



A LEP into the unknown

Freight House, Rochford
Friday 18 March 2011



A LEP into the unknown

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Objective

- To take a step back and consider the scale of the economic challenge facing South Essex
- in the context of changing institutions and limited public money

Outline

- **Recovery, but not as we know it**
- **Mind the prosperity gap**
- **Welcome to LEPland**

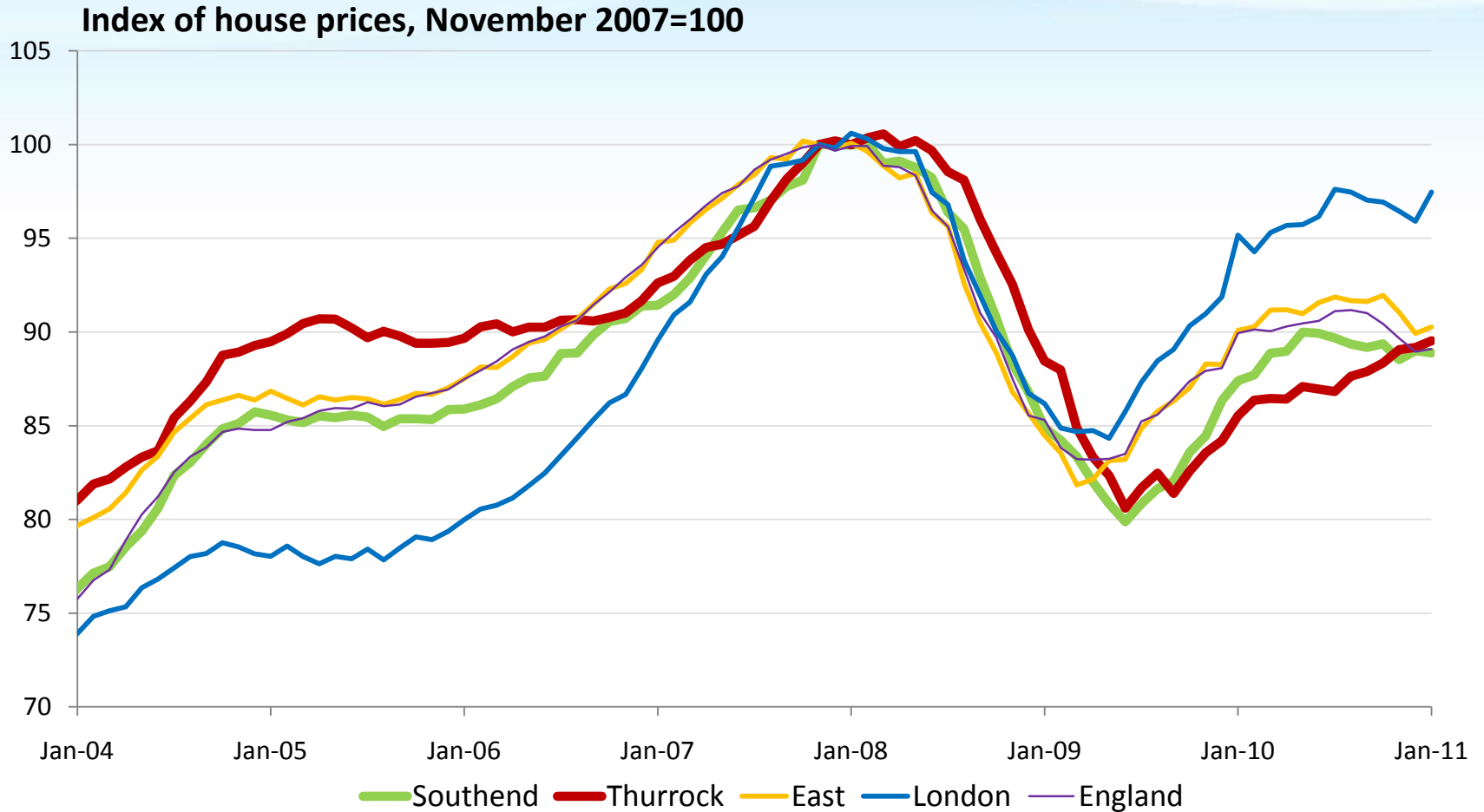
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South Essex hit especially hard in the recession

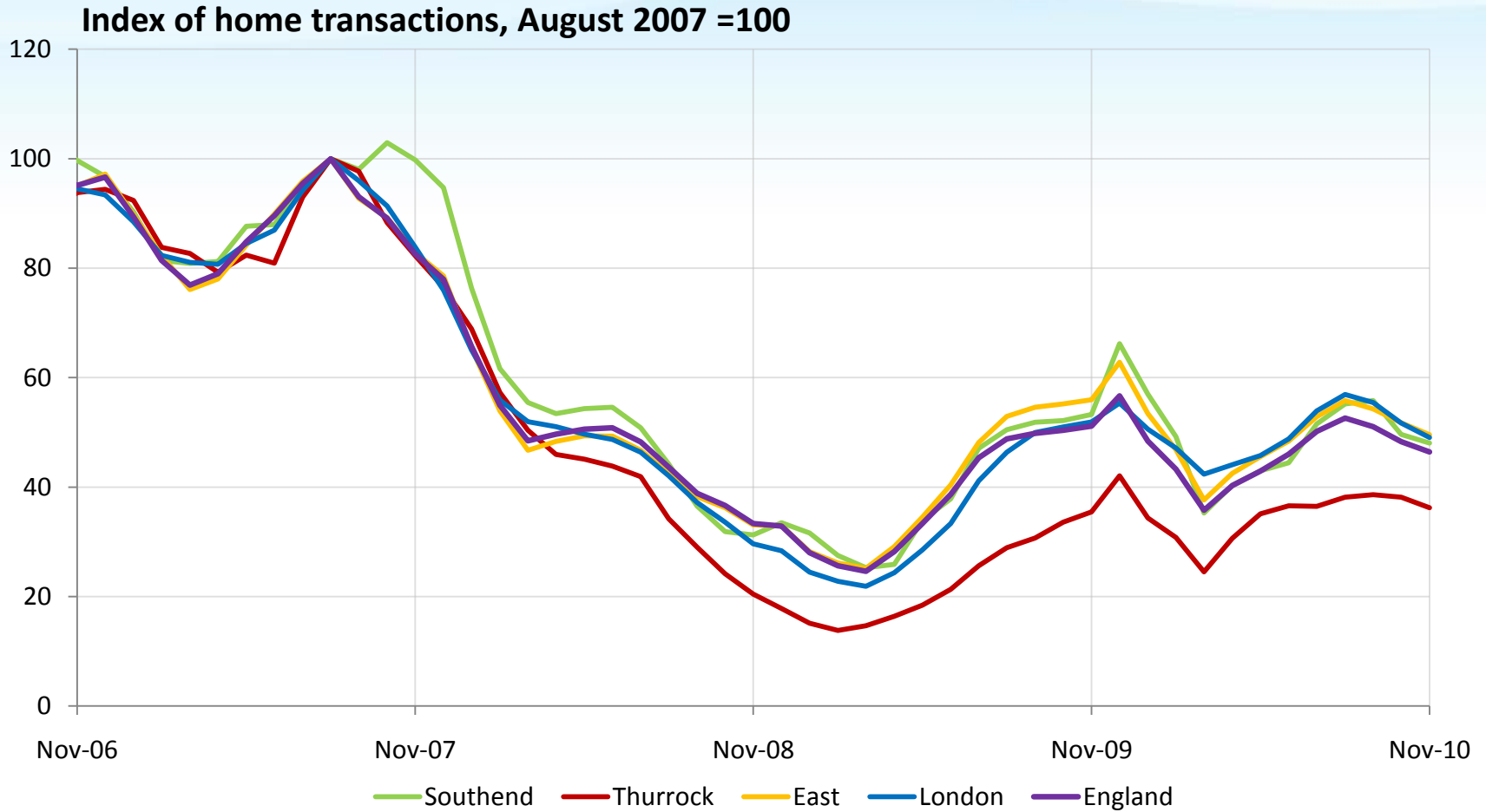
Index of claimant count unemployment, November 2007=100

Houses prices disproportionately dented ...



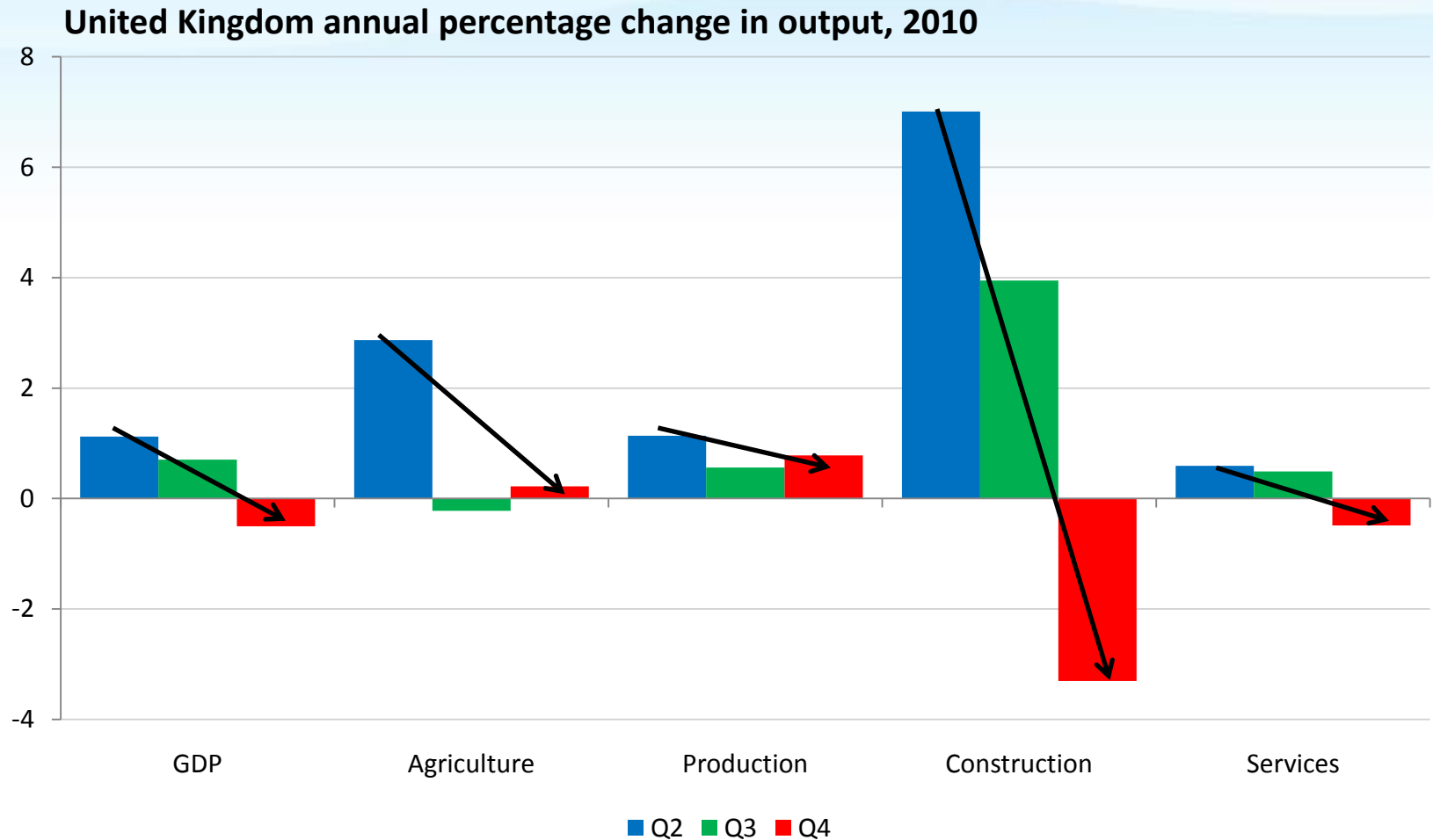
Source: Land Registry.

