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# Commentary on Regional Economic Performance Indicators

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## Introduction

The *Regional Economic Performance Indicators (REPI)* is an annual publication by the Department for Business, Innovation & Skills (BIS). It comprises of a set of socio-economic indicators covering the regions of the United Kingdom.

The aim of the publication is to give a balanced picture of all the statistical information relevant to economic performance. REPI is a compendium publication, containing regional information sourced from several different government departments, agencies and academic organisations.

The latest set of REPI tables were published on 21 September 2012 and can be found on the BIS website at [www.bis.gov.uk/analysis/statistics/sub-national-statistics/regional-economic-performance-indicators](http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/regional-economic-performance-indicators)

This document is intended to give a brief overview of each set of indicators and draw out some of the key statistics. It should be read in conjunction with the full set of indicators as this contains all definitions and notes on the data.

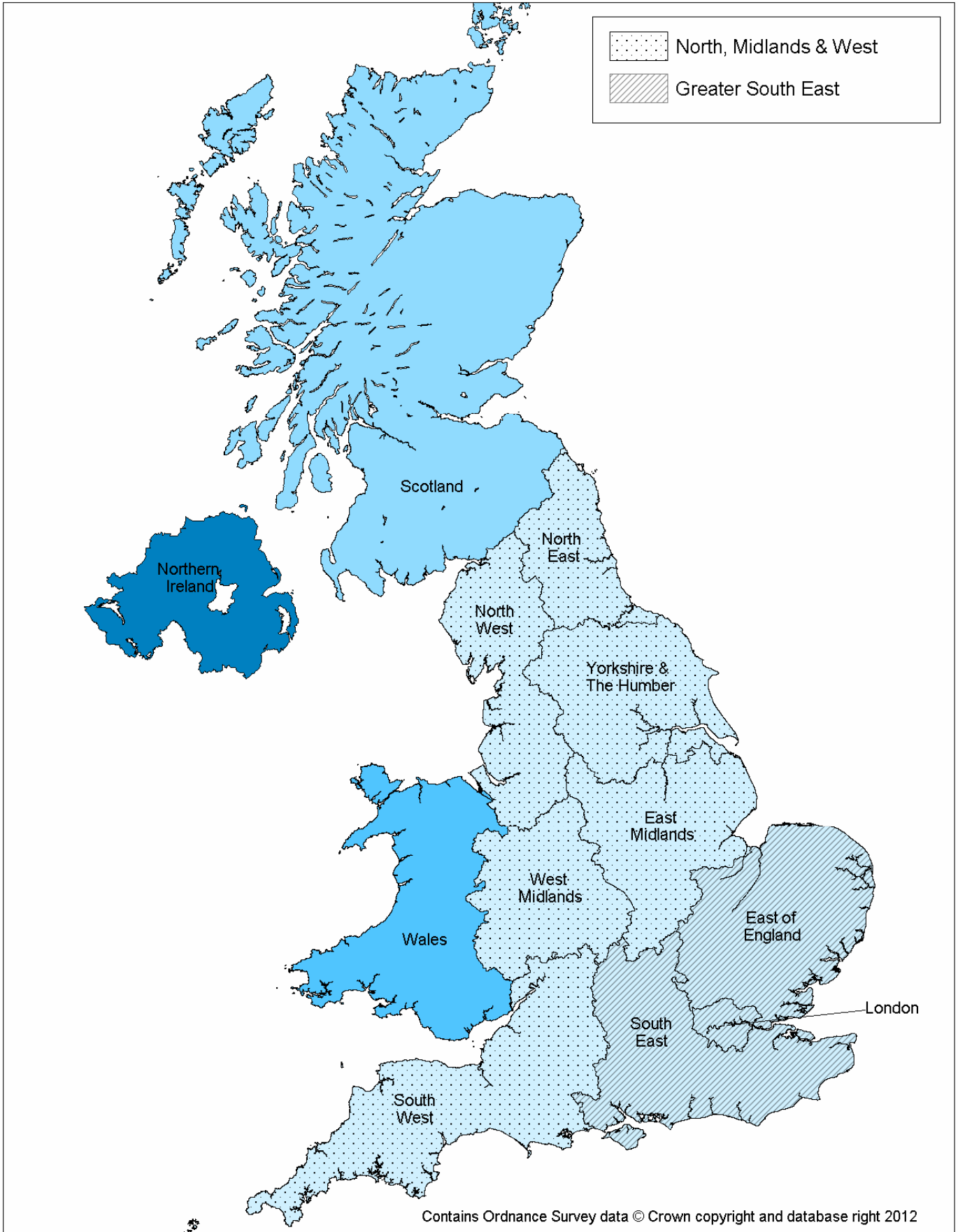
## The Regions

REPI aims to provide statistics for all countries of the United Kingdom, that is England, Wales, Scotland and Northern Ireland. England is further divided into nine Regions, formally known as Government Office Regions. These 13 areas are considered in REPI.

There are two additional regions mentioned in the statistics, which are alternate aggregates of the Regions in England. These are *Greater South East*, which includes London, South East and East of England, and *North, Midlands & West*, which includes the remaining six Regions.

These areas can all be seen in the map below.

Figure 1: Map showing Regions of United Kingdom covered by REPI



Wherever possible, each indicator has been presented for each of these regions. Where consistent data is not available for each region, the closest set of data has been provided and has been highlighted in the individual table footnotes. If there is no alternative, then data for as many regions as possible has been displayed.

## Other Sources

The Office for National Statistics (ONS) publishes *Region & Country Profiles* which can be found on the ONS website at:

<http://www.ons.gov.uk/ons/rel/regional-trends/region-and-country-profiles/index.html>

The Region and Country Profiles provide commentary on statistics for each region, including demographic, social, environmental and economic statistics, and gives key facts and figures about life and the economy in each of the regions. This is useful to provide some context for REPI.

