



The South West At a Glance, 2008

Produced by SLIM, on behalf of the South West Regional Skills Partnership

October 2008

South West at a Glance

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Welcome to South West at a Glance, a brief aimed at providing a summary of the South West labour market. This compliments the larger South West Healthy Labour Market Review (HLMR) report, and also provides direct links to it. Further information on the HLMR is available on the SLIM website – details at the end of this brief.

Economy - Output & Productivity

In 2006, the total GVA or output of the South West economy stood at £89.5 billion, the 5th largest regional economy in England. Output has been increasing across all regions in the UK with the South West experiencing a 5% growth from 2005 in line with the national average. However, the pace of growth between 2005 and 2006 has slowed slightly in comparison to previous years. The region's share of the UK economy (7.9% in 2006) has changed little over the last ten years.

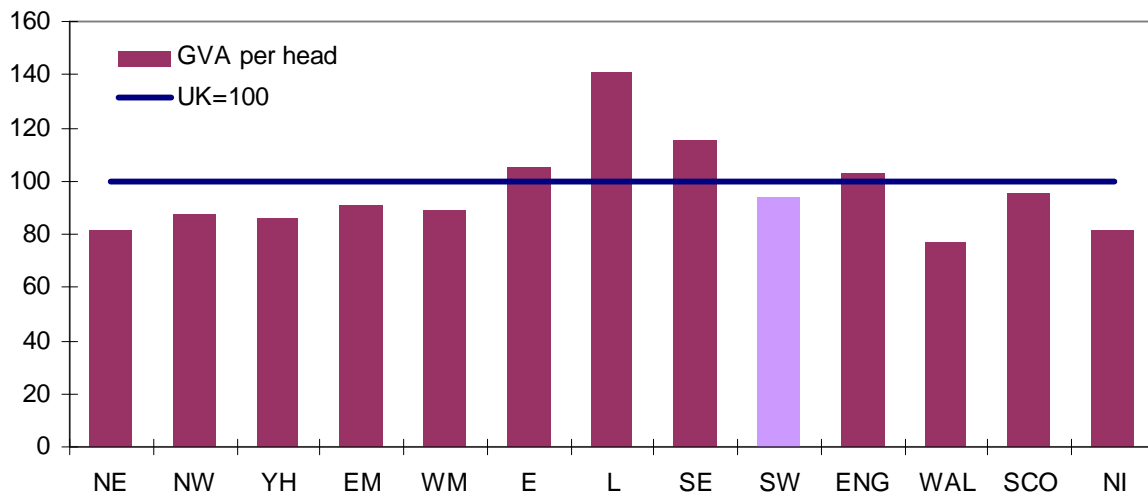
The West of England produces over one quarter of the region's total output and, together with Gloucestershire at 13%, accounts for almost 40% of output in the South West. At 12% Devon is also a significant producer of South West output. By comparison the smallest contributors, Plymouth and Torbay, each produce only between 2 and 4% of regional output.

South West GVA per head stood at an estimated £17,467 in 2006, equating to 93.8% of the UK average, the fourth highest of the English regions (fifth in United Kingdom), after the three Greater South East regions which have much higher levels than all other UK regions.

Productivity per job in the South West is effectively depressed by the relatively high proportion of part-time working and the tendency for the region's employees to work fewer hours than average. GVA per hour, on the other hand, is somewhat higher, showing that work carried out by the South West labour force – albeit in fewer hours – is relatively productive.

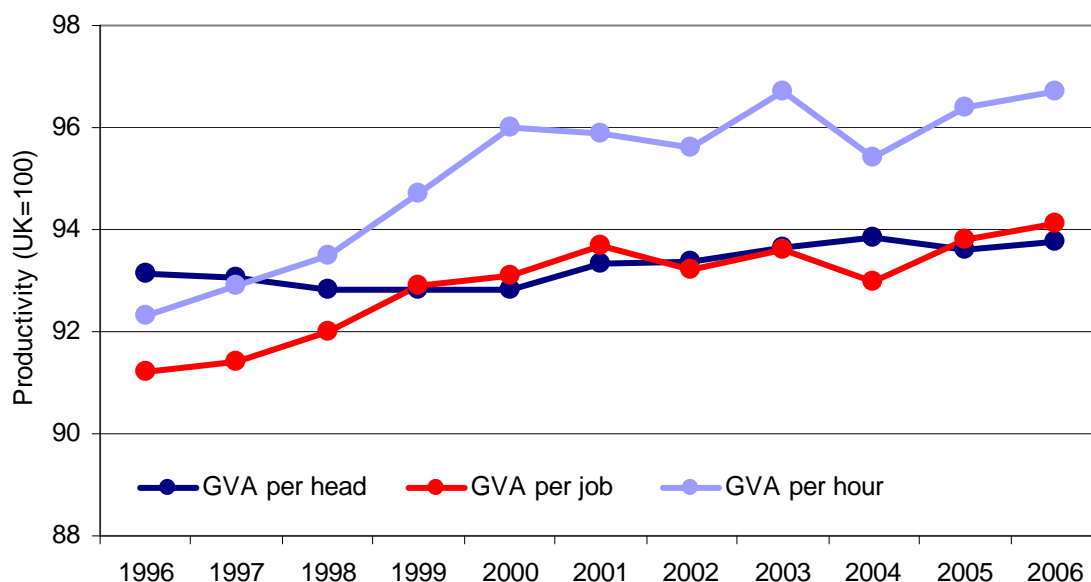
Both of these labour productivity measures have improved over time. While there has been a 2.9% increase in GVA per job, progress on what might be considered a more accurate reflection of productivity – output produced during a specific period of time – has been substantially better at a 4.4% increase in GVA per hour. The progress made on all three productivity indicators suggests that the South West has **managed to narrow its productivity gap over the last ten years.**

