FEATURE

Birgit Wosnitza, Peggy Causer and Jonathan Knight
Office for National Statistics

Regional economic indicators November 2008
with a focus on skills

SUMMARY

This quarter, the Regional economic indicators (REI) article focuses on skills – 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 GVA, their GVA per head and their 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 skills

This article focuses on skills, one of the key drivers of productivity as defined by HM Treasury and the Department for Business, Enterprise & Regulatory Reform (BERR). 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 the potential impact on productivity can be obtained.

The latest estimate of the highest qualifications of the working-age population (currently defined as males aged 16 to 64 and females aged 16 to 59) are based on the second quarter 2008 Labour Force Survey (LFS) estimates. **Table 1** shows that overall around one-fifth of the working-age population had a degree or equivalent qualification in the second quarter of 2008. A summary of equivalent levels of qualifications can be found in the 'Notes and definitions: Education & Training' webpages on the ONS Regional Snapshot (www.statistics.gov.uk/statbase/Product.asp?vlnk=14712). London had the highest proportion (about 32 per cent) of people between 16 and state pension age with a degree or equivalent, although the region had well below average proportions with GCSEs or A levels. 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 1 compares the proportions of the working-age population that have no qualifications in each region against the UK average for the second quarter of 2008. Northern Ireland had the highest proportion of population with no qualifications (9.5 percentage points above the UK average), whereas the South West and the South East had the lowest proportions, 3.8 and 3.4 percentage points respectively below the UK average.

Above average proportions of working-age people without a qualification do not necessarily mean that regions have the most unqualified workforce. A reason for this might be the differing regional skill requirements, which might induce a significant number of those with qualifications to migrate into other regions. At the same time those without qualifications might have migrated out of these other regions. Employer demand can also influence the regional pattern, that is, there may be strong demand for lower skills from employers and a good supply of appropriate workers in the region, creating a low skill equilibrium.

Table 1
Working-age population[1] by highest qualification:[2,3] by NUTS1 region, second quarter 2008

Percentages

	Degree or equivalent	Higher education qualifications below degree	GCE A level or equivalent & apprenticeships	GCSE grades A* to C or equivalent	Other qualifications	No qualifications
United Kingdom	20.3	8.4	23.2	22.7	12.8	12.6
North East	14.5	7.3	26.4	25.4	11.8	14.6
North West	17.4	9.1	23.3	25.4	10.8	14.0
Yorkshire and The Humber	17.2	7.4	23.7	23.3	14.5	13.8
East Midlands	16.2	8.0	23.7	24.1	15.5	12.5
West Midlands	16.8	7.8	22.2	24.8	12.3	16.2
East of England	18.7	7.6	23.6	24.7	13.7	11.7
London	31.9	5.8	16.3	15.8	18.2	11.9
South East	22.0	8.7	24.1	23.7	12.3	9.2
South West	19.4	9.4	26.5	24.5	11.5	8.8
England	20.5	7.9	22.7	23.0	13.6	12.3
Wales	18.1	8.8	22.1	25.8	10.4	14.8
Scotland	20.2	13.3	27.8	18.4	8.5	11.8
Northern Ireland	19.2	7.5	24.4	21.0	5.8	22.1

Notes:

Source: Labour Force Survey, Office for National Statistics

1 Males aged 16 to 64 and females aged 16 to 59.
2 For summary of qualifications and equivalents, see www.statistics.gov.uk/statbase/Product.asp?vlnk=14712
3 See Technical Note for information on the confidence intervals around the estimates.

Table 2
Regional Skills Partnerships core indicators: by NUTS1 region

	Time period	Units	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England
Contextual indicators												
GVA per hour worked	2006	UK=100	93.4	90.8	90.6	96.7	91.0	98.5	123.1	108.3	96.7	101.6
Unemployment rate (ILO definition)	Jan-Dec 2007	%	6.3	5.8	5.6	5.1	6.1	4.5	6.9	4.3	4.1	5.4
Employment rate (working age)	Jan-Dec 2007	%	71.6	72.3	73.2	75.9	72.4	77.4	69.8	78.4	78.2	74.4
Median gross weekly earnings (full-time)	Apr-07	£	402.90	434.20	422.30	420.20	430.00	450.00	580.90	480.70	427.80	462.00
New VAT-registered businesses per 10,000 adult population	2006	Rate	22	32	31	35	34	39	57	43	37	39
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 pupils achieving 5+ A* to C GCSE (inc Maths and English)	2007/08[1]	%	44.6	46.9	43.9	46.5	45.7	50.0	49.8	51.4	49.0	47.9
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	2007	%	23.1	19.5	19.6	20.7	20.1	19.4	18.8	21.5	22.0	20.3
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:

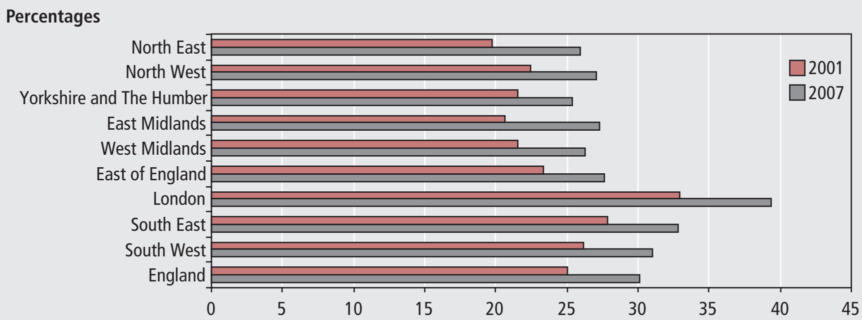
1 Provisional data.

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

Figure 1
Working-age population with no qualifications: by NUTS1 region, second quarter 2008

Source: Labour Force Survey, Office for National Statistics

Figure 2
Percentage of people aged 19 to state pension age, qualified to at least level 4: by NUTS1 region



Source: Labour Force Survey, Office for National Statistics

Table 2 shows 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 and comprise organisations such as the Skills for Business Network, Learning and Skills Council (LSC), Small Business Service and Jobcentre Plus among others. 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.

The indicators in Table 2 will assist the RSPs to monitor the health of regional and local labour markets in their areas and progress towards national skills targets such as documented in the Leitch Report. These core indicators, which include some of the contextual information already contained in the regular part of this article, 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 2 has been influenced by these factors: 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 (LAAs).

