structural shift towards service sectors. It also assumes that all those who are economically inactive but relatively well-skilled and ready to return to work (65,000 existing residents in total) are brought back into employment in the South East.
- 9.5 Scenario 2 – this is at the upper limit of what could conceivably be achieved with significant investment, concentrated action by all relevant partners, and with major innovations in public policy. Over the course of the Plan period, productivity growth improves by an additional 5% (of the projected trend) per annum, implying that the South East becomes one of the most productive regions in Europe by 2026. The aggregate productivity growth under this scenario would be 2.39% per annum.
- 9.6 To put this scenario in a more regional context, if every sector in Kent, the Isle of Wight and East Sussex (the lagging areas of the South East in terms of productivity) were to catch up and match the region's average productivity levels by 2026, the additional average annual growth in productivity would be around 5% - similar to the levels assumed under this scenario.
- 9.7 In addition, major efforts to bring more challenging groups of economically inactive residents into employment are assumed to succeed under this scenario, with a total of 265,000 additional residents finding employment. Specifically:
- The number inactive due to childcare or other care commitments would fall by one third from 295,000 to 190,000. The number inactive due to long-term sickness or disability would halve from 160,000 to 80,000;
  - The number inactive due to early retirement would fall slightly from 75,000 to 60,000; and
  - The only other significant group remaining inactive would be full-time students.
- 9.8 This implies lifting the region's overall economic activity rate to almost 90%, a rate never yet achieved in any regional economy anywhere, and significantly higher than anything yet achieved in any part of the South East.
- 9.9 This is a challenging target to achieve, where all who would like to work but currently cannot work (e.g. due to childcare issues or long-term illness etc.) are assisted to enter the labour market. Again, for context, if all parts of the region were to increase economic activity rates to match the highest current rate (i.e. Berkshire), this would deliver less than half the overall improvement in economic activity assumed under this scenario.

### **Housing growth**

- 9.10 As shown in the table above, despite achieving a maximum possible improvements in productivity and economic activity, the South East needs around 35,000 dwellings per annum to sustain an annual GVA growth of 3% to 2026.

### Implications of achieving 2% GVA growth per annum

9.11 Modelling the effects of lower growth rates demonstrates that there is a clear choice between sustainable growth and decline. For instance, if growth in GVA was constrained to an average of 2% per annum over the Plan period:

- The region would generate £43 billion (constant prices) less GVA per annum by 2026, compared to the 3% growth scenario (i.e. GVA of £206 billion instead of £249 billion in 2026). In total, over the Plan period, the region would generate £400 billion less GVA (constant prices) under the 2% growth scenario;
- Employment growth would shrink to 113,000 over the Plan period (compared with a growth of 805,000 jobs under the 3% growth scenario); and
- Given the projected growth in the economically active population, this would imply an unemployment rate of 7% (roughly 400,000 unemployed) by 2026, compared to around 2% unemployment under the 3% GVA growth scenario<sup>10</sup>.

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<sup>10</sup> These figures are based on the assumption that there is only a 10% reduction of both net migration and net commuting under the scenario. Further, it is assumed that 50% of the fall in employment will be taken up by inactivity and 50 percent by unemployment.

## 10. Sub-regional analysis

### Productivity

- 10.1 Looking at some of the biggest sectors in the region in terms of GVA and employment, it is clear that productivity is relatively higher in Berkshire, Buckinghamshire, Surrey and West Sussex and lower in Kent, Isle of Wight and East Sussex.
- 10.2 In order to explore potential productivity improvements at sub-regional level (one of the key source of enhancing regional productivity growth), the following data analysis on asset endowments (albeit limited in nature) was conducted. The table below shows the number of research category A and A\* staff in universities in the sub-regions, it also shows business start ups and the percentage of the labour force who are highly skilled.

**Table 4: Sub-regional Asset Endowments**

	Berkshire	Buckinghamshire	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex
Category A and A* Research Active Staff (FTE) - 2001	617	978	298	1,729	1,060	535	0	1,460	76
VAT registrations 2002 per 1000 persons of working age	5.65	8.76	7.31	5.01	5.75	5.80	3.00	5.21	4.83
Highly Qualified People as a percentage of persons of working age	27%	26%	18%	28%	28%	21%	15%	17%	19%

*Source: HEFC, IDBR, 2001 Census*

### Future growth projections

- 10.3 Looking at the largest and fastest growing sectors (those making the largest contribution to economic growth) in the region, it is evident that Berkshire, Buckinghamshire (Other Financial and Business Services), Oxfordshire (Business Services), and Surrey are over represented whilst Kent, Isle of Wight and East Sussex are distinctly under represented.
- 10.4 On the other hand, Kent, Isle of Wight and East Sussex are over-represented in declining sectors such as wholesaling and construction.

**Table 5: Location Quotients 2002 (sub-regionally compared to the South East), for the 5 largest sectors in terms of GVA in the South East**

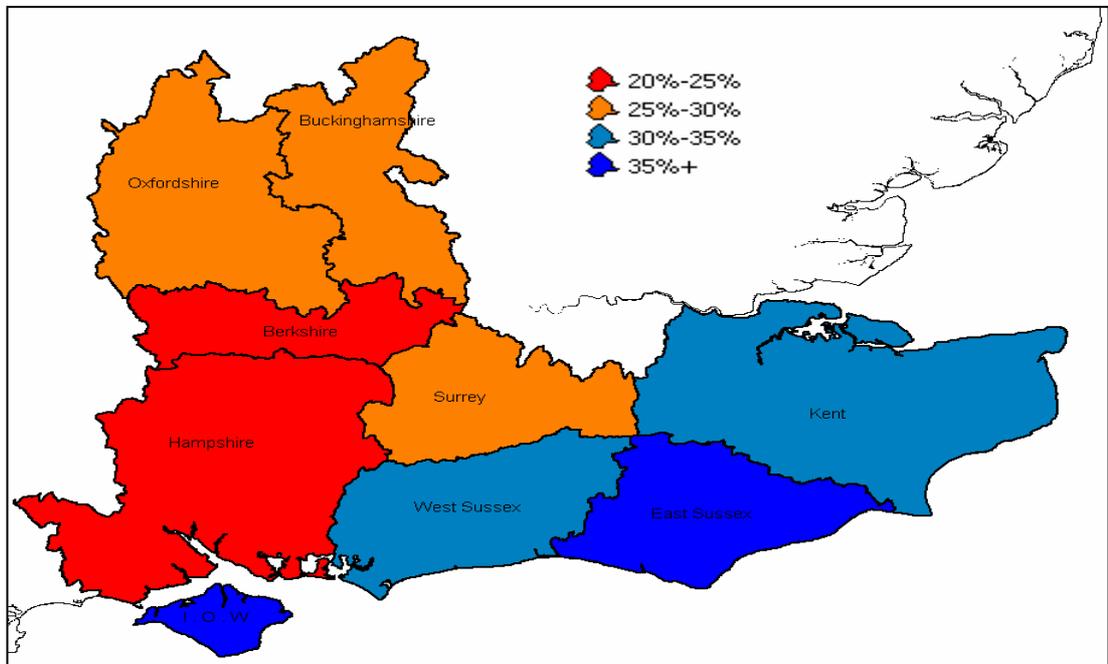
	Berkshire	Buckinghamshire	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex	South East FTE growth rates 2003 to 2006
Construction	0.9	0.8	1.1	0.9	0.9	1.0	2.0	1.4	0.8	-0.6%
Wholesaling	0.9	1.0	1.1	0.9	0.9	1.1	1.3	1.2	1.0	-0.1%
Retailing	1.0	1.4	0.8	1.0	1.1	1.0	0.8	0.9	0.8	-0.1%
Other F&Bs	1.3	1.1	0.7	0.9	1.3	1.0	0.4	0.6	1.0	1.2%
Business Services	1.1	0.8	0.7	1.9	1.2	0.8	0.5	0.8	0.9	2.1%

*Experian*

**Economic inactivity**

10.5 As expected, inactivity rates are highest in the Isle of Wight followed by East Sussex and then Kent.

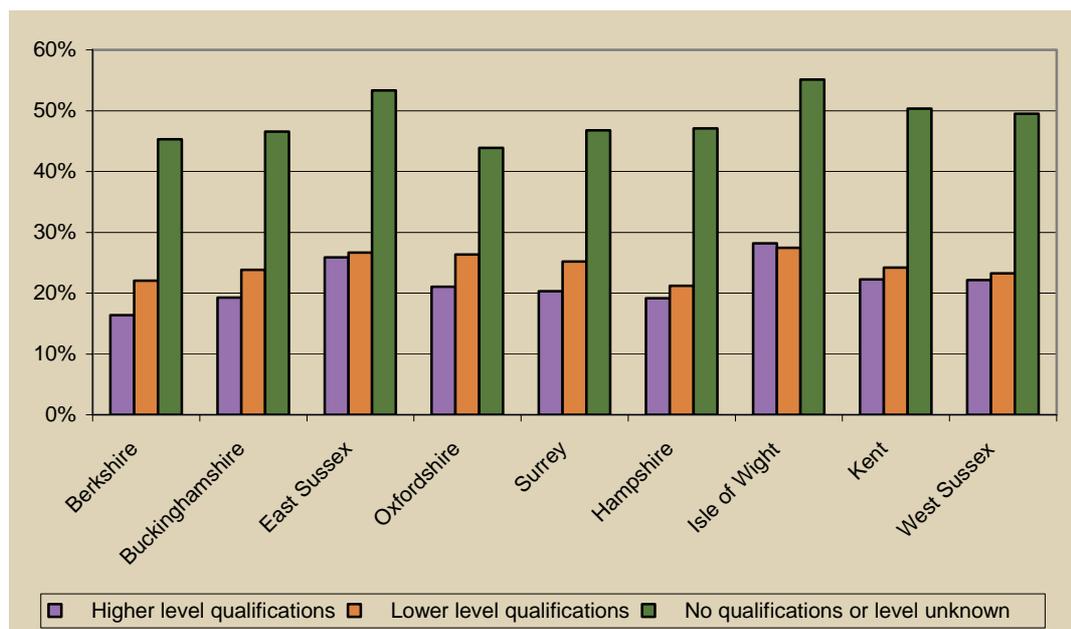
**Map 1: Percentage of Economically Inactive in Total Population**



Source: The Labour Force Survey

10.6 The following chart demonstrates that economic inactivity is highest in Isle of Wight, Kent and East Sussex at all levels of qualifications.