GVA at basic prices per head (UK=100), by region, 2006



Source: Regional Accounts, ONS

South West Productivity Measures (UK=100), 1996-2006



Source: Regional Accounts, ONS

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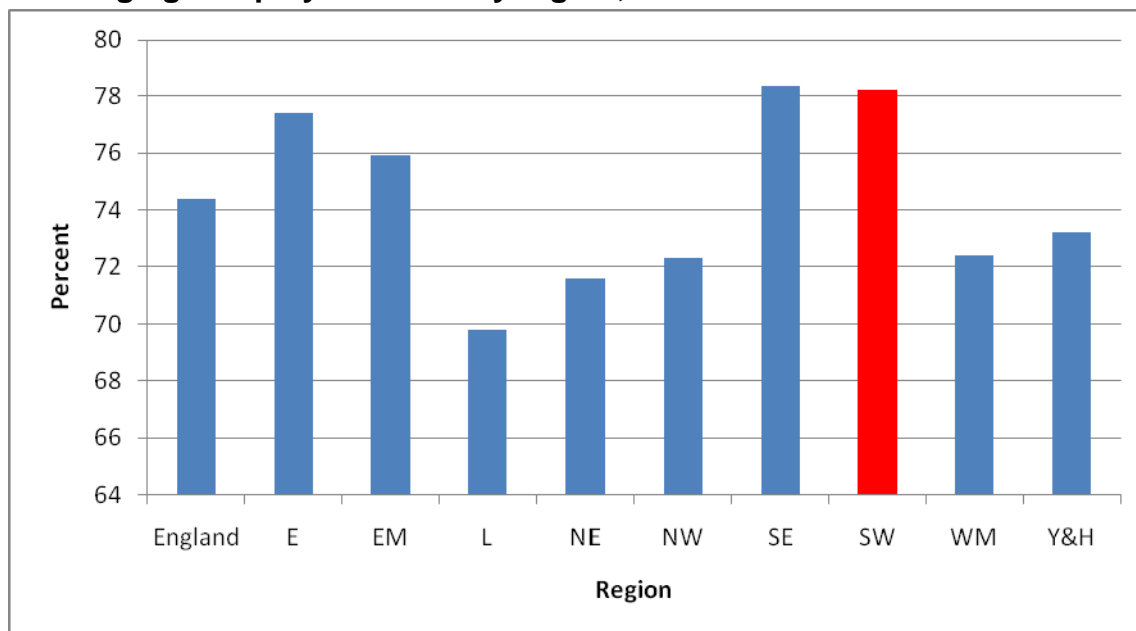
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Labour Market Activity

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 relatively small in comparison to other English regions.

Working age employment rate by region, 2007



Source: Annual Population Survey, via Nomis

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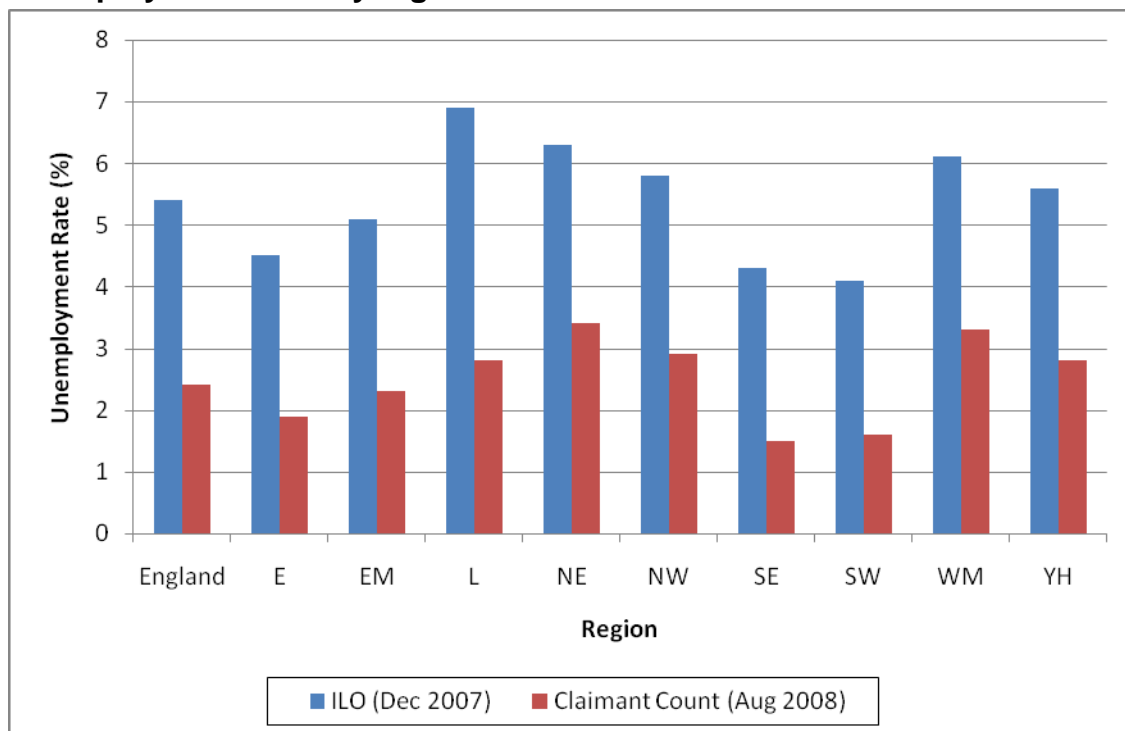
Unemployment

There are two alternative measures of unemployment: the claimant count, which measures individuals claiming benefits, and the ILO unemployment rate, which is based on an individual not currently working, having looked for work in the last four weeks, and being able to start a job in the next two weeks.