... although mixed picture for transactions



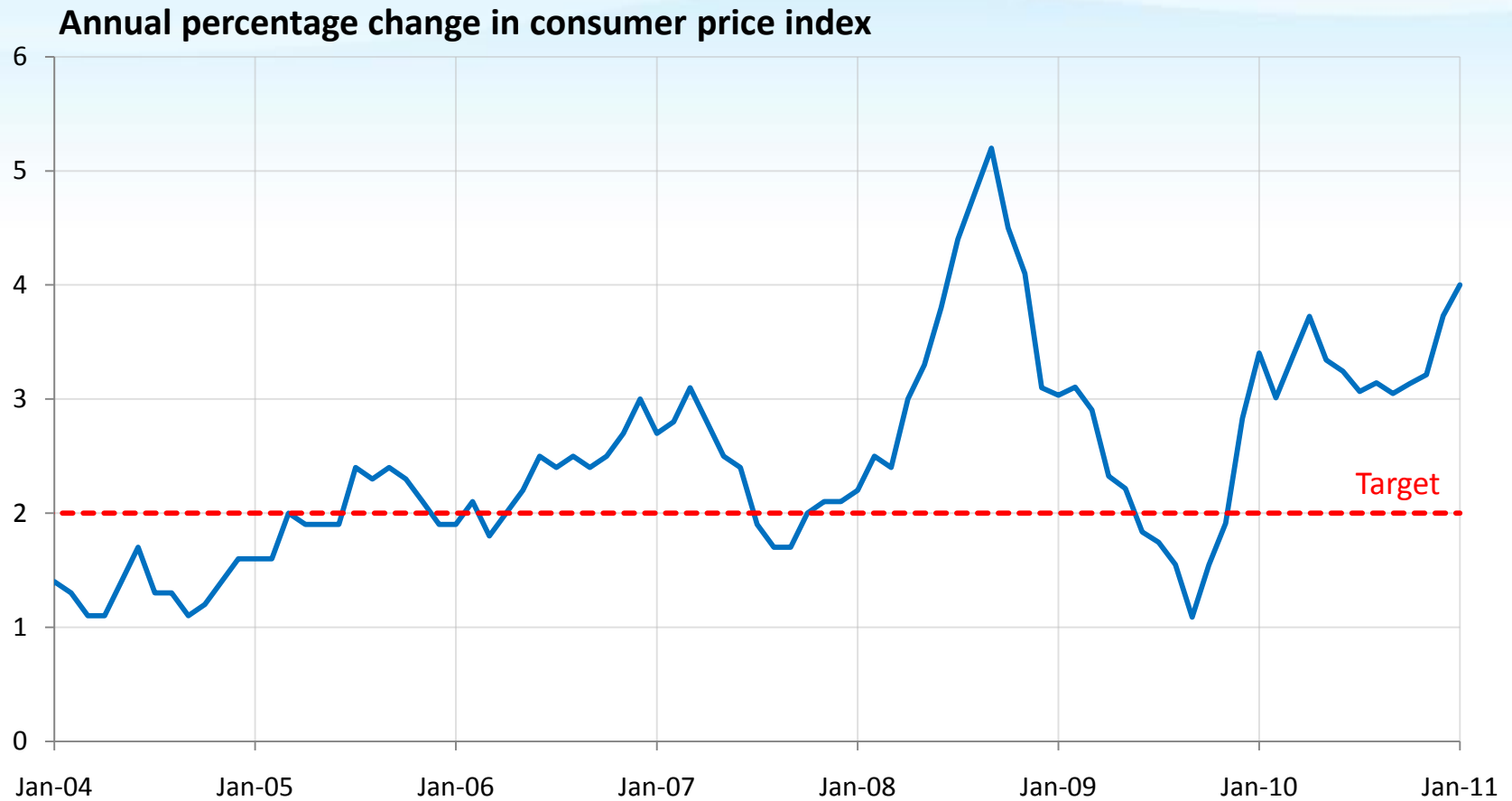
Source: Land Registry.

