



South West Barometer

Issue Two October 2003

South West Observatory

The South West Barometer monitors the region's progress against a broad range of national and regional policy objectives.

Updated **economic** data reveals:

- a modest improvement in the region's nominal rate of economic growth although the latest rate of 3½% (2000-1) is one percentage point short of the 2002-5 target;
- persisting regional inequalities in economic output per head - the South West's index against London and the South East has deteriorated from 72% and 85% respectively in 1989 to 66% and 75% in 2001;
- a slight fall in the number of VAT registrations between 2000 and 2001, and a marginal deterioration in the business survival rate over the same period;
- a modest fall in the employment rate against that recorded 12 months previously.

The region continues to perform well on most social indicators. Key findings emerging from the updated **social** data are:

- sustained improvements in life expectancy at birth for men and women since 1991;
- falling police recorded crime rates for domestic burglary, vehicle crime and robberies between 2001/2 and 2002/3;
- small rise in the proportion of economically active adults of working age qualified to Level 3 or above compared to 12 months ago (Spring 2003).
- no statistically significant change in the proportion of 19 year olds qualified to at least Level 2 over the last 12 months (Spring 2003);

- marginal increase in the proportion of working age people living in workless households between 2001 and 2002.

Finally, the **environmental** update shows:

- sustained improvements in the proportion of new homes built on previously developed land and the proportion of recycled household waste since 1997;
- an improvement in the air quality indicator for both urban and rural areas between 1998/9 and 2001/2;
- a slight improvement in the woodland bird population indices between 1999 and 2000, although the farmland bird indices deteriorated slightly;
- high levels of river water quality maintained between 2000 and 2001;
- rising road traffic volumes.

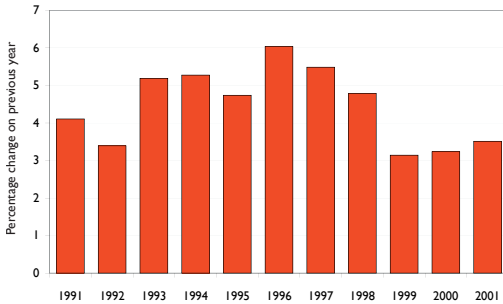
New data published for

- Economic output
- Enterprise
- Employment
- Health
- Crime
- Poverty and social exclusion
- Skills and learning
- Population
- Road traffic
- Biodiversity
- Land use
- Waste
- Air quality
- River water quality



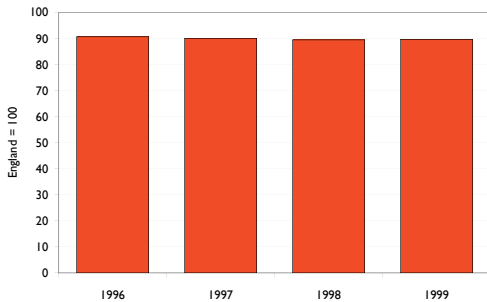
Economy

Economic Output



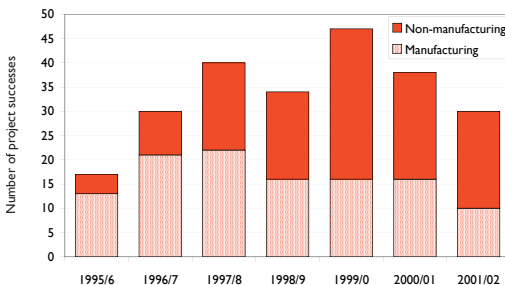
Source: ONS

Productivity



Source: Regional Competitiveness Indicators (DTI, January 2003)

Investment



Source: Regional Trends 26, ONS

Annual growth in GDP per head at current prices

Target: 4.5% average annual growth in GDP per head between 2002 and 2005.

Provisional estimates of GVA (at current basic prices) for 2001 value the SW economy at £63.6 billion, equivalent to £12,880 per head (compared to £14,844 per head for England). The annual growth rate of GVA per head has increased slightly since '99, although at 3.5% (for '01) it is one percentage point lower than the '02-05 target.

