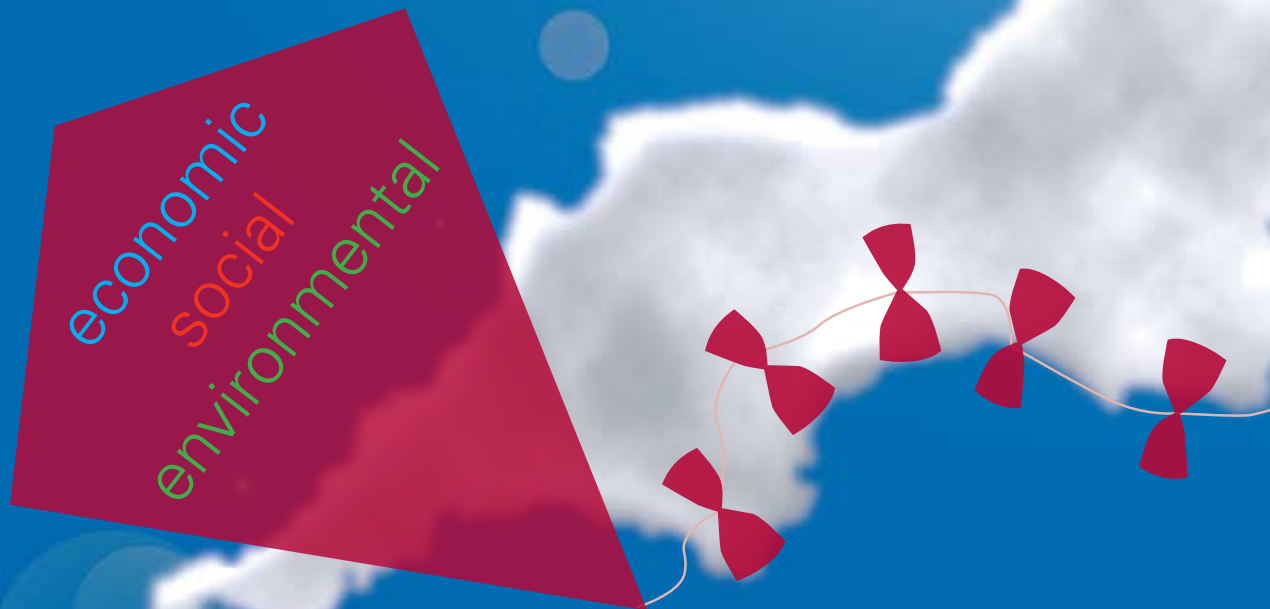


BAROMETER 2008

The South West Barometer is produced twice a year and is a collaborative document of the South West Observatory network. It is intended for anyone involved with policy development and decision making at the regional or sub-regional level.

Good policy and decision making is based on robust evidence and contextual information that support specific interventions. Knowing whether an issue is specific to your area, or is a regional or national issue which may also be affecting

your neighbours, is important. Local Area Agreements and Multi Area Agreements that work across traditional administrative boundaries illustrate the increasing relevance of a national and regional 'back-drop' for the sub-regional level.



The Barometer monitors the region's progress towards a broad selection of **economic**, **social** and **environmental** policy objectives. It looks at how, or whether, the South West is moving against 20 indicators across the three themes.

The choice of indicators is based on wide consultation and is regularly reviewed to ensure we are using the most useful and contemporary information we can. Along with the statistics and commentary are links giving you access to the raw data with more in-depth analysis from the Observatory's network of experts.

The network is working towards a common vision; that policy making in, and about, the South West region should be based on sound evidence. It is the Observatory's aim to be the automatic first port of call for intelligence about the South West region and its parts, with any one of our constituent bodies being a portal to all of our network of experts and resources.

We hope you find the Barometer informative and easy to access. We welcome any comments regarding ways in which it can be improved. If you would like to comment on any aspect of this edition of the Barometer, please e-mail nick.chase@swo.org.uk

**The South West Observatory Network
May 2008**

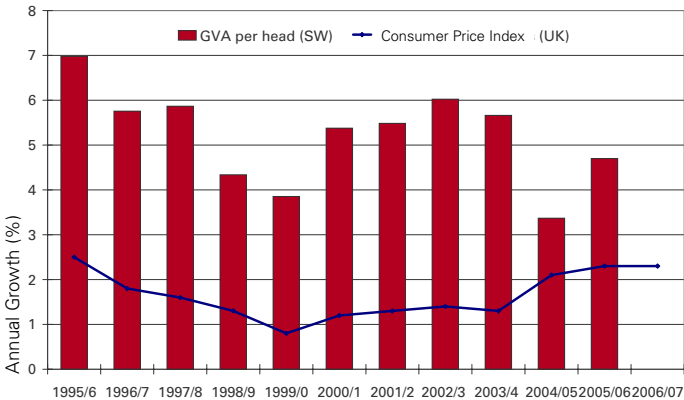
ECONOMY

Economic Context

Analysis of the current economic state of the region is restricted by a lag in available data. Regional economic statistics therefore tend to only paint a picture of the region's economic history, which must be supported in the intervening period by anecdotal evidence, surveys of business and interpretation of the national figures. Given the current concerns regarding the national economy, it is important to highlight the strengths and weaknesses of the regional economy, as well as providing the most accurate snapshot available to us

