In terms of rural Surrey, the 2001 Census reported that just under a quarter of residents of rural Surrey were aged 60 years or older, with half of these being over 70 (source: *Surrey Rural Strategy 2010-2015*, Surrey Rural Partnership). It is also reported in the *Surrey Rural Strategy 2010-15*, that there is lower proportion of 20-39 year olds in rural Surrey than in urban areas.

Dependency ratios can be a useful way of looking at the age structure of the population. These ratios compare the number of people of state pension age or children to the working age population in a given area. In England, the child dependency ratio for under 16 year olds was 30.6% in 2006 and for older people, males 65 or over and females 60 or over, the percentage was 29.0. Within Surrey, dependency ratios for older people ranged from 27.2% in Guildford to 39.4% in Mole Valley in 2006. Population projections suggest that the percentage for Mole Valley could increase to 47.2% by 2031, but there is expected to be a slight reduction to 26.9% in Guildford over the same time period (source: *Profile of Surrey*, SEEDA draft dated July 2009, unpublished). Surrey is therefore facing growing demands from its ‘dependents’ at both ends of the age spectrum, putting pressure on both the working population as well as the public sector in the delivery of services and infrastructure (e.g. schools and services for the elderly).

### 6.3.5 Population Change

Between mid 2000 and mid 2008, the Surrey population grew by 43,700 people, or 4.1% of the total, broadly matching that of Great Britain as a whole but less than the South East (Table 6.3).

<table>
<thead>
<tr>
<th>Area</th>
<th>2000</th>
<th>2008</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>57,203,100</td>
<td>59,623,200</td>
<td>4.2%</td>
</tr>
<tr>
<td>South East</td>
<td>7,990,600</td>
<td>8,368,500</td>
<td>4.7%</td>
</tr>
<tr>
<td>Surrey</td>
<td>1,057,000</td>
<td>1,100,700</td>
<td>4.1%</td>
</tr>
<tr>
<td>Berkshire</td>
<td>800,700</td>
<td>842,000</td>
<td>5.2%</td>
</tr>
<tr>
<td>Buckinghamshire</td>
<td>477,200</td>
<td>491,500</td>
<td>3.0%</td>
</tr>
<tr>
<td>Oxfordshire</td>
<td>607,100</td>
<td>635,500</td>
<td>4.7%</td>
</tr>
<tr>
<td>Cambridgeshire</td>
<td>551,400</td>
<td>600,600</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

Source: ONS mid-year population estimates (NOMIS, November 2010)

With reference to Table 6.4, the most significant changes in Surrey’s population profile include:

- A 2.3% growth in its 0-14 age group. Surrey’s growth in the 0-14 age population is higher than that of all of its LEA comparator counties as well as the South East and England as a whole.
- A 6.3% increase in its pension-aged (i.e. 65+) population. Although it is significant that Surrey’s older population has grown more than any other age category, it is still a lower growth rate than all of its LEA comparators.

---

79 Males aged 16-64 and females aged 16-59.
• A 4.0% increase in its working age population. Surrey’s working age population has grown more slowly than that of all its LEA comparators except Buckinghamshire.

Table 6.4: Population Age Composition: Percentage Change (2000-2008)

<table>
<thead>
<tr>
<th>Area</th>
<th>% population change for age category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All persons</td>
</tr>
<tr>
<td>England</td>
<td>4.5%</td>
</tr>
<tr>
<td>South East</td>
<td>4.7%</td>
</tr>
<tr>
<td>Surrey</td>
<td>4.1%</td>
</tr>
<tr>
<td>Berkshire</td>
<td>5.2%</td>
</tr>
<tr>
<td>Buckinghamshire</td>
<td>3.0%</td>
</tr>
<tr>
<td>Cambridgeshire</td>
<td>8.9%</td>
</tr>
<tr>
<td>Oxfordshire</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Source: ONS mid-year population estimates (NOMIS, November 2010)

6.3.6 Components of Population Change

In 2009, there were 13,626 live births in Surrey82 and 9,464 deaths (in 2008)83. Natural change therefore added around 4,000 to Surrey’s population in 2008/09. However, in recent years, net internal84 migration has been an even bigger driver of population increase in Surrey. Between 2002 and 2007, Surrey gained an average of 1,673 people per year from the rest of the UK85, and since mid 2005, there has been a significant rise in net internal migration - between 2006 and 2007 there was a net inflow of nearly 5,000 people from other parts of the UK (Annex 6c).

Most of the people moving into the county are in the 30-40 years age group (i.e. likely to be families with young children) (Annex 6d). There is also a peak in the 20-24 years age group (most likely to be young people returning from higher education). School leavers and older people tend to be the ones moving out of Surrey.

During the period 2006-2007, international migration added a further 3,800 people to Surrey’s population86 (Annex 6c). Surrey inflow and outflow of international migrants is above South East and England averages, with inflow being proportionately higher than outflow (see Annex 6e and 6f).

Every borough and district in Surrey except one (Spelthorne) saw a net total inflow of migrants during 2006/07 (Annex 6g). Reigate and Banstead had the highest number of migrants (an additional 2,000 individuals or 1.5% of its total population). As a proportion of its total population, Epsom & Ewell had the highest rate of migration at 1.6% of the total population.

81 Aged 16-64.
83 ONS Deaths by Local Authority of Usual Residence (2008 registrations).
84 i.e. from within the UK.
85 Net migration is the number of people moving into Surrey from within the UK minus those who are moving out. These figures do not include movements beyond the UK.
86 Recorded immigration into the UK in 2006 reached a peak when it is estimated that 591,000 people came into the UK when the eight Eastern European countries joined the EU.
6.3.7 Population projections
Based on recent trends, the population of Surrey is projected to grow by 19.5%, or around 215,100 people, between 2008 and 2033\(^{87}\) (Table 6.5).

Table 6.5: 2008-Based Subnational Population Projections (by Sex and Quinary Age Group)

<table>
<thead>
<tr>
<th>Age</th>
<th>2008</th>
<th>2033</th>
<th>Difference (2008 - 2033)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number ('000s)</td>
<td>Number ('000s)</td>
<td>Number ('000s), %</td>
</tr>
<tr>
<td>0-4</td>
<td>67.2</td>
<td>72.9</td>
<td>5.7, 8.5</td>
</tr>
<tr>
<td>5-9</td>
<td>64.2</td>
<td>77.3</td>
<td>13.1, 20.4</td>
</tr>
<tr>
<td>10-14</td>
<td>67.0</td>
<td>77.6</td>
<td>10.6, 15.8</td>
</tr>
<tr>
<td>15-19</td>
<td>68.3</td>
<td>73.4</td>
<td>5.1, 7.5</td>
</tr>
<tr>
<td>20-24</td>
<td>57.4</td>
<td>62.1</td>
<td>4.7, 8.2</td>
</tr>
<tr>
<td>25-29</td>
<td>63.0</td>
<td>69.2</td>
<td>6.2, 9.8</td>
</tr>
<tr>
<td>30-34</td>
<td>68.2</td>
<td>72.8</td>
<td>4.6, 6.7</td>
</tr>
<tr>
<td>35-39</td>
<td>82.8</td>
<td>85.3</td>
<td>2.5, 3.0</td>
</tr>
<tr>
<td>40-44</td>
<td>91.6</td>
<td>94.5</td>
<td>2.9, 3.2</td>
</tr>
<tr>
<td>45-49</td>
<td>83.8</td>
<td>92.6</td>
<td>8.8, 10.5</td>
</tr>
<tr>
<td>50-54</td>
<td>70.9</td>
<td>83.3</td>
<td>12.4, 17.5</td>
</tr>
<tr>
<td>55-59</td>
<td>67.2</td>
<td>77.0</td>
<td>9.8, 14.6</td>
</tr>
<tr>
<td>60-64</td>
<td>67.0</td>
<td>77.0</td>
<td>10.0, 14.9</td>
</tr>
<tr>
<td>65-69</td>
<td>47.6</td>
<td>74.7</td>
<td>27.1, 56.9</td>
</tr>
<tr>
<td>70-74</td>
<td>42.0</td>
<td>63.2</td>
<td>21.2, 50.5</td>
</tr>
<tr>
<td>75-79</td>
<td>36.5</td>
<td>50.0</td>
<td>13.5, 37.0</td>
</tr>
<tr>
<td>80-84</td>
<td>27.8</td>
<td>43.9</td>
<td>16.1, 57.9</td>
</tr>
<tr>
<td>85-89</td>
<td>18.8</td>
<td>38.0</td>
<td>19.2, 102.1</td>
</tr>
<tr>
<td>90+</td>
<td>9.4</td>
<td>31.0</td>
<td>21.6, 229.8</td>
</tr>
<tr>
<td>All ages</td>
<td>1,100.7</td>
<td>1,315.8</td>
<td>215.1, 19.5</td>
</tr>
</tbody>
</table>

Source: ONS Subnational Population Projections (2008 – 2033)

It is predicted that over half of this increase in the total population (55.2%) will be people of pension age or older (i.e. 65+). This is equivalent to an additional 118,700 people of pension age or 65% more pensioners than 2008. The number of people aged 90+ is forecast to more than triple by 2033. The working age\(^{88}\) population, in contrast, is only forecast to be 9.3% higher by 2033. It is also estimated that there will be an additional 30,000 children aged under 14 years (Table 6.6).

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\(^{87}\) Source: ONS Subnational Population Projections (2008 - 2033). Please note that projections are trend based (i.e. assumptions for future levels of births, deaths and migration are based on observed levels over the previous 5 years). They show what population will be if recent trends in these continue. The projections do not take into account any future policy changes that have not yet occurred. According to Surrey County Council, this level of population growth would require an average of about 4,500 additional dwellings per year. Surrey County Council forecasts (using the Chelmer Population and Housing Model) therefore constrain population growth to the housing allocation in the draft South East Plan (2,360 per year). This suggests a much lower rate of population growth of around 0.15% (source: State of the County, Surrey County Council, 2008).