Gross Value Added per hour worked

Target: Productivity increase by 1.6% per annum in real terms between 2002 and 2005.

Productivity - measured by GVA per hour worked - in the SW is 90% of the England average. Changes over time tend to be small, and are likely to be within the estimates' margins of error.

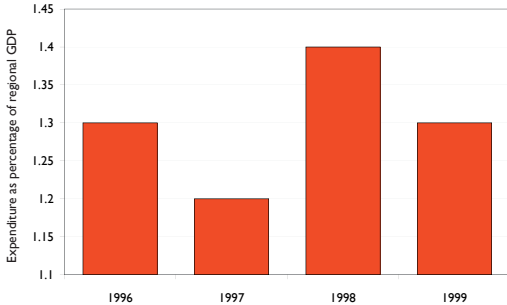
Direct inward investment project successes*

Target: Secure 65 investments per annum by 2005.

The SW attracted 30 foreign investment projects during '01/02, down from 38 in '00/01 and 47 in '99/00. The nature of foreign investments has changed significantly since the mid '90s. Manufacturing firms accounted for three-quarters of all project success in '95/96. By '01/02 this had fallen to one-third.

* A project is defined as a case where an overseas company specifies an interest and successfully completes an investment in the UK.

Innovation



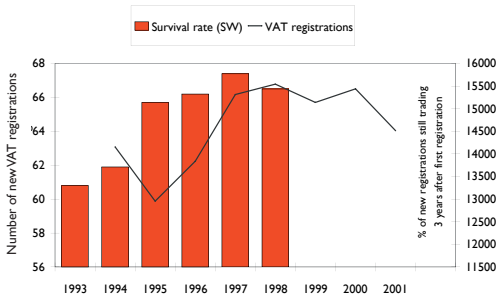
Source: Research and Experimental Development Statistics, ONS

Business expenditure on research and development as proportion of GDP

Target: Business expenditure in R&D to reach 1.4% of the region's GDP by 2005.

The SW received £1,022m of business investment in '01, up from £867m in '00 and £887m in '99. These figures are not currently available as a proportion of regional GDP for '00 and '01. Business investment as a proportion of GDP fluctuated between 1.4% and 1.3% between '96 and '99.

Enterprise



Source: Small Business Service

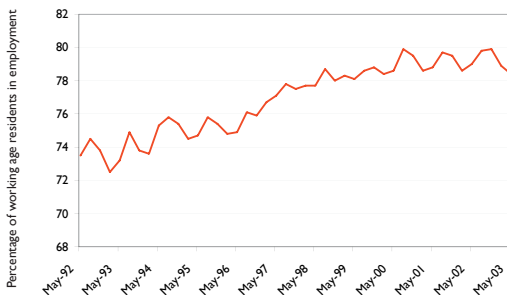
Business Survival Rate (3 years)/new VAT registrations*

Target: Increase new business registrations from 15,100 in '02 to 15,500 in '04*, and increase 3 year business survival rate from current 65% to 66% during '02-05.

The number of VAT-registered businesses peaked at over 15,500 in '98, but has since fallen to 14,500 in '01. Two thirds of businesses registering for VAT during '98 were still registered 3 years later. Business survival rate is consistently higher than the England average but has dropped slightly from 67.4% in '97.

*VAT registrations do not capture all new business formations since many are under the VAT threshold of £56k.

Employment



Source: NOMIS

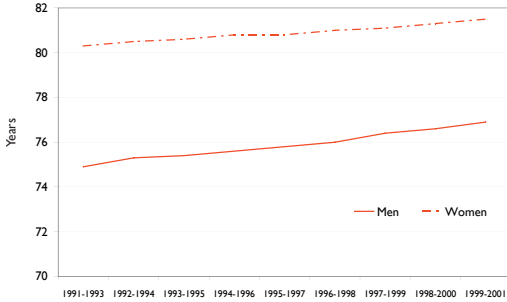
Percentage of people of working age in work

Target: Employment rate at least 75% and 1% higher than national average by 2005.

During May-July '03, the employment rate in the SW was 78.4%, comfortably higher than the England average and the aspirational target for '05 (both 75%). The percentage for May-July '03 was down from 79% a year previously but up from 74.9% during the same quarter in '96.

