

6 A SUMMARY OF THE REGION

The 2005 analysis of the health of the South West labour market suggests that the region continues to function effectively and efficiently. There are high and growing levels of employment, low levels of unemployment, and small differentials in employment rates by gender, disability, and ethnicity.

The region also has high levels of participation in learning and training amongst both young people and adults, and the working age population is well qualified with a growing number of people with higher-level skills.

Business functioning in the region is also relatively healthy with a high level of entrepreneurial activity, a better than average rate of business survival, a low fear of failure, and a high level of technology and innovation related business start-ups.

Despite this general picture of 'good' overall health, the region faces several significant challenges:

- The analysis suggests that whilst the region is functioning both efficiently and effectively, it is likely to be doing so in a framework of a low-skills equilibrium. Despite the high levels of economic activity and skills in the region, two key components of productivity growth, the output and productivity performance of the South West is only between average to below average. Evidence from the NESS also suggests that there is under-developed demand from employers in the region for the skills that are available. Given the resources the region has, it is clear that it should be performing better than just 'average'.
- The South West is a comparably ageing region with a higher proportion of its residents aged 50 and over than any other region in England. The older population is also increasing at a faster rate in the South West than for England as a whole. With this and with economic activity falling once people reach 50 years, there are likely to be significant issues for the region in terms of both economic functioning and pressure on resources.
- No region is homogenous in nature. However, there are particular challenges facing a region such as the South West that is so geographically dispersed as well as being one of the most rural regions in England. In terms of diversity in performance, the best areas in terms of output, productivity, employment, unemployment, and educational attainment are concentrated towards the north and east of the region.