\(^{88}\) Due to the constraints of the ONS figures, ‘working age’ in this section of the report is taken to include all people aged 15-64 (rather than the usual 16-64).
Table 6.6: Subnational Population Projections by Broad Age Band (numbers in thousands)

<table>
<thead>
<tr>
<th>Age band</th>
<th>Total 2008</th>
<th>Total 2033</th>
<th>Total Increase 2008-2033</th>
<th>% Increase 2008-2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>198.4</td>
<td>227.8</td>
<td>29.4</td>
<td>14.8%</td>
</tr>
<tr>
<td>65+</td>
<td>182.1</td>
<td>300.8</td>
<td>118.7</td>
<td>65.2%</td>
</tr>
<tr>
<td>Working Age</td>
<td>720.2</td>
<td>787.2</td>
<td>67.0</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

Source: ONS Subnational Population Projections (2008-2033)

6.4 HEALTH AND WELL-BEING

The Health Profile for Surrey (2009), produced by the Association of Public Health Observatories, gives a snapshot of health in the county (Annex 6h). The key findings are as follows:

- The health of people in Surrey is generally better than the England average.
- However, it is estimated that one in five adults are obese and that nearly one in six binge drink. The North West Public Health Observatory (NWPHO) data shows that seven out of the 11 local authorities in Surrey are in the worst 10 nationally for ‘increasing risk’ drinking, with Runnymede having the highest prevalence of increasing risk drinking in the country. All 11 local authorities have higher prevalence of increasing risk drinking than the England average (source: JSNA 2009/10).
- Life expectancy is high. Life expectancy at birth in Surrey is 79.8 years for men and 83.3 years for women compared to that for England, which is 77.6 and 81.8 respectively. An ageing population has important economic implications for the economy of Surrey in terms of a diminishing working age population and a growing need for investment in health and social care.
- The rate of early death from cancer, heart disease and stroke are low, and the infant death rate is lower than the England average. Over the last 10 years, the rates of early death from cancer, heart disease and stroke have fallen. All these factors help to explain Surrey’s growing ageing population, particularly in the 85+ cohort.

Feedback from NHS Surrey identifies that mental health/ well-being and economic well-being are closely linked. The cost of mental ill health can be high both to individuals and society as a whole as to business and the economy. The Centre for Mental Health calculates that mental health problems cost British businesses an average of £1,000 a year for every employee. Stress, depression and anxiety are among the top reasons for sickness absence in the workplace. NHS Surrey has identified a number of risk factors that are worthy of consideration:

- Debt is recognised as a major factor in contributing to mental health problems. Surrey Citizen Advice Bureaux are reporting growing debt problems for many Surrey residents.
- Unemployment and job insecurity are likely to grow.
- Commuting, especially in busy traffic or in crowded public transport can have negative effects on stress and well-being. Car and train travel (primarily into London) are the most common modes of work-related transport in Surrey and road traffic on Surrey’s roads is double the national average.
- Housing has a major influence on mental health, with studies showing that people living in rented accommodation have a higher rate of neurotic disorder than people living in their own homes. The Surrey LEA has already...
demonstrated that Surrey has a lack of affordable housing, rising house prices as well as the threat of further job losses.

6.5 COMMUNITY ECONOMIC DEVELOPMENT
Community economic development is an alternative to conventional economic development. Its central tenet is that problems facing communities, such as unemployment, poverty, job loss, environmental degradation and loss of community control, need to be addressed in a holistic and participatory way.

6.5.1 Deprivation
Surrey is generally regarded as a wealthy county with little or no real deprivation. According to the Index of Multiple Deprivation (IMD) published in 2007 by Communities and Local Government, Surrey is the least deprived (shire) county in England. Only the borough of Wokingham and county of Rutland are less deprived than Surrey. All Surrey boroughs and districts except Spelthorne are among the least deprived 10% districts in the country. Spelthorne ranks at 256th out of 354.

However, Surrey’s overall county, borough and district level appearance frequently hides significant ‘local’ disparities. Sitting alongside affluent areas are ‘pockets’ of deprivation - within housing estates, or even streets (source: Hidden Surrey report, 2009 (Bowcock)). These areas have challenges such as high levels of child poverty, low income, poor mental health and other significant problems. There are four Super Output Areas in Surrey that are among England’s most deprived 25%: Maybury and Sheerwater, Stanwell North, Merstham and Westborough wards.

In six of the seven domains89, (and the supplementary “Income Deprivation Affecting Children” and “Income Deprivation Affecting Older People”, which do not form part of the overall index), up to 5% of Surrey’s Super Output Areas are among England’s most deprived quartile (Figure 6.3).

Priority Places
With the evidence in this chapter as a background, there is a great need within Surrey for activities that foster social well-being and community values, protect the most vulnerable and enhance people’s quality of life. Failing to do so will cost the economy of Surrey, not to mention the social implications. Surrey Strategic Partnership’s work around Priority Places is trying to tackle many of these issues.

Surrey Strategic Partnership has identified four Priority Places (Merstham in Reigate and Banstead, Westborough in Guildford, Maybury and Sheerwater in Woking, and Stanwell in Spelthorne). Each of these areas has developed an action plan to progress a range of activities to improve the quality of life for these less well off communities.

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89 The Index of Multiple Deprivation combines seven separate deprivation domains for about 32,500 small areas (Super Output Areas) in England. Data is also provided for the seven domains separately.
6.5.2 Low Income Households and Child Poverty

Although Surrey is a prosperous community with traditionally low levels of income deprivation, over the last year, more families have become income deprived, which, for some families, will lead to much poorer outcomes for their children (source: Proposals for Surrey Alliance Joint Actions 2010 - 14 (draft report from the Surrey Alliance’s Strategic Forum, Feb 2010)).

Key findings from the Initial Draft Needs Assessment: Child Poverty in Surrey 2010, show that:

- Approximately 23,330 children and young people in Surrey live in poverty, roughly 10% of the 0-19 population. Spelthorne and Woking have the highest proportions of children and young people living in poverty; Mole Valley and Waverley have the lowest.
- Surrey has one of the lowest proportions of children and young people in poverty (10%) relative to its comparators:Cambridgeshire 12.6%, Oxfordshire 11.8% and Buckinghamshire 11.1%.
- Surrey is ranked fifth out of 149 local authorities in England on the Child Well-being Index, indicating that it has the fifth lowest levels of children experiencing income deprivation in the UK; however this masks localised areas of deprivation.
- Using Income Deprivation Affecting Children Index data, there were 34 Super Output Areas (SOAs) in Surrey in 2007 with child poverty over 30%. There were only 15 in 2001.
- The number of children receiving free school meals (one indicator of child poverty) increased during the recent recession, rising from 9,108 in January 2008 to 10,792 in January 2010 (an increase of 18.5% against a pupil roll increase of only 1.1%).

90 Berkshire is not included as data is not available at a county level.
91 The proportion of children aged 0-15 experiencing income deprivation.
• Transport in Surrey can be infrequent and expensive and this can be a barrier for parents and for children/young people to accessing employment and services.

Children and young people living in low income families in Surrey are more likely to experience poorer outcomes, including: health risks (e.g. obesity, cancers, heart disease, and mental health problems); greater likelihood of teenage pregnancy; poorer academic attainment; unemployment and NEET status. Spelthorne is the most deprived borough for education, skills and training. Those areas with the highest concentration of NEETs broadly align with Surrey Strategic Partnership’s Priority Places. Westborough (Guildford) and Maybury and Sheerwater (Woking) have consistently had the highest concentrations of NEETs.

The recession has had a disproportionate impact on the younger age groups; most notably those aged under 24 years old. The number of people aged 20-24 claiming JSA has increased from 815 in February 2008 to a peak of 2,660 in August 2009 (2,210 in August 2010).

6.5.3 The Role of the Community, Voluntary and Faith Sectors
According to the Hidden Asset 2009 report for Surrey (RAISE), the estimated total number of voluntary and community organisations in Surrey is 5,796. Total paid employment in the sector is estimated at 42,400 together with around 91,990 volunteers. The majority of organisations who responded to the survey were registered charities (93%); in line with regional patterns. There were lower proportions of local voluntary organisations (24% compared with 46%), other non-profit organisations (6% compared with 23%) and social enterprises (2% compared with 13%) than across the region.

Education, research and training is the most common specific area of work (48%) of such organisations followed by welfare and social care (36%), health (32%), leisure, recreation and sport (28%) and people with disabilities (26%).

The faith sector also makes a major contribution to the Surrey economy. According to the South East England Faiths Forum (SEEFF), across the South East, some 4,500 full time equivalent jobs are accounted for by places of worship and another 3,200 full time equivalent jobs in other establishments or organisations. These indirectly support another 3,100 jobs amongst suppliers and other organisations, to give total employment generation in the region of just under 11,000.

By way of places of worship, the UK’s oldest mosque is situated in Woking, and one of the country’s most modern cathedrals is situated in Guildford.

The faith sector provides support for community – including intangible benefits such as improving the lives of people, and quantifiable benefits such as helping people avoid homelessness, helping people into paid employment, delivering services on behalf of the public sector – contracts worth £13 million across the South East. Many of the buildings that form part of the faith sector attract tourism – an estimated 750,000 tourist visits per year worth around £25 million to the region.

Surrey enjoys strong communities, underpinned by parish councils and active citizen participation. Many Surrey communities have conducted Community Led Plans/Parish Plans. Since 2003, 32 Parish Plans and eight Rural Town Healthchecks have been compiled stimulating local action, particularly in Surrey’s rural communities. Many resulting projects have been implemented, including several focussed on economic development; such as the development of broadband services, support for community owned shops, and the development of markets for local produce.

6.5.4 Social Enterprises
Community economic development is often involved in a process of building social enterprises that are part of the social economy. Sometimes called the Third Sector, a community based social enterprise is a partnership between government agencies, small to medium enterprises, large national or transnational corporations and the not-for-profit sector, and aims for social, economic and/or environmental outcomes that none of these agencies could achieve for and by themselves.

Social enterprises are businesses driven by a social or environmental purpose. There are 62,000 of them in the UK, contributing over £24 billion to the economy, employing approximately 800,000 people (2005-2007 data from the Annual Survey of Small Business UK).

As with all businesses, they compete to deliver goods and services. The difference is that social purpose is at the very heart of what they do, and the profits they make are reinvested towards achieving that purpose. Social enterprises operate in almost every industry in the UK. Whatever they do, they do it differently from typical business, because they are driven by a social and/or environmental mission, and they are focused on the community they serve.

Table 6.7 highlights the geographical distribution of social enterprises in the South East. The table shows that Hampshire has the largest share of social enterprises in the county comparators (22.1%) and Surrey has the third largest share with 12.7% of the social enterprises.

