FEATURE

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Regional economic indicators

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with a focus on rural and urban differences in the English regions

SUMMARY

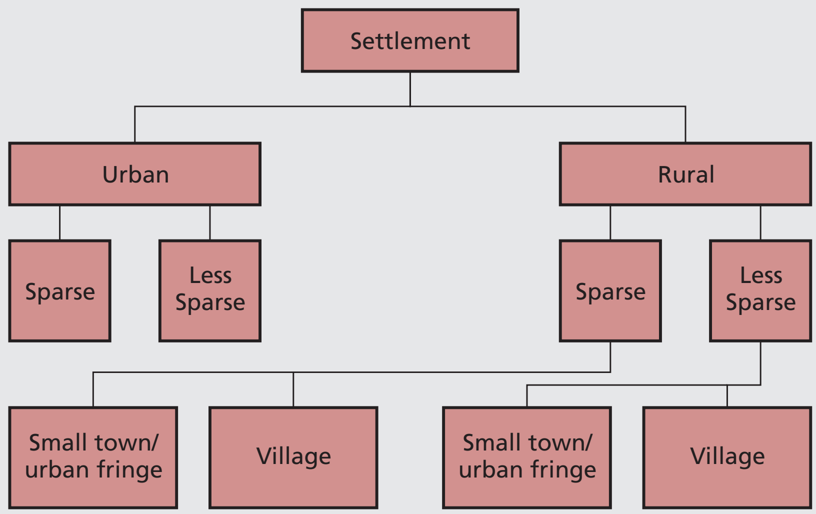
This quarter, regional economic indicators (REI) focuses on patterns of rural and urban differences in the English regions. Data on benefit claimant counts, education attainment and the Index of Multiple Deprivation are analysed using the rural and urban classification. This is followed by the regular Headline Indicators which cover the nine Government Office regions of England, Northern Ireland, Scotland and Wales. These 12 areas comprise level 1 of the European Nomenclature of Units for Territorial Statistics (NUTS) for the UK. The term 'region' is used for convenience in this article. The headline indicators present an underlying picture of regional economic performance, productivity (including an update to 2005 of the productivity analysis published in the February article) and welfare. Labour market data and indicators of the main drivers of productivity are also included.

Focus on the rural and urban differences in the English regions

The Rural and Urban Definition for England and Wales (Defra, 2004) is based on the numbers of people living in certain areas. Settlements with a population over 10,000 are regarded as urban. These settlements are differentiated by whether they are 'sparse' or 'less sparse', based on the population density for a local area with a radius of up to 30 kilometres. Rural settlements are further defined over a much smaller area (only up to 1,600 metres from a given point) to classify them as town/urban fringe or village. **Figure 1** shows the categories derived using this approach.

For the purpose of this analysis, various datasets from the Neighbourhood Statistics (NESS) website have been categorised by the rural and urban classifications, to identify any differences in the situation between the different types of areas. The NESS datasets relate to small areas, collectively known as Super Output Areas (SOA), a stable statistical geography developed as part of the Neighbourhood Statistics programme. Lower Super Output Area (LSOA) and Middle Super Output Area (MSOA) are the two levels at which SOAs have been defined. Within the rural and urban classification described above, each SOA has been classified to one of the rural and urban categories. It should be noted that in some categories of the classification and within some regions, a

Figure 1
The Rural and Urban Definition for England and Wales



particular category of MSOA may only contain a few areas whereas other categories may contain a large number. This could impact on the significance and reliability of averages for the different classifications. For this reason, the data on a regional basis has been collapsed to just three types of areas: urban, town/fringe and village.

Rural and urban patterns of benefit claimants

Government benefits are an important contributor to household incomes. Benefit claimant counts for the following datasets were analysed: Income Support, Job Seeker's Allowance, Incapacity Benefit and Child Benefit at LSOA level from 2001 to 2005. The urban/rural classification was assigned to the LSOA level data and the average claimant count calculated for each rural and urban classification by LSOA. The data patterns observed remained stable over the time period, and therefore only data for the latest year are presented here.

In all regions the data for Income Support, Job Seeker's Allowance and Incapacity Benefit followed similar patterns; more claimants were consistently found in urban areas, fewer in town/fringe, and the lowest level of claimants in rural areas. The only exception was in the North East where the average number of Incapacity Benefit claimants in town/fringe areas was slightly higher than in urban areas. Although these data support regional influences identified in other publications (that is that the lowest levels of claimants are found in the South East) any conclusions must be made with care, because the calculations of the averages are influenced by regional sizes.

The average Child Benefit claimants were different among regions. **Figure 2** shows that in most regions, average claimant counts were higher in urban areas than rural areas. The exceptions were the South West and the East Midlands, although in the latter this pattern of higher average counts in rural areas only applied to those classified as village areas, not town/fringe. The average claimant count in town/fringe areas in Yorkshire and The Humber was also higher than urban areas, although the count in village areas was lower. In the North West the lowest average count of Child Benefit claimants was in the town/fringe areas, and although the same pattern occurred in the East Midlands and the South East, this trend was most apparent in the North West. The low claimant counts in London in the areas classified as rural may reflect the fact that there are very few such areas in London.

Figure 2
Average count claiming Child Benefit: by NUTS1 region and the Urban and Rural Classification, 2005

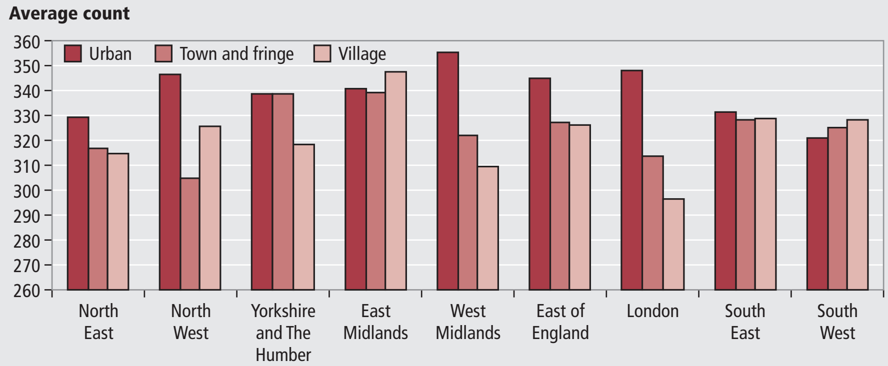
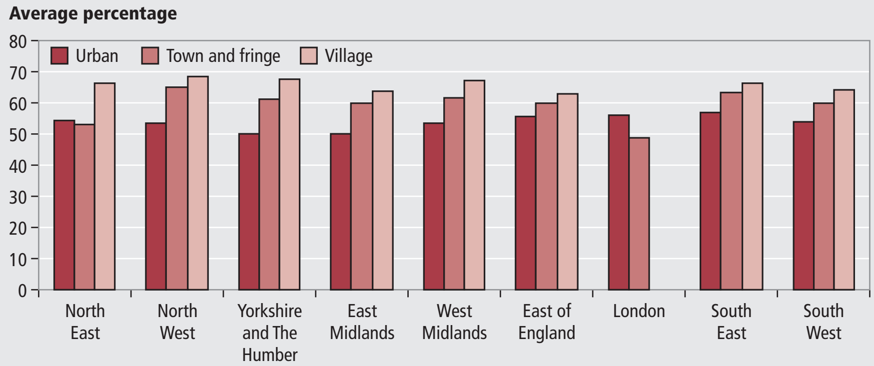