In August 2008, the claimant count unemployment rate for the South West was 1.6% the second lowest rate in England, compared with the national rate of 2.4%. The region had the lowest unemployment rate under the ILO definition, with a rate of 4.1% in 2007.

Within the region, ILO unemployment levels are lowest in areas such as North Somerset, Poole, Bournemouth, Swindon and Gloucestershire. Some of the major urban conurbations such as Bristol, Plymouth and Torbay see the highest levels of unemployment with Plymouth (7.5%) well above the average for England (5.4%).

Unemployment rates by region



Source: Annual Population Survey and Claimant Count (via Nomis)

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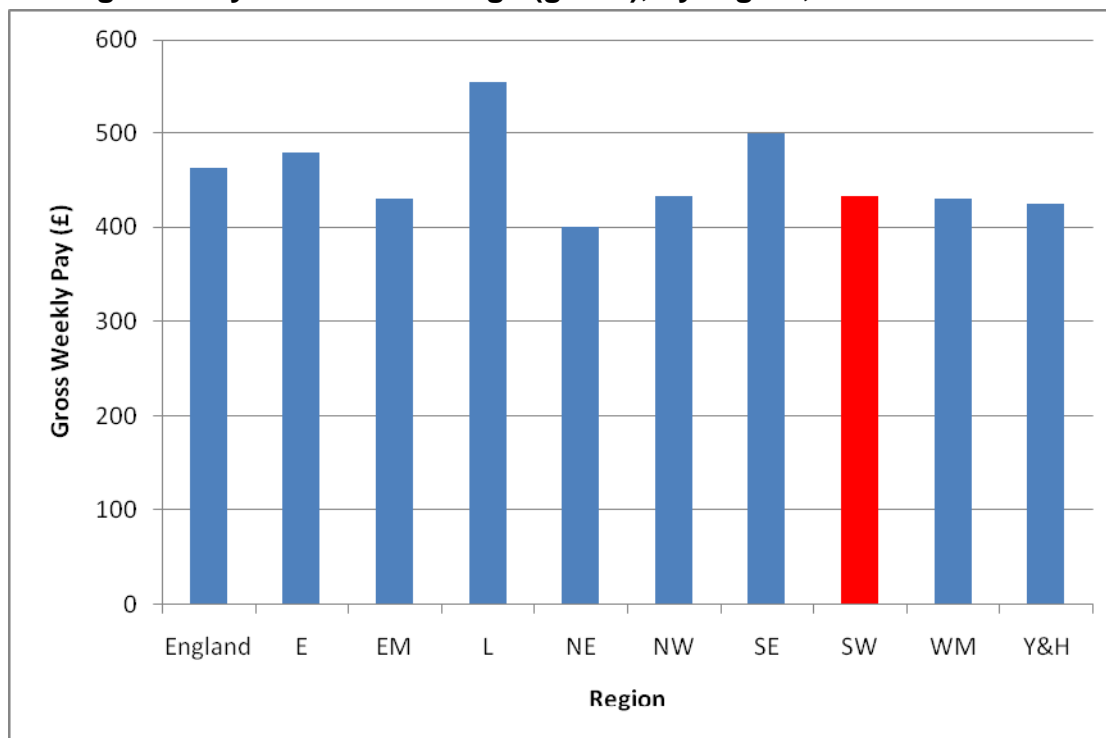
Wage rates

The average gross weekly wage for full-time workers working in the South West was £433.40 in 2007, below the national average of £462.60. However, the national average is skewed by the high wage rates of people working in London, the South East and East.

Within the region, earnings are highest along the M4 corridor and to the north, and lowest in the far west. Average earnings in North Somerset stood at £498 per week and £484 in Swindon, compared with £384 per week in Cornwall and just £370 in Torbay. Thus, the pattern of earnings within the region matches that of general labour demand and also employment in high value added sectors, with earnings highest in those areas with the highest employment rates.

In general, the equality of the earnings distribution and the prevalence of low pay are inversely related to average earnings. In the South West, the highest paid 10% of workers earned almost three and a half times as much as the lowest earners. Over the last few years, the ratio between the highest and lowest earners has barely changed at all. However, in terms of pounds per week earned, this gap between the top and bottom 10% has grown every year.