## The Indicators

REPI is grouped into 11 sections, which either indicate the current performance of the economy or give an indication of future growth potential. These sections are:

- A – Productivity
- B – Investment
- C – Innovation (Research & Development)
- D – Skills (Qualifications)
- E – Enterprise
- F – Competition (Exports of Goods & Services)
- G – Labour Market
- H – Earnings
- I – Deprivation (Income Support Claimants)
- J – Transport
- K – Land Use

Some information about why each of these indicators is of use can be found in the *Economic Context Note*, which can be found here:

[www.bis.gov.uk/assets/biscore/statistics/docs/r/repi\\_economic\\_context\\_note.pdf](http://www.bis.gov.uk/assets/biscore/statistics/docs/r/repi_economic_context_note.pdf)

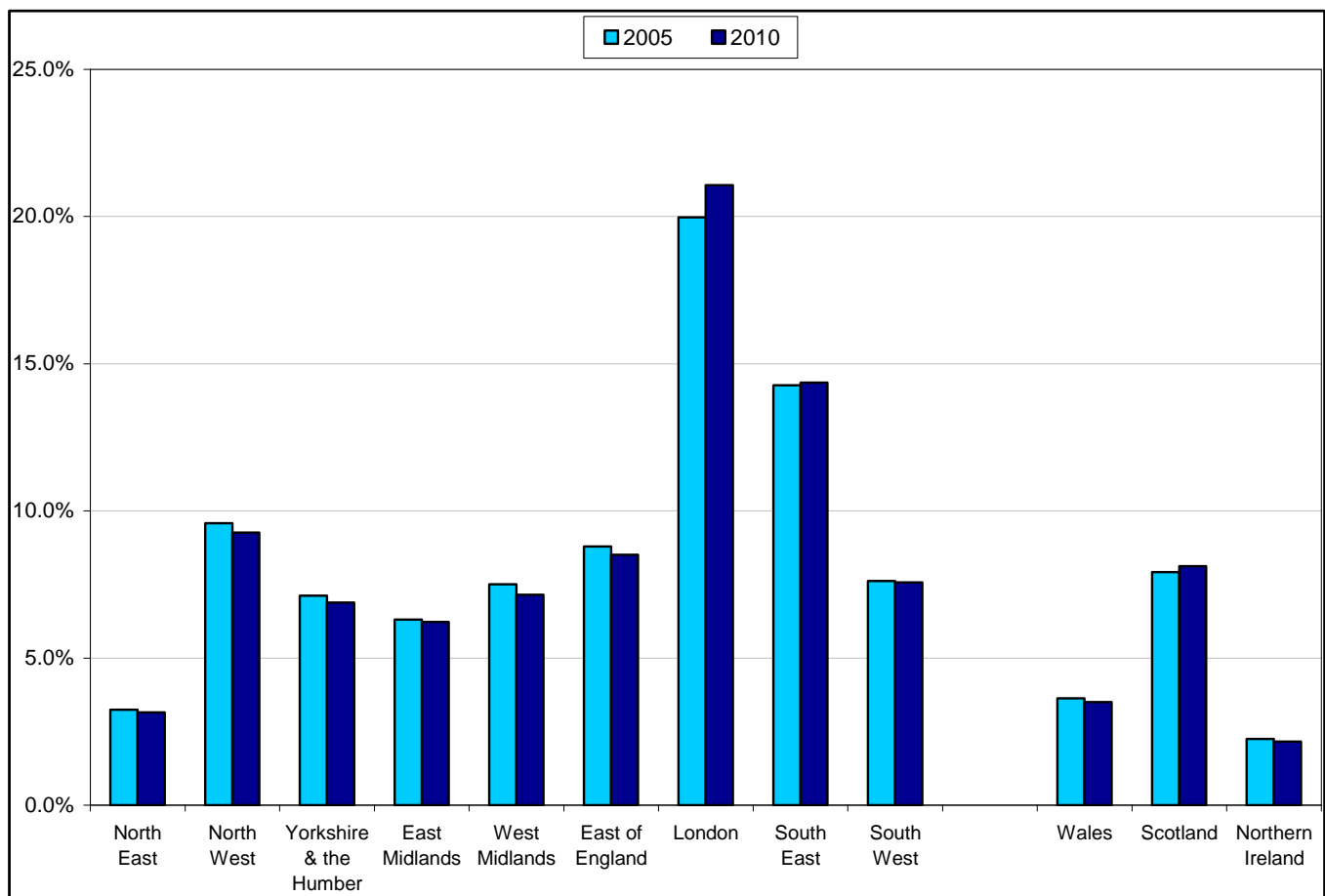
Each set of indicators is covered individually within this document.

## Section A – Productivity

Gross Value Added (GVA) is a measure of output and is the total value of goods and services produced, less the cost of producing those goods and services. GVA is a key component of Gross Domestic Product (GDP), which is a general measure for the whole economy and therefore a key economic indicator.

In general, the distribution of GVA throughout the regions has been fairly stable. Figure 2 below shows the share of GVA in each region since 2005.

**Figure 2: Share of UK GVA by Region in 2005 and 2010**



London and the South East were the largest contributors to UK GVA accounting for 21% and 14% respectively in 2010. Only London has shown a significant increase on its contribution since 2005.

At the other end of the scale, the smallest contributor to UK GVA was Northern Ireland in both 2010 and 2005, with a share of around 2%.

The Office for National Statistics (ONS) publishes *Regional Economic Indicators*, which includes the same Productivity information as the Regional Economic Performance Indicators. The ONS provides detailed commentary about the productivity of the UK regions, which can be found on the ONS website at: <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-indicators/index.html>



## **Section B - Investment**

Net Capital Expenditure is used as a proxy for investment and is calculated by adding the value of new building work, plus the difference between acquisitions and disposals of land, existing buildings, vehicles and plant and machinery. The measure is sensitive to changes in Standard Industrial Classification (SIC) codes such as those between 2007 and 2008. See, for example, the drop in manufacturing output in London when some companies were reclassified from pharmaceutical manufacturing to scientific research, a service.

Investment as a percentage of GVA is calculated using the GVA data produced by the Regional Accounts branch of the ONS. This is subject to a higher level of potential inaccuracy than other data provided in this publication. Although regional net capital expenditure data has been provided by the ONS, it (and the derived percentages) do not meet the ONS quality standards and consequently do not have National Statistics status. With this in mind, we can still observe trends in the data.

For example investment in all UK owned manufacturing companies had dropped by 2009 to 37% of the 1998 value. Scotland and Northern Ireland maintained 51% and 64% respectively of their 1998 values. Among the English regions, London maintained the highest proportion of its 1998 value at 48%. North East, North West and South East only maintained 30% to 31% of their 1998 values.