<table>
<thead>
<tr>
<th>County</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampshire</td>
<td>2294</td>
<td>22.1</td>
</tr>
<tr>
<td>Kent</td>
<td>1663</td>
<td>16.0</td>
</tr>
<tr>
<td><strong>Surrey</strong></td>
<td>1315</td>
<td>12.7</td>
</tr>
<tr>
<td>East Sussex</td>
<td>1216</td>
<td>11.7</td>
</tr>
<tr>
<td>Oxfordshire</td>
<td>1203</td>
<td>11.6</td>
</tr>
<tr>
<td>Berkshire</td>
<td>901</td>
<td>8.7</td>
</tr>
<tr>
<td>West Sussex</td>
<td>895</td>
<td>8.6</td>
</tr>
<tr>
<td>Buckinghamshire</td>
<td>890</td>
<td>8.6</td>
</tr>
</tbody>
</table>

Source: Mapping the Regional Social Enterprise Sector, Final Report, SEEDA, May 2008

In terms of the sectoral distribution of social enterprises, this is fairly consistent across the South East. In Surrey, a quarter of all social enterprises are in health, social work and care – the second highest rate of all the South East counties.

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93 Source: Social Enterprise Coalition: www.socialenterprise.org.uk.
6.6 CRIME
Recorded crime levels in Surrey are the lowest of all English police forces\textsuperscript{95}. However, the British Crime Survey\textsuperscript{96} suggests that Surrey residents are actually more likely to be a victim of crime than the national average. Surrey residents also have a greater fear of becoming the victims of burglary, car crime and violent crime than residents in similar police force areas. It is worth noting that using the resident population of an area may also not tell the full story. In areas that attract net inflows of people such as airports, ports and urban business or shopping centres, there is obviously a higher ‘target population’ that is not included in the denominator when calculating the rates.

Strategic implications

- An effective shortfall in working population meaning it is increasingly difficult to recruit locally.
- Surrey is under growing pressure from London out-migration.

\textsuperscript{95} Recorded offences by police force area per 1,000 population, as reported in the State of the County, Surrey County Council, 2008.

\textsuperscript{96} Source: British Crime Survey 2007-08: The British Crime Survey (BCS) is a face-to-face victimisation survey in which adults living in private households are asked about their experiences of crime. It includes property crimes such as vehicle-related thefts and burglary, and personal crimes such as assaults. For the crime types it covers, the BCS can provide a better reflection of the true extent of household and personal crime because it includes crimes that are not reported to the police and crimes that are not recorded by them. The BCS is also the main Home Office source of data on perceptions of crime, anti-social behaviour and attitudes to the criminal justice system.
7: SUSTAINABLE ECONOMIC GROWTH

7.1 INTRODUCTION
This chapter outlines the relationship between Surrey’s economy and its natural environment, focusing on tourism and the land-based sector. It looks at the positive and negative impacts of economic growth on that environment. It also looks at how Surrey might promote and benefit from the ‘green’ economy and sustainable development. It builds upon the data presented in Chapter One (section 1.5) relating to the geography and natural environment of Surrey.

As well as the contribution to sustainable economic growth of the environmental economy, the evidence base on the economic contribution made by the natural environment is increasing. European Communities, a joint initiative of the G8+5 environment ministers, stated in its 2008 study:

“Humanity receives countless benefits from the natural environment in the form of goods and services (generally grouped under the collective title of ecosystem services) such as food, wood, clean water, energy, protection from floods and soil erosion…. The well-being of every human population in the world is fundamentally and directly dependent on ecosystem services.”

(Source: European Communities, The Economics of Ecosystems and Biodiversity, 2008).

Environmental data, unless otherwise stated, has been provided by the Environment Agency to Surrey County Council, for the purposes of the Surrey LEA.

7.2 HEADLINES

• Surrey’s environmental assets encourage a strong tourism and visitor economy worth almost £1.85 billion and employing over 3% of the workforce.
• Surrey’s environmental pressures and challenges are centred on: traffic congestion, housing, employment land, waste, water supply, flooding and pollution.
• Nearly 64,000 households in Surrey are at risk of flooding from rivers, 24,000 are at high risk.
• Surrey’s annual CO₂ emissions totalled 7.3 million tonnes (6.7 tonnes per capita) in 2006; the largest share being from domestic uses (i.e. housing).
• Surrey’s daily water consumption is 180 litres per person, compared to a national average of 129 litres.
• In 2008/09, the average Surrey household generated 678Kg of ‘residual’ waste, compared to the regional average of 683.5kg. Surrey’s businesses produce over one million tonnes of waste every year.
• Businesses involved in the environment and energy sector employ around 27,000 people in Surrey with combined operating revenue of £45 million.
• Surrey is home to a range of habitats that support many different species. Just over 93% of Surrey’s Sites of Special Scientific Interest (SSSIs) are in a ‘favourable’ condition.
7.3 THE ENVIRONMENTAL ECONOMY

According to a report undertaken for SEEDA in 2007, *The Importance of the Environment to the South East Economy: Beyond the Environmental Economy* (Final Report, July 2007) - the ‘Environmental Economy’ includes a range of economic activities that, while not necessarily ‘good’ for the environment, are dependent upon the environment for their economic outputs. The Environmental Economy can therefore be divided into different types of activity, depending upon their relationship with the environment:

- Activities directly dependent upon the environment (e.g. the minerals industry and agriculture).
- Activities dependent upon a high quality environment (e.g. tourism related).
- Activities contributing to a high quality environment (e.g. environmental technologies and advice).

A 2005 report by Cambridge Econometrics\(^7\) found that the Environmental Economy in the South East employed 236,000 people in 2003, representing 5.5% of the South East’s total workforce and generated £7.9 billion in GVA (6.0% of total GVA).

In Surrey, activities directly dependent upon the environment (such as agriculture, forestry and fishing, mining & quarrying and utility services, together with elements of hotels & catering, transport and other leisure and recreational activities) accounted for 3.1% of total employment (compared to 3.6% for the South East). Activities dependent upon a high quality environment (which include tourist activities, hotels & catering, transport and other leisure and recreational activities) accounted for 0.9% of Surrey’s employment (South East 1.3%). Activities contributing to a high quality environment (e.g. environmental technologies and advice) accounted for 2.1% of employment in Surrey (South East 2.1%).

7.3.1 Tourism

Surrey’s natural environment and cultural heritage are fundamental to the tourism industry in the county. There are over 8,000 listed buildings in Surrey, about half of which are in rural areas and over 220 conservation areas, most of which are in rural towns or villages. There are over 250 scheduled ancient monuments and 30 registered parks and gardens\(^8\).

There is a strong tourism and visitor economy in Surrey, with well over two million trips made to the county every year. Tourism South East estimates that in 2009/10, Surrey’s visitor economy was worth £1.85 billion, directly supporting over 18,000 jobs (3% of the workforce)\(^9\). The ONS Annual Business Inquiry suggests that this could be even higher with 42,100 tourism-related jobs in 2008 (8.2% of total employee jobs in the county). Furthermore, the sector is likely to grow, a fact recognised by both

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\(^7\) Cambridge Econometrics (March 2005), *The Environmental Economy of the South East*. This report presents an updated, top-down analysis of the contribution of, and prospects for, the Environmental Economy to the wider economy of the South East, based on SIC codes and weighted according to their contribution to the three definitions of the Environmental Economy, in terms of employment and output (measured as GVA). It is consistent with the work carried out by Land Use Consultants, SQW and Cambridge Econometrics for their 2002 report, *The Environmental Economy of the South East*.

\(^8\) Source: *Surrey Rural Strategy 2010-2015*.

\(^9\) Source: Tourism South East using 2003 baseline figures.
national research\textsuperscript{100} as well as Surrey businesses\textsuperscript{101}. It is also a key growth sector for Surrey's rural economy\textsuperscript{102}.

Surrey provides much in the way of outdoor leisure opportunities. Given that agriculture is not intensive in Surrey, there are many commons and an extensive network of footpaths and bridleways, including the North Downs Way. The Surrey Hills AONB offers stunning scenery, award winning vineyards and ‘typical’ English villages such as Holmbury St Mary and Coldharbour. Surrey also offers many other visitor attractions, including Royal Horticultural Society (RHS) Garden Wisley.

7.3.2 Culture and Sport

Surrey has a thriving creative and cultural sector, the importance of which is stressed in the county's Culture Strategy\textsuperscript{103}. The sector is amongst the fastest growing nationally and encompasses over 6,000 businesses in Surrey (source: \textit{Taking Part in Surrey: A Culture Strategy for an Active, Creative and Inclusive County}, Surrey County Council, 2008-11). Surrey has renowned arts education centres such as the Guildford School of Acting, the University for the Creative Arts and the Lightbox in Woking.

Sports-related goods and services are worth £2.1 billion to the South East economy (source: \textit{The South East Plan; Regional Spatial Strategy for the South East of England}, Para 15.23, May 2009; originally quoted in \textit{The Value of the Sports Economy in the Regions – A Study on Behalf of Sport England by Cambridge Econometrics: the Case for the South East}, June 2003). Surrey's proximity to the 2012 Olympic and Paralympic Games in London offers the county significant potential economic benefits (both in terms of visitor spend and business opportunities). As of September 2009, 1,270 Surrey businesses had registered for Olympic contract opportunities\textsuperscript{104}. The 2012 Cultural Olympiad - a four-year national celebration of culture - will further encourage participation at a local level.

7.3.3 Land-based Industries

'Agriculture, Forestry and Fishing' is the smallest sector in the Surrey economy in terms of its contribution to GVA (just 0.5% of the total or £126 million in 2007); however, it has great importance in terms of its relationship with the natural environment, biodiversity, tourism and food security/resilient ‘food systems’. Agriculture is not intensive in Surrey and farms are diverse in type. According to the \textit{Surrey Farm Study} (2009), farms are typically small in size, relative to the South East and England, with 70% less than 20 hectares\textsuperscript{105}. In 2007, there were 2,409 farm holdings in Surrey. These accounted for a total area of 67,481 hectares of total area farmed (Defra)\textsuperscript{106}.

