

Measuring Progress Towards RES Objectives Technical Paper Number 1

A technical paper prepared by *emda*

2006

This work, with the exception of logos, photographs and images and any other content marked with a separate copyright notice, is licensed under a [Creative Commons Attribution 2.0 UK: England & Wales License](http://creativecommons.org/licenses/by/2.0/)

The use of logos in the work is licensed for use only on non-derivative copies. Under this licence you are free to copy this work and to make derivative works as long as you give the original author credit.

The copyright is owned by Nottingham Trent University.



This document forms part of the *emda* Knowledge Bank

Measuring Progress towards RES Objectives

1. Introduction

This technical paper provides a detailed description of the framework of indicators and targets used to measure progress in the Regional Economic Strategy for the East Midlands, 'A Flourishing Region'. The overarching aim of this framework is to ensure optimal alignment between activity going forwards and the regional priorities set out in the new RES.¹ The approach is modelled on that used successfully to support the development of the East Midlands Regional Skills Partnership, the *esp*, in 2004 – an approach that has received wide support from partners, been replicated in other regions and stimulated significant interest in Government. The framework has been developed in partnership with Anne Green, Principal Research Fellow at the Warwick Institute of Employment Research.

We conclude by identifying a number of indicators that are drawn from official sources and have been assessed against the principles of 'good practice' discussed in Section 2 of this paper. In the interest of simplicity, no more than two indicators have been selected for each RES Strategic Priority. Targets are suggested for the period 2006-9. The rationales underpinning all of the targets are explained with reference to the latest available baseline and trend data.

1.1 Existing Targets and Measures

The vision for 2020 builds on the Top 20 ambition set out in the region's previous economic strategies. The region has embraced the vision to be 'one of Europe's top 20 regions by 2010', measured against a basket of economic and environmental indices. Regional progress has also been measured against the Government's targets as well as the targets set against specific actions in the first and second Regional Economic Strategies: "*Prosperity through People*" and "*Destination 2010*".

emda has committed to continue to measure progress against the "Top 20" index until 2010. Seven years on from the setting of this ambition, we have a hugely improved evidence base, a very clear understanding of the characteristics of and challenges facing the region and new priorities and opportunities have emerged.

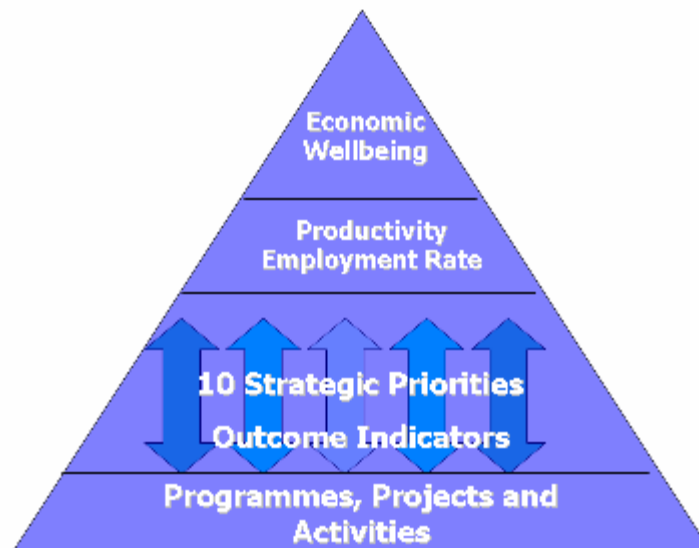
¹ This framework is based on principles described in guidance documents including '*Choosing The Right FABRIC: A Framework for Performance Information*' published jointly by HM Treasury, Cabinet Office, National Audit Office, Audit Commission and the Office for National Statistics (March 2001) and as updated in '*Setting Key Targets for Executive Agencies: A Guide*' (HMT, Cabinet Office & NAO, November 2003).

It is therefore time to review our targets to ensure they reflect and drive our ambitions for 2020.

1.2 The New Performance Management Framework and Indicator Hierarchy

To measure our vision for 2020 we have developed a new performance management framework illustrated in Chart 1.

Chart 1: Performance Management Framework



At the top level of the framework, we have developed, for the first time, a measure to gauge our progress towards the wider vision of a *flourishing* region. A groundbreaking composite measure of economic wellbeing is included – the Regional Index of Sustainable Economic Wellbeing (Regional ISEW).² This enables us to take account of factors such as the value of voluntary work, the costs of pollution, the quality of the natural environment and the costs of crime. It enables the region to measure its aspirations to ensure that economic growth and increased productivity are shared for the benefit of the whole region, that disparities within the region are being addressed and that our ambitions for increasingly cohesive, inclusive and participative communities are being fulfilled.