- The regional economy was buoyant in 2006 and 2007. Many of the 2008 economic statistics and surveys released so far paint a still strong picture of the regional economy up to the end of 2007 and early in 2008. Employment growth remains evident and unemployment low. Order books and current output activity have stayed strong, with the weak Pound against the Euro helping the region's exporters
- However, the South West economy will not be as strong in 2008 and 2009 - following the liquidity crunch, emanating from the US sub-prime mortgage market, the 'mood' is changing in some important sectors and investment intentions are more cautious. All eyes are on the (regional) economic and labour market statistics for the first signs of the effects feeding through to the South West economy.

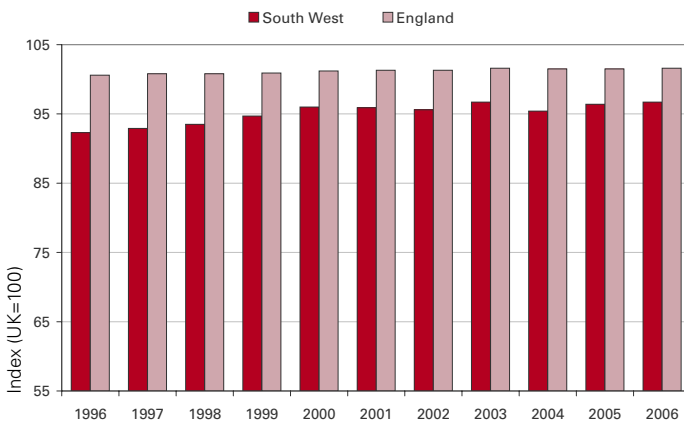
Economic Growth



Source: ONS
Data unavailable for 2006/07

Regional growth in Gross Value Added (GVA) per head was 4.7% in 2005/06, following a lull in growth in the previous year. This was above the growth rate for England (4.5%) and the third (equal) highest growth of all the regions. The region's economy was estimated to be worth around £90 billion in 2006, 9.3% of English GVA, ranking it the fifth largest economy of the nine English regions. It is expected that the SW economy will mirror national economic trends and experience lower growth rates in 2008 and 2009.

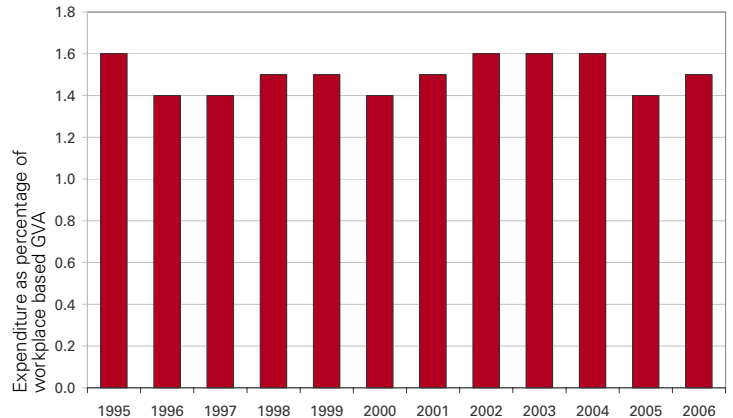
Productivity



Source: ONS

The latest data available for GVA per hour worked, an indexed measure of productivity, is for 2006 and shows the South West as the fourth (equal) most productive of the English regions (96.7), behind London, the South East and East of England. The common perception is that the region has lower rates of productivity due to lower economic activity rates as a consequence of an ageing population. However, the reality is that regional economic activity rates are higher than the English average and with a large proportion of employees working part time, levels of productivity measured per hour worked are higher than expected.