Society

Health



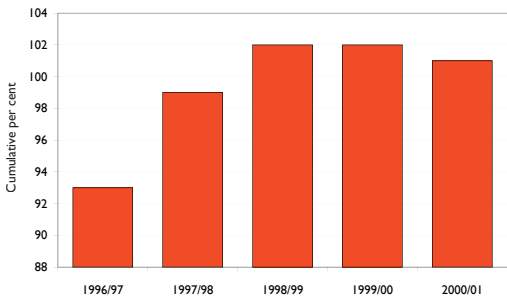
Source: Government Actuary's Department

Life expectancy at birth

Objective: Improve health of population overall.

Life expectancy at birth for the SW is currently 81.5 years for women and 76.9 years for men. These are both higher than the comparable figures for England (80.4 years and 75.7 years respectively). Life expectancy has improved in the South West along with national trends.

Housing



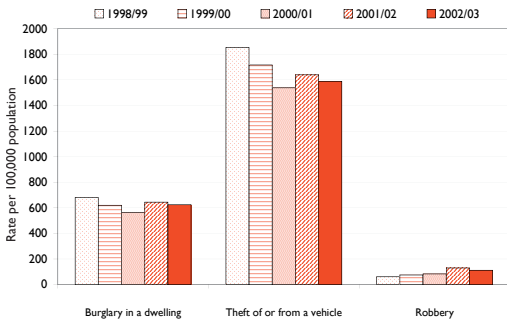
Source: South West Regional Assembly

Housing completions as a proportion of structure plan allocations

Target: 404,000 new homes built in South West between 1996 and 2016.

It seems likely that the region will achieve its allocation of 404,000 new homes by 2016, if the current rate of new build is sustained. Around 20,000 new homes were built in the region each year between '96-97 and '00-01.

Crime



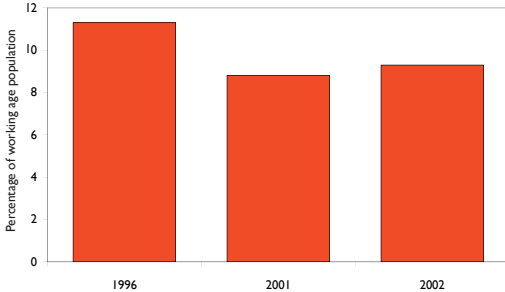
Source: Home Office

Recorded crime rates for robbery/vehicle crime/burglary

Objective: Reduce crime and fear of crime and reduce vehicle crime by 30% from '98-9 to '04 and domestic burglary by 25% '98-9 to '04.

Recorded crime rates for '02/3 are: robbery (112 per 100,000 population), theft off/from a vehicle (1,588 per 100,000 population) and burglary in a dwelling (624 per 100,000 population). Recorded crime rates for all 3 offences are lower in the SW than the national average. Crime rates fell between '98/99 and '02/03 for burglary in a dwelling and theft off/from a vehicle (-8%, -14%, respectively) but have risen substantially for robbery (+84%).

Poverty and Social Exclusion



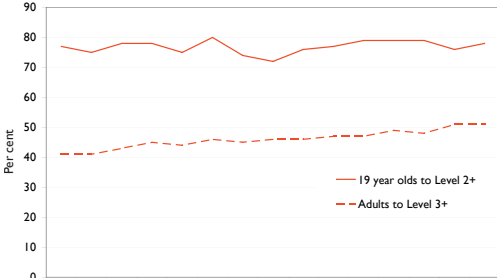
Source: Department for Work and Pensions, ONS

Proportion of working age people in workless households

Objective: Tackle poverty and social exclusion.

The SW has a lower proportion of its working age population in workless households than the England average (9% compared to 11%). Whilst the proportion of working age people in workless households has fallen since '96, a slight rise was recorded between '01 and '02.

