FEATURE

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Regional economic indicators

A focus on enterprise – driving regional productivity

SUMMARY

This quarter, the regional economic indicators article focuses on enterprise – one of the drivers of regional productivity. The regular part of the article then gives an overview of the economic activity of UK regions in terms of their gross value added (GVA), GVA per head and labour productivity. This is followed by a presentation of headline indicators of regional welfare, other drivers of regional productivity and regional labour market statistics. The indicators cover the nine Government Office Regions of England and the devolved administrations of Northern Ireland, Scotland and Wales. These 12 areas comprise level 1 of the European Nomenclature of Units for Territorial Statistics (NUTS level 1) for the UK. The term 'region' is used to describe this level of geography for convenience in the rest of this article.

Focus on enterprise

This article focuses on enterprise, one of the productivity drivers identified by HM Treasury and the Department for Business, Enterprise & Regulatory Reform (BERR). Enterprise – along with investment, innovation, competition and skills – is seen as key to productivity growth. Over the long term, increased productivity is the key determinant of economic growth, and together with higher employment, is the primary route to higher living standards (ONS 2007).

Enterprise is defined as the seizing of new business opportunities by both start-ups and existing firms. New enterprises can bring innovative processes and technologies to the market forcing existing ones to improve their productivity in order to remain competitive. As a result, numbers and rates of business start-ups, closures and survival rates are among key indicators of enterprise.

In November 2008, BERR published its VAT-registered business start-ups and closures series for the last time. At the same time, the Office for National Statistics (ONS) introduced a more comprehensive series in line with a new European Commission Structural Business Statistics Regulation. The new series, called 'Business demography, enterprise births and deaths' includes not only enterprises registered for VAT, but also those that are only registered for pay-as-you-earn (PAYE). In 2007, these accounted for approximately 20 per cent of all VAT

and/or PAYE-registered enterprises. The VAT-registered series did not include these enterprises and as a result the figures for business stocks, start-ups and closures in the new series are more complete, and therefore higher. It needs to be noted that enterprise statistics in general relate to the place of registration of the enterprise. The enterprise, however, may consist of more than one local unit, some possibly in different regions.

A more complete discussion of the methodology and the differences between the series published by ONS and BERR is contained in Grierson and Allen (2008).

As the ONS series is more comprehensive, figures on enterprise stocks, births and deaths quoted in this article are based on the new series unless stated otherwise.

Numbers of enterprises by region

The number of active enterprises in each region varies considerably, not least because some regions have larger populations than others. **Table 1** shows that there were a total of 2.3 million enterprises active in the UK in 2007. The region with the highest count was London (389,000) followed by the South East (369,000). Northern Ireland and the North East had the fewest enterprises (58,000 and 62,000, respectively).

When calculated as a rate to take into account the different population sizes across regions, there was still a considerable variation between regions. Again, London

Table 1
Enterprise counts and enterprises per 10,000 adults:
by NUTS1 region, 2007

	Active enterprises (thousands)	Active enterprises per 10,000 adults (numbers)
United Kingdom	2,301	469
North East	62	299
North West	233	421
Yorkshire and The Humber	166	400
East Midlands	157	444
West Midlands	191	444
East of England	233	515
London	389	641
South East	369	555
South West	206	489
Wales	91	378
Scotland	145	347
Northern Ireland	58	424

Source: Business Demography, Office for National Statistics

and the South East had the highest rates, at 641 and 555 active enterprises per 10,000 resident adults, respectively. The North East had the lowest rate, at 299 per 10,000 adults. Despite the small number of enterprises in Northern Ireland, the rate of 424 per 10,000 adults was higher than the rate for the three northern English regions (the North East, the North West and Yorkshire and The Humber), Wales and Scotland.

Births and deaths of enterprises

Table 2 shows the number of births and deaths of enterprises in 2007. London and the South East had the highest number of both births and deaths, while Northern Ireland and the North East had the lowest. The picture is broadly similar for rates per 10,000 adults, with the exception that Wales had the lowest rate of enterprise births followed by the North East and Northern Ireland.

An alternative way of calculating rates is enterprise births and deaths as a proportion of the active enterprise stock in a particular period. The difference between the two represents the net change, which can also be calculated as a proportion of total stock.

Figure 1 shows that the North East and Scotland had the highest rate of net change, at 4.8 per cent, closely followed by London, at 4.7 per cent. Wales and the

South West had the lowest rates, at 1.6 and 2.3 per cent, respectively. In 2007, across regions, the relatively modest net changes were the result of much larger proportions of enterprises joining and leaving the stock. These proportions were largest in London, followed by the North East. A relatively large proportion of enterprises joining and leaving the stock can be seen as desirable, as new enterprises entering the market are considered to bring innovative processes and technologies that drive up productivity

and force unproductive enterprises to leave the market.

Survival rates

As well as analysing births and deaths of enterprises, it is useful to look at how long these enterprises survive. The Business Demography series contains data showing the number of years survived by enterprises born in the years 2002 to 2006.

Figure 2 shows the proportion of enterprises born in 2002, 2003 and 2004 that survived for at least three years. It shows that, overall in the UK, survival rates increased over the period, rising from 62.9 per cent of enterprises born in 2002 to 65.3 per cent of those born in 2004.

Patterns were similar across regions, with all but Northern Ireland having higher survival rates for enterprises born in 2004 than in 2002. Northern Ireland saw a fall from 69.2 to 67.4 per cent; however, this was still higher than the UK average of 65.3 per cent. Among enterprises born in 2004, those in the South West had the highest three year survival rate, at 68.9 per cent.

London stands out as the region with the lowest rate, at 60.0 per cent. Figure 1 has shown that London had the highest percentage of births and deaths of

Table 2
Enterprise births and deaths: by NUTS1 region, 2007

	Births			Deaths ¹		
	Count of births (thousands)	Births per 10,000 adults	Percentage of active enterprises	Count of deaths (thousands)	Deaths per 10,000 adults	Percentage of active enterprises
United Kingdom	302	61.5	13.1	228	46.5	9.9
North East	9	43.2	14.5	6	28.7	9.6
North West	31	56.8	13.5	24	42.7	10.1
Yorkshire and The Humber	21	50.9	12.7	17	40.8	10.2
East Midlands	19	54.2	12.2	15	41.9	9.5
West Midlands	24	55.8	12.6	19	44.6	10
East of England	29	63.6	12.3	22	49.0	9.5
London	64	105.4	16.5	46	75.4	11.8
South East	45	67.4	12.1	36	53.4	9.6
South West	24	56.4	11.5	19	45.2	9.2
Wales	10	42.1	11.1	9	36.1	9.5
Scotland	19	46.1	13.3	12	29.6	8.5
Northern Ireland	6	43.8	10.3	4	29.4	6.9

Note:

1 Provisional.

Source: Business Demography, Office for National Statistics

Box 1

Limitations of the use of rates for enterprise statistics

Although the use of rates takes into account the size of the resident adult population in different regions, there are a number of other factors that may influence the enterprise rates. For example, the industrial structure of a region could affect the average number of people employed in each enterprise, and therefore the number of enterprises. Also, rates based on resident populations

are subject to commuting effects in areas with high levels of inward or outward commuting, such as London and the South East. Further analysis would be required to establish the exact nature of these relationships. Users should therefore be cautious in the interpretation of differences in rates.