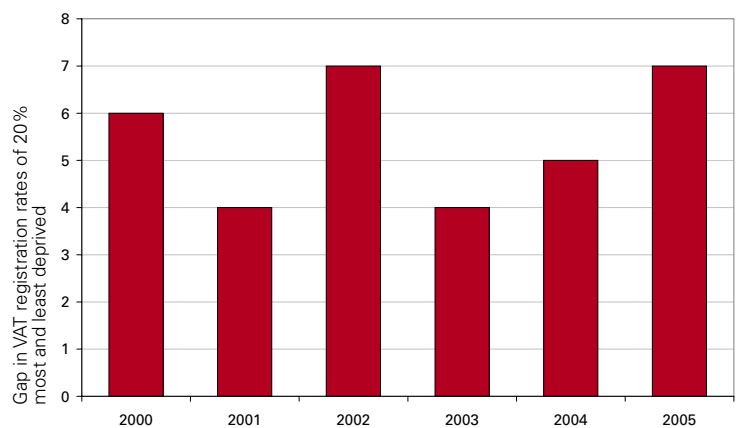
Innovation



Source: Business Enterprise R&D Survey and Regional Accounts, ONS

Research and Development (R&D) expenditure as a proportion of workplace based GVA is often used as a proxy measure and can indicate the economy's propensity for competitive advantage and productivity gains. The latest data for the 2006 business sector shows a higher proportion of workplace GVA (1.5%) was spent on R&D in the region, than for England as a whole (1.4%). The South West was one of only two English regions to increase expenditure on this measure between 1996 and 2006. Total R&D expenditure is shared across Business, Government and Higher Education (HE) and regional rates for Business and Government are greater than the national rates. However, expenditure for HE is below the national average and this could reduce the competitiveness of this aspect of the economy.

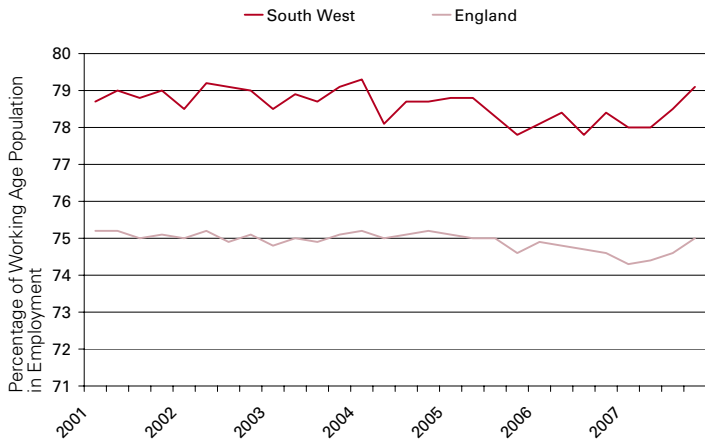
Enterprise



Source: SBS Statistics

The gap in business formation rates between the most and least disadvantaged Super Output Areas (SOAs) has risen for the second consecutive year. However, these are within the expected amount of variation seen in the data on a year-to-year basis and are probably not (yet) of concern. In 2005, 37 businesses per 10,000 resident adults were registered in the 20% least deprived areas, compared to 30 businesses in the 20% most deprived areas. The SW gap is less than half that of the English average, although most regions have seen their gap close in recent years.

Employment

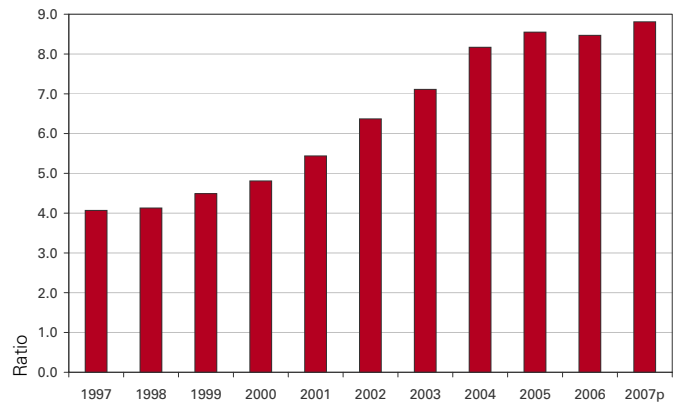


Source: Labour Market Statistics

The South West has the highest proportion of working age people in employment of all the English regions at 79.5% (November 2007 to January 2008), and significantly above the England rate (74.8%).

Since 2001, both economic activity and employment have remained largely unchanged, however unemployment has crept upwards (since a low in winter 2003/04), mirroring the national pattern.

House Price to Earnings Ratio



Source: CLG p = provisional data

Access to affordable housing continues to be a major issue for the region with the house prices to earnings ratio at the lower quartile more than doubling since 1997. The South West has the highest proportion of second homes in the country, with particular hotspot districts in Devon and Cornwall, further compounding an already significant issue.

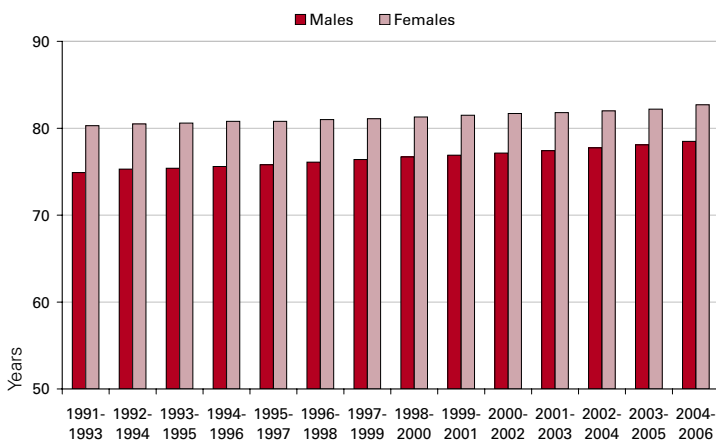
With the region's population growing almost entirely as a result of inward migration of mainly working age people, this can fuel regional economic and productivity growth particularly in the medium to long term. However, this migration and an ageing native population has potential to threaten future competitiveness of the regional economy in terms of labour supply, housing demands and added strains to public services.

