# UK Competitiveness Index 2005


## The Changing State of the Nation
## 1997 - 2005

robert huggins
ASSOCIATES

# UK COMPETITIVENESS INDEX 2005
## The Changing State of the Nation 1997-2005

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# CHAPTER 01
# Introduction

**This report represents the 2005 edition of the UK Competitiveness Index, which was first introduced and published in April 2000. It represents the most up-to-date, thorough and authoritative benchmarking of the competitiveness of the UK's regions and localities, as well as setting UK competitiveness within an international context.**

The UK Competitiveness Index has been designed as an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. In this respect, we consider the most appropriate definition of competitiveness to be that developed by the American economist Michael Storper, who views it as the capability of an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it. This makes clear that competitiveness is not a zero-sum game, and does not rely on the shifting of a finite amount of resources from one place to another.

Competitiveness involves the upgrading and economic development of all places together, rather than the improvement of one place at the expense of another. However, competitiveness does involve balancing the different types of advantages that one place may hold over another - the range of differing strengths that the socio-economic environment affords to a particular place compared to elsewhere.

Since the UK Competitiveness Index was first introduced, the number of indicators and variables constituting the UK Regional and Local Competitiveness Indices has expanded. However, the fundamental methodology underlying them has remained the same. In this report we publish indices for 2005 (incorporating the most up-to-date data available) and retrospectively for 1997. This enables an examination of the changing competitiveness of the UK economy since 1997.

Due to space constraints it has proved impossible to list in full all the regional and local indicators prepared within the report. Therefore, a spreadsheet of the complete datasets is available in conjunction with this report for those interested in obtaining more detailed benchmarking or carrying out further analysis of their own.

The UK Regional Competitiveness Index is analysed in chapter 2 of the report, which also contains a range of indicators for 1997 and the most recent year currently available. These indicators relate to headline economic performance, the knowledge economy, the enterprise economy, trade competitiveness, education and the skills economy.

The report also introduces for the first time the UK Regional Share Index, which charts the progress of London Stock Exchange (LSE) listed companies by their regional location between 1997 and 2005. The UK Regional Share Index is a barometer of the changes in market sentiment towards LSE-listed businesses grouped by region. We contend that it is an up-to-date measure not only of the perceived competitiveness of those businesses listed on the LSE, but also the wider base of suppliers and contractors to these larger companies that will inevitably be located within the region.

Chapter 3 benchmarks the competitiveness of UK regions within an international context, as well as measuring the changing competitiveness of the UK economy as a whole in comparison with other nations around the globe.

The UK Local Competitiveness Index benchmarks the 434 local authority and district areas constituting the UK. Chapter 4 highlights the most and least competitive localities in the UK, as well as looking at those that have seen the biggest improvement or decline in their competitiveness since 1997.

Chapter 5 contains a profile of the UK's 12 regions and highlights the key competitiveness benchmarks relating to those localities within each of the respective regions.

Chapter 6 provides an overview analysis of the findings, while further methodological details relating to the UK Competitiveness Index are contained with the appendix.

# UK Regional Competitiveness Index

**The UK Regional Competitiveness Index conforms to the 3-Factor Model of Competitiveness (R. Huggins 'Creating a UK Competitiveness Index: Regional and Local Benchmarking', *Regional Studies*, Vol. 37.1, pp. 89-96, 2003), which is based on a linear framework of: (1) input; (2) output; and (3) outcome factors. This framework allows a series of indicator variables to be grouped within one of the three factors, from which three sub-composite indices and finally an overall composite index measure are established (further methodological details can be found in the appendix). Figure 2.01 illustrates the indicators utilised and their factor grouping.**

The UK Regional Competitiveness Index for 2005 is headed by London, with an index score 14.7% above the UK average. The top three positions remain the same as in 1997, with London being followed by South East England in second position (index score = 114.6) and Eastern England in third (109.0). These three remain the only regions performing above the UK average. However, the relative competitiveness of London has weakened considerably since 1997, with its index score falling by 4.5 percentage points. This results in an overall competitiveness score for 2005 that is only very marginally higher than that of South East England (114.7 compared with 114.6). East England has improved its relative competitiveness by 2.6 percentage points since 1997, the greatest improvement of all UK regions.

The East Midlands is ranked fourth, rising from a ranking of 5th in 1997, although its overall competitiveness is 4.5% below the UK average. South West England (93.2) has improved two places from 7th to 5th position, while the West Midlands remains static in 6th position, although its index score has dropped by 2.2 points. The North West (91.2) has moved up one position from 8th to 7th.

Aside from London, the region that has witnessed the biggest decline in its competitiveness since 1997 is Scotland, which has fallen from a ranking of 4th in 1997 to 8th position in 2005, with its index score falling by 3.1 percentage points from 94.1 to 91.0. This highlights the significant restructuring that has occurred within Scotland's manufacturing sector during this period.

The rank of the bottom four regions remains unchanged from 1997, with Yorkshire and the Humber (86.7) in 9th position followed in 10th by Northern

The 3 Factor Model Underlying the UK Regional Competitiveness Index

**Input factors**

R&D expenditure

Economic Activity Rates

Business Start-Up Rates per 1,000 Inhabitants

Number of Businesses per 1,000 Inhabitants

GCSE Results - 5 or more grades A* to C

Proportion of Working Age Population with NVQ Level 4 or Higher

Proportion of Knowledge-Based Businesses

**Output factors**

Gross Value Added per head at current basic prices

Exports per Head of Population

Imports per Head of Population

Proportion of Exporting Companies

Productivity- Output per Hour Worked

Employment Rates

**Outcome factors**

Gross weekly pay

Unemployment rates

Figure: 2.01

UK Regional Competitiveness Index 2005 and 1997 (UK=100)

| Rank | Region | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 1 | London | 114.7 | 119.2 | 1 | 0 | -4.5 |
| 2 | South East | 114.6 | 115.1 | 2 | 0 | -0.5 |
| 3 | Eastern | 109.0 | 106.4 | 3 | 0 | 2.6 |
| 4 | East Midlands | 95.5 | 94.1 | 5 | 1 | 1.4 |
| 5 | South West | 93.2 | 91.1 | 7 | 2 | 2.1 |
| 6 | West Midlands | 91.8 | 94.0 | 6 | 0 | -2.2 |
| 7 | North West | 91.2 | 89.9 | 8 | 1 | 1.4 |
| 8 | Scotland | 91.0 | 94.1 | 4 | -4 | -3.1 |
| 9 | Yorkshire and The Humber | 86.7 | 85.6 | 9 | 0 | 1.1 |
| 10 | Northern Ireland | 84.0 | 81.8 | 10 | 0 | 2.3 |
| 11 | Wales | 83.5 | 81.5 | 11 | 0 | 2.0 |
| 12 | North East | 81.2 | 79.2 | 12 | 0 | 2.0 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 2.01

Ireland (84.0), 11th Wales (83.5) and 12th North East England (81.2). All four of these regions have improved their relative competitiveness since 1997, ranging from a 2.3 percentage point increase for Northern Ireland to a 1.1 percentage point increase for Yorkshire and the Humber. However, these gains have not been enough to significantly narrow the gap with the UK's leading or middle ranked regions. Indeed, the gap between these four regions and the rest of the UK remains unacceptably wide, with the rate of improvement far below that required to ensure the catching-up of these continually lagging regions.

Be it in relative competitiveness or overall economic terms, the disparities inherited by the Labour Government in 1997 remain largely in place. The improvements that have occurred are hopefully a signal that any further widening of the competitiveness gap across the UK has at least been stemmed. It is also clear that improving the fortunes of the UK's lagging regions requires a very long-term commitment that goes far beyond policy fads and silver bullet solutions.

As we will see later in this report, for certain 'driver' or 'input' indicators of competitiveness - over which the government has some control - the performance of these lagging regions has improved, but in the main this has not been translated into improved business competitiveness or standards of living. This highlights that the ability of UK government policy, particularly regional policy, to connect with and positively influence the strategies of businesses is still relatively weak. Improving this government policy-business strategy connectivity will be one of the key challenges in coming years, as it is the primary means of ensuring that public sector funding of the competitiveness agenda in the UK does not merely perpetuate the dependency of our more peripheral and lagging regions on government sponsored employment.

Tables 2.02-2.04 provide sub-composite indices of the overall UK Competitiveness Index based on the appropriate input, output and outcome factors. Table 2.02 is an index of the following input factors: (1) R&D expenditure; (2) Economic Activity Rates; (3) Business Start-Up Rates per 1,000 Inhabitants; (4) Number of Businesses per 1,000 Inhabitants; (5) GCSE Results - 5 or more grades A* to C; (6) Proportion of Working Age Population with NVQ Level 4 or Higher; and (7) Proportion of Knowledge-Based Businesses. To a large extent, it mirrors the overall UK Competitiveness Index, although in this case South East England rather than London heads the rankings. The rankings remain largely unchanged between 1997 and 2005, although while South East England (-4.6 percentage

UK Regional Competitiveness Index 2005 and 1997 - Index of Input Factors

| Rank | Region | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 1 | South East | 117.2 | 121.7 | 1 | 0 | -4.6 |
| 2 | London | 111.6 | 115.5 | 2 | 0 | -4.0 |
| 3 | Eastern | 111.0 | 113.0 | 3 | 0 | -2.0 |
| 4 | South West | 102.4 | 102.4 | 4 | 0 | 0.0 |
| 5 | Scotland | 96.1 | 93.6 | 5 | 0 | 2.5 |
| 6 | East Midlands | 91.2 | 89.2 | 6 | 0 | 2.0 |
| 7 | North West | 88.7 | 84.7 | 8 | 1 | 4.0 |
| 8 | West Midlands | 84.6 | 87.2 | 7 | -1 | -2.6 |
| 9 | Northern Ireland | 83.5 | 82.2 | 9 | 0 | 1.3 |
| 10 | Yorkshire and The Humber | 81.5 | 79.0 | 10 | 0 | 2.5 |
| 11 | Wales | 81.0 | 78.0 | 11 | 0 | 3.0 |
| 12 | North East | 68.1 | 65.4 | 12 | 0 | 2.7 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 2.02

UK Regional Competitiveness Index 2005 and 1997 - Index of Output Factors

| Rank | Region | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 1 | South East | 123.3 | 120.1 | 2 | 1 | 3.2 |
| 2 | London | 117.3 | 128.8 | 1 | -1 | -11.5 |
| 3 | Eastern | 115.5 | 106.3 | 3 | 0 | 9.3 |
| 4 | East Midlands | 100.0 | 97.2 | 5 | 1 | 2.8 |
| 5 | West Midlands | 95.5 | 98.1 | 4 | -1 | -2.6 |
| 6 | North West | 89.0 | 88.5 | 7 | 1 | 0.5 |
| 7 | North East | 85.2 | 81.4 | 9 | 2 | 3.9 |
| 8 | Yorkshire and The Humber | 84.2 | 83.7 | 8 | 0 | 0.6 |
| 9 | Scotland | 81.8 | 93.0 | 6 | -3 | -11.2 |
| 10 | South West | 80.8 | 75.9 | 10 | 0 | 4.9 |
| 11 | Northern Ireland | 78.3 | 71.9 | 12 | 1 | 6.4 |
| 12 | Wales | 76.5 | 73.7 | 11 | -1 | 2.8 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 2.03

UK Regional Competitiveness Index 2005 and 1997 - Index of Outcome Factors

| Rank | Region | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 1 | London | 115.2 | 113.5 | 1 | 0 | 1.7 |
| 2 | South East | 104.0 | 104.0 | 2 | 0 | 0.0 |
| 3 | Eastern | 100.9 | 100.2 | 3 | 0 | 0.7 |
| 4 | South West | 97.3 | 96.4 | 6 | 2 | 0.9 |
| 5 | North West | 96.2 | 96.6 | 5 | 0 | -0.4 |
| 6 | West Midlands | 95.7 | 97.0 | 4 | -2 | -1.2 |
| 7 | Scotland | 95.6 | 95.7 | 8 | 1 | -0.1 |
| 8 | East Midlands | 95.4 | 95.9 | 7 | -1 | -0.6 |
| 9 | Yorkshire and The Humber | 94.8 | 94.7 | 9 | 0 | 0.1 |
| 10 | Wales | 93.6 | 93.7 | 10 | 0 | -0.1 |
| 11 | North East | 91.4 | 92.3 | 11 | 0 | -0.9 |
| 12 | Northern Ireland | 90.6 | 92.1 | 12 | 0 | -1.5 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 2.04

points) and London (-4.0) have seen a contraction in their index score, North West England (4.0), Wales (3.0) and the North East (2.7) have improved the overall performance of their input factors.

A sub-composite index of the following output factors of the UK Competitiveness Index is shown by Table 2.03: (1) Gross Value Added per head at current basic prices; (2) Exports per Head of Population; (3) Imports per Head of Population; (4) Proportion of Exporting Companies; (5) Productivity- Output per Hour Worked; and (6) Employment Rates. London, which headed the rankings in 1997, has been passed by South East England in 2005, with London's index score dropping by a massive 11.5 percentage points. Similarly, Scotland's index score has contracted by 11.2 percentage points and a fall in the rankings from 6th in 1997 to 9th in 2005. The biggest gains have been achieved by Eastern England (9.3 points) and Northern Ireland (6.4 points).

Measures of gross weekly pay and unemployment rates form the sub-composite of outcome factors. Table 2.04 shows that the gap between the top and bottom ranked regions for these two indicators of standards of living has actually increased since 1997. This highlights the problem of transferring gains elsewhere in the competitiveness chain into improved standards of living, an issue which has been accentuated in recent years by the rapid rise in house prices, i.e. wages and the ability to earn to have not kept pace with the increased cost of purchasing property.

## Key Indicators

Table 2.05 highlights regional GVA (Gross Value Added) per head for 1997 and 2002 (the most recent year available), with the final column of the table showing the compound annual growth rate (CAGR) for each region. In general, we can see there has been no reduction in the GVA gap since 2002, and little variation in regional growth rates. If the lagging regions are to catch-up they must produce growth rates that are at least above the UK average. However, in the case of Yorkshire and the Humber, North East England and Wales, their average growth rates remain below the UK average. The exception is Northern Ireland, which over the five-year period had an average annual growth rate of 5.0%, compared with the UK average of 4.8%.

Table 2.06 presents an index of regional productivity, measured by output per hour worked, for the period 1997-2003. London heads the rankings for both years, although it has experienced a relative decline in productivity amounting to 0.9% annually. Conversely, South East England

Regional Gross Value Added per Head at Current Basic Prices (1997-2002)

| Rank | Region | (GVA) per head at current basic prices (2002) | (GVA) per head at current basic prices (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | £20,990 | £15,803 | 1 | 0 | 4.8% |
| 2 | South East | £18,411 | £13,605 | 2 | 0 | 5.2% |
| 3 | Eastern | £17,452 | £13,001 | 3 | 0 | 5.0% |
| 4 | Scotland | £15,409 | £11,980 | 4 | 0 | 4.3% |
| 5 | South West | £15,038 | £11,268 | 6 | 1 | 4.9% |
| 6 | West Midlands | £14,538 | £11,258 | 7 | 1 | 4.4% |
| 7 | East Midlands | £14,505 | £11,366 | 5 | -2 | 4.1% |
| 8 | North West | £14,346 | £10,826 | 9 | 1 | 4.8% |
| 9 | Yorkshire and The Humber | £14,222 | £10,849 | 8 | -1 | 4.6% |
| 10 | Northern Ireland | £12,971 | £9,705 | 12 | 2 | 5.0% |
| 11 | North East | £12,736 | £9,834 | 10 | -1 | 4.4% |
| 12 | Wales | £12,629 | £9,809 | 11 | -1 | 4.3% |
| | United Kingdom | £16,383 | £12,339 | | | 4.8% |

Table: 2.05

Regional Productivity - Index of Output per Hour Worked (1997-2003)

| Rank | Region | Index of Output per Hour Worked (2003) | Index of Output per Hour Worked (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | 115.4 | 121.5 | 1 | 0 | -0.9% |
| 2 | South East | 106.5 | 99.1 | 3 | 1 | 1.2% |
| 3 | Scotland | 98.1 | 101.7 | 2 | -1 | -0.6% |
| 4 | Eastern | 97.1 | 98.6 | 4 | 0 | -0.3% |
| 5 | East Midlands | 96.9 | 97.1 | 7 | 2 | 0.0% |
| 6 | South West | 95.4 | 90.0 | 11 | 5 | 1.0% |
| 7 | North East | 95.1 | 97.7 | 6 | -1 | -0.4% |
| 8 | West Midlands | 94.6 | 92.3 | 10 | 2 | 0.4% |
| 9 | North West | 94.4 | 97.8 | 5 | -4 | -0.6% |
| 10 | Yorkshire and The Humber | 93.7 | 94.6 | 9 | -1 | -0.2% |
| 11 | Wales | 91.9 | 94.7 | 8 | -3 | -0.5% |
| 12 | Northern Ireland | 84.3 | 85.0 | 12 | 0 | -0.1% |
| | United Kingdom | 100.0 | 100.0 | | | 0.0% |

Table: 2.06

Regional Gross Weekly Pay (1999-2003)

| Rank | Region | Gross weekly pay (2003) | Gross weekly pay (1999) | Rank in 1999 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | £637.19 | £525.15 | 1 | 0 | 5.0% |
| 2 | South East | £505.44 | £423.68 | 2 | 0 | 4.5% |
| 3 | Eastern | £475.90 | £397.33 | 3 | 0 | 4.6% |
| 4 | South West | £440.56 | £365.43 | 7 | 3 | 4.8% |
| 5 | North West | £437.56 | £373.79 | 5 | 0 | 4.0% |
| 6 | Scotland | £436.76 | £370.17 | 6 | 0 | 4.2% |
| 7 | West Midlands | £435.76 | £375.65 | 4 | -3 | 3.8% |
| 8 | East Midlands | £428.65 | £362.49 | 8 | 0 | 4.3% |
| 9 | Yorkshire and The Humber | £425.51 | £360.81 | 9 | 0 | 4.2% |
| 10 | Wales | £414.48 | £354.01 | 10 | 0 | 4.0% |
| 11 | North East | £402.08 | £349.68 | 11 | 0 | 3.6% |
| 12 | Northern Ireland | £392.16 | £345.37 | 12 | 0 | 3.2% |
| | United Kingdom | £473.76 | £400.09 | | | 4.3% |

Table: 2.07

has witnessed an average annual relative improvement in productivity of 1.2%. It is worrying to note that the UK's four least competitive regions - North East England, Yorkshire and the Humber, Northern Ireland and Wales - have all experienced declines in their relative productivity rates. Of these regions, Wales has been the worst affected with relative productivity rates declining by an average of 0.5% annually.

Table 2.07 illustrates the widening regional pay gap that has occurred in the UK between 1999 and 2003. Whilst pay rates in London, South East England and Eastern England grew by annual average of 5%, 4.5% and 4.6% respectively during the period, the growth rates for Yorkshire and the Humber (4.2%), Wales (4.0%), North East England (3.6%) and Northern Ireland (3.2%) all remain below the average UK annual growth rate. This highlights the increased disparity in standards of living taking place across the UK.

Between 1997 and 2003 there has been a significant fall in unemployment rates across the UK, as highlighted by Table 2.08. Those regions achieving the biggest falls in their unemployment rates are South West England - which had the lowest regional unemployment rate in 2003 - Eastern England and Wales. In 2003, London had the highest regional unemployment rate in the UK, highlighting the intra-regional social and economic divides that continue to exist in the UK's capital.

Table 2.09 highlights changes in regional employment rates for the period 1997-2003, which to some extent mirror the changes in unemployment rates. Those regions with the highest employment rates remain unchanged since 1997, led by South East England and followed by South West England and Eastern England. London is the only region that has seen no improvement in its employment rate since 1997, which has remained static at 70.3%. The biggest gains have been achieved by Wales, with its employment rate increasing by an annual average of 1.1% between 1997 and 2003.

Despite improvements in unemployment and employment rates, overall rates of economic activity have proved rather more difficult to raise, with the UK rate of economic activity improving only slightly from 78.2% to 78.8% between 1997 and 2003 (Table 2.10). Indeed, the East Midlands, London and the North East all experienced a drop in their activity rates over the same period. Those regions with the highest rates remain South East England, Eastern England and South West England. Scotland, the North West, Wales and Northern Ireland all increased their activity rates during this six-year period.

Regional Unemployment Rates (1997-2003)

| Rank | Region | Unemployment rate - working age (2003) | Unemployment rate - working age (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South West | 3.5 | 5.4 | 2 | 1 | -7.0% |
| 2 | Eastern | 3.8 | 5.8 | 4 | 2 | -6.8% |
| 3 | South East | 3.9 | 5.0 | 1 | -2 | -4.1% |
| 4 | East Midlands | 4.7 | 5.5 | 3 | -1 | -2.6% |
| 5 | North West | 4.9 | 7.0 | 6 | 1 | -5.8% |
| 6 | Yorkshire and The Humber | 5.1 | 7.5 | 7 | 1 | -6.2% |
| 7 | Wales | 5.1 | 7.7 | 8 | 1 | -6.6% |
| 8 | West Midlands | 5.5 | 6.8 | 5 | -3 | -3.5% |
| 9 | Scotland | 5.9 | 7.8 | 9 | 0 | -4.5% |
| 10 | Northern Ireland | 6.1 | 8.6 | 10 | 0 | -5.6% |
| 11 | North East | 6.8 | 9.3 | 12 | 1 | -5.1% |
| 12 | London | 7.1 | 9.3 | 11 | -1 | -4.4% |
| | United Kingdom | 5.1 | 6.9 | | | -4.9% |

Table: 2.08

Regional Employment Rates (1997-2003)

| Rank | Region | Employment Rate (2003) | Employment Rate (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South East | 79.3 | 77.9 | 1 | 0 | 0.3% |
| 2 | South West | 78.6 | 77.1 | 2 | 0 | 0.3% |
| 3 | Eastern | 78.5 | 75.9 | 3 | 0 | 0.6% |
| 4 | East Midlands | 76.1 | 75.3 | 4 | 0 | 0.2% |
| 5 | Scotland | 74.6 | 70.3 | 8 | 3 | 1.0% |
| 6 | Yorkshire and The Humber | 74.1 | 70.5 | 6 | 0 | 0.8% |
| 7 | West Midlands | 74.0 | 72.7 | 5 | -2 | 0.3% |
| 8 | North West | 73.3 | 69.9 | 9 | 1 | 0.8% |
| 9 | Wales | 73.0 | 68.2 | 10 | 1 | 1.1% |
| 10 | London | 70.3 | 70.3 | 7 | -3 | 0.0% |
| 11 | Northern Ireland | 69.7 | 66.5 | 12 | 1 | 0.8% |
| 12 | North East | 68.2 | 66.8 | 11 | -1 | 0.3% |
| | United Kingdom | 74.7 | 72.6 | | | 0.5% |

Table: 2.09

Regional Economic Activity Rates (1997-1003)

| Rank | Region | Economic Activity Rate (2003) | Economic Activity Rate (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South East | 82.5 | 82.3 | 1 | 0 | 0.0% |
| 2 | Eastern | 81.9 | 80.7 | 3 | 1 | 0.2% |
| 3 | South West | 81.8 | 81.5 | 2 | -1 | 0.1% |
| 4 | East Midlands | 79.5 | 80.4 | 4 | 0 | -0.2% |
| 5 | Scotland | 79.1 | 76.9 | 7 | 2 | 0.5% |
| 6 | West Midlands | 78.6 | 78.1 | 5 | -1 | 0.1% |
| 7 | Yorkshire and The Humber | 78.4 | 76.8 | 8 | 1 | 0.3% |
| 8 | North West | 77.2 | 75.1 | 9 | 1 | 0.5% |
| 9 | Wales | 76.5 | 74.5 | 10 | 1 | 0.4% |
| 10 | London | 75.6 | 77.5 | 6 | -4 | -0.4% |
| 11 | Northern Ireland | 73.7 | 72.0 | 12 | 1 | 0.4% |
| 12 | North East | 73.0 | 74.2 | 11 | -1 | -0.3% |
| | United Kingdom | 78.8 | 78.2 | | | 0.1% |

Table: 2.10

## The Knowledge Economy

The knowledge-base of an economy can be defined as its capacity and capability to create and innovate new ideas, thoughts, processes and products, and to translate these into economic value and wealth. Therefore, within the emerging global knowledge economy, regions compete on value and innovation, rather than costs alone. As UK regions make the transition to knowledge economies we would expect to see increases in knowledge creation, absorption and transfer, as measured by indicators such as the density of knowledge-based businesses, investment in R&D, and patent applications.

Table 2.11 shows the proportion of knowledge-based businesses in a region as a proportion of all businesses. The OECD definition of knowledge-based businesses is used, covering the following sectors:

- Pharmaceuticals
- Office machinery and computers
- Aerospace
- Precision instruments
- Electrical/Electronic engineering
- Telecommunications
- Financial intermediation, except insurance and pension funding
- Insurance and pension funding, except compulsory social security
- Activities auxiliary to financial intermediation
- Computer & related activities
- R&D
- Other business activities
- Motion picture and video activities
- Radio & television activities.

Those regions with the largest proportion of knowledge-based business remain the big three regions of London, South East England and Eastern England, with knowledge-based businesses accounting for 28.6%, 26.9% and 21.6% respectively of the total number of businesses in each region in 2003. However, the growth in knowledge-based businesses in these regions since 1997 has in most cases been lower than that experienced in other regions. With the exception of the East Midlands and Yorkshire and the Humber, growth in knowledge-based business activity in those regions outside of the leading three has been above the UK average. However, the gap between the top and bottom performing regions remains large, with the density of knowledge-based businesses in London being more than twice that of Wales.

The generation of new ideas is represented by the level of patent applications, as the nearest proxy to direct indicators of knowledge formation and knowledge capitalisation. The number of patents can be used to indicate how successful a region is in converting knowledge into potentially

Regional Proportion of Knowledge-Based Businesses (1997-2003)

| Rank | Region | Proportion of Knowledge-Based Businesses (2003) | Proportion of Knowledge-Based Businesses (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | 28.6% | 27.2% | 1 | 0 | 0.8% |
| 2 | South East | 26.9% | 24.2% | 2 | 0 | 1.8% |
| 3 | Eastern | 21.6% | 20.0% | 3 | 0 | 1.3% |
| 4 | North West | 20.2% | 15.5% | 5 | 1 | 4.5% |
| 5 | South West | 18.7% | 15.6% | 4 | -1 | 3.1% |
| 6 | West Midlands | 17.6% | 14.2% | 7 | 1 | 3.7% |
| 7 | Scotland | 17.0% | 13.6% | 9 | 2 | 3.8% |
| 8 | East Midlands | 16.6% | 14.5% | 6 | -2 | 2.2% |
| 9 | Yorkshire and The Humber | 15.6% | 14.1% | 8 | -1 | 1.7% |
| 10 | North East | 15.4% | 13.5% | 10 | 0 | 2.2% |
| 11 | Northern Ireland | 15.2% | 11.8% | 12 | 1 | 4.4% |
| 12 | Wales | 14.1% | 11.9% | 11 | -1 | 2.8% |
| | United Kingdom | 21.2% | 18.6% | | | 2.3% |

Table: 2.11

Regional Patent Applications per Million Inhabitants (1997-2002)

| Rank | Region | Patents per Million Inhabitants (2002) | Patents per Million Inhabitants (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South East | 204.8 | 144.6 | 1 | 0 | 7.2% |
| 2 | South West | 150.8 | 91.1 | 2 | 0 | 10.6% |
| 3 | East Midlands | 112.0 | 88.1 | 3 | 0 | 4.9% |
| 4 | London | 104.3 | 67.8 | 7 | 3 | 9.0% |
| 5 | West Midlands | 100.0 | 74.6 | 5 | 0 | 6.0% |
| 6 | North West | 96.0 | 75.3 | 4 | -2 | 5.0% |
| 7 | Scotland | 95.3 | 60.0 | 8 | 1 | 9.7% |
| 8 | Yorkshire and The Humber | 82.4 | 57.7 | 9 | 1 | 7.4% |
| 9 | Wales | 69.0 | 41.5 | 11 | 2 | 10.7% |
| 10 | Eastern | 68.1 | 56.6 | 10 | 0 | 3.8% |
| 11 | North East | 65.1 | 69.2 | 6 | -5 | -1.2% |
| 12 | Northern Ireland | 45.1 | 14.6 | 12 | 0 | 25.4% |
| | United Kingdom | 128.7 | 90.4 | | | 7.3% |

Table: 2.12

Regional R&D Expenditure by Business Enterprises as a % of GDP (1997-2002)

| Rank | Region | R&D Exp (as % of GDP) Business enterprise sector (2002) | R&D Exp (as % of GDP) Business enterprise sector (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | Eastern | 3.07 | 3.41 | 1 | 0 | -2.1% |
| 2 | South East | 2.12 | 2.09 | 2 | 0 | 0.3% |
| 3 | East Midlands | 1.63 | 1.34 | 4 | 1 | 4.0% |
| 4 | North West | 1.59 | 1.39 | 3 | -1 | 2.7% |
| 5 | South West | 1.58 | 1.23 | 5 | 0 | 5.1% |
| 6 | West Midlands | 0.84 | 0.96 | 6 | 0 | -2.6% |
| 7 | Scotland | 0.75 | 0.51 | 8 | 1 | 8.0% |
| 8 | Northern Ireland | 0.63 | 0.44 | 10 | 2 | 7.4% |
| 9 | London | 0.46 | 0.44 | 9 | 0 | 0.9% |
| 10 | Yorkshire and The Humber | 0.46 | 0.42 | 11 | 1 | 1.8% |
| 11 | Wales | 0.46 | 0.35 | 12 | 1 | 5.6% |
| 12 | North East | 0.37 | 0.57 | 7 | -5 | -8.3% |
| | United Kingdom | 1.19 | 1.19 | | | 0.0% |

Table: 2.13

commercially valuable products and processes. This indicator is not perfect, as patents are measures of invention rather than innovation, and may be a better indicator for some industries rather than others. For example, automotive companies are more likely to patent than financial service companies. Nevertheless, patent generation remains an important indicator of knowledge-based economic competitiveness and development.

As shown by Table 2.12, with the exception of North East England, patent applications increased significantly across the UK during the period 1997-2002. The UK as a whole experienced an average annual increase in applications of 7.3% during the period. The highest increases in application rates occurred in Northern Ireland (25.4%), Wales (10.7%), and South West England (10.6%). Those regions with the highest application rates per capita in 2002 were South East England, South West England and the East Midlands. Once again, however, the range of application rates across regions remains large.

Table 2.13 shows regional R&D expenditure by businesses as a percentage of total gross domestic product (GDP) for the years 1997 and 2002. The leading regions are Eastern England, South East England and the East Midlands, while the poorest performers are North East England, Wales and Yorkshire and the Humber. However, it is the gulf between the top and bottom performing regions that is the most striking feature of this indicator, with businesses in Eastern England investing almost ten times as much of the region's GDP in R&D compared with that of businesses in North East England. Furthermore, businesses in North East England are investing proportionately less in R&D in 2002 than they were in 1997. This confirms the divide in competitiveness and innovation capability that exists across the UK, and the need for greater engagement between policymakers and business managers.

