South Downs
National Park Authority

ECONOMIC PROFILE OF THE SOUTH DOWNS NATIONAL PARK

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Nick Heasman – Countryside & Policy Manager

Stephen Findlay – Rural Economic Lead

South Downs National Park Authority

South Downs Centre
North Street
Midhurst
West Sussex
GU29 9DH

01730 814810

Simpson Consulting Ltd
The Clock Cottage
Coldharbour
Surrey
RH5 6HE

Email: Info@simpsonconsulting.co.uk

07710 354498

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FOREWORD

The South Downs National Park is the most populated National Park in the United Kingdom, with around 110,000 people living within the boundary as well as many people living in the major urban areas surrounding the National Park such as Winchester, Portsmouth, Chichester, Worthing, Brighton and Hove and Eastbourne. Situated closely within an hour of London and with close proximity to seaports and Gatwick airport, the South Downs National Park has a complex economic narrative.

The South Downs is also unique in having the largest market towns of any UK National Park which includes Lewes, Petersfield and Midhurst. The character, appearance and history of settlements throughout the National Park is derived from the socio, economic and environmental factors of the South Downs National Park landscape. The landscape provides water, food, clean air and health and well-being for the communities in and around the SDNP.

The settlements in the South Downs are strong and vibrant communities with much invested in the future of where they live, across the National Park. Establishing and maintaining a healthy rural economy is essential to these communities and to the South Downs National Park.

The challenges and opportunities provided by our exit from the European Union make this a particularly important time to have a robust evidence base, not only for the SDNPA but for all our partners, stakeholders and rural business who can contribute to a sustainable South Downs National Park.

This Economic Profile of the South Downs National Park will help to frame the strategic direction of our work for the future.

Margaret Paren

Margaret Paren OBE, Chair

AN ECONOMIC INSIGHT INTO THE SOUTH DOWNS NATIONAL PARK

8,000 businesses in the National Park

over 350 food and drink businesses

350

5,000 manufacturing jobs

8% of enterprises in the National Park are in Arts, entertainment and recreation

5,500 jobs in education

98% of business; micro or small category

only **5%** of visitor economy in the National Park is accommodation enterprise

23% of residents are managers, directors and senior officials

43% of residents commute outside of the park to work

3,000 people employed in...

agriculture

forestry &

fisheries

representing **1** in **10** jobs in the Natonal Park

1. EXECUTIVE SUMMARY

1.1 The South Downs National Park has two statutory purposes:

- Purpose 1: To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.
- Purpose 2: To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.

1.2 The South Downs National Park also has a duty to ensure that, in carrying out its statutory purposes, it pays due regard to the social and economic needs of its communities: Its duty is:

- To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of our purposes.

1.3 As part of its duty for economic and social wellbeing, the South Downs National Park Authority is developing a Rural Economic Strategy with a supporting evidence base comprising:

- A statistical Databank containing economic and labour market data
- A Literature Review, recognising that the Rural Economic Strategy will need to be set in the context of a wide variety of national planning, rural and economic policies as well as local partners' strategies and plans for economic development. Policies and strategies of particular significance include the South Downs National Park's Partnership Management Plan which is a statutory obligation, the 8 Point Plan for National Parks and the recent 25 Year Environment Plan.
- This Economic Profile which draws together the evidence from the data and literature review to provide the analysis and direction for the Rural Economic Strategy.

1.4 England's National Park boundaries do not closely align with statistical geographies such as local authority districts. Wherever possible, and unless otherwise specified, data for the South Downs National Park has been collated based on the 68 Lower Super Output Areas (LSOAs) that most closely match its boundaries. Where this has not been available, data for the 47 best fit Middle Supper Output Areas (MSOAs) has been used instead. In a few cases, local authority data has been used as a last resort. This is usually data for the ten local authority districts & boroughs and two city councils whose boundaries overlap the South Downs National Park area.

1.5 To provide a basis for comparison, the South Downs National Park data has been set in the context of data for the four Local Enterprise Partnerships within which the National Park lies: Coast to Capital, Enterprise M3, Solent and South East LEP (**FIGURE 3**.) as well as the South East region.

ECONOMIC PERFORMANCE

1.6 **Business growth**: the South Downs National Park has seen growth in its business population of 18.7% in the last five years to over 8,000 businesses. The business population has grown more than that of Enterprise M3 but not as much as that of the other comparator LEPs: Solent LEP, South East LEP and Coast to Capital or the South East Region as a whole.

1.7 **Key sectors**: The two largest sectors in the National Park are the *Professional, Scientific & Technical* sector which makes up nearly 21% of businesses, followed by *Construction* with nearly 11% of businesses. These are also the two largest sectors in the comparator areas. Where the South Downs National Park' sectoral make up differs is that *Agriculture, Forestry & Fishing* is the third largest sector in the National Park according to the ONS classification of Broad Industrial Groups, accounting for nearly 9% of businesses, much higher than the comparator areas and reflecting its intensely rural nature.

1.8 The National Park also has the highest concentration of *Arts, Leisure & Entertainment* businesses among the comparator areas, reflecting the importance of the visitor economy.

1.9 **Industry change**. All the main sectors have seen a growth in numerical terms over the last five years but relative shares of total enterprises have grown and declined within this overall growth. In common with the economy as a whole, the South Downs National Park is moving towards a more service-based economy with growth in *Professional, Scientific & Technical, Business Services, Property, Education* and *Health* sectoral shares. *Construction* businesses have also increased as a proportion of the whole, while *Agriculture, Forestry & Fishing, Arts Entertainment & Recreation, Motor Trades, Retail, Wholesale and Accommodation & Food Services* have all seen their shares of the total business population decrease.

1.10 **Agriculture, Forestry & Fishing** is still an important sector and makes up nearly 9% of the business base, considerably higher than any of the comparator areas. In fact, the number of businesses has increased slightly from 670 in 2013 to 705 in 2017, although overall percentage share of total businesses has decreased from 9.9 to 8.78. Not surprisingly, given the intensely rural nature of the South Downs National Park, *Crop and Animal Production* is by far the largest sub sector accounting for 94% of businesses in the sector. *Horticulture* is a small but important and growing sub-sector with 52 businesses in 2016.

1.11 There is change within the agricultural sector; farm holdings producing cereals, general crops and horticulture are increasing whereas livestock farmers are decreasing.

1.12 **The visitor economy:** The visitor economy makes up over 10% of the National Park's businesses or 835 businesses in 2017, an increase of 105 businesses or 14% since 2013. The most important subsector is *Food and Beverages* with 40% or 330 businesses, followed by *Creative, Arts & Entertainment* with 22% or 185 businesses. *Sports & Recreation Activities* is also a significant presence with 145 or 17% of visitor economy businesses in this subsector, demonstrating the capacity of the National Park to provide opportunities for active tourism. *Accommodation* is, however, small, with 45 businesses making up just 5% of visitor economy enterprises. If more overnight stays are to be encouraged, this might be a drawback.

1.13 The visitor economy as a whole is not growing as fast as the rest of the economy. Within the industry, the smallest sub sectors in numerical terms are growing the fastest and vice versa. E.g. *Food & Beverage Services* makes up 40% of visitor economy businesses but grew only 12% between 2013 and 2017 whereas *Travel Agency Activities* grew by 50% over the period but makes up just 3.9% of the visitor economy business base.

1.14 **Manufacturing** is an important sector in many rural areas and the South Downs National Park is no exception; manufacturing production makes up 5% of the business base and over 8% when engineering activities are included. Together, manufacturing and engineering account for over 5,000 jobs. Only about a quarter of manufacturing in the National Park could be said to be "advanced".

1.15 **The knowledge economy,** or those businesses that create wealth by exploiting a knowledge specialism, has a lower representation in the South Downs National Park than in the comparator geographies and, although it makes up 30% of businesses, this is considerably lower than the South East region, Coast to Capital and Enterprise M3 which are between 7 and 12 percentage points ahead on this measure. The technology sector, which underpins the wider knowledge economy and the adaptation of new technology across the economy, is also comparatively weak in the South Downs National Park and is not growing quickly enough to catch up with other areas.

1.16 **Business creation and survival** rates are generally good in the National Park, although lower than in the comparator geographies. Death rates are also lower. This may indicate a more stable but less dynamic business base.

1.17 **Business size profile.** The South Downs National Park has over 98% of its businesses in the micro and small category and fewer medium and large businesses than all the comparator geographies. However, in terms of turnover, there are more businesses in the National Park in the critical £0.5m to £1m bracket indicating that, although small, they are not necessarily unproductive.

1.18 **Productivity.** Too much reliance should not be placed on productivity calculations for geographies below regional level. However, our estimates indicate that output is growing in line with the comparator geographies, although not necessarily with the fast growth areas within these.

ECONOMIC PERFORMANCE: IMPLICATIONS FOR THE RURAL ECONOMIC STRATEGY

1.19 Generally, South Downs National Park's economic performance tends to be more similar to the lower performing LEPs, Solent and South East LEP, than to the higher performing LEPs, Coast to Capital and particularly Enterprise M3 which show strong growth and stronger knowledge economies and technology sectors. Consideration should be given to this issue and the need for intervention to prevent future economic decline.

1.20 While the South Downs National Park Authority would not wish to encourage environmentally deleterious economic growth, local communities, particularly young people, require well paid employment if they are to be able to afford to live in the area. Knowledge economy jobs tend to be higher skilled and higher value and the knowledge economy tends to be less environmentally destructive than, for example, traditional manufacturing. It can also have the benefit of reducing high levels of out-commuting.

1.21 Further points for consideration in the Rural Economic Strategy are:

- Agriculture, Forestry & Fishing. Supporting small farmers, the forestry sector and high-tech horticulture would benefit the economy and employment prospects for the local community. Getting ready for the Government's new policy on farming which will introduce changes to the way farming is supported will be important.
- The visitor economy: developing the accommodation offer could encourage overnight visitors and increase visitor spend, support other attractions and the local economy.
- Working with neighbouring authorities and Coast to Capital to develop active tourism, for example, linking cycle routes, is an opportunity.
- Recognising and supporting local manufacturing to adopt advanced manufacturing techniques which are cleaner, greener and higher value as well as having greater export potential and greater resilience to economic

downturns could pay dividends and help to counterbalance the pull of high tech clusters along motorway corridors.

- Supporting the growth of the knowledge economy could increase local high-value, high-skill jobs, decrease out-commuting and help the local economy and the environment. There is a need to focus on the South Downs National Park's weaker tech sector in particular which will underpin the development of the knowledge economy. There is an opportunity to work with partners e.g. universities, to take advantage of the new agenda offered by the South East Innovation Strategy.
- Lobbying for rural proofing of local business support is an ongoing requirement; there is a tendency for business support to be focused on urban areas and industrial sites where businesses are more visible and easier to access.

PEOPLE AND WORK

1.22 **Population demographics**: The population of the South Downs National Park is growing, although at a slower rate than that of the comparator areas. It increased by 9,152 or 8.4% between 2002 and 2016. It is expected to increase by 7.95% or 9,150 people by 2033. The population is ageing with a greater decline in the 0 to 15 and the 25 to 44 age bands and greater growth in the over 65s than the comparator areas.

1.23 **Employment growth**: employment is growing on a par with the other areas and jobs increased by 6% or just over 3,000 between 2009 and 2015.

1.24 **Sectoral shares of employment** are changing with increased shares in *Accommodation & Food, Education* and *Agriculture, Forestry & Fishing*. Declining shares of employment are evident in *Health, Construction* and *Public Administration & Defence*. This is distinctively different from sectoral change taking place in the comparator areas. (A large increase in sectoral share does not necessarily follow a large increase in jobs as it depends on the size of the share of employment in the first place).

1.25 **Agricultural employment** is increasing, particularly farm-based employment which grew by 3% or 3,000 between 2010 and 2016. The workforce appears to be hollowing out with an increase in full time farmers and managers and a decrease in part-time labour, supplemented by an increase in casual labour. This might leave the sector more vulnerable to the effects of Brexit.

1.26 **Knowledge economy employment** makes up 26.6% of employment or 14,500 jobs in the South Downs National Park which is low compared to all the other areas apart from South East LEP. Enterprise M3 has nearly 35% of all employment in the knowledge economy, testifying to the effect of the London to Southampton growth corridor and increasingly technology-intensive industries clustering in the Enterprise M3 LEP area.

1.27 **The technology sector** is weak in the South Downs National Park providing just over 4% of employment compared to over 8% in Enterprise M3.

1.28 **Residents' wages** are high in the South Downs National Park and are above those in all the comparator areas apart from Enterprise M3. Workplace wages are lower and South Downs National Park has the biggest gap of the comparator areas between resident and workplace wages. This implies that those who have the skills to do so, commute out of the National Park to higher value jobs elsewhere.

1.29 **Location quotients** (LQs) measure employment concentrations in an area compared to the national level. Unsurprisingly, the South Downs National Park has a very high LQ in Forestry and Logging. Visitor economy subsectors also have high LQs in the National Park. Manufacturing also shows a high level of employment compared to the national level.

1.30 The **employment rate** in the South Downs National Park appears to be lower than in the comparator areas. Combined with higher than average rates of economic inactivity and low rates of people claiming Job Seekers Allowance, this probably indicates higher numbers of people who do not want to work, rather than because they cannot find work. However, the data for people actively wanting a job are not available and it may be that more individuals would work if the right sort of employment were available.

1.31 Median **self-employment** at 11.9% of the working age population is relatively high and on a par with Enterprise M3 although not as high as Coast to Capital (13%) which benefits from very high rates of entrepreneurialism in areas such as Croydon.

1.32 **Occupational structure**: the South Downs National Park has a very high percentage of people in the top occupational group, Managers, Directors and Senior Officials. 25% of residents work in these occupations and nearly 60% work in the top three occupational groups, compared to 49% in the South East as a whole. Skilled trades occupations are also higher than average in the National Park.

1.33 **Deprivation:** The South Downs National Park has low levels of deprivation, apart from on the measures on barriers to housing and living environment where the lack of affordable housing means it has quite high negative scores. It is in the bottom quintile nationally on barriers to housing due to the low affordability of homes to rent and buy.

PEOPLE AND WORK: IMPLICATIONS FOR THE RURAL ECONOMIC STRATEGY

- Population growth and population ageing need to be planned for in terms of services, housing, infrastructure and employment. What can be done to attract and retain young people particularly in the 25-44 age group? Employers need younger, as well as older, workers to maximise productivity and growth.
- Although the South Downs National Park is an affluent area and wage levels are generally high, a number of the sectors which are strengths and support the aims of the SDNPA, such as Accommodation & Food, Arts, Recreation & Entertainment, are not well paid. For workers in these sectors, housing affordability and the higher costs of rural living may be an issue. What can be done to improve productivity, encourage higher value businesses and extend the season?
- Employment growth in the agricultural sector is to be welcomed but hollowing out of the farm labour force is a cause for concern, particularly with increased vulnerability to the effects of Brexit if a favourable deal on labour is not achieved. Can more be done to support small farmers and horticulture businesses to improve resilience and decrease dependence on migrant labour?
- Knowledge economy and high technology employment levels are low. Helping employers to upskill workers could be a priority along with measures to increase the strength of the knowledge economy referred to in the last chapter.
- There is a large gap between resident and workplace wages. Together with high qualification rates, this implies that those who can, commute out to higher wage employment. Encouraging more high value employment could reduce out commuting and provide more opportunities for younger workers.

INFRASTRUCTURE AND CONNECTIVITY

1.34 **Housing affordability** is an issue in the South Downs National Park. The median house price to median earnings ratio is estimated to be between 10.6 and 10.8 to 1 which is high and above the South East ratio of 9.34. **Rents** are also very high with lower quartile rents costing nearly 40% of lower quartile salaries.

1.35 **Employment growth** is giving rise to increased demand for employment space and an additional 10.4 hectares of land may be required by 2035.

1.36 **Broadband coverage** is variable and in some areas, up to a quarter of premises are unable to receive superfast broadband which is now the accepted norm for businesses and, increasingly, residential premises. This will affect the attractiveness of the National Park as a location for high value businesses, for whom ultrafast is becoming the benchmark.

1.37 **Travel to work** patterns are very complex and also numerous in the South Downs National Park. The main Travel to Work Areas (TTWAs) identified by ONS relevant to the National Park are Brighton, Chichester, Crawley, Eastbourne and Worthing.

1.38 Taking the South Downs National Park as a whole, 57% of commuting takes place within the wider South Downs area and 43% outside it. Internally, the most popular destinations are Brighton and Hove, Worthing, Chichester, Mid Sussex and Lewes. The most popular external destinations are Crawley, Westminster, Portsmouth, Waverley and Havant.

INFRASTRUCTURE: IMPLICATIONS FOR THE RURAL ECONOMIC STRATEGY

- Affordable housing to rent and buy will continue to be an issue unless action is taken. It affects businesses as well as residents as they can struggle to find sufficient employees who can afford to live in the area, particularly those businesses in lower wage sectors such as hospitality, retail and the land based industries.
- Lobbying for better digital connectivity will benefit residents and help to attract higher value businesses which tend to have low environmental impact.
- Employment and business growth is giving rise to increased demand for business space and identifying new sites as well as protecting existing sites from changes to residential use could be key.
- Business start-up rates could be improved by the provision of incubator space and move on space.
- Providing the right premises to attract higher value employment in the National Park could help to reduce the high commuting numbers.

AGENDA FOR ACTION

1.39 The evidence suggests that the agenda for action for the Rural Economic Strategy should include a focus on the following ten priorities:

1.40 **Priority 1. Affordable housing:** without affordable housing, communities will struggle to retain young people and families while businesses will find it increasingly difficult to obtain the people they need to succeed. This is particularly true in sectors which are not highly paid but are important to the National Park's economy, landscape and social fabric, such as the visitor economy, retail, the land-based industries, education and health. There are already signs that professionals, e.g. teachers, cannot afford to live in the National Park.

1.41 **Priority 2. "Good" economic growth**. High value jobs are also important for our communities and will reduce the very high levels of out-commuting and travel to work movements across the National Park which put a strain on our rural road infrastructure. This will require action on two fronts: creating more employment space within our boundaries and supporting the growth of the knowledge economy which is weak and could potentially decline as the high growth areas nearby continue to attract the higher value, high tech companies.

1.42 There are a number of sectors which have been highlighted through the research as requiring specific attention and support. We should work with partners to support and encourage them.

1.43 **Priority 3. Creative, Digital and IT**. These knowledge-intensive businesses are relocating along the coast from Brighton through "longshore drift". With the right support and infrastructure, crucially ultrafast broadband and suitable employment space, these could be attracted to key locations in the National Park, helping to provide high skills employment and retain and attract young people bringing vibrancy to town centres.

1.44 **Priority 4. Accommodation**: this is crucial to the success of our visitor economy but currently is heavily underrepresented in our area meaning that visitors stay (and spend) elsewhere. Overnight visitors spend considerably more than day visitors and help to keep towns vibrant and successful.

1.45 **Priority 5. Land-based industries**: our economy and our natural capital is heavily dependent on this sector which is facing serious issues as a result of the UK's decision to leave the European Union. We can work with partners to develop initiatives to support the businesses and help them prepare for the challenges ahead making the most of the opportunities while European funding such as EAFRD and INTERREG is available. Sub sectors such as viticulture and horticulture are strengths which we can help to develop.

1.46 **Priority 6. Advanced manufacturing**: Manufacturing is a significant sector in our economy but not enough of it is technology intensive i.e. "advanced". Supporting the development of more advanced manufacturing in our area through working with partners such as universities to deliver the South East Innovation Strategy will have economic and environmental benefits, for example, reducing the use of our roads by goods vehicles.

1.47 **Priority 7. Business support**: We can work with partners such as the LEPs to make sure business support is rural proofed and that our rural businesses get their fair share. There is a tendency for business support to be delivered where there are already concentrations of businesses in urban areas.

1.48 **Priority 8. Top 100 companies**: We now have a database of companies in our area. We can prioritise the top 100 companies and liaise with them to help to make sure they are retained in the National Park.

1.49 **Priority 9. Partnership working**: We have an opportunity to work more closely with the LEPs as they develop their Local Industrial Strategies to help us delivery our Rural Economic Strategy and to ensure that future funding supports our objectives. We should consider becoming more involved in delivering projects and initiatives and the right mechanism for doing this.

1.50 **Priority 10. Influencing**: This work has shown how the success of the rural economy is intertwined with the future of the South Downs National Park yet current national policy relating to rural areas including National Parks is still heavily focused on the land-based industries and the visitor economy. Important though these are, there is a need to highlight the importance of the wider rural economy and what should be done to protect and enhance its vital contribution to the success of National Parks.

2. INTRODUCTION

2.1 The South Downs National Park has two statutory purposes:

- Purpose 1: To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.
- Purpose 2: To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.

2.2 It also has a duty to ensure that in carrying out its statutory purposes, the social and economic needs of communities are paid due regard: Its duty is:

- To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of our purposes.

2.3 In support of its duty for the social and economic well-being of local communities, South Downs National Park Authority is developing a Rural Economic Strategy to identify the direction and actions for the development of the rural economy through sustainable, balanced growth which is good for communities and the natural environment.

2.4 This report provides an analysis of the rural economy in the National Park and forms part of an evidence base comprising:

- A statistical Databank containing economic and labour market data
- A Literature Review, recognising that the Rural Economic Strategy will need to be set in the context of a wide variety of national planning, rural and economic policies as well as local partners' strategies and plans for economic development. Policies and strategies of particular significance include the South Downs National Park's Partnership Management Plan[1] which is a statutory obligation, the 8 Point Plan for National Parks[2] and the recent 25 Year Environment Plan[3].
- This Economic Profile, which draws together the evidence from the data and literature review to provide the analysis and direction for the Rural Economic Strategy.

2.5 The evidential work has been carried out with certain questions in mind. Should the Rural Economic Strategy, for example:

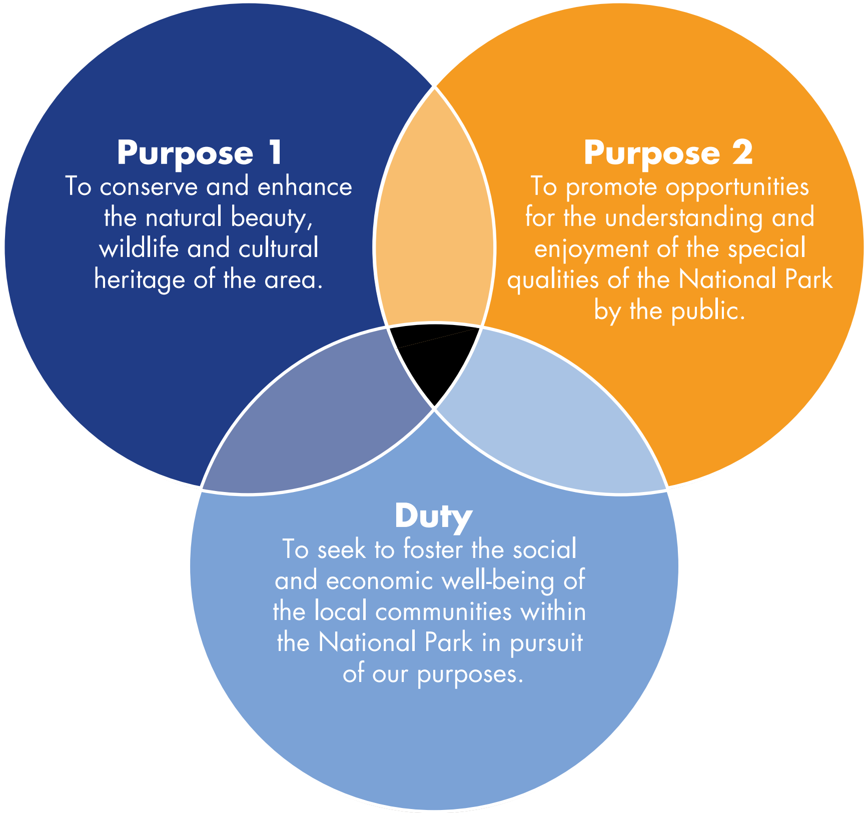
- Provide general support for all businesses that are in the South Downs National Park or just those in its rural areas?