Figure 1

Enterprise births, deaths¹ and net change as percentages of enterprise stock: by NUTS1 region, 2007 **Note:**

1 Provisional.

Source: Business Demography, Office for National Statistics

Figure 2

Percentage of enterprises surviving three years: by year of birth and NUTS1 region

Source: Business Demography, Office for National Statistics

enterprises; therefore, it is not surprising that survival rates were relatively low. They could be an indication of London's ability to exploit short-term business opportunities. At the same time, it may suggest that many of the new enterprises born will not provide long-term growth and employment.

Enterprise size

The Business Demography series also gives information on the size of enterprises in the enterprise stock and of those enterprises joining and leaving the business stock.

It can be argued that a large number of small enterprises show greater

entrepreneurial activity than a smaller number of large enterprises, as a greater number of business opportunities have been identified and exploited by a larger number of individuals.

Table 3 shows the percentages of enterprises that were born and died in each region with 0 to 4, 5 to 9, 10 to 19 and 20+ employees in 2007. This is compared with the percentages in each employment size band for the total enterprise stock. In the UK overall, 77.6 per cent of the enterprise stock had employment of 0 to 4, ranging from 69.3 per cent in Northern Ireland to 81.3 per cent in London. The North East, followed by Northern Ireland and Scotland, had the highest proportion of enterprises with employment of 20 or more, at 6.2 and 6.0 per cent, respectively. London had the lowest proportion of larger enterprises at 4.1 per cent.

Across all regions, enterprises that were born in 2007 were more likely to be in the smallest size band than for the stock as a whole. In all regions, over 90 per cent of enterprises born had fewer than five people in employment, with a UK average of 91.9 per cent. Variation between regions was small, ranging from 90.3 per cent in Northern Ireland to 93.6 per cent in London.

The proportion of deaths accounted for by the smallest enterprises (88.7 per cent) was slightly lower than for births, but considerably higher than the national average of the enterprise stock (77.6 per cent). Only London had a figure above 90 per cent; all other regions ranged from 84.9 to 89.9 per cent. The proportion of deaths in the 20+ size band was lower than the 20+ proportion of the overall enterprise stock.

Table 3

Percentage of enterprise stocks, births and deaths in different employment size bands: by NUTS1 region, 2007

	Percentages											
	Stock				Births				Deaths ¹			
	0-4	5-9	10-19	20+	0-4	5-9	10-19	20+	0-4	5-9	10-19	20+
United Kingdom	77.6	11.9	5.6	4.8	91.9	5.6	2.0	0.4	88.7	7.3	2.8	1.2
North East	73.3	13.7	6.8	6.2	90.9	6.6	1.9	0.6	85.9	9.0	3.3	1.8
North West	76.5	12.4	6.0	5.2	91.2	6.1	2.1	0.5	87.1	8.2	3.2	1.4
Yorkshire and The Humber	75.1	13.0	6.4	5.4	90.6	6.6	2.3	0.4	87.6	7.8	3.0	1.5
East Midlands	76.9	12.2	5.8	5.1	91.7	5.9	2.0	0.4	88.0	7.9	2.8	1.3
West Midlands	77.0	12.1	5.8	5.0	92.1	5.5	1.9	0.5	88.1	7.6	3.0	1.3
East of England	79.2	11.3	5.1	4.4	92.6	5.2	1.8	0.4	89.9	6.7	2.4	1.0
London	81.3	9.8	4.8	4.1	93.6	4.2	1.9	0.3	90.9	5.5	2.6	1.0
South East	79.8	10.8	5.1	4.3	92.4	5.4	1.9	0.4	89.9	6.7	2.5	0.9
South West	76.6	12.9	5.9	4.6	90.7	6.5	2.3	0.5	87.6	8.1	3.1	1.3
Wales	76.1	13.5	5.5	4.9	90.5	7.0	2.1	0.4	88.9	7.8	2.5	0.8
Scotland	73.6	13.9	6.5	6.0	90.5	6.4	2.6	0.5	85.2	9.4	3.7	1.7
Northern Ireland	69.3	16.6	8.0	6.0	90.3	6.5	2.4	0.8	84.9	9.8	3.8	1.6

Note:

1 Provisional.

Source: Business Demography, Office for National Statistics

Although the proportions of births and deaths among larger enterprises are relatively small, the impact on employment of these enterprises can be disproportionately large. For example, a small number of births of large enterprises could have a hugely positive impact on a local area or even an entire region.

Time series data

In the November 2008 release, ONS only published 2007 data on enterprise stocks and deaths at the regional level. However, enterprise births per 10,000 resident adult population is one of the 198 indicators forming the basis of Local Area Agreements between central and local government. These agreements aim to set priorities for local areas, and indicators by which progress towards achieving them can be measured. As a result, ONS produced births data for 2002 to 2007.

Figure 3 compares the number of enterprise births per 10,000 resident adult population in 2002 and 2007.¹ All regions experienced an increased enterprise birth rate, although proportionately the largest increases were in Scotland and London, where the rate increased by around one-third. The lowest increases were in the South West and Wales.

Although time series statistics on enterprise deaths and stocks are not currently available in the Business Demography dataset, they are available from the VAT-registrations series for stocks published by BERR. **Figure 4** shows that, between 1998 and 2008, the number of enterprises as a proportion of the resident adult population increased steadily in all regions.

Self-employment

Another indicator of enterprise is the proportion of self-employed people among the working population. Self-employment indicates entrepreneurial activity in that the self-employed often identify a business opportunity and establish an enterprise to exploit it.

Data on self-employment is available from the Annual Population Survey (APS), the continuous household survey conducted by ONS. The APS asks respondents in employment about their employment status and whether they are an employee or self-employed.

Patterns of self-employment vary between the regions of the UK. This will at least in part reflect the different regional economies and labour markets.

Figure 3

Enterprise births per 10,000 resident adult population: by NUTS1 region

Source: Business Demography, Office for National Statistics

Figure 4

Stock of VAT-registered enterprises per 10,000 resident adult population: by NUTS1 region, 1998, 2003 and 2008

Source: Department for Business, Enterprise & Regulatory Reform

Figure 5

Self-employment among the working population: by NUTS1 region, July 2007–June 2008

Source: Annual Population Survey, Office for National Statistics

Figure 5 shows the percentage of those in employment who were self-employed in the 12 months to June 2008, broken down by region and sex. It shows that the highest proportion of self-employment was in London, with 15.7 per cent of employed people being self-employed compared with a UK average of 13.1 per cent. The lowest figure was in the North East, with a figure of 9.1 per cent. Across all regions, a higher

proportion of men were self-employed than women, typically more than twice as many.

Differences across regions are more pronounced when analysing the sexes separately. Among men, Northern Ireland had the highest rate of self-employment, at 21.9 per cent, compared with a UK average of 17.6 per cent. Again, the North East had the lowest rate, at 12.6 per cent. The proportion of women who were self-

employed in Northern Ireland was lower than the UK average, at 6.3 per cent, compared with 7.8 per cent. The highest rate of self-employment among female workers was in London, at 10.0 per cent.

The rate of self-employment as a whole has increased slightly in recent years, rising from 12.0 per cent for the UK in 2000 to 13.2 per cent in 2007. All regions for which data are available saw an increase over the period, although London and the East of England saw the largest rises proportionately.