Investment in all foreign owned manufacturing companies also fell between 1998 and 2009 but only to 73% of the 1998 value. The change was not uniform, with most regions except East Midlands having at least one period of higher investment, and notably in Yorkshire and the Humber where it stayed above 120% of the 1998 value for the whole period. However, by 2009 investment in foreign owned manufacturing companies in the North East dropped to 35% of the value in 1998. For the countries of the UK, investment in foreign owned manufacturing in Scotland showed the greatest decline compared, falling from £753m to £305m, a fall to 41% of the 1998 value.

By the end of the period, investment was still higher in UK owned manufacturing companies (£5,296m) than in foreign owned ones (£4,350m). This was true for all regions except for North East and Wales. In most regions the gap narrowed.

## **Section C – Innovation**

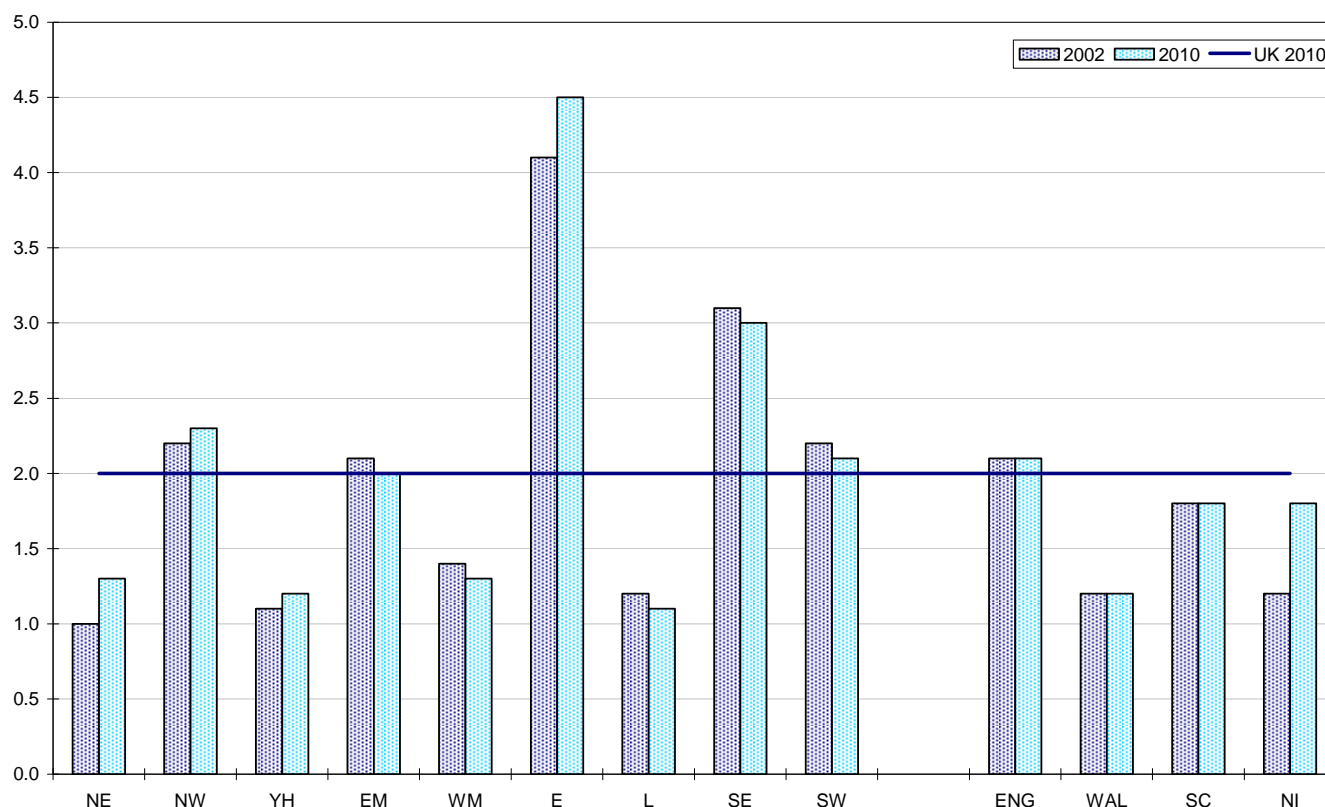
High and Medium-High Technology industries are considered to have a high potential for growth. They also provide opportunities for high-skilled employment.

High-Technology industries include those which manufacture pharmaceuticals, aircraft & spacecraft and medical, precision and optical instruments. Medium High-Technology industries include those which manufacture motor vehicles, trailers and semi-trailers, railroad & other transport equipment and electrical machinery & equipment.

The expenditure on business enterprise research & development as a percentage of Total Workplace Based GVA in 2010 was 1.2% for the United Kingdom as a whole, down from 1.3% in 2000. The highest rate of expenditure was seen in the East of England, with 3.6%, 1.6 percentage points higher than any other region of the UK. In comparison, the region with the lowest percentage was London, with 0.3%.

The value of Gross Domestic Expenditure (GDE) on research & development shows a similar picture, with London showing the lowest rate of GDE of 1.1% of the Gross Value Added (GVA) and the East of England the highest with 4.5% of GVA. The value for the whole of the UK was 2.0%.

**Figure 3: Gross Domestic Expenditure on Research & Development as a Percentage of Total Workplace Based Gross Value Added**



In 2010, 864,000 jobs in the UK were in High & Medium-High Technology industries, 3.2% of all employee jobs. The South East had the greatest number of employee jobs in High & Medium-High Technology industries, with 123,000 jobs. This was 3.3% of all employee jobs in the South East. However, the North East had the highest proportion of employee jobs in High & Medium-High Technology industries, with 4.9% of all employee jobs.

In London, only 0.9% of employee jobs were in High & Medium-High Technology industries, the lowest of any region of the UK.

The percentage of firms reporting a cooperation agreement on innovation activities, whereby two or more firms agree to work together by pooling resources and key skills to innovate, in the period 2008-2010 was 18%. This is down from 24% in the previous reporting period (2006-08) although some of this change could be due to changes in survey methodology.

In 2010, 10% of all turnover in the UK was attributable to new or improved products. Among the regions, the North East had a much higher proportion of turnover attributed to new or improved products (34%) compared with 13% or lower in the other regions.

## Section D – Qualifications

The percentage of people of working age with no qualifications has seen a generally decreasing trend across all regions in the United Kingdom. For the whole UK, the percentage has decreased by 3.4 percentage points from 11.0% in Quarter 4 (October-December) 2006 to 7.6% in Q4 2011.

