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# Regional Economic Performance Indicators

## Regional Competitiveness & State of the Regions

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## I Introduction

This is the eighth edition of ***Regional Economic Performance Indicators***, albeit the first under this title. It was previously known as *Regional Competitiveness and State of the Regions*

There are 17 indicators in this publication, intended to give a balanced picture of all the statistical information relevant to regional economic performance, competitiveness and the state of the regions.

## II Brief History

*Regional Competitiveness and State of the Regions*, was itself formed through the amalgamation of two separate publications: the *Regional Competitiveness Indicators* and the Regional Development Agency (RDA) 'State of the Region' Core Indicators.

The aim of the *Regional Competitiveness Indicators* was to present statistical information that illustrated the factors that contributed to regional competitiveness. They were not intended to measure the performance of the Government Offices or the devolved administrations, but were designed to assist those responsible for developing regional economic strategies. The 'State of the Region' Core Indicators (as developed by SQW) were originally designed to measure progress towards sustainable economic development, skills and social regeneration and to provide monitoring and evaluation guidance for the RDAs.

When these two publications were combined, a number of changes were introduced. Consultants (SQW Ltd and Oxford Economic Forecasting) recommended 11 core indicators for RDA Evaluation and Performance Monitoring. Those incorporated in the combined indicator set (with their table numbers) are:

Gross Value Added (on a workplace basis) per head of population	1(a)(ii)
Manufacturing GVA per head	2
Business formations per 10,000 adults	12(b)(i)
Unemployment rate (ILO definition)	7
Percentage of adults with NVQ level 4 skills/equivalent	9(b)(i) <sup>1</sup>
Percentage of adults with no qualifications	9(b)(iv) <sup>2</sup>
Percentage of residents within families dependent on Income Support benefits	11
Road congestion	15(c) <sup>3</sup>
Stock of derelict land	17

Recommended for inclusion but not incorporated in this set were:

Waste – volume of non-recycled waste  
Wildlife – population of birds

Information on waste indicators is available on the Department of the Environment, Food and Rural Affairs (DEFRA) website

<http://www.defra.gov.uk/environment/statistics/waste/index.htm>

<sup>1</sup> Statistic presented is as a proportion of the working age population (aged 19-59/64) qualified to NVQ level 4 and above.

<sup>2</sup> Statistic presented is as a proportion of the working age population with no qualifications.

<sup>3</sup> Statistic presented is average daily vehicle flows.

and bird population statistics are available from the Natural Resources worksheet on the Sustainable Development area of the DEFRA website

<http://www.defra.gov.uk/sustainable/government/progress/data-resources/regional.htm>

Statistics which previously appeared in the *State of the Region Core Indicators*, but which do not appear in the combined set (either because they were not recommended by SQW for inclusion, or were not already part of the *Regional Competitiveness Indicators*) are:

Proportion of the population with above average living conditions  
 Percentage of dwellings built on previously developed land  
 Percentage of Employers with Current Hard to Fill Vacancies  
 Percentage of Employees undertaking work-related training in the last 13 weeks  
 Percentage of Medium/Large Organisations recognised as Investors in People (see below)

Following a consultation exercise carried out during winter 2001/2002 further small changes were made. The most significant change was dropping figures for Investors in People (IIP), which were reported to be among those least used.

A further consultation on productivity indicators at the national and regional level outlined a revised set of 12 indicators based on the five key drivers of productivity, in relation to the Regional Economic Performance Public Service Agreement (REP PSA) target, responsibility for which is held by BERR. Those incorporated in the combined indicator set (by relevant driver and with table number) are:

#### **Productivity**

Gross Value Added (GVA) per head and per hour	1(a)(ii), 2(b)(ii)
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#### **Investment**

Business investment as a per cent of GVA	3(c)(iv)
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#### **Innovation**

Business Enterprise Research & Development as a per cent of GVA	14(a)
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Gross Domestic Expenditure on Research & Development as per cent of GVA	14(c)
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Proportion of enterprises with co-operation arrangements on technological innovation activities with other enterprises or institutions	14(d)
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Proportion of turnover accounted for by new or improved products	14(e)
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#### **Skills**

Highest qualifications of adults	9(b) <sup>4</sup>
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16 to 19 year olds qualified to NVQ Level 2 and 19 to 21 year olds qualified to NVQ level 2 and 3	9(a)
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Proportion of employees receiving training in last 4 weeks	9(c)
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#### **Enterprise**

<sup>4</sup>Statistic presented is based on working age population qualified to at least NVQ level 2, at least level 3 and at least level 4, and those with no qualifications. They are also available in the DIUS Statistical First Release 'The Level of Highest Qualification Held by Young People and Adults'.