Government expenditure on R&D in the UK has traditionally been skewed towards the southern regions of England, and this largely remains the case. As shown by Table 2.14, with the exception of Scotland, the only regions with government R&D expenditure - as a proportion of total regional GDP - levels above the UK average in either 1997 or 2002 were Eastern England, South East England and South West England. Indeed, all other regions receive less than one-half of these levels, with North East England having a level amounting to only one-sixteenth of Eastern England. Over the period 1997-2002 the West Midlands has suffered the most, with government R&D expenditure as a proportion of total GDP falling from 0.23% in 1997 to only 0.06% in 2002.

Regional R&D Expenditure by Government as a % of GDP (1997-2002)

| Rank | Region | R&D Exp (as % of GDP) Government sector (2002) | R&D Exp (as % of GDP) Government sector (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | Eastern | 0.32 | 0.44 | 2 | 1 | -6.2% |
| 2 | South East | 0.30 | 0.57 | 1 | -1 | -12.0% |
| 3 | South West | 0.28 | 0.38 | 3 | 0 | -5.9% |
| 4 | Scotland | 0.28 | 0.37 | 4 | 0 | -5.4% |
| 5 | London | 0.11 | 0.13 | 6 | 1 | -3.3% |
| 6 | East Midlands | 0.10 | 0.12 | 7 | 1 | -3.6% |
| 7 | Wales | 0.10 | 0.08 | 9 | 2 | 4.6% |
| 8 | Yorkshire and The Humber | 0.08 | 0.07 | 11 | 3 | 2.7% |
| 9 | West Midlands | 0.06 | 0.23 | 5 | -4 | -23.6% |
| 10 | Northern Ireland | 0.06 | 0.09 | 8 | -2 | -7.8% |
| 11 | North West | 0.06 | 0.07 | 10 | -1 | -3.0% |
| 12 | North East | 0.02 | 0.01 | 12 | 0 | 14.9% |
| | United Kingdom | 0.22 | 0.25 | | | -2.5% |

Table: 2.14

Regional R&D Expenditure by Higher Education as a % of GDP (1997-2002)

| Rank | Region | R&D Exp (as % of GDP) HE sector (2002) | R&D Exp (as % of GDP) HE sector (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | Scotland | 0.69 | 0.51 | 1 | 0 | 6.2% |
| 2 | London | 0.51 | 0.48 | 2 | 0 | 1.2% |
| 3 | North East | 0.46 | 0.35 | 5 | 2 | 5.6% |
| 4 | Wales | 0.46 | 0.35 | 6 | 2 | 5.6% |
| 5 | Eastern | 0.45 | 0.31 | 7 | 2 | 7.7% |
| 6 | Yorkshire and The Humber | 0.44 | 0.37 | 4 | -2 | 3.5% |
| 7 | South East | 0.40 | 0.38 | 3 | -4 | 1.0% |
| 8 | East Midlands | 0.36 | 0.29 | 8 | 0 | 4.4% |
| 9 | Northern Ireland | 0.36 | 0.28 | 9 | 0 | 5.2% |
| 10 | North West | 0.34 | 0.27 | 10 | 0 | 4.7% |
| 11 | West Midlands | 0.27 | 0.23 | 11 | 0 | 3.3% |
| 12 | South West | 0.24 | 0.21 | 12 | 0 | 2.7% |
| | United Kingdom | 0.40 | 0.36 | | | 2.1% |

Table: 2.15

Regional Business Start-Up Rates per 1,000 Inhabitants (1997-2003)

| Rank | Region | Business Start-Up Rate per 1,000 Inhabitants (2003) | Business Start-Up Rate per 1,000 Inhabitants (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | 5.0 | 5.3 | 1 | 0 | -1.0% |
| 2 | South East | 3.8 | 3.9 | 2 | 0 | -0.6% |
| 3 | Eastern | 3.4 | 3.6 | 3 | 0 | -0.7% |
| 4 | South West | 3.2 | 3.3 | 4 | 0 | -0.6% |
| 5 | East Midlands | 3.0 | 2.8 | 5 | 0 | 0.9% |
| 6 | West Midlands | 2.9 | 2.8 | 6 | 0 | 0.8% |
| 7 | North West | 2.8 | 2.7 | 7 | 0 | 0.7% |
| 8 | Yorkshire and The Humber | 2.7 | 2.4 | 9 | 1 | 1.9% |
| 9 | Scotland | 2.4 | 2.4 | 8 | -1 | -0.6% |
| 10 | Northern Ireland | 2.2 | 2.4 | 10 | 0 | -1.1% |
| 11 | Wales | 2.4 | 2.2 | 11 | 0 | 1.0% |
| 12 | North East | 1.8 | 1.6 | 12 | 0 | 2.0% |
| | United Kingdom | 3.2 | 3.2 | | | 0.0% |

Table: 2.16

Scotland has the highest level of R&D expenditure by the higher education sector as a proportion of regional GDP, and heads the rankings in both 1997 and 2002, increasing the percentage spent from 0.51% in 1997 to 0.69% in 2002. Scotland is followed by London, which was ranked 2nd in both 1997 and 2002. The 3rd and 4th ranked regions are North East England and Wales respectively, both of which have achieved an average annual growth of 5.6% for the years 1997 to 2002. This highlights that due to a lack of significant business and government R&D expenditure they are heavily dependent on their universities and higher education institutions to generate R&D and innovation. Although in both regions, as well as others, policies have been put in place to capture the economic development and competitive capacity of these institutions, such initiatives should not be instigated at the expense of furthering the role of the private sector within the knowledge economy.

## The Enterprise Economy

Despite the government's commitment to further stimulate and develop the UK's enterprise economy, it is clear that so far it has achieved very little success. Business start-up rates across the UK remain the same in 2003 as they were in 1997, at 3.2 start-ups per 1,000 inhabitants. At the regional level there has been very little change in the start-up rankings since 1997. Those regions with the highest start-up rates are London (5.0), South East England (3.8) and Eastern England (3.4). However, all three of these regions have seen a fall in their start-up rates since 1997. More positively, the economically lagging regions of Yorkshire and the Humber, Wales and North East England have all seen some improvement in their start-up rate since 1997.

Table 2.17 benchmarks regional self-employment rates (including those for the agriculture sector) across the UK in 1997 and 2003. The highest levels of self-employment in 2003 were in South West England (ranked 3rd in 1997), South East England (ranked 4th in 1997) and London (ranked 1st in 1997). The order of the lowest ranked regions in 2003 remains unchanged from that in 1997: North East England (12th); Scotland (11th); and Yorkshire and the Humber (10th).

As well as generating new businesses, it is also important to ensure the survival of those businesses already in operation. Table 2.18 shows regional business survival rates for the years 1997 and 2000. The region with the highest business survival rate in 2000 was Northern Ireland (ranked 4th in 1997), followed by South East England (also ranked 2nd in 1997) and

Regional Self-Employment Rates (1997-2003)

| Rank | Region | Self-employed as proportion of all in employment aged 16+ (2003) | Self-employed as proportion of all in employment aged 16+ (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South West | 16.4 | 14.7 | 3 | 2 | 3.7% |
| 2 | South East | 14.6 | 14.0 | 4 | 2 | 1.4% |
| 3 | London | 14.4 | 15.7 | 1 | -2 | -2.8% |
| 4 | Wales | 13.9 | 12.5 | 6 | 2 | 3.6% |
| 5 | Eastern | 13.2 | 13.7 | 5 | 0 | -1.2% |
| 6 | Northern Ireland | 12.5 | 15.0 | 2 | -4 | -5.9% |
| 7 | West Midlands | 11.8 | 11.2 | 9 | 2 | 1.8% |
| 8 | North West | 11.6 | 11.2 | 8 | 0 | 1.2% |
| 9 | East Midlands | 11.4 | 11.9 | 7 | -2 | -1.4% |
| 10 | Yorkshire and The Humber | 11.3 | 10.5 | 10 | 0 | 2.5% |
| 11 | Scotland | 10.8 | 10.0 | 11 | 0 | 2.6% |
| 12 | North East | 9.1 | 8.1 | 12 | 0 | 4.0% |
| | United Kingdom | 12.6 | 12.9 | | | -0.8% |

Table: 2.17

Regional Business Survival Rates (% over 12 months) (1997-2000)

| Rank | Region | Business Survival Rate (% over 12 months) (2000) | Business Survival Rate (% over 12 months) (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | Northern Ireland | 93.8 | 90.3 | 4 | 3 | 1.3% |
| 2 | South East | 92.7 | 90.6 | 2 | 0 | 0.8% |
| 3 | South West | 91.9 | 90.3 | 3 | 0 | 0.6% |
| 4 | London | 91.6 | 88.1 | 7 | 3 | 1.3% |
| 5 | Eastern | 91.3 | 90.7 | 1 | -4 | 0.2% |
| 6 | North East | 91.2 | 88.8 | 5 | -1 | 0.9% |
| 7 | Scotland | 91.1 | 87.3 | 10 | 3 | 1.4% |
| 8 | West Midlands | 91.1 | 87.2 | 11 | 3 | 1.5% |
| 9 | Yorkshire and The Humber | 90.9 | 88.1 | 8 | -1 | 1.0% |
| 10 | North West | 90.6 | 86.3 | 12 | 2 | 1.6% |
| 11 | Wales | 90.4 | 87.9 | 9 | -2 | 0.9% |
| 12 | East Midlands | 90.1 | 88.4 | 6 | -6 | 0.6% |
| | United Kingdom | 91.4 | 88.7 | | | 1.0% |

Table: 2.18

Regional Business Density - Number of Businesses per 1,000 Inhabitants (1997-2003)

| Rank | Region | Businesses per 1,000 Inhabitants (2003) | Businesses per 1,000 Inhabitants (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | 38.8 | 36.7 | 1 | 0 | 0.9% |
| 2 | South East | 35.4 | 32.8 | 4 | 2 | 1.3% |
| 3 | Northern Ireland | 33.9 | 33.1 | 2 | -1 | 0.4% |
| 4 | South West | 33.8 | 32.9 | 3 | -1 | 0.5% |
| 5 | Eastern | 33.5 | 32.0 | 5 | 0 | 0.7% |
| 6 | East Midlands | 29.2 | 27.8 | 6 | 0 | 0.8% |
| 7 | West Midlands | 28.5 | 26.8 | 8 | 1 | 1.0% |
| 8 | Wales | 26.9 | 27.0 | 7 | -1 | 0.0% |
| 9 | Yorkshire and The Humber | 25.9 | 24.9 | 9 | 0 | 0.7% |
| 10 | North West | 25.3 | 24.0 | 11 | 1 | 0.9% |
| 11 | Scotland | 25.0 | 24.1 | 10 | -1 | 0.6% |
| 12 | North East | 17.9 | 16.8 | 12 | 0 | 1.0% |
| | United Kingdom | 30.4 | 28.9 | | | 0.9% |

Table: 2.19

South West England (also ranked 3rd in 1997). Those regions with the lowest business survival rates in 2000 were the East Midlands (12th), Wales (11th), North West England (10th) and Yorkshire and the Humber (9th).

Business density is a strong measure of the potential for sustainable competitiveness and economic growth through the generation and development of entrepreneurs and their firms. Table 2.19 shows regional business densities - measured by the number of businesses per 1000 inhabitants - in 1997 and 2003. The rankings have remained relatively fixed across the two years, with the highest ranked region in 2003 being London (also ranked 1st in 1997), South East England (ranked 4th in 1997), and Northern Ireland (ranked 2nd in 1997). Those regions with the lowest business densities in 2003 are the North East (12th), Scotland (11th), the North West (10th), and Yorkshire and the Humber (9th).

## Trade Competitiveness

The proportion of exporting companies within a region is a measure of its potential tradability. Table 2.20 shows the proportion of exporting companies in UK regions in 2001 and 2003. Those regions with the highest proportion of exporting companies in 2001 are the West Midlands, London, the East Midlands, and South East England. The lowest proportion of exporting companies are to be found in Wales (12th), Northern Ireland (11th) and Scotland (10th), with Wales having a proportion of exporting companies that is only one-half of the proportion located in the West Midlands and London.

Exports are a further measure of tradability and Table 2.21 shows exports per head of population for 1997 and 2003. In 2003 South East England had the highest amount of exports per head of population (ranked 3rd in 1997), followed by the East Midlands (5th in 1997) and Eastern England (6th in 1997). Those regions with the lowest amount of exports per head in 2003 are South West England (12th), Yorkshire and the Humber (11th), Northern Ireland (10th) and Wales (9th). Only Scotland and the West Midlands saw a fall in exports per head for the period 1997-2003, illustrating the strains incurred by their manufacturing sector during this period.

Along with exports, imports must also be measured to gain a fuller picture of regional engagement in the international economy and its supply-chains. As shown by Table 2.22, those regions with the highest level of imports per head in 2003 were South East England (2nd in 1997), Eastern England (3rd in 1997) and London (1st in 1997). The fall of London from the top spot

Regional Proportion of Exporting Companies (2001-2003)

| Rank | Region | Proportion of Exporting Companies (2003) | Proportion of Exporting Companies (2001) | Rank in 2001 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | West Midlands | 3.2% | 3.0% | 2 | 1 | 3.1% |
| 2 | London | 3.2% | 3.0% | 1 | -1 | 1.9% |
| 3 | East Midlands | 3.1% | 2.9% | 3 | 0 | 3.5% |
| 4 | South East | 3.0% | 2.9% | 4 | 0 | 3.3% |
| 5 | Eastern | 2.9% | 2.7% | 5 | 0 | 3.9% |
| 6 | Yorkshire and The Humber | 2.8% | 2.6% | 6 | 0 | 4.4% |
| 7 | North West | 2.7% | 2.5% | 7 | 0 | 3.5% |
| 8 | North East | 2.2% | 2.1% | 8 | 0 | 2.7% |
| 9 | South West | 2.1% | 1.8% | 9 | 0 | 6.7% |
| 10 | Scotland | 1.9% | 1.8% | 10 | 0 | 5.1% |
| 11 | Northern Ireland | 1.9% | 1.7% | 11 | 0 | 6.2% |
| 12 | Wales | 1.6% | 1.5% | 12 | 0 | 5.9% |
| | United Kingdom | 2.7% | 2.5% | | | 3.7% |

Table: 2.20

Regional Exports per Head of Population (1997-2003)

| Rank | Region | £ of Exports per Head of Population (2003) | £ of Exports per Head of Population (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South East | £3.56 | £2.97 | 3 | 2 | 3.0% |
| 2 | East Midlands | £3.33 | £2.40 | 5 | 3 | 5.7% |
| 3 | Eastern | £3.23 | £2.25 | 6 | 3 | 6.2% |
| 4 | London | £3.16 | £3.00 | 2 | -2 | 0.8% |
| 5 | North East | £3.16 | £2.18 | 8 | 3 | 6.4% |
| 6 | Scotland | £2.60 | £3.03 | 1 | -5 | -2.5% |
| 7 | West Midlands | £2.51 | £2.59 | 4 | -3 | -0.5% |
| 8 | North West | £2.50 | £2.20 | 7 | -1 | 2.1% |
| 9 | Wales | £2.44 | £1.99 | 9 | 0 | 3.4% |
| 10 | Northern Ireland | £2.38 | £1.47 | 11 | 1 | 8.3% |
| 11 | Yorkshire and The Humber | £1.86 | £1.65 | 10 | -1 | 2.0% |
| 12 | South West | £1.82 | £1.32 | 12 | 0 | 5.5% |
| | United Kingdom | £2.77 | £2.38 | | | 2.6% |

Table: 2.21

Regional Imports per Head of Population (1997-2003)

| Rank | Region | £ of Imports per Head of Population (2003) | £ of Imports per Head of Population (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | South East | £6.76 | £5.10 | 2 | 1 | 4.8% |
| 2 | Eastern | £6.13 | £3.74 | 3 | 1 | 8.6% |
| 3 | London | £5.11 | £5.55 | 1 | -2 | -1.4% |
| 4 | West Midlands | £3.11 | £2.35 | 4 | 0 | 4.8% |
| 5 | East Midlands | £2.96 | £2.23 | 5 | 0 | 4.8% |
| 6 | North West | £2.43 | £1.77 | 7 | 1 | 5.5% |
| 7 | Yorkshire and The Humber | £2.24 | £1.67 | 8 | 1 | 5.0% |
| 8 | Northern Ireland | £2.20 | £1.52 | 9 | 1 | 6.4% |
| 9 | North East | £2.12 | £1.46 | 11 | 2 | 6.4% |
| 10 | South West | £2.11 | £1.48 | 10 | 0 | 6.1% |
| 11 | Wales | £1.88 | £1.25 | 12 | 1 | 7.1% |
| 12 | Scotland | £1.63 | £2.13 | 6 | -6 | -4.3% |
| | United Kingdom | £3.63 | £2.89 | | | 3.9% |

Table: 2.22

in 1997 is the result of an actual drop in the level of imports per head, with Scotland being the only other region to incur such a fall - resulting in the region dropping from a rank of 6th in 1997 to 12th by 2003. The other low ranked regions are Wales (11th), South West England (10th) and North East England (9th).

## Education and the Skills Economy

The emergence of the knowledge economy has placed education and training policies in a position of paramount importance not only in the UK but also throughout the world. A key challenge of the UK's competitiveness agenda is to develop and maintain a skilled workforce capable of adding value to an ever-changing portfolio of business, work and occupational requirements. Here we benchmark the current skills base of regions by measuring the proportion of the working age population with an NVQ level 4 qualification or higher, and the potential skills base of the future by measuring compulsory education qualification attainments.

Across the UK as a whole the proportion of the working age population with an NVQ level 4 qualification or higher has increased significantly from 20.6% in 1997 to 25.1% by 2003. As shown by Table 2.23, all regions have improved their position during this period by a relatively similar percentage. The exceptions being the top ranked region - London - which has shown the smallest growth rate and the bottom ranked region - North East England - which has experienced the largest level of growth. Therefore, this is one indicator that does appear to demonstrate some degree of regional convergence across the UK.

In the medium and long-term, the future of the workforce will consist of those who will emerge from the education system. Table 2.24 benchmarks regional GCSE results (5 or more grades A* to C) for 1998/1999 and 2001/2002. As can be seen, there is little variation in the rankings for the two periods, with the highest performers being Scotland, Northern Ireland and South East England. At the bottom of the rankings are North East England (12th), Yorkshire and the Humber (11th) and the West Midlands (10th). The only regions that have improved their ranking position between the two time periods are the East Midlands (7th to 6th) and London (8th to 7th), with Wales subsequently dropping from 6th to 8th.

Regional Proportion of Working Age Population with NVQ Level 4 or Higher (1997-2003)

| Rank | Region | Proportion of Working Age Population with NVQ Level 4 or Higher (2003) | Proportion of Working Age Population with NVQ Level 4 or Higher (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | London | 30.8 | 26.6 | 1 | 0 | 2.5% |
| 2 | South East | 28.5 | 23.3 | 2 | 0 | 3.4% |
| 3 | Scotland | 28.4 | 22.6 | 3 | 0 | 3.9% |
| 4 | South West | 26.1 | 21.5 | 4 | 0 | 3.3% |
| 5 | Eastern | 23.2 | 18.8 | 5 | 0 | 3.6% |
| 6 | North West | 23.1 | 18.4 | 7 | 1 | 3.9% |
| 7 | Wales | 22.5 | 18.5 | 6 | -1 | 3.3% |
| 8 | Yorkshire and The Humber | 22.3 | 18.2 | 8 | 0 | 3.4% |
| 9 | East Midlands | 22.2 | 17.8 | 9 | 0 | 3.8% |
| 10 | Northern Ireland | 21.6 | 17.4 | 11 | 1 | 3.7% |
| 11 | West Midlands | 21.1 | 17.5 | 10 | -1 | 3.2% |
| 12 | North East | 20.7 | 15.8 | 12 | 0 | 4.6% |
| | United Kingdom | 25.1 | 20.6 | | | 3.3% |

Table: 2.23

Regional GCSE Results - 5 or more grades A* to C (1998/1999-2001/2002)

| Rank | Region | GCSE Results - 5 or more grades A* to C (2001/2002) | GCSE Results - 5 or more grades A* to C (1998/1999) | Rank in 1998/1999 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | Scotland | 60.4 | 57.8 | 1 | 0 | 1.5% |
| 2 | Northern Ireland | 58.7 | 56.0 | 2 | 0 | 1.6% |
| 3 | South East | 56.4 | 53.8 | 3 | 0 | 1.6% |
| 4 | South West | 56.0 | 52.8 | 4 | 0 | 2.0% |
| 5 | Eastern | 55.3 | 52.2 | 5 | 0 | 1.9% |
| 6 | East Midlands | 50.8 | 47.1 | 7 | 1 | 2.6% |
| 7 | London | 50.6 | 46.7 | 8 | 1 | 2.7% |
| 8 | Wales | 50.5 | 47.5 | 6 | -2 | 2.1% |
| 9 | North West | 49.7 | 46.0 | 9 | 0 | 2.6% |
| 10 | West Midlands | 49.7 | 45.1 | 10 | 0 | 3.3% |
| 11 | Yorkshire and The Humber | 45.6 | 41.9 | 11 | 0 | 2.9% |
| 12 | North East | 45.6 | 40.8 | 12 | 0 | 3.8% |
| | United Kingdom | 52.5 | 49.1 | | | 2.3% |

Table: 2.24

UK Regional Share Index 1997-2005

| Rank | Region | Jan/97 | Jan/98 | Jan/99 | Jan/00 | Jan/01 | Jan/02 | Jan/03 | Jan/04 | Jan/05 | Mar/05 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | South West | 100.0 | 116.7 | 150.1 | 115.0 | 148.2 | 150.6 | 143.8 | 183.1 | 225.5 | 231.0 |
| 2 | Wales | 100.0 | 86.7 | 98.3 | 109.3 | 120.5 | 139.5 | 126.5 | 177.7 | 211.9 | 213.7 |
| 3 | South East | 100.0 | 146.6 | 262.1 | 346.4 | 270.2 | 192.7 | 138.6 | 176.4 | 187.8 | 195.2 |
| 4 | East Midlands | 100.0 | 125.2 | 114.8 | 83.3 | 107.2 | 121.0 | 100.7 | 138.0 | 157.5 | 153.0 |
| 5 | Yorkshire and the Humber | 100.0 | 120.3 | 136.6 | 97.6 | 111.5 | 105.3 | 84.4 | 115.1 | 125.5 | 124.7 |
| 6 | Scotland | 100.0 | 120.2 | 106.9 | 83.4 | 90.6 | 82.3 | 66.8 | 77.1 | 95.2 | 95.3 |
| 7 | North East | 100.0 | 156.4 | 269.6 | 123.1 | 86.0 | 74.7 | 57.3 | 89.0 | 106.1 | 89.4 |
| 8 | Eastern | 100.0 | 127.7 | 91.1 | 97.3 | 69.2 | 65.6 | 44.8 | 64.5 | 79.9 | 81.0 |
| 9 | London | 100.0 | 106.3 | 115.0 | 89.2 | 100.5 | 87.5 | 62.2 | 73.2 | 79.5 | 80.4 |
| 10 | North West | 100.0 | 96.5 | 75.0 | 72.9 | 67.0 | 62.5 | 43.1 | 64.9 | 72.5 | 72.6 |
| 11 | West Midlands | 100.0 | 149.5 | 87.7 | 85.3 | 87.3 | 61.5 | 44.0 | 54.7 | 67.1 | 68.1 |

Note: Excludes Northern Ireland due to data availability

Table: 2.25

## UK Regional Share Index

It is useful to try to develop other measures of regional competitiveness based upon available data sources. Table 2.25 measures the performance of shares listed on the London Stock Exchange (LSE) by the location of their UK headquarters. It charts the progress of LSE listed companies by their regional location between 1997 and 2005, with an index of 100 given as a base for each region (further details on the methodology can be found in the appendix). The best performing regions over the period (excluding Northern Ireland for which there is a lack of data) are South West England (+131.0 points), Wales (+113.7 points) and South East Midlands (+95.2 points). The poorest performing regions are the West Midlands (-31.9 points), North West England (-27.4 points) and London (-19.6).

The UK Regional Share Index (RSI) is a barometer of the changes in market sentiment towards LSE-listed companies grouped by region. Therefore, it could be said to be an up-to-date measure not only of the perceived competitiveness of these businesses but also of the wider base of suppliers and contractors to these larger companies that will inevitably be located within the region. However, the UK RSI does not give us information on the absolute level of total market capitalisation of listed companies by region. Table 2.26 highlights the continued paucity of listed companies and their overall market capitalisation in Wales, North West England, the Midlands, and South West England. In itself, this is a further indicator of the economic and competitiveness divides that exist across the UK.

Figure 2.02 plots the association between changes in the UK Competitiveness Index between 1997 and 2005 and changes in the UK Regional Share Index over the same period. There is a degree of correlation between the two indices, with a corre-

Number of Companies Listed on the London Stock Exchange and their Market Capitalisation by Region */Source: R. Huggins, N. Emlyn-Jones and J. Day (2003) 'Regional Stock Exchanges - A Viable Option for Wales and Other UK Regions' (Robert Huggins Associates/Institute of Welsh Affairs)*

| Region | Number of companies | Market Capitalisation (£bn) | Regional Market Capitalisation as a proportion of GDP |
|---|---|---|---|
| London | 960 | 763.3 | 621% |
| South East | 261 | 169.5 | 139% |
| Scotland | 159 | 79.0 | 123% |
| North East, Yorkshire and Humberside | 134 | 51.1 | 61% |
| East Anglia | 132 | 31.7 | 39% |
| South West | 109 | 18.6 | 32% |
| Midlands | 138 | 28.9 | 25% |
| North West | 118 | 12.5 | 16% |
| Wales | 21 | 1.4 | 5% |
| Total | 2032 | 1156 | 153% |

Table: 2.26

Relationship between Change in the UK Competitiveness Index 1997-2005 and Change in the UK Regional Share Index (1997-2005) (Note: Excludes Northern Ireland)


Figure: 2.02

lation value of 0.38. With the exception of only South East England, all those regions that have a score on the UK RSI in 2005 above the 1997 base of 100 have also improved their score on the UK Competitiveness Index between 1997 and 2005. Furthermore, only 3 regions have improved their score on the UK Competitiveness Index while seeing their score on the UK RSI decline. Given the challenges of establishing cause-effect and lead-lag relationships between share performance and other indicators of regional economic competitiveness, it would be useful for further future research to explore the connectivity between these variables. In particular, the focus in the UK on developing regional clusters of businesses operating within the same supply and value-chain means that measures of the performance of such clusters must be established. The use of share prices to determine such performance may offer a valid contribution to this assessment.

# International Benchmarking

**In order to gain a fuller understanding of the competitiveness of the UK's regions it is important to assess how these regions compare with the performance of regions outside the UK. The only benchmarking instruments that currently undertake such an analysis are the *European Competitiveness Index* and the *World Knowledge Competitiveness Index*, both of which are produced and published by Robert Huggins Associates.**

The European Competitiveness Index was first published in 2004 and consists of a composite index of competitiveness across Europe, based on a wide basket of indicators relating to creativity and the knowledge economy, economic performance, and infrastructure and accessibility. Figure 3.01 illustrates the model framework of the factors contained in the European Competitiveness Index.

The geographic parameters of the European Competitiveness Index currently consists of the EU-15 member states and their NUTS I regions, as well as the inclusion of Norway and Switzerland (both as nations and 'region-states'). Table 3.01 shows the results of the regional European Competitiveness Index 2004. Only four of the UK's 12 regions have a level of competitiveness above the average of a total of 91 regions across Europe: London (8th); South East England (12th); Eastern England (17th); and South West England (32nd).

The West Midlands (40th); Scotland (42nd); East Midlands (43rd); and North West England (46th) all have an index score that is 1 to 8 percentage points below the European average.

Four of the UK's regions are ranked in the bottom third of the European Competitiveness Index 2004: Yorkshire and the Humber (60th); Northern Ireland (63rd); Wales (64th); and North East England (69th). The competitiveness gap that exists between these regions and many of their counterparts across Europe is illustrated by the fact that North East England has an index score that is more than 40 percentage points below the European average.

The World Knowledge Competitiveness Index (WKCI) has been produced annually since 2002, and benchmarks 125 of the leading regions from around the globe on a range of factors relating to their knowledge economy and its development. It covers four regions in the UK, three of which rank above average on the 2004 rankings: South East England (ranked 40th; index score=119.8); London (46th; 111.4); and Eastern England (50th; 108.5). The only other UK region within the WKCI 125 is Scotland, which in 2004 was ranked 89th with an index score of 66.6. This makes clear that at a global level only the three 'big regions' of London, South East and Eastern England are really able to compete with the most competitive regions around the world.

Given the lack of depth of regional competitiveness across the UK, it is important to assess the competitiveness of the UK in comparison with other nations. The European Competitiveness Index 2004 benchmarks the competitiveness of 17 European nations. The United Kingdom is ranked 10th, below its traditional European rivals - Germany (8th) and France (9th) - with an index score 0.8 percentage points below the European average. Indeed, with the exception of France, the UK has a score that is considerably less than that of higher ranked nations. This highlights the negative drag effect of the UK's under-performing regions on the competitiveness of the nation as a whole.