Regional overview

Key figures on a regional basis indicate that:

- in 2007, workplace-based GVA was highest in London (£250 billion), followed by the South East (£175 billion) and the North West (£121 billion), while Northern Ireland (£29 billion), the North East (£40 billion) and Wales (£44 billion) had the lowest workplace-based GVA
- London was the region with the highest productivity, in terms of GVA per hour worked, at 22.9 percentage points above the UK average in 2006. Northern Ireland had the lowest productivity in 2006, at 16.1 percentage points below the UK average
- in 2008 Q3, the North East, Wales and the East of England had the strongest increases in the value of exports to the European Union (EU), at 20.1, 12.9 and 11.7 per cent, respectively, compared with 12 months earlier. Scotland (−4.0 per cent) and the East Midlands (−2.0 per cent) experienced declines in their exports to the EU over the same period

- the South East had the highest employment rate in 2008 Q3, at 79.0 per cent, while Northern Ireland had the lowest rate, at 70.1 per cent, compared with the UK employment rate of 74.4 per cent

Headline indicators

In order to gain an overview of the economic performance of UK regions, this article discusses a selection of economic indicators. Currently, the most widely used indicator of regional economic performance is Gross Value Added (GVA) per head. Policymakers frequently use GVA per head as a headline indicator of regional productivity and regional incomes and, therefore, the welfare of people living in a region, when comparing and benchmarking regions that differ in geographical size, economic output and population. However, as Dunnell (2009) has explained, productivity and income are very different concepts.

GVA per head is calculated as the simple ratio of the economic activity in a region divided by the number of people living in a region, while productivity is defined as the ratio of GVA divided by the labour input (jobs or hours worked) used to create it. GVA per head does not take account of:

- people commuting in and out of regions to work
- regional differences in the percentages of residents who are not directly contributing to GVA, such as young people or pensioners, and
- different labour market structures across regions, such as full- and part-time working arrangements

Therefore, GVA per hour worked or GVA per filled job are more appropriate productivity indicators.

Similarly, Gross Disposable Household Income (GDHI) per head is a better measure of regional incomes than GVA per head. For example, due to commuting, residents might derive their incomes from economic activity in another region, which is not captured by GVA per head. They may also have sources of income which are unrelated to current work, such as pensions and investment incomes.

Regional performance

In December 2008, ONS published new GVA estimates for 2007 and revised estimates for previous years. **Table 4** shows the regional economic performance in terms of workplace-based GVA, the average annual growth over the period 2000 to 2007 and the proportion of each region as a percentage share of total UK GVA in 2007.

The estimates show that London's GVA made up more than one-fifth of total UK GVA, which was followed by the South East (14.4 per cent) and the North West (9.9 per cent); Northern Ireland, the North East and Wales made up the lowest percentage shares, each below 4 per cent. Compared with 2006, the regional breakdown stayed roughly unchanged.

In terms of average annual percentage growth between 2000 and 2007, the East Midlands, London, Northern Ireland and the East of England had the highest GVA growth (each at 5.8 per cent), while the West Midlands (4.4 per cent) and Wales (4.9 per cent) had the lowest. This compares with average annual growth of 5.4 per cent

Table 4

Workplace-based gross value added at current basic prices: by NUTS1 region

£ million and percentages

	UK ¹	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland
2000	842,542	28,282	84,683	61,461	52,590	68,394	72,332	168,976	123,283	64,204	31,686	67,194	19,458
2001	887,096	29,541	89,129	64,921	55,999	71,363	76,164	176,277	129,905	68,765	33,512	71,295	20,225
2002	937,292	31,223	94,301	69,240	59,737	75,090	79,224	185,237	137,970	72,772	35,733	75,701	21,063
2003	994,942	32,760	98,288	72,677	64,559	78,372	86,266	199,165	146,282	77,526	37,209	79,369	22,469
2004	1,047,873	35,339	103,938	76,779	67,412	81,652	91,483	209,826	152,131	81,633	39,503	84,104	24,074
2005	1,089,892	36,624	107,199	79,431	69,526	84,113	94,533	221,976	157,848	84,860	40,340	88,289	25,151
2006	1,147,862	37,956	112,359	82,477	73,796	86,902	100,809	235,656	166,716	89,014	41,985	93,373	26,823
2007 ²	1,216,835	40,277	120,520	87,235	78,068	92,165	107,005	250,148	175,303	94,152	44,308	98,877	28,781
Average annual percentage growth 2000 to 2007 ²	5.4	5.2	5.2	5.1	5.8	4.4	5.8	5.8	5.2	5.6	4.9	5.7	5.8
2007 ² regional breakdown (percentages)	100.0	3.3	9.9	7.2	6.4	7.6	8.8	20.6	14.4	7.7	3.6	8.1	2.4

Notes:

- 1 UK less Extra-region and statistical discrepancy.
- 2 Provisional.

Source: Regional Accounts, Office for National Statistics

Table 5

Workplace-based gross value added per head of population at current basic prices: by NUTS1 region

£ per head and percentages

	UK ¹	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland
2000	14,308	11,120	12,501	12,395	12,617	12,979	13,457	23,350	15,429	13,057	10,900	13,272	11,562
2001	15,007	11,630	13,160	13,045	13,366	13,514	14,103	24,074	16,191	13,911	11,515	14,078	11,972
2002	15,800	12,288	13,913	13,843	14,150	14,181	14,583	25,163	17,146	14,632	12,238	14,976	12,415
2003	16,706	12,890	14,453	14,456	15,175	14,755	15,757	27,045	18,089	15,490	12,694	15,694	13,197
2004	17,510	13,901	15,241	15,162	15,709	15,329	16,600	28,397	18,723	16,192	13,407	16,561	14,076
2005	18,093	14,364	15,673	15,552	16,066	15,720	16,993	29,771	19,286	16,683	13,658	17,329	14,585
2006	18,946	14,851	16,395	16,039	16,909	16,193	17,980	31,369	20,238	17,372	14,156	18,248	15,401
2007 ²	19,956	15,706	17,558	16,850	17,744	17,125	18,902	33,102	21,099	18,183	14,869	19,221	16,361
Average annual percentage growth 2000 to 2007 ²	4.9	5.1	5.0	4.5	5.0	4.0	5.0	5.1	4.6	4.8	4.5	5.4	5.1
Indices (UK ¹ =100), 2007 ²	100.0	78.7	88.0	84.4	88.9	85.8	94.7	165.9	105.7	91.1	74.5	96.3	82.0

Notes:

1 UK less Extra-region and statistical discrepancy.

2 Provisional.

Source: Regional Accounts, Office for National Statistics

for the UK as a whole. It needs to be noted that these growth rates are nominal and so do not take account of inflation or regional differences in prices.

Although GVA per head is not a good indicator of regional productivity or regional incomes, it takes account of variations in geographical size among UK regions and therefore allows better comparisons than in Table 4. **Table 5** shows that, in 2007, GVA per head for the UK was £19,956. London was the region with the highest GVA per head in 2007, at £33,102, well above (by 65.9 per cent) the UK average. The GVA per head of the South East was 5.7 per cent above the UK average, at £21,099. Wales and the North East had the lowest GVA per head, at less than 80 per cent of the UK average.