Total entrepreneurial activity	13
Business start-ups (VAT registrations) per 10,000 adult population	12(b)(i)

### Competition

Exports as a per cent of GVA	4(a)(ii)
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These indicators are also available on the Regional Economic Performance PSA web site using the link: <http://stats.berr.gov.uk/reppsa2/>.

In the autumn of 2008, BERR conducted a National Statistics consultation on the publication, requesting views on the usefulness of the publication and seeking feedback and suggestions on ways in which it could be improved. 13 responses were received. Views expressed are summarised within the Government response, available at <http://www.berr.gov.uk/files/file51503.pdf>

The most important conclusions of the review were as follows.

- The publication should be supplemented with a continuously updated web site version where practicable, to be integrated to a large extent with the REP PSA website.
- The main text of the publication added limited value and should be dropped. However, the Annex on definitions and sources were much more highly valued and should be retained.
- The publication should be retitled.

The last two of these conclusions are implemented within this latest edition. The first conclusion will be implemented over the coming months.

### III Other sources

Those indicators most directly relevant to the Regional Economic Performance PSA target are also available on the Regional Economic Performance PSA web site using the link: <http://stats.berr.gov.uk/reppsa2/>

It is important to note that information displayed on the REP PSA web site may be more up to date for the English regions than that shown in this edition of *Regional Economic Performance Indicators*, particularly where data are produced on a quarterly basis, but it is planned to move to continuous updating over the next few months.

BERR also publishes *UK Productivity and Competitiveness Indicators*. These are designed to compare our economic performance with that of other advanced economies and to measure the UK's progress in meeting the challenges of raising productivity. They are used in BERR to inform policy analysis including policies aimed at meeting the joint HM Treasury and BERR target of reducing the productivity gap. The latest 2008 edition can be found at:

<http://www.berr.gov.uk/publications/economicstatistics/economics-directorate/page21913.html>

A wide range of economic and social indicators can be found on the Sustainable Development area of the DEFRA web site at

<http://www.defra.gov.uk/sustainable/government/progress/data-resources/regional.htm>.

Further comments on the content and layout of *Regional Economic Performance Indicators* are welcome and should be sent to Richard Notley, at the address given on the first page of this report.

## **IV General Comments**

Where data are available on a consistent basis they are presented for Government Office Regions and for Wales, Scotland and Northern Ireland. For ease of expression, the term 'region' is sometimes used in the text to refer both to Government Office Regions and to the devolved administrations.

Each of the indicators is described in turn, including explanations as to how it is compiled and what it measures. Technical and methodological issues associated with the indicators are described in *Definitions* (Annex 1).

The various Tables are contained in a separate Excel file, and are organised as follows:-

### **Section 1 Overall Competitiveness**

- 1 Gross Value Added and gross disposable household income per head
- 2 Labour productivity
- 3 Investment and output by UK and foreign-owned companies
- 4 Exports of goods and services

### **Section 2 Labour Market**

- 5 Earnings
- 6 Employment
- 7 Unemployment
- 8 Claimant count
- 9 Educational and vocational attainment

### **Section 3 Deprivation**

- 10 Income support claimants
- 11 Income deprivation

**Section 4 Business Development**

- 12 Business registrations and survival rates
- 13 Total Entrepreneurship Activity
- 14 Research & Development, and employment in high and medium-high technology industries

**Section 5 Land and Infrastructure**

- 15 Transport
- 16 Industrial property and office rental costs
- 17 Re-use of vacant and derelict land

**Definitions****ANNEX 1****1. Gross Value Added and household disposable income per head****Gross Value Added (GVA)**

The estimates published here have been calculated on the basis of the European System of Accounts 1995 (ESA95). GVA is the major component of gross domestic product (GDP). Under ESA95 the difference between GVA and Gross Domestic Product (GDP) is that GDP (at market prices) includes taxes (less subsidies) on products (mainly Value Added Tax) while GVA (at basic prices) does not. ONS does not presently attempt to apportion taxes on products to regions.