As a relatively new benchmarking tool, the European Competitiveness Index is not yet able to provide time-series data on the changing competitiveness of the UK economy in comparison with other nations. However, there are two other instruments that have tracked national competitiveness over a number of the years: the IMD's World Competitiveness Scoreboard and the

Conceptualising the European Competitiveness Index

*Source: Robert Huggins Associates (2004) European Competitiveness Index 2004*

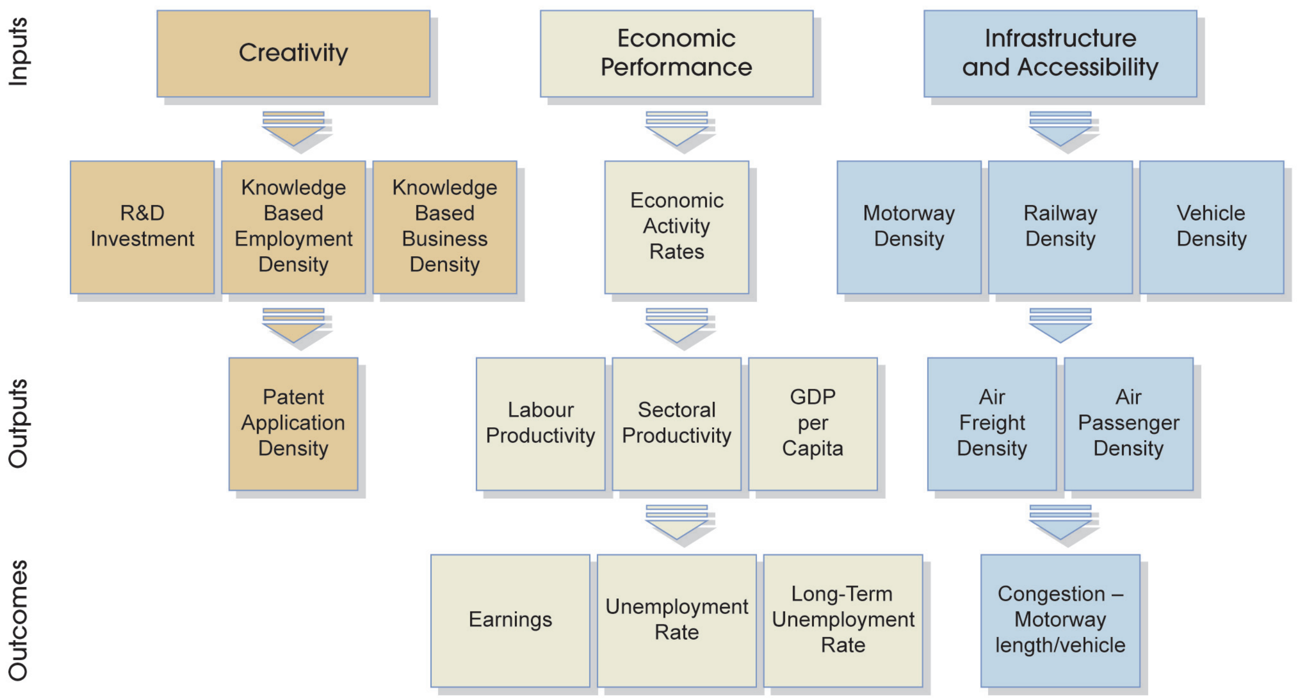


Figure: 3.01

The Regional European Competitiveness Index 2004 (European Average=100)

*Source: Robert Huggins Associates (2004) European Competitiveness Index 2004*

| Rank | Region | Regional European Competitiveness Index | Rank | Region | Regional European Competitiveness Index |
|---|---|---|---|---|---|
| 1 | Uusimaa, Finland | 261.8 | 47 | Sud-Ouest, France | 91.0 |
| 2 | Stockholm, Sweden | 252.3 | 48 | Schleswig-Holstein, Germany | 89.8 |
| 3 | Brussels, Belgium | 248.1 | 49 | Mellersta Norrland, Sweden | 89.4 |
| 4 | Île de France, France | 230.0 | 50 | Noord-Nederland, Netherlands | 87.9 |
| 5 | Switzerland | 224.7 | 51 | Est, France | 87.1 |
| 6 | Luxembourg | 222.0 | 52 | Südösterreich, Austria | 86.4 |
| 7 | Hamburg, Germany | 211.5 | 53 | Méditerranée, France | 86.2 |
| **8** | **London, UK** | **186.4** | 54 | Väli-Suomi, Finland | 83.8 |
| 9 | Norway | 184.6 | 55 | Nord Est, Italy | 83.4 |
| 10 | Bremen, Germany | 178.9 | 56 | Norra Mellansverige, Sweden | 83.2 |
| 11 | Baden-Württemberg, Germany | 175.9 | 57 | Bassin Parisien, France | 80.6 |
| **12** | **South East, UK** | **171.7** | 58 | Småland med öarna, Sweden | 79.9 |
| 13 | Hessen, Germany | 170.7 | 59 | Sachsen, Germany | 79.0 |
| 14 | West-Nederland, Netherlands | 168.2 | **60** | **Yorkshire and The Humber, UK** | **77.5** |
| 15 | Bayern, Germany | 160.1 | 61 | Centro, Italy | 77.1 |
| 16 | Berlin, Germany | 154.9 | 62 | Ouest, France | 71.9 |
| **17** | **Eastern, UK** | **152.7** | **63** | **Northern Ireland, UK** | **67.3** |
| 18 | Denmark | 142.6 | **64** | **Wales, UK** | **63.6** |
| 19 | Västsverige, Sweden | 135.6 | 65 | Itä-Suomi, Finland | 63.0 |
| 20 | Zuid-Nederland, Netherlands | 135.0 | 66 | Brandenburg, Germany | 62.8 |
| 21 | Ostösterreich, Austria | 131.8 | 67 | Nord - Pas-de-Calais, France | 62.5 |
| 22 | Östra Mellansverige, Sweden | 128.2 | 68 | Thüringen, Germany | 61.9 |
| 23 | Pohjois-Suomi, Finland | 127.5 | **69** | **North East, UK** | **59.9** |
| 24 | Sydsverige, Sweden | 127.1 | 70 | Este, Spain | 59.6 |
| 25 | Lazio, Italy | 124.0 | 71 | Noreste, Spain | 56.4 |
| 26 | Nordrhein-Westfalen, Germany | 123.6 | 72 | Région Wallonne, Belgium | 55.3 |
| 27 | Åland, Finland | 120.6 | 73 | Sachsen-Anhalt, Germany | 52.1 |
| 28 | Etelä-Suomi, Finland | 117.7 | 74 | Border, Midlands and Western, Ireland | 50.1 |
| 29 | Oost-Nederland, Netherlands | 116.1 | 75 | Mecklenburg-Vorpommern, Germany | 49.1 |
| 30 | Comunidad de Madrid, Spain | 115.8 | 76 | Abruzzo-Molise, Italy | 48.8 |
| 31 | Centre-Est, France | 114.1 | 77 | Portugal (Continent) | 40.6 |
| **32** | **South West, UK** | **112.5** | 78 | Attiki, Greece | 38.9 |
| 33 | Rheinland-Pfalz, Germany | 109.7 | 79 | Canarias, Spain | 38.4 |
| 34 | Lombardia, Italy | 109.3 | 80 | Sardegna, Italy | 26.3 |
| 35 | Övre Norrland, Sweden | 107.2 | 81 | Nisia Aigaiou, Kriti, Greece | 22.4 |
| 36 | Southern and Eastern, Ireland | 103.0 | 82 | Madeira, Portugal | 22.1 |
| 37 | Emilia-Romagna, Italy | 102.5 | 83 | Açores, Portugal | 21.9 |
| 38 | Saarland, Germany | 101.1 | 84 | Campania, Italy | 19.5 |
| 39 | Niedersachsen, Germany | 100.7 | 85 | Noroeste, Spain | 18.5 |
| **40** | **West Midlands, UK** | **98.8** | 86 | Sicilia, Italy | 15.6 |
| 41 | Vlaams Gewest, Belgium | 98.8 | 87 | Sud, Italy | 13.9 |
| **42** | **Scotland, UK** | **98.7** | 88 | Centro, Spain | 13.6 |
| **43** | **East Midlands, UK** | **98.4** | 89 | Voreia Ellada, Greece | 11.5 |
| 44 | Westösterreich, Austria | 97.6 | 90 | Sur, Spain | 7.3 |
| 45 | Nord Ovest, Italy | 95.9 | 91 | Kentriki Ellada, Greece | 2.4 |
| **46** | **North West, UK** | **92.0** | | | |

Table: 3.01



World Economic Forum's Global Competitiveness Report. Both produce an annual competitiveness ranking for most nations based on a differing set of secondary and empirically derived indicators.

In order to determine the changing relative competitiveness of the UK since 1997 we have analysed the rankings for all those nations that both instruments have benchmarked between 1997 and 2004. From this we have taken a mean of the ranks produced by both as a method of producing a composite rank of global national competitiveness in 1997 and 2004. Table 3.02 shows the results of this exercise, and highlights that in 2004 the United States is the leading nation, followed by Finland and Singapore. Those nations that have most significantly improved their competitiveness ranking since 1997 are predominantly European, for example Finland (+9 places), Denmark (+10 places), Sweden (+14 places) and Iceland (+24).

The UK was ranked 9th overall in 1997, but by 2004 had slipped 8 places to 17th position. Along with the small state of Luxembourg, this is the biggest decline of any European nation, and strongly indicates that since 1997 the ability of the UK to compete within the global economy has weakened. This assessment confirms that the UK's competitiveness has suffered since 1997 due to an inability to lessen the disparities that exist between the nation's leading and lagging regions.

The National European Competitiveness Index 2004

*Source: Robert Huggins Associates (2004) European Competitiveness Index 2004*

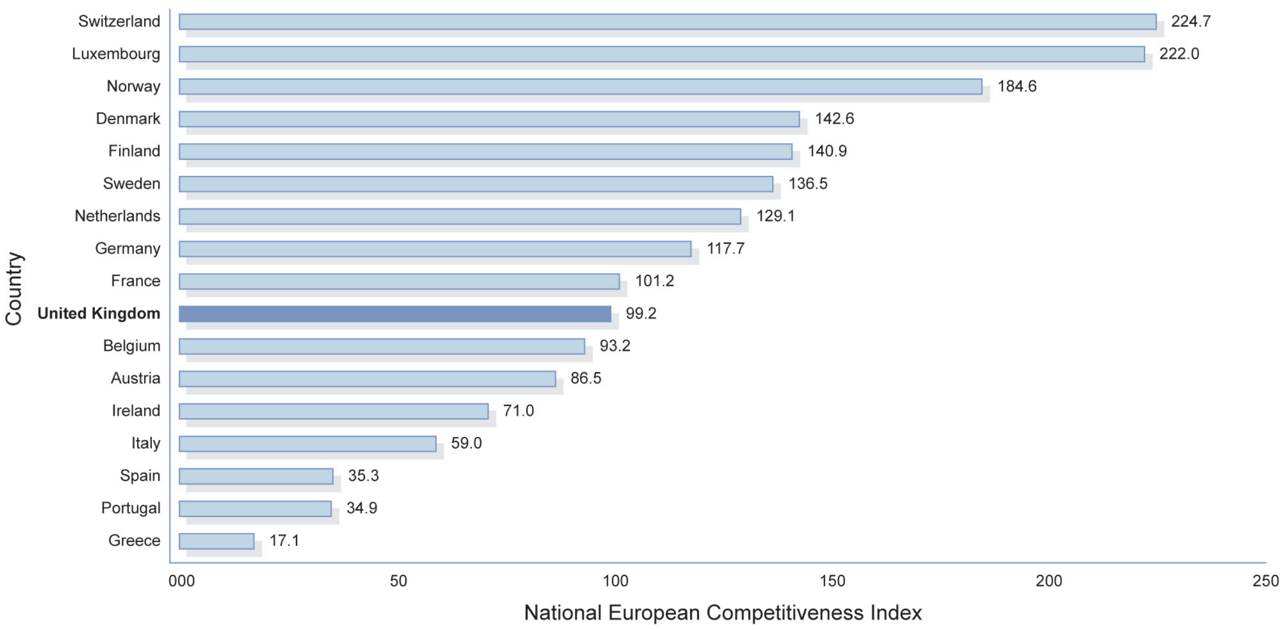


Figure: 3.02



Global Competitiveness Rank for Leading Nations 1997-2004

*Source: Derived from data in the IMD's World Competitiveness Scoreboard (1997 and 2004 editions) and the World Economic Forum's Global Competitiveness Report (1997 and 2004 editions).*

| Rank | Nation | Rank in 1997 | Change in Rank | Rank | Nation | Rank in 1997 | Change in Rank |
|---|---|---|---|---|---|---|---|
| 1 | United States of America | 2 | 1 | 24 | Israel | 24 | 0 |
| 2 | Finland | 11 | 9 | 25 | Spain | 26 | 1 |
| 3 | Singapore | 1 | -2 | 26 | France | 21 | -5 |
| 4 | Denmark | 14 | 10 | 27 | Portugal | 31 | 4 |
| 5 | Sweden | 19 | 14 | 28 | Thailand | 23 | -5 |
| 6 | Iceland | 30 | 24 | 29 | China | 29 | 0 |
| 7 | Taiwan | 16 | 9 | 30 | Korea | 25 | -5 |
| 8 | Australia | 17 | 9 | 31 | Hungary | 39 | 8 |
| 9 | Canada | 4 | -5 | 32 | Greece | 41 | 9 |
| 10 | Switzerland | 5 | -5 | 33 | Czech Republic | 34 | 1 |
| 11 | Norway | 6 | -5 | 34 | India | 42 | 8 |
| 12 | Hong Kong | 3 | -9 | 35 | South Africa | 43 | 8 |
| 13 | Netherlands | 7 | -6 | 36 | Colombia | 40 | 4 |
| 14 | Austria | 22 | 8 | 37 | Italy | 35 | -2 |
| 15 | Japan | 12 | -3 | 38 | Brazil | 36 | -2 |
| 16 | Germany | 20 | 4 | 39 | Mexico | 37 | -2 |
| **17** | **United Kingdom** | **9** | **-8** | 40 | Russia | 46 | 6 |
| 18 | Luxembourg | 10 | -8 | 41 | Poland | 44 | 3 |
| 19 | New Zealand | 8 | -11 | 42 | Turkey | 38 | -4 |
| 20 | Ireland | 15 | -5 | 43 | Philippines | 33 | -10 |
| 21 | Chile | 18 | -3 | 44 | Indonesia | 28 | -16 |
| 22 | Malaysia | 13 | -9 | 45 | Argentina | 32 | -13 |
| 23 | Belgium | 27 | 4 | 46 | Venezuela | 45 | -1 |

Table: 3.02

# CHAPTER 04
# UK Local Competitiveness Index

**As with the UK Regional Competitiveness Index, the UK Local Competitiveness Index conforms to the 3-Factor Model of Competitiveness, which is based on a linear framework of: (1) input; (2) output; and (3) outcome factors. This framework allows a series of indicator variables to be grouped within one of the three factors, from which three sub-composite indices and finally an overall composite index measure are established (further methodological details can be found in the appendix). Figure 4.01 illustrates the indicators utilised and their factor grouping.**

The 2005 UK Local Competitiveness Index - Table 4.01 - is headed by the London boroughs of the City of London (1st), the City of Westminster (2nd), Camden (3rd), Islington (4th) and Hammersmith and Fulham (5th), which along with Kensington and Chelsea (6th) were also the leading localities in 1997. However, the City of London (-49.2 percentage points), the City of Westminster (-4.1) and Camden (-11.9) have seen a fall in their competitiveness index score since 1997.

These London boroughs are followed by a number of districts in South East England, led by Windsor and Maidenhead (7th) and followed by Mole Valley (8th), Surrey Heath (9th), Woking (10th), Wokingham (12th) and Bracknell Forest (13th).

Tower Hamlets in London has risen from a rank of 32nd to 10th position on the 2005 UK Local Competitiveness Index, representing the continuing and successful development of Canary Wharf during this period. Similarly, the London borough of Southwark has risen 21 places from 46th in 1997 to 25th in 2005.

The highest ranked district in Eastern England is St Albans (14th), followed by Hertsmere in 18th position, which has risen 13 places from 31st in 1997. The highest ranked locality outside of the leading three regions is Macclesfield in North West England, which is ranked 22nd having risen 11 places from 33rd in 1997. No localities for Scotland, North East England, the East and West Midlands, Yorkshire and the Humber, Wales, or Northern Ireland are represented in the top 25 localities on the UK Local Competitiveness Index.

The UK's least competitive localities in 2005 remain the same as in 1997, with the UK's poorest performer continuing to be Blaenau Gwent (434th) in Wales followed by Easington (433rd) in North East England, Knowsley (432nd) in North West

The 3 Factor Model Underlying the UK Local Competitiveness Index

**Input factors**

Economic Activity Rates

Business Start-Up Rates per 1,000 Inhabitants

Number of Businesses per 1,000 Inhabitants

Proportion of Working Age Population with NVQ Level 4 or Higher

Proportion of Knowledge-Based Businesses

**Output factors**

Gross Value Added per head at current basic prices

Productivity- Output per Hour Worked

Employment Rates

**Outcome factors**

Gross weekly pay

Unemployment rates

Figure: 4.01

England, Wansbeck (431st) in North East England, and Merthyr Tydfil (430th) in Wales.

With the exception of Tendring in Eastern England, the bottom 25 localities on the UK Local Competitiveness 2005 are solely drawn from Wales, North East England, North West England and Northern Ireland.

Top 25 Localities on UK Local Competitiveness Index 2005 and 1997 (UK=100)

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 1 | City of London | 695.0 | 744.2 | 1 | 0 | -49.2 |
| 2 | Westminster, City of | 211.7 | 215.8 | 2 | 0 | -4.1 |
| 3 | Camden | 163.2 | 175.0 | 3 | 0 | -11.9 |
| 4 | Islington | 141.7 | 141.2 | 4 | 0 | 0.5 |
| 5 | Hammersmith and Fulham | 138.5 | 130.3 | 6 | 1 | 8.2 |
| 6 | Kensington and Chelsea | 136.3 | 139.7 | 5 | -1 | -3.4 |
| 7 | Windsor and Maidenhead | 133.3 | 128.9 | 7 | 0 | 4.4 |
| 8 | Mole Valley | 131.6 | 127.8 | 9 | 1 | 3.8 |
| 9 | Surrey Heath | 128.6 | 127.6 | 10 | 1 | 1.0 |
| 10 | Tower Hamlets | 127.9 | 117.8 | 32 | 22 | 10.2 |
| 11 | Woking | 126.6 | 120.2 | 21 | 10 | 6.5 |
| 12 | Wokingham | 126.0 | 121.8 | 20 | 8 | 4.1 |
| 13 | Bracknell Forest | 125.8 | 124.7 | 14 | 1 | 1.2 |
| 14 | St Albans | 125.1 | 124.9 | 13 | -1 | 0.3 |
| 15 | Waverley | 123.9 | 120.2 | 22 | 7 | 3.7 |
| 16 | Guildford | 123.6 | 122.9 | 18 | 2 | 0.7 |
| 17 | West Berkshire | 122.8 | 123.0 | 17 | 0 | -0.3 |
| 18 | Hertsmere | 122.7 | 117.8 | 31 | 13 | 4.9 |
| 19 | Richmond-upon-Thames | 122.7 | 128.1 | 8 | -11 | -5.4 |
| 20 | Elmbridge | 122.3 | 125.4 | 11 | -9 | -3.0 |
| 21 | Spelthorne | 121.3 | 123.1 | 16 | -5 | -1.8 |
| 22 | Macclesfield | 121.2 | 117.8 | 33 | 11 | 3.5 |
| 23 | Runnymede | 120.4 | 122.7 | 19 | -4 | -2.2 |
| 24 | Wandsworth | 120.4 | 118.1 | 30 | 6 | 2.3 |
| 25 | Southwark | 120.1 | 112.8 | 46 | 21 | 7.2 |
| | UK | 100.0 | 100.0 | | | |

Table: 4.01



Bottom 25 Localities on UK Local Competitiveness Index 2005 and 1997 (UK=100)

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 434 | Blaenau Gwent | 69.1 | 68.3 | 434 | 0 | 0.8 |
| 433 | Easington | 70.9 | 68.7 | 433 | 0 | 2.2 |
| 432 | Knowsley | 73.9 | 71.1 | 432 | 0 | 2.9 |
| 431 | Wansbeck | 74.2 | 73.9 | 431 | 0 | 0.3 |
| 430 | Merthyr Tydfil | 74.4 | 76.7 | 424 | -6 | -2.3 |
| 429 | South Tyneside | 74.6 | 74.6 | 430 | 1 | 0.0 |
| 428 | Caerphilly | 75.0 | 74.9 | 429 | 1 | 0.1 |
| 427 | Derry | 75.4 | 77.2 | 423 | -4 | -1.8 |
| 426 | Blyth Valley | 76.9 | 76.0 | 428 | 2 | 0.9 |
| 425 | Strabane | 77.9 | 76.1 | 426 | 1 | 1.8 |
| 424 | Redcar and Cleveland | 78.0 | 81.2 | 402 | -22 | -3.2 |
| 423 | Hartlepool | 78.0 | 79.8 | 412 | -11 | -1.8 |
| 422 | Chester-le-Street | 78.1 | 76.1 | 427 | 5 | 2.0 |
| 421 | Rhondda, Cynon, Taff | 78.4 | 79.4 | 416 | -5 | -1.0 |
| 420 | Neath Port Talbot | 78.8 | 81.9 | 397 | -23 | -3.1 |
| 419 | Tendring | 78.9 | 84.3 | 374 | -45 | -5.4 |
| 418 | Moyle | 79.2 | 84.6 | 372 | -46 | -5.4 |
| 417 | Craigavon | 79.5 | 83.6 | 383 | -34 | -4.1 |
| 416 | Blackpool | 79.6 | 82.4 | 394 | -22 | -2.8 |
| 415 | North Down | 79.7 | 83.1 | 385 | -30 | -3.5 |
| 414 | Middlesbrough | 80.1 | 80.8 | 405 | -9 | -0.7 |
| 413 | Lisburn | 80.3 | 82.4 | 393 | -20 | -2.2 |
| 412 | Down | 80.3 | 85.6 | 360 | -52 | -5.3 |
| 411 | Larne | 80.5 | 87.4 | 339 | -72 | -6.8 |
| 410 | Sunderland | 80.6 | 78.4 | 422 | 12 | 2.2 |
| | UK | 100.0 | 100.0 | | | |

Table: 4.02

Table 4.03 lists those localities that have most improved their competitiveness ranking since 1997. The Isles of Scilly leads the way, having risen 284 places from 400th in 1997 to 166th in 2005, followed by Crewe and Nantwich in North West England - which has risen 91 places from 218th to 127th, Sefton in North West England - which has risen 87 places from 362nd to 275th, and North East Derbyshire in the East Midlands - which has risen 80 places from 322nd to 242nd.

Table 4.04 lists those localities that have seen the biggest decline in their competitiveness ranking since 1997, with the biggest decline being experienced by the Shetland Islands in Scotland which has fallen 106 places from 101st in 1997 to 207th in 2005, followed by Coleraine in Northern Ireland - which has fallen 87 places from 298th to 385th, Dungannon also in Northern Ireland - which has fallen 84 places from 266th to 350th, the Orkney Islands in Scotland - which has fallen 84 places from 141st to 225th, and Stockton-on-Tees in North East England - which has fallen 83 places from 255th to 338th.

Top 25 Improving Localities on the UK Local Competitiveness Index 1997-2005

| Rank | Locality | Index 2005 | Index 1997 | Rank in 2005 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|---|
| 1 | Isles of Scilly | 102.5 | 81.3 | 116 | 400 | 284 | 21.2 |
| 2 | Crewe and Nantwich | 101.6 | 94.5 | 127 | 218 | 91 | 7.2 |
| 3 | Sefton | 90.2 | 85.4 | 275 | 362 | 87 | 4.8 |
| 4 | North East Derbyshire | 92.5 | 88.8 | 242 | 322 | 80 | 3.7 |
| 5 | Shrewsbury and Atcham | 97.7 | 92.2 | 176 | 254 | 78 | 5.5 |
| 6 | Broxtowe | 92.5 | 89.0 | 243 | 317 | 74 | 3.4 |
| 7 | Newark and Sherwood | 92.2 | 88.7 | 251 | 325 | 74 | 3.5 |
| 8 | Ballymena | 88.9 | 85.3 | 296 | 364 | 68 | 3.6 |
| 9 | Burnley | 88.7 | 84.7 | 302 | 370 | 68 | 4.0 |
| 10 | Wakefield | 88.3 | 84.0 | 307 | 375 | 68 | 4.3 |
| 11 | Ribble Valley | 113.2 | 102.6 | 57 | 122 | 65 | 10.6 |
| 12 | East Dunbartonshire | 98.1 | 93.4 | 167 | 232 | 65 | 4.7 |
| 13 | Castlereagh | 85.9 | 80.8 | 345 | 406 | 61 | 5.2 |
| 14 | Dartford | 98.0 | 93.7 | 169 | 229 | 60 | 4.4 |
| 15 | Conwy | 86.6 | 82.9 | 332 | 388 | 56 | 3.7 |
| 16 | Teignbridge | 92.9 | 89.9 | 235 | 290 | 55 | 3.0 |
| 17 | Lancaster | 92.5 | 89.6 | 241 | 296 | 55 | 2.9 |
| 18 | Newport | 90.3 | 88.6 | 272 | 326 | 54 | 1.7 |
| 19 | Portsmouth | 97.0 | 92.9 | 188 | 241 | 53 | 4.1 |
| 20 | Kennet | 103.4 | 99.0 | 109 | 161 | 52 | 4.4 |
| 21 | Stirling | 99.4 | 95.8 | 148 | 200 | 52 | 3.6 |
| 22 | Belfast | 101.4 | 97.4 | 130 | 180 | 50 | 4.0 |
| 23 | North Devon | 96.5 | 92.6 | 194 | 244 | 50 | 3.9 |
| 24 | Northampton | 103.8 | 99.5 | 106 | 155 | 49 | 4.3 |
| 25 | Gravesham | 89.0 | 87.2 | 293 | 342 | 49 | 1.8 |

Table: 4.03



25 Most Declined Localities on the UK Local Competitiveness Index 1997-2005

| Rank | Locality | Index 2005 | Index 1997 | Rank in 2005 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|---|
| 434 | Shetland Islands | 95.5 | 104.1 | 207 | 101 | -106 | -8.6 |
| 433 | Coleraine | 82.8 | 89.5 | 385 | 298 | -87 | -6.7 |
| 432 | Dungannon | 85.8 | 91.2 | 350 | 266 | -84 | -5.4 |
| 431 | Orkney Islands | 93.8 | 100.4 | 225 | 141 | -84 | -6.6 |
| 430 | Stockton on Tees | 86.2 | 92.1 | 338 | 255 | -83 | -5.9 |
| 429 | Gloucester | 96.6 | 103.6 | 191 | 108 | -83 | -6.9 |
| 428 | High Peak | 92.4 | 98.4 | 248 | 166 | -82 | -6.0 |
| 427 | Ards | 81.4 | 89.1 | 397 | 316 | -81 | -7.7 |
| 426 | Ceredigion | 88.9 | 94.4 | 300 | 220 | -80 | -5.5 |
| 425 | Larne | 80.5 | 87.4 | 411 | 339 | -72 | -6.8 |
| 424 | Southend-on-Sea | 93.2 | 98.4 | 232 | 165 | -67 | -5.2 |
| 423 | Rother | 91.4 | 96.3 | 260 | 195 | -65 | -4.8 |
| 422 | Magherafelt | 85.8 | 90.1 | 349 | 286 | -63 | -4.3 |
| 421 | Adur | 93.7 | 98.5 | 227 | 164 | -63 | -4.8 |
| 420 | Carlisle | 86.9 | 91.1 | 329 | 268 | -61 | -4.2 |
| 419 | South Holland | 90.0 | 94.4 | 280 | 219 | -61 | -4.4 |
| 418 | Luton | 95.4 | 99.8 | 210 | 149 | -61 | -4.4 |
| 417 | Amber Valley | 92.0 | 95.8 | 254 | 201 | -53 | -3.8 |
| 416 | Down | 80.3 | 85.6 | 412 | 360 | -52 | -5.3 |
| 415 | Nottingham | 92.4 | 96.2 | 249 | 197 | -52 | -3.8 |
| 414 | Cookstown | 86.3 | 90.1 | 337 | 287 | -50 | -3.8 |
| 413 | Redbridge | 96.8 | 100.5 | 189 | 139 | -50 | -3.6 |
| 412 | Hastings | 83.0 | 87.6 | 383 | 335 | -48 | -4.6 |
| 411 | Oadby and Wigston | 92.7 | 96.6 | 239 | 191 | -48 | -3.9 |
| 410 | Limavady | 82.9 | 87.4 | 384 | 337 | -47 | -4.5 |

Table: 4.04

Table 4.05 lists the top 25 ranked localities in the UK by Gross Value Added (GVA) per capita in 2002. The highest rankings are dominated by London boroughs, headed by the City of London and followed by the City of Westminster, Camden, Islington and Kensington and Chelsea. The highest ranked localities outside of London are Reading (6th), Aberdeen (8th), Watford (10th) and Slough (11th). The localities within the top 25 that have most improved their GVA per capita ranking since 1997 are all areas in South East England: Bracknell Forest - which has risen 19 places from 37th in 1997 to 18th in 2002; Runnymede- which has risen 19 places from 41st to 22nd; and Mole Valley - which has risen 13 places from 33rd to 20th.

Table 4.06 lists the bottom 25 ranked localities in the UK by Gross Value Added per capita in 2002. These localities with the lowest GVA per capita in the UK are Chester-le-Street in North East England - with a GVA per capita of only £5,897 - followed by Castle Point in Eastern England, Strabane in Northern Ireland and Caradon in South West England. Those localities among the bottom 25 ranked that have seen the biggest decline in their GVA per capita ranking since 1997 are South Derbyshire in the East Midlands - which has fallen 62 places from 356th in 1997 to 418th in 2002, Blyth Valley in North East England - which has fallen 28 places from 391st to 419th, and West Lindsey in the East Midlands - which has fallen 24 places from 387th to 411th.

