From:	[redacted]
To:	ManstonAirport@pins.gsi.gov.uk
Subject:	Manston airport
Date:	14 February 2019 22:12:46
Attachments:	BBC News_Election 2015_UKIP controls Thanet Council .pdf BIFA_Air freight demand up 9% in 2017_Jan 2018 .pdf Air Cargo News_Air cargo as a UK engine of growth in a post-Brexit world_July 2018.pdf Assessment-of-the-value-of-air-freight-services-to-the-UK-economy-Final-Report-v22-Oct-2018-Steer.pdf KCC_District-unemployment-bulletin_Jan 2019.pdf KCC_Indices-of-Deprivation-headline-findings_Oct 2015.pdf KCC_Earnings-in-Kent_Nov 2018.pdf KCC_Gross-Disposable-Household-Income-bulletin_Nov 2018.pdf Kent Public Health Observatory_Living-Well-Overview-District_2018.pdf

Dear Sir / Madam.

As a Thanet resident of some twenty years, I strongly support the Development Consent Order and plans to reopen Manston Airport as an airport rather than any alternative use. For many years Manston airport has been designated for aviation use only; a view that was previously upheld by the planning inspectorate; and is a vital piece of national infrastructure with a proud British heritage that, once lost, can never be re-instated.

In 2015 a number of Thanet district counsellors were elected by local people on the basis of their commitment to re-opening Manston as an airport[1] , and to represent the views of the majority of local people who support the re-opening of the airport. This included a number of UKIP counsellors, with UKIP subsequently gaining control of its only local authority. Local counsellors should honour that commitment, not turn face once elected, and continue to represent and take forward the views of the majority of the local population. Thanet council should be supporting the local members of parliament, not opposing them, in their commitment to maintaining and developing Manston airport as a commercial airfield.

Manston airport is recognised by local people and nationally as an asset as an airfield, not as anything else. The airport is well-located for air traffic coming from Europe or across Europe from further afield such as Asia and Australia. Indeed, from that direction, it is the first airfield that can be reached upon UK shores that is capable of safely receiving the largest of aircraft (including the space shuttle as I recall), and hence also offers an opportunity in emergency circumstances. Thanet also has its own microclimate, which again offers a suitable alternative when London airports are closed due to poor weather conditions. With an investment and improvement in road links to the airport parking and terminal, plus significant improvement in high-speed rail links to the airport via a Thanet Parkway station, then Manston airport would be significantly more attractive as a viable alternative to LGW and LHR for either freight or passenger flights. The idea of a rail link to Manston airport is not a new idea and has been established for over twenty years ever since I moved to Thanet. I consider this a missed opportunity, which should have been implemented many years ago, and may have had a considerable bearing on the viability of the airport which we're now facing. The opportunity to reach the centre of London within 1 hour is highly significant both for airport passengers and commuters, and has a significant bearing on the sustainability of Manston airport as a passenger terminal. In this day and age, even with the current high speed trains it still takes too long to get to London from Thanet by train. At present the county council should consider the main reason for Thanet Parkway station as to service Manston Airport and not anything else.

Air freight demand grew by 9% in 2017 [2], with an average annual growth of 4.7% over the past five years, and future air freight is also predicted to rise. Sufficient UK air freight capacity will be vital in future cross border trade.[3] If the UK is going to be able to create new markets post-Brexit outside Europe then goods inward and outbound are going to have to travel a great deal further and largely by air. There will still be a significant market within Europe too, which will remain important to the UK for export but also to the EU for importing and sale of their goods to the UK. Without Manston Airport, Britain and particularly the South East, will struggle to handle

the traffic, which will be vital for our country's prosperity and growth now and in the future. It will be fifteen years at least before any new runway at LHR or LGW is up and running. Despite the economic forecasts and benefits of further capacity at either, currently there is limited capacity either for additional air freight or the predicted rise in passenger demand, and considerable local objection to further expansion at either site. It seems absurd to me that here we have a perfectly good airport at Manston, certainly capable of taking significant air freight traffic, which could meet an immediate need and quickly relieve pressure on LHR and LGW and free up passenger capacity there, but is being ignored and considered for primarily a housing development. With investment in the transport infrastructure, which should have been done years ago with some forward thinking and planning, then there is real potential to develop Manston airport as a freight hub and possibly for passengers too. How much heavy goods traffic do we see passing through Dover and Folkestone to and from the continent, which should indicate with improved road links the viability of Manston airport for freight. I note also the close proximity to Manston Airport of Thanet Earth, the largest greenhouse complex in the UK, producing around 10% of our annual production of tomatoes, peppers and cucumbers.

"Several stakeholders have noted that capacity constraints are a significant hindrance to the operation of UK air freight – one stated that it has caused volume growth to fall behind other European countries and another stated it is one of the main reasons why so much freight is flown to mainland Europe and trucked to the UK – in turn causing more road and port congestion. While many of the UK's airports are not currently particularly congested, the concentration of air freight activity at Heathrow, which is severely slot constrained and which operates at 98% capacity, means that the congestion there has a disproportionate impact on UK air freight. Slot constraints at Heathrow mean that no additional freighter operations are possible, while the larger passenger aircraft such as the A380 actually have lower freight capacity than the aircraft they are replacing, particularly 747s. Historically, much of the UK air freight activity is concentrated around Heathrow due to its significantly more extensive intercontinental passenger network compared to those of other UK airports."[4]
"Several stakeholders commented that the quality of the UK's air freight infrastructure is a major issue, with freight facilities at UK airports often being decades old and having suffered from continued under-investment."[4]
"At Heathrow, the infrastructure has led to severe levels of road congestion, with trucks often queuing for hours at the Cargo Horseshoe (Heathrow's main freight facility), with some operators investing in off-site facilities to mitigate these problems. However, restrictions imposed by the Border Force currently prevents any new such remote-site facilities being developed."[4]

Thanet suffers from high levels of unemployment[5] and social deprivation[6], with some of the lowest levels of household income in the south-east[7,8], and associated reduction in healthcare outcomes for the local population[9]. I believe that we need to retain Manston as an operational airport, which with appropriate investment and development, would support significant expansion of additional local businesses around the airport site, either directly supporting the airport business or as potential customers resulting from the excellent transport links. This would provide much needed employment, as well as the opportunity to develop skills in technical, scientific and hospitality areas, where there are already nationally-recognised skills shortages. This could tie in with government apprentice schemes and local education providers. It would be short-sighted of the local council to allow redevelopment of the airfield for alternative uses, and a long-term view should be taken for the future of generations to come. It is becoming clearer that any redevelopment of the airfield for alternative uses will be focused primarily on residential development, with very little long term business development or additional employment opportunities. I have seen no firm evidence of the latter, despite the proposals, and would consider the employment prospects of the airport and related business as far greater than any redevelopment for alternative use. The Planning Inspectorate should take heed of what has happened at the Pfizer site in Sandwich, Discovery Park, which has not attracted much new, additional employment, other than business relocating from one part of Thanet to another.

There is also significant potential to further develop tourism in Thanet, boosting the local economy and employment, associated with the reopening of a viable and potentially successful airport at Manston. The value of tourism has increased significantly around Southend-on-Sea in the recent years following the expansion of passenger services at the near-by Southend airport, rather than a negative impact.[10]

Local residents do not want or need a whole, new residential village developing on the site of Manston airport. I'm sure that it is attractive for generating a quick profit for the developers, house-builders and dare I say it some members of Thanet District Council. There is already adequate provision for housing in the local plan, not to mention the number of empty properties around Thanet, plus many unused industrial sites available either for residential or commercial use, and Discovery Park at Sandwich still has considerable available capacity.

There are significant issues surrounding a large residential development on the airfield site, which is above a major aquifer and will impact upon local water supplies. I also have concerns around the environmental impact, including significant increase in pollution levels, poor air quality impacting upon local health, and further loss of green space in Thanet.

As a local, front-line NHS employee then I'm already aware of the current difficulties in providing adequate and timely health and social care for Thanet residents. This is unlikely to improve with a high proportion of elderly residents in Thanet, high levels of social deprivation, and ongoing reviews of service provision by the local acute healthcare Trust with concerns around recruitment of medical staff and maintaining accreditation for training of junior medical staff (without which any acute hospital will fail). A+E waiting times are currently some of the worst in England, and some way from the national target, despite the dedication and hard work of front-line staff. You only have to take a look at how busy A+E is at the QEQMH, even during the day, when many patients don't need to be there but are unable to be dealt with in a timely manner elsewhere, either due to health or social

problems. I haven't seen how the impact upon a struggling mental health and acute secondary care provider will be addressed by a significant population increase with any proposed residential development of Manston airfield, and building an additional GP surgery won't help, especially if there are no GP's to run it given the current local difficulties in the recruitment and retention of GP's.

Please listen to local people and bring back Manston airport for the benefit of Great Britain !

Yours faithfully.

Mr M. Skerratt

References:

1. BBC News. Election 2015: UKIP controls Thanet Council ; 10 May 2015 [cited 2019 Feb 13].
Available from [redacted] (attached).

2. British International Freight Association. Air freight demand up 9% in 2017; January 2018 [cited 2019 Feb 13]. Available from [redacted]

3. Air Cargo News. Air cargo as a UK engine of growth in a post-Brexit world ; 20 July 2018 [cited 2019 Feb 13]. Available from [redacted] (attached).

4. Steer for Airlines UK. Assessment of the value of air freight services to the UK economy; October 2018 [cited 2019 Feb 13], page 8. Available from [redacted]

[redacted] attached).

5. Kent County Council. Unemployment in Kent; updated 22 Jan 2019 [cited 2019 Feb 13]. Available from [redacted] (attached).

Kent unemployment headlines December 2018 (page 1)

The unemployment rate in Kent is 2.2%. This is below the rate for Great Britain (2.4%). Thanet has the highest unemployment rate at 5.2%. Sevenoaks has the lowest unemployment rate at 0.8%.

The 18-24 year old unemployment rate in Kent is 3.4%. They account for 21.1% of all unemployed people in the area. Thanet has the highest 18-24 year old unemployment rate in the South East at 8%.

6. Kent County Council. Business Intelligence Statistical Bulletin. The English Index of Multiple Deprivation (IMD 2015): Headline findings for Kent; October 2015 [cited 2019 Feb 13]. Available from [redacted] (attached).

Local Authority Level (page 3)

Thanet was the most deprived local authority in the IMD2010 and remains Kent's most deprived local authority district in IMD2015. Nationally, Thanet is ranked at 21 out of 326 authorities placing it within England's 10% most deprived of authorities.

Deprivation at small area level in Kent's Lower Super Output Areas (page 4)

Kent has 902 Lower Super Output Areas, 51 (6%) fall within the top 10% most deprived LSOAs in England in the IMD2015. In the IMD2010 the number of LSOAs within the most deprived 10% nationally was 32 (4%). These LSOAs are spread within seven of Kent's local authorities with Thanet having the highest number and proportion of LSOA within the top10% most deprived LSOAs in England.

The highest ranking LSOA in Kent is in Thanet District, within Cliftonville West ward. This LSOA is ranked 4th out of 32,844 LSOAs in England placing it within England's most deprived 1% of small areas.

7. Kent County Council. Statistical bulletin. Earnings in Kent; November 2018 [cited 2019 Feb 13]. Available from [redacted] (attached).

Thanet district has the second lowest weekly workplace earnings of districts in the whole of the South East Region at £464.50 (page 1).

8. Kent County Council. Statistical bulletin. Gross Disposable Household Income (GDHI), 2016 ; November 2018 [cited 2019 Feb 13]. Available from [redacted] (attached).

Thanet district has the lowest GDHI per head in Kent (£17,009).

9. Kent Public Health Observatory. Living well: overview; Living well in Kent (districts). 2018 [cited 2019 Feb 14]. Available from
[redacted] (attached).

Thanet has the highest rate of premature mortality from all causes of all the districts within Kent (page 5).

10. RiverOak Strategic Partners. Azimuth Report; Volumes 1 to 4. TR020002/APP/7.4. July 2018 [cited 2019 Feb 14] Available from
[redacted]

It was UKIP's commitment to reopen Manston Airport that helped to secure UKIP's victory at the council elections.

The airport closed in May 2014, seven months after being bought by Stagecoach Group co-founder Ann Gloag.

A majority stake was sold to Mr Cartner and Mr Musgrave for redevelopment several months later but the nature of the sale and the true ownership of the airport was called into question by a recent Commons Transport Select Committee.

Analysis: Louise Stewart, BBC South East Political Editor

Nigel Farage stood down as party leader, at least temporarily, as he had promised to do if he didn't win his seat - but in many ways it was not a bad night for UKIP.

They increased their share of the vote and were the second party in many seats to Labour, coming third overall.

Almost 4m people voted UKIP yet they got only one MP - in Clacton - while the 1.5m people who voted SNP welcomed 56 MPs.

UKIP also took control of their first council - Thanet District Council - where they now hold 33 seats, with the Tories on 18.

So why, when clearly many people in Thanet support UKIP, did Mr Farage fail to win the Westminster seat?

The Tories put a huge effort into winning that seat with big-hitters including George Osborne, Philip Hammond and Boris Johnson all visiting. In the last days of the campaign, the prime minister promised to take every measure to save Manston airport.

The Tories took no chances when it came to South Thanet, and their decapitation strategy worked.

Thanet District Council's recent past

- December 2014 - Thanet councillors controversially **voted against** pursuing the compulsory purchase of Manston Airport
- December 2014 - Almost half the council walked out of a meeting about Manston Airport

AIR FREIGHT DEMAND UP 9% IN 2017, STRONGEST GROWTH SINCE 2010

The International Air Transport Association (IATA) released full-year 2017 data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs) grew by 9.0%. This was more than double the 3.6% annual growth recorded in 2016.

Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 3.0% in 2017. This was the slowest annual capacity growth seen since 2012. Demand growth outpaced capacity growth by a factor of three.

Air cargo's strong performance in 2017 was sealed by a solid result in December. Year-on-year demand growth in December increased 5.7%. This was less than half the annual growth rate seen during the middle of 2017 but still well above the five-year average of 4.7%. Freight capacity grew by 3.3% year-on-year in December.

Full-year 2017 demand for air freight grew at twice the pace of the expansion in world trade (4.3%). This outperformance was a result of strong global demand for manufacturing exports as companies moved to restock inventories quickly.

"Air cargo had its strongest performance since the rebound from the global financial crisis in 2010. Demand grew by 9.0%. That outpaced the industry-wide growth in both cargo capacity and in passenger demand. We saw improvements in load factors, yields and revenues. Air cargo is still a very tough and competitive business, but the developments in 2017 were the most positive that we have seen in a very long time," said Alexandre de Juniac, IATA's Director General and CEO.

"The outlook for air freight in 2018 is optimistic. Consumer confidence is buoyant. And we see growing strength in international e-commerce and the transport of time - and temperature-sensitive goods such as pharmaceuticals. Overall the pace of growth is expected to slow from the exceptional 9.0% of this year. But we still expect a very healthy 4.5% expansion of demand in 2018. Challenges remain, including the need for industry-wide evolution to more efficient processes. That will help improve customer satisfaction and capture market share as the expectations of shippers and consumers grow ever more demanding," said de Juniac.

2017 calendar year (% year-on-year)	World share[1]	FTK	AFTK	FLF (%-pt)[2]	FLF (level)[3]
Total Market	100.0%	9.0%	3.0%	2.5%	45.5%

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Air cargo as a UK engine of growth in a post-Brexit world

20 / 07 / 2018

As Britain heads for the exit door to leave the European Union (Brexit), the head of UK flag carrier CargoLogicAir (CLA) outlined the need for negotiators in London and Brussels to recognise the importance of airfreight in future cross border trade.

David Kerr, chief executive of CLA, said that the B747F operator had flown over 2,200 flights since 2017 to "all corners of the globe", carrying 170,000 tonnes of cargo, and remains on track to build a fleet of five freighters within five years, with the fourth aircraft expected to

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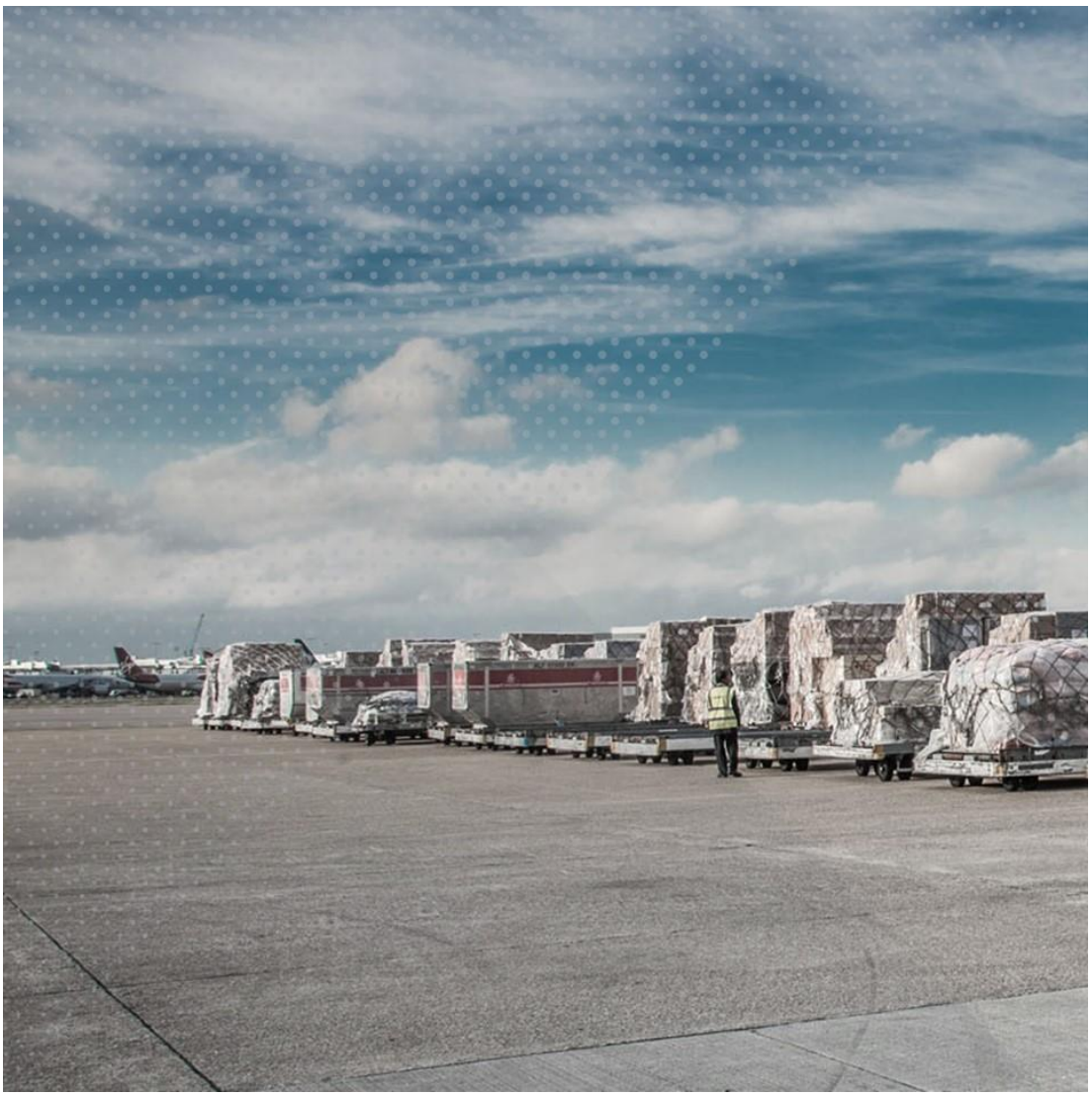

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Report
October 2018

Assessment of the value of air freight services to the UK economy

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Executive Summary

Background

This study has been produced by Steer for Airlines UK with support from Heathrow Airport Limited, Manchester Airports Group and the Freight Transport Association. It has been undertaken in the context of the UK Government developing its Aviation Strategy, due for publication in Summer 2019, with a Green Paper expected in December 2018. As part of this process, the Government is consulting stakeholders to identify barriers to growth and how to reduce them. While many high value-added industries make significant use of air freight, there remains limited understanding of the role of air freight within the UK economy. The purpose of this study is to assess and quantify the value of the air freight industry to the UK economy, and in particular, its importance to UK regions, international trade and industrial sectors.

Key figures

- Air freight services contribute £7.2 billion to the UK economy and support 151,000 jobs.
- Across all sectors of the economy, £87.3 billion of UK gross value added (GVA) is currently dependent on air freight exports, including a very significant proportion of the GVA of some key industries and their supply chains:
  - Pharmaceuticals - £13.9 billion
  - Computer, electronic & optical - £8.3 billion
  - Creative arts & entertainment - £5.3 billion.
- In 2017 air freight represented 49% of the UK's non-EU exports by value (£91.5 billion) and 35% of non-EU imports (£89.9 billion) - over 40% of total trade by value but under 1% by volume of goods shipped.
- Germany ships just 25% of its non-EU export value by air, and most other major EU economies ship between 20% and 40%. Only Ireland ships a greater share of its non-EU exports by air than the UK.
- 9% of GVA in the North West (worth 14.9bn) is currently dependent on air freight services, compared to less than 2% of London's output. Figures are 8.6% in Wales, 7.6% in the East Midlands and 6.8% in the South West.

Industry structure

The air freight industry is complex and highly fragmented. The four major sub-markets within air freight are General cargo, Express, Specialist and niche products and Mail. Although the industry is complex and business models overlap, two principal business models serve all four markets; the forwarder model and the integrator model.

These business models dominate the UK's major air freight airports: Heathrow, East Midlands, Stansted and Manchester. Heathrow is by far the largest general air freight market using the forwarder business model and the overwhelming majority of cargo is transported in the bellyhold of passenger aircraft, mostly on long-haul routes. East Midlands, by contrast, is dominated by express freight using the integrator business model, with freight carried in freighter aircraft, often overnight on routes to mainland Europe, but also on intercontinental routes. Stansted has a combination of integrators and other freighters, while Manchester is largely bellyhold, although on a much smaller scale than Heathrow.

One notable feature of the UK air freight market is the huge importance of Heathrow and its surrounding freight facilities, with most forwarders having major consolidation centres in the vicinity of the airport. Very significant volumes of air freight are trucked to such facilities near Heathrow, processed and then trucked to another airport, either in the UK or in continental Europe, without ever flying in or out of Heathrow itself.

Night operating restrictions, based on movement limit and noise quota systems, are currently in place at Heathrow, Gatwick and Stansted, while other airports have to produce noise action plans which may set out operating limits for the night period. There is also an additional noise quota limit incentivising the user of quieter aircraft.

The quality of the UK's air freight infrastructure is a major issue, with freight facilities at UK airports often being decades old and having suffered from continued under-investment. While other airports are not as slot congested as Heathrow, they now cater to significantly more widebody freight capacity than the facilities were originally designed for.

Although the terms of the UK's exit from the EU are still being negotiated, withdrawal from the EU has the potential to affect the UK freight industry through changes to customs arrangements and changes to air services agreements (ASAs).

This analysis of the structure of the air freight industry raises a number of issues relevant to the formulation of national aviation policy. These include:

- the positive and negative aspects of the concentration of the air freight industry at and around Heathrow;
- the quality of infrastructure supporting air freight services;
- the balance of the impacts of night and noise restrictions on local residents and air freight services;
- the potential for growth of air freight services at airports outside the South East of England; and
- the management of the potential impacts of Brexit.

Market Analysis

Bellyhold cargo at Heathrow accounted for over 60% of total UK air freight volume in 2017, with forwarders and shippers utilising its extensive intercontinental passenger network. Over 30% of total air freight was shipped on US routes and most of the remainder on Asian routes. Freighter and integrator cargo is concentrated at East Midlands and Stansted, which, in 2017, together accounted for over 20% of all UK freight and the majority of freighter (60%) and integrator (79%) activity. Integrators accounted for over 90% of freight at East Midlands. At Stansted, integrators FedEx and UPS were the largest cargo airlines, although intercontinental freighters such as Qatar Airways, Cargolux and China Southern also accounted for a large share of volume.

In the last 15 years, aside from the decline in 2009 due to the fallout from the financial crisis, total volumes have remained relatively flat, growing with a compound average growth rate (CAGR) of +1.2% over the 15-year period with volumes only surpassing the pre-crisis peak in 2016.

North America was the largest destination market (accounting for 32% of volume), followed by Europe (25%, 18% of which was to the EU) and, South and East Asia (19%). Heathrow, and to a lesser extent Gatwick, handled predominately North American and Asian freight, benefitting from extensive passenger networks. The large European share of volume at East Midlands

reflects the airport's role within its integrators' networks. Similarly, at Stansted, much of the freight volume is on European and North American routes.

A relatively large share of many regional airports' volume (including Manchester, Birmingham, Glasgow and Newcastle) is accounted for by Middle Eastern routes, reflecting the importance of the Gulf carriers' networks to these airports' freight operations. Airports in Scotland and Northern Ireland, such as Aberdeen, Belfast and Edinburgh, have a relatively large share of domestic volumes, which is likely to be because trucking to other parts of the UK from these locations is less time-effective.

Although Heathrow is one the largest airports in the EU in terms of freight volumes, due to its slot and operating constraints described above, it has a significantly lower amount of freighter activity compared to other major European hub airports.

As air freight has started to grow again after several years of stagnation, the increasing volumes and longhaul connections at major airports outside the South East of England as well as the prospect of the third runway bringing additional capacity at Heathrow, give rise to a number of policy issues for consideration, including:

- how to make best use of existing infrastructure and unlock more capacity through investment in air freight facilities at UK airports;
- how to manage the air freight implications of the third runway at Heathrow; and
- how to support the air freight sector to grow sustainably.

International Trade

In 2017, non-EU trade classified as being transported by air accounted for over 40% in terms of value but under 1% of total trade in volume terms (with sea accounting for over 98%). Air freight represented 49% by value of non-EU exports (£91.5 billion) and 35% by value of non-EU imports (£89.9 billion).

Many of the products with a high share of UK trade value transported by air, such as aircraft engine parts and power generating machinery, have a high share of both import and export value, likely reflecting the global nature of these industries' supply chains and manufacturing processes. One exception is pharmaceuticals, which account for a significant proportion of export (but not import) value.

It is also interesting to compare the UK's use of air freight for its exports and imports against other European countries. Although Germany is by far the largest EU exporter to non-EU countries, only 25% of its goods by value are transported by air, whereas the UK, which has the second largest total export market, ships a far higher proportion (49% by value) by air. Most of the other major EU economies ship between 20% and 40% of the value of their non-EU exports by air; only Ireland (64%) ships a greater share of its non-EU exports by air than the UK.

On the import side, the UK is the second largest market in the EU and has the highest share of imports transported by air, which makes its imports by air (£90 billion) the most valuable in the EU. Like the UK, most other major European economies ship lower proportion of their non-EU imports (compared to exports) by air, with most importing 10% to 30% by air in value terms.

The importance of air freight to UK international trade, and in particular the UK's higher dependence on air freight than most other countries raises issues for consideration in the

development of the UK Government's Aviation Strategy on the appropriate level of Government support for the air freight sector and how its importance should be reflected as part of the strategy for the aviation sector as a whole.

Economic analysis

We have used two different, complementary, approaches to assessing the economic value of air freight:

- the traditional measure of economic impacts on employment, income and GVA of the air freight industry and associated services, generally known as "direct", "indirect" and "induced" impacts (based on the activity in the sector itself and on upstream monetary flows between the air freight industry and other sectors in the economy); and
- the wider economic impacts of air freight, sometimes referred to as "catalytic impacts", which consider how air freight facilitates economic activity in other sectors (based, in this case, on estimating what proportion of GVA in those sectors is currently reliant on air freight services).

Using the traditional approach, we have estimated the "direct", "indirect" and "induced" impacts using a recognised methodology based on the use of Input-Output tables (I-O tables), produced by the Office for National Statistics (ONS). Direct impacts relate to the employment, income and GVA generated by the sector itself, indirect impacts take account of the knock-on effects in the sector's supply chain, while induced impacts also include the impacts of employees' spending in the economy. These can be calculated from the I-O table, by inspection for direct impacts and via standard techniques for the indirect and induced impacts.

Including all of these impacts, we estimate that air freight services support GVA of **£7.2 billion**, **151,000** jobs and associated income of **£4.1 billion** (2014 data and prices).

Note that this result only relates to activities and expenditure either within the air freight and supporting industries, its supply chain and spending by its workforce. It does not include "downstream" effects, i.e. the effect on the industries purchasing air freight services, or the wider, catalytic, impacts on the whole economy. To estimate these, we have used an approach based on the fact that supplying air freight services does not fully represent either the value of what is being flown, or the value of timely delivery. In terms of the value of what is flown, air freight imports and exports, between them, were worth £181 billion (2017 values and prices) , or close to 25 times more than the economic added value (GVA) calculated using the direct, indirect and induced methodology described above.

Each sector of the economy produces outputs for which customers are willing to pay, with primary and secondary sectors producing physical products such as food, machine parts, cars and so on. For these sectors of the economy, their outputs equate to particular commodities so that, for example, farms produce agricultural products while automotive plants produce cars and trucks. Hence, there is a correspondence between each industry and its outputs. By using this correspondence (together with information on exports by air from HMRC, and in comparison with output from ONS), we can establish, for each industry producing physical outputs, what proportion of those outputs is represented by exports transported using air freight services.

It is reasonable to make the assumption that all output contributes equally to the GVA generated by an industry. We have also made the assumption that the proportion of an industry's GVA supported by air freight services is equal to the proportion of its outputs which

are exported by air. The final step in this analysis is to recognise that, if a portion of an industry's GVA is dependent on air freight services, then the suppliers who provide inputs to that industry are also dependent on the air freight services.

Using this approach, we have estimated the level of GVA currently dependent on air freight across the economy. Across all sectors of the economy, **£87.3 billion of GVA is currently dependent on air freight exports**. This represents **5% of the total GVA measure of national output** (£1,747 billion in 2016).

While the level of GVA currently dependent on air freight might potentially be reduced through the use of alternative modes of transport, the fact that such alternatives are generally poor substitutes for air freight, which is both much faster and much more expensive than surface freight, indicates that the level of GVA dependent on air freight is likely to remain significant. This indicates that air freight is a very important service supporting a significant fraction of national economic activity.

The analysis of the level of industries' and their supply chains' added value (GVA) which is currently dependent on air freight, enables us to estimate the regional importance of air freight services, by considering the regional distribution of output for each industry.

This analysis demonstrates the importance of the air freight industry in the North West, where £14.9 billion of GVA is currently dependent on air freight, representing 9.0% of the whole economy of the region. Similarly, air freight supports very significant proportions of economic activity in many regions, including 8.6% in Wales, 7.6% in the East Midlands, 6.8% in the South West, 6.0% in the West Midlands and 5.9% in Northern Ireland. The contrast between the very important role of Heathrow in providing air freight services, compared with the high dependence of regions away from the South East economies on air freight, is stark.

Considering both the industry structure and this economic analysis raises particular issues relevant to the formulation of national aviation policy as the UK Government develops an aviation strategy towards 2050:

- how to protect and develop the significant share of the UK economy currently dependent on air freight services; and
- how to support UK regions and nations whose economies are heavily dependent on air freight services, particularly where local airports do not currently benefit from strong air freight services.

1 Introduction

Background

1.1 This study has been produced by Steer for Airlines UK with support from Heathrow Airport Limited, Manchester Airports Group and the Freight Transport Association. It has been undertaken in the context of the UK Government developing its Aviation Strategy, due for publication in Summer 2019, with a Green Paper expected in December 2018. As part of this process, the Government is consulting stakeholders to identify barriers to growth and how to reduce them. While many high value-added industries make significant use of air freight, there remains limited understanding of the role of air freight within the UK economy. The purpose of this study is to assess and quantify the value of the air freight industry to the UK economy, and in particular, its importance to UK regions, international trade and industrial sectors.

Our Approach

1.2 To undertake this assessment, we have undertaken a review of the available literature, with data and information gathered from the following sources:

- The Civil Aviation Authority (CAA);
- The Department for Transport (DfT);
- Her Majesty's Revenue and Customs (HMRC);
- The Office of National Statistics (ONS);
- Eurostat;
- The Official Airline Guide (OAG);
- The United Nations Statistic Division (UNSD); and
- Individual airport traffic statistical releases.

1.3 In addition, we have held interviews and received data from industry stakeholders, including:

- Passenger airlines (UK and foreign);
- Integrators;
- Cargo airlines;
- Airport operators;
- Freight industry trade bodies; and
- UK-based companies using air freight.

This Report

1.4 The remainder of this report is structured as follows:

- Chapter 2 gives an overview of the air freight industry in relation to markets, business models and constraints;
- Chapter 3 describes the UK freight industry in relation to freight volumes;
- Chapter 4 describes air freight's role in international trade; and
- Chapter 5 provides a quantification of the economic contribution of air freight.

1.5 Illustrative case studies have also been provided in the text.

2 Industry structure

2.1 In this chapter we provide an overview of the major sub-markets within air freight, the primary business models serving them and the interaction between industry actors. The end of the chapter also provides a description of the current constraints within the UK market, based on information and views provided by stakeholders.

Overview

2.2 The air freight industry is complex and – at some levels – highly fragmented. The organisation which operates the aircraft is often not the same organisation with which the shipper has made a contract – airlines rarely interact directly with the ultimate customer (the shipper). The four major sub-markets within air freight that we have identified are:

- General cargo;
- Express;
- Specialist and niche products; and
- Mail.

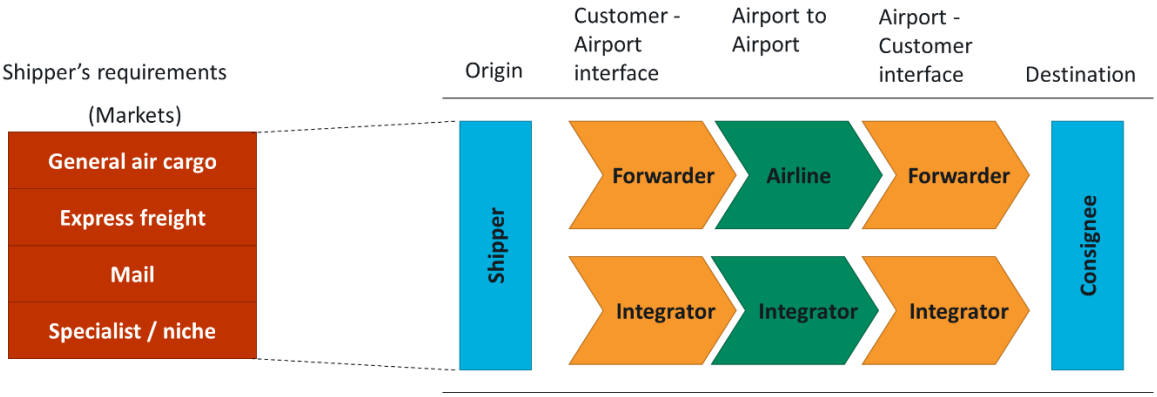
2.3 The products offered within each sub-market are generally driven by customer requirements, which may include (but are not limited to): cost, speed, predictability, storage requirements and shipping regulations.

2.4 Although the industry is complex and business models overlap, two principal business models serve all four markets; the forwarder model and the integrator model. Over the last thirty years, these two types of service providers have significantly increased their product range, coverage and scale of operation, to the point where they now serve almost every market.

2.5 Integrators traditionally offered a worldwide courier product for documents and parcels, but now offer a range of products and geographies which compete at some level with every logistics provider in the supply chain. The forwarders, partly in response and partly in search of higher yields, have expanded their product range to include greater international coverage, door to door products and other logistic services.

2.6 The interaction between the four sub-markets and these two business models is illustrated in Figure 2.1 below.

Figure 2.1: Typical end to end journey: interaction between markets and business models



2.7 In the remainder of this chapter we provide, in turn, a more detailed description of the air freight sub-markets and business models.

Air freight markets

General air cargo

2.8 General air cargo forms the majority of air freight being shipped to and from the UK and is shipped predominately using passenger bellyhold capacity. General cargo is the standard core product offered by most freight-carrying airlines and therefore consists of a broad range of goods. The main carriers of general cargo in the UK are therefore IAG Cargo (British Airways and IAG group airlines), Virgin Atlantic and a number of foreign (predominately American and Asian) passenger airlines flying on long-haul routes, split approximately 40:60 in terms of volumes flown.

2.9 End-customer relationships are generally owned by freight forwarders, who act as intermediaries between shippers and airlines. Freight forwarders will often maintain relationships, possibly on a tendered basis, with a range of shippers, many of whom will have a requirement to send large volumes of freight on a regular basis.

Express freight

2.10 Although air freight is, by its nature, time-critical, express freight services are used when particularly rapid delivery is required and are generally sold on the premise of a guaranteed delivery slot. As well as a guaranteed delivery time, customers are also often able to track a shipment's progress, enabling them to have up-to-date information on geographical position, estimated time of delivery, details of any delays and revised delivery times.

2.11 The international express market is dominated by the four main integrators (DHL, FedEx, TNT (now a subsidiary FedEx)) and UPS), who carry freight on a mixture of their own aircraft and purchased bellyhold capacity. Integrators use their own aircraft within Europe and on high-volume long-haul routes, and purchase bellyhold capacity on lower volume long-haul routes where they do not operate their own aircraft.

2.12 Although business-to-business (B2B) activity still accounts for much of express freight volumes (for example on just in time supply chains), the growth of E-Commerce has increased the demand for business-to-consumer (B2C) services. This has, to some extent, changed the dynamic of express air freight services as a growing share of express demand is now driven by consumer expectation of fast delivery.

Specialist and niche cargo

2.13 In addition to speed, some cargo shipments have requirements that cannot be met by general air cargo due to specific storage, security or regulatory requirements. Some of this cargo, such as perishable foodstuffs or pharmaceuticals, can be shipped as bellyhold freight but will usually require specialist containers and packaging. In some cases, it may also require specially trained staff or additional paperwork.

2.14 Other types of specialist cargo, such as dangerous goods, are not permitted to be carried on passenger aircraft and are therefore transported on dedicated freighters operated either by freight airlines or integrators. In some cases, shippers' requirements will not be met by either bellyhold or dedicated freighter capacity; in such cases, aircraft will need to be specifically chartered to transport goods. Examples of such goods include outsize shipments, goods destined for remote destinations or goods with particular handling requirements – such as live animals.

Mail

2.15 UK air freight capacity is used for mail by the Royal Mail domestically for its faster delivery options and for most of its international deliveries. Nearly all domestic mail is carried by chartered freighters, whereas European and Intercontinental mail is largely carried in the bellyhold of scheduled passenger flights.

2.16 A small number of freight only airlines operate in the UK in support of the major integrators and the Royal Mail; these operators generally supply both aircraft and crew and effectively lease capacity to the integrators and Royal Mail. In 2017, West Atlantic and Titan Airways accounted for over 90% of the domestic mail carried by air in terms of weight.

Air freight business models

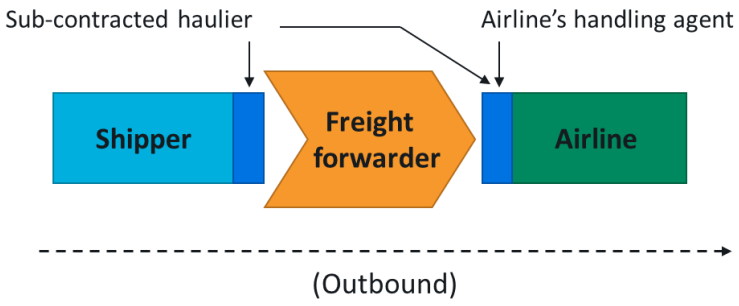
Forwarder model

2.17 In the forwarder model intermediaries (forwarders) provide the link between those with a requirement for air freight (shippers) and those with the means to provide capacity (airlines), by consolidating consignments from a number of shippers and purchasing capacity from freighter or passenger airlines. This means airlines have little contact with shippers. Many forwarders will ship any type of cargo, but the majority of consignments are general air cargo.

2.18 The forwarder model is illustrated in Figure 2.2. After collecting from the shipper (by subcontracted haulier), the forwarder will often consolidate freight at a regional centre before moving consignments in volume to its warehouses close to an airport, where freight is further consolidated before being sent (by subcontracted haulier) to the airport. At the airport,

consignments may be handed directly to the airline, or – more typically – to the airline's appointed handling agent.

Figure 2.2: Typical end to end journey: Freight forwarder



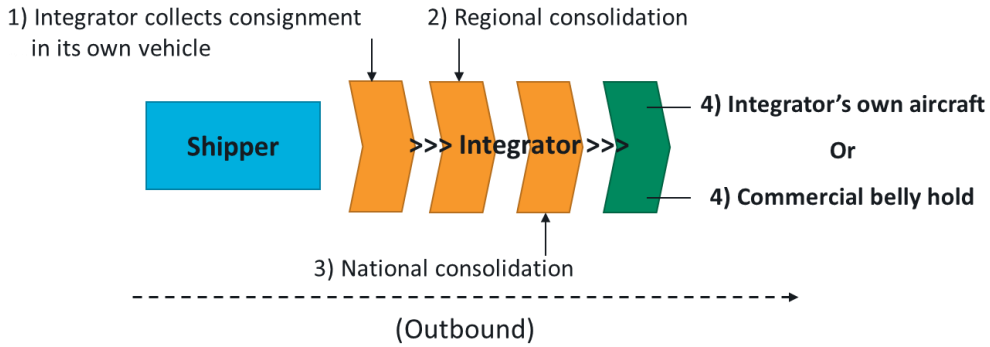
2.19 Freight forwarder activity in the UK is concentrated around Heathrow – Heathrow airport Limited (HAL) stated that approximately 450 freight forwarders are located within five miles of the airport. The concentration of forwarder activity around Heathrow also means that cargo leaving from other UK airports (both around London and further afield) is often consolidated around Heathrow before being trucked to the relevant airport, in some cases not actually being flown to or from Heathrow Airport at all.

Integrator model

2.20 In contrast to the forwarder-airline model, the integrator model has sought to offer customers a logistics solution which combines an extensive surface transport collection and delivery network with an in-house fleet of aircraft, thereby offering an "integrated" product, generally controlling the entire logistics chain from pick up to delivery. While the majority of cargo is express-like products, integrators carry all forms of cargo. On short-haul routes, this is predominately with their own aircraft, while on long-haul routes this is often on purchased bellyhold capacity (with the integrator effectively acting as a forwarder in the latter case).

2.21 A depiction of the integrator model is shown in Figure 2.3. The integrator will collect the goods and deliver them to the final destination, providing all the links in the transport chain, controlling the choice of mode (where appropriate) and offering a comprehensive information flow along with the physical transport of the goods. This is usually using their own road transport, handling, transit warehousing facilities and (for short haul) aircraft.

Figure 2.3: Typical end to end journey: Integrator forwarder



2.22 Integrator air freight activity in the UK is dominated by DHL, FedEx, TNT and UPS concentrated at East Midlands (c.50%) and Stansted (c.25%). Only a small number of dedicated cargo freighter flights operate at Heathrow.

Other models

2.23 Although the forwarder and integrator models are the two principal models handling the majority of UK air freight, several other smaller models exist, including:

- Courier and express services, which use either integrators' services or their own small chartered freighters for especially time-sensitive products such as automotive parts or newspapers.
- Specialist operators, which meet shippers' specific storage or temperature requirements en-route to the airport, in storage before shipping and on board the aircraft for goods such as pharmaceuticals or fresh salmon. Goods may be shipped on specialist freighters or in specialist containers as bellyhold cargo if specified requirements can be met.
- Air cargo brokers, who do not provide vehicles or warehouse space, but who work with freight forwarders, shippers, logistics providers, governments, and relief organisations to offer chartered freighter aircraft on a onetime or long-term basis.
- Mail, which is flown domestically on tendered dedicated freighters and internationally using tendered UK and foreign airline bellyhold capacity.

Trucked freight

2.24 Alongside the business models described above, a significant amount of air freight is transported in customs-bonded trucks between the UK and continental Europe and is classified as air freight with an assigned flight number. Freight is often flown to continental Europe, particularly from Asia, as there is often more available air freight capacity than to UK airports, partly due to lack of available slots for freighter aircraft at Heathrow. The freight is trucked as bonded freight to avoid having to undergo local customs procedures so that importers only need to deal with the UK customs authorities rather than investing in systems to deal with multiple customs authorities. This represents an inefficiency from the perspective of the UK economy as whole. See also the Case Study on consumer electronics imports at the end of this chapter.

2.25 In contrast to goods from Asia, Heathrow stated that goods destined for North America are also often trucked to the UK, in particular Heathrow, from continental Europe in order to take advantage of cheaper rates from the UK on North American routes. As Heathrow is the primary European hub for North American passenger connections, there is a significant level of bellyhold capacity available, which means air freight rates are cheaper compared to other European airports.

Structural constraints

Air freight business models at UK airports

2.26 The business models described above dominate the UK's major air freight airports: Heathrow, East Midlands, Stansted and Manchester (see Figure 3.1 below). Heathrow is by far the largest general air freight market using the forwarder business model and the overwhelming majority of cargo is transported in the bellyhold of passenger aircraft, mostly on long-haul routes. East Midlands, by contrast, is dominated by express freight using the integrator business model, with freight carried in freighter aircraft, often overnight on routes to mainland Europe, but also on intercontinental routes. Stansted has a combination of integrators and other freighters, while Manchester is largely bellyhold, although on a much smaller scale than Heathrow.

2.27 One notable feature of the UK air freight market is the huge importance of Heathrow and its surrounding freight facilities, with most forwarders having major consolidation centres in the vicinity of the airport, as noted in paragraph 2.19 above. Very significant volumes of air freight are trucked to such facilities near Heathrow, processed and then trucked to another airport, either in the UK or in continental Europe, without ever flying in or out of Heathrow itself.

2.28 Another common model is freight arriving from long haul origins (such as China or the US) flown into Heathrow and then being trucked to other airports (e.g. East Midlands) to be flown to continental airports overnight, leading to a symbiotic relationship between the different airports.

2.29 Both of these models mean that the resilience of the road network to and from airports is an important factor in reliability of service. To a large extent, they reflect the constraints on the UK air freight industry, discussed further below.

Operating restrictions

2.30 Night operating restrictions, based on movement limit and noise quota systems, are currently in place at Heathrow, Gatwick and Stansted. The current restrictions to October 2022, are summarised for current and future seasons in Table 2.1. The restrictions apply from 11:30pm to 6am, with less stringent restrictions also applying between 11pm and 11:30 pm, and between 6am and 7am.

Table 2.1: UK airport night-time operating restrictions

Airport	Seasonal Movement Limit	
	Winter (2018/19 –2021/22)	Summer (2019-2022)
Heathrow	2,550	3,250
Gatwick	3,250	11,200
Stansted	5,600	8,100

Source: DfT

2.31 There is also an additional noise quota limit incentivising the user of quieter aircraft.

2.32 Apart from the restrictions at these three London airports, other airports have to produce noise action plans which may set out operating limits for the night period.

2.33 Integrator stakeholders consulted as part of this study stated that the way in which these operating restrictions are applied impacts their ability to operate effectively, as the express business model (described above) is dependent on being able to ship goods during the night to enable maximum productivity for customers who rely on shipments being picked up close to the end of the working day and delivered as early as possible the next.

Capacity

2.34 Several stakeholders have noted that capacity constraints are a significant hinderance to the operation of UK air freight – one stated that it has caused volume growth to fall behind other European countries and another stated it is one of the main reasons why so much freight is flown to mainland Europe and trucked to the UK – in turn causing more road and port congestion.

2.35 While many of the UK's airports are not currently particularly congested, the concentration of air freight activity at Heathrow, which is severely slot constrained and which operates at 98% capacity, means that the congestion there has a disproportionate impact on UK air freight. Slot constraints at Heathrow mean that no additional freighter operations are possible, while the larger passenger aircraft such as the A380 actually have lower freight capacity than the aircraft they are replacing, particularly 747s.

2.36 Historically, much of the UK air freight activity is concentrated around Heathrow due to its significantly more extensive intercontinental passenger network compared to those of other UK airports. Although this remains the case, new intercontinental passenger connections at regional UK airports have increased possibilities for transporting long-haul freight as bellyhold cargo. As discussed in Chapter 3, some other major UK airports have increased their bellyhold volumes significantly with new connections to Asia – one stakeholder noted that Emirates is the "best in class" at utilising regional capacity.

Infrastructure

2.37 Several stakeholders commented that the quality of the UK's air freight infrastructure is a major issue, with freight facilities at UK airports often being decades old and having suffered from continued under-investment. While other airports are not as slot congested as Heathrow, they now cater to significantly more widebody freight capacity than the facilities were originally designed for.

2.38 At Heathrow, the infrastructure has led to severe levels of road congestion, with trucks often queueing for hours at the Cargo Horseshoe (Heathrow's main freight facility), with some operators investing in off-site facilities to mitigate these problems[1]. However, restrictions imposed by the Border Force currently prevents any new such remote-site facilities being developed.

2.39 The Heathrow Cargo Working Group has proposed measures to mitigate these problems, including more flexibility in allowing multiple consignments in bonded truck movements around the airport vicinity.

[1] In particular, some operators have remote "Internal Temporary Storage Facility" (ITSF-R) with customs bond facilities.

Potential Brexit impacts

2.40 Although the terms of the UK's exit from the EU are still being negotiated, withdrawal from the EU has the potential to affect the UK freight industry through changes to customs arrangements and changes to air services agreements (ASAs). The purpose of this section is not to speculate on the likely outcome of the negotiations but to describe the impact of any possible changes to current arrangements.

Customs checks

2.41 Under current arrangements, goods traded between the UK and other EU countries are not required to undergo customs checks at ports or airports. However, depending on the terms of the UK's withdrawal agreement, this may cease to be the case. This would mean, firstly, freight traveling by air between the UK and other EU countries may be required to undergo customs checks at airports and, secondly, that freight being trucked in free circulation between the UK and continental Europe may be required to undergo customs checks at ports.

2.42 As has been discussed, much of freight being trucked between the UK and continental Europe travels in customs-bonded trucks and freight traveling on these trucks should not be required to undergo additional customs checks at ports should these be imposed. However, it is likely that trucks carrying bonded freight may still be affected by customs checks at ports, if they were introduced, as additional checks of other trucks are likely to cause delays at ports.

Air service agreements

2.43 The UK is currently part of European Common Aviation Area (ECAA), which includes all EU member states and a number of other European countries. The ECAA entitles an airline with an operating licence from any ECAA country to operate flights anywhere within the ECAA. For example, a UK airline can currently operate a domestic flight in Germany or an international flight between Ireland and France.

2.44 The EU also has a number of bilateral agreements negotiated on behalf of its members with non-ECAA countries, the most important being the 'open skies' agreement with the USA. These agreements are often more liberal for freight services compared to passenger services; the EU-US deal grants 7th freedom rights for cargo services compared to 5th freedom rights for passenger services. 7th freedom rights allow airlines to fly between two foreign countries (for example, a UK airline flying between the USA and Canada), whereas 5th freedom rights only allow airlines to fly between two foreign countries if the journey ends or begins in the airline's own country (for example, a UK airline flying between the UK and Mexico via the USA).

2.45 Leaving the ECAA without an agreement in place would mean UK airlines would no longer have the right to fly to and from EU Member States under existing arrangements, or to fly to third countries, such as the US, under the terms of the EU's open skies agreements. This

means the UK would be required to fall back on bilateral agreements with both third countries (such as the USA) and ECAA members.

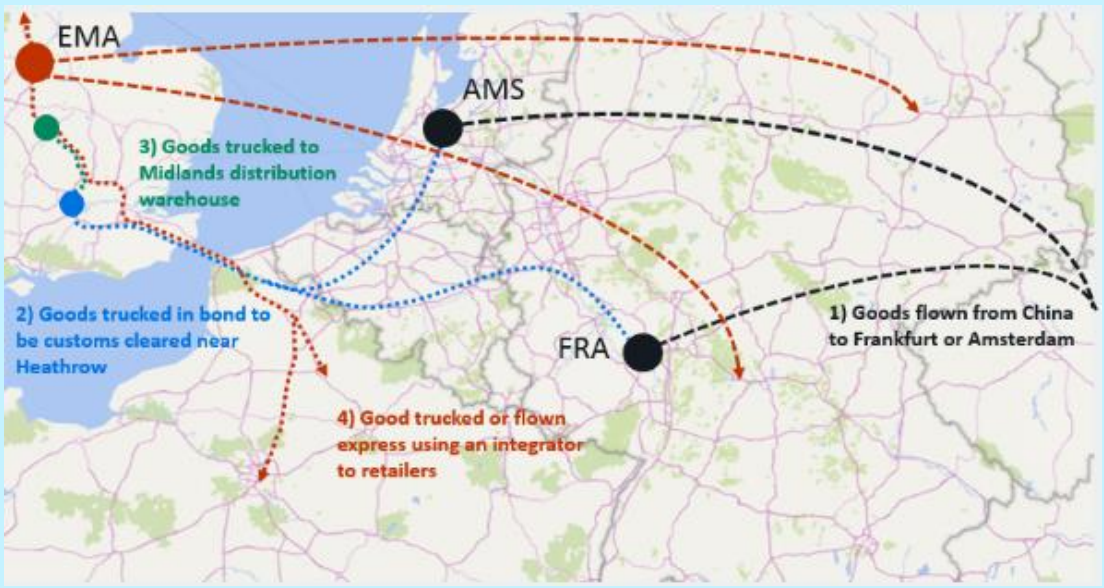
2.46 Many bilateral agreements are more restrictive than the ECAA and, for example, the EU-US open skies agreement. This may lead to more restrictions on how freight is flown between different countries, leading to slower transit times and/or higher costs, unless similarly liberal agreements can be negotiated by the UK with the EU and with other key countries such as the US.

