

## South West At a Glance

Welcome to *South West At a Glance*, an brief aimed at providing a summary of the South West labour market. This compliments the larger *South West Healthy Labour Market Review* and *What's Changed* reports. Further information on these other publications is available on the SLIM website . details at the end of this brief.

### ECONOMY – OUTPUT & PRODUCTIVITY

In 2005, the total GVA or output of the South West economy stood at £84.6 billion, the 6th largest regional economy in England. Output has been increasing across all regions in the UK with the South West experiencing a 4% growth on 2004 in line with the England and UK averages. However, the pace of growth between 2003/04 and 2004/05 has slowed in comparison to previous years, with most regions seeing the rate of growth peaking between 2002 and 2003. The region's share of the UK economy has changed little over the ten years between 1995 and 2005, rising from 7.5 to 7.8%.

The West of England produces over one quarter of the region's total output and, together with Gloucestershire at 14%, accounts for 40% of output in the South West. At 12% Devon is also a significant producer of South West output. By comparison the smallest contributors, Plymouth and Torbay, each produce only between 2 and 4% of regional output.

South West GVA per head stood at an estimated £16,685 in 2005, equating to 94% of the UK average which compares well against other regions in the UK

Looking at labour productivity, the South West has an above average level of performance. The South West has had relatively stable levels of productivity with the region operating at between 95 and 97% of the UK average. It has in the main been the 5<sup>th</sup> best performing region behind London, the South East, the East and the East Midlands. Provisional estimates for 2005 put the South West 4<sup>th</sup>, ahead of the East Midlands, as the East Midlands is showing an estimated fall from a period of continual growth.

### GVA at basic prices per head & indexed (UK=100), by region, 2005



Source: ONS, 2007

Notes: Estimates are based on a residence basis. 2005 figures are provisional estimates

### GVA per hour worked (UK=100), by region, 2004

	2002	2003	2004	2005
East	97.2	99.5	100.1	101.3
East Midlands	98.4	98.4	100.4	96.5
London	118.6	119.7	122.1	121.3
North East	95.1	93.8	93.1	94.6
North West	92.9	92.1	91.2	91.8
South East	104.4	106.7	105.5	103.9
South West	95.7	97.1	95.8	96.8
West Midlands	93.3	93.0	92.2	92.3
Yorkshire & the Humber	93.0	91.6	89.8	90.6
<b>England</b>	<b>101.3</b>	<b>101.4</b>	<b>101.4</b>	<b>101.4</b>

Source: ONS, 2007

Notes: Estimates are based on a residence basis. 2005 figures are provisional estimates

## LABOUR MARKET ACTIVITY

### Employment

The South West labour market functions relatively efficiently and effectively with high rates of economic activity and employment. Employment is also relatively equitable with the differentials in rates of employment by gender, disability and ethnicity small in comparison to the other English regions.

### Unemployment

The seasonally adjusted unemployment rate for the South West in the three months to January 2007 was 4% which, as a proportion of the economically active population, remained unchanged on results for the year previous.

The unemployment rates for both men (4.1%) and women (3.9%) are the lowest amongst the English regions and significantly below the national averages (5.9% and 5.3% respectively).

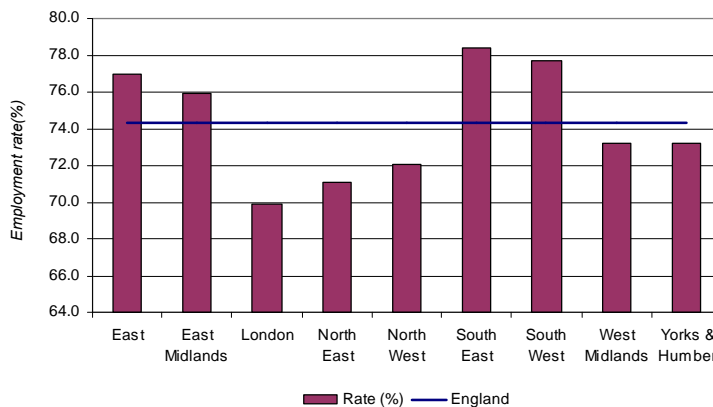
Within the region unemployment levels are lowest in areas such as Dorset, North Somerset, Wiltshire, Devon, Poole and South Gloucestershire, areas that see some of the highest levels of employment. The major urban conurbations such as Bristol, Swindon and Plymouth see the highest levels of unemployment with Plymouth (6.1%) well above the average for the UK (5.2%).