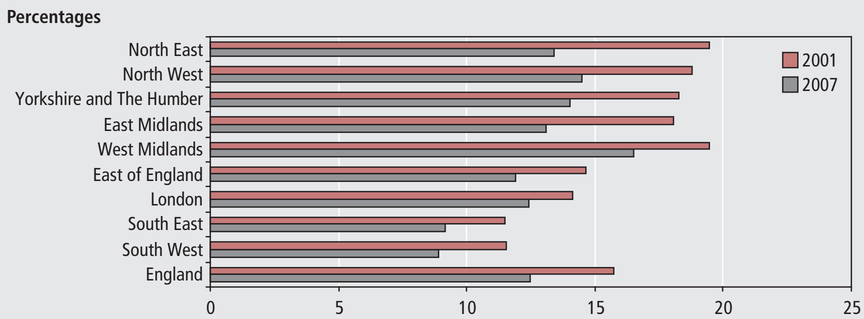
Figure 2 shows the changes in proportion of the population between 19 and state pension age qualified to NVQ level 4 or higher. In London nearly 40 per cent of people aged 19 to pension age had achieved equivalent to at least NVQ level 4 by 2007, which marks an increase of 6.5 percentage points since 2001. Yorkshire and The Humber had the lowest proportion in 2007, at roughly 25 per cent, with an increase of 3.8 percentage points over the same period. The greatest improvement in the proportion of people aged 19 to pension age attaining NVQ level 4 or above was in the East Midlands, with an increase of 6.6 percentage points; the North East also showed above average improvement of more than 6 percentage points.

The North East also had the largest reduction in people aged 19 to pension age with no qualification, at over 6 percentage points, as can be seen in **Figure 3**. In 2001, almost one-fifth of people between 19 and pension age in the North East had no qualifications, the joint highest with the West Midlands. London showed the least reduction, 1.7 percentage points, in the proportion of adults with no formal qualifications between 2001 and 2007.

Since 2003, the LSC alongside its partners, the Department for Innovation, Universities and Skills (DIUS) (previously part of the Department for Education and Skills DfES) and the former Sector Skills Development Agency (now UKCES) have commissioned the National Employers Skills Surveys (NESS). The survey covers over 79,000 employers in England and thus represents a comprehensive source of reliable information on current skills issues affecting employers. It is a key source of labour market information on skill-shortage vacancies, skills gaps and workforce development activity, and is a crucial part of the evidence to inform skills policy and assess the impact of skills initiatives.

Table 3 shows the percentage of staff not fully proficient as recorded in successive skills surveys. This is usually called the 'skills gap' and relates to the number of currently employed staff, considered by

Figure 3
Percentage of people aged 19 to state pension age with no qualifications: by NUTS1 region



Source: Labour Force Survey, Office for National Statistics

Table 3
Percentage of staff considered to be not fully proficient: by NUTS1 region

	2003[1]	2004[1]	2005[1]	2007
North East	8.7	5.6	5.5	6.3
North West	10.1	6.4	5.8	5.3
Yorkshire and The Humber	12.7	9.1	7.5	4.8
East Midlands	10.2	7.8	6.2	6.8
West Midlands	11.7	8.3	4.8	5.4
East of England	11.0	6.5	5.2	7.8
London	9.5	5.4	5.8	6.7
South East	10.8	8.0	6.6	5.8
South West	10.0	7.8	5.1	6.2
England	10.5	7.1	5.9	6.1

Note:

1 SSC weights have been used; percentages for earlier years may differ from those included in reports published at the time.

Source: National Employers Skill Surveys, LSC research tool on www.researchtools.lsc.gov.uk

employers to be not fully proficient at their jobs. In 2003, NESS estimated that 2.3m employees throughout England were not fully proficient at their job; this equated to more than one in ten of those in employment. By 2007 the number of staff not fully proficient was estimated to have fallen by about one million to around one in sixteen (roughly 6 per cent). In 2007, differences between regions were not large, ranging from 4.8 per cent in Yorkshire and The Humber to 7.8 per cent in the East of England. It is important to remember that the skills required in each region are different and reflect the industry mix of the area; also the level of proficiency deemed necessary will vary from employer to employer. The expectation of employers, their perception of skills and recent employment history also influences responses to the survey.

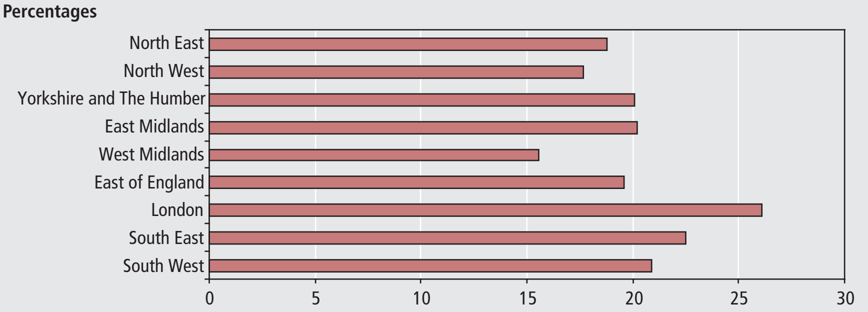
Over the four year period between 2003 and 2007, Yorkshire and The Humber showed the greatest improvement in staff proficiency with more than a 60 per cent reduction in the number of employees (163,000 people), considered to be not fully proficient. The East of England showed the least reduction with 26 per cent. These estimates will not reflect changes to the skills required over time, nor the impact of staff turnover.

NESS also gives information on vacancies that are considered by employers to be hard to fill due to skill shortages, for example, a lack of applicants with the required skills. These types of vacancies can be a useful indicator of how training and up-skilling of the workforce is progressing. However, it must be remembered that skills required in each region may be different and it is the employers' perception of the skills required to do a particular job that feeds into information on skills gaps, and which vacancies are hard to fill because of skill shortages.

In 2007 approximately 20 per cent of all vacancies in England were considered, by employers, to be 'hard to fill' due to skill shortages – categorised as skill shortage vacancies (SSVs). SSVs tend to measure skills issues external to a business, whereas skills gap information focuses on skill levels of the existing workforce within a business. London was estimated to have the highest rate of SSVs, at 26.1 per cent in 2007, followed by the South East with 22.5 per cent; the West Midlands region was at the lower end of the range with 15.5 per cent. Although more than half of the people between 19 and pension age in the South East, the South West and London were qualified to at least NVQ level 3 (Table 2) by 2007, these regions each had over 20 per cent of their vacancies considered 'hard to fill' due to skill shortages.