Average weekly full-time earnings (gross), by region, 2007



Source: Annual Survey of Hours and Earnings (ASHE) 2007, via Nomis

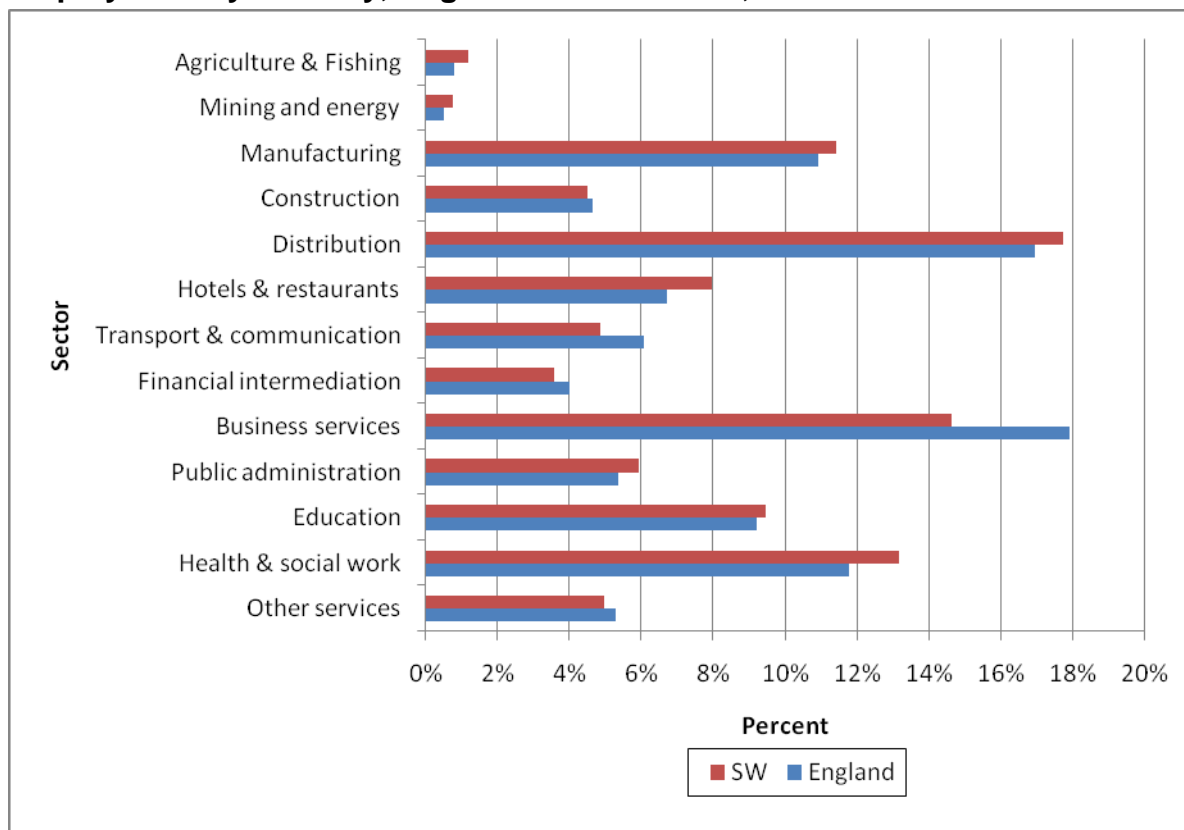
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Industrial profile

The industries in which people are employed in the region are in the main similar to the national average. Nearly 20% of employment in the region is in the distribution sector (i.e. wholesale, retail and motor industry). Manufacturing (11%), health and social work (13%) and business services (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 has a higher proportion of employment in agriculture, manufacturing, distribution, hotels and restaurants and the public sector. The region employs a lower than average proportion in transport and communications, financial intermediation, business services and other services than the national average.

Employment by industry, England & South West, 2006



Source: Annual Business Inquiry, via Nomis

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Occupational profile

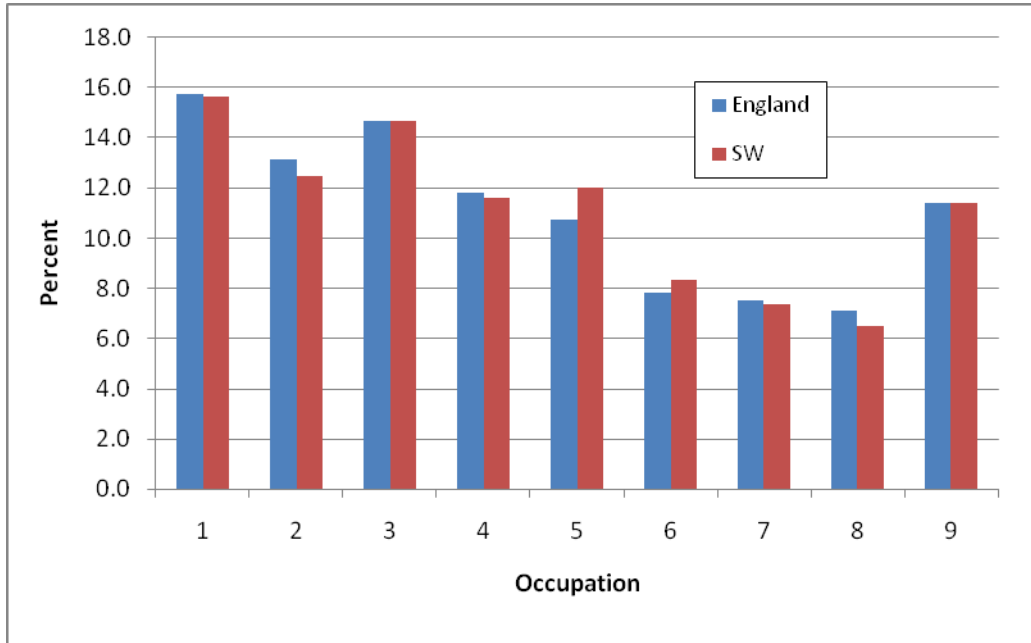
Looking at the spread of employment across all occupations, the South West closely mirrors the distribution across the country, although with slightly higher proportions of managers and senior officials, skilled trades occupations, personal service occupations, and elementary occupations, and slightly lower proportions in the other occupational groups.