Top 25 Ranked Localities in the UK by Gross Value Added (GVA) per Capita 2002

| Rank | Locality | GVA per Capita 2002 | GVA per Capita | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | City of London | £1,864,357.49 | £1,823,488.81 | 1 | 0 | 0.4% |
| 2 | Westminster, City of | £119,532.02 | £107,726.77 | 2 | 0 | 2.1% |
| 3 | Camden | £59,066.37 | £46,065.54 | 3 | 0 | 5.1% |
| 4 | Islington | £36,303.15 | £25,951.92 | 5 | 1 | 6.9% |
| 5 | Kensington and Chelsea | £32,956.87 | £30,041.91 | 4 | -1 | 1.9% |
| 6 | Reading | £32,144.97 | £20,174.30 | 14 | 8 | 9.8% |
| 7 | Tower Hamlets | £31,110.19 | £21,428.47 | 7 | 0 | 7.7% |
| 8 | Aberdeen City | £29,012.41 | £23,874.61 | 6 | -2 | 4.0% |
| 9 | Hillingdon | £28,882.19 | £20,246.81 | 12 | 3 | 7.4% |
| 10 | Watford | £28,816.56 | £20,981.36 | 9 | -1 | 6.6% |
| 11 | Slough | £28,460.31 | £20,083.72 | 15 | 4 | 7.2% |
| 12 | Hammersmith and Fulham | £28,364.32 | £20,193.16 | 13 | 1 | 7.0% |
| 13 | Crawley | £28,084.37 | £21,163.48 | 8 | -5 | 5.8% |
| 14 | Cambridge | £26,906.83 | £20,839.15 | 10 | -4 | 5.2% |
| 15 | Welwyn Hatfield | £25,517.80 | £17,720.03 | 23 | 8 | 7.6% |
| 16 | Oxford | £25,435.48 | £18,307.79 | 20 | 4 | 6.8% |
| 17 | Windsor and Maidenhead | £25,370.03 | £17,256.16 | 26 | 9 | 8.0% |
| 18 | Bracknell Forest | £25,104.19 | £16,073.85 | 37 | 19 | 9.3% |
| 19 | Hounslow | £25,055.45 | £18,878.47 | 18 | -1 | 5.8% |
| 20 | Mole Valley | £24,907.12 | £16,613.55 | 33 | 13 | 8.4% |
| 21 | Southwark | £24,878.58 | £18,838.15 | 19 | -2 | 5.7% |
| 22 | Runnymede | £24,512.08 | £15,882.09 | 41 | 19 | 9.1% |
| 23 | Swindon | £24,113.00 | £19,434.00 | 16 | -7 | 4.4% |
| 24 | Edinburgh, City of | £24,016.00 | £18,301.00 | 21 | -3 | 5.6% |
| 25 | Surrey Heath | £23,629.17 | £17,364.15 | 25 | 0 | 6.4% |
| | UK | £15,614.00 | £12,339.00 | | | 4.8% |

Table: 4.05



Bottom 25 Ranked Localities in the UK by Gross Value Added (GVA) per Capita 2002

| Rank | Locality | GVA per Capita 2002 | GVA per Capita | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 434 | Chester-le-Street | £5,897.15 | £5,228.10 | 434 | 0 | 2.4% |
| 433 | Castle Point | £7,078.26 | £5,673.83 | 430 | -3 | 4.5% |
| 432 | Strabane | £7,324.56 | £5,581.53 | 432 | 0 | 5.6% |
| 431 | Caradon | £7,335.18 | £6,166.22 | 426 | -5 | 3.5% |
| 430 | East Renfrewshire | £7,511.37 | £5,561.34 | 433 | 3 | 6.2% |
| 429 | Omagh | £7,598.52 | £6,765.47 | 419 | -10 | 2.3% |
| 428 | Wansbeck | £7,775.78 | £6,159.98 | 428 | 0 | 4.8% |
| 427 | Bolsover | £7,927.19 | £5,623.95 | 431 | 4 | 7.1% |
| 426 | Caerphilly | £7,966.93 | £7,017.29 | 415 | -11 | 2.6% |
| 425 | South Staffordshire | £8,020.36 | £6,236.53 | 424 | -1 | 5.2% |
| 424 | Blaenau Gwent | £8,041.47 | £7,120.21 | 412 | -12 | 2.5% |
| 423 | Kerrier | £8,091.74 | £6,012.86 | 429 | 6 | 6.1% |
| 422 | Anglesey | £8,133.00 | £6,344.00 | 423 | 1 | 5.1% |
| 421 | South Tyneside | £8,174.58 | £7,148.85 | 410 | -11 | 2.7% |
| 420 | Clackmannanshire | £8,188.08 | £7,063.82 | 414 | -6 | 3.0% |
| 419 | Blyth Valley | £8,216.07 | £7,602.55 | 391 | -28 | 1.6% |
| 418 | South Derbyshire | £8,229.13 | £8,210.33 | 356 | -62 | 0.0% |
| 417 | Penwith | £8,287.47 | £6,187.62 | 425 | 8 | 6.0% |
| 416 | Tendring | £8,371.56 | £6,634.70 | 420 | 4 | 4.8% |
| 415 | Newry and Mourne | £8,401.74 | £7,592.64 | 392 | -23 | 2.0% |
| 414 | East Dunbartonshire | £8,481.24 | £7,345.54 | 401 | -13 | 2.9% |
| 413 | South Shropshire | £8,486.79 | £7,178.70 | 409 | -4 | 3.4% |
| 412 | Rochford | £8,510.18 | £7,324.08 | 404 | -8 | 3.0% |
| 411 | West Lindsey | £8,518.82 | £7,693.84 | 387 | -24 | 2.1% |
| 410 | Wyre | £8,525.77 | £7,646.23 | 389 | -21 | 2.2% |
| | UK | £15,614.00 | £12,339.00 | | | 4.8% |

Table: 4.06

Table 4.07 lists those 25 localities that have most improved their GVA per capita ranking since 1997. The list is headed by Three Rivers in Eastern England - which has risen 156 places from 340th in 1997 to 184th in 2002, followed by Hart in South East England - which has risen 145 places from 313th to 168th, Castlereagh in Northern Ireland - which has risen 138 places from 408th to 270th, and Tandridge in South East England - which has risen 122 places from 213th to 91st.

As shown by Table 4.08, the three localities that have seen the biggest fall in their GVA per capita ranking since 1997 are all areas of Northern Ireland: Coleraine - which has fallen 141 places from 226th place in 1997 to 367th in 2002; Larne - which has fallen 137 places from 229th to 366th, and Antrim - which has fallen 131 places from 147th to 278th. Antrim is followed by Barking and Dagenham in London - which has fallen 129 places from 240th to 369th, and Barrow-in-Furness in North West England - which has fallen 126 places from 212th to 338th.

Top 25 Improving Localities in the UK by Gross Value Added (GVA) per Capita 1997-2002

| Rank | Locality | GVA per capita 2002 | GVA per capita 1997 | Rank in 2002 | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|---|
| 1 | Three Rivers | £13,090.89 | £8,424.15 | 184 | 340 | 156 | 9.2% |
| 2 | Hart | £13,672.69 | £8,870.13 | 168 | 313 | 145 | 9.0% |
| 3 | Castlereagh | £11,232.68 | £7,200.42 | 270 | 408 | 138 | 9.3% |
| 4 | Tandridge | £16,339.67 | £10,357.33 | 91 | 213 | 122 | 9.5% |
| 5 | Chorley | £11,959.93 | £8,406.65 | 235 | 341 | 106 | 7.3% |
| 6 | Ballymena | £12,119.06 | £8,586.96 | 230 | 331 | 101 | 7.1% |
| 7 | Bournemouth | £15,440.89 | £10,421.37 | 111 | 210 | 99 | 8.2% |
| 8 | Teignbridge | £11,033.77 | £7,908.00 | 282 | 375 | 93 | 6.9% |
| 9 | Lewisham | £10,817.01 | £7,629.18 | 298 | 390 | 92 | 7.2% |
| 10 | Isles of Scilly | £13,020.11 | £9,379.50 | 190 | 281 | 91 | 6.8% |
| 11 | South Oxfordshire | £16,285.14 | £10,932.15 | 92 | 182 | 90 | 8.3% |
| 12 | Carrick | £13,335.22 | £9,562.72 | 175 | 263 | 88 | 6.9% |
| 13 | Rushcliffe | £12,047.82 | £8,782.11 | 232 | 318 | 86 | 6.5% |
| 14 | Southend-on-Sea | £12,709.00 | £9,346.00 | 202 | 285 | 83 | 6.3% |
| 15 | Lancaster | £12,315.93 | £9,125.72 | 220 | 299 | 79 | 6.2% |
| 16 | Malvern Hills | £10,306.92 | £7,298.80 | 329 | 405 | 76 | 7.1% |
| 17 | Knowsley | £10,345.02 | £7,349.04 | 326 | 400 | 74 | 7.1% |
| 18 | Solihull | £17,291.00 | £11,621.00 | 77 | 144 | 67 | 8.3% |
| 19 | Broxbourne | £15,268.42 | £10,931.14 | 116 | 183 | 67 | 6.9% |
| 20 | Crewe and Nantwich | £16,020.24 | £11,164.36 | 100 | 164 | 64 | 7.5% |
| 21 | Gateshead | £14,494.70 | £10,588.15 | 135 | 199 | 64 | 6.5% |
| 22 | Broxtowe | £10,490.15 | £7,758.22 | 318 | 382 | 64 | 6.2% |
| 23 | Tewkesbury | £15,502.05 | £11,038.86 | 109 | 172 | 63 | 7.0% |
| 24 | Newtownabbey | £10,925.55 | £8,211.41 | 292 | 355 | 63 | 5.9% |
| 25 | North Somerset | £13,466.75 | £10,048.86 | 172 | 234 | 62 | 6.0% |

Table: 4.07



25 Most Declined Localities in the UK by Gross Value Added (GVA) per Capita 1997-2002

| Rank | Locality | GVA per capita 2002 | GVA per capita 1997 | Rank in 2002 | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|---|
| 434 | Coleraine | £9,625.59 | £10,173.81 | 367 | 226 | -141 | -1.1% |
| 433 | Larne | £9,643.92 | £10,160.25 | 366 | 229 | -137 | -1.0% |
| 432 | Antrim | £11,107.93 | £11,573.78 | 278 | 147 | -131 | -0.8% |
| 431 | Barking and Dagenham | £9,589.92 | £9,927.18 | 369 | 240 | -129 | -0.7% |
| 430 | Barrow-in-Furness | £10,175.91 | £10,381.41 | 338 | 212 | -126 | -0.4% |
| 429 | Orkney Islands | £10,716.00 | £10,966.00 | 303 | 178 | -125 | -0.5% |
| 428 | Allerdale | £9,542.50 | £9,646.33 | 373 | 258 | -115 | -0.2% |
| 427 | Oadby and Wigston | £10,604.71 | £10,691.70 | 309 | 196 | -113 | -0.2% |
| 426 | Bridgend | £11,278.41 | £11,325.08 | 266 | 159 | -107 | -0.1% |
| 425 | Moyle | £9,451.32 | £9,412.13 | 377 | 278 | -99 | 0.1% |
| 424 | Thurrock | £12,377.00 | £12,125.00 | 218 | 126 | -92 | 0.4% |
| 423 | Stockton on Tees | £12,362.81 | £11,920.09 | 219 | 131 | -88 | 0.7% |
| 422 | Berwick-upon-Tweed | £11,745.04 | £11,235.86 | 246 | 162 | -84 | 0.9% |
| 421 | Bromsgrove | £9,917.63 | £9,525.06 | 352 | 270 | -82 | 0.8% |
| 420 | Copeland | £11,438.25 | £10,987.75 | 258 | 176 | -82 | 0.8% |
| 419 | Amber Valley | £13,737.63 | £13,292.83 | 165 | 83 | -82 | 0.7% |
| 418 | Vale of Glamorgan | £10,744.20 | £10,236.19 | 302 | 224 | -78 | 1.0% |
| 417 | High Peak | £11,232.95 | £10,755.78 | 269 | 191 | -78 | 0.9% |
| 416 | Ceredigion | £8,903.30 | £8,698.13 | 399 | 322 | -77 | 0.5% |
| 415 | Neath Port Talbot | £9,556.06 | £9,253.95 | 371 | 294 | -77 | 0.6% |
| 414 | South Holland | £11,939.39 | £11,295.74 | 236 | 161 | -75 | 1.1% |
| 413 | Cookstown | £9,164.45 | £8,792.83 | 391 | 317 | -74 | 0.8% |
| 412 | North Ayrshire | £9,523.52 | £9,100.65 | 374 | 300 | -74 | 0.9% |
| 411 | Rossendale | £9,985.09 | £9,501.21 | 345 | 273 | -72 | 1.0% |
| 410 | Hinckley and Bosworth | £12,909.28 | £12,140.33 | 194 | 124 | -70 | 1.2% |

Table: 4.08

Table 4.09 lists the 25 leading localities in the UK measured by business start-up rates per 1,000 inhabitants in 2003. As can be seen, the highest start-up rates are mainly to be found in London boroughs, led by the City of London (1st), the City of Westminster (2nd), Camden (3rd) and Islington (4th). The highest ranked district in South East England is South Buckinghamshire, which is ranked 8th, followed by Waverley (10th) and Windsor and Maidenhead (11th). Trafford in North West England is ranked 9th, highlighting the rapid development and regeneration that has occurred in this area in recent years.

As shown by Table 4.10, those localities with the lowest business start-up rates in the UK - all of which are hugely below the UK average rate - are Knowsley (434th) in North West England, Wansbeck (433rd) in North East England, Moyle (432nd) and Larne (431st) in Northern Ireland, and Easington (430th) in North East England.

Top 25 Ranked Localities in the UK by Business Start-Up Rate per 1,000 Inhabitants 2003

| Rank | Locality | Business Start-up Rate per 1,000 Inhabitants (2003) | Business Start-up Rate per 1,000 Inhabitants (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 1 | City of London | 131.3 | 176.3 | 1 | 0 | -4.8% |
| 2 | Westminster, City of | 26.4 | 25.7 | 2 | 0 | 0.4% |
| 3 | Camden | 9.2 | 16.7 | 3 | 0 | -9.5% |
| 4 | Islington | 7.3 | 9.9 | 4 | 0 | -5.0% |
| 5 | Hammersmith and Fulham | 7.2 | 6.3 | 9 | 4 | 2.5% |
| 6 | Isles of Scilly | 7.1 | 7.9 | 5 | -1 | -1.7% |
| 7 | Kensington and Chelsea | 6.9 | 7.8 | 6 | -1 | -2.0% |
| 8 | South Buckinghamshire | 6.6 | 6.5 | 8 | 0 | 0.2% |
| 9 | Trafford | 6.4 | 4.2 | 72 | 63 | 7.3% |
| 10 | Waverley | 5.9 | 5.0 | 23 | 13 | 2.8% |
| 11 | Windsor and Maidenhead | 5.8 | 5.5 | 14 | 3 | 0.7% |
| 12 | Richmond-upon-Thames | 5.7 | 5.7 | 12 | 0 | 0.0% |
| 13 | Chiltern | 5.7 | 4.8 | 26 | 13 | 2.7% |
| 14 | Tower Hamlets | 5.6 | 5.4 | 16 | 2 | 0.6% |
| 15 | Elmbridge | 5.4 | 6.0 | 11 | -4 | -1.7% |
| 16 | Cotswold | 5.3 | 5.0 | 22 | 6 | 1.0% |
| 17 | Hackney | 5.3 | 5.1 | 17 | 0 | 0.3% |
| 18 | Stratford-on-Avon | 5.3 | 4.4 | 48 | 30 | 2.9% |
| 19 | Tandridge | 5.2 | 4.8 | 27 | 8 | 1.4% |
| 20 | Harrow | 5.1 | 4.6 | 40 | 20 | 2.0% |
| 21 | Uttlesford | 5.1 | 5.1 | 18 | -3 | 0.1% |
| 22 | Hertsmere | 5.1 | 4.6 | 38 | 16 | 1.7% |
| 23 | Barnet | 5.0 | 7.5 | 7 | -16 | -6.7% |
| 24 | South Oxfordshire | 5.0 | 5.1 | 20 | -4 | -0.3% |
| 25 | South Northamptonshire | 5.0 | 4.4 | 47 | 22 | 2.0% |
| | UK | 3.2 | 3.2 | | | 0.0% |

Table: 4.09



Bottom 25 Ranked Localities in the UK by Business Start-Up Rate per 1,000 Inhabitants 2003

| Rank | Locality | Business Start-up Rate per 1,000 Inhabitants (2003) | Business Start-up Rate per 1,000 Inhabitants (1997) | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|
| 434 | Knowsley | 1.2 | 1.3 | 426 | -8 | -1.5% |
| 433 | Wansbeck | 1.2 | 1.1 | 431 | -2 | 1.3% |
| 432 | Moyle | 1.2 | 3.2 | 183 | -249 | -14.9% |
| 431 | Larne | 1.3 | 2.0 | 377 | -54 | -6.7% |
| 430 | Easington | 1.3 | 0.9 | 433 | 3 | 5.4% |
| 429 | Newtownabbey | 1.3 | 1.4 | 423 | -6 | -1.0% |
| 428 | South Tyneside | 1.4 | 1.2 | 428 | 0 | 2.1% |
| 427 | Redcar and Cleveland | 1.4 | 1.1 | 432 | 5 | 4.1% |
| 426 | Chester-le-Street | 1.4 | 1.6 | 413 | -13 | -1.7% |
| 425 | West Dunbartonshire | 1.4 | 1.2 | 430 | 5 | 2.6% |
| 424 | Sunderland | 1.4 | 1.4 | 420 | -4 | -0.4% |
| 423 | Barrow-in-Furness | 1.4 | 1.3 | 425 | 2 | 1.2% |
| 422 | Carrickfergus | 1.4 | 1.2 | 427 | 5 | 2.6% |
| 421 | Castlereagh | 1.4 | 1.4 | 421 | 0 | 0.0% |
| 420 | Merthyr Tydfil | 1.4 | 1.5 | 417 | -3 | -0.4% |
| 419 | Blyth Valley | 1.5 | 1.6 | 407 | -12 | -1.5% |
| 418 | Middlesbrough | 1.5 | 1.4 | 424 | 6 | 1.1% |
| 417 | Hartlepool | 1.5 | 1.2 | 429 | 12 | 3.4% |
| 416 | Blaenau Gwent | 1.5 | 0.9 | 434 | 18 | 9.1% |
| 415 | Gosport | 1.6 | 1.8 | 396 | -19 | -2.0% |
| 414 | North Down | 1.6 | 2.2 | 343 | -71 | -5.4% |
| 413 | Inverclyde | 1.6 | 1.4 | 419 | 6 | 1.3% |
| 412 | Rhondda, Cynon, Taff | 1.6 | 1.6 | 408 | -4 | -0.4% |
| 411 | North Ayrshire | 1.7 | 1.6 | 411 | 0 | 0.6% |
| 410 | Torfaen | 1.7 | 1.5 | 414 | 4 | 1.8% |
| | UK | 3.2 | 3.2 | | | 0.0% |

Table: 4.10

Table 4.11 lists those localities that most improved their business start-up rate ranking between 1997 and 2003. The biggest improver is Tynedale in North East England, which has risen 195 places from 305th in 1997 to 110th in 2003, followed by Newark and Sherwood in the East Midlands - which has risen 157 places from 302nd to 145th, North Warwickshire in the West Midlands - which has risen 121 places from 165th to 44th, and Mansfield in the East Midlands - which has risen 115 places from 410th to 295th.

Table 4.12 lists those localities that saw the biggest decline in their business start-up rate ranking between 1997 and 2003. By far the biggest decline occurred in Moyle in Northern Ireland, which has fallen 249 places from a rank of 183rd in 1997 to 432nd in 2003, with its start-up rate falling from the UK average rate of 3.2 start-ups per 1,000 inhabitants in 1997 to only 1.2 in 2003. Moyle is followed by Gloucester in South West England - which has fallen 241 places from 88th to 329th, and Reading in South East England - which has fallen 210 places from 34th in 1997 to 244th in 2003.

Top 25 Improving Localities in the UK by Business Start-Up Rate per 1,000 Inhabitants 1997-2003

| Rank | Locality | Business Start-up Rate per 1,000 Inhabitants (2003) | Business Start-up Rate per 1,000 Inhabitants (1997) | Rank in 2003 | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|---|
| 1 | Tynedale | 3.7 | 2.4 | 110 | 305 | 195 | 7.4% |
| 2 | Newark and Sherwood | 3.4 | 2.4 | 145 | 302 | 157 | 5.7% |
| 3 | North Warwickshire | 4.4 | 3.3 | 44 | 165 | 121 | 4.6% |
| 4 | Mansfield | 2.6 | 1.6 | 295 | 410 | 115 | 8.3% |
| 5 | Dartford | 3.4 | 2.7 | 141 | 255 | 114 | 3.7% |
| 6 | Epsom and Ewell | 4.1 | 3.2 | 72 | 182 | 110 | 3.9% |
| 7 | Chorley | 3.4 | 2.8 | 147 | 254 | 107 | 3.5% |
| 8 | Purbeck | 3.3 | 2.7 | 153 | 258 | 105 | 3.6% |
| 9 | North West Leicestershire | 3.9 | 3.2 | 84 | 188 | 104 | 3.7% |
| 10 | Conwy | 2.8 | 2.1 | 246 | 350 | 104 | 4.9% |
| 11 | Scarborough | 2.8 | 2.1 | 259 | 363 | 104 | 5.1% |
| 12 | Burnley | 2.7 | 1.9 | 282 | 385 | 103 | 6.0% |
| 13 | Kirklees | 3.1 | 2.6 | 186 | 284 | 98 | 3.4% |
| 14 | Wear Valley | 2.5 | 1.8 | 303 | 395 | 92 | 6.3% |
| 15 | Wakefield | 2.6 | 1.9 | 289 | 380 | 91 | 5.1% |
| 16 | South Kesteven | 3.6 | 3.0 | 125 | 215 | 90 | 2.7% |
| 17 | Blaby | 3.0 | 2.4 | 214 | 303 | 89 | 3.6% |
| 18 | Hyndburn | 2.6 | 1.9 | 297 | 382 | 85 | 5.0% |
| 19 | Ribble Valley | 4.7 | 3.6 | 34 | 118 | 84 | 4.1% |
| 20 | Cherwell | 4.3 | 3.5 | 61 | 145 | 84 | 3.4% |
| 21 | Forest Heath | 4.0 | 3.4 | 78 | 160 | 82 | 2.6% |
| 22 | Tamworth | 2.8 | 2.2 | 258 | 340 | 82 | 4.0% |
| 23 | Ryedale | 4.6 | 3.7 | 35 | 116 | 81 | 3.9% |
| 24 | Calderdale | 3.2 | 2.8 | 167 | 248 | 81 | 2.4% |
| 25 | Carlisle | 2.6 | 2.0 | 290 | 371 | 81 | 4.4% |

Table: 4.11



25 Most Declined Localities in the UK by Business Start-Up Rate per 1,000 Inhabitants 1997-2003

| Rank | Locality | Business Start-up Rate per 1,000 Inhabitants (2003) | Business Start-up Rate per 1,000 Inhabitants (1997) | Rank in 2003 | Rank in 1997 | Change in Rank | CAGR |
|---|---|---|---|---|---|---|---|
| 434 | Moyle | 1.2 | 3.2 | 432 | 183 | -249 | -14.9% |
| 433 | Gloucester | 2.4 | 3.9 | 329 | 88 | -241 | -7.8% |
| 432 | Reading | 2.8 | 4.7 | 244 | 34 | -210 | -8.1% |
| 431 | Orkney Islands | 2.3 | 3.5 | 342 | 137 | -205 | -6.7% |
| 430 | Shetland Islands | 3.0 | 4.4 | 223 | 50 | -173 | -6.3% |
| 429 | Southampton | 2.4 | 3.3 | 334 | 171 | -163 | -5.3% |
| 428 | Adur | 2.4 | 3.3 | 317 | 168 | -149 | -5.1% |
| 427 | Cambridge | 2.9 | 3.8 | 230 | 93 | -137 | -4.5% |
| 426 | Eilean Siar | 2.3 | 3.0 | 346 | 210 | -136 | -4.6% |
| 425 | Nottingham | 2.4 | 3.1 | 332 | 198 | -134 | -4.2% |
| 424 | Aberdeen City | 2.8 | 3.6 | 261 | 127 | -134 | -4.4% |
| 423 | Medway Towns | 2.4 | 3.1 | 333 | 202 | -131 | -4.1% |
| 422 | Dungannon | 3.0 | 3.8 | 220 | 92 | -128 | -4.2% |
| 421 | Omagh | 2.7 | 3.5 | 269 | 147 | -122 | -4.0% |
| 420 | Cookstown | 3.0 | 3.7 | 217 | 105 | -112 | -3.6% |
| 419 | Southend-on-Sea | 3.4 | 4.8 | 140 | 28 | -112 | -5.4% |
| 418 | Blackpool | 2.2 | 2.7 | 360 | 259 | -101 | -3.4% |
| 417 | Chester | 3.2 | 4.1 | 175 | 74 | -101 | -4.3% |
| 416 | Manchester | 3.2 | 4.3 | 166 | 65 | -101 | -4.5% |
| 415 | Fylde | 2.9 | 3.5 | 241 | 141 | -100 | -3.4% |
| 414 | Rutland | 3.6 | 5.0 | 120 | 21 | -99 | -5.2% |
| 413 | Teesdale | 2.2 | 2.7 | 357 | 262 | -95 | -3.2% |
| 412 | Havering | 2.7 | 3.2 | 273 | 185 | -88 | -2.6% |
| 411 | Canterbury | 2.7 | 3.2 | 268 | 180 | -88 | -2.9% |
| 410 | Bexley | 2.6 | 3.1 | 291 | 204 | -87 | -2.7% |

Table: 4.12

Table 4.13 lists those 25 localities in the UK with the lowest unemployment rates, measured by claimant count as a proportion of resident working age population in 2004. The very lowest rates of unemployment are to be found in Rutland (East Midlands), Ribble Valley (North West England), Salisbury (South West England), and Purbeck (South West England).

Table 4.14 lists those 25 localities in the UK with the highest unemployment rates, measured by claimant count as a proportion of resident working age population in 2004. The list includes a number of London boroughs, namely Tower Hamlets, Hackney, Southwark and Lambeth, as well as Derry in Northern Ireland. Inverclyde in Scotland, ranked 429th, is the only one of the UK's 434 localities that has experienced an increase in its unemployment rate since 1997.

Top 25 Ranked Localities in the UK by Lowest Unemployment Rates (claimant count as a proportion of resident working age population) 2004

| Rank | Locality | Claimant count as a Proportion of resident working age population (2004) | Claimant count as a Proportion of resident working age population (1997 | Rank in 1997 | Change in Rank | % |
|---|---|---|---|---|---|---|
| 1 | Rutland | 0.43 | 1.13 | 4 | 3 | -13.0% |
| 2 | Ribble Valley | 0.58 | 1.38 | 14 | 12 | -11.7% |
| 3 | Salisbury | 0.60 | 2.13 | 70 | 67 | -16.5% |
| 4 | Purbeck | 0.60 | 2.25 | 83 | 79 | -17.2% |
| 5 | West Oxfordshire | 0.63 | 1.30 | 10 | 5 | -9.9% |
| 6 | Mole Valley | 0.68 | 1.23 | 5 | -1 | -8.2% |
| 7 | Isles of Scilly | 0.68 | 1.43 | 16 | 9 | -10.1% |
| 8 | Hart | 0.70 | 0.93 | 1 | -7 | -3.9% |
| 9 | Eden | 0.70 | 1.93 | 51 | 42 | -13.5% |
| 10 | South Northamptonshire | 0.73 | 1.45 | 17 | 7 | -9.4% |
| 11 | North Dorset | 0.73 | 1.48 | 18 | 7 | -9.6% |
| 12 | West Dorset | 0.73 | 2.53 | 105 | 93 | -16.3% |
| 13 | Vale of White Horse | 0.75 | 1.30 | 8 | -5 | -7.6% |
| 14 | Winchester | 0.75 | 1.58 | 29 | 15 | -10.1% |
| 15 | East Dorset | 0.75 | 1.95 | 56 | 41 | -12.8% |
| 16 | Test Valley | 0.78 | 1.50 | 22 | 6 | -9.0% |
| 17 | Uttlesford | 0.78 | 1.53 | 24 | 7 | -9.2% |
| 18 | Wokingham | 0.80 | 0.93 | 2 | -16 | -2.1% |
| 19 | Waverley | 0.80 | 1.28 | 7 | -12 | -6.4% |
| 20 | Harborough | 0.80 | 1.33 | 11 | -9 | -7.0% |
| 21 | Cotswold | 0.80 | 1.50 | 21 | 0 | -8.6% |
| 22 | East Hertfordshire | 0.80 | 1.60 | 30 | 8 | -9.4% |
| 23 | West Berkshire | 0.83 | 1.30 | 9 | -14 | -6.3% |
| 24 | South Cambridgeshire | 0.83 | 1.48 | 19 | -5 | -8.0% |
| 25 | South Oxfordshire | 0.83 | 1.48 | 20 | -5 | -8.0% |
|  | UK | 2.38 | 4.48 |  |  | -8.7% |

Table: 4.13

The 25 Localities in the UK with the Highest Unemployment Rates (claimant count as a proportion of resident working age population) 2004

| Rank | Locality | Claimant count as a Proportion of resident working age population (2004) | Claimant count as a Proportion of resident working age population (1997 | Rank in 1997 | Change in Rank | % |
|---|---|---|---|---|---|---|
| 434 | Tower Hamlets | 5.78 | 9.20 | 428 | -6 | -6.4% |
| 433 | Hackney | 5.70 | 12.53 | 434 | 1 | -10.6% |
| 432 | Derry | 5.35 | 9.48 | 430 | -2 | -7.8% |
| 431 | Southwark | 5.35 | 8.93 | 427 | -4 | -7.1% |
| 430 | Lambeth | 5.23 | 9.60 | 432 | 2 | -8.3% |
| 429 | Inverclyde | 5.13 | 4.88 | 308 | -121 | 0.7% |
| 428 | Haringey | 5.08 | 9.60 | 431 | 3 | -8.7% |
| 427 | Strabane | 5.08 | 8.85 | 426 | -1 | -7.6% |
| 426 | Liverpool | 5.05 | 9.30 | 429 | 3 | -8.4% |
| 425 | Birmingham | 5.00 | 7.28 | 400 | -25 | -5.2% |
| 424 | Islington | 4.95 | 9.73 | 433 | 9 | -9.2% |
| 423 | Kingston upon Hull | 4.90 | 7.55 | 407 | -16 | -6.0% |
| 422 | Great Yarmouth | 4.80 | 7.60 | 408 | -14 | -6.4% |
| 421 | Middlesbrough | 4.75 | 8.43 | 422 | 1 | -7.9% |
| 420 | Leicester City | 4.75 | 5.68 | 355 | -65 | -2.5% |
| 419 | North Ayrshire | 4.70 | 6.10 | 369 | -50 | -3.7% |
| 418 | Lewisham | 4.68 | 8.38 | 421 | 3 | -8.0% |
| 417 | Brent | 4.53 | 7.68 | 411 | -6 | -7.3% |
| 416 | Newham | 4.48 | 8.83 | 425 | 9 | -9.2% |
| 415 | South Tyneside | 4.48 | 7.73 | 413 | -2 | -7.5% |
| 414 | Belfast | 4.45 | 8.68 | 424 | 10 | -9.1% |
| 413 | Glasgow City | 4.40 | 7.90 | 416 | 3 | -8.0% |
| 412 | West Dunbartonshire | 4.38 | 7.28 | 402 | -10 | -7.0% |
| 411 | Dundee City | 4.33 | 7.33 | 405 | -6 | -7.3% |
| 410 | East Ayrshire | 4.30 | 6.48 | 381 | -29 | -5.7% |
|  | UK | 2.38 | 4.48 |  |  | -8.7% |

Table: 4.14

## London

Although London is the UK's most competitive region, it is very much a region that is economically divided. Ten of its 33 boroughs perform below the UK average on the UK Local Competitiveness Index for 2005, with the majority of these falling further down the national rankings since 1997. Boroughs such as Newham (340th) and Barking and Dagenham (361st) are among the UK's least competitive localities and have suffered further declines in their economic fortunes since 1997. The boroughs of Haringey and Redbridge have experienced a similar decline and have seen their competitiveness drop below the UK average since 1997.

The success stories in London since 1997 have been areas of significant regeneration, consisting of Tower Hamlets, which has seen its competitiveness index score increase by 10.2 percentage points and is now the 10th most competitive locality in the UK, and Southwark, which risen from a rank of 46th in 1997 to 25th in 2005.