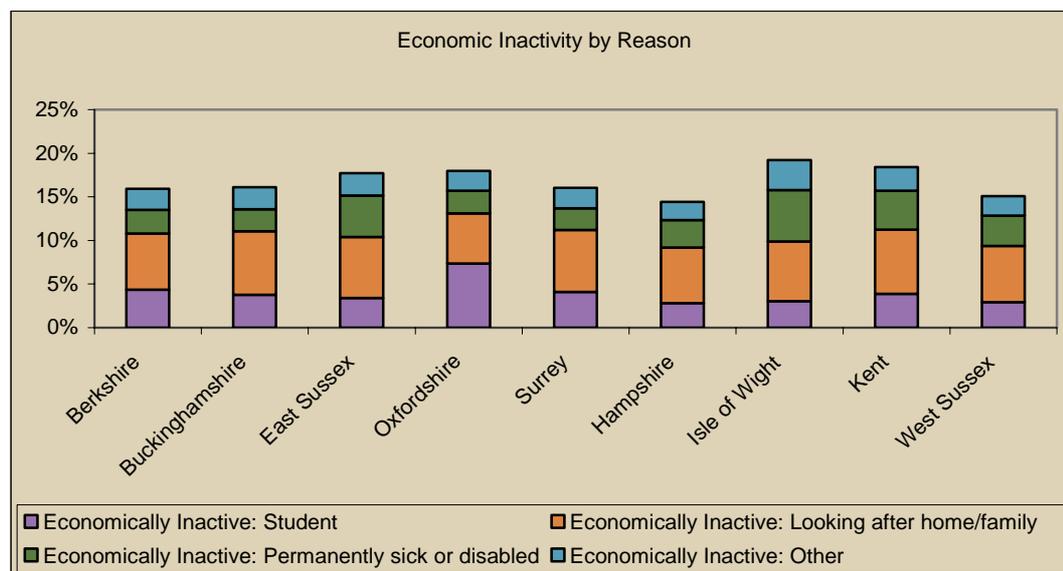
**Chart 14: Economic inactivity by qualification**



Source: Census, 2001

10.7 Once early retirees are excluded from the analysis, it is clear that economic inactivity rates are highest in Isle of Wight, Kent, East Sussex and then Oxfordshire. The Oxfordshire figure can be explained by the high number of students and the other sub-regions are explained by the high concentration of permanently sick or disabled people.

**Chart 15: Economic Inactivity by Reason**



Source: Census, 2001

10.8 Higher economic inactivity in lagging areas presents a huge challenge for policymakers in the region as there has to be both demand and supply side interventions to enhance employment rates in these areas.

### Offshoring

10.9 Although at the regional level the South East is well placed to create substitute employment opportunities in the wake of offshoring, there will be challenges at the sub-regional level: areas with poor economic structure and low skilled labour force are particularly vulnerable.

### Policy considerations

10.10 The sub-regional analysis demonstrates that there are some deep-rooted structural issues in deprived parts of the South East and a concerted effort is required to improve the offer of these areas over the Plan period to achieve the baseline productivity growth as well as any further improvements.

10.11 These areas are characterised by:

- High incidence of low value added manufacturing;
- Branch plants – decisions made elsewhere;
- Low skills base and aspirations;
- Lack of entrepreneurial culture;
- Out-commuting; and
- Pressure on affordable housing.

10.12 Policies required to change the economic fortunes of these areas might include:

- Connecting to successful areas through efficient transport systems and broadband – linking job markets with labour markets.
- Vibrant secondary sector (consumption-driven growth)
- A high value added primary sector, including sectors such as optoelectronics, marine technologies, creative and media. In addition to these well-known high value added functions, improving the offer of tourism by enhancing visitor experience will attract customers with high spending power to the coastal towns.
- Provision of adequate housing will pump prime economic growth in coastal areas by attracting and retaining a skilled workforce, improving the offer of the area for businesses.

## 11. Annex

Table A1: Rank forecast (to 2015) productivity levels top 10 Euro NUTS 1 areas

	2004		2015	
	GVA / Head ('000 Euros)	Rank	GVA / Head ('000 Euros)	Rank
Île de France (FR)	84	1	100	1
Luxembourg (LU)	80	2	97	3
Hamburg (DE)	76	3	89	6
Noord-Nederland (NL)	74	4	92	4
Région Bruxelles-capitale (BE)	74	5	92	5
London (UK)	70	6	87	7
Ireland (IE)	70	6	98	2
Ostösterreich (AT)	69	8	81	11
Vlaams Gewest (BE)	69	8	84	8
Lombardia (IT)	68	10	81	12
West-Nederland (NL)	68	11	82	10
Hessen (DE)	68	12	80	14
Centre-Est (FR)	66	13	80	13
Méditerranée (FR)	66	14	79	16
Région Wallonne (BE)	66	15	78	19
<b>South East (UK)</b>	<b>66</b>	<b>16</b>	<b>83</b>	<b>9</b>
Lazio (IT)	64	17	73	29
Est (FR)	64	18	76	20
Zuid-Nederland (NL)	64	19	78	17
Westösterreich (AT)	64	19	75	22
Oost-Nederland (NL)	64	21	78	18
Nord Ovest (IT)	63	22	75	23
Sweden (SE)	63	23	79	15
Nord Est (IT)	62	24	76	21
Bayern (DE)	62	24	74	24
Bassin Parisien (FR)	62	24	74	26
Nord - Pas-de-Calais (FR)	62	24	74	27
Baden-Württemberg (DE)	62	28	73	28
Emilia-Romagna (IT)	62	29	74	25
Bremen (DE)	62	30	71	30

**Table A2: Productivity and employment growth – historic and projected**

	Productivity Historic (1986 to 2002) Growth Rates	Productivity Forecast (2003 to 2026) Growth Rates	Scope for Productivity Enhancements in South East (£000 per worker)	Employment Historic(1986 to 2002) Growth Rates	Employment Forecast (2003 to 2026) Growth Rates
<b>Business Services</b>	2.2	2.9	<b>38</b>	5.4	2.1
<b>Health</b>	2.1	1.5	<b>10</b>	1.8	1.2
<b>Retailing</b>	3.2	2.3	<b>4</b>	0.9	-0.1
<b>Wholesaling</b>	3.0	2.5	<b>8</b>	1.5	-0.1
<b>Construction</b>	1.1	1.9	<b>6</b>	0.4	-0.6
<b>Education</b>	0.7	1.2	-	2.2	0.8
<b>Other</b>	3.2	1.2	<b>5</b>	1.8	1.0
<b>Hotels &amp; Catering</b>	-0.2	1.4	-	1.4	1.6
<b>Transport</b>	3.7	1.7	<b>6</b>	0.5	0.4
<b>Public Admin. &amp; Defence</b>	0.0	0.5	-	-0.6	-1.2
<b>Other F&amp;Bs</b>	-0.3	2.2	<b>66</b>	3.2	1.2
<b>Banking &amp; Insurance</b>	3.2	3.0	<b>11</b>	0.8	-0.3
<b>Communications</b>	8.0	4.6	-	2.5	1.7
<b>Electrical &amp; Optical Equipment</b>	6.2	4.6	-	-1.4	-1.9
<b>Paper, Printing &amp; Publishing</b>	4.0	1.8	-	-0.8	0.1
<b>Agriculture, Forestry &amp; Fishing</b>	2.3	1.9	-	-1.5	-2.1
<b>Machinery &amp; Equipment</b>	2.0	2.0	-	-2.2	-1.0
<b>Metals</b>	3.5	1.5	-	-1.8	0.1
<b>Chemicals</b>	7.5	3.7	-	-0.2	-0.2
<b>Other Manufacturing</b>	4.4	1.5	-	-0.5	1.4
<b>Transport Equipment</b>	4.4	3.4	-	0.5	0.4
<b>Food, Drink &amp; Tobacco</b>	3.9	2.4	-	-1.7	-0.5
<b>Rubber &amp; Plastics</b>	4.2	3.2	-	0.1	-0.4
<b>Gas, Electricity &amp; Water</b>	8.6	4.7	-	-4.2	-2.8
<b>Minerals</b>	4.3	1.4	-	-3.6	0.1
<b>Wood &amp; Wood Products</b>	-2.3	2.2	-	-0.6	-5.0
<b>Textiles &amp; Clothing</b>	4.8	1.8	-	-5.4	-1.8
<b>Other Mining</b>	10.2	3.4	-	1.3	-3.3
<b>Fuel Refining</b>	0.4	0.2	-	-3.8	-2.2
<b>Oil &amp; Gas Extraction</b>	-2.9	4.3	-	-1.3	-6.8

Source: Experian

Note: Column 4 (productivity enhancement in the South East) highlights the potential for further productivity growth in the region. The figures in this column represent projected productivity gap between the South East and other regions within the UK by 2026. The sectors with positive figures in this column are expected to be less productive in the South East than one other region in the UK (mainly London) and the sectors with no figures are expected to be more or equally productive in the South East compared with regions in the UK. For example, productivity in financial and business services sector in London is projected to be £66,000 per worker higher than the same sector in the South East by 2026.