Unclear whether recovery will be sustained

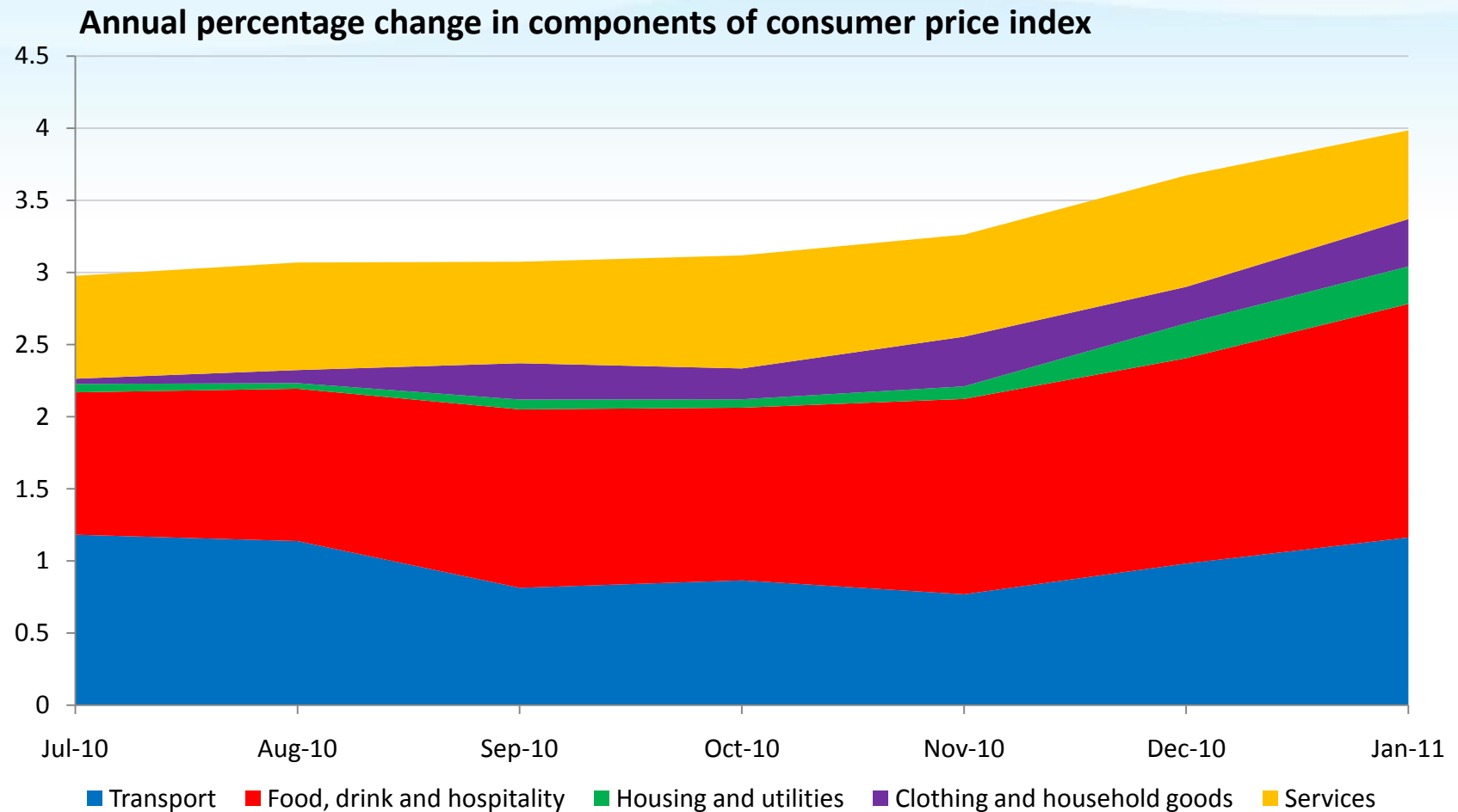


Source: Office for National Statistics

... especially in context of inflationary pressure

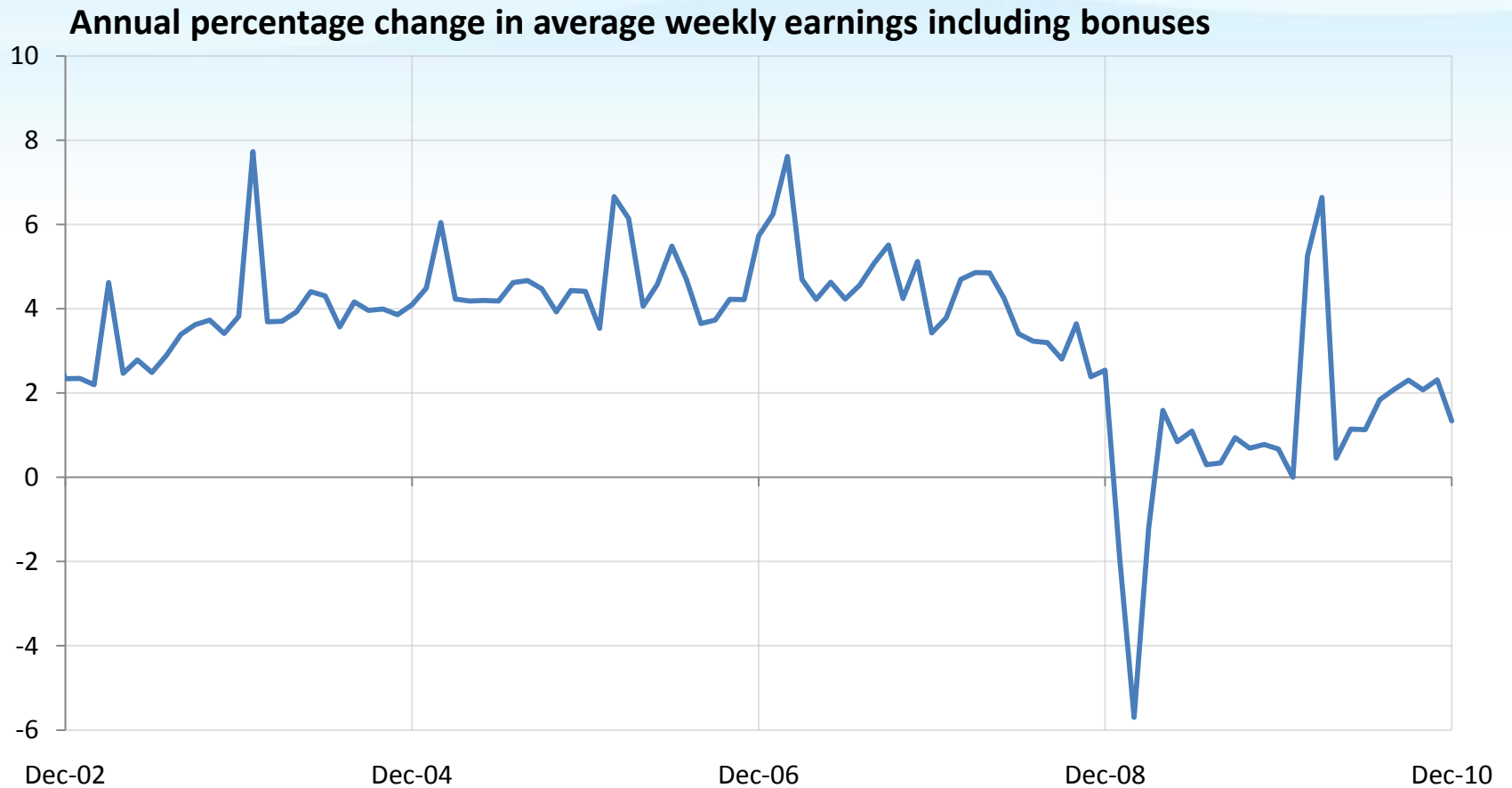


But higher prices aren't home grown



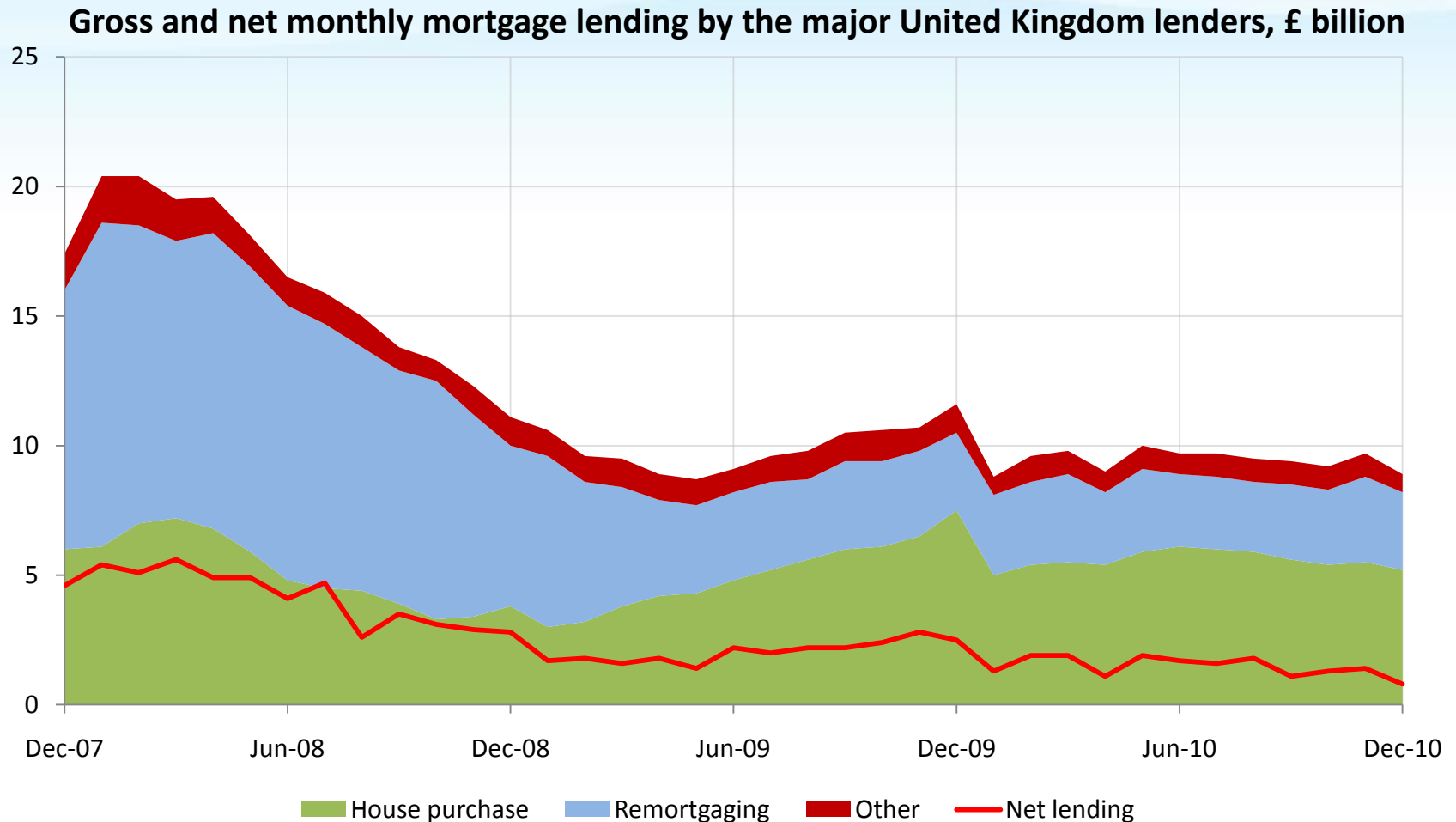
Source: Office for National Statistics

Indeed, earnings growth remains subdued



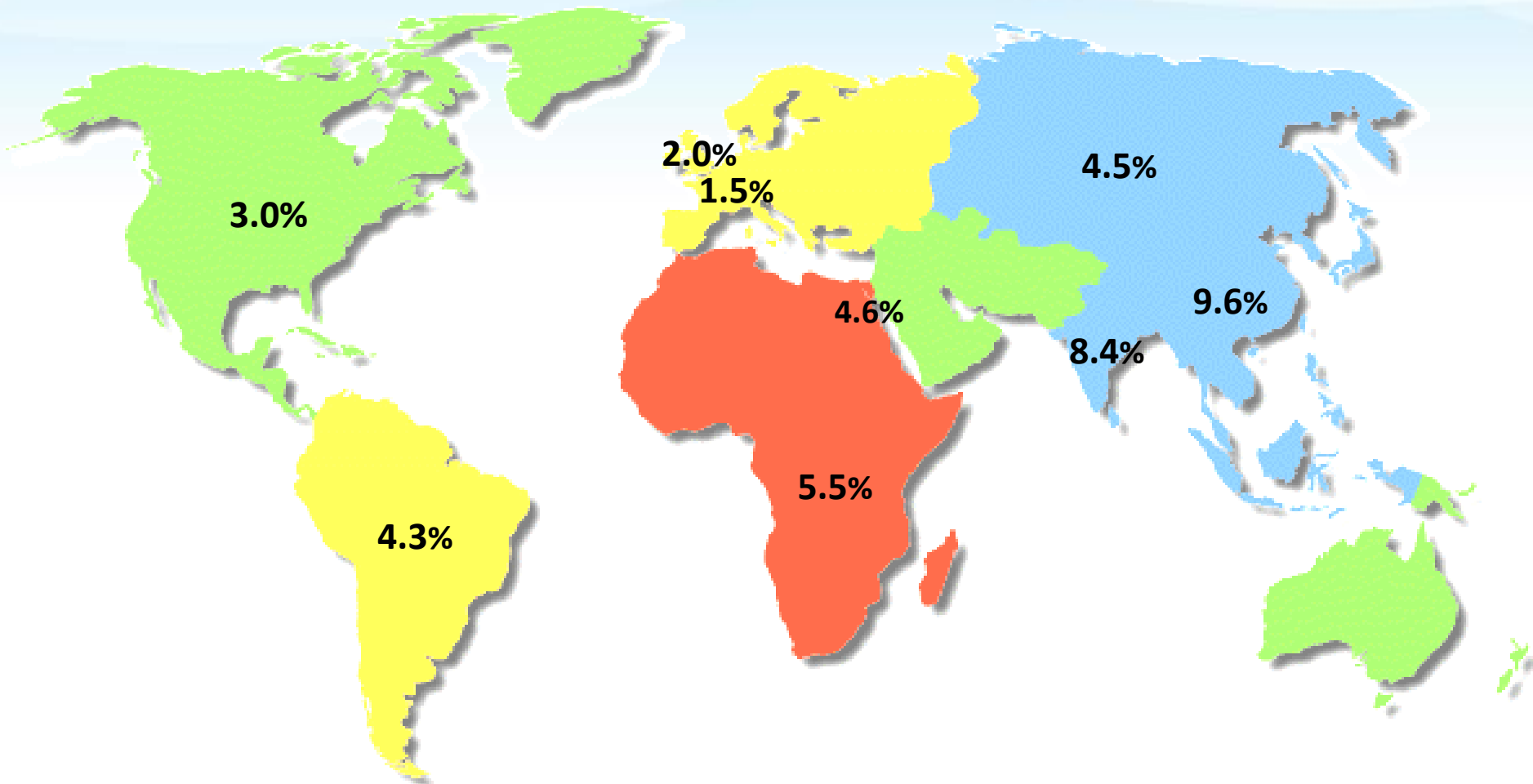
Source: Office for National Statistics

But, even with low rates, lending still constrained



Source: Bank of England. Latest data December 2010