### Wage Rates

The average gross weekly wage for full-time workers working in the South West was £493.30 in 2006, below the national average of £546.50. However, the national average is skewed by the high wage rates of people working in London, the South East and East. Wage levels have continued to grow with a full-time worker in the region earning on average £20 more in 2006 than in 2005 and £131.90 more since 1998.

Within the region average weekly wages are highest towards the north with workers in South Gloucestershire and Swindon earning more than the national average. Wages are lowest in Devon, Torbay and Cornwall and the Isles of Scilly. There also remains a gender gap in terms of the pay differential between men and women. The average full-time female worker in the South West earns £418.60 compared to £539.20 for men. This is £120 less and a bigger gap in pay compared with 1998 when the gap was £112.

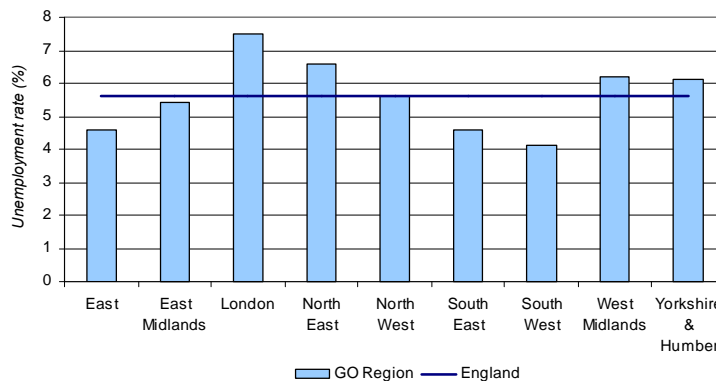
## Working age employment rate by region, Dec 06 to Feb 07



Notes: Figures are seasonally adjusted.

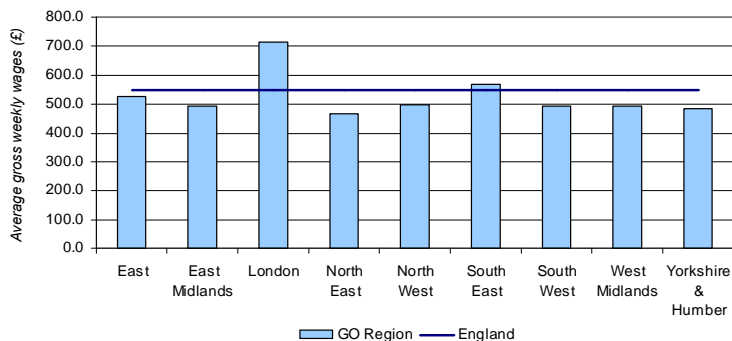
Source: Labour Market Statistics First Release, April 2007, Office for National Statistics.

## Unemployment rate, by region, Dec 06 to Feb 07



Source: Labour Market Statistics First Release, April 2007, Office for National Statistics.

## Average weekly full-time earnings, by region, 2006



Source: Annual Survey of Hours and Earnings, NOMIS data service, 2007

**Industrial Profile**

The industries in which people are employed in the region are in the main similar to the national average. Nearly 1/5 of employment in the region is in the wholesale, retail and motor industry. Manufacturing (11%), health and social work (13%) and real estate, renting and business activities (15%) also employ significant proportions of adults. Agriculture, utilities and mining are the smallest employing industries.