The English region with the largest decrease was the West Midlands, from 12.9% in Q4 2006 to 8.5% in Q4 2011 (4.4 percentage points). The West Midlands, along with the North West, had the highest percentage of those with no qualifications. The West Midlands has had the highest proportion of those with no qualifications for all but one of the last six years.

The National Qualifications Framework (NQF) sets out the level at which qualifications can be recognised in England, Wales and Northern Ireland. The level assigned to a qualification is based on the demands on the learner, but can cover a wide range of subjects and take different times to complete. More information on the NQF can be found at [www.ofqual.gov.uk/qualifications-assessments/89-articles/250-explaining-the-national-qualifications-framework](http://www.ofqual.gov.uk/qualifications-assessments/89-articles/250-explaining-the-national-qualifications-framework)

NQF Level 2 is equivalent to GCSEs Grade A\*-C or Key Skills Level 2. NQF Level 3 is equivalent to A-Levels, GCE in applied subjects and the International Baccalaureate. Level 4 is equivalent to a Certificate in Higher Education, which is awarded after one year of full time study at a university or other Higher Education institution.

The percentage of 19-59/64 year olds qualified to Level 2 or above in the UK was 78.5% in Q4 2011. This was up from 71.7% in Q4 2006.

The region with the highest percentage of 19-59/64 year olds qualified to Level 2 or above was the South East with 82.2%. Northern Ireland had the lowest percentage with 72.1%. The percentage of those qualified to Level 2 or above has increased in every region between Q4 2006 and Q4 2011. The smallest change was seen in Northern Ireland, with an increase of 4.1 percentage points, whilst the largest was seen in Yorkshire and the Humber, with an increase of 9.1 percentage points.

For the countries of the UK, Northern Ireland had the lowest percentage of 19-59/64 year olds qualified to both NQF Level 3 and above (50.2%) and to Level 4 and above (29.2%). It also showed the smallest increase between Q4 2006 and Q4 2011 at both levels (4.0 and 2.1 percentage points respectively).

London and the South East have the highest proportion of 19-59/64 year olds qualified to both Level 3 or higher with 67.7% and 64.0% respectively and the same was true for Level 4 or higher. London also showed the largest increase in the proportion of people educated to these levels of any English region between Q4 2006 and Q4 2011 with 7.4 percentage points and 7.0 percentage points respectively

The Office for National Statistics looks at this in more detail in their *Regional Economic Indicators* release, which can be found at <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-indicators/index.html>

The percentage of 19 year olds educated to Level 2 or higher (five GCSEs of A\*-C or equivalent) in England was 81.0% in 2011. There was less regional variation than was observed for Level 3. Yorkshire and the Humber (78.8%) had the lowest percentage of 19 year olds educated to Level 2 or higher and the South East (82.4%) the highest.

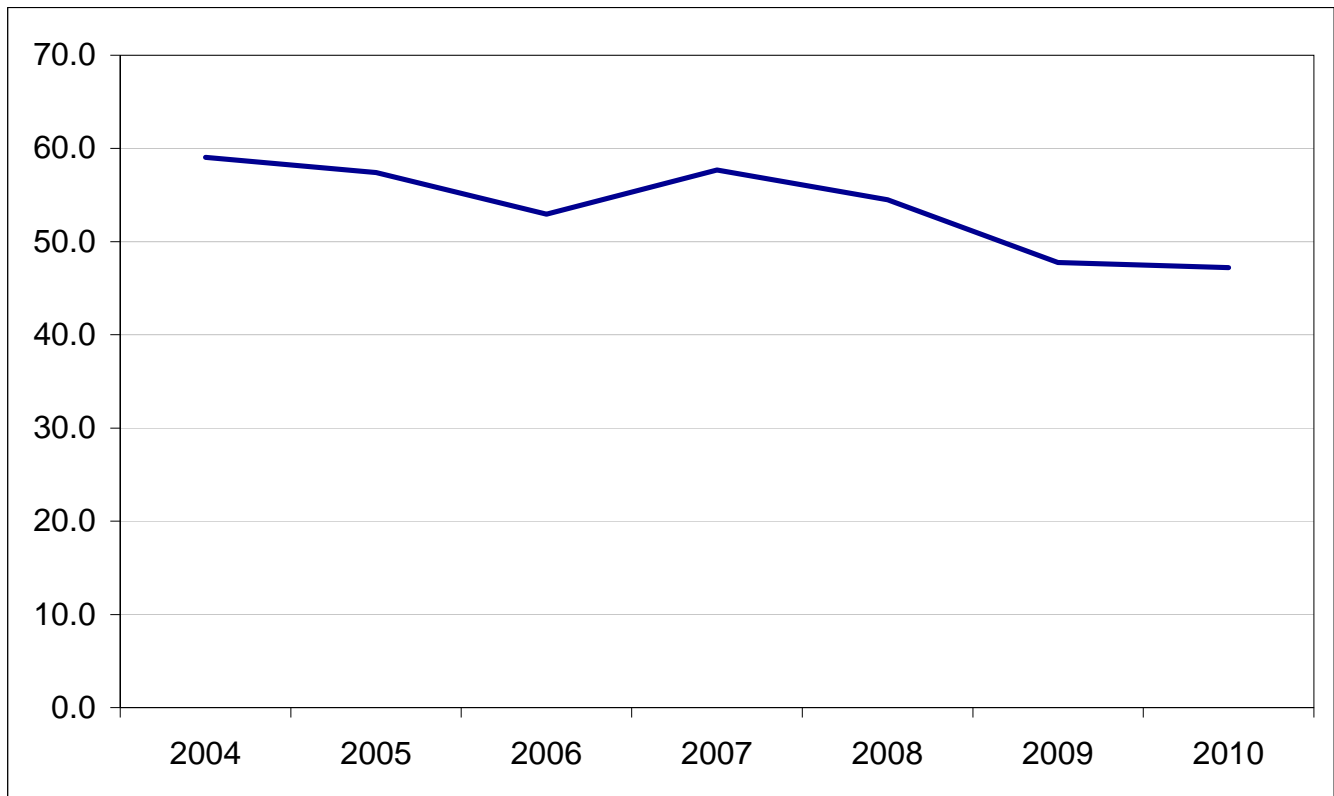
The percentage of 19 year olds educated to Level 3 or higher (two A-Levels, four AS-Levels or equivalent) in England was 54.5% in 2011. The region with the lowest percentage was Yorkshire and the Humber (49.7%) and the region with the highest was London at 58.9%.