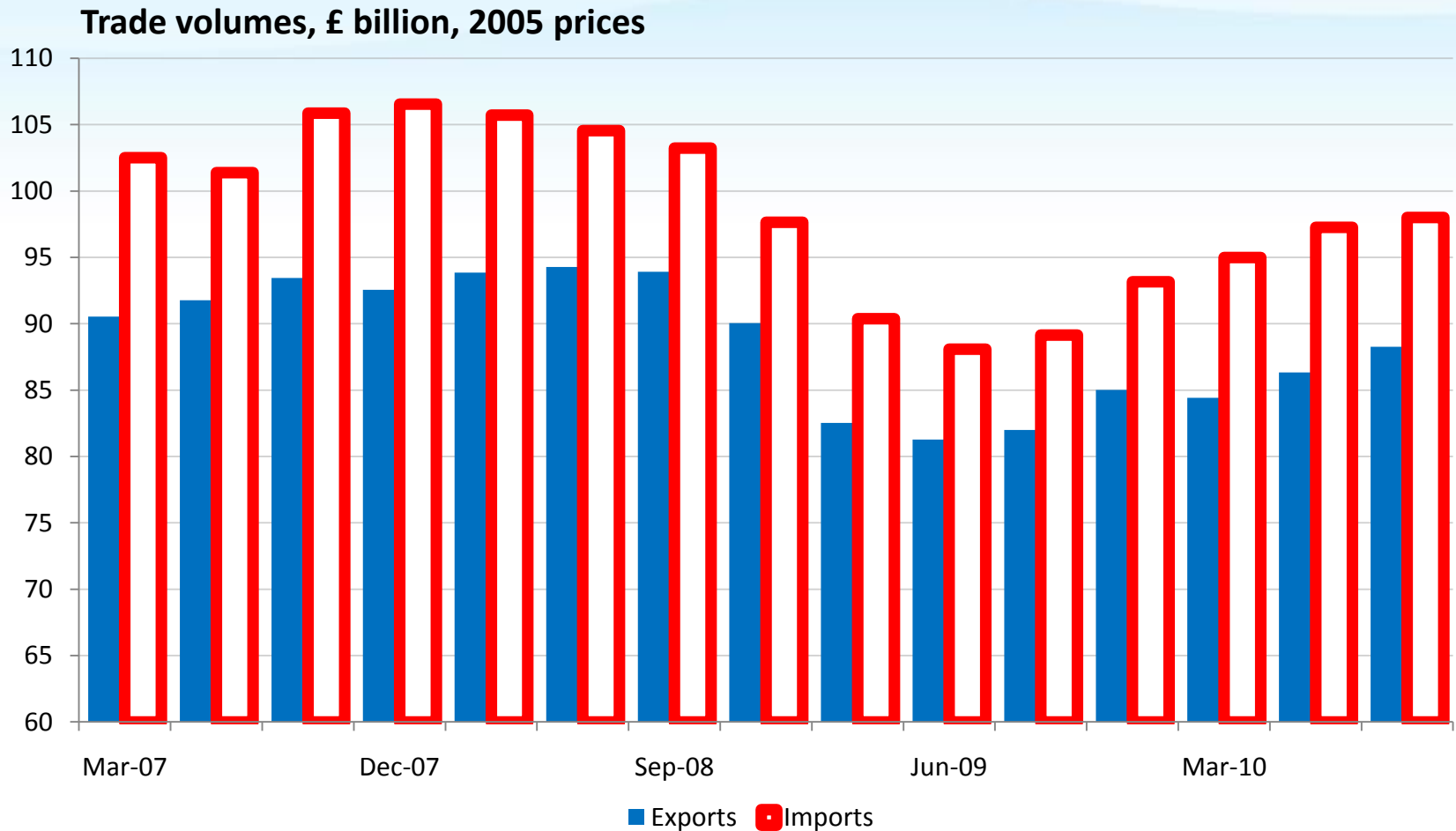
World beyond Europe has provided hope



Projected annual growth rate of output 2011

Source: IMF's World Economic Outlook Update, January 2011

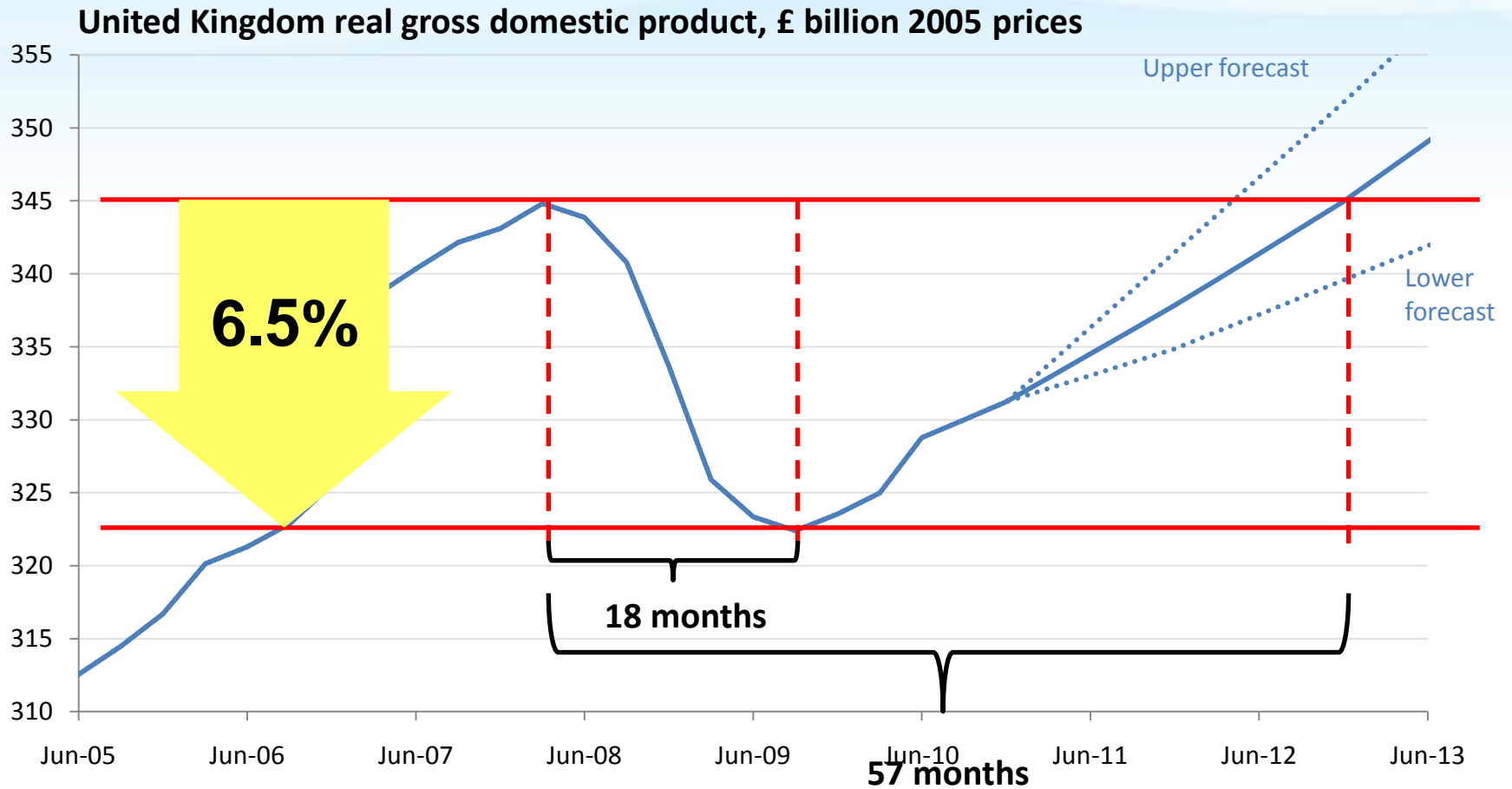
Exports have been recovering quickly



But what impact from the Japanese disaster?



Best guess is a very slow recovery



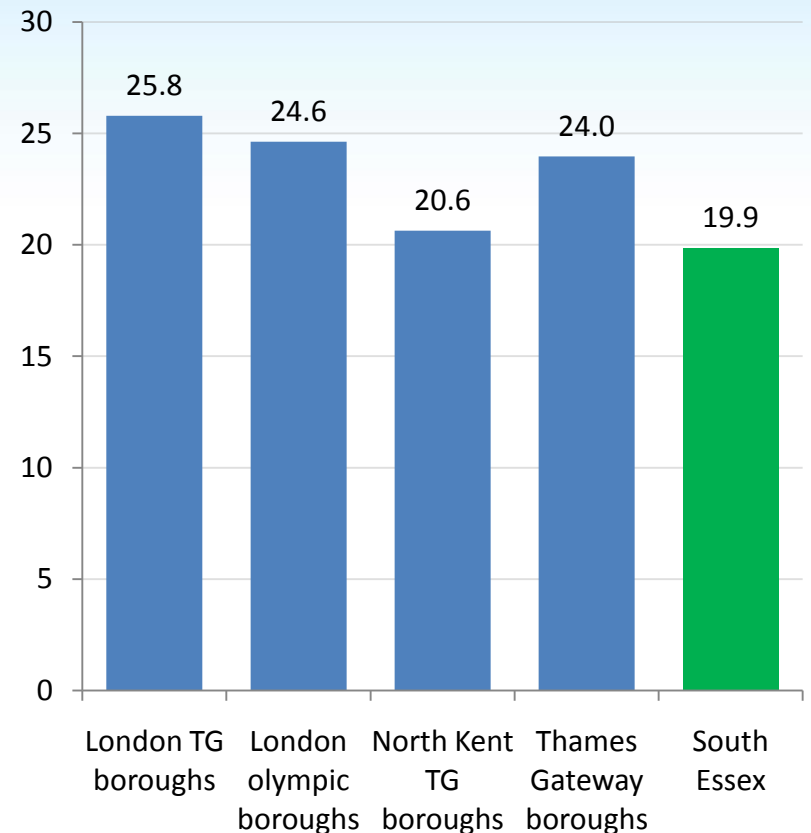
Source: Office for National Statistics and HM Treasury forecasts publication

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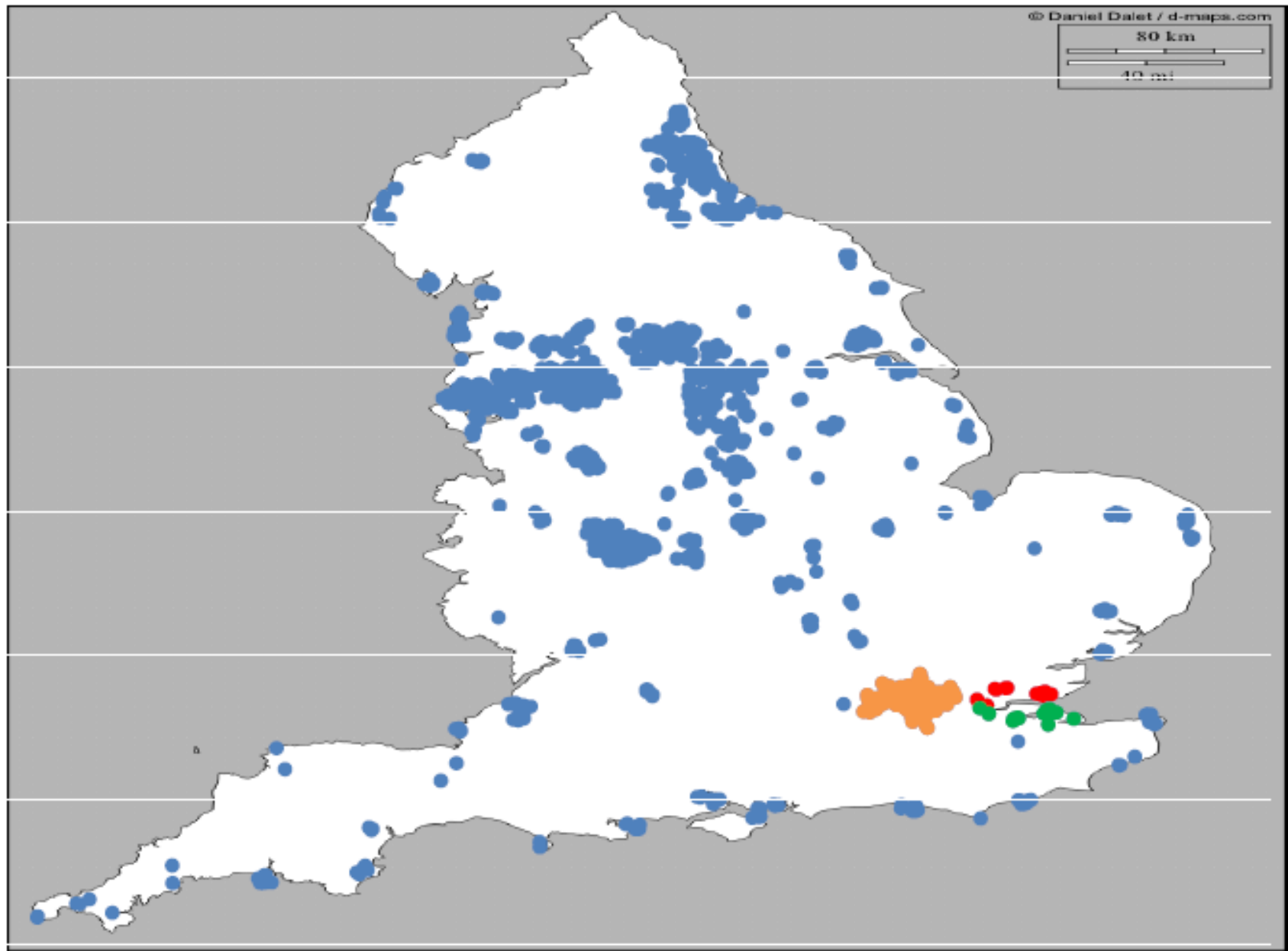
Our economy bigger than Cambridgeshire's

