

Annex A: Local Strategic Context

Executive summary

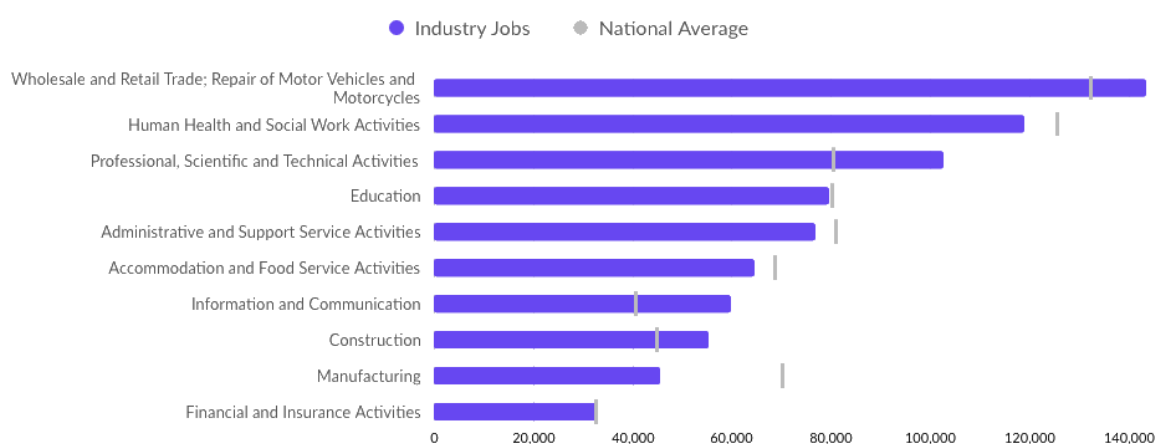
The LSIP Economy & Business Environment*

The area benefits from a **large economy of around £80bn GDP** – ¼ of the South East GDP – and is a **major contributor to the Exchequer** with an above average contribution of £7.3bn in indirect taxes on products.

The area is about a **quarter (27%) more productive than the national average**. This productivity is driven by **concentrations of digital and professional services jobs** as well as **strengths in education and research and development**. The area has a history of **good resilience to economic shocks** and has shown relatively strong business growth.

The **concentration of businesses is high** with business density 17% above regional and 28% above the England average. **Enterprises are mostly (98%) micro and small** but there are **significant disparities in distribution** across the area (e.g. by sectors and also rural vs. urban locations).

Large and medium enterprises account for most jobs and turnover (GVA). A closer look at which industries have the most jobs (see also graph, below) reflects both a knowledge *and* services economy with **high concentrations of professional, scientific & technical and ICT employment** relative to both national and regional averages, as well as those in **Construction** and **Financial & Insurance Activities**. The LSIP area has green economy strengths within homes and buildings and climate adaptation (relative to the rest of the South East)¹.



The area also has **over one in five workplace jobs in knowledge intensive services**; well above regional and national averages. Research also suggests that there are around 35,000 green jobs in the LSIP area, which represents 3.8 % of total employees (23% higher than the

¹ "Annex A.2: Green skills demand report", p.3

UK as a whole)². This is forecast to grow 6% per year to 57,000 up to 2030 (which would outstrip the growth of the digital sector between 2009-2019- around 4%)³.

The concentration of jobs in knowledge intensive services and green occupations also reflects the distribution of skilled jobs across the local economy with an **above average concentration of high skilled occupations** (44%) compared to the region (39%) and the nation (37%). This contrasts with below average concentrations of lower intermediate and elementary occupations.

The LSIP workforce

The area has a **resident working age population of nearly 1.2 million**. Both the **resident and the workplace workforces enjoy high wages** that are above both the regional and national averages – although resident wages are typically more due to higher commuting incomes.

The **resident workforce is highly qualified** with more than four in ten (44%) holding a degree or equivalent compared to the region (39%) and the nation (37%). The workforce has a history of **strong economic activity, strong employment and low unemployment**, when compared to the region and the nation.

The area has **above average concentration of older** (age 50+) **and younger** (16- to 19-year-olds) **resident workers** but a relatively **smaller share of people in the prime age group** (25- to 49-year-olds), including Millennials (25- to 39-year-olds).

Reflecting the **high levels of outward commuting** in the Enterprise M3 LEP area⁴, the LSIP area has a larger workforce than the number of available jobs. Between June 2010 and June 2020, employment increased by over 66,000 but **economic activity lags behind** with some 8,000 fewer residents in employment. The area has a **history of a high economic activity rate**, and the pandemic has impacted on this with growing numbers of people becoming ‘economically inactive’.

Looking forward, the **area’s ageing population will broaden the impact on this rate** and further constrain the supply of labour; a supply that is **likely to peak in the near future** and will have implications for the retention and recruitment of staff as well as business investment and growth.

Employment for those from ethnic minority groups is strong with the employment rate among people from the LSIP area’s ethnic minority groups (73.7%) was above both the regional (72.4%) and national averages (67.7%). An **employment gap persists between white people and those from ethnic minority groups** with more white people employed (81.5% compared to 73.7%) and a greater fall in workplace employment for those from ethnic minority groups (-5.1%) versus white people (-0.2%) between 2019 and 2021. This change is even more pronounced when comparing with national data where the number of people from ethnic minority groups in employment increased by 3.7%.