The northern parts of the region i.e. Bath, Bristol, South Gloucestershire, North Somerset and Gloucestershire have the highest proportion of workers in high level occupations (i.e. Managers and Senior Officials, Professionals, and Associate Professional and Technical occupations), with the lowest proportions in Plymouth, Torbay and Somerset.

Occupational forecasts over the period from 2007 to 2017 predict that the largest increases in employment for both England and the South West will be among culture, media & sports, customer service, caring, corporate managers and teaching

/ research professionals occupations. The biggest declines are forecast to be in secretarial, skilled agricultural trades, process machine operatives and other skilled trades.

Employment by occupation, England & South West, 2007



Source: Annual Population Survey, via Nomis

Key

- 1 Managers and senior officials
- 2 Professional occupations
- 3 Associate professional & technical occupations
- 4 Administrative and secretarial occupations
- 5 Skilled trades occupations
- 6 Personal service occupations
- 7 Sales and customer service occupations
- 8 Process, plant and machine operatives
- 9 Elementary occupations

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Hard-to-fill & skills-shortage vacancies

The 2007 National Employer Skills Survey indicated that there were approximately 58,600 vacancies reported by employers in the South West. As a proportion of actual jobs in the region, vacancies only equate to around 2.7% of total employment, in line with the national average, and down slightly from 62,500 in 2005 (2.9% of employment), suggesting a tightening of the labour market in the last two years.

In 2007, South West employers reported around 20,500 Hard-to-fill (HTF) vacancies, equating to approximately 35% of all vacancies, the highest rate amongst the

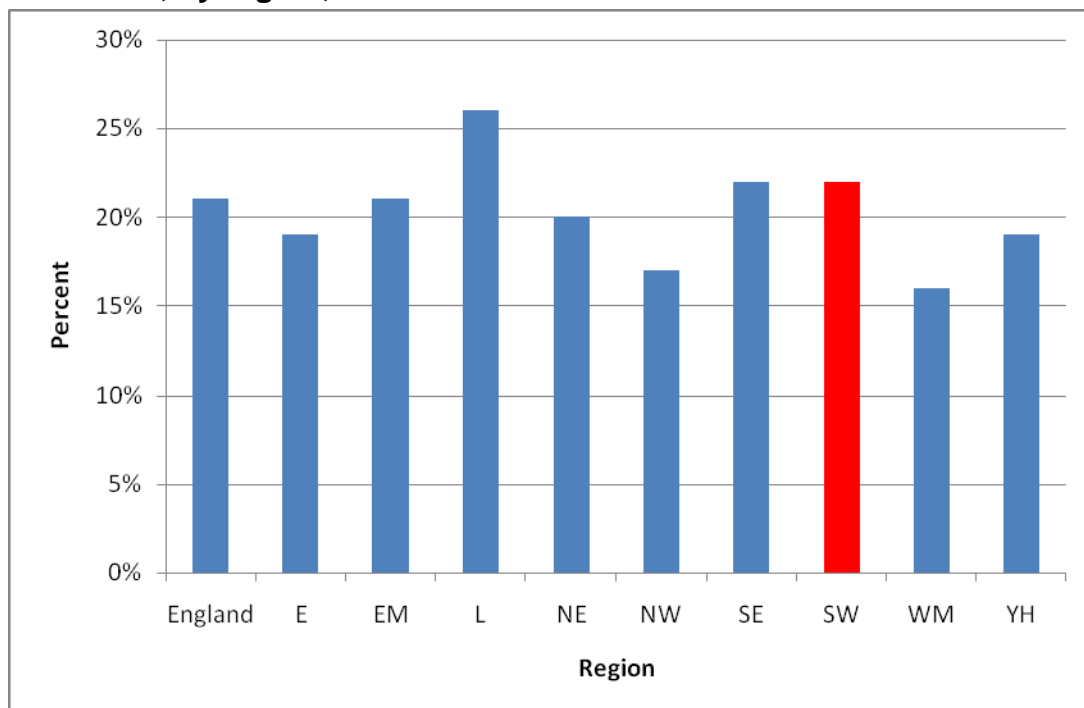
English regions. The number of HTF vacancies reported in the region has increased slightly from 19,200 in 2005, when they accounted for 31% of all vacancies, suggesting that employers are finding it increasingly difficult to find suitable employees to fill their vacancies.

Skills shortage vacancies (SSVs) are those hard to fill vacancies where employers state that they are difficult to fill because applicants lack the level of skills, experience or qualifications needed to do the job. Nearly two thirds of all HTF vacancies reported in the South West were difficult to fill due to a lack of skilled applicants (a total of around 12,700 SSVs).

The South West has the joint second highest level of skills shortage vacancies (22% of all vacancies), a proportion only higher in London (26%). This is higher than the 17% of vacancies in 2005, suggesting that shortages of skilled applicants for vacancies are becoming more of a problem for the region's employers than in previous years.

The National Employer Skills Survey also provides data on internal skills gaps within the region, which look at skills deficiencies in existing employees rather than at vacancies. In 2007, 16% of employers reported having a skills gap, with around 137,000 employees assessed as not being fully proficient in their job. This accounted for 6% of total employment (the same as nationally), up from around 5% in 2005 (107,000 employees) in 2005.