Table A3: FTE job reductions in South East under two alternative scenarios by sub-region

FTEs Reduction (thousands)	2026	2026
	Additional 5% Productivity Growth	2 percent GVA growth
Berkshire	12	90
Buckinghamshire	10	71
East Sussex	7	52
Oxfordshire	8	59
Surrey	14	107
Hampshire	17	130
Isle of Wight	1	8
Kent	14	108
West Sussex	9	68
South East	93	692

Source: Experian

Table A4: FTE job reductions in South East under two alternative scenarios

FTEs Reduction (Thousands)	2026	2026
	Additional 5% Productivity Growth	2 percent GVA growth
Agriculture, Forestry & Fishing	1	6
Oil & Gas Extraction	0	0
Other Mining	0	0
Gas, Electricity & Water	0	1
Fuel Refining	0	0
Chemicals	1	6
Minerals	0	2
Metals	1	7
Machinery & Equipment	1	7
Electrical & Optical Equipment	1	9
Transport Equipment	0	2
Food, Drink & Tobacco	1	4
Textiles & Clothing	0	1
Wood & Wood Products	0	1
Paper, Printing & Publishing	1	10
Rubber & Plastics	1	4
Other Manufacturing	1	6
Construction	6	42
Retailing	7	52
Wholesaling	6	47
Hotels & Catering	6	43
Transport	4	29
Communications	2	19
Banking & Insurance	3	22
Business Services	22	160
Other F&Bs	4	32
Public Admin. & Defence	3	20
Education	7	50
Health	9	65
Other	6	44
Total (all industries)	93	692

Source: Experian

**Table A5: Migration from London to the South East by qualification and age**

Migration from London to the South East by NVQ and Age											
All Ages	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total	Average
Degree or equivalent	7,149	13,983	14,379	14,740	13,421	17,817	20,190	19,352	14,546	135,577	15,064
Higher education	2,466	3,492	4,642	7,436	1,994	4,896	2,059	1,794	3,754	32,533	3,615
GCE A level or equivalent	4,406	11,299	8,211	7,578	8,660	8,911	11,827	6,110	13,781	80,783	8,976
GCSE grade A-C or equivalent	5,139	6,859	7,382	5,109	3,825	8,609	7,124	7,159	5,717	56,923	6,325
Other qualification	3,199	6,344	4,423	4,457	7,636	4,089	6,147	3,658	6,065	46,018	5,113
No qualification	3,885	4,067	1,773	4,084	2,594	6,034	3,144	1,759	5,317	32,657	3,629
<b>Total</b>	<b>26,244</b>	<b>46,044</b>	<b>40,810</b>	<b>43,404</b>	<b>38,130</b>	<b>50,356</b>	<b>50,491</b>	<b>39,832</b>	<b>49,180</b>	<b>384,491</b>	<b>42,721</b>
<b>56 to 65</b>											
Degree or equivalent	0	0	0	0	0	0	713	1,658	384	2,755	306
Higher education	0	0	337	0	0	416	0	0	0	753	84
GCE A level or equivalent	0	0	0	526	338	0	329	407	1,437	3,037	337
GCSE grade A-C or equivalent	373	401	377	0	0	0	405	380	814	2,750	306
Other qualification	0	804	0	0	0	0	874	1,295	956	3,929	437
No qualification	1,906	1,681	0	489	565	0	1,253	0	875	6,769	752
<b>Total</b>	<b>2,279</b>	<b>2,886</b>	<b>714</b>	<b>1,015</b>	<b>903</b>	<b>416</b>	<b>3,574</b>	<b>3,740</b>	<b>4,466</b>	<b>19,993</b>	<b>2,221</b>
<b>16 to 25</b>											
Degree or equivalent	904	2,705	1,860	4,585	3,118	3,213	3,538	970	1,792	22,685	2,521
Higher education	457	0	1,354	1,845	0	0	0	0	1,083	4,739	527
GCE A level or equivalent	1,693	4,641	3,248	4,061	2,365	3,566	5,377	1,633	5,957	32,541	3,616
GCSE grade A-C or equivalent	2,451	944	451	1,842	825	1,599	1,527	1,236	537	11,412	1,268
Other qualification	1,231	0	1,416	543	1,394	1,464	0	0	1,012	7,060	784
No qualification	862	817	829	469	0	1,002	0	0	2,047	6,026	670
<b>Total</b>	<b>7,598</b>	<b>9,107</b>	<b>9,158</b>	<b>13,345</b>	<b>7,702</b>	<b>10,844</b>	<b>10,442</b>	<b>3,839</b>	<b>12,428</b>	<b>84,463</b>	<b>9,385</b>
<b>26-55</b>											
Degree or equivalent	6,245	11,278	12,519	10,155	10,303	14,604	15,939	16,724	12,370	110,137	12,237
Higher education	2,009	3,492	2,951	5,591	1,994	4,480	2,059	1,794	2,671	27,041	3,005
GCE A level or equivalent	2,713	6,658	4,963	2,991	5,636	5,345	6,121	4,070	6,387	44,884	4,987
GCSE grade A-C or equivalent	2,315	5,514	6,554	3,267	3,000	7,010	5,192	5,173	4,366	42,391	4,710
Other qualification	1,968	5,540	3,007	3,914	6,242	2,625	5,273	2,363	4,097	35,029	3,892
No qualification	1,117	1,569	944	3,126	1,668	5,032	1,891	1,759	2,395	19,501	2,167
<b>Total</b>	<b>16,367</b>	<b>34,051</b>	<b>30,938</b>	<b>29,044</b>	<b>28,843</b>	<b>39,096</b>	<b>36,475</b>	<b>31,883</b>	<b>32,286</b>	<b>278,983</b>	<b>30,998</b>

Source: Labour Force Survey

**Table A6: People who have moved from London to the South East and commute back to London**

All Ages	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total	Average
Degree or equivalent	4,535	5,449	6,121	4,156	6,143	6,697	10,196	8,621	4,125	56,043	6,227
Higher education	0	791	1,266	2,516	0	1,342	708	0	1,055	7,678	853
GCE A level or equivalent	1,188	3,439	2,993	1,272	2,795	3,307	2,637	938	6,433	25,002	2,778
GCSE grade A-C or equivalent	3,213	2,712	993	2,926	1,319	3,726	2,169	3,314	884	21,256	2,362
Other qualification	410	1,741	1,388	1,285	2,609	2,257	1,769	0	1,843	13,302	1,478
No qualification	0	0	461	1,799	498	1,887	1,843	0	587	7,075	786
<b>Total</b>	<b>9,346</b>	<b>14,132</b>	<b>13,222</b>	<b>13,954</b>	<b>13,364</b>	<b>19,216</b>	<b>19,322</b>	<b>12,873</b>	<b>14,927</b>	<b>130,356</b>	<b>14,484</b>