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. Regional comparisons based on preliminary results for 2007/08 are shown in **Figure 5**. Each region is compared to the England average

Figure 4
Percentage of vacancies considered 'hard to fill'[1] due to skills shortages: by NUTS1 region, 2007

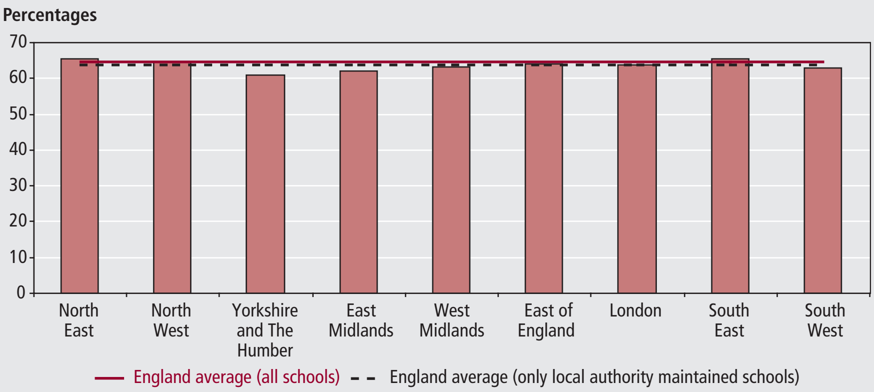


Note:

1 Vacancies are considered 'hard to fill' if there are a low number of applicants with the required skills, a lack of work experience the company demands or a lack of qualifications the company demands.

Source: National Employers Skills Survey

Figure 5
Pupils achieving five or more grades A* to C at GCSE level or equivalent: by NUTS1 region, 2007/08[1]



Note:

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

Source: Department for Children, Schools and Families of 63.7 per cent; this average only takes local authority maintained schools into account. A second average can be calculated when taking into account information on the devolved administrations, which is based on all schools. This yields an average of 64.6 per cent for England. The average is higher when calculated on all schools, implying that pupils in non-local authority establishments achieve higher results.

Within local authority maintained schools in English regions, the South East, the East of England, London, the North East and the North West performed above the England average, while Yorkshire and The Humber, the East Midlands, the West Midlands and the South West performed below the England average. When taking into account all schools, English regions, except the South East, North East and North West, performed below the average of 64.6 per cent.

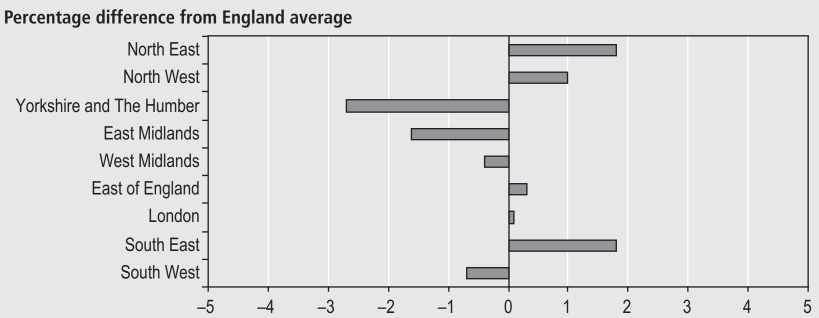
The proportion of pupils attaining five or more GCSEs at grades A* to C has increased in all regions. Since 2000/01 there has been an increase of 13.7 percentage points in the number of pupils achieving this standard throughout England. The largest increase has been in the North East, where proportions have increased from 43.9 per cent in 2000/01 to provisionally 65.5 per cent in 2007/08.

Recent focus on literacy and numeracy has led to a new measure being published, of five or more GCSEs grade A* to C which include English and Mathematics. Provisional data for 2007/08 indicate that the proportion of pupils achieving five or more GCSEs A* to C including English and Mathematics are between 14 (in the South West, London and the East of England) and 21 (in the North East) percentage points lower than the proportion of pupils gaining five A* to C passes in any subjects.

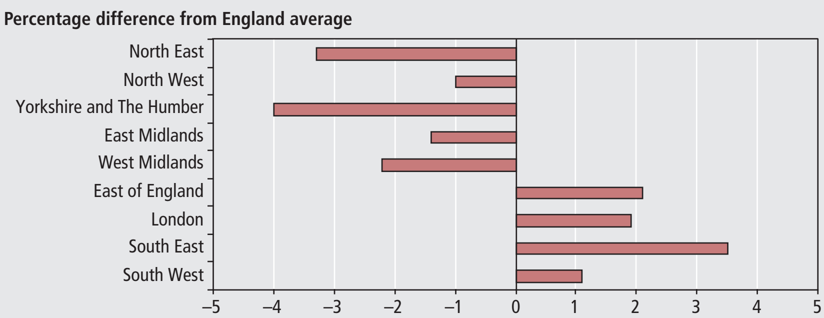
Figure 6 investigates the percentage differences from the England average for pupils gaining five A* to C passes in (a) any subjects and (b) subjects including English and Mathematics. Regional differences are less pronounced when any five subjects are included in the analysis. Regional differences range from 2.7 and 1.6 percentage points below the England average for Yorkshire and The Humber and the East Midlands, respectively, to the North East and South East each with 1.8 percentage points above the England average. If the five subjects include both English and Mathematics, the proportion of pupils in the North East and the North West achieving five A* to C grades falls below the national average. The opposite is true for the South West which moves from below the national average to 1.1 percentage points above.

Figure 6
Proportions of pupils achieving five or more A* to C GCSEs relative to England: by NUTS1 region, 2007/08

(a) in any subjects



(b) in subjects including English and Mathematics



Source: Department for Children, Schools and Families

Regional overview

Key figures on a regional basis indicate that:

- in 2006, London was the region with the highest GVA per hour worked, 22.9 percentage points above the UK average. Northern Ireland had the lowest GVA per hour worked (indexed to UK = 100), 16.1 percentage points below the UK average.
- London and the South East had the highest levels of gross disposable household income (GDHI) per head in 2006, at £16,939 and £15,367, respectively, while the North East (£11,846), Northern Ireland (£12,041) and Wales (£12,312) had the lowest GDHI per head.
- in the second quarter of 2008 the North East and the East of England had the strongest increases in export values to the EU, at 16.4 and 11.5 per cent, respectively, compared to 12 months earlier. Scotland, the East Midlands and the West Midlands experienced declines in their exports to the EU over the same period.
- the South East had the highest employment rate in the second quarter of 2008, at 79.4 per cent; Northern Ireland had the lowest rate, at 70.1 per cent, compared with the UK employment rate of 74.7 per cent.