These indicators contain two separate measures of economic activity that fall under the broad definition of 'GVA'. The data in Tables 1(a) and 2(a) and (b) are taken from the regional economic accounts, produced by ONS, which are calculated based on a series of economic and labour market surveys. The same source is used for the denominators in Tables 3(c), 4(a)(ii), 14(a) and 14(c). This edition of the publication uses data from the December 2008 Regional Accounts release, in which ONS for the first time apportioned the adjustment for Financial Intermediation Services Indirectly Measured (FISIM) by region. The new GVA data, and statistics derived using them, should not be compared directly with the series presented in previous editions.

The second set of GVA data that appears in Table 3(b) is based on a single survey: approximate GVA from the Annual Business Inquiry/2 (ABI/2). The GVA estimates taken from the regional economic accounts cover a greater portion of the economy and are thus a much broader measure of regional economic activity than the ABI series. In particular, the ABI financial data do not cover Section J (Financial intermediation), Section L (Public Administration and Defence; Compulsory Social Security) and the majority of Section A (Agriculture, hunting and forestry). In sections M (Education), and N (Health and social work), local and central government are excluded. Section N also excludes public sector hospitals, medical and dental practises and some charitable sociable work.

There are also some discontinuities in coverage over time; ABI did not cover Section B (Fishing) and Division 02 (Forestry) before 2000, or any part of Section A before 2001. More information on ABI coverage, variables and methodology can be obtained from [www.statistics.gov.uk/abi/](http://www.statistics.gov.uk/abi/).

Regional GVA estimates presented in this publication are workplace-based. This means that the earnings of employees who commute across regions are allocated to the region where they work and not where they live. In practice, residence and workplace-based GVA differ only in London, the South East, and the East of England, as ONS does not make adjustments for other regions. However the statistics provided here are on a per head basis and therefore are divided by the population which is on a residence basis.

Regional GVA data are subject to adjustments in three key areas: adjustments for coverage; adjustments needed to move the accounts onto an ESA 95 basis; and adjustments for balancing purposes. For 2004 data and subsequent years the New Earnings Survey was replaced by the Annual Survey of Hours and Earnings. Estimates of average weekly pay using the ASHE methodology are higher than those previously taken directly from NES for 1998 to 2003. GVA estimates used in UK figures include extra-regio. The GVA for Extra-Regio comprises compensation of employees and gross operating surplus which cannot be assigned to regions, based mainly on offshore activities.

**Gross disposable household income (GDHI)**

The household sector includes traditional households within the UK, in addition to people living in institutions such as retirement homes, hospitals and prisons. This sector also

includes the activity of the non-profit making units that provide a service to households, for example charities and most universities.

GDHI is defined as total household income less payments of current taxes on income and wealth (such as income and property taxes) and social contributions such as pension and National Insurance deductions. This series is compiled under the latest ESA95 framework.

It should be noted that neither GVA nor GDHI are the same as 'wealth'. It is possible for a household to possess substantial material wealth and assets while receiving a comparatively low level of income.

## **2. Labour Productivity**

Labour productivity in manufacturing and other industries is calculated by dividing workplace-based GVA for manufacturing, services and the 'other industries' sector by the number of workforce jobs within each sector. The estimates of GVA are drawn from the regional economic accounts produced by the Regional Accounts branch in ONS. Estimates of the total number of workforce jobs are calculated by summing employee jobs (mainly collected through postal surveys of employers), self-employment jobs from the Labour Force Survey, those in HM Forces and Government-supported trainees. These same sources are used to calculate the total number of jobs filled. The count of jobs includes both full- and part-time jobs.

Regional estimates of GVA per filled job and GVA per hour worked have been calculated using GVA figures as published in the regional accounts. The annual hours figure that is used in the compilation of the GVA per hour worked index is an average of the four quarters' Labour Force Survey (LFS) data for Employees and Self employed, and annual data for Government Supported Trainees (from Workforce Jobs and the LFS), and HM Forces data provided by the Ministry of Defence. It is important to note that for this year's edition of the publication, ONS has introduced a change in the methodology used to produce these indicators, with unsmoothed rather than smoothed GVA data being used as the numerator. This is conceptually more consistent with the jobs and hours data, which are unsmoothed, though it risks introducing greater volatility. For a fuller discussion of the issues involved see the article at <http://www.statistics.gov.uk/cci/article.asp?id=1945>.

The estimates of GVA are drawn from the regional economic accounts produced by the Regional Accounts branch in ONS.