Labour productivity

To compare regions in terms of productivity, GVA per hour worked is the preferred indicator. At lower levels of geography, 'hours worked' estimates are not yet available and GVA per filled job should be used. These two measures of productivity divide GVA by the labour input, namely hours worked in each job or the number of jobs used to create it.

GVA per hour worked and GVA per filled job take account of commuting effects and different age profiles, and the former also accounts for variations in labour market structures, such as full- and part-time working arrangements and job share availability. Therefore, these productivity measures exhibit smaller differences from the UK average than the catch-all indicator of GVA per head. This is mainly caused by commuting patterns.

London, for example, has a very high GVA per head, mainly due to incoming workers generating a high GVA, which is then divided by a much lower resident population.

On 11 February 2009, new productivity estimates for 2007 were published. These estimates make use of the new and revised GVA figures, which are presented in Table 4, and updated 'filled jobs' and 'hours worked' estimates. At the time of writing this article, these estimates were not available and the following investigates productivity estimates up to 2006.

Figure 6 shows the regional GVA per hour worked productivity index on a time series basis. London and the South East were the only two regions with a productivity performance above the UK average. Both regions further improved their relative performance from 2000 to 2006, therefore diverging further from the UK average. Northern Ireland and Wales had the lowest

relative productivity in 2006. These regions also experienced the strongest divergence from the UK average productivity from 2000 to 2006. This implies that these regions' productivity grew by less than UK average productivity, therefore widening the productivity gap between regions.

Income of residents

The above has investigated productivity – a workplace indicator. The following discusses regional incomes, which is a residence-based indicator that serves as a key determinant of the welfare of residents living in a region. GDHI represents the amount of money available to households after taxes, National Insurance and pension contributions, property costs and other interest payments have been deducted. To allow comparisons across regions, household income per head of the resident population is used. Current GDHI estimates go up to 2006. They are published at current basic prices and so do

Figure 6
GVA per hour worked: by NUTS1 regionIndices (UK¹=100) **Notes:**

1 UK less Extra-region and statistical discrepancy.

2 Provisional.

Source: Office for National Statistics

not take inflation effects or regional price differences into account.

Figure 7 shows GDHI per head estimates from 2000 to 2006, indexed to the UK average GDHI per head. London, the South East and the East of England were the only three regions where household income was above the UK average. The North East had an average household income lower than £12,000 per head, which was 86 per cent of the UK average. Northern Ireland and Wales also had household incomes per head below 90 per cent of the UK average in 2006.

The North East, which had the lowest household income per head in 2006, experienced the second largest growth in this indicator of all English regions. Northern Ireland and Wales had the strongest growth of all UK regions. London, the region with the highest household income per head in 2006, grew at the same rate as the UK average, while the South East and the East of England, which also had household incomes per head above average,

had growth rates below the UK average growth, therefore converging towards the UK average. This implies that convergence of household income per head towards the UK average, particularly of those regions below the UK average, has taken place.

Comparing these outcomes with the regional productivity performance shown in Figure 6 shows that, unlike income per head, productivity has been diverging from the UK average in most regions. Moreover, in terms of productivity, some regions have been performing close to the average while their income per head shows stronger divergences from average. The North East, for example, has had a close to average but declining productivity performance since 2000 and at the same time the lowest, but increasing, income per head. One reason for this might be the region's low employment and high unemployment rates (see labour market section).

Gross median weekly earnings represent another indicator for regional welfare.

Figure 8 shows the gross median weekly

pay for all full-time employees, split into female and male full-time employees, in each region in April 2008. As in previous years, London was the region with the highest gross median weekly pay, at £612.70, followed by the South East, at £499.80. These were the only regions above the UK average of £478.60. Northern Ireland (£417.60), the North East (£420.60) and Wales (£421.00) experienced the lowest earnings in April 2008. The figure shows that there were big differences between the weekly pay for male and female full-time employees across regions. In Northern Ireland, the discrepancy was smallest, while it was largest in London and the South East. The weekly pay for male full-time employees was above the UK average pay for all full-time employees in nine of the 12 NUTS1 regions, while the weekly pay of female full-time employees was only above the UK average in London.

Other drivers of productivity

The focus section of this article has covered enterprise – one of the productivity drivers identified by HM Treasury and BERR. Alongside enterprise, investment, innovation, competition and skills have been identified as productivity drivers and can help explain differences in productivity across regions.

It is important to realise that alongside these five key drivers, other factors, such as connectivity, industrial structure and region-specific assets have a strong influence on regional productivity performance.

This article uses expenditure on Research and Development (R&D) by businesses as a measure of innovation; UK regional trade in goods serves as a measure of competition; and the qualifications of the current working-age population and those of young people, who represent the future workforce, to provide an indicator for the skills driver.

Investment

Investment in physical capital, such as machinery, equipment and buildings, enables workers to produce more and higher quality output. Therefore, investment can have a significant positive impact on productivity. Due to quality concerns regarding the regional allocations of investment, which is recorded at the level of the enterprise and not at the local level, this article does not currently include data on investment.

Nevertheless, as Dunnell (2009) has

Figure 7
Headline gross disposable household income per head: by NUTS1 region

Notes:

- 1 UK less Extra-regio.
- 2 Provisional.

Source: Regional Accounts, Office for National Statistics

Figure 8
Gross median weekly pay of full-time employees: by NUTS1 region, April 2008

Source: Annual Survey of Hours and Earnings, Office for National Statistics

pointed out, inflows of foreign direct investment (FDI) projects and estimated numbers of associated jobs by region can serve as a narrow indicator of investment. However, FDI does not cover all investment in a region and there is no requirement to notify UK Trade & Investment when undertaking FDI.

Innovation

Innovation is a necessary, although not sufficient, condition for economic success and is therefore recognised as an important driver of productivity. Innovation comprises, among others, the development of new technologies that increase efficiency and the introduction of new, more valuable goods and services. It also includes intangibles such as new methods of working and improvements to services.

R&D represents one of the determinants to the innovation process and is defined by the Organisation for Economic Co-operation and Development (OECD) in its Frascati Manual, which proposes a standard practice for surveys on R&D, as 'creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to create new applications'. The OECD definition of R&D covers the following:

- basic research: experimental and theoretical work to obtain new knowledge of the underlying foundation of phenomena and observable facts, without any particular application or use in view
- applied research: work undertaken to acquire new knowledge, which is directed primarily towards a specific practical aim, and
- experimental development: systematic work, drawing on existing knowledge, which is directed at producing new materials, products or devices, installing new processes, systems and services, or at improving substantially those already produced or installed

The OECD definition excludes education, training and any other related scientific, technological, industrial, administrative or supporting activities. However, innovation depends on a wider set of inputs than R&D, including skills training, design, software and organisational investment by firms. HM Treasury Economics Working Paper

No. 1 quantifies these broader knowledge economy inputs at UK level; more work is needed before these factors can be measured effectively at regional level.

Figure 9 presents statistics on Business Expenditure on Research and Development (BERD), which are consistent with internationally agreed standards. New figures for 2007 were not available at the time of writing.² Figure 9 shows business expenditure on R&D as a percentage of workplace-based GVA from 2000 and 2006. This is a measure commonly used in international comparisons as it takes account of the size of regional economies.

The figure shows that, since 2000, the East of England has been the region with by far the highest percentage of R&D expenditure in terms of GVA, with 3.5 per cent in 2006. The South East had the second highest percentage (2.0 per cent), which has, however, been declining since 2000.