1 Partnership Management Plan

2 *"8-Point Plan for England's National Parks March 2016"* Defra, National Parks England, Natural England, Environment Agency

3 *'A Green Future: Our 25 Year Plan to Improve the Environment'* Defra 2018

FIGURE 1: THE SOUTH DOWNS NATIONAL PARK'S TWO PURPOSES AND DUTY



- Focus on sectors and businesses whose activities are closely aligned with the aims and purposes of the South Downs National Park Authority or more conventional rural sectors such as agriculture?
- Following the decision to leave the EU, some sectors may be more vulnerable than others: should these be given higher priority?

FIGURE 2: THE SOUTH DOWNS NATIONAL PARK BOUNDARY AND KEY SETTLEMENTS

GEOGRAPHY AND DATA

2.6 The first step in producing the Databank and the Economic Profile has been to define the geography. National Parks are created by primary legislation and are protected areas of landscape, wildlife and cultural heritage. However, boundaries do not align neatly with current statistical geographies, for example local authority districts (LADs) which can make the collection of accurate data challenging.

2.7 As a result, data has had to be built up from smaller areas and aggregated to National Park level, aiming to match the geographic boundaries as closely as possible. This means using data from Lower Super Output Areas (LSOAs) which has been used unless otherwise specified. Because the LSOA data relates to very small areas, for data protection reasons only aggregate data for the whole of the South Downs National Park is available.

2.8 In some cases, data at the LSOA level has not been available and data from other geographies such as "best fit" Middle Super Output Areas (MSOAs) or data from the 10 local authority districts and boroughs and two city councils [4] that cross the SDNP's boundaries has been included..

2.9 Previous studies have adopted a variety of geographies including that bounded by the local authorities that intersect with the South Downs National Park[5], a Wider South Downs Area (WSDA) based on best fit Middle Super Output Areas (MSOAs) and functional economic areas (FEMAs)[6]. Where these sources have been quoted, the geography referred to has been referenced.

GEOGRAPHIC COMPARATOR AREAS

2.10 To set the analysis of the data in context, comparator areas have been used. These are the South East region and the four Local Enterprise Partnerships (LEPs) which overlap the National Park's boundaries:

- Coast to Capital LEP
- Solent LEP
- Enterprise M3 LEP
- South East Local Enterprise Partnership (SELEP)

2.11 A map showing the South Downs National Park in relation to the LEP boundaries is contained in **FIGURE 3**. **TABLE 1** shows the percentage of the South Downs National Park's land area lying in each LEP area and, conversely, the percentage of each LEP area's land area that lies within the National Park's boundaries. Coast to Capital has nearly a third of its land area in the South Downs National Park and over 61% of the National Park lies within Coast to Capital.

4 The 10 districts and boroughs that cross the National Park's boundaries are: Adur; Arun; Chichester; East Hampshire; Eastbourne; Horsham; Lewes; Mid Sussex; Wealden; Winchester; Worthing and the two city councils are Brighton & Hove and Winchester. In addition, there are three upper tier authorities within which the ten districts and boroughs lie. These are Hampshire, East Sussex and West Sussex.

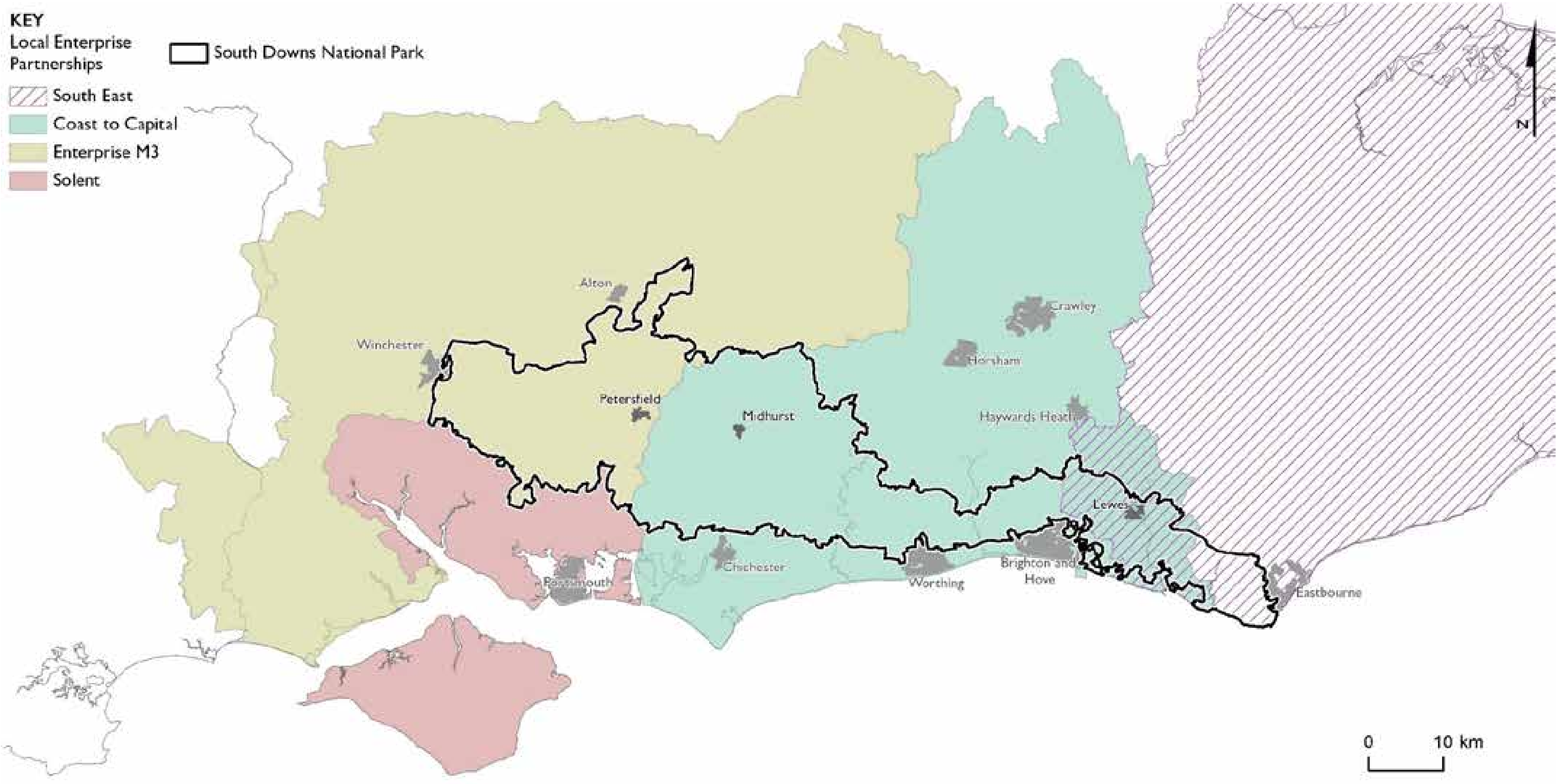
5 South Downs National Park Local Economy 2011 Hampshire County Council and South Downs National Park Authority

6 South Downs National Park Employment Land Review 2015 and Update 2017 GL Hearn

TABLE 1: THE PERCENTAGE OF THE SOUTH DOWNS NATIONAL PARK'S LAND AREA IN EACH LEP AND THE PERCENTAGE OF EACH LEP'S LAND AREA IN THE SOUTH DOWNS NATIONAL PARK (SQUARE METRES)

LEP	Total Area (m2)	Area in park (m2)	% of LEP in SDNP	%of SDNP in LEP
Enterprise M3	4,172,306,463	5,9,664,347	12.7%	32.0%
Coast to Capital	3,121,471,153	1,013,656,404	32.5%	61.3%
Solent LEP	977,441,984	29,347,960	3.0%	1.8%
South East LEP	9,126,482,625	241,246,452	2.6%	14.6%

FIGURE 3: THE SOUTH DOWNS NATIONAL PARK IN RELATION TO THE FOUR LOCAL ENTERPRISE PARTNERSHIP BOUNDARIES WITHIN WHICH IT IS LOCATED



3. THE ECONOMY OF THE SOUTH DOWNS NATIONAL PARK

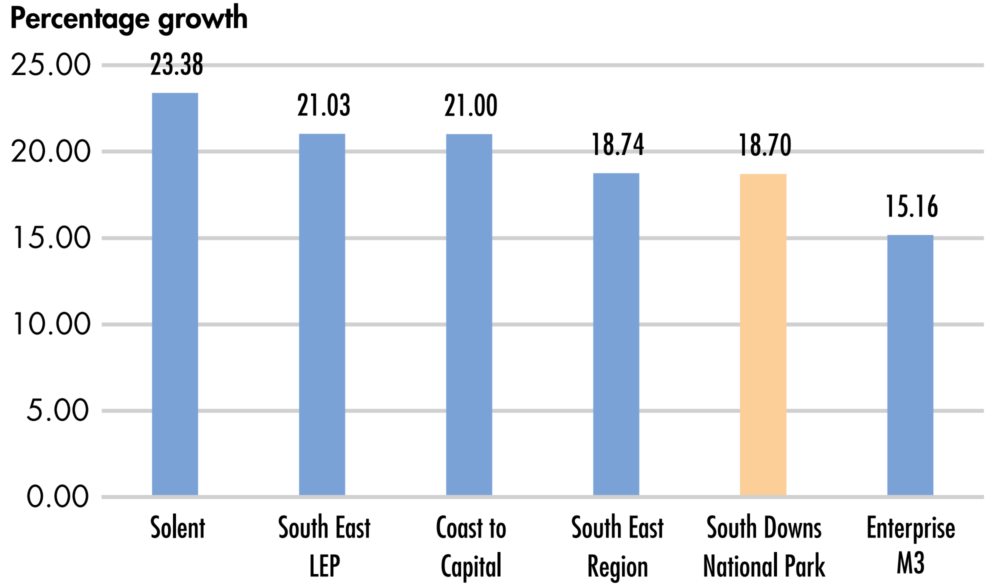
There are over 8,000 businesses in the South Downs National Park; an increase of nearly 19% in the last five years and a higher rate of increase than the regional average.

GROWTH IN BUSINESSES

3.1 According to the Office of National Statistics (ONS) in March 2017, there were 8,025 registered enterprises in the South Downs National Park[7], an increase of 18.7% in the business stock in the five years since 2013.

3.2 This rate of growth in the National Park was above that of Enterprise M3 Local Enterprise Partnership but lower than that of all the other LEP areas and the South East region as a whole **[FIGURE 4]**.

FIGURE 4: NET PERCENTAGE GROWTH IN THE BUSINESS STOCK 2013 TO 2017



Source: ONS UK Business Counts

3.3 Solent LEP, which includes the high employment areas of Portsmouth and Southampton, showed the highest rate of growth whereas EM3, which shows better economic performance on a range of indicators, showed the least growth on this metric.

7 Source: ONS UK Business Counts VAT and/or PAYE registered businesses using the 68 Lower Super Output Areas which most closely map to the National Park boundaries.

BUSINESS SECTORS

The largest sector in the National Park is Professional, Scientific & Technical, followed by Construction and Agriculture, Forestry & Fishing. The South Downs National Park also has the largest share of Arts, Entertainment & Recreation firms. Both Information the & Communication and Retail sectors are underrepresented compared to other areas

3.4 The sectoral composition of the business base in the National Park has some distinctive features which set it apart from other areas. **TABLE 2** shows the six largest sectors in the South Downs National Park and the six largest sectors in each of the comparator areas. The largest sector in the National Park is *Professional, Scientific & Technical* which makes up more than a fifth of businesses (20.87%) followed by *Construction* (10.72%) and *Agriculture, Forestry & Fishing* (8.79%).

3.5 Perhaps unsurprisingly, given its intensely rural nature, South Downs National Park is unique among the comparator geographies in having *Agriculture Forestry & Fishing* as its third largest industry with nearly 9% of the business base in this sector. It does not feature in the top six sectors of any of the comparator areas.

3.6 Other points to note are:

- Professional, Scientific & Technical is the largest sector in all areas, except in Solent LEP where Construction is slightly higher. This reflects the knowledge-intensive nature of the economy in the South East.
- Construction is the second largest sector in all geographies including the South Downs National Park, apart from the Solent LEP (where Professional, Scientific & Technical is in second place). However, the National Park has the lowest share of Construction businesses of all the comparator areas (10.7%).
- Unlike the comparator areas, Retail is not in the top six sectors in South Downs National Park although it comes a close seventh with 6.6% of all enterprises.

3.7 The representation of Information & Communication businesses at 8.0% of enterprises is significantly lower in the South Downs National Park than in the Coast to Capital LEP (11%), EM3 (12.8%) and the South East region (10.9%) although it is higher than in the Solent and South East LEPs (7.4%). ICT businesses are important as they underpin growth in the knowledge economy and support the application of digital technology, and hence productivity, in many other sectors.

3.8 **FIGURE 5** shows the six largest sectors in the South Downs National Park in 2017 by percentage of total enterprises compared to these six industries in the other geographies. It illustrates graphically the relative size of the *Agriculture, Forestry & Fishing* sector in the National Park.

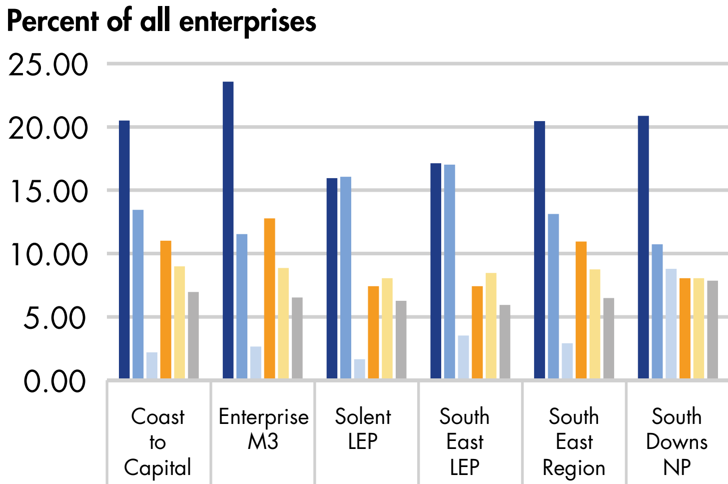
3.9 **TABLE 3** ranks the comparator areas according to their share of the South Downs National Park's top six sectors. South Downs National Park is ranked first for its share, not only of *Agriculture, Forestry & Fishing*, but also of *Arts, Entertainment and Recreation* and comes second on *Professional, Scientific & Technical*.

TABLE 2: THE SIX LARGEST SECTORS BY PERCENTAGE OF TOTAL ENTERPRISES IN THE SOUTH DOWNS NATIONAL PARK, THE FOUR COMPARATOR LEP AREAS AND THE SOUTH EAST IN 2017. (NUMBERS IN BRACKETS ARE PERCENTAGE OF TOTAL ENTERPRISES)

South Downs NP	Coast to Capital	EM3	Solent LEP	South East LEP	SE Region
Prof., sci. & tech (20.9)	Prof., sci. & tech.(20.5)	Prof., sci. & tech. (23.6)	Construction (16.1)	Prof., sci. & tech. (17.1)	Prof., sci. & tech. (20.5)
Construction (10.7)	Construction (13.4)	Info & comms (12.8)	Prof., sci. & tech. (15.9)	Construction (17.0)	Construction (13.1)
Agric, forestry & fish (8.9)	Info & comms (11.0)	Construction (11.5)	Retail (9.9)	Business Services (8.5)	Info & comms (10.9)
Info & comms (8.0)	Business services (9.0)	Business services (8.9)	Business services (8.0)	Info & comms (7.4)	Business services (8.8)
Business services (8.0)	Retail (7.2)	Arts, ent. & rec. (6.5)	Info & comms (7.4)	Retail (6.7)	Retail (6.5)
Arts, ent. & rec. (7.9)	Arts, ent. & rec. (7.0)	Retail (5.4)	Accomm & food (6.4)	Arts, ent. & rec. (6.0)	Arts, ent. & rec. (6.5)

Source: ONS UK Business Counts: Industry

FIGURE 5: THE SIX LARGEST SECTORS IN THE SOUTH DOWNS NATIONAL PARK COMPARED TO THE SHARE OF THESE INDUSTRIES IN THE COMPARATOR AREAS IN 2017



	Coast to Capital	Enterprise M3	Solent LEP	South East LEP	South East Region	South Downs NP
Prof., sci. & technical	20.50	23.55	15.94	17.12	20.45	20.87
Construction	13.44	11.54	16.06	17.01	13.12	10.72
Agric., forestry & fishing	2.19	2.64	1.66	3.52	2.91	8.79
Info & communication	11.01	12.77	7.42	7.42	10.93	8.04
Business services	8.98	8.86	8.05	8.05	8.75	8.04
Arts, ent. & rec.	6.96	6.52	6.27	5.95	6.47	7.85

Source: ONS: UK Business Counts: Industry

TABLE 3: SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR AREAS RANKED BY SIZE OF SHARE OF THE SIXTH LARGEST SECTORS (IN THE SDNP)

	South Downs NP	Coast to Capital	EM3	SE LEP	Solent LEP	SE region
Prof. Sci. & tech.	2nd	3rd	1st	5th	6th	4th
Construction	6th	3rd	5th	1st	2nd	4th
Agric, Forest. & Fish.	1st	5th	4th	2nd	6th	3rd
Info. & Comms	6th	2nd	1st	4th	4th	3rd
Business Services	6th	1st	2nd	4th	5th	3rd
Arts. Ent. & Rec.	1st	2nd	3rd	6th	4th	4th

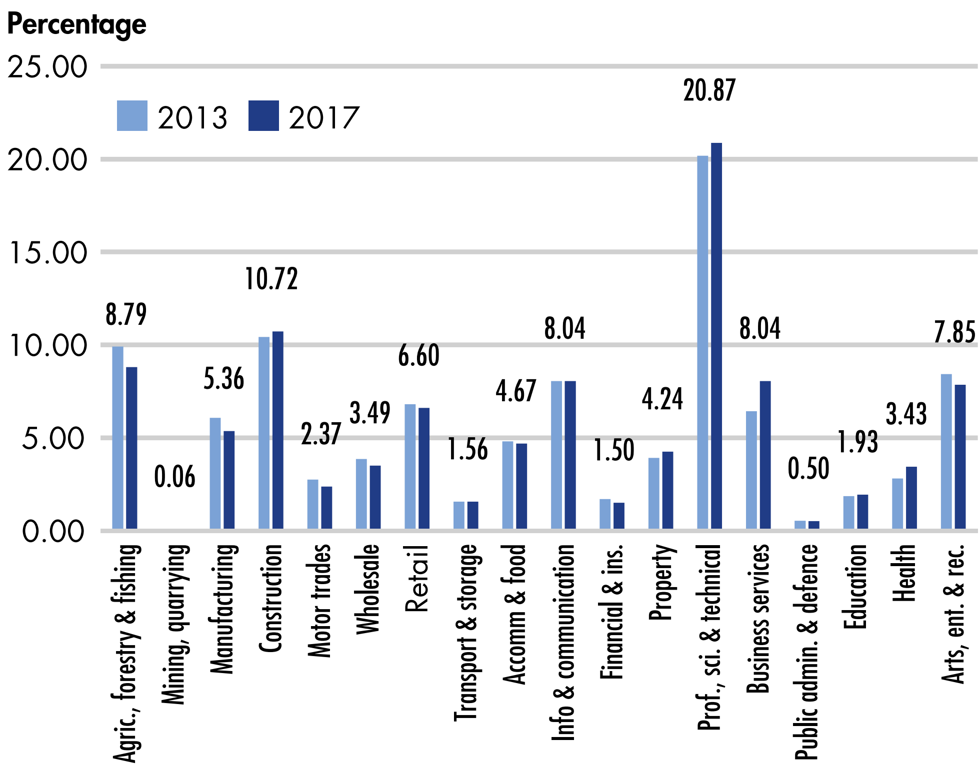
Source: ONS UK Business Counts: Industry

INDUSTRY GROWTH AND DECLINE

Over the last five years, there have been changes in the sectoral composition of the economy in the National Park with service sectors such as Professional Scientific and Technical, Education and Health increasing their share along with Construction, while the share of Agriculture and Manufacturing businesses have decreased.