Table 5.02 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in London. The highest GVA per capita is found in the City of London (£1,864,357 - which to some extent is an anomaly due to its small population), and the lowest in Waltham Forest (£9,007).

The highest business start-up rates occur in the City of London (131.3 - once again largely due to the small population), and the lowest in Barking and Dagenham (2.2). The locality with the highest proportion of knowledge-based businesses is also the City of London (62.3%), with the lowest proportion found in Barking and Dagenham (12.8%).

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in London

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 1 | City of London | 695.0 | 744.2 | 1 | 0 | -49.2 |
| 2 | Westminster, City of | 211.7 | 215.8 | 2 | 0 | -4.1 |
| 3 | Camden | 163.2 | 175.0 | 3 | 0 | -11.9 |
| 4 | Islington | 141.7 | 141.2 | 4 | 0 | 0.5 |
| 5 | Hammersmith and Fulham | 138.5 | 130.3 | 6 | 1 | 8.2 |
| 6 | Kensington and Chelsea | 136.3 | 139.7 | 5 | -1 | -3.4 |
| 10 | Tower Hamlets | 127.9 | 117.8 | 32 | 22 | 10.2 |
| 19 | Richmond-upon-Thames | 122.7 | 128.1 | 8 | -11 | -5.4 |
| 24 | Wandsworth | 120.4 | 118.1 | 30 | 6 | 2.3 |
| 25 | Southwark | 120.1 | 112.8 | 46 | 21 | 7.2 |
| 39 | Hounslow | 116.1 | 114.7 | 39 | 0 | 1.4 |
| 42 | Hackney | 115.9 | 110.1 | 63 | 21 | 5.8 |
| 43 | Hillingdon | 115.8 | 118.8 | 26 | -17 | -3.0 |
| 44 | Barnet | 115.7 | 120.1 | 24 | -20 | -4.3 |
| 50 | Ealing | 114.2 | 111.9 | 56 | 6 | 2.3 |
| 52 | Harrow | 114.1 | 113.2 | 45 | -7 | 0.9 |
| 56 | Kingston-upon-Thames | 113.6 | 118.7 | 28 | -28 | -5.2 |
| 60 | Lambeth | 112.0 | 110.1 | 64 | 4 | 1.9 |
| 86 | Merton | 107.2 | 108.8 | 74 | -12 | -1.6 |
| 96 | Brent | 105.4 | 107.6 | 82 | -14 | -2.2 |
| 129 | Bromley | 101.4 | 104.3 | 98 | -31 | -2.9 |
| 131 | Croydon | 101.2 | 105.8 | 93 | -38 | -4.6 |
| 134 | Sutton | 101.0 | 106.0 | 91 | -43 | -5.0 |
| 157 | Haringey | 98.9 | 100.8 | 137 | -20 | -2.0 |
| 189 | Redbridge | 96.8 | 100.5 | 139 | -50 | -3.6 |
| 192 | Lewisham | 96.6 | 94.1 | 223 | 31 | 2.5 |
| 199 | Enfield | 96.1 | 99.5 | 156 | -43 | -3.4 |
| 262 | Bexley | 91.3 | 94.6 | 217 | -45 | -3.3 |
| 273 | Waltham Forest | 90.3 | 90.8 | 272 | -1 | -0.5 |
| 278 | Greenwich | 90.0 | 92.4 | 248 | -30 | -2.4 |
| 291 | Havering | 89.3 | 92.6 | 245 | -46 | -3.3 |
| 340 | Newham | 86.2 | 84.7 | 371 | 31 | 1.5 |
| 361 | Barking and Dagenham | 85.1 | 87.4 | 341 | -20 | -2.3 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.01

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in London

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| City of London | £1,864,357 | 1 | 131.3 | 1 | 62.3% | 2 |
| Westminster, City of | £119,532 | 2 | 26.4 | 2 | 32.0% | 15 |
| Camden | £59,066 | 3 | 9.2 | 3 | 36.3% | 7 |
| Islington | £36,303 | 4 | 7.3 | 4 | 29.9% | 25 |
| Hammersmith and Fulham | £28,364 | 12 | 7.2 | 5 | 33.8% | 11 |
| Kensington and Chelsea | £32,957 | 5 | 6.9 | 7 | 25.8% | 65 |
| Tower Hamlets | £31,110 | 7 | 5.6 | 14 | 27.8% | 44 |
| Richmond-upon-Thames | £15,937 | 103 | 5.7 | 12 | 36.0% | 8 |
| Wandsworth | £18,453 | 59 | 4.6 | 36 | 28.1% | 40 |
| Southwark | £24,879 | 21 | 4.3 | 60 | 27.7% | 48 |
| Hounslow | £25,055 | 19 | 3.9 | 82 | 26.3% | 62 |
| Hackney | £18,975 | 56 | 5.3 | 17 | 22.0% | 104 |
| Hillingdon | £28,882 | 9 | 3.5 | 136 | 21.6% | 114 |
| Barnet | £14,443 | 137 | 5.0 | 23 | 27.0% | 53 |
| Ealing | £16,808 | 85 | 4.4 | 46 | 27.1% | 52 |
| Harrow | £14,021 | 153 | 5.1 | 20 | 31.0% | 20 |
| Kingston-upon-Thames | £15,876 | 104 | 3.8 | 98 | 29.5% | 28 |
| Lambeth | £19,398 | 51 | 3.7 | 109 | 23.6% | 89 |

Table: 5.02 Continued >>

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Merton | £12,692 | 204 | 3.7 | 107 | 30.4% | 23 |
| Brent | £16,488 | 89 | 4.3 | 55 | 23.3% | 90 |
| Bromley | £11,736 | 247 | 3.4 | 152 | 26.7% | 57 |
| Croydon | £13,828 | 161 | 3.1 | 189 | 26.8% | 56 |
| Sutton | £12,411 | 217 | 3.1 | 197 | 24.0% | 84 |
| Haringey | £11,715 | 248 | 3.8 | 102 | 22.7% | 97 |
| Redbridge | £9,655 | 365 | 3.3 | 154 | 23.8% | 86 |
| Lewisham | £10,817 | 298 | 2.4 | 318 | 21.5% | 117 |
| Enfield | £11,360 | 263 | 3.2 | 165 | 21.8% | 109 |
| Bexley | £10,488 | 319 | 2.6 | 291 | 18.3% | 181 |
| Waltham Forest | £9,007 | 397 | 3.0 | 205 | 17.6% | 198 |
| Greenwich | £9,334 | 381 | 2.4 | 319 | 20.6% | 140 |
| Havering | £11,666 | 251 | 2.7 | 273 | 16.8% | 218 |
| Newham | £11,078 | 281 | 2.6 | 285 | 16.6% | 227 |
| Barking and Dagenham | £9,590 | 369 | 2.2 | 355 | 12.8% | 332 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.02

## South East

Outside of London, South East England contains many of the UK's most competitive localities, led by Windsor and Maidenhead (7th), Mole Valley (8th), Surrey Heath (9th), Woking (11th) and Wokingham (12th). Furthermore, the majority of these leading localities have significantly improved their relative competitiveness since 1997. This is not to say that the region is without its problem areas - many of which are in the eastern part of the region - with Thanet (404th), Gosport (402nd), Hastings (383rd), the Isle of Wight (376th), the Medway Towns (333rd) and Dover (325th) continuing to be dislocated from the more prosperous and growing localities in the region.

Guildford is ranked 16th - a rise of 2 places from 18th in 1997 - with an index score 23.6 percentage points above the UK average. Reading is ranked 26th - a fall of 11 places from 15th in 1997 - with an index 19.8 percentage points above average, while Oxford moves up 4 places to 81st with an index score 8.2 percentage points above average.

Those districts that have most improved their competitiveness ranking since 1997 are: Chichester - which has risen 45 places from 72nd to 27th; Epsom and Ewell - which has risen 28 places from 62nd to 34th; Rushmoor - which has risen 30 places from 89th to 59th; Portsmouth - which has risen 53 places from 241st to 188th; and Gravesham - which has risen 49 places from 342nd to 293rd.

Those localities in South East England that have suffered the biggest fall in their competitiveness ranking since 1997 are: Adur - which has fallen 63 places from 164th to 227th; Rother - which has fallen 65 places from 195th to 260th; Hastings - which has

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in South East England

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 7 | Windsor and Maidenhead | 133.3 | 128.9 | 7 | 0 | 4.4 |
| 8 | Mole Valley | 131.6 | 127.8 | 9 | 1 | 3.8 |
| 9 | Surrey Heath | 128.6 | 127.6 | 10 | 1 | 1.0 |
| 11 | Woking | 126.6 | 120.2 | 21 | 10 | 6.5 |
| 12 | Wokingham | 126.0 | 121.8 | 20 | 8 | 4.1 |
| 13 | Bracknell Forest | 125.8 | 124.7 | 14 | 1 | 1.2 |
| 15 | Waverley | 123.9 | 120.2 | 22 | 7 | 3.7 |
| 16 | Guildford | 123.6 | 122.9 | 18 | 2 | 0.7 |
| 17 | West Berkshire | 122.8 | 123.0 | 17 | 0 | -0.3 |
| 20 | Elmbridge | 122.3 | 125.4 | 11 | -9 | -3.0 |
| 21 | Spelthorne | 121.3 | 123.1 | 16 | -5 | -1.8 |
| 23 | Runnymede | 120.4 | 122.7 | 19 | -4 | -2.2 |
| 26 | Reading | 119.8 | 123.4 | 15 | -11 | -3.6 |
| 27 | Chichester | 119.6 | 108.9 | 72 | 45 | 10.7 |
| 28 | Reigate and Banstead | 119.2 | 117.6 | 34 | 6 | 1.6 |
| 30 | Tandridge | 118.2 | 112.7 | 48 | 18 | 5.5 |
| 31 | Hart | 118.1 | 114.6 | 40 | 9 | 3.5 |
| 32 | Winchester | 117.9 | 119.7 | 25 | -7 | -1.8 |
| 34 | Epsom and Ewell | 117.2 | 110.6 | 62 | 28 | 6.6 |
| 38 | South Oxfordshire | 116.2 | 115.8 | 35 | -3 | 0.4 |
| 48 | South Buckinghamshire | 115.2 | 125.0 | 12 | -36 | -9.7 |
| 51 | Basingstoke and Deane | 114.2 | 112.6 | 50 | -1 | 1.6 |
| 53 | Vale of White Horse | 114.0 | 112.7 | 47 | -6 | 1.3 |
| 54 | Chiltern | 114.0 | 109.9 | 67 | 13 | 4.1 |
| 55 | Slough | 113.7 | 113.6 | 43 | -12 | 0.1 |
| 59 | Rushmoor | 112.0 | 106.4 | 89 | 30 | 5.6 |
| 61 | Wycombe | 111.9 | 111.7 | 57 | -4 | 0.2 |
| 63 | West Oxfordshire | 111.5 | 110.8 | 61 | -2 | 0.7 |
| 64 | Milton Keynes | 111.3 | 111.4 | 59 | -5 | -0.1 |
| 65 | Mid Sussex | 111.2 | 115.0 | 37 | -28 | -3.8 |
| 67 | Cherwell | 111.1 | 107.8 | 80 | 13 | 3.3 |
| 68 | Horsham | 110.9 | 112.1 | 51 | -17 | -1.2 |
| 72 | Crawley | 110.3 | 109.6 | 70 | -2 | 0.7 |
| 77 | East Hampshire | 108.4 | 110.0 | 65 | -12 | -1.6 |
| 79 | Tunbridge Wells | 108.3 | 114.8 | 38 | -41 | -6.5 |
| 81 | Oxford | 108.2 | 107.1 | 85 | 4 | 1.1 |
| 83 | Test Valley | 107.5 | 108.8 | 73 | -10 | -1.3 |
| 85 | Sevenoaks | 107.4 | 107.3 | 84 | -1 | 0.2 |
| 89 | Eastleigh | 106.8 | 105.2 | 96 | 7 | 1.6 |
| 97 | Brighton and Hove | 105.3 | 103.2 | 110 | 13 | 2.1 |
| 104 | Maidstone | 103.9 | 102.8 | 115 | 11 | 1.1 |
| 105 | Aylesbury Vale | 103.8 | 104.0 | 103 | -2 | -0.2 |
| 108 | Ashford | 103.5 | 102.6 | 121 | 13 | 0.9 |

Table: 5.03 Continued >>

fallen 48 places from 335th to 383rd; and Shepway - which has fallen 46 places from 252nd to 298th.

Table 5.04 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in South East England. The highest GVA per capita is found in Slough (£28,460), and the lowest in Gosport (£8,892).

The highest business start-up rates occur in South Buckinghamshire (6.6), and the lowest in Gosport (1.6). The locality with the highest proportion of knowledge-based businesses is Chichester (69.7%), with the lowest proportion found in the Isle of Wight (11.9%).

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 111 | Fareham | 103.2 | 102.0 | 127 | 16 | 1.1 |
| 126 | Tonbridge and Malling | 101.6 | 103.0 | 112 | -14 | -1.4 |
| 135 | New Forest | 100.9 | 99.9 | 145 | 10 | 0.9 |
| 139 | Worthing | 100.4 | 103.9 | 106 | -33 | -3.5 |
| 141 | Wealden | 100.0 | 103.0 | 113 | -28 | -3.0 |
| 162 | Lewes | 98.6 | 102.7 | 119 | -43 | -4.0 |
| 169 | Dartford | 98.0 | 93.7 | 229 | 60 | 4.4 |
| 187 | Southampton | 97.0 | 99.1 | 160 | -27 | -2.1 |
| 188 | Portsmouth | 97.0 | 92.9 | 241 | 53 | 4.1 |
| 227 | Adur | 93.7 | 98.5 | 164 | -63 | -4.8 |
| 231 | Havant | 93.3 | 93.1 | 237 | 6 | 0.2 |
| 234 | Canterbury | 93.0 | 94.4 | 221 | -13 | -1.3 |
| 246 | Eastbourne | 92.4 | 95.3 | 207 | -39 | -2.9 |
| 257 | Arun | 91.8 | 94.7 | 214 | -43 | -2.9 |
| 260 | Rother | 91.4 | 96.3 | 195 | -65 | -4.8 |
| 261 | Swale | 91.4 | 91.7 | 260 | -1 | -0.4 |
| 293 | Gravesham | 89.0 | 87.2 | 342 | 49 | 1.8 |
| 298 | Shepway | 88.9 | 92.3 | 252 | -46 | -3.4 |
| 325 | Dover | 87.3 | 90.3 | 284 | -41 | -3.0 |
| 333 | Medway Towns | 86.6 | 90.0 | 289 | -44 | -3.4 |
| 376 | Isle of Wight | 83.5 | 82.3 | 395 | 19 | 1.2 |
| 383 | Hastings | 83.0 | 87.6 | 335 | -48 | -4.6 |
| 402 | Gosport | 81.0 | 81.3 | 399 | -3 | -0.3 |
| 404 | Thanet | 81.0 | 80.2 | 410 | 6 | 0.8 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.03

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in South East England

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Windsor and Maidenhead | £25,370 | 17 | 5.8 | 11 | 31.9% | 17 |
| Mole Valley | £24,907 | 20 | 4.8 | 31 | 29.1% | 31 |
| Surrey Heath | £23,629 | 25 | 4.8 | 30 | 33.7% | 13 |
| Woking | £21,143 | 37 | 4.3 | 49 | 33.7% | 12 |
| Wokingham | £17,530 | 71 | 4.5 | 39 | 37.0% | 5 |
| Bracknell Forest | £25,104 | 18 | 3.7 | 105 | 34.4% | 10 |
| Waverley | £17,444 | 72 | 5.9 | 10 | 31.8% | 18 |
| Guildford | £22,397 | 30 | 4.3 | 59 | 31.2% | 19 |
| West Berkshire | £23,105 | 26 | 4.9 | 27 | 26.5% | 59 |
| Elmbridge | £18,189 | 63 | 5.4 | 15 | 34.5% | 9 |
| Spelthorne | £22,438 | 29 | 4.0 | 77 | 25.1% | 72 |
| Runnymede | £24,512 | 22 | 4.3 | 50 | 26.4% | 60 |
| Reading | £32,145 | 6 | 2.8 | 244 | 28.5% | 37 |
| Chichester | £17,939 | 69 | 4.3 | 53 | 69.7% | 1 |
| Reigate and Banstead | £20,319 | 42 | 4.0 | 75 | 28.6% | 36 |
| Tandridge | £16,340 | 91 | 5.2 | 19 | 28.3% | 39 |
| Hart | £13,673 | 168 | 4.7 | 33 | 36.3% | 6 |
| Winchester | £20,904 | 39 | 4.3 | 52 | 27.7% | 46 |
| Epsom and Ewell | £16,514 | 88 | 4.1 | 72 | 29.0% | 32 |
| South Oxfordshire | £16,285 | 92 | 5.0 | 24 | 27.6% | 49 |
| South Buckinghamshire | £11,848 | 241 | 6.6 | 8 | 30.8% | 21 |
| Basingstoke and Deane | £17,969 | 68 | 3.7 | 116 | 30.7% | 22 |
| Vale of White Horse | £18,322 | 60 | 3.7 | 115 | 25.3% | 71 |
| Chiltern | £9,722 | 362 | 5.7 | 13 | 33.6% | 14 |
| Slough | £28,460 | 11 | 3.5 | 137 | 23.2% | 93 |
| Rushmoor | £18,004 | 66 | 3.0 | 216 | 24.2% | 82 |
| Wycombe | £13,193 | 179 | 4.8 | 32 | 29.8% | 26 |
| West Oxfordshire | £13,684 | 167 | 4.9 | 28 | 21.2% | 124 |
| Milton Keynes | £22,139 | 32 | 3.9 | 89 | 28.9% | 33 |
| Mid Sussex | £16,065 | 99 | 4.5 | 38 | 28.7% | 35 |
| Cherwell | £18,032 | 65 | 4.3 | 61 | 22.0% | 106 |
| Horsham | £14,688 | 133 | 4.2 | 66 | 27.1% | 51 |
| Crawley | £28,084 | 13 | 2.7 | 272 | 22.8% | 96 |
| East Hampshire | £12,457 | 214 | 4.3 | 54 | 27.9% | 43 |

Table: 5.04 Continued >>

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Tunbridge Wells | £15,674 | 106 | 4.2 | 67 | 24.6% | 76 |
| Oxford | £25,435 | 16 | 2.2 | 367 | 21.4% | 119 |
| Test Valley | £15,559 | 108 | 4.0 | 81 | 24.4% | 79 |
| Sevenoaks | £11,790 | 242 | 4.9 | 29 | 26.0% | 63 |
| Eastleigh | £15,972 | 101 | 4.0 | 80 | 21.0% | 131 |
| Brighton and Hove | £14,879 | 125 | 4.2 | 68 | 24.3% | 81 |
| Maidstone | £15,389 | 112 | 4.1 | 69 | 20.8% | 135 |
| Aylesbury Vale | £9,813 | 356 | 4.3 | 56 | 25.1% | 73 |
| Ashford | £13,184 | 180 | 4.3 | 51 | 20.1% | 151 |
| Fareham | £13,907 | 157 | 3.1 | 201 | 24.5% | 78 |
| Tonbridge and Malling | £15,043 | 122 | 3.6 | 118 | 23.2% | 91 |
| New Forest | £12,020 | 234 | 3.5 | 134 | 21.1% | 128 |
| Worthing | £16,277 | 93 | 3.0 | 213 | 21.4% | 120 |
| Wealden | £9,727 | 361 | 4.1 | 71 | 21.6% | 115 |
| Lewes | £11,434 | 259 | 3.2 | 168 | 21.0% | 129 |
| Dartford | £17,012 | 81 | 3.4 | 141 | 17.0% | 215 |
| Southampton | £16,727 | 86 | 2.4 | 334 | 20.2% | 146 |
| Portsmouth | £17,440 | 73 | 2.4 | 316 | 17.9% | 188 |
| Adur | £10,700 | 305 | 2.4 | 317 | 20.4% | 144 |
| Havant | £11,659 | 252 | 2.4 | 328 | 21.8% | 110 |
| Canterbury | £12,306 | 222 | 2.7 | 268 | 16.9% | 216 |
| Eastbourne | £12,657 | 207 | 2.9 | 235 | 16.8% | 219 |
| Arun | £10,358 | 325 | 3.1 | 200 | 18.5% | 177 |
| Rother | £9,122 | 395 | 3.3 | 164 | 18.0% | 184 |
| Swale | £10,939 | 291 | 3.0 | 227 | 15.1% | 279 |
| Gravesham | £9,278 | 384 | 2.6 | 296 | 16.0% | 240 |
| Shepway | £10,892 | 294 | 2.8 | 250 | 15.8% | 247 |
| Dover | £11,920 | 237 | 2.7 | 281 | 13.1% | 324 |
| Medway Towns | £10,326 | 328 | 2.4 | 333 | 17.1% | 211 |
| Isle of Wight | £9,522 | 375 | 2.5 | 313 | 11.9% | 364 |
| Hastings | £11,137 | 276 | 2.5 | 310 | 14.7% | 286 |
| Gosport | £8,892 | 400 | 1.6 | 415 | 14.7% | 288 |
| Thanet | £9,128 | 394 | 2.7 | 279 | 12.9% | 328 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.04



## Eastern

Although Eastern England as a whole is the UK's third most competitive region, behind London and South East England, 27 of its 48 local districts perform below the UK average competitiveness level, indicating the importance of the leading band of localities - St Albans (14th), Hertsmere (18th), Watford (29th), East Hertfordshire (33rd), Dacorum (35th) and Cambridge (37th) - in sustaining overall high levels of competitiveness. In addition, a number of other localities in the region have become stronger in recent years, in particular Huntingdonshire - which was ranked 118th in 1997 but has risen 28 places to 90th in 2005, Harlow - which has risen 38 places from 187th to 149th, East Cambridgeshire - which has risen 36 places from 210th to 174th, and Peterborough - which has risen 41 places from 225th to 184th.

Those districts in the region that have fared less well since 1997 are Tendring - which has fallen 45 places from 374th to 419th, Southend-on-Sea - which has fallen 67 places from 165th to 232nd, St Edmundsbury - which has fallen 47 places

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in Eastern England

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 14 | St Albans | 125.1 | 124.9 | 13 | -1 | 0.3 |
| 18 | Hertsmere | 122.7 | 117.8 | 31 | 13 | 4.9 |
| 29 | Watford | 118.4 | 118.8 | 27 | -2 | -0.4 |
| 33 | East Hertfordshire | 117.7 | 115.8 | 36 | 3 | 2.0 |
| 35 | Dacorum | 116.8 | 118.3 | 29 | -6 | -1.5 |
| 37 | Cambridge | 116.4 | 113.2 | 44 | 7 | 3.2 |
| 40 | Three Rivers | 116.0 | 111.5 | 58 | 18 | 4.5 |
| 45 | North Hertfordshire | 115.6 | 112.7 | 49 | 4 | 2.9 |
| 46 | Welwyn Hatfield | 115.6 | 112.1 | 54 | 8 | 3.5 |
| 47 | South Cambridgeshire | 115.6 | 114.1 | 41 | -6 | 1.5 |
| 49 | Uttlesford | 114.8 | 113.8 | 42 | -7 | 0.9 |
| 71 | Brentwood | 110.3 | 108.6 | 76 | 5 | 1.7 |
| 82 | Mid Bedfordshire | 107.5 | 107.0 | 86 | 4 | 0.5 |
| 87 | Stevenage | 106.8 | 105.9 | 92 | 5 | 1.0 |
| 90 | Huntingdonshire | 106.2 | 102.7 | 118 | 28 | 3.4 |
| 100 | Chelmsford | 104.4 | 105.5 | 94 | -6 | -1.1 |
| 101 | Broxbourne | 104.1 | 102.8 | 117 | 16 | 1.3 |
| 121 | Bedford | 101.9 | 107.5 | 83 | -38 | -5.6 |
| 123 | South Bedfordshire | 101.8 | 106.7 | 87 | -36 | -4.9 |
| 133 | Norwich | 101.0 | 102.4 | 125 | -8 | -1.3 |
| 138 | Maldon | 100.5 | 99.9 | 146 | 8 | 0.6 |
| 146 | Epping Forest | 99.7 | 102.8 | 116 | -30 | -3.1 |
| 149 | Harlow | 99.4 | 96.7 | 187 | 38 | 2.7 |
| 152 | Basildon | 99.1 | 100.6 | 138 | -14 | -1.5 |
| 156 | Babergh | 98.9 | 98.2 | 170 | 14 | 0.8 |

Table: 5.05 Continued >>

from 154th to 201st, and Luton - which has fallen 61 places from 149th to 210th.

The least competitive district in the region is Tendring (419th), with an index score more than 21 percentage points below the UK average, followed by Castle Point (382nd), Great Yarmouth (379th) and Waveney (365th).

Table 5.06 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in Eastern England. The highest GVA per capita is found in Cambridge (£26,907), and the lowest in Castle Point (£7,078).

The highest business start-up rates occur in Uttlesford (5.1), and the lowest in Tendring (2.0). The locality with the highest proportion of knowledge-based businesses is St Albans (42.7%), with the lowest proportion found in Forest Heath (12.5%).

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 158 | Suffolk Coastal | 98.8 | 97.8 | 174 | 16 | 1.0 |
| 174 | East Cambridgeshire | 97.8 | 95.1 | 210 | 36 | 2.7 |
| 178 | Mid Suffolk | 97.5 | 99.2 | 159 | -19 | -1.6 |
| 184 | Peterborough | 97.2 | 94.0 | 225 | 41 | 3.2 |
| 196 | Braintree | 96.3 | 95.7 | 202 | 6 | 0.6 |
| 197 | Colchester | 96.3 | 97.7 | 176 | -21 | -1.3 |
| 200 | Ipswich | 95.9 | 96.9 | 185 | -15 | -1.0 |
| 201 | St Edmundsbury | 95.8 | 99.5 | 154 | -47 | -3.8 |
| 210 | Luton | 95.4 | 99.8 | 149 | -61 | -4.4 |
| 213 | Forest Heath | 95.2 | 93.1 | 238 | 25 | 2.2 |
| 216 | South Norfolk | 94.8 | 95.3 | 208 | -8 | -0.4 |
| 232 | Southend-on-Sea | 93.2 | 98.4 | 165 | -67 | -5.2 |
| 256 | Rochford | 91.8 | 94.2 | 222 | -34 | -2.4 |
| 283 | Fenland | 89.9 | 90.5 | 280 | -3 | -0.7 |
| 285 | Broadland | 89.7 | 88.2 | 330 | 45 | 1.5 |
| 301 | Thurrock | 88.9 | 91.2 | 265 | -36 | -2.3 |
| 316 | King's Lynn and West Norfolk | 87.8 | 89.6 | 297 | -19 | -1.8 |
| 331 | Breckland | 86.6 | 86.5 | 349 | 18 | 0.1 |
| 353 | North Norfolk | 85.6 | 87.1 | 343 | -10 | -1.5 |
| 365 | Waveney | 85.0 | 83.7 | 380 | 15 | 1.2 |
| 379 | Great Yarmouth | 83.2 | 86.6 | 348 | -31 | -3.4 |
| 382 | Castle Point | 83.0 | 85.1 | 366 | -16 | -2.1 |
| 419 | Tendring | 78.9 | 84.3 | 374 | -45 | -5.4 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.05

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in Eastern England

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| St Albans | £17,429 | 74 | 4.9 | 26 | 42.7% | 4 |
| Hertsmere | £20,245 | 43 | 5.1 | 22 | 28.4% | 38 |
| Watford | £28,817 | 10 | 4.0 | 74 | 24.7% | 75 |
| East Hertfordshire | £18,053 | 64 | 4.4 | 42 | 25.9% | 64 |
| Dacorum | £19,248 | 52 | 4.3 | 58 | 27.8% | 45 |
| Cambridge | £26,907 | 14 | 2.9 | 230 | 28.0% | 41 |
| Three Rivers | £13,091 | 184 | 4.4 | 48 | 28.8% | 34 |
| North Hertfordshire | £17,365 | 76 | 3.9 | 91 | 29.5% | 29 |
| Welwyn Hatfield | £25,518 | 15 | 3.4 | 149 | 26.9% | 55 |
| South Cambridgeshire | £14,855 | 126 | 3.9 | 95 | 29.7% | 27 |
| Uttlesford | £16,066 | 98 | 5.1 | 21 | 24.5% | 77 |
| Brentwood | £14,834 | 127 | 4.1 | 70 | 25.4% | 69 |
| Mid Bedfordshire | £11,210 | 272 | 4.2 | 64 | 23.2% | 92 |
| Stevenage | £21,015 | 38 | 2.7 | 274 | 24.9% | 74 |
| Huntingdonshire | £14,241 | 146 | 3.7 | 108 | 22.8% | 95 |
| Chelmsford | £16,079 | 97 | 3.8 | 96 | 24.1% | 83 |
| Broxbourne | £15,268 | 116 | 3.9 | 94 | 17.5% | 202 |
| Bedford | £14,785 | 128 | 3.3 | 159 | 21.9% | 107 |
| South Bedfordshire | £13,030 | 188 | 3.6 | 117 | 22.4% | 100 |
| Norwich | £22,509 | 28 | 3.0 | 207 | 19.9% | 157 |
| Maldon | £10,363 | 324 | 4.2 | 65 | 20.2% | 148 |
| Epping Forest | £10,700 | 306 | 4.5 | 40 | 19.6% | 159 |
| Harlow | £17,065 | 80 | 2.6 | 284 | 17.8% | 189 |
| Basildon | £13,811 | 162 | 3.2 | 181 | 19.4% | 162 |
| Babergh | £10,803 | 299 | 3.6 | 124 | 20.3% | 145 |
| Suffolk Coastal | £11,761 | 245 | 3.4 | 142 | 20.6% | 141 |
| East Cambridgeshire | £9,332 | 382 | 3.5 | 135 | 19.1% | 171 |
| Mid Suffolk | £11,904 | 239 | 3.6 | 122 | 18.0% | 185 |
| Peterborough | £16,941 | 82 | 3.3 | 161 | 20.6% | 139 |
| Braintree | £11,387 | 261 | 3.9 | 92 | 19.5% | 161 |
| Colchester | £14,328 | 143 | 3.0 | 226 | 20.6% | 143 |
| Ipswich | £18,201 | 62 | 2.8 | 257 | 19.3% | 164 |
| St Edmundsbury | £14,895 | 124 | 3.3 | 156 | 17.3% | 209 |
| Luton | £15,464 | 110 | 2.6 | 283 | 19.3% | 165 |

Table: 5.06 Continued >>

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Forest Heath | £12,897 | 195 | 4.0 | 78 | 12.5% | 345 |
| South Norfolk | £10,186 | 336 | 2.8 | 255 | 17.5% | 201 |
| Southend-on-Sea | £12,709 | 202 | 3.4 | 140 | 19.2% | 169 |
| Rochford | £8,510 | 412 | 3.6 | 121 | 19.3% | 167 |
| Fenland | £11,635 | 253 | 3.0 | 219 | 12.7% | 336 |
| Broadland | £8,656 | 408 | 2.8 | 264 | 15.7% | 253 |
| Thurrock | £12,377 | 218 | 2.8 | 263 | 13.5% | 317 |
| King's Lynn and West Norfolk | £10,547 | 313 | 2.9 | 242 | 12.6% | 342 |
| Breckland | £9,372 | 380 | 2.8 | 256 | 13.7% | 314 |
| North Norfolk | £8,838 | 402 | 2.5 | 312 | 12.6% | 343 |
| Waveney | £10,972 | 286 | 2.1 | 377 | 14.9% | 283 |
| Great Yarmouth | £11,397 | 260 | 2.3 | 340 | 13.4% | 318 |
| Castle Point | £7,078 | 433 | 2.8 | 262 | 16.6% | 226 |
| Tendring | £8,372 | 416 | 2.0 | 381 | 12.8% | 334 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.06

## East Midlands

Only nine of the 40 localities in the East Midlands have an index score above the UK average on the UK Local Competitiveness Index 2005, with the highest ranked being Daventry (69th), followed by the Derbyshire Dales (88th), Harborough(91st), South Northamptonshire (94th) and Northampton (106th). While Daventry (+26), South Northamptonshire (+36) and Northampton (+49) have improved their competitiveness ranking since 1997, the Derbyshire Dales (-20) and Harborough (-13) have suffered falls.