- £12.9 billion economy — bigger than Cambridgeshire
- £3 billion (net) contribution from commuters
- Lowest workplace productivity in Thames Gateway or Essex
- Dependency higher than most of Essex and North Kent
- Lowest rate of prosperity in the gateway



Residence based gross value added per capita per annum, 2005-07, £ thousands, current prices

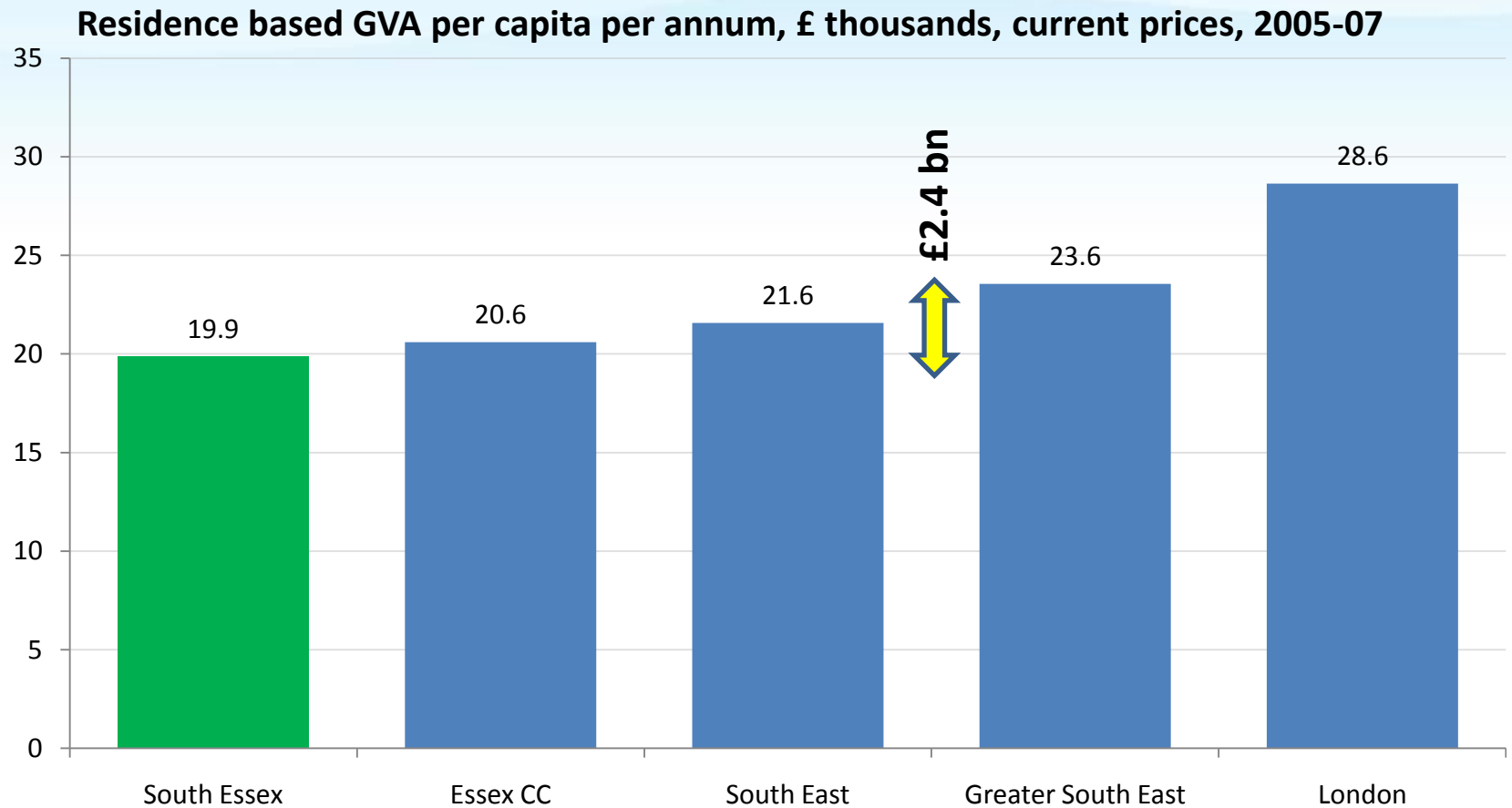
Source: TGSEP analysis of Nomis dataset



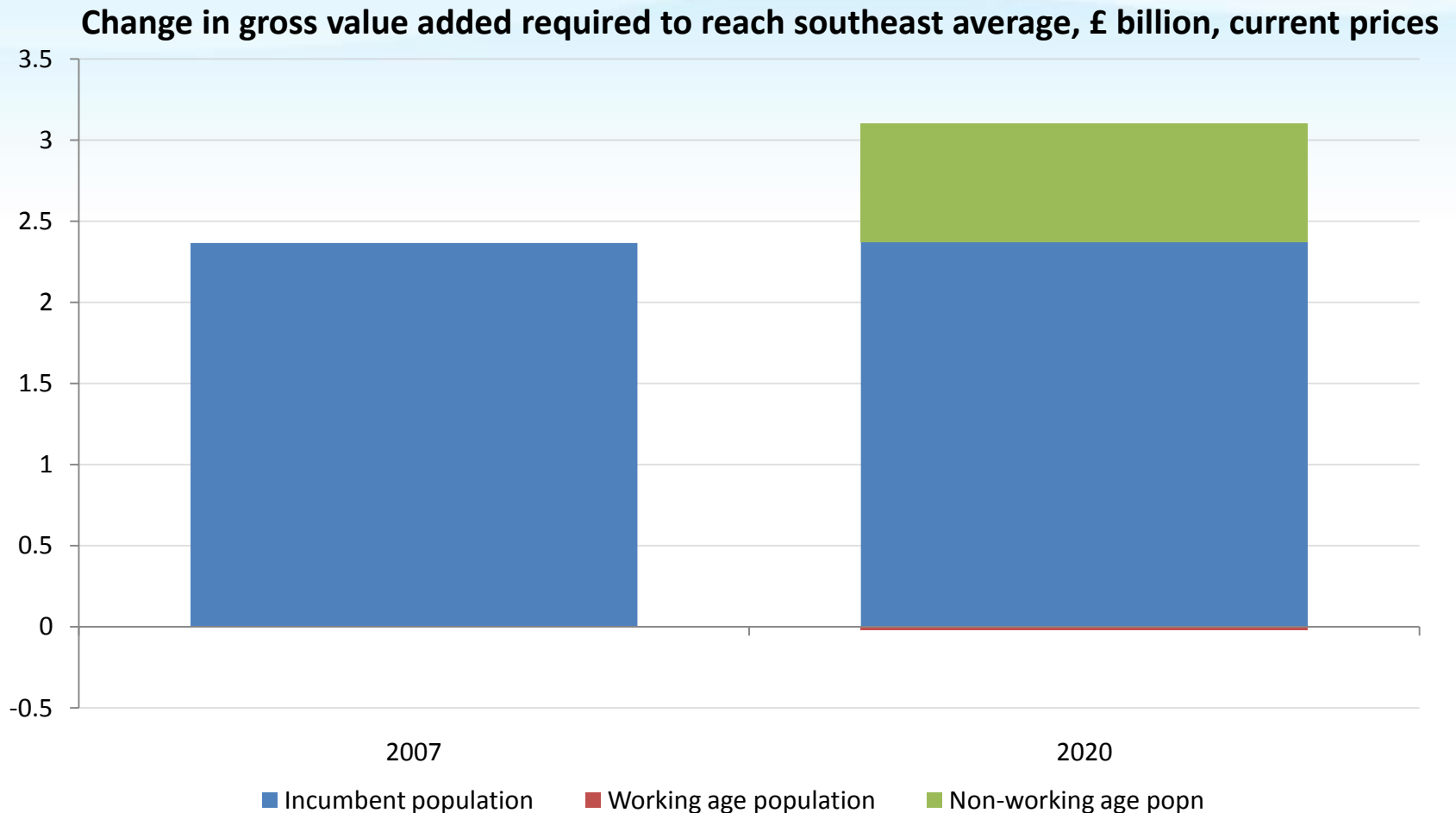
Output areas ranked in the bottom ten per cent of most deprived areas