Case Study – Consumer electronics imports

In 2017, the UK imported £10.6 billion's worth of consumer electronics accessories, equivalent to just under 90,000 tonnes of goods. These imports, which are comprised of items such as iPhone cables, car hand-free kits and other similar accessories, are imported primarily from China and other East Asian countries. In 2017, 64% of the total import value was transported by air.

A consumer electronics importer consulted as part of this study, which imports its goods from 20 different locations in China, stated that it imports approximately two thirds of its goods (in value terms) by air, with the remaining third transported by sea. More bulky goods, such as laptop bags and wireless routers tend to be transported by sea, with smaller, lighter items, such as cables, transported by air. Although using air freight is approximately four times more expensive then transporting goods by sea, air freight is often more cost effective as goods can be transported much faster.

Typical journey for imported consumer electronics goods



Since 2008, large retailers selling consumer electronics have been ordering smaller quantities of goods more frequently, which means suppliers need to be able to respond to orders more quickly. As a consequence, volumes shipped by sea have fallen in recent years as, from China to its main distribution warehouse in the Midlands, goods typically take one week by air compared to five to six weeks by sea. This also means warehouse usage has been halved through better management of inventory.

However, despite the need to import goods by air, the importer stated that it only flies around 20% of its total imports directly to the UK, with the remaining 80% being flown to mainland Europe (usually to Frankfurt or Amsterdam) and trucked in bond to the UK via a ferry or the Channel Tunnel. Imports are usually customs cleared at facilities near Heathrow, before being trucked to its Midlands distribution centre.

The importer stated the reason such a high proportion of its goods are flown to the UK via Europe, is because the UK's air freight capacity is not sufficient to service the required import volumes. Goods are trucked as bonded freight to avoid having to undergo Dutch or German customs procedures, as the importer incurs fewer administration costs as it is only required to deal with UK customs.

The importer stated that, as most of its imports are flown in freighter aircraft, one of the reasons why it often cannot fly its goods into the UK, is because not enough UK airlines operate these types of aircraft. Many airlines that in the past operated long-haul freighter services, for example IAG Cargo at Stansted, no longer do; therefore, there are fewer long-haul freighter options available. However, the main problem the importer cited with UK air freight capacity was the quality of the infrastructure.

The importer stated that it avoids using UK airports because they are too congested and therefore not efficient; air freight infrastructure has not been upgraded in line with increased traffic, which causes delays that can be avoided at continental European airports. The importer stated that there should be better utilisation of regional airport capacity at, for example, Manchester, which was cited as a relatively good operation with not enough freight capacity.

Policy considerations

2.48 The analysis in this chapter raises a number of issues relevant to the formulation of national aviation policy. These include:

- the positive and negative aspects of the concentration of the air freight industry at and around Heathrow;
- the quality of infrastructure supporting air freight services;
- the balance of the impacts of night and noise restrictions on local residents and air freight services;
- the potential for growth of air freight services at airports outside the South East of England; and
- the management of the potential impacts of Brexit.

3 Market Analysis

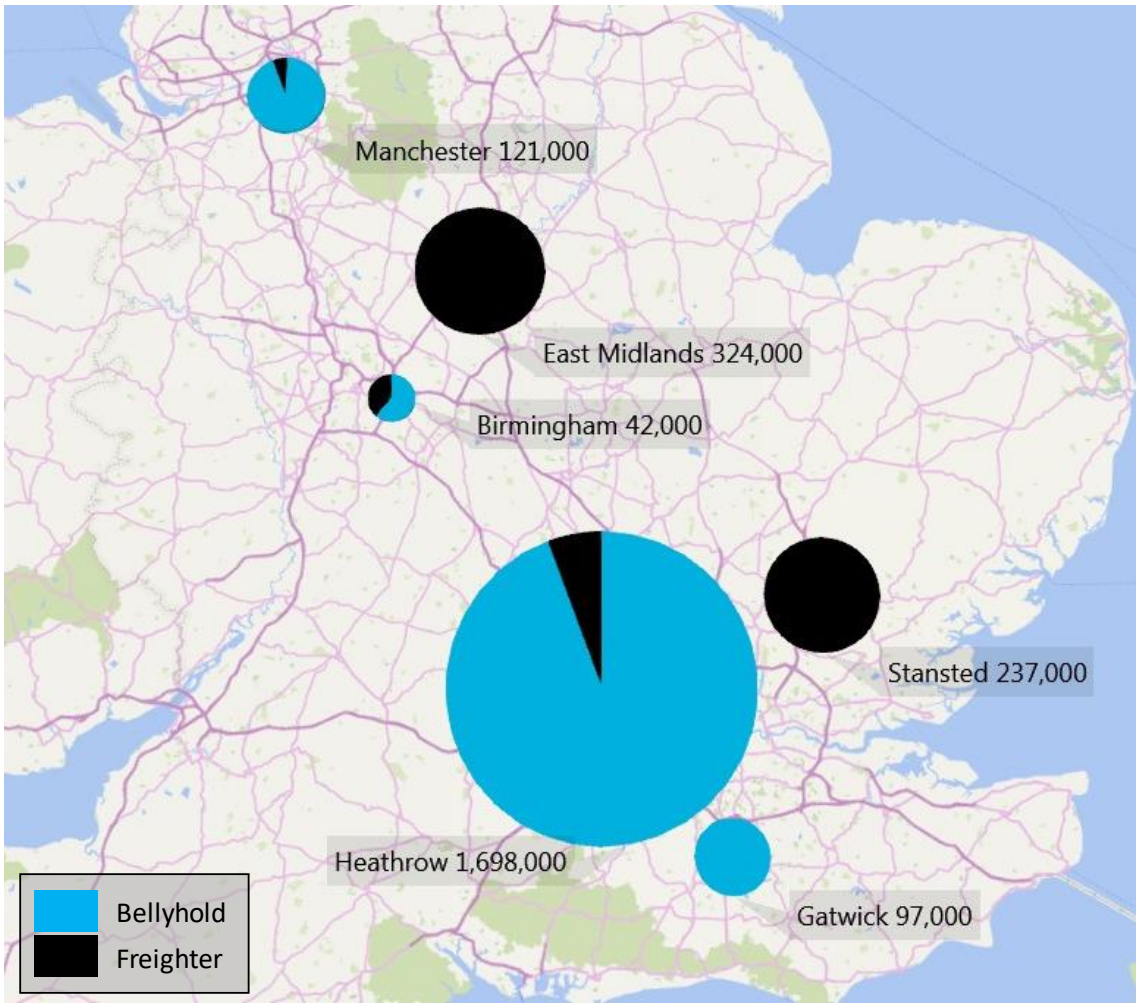
3.1 This chapter describes UK air freight volumes flown from key airports as well as recent growth trends, freight destinations, freight activity at other major UK airports and international comparisons. The analysis of UK freight volumes is based on data provided by the CAA and international comparisons based on Eurostat data.

Overview of air freight volumes

Key airports

3.2 Figure 3.1 shows the volume (tonnage) and type of freight handled at the six largest UK freight airports – the remaining airports not shown each represent less than 1% of the market in terms of volume.

Figure 3.1: Freight volumes at six largest UK airports, tonnes (2017)



Source: CAA

3.3 Bellyhold cargo at Heathrow accounted for over 60% of total UK air freight volume in 2017, with forwarders and shippers utilising its extensive intercontinental passenger network. Over 30% of total air freight was shipped on US routes and most of the remainder on Asian routes. The number of freighters at Heathrow are flown by a mixture of cargo-only airlines and passenger airliners with some freighter aircraft.

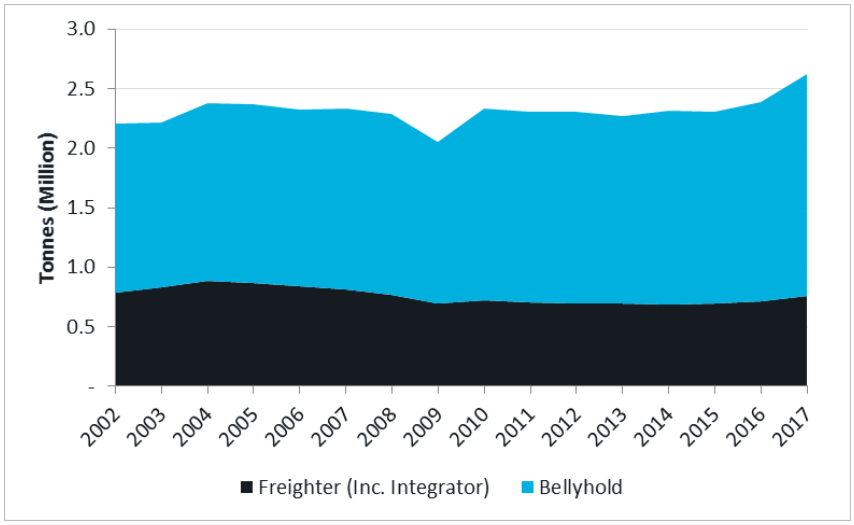
3.4 Freighter and integrator cargo is concentrated at East Midlands and Stansted, which, in 2017, together accounted for over 20% of all UK freight and the majority of freighter (60%) and integrator (79%) activity. Integrators accounted for over 90% of freight at East Midlands, with much of freight being shipped to Europe, particularly Germany, where DHL and UPS both have major hubs, as well as on intercontinental routes. At Stansted, integrators FedEx and UPS were the largest airlines, although intercontinental freighters such as Qatar Airways, Cargolux and China Southern also accounted for a large share of volume.

3.5 Almost all freight at Gatwick and Manchester was carried as bellyhold cargo in 2017, predominately to the UAE and the USA. Although both airports had relatively large freighter operations prior to the financial crisis, these operations have ceased completely at Gatwick and almost completely ceased at Manchester. Prior to 2016, freight handled at Birmingham was almost all bellyhold, and although most of Birmingham's freight volume was carried as bellyhold cargo to Asia in 2017, about a third of its volume was freighter and integrator cargo.

Volume growth

3.6 Figure 3.2 shows the development of total UK freight volumes in the last 15 years. Aside from the decline in 2009 due to the fallout from the financial crisis, total volumes have remained relatively flat, growing with a compound average growth rate (CAGR) of +1.2% over the 15-year period with volumes only surpassing the pre-crisis peak in 2016.

Figure 3.2: UK freight volumes, Million Tonnes (2002-2017)



Source: CAA

3.7 The relatively modest CAGR of +1.2% for total volumes is due to a combination of growing bellyhold volumes, which over the 15-year period grew with a CAGR of +1.8%, and stagnating freighter volumes, which declined with a CAGR of -0.2%.

3.8 The share of total volumes carried by freighter aircraft has fallen from over 35% in 2002 to under 30% in 2017 and has fallen away significantly at some airports. The market for dedicated freighter services has struggled globally since the financial crisis due to falling sea-freight rates and the continued rise of air passenger demand (and associated bellyhold capacity), which have driven down freighter yields. Although some UK airports have retained important integrator, and to lesser extent, freight operations, freighter activity has remained relatively flat in recent years and is currently lower than pre-crisis levels.

3.9 Although bellyhold cargo volumes have grown more strongly and are now above pre-crisis levels, their growth has been somewhat inhibited by capacity constraints at Heathrow and limited intercontinental networks at many other UK airports. However, combined bellyhold and freighter volumes grew by 10% in 2017, which suggests the slow growth of the previous few years may have ended.

3.10 The +1.2% CAGR for total UK volumes to some extent masks the mixed performance of different UK airports. Heathrow, East Midlands and Stansted have grown relatively steadily over the last few years, whereas smaller airports have seen more significant increases or decreases in volumes (discussed further later in this chapter). The net result has been a consolidation of freight operations at the largest airports. Between 2002 and 2017, Heathrow's share of total volumes increased from 56% to 65%, while the combined share of East Midlands, Stansted and Manchester increased from 23% to 26%.

Destinations

3.11 Figure 3.3 shows the origin/destination of freight handled at UK airports in 2017[2]. Across all airports, North America was the largest market (accounting for 32% of volume), followed by Europe (25%, 18% of which was to the EU) and, South and East Asia (19%). Heathrow, and to a lesser extent Gatwick, handled predominately North American and Asian freight, benefitting from extensive passenger networks.

3.12 The large European share of volume at East Midlands reflects the airport's role within its integrators' networks, as DHL and UPS have major hubs in Leipzig and Cologne respectively. Similarly, at Stansted, much of the freight volume is on European and North American routes – FedEx has a major hub in Memphis and Stansted is used by FedEx and other

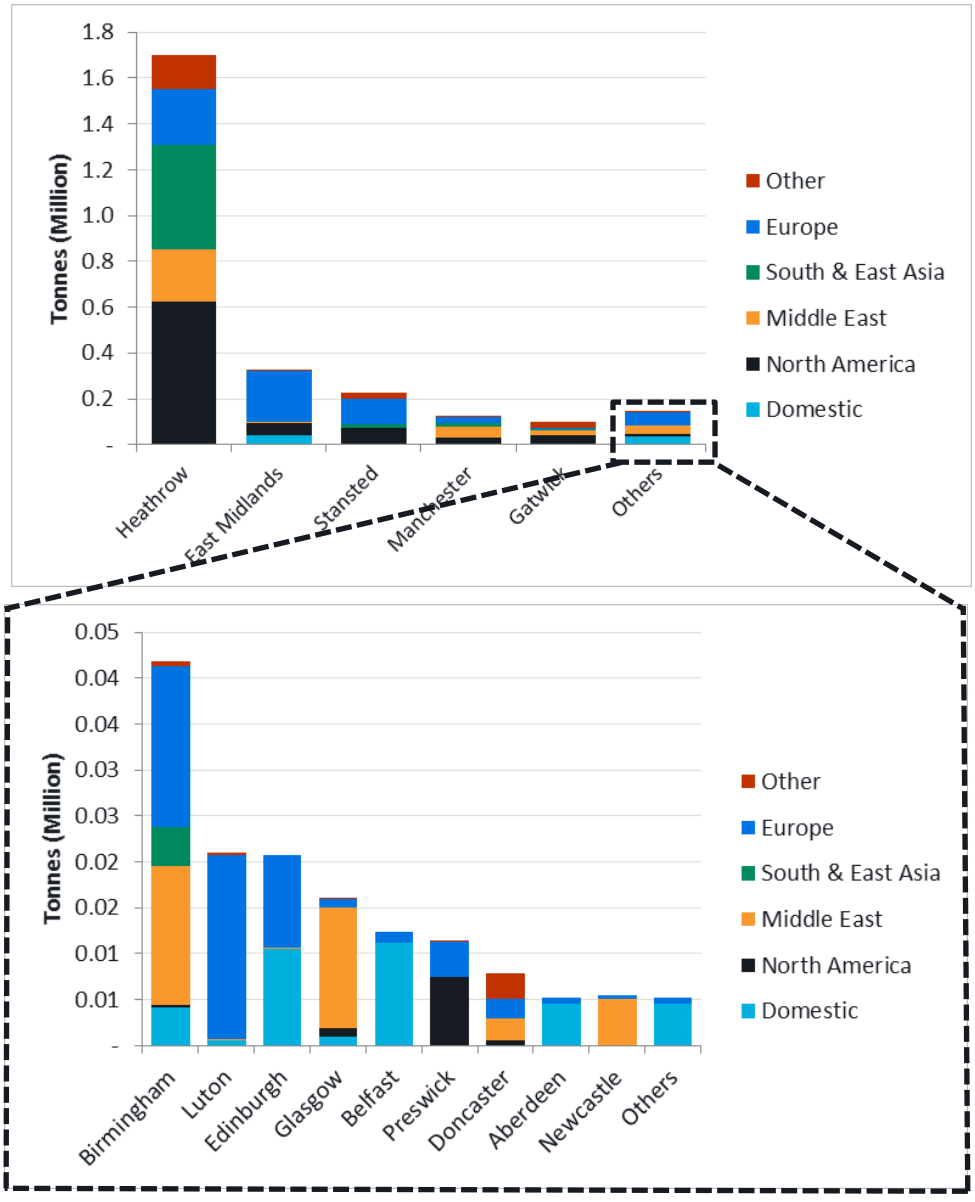
[2] Note that this is based on the origin/destination of the flight to/from the UK, which is not necessarily the same as the true origin or final destination of the cargo itself.

operators for distribution throughout Europe.

3.13 A relatively large share of many regional airports' (including Manchester, Birmingham, Glasgow and Newcastle) volume is accounted for by Middle Eastern routes, reflecting the importance of the Gulf carriers' networks to these airports' freight operations. As commented above, stakeholders noted Emirates is one of the best airlines at utilising regional airport capacity.

3.14 Airports in Scotland and Northern Ireland, such as Aberdeen, Belfast and Edinburgh, have a relatively large share of domestic volumes, which is likely to be because trucking to other parts of the UK from these locations is less time-effective.

Figure 3.3: Destination[3] of UK freight volumes, Million Tonnes (2017)



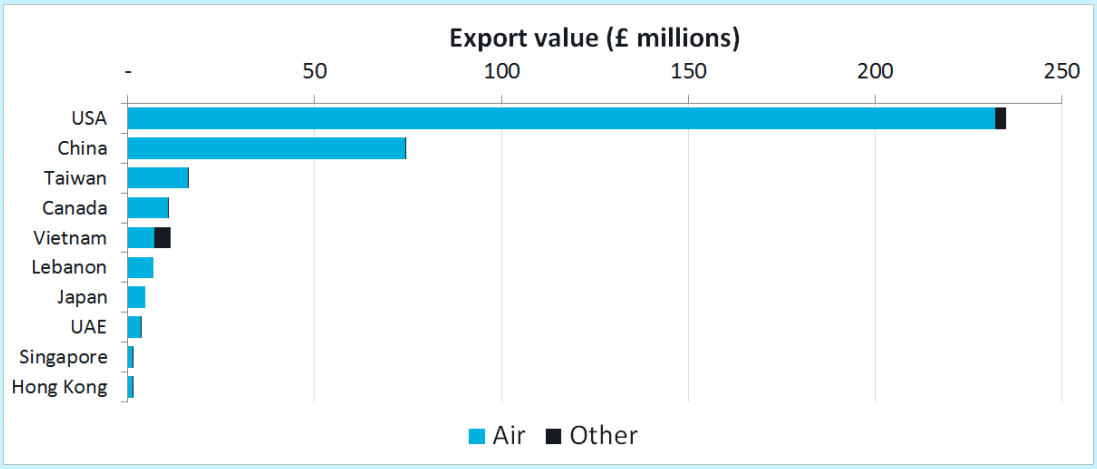
Source: CAA

[3] The "destination" as defined in CAA data is the destination of the flight departing the UK (or origin of arriving flight). It is not necessarily the final destination (true origin) of the freight consignments themselves, as they may be transhipped onto subsequent flights to onward destinations.

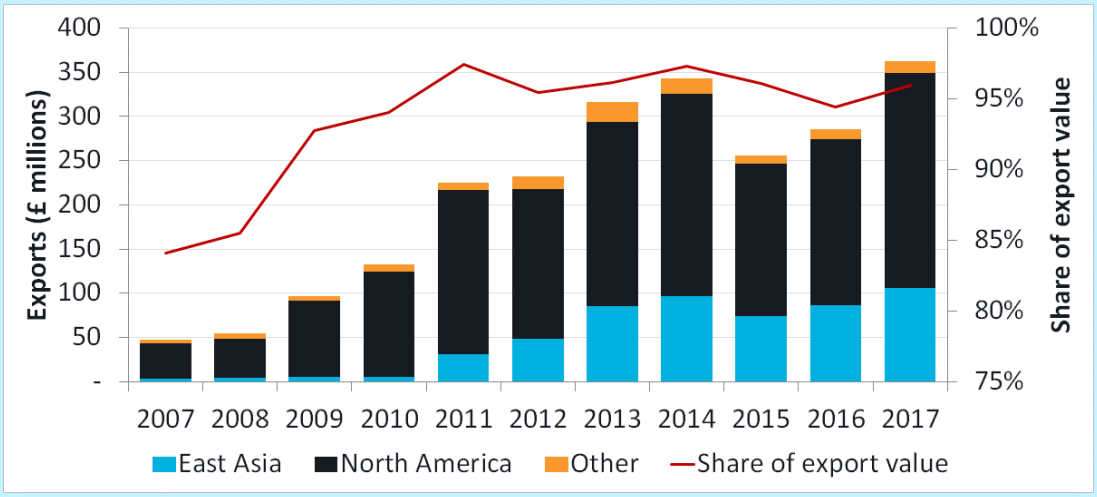
Case Study – Heathrow and the Scottish salmon industry

Scottish salmon exports were worth £600 million in 2017, up 35% on the previous year. In recent years, salmon has become one of the UK's most valuable food exports. Compared to other salmon sold worldwide, the Scottish industry has positioned itself as providing a higher quality product. Air freight is important for getting produce to market quickly to be sold as fresh as possible. Although the USA and France have remained the two largest markets, demand from East Asia has increased significantly in recent years. The share of salmon carried by air has increased with growing intercontinental demand.

2017 10 largest non-EU markets for salmon exports



2007-2017 value of salmon exports to non-EU countries

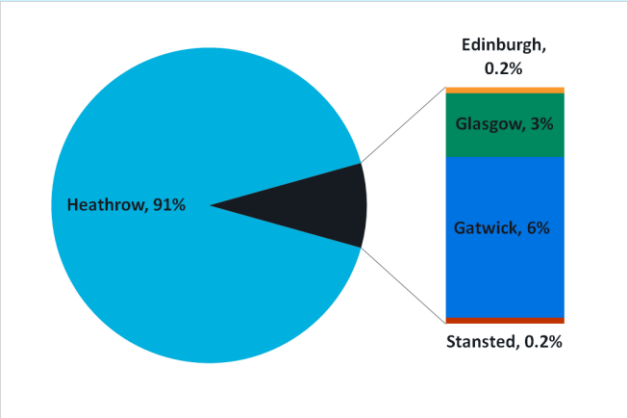


Source: HMRC

The vast majority (91%) of UK salmon is shipped internationally from Heathrow – produce is transported within the UK either by road or by air. While in transit, salmon is stored in temperature-controlled containers and may be stored at specifically designed facilities at Heathrow before being shipped. Outbound capacity must be pre-booked in advance and packing typically takes place 2-3 days before shipping.

While Heathrow is still by far the largest airport supporting the industry (see chart below), increased international connectivity at Scottish airports has given exporters other options – this year salmon was exported on the first direct flight between Scotland and China (from Edinburgh to Beijing).

2017 share of UK salmon exports by airport

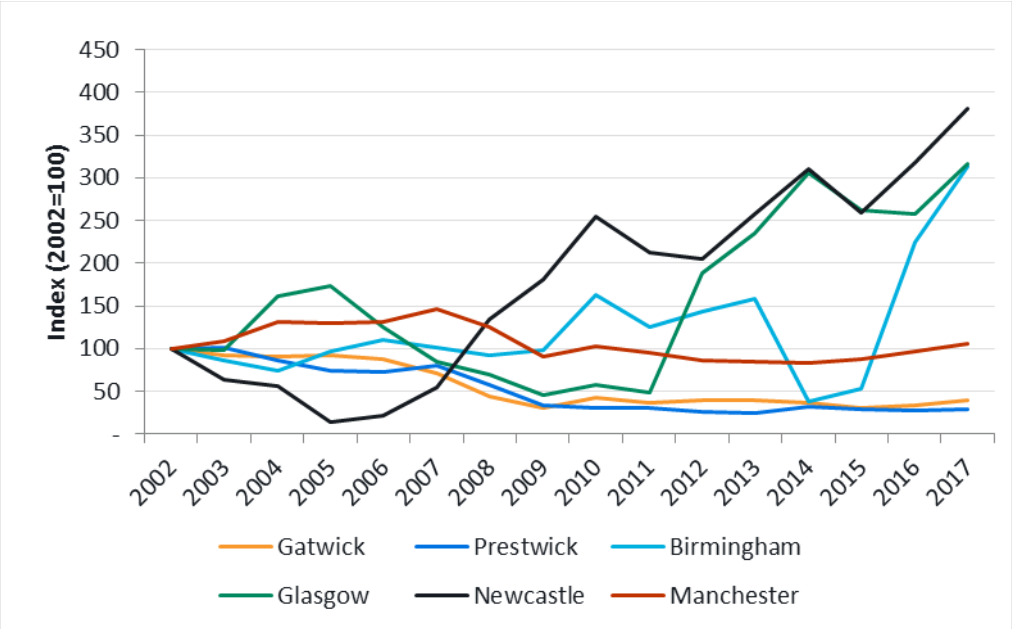


Source: HMRC

Volumes at regional airports

3.15 As discussed above, the +1.2% CAGR for total UK volumes between 2002 and 2017, shown in Figure 3.2, to some extent reflects the mixed performance of different UK airports. Figure 3.4 shows the development of total freight volumes at selected UK airports (not including the largest three freight airports: Heathrow, East Midlands and Stansted).

Figure 3.4: Indexed growth of freight volumes at selected UK airports, 2002=100 (2002-2017)



Source: CAA

3.16 Relatively significant freight operations at Gatwick and Prestwick (which in 2002 were respectively the second and sixth largest UK freight airports) have fallen to less than half of their pre-crisis levels. On the other hand, smaller operations at regional airports, such as Birmingham, Glasgow and Newcastle have increased significantly in recent years, as a result of new or increased frequencies on intercontinental passenger routes. Manchester has experienced a mix of these effects; driven by a reduction of freighter activity, total volumes decreased significantly since the financial crisis, but have grown in recent years as a result of new passenger bellyhold connections.

3.17 The figures below show, for selected regional airports, the number of departing frequencies to intercontinental destinations (represented by the stacked bars) and the total bellyhold freight volumes (represented by the red line). Charter and low-cost carrier frequencies have been excluded as these do not contribute materially to total freight volumes.

Figure 3.5: Glasgow: Departing frequencies and bellyhold freight volumes (2002-2017)

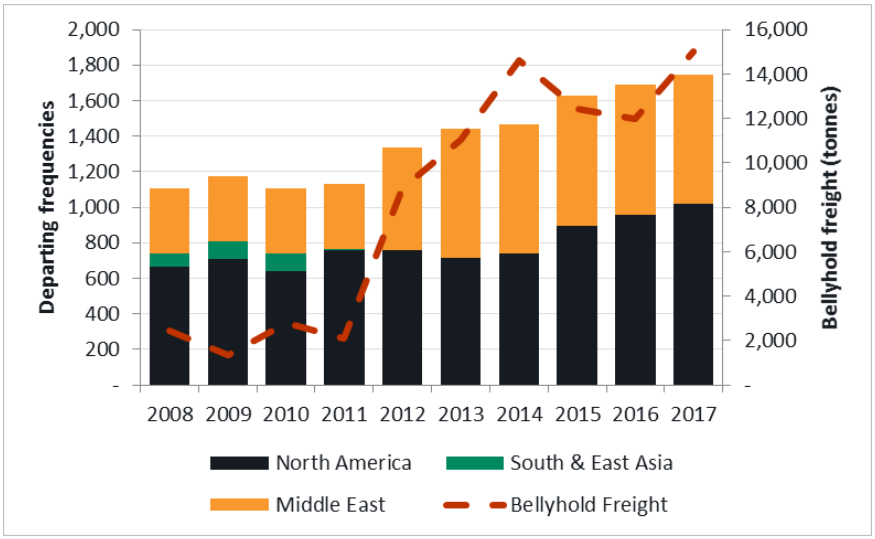


Figure 3.6: Birmingham: Departing frequencies and bellyhold freight volumes (2002-2017)

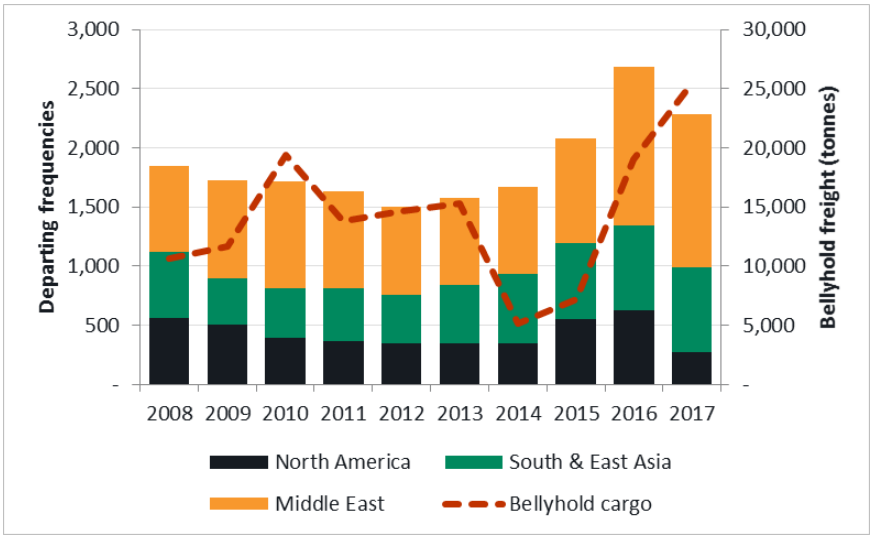
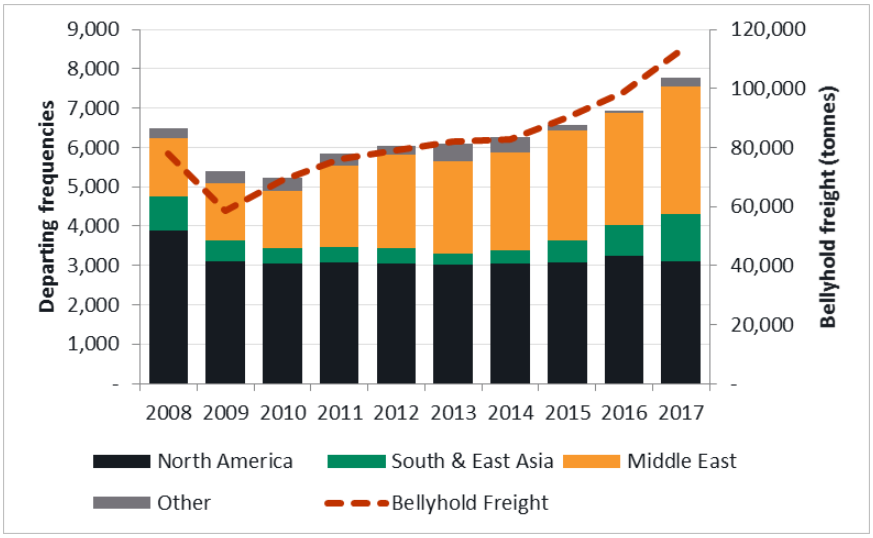


Figure 3.7: Manchester: Departing frequencies and bellyhold freight volumes (2002-2017)



Source: OAG, CAA

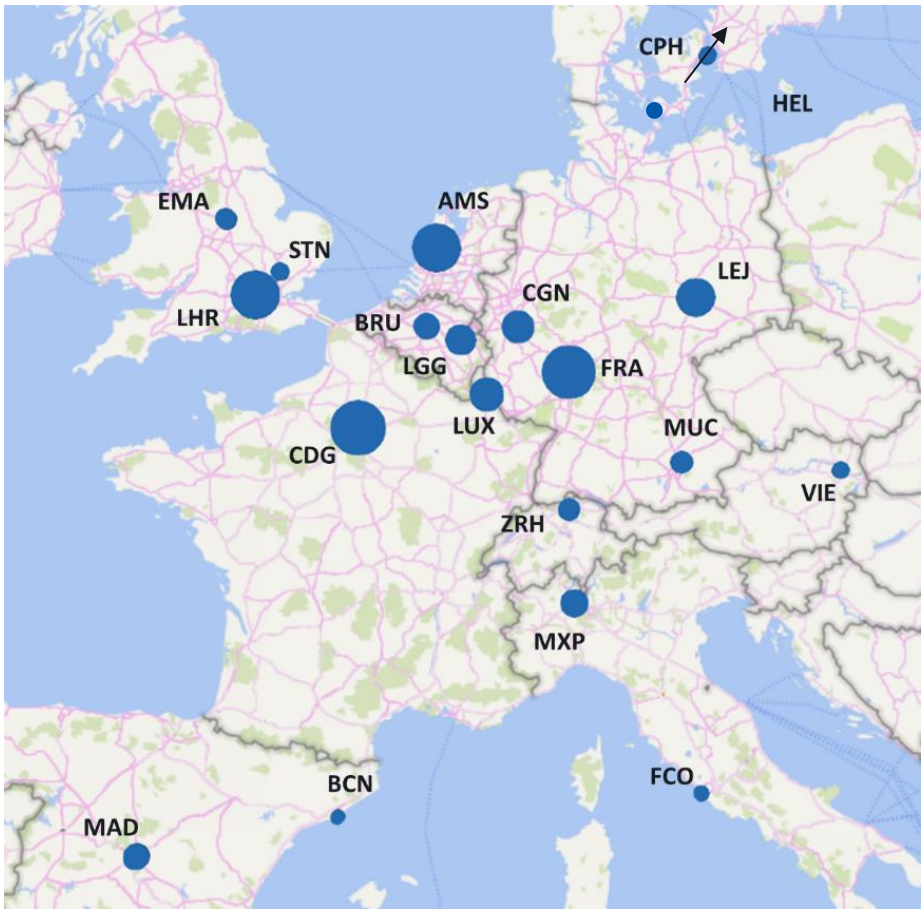
3.18 At the three airports shown in the figures above, increasing frequencies to the Middle East and Asia have significantly increased total bellyhold freight volumes. Although all three airports have had a sustained level of passenger connections to North America, as Figure 3.3 demonstrates, North America does not account for material amount of freight volumes at these airports. This is likely to be because of the large amount of North American bellyhold capacity available at Heathrow, which means shippers and forwarders have little incentive to utilise regional capacity on North American routes.

3.19 On the other hand, Heathrow has relatively less bellyhold capacity available on Asian and Middle Eastern routes, which means airlines have a greater incentive to utilise regional airports on these routes (although five new Chinese routes have started operations from Heathrow in 2018). Other airports' freight volumes have also benefited from their own new connections to East Asia. Direct passenger connections have recently started at Manchester (2016) and Edinburgh (2018) and, given the capacity constraints at Heathrow, it is likely that other airports' freight volumes will continue to benefit from the rapidly growing Asian economies.

International comparisons

3.20 Figure 3.8 shows 20 largest EU airports in 2017 based on total freight volumes.

Figure 3.8: Relative freight volumes at 20 largest EU airports (2017)



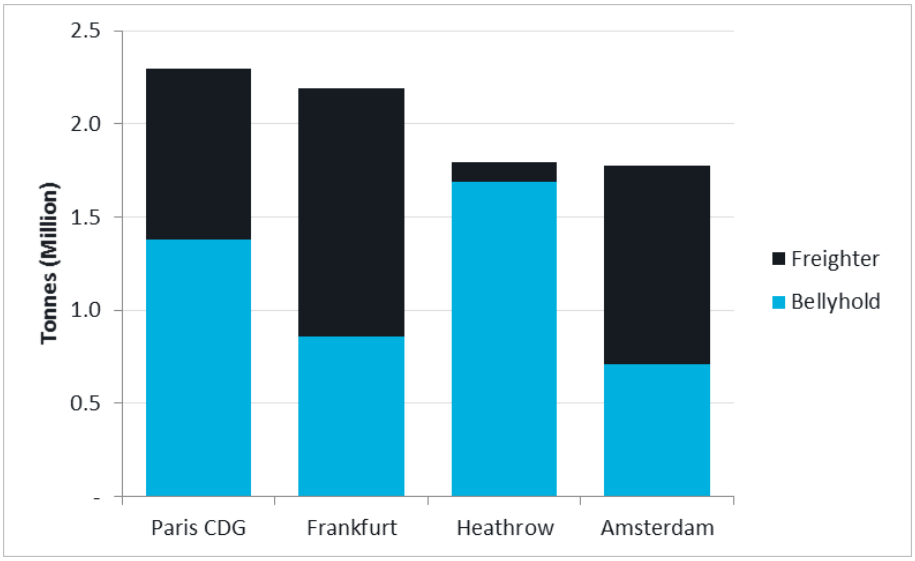
Source: Eurostat

3.21 Many of the largest freight airports in the EU are concentrated in North-West Europe, which is relatively well off and densely populated (therefore generates demand for imports), and is the home of a lot of European industry (therefore produces a large amount of goods for export). The close proximity of many large freight airports to the UK may also to some extent explain why so much air freight is flown to continental Europe and trucked to the UK, as there is much greater capacity available to continental North-West Europe than to the UK.

3.22 In terms of total freight volumes, Heathrow is the third largest airport in the EU (based on Eurostat data) and handles a similar magnitude of freight to that handled by Europe's other three major hub airports (Amsterdam, Frankfurt, Paris). Although East Midlands and Stansted are two of the twenty largest freight airports in the EU, they are significantly smaller than many of the freighter-orientated airports in Europe (including Cologne, Luxembourg, Liège and Leipzig).

3.23 Although Heathrow is one the largest airports in the EU in terms of freight volumes, due to its slot and operating constraints described above, it has a significantly lower amount of freighter activity compared to many major European airports. Figure 3.9 shows the share of total freight volumes carried by freighter and bellyhold capacity at the four major European hub airports.

Figure 3.9: Freighter and bellyhold volumes at four largest European airports, Million Tonnes (2017)

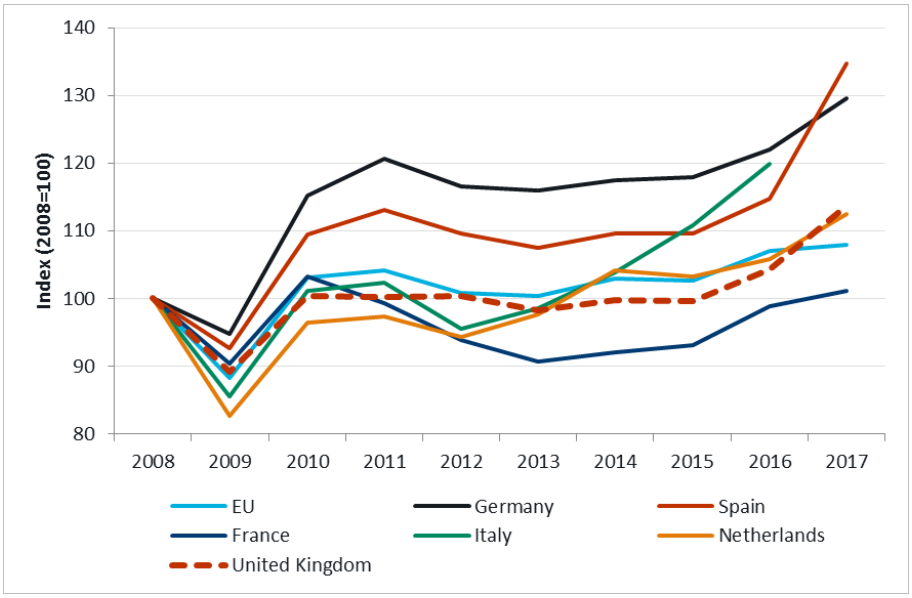


Source: Eurostat, CAA, individual airport traffic statistics (Paris CDG shares based on 2016/17)

3.24 At Heathrow in 2017, 6% of total freight volumes were carried by freighter aircraft compared to between 40% and 60% at Amsterdam, Frankfurt and Paris. Although Heathrow and Amsterdam carried very similar levels of freight in 2017, there were around 3,000[4] freighter air traffic movements at Heathrow compared to just under 17,800 at Amsterdam.

3.25 Figure 3.10 shows the indexed growth of total air freight volumes in the UK against comparable EU countries, as well as the EU as a whole, from 2008 to 2017 (and 2016 for Italy).

Figure 3.10: Indexed growth of selected EU countries freight volumes, 2008=100 (2008-2017)



Source: Eurostat. Note: France's growth prior to 2014 has been adjusted with ADP statistics to account for a change in measurement at CDG

[4] 2,971 non-passenger movements (source: CAA)

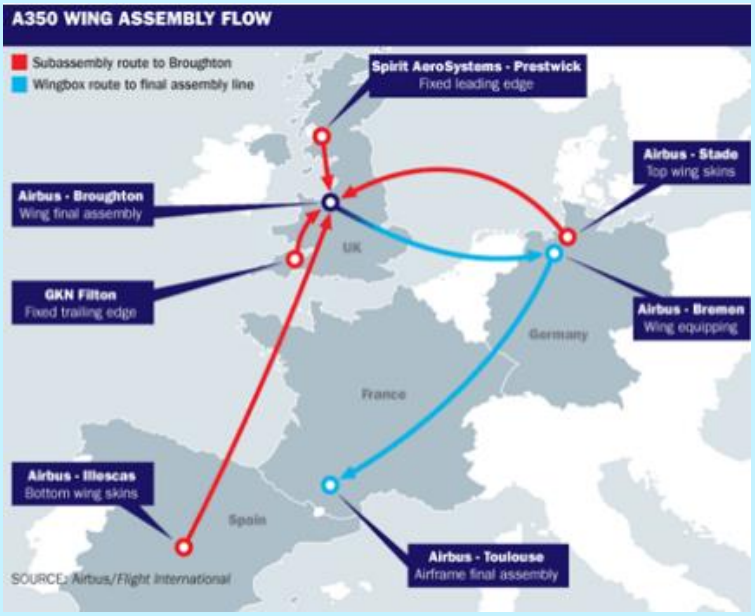
3.26 Although, like many of the countries shown, the level of growth in the UK appears to have picked up in the last couple of years, over the period shown, growth in the UK air freight volumes appears to have been lower than the growth in many other major European economies (with the exception of France).

Case study - Aerospace

The UK aerospace sector is one of the largest in the world which, according to ADS (a UK Aerospace trade organisation), had a total turnover of £45 billion in 2017 and supported 123,000 direct jobs. ADS also states that nearly 90% of final demand for UK aerospace products comes from exports. However, a large volume of goods are also imported, as aerospace supply chains are often located in several different countries, and as much of the UK's aerospace industry focuses on manufacturing aircraft parts, large quantities of components need to be regularly transported in and out of the UK.

In 2017, non-EU trade in aircraft and associated equipment[5] was worth £17.2 billion, equivalent to a little over 48,000 tonnes of equipment. In addition, trade in engines[6] (a large proportion of which are aircraft engines) was worth £28.4 billion, equivalent to a little over 32,000 tonnes of equipment. Air transport accounted for 76% of trade value in aircraft and associated equipment and 89% of trade value in engines. For both these product types, the value of imported and exported goods flown by air was very similar, reflecting the international nature of the production process and the flow of goods between countries. Some the world's most important aerospace firms are UK-based (BAE, Rolls Royce) and many of the world's largest aerospace manufacturing firms (Airbus, Boeing, Bombardier) have significant operations in the UK. For example, UK manufacturing sites are an integral part of the production process for the wings of Airbus aircraft (see map below).

Airbus wing assembly production flow



Source: HM Treasury (via Airbus/Flight International)

[5] SITC code 792
[6] SITC code 714

Airbus's assembly line for its A350 wings demonstrates air freight's role in these international production processes. Composite front spars are produced in the USA by Spirit and flown to its facility in Prestwick for assembly; these are then trucked to Airbus's facility in Broughton and are combined with other parts trucked from Filton (UK), flown from Stade (Germany) and from form Illescas (Spain). Completed wings are then flown to Bremen (Germany) for equipping, before being flown to Toulouse for final assembly.

As well as aircraft manufacturing, air freight is also important for facilitating aircraft maintenance and repair operations (MRO).
The figure below shows, on a £/kg basis, the top five UK airports with the most valuable cargo. With the exception of London City (which handles large amount of jewellery and diamonds), all are airports used as a base for aircraft manufacturing plants (Bombardier at Belfast City and BAE at Warton) or MRO (IAG at Cardiff and Marshall at Cambridge). Compared to other imports and exports, this demonstrates the high value of goods and components transported by air within the aerospace sector.

Value of airport cargo - £/kg basis (2017)

Policy considerations

3.27 The analysis in this chapter shows that air freight has started to grow again after several years of stagnation. The increasing volumes and longhaul connections at major airports outside the South East of England as well as the prospect of the third runway bringing additional capacity at Heathrow, give rise to a number of policy issues for consideration, including:

- how to make best use of existing infrastructure and unlock more capacity through investment in air freight facilities at UK airports;
- how to manage the air freight implications of the third runway at Heathrow; and
- how to support the air freight sector to grow sustainably.

4 International Trade

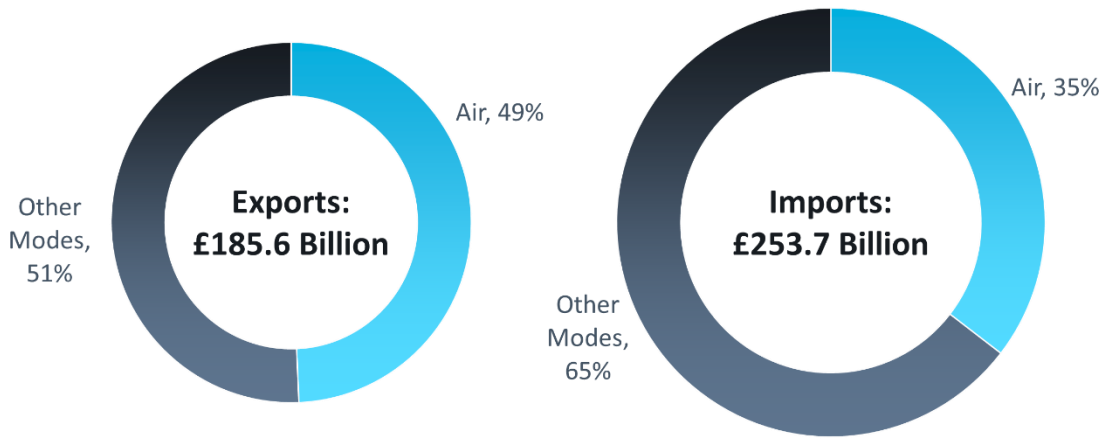
4.1 This chapter examines the breakdown of air freight flows in terms of the commodities flown and their value. We firstly compare the value of imports and exports by air in comparison with the total by all modes, then go on to examine the key product and geographic markets. We also provide a comparison of UK trade with that of other major European markets.

4.2 The analysis of UK trade presented in this section is based on import and export data within HMRC's data downloads, and therefore relates only to trade with non-EU countries. Although HMRC does provide estimates of arrivals and dispatches to and from EU countries, the level of detail provided is insufficient to undertake the analysis presented in this section for non-EU trade.

Role of air freight in UK trade

4.3 In 2017, non-EU trade classified as being transported by air accounted for over 40% in terms of value but under 1% of total trade in volume terms (with sea accounting for over 98%). Air as a proportion of total exports and imports in 2017, in value terms, is shown in Figure 4.1.

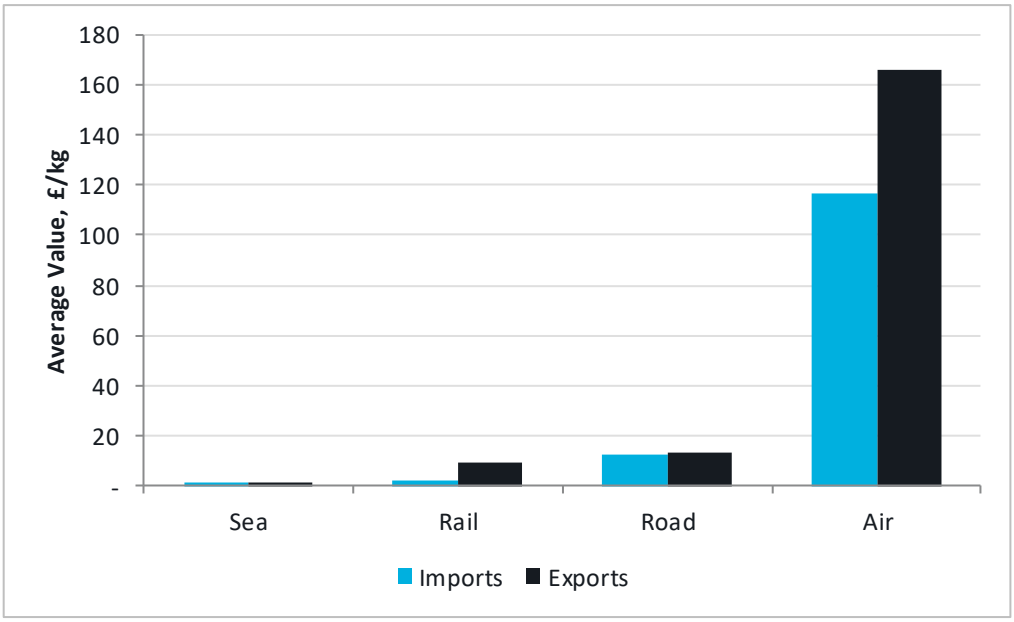
Figure 4.1: Air transport's share of total export and import value, £ Billion (2017)



Source: HMRC

4.4 Figure 4.2 shows the average value per kilogram, of exports and imports, for goods transported by sea, rail, road and air. Goods transported by air, on average, are significantly more valuable than those transported by other modes.

Figure 4.2: Average value of goods transported by each mode, £/kg (2017)

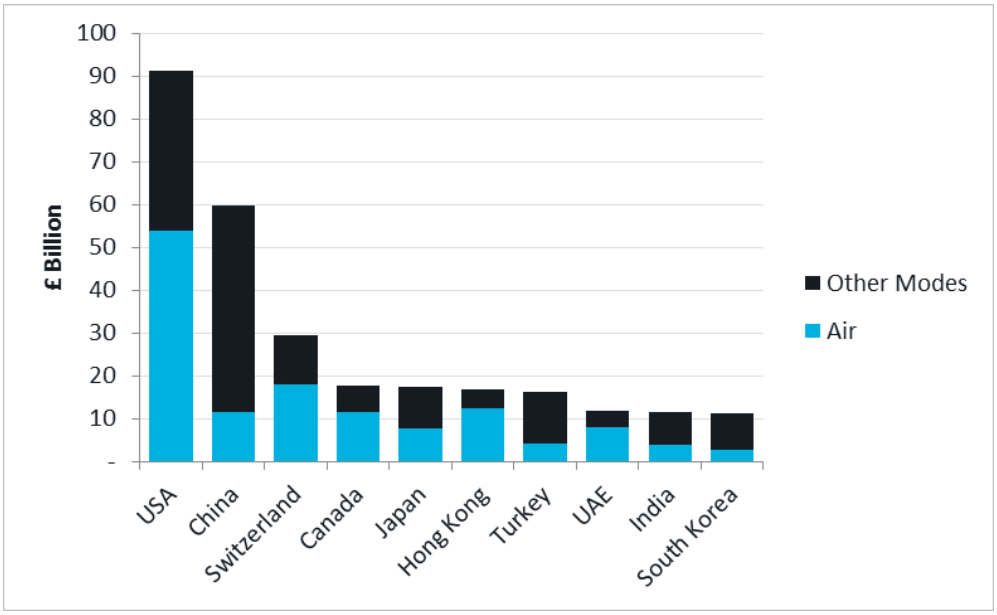


Source: HMRC

4.5 Similarly, for the UK's top ten non-EU trading partners, in volume terms, air accounted for under 1% of trade in most cases (but 1.3% with the US and 1.5% with India). Only with the USA (1.3%) and India (1.5%) did air account for over 1% of trade in volume terms. However, air accounted for a much higher proportion of trade with the UK's top ten trading partners in value terms.

4.6 Figure 4.3 shows the proportion of trade by value transported by air with the UK's top ten non-EU trading partners. Air generally accounts for a higher proportion of trade value with other service and high-end manufacturing-orientated economies (such as the USA and Switzerland), and has lower share with Asian mass manufacturing-based economies (such China and India).