Regional ISEW has been developed with *emda* by a team from the University of Surrey and the New Economics Foundation. This team includes Professor Tim Jackson (Professor of Sustainable Development at the University of Surrey, Chair of the Economics Steering Group of the Government's Sustainable Development Commission and a member of the UK Round Table on Sustainable

² New Economics Foundation and the University of Surrey 'Interim report on the feasibility of constructing a regional Measure of Domestic Progress (MDP) for EMDA', August 2005

Consumption), Nic Marks (Head of Well being Research, NEF) and Nat McBride (an independent statistician).

Central to measuring our progress will remain our key economic indicators. Therefore the second tier presents two high level outcome measures - GVA per hour worked (the most appropriate measure of productivity at regional level) and the employment rate for the population of working age. These will provide the overarching context. We have combined these measures into a single set of targets providing a framework which will enable the region to track progress in terms of our overall economic aims and identify where the economy is performing well and where it is not.

The next tier of the framework is comprised of a basket of indicators directly aligned to the 10 RES Strategic Priorities. These indicators describe the positive regional 'outcomes' that partners' activities will influence. A summary of these indicators is provided in Table 1 at the end of this section.

The base tier of this framework will be the 'output' indicators, which directly measure the performance of regional partners' activity directed towards RES objectives.

Together these measures and indicators will provide an overall framework for monitoring our progress towards sustained and sustainable economic growth in the East Midlands.

1.3 Principles

It is important to distinguish between 'outcomes' and 'outputs': regional outcomes represent top-line indicators that, when viewed alongside each other, measure progress towards the common RES vision of creating a flourishing region. Outputs explicitly measure the performance of activities, and can be directly related to inputs - the resources deployed by regional partners. The RDA Tasking Framework operates at the level of these outputs and provides a link to the Government Public Service Agreement (PSA) targets.

Outcomes should be consistent and measured over the long-term. However, it must be understood that such long-term characteristics of a regional economy will also be influenced by 'external factors' outside the control of regional partners. Outcome indicators are often highly susceptible to cyclical variations in macro-economic circumstances. This susceptibility must be taken into account when assessments of progress are made.³

³ HM Treasury, Cabinet Office, National Audit Office, Audit Commission, ONS, 'Choosing the Right Fabric: A Framework for Performance Information', Cross-Departmental Guide, <http://www.hm-treasury.gov.uk/media/BB5BC/229.pdf>

2. Implementing the Framework

The focus of this framework is the measurement of regional outcomes that relate to the RES vision and strategic priorities. The framework has been developed as an integrated whole. Together the component indicators are intended to present a balanced picture of the region at a given point in time. It is inadvisable to place too great a reliance on any individual measure in isolation.

2.2 Relating indicators to the evidence base

A key principle of indicator selection is that they should be informed by, and related to, the evidence base (i.e. they should be *relevant*). ***Each of the strategic priorities is relatively broad, so is not possible to cover all aspects of each priority.*** Rather the emphasis is on selection of indicators to capture the core essence of each priority. However, it is worth noting that some suggested indicators may relate to more than one of the strategic priorities. An example here is the 'employment rate for persons of working age' which relates to the 'Employment, Learning and Skills' priority, and which, expressed as the 'non-employment rate for persons of working age' relates to the 'Economic Deprivation' priority.

2.3 Challenges of a dynamic information base

It is important that indicators are *robust* and *reliable*. Moreover, it is important that attributes of *consistency*, *comparability* and *continuity* mean that they are *measurable over time*. Ideally, a historical time series should be available to inform 'target setting', but it is essential that data sources will be available to enable indicator construction in the future. The fact that the information base is dynamic is a hindrance in this respect. Over a relatively short period of 2-3 years there can be important changes in the scope, coverage and disaggregations of existing data sources, and other data sources may be discontinued or new sources introduced. This suggests that reliance should be placed on key data sources to which there is known to be an ongoing commitment – for example, the Annual Population Survey and the DTI Regional Competitiveness Indicators. This suggests that in the final analysis, pragmatism is likely to play an important role.

2.4 Measuring inter-regional and intra-regional disparities

Most indicators are designed to express the position of the East Midlands vis-à-vis a comparator. This comparator may be the 'national average' or the 'leading region'.⁴ Where the national average is referred to, this will either be the United

⁴ The identity of the 'leading region' may be different according to indicator, and the 'leading region' at one point in time may be different from the 'leading region' at another point in time.

Kingdom (i.e. England, Scotland, Wales and Northern Ireland), Great Britain (which excludes Northern Ireland) or England, depending on the coverage of the dataset in question. Since one of the Structural Themes to which the Strategic Priorities relate is achieving equality, it is important that progress on one indicator is not made at the deliberate expense of 'leaving behind' certain areas and sub-groups within the region. Hence, indicators may be couched in terms of intra-regional disparities and inter-group disparities within the region, as well as inter-regional disparities. Not all data sources are able to support disaggregation to sub-regions and for sub-groups in a robust fashion. Moreover, the sub-regional geographies and sub-groups to which disaggregation can be supported is likely to vary between data sources. Furthermore, what the relevant sub-regional geographies and sub-groups are may vary between indicators.

