

BERKSHIRE ECONOMIC ASSESSMENT 2011



TARIQ RAFIQ
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Tariq@BerkshireObservatory.org

ABOUT THE BERKSHIRE ECONOMIC ASSESSMENT 2011

This economic assessment has been produced by the **BERKSHIRE OBSERVATORY** on behalf of the six Berkshire Unitary Authorities, the Berkshire Economic Strategy Board and the Thames Valley Berkshire Local Enterprise Partnership, with their co-operation and funding. Special mention must go to the Berkshire Joint Strategic Planning Unit who provided support and guidance throughout the writing of this report.

The **BERKSHIRE ECONOMIC ASSESSMENT** is designed to be **an honest spatial and economic assessment of Berkshire** and its constituent parts. It aims to highlight *‘what is unique about Berkshire and its economy’* in order to act as an evidence base that will inform and influence local, sub-regional and national strategies for both the public and private sectors. It has been written to be as user-friendly as possible for its varied audiences.

As the Thames Valley Berkshire Local Enterprise Partnership establishes itself, this document will provide basic data about the county and highlight issues.

The proposed lifespan of the BERKSHIRE ECONOMIC ASSESSMENT is three years. It should be refreshed annually with a substantive redraft every third year.

METHODOLOGY

Whilst producing the Berkshire Economic Assessment 2011, a wide range of documents and reports have been referenced and used for guidance, including: GeoEconomics March 2010 report to the Berkshire Economic Strategy Board; Berkshire Economic Strategy Board’s Strategic Plans; Central Berkshire LEA; other LEAs; Local Futures report 2008.

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BERKSHIRE AT A GLANCE

Area: 487 square miles (0.6% of UK)

Population: 834,000 (1.4% of UK)

Source: GLA Population Projections 2009-based, 2010

Working-Age Population: 536,000 (1.5% of UK)

Source: ONS MYE 2008

Total Households: 345,500

Source: GLA Population Projections 2009-based, 2010

Jobs: 462,000 *Source: ABI 2008*

Annual Average Earnings: £39,000

Source: ASHE 2009

Adult Education Levels:

37% University Degree or equivalent

19% A-Level or equivalent

18% GCSE or equivalent

18% Less Than GCSE or equivalent

8% No Qualifications

Source: DCLG, 2007

Age Distribution:

13% 0-9 years old

10% 10-17

9% 18-24

44% 25-54

11% 55-64

14% 65 and older

Source: GLA Population Projections 2009-based, 2010

Ethnic Composition:

89% White

7% Asian

2% Black

2% Other

Source: 2001 Census

Local Authorities & Main Town(s):

Bracknell Forest

Reading

Slough

West Berkshire

Windsor & Maidenhead

Wokingham

Bracknell; Sandhurst

Reading

Slough

Newbury; Thatcham

Windsor; Maidenhead

Wokingham

Household Composition:

43% Married Couples

31% One-person

13% Cohabiting Couples

6% Lone Parents

7% Other 2+ Adults

Source: GLA Population Projections 2009-based, 2010



EXECUTIVE SUMMARY

Berkshire is one of the UK's largest economic areas and a key driver of wealth generation in the South East accounting for 15% of the region's total Gross Value Added (GVA) output in 2008. This is linked to the volume of economic activity in the county but the structure of Berkshire's economy also plays a strong role in wealth generation with GVA per worker substantially greater than the South East average – pointing to a concentration of high value employment in the county. GVA per worker of £43,000 in 2006 is more than £7,000 per worker greater than the England average.

GVA projections for Berkshire suggest that growth will continue and that Berkshire's contribution to regional GVA will become more important. GVA is projected to increase from its 2006 level of £22,580 million (13% of South East GVA) to £35,307 million (20% of the South East's GVA by 2026).

However, this strong performance is not guaranteed for Berkshire and the county faces competition from other parts of the South East as well as international locations (e.g. Brazil, Russia, India and China) which may be able to offer a lower cost base for firms.

Berkshire enjoys some of the best leisure experiences such as shopping destinations (Reading town centre); world class tourist destinations (Windsor); sports and leisure facilities such internationally renowned golf courses, ski slopes, country parks, and the river Thames.

Many of the schools, including private schools, in Berkshire are recognised as being in the top few in the country.

The University of Reading is an international player on a number of research areas, has extensive links with local businesses and is planning to develop a Science and Innovation Park.

An issue that Berkshire has to contend with is how best to strike a balance between economic growth with maintaining its cultural and environmental heritage, thus maintaining a high quality of life for its residents.

BERKSHIRE SUMMARY

BERKSHIRE

STRENGTHS

- High concentrations of knowledge-based businesses, compared to UK.
- Highest GVA per working resident in the UK, outside of London.
- Berkshire is not a city yet competes very strongly against traditional city regions across Europe.
- ICT is considerably above average for employment.
- Far less reliant on the public sector for jobs than the South East and Thames Valley.
- High employment in 'Priority' sectors.
- Significant and numerous transport links and connectivity with rest of the country and rest of the world.
- 23 districts send workers to Berkshire – a testament to strong transport links.
- Berkshire, as a whole, is not very deprived.

WEAKNESSES

- Silicon Valley residents are better educated than Berkshire residents.
- Fewer workers in 'micro' and 'small' business than rest of the South East.
- Crime is a significant problem in Reading and Slough.
- Slough has the lowest proportion of degree holders in the South East.
- 41% of Berkshire's land is designated as 'Areas of Outstanding Natural Beauty' – Which may restrict development.
- 73% of Berkshire's workers live in Berkshire – Lower than other county areas.

OPPORTUNITIES

- Finance is 3 times the regional average in Reading, but below average in other UAs.
- GVA is predicted to continue rising far above the South East average.
- Jobs growth is predicted to continue rising far above the South East average.
- 20 districts outside Berkshire receive workers from Berkshire.
- 5 Berkshire UAs have more degree holders than South East average.
- The average salary in Silicon Valley is 31% higher than the average salary in Berkshire.
- 3 UAs are in the Top 20 most affordable places to buy in South East.

THREATS

- Silicon Valley residents are better educated than Berkshire residents.
- More workers in 'Large' firms than South East average.
- 4 business sectors account for nearly 50% of employment.
- Only Berkshire imports workers, compared to its neighbours.
- Imported workers are mostly higher wage earners than residents of Berkshire.
- 1-Person households are increasing, putting pressure on housing stocks.
- Road capacity has been reached in 2008 – By 2021 the M4 will be working over its Total Capacity limit.

UNITARY AUTHORITY SUMMARY

BRACKNELL FOREST	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Strong ICT, Business Admin and Professional services base. • Higher proportion of small businesses, meaning less of an impact of business closures. • Low crime rates and an outstanding environment. • Engineering and Advertising and Market Research are employment strengths. 	<ul style="list-style-type: none"> • Most workers who commute in earn a higher salary than residents. • Highest median earners do not live in the area. • High proportion of NEET's. • Significant localised traffic congestion and heavy car usage.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • In the Top 20 most affordable places to buy in South East. • High business births and deaths indicating a strong entrepreneurial economy. • General location and accessibility good and so will keep the area attractive as a business location including clustering of existing business which can attract inward investment. • Noted by Experian as one of the top areas for economic resilience. 	<ul style="list-style-type: none"> • Ageing population leading to greater dependency on services. • Public transport is inadequate and slow. • Evidence of skills gaps and poorly achieving younger population.

READING	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Finance sector employs three times more than the South East average. • ICT and Employment Agencies are also strong employers. • Predicted to have 2nd highest GVA per job in Berkshire, far higher than the South East average. • Reading has a high percentage of Working Age Population, that is predicted to continue rising. 	<ul style="list-style-type: none"> • High crime rate. • Pockets of deprivation.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Highest proportion of working age residents in Berkshire. • In the Top 20 most affordable places to buy in South East. 	<ul style="list-style-type: none"> • Finance sector employs three times more than the South East average. • High crime rate.

<h1>SLOUGH</h1>	
<h2>STRENGTHS</h2>	<h2>WEAKNESSES</h2>
<ul style="list-style-type: none"> • Excellent Communication links, access to M4, M40, M1. Direct 15 minute train service to London. Heathrow and terminal 5 only 10 minutes away. • Slough outperforms the sub-region productivity levels, exceeding £50,000 per FTE in 2006 and GVA is 3rd best in the UK. • Slough schools have the 8th best GCSE performance in the country at GCSE level – 2009: 73.7% left school with a minimum of 5 A-C grades. • Less reliance on public sector for jobs – very relevant in the current climate. • Most educated workforce in the country across a 50 mile radius. 	<ul style="list-style-type: none"> • 40,000 external commuters travel to work in Slough each day, who are mainly higher wage earners. • Adult skills at NVQ Level 2, Level 3 and Level 4. However it is important to note that these have been improving year on year. • Fewer part time jobs providing flexibility and choice to the employee. • Lowest Degree attainment in South East. • Most deprived UA in Berkshire.
<h2>OPPORTUNITIES</h2>	<h2>THREATS</h2>
<ul style="list-style-type: none"> • Major developments such as Heart of Slough and SEGRO Masterplan to create an additional 12000 jobs by 2016. • Predicted highest GVA per job in Berkshire, far higher than the South East average. • In the Top 20 most affordable places to buy in South East. • New proposal of Crossrail will link Slough to East London. • The development of new skills to match the increase in jobs. 	<ul style="list-style-type: none"> • High crime rate. • Growing number of graduate unemployment. • Increasing global competition for inward investment. • A declining town centre and growing competition from surrounding areas.

WEST BERKSHIRE	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Manufacturing is above average for employment. • Advertising & Market Research is an above average employer. • Attractive area as 75% of land is designated as 'Areas of Outstanding Natural Beauty'. 	<ul style="list-style-type: none"> • Highest CO₂ emissions in Berkshire – 60% higher than the South East average. • 75% of land is designated as 'Areas of Outstanding Natural Beauty' – which may restrict development.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Attractive area as 75% of land is designated as 'Areas of Outstanding Natural Beauty'. 	<ul style="list-style-type: none"> • 75% of land is designated as 'Areas of Outstanding Natural Beauty' – which may restrict development.

WINDSOR & MAIDENHEAD	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • High level of affluence of its residents. • A world class visitor economy. 	<ul style="list-style-type: none"> • It would take an average wage earner 9 years to buy a home here.
OPPORTUNITIES	THREATS
	<ul style="list-style-type: none"> • Among the least affordable places to live in the South East (50th out of 67).

<h1>WOKINGHAM</h1>	
<h2>STRENGTHS</h2>	<h2>WEAKNESSES</h2>
<ul style="list-style-type: none"> • ICT sector largest in Berkshire. • Exports workers – Only UA in Berkshire to do so. • Highly skilled resident workforce. • Highest proportion of resident high earners in Berkshire. • An attractive environment, good schools and low crime rates encourage inward investment. • Least deprived area in England. 	<ul style="list-style-type: none"> • Expensive place to live and a shortage of affordable housing. • Traffic congestion. • An ageing population. • Pockets of deprivation. • Historic lack of infrastructure investment through intense period of growth. • Vulnerable rural economies.
<h2>OPPORTUNITIES</h2>	<h2>THREATS</h2>
<ul style="list-style-type: none"> • 2012 Olympics. • Wokingham Town centre renewal and Science Park Development. • Planned Strategic Development Locations. • Emerging Technologies e.g. Low carbon Economies. 	<ul style="list-style-type: none"> • A commuter town for Reading. • Withdrawal of investment as it is directed at potential growth areas. • Housing affordability. • Needs for social Inclusion. • Balancing economic growth with maintenance of environmental quality.

BERKSHIRE'S ECONOMIC AREAS SUMMARY

Berkshire's residents and businesses do not operate within tightly defined local authority boundaries. Therefore, Berkshire can be split into three Functional Economic Areas (FEAs), which take into account travel to work areas and economic relationships, providing a better view of the 'real' economies in Berkshire.

The three FEAs in Berkshire are defined as:

- **Central Berkshire**
 - Bracknell Forest Borough; Reading Borough; Wokingham Borough; plus the four West Berkshire wards of Birch Copse, Calcot, Theale and Westwood.
- **East Berkshire**
 - Slough Borough; The Royal Borough of Windsor & Maidenhead.
- **West Berkshire**
 - West Berkshire Borough.

For each of these, a separate Local Economic Assessment has been conducted, summaries of which can be found overleaf. To view the full reports for each of the FEAs, click on the links below:

Central Berkshire:

<http://www.livingreading.co.uk/local-economic-assessment.html>

East Berkshire:

www.slough.gov.uk/lea

West Berkshire:

www.westberks.gov.uk/lea

CENTRAL BERKSHIRE SUMMARY

...the network structure of firms located in Central Berkshire makes their offices effective routes for flows of specialised knowledge, finance, and talented labour. Although the IT sector is often mentioned in this context, local cluster networking applies equally well to professional service sectors such as accountancy and law.

The key choices to be made by firms newly locating in Central Berkshire were whether to go for 'city' centre or one of the numerous fringe locations.

...a growing but progressively more international population and labour force is to be expected.

Overall, Central Berkshire had most recently a higher proportion of young people not in education, employment or training (NEETs) than the region and the nation. Also, the teenage unemployment rates in Reading and Bracknell Forest were worse than the region, echoing our earlier point on the stubbornness of the NEETs proportion and the low/no qualifications minority.

Turning to the structure of local enterprise in Central Berkshire, the extent to which it confirms the model of the 'entrepreneurial area' is quite striking.

...part of the strength of the enterprise culture of Central Berkshire is the degree to which large and small firms are complementary in productive and efficient ways...the challenge is now to retain this productivity lead, given funding constraints in capital and infrastructure projects.

...particular categories of crime still have rising rates in all authorities, and this is a serious cause for concern (e.g. drug offences, violence against the person, and sexual offences).

Central Berkshire's housing market has for a long time been one of its potential weaknesses: the absence of good quality affordable housing acts to reduce potential inflows of high quality labour on which Central Berkshire depends. There has also been an increasing bias in housing construction towards flats.

...should not be surprised to find lower rates of household formation, more overcrowding, and outflows of high-skilled workers from Central Berkshire (or lower inflows to it).

The much improved Reading bus network could be better coordinated with the other authorities in Central Berkshire.

The strengths of Central Berkshire have been in its positive agglomeration attractions particularly in the sectors of information technology and professional services, especially in law and accountancy.

Central Berkshire's access advantages in terms of its motorways, proximity to Heathrow, and rail in all directions, will not erode, relative to other locations within Britain.

The weaknesses lie in three main dimensions: partly in the field of high house prices, partly in the high level of peak road congestion coupled with local public transport service outside

of Reading, and partly in a stubbornly evident underclass of education and skills underperformance, particularly in Reading itself.

The long term demographic future is projected as having a steady inflow of international immigration, so that the ethnic and national diversity of Central Berkshire is likely to expand and deepen over coming decades.

National and Global Context

...is well connected to service networks operating at European and global as well as national and regional scales and this allows it to "punch above its weight" amongst larger UK cities.

...the Central Berkshire cluster represents more than just a regionalized 'Thames Valley effect'. The cross-boundary, external relations of the cluster in these key sectors of world economy are of national as well as local economic importance.

...firms interviewed are competing in international as well as national and regional markets. Intra-and inter-firm office to office relationships associated with these structures, result in constant value-adding knowledge-based exchanges which are essential to the economic vibrancy of the Central Berkshire area. In six of the eight urban centres, more than two-thirds of the firms interviewed were part of European or global office networks.

...face-to-face communications are found to be most important for high-value transactions and tacit knowledge transfer.

Although electronic communications are used intensively in all offices, their limitations were emphasized. Face-to-face communications are deemed essential in all sectors...

There was scant evidence of staff telecommuting for sustained periods. In spite of flexibility on the option of occasional home-working, a general office presence was regarded as important.

...network structures of individual firms and the interrelations between firms necessitate movement for business meetings and commuting which cross-cut public transport routes. Both types of travel are inadequately supported by current public transport services.

The quality of the local environment and social milieu (including quality of schools) as a place where very senior staff wish to live, is clearly an important determinant of business location. Firms see the supply and quality of labour varying significantly across the South East, leading to a concentration of offices to the west as opposed to the east of the region for this reason.

The service connectivity of Central Berkshire gives it a key role within the economically buoyant western area of the South East mega-city region and in relation to other (in some cases larger) UK urban centres with core city status. A failure to plan strategically for the development of Central Berkshire is thus likely to have far-reaching damaging economic effects beyond the local area.

In particular, addressing the environmental, economic and social costs of congestion and poor accessibility requires coordinated action across local authority boundaries within the Diamond and beyond it.

EAST BERKSHIRE SUMMARY

Employment in East Berkshire

East Berkshire is a key source of employment in the Thames Valley Berkshire area; accounting for more than a third of all jobs. The volume of employment in East Berkshire is split fairly equally between Slough and the Royal Borough of Windsor and Maidenhead (RBWM) with both supporting around **75,000 jobs**.

Although **employment levels have been unstable over recent years**, East Berkshire's economy has fared better than the TVB area as a whole.

East Berkshire's **job density of 0.9 is amongst the highest of the comparator areas** and 0.2 jobs per resident greater than the national and regional average.

There is a **strong weighting towards full time work**, with 73% of the workforce being in full time employment.

The employment base is dominated by higher value activities including banking finance and insurance, Telecommunications, manufacturing and Tourism.

East Berkshire's Business Base

Although there has been sustained growth in East Berkshire's business base over the past four years, the 9% growth between 2003 and 2008 has **not kept pace with the growth occurring nationally or regionally** (11% increase in the same period).

While employment in town centres has decreased over the last five years, the number of business units has actually increased.

East Berkshire's high business density in comparison to the national average (82 businesses per 1,000 working age residents in East Berks compared to 67 nationally) is largely due to the particularly strong performance of RBWM on this indicator (the business density of 105 businesses per 1,000 working age residents is only exceeded by South Buckinghamshire). Slough's business density is considerably lower at just 58 businesses per 1,000 working age residents. Slough's low business density may be related to the dominance of larger employers, but there is also evidence of a much lower start up and survival rates.

RBWM's business base is particularly skewed towards small businesses, which reflects the strong start up rates in this borough.

East Berkshire's Labour Market

Labour market characteristics within East Berkshire vary significantly – with RBWM typically performing above the regional average and Slough at or below it.

Across East Berkshire's functional economic area, there are **over half a million economically active residents** and over a quarter of a million working age residents with Level 4 or higher qualification – a significant pool of highly skilled labour. Within East Berkshire, Slough performs relatively poorly in terms of labour market skills – especially in relation to RBWM.

There is an important disparity between the **relatively low skills levels of Slough residents and the typically highly skilled nature of the jobs available in the Borough**. This skills gap has implications both in terms of levels of worklessness and commuting to work patterns. A similar labour market challenge exists in RBWM. Here, the higher skills profile of residents results in lower uptake of local leisure and hospitality jobs by local residents. Again there are implications for economic performance and commuting patterns. Slough performs strongly in terms of secondary school performance and progression of residents to further and higher education – positive indicators for future performance.

Social Inclusion and Quality of Life in East Berkshire

In RBWM, quality of life is generally perceived to be strong. In Slough, quality of life levels are seen to be lower partly reflecting the labour market characteristics described previously.

Pockets of deprivation exist in Slough – particularly in the Chalvey, Britwell and Foxborough areas of the Borough and particularly in relation to employment, income and crime. Concentrations of relative deprivation are fewer and generally less severe in RBWM.

In Slough, average earnings for residents are significantly below those seen in comparator areas.

Housing market issues exist across East Berkshire. In Slough, there is a relatively low quality housing stock and high levels of household overcrowding and HMOs. House prices in Slough remain significantly below those seen in neighbouring areas. In RBWM, there is an overall high quality housing stock but levels of affordability are low. The potential for housing market growth is problematic across East Berks – an issue discussed in the next section.

Sustainable Economic Development in East Berkshire

The physical environment and infrastructure play a critical role in shaping local social and economic performance.

The **high quality natural and physical environment in RBWM** is a contributing factor in ensuring that the Borough is perceived as a desirable place to live.

Physical infrastructure also plays a core role in economic performance. The **area's regional and global connectivity is one of its major assets**. Infrastructure developments such as Crossrail and the western access to Heathrow will help to reinforce the attraction of the area to both employers and employees and help to overcome capacity constraints.

WEST BERKSHIRE SUMMARY

The West Berkshire Local Economic Assessment is currently being finalised and therefore a summary of its findings was not available at the time of publication of this report.

It is expected to be released in Spring 2011, and a copy will be available for download at: www.westberks.gov.uk/lea

CHAPTER 1: BERKSHIRE IN CONTEXT

To put Berkshire into context, various geographic areas and locations have been analysed to better understand where it sits in comparison to them. Three geographic areas have been chosen to compare to Berkshire:

- United Kingdom
- Europe
- Rest of The World

BERKSHIRE vs UNITED KINGDOM

To give an idea of the economic scale of Berkshire in a national and regional context, the South East region provides 14% of the economic output and 14% of the jobs in the UK. Berkshire provides 15% of the economic output and 14% of the jobs in the South East.

Figure 1, below, shows a ranking (out of all lower tier council areas in England) of the number of Knowledge-Based businesses for each of the Berkshire Unitary Authorities (UAs).

Figure 1: Ranking of Knowledge-Based Businesses

KNOWLEDGE-BASED BUSINESSES		
Area	2007 Rank (Out of 380)	2008 Rank (Out of 380)
Wokingham	4	4
Bracknell Forest	9	11
Windsor & Maidenhead	13	15
Reading	28	22
West Berkshire	42	37
Slough	74	67

Source: Berkshire Observatory, UK Competitiveness Index 2010

Wokingham, out of 380, is ranked 4th nationally. Slough is the lowest ranked Berkshire UA, but is still 67th in the country. Knowledge-based businesses are clearly a strength for Berkshire as a whole, and particularly for Wokingham, Bracknell Forest and Windsor & Maidenhead, who are all in the top 20 areas in the UK.

Figure 2 looks at Gross Value Added (GVA) per working resident, as a national ranking for the six Berkshire UAs.

WHAT DOES GROSS VALUE ADDED (GVA) MEAN?

DEFINITION: "Gross value added is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production." *Source: Office of National Statistics*

In other words, GVA measures the economic output of an area in monetary terms, allowing comparisons between areas to be made.

Figure 2: Ranking of GVA per Capita

GVA PER WORKING RESIDENT		
Area	2006 Rank (Out of 380)	2007 Rank (Out of 380)
Reading	11	10
Slough	12	14
Bracknell Forest	17	18
West Berkshire	21	20
Windsor & Maidenhead	23	23
Wokingham	58	62

Source: Berkshire Observatory, UK Competitiveness Index 2010

Reading, Slough, Bracknell Forest and West Berkshire are all in the top 20 areas for highest GVA in the UK, with Windsor & Maidenhead not far behind. Wokingham is ranked lowest in the Berkshire, but is still 62nd nationally.

Comparing the 2006 rankings with 2007, Reading and West Berkshire are the only areas to move up the ranking over this period. All other Berkshire UAs either remained static or actually fell in the rankings.

BERKSHIRE vs EUROPE

Investigation into European benchmarks found several regions in Europe which are more productive per capita than Berkshire/the Thames Valley, but it was notable that they were all cities, geographically very focussed, with clearly defined business districts and suburbs. In contrast, Berkshire lacks such well-defined commuter patterns to focus productivity, which makes it all the more impressive that Berkshire is performing at the top of the league tables.

Another notable statistic is that of all the European regions, the Thames Valley has the highest percentage of employment in 'High Tech Industry'.

Frankfurt

Berkshire bears a number of similarities with Frankfurt, which identifies them as a key competitors, for example in the minds of foreign investors wishing to relocate a business to Europe.

With a population of 672,000 in 2009, Frankfurt is the financial capital of Germany and one of the major banking and financial centres of Europe. Its central location at the heart of Europe and its excellent accessibility by air, rail and road make Frankfurt especially attractive. Frankfurt International Airport is a major European aviation hub, with 53 million passengers served in 2010

The three pillars of Frankfurt's economy are finance, transport, and trade fairs. The Frankfurt Stock Exchange is by far Germany's largest, and one of the world's most important.

Frankfurt is also the seat of the European Central Bank which sets monetary policy for the Eurozone economy, and of the German Federal Bank. Over 300 national and international banks are represented including the headquarters of all the major German banks.

In addition, many large trade fairs are held in Frankfurt each year, notably the world's largest motor show; and annual book and music fairs.

Both Frankfurt and Berkshire have high concentrations of the Finance sector and both benefit from excellent transport links and close proximity to an international airport. However, whereas Frankfurt is a city, Berkshire is a county containing a number of large towns with varying concentrations of residents. There are no formal residential and industrial sections to Berkshire, but rather a mixture of the two across the length and breadth of the county.

Hamburg & Prague

Another way to compare areas is by looking at its Gross Domestic Product (GDP). GDP is a measure of the total economic activity in a region. Two areas with similar GDP to the Thames Valley have been spotlighted to benchmark against Berkshire. These two areas are Hamburg and Prague.

Hamburg was chosen because it was the non-finance dominated region in Europe with the highest GDP per resident. Prague was chosen because it had a high GDP and a very high growth rate.

Figure 3: Profile of Berkshire, Hamburg and Prague

Area	Residents in Employment (000s)	At Working Age (000s)	Total Population (000s)	GDP per Resident (PPS)	Workers as % of Resident Working Age Population	Economic Activity Rate of Working Age Residents
Berkshire	419	532	829	Unknown	81%	79%
Thames Valley	962	1,379	2181	38900	80%	70%
Hamburg	881	1213	1762	47800	92%	73%
Prague	Unknown	888	1200	42800	102%	Unknown

Source: Berkshire Observatory, Eurostat, Czech Statistical Office, German Statistics Office, ONS

Hamburg is Germany's second city, and the third largest port in Europe. The larger urban zone of Hamburg is the 11th largest in Europe, and is significantly larger than the Hamburg Land. More than 20% of the workers in Hamburg come from outside of the region. They have a smaller Information and Communication Technologies (ICT) and larger Transport/Storage sector than Berkshire, although their Science/Technical/Research & Development (R&D) sector is broadly comparable in size. Overall, Hamburg and Berkshire are not terribly comparable in terms of the relative sizes of their business sectors.

Prague is the capital of the Czech Republic and is the science and technology research centre of the country. It is the 27th largest Larger Urban Zone in Europe and has recently seen very fast growth in its GDP per capita. This has been attributed to low rental costs and a skilled workforce. Its mining and manufacturing sectors are very large compared to Berkshire, however, if they are excluded, Berkshire and Prague have a broadly similar balance of other industries.

Berkshire has highly productive workers, and its residents are highly economically active, but is outperformed as a region by areas that are able to provide work for more, less productive workers.

The Prague and Hamburg GDP per resident figures are distorted because the region does not contain its entire commuter belt, making the GDP figures greater than they should perhaps be. This does, however, help to illustrate the Thames Valley's position. As it is not a single city, it has to both house and provide work for its residents. It does not have the luxury of letting another region plan and provide workers for it.

The Thames Valley and Berkshire have to both drive industrial and employment growth as well as drive growth in employees.