Figure 4.3: Air transport's share of trade value with largest non-EU trading partners, £ Billion (2017)



Source: HMRC

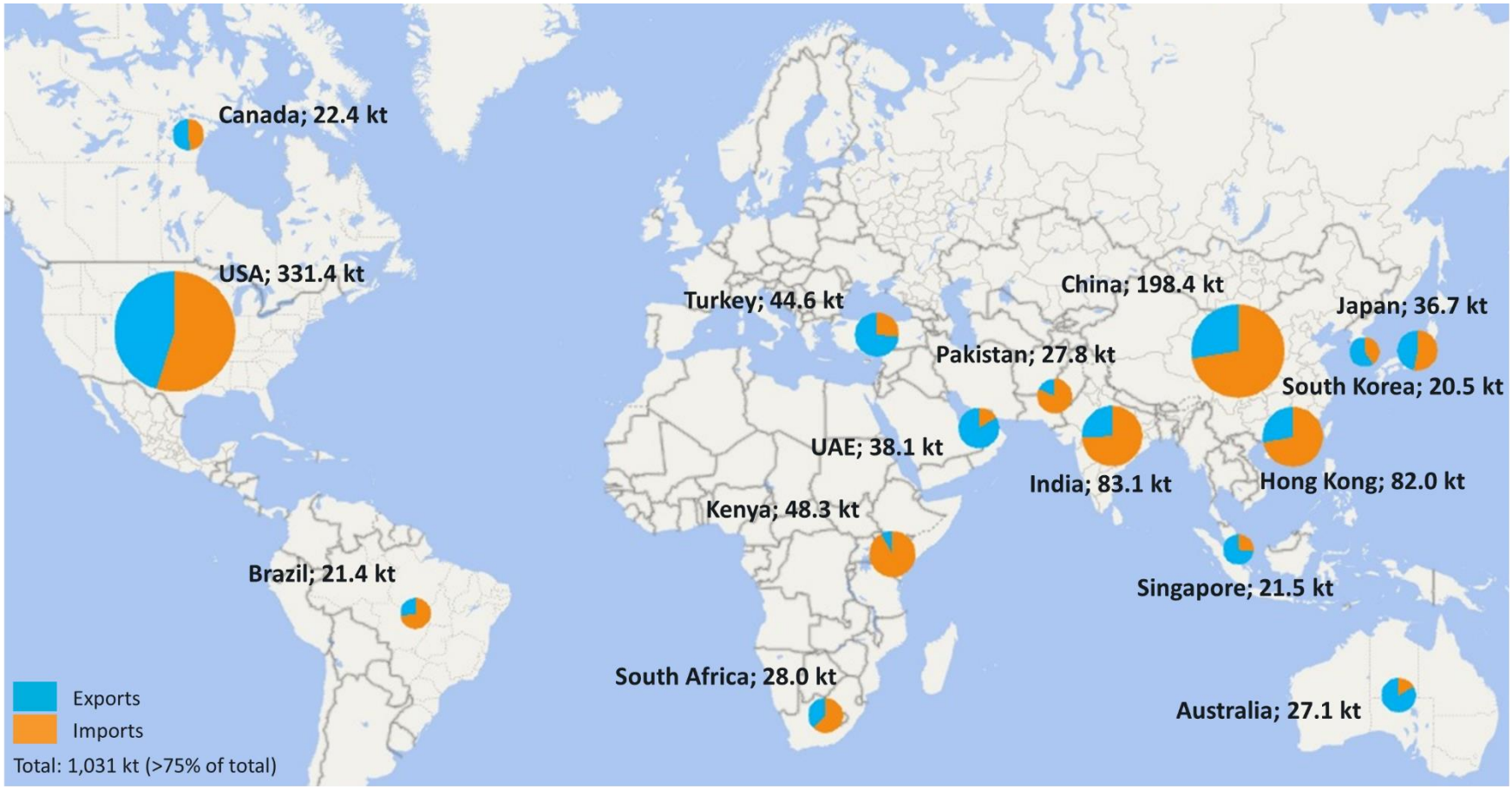
Geographical markets

4.7 The size of the import and export markets with the UK's top 15 non-EU trading partners, separately in volume and value terms are shown in Figure 4.4 and Figure 4.5, respectively. Note that although many countries feature within the UK's top 15 non-EU trading partners, in both volume and value terms, the two figures do not show the same 15 countries.

4.8 With its major trading partners, in volume terms, the UK's imports are characterised by a mixture of mass manufactured goods (such as clothing) from Asian countries including China, India and Pakistan, and more high-value manufactured products (such as electronics and machinery) from countries including Japan and South Korea. The UK also imports a significant amount of food and raw materials from countries including Brazil, Kenya and South Africa. On the export side, UK volumes are characterised by high-end manufactured goods (such as transport or scientific equipment) and food, in particular salmon, to higher income countries.

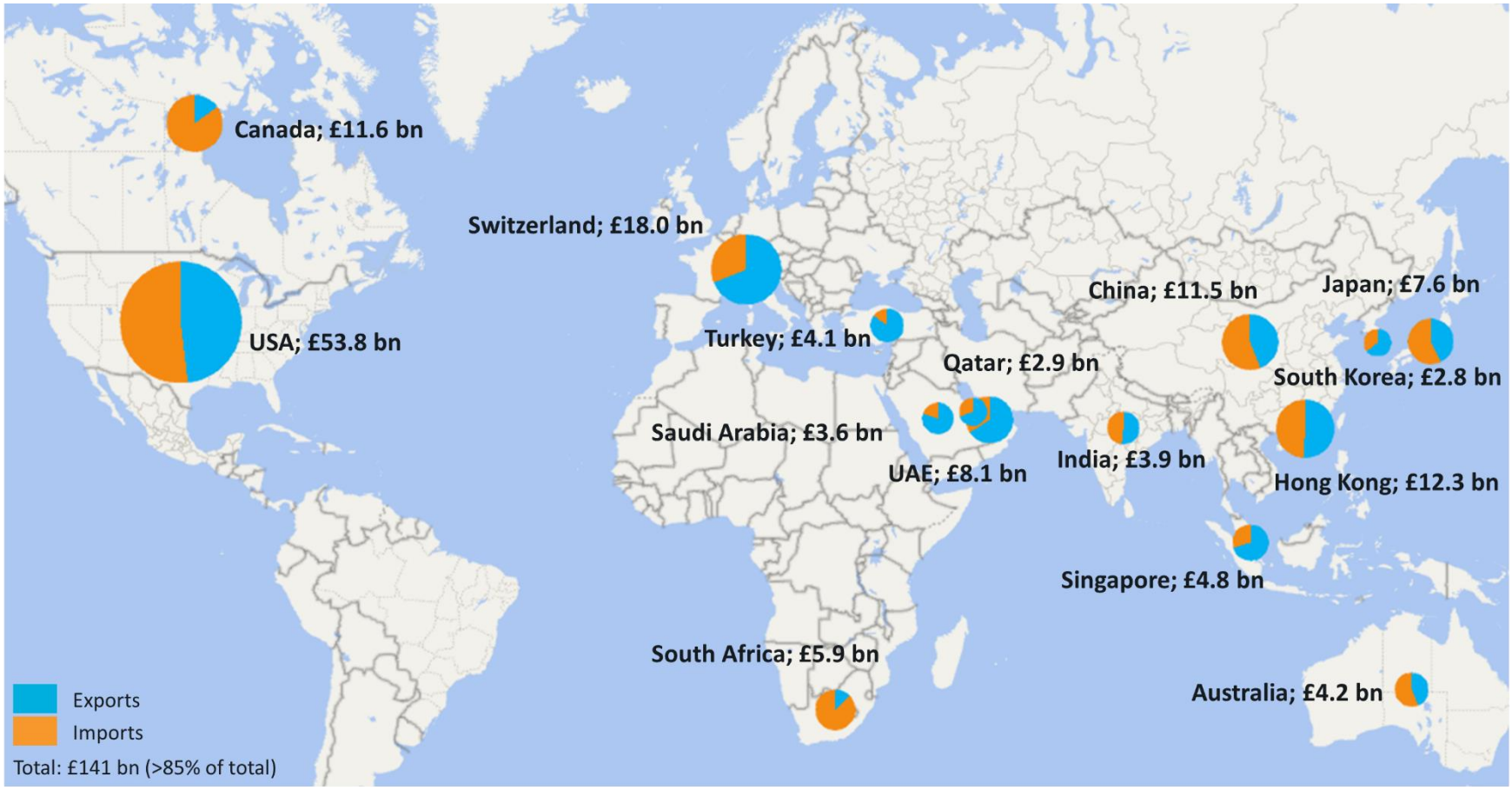
4.9 In terms of value, many of the UK's major trading partners in Asia and North America are also major trading partners in volume terms; however, in value terms UK exports account for a higher share of trade. As with volumes, much of the import and export value is accounted for by high-end manufactured goods (such as industrial machinery) as these goods are high value as well as high volume. Much of the trade with the UK's major partners, in value terms, is accounted for by precious metals and minerals (such as gold), which is high-value but low-volume. This includes imports from countries where these materials are mined, including South Africa, Australia and Canada, as well as Switzerland, which has a large gold refining industry.

Figure 4.4: Volume of air exports and imports with top 15 non-EU trading partners, 1,000 tonnes (kt) 2017)



Source: HMRC

Figure 4.5: Value of air exports and imports with top 15 non-EU trading partners, £ Billion (2017)



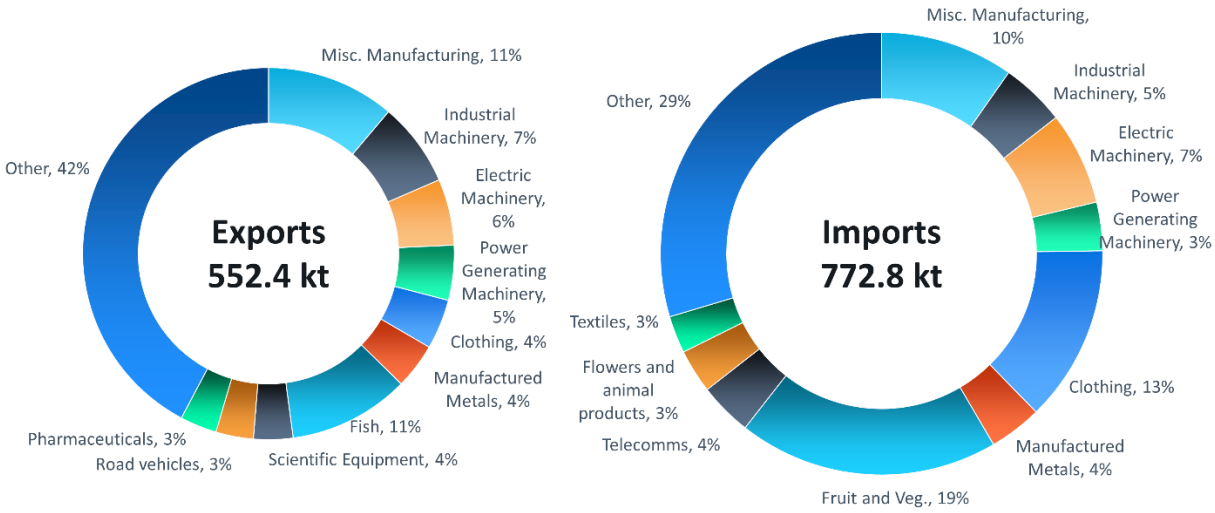
Source: HMRC

Product markets

Products shipped by air

4.10 The UK's exports and imports to all non-EU countries at a 2-digit Standard International Trade Classification (SITC) code level, in volume terms, are shown in Figure 4.6.

Figure 4.6: UK non-EU exports and imports at a 2-digit SITC code level, 1,000 tonnes (kt) (2017)



Source: HMRC

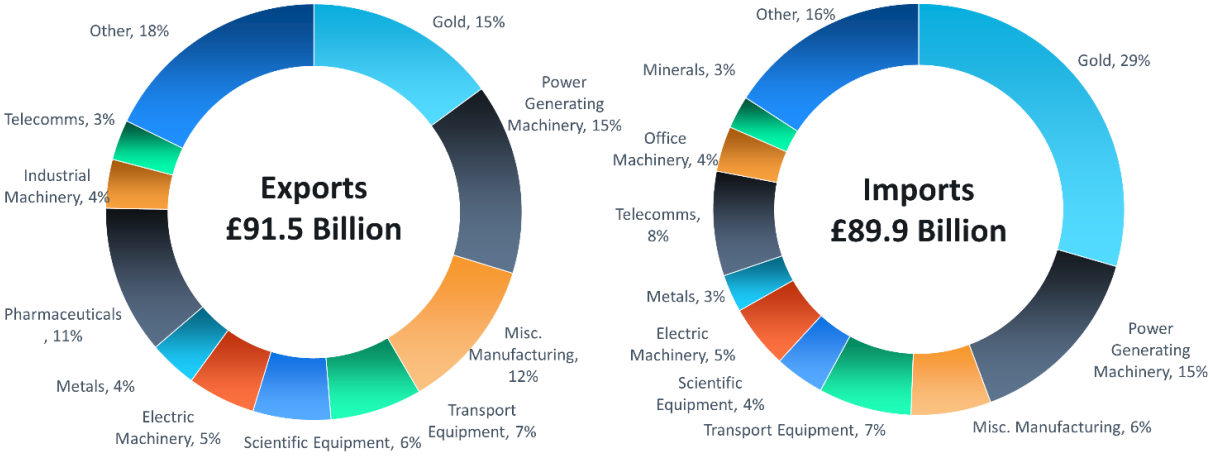
4.11 Clothing and fruit / vegetables are the two largest 2-digit SITC product groups imported by air. Fruit and vegetables are perishable and therefore need to be delivered quickly, while clothing is often shipped by air to enable retailers (particularly online retailers) to meet shifting demand of the latest fashion trends.

4.12 Other high-volume imports include business products including industrial goods, such as electric components and industrial machinery, and consumer goods including mobile phones, flowers and a range of manufactured products.

4.13 On the export side, most products with a high share of total volume are high-end manufactured goods, such as pharmaceuticals, cars, books and plane engines, or creative and knowledge industry-based goods such as books and high-end fashion. The notable exception to this is fish, in particular Scottish salmon, which accounted for over 10% of export volumes.

4.14 Figure 4.7 shows the UK's exports and imports to all non-EU countries at a 2-digit Standard International Trade Classification (SITC) code level in value terms.

Figure 4.7: UK non-EU exports and imports at a 2-digit SITC code level, £ Billion (2017)



Source: HMRC

4.15 Gold accounts for a significant proportion of import and export value, although it should be noted this is largely driven by the existence of the London Bullion Market, which, accounts for over 80%[7] of the global gold trade. This has a distorting effect on both the value of total imports and exports, as well as the value of trade with certain countries (such as Switzerland with its large gold refining industry).

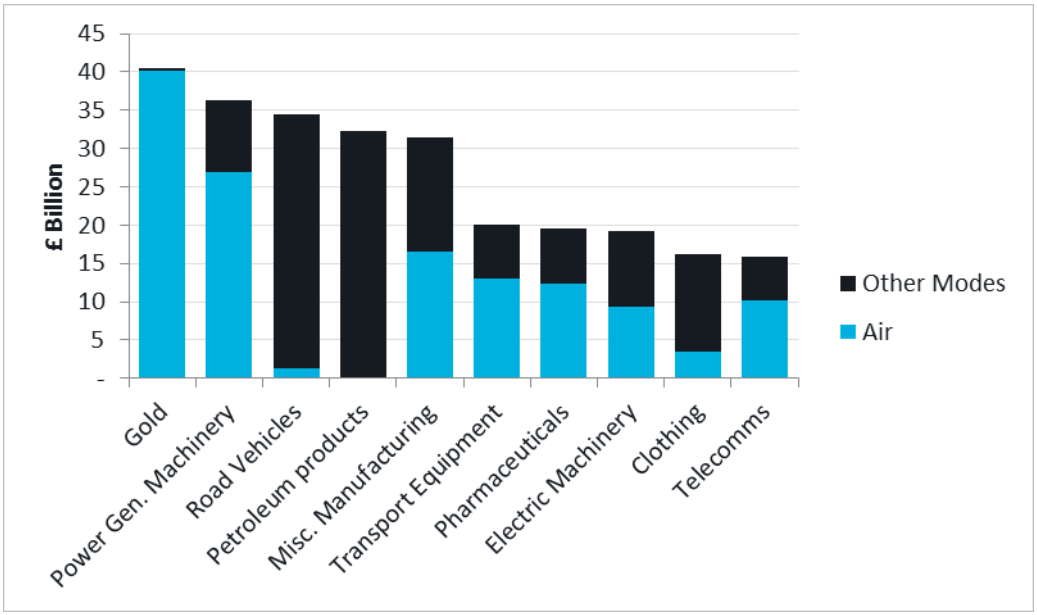
4.16 Many of the other products with a high share of UK trade value, such as aircraft engine parts and power generating machinery, have a high share of both import and export value, likely reflecting the global nature of these industries' supply chains and manufacturing processes. One exception is pharmaceuticals, which account for a significant proportion of export (but not import) value.

Products most dependent on air freight

4.17 Figure 4.8 shows, at a 2-digit SITC code level, the largest traded product groups by value and the proportion transported by air.

[7] Financial Times

Figure 4.8: Largest traded product groups at a 2-digit SITC code level, £ Billion (2017)



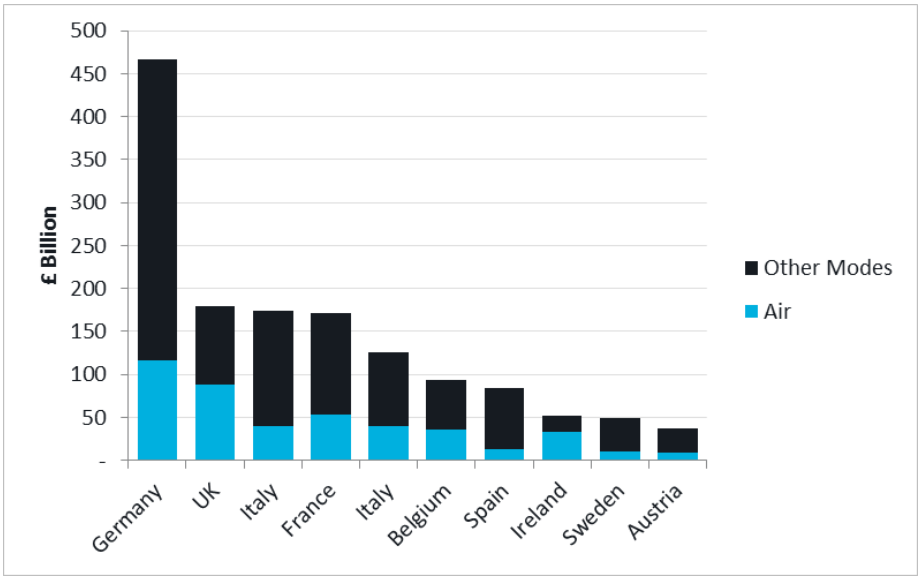
Source: HMRC

4.18 In all but three cases (petroleum products (oil), road vehicles and clothing), air accounted for over half of the value of each 2-digit product group. For some product groups, including miscellaneous manufactures, clothing and telecoms, air also accounted for a significantly higher proportion of exports (in value terms) than of imports.

International comparisons

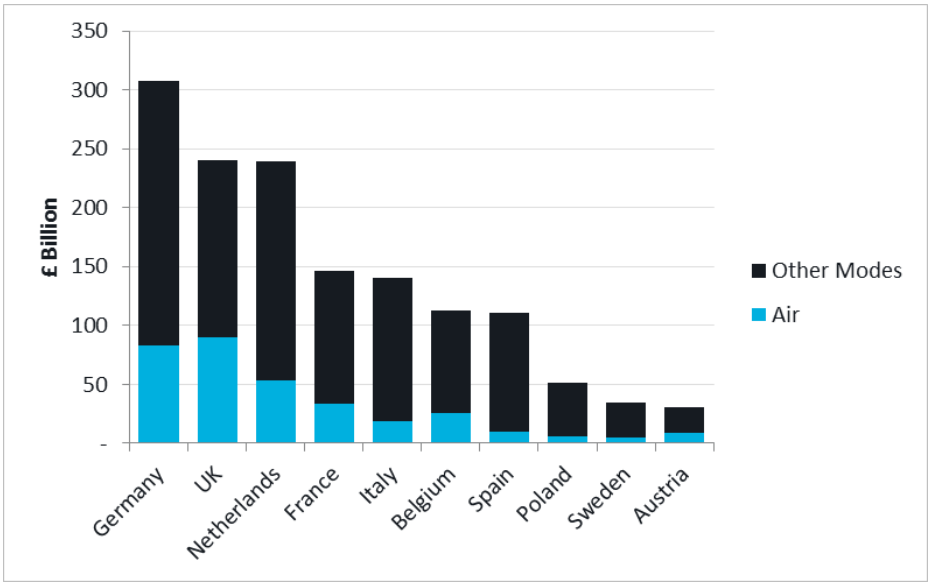
4.19 The size of the largest EU import and export markets to non-EU countries in value terms, and the shares transported by air, in 2017 are shown in Figure 4.9 and Figure 4.10 respectively.

Figure 4.9: Air transport's share of export value in top 10 EU export markets, £ Billion (2017)



Source: Eurostat – figures have been converted from Euros using an average 2017 exchange rate of €1: £0.88

Figure 4.10: Air transport's share of import value in top 10 EU import markets, £ Billion (2017)



Source: Eurostat– figures have been converted from Euros using an average 2017 exchange rate of €1: £0.88

4.20 Although Germany is by far the largest exporter to non-EU countries, only 25% of its goods by value are transported by air, whereas the UK, which is second largest total export market, ships a far higher proportion (49% by value) by air. Most of the other major EU economies ship between 20% and 40% of the value of their non- EU exports by air; only Ireland (64%) ships a greater share of its non-EU exports by air than the UK.

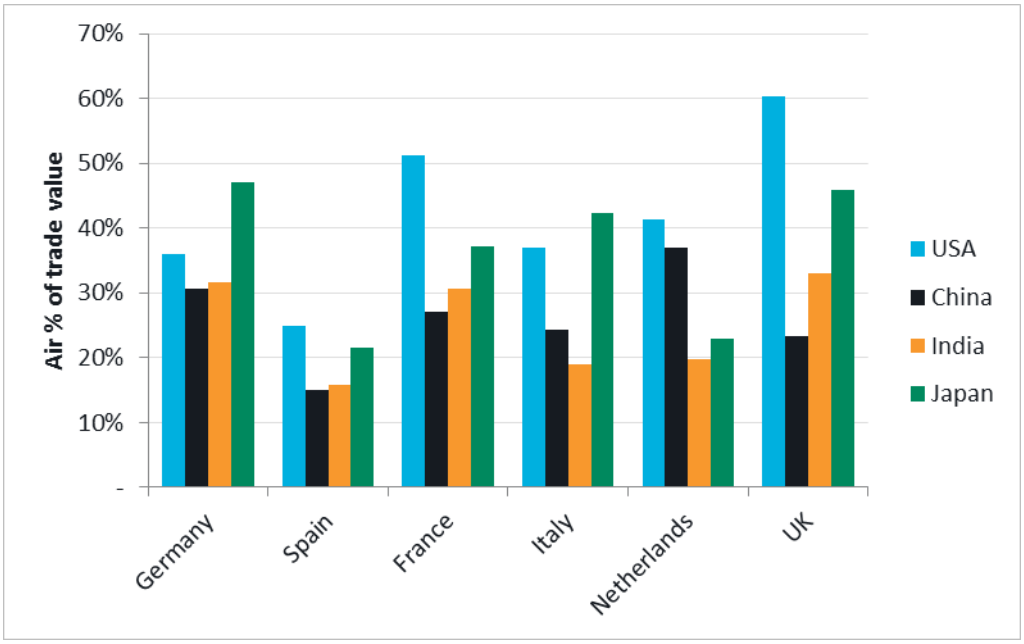
4.21 On the import side, the UK is second largest market in the EU and has the highest share (37%[8]) of imports transported by air, which makes its imports by air (£90 billion) the most valuable in the EU. Like the UK, most other major European economies ship lower proportion of their non-EU imports (compared to exports) by air, with most importing 10% to 30% by air in value terms.

4.22 The high share of air in non-EU trade for the UK (and Ireland) compared to other EU countries, is likely to be explained to some extent by the fact many countries on continental Europe can ship to some non-EU markets (such as Switzerland, Russia or Turkey) much more easily than UK without using air transport.

4.23 Figure 4.11 shows the proportion of trade value transported by air between some of the largest EU and non-EU economies in 2017.

[8] Difference from 35% shown in Figure 4.1 is likely due to slight difference between sources

Figure 4.11: Proportion of trade value transported by air between selected EU and non-EU countries (2017)



Source: Eurostat

4.24 The share of the UK's trade transported by air with India, Japan and the USA is either the highest (or close to the highest) compared to other major EU economies. In 2017, 60% of the UK's trade value with the USA was transported by air, compared to 51% for France and 36% for Germany. To a large extent, the proportion of trade value between two countries transported by air will be driven by the products the two countries trade, import demand preferences and the strength of each country's export markets.

4.25 However, it is likely that, to some extent, the proportion of trade value that is flown by air is linked to the level of air connectivity between the two countries. The UK has significantly more freight capacity to the USA than any other EU country, but has less capacity to China than Germany or the Netherlands. This may partly explain the low relative share of air in UK- China trade value; of the six EU economies shown, only Spain has a lower share of trade value with China that is transported by air.

Case Study – Pharmaceutical exports

In 2017, the UK exported £13.4 billion's worth of medical and pharmaceutical products[9], equivalent to just under 90,000 tonnes of goods. In 2017, 79% of the value these products were carried by air, which, as shown in Figure 4.7, represented over 10% of total air export value. Pharmaceutical products are key strategic knowledge-intensive industry for the UK, that benefits internationally from a reputation for high quality standards.

One company that has taken advantage of this reputation is Loughborough-based Morningside Pharmaceutical[10], which exports supplies to the developing world, to customers including NGOS, ministries of health and private sector clients including hospitals

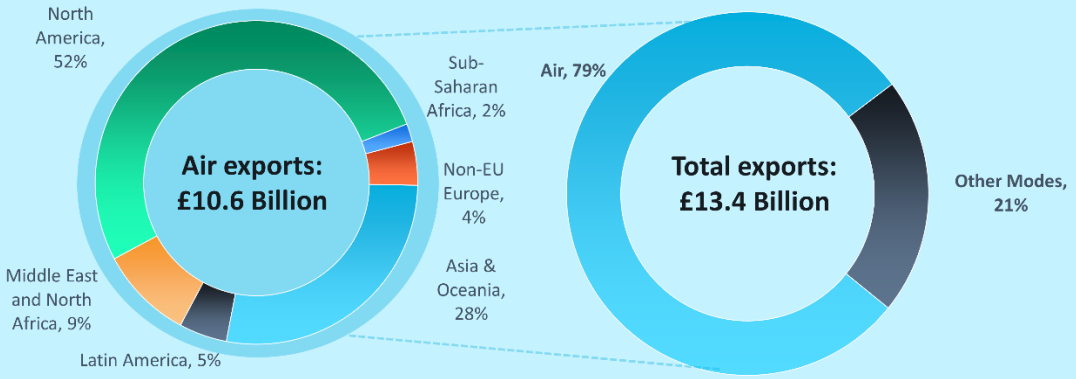
[9] SITC code 54

[10] Credit: East Midlands International Trade Association

and retailers. Shipping by air is more expensive than by sea, however, it enables supplies to delivered faster; shipments can be delivered to in-land locations in the developing world, such as Harare, within two to three days, compared to 45 to 50 days by sea and road. Many shipments are able to leave from East Midlands airport – 20 minutes away from Morningside's facility in Loughborough. Faster delivery is beneficial for Morningside as it facilitates faster payment.

Although companies like Morningside do most of their business in developing markets in Africa, the majority of UK pharmaceutical exports are to more developed economies, as shown in the figure below. In 2017, over half of air export value was shipped to the USA, while Australia, China and Japan were also important markets.

Medical and pharmaceutical supplies (SITC 54): Total and by air, £ Billion (2017)



Source: HMRC

Although it is beneficial for the drugs produced by Morningside to be delivered quickly, other pharmaceutical products are even more time critical. One pharmaceuticals manufacturer of diagnostic and therapeutic medical products, based in South-East England, supplies drugs from their facility, via Heathrow, to hospitals and medical facilities across the world. The drugs have a short life span and are therefore time critical; they must be shipped using express services before they start to degrade.

On the import side, the UK is also a world leader in clinical trials testing, therefore patient urine and blood samples from across the world are sent to the UK in order to develop world class drugs to treat illnesses. The global connectivity provided by Heathrow is therefore important for also facilitating this industry, as samples need to be delivered within 48 hours from collection so as not to compromise the sample integrity. Biological samples are imported (often on dry ice) from countries such as South Africa or Kuwait on direct commercial flights into Heathrow.

Policy considerations

This chapter demonstrates the importance of air freight to UK international trade, and in particular that the UK has a higher dependence on air freight than most other countries. This raises issues for consideration in the development of the UK Government's Aviation Strategy on the appropriate level of Government support for the air freight sector and how its importance should be reflected as part of the strategy for the aviation sector as a whole.

5 Economic analysis

Introduction

5.1 This chapter builds on the analysis earlier in the report to estimate the economic value of air freight to the UK economy. Economic value can be measured in different ways, but typically considers the impacts of an economic sector (or of a proposed project or intervention) on:

- employment (number of employees associated with the sector or intervention);
- income received as salaries by employees; and
- gross value added (GVA).

5.2 GVA is an important indicator which measures the revenues generated by an industry, after netting off the costs of its inputs, in particular its expenditure on the outputs of other economic sectors or on imports, hence the concept of "value added". GVA can be measured for both economic sectors and for geographical regions within a country, allowing for comparisons between each of these. When totalled to cover the whole economy at national level, GVA broadly equates to gross domestic product (GDP), the standard measure for national economic output (the difference is an adjustment for taxes and subsidies on products).

5.3 The analysis in previous chapters demonstrates the importance of air freight to the UK economy. As noted in paragraph 4.3 above, air freight is the transport mode used in UK external trade (to non-EU countries) for:

- 49% of exports by value;
- 35% of imports by value; and
- 41% of combined exports and imports by value.

5.4 However, while clearly demonstrating the significance of air freight, these figures do not automatically translate into the measures typically used by economists to estimate the economic value of the sector (employment, income and GVA), which are discussed below.

5.5 In this chapter, we consider two different, complementary, approaches to assessing economic value:

- the traditional measure of economic impacts on employment, income and GVA of the air freight industry and associated services, generally known as "direct", "indirect" and "induced" impacts (based on the activity in the sector itself and on upstream monetary flows between the air freight industry and other sectors in the economy); and
- the wider economic impacts of air freight, sometimes referred to as "catalytic impacts", which consider how air freight facilitates economic activity in other sectors (based, in this case, on estimating what proportion of GVA in those sectors is currently reliant on air freight services).

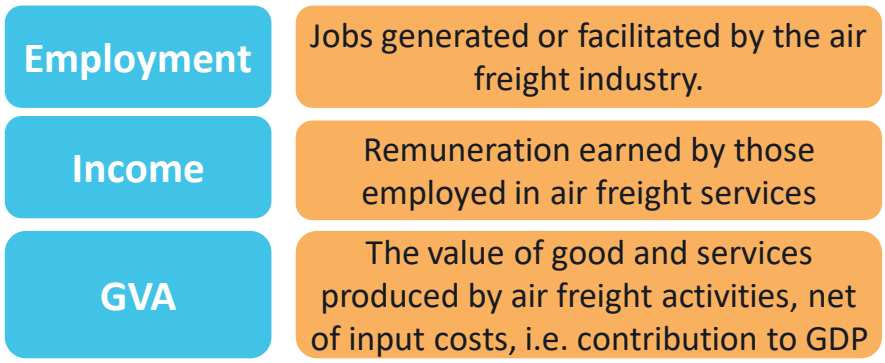
5.6 Our approach to the wider economic impacts of air freight also allows us to disaggregate these impacts both by economic sector (to illustrate which industries are most dependent on air

freight) and by the UK regions and constituent countries. This gives important insights into where the economic benefits of air freight are generated, as distinct from the localities from where or to which it is flown (concentrated at Heathrow and three other airports). These approaches are described in the sections below.

Direct, indirect and induced impacts

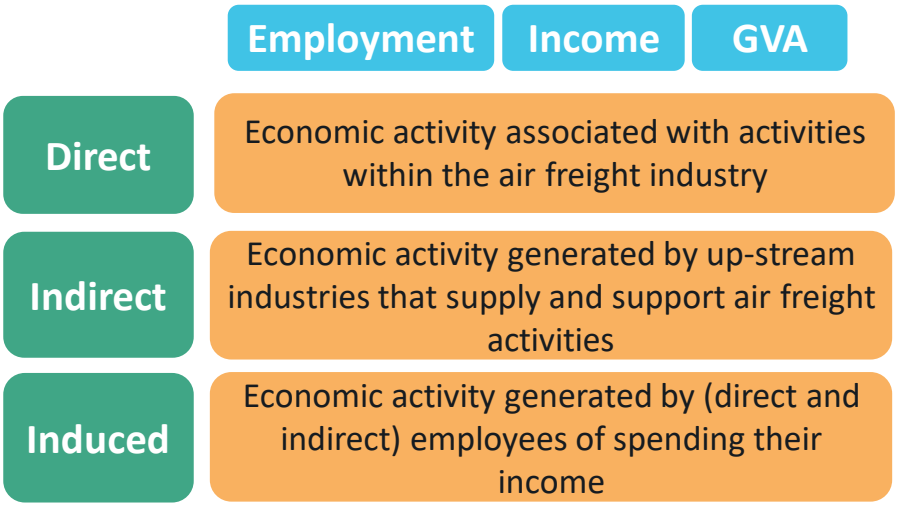
5.7 As noted above, the traditional approach to quantifying the economic impacts of an economic sector is to consider how its activity affects levels of employment, income and GVA, as shown in the diagram below.

Figure 5.1: Measures of economic impact



5.8 For each of these measures, it is possible to compute the "direct", "indirect" and "induced" impacts using a recognised methodology. In addition, wider, catalytic, impacts can also be estimated (see section below), although the approach for this is less standard. In this section, we focus on the direct, indirect and induced impacts, as shown in the diagram below.

Figure 5.2: Direct, indirect and induced economic impacts



Methodology

5.9 The calculation of direct, indirect and induced economic impacts is based on the use of Input-Output tables (I-O tables), produced by the Office for National Statistics (ONS), the latest available version being from 2014. I-O tables cross-tabulate what each industrial sector purchases from each other industrial sector (intermediate demand), and in addition include

data on household and government expenditure, employees' income and company profit, as well as taxes, capital investment, exports and imports.

5.10 However, I-O tables are only available at a high level of industrial aggregation. In order to isolate the air freight sector, it has therefore been necessary to break down the existing categories into their constituent parts, and then reconstruct the table so that it provides the best representation of the range of air freight-related activities taking place in the economy.

5.11 In order to capture the economic value of air freight, it is important to include all the economic activities relevant to the delivery of air freight services. However, the Standard Industry Classification (SIC) used by ONS classifies as "air freight" (SIC code 51.2) only the activities related to the scheduled and non-scheduled transport of goods by air, but does not include essential supporting activities such as ground service activities, cargo handling, warehousing and storage. We have therefore developed a wider definition of supporting air freight services, which also includes the following sub-sectors:

- Warehousing and storage facilities (SIC 52.10/2)
- Service activities incidental to air transport (SIC 52.23)
- Cargo handling for air transport act. (SIC 52.24/2)
- Other transport support activities (SIC 52.29).

5.12 Clearly, not all warehousing and storage, or other transport support activities relate to air freight (forwarding, brokerage, etc.), but we have made the assumption that such activities within a given distance of airports will be largely focused on such activities[11]. Based on this assumption and levels of employment in each of the above sub-sectors in wards within these airport "catchments", as compared with overall employment in the sub-sector, we have allocated a proportion of the economic activity in each sub-sector to air freight services. Although this will not capture all aviation-related activity (clearly there will be non-aviation related warehousing near airports, as well as aviation-related warehousing further away), on balance we consider that this approach is reasonable.

5.13 For "service activities incidental to air transport", which includes airport terminals and air traffic control, we have taken a proportion based on air freight's share of overall air transport GVA[12]. Cargo handling for air transport can reasonably be included in its entirety.

5.14 The table below shows the key components of the economic activity for air freight and its supporting services (these correspond to the "direct" impacts).

[11] Within 10km of Heathrow, within 5km of each of Gatwick, Stansted, Manchester, Birmingham and Glasgow, and within 3km of other airports

[12] 2.6%

Table 5.1: Air freight and supporting services

	Gross Value Added (£m)	Employment (000 jobs)	GVA per worker (£k)	Income generated (£m)	Income per worker (£)
Air Freight (SIC 51.2)	222	3	86	101	38,914
Supporting Air Freight Services	1,261	44	29	1,000	22,838
Total Air Freight Services	**1,483**	**46**	**32**	**1,101**	**23,739**

Source: ONS data, Steer analysis. 2014 data and prices.

5.15 With these adjustments to the ONS 2014 I-O table, we are able to create the underlying data to calculate the direct, indirect and induced economic impacts of air freight and its supporting services. As indicated in Figure 5.2, direct impacts relate to the employment, income and GVA generated by the sector itself, indirect impacts take account of the knock-on effects in the sector's supply chain, while induced impacts also include the impacts of employees' spending in the economy. These can be calculated from the I-O table, by inspection for for direct impacts and via standard techniques for the indirect and induced impacts[13].

Results

5.16 Undertaking the analysis described above allows "multiplier effects" to be calculated. These capture the extent to which changes to air freight services impact the supply chain (indirect impacts) and how the employee income generated by such changes generates knock-on economic activity as this is spent in the wider economy (induced impacts). Multiplier effects are initially calculated for an industry's output, and can then be converted into the corresponding effects on GVA, employment and income. The table below shows the relevant multipliers for (total) air freight services. Note that the multipliers are shown, as is customary, as the overall impact compared to the direct economic impacts (as shown in Table 5.1 above), hence can be considered to be cumulative. The multiplier for direct effects is, by definition, equal to 1.

Table 5.2: Air freight multiplier effects

Multipliers	GVA	Employment	Income
Indirect	2.21	1.81	1.97
Induced (including indirect)	4.88	3.25	3.69

Source: ONS, Steer analysis

5.17 Applying these multipliers to the direct impacts leads to the economic impacts shown in the table below.

Table 5.3: Economic impact of air freight services

Impacts	GVA (£m)	Employment ('000s)	Income (£m)
Direct	1,483	46	1,101
Indirect	1,800	38	1,067
Induced	3,949	66	1,891
Total	**7,232**	**151**	**4,059**

Source: ONS, Steer analysis. 2014 data and prices.

[13] Using Leontief I (indirect) and Leontief II (induced) matrix inversions

5.18 Overall, air freight services support GVA of **£7.2 billion**, **151,000** jobs and associated income of **£4.1 billion** (2014 data and prices) in the UK economy. Note that this result only relates to activities and expenditure either within the air freight and supporting industries, its supply chain and spending by its workforce. It does not include "downstream" effects, i.e. the effect on the industries purchasing air freight services, or the wider, catalytic, impacts on the whole economy. These are discussed in the next section.

Wider economic impacts

5.19 Traditional economic impact assessments are based on the monetary interactions between each sector of the economy with other sectors, as well as with its workforce (salaries), the government (taxation), owners (dividends) and interactions with suppliers and purchasers outside the country (imports and exports).

5.20 However, air freight is a low margin business where the actual revenues earned from supplying air freight services (whether the actual flying or support activities such as ground handling and warehousing) do not fully represent either the value of what is being flown, or the value of timely delivery. In terms of the value of what is flown, air freight imports and exports, between them, were worth £181 billion (2017 values and prices)[14], or close to 25 times more than the economic added value (GVA) calculated using the direct, indirect and induced methodology of the previous section.

5.21 Additionally, beyond the value of the goods transported by air, some products are worth considerably more to the shippers/consignees of the goods than the value of the item itself. This explains why so much machinery and equipment, as well as contractual and legal documents, are delivered using air freight. The items themselves may not be particularly valuable, but a key component may allow a production line to continue to operate rather than being shut down while the component is delivered by surface transport. Similarly, key original signed documents may allow deals worth billions of pounds to go ahead.

5.22 While the value of goods flown (exports and imports) cannot be directly compared with an economic value measure such as GVA, because their worth is not "added value" in the same sense that the activities of an industry add value, the two concepts are linked. We have therefore developed an approach to identify how much value added across the economy is associated with the value of products moved by air.

Methodology

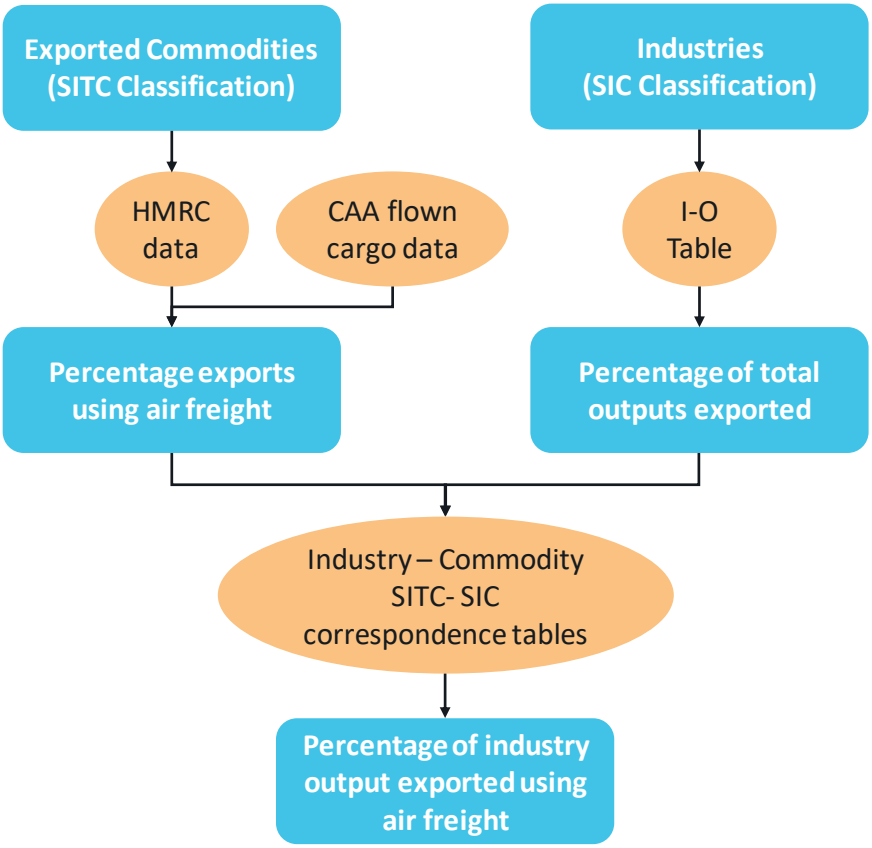
5.23 Each sector of the economy produces outputs for which customers are willing to pay. While service industries produce largely intangible outputs, primary and secondary sectors produce physical products such as food, machine parts, cars and so on. For these sectors of the economy, their outputs equate to particular commodities so that, for example, farms produce agricultural products while automotive plants produce cars and trucks. Hence, there is a correspondence between each industry and its outputs[15].

[14] See Figure 4.7 above

[15] This correspondence is formally available using tables provided by Eurostat RAMON relating Standard International Trade Classification (SITC) commodity codes and Standard Industry Classification (SIC) codes, together with mappings between different versions of each set of codes provided by ONS and UNSD.

5.24 As identified in Chapter 4 and illustrated in Figure 4.8 above, for a number of commodities air freight plays a significant role in delivering exports of the product (the majority for pharmaceuticals and power generating equipment, for example), as identified by HMRC data on transport mode used for trade. Using the HMRC data, we can therefore identify what proportion of such industries' exports are transported by air. Furthermore, for each industry, the I-O table developed by ONS and described from paragraph 5.9 above, identifies the value of exports produced by each industry in relation to the total value of its output. Bringing these together by using the correspondence between industries and the commodities those industries produce, we can therefore establish, for each industry which produces physical outputs, what proportion of those outputs is represented by exports transported using air freight services. The approach is illustrated in the figure below.

Figure 5.3: Estimation of industry output exported using air freight



Source: HMRC data downloads, ONS weighted correlation tables, Eurostat RAMON, UNSD SITC Rev. 4, CAA airport data, Steer analysis

5.25 Note that because HMRC data covers only non-EU exports, an adjustment needs to be made to account for EU exports by air. In volume terms (tonnage), air freight flown to the EU represents 18.3% of total air freight from the UK, based on CAA flown volumes data[16], so total

[16] CAA 2017 airport data (Table 14)

air freight export values can be estimated from non-EU exports by uplifting the value of non-EU exports by 22.3%[17].

5.26 An industry's output represents the value of the goods (or services) that it sells, while its value added (measured by GVA), broadly represents the value of outputs net of the cost of inputs[18]. For this reason, GVA, summed across the whole economy, with an adjustment for product taxes and subsidies, represents the whole national economic output (whereas adding all industries' outputs together would double-count the portions of output sold from one industry to another).

5.27 It is reasonable to make the assumption that all output contributes equally to the GVA generated by an industry. For example, based on the 2014 I-O Table, SIC 26, the "Manufacture of computer, electronic and optical products" generated £20.6 billion in output (sales) and its GVA was £7.9 billion. We therefore assume that each £1 million of output from these industries generate a GVA of £383,000.

5.28 We have also made the assumption that, since its exports represent a component of an industry's output and also contribute directly to the value added (GVA) of that industry, that:

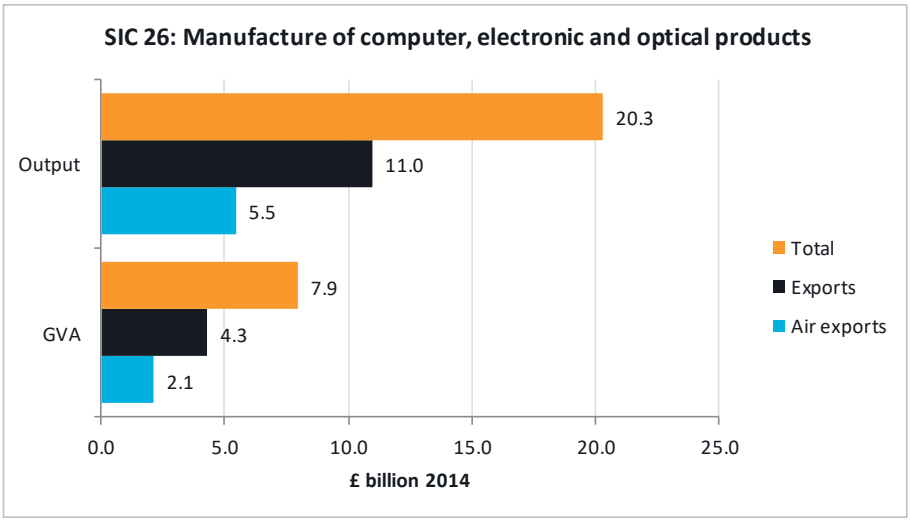
- The proportion of an industry's GVA supported by air freight services is equal to the proportion of its outputs which are exported by air.

5.29 In the case of computer, electronic and optical products, using the analysis based on the approach in Figure 5.3, 54.2% of the value of the relevant industries outputs are exported, and of these, 49.5% are exported by air (EU and non-EU combined). Therefore 27.3% of the industries' outputs, or £5.5 billion's worth of sales, are exported by air. Using the assumption that each unit of output generates the same level of GVA, we can therefore deduce that 27.3% of the GVA generated by the industries producing computer, electronic and optical products is, currently, dependent on the use of air freight services. This equates to 27.3% of the industries' combined GVA of £7.9 billion, or £2.1 billion. Note that this represents the "direct" GVA of the industries themselves, and not any knock-on effects on their supply chains. This direct GVA to output relationship is illustrated in the figure below.

[17] The 22% uplift is calculated from [1 / (100% - 18.3%)] - 1, and by making the assumption that the commodity value per kg of EU exports using air freight is similar to the value per kg of non-EU air freight.

[18] Some adjustments are made for consistency across industries which sell different proportions of outputs to other industries rather than to consumers or the public sector, so GVA for an industry is actually calculated as the sum of employees' compensation, taxes on production and its gross operating surplus. At a national level, the two approaches are equivalent.

Figure 5.4: Illustration of relationship of industry output and GVA related to exports by air, £ Billions



Source: ONS, HMRC, Eurostat, CAA, Steer analysis

5.30 The final step in this analysis is to recognise that, if a portion of an industry's GVA is dependent on air freight services, then the suppliers who provide inputs to that industry are also dependent on the air freight services. This is the same "knock-on effect" described in paragraph 5.15 above. Following this logic, it is reasonable to apply the industry multipliers for indirect and induced impacts generated from analysis of the ONS I-O table. While Table 5.2 above shows the relevant multipliers for the air freight sector, each different industry sector has its own multiplier[19]. The multipliers are shown, for each sector with air exports, at the single-character industry section level, in the table below.

Table 5.4: Industry sector induced effects multipliers

Code	Industry sector	Induced multiplier
A	Agriculture, Forestry and Fishing	3.3
B	Mining and Quarrying	2.4
C	Manufacturing	3.9
E	Water Supply; Sewerage, Waste Management and Remediation Activities	3.0
H	Transportation and Storage	4.0
J	Information and Communication	3.0
M	Professional, Scientific and Technical Activities	3.0
R	Arts, Entertainment and Recreation	2.8

Source: ONS, Steer analysis

5.31 In the example of the industries manufacturing computer, electronic and optical products, the application of the multiplier for manufacturing (code C), which is 3.9, increases the estimate of GVA dependent on air freight exports from £2.1 billion to £8.3 billion.

[19] These are estimated by the same Leontief matrix inversion approach on the I-O table used to find the air freight multipliers

5.32 This approach leads to analysis that implies that a very significant proportion of some industries' GVA is dependent on air freight. While this is factually true at the current time, it is also necessary to consider the possibility that the exports currently transported by air could be transported by other modes (i.e. land or sea), and hence that this dependency is purely contingent, because substitute transport options exist. In the absence of air freight, some products might be transported via other modes and could not, therefore, be considered "dependent" in the strictest sense.

5.33 However, while it is true that all products which are currently transported by air could, in principle, be transported by surface modes, air transport is qualitatively very different in its characteristics, because:

- transit times are very much faster (e.g. one week for bulk air freight from the Far East, vs. six weeks by sea); and
- prices are very much higher (in a range of four to six times more expensive for bulk air freight, and higher still for express freight).

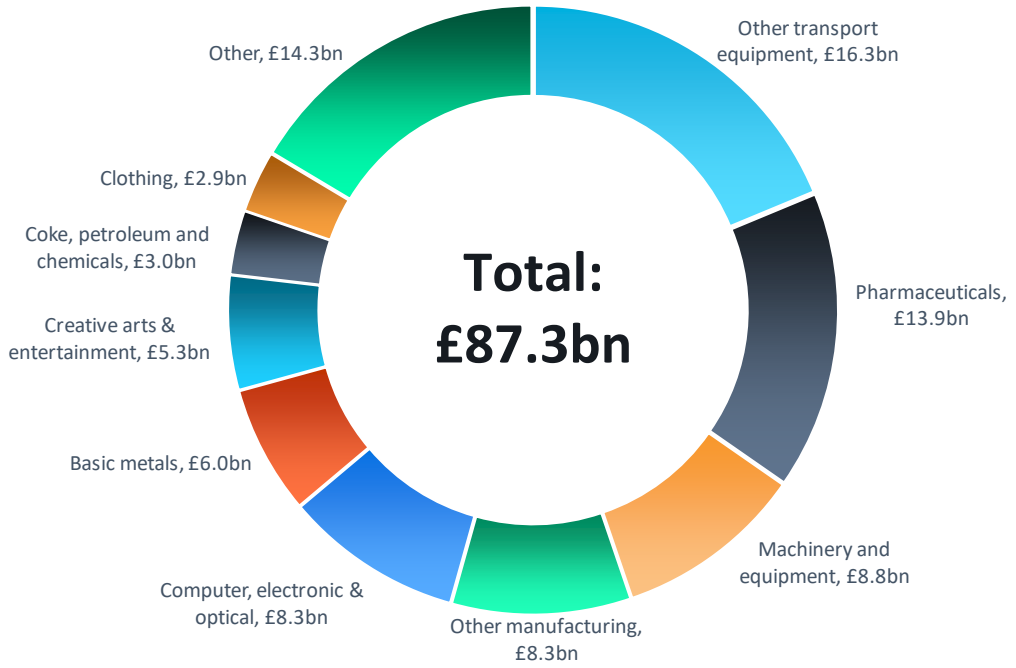
5.34 Therefore, surface modes would appear to be poor substitutes for air freight. Clearly, if air freight became less available and/or more expensive, some users would switch to surface transport. However, it is likely that they would become less competitive by doing so as, if not, they would already have made the switch. Therefore, in the longer run, such industries would tend to migrate away from the UK to other locations where air freight was more readily available and/or cheaper. For example, manufacturing plants which depend on air freight for their supply chains, and particularly to ensure continuous operation when parts fail, would be less efficient if surface transport had to be used, and hence corporations would be less likely to invest in such plants located in the UK.