Skills shortage vacancies (SSVs) as a proportion of the total number of vacancies, by region, 2007



Source: Derived from National Employer Skills Survey by LSC SW Research Team

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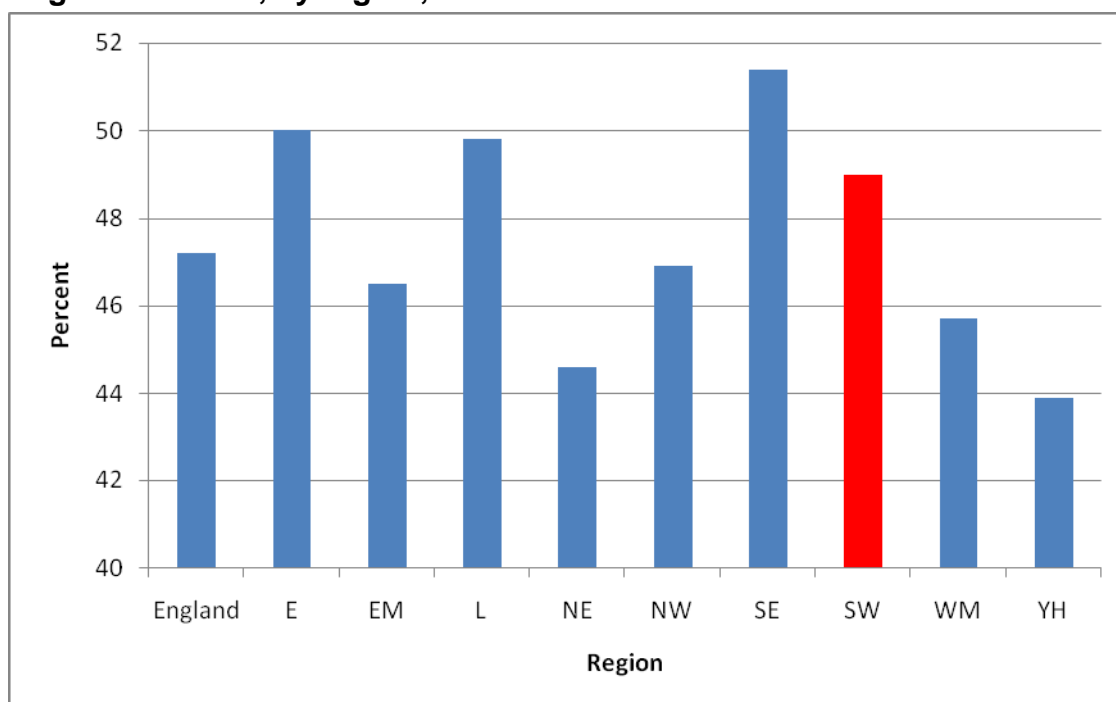
Learning & Training

GCSEs

The South West generally performs well in terms of GCSE achievements. In 2008, 49% of pupils in South West schools achieved 5 or more GCSEs at grades A*-C including Maths and English, higher than the national average of 47.2% and the fourth highest of the nine English regions. This is up from 47% in 2007.

Within the region, the majority of local authorities have attainment rates above the national average, with the highest levels of achievement being in the Isles of Scilly (69.6%), Gloucestershire (56.6%), Poole (56.4%) and Dorset (53.1%). By far the worst performing area is Bristol, where just 34.9% of pupils achieved this level, 14 percentage points below the national average.

Percentage of 15 year old pupils gaining 5+ A*-C GCSE grades including English & maths, by region, 2008



Source: DCSF

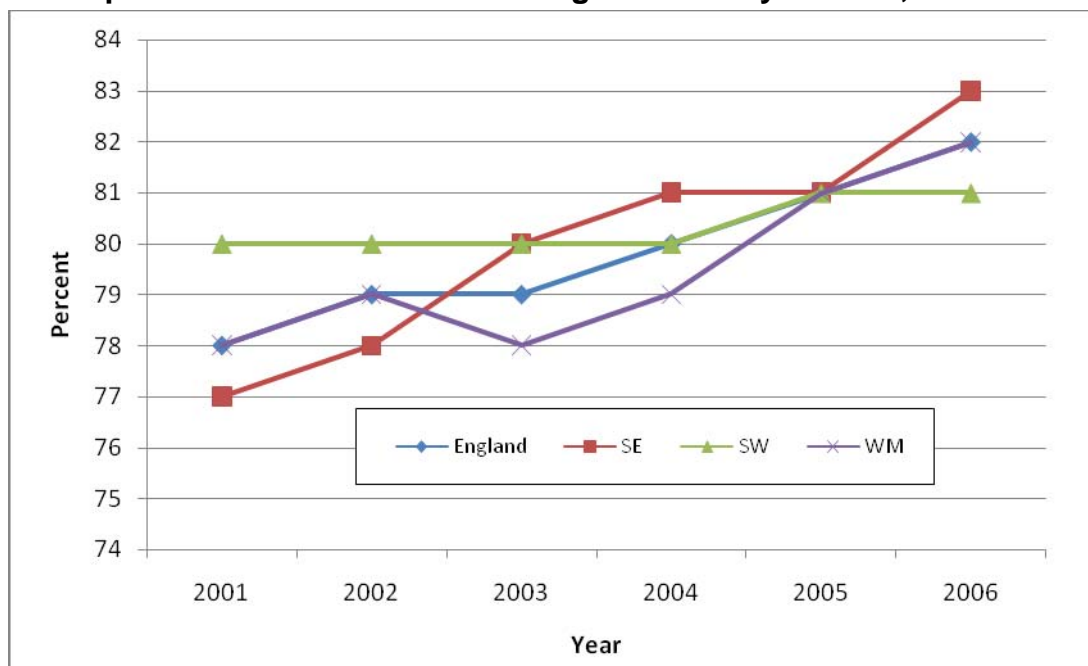
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Participation in learning – young people

In the context of low participation in the UK as a whole, data from the DCSF shows that the South West performs fairly poorly on this indicator. In 2006, 81% of the region's 16-17 year olds were engaged in education and training, just below the England average of 82%. The region's performance was surpassed by five other regions, particularly by London, with 89% in full-time education.