Skills and Learning



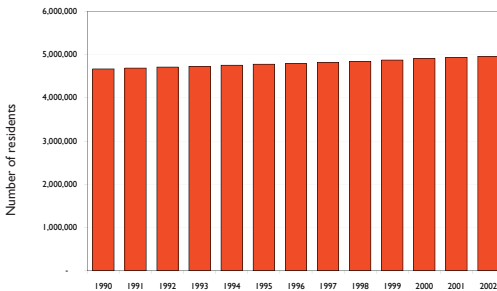
Source: DfES

L2 qualifications at 19 and Adult L2 qualifications

Target: By '05, 76% of 19 year olds to achieve L2 qualifications and 50% of working age population to achieve L3 qualifications.

The proportion of 19-21 year olds with at least an NVQ Level 2 or equivalent was 78% in Spring '03. This level has not changed significantly since '96 and is broadly comparable with the England figure of 76%. Adult attainment is on par with the national average - 51% of the economically active working age population achieving at least Level 3, compared to 49% in England (Spring '03).

Population



Source: ONS

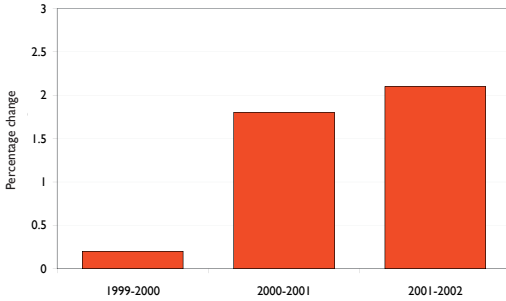
Percentage change in number of residents

No target - Contextual Indicator

The mid-year population estimate for '02 puts the SW's resident population at 4,959,600 people, almost 1/4 million more than 10 years previously. The SW's population has grown faster than England as a whole over the last 10 years (5.3% compared to 3.3%).

Environment

Road Traffic



Source: Regional Trends 26, ONS

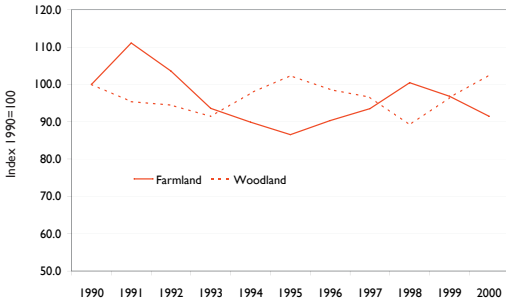
Annual percentage change in road traffic volumes

Objective: Rates of road traffic growth should be reduced, with an absolute reduction where environmental damage is greatest.

Just under 46 billion vehicle kilometres were travelled on the SW's roads during '02. Road traffic volumes rose by 4% between '99 and '02 - slightly below the England average of 5%. The annual rate of increase in road traffic volumes has risen in the SW and England each year since '99.

* Figures for '99 to '01 have been produced on a new basis and are not directly comparable with earlier figures.

Biodiversity



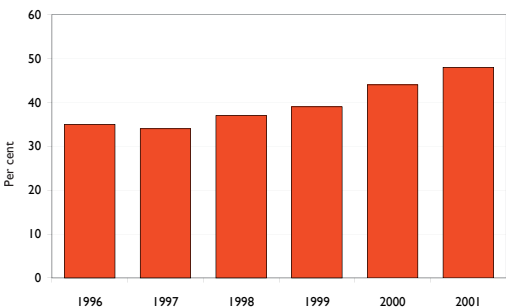
Source: RSPB, BTO, DEFRA

Populations of wild birds

Objective: Reverse the long-term decline in population of farmland and woodland birds.

It is difficult to identify firm trends over the last decade as the indices fluctuate considerably from year to year. However, the farmland bird population index appears to be continuing a long term trend of decline (falling by 9% between '90 and '00), whilst the woodland bird population index has been reasonably stable over the last 10 years (3% higher in '00 than '90).