5.35 For this reason, while the proportion of GVA dependent on air freight estimated using this approach may be reduced through the substitution of other modes, we consider that much of the GVA currently dependent on air freight is likely to remain so in future. Hence, any factors making air freight less convenient, less available or more expensive, are likely to have a negative impact on the industries generating this portion of GVA.

Results

5.36 Using the approach above, we have estimated the level of GVA currently dependent on air freight across the economy. Figure 5.5 below shows the industry sectors with the highest level of GVA currently dependent on air freight exports (including the contribution of their supply chains). The GVA figures are based on ONS' latest release (2016) of figures disaggregated at an industrial and regional level.

Figure 5.5: GVA currently dependent on air freight by industry, £ Billion



Source: ONS, HMRC, Eurostat, CAA, Steer analysis, 2016 values and prices

5.37 The chart shows that £16.3 billion of the GVA generated by the industries producing "Other transport equipment" (SIC 30) is currently dependent on air freight exports (including the contribution of their supply chains). Similarly, £13.9 billion of the GVA of the pharmaceutical industry (and its supply chain) is currently dependent on air freight exports. Across all sectors of the economy, **£87.3 billion of GVA is currently dependent on air freight exports**. This represents **5% of the total GVA measure of national output** (£1,747 billion in 2016).

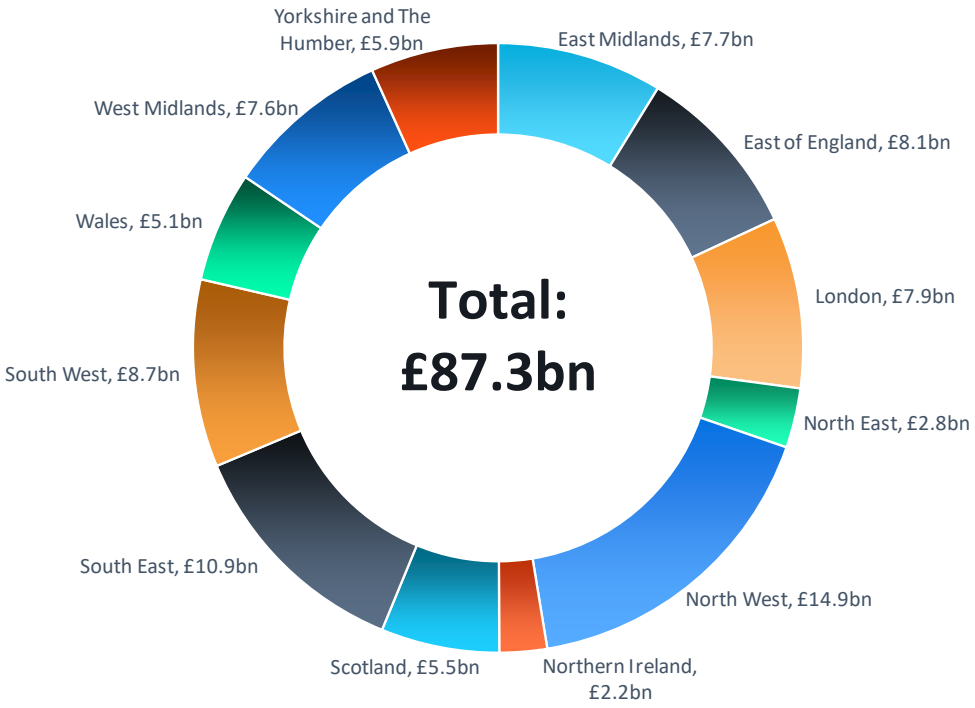
5.38 While the level of GVA currently dependent on air freight might potentially be reduced through the use of alternative modes of transport, the fact that such alternatives are generally poor substitutes for air freight indicates that the level of GVA dependent on air freight is likely to remain significant. This indicates that air freight is a very important service supporting a significant fraction of national economic activity.

Regional economic impacts

5.39 The analysis of the level of industries' and their supply chains' added value (GVA) which is currently dependent on air freight, enables us to estimate the regional importance of air freight services, by considering the regional distribution of output for each industry (and making the reasonable assumption that the proportion of air freight exports, compared with outputs, is the same for each industry across the different regions).

5.40 Figure 5.6 below shows the distribution of the £87.3 billion of GVA currently dependent on air freight exports across the UK's regions. Note that, unlike flown cargo data statistics, this data represents the origin of the air freight (i.e. where it is manufactured) rather than the region of the airport from which it is flown.

Figure 5.6: GVA currently dependent on air freight by region, £ Billion

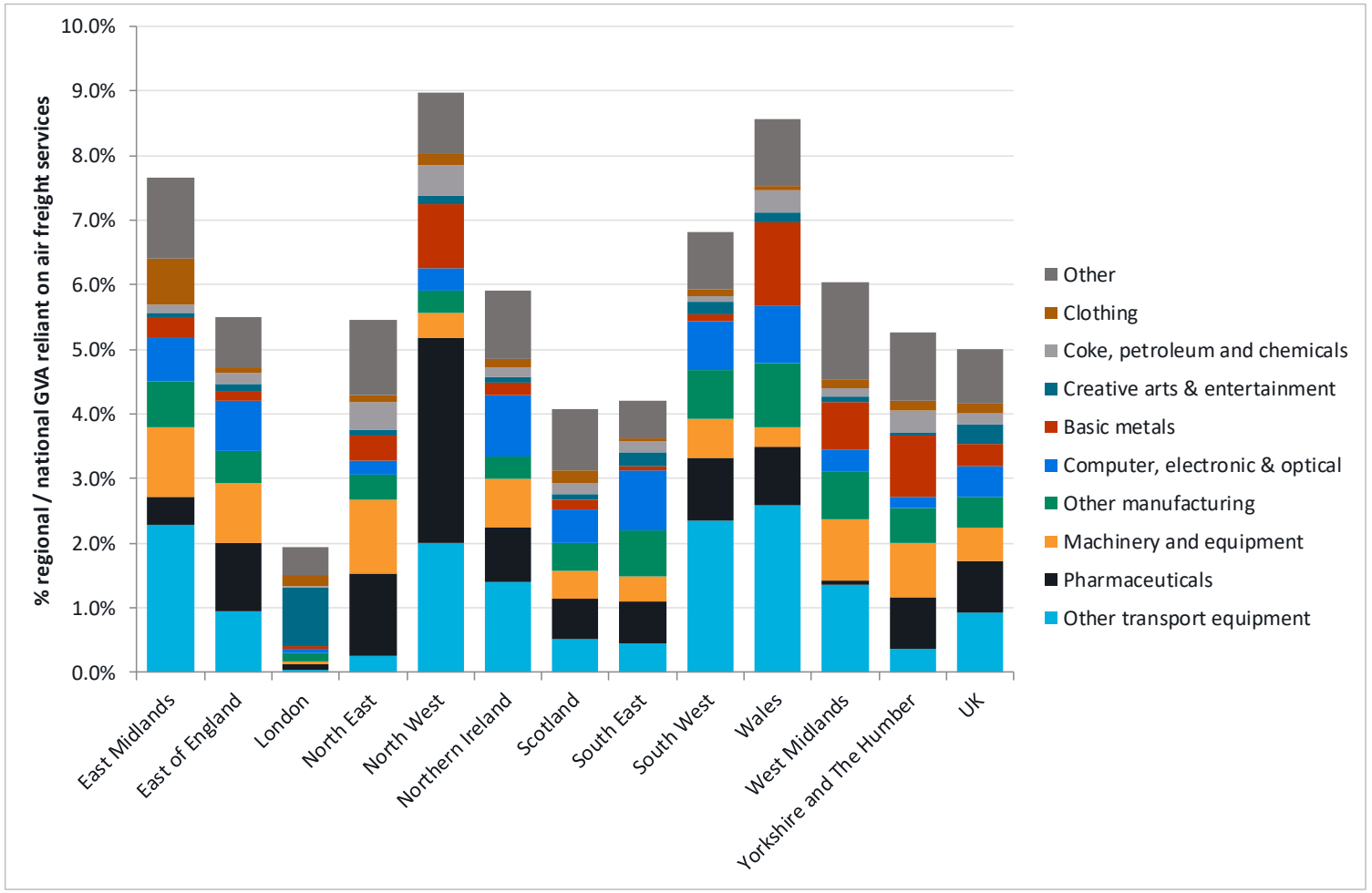


Source: ONS, HMRC, Eurostat, CAA, Steer analysis, 2016 values and prices

5.41 Figure 5.6 demonstrates the importance of the air freight industry in the North West, where £14.9 billion GVA is currently dependent on air freight, representing 9.0% of the whole economy of the region. Similarly, air freight supports very significant proportions of economic activity in many UK regions and nations, including 8.6% in Wales, 7.6% in the East Midlands, 6.8% in the South West, 6.0% in the West Midlands and 5.9% in Northern Ireland. Note that some of these regions have insignificant levels of actual air freight volumes flying from their airports, despite the importance of air freight to their economies, implying a reliance on surface transport to reach airports located elsewhere in the country.

5.42 Taking a combined view of both regions and the industries within them whose GVA is currently dependent on air freight provides some interesting insights, as illustrated in Figure 5.7 below.

Figure 5.7: Proportion of GVA currently dependent on air freight by region and industry



Source: ONS, HMRC, Eurostat, CAA, Steer analysis, 2016 values and prices

5.43 Figure 5.7 highlights the importance of air freight to transport equipment producing industries in the East Midlands, the North West, the South West and Wales, while pharmaceutical manufacturing in the North West makes very significant use of air freight as well as (to a lesser extent) in other regions. Machinery, equipment and other manufacturing in many regions are supported by air freight, while basic metal industries in Wales, the North West, West Midlands and Yorkshire are also dependent on it.

5.44 Air freight does not support much of the production of the London region, which is unsurprising since it is in general not a manufacturing region, but London's large creative arts sector is seen to be strongly dependent on air freight services.

5.45 The contrast between the importance of London and the South East in terms of providing air freight services (focused on Heathrow), compared with the relatively low dependence of their economies on the sector in comparison to regions such as the North West, Wales, the East Midlands and the South West, is stark.

Case study – Connectivity at Manchester Airport

Several stakeholders consulted as part of this study have stated that, due to the concentration of air freight activity at Heathrow, UK air freight would benefit from greater utilisation of regional capacity. The recent growth in freight volumes at Manchester, enabled by increased intercontinental connectivity, have demonstrated how utilisation on regional capacity can benefit UK air freight and regional exports.

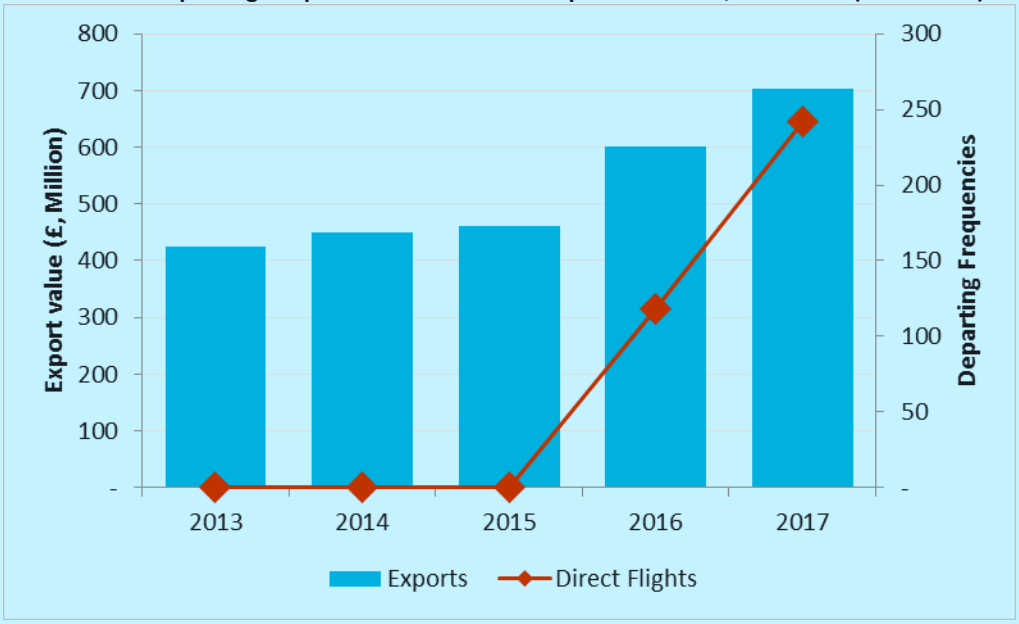
Prior to the financial crisis, freighters accounted for a significant amount of volume at Manchester. Although freighter volumes have fallen away since the financial crisis, increased intercontinental frequencies on passenger aircraft have driven a significant increase in bellyhold freight volumes since 2009. Bellyhold volumes at Manchester have increased with a CAGR of +8.5% between 2009 and 2017.

Bellyhold freight volumes have grown in line with the number of annual departing frequencies to the UAE and Qatar, which have more than doubled since 2009. In more recent years, bellyhold volumes have also been boosted by new direct connections to Hong Kong (2014), Saudi Arabia (2014), Singapore (2016), China (2016) and Oman (2017).

Connections on these new routes accounted for over 15% of freight volumes in 2017. The wider benefits of the China connection were explored in a recent report[20].

As well increasing freight volumes, these new connections have also facilitated exports flown from Manchester Airport. Although some of the routes are to global freight hubs, such as Hong Kong and Singapore, and have therefore not materially affected exports to these countries, other routes have significantly increased the value of exports shipped from the airport. The figure below shows the value of exports to China flown from Manchester Airport as well as the number of annual departing frequencies. The value of exports flown to China from Manchester Airport increased by close to £300 million in the two years since direct frequencies to Beijing were introduced. The exports to other countries have also increased; the value of exports to Oman increased 5-fold by over £40 million the year direct frequencies were introduced.

Manchester: Departing frequencies and value of exports to China, £ Millions (2013-2017)



Source: OAG, HMRC

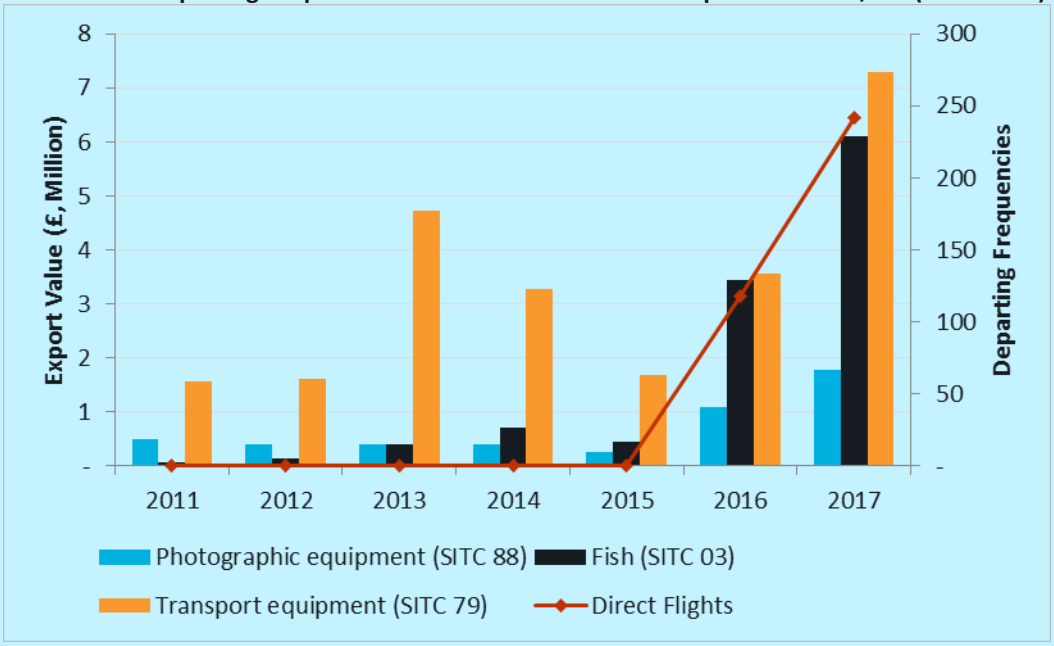
The direct connection to Beijing in some cases also appears to have aided exporters in North-West England. Although total exports to China from the UK grew strongly in 2016 and 2017 (recovering from a slump in Chinese trade in 2015), the value of some products exported to China have grown especially strongly since 2015. HMRC's Regional Trade Statistics (RTS) do not disaggregate exports by transport mode; but there has been strong growth in the value of some exports from the North West, in some products that are transported predominately by air.

The figure below shows the growth in export value from the North-West region to China, for selected product groups that have over a 70% share of air exports nationally, and the number of departing direct flights from Manchester Airport to China. The value of exports

[20] *The China Dividend: Two Years In,* Steer Economic Development, at: https://mediacentre.manchesterairport.co.uk/new-report-shows-manchester---beijing-service-is-a-major-catalyst-for-the-northern-economy/

to China from the North West, in these product groups, have increased significantly in the years since the direct flight to Beijing was introduced.

Manchester: Departing frequencies and value of North West exports to China, £m (2011-2017)



Source: OAG, HMRC

Direct connections to other countries also appear to have benefited local exports; after a new direct connection to Muscat in 2017, the value of exports flown from Manchester Airport to Oman increased 5-fold by over £40 million with export values of flown products from the North West also increased significantly.

The increased freight volumes and export values flown from Manchester demonstrate that long-haul connections served by non-UK carriers, can be a catalyst for the utilisation of regional airport capacity, can help mitigate the decline in freighter activity and can boost exports from regional airports. Given the capacity constraints at Heathrow and that, as of 2017 compared to other major European countries, the UK has relatively few connections with China and the Far East, these markets represent significant opportunity to grow freight capacity.

Policy considerations

5.56 This chapter demonstrates the importance of air freight to the UK economy as a whole, as well as to particular economic sectors and to certain UK regions and nations. Taking account of the analysis of the industry in previous chapters, this raises particular issues relevant to the formulation of national aviation policy as the UK Government develops an aviation strategy towards 2050, including:

- how to protect and develop the significant share of the UK economy currently dependent on air freight services; and
- how to support UK regions and nations whose economies are heavily dependent on air freight services, particularly where local airports do not currently benefit from strong air freight services.

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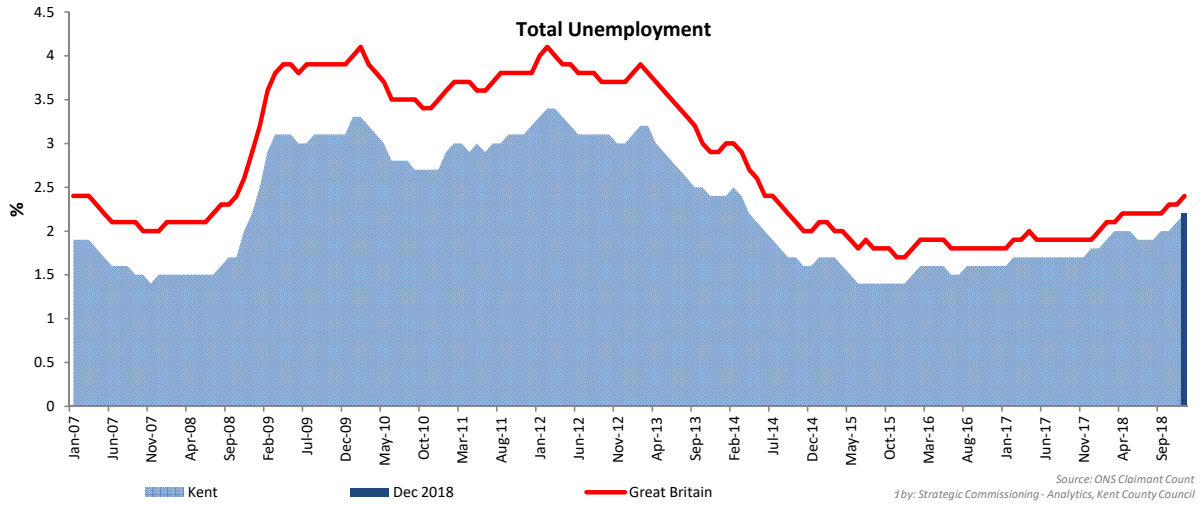
Unemployment in Kent

Last updated: 22 Jan 2019

Using information from the Office for National Statistics Claimant Count this bulletin looks at the total number of people claiming either Jobseekers Allowance or Universal Credit **principally for the reason of being unemployed**. It also looks at the age profile of claimants, in particular at youth unemployment which is defined as those aged 18 to 24.



	Dec 2018		Change since Nov 2018		Change since Dec 2017	
Unemployment	**Number**	**% Rate**	**Number**	**%**	**Number**	**%**
Kent	20,400	2.2%	550	2.8%	3,875	23.4%
Great Britain	956,745	2.4%	19,485	2.1%	184,150	23.8%

	Dec 2018		Change since Nov 2018		Change since Dec 2017	
	Number	**% Rate**	**Number**	**%**	**Number**	**%**
Ashford	1,710	2.2%	70	4.3%	410	31.5%
Canterbury	1,850	1.8%	140	8.2%	495	36.5%
Dartford	930	1.4%	70	8.1%	165	21.6%
Dover	2,405	3.5%	70	3.0%	470	24.3%
Folkestone & Hythe	1,885	2.9%	65	3.6%	445	30.9%
Gravesham	1,595	2.4%	15	0.9%	260	19.5%
Maidstone	1,180	1.1%	0	0.0%	-30	-2.5%
Sevenoaks	575	0.8%	60	11.7%	45	8.5%
Swale	2,780	3.1%	5	0.2%	805	40.8%
Thanet	4,275	5.2%	65	1.5%	965	29.2%
Tonbridge and Malling	660	0.8%	5	0.8%	-90	-12.0%
Tunbridge Wells	555	0.8%	-15	-2.6%	-65	-10.5%
Medway	4,145	2.3%	230	5.9%	880	27.0%
Kent	20,400	2.2%	550	2.8%	3,875	23.4%

Kent unemployment headlines December 2018

The unemployment rate in Kent is 2.2%. This is below the rate for Great Britain (2.4%).

20,400 people were claiming unemployment benefits in Kent.This has increased since last month.

Thanet has the highest unemployment rate at 5.2%. Sevenoaks has the lowest unemployment rate at 0.8%.

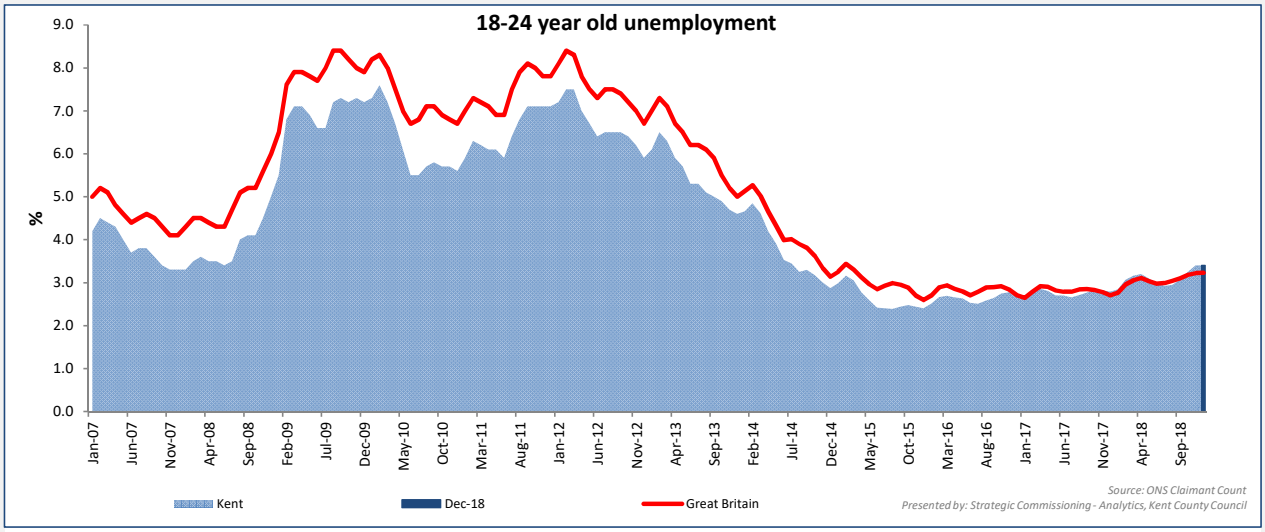
The 18-24 year old unemployment rate in Kent is 3.4%. They account for 21.1% of all unemployed people in the area

Thanet has the highest 18-24 year old unemployment rate in the South East at 8%.

Unemployment by age group

Kent	Dec 2018		Change since Nov 2018		Change since Dec 2017	
	Number	%	Number	%	Number	%
18-24	4,305	3.4%	5	0.1%	780	22.1%
25-49	10,335	2.1%	380	3.8%	2,150	26.3%
50-64	5,705	1.9%	165	3.0%	920	19.2%

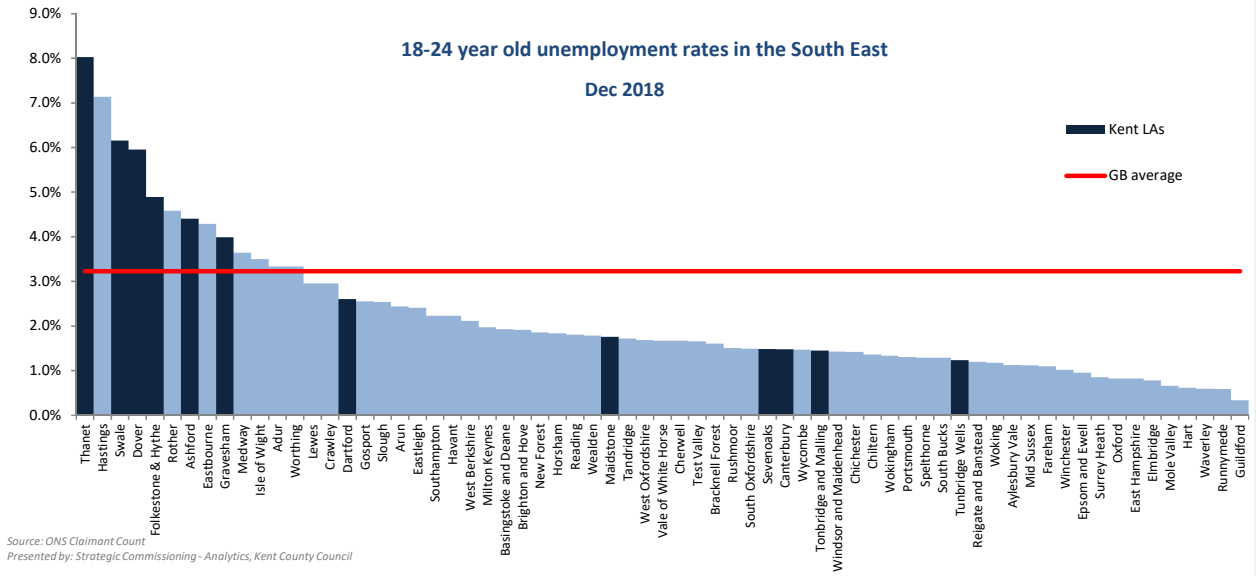
December 2018	Number			Rate		
	18-24	25-49	50-64	18-24	25-49	50-64
Ashford	395	835	470	4.4%	2.1%	1.9%
Canterbury	410	925	510	1.5%	2.0%	1.8%
Dartford	200	515	210	2.6%	1.3%	1.1%
Dover	500	1200	695	5.9%	3.7%	2.8%
Folkestone & Hythe	375	915	595	4.9%	2.8%	2.6%
Gravesham	320	825	445	4.0%	2.3%	2.3%
Maidstone	210	625	340	1.8%	1.1%	1.1%
Sevenoaks	110	280	180	1.5%	0.8%	0.7%
Swale	705	1340	730	6.1%	2.9%	2.5%
Thanet	860	2275	1140	8.0%	5.7%	4.1%
Tonbridge and Malling	130	315	215	1.4%	0.8%	0.9%
Tunbridge Wells	90	290	170	1.2%	0.8%	0.7%
Kent	4305	10335	5705	3.4%	2.1%	1.9%
Medway	885	2195	1055	3.6%	2.3%	2.1%

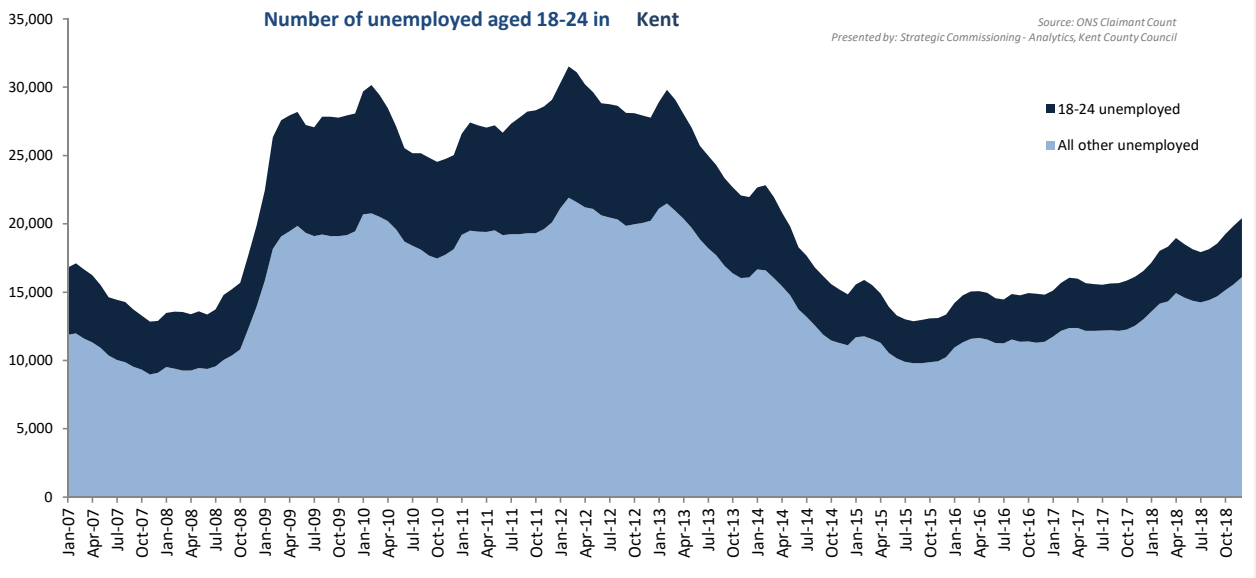


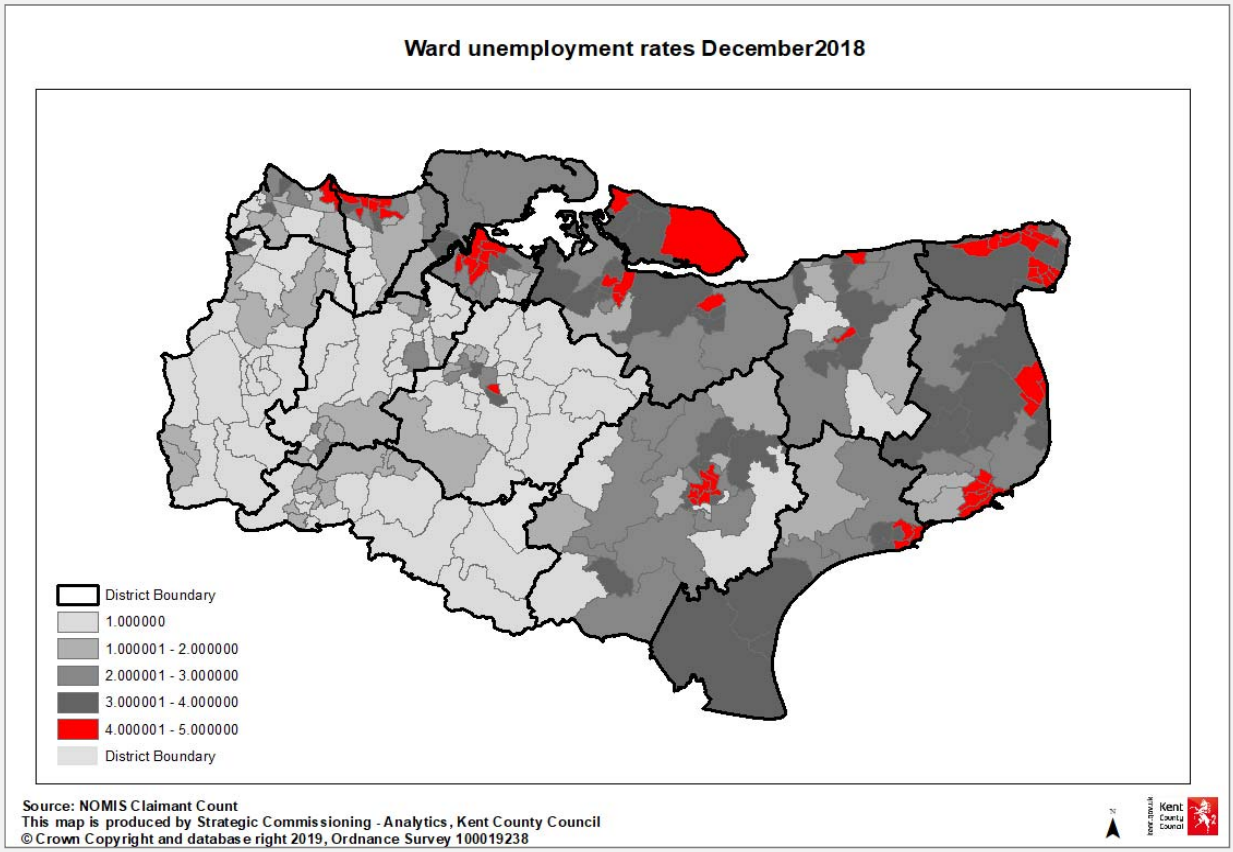
18-24 Unemployment	Number	Rate	Change since Nov 2018 Number	Change since Nov 2018 %	Change since Dec 2017 Number	Change since Dec 2017 %
Kent	4,305	3.4%	5	0.1%	780	22.1%
Great Britain	180,715	3.2%	385	0.2%	29,135	19.2%

Unemployment by age group - % of all unemployed

December 2018	Kent		Great Britain	
	Number	% of all unemployed	Number	% of all unemployed
18-24	4,305	21.1%	180,715	18.9%
25-49	10,335	50.7%	519,815	54.3%
50-64	5,705	28.0%	253,250	26.5%







This workbook looks at the total number of people claiming either Jobseekers Allowance or Universal Credit principally for the reason of being unemployed. It also looks at the age profile of claimants, in particular at youth unemployment which is defined as those aged 18 to 24.

This workbook uses information from a dataset called The Claimant Count by Sex and Age. This experimental series counts the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work. The dataset currently includes some out of work claimants of Universal Credit who are not required to look for work; for example, due to illness or disability. Therefore this dataset is considered experimental and the results should be interpreted with caution.

Unemployment rates are calculated using the Office for National Statistics Mid-year Population Estimates 2001-2017. The resident working age population is defined as all males and females aged 16-64. These denominators will be updated annually with the ONS mid-year population estimates.

Data back to December 2014 were revised by ONS on 18th October 2017. This bulletin contains these revisions and therefore supersedes any previously released data.

Introduction of Universal Credit
Since 2013 the roll out of Universal Credit has progressed across across the UK. Universal Credit will replace a number of means-tested benefits including the means-tested element of Jobseeker's Allowance (JSA).

From April 2015 Universal Credit started to be rolled out within Kent. It is now available in all Jobcentre areas in Kent & Medway. Initially it was only available to single claimants without a partner and without child dependents however in 2017 the full roll out of Universal Credit to all claimant types began. The following table shows the planned roll out within Kent districts.

As announced in June 2018 the government will start to migrate existing claimants of the benefits that are being replaced to Universal Credit early in 2019. It hopes to migrate all existing benefit claimants to Universal Credit by March 2023.

Date of roll

out	Job Centre Plus Office	District Served
May-17	Dover	Dover
Jul-17	Margate	Thanet
Jul-17	Ramsgate	Thanet
Dec-17	Sheerness	Swale
Dec-17	Sittingbourne	Swale
Feb-18	Gravesend	Gravesham
Feb-18	Gravesend	Sevenoaks (part)
Feb-18	Folkestone	Folkestone & Hythe
Feb-18	Chatham	Medway
Mar-18	Ashford	Ashford
Apr-18	Canterbury	Canterbury
Apr-18	Hernebay	Canterbury
Apr-18	Whitstable	Canterbury
May-18	Dartford	Dartford
May-18	Dartford	Sevenoaks (part)
Aug-18	Maidstone	Maidstone
Aug-18	Tonbridge	Tonbridge & Malling
Aug-18	Tonbridge	Tunbridge Wells

For more information on Universal Credit: https://www.gov.uk/universal-credit

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The English Index of Multiple Deprivation (IMD 2015): Headline findings for Kent

Related information

The Deprivation and Poverty web page contains more information which you may find useful.

- *Fuel poverty*
- *Households in poverty*
- *Children in Poverty*
- *Homelessness*
- *Unemployment and benefits claimants*

***NOTE**: within this bulletin 'Kent' refers to the Kent County Council (KCC) area which excludes Medway*

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The English Index of Multiple Deprivation 2015 (IMD2015) was released 30 September 2015 by The Department for Communities and Local Government. This bulletin presents the initial findings for Kent.

Summary

- On the National rank of the IMD2015 Kent is ranked at 100th out of 152 Counties and Unitary Authorities in England. This places Kent within the least deprived 50% of all counties and unitary authorities in England.
- Within the 19 Counties and Local Authorities in the South East, Kent is ranked at 9. This places Kent just within the most deprived 50% of all Counties and Unitary Authorities in the South East.
- The level of deprivation in eight out of 12 Kent local authority districts has increased since ID2010 relative to other areas in England.
- Thanet continues to rank as the most deprived local authority in Kent.
- Tunbridge Wells ranks as the least deprived local authority in Kent
- Ashford and Swale have experienced the largest increase in deprivation relative to other areas.
- Tunbridge Wells has experienced the largest decrease in deprivation relative to other areas.

Introduction

The Index of Multiple Deprivation 2015 (IMD 2015) is the official measure of relative deprivation for small areas (or neighbourhoods) in England.

The IMD ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area).

The small areas used are called Lower-layer Super Output Areas, of which there are 32,844 in England. They are designed to be of a similar population size with an average of 1,500 residents each and are a standard way of dividing up the country. They do not have descriptive place names (in the way that local wards do), but are named in a format beginning with the name of the local authority district followed by a 4 character code eg Ashford 001A.

It is common to describe how relatively deprived a small area is by saying whether it falls among the most deprived 10 per cent, 20 per cent or 30 per cent of small areas in England (although there is no definitive cut-off at which an area is described as 'deprived').

To help with this, deprivation 'deciles' are published alongside ranks. Deciles are calculated by ranking the 32,844 small areas in England from most deprived to least deprived and dividing them into 10 equal groups. These range from the most deprived 10 per cent of small areas nationally to the least deprived 10 per cent of small areas nationally.

The Index of Multiple Deprivation is part of the Indices of Deprivation and it is the most widely used of these indices. It combines information from seven domain indices (which measure different types or dimensions of deprivation) to produce an overall relative measure of deprivation. You can use the domain indices on their own to focus on specific aspects of deprivation. There are also supplementary indices concerned with income deprivation among children (IDACI) and older people (IDAOPI).

The Index of Multiple Deprivation is designed primarily to be a *small-area* measure of deprivation. But the Indices are commonly used to describe deprivation for higher-level geographies including local authority districts. A range of summary measures are available allowing you to see where, for example, a local authority district is ranked between 1 (the most deprived district in England) and 326 (the least deprived district in England). Summary measures are also available for upper tier local authorities, local enterprise partnerships and clinical commissioning groups.

All of the Indices of Deprivation measure relative deprivation at small area level as accurately as possible, but they are not designed to provide 'backwards' comparability with previous versions of the Indices (2010, 2007, 2004 and 2000). However, because there is a broadly consistent methodology between the Indices of Deprivation 2015 and previous versions, you can compare the rankings as determined at the relevant time point by each of the versions.

When looking at changes in deprivation between the Indices of Deprivation 2015 and previous versions, users should therefore be aware that changes can only be described in relative terms, for example, the extent to which an area has changed rank or decile of deprivation.

This bulletin presents the IMD 2015 for Kent, Kent local authorities and the 10% most deprived LSOAs in Kent. A comparison with the IMD2010 (and IMD2007 at County level) is also presented.

County Level

The overall IMD2015 ranks Kent at 100 out of 152 local authorities in England This places Kent within the least 50% deprived local authorities in England.

This position is two places higher than the IMD2010 and six places higher than the IMD2007 which indicates that Kent has become more deprived in 2015 relative to all other areas.

Kent's position amongst the local authorities within the South East region is nine out of 19. This position has not changed between the IMD2007 and IMD2010. This places Kent just within the 50% most deprived areas in the region.

Table 1: South East Counties and Unitary Authorities by national and regional ranks: IMD2007, IMD2010, IMD2015

South East Counties and Unitary Authorities by national and regional ranks: IMD2007, IMD2010, and IMD2015
Source: Indices of Deprivation 2007; 2010; and 2015 Communities and Local Government
Table presented by Strategic Business Development & Intelligence, Kent county Council
A rank of 1 is the most deprived

	IMD2007		IMD2010		IMD2015		Change in rank* 2010 to 2015	
Authority	National rank (out of 152)	South East rank (out of 19)	National rank (out of 152)	South East rank (out of 19)	National rank (out of 152)	South East rank (out of 19)	National position	South East position
Portsmouth U.A.	67	3	60	2	50	1	10	1
Southampton U.A.	66	2	65	3	54	2	11	1
Brighton and Hove U.A.	59	1	53	1	74	3	-21	-2
Isle of Wight U.A.	88	5	86	5	76	4	10	1
Slough U.A.	79	4	69	4	78	5	-9	-1
Medway U.A.	92	6	88	7	81	6	7	1
Reading U.A.	94	7	87	6	93	7	-6	-1
East Sussex	95	8	90	8	99	8	-9	0
Kent	**106**	9	**102**	9	**100**	9	**2**	0
Milton Keynes	118	10	119	10	106	10	13	0
West Sussex	132	11	130	11	131	11	-1	0
Hampshire	141	13	141	13	141	12	0	1
Oxfordshire	139	12	135	12	142	13	-7	-1
Bracknell Forest U.A.	147	15	148	16	145	14	3	2
West Berkshire U.A.	149	17	147	15	146	15	1	0
Buckinghamshire	146	14	145	14	148	16	-3	-2
Surrey	150	18	150	18	150	17	0	1
Windsor & Maidenhead U.A.	148	16	149	17	151	18	-2	-1
Wokingham U.A.	152	19	152	19	152	19	0	0

Table sorted by ID2015 lowest rank

* A minus change in rank illustrates that an area has moved down the rankings and is therefore less deprived in ID2015 than ID2010 relative to other areas

*A positive change in rank illustrates an area is more deprived in ID2015 than ID2010 relative to other areas

Local Authority Level

Thanet was the most deprived local authority in the IMD2010 and remains Kent's most deprived local authority district in IMD2015. Nationally, Thanet is ranked at 21 out of 326 authorities placing it within England's 10% most deprived of authorities.

Kent's least deprived local authority district in the IMD2015 is Tunbridge Wells with a rank of 282 out of 326 authorities. This rank places Tunbridge Wells within the least 20% deprived areas in England.

Deprivation levels have increased in eight out of the 12 local authority districts relative to all other areas between IMD2010 and IMD2015.

Ashford and Swale have seen the greatest change in national rank, both moving up 22 places between 2010 and 2015. This indicates that these areas are more deprived in 2015 than in 2010 relative to all other local authorities in England.

Canterbury, Shepway, Tonbridge & Malling and Tunbridge Wells have all moved down in the rankings which indicates that levels of deprivation have reduced between 2010 and 2015 relative to other local authorities in England.

Table 2: Kent Local Authorities by national and Kent ranks: IMD2010, IMD2015

Kent local authorities by national and Kent ranks: IMD2010 and IMD2015

Source: Indices of Deprivation 2010 and 2015, Communities and Local Government
Table presented by Strategic Business Development & Intelligence, Kent county Council
A rank of 1 is the most deprived

	IMD2010			IMD2015			Change in rank* 2010 to 2015	
Authority	IMD2010 national rank (out of 326)	Kent Rank (out of 12)		IMD2015 national rank (out of 326)	Kent Rank (out of 12)		National position	Kent position
Thanet	49	1		28	1		21	0
Swale	99	3		77	2		22	1
Shepway	97	2		113	3		-16	-1
Gravesham	142	5		124	4		18	1
Dover	127	4		126	5		1	-1
Dartford	175	7		170	6		5	1
Ashford	198	8		176	7		22	1
Canterbury	166	6		183	8		-17	-2
Maidstone	217	9		198	9		19	0
Sevenoaks	276	12		268	10		8	2
Tonbridge & Malling	268	11		274	11		-6	0
Tunbridge Wells	249	10		282	12		-33	-2

Table ranked by highest IMD 2015 Score

* A minus change in rank illustrates that a district has moved down the rankings and is therefore now less deprived relative to other areas in England.

*A positive change in rank illustrates an area is more deprived in ID2015 thank ID2010 relative to other areas

Deprivation at small area level in Kent's Lower Super Output Areas

Kent has 902 Lower Super Output Areas, 51 (6%) fall within the top 10% most deprived LSOAs in England in the IMD2015. In the IMD2010 the number of LSOAs within the most deprived 10% nationally was 32 (4%).

These LSOAs are spread within seven of Kent's local authorities with Thanet having the highest number and proportion of LSOA within the top10% most deprived LSOAs in England.

Ashford, Canterbury, Sevenoaks, Tonbridge & Malling and Tunbridge Wells do not have any LSOAs ranked within the top 10% most deprived in England.

Table 3: The number and proportion of LSOAs in Kent Authorities within the 10% most deprived Lower Super Output Areas in England

IMD2015 Number and proportion of LSOAs in Kent authorities within the top 10% most deprived in England

Source: Indices of Deprivation 2010 and 2015, Communities and Local Government
Table presented by Strategic Business Development & Intelligence, Kent county Council

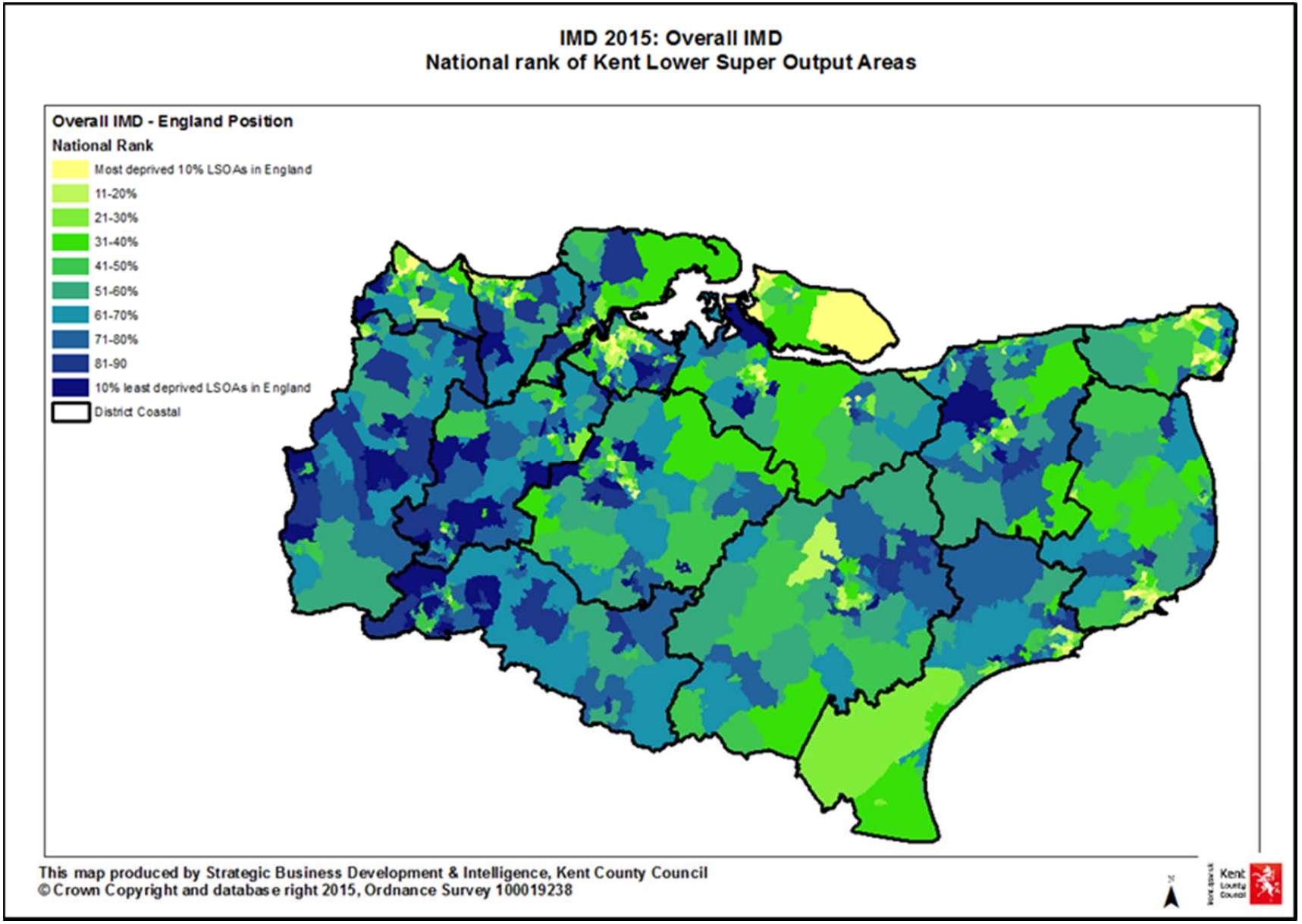
Authority	Total LSOAs in each Local Authority	Top 10% most deprived National Rank:IMD 2010			Top 10% most deprived National Rank:IMD 2015			Change
		Number of LSOAs	%		Number of LSOAs	%		Number of LSOAs
Thanet	84	14	*16%*		18	*20%*		4
Swale	85	8	*9%*		14	*16%*		6
Gravesham	64	3	*3%*		6	*7%*		3
Dover	67	1	*1%*		4	*4%*		3
Shepway	67	5	*6%*		4	*4%*		-1
Dartford	58	0	*0%*		3	*3%*		3
Maidstone	95	1	*1%*		2	*2%*		1
Canterbury	90	0	*0%*		0	*0%*		0
Ashford	78	0	*0%*		0	*0%*		0
Sevenoaks	74	0	*0%*		0	*0%*		0
Tonbridge & Malling	72	0	*0%*		0	*0%*		0
Tunbridge Wells	68	0	*0%*		0	*0%*		0
Kent	902	32	*36%*		51	*57%*		19

Table ranked by highest number of LSOAs in top 10% most deprived by IMD 2015 Score

The highest ranking LSOA in Kent is in Thanet District, within Cliftonville West ward. This LSOA is ranked 4th out of 32,844 LSOAs in England placing it within England's most deprived 1% of small areas.

The lowest ranking LSOA in Kent is in Tunbridge Wells Borough, within Speldhurst & Bidborough ward. This LSOA is ranked 32,728th out of 32,844 LSOAs in England placing it within England's most deprived 1% of small areas.

Map 1 illustrates the pattern of deprivation across Kent at LSOA level. The map shows there is an east/west divide, with the east of the county having higher levels of deprivation than the west.


IMD 2015: Overall IMD
National rank of Kent Lower Super Output Areas
Overall IMD - England Position
National Rank
Most deprived 10% LSOAs in England
11-20%
21-30%
31-40%
41-50%
51-60%
61-70%
71-80%
81-90
10% least deprived LSOAs in England
District Coastal
This map produced by Strategic Business Development & Intelligence, Kent County Council
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Kent County Council

A ward level measure of deprivation is not published as part of the official IMD2015. However, there is high demand for a ward level measure and we will issue ward level ranks based on averages of LSOA scores at a later date. Table 4 indicates the wards in which the top 10% most deprived LSOAs in Kent are situated. This table also shows the national rank and South East rank.