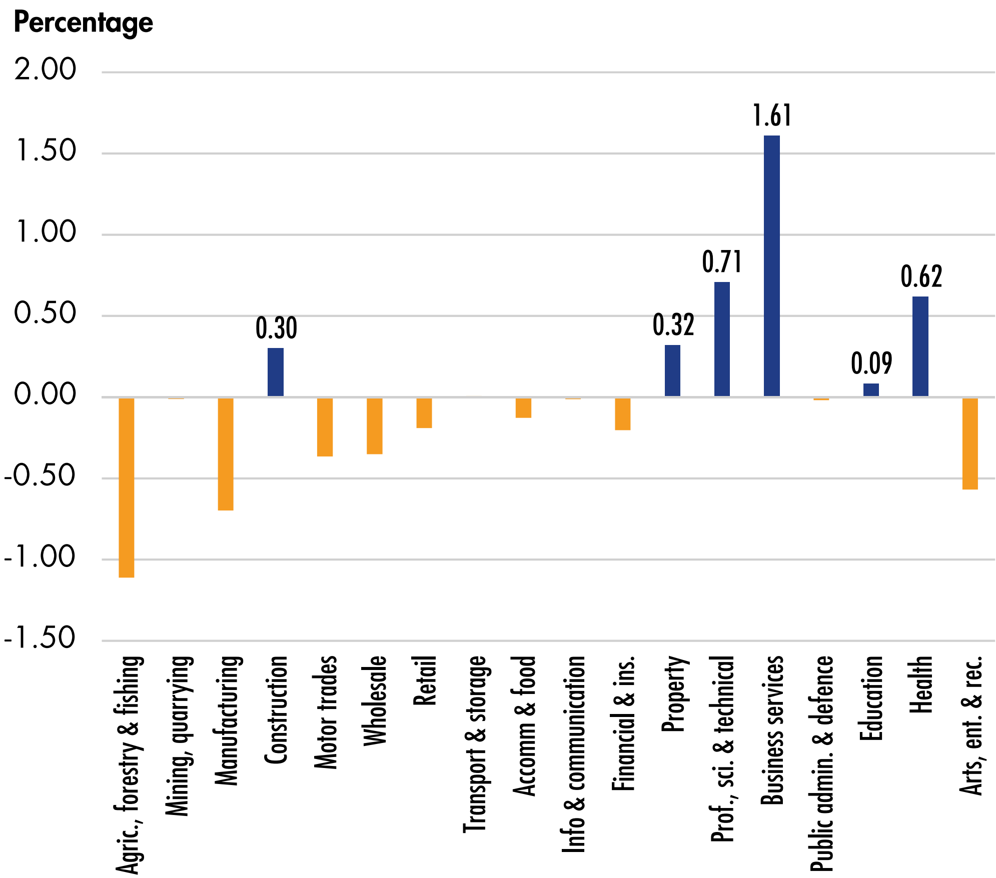
3.10 All sectors have seen growth in numbers of businesses over the last five years but there have been changes in relative shares of the total business base. **[FIGURE 6]**

FIGURE 6: PERCENTAGE SHARE OF TOTAL ENTERPRISES IN THE SOUTH DOWNS NATIONAL PARK BY BROAD INDUSTRY GROUP IN 2013 AND 2017 (DATA LABELS SHOW PERCENTAGES IN 2017)



Source: ONS UK Business Counts: Industry

FIGURE 7: PERCENTAGE GROWTH/DECLINE BY BROAD INDUSTRIAL GROUP IN THE SOUTH DOWNS NATIONAL PARK BETWEEN 2013 AND 2017



Source: ONS UK Business Counts: Industry

3.11 **FIGURE 7** shows the percentage growth or decline of each sector's share of total enterprises between 2013 and 2017. *Agriculture, Forestry & Fishing; Manufacturing; Arts, Entertainment &Recreation; Motor Trades; Retail;*

Wholesale and *Accommodation & Food Services* have all declined in terms of their relative share of the business base in the South Downs National Park while *Business Services; Professional Scientific & Technical; Construction; Property, Education* and *Health* sectors have all increased their shares, reflecting the move to a more service-based economy in the National Park as in the UK as a whole.

SUB SECTORAL CHARACTERISTICS

3.12 One of the main purposes of this research was to understand the local economy in more depth and key sub sectors including *Agriculture, Forestry & Fishing*, the *Visitor Economy, Manufacturing*, the *Knowledge Economy* and the *Technology Sector* are analysed in more detail below.

AGRICULTURE, FORESTRY AND FISHING

Agriculture, Forestry and Fishing makes up just under 9% of businesses according to ONS which, although it may sound small for an intensely rural area such as the National Park, is considerably higher than other areas. The majority of businesses are crop and animal husbandry although horticulture is also an important sub sector and is growing.

3.13 According to ONS[8],there are 705 *Agriculture, Forestry & Fishing* businesses in the South Downs National Park, accounting for 8.79% of total enterprises – considerably higher than the sector's share in the economy of the South East as a whole where the sector makes up just 2.91% of all enterprises.

3.14 In the South Downs National Park, *Crop & Animal Production, Hunting & Related Services* (SIC 01) make up the great majority (94%) of agricultural businesses. The remainder are in *Forestry & Logging (SIC02*) and *Fishing & Aquaculture (SIC 03*) according to ONS.

3.15 ONS statistics cover only VAT and/or PAYE registered businesses so Defra Agriculture & Horticulture statistics have also been included.

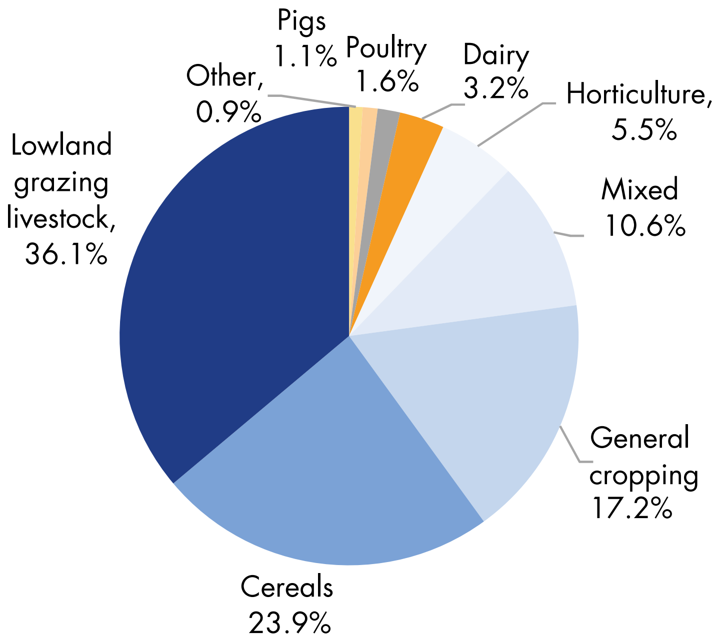
3.16 Defra statistics from 2016[9] show a total of 950 commercial agricultural holdings in the South Downs National Park. There has been a slight increase of 22 businesses or 2.34% since 2010.

3.17 The majority of the commercial farm holdings (77%) are either lowland grazing of livestock (36%), cereal growers (24%) followed by general cropping (17%). **[FIGURE 8]**.This is as would be expected from the type of agricultural land in the South Downs National Park. However, there are 52 commercial horticulture businesses, reflecting the importance of the horticulture industry along the south coast due to the very high light levels and other factors. Much of the horticulture industry is technology intensive.

8 Source: ONS UK Business Counts: Industry

9 Source: Defra Survey of Agriculture and Horticulture 2017 Defra farming statistics

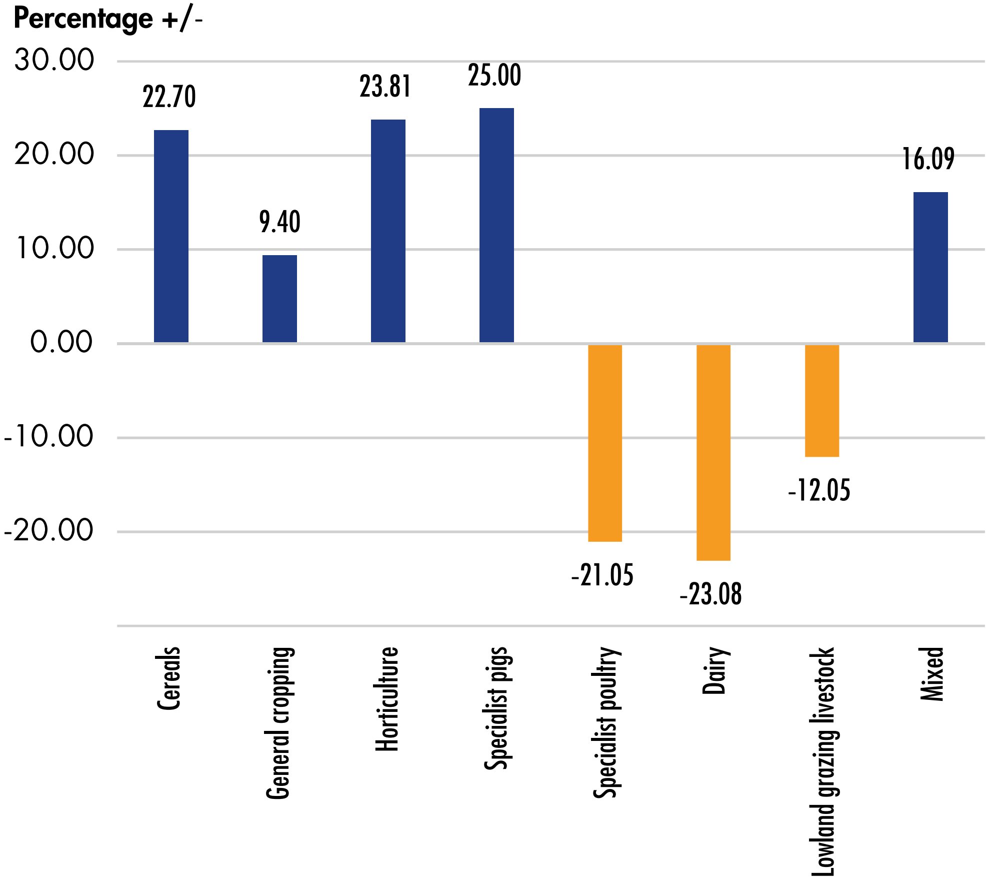
FIGURE 8: PERCENTAGE OF AGRICULTURAL HOLDINGS BY TYPE IN THE SOUTH DOWNS NATIONAL PARK IN 2016



Source: Defra Survey of Agriculture and Horticulture 2017

3.18 Between 2010 and 2016, the number of holdings producing cereals and general crops grew as did horticulture enterprises and specialist pig farms. Poultry, dairy, lowland grazing farms all declined **[FIGURE 9]**.

FIGURE 9: PERCENTAGE GROWTH AND DECLINE BY TYPE OF HOLDING IN THE SDNP 2010 TO 2016



Source: Defra Survey of Agriculture and Horticulture 2017

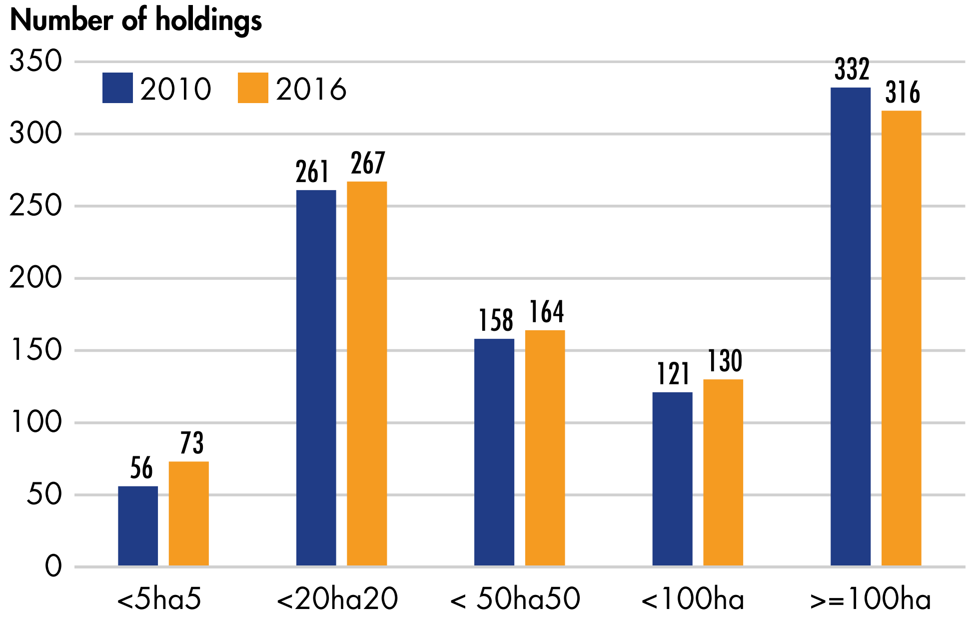
TABLE 4: NOS AND TYPE OF HOLDING IN THE SDNP 2010 TO 2016

	2010	2016
Cereals	185	227
General cropping	149	163
Horticulture	42	52
Specialist pigs/ poultry	27	25
Dairy	39	30
Lowland grazing livestock	390	343
Mixed	87	101
Total holdings	928	950

Source: Defra Survey of Agriculture and Horticulture 2017

3.19 There has been a growth in the numbers of small to medium size holdings been 2010 and 2015 and a small decline in the numbers of larger holdings over 100 hectares. **[FIGURE 10 AND TABLE 5]**

FIGURE 10: NO OF HOLDINGS BY SIZE IN THE SOUTH DOWNS NATIONAL PARK IN 2010 AND 2016



Source: Defra Survey of Agriculture and Horticulture 2017

3.20 The total farmed area of land has increased by about 3.7% or 5,344 hectares over the period 2110 to 2016 **[TABLE 5]** Temporary grass and woodland has also increased while permanent grass and sole right rough grazing has decreased over the period. The farmed area of crops **[TABLE 6]**, cereal land has increased by over 11% while horticulture has grown by nearly 82% although the number of hectares is small. This supports the evidence from business numbers that horticulture is a growth sector.

TABLE 5: TYPE OF LAND USE IN THE SOUTH DOWNS NATIONAL PARK 2010 TO 2016

Land use	2010	2016	Ha. +/-	% +/-
Crops and fallow	49,331	54,675	5,344	10.83
Temporary grass	6,250	7,488	1,238	19.81
Permanent grass	41,284	38,704	-2,580	-6.25
Sole right rough grazing	3,449	2,578	-871	-25.26
Woodland	8,570	9,845	1,275	14.88
Other land	2,574	2,304	-270	-10.49
Total farmed area	111,459	115,594	4,136	3.71

Source: Defra Agriculture and Horticulture Survey 2017

TABLE 6: CROP LAND USE BY TYPE OF CROP IN THE SOUTH DOWNS NATIONAL PARK 2010-2016

Crops	2010	2016	Ha. +/-	% +/-
Cereals	31,471	35,084	3,612	11.48
Other arable crops	14,678	14,081	-597	-4.06
Horticultural crops	700	1,271	571	81.63

Source: Defra Survey of Agriculture and Horticulture 2017

THE VISITOR ECONOMY

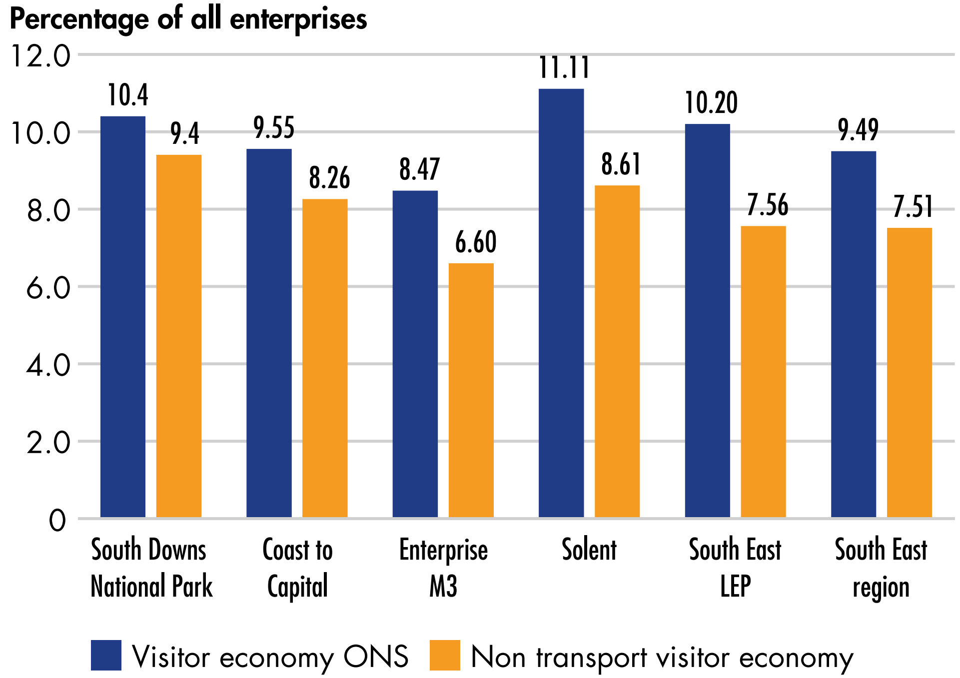
The visitor economy accounts for around 10% of businesses in the South Downs National Park. The three biggest subsectors are Food & Beverages (40%), Creative, Arts & Entertainment (22%) and Sports & Recreation Activities (17%). Accommodation makes up just 5% of visitor economy businesses.

The sector is not growing as fast as the business base overall; it grew by 10% over the last 5 years compared to a 20% increase in total stock.

3.21 There were 835 businesses in the visitor economy in the South Downs National Park in 2017 using the ONS definition. The visitor economy accounts for around for 10.4% of the National Park's business base, lower than the sector's representation in Solent LEP and South East LEP and higher than the percentage in Coast to Capital, Enterprise M3 and the South East region as a whole **[FIGURE 11, BLUE COLUMNS]**.

3.22 Although the visitor economy may seem smaller in relation to the comparator areas than might be expected for a National Park, it should be noted that the ONS definition includes transport. As the four comparator LEP areas contain the UK's two main airports, Gatwick and Heathrow, the two largest ports, Portsmouth and Southampton, the channel tunnel and the main channel ports, they will have large visitor economies using this definition. If transport is not included, the South Downs National Park has a higher proportion of tourism than all the comparator geographies **[FIGURE 11, ORANGE COLUMNS]**.

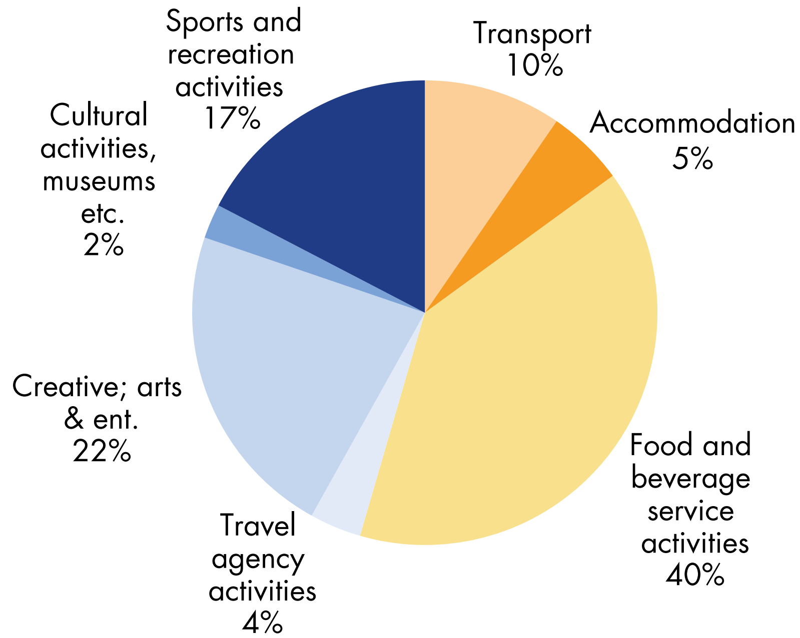
FIGURE 11: VISITOR ECONOMY ENTERPRISES AS A PERCENTAGE OF TOTAL ENTERPRISES IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR GEOGRAPHIES IN 2017



Source: ONS UK Business Counts: Industry(ONS definition with/without transport)

3.23 **FIGURE 12** shows that the two biggest visitor economy sub sectors in the South Downs National Park using the ONS definition are *Food & Beverages* which makes up 40% of all visitor economy businesses and *Creative, Arts & Entertainment* (22%). The *Sports & Recreation Activities* sub sector which makes up 17% of visitor economy businesses is also clearly a strength in the National Park.

FIGURE 12: VISITOR ECONOMY ENTERPRISES AS A PERCENTAGE OF BUSINESSES 2017 WITH AND WITHOUT TRANSPORT INCLUDED

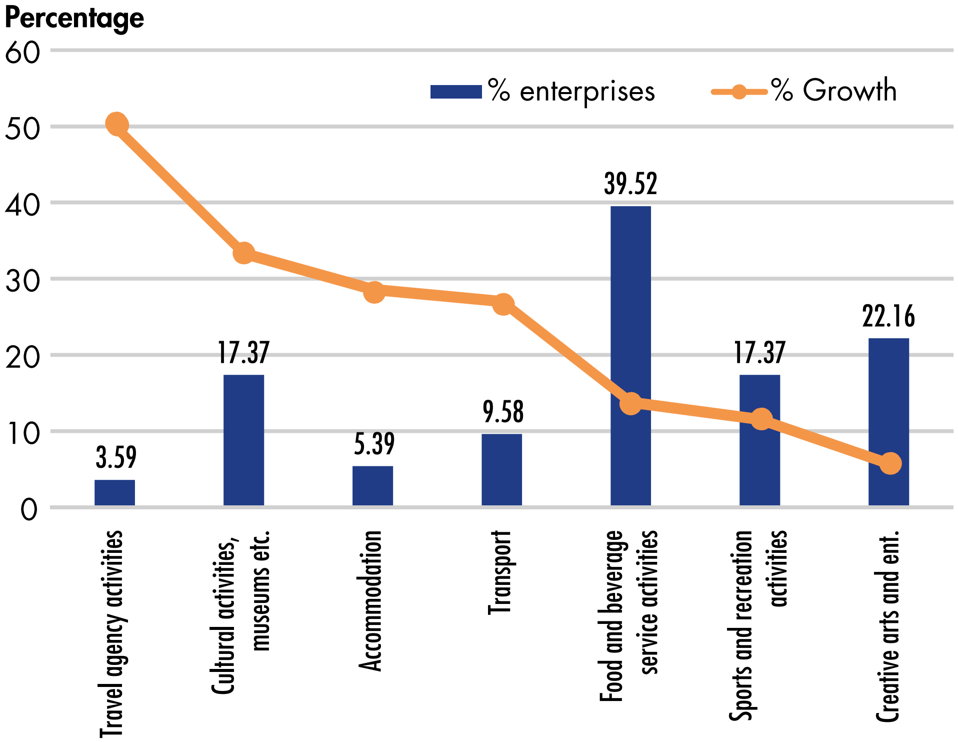


Source: ONS: UK Business Counts Industry

3.24 Accommodation makes up just 5% of enterprises in the National Park although the data may not include small bed and breakfast type accommodation and could also reflect the fact that many visitors may stay in nearby towns outside the Park boundaries. However, in terms of increasing visitor spend, improving the accommodation offer is a possible opportunity, since overnight visitors spend an estimated 75% more than day visitors[10].

10 South Downs National Park Authority Visitor Survey 2015

FIGURE 13: PERCENTAGE GROWTH OF VISITOR ECONOMY SUBSECTOR IN THE SOUTH DOWNS NATIONAL PARK 2013 TO 2017



Source: ONS UK Business Counts

3.25 It is notable that over the period 2013 to 2017, the visitor economy in the South Downs National Park did not grow as fast as the total economy in terms of numbers of businesses. The visitor economy grew by just 10.27% over the period compared to growth in the total business base of 20.23%.

3.26 **FIGURE 13** shows that the visitor economy subsectors which showed the greatest percentage growth were the smallest subsectors in numerical terms and vice versa; the largest visitor economy sub sectors, *Food & Beverages; Creative, Arts & Entertainment* and *Sports & Recreation Activities* grew the least, accounting for weak growth overall.