Over recent years, there has been limited improvement in the overall participation rate of 16-17 year olds. With no improvement in the South West between 2002 and 2004, the region's previously advantageous position has been eroded, relative to both the national average and also its neighbouring regions.

Participation in education and training of 16 & 17 year olds, 2001 to 2006



Source: DCSF, SFR22/2007

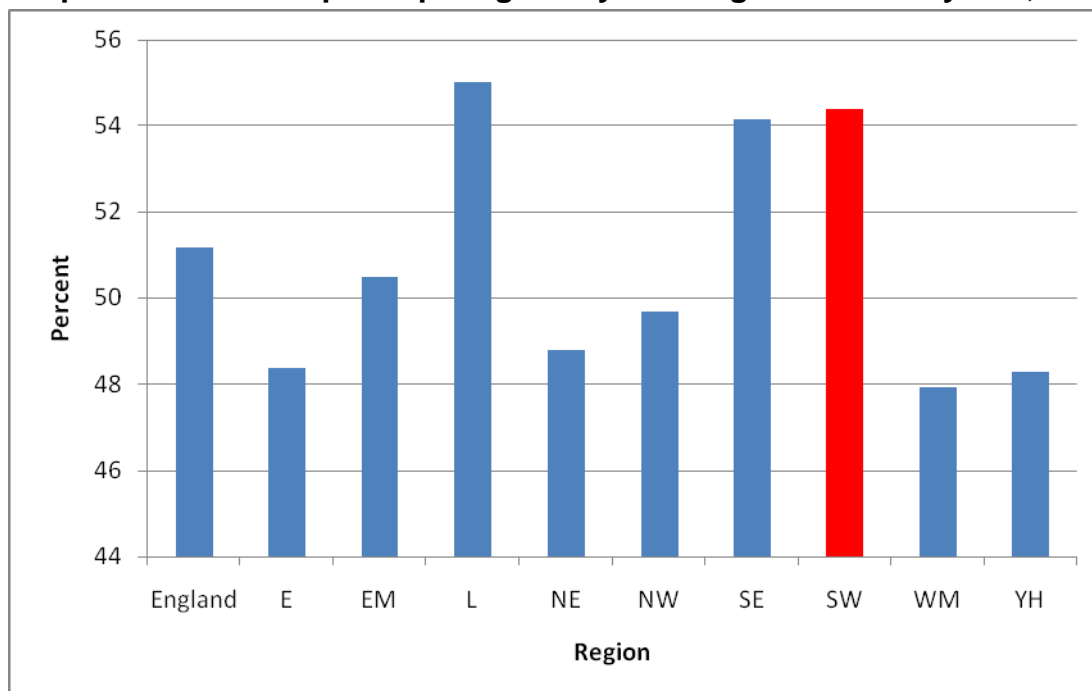
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Participation in learning – adults

Data from the Annual Population Survey shows that the South West scores particularly well on the indicator of adults participating in learning in the last three years. Indeed, the region had the second highest proportion of all English regions in 2007, with 54% of the region's adults participating in some form of learning. By comparison, the West Midlands - the worst performing region – had less than 48% of adults engaged in any learning.

Proportion of adults participating in any learning in the last 3 years, 2007 (%)



Source: Annual Population Survey (via Nomis)

Participation in higher education

over the last few years - increasing numbers of people have been going into higher education, with over 153,000 students from the South West in 2006/07, 4.3% higher than in 2002/03. There has been faster growth in full-time participation, and at postgraduate level rather than undergraduate.

Participation in HE by students from the South West, 2002/03-2006/07

	Full-time	Part-time	Total
2002/03	85,620	61,320	146,940
2003/04	86,655	63,830	150,485
2004/05	88,250	63,380	151,630
2005/06	90,485	63,650	154,135
2006/07	91,125	62,090	153,215
Change	5,505	770	6,275
% change	6.4%	1.3%	4.3%