Figure 3
Education attainment: by NUTS1 region and the Urban and Rural Classification: average percentage achieving five or more A* to C at GCSE



Rural and urban patterns of education attainment by English region

The analysis of education attainment by the urban/rural classification was based on MSOA level data, due to data suppression at the LSOA level. At MSOA level, there is no classification of village in London. Across England, the highest percentage of pupils achieving five or more A* to C grades (or equivalent) were found in villages and the lowest percentage in urban areas, particularly sparse urban areas.

Similar patterns were found at the regional level as shown in **Figure 3**. London and the North East were the only regions where urban areas had a greater percentage of pupils achieving five or more A* to C grades at GCSE than in town/fringe rural areas. Yorkshire and The Humber had the lowest average percentage in an urban area at 49.9 per cent, but high attainment in both types of rural areas compared to the other regions. In the South East, urban areas achieved the highest average percentage at 56.8 per cent. It was also among the highest achieving regions for both classifications (town/fringe and village) of the rural definition. The North West had the highest average percentages for areas under the rural definition; 64.9 per cent in town/fringe classified areas and 68.5 per cent in villages.

Rural and urban differences in the Index of Multiple Deprivation by English region

The Index of Multiple Deprivation 2004 (IMD 2004) is a measure of multiple deprivation at the small area level. The model of multiple deprivation which underpins the IMD 2004 is based on the idea of distinct dimensions of deprivation which can be recognised and measured separately. These are experienced by individuals living in an area. The overall IMD is conceptualised as a weighted area level aggregation of these specific dimensions of deprivation. There were seven domains on which the IMD 2004 was based relating to a range of factors: income, employment, health and disability, education, skills and training, barriers to housing and services, living environment and crime.

For the purpose of this analysis, IMDs at LSOA level were assigned to their relevant urban or rural categories. The average IMD score was calculated for all the LSOAs

Figure 4
Average Index of Multiple Deprivation score of Lower Super Output Areas: by Urban and Rural Classification

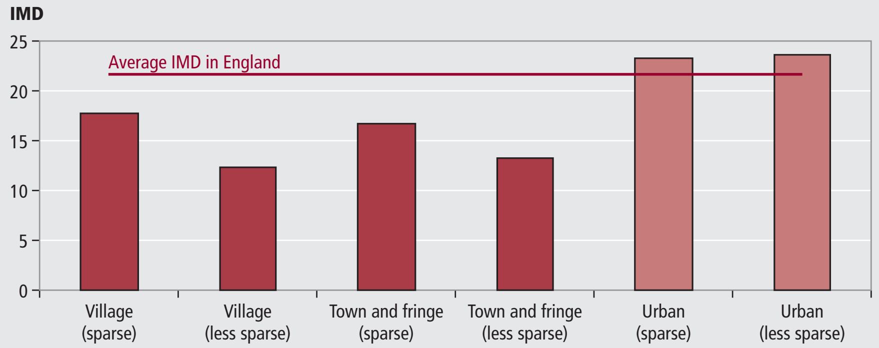
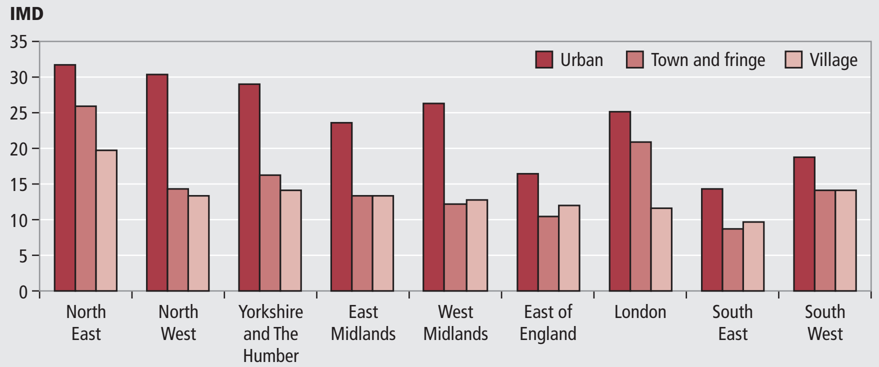


Figure 5
Average Index of Multiple Deprivation Score for LSOAs: by NUTS1 region and the Urban and Rural Classification



within each category and presented in **Figure 4**. The average score for the whole of England (21.66) is also shown. It is clear that the LSOAs in the urban areas had average IMD scores greater than this English average, suggesting the LSOAs in urban areas are more deprived. The LSOAs in the villages (less sparse) and town/fringe (less sparse) categories have lower scores of IMD than the sparse areas in the respective regions. This definition of deprivation suggests LSOAs in less sparse areas are less deprived.

Within individual regions, a similar pattern follows. **Figure 5** shows how in all regions the areas classified as urban had higher IMD scores than the rural areas. In five regions (the East Midlands, the West Midlands, the East of England, the South East and the South West) the LSOAs in villages had higher average deprivation scores than in the town/fringe areas.

Regional overview

Key figures on a regional basis indicate that:

- In 2005 London remained the region with the highest gross value added (GVA) per hour worked, 21.4 percentage points above the UK average. Northern Ireland had the lowest GVA per hour worked index measure, at only 80.7 per cent of the UK average.
- London and the South East had the highest levels of Gross Disposable Household Income (GDHI) per head, at £15,885 and £14,941, respectively, but among the lowest annual percentage growth rates, at 3.2 per cent and 3.6 per cent, respectively. The North East (£11,356) and Wales (£11,851) had the lowest GDHI per head.
- The South East had the highest employment rate in the second quarter of 2007, at 78.6 per cent; London had the lowest rate, at 69.7 per cent, compared with the UK employment rate of 74.4 per cent.

Headline indicators

This section presents a selection of regional economic indicators that provide an overview of the economic activity of UK regions. The productivity indicator has been updated in light of the revised regional GVA per hour worked estimates published in July 2007. The analysis that decomposed the differences of regional GVA per head from the UK average, into five explanatory variables (published in the February edition of this article) has been extended to 2005.