Source: Index of multiple deprivation 2007

12% boost needed to be on par with neighbours



Rises to £3.1bn by 2020 with ageing population



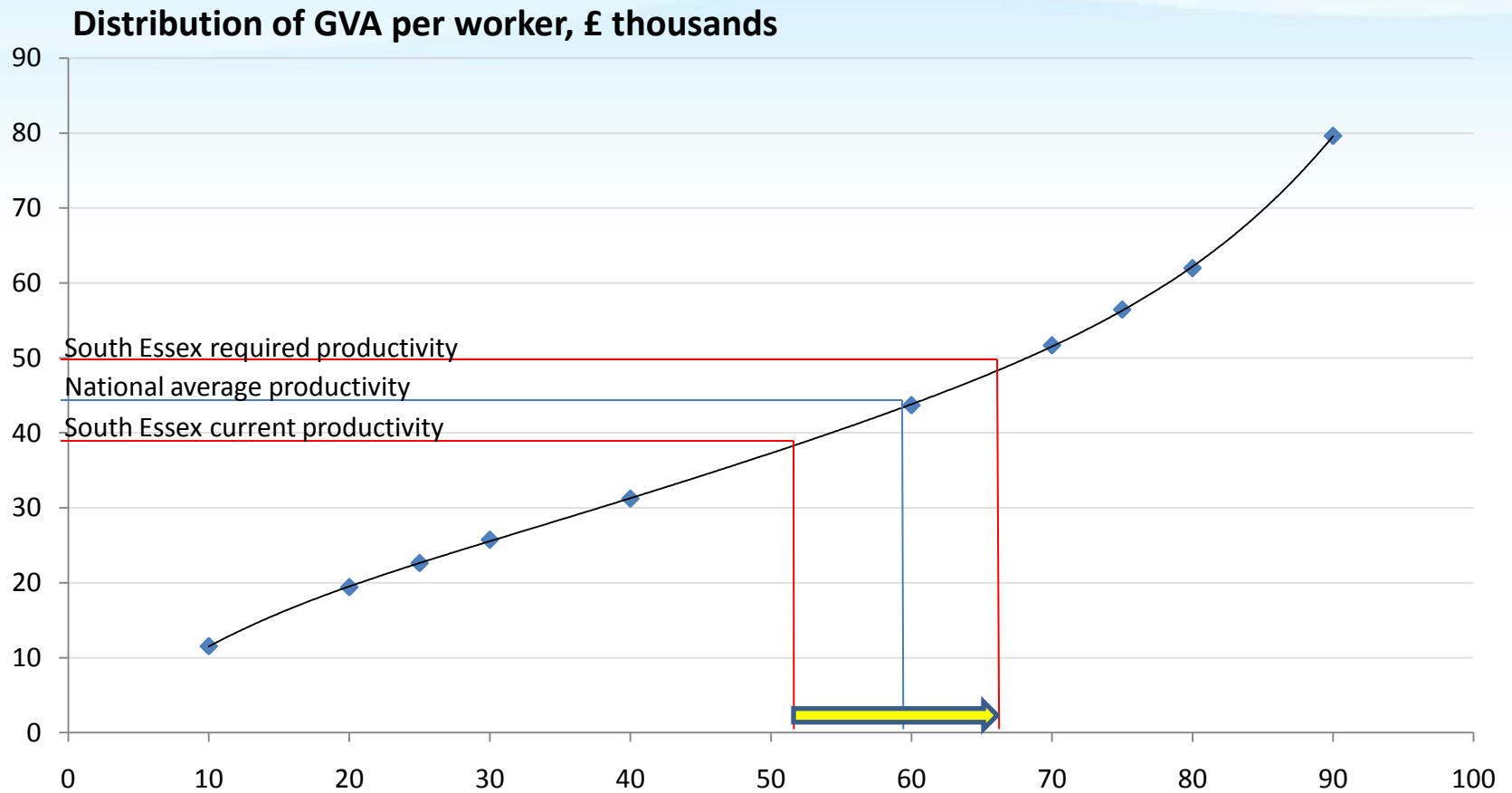
Source: TGSEP analysis of the ONS's nomis database and 2006 sub-national population forecasts.

Would need 60,000 reduction in jobless



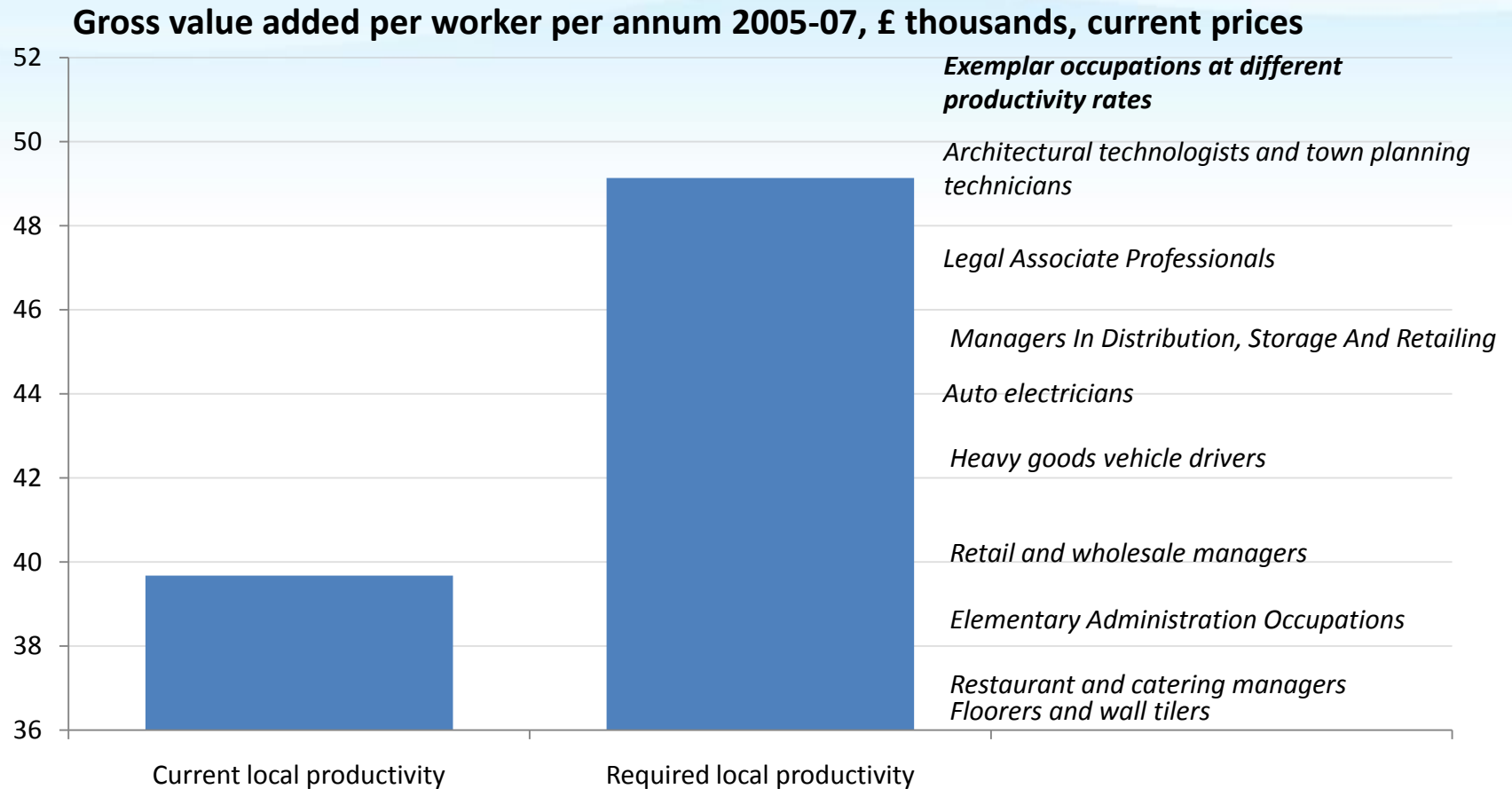
Source: TGSEP analysis of the Office for National Statistics Nomis dataset

Or local productivity of £49,000 per employee



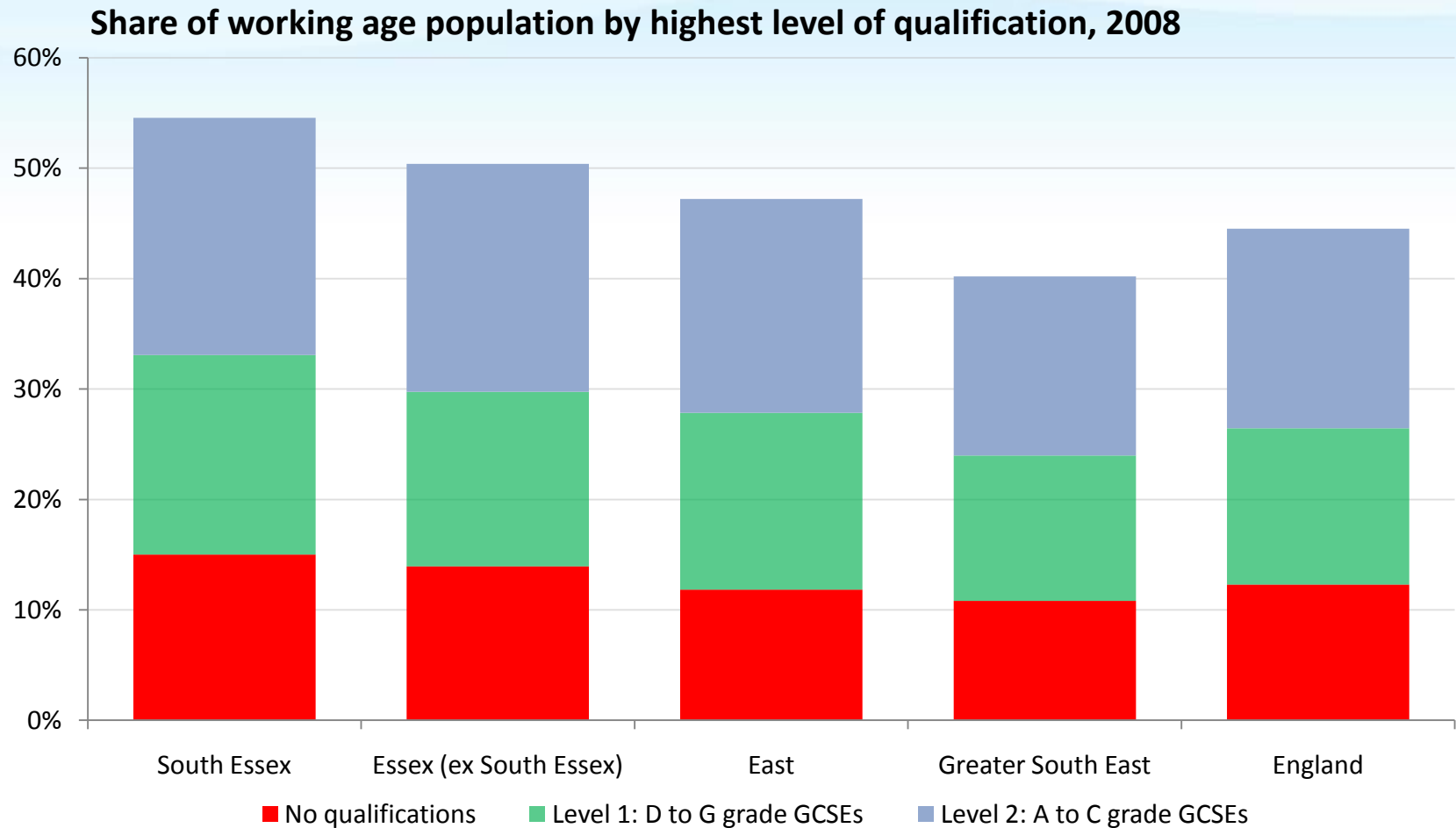
Source: TGSEP analysis of the Office for National Statistics Nomis dataset and the annual survey of hours and earnings 2007

Significant change in the mix of local jobs



Source: TGSEP analysis of the Office for National Statistics Nomis dataset and the annual survey of hours and earnings 2007