Source: Labour Force Survey

**Table A7: Employment, unemployment and inactivity in the South East by qualification and age**

		1996	1997	1998	1999	2000	2001	2002	2003	2004	Change
<b>All Ages</b>											
Degree or equivalent	<i>In employment</i>	88%	88%	90%	89%	89%	90%	87%	89%	88%	0%
Higher education	<i>In employment</i>	85%	87%	87%	86%	87%	88%	85%	86%	86%	1%
GCE A level or equivalent	<i>In employment</i>	80%	81%	82%	83%	82%	84%	82%	82%	82%	1%
GCSE grade A-C or equivalent	<i>In employment</i>	78%	79%	81%	80%	81%	82%	80%	78%	79%	0%
Other qualification	<i>In employment</i>	77%	77%	77%	77%	78%	81%	79%	77%	76%	-1%
No qualification	<i>In employment</i>	65%	62%	63%	64%	65%	69%	64%	61%	60%	-5%
Degree or equivalent	<i>ILO unemployed</i>	3%	2%	2%	2%	2%	2%	3%	2%	2%	-1%
Higher education	<i>ILO unemployed</i>	3%	2%	2%	2%	2%	1%	2%	2%	2%	-1%
GCE A level or equivalent	<i>ILO unemployed</i>	5%	4%	3%	3%	2%	2%	3%	3%	2%	-2%
GCSE grade A-C or equivalent	<i>ILO unemployed</i>	5%	4%	4%	3%	3%	3%	4%	3%	4%	-1%
Other qualification	<i>ILO unemployed</i>	5%	5%	4%	5%	4%	3%	3%	4%	4%	-1%
No qualification	<i>ILO unemployed</i>	7%	6%	5%	4%	4%	4%	5%	5%	5%	-2%
Degree or equivalent	<i>Inactive</i>	9%	10%	8%	9%	9%	8%	10%	9%	10%	1%
Higher education	<i>Inactive</i>	12%	11%	11%	12%	10%	10%	14%	12%	12%	0%
GCE A level or equivalent	<i>Inactive</i>	15%	15%	15%	15%	16%	14%	15%	16%	16%	1%
GCSE grade A-C or equivalent	<i>Inactive</i>	17%	17%	15%	16%	16%	15%	16%	18%	18%	1%
Other qualification	<i>Inactive</i>	17%	18%	18%	18%	18%	16%	18%	19%	20%	2%
No qualification	<i>Inactive</i>	28%	32%	31%	32%	31%	27%	31%	35%	35%	7%
<b>26-55</b>											
Degree or equivalent	<i>In employment</i>	90%	90%	92%	92%	91%	90%	89%	91%	90%	1%
Higher education	<i>In employment</i>	88%	89%	88%	88%	90%	88%	88%	88%	89%	-1%
GCE A level or equivalent	<i>In employment</i>	86%	87%	88%	88%	88%	83%	83%	88%	88%	1%
GCSE grade A-C or equivalent	<i>In employment</i>	82%	82%	84%	84%	85%	82%	83%	82%	82%	-1%
Other qualification	<i>In employment</i>	80%	80%	79%	78%	79%	78%	81%	80%	78%	-1%
No qualification	<i>In employment</i>	68%	67%	65%	67%	68%	60%	66%	64%	63%	-9%
Degree or equivalent	<i>ILO unemployed</i>	3%	2%	2%	2%	2%	2%	3%	2%	2%	-3%
Higher education	<i>ILO unemployed</i>	3%	2%	2%	2%	1%	2%	2%	2%	2%	2%
GCE A level or equivalent	<i>ILO unemployed</i>	3%	3%	2%	2%	2%	3%	3%	2%	2%	-3%
GCSE grade A-C or equivalent	<i>ILO unemployed</i>	3%	3%	3%	3%	2%	3%	3%	2%	3%	0%
Other qualification	<i>ILO unemployed</i>	5%	4%	4%	4%	3%	4%	3%	3%	3%	-2%
No qualification	<i>ILO unemployed</i>	6%	5%	5%	4%	3%	6%	4%	4%	4%	-4%
Degree or equivalent	<i>Inactive</i>	7%	8%	7%	7%	7%	8%	8%	7%	8%	1%
Higher education	<i>Inactive</i>	9%	9%	10%	10%	9%	10%	10%	10%	9%	-1%
GCE A level or equivalent	<i>Inactive</i>	10%	10%	10%	9%	10%	14%	14%	10%	10%	2%
GCSE grade A-C or equivalent	<i>Inactive</i>	15%	15%	13%	14%	13%	15%	14%	16%	16%	2%
Other qualification	<i>Inactive</i>	15%	16%	16%	17%	18%	17%	17%	17%	18%	3%
No qualification	<i>Inactive</i>	26%	28%	30%	31%	28%	33%	30%	32%	33%	13%
<b>16 to 25</b>											
Degree or equivalent	<i>In employment</i>	80%	85%	87%	86%	85%	86%	82%	83%	81%	1%
Higher education	<i>In employment</i>	83%	87%	85%	83%	80%	91%	84%	86%	82%	-1%
GCE A level or equivalent	<i>In employment</i>	68%	69%	69%	69%	70%	69%	71%	68%	69%	1%
GCSE grade A-C or equivalent	<i>In employment</i>	72%	74%	75%	75%	75%	74%	75%	71%	71%	-1%
Other qualification	<i>In employment</i>	66%	65%	71%	73%	67%	65%	68%	62%	65%	-1%
No qualification	<i>In employment</i>	45%	42%	42%	43%	44%	40%	43%	37%	36%	-9%
Degree or equivalent	<i>ILO unemployed</i>	7%	5%	5%	4%	6%	4%	8%	6%	5%	-3%
Higher education	<i>ILO unemployed</i>	5%	3%	4%	3%	3%	3%	2%	4%	7%	2%
GCE A level or equivalent	<i>ILO unemployed</i>	7%	5%	5%	5%	4%	4%	5%	5%	4%	-3%
GCSE grade A-C or equivalent	<i>ILO unemployed</i>	8%	7%	7%	6%	5%	5%	7%	7%	7%	0%
Other qualification	<i>ILO unemployed</i>	13%	13%	9%	9%	11%	10%	9%	12%	11%	-2%
No qualification	<i>ILO unemployed</i>	15%	16%	16%	12%	12%	10%	13%	11%	11%	-4%
Degree or equivalent	<i>Inactive</i>	13%	10%	8%	10%	10%	10%	10%	12%	14%	1%
Higher education	<i>Inactive</i>	12%	10%	10%	14%	16%	7%	14%	10%	11%	-1%
GCE A level or equivalent	<i>Inactive</i>	25%	26%	26%	26%	26%	28%	23%	27%	27%	2%
GCSE grade A-C or equivalent	<i>Inactive</i>	20%	20%	18%	19%	20%	21%	18%	22%	22%	2%
Other qualification	<i>Inactive</i>	21%	22%	20%	18%	22%	24%	23%	26%	24%	3%
No qualification	<i>Inactive</i>	39%	41%	42%	45%	44%	50%	43%	51%	52%	13%
<b>56 to 65</b>											
Degree or equivalent	<i>In employment</i>	77%	72%	74%	71%	73%	91%	72%	78%	81%	4%
Higher education	<i>In employment</i>	65%	69%	73%	73%	72%	84%	68%	72%	74%	8%
GCE A level or equivalent	<i>In employment</i>	67%	68%	71%	72%	71%	85%	72%	76%	76%	8%
GCSE grade A-C or equivalent	<i>In employment</i>	69%	72%	73%	69%	69%	82%	71%	70%	75%	5%
Other qualification	<i>In employment</i>	70%	71%	70%	73%	77%	81%	78%	77%	75%	5%
No qualification	<i>In employment</i>	63%	58%	65%	63%	64%	71%	65%	64%	64%	1%
Degree or equivalent	<i>ILO unemployed</i>	2%	2%	1%	2%	2%	2%	1%	2%	2%	0%
Higher education	<i>ILO unemployed</i>	5%	1%	1%	4%	2%	0%	0%	2%	2%	-3%
GCE A level or equivalent	<i>ILO unemployed</i>	6%	4%	2%	1%	2%	1%	2%	2%	1%	-5%
GCSE grade A-C or equivalent	<i>ILO unemployed</i>	3%	3%	1%	1%	1%	2%	3%	1%	1%	-2%
Other qualification	<i>ILO unemployed</i>	2%	4%	1%	2%	2%	2%	1%	2%	2%	0%
No qualification	<i>ILO unemployed</i>	4%	3%	2%	2%	1%	2%	2%	2%	2%	-1%
Degree or equivalent	<i>Inactive</i>	21%	26%	25%	27%	25%	7%	27%	21%	17%	-4%
Higher education	<i>Inactive</i>	30%	29%	26%	23%	26%	16%	31%	25%	24%	-6%
GCE A level or equivalent	<i>Inactive</i>	26%	27%	27%	27%	27%	13%	26%	22%	23%	-3%
GCSE grade A-C or equivalent	<i>Inactive</i>	28%	25%	26%	30%	30%	16%	27%	29%	24%	-4%
Other qualification	<i>Inactive</i>	28%	25%	29%	26%	21%	17%	21%	21%	23%	-5%
No qualification	<i>Inactive</i>	33%	39%	33%	35%	35%	27%	33%	34%	34%	0%

Source: Labour Force Survey

**Table A8: Employment, unemployment and inactivity by age and qualification for the South East (Average 1996 to 2004 data)**

		16-25	26-35	36-45	46-55	56-65	66 plus	All
In employment	Degree or equivalent	70,680	215,653	214,344	172,326	73,693	16,727	763,423
In employment	Higher education	28,519	85,008	104,392	99,617	47,462	8,972	373,971
In employment	GCE A level or equivalent	177,620	192,402	230,887	211,949	112,226	20,630	945,714
In employment	GCSE grade A-C or equivalent	212,266	239,610	222,262	160,476	69,371	12,366	916,352
In employment	Other qualification	53,635	114,891	130,861	129,044	73,976	15,950	518,357
In employment	No qualification	35,581	41,957	70,798	117,763	100,272	30,334	396,704
ILO unemployed	Degree or equivalent	4,749	4,770	4,622	3,733	1,726	0	19,599
ILO unemployed	Higher education	1,310	2,152	2,180	2,151	1,224	0	9,015
ILO unemployed	GCE A level or equivalent	12,658	6,437	5,318	5,678	3,617	0	33,707
ILO unemployed	GCSE grade A-C or equivalent	19,313	9,497	7,214	4,171	1,701	0	41,895
ILO unemployed	Other qualification	8,609	7,174	5,930	4,550	1,914	0	28,177
ILO unemployed	No qualification	11,251	6,181	4,588	5,791	3,416	0	31,227
Inactive	Degree or equivalent	9,153	17,521	18,361	13,813	19,027	0	77,874
Inactive	Higher education	4,049	8,462	10,018	12,103	16,233	0	50,865
Inactive	GCE A level or equivalent	66,844	29,790	23,718	24,779	35,705	0	180,835
Inactive	GCSE grade A-C or equivalent	57,374	46,205	36,149	25,775	23,747	0	189,250
Inactive	Other qualification	17,786	31,046	25,209	23,505	22,506	0	120,052
Inactive	No qualification	38,544	27,522	29,023	47,333	52,516	0	194,938
<b>Total</b>		<b>829,942</b>	<b>1,086,276</b>	<b>1,145,873</b>	<b>1,064,554</b>	<b>660,332</b>	<b>104,979</b>	<b>4,891,955</b>

Source: Labour Force Survey

**Table A9: Grouping of inactivity according to the probability of a return to the work force**

Qualification	Probability of getting respondent back into the work force	16-25	26-35	36-45	46-55	56-65	Total
Degree or equivalent	Likely	495	511	341	274	155	1775
	Difficult	1075	2686	4255	3154	2538	13708
	Extremely challenging	1395	11226	12746	8650	16953	50970
Higher or equivalent	Likely	66	210	273	167	140	856
	Difficult	428	2596	2910	3398	1899	11231
	Extremely challenging	1031	5320	5552	9214	13274	34392
GCE A level or equivalent		1049	559	489	596	582	3276
	Difficult	4044	7694	7066	7044	7270	33118
	Extremely challenging	5830	15274	13542	16780	29453	80879
GCSE	Likely	1994	865	504	789	176	4329
	Difficult	9588	14748	10973	6184	2779	44272
	Extremely challenging	10821	27644	22463	18808	20309	100044
Other qualifications	Likely	672	364	440	721	367	2564
	Difficult	5142	11868	8751	7129	4525	37415
	Extremely challenging	5907	17919	13871	15289	16960	69946
No qualification	Likely	771	323	776	1124	858	3852
	Difficult	7447	9246	10960	13104	11791	52547
	Extremely challenging	9939	14186	17815	33012	40872	115822
Total	Likely	5048	2832	2824	3671	2277	16652
	Difficult	27724	48838	44914	40013	30802	192291
	Extremely challenging	34921	91568	85989	101753	137821	452052

Source: Deloitte and Experian Calculations

**Table A10: Employment, unemployment and inactivity by qualification**

All Ages		East								
		Berkshire	Bucks	Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex
Higher level qualifications	<i>In employment</i>	123,826	70,627	43,849	93,695	161,638	146,235	9,816	119,413	76,695
	<i>In employment</i>	197,888	114,980	108,302	137,652	251,789	321,057	28,037	312,148	188,137
	<i>In employment</i>	82,245	48,007	51,807	64,187	101,069	136,914	15,054	157,905	79,970
Lower level qualifications	<i>ILO unemployed</i>	2,665	1,461	1,276	1,933	3,277	2,743	347	2,957	1,696
	<i>ILO unemployed</i>	6,231	3,401	4,410	3,826	6,574	9,199	1,826	13,148	5,479
	<i>ILO unemployed</i>	3,865	2,038	3,021	2,350	3,471	5,254	1,202	10,477	3,085
No qualifications or level unknown	<i>Inactive</i>	24,786	17,184	15,737	25,460	41,994	35,251	3,990	35,062	22,289
	<i>Inactive</i>	57,802	37,003	40,933	50,675	87,047	88,788	11,314	103,855	58,591
	<i>Inactive</i>	71,269	43,627	62,613	52,036	91,950	126,392	19,946	170,605	81,405