The lessons to be taken away are:

- Regions competing at the level of the Thames Valley do so by being able to mobilise a large, skilled, workforce.
- Most of the regions competing at the level of Thames Valley are in fact cities, rather than conurbations of smaller towns. The Thames Valley is probably the leading 'conurbation' region in Europe.
- Unlike many regions, Berkshire has to split its attention over two important areas

- Like cities, it needs to encourage business growth and retention;
- But like suburbs and commuter towns, it needs to ensure its workforce is attracted and retained.

Implications for Further Growth

To continue to grow, a Knowledge-based economy needs three core things:

- Larger working population (i.e. Workforce)
- More employment, to absorb the growing population (i.e. Economic Activity Rate)
- More appropriate skills within the population (i.e. Productivity)

Without employment, the workforce is inactive, and cannot provide economic output for the region. Without skills, an individual's productivity in a knowledge-based economy is reduced which in turn affects productivity which is calculated on a per capita basis.

Driving Employment

There is a need to encourage inward investment, internal business formations and the growth of companies.

Driving Productivity/Skills

People enter the job market in Berkshire if they already live there, or move there to take up a job. The latter drives up employment, the former can be addressed by up-skilling and educating the residents and developing a culture of '**I want to work in Berkshire**'.

BERKSHIRE vs REST OF THE WORLD

BRIC Countries

BRIC refers to Brazil, Russia, India and China, all of which are countries all at a similar stage of newly advanced economic development. Due to their lower labour costs and less land development restrictions, they are attractive areas for businesses wishing to relocate and lower their costs. With increasingly better educated workforces becoming available in these countries, they pose a significant threat to areas like Berkshire as possible destinations for large multi-national companies, creating large numbers of jobs for its residents.

Berkshire needs to be aware of this and be able to offset any negative impacts by enhancing and delivering on its strengths.

Silicon Valley

As a global benchmark, Silicon Valley in the United States of America is renowned for being a world leader for technology and innovation. These are areas in which Berkshire is also strong and striving to be better. Therefore, Silicon Valley has been chosen to compare to Berkshire and can act as a benchmark.

In 2008 Silicon Valley had a mean wage of **\$79,000** (approximately **£51,000** at the 2008 exchange rate of 65p to the dollar). In 2008, **Berkshire had a mean wage of £39,000** (Source: ASHE 2009).

There are differences in the way that UK and US figures are calculated meaning a direct comparison is not accurate. The Berkshire figure does not include extra sources of income, whereas the Silicon Valley figure does. However, **the mean wage in Silicon Valley is 31% higher than in Berkshire.**

Figure 4: Education Levels in Silicon Valley and Berkshire

ADULT EDUCATION LEVELS	Berkshire	Silicon Valley
Degree/Bachelor's degree	37%	44%
Intermediate qualification	19%	22%
GCSE/High School Diploma or GED	18%	21%
No GCSEs/No Diploma	26%	14%

Source: DCLG, 2007; Index of Silicon Valley, 2009

PLEASE NOTE: For the purposes of this, Silicon Valley is defined as the San Mateo and Santa Clara counties of the US.

This is a rough comparison as the schooling systems in the UK and the US are very dissimilar. However, **Berkshire has significantly more adults qualified to lower than GCSE and significantly less adults with a degree, compared to Silicon Valley.**

Figure 5: Travel to Work Time in Silicon Valley and the South East of England

TRAVEL TO WORK TIME	South East England	Silicon Valley
<15 mins of travel	31%	23%
15-29 mins	33%	43%
30-44 mins	17%	22%
45 to 59 minutes	6%	6%
60 to 89	8%	5%
90 or more minutes	5%	2%

Source: Labour Force Survey 2008; American Community Survey 1-year estimate 2008

Travel times are generally similar for workers in South East England and Silicon Valley , with nearly two thirds of people from both areas living less than 30 minutes away from their place of work.

SUMMARY

An aim of any area is to have educated residents and plenty of jobs for them to fill. Silicon Valley has a number of Universities within its boundaries, whereas Berkshire only has one. Yet, it is competing in terms of education levels of its residents, against Silicon Valley. There is also a difference in the average wages earned at both places, with Berkshire residents earning less. However, although striving to be like Silicon Valley, Berkshire exists within a constrained area where there is a high proportion of protected land. Berkshire wants to see growth but with no loss of 'green-ness'. This has been a long-standing balancing act that has no foreseeable end.

BERKSHIRE IN CONTEXT: SUMMARY

BERKSHIRE IN CONTEXT

STRENGTHS

- Berkshire is not a city yet competes very strongly against traditional city regions across Europe.
- High concentrations of knowledge-based businesses, compared to the UK.
- Highest GVA per working resident in the UK, outside of London.
- Strong road, rail and air transport links nationally and internationally.

WEAKNESSES

- Silicon Valley residents are better educated than Berkshire residents.

OPPORTUNITIES

- A highly skilled resident workforce.
- The average salary in Silicon Valley is 31% higher than the average salary in Berkshire.

THREATS

- BRIC counties may divert inward investment opportunities away from Berkshire, due to lower land and labour costs and highly skilled workforces.
- Silicon Valley residents are better educated than Berkshire residents.

CHAPTER 2: ECONOMY

ENTERPRISE AND BUSINESS

BUSINESS SIZE

Figure 6 looks at the different sizes of businesses across Berkshire, the percentage of businesses in that size bracket and the percentage of workers employed.

Figure 6: Businesses by Size

Area	Micro Firms		Small Firms		Medium Firms		Large Firms	
	1-4 employees		5-49 employees		50-199 employees		200+ employees	
	Businesses	Employees	Businesses	Employees	Businesses	Employees	Businesses	Employees
Berkshire	74%	11%	23%	30%	3%	24%	1%	36%
Buckinghamshire	79%	18%	19%	36%	2%	26%	0%	21%
Hampshire	74%	14%	23%	35%	2%	24%	1%	28%
Oxfordshire	73%	13%	24%	34%	2%	22%	1%	31%
Surrey	76%	15%	21%	34%	2%	25%	0%	26%
Thames Valley	75%	13%	22%	32%	2%	24%	1%	31%
South East	74%	13%	23%	35%	2%	24%	1%	28%
England	72%	12%	25%	33%	3%	24%	1%	31%

Source: Berkshire Observatory, ABI 2008

Only 1% of businesses in Berkshire are Large Firms, which matches the South East average. However, this **1% of businesses accounts for 36% of jobs** in Berkshire, far above both Berkshire's neighbouring areas and the South East average. This means that Berkshire has larger firms that employ more people than the rest of the South East, but also means that it is more reliant on big businesses for employment. One Large firm employs on average 514 people. One small firm employs on average 14 people. 37 small firms would be needed to replace one large firm going out of business in Berkshire.

Berkshire has an average number of Micro Firms (when compared to the South East) but, conversely, they account for a far smaller percentage of the workforce than Berkshire's neighbouring areas and the South East in general.

If Berkshire's employment level in Large Firms were to fall to the South East average, it would mean a loss of 35,000 jobs. This is equal to 21% of Berkshire's workforce currently employed by Large Firms. It is therefore vitally important for Berkshire to retain its Large Firms as well as seek to grow their number.

If 1 LARGE firm went out of business

It would take 37 SMALL businesses to replace it

BUSINESS SIZE SUMMARY

Although the numbers of businesses in Berkshire is approximately similar to the South East average, the numbers of people employed by Large Firms is significantly higher and those employed by Micro Firms, significantly lower.

This highlights both the strengths and weaknesses of the Berkshire economy. To ensure Berkshire is not overly reliant on any one type of business it needs to continue increasing the numbers of different-sized businesses it has. Also, it must retain the Large Firms it already has as they employ so much of its workforce.

BUSINESS SECTORS

Figure 7 shows Berkshire's business sectors by percentage of businesses in that sector and percentage of workers those sectors employ.

Figure 7: Business Demography of Berkshire

Business Sector	Businesses	Employees
Wholesale, Retail	16%	18%
Computers, Telecomms and ICT	12%	11%
Education	2%	8%
Health and social Work	4%	8%
Manufacturing	4%	7%
Other Administrative	7%	5%
Food Services	5%	5%
Construction	10%	4%
Engineering, Scientific, R&D	6%	4%
Employment Activities	2%	4%
Freight Transport etc.	3%	3%
Other	5%	3%
Management Consulting and Head Offices	8%	3%
Financial and Insurance	2%	3%
Public Administration	0%	3%
Arts and Recreation	3%	3%
Legal and Accounting	2%	2%
Advertising and Market Research	1%	2%
Real Estate Activities	3%	1%
Accommodation	1%	1%
Publishing & Broadcasting	1%	1%
Rental and Leasing	1%	1%
Passenger Transport	1%	1%

Source: Berkshire Observatory, ABI 2008

Berkshire's employment is spread across a diverse range of sectors. There is, however, less diversity in Berkshire's businesses.

The four sectors of Retail, Telecommunications, Construction, and Management Consulting & Head Offices, when combined, account for nearly half of Berkshire's business community.

On one hand, this identifies Berkshire as a location for like-businesses which tend to cluster. However, it also creates a vulnerability, and more should be done to stimulate business diversity.

As Berkshire's economy has many unique properties, further analysis has been conducted looking at the different business sectors in Berkshire, using one of the most current data sources available. It is important to note that this data, supplied by the Office of National Statistics (ONS), is from 2008 and therefore does not show any of the effects of the recent economic downturn.

The business population of Berkshire can be looked at in three ways. These are:

1. Numbers of employees working in each sector.
2. Numbers of businesses in each sector.
3. The average size of the workplace in each sector.

In order to gain a better understanding of Berkshire's economy and where its strengths and weaknesses lie, it is important to visualise all three.

INTERPRETING THE BUBBLE CHARTS

This analysis has been displayed using 'Bubble Charts'. A brief guide to understanding them is below:

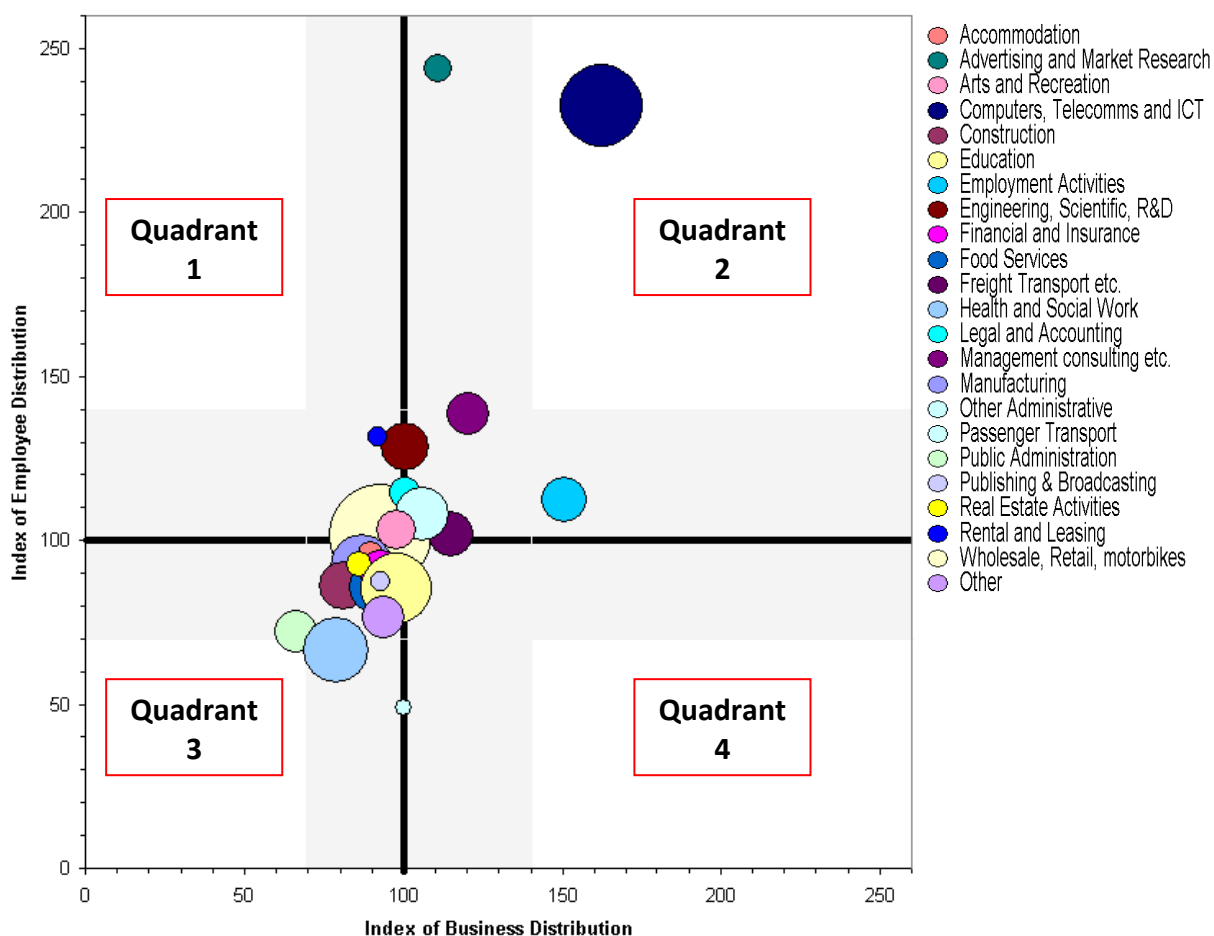
Vertical-Axis	Horizontal-Axis	Size of Bubble:
Denotes how many workers the sector employs compared to South East average.	Denotes the number of businesses in that sector compared to South East average.	Denotes the total number of people employed in that sector in Berkshire.
Bubbles inside the grey area do not differ from the South East average by a significant amount		

QUADRANT BREAKDOWN

Quadrant 1: ABOVE average numbers of workers BELOW average numbers of businesses	Quadrant 2: ABOVE average numbers of workers ABOVE average numbers of businesses
Quadrant 3: BELOW average numbers of workers, BELOW average numbers of businesses	Quadrant 4: BELOW average numbers of workers, ABOVE average numbers of businesses

Figure 8 shows a breakdown of business sectors in Berkshire, **by numbers of employees**. The bold black lines indicate the South East average:

Figure 8: Sectors in Berkshire by Number of Employees



Source: Berkshire Observatory, ABI 2008

In Figure 8, **Computers, Telecomms & ICT (Dark Blue)** is firmly in **Quadrant 2** and the size of the bubble indicates that many people are employed in this sector. Conversely, although Advertising & Market Research (Dark Green) is far above average for numbers of workers, it only employs a small number of them.

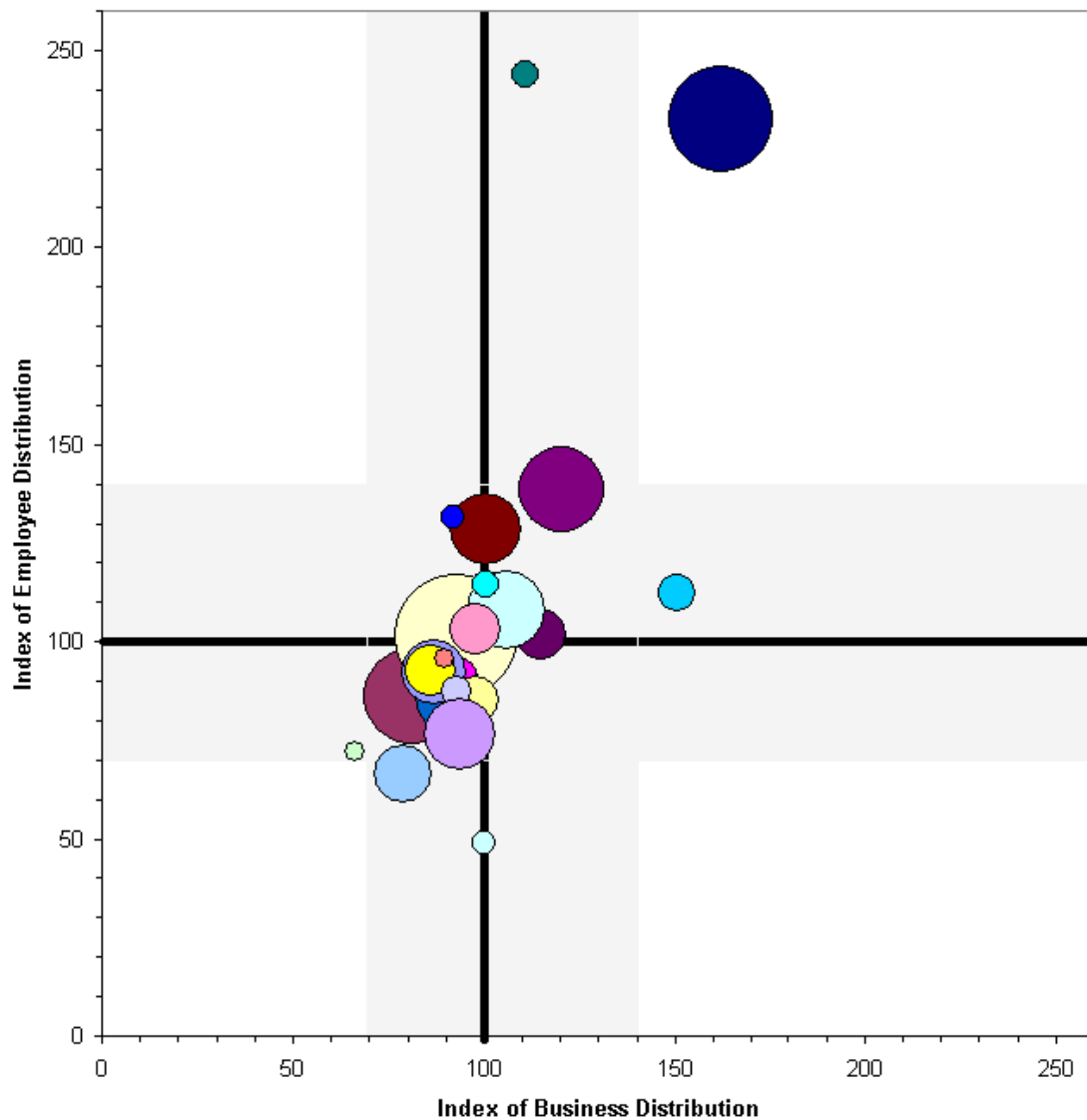
The remaining sectors are all hovering around the average for the South East.

It is important to note that the positions for each of the sectors will NOT differ in each proceeding bubble diagram. The size of the bubble will however change, in relation to the numbers of people employed in that sector (Figure 8), the numbers of businesses in that sector (Figure 9), or the average size of the workplace (Figure 10).

One point of interest is the Finance sector, which is generally considered a strength in Berkshire. Here it is essentially average. At a UA level, **Finance is below average for employees & businesses for five out of the six UAs**. In Reading however, it is three times above average. So, Finance is a huge strength in terms of numbers of businesses and people they employ in Reading, but below average in the other five. Therefore, **Finance is a Reading strength, NOT a Berkshire strength.**

Figure 9 shows a breakdown of business sectors in Berkshire, **by numbers of businesses**. The bold black lines indicate the South East average:

Figure 9: Sectors in Berkshire by Number of Businesses



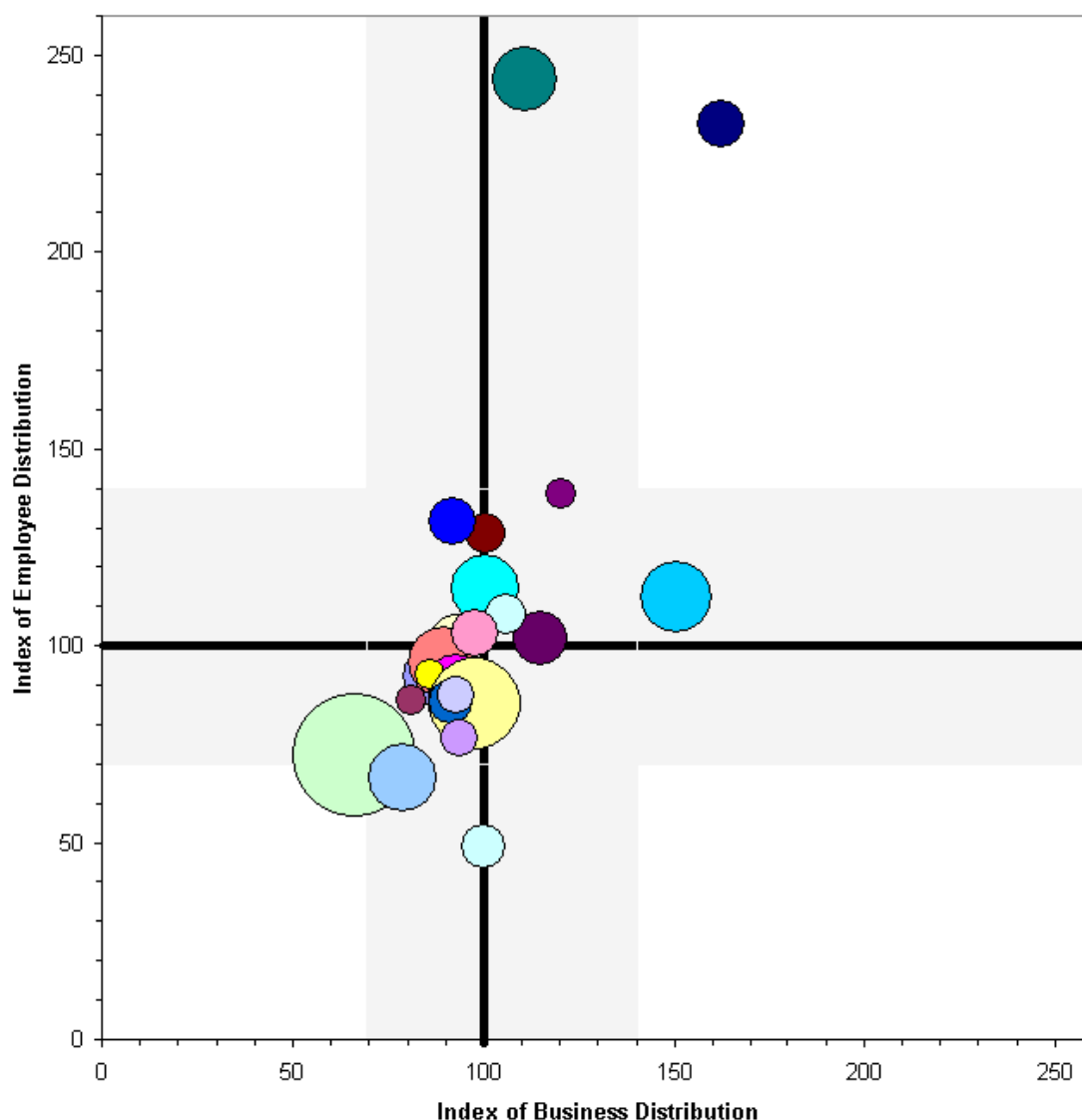
Source: Berkshire Observatory, ABI 2008

In Figure 9, **Computers, Telecomms & ICT (dark blue)** is again a large bubble, indicating that there are many businesses operating within this sector. Again, Advertising & Market Research (dark green) is a small bubble as there are not many actual businesses in this sector.

Every other sector is essentially around the average for the South East.

Figure 10 shows a breakdown of business sectors in Berkshire, **by average workplace size**. The bold black lines indicate the South East average:

Figure 10: Sectors in Berkshire by Average Workplace Size



Source: Berkshire Observatory, ABI 2008

In Figure 10, **Computers, Telecomms & ICT (dark blue) has shrunk considerably**, compared to the two previous diagrams. This means that this sector has a large number of people employed within it, there are many businesses, but on average, the business is quite small, each employing a few people rather than a handful of businesses employing hundreds.

Conversely, Advertising & Market Research (dark green) is much larger than on previous diagrams. The few businesses that do operate in this sector, in Berkshire, on average each employ a considerable amount of people. The largest bubble on this diagram is Public Administration (light green). Although it is BELOW average for numbers of workers, BELOW average for numbers of businesses, and only has a few businesses in Berkshire that fall into that sector, they are each very large employers. **Public Administration is a close proxy for Public Sector employment.**

Every other sector is essentially around the average for the South East.

SECTOR PROFILES

The data shown in Figures 8-10 is re-tabulated in Figure 11, into a 'traffic light' system. For the first three measures, red denotes that the sector is below the Berkshire average, yellow that it is at or close to the Berkshire average, and green above, while for the last two categories yellow denotes 'no significant deviation from South East average', and red and green denote a significant deviation below and above the South East average, respectively.

It is worth stressing that a sector being below average (shown as red) is not an inherently bad, or problematic property, just as being above average (green) is not an inherently good or helpful property – those sectors simply differ from the average.

Based on deviations from the South East average, sectors can be divided into three profiles:

Distinctive: The sectors are very different to the South East average, and growth or contraction in these sectors would pose a significant opportunity or threat to Berkshire alone.

Different: These sectors are close to the south east average along one axis and far from it along the other. In actuality this division contains sectors that employ a similar proportion of workers in Berkshire compared to the South East, but have a differing number of businesses in Berkshire. This means that while the sectors employ similar numbers of people, Berkshire has different workplace size.

Typical: Those sectors are close to the South East average. Any growth or contraction in these sectors is likely to affect the South East consistently, rather than being a localised opportunity or threat to Berkshire.

DISTINCTIVE & DIFFERENT SECTOR PROFILES IN DETAIL

This section examines the atypical sectors on a case by case basis.

Computers, Telecomms and ICT: ICT is a huge industry in Berkshire, compared to the South East and is the 'distinctive' sector for Berkshire. Is a very large employer (The second largest, after wholesale and retail, at 11% of all workers in Berkshire). Workplaces tend to be of moderate size.

Passenger Transport: Compared to the South East, this sector has as many businesses as the South East average, but significantly fewer employees. Within Berkshire, it is a small sector. This is probably because of very high car use and lower taxi/public transport compared to the South East as a whole.

Advertising and Market Research: Compared to the South East, Berkshire has a somewhat higher proportion of businesses, and considerably more people employed in this sector. This implies that workplaces are larger in Berkshire than the South East (and are in fact among the larger workplace sizes across all sectors in Berkshire). In terms of total employment, it is one of Berkshire's smaller sectors.

Employment Activities: Compared to the South East, Berkshire has a significantly above average number of businesses, although a similar level of employment. This means that

'Employment Activities' businesses in Berkshire have a smaller workplace size, suggesting either a wider than usual geographical spread, or higher specialisation.

Health and Social Work: Compared to the South East, this sector has significantly fewer workplaces and fewer employees. However, it is still a large employer (8%) within Berkshire. It has a large average workplace size.

- There is little anecdotal evidence to support the implication Health and Social Work being a notably small part of Berkshire's existence. There are at least three possible explanations for this unexpectedly small population:
 - Possibility 1: an above average number of working-age people in Berkshire, there is a lessening in demand for medical care for the elderly and the young, and a concomitant decrease in the need for this sector.
 - Possibility 2: Berkshire is more urbanised than the South East as whole, allowing fewer businesses to serve a larger population.
 - Possibility 3: Berkshire's unusual 'net importer of workers' characteristic is skewing the statistics – although Health and Social Care in Berkshire is at the regional average, the unusually large working population compared to the resident population (who are the customers for health and social care) creates the illusion that Health and Social Care is a small sector.