In comparison to the national picture the South West employs more adults in agriculture, wholesale, retail and motor trades, hotels and restaurants and health and social work. The region employs fewer in transport and communications, financial intermediation and other/personal service industries than the national average.

**Occupational Profile**

The regional occupational profile is comparable to the national picture. There are however slightly higher numbers of adults employed within skilled trade occupations in the South West. Within the region elementary and personal service occupations tend to be more concentrated in areas located towards the west of the region. Professional and associate professional employment is somewhat more concentrated towards the north of the region.

Employment forecasts show a continued change towards higher level employment. For the region the increases in managers and senior officials and associate professional occupations are forecast to be smaller. Increases in personal service occupations are likely to be larger as are the decreases in administrative and secretarial occupations. Interestingly, there is no change forecast for skilled trade occupations compared to the 4% decrease forecast nationally. However, despite these structural changes in employment patterns, replacement demand is of greater significance resulting in net employment requirements across all occupational groups.

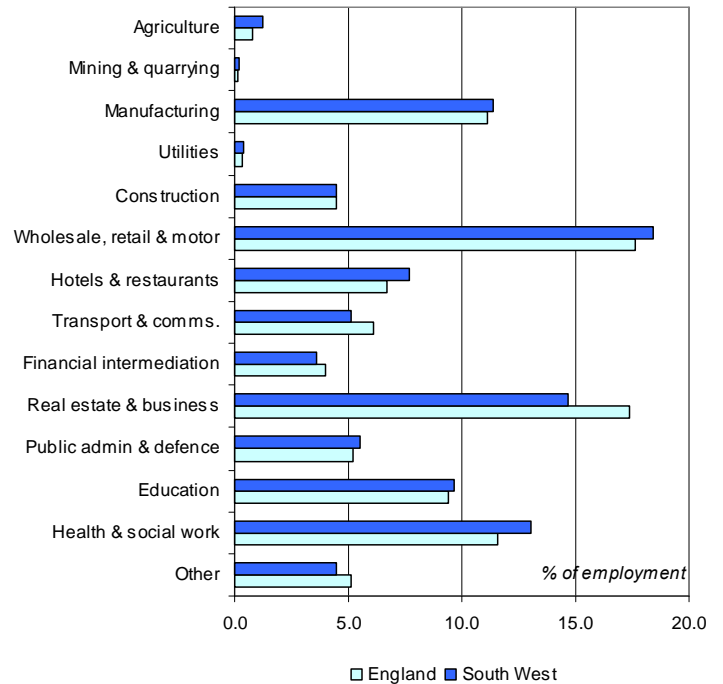
**Hard-to-fill & Skills-shortage vacancies**

The evidence from the 2005 National Employer Skills Survey indicates that vacancies represent 2.9% of employment, higher than the national average but down on the figure for 2003 of 3.6%.

The South West has also improved in terms of hard-to-fill (HTF) vacancies, which represent 31% of employment in 2005 compared to 47% in 2003. The proportion for 2005 is below the national average unlike the figure for 2003.

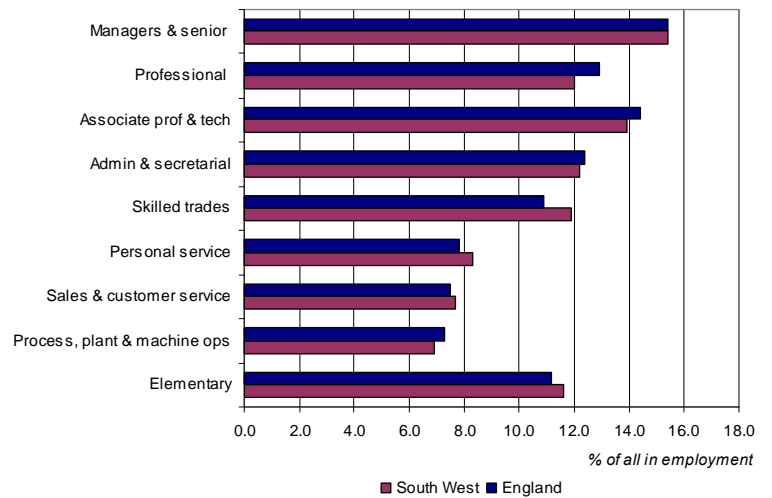
The South West still remains a region where employers have little difficulty in finding people with the skills they need. Skills shortage vacancies represent of 17.7% of all vacancies,