The proportion of employees receiving job related training in the last four weeks decreased across all regions of the UK, apart from Scotland, between 1997 and 2011. The UK as a whole saw a drop of 0.9 percentage points to 14.9% from Q4 1997 to Q4 2011. Throughout the period Northern Ireland had the lowest proportion of employees receiving job related training, some 5 to 7 percentage points below the UK average in the 4<sup>th</sup> quarter since 2004.

## Section E – Enterprise

In 2010 in the United Kingdom, for every 10,000 adults, around 47 new enterprises were set up. This is down from around 59 per 10,000 adults in 2004. In general, the birth rate of enterprises has seen a decreasing trend since 2007.

**Figure 4: Birth Rate of Enterprises, per 10,000 Adult Population, UK**



The rate of births of enterprises in London in 2010 was 83.7 for every 10,000 adults. This is almost twice the rate for the whole of the United Kingdom and nearly three times that of the North East which had the lowest rate (28.5 per 10,000 adults).

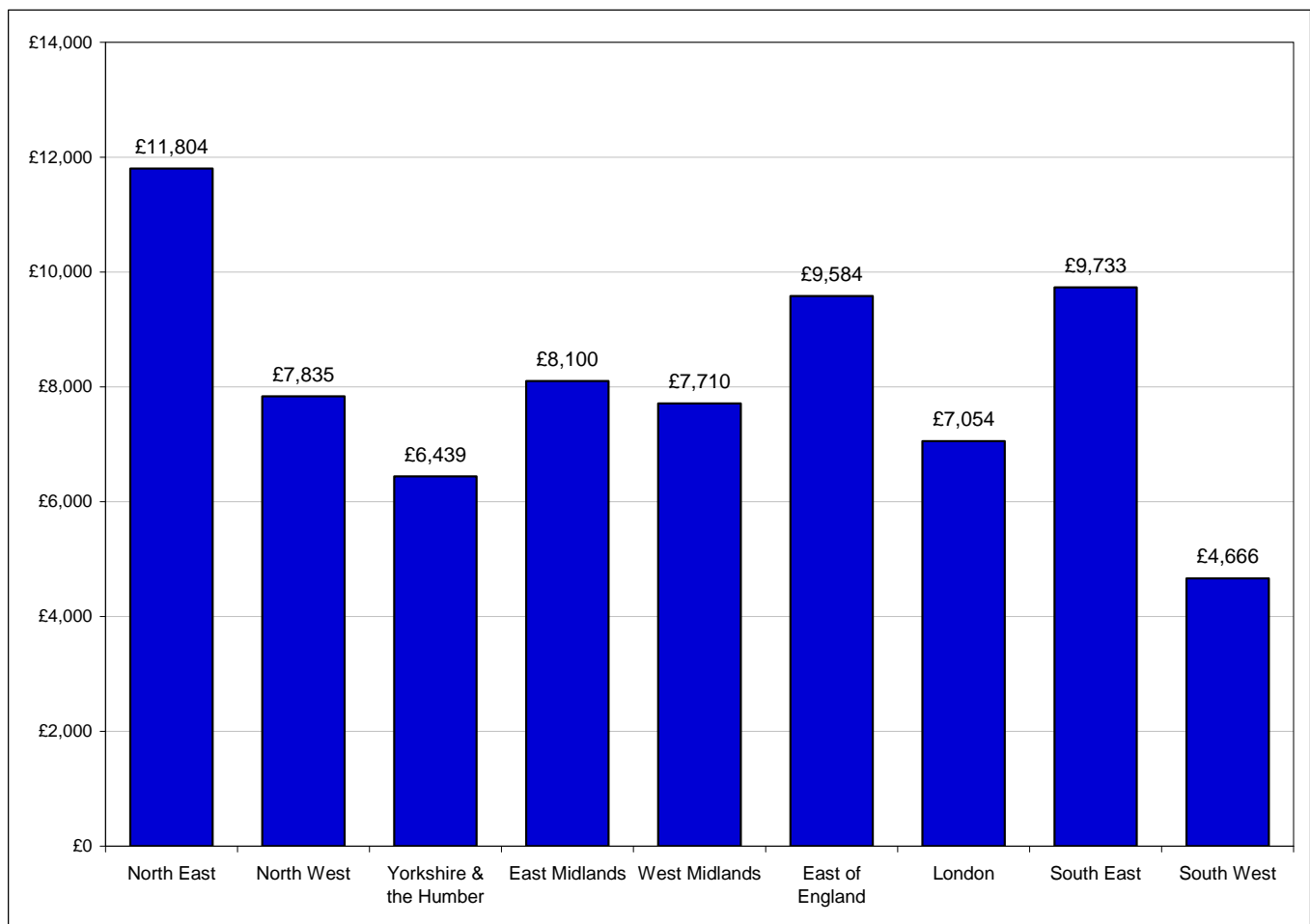
However, when considering the three year survival rate of business, London has the lowest rate with 59.5% of businesses surviving three years, compared with 66.1% in the South East, the region with the highest rate, and 63.0% across the whole of the UK.

## Section F – Exports

In Quarter 4 (October-December) 2011, the region which exported the highest value of goods was the South East (£10,866 million), 14% of the value of all goods exported from the United Kingdom.

The value of goods exported per workforce job takes into account the size of the workforce in each region. On this basis, for the whole of 2011, the North East produced the highest value of exported goods, with £11,804 per workforce job. The South West had less than half this value at £4,666 goods exported per workforce job.