Regional performance

The February edition of this article presented the newly published (in December 2006) data on economic performance in terms of headline workplace based nominal GVA and GVA per head for the UK regions. It should be noted that nominal figures do not take account of inflation or regional differences in prices. The data demonstrated little change in 2005 from the previous year in the distribution of GVA among the regions. London and the South East continued to account for the largest share of UK GVA (19.1 per cent and 14.6 per cent, respectively) while Northern Ireland (2.3 per cent) and the North East (3.4 per cent) had the smallest.

Table 1 shows that all regions experienced growth in nominal GVA in 2005, although this growth was considerably lower than that seen in 2003 and 2004. In 2005, overall UK growth was only 4.1 per cent compared with 5.9 per cent in the preceding two years. London, the North East and the East Midlands had the highest annual percentage growth (at 4.4 per cent) in 2005. The North East region had one of the smallest absolute values of GVA, but in 2005 the year-on-year growth in this region was comparable with the region that had by far the largest value of GVA (London). This shows that even the regions with the smaller economies are capable of growth rates comparable with the larger regions.

Due to the wide variations in geographical size among the regions, comparisons are more usefully expressed in terms of GVA per head of population, rather than absolute values. In 2005, GVA per head for the UK was £17,677. London was the region with the highest GVA per head in 2005 at £27,088, well above (by 53 per cent) the UK average. GVA per head for the South East was also above the UK average (by 7 per cent), at £18,976 per head. Wales and the North East had the lowest GVA per head, at £13,813 and £14,048, respectively. Despite these figures being less than 80 per cent of the UK average, annual growth in these regions was relatively high, at 3.9 and 3.7 per cent, respectively. Scotland and the East Midlands also had high annual growth rates in 2005.

Labour productivity

Labour productivity indicators provide the most effective comparisons of regional economic performance. The GVA per

Table 1

Headline workplace-based gross value added at current basic prices: annual nominal growth of absolute GVA and GVA per head: by NUTS1 region

Percentages

		United Kingdom	UK less extra-regio and statistical discrepancy	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	Extra-regio[1]
GVA annual percentage growth	2003	*5.9*	*6.1*	*5.6*	*5.4*	*5.9*	*7.1*	*5.2*	*6.9*	*6.4*	*5.8*	*6.7*	*6.0*	*6.0*	*6.1*	*−1.1*
	2004	*5.9*	*6.0*	*6.1*	*5.7*	*5.7*	*6.7*	*5.5*	*6.5*	*6.3*	*5.5*	*6.5*	*5.9*	*5.9*	*6.1*	*1.9*
	2005	*4.1*	*3.9*	*4.4*	*3.7*	*3.7*	*4.4*	*3.8*	*3.9*	*4.4*	*3.3*	*4.0*	*3.9*	*4.1*	*3.8*	*16.9*
GVA per head annual percentage growth	2005	*3.4*	*3.3*	*3.9*	*3.4*	*3.2*	*3.7*	*3.2*	*3.0*	*3.1*	*2.6*	*3.4*	*3.7*	*3.7*	*3.0*	*N/A*

Note:

1 Extra-regio is the contribution to economic activity that cannot be allocated to any region.

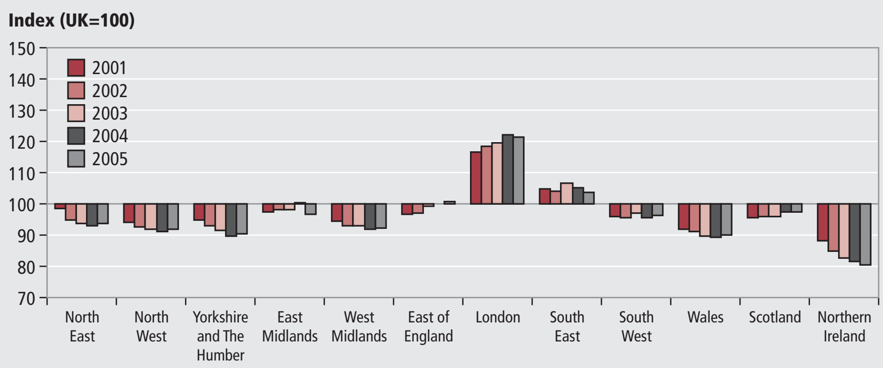
Source: Office for National Statistics

Figure 6

Comparison of regional economic indicators: by NUTS1 region, 2005

Figure 7

GVA per hour worked: by NUTS1 region



head measure, although accounting for different regional sizes, is affected by commuting. It can be artificially inflated because the numerator (GVA) includes the activity of the residents (who work and live there) and also the in-commuters, whereas the latter are excluded from the population denominator. This is illustrated in **Figure 6** in the case of London where the commuting problem is overcome by the labour productivity indicators (GVA per filled job and GVA per hour worked) which use workplace based measures for both the numerator and denominator. This more accurately apportions output against a measure of all those who contribute to producing that output, demonstrating how the choice of indicator can greatly affect perceptions of the relative positions of regions. Figure 6 shows that, when using GVA per hour worked, there are significantly fewer and smaller differences in regional economic performance than when making comparisons based on other indicators. GVA per hour worked additionally takes into account any variations in labour market structures across the regions, such as the proportions of full-time and part-time workers or job share availability. It is for these reasons that GVA per hour worked is the preferred indicator of productivity.

Figure 7 shows the regional GVA per hour worked productivity indices on a time series basis. The regions that improved their productivity relative to the UK average between 2001 and 2005 were London, the East of England, the South West and Scotland. This chart does suggest that since 2001 there has been some widening in the regional productivity differences between the highest and lowest performing regions. Productivity in London was the highest in all years and by 2005 was above the UK average by 5 percentage points more than it was in 2001 (although there was a small decline in 2005 compared with 2004). The opposite occurred in the region with lowest productivity; Northern Ireland, where the productivity gap as measured against the UK average, widened by 8 percentage points across the same period.

In terms of the annual change in the GVA per hour worked indicator, five regions experienced declining productivity against the UK average in 2005: the East Midlands, London, the South East, Scotland and Northern Ireland. However these declines were of less than 2 percentage points except in the East Midlands where productivity declined by nearly 4 percentage points against the UK average in 2005. This has been attributed to an unusually large increase in total hours worked in the East Midlands without a corresponding increase in GVA. Even though total hours worked increased in other regions too, generally these were significantly smaller.