Public Administration: Compared to the South East, there are significantly fewer businesses/workplaces, and somewhat fewer employees, although it is a medium-sized source of employment within Berkshire. Workplace sizes are unusually large for Berkshire. The mismatch between Residents and Workers mentioned in Health and Social Work may explain the mismatch here as well.

Other: It is worth highlighting that while the sectors Manufacturing, and Finance and Insurance are 'typical' sectors, this is only because they are above average in size in some unitary authorities while significantly below average in the rest – Manufacturing is a large sector in Slough and West Berkshire, although it is a small sector elsewhere, while Reading single-handedly raises the size of the Finance sector to 'typical'.

Figure 11: Sector Profiles

Business Sectors	Compared to All Sectors in Berkshire			Compared to South East average		SECTOR PROFILE
	Employment	Business numbers	Average workplace size	Employment index	Business numbers index	
Computers, Telecomms and ICT	Green	Green	Yellow	Green	Green	Distinct
Passenger Transport	Red	Red	Yellow	Red	Yellow	Different
Advertising and Market Research	Red	Red	Green	Green	Yellow	Different
Employment Activities	Yellow	Red	Green	Yellow	Green	Different
Public Administration	Yellow	Red	Green	Yellow	Red	Different
Health and Social Work	Green	Green	Green	Red	Yellow	Different
Manufacturing	Green	Green	Green	Yellow	Yellow	Typical
Construction	Yellow	Green	Red	Yellow	Yellow	Typical
Wholesale, Retail, motorbikes	Green	Green	Yellow	Yellow	Yellow	Typical
Freight Transport etc.	Yellow	Yellow	Yellow	Yellow	Yellow	Typical
Accommodation	Red	Red	Green	Yellow	Yellow	Typical
Food Services	Green	Green	Yellow	Yellow	Yellow	Typical
Publishing & Broadcasting	Red	Red	Yellow	Yellow	Yellow	Typical
Financial and Insurance	Yellow	Yellow	Green	Yellow	Yellow	Typical
Real Estate Activities	Red	Yellow	Red	Yellow	Yellow	Typical
Legal and Accounting	Red	Red	Green	Yellow	Yellow	Typical
Management consulting etc.	Yellow	Green	Red	Yellow	Yellow	Typical
Engineering, Scientific, R&D	Yellow	Green	Yellow	Yellow	Yellow	Typical
Rental and Leasing	Red	Red	Yellow	Yellow	Yellow	Typical
Other Administrative	Green	Green	Yellow	Yellow	Yellow	Typical
Education	Green	Yellow	Green	Yellow	Yellow	Typical
Arts and Recreation	Yellow	Yellow	Yellow	Yellow	Yellow	Typical
Other	Yellow	Green	Yellow	Yellow	Yellow	Typical

Source: Berkshire Observatory, ABI 2008

KEY

DISTINCT	Sectors are very different to the South East average, and growth or contraction in these would pose a significant opportunity or threat to Berkshire.
DIFFERENT	Sectors are close to the south east average along one axis and far from it along the other. This means that while the sectors employ similar numbers of people across the South East, Berkshire has different workplace sizes.
TYPICAL	Sectors are close to the South East average. Any growth or contraction in these sectors is likely to affect the South East consistently, rather than being a localised opportunity or threat.

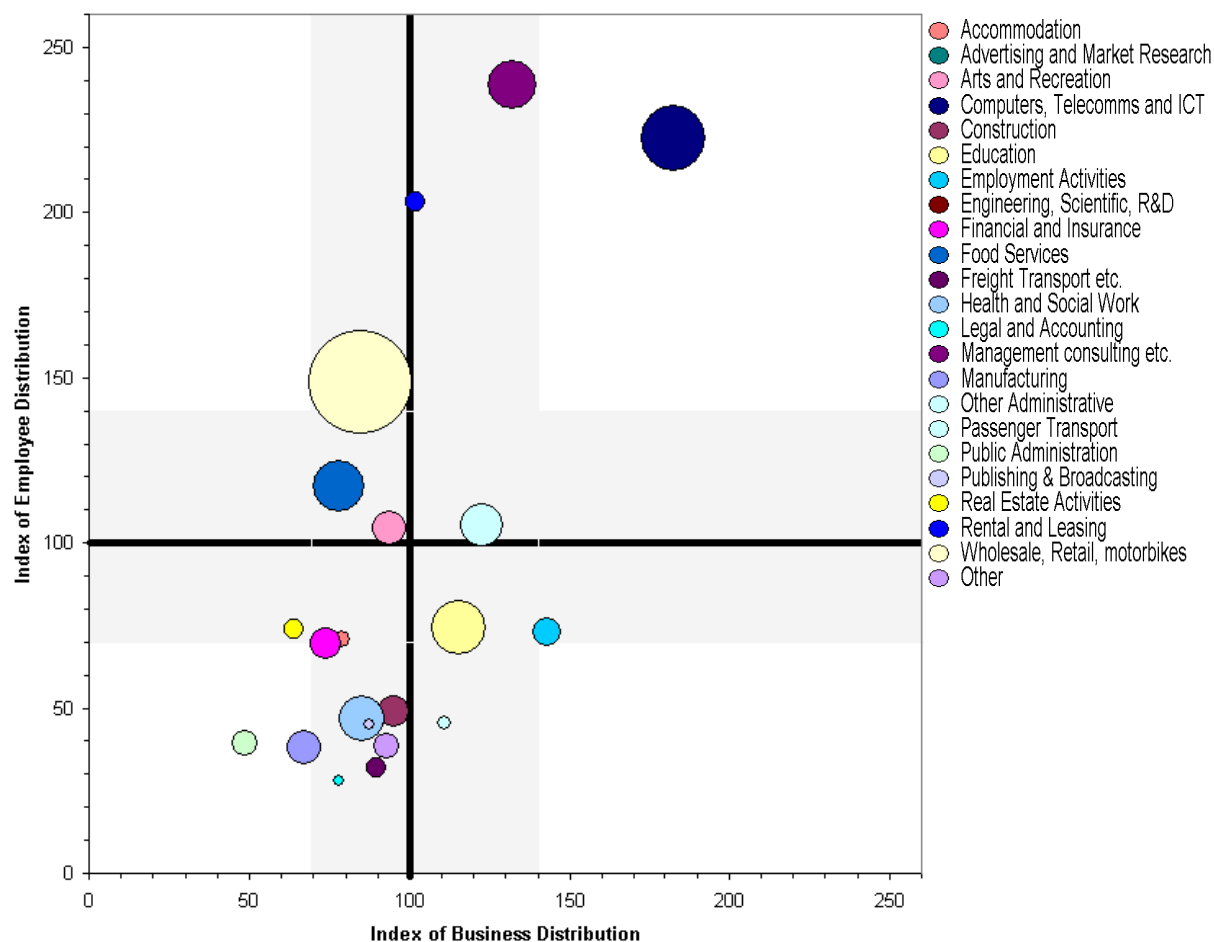
BUSINESS SECTORS BY UNITARY AUTHORITY

As well as at the Berkshire level, these 'Bubble diagrams' have been produced at UA level to show a finer level of detail, and highlight significant differences between UAs.

BRACKNELL FOREST

Figure 12 shows a breakdown of business sectors in Bracknell Forest, **by numbers of employees**. The bold black lines indicate the South East average:

Figure 12: Sectors in Bracknell Forest by Number of Employees



Source: Berkshire Observatory, ABI 2008

Bracknell Forest's overwhelming trend is to be divergent from the South East average. Almost all sectors are far from the average point.

As for all of Berkshire, ICT is a large sector. Other fairly large sectors in terms of employment numbers are: Advertising and Market Research, Engineering and Scientific Research and Management Consulting.

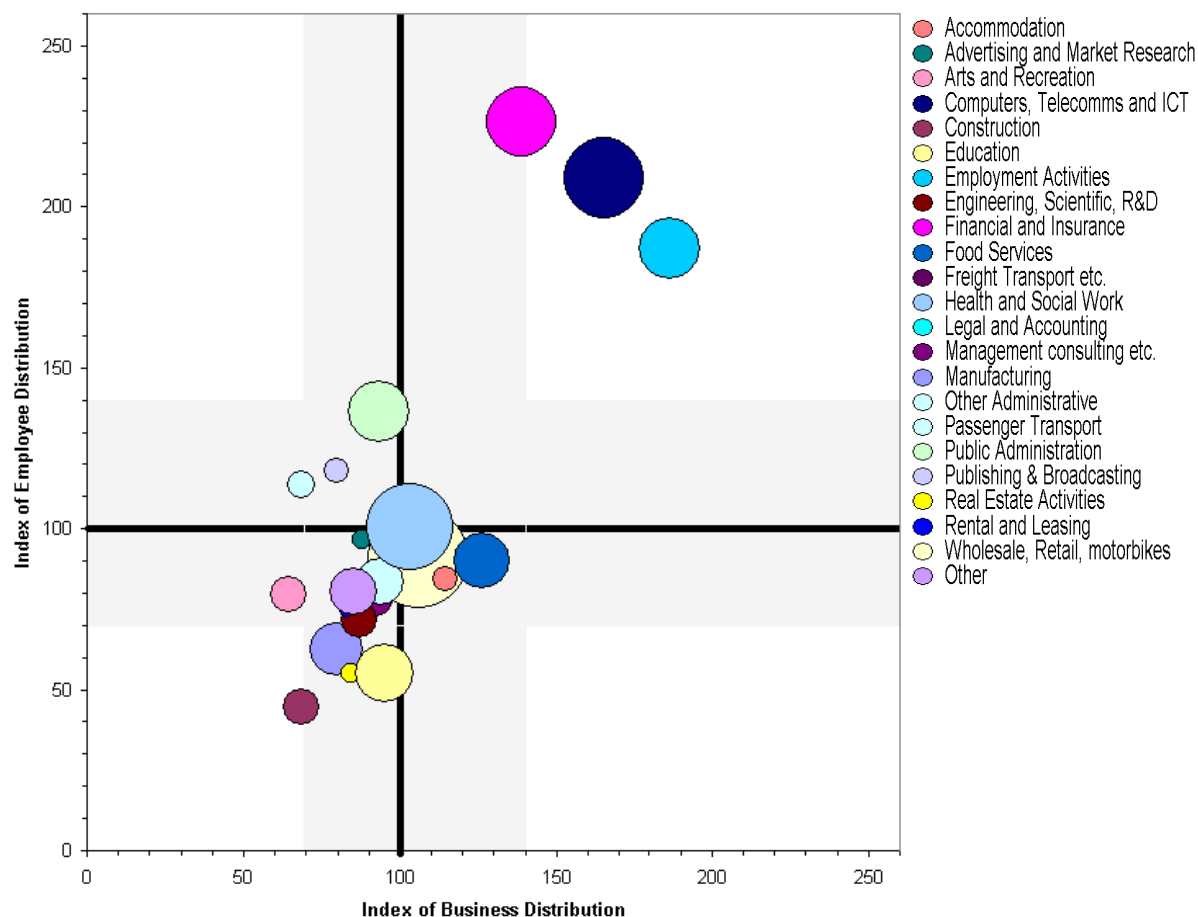
Unusually, Wholesale and Retail is a significantly larger employer in Bracknell Forest than in the South East, which stands out because in all the other UAs the sector is always very close to the average.

Engineering and Advertising & Market Research do not appear on the graphs, with Employee Distribution indexes greater than 260.

READING

Figure 13 shows a breakdown of business sectors in Reading, **by numbers of employees**. The bold black lines indicate the South East average:

Figure 13: Sectors in Reading by Number of Employees



Source: Berkshire Observatory, ONS 2008

The Finance sector in Reading is far above average, whereas it is far below average in the other 5 UAs. Reading's strength in this sector actually lifts Berkshire as a whole up to the South East average. Therefore, Finance is a Reading strength, not a Berkshire strength.

Legal and Accounting is a much larger employer than the regional average, while Construction is notably smaller than regional average.

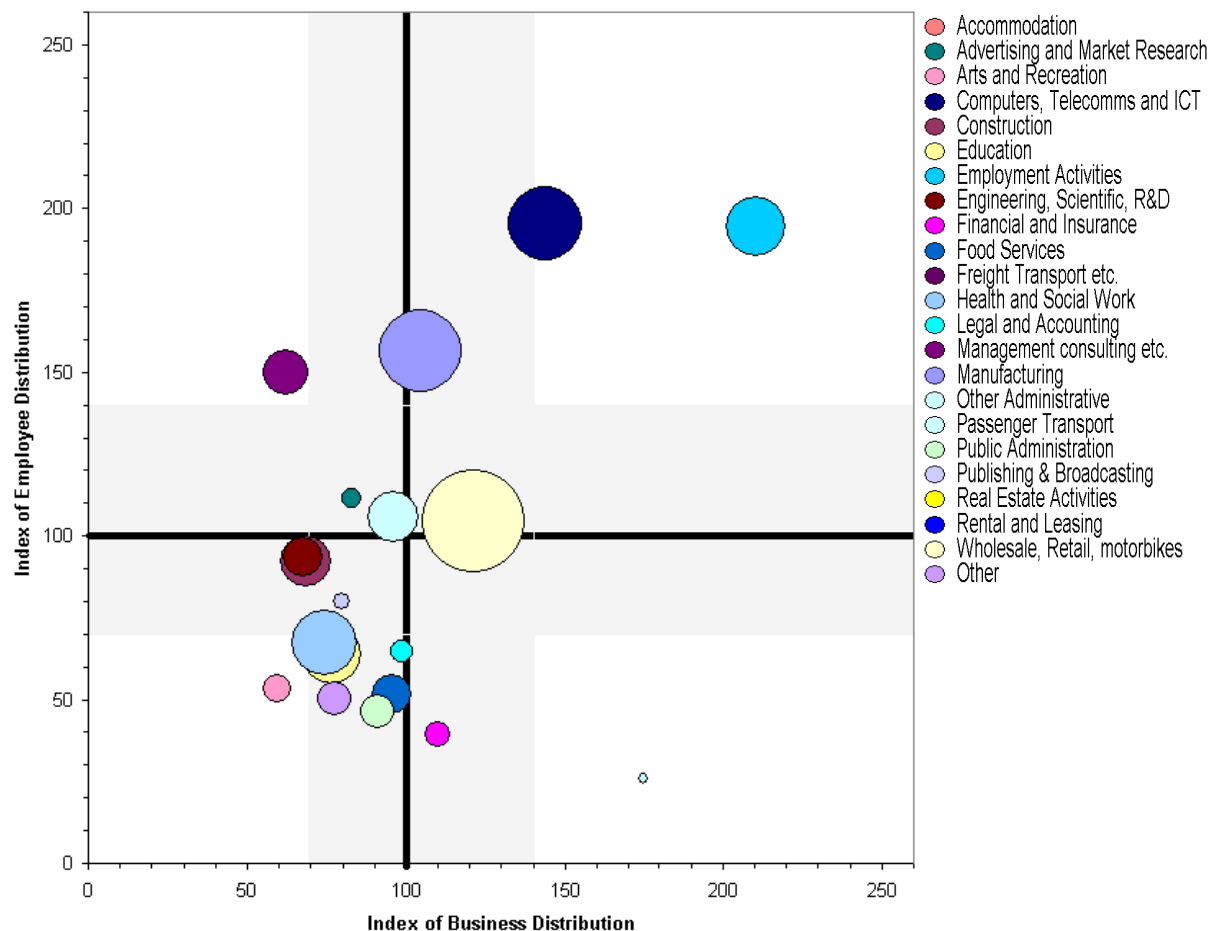
Public Administration is a larger employer than average, which is against the Berkshire trend.

Legal and Accounting is a significant employer in Reading. It does not appear on the graph as it has an Employee Distribution index greater than 260, which means it is so high it is off the chart.

SLOUGH

Figure 14 shows a breakdown of business sectors in Slough, **by numbers of employees**. The bold black lines indicate the South East average:

Figure 14: Sectors in Slough by Number of Employees



Source: Berkshire Observatory, ONS 2008

Generally Slough is very dispersed and, like Bracknell Forest, can be broadly characterised as 'not like the South East'.

Transport is unusual. Freight Transport is much larger in Slough than in the South East, although Passenger Transport is a smaller employer by a significant amount, there are significantly more businesses.

Like the rest of Berkshire, Slough's ICT sector is large. Employment Activities is also a large sector, while Arts and Recreation is a significantly smaller sector.

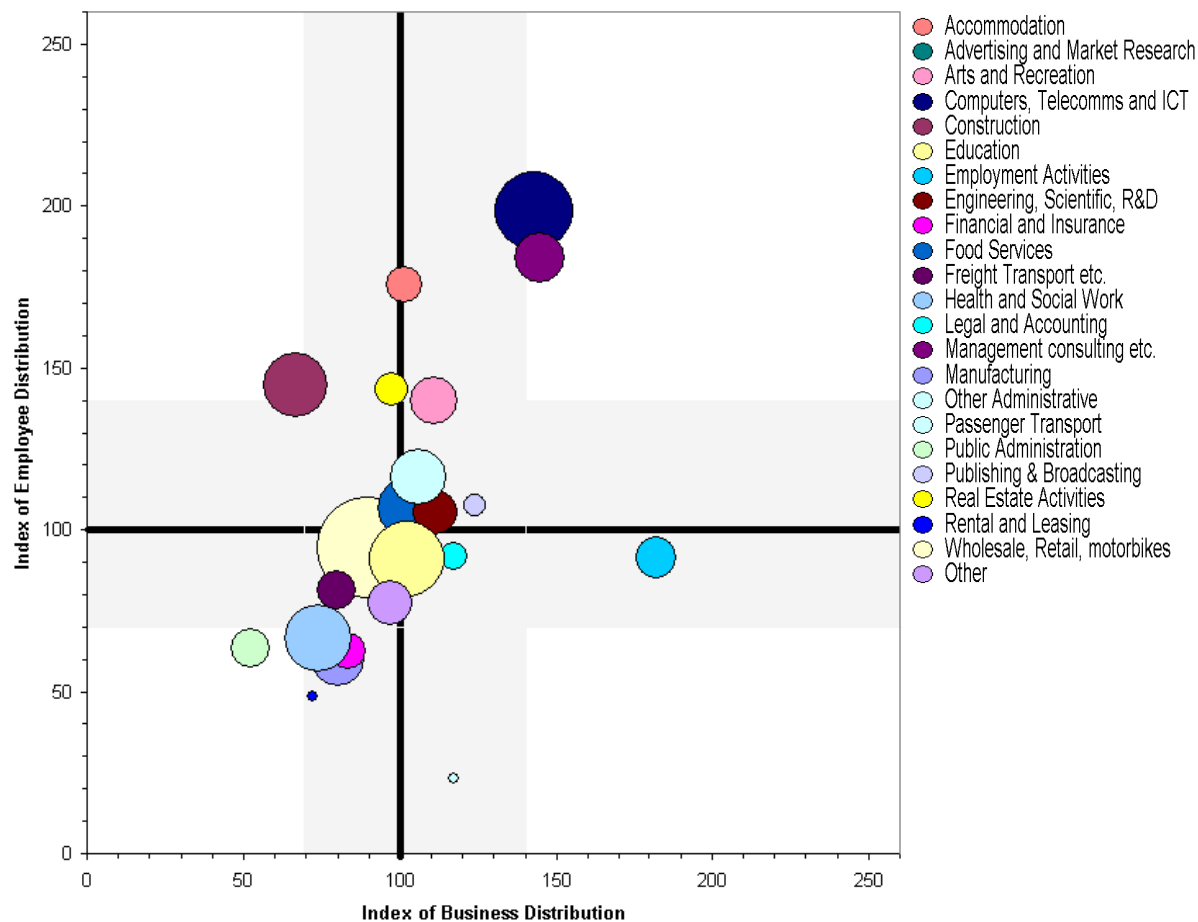
Manufacturing in Slough and West Berkshire are above average in employment (but not in business numbers), and are the factor which brings the Berkshire Manufacturing industry up to 'average for SE'.

The Management Consultancy sector has significantly fewer businesses but significantly more employment than the South East.

WINDSOR & MAIDENHEAD

Figure 16 shows a breakdown of business sectors in Windsor & Maidenhead, **by numbers of employees**. The bold black lines indicate the South East average:

Figure 16: Sectors in Windsor & Maidenhead by Number of Employees



Source: Berkshire Observatory, ONS 2008

Windsor & Maidenhead is the UA most similar to the South East, although it has a moderate number of divergent sectors.

As in the rest of Berkshire, ICT is a large sector, as are Advertising & Market Research and Management Consultancy. Accommodation is an unexpectedly large employer, as is Construction, although there are fewer construction businesses than expected. Employment Activities is the inverse, with a high number of businesses and low number of employees, which suggests a number of smaller, more specialist firms.

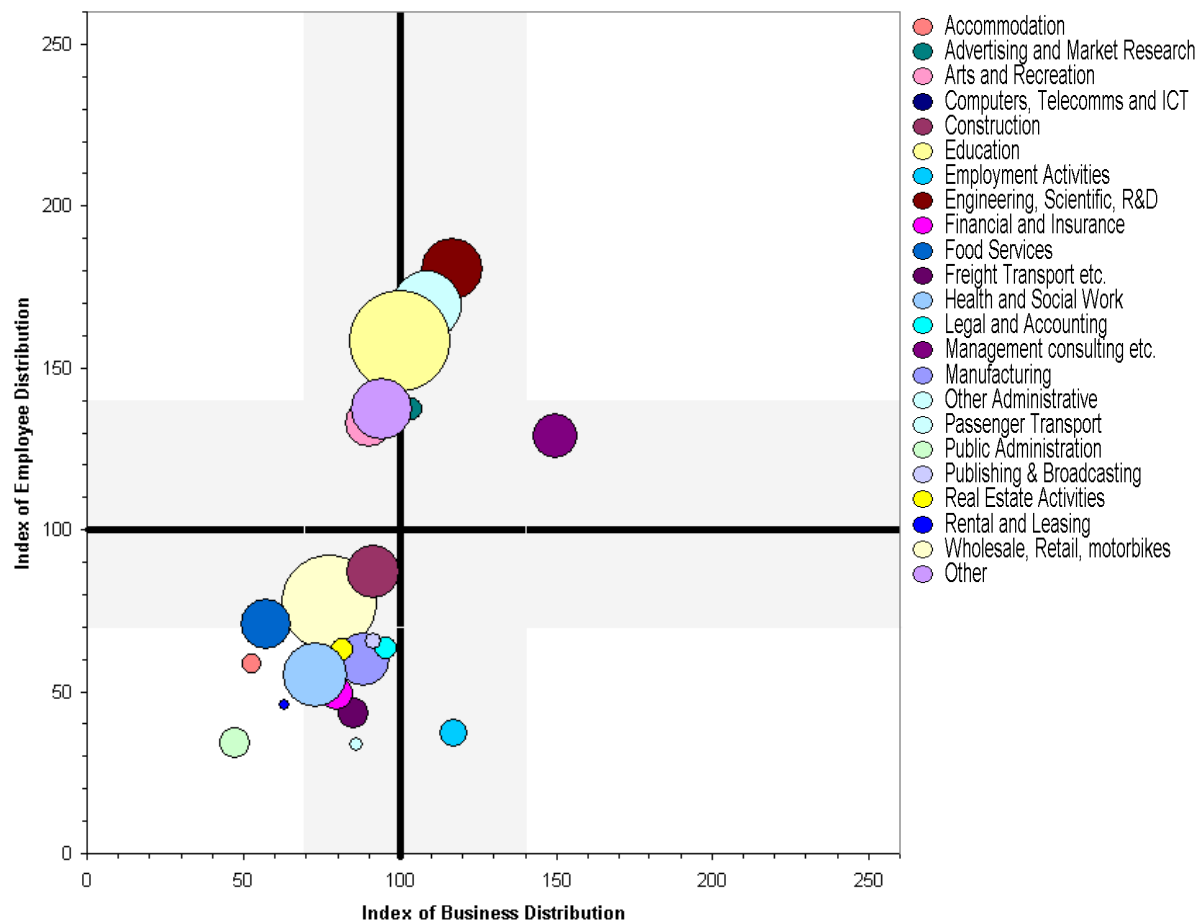
Rental and Leasing is a very small sector, as is Public Administration. Passenger Transport is a below average employer, but has a slightly above average number of businesses.

Advertising and Market Research does not appear on the graphs, with Employee Distribution index greater than 260.

WOKINGHAM

Figure 17 shows a breakdown of business sectors in Wokingham, **by numbers of employees**. The bold black lines indicate the South East average:

Figure 17: Sectors in Wokingham by Number of Employees



Source: Berkshire Observatory, ONS 2008

It is difficult to categorise the sectors in Wokingham. The sectors are broadly similar to the south East average, although they are clearly clustered into two sections (see Figure 17 above) - one with above average employee numbers, and one with below average business and employee numbers.

Further investigation is warranted into whether there is a useful characterisation of which sectors are in those quadrants. The lower quadrant is mirrored by the other UAs, but the 'above' quadrant (Arts and Recreation; Advertising and Market Research; Education; Other Administrative; Engineering, Scientific, R&D, Other) doesn't have a parallel anywhere else.

Even compared to the rest of Berkshire, ICT is an extraordinarily large sector in Wokingham.

ICT does not appear on the graphs, with Employee Distribution index greater than 260.

PUBLIC AND PRIVATE SECTORS

In order to ascertain what level of employment the public and private sectors provide to Berkshire and its neighbours, the following table has been produced:

Figure 18: Employment in the Public & Private Sectors

	Public* Sector Employees	Private Sector Employees
Berkshire	24%	76%
Buckinghamshire	29%	71%
Hampshire	28%	72%
Oxfordshire	35%	65%
Surrey	30%	70%
Thames Valley	29%	71%
South East	31%	69%
England	26%	74%

Source: Berkshire Observatory, ABI 2008

* The Public Sector is defined as the SIC 2007 sectors of Education; Health & Social Work and Public Administration.

Berkshire has the highest proportion of its workforce working in the private sector compared to both its neighbours and the regional average. Therefore, **it also has the lowest proportion employed in the public sector.**

Berkshire is the least reliant on the public sector in terms of jobs compared to its neighbours and far below the Thames Valley and South East averages. Oxfordshire is the most reliant on the public sector for jobs, where 1 in 3 people are employed in the public sector.

BUSINESS SECTORS SUMMARY

Four business sectors in Berkshire account for nearly 50% of the business community. These are Wholesale/Retail, ICT, Construction, and Head Offices. This highlights Berkshire's particular specialisms and the clustering of like-minded businesses. In order not to become overly reliant on a handful of sectors, Berkshire has significant numbers of businesses operating across a diverse range and this will continue to be nurtured and encouraged to grow.

As a proportion of employment, **Berkshire is the least reliant on the Public Sector**, when compared to its neighbours and the region as a whole. In the current climate, of reducing the size of the public sector, this should be seen as a strength of the local economy.

PRIORITY BUSINESS SECTORS

In 2009, the South East England Development Agency (SEEDA) identified six business sectors which had the potential for significant growth over the coming years. Although it was announced in July 2010 that SEEDA would be closed down, these priority sectors are still a valid point of focus for future growth.