Table 4: The 10% most deprived Lower Super Output Areas in Kent

The 10% most deprived Lower Super Output Areas in Kent: (Rank 1 to 45 out of 90)

Source: Indices of Deprivation 2015, Communities and Local Government

A rank of 1 is the most deprived

Table presented by Strategic Business Development & Intelligence, Kent county Council

		National rank		South East rank		Kent Rank	
2011 LSOA Name	2011 Ward Name	position out of 32,844 LSOAs	Within top 10% most deprived	position out of 5,382 LSOAs	Within top 10% most deprived	Position out of 902 LSOAs	Within top 10% most deprived
Thanet 001A	Cliftonville West	4	Yes	1	Yes	1	Yes
Thanet 001E	Margate Central	21	Yes	2	Yes	2	Yes
Thanet 003A	Margate Central	35	Yes	3	Yes	3	Yes
Swale 001A	Sheerness East	46	Yes	4	Yes	4	Yes
Thanet 001D	Cliftonville West	117	Yes	7	Yes	5	Yes
Thanet 001B	Cliftonville West	233	Yes	10	Yes	6	Yes
Swale 010C	Murston	329	Yes	14	Yes	7	Yes
Swale 006A	Leysdown and Warden	366	Yes	18	Yes	8	Yes
Thanet 016D	Eastcliff	423	Yes	22	Yes	9	Yes
Thanet 006D	Dane Valley	452	Yes	24	Yes	10	Yes
Thanet 013B	Newington	486	Yes	26	Yes	11	Yes
Shepway 014A	Folkestone Harbour	572	Yes	29	Yes	12	Yes
Swale 002C	Sheerness West	626	Yes	31	Yes	13	Yes
Swale 002A	Sheerness West	674	Yes	32	Yes	14	Yes
Thanet 003E	Westbrook	692	Yes	33	Yes	15	Yes
Swale 002B	Sheerness West	739	Yes	36	Yes	16	Yes
Thanet 013E	Northwood	968	Yes	42	Yes	17	Yes
Swale 006D	Sheppey Central	1013	Yes	44	Yes	18	Yes
Swale 004E	Sheppey Central	1036	Yes	46	Yes	19	Yes
Swale 005C	Queenborough and Halfway	1053	Yes	48	Yes	20	Yes
Thanet 006E	Dane Valley	1065	Yes	52	Yes	21	Yes
Thanet 004A	Cliftonville West	1171	Yes	54	Yes	22	Yes
Shepway 014B	Folkestone Harvey Central	1343	Yes	63	Yes	23	Yes
Dover 011F	St Radigunds	1358	Yes	64	Yes	24	Yes
Swale 015D	Davington Priory	1649	Yes	74	Yes	25	Yes
Shepway 003C	Folkestone East	1751	Yes	76	Yes	26	Yes
Gravesham 011D	Singlewell	1876	Yes	81	Yes	27	Yes
Gravesham 001C	Northfleet North	1877	Yes	82	Yes	28	Yes
Dartford 001A	Joyce Green	1951	Yes	85	Yes	29	Yes
Maidstone 013A	Park Wood	1979	Yes	86	Yes	30	Yes
Gravesham 002E	Riverside	2017	Yes	89	Yes	31	Yes
Dover 012F	Castle	2065	Yes	94	Yes	32	Yes
Swale 006B	Leysdown and Warden	2109	Yes	97	Yes	33	Yes
Thanet 003D	Salmestone	2224	Yes	102	Yes	34	Yes
Swale 001B	Sheerness East	2240	Yes	104	Yes	35	Yes
Thanet 016E	Eastcliff	2319	Yes	107	Yes	36	Yes
Dover 013B	Maxton, Elms Vale and Priory	2330	Yes	108	Yes	37	Yes
Gravesham 011C	Singlewell	2533	Yes	118	Yes	38	Yes
Swale 001C	Sheerness East	2564	Yes	121	Yes	39	Yes
Thanet 013A	Newington	2633	Yes	123	Yes	40	Yes
Gravesham 007A	Westcourt	2730	Yes	128	Yes	41	Yes
Thanet 001C	Cliftonville West	2739	Yes	129	Yes	42	Yes
Thanet 016C	Central Harbour	2751	Yes	130	Yes	43	Yes
Thanet 015D	Eastcliff	2850	Yes	134	Yes	44	Yes
Maidstone 013B	Park Wood	2857	Yes	137	Yes	45	Yes

Table 4 continued: The 10% most deprived Lower Super Output Areas in Kent

The 10% most deprived Lower Super Output Areas in Kent: (Rank 46 to 90 out of 90)

Source: Indices of Deprivation 2015, Communities and Local Government

A rank of 1 is the most deprived

Table presented by Strategic Business Development & Intelligence, Kent county Council

		National rank		South East rank		Kent Rank	
2011 LSOA Name	2011 Ward Name	position out of 32,844 LSOAs	Within top 10% most deprived	position out of 5,382 LSOAs	Within top 10% most deprived	Position out of 902 LSOAs	Within top 10% most deprived
Swale 001D	Sheerness East	2887	Yes	140	Yes	46	Yes
Dartford 004C	Swanscombe	3010	Yes	147	Yes	47	Yes
Dover 011D	Buckland	3071	Yes	151	Yes	48	Yes
Shepway 014D	Folkestone Harvey Central	3125	Yes	154	Yes	49	Yes
Dartford 001D	Littlebrook	3199	Yes	156	Yes	50	Yes
Gravesham 002A	Central	3222	Yes	158	Yes	51	Yes
Ashford 008C	Stanhope	3285	No	163	Yes	52	Yes
Shepway 014C	Folkestone Harvey Central	3296	No	164	Yes	53	Yes
Ashford 008B	Stanhope	3315	No	165	Yes	54	Yes
Thanet 005A	Garlinge	3332	No	167	Yes	55	Yes
Swale 002D	Sheerness West	3474	No	174	Yes	56	Yes
Swale 010B	Milton Regis	3609	No	183	Yes	57	Yes
Dover 012D	Tower Hamlets	3627	No	185	Yes	58	Yes
Thanet 006C	Dane Valley	3643	No	188	Yes	59	Yes
Canterbury 019A	Wincheap	3751	No	195	Yes	60	Yes
Maidstone 013D	Shepway South	3768	No	198	Yes	61	Yes
Thanet 012C	Sir Moses Montefiore	3779	No	199	Yes	62	Yes
Canterbury 007B	Gorrell	3814	No	202	Yes	63	Yes
Sevenoaks 002A	Swanley St Mary's	3820	No	203	Yes	64	Yes
Thanet 003B	Margate Central	3834	No	204	Yes	65	Yes
Thanet 004B	Dane Valley	3884	No	208	Yes	66	Yes
Maidstone 013E	Shepway South	3928	No	212	Yes	67	Yes
Shepway 004E	Folkestone Harbour	3953	No	214	Yes	68	Yes
Canterbury 001B	Heron	3968	No	215	Yes	69	Yes
Dover 013A	Maxton, Elms Vale and Priory	4019	No	218	Yes	70	Yes
Dover 013D	Tower Hamlets	4137	No	225	Yes	71	Yes
Dover 011A	Buckland	4155	No	226	Yes	72	Yes
Sevenoaks 002B	Swanley St Mary's	4324	No	234	Yes	73	Yes
Dover 013E	Town and Pier	4397	No	241	Yes	74	Yes
Dartford 009A	Princes	4464	No	245	Yes	75	Yes
Canterbury 001C	Heron	4469	No	246	Yes	76	Yes
Maidstone 009C	High Street	4490	No	249	Yes	77	Yes
Gravesham 002F	Pelham	4555	No	253	Yes	78	Yes
Canterbury 009D	Seasalter	4715	No	263	Yes	79	Yes
Canterbury 001A	Heron	4726	No	266	Yes	80	Yes
Dover 011H	Tower Hamlets	4848	No	271	Yes	81	Yes
Canterbury 011A	Northgate	4869	No	273	Yes	82	Yes
Shepway 003A	Folkestone East	4936	No	279	Yes	83	Yes
Thanet 016A	Central Harbour	5057	No	288	Yes	84	Yes
Ashford 007F	Victoria	5083	No	290	Yes	85	Yes
Shepway 004B	Folkestone Foord	5084	No	291	Yes	86	Yes
Ashford 005A	Aylesford Green	5117	No	294	Yes	87	Yes
Dover 006C	Aylesham	5134	No	296	Yes	88	Yes
Swale 014F	Watling	5242	No	301	Yes	89	Yes
Swale 003A	Minster Cliffs	5251	No	302	Yes	90	Yes

Further information about the English Indices of Deprivation can be found from the Department for Communities and Local Government website

Earnings in Kent

Related documents

Gross Disposable Household Income - The average annual disposable income of households in Kent

Small Area Income Estimates – presents total household income and net income before and after housing costs for small areas in Kent.

Further information

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This bulletin looks at resident and workplace based earnings during 2018 in Kent, its local authority districts and Medway and provides comparisons with the South East and Great Britain.

Kent Area Summary

Median earnings of people who **live** in Kent

- In 2018, the full-time weekly earnings for workers living in Kent was £598.10. This was above the national figure of £571.10 but below the South East regional figure of £614.50
- The weekly full time earnings for males living in Kent was £657.80 and for females was £514.90
- People living in the west of Kent have higher earnings than in the east. The highest earners live in Tunbridge Wells district and have average weekly full time earnings of £667.20
- Residents in Folkestone & Hythe district have the lowest median weekly full-time earnings at £519.70
- Median weekly earnings for Kent residents have increased by £186.30 since 2002, an increase of 45.2%. This is higher than regional increase (+41.2%) but lower than the national increase (+45.4%)

Median earnings of people who **work** in Kent

- The weekly full time earnings for people who work in Kent was £542.00. This is below the regional average of £589.20 and the national average of £570.90
- People who work in Dartford district have the highest weekly earnings of all the districts in Kent at £623.00
- Thanet district has the second lowest weekly workplace earnings of districts in the whole of the South East Region at £464.50

Introduction

Earnings data comes from the Annual Survey of Hours and Earnings (ASHE) from the Office for National Statistics. Data is based on a sample of employee jobs taken from HM Revenue & Customs PAYE records. ASHE does not cover the self-employed or employees not paid during the reference period (for example those employees on unpaid sick leave).

ASHE data looks at earnings based on resident or workplace populations. Workplace based data is available from 1998 and resident based data is available from 2002.

ASHE provides estimates of gross earnings (earnings before tax, National Insurance or other deductions) for employees by gender and by full-time and part-time workers. Full-time employees are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week. At district level some figures for part-time workers is suppressed due to statistical unreliability.

This bulletin uses the latest estimates released in October 2018. This data is provisional and will be revised when the next years' data is released. This data includes revisions to 2017 data.

Median earnings are presented in this bulletin although mean earnings are also available from this dataset. The median value is the mid-point in the distribution of earnings data in the survey. The median value is the preferred measure of earnings, as it is less affected by a relatively small number of very high earners that tend to skew the distribution of earnings. It therefore gives a better indication of *typical pay* than the mean.

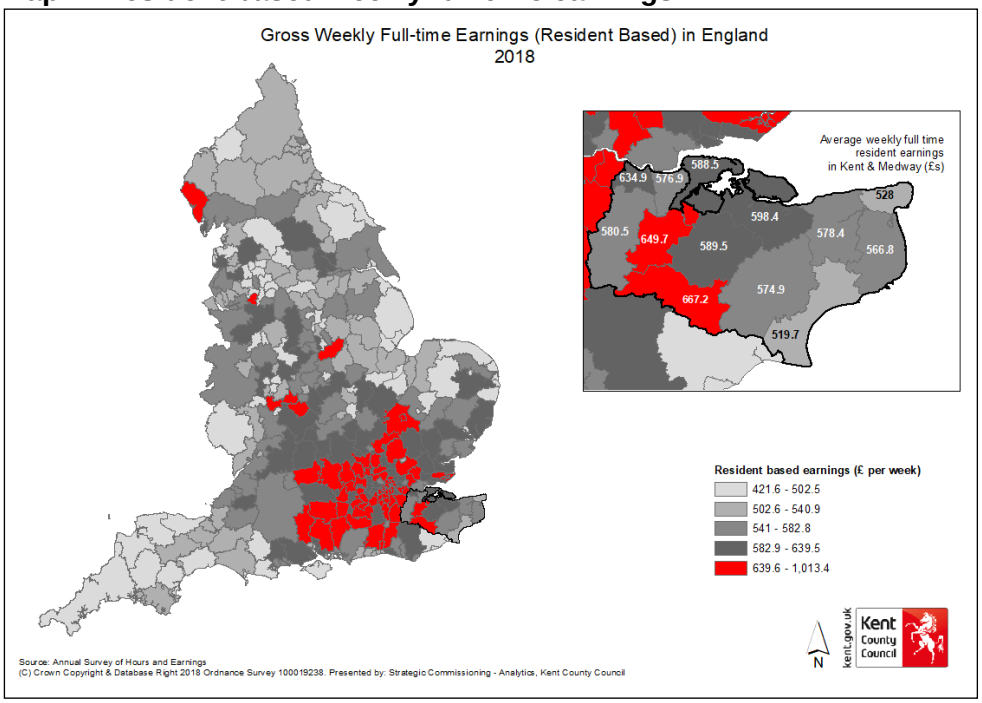
Resident based earnings

Resident based earnings show the amount a worker earns based on where they live.

Map 1 shows the weekly full time resident based earnings in England. The map clearly shows that those with the highest weekly earnings live largely in the south of England, mainly around the London area. There are no local authorities in the south west or the north east of England where residents' weekly full time earnings are within the top 20% in the country.

The Kent map shows that those workers with the highest weekly earnings live in Tunbridge Wells and Tonbridge & Malling where resident earnings are within the top 20% in the country. People living in Thanet district have the lowest weekly earnings of the Kent districts, within the bottom 20% in England.

Map 1: Resident based weekly full time earnings



Residents in Kent (£598.10) and the South East Region (£614.50) have higher weekly earnings than in Great Britain as a whole (£571.10). The chart shows that three Kent districts, Dover, Thanet and Folkestone & Hythe, have resident weekly earnings below the national average. Folkestone & Hythe has the lowest resident earnings in the county and 6th lowest in the whole of the South East. This is shown in chart 1.

Chart 1: Resident based full time weekly earnings in South East local authorities

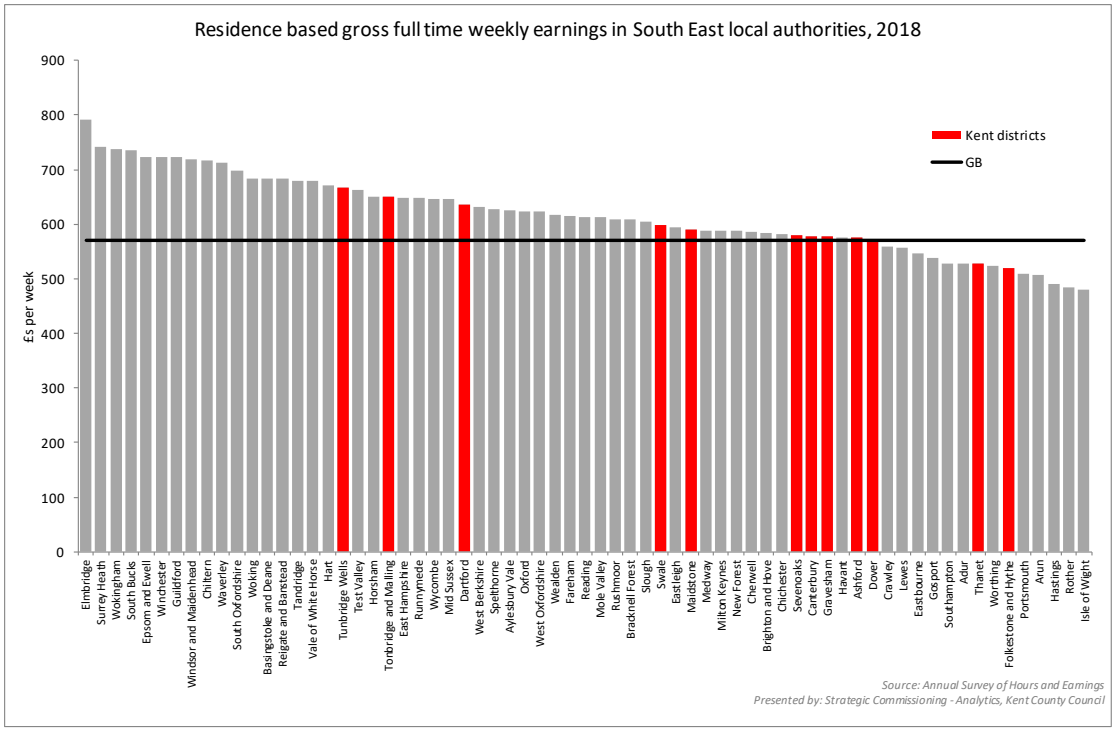


Chart 2 shows the median weekly earnings of residents in Kent local authority districts compared to the average for the South East and Great Britain as a whole. Residents in nine Kent districts have earnings below the average for the South East region.

Chart 2: Median weekly resident earnings in the KCC area

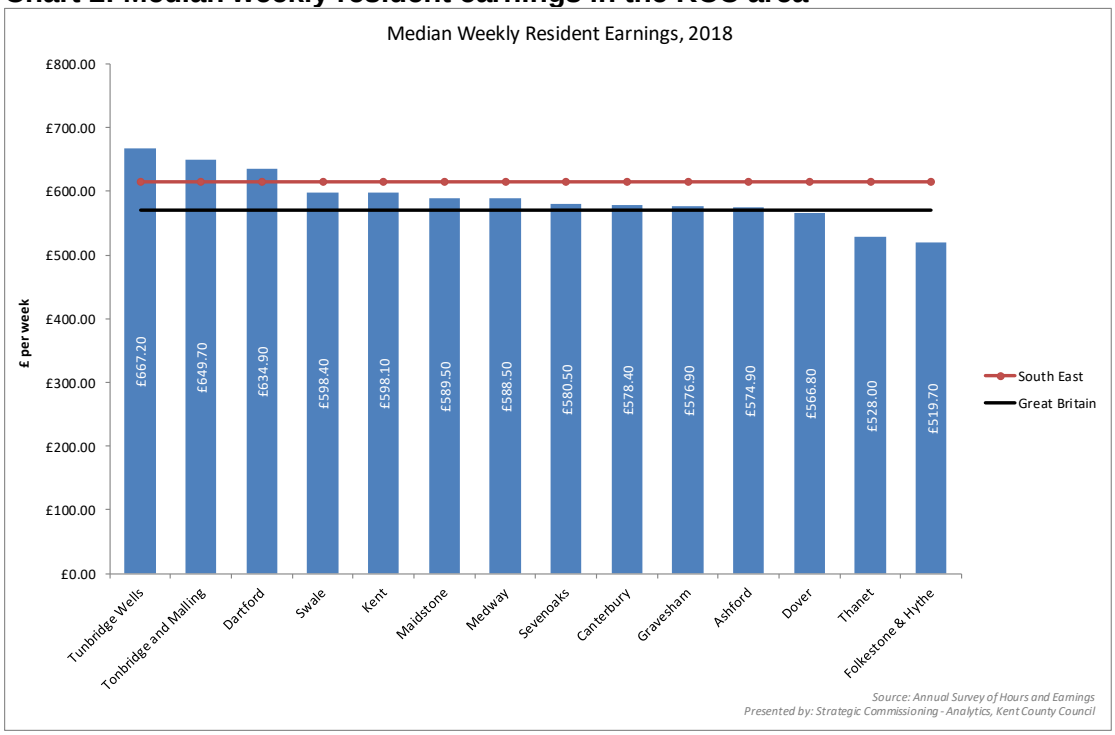


Table 1 shows the resident based full time and part time weekly earnings of male and female residents in Kent local authority districts.

Table 1: Resident based weekly earnings in Kent local authority districts

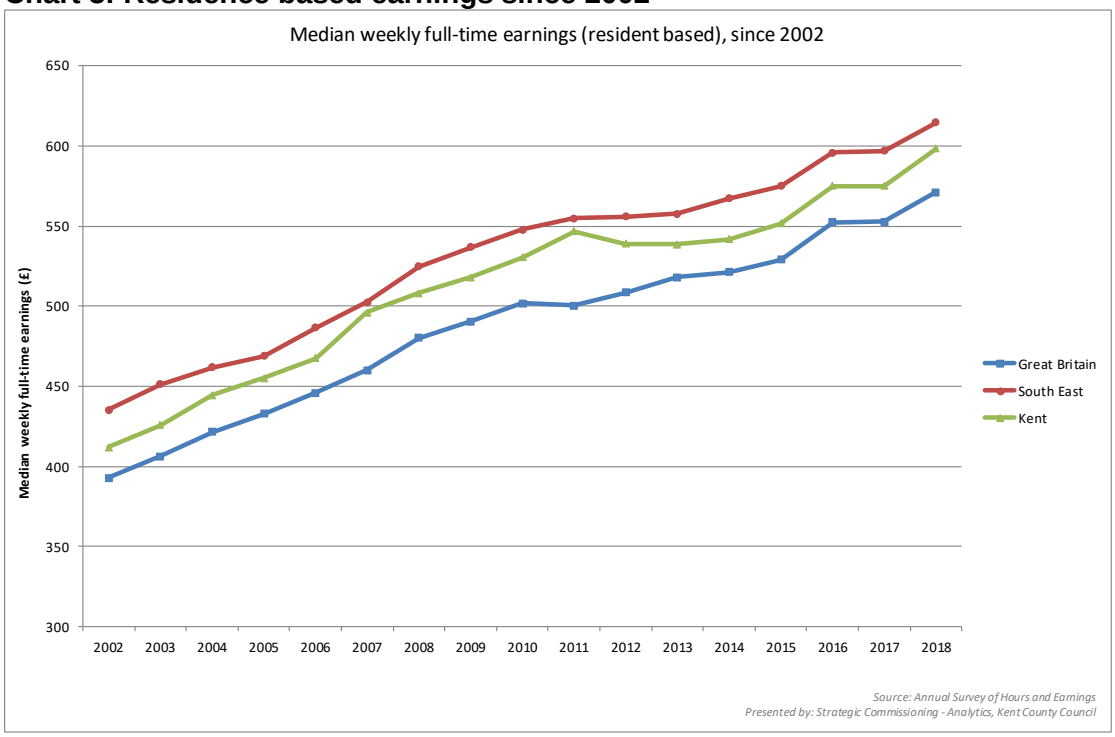
2018 Resident based weekly earnings	Total Males & Females			Total Males			Total Females		
Area	All workers	Full Time Workers	Part Time Workers	All workers	Full Time Workers	Part Time Workers	All workers	Full Time Workers	Part Time Workers
Ashford	£476.10	£574.90	£182.10	£587.90	£629.40	~	£358.20	£500.50	£183.50
Canterbury	£432.10	£578.40	£189.00	£589.50	£728.70	£195.50	£331.20	£462.60	£174.80
Dartford	£538.10	£634.90	£196.90	£658.80	£685.10	~	£404.20	£528.60	£171.80
Dover	£476.70	£566.80	£220.20	£545.10	£611.60	~	£445.20	£554.60	£203.70
Folkestone & Hythe	£443.70	£519.70	£197.50	£501.70	£608.10	£186.00	£364.90	£461.00	£200.10
Gravesham	£457.80	£576.90	£186.20	£597.00	£641.10	~	£330.90	£410.00	£180.90
Maidstone	£486.80	£589.50	£191.30	£574.90	£641.90	£194.10	£394.80	£538.80	£187.80
Sevenoaks	£498.30	£580.50	£210.50	£622.90	£699.50	~	£387.70	£498.30	£217.40
Swale	£499.20	£598.40	£207.10	£575.10	£599.10	£250.60	£385.80	£591.20	£179.80
Thanet	£390.00	£528.00	£195.40	£480.90	£547.90	~	£307.50	£474.00	£197.20
Tonbridge and Malling	£525.00	£649.70	£209.40	£689.20	£737.40	~	£417.20	£533.00	£224.90
Tunbridge Wells	£536.90	£667.20	£173.10	£603.70	£699.30	~	£429.60	£590.80	£194.60
Kent	**£478.10**	**£598.10**	**£195.70**	**£596.80**	**£657.80**	**£195.60**	**£378.00**	**£514.90**	**£195.60**
Medway	**£486.20**	**£588.50**	**£172.20**	**£609.40**	**£643.90**	**~**	**£353.00**	**£473.80**	**£174.50**
South East	**£496.20**	**£614.50**	**£188.40**	**£611.90**	**£670.80**	**£180.00**	**£387.40**	**£541.90**	**£191.20**
Great Britain	**£461.60**	**£571.10**	**£187.30**	**£557.10**	**£612.20**	**£178.50**	**£370.60**	**£510.00**	**£190.10**

~ : Figures are not available due to either supression because of statistical unreliability or the figures are missing from original data set
Source: Annual Survey of Hours and Earnings - resident analysis
Presented by: Strategic Commissioning - Analytics, Kent County Council

Overall earnings of people living in Kent have increased by 45.2% since 2002 equivalent to an increase of £186.30 per week. This is shown in chart 3.

The chart shows that Kent resident earnings have increased at a slightly faster rate over the last year (+4.0%) than was seen regionally (+3.0%) and nationally (+3.3%).

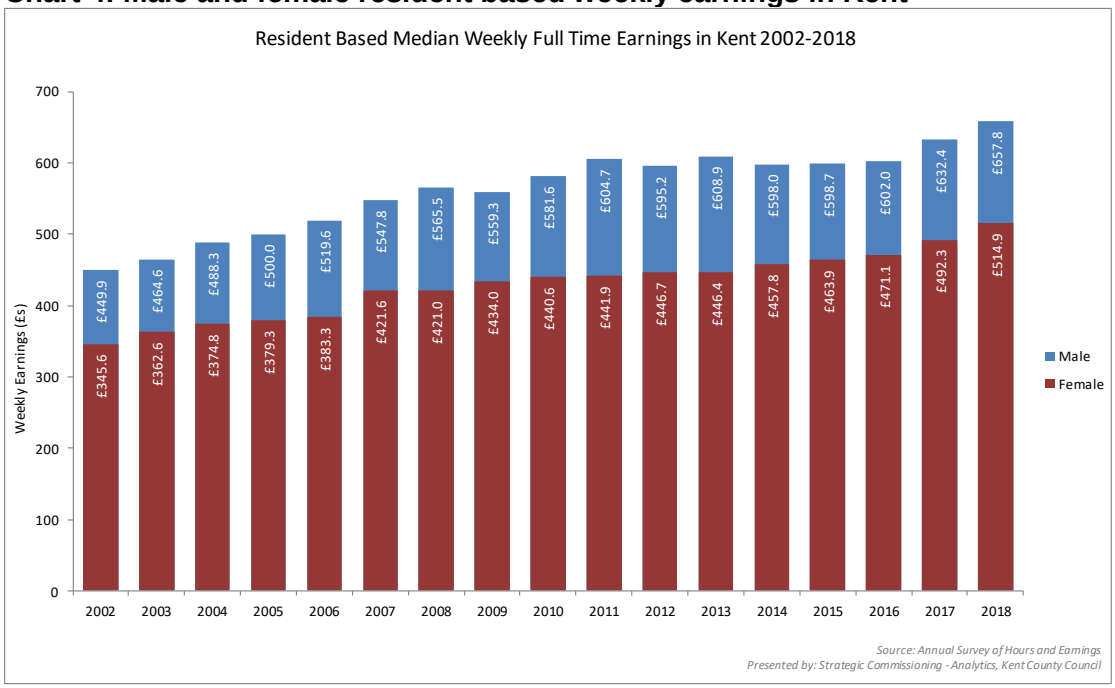
Chart 3: Residence based earnings since 2002



ASHE data can provide a comparison of male and female earnings. However this does not show differences in rates of pay for comparable jobs. This is because they do not allow for the different employment characteristics of men and women, such as the proportion in different occupations and their length of time in jobs.

Chart 4 shows how male and female residence based weekly earnings have grown in the Kent area since 2002. While both male and female earnings have grown, the difference between male and female earnings living in Kent has not changed greatly since 2002. Male earnings have always been higher than female earnings. This gap has gradually reduced both nationally and regionally however in Kent the gap between male and female earnings of Kent residents has changed very little since 2002. Male full time weekly earnings in 2002 were £104.30 greater than female earnings and £142.90 higher in 2017. In percentage terms male earnings were 23.2% higher than female earnings in 2002. In 2018 they were 21.7% higher. Nationally male earnings were 23.5% higher than females in 2002 and 16.7% higher in 2018.

Chart 4: Male and female resident based weekly earnings in Kent

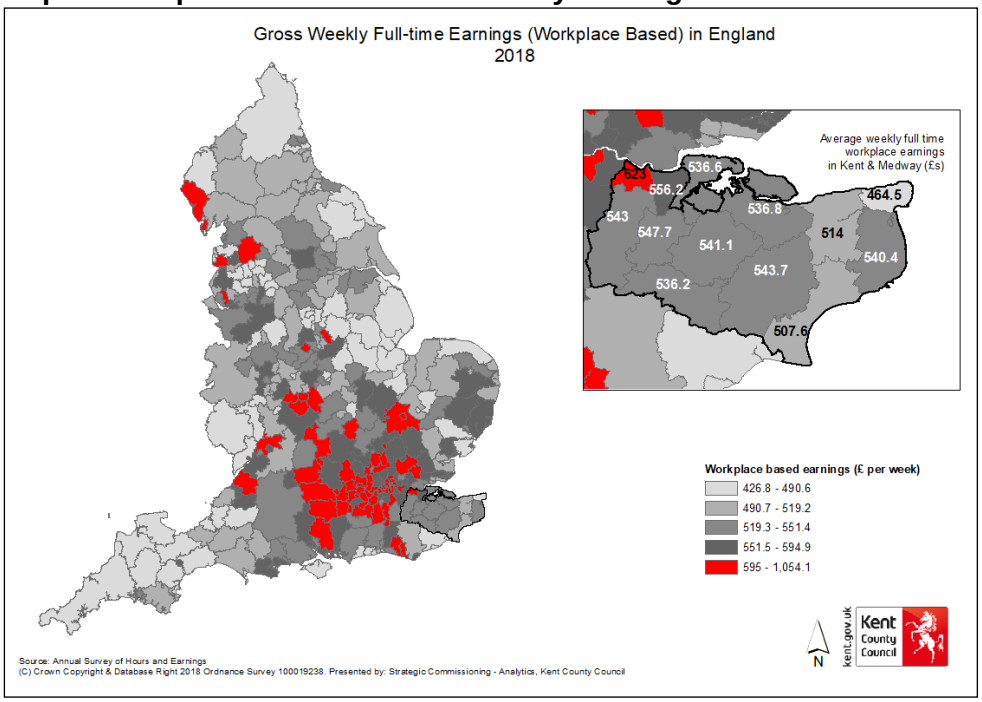


Workplace based earnings

Workplace based earnings show the amount a worker earns based on where they work.

Map 2 shows the weekly full time workplace based earnings in England. The map shows that those workers with the highest weekly earnings work in London and the areas to the west of London.

Map 2: Workplace based full time weekly earnings



In Kent Dartford district has workplace earnings within the top 20% in the country, while Thanet is within the 20% with the lowest.

Chart 5 shows the workplace based full time weekly earnings in 2018 in local authorities in the South East region and compares them to Great Britain as a whole. Of the twelve local authority districts in Kent only Dartford has workplace earnings above the national average. Thanet district has the second lowest workplace earnings in the South East.

Chart 5: Workplace based full time weekly earnings in South East local authorities

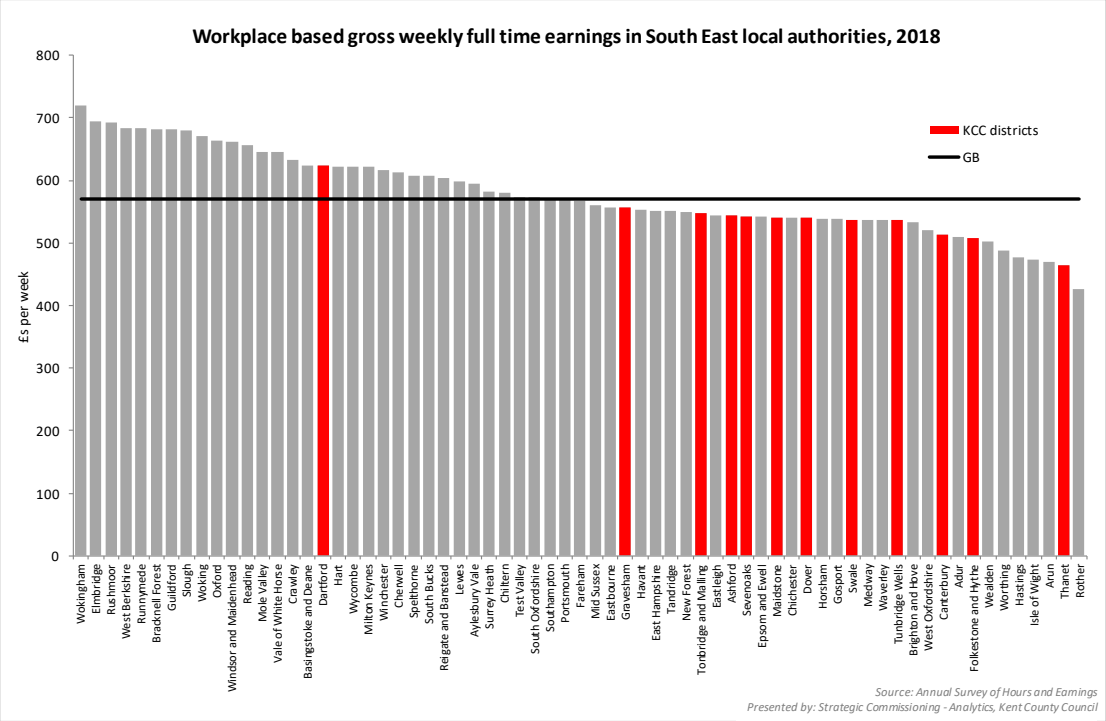


Chart 6 looks more closely at the earnings of people who work in Kent. People who work in Kent have average weekly full time earnings of £542.00. This is below the national earnings of £570.90 and the South East earnings of £589.20. The chart shows that one Kent districts, Dartford (£602.00), has workplace weekly earnings above the national level. The lowest workplace earnings in Kent are in Thanet district, with weekly earnings of £464.50.

Chart 6: Workplace based weekly earnings in Kent local authority districts

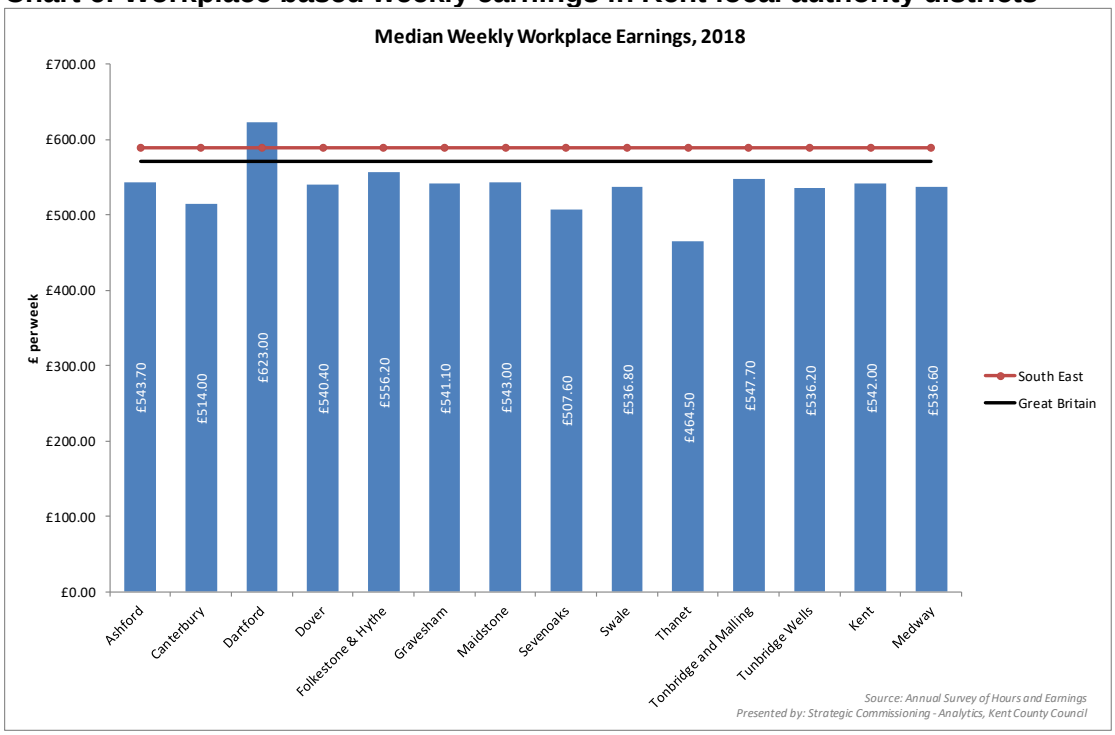


Table 2 shows the full time and part time weekly earnings of males and females working in Kent local authority districts.

Table 2: Workplace based weekly earnings in Kent local authority districts

Workplace based 2018	Total Males & Females			Total Males			Total Females		
Area	All workers	Full Time Workers	Part Time Workers	All workers	Full Time Workers	Part Time Workers	All workers	Full Time Workers	Part Time Workers
Ashford	£440.70	£543.70	£193.90	£539.00	£608.90	#	£397.10	£473.80	£194.90
Canterbury	£367.70	£514.00	£176.30	£470.10	£603.80	£172.40	£336.90	£472.80	£179.50
Dartford	£493.90	£623.00	£216.40	£666.40	£692.50	#	£331.60	£482.80	£216.80
Dover	£459.70	£540.40	£209.10	£519.30	£560.20	#	£368.90	£515.80	£201.50
Folkestone & Hythe	£402.80	£507.60	£164.30	£469.10	£568.70	£161.80	£307.70	£437.70	£164.20
Gravesham	£411.50	£556.20	£156.00	£610.30	£679.80	#	£291.50	£405.30	£152.90
Maidstone	£456.10	£541.10	£167.60	£555.00	£574.80	#	£339.80	£453.00	£168.00
Sevenoaks	£446.90	£543.00	£163.50	£520.60	£577.30	#	£379.90	£498.30	£165.40
Swale	£430.10	£536.80	£208.10	£504.70	£531.70	#	£345.60	£542.70	£177.10
Thanet	£347.10	£464.50	£193.00	£425.30	£514.00	#	£295.60	£449.60	£197.70
Tonbridge and Malling	£441.40	£547.70	£197.10	£499.20	£552.20	£192.80	£375.90	£532.60	£205.70
Tunbridge Wells	£430.80	£536.20	£159.50	£498.20	£542.50	#	£391.50	£511.30	£170.00
Kent	**£431.10**	**£542.00**	**£187.30**	**£529.20**	**£591.60**	**£183.90**	**£346.50**	**£479.10**	**£187.70**
Medway	**£439.90**	**£536.60**	**£176.90**	**£538.10**	**£600.00**	**£187.00**	**£329.70**	**£449.20**	**£176.10**
South East	**£478.10**	**£589.20**	**£187.00**	**£578.40**	**£635.00**	**£175.60**	**£375.60**	**£521.70**	**£190.00**
Great Britain	**£461.30**	**£570.90**	**£187.30**	**£556.50**	**£611.80**	**£177.80**	**£370.30**	**£509.80**	**£189.90**

~ : Figures are not available due to either supression because of statistical unreliability or the figures are missing from original data set
Source: Annual Survey of Hours and Earnings - workplace analysis Office for National Statistcs (ONS) © Crown Copyright
Presented by: Strategic Commissioning - Analytics, Kent County Council

Chart 7 shows how workplace based earnings have grown since 1998. Kent workplace earnings have always been below the national and regional average. Kent (+4.3%) saw higher growth in weekly earnings than both the South East (+2.5%) and Great Britain (+3.4%).

Chart 7: Workplace based earnings since 1998

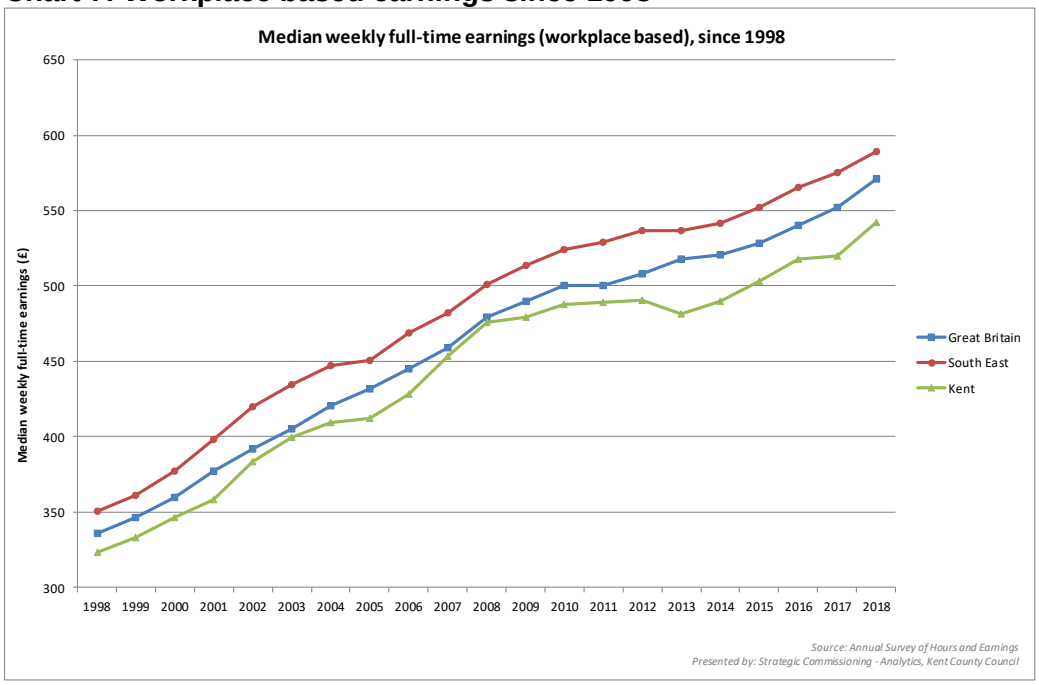
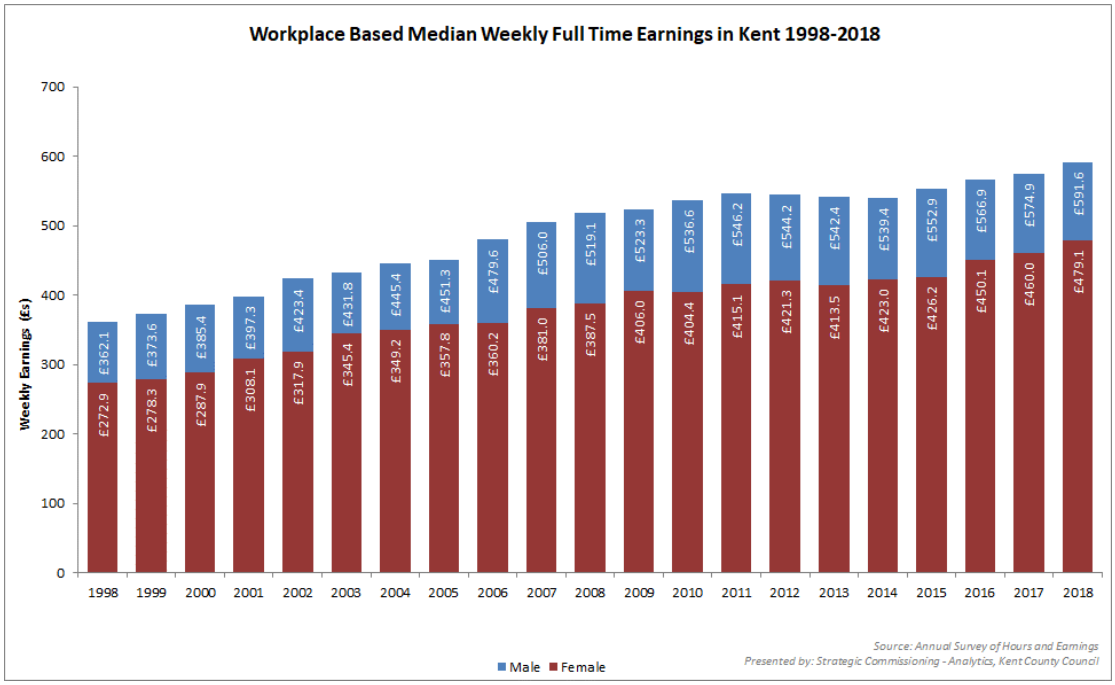


Chart 8 shows how male and female workplace based full time weekly earnings have grown in Kent as a whole since 1998. Male earnings have grown by 46.5% (+£168.20) and female earnings by 59.1% (£161.20).

The difference between the earnings for males and females working in Kent has fluctuated since 1998. The difference between male and female full time weekly earnings in 1998 was £89.20, males being paid 24.6% more than females. In 2018 male earnings were 19.0% higher than female earnings, equivalent to £112.50 per week difference.

Chart 8: Male and female workplace based weekly earnings in Kent



Workplace and resident based earnings comparison

The earnings for people who work in Kent are lower than the earnings of workers who live in Kent. Kent is a net exporter of labour and most of those who live in Kent but work elsewhere go to London to work where the salaries are higher.

In Kent as a whole, people who work in the county have full time weekly earnings which are £56.10 or 9.4% lower than for those who live in the county. In Kent local authority districts the biggest difference can be seen in Tunbridge Wells district where workplace earnings are 19.6% lower (£131.00) than resident earnings. This is shown in table 3.

Table 3: Comparison of resident and workplace based full time weekly earnings

2018	Resident	Workplace	Difference (£s)	Difference (%)
Ashford	£574.90	£543.70	-£31.20	-5.4%
Canterbury	£578.40	£514.00	-£64.40	-11.1%
Dartford	£634.90	£623.00	-£11.90	-1.9%
Dover	£566.80	£540.40	-£26.40	-4.7%
Shepway	£519.70	£507.60	-£12.10	-2.3%
Gravesham	£576.90	£556.20	-£20.70	-3.6%
Maidstone	£589.50	£541.10	-£48.40	-8.2%
Sevenoaks	£580.50	£543.00	-£37.50	-6.5%
Swale	£598.40	£536.80	-£61.60	-10.3%
Thanet	£528.00	£464.50	-£63.50	-12.0%
Tonbridge and Malling	£649.70	£547.70	-£102.00	-15.7%
Tunbridge Wells	£667.20	£536.20	-£131.00	-19.6%
Kent	£598.10	£542.00	**-£56.10**	**-9.4%**
Medway	£588.50	£536.60	-£51.90	-8.8%
South East	£614.50	£589.20	**-£25.30**	**-4.1%**
Great Britain	£571.10	£570.90	**-£0.20**	**0.0%**

Source: ONS - Annual Survey of Hours and Earnings
Presented by: Strategic Commissioning - Analytics, Kent County Council

The next update to the Annual Survey of Hours and Earnings is due in autumn 2019 and this bulletin will be revised accordingly.

Gross Disposable Household Income (GDHI), 2016

Related bulletins:

Gross Value Added (GVA)

Earnings in Kent

Small Area Income Estimates

This bulletin presents the latest Gross Disposable Household Income (GDHI) estimates published by the Office for National Statistics in 2018. The most recent data is for the year 2016 but a time series from 1997 is presented. The GDHI for Kent residents is compared to the regional and national average, along with other areas in the South East.

Gross Disposable Household Income represents the amount of money individuals have to spend on goods and services, to save or invest, after taxes, National Insurance, pension contributions and interest have been paid

Further information

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Summary

- The total gross disposable household income estimate for Kent was £30,990 million in 2016. This equates to £20,118 per resident, a decrease of 1.1% from the previous year.
- In Great Britain GDHI was estimated at £19,541 per person
- Tunbridge Wells has the highest GDHI per head in Kent (£25,407)
- Only three Kent districts (Dartford, Gravesham & Swale) saw an increase in disposable income per person since last year
- Thanet district has the lowest GDHI per head in Kent (£17,009)

Introduction

Gross disposable household income represents the amount of money individuals have to spend on goods and services, to save or invest, after taxes, National Insurance, pension contributions and interest have been paid.

Data used in the production of these estimates comes from a range of sources (e.g. HMRC, MHCLG). Information on the methodology used by the Office for National Statistics to calculate GDHI can be found on their Regional Accounts webpages.

Gross disposable household income estimates are produced on a residence basis. This means that incomes of individuals are allocated to the area in which they live.

The latest estimates are at current basic prices and do not allow for changes in prices over time (inflation) or differences in regional price levels (purchasing power).

This bulletin presents total GDHI and GDHI per head of population for Kent and its 12 local authority districts. Statistics for the South East Region and national figures are presented for comparison.

The figures are provisional and the whole series is subject to later revision by the Office for National Statistics.

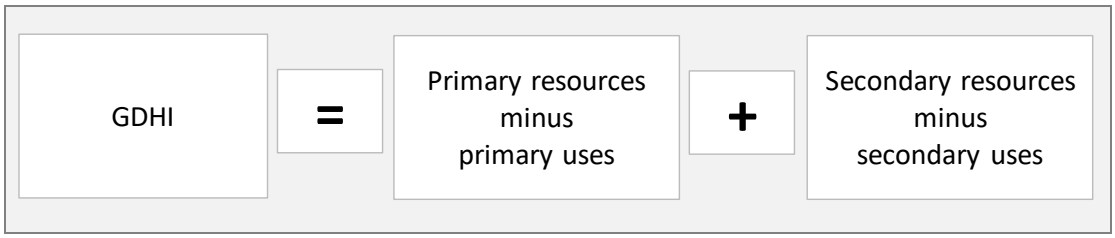
The 2017 estimates of gross disposable household income are due for release in April 2019.

Gross disposable household income

Gross disposable household income (GDHI) is the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect.

GDHI estimates relate to totals for all individuals within an area rather than to an average household or family unit. The household sector comprises all individuals in an economy, including people living in traditional households as well as those living in institutions such as retirement homes and prisons.

GDHI is calculated by adding the balance of primary income (primary resources minus primary uses) and the balance of secondary income (secondary resources minus secondary uses). Resources are money coming in (e.g. earnings, income from assets) and uses are money going out (e.g. taxes, pension contributions, interest on property loans, land rent).



Components of gross disposable household income

Primary resources include:

Gross operating surplus - the household sector account relates to the household sector's rental income from buildings, including the imputed rental of owner-occupier dwellings.

Mixed income - mainly comprising income from self employment

Compensation of employees - the remuneration payable by an employer to an employee in return for the services of labour. It includes wages and salaries in cash or income in kind (e.g. free board and lodging) and the social contributions (actual or imputed) paid by employers for the benefit of their employees (e.g. social security). Employers' social contributions are regarded as a part of employees' remuneration, although not paid to the employee directly. They may be actual or imputed and secure entitlements for the employee to social benefits

Property income received - income from the ownership of financial assets and tangible non produced assets (land and sub-soil assets)

Primary uses include just one component:

Property income paid comprises interest (paid on consumer or housing loans) and rent on land.

Secondary resources include two sub-components:

Imputed social contributions - those paid directly by employers to their current employees and/or former employees, as well as other eligible persons. Payments are made directly to the entitled individuals without involving a social security fund, insurance enterprise, autonomous pension fund or the like. Social benefits other than social transfers in kind are divided into four sub-components: social security benefits in cash, privately funded benefits, unfunded employee social benefits and social assistance in cash.

Other current transfers received - these are unrequited payments, with nothing received in exchange. In the household sector this comprises non-life insurance claims and miscellaneous current transfers.

Secondary uses include three sub-components:

Current taxes on income and wealth - compulsory, unrequited payments made by the household sector to the government sector and are sub-divided into taxes on income and other current taxes

Social contributions/social benefits paid - made by individuals to social insurance schemes to make provision for social benefits (for example, State Pension).

Other current transfers - on the uses side of the allocation of secondary income account are sub-divided into non-life insurance premiums and miscellaneous current transfers.

Total GDHI

Table 1 shows the total GDHI in Kent, the South East and Great Britain as a whole.

The total disposable household income for Kent residents in 2016 was £30,990 million and accounts for 2.5% of the total national GDHI. Over the last year Kent saw a slight fall in total disposable income while nationally and regionally there was a small increase.

Table 1: Total GDHI (£million) - 2016

2016	Total GDHI (£ million)	% Share of total GB GDHI	Total GDHI % change 2015-2016	Total GDHI % 5 year change 2011-2016
Kent	30,990	2.5	-0.02	20.0
South East	202,056	16.2	1.2	21.9
GB	1,246,427	100	1.5	21.4

Source: ONS

Presented by: Strategic Commissioning - Analytics, Kent County Council

Total GDHI has grown steadily since 1997. Overall Kent total GDHI has grown at a slightly faster rate than seen regionally and nationally, Kent saw a small decrease over the last year.

Chart 1: Growth in total GDHI (Index 1997=100).