Table 2
Headline gross disposable household income per head at current basic prices: by NUTS1 region

£ per head

	United Kingdom[1]	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
2000	10,906	9,261	9,979	9,964	9,972	9,949	11,681	13,439	12,509	10,806	11,124	9,433	10,168	9,270
2001	11,588	9,810	10,560	10,514	10,628	10,547	12,509	14,223	13,320	11,508	11,819	10,070	10,800	9,819
2002	11,930	10,147	10,874	10,834	11,008	10,854	12,909	14,495	13,652	11,868	12,151	10,456	11,199	10,176
2003	12,409	10,576	11,304	11,306	11,559	11,303	13,376	15,039	14,104	12,367	12,630	10,932	11,682	10,668
2004	12,773	10,920	11,673	11,687	11,993	11,670	13,722	15,396	14,424	12,718	12,990	11,322	12,047	11,086
2005[2]	13,279	11,356	12,186	12,197	12,522	12,133	14,198	15,885	14,941	13,258	13,494	11,851	12,554	11,564
Percentage change 2000 to 2005	*21.8*	*22.6*	*22.1*	*22.4*	*25.6*	*22.0*	*21.5*	*18.2*	*19.4*	*22.7*	*21.3*	*25.6*	*23.5*	*24.7*

Notes:

1 UK less Extra-Regio.
2 Provisional.

Source: Office for National Statistics

Figure 8
Headline gross disposable household income per head indices: by NUTS1 region

Welfare

Regional Gross Disposable Household Income (GDHI) up to 2005 was published in March 2007. The estimates are published at current basic prices and so do not take into account inflation effects or regional price differences. GDHI measured in absolute terms (£ million) does not take into account the population distribution both within and across regions. For more reliable comparisons of income distributions, the residence based measure of GDHI per head can be used as an indicator of the welfare of people living in a region. **Table 2** shows these data from 2000 to 2005. In 2005, London (£15,885), the South East (£14,941) and the East of England (£14,198) were the only regions where GDHI per head was greater than the UK average. However, Table 2 also shows that London and the South East were the regions which had the lowest percentage growth of this indicator between 2000 and 2005 (18.2 and 19.4 per cent, respectively). The three regions that had a level of GDHI lower than £12,000 per head (the North East, Wales and Northern Ireland) had among the largest improvements over this five-year period (at 22.6, 25.6 and 24.7 per cent growth, respectively). The East Midlands also saw large growth in its GDHI per head indicator between 2000 and 2005 (at 25.6 per cent).

Figure 8 illustrates this pattern of regional GDHI per head in index form between 2000 and 2005. The horizontal axis represents the UK average of 100 and on this basis comparisons between regions can be made over time without bias from their relative regional sizes. The three regions with GDHI per head above the UK average are clearly identifiable. Also evident is the decreased gap by which these regions performed above the UK average. Similarly, improvements against the UK average are evident in some of the regions with lower household income, particularly the East Midlands and the devolved administrations. This does suggest that there has been a reduction in the regional disparities in terms of this indicator of welfare.

Data from the Annual Survey of Hours and Earnings on median gross weekly earnings have previously been presented here. The new data for 2007 were due to be published on 7 November 2007 and were therefore unable to be included in this article. They will be reintroduced in future articles. The newly published regional earnings data are available at www.statistics.gov.uk/ashe.

Drivers of productivity

The following indicators represent the drivers of productivity as identified by HM Treasury and the Department for Business, Enterprise and Regulatory Reform (BERR) (formally the Department of Trade and Industry (DTI)). Research and Development (R&D) statistics provide an indicator for innovation; VAT statistics on net registration change and business survival rates are indicators for enterprise; and regional trade in export goods is regarded as a suitable indicator for competition. Statistics on the qualifications of the working age population provide an indicator of skills available within the regions, as does information on the percentage of pupils achieving five or more grades A* to C at GCSE or equivalent level.

Innovation

Innovation is a necessary, although not sufficient, condition for economic success and therefore is recognised as an important driver of productivity. Innovation can mean either the invention of new and more valuable products or services, or the development of new processes that increase efficiency. R&D is an input to the innovation process and is defined by the Organisation for Economic Co-operation and Development (OECD, 2002) 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 the stock of knowledge to devise new applications'.

Statistics on Business Expenditure on Research and Development consistent with these internationally agreed standards were

Table 3

Expenditure on research and development performed in UK businesses: by NUTS1 region, 2005

	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
Expenditure (£ million)	13,410	158	1,887	350	1,019	735	3,316	630	3,163	1,201	231	584	136
Annual percentage change	*4.6*	*3.3*	*8.3*	*0.6*	*6.1*	*–4.8*	*22.7*	*–20.5*	*–1.6*	*–7.4*	*2.2*	*18.2*	*17.2*

Source: Office for National Statistics

published in November 2006. **Table 3** shows that the East of England and the South East had the highest business expenditure on R&D in 2005 and were the only regions where expenditure was higher than £3 billion. Northern Ireland, the North East and Wales remained the regions with the lowest R&D expenditure. The East of England had the highest percentage growth in 2005, at 23 per cent. Scotland and Northern Ireland were the regions with the next highest growth in 2005, at 18 and 17 per cent, respectively, despite being ranked low when comparing their absolute expenditure on R&D with other regions.

R&D as a percentage of GVA is a measure commonly used in international comparisons and can further explain the trends shown above. **Figure 9** shows that the East of England was the region with the highest share of R&D expenditure in terms of GVA (3.5 per cent in 2005) and that this has been the case since 2001. The large percentage growth of absolute expenditure in 2005 in this region, identified above, could now be attributed to a recovery from the relatively low level of R&D expenditure in 2004, evident in Figure 9.

London had the lowest R&D expenditure as a percentage of GVA in 2005, at just 0.3 per cent. This may reflect the choice businesses make over locating their R&D or the impact of regional industry composition. Although there appeared to be low levels of R&D in London, there may not be low levels of innovation. London has a large concentration of service industries; in 2005 they accounted for 87 per cent of total headline GVA there, which may not be R&D intensive if, for example, they rely heavily on human capital. If innovation occurred in other forms it would not be captured by the R&D measure. This also puts into context the large decline of 20.5 per cent in R&D expenditure in London in 2005, identifiable in Table 3.

Figure 9 also shows that there has been a steady decline of R&D expenditure in terms of GVA since 2001 in the South East. This reinforces the decline in absolute expenditure in the South East evident in Table 3. The South East was, however, one of the five regions in 2005 with a level of R&D expenditure in terms of GVA greater than the UK average of 1.3 per cent; the other four regions were the North West, the East of England, the East Midlands and the South West.

Enterprise

Indicators of enterprise are published by the Small Business Service (SBS) of BERR. VAT registrations and deregistrations are the best official guide to the pattern of business start-ups and closures. They are an indicator of the level of entrepreneurship and the factors that influence the pattern of business start-ups, such as economic growth, which encourages new ventures and creates demand for business. These data were expected to be updated in 2007 but were not available at the time of finalising this article. The most recent data are available on the SBS website.