Source: 2001 Census

**Table A11: Inactivity by qualification, all ages**

All ages		Berkshire	Bucks	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex	South East
No qualifications or level unknown	<b>Economically Inactive: Total Excluding Retired</b>	<b>32,478</b>	<b>19,266</b>	<b>25,344</b>	<b>22,478</b>	<b>37,542</b>	<b>49,831</b>	<b>8,355</b>	<b>76,439</b>	<b>30,420</b>	<b>302,153</b>
	<i>Economically Inactive: Retired</i>	38,791	24,361	37,269	29,558	54,408	76,561	11,591	94,166	50,985	<b>417,690</b>
	Economically Inactive: Student	4,856	3,074	3,475	3,682	6,193	7,123	864	9,281	4,337	<b>42,885</b>
	Economically Inactive: Looking after home/family	11,533	7,101	7,742	7,484	13,250	17,298	2,399	25,716	10,021	<b>102,544</b>
	Economically Inactive: Permanently sick or disabled	9,991	5,419	9,997	7,126	11,405	17,372	3,484	28,372	11,117	<b>104,283</b>
	Economically Inactive: Other	6,098	3,672	4,130	4,186	6,694	8,038	1,608	13,070	4,945	<b>52,441</b>
Lower level qualifications	<b>Economically Inactive: Total Excluding Retired</b>	<b>43,947</b>	<b>26,356</b>	<b>27,038</b>	<b>39,909</b>	<b>59,793</b>	<b>60,719</b>	<b>7,731</b>	<b>77,323</b>	<b>38,114</b>	<b>380,930</b>
	<i>Economically Inactive: Retired</i>	13,855	10,647	13,895	10,766	27,254	28,069	3,583	26,532	20,477	<b>155,078</b>
	Economically Inactive: Student	16,578	8,600	6,983	21,486	20,396	15,682	1,772	23,447	9,632	<b>124,576</b>
	Economically Inactive: Looking after home/family	18,244	12,188	12,496	11,956	27,155	30,038	3,301	34,910	18,512	<b>168,800</b>
	Economically Inactive: Permanently sick or disabled	3,866	2,248	4,318	2,862	5,210	7,499	1,457	10,038	5,165	<b>42,663</b>
	Economically Inactive: Other	5,259	3,320	3,241	3,605	7,032	7,500	1,201	8,928	4,805	<b>44,891</b>
Higher level qualifications	<b>Economically Inactive: Total Excluding Retired</b>	<b>14,496</b>	<b>8,927</b>	<b>6,464</b>	<b>15,193</b>	<b>22,604</b>	<b>15,112</b>	<b>1,509</b>	<b>16,562</b>	<b>9,390</b>	<b>110,257</b>
	<i>Economically Inactive: Retired</i>	10,290	8,257	9,273	10,267	19,390	20,139	2,481	18,500	12,899	<b>111,496</b>
	Economically Inactive: Student	3,392	1,079	843	6,597	4,043	1,733	142	3,215	1,172	<b>22,216</b>
	Economically Inactive: Looking after home/family	7,090	5,332	3,002	5,418	12,717	8,258	583	7,521	4,762	<b>54,683</b>
	Economically Inactive: Permanently sick or disabled	1,461	860	1,467	1,247	2,046	2,455	439	2,903	1,735	<b>14,613</b>
	Economically Inactive: Other	2,553	1,656	1,152	1,931	3,798	2,666	345	2,923	1,721	<b>18,745</b>

Source: 2001 Census

**Table A12: Inactivity by qualification, 16 to 24 year olds**

16-24	Berkshire	Bucks	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex	South East
<b>Economically Inactive: Total</b>	<b>6,316</b>	<b>4,030</b>	<b>4,366</b>	<b>4,698</b>	<b>7,523</b>	<b>9,085</b>	<b>1,143</b>	<b>12,889</b>	<b>5,444</b>	<b>55,494</b>
<i>Economically Inactive: Retired</i>	37	23	16	17	37	41	11	76	45	<b>303</b>
Economically Inactive: Student	4,500	2,902	3,187	3,431	5,860	6,749	799	8,586	4,064	<b>40,078</b>
Economically Inactive: Looking after home/family	868	456	498	489	665	1,006	117	1,753	585	<b>6,437</b>
Economically Inactive: Permanently sick or disabled	259	188	257	204	349	496	82	869	297	<b>3,001</b>
Economically Inactive: Other	652	461	408	557	612	793	134	1,605	453	<b>5,675</b>
<b>Economically Inactive: Total</b>	<b>18,643</b>	<b>9,769</b>	<b>8,166</b>	<b>22,665</b>	<b>22,467</b>	<b>18,917</b>	<b>2,235</b>	<b>27,756</b>	<b>11,440</b>	<b>142,058</b>
<i>Economically Inactive: Retired</i>	6	6	13	5	15	31	3	23	17	<b>119</b>
Economically Inactive: Student	15,481	7,973	6,129	20,426	19,222	14,111	1,576	21,484	8,650	<b>115,052</b>
Economically Inactive: Looking after home/family	1,599	697	1,122	986	1,320	2,412	319	3,364	1,331	<b>13,150</b>
Economically Inactive: Permanently sick or disabled	190	147	178	189	296	381	66	581	238	<b>2,266</b>
Economically Inactive: Other	1,367	946	724	1,059	1,614	1,982	271	2,304	1,204	<b>11,471</b>
<b>Economically Inactive: Total</b>	<b>2,167</b>	<b>917</b>	<b>546</b>	<b>3,397</b>	<b>2,924</b>	<b>1,283</b>	<b>99</b>	<b>2,164</b>	<b>841</b>	<b>14,338</b>
<i>Economically Inactive: Retired</i>	9	10	10	3	3	15	0	13	11	<b>74</b>
Economically Inactive: Student	1,579	520	339	3,056	2,188	701	44	1,528	485	<b>10,440</b>
Economically Inactive: Looking after home/family	147	62	30	58	119	102	17	120	59	<b>714</b>
Economically Inactive: Permanently sick or disabled	9	8	12	9	17	20	3	32	9	<b>119</b>
Economically Inactive: Other	423	317	155	271	597	445	35	471	277	<b>2,991</b>

Source: 2001 Census

**Table A13: Inactivity by qualification, 25 to 49 year olds**

25-49	Berkshire	Bucks	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex	South East
<b>Economically Inactive: Total</b>	<b>12,491</b>	<b>6,964</b>	<b>8,711</b>	<b>7,958</b>	<b>12,562</b>	<b>16,359</b>	<b>2,770</b>	<b>27,558</b>	<b>9,915</b>	<b>105,288</b>
<i>Economically Inactive: Retired</i>	109	73	119	91	149	226	37	301	140	<b>1,245</b>
Economically Inactive: Student	278	121	229	195	231	250	48	528	190	<b>2,070</b>
Economically Inactive: Looking after home/family	6,205	3,587	3,739	3,745	6,137	7,733	1,094	12,871	4,656	<b>49,767</b>
Economically Inactive: Permanently sick or disabled	3,342	1,745	3,141	2,260	3,536	5,253	958	8,881	3,201	<b>32,317</b>
Economically Inactive: Other	2,557	1,438	1,483	1,667	2,509	2,897	633	4,977	1,728	<b>19,889</b>
<b>Economically Inactive: Total</b>	<b>19,982</b>	<b>12,347</b>	<b>13,829</b>	<b>13,329</b>	<b>27,194</b>	<b>31,940</b>	<b>4,057</b>	<b>38,647</b>	<b>19,801</b>	<b>181,126</b>
<i>Economically Inactive: Retired</i>	134	74	163	75	266	266	59	325	217	<b>1,579</b>
Economically Inactive: Student	1,004	555	768	954	1,042	1,429	177	1,808	876	<b>8,613</b>
Economically Inactive: Looking after home/family	13,912	8,988	9,063	8,915	19,633	22,373	2,387	26,484	13,741	<b>125,496</b>
Economically Inactive: Permanently sick or disabled	2,072	1,132	2,188	1,551	2,564	3,977	746	5,200	2,596	<b>22,026</b>
Economically Inactive: Other	2,860	1,598	1,647	1,834	3,689	3,895	688	4,830	2,371	<b>23,412</b>
<b>Economically Inactive: Total</b>	<b>9,716</b>	<b>6,029</b>	<b>3,710</b>	<b>9,373</b>	<b>14,890</b>	<b>9,468</b>	<b>812</b>	<b>9,849</b>	<b>5,702</b>	<b>69,549</b>
<i>Economically Inactive: Retired</i>	75	54	74	69	142	157	17	157	77	<b>822</b>
Economically Inactive: Student	1,723	503	446	3,421	1,737	911	86	1,503	602	<b>10,932</b>
Economically Inactive: Looking after home/family	5,874	4,296	2,178	4,352	10,178	6,317	402	5,806	3,606	<b>43,009</b>
Economically Inactive: Permanently sick or disabled	539	301	486	447	706	791	143	925	559	<b>4,897</b>
Economically Inactive: Other	1,505	875	526	1,084	2,127	1,292	164	1,458	858	<b>9,889</b>