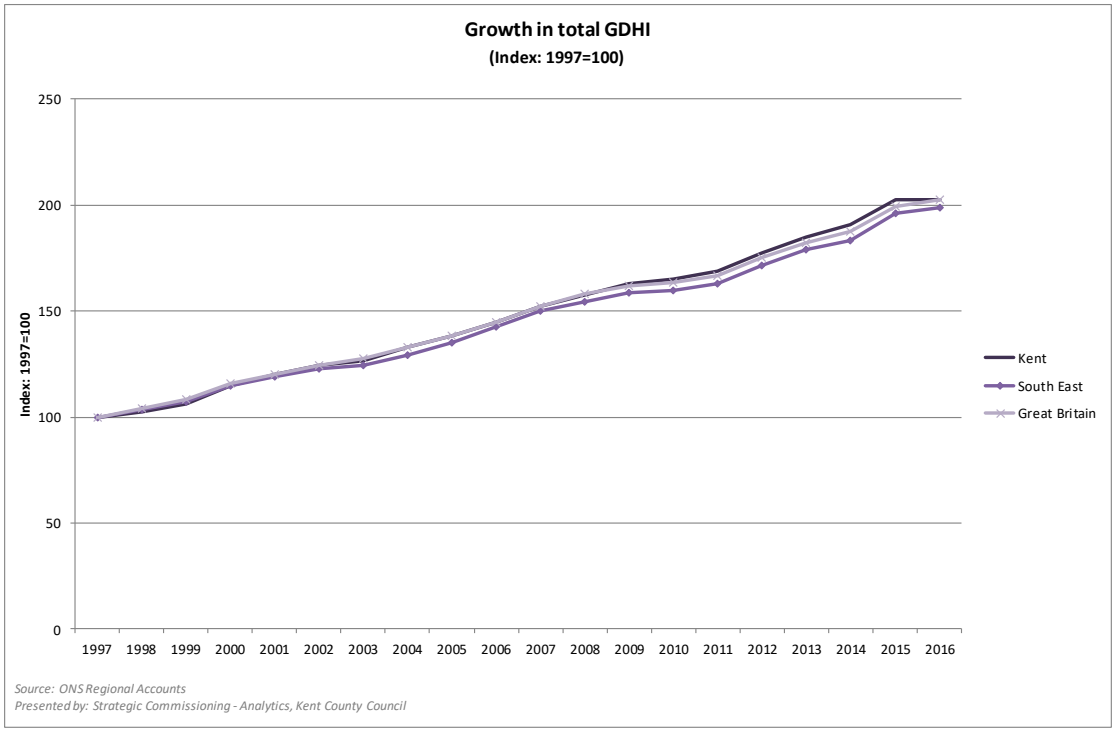


Table 2 shows the total GDHI in Kent districts. Maidstone, Tonbridge & Malling and Canterbury districts had the highest total GDHI in Kent, accounting for almost a third of the total GDHI in Kent.

Over the last year Dartford district saw the highest percentage growth in total GDHI. Five districts saw total GDHI fall since the previous year.

Table 2: Total GDHI in Kent districts

2016	Total GDHI (£ million)	% Share of total Kent GDHI	Total GDHI % change 2015-2016	Total GDHI % 5 year change 2011-2016
Ashford	2,498	8.1	0.0	19.5
Canterbury	3,035	9.8	1.5	24.7
Dartford	2,044	6.6	2.5	25.6
Dover	1,991	6.4	0.4	17.0
Folkestone & Hythe	1,931	6.2	0.2	15.6
Gravesham	1,960	6.3	1.1	19.8
Maidstone	3,380	10.9	-0.2	19.1
Sevenoaks	2,979	9.6	-2.6	17.9
Swale	2,600	8.4	2.0	20.8
Thanet	2,395	7.7	-0.3	18.7
Tonbridge and Malling	3,195	10.3	-1.3	22.5
Tunbridge Wells	2,982	9.6	-1.6	17.9
Kent	**30,990**	**100.0**	0.0	20.0

Source: ONS

Presented by: Strategic Commissioning - Analytics, Kent County Council

Table 3 shows the total monetary components of gross disposable household income of residents in Kent for 2016.

Table 3: Components of GDHI in Kent 2016

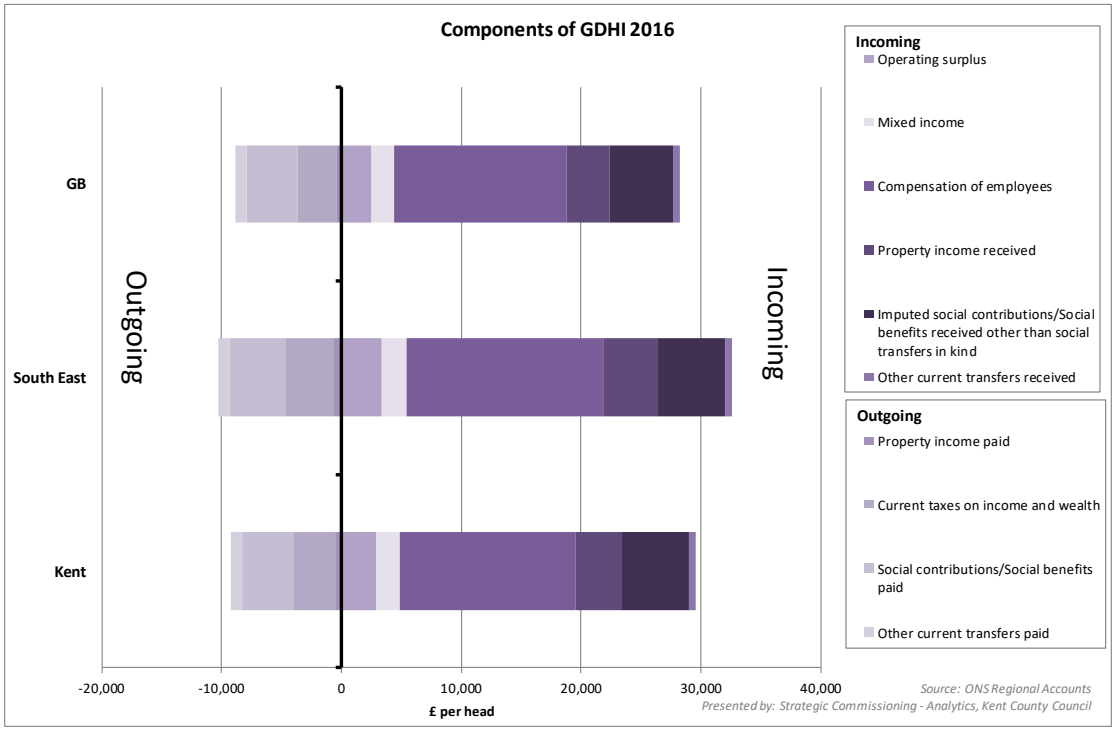
Kent 2016			£ (m)	£ per head
Incoming	**Primary Resources**	Operating surplus	4,518	2,902
		Mixed income	3,258	2,011
		Compensation of employees	22,544	14,665
		Property income received	5,478	3,839
	Secondary Resources	Imputed social contributions/Social benefits received other than social transfers in kind	8,720	5,609
		Other current transfers received	807	544
Outgoing	**Primary uses**	Property income paid	746	499
	Secondary uses	Current taxes on income and wealth	5,433	3,526
		Social contributions/Social benefits paid	6,729	4,281
		Other current transfers paid	1,427	915
	Total	**Disposable income**	**30,990**	**20,351**

Source: ONS - Regional Household Income, Regional Gross Disposable Household Income (GDHI)

Presented by: Strategic Commissioning - Analytics, Kent County Council

Chart 2 shows the components of GDHI per head of population for residents in Kent, the South East Region and Great Britain in 2016.

Chart 2: Components of GDHI per head, 2016



GDHI per head

By calculating GDHI per head of population this enables us to compare areas of differing size.

Table 4 shows the GDHI per head for Kent, the South East and Great Britain in 2016. GDHI per head in Kent was higher than was seen nationally but lower than the regional estimate for the South East.

Over the last year Kent saw a reduction in GDHI per head while nationally and regionally there was a slight increase.

Table 4: Total GDHI in Kent districts

2016	GDHI per head (£)	GDHI per head % change 2015-2016	GDHI per head % 5 year change 2011-2016
Kent	20,118	-1.1	14.2
South East	22,375	0.3	16.8
GB	19,541	0.7	17.0

Source: ONS

Presented by: Strategic Commissioning - Analytics, Kent County Council

Chart 3 shows the change in GDHI per head since 1997. GDHI per head has grown steadily. Kent is always slightly below the regional average but always higher than is seen nationally.

Chart 3: GDHI per head, 1997 to 2015

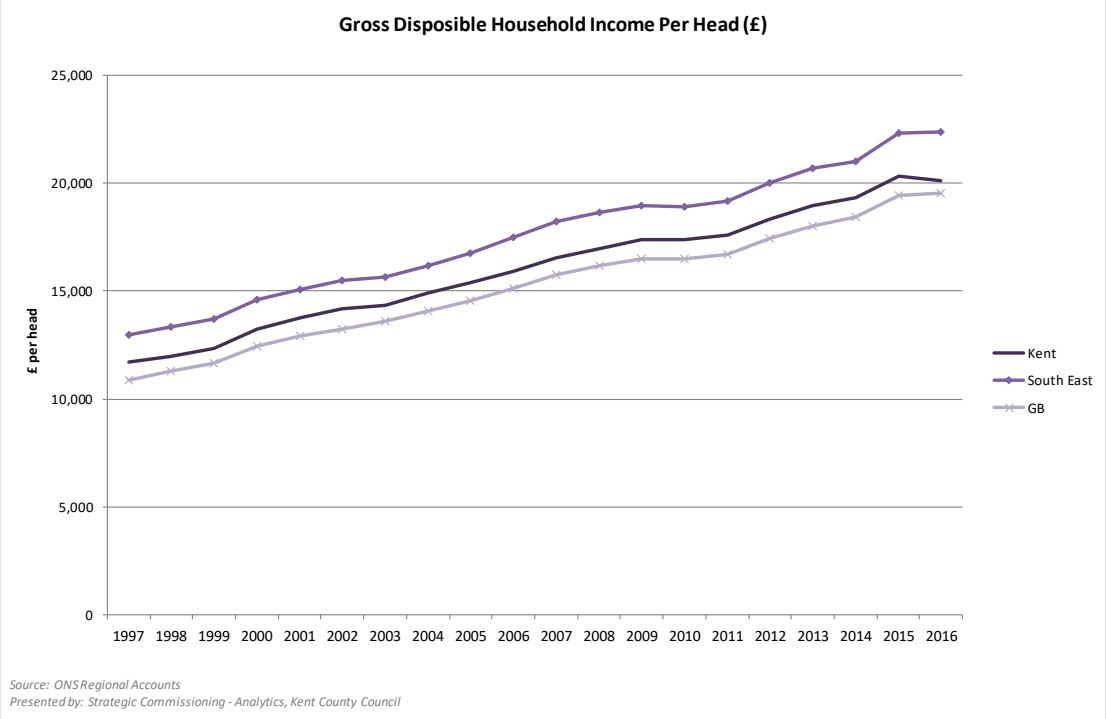


Chart 4 shows Kent's position in relation to other counties and unitary authorities in Great Britain in 2016.

Chart 4: GDHI per head in counties and unitaries, 2015

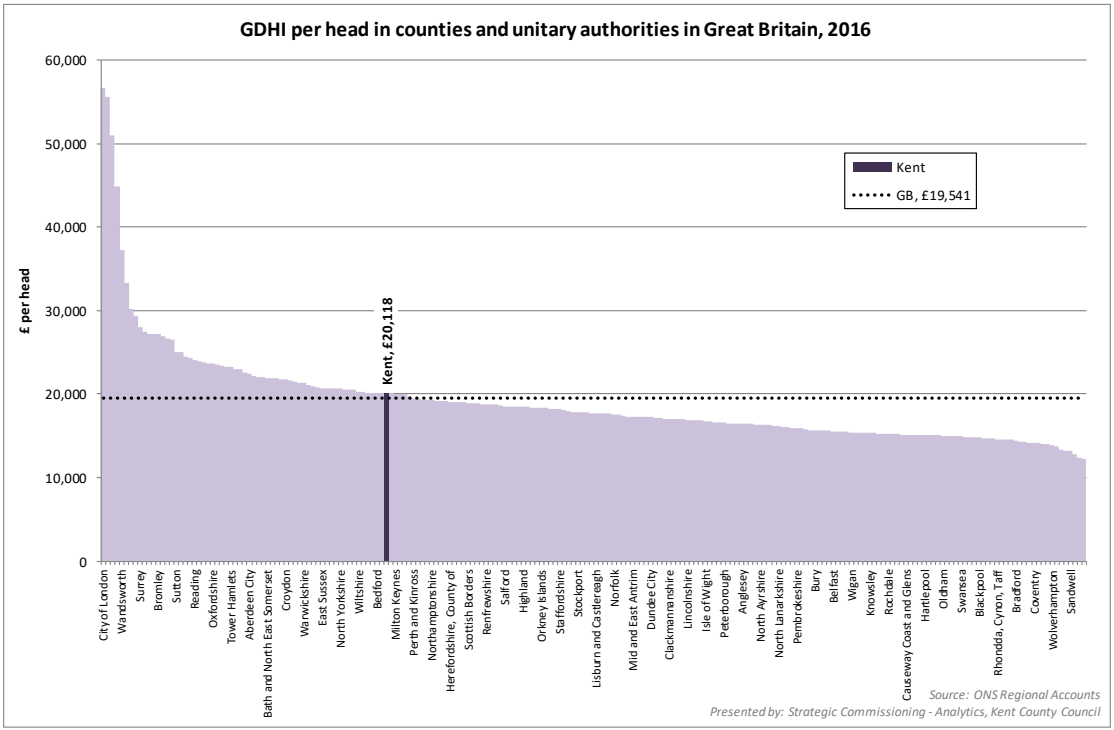


Table 5 shows GDHI per head in Kent districts. Tunbridge Wells district had the highest GDHI per head in Kent. Only three districts saw an increase in disposable income since the previous year, Dartford (+1.0%), Gravesham (+0.7%) and Swale (+0.3%). Sevenoaks district saw the largest fall in GDHI per head falling by 3.3% (£864 per person) since 2015.

Table 5: GDHI per head in Kent districts

2016	GDHI per head (£)	GDHI per head % change 2015-2016	GDHI per head % 5 year change 2011-2016
Ashford	19,843	-1.5	12.4
Canterbury	18,679	-0.3	15.6
Dartford	19,449	1.0	16.6
Dover	17,378	-0.6	14.1
Folkestone & Hythe	17,390	-0.9	12.6
Gravesham	18,453	0.7	14.8
Maidstone	20,398	-1.2	12.0
Sevenoaks	25,029	-3.3	14.3
Swale	17,942	0.3	13.6
Thanet	17,009	-1.0	13.3
Tonbridge and Malling	25,094	-2.5	16.5
Tunbridge Wells	25,407	-2.2	15.7
Kent	**20,118**	**-1.1**	**14.2**

Source: ONS

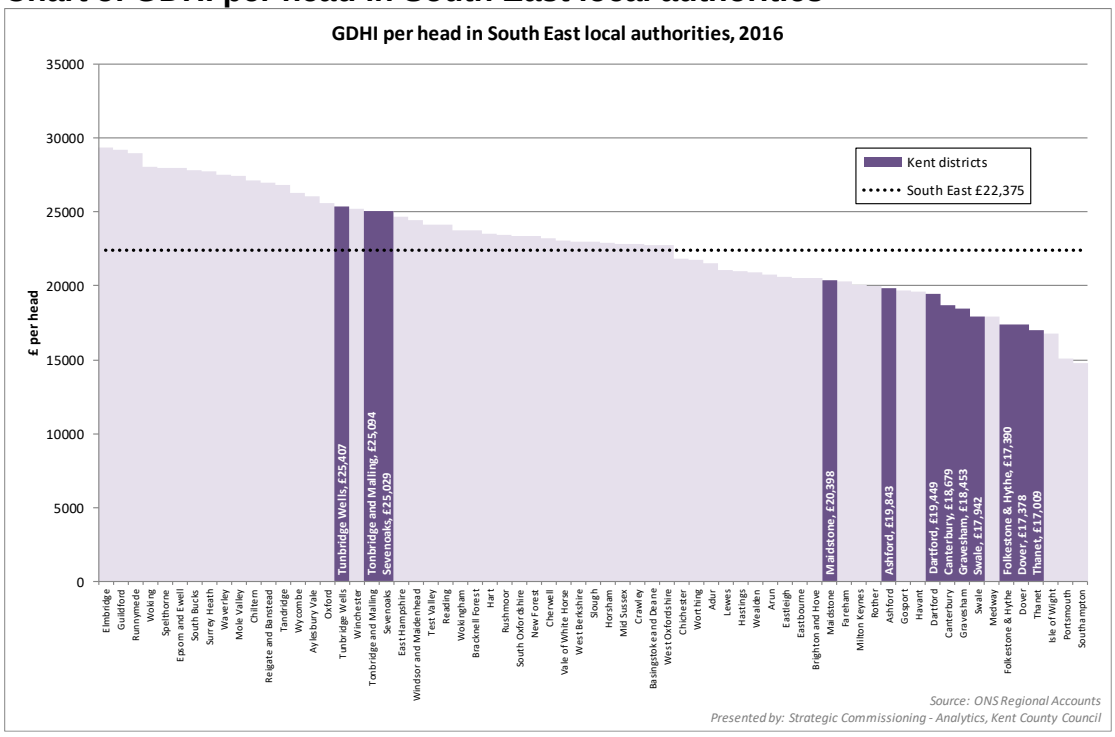
Presented by: Strategic Commissioning - Analytics, Kent County Council

Chart 5 shows the position of Kent districts compared to other authorities in the region.

No Kent district was within the top 20% of authorities in the South East with the highest GDHI per head, while seven districts (Dartford, Canterbury, Gravesham, Swale, Folkestone and Hythe, Dover and Thanet) were within the 20% with the lowest disposable income per person.

Three districts (Tunbridge Wells, Sevenoaks and Tonbridge & Malling) had GDHI per person above the South East average. Thanet has the fourth lowest GDHI per head in the region.

Chart 5: GDHI per head in South East local authorities



Source: ONS Regional Accounts

Presented by: Strategic Commissioning - Analytics, Kent County Council

KENT PUBLIC HEALTH OBSERVATORY

Living Well: Overview

Living well in Kent (Districts)

Contents

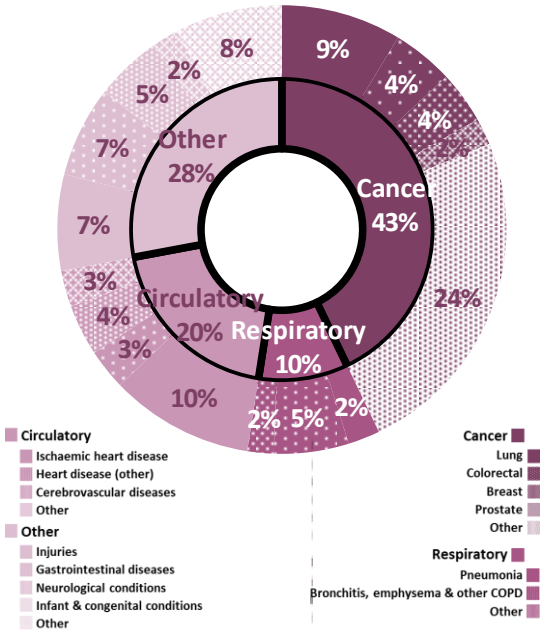
User guide

Living Well: Kent

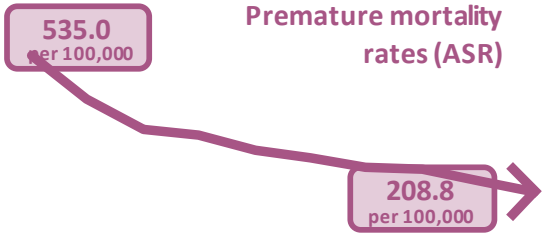
KENT PUBLIC HEALTH OBSERVATORY
Heath and Social Care Maps

PREMATURE DEATHS
(under 75 years)

Cause of death

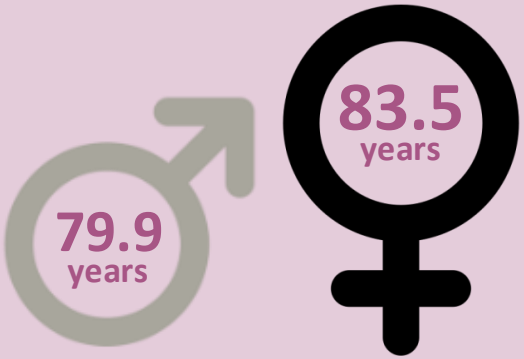


Inequalities by deprivation

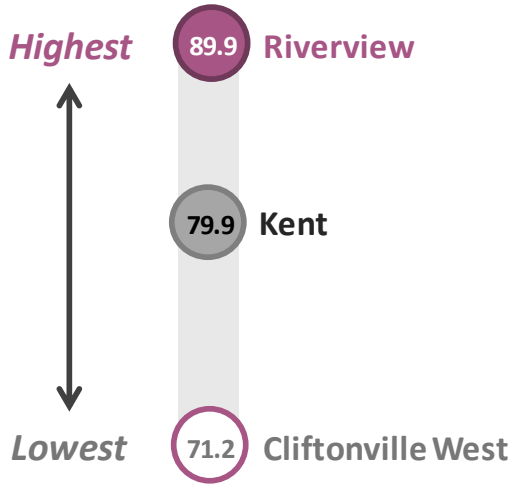


Source: PCMD, 2017, 2013-2017

LIFE EXPECTANCY
at birth



Ward-level life expectancy (men)



Source: PCMD, 2013-2017

LONG TERM CONDITIONS
recorded prevalence

Diabetes
6.6%
Ages 17+

Hypertension
14.8%
All ages

Asthma
5.5%
All ages

COPD
2.0%
All ages

Source: QOF, 2017/18

MENTAL HEALTH

Depression

10.4%
Of adults recorded by their GP as having depression

Emergency hospital admissions
for serious mental health conditions

2,195
in 2017/18

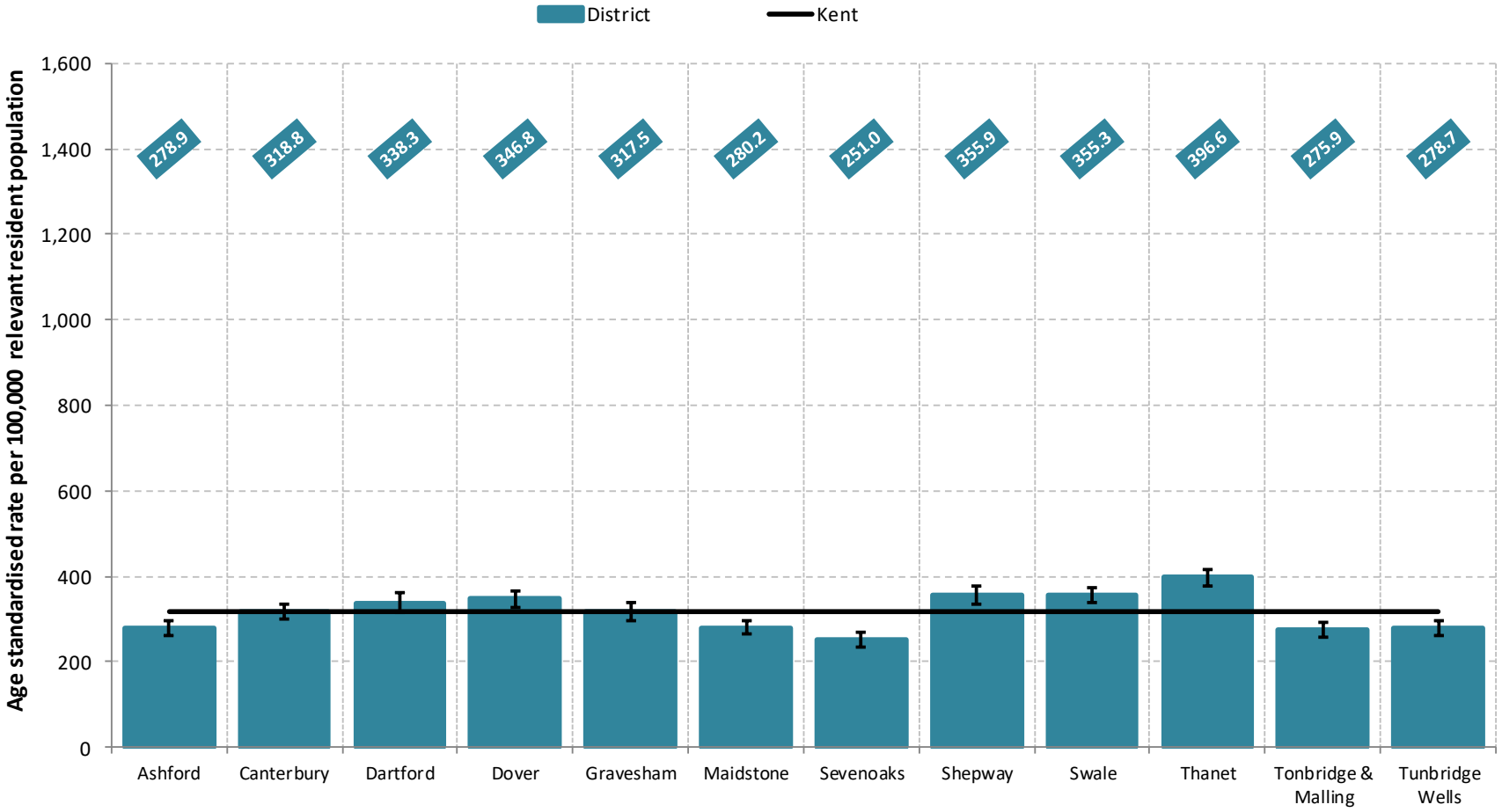
Source: QOF, 2017/18; HES,

Premature mortality

- Premature mortalty from all causes
- Causes of premature death

Premature mortality from all causes: by district

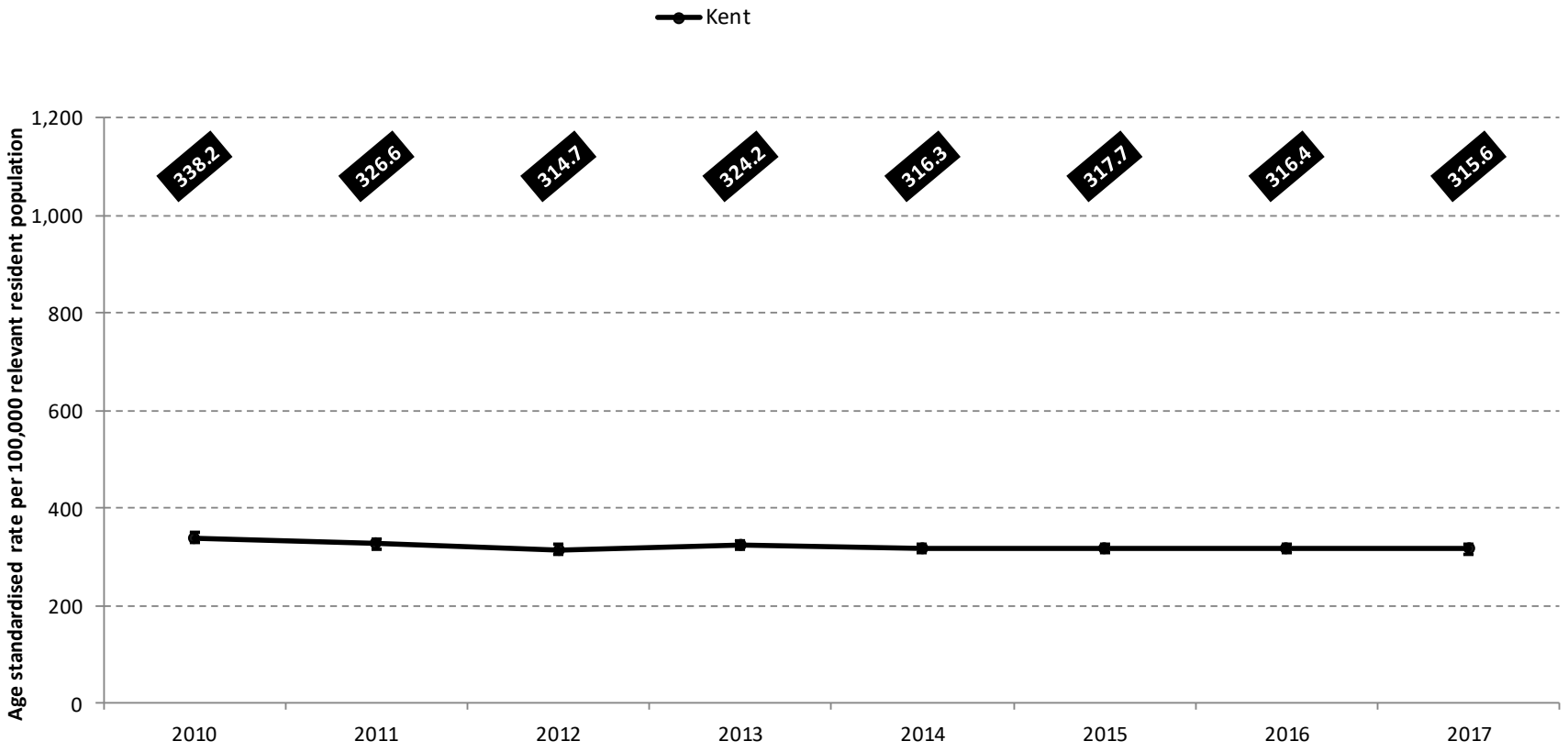
Age standardised rate per 100,000 people aged under 75 years, classified by underlying cause of death (ICD-10: A00-Y99), 2015-2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Premature mortality from all causes: trend

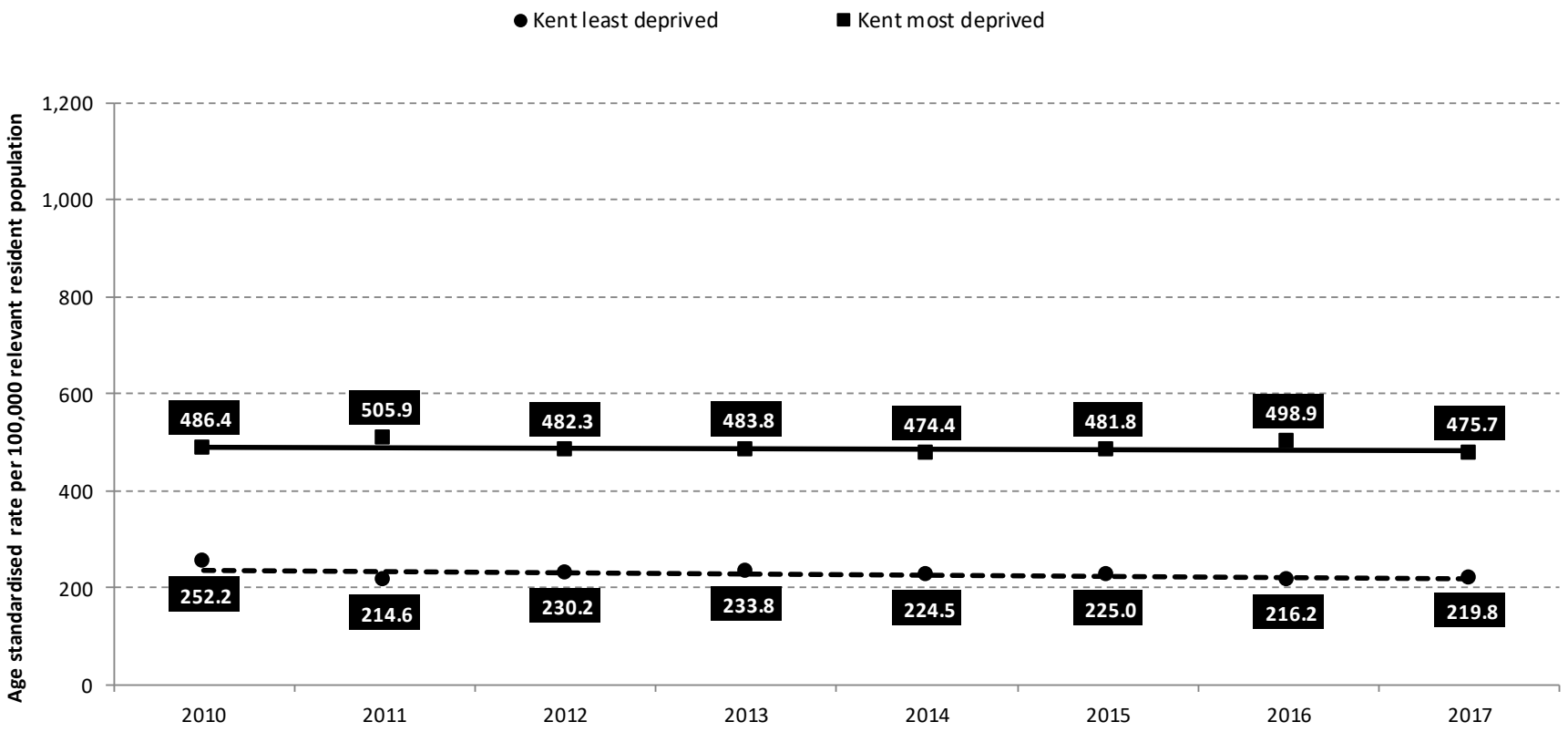
Age standardised rate per 100,000 people aged under 75 years, classified by underlying cause of death (ICD-10:A00-Y99), 2010 to 2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Premature mortality from all causes: by deprivation

Age standardised rate per 100,000 people aged under 75 years, classified by underlying cause of death (ICD-10: A00-Y99), 2010 to 2017



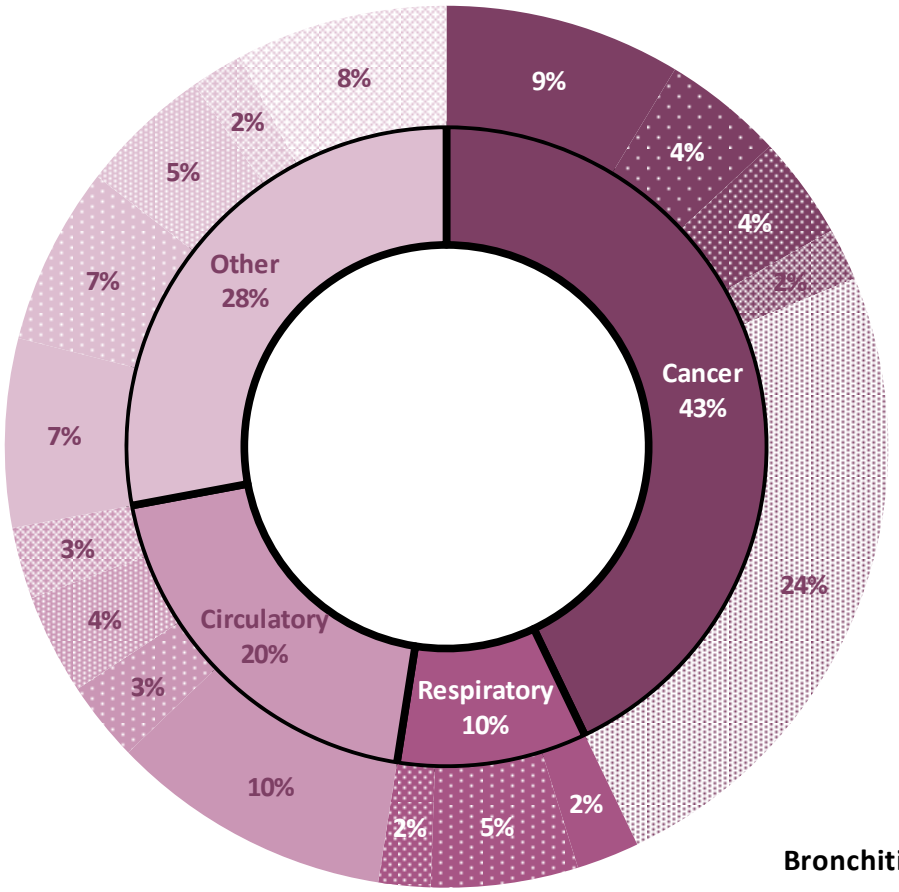
Least deprived trend - stable

Most deprived trend - stable

Source: PCMD, prepared by KPHO (RK), Nov-18

Causes of premature mortality

Underlying cause of death for persons aged under 75 years, 2017



Circulatory
- Ischaemic heart disease
- Heart disease (other)
- Cerebrovascular diseases
- Other

Other
- Injuries
- Gastrointestinal diseases
- Neurological conditions
- Infant & congenital conditions
- Other

Cancer
- Lung
- Colorectal
- Breast
- Prostate
- Other

Respiratory
- Pneumonia
- Bronchitis, emphysema & other COPD
- Other

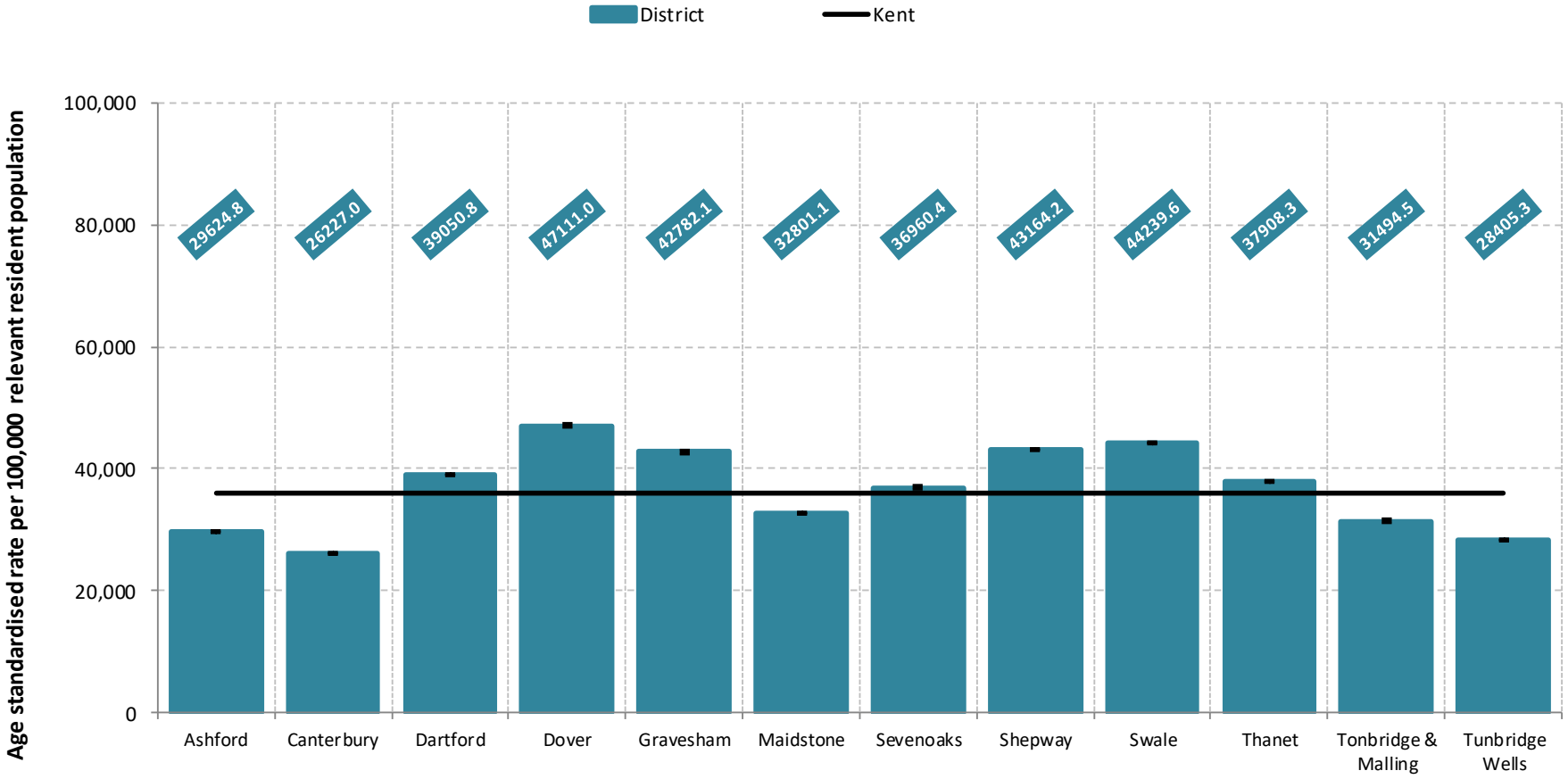
Source: PCMD, prepared by KPHO (RK), Jul-18

Healthcare usage

- A&E attendances
- Elective hospital admissions
- Emergency hospital admissions

Accident & Emergency attendances: by district

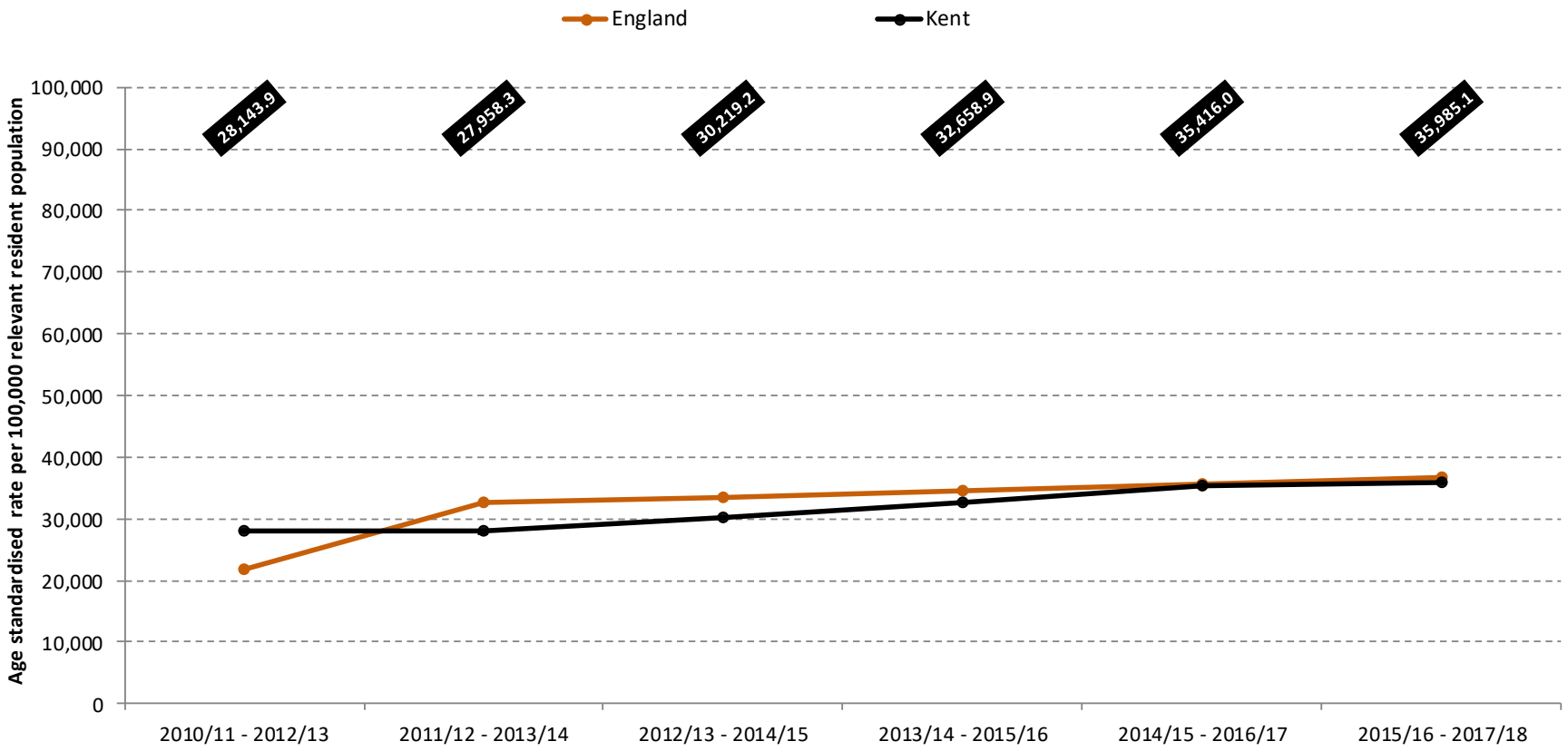
Age standardised rate per 100,000 resident population, 2015/16-2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Accident & Emergency attendances: trend

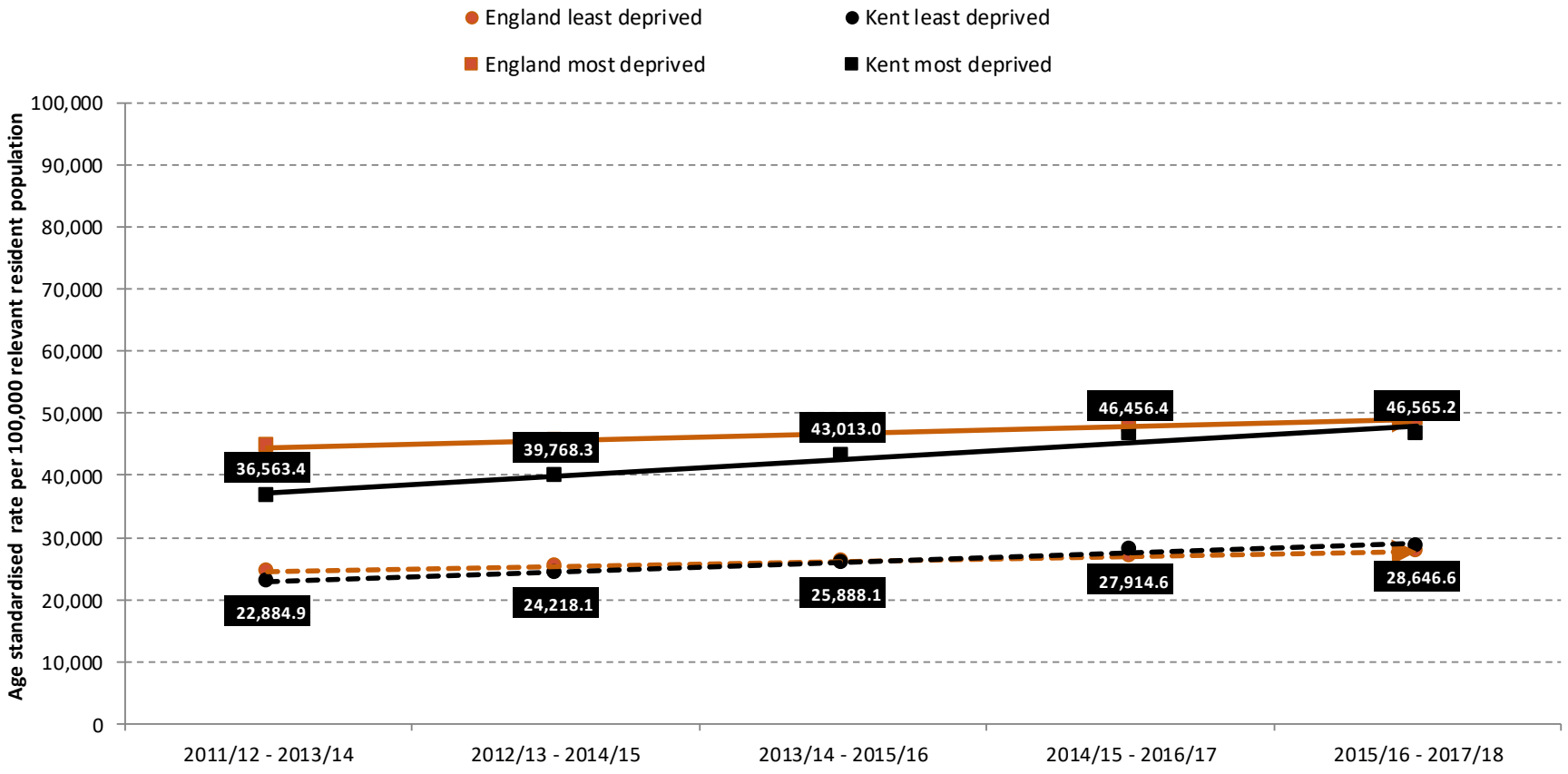
Age standardised rate per 100,000 resident population, 2010/11 - 2012/13 to 2015/16 - 2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Accident & Emergency attendances: by deprivation

Age standardised rate per 100,000 resident population, 2011/12 - 2013/14 to 2015/16 - 2017/18



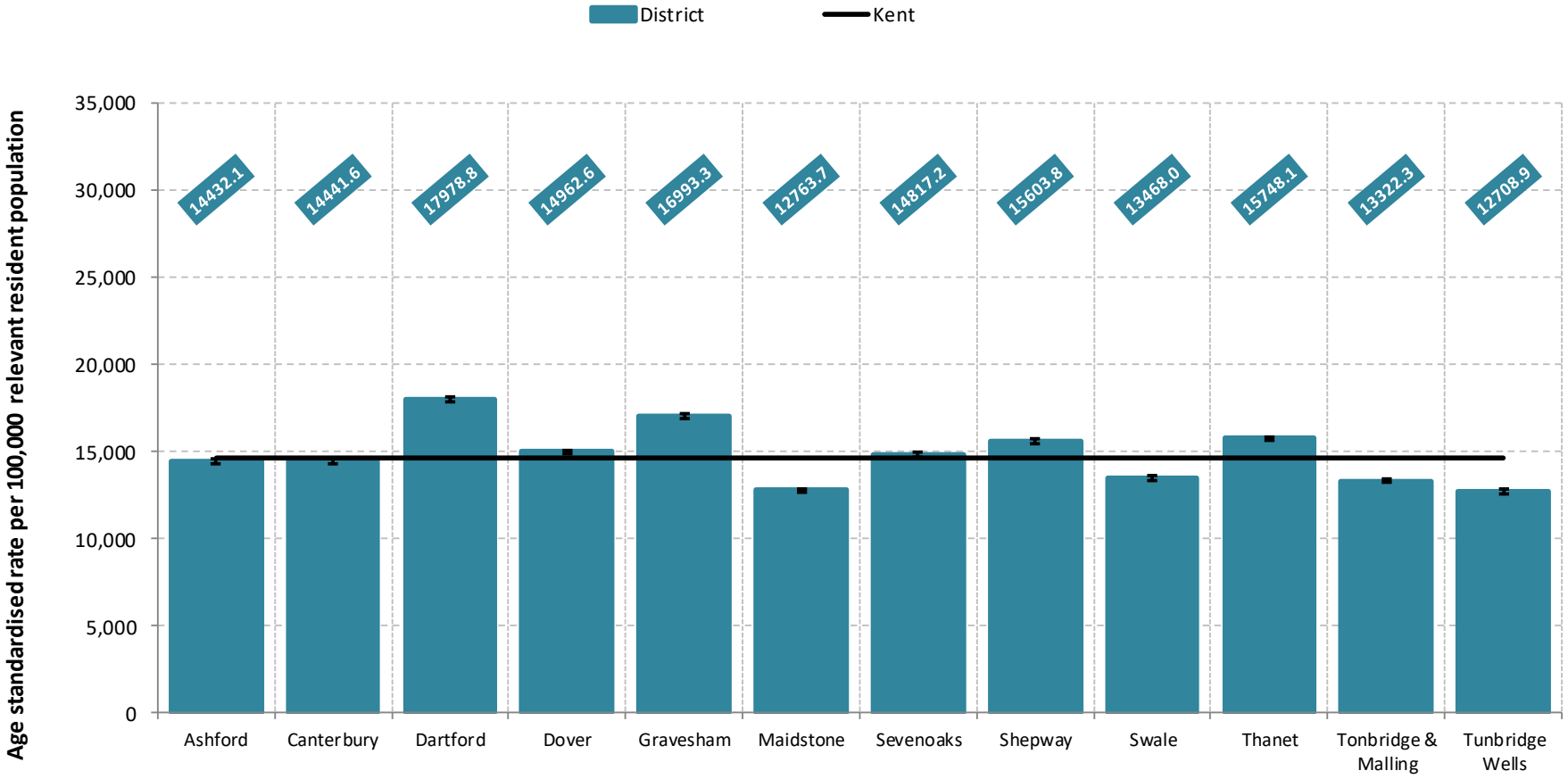
Least deprived trend - increasing with a similar pace of change to England

Most deprived trend - increasing with a similar pace of change to England

Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Elective hospital admissions: by district