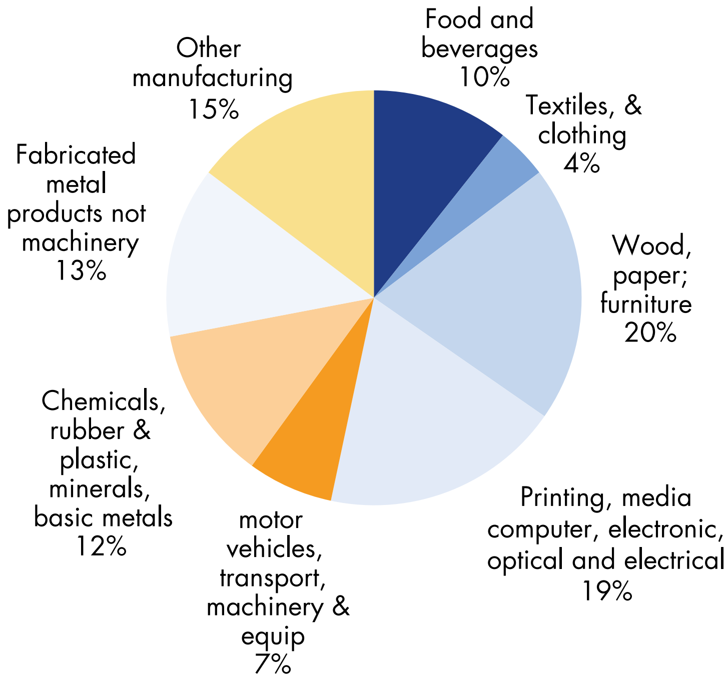
MANUFACTURING

The manufacturing sector in the South Downs National Park makes up nearly 5% of the business base or 8.43% if engineering is included. Manufacturing production accounts for 4,000 jobs and engineering for 1,000. The biggest manufacturing sub sector is printing, media, computer, optical and electronics which accounts for 20% of manufacturing production.

Only an estimated 25% of the sector is advanced manufacturing so there may be scope to grow this higher-value type of operation.

3.27 Using the SIC codes which directly describe manufacturing activities, there are 375 manufacturing businesses in the South Downs National Park, although including engineering activities would bring the figure to 670. Not including engineering, manufacturing accounts for 4.67% of the business base and accounts for 4,000 jobs and 7.3% of employment (ONS Business Register and Employment Survey 2016). If engineering is included the sector accounts for 8.43% of total businesses and a further 1,000 jobs and 9% of employment.

FIGURE 14: MANUFACTURING BUSINESSES IN THE SOUTH DOWNS NATIONAL PARK IN 2017 BY SUB SECTOR



Source: ONS UK Business Counts

3.28 The manufacturing sector has remained broadly static over the period from 2013 to 2017 although engineering has increased by just over 30%. It comprises a range of subsectors which, for data protection purposes, have been combined into a number of subsets **[FIGURE 14]**.

3.29 From an economic and environmental perspective, it is preferable that the sector is made up of advanced manufacturing businesses, i.e. technology and knowledge-intensive firms, rather than lower technology organisations which tend to use fewer clean manufacturing processes. However, it is not easy to determine how much manufacturing in the South Downs National Park falls into the advanced manufacturing category. The sectoral definition of Advanced Manufacturing used by the UK Commission for Employment and Skills includes the following SIC subsectors:

- 20: Manufacturing of chemicals and chemical products
- 21: Manufacture of basic pharmaceutical products and pharmaceutical preparations
- 26: Manufacture of computer, electrical and optical products
- 28: Manufacture of machinery and equipment not elsewhere classified
- 29: Manufacture of motor vehicles, trailers and semi-trailers
- 30: Manufacture of other transport equipment
- 33: Repair and installation of machinery and equipment

3.30 These subsectors account for about 95 businesses or 25.3% of the total in the South Downs National Park. However, the SIC code definition of advanced manufacturing is somewhat imprecise since businesses in any manufacturing subsector can employ advanced manufacturing techniques.

3.31 The Government's aim is to encourage all manufacturing enterprises to become advanced manufacturers which, it believes, offers one of the best opportunities for the UK to drive up levels of value-added in the economy and to make a substantial contribution to export growth. Advanced manufacturing is estimated to account for up to half of all exports nationally.

THE KNOWLEDGE ECONOMY

The knowledge economy, i.e. those industries that generate, wealth by utilising a knowledge specialism, is under-represented in South Downs National Park. Although it make up nearly a third of businesses, this has not changed in the last 5 years and the gap with the comparator areas has widened.

The technology sector is showing signs of stagnation and at 8% its share of businesses is considerably lower than its share in the high growth LEPs.

3.32 The knowledge economy is defined by ONS as: "*those industries that generate wealth by utilising a knowledge specialism"*. Innovation and the application of knowledge have always been important but in the past few decades, due to the pervasive nature of technology and other factors, the economy has become increasing knowledge-based, reflected in the rise of the high-tech industries themselves but also, increasingly, in the application of knowledge and technology across all sectors of the economy. A strong and growing knowledge economy plays a key role in driving increased productivity and prosperity and knowledge-based industries tend to be cleaner and better for the environment.

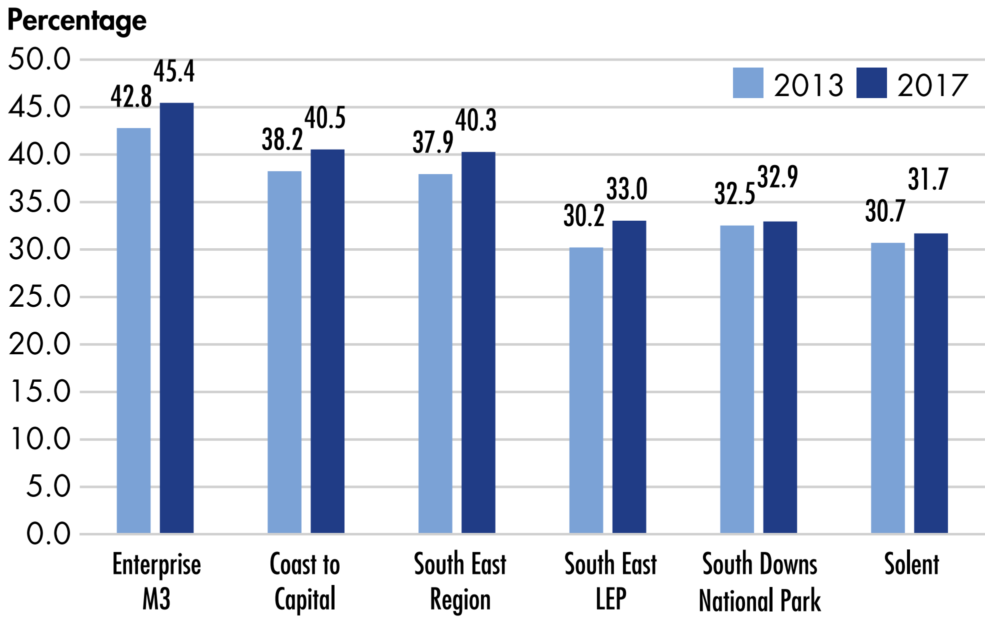
3.33 Using the ONS definition of the Knowledge Economy[11], the South Downs National Park had 2,645 businesses in the Knowledge Economy in 2017[12] accounting for 32.94% of all businesses.

11 18: *Printing & reproduction of recorded media;* 26: *Manufacture of computer; electronic & optical products;* 58: *Publishing activities;* 59: *Motion picture; video & television programme production; sound recording & music publishing activities;* 60: *Programming & broadcasting activities:* 61: *Telecommunications;* 62: *Computer programming; consultancy & related activities;* 63: *Information service activities;* 64: *Financial service activities; except insurance & pension funding;* 65: *Insurance; reinsurance & pension funding; except compulsory social security;* 66: *Activities auxiliary to financial services & insurance activities;* 69: *Legal & accounting activities;* 70: *Activities of head offices; management consultancy activities:* 71: *Architectural & engineering activities; technical testing & analysis;* 72: *Scientific research & development;* 73: *Advertising & market research; 74: Other professional; scientific & technical activities;* 85: *Education*

12 Source: ONS: UK Business Counts: Industry

3.34 **FIGURE 15** and **TABLE 7** show that the South Downs National Park's economy is relatively less knowledge-intensive than all the comparator areas apart from Solent LEP and 13 percentage points below that of Enterprise M3.

FIGURE 15: KNOWLEDGE ECONOMY ENTERPRISES AS A PERCENTAGE OF TOTAL ENTERPRISES IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES IN 2013 AND 2017



Source: ONS UK Business Counts: Industry

TABLE 7: PERCENTAGE OF KNOWLEDGE ECONOMY BUSINESSES AS A PROPORTION OF TOTAL ENTERPRISES IN 2017 IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES

	2013	2014	2015	2016	2017	%+/-
Enterprise M3	42.77	43.51	44.29	44.93	45.44	2.67
Coast to Capital	38.24	39.17	39.77	40.27	40.53	2.29
South East Region	37.94	38.71	39.47	39.96	40.27	2.33
South East LEP	30.22	31.24	32.12	32.62	33.04	2.82
South Downs NP	32.52	32.40	31.96	32.41	32.94	0.42
Solent LEP	30.70	31.24	31.76	32.17	31.68	0.98

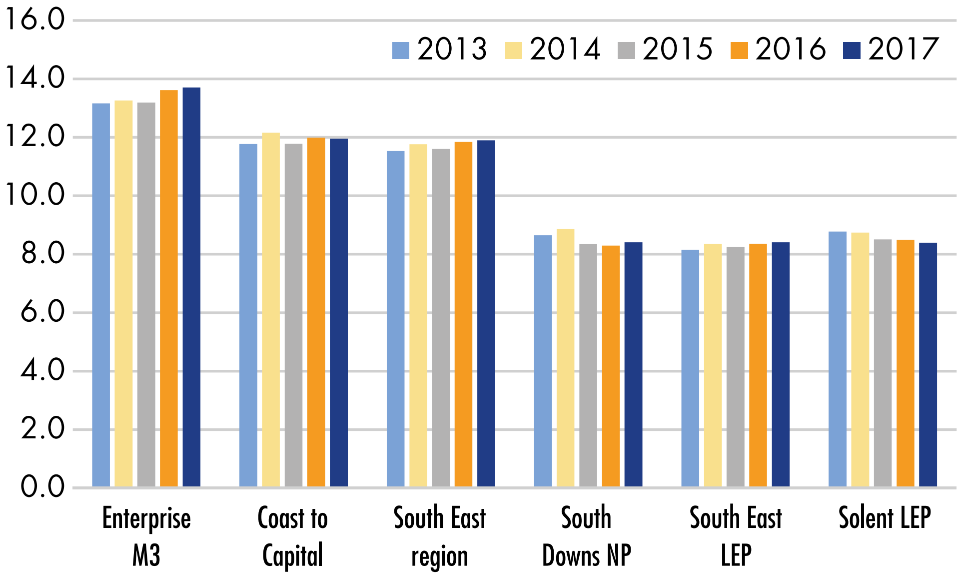
Source: ONS UK Business Counts: Industry

3.35 Moreover, the knowledge economy in the National Park is growing more slowly as a percentage of the business base than any other comparator area apart from Solent and its share of all businesses has remained nearly static during the past five years **[TABLE 7]**.

3.36 Within the knowledge economy, the technology sector is a particularly important sub sector as it supports the development of the wider knowledge economy. In 2017, there were 675 businesses in the technology sector in the South Downs National Park representing 8.4% of all businesses. This is lower than the technology sector's share of the South East region's enterprises (11.9%) and of both Coast to Capital's (11.9%) and Enterprise M3's (13.7%) shares **[FIGURE 16]**.

3.37 It is notable that the tech sector has grown in the two leading LEPs and shown a slight but significant declining in the South East LEP and South Downs National Park.

FIGURE 16: TECHNOLOGY BUSINESSES AS A PERCENTAGE OF ALL BUSINESSES 2013-2017



Source : ONS Business Counts Industry

BUSINESS PERFORMANCE AND LOCATION

3.38 On many economic and labour market indicators, the South Downs National Park's performance is more similar to that of the Solent and South East LEPs' than to that of Coast to Capital and Enterprise M3 which tend to display faster growth and stronger economic performance out of the four LEPs.

3.39 There is a relationship between growth and location. In Coast to Capital fast growth tends to occur along the M25 corridor in the north and down the A23/M23 corridor in the west while the coastal and rural areas tend to lag behind. In Enterprise M3, fast growth tends to be focused on the M23 growth corridor from London to Southampton[13] **[FIGURE 17]**. This clustering of growth companies in corridors is likely to be partly due to proximity to the motorway network which provides easier access to London, the airports and the ports as well as access to a better supply of employment space, workforce skills and, crucially, good digital connectivity.

3.40 A heat map of business locations in the South Downs National Park is contained in Annex B using Companies House data and postcode locations. It shows that there is some clustering of companies in the westerly end of the South Downs National Park towards the M3 growth corridor and also around Brighton & Hove in the east at the end of the London to Brighton A23/M23 growth corridor. However, there is also a widespread distribution of businesses across the National Park. Some clustering around rail stations is evident at Petersfield, Liss, Ditchling and Lewes but the majority of businesses are not located near growth corrridors or next to rail stations.

13 See: *Where Growth Happens* Grant Thornton

FIGURE 17: GROWTH CORRIDORS IN ENGLAND: SOURCE: GRANT THORNTON "WHERE GROWTH HAPPENS"

BUSINESS CREATION AND SURVIVAL

The South Downs National Park has a lower business creation rate than the comparator geographies, although business deaths area also lower and survival rates seem to be reasonably good. Although this indicates a more stable business population, there is some evidence to suggest that a higher rate of churn is a sign of a dynamic economy.

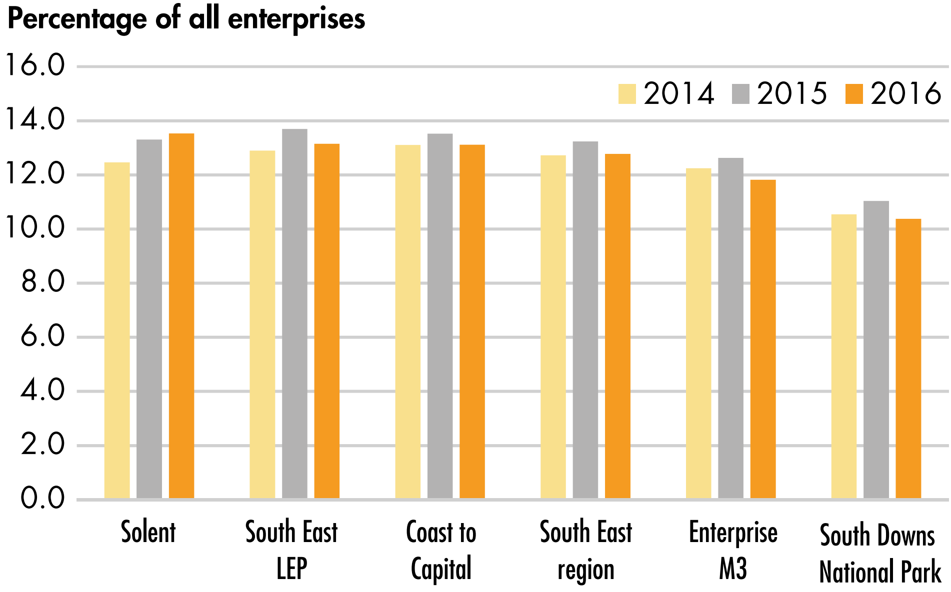
3.41 In 2016, 1,375 new businesses were created in the National Park[14] equivalent to 10.4% of the total business stock. Although this mi–ght seem like a high percentage, in fact South Downs National Park has a lower rate of new business creation than all the comparator geographies as **FIGURE 18** demonstrates.

3.42 Similarly, the South Downs National Park has a lower proportion of business deaths as a percentage of all enterprises **[FIGURE 19]**. This is not necessarily a good thing however, as some economists think it is a sign of a vibrant economy to have both high rates of births and deaths i.e. a high churn rate.

3.43 In terms of business survival, South Downs National Park businesses appear to be performing reasonably well although only 1 and 2 year survival rates for businesses born in 2014 were available from ONS **[TABLE 8]**. It may be too early to be definitive and differences are small but it seems a higher percentage of South Downs National Park new businesses are surviving which is consistent with the lower creation and death rates.

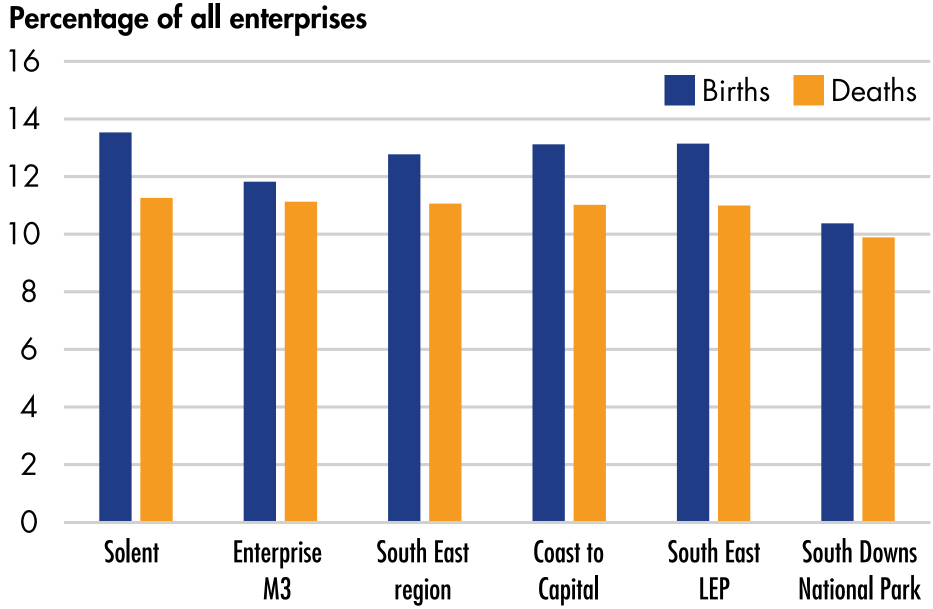
14 Source: ONS Business Demography

FIGURE 18: NEW BUSINESSES CREATED AS A PERCENTAGE OF TOTAL BUSINESSES 2014–16



Source: ONS Business Demography

FIGURE 19: BUSINESS BIRTHS AND DEATHS AS A PERCENTAGE OF TOTAL ENTERPRISES 2016



Source: ONS Business Demography

TABLE 8: SURVIVAL RATES FOR BUSINESSES BORN IN 2014

Businesses born in 2014	1 year % survival	2 year % survival
South East LEP	93.35	79.27
South Downs National Park	93.89	79.01
Coast to Capital	93.18	77.97
Solent	92.92	77.94
South East Region	93.20	77.81
Enterprise M3	93.77	77.57

Source: ONS Business demography

BUSINESS SIZE AND TURNOVER

90% of businesses in the South Downs National Park are micro businesses with fewer than 10 employees while just over 8% are small with 10 to 49 employees. Unsurprisingly, given the restrictions on employment space, there are fewer medium (50-249) and large (250+) businesses than in the comparator geographies. In terms of turnover size, there are more businesses in the National Park in the £0.5m to £1m p.a. band, indicating that, although they are smaller, they are not necessarily less productive. However, fewer of the National Park's businesses break the £1m plus turnover bracket.

3.44 In common with the comparator areas, the South Downs National Park has the majority of its companies (90.41%) in the micro category with fewer than 10 employees. Of the comparator geographies, only Solent LEP has a significantly smaller percentage in this size band (88.07%). South Downs National Park has a similar percentage of its businesses in the small (10 to 49 employees) category compared to the South East region and the South East LEP (8.22%) but slightly more than Enterprise M3 and Coast to Capital **[TABLE 9]**.

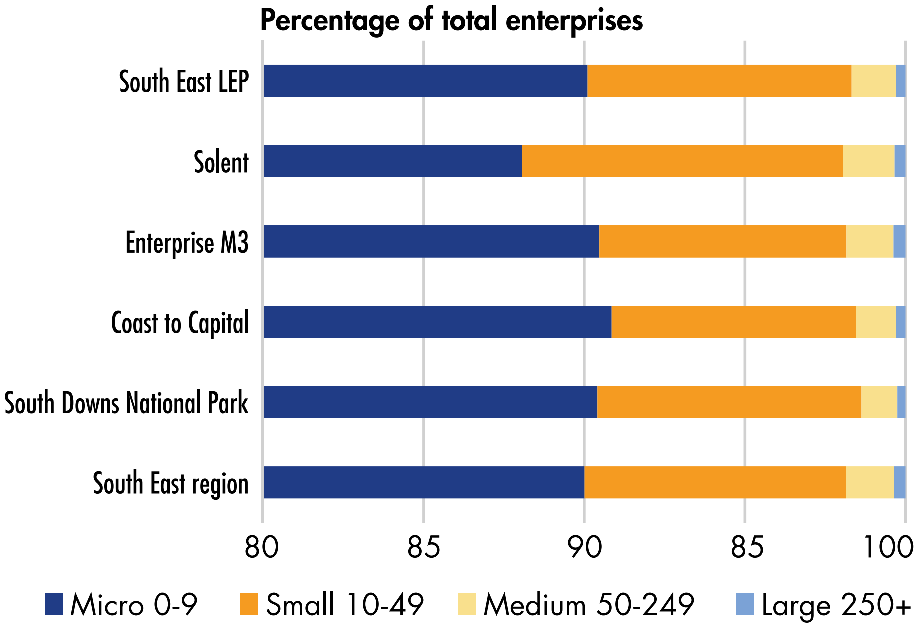
3.45 In the medium and large category, however, South Downs National Park has fewer businesses than all the comparator geographies although given the constraints on employment space in the National Park, this is perhaps unsurprising **[FIGURE 20 AND TABLE 9]**.

TABLE 9: PERCENTAGE OF BUSINESSES IN EACH SIZE BAND IN SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES IN 2017

	Micro 0-9	Small 10-49	Medium 50-249	Large 250+
South East region	90.01	8.15	1.48	0.36
South Downs National Park	90.41	8.22	1.12	0.25
Coast to Capital	90.86	7.61	1.24	0.29
Enterprise M3	90.47	7.69	1.46	0.37
Solent	88.07	9.98	1.61	0.34
South East LEP	90.10	8.22	1.38	0.30

Source: ONS UK Business Counts Industry

FIGURE 20: PERCENTAGE OF BUSINESSES IN EACH SIZE BAND IN SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES IN 2017



Source: ONS UK Business Counts Industry

3.46 In terms of turnover, South Downs National Park businesses tend to follow a similar pattern with proportionately fewer firms in the larger turnover bracket of over £1m per annum. However, there are more businesses in the £0.5m to £1m bracket, indicating that, although business in the National Park tend to be small, they are not necessarily less productive **[TABLE 10]**.

TABLE 10: PERCENTAGE OF ENTERPRISES IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR GEOGRAPHIES BY TURNOVER SIZE BAND IN 2017

	<£100K	£100 k to £499K	£0.5m to £1m	>£1m
South East region	40.03	44.28	6.83	8.86
South Downs National Park	39.04	45.58	7.66	7.72
Coast to Capital	40.10	45.38	6.64	7.88
Enterprise M3	39.87	44.57	6.53	9.04
Solent	40.21	43.38	7.21	9.22
South East LEP	39.38	44.70	7.23	8.69

Source: ONS UK Business Counts.