Source: 2001 Census

**Table A14: Inactivity by qualification, 50 to 64 year olds**

50-64	Berkshire	Bucks	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex	South East
<b>Economically Inactive: Total</b>	<b>20,267</b>	<b>12,287</b>	<b>18,091</b>	<b>14,499</b>	<b>26,516</b>	<b>38,061</b>	<b>6,562</b>	<b>52,929</b>	<b>23,092</b>	<b>212,304</b>
<i>Economically Inactive: Retired</i>	9,066	5,580	8,207	6,567	12,596	17,937	2,863	22,698	11,035	<b>96,549</b>
<i>Economically Inactive: Student</i>	50	32	37	31	59	73	11	98	50	<b>441</b>
<i>Economically Inactive: Looking after home/family</i>	4,009	2,719	3,156	2,896	5,581	7,775	1,083	10,195	4,170	<b>41,584</b>
<i>Economically Inactive: Permanently sick or disabled</i>	5,041	2,682	5,100	3,637	5,687	9,109	1,980	15,051	5,906	<b>54,193</b>
<i>Economically Inactive: Other</i>	2,101	1,274	1,591	1,368	2,593	3,167	625	4,887	1,931	<b>19,537</b>
<b>Economically Inactive: Total</b>	<b>10,263</b>	<b>7,967</b>	<b>9,691</b>	<b>7,526</b>	<b>19,504</b>	<b>19,765</b>	<b>2,801</b>	<b>20,751</b>	<b>13,473</b>	<b>111,741</b>
<i>Economically Inactive: Retired</i>	5,503	4,220	5,171	4,079	10,624	10,851	1,463	10,800	7,458	<b>60,169</b>
<i>Economically Inactive: Student</i>	64	56	60	71	92	110	16	108	73	<b>650</b>
<i>Economically Inactive: Looking after home/family</i>	2,509	2,250	2,051	1,853	5,443	4,791	554	4,654	3,031	<b>27,136</b>
<i>Economically Inactive: Permanently sick or disabled</i>	1,320	805	1,669	928	1,912	2,604	558	3,630	1,909	<b>15,335</b>
<i>Economically Inactive: Other</i>	867	636	740	595	1,433	1,409	210	1,559	1,002	<b>8,451</b>
<b>Economically Inactive: Total</b>	<b>6,020</b>	<b>4,860</b>	<b>4,968</b>	<b>5,626</b>	<b>11,232</b>	<b>11,037</b>	<b>1,439</b>	<b>10,494</b>	<b>6,755</b>	<b>62,431</b>
<i>Economically Inactive: Retired</i>	3,742	3,157	3,113	3,549	7,088	7,241	925	6,584	4,343	<b>39,742</b>
<i>Economically Inactive: Student</i>	72	47	53	100	104	107	12	148	69	<b>712</b>
<i>Economically Inactive: Looking after home/family</i>	984	898	702	926	2,177	1,676	145	1,455	984	<b>9,947</b>
<i>Economically Inactive: Permanently sick or disabled</i>	715	403	744	593	988	1,251	235	1,538	902	<b>7,369</b>
<i>Economically Inactive: Other</i>	507	355	356	458	875	762	122	769	457	<b>4,661</b>

Source: 2001 Census

Table A15: Productivity relative to UK - 2025

	Berkshire	Buckinghamshire	East Sussex	Oxfordshire	Surrey	Hampshire	Isle of Wight	Kent	West Sussex
Construction	1.2	1.1	0.8	1.0	1.1	1.0	0.9	0.9	1.1
Wholesaling	1.2	1.1	0.8	1.0	1.1	1.0	0.9	0.9	1.1
Retailing	1.2	1.0	0.8	0.9	1.1	0.9	0.9	0.9	1.0
Other F&Bs	1.2	1.0	0.8	0.9	1.1	0.9	0.9	0.9	1.0
Business Services	1.2	1.0	0.8	1.0	1.1	0.9	0.9	0.9	1.1

Source: Experian

Table A16: Commuting matrix

	LIVE					
	South East	South West	Greater London	East Midlands	West Midlands	Eastern
South East	3,402,527	51,208	132,089	29,328	13,666	44,804
South West	29,635	2,179,792	3,948	2,878	17,064	3,052
Greater London	374,861	16,120	3,082,959	13,707	10,440	283,605
East Midlands	10,365	1,853	3,248	1,721,385	35,315	14,076
West Midlands	8,247	11,652	3,544	46,544	2,213,880	4,078
Eastern	39,962	4,087	73,211	34,027	5,107	2,213,869

Source: 2001 Census

Table A17: Commuting matrix

	Live					
Work	South East	South West	Greater London	East Midlands	West Midlands	Eastern
South East	3,536,067	49,792	153,908	29,309	11,670	48,240
South West	40,251	2,314,050	14,116	4,974	20,033	4,988
Greater London	358,986	11,850	3,112,236	9,501	5,566	285,723
East Midlands	9,866	1,886	3,620	1,802,833	39,632	15,433
West Midlands	9,721	11,393	3,862	55,059	2,293,877	5,994
Eastern	43,710	4,789	91,792	39,893	3,949	2,314,599

Source: 2004 Labour Force Survey

**Table A18: Employment, unemployment and inactivity in the South East by NVQ and age**

Economic activity	Qualification	1996	1997	1998	1999	2000	2001	2002	2003	2004
In employment	Degree or equivalent	598,053	632,234	709,282	759,318	769,216	782,266	840,384	880,174	899,883
In employment	Higher education	372,607	364,339	383,535	383,662	363,916	347,648	366,641	384,791	398,599
In employment	GCE A level or equivalent	900,177	935,769	947,597	967,758	999,401	968,139	799,114	993,309	1,000,162
In employment	GCSE grade A-C or equivalent	888,638	923,316	927,291	918,385	942,127	936,633	912,125	879,904	918,749
In employment	Other qualification	522,460	536,009	527,419	515,081	527,286	525,431	517,219	528,284	466,020
In employment	No qualification	490,410	436,189	411,305	397,469	382,040	395,970	365,716	343,343	347,897
ILO unemployed	Degree or equivalent	20,492	15,014	15,590	17,438	17,702	18,540	29,472	23,099	19,044
ILO unemployed	Higher education	13,486	8,482	9,173	10,037	6,405	5,456	7,292	9,630	11,180
ILO unemployed	GCE A level or equivalent	50,500	41,076	33,861	30,363	25,947	25,319	34,111	33,955	28,235
ILO unemployed	GCSE grade A-C or equivalent	52,151	49,001	47,582	38,972	35,288	33,176	40,469	38,181	42,238
ILO unemployed	Other qualification	37,196	34,503	28,785	30,074	26,571	22,179	21,549	27,912	24,825
ILO unemployed	No qualification	51,641	42,133	34,461	26,893	22,049	23,520	27,099	25,643	27,605
Inactive	Degree or equivalent	59,994	68,238	66,785	74,058	78,881	66,665	96,858	89,891	99,498
Inactive	Higher education	51,685	46,046	50,647	51,758	50,072	40,712	58,906	54,330	53,627
Inactive	GCE A level or equivalent	170,935	176,008	175,805	174,880	192,247	158,716	190,420	190,466	198,041
Inactive	GCSE grade A-C or equivalent	195,375	197,852	175,448	187,260	183,250	167,896	181,321	206,636	208,216
Inactive	Other qualification	117,852	122,122	124,427	121,358	125,533	105,089	115,712	128,513	119,860
Inactive	No qualification	215,846	220,037	203,136	197,009	181,804	155,589	180,140	196,177	204,702

Source: Labour Force Survey

**Table A19: Inactivity by age for those with degree or equivalent type qualifications for the South East**

		16-25	26-35	36-45	46-55	56-65	Total
Degree or equivalent	Student	384	118	126	0	0	629
Degree or equivalent	Looking After Family	0	388	447	50	0	885
Degree or equivalent	Temp sick or injured	0	0	0	36	0	36
Degree or equivalent	Long-term sick disabled	0	0	59	106	0	166
Degree or equivalent	Other reason	448	226	228	155	103	1,159
Degree or equivalent	No reason given	47	0	35	0	0	82
	<b>Seeking</b>	<b>879</b>	<b>733</b>	<b>895</b>	<b>348</b>	<b>103</b>	<b>2,957</b>
Degree or equivalent	Wait result of job application	0	101	0	0	0	101
Degree or equivalent	Student	945	161	270	229	0	1,606
Degree or equivalent	Looking After Family	0	1,384	2,099	716	181	4,381
Degree or equivalent	Temp sick or injured	0	184	78	83	51	397
Degree or equivalent	Long-term sick disabled	52	411	504	1,194	1,010	3,172
Degree or equivalent	Believes no job available	0	43	54	98	173	368
Degree or equivalent	Not yet looking	321	89	393	516	539	1,856
Degree or equivalent	Not looked	702	371	698	474	635	2,880
Degree or equivalent	No reason given	0	0	0	0	0	0
	<b>Not Seeking - Like</b>	<b>2,020</b>	<b>2,745</b>	<b>4,097</b>	<b>3,310</b>	<b>2,589</b>	<b>14,761</b>
Degree or equivalent	Wait results application	0	0	0	0	0	0
Degree or equivalent	Student	6,131	3,328	1,038	344	91	10,932
Degree or equivalent	Looking After Family	175	9,562	10,411	2,153	628	22,930
Degree or equivalent	Temp sick or injured	56	94	107	48	81	386
Degree or equivalent	Long-term sick disabled	60	484	591	1,593	1,472	4,200
Degree or equivalent	Not need/want job	0	159	599	1,080	1,721	3,559
Degree or equivalent	Retired	0	0	86	2,383	11,971	14,440
Degree or equivalent	Other reason	645	669	653	1,144	992	4,103
Degree or equivalent	No reason given	458	257	298	250	89	1,351
	<b>Not Seeking - Not Like</b>	<b>7,526</b>	<b>14,554</b>	<b>13,784</b>	<b>8,994</b>	<b>17,044</b>	<b>61,902</b>

Source: Labour Force Survey

**Table A20: Inactivity by age for those with higher education type qualifications for the South East**

		16-25	26-35	36-45	46-55	56-65	Total
Higher educ	Student	105	0	45	0	0	150
Higher educ	Looking After Family	0	146	134	0	0	280
Higher educ	Temp sick or injured	0	0	0	0	0	0
Higher educ	Long-term sick disabled	0	0	42	54	43	139
Higher educ	Other reason	0	116	138	127	43	424
Higher educ	No reason given	66	42	0	0	0	108
	<b>Seeking</b>	<b>171</b>	<b>304</b>	<b>359</b>	<b>181</b>	<b>86</b>	<b>1,101</b>
Higher educ	Wait result of job application	0	0	0	0	0	0
Higher educ	Student	207	379	86	41	0	713
Higher educ	Looking After Family	115	1,538	1,517	816	291	4,279
Higher educ	Temp sick or injured	0	52	135	39	97	324
Higher educ	Long-term sick disabled	0	515	823	1,453	1,108	3,900
Higher educ	Believes no job available	0	47	0	41	85	174
Higher educ	Not yet looking	248	141	177	357	186	1,109
Higher educ	Not looked	65	148	217	675	185	1,290
Higher educ	No reason given	0	60	0	0	0	60
	<b>Not Seeking - Like</b>	<b>636</b>	<b>2,880</b>	<b>2,956</b>	<b>3,424</b>	<b>1,953</b>	<b>11,849</b>
Higher educ	Wait results application	0	0	0	0	0	0
Higher educ	Student	2,215	746	816	148	107	4,032
Higher educ	Looking After Family	675	4,368	4,721	2,661	774	13,199
Higher educ	Temp sick or injured	0	49	42	244	139	475
Higher educ	Long-term sick disabled	0	255	395	2,329	2,225	5,204
Higher educ	Not need/want job	43	58	0	1,438	1,514	3,054
Higher educ	Retired	0	0	0	1,550	7,688	9,238
Higher educ	Other reason	213	369	299	800	887	2,568
Higher educ	No reason given	101	221	95	192	46	655
	<b>Not Seeking - Not Like</b>	<b>3,246</b>	<b>6,067</b>	<b>6,368</b>	<b>9,362</b>	<b>13,381</b>	<b>38,424</b>