**Employment by industry, England & South West, 2005**



Source: Annual Business Inquiry, NOMIS data service, ONS, 2005

**Employment by occupation, South West & England, Jul 05 to Jun 06**



Source: Office for National Statistics, Annual Population Survey, NOMIS data service, 2007.

inline with the regional figure for 2003 but lower than the national average of 25%. The gap between the regional and the national average has increased between 2003 and 2005.

These results can give rise to number of possible interpretations. The lower than average skills shortage vacancies could be because skills levels are less critical in filling vacant jobs in the region than other criteria, such as hours of work, wage rates etc. It is possible that demand for skills is lower in the region and this could be evidenced by the industrial and occupational employment structure, the higher level of part-time working, and the lower wage rates. The rise nationally in skills shortage vacancies could suggest that skills are becoming more important nationally more quickly than in the South West. An alternative is that the skills supply infrastructure in the region is more responsive to the nature of demand than elsewhere.

It is possible that the decrease in vacancies for reasons other than skills could be because there is a greater availability of labour, possibly due to increases in migration or the return of inactive workers. However, it may also be because employers are better addressing the non-skill issues that lead to vacancies to be hard to fill.

## LEARNING & TRAINING

### GCSEs

GCSE results for 2006 show nearly 58% of young people in the South West gained 5+ A\*-C grades at GCSE. This is in line with the England average and is only exceeded in the London, the East and the South East of England. GCSE attainment has improved overtime both regionally and nationally. The percentage of pupils gaining 5+ GCSEs passes at grades A\*-C in the region increased by almost 6 percentage points between 1999 and 2006.

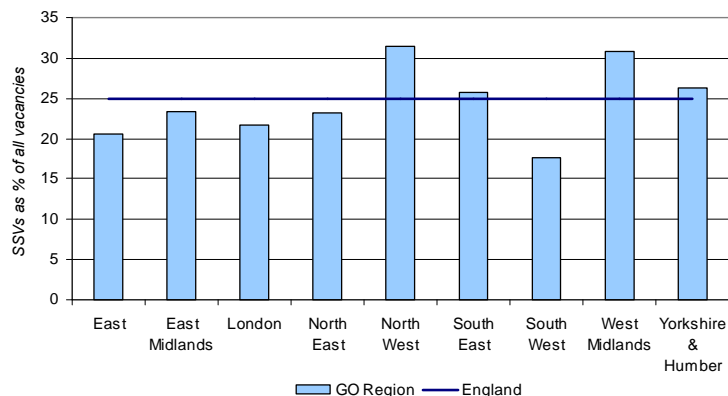
### Participation in learning – young people

The majority of young people in the region remain in full-time education with 75% of 16 year olds and 61% of 17 year olds remained in full-time education in 2004. This makes the South West consistently one of the best performing regions in terms of staying-on rates. The numbers participating in Work-Based-Learning (WBL), by comparison, are relatively small. This trend is particular to the regions in the southern half of the country and may be accounted for by differences in the industrial structure between the northern and southern regions.