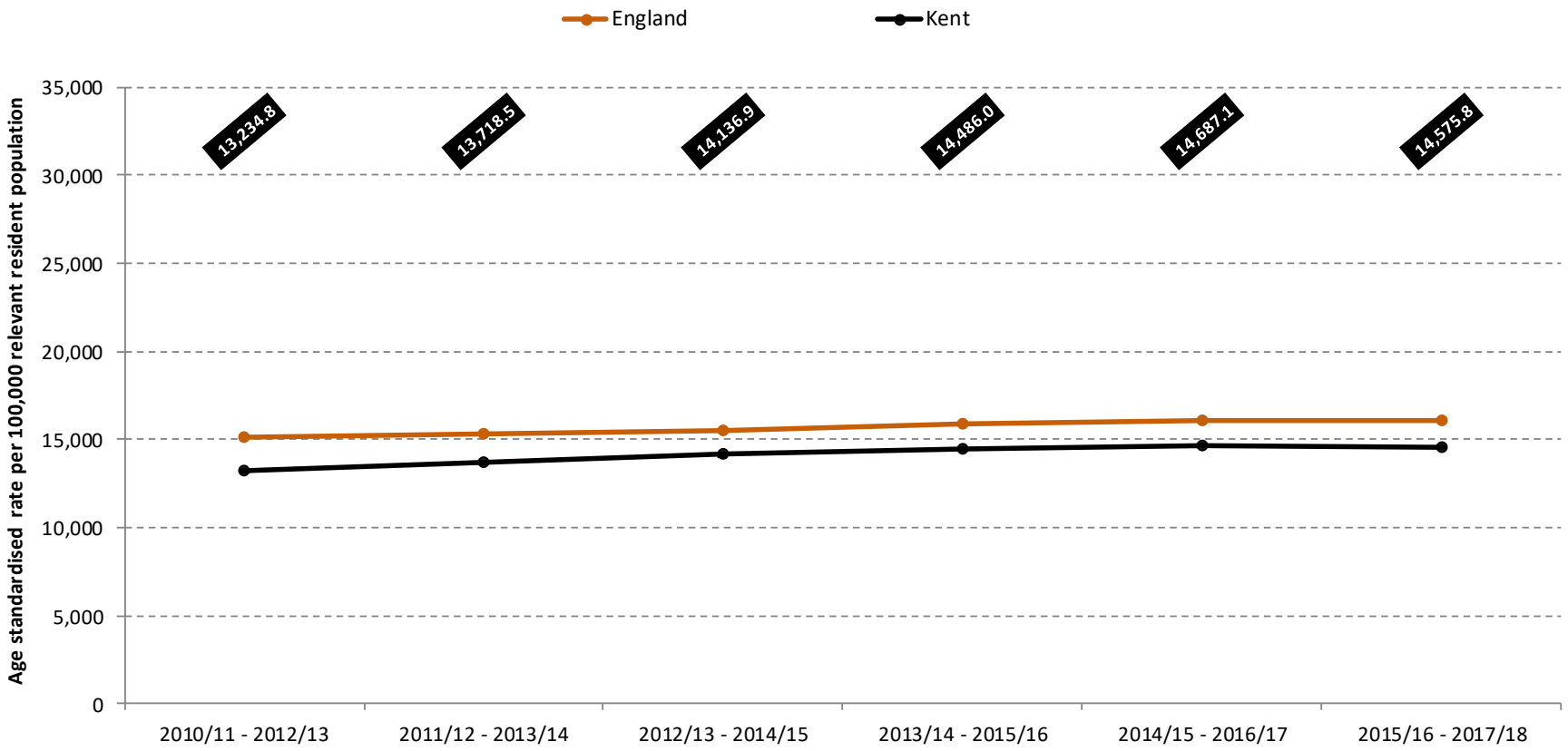
Age standardised rate per 100,000 resident population, 2015/16-2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Elective hospital admissions: trend

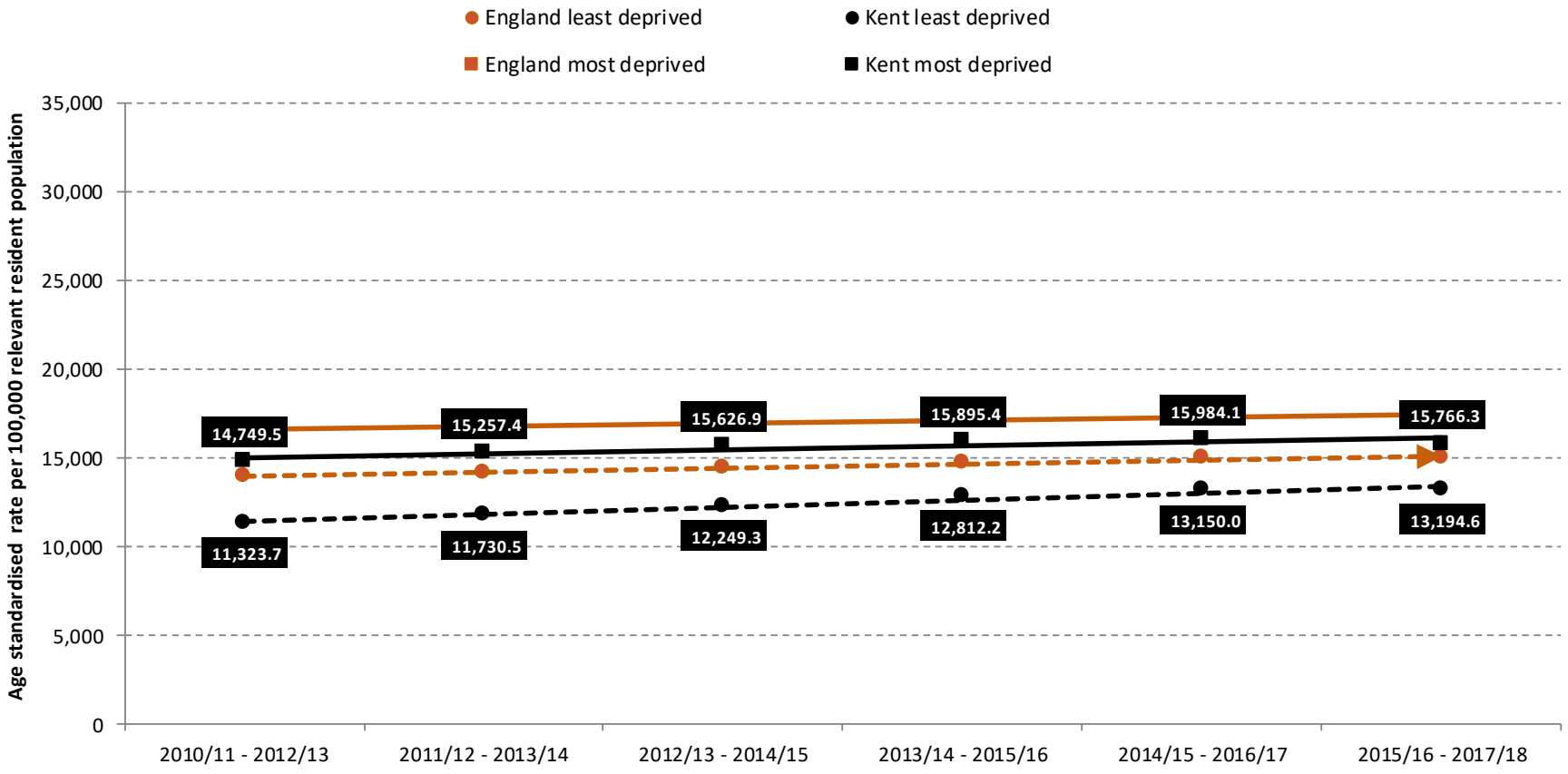
Age standardised rate per 100,000 resident population, 2010/11 - 2012/13 to 2015/16 - 2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Elective hospital admissions: by deprivation

Age standardised rate per 100,000 resident population, 2010/11 - 2012/13 to 2015/16 - 2017/18



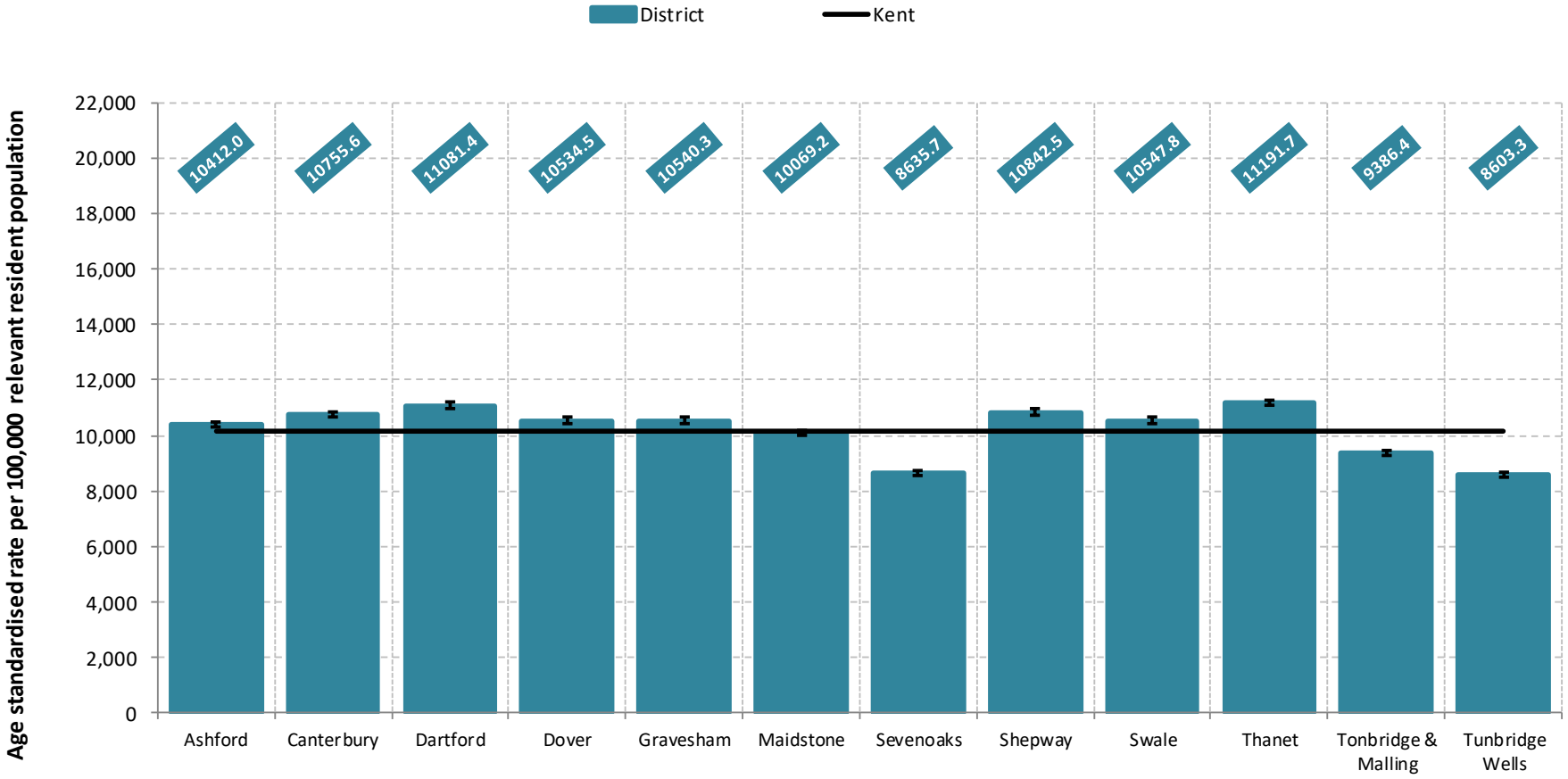
Least deprived trend - increasing with a similar pace of change to England

Most deprived trend - increasing with a slower pace of change than England

Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Emergency hospital admissions: by district

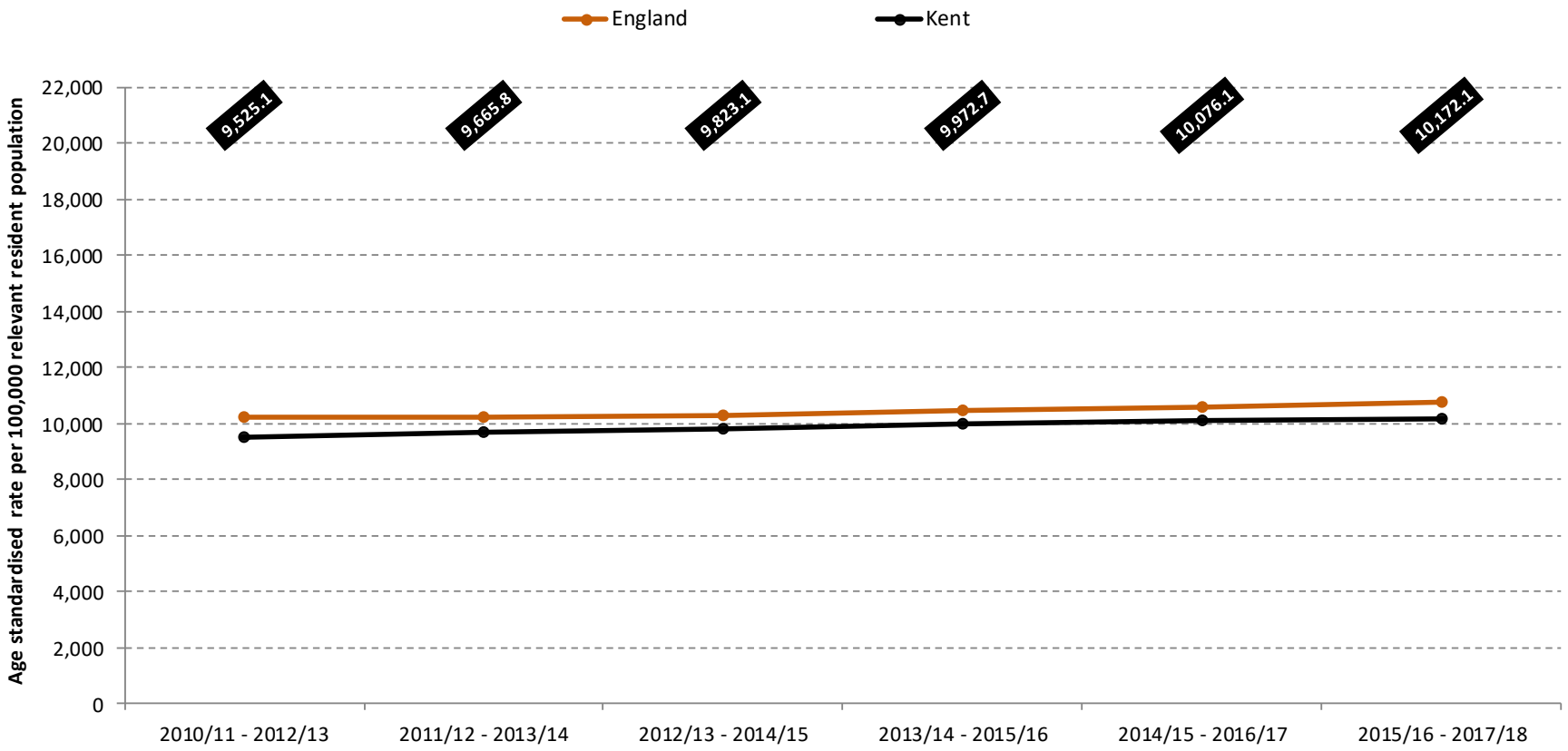
Age standardised rate per 100,000 resident population, 2015/16-2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Emergency hospital admissions: trend

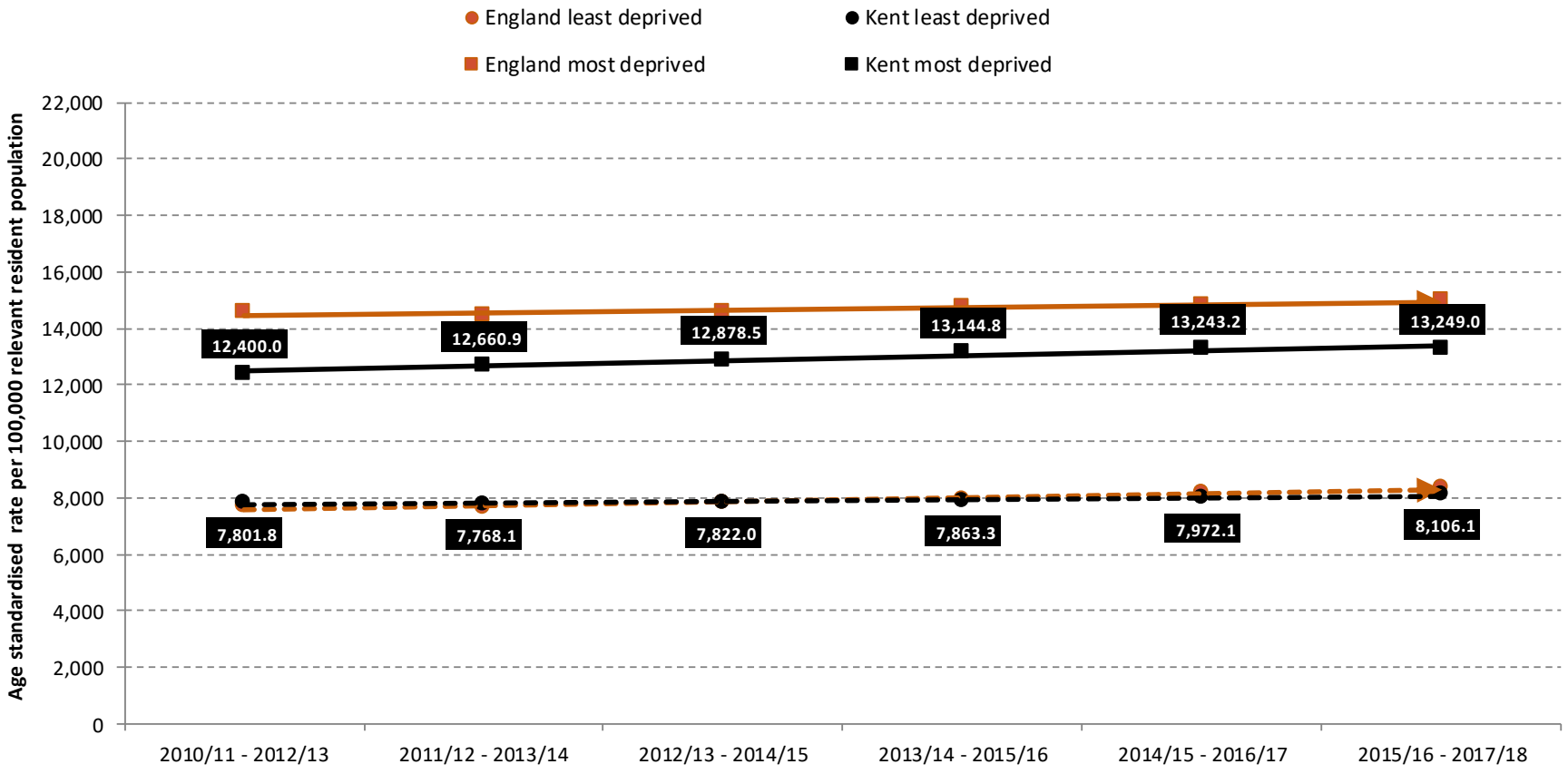
Age standardised rate per 100,000 resident population, 2010/11 - 2012/13 to2015/16 - 2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Emergency hospital admissions: by deprivation

Age standardised rate per 100,000 resident population



Least deprived trend - increasing with a similar pace of change to England

Most deprived trend - increasing with a similar pace of change to England

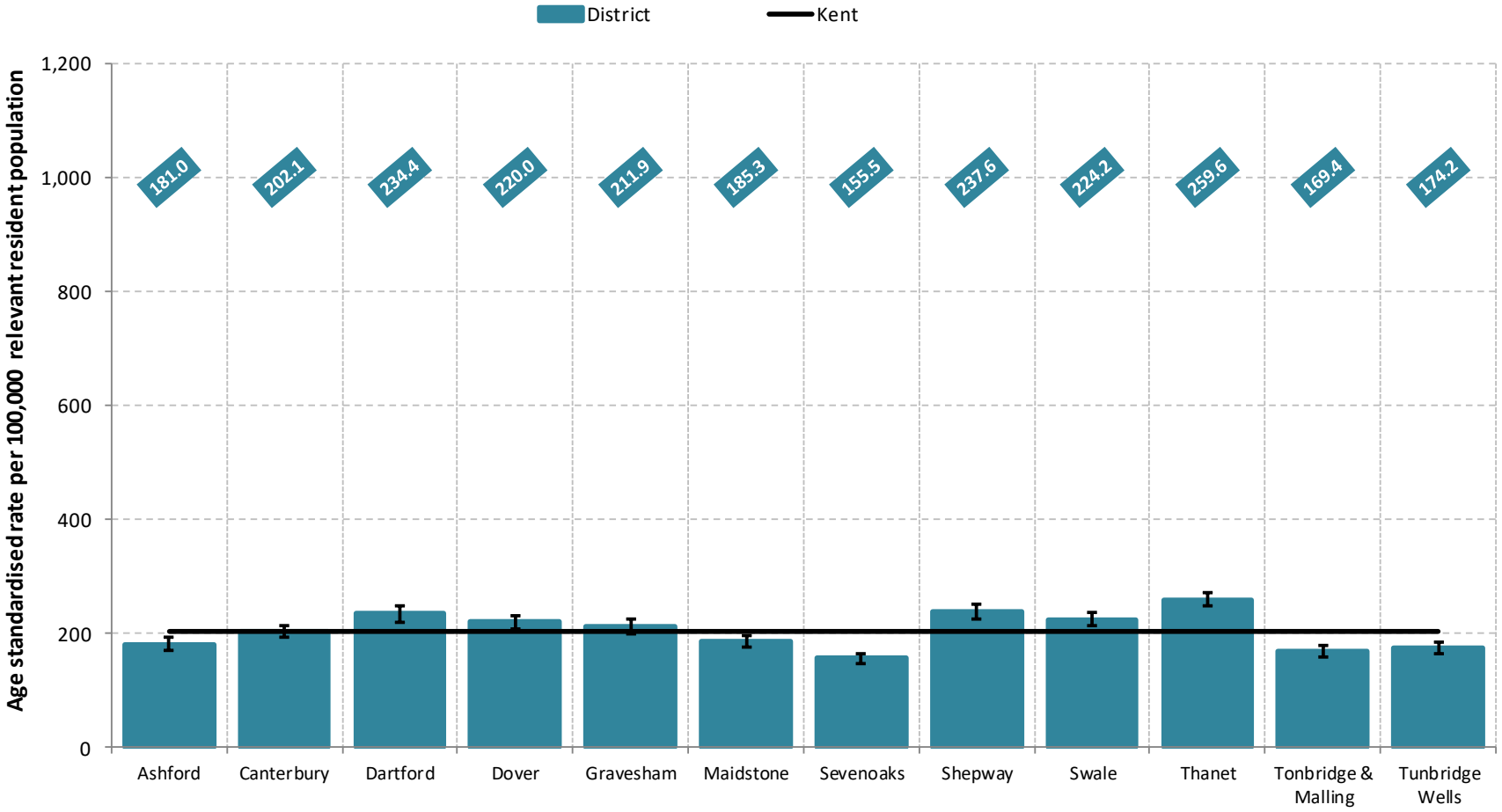
Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Clinical effectiveness

- Mortality from causes considered avoidable
- Mortality from causes considered amenable
- Mortality from causes considered preventable
- Avoidable admissions for chronic conditions
- Avoidable admissions for acute conditions

Avoidable mortality: by district

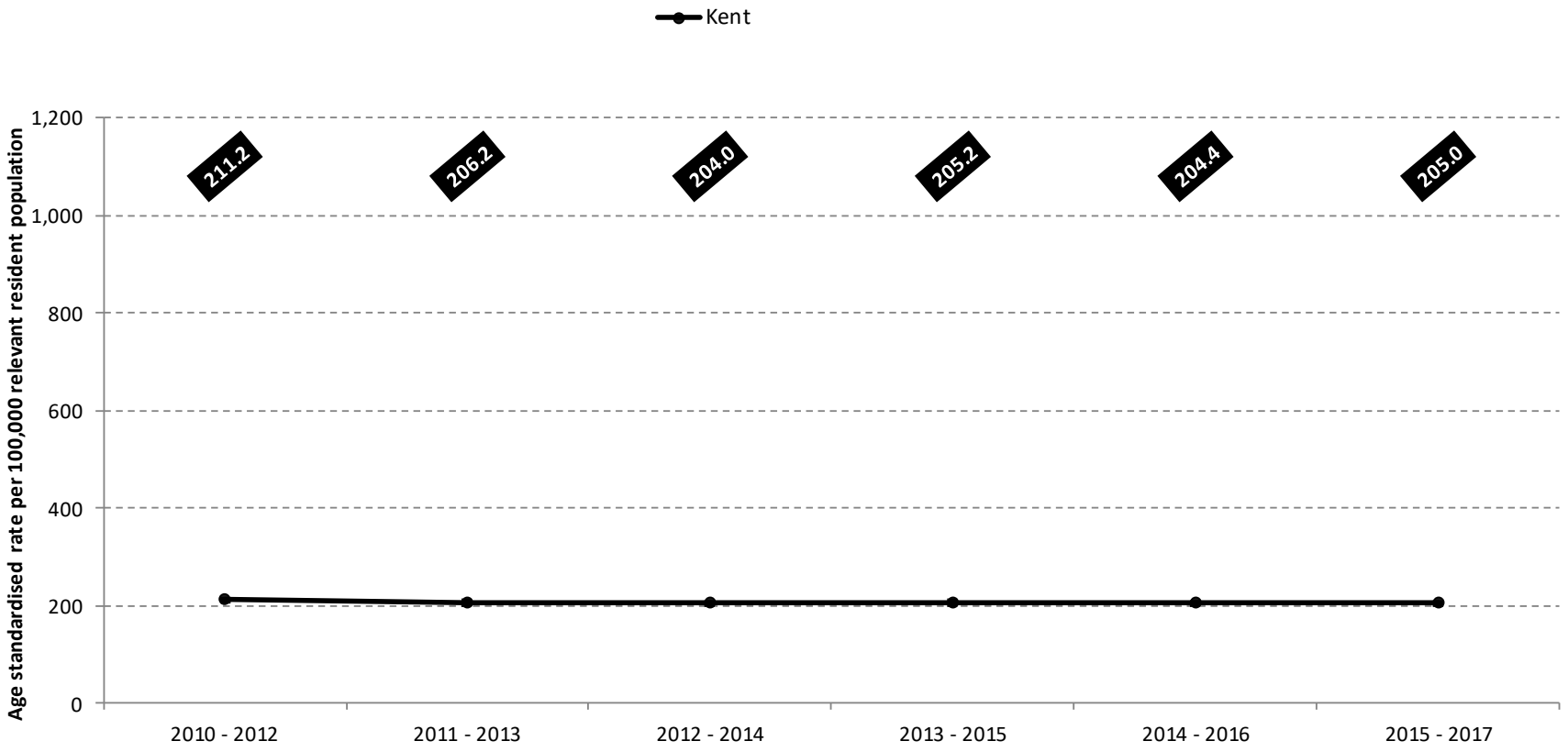
Age standardised rate per 100,000 resident population, for potentially avoidable deaths identified by using underlying cause and age group, 2013-2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Avoidable mortality: trend

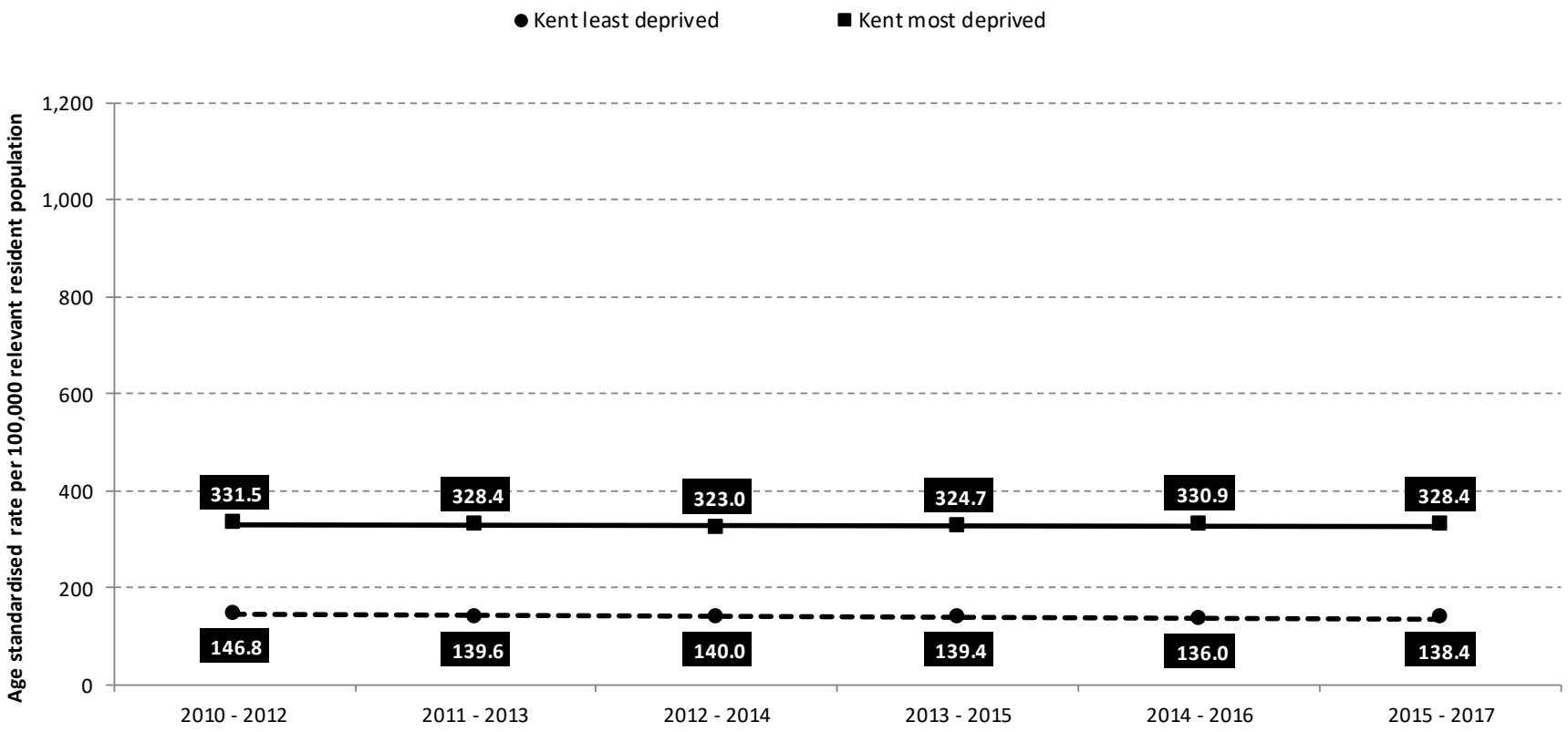
Age standardised rate per 100,000 resident population, for potentially avoidable deaths identified by using underlying cause and age group, 2010 - 2012 to 2015 - 2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Avoidable mortality: by deprivation

Age standardised rate per 100,000 resident population, for potentially avoidable deaths identified by using underlying cause and age group, 2010 - 2012 to 2015 - 2017

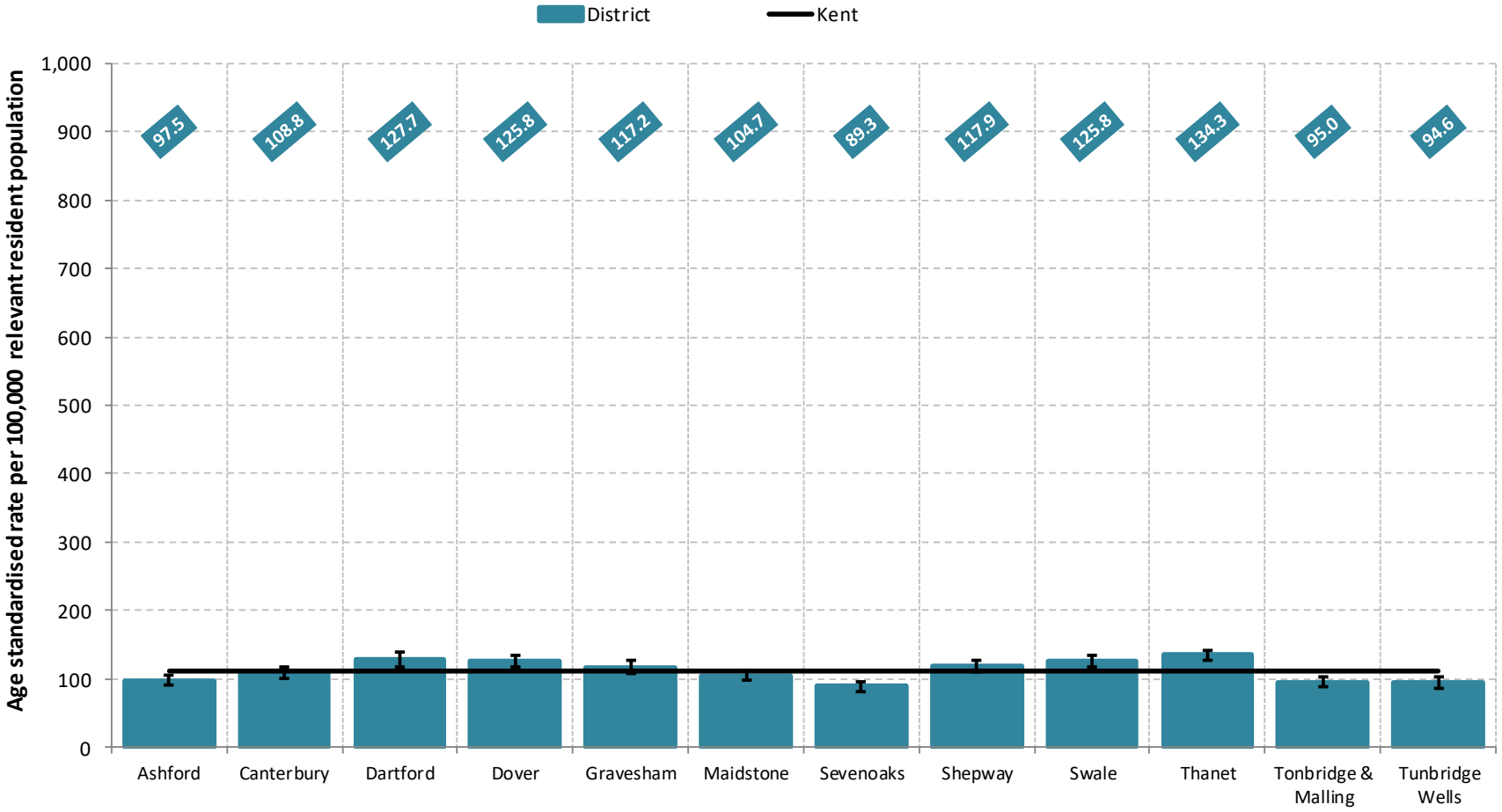


Least deprived trend - stable compared with a increasing trend for England
Most deprived trend - stable compared with a decreasing trend for England

Source: PCMD, prepared by KPHO (RK), Nov-18

Amenable mortality: by district

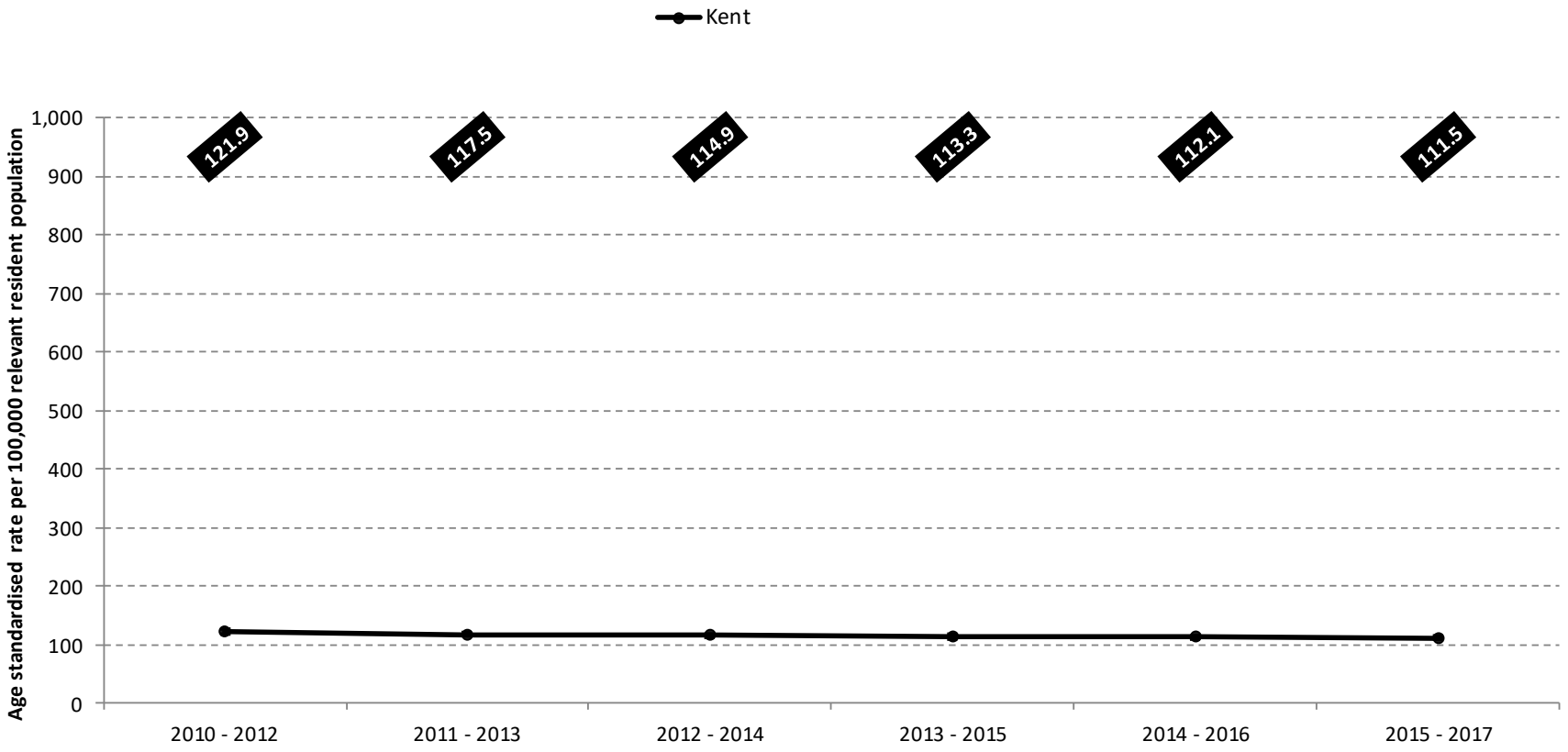
Age standardised rate per 100,000 resident population, for deaths amenable to healthcare identified by using underlying cause and age group, 2013-2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Amenable mortality: trend

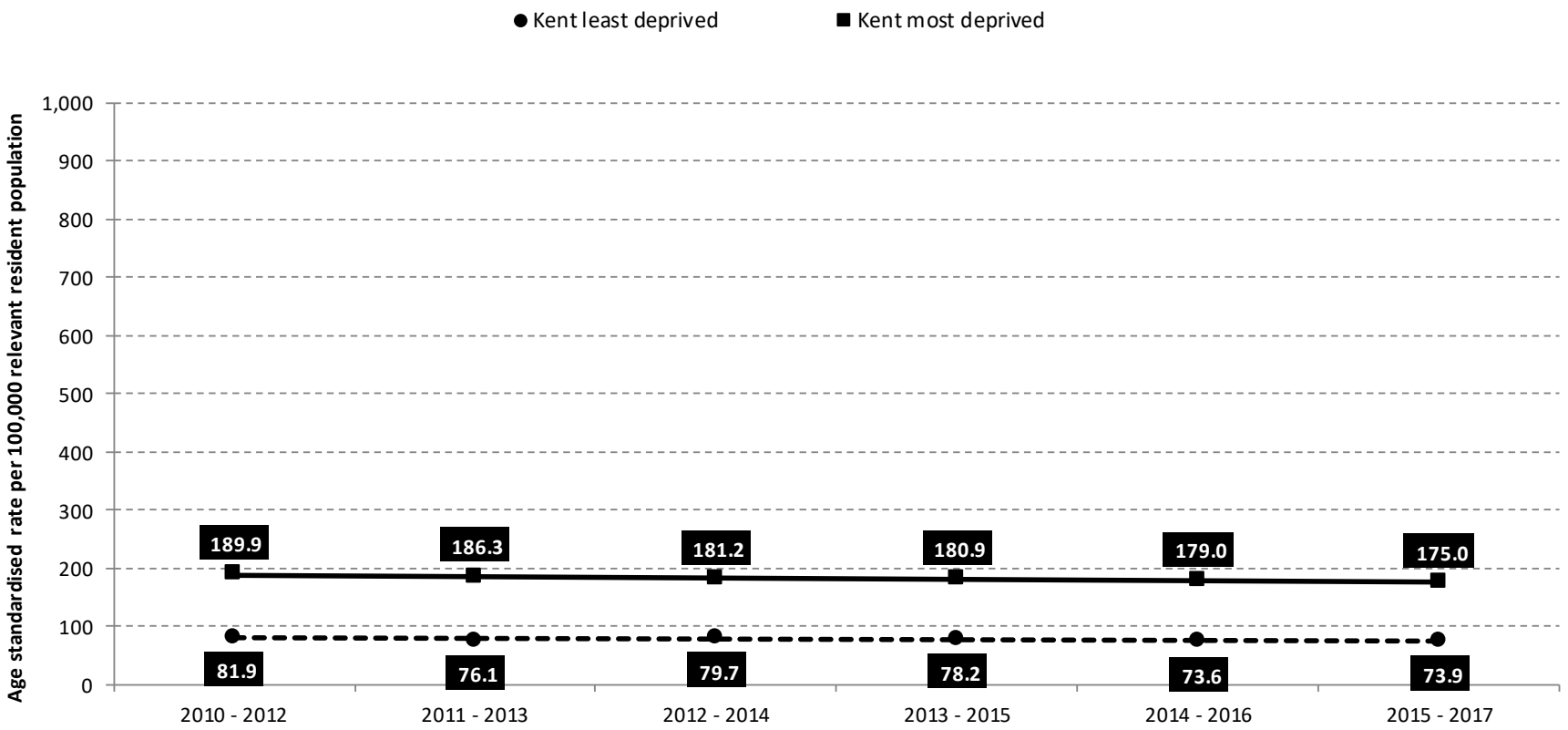
Age standardised rate per 100,000 resident population, for deaths amenable to healthcare identified by using underlying cause and age group, 2010 - 2012 to 2015 - 2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Amenable mortality: by deprivation

Age standardised rate per 100,000 resident population, for deaths amenable to healthcare identified by using underlying cause and age group, 2010 - 2012 to 2015 - 2017



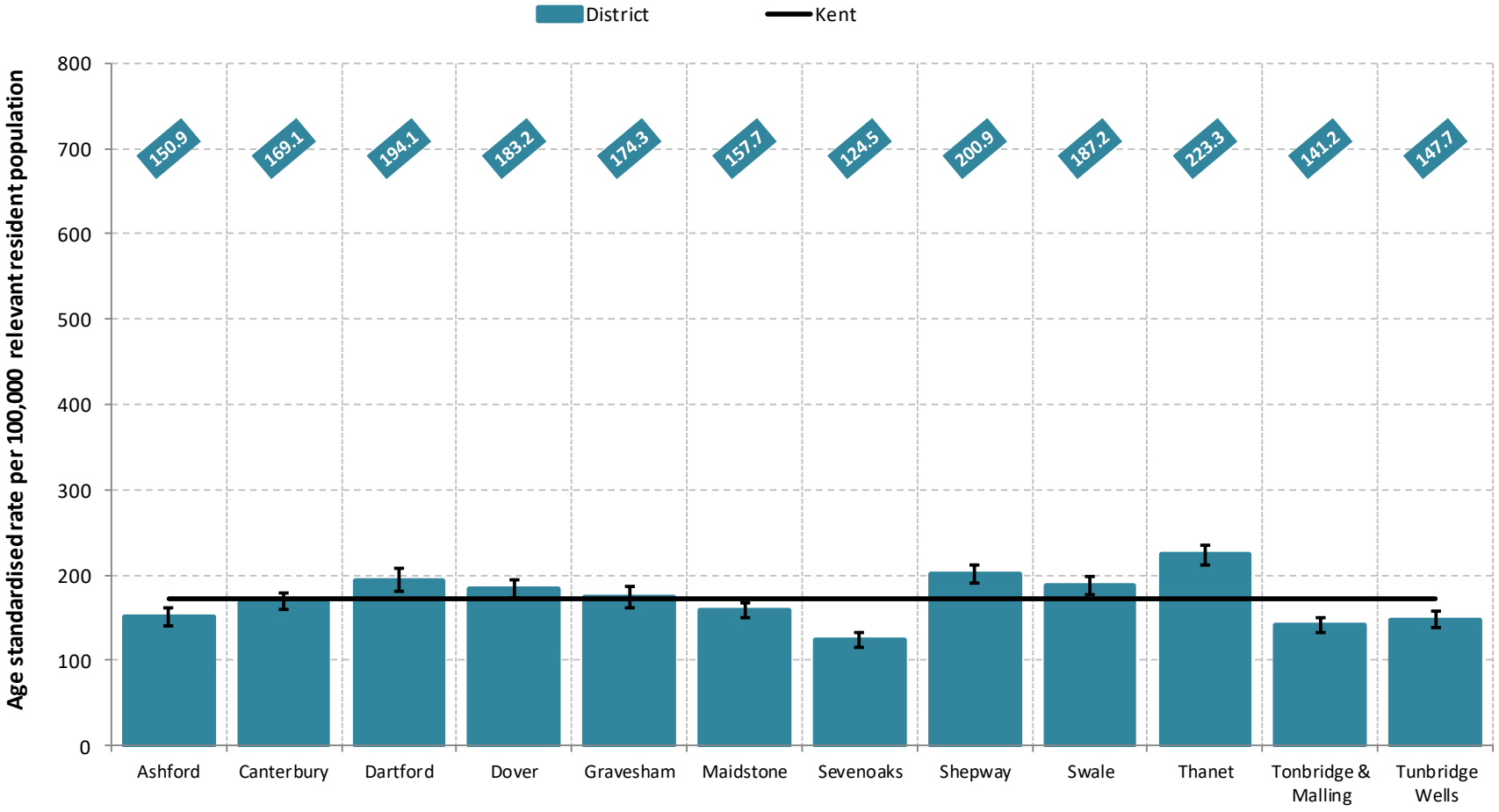
Least deprived trend - stable compared with a increasing trend for England

Most deprived trend - decreasing compared with a decreasing trend for England

Source: PCMD, prepared by KPHO (RK), Nov-18

Preventable mortality: by district

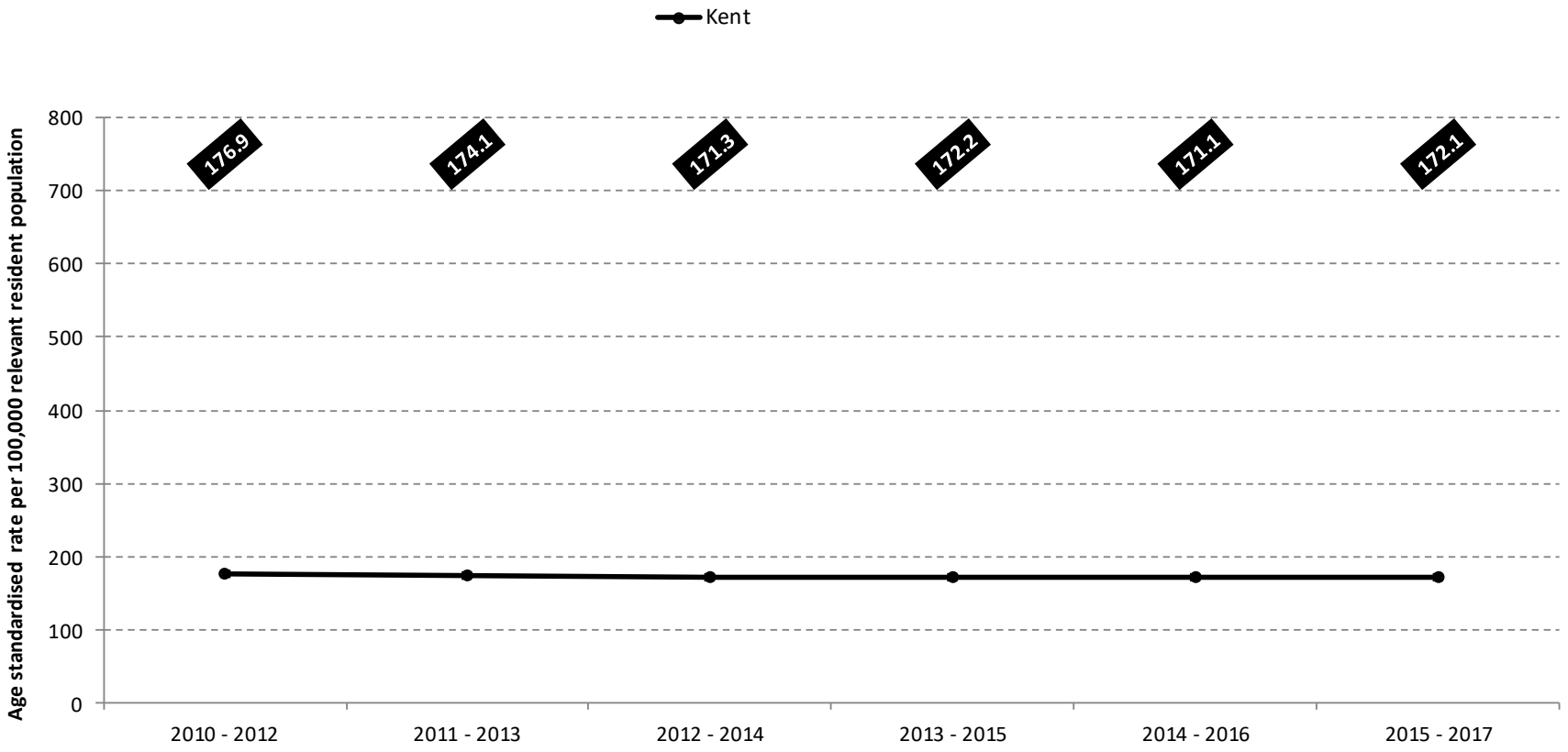
Age standardised rate per 100,000 resident population, for deaths that could be prevented by health intervention identified by using underlying cause and age group, 2013-2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Preventable mortality: trend

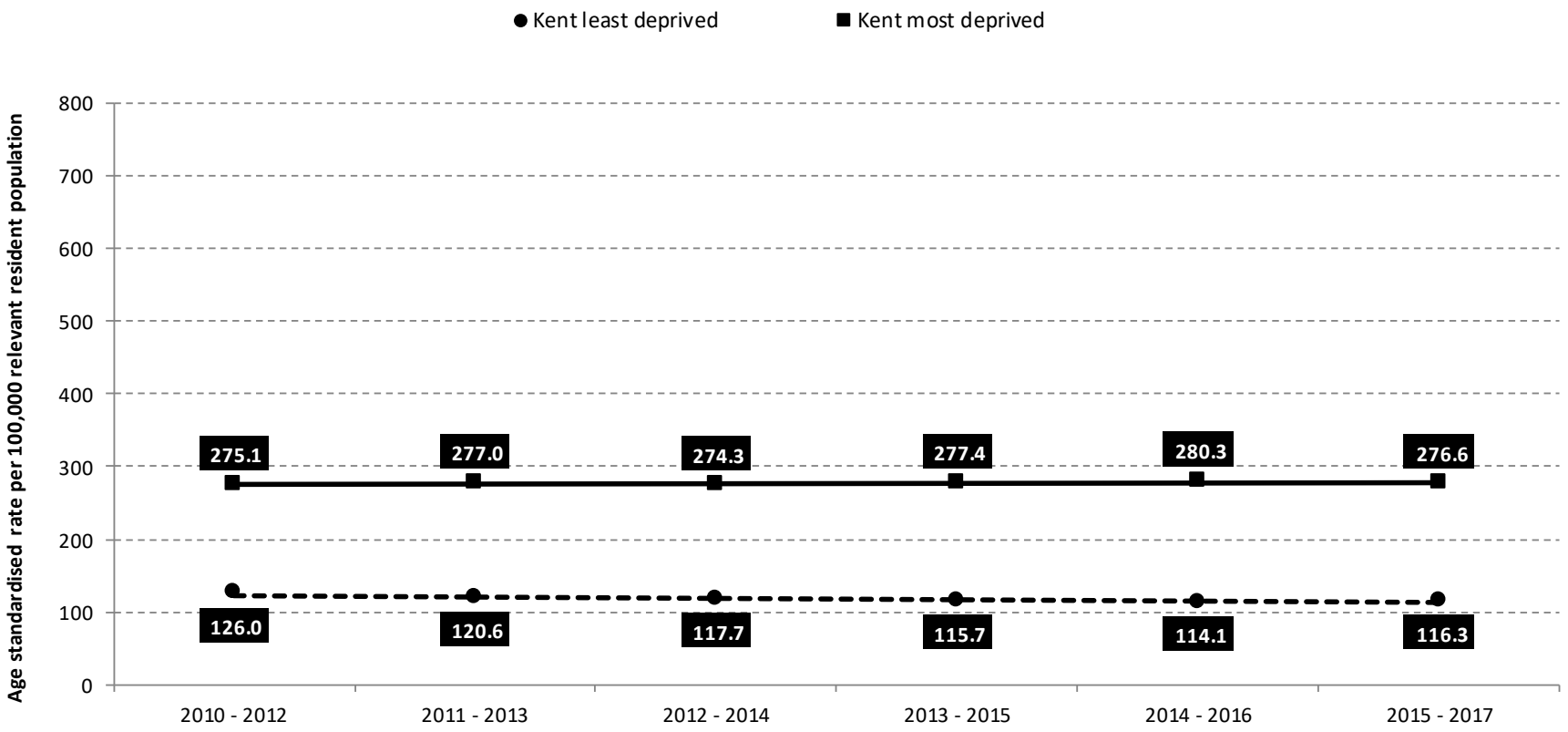
Age standardised rate per 100,000 resident population, for deaths that could be prevented by health intervention identified by using underlying cause and age group, 2010 - 2012 to 2015 - 2017