Other areas that have improved significantly since 1997 include East Northamptonshire - which has risen 43 places from 226th to 183rd, North East Derbyshire - which has risen 80 places from 322nd to 242nd, Broxtowe - which has risen 74 places from 317th to 243rd, and Newark and Sherwood - which has also risen 74 places from 325th to 251st

Less fortunate localities include High Peak - which has fallen 82 places from 166th to 248th, Nottingham - which has fallen 52 places from 197th to 249th, Amber Valley - which has fallen 53 places from 201st to 254th, and South Holland - which has fallen 61 places from 219th to 280th.

The least competitive localities in the East Midlands are: Mansfield (ranked 406th), Bolsover (401st), East Lindsey (393rd) and Ashfield (391st).

Derby is ranked 155th, which is a rise of 23 places form 178th in 1997, with an index score that is only 1.0 percentage point below the UK average, while Leicester City is ranked 268th, a fall of 11 places since 1997, and an index score 9.1 percentage

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in the East Midlands

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 69 | Daventry | 110.8 | 105.3 | 95 | 26 | 5.5 |
| 88 | Derbyshire Dales | 106.8 | 109.6 | 68 | -20 | -2.8 |
| 91 | Harborough | 106.1 | 108.2 | 78 | -13 | -2.1 |
| 94 | South Northamptonshire | 105.9 | 101.6 | 130 | 36 | 4.2 |
| 106 | Northampton | 103.8 | 99.5 | 155 | 49 | 4.3 |
| 107 | Rushcliffe | 103.6 | 102.9 | 114 | 7 | 0.7 |
| 113 | Melton | 102.7 | 101.5 | 131 | 18 | 1.2 |
| 117 | Rutland | 102.4 | 107.8 | 81 | -36 | -5.4 |
| 136 | North West Leicestershire | 100.7 | 102.5 | 123 | -13 | -1.8 |
| 147 | Blaby | 99.4 | 98.4 | 167 | 20 | 1.0 |
| 155 | Derby City | 99.0 | 97.6 | 178 | 23 | 1.4 |
| 170 | Wellingborough | 98.0 | 96.3 | 196 | 26 | 1.7 |
| 173 | Hinckley and Bosworth | 97.8 | 99.9 | 144 | -29 | -2.1 |
| 181 | Charnwood | 97.4 | 98.7 | 163 | -18 | -1.3 |
| 183 | East Northamptonshire | 97.3 | 94.0 | 226 | 43 | 3.3 |
| 185 | Kettering | 97.1 | 95.4 | 204 | 19 | 1.7 |
| 205 | South Kesteven | 95.5 | 92.8 | 243 | 38 | 2.7 |
| 239 | Oadby and Wigston | 92.7 | 96.6 | 191 | -48 | -3.9 |
| 242 | North East Derbyshire | 92.5 | 88.8 | 322 | 80 | 3.7 |
| 243 | Broxtowe | 92.5 | 89.0 | 317 | 74 | 3.4 |
| 247 | Lincoln | 92.4 | 92.5 | 246 | -1 | -0.1 |
| 248 | High Peak | 92.4 | 98.4 | 166 | -82 | -6.0 |
| 249 | Nottingham | 92.4 | 96.2 | 197 | -52 | -3.8 |
| 251 | Newark and Sherwood | 92.2 | 88.7 | 325 | 74 | 3.5 |
| 254 | Amber Valley | 92.0 | 95.8 | 201 | -53 | -3.8 |
| 259 | Chesterfield | 91.5 | 90.6 | 277 | 18 | 0.8 |
| 264 | Erewash | 91.1 | 89.8 | 292 | 28 | 1.3 |
| 268 | Leicester City | 90.9 | 92.0 | 257 | -11 | -1.1 |
| 269 | Bassetlaw | 90.7 | 91.5 | 263 | -6 | -0.8 |
| 274 | North Kesteven | 90.3 | 90.9 | 271 | -3 | -0.6 |
| 280 | South Holland | 90.0 | 94.4 | 219 | -61 | -4.4 |
| 281 | South Derbyshire | 90.0 | 93.2 | 236 | -45 | -3.2 |
| 286 | Corby | 89.7 | 90.4 | 283 | -3 | -0.7 |
| 308 | Gedling | 88.3 | 87.4 | 338 | 30 | 0.9 |
| 326 | West Lindsey | 87.3 | 89.1 | 313 | -13 | -1.8 |
| 330 | Boston | 86.8 | 88.5 | 328 | -2 | -1.7 |
| 391 | Ashfield | 81.9 | 79.8 | 413 | 22 | 2.1 |
| 393 | East Lindsey | 81.7 | 86.4 | 350 | -43 | -4.8 |
| 401 | Bolsover | 81.0 | 76.5 | 425 | 24 | 4.5 |
| 406 | Mansfield | 80.8 | 80.5 | 408 | 2 | 0.3 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.07

points below the UK average.

Table 5.08 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in the East Midlands. The highest GVA per capita is found in Northampton (£21,623), and the lowest in Bolsover (£7,927).

The highest business start-up rates occur in Daventry (4.5), and the lowest in Corby (1.9). The locality with the highest proportion of knowledge-based businesses is Daventry (21.9%), with the lowest proportion found in East Lindsey (10.1%).

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in the East Midlands

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Daventry | £14,386 | 140 | 4.5 | 41 | 21.9% | 108 |
| Derbyshire Dales | £15,309 | 113 | 4.4 | 43 | 16.4% | 231 |
| Harborough | £13,037 | 186 | 4.4 | 45 | 20.9% | 132 |
| South Northamptonshire | £9,917 | 353 | 5.0 | 25 | 23.7% | 88 |
| Northampton | £21,623 | 35 | 3.3 | 155 | 20.2% | 147 |
| Rushcliffe | £12,048 | 232 | 3.4 | 150 | 21.5% | 118 |
| Melton | £12,994 | 191 | 3.1 | 190 | 16.5% | 230 |
| Rutland | £12,291 | 224 | 3.6 | 120 | 21.3% | 123 |
| North West Leicestershire | £16,884 | 84 | 3.9 | 84 | 18.9% | 175 |
| Blaby | £13,020 | 189 | 3.0 | 214 | 19.4% | 163 |
| Derby City | £19,195 | 53 | 2.4 | 336 | 17.8% | 191 |
| Wellingborough | £16,165 | 94 | 3.1 | 195 | 12.8% | 331 |
| Hinckley and Bosworth | £12,909 | 194 | 3.8 | 97 | 15.9% | 246 |
| Charnwood | £12,315 | 221 | 2.8 | 251 | 17.4% | 205 |
| East Northamptonshire | £10,301 | 331 | 3.8 | 101 | 17.7% | 196 |
| Kettering | £13,886 | 159 | 3.4 | 148 | 16.1% | 238 |
| South Kesteven | £10,983 | 285 | 3.6 | 125 | 18.2% | 182 |
| Oadby and Wigston | £10,605 | 309 | 2.7 | 277 | 17.6% | 200 |
| North East Derbyshire | £8,704 | 406 | 2.7 | 265 | 14.5% | 291 |
| Broxtowe | £10,490 | 318 | 2.4 | 314 | 16.7% | 222 |
| Lincoln | £18,619 | 58 | 2.4 | 315 | 15.5% | 262 |
| High Peak | £11,233 | 269 | 3.3 | 162 | 16.6% | 224 |
| Nottingham | £20,113 | 44 | 2.4 | 332 | 19.0% | 173 |
| Newark and Sherwood | £10,530 | 315 | 3.4 | 145 | 15.8% | 248 |
| Amber Valley | £13,738 | 165 | 2.8 | 245 | 15.0% | 280 |
| Chesterfield | £15,253 | 117 | 2.9 | 243 | 16.0% | 243 |
| Erewash | £11,633 | 254 | 2.6 | 294 | 15.1% | 274 |
| Leicester City | £16,921 | 83 | 3.1 | 196 | 15.5% | 263 |
| Bassetlaw | £13,174 | 182 | 2.6 | 298 | 13.3% | 320 |
| North Kesteven | £8,737 | 403 | 3.1 | 185 | 13.4% | 319 |
| South Holland | £11,939 | 236 | 3.0 | 225 | 12.4% | 350 |
| South Derbyshire | £8,229 | 418 | 3.1 | 193 | 16.8% | 221 |
| Corby | £19,553 | 48 | 1.9 | 394 | 13.9% | 308 |
| Gedling | £9,894 | 354 | 2.2 | 369 | 16.0% | 239 |
| West Lindsey | £8,519 | 411 | 2.4 | 324 | 14.1% | 302 |
| Boston | £13,074 | 185 | 3.0 | 221 | 11.5% | 372 |
| Ashfield | £11,031 | 283 | 2.3 | 350 | 10.9% | 380 |
| East Lindsey | £8,601 | 409 | 2.8 | 252 | 10.1% | 392 |
| Bolsover | £7,927 | 427 | 2.2 | 366 | 12.5% | 346 |
| Mansfield | £10,568 | 311 | 2.6 | 295 | 12.3% | 352 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.08

## South West

Fourteen of the 45 local districts in South West England have a score above the UK average on the UK Local Competitiveness Index 2005. The highest ranked localities are: Cheltenham (62nd); Cotswold (70th); Swindon (74th); Bath and North East Somerset (76th); and Bristol (80th).

The least competitive districts in the region are: Penwith (388th); Kerrier (374th); Restormel (366th); and Torbay (358th). However, it should be noted that with the exception of Torbay (-18), they have all increased their competitiveness ranking since 1997: Penwith (+13); Kerrier (+33); and Restormel (+10).

With the exception of the Isles of Scilly (which has improved its ranking by 284

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in South West England

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 62 | Cheltenham | 111.8 | 109.6 | 69 | 7 | 2.3 |
| 70 | Cotswold | 110.7 | 110.0 | 66 | -4 | 0.8 |
| 74 | Swindon | 109.6 | 109.6 | 71 | -3 | 0.0 |
| 76 | Bath and North East Somerset | 108.5 | 108.6 | 75 | -1 | -0.2 |
| 80 | Bristol | 108.3 | 108.3 | 77 | -3 | 0.0 |
| 93 | Tewkesbury | 105.9 | 104.2 | 100 | 7 | 1.8 |
| 95 | South Gloucestershire | 105.6 | 104.2 | 99 | 4 | 1.4 |
| 98 | North Wiltshire | 105.2 | 106.4 | 88 | -10 | -1.2 |
| 99 | Salisbury | 104.6 | 103.1 | 111 | 12 | 1.5 |
| 109 | Kennet | 103.4 | 99.0 | 161 | 52 | 4.4 |
| 114 | Stroud | 102.7 | 102.7 | 120 | 6 | 0.1 |
| 116 | Isles of Scilly | 102.5 | 81.3 | 400 | 284 | 21.2 |
| 119 | North Somerset | 102.0 | 99.7 | 150 | 31 | 2.3 |
| 120 | Poole | 101.9 | 100.4 | 140 | 20 | 1.5 |
| 150 | Christchurch | 99.3 | 98.0 | 173 | 23 | 1.3 |
| 151 | South Somerset | 99.2 | 97.4 | 179 | 28 | 1.8 |

Table: 5.09 Continued >>

places from 400th to 116 mainly due to relatively high GVA growth and very low rates of unemployment), those districts that have most improved their competitiveness ranking since 1997 are: Kennet - which has risen 52 places for 161st to 109th; North Devon - which has risen 50 places from 244th to 194th; and Teignbridge - which has risen 55 places from 290th to 235th.

Those localities experiencing the sharpest fall in their competitiveness ranking since 1997 are: Gloucester - which has fallen 83 places from 108th to 191st; West Devon - which has fallen 35 places from 203rd to 238th; West Wiltshire - which has fallen 28 places from 152nd to 180th; and South Hams - which has fallen 29 places from 153rd to 182nd.

Table 5.10 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in South West England. The highest GVA per capita is found in Swindon (£24,113), and the lowest in Caradon (£7,335).

The highest business start-up rates occur in the Isles of Scilly (7.1), and the lowest in Plymouth (1.9). The locality with the highest proportion of knowledge-based businesses is Bristol (26.9%), with the lowest proportion found in the Isles of Scilly (4.8%).

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 153 | East Dorset | 99.0 | 97.7 | 177 | 24 | 1.4 |
| 160 | Mendip | 98.8 | 97.7 | 175 | 15 | 1.0 |
| 161 | West Dorset | 98.7 | 98.9 | 162 | 1 | -0.2 |
| 164 | Taunton Deane | 98.4 | 98.3 | 168 | 4 | 0.1 |
| 166 | Exeter | 98.3 | 100.2 | 142 | -24 | -1.9 |
| 171 | Bournemouth | 98.0 | 96.8 | 186 | 15 | 1.1 |
| 180 | West Wiltshire | 97.5 | 99.6 | 152 | -28 | -2.1 |
| 182 | South Hams | 97.4 | 99.6 | 153 | -29 | -2.3 |
| 191 | Gloucester | 96.6 | 103.6 | 108 | -83 | -6.9 |
| 193 | Mid Devon | 96.5 | 97.3 | 181 | -12 | -0.7 |
| 194 | North Devon | 96.5 | 92.6 | 244 | 50 | 3.9 |
| 195 | Forest of Dean | 96.4 | 95.4 | 206 | 11 | 1.0 |
| 206 | North Dorset | 95.5 | 96.3 | 194 | -12 | -0.9 |
| 215 | West Somerset | 94.9 | 96.7 | 190 | -25 | -1.8 |
| 224 | Purbeck | 93.8 | 91.7 | 262 | 38 | 2.1 |
| 228 | Carrick | 93.6 | 91.1 | 267 | 39 | 2.5 |
| 235 | Teignbridge | 92.9 | 89.9 | 290 | 55 | 3.0 |
| 238 | West Devon | 92.8 | 95.7 | 203 | -35 | -2.8 |
| 240 | Sedgemoor | 92.5 | 92.9 | 242 | 2 | -0.3 |
| 255 | East Devon | 91.9 | 92.3 | 253 | -2 | -0.3 |
| 321 | North Cornwall | 87.5 | 89.1 | 308 | -13 | -1.6 |
| 323 | Torridge | 87.4 | 89.1 | 307 | -16 | -1.7 |
| 328 | Plymouth | 87.0 | 84.8 | 368 | 40 | 2.2 |
| 336 | Caradon | 86.3 | 83.7 | 381 | 45 | 2.7 |
| 351 | Weymouth and Portland | 85.7 | 86.7 | 347 | -4 | -1.0 |
| 358 | Torbay | 85.4 | 87.4 | 340 | -18 | -2.0 |
| 366 | Restormel | 84.9 | 84.0 | 376 | 10 | 0.9 |
| 374 | Kerrier | 83.7 | 80.7 | 407 | 33 | 3.0 |
| 388 | Penwith | 82.6 | 81.3 | 401 | 13 | 1.3 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.09

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in South West England

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Cheltenham | £20,436 | 41 | 3.7 | 112 | 25.7% | 67 |
| Cotswold | £14,008 | 154 | 5.3 | 16 | 22.1% | 103 |
| Swindon | £24,113 | 23 | 2.8 | 260 | 28.0% | 42 |
| Bath and North East Somerset | £17,988 | 67 | 3.3 | 160 | 22.8% | 94 |
| Bristol | £21,513 | 36 | 3.2 | 170 | 26.9% | 54 |
| Tewkesbury | £15,502 | 109 | 3.0 | 224 | 22.4% | 101 |
| South Gloucestershire | £17,222 | 79 | 2.9 | 228 | 21.7% | 113 |
| North Wiltshire | £12,803 | 200 | 3.9 | 87 | 26.4% | 61 |
| Salisbury | £14,703 | 132 | 3.2 | 183 | 18.6% | 176 |
| Kennet | £12,416 | 216 | 4.4 | 47 | 22.3% | 102 |
| Stroud | £12,978 | 192 | 3.9 | 93 | 21.0% | 130 |
| Isles of Scilly | £13,020 | 190 | 7.1 | 6 | 4.8% | 408 |
| North Somerset | £13,467 | 172 | 3.1 | 184 | 21.1% | 127 |
| Poole | £14,766 | 130 | 3.4 | 143 | 20.2% | 149 |
| Christchurch | £11,777 | 243 | 3.4 | 139 | 20.1% | 150 |
| South Somerset | £13,033 | 187 | 2.9 | 229 | 16.4% | 232 |
| East Dorset | £10,241 | 334 | 4.0 | 76 | 21.7% | 112 |
| Mendip | £10,956 | 288 | 3.5 | 132 | 17.3% | 206 |
| West Dorset | £13,619 | 170 | 3.5 | 129 | 15.3% | 269 |
| Taunton Deane | £15,148 | 120 | 2.9 | 232 | 16.5% | 229 |
| Exeter | £19,187 | 54 | 3.0 | 206 | 19.2% | 168 |
| Bournemouth | £15,441 | 111 | 3.5 | 128 | 21.2% | 125 |
| West Wiltshire | £14,548 | 134 | 3.1 | 199 | 18.4% | 178 |
| South Hams | £11,381 | 262 | 4.0 | 79 | 14.0% | 305 |
| Gloucester | £19,447 | 49 | 2.4 | 329 | 17.7% | 197 |
| Mid Devon | £9,489 | 376 | 3.9 | 85 | 14.2% | 301 |
| North Devon | £11,775 | 244 | 4.0 | 73 | 11.8% | 366 |
| Forest of Dean | £10,842 | 297 | 3.3 | 158 | 15.5% | 261 |

Table: 5.10 Continued >>

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| North Dorset | £11,173 | 274 | 3.2 | 173 | 17.5% | 203 |
| West Somerset | £9,811 | 357 | 3.1 | 194 | 11.6% | 369 |
| Purbeck | £9,996 | 344 | 3.3 | 153 | 15.7% | 252 |
| Carrick | £13,335 | 175 | 3.4 | 144 | 13.9% | 311 |
| Teignbridge | £11,034 | 282 | 3.5 | 126 | 13.1% | 325 |
| West Devon | £9,594 | 368 | 3.9 | 86 | 14.1% | 304 |
| Sedgemoor | £11,168 | 275 | 3.2 | 174 | 15.5% | 260 |
| East Devon | £9,766 | 360 | 3.4 | 151 | 14.2% | 298 |
| North Cornwall | £9,690 | 363 | 3.7 | 114 | 10.3% | 389 |
| Torridge | £8,994 | 398 | 2.9 | 237 | 12.7% | 338 |
| Plymouth | £13,806 | 163 | 1.9 | 389 | 15.7% | 255 |
| Caradon | £7,335 | 431 | 3.0 | 209 | 11.4% | 373 |
| Weymouth and Portland | £9,144 | 392 | 2.6 | 299 | 12.0% | 361 |
| Torbay | £10,293 | 332 | 3.0 | 222 | 12.0% | 360 |
| Restormel | £9,316 | 383 | 2.7 | 267 | 10.1% | 393 |
| Kerrier | £8,092 | 423 | 2.5 | 304 | 11.1% | 377 |
| Penwith | £8,287 | 417 | 3.1 | 202 | 9.8% | 399 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.10

## West Midlands

Only 6 of the 34 local districts constituting the West Midlands score above average on the 2005 UK Local Competitiveness Index, and none of these are located within the national top 50. These six districts are: Stratford-on-Avon (ranked 58th); Warwick (75th); Solihull (92nd); Rugby (112th); Wychavon (125th) and North Warwickshire (137th).

Birmingham is ranked on 229th - a fall of 5 places from 224th in 1997 - with an index score 6.4 percentage points below the UK average. Coventry is ranked 208th, a rise of 25 places, with an index score 4.6 percentage points below average, while Wolverhampton is ranked 306th, a drop of 4 places, with a score 11.6 percentage points below the UK average.

The least competitive locality in the West Midlands is Stoke on Trent, which is ranked a lowly 403rd with an index score 19 percentage points below the UK average. Stoke is followed by Sandwell (386th), Walsall (359th) and Nuneaton and Bedworth (344th).

Those districts that have most improved their competitiveness ranking since 1997 are: Shrewsbury and Atcham - which has risen 78 places from 254th to 176th; Tamworth - which has risen 48 places from 318th to 270th; Cannock Chase - which has risen 38 places from 332nd to 294th; and Solihull - which has risen 36 places from 128th to 92nd.

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in the West Midlands

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 58 | Stratford-on-Avon | 112.2 | 112.1 | 52 | -6 | 0.1 |
| 75 | Warwick | 109.4 | 112.1 | 53 | -22 | -2.7 |
| 92 | Solihull | 106.1 | 101.8 | 128 | 36 | 4.3 |
| 112 | Rugby | 103.0 | 105.0 | 97 | -15 | -2.0 |
| 125 | Wychavon | 101.7 | 99.9 | 147 | 22 | 1.8 |
| 137 | North Warwickshire | 100.5 | 101.6 | 129 | -8 | -1.1 |
| 154 | Bromsgrove | 99.0 | 99.4 | 157 | 3 | -0.4 |
| 163 | Malvern Hills | 98.4 | 101.4 | 134 | -29 | -3.0 |
| 165 | Lichfield | 98.4 | 101.3 | 136 | -29 | -2.9 |
| 172 | Worcester | 97.8 | 96.2 | 199 | 27 | 1.6 |
| 175 | Stafford | 97.8 | 98.1 | 171 | -4 | -0.4 |
| 176 | Shrewsbury and Atcham | 97.7 | 92.2 | 254 | 78 | 5.5 |
| 177 | East Staffordshire | 97.6 | 96.7 | 188 | 11 | 0.9 |
| 190 | Herefordshire, County of | 96.7 | 98.2 | 169 | -21 | -1.5 |
| 208 | Coventry | 95.4 | 93.3 | 233 | 25 | 2.1 |
| 214 | North Shropshire | 94.9 | 92.3 | 249 | 35 | 2.6 |
| 219 | Bridgnorth | 94.5 | 93.3 | 234 | 15 | 1.2 |
| 222 | South Shropshire | 94.2 | 94.0 | 227 | 5 | 0.3 |
| 229 | Birmingham | 93.6 | 94.1 | 224 | -5 | -0.5 |
| 233 | Redditch | 93.0 | 96.7 | 189 | -44 | -3.7 |
| 253 | Oswestry | 92.0 | 92.3 | 250 | -3 | -0.3 |
| 258 | Telford and Wrekin | 91.7 | 91.1 | 269 | 11 | 0.6 |
| 270 | Tamworth | 90.5 | 89.0 | 318 | 48 | 1.4 |
| 288 | South Staffordshire | 89.4 | 89.9 | 291 | 3 | -0.5 |
| 294 | Cannock Chase | 89.0 | 87.9 | 332 | 38 | 1.1 |
| 304 | Wyre Forest | 88.6 | 91.7 | 261 | -43 | -3.1 |
| 306 | Wolverhampton | 88.4 | 89.3 | 302 | -4 | -0.9 |
| 313 | Dudley | 87.9 | 89.1 | 310 | -3 | -1.2 |
| 327 | Staffordshire Moorlands | 87.0 | 89.1 | 312 | -15 | -2.1 |
| 339 | Newcastle-under-Lyme | 86.2 | 87.6 | 333 | -6 | -1.4 |
| 344 | Nuneaton and Bedworth | 86.0 | 85.8 | 357 | 13 | 0.2 |
| 359 | Walsall | 85.3 | 86.2 | 352 | -7 | -1.0 |
| 386 | Sandwell | 82.8 | 82.7 | 392 | 6 | 0.1 |
| 403 | Stoke on Trent | 81.0 | 81.6 | 398 | -5 | -0.6 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.11

Those districts suffering the biggest drop down the rankings since 1997 are: Redditch - which has fallen 44 places from 189th to 233rd; Wyre Forest - which has fallen 43 places from 261st to 304th; Malvern Hills - which has fallen 29 places for 134th to 163rd; and Lichfield - which has also fallen 29 places for 136th to 165th.

Table 5.12 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in the West Midlands. The highest GVA per capita is found in Warwick (£18,627), and the lowest in South Staffordshire (£8,020).

The highest business start-up rates occur in Stratford-on-Avon (5.3), and the lowest in Sandwell (2.2). The locality with the highest proportion of knowledge-based businesses is Solihull (26.5%), with the lowest proportion found in Sandwell (10.6%).

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in the West Midlands

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Stratford-on-Avon | £15,951 | 102 | 5.3 | 18 | 22.4% | 99 |
| Warwick | £18,627 | 57 | 3.9 | 88 | 25.3% | 70 |
| Solihull | £17,291 | 77 | 3.1 | 188 | 26.5% | 58 |
| Rugby | £17,427 | 75 | 3.3 | 157 | 21.2% | 126 |
| Wychavon | £12,295 | 223 | 4.2 | 63 | 20.0% | 152 |
| North Warwickshire | £16,135 | 95 | 4.4 | 44 | 15.6% | 259 |
| Bromsgrove | £9,918 | 352 | 3.9 | 83 | 20.6% | 142 |
| Malvern Hills | £10,307 | 329 | 3.5 | 130 | 21.5% | 116 |
| Lichfield | £12,599 | 210 | 3.7 | 104 | 20.8% | 134 |
| Worcester | £15,757 | 105 | 3.2 | 171 | 19.3% | 166 |
| Stafford | £13,963 | 155 | 2.9 | 238 | 17.7% | 195 |
| Shrewsbury and Atcham | £14,052 | 151 | 3.2 | 178 | 15.8% | 250 |
| East Staffordshire | £14,757 | 131 | 3.5 | 127 | 18.4% | 180 |
| Herefordshire, County of | £11,875 | 240 | 3.7 | 111 | 15.2% | 273 |
| Coventry | £15,606 | 107 | 2.3 | 351 | 20.0% | 153 |
| North Shropshire | £10,073 | 341 | 3.6 | 123 | 14.5% | 292 |
| Bridgnorth | £10,006 | 343 | 3.7 | 113 | 16.5% | 228 |
| South Shropshire | £8,487 | 413 | 3.7 | 103 | 14.4% | 294 |
| Birmingham | £16,466 | 90 | 2.5 | 301 | 19.9% | 155 |
| Redditch | £15,060 | 121 | 3.0 | 208 | 20.7% | 137 |
| Oswestry | £11,019 | 284 | 3.3 | 163 | 12.3% | 354 |
| Telford and Wrekin | £14,340 | 142 | 2.9 | 239 | 16.8% | 220 |
| Tamworth | £12,436 | 215 | 2.8 | 258 | 16.1% | 237 |
| South Staffordshire | £8,020 | 425 | 3.1 | 198 | 16.2% | 233 |
| Cannock Chase | £10,554 | 312 | 3.2 | 169 | 12.8% | 333 |
| Wyre Forest | £10,704 | 304 | 3.0 | 211 | 14.6% | 289 |
| Wolverhampton | £13,484 | 171 | 2.6 | 287 | 15.1% | 277 |
| Dudley | £12,177 | 226 | 2.8 | 253 | 14.3% | 295 |
| Staffordshire Moorlands | £9,066 | 396 | 2.9 | 231 | 12.6% | 341 |
| Newcastle-under-Lyme | £10,288 | 333 | 2.2 | 354 | 18.0% | 186 |
| Nuneaton and Bedworth | £10,749 | 301 | 2.4 | 326 | 13.8% | 313 |
| Walsall | £12,630 | 208 | 2.6 | 293 | 12.3% | 353 |
| Sandwell | £13,384 | 174 | 2.2 | 356 | 10.6% | 383 |
| Stoke on Trent | £12,180 | 225 | 2.4 | 337 | 11.8% | 365 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.12

## North West

There are 43 local districts in North West England, of which 10 perform above average on the UK Local Competitiveness Index 2005, with another district - Stockport - having an index score equal to the average. The leading performers are Macclesfield (22nd), Trafford (36th), Ribble Valley (57th), Chester (73rd), Congleton (102nd), Warrington (110th), and Manchester (122nd). Trafford (+43) and Ribble Valley (+65) have both improved their ranking significantly since 1997, while Chester has dropped 18 places from 55th to 73rd.

Liverpool is ranked in a lowly 370th place with an index score 15.9 percentage points below the UK average, although its ranking has improved by 9 places from 379th in 1997. Preston is ranked 143rd, with its index score falling from 2.4 percentage points above the UK average in 1997 to only 0.1 percentage below the average in 2005.

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in North West England

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 22 | Macclesfield | 121.2 | 117.8 | 33 | 11 | 3.5 |
| 36 | Trafford | 116.8 | 108.1 | 79 | 43 | 8.7 |
| 57 | Ribble Valley | 113.2 | 102.6 | 122 | 65 | 10.6 |
| 73 | Chester | 110.2 | 111.9 | 55 | -18 | -1.7 |
| 102 | Congleton | 104.0 | 104.1 | 102 | 0 | 0.0 |
| 110 | Warrington | 103.2 | 101.4 | 133 | 23 | 1.8 |
| 122 | Manchester | 101.8 | 101.5 | 132 | 10 | 0.3 |
| 127 | Crewe and Nantwich | 101.6 | 94.5 | 218 | 91 | 7.2 |
| 128 | Fylde | 101.5 | 106.2 | 90 | -38 | -4.8 |
| 132 | Vale Royal | 101.0 | 99.3 | 158 | 26 | 1.7 |
| 140 | Stockport | 100.0 | 100.0 | 143 | 3 | 0.1 |
| 143 | Preston | 99.9 | 102.4 | 124 | -19 | -2.5 |
| 144 | South Lakeland | 99.9 | 98.1 | 172 | 28 | 1.8 |
| 186 | Ellesmere Port and Neston | 97.0 | 93.5 | 231 | 45 | 3.5 |
| 211 | South Ribble | 95.3 | 94.7 | 215 | 4 | 0.6 |
| 218 | Eden | 94.7 | 97.2 | 182 | -36 | -2.6 |
| 220 | Chorley | 94.3 | 92.9 | 240 | 20 | 1.4 |
| 237 | Salford | 92.8 | 91.0 | 270 | 33 | 1.8 |
| 241 | Lancaster | 92.5 | 89.6 | 296 | 55 | 2.9 |
| 250 | Copeland | 92.2 | 90.8 | 274 | 24 | 1.4 |
| 252 | West Lancashire | 92.1 | 94.9 | 212 | -40 | -2.8 |
| 263 | Bury | 91.2 | 91.9 | 259 | -4 | -0.6 |

Table: 5.13 Continued >>

The least competitive locality in North West England is Knowsley, which with a ranking of 432nd is the third poorest performing area across the whole of the UK. Knowsley is followed by Blackpool (416th), Barrow-in-Furness (398th), St Helens (389th), and Oldham (378th), all of which experienced further declines in their competitiveness since 1997.