### Participation in learning – adults

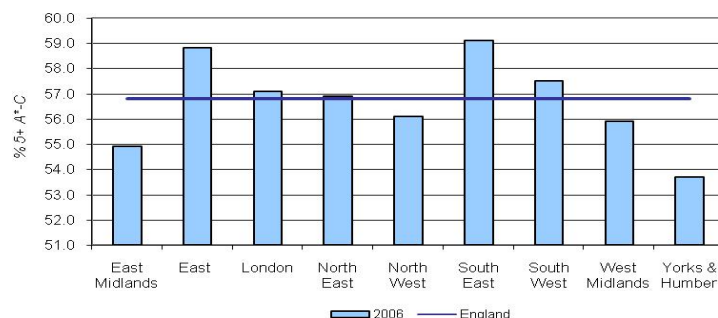
Participation levels by adults in learning and training remain high in the South West. 73% had

### Skills shortage vacancies (SSVs) as a proportion of the total number of vacancies, by region, 2005



Source: National Employers Skills Survey 2005

### Percentage of 15 year old pupils gaining 5+ A\*-C GCSE grades including English & maths, by region, 2006



Source: DfES, SFR 41/2006.

### Participation in education and training of 16 & 17 year olds combined<sup>1</sup>: 2002 to 2004<sup>2</sup>

	Full-time education			Total in education & training		
	2004	2003	2002	2004	2003	2002
South West	68	67	68	80	80	80
England	67	65	65	79	78	78

<sup>1</sup> Excludes the full-time education overlaps with Government Supported Training

<sup>2</sup> 2004 figures are provisional

Source: DfES, 2005

participated in learning between April 05 and March 06. This is the second highest rate of participation of the English regions and above the national average of 69%. Participation in job-related training is similarly high in the South West in comparison to other regions and the general national picture.

**Participation in higher education**

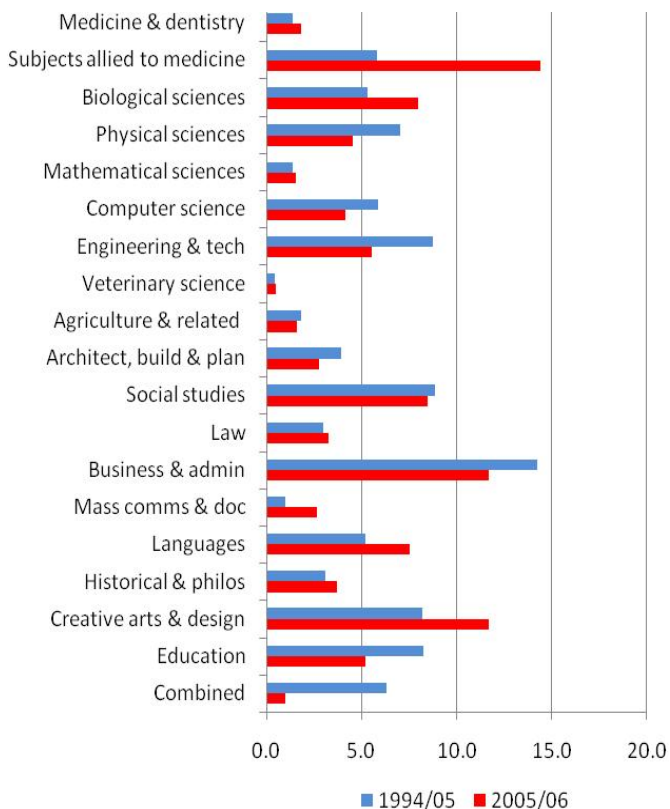
In 2005/06 there were just over 153,000 students studying for a qualification at a higher education institution (HEI) in the region, accounting for 8% of the student population in England. 57% of those students were female and 43% were male. There are nearly 5,000 more students studying for qualifications in South West HEIs than the year previous. This equates to an increase of 3% and continues the trend in the rising student numbers.

The most popular subjects studied for first degree students are subjects allied to medicine, business and administrative studies and creative arts and design, which, together account for 35% of the total number of first degrees studied for. Looking at undergraduate programmes over-time, whilst all other areas have had substantial growth in student numbers, the number taking up physical, mathematical or computer sciences, engineering or technologies have remained pretty much static. So, these subject areas have not witnessed the growth in student numbers that has been seen across the majority of other subject areas. As a result, students studying physical sciences, engineering and technology in particular, make up a smaller proportion of the undergraduate student population than they did ten years ago. Other science related subjects such as medicine and dentistry, subjects allied to medicine and biological sciences have followed the general trend across all other subject groups of increasing student numbers.