SOCIETY

Social Context

These indicators give some insight into the nature of society in the South West region. Measurements in this area are far from simple, the way in which individuals experience the world is unique to each. How each individual develops, and their engagement with society, is shaped by a myriad of social, cultural and environmental factors • However, there are some reliable indicators that can give an insight into the 'social shape' of a region, such as health measures, crime rate, educational achievement and housing. More broadly, it is also possible to assess the extent to which people support each other in a variety of formal and informal situations, as well as the degree to which they participate in and are connected to their local community.

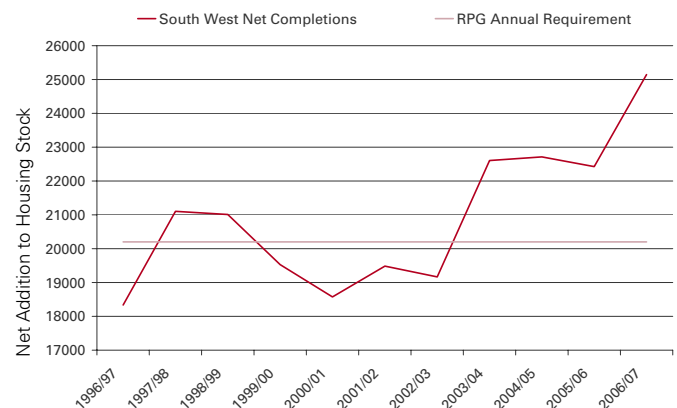
Health



Source: ONS

Life expectancy at birth provides an overall measure of health. Life expectancy has climbed steadily in recent decades for both Males and females in both the South West and for England as a whole. Life expectancy in the region is above that for England for both sexes.

Housing



Source: SW Regional Assembly

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

In 2006/07, the cumulative total of new homes built in the region was 25,146, with 2,721 more new homes built, representing an **increase** of about 12% on 2005/06.

The trend from 2000 shows an overall steady increase in the number of new homes built, with 2,200 per annum being the annual target required by RPG10.