Headline indicators

In order to gain an overview of the economic performance of the UK regions, this article investigates a selection of economic indicators. Currently, the most widely used indicator of regional economic performance is gross value added (GVA) per head, which is, among others, used as an indicator in regional policy decisions and the allocation of EU Structural Funds.

However, GVA per head does not give any indication of either regional productivity or the welfare of the residents of a region. GVA per head gives an indication of economic activity per head of population. To measure productivity, GVA per filled job and GVA per hour worked should be used, while gross disposable household income (GDHI) per head can be used to determine the welfare of residents of the UK regions.

Regional performance

Table 4 shows the regional economic performance in terms of GVA per head for 2000, 2002, 2004 and 2006 and indicates the average annual growth over the period 2000 to 2006. In terms of GVA per head London

Table 4
Headline workplace-based gross value added per head and average annual growth: by NUTS1 region

£ and percentages

	United Kingdom[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	14,006	11,108	12,445	12,309	12,811	12,864	13,307	21,372	15,218	12,999	10,973	13,270	11,415
2002	15,462	12,221	13,667	13,555	14,150	13,996	14,701	23,652	16,901	14,439	12,074	14,578	12,474
2004	17,234	13,791	15,109	14,973	15,789	15,355	16,494	26,641	18,804	16,175	13,352	16,253	13,993
2006[2]	18,631	15,177	16,234	15,968	16,982	16,583	17,652	28,959	20,316	17,467	14,396	17,789	15,175
GVA per head average annual percentage growth, 2000–2006[2]	*4.9*	*5.3*	*4.5*	*4.4*	*4.8*	*4.3*	*4.8*	*5.2*	*4.9*	*5.0*	*4.6*	*5.0*	*4.9*

Notes:

1 UK less Extra-regio.
2 Provisional.

Source: Regional Accounts, Office for National Statistics

had by far the highest figure, at £28,959 in 2006, followed by the South East and the East of England (at £20,316 and £17,652, respectively). Wales, Northern Ireland and the North East had the lowest figures in 2006, far below the UK average. The average annual growth figures show that the North East, as one of the bottom GVA per head performer, and London, as the best performer, each had the highest growth rates, above five per cent. This was followed by the South West, Scotland, the South East and Northern Ireland.

Labour productivity

As workplace-based GVA per head does not take into account commuting effects, different labour market structures or age profiles, it is likely that this measure over- or under- states the actual economic performance of regions in terms of productivity and welfare. GVA per filled job and GVA per hour worked provide the most effective labour productivity indicators and help to compare regional performances in terms of productivity. While GVA per head looks at the entire regional workplace-based population and GVA per filled job looks at regional workforce jobs and therefore takes into account commuting effects and differing regional age profiles, GVA per hour worked additionally considers variations in labour market structures across regions, such as the proportions of full- and part-time workers or job share availability. Due to these reasons GVA per hour worked is the preferred indicator of productivity.

Figure 7 compares estimates for GVA per head, GVA per filled job and GVA per hour worked for 2006. It can be seen that GVA per hour worked generally exhibits fewer and smaller differences in regional economic performance when compared with the other two indicators. Like the GVA per head estimates in Table 4, London and the South East also had the highest productivity indicators, above the UK average.

Nevertheless, the productivity performance of London is much closer to the UK average than the region's GVA per head. This can be attributed to the strong inward commuting into London, which inflates its GVA per head measure as the number of people contributing to GVA increases, but the resident population remains unchanged. Two of the regions with the lowest GVA per head, Wales and the North East, performed much closer to the UK average in terms of GVA per hour worked. This is mainly due to outward commuting and below average economic activity in these regions.

Figure 8 shows the regional GVA per hour worked productivity index on a time series basis. While in terms of average annual GVA per head growth the strongest growing regions were the North East and London, in terms of GVA per hour worked there was greater improvement in London, the South East and the East Midlands. Those regions that had the greatest deterioration were Wales, Northern

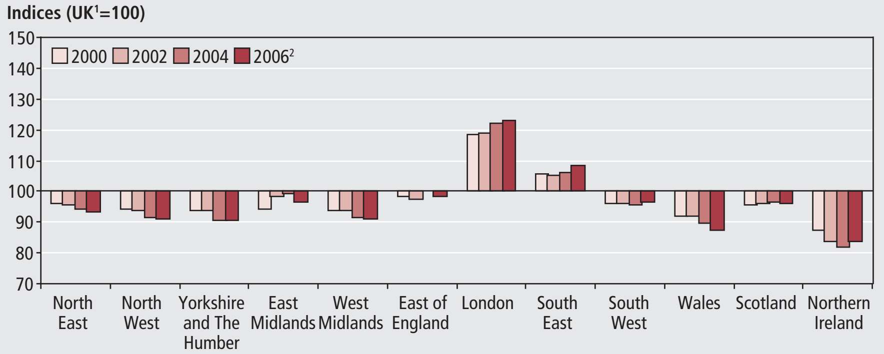
Figure 7
Comparison of regional economic indicators: by NUTS1 region, 2006

Note:

1 UK less Extra-regio and statistical discrepancy.

Source: Office for National Statistics

Figure 8
GVA per hour worked: by NUTS1 region



Notes:

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

Source: Office for National Statistics

Ireland, Yorkshire and The Humber and the North West. Generally, Figure 8 suggests that, since 2000, regional productivity differences between the highest and the lowest performing regions have widened. Productivity in London was the highest in all years and by 2006 was above the UK average by an additional 4.5 percentage points compared with 2000. The opposite occurred in Wales, where GVA per hour worked in 2006 was a further 4.7 percentage points below the UK average compared with 2000. The lowest productivity was experienced in Northern Ireland.

