

## Annex A: Local Strategic Context 2024

### Introduction

This document provides an update to and should be read alongside the '*Local Strategic Context*' document, included alongside the original LSIP report, published in August 2023, and available on the Future Skills Hub<sup>1</sup>.

### The LSIP Economy & Business Environment

The area benefits from a **large economy of around £92bn GDP** – ¼ of the South East GDP – and is a **major contributor to the Exchequer** with an above average contribution of £9.7bn in indirect taxes on products (nearly a 33% increase on the £7.3bn contribution last year).

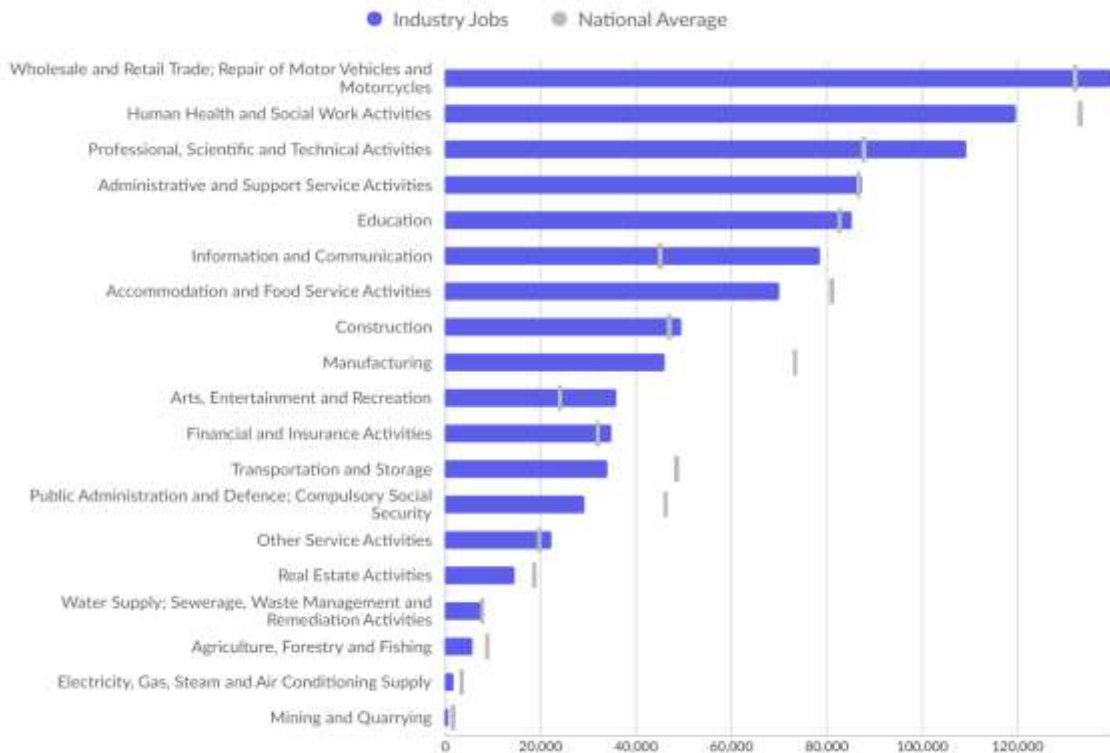
The area is **over a quarter more productive than the national average**. This productivity is driven by **concentrations of digital and professional services jobs** as well as **strengths in education and research and development**. The area has a history of **good resilience to economic shocks** and has shown relatively strong business growth – particularly in **Administrative & support activities** and **ICT**.

The **concentration of businesses is high** with business density 13% above regional and 20% 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 Figure 2, 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**.

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<sup>1</sup> Future Skills Hub: <https://www.surrey-chambers.co.uk/future-skills-hub/>



**Figure 1:** Number of jobs in each industry in LSIP area with national average for benchmark. Source: Lightcast.

The area also has **over fifth (22%) workplace jobs in knowledge intensive services**; well above regional and national averages.

The concentration of jobs in knowledge intensive services also reflects the distribution of skilled jobs across the local economy with an **above average concentration of high skilled occupations** (47%) compared to the region (41%) and the nation (38%). This contrasts with below average concentrations of lower intermediate and elementary occupations.

### The LSIP workforce

The area has a **resident working age population of over 1.2 million; over 85% economically active** compared to regional (82%) and national (79%) figures.

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 half (54%) holding a degree or equivalent compared to the region (49%) and the nation (47%). The workforce has a history of **strong economic activity, strong employment and low unemployment**, when compared to the region and the nation.

**Economic inactivity is lower than national average** with 184,000 (15.6%) economically inactive residents of working age. Of these, there is a relatively large proportion of early retirees (1/5) and those needing to care for family (1/4).

Figure 2, below, reflects how the area has an **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.



**Figure 2:** Resident population demographics: Millennials, Retiring Soon and Racial Diversity. Source: Lightcast.

Forecast changes to the LSIP area show a **greater fall in working age population share compared to SE/nationally** – and it may last until at least 2043. The **area’s ageing population will further constrain the supply of labour** and will have implications for the retention and recruitment of staff as well as business investment and growth.