3.47 Productivity calculations would seem to bear this out. **TABLE 11** shows total output between 2011 and 2015 in the comparator areas and the South Downs National Park based on its share of employment and allowing for the different sectoral make up e.g. the National Park's higher representation in less productive sectors such as agriculture and the visitor economy. N.B. Productivity figures are unreliable for smaller geographies and these figures are an estimate so too much reliance should not be placed on them.

TABLE 11: PRODUCTIVITY £s MILLION (INCOME METHOD) IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES

	2011	2012	2013	2014	2015	%age + 2010-15
Solent	21,323	22,174	22,822	23,517	23,820	11.71
South East	74,018	75,730	78,598	82,724	85,792	15.91
South Downs NP	2,709	2,754	2,858	3,132	3,165	16.83
South East	212,842	222,558	231,137	241,494	249,174	17.07
Coast to Capital	42,448	44,865	46,465	48,698	49,794	17.31
Enterprise M3	45,175	47,540	49,595	51,890	53,306	18.00

Source ONS Regional Productivity Statistics/ calculation

THE ECONOMY: CONCLUSIONS

3.48 **Business growth**: the South Downs National Park has growth in its business population of 18.7% in the last five years to over 8,000 businesses. The business population has grown more than that of Enterprise M3 but not as much as that of the three other comparator LEPs, Solent, South East LEP and Coast to Capital and the South East region.

3.49 **Key sectors**: The largest sector in the National Park is *Professional, Scientific & Technical* which makes up nearly 21% of businesses, followed by *Construction* with nearly 11% of businesses. This is not unusual as these are the two largest sectors in most areas. What is unusual, although not unexpected, is that *Agriculture, Forestry & Fishing* is the third largest sector in the National Park according to the ONS classification of Broad Industrial

Groups, accounting for nearly 9% of businesses and reflecting its intensely rural nature. *Arts, Leisure & Entertainment* also has a higher than average representation in the South Downs National Park.

3.50 **Industry change**. In common with the economy as a whole, the South Downs National Park is moving towards a more service based economy with growth over the last five years in *Professional, Scientific & Technical, Business Services, Property, Education* and *Health* enterprises. *Construction* businesses have also increased, while *Agriculture, Forestry & Fishing, Arts Entertainment & Recreation, Motor Trades, Retail, Wholesale and Accommodation & Food Services* have all seen their shares decrease.

3.51 **Agriculture, Forestry & Fishing** is still an important sector, in spite of recent decline in business numbers, and makes up nearly 9% of the business base – considerably higher than any of the comparator areas. Not surprisingly, given the nature of the South Downs National Park, *Crop and Animal Production* is by far the largest sub sector accounting for 94% of businesses in the sector. *Horticulture* is a small but important and growing sub-sector.

3.52 **The visitor economy:** The visitor economy is not classified in the ONS Broad Industrial Groups but supplementary analysis shows that it makes up for over 10% of the National Park's businesses. The most important subsector is *Food and Beverages* with 40% of businesses, followed by *Creative, Arts & Entertainment. Sports & Recreation Activities* is also a significant presence with 17% of visitor economy businesses in this subsector, demonstrating the capacity of the National Park to provide opportunities for active tourism. *Accommodation* is, however, small, making up just 5% of visitor economy businesses. If more overnight stays are to be encouraged, this might be a drawback.

3.53 The visitor economy is not growing as fast as the rest of the economy and the smallest sub sectors in numerical terms are growing the fastest and vice versa. E.g. *Food & Beverage Services* makes up 40% of visitor economy businesses but grew only 12% between 2013 and 2017 whereas *Travel Agency Activities* grew by 50% over the period but makes up just 3.9% of the visitor economy business base.

3.54 **Manufacturing** is an important sector in many rural areas and in the South Downs National Park is no exception; manufacturing production makes up 5% of the business base and over 8% when engineering activities are included. Together, they account for 5,000 jobs. About a quarter of manufacturing could be said to be "advanced".

3.55 **The knowledge economy** has a lower representation in the South Downs National Park than in the comparator geographies and, although it makes up 30% of businesses, this is considerably lower than the South East region, Coast to Capital and Enterprise M3 which are between 7 and 12 % age points ahead on this measure. The technology sector is also comparatively weak in the South Downs National Park and appears to be stagnating.

3.56 **Business creation and survival** rates are generally good in the National Park, although lower than in the comparator geographies. This may indicate a more stable but less dynamic business base.

3.57 **Business size profile. The South Downs National Park has over 90%** of its businesses in the micro and small category and fewer medium and large businesses than all the comparator geographies. In terms of turnover, there are more businesses in the National Park in the £0.5m to £1m bracket indicating that, although small, they are not necessarily unproductive.

3.58 **Productivity.** Too much reliance should not be placed on productivity calculations for geographies below regional level. However, our estimates indicate that output is growing in line with the comparator geographies.

IMPLICATIONS FOR THE RURAL ECONOMIC STRATEGY

3.59 Generally, South Downs National Park's economic performance tends to be more similar to the lower performing LEPs, Solent and South East LEP, than to the higher performing LEPs, Coast to Capital and particularly

Enterprise M3 which show strong growth and stronger knowledge economies and technology sectors. Consideration should be given to this issue.

3.60 Clearly, the South Downs National Park would not wish to encourage environmentally deleterious economic growth and sectors such as agriculture and the visitor economy on which the nature of the National Park depends are not high value but are nevertheless valuable. On the other hand, local communities require well paid employment if residents and particularly young people are to be able to afford to live in the area.

3.61 Other points emerging from the analysis are:

- Agriculture, Forestry & Fishing. Supporting small farmers, the forestry sector and high-tech horticulture would benefit the economy and employment prospects for the local community. Getting ready for the Government's policy on farming which will be published in the spring and will introduce changes to the way farming is supported will be important.
- The visitor economy: developing the accommodation offer could encourage overnight visitors and increase visitor spend, support other attractions and the local economy.
- Working with neighbouring authorities and Coast to Capital to develop active tourism linking cycle routes for example, is an opportunity.
- Recognising and supporting local manufacturing to adopt advanced manufacturing techniques which are cleaner, greener and higher value as well as having greater export potential and greater resilience to economic downturns will benefit the economy and the area.
- Growing the knowledge economy to increase local high-value, high-skill jobs, decrease out-commuting and help the local economy and the environment.
- Work with partners e.g. universities, to take advantage of the opportunities offered by the South East Innovation Strategy. Focus on the weaker tech sector as it underpins the development of the knowledge economy.
- Lobbying for rural proofing of local business support; there is a tendency for business support to be focused on urban areas and industrial sites where businesses are more visible and easier to access.

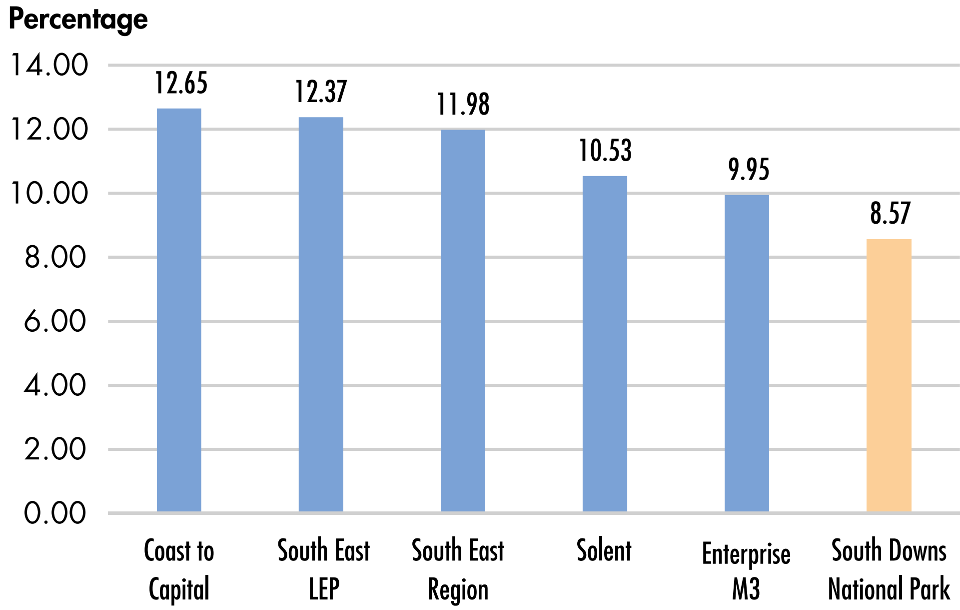
4. PEOPLE AND WORK

POPULATION DEMOGRAPHICS

The population in the South Downs National Park is growing, although at a slower rate than the comparator areas. It is also ageing with a notable decline in the 25 – 44 age band and an increase in those over 65. The population is forecast to increase by nearly 8% or more than 9,000 people by 2033.

4.1 The South Downs National Park population is growing. According to ONS, there were 115,936 residents in 2016[15], an increase of 9,152 or 8.4% since 2002, representing an average annual growth of 610 persons per annum. This rate of growth is lower than any of the comparator geographies **[FIGURE 21]**

FIGURE 21: POPULATION GROWTH IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES 2002 TO 2016



Source: ONS Mid-Year Population Estimates

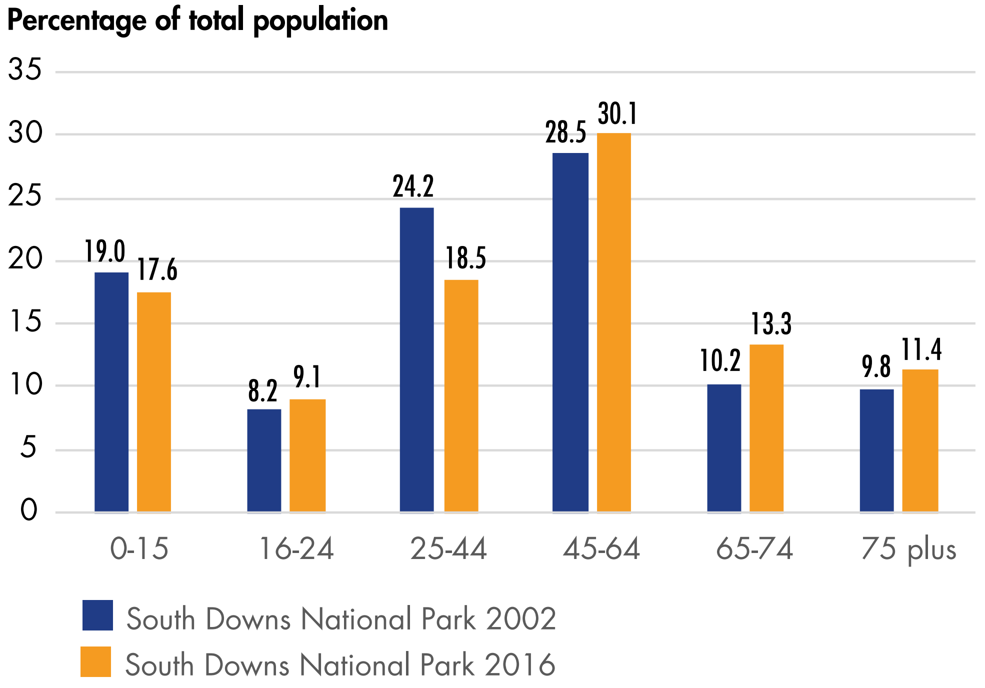
4.2 As is the case in most areas in the UK, the population in the South Downs National Park is ageing. Although there has been growth in the 16-24 and 45-64 age bands between 2002 and 2016, this has not been sufficient to offset decline in the 0-15 and 25-44 age groups and the growth in the over

15 ONS: Mid-year population estimates for National Parks

65s. The biggest growth of 3.1% has been in the 65-74 age band. (Figures 22 and 23)

4.3 Compared to the reference geographies, the South Downs National Park has shown a comparatively greater decline in 0-15 and 25-44 age bands and greater growth 65-74 and 75 plus age bands.

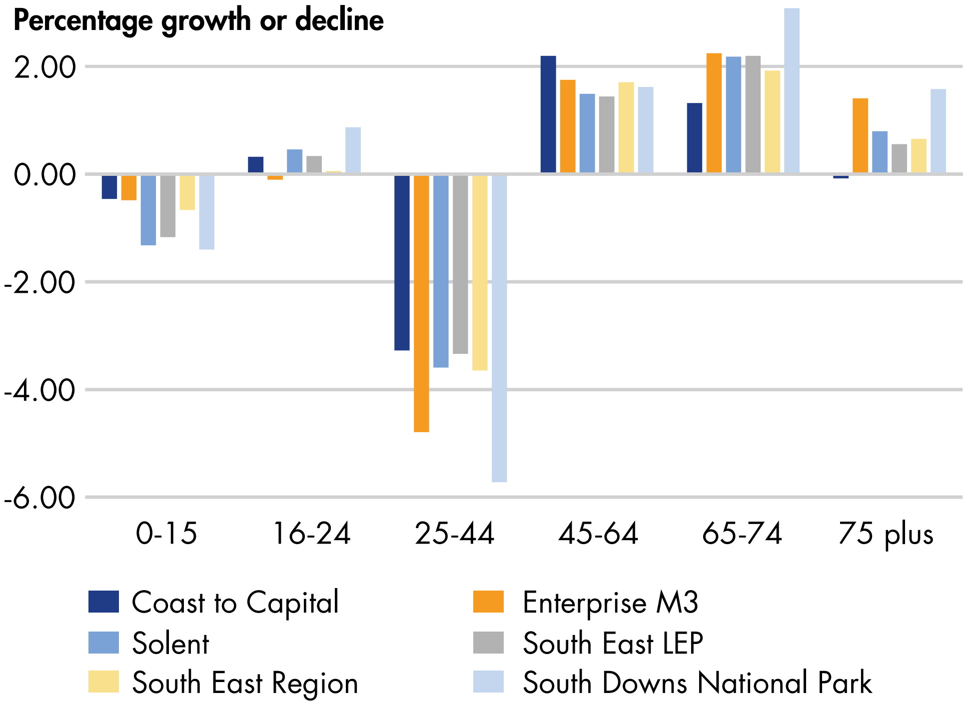
FIGURE 22: PERCENTAGE OF POPULATION IN THE SOUTH DOWNS NATIONAL PARK BY 5-YEAR AGE BAND IN 2002 AND 2016



Source: ONS Mid-year population estimates

4.4 However, the increase in 16-24 year olds was the largest with a growth of 0.9% or 1,757 individuals in this age band in the National Park between 2001 and 2016. **[FIGURE 23]**

FIGURE 23: PERCENTAGE GROWTH/DECLINE IN POPULATION BY 5-YEAR AGE BAND IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR AREAS BETWEEN 2002 AND 2016



Source: ONS Mid-year population estimates.

FUTURE POPULATION GROWTH

4.5 Based on a forward projection of the trend during the fifteen years to 2016, the population could be expected to increase by 610 people per annum of 9,150 people by 2033 an increase of 7.9%, bringing the total to 125,086. The South Downs National Park HEDNA arrives at a higher figure of 126,043, based on a five-year trend to 2014, an increase of 11,559 since 2014. However, the HEDNA point out that if there were no net in-migration to the area, the population would actually fall by 6,600 people as deaths exceed births.

EMPLOYMENT

The largest employment sectors in the South Downs National Park are Accommodation & Food, Education and Health which between them employ 17,000 people. Among the comparators, The SNDNP has the highest shares of employment in Accommodation & Food; Property; Public Administration & Defence; and Arts, Entertainment & Recreation

4.6 There were 54,480 employees in the National Park in 2016[16].

4.7 The three largest sectors of Accommodation & Food; Education and Health account for 17,000 jobs **[TABLE 12]**.

4.8 There are some key differences between the South Downs National Park and the comparator geographies in terms of the sectoral shares of employment. **TABLE 13** shows the South Downs National Park's share of employment by Broad Industrial Groups in relation to the comparator areas.

16 ONS: Business Register and Employment Survey 2016

TABLE 12: EMPLOYMENT IN THE SOUTH DOWNS NATIONAL PARK BY BROAD INDUSTRIAL GROUP 2016

Broad industrial group	SDNP jobs 2016
Accommodation & food services	6,000
Education	5,500
Health	5,500
Retail	4,500
Professional, scientific & technical	4,500
Arts, entertainment and recreation	4,500
Business administration & support	4,250
Manufacturing	4,000
Construction	3,000
Property	2,750
Public administration & defence	2,750
Information & communication	1,875
Wholesale	1,750
Transport & storage	1,125
Financial & insurance	1,000
Motor trades	850
Mining, quarrying and utilities	450
Agriculture, forestry & fishing *	180
TOTAL	54,480

Source: ONS Business Register and Employment Survey 2016

TABLE 13: PERCENTAGE OF TOTAL EMPLOYMENT BY BROAD INDUSTRIAL GROUP IN SOUTH DOWNS NATIONAL PARK AND COMPARATOR AREAS IN 2015.

	SE Region	Coast to Cap.	Enterprise M3	Solent	SE LEP	South Downs NP	Average
Agric. For & fishing	0.9	0.05	0.09	0.04	0.09	0.33*	0.47
Manufacturing	6.2	5.04	5.73	8.31	6.84	7.34	6.45
Construction	4.5	4.86	5.13	4.77	6.36	5.51	4.82
Motor trades	1.9	1.60	1.89	1.91	2.39	1.56	1.92
Wholesale	4.8	4.21	5.60	3.53	4.10	3.21	4.23
Retail	10	9.96	8.50	10.60	10.87	8.26	10.13
Transport & storage	4.4	5.45	3.58	5.63	5.83	2.06	4.08
Accomm. & food	7.3	7.29	7.42	7.07	7.09	11.01	8.52
Info & communic.	6.3	4.74	7.22	5.16	3.06	3.44	5.07
Financial & insur.	2.9	4.51	2.50	2.67	2.71	1.84	2.93
Property	1.7	2.07	1.96	1.53	1.70	5.05	2.00
Prof, sci & technical	9	8.24	11.00	6.49	6.93	8.26	8.17
Business admin	7.9	9.37	8.70	9.55	8.95	7.80	7.82
Public admin & defence	3.3	3.79	2.63	4.49	3.72	5.05	3.93
Education	10.5	9.43	9.24	10.22	9.86	10.10	10.20
Health	12.6	13.52	11.33	13.08	13.86	10.10	12.72
Arts, ent. & rec	4.7	4.68	5.87	4.11	4.60	8.26	5.28

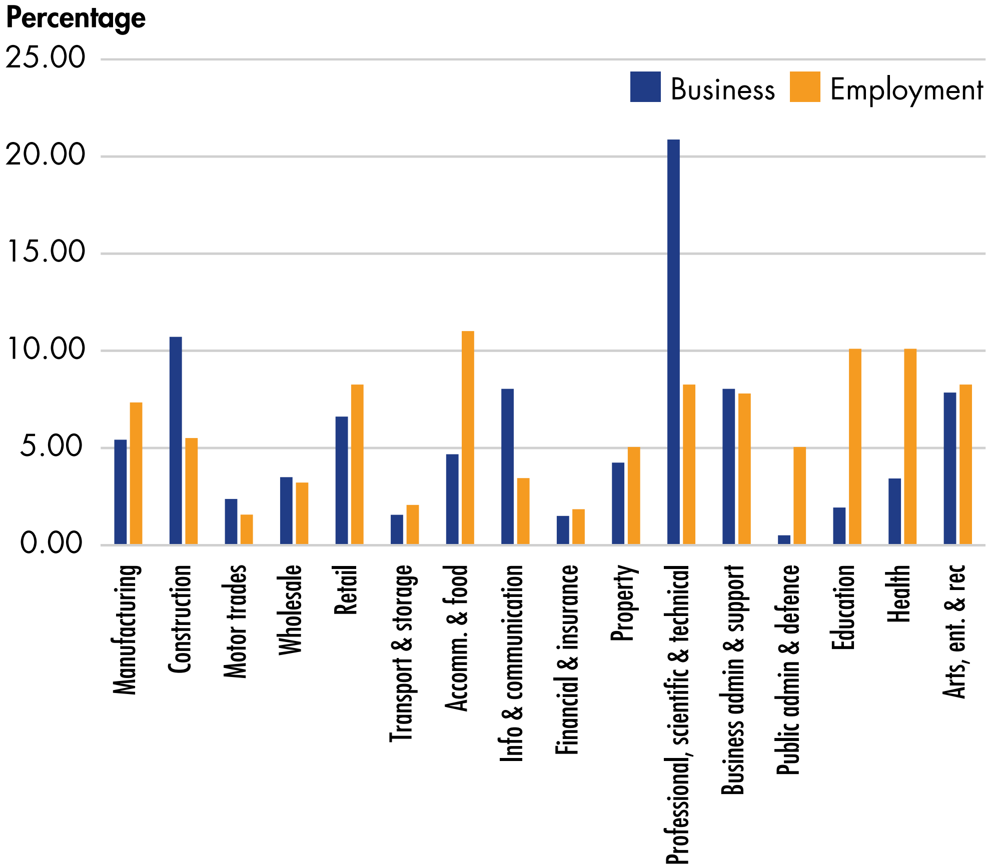
Source: ONS Business Register and Employment Survey

Key to colour code	
(green)	Highest percentage share of employment
(light blue)	Higher than average share of employment
(orange)	Broadly average share of employment
(yellow)	Lower than average share of employment
(red)	Lowest percentage share of employment

**N.B. Farm employment statistics are not included in BRES so Agriculture is under reported. Defra farming statistics are included separately*

4.9 The South Downs National Park has the highest shares of *Accommodation & Food*; *Property*; *Public Administration & Defence*; and *Arts, Entertainment & Recreation* employment and above average employment in *Manufacturing; Construction*; and *Education*. An industry's share of enterprises and its share of jobs do not necessarily align due to variations in size of enterprises. For example, construction has 10% of enterprises but only 5% of employment in the National Park due to the preponderance of micro businesses. **[FIGURE 24]**.