Source: HESA

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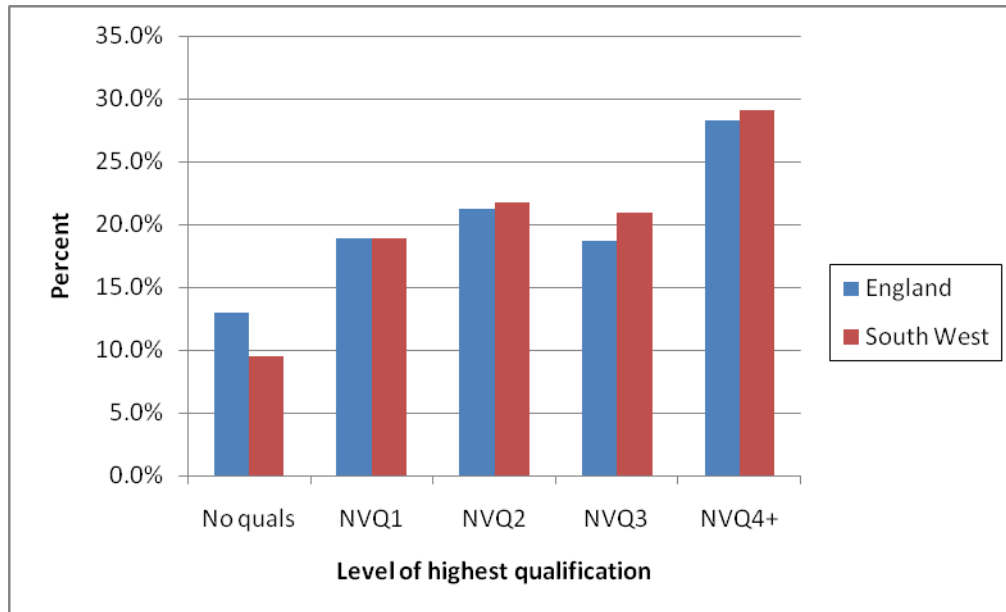
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Qualifications of the working age population

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 (29.1%), behind London and the South East but above the national average (28.3%).

The South West has the third highest proportion qualified to Level 3 of the English regions and the second highest proportion qualified to Level 2. It also performs well on the proportion without any qualifications - at 9.5% of the working age population, the lowest of all the English regions and well below the national average of just under 13%.

Qualifications of the working age population, by region, 2007



Source: Annual Population Survey (via Nomis)

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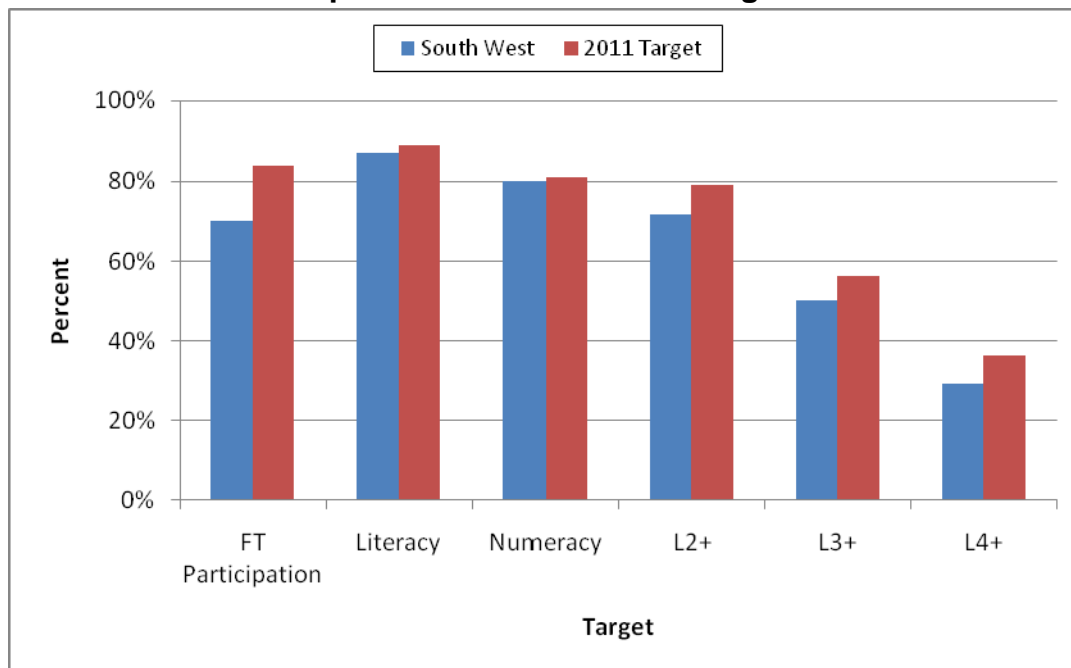
Learning Targets

The Leitch Review has set out a number of ambitious targets relating to skills and learning that will improve the UK's competitiveness by 2020. The targets include:

- 95% of adults to achieve the basic skills of functional literacy (at least level 1) and functional numeracy (at least level 3), an increase from levels of 85% for literacy and 79% for numeracy in 2005 – equating to an additional 7.4 million achievements over the period. An intermediate target for 2011 of 89% of adults with functional literacy and 81% of adults with functional numeracy has also been set.
- More than 90% of adults qualified to at least a full level 2, an increase from 69% in 2005 – equating to an additional 5.7 million achievements over the period at a rate of around 450,000 attainments per annum. An intermediate target for 2011 of 79% of adults qualified to this level has been set.

- 1.9 million additional full level 3 attainments over the period, at a rate of 213,000 per annum. An intermediate target for 2011 of 56% of adults qualified to this level has been set.
- 40% of adults qualified to level 4 and above, up from 29% in 2005 – equating to an additional 5.5 million attainments over the period. An intermediate target for 2014 of 36% of adults qualified to this level has also been set.

South West baseline position vs. 2011 Leitch targets



Source: Derived from DfES Basic Skills Survey (2003), APS (2006), DCSF SFR 22/07, Leitch (2006)

The South West, in common with the majority of English regions, currently does not achieve any of the intermediate targets as set by Leitch. However, the region is in the top three performing regions on all six measures, and has almost achieved the interim target levels for both literacy and numeracy. The biggest shortfall against target is in terms of participation in full time education amongst those aged 16-18, where the current level is 14 percentage points below the target.

[Review the related section of the Healthy Labour Market Review online](#)

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>