\textsuperscript{100} Source: Study by Deloitte and Oxford Economics.
\textsuperscript{101} Identified at the LEA business consultation event, where tourism was described as an “area of opportunity and growth”.
\textsuperscript{102} Source: \textit{Surrey Rural Strategy 2010-2015}.
\textsuperscript{103} Source: \textit{Taking Part in Surrey: A Culture Strategy for an Active, Creative and Inclusive County} (Surrey County Council, 2008-2011).
\textsuperscript{104} The 'CompeteFor' website – www.competefor.com - allows businesses to register for Olympic contract opportunities.
\textsuperscript{105} Source: Farm Sizes data (Defra, 2009).
\textsuperscript{106} Source: \textit{Surrey Farm Study 3} (Surrey Rural Partnership, 2009).
The prevalent farm type is cattle and sheep farming (18.8% of all farm holdings in 2007), which is comparable to the South East average (Table 7.1).

Table 7.1: Profile of Farm Holdings in the South East and Surrey, 2007

<table>
<thead>
<tr>
<th>Types</th>
<th>South East</th>
<th>SE-Surrey</th>
<th>Surrey</th>
<th>Surrey:SE Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Cereals</td>
<td>3236</td>
<td>3122</td>
<td>114</td>
<td>4.7</td>
</tr>
<tr>
<td>Cropping</td>
<td>572</td>
<td>550</td>
<td>22</td>
<td>0.9</td>
</tr>
<tr>
<td>Horticulture</td>
<td>1778</td>
<td>1647</td>
<td>131</td>
<td>5.4</td>
</tr>
<tr>
<td>Pigs &amp; Poultry</td>
<td>1065</td>
<td>999</td>
<td>86</td>
<td>3.6</td>
</tr>
<tr>
<td>Dairying</td>
<td>579</td>
<td>527</td>
<td>52</td>
<td>2.2</td>
</tr>
<tr>
<td>Cattle &amp; Sheep</td>
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<td>4900</td>
<td>454</td>
<td>18.8</td>
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<tr>
<td>Mixed</td>
<td>1212</td>
<td>1138</td>
<td>74</td>
<td>3.1</td>
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<tr>
<td>Other</td>
<td>14282</td>
<td>12806</td>
<td>1476</td>
<td>61.3</td>
</tr>
<tr>
<td></td>
<td>28098</td>
<td>100.0</td>
<td>25689</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Surrey Farm Study, 2009 (using Defra data)

Surrey’s dairy industry has declined from nearly 20,000 dairy cows in 1980 to just over 6,000 in 2007 and now accounts for just 2.2% of all holdings. Beef continues to be an important product for Surrey and a key part of the county’s food output, particularly under the Surrey Hills food brand. The number of hectares producing cereals and horticulture has declined significantly since 1980.

Surrey’s agriculture and horticulture sector is highly dependent on family and casual labour, and the total labour force declined by 10% between 2001 and 2007. High land prices are also a limiting factor to farming.

Relative to the South East region, Surrey shows a much higher proportion of ‘other’ farm types (61.3%), which include activities such as equine or specialist holdings. Surrey’s farms are increasingly looking to diversify into areas such as leisure and tourism including (in descending order of importance) horse riding/ livery, holiday lets, school farm visits and fishing/ shooting. Farmers are looking to exploit niche markets and to diversify (supported by initiatives such as the LEADER programme107). Local produce initiatives (e.g. box schemes) and marketing initiatives, such as the Surrey Hills food brand mentioned above, are being developed.

With over 23% of Surrey’s land area under woodland, the Surrey Rural Strategy 2010-2015 has identified the (currently under-developed) economic potential in forestry and wood products ranging from wood fuel to high value furniture. Wood fuel in particular presents a major opportunity. However, there are significant obstacles to development of wood fuel and wood products, including the high cost of infrastructure investment and the need to develop local interest and support.

107 £2.05 million has been made available to the Surrey Hills LEADER group under the Rural Development Programme for England (RDPE) 2007-2013. Its aim is to give rural Surrey a sustainable future. The LEADER Grant programme in Surrey is aimed at rural businesses such as farmers and growers, retailers, tourism, rural enterprises, foresters, producers and community groups. They may apply for funding to develop projects that improve the financial and environmental performance of rural communities and businesses in Surrey, without damaging the countryside.
7.4 THE IMPACT OF ECONOMIC GROWTH ON THE ENVIRONMENT
Economic growth, allied to physical development and population growth, typically implies environmental costs. The ‘costs’ for Surrey include: carbon dioxide emissions, air pollution, waste, energy consumption and water stress. There are also potential impacts on the health of Surrey’s people linked to traffic congestion, reduction in green open spaces and housing pressures.

‘The inhabitants and businesses of Surrey are putting our environment under increased pressure and we need to find ways of reducing our carbon emissions and waste reproduction as part of a global effort’.

(Source: Surrey Economic Partnership Strategy, 2007)

7.4.1 Carbon dioxide (CO2) emissions
Data provided by Defra (2006) indicates that Surrey’s annual CO2 emissions totalled 7.3 million tonnes (equivalent to 6.7 tonnes per capita) (source: Surrey Climate Change Partnership, Surrey Climate Change Strategy, 2010). This compares to a South East average of 8.02 tonnes per capita and 8.78 tonnes per capita nationally.

The largest share (42% or 3.03 million tonnes) of CO2 emissions comes from domestic sources (i.e. housing). This compares to a national average of 28.9% and a South East average of 31.9%. Surrey’s emissions reflect the residential nature of the county, the poor energy efficiency of housing and modern energy-intensive lifestyles.

The next largest share (34%) of CO2 emissions is from industrial/commercial sources (e.g. businesses and public sector organisations; buildings, operational activities and transport). This compares favourably to the 46.1% national and 37.6% regional averages.

Road transport\(^{108}\) accounts for 24.5% of CO2 emissions, very much in line with the UK average of 25.4%. This is partly a reflection of the fact that Surrey has high levels of car ownership and usage as well as hosting key parts of the national road transport infrastructure.

All 12 local authorities across Surrey are working towards developing a more detailed understanding of emission sources in order to identify opportunities to reduce carbon emissions across their areas. Per capita reductions in CO2 emissions in local authority areas are measured by National Indicator NI186. In Surrey, there has been a 4.3% reduction in CO2 emissions from 7.0 tonnes of CO2 per capita in 2005 to 6.7 tonnes per capita in 2008 (source: Department of Energy and Climate Change (DECC), National Indicator 186 (NI186) data set). This is on a par with the South East regional reduction of 4.3% but lower than the national (England) reduction of 5.6%.

7.4.2 Air quality
Local authorities are required to carry out assessments of air quality in their areas. This involves constant monitoring of specific sites with the aim of ensuring that

\(^{108}\) The data set ‘road transport’ does not include emissions from motorways.
national air quality objectives will be achieved. If a local authority finds areas where these objectives are not likely to be achieved, it must declare the area a local Air Quality Management Area (AQMA) and produce a Local Air Quality Action Plan.

In Surrey, most boroughs and districts have declared AQMAs. Surrey Heath and Epsom & Ewell boroughs have each declared one site; there are two in Runnymede and Elmbridge. Three areas have been declared AQMAs in Waverley and eight in Reigate and Banstead. In Spelthorne, the whole of the borough has been declared an AQMA, given its proximity to Heathrow Airport.

7.4.3 Noise
Fourteen percent of the Surrey population is subject to ‘excessive’ road transport noise as defined by the Road Research Laboratory\textsuperscript{109}. The Campaign for the Protection of Rural England’s national study of tranquillity shows Surrey has the least ‘tranquil’ land area in the South East - only 17% of Surrey is classified as tranquil. Surrey has also experienced the greatest percentage loss of tranquillity since the 1960s.

Surrey is also subject to aviation noise from both Gatwick and Heathrow, which is monitored closely and both airports are required to report on noise infringements. For Heathrow, in 2009, there were 71 noise infringements, a drop of 69% compared to the 232 in 2007 (source: \textit{London Heathrow Flight Evaluation Unit Annual Report 2009}). For Gatwick there was one noise infringement in the last 12 months (source: \textit{London Gatwick, Flight Evaluation Unit, Quarterly Report April to June 2010}). Both Gatwick and Heathrow Airports have Noise Action Plans in place to mitigate the impact of noise on nearby communities. These detail statutory and voluntary noise management controls such as a noise control scheme at Heathrow and an insulation scheme for homes near Gatwick Airport.

7.4.4 Waste
Economic growth typically leads to increased resource use and therefore waste production. In 2004/05, Surrey generated 977.9kg of ‘residual’ household waste\textsuperscript{110} per household, against a South East average of 899.2kg per household. By 2008/09, Surrey had managed to reduce its residual household waste generation to 678kg per household compared to 683.5kg per household in the South East (source: \textit{ONS Toolkit to Support Local Economic Assessments, 2010}).

Surrey has traditionally sent a higher percentage of its municipal waste to landfill when compared to South East and England averages. However, by 2008/09, the gap between Surrey (50.4% sent to landfill) and the national figure (50.3%) and South East (45.6%) had decreased significantly (Figure 7.1).

\textsuperscript{109} Source: \textit{Surrey Rural Strategy 2010-2015}.
\textsuperscript{110} Residual household waste per household is National Indicator NI191. Residual household waste is defined as any collected household waste that is not sent for reuse, recycling or composting.
In Surrey, the percentage rate of household waste reused, recycled or composted\textsuperscript{111} compares favourably to rates in the South East and England, although it lags behind its LEA comparator counties of Cambridgeshire, Oxfordshire and Buckinghamshire (source: \textit{ONS Toolkit to Support Local Economic Assessments, 2010}).

In terms of measuring household waste recycled and/ or composted, Surrey has exceeded its National Indicator 192 (NI192) target, one of Surrey’s Local Area Agreement (LAA) indicators. The percentage of household waste recycled and/ or composted in Surrey is now well above the 2007/ 08 LAA baseline - 35%. The 2009/ 10 trend rate was 45.7%. In recognition that Surrey County Council is on track to recycle and/ or compost 50% of waste by 2020, and 60% by 2025; it has consulted partners on raising the Surrey recycling target to 70% by 2013/ 14 (source: Surrey Strategic Partnership, \textit{Performance Report, Quarter 1 2010/ 11, April – June 2010}). Performance is expected to continue to be strong on this indicator as more Surrey Waste Collection Authorities (WCAs) commence food waste collections and introduce new collection systems.

The Environment Agency undertook a survey of commercial and industrial (C&I) waste in 2002/ 03. This identified that around one million tonnes of C&I waste was generated in Surrey in this year. A slight majority of this waste was reused, recycled or otherwise recovered, with just under half disposed of to landfill (source: Surrey County Council, \textit{Surrey Waste Plan, adopted May 2008}).