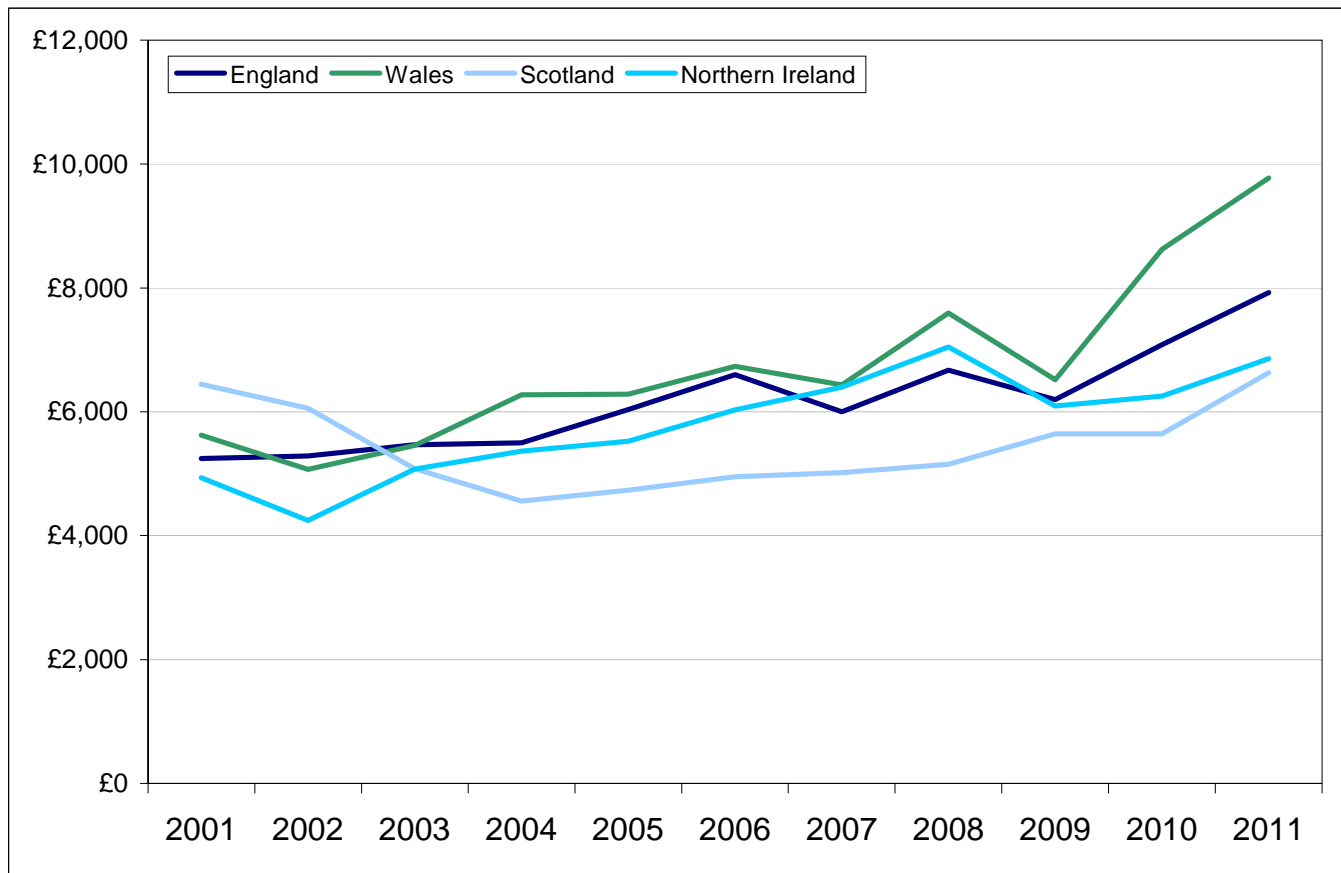
**Figure 5: Value of Exports of Goods (£ per Workforce Job)**



The value of exports of goods per workforce job has seen a generally upwards trend since 2004.

The four countries of the UK have shown an increasing trend in the value of exports per workforce job since 2004 with Wales showing the largest increase, especially from 2009 to 2011.

**Figure 6: Value of Exports of Goods 2001-2011 (£ per Workforce Job)**



The number of companies exporting goods has increased in the past 10 years, although the distribution of exporting companies between regions has remained broadly the same.

London and the South East had the largest number of companies exporting goods in Quarter 4 (October-December) 2011. The North East had the fewest number of companies exporting goods in Q4 2011.

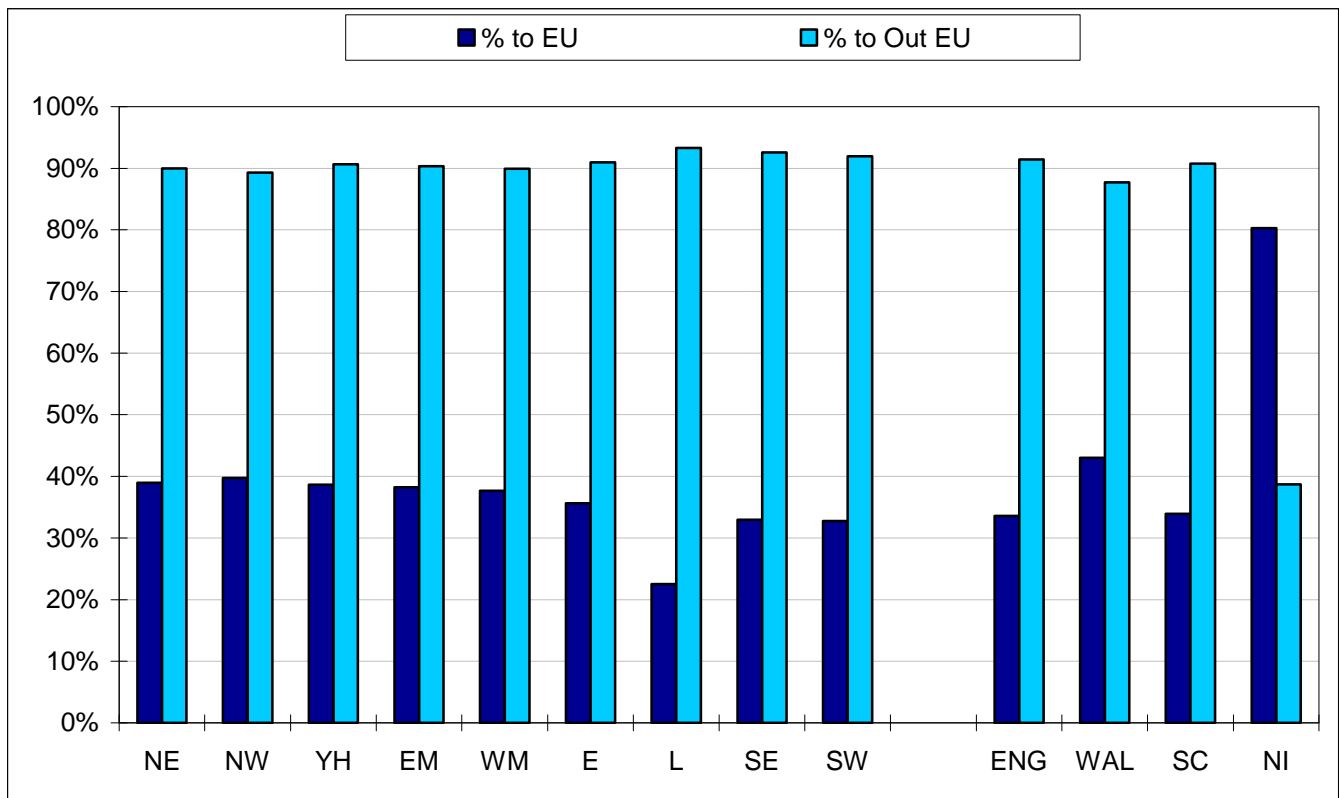
An estimate of the number of companies exporting per 1,000 private sector enterprises in each region was calculated using the Business Population Estimates for the number of private sector enterprises in each region and the HMRC data for the number of companies exporting in table F2 (i). This rate was lowest in the South West (8.8 per 1,000) and the North East (9.3), and highest in the West Midlands (14.6), East Midlands (12.9) and the South East (12.0) (data for this can be found in the Annex Data Tables, see webpage for link).