ENTERPRISE

BUSINESSES REGISTERING FOR VAT AND LEVEL OF DEPRIVATION



CRIME

RECORDED CRIME BCS COMPARATOR



HOUSING

NET ADDITIONS TO DWELLING STOCK



ENERGY

HOUSEHOLD ENERGY CONSUMPTION



BIODIVERSITY

POPULATION INDEX OF FARMLAND AND WOODLAND BIRDS



LAND USE

% OF NEW HOMES BUILT ON PREVIOUSLY DEVELOPED LAND



AIR QUALITY

NUMBER OF DAYS WHEN AIR POLLUTION IS MODERATE OR HIGHER



POPULATION GROWTH

AVERAGE RATE OF POPULATION GROWTH OF THE REGION'S PUAs

KEY



CHANGE IN NUMBERS



GOOD PERFORMANCE AGAINST TARGET/OBJECTIVE SET



REQUIRES MONITORING AGAINST TARGET/OBJECTIVE SET



POOR PERFORMANCE AGAINST TARGET/OBJECTIVE SET

BAROMETER 2008




HOUSE PRICES
RATIO OF LOWER QUANTILE
HOUSE PRICE TO LOWER
QUANTILE INCOME



POVERTY AND SOCIAL EXCLUSION
PROPORTION OF WORKING AGE
PEOPLE IN WORKLESS HOUSEHOLDS



ROAD TRAFFIC
ANNUAL PERCENTAGE
CHANGE IN ROAD
TRAFFIC VOLUMES



HOUSING EXPENDITURE
AS A PERCENTAGE OF REGIONAL GVA



ECONOMIC GROWTH
ANNUAL GROWTH IN
GVA PER HEAD



PRODUCTIVITY
GROWTH IN GVA
PER HOUR WORKED




EMPLOYMENT
% OF WORKING AGE PEOPLE
IN EMPLOYMENT



WATER QUALITY
RIVERS AND CANALS
OF GOOD OR FAIR
CHEMICAL QUALITY




WASTE
TOTAL MUNICIPAL
WASTE



EDUCATION
QUALIFICATIONS HELD BY
19 YEAR OLDS AND ADULTS

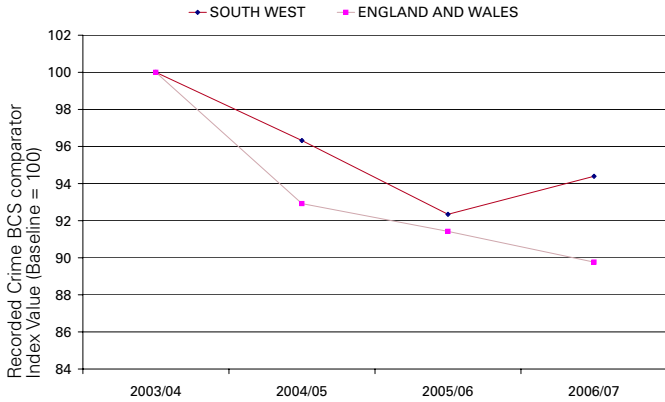


AND GCSE TARGETS



HEALTH
LIFE EXPECTANCY AT BIRTH
FOR MALES AND FEMALES

Crime

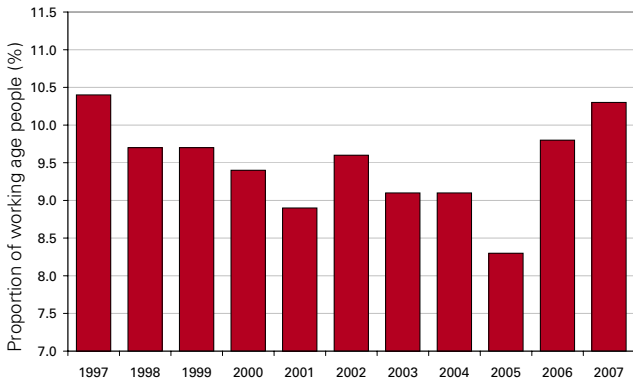


Source: Home Office

Target: National PSA target to reduce crime as measured by the British Crime Survey (BCS) by 15% between 2002/03 and 2007/08.

The region has the second lowest crime rate of all the English regions in terms of recorded offences per head of population. The PSA target is monitored at a local level using the 'Recorded Crime BCS comparator', which is a suite of statistics recorded by the police that cover crime types that are most similar to those captured by the BCS. The SW reduced its level of Recorded Crime BCS comparator from 2003/04 to 2006/07 by 5.6%, while over the same period this reduced across England and Wales by 10.2%.

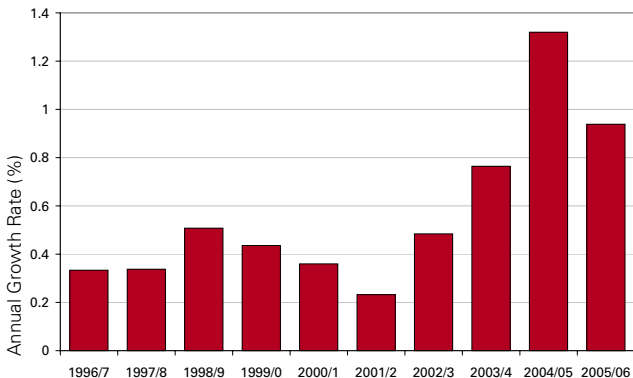
Poverty and Social Exclusion



Source: ONS Labour Force Survey

The proportion of working age people living in workless households has increased in the region for the 2nd year running, as has the rate of England. The rise has been distinct, up to 10.3%, almost the same level as 10 years ago, after reaching a low of 8.3% in 2005. This correlates to the drop in employment rate over the last few years.

Population Growth

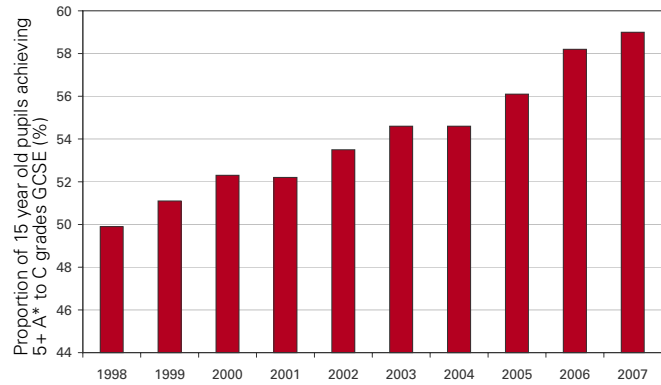


Source: ONS

Target: Average rate of population growth of the region's Principal Urban Areas (PUAs) of 0.4% per annum.

The average rate of population growth of the region's PUAs has slowed in the past year but still maintains its rate well above the target. All PUAs showed positive growth over the last year, especially Exeter which grew by 2.6%. However, the rate of growth slowed for Bristol PUA (by 1.2 percentage points) and Exeter (1.5).