R&D expenditure as a share of regional GVA in the South West and North West was 1.5 and 1.4 per cent, respectively. London, Yorkshire and The Humber and the three Devolved Administrations of Wales, Scotland and Northern Ireland had the lowest shares in 2006, at around 0.5 per cent each. London's very low share of expenditure on R&D might not necessarily suggest low levels of innovation but might be due to it having a large concentration of service industries, which may not be R&D intensive (within the OECD definition) if, for example, they rely heavily on human capital.

Competition

Vigorous competition enhances productivity by creating incentives to innovate and ensure that resources are allocated to the most efficient firms. It

also forces existing firms to organise work more effectively through imitations of organisational structures and technology. One indicator of competition is the volume of exports. Even though exports do not represent competition within a region, they still provide an indication of how international regions are in their outlook, and how able they are to face global competition.

HM Revenue & Customs (HMRC) publishes statistics on regional trade in goods to the EU and non-EU destinations by statistical value. Trade in goods by definition excludes trade in intangibles and services. The statistical value of export trade is calculated as the value of the goods plus the cost of movement to the country's border.

Table 6 presents the latest estimates that go up to 2008 Q3. The total value of UK exports to all destinations for the 12 months ending September 2008 increased by 12.9 per cent compared with the same period in 2007.

As the EU is the main export destination for UK goods, the table separates exports to EU and non-EU destinations. In terms of exports to the EU, the value of UK exports for the 12 months ending September 2008 increased by 11.8 per cent compared with the same period a year earlier. This increase was driven by increased exports to the EU in ten UK regions. The North East and Wales had the strongest increases, at 20.1 and 12.9 per cent, respectively. Scotland (-4.0 per cent) and the East Midlands (-2.0 per cent) were the only two regions that experienced declines in their exports to the EU over this 12-month period.

In terms of the latest quarter estimates (2008 Q3) compared with the previous quarter, all regions except London, Scotland and Wales experienced a decline in their

Figure 9

Business expenditure on R&D as a percentage of workplace-based GVA: by NUTS1 region

Note:

- 1 UK less Extra-region and statistical discrepancy.

Source: Regional Accounts and Business Expenditure on Research & Development, Office for National Statistics

Table 6

UK regional trade in goods – statistical value of exports: by NUTS1 region

£ million

	United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland
EU¹ exports													
2006 Q4	31,086	1,398	2,566	1,694	2,152	2,171	2,793	2,164	4,708	1,641	1,307	1,694	835
2007 Q1	31,747	1,303	2,794	1,765	2,296	2,267	3,164	2,244	4,598	1,725	1,440	1,569	847
2007 Q2	31,263	1,287	2,952	1,696	2,036	2,325	2,998	2,066	4,609	1,580	1,415	1,635	850
2007 Q3	30,662	1,330	2,773	1,649	2,038	2,033	2,914	2,183	4,490	1,633	1,313	1,378	830
12 months ending September 2007	124,758	5,318	11,085	6,804	8,522	8,796	11,869	8,657	18,405	6,579	5,475	6,276	3,362
2007 Q4	32,951	1,557	2,854	1,725	2,058	2,314	3,196	2,152	4,891	1,725	1,331	1,527	855
2008 Q1 ²	34,890	1,647	3,151	1,744	2,188	2,401	3,309	2,301	4,906	1,816	1,515	1,489	874
2008 Q2 ²	36,883	1,628	3,279	1,876	2,111	2,500	3,569	2,417	5,369	1,920	1,653	1,483	971
2008 Q3 ²	34,780	1,557	3,092	1,870	1,992	2,119	3,185	2,760	5,046	1,672	1,681	1,526	865
12 months ending September 2008	139,504	6,389	12,376	7,215	8,349	9,334	13,259	9,630	20,212	7,133	6,180	6,025	3,565
Non-EU exports													
2006 Q4	23,575	848	2,421	1,313	1,791	1,579	2,022	3,939	3,531	1,113	947	1,495	505
2007 Q1	21,183	807	2,261	1,247	1,622	1,479	1,775	3,477	3,112	917	839	1,683	469
2007 Q2	23,968	1,009	2,484	1,564	1,655	1,607	2,004	3,448	4,003	992	957	1,991	521
2007 Q3	23,007	1,021	2,417	1,402	1,685	1,595	1,843	3,402	3,667	1,100	851	2,012	520
12 months ending September 2007	91,733	3,685	9,583	5,526	6,753	6,260	7,644	14,266	14,313	4,122	3,594	7,181	2,015
2007 Q4	25,138	1,261	2,462	1,762	1,784	1,801	2,001	3,595	4,125	1,155	912	1,894	578
2008 Q1 ²	23,835	1,164	2,452	1,641	1,743	1,767	2,167	3,195	3,892	1,052	869	1,833	555
2008 Q2 ²	27,759	1,335	2,862	1,712	1,940	1,990	2,509	3,661	4,993	1,182	1,074	2,066	638
2008 Q3 ²	28,231	1,357	2,936	1,707	1,914	2,142	2,268	3,577	5,173	1,373	1,312	2,102	623
12 months ending September 2008	104,963	5,117	10,712	6,822	7,381	7,700	8,945	14,028	18,183	4,762	4,167	7,895	2,394

Notes:

- 1 EU data refer to EU25 up to 2006 Q4 and EU27 from 2007 Q1.
- 2 Provisional.

Source: UK Regional Trade in Goods Statistics, HM Revenue & Customs

value of exports to the EU. The West Midlands (–15.2 per cent), the South West (–12.9 per cent) and Northern Ireland (–10.9 per cent) saw the strongest declines.

UK exports to non-EU destinations, like those to EU destinations, increased in the 12 months ending September 2008 compared with the previous 12 months. The total value of UK exports to non-EU destinations increased by 14.4 per cent, with the strongest increases in the North East (38.9 per cent), the South East (27.0 per cent), Yorkshire and The Humber (23.5 per cent) and the West Midlands (23.0 per cent). London (–1.7 per cent) was the only region that experienced a decline in its exports to non-EU destinations over this time period.

Concerning latest quarter estimates (2008 Q3) for export values to non-EU destinations, almost half the regions experienced a decline compared with the previous quarter. The East of England and Northern Ireland had the largest declines, at 9.6 and 2.4 per cent, respectively. The strongest increases in exports compared with Q2 were experienced in Wales (22.2 per cent), the South West (16.2 per cent) and the West Midlands (7.6 per cent).

Figure 10 shows the value of exports of goods as a percentage of workplace-based regional GVA in 2000 and 2007, which takes account of the differing sizes of regional economies. In 2007, exports from the North East accounted for the highest percentage of GVA (at 23.8 per cent), 5.7 percentage points above the UK average. The region where exports accounted for the

smallest percentage of GVA in 2007 was London, at 9.0 per cent.

In terms of this indicator's change over time, in all regions, except Yorkshire and The Humber, exports accounted for a smaller percentage of GVA in 2007 than in 2000. More specifically, Scotland experienced the most significant drop from 2000 to 2007, with exports in 2007

Figure 10
Value of total export goods as a percentage of workplace-based GVA: by NUTS1 region

Notes:

- 1 Provisional.
- 2 UK less Extra-region and statistical discrepancy.