Figure 9

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

An alternative indicator is the business survival rate. Data on the proportion of businesses that remained registered for VAT three years after their initial registration were updated in February 2007. **Figure 10** shows the regional business survival rates for two different years of initial registration, 1995 and 2002, illustrating the percentage still trading three years later. For the most recent year, the region with by far the highest rate of business survivals was Northern Ireland (78.5 per cent) and the regions with the lowest were London (66.9 per cent) followed by Scotland (70.3 per cent), the North East (70.4 per cent) and the West Midlands (70.6 per cent).

Figure 10 shows there were improvements in business survival rates in all regions over the time period, although the extent of these did differ by region. Across the UK, between 1995 and 2002, business survival rates improved by 5.7 percentage points. The largest improvement (8.4 percentage points) was in the North West, closely followed by the North East (7.9 percentage points). By contrast, in Northern Ireland, the improvement over the time period was only 0.3 percentage points. However, Northern Ireland was identified above as the strongest region in terms of business survival rates, even though there was only a small increase between the two years. There was a decline in survival rates in Northern Ireland in the first half of this period and an improvement in the second half, whereas all other regions showed a consistent rise over the whole period, although from a lower base. The larger improvements in other regions could be due to many factors, but the figures do not suggest significant overall regional differences in the ability of new businesses to survive.

Competition

HM Revenue & Customs (HMRC) publishes regional trade statistics on export trade in goods by statistical value, which provide an indicator of competition. Trade in goods by definition excludes intangibles and services. The statistical value of export trade is calculated as the value of the goods

Figure 10
Three-year survival rates of VAT-registered enterprises, by year of initial registration: percentage still trading: by NUTS1 region

Percentages

plus the cost of movement to the country's border. New data for the second quarter of 2007 were published in September 2007, presented here in **Table 4.**

The total value of UK exports for the 12 months ending June 2007 dropped by 13 per cent compared to the 12 months ending June 2006. The value of UK exports to the EU decreased by 17 percent over this period. The only UK region that increased was Northern Ireland where exports rose by 9 per cent. The value of UK exports to countries outside the EU decreased by 7 per cent. UK exports from 7 regions decreased in the year ending June 2007 compared to the year ending June 2006. The only regions that increased were the devolved administrations of Wales, Scotland and Northern Ireland and the North East and Yorkshire and The Humber.

In terms of the latest quarter's data (2007 quarter 2) compared to the previous quarter, most regions saw a decline in the value of exports to the EU, except for the North West and Scotland which increased by one and two per cent respectively. For comparison, in quarter 2 of 2006 the value of exports to the EU generally increased, decreases were only seen in the South East and the South West (three and two per cent respectively).

The value of exports to countries outside the EU in quarter 2 of 2007 generally saw an opposite trend; they only decreased in London (and only by one per cent). In Yorkshire and The Humber and the North East the value of exports to countries outside the EU in the second quarter of 2007, increased by a quarter.

Figure 11 shows the value of export goods as a percentage of headline workplace based regional GVA. This basis of interpreting the results is more useful than looking at the absolute numbers because it takes into account the differing sizes of regional economies. In 2005, the North East was the region where exports accounted for the highest percentage of GVA (23 per cent), although this had declined since 2003. A possible explanation could be the higher annual growth in GVA in 2005 than in exports. In all other regions in 2005, annual export growth was larger than annual GVA growth. The region where exports accounted for the smallest percentage of GVA (12 per cent) in 2005 was the South West, although this was a slightly larger proportion than in previous years. The most significant drop was in Scotland, where exports in 2005 accounted for 9 percentage points less in terms of GVA than they did in 2001.

Skills

The skills of workers are important to productivity as they define the capabilities that the labour force can input to the production process. It is useful to be able to analyse skills from two perspectives: the qualifications of the current working age population and the qualifications of young people representing the future capabilities of the labour force. The following data are available on the ONS Regional Snapshot webpages.

The latest data on the highest qualifications of the working age population (males aged 16 to 64 and females aged 16 to 59) are based on spring 2006 Labour Force Survey data.

Table 4
UK regional trade in goods – statistical value of exports: by NUTS1 region

£ million

			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
EU exports[2]															
	2005	Q3	29,408	1,304	2,653	1,672	2,315	1,973	2,536	2,600	4,449	1,454	1,246	1,662	697
		Q4	32,267	1,369	2,789	1,728	2,416	2,139	2,883	2,642	4,938	1,701	1,306	1,629	746
	2006	Q1	42,239	1,363	3,480	2,138	2,877	2,740	3,367	4,344	5,347	1,785	1,482	1,701	782
		Q2	46,100	1,449	4,774	2,292	3,248	3,652	3,510	5,576	5,185	1,748	1,517	1,858	814
12 months ending June 2006			150,014	5,485	13,696	7,830	10,856	10,504	12,296	15,162	19,919	6,688	5,551	6,850	3,039
	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
		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[3]	Q1	31,388	1,312	2,712	1,724	2,283	2,239	3,134	2,207	4,555	1,711	1,438	1,564	836
		Q2	30,236	1,277	2,746	1,640	1,946	2,200	2,960	1,992	4,524	1,542	1,324	1,598	834
12 months ending June 2007			124,564	5,272	11,087	6,638	8,864	9,287	11,534	8,544	18,082	6,481	5,437	6,565	3,309
Non-EU exports															
	2005	Q3	23,995	816	2,260	1,232	1,786	1,770	2,049	4,528	3,784	1,094	839	1,739	429
		Q4	25,866	826	2,560	1,404	1,966	2,093	2,434	4,417	4,219	1,179	859	1,663	477
	2006	Q1	22,745	703	2,502	1,145	1,788	1,803	1,999	3,846	3,570	939	865	1,613	431
		Q2	24,312	701	2,633	1,247	1,830	1,797	2,058	4,147	3,965	1,071	952	1,766	483
12 months ending June 2006			96,918	3,046	9,955	5,028	7,370	7,463	8,540	16,938	15,538	4,283	3,515	6,781	1,820
	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
		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[3]	Q1	21,173	807	2,261	1,247	1,621	1,479	1,777	3,484	3,112	917	839	1,683	469
		Q2	23,093	1,009	2,484	1,565	1,654	1,608	2,002	3,460	3,235	992	956	1,991	521
12 months ending June 2007			89,751	3,377	9,467	5,379	6,808	6,200	7,627	14,020	13,533	4,096	3,723	6,793	1,955

Notes:

1 UK figure includes trade that cannot be allocated to a region.
2 EU data refers to EU25 up to 2006Q4 and EU27 from 2007Q1.
3 Data are provisional.