FIGURE 24: PERCENTAGE OF ENTERPRISES AND PERCENTAGE OF EMPLOYMENT BY BROAD INDUSTRIAL GROUP IN THE SOUTH DOWNS NATIONAL PARK 2017



Source: ONS UK Business Counts / Business Register and Employment Survey

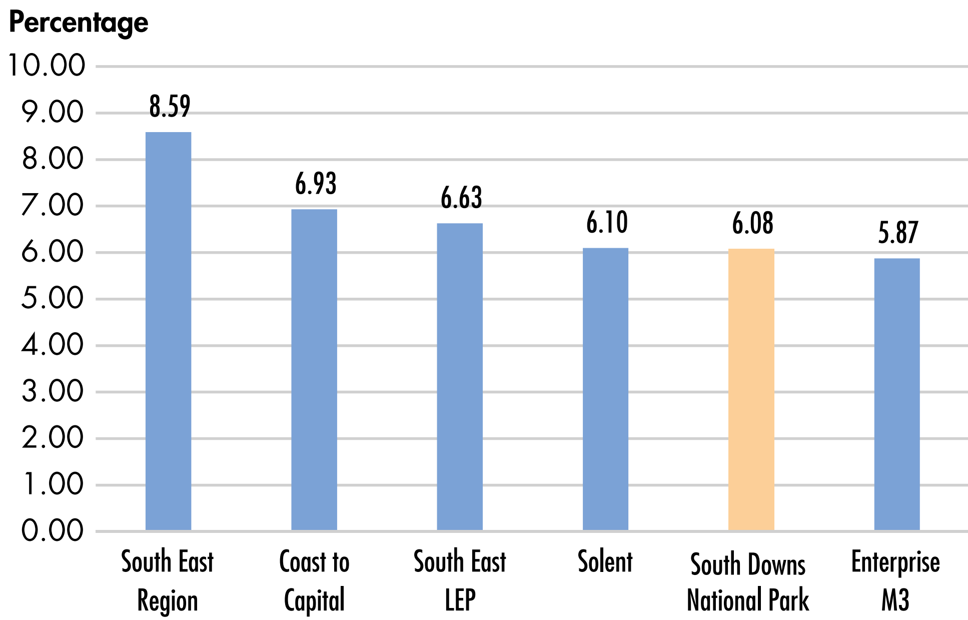
EMPLOYMENT GROWTH

Between 2009 and 2015 employment in the National Park grew by 6% broadly on a par with the comparator LEPs but below the South East region. Shares of employment have changed and Accommodation & Food, Education and Agriculture have seen their shares increase the most. Knowledge-based jobs tend to have declined or remained static.

4.10 Between 2009 and 2015, there was an increase in employment of 3,050 jobs or 6.08% in the South Downs National Park[17]. This is broadly on a par with the comparator areas, but below the South East region as a whole which has shown significantly higher employment growth of 8.59% over the period **[FIGURE 25]**.

4.11 The sector which has seen the biggest growth in employment in percentage terms in the South Downs National Park is *Accommodation & Food*, followed by *Education* and by *Agriculture, Forestry & Fishing* (although this does not include farm based employment which is dealt with separately). The biggest decline in terms of percentage share has been in the *Health, Construction* and *Public Administration & Defence* sectors. The blue line in **FIGURE 26** shows the growth and decline in these sectors in Coast to Capital LEP as a basis for comparison. **[FIGURE 26]**.

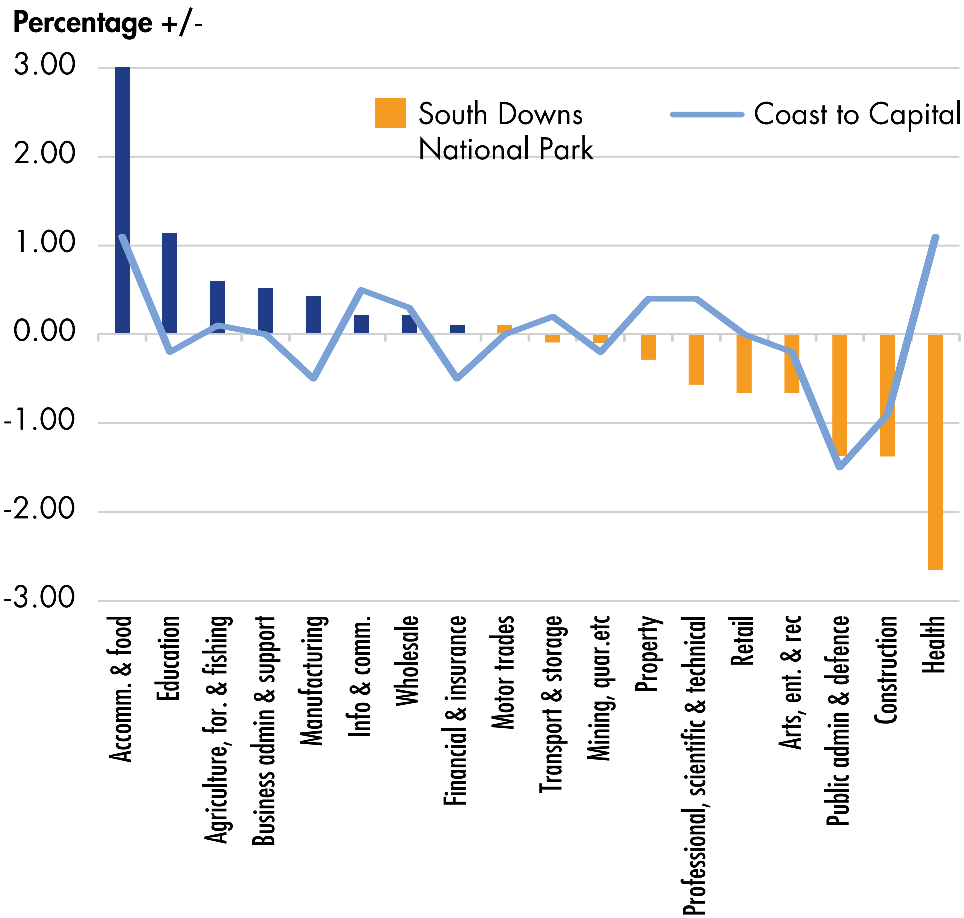
FIGURE 25: PERCENTAGE GROWTH IN TOTAL EMPLOYMENT IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR GEOGRAPHIES 2009 TO 2015



Source: ONS Business Register & Employment Survey

17 Source: ONS Business Register and Employment Survey. Note: The survey methodology changed in 2015 which is why 2016 figures are not included in the time series.

FIGURE 26: EMPLOYMENT GROWTH/DECLINE IN THE SOUTH DOWNS NATIONAL PARK AND COAST TO CAPITAL BY BROAD INDUSTRIAL GROUP 2009 TO 2015



Source: ONS Business Register and Employment Survey

4.12 A change in share of employment for a sector does not necessarily correlate closely to the change in numbers of jobs in that sector. For example, the *Accommodation & Food* sector saw a rise of 2,000 jobs between 2009 and 2015, a 40% increase in employment, but the sector increased its share of all jobs from 10% to 13%, an increase in share of employment of just over 3% as **TABLE 14** shows.

4.13 The more knowledge-based sectors such as *Information & Communication*, *Finance & Insurance* and *Professional, Scientific & Technical* have either shown very small increases in share or have declined over the period **[TABLE 14]**.

TABLE 14: CHANGE IN NOS OF JOBS AND %AGE SHARE OF EMPLOYMENT BY BROAD INDUSTRY GROUP IN THE SOUTH DOWNS NATIONAL PARK 2009 TO 2014

Broad Industry Group	jobs +/-	share +/-
Agriculture, forestry & fishing	350	0.60
Mining, quarrying & utilities	0	-0.10
Manufacturing	500	0.43
Construction	-500	-1.38
Motor trades	100	0.11
Wholesale	250	0.21
Retail	0	-0.66
Transport & storage	0	-0.09
Accommodation. & food	2000	3.04
Information & communication.	250	0.21
Financial & insurance	100	0.11
Property	0	-0.29
Professional, scientific & technical	0	-0.57
Business admin & support	500	0.52
Public admin & defence	-500	-1.37
Education	1000	1.14
Health	-1000	-2.65
Arts, Entertainment &. Recreation	0	-0.66

Source: ONS Business Register and Employment Survey

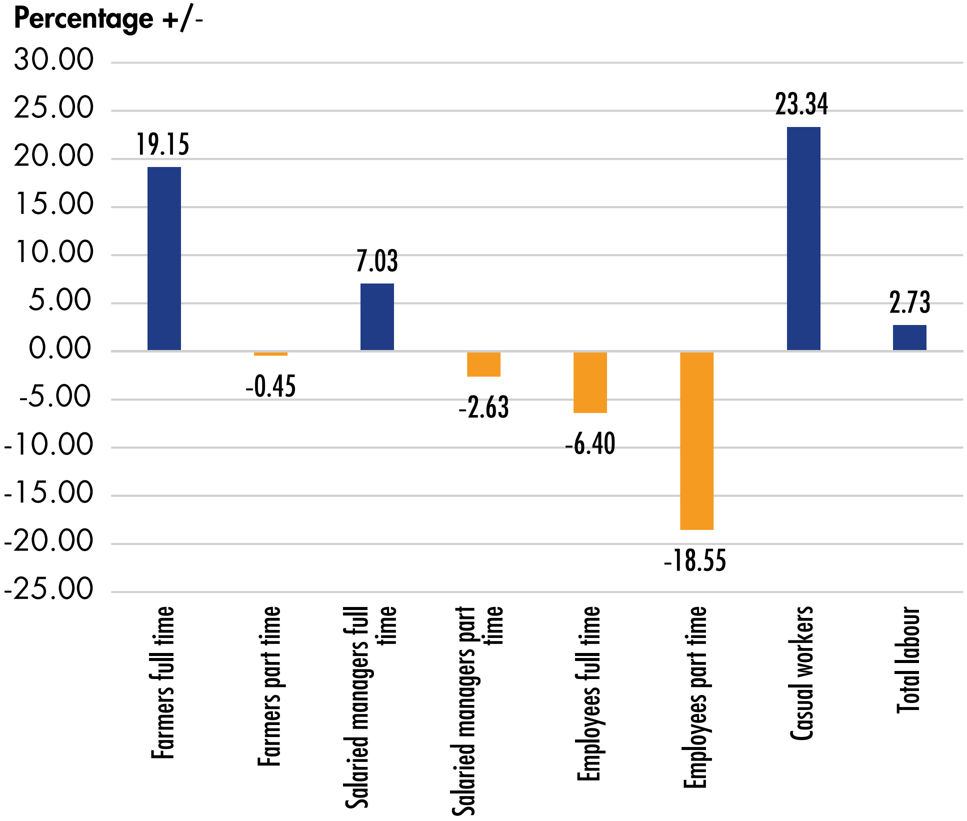
AGRICULTURAL EMPLOYMENT

3,000 people are employed on farms in the South Downs National Park an increase of 3% between 2010 and 2016 Farmers, managers and casual labour increased but paid employment decreased.

4.14 Farm based employment is not included in the Business Register and Employment Survey (BRES), which is the main source of employment data collated by ONS. Instead, farm-based employment data are collected by Defra through the Annual Survey of Agriculture and Horticulture. 2017 statistics show that a total workforce of 3,000 people were employed in farms in the South Downs National Park in 2016 including full time, part time and casual workers.

4.15 Employment in *Agriculture & Horticulture* grew slightly between 2010 and 2016 by around 3% to 3,000 jobs. Full time farmers and managers and casual labour increased but salaried employees declined as a percentage of employment, indicating a high degree of dependence on migrant labour and vulnerability to the effects of Brexit **[FIGURE 27]**.

FIGURE 27: PERCENTAGE SHARE OF AGRICULTURAL EMPLOYMENT BY OCCUPATION IN THE SOUTH DOWNS NATIONAL PARK IN 2016



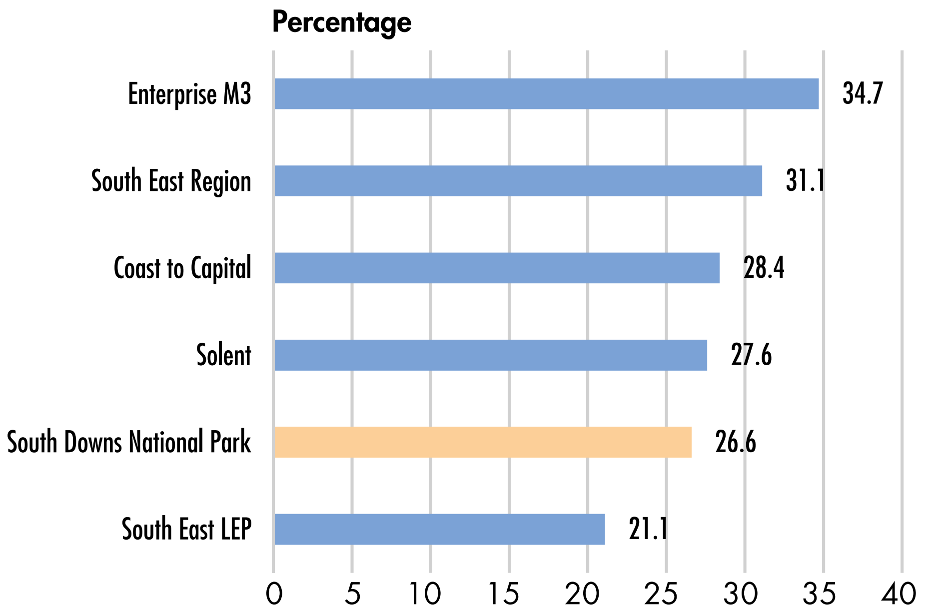
Source: Defra: Survey of Agriculture and Horticulture 2017

KNOWLEDGE ECONOMY EMPLOYMENT

The South Downs National Park has a lower share of knowledge economy employment than the comparator areas, apart from South East LEP. Within the knowledge economy, the technology sector is particularly underrepresented in the South Downs National Park making up just 4.6% of employment.

4.16 Applying the same sectoral definition of the knowledge economy as was used in the previous chapter on the local economy, knowledge economy employment in the South Downs National Park made up 26.6% of employment in 2016 or 14,500 jobs. This is low compared to the South East region (31.1%) and is lower than the comparator LEP areas with the exception of South East LEP **[FIGURE 28]**.

FIGURE 28: KNOWLEDGE ECONOMY EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR AREAS IN 2016



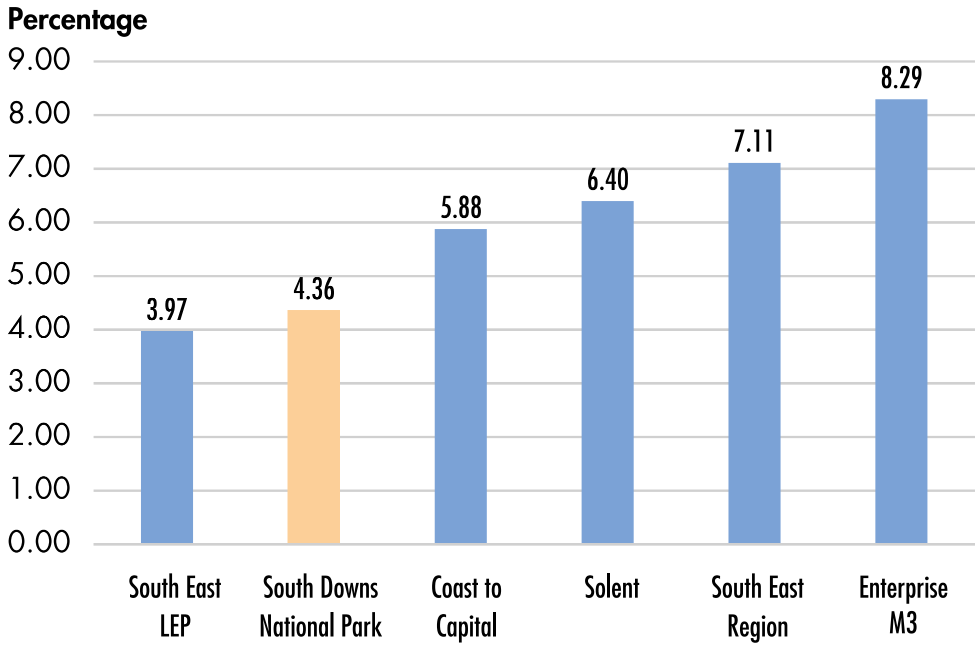
Source: ONS Business Register and Employment Survey

4.17 Enterprise M3 has above average knowledge economy employment which is likely to be due to the presence of the growth corridors as previously highlighted. Performance on this metric follows a similar pattern to that of knowledge economy enterprises with Coast to Capital and Enterprise M3 in the lead and Solent, South East LEP and the South Downs National Park lagging behind.

4.18 Within the knowledge economy, the technology sector is a crucially important subsector as it underpins the performance of the knowledge economy and enables businesses in the wider economy to take up and deploy new technology and to innovate and grow. The technology sector in the South Downs National Park is small and makes up just 4.36% of total employment, only slightly better than South East LEP, the lowest performing area on this metric.

4.19 Somewhat against the usual trend, Solent LEP outperforms Coast to Capital on this measure, perhaps reflecting the presence of the marine technology cluster around Portsmouth and Southampton **[FIGURE 29]**.

FIGURE 29: TECHNOLOGY SECTOR EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR AREAS IN 2016



Source: ONS Business Register and Employment Survey

WAGES

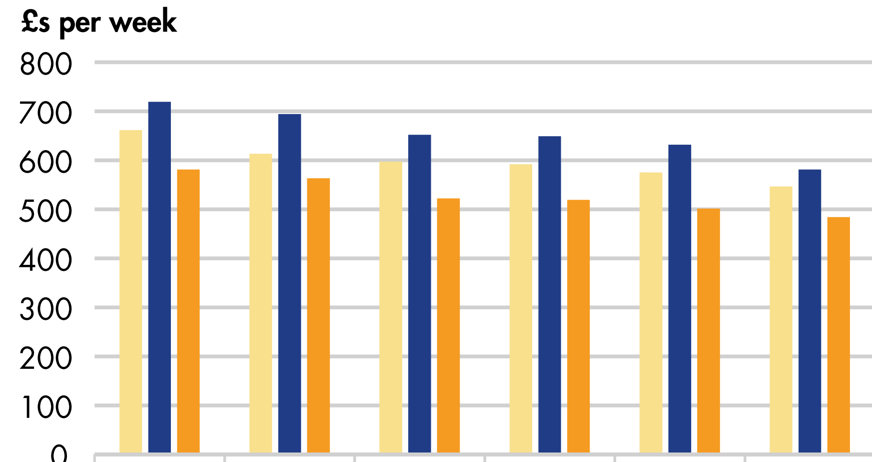
South Downs National Park residents' wages are higher than all the comparator areas apart from Enterprise M3. Female full-time wages are 19% lower than those of males but this is a similar gap to that in most of the comparator areas, apart from Solent LEP. Workplace wages are lower than residents' wages in the National Park, as in the other areas, indicating that those with higher level skills tend to commute to where the higher value jobs are.

4.20 Given the generally lower value, less knowledge-intensive economy and employment structure, wages in the South Downs National Park might be expected to be lower than average. For resident wages, however, this is not the case; resident full-time wages in the National Park are higher than all the comparator areas apart from Enterprise M3. Residents in the National Park have a median full-time wage that is 12.06% higher than the Solent LEP median wage **[FIGURE 30]**.

4.21 Male median full-time wages in the South Downs National Park are the highest of all the comparator areas at £719 per week or £33,388 per annum. They are 23.75% higher in National Park than in nearby Solent LEP.

4.22 There are disparities between male and female wage rates in all areas, including the South Downs National Park **[TABLE 15 AND FIGURE 31]** although the National Park has one of the lowest gaps between male and female pay and female pay rates are second only to those of Enterprise M3.

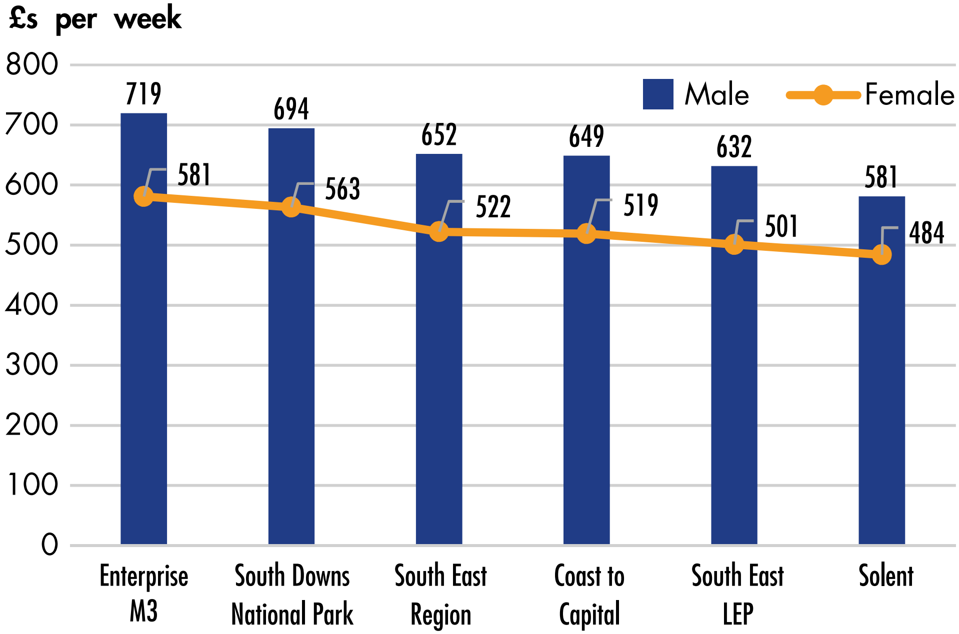
FIGURE 30: RESIDENT MEDIAN WEEKLY WAGES (GROSS) IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR AREAS IN 2017



	Enterprise M3	South Downs NP	South East Region	Coast to Capital	South East LEP	Solent
All residents	661	613	597	592	575	547
Male	719	694	652	649	632	581
Female	581	563	522	519	501	484

Source: ONS Annual Survey of Hours and Earnings Residence Based.

FIGURE 31: MALE AND FEMALE RESIDENT MEDIAN WEEKLY WAGES (GROSS) IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR AREAS IN 2017



Source: ONS Annual Survey of Hours and Earnings Residence Based

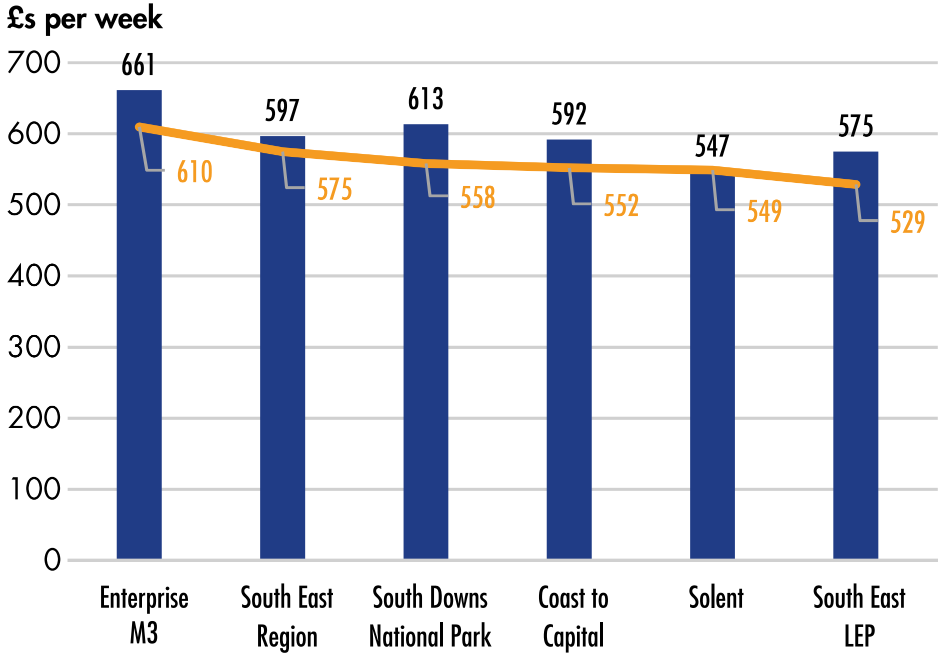
TABLE 15: MALE AND FEMALE RESIDENT MEDIAN WEEKLY WAGES (GROSS) IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR AREAS IN 2017

	All residents £s per week	Male £s per week	Female £s per week	Difference £s	% female lower
South East LEP	575	632	501	131	20.68
Coast to Capital	592	649	519	130	20.01
South East Region	597	652	522	130	19.87
Enterprise M3	661	719	581	138	19.23
South Downs NP	613	694	563	131	18.91
Solent	547	581	484	97	16.70

Source: ONS Annual Survey of Hours and Earnings

4.23 Workplace wages tend to be lower than resident wages in areas with high levels of out-commuting as those with the skills and means to do so travel to the more highly paid opportunities. In the South Downs National Park, median workplace wages are 9.85% lower than median resident wages. **[FIGURE 32]**, the biggest gap of all areas which indicates low value local employment and/ or high levels of out commuting.