Source: HM Revenue & Customs, Regional Trade Statistics and Office for National Statistics

accounting for 16.3 percentage points less in terms of GVA than in 2000. Most other regions also experienced a decline from 2000 to 2004, with some recovery in 2005 and 2006. In 2007, most regions saw their exports as a percentage of GVA decline.

Skills

The skills of workers influence productivity as they define the capabilities that the labour force can contribute to the production process. The concept of skills includes attributes of the workforce, such as 'softer' or interpersonal skills, which are difficult to measure or to compare in different situations or over time. Therefore, qualifications are often used as proxy indicators. By examining the qualifications of the current workforce as well as those of young people, who represent the future capabilities of the labour market, a view of how skills are changing over time and potential impact on productivity can be analysed.

The latest estimates of the highest qualifications (degree or equivalent) of the working-age population are based on 2008 Q3.³ However, as characteristics of local economies dictate which labour skills are required, comparability between regions might be difficult. An alternative approach is to compare the percentage of

the working-age population that has no recognised qualifications.

Figure 11 presents graphically the proportions of the working-age population that have no qualifications in each region. The figure compares the regional proportions against the UK average for 2008 Q3. Northern Ireland had the highest proportion of the population with no qualifications (9.4 percentage points above the UK average), whereas the South West and the South East had the lowest proportions, 3.5 and 3.3 percentage points below the UK average, respectively.

Above average proportions of working-age people without a qualification do not necessarily mean that regions have the most unqualified workforce. Due to differing regional skill requirements, people with recognised qualifications might migrate into other regions, where demand for their qualifications is high, while those without any recognised qualifications might migrate out of these other regions. Also, if employers have a strong demand for lower skills and a good supply of appropriate workers, a low skill equilibrium is created in a region.

The November 2008 REI article introduced a selection of indicators, which have been agreed by a cross-regional group representing the Regional Skills Partnerships

(RSPs). These partnerships are groups brought together by Regional Development Agencies in each region of England in response to the National Skills Strategy. RSPs aim to strengthen regional structures to make skills provision more relevant to the needs of employers and individuals, covering private, public and voluntary sectors of the economy. They also aim to give regions the flexibility to tackle their own individual challenges and priorities.

Table 7 presents the RSP core indicators, which will help to monitor the health of regional and local labour markets and progress towards national skills targets such as documented in the Leitch Report. These core indicators will be supported by local, more specific, indicators identified by individual RSPs. The choice of '19 to state pension age' for some of the indicators in Table 7 has been influenced by: the increased emphasis on education and training after the age of 16; the plan to raise the standard school leaving age to 18; and alignment with indicators specified in the Local Area Agreements.

In order to assess the future capabilities of the labour force, the percentage of pupils achieving five or more grades A* to C at GCSE level or equivalent in each English region can be used as an indicator. Recent

Table 7
Regional Skills Partnerships core indicators: by NUTS1 region

Percentages											
	Time period	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England
Skills outcome indicators											
Percentage of employers with business or training plan, or budget for training	2007	70.6	69.2	69.6	67.9	67.5	67.3	70.0	70.6	68.4	69.1
Percentage of staff with skill gaps	2007	6.3	5.3	4.8	6.8	5.4	7.8	6.7	5.8	6.2	6.1
Skill shortage vacancies as percentage of all vacancies	2007	18.8	17.6	20.1	20.2	15.5	19.6	26.1	22.5	20.9	20.9
Percentage of KS4 pupils achieving 5+ A* to C GCSE (inc Maths and English)	2007/08 ¹	44.9	47.4	44.4	47.0	46.1	50.3	50.6	51.7	49.2	47.6
Percentage of 19-year-olds qualified to Level 2 or above	2007	73.2	72.4	69.9	71.2	72.1	74.7	74.1	77.6	76.1	73.9
Percentage of 19-year-olds qualified to Level 3 or above	2007	41.6	44.6	42.8	44.5	45.8	49.6	50.5	55.3	50.2	48.0
Percentage of 19 to state pension age with Level 2+	2007	69.3	67.7	65.8	67.2	65.4	67.0	70.3	72.6	72.5	68.9
Percentage of 19 to state pension age with Level 3+	2007	47.1	46.8	45.0	47.0	44.8	46.2	54.1	52.7	52.2	49.0
Percentage of 19 to state pension age with Level 4+	2007	25.9	27.1	25.4	27.3	26.3	27.7	39.4	32.9	31.0	30.2
Percentage of 19 to state pension age with no qualifications	2007	13.4	14.5	14.0	13.1	16.5	11.9	12.4	9.2	8.9	12.5
Percentage of working-age population who undertook job-related training in last 13 weeks	Jul07– Jun08	21.3	19.1	19.4	20.3	20.0	19.0	18.4	21.8	22.6	20.1
Percentage of 17-year-olds in education or work-based learning	end-2006	76.0	77.0	73.0	74.0	77.0	76.0	85.0	78.0	76.0	77.0

Note:

1 Revised data, includes attempts and achievements by these pupils in previous academic years.

Source: Labour Force Survey, Office for National Statistics; Department for Children, Schools and Families; Department for Universities, Skills and Innovation; National Employers Skills Survey 2007

Figure 11

Working-age population with no qualifications:¹ by NUTS1 region, 2008 Q3 **Note:**

Source: Labour Force Survey, Office for National Statistics

1 For summary of qualifications and equivalents see www.statistics.gov.uk/statbase/product.asp?vlnk=836.

Figure 12

Pupils achieving five or more grades A* to C at GCSE level or equivalent: by NUTS1 region, 2007/08¹ **Notes:**

Source: Department for Children, Schools and Families

1 Revised data, includes attempts and achievements by these pupils in previous academic years.
2 The England average includes all schools, not only local authority maintained schools.

focus on literacy and numeracy has led to a new measure being published, of five or more GCSEs grade A* to C in subjects including English and Mathematics. **Figure 12** compares the percentage of pupils achieving at least five grades A* to C at GCSE level or equivalent in either any subjects or subjects including English and Mathematics.

In 2007/2008, the England average for all schools of pupils achieving five or more grades A* to C in any subjects was 65.3 per cent, while it was down to 47.6 per cent if the subjects included English and Mathematics. Across all English regions, the percentage of pupils achieving at least five grades A* to C in subjects including English and Mathematics was substantially lower compared with achieving the same in any subjects. Also, regional differences were more pronounced when subjects included English and Mathematics. In the North East and the North West, the percentage of pupils achieving five or more grades A* to C in any subjects was above the England average, while their percentages dropped below the average when subjects included English and Mathematics. The opposite holds for the South West, London and the East of England, where the proportions of pupils achieving at least five grades A* to C increased above the England average if subjects included English and Mathematics.