In June 2009, the Leader of Surrey County Council stated that:

\textit{“As a result of the improvements (to Community Recycling Centres (CRC)) to date, we have an opportunity to remove or reduce our reliance on Energy From Waste (EFW) plants in Surrey”} (source: Surrey County Council, Leader’s Report to Cabinet, Standing Up For Surrey, 29 June 2009).

In February 2010, the Surrey County Council Cabinet adopted \textit{World Class Waste Solutions} as the Waste Disposal Authority Action Plan. Before 2009, the strategy for dealing with Surrey’s waste included two EFW facilities to treat residual waste at

\textsuperscript{111} National Indicator NI192.
a combined capacity of 270,000 tonnes per annum.

The implementation of *World Class Waste Solutions* involves a major waste reduction programme, improvements to community recycling centres around the county, development of bulking and baling facilities at sites around the county to improve dry recycling, development of in vessel composting facility to treat green waste and the development of an Eco Park at Shepperton.

### 7.4.5 Water Resources

The South East is 'water-stressed' and Surrey is no exception. All of the areas covered by the four water companies serving the county are judged to be 'areas of serious water stress'. Surrey’s daily water consumption is 180 litres per person, compared to a national average of 129 litres. Data from the Environment Agency shows that average water use per person in Surrey relative to other selected counties is equal to that of Buckinghamshire, but higher than that of the our other selected LEA county comparators.

Water stress is predicted to worsen. Water companies in the South East expect household demand to increase by about 20% by 2030; the bulk of this increase (75%) is a consequence of demand from new housing. Non-household demand is predicted to remain stable or even reduce, given that the local economy is service based, with less water intensive businesses.

‘Water efficiency’ such as metering and reducing leakage will, to an extent, ameliorate the predicted increase. Metering promotes lower water consumption, the Environment Agency estimates 15% less for the average customer, and Surrey’s water companies are actively pursuing meter installation. Sutton and East Surrey Water expects to have 90% meter penetration by 2025; Three Valleys Water (Veolia) 90% by 2030.

In terms of water quality, under the Water Framework Directive (WFD) there are 67 designated river water bodies within Surrey, which must all meet 'good' ecological status or potential by 2027. Five of the 67 designated water bodies are currently achieving good ecological status. Out of the LEA comparator counties, only Berkshire has fewer river water bodies at good ecological status. Oxfordshire performs best with 21 water bodies rated good. Conversely, Surrey has the most (i.e. 20) water bodies with 'poor' status. Phosphate levels are a major concern for rivers in Surrey, particularly in the Wey, Mole, Medway and London catchments, where 27 water bodies have poor phosphate status (due to high levels) and seven are classed as 'bad' (data source: the Environment Agency).

The percentage of designated river length achieving grade ‘A’ (i.e. high quality) has increased from 23% in 2000 to 56% in 2008, and now covers 151km of river within Surrey’s boundary. Serious water pollution incidents have declined from 18 in 2002 to two (by mid 2010) (data source: the Environment Agency).

### 7.4.6 Energy Consumption

Electricity and gas consumption data in Surrey boroughs and districts shows that Mole Valley has the highest average domestic consumption of electricity (sales per household) and Spelthorne the least. For gas consumption, Mole Valley has the
highest consumption, although Elmbridge has the highest domestic sales per customer. Surrey has a relatively low level of renewable energy generation and a high proportion of consumption of petroleum products, which can be related to the high number of vehicle movements in the county.

7.4.7 Minerals extraction
Surrey uses considerable amounts of minerals in order to sustain its economy, most of which are imported as finished products. The minerals industry directly provides local jobs but, more significant, are the jobs that rely indirectly on the minerals industry, such as those in construction, buildings and infrastructure. These make a significant contribution to the wealth and quality of life in Surrey and the UK.

The main minerals worked in Surrey are sands and gravels, but there is a modest quantity of oil and gas produced in the southern part of the county. Aggregate production in Surrey between 1997 and 2002 remained relatively stable but has declined subsequently. Figures published in the Annual Monitoring Report show that sales in 2007 were 660,000 tonnes (or 29%); below the yearly average for 1997-2007. The downward trend continued into 2008 (source: Surrey Minerals and Waste Development Framework, Surrey Minerals Plan, Core Strategy Document, November 2009).

7.4.8 Biodiversity
Biodiversity\textsuperscript{112} is a term used to describe the variety of life on Earth. It includes all the species on the planet from the smallest microbe to the largest tree, and how they interact with one another.

Surrey is home to a number of important species. For example, it is the national stronghold for the silver-spotted skipper butterfly. The county’s watercourses contain a range of fish species typical of a lowland ecosystem. Despite numerous pressures, fish populations have generally been stable over the past decade. Improvements to water quality have allowed more sensitive species to re-establish themselves, however they still face numerous environmental pressures. Surrey’s watercourses provide significant angling opportunities.

Surrey supports a range of habitats and species of local, national and international importance. It is the most wooded county, but also contains 13% of the UK’s lowland heathland and other habitats, such as floodplain grazing marsh, wood pasture and parkland\textsuperscript{113}. Just over 93% of the 63 Sites of Special Scientific Interest (SSSIs) in Surrey are in a ‘favourable’ condition. It is important to recognise, however, that Surrey’s biodiversity is not confined to designated sites.

Surrey’s natural environment, habitats, biodiversity and heritage all add great value to the Surrey economy and the quality of life of its residents. From an economic development perspective, these assets support Surrey’s land-based industries, attract inward investment, encourage tourism, provide outdoor recreation opportunities.

\textsuperscript{112} Shortened from Biological Diversity.
\textsuperscript{113} Source: The Surrey Biodiversity Partnership, Surrey Biodiversity Action Plan, 1999, contains 10 Habitat Action Plans and one Species Action Plan. This plan is a part of the UK Biodiversity Action Plan (BAP), produced in response to the Convention on Biological Diversity, signed at the 1992 Earth Summit at Rio de Janeiro.
opportunities and make Surrey a desirable place in which to live and to do business. However, Surrey's economic success puts pressure on these assets. Congestion, pollution, housing development and other pressures need careful management to ensure that residents' quality of life and the county's natural environment are not undermined.

7.4.9 Climate Change
The UK Climate Impacts Programme highlights key climate changes for the South East, including hotter, drier summers with more frequent extreme high temperatures and milder, wetter winters, with more frequent extreme winter rainfall and storminess. The effects on Surrey may be particularly severe due to the characteristics of the county's social, economic and environmental structure. Surrey has one of the highest non-metropolitan densities of population with 85% of residents living in just 15% of the County's area. The problems associated with this concentration of population, coupled with housing growth and an already strained environmental and transport infrastructure, will be exacerbated by climate change, potentially leading to significant disruption and economic loss.

However, opportunities may also arise that could provide a range of economic benefits. A warmer climate may promote healthier lifestyle changes, and increase the economic value of leisure and tourism. Business opportunities may exist for developing new technologies to reduce emissions and adapting infrastructure. Climate shifts are also likely to affect agriculture and horticulture in both positive and negative ways (source: Surrey Climate Change Strategy, 2010).

7.4.10 Mitigation and Adaptation
The costs of mitigation in Surrey are likely to mirror national trends and, depending on government policy, will impact on Surrey business and residents. The costs of adapting to climate change are potentially significant; for example, the costs associated with measures to cope with increased fluvial flooding in the Lower Thames are estimated to be in the order of £300 million114.

7.4.11 Flood Risk
Surrey has many areas prone to flooding. Nearly 64,000 households are at risk of flooding from rivers; 24,000 of these are deemed to be at high risk. The areas at risk are highlighted in Figure 7.2. Particular hotspots occur in Elmbridge, Spelthorne and Runnymede, due to proximity to the Lower Thames. These local authorities are ranked 27th, 36th and 52nd respectively in terms of highest numbers of properties at risk of flooding, against all local authorities in England. The rivers Mole and Wey are also liable to flood events. The number of properties at risk of flooding and the likelihood of flooding is similar to that of Berkshire and Oxfordshire115. Surrey also has areas prone to surface water flooding. Woking and Byfleet is ranked 60th in the 2009 Defra Rank Order of Settlements Susceptible to Surface Water Flooding, with an estimated 4,600 properties at risk.

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7.7 GREEN/ LOW CARBON ECONOMY

The global Low Carbon and Environmental Goods and Services (LCEGS) market sector was worth £3,046 billion in 2007/8. Asia accounts for 38% of this total, Europe 27%, and the Americas 30%. The value of the UK LCEGS sector was £106.5 billion in 2007/8. The UK is the world’s sixth largest low carbon and environmental economy, with 3.5% of global market share. The ‘Environmental’ sector accounts for £22.3 billion (21%) of total UK market value, ‘Renewable Energy’ for £31.1 billion (29%), and the ‘Emerging Low Carbon’ sector for £53.3 billion (50%). The ‘newer’ sectors of Renewable Energy and Emerging Low Carbon are therefore significantly higher in value than the more established Environmental sector (source: BERR, Low Carbon and Environmental Goods and Services: an industry analysis: Executive Summary, 2009). Experian research suggests that the sector will grow by 2.6% per annum\(^{116}\), partly as a consequence of climate change mitigation and adaptation.

Promoting a ‘green’ economy includes both development of environmental sectors and reductions in the environmental impact of existing sectors. There are opportunities for Surrey’s businesses to exploit the developments and, associated with this, to create new jobs. The development of this emerging sector also has the potential to boost skills and provide new educational opportunities as well as other social benefits. There is a particular role here for Surrey’s higher education establishments, with a particular need for those qualified in science, technology, engineering and mathematics.

Environmental technologies have been identified as a priority sector for SEEDA, with a significant potential to create new jobs. SEEDA analysis of the environment and energy sector suggests that it contributed £4.5 billion to the South East economy in 2007 (2.9% of total GVA) and accounted for 64,000 jobs (source: Skills Priorities

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Statement for the South East of England 2011-12, Evidence Base Report, September 2010). Analysis of companies by Standard Industrial Classification (SIC) code\textsuperscript{117} reveals the large number of Surrey businesses involved in the environment and energy sector. From available figures, these businesses employ around 27,000 people and have combined total operating revenue of over £45 million, although these figures are heavily skewed by the presence of large multinational corporations based in the county\textsuperscript{118}. These companies include Esso UK Ltd, Esso Petroleum Company Ltd, BP Exploration Operating Company Ltd and ExxonMobil Marine Ltd.