## **3. Manufacturing investment and output by UK and foreign-owned companies**

Gross Value Added (GVA) from the Annual Business Inquiry is used to differentiate the output of UK-owned and foreign-owned companies. For a further description of GVA, please refer to section 1 of the *Definitions*. Estimates of Gross Value Added shown here will not be exactly the same as those published in the Regional Accounts, the basis of tables 1 and 2.

Net Capital Expenditure is used as a proxy for investment and is calculated by adding the value of new building work acquisitions, plus the difference between acquisitions and disposals of land, existing buildings, vehicles and plant and machinery.

Since 1998 the data are taken from the Annual Business Inquiry/2 (ABI/2), an integrated survey of accounting information from businesses and other establishments. ABI does not cover the whole of the economy (see section 1 of *Definitions* for details).

Investment as a percentage of GVA (table 3c) has been calculated, using the GVA data produced by the Regional Accounts branch of ONS. The reader should note that although regional net capital expenditure data have been provided by ONS, they are not National Statistics and are subject to a higher level of error than other data provided in this publication.

#### 4. Exports of goods

The counts in Table 4(b)(ii) of companies exporting goods to EU and outside the EU are not fully comparable. Company details for businesses' export transactions with non-EU countries are mandatory and are automatically recorded by HM Revenue and Customs. The counts for exports to non-EU countries are taken from these. However, since the introduction of the Single European Market, declarations for companies exporting to the EU are recorded through the *Intrastat* system, which only picks up businesses exporting goods with a value in excess of £260,000 (during 2008) to the EU. Hence, the company counts of EU exporters will be artificially low as compared to the count for exporters to the rest of the world. Note that companies who export to both EU countries and the rest of the world will appear more than once in the company count, that is, in both parts of table 4(b).

Comparisons between regions should be interpreted with care because the *value added* of an export product may have been generated in areas other than the region from which the item was actually exported.

Export trade is assigned to a region through the postcode associated with a company's VAT registration. Some adjustments have been necessary for exports to the EU to ensure that manufacturing that takes place at branch premises is properly allocated to the region where the branch is situated. Exports to countries outside the EU already contain a regional coding. The statistics shown here have been affected by VAT missing trader fraud. Fraudsters obtain VAT registration to obtain goods from other EU member states and then subsequently sell on the goods at VAT inclusive prices and disappear without paying over the VAT paid to the tax authorities. For further background information on VAT missing trader fraud please use the link provided here:

[http://www.statistics.gov.uk/articles/economic\\_trends/ETAug03Ruffles.pdf](http://www.statistics.gov.uk/articles/economic_trends/ETAug03Ruffles.pdf)

Exports of goods per employee job are BERR estimates using HM Revenue and Customs data for value of exports of goods and employee jobs as a denominator. The employee jobs data were drawn from the workplace-based Short-Term Employment Survey (STES) produced by ONS.

#### 5. Average earnings

Estimates of average earnings to 2003 were drawn from the New Earnings Survey (NES) and include remuneration for overtime worked during the survey period and shift pay, but not other payments such as profit shares or annual bonuses. NES data were collected in April of each year. The estimates may be affected by seasonality.

In 2004, a new survey was developed by ONS to replace the NES called the Annual Survey of Hours and Earnings (ASHE). The ASHE included improvements to the coverage of employees and to the weighting of earnings estimates. The data variables collected remain broadly the same, although an improved questionnaire was introduced for the 2005 survey. The change in methodology means that statistics on pay and hours published from the ASHE, including the calculation of ONS's low pay statistics, are discontinuous with previous NES surveys.

To improve coverage and make the survey more representative, supplementary information was collected for the 2004 ASHE on businesses not registered for VAT and for people who changed or started new jobs between sample selection and the survey reference period. The 2004 ASHE results are therefore discontinuous with the results for 2003, for which no supplementary information was collected. However, for 2004 two sets of results are available; the headline results that include supplementary information and results that exclude this information. These second set of results are given solely for comparison to earlier results. Growth rates between 2004 and 2003 are only given for the data that exclude supplementary information. There are also two sets of results available for 2006 data, which reflect changes to the sample design to improve the quality of the estimates. In table 5(a) the top data for 2006 is comparable with 2005, which also includes supplementary surveys, whilst the bottom data for 2006 reflects the latest changes to the sample design and is directly comparable with data for 2007 and beyond.