Education GCSE

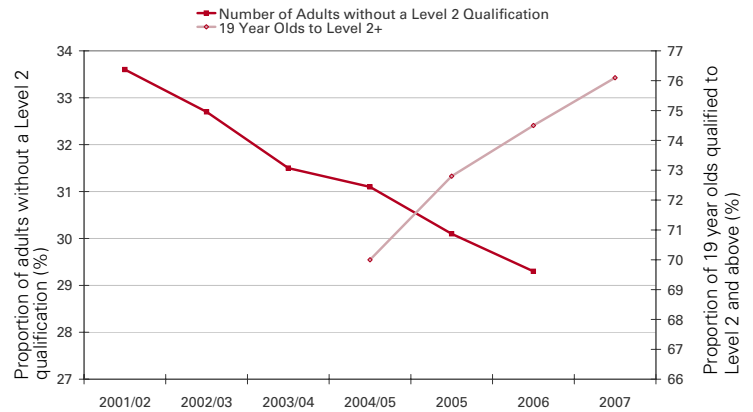


Source: DfES

Target: By 2008, 60% of those aged 16 to achieve the equivalent of 5 GCSE grades A*- C; and in all schools, at least 20% of pupils to achieve this standard by 2004, rising to 25% by 2006 and 30% by 2008.

In the South West revised results for 2007 show 59.0% of pupils aged 16, achieving 5 or more A*- C grades at GCSE. With the current trend the target of 60% will be achieved by 2008.

Education 19 Year Olds and Adults



Source: DfES (19 year olds), ONS APS (Adults)

Data not available for 2001/02, 2002/03 for 19 year olds

Measurement of data for the Number of Adults without a Level 2 Qualification moved from the Labour Force Survey to the Annual Population Survey in 2005

Target: Increase the proportion of 19 year-olds who achieve at least level 2 qualification by 3 percentage points between 2004 and 2006, and a further 2 percentage points between 2006 and 2008.

Reduce by at least 40% the number of adults in the workforce who lack NVQ2 or equivalent qualifications by 2010.

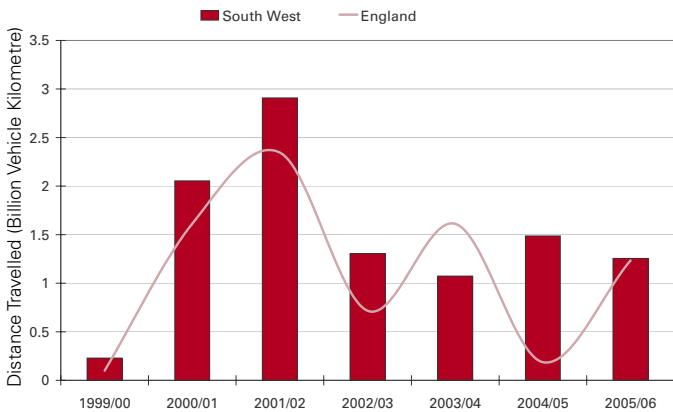
The number of adults without a level 2 qualification in the region has fallen by 10.5% between 2001/02 and 2006 and therefore requires close monitoring. In 2007, the proportion of 19 year olds qualified to level 2 was 76.1% in the region, up from 70.1% in 2004. The interim target has therefore been met.

ENVIRONMENT

Environmental Context

The South West region is physically the largest and most rural region in England, with many diverse landscapes. This size, shape and relative rurality has led to some geographical remoteness and the related environmental problems that this brings, with high car reliance and high domestic electricity use • Climate change is the most important pressure on the region's environment and we are already starting to see its impact. The majority of measures in the Barometer are factors affecting or being affected by climate change • Sea level rise could be higher here than in any other region (UKCIP, 2006). During the last 100 years average annual temperature in the region has increased by about 0.8 - 0.9°C, in line with global temperature trends. Despite considerable action already underway, it is impossible to stop the inevitable climate change that will happen over the next 40 years. During this time the region is likely to experience an increase of extreme events, such as storminess, flooding, heatwaves and drought, such as those seen during 2006 and in recent months.

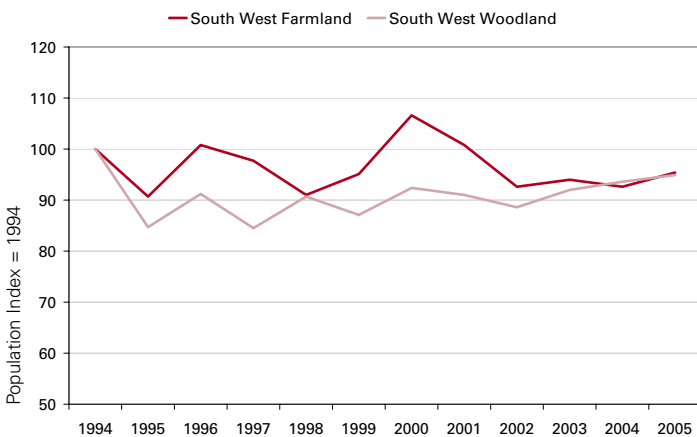
Road Traffic



Source: Regional Transport Statistics, DfT

The South West has higher than the national average for car usage, both for travelling to work and personal use. The growth in road traffic comes from a combination of increases in; population, tourist numbers, economic activity and rising car ownership. This increase has implications for both the region's economy and environment. The Highways Agency reports that 48.4 billion kilometres were travelled by vehicles on the South West's trunk roads during 2006. This is 11% of all kilometres travelled in England.