7.7.1 Renewable Energy Generation

The generation of renewable energy also presents business opportunities in Surrey. As the most wooded county in England, Surrey has the potential to exploit wood fuel resources in unmanaged woodlands\textsuperscript{119}. Exploiting wood fuel has many benefits, including improving biodiversity, creating jobs (particularly in rural areas) and diverting material from landfill.

The Gatwick Diamond Initiative commissioned a study on the wood fuel supply chain, which noted the capacity of wood fuel to meet the demand for energy, should the necessary biomass capacity be installed. As it stands, there is currently 2.09 MW of biomass heat installed in the Gatwick Diamond\textsuperscript{120} area, with around 11 MW planned in the short to medium term. Most of this development is occurring in Reigate and Banstead\textsuperscript{121}.

In terms of Combined Heat and Power (CHP)\textsuperscript{122}, Surrey has 5,660 KWe of installed capacity. This is well below rates in other large South East counties, namely Hampshire and Kent, which have 388,538 and 224,017 KWe respectively. This suggests that there is significant scope to develop this sector further in Surrey. There is also scope to develop other renewable energy sources such as solar, wind, energy from waste and biomass.

Strategic implications

- Surrey’s natural environment is both an asset and a block to future economic growth, suggesting a greater need for ‘smart’ growth, which by implication is ‘spaceless’ growth.

- Surrey risks reaching a tipping point and economic decline, where the problems of success outweigh the benefits of being an international business location.

\textsuperscript{117} The caveat when using SIC codes is that the categorisation of firms might not account for the full range of a firm’s activities.

\textsuperscript{118} It is of note that their workforces might not all be based in Surrey, and revenue may be generated outside the county.

\textsuperscript{119} Surrey Hills Wood Fuel (SHWF) aims to encourage people and organisations based in and around the Area of Outstanding Natural Beauty to adopt wood fuel as their primary method of heating and to use the wood fuel now being produced locally.

\textsuperscript{120} For a definition of the Gatwick Diamond area, please refer to Chapter 8.

\textsuperscript{121} Source: BioRegional Consulting Ltd and Sylva Foundation, Gatwick Diamond Wood Fuel Supply Chain, August 2009.

\textsuperscript{122} Combined Heat and Power (CHP) refers to the generation of combined heat and power through a single process.
8: FUNCTIONAL ECONOMIC AREAS

8.1 INTRODUCTION
Surrey has a strong, well-connected, knowledge-driven and wealth-creating economy. It supports a diverse business base of local, national and global companies. Surrey has the potential to drive a world-class regional economy. In this respect, Surrey can be viewed as a functional economic area (FEA) in its own right; however, it is also part of other cross-boundary economic areas.

To the south east of the county lies the Gatwick Diamond FEA, which is strongly influenced by Gatwick Airport. To the west of the county, economic activity tends to be focused around Guildford and Woking, with economic links across into Berkshire and the Thames Valley, as well as into the Western Corridor and Blackwater Valley FEA. Large parts of the northern part of the county fall within the ‘London Fringe’ (as designated in The South East Plan, 2009 (GOSE) and are heavily influenced by the economy of London and the presence of Heathrow Airport.

Local Enterprise Partnerships
On 28 October 2010, government announced which proposals had received the green light in the first wave of approvals to establish local enterprise partnerships (LEPs). LEPs are government’s new vehicle for managing economic development, given its intention to abolish Regional Development Agencies. LEPs are a joint business/ local authority partnership that must be business led and chaired by business. LEPs will be responsible for strategic economic development in their geographic area, and will need to agree a vision for this.

The October 2010 announcement included the 'green light' to proceed for several LEPs within the south east of England:
• Coast to Capital (which includes the Gatwick Diamond)
• Thames Valley, Berkshire
• Kent, Greater Essex and East Sussex
• Oxfordshire City Region.

The proposed Enterprise M3 LEP, which includes part of the Western Corridor and Blackwater Valley FEA in its area, and the Surrey connects LEP, which focuses on Surrey as a functional economic area, received a positive 'amber light' to further develop their proposals.

8.2 THE GATWICK DIAMOND
Gatwick Airport is the single most important element of this area’s economy. Parts of the eastern boroughs and districts of Surrey (Mole Valley, Reigate and Banstead and Tandridge) lie within this economic area.

It is believed that the Gatwick Diamond FEA has wider influence, north beyond Redhill towards Croydon, east to East Grinstead, south to Burgess Hill and Haywards Heath and onwards to Brighton, and west to Horsham. However, for the purposes of
the Surrey LEA, data has been aggregated from the six local authority boroughs and districts\textsuperscript{123}.

8.2.1 Strategic context
In SEEDA’s 2006-2016 Regional Economic Strategy (RES) for South East England, the Gatwick Diamond is recognised as a sub-regional ‘diamond for investment and growth’ – a policy intended to lever political support and financial investment from the public and private sectors (Figure 8.1).

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
\textbf{The Gatwick Diamond Initiative} & & & & \\
\textbf{The Gatwick Diamond Initiative is a business-led, public–private partnership set up by the Surrey and West Sussex Economic Partnerships. It was established in response to the need to give the area an identity that would support business growth. Despite relatively strong economic performance in the UK, the Gatwick Diamond was found to be underachieving when compared to other airport-centred economies. Through the initiative, public and private sector partners in the area are working together towards a shared vision that, by 2016, the Gatwick Diamond will be a world-class, internationally recognised business location achieving sustainable prosperity.} & & & & \\
\hline
\end{tabular}
\end{table}

\textit{The Gatwick Diamond Futures Plan} (GHK, 2008) identifies a number of actions to support three strategic initiatives:

- Inspire – inspiring knowledge to enhance skills, productivity and innovation.
- Connect – improving facilities and transport and communications networks by encouraging investment.
- Grow – ‘smart growth’ to build the area’s reputation as an economic powerhouse, achieved in a sustainable way and safeguarding the quality of life and the environment.

\textsuperscript{123} Mole Valley, Reigate and Banstead, Tandridge, Crawley, Horsham and Mid Sussex.
8.2.2 Key economic characteristics and analysis

Whilst other reports have addressed in more detail the economic characteristics of the Gatwick Diamond area, for the purposes of the Surrey LEA, the key statistics and characteristics are summarised in Table 8.1. The table shows that, on most economic indicators, the Gatwick Diamond area outperforms the South East and UK. However, within the Diamond, there are marked variations in economic performance. Crawley, for example, displays higher rates of unemployment (3.7% of the resident population in June 2010 compared to just 1.5% in Mole Valley). Crawley also has a smaller proportion of highly qualified residents (21.5% of working age population) compared to 46.5% in Mole Valley. In terms of Gross Weekly pay, Crawley’s resident workforce earns an average of £497.90 per week compared to Reigate and Banstead, where the figure is £621.70).

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Table 8.1: Gatwick Diamond Summary Statistics

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Gatwick Diamond</th>
<th>Surrey</th>
<th>South East</th>
<th>National comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVA per head, 2007¹²⁵</td>
<td>£23,909</td>
<td>£24,103</td>
<td>£21,248</td>
<td>£19,951 (UK)</td>
</tr>
<tr>
<td>GVA growth 2000 – 2007¹²⁶</td>
<td>No data¹²⁷</td>
<td>32.0%</td>
<td>38.0%</td>
<td>39.0% (UK)</td>
</tr>
<tr>
<td>Economically Active (% working age population, 2009)¹²⁸</td>
<td>83.3%</td>
<td>82.4%</td>
<td>82.4%</td>
<td>78.9% (UK)</td>
</tr>
<tr>
<td>% working age population qualified to Level 4 or higher, 2008¹²⁹</td>
<td>33.7%</td>
<td>40.0%</td>
<td>31.5%</td>
<td>29.0% (UK)</td>
</tr>
<tr>
<td>Average gross weekly pay, 2009¹³⁰</td>
<td>£571</td>
<td>£623</td>
<td>£537</td>
<td>£491 (GB)</td>
</tr>
<tr>
<td>Growth in average weekly pay, 2004-2009¹³¹</td>
<td>+15%</td>
<td>+18%</td>
<td>+16%</td>
<td>+17% (GB)</td>
</tr>
<tr>
<td>Claimant count unemployment (June 2010)¹³²</td>
<td>2.4%</td>
<td>1.8</td>
<td>2.6</td>
<td>3.8 (GB)</td>
</tr>
<tr>
<td>Number new business registrations per 10,000 population during 2007¹³³</td>
<td>46</td>
<td>47</td>
<td>38</td>
<td>34 (UK)</td>
</tr>
<tr>
<td>Business stock per 1,000 population, 2007¹³⁴</td>
<td>44</td>
<td>47</td>
<td>38</td>
<td>33 (UK)</td>
</tr>
<tr>
<td>Growth in business stock, 2000-2007¹³⁵</td>
<td>10.4%</td>
<td>11.9%</td>
<td>14.2%</td>
<td>14.2% (UK)</td>
</tr>
<tr>
<td>% industries that are knowledge based, 2008¹³⁶</td>
<td>27.6%</td>
<td>30.1%</td>
<td>25.6%</td>
<td>21.8% (GB)</td>
</tr>
<tr>
<td>% people working age who are employed, 2009¹³⁷</td>
<td>79.9%</td>
<td>79.6%</td>
<td>78.1%</td>
<td>73.3% (UK)</td>
</tr>
</tbody>
</table>

The Gatwick Diamond is therefore faced with a number of challenges, not least tackling the economic disparities within the Diamond. Research by the Centre for Local Economic Strategies (CLES) (2010) identified the following additional constraints to growth:

- skills in particular areas (e.g. Crawley), exacerbated by the lack of a significant higher educational institution (e.g. a university)
- lack of firm level innovation
- lower numbers of people working within knowledge-intensive jobs (despite a healthy proportion of businesses in these sectors)

¹²⁵ Source: ONS/ UK Competitiveness Index, 2008.
¹²⁶ Source: ONS/ UK Competitiveness Index, 2008.
¹²⁷ GVA time series data at district level not available.
¹²⁸ Source: ONS Annual Population Survey (from NOMIS).
¹²⁹ Source: ONS Annual Population Survey (from NOMIS).
¹³⁰ Source: ONS Annual Survey of Hours and Earnings.
¹³¹ Source: ONS Annual Survey of Hours and Earnings.
¹³² Source: ONS JSA Claimant Count (from NOMIS).
¹³³ Source: Department for Business, Enterprise and Regulatory Reform (BERR).
¹³⁴ Source: Department for Business, Enterprise and Regulatory Reform (BERR).
¹³⁵ Source: Department for Business, Enterprise and Regulatory Reform (BERR).
¹³⁶ Source: UK Competitiveness Index, 2008.
¹³⁷ Source: ONS Annual Population Survey (from NOMIS).
• congestion around the M23 and M25
• housing affordability.