Source: HM Revenue and Customs

Figure 11
Value of total export goods as a percentage of headline workplace-based GVA: by NUTS1 region

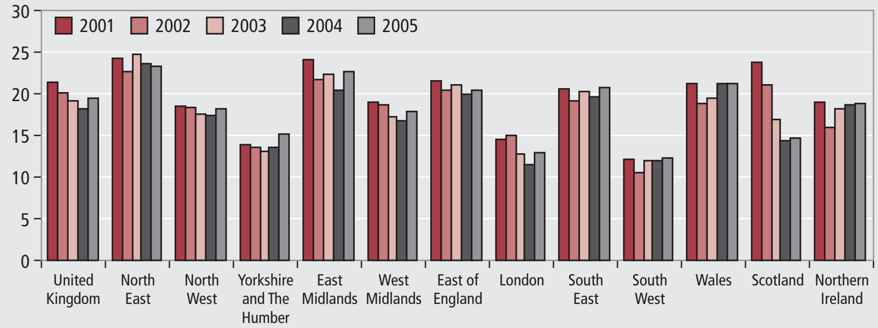


Figure 12
Working age population with no qualifications: by NUTS1 region, spring 2006

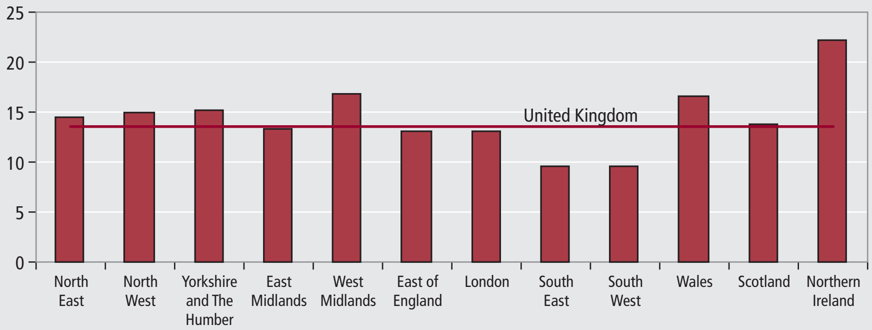
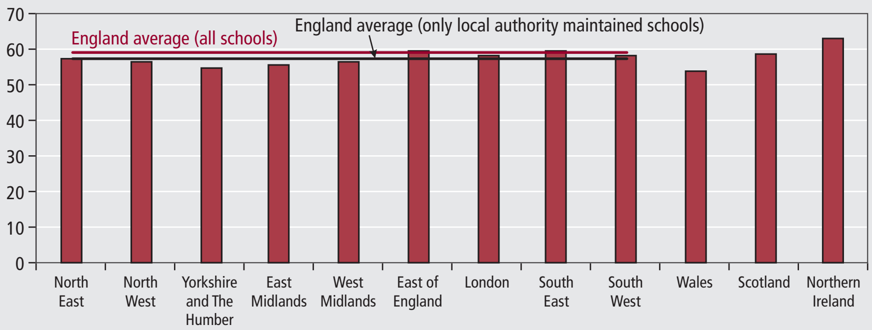


Figure 13
Pupils achieving five or more grades A*–C at GCSE level or equivalent: by NUTS1 region, 2005/06



The characteristics of the local economies will dictate what labour skills are required and thus affect the comparability of these data. **Figure 12** shows the percentage of the working age population who have no qualifications, by region, against the UK average. Northern Ireland has the highest proportion with no qualifications (8.6 percentage points above the UK average), whereas the opposite is the case in the South East and the South West (4.1 percentage points lower than the UK average). This does not necessarily mean that these regions have the most qualified working age population, but does indicate where there is a larger proportion of the working population with no qualifications. This may be due to the skill requirements dictated by the regional economies or it could mean that a significant number of those with qualifications have migrated out of these regions.

Data on the percentage of pupils achieving five or more grades A* to C at GCSE level or equivalent in each region in 2005/06 are illustrated in **Figure 13**. Equivalent level qualifications are defined in Notes and Definitions on the ONS Regional Snapshot webpages. The regional breakdown for these data in England is only available for pupils at Local Authority maintained schools, although information for the devolved administrations is based on all schools. Given this it is possible to calculate two averages for England as a whole: one based on just local authority maintained schools and one for all schools, as is presented in Figure 13. This shows that the average is higher when calculated on all schools, reflecting the likely higher results obtained by pupils in non-Local Authority establishments. Within Local Authority maintained schools in English regions, London, the East of England, South East and the South West performed above the England average for these schools, while Yorkshire and The Humber was the lowest region in England. Within the devolved administrations, based on data that include all schools, Northern Ireland had the highest proportion of pupils achieving five or more A* to C grades at GCSE or equivalent, and Wales had the lowest.

The labour market

Table 5 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 2007, the UK employment rate was 74.4 per cent, down 0.1 percentage points from a year ago but up 0.1 percentage point from quarter one (January to March) of 2007. Regional rates varied from 78.6 per cent in the South East to 69.7 per cent in London.

Five regions had an increase in the employment rate over the year. Scotland had a rise of 2.3 percentage points and the rate for Wales increased by 0.8 percentage points. Seven regions experienced falls in the employment rate. The West Midlands had an annual fall of 1.2 percentage points and the East Midlands decreased by 1.1 percentage points.

Table 6 shows the unemployment rate (according to the internationally-consistent ILO definition) for persons aged 16 and over from the LFS. The UK rate in the second quarter of 2007 was 5.4 per cent, down 0.2 percentage points from the previous quarter and down 0.1 percentage point on a year earlier. Regionally, the rates ranged from 7.5 per cent in London to 3.7 per cent in Northern Ireland.

Over the year, the unemployment rate had decreased in eight regions. Three regions had a fall of 0.5 percentage points or more: Scotland, down 0.9 percentage points, and Northern Ireland and the South

Table 5
Employment[1] rates for persons 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
2004	Apr-Jun	74.7	69.8	73.8	74.1	76.3	73.9	79.0	70.1	78.7	78.1	75.0	72.6	74.7	66.8
	Jul-Sep	74.7	70.1	73.5	74.3	75.6	75.1	78.9	69.4	79.0	78.7	75.1	71.3	75.0	67.0
	Oct-Dec	74.9	69.8	74.1	74.5	76.1	74.9	78.8	69.3	79.1	78.7	75.2	72.3	75.1	69.2
2005	Jan-Mar	74.9	70.3	73.3	74.5	76.4	74.7	78.8	69.8	78.9	78.8	75.1	71.7	75.3	68.8
	Apr-Jun	74.7	70.2	73.3	74.3	76.5	74.4	78.7	69.3	79.0	78.8	75.0	71.4	75.0	68.5
	Jul-Sep	74.8	69.7	73.5	74.7	77.2	74.0	78.5	69.5	78.9	78.3	75.0	72.3	75.2	69.9
	Oct-Dec	74.5	70.1	72.9	74.4	77.2	73.4	77.5	69.3	78.8	77.8	74.6	71.8	75.4	68.7
2006	Jan-Mar	74.6	70.9	73.4	74.2	77.0	73.8	77.4	69.9	78.8	78.1	74.9	71.5	75.3	69.4
	Apr-Jun	74.6	71.7	73.3	74.1	76.9	73.8	76.9	69.5	79.0	78.4	74.8	71.5	74.8	70.1
	Jul-Sep	74.5	70.9	73.5	73.5	77.1	73.9	77.0	69.5	78.9	77.8	74.7	72.1	75.2	68.9
	Oct-Dec	74.5	71.2	73.0	73.8	76.5	73.2	77.1	69.7	78.7	78.4	74.6	71.8	76.1	69.5
2007	Jan-Mar	74.3	70.9	72.5	72.7	76.0	72.7	77.4	69.9	78.2	78.0	74.3	71.7	76.6	70.5
	Apr-Jun	74.4	71.2	72.6	73.1	75.8	72.6	77.2	69.7	78.6	78.0	74.4	72.3	77.2	70.5