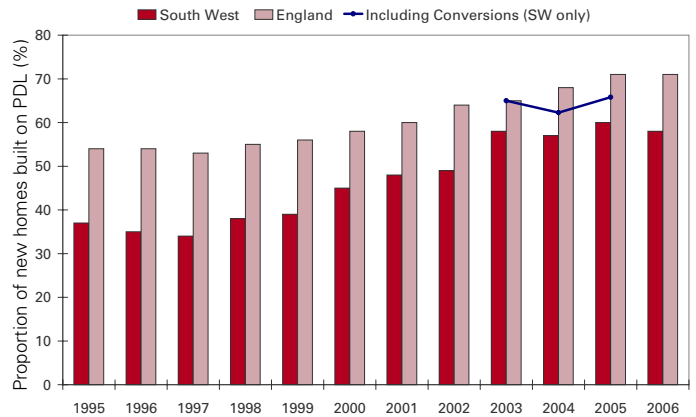
Biodiversity



Source: Defra

Birds are considered to be a good indicator of the broad state of wildlife and countryside because they live in a wide range of habitats, tend to be near the top of the food chain, are popular and have been studied for a relatively long time. The index of wild bird populations is one of the Government's headline indicators for sustainable development in the UK. The population of wild birds in the region has showed no significant change in the last 10 years, with the indices for both farmland and woodland birds decreasing by 5% between 1994 and 2005, similar to the national trend. It should not be assumed that this level represents the ideal wild bird population and the long-term decline since 1970 is a cause for concern.

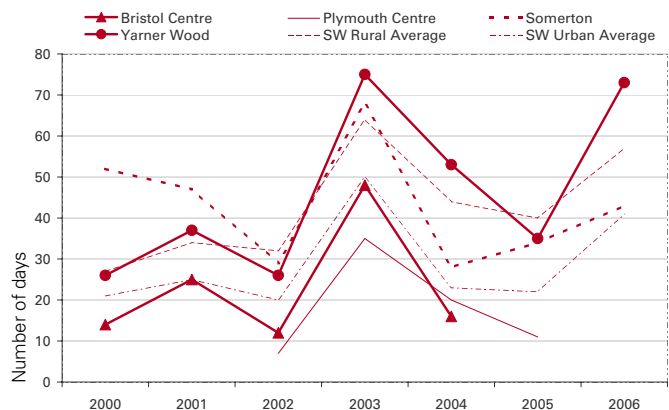
Land Use



Source: CLG

Regional Planning Guidance for the South West (and more recently the draft Regional Spatial Strategy) seeks to achieve at least 50% of new housing development on Previously Developed Land (PDL), including the conversion of existing buildings. This figure is lower than the national target of more than 60% of all new dwellings on PDL by 2008, reflecting the relatively low availability of PDL in the region. Completions on allocated non-PDL are increasing at a faster rate than completions on allocated PDL. 58% of all new building in the region was built on PDL in 2005/06, which represents a rate that has been fairly steady since 2003. Levels of provision on PDL in the 1990s were much lower at around the 30-40 percent range.

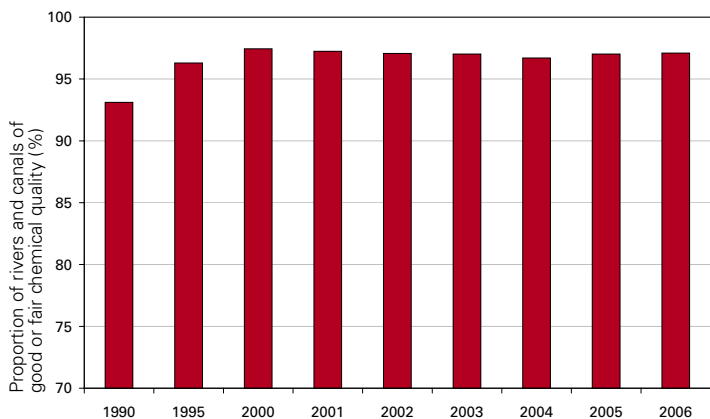
Air Quality



Source: Defra and Netcen

Air quality in the region is generally good with low levels of sulphur, nitrogen dioxide and particulates in comparison to the rest of England. However, pockets of poor air quality exist, especially within large urban industrial areas such as Bristol. Due to the limited number of measuring sites, Plymouth and Bristol Centres are used as representative urban sites, whilst Yarnor Wood (Devon) and Somerton (Somerset) represent rural sites. 2006 data was not available for Bristol and Plymouth Cities. However, Yarnor Wood experienced 73 days of moderate or higher air pollution (up from 35 in 2005) whilst Somerton had 43 (up from 34 in 2005).