Below is analysis of the six priority sectors in Berkshire and its neighbouring counties, as a percentage of all employment. Those highlighted in **red** are the counties with top two highest percentages of employment per sector.

Figure 19: Priority Business Sectors as a percentage of Employment

	E.1 Financial & Professional Services	E.2 ICT Software & Digital Media	E.3 Pharmaceuticals, Life Sciences & Healthcare	E.4 Advanced Engineering & Marine	E.5 Environment & Energy	E.6 Aerospace & Defence
Berkshire	14.37%	16.07%	7.09%	4.07%	1.73%	1.45%
Buckinghamshire	11.84%	9.11%	9.62%	3.21%	0.92%	1.24%
Hampshire	11.54%	8.76%	6.87%	5.06%	1.70%	2.60%
Oxfordshire	12.22%	7.10%	9.69%	5.44%	1.23%	0.87%
Surrey	16.36%	8.83%	9.27%	2.57%	1.13%	0.47%
Thames Valley*	13.14%	11.71%	8.46%	4.33%	1.40%	1.22%
South East	12.69%	7.85%	8.93%	4.01%	1.39%	1.48%
England	13.11%	5.62%	8.98%	4.00%	1.37%	1.29%

Source: Berkshire Observatory, ABI 2008

* Thames Valley is defined here as the counties of Berkshire, Buckinghamshire (not including Milton Keynes) and Oxfordshire.

Berkshire has either the highest or second highest proportions of employment in four out of the six priority business sectors amongst its neighbouring county areas. As a benchmark, it is also higher than the Thames Valley average in four out of the six priority sectors and the South East average in five out of the six priority sectors.

Berkshire's particular strengths lie in **Financial & Professional Services** and **ICT Software & Digital Media**. These two sectors alone account for over 30% of Berkshire's employment.

PRIORITY BUSINESS SECTORS SUMMARY

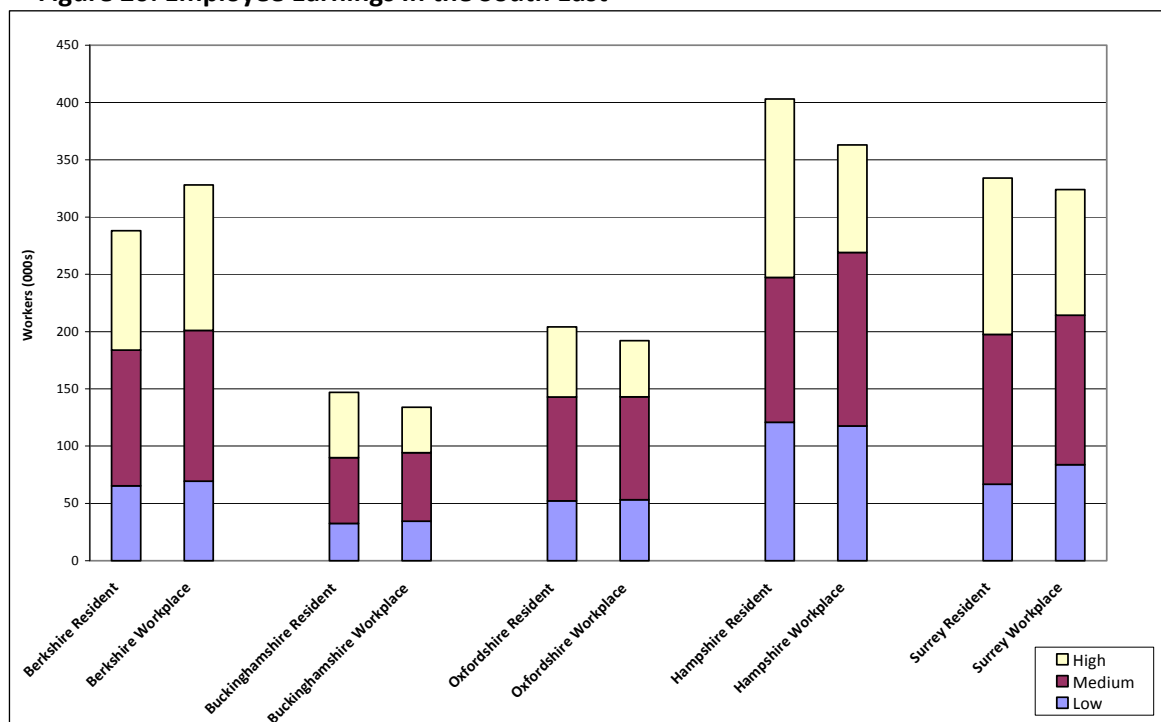
Berkshire is stronger than its neighbours in four out of the six priority sectors. It is also stronger in these priority sectors than the Thames Valley and South East averages.

EMPLOYMENT

EARNINGS PATTERNS IN SOUTH EAST

Below is an analysis of the earnings of full time workers and residents in parts of the South East, based on the ONS's Annual Survey of Hours and Earnings (ASHE) for 2009. For ease of comparison, wages have been calculated annually and shown as 'HIGH' (£35,000 or more), 'MEDIUM' (£19,000-£35,000) and 'LOW' (under £19,000) bandings.

Figure 20: Employee Earnings In the South East



Source: Berkshire Observatory, ASHE 2009

Figure 20 above shows the numbers of residents in Berkshire and its neighbouring counties in full time employment, next to the numbers of people whose place of work is in each county. This illustrates the flow of workers commuting in or out of county boundaries, as well as giving an indication of the county's relative affluence. **Most notably, it shows that all the counties except Berkshire are substantial exporters of workers.**

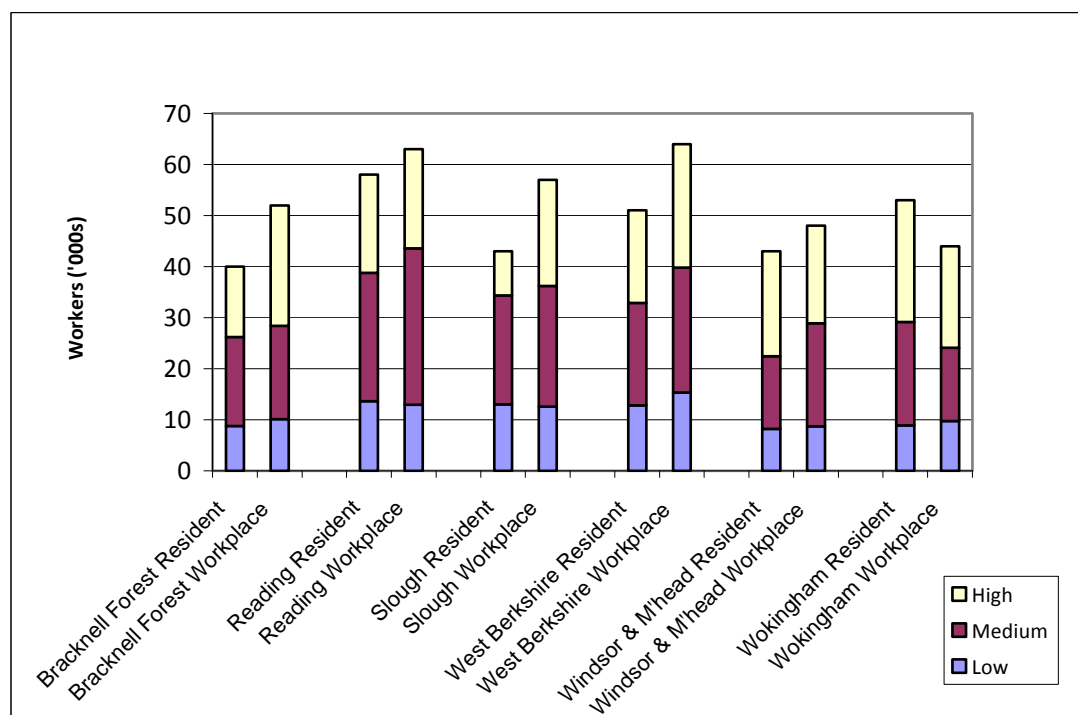
As Berkshire is the only importer, it is the only nearby county reliant on workers to commute in from other areas to fill its jobs.

Also of note is that all counties except Berkshire have more residents in the HIGH pay band than workers. This means there are more people living in Buckinghamshire, Hampshire, Oxfordshire and Surrey who earn £35,000 or more than those who just work in those areas. Again, Berkshire is the opposite. It has less people living in Berkshire earning £35,000 or more than those who just work in the area.

EARNINGS PATTERNS IN BERKSHIRE

Below is an analysis of the earnings of full time workers and residents in Berkshire, based on the ONS 2009 ASHE data. For ease of comparison, wages have been calculated annually and shown as 'HIGH' (£35,000 or more), 'MEDIUM' (£19,000-£35,000) and 'LOW' (under £19,000) bandings.

Figure 21: Employee Earnings Across Berkshire



Source: Berkshire Observatory, ASHE 2009

Figure 21 above shows the numbers of residents of each UA in full time employment, next to the numbers of people whose place of work is in each UA. This illustrates the flow of workers commuting in or out of UA boundaries, as well as giving an indication of the UAs' relative affluence.

Most notably, it shows that all the UAs except Wokingham are substantial importers of workers.

Bracknell Forest has little net movement amongst its lower and middle band workers, but imports a large number of upper band workers.

Reading imports workers in the middle band but sees little net commuter flow in the higher and lower bands. Compared to the other UAs, it has a comparatively small net influx of workers. It has a relatively high proportion of lower band workers.

Slough, like Bracknell Forest, has little net commuting amongst its lower and middle band workers, but more than half of its upper band workers live outside the UA boundaries. It has a relatively high proportion of lower band workers.

West Berkshire imports workers in every band, most heavily in the high band. It also has a relatively high proportion of lower band workers.

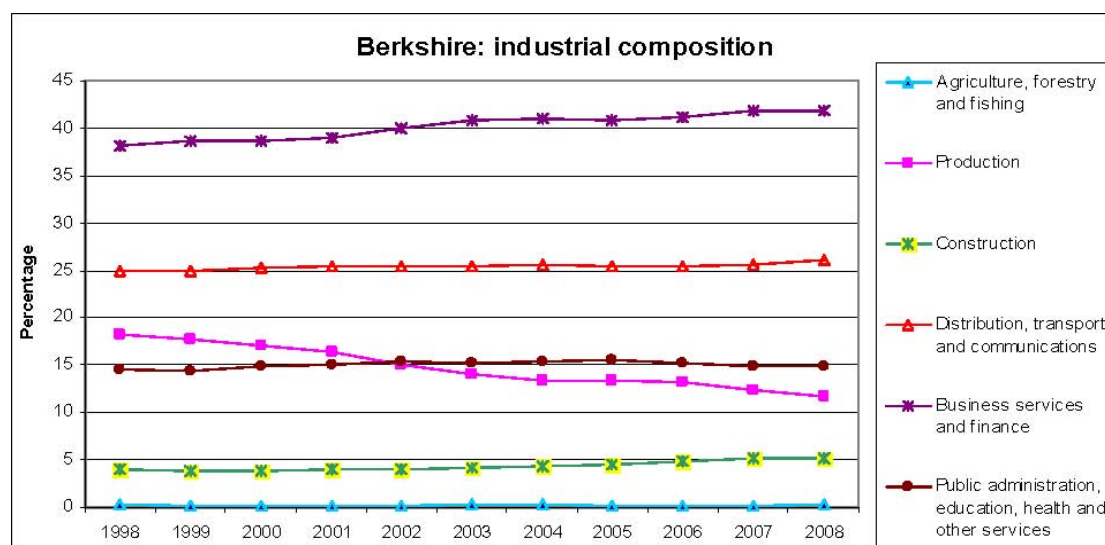
Windsor & Maidenhead, like Reading, imports workers in the middle band, and has little net flow at either extreme.

Wokingham imports a small number of lower paid workers and exports workers in the upper and middle bands. Of all the UAs, it is the only net exporter of workers.

General Trends: There is almost no trans-boundary movement for the lower band jobs (presumably as travel costs form a larger percentage of income at that level). The majority of UAs have a large number of their workers who live outside their boundaries, most notably the upper band workers, who are very likely to work in Berkshire but reside elsewhere.

BERKSHIRE'S GROSS VALUE ADDED (GVA)

Figure 22: Berkshire's Industrial Composition



Source: Office for National Statistics Briefing Note: 'GVA in the South East', December 2010

- In 2008 the business services and finance sector accounted for the highest proportion of Berkshire's GVA, about 42%. This sub-region contributes 17% of the South East's business services and finance GVA.
- The proportion of Berkshire's GVA generated by the production industries (comprising mining, energy and manufacturing) has declined since 1995 when the sector accounted for 21% of output; while in 2008 it accounted for about 12%.
- The second largest contributor to Berkshire's GVA is the distribution, transport and communications sector; over the latest 10 years to 2008 this accounted for around one-quarter of output and in 2008 the sector contributed £7billion.
- Berkshire has the lowest proportion of GVA attributable to public administration, defence, education, health and other services (15%) of any county area in the South East.
- The construction sector accounted for 5% of Berkshire's GVA in 2008, nearly 2 percentage points below the average proportion for the South East as a whole.

Source: Office for National Statistics Briefing Note: 'GVA in the South East', December 2010

Figure 23: Berkshire's GVA by industry, 1998-2008

Berkshire	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Agriculture, forestry and fishing	42	42	41	42	49	57	64	50	52	58	69
Production	2,767	2,949	3,015	3,058	2,965	2,939	2,943	3,045	3,215	3,209	3,124
Construction	608	649	681	751	794	859	955	1,032	1,162	1,329	1,395
Distribution, transport and communication	3,800	4,157	4,473	4,754	4,976	5,295	5,590	5,796	6,184	6,655	7,028
Business services and finance	5,813	6,448	6,837	7,313	7,838	8,497	8,941	9,320	10,000	10,843	11,239
Public admin, education, health and other services	2,208	2,407	2,645	2,828	3,012	3,180	3,363	3,554	3,715	3,857	4,005
TOTAL GVA	15,238	16,651	17,692	18,746	19,635	20,826	21,856	22,796	24,327	25,950	26,860

Source: Office for National Statistics Briefing Note: 'GVA in the South East', December 2010

BERKSHIRE: AN ECONOMIC FORECAST TO 2015

Summarised below is some economic forecasting work* on Gross Value Added (GVA) measures.

TOTAL GVA AND TOTAL JOBS UP TO 2015 IN BERKSHIRE

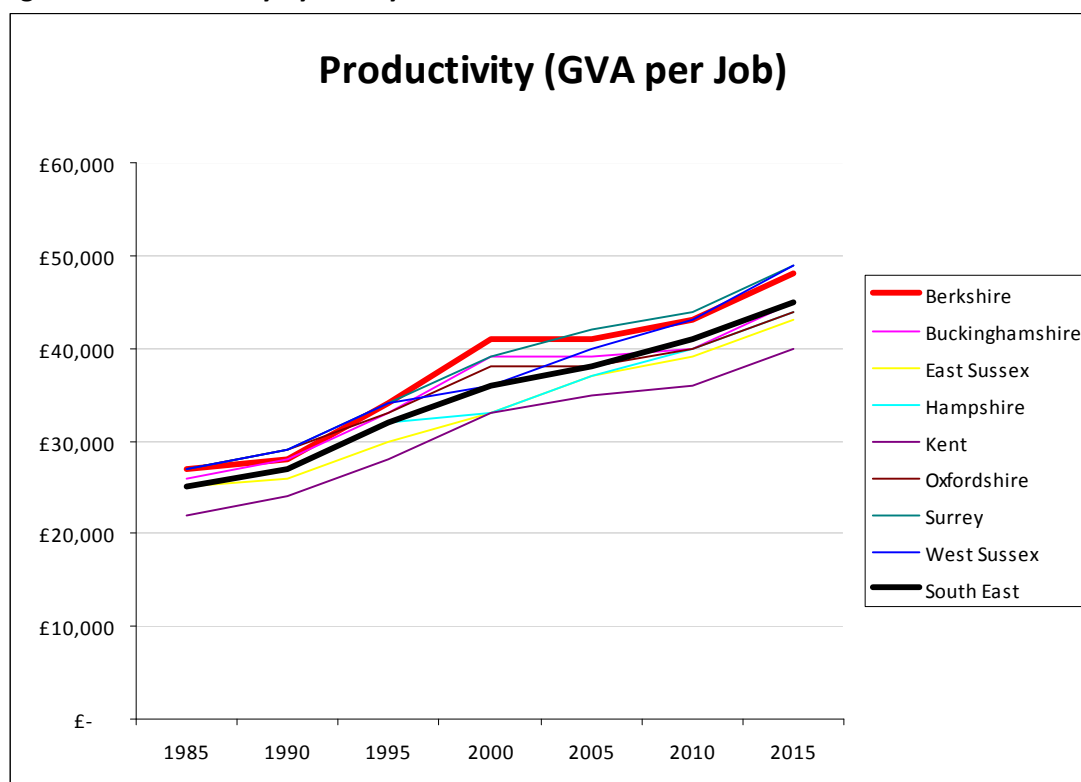
In 2005, Berkshire's total GVA is estimated to have been £21,300 million (13% of the South East GVA). By 2015 it is projected to grow to £25,800 million.

In 2008, the Annual Business Inquiry (ABI) data estimated there to be 462,000 jobs in Berkshire. By 2015 this is projected to grow to 532,000.

PRODUCTIVITY (GVA PER JOB) AT A COUNTY LEVEL

Figure 24 shows the Productivity (i.e. GVA per job) for each county in the South East at five-yearly intervals.

Figure 24: Productivity by county in the South East 1985-2015



Source: Berkshire Observatory, Cambridge Econometrics 2010

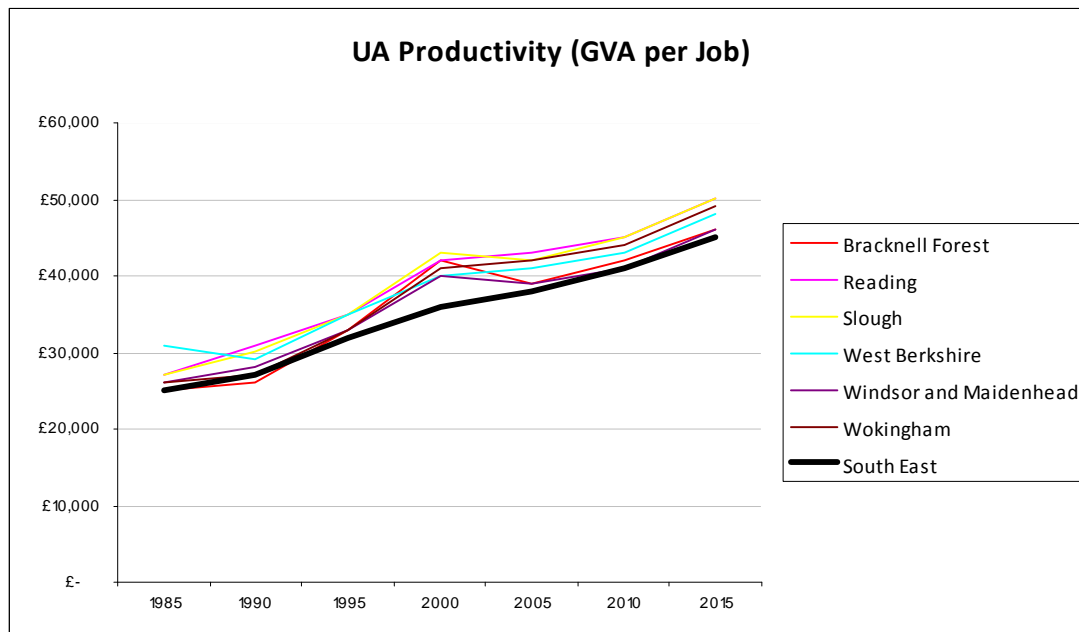
Berkshire's productivity is represented by the thick red line and the South East average can be seen as the thick black line. As you can see, Berkshire is performing well over this time period and is projected to continue performing strongly over the next five years.

* **DISCLAIMER:** As with all forecasting models the data produced is based on certain assumptions and historic patterns and should only be used as guide.

PRODUCTIVITY (GVA PER JOB) AT A UNITARY AUTHORITY (UA) LEVEL

Figure 25 shows the Productivity (i.e. GVA per job) for each UA in Berkshire at 5-yearly intervals.

Figure 25: Productivity by Berkshire UA 1985-2015



Source: Berkshire Observatory, Cambridge Econometrics 2010

With the South East average represented as the thick black line, each of the UAs are consistently higher and this is projected to continue.

By 2015, it is projected that Reading and Slough will both have a GVA per job of £50,000, far above the average across the South East, which is projected to be £45,000 per job.

From 2005-2015, productivity growth across Berkshire is projected to continue to rise and each UA to perform above the South East average.

ECONOMIC FORECAST SUMMARY

Berkshire's Productivity (GVA per job) is forecast to remain strong up to 2015. Surrey and West Sussex will be competing against Berkshire for top position in the South East. The individual UAs are forecast to continue seeing growing levels of Productivity, with Reading and Slough leading the way by 2015.

UNEMPLOYMENT

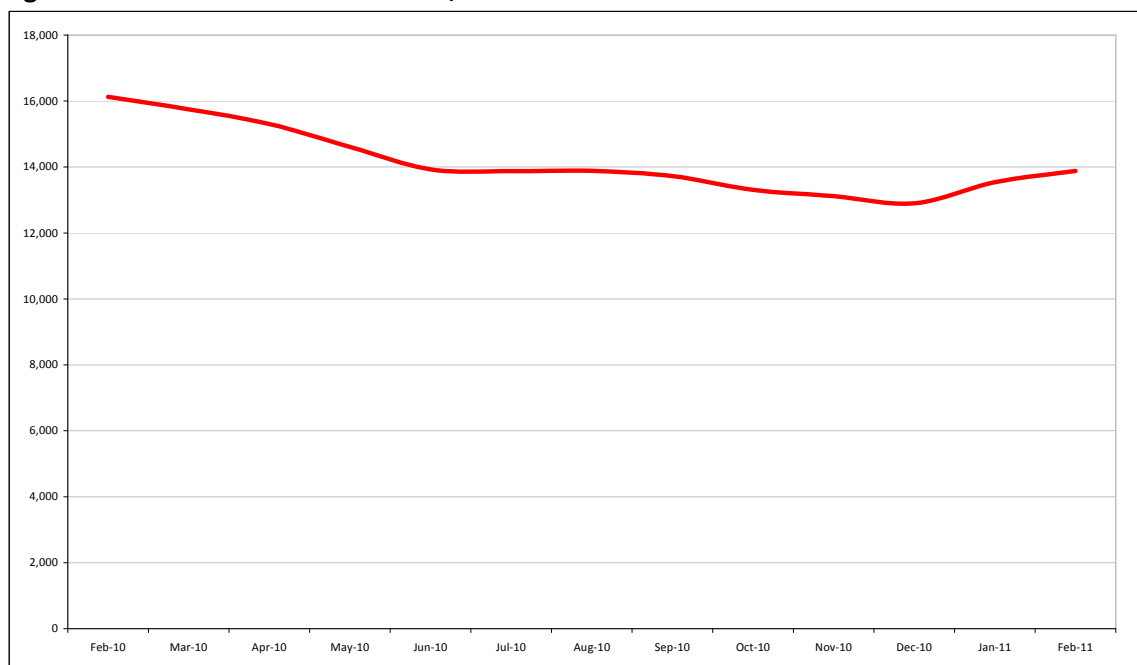
JOB SEEKERS ALLOWANCE (JSA) CLAIMANTS

The count of JSA claimants is the only regularly updated statistic available that shows levels of unemployment broken down to Unitary Authority level. It does, however, assume that all who are unemployed claim this benefit, which is not always the case.

Until an alternative is available, JSA claimant counts remain the most reliable indicator of unemployment levels across the UK.

Figure 26 charts the number of Job Seekers Allowance claimants in Berkshire from February 2010 to February 2011:

Figure 26: JSA Claimants in Berkshire, Feb 10-Feb 11



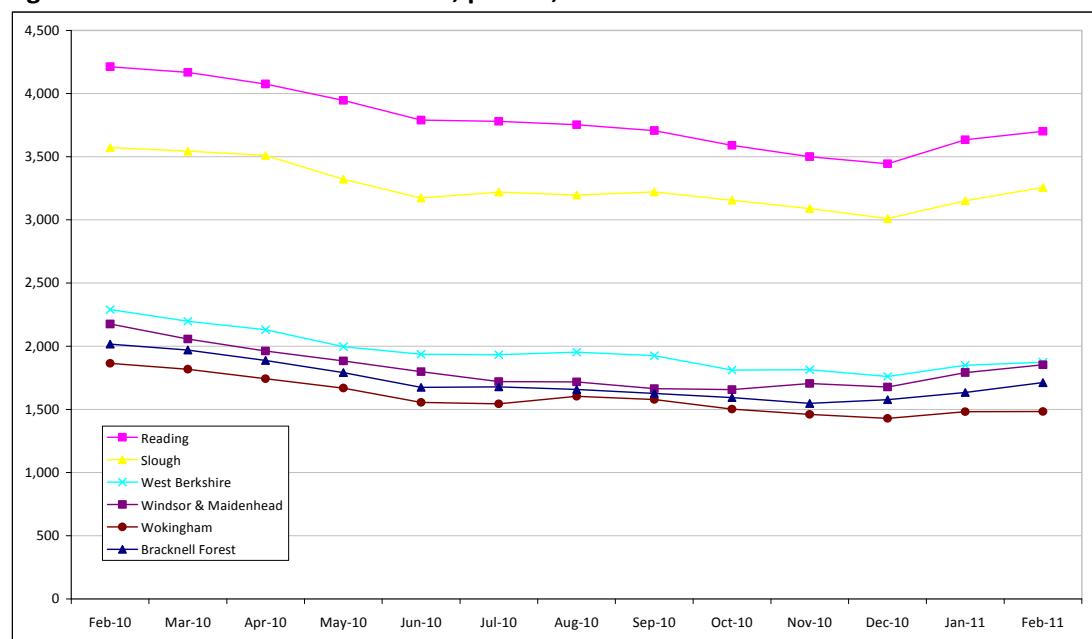
Source: Berkshire Observatory, ONS

During the last 12 months, unemployment in Berkshire fell from a high of 16,000 claimants to around 13,000. The last couple of months has seen this figure creeping back up, with unemployment at nearly 14,000 by February 2011.

However, it is still nearly double the pre-recession unemployment rate for Berkshire, which stood at around 7,000 in 2008.

Figure 27 displays the number of JSA claimants, broken down by Berkshire UA, over the last 12 months.

Figure 27: JSA Claimants in Berkshire, per UA, Feb 10-Feb 11



Source: Berkshire Observatory, ONS

The downward trend seen across Berkshire in 2010 is mirrored in each of its constituent parts. Since February 2010, each of the Berkshire UAs saw consistent declines in their numbers of JSA claimants. However, the last two months have seen unemployment figures rising again.