Estimates of average earnings from the NES were arithmetic means, which can be distorted by a few extremely high or low values. There tend to be a small number of individuals at the top end of the distribution with extremely high earnings, therefore the mean can become unrepresentative. Average earnings estimates from the ASHE are now presented as medians. This can be thought of as the 'middle value' if all hourly earnings are placed in order of magnitude, therefore the median is not skewed by extreme values and, in many respects, can be considered representative.

## **6. Employment and employee jobs**

Tables 6(a) and 6(b) provide detail on the number and percentage of people of working age in employment who are resident in each region or country. The data contained in both tables are drawn from the Labour Force Survey (LFS) and have been seasonally. People aged 16 and over are classed as employed by the LFS if they have worked for at least one hour in the reference week or are temporarily away from a job (e.g. on holiday).

The data contained in Table 6(c) are drawn from the Short-Term Employment Survey (STES) carried out by ONS and show the number and percentage of employee jobs on a workplace basis. The STES measures the number of employee jobs on a quarterly basis and unlike the data in Tables 6(a) and 6(b) does not include self-employed people. Additionally, the data for regions in Table 6(c) may not sum to UK or England totals because of approximations in allocating national estimates to regions.

## **7. Unemployment**

This is based on the International Labour Organisation (ILO) definition of unemployment which includes as unemployed all those who are out of work, want a job, have actively sought work in the last four weeks prior to interview and are available to start work within the next fortnight, or are out of work and have accepted a job they are waiting to start in the next fortnight. The data are seasonally adjusted.

The unemployment rate is the percentage of economically active people who are unemployed. To be economically active, a person must either be in employment (see definition under **6. Employment and employee jobs**) or unemployed (ILO definition).

## **8. Claimant count**

The claimant count is based on the number of people claiming Jobseeker's Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices on a particular day each month. People claiming JSA must declare they are out of work, available for,

capable of and actively seeking employment during the week in which the claim is made. Claimant count rates express the number of JSA claimants as a percentage of the sum of claimants and workforce jobs in the area. The number of workforce jobs is comprised of employee jobs, agricultural jobs, HM armed forces, self-employed and persons on government-supported training schemes.

The figures for long-term JSA claimants (12 months or more) only account for computerised claims – around 1 per cent of claims are dealt with manually, and these are excluded.

## 9. Education and Skills

The statistics for this section have been supplied by Department for Innovation, Universities and Science (DIUS) and Department for Children, Schools and Families (DCSF). As part of the 2004 public spending review a number of Public Service Agreement objectives and targets were implemented, including objective 3 that all young people were to reach age 19 ready for skilled employment or higher education and objective 4 to tackle the adult skills gap. The methodology used to derive the estimates for 2006 onwards in tables 9 (a)(i), 9 (a)(ii), 9 (a)(iii) differs from that for earlier years. Previously a small sample of young people was extracted from the Labour Force Survey (LFS) to derive these estimates, but a subsequent National Statistics Review in 2004 highlighted a number of problems with this data. These included a high sampling error and apparent overstatement of academic achievement in comparison with comparable administrative sources. Consequently a new approach using a number of different administrative data sources was developed. This included using matched data from the School Examination Results Analysis project (SERAP) database, the National Information System for Vocational Qualifications (NISVQ) database and the Individualised Learner Record (ILR) database held by the Learning and Skills Council. Statistics shown here now are based on the new methodology for data for 2006 onwards and from the LFS for the earlier back series. However the reader should note that only estimates for the nine English regions have been released, and there are no plans to extend this to the rest of the UK. For further information regarding the new methodology please refer to this link:

<http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000545/index.shtml>

The latest 2008 estimates are available using the link provided below:

<http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000835/index.shtml>

For tables 9 (b)(i), (b)(ii), (b)(iii) and b(iv) the information presented on qualifications is based on an Labour Force Survey (LFS) sample and therefore estimates for all the 12 regions within the UK are available. For further information on these estimates refer to the latest published series using the link provided below:

<http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000798/index.shtml>

Table 9 (c) is also based on a sample extracted from the new quarterly calendar based LFS. Again this table is subject to some level of sampling error, though it covers all regions within the UK. Here employees are defined as all those of working age (defined as Males aged 16-64 and Females aged 16-59) in employment excluding the self-employed, unpaid family workers and those on government programmes.

## 10. Proportion of Income Support Claimants

Income Support (IS) claimants can be grouped into Pension Credit, Disabled, Lone Parents and Other. From October 2003, IS has been paid to a person who is aged 16 to

59 years old, is not working 16 hours or more a week and whose income is less than what is considered necessary to live on.