There are more companies exporting goods to outside of the EU than to the EU but some export to both. In Q4 2011, of all the countries of the UK and regions of England only Northern Ireland had a larger proportion of companies exporting goods to the EU rather than outside the EU. This is not unexpected given the land border with the Republic of Ireland. Only London, of all the regions of England had a significantly smaller proportion of companies exporting good to the EU.

The percentages in the figure add up to over 100% because some companies export to both the EU and outside the EU.

**Figure 7: Percentage of Companies Exporting Goods to the EU and Outside the EU of all Exporting Companies**



## **Section G – Labour Market**

In Quarter 1 (January – March) 2012, 70.5% of all people aged 16-64 in England were in employment. Of the regions of England, the South East had the highest employment levels (74.8%) and the North East the lowest (66.5%).

Employment rates have decreased across all regions of England in the period from Q1 2008 to Q1 2012. The largest decrease was in the South West (down 3.8 percentage points) and the smallest decrease was in the East of England (down 0.9 percentage points).

A similar picture was observed across the countries of the United Kingdom. Scotland had the highest employment level of 71.3%, but experienced the largest decrease in employment (down 3.0 percentage points) from Q1 2008 to Q1 2012. Northern Ireland has the lowest rate of employment in Q1 2012 (67.9%), a similar level to Q1 2008.

From Q1 2008 to Q1 2012, the total number of employee jobs had also decreased in all but one region. London went against the trend and experienced a 3% increase in the number of employee jobs from 4,205,000 to 4,329,000. The largest decrease in employee jobs was observed in the North West and West Midlands down by 4.1%. This compares to a decrease of 1% for the whole of England.

Whilst there have been changes in the total number of employee jobs, the distribution across regions has remained largely the same. About 1 in 6 (15.8%) of UK employee jobs in Q4 2011 are located in London – the largest share of any region. The smallest share of UK employee jobs was in Northern Ireland (2.6%) while the smallest share of employee jobs in an English region were in the North East, with 3.8% of UK employee jobs.

A similar pattern is also reflected in the unemployment rate across the United Kingdom. In Q1 2012, the highest unemployment rate was in the North East (11.2%) and the lowest was in the South East (6.3%). This is compared with 8.4% in England and 7.9% in the United Kingdom.

In Q1 2008, the highest unemployment rate was in London (6.8%) and the lowest was in the South West (3.7%). The unemployment rate in general has increased across all English regions by an average of 3.2 percentage points since Q1 2008, with the smallest increase observed in

the East of England (up 2.1 percentage points) and the largest increase seen in the North East (up 4.7 percentage points).

Those claiming Job Seekers Allowance for 12 months or more was highest in both London and the West Midlands (24.7% of claimants) and lowest in the South West (16.0% of claimants) in March 2012. This is compared with 21.6% of all claimants in England.

Comparing this to March 2008, four years earlier, the percentage of claimants claiming for 12 months or more has roughly doubled between 2008 and 2012, and now matches levels from the early 2000s.

## **Section H - Earnings**

Median Full-Time Hourly Earnings (MFHE) are based on a survey of full-time employees on adult rates whose pay for the survey pay period was unaffected by absence. Earnings include overtime. There are some difficulties in directly comparing year on year progression because of changes to the survey or to SIC codes across the period but some careful comparisons are still possible.

In the latest data from 2011, London had the highest MFHE (£17.05), and Northern Ireland the lowest (£11.25).

Here we look in more detail at the change over time for women's MFHE compared with men's. Data for this, derived from the main tables, can be found in the Annex Data Tables, see [webpage for link](#).

In 1997 women's MFHE was at 82% of rate for men in the UK. It was much the same in all the countries of the UK but there was more variation across the English regions. Women's MFHE as a proportion of men's was highest in London (85%) and lowest in the East Midlands and South West (78%). By 2002, UK women's MFHE had barely changed to 84% of men's although in Northern Ireland it had risen to 90%. The lowest proportion was still in East Midland and also South West (80%). By 2007, UK women's MFHE had risen to 87% of men's with the proportion above 83% in every region and 95% in Northern Ireland. Up to 2011 the gap continued to close with UK women's MFHE reaching 90% of men's. The proportion had increased in all regions with a slightly wider spread than in 1997 from 84% in the South East to 93% in the North East. In Northern Ireland the proportion had risen to 101%, showing that women's median earnings were higher than men's for the first time.

In Manufacturing the gap has narrowed too but women's MFHE started from a lower base of 71% of men's in 1997 and had reached 78% by 2011. The three regions with the lowest ratio of women's to men's MFHE were West Midlands (71%), South West (75%), East Midlands (75%), Yorkshire and the Humber (75%), as well as Wales (68%). The regions with the highest ratio were London (83%), North West (83%) and East of England (82%), as well as Northern Ireland (87%).

In Services women's MFHE started at a higher base of 82% of men's in 1997, reaching 90% in 2011. Only in London and the South East was women's MFHE below 88% of men's in 2011. In the North East and Wales it had almost reached parity at 96% and 99% in Northern Ireland.