Note:

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

Source: Labour Force Survey

Table 6
Unemployment[1] rates for persons 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
		MGSX	YCNC	YCND	YCNE	YCNF	YCNG	YCNH	YCNI	YCNJ	YCNK		YCNM	YCNN	ZSFB
2004	Apr-Jun	4.8	5.5	4.4	4.6	4.2	5.5	3.8	7.0	3.7	3.7	4.7	4.2	6.0	5.1
	Jul-Sep	4.7	5.9	4.5	4.6	4.1	5.0	3.6	7.2	3.6	3.3	4.6	4.9	5.3	5.0
	Oct-Dec	4.7	6.4	4.6	4.6	4.2	4.7	3.8	7.2	3.5	3.3	4.6	4.2	5.7	4.6
2005	Jan-Mar	4.7	5.8	4.7	4.4	4.3	4.7	3.8	6.7	3.7	3.6	4.6	4.6	5.5	4.8
	Apr-Jun	4.8	6.8	4.4	4.8	4.2	4.7	3.9	7.2	3.8	3.2	4.7	4.6	5.4	4.9
	Jul-Sep	4.8	6.7	4.5	4.5	4.4	4.7	4.1	6.7	4.0	3.7	4.8	4.6	5.5	4.3
	Oct-Dec	5.1	6.5	4.9	5.4	4.6	5.3	4.5	7.4	4.2	3.9	5.2	4.9	5.2	4.5
2006	Jan-Mar	5.2	6.6	4.9	5.4	5.0	5.2	4.8	7.7	4.5	3.6	5.3	4.8	5.3	4.4
	Apr-Jun	5.5	6.1	5.3	5.7	5.4	5.7	5.0	7.9	4.7	3.7	5.5	5.7	5.4	4.2
	Jul-Sep	5.6	6.9	5.6	6.0	5.3	6.1	5.0	8.0	4.5	3.9	5.7	5.4	5.0	4.7
	Oct-Dec	5.5	6.5	5.3	6.0	5.8	6.5	4.5	7.9	4.3	3.8	5.6	5.2	5.2	4.2
2007	Jan-Mar	5.5	6.8	5.7	6.2	5.5	6.4	4.7	7.3	4.6	3.9	5.7	5.5	4.9	4.2
	Apr-Jun	5.4	6.5	5.8	5.6	5.0	6.8	4.6	7.5	4.2	4.0	5.5	5.5	4.5	3.7

Source: Labour Force Survey

East both down 0.5 percentage points. The unemployment rate rose in four regions. The West Midlands had the largest increase of 1.1 percentage points.

Table 7 shows economic inactivity rates for persons of working age from the LFS. The UK rate in the second quarter of 2007 was 21.2 per cent, unchanged from the previous quarter but up 0.2 percentage points on a year earlier. Across the regions, rates varied from 17.9 per cent in the South East to 26.7 per cent in Northern Ireland.

Compared with a year earlier, three regions had a decrease in the inactivity rate, and thus a corresponding increase in the working-age activity rate. Scotland had the largest annual fall of 1.7 percentage points. Eight regions had an increase in the economic inactivity rate over the year. The largest annual rise was in the East Midlands with 1.5 percentage points. The rate for the East of England was unchanged over the year.

Table 8 shows the number of employee jobs, not seasonally adjusted, from the Employers Surveys. The number of UK employee jobs was 27,202,000, an increase of 167,000 over the year to June 2007. In percentage terms, this was a 0.6 per cent increase.

There were annual increases in all regions except the South West which fell by 0.1 per cent. The largest percentage rises were in Wales (2.4 per cent) and Northern Ireland (2.1 per cent).

Table 9 shows the claimant count rate (referring to people claiming Jobseeker's Allowance benefits as a proportion of the workforce). The UK rate was 2.6 per cent in September 2007, unchanged from August 2007, but 0.4 percentage points down on a year earlier. This national rate masks large variations between regions and component countries of the UK. For September 2007, the North East has the highest claimant count rate in the UK at 3.9 per cent. The North East is followed by the West Midlands (3.6 per cent), the North West (3.1 per cent) and Yorkshire and The Humber (3.0 per cent). The South East and the South West had the lowest claimant count rates, at 1.5 per cent. The claimant count rate was 2.8 per cent in Wales, and 2.7 per cent in both Scotland and Northern Ireland.