Figure 28 shows the detailed figures for JSA claimants, per Berkshire unitary authority, February 2010 to February 2011:

Figure 28: JSA Claimants in Berkshire, per Unitary Authority, Feb 10-Feb 11

Area	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Bracknell Forest	2,016	1,970	1,887	1,791	1,674	1,678	1,658	1,627	1,593	1,547	1,577	1,633	1,712
Reading	4,212	4,168	4,075	3,946	3,790	3,779	3,753	3,707	3,590	3,500	3,445	3,635	3,702
Slough	3,571	3,544	3,510	3,322	3,174	3,220	3,198	3,221	3,156	3,090	3,010	3,151	3,256
West Berkshire	2,290	2,197	2,130	1,997	1,936	1,932	1,954	1,926	1,811	1,814	1,761	1,849	1,874
Windsor & Maidenhead	2,175	2,056	1,962	1,883	1,799	1,720	1,718	1,664	1,656	1,705	1,677	1,792	1,853
Wokingham	1,864	1,818	1,743	1,668	1,555	1,544	1,603	1,578	1,503	1,461	1,428	1,481	1,483
BERKSHIRE	16,128	15,753	15,307	14,607	13,928	13,873	13,884	13,723	13,309	13,117	12,898	13,541	13,880

Source: Berkshire Observatory, ONS

There were 13,880 people claiming JSA in Berkshire in February 2011, over 2,000 more than at the same time the previous year.

Figure 29 shows the change in claimants from February 2010 to February 2011, by UA:

Figure 29: % of Working Age Population Claiming JSA, Feb 10 Compared to Feb 11

Area	Change From Feb 10-Feb 11	% Change From Feb 10-Feb 11
Bracknell Forest	-304	-15%
Reading	-510	-12%
Slough	-315	-9%
West Berkshire	-416	-18%
Windsor & Maidenhead	-322	-15%
Wokingham	-381	-20%
BERKSHIRE	-2,248	-14%
South East	-21,581	-13%
England	-116,816	-9%

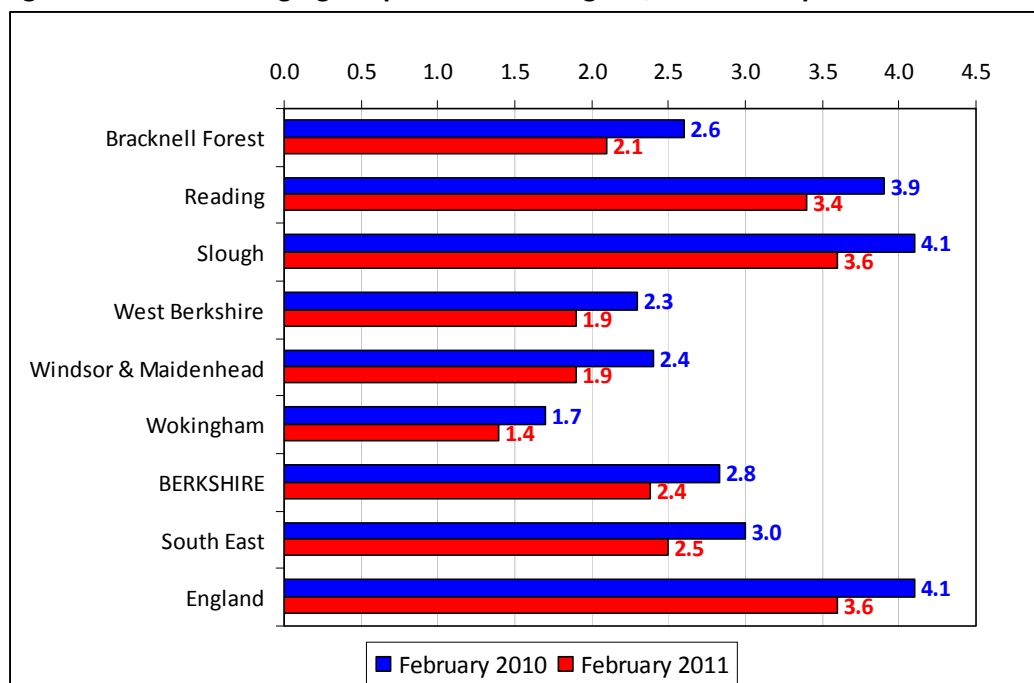
All six of the UAs had less JSA claimants in February 2011 than one year previous.

Across Berkshire, this has meant a decrease of over 2,000 claimants over the last year.

Berkshire's unemployment rate has decreased by 14% over the last year, slightly ahead of the South East average (13%) but better than the England average (9%).

The reason why unemployment is decreasing faster in Berkshire than England as a whole is unclear, although it appears no singular initiative or activity is causing this.

Figure 30, overleaf, shows the percentage of the working population in Berkshire's UAs who were claiming JSA benefit, in February 2010 and February 2011:

Figure 30: % of Working Age Population Claiming JSA, Feb 10 Compared to Feb 11

Source: Berkshire Observatory, ONS

The percentage of the resident working age population who are claiming JSA has fallen throughout Berkshire, by an average of 0.4% over the last year. Interestingly though, the decreases have been almost uniform across the county.

Each UA has approximately 0.5% of its population come off the claimant count over the last year, which means that the gaps between the six UA areas remain, generally, the same as they were a year ago.

This indicates that various initiatives and factors affect each UA in the same proportion, or, more likely, that Berkshire as a whole is being affected, highlighting the interconnectedness of each of these areas. **Although the causes are difficult to pinpoint, the effects are county wide.**

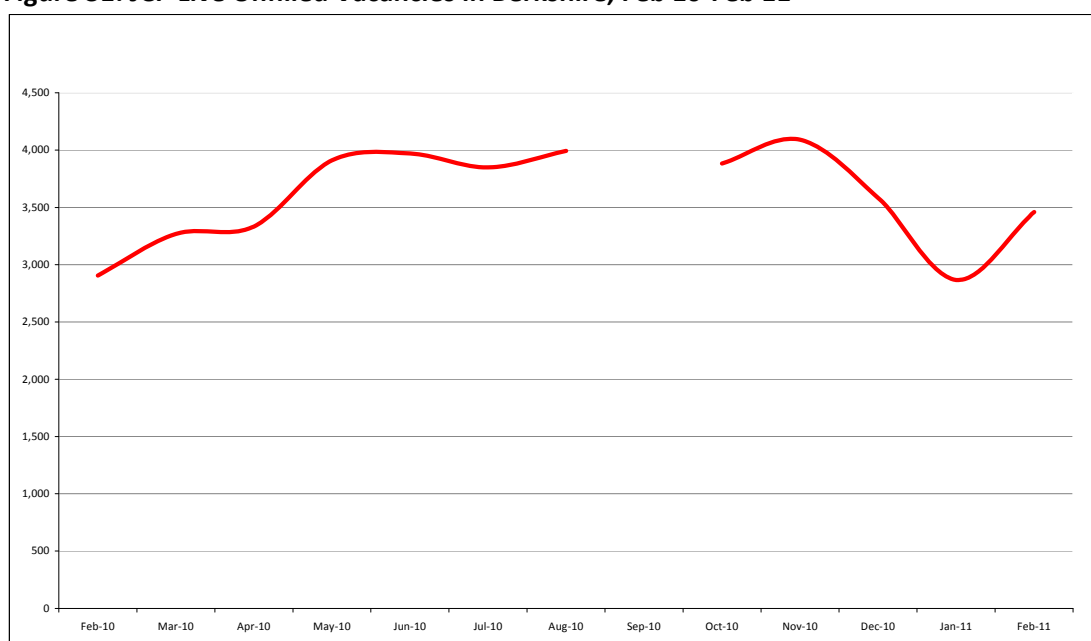
VACANCIES

JOB CENTRE PLUS (JCP) LIVE UNFILLED VACANCIES

PLEASE NOTE: DATA FOR LIVE UNFILLED VACANCIES FOR SEPTEMBER 2010 IS UNAVAILABLE, THEREFORE, THERE ARE NO FIGURES FOR SEPTEMBER 2010 IN THE FOLLOWING ANALYSIS

Below is data showing the numbers of unfilled vacancies that can be applied for by prospective candidates. It is not a complete picture of all vacancies available, but is the only regularly updated source of data that allows some understanding of vacancy opportunities for job seekers.

Figure 31: JCP Live Unfilled Vacancies in Berkshire, Feb 10-Feb 11



Source: Berkshire Observatory, ONS

Note: Unfilled vacancies can be split into Live Unfilled Vacancies and Suspended Unfilled Vacancies. Only figures for Live Unfilled Vacancies have been used as a jobseeker can actively apply for these.

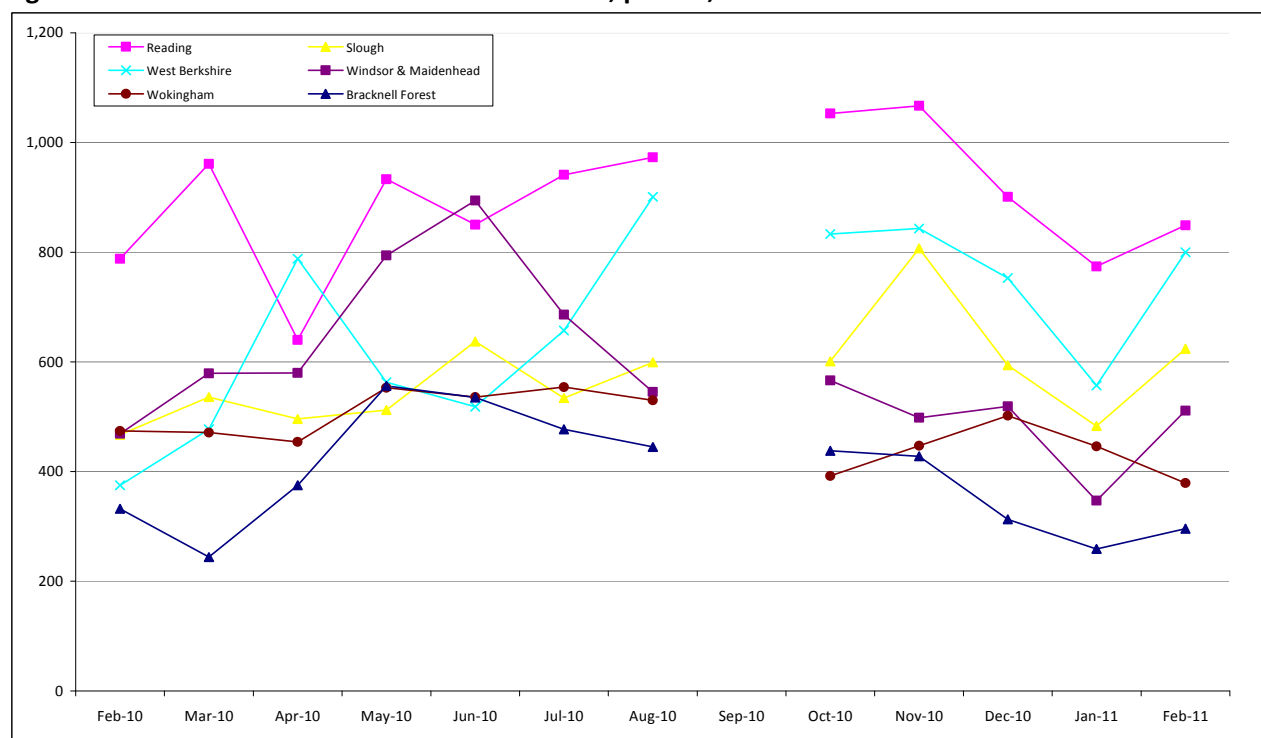
2010 saw near consistent increases to vacancy levels all year, however, the end of the year saw significant falls across Berkshire.

There were over 4,000 vacancies advertised through JCP across Berkshire in November 2010. There were less than 3,000 vacancies advertised just two months later. February 2011 has seen this rising again, with over 500 new vacancies since January 2011.

There were 500 more vacancies in February 2011 than a year previous.

Figure 32 displays the number of JCP live unfilled vacancies in more detail, breaking them down by Berkshire unitary authority, over the last 12 months.

Figure 32: JCP Live Unfilled Vacancies in Berkshire, per UA, Feb 10-Feb 11



Source: Berkshire Observatory, ONS

Note: Unfilled vacancies can be split into Live Unfilled Vacancies and Suspended Unfilled Vacancies. Only figures for Live Unfilled Vacancies have been used as a jobseeker can actively apply for these.

Figure 32 shows the volatility of live unfilled vacancies across the six UAs. Over the last 12 months, each of the UAs has seen significant increases and decreases to vacancy numbers. **In February 2011, West Berkshire had the most significant increase, compared to the previous month, with nearly 250 more vacancies. Wokingham had the most significant decrease with 67 fewer vacancies in February 2011 than one month earlier.**

Figure 33 shows the detailed figures for JCP live unfilled vacancies, per Berkshire UA, February 2010 to February 2011:

Figure 33: JCP Live Unfilled Vacancies in Berkshire, per UA, Feb 10-Feb 11

Area	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Bracknell Forest	332	244	375	556	535	477	445	N/A	438	428	313	259	296
Reading	788	961	640	933	850	941	973	N/A	1,053	1,067	901	774	849
Slough	467	536	496	512	637	534	599	N/A	601	807	594	483	624
West Berkshire	375	477	788	563	518	657	901	N/A	833	843	753	557	800
Windsor & Maidenhead	469	579	580	794	894	686	545	N/A	566	498	519	347	511
Wokingham	474	471	454	553	536	554	530	N/A	392	447	502	446	379
Berkshire	2,905	3,268	3,333	3,911	3,970	3,849	3,993	N/A	3,883	4,090	3,582	2,866	3,459

Source: Berkshire Observatory, ONS

Note: Unfilled vacancies can be split into Live Unfilled Vacancies and Suspended Unfilled Vacancies. Only figures for Live Unfilled Vacancies have been used as a jobseeker can actively apply for these.

There were 3,459 live unfilled vacancies available across all of Berkshire in February 2011, 500 more than a year previous.

Figure 34 shows the change in JCP live unfilled vacancies from February 2010 to February 2011, by unitary authority:

Figure 34: Change in JCP Live Unfilled Vacancies, Feb 10 compared to Feb 11, per UA

Area	Change From Feb 10-Feb 11	% Change From Feb 10-Feb 11
Bracknell Forest	-36	-11%
Reading	61	8%
Slough	157	34%
West Berkshire	425	113%
Windsor & Maidenhead	42	9%
Wokingham	-95	-20%
Berkshire	554	19%
South East	4,343	14%
England	30,829	15%

Source: Berkshire Observatory, ONS

Comparing February 2011 with February last year shows that Berkshire as a whole has 19% more vacancies. Only Bracknell Forest and Wokingham are slightly lower this February than they were last February.

West Berkshire has had the most significant upturn, with 425 (113%) more vacancies in February 2011, than February 2010.

Berkshire also has 19% more vacancies in February 2011 than one year previous, which is better than both the South East average (14%) and the England average (15%).

It is important to remember that the above figures for job vacancies are only those being advertised through JCP. As a rough guide, vacancies advertised through JCP equate to approximately 40% of all available positions.

This would mean that there are approximately 8,500 total vacancies across Berkshire. However, there are nearly 14,000 JSA claimants.

THIS EQUATES TO 1.6 JSA CLAIMANTS PER ADVERTISED VACANCY.

COMMUTING

Below is analysis carried out, using 2001 Census data, on travel to work patterns. Although this data is now nearly a decade old, it is still the most up-to-date information currently available.

Berkshire's workforce is supplied by a wide part of the country and, although the vast majority actually come from within its borders, this is still lower than other areas:

73% (324,000) of people who work in Berkshire also live in Berkshire – This is lower than other county areas.

In total, **23 districts outside of Berkshire each supply more than 1,000 people to Berkshire's workforce.** This is a testament to the excellent transport links and connectivity of the sub-region.

STRONG LINKS

- **Hampshire**
 - Provides 6% (25,500) of Berkshire's workforce
 - Basingstoke & Deane alone provides 3% (12,300)
 - Receives 1% (11,500) of its workforce from Berkshire
- **London**
 - Provides 5% (23,000) of Berkshire's workforce
 - Receives 1% (39,800) of its workforce from Berkshire
- **Buckinghamshire**
 - Provides 4% (17,200) of Berkshire's workforce
 - 7,400 from Wycombe and 6,700 from South Bucks
 - Receives 6% (12,000) of its workforce from Berkshire

MODERATE LINKS

- **Surrey**
 - Provides 3% (15,500) of Berkshire's workforce
 - Receives 3% (14,000) of its workforce from Berkshire
- **Oxfordshire**
 - Provides 3% (12,000) of Berkshire's workforce
 - Receives 3% (7,800) of its workforce from Berkshire

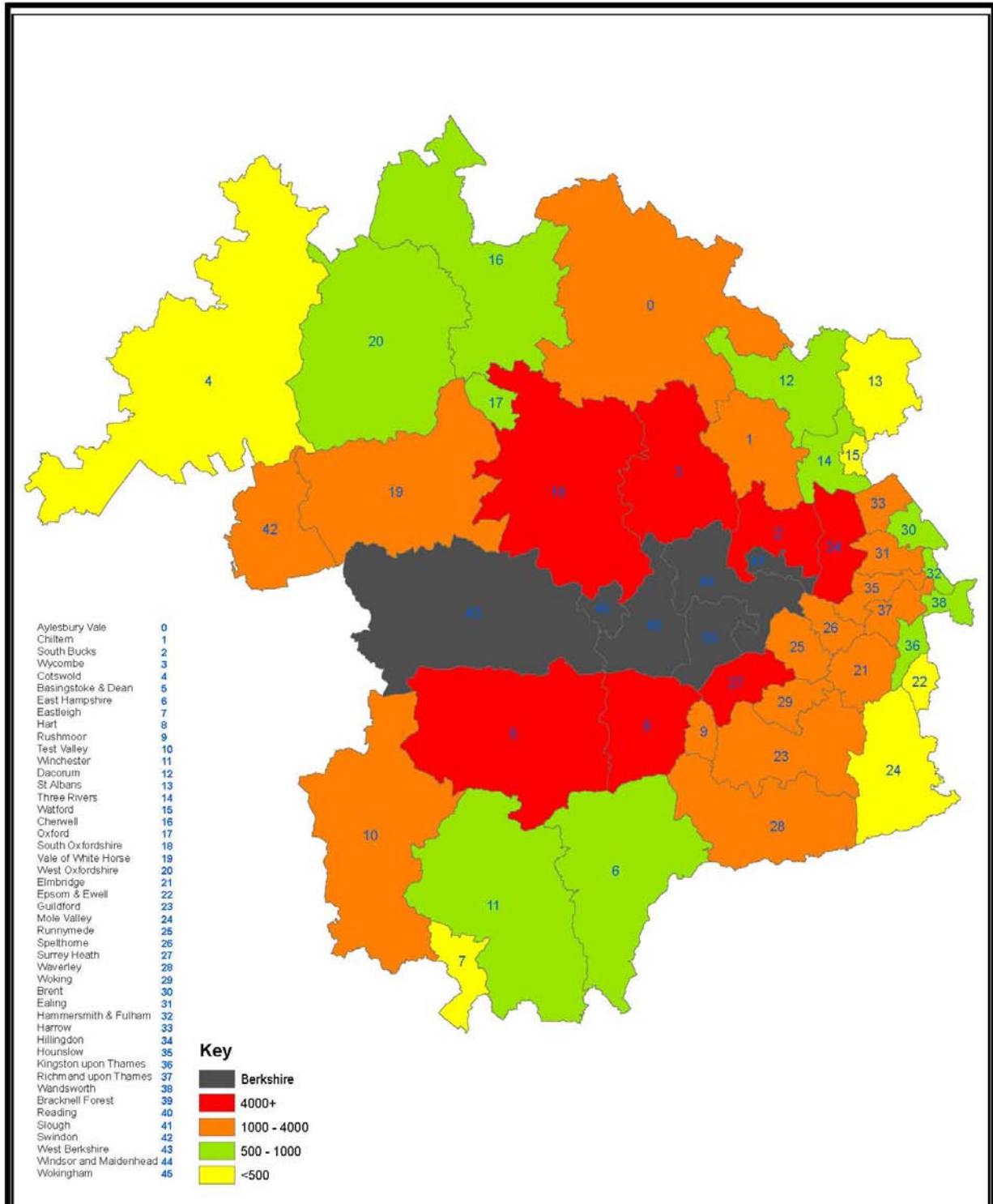
COMMUTING SUMMARY

- 73% of Berkshire's workforce (324,000 people), live in Berkshire.
- 5% of Berkshire's workforce (23,800 people), live in London.
- 40,000 people living in Berkshire work in London.
- 23 districts outside of Berkshire each send over 1,000 commuters into Berkshire.

20 districts outside of Berkshire each receive over 1,000 commuters from Berkshire.

Figure 35, across the page, shows the volume of commuters, by area, in more detail.

Figure 35: Total Number of Commuters into Berkshire - Detailed



Total Number of Commuters
2001 census - UK travel flows (local authority)



Royal Borough of Windsor & Maidenhead

Drawn By: Corporate Application Administrator

Date: August 2010

Scale: 1:800,000

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ECONOMY: SUMMARY

ECONOMY

STRENGTHS

- ICT is considerably above average for employment.
- Far less reliant on the public sector for jobs than the South East and Thames Valley.
- High employment in 'Priority' business sectors.
- 23 districts send workers to Berkshire – a testament to strong transport links.

WEAKNESSES

- Fewer workers in 'micro' and 'small' business than rest of the South East.
- 73% of Berkshire's workers live in Berkshire – Lower than other county areas.

OPPORTUNITIES

- Finance is 3 times the regional average in Reading, but below average in other UAs.
- GVA is predicted to continue rising far above the South East average.
- Jobs growth is predicted to continue rising far above the South East average.
- Basingstoke provides 6% of Berkshire's workers.
- London provides 5% of Berkshire's workers.
- 20 districts outside Berkshire receive workers from Berkshire.

THREATS

- More workers in 'Large' firms than South East average.
- 4 business sectors account for nearly 50% of employment.
- Only Berkshire imports workers, compared to its neighbours.
- Imported workers are mostly higher wage earners than residents of Berkshire.

CHAPTER 3: PEOPLE

DEMOGRAPHY

POPULATIONS FOR BERKSHIRE

Figure 36: Estimated Total Population in Berkshire in 2010

Estimated Total Population (2010)	
Bracknell Forest	111,200
Reading	153,700
Slough	128,700
West Berkshire	150,300
Windsor & Maidenhead	138,100
Wokingham	152,400
BERKSHIRE	834,400

Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

It is estimated that in 2010, there were over 834,000 people living in Berkshire. Bracknell Forest is estimated to have the fewest residents, with 111,000; Reading the most with nearly 154,000.

The most economically significant demographic is the balance between residents of working age, and those not of working age. Figure 37, below, shows the proportion of the population of each UA that are above, at or below working age. For example, Reading has 250 children and 203 retirees for every 1,000 people of working age.

Figure 37: Populations in Berkshire UAs



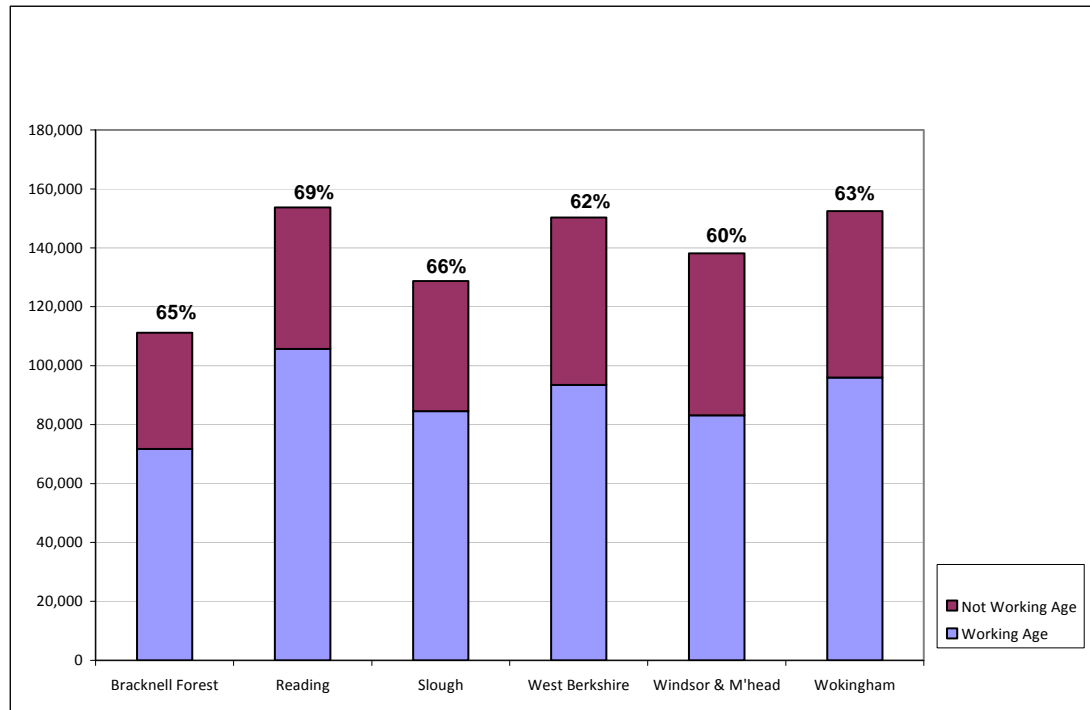
Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

With regards to children, Berkshire is fairly similar across each UA, with the exception of Reading, which has significantly fewer than anywhere else.

Windsor & Maidenhead has more older residents, **over** working age, than any other Berkshire UA.

Figure 38 shows the age balance of the UAs in comparative terms.

Figure 38: Working Age Populations in Berkshire UAs



Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

Figure 38 makes an absolute comparison as well as specifying the percentage of the population of working age.

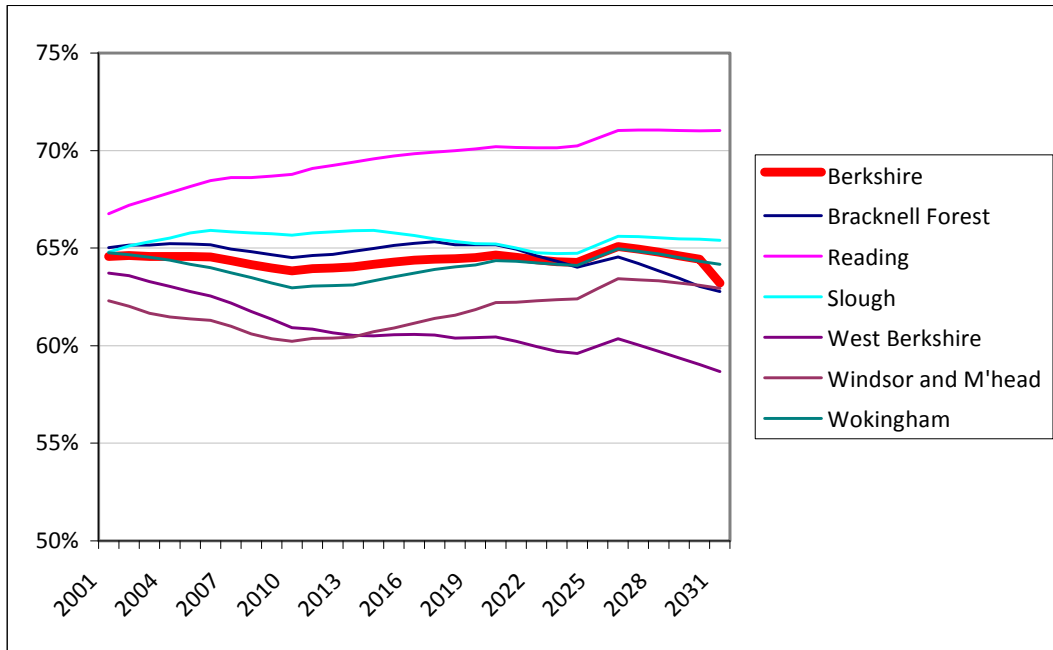
Of the six UAs, Windsor & Maidenhead has the lowest proportion of working age residents, while Reading has the highest (with Slough and Bracknell Forest close behind).