The area is seeing **increasing ethnic minority employment rates** with employment rates among the LSIP area’s ethnic minority groups (83.3%) above rates in the region (79.2%) and well above the national average (69.6%).

**LSIP ethnic minority employment rates (83.3%) are also slightly higher than white employment rates (82.7%).** Employment rates on a national level shows a 7.9 percentage point gap between white and ethnic minorities, but not in the South-East and the LSIP area in 2023.

The LSIP area (+18.4%), region (+24.3%) and nation (+20.9%) have all seen significant **increases in workplace employment for those from ethnic minority groups** between 2019 and 2023.

**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 (20%) is around the same as the regional (19%) and national (19%) averages, there are discrepancies across the boroughs and districts ranging

from 10% in Surrey Heath to 37% in Rushmoor<sup>2</sup>. That said, the proportion of those economically inactive and declaring a disability (5%) is lower than regional (10%) and national (13%) 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 work<sup>3</sup> – evident in the LSIP area where there are higher percentages of females compared to males in (e.g.) Health professional (8.5% vs. 0.9%), Health and Social Care Associate Professionals (0.9% vs. 0.3%), Administrative (9.4% vs. 0.9%), Secretarial and related (0% vs. 2.1%) and Caring personal service (5.9% vs. 0%) occupations<sup>4</sup>.

In contrast, there are **nearly twice the proportions of males in corporate managers and directors’ roles (13.7%) compared to females (7.3%)** in the LSIP area<sup>5</sup>. That said, the proportion of females in these roles is **higher than the nation (6.1%) and just below the region (7.5%)**.

Of the working age population (aged 16-64) in employment in the LSIP area, the gender split is **50.6% Male and 49.4% female**<sup>6</sup>.

### The talent pipeline

Of the 17,800 Key Stage 4 pupils from 2021-22 across the LSIP area, **around 89% went into sustained education with around 7% going into either apprenticeships or employment.**

Looking just at further education provision (see Figure 3, below) and focusing on levels 2 to 7; in 2022-23 there were **27,969 achievements** – just under 50% at level 2 followed by 53% at level 3 and >1% at levels 4 and above.

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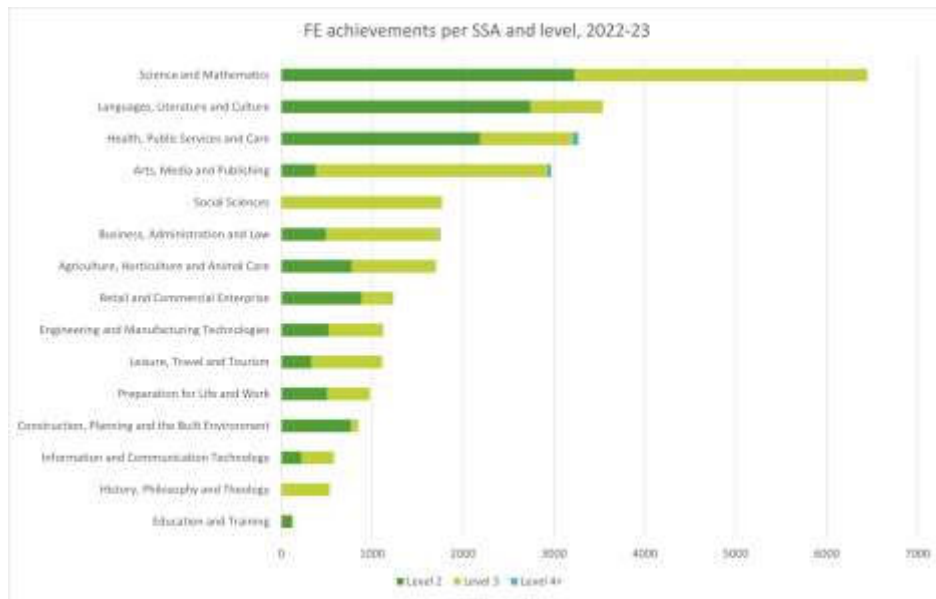
<sup>2</sup> “Jan – Dec 2023, Annual Population Survey”, *Office for National Statistics*, <<https://www.nomisweb.co.uk/datasets/apsnew>>

<sup>3</sup> “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>>

<sup>4</sup> “Jan – Dec 2023, Annual Population Survey”, *Office for National Statistics*, <<https://www.nomisweb.co.uk/datasets/apsnew>>

<sup>5</sup> “Jan – Dec 2023, Annual Population Survey”, *Office for National Statistics*, <<https://www.nomisweb.co.uk/datasets/apsnew>>

<sup>6</sup> “Jan – Dec 2023, Annual Population Survey”, *Office for National Statistics*, <<https://www.nomisweb.co.uk/datasets/apsnew>>



**Figure 3:** FE achievements per SSA and level; 2022-23. Source: LSIP analysis of National Achievement Rate Tables 2022-23, Department for Education.

A breakdown of subjects across the levels shows **concentrations of achievements in Science & Mathematics, Languages, Literature & Culture and Health, public services & care at level 2**. At level 3, there are high numbers of achievements in **Science & Mathematics, Arts, Media & Publishing and Social Sciences**. The numbers are low at level 4 and concentrate in **Health, public services & care and Arts, Media & Publishing**. 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.