The labour market

Table 8 shows the seasonally adjusted employment rate, the number of people of

Table 8

Employment¹ rates for people of working age: by NUTS1 region

		Percentages, seasonally adjusted													
		United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
2005	Jul-Sep	74.8	69.7	73.6	74.6	77.2	74.0	78.6	69.7	78.8	78.4	75.1	72.2	75.3	70.1
	Oct-Dec	74.4	70.1	72.8	74.2	77.2	73.4	77.6	69.4	78.7	77.7	74.6	71.9	75.3	69.0
2006	Jan-Mar	74.7	71.3	73.5	74.4	77.0	73.9	77.3	69.9	78.9	78.3	75.0	71.6	75.1	69.4
	Apr-Jun	74.6	71.6	73.2	74.2	77.0	73.9	77.0	69.7	78.9	78.6	74.9	71.3	74.7	69.9
	Jul-Sep	74.6	71.0	73.6	73.5	77.0	73.9	77.2	69.8	78.8	77.9	74.8	72.0	75.5	69.3
	Oct-Dec	74.5	70.9	72.8	73.7	76.5	73.0	77.0	70.0	78.7	78.2	74.6	71.8	76.2	69.9
2007	Jan-Mar	74.3	71.0	72.5	72.8	75.9	72.5	77.3	70.1	78.2	78.0	74.4	71.7	76.6	70.6
	Apr-Jun	74.5	71.4	72.6	73.3	76.0	72.7	77.4	69.7	78.5	78.1	74.5	72.1	77.0	70.6
	Jul-Sep	74.6	72.1	72.4	73.4	75.7	73.0	77.2	70.7	78.8	78.6	74.7	71.3	76.6	70.1
	Oct-Dec	74.8	71.6	72.8	73.7	75.8	73.3	78.1	70.4	78.9	79.3	75.0	71.6	76.6	69.9
2008	Jan-Mar	74.8	70.2	72.4	74.0	76.2	73.2	77.7	71.1	79.5	79.0	75.0	72.0	76.5	69.7
	Apr-Jun	74.7	70.2	72.2	73.4	75.7	72.5	77.7	71.5	79.4	78.8	74.8	72.6	76.5	70.1
	Jul-Sep	74.4	70.4	71.6	73.2	76.1	71.8	77.4	71.0	79.0	78.7	74.5	70.6	76.3	70.1

Note:

Source: Labour Force Survey, Office for National Statistics

1 Includes employees, self-employed, participants on government-supported training schemes and unpaid family workers.

Table 9

Unemployment rates for people aged 16 and over: by NUTS1 region

Percentages, seasonally adjusted

		United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
2005	Jul-Sep	4.8	6.6	4.4	4.6	4.4	4.7	4.0	6.7	4.0	3.6	4.7	4.7	5.5	4.3
	Oct-Dec	5.2	6.6	5.0	5.5	4.5	5.3	4.6	7.3	4.2	4.0	5.2	5.0	5.2	4.5
2006	Jan-Mar	5.2	6.5	4.9	5.4	5.0	5.3	4.9	7.6	4.5	3.6	5.3	4.8	5.3	4.3
	Apr-Jun	5.5	6.1	5.3	5.8	5.5	5.6	5.0	7.8	4.7	3.8	5.5	5.6	5.5	4.3
	Jul-Sep	5.5	6.7	5.5	6.0	5.3	6.1	4.8	7.8	4.5	3.8	5.6	5.4	5.0	4.7
	Oct-Dec	5.5	6.7	5.4	6.0	5.7	6.7	4.5	7.7	4.3	3.9	5.6	5.3	5.2	4.2
2007	Jan-Mar	5.5	6.8	5.8	6.3	5.5	6.5	4.8	7.1	4.7	4.0	5.6	5.6	4.9	4.1
	Apr-Jun	5.4	6.3	5.8	5.5	5.0	6.7	4.6	7.4	4.3	4.0	5.5	5.5	4.7	3.8
	Jul-Sep	5.3	6.1	6.0	5.4	5.7	6.4	5.1	6.1	4.5	4.0	5.4	5.3	4.8	3.8
	Oct-Dec	5.2	5.8	5.9	5.3	5.2	5.8	4.4	6.6	4.5	3.7	5.2	5.1	4.9	4.2
2008	Jan-Mar	5.2	6.5	6.0	5.0	5.5	6.2	4.5	6.9	3.9	3.7	5.3	5.4	4.6	4.6
	Apr-Jun	5.4	7.5	6.3	6.1	5.7	6.3	4.6	6.9	4.2	3.8	5.6	4.9	4.2	4.2
	Jul-Sep	5.8	8.0	6.8	6.8	5.9	6.5	4.8	7.4	4.6	4.2	6.0	6.7	4.7	4.1

Source: Labour Force Survey, Office for National Statistics

working age in employment, expressed as a proportion of the population, from the LFS.

In 2008 Q3 (July to September), the UK employment rate was 74.4 per cent, down 0.2 percentage points from a year earlier and down 0.3 percentage points from 2008 Q2 (April to June). Regional rates varied from 79.0 per cent in the South East to 70.1 per cent in Northern Ireland.

Five regions had an increase in the employment rate over the year. The East Midlands had a rise of 0.4 percentage points and the rate for London increased by 0.3 percentage points. Six regions experienced falls in the employment rate. The North East had an annual fall of 1.7

percentage points and the North West one of 0.8 percentage points.

Table 9 shows the unemployment rate (according to the internationally consistent International Labour Organisation definition) for people aged 16 and over from the LFS. The UK rate in the 2008 Q3 was 5.8 per cent, up 0.5 percentage points from a year earlier and up 0.4 percentage points on the previous quarter. Regionally, the rates ranged from 8.0 per cent in the North East to 4.1 per cent in the Northern Ireland.

Over the year, the unemployment rate decreased in two regions. In the East of England it decreased by 0.3 percentage points and in Scotland it was down 0.1 percentage points. The unemployment rate

rose in ten regions. The North East had an increase of 1.9 percentage points while Wales and Yorkshire and The Humber showed a rise of 1.4 percentage points.

Table 10 shows economic inactivity rates for people of working age from the LFS. The UK rate in 2008 Q3 was 20.9 per cent, unchanged from the previous quarter and down 0.2 percentage points on a year earlier. Across regions, rates varied from 17.2 per cent in the South East to 26.9 per cent in Northern Ireland.

Compared with a year earlier, seven regions had a decrease in the inactivity rate, and thus a corresponding increase in the working-age activity rate. London had the largest annual fall of 1.4 percentage

Table 10

Economic inactivity rates for people of working age: by NUTS1 region

Percentages, seasonally adjusted

		United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
2005	Jul-Sep	21.4	25.3	22.9	21.7	19.2	22.2	18.0	25.2	17.8	18.6	21.1	24.2	20.3	26.7
	Oct-Dec	21.4	24.9	23.3	21.4	19.0	22.3	18.6	25.0	17.7	19.0	21.2	24.3	20.5	27.6
2006	Jan-Mar	21.1	23.7	22.7	21.3	18.8	21.9	18.6	24.2	17.4	18.7	20.7	24.7	20.6	27.5
	Apr-Jun	21.0	23.6	22.6	21.2	18.4	21.5	18.8	24.3	17.1	18.3	20.6	24.3	20.9	26.9
	Jul-Sep	21.0	23.9	22.0	21.7	18.6	21.2	18.8	24.1	17.5	18.9	20.7	23.8	20.5	27.2
	Oct-Dec	21.1	23.9	22.9	21.5	18.7	21.6	19.1	24.0	17.7	18.5	20.8	24.0	19.6	27.0
2007	Jan-Mar	21.2	23.7	22.9	22.2	19.6	22.3	18.6	24.4	17.9	18.6	21.1	23.9	19.4	26.3
	Apr-Jun	21.2	23.8	22.7	22.3	20.0	21.8	18.8	24.6	17.8	18.5	21.1	23.5	19.1	26.6
	Jul-Sep	21.1	23.1	22.9	22.4	19.6	21.8	18.5	24.6	17.4	18.0	20.9	24.5	19.4	27.0
	Oct-Dec	21.0	23.9	22.5	22.0	19.9	22.1	18.2	24.4	17.2	17.6	20.8	24.5	19.4	27.0
2008	Jan-Mar	20.9	24.8	22.8	22.0	19.2	21.7	18.5	23.5	17.1	17.9	20.7	23.8	19.6	26.9
	Apr-Jun	20.9	24.0	22.7	21.7	19.5	22.4	18.5	23.1	17.1	18.0	20.6	23.5	20.0	26.8
	Jul-Sep	20.9	23.3	23.0	21.2	19.0	23.0	18.6	23.2	17.2	17.7	20.6	24.2	19.8	26.9