Source: Labour Force Survey

**Table A21: Inactivity by age for GCE A-level or equivalent type qualifications for the South East**

		16-25	26-35	36-45	46-55	56-65	Total
GCE A Level or equiv	Student	3,261	156	247	0	0	3,664
GCE A Level or equiv	Looking After Family	47	527	221	183	0	978
GCE A Level or equiv	Temp sick or injured	0	109	43	132	0	283
GCE A Level or equiv	Long-term sick disabled	0	126	87	0	0	213
GCE A Level or equiv	Other reason	681	191	237	87	136	1,332
GCE A Level or equiv	No reason given	55	42	58	0	0	155
	<b>Seeking</b>	<b>4,044</b>	<b>1,150</b>	<b>893</b>	<b>402</b>	<b>136</b>	<b>6,625</b>
GCE A Level or equiv	Wait result of job application	0	0	0	0	45	45
GCE A Level or equiv	Student	7,580	590	168	0	0	8,337
GCE A Level or equiv	Looking After Family	1,607	4,590	2,467	1,307	644	10,616
GCE A Level or equiv	Temp sick or injured	314	218	152	377	401	1,461
GCE A Level or equiv	Long-term sick disabled	466	1,286	2,947	4,042	4,572	13,312
GCE A Level or equiv	Believes no job available	57	0	93	339	751	1,240
GCE A Level or equiv	Not yet looking	860	366	544	346	235	2,351
GCE A Level or equiv	Not looked	1,007	798	706	827	1,069	4,408
GCE A Level or equiv	No reason given	0	0	0	0	0	0
	<b>Not Seeking - Like</b>	<b>11,890</b>	<b>7,848</b>	<b>7,077</b>	<b>7,239</b>	<b>7,716</b>	<b>41,770</b>
GCE A Level or equiv	Wait results application	0	0	0	0	0	0
GCE A Level or equiv	Student	56,706	1,813	1,527	313	92	60,451
GCE A Level or equiv	Looking After Family	3,299	12,791	9,874	5,200	2,211	33,375
GCE A Level or equiv	Temp sick or injured	148	363	133	363	177	1,183
GCE A Level or equiv	Long-term sick disabled	260	676	1,922	5,139	7,403	15,399
GCE A Level or equiv	Not need/want job	0	296	808	2,677	2,676	6,458
GCE A Level or equiv	Retired	0	0	43	2,261	15,934	18,238
GCE A Level or equiv	Other reason	1,508	775	718	1,059	796	4,855
GCE A Level or equiv	No reason given	615	372	44	81	258	1,370
	<b>Not Seeking - Not Like</b>	<b>62,535</b>	<b>17,087</b>	<b>15,068</b>	<b>17,093</b>	<b>29,545</b>	<b>141,330</b>

Source: Labour Force Survey

**Table A22: Inactivity by age for those with GCSE grades A-C or equivalent type qualifications for the South East**

		16-25	26-35	36-45	46-55	56-65	Total
GCSE grades A-C or equiv	Student	3,488	91	95	0	0	3,674
GCSE grades A-C or equiv	Looking After Family	308	1,013	616	87	0	2,025
GCSE grades A-C or equiv	Temp sick or injured	89	40	0	98	42	269
GCSE grades A-C or equiv	Long-term sick disabled	63	58	0	0	44	165
GCSE grades A-C or equiv	Other reason	826	397	0	206	0	1,429
GCSE grades A-C or equiv	No reason given	295	0	0	0	48	343
	<b>Seeking</b>	<b>5,069</b>	<b>1,599</b>	<b>712</b>	<b>391</b>	<b>134</b>	<b>7,905</b>
GCSE grades A-C or equiv	Wait result of job application	143	0	0	105	40	288
GCSE grades A-C or equiv	Student	8,542	399	182	0	0	9,122
GCSE grades A-C or equiv	Looking After Family	5,085	10,174	5,739	1,552	594	23,144
GCSE grades A-C or equiv	Temp sick or injured	641	427	504	380	46	1,999
GCSE grades A-C or equiv	Long-term sick disabled	980	1,971	2,978	3,059	1,150	10,138
GCSE grades A-C or equiv	Believes no job available	202	187	84	44	235	751
GCSE grades A-C or equiv	Not yet looking	1,179	647	678	518	341	3,362
GCSE grades A-C or equiv	Not looked	1,714	698	878	924	416	4,630
GCSE grades A-C or equiv	No reason given	57	0	0	0	0	57
	<b>Not Seeking - Like</b>	<b>18,543</b>	<b>14,503</b>	<b>11,043</b>	<b>6,582</b>	<b>2,821</b>	<b>53,492</b>
GCSE grades A-C or equiv	Wait results application	0	0	0	0	0	0
GCSE grades A-C or equiv	Student	30,451	1,168	1,003	281	0	32,902
GCSE grades A-C or equiv	Looking After Family	7,109	24,516	17,241	6,882	2,556	58,305
GCSE grades A-C or equiv	Temp sick or injured	438	269	358	293	137	1,496
GCSE grades A-C or equiv	Long-term sick disabled	660	1,557	2,454	3,968	2,859	11,499
GCSE grades A-C or equiv	Not need/want job	106	137	1,222	3,532	3,170	8,167
GCSE grades A-C or equiv	Retired	0	0	0	2,498	10,822	13,320
GCSE grades A-C or equiv	Other reason	1,615	876	1,022	1,358	722	5,592
GCSE grades A-C or equiv	No reason given	893	288	165	275	44	1,665
	<b>Not Seeking - Not Like</b>	<b>41,271</b>	<b>28,812</b>	<b>23,466</b>	<b>19,088</b>	<b>20,309</b>	<b>132,946</b>

Source: Labour Force Survey

**Table A23: Inactivity by age for those with other qualifications for the South East**

		16-25	26-35	36-45	46-55	56-65	Total
Other qualifications	Student	264	118	0	50	0	433
Other qualifications	Looking After Family	110	458	337	0	40	945
Other qualifications	Temp sick or injured	47	0	0	48	52	147
Other qualifications	Long-term sick disabled	0	133	112	0	0	245
Other qualifications	Other reason	161	90	0	45	0	296
Other qualifications	No reason given	129	0	61	84	94	369
	<b>Seeking</b>	<b>712</b>	<b>800</b>	<b>510</b>	<b>227</b>	<b>186</b>	<b>2,436</b>
Other qualifications	Wait result of job application	51	0	49	0	0	99
Other qualifications	Student	1,958	425	233	0	0	2,615
Other qualifications	Looking After Family	2,537	7,904	4,259	1,884	746	17,330
Other qualifications	Temp sick or injured	283	274	330	544	221	1,652
Other qualifications	Long-term sick disabled	718	1,561	2,407	4,156	2,854	11,696
Other qualifications	Believes no job available	105	102	46	134	168	555
Other qualifications	Not yet looking	546	331	412	301	215	1,806
Other qualifications	Not looked	1,126	1,379	1,178	654	501	4,838
Other qualifications	No reason given	0	0	0	0	0	0
	<b>Not Seeking - Like</b>	<b>7,324</b>	<b>11,976</b>	<b>8,913</b>	<b>7,673</b>	<b>4,706</b>	<b>40,591</b>
Other qualifications	Wait results application	40	0	0	0	0	40
Other qualifications	Student	5,998	1,904	540	46	40	8,528
Other qualifications	Looking After Family	3,817	14,296	9,425	5,683	2,770	35,991
Other qualifications	Temp sick or injured	121	323	176	148	239	1,009
Other qualifications	Long-term sick disabled	593	1,827	2,403	4,199	4,922	13,945
Other qualifications	Not need/want job	86	193	584	2,538	1,587	4,987
Other qualifications	Retired	0	0	0	1,027	6,856	7,883
Other qualifications	Other reason	916	1,016	1,091	1,455	585	5,063
Other qualifications	No reason given	374	263	192	239	0	1,068
	<b>Not Seeking - Not Like</b>	<b>11,944</b>	<b>19,823</b>	<b>14,411</b>	<b>15,335</b>	<b>17,000</b>	<b>78,513</b>