FIGURE 32: RESIDENT AND WORKPLACE MEDIAN FULL-TIME WAGES (GROSS) IN THE SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES IN 2017



Source: ONS Annual Survey of Hours and Earnings Residence and Workplace based

LOCATION QUOTIENTS

4.24 Location quotients (LQs) measure local employment concentrations relative to the national level and are a useful way of analysing the degree of specialism in a local economy. Any number higher than 1 indicates there is some degree of specialism. **TABLE 16** contains the industries where the South Downs National Park has an LQ above 1.

4.25 The sector with the highest LQ is Forestry and Logging, a subsector of Agriculture Forestry and Fishing. The visitor economy also features strongly in the list of sectors with high LQs including *55: Accommodation; 56: Food & beverage service activities; 79: Travel agency, tour operator and other reservation service and related activities; 91: Libraries, archives, museums & other cultural activities and 9 : Sports activities & amusement & recreation activities.*

4.26 In line with the findings of a less knowledge intensive business base, there are few knowledge economy sectors in the top 29 sectors measured by LQ.

TABLE 16: SOUTH DOWNS NATIONAL PARK SECTORS WITH A LOCATION QUOTIENT HIGHER THAN 1 2016

	SDNP	SDNP LQ
Industry	No of employees	(ei/e) / (Ei/E)
02 : Forestry and logging	100	6.2
91 : Libraries, archives, museums and other cultural activities	1,125	5.9
29 : Manufacture of motor vehicles, trailers and semi-trailers	1,250	3.9
20 : Manufacture of chemicals and chemical products	550	3.3
68 : Real estate activities	2,750	3.0
11 : Manufacture of beverages	120	2.2
75 : Veterinary activities	210	2.1
16 : Manufacture of wood and of products of wood and cork,	275	2.0
79 : Travel agency, tour operator and other reservation services	375	2.0
93 : Sports activities and amusement and recreation activities	1,625	2.0
95 : Repair of computers and personal and household goods	230	2.0
32 : Other manufacturing	250	2.0
82 : Office administrative, business support activities	1,625	1.7
27 : Manufacture of electrical equipment	230	1.6
56 : Food and beverage service activities	5,000	1.6
41 : Construction of buildings	1,125	1.5
65 : Insurance, reinsurance and pension funding,	250	1.4
87 : Residential care activities	1,750	1.4
81 : Services to buildings and landscape activities	1,625	1.3
96 : Other personal service activities	750	1.3
84 : Public administration and defence	2,750	1.3
26 : Manufacture of computer, electronic and optical products	250	1.3
55 : Accommodation	1,000	1.3
42 : Civil engineering	500	1.2
94 : Activities of membership organisations	475	1.1
85 : Education	5,500	1.1
36 : Water collection, treatment and supply	70	1.1
43 : Specialised construction activities	1,375	1.1
70 : Activities of head offices; management consultancy	1,625	1.1

Source: ONS Business Register and Employment Survey.

4.27 The four knowledge economy subsectors with an LQ above 1 are:

- *26: Manufacture of computer, electronic & optical products;*
- *65: Insurance, reinsurance & pension funding, except compulsory social security;*
- *70: Activities of head offices; management consultancy activities; a 80 : Education*

4.28 It is notable that six manufacturing sub sectors have an LQ higher than 1 and thus indicate a specialism. These are:

- 11: Manufacture of beverages;
- 16: Manufacture of wood and of products of wood & cork, except furniture; manufacture of articles of straw & plaiting materials;
- 20: Manufacture of chemicals & chemical products;
- 26: Manufacture of computer, electronic & optical products;
- 27: Manufacture of electrical equipment;
- 29: Manufacture of motor vehicles, trailers & semi-trailers;
- 32: Other manufacturing. Between them they account for over 2000 employees.

EMPLOYMENT AND ECONOMIC ACTIVITY

4.29 The usual source of data for employment, occupations, qualifications and skills is the Annual Population Survey. This is not generally available below local authority district level and so for this piece of work, bespoke data using the 68 LSOAs was obtained from ONS. This came with the proviso that the sample in the National Park was quite small and confidence levels are lower than ideal. Data was often incomplete for the time series analysis. Therefore, the following sections are included as commentary and should not be relied on as having the same degree of statistical accuracy as the other data sources used.

4.30 The employment rate in the South Downs National Park appears to be lower than that of the South East region and the comparator LEPs in most years **[TABLE 16]**. 2014 seems to have been somewhat of an anomaly and it is safer to assume that the employment rate is somewhere between 62.4% and 68.5%. The reasons for this lower rate in the South Downs National Park may include a higher than average percentage of people who do not have to work.

TABLE 17: EMPLOYMENT RATES IN THE SOUTH DOWN NATIONAL PARK AND THE COMPARATOR AREAS BETWEEN 2013 AND 2016

	2013	2014	2015	2016
South East	74.6	75.7	76.3	77.3
Coast to Capital	75.5	76.5	76.3	79.0
Enterprise M3	76.6	77.5	78.9	78.2
Solent	73.4	73.6	76.2	76.1
South East	72.3	73.5	74.1	75.3
South Downs National Park	68.5	75.7	65.5	62.4

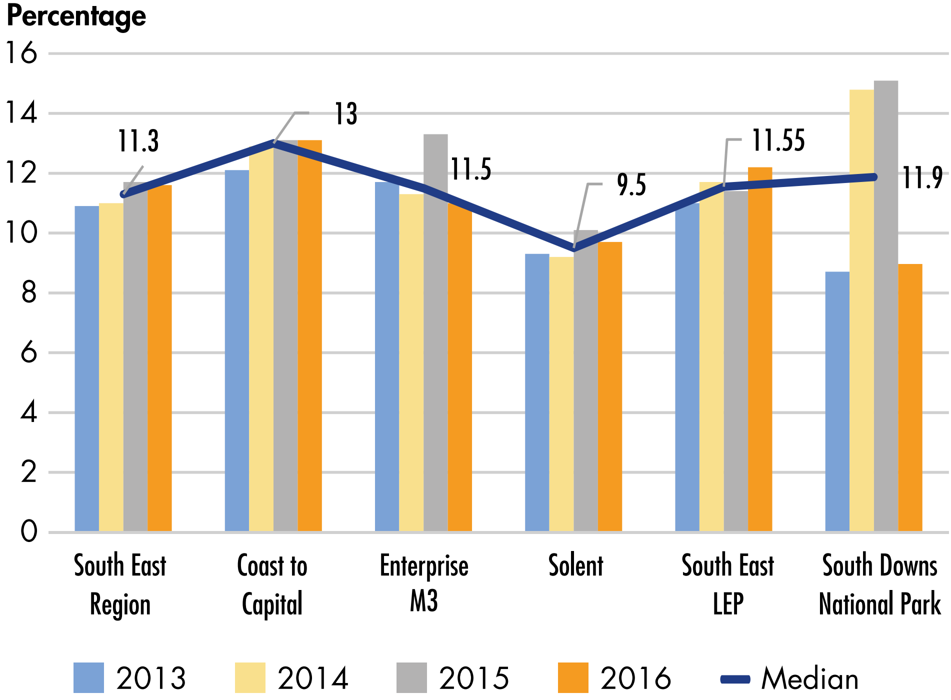
Source: ONS Annual Population Survey

4.31 This would be consistent with the higher than average economic inactivity rate of 23.3% of the working age population in 2016 in the South Downs National Park which is higher than the South East rate of 19.2% and any of the comparator LEPs where economic inactivity rates ranged from 17.8% (Coast to Capital) to 20.9% (South East LEP) of the working age population. Economic inactivity rates include people who are neither in employment nor unemployed, for example, those who were looking after a home, students and people who have taken early retirement or do not want a job.

4.32 To allow for these variations, the median of the four years data has been calculated for each geography shown by the blue line in **FIGURE 33** Using this metric, South Downs National Park had a median self-employment rate of 11.9% over the period, which would put it in second place behind Coast to Capital. Since rural self-employment rates are generally high, this would seem a reasonable assumption.

SELF-EMPLOYMENT

FIGURE 33: SELF-EMPLOYMENT RATES AS A PERCENTAGE OF WORKING AGE POPULATION IN SOUTH DOWNS NATIONAL PARK AND THE COMPARATOR GEOGRAPHIES 2013 TO 2016



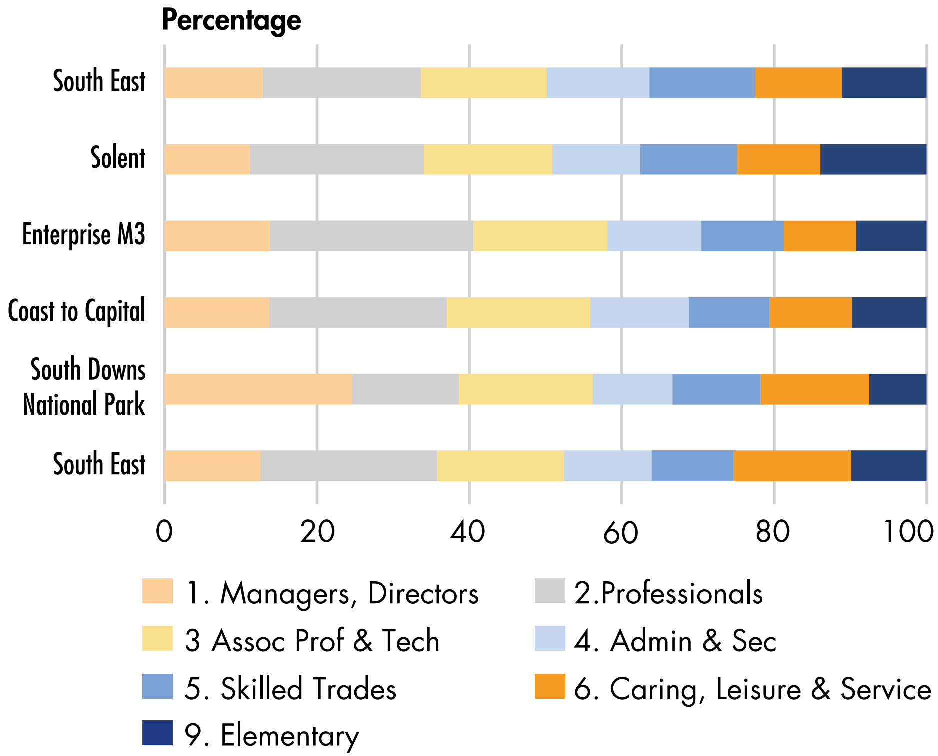
Source. ONS Annual Population Survey

4.33 The ONS bespoke data shows some large variations in the self-employment rate for the South Downs National Park over the four-year period 2013 to 2016. There are also variations in the self-employment rate in the comparator areas, though not as extreme.

OCCUPATIONAL STRUCTURE

4.34 The occupational structure also shows some variations for the South Downs National Park and the median values for the four years of the time series has been used to allow for this **[FIGURE 34 AND TABLE 18]**. No data for groups 7 and 8 was available for the National Park

FIGURE 34: OCCUPATIONAL STRUCTURE IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR AREAS (2013-2016 MEDIAN PERCENTAGE VALUES)



Source: ONS Annual Population Survey

TABLE 18: OCCUPATIONAL STRUCTURE IN THE SOUTH DOWNS NATIONAL PARK AND COMPARATOR AREAS (2013-2016 MEDIAN PERCENTAGE VALUES).

	1. Managers, Directors	2.Professionals	3 Assoc Prof & Tech	4. Admin & Sec	5. Skilled Trades	6. Caring, Leisure & Service	9. Elementary
South East	11.7	21.6	15.5	10.7	10.0	14.4	9.2
South Downs NP	25.2	14.3	18.0	10.7	11.8	14.6	7.7
Coast to Capital	12.2	20.6	16.6	11.5	9.4	9.6	8.7
Enterprise M3	12.4	23.9	15.7	11.0	9.7	8.5	8.3
Solent	9.7	19.8	14.6	10.0	11.0	9.5	12.1
South East	11.1	17.9	14.2	11.7	12.0	9.8	9.6

Source: ONS Annual Population Survey

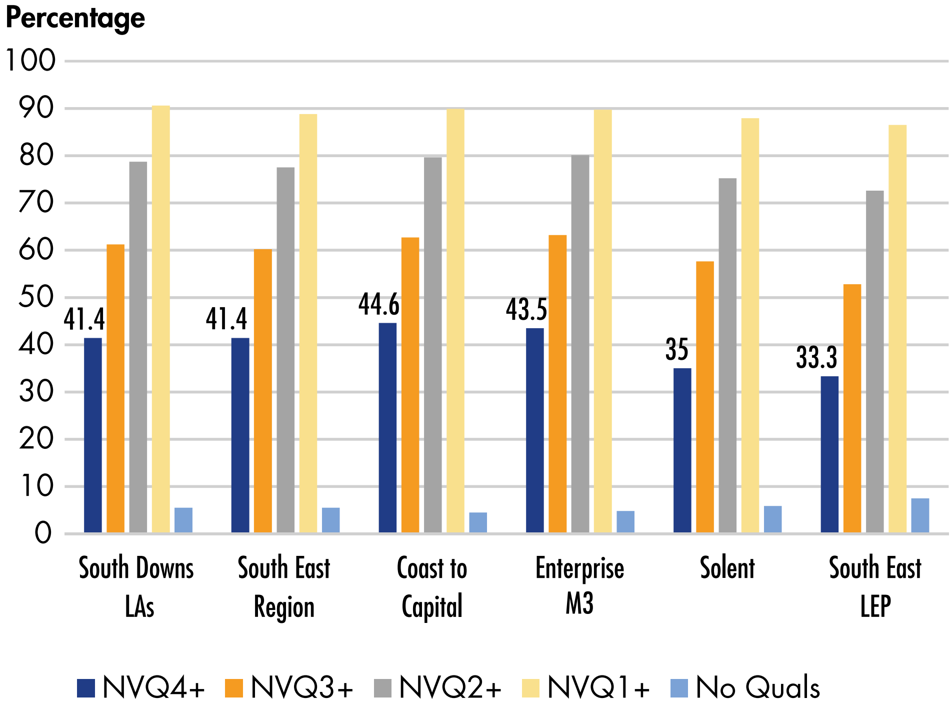
4.35 Over a quarter of South Downs National Park residents appear to be employed in the top occupational group of *Managers, Directors and Senior Officials*. This is significantly higher than any of the comparator areas and South Downs National Park has noticeably fewer people employed in Group 2. *Professional Occupations*. The National Park also has the highest percentage of residents employed in Group 3: *Associate Professional and Technical* occupations. In spite of its lower proportion of residents employed in Group 2, the National Park still has 58% of employment in the top 3 occupational groups, compared to 49% in the South East, indicating a highly skilled and relatively affluent population.

4.36 There is also a high percentage of National Park residents employed in Group 5, *Skilled Trades,* perhaps due in part to the high level of manufacturing, and also in Group 6. *Caring Leisure and Other Service Occupations,* probably due to the size of the visitor economy. The National Park has the lowest percentage employed in the least skilled group, 9. *Elementary Occupations.*

QUALIFICATIONS AND SKILLS

4.37 Qualifications data was not available from the APS for the South Downs National Park as the sample size was too small. The median qualifications level of the 12 local authority districts whose boundaries cross the South Downs National Park have therefore been used.

FIGURE 35: WORKING AGE POPULATION QUALIFICATION LEVELS FOR THE SOUTH DOWNS NATIONAL PARK LOCAL AUTHORITIES AND THE COMPARATOR AREAS IN 2016



Source: ONS Annual Population Survey

4.38 This shows that the South Downs National Park wider area made up of the 12 local authority districts, boroughs and city councils whose boundaries cross the Park, has relatively high qualification rates with 41.4% of the resident working age population having a qualification at NVQ4 +. i.e. degree level and above, on a par with the South East. Solent and South East LEP underperform on this measure, with 35% and 33.3% of residents qualified to this level.

UNEMPLOYMENT

4.39 There were 440 people claiming Job Seekers' Allowance (JSA) in the South Downs National Park in 2017 representing just 0.5% of the 16+ population and low compared to the South East regional where 1.2% of the adult population were claiming JSA in 2017. In Coast to Capital, 1.5% of the 16+ population were claiming the benefit in 2017 and in South East LEP it was 1.6%. Data for the other two LEP areas are not available. Changes to the benefit system following the introduction of Universal Credit make comparisons over time difficult but it seems that South Downs National Park has low rates of unemployment.

DEPRIVATION

4.40 The South Downs National Park has low levels of deprivation. **TABLE 19** shows the rankings for the National Park[18] and the Local Authority Districts in the wider South Downs Area on the Index of Multiple deprivation. Generally, the higher the ranking among the 326 LADs the lower the deprivation. The South Downs National Park is ranked in least deprived decile on 8 out of 10 measures (293 and above). However, it is in the bottom quintile on barriers to housing due to the low affordability of homes to rent and buy (See Chapter 4.) and the 3rd quintile on living environment which is measured on the quality of housing; air quality and road traffic accidents. On both barriers to housing and living environment, the most "deprived" LSOAs in the National Park are in Chichester, Winchester and Arun.

18 The South Downs National Park figure is not an official statistic but has been calculated using the data for the 68 LSOAs

TABLE 19: SOUTH DOWNS NATIONAL PARK AND THE LOCAL AUTHORITY DISTRICTS' RANKINGS ON THE INDEX OF MULTIPLE DEPRIVATION 2015.

	IMD – Rank	Income – Rank	Employment – Rank	Education, Skills and Training – Rank	Health Deprivation and Disability – Rank	Crime – Rank	Barriers to Housing and Services – Rank	Living Environment – Rank	Income Deprivation Affecting Children Index (IDACI) – Rank	Income Deprivation Affecting Older People (IDAOPI) – Rank
South Downs National Park	301	315	324	311	317	298	45	168	308	318
Adur	150	146	145	53	136	144	245	123	146	155
Arun	174	164	151	84	134	183	145	263	159	206
Brighton and Hove	109	122	150	192	99	104	56	49	148	50
Chichester	231	236	245	238	237	279	88	167	240	260
East Hampshire	308	301	300	298	295	288	135	302	301	311
Eastbourne	120	91	72	106	102	188	246	153	97	135
Horsham	295	299	295	300	300	285	47	260	300	316
Lewes	201	178	172	165	204	242	108	250	181	224
Mid Sussex	321	319	316	282	320	264	198	286	317	315
Wealden	276	277	278	233	287	313	68	245	285	270
Winchester	307	306	301	312	299	286	110	276	314	303
Worthing	172	165	138	149	117	150	320	99	185	170

Source: DCLG English Indices of Deprivation 2015

PEOPLE AND WORK CONCLUSIONS

4.41 Population demographics: The population of the South Downs National Park is growing, although at a slower rate than that of the comparator areas. It increased by 9,152 or 8.4% between 2002 and 2016. It is expected to increase by 7.95 or 9,150 people by 2033. It is also ageing with a greater decline in the 0 to 15 and the 25 to 44 age bands and greater growth in the over 65s than the comparator areas.

4.42 Employment growth: employment is growing on a par with the other areas and jobs increased by 6% or just over 3,000 between 2009 and 2015.

4.43 Sectoral shares of employment are changing with increased shares in *Accommodation & Food, Education* and *Agriculture, Forestry & Fishing*. Declining shares of employment are evident in *Health, Construction* and *Public Administration & Defence*. This is distinctively different from sectoral change taking place in the comparator areas. (A large increase in sectoral share does not necessarily follow a large increase in jobs as it depends on the size of the sector to start with).

4.44 Agricultural employment is increasing, particularly farm-based employment which grew by 3% between 2010 and 2016. The workforce appears to be hollowing out with an increase in full time farmers and managers and a decrease in part-time labour, supplemented by an increase in casual labour. This might leave it vulnerable to the effects of Brexit.

4.45 Knowledge economy employment makes up 26.6% of employment or 14,500 jobs which is low compared to all the other areas apart from South East LEP. Enterprise M3 has nearly 35% of all employment in the knowledge economy, testifying to the effect of the London to Southampton growth corridor and increasingly technology-intensive industries clustering in the Enterprise M3 LEP area.

4.46 The technology sector is weak in the South Downs National Park providing just over 4% of employment compared to over 8% in Enterprise M3.

4.47 Residents' wages are high in the South Downs National Park and are above those in all the comparator areas apart from Enterprise M3. Workplace wages are lower and South Downs National Park has the biggest gap of the comparator areas between resident and workplace wages. This implies that those who have the skills to do so, commute outwards to higher value jobs.

4.48 Location quotients (LQs) measure employment concentrations in an area compared to the national level. Unsurprisingly, the South Downs National Park has a very high LQ in Forestry and Logging. Visitor economy subsectors also have high LQs in the National Park. Manufacturing also shows a high level of employment compared to the national level.

4.49 The **employment rate** in the South Downs National Park appears to be lower than in the comparator areas. Combined with higher than average rates of economic inactivity and low rates of people claiming Job Seekers Allowance, this probably indicates higher numbers of people who do not want to work, rather than because they cannot find work. However, the data for numbers wanting a job are not available.

4.50 Median **self-employment** at 11.9% of the working age population is relatively high and on a par with Enterprise M3 although not as high as Coast to Capital (13%) which benefits from very high rates of entrepreneurialism in areas such as Croydon.

4.51 Occupational structure: the South Downs National Park has a very high percentage of people in the top occupational group, Managers, Directors and Senior Officials. 25% of residents work in these occupations and nearly 60% work in the top three occupational groups, compared to 49% in the South East as a whole. Skilled trades occupations are also higher than average in the National Park.

4.52 Deprivation: The South Downs National Park has low levels of deprivation, apart from on the measures on barriers to housing and living environment where the lack of affordable housing means it has quite high negative scores It is in the bottom quintile nationally on barriers to housing due to the low affordability of homes to rent and buy.