A number of parts of North West England have significantly improved their performance since 1997, with the biggest risers - along with Ribble Valley - being Crewe and Nantwich - which has risen 91 places from 218th to 127th, Sefton - which has risen 87 places from 362nd to 275th, Burnley - which has risen 68 places from 370th to 302nd, and Lancaster - which has risen 55 places from 296th to 241st.

Those localities experiencing the biggest declines in their competitiveness since 1997 are: Carlisle - which has fallen 61 places from 268th to 329th; West Lancashire - which has fallen 40 places from 212th to 252nd; Fylde - which has fallen 38 places from 90th to 128th; and Eden - which has fallen 36 places from 182nd to 218th.

Table 5.14 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in North West England. The highest GVA per capita is found in Manchester (£22,928), and the lowest in Wyre (£8,526).

The highest business start-up rates occur in Trafford (4.5), and the lowest in Knowsley (1.2). The locality with the highest proportion of knowledge-based businesses is Sefton (43.4%), with the lowest proportion found in Knowsley (10.8%).

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 265 | Rossendale | 91.0 | 91.3 | 264 | -1 | -0.3 |
| 275 | Sefton | 90.2 | 85.4 | 362 | 87 | 4.8 |
| 282 | Bolton | 89.9 | 90.4 | 282 | 0 | -0.5 |
| 302 | Burnley | 88.7 | 84.7 | 370 | 68 | 4.0 |
| 315 | Halton | 87.8 | 85.4 | 363 | 48 | 2.4 |
| 318 | Allerdale | 87.6 | 89.2 | 306 | -12 | -1.5 |
| 329 | Carlisle | 86.9 | 91.1 | 268 | -61 | -4.2 |
| 355 | Pendle | 85.6 | 85.6 | 361 | 6 | 0.1 |
| 356 | Blackburn with Darwen | 85.6 | 85.7 | 358 | 2 | -0.1 |
| 357 | Tameside | 85.5 | 85.3 | 365 | 8 | 0.2 |
| 360 | Wyre | 85.2 | 88.5 | 327 | -33 | -3.3 |
| 362 | Hyndburn | 85.0 | 83.6 | 382 | 20 | 1.4 |
| 363 | Wigan | 85.0 | 84.9 | 367 | 4 | 0.1 |
| 369 | Rochdale | 84.3 | 86.3 | 351 | -18 | -1.9 |
| 370 | Liverpool | 84.1 | 83.8 | 379 | 9 | 0.3 |
| 375 | Wirral | 83.7 | 83.0 | 387 | 12 | 0.6 |
| 378 | Oldham | 83.2 | 84.8 | 369 | -9 | -1.6 |
| 389 | St Helens | 82.4 | 84.6 | 373 | -16 | -2.2 |
| 398 | Barrow-in-Furness | 81.4 | 83.8 | 377 | -21 | -2.5 |
| 416 | Blackpool | 79.6 | 82.4 | 394 | -22 | -2.8 |
| 432 | Knowsley | 73.9 | 71.1 | 432 | 0 | 2.9 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.13

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in North West England

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Macclesfield | £20,089 | 45 | 4.5 | 37 | 27.4% | 50 |
| Trafford | £19,429 | 50 | 6.4 | 9 | 29.4% | 30 |
| Ribble Valley | £14,389 | 139 | 4.7 | 34 | 16.9% | 217 |
| Chester | £22,145 | 31 | 3.2 | 175 | 25.8% | 66 |
| Congleton | £12,882 | 196 | 3.4 | 146 | 24.4% | 80 |
| Warrington | £19,070 | 55 | 3.1 | 191 | 25.7% | 68 |
| Manchester | £22,928 | 27 | 3.2 | 166 | 23.9% | 85 |
| Crewe and Nantwich | £16,020 | 100 | 2.9 | 236 | 19.6% | 160 |
| Fylde | £14,310 | 144 | 2.9 | 241 | 22.6% | 98 |
| Vale Royal | £14,085 | 150 | 3.0 | 218 | 21.8% | 111 |
| Stockport | £13,395 | 173 | 3.2 | 177 | 23.8% | 87 |
| Preston | £21,847 | 34 | 3.1 | 192 | 19.8% | 158 |
| South Lakeland | £11,573 | 255 | 3.9 | 90 | 14.8% | 285 |
| Ellesmere Port and Neston | £15,236 | 118 | 1.9 | 400 | 19.9% | 154 |
| South Ribble | £12,583 | 211 | 2.8 | 249 | 16.7% | 223 |
| Eden | £10,677 | 307 | 3.5 | 131 | 10.9% | 379 |
| Chorley | £11,960 | 235 | 3.4 | 147 | 18.1% | 183 |
| Salford | £17,244 | 78 | 2.7 | 266 | 17.1% | 212 |
| Lancaster | £12,316 | 220 | 2.4 | 331 | 17.6% | 199 |
| Copeland | £11,438 | 258 | 2.0 | 382 | 32.0% | 16 |
| West Lancashire | £11,707 | 249 | 2.5 | 308 | 16.1% | 236 |
| Bury | £9,957 | 348 | 3.2 | 180 | 17.9% | 187 |
| Rossendale | £9,985 | 345 | 3.2 | 176 | 14.8% | 284 |
| Sefton | £10,152 | 339 | 2.0 | 380 | 43.4% | 3 |
| Bolton | £12,043 | 233 | 2.7 | 278 | 17.0% | 213 |
| Burnley | £12,697 | 203 | 2.7 | 282 | 14.2% | 300 |
| Halton | £13,899 | 158 | 2.5 | 306 | 17.0% | 214 |
| Allerdale | £9,543 | 373 | 2.4 | 322 | 12.9% | 329 |
| Carlisle | £13,264 | 177 | 2.6 | 290 | 12.2% | 358 |
| Pendle | £11,336 | 264 | 2.5 | 311 | 12.4% | 351 |
| Blackburn with Darwen | £12,151 | 228 | 2.7 | 276 | 15.3% | 270 |
| Tameside | £10,943 | 290 | 2.3 | 338 | 14.7% | 287 |
| Wyre | £8,526 | 410 | 2.4 | 330 | 15.0% | 281 |
| Hyndburn | £10,882 | 295 | 2.6 | 297 | 10.0% | 397 |
| Wigan | £9,785 | 358 | 2.4 | 323 | 15.9% | 245 |
| Rochdale | £10,902 | 293 | 2.4 | 335 | 12.5% | 347 |

Table: 5.14 Continued >>

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Liverpool | £13,776 | 164 | 2.3 | 349 | 17.7% | 193 |
| Wirral | £9,232 | 385 | 2.0 | 384 | 17.5% | 204 |
| Oldham | £10,880 | 296 | 2.2 | 363 | 13.9% | 312 |
| St Helens | £10,510 | 317 | 2.2 | 370 | 13.9% | 307 |
| Barrow-in-Furness | £10,176 | 338 | 1.4 | 423 | 18.9% | 174 |
| Blackpool | £10,943 | 289 | 2.2 | 360 | 12.6% | 344 |
| Knowsley | £10,345 | 326 | 1.2 | 434 | 10.8% | 381 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.14

## Scotland

A mere three of Scotland's 32 local areas have a competitiveness score above the UK average in 2005, with the highest ranked being Aberdeen City (41st), followed by the City of Edinburgh (66th) and Aberdeenshire (118th).

Glasgow is ranked 204th, a rise of 24 places from 1997, with an index score 4.4 percentage points below the UK average, while Dundee is ranked 297th - a rise of 17 places - with an index score 11.1 percentage points below the UK average.

The least competitive locality in Scotland in 2005 is North Ayrshire, which has fallen from a rank of 386th in 1997 to 407th in 2005. North Ayrshire is followed by Clackmannanshire (390th), East Ayrshire (387th) and North Lanarkshire (381st). However, unlike North Ayrshire these three localities have all improved their competitiveness ranking since 1997.

The most improved performers in Scotland since 1997 are: East Dunbartonshire - which has risen 65 places from 232nd to 167th, Stirling - which has risen 52 places from 200th to 148th, Highland - which has risen 36 places from 303rd to 267th, and East Renfrewshire - which has risen 33 places from a rank of 309th to 276th.

Those localities suffering the biggest declines in their competitiveness since 1997 are: the Shetland Islands - which has fallen 106 places for 101st in 1997 to 207th in 2005; the Orkney Islands - which has fallen 84 places from 141st to 225th; and West Lothian - which has fallen 40 places from 183rd to 223rd.

Table 5.16 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in Scotland. The highest GVA per capita is found in Aberdeen City (£29,012), and the lowest in East Renfrewshire (£7,511).

The highest business start-up rates occur in Stirling (3.6), and the lowest in West Dunbartonshire (1.4). The locality with the

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in Scotland

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 41 | Aberdeen City | 115.9 | 120.1 | 23 | -18 | -4.1 |
| 66 | Edinburgh, City of | 111.2 | 111.4 | 60 | -6 | -0.2 |
| 118 | Aberdeenshire | 102.3 | 103.5 | 109 | -9 | -1.2 |
| 148 | Stirling | 99.4 | 95.8 | 200 | 52 | 3.6 |
| 167 | East Dunbartonshire | 98.1 | 93.4 | 232 | 65 | 4.7 |
| 203 | Perthshire & Kinross | 95.7 | 96.5 | 193 | -10 | -0.8 |
| 204 | Glasgow City | 95.6 | 93.8 | 228 | 24 | 1.8 |
| 207 | Shetland Islands | 95.5 | 104.1 | 101 | -106 | -8.6 |
| 212 | South Ayrshire | 95.3 | 93.3 | 235 | 23 | 2.1 |
| 221 | Renfrewshire | 94.2 | 95.2 | 209 | -12 | -0.9 |
| 223 | West Lothian | 94.0 | 97.1 | 183 | -40 | -3.1 |
| 225 | Orkney Islands | 93.8 | 100.4 | 141 | -84 | -6.6 |
| 267 | Highland | 90.9 | 89.2 | 303 | 36 | 1.6 |
| 276 | East Renfrewshire | 90.1 | 89.1 | 309 | 33 | 1.0 |
| 277 | South Lanarkshire | 90.1 | 89.4 | 299 | 22 | 0.7 |
| 287 | Moray | 89.4 | 89.6 | 293 | 6 | -0.2 |
| 297 | Dundee City | 88.9 | 89.1 | 314 | 17 | -0.2 |
| 299 | Scottish Borders | 88.9 | 90.8 | 273 | -26 | -1.9 |
| 303 | Dumfries & Galloway | 88.7 | 89.1 | 311 | 8 | -0.4 |
| 305 | Falkirk | 88.6 | 89.1 | 315 | 10 | -0.5 |
| 309 | East Lothian | 88.2 | 89.2 | 304 | -5 | -1.0 |
| 314 | Eilean Siar | 87.9 | 90.6 | 278 | -36 | -2.8 |
| 322 | Argyll & Bute | 87.5 | 87.0 | 344 | 22 | 0.4 |
| 334 | Fife | 86.4 | 85.6 | 359 | 25 | 0.8 |
| 335 | Midlothian | 86.4 | 87.0 | 345 | 10 | -0.6 |
| 348 | Inverclyde | 85.8 | 88.7 | 324 | -24 | -3.0 |
| 354 | Angus | 85.6 | 89.0 | 320 | -34 | -3.3 |
| 380 | West Dunbartonshire | 83.1 | 85.9 | 356 | -24 | -2.9 |
| 381 | North Lanarkshire | 83.0 | 79.7 | 414 | 33 | 3.3 |
| 387 | East Ayrshire | 82.7 | 80.1 | 411 | 24 | 2.6 |
| 390 | Clackmannanshire | 82.4 | 80.9 | 404 | 14 | 1.5 |
| 407 | North Ayrshire | 80.8 | 83.1 | 386 | -21 | -2.3 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.15

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in Scotland

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Aberdeen City | £29,012 | 8 | 2.8 | 261 | 30.3% | 24 |
| Edinburgh, City of | £24,016 | 24 | 3.1 | 187 | 27.7% | 47 |
| Aberdeenshire | £12,687 | 205 | 3.2 | 179 | 20.8% | 133 |
| Stirling | £13,627 | 169 | 3.6 | 119 | 17.7% | 192 |
| East Dunbartonshire | £8,481 | 414 | 1.7 | 408 | 19.1% | 170 |
| Perthshire & Kinross | £12,173 | 227 | 3.1 | 204 | 15.2% | 271 |
| Glasgow City | £20,575 | 40 | 2.7 | 280 | 19.1% | 172 |

Table: 5.16 Continued >>

highest proportion of knowledge-based businesses is Aberdeen City (30.3%), with the lowest proportion found in the Shetland Islands (7.1%).

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Shetland Islands | £13,197 | 178 | 3.0 | 223 | 7.1% | 407 |
| South Ayrshire | £14,277 | 145 | 2.6 | 292 | 13.9% | 310 |
| Renfrewshire | £16,537 | 87 | 1.9 | 392 | 15.1% | 278 |
| West Lothian | £15,301 | 114 | 2.0 | 379 | 15.9% | 244 |
| Orkney Islands | £10,716 | 303 | 2.3 | 342 | 8.7% | 404 |
| Highland | £10,576 | 310 | 2.9 | 240 | 12.2% | 356 |
| East Renfrewshire | £7,511 | 430 | 1.8 | 402 | 17.8% | 190 |
| South Lanarkshire | £12,500 | 213 | 2.3 | 347 | 14.1% | 303 |
| Moray | £14,021 | 152 | 2.1 | 378 | 10.0% | 398 |
| Dundee City | £14,962 | 123 | 1.7 | 407 | 16.6% | 225 |
| Scottish Borders | £10,345 | 327 | 2.8 | 247 | 11.4% | 374 |
| Dumfries & Galloway | £11,476 | 256 | 2.4 | 325 | 9.6% | 401 |
| Falkirk | £13,106 | 183 | 1.9 | 401 | 15.2% | 272 |
| East Lothian | £9,133 | 393 | 2.3 | 352 | 15.6% | 257 |
| Eilean Siar | £9,961 | 347 | 2.3 | 346 | 7.4% | 406 |
| Argyll & Bute | £9,948 | 349 | 2.4 | 327 | 10.0% | 396 |
| Fife | £11,217 | 271 | 1.9 | 386 | 14.5% | 293 |
| Midlothian | £10,013 | 342 | 1.9 | 387 | 15.4% | 265 |
| Inverclyde | £14,457 | 136 | 1.6 | 413 | 15.1% | 275 |
| Angus | £9,980 | 346 | 1.9 | 399 | 11.1% | 376 |
| West Dunbartonshire | £12,974 | 193 | 1.4 | 425 | 12.9% | 327 |
| North Lanarkshire | £11,088 | 279 | 1.8 | 403 | 11.2% | 375 |
| East Ayrshire | £10,082 | 340 | 1.8 | 406 | 10.5% | 386 |
| Clackmannanshire | £8,188 | 420 | 1.9 | 393 | 14.2% | 297 |
| North Ayrshire | £9,524 | 374 | 1.7 | 411 | 11.0% | 378 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.16

## Yorkshire and the Humber

In total, twenty-one localities constitute the region of Yorkshire and the Humber, of which only three - Craven (78th), Harrogate (84th) and Hambleton (103rd) - score above average on the UK Local Competitiveness Index 2005, with a fourth - Ryedale (142nd) - having a score equal to the UK average.

Leeds is ranked 159th - a fall of 11 places since 1997 - with an index score 1.2 percentage points below the UK average. Sheffield is ranked on 271st - a rise of 5 places since 1997 - with an index score 9.6 percentage points below the UK average, while York is ranked 145th - rising a significant 47 places from 192nd in 1997 - and has an index score now only 0.2 percentage points below the UK average.

The least competitive localities in the region are: Doncaster (400th); Kingston upon Hull (399th); Barnsley (396th); and Rotherham (377th). However, it can be positively noted that these localities have improved their ranking to some extent since 1997.

Alongside York, those localities that have most improved their competitiveness performance since 1997 are: Wakefield - which has risen 68 places from 375th in 1997 to 307th in 2005; Rotherham - which has risen 41 places from 418th to 377th; and Kirklees - which has risen 39 places from 275th to 236th.

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in Yorkshire and the Humber

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 78 | Craven | 108.3 | 103.9 | 105 | 27 | 4.4 |
| 84 | Harrogate | 107.5 | 103.9 | 104 | 20 | 3.6 |
| 103 | Hambleton | 104.0 | 102.3 | 126 | 23 | 1.7 |
| 142 | Ryedale | 100.0 | 103.6 | 107 | -35 | -3.6 |
| 145 | York | 99.8 | 96.6 | 192 | 47 | 3.2 |
| 159 | Leeds | 98.8 | 99.8 | 148 | -11 | -1.0 |
| 179 | Selby | 97.5 | 94.7 | 213 | 34 | 2.8 |
| 217 | Calderdale | 94.8 | 97.0 | 184 | -33 | -2.2 |
| 236 | Kirklees | 92.8 | 90.7 | 275 | 39 | 2.2 |
| 244 | East Riding of Yorkshire | 92.4 | 93.1 | 239 | -5 | -0.6 |
| 245 | North Lincolnshire | 92.4 | 95.4 | 205 | -40 | -3.0 |
| 271 | Sheffield | 90.4 | 90.6 | 276 | 5 | -0.2 |
| 279 | Richmondshire | 90.0 | 92.4 | 247 | -32 | -2.4 |
| 290 | Bradford | 89.4 | 89.2 | 305 | 15 | 0.2 |
| 307 | Wakefield | 88.3 | 84.0 | 375 | 68 | 4.3 |
| 311 | Scarborough | 88.0 | 88.5 | 329 | 18 | -0.5 |
| 367 | North East Lincolnshire | 84.8 | 88.9 | 321 | -46 | -4.1 |
| 377 | Rotherham | 83.4 | 79.0 | 418 | 41 | 4.4 |
| 396 | Barnsley | 81.4 | 78.8 | 420 | 24 | 2.7 |
| 399 | Kingston upon Hull | 81.2 | 81.0 | 403 | 4 | 0.3 |
| 400 | Doncaster | 81.2 | 78.6 | 421 | 21 | 2.6 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.17

Those areas suffering the biggest declines in their competitiveness since 1997 are: North East Lincolnshire - which has fallen 46 places from 321st to 367th; North Lincolnshire - which has fallen 40 places from 205th to 245th; and Ryedale - which has fallen 35 places from 107th to 142nd.

Table 5.18 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in Yorkshire and the Humber. The highest GVA per capita is found in Leeds (£18,305), and the lowest in Richmondshire (£9,224).

The highest business start-up rates occur in Ryedale (4.6), and the lowest in Kingston upon Hull (1.9). The locality with the highest proportion of knowledge-based businesses is Harrogate (21.3%), with the lowest proportion found in Scarborough (10.0%).

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in Yorkshire and the Humber

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Craven | £14,109 | 149 | 4.3 | 57 | 15.0% | 282 |
| Harrogate | £13,712 | 166 | 4.2 | 62 | 21.3% | 121 |
| Hambleton | £14,369 | 141 | 3.7 | 106 | 16.1% | 234 |
| Ryedale | £14,191 | 148 | 4.6 | 35 | 12.7% | 340 |
| York | £17,882 | 70 | 2.8 | 254 | 17.3% | 207 |
| Leeds | £18,305 | 61 | 2.9 | 233 | 19.9% | 156 |
| Selby | £11,440 | 257 | 3.8 | 99 | 16.0% | 241 |
| Calderdale | £12,803 | 199 | 3.2 | 167 | 14.6% | 290 |
| Kirklees | £12,790 | 201 | 3.1 | 186 | 14.3% | 296 |
| East Riding of Yorkshire | £10,757 | 300 | 3.0 | 215 | 15.3% | 267 |
| North Lincolnshire | £14,233 | 147 | 2.5 | 307 | 13.7% | 315 |
| Sheffield | £13,835 | 160 | 2.3 | 341 | 17.7% | 194 |
| Richmondshire | £9,224 | 386 | 3.2 | 172 | 12.9% | 330 |
| Bradford | £12,832 | 198 | 2.5 | 300 | 15.8% | 249 |
| Wakefield | £12,848 | 197 | 2.6 | 289 | 11.7% | 368 |
| Scarborough | £11,919 | 238 | 2.8 | 259 | 10.0% | 394 |
| North East Lincolnshire | £13,264 | 176 | 2.3 | 343 | 12.3% | 355 |
| Rotherham | £10,430 | 322 | 2.2 | 361 | 14.2% | 299 |
| Barnsley | £9,549 | 372 | 2.2 | 353 | 13.2% | 322 |
| Kingston upon Hull | £13,932 | 156 | 1.9 | 395 | 13.1% | 323 |
| Doncaster | £10,466 | 320 | 2.1 | 373 | 12.7% | 339 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.18

## Northern Ireland

Of the 26 district areas of Northern Ireland, only Belfast (ranked 130th overall) has a score above average on the UK Local Competitiveness Index 2005, with an index score 1.4 percentage points above the UK average. Indeed, there is almost a complete polarisation between Belfast and the rest of Northern Ireland, with the second highest ranked locality being Banbridge, which is in 289th position overall with an index score 11.6 percentage points below the UK average. Banbridge is followed by Ballymena (296th) and Fermanagh (312th).

Belfast has improved its competitiveness significantly since 1997, with its index score increasing by 4.0 percentage points and rising 50 places in the rankings from 180th. Other significant increases have been achieved by Ballymena - which has risen 68 places from 364th to 296th, and Castlereagh - which has risen 61 places from 406th to 345th.

However, many localities in Northern Ireland have seen a continued decline in their competitiveness with the worst affected being: Coleraine - which has fallen 87 places from 298th to 385th; Dungannon - which has fallen 84 places from 266th to 350th; and Larne - which has fallen 72 places from 339th to 411th.

Northern Ireland is home to some of the UK's least economically competitive areas, in particular, Derry (427th), Strabane

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in Northern Ireland

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 130 | Belfast | 101.4 | 97.4 | 180 | 50 | 4.0 |
| 289 | Banbridge | 89.4 | 89.6 | 294 | 5 | -0.3 |
| 296 | Ballymena | 88.9 | 85.3 | 364 | 68 | 3.6 |
| 312 | Fermanagh | 88.0 | 90.4 | 281 | -31 | -2.5 |
| 317 | Armagh | 87.7 | 89.6 | 295 | -22 | -1.9 |
| 337 | Cookstown | 86.3 | 90.1 | 287 | -50 | -3.8 |
| 343 | Ballymoney | 86.1 | 86.0 | 355 | 12 | 0.1 |
| 345 | Castlereagh | 85.9 | 80.8 | 406 | 61 | 5.2 |
| 346 | Antrim | 85.9 | 88.7 | 323 | -23 | -2.8 |
| 349 | Magherafelt | 85.8 | 90.1 | 286 | -63 | -4.3 |
| 350 | Dungannon | 85.8 | 91.2 | 266 | -84 | -5.4 |
| 373 | Omagh | 83.7 | 87.6 | 334 | -39 | -3.9 |
| 384 | Limavady | 82.9 | 87.4 | 337 | -47 | -4.5 |
| 385 | Coleraine | 82.8 | 89.5 | 298 | -87 | -6.7 |
| 394 | Newry and Mourne | 81.6 | 80.2 | 409 | 15 | 1.5 |
| 395 | Newtownabbey | 81.4 | 79.6 | 415 | 20 | 1.8 |
| 397 | Ards | 81.4 | 89.1 | 316 | -81 | -7.7 |
| 405 | Carrickfergus | 80.9 | 78.8 | 419 | 14 | 2.1 |
| 411 | Larne | 80.5 | 87.4 | 339 | -72 | -6.8 |
| 412 | Down | 80.3 | 85.6 | 360 | -52 | -5.3 |
| 413 | Lisburn | 80.3 | 82.4 | 393 | -20 | -2.2 |
| 415 | North Down | 79.7 | 83.1 | 385 | -30 | -3.5 |
| 417 | Craigavon | 79.5 | 83.6 | 383 | -34 | -4.1 |
| 418 | Moyle | 79.2 | 84.6 | 372 | -46 | -5.4 |
| 425 | Strabane | 77.9 | 76.1 | 426 | 1 | 1.8 |
| 427 | Derry | 75.4 | 77.2 | 423 | -4 | -1.8 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.19

(425th), Moyle (418th) and Craigavon (417th).

Table 5.20 summarises the rankings for GVA per Capita and Business Start-up Rates (no data are available for the Proportion of Knowledge-Based Businesses) in Northern Ireland. The highest GVA per capita is found in Belfast (£22,123), and the lowest in Strabane (£7,325). The highest business start-up rates occur in Fermanagh (3.5), and the lowest in Moyle (1.2).

Rankings of GVA per Capita and Business Start-up Rates in Northern Ireland

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank |
|---|---|---|---|---|
| Belfast | £22,123 | 33 | 2.2 | 364 |
| Banbridge | £10,969 | 287 | 3.0 | 210 |
| Ballymena | £12,119 | 230 | 2.1 | 374 |
| Fermanagh | £9,221 | 388 | 3.5 | 133 |
| Armagh | £10,178 | 337 | 3.2 | 182 |
| Cookstown | £9,164 | 391 | 3.0 | 217 |
| Ballymoney | £11,081 | 280 | 2.5 | 305 |
| Castlereagh | £11,233 | 270 | 1.4 | 421 |
| Antrim | £11,108 | 278 | 2.4 | 320 |
| Magherafelt | £9,222 | 387 | 2.8 | 248 |
| Dungannon | £9,184 | 389 | 3.0 | 220 |
| Omagh | £7,599 | 429 | 2.7 | 269 |
| Limavady | £9,944 | 350 | 2.5 | 302 |
| Coleraine | £9,626 | 367 | 2.1 | 372 |
| Newry and Mourne | £8,402 | 415 | 2.9 | 234 |
| Newtownabbey | £10,926 | 292 | 1.3 | 429 |
| Ards | £11,705 | 250 | 2.3 | 348 |
| Carrickfergus | £11,109 | 277 | 1.4 | 422 |
| Larne | £9,644 | 366 | 1.3 | 431 |
| Down | £9,924 | 351 | 2.1 | 371 |
| Lisburn | £9,853 | 355 | 1.9 | 396 |
| North Down | £10,209 | 335 | 1.6 | 414 |
| Craigavon | £9,688 | 364 | 1.9 | 385 |
| Moyle | £9,451 | 377 | 1.2 | 432 |
| Strabane | £7,325 | 432 | 2.2 | 362 |
| Derry | £9,408 | 378 | 1.8 | 404 |
| United Kingdom | £15,614 | | 3.2 | |

Table: 5.20

## Wales

Only two of the 22 local authority areas in Wales perform above average on the UK Local Competitiveness Index 2005: Cardiff (ranked 115th overall) and Monmouthshire (124th). Cardiff has an index score in 2005 that is 2.7 percentage points above the UK average, compared with a score 0.3 percentage points below average in 1997. During this time Cardiff surpassed Monmouthshire as Wales' most competitive area by rising 36 places from 151st position in 1997. Monmouth has also risen 11 places from 135th in 1997.

Cardiff and Monmouthshire are followed in the rankings by Powys (168th), Flintshire (202nd), the Vale of Glamorgan (230th) and Newport (272nd).

Wrexham is ranked 295th (285th in 1997), while Swansea is ranked 341st (346th in 1997) and Bridgend 364th (331st in 1997).

Along with Cardiff, those areas that have most improved their competitiveness ranking since 1997 are: Conwy - which has risen 56 places from 388th to 332nd; Newport - which has risen 54 places from 326th to 272nd; and Gwynedd - which has risen 34 places from 354th to 320th.

Those localities experiencing the biggest falls in their competitiveness since 1997 are: Ceredigion - which has fallen 80 places from 220th to 300th; Bridgend - which

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in Wales

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 115 | Cardiff | 102.7 | 99.7 | 151 | 36 | 3.0 |
| 124 | Monmouthshire | 101.8 | 101.4 | 135 | 11 | 0.4 |
| 168 | Powys | 98.1 | 96.2 | 198 | 30 | 1.9 |
| 202 | Flintshire | 95.7 | 95.0 | 211 | 9 | 0.7 |
| 230 | Vale of Glamorgan | 93.4 | 94.6 | 216 | -14 | -1.2 |
| 272 | Newport | 90.3 | 88.6 | 326 | 54 | 1.7 |
| 295 | Wrexham | 89.0 | 90.3 | 285 | -10 | -1.3 |
| 300 | Ceredigion | 88.9 | 94.4 | 220 | -80 | -5.5 |
| 310 | Denbighshire | 88.1 | 89.4 | 301 | -9 | -1.3 |
| 319 | Pembrokeshire | 87.6 | 89.0 | 319 | 0 | -1.4 |
| 320 | Gwynedd | 87.6 | 86.0 | 354 | 34 | 1.6 |
| 332 | Conwy | 86.6 | 82.9 | 388 | 56 | 3.7 |
| 341 | Swansea | 86.2 | 86.9 | 346 | 5 | -0.7 |
| 342 | Carmarthenshire | 86.2 | 87.5 | 336 | -6 | -1.3 |
| 364 | Bridgend | 85.0 | 88.1 | 331 | -33 | -3.1 |
| 371 | Anglesey | 83.9 | 82.0 | 396 | 25 | 1.9 |
| 392 | Torfaen | 81.8 | 82.8 | 390 | -2 | -0.9 |
| 420 | Neath Port Talbot | 78.8 | 81.9 | 397 | -23 | -3.1 |
| 421 | Rhondda, Cynon, Taff | 78.4 | 79.4 | 416 | -5 | -1.0 |
| 428 | Caerphilly | 75.0 | 74.9 | 429 | 1 | 0.1 |
| 430 | Merthyr Tydfil | 74.4 | 76.7 | 424 | -6 | -2.3 |
| 434 | Blaenau Gwent | 69.1 | 68.3 | 434 | 0 | 0.8 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.21

has fallen 33 places from 331st to 364th; and Neath Port Talbot - which has fallen 23 places from 397th to 420th.