Land Use



Source: Land Use Change in England 18 (ODPM)

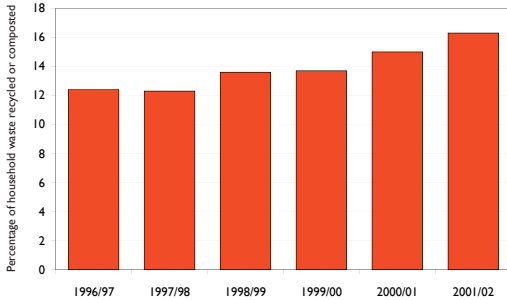
Proportion of new homes built on previously developed land*

Target: 50% of new homes to be built on previously developed land.

In '01, 48% of new housing in the SW was provided on previously developed land - a lower proportion than the England average (60%) but up from 44% in '00 and 35% in '96. This suggests that the region is on target to achieve the target of 50% by 2010.

* Figures exclude conversions. Targets include the conversion of existing buildings.

Waste



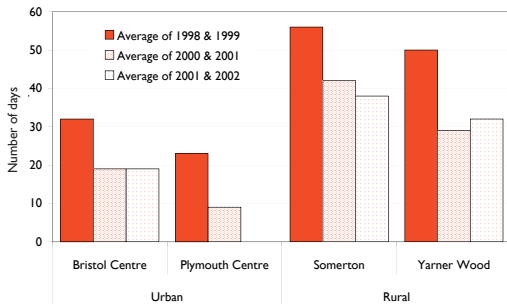
Source: Municipal Waste Survey, DEFRA

Total household waste and recycling

Target: To recycle 30% of household waste by 2010.

Whilst the proportion of household waste that is recycled has increased steadily since 1996/97, the current rate (16%) is just over half that required to achieve the 2010 target.

Air Quality



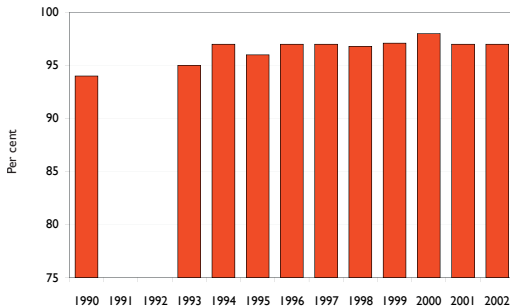
Source: Regional Quality of Life Counts 2001, 2002 (DEFRA)

Days when air pollution is moderate or higher

Objective: Reduce air pollution and ensure air quality continues to improve through the longer term.

Urban areas generally perform better than the ozone-affected rural areas on this measure. The number of days of moderate or higher air pollution in the region's monitored urban and rural areas has fallen between '98/99 and '01/02.

River Water Quality



Source: Environment Agency

Rivers and canals of good or fair chemical quality

Target: Improve river water quality.

By '02, 97% of the SW's rivers were of good or fair chemical quality, up from 94% in '90. Rivers in the region are of better chemical quality than average for England.

Summary

Overall, the picture for the South West is very encouraging although a number of regional economic and environmental targets may prove challenging. In particular:

- the regional economic growth target is dependent on sustained improvements in the UK and global economy;
- it is difficult to measure real improvements in regional productivity although the proxy measure used in the Barometer suggests that the South West is not improving vis-à-vis the England average;
- doubling the proportion of household waste that is recycled or composed by 2010;
- reversing the long-run decline in the population of farmland and woodland birds;
- reducing the rate of growth in road traffic volumes;
- increasing inward investment, although the Barometer only monitors projects registered by Invest UK.

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Headline indicators - assessment of progress

	since '96	since first barometer
economic output	✘	✓
productivity	~	...
investment	~	...
innovation	~	...
enterprise:		
- vat registrations	✓	...
- business survival rate	~	✘
employment	✓	~
health	✓	✓
housing	✓	...
crime:		
- robbery	...	✓
- burglary	...	✓
- theft of or from a vehicle	...	✓
poverty and social exclusion	✓	~
skills and learning:		
- 19 year olds	~	~
- adults	✓	~
population	✓	...
road traffic	...	✘
biodiversity:		
- farmland birds	✓	✘
- woodland birds	✓	✓
land use	✓	✓
waste	✓	✓
air quality	...	~
river water quality	...	~

Key

- ✓ Change in direction of meeting objective
- ~ No change
- ✘ Change in direction away from meeting objective
- ... Insufficient or no comparable data