However, in absolute terms, Slough and Windsor & Maidenhead have approximately the same number of residents of working age.

POPULATION PREDICTIONS FOR BERKSHIRE

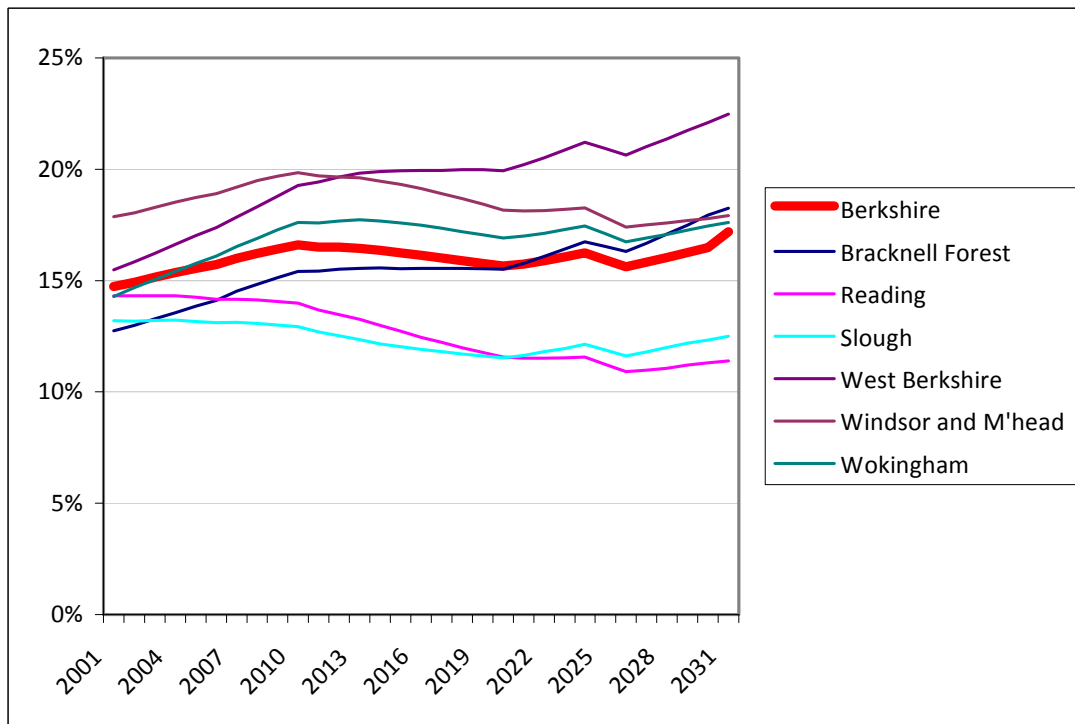
The data in Figures 39-41 has been corrected for future changes in retirement age, but the effects of those changes are minor.

Figure 39: % of Population At Working Age (Workers)

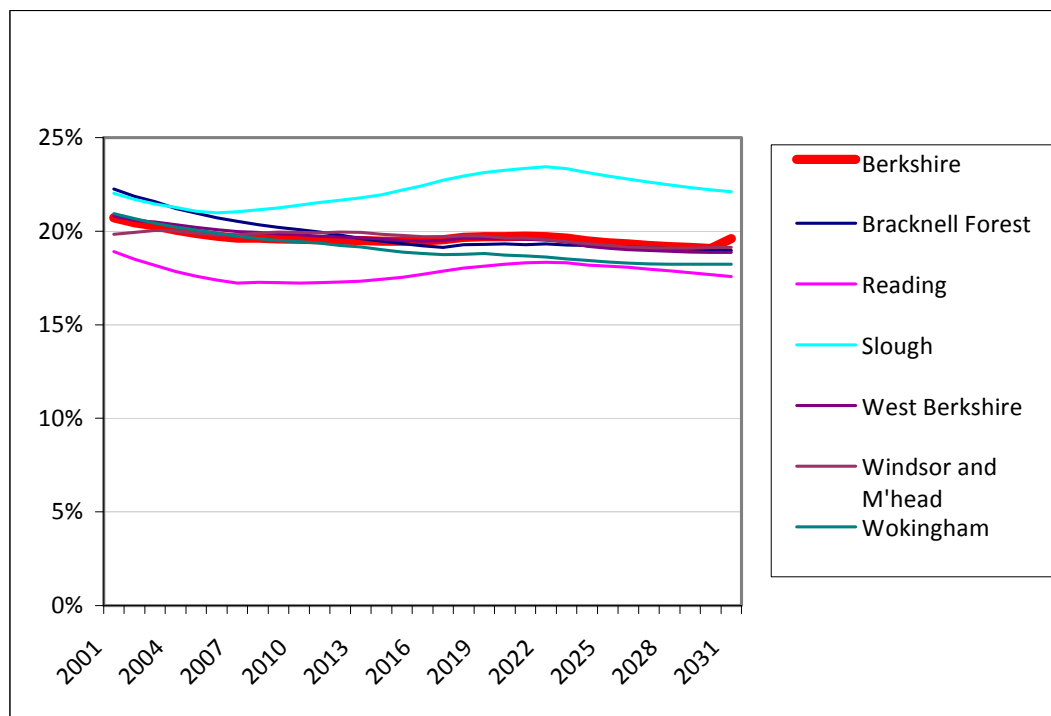


Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

Figure 40: % of Population Over Working Age (Pensioners)



Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

Figure 41: % of Population Under Working Age (Children)

Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

No UA will see a significant change in the number or proportion of children within their boundaries. West Berkshire and Bracknell Forest will experience the greatest increase in the retiree population. **It is expected that all UAs will experience population growth and, with the exception of Reading, none will see significant increases in the working age population.**

Bracknell Forest will see a large increase in retiree numbers, similar to West Berkshire, but it will also experience a small increase in working age numbers.

Reading is predicted to retain constant levels of children and retirees, but see a consistent and strong rise in numbers of working age residents.

Slough, despite its growth in the past decade, is predicted to stabilise in numbers after about 2017. Compared to the other UAs, it has a relatively high proportion of children.

West Berkshire will see its working age population stay substantially stable, but undergo a massive increase in retirees.

Windsor & Maidenhead will remain fundamentally as it is now, with a slight population growth, mostly in the retiree band.

Wokingham will stay generally stable, with a small increase in working age population and a moderate increase in retirees.

DEPRIVATION

The only large scale study of deprivation is the Index of Multiple Deprivation (IMD) 2007. This study is designed to identify ‘pockets’ of deprivation in lower super output areas (LSOAs), which are described by the Office for National Statistics as “homogenous small areas of relatively even size (around 1,500 people)”.

The overall IMD deprivation score for an area is calculated from scores calculated for seven ‘domains’ designed to assess different contributors to deprivation. The domains are:

- Living Environment
- Crime And Disorder
- Barriers To Housing And Services
- Education Skills And Training
- Health Deprivation And Disability
- Employment

An area that scores highly on several of these measures will be ranked as *deprived*, while one that ranks low on all the measures will rank as *not deprived*. An important distinction to note is that *not deprived* is not the same as ‘affluent’. The IMD is designed specifically to highlight ‘pockets’ of deprivation, and not as a measure of affluence.

Figure 42 below lists counties by the average IMD score. A rank of 1 means ‘Most Deprived’. The rankings are out of the upper tier council areas.

Figure 42: Deprivation Rankings for South East Neighbours

Area	Rank in England (Out of 144)	Rank in South East (Out of 14)
Berkshire	133	10
Oxfordshire	136	11
Hampshire	138	12
Buckinghamshire	142	13
Surrey	143	14

Source: Berkshire Observatory, DCLG 2007

On a national scale, Berkshire is not very deprived. However, when compared to its neighbours in the South East, Berkshire is the most deprived county. The next stage is to look at Berkshire in more detail to see differences across its UAs.

Figure 43: Deprivation Rankings for Berkshire

Area	Rank in England Out of 149
Slough	79
Reading	93
Bracknell Forest	144
Windsor & Maidenhead	145
West Berkshire	146
Wokingham	149

Source: Berkshire Observatory, DCLG 2007

Four out of the six UAs in Berkshire are amongst the least deprived areas in the country. **Wokingham is THE least deprived area in all of England.** To better understand the detail of how each of the UAs are deprived, or not, the seven individual 'domains' used to calculate deprivation have been analysed for each UA.

Figure 44: Deprivation Scores for Berkshire in Detail

Area	Living Environment	Crime And Disorder	Barriers To Housing And Services	Education Skills And Training	Health Deprivation And Disability	Employment	Income	OVERALL
Bracknell Forest	5	3	4	4	5	5	5	5
Reading	2	1	3	2	3	4	3	3
Slough	2	1	2	3	3	3	2	2
West Berkshire	5	4	3	4	5	5	5	5
Windsor & Maidenhead	4	2	4	5	5	5	5	5
Wokingham	5	4	4	5	5	5	5	5

Source: Berkshire Observatory, DCLG 2007

The scores above range from 1-5, with 1 being the highest quintile or 'Most Deprived' in the country and 5 being the lowest quintile or 'Least Deprived' in the country.

As is clear, Reading and Slough are both very deprived in the Crime & Disorder score. Reading is also deprived in the Living Environment score and for Education Skills and Training, but scores very well for Employment. Slough is also deprived in the Living Environment, Barriers to Housing and Services and Income scores.

The other four UAs perform very well across all seven 'domains' but Windsor & Maidenhead does have an issue with Crime and Disorder, although the scores for the other domains are very good.

While Berkshire, in general, is not very deprived, it has a few significant pockets of deprivation, most notably Slough and Reading.

It is worthy of note that if Slough were ranked as a London borough, it would be the 20th most deprived area in London, out of 34. If we look at only West London and include Slough:

Figure 45: Deprivation Rankings for West London incl. Slough

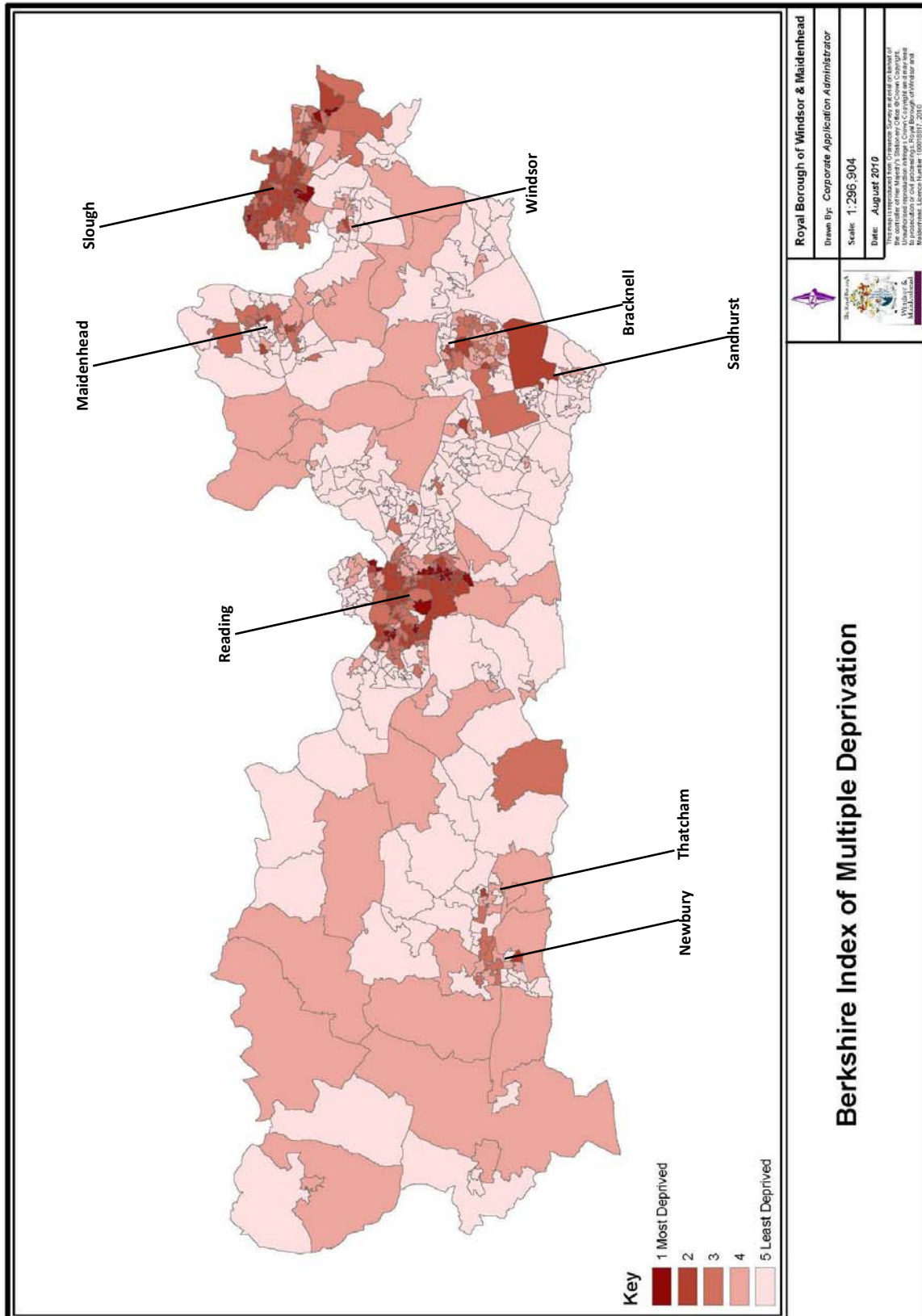
Area	Rank in West London Out of 9
Brent	1
Hammersmith & Fulham	2
Ealing	3
Kensington and Chelsea	4
Hounslow	5
Slough	6
Hillingdon	7
Harrow	8
Kingston upon Thames	9

Source: Berkshire Observatory, DCLG 2007

Slough fares well against its West London neighbours. There are five West London boroughs that are more deprived than Slough in West London and only three which are less deprived.

Figure 46, overleaf, illustrates the IMD rating for Berkshire at Lower Super Output area, which identifies pockets of deprivation at a finer level of detail than UA level.

Figure 46: Deprivation Rankings for Berkshire – Detailed Map



From the previous map, looking at just the Lower Super Output Areas (LSOAs) in the top two quintiles for overall deprivation in Berkshire (i.e. the two darkest colours on the map), the table below shows the number and percentage of LSOAs per unitary authority that are the most deprived (An LSOA equates to roughly 1,500 people):

Figure 47: Most Deprived LSOAs in Berkshire

Unitary Authorities	No. of Deprived LSOAs	Approx. Number of Deprived People	Total No. of LSOAs	% of Deprived LSOAs
Slough	42	63,000	78	54%
Reading	35	52,500	93	38%
Windsor & Maidenhead	4	6,000	88	5%
Bracknell Forest	4	6,000	74	5%
West Berkshire	2	3,000	97	2%
Wokingham	1	1,500	100	1%
TOTAL	88	132,000	530	17%

Berkshire's deprivation seems to be at two extremes. Two unitary authorities have significant amounts of deprived residents, whereas four unitary authorities have significant amounts of the least deprived residents in the country. Over half of Slough (approximately 63,000 residents) fall into the top two most deprived quintiles, and just over a third in Reading (approximately 52,500 residents). Wokingham at the other extreme only has one LSOA that is in this measure (equating to approximately 1,500 residents) meaning that 99% of its area is some of the least deprived in the country.

SKILLS AND EDUCATION

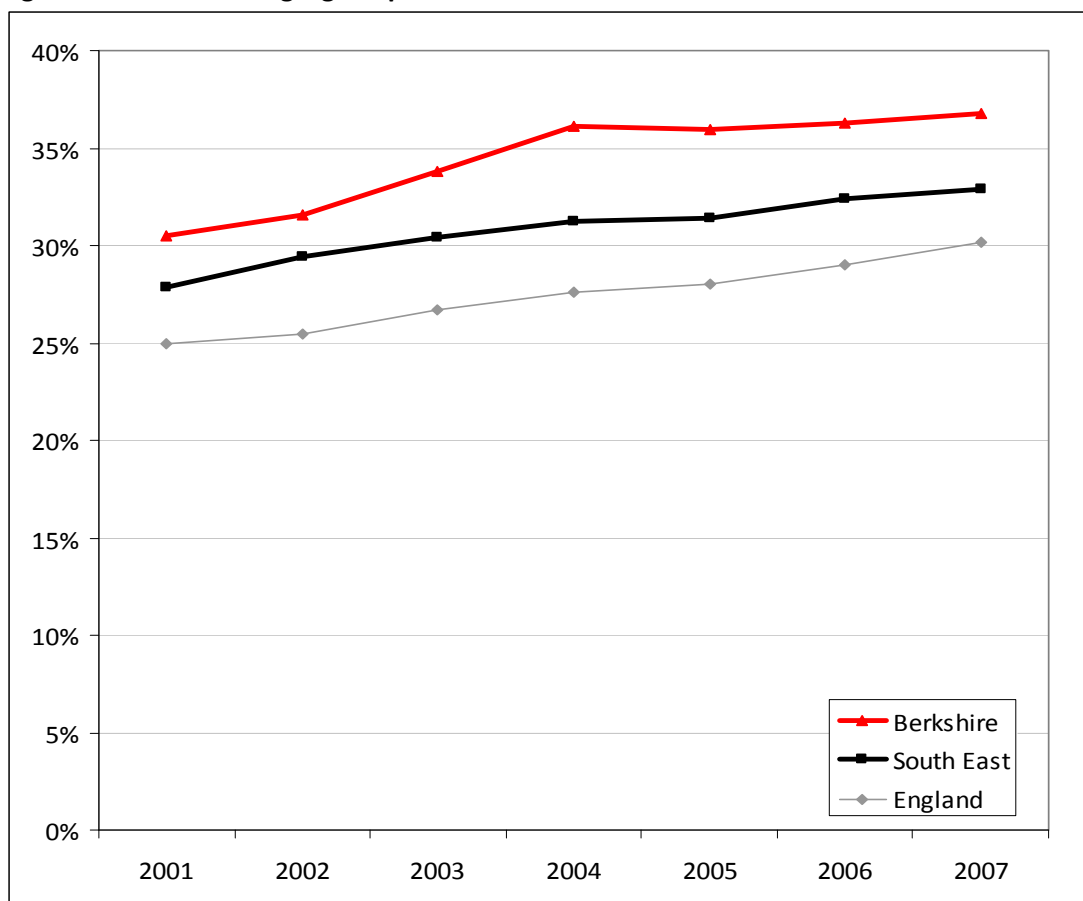
A measure of the skill and education levels of people in England is in terms of National Vocational Qualifications (NVQs). As a proxy, below is an approximate equivalent for each of the NVQ levels, to allow ease of understanding and comparison:

Figure 48: NVQ Level Equivalents

NVQ Level	Equivalent
1	Entry Level
2	GCSEs
3	A-Levels
4	Undergraduate Degree

Using this equivalency, NVQ Level 4 is the most qualified category, equating to a degree holder and is one of the levels of most interest to businesses. Below is analysis showing Berkshire’s standing against the region on holders of NVQ Level 4 or more. (The definition of Working Age is 19-59 for women and 19-64 for men).

Figure 49: % Of Working-Age Population with NVQ Level 4 or More



Source: Berkshire Observatory, DCSF 2008

Berkshire has more residents of working age with a degree or higher, than both the South East and England averages and has maintained this consistently from 2001-2007. However,

when you look at Berkshire in more detail, there are some very marked differences between the UAs.

Figure 50: % Of Working-Age Population with NVQ Level 4 or More in Berkshire

Area	Percentage at NVQ4+
Wokingham	44%
Windsor & Maidenhead	42%
West Berkshire	38%
Bracknell Forest	37%
Reading	35%
Slough	22%
South East	33%

Source: Berkshire Observatory, DCSF 2008

Wokingham has twice as many graduates as Slough does and is one of the best in all the South East. Conversely, Slough is not only the lowest in Berkshire, but also one of the lowest in the South East.

Every UA in Berkshire is above the South East average of 33%, EXCEPT Slough. Slough, therefore, is the only Berkshire UA that requires a focus on increasing residents who hold a degree.

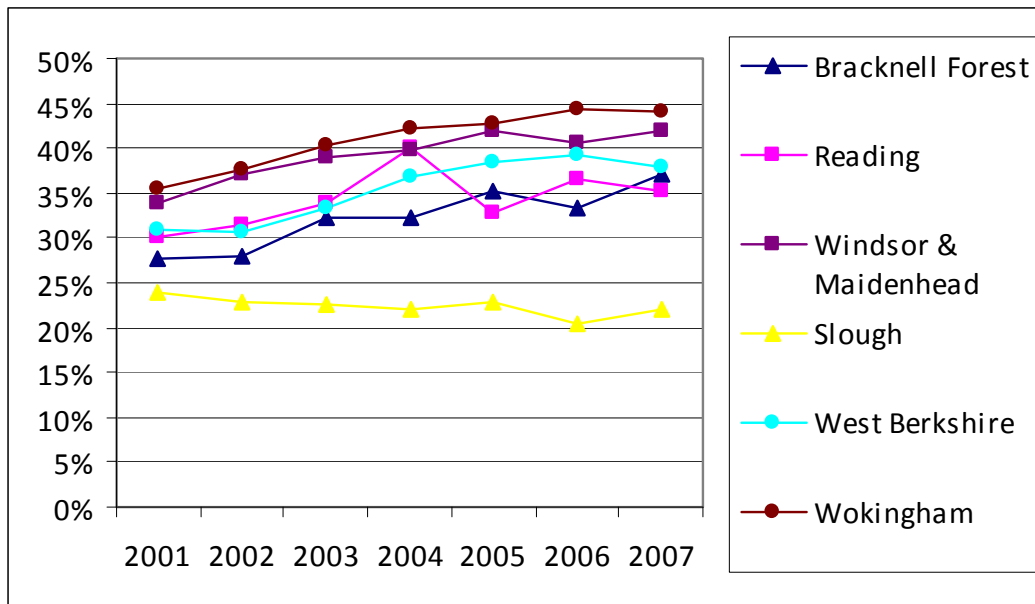
Figure 51: % Of Working-Age Population with NVQ Level 4 or More in South East

Area	Percentage at NVQ4+
Surrey	40%
Buckinghamshire	37%
Berkshire	37%
Thames Valley	36%
Oxfordshire	35%
South East	33%
Hampshire	31%

Source: Berkshire Observatory, DCSF 2008

If Slough were excluded, Berkshire's average would be 2% higher, at 39%. Compared to its neighbours, however, Berkshire is still competing very strongly.

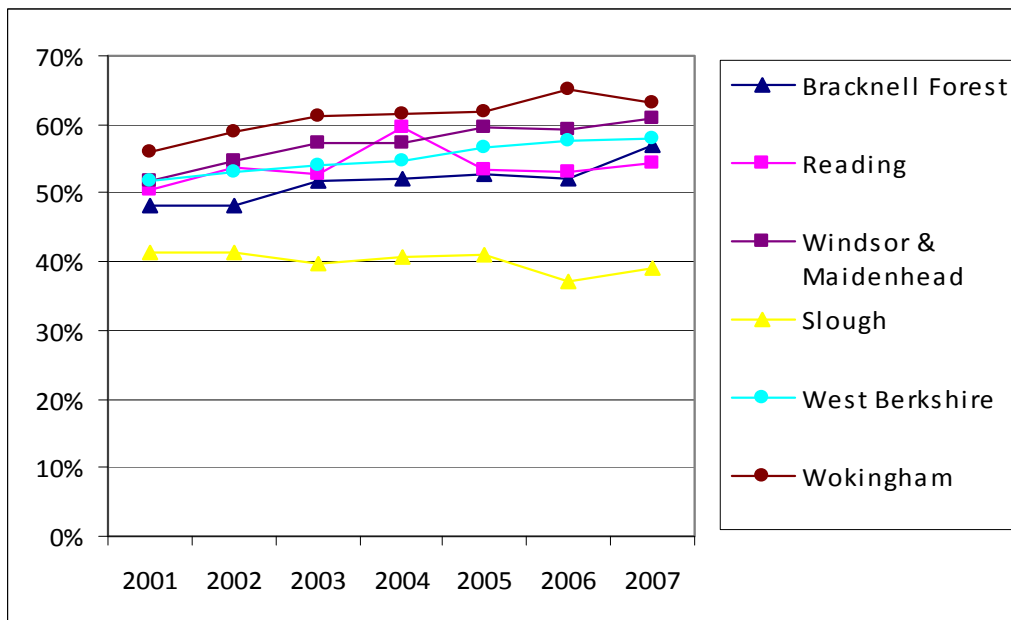
Figure 52: % Of Working-Age Population with NVQ Level 4 or More (2001-2007)



Source: Berkshire Observatory, DCSF 2008

Looking at attainment of NVQ level 4 over time, every UA has increased over time, with the exception of Slough, which actually fell over this period of time (2001-2007). Reading saw a significant fall between 2004 and 2005, but by 2007 had 5% more NVQ level 4 holders than at the beginning of the decade.

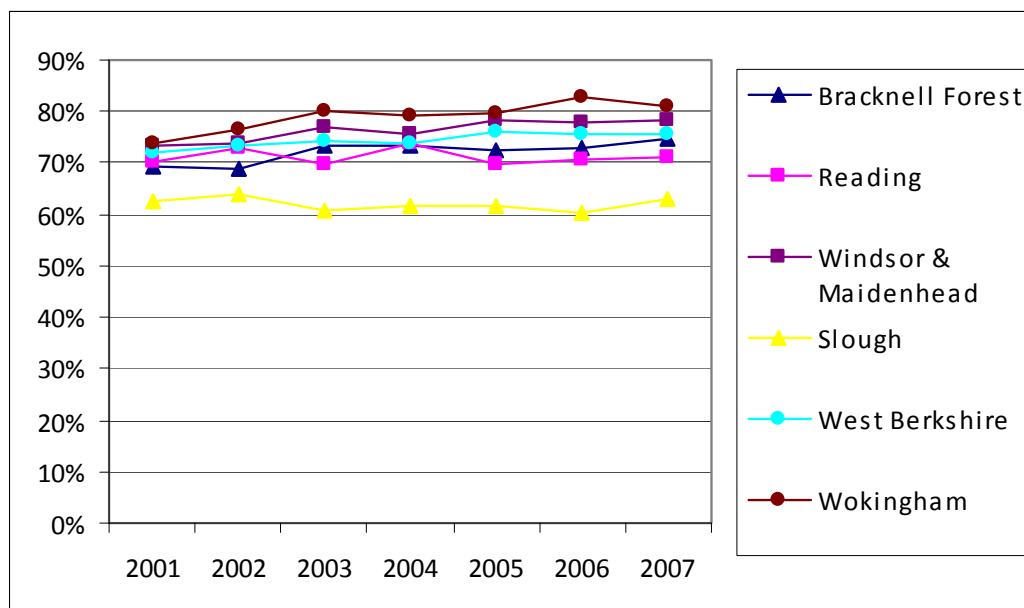
Figure 53: % Of Working-Age Population with NVQ Level 3 (2001-2007)



Source: Berkshire Observatory, DCSF 2008

NVQ level 3 is an entry level qualification for many jobs and is therefore vital for gaining employment. A similar pattern can be seen here as was with NVQ level 4. All UAs have seen increases in NVQ level 3 holders except Slough, with less holders there in 2007 than there were in 2001. Reading again saw a dip between 2004-2005.