Wales is home to the UK's most uncompetitive locality, Blaenau Gwent, which has remained in 434th and last position since 1997, with an index score in 2005 30.9 percentage points below the UK average. It is followed by Merthyr Tydfil (430th), Caerphilly (428th), Rhondda, Cynon, Taff (421st) and Neath Port Talbot (420th).

Table 5.22 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in Wales. The highest GVA per capita is found in Cardiff (£19,904), and the lowest in Caerphilly (£7,967).

The highest business start-up rates occur in Monmouthshire (3.8), and the lowest in Merthyr Tydfil (1.4). The locality with the highest proportion of knowledge-based businesses is Cardiff (22.0%), with the lowest proportion found in Blaenau Gwent (8.7%).

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in Wales

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Cardiff | £19,904 | 46 | 2.6 | 286 | 22.0% | 105 |
| Monmouthshire | £12,679 | 206 | 3.8 | 100 | 20.7% | 136 |
| Powys | £11,254 | 268 | 3.4 | 138 | 12.2% | 357 |
| Flintshire | £14,768 | 129 | 2.3 | 345 | 15.4% | 264 |
| Vale of Glamorgan | £10,744 | 302 | 2.4 | 321 | 17.1% | 210 |
| Newport | £16,102 | 96 | 2.2 | 365 | 16.0% | 242 |
| Wrexham | £14,399 | 138 | 2.1 | 376 | 13.9% | 309 |
| Ceredigion | £8,903 | 399 | 2.7 | 271 | 11.5% | 370 |
| Denbighshire | £10,542 | 314 | 2.5 | 309 | 12.1% | 359 |
| Pembrokeshire | £8,719 | 404 | 3.1 | 203 | 10.0% | 395 |
| Gwynedd | £10,431 | 321 | 2.7 | 270 | 10.5% | 387 |
| Conwy | £9,401 | 379 | 2.8 | 246 | 13.3% | 321 |
| Swansea | £12,610 | 209 | 2.2 | 368 | 15.6% | 256 |
| Carmarthenshire | £9,168 | 390 | 2.6 | 288 | 11.5% | 371 |
| Bridgend | £11,278 | 266 | 2.3 | 344 | 12.7% | 337 |
| Anglesey | £8,133 | 422 | 2.0 | 383 | 10.6% | 384 |
| Torfaen | £12,150 | 229 | 1.7 | 410 | 12.0% | 362 |
| Neath Port Talbot | £9,556 | 371 | 1.8 | 405 | 10.2% | 390 |
| Rhondda, Cynon, Taff | £9,783 | 359 | 1.6 | 412 | 12.4% | 349 |
| Caerphilly | £7,967 | 426 | 1.9 | 388 | 9.6% | 400 |
| Merthyr Tydfil | £10,511 | 316 | 1.4 | 420 | 9.1% | 402 |
| Blaenau Gwent | £8,041 | 424 | 1.5 | 416 | 8.7% | 403 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.22

## North East

The lack of economic competitiveness in North East England is illustrated by the fact that all of its 23 local districts have an index score on the 2005 UK Local Competitiveness that is below the UK average. The highest ranked locality is Tynedale in 198th position, with an index score 3.8 percentage points below the UK average. Tynedale is followed by Castle Morpeth (209th), Newcastle-upon-Tyne (226th) and Durham (284th).

11 of the North East's localities are ranked lower than 400 out of the 434 localities across the UK, with the lowest ranked being Easington in 433rd position, making it the second most uncompetitive locality in the UK - an index score 29.1 percentage points below the UK average. Easington is followed by Wansbeck (431st), South Tyneside (429th), Blyth Valley (426th) and Redcar and Cleveland (424th).

Those districts that have most improved their competitiveness since 1997 are: Castle Morpeth - which has risen 47 places from 256th to 209th; Gateshead - which has risen 44 places from 391st to 347th; Newcastle-upon-Tyne - which has risen 32 places from 258th to 226th; and Tynedale - which has also risen 32 places from 230th to 198th.

Those localities which have become increasingly uncompetitive since 1997 are: Stockton-on-Tees - which has fallen 83

UK Local Competitiveness Index 2005 and 1997 - Benchmarking Localities in North East England

| Rank | Locality | Index 2005 | Index 1997 | Rank in 1997 | Change in Rank | Change in Index Score |
|---|---|---|---|---|---|---|
| 198 | Tynedale | 96.2 | 93.6 | 230 | 32 | 2.6 |
| 209 | Castle Morpeth | 95.4 | 92.0 | 256 | 47 | 3.4 |
| 226 | Newcastle-upon-Tyne | 93.8 | 91.9 | 258 | 32 | 1.8 |
| 266 | Durham | 90.9 | 90.6 | 279 | 13 | 0.4 |
| 284 | Darlington | 89.7 | 89.4 | 300 | 16 | 0.4 |
| 292 | Teesdale | 89.1 | 92.3 | 251 | -41 | -3.2 |
| 324 | Berwick-upon-Tweed | 87.3 | 90.1 | 288 | -36 | -2.7 |
| 338 | Stockton on Tees | 86.2 | 92.1 | 255 | -83 | -5.9 |
| 347 | Gateshead | 85.9 | 82.8 | 391 | 44 | 3.1 |
| 352 | Alnwick | 85.7 | 86.1 | 353 | 1 | -0.4 |
| 368 | North Tyneside | 84.3 | 82.8 | 389 | 21 | 1.5 |
| 372 | Wear Valley | 83.8 | 83.8 | 378 | 6 | 0.0 |
| 408 | Sedgefield | 80.7 | 83.5 | 384 | -24 | -2.8 |
| 409 | Derwentside | 80.6 | 79.1 | 417 | 8 | 1.5 |
| 410 | Sunderland | 80.6 | 78.4 | 422 | 12 | 2.2 |
| 414 | Middlesbrough | 80.1 | 80.8 | 405 | -9 | -0.7 |
| 422 | Chester-le-Street | 78.1 | 76.1 | 427 | 5 | 2.0 |
| 423 | Hartlepool | 78.0 | 79.8 | 412 | -11 | -1.8 |
| 424 | Redcar and Cleveland | 78.0 | 81.2 | 402 | -22 | -3.2 |
| 426 | Blyth Valley | 76.9 | 76.0 | 428 | 2 | 0.9 |
| 429 | South Tyneside | 74.6 | 74.6 | 430 | 1 | 0.0 |
| 431 | Wansbeck | 74.2 | 73.9 | 431 | 0 | 0.3 |
| 433 | Easington | 70.9 | 68.7 | 433 | 0 | 2.2 |
| | United Kingdom | 100.0 | 100.0 | | | |

Table: 5.23

places from 255th to 338th; Teesdale - which has fallen 41 places from 251st to 292nd; Berwick-upon-Tweed - which has fallen 36 places from 288th to 324th; and Sedgefield - which has fallen 24 places from 384th to 408th.

Table 5.24 summarises the rankings for GVA per Capita, Business Start-up Rates and the Proportion of Knowledge-Based Businesses in North East England. The highest GVA per capita is found in Newcastle-upon-Tyne (£19,640), and the lowest in Chester-le-Street (£5,897).

The highest business start-up rates occur in Tynedale (3.7), and the lowest in Wansbeck (1.2). The locality with the highest proportion of knowledge-based businesses is Stockton on Tees (21.3%), with the lowest proportion found in Berwick-upon-Tweed (8.1%).

Rankings of GVA per Capita, Business Start-up Rates and Proportion of Knowledge-Based Businesses in North East England

| Locality | GVA per capita (2002) | Rank | Business Start-ups per 1,000 Inhabitants (2003) | Rank | Proportion of Knowledge-Based Businesses (2003) | Rank |
|---|---|---|---|---|---|---|
| Tynedale | £11,306 | 265 | 3.7 | 110 | 15.4% | 266 |
| Castle Morpeth | £13,176 | 181 | 2.2 | 358 | 17.3% | 208 |
| Newcastle-upon-Tyne | £19,640 | 47 | 2.2 | 359 | 20.7% | 138 |
| Durham | £15,294 | 115 | 1.9 | 390 | 15.1% | 276 |
| Darlington | £15,176 | 119 | 2.3 | 339 | 15.7% | 251 |
| Teesdale | £10,609 | 308 | 2.2 | 357 | 12.8% | 335 |
| Berwick-upon-Tweed | £11,745 | 246 | 2.7 | 275 | 8.1% | 405 |
| Stockton on Tees | £12,363 | 219 | 1.9 | 391 | 21.3% | 122 |
| Gateshead | £14,495 | 135 | 2.1 | 375 | 13.0% | 326 |
| Alnwick | £9,575 | 370 | 3.0 | 212 | 10.5% | 388 |
| North Tyneside | £10,307 | 330 | 1.9 | 398 | 15.7% | 254 |
| Wear Valley | £10,377 | 323 | 2.5 | 303 | 10.5% | 385 |
| Sedgefield | £11,278 | 267 | 1.7 | 409 | 11.8% | 367 |
| Derwentside | £8,711 | 405 | 1.9 | 397 | 11.9% | 363 |
| Sunderland | £12,530 | 212 | 1.4 | 424 | 13.5% | 316 |
| Middlesbrough | £12,102 | 231 | 1.5 | 418 | 18.4% | 179 |
| Chester-le-Street | £5,897 | 434 | 1.4 | 426 | 16.1% | 235 |
| Hartlepool | £11,173 | 273 | 1.5 | 417 | 15.3% | 268 |
| Redcar and Cleveland | £8,669 | 407 | 1.4 | 427 | 15.6% | 258 |
| Blyth Valley | £8,216 | 419 | 1.5 | 419 | 12.4% | 348 |
| South Tyneside | £8,175 | 421 | 1.4 | 428 | 14.0% | 306 |
| Wansbeck | £7,776 | 428 | 1.2 | 433 | 10.8% | 382 |
| Easington | £8,859 | 401 | 1.3 | 430 | 10.1% | 391 |
| United Kingdom | £15,614 | | 3.2 | | 21.2% | |

Table: 5.24

# Conclusions

**This report has presented clear evidence that the competitiveness of the UK economy has weakened since 1997, with a composite competitiveness benchmark of leading nations finding that the UK has slipped from a ranking of 9th position in 1997 to only 17th position by 2004. It is further demonstrated that the competitiveness of the UK economy as a whole has been compromised since 1997 by the continued disparities that exist between the nation's leading and lagging regions. At a global level only the three 'big regions' of London, South East and Eastern England are able to compete effectively with the most competitive regions around the world.**

Overall, the competitiveness and economic disparities inherited by the Labour Government in 1997 remain largely in place. Even in terms of headline indicators such as GVA (Gross Value Added) per head, there has been little reduction in the regional GVA gap, with Yorkshire and the Humber, North East England and Wales continuing to have growth rates below the UK average. This has a subsequent knock-on effect on wages, and whilst pay rates in London, South East England and Eastern England grew by an annual average of 5%, 4.5% and 4.6% respectively between 1999 and 2003, the growth rates for Yorkshire and the Humber (4.2%), Wales (4.0%), North East England (3.6%) and Northern Ireland (3.2%) all remain below the average UK annual growth rate. This highlights the increased disparity in standards of living taking place across the UK. This growing gap in regional pay and remuneration levels has been further accentuated by the fact that Wales, Yorkshire and the Humber and North East England have suffered from some of the highest house price inflation.

There is little evidence of the UK becoming a more innovative and knowledge-based economy since 1997, with government R&D expenditure as a proportion of total GDP falling, and the proportion of business expenditure on R&D remaining static. Government expenditure on R&D in the UK has fallen from 0.25% of GDP in 1997 to 0.22% in 2002, while business expenditure on R&D accounted for 1.19% of GDP in both 1997 and 2002. The only area where there has been an increase is the higher education sector, with its R&D rising from 0.36% of GDP in 1997 to 0.40% in 2002.

The government's desire to stimulate the UK's enterprise economy has not been matched with any concrete improvement. The UK's business start-up rate per 1,000 inhabitants has remained at the same level as in 1997 - 3.2 per 1,000 inhabitants, while self-employment rates actually fell between 1997 and 2003, from 12.9% of all those in employment to 12.6%. This inability to further develop levels of entrepreneurship and business-building in the UK is a serious barrier that will continue to undermine the economic competitiveness of the nation.

More success has been achieved in the area of education and skills development, with the proportion of the working age population with an NVQ level 4 qualification or higher having increased significantly from 20.6% in 1997 to 25.1% by 2003. GCSE results (5 or more grades A* to C) have also continued to improve across the UK.

Along with education and skills, the key improvement in the UK's competitiveness since 1997 has been the rise in employment rates - which rose nationally from 72.6% to 74.7% between 1997 and 2003 - and the subsequent fall in unemployment rates since 1997. However, it is important to assess how and where this growth in jobs has occurred. Table 6.01 provides a breakdown of sector employment change both regionally and nationally between 1997 and 2004. At a national level it shows that growth has occurred in the construction (+374,000 jobs), distribution (+229,000), transport and communications (+200,000), banking and finance (+593,000), and other service (+181,000) sectors. However, it also shows a loss of 1.1 million manufacturing jobs across the UK between 1997 and 2004, with the worst affected regions being the West Midlands (-170,000 jobs), North West England (-157,000 jobs) and the East Midlands (-117,000).

At both a UK and regional level, the sector that has seen the biggest increase in employment is that of public sector administration. Between 1997 and 2004 the number of jobs in the UK public sector increased by 1.4 million, with the biggest increases occurring in South East England (+187,000), Eastern England (+165,000) and North West England (+149,000). Although a number of these jobs will have been created in much needed areas such as health, it is nevertheless clear that the employment growth achieved since 1997 has been heavily dependent on the creation of jobs in the public, rather than the private, sector.

Table 6.02 provides a breakdown of employment change across the UK by the public and private sector. It shows that at a national level almost three-quarters (74.5%) of employment growth in the UK between 1997 and 2004 occurred in the public sector. Furthermore, in North East England, the East Midlands and the

Sector Employment Change by Region (Numbers Employed to Nearest Thousand) 1997-2004
(Note: Excludes agriculture)

| Region | Manufacturing | Construction | Distribution | Transport & communications | Banking and Finance | Public Administration | Other Services |
|---|---|---|---|---|---|---|---|
| North East | -62,000 | 2,000 | 8,000 | -1,000 | 11,000 | 68,000 | 11,000 |
| North West | -157,000 | 19,000 | 47,000 | 2,000 | 88,000 | 149,000 | 39,000 |
| Yorkshire and The Humber | -94,000 | 46,000 | 6,000 | 29,000 | 41,000 | 143,000 | 0 |
| East Midlands | -117,000 | 28,000 | 25,000 | 8,000 | 45,000 | 109,000 | 6,000 |
| West Midlands | -170,000 | 32,000 | -1,000 | 45,000 | 35,000 | 125,000 | 15,000 |
| Eastern | -79,000 | 47,000 | 8,000 | 22,000 | 55,000 | 165,000 | 14,000 |
| London | -72,000 | 55,000 | 13,000 | 19,000 | 135,000 | 143,000 | 12,000 |
| South East | -110,000 | 21,000 | 26,000 | 19,000 | 57,000 | 187,000 | 22,000 |
| South West | -55,000 | 39,000 | 55,000 | 14,000 | 15,000 | 105,000 | 22,000 |
| Wales | -62,000 | 19,000 | 23,000 | 17,000 | 35,000 | 62,000 | 18,000 |
| Scotland | -96,000 | 32,000 | 10,000 | 17,000 | 56,000 | 121,000 | 16,000 |
| Northern Ireland | -22,000 | 34,000 | 9,000 | 9,000 | 20,000 | 29,000 | 6,000 |
| United Kingdom | -1,096,000 | 374,000 | 229,000 | 200,000 | 593,000 | 1,406,000 | 181,000 |

Table: 6.01

Public and Private Sector Employment Change by Region (Numbers Employed to Nearest Thousand) 1997-2004 (Note: Excludes agriculture)

| Region | Private Sector | Public Sector | Total | Percentage Accounted for by the Private Sector | Percentage Accounted for by the Public Sector |
|---|---|---|---|---|---|
| North East | -31,000 | 68,000 | 37,000 | -83.8% | 183.8% |
| North West | 38,000 | 149,000 | 187,000 | 20.3% | 79.7% |
| Yorkshire and The Humber | 28,000 | 143,000 | 171,000 | 16.4% | 83.6% |
| East Midlands | -5,000 | 109,000 | 104,000 | -4.8% | 104.8% |
| West Midlands | -44,000 | 125,000 | 81,000 | -54.3% | 154.3% |
| Eastern | 67,000 | 165,000 | 232,000 | 28.9% | 71.1% |
| London | 162,000 | 143,000 | 305,000 | 53.1% | 46.9% |
| South East | 35,000 | 187,000 | 222,000 | 15.8% | 84.2% |
| South West | 90,000 | 105,000 | 195,000 | 46.2% | 53.8% |
| Wales | 50,000 | 62,000 | 112,000 | 44.6% | 55.4% |
| Scotland | 35,000 | 121,000 | 156,000 | 22.4% | 77.6% |
| Northern Ireland | 56,000 | 29,000 | 85,000 | 65.9% | 34.1% |
| United Kingdom | 481,000 | 1,406,000 | 1,887,000 | 25.5% | 74.5% |

Table: 6.02

West Midlands there was an overall fall in the number of private sector employers, which means that the public sector accounted for all employment growth in these regions. In Scotland, which saw the introduction of its Parliament during this period, 77.6% of employment growth is accounted for by the public sector. Similarly, in Wales - where the National Assembly has been established - more than one half (55.4%) of employment growth occurred in the public sector. Only London (53.1% private sector employment growth) and Northern Ireland (65.9% private sector employment growth) saw more jobs growth in their private, rather than their public, sectors between 1997 and 2004.

As shown by Figure 6.01, in terms of employment, the UK has clearly become more public sector dependent since 1997. From a competitiveness and long-term economic perspective this is worrying, since it is the private sector that is the engine of growth and development. While the UK's public sector grew by 1.4 million employees between 1997 and 2004, there was an increase of only 481,000 private sectors jobs during the same period, with a number of regions experiencing a decline in private sector employment levels. Unless this imbalance is rectified, the UK will fall further down the global competitiveness league in coming years, with the competitiveness of most of its regions becoming further beleaguered.

The continued output growth that the UK has achieved since 1997 has been more than partly due to large increases in government and government-sponsored sources of employment. Such growth will become unsustainable unless there is a greater generation of private sector employment and entrepreneurship. The dominance of public administration as the UK's biggest growth sector highlights the government's continuing impotency in effectively connecting with and positively influencing the development of business communities across the UK. Future public policy intervention at both a national and regional level relating to the competitiveness agenda must focus further on facilitating UK-based businesses in their bid to maintain and develop sufficient market shares, which allow them to grow and prosper.

The UK remains a highly polarised economy that is not keeping pace with changes resulting from the emergence of the global knowledge economy. The government has tried to recognise this polarisation by introducing regionally-specific centres of governance - in particular, the Scottish Parliament and the National Assembly in Wales - along with regional agencies dedicated to the future economic development of their respective patches. At a macro-level, the main contribution of these centres and agencies thus far appears to be the boost in public sector employment gained through the large numbers of people now working within these organisations and their associated institutions. Michael Porter and Christian Ketels stated, in their 2003 assessment of UK competitiveness ('UK Competitiveness: Moving to the Next Stage', DTI Economics Paper No. 3, DTI/ESRC), that the UK 'needs to continue its laudable efforts to revitalise disadvantaged communities using market based approaches. UK companies need to realise their self-interest and the economic potential of such communities, and play a bigger role in such efforts'. The question this begs is: how can a market-based approach to development, led by the self-interest of the business community, become a reality in the UK when the economic role and importance of the private sector is becoming increasingly diluted? The starting point for the government must be to turn 'laudable efforts' into real, visible and sustainable economic gains by, for example, improving the inter-connection between public policy and UK corporate strategy. This can only be achieved through a more efficient deployment of the resources made available to those public sector organisations empowered with improving the competitiveness of the UK and its regions.

Changes in Public and Private Sector Employment 1997-2004 (Note: Excludes agriculture)

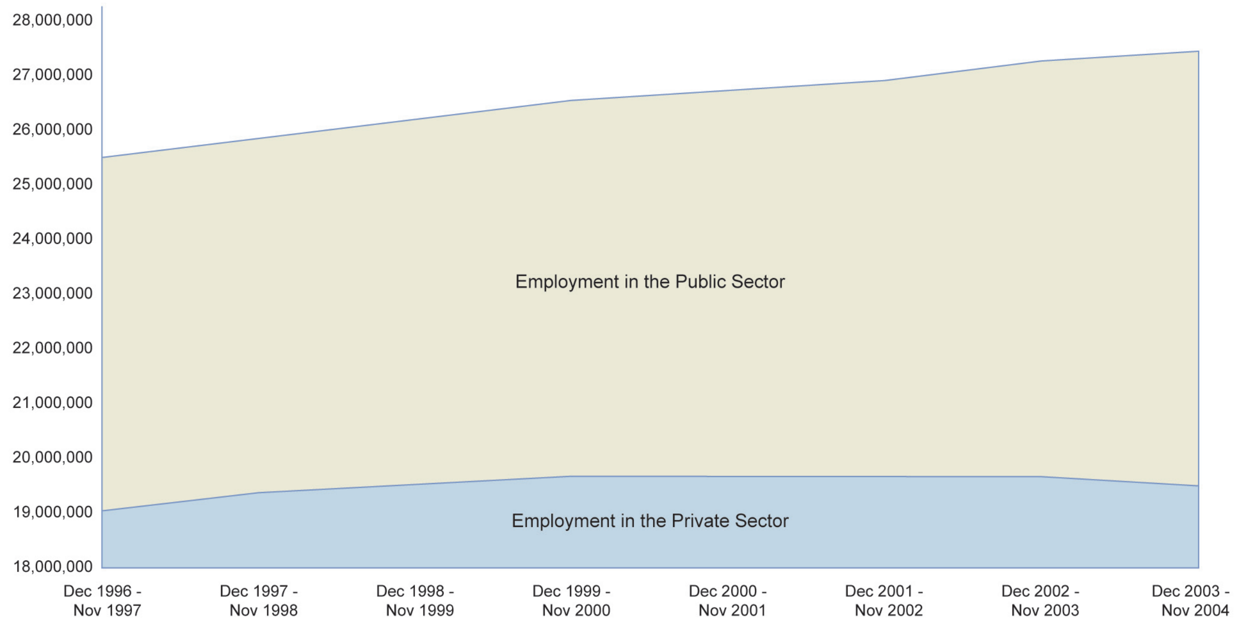


Figure: 6.01

# Appendix: Methodologies Employed

## Methodological Design of the UK Competitiveness Index

### *Context*

The aim of the UK Competitiveness Index is to assess the relative economic competitiveness of regions and localities in the UK by constructing a single index that reflects, as fully as possible, the measurable criteria constituting *place competitiveness*. We consider that the competitiveness of localities/regions and the competitiveness of firms are interdependent concepts. Measuring such competitiveness, however, is no easy matter and, as indicators of national competitiveness have shown, cannot be reduced solely to notions of Gross Domestic Product (GDP) and productivity. Similarly, *place competitiveness* cannot be measured by ranking any one variable in isolation, since it is the result of a complex interaction between input, output, and outcome factors.

Clearly, not all these factors are readily measurable, given that, as well as consisting of economic variables, they also include political, social and cultural parameters. However, since the focus is on relative competitive performance within the UK, the assumption can be made that these factors will have an identifiable effect on key economic measures. For example, the cultural differences between a traditional manufacturing economy and a knowledge-based economy should have an obvious bearing on their relative economic performance. Also, factors such as the effect of the current UK political regime will be common to areas, despite the recent existence of devolved governance in parts of the UK.

### *Design*

The key concern with the design process was to develop a series of indices incorporating data that are available and comparable at the local, regional and national levels, and that go some way towards reflecting the link between macro-economic performance and innovative business behaviour. Consideration also had to be given to the overall 'value' of indicators, and their relative effectiveness as performance measures. In particular, the inter-relationships between the 'measure-chain' of inputs, outputs and outcomes, and the underlying ability for the index to be updated as frequently as possible, were of major significance.

Given the methodological parameters, a number of different modes of creating the index, and the variables to be included, were considered. Finally, indices reflecting the 3-Factor model for measuring competitiveness as shown in Figures A.01 (UK Regional Competitiveness Index and Figures A.02 (UK Local Competitiveness Index) were adopted. The 3-Factor model consists of a linear framework for analysing competitiveness based on: (1) input; (2) output; and (3) outcome factors.

In order to achieve a valid balance between each of the indicators, in terms of their overall significance to the composite index, each of the three measures - Measure 1: Inputs; Measure 2: Output; and Measure 3: Outcomes - are given an equal weighting, since it is hypothesised that each will be inter-related and economically bound by the other. Fundamentally, each of the three measures is strongly correlated, with outcomes being an impact of the output, which is itself a result of the inputs.

For each measure an index was calculated with a UK average base of 100, and the distribution range for each measure calculated (in the case of unemployment rates these values are then inverted). As was expected, it was found that some of the ranges had both a skewed and a long distribution range, the result being that these variables had an overly strong influence on the composite index. Therefore, each datum was transformed into its logarithmic form to produce distributions that are closer to the 'normal' curve, and that dampen out extreme values so that no single variable distorts the final composite score.

The 3 Factor Model Underlying the UK Regional Competitiveness Index

**Input factors**

R&D expenditure

Economic Activity Rates

Business Start-Up Rates per 1,000 Inhabitants

Number of Businesses per 1,000 Inhabitants

GCSE Results - 5 or more grades A* to C

Proportion of Working Age Population with NVQ Level 4 or Higher

Proportion of Knowledge-Based Businesses

**Output factors**

Gross Value Added per head at current basic prices

Exports per Head of Population

Imports per Head of Population

Proportion of Exporting Companies

Productivity- Output per Hour Worked

Employment Rates

**Outcome factors**

Gross weekly pay

Unemployment rates

Figure: A.01

It is the case that the untransformed values are no more real or 'natural' than the transformed ones. However, in order to reflect as far as possible the scale of difference in area competitiveness, the composite scores were finally 'anti-logged' through exponential transformation. This was achieved by calculating the exponential difference between the mean logged and un-logged index of the fifty localities nearest the overall UK mean of 100. This resulted in a mean exponential difference slightly less than the cubed-mean of the logged index. For example, a logged index of 104 produced an un-logged index of approximately 112.5 ($104^3$ divided by $100^3$) and a logged index of 90 an un-logged index of approximately 73 ($90^3$ divided by $100^3$).

Therefore, bearing in mind the aim of producing a frequently repeatable index, the exponential cube transformation approach was adopted. Given the above criteria and methodology, a composite Competitiveness Index was calculated for all regions and localities of the UK. Data were available for all regions of the UK with the exception of information on knowledge-based business in Northern Ireland, with the factor weightings for this region adjusted to take account of this omission.

The 3 Factor Model Underlying the UK Local Competitiveness Index

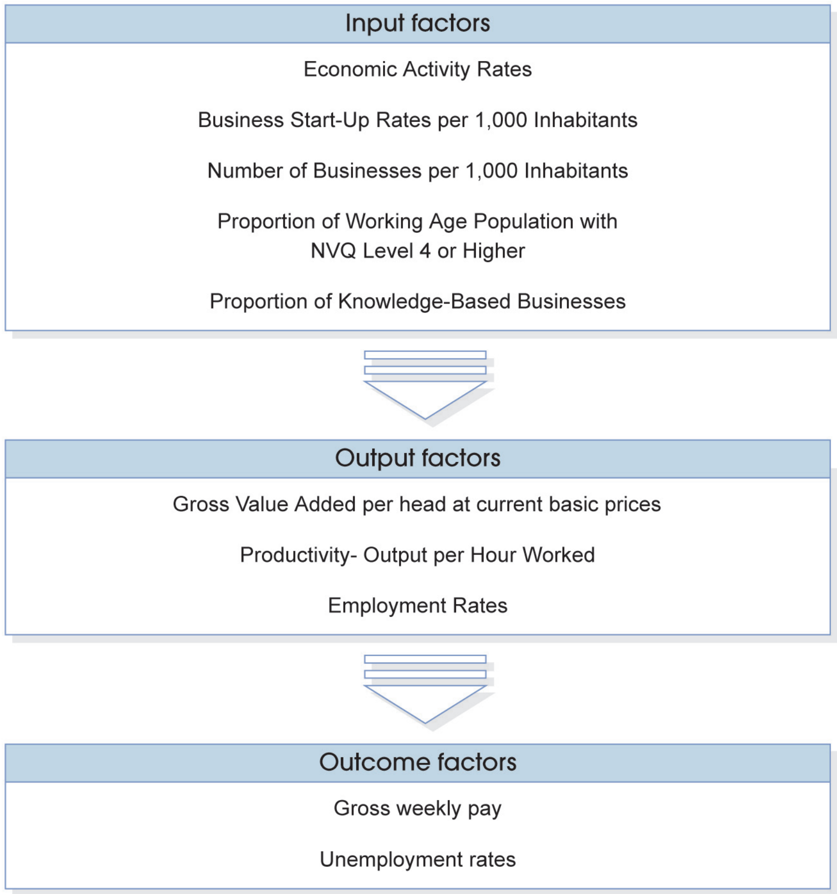


Figure: A.02

## Calculating Local Gross Valued Added (GVA) Estimates

Local district and authority area level GVA estimates were produced by assuming that the productivity within the corresponding NUTS 3 areas (within which they are and for which there is published GVA data) is the same as that for the smaller local areas. The estimates were calculated by multiplying NUTS 3 productivity (expressed as output per worker) by the number of workers within an area. This produces a total output figure from which output per head is calculated by dividing total output by total population.

Output per head = (NUTS 3 productivity* District Employment) /District Population.

## Calculating the UK Regional Share Index

The UK Regional Share Index first required a list of appropriate shares to be developed for each respective regional index. This was undertaken by allocating shares to their respective region according to the London Stock Exchange Landmark classification, which is based on the location of their headquarters. Shares were then matched with the London Stock Exchange August 2004 database. Any shares not common to both the Landmark database and the August 2004 database were removed.

Shares were then ranked by market capitalisation for each region and the top 20 shares were chosen for each regional share index. Share prices were then collected from the period 1997 to 2005 (any shares which did not cover this period were subsequently excluded).

Once all the prices for each share were collected, an index of total market capitalisation was calculated for each region with the beginning of 1997 being adopted for the base figure of 100.

## Data Sources

The key sources of data used in this report are:

- Annual Business Inquiry
- Annual Employment Survey
- DETINI
- DTI
- Eurostat
- Labour Force Survey
- London Stock Exchange
- National Statistics
- New Earnings Survey
- NISRA
- Nomis Claimant Count
- Regional Trends
- Robert Huggins Associates
- Small Business Service
- UKTradeInfo
- VAT Registered Businesses.