## **Section I – Deprivation**

In August 2011, 4.6% of the 16+ population of England were claiming Income Support. This compares with 5.7% in Wales and 5.3% in Scotland. In Northern Ireland, 7.7% of the 16+ population were claiming Income Support. However, due to methodological differences, this figure is not directly comparable to the rest of the United Kingdom.

Of the regions of England, the North West and North East had the highest percentage of adults who were claiming Income Support in 2011 (5.9% and 5.8% respectively). The lowest was seen in the South East, with only 3.3%.

The proportion of adults claiming Income Support has shown a generally downwards trend across all regions since November 2003.

The largest number of people dependent on key benefits in 2010 was observed in Yorkshire & the Humber (1,182,000 people representing 15% of the population). The region with the highest proportion of the population dependent on key benefits was the East Midlands (17%).

## **Section J – Transport**

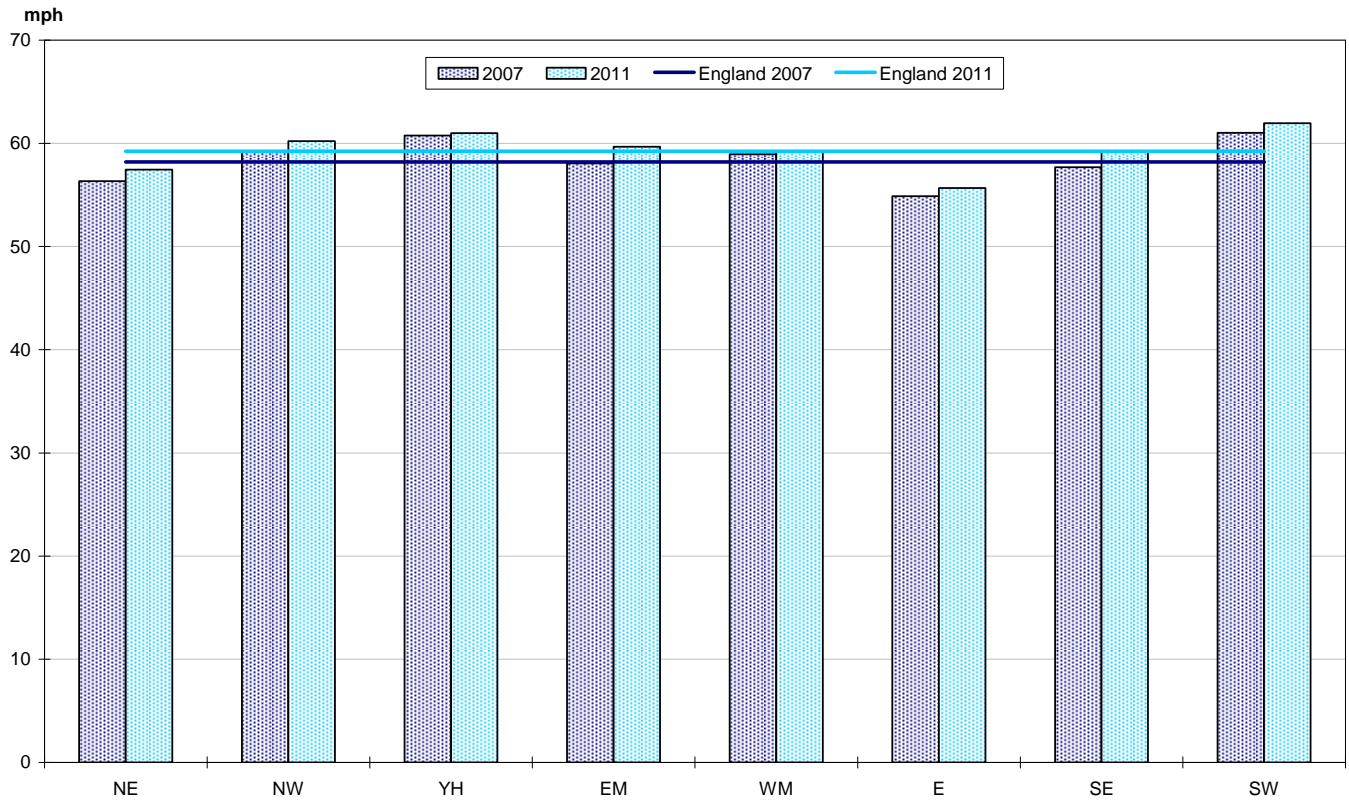
In the fourth quarter (October – December) 2010, the main method of travelling to work in the UK was by car, van or minibus, with 70% of individuals used this method.

The exception to this was London where just over a third of people use a car, van or minibus to travel to work. A similar proportion of people used a form of rail travel, either National Rail or underground, light rail or tram, to travel to work in London. This was the highest percentage of rail users in any UK region. London also had the highest percentage of people using a bicycle to travel to work (5% compared with 2-3% in other regions).

The region with the highest average traffic speed in England in 2011 was the South West, with an average traffic speed of about 62mph. The region with the lowest was the East of England with an average speed of 55.7mph.

The average speed of traffic has increased across all regions of England between 2007 and 2011. The biggest increase was seen in the East Midlands, where the average speed increased by 2.8% or 1.62mph.

**Figure 8: Average Traffic Speeds on the Strategic Road Network in England (mph)**



Note that South East includes the small part of the Strategic Road Network that is in London

The average daily motor vehicle flows give the number of vehicles passing a single point on the road network each day averaged over a full year. In 2010, the highest average flow was observed in London, with 5,500 vehicles per day, 60% higher than the Great Britain average of 3,400 vehicles per day.

However, the average daily traffic flows were lower in 2010 than five years previously in 2005. In London there has been an 11% decrease in the traffic flow, the biggest change in any region.



## **Section K – Land Use**

Developed land is defined as that which is or was occupied by a permanent structure and associated fixed surface infrastructure. In 2001, there were 1,158,900 hectares of developed land in England. This is roughly the same area as 1,623,109 Wembley football pitches or just over half the size of Wales.

In 2009, 1.5% of all developed land in England stood vacant and a further 1.4% was derelict. This is down from 1.7% for each in 2001.

The regions with the highest percentage of developed land which was vacant or derelict in 2009 were the North East (4.7%), North West (4.6%) and Yorkshire & the Humber (4.4%). In comparison, only 1% of developed land was vacant or derelict in London in 2009.