Welfare

The welfare of the residents of a region is another important indicator that helps understand differences in regional economic performances. Gross disposable household income (GDHI) by region gives an indication of regional welfare. By investigating GDHI per head, a residence-based measure, the analysis takes account of the population distribution both within and across regions and provides reliable comparisons of regional income levels. New GDHI estimates up to 2006 were published in May 2008 and are available at www.statistics.gov.uk/statbase/Product.asp?vlnk=14651. GDHI estimates are published at current basic prices and so do not take inflation effects or regional price differences into account.

Figure 9 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 households had incomes above the UK average. While seven regions experienced convergence to the UK average, the remaining five regions had constant household incomes with respect to the UK average, implying that their GDHI per head grew at the same rate as the UK average over the period from 2000 to 2006. Those regions that were below the UK average and experienced convergence had a faster increasing GDHI per head than the UK average while the South East and the East of England saw their household incomes increase less than the UK average.

Comparing these outcomes with the regional productivity performance shown in Figure 8, it can be seen that, unlike GDHI per head, GVA per hour worked 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 GDHI per head shows much stronger divergences.

The North East for example had a close to average but declining productivity performance since 2000 and at the same time the lowest but slightly increasing GDHI per head. One reason for the low GDHI per head might be the region's low employment and high unemployment rate (see Tables 6 and 7).

Gross median weekly earnings represent another indicator for regional welfare. **Figure 10** shows the gross median weekly pay for all full-time employees and its gender components, female and male full-time employees, in each region in 2007. London was the region with the highest gross median weekly pay in 2007, at £580.90, followed by the South East, at £480.70. These were the only regions above the UK average of £456.70. Northern Ireland (£401.90), the North East (£402.90) and Wales (£404.70) experienced the lowest earnings in 2007. The figure shows a clear gap between the gross median weekly pay for male and female full-time employees in every region. In Northern Ireland the discrepancy was smallest. The weekly pay for male full-time employees was above the UK average in nine of the 12 NUTS1 regions, while the weekly pay of female full-time employees was only above the UK average in London and substantially below it in all other regions.

Other drivers of productivity

The focus section of this article has already covered skills – one of the productivity drivers identified by HM Treasury and the Department for Business, Enterprise & Regulatory Reform (BERR). Alongside skills, innovation, enterprise, competition and investment have been identified as productivity drivers and can help explain differences in productivity across regions. Due to quality concerns regarding the regional allocations of investment (net capital expenditure), this variable is currently not included in this article.

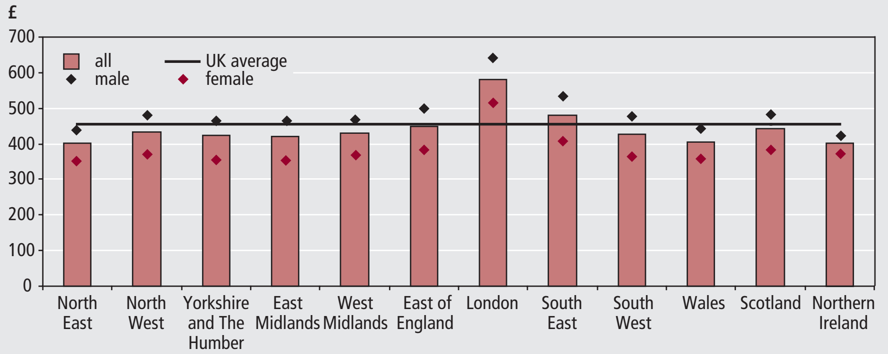
It is important to realise that alongside the drivers identified by HM Treasury

Figure 9
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 10
Gross median weekly pay of full-time employees: by NUTS1 region, 2007



Source: Annual Survey of Hours and Earnings, Office for National Statistics and BERR, other factors, such as economic participation, agglomeration and 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; the net change of VAT registrations and de-registrations serves as a measure of enterprise; and UK regional trade in goods is used as a measure of competition.

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 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 basic research, applied research and experimental development:

- 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
- 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

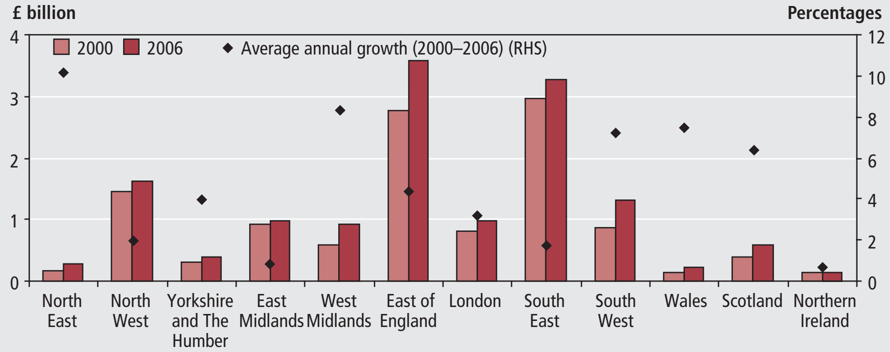
The OECD definition excludes education, training and any other related scientific, technological, industrial, administrative or supporting activities.

Statistics on Business Expenditure on Research and Development (BERD), consistent with these internationally agreed standards, are published annually (most recently in November 2007) and provide estimates of business expenditure on R&D for NUTS1 regions up to 2006. New estimates, up to 2007, will be published in the February REI article.

Figure 11 presents expenditure on R&D performed in UK businesses by region in 2000 and 2006. It also shows the regional average annual percentage growth over this period. The East of England and the South East had the highest business expenditure on R&D in 2000 and 2006, each with expenditures above £3 billion in 2006, thus making up the largest percentage share of total expenditure in the UK. Northern Ireland, Wales and the North East remained the regions with the lowest R&D expenditure since 2000 (below £300 million each). The regional average annual percentage growth rates show that those regions with low expenditure on R&D experienced the highest average annual growth rates between 2000 and 2006. Northern Ireland was the only region that had one of the lowest expenditures on R&D and at the same time the lowest average annual growth rate. Those regions with high expenditures on R&D had relatively low average annual growth rates.

While Figure 11 has looked at absolute regional expenditures on R&D, **Figure 12** investigates R&D as a percentage of GVA, 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 share of R&D expenditure in terms of GVA, with 3.6 per cent in 2006. The South East had the second highest share (1.9 per cent), which however has been declining since 2000, when the share of expenditure on R&D was 2.4 per cent. This was followed by R&D expenditure in the North West and the South West with shares of 1.5 per cent each in 2006. London, Yorkshire and The Humber, Wales 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 may not be suggestive

Figure 11
Expenditure on R&D performed in UK businesses: by NUTS1 region



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

Figure 12
Business expenditure on R&D as a percentage of workplace-based GVA: by NUTS1 region

Notes:

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

Source: Office for National Statistics of low levels of innovation but could reflect how regional industry composition affects R&D as an indicator of innovation. London has a large concentration of service industries, but service industries may not be R&D intensive (within the OECD definition) if, for example, they rely heavily on human capital. If innovation occurs in other forms it may not be captured by the R&D measure.