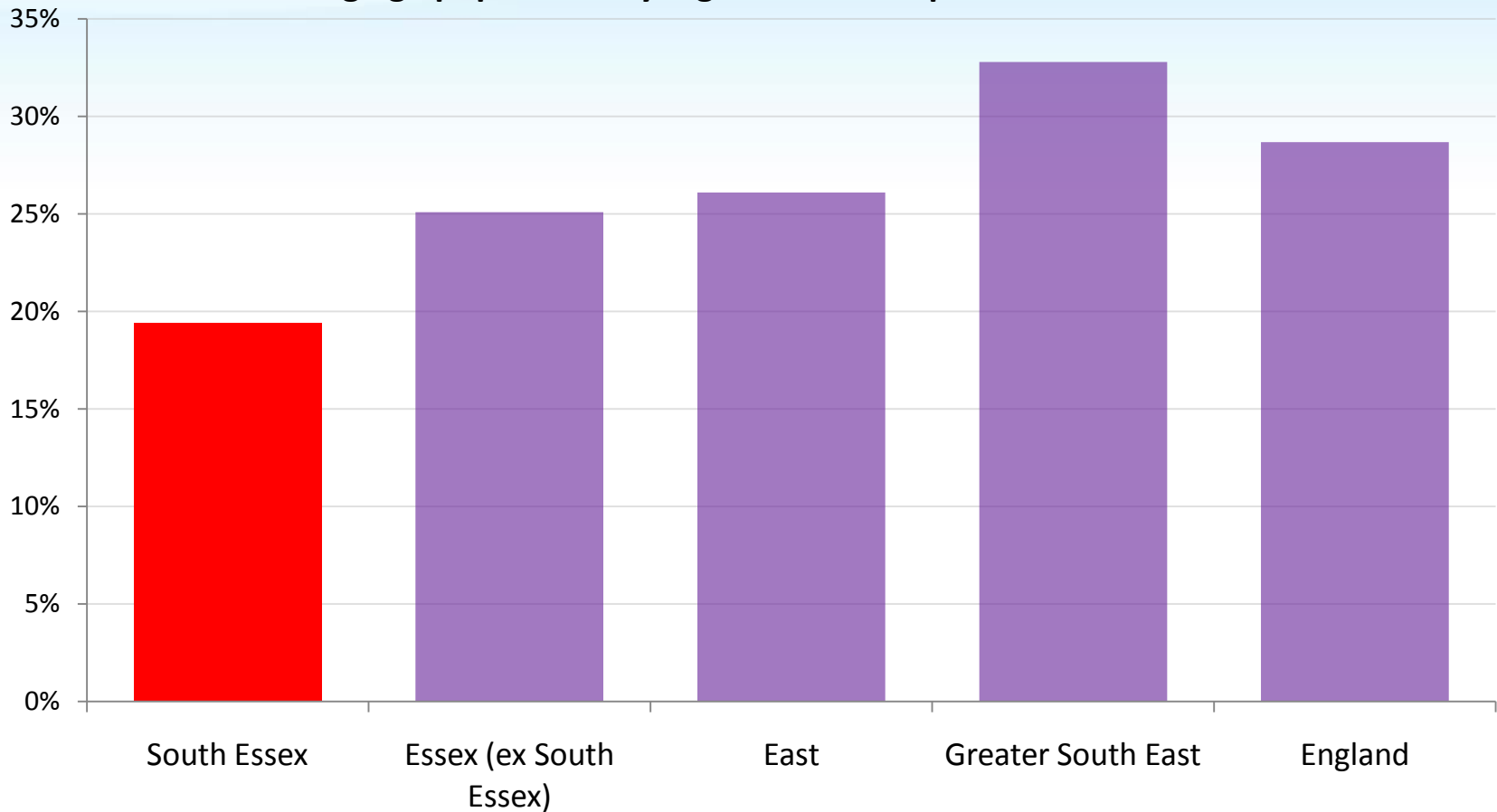
But low levels of educational attainment



Source: Annual population survey

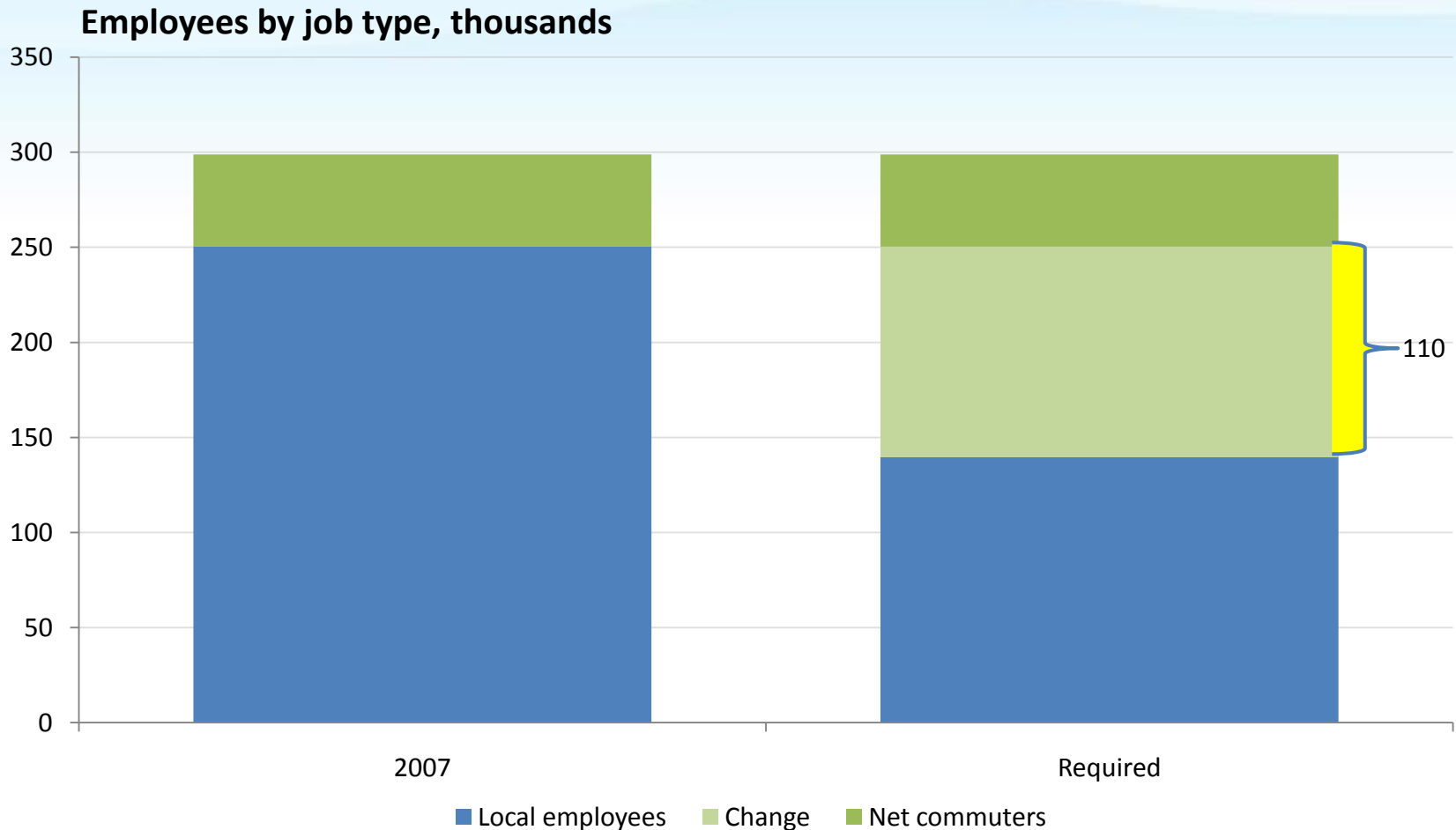
And few with a higher education qualification

Share of working age population by highest level of qualification, 2008



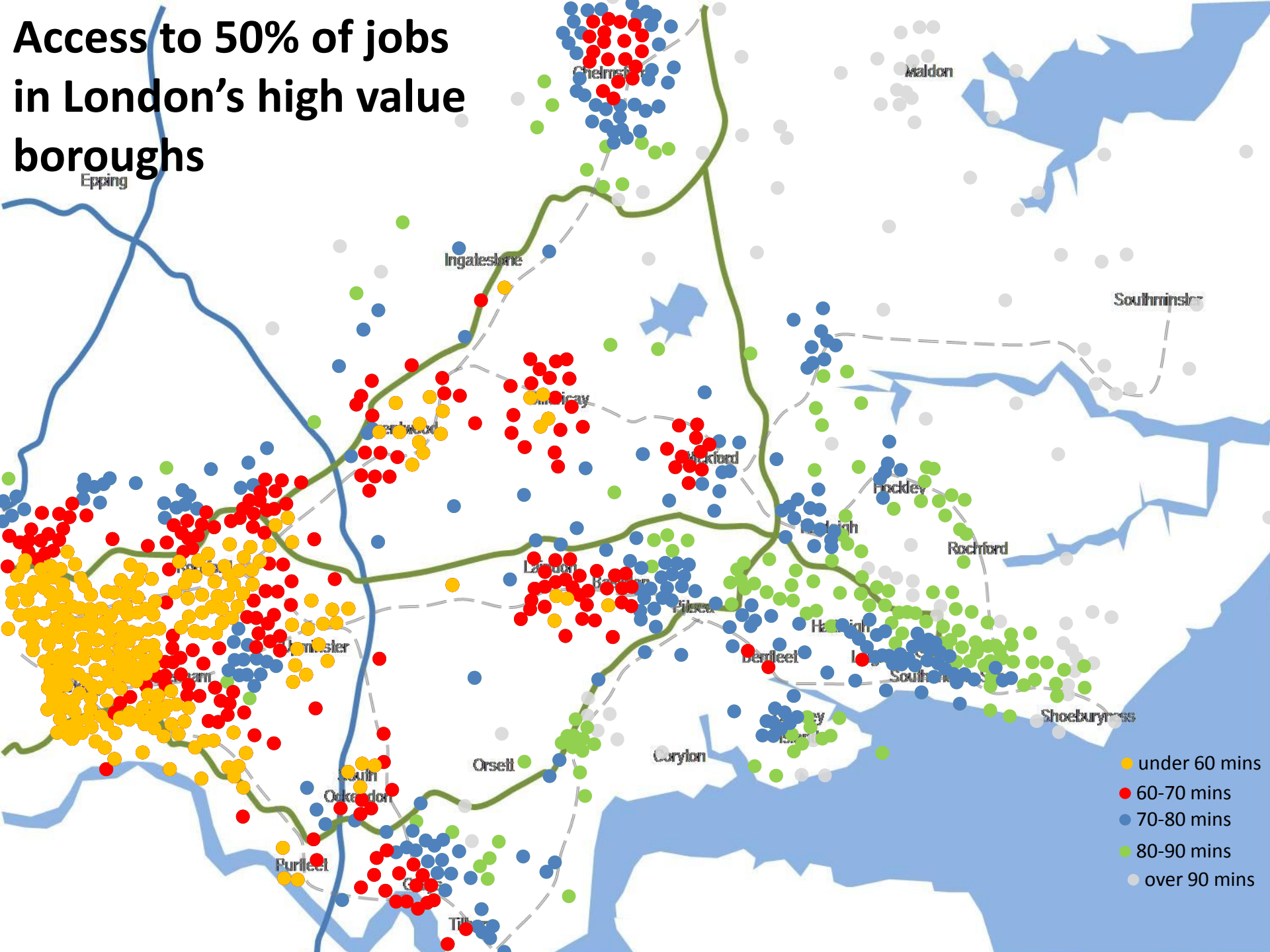
Source: Annual population survey

Or 110,000 workers taking up commuter jobs



Source: TGSEP analysis of the Office for National Statistics Nomis dataset

Access to 50% of jobs in London's high value boroughs



London plans to keep the pressure on

- Population to grow faster than jobs
- Housing target that covers new population and lower occupancy of current home