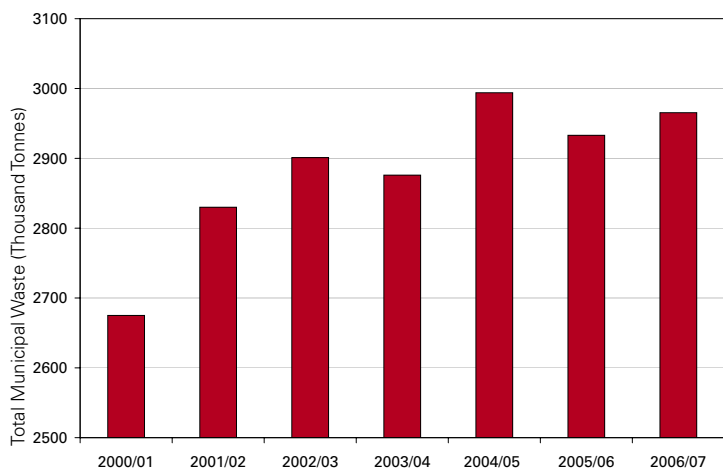
River Water Quality



Source: Environment Agency

Chemical water quality reflects the extent to which the river is subject to pollutants from sewage or farms and the associated impacts this can have on aquatic wildlife. In 2006, 97.1% of all monitored rivers in the South West had good or fair water quality, the third highest of the regions, compared to the mean of 92.0% for England and Wales. The vast majority (81%) of the region's river water was classified as being of good chemical quality in 2006, whilst 16.1% was of fair quality.

Waste



Source: Defra

Almost 2.97 million tonnes of municipal waste were produced in the South West during 2006/07. This accounted for just over 10% of the English total of 29.14 million tonnes. Total municipal waste in the region has increased by almost 11% since 2000/01.

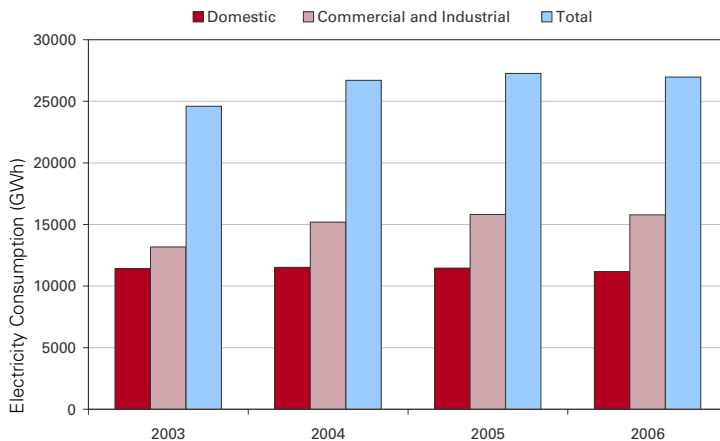
The sustainable management of this waste represents an ongoing and significant challenge for the region. Just over 1.8 million tonnes (62%) of municipal waste was sent to landfill in the region in 2006/07, the English average is 58%. Although there has been a positive move away from reliance on landfill in the region, from 82% in 2000/01 to 62% in 2006/07, there is still a long way to go. The region needs to actively reduce the amount of waste it produces to stop continued growth eating into the improving recycling performance.

For further information on these indicators please contact the Core Unit or see the relevant module website:

Business Economy www.swo.org.uk/business/home.shtm
Environment www.swenvo.org.uk
Regional Planning www.swo.org.uk/planning/home.shtm
Skills & Learning www.swslim.org.uk
Public Health Observatory www.swpho.nhs.uk
Culture www.swo/culture/home.shtm

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Energy



Source: DTI

A national target has been set requiring 10% of all electricity to come from renewable sources by 2010. The South West, however, has adopted a 15% target within regional planning guidance. Renewable electricity schemes in the region are now producing enough electricity to supply the equivalent of about 120,000 homes, avoiding the production of about 425,000 tonnes of carbon dioxide a year. Households in the region consumed an average of 5,000 kWh of electricity in 2005, the highest rate in Great Britain.



The online update to the **State of the South West** - a comprehensive review of the South West of England's economic, social, environmental and cultural life - is available to view from www.swo.org.uk

This online publication assesses and analyses information for the South West, across a broad range of policy themes, presenting key issues and priorities along with supporting data.

Thank you to all the modules, Local Intelligence Networks and Partners who contributed to this Barometer. Special thanks to Hazel Newman for preparing this issue.

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