Source: Labour Force Survey, Office for National Statistics

Table 11

Employee jobs:¹ by NUTS1 region

Thousands, not seasonally adjusted

	United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
Sep 04	26,406	1,017	2,988	2,229	1,783	2,295	2,291	3,910	3,613	2,155	22,281	1,145	2,297	684
Sep 05 ²	26,818	1,050	2,993	2,225	1,833	2,327	2,301	3,988	3,677	2,189	22,583	1,167	2,373	695
Sep 06 ²	26,889	1,042	3,009	2,223	1,842	2,351	2,370	3,974	3,641	2,201	22,653	1,171	2,360	705
Sep 07 ²	27,128	1,029	3,016	2,323	1,893	2,332	2,359	4,061	3,708	2,220	22,848	1,172	2,389	719
Dec 07 ²	27,338	1,044	3,041	2,240	1,903	2,353	2,381	4,109	3,744	2,228	23,044	1,164	2,400	730
Mar 08 ²	27,109	1,031	2,994	2,216	1,891	2,339	2,366	4,081	3,720	2,208	22,848	1,154	2,382	725
Jun 08 ²	27,211	1,029	2,999	2,220	1,894	2,346	2,381	4,095	3,743	2,227	22,935	1,156	2,396	724
Sep 08 ²	27,115	1,029	2,994	2,207	1,882	2,325	2,386	4,073	3,731	2,234	22,862	1,151	2,388	715

Notes:

Source: Employer Surveys

1 Employee jobs figures are a measure of jobs rather than people. For example, if a person holds two jobs, each job will be counted in the employee jobs total. Employee jobs figures come from quarterly surveys of employers carried out by ONS and administrative sources.

2 Revised.

Table 12

Claimant count rates:¹ by NUTS1 region

Percentages, seasonally adjusted

	United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
2003	3.0	4.5	3.2	3.3	2.8	3.5	2.1	3.6	1.7	1.9	2.9	3.3	3.7	4.1
2004	2.7	4.0	2.8	2.8	2.5	3.3	2.0	3.5	1.6	1.6	2.6	3.0	3.4	3.6
2005	2.7	3.9	2.9	2.9	2.5	3.4	2.1	3.4	1.6	1.6	2.6	3.0	3.2	3.3
2006	2.9	4.1	3.3	3.3	2.8	3.9	2.3	3.4	1.8	1.8	2.9	3.1	3.1	3.2
2007	2.7	4.0	3.1	3.0	2.6	3.7	2.1	3.0	1.6	1.6	2.6	2.8	2.8	2.8
2007 Dec	2.5	3.8	3.0	2.9	2.4	3.5	1.9	2.8	1.5	1.4	2.5	2.7	2.6	2.7
2008 Jan	2.5	3.8	3.0	2.8	2.4	3.4	1.9	2.7	1.5	1.4	2.4	2.7	2.5	2.7
Feb	2.5	3.9	3.0	2.9	2.4	3.4	1.9	2.7	1.5	1.4	2.4	2.7	2.5	2.8
Mar	2.5	3.9	3.0	2.9	2.4	3.4	1.9	2.7	1.5	1.4	2.4	2.7	2.5	2.8
Apr	2.5	3.9	3.1	2.9	2.5	3.4	1.9	2.7	1.5	1.4	2.5	2.8	2.5	2.8
May	2.6	4.0	3.1	3.0	2.5	3.5	2.0	2.7	1.5	1.5	2.5	2.8	2.6	2.9
Jun	2.6	4.1	3.2	3.1	2.6	3.6	2.0	2.7	1.6	1.5	2.6	2.9	2.7	3.0
Jul	2.7	4.2	3.3	3.2	2.7	3.7	2.1	2.8	1.6	1.6	2.7	3.0	2.7	3.1
Aug	2.8	4.4	3.4	3.3	2.8	3.8	2.2	2.9	1.7	1.7	2.8	3.2	2.9	3.2
Sep	2.9	4.6	3.5	3.5	2.9	3.9	2.3	2.9	1.8	1.8	2.9	3.3	3.0	3.4
Oct	3.1	4.8	3.7	3.7	3.1	4.2	2.4	3.0	2.0	2.0	3.0	3.5	3.1	3.6
Nov	3.3	5.1	4.0	4.0	3.4	4.5	2.7	3.2	2.2	2.2	3.3	3.8	3.3	3.9
Dec	3.6	5.4	4.3	4.4	3.7	4.8	2.9	3.4	2.4	2.4	3.5	4.2	3.5	4.1

Note:

Source: Jobcentre Plus administrative system

1 Count of claimants of Jobseeker's Allowance expressed as a percentage of the total workforce – that is, workforce jobs plus claimants.

points. Five regions had an increase in the economic inactivity rate over the year. The largest annual rise was in the West Midlands with 1.2 percentage points.

Table 11 shows the number of employee jobs, not seasonally adjusted, from the Employers Surveys. The number of UK employee jobs was 27,115,000, a decrease of 13,000 over the year since September 2007. In percentage terms, this was less than a 0.1 per cent decrease.

There were annual increases in four regions. The largest percentage rise was in

the East of England (1.1 per cent).

Table 12 shows the claimant count rate (referring to people claiming Jobseeker's Allowance benefits as a proportion of the workforce). The UK rate was 3.6 per cent in December 2008, up 0.2 percentage points from November 2008, and up 1.1 percentage points on a year earlier. This national rate masks large variations between regions and component countries of the UK. For December 2008, the North East had the highest claimant count rate in the UK, at 5.4 per cent, followed by the West

Midlands (4.8 per cent), and Yorkshire and The Humber (4.4 per cent). The lowest claimant counts were measured in the South West and South East (both 2.4 per cent). The claimant count rate was 3.5 per cent in Scotland, 4.1 per cent in Northern Ireland and 4.2 per cent in Wales.

All regions had an increase in the claimant count rate compared with a year ago. The largest increases were in the North East (1.6 percentage points), Wales and Yorkshire and The Humber (both 1.5 percentage points).

Notes

- 1 There was a change in tax rules in April 2007 that led to a number of Managed Service Companies de-registering and re-registering (see www.hmrc.gov.uk/employment-status/msc.htm for more details). This is likely to have had an upwards impact on the number of enterprise births in that year.
- 2 Details are available at www.statistics.gov.uk/statbase/tsdataset.asp?vlnk=572
- 3 For a summary of all different levels of qualifications, see 'Notes and definitions' at www.statistics.gov.uk/statbase/product.asp?vlnk=836

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