Source: PCMD, prepared by KPHO (RK), Nov-18

Preventable mortality: by deprivation

Age standardised rate per 100,000 resident population, for deaths that could be prevented by health intervention identified by using underlying cause and age group, 2010 - 2012 to 2015 - 2017



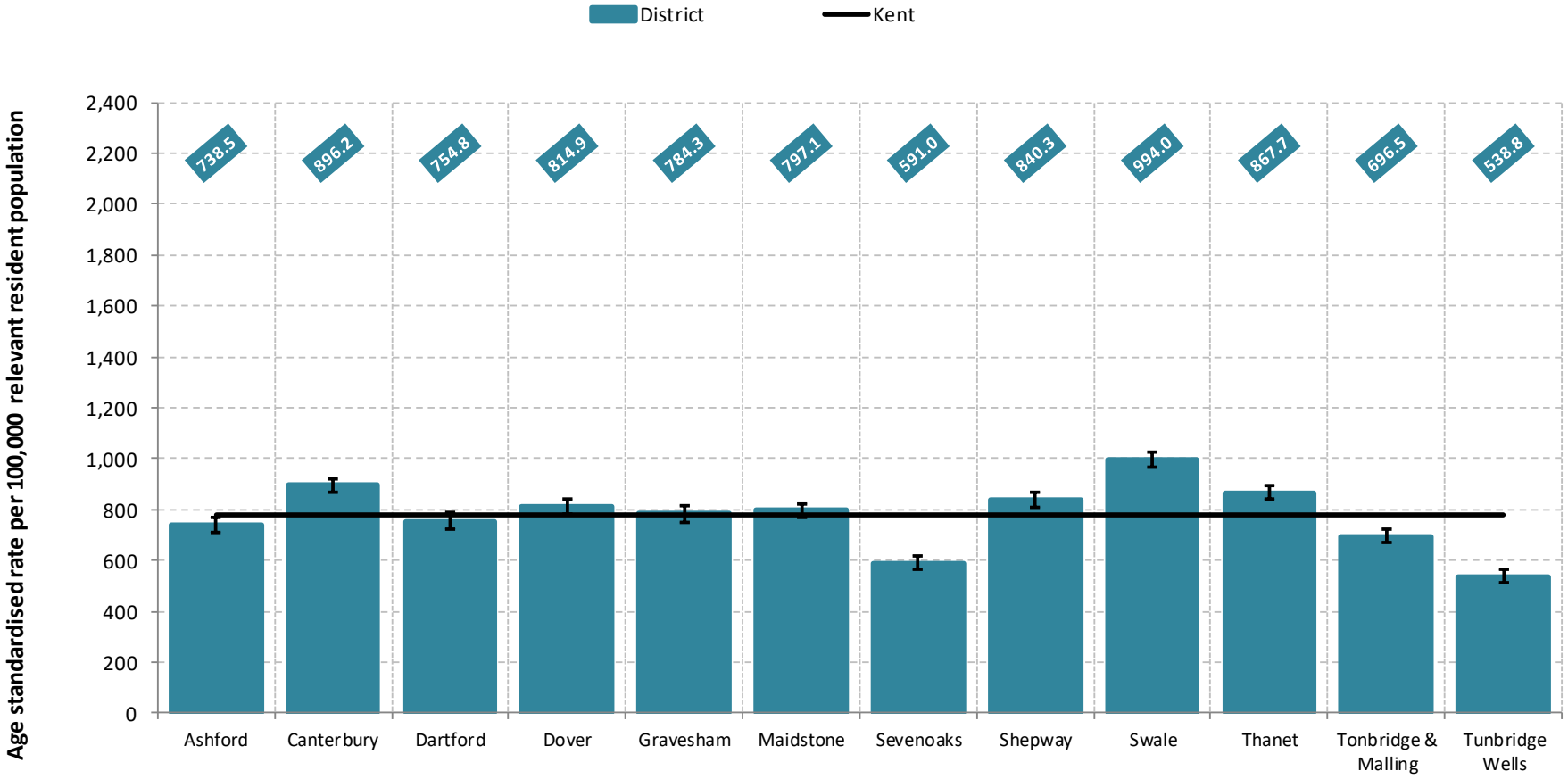
Least deprived trend - decreasing

Most deprived trend - stable

Source: PCMD, prepared by KPHO (RK), Nov-18

Avoidable emergency hospital admissions for chronic ambulatory care sensitive conditions: by district

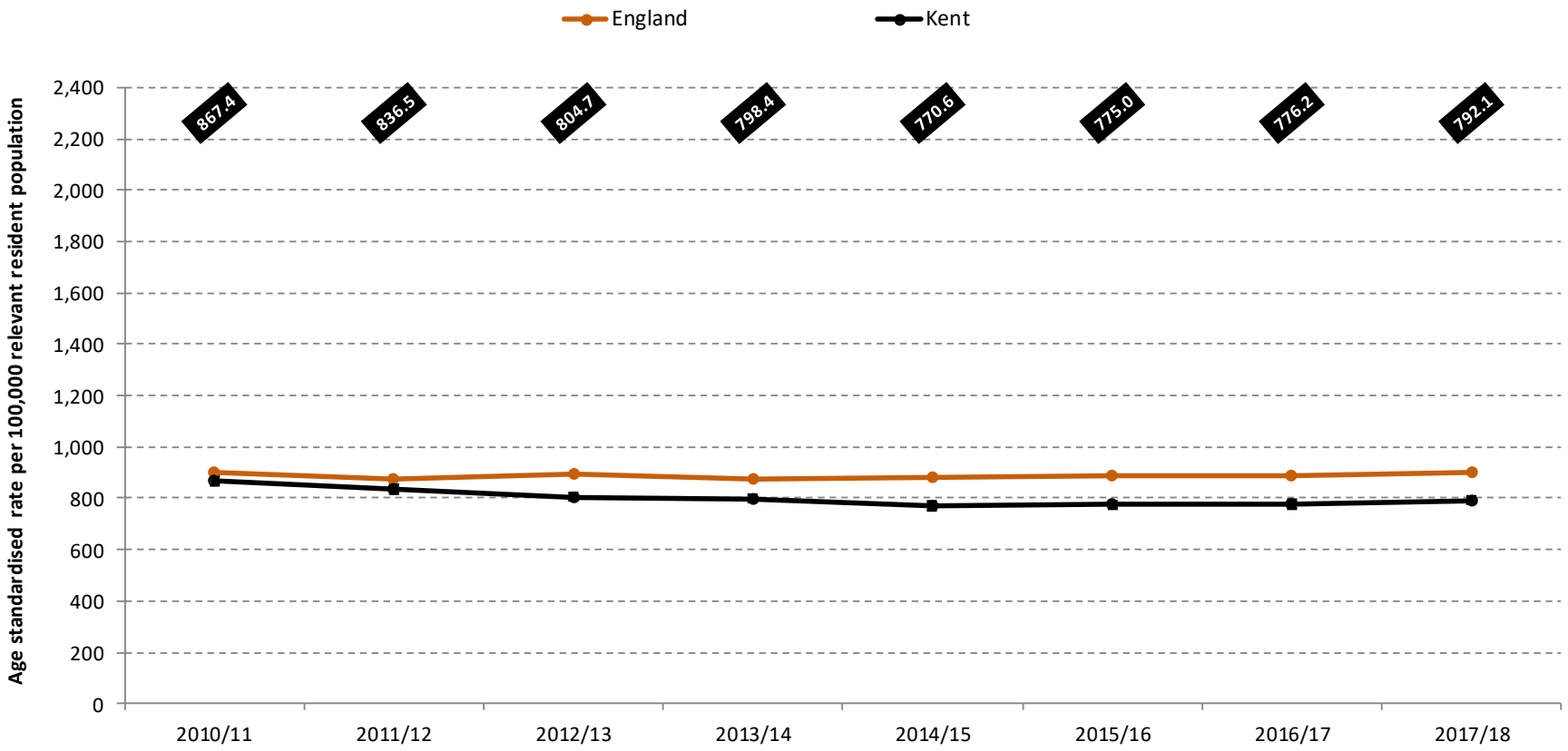
Age standardised rate per 100,000 resident population, 2015/16-2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

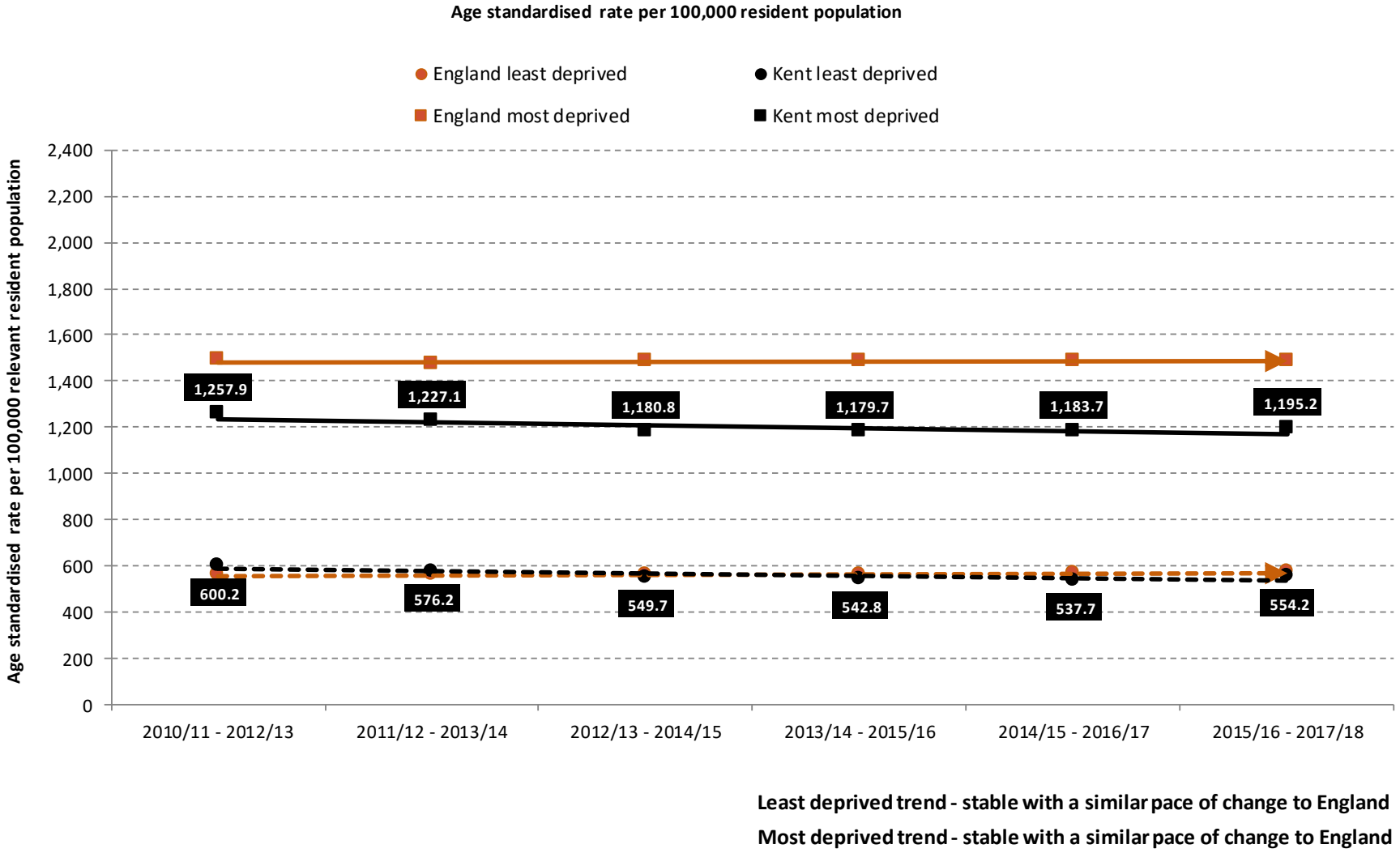
Avoidable emergency hospital admissions for chronic ambulatory care sensitive conditions: trend

Age standardised rate per 100,000 resident population, 2010/11 to 2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Avoidable emergency hospital admissions for chronic ambulatory care sensitive conditions: by deprivation



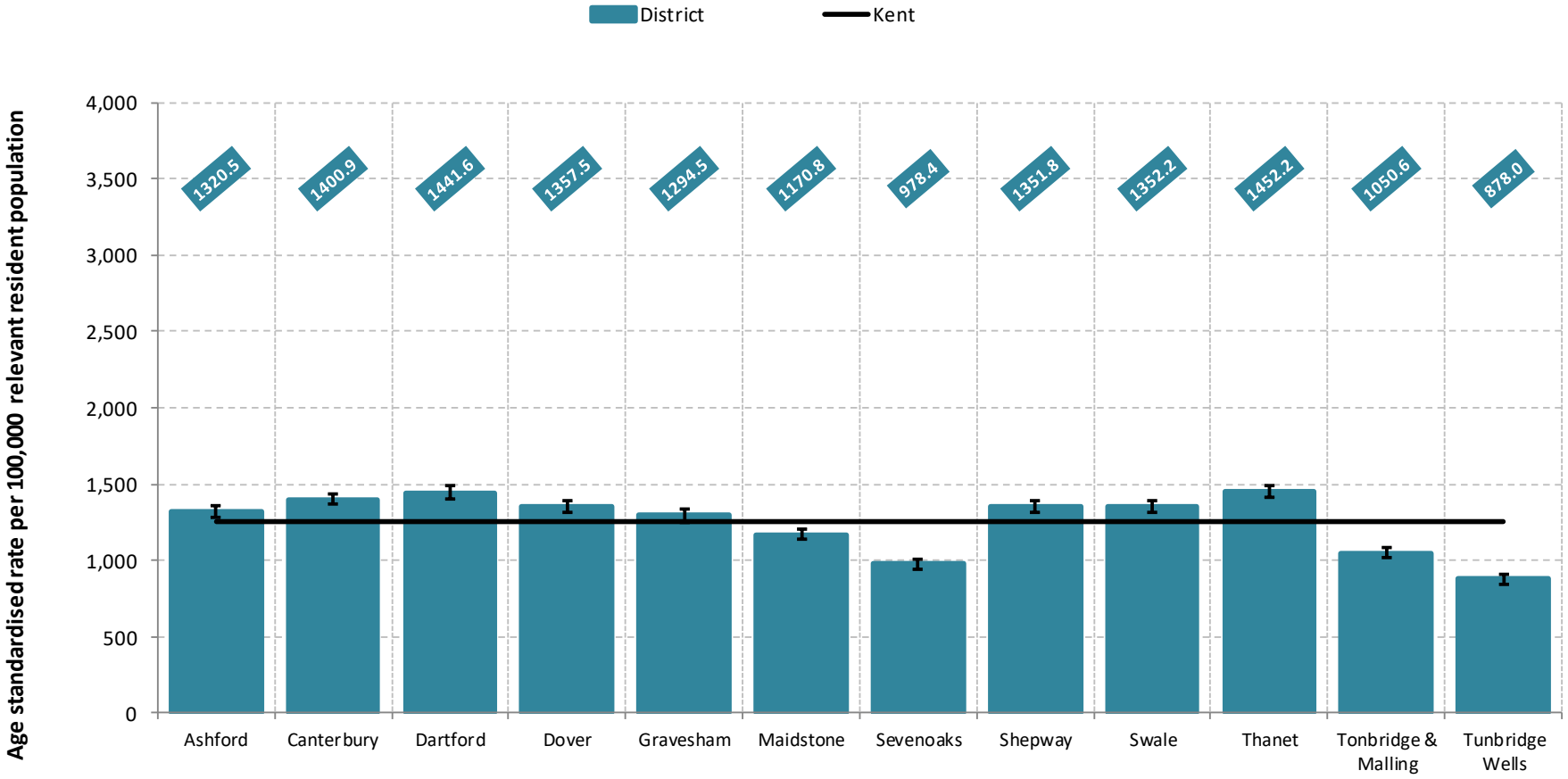
Least deprived trend - stable with a similar pace of change to England

Most deprived trend - stable with a similar pace of change to England

Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Avoidable emergency hospital admissions for acute conditions: by district

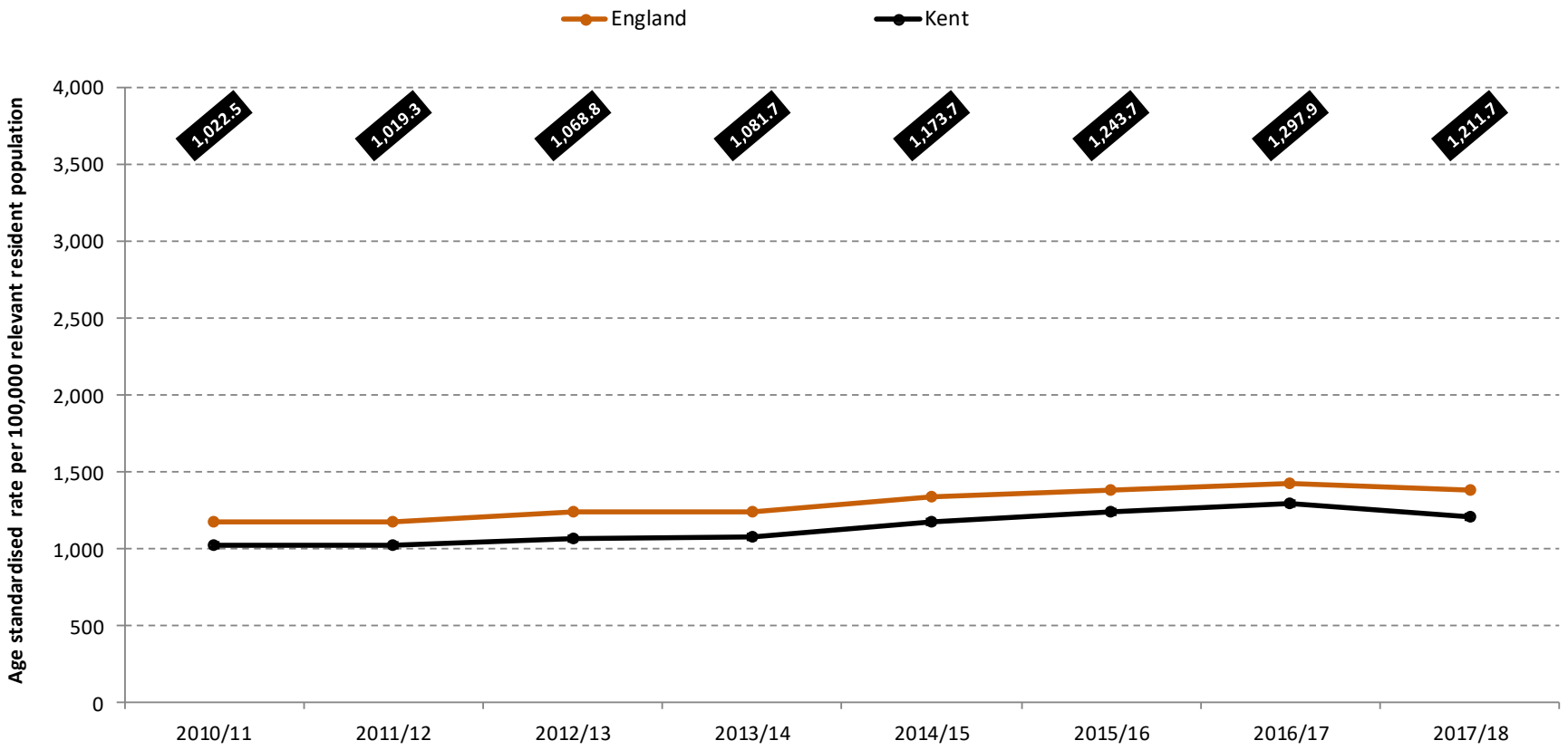
Age standardised rate per 100,000 resident population, 2015/16-2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Avoidable emergency hospital admissions for acute conditions: trend

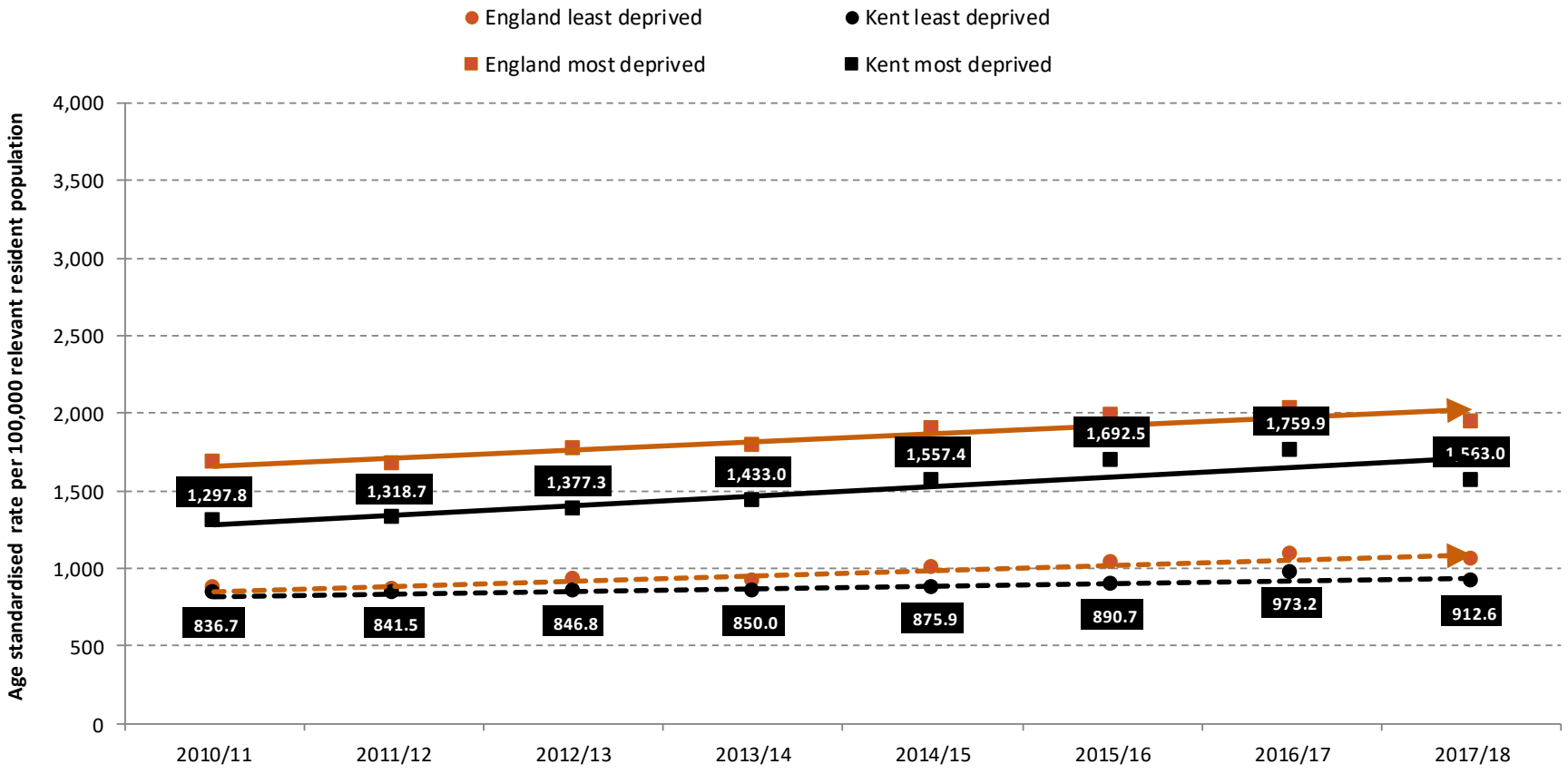
Age standardised rate per 100,000 resident population, 2010/11 to 2017/18



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Avoidable emergency hospital admissions for acute conditions: by deprivation

Age standardised rate per 100,000 resident population



Least deprived trend - increasing with a similar pace of change to England

Most deprived trend - increasing with a similar pace of change to England

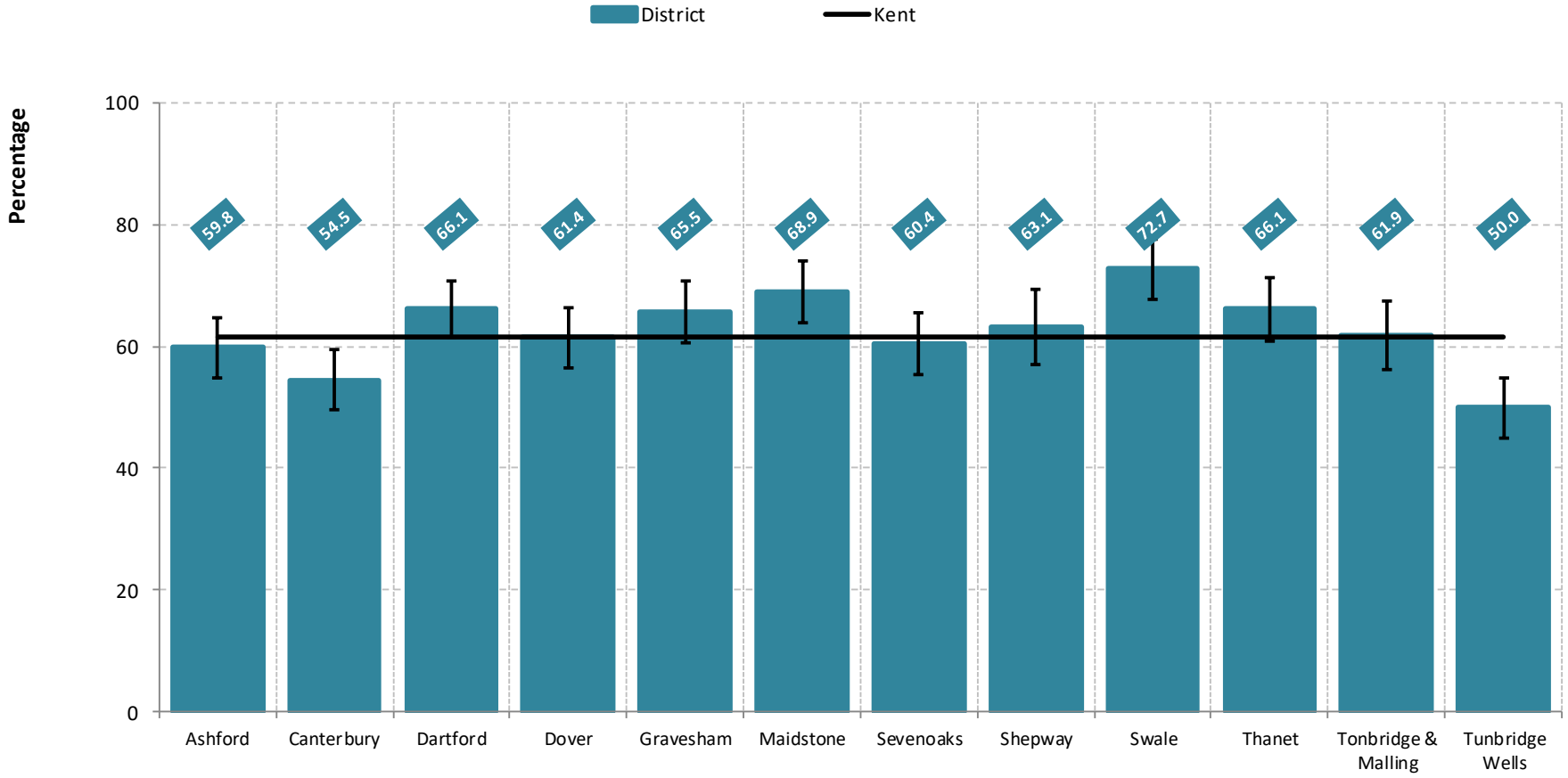
Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (RK), Nov-18

Lifestyle

- Excess weight
- Physical activity
- Smoking
- Fruit and vegetable consumption

Adults classified as overweight or obese: by district

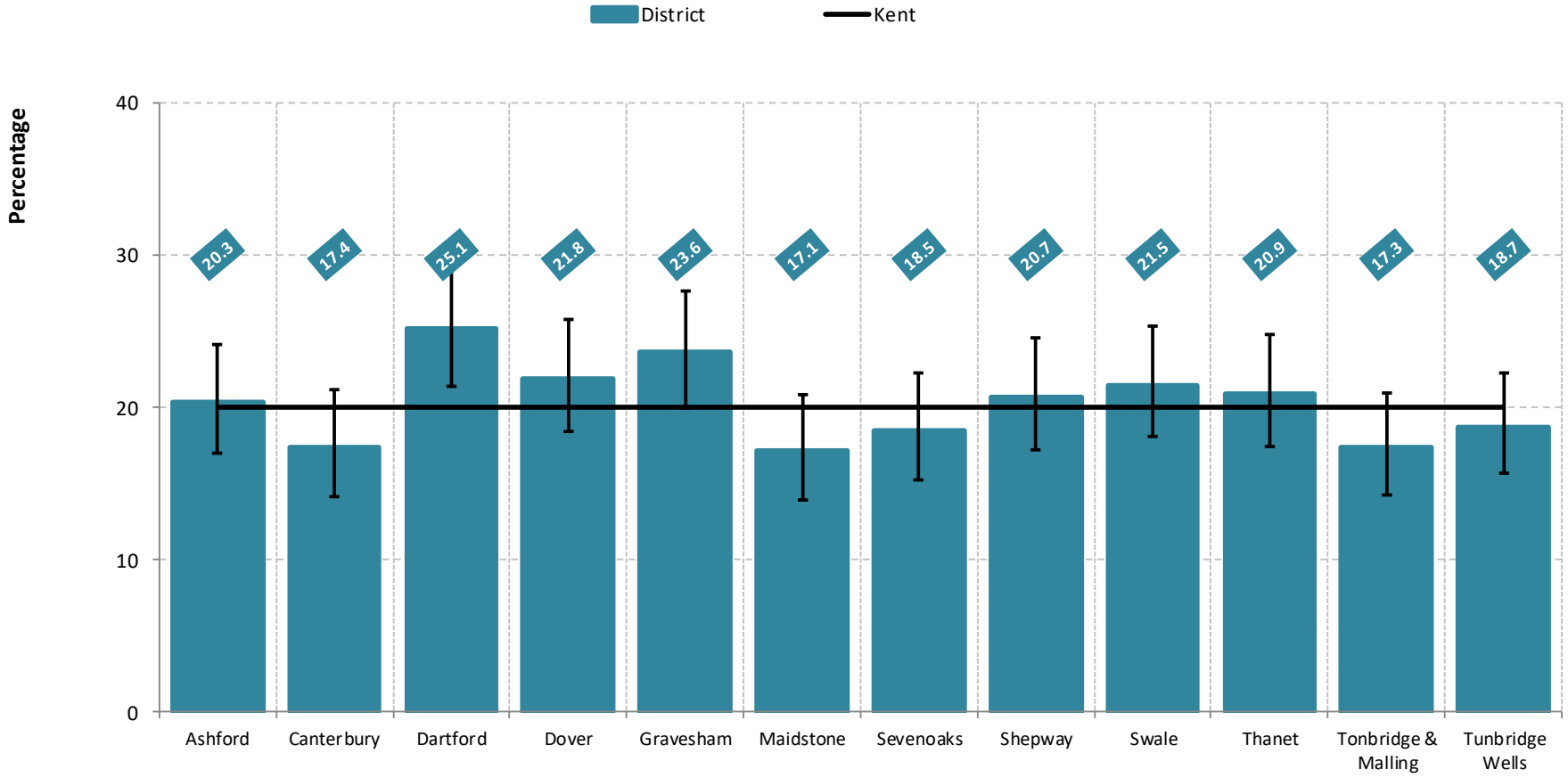
Percentage of adults (aged 18+) classified as overweight or obese, 2016/17



Source: Public Health England (based on Active Lives survey, Sport England), prepared by KPHO (LLY), May-18

Physical inactivity in adults: by district

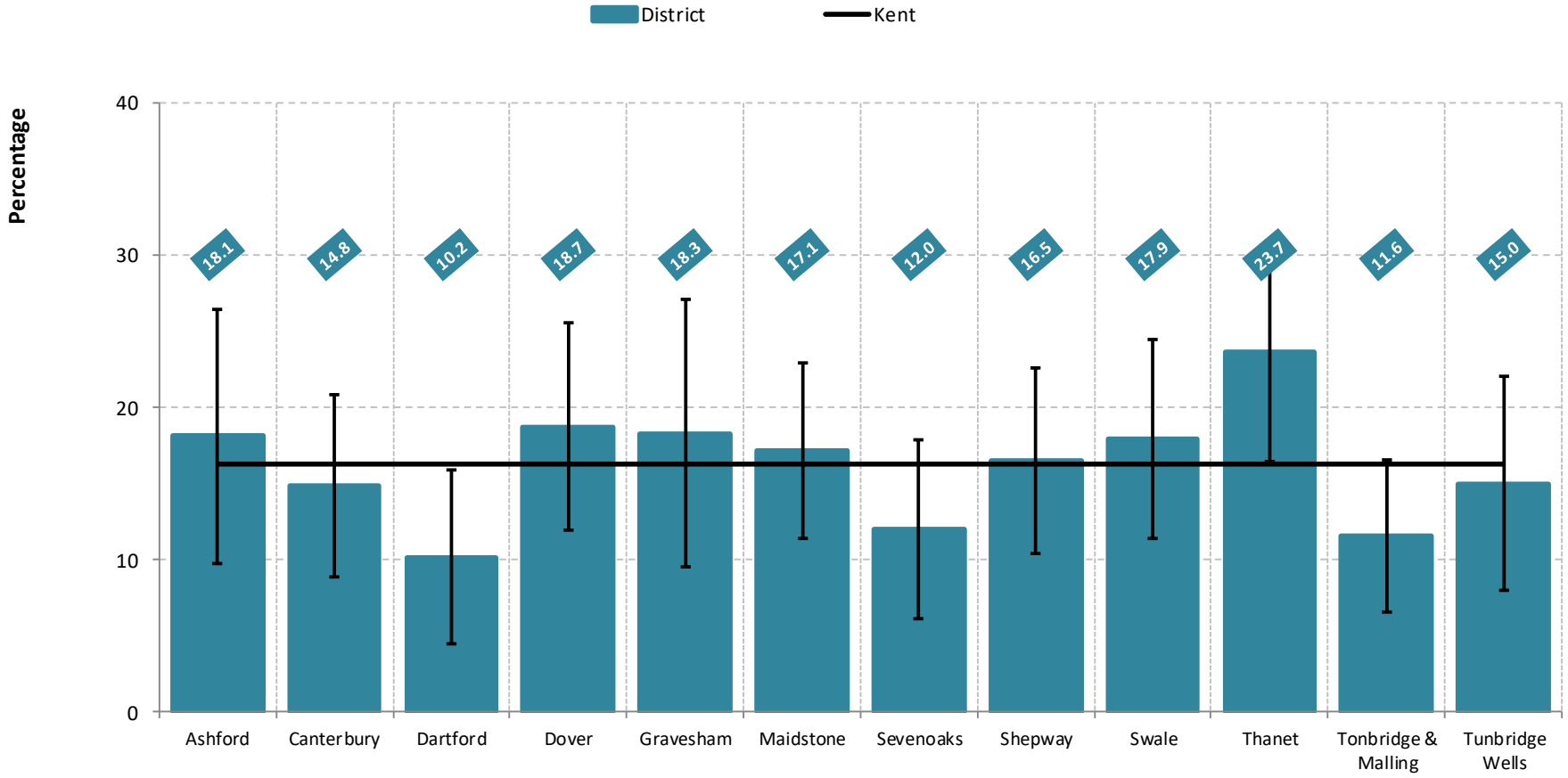
Percentage of adults (aged 19+) that are physically inactive (<30 moderate intensity equivalent minutes per week), 2016/17



Source: Public Health England (based on Active Lives, Sport England), prepared by KPHO (LLY), May-18

Smoking prevalence in adults: by district

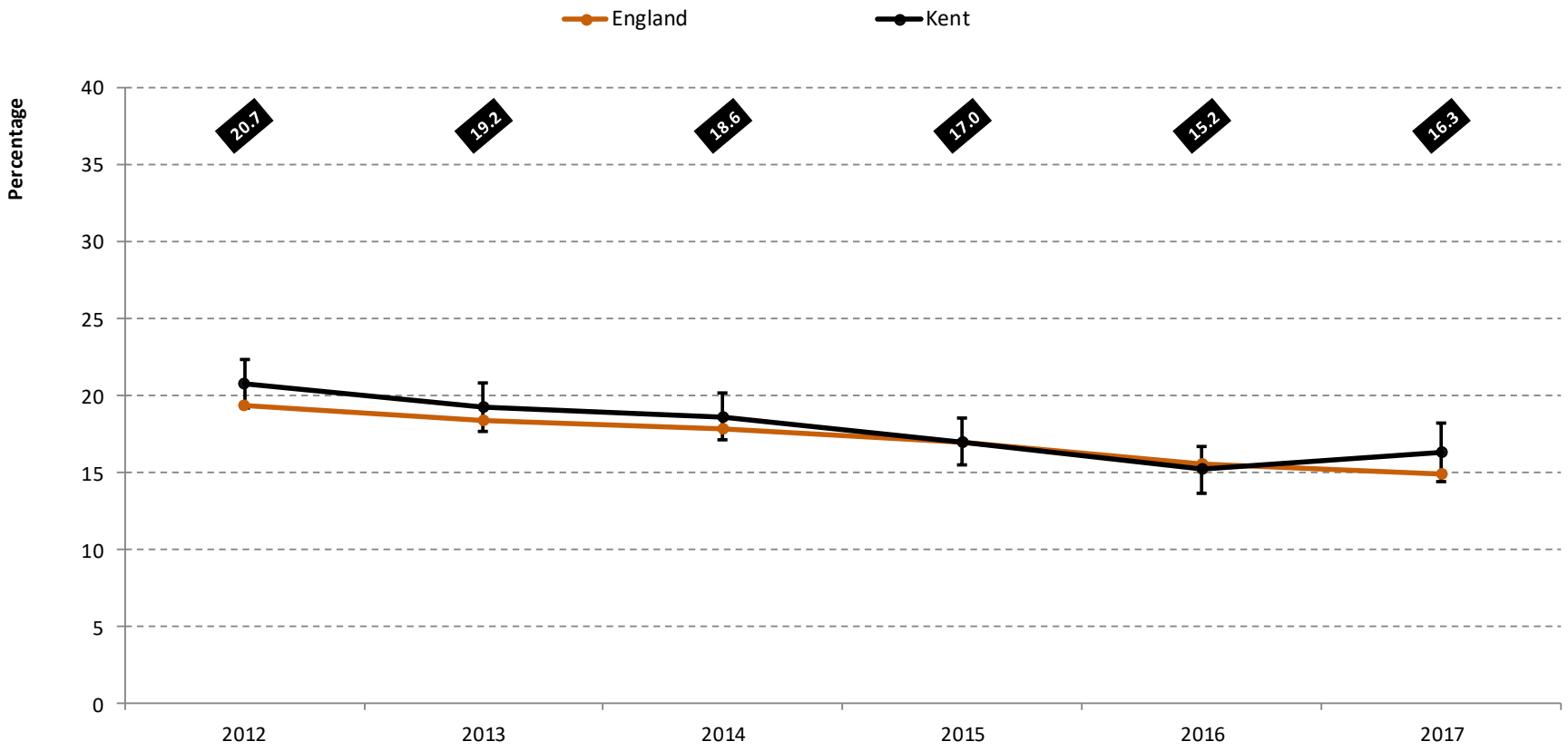
Percentage of adults (aged 18+) who are self-reported smokers, 2017



Source: Annual Population Survey (APS), prepared by KPHO (RK), Jul -18

Smoking prevalence in adults: trend

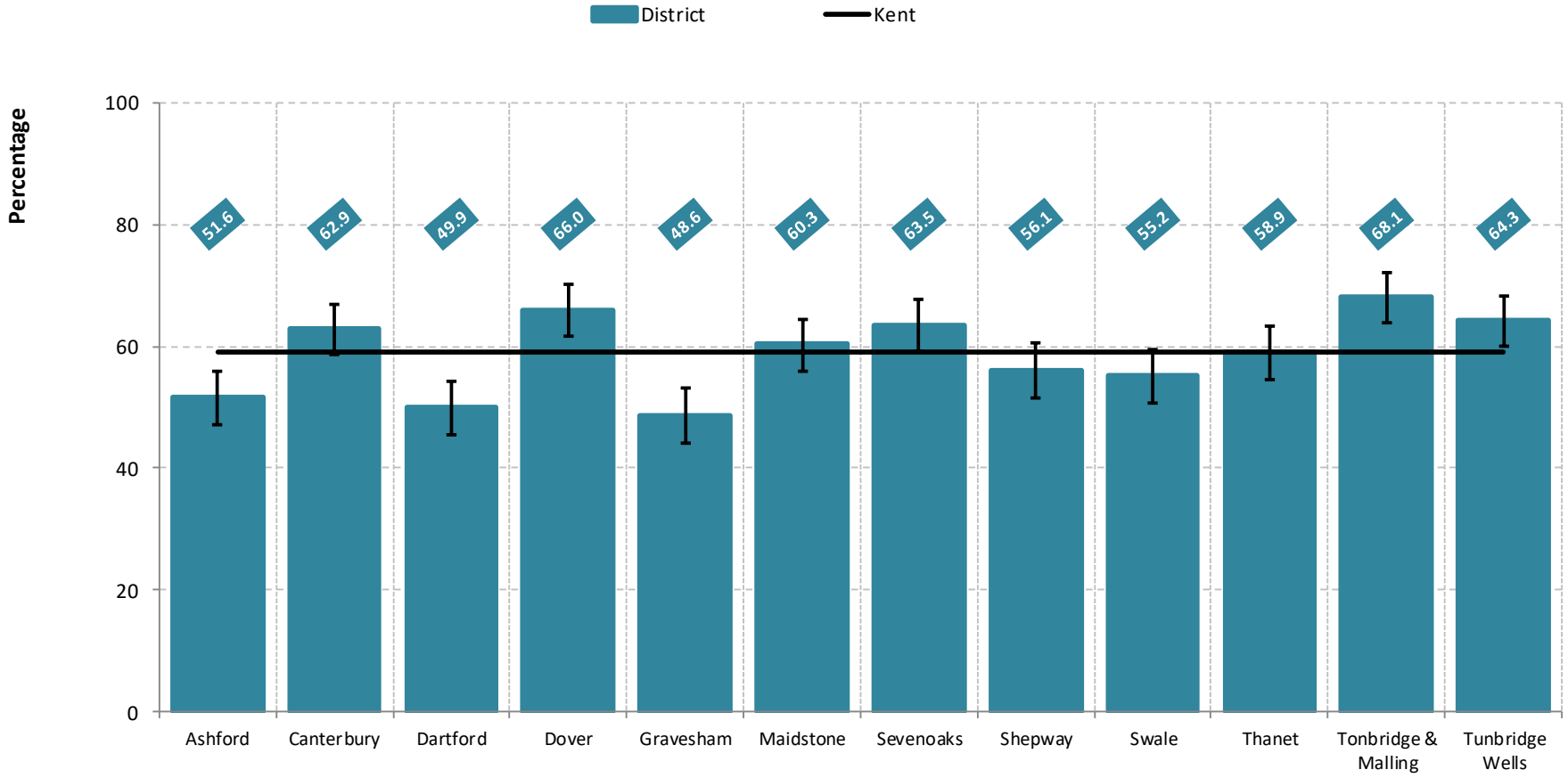
Percentage of adults (aged 18+) who are self-reported smokers, 2012 to 2017



Source: Annual Population Survey (APS), prepared by KPHO (RK), Jul -18

Fruit and vegetable consumption in adults: by district

Percentage of adults (aged 16+) meeting the recommended '5-a-day' on a 'usual day', 2016/17



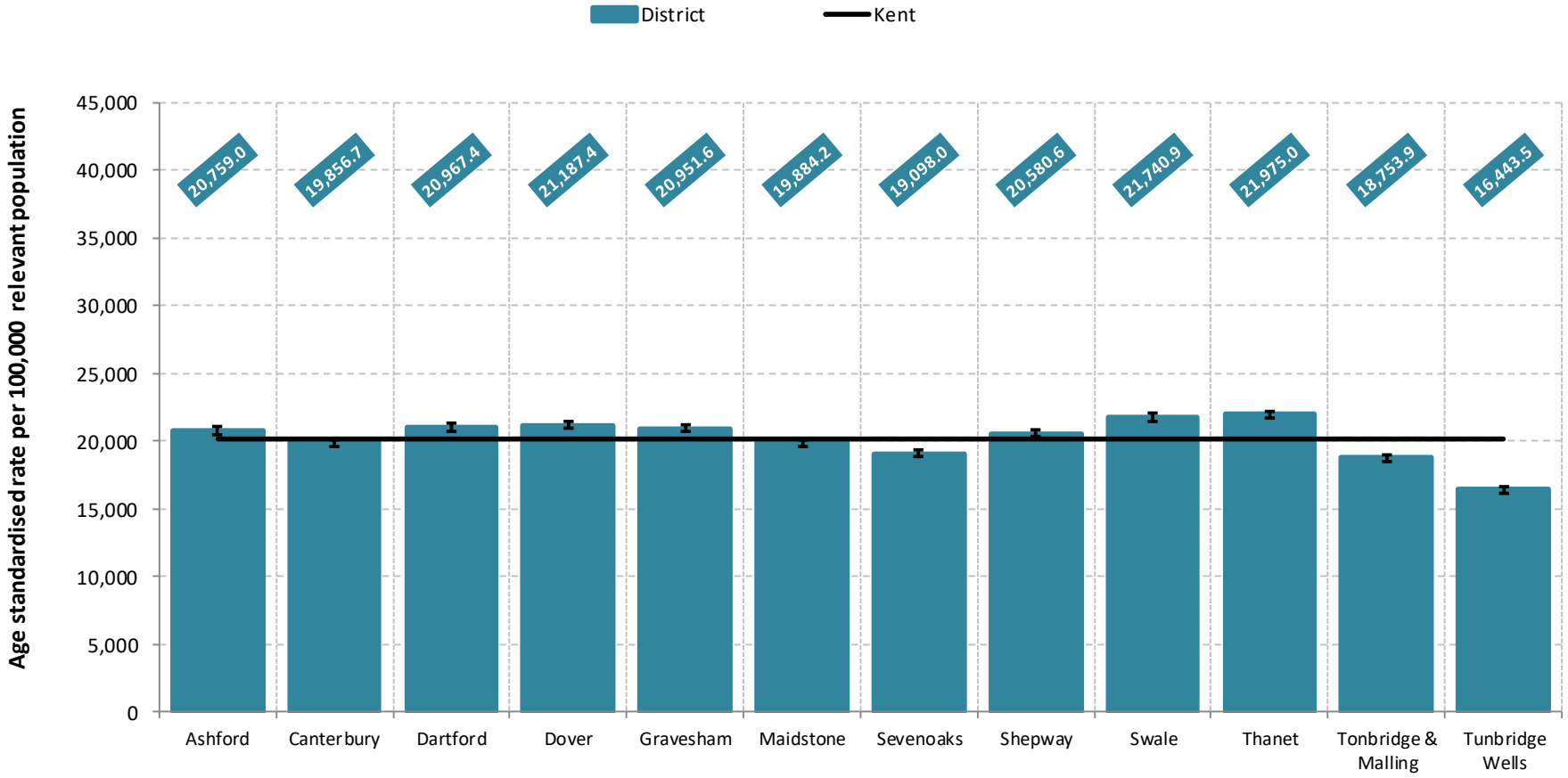
Source: Public Health England (based on Active Lives, Sport England), prepared by KPHO (LLY), May-18

Multimorbidity

- Multimorbidity prevalence
- Prevalence of long term condition combinations

Multimorbidity (developmental statistics): by district

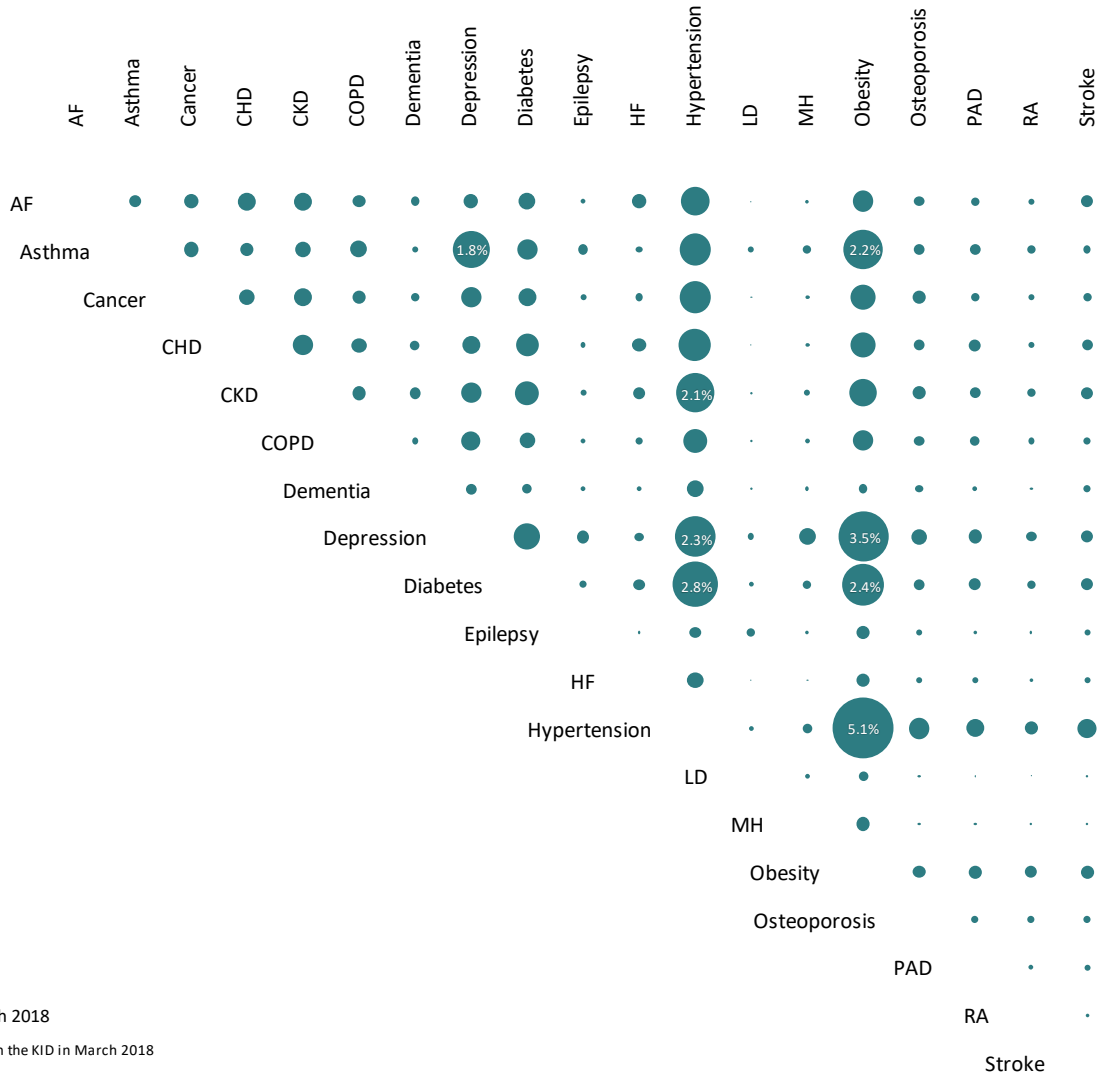
Patients recorded by their GP as having 2 or more long-term conditions, age standardised rate per 100,000 people, 2017



Source: Kent Integrated Dataset (KID), prepared by KPHO (TG), Apr-18

Multimorbidity (developmental statistics): Prevalence of long term condition combinations

Patients recorded by their GP as having specific combinations of long term conditions, Kent, March 2018



Source: Kent Integrated Dataset (KID), prepared by KPHO (TG), March 2018

* Figures relate to persons resident in Kent and registered at a GP participating in the KID in March 2018