These challenges are being tackled as part of the overall business plan of the Gatwick Diamond Initiative.

The Gatwick Diamond area continues to be a location of choice for headquarters (e.g. ExxonMobil and Unilever UK in Leatherhead, Surrey). The area has also become a key regional centre for the professional services sector. Well-known companies in this sector include: BDO Stoy Hayward, KPMG, PricewaterhouseCoopers, Deloitte, Shadbolt Law, Grant Thornton, Thomas Eggar, ASB Law, and the regional headquarters of a number of banks. Research by the Centre for Local Economic Strategies (CLES)\textsuperscript{138} identified the following sectors as particularly important to the growth of the Gatwick Diamond:

• advanced manufacturing/ engineering (manufacture of navigation/ measurement devices, aviation and transport relating to high end manufacturing, and associated supply chain)
• bioscience (medical and surgical equipment and pharmaceuticals)
• small software consultancies.

Some major investments are being made in the area. Examples include:

• Gatwick Airport – where nearly £1 billion of capital improvements to both terminals and the railway station are in hand, with completion within the next five years.
• Thales – the French-owned global conglomerate, is implementing a £100 million investment in ‘Project Sapphire’ that consolidates activities from a number of locations in the aviation and defence sectors into new facilities at Manor Royal, Crawley.
• Ceres Power – is developing innovative fuel cell technology for domestic use. The first step towards full-scale production has been taken by securing a 50,000ft\textsuperscript{2} manufacturing base in Horsham.

Although temporarily delayed by the current recession, there are major town centre redevelopment schemes planned for Town Centre North in Redhill and Horley in Surrey, as well as Crawley, Haywards Heath, East Grinstead and Burgess Hill.

The key priorities for the Gatwick Diamond going forward have been identified as follows:

• capitalise on the location in relation to Gatwick Airport, London and Brighton
• maximise the value added by the Diamond to the wider economy
• diversify the economy to reduce direct reliance on the airport
• reconcile the competing demands for economic growth
• provide adequate new housing and other infrastructure development, including affordable housing in well-served sustainable locations
• ensure transportation systems can continue to meet the demands of the economy

8.3 WESTERN CORRIDOR AND BLACKWATER VALLEY
The Western Corridor and Blackwater Valley (WCBV) FEA was identified for The South East Plan, 2009 (GOSE). It recognises the common economic geography, functional linkages, environmental designations and strategic planning challenges facing the area.

The WCBV is one of the most economically successful and dynamic parts of the South East and has Heathrow Airport at its eastern edge, which is a significant economic driver for Surrey.

8.3.1 Strategic context
The WCBV extends from the western edge of London to the boundary of the South West region in the Swindon area. To the south east of the London Fringe sub-region, the WCBV includes all or part of the following administrative areas: West Berkshire, Reading, Wokingham, Bracknell Forest, Windsor and Maidenhead, Slough, South Buckinghamshire, Wycombe, Surrey Heath, Guildford, Hart, Rushmoor and Basingstoke and Deane (Figure 8.2).
8.3.2 Key economic characteristics and analysis

Whilst other reports have addressed, in more detail, the economic characteristics of the Western Corridor and Blackwater Valley; for the purposes of the Surrey LEA, the key statistics and characteristics are summarised in Table 8.2. Data has been aggregated for whole boroughs and districts\(^{139}\).

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\(^{139}\) West Berkshire, Reading, Wokingham, Bracknell Forest, Windsor and Maidenhead, Slough, South Buckinghamshire, Wycombe, Surrey Heath, Guildford, Hart, Rushmoor and Basingstoke and Deane.
Table 8.2: Western Corridor and Blackwater Valley Summary Statistics

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Western Corridor and Blackwater Valley</th>
<th>Surrey</th>
<th>South East</th>
<th>National comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVA per head 2007(^{140})</td>
<td>£27,820</td>
<td>£24,103</td>
<td>£21,248</td>
<td>£19,951 (UK)</td>
</tr>
<tr>
<td>Economically Active (% working age population, 2009)(^{141})</td>
<td>83.6%</td>
<td>82.4%</td>
<td>82.4%</td>
<td>78.9% (UK)</td>
</tr>
<tr>
<td>% working age population qualified to Level 4 or higher (^{142})</td>
<td>38.4%</td>
<td>40%</td>
<td>31.50%</td>
<td>9% (GB)</td>
</tr>
<tr>
<td>Average gross weekly pay 2009(^{143})</td>
<td>£591</td>
<td>£623</td>
<td>£537</td>
<td>£491 (GB)</td>
</tr>
<tr>
<td>Growth in average weekly pay 2002-2009(^{144})</td>
<td>+21%</td>
<td>+25%</td>
<td>+23%</td>
<td>+25% (GB)</td>
</tr>
<tr>
<td>Claimant count unemployment (June 2010)(^{145})</td>
<td>2.4%</td>
<td>1.8%</td>
<td>2.6%</td>
<td>3.8% (GB)</td>
</tr>
<tr>
<td>Number new business registrations per 10,000 adult population during 2007(^{146})</td>
<td>61</td>
<td>58</td>
<td>40</td>
<td>42 (UK)</td>
</tr>
<tr>
<td>Business stock per 1,000 adult population 2007(^{147})</td>
<td>55</td>
<td>58</td>
<td>48</td>
<td>41 (UK)</td>
</tr>
<tr>
<td>Growth in business stock 2000-2007(^{148})</td>
<td>14.9%</td>
<td>11.9%</td>
<td>14.2%</td>
<td>14.2% (UK)</td>
</tr>
<tr>
<td>% industries that are knowledge based, 2008(^{149})</td>
<td>31.6%</td>
<td>30.1%</td>
<td>25.6%</td>
<td>21.8% (GB)</td>
</tr>
<tr>
<td>% people working age who are employed, 2009(^{150})</td>
<td>78.8%</td>
<td>79.6%</td>
<td>78.1%</td>
<td>73.3% (UK)</td>
</tr>
</tbody>
</table>

In 2003, a Blackwater Valley Sub-Regional Study was published by the Blackwater Valley Network in response to regional planning guidance, undertaken by consultants Atkins and Ancer SPA. The study concluded that the area has the following key characteristics:

- There is no single dominant centre. The five largest towns of Aldershot, Camberley, Farnborough, Farnham and Fleet all have populations of between 30,000 and 52,000.
- The economy is buoyant and experiences labour market pressures. A large proportion of jobs are in the service sector with high technology and

\(^{140}\) Source: ONS/ UK Competitiveness Index, 2008.
\(^{141}\) Source: ONS/ UK Competitiveness Index, 2008.
\(^{142}\) Source: ONS Annual Population Survey (from NOMIS).
\(^{143}\) Source: ONS Annual Survey of Hours and Earnings.
\(^{144}\) Source: ONS Annual Survey of Hours and Earnings.
\(^{145}\) Source: ONS JSA Claimant Count (from NOMIS).
\(^{146}\) Source: Department for Business, Enterprise and Regulatory Reform (BERR).
\(^{147}\) Source: Department for Business, Enterprise and Regulatory Reform (BERR).
\(^{148}\) Source: Department for Business, Enterprise and Regulatory Reform (BERR).
\(^{149}\) Source: UK Competitiveness Index, 2008.
\(^{150}\) Source: ONS Annual Population Survey (from NOMIS).
knowledge-based industries, particularly aerospace, defence and telecommunications industries, being strongly represented.

- The commercial property market is currently characterised by an over-supply of offices and strong demand for light industrial space.
- The housing stock is not well matched to needs. There is a high proportion of larger, expensive houses but there is a significant demand for smaller and affordable homes.
- There is a complex pattern of travel movements both within the area and to surrounding areas with high levels of in and out commuting. Car ownership and usage are high and public transport usage is low except for commuting into London.
- Urban areas are located in a predominantly rural setting. The environmental quality of the rural areas is high as reflected in the extent of planning, landscape, nature conservation and cultural heritage designations of national and international significance.

In particular the sub-region:

- Exhibits high economic and other growth potential related, in part, to its proximity to London and Heathrow, but increasingly being self-generated.
- Contains a complex pattern of settlements, administrative structures and environmental designations, as well as high pressure for, and on, infrastructure that all require careful co-ordination and management.
- Has a long history of sub-regional planning, as a means to deliver growth and development that needs to evolve to meet modern requirements and challenges.

The key priorities for the Western Corridor and Blackwater Valley going forward have been identified as follows:

- Realising the economic potential of the area, without compromising the quality of life of its residents; and spreading the benefits to all places and sections of the community given that the sub-region contains some of the most deprived wards in the region (initial interim estimate is a minimum 79,300 additional jobs created by 2016).
- Delivering sufficient decent homes and providing a well-integrated mix to meet the needs of the area, including affordable housing for which there is a very high need in this sub-region.
- Achieving a better balance between the location and growth of jobs and homes while protecting the area’s environmental assets, including the Thames Basin Heaths Special Protection Area.
- Managing the demands on the area’s transport networks so as to maintain accessibility; and ensuring access to London and Heathrow Airports, particularly by public transport.
- Delivering the requirements for physical, social and environmental infrastructure needed to support existing and future economic and housing growth.
- Taking proper account of the implications flowing from major planned growth within and beyond the sub-region; for example at Aylesbury Vale/ Milton Keynes, Basingstoke, Greater Reading, Heathrow, Oxford and Swindon.
9: SUMMARY

Surrey is recognised as one of the ‘powerhouse’ economies of the UK, with Gross Value Added (GVA) of £26.5 billion (around £24,000 per head of population). Surrey has the largest sub-regional economy in the South East, accounting for 15% of regional GVA, and has an economy comparable in size to that of Birmingham and Liverpool combined.

Surrey is the most densely populated shire county in the South East with a current population of 1.1m. The core county area is home to over 61,000 businesses, of which over 250 are global companies.