Pension Credit was introduced in October 2003 for those aged 60 and over, replacing the Minimum Income Guarantee (MIG) benefit. Former MIG claimants are all entitled to Pension Credit, but Pension Credit also brings in pensioner households whose incomes are slightly above the eligibility levels for MIG and who have saved money in an occupational or personal pension, or a savings account, or both.

While MIG allowed either partner to claim, Pension Credit needs the partner aged 60 or over to be the claimant. Households where the partner aged under 60 was the MIG claimant were invited to make a new claim with the partner aged 60 or over as the Pension Credit claimant. For about 15,000 of these households, no new claim was received as of November 2003. They continue to receive IS, but are not currently included in Table 10(a) or Table 10(b). Over time, new claims were probably made for these households and they would at that stage appear in Table 10(b).

Benefits statistics for the GB regions have been sourced from the newly published Work and Pensions Longitudinal Survey (WPLS) based on 100% of claimants. Previous figures had been taken from a 5% sample of data. Background data for the featured tables can be accessed via the online Tabulation Tool, using the link provided below here: <http://www.dwp.gov.uk/asd/tabtool.asp>. Northern Ireland data is currently based on a 5% sample of claimants, though this is not directly comparable with the rest of the UK.

## 11. Income deprivation

Table 11 provides the percentage of the population within families that are dependent on Income Support (IS) benefit. The percentage for each of the English regions is included, together with the proportion for the 20 per cent of the population living within the 'most deprived' areas within each region. The corresponding figures for England as a whole are also presented.

For this indicator, deprivation has been defined at lower layer Super Output Area (SOA), according to the Indices of Multiple Deprivation 2007 (IMD 2007). The IMD 2007 is an index for areas in England consisting of 37 indicators of deprivation that fall under 7 broad dimensions: income, employment, health and disability, education training/skills, barriers to housing and services, crime and living environment. The majority of the data underpinning the IMD 2007 is for 2005, although some data covers a number of years, for example an average of 2003-2005.

The indicator is not really internally consistent, based as it is on a mixture of 2001 and 2007 data. The number of IS 'dependants' reflects the number of persons living in families where at least one member is receiving income support benefit, together with all children aged under 16. The data are derived by BERR using income support beneficiaries data for 2007, plus the number of children from the 2001 Census. This figure is divided by the total 2001 Census population, all taken from the Neighbourhood Statistics web site.

## 12. Business registration and survival rates

VAT registrations are not synonymous with business start-ups; some registrations are the results of changes in ownership or legal status of a business. Businesses with an annual turnover below the VAT threshold (£67,000 from 1 April 2008) may decide not to register for VAT for a variety of reasons, and so would not be included in these estimates.

The data are compiled from the Inter-Departmental Business Register (IDBR). The IDBR is a structured list of nearly 2.2 million enterprises in the UK available for the selection, mailing and grossing of statistical inquiries. It is maintained by ONS and is mainly used as a sampling frame for official business surveys. The estimates refer to the location of the head office or main centre of business activity. If a new factory owned by a business is located elsewhere in the UK then it does not appear as a new registration. Industry sectors have been divided using Standard Industrial Classification<sup>5</sup> (SIC) codes, where service industries are SIC sections G to O, manufacturing industry is SIC section D and other industries are SIC sections A, B, C, E & F.

Care should be taken when comparing the rates of VAT registrations/population or stock of businesses between regions since the estimates can be influenced by variations in commuting, industry mix and differences in the profile of businesses between regions as well as 'actual' changes over time. In addition, there are areas where the stock of businesses is relatively low, so the rate of business formations could be artificially inflated.

The 'survival' rates contained in Table 12(c) are not derived from actual business closures. Firms can be removed from the VAT register for a variety of reasons including: falling turnover, mergers, take-over and relocation in addition to the business actually ceasing trading. However, registrations and de-registrations are strongly correlated with the underlying trends in business 'birth' and 'death' rates.

This is the last edition in which VAT registrations alone will be analysed. For future editions, coverage will be broader, including nearly all business registered for PAYE, irrespective of whether they are registered for VAT. For more details of the differences involved between old and new approaches, see

<http://www.statistics.gov.uk/cci/article.asp?ID=2096>.