But

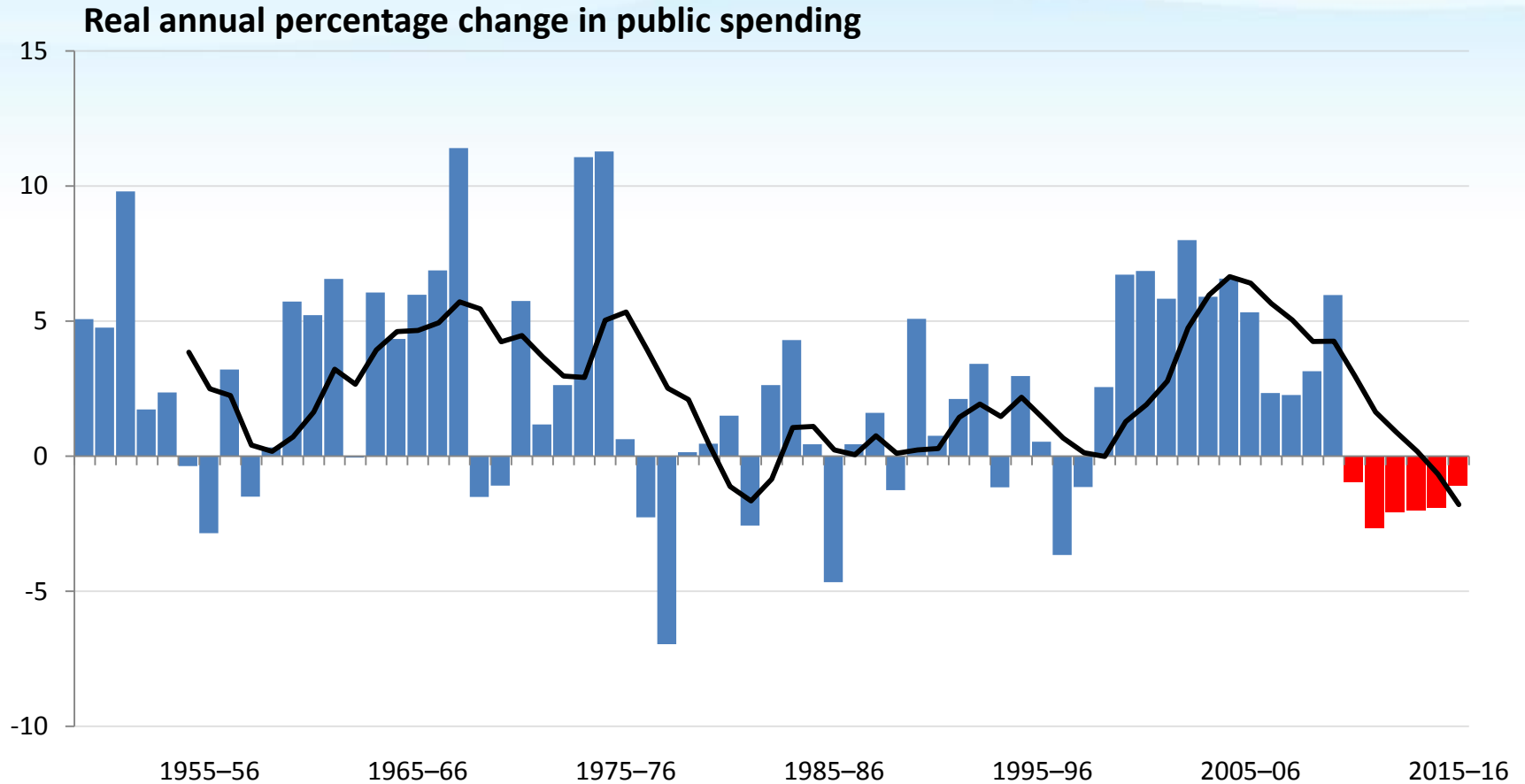
- London Plan still implies growth in net in-commuting to London (albeit at a slower rate)



A close-up photograph of a man's face, showing his eyes, nose, and mouth. He has dark hair and is wearing a dark suit jacket over a white collared shirt. A bright yellow rectangular box is superimposed over the middle of his face, containing the text "There's no money left" in a bold, black, sans-serif font. The background is a dark, neutral color.

There's no money left

Longest and deepest period of cuts since WW2



Source: Institute for fiscal studies, June 2010 budget analysis

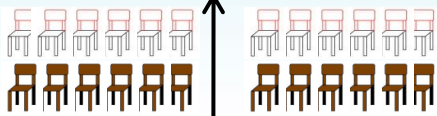
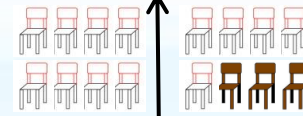
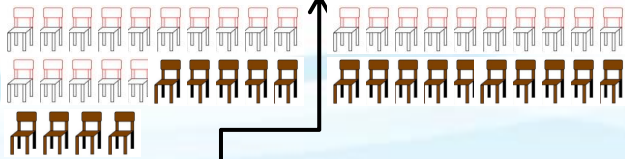
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Essex, Kent and East Sussex LEP

Thames Gateway Strategic Group

LEP - Executive Group



West Essex



Thames Gateway South Essex



North Kent Partners



Heart of Essex

North Kent Partners



London Partners



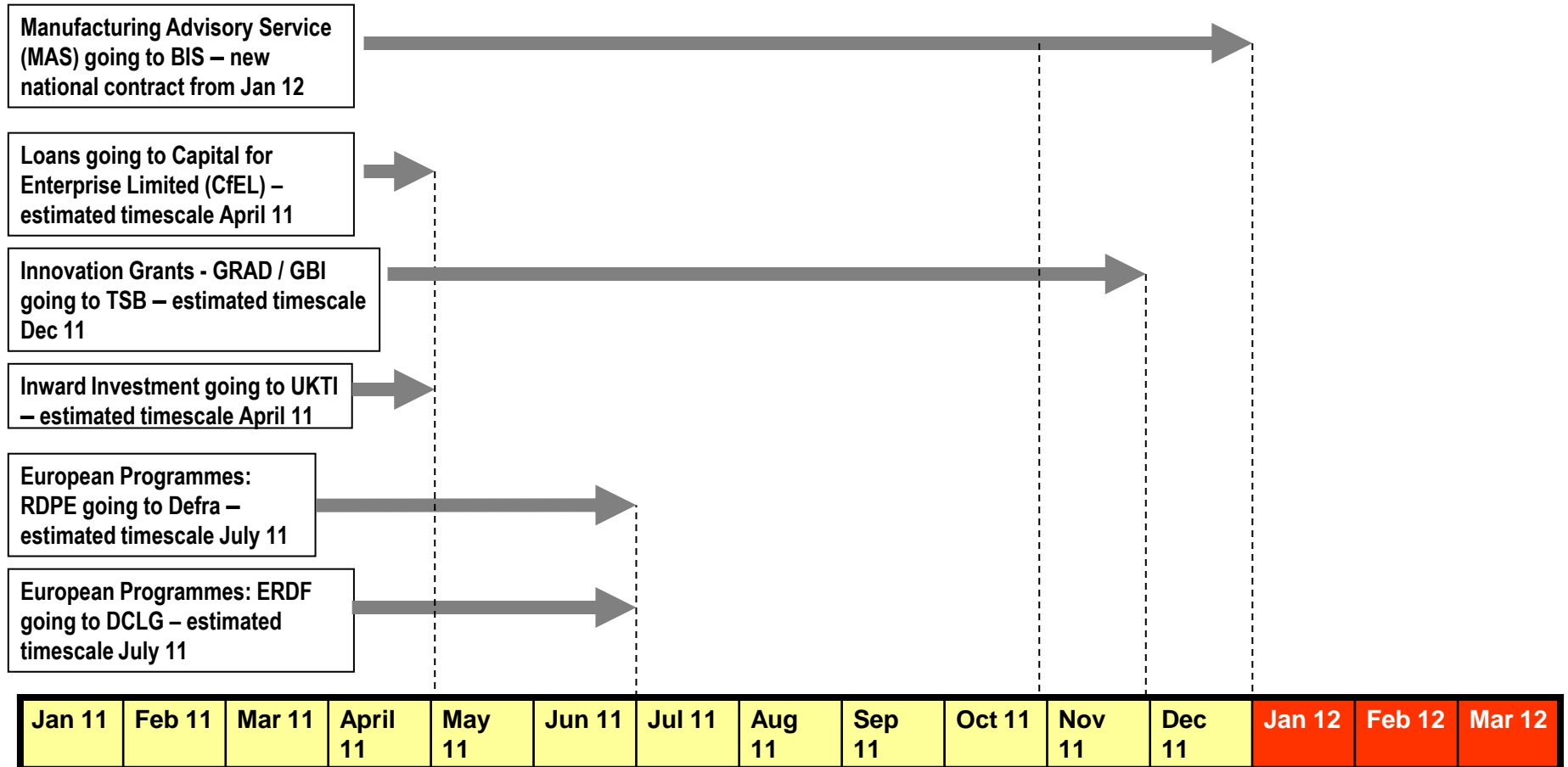
District business groups



Individual businesses



Some RDA activity transferring to national bodies



Dependent on receiving bodies / Departments' readiness to take on these functions at expected timescales

Everything else EEDA is stopping...

For example:

- Support for business networks
- High Level Skills
- Broadband
- Regeneration
- Strategic planning
- Transport
- Innovation infrastructure
- Economic Participation
- Sustainable Development

From RDA to LEP

RDA s	LEP s
Providing business support services	Developing a more streamlined business support system
Promoting inward investment	Coordinating inward investment services and maximising effectiveness of European funding
Supporting innovative businesses through grants and loans	Exploring ways of unlocking infrastructure for business growth
Business engagement	Strategic and coordinating role
Delivery of learning courses and skills initiatives	Supporting strategic dialogue with employers on skills requirements and bringing together higher education institutions
Implementing package of measures to increase the region's cultural and creative economy	Promoting opportunities in growth sectors

Objectives	Targets	Themes	South Essex priorities	
Increase employment rates	Higher rates of economic activity	Communities that can capitalise on the opportunities	1	Education and skills
	More multiple income homes			2
Increase average incomes	Access to more higher value jobs	360 degree access to job opportunities	3	
	Attract more higher value employers			4
	Improve business productivity locally	Sustainable and supportive business environment	5	

Summary

- Recession has hit South Essex hard, and it's still looking like a long haul to recovery
- South Essex does not fulfil its potential and is hampered by pockets of deprivation, low skills levels and connectivity constraints
- The new institutional structures are bedding down but, in a world of such constrained public finances, we must work together to address South Essex's problems and plug the prosperity gap



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