Surrey has a strong, well-connected, knowledge-driven and wealth-creating economy. It supports a diverse business base of local, national and global companies. Surrey owes its success to a combination of factors: geographical proximity to London and two international airports (Heathrow and Gatwick); three universities (Surrey, Royal Holloway and the Creative Arts); highly qualified residents; a large proportion of jobs in knowledge-based industries; a high quality natural environment; and a strong culture of innovation and enterprise. These factors combine to make it an attractive environment for international businesses. Surrey has the potential to drive a world-class regional economy. Overall, Surrey demonstrates strong performance in a number of areas (relative to comparator areas). As a result, resident and workplace earnings, as well as total GVA, are generally higher in Surrey than the rest of the South East.

This is recognised by partners. As stated in the expression of interest for a Local Enterprise Partnership in September 2010:

“Surrey’s pivotal position at the centre of major corridors of growth means it can optimise enterprise opportunities that link the region together. Surrey’s unique location and superb communication networks connect us, and our neighbours, to the rest of the world and global opportunities.”

(Source: Surrey Economic Partnership, Surrey County Council, Surrey connects Local Enterprise Partnership - expression of interest, 2010).

However, there are some significant challenges to economic performance going forward. These include: the declining proportion of residents that are of working age; the declining levels of economically active people in the population; slower rates of GVA growth; an over-reliance on the banking, finance and public sectors for employment; a reliance on London for employment; provision of faster and more reliable broadband speeds; retaining the county’s high quality natural environment in the face of pressures for growth; transitioning to a ‘green’ and low carbon economy; and the pressures of globalisation, with the world economy expected to double by 2030.

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151 The size of Surrey’s economy (with a GVA of £26.5bn) is similar to that of Birmingham and Liverpool, England’s second and third largest cities by population (which have a combined GVA of £27bn).
The LEA shows that whilst Surrey has the largest economy of our comparator counties, it grew more slowly than all comparator areas and the UK between 2000 and 2007, and latest data show that GVA per head in 2007 was lower than both Berkshire and Oxfordshire. On enterprise, Surrey outperforms all comparator areas apart from Buckinghamshire, where business start-up rates and business stock (per 1,000 population) are considerably higher. However, growth in Surrey’s business stock has lagged behind all comparator areas and the UK since 2000, which suggests Surrey needs to take action in this area to maintain its advantage in the enterprise driver of productivity.
## GLOSSARY

<table>
<thead>
<tr>
<th><strong>Annual Business Inquiry (ABI)</strong></th>
<th>The ABI is the Office for National Statistics (ONS) survey of employment and financial information. This samples UK businesses, and other related establishments, according to their employment size and industry sector. It covers about two thirds of the UK economy.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APS (Annual Population Survey)</strong></td>
<td>The APS is the largest regular household survey in the United Kingdom. Its purpose is to provide information on key social and socio-economic variables between the ten-yearly censuses, with particular emphasis on providing information relating to small geographical areas. The survey includes data from a sample of around 256,000 people aged 16 and over. As APS estimates are based on samples, they are subject to sampling variability.</td>
</tr>
<tr>
<td><strong>British Crime Survey</strong></td>
<td>The British Crime Survey (BCS) is a face-to-face victimisation survey in which adults living in private households are asked about their experiences of crime. It includes property crimes such as vehicle-related thefts and burglary, and personal crimes such as assaults. For the crime types it covers, the BCS can provide a better reflection of the true extent of household and personal crime because it includes crimes that are not reported to the police and crimes that are not recorded by them. The BCS is also the main Home Office source of data on perceptions of crime, anti-social behaviour and attitudes to the criminal justice system.</td>
</tr>
<tr>
<td><strong>Car ownership/car availability</strong></td>
<td>‘Car ownership’ is derived from dividing the number of cars registered in the area by the population of the area. ‘Car availability’ is derived from the numbers of cars based in an area divided by the population of the area, and therefore reflects the actual number of vehicles based in the county. This is particularly important for Surrey because car availability takes into account vehicles such as company cars, which may be registered but not based in the county.</td>
</tr>
<tr>
<td><strong>Combined Heat and Power (CHP)</strong></td>
<td>Combined Heat and Power (CHP) refers to the generation of combined heat and power through a single process.</td>
</tr>
<tr>
<td><strong>Competitiveness Index</strong></td>
<td>The UK Competitiveness Index (2010) is compiled by the Centre for International Competitiveness, University of Wales Institute, Cardiff. It benchmarks the competitiveness of the UK’s regions and localities and has been designed as an integrated measure of competitiveness, focusing on both the development and sustainability of businesses and the economic welfare of individuals.</td>
</tr>
<tr>
<td>Economic Activity</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Economically Active</td>
<td>Those participating in the labour market, they might be employed or unemployed.</td>
</tr>
<tr>
<td>Economically Inactive</td>
<td>The economically inactive are those without a job, who have not actively sought work in the last four weeks, are not available to start work in the next two weeks, and are not in full time education or training.</td>
</tr>
<tr>
<td>Full time workers</td>
<td>Full-time workers are defined as those individuals who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.</td>
</tr>
<tr>
<td>Functional Economic Areas (FEAs)</td>
<td>A FEA or FEMA is the functional area over which the local economy and its key markets operate. This area will not necessarily adhere to administrative boundaries. Instead, key economic markets broadly correspond to sub-regions or city regions - known as functional economic areas (FEAs). There is no universal approach to defining FEAs. For example, labour market areas and hospital catchment areas are unlikely to have similar boundaries. Ideally, FEAs would be defined on the basis of several markets or catchment areas which best reflect the drivers of the local economy (Department of Communities and Local Government definition).</td>
</tr>
<tr>
<td>Functional Economic Market Area (FEMA)</td>
<td>A Functional Economic Area (see FEA), which includes the following boroughs and districts - Mole Valley, Reigate and Banstead, Tandridge, Crawley, Horsham and Mid Sussex.</td>
</tr>
<tr>
<td>Gross disposal household income</td>
<td>Gross disposable household income (GDHI) is the amount of money that 'households' have available for spending or saving. This is money left after expenditure associated with income (e.g. taxes) and social contributions, property ownership and provision for future pension income. It is calculated gross of any deductions for capital consumption. The term 'household' covers people living in traditional households as well as those living in institutions, e.g. those living in retirement homes and prisons. The sector also includes sole trader enterprises and non-profit institutions serving households (NPISHs) – charities and most universities.</td>
</tr>
<tr>
<td>Gross Value Added (GVA)</td>
<td>Gross Value Added (GVA) represents the income generated by economic activity within the economy. GVA is calculated on a workplace basis and so does not include the income generated by Surrey residents who commute and work outside of the county.</td>
</tr>
<tr>
<td><strong>GVA per head</strong></td>
<td>It should be noted that workplace based GVA allocates income to the region in which the economic activity takes place. GVA per head is calculated by dividing this figure by the total resident population. When comparing GVA across areas, it must be noted that GVA per capita does not take into consideration differing commuting patterns, differences in the proportions of residents not contributing to GVA (e.g. young and retired) and differences in labour market structures (e.g. full and part-time working).</td>
</tr>
<tr>
<td><strong>Index of Multiple Deprivation</strong></td>
<td>The Index of Multiple Deprivation combines seven separate deprivation domains for about 32,500 small areas (Super Output Areas) in England. Data is also provided for the seven domains separately.</td>
</tr>
<tr>
<td><strong>Job Seekers Allowance (JSA)</strong></td>
<td>The main form of unemployment benefit, claimants must be actively seeking work.</td>
</tr>
<tr>
<td><strong>Large, medium, small and micro enterprises</strong></td>
<td>The revised European Union definition, used for EU statistical comparisons, defines a small enterprise as one with employment less than 50, and a medium enterprise as one with employment of at least 50 but less than 250. Large enterprises have 250 or more staff. The term 'micro' is often used to describe an enterprise with up to 10 employees.</td>
</tr>
<tr>
<td><strong>Mbps</strong></td>
<td>Mbps (Megabits per second). Two Mbps is the government’s Universal Service Commitment.</td>
</tr>
<tr>
<td><strong>Net migration</strong></td>
<td>Net migration is the number of people moving into Surrey from within the UK, minus those who are moving out. These figures do not include movements beyond the UK.</td>
</tr>
<tr>
<td><strong>Next Generation Access (NGA)</strong></td>
<td>Next Generation Access (NGA) is a term describing a significant upgrade to the existing telecommunication access network by replacing some or all of the copper cable with optical fibre. Since fibre is capable of sustaining higher data transmission rates over longer distances than twisted-pair or coaxial cable, NGA is an important enabler for faster broadband Internet access.</td>
</tr>
</tbody>
</table>
| **NUTS** | Nomenclature of Units for Territorial Statistics (NUTS). For each EU member country, Eurostat has established a hierarchy of three NUTS levels.  

NUTS 3 - In England, NUTS 3 refers to upper tier authorities or groups of lower tier authorities (unitary authorities or boroughs and districts).  

NUTS 2 - The NUTS 2 'areas' in the South East are: Berkshire, Buckinghamshire and Oxfordshire; Surrey, East and West Sussex; Hampshire and Isle of Wight; and Kent. |
| National Vocational Qualification (NVQ) | NVQ 1 equivalent - e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent.  
NVQ equivalent - e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent.  
NVQ 3 equivalent - e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent.  
NVQ 4 equivalent and above - e.g. HND, Degree and Higher Degree level qualifications or equivalent. |
| Shire county | A shire county is a county-level entity in England that is not a metropolitan county. |
| Unemployed | Defined as those without a job, want a job, have actively sought work in the last four weeks and are available to start in the next two weeks. |
| Western Corridor and Blackwater Valley | A Functional Economic Area (see FEA), which includes the following boroughs and districts - West Berkshire, Reading, Wokingham, Bracknell Forest, Windsor and Maidenhead, Slough, South Buckinghamshire, Wycombe, Surrey Heath, Guildford, Hart, Rushmoor and Basingstoke and Deane. |
| Working age | Those individuals aged 16-64 (unless otherwise stated). |
| Workless households | 'Workless households' is a measure derived from the Labour Force Survey and Annual Population Survey. |
| Worklessness | Describes those who are economically inactive. Many are outside the labour market voluntarily, because of family responsibilities or early retirement for example. It can also include those who are out of work because of illness. Such people may be claiming Incapacity Benefit (IB) or Severe Disablement Allowance (SDA). |
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