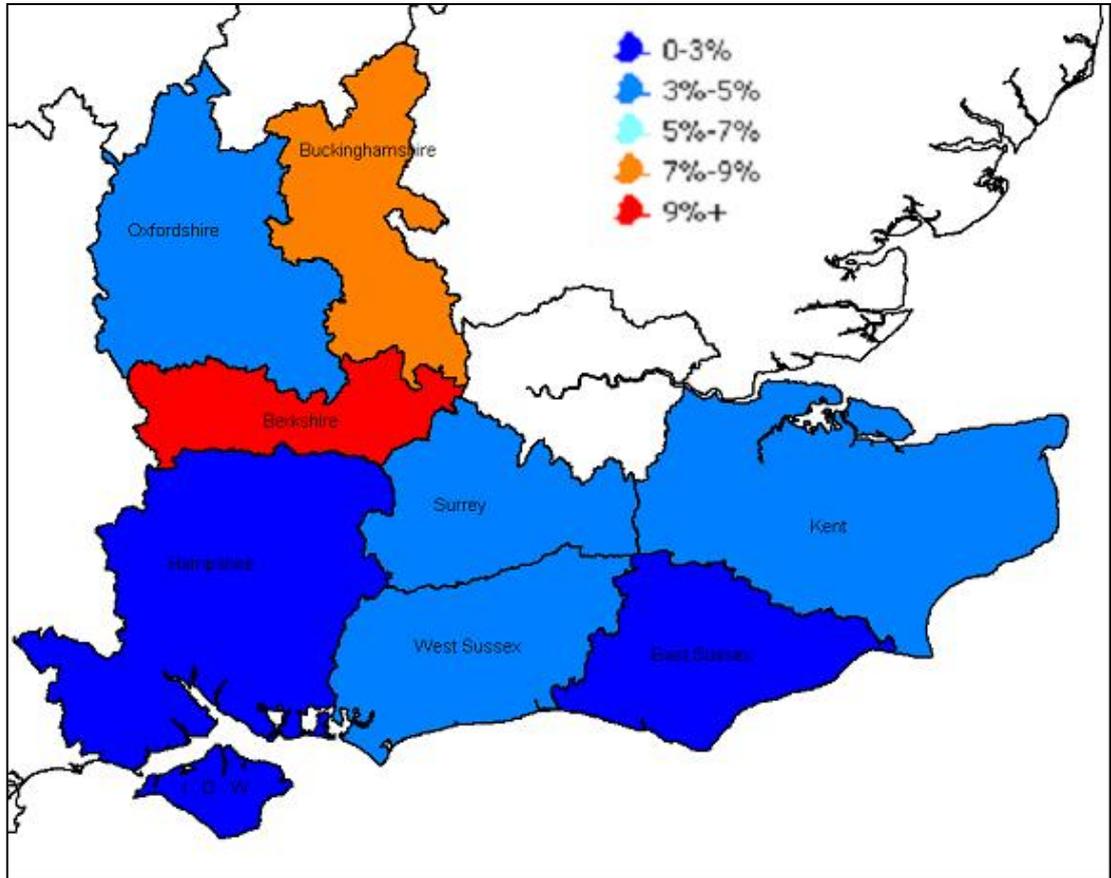
Source: Labour Force Survey

**Table A24: Inactivity by age for those with no qualifications for the South East**

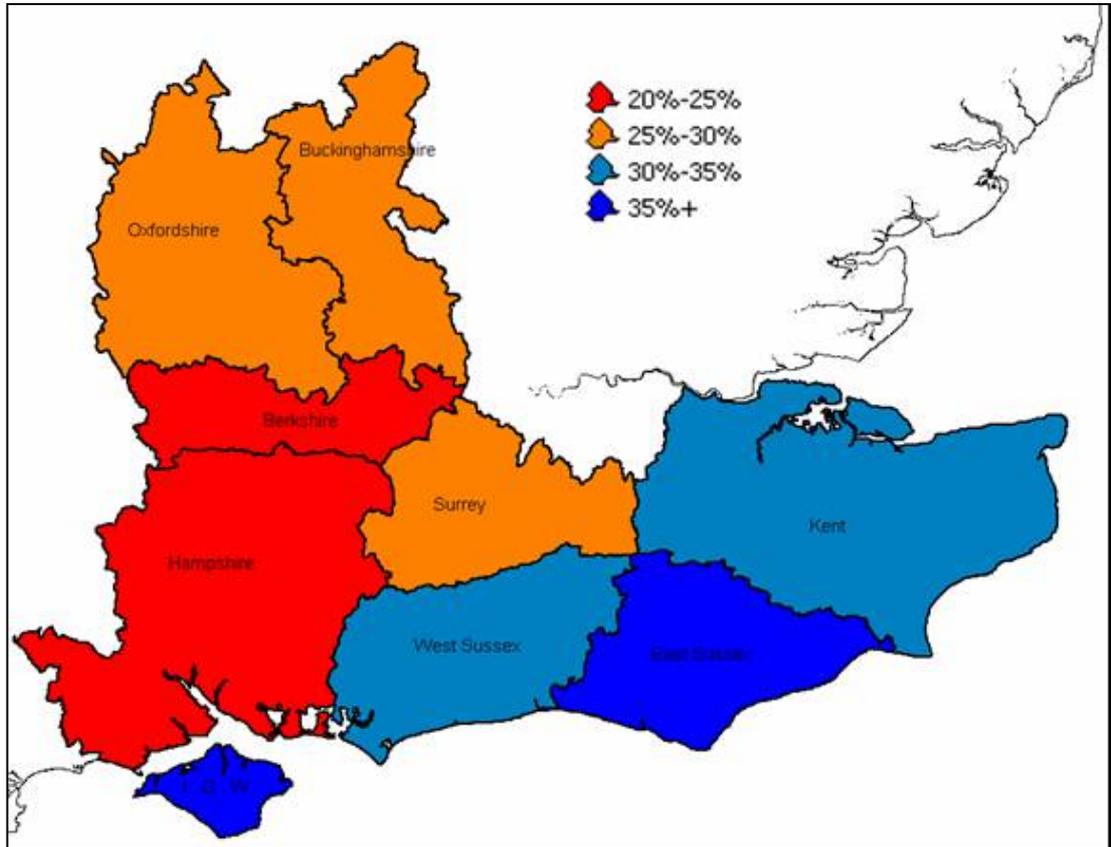
		16-25	26-35	36-45	46-55	56-65	Total
No qualification	Student	316	0	0	0	0	316
No qualification	Looking After Family	261	376	304	0	50	992
No qualification	Temp sick or injured	0	0	0	40	41	81
No qualification	Long-term sick disabled	0	46	0	0	60	106
No qualification	Other reason	168	0	107	134	44	453
No qualification	No reason given	148	108	96	0	0	351
	<b>Seeking</b>	<b>893</b>	<b>530</b>	<b>507</b>	<b>174</b>	<b>195</b>	<b>2,299</b>
No qualification	Wait result of job application	39	0	0	0	44	83
No qualification	Student	2,320	112	51	45	0	2,527
No qualification	Looking After Family	3,361	6,262	4,929	2,924	1,154	18,630
No qualification	Temp sick or injured	416	215	574	950	728	2,884
No qualification	Long-term sick disabled	1,681	1,762	4,101	7,981	8,635	24,160
No qualification	Believes no job available	135	48	170	387	601	1,341
No qualification	Not yet looking	896	95	252	686	455	2,383
No qualification	Not looked	1,113	657	1,158	1,126	837	4,890
No qualification	No reason given	0	0	45	0	0	45
	<b>Not Seeking - Like</b>	<b>9,961</b>	<b>9,150</b>	<b>11,280</b>	<b>14,099</b>	<b>12,454</b>	<b>56,943</b>
No qualification	Wait results application	48	0	54	0	0	102
No qualification	Student	8,980	413	245	149	0	9,787
No qualification	Looking After Family	4,884	9,506	11,236	12,443	8,056	46,125
No qualification	Temp sick or injured	98	54	313	669	495	1,630
No qualification	Long-term sick disabled	3,307	3,814	5,198	13,239	16,550	42,107
No qualification	Not need/want job	54	56	353	2,665	3,554	6,681
No qualification	Retired	0	0	37	2,218	10,439	12,694
No qualification	Other reason	1,300	567	452	1,638	1,484	5,442
No qualification	No reason given	296	188	226	140	293	1,143
	<b>Not Seeking - Not Like</b>	<b>18,966</b>	<b>14,599</b>	<b>18,114</b>	<b>33,160</b>	<b>40,872</b>	<b>125,711</b>

Source: Labour Force Survey

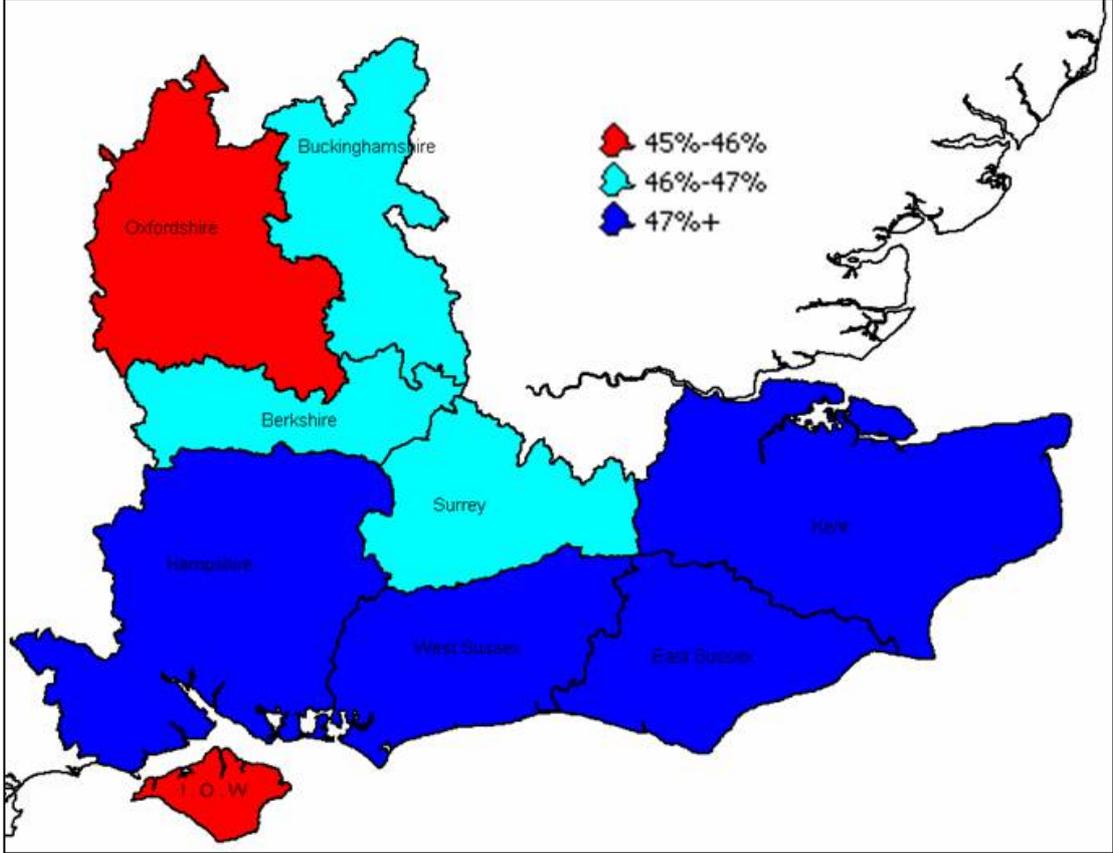
Map A1: Percentage of ethnic population (non-white) of total population



Map A2: Percentage of economically inactive in total population



Map A3: Percentage of low-skilled workers in total population



Map A4: Proportion of population aged 50 and over in total population