² “Annex A.2: Green skills demand report”, p.3

³ “Annex A.2: Green skills demand report”, p.4

⁴ “Skills and Labour Market Analysis, February 2020”, EM3, <<https://enterprisem3.org.uk/hub/skills-businesses>>

In some parts of the LSIP area, residents in work are less likely to have a disability than the regional and national averages. Although the proportion of LSIP residents aged 16-64 in employment reporting a disability (18%) is around the same as the regional (17%) and national (18%) averages, there are discrepancies across the boroughs and districts ranging from 9% in Surrey Heath to 32% in Runnymede⁵. That said, the proportion of those economically inactive and declaring a disability (6%) is lower than regional (8%) and national (9%) averages.

Gender gaps are evident across different occupations in the LSIP area. Those where women tend to work are also likely to be the lowest paid, with women still dominant in the so-called ‘five Cs’ of caring, cashiering, catering, cleaning and clerical work⁶ – evident in the LSIP area where there are higher percentages of females compared to males in (e.g.) Health professional (4.9% vs. 1.3%), Health and Social Care Associate Professionals (3.3% vs. 0.5%), Administrative (14.8% vs. 4.5%), Secretarial and related (3.8% vs. <1%) and Caring personal service (9.8% vs. 1.8%) occupations⁷.

In contrast, there are **over twice the proportions of males in corporate managers and directors’ roles** (16%) compared to females (7%) in the LSIP area⁸. That said, the proportion of females in these roles is higher than both the region (6.6%) and the nation (5.4%). Of the working age population (aged 16-64) in the LSIP area, the gender split is 50:50, although a **higher percentage of males are in employment** (41%) compared to females (38%)⁹.

The talent pipeline

Of the 17,437 Key Stage 4 pupils from 2020-21 across the LSIP area, **over 90% went into sustained education with around 4% going into either apprenticeships or employment**. As illustrated in the map on page 5, the LSIP area has a strong range of further and higher education providers. Together, these deliver substantial volumes of qualifications with varied levels of participation.

Looking just at further education vocational provision (see table below) and focusing on levels 2 to 7; in 2021-22 there were **18,745 achievements** – just under 50% at level 2 followed by 45% at level 3 and 6% at levels 4 and above.

⁵ “Jan – Dec 2022, Annual Population Survey”, *Office for National Statistics*,
<<https://www.nomisweb.co.uk/datasets/apsnew>>

⁶ “Women, Employment and Earnings: A pre-budget briefing”, *UK Women’s Budget Group*, (March 2020),
<<https://wbg.org.uk/wp-content/uploads/2020/02/final-employment-2020.pdf>>

⁷ “Jan – Dec 2022, Annual Population Survey”, *Office for National Statistics*,
<<https://www.nomisweb.co.uk/datasets/apsnew>>

⁸ “Jan – Dec 2022, Annual Population Survey”, *Office for National Statistics*,
<<https://www.nomisweb.co.uk/datasets/apsnew>>

⁹ “Jan – Dec 2022, Annual Population Survey”, *Office for National Statistics*,
<<https://www.nomisweb.co.uk/datasets/apsnew>>

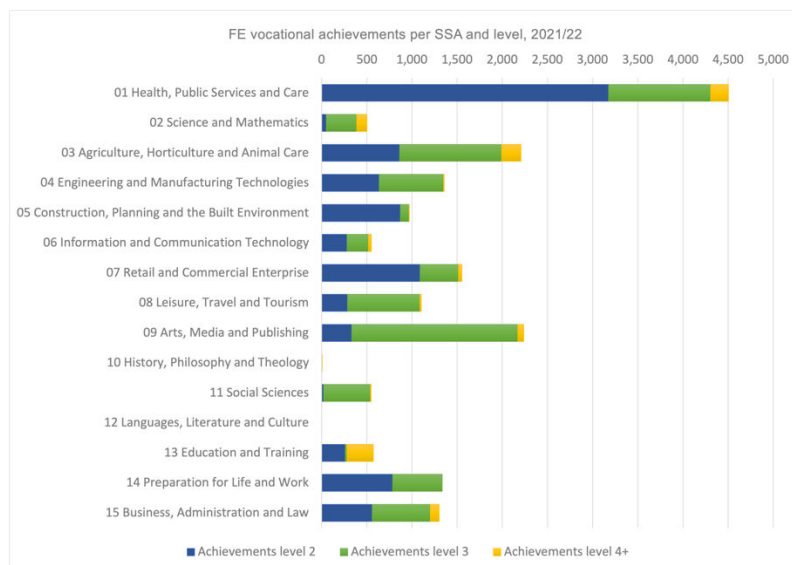


Figure 1: FE vocational achievements per SSA and level; 2021-22. Source: LSIP analysis of National Achievement Rate Tables 2021-22, Department for Education.

A breakdown of subjects across the levels shows **concentrations of achievements in Health, public services & care, and Agriculture, horticulture and animal care at levels 2 and 4+** but also **Retail & commercial enterprise at level 2** and **Arts, media & publishing at levels 3 and 4+**. While there is some interesting mapping between these subject areas and larger industries in the local economy, it is important not to make causal links between the two.