Enterprise

Enterprise is another driver of productivity as it stands for the presence of a positive entrepreneurial culture; for the ease of starting-up and overcoming the barriers to enterprise; for a sustainable stock of enterprise activity in an economy; and the ability of firms to grow. In order to investigate the pattern of business start-ups and closures VAT registrations and de-registrations as published by BERR are the best official indicator to use. New data on business start-ups for 2007 will be released in November 2008 and will be included in the February edition of this article. This more comprehensive series which has been developed includes PAYE as well as VAT-registered businesses.

VAT registrations and de-registrations indicate the level of entrepreneurship and the health of the business population. Among the many factors that influence the pattern of business start-ups, the most important is economic growth, which encourages new ventures and creates demand for business. **Figure 13** shows the net changes in VAT-registered businesses for all UK regions between 2000 and 2006. The figure also depicts the average annual percentage growth rate over this period.

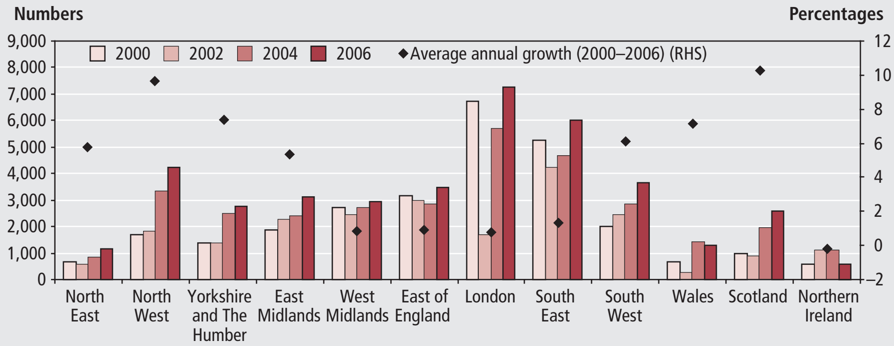
The bars in Figure 13 show that all NUTS1 regions had positive net changes in VAT registrations and de-registrations from 2000 to 2006. This implies that over this time period more enterprises were registered than de-registered in the UK regions. Furthermore, the figure shows that all regions, except Northern Ireland, experienced positive average annual growth in their net change from 2000 to 2006.

In 2006, the lowest net changes in VAT registrations were in Northern Ireland (575), the North East (1,155) and Wales (1,305). However, two of these regions – the North East and Wales – experienced relatively high average annual growth rates, implying that their net changes have been increasing, due to a higher number of VAT registrations and fewer de-registrations. The highest average annual growth rates were experienced in Scotland and the North West. The highest net change in VAT registrations and de-registrations in 2006 was in London and the South East, with 7,250 and 6,015, respectively. However, in terms of average annual growth, these two regions experienced among the lowest growth rates.

Interestingly, all regions, except the North West, that had net changes in VAT registrations and de-registrations above 3,000 are situated next to each other (London, the East of England, the East Midlands, the South East and the South West).

When investigating the absolute numbers of registrations and de-registrations, respectively, it can be seen that regions with high registration rates tend to also have high de-registrations rates. This is partly due to the difference in the sizes of regions. The regions with the largest populations (the South East, London, the North West and the East of England) also had the largest registrations and de-registration rates and, as seen in Figure 13, the highest net changes. However, the fact that high registration rates are often associated with high de-registration rates can also be due to the effects of market sorting (when more competitive entrants push the less productive ones out of a market) being more significant in some regions than others. Another reason could be the industrial mix in each region, with some sectors prone to higher rates of turnover than others.

Figure 13
Net change[1] in VAT registrations and de-registrations: by NUTS1 region



Note: *Source: Department for Business, Enterprise & Regulatory Reform*

1 Net change is the net gain or loss in the stock of registered enterprises each year, equal to registrations less de-registrations.

Competition

Vigorous competition enhances productivity by creating incentives to innovate and it ensures 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. It is however important to take into account that exports do not cover all aspects of competition in a region.

HM Revenue & Customs (HMRC) publishes statistics on regional trade in goods to the European Union (EU) and non-EU destinations by statistical value. Trade in goods by definition excludes 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 5 presents the latest estimates that go up to the second quarter of 2008. The total value of UK exports to all destinations for the twelve months ending June 2008 increased by 8.1 per cent compared with the twelve months ending June 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 twelve months ending June 2008 increased by 6.8 per cent compared with the twelve months ending June 2007. This increase was driven by increased exports to the EU by nine UK regions, of which the North East and the East of England had the strongest increases, at 16.4 and 11.5 per cent, respectively. Scotland, the East Midlands and the West Midlands were the only three regions that experienced declines in their exports to the EU over this 12 months period, at 11.7, 6.8 and 2.3 per cent declines, respectively.

In terms of the latest quarter estimates (2008 Q2) compared with the previous quarter, all regions except the East

Table 5
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
EU[1] exports													
2006 Q3	31,854	1,285	3,063	1,580	2,483	2,677	2,647	2,181	4,295	1,587	1,368	1,709	804
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
12 months ending June 2007	125,950	5,273	11,375	6,735	8,967	9,440	11,602	8,655	18,210	6,533	5,530	6,607	3,336
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
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]	34,644	1,648	3,119	1,741	2,177	2,395	3,291	2,287	4,899	1,799	1,517	1,473	872
2008 Q2[2]	36,229	1,605	3,244	1,853	2,086	2,478	3,532	2,362	5,214	1,906	1,654	1,456	964
12 months ending June 2008	134,486	6,140	11,990	6,968	8,359	9,220	12,933	8,984	19,494	7,063	5,815	5,834	3,521
Non-EU exports													
2006 Q3	21,910	713	2,301	1,254	1,742	1,534	1,826	3,137	3,655	1,074	981	1,624	460
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
12 months ending June 2007	90,636	3,377	9,467	5,378	6,810	6,199	7,627	14,001	14,301	4,096	3,724	6,793	1,955
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
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]	23,827	1,164	2,452	1,641	1,743	1,767	2,167	3,195	3,893	1,052	869	1,834	555
2008 Q2[2]	27,720	1,335	2,862	1,712	1,940	1,990	2,508	3,661	4,993	1,182	1,074	2,066	638
12 months ending June 2008	99,692	4,781	10,193	6,517	7,152	7,153	8,519	13,853	16,678	4,489	3,706	7,806	2,291

Notes:

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

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

Midlands, the North East and Scotland experienced an increase in the value of their exports to the EU. Northern Ireland and Wales had the strongest increase, at 10.6 and 9.0 per cent, respectively.