### **13. Entrepreneurship**

The Global Entrepreneurship Monitor UK (GEM UK) is part of a study comparing rates of Total Entrepreneurial Activity (TEA) internationally. The survey interviews a stratified representative sample of individuals across the UK on various aspects of entrepreneurship.

The survey takes a broad definition of entrepreneurship as 'any attempt at new business or new venture creation, such as self-employment, a new business organisation or the expansion of an existing business by an individual, teams of individuals, or established business'.

### **14. Research & Development, and employment in high and medium-high technology industries**

The survey of Business Enterprise Research & Development (BERD) is conducted by the ONS annually. It is based on a sample of around 4,000 businesses across the UK that are identified as performing Research & Development (R&D) activity by the Annual Business Inquiry. Included are all 'large' R&D performers, plus a sample of smaller businesses that are deemed as 'lesser' R&D performers. Government organisations, higher education establishments and registered charities are not included within the survey sample. Gross Domestic Expenditure on Research and Development (GERD) is the most reliable estimate of national R&D spending, drawing together information on R&D spending in the public and private sectors.

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<sup>5</sup> More detail on SIC codes available at <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14012>

It is important to note that this survey assesses the value of R&D performed by businesses in the UK, irrespective of where the funding for the R&D activity came from (i.e. business, government or foreign funding). It also covers the R&D activity by UK firms on UK territory outside of the mainland (i.e. North Sea oil exploration). The sample size and response rates (at around 94 per cent) are sufficient to allow estimation of R&D activity within businesses down to regional and sector level.

### High and medium-high technology industry employee jobs

These estimates are drawn from the Annual Business Inquiry and the Northern Ireland Census of Employment (carried out every two years). The definition of high technology industry itself is based on that specified by the Organisation for Economic Cooperation and Development (OECD) in 1997. The following table shows the sectors covered by the definition 'high technology' and 'medium-high technology' and which SIC2003 class or sub-class corresponds to each.

Sector	SIC2003
<b>High technology</b>	
Pharmaceuticals	24.4
Office machinery and computers	30.0
Aerospace	35.3
Electronics-communications	32.0
<b>Medium-high technology</b>	
Scientific Instruments	33.0
Motor Vehicles	34.0
Electrical Machinery	31.0
Chemicals	24.0 (excluding 24.4)
Other Transport Equipment	35.2, 35.4, 35.5
Non-Electrical Machinery	29.0

### Co-operation and new/improved products

The Community Innovation Survey (CIS) is a survey conducted periodically by EU member states. The survey covers aspects of innovation including the constraints faced by businesses, the impact of innovation on businesses and features of the wider innovation process.

The sectoral coverage of the Innovation Survey was widened considerably in 2005 to include a larger portion of the service sector. The additional sectors are: Sale, Maintenance and Repair of Motor Vehicles, Retail Trade, Hotels and Restaurants. For the 2007 Survey, motion picture and video activities, and radio and television activities have also been added. Furthermore, other differences with the previous survey; such as in the sample design and weighting methodology, implies that results successive iterations of CIS are not strictly comparable.

## 15. Transport

In Table 15(b), the estimates are for those roads surveyed in all three years shown, rather than the full sample for each individual year.

## 16. Industrial property and office rental costs

Type 3 - Industrial / Warehouse units: Steel framed on concrete base, concrete block or brickwork to 2m, metal PVC covered cladding above. Eaves height 4.3-5.5m with lined

roof. 10-15 per cent office content. Detached on own site with private parking & loading facilities.

Type 1 Office Accommodation: Town Centre location. Self contained suite over 1,000 m<sup>2</sup> in office block erected in last 10 years, good standard of finish with a lift and good quality fittings to common parts. Limited car parking available.

## **17. Derelict and vacant land**

The information covering previously developed land now vacant or derelict are drawn from the National Land Use Database (NLUD) ([www.nlud.org.uk](http://www.nlud.org.uk)). These data are based on a periodic survey of unitary and local authorities covering vacant and derelict sites and other previously developed land and buildings that may be available for redevelopment.

Table 17 covers several distinct types of vacant or derelict land:

Previously developed vacant land: Land previously developed and is now vacant which could be developed without treatment. Treatment includes: demolition, clearing of fixed structures, foundations levelling etc.

Derelict land and buildings: Land so damaged by previous industrial or other development that it is incapable of beneficial use without treatment. This includes abandoned or unoccupied buildings in an advanced state of disrepair.