IMPLICATIONS FOR THE RURAL ECONOMIC STRATEGY

- Population growth and population ageing need to be planned for in terms of services, housing, infrastructure and employment. What can be done to attract and retain young people particularly in the 25-44 age group? Employers need younger as well as older workers to maximise productivity and growth.
- Although the South Downs National Park is an affluent area and wage levels are generally high, a number of the sectors which are strengths and support the aims of the SDNPA, such as Accommodation & Food, Arts, Recreation & Entertainment, are not well paid. For workers in these sectors, housing affordability and the higher costs of rural living may be an issue. What can be done to improve productivity, encourage higher value businesses and extend the season?
- Employment growth in the agricultural sector is to be welcomed but hollowing out of the farm labour force is a cause for concern, particularly with increased vulnerability to the effects of Brexit if a favourable deal on labour is not achieved. Can more be done to support small farmers and horticulture businesses to improve resilience and decrease dependence on migrant labour?
- Knowledge economy and high technology employment levels are low. Helping employers to upskill workers could be a priority along with measures to increase the strength of the knowledge economy referred to in the last chapter.
- There is a large gap between resident and workplace wages. Together with high qualification rates, this implies that those who can, commute out to higher wage employment. Encouraging more high value employment could reduce out-commuting and provide more opportunities for younger workers.

5. INFRASTRUCTURE AND CONNECTIVITY

HOUSING AFFORDABILITY

5.1 Housing affordability is generally assessed using the median house price to median wage ratio. Unfortunately, ONS housing statistics are not available below local authority district level. The affordability ratios for the local authority districts whose boundaries cross the South Downs National Park are included in **TABLE 20**.

5.2 The housing affordability ratios range from 8.26 in Eastbourne to 11.55 in Adur in 2016. Taking the midpoint of this range would imply a median house price to median earnings ratio of 10.26 for the South Downs National Park which would mean housing is relatively unaffordable and is becoming more so. The mid point in the ratios in 2010 was 8.49 (a rise of nearly two times salaries) for the local authorities[19]. The ratio for the South East region was 9.43 in 2016. Between 2008 and 2016, median house prices increased by an average of 40% compared to regional growth of 37% and national growth of 26%[20].

5.3 Data on prices paid is available by Middle Super Output Area. Taking the 47 MSOAs that most closely map to the South Downs National Park boundaries, the median house price paid in the South Downs National Park in the year to June 17 ranges from £270,000 to £520,000 for all types of property. Taking the mid-point in this range of £350,000 and the median resident salary of £31,876 gives a housing affordability ratio of 10.98 or just under 11 to 1 for the South Downs National Park which broadly agrees with the local authority district calculation in 4.2.

19 Source: ONS Ratio of house price to residence-based earnings (median),

20 Source: South Downs National Park HEDNA 2017

TABLE 20: MEDIAN HOUSE PRICE TO MEDIAN WAGES (RESIDENCE BASED) FROM 2010 TO 2016 IN THE SOUTH EAST AND THE LOCAL AUTHORITY DISTRICTS WITH BOUNDARIES CROSSING THE SOUTH DOWNS NATIONAL PARK.

	Median House Price to Median Wage Ratio 2010 to 2016						
	2010	2011	2012	2013	2014	2015	2016
Adur	9.44	9.53	9.04	9.72	9.87	10.31	11.55
Arun	8.71	8.89	8.71	8.62	9.09	9.62	10.06
Brighton and Hove	8.49	8.57	8.54	8.86	9.29	10.43	10.56
Chichester	9.94	9.50	9.47	10.27	11.20	11.10	11.14
East Hampshire	8.49	8.78	8.31	8.52	9.87	10.51	10.46
Eastbourne	7.03	7.45	7.38	7.18	6.83	7.31	8.26
Horsham	8.56	8.02	8.84	8.80	9.92	10.23	10.77
Lewes	7.89	8.22	8.52	8.37	8.56	9.53	9.84
Mid Sussex	8.16	8.37	8.31	8.87	9.48	9.93	10.45
Wealden	7.70	7.93	7.68	8.49	8.31	8.78	9.47
Winchester	8.63	8.81	8.66	8.72	10.31	10.49	10.04
Worthing	7.73	7.41	7.70	7.68	8.30	9.04	9.21

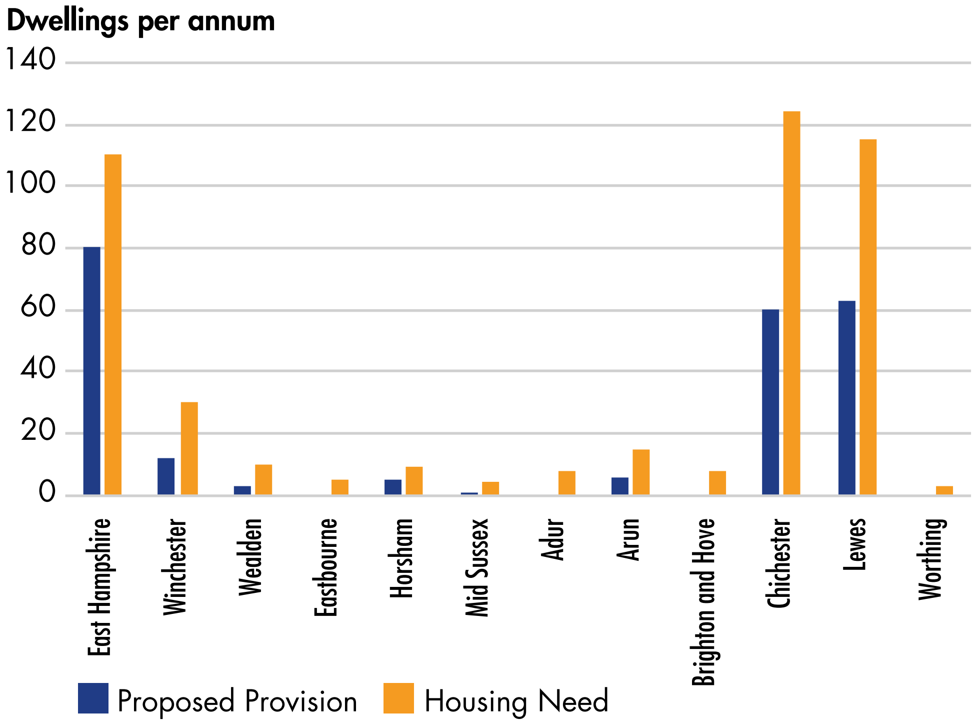
Source: ONS Ratio of house price to residence-based earnings (median), 2010 to 2016

5.4 Those who rent, also face affordability issues with an estimated lower quartile rental costing 39% of lower quartile income in the wider South Downs area (i.e. the local authority districts) in 2016.

5.5 According to the South Downs National Park HEDNA, new housing provision is falling significantly below demand in the wider South Downs area.

5.6 Although the South Downs National Park has significant affordability issues, the HEDNA points out that the housing target must be landscape led and that it will not seek to respond to market signals. At the same time, many local businesses in lower paid sectors such as the visitor economy many struggle to recruit a local workforce if people cannot afford to live in the area. The expectation is that the South Downs National Park Authority will focus on local need for affordable housing and on housing for supporting the local economy and communities.

FIGURE 36: HOUSING NEED COMPARED TO HOUSING SUPPLY FOR THE LOCAL AUTHORITIES ACROSS THE SOUTH DOWNS NATIONAL PARK



Source: South Downs National Park HEDNA 2017 SDNPA/GL Hearn

EMPLOYMENT SPACE

5.7 In considering employment land, the HEDNA has modelled three scenarios: a labour demand scenario based on jobs growth, and two completions trends based on past data.

5.8 The employment growth scenario estimates a net jobs growth of 5,986 jobs between 2014 and 2035 giving rise to a net requirement of additional B class floor space of 30,000 sq. m. over the period and need for 5.7 hectares of employment land. However, the completions trend-based scenarios give rise to a need for between 10.4 and 13.8 hectares. The recommendation is to take the middle scenario of an additional 10.4 hectares. This may be challenging in terms of land availability.

BROADBAND COVERAGE

5.9 Broadband connectivity statistics are not available below local authority level and the wider South Downs area covered by the 12 local authorities within whose boundaries the National Park sits has therefore been used.

5.10 These show that the availability of superfast broadband is, on average, available to nearly 90% of premises but that this varies between 74% in Winchester and 99% in Adur and Worthing. Nearly a quarter of premises in Winchester are unable to receive 30 Megabits per second. It could reasonably be assumed that the rural parts of these districts which lie in the South Downs National Park are experiencing worse than average connectivity in many places **[TABLE 21]**.

TABLE 21: BROADBAND COVERAGE AND SPEED IN THE LOCAL AUTHORITY DISTRICTS COVERING THE WIDER SOUTH DOWNS AREA

	Broadband Connectivity 2016 – All Premises				
	SFFB availability %	%age unable to receive 5 Mbits/s	%age unable to receive 30 Mbits/s	Median download speed Mbits/s	Median upload speed Mbits/s
Adur	99	0	1	39.9	3
Arun	94	1	6	15.3	1.1
Horsham	85	3	13	17.6	1.1
Eastbourne	98	0	2	14.7	1.1
East Hampshire	81	4	19	17.9	1.2
Brighton & Hove	96	0	3	40	3
Chichester	83	3	16	16.2	1.1
Wealden	83	4	16	16.1	1.1
Winchester	74	5	26	16.8	1.1
Worthing	99	0	1	39.9	3
Lewes	91	2	9	16.8	1.1
Mid Sussex	91	1	8	18.2	1.1
Average	89.50	1.92	10.00	22.45	1.58

Source: Ofcom: Connected Nations 2016

TRAVEL TO WORK

5.11 Commuting inflow and outflow data from the Census is not available below local authority level. The top ten commuting destinations data for each of the 12 local authorities in which the South Downs National Park sits (the wider South Downs area) is contained in Annex A .

5.12 ONS identifies 149 major Travel to Work Areas (TTWAs) in England, five of which relate to the South Downs National Park. From the 12 local authorities, the following numbers go to each of the five ONS Travel to Work Areas each day.

- Brighton: 27,563
- Chichester: 14,349
- Crawley: 22,600
- Eastbourne: 8,680
- Worthing: 14,774

5.13 There are a large number of commuting movements each day. Of the estimated 219,244 commuting movements analysed, approximately 57% are within the wider South Downs area of the twelve local authority districts and 43% are outside it. The commuting numbers for internal destinations are in **TABLE 22**.

TABLE 22: COMMUTING NUMBERS AND DESTINATIONS WITHIN THE 12 LOCAL AUTHORITIES IN THE WIDER SOUTH DOWNS AREA

Destination	No.s
Brighton and Hove	27,563
Worthing	14,774
Chichester	14,349
Mid Sussex	12,650
Lewes	12,066
Horsham	9,987
Eastbourne	8,680
Wealden	8,263
Adur	7,267
Arun	6,001
East Hampshire	2,295
Winchester	1,753
	125,648

INFRASTRUCTURE AND CONNECTIVITY CONCLUSIONS

- **Housing affordability** is an issue in the South Downs National Park. The median house price to median earnings ratio is estimated to be between 10.26 and 10.98 to 1 which is high and above the South East ratio of 9.34.
- **Rents** are also very high with lower quartile rents costing nearly 40% of lower quartile salaries.
- **Employment growth** is giving rise to increased demand for employment space and an additional 10.4 hectares of land may be required by 2035.

- **Broadband coverage** is variable and in some areas, up to a quarter of premises are unable to receive superfast broadband which is now the accepted norm for businesses and, increasingly, residential premises. This will affect the attractiveness of the National Park as a location for high value businesses, for whom ultrafast is becoming the baseline requirement.
- **Travel to work** patterns are very complex and there are a large number of commuting movements within the South Downs National Park. The main Travel to Work Areas (TTWAs) identified by ONS relevant to the National Park are Brighton, Chichester, Crawley, Eastbourne and Worthing.
- Taking the South Downs National Park as a whole, 57% of commuting takes place within the wider South Downs area and 43% outside it. Internally, the most popular destinations are Brighton and Hove, Worthing, Chichester =, Mid Sussex and Lewes. The most popular external destinations are Crawley, Westminster, Portsmouth, Waverley and Havant.

IMPLICATIONS FOR THE RURAL ECONOMIC STRATEGY

- Affordable housing to rent and buy will continue to be an issue unless action is taken. It affects businesses as well as residents as many businesses in the National Park are in lower value sectors and do not pay high wages.
- Lobbying for better digital connectivity will benefit residents, encourage more home working and help to attract higher value businesses which tend to have low environmental impact.
- Employment and business growth is giving rise to increased demand for business space and identifying new sites as well as protecting existing sites from changes to residential use could be key.
- Business start-up rates could be improved by the provision of incubator space and move on space.
- Providing the right premises to attract higher value employment in the National Park could reduce the high commuting numbers and the attendant pressure on the environment and rural road network.

6. AGENDA FOR ACTION

6.1 The evidence suggests that the agenda for action for the Rural Economic Strategy should include a focus on the following ten priorities:

6.2 **Priority 1. Affordable housing:** without affordable housing, communities will struggle to retain young people and families while businesses will find it increasingly difficult to obtain the people they need to succeed. This is particularly true in sectors which are not highly paid but are important to the National Park's economy, landscape and social fabric, such as the visitor economy, retail, the land-based industries, education and health. There are already signs that professionals, e.g. teachers, cannot afford to live in the National Park.

6.3 **Priority 2. "Good" economic growth.** High value jobs are also important for our communities and will reduce the very high levels of outcommuting and travel to work movements across the National Park which put a strain on our rural road infrastructure. This will require action on two fronts: creating more employment space within our boundaries and supporting the growth of the knowledge economy which is weak and could potentially decline as the high growth areas nearby continue to attract the higher value, high tech companies.

6.4 There are a number of sectors which have been highlighted through the research as requiring specific attention and support. We should work with partners to support and encourage them.

6.5 **Priority 3. Creative, Digital and IT.** These knowledge-intensive businesses are relocating along the coast from Brighton through "longshore drift". With the right support and infrastructure, crucially ultrafast broadband and suitable employment space, these could be attracted to key locations in the National Park, helping to provide high skills employment and retain and attract young people bringing vibrancy to town centres.

6.6 **Priority 4. Accommodation:** this is crucial to the success of our visitor economy but currently is heavily underrepresented in our area meaning that visitors stay (and spend) elsewhere. Overnight visitors spend considerably more than day visitors and help to keep towns vibrant and successful.

6.7 **Priority 5. Land-based industries:** our economy and our natural capital is heavily dependent on this sector which is facing serious issues as a result of the UK's decision to leave the European Union. We can work with partners to develop initiatives to support the businesses and help them prepare for the challenges ahead making the most of the opportunities while European funding such as EAFRD and INTERREG is available. Sub sectors such as viticulture and horticulture are strengths which we can help to develop.

6.8 **Priority 6. Advanced manufacturing:** Manufacturing is a significant sector in our economy but not enough of it is technology intensive i.e. "advanced". Supporting the development of more advanced manufacturing in our area through working with partners such as universities to deliver the South East Innovation Strategy will have economic and environmental benefits, for example, reducing the use of our roads by goods vehicles.

6.9 **Priority 7. Business support:** We can work with partners such as the LEPs to make sure business support is rural proofed and that our rural businesses get their fair share. There is a tendency for business support to be delivered where there are concentrations of businesses in urban areas.

6.10 **Priority 8. Top 100 companies:** We now have a database of companies in our area. We can prioritise the top 100 companies and liaise with them to help to make sure they are retained in the National Park.

6.11 **Priority 9. Partnership working:** We have an opportunity to work more closely with the LEPs as they develop their Local Industrial Strategies to help us delivery our Rural Economic Strategy and to ensure that future funding supports our objectives. We should consider becoming more involved in delivering projects and initiatives and the right mechanism for doing this.

6.12 **Priority 10. Influencing:** This work has shown how the success of the rural economy is intertwined with the future of the South Downs National Park yet current national policy relating to rural areas including National Parks is still heavily focused on the land-based industries and the visitor economy. Important though these are, there is a need to highlight the importance of the wider rural economy and what should be done to protect and enhance its vital contribution to the success of National Parks.

ANNEX A: TOP 10 TRAVEL TO WORK DESTINATIONS BY LOCAL AUTHORITY

Top 10 Destinations of workers - 2011
Source: Census 2011

Adur	
Brighton and Hove	6,615
Worthing	4,237
Horsham	995
Mid Sussex	779
Crawley	709
Arun	559
Lewes	487
Chichester	248
Westminster	247
Reigate and Banstead	108

Arun	
Chichester	10,551
Worthing	5,733
Horsham	1,887
Brighton and Hove	1,065
Adur	902
Crawley	823
Portsmouth	661
Havant	512
Westminster	426
Mid Sussex	326

Brighton and Hove	
Lewes	4,407
Mid Sussex	4,008
Crawley	3,715
Westminster	3,385
Adur	3,077
Worthing	2,803
Horsham	1,862
Camden	874
Wealden	844
Eastbourne	765

Chichester	
Arun	2,263
Portsmouth	1,565
Havant	1,470
Waverley	1,426
East Hampshire	1,159
Horsham	1,084
Westminster	902
Guildford	703
Worthing	413
Crawley	412

East Hampshire	
Waverley	3,866
Portsmouth	2,474
Havant	2,359
Guildford	1,804
Winchester	1,753
Chichester	1,587
Basingstoke and Deane	1,323
Rushmoor	1,236
Westminster	1,220
Hart	895

Eastbourne	
Wealden	4,249
Lewes	1,863
Brighton and Hove	1,361
Rother	985
Hastings	870
Crawley	409
Westminster	370
Mid Sussex	332
Tunbridge Wells	191
Croydon	144

Horsham	
Crawley	6,159
Mid Sussex	2,011
Westminster	1,738
Brighton and Hove	1,720
Mole Valley	1,600
Reigate and Banstead	1,443
Worthing	1,303
Chichester	1,081
Waverley	1,076
Guildford	847

Lewes	
Brighton and Hove	8,478
Mid Sussex	2,131
Wealden	1,812
Eastbourne	1,359
Crawley	934
Westminster	831
Adur	345
Horsham	314
Worthing	285
Hastings	233

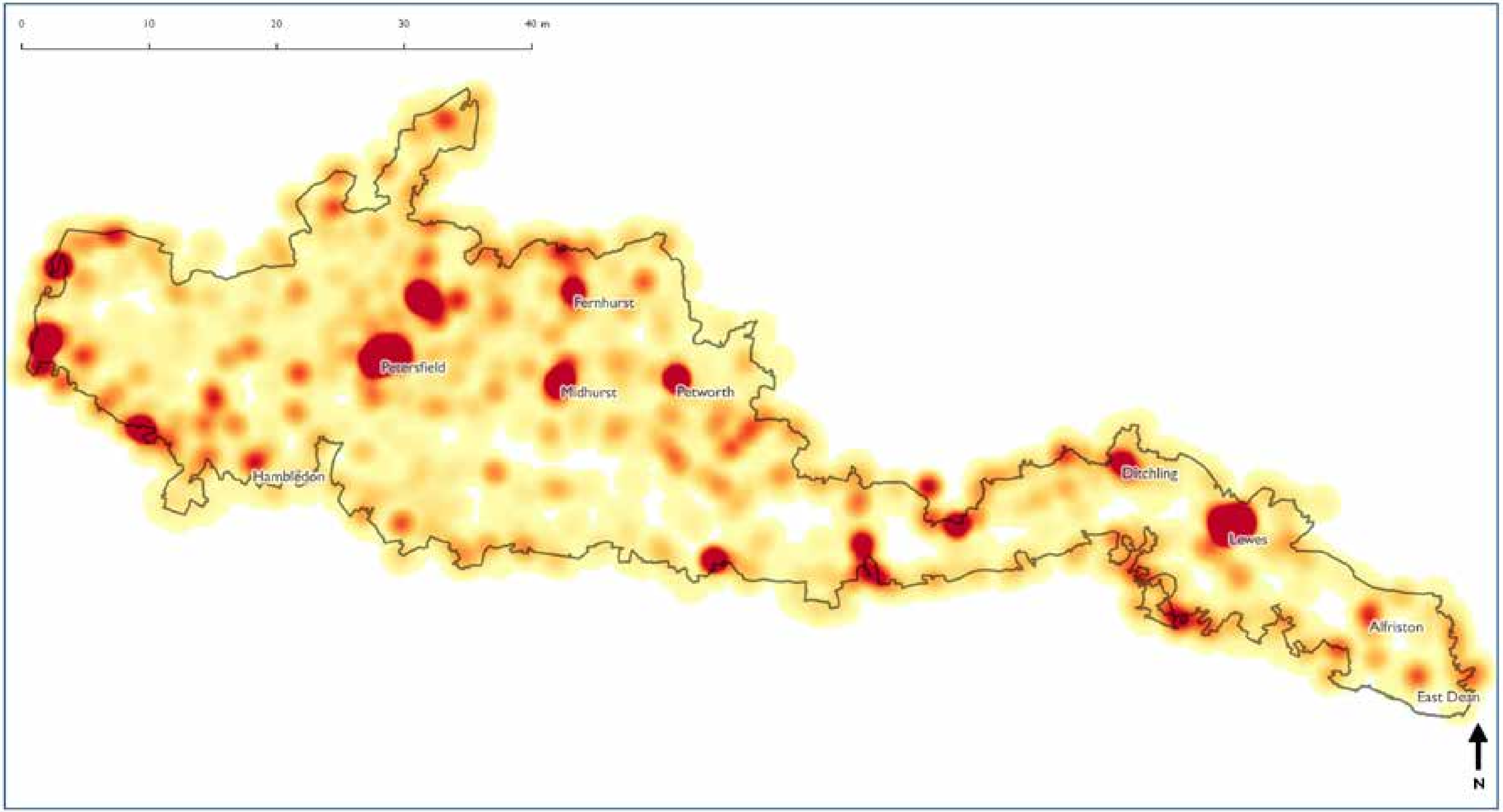
Mid Sussex	
Crawley	7,119
Brighton and Hove	3,492
Westminster	3,313
Tandridge	1,834
Horsham	1,805
Lewes	1,803
Reigate and Banstead	1,727
Wealden	1,358
Croydon	667
Tower Hamlets	592

Wealden	
Eastbourne	6,556
Tunbridge Wells	4,119
Lewes	3,145
Mid Sussex	2,375
Westminster	2,041
Brighton and Hove	1,517
Rother	1,381
Crawley	1,263
Tonbridge and Malling	749
Hastings	710

Winchester	
Eastleigh	3,034
Southampton	2,923
Portsmouth	2,098
Fareham	1,909
Basingstoke and Deane	1,616
Test Valley	1,556
Havant	1,237
Westminster	1,214
East Hampshire	1,136
New Forest	551

Worthing	
Brighton and Hove	3,315
Arun	3,179
Adur	2,943
Horsham	2,040
Crawley	1,057
Chichester	882
Mid Sussex	688
Westminster	426
Lewes	361
Reigate and Banstead	163

ANNEX B: HEAT MAP OF BUSINESSES IN THE SOUTH DOWNS NATIONAL PARK



South Downs
National Park Authority