**Qualifications of the working age population**

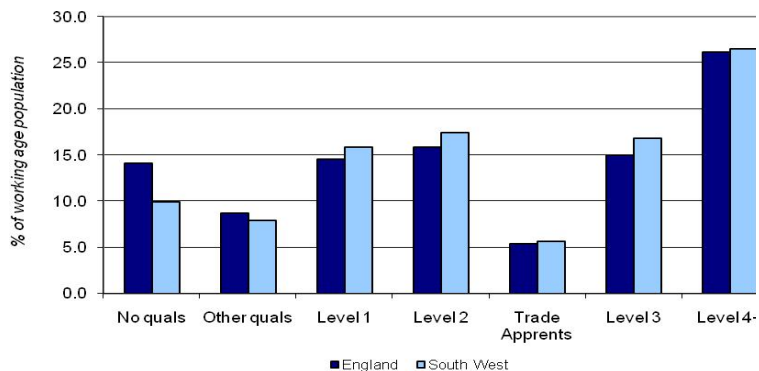
The working age population of the South West is generally well qualified. It has the third highest proportion of the working age population qualified to Level 4 and above, behind London and the South East but above the national average. The South West also has the highest proportion qualified to Level 3 of the English regions. The region has the second highest proportion qualified to Level 2 and the lowest proportion without any qualifications at 10% of the working age population, well below the national average of just over 14%.

**Proportion of total student population by subject, South West, 1994/05 & 2005/06**



Source: HESA.

**Qualifications of the working age population, South West & England, 2005**



Source: ONS, Annual Population Survey, Jan-Dec 2005, NOMIS Data Service.

### Skills for Life

Despite the overall picture of a well qualified workforce, evidence suggests that a significant proportion of the adult population lacks skills for life. Skills for life are defined as the ability to read, write, and speak in English (or Welsh), and to use mathematics at a level necessary to function at work and in society. Information and communication technology (ICT) and ESOL (English for Speakers of Other Languages) are also recognised and included within the definition of skills for life.

Information available from the LSC shows between August 2004 and July 2005 an estimated 32,467 learners had achieved at least one skills for life learning aim. Cumulatively from 2001 to 2004/05 this figure stands at just over 87,000. These figure includes only those that contribute to the government skills for life PSA target. It does not include those who do not complete a learning aim and does not measure all qualifications gained. It represents about 1% of the working age population which is similar to the other English regions. Four regions, the North East, West Midlands, Yorkshire & the Humber and the North West have a marginally greater proportion achieving skills for life learning aims.

The data also shows the South West region to have currently achieved 56% of the skills for life target to 2007.

### Number of learners gaining target qualifications in literacy, numeracy and/or language skills through LSC funded provision

LLSC	2004/05	Cumulative total 2001-2004/05	Target to 2004	% to 2004 target	Target to 2007	% of 2007 target
BDP	5,247	12,941	8,981	86	21,888	59
Devon & Cornwall	10,186	24,668	23,271	62	42,571	58
Gloucestershire	3,082	8,163	8,845	57	16,495	49
Somerset	4,069	10,138	7,713	79	17,736	57
West of England	5,870	17,559	15,341	76	33,341	53
Wiltshire & Swindon	4,013	13,902	11,104	89	23,292	60
South West	32,467	87,371	75,255	73	155,323	56
National	382,179	1,129,166	763,306	98	1,532,683	74

Source: LSC, 2006

#### FURTHER INFORMATION

This publication and further employment and skills related data, research and sources of information can be found on the SLIM website at <http://www.swslim.org.uk/labourmarket/index.asp>