Figure 54: % Of Working-Age Population with NVQ Level 2 (2001-2007)



Source: Berkshire Observatory, DCSF 2008

At NVQ level 2, again the same trend is apparent across the Berkshire UAs. This time however, Reading joins Slough as remaining relatively flat over this period of time, although Slough again has the lowest levels of attainment in NVQ level 2, as it did with levels 3 and 4.

Reading again has a dip in attainment between 2004 and 2005. It seems that 2004 was a year that saw out of the ordinary increases to the numbers of Readings NVQ level 2, 3 and 4 holders, with numbers then going back to its previous levels in 2005. This is possibly due to the opening of a new educational institution that initially brought in more pupils in 2004, but a drop in attendance in other colleges, or even some closures, then evened this out again the following year.

PEOPLE: SUMMARY

PEOPLE

STRENGTHS

- Berkshire, as a whole, is not very deprived.
- Reading has a high percentage of Working Age Population, that is predicted to continue rising.
- 5 Berkshire UAs have more degree holders than the South East average.

WEAKNESSES

- Crime is a significant problem in Reading and Slough.
- Slough has the lowest proportion of degree holders in the South East.

OPPORTUNITIES

- 5 Berkshire UAs have more degree holders than the South East average.
- University of Reading - renewal of halls of residence and expansion programme.

THREATS

- The numbers of dependants (i.e. those under and over working age) are forecast to continue growing.
- Balancing economic growth pressures with social infrastructure needs.
- Need to continue delivery of affordable housing in current climate.

CHAPTER 4: PLACE

HOUSING

HOUSEHOLDS

This analysis has been conducted using 2009-based demographic projections, specially commissioned by the Berkshire Observatory. This analysis will look at the predicted situation with regards to households in Berkshire in 2011 and compare it to the predicted situation in 2026.

As the proportion of 1-person households is so high, it is more informative to separate them out and look at the proportion of 1-person households and then the rest of the households. This will give separate measures of how many 1-person households there are and how many multiple member households (i.e. 'Family Households') there are.

Figure 55: Households in Berkshire 2011

Area	Number of 1-Person Households	Number of Family Households	Total Households	% of 1-Person Households	Average Household Size	Average Family Household Size
Bracknell Forest	15,000	32,000	47,000	32%	2.32	2.93
Reading	22,000	44,000	66,000	33%	2.29	2.93
Slough	15,000	34,000	50,000	31%	2.59	3.31
West Berks	18,000	45,000	64,000	29%	2.34	2.89
Windsor & Maidenhead	19,000	39,000	58,000	32%	2.32	2.98
Wokingham	17,000	45,000	62,000	27%	2.38	2.91
Berkshire	106,000	239,000	346,000	31%	2.37	2.98

Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

Generally most UAs have an average household size of around 2.33 members, but Slough has significantly more, pushing the Berkshire average up to 2.37.

Across Berkshire, approximately a third of all households are 1-person households. Including this group, the average household size across Berkshire is 2.37. If, however, you exclude 1-person households and just look at family households, the average household size across Berkshire rises to nearly three people per household.

This makes the biggest impact to Slough which has an average household size of 2.59. However, when looking at only family households, this figure jumps to 3.31.

West Berkshire has both below average proportions of 1-person households, and below average family household size. This means that not only are there less 1-person households in West Berkshire, there are also smaller than average families living there.

Advancing to 2026, Slough and Reading see lower rates of gain in 1-person households. Only Slough and West Berkshire don't see a decrease in average family household size, instead experiencing a basically static average household size.

Figure 56: Households in Berkshire 2026

Area	Number of 1-Person Households	Number of Family Households	Total Households	% of 1-Person Households	Average Household Size	Average Family Household Size
Bracknell Forest	21,000	36,000	58,000	37%	2.19	2.90
Reading	28,000	48,000	76,000	37%	2.18	2.86
Slough	19,000	35,000	55,000	35%	2.50	3.32
West Berks	25,000	47,000	71,000	35%	2.24	2.90
Windsor & Maidenhead	23,000	39,000	62,000	37%	2.20	2.91
Wokingham	24,000	49,000	73,000	33%	2.24	2.85
Berkshire	140,000	255,000	395,000	35%	2.25	2.94

Source: Berkshire Observatory, GLA Population Projections 2009-based, 2010

By 2026, it is estimated that there will be 34,000 more 1-person households than 2011 across Berkshire and the average household size will have dropped from 2.37 to 2.25.

Interestingly, Slough and West Berkshire are the only UAs in Berkshire where the family household size is predicted to increase, although only slightly.

In total, there is a predicted rise of nearly 50,000 households across Berkshire from 2011 to 2026. This is an increase of 14%.

For more information on Housing issues in Berkshire see:
[Berkshire Strategic Housing Market Assessment](#)

HOUSING AFFORDABILITY

The affordability of buying a home in the area is a significant factor for Berkshire and its attractiveness to workers and businesses considering relocating to the area. The below analysis looks at the average price of a house compared to the average salary in each Berkshire UA and calculates how many years it would take, if saving all of your salary, to buy a home.

Figure 57: Affordability of Median Priced Houses at a Median Salary in Berkshire

Area	Median House Price	Median Affordability (Years)
Slough	176,000	5.7
Bracknell Forest	208,000	5.9
Reading	183,000	6.3
West Berkshire	228,000	7.1
Wokingham	250,000	7.5
Windsor & Maidenhead	293,000	8.8

Source: Berkshire Observatory, DCLG 2009

Figure 57 shows that an average salary in Slough would buy an average priced house in the shortest space of time in Berkshire. At the other end of the scale, in Windsor & Maidenhead, where average house prices and average salaries are higher, it would take over three years longer.

In order to put this into context, the affordability measure illustrated above needs to be viewed for the rest of the South East.

Figure 58: Affordability of Median Priced Houses at a Median Salary Across the South East

Rank in South East	Area	Median Affordability (Years)
1	Portsmouth	5.0
2	Rushmoor	5.3
3	Dover	5.4
4	Medway	5.5
5	Southampton	5.6
6	Milton Keynes	5.7
7	Dartford	5.7
8	Slough	5.7
9	Gosport	5.8
10	Swale	5.9
11	Bracknell Forest	5.9
12	Crawley	6.1
13	Reading	6.3
14	Eastbourne	6.4
15	Gravesham	6.4
16	Basingstoke and Deane	6.5
17	Hastings	6.6
18	Havant	6.9
19	Shepway	7.0
20	Vale of White Horse	7.0
21	Worthing	7.1
22	Cherwell	7.1
23	West Berkshire	7.1
24	Canterbury	7.1
25	Isle of Wight	7.1
26	Thanet	7.3
27	Ashford	7.3
28	Runnymede	7.5
29	Wokingham	7.5
30	Eastleigh	7.5
31	Maidstone	7.5
32	Tonbridge and Malling	7.6
33	Spelthorne	7.6
34	Wycombe	7.6
35	Aylesbury Vale	7.6
36	Lewes	7.8
37	Mole Valley	7.8
38	Surrey Heath	7.9
39	Test Valley	7.9
40	Fareham	7.9
41	Reigate and Banstead	7.9
42	West Oxfordshire	8.0
43	Brighton and Hove	8.3
44	Adur	8.3
45	Oxford	8.4
46	Epsom and Ewell	8.4
47	Hart	8.4
48	Guildford	8.4
49	Tunbridge Wells	8.6

**MOST
AFFORDABLE**

**LEAST
AFFORDABLE**

Rank in South East	Area	Median Affordability (Years)
50	Windsor & Maidenhead	8.8
51	Rother	8.8
52	Arun	8.8
53	Mid Sussex	8.9
54	New Forest	9.0
55	Winchester	9.0
56	Sevenoaks	9.1
57	Waverley	9.1
58	Woking	9.1
59	East Hampshire	9.3
60	Horsham	9.4
61	Wealden	9.4
62	South Oxfordshire	10.2
63	Chichester	10.2
64	South Bucks	10.5
65	Tandridge	10.9
66	Chiltern	11.6
67	Elmbridge	12.3

↓
LEAST AFFORDABLE

Source: Berkshire Observatory, DCLG 2009

The six Berkshire UAs fall across the full range of affordability in the South East. Median affordability is comparatively good for Slough, Bracknell Forest and Reading.

Windsor & Maidenhead's affordability is comparatively bad, while Wokingham and West Berkshire are of 'middling' affordability, tending towards affordable over unaffordable.

Figure 59: Affordability of Median Priced Houses at a Median Salary Across England

Rank in England	Area	Median Affordability (Years)
1	North East	5.1
2	North West	5.2
3	Yorkshire & Humber	5.2
4	East Midlands	5.5
5	West Midlands	5.7
6	ENGLAND	6.3
7	East	6.8
8	South West	7.2
9	South East	7.3
10	Outer London	8.1
11	Inner London	8.6

Source: Berkshire Observatory, DCLG 2009

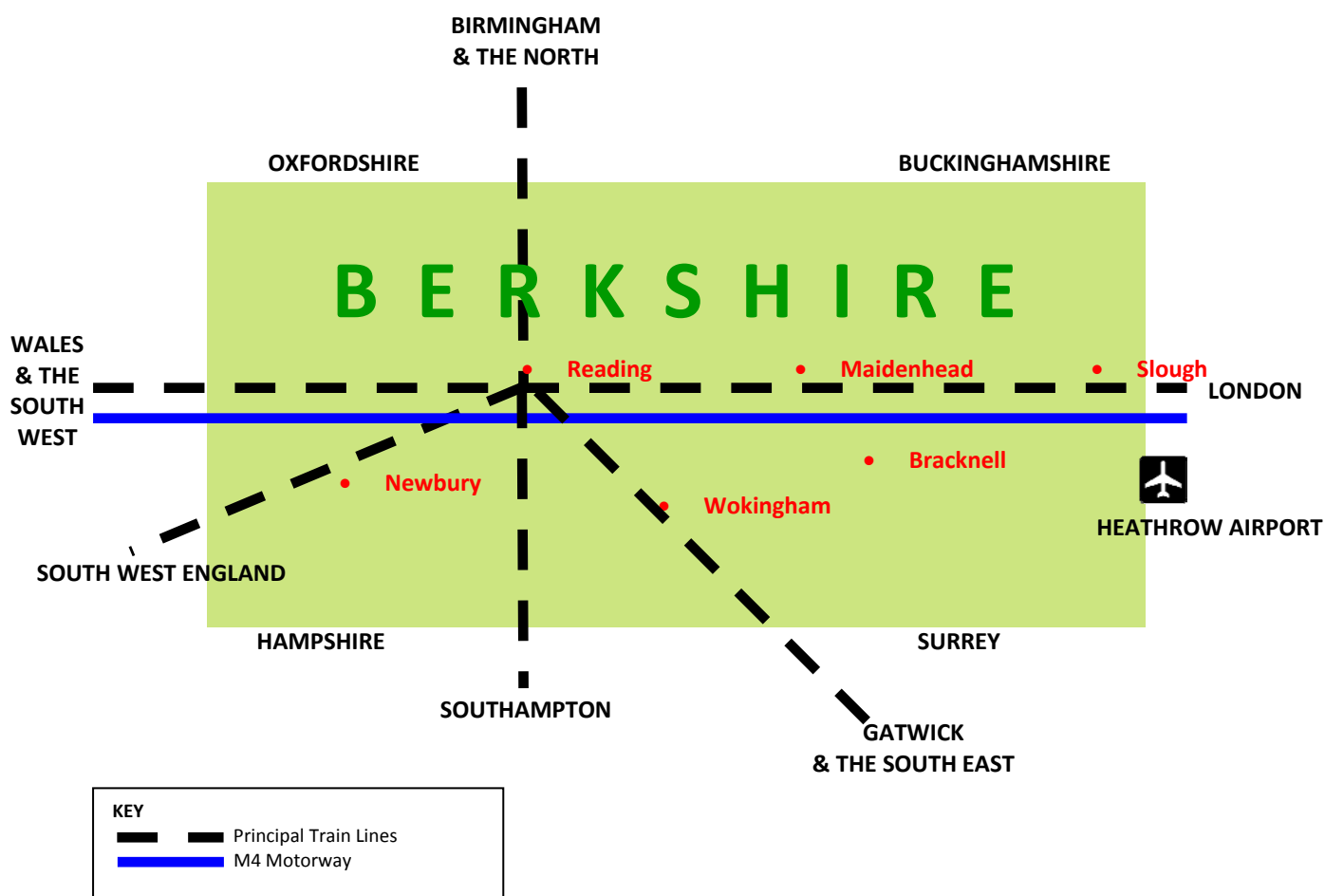
When looking at the broader context of England, comparative affordability is much lower. Only London is less affordable than the South East. **Slough, the most affordable UA in Berkshire, is the 106th most affordable district out of 361 across England. Windsor and Maidenhead, the least affordable UA in Berkshire, is unsurprisingly 312th out of 361.**

TRANSPORT

CONNECTIVITY

Berkshire has two main transport arteries running through it, the M4 motorway travelling East and West and the Great Western Main Line railway which runs from London Paddington, through Berkshire and onto Wales¹. In addition, Reading connects via rail to Birmingham and the North, Gatwick and the rest of the South East and to the South West of the country².

Figure 60: Transport Connectivity Across Berkshire



¹ Berkshire’s main transport arteries therefore have to serve both local needs and act as a vital conduit, linking these regions and destinations like London, Heathrow and the Channel Ports/Channel Tunnel.

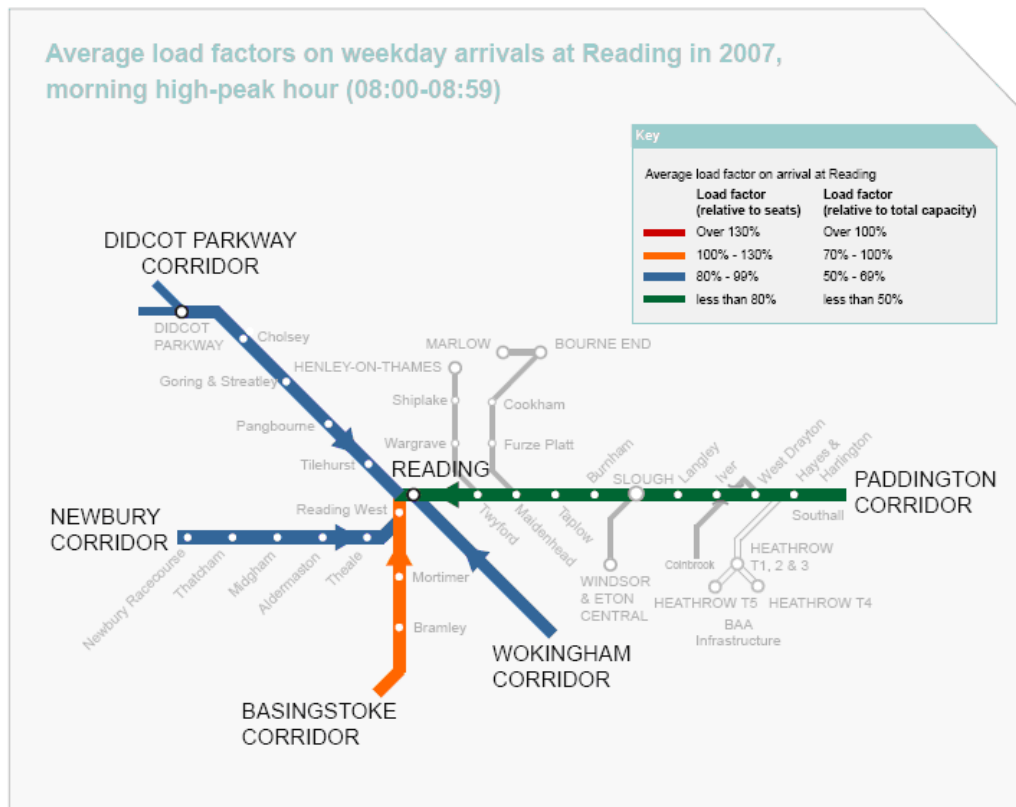
² Reading Station is one of the most important interchanges on the entire national rail network and is about to undergo a multi-million pound regeneration.

RAIL CAPACITY

Rail travel is an important factor in Berkshire and as such it is vital to understand the capacity of the existing infrastructure.

The Great Western Route Utilisation Strategy, published by Network Rail in March 2010, has a section where this issue is covered. Figure 58 illustrates rail capacity as in 2007:

Figure 61: Rail Capacity in 2007



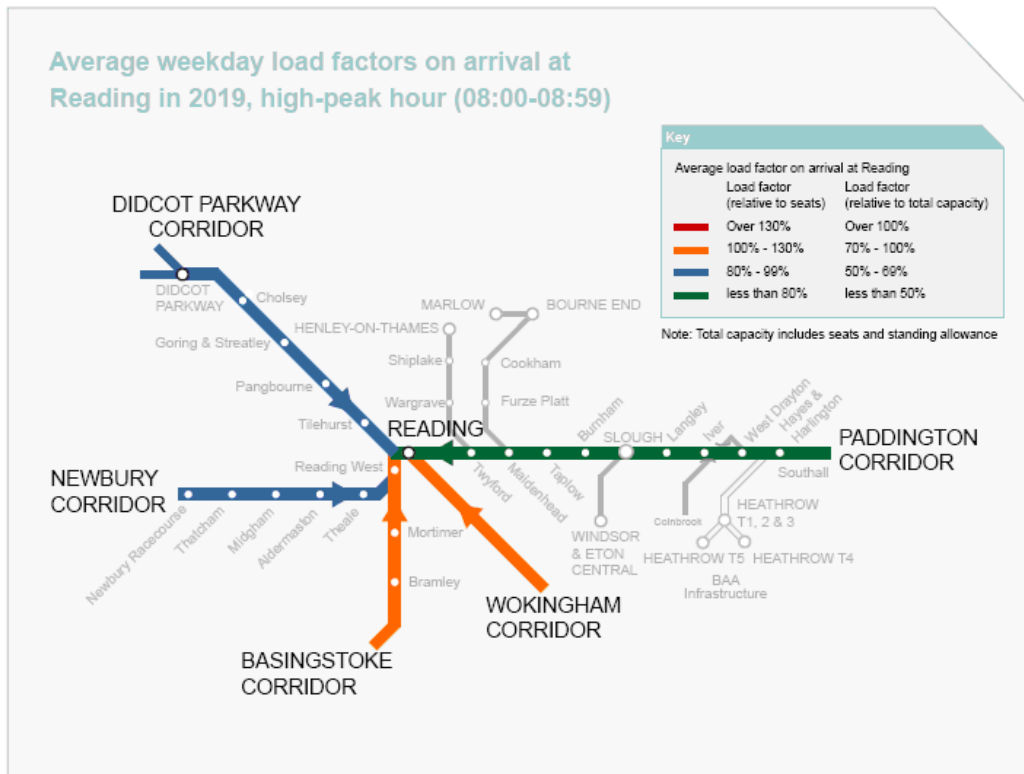
Note: Total capacity includes seats and standing allowance

Source: Network Rail: Great Western Route Utilisation Strategy March 2010

This shows that the Paddington to Reading section of the railway was performing at less than 50% total capacity in 2007. However, the Basingstoke to Reading route was near or at total capacity.

Figure 62 predicts what the situation may be in 2019.

Figure 62: Projected Rail Capacity in 2019



Source: Network Rail: Great Western Route Utilisation Strategy March 2010

Here we can see that the Wokingham and Basingstoke corridors are likely to be over capacity.

Reading station represents a major bottleneck on the lines through Reading and the improvements in progress, at the time of writing, will do much to increase capacity and alleviate this bottlenecking.

For more information on Rail Transport issues in Berkshire see: [Great Western Route Utilisation Strategy](#)

ROAD CAPACITY

Commuting via road is also common in Berkshire and with the M4 running through so much of the county and close proximity to a number of other motorways, capacity levels here also need to be understood.

Figure 63: Road Capacity in 2008



Source: TRADS, 2008

Source: *Delivering a Sustainable Transport Strategy: Thames Valley 2010-Atkins*

The light purple line is the stretch of the M4 motorway that extends between Slough and just past Reading. In 2008 this was deemed to be at or slightly over capacity. The stretch of M4 going through West Berkshire is at 80-90% of total capacity.

Figure 64, below, predicts the situation in 2021.

Figure 64: Projected Road Capacity in 2021



Source: TRADS and TEMPRO forecasts

Source: *Delivering a Sustainable Transport Strategy: Thames Valley 2010-Atkins*

The Slough-Reading stretch of M4 motorway is predicted to be at least 20% OVER capacity by 2021. The West Berkshire stretch is predicted to be at or over capacity.

The capacity of the M4 motorway was at near total capacity for Berkshire in 2008. The projected situation in 2021 shows that this is likely to only get worse. In order for Berkshire to continue competing as a destination for businesses and workers, road capacity levels must be looked at and either increased, or the pressures on them reduced.

ENVIRONMENT

NATURAL BEAUTY

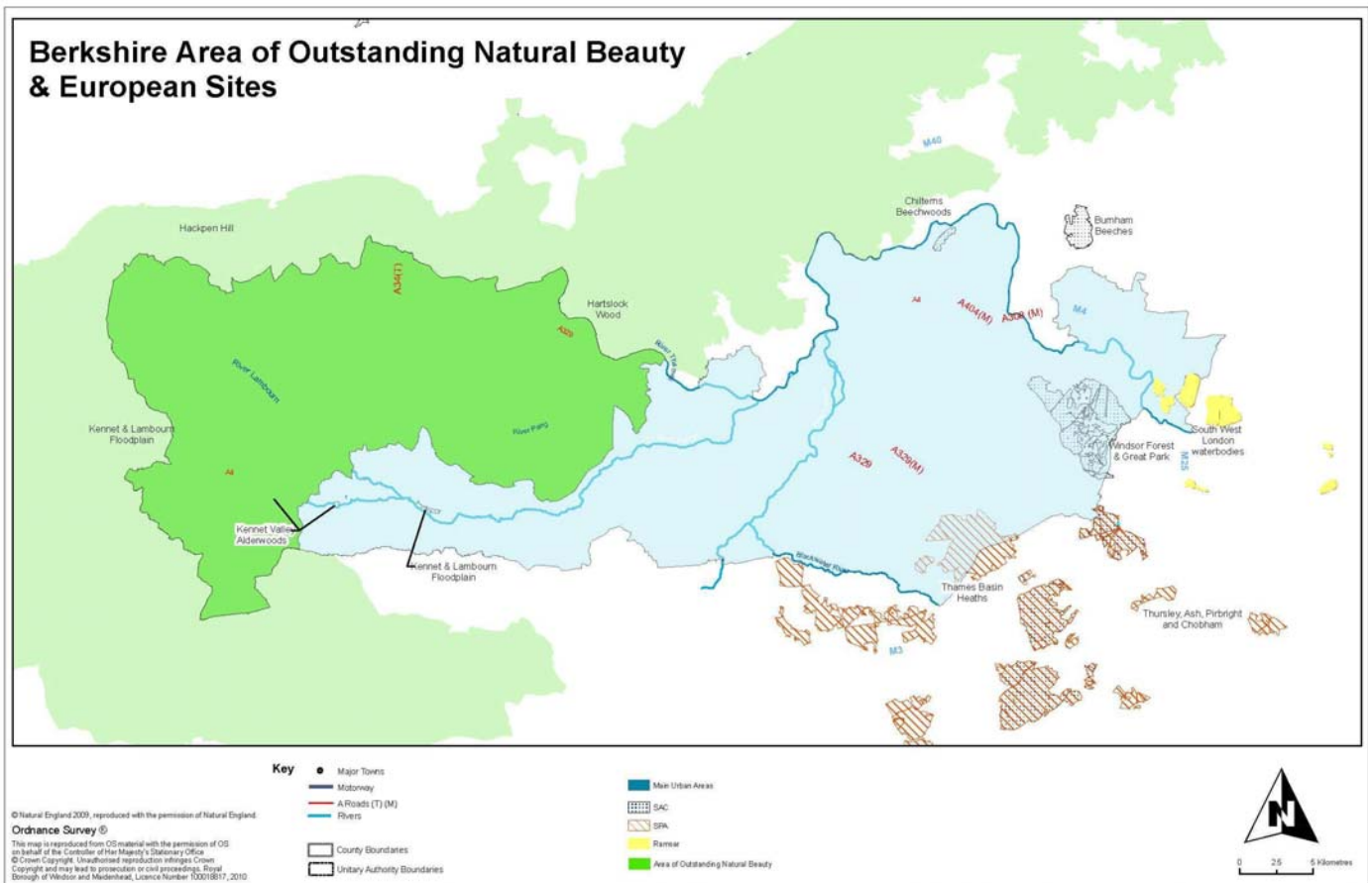
Berkshire covers an area of 487 square miles. There are 201 square miles of Areas of Outstanding Natural Beauty (AONB) in Berkshire.

41% of Berkshire’s land mass is officially designated as an Area of Outstanding Natural Beauty.

A strength for helping attract people who want to live in a place near to various sites of natural beauty. It is, however, also a constraint in terms of limiting the amount of land that can be developed for housing or employment.

Figure 65 illustrates the AONB areas in and around Berkshire as well as Special Areas of Conservation (SAC) and Special Protection Areas (SPA), all of which can be taken as measures of interesting landscapes.

Figure 65: Areas of Natural Beauty Across Berkshire



CO₂ EMISSIONS IN BERKSHIREFigure 66: CO₂ Emissions in Berkshire, Per Person [With Motorways]

Area	CO ₂ Emissions per Person (tons) [with Motorways]		
	2005	2006	2007
Bracknell Forest	6.6	6.6	6.4
Reading	7.0	6.8	6.4
Slough	7.4	7.3	7.2
West Berkshire	12.8	12.7	12.4
Windsor & Maidenhead	9.2	9.0	8.7
Wokingham	7.3	7.3	7.1
South East	8.1	8.0	7.8
England	8.5	8.4	8.2

Source: Berkshire Observatory, AEA/DECC 2009

Figure 66 contains the most up-to-date information available on CO₂ emissions. It covers the years 2005-2007. These CO₂ emission figures also include emissions from motorways and 'carbon-traded sources'.