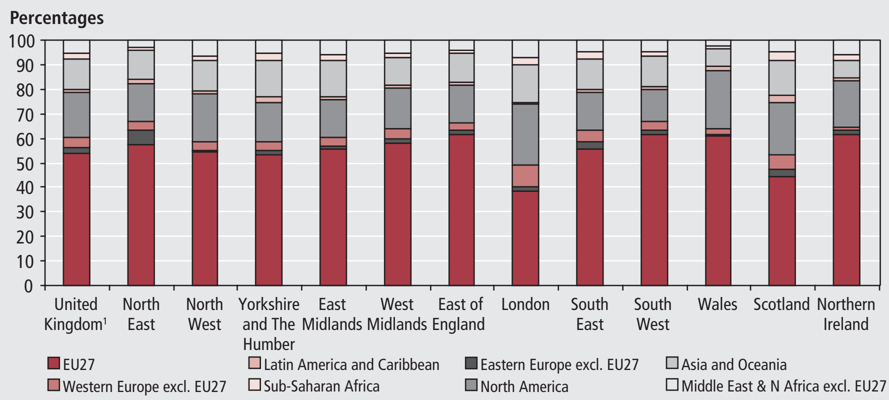
UK exports to non-EU destinations for the twelve months ending June 2008 increased even stronger than exports to the EU compared with the twelve months ending June 2007. The total value of UK exports to non-EU destinations increased by 10.0 per cent, with the strongest increases in the North East (41.6 per cent), Northern Ireland (17.2 per cent), the South East (16.6 per cent) and the West Midlands (15.4 per cent). Only two regions – London and Wales – experienced slight declines in their exports to non-EU destinations.

Concerning last quarter estimates (2008 Q2) for export values to non-EU destinations, all regions experienced an increase. The South East and Wales saw the largest increases (at 28.3 and 23.6 per cent, respectively). The smallest increase was experienced by Yorkshire and The Humber, with 4.3 per cent growth from the previous quarter.

Figure 14 shows all main destinations of UK regional exports in 2007. Exports to the 27 countries that are part of the European Union (EU 27) made up the biggest percentage, above 50 per cent of exports, in all regions except in London and Scotland. The second main destination for UK exports was North America. London and Wales exported over 20 per cent of their exports to North America, while the South West exported only 12.9 per cent to this destination. Asia and Oceania presents the third most popular export destination. London, the East Midlands, and Yorkshire and The Humber exported around 15 per cent of their exports to Asia and Oceania, while Wales and Northern Ireland only exported 7.2 per cent each of their exports to this destination.

In order to take into account the differing sizes of regional economies instead of only investigating the absolute numbers of export value, as has been shown in Table 5, **Figure 15** shows the value of export goods as a percentage of workplace-based regional GVA from 2000 to 2006. In 2006, exports from the East Midlands accounted

Figure 14
Percentage of regional exports to different destinations: by NUTS1 region, 2007



Note:

Source: HM Revenue & Customs, Regional Trade Statistics

1 The UK value excludes low value, unknown and suppressed trade.

Figure 15
Value of total export goods as a percentage of workplace-based GVA: by NUTS1 region

Note:
1 Provisional.

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

for the highest percentage of GVA (at 23.9 per cent), 2.3 percentage points above the UK average. The region, where exports accounted for the smallest percentage of GVA in 2006 was the South West, with 12.2 per cent. In terms of this indicator's development over time, from 2000 to 2004 the UK average value of export goods as a percentage of GVA has been declining while it has been increasing from 2004 to 2006. Most regions show the same trend. Scotland, however, experienced a significant drop from 2000 to 2006, with exports in 2006 accounting for 15.9 percentage points less in terms of GVA than in 2000.

The labour market

Table 6 shows the seasonally adjusted employment rate, the number of people of working-age in employment, expressed as a proportion of the population, from the Labour Force Survey (LFS).

In quarter two (April to June) of 2008, the UK employment rate was 74.7 per cent, up 0.2 percentage points from the previous year and down 0.1 percentage points from quarter one (January to March) of 2008. Regional rates varied from 79.4 per cent in the South East to 70.1 per cent in Northern Ireland in the second quarter.

Six regions had an increase in the employment rate over the year. London had a rise of 1.8 percentage points and the rate for the South East increased by 0.9 percentage points. Six regions experienced falls in the employment rate. The North East had an annual fall of 1.2 percentage points, Northern Ireland and Scotland both had an annual fall of 0.5 percentage points.

Table 7 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 second quarter of 2008 was 5.4 per cent, unchanged from a year ago but up 0.2 percentage points on the previous quarter. Regionally, the rates ranged from 7.5 per cent in the North East to 3.8 per cent in the South West.

Over the year, the unemployment rate had decreased in seven regions. The unemployment in Wales decreased by 0.6 percentage points and in London by 0.5 percentage points. The unemployment rate rose in five regions. The North East had an increase of 1.2 percentage points while the East Midlands showed a rise of 0.7 percentage points.

Table 8 shows economic inactivity rates for people of working-age from the LFS. The UK rate in the second quarter of 2008 was 20.9 per cent, unchanged from the previous quarter and down 0.3 percentage points on a year earlier. Across the regions, rates varied from 17.1 per cent in the South East to 26.8 per cent in Northern Ireland.

Compared with a year earlier, six regions had a decrease in their inactivity rates, and thus a corresponding increase in their working-age activity rates. London had the largest annual fall of 1.5 percentage points. Four regions had an increase in the economic inactivity rate over the year. The largest annual rise was in Scotland with 0.9 percentage points.