All land that is unused or may be available for redevelopment: Comprises previously developed vacant and derelict land: vacant buildings; land or buildings currently in use, which are allocated in a local plan for any developed use, have planning permission for any use (including single residential dwellings with planning permission for at least one additional dwelling) or with known potential for redevelopment.

**Sources****ANNEX 2**

Tables 1(a), 1(b), and 2(a)

Regional Accounts, Office for National Statistics (ONS)

[www.statistics.gov.uk/cci/nscl.asp?ID=6008](http://www.statistics.gov.uk/cci/nscl.asp?ID=6008)

Table 2(b)

Employment, Earnings and Productivity Division, ONS

[www.statistics.gov.uk/StatBase/Product.asp?vlnk=7476](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=7476)

Tables 3(a) to 3(c)

Annual Business Inquiry (ABI), ONS

[www.statistics.gov.uk/abi/default.asp](http://www.statistics.gov.uk/abi/default.asp)

Tables 4(a) to 4(c)

Statistics and Analysis of Trade Unit, HM Revenue and Customs

[www.uktradeinfo.com](http://www.uktradeinfo.com)

Tables 5(a) to 5(c)

New Earnings Survey, ONS

[www.statistics.gov.uk/STATBASE/Source.asp?vlnk=428](http://www.statistics.gov.uk/STATBASE/Source.asp?vlnk=428)

Annual Survey of Hours and Earnings, ONS

[www.statistics.gov.uk/CCI/article.asp?ID=985&Pos=1&ColRank=2&Rank=704](http://www.statistics.gov.uk/CCI/article.asp?ID=985&Pos=1&ColRank=2&Rank=704)

Department of Enterprise, Trade & Investment (Northern Ireland)

[www.statistics.detini.gov.uk](http://www.statistics.detini.gov.uk)

Tables 6(a) to 6(c)

Labour Market Division, ONS

[www.statistics.gov.uk/cci/nscl.asp?ID=6584](http://www.statistics.gov.uk/cci/nscl.asp?ID=6584)

Information can be downloaded free of charge from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

Tables 7 to 8(b)

Labour Market Division, ONS

[www.statistics.gov.uk/cci/nscl.asp?ID=6682](http://www.statistics.gov.uk/cci/nscl.asp?ID=6682)

Information can be downloaded free of charge from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

Tables 9(a) to 9(c)

Latest publication list for the Department for Innovation, Universities, Innovation and Skills and the Department for Children, Schools and Families.

<http://www.dcsf.gov.uk/rsgateway/whatsnew.shtml>

Information can be downloaded free of charge from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

Tables 10(a) to 10(e)

Department for Work and Pensions

<http://www.dwp.gov.uk/asd/tabtool.asp>

Department for Social Development (Northern Ireland)

[www.dsdni.gov.uk/index/stats\\_and\\_research/benefit\\_publications.htm](http://www.dsdni.gov.uk/index/stats_and_research/benefit_publications.htm)

Table 11

Neighbourhood Statistics, ONS

[www.neighbourhood.statistics.gov.uk](http://www.neighbourhood.statistics.gov.uk)

Tables 12(a) to 12(c)

Enterprise Directorate, BERR

<http://www.berr.gov.uk/bbf/enterprise-smes/index.html>

Table 13

GEM UK

<http://www.gemconsortium.org/>

Tables 14(a) to 14(c)

Business Enterprise R&D survey, ONS

[www.statistics.gov.uk/StatBase/Product.asp?vlnk=8206](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=8206)

Chart 14(d) and Table 14(e)

Community Innovation Survey, DIUS [LINK OUT OF DATE]

<http://www.berr.gov.uk/dius/innovation/innovation-statistics/cis/page10957.html>

Table 15(a)

Labour Market Division, ONS

[www.statistics.gov.uk/CCI/nscl.asp?ID=5001](http://www.statistics.gov.uk/CCI/nscl.asp?ID=5001)

Tables 15(b) and 15(c)

Department for Transport

[www.dft.gov.uk/stellent/groups/dft\\_control/documents/contentservertemplate/dft\\_index.html?n=15699&l=3](http://www.dft.gov.uk/stellent/groups/dft_control/documents/contentservertemplate/dft_index.html?n=15699&l=3)

Tables 16(a) and 16(b)

Valuation Office Agency, Inland Revenue

[www.voa.gov.uk/publications/index.htm](http://www.voa.gov.uk/publications/index.htm)

Table 17

National Land Use Database

[www.nlud.org.uk](http://www.nlud.org.uk)