Everywhere in Berkshire has managed a decrease in CO₂ emissions for the three years there is data.

As you can see, West Berkshire has the highest CO₂ emissions in Berkshire, far above the South East average, for all three years. This is mainly due to the fact that the M4 motorway runs the entire length of West Berkshire, which, in terms of length, is more than all the other UAs in Berkshire combined.

Apart from West Berkshire and Windsor & Maidenhead, the other four UAs are all below the South East average.

As so much of the M4 motorway falls within Berkshire and affects the CO₂ emissions figures, Figure 67 analyses this data, excluding motorway and 'carbon-traded source' emissions.

Figure 67: CO₂ Emissions in Berkshire, Per Person [Without Motorways]

Area	CO ₂ Emissions per Person (tons) [without Motorways]		
	2005	2006	2007
Bracknell Forest	6.5	6.4	6.2
Reading	6.8	6.6	6.2
Slough	5.9	5.9	5.8
West Berkshire	8.7	8.7	8.5
Windsor & Maidenhead	7.3	7.2	6.8
Wokingham	5.9	5.9	5.7
South East	7.0	6.8	6.6
England	7.4	7.3	7.1

Source: Berkshire Observatory, AEA/DECC 2009

Again, apart from West Berkshire and Windsor & Maidenhead, the other four UAs are all below the South East average.

West Berkshire still has the highest CO₂ emissions in Berkshire and is still far above the South East average, even if motorways are excluded.

CRIME

The deprivation analysis conducted earlier in this assessment, highlighted crime as being a significant factor in Berkshire. As Berkshire wishes to attract workers and residents to it, a more thorough examination of crime is required to fully understand its severity and frequency. In order to do this, five key offences that reflect economic and social drivers have been analysed, to ascertain the volume by which they occur.

In Figures 68 and 69, the colour and number refer to the quintile each offence falls into when compared to England. For example, a '1' means that it is in the highest quintile for that crime being reported, out of anywhere in the country. Conversely, a '5' means that the area is in the lowest quintile for that crime being reported.

This has initially been done at a Berkshire level, along with the Thames Valley and London.

Figure 68: Offences in Berkshire Compared to Thames Valley and London

Area	Violence Against the Person Offences	Sexual Offences	Robbery Offences	Burglary from a Dwelling Offences	All Motor Related Offences
Berkshire	1	1	1	1	1
Thames Valley (INcluding Berkshire)	1	3	2	2	2
Thames Valley (EXcluding Berkshire)	3	5	3	4	4
Metropolitan Police (London)	1	1	1	1	1

Source: Berkshire Observatory, Home Office 2009

Please Note: This shows crimes per 1,000 population in 2008/2009, represented as a quintile out of England.

Berkshire is in the top 20% of areas where all five of these crimes are most reported, in all of England. This is on a par with the Metropolitan Police, who serve London.

When looking at the Thames Valley, data both INcluding and EXcluding Berkshire has been calculated. The inclusion of Berkshire significantly pushes up the Thames Valley average. Therefore, it can be concluded that **occurrences for these five crimes is more common in Berkshire than other areas of the Thames Valley.**

In order to understand how each of the Berkshire UAs compares nationally, this same analysis has also been conducted for each of the six UAs.

Figure 69: Offences in Berkshire, per UA, Compared to England

Area	Violence Against the Person Offences	Sexual Offences	Robbery Offences	Burglary from a Dwelling Offences	All Motor Related Offences
Bracknell Forest	2	2	3	3	3
Reading	1	1	1	1	1
Slough	1	1	1	1	1
West Berkshire	2	3	3	2	2
Windsor & Maidenhead	2	2	2	1	1
Wokingham	5	5	3	2	2
Berkshire	1	1	1	1	1

Source: Berkshire Observatory, Home Office 2009

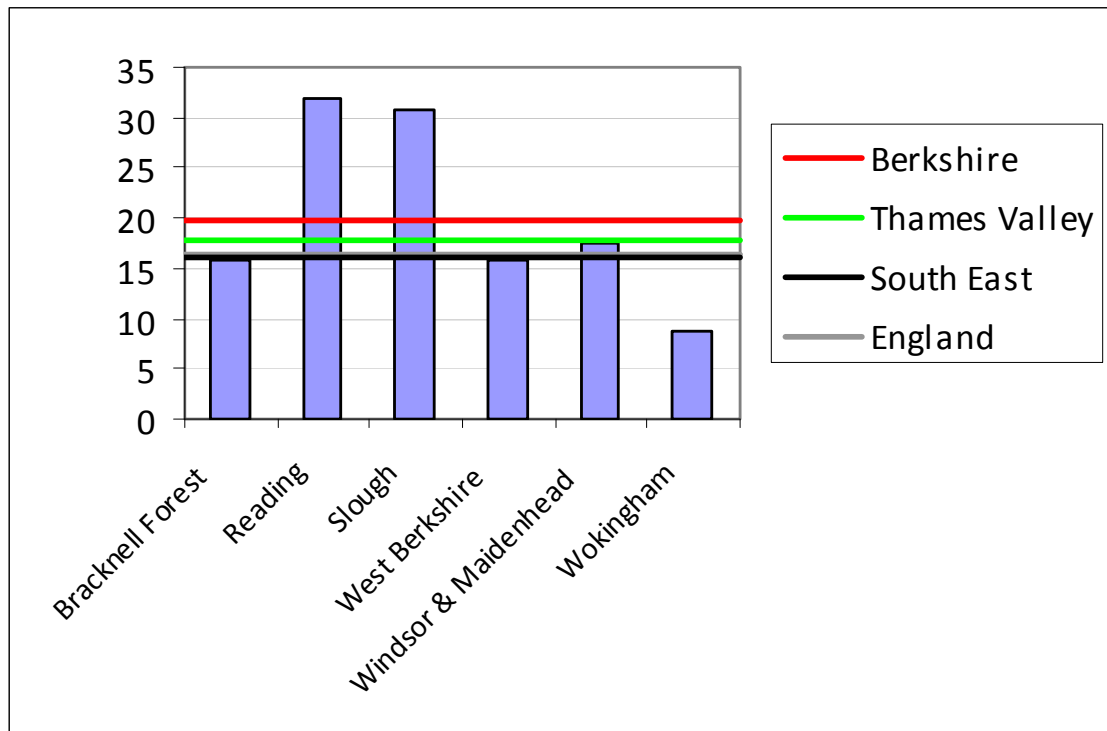
Please Note: This shows crimes per 1,000 population in 2008/2009, represented as a quintile out of England.

Figure 69 shows us that across all five offences, Reading and Slough are in the top quintile for all of them, out of the country. This means that Reading and Slough are in the top 20% of places where all five of these crimes are most reported, in all of England.

Wokingham has the lowest reported occurrences for Violence Against the Person and Sexual Offences in Berkshire and, more importantly, in England.

Each of these five offences has been further analysed for each Berkshire UA to quantify the size and scale of the offence. Regional averages have been included to allow comparisons and provide context.

Figure 70: Violence Against The Person Offences in Berkshire

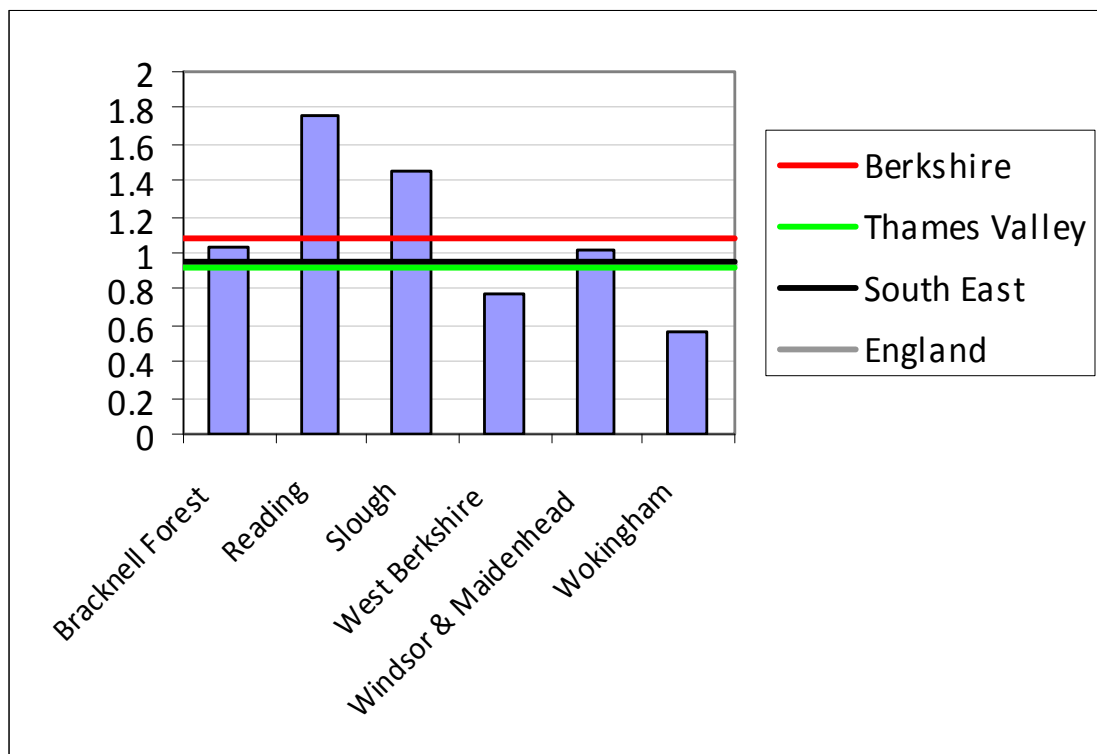


Source: Berkshire Observatory, Home Office 2009
 Please Note: This shows reported crimes per 1,000 population in 2008/2009

Wokingham is the only Berkshire UA to be below all of the regional averages for Violence Against The Person Offences. Reading and Slough are the only two Berkshire UAs above all of the regional averages for Violence Against The Person Offences.

The Berkshire average line for this offence is far above the Thames Valley, South East and England averages. Therefore, on average, more of this crime is reported in Berkshire than in the other areas on view.

More than three times as many Violence Against The Person Offences are reported in Reading and Slough than Wokingham.

Figure 71: Sexual Offences in Berkshire

Source: Berkshire Observatory, Home Office 2009

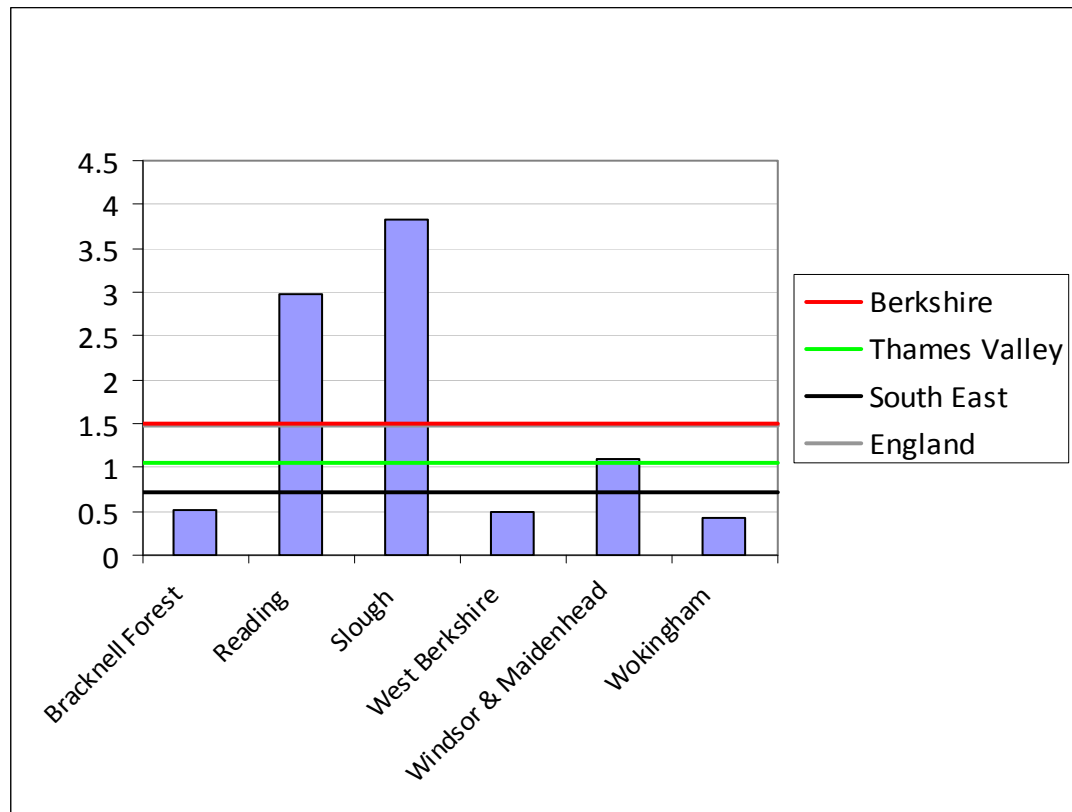
Please Note: This shows reported crimes per 1,000 population in 2008/2009

Although the actual numbers here are mercifully quite small (a maximum of 1.7 Sexual Offences per 1,000 population, as opposed to a maximum of 32 offences per 1,000 population for the previous offence), the Berkshire average is again higher than the other regional averages.

Wokingham again has the lowest reports of this offence, joined by West Berkshire. Reading and Slough are both, again, the highest in Berkshire and far above all the regional averages.

Again, these offences are being reported in Reading nearly three times more than Wokingham.

Figure 72: Robbery Offences in Berkshire



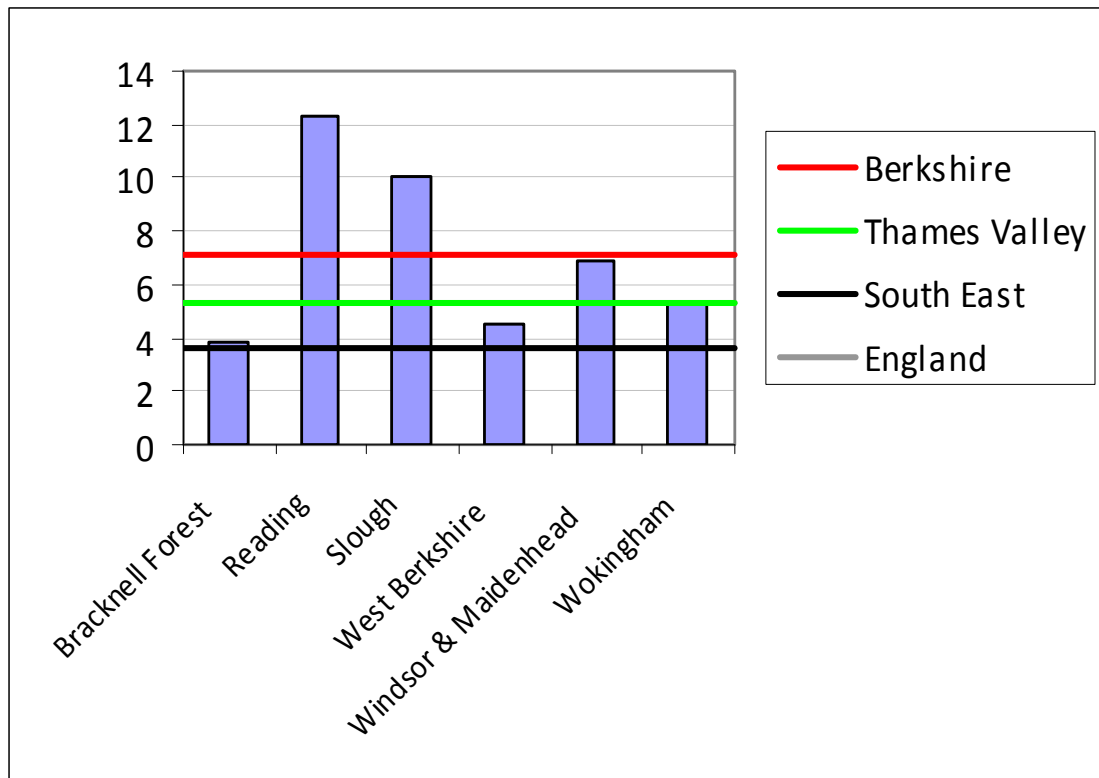
Source: Berkshire Observatory, Home Office 2009
 Please Note: This shows reported crimes per 1,000 population in 2008/2009

Reading and Slough have the highest occurrences of Robbery offences in Berkshire and are again both far above the regional averages.

Bracknell, West Berkshire and Wokingham have the lowest reported occurrences of Robbery offences in Berkshire.

Berkshire is again, on average worse for this crime than the Thames Valley and South East averages. However, it is level with the England average.

Figure 73: Burglary from a Dwelling Offences in Berkshire



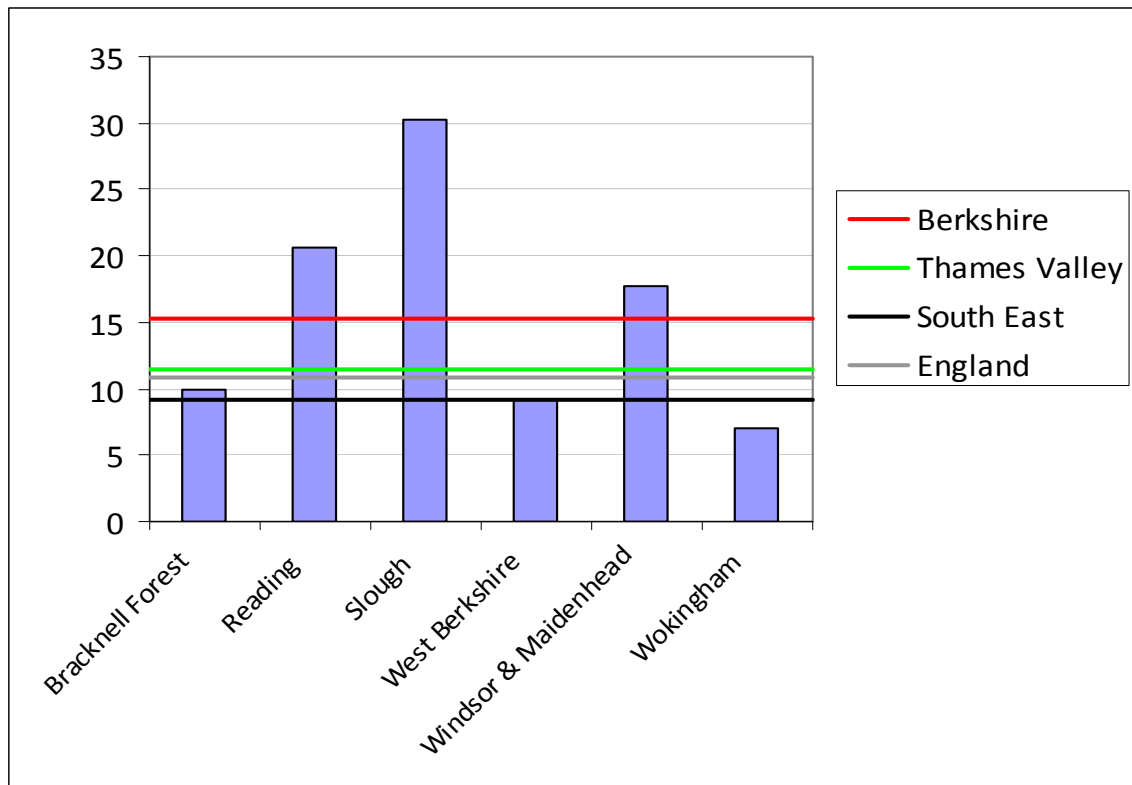
Source: Berkshire Observatory, Home Office 2009

Please Note: This shows reported crimes per 1,000 population in 2008/2009

Burglary from a Dwelling Offences is a crime that is significantly affecting each of the six Berkshire UAs. Every UA is above the South East average for this offence.

Bracknell Forest, only slightly above the South East average, is the lowest in Berkshire. Reading is the highest in Berkshire.

Figure 74: All Motor Related Offences in Berkshire



Source: Berkshire Observatory, Home Office 2009
 Please Note: This shows reported crimes per 1,000 population in 2008/2009

Slough, which is double the Berkshire average, is the worst UA for All Motor Related Offences. Wokingham is again the best for this offence.

Slough is one of the worst two places in England for this offence.

Three out of the six UAs are above all the regional averages shown.

The pattern seems fairly consistent across all five of the offences examined, for each Berkshire UA. Wokingham is fairly consistently below regional averages whereas Reading and Slough are consistently above.

PLACE: SUMMARY

PLACE	
<p>STRENGTHS</p> <ul style="list-style-type: none"> • 3 UAs are in the Top 20 most affordable places to buy in South East. • Significant and numerous transport links and connectivity with rest of the country and rest of the world. • 41% of Berkshire's land is an 'Area of Natural Beauty'. • CO₂ emissions have been falling. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • 41% of Berkshire's land is an 'Area of Natural Beauty'. • Pockets of 'high' crime.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • 3 UAs are in the Top 20 most affordable places to buy in South East. • 1-Person households are increasing, many of whom will be young professionals. 	<p>THREATS</p> <ul style="list-style-type: none"> • 1-Person households are increasing, putting pressure on housing stocks. • A predicted rise of ½ million households across Berkshire from 2011-2026. • Road capacity has been reached in 2008 – By 2021 the M4 will be working over its Total Capacity limit. • Balancing economic growth pressured with social infrastructure needs. • Capacity to absorb level of change driven by economic growth agenda.

TARIQ RAFIQ
March 2011

ABOUT THE AUTHOR

Tariq Rafiq has over 10 years experience in Sales and Marketing within the private sector. Since January 2009 he has been working in the public sector as an Economic Research & Intelligence Specialist for the six unitary authorities of Berkshire. An Associate member of the Institute of Economic Development (IED), he is currently studying for a Masters degree in Local & Regional Economic Development through the IED.

Since January 2009, he has been producing monthly commentary reports on Berkshire's economy and has set up Berkshire's first data hub to house all relevant information on the local economy, population, etc. These can be found at www.BerkshireObservatory.org.

Peter Mabbott worked as an Assistant Researcher on this report. His statistical knowledge was invaluable in helping to analyse and visualise the data. He holds a Masters degree in Mathematics from Imperial College London.

GLOSSARY OF TERMS

ABI	Annual Business Inquiry
AONB	Area of Natural Beauty
ASHE	Annual Survey of Hours and Earnings
DCLG	Department of Communities and Local Government
DCSF	Department for Children, Schools and Families
GDP	Gross Domestic Product (measures of the total economic activity in a region. Calculated as GVA plus Taxes minus Subsidies)
GLA	Greater London Authority
GVA	Gross Value Added (the economic output of an area in monetary terms)
ICT	Information and Communication Technologies
IMD	Index of Multiple Deprivation
JCP	Job Centre Plus
JSA	Job Seekers Allowance
LEP	Local Enterprise Partnership
LSOA	Lower Super Output Area – An LSOA equates to roughly 1,500 people
MYE	Mid-Year Estimates
ONS	Office For National Statistics
NVQ	National Vocational Qualification
PPS	Purchasing Power Standard (a standard European accounting unit)
R&D	Research and Development
SAC	Special Areas of Conservation
SEEDA	South East England Development Agency
SIC	Standard Industrial Classification
SPA	Special Protection Area
UA	Unitary Authority

TOPICS FOR FURTHER ANALYSIS

Due to budgetary constraints and the difficulty of sourcing relevant, timely data, there were some topics that could not be analysed as fully as they deserve for this first Berkshire Economic Assessment. Below are some of the topics that would benefit from further analysis as they have an impact on Berkshire's economy. The hope is that any future Berkshire Economic Assessments would address these gaps in knowledge:

- **OFF-SHORING**
 - It is becoming commonplace for larger firms to outsource some back office functions to a cheaper, international location, as a cost-saving measure. As Berkshire is heavily reliant on large firms for jobs, this could have a significant impact on Berkshire's employment rate.
 - Apart from anecdotal information, nothing definitive exists that is able to quantify the size and likelihood of this activity.
 - Bespoke analysis should be commissioned to better understand the conditions and criteria large firms use to justify off-shoring as an option and what, if anything, can be done to negate it as a viable option.

- **RUNNING A BUSINESS FROM HOME**
 - The number of residents who run their own business from home is an unknown quantity as is the business sectors they operate within.
 - Their size and impact can be estimated, but to no real level of accuracy and with little confidence.

- **BUSINESS SUPPLY CHAINS**
 - Data on suppliers to businesses in Berkshire would assist in understanding the mutually supportive relationships between various sectors. It would also identify any possible 'domino-effect' that a business relocating or going into administration would have on its supply chain.

- **THE RURAL ECONOMY**
 - Not only does little data specific to Berkshire exist on this topic, but the topic itself has no single, authoritative definition.
 - Tackling both of these would allow a deeper understanding of this 'hidden' economy, which would be particularly beneficial to West Berkshire, Wokingham and Bracknell Forest.

The common thread that runs through all of these topics is that their importance, characteristics, impact, etc are almost entirely based on anecdotal sources. This is valuable in highlighting them as items of interest, but not enough to be able to make a fully formed judgment about them nor allow measures to be designed that will have a positive impact upon them. Bespoke research, as well as dedicated data-mining exercises, are necessary to fully understand these topics, thus creating a sound evidence base from which informed decisions can be made, justified and monitored.

FURTHER READING

BERKSHIRE'S FUNCTIONAL ECONOMIC AREAS

Central Berkshire Local Economic Assessment, University of Reading, 2010.

Link to document: <http://www.livingreading.co.uk/local-economic-assessment.html>

East Berkshire Local Economic Assessment, Regeneris Consulting, 2011.

Link to document: www.slough.gov.uk/lea

West Berkshire Economic Assessment, West Berkshire Council, 2011.

Link to document: www.westberks.gov.uk/lea

HOUSING

Berkshire Strategic Housing Market Assessment, DTZ Consulting (commissioned by the Berkshire Unitary Authorities), 2007

Link to document (available on all six Berkshire Unitary Authority websites):

- <http://www.bracknell-forest.gov.uk/berkshire-strategic-housing-market-assessment.pdf>
- http://www.rbwm.gov.uk/web/pp_berks_shma.htm
- <http://www.reading.gov.uk/housing/housingstrategiesandplans/housingneedsanalysis/General.asp?id= SX9452-A782A029>
- <http://www.slough.gov.uk/services/14752.aspx>
- <http://www.westberks.gov.uk/index.aspx?articleid=12148>
- <http://www.wokingham.gov.uk/planningcontrol/planning/planningpolicies/housing/housing-market-assessment/?locale=en>

TRANSPORT - RAIL

Great Western Route Utilisation Strategy, Network Rail, 2010

Link to document:

<http://www.networkrail.co.uk/browse%20documents/rus%20documents/route%20utilisation%20strategies/great%20western/great%20western%20rus.pdf>

TRANSPORT - ROAD

Delivering a Sustainable Transport System (DaSTS): Thames Valley 2010, Atkins, 2010

Link to document: Not available at time of publication.

BERKSHIRE ECONOMIC ASSESSMENT 2011

Produced by

TARIQ RAFIQ

Tariq@BerkshireObservatory.org

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