Table 7
Economic inactivity rates for persons 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
2004	Apr-Jun	*21.5*	*26.0*	*22.7*	*22.3*	*20.3*	*21.6*	*17.8*	*24.5*	*18.2*	*18.9*	*21.2*	*24.1*	*20.5*	*29.4*
	Jul-Sep	*21.5*	*25.4*	*23.0*	*22.1*	*21.1*	*20.9*	*18.1*	*25.1*	*17.9*	*18.6*	*21.2*	*24.9*	*20.7*	*29.4*
	Oct-Dec	*21.3*	*25.3*	*22.3*	*21.8*	*20.5*	*21.3*	*18.0*	*25.3*	*17.9*	*18.6*	*21.1*	*24.5*	*20.2*	*27.4*
2005	Jan-Mar	*21.4*	*25.3*	*23.0*	*22.0*	*20.2*	*21.6*	*18.0*	*25.0*	*18.0*	*18.2*	*21.2*	*24.7*	*20.1*	*27.6*
	Apr-Jun	*21.5*	*24.6*	*23.2*	*21.9*	*20.1*	*21.8*	*18.1*	*25.2*	*17.8*	*18.5*	*21.2*	*25.1*	*20.6*	*27.8*
	Jul-Sep	*21.3*	*25.3*	*22.9*	*21.6*	*19.2*	*22.2*	*18.0*	*25.3*	*17.8*	*18.6*	*21.2*	*24.1*	*20.3*	*26.9*
	Oct-Dec	*21.4*	*25.0*	*23.3*	*21.2*	*18.9*	*22.4*	*18.7*	*25.1*	*17.7*	*18.9*	*21.2*	*24.4*	*20.4*	*28.0*
2006	Jan-Mar	*21.1*	*23.9*	*22.7*	*21.5*	*18.8*	*22.0*	*18.6*	*24.2*	*17.4*	*18.9*	*20.8*	*24.8*	*20.4*	*27.3*
	Apr-Jun	*21.0*	*23.5*	*22.5*	*21.3*	*18.6*	*21.6*	*18.9*	*24.4*	*17.1*	*18.4*	*20.7*	*24.0*	*20.8*	*26.7*
	Jul-Sep	*21.0*	*23.8*	*22.1*	*21.7*	*18.5*	*21.2*	*18.9*	*24.2*	*17.3*	*18.9*	*20.7*	*23.7*	*20.8*	*27.5*
	Oct-Dec	*21.0*	*23.7*	*22.8*	*21.3*	*18.7*	*21.6*	*19.1*	*24.2*	*17.7*	*18.4*	*20.8*	*24.1*	*19.7*	*27.4*
2007	Jan-Mar	*21.2*	*23.8*	*23.0*	*22.4*	*19.5*	*22.2*	*18.6*	*24.4*	*18.0*	*18.7*	*21.1*	*24.0*	*19.3*	*26.4*
	Apr-Jun	*21.2*	*23.8*	*22.8*	*22.5*	*20.1*	*21.9*	*18.9*	*24.6*	*17.9*	*18.6*	*21.2*	*23.4*	*19.1*	*26.7*

Source: Labour Force Survey

Table 8
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 2003	26,146	1,000	2,944	2,160	1,746	2,313	2,278	3,926	3,618	2,109	22,094	1,102	2,277	673
Jun 2004	26,358	1,004	2,982	2,212	1,763	2,306	2,301	3,916	3,618	2,146	22,248	1,133	2,297	680
Jun 2005	26,747	1,036	2,990	2,223	1,818	2,331	2,306	3,971	3,667	2,194	22,536	1,161	2,355	694
Jun 2006	27,035	1,061	2,946	2,243	1,844	2,341	2,331	4,035	3,735	2,211	22,747	1,203	2,383	700
Sep 2006	27,073	1,057	2,936	2,252	1,854	2,342	2,345	4,034	3,737	2,209	22,766	1,219	2,384	704
Dec 2006	27,328	1,071	2,958	2,264	1,884	2,359	2,363	4,086	3,765	2,224	22,974	1,229	2,409	715
Mar 2007[r]	27,052	1,059	2,931	2,252	1,857	2,337	2,323	4,062	3,720	2,198	22,739	1,219	2,383	712
Jun 2007	27,202	1,061	2,948	2,267	1,857	2,349	2,337	4,083	3,747	2,209	22,858	1,232	2,397	715

Notes:

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.

r = revised.

Source: Employer surveys

Compared with a year earlier, all regions had a lower claimant count rate. The largest decrease was 0.5 percentage points, which occurred in London, Scotland and Northern Ireland.

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Table 9
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
		BCJE	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	VASQ	DPBP	DPBQ	DPBR
2002		*3.1*	*5.0*	*3.5*	*3.6*	*2.9*	*3.5*	*2.1*	*3.5*	*1.6*	*1.9*	*2.9*	*3.5*	*3.8*	*4.4*
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*
2006	Sep	*3.0*	*4.1*	*3.4*	*3.3*	*2.9*	*3.9*	*2.3*	*3.4*	*1.8*	*1.8*	*2.9*	*3.0*	*3.2*	*3.2*
	Oct	*3.0*	*4.1*	*3.4*	*3.3*	*2.9*	*3.9*	*2.4*	*3.4*	*1.8*	*1.8*	*2.9*	*3.0*	*3.1*	*3.2*
	Nov	*2.9*	*4.2*	*3.4*	*3.3*	*2.9*	*3.9*	*2.4*	*3.4*	*1.8*	*1.8*	*2.9*	*3.0*	*3.1*	*3.1*
	Dec	*2.9*	*4.2*	*3.4*	*3.3*	*2.8*	*3.9*	*2.3*	*3.3*	*1.8*	*1.8*	*2.9*	*3.0*	*3.1*	*3.1*
2007	Jan	*2.9*	*4.1*	*3.3*	*3.2*	*2.8*	*3.9*	*2.3*	*3.3*	*1.7*	*1.8*	*2.8*	*2.9*	*2.9*	*3.0*
	Feb	*2.8*	*4.2*	*3.3*	*3.2*	*2.8*	*3.9*	*2.3*	*3.2*	*1.7*	*1.8*	*2.8*	*2.9*	*3.0*	*3.0*
	Mar	*2.8*	*4.1*	*3.3*	*3.2*	*2.8*	*3.8*	*2.3*	*3.2*	*1.7*	*1.7*	*2.8*	*2.9*	*2.9*	*3.0*
.	Apr	*2.8*	*4.1*	*3.2*	*3.1*	*2.7*	*3.7*	*2.2*	*3.1*	*1.7*	*1.7*	*2.7*	*2.9*	*2.9*	*2.9*
	May	*2.7*	*4.0*	*3.2*	*3.1*	*2.7*	*3.7*	*2.2*	*3.1*	*1.6*	*1.6*	*2.7*	*2.8*	*2.8*	*2.9*
	Jun	*2.7*	*4.0*	*3.1*	*3.1*	*2.7*	*3.7*	*2.2*	*3.0*	*1.6*	*1.6*	*2.7*	*2.8*	*2.7*	*2.8*
	Jul	*2.7*	*4.0*	*3.1*	*3.1*	*2.7*	*3.6*	*2.1*	*3.0*	*1.6*	*1.6*	*2.6*	*2.8*	*2.7*	*2.7*
	Aug	*2.6*	*3.9*	*3.1*	*3.0*	*2.6*	*3.6*	*2.1*	*2.9*	*1.6*	*1.5*	*2.6*	*2.8*	*2.7*	*2.7*
	Sep	*2.6*	*3.9*	*3.1*	*3.0*	*2.6*	*3.6*	*2.1*	*2.9*	*1.5*	*1.5*	*2.6*	*2.8*	*2.7*	*2.7*

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 administration system.

Ups and Closures: VAT registrations and de-registrations in 2005 at http://stats.berr.gov.uk/ed/vat/VATStatsPressReleaseOct2006.pdf

Small Business Service, *Three year survival rates of VAT registered businesses by region* at http://stats.berr.gov.uk/ed/survival/

Swadkin C and Hastings D (2007) 'Regional Economic Indicators with a focus on the differences in regional economic performance', *Economic & Labour Market Review* 1(2), pp 52–64.