Table 9 shows the number of employee jobs, not seasonally adjusted, from the Employer Surveys. The number of UK

Table 6
Employment[1] 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	Apr–Jun	74.7	70.3	73.2	74.3	76.6	74.5	78.8	69.4	78.9	78.9	75.1	71.4	75.0	68.4
	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

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

Source: Labour Force Survey, Office for National Statistics

Table 7
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	Apr–Jun	*4.8*	*6.8*	*4.4*	*4.8*	*4.3*	*4.6*	*3.9*	*7.1*	*3.8*	*3.2*	*4.7*	*4.5*	*5.5*	*5.0*
	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*

Source: Labour Force Survey, Office for National Statistics

Table 8
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	Apr–Jun	*21.5*	*24.5*	*23.3*	*21.8*	*19.9*	*21.8*	*18.0*	*25.2*	*17.9*	*18.4*	*21.1*	*25.2*	*20.6*	*27.9*
	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*

Source: Labour Force Survey, Office for National Statistics

Table 9
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
Jun 04	26,383	1,003	2,982	2,211	1,762	2,305	2,301	3,915	3,617	2,145	22,242	1,133	2,296	682
Jun 05	26,771	1,039	2,996	2,212	1,814	2,329	2,306	3,969	3,663	2,197	22,524	1,160	2,358	696
Jun 06	26,953	1,047	2,976	2,211	1,831	2,348	2,349	3,988	3,679	2,218	22,646	1,187	2,379	706
Jun 07	27,068	1,050	3,002	2,238	1,841	2,371	2,360	4,018	3,657	2,208	22,744	1,192	2,377	719
Sep 07	27,128	1,053	3,002	2,237	1,859	2,375	2,373	4,027	3,664	2,222	22,813	1,195	2,380	720
Dec 07[2]	27,144	1,068	3,027	2,246	1,862	2,388	2,394	4,076	3,702	2,231	22,994	1,188	2,399	721
Mar 08	27,192	1,057	2,980	2,230	1,847	2,374	2,380	4,050	3,678	2,210	22,806	1,175	2,378	722
Jun 08	27,214	1,059	2,987	2,236	1,849	2,380	2,394	4,064	3,701	2,228	22,897	1,179	2,385	722

Notes:

Source: Employer Surveys

1 Employee jobs figures are of 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. Employees jobs figures come from quarterly surveys of employers carried out by ONS and administrative sources.

2 Revised.

employee jobs in June 2008 was 27.2 million, which marks an increase of 146 thousand over the year since June 2007. In percentage terms, this was a 0.5 per cent increase.

There were annual increases in nine regions. The largest percentage rise was in the East of England (1.5 per cent).

Table 10 shows the claimant count rate (referring to people claiming Jobseeker's Allowance benefits as a proportion of the workforce). The UK rate was 2.9 per cent in September 2008, up 0.1 percentage point from August 2008, and up 0.3 percentage points on a year earlier. This national rate masks large variations between regions and component countries of the UK. For September 2008, the North East had the highest claimant count rate in the UK at 4.6 per cent. The North East was followed by the West Midlands (3.9 per cent), the North West and Yorkshire and The Humber (3.5 per cent each). The lowest claimant counts were measured in the South West and South East (1.8 per cent each). The claimant count rate was 3.0 per cent in Scotland, and 3.3 per cent inWales and Northern Ireland.

London was the only region not to have an increase in the claimant count rate compared with a year ago. The largest increases were in the North East (0.7 percentage points), Northern Ireland (0.6 percentage points), Yorkshire and The Humber and Wales (each with 0.5 percentage points). The rate in London was unchanged.

CONTACT

elmr@ons.gsi.gov.uk

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Table 10
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	Sep	2.6	3.9	3.1	3.0	2.6	3.6	2.0	2.9	1.5	1.5	2.6	2.8	2.7	2.7
	Oct	2.6	3.9	3.1	2.9	2.5	3.6	2.0	2.8	1.5	1.5	2.5	2.7	2.6	2.7
	Nov	2.5	3.9	3.0	2.9	2.5	3.5	2.0	2.8	1.5	1.4	2.5	2.7	2.6	2.7
	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	3.3

Note:

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

Source: Jobcentre Plus administrative system

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TECHNICAL NOTE

Sampling variability

Some of the estimates used in this article are based on sample surveys and are therefore subject to sampling variability. The table below shows sampling variabilities for the Labour Force Survey as it relates to Table 1.

These sampling variability ranges represent '95 per cent confidence intervals'. This means that in 95 per cent of samples the range is expected to contain the true value.

Confidence intervals around estimates of working-age population[1] by highest qualification:[2] by NUTS1 region, second quarter 2008

Percentages

	Degree or equivalent	Higher education qualifications below degree	GCE A level or equivalent & apprenticeships	GCSE grades A* to C or equivalent	Other qualifications	No qualifications
United Kingdom	± 0.3	± 0.2	± 0.3	± 0.3	± 0.3	± 0.3
North East	± 1.4	± 0.9	± 1.6	± 1.6	± 1.2	± 1.3
North West	± 1.0	± 0.7	± 1.0	± 1.0	± 0.7	± 0.9
Yorkshire and The Humber	± 1.1	± 0.7	± 1.2	± 1.1	± 1.0	± 1.0
East Midlands	± 1.1	± 0.8	± 1.2	± 1.2	± 1.1	± 1.0
West Midlands	± 1.1	± 0.7	± 1.2	± 1.2	± 0.9	± 1.1
East of England	± 1.1	± 0.7	± 1.1	± 1.1	± 0.9	± 0.9
London	± 1.2	± 0.6	± 0.9	± 0.9	± 1.1	± 0.8
South East	± 1.0	± 0.6	± 0.9	± 0.9	± 0.8	± 0.7
South West	± 1.2	± 0.8	± 1.2	± 1.2	± 0.9	± 0.8
England	± 0.4	± 0.2	± 0.4	± 0.4	± 0.3	± 0.3
Wales	± 1.5	± 1.0	± 1.5	± 1.6	± 1.1	± 1.3
Scotland	± 1.1	± 0.9	± 1.2	± 1.0	± 0.8	± 0.9
Northern Ireland	± 1.7	± 1.0	± 1.7	± 1.6	± 0.9	± 1.6

Notes:

Source: Labour Force Survey, Office for National Statistics

1 Males aged 16 to 64 and females aged 16 to 59.
2 For summary of qualifications and equivalents, see www.statistics.gov.uk/statbase/Product.asp?vlnk=14712