2.5 International Comparability

Wherever possible indicators capable of international comparison have been utilised, although considerations of data availability prevent this across the full breadth of the RES strategic priorities. The Regional ISEW feasibility study⁵ concluded that while it will not be possible to implement a European ISEW in the short term, planned improvements to Eurostat data provision are likely to make an element of international comparability feasible in the medium to long term.

⁵ Ibid NEF and University of Surrey, 2005.

Table 1: Summary of Indicators

	Measure to be applied ⁶	Target	Baseline
Vision	Regional Index of Sustainable Economic Wellbeing.	To improve the region's performance against the ISEW indicators.	East Midlands £8,953 per capita (2004).
Productivity	GVA per hour worked (UK = 100).	To increase GVA per hour worked to the national average, i.e. GVA in the East Midlands will be 100% of the UK average by 2009.	East Midlands: 98.5% of the UK average (2004).
Employment Rate	Employment rate (% working age).	To achieve an employment rate above 76% of the working age population by 2009 and to remain at least one percentage point above the UK average.	East Midlands rate: 75.4%; UK rate: 74.2% (2004).
		To address sub-regional disparities, increase the employment rate of the bottom decile of LADs/UAs to 70% by 2009.	Mean employment rate in bottom decile of LADs/UAs: 65.2% (2004).
Employment, Learning and Skills	Percentage of economically active adults qualified to Level 4 or higher.	To increase the proportion of economically active adults qualified to a Level 4 or above to 30% by 2009.	East Midlands: 25%; UK: 28.6% (2003)
	Employment in K1 high knowledge intensive sectors and K4 low knowledge intensive sectors.	To increase the proportion of employment in K1 sectors to within 4 percentage points of the UK average by 2009; and to reduce the share of employment in K4 sectors to level with the UK average by 2009.	K1- East Midlands: 24.3%; UK: 32.1% K4- East Midlands: 38.7%; UK: 30.9% (2003).
Enterprise and Business Support	Business registration rate (per 10,000 population).	Increase the rate of VAT registrations to 40 per 10,000 population head and be at least level with the UK average by 2009.	East Midlands: 35; UK: 38 (2004).
	Proportion of businesses surviving 3 years.	Maintain a 3 year survival rate above the UK average and be at least at 71% by 2009.	East Midlands: 70.6%; UK: 68.9% (businesses registering in 2001 and surviving three years).
Innovation	Gross Domestic Expenditure on R&D (GERD).	To increase gross domestic expenditure on R&D to 2.5% of GVA by 2009.	East Midlands: 2.3%; UK: 2.1% (2002).
	% of businesses' turnover attributable to new & improved products.	To increase the proportion of business turnover attributable to new and improved products to 6% by 2009.	East Midlands: 4%; UK: 9% (2001).

⁶ Full sources for all of these statistics are provided in Sections 3 and 4.

Regional Economic Strategy for the East Midlands 2006-2009- 'A Flourishing Region'
Technical Paper Number 1

Transport and Logistics	% of workforce travelling to work by public transport, walking or cycling.	To increase the proportion of the East Midlands workforce travelling to work by public transport, walking or cycling to 23% by 2009.	East Midlands: 20.5%. Great Britain: 27.2% (autumn, 2004).
Resource Efficiency & Energy	Carbon dioxide emissions by end user per £ million GVA.	To move towards the national average in total CO ₂ emitted per £ million GVA produced by 2009.	Total CO ₂ emissions per £ million GVA in East Midlands: 181.2 tonnes carbon equivalent; England: 149.8 tonnes carbon equivalent (2003).
	Waste produced per £ million GVA.	To move towards the national average in total waste produced per £ million GVA by 2009.	Total waste produced per £ million GVA in East Midlands: 327.1 tonnes; England: 228.5 tonnes (2003).
Environmental Protection	Proportion of river distance classified as 'good' chemical and 'good' biological quality.	To maintain current proportion of East Midlands river length (% of total km) of 'good' chemical and 'good' biological quality up to 2009.	East Midlands rivers of 'good' chemical quality: 55% (2004) East Midlands rivers of 'good' biological quality: 61% (2004).
Land and Development	Average annual growth rate over a five year period in employment floor space.	To maintain an average annual growth rate over a five year period of 1.5% in employment floor space by 2009.	East Midlands: 1999-2004 average growth rate of 1.6% (2003-2004 growth rate was negative, at -0.2%) England: 1999-2004 average: 1.7%.
Cohesive Communities	Participation in formal voluntary activities in the last 12 months.	Increase the proportion of the East Midlands population engaged in formal volunteering to within 3 percentage points of the leading region by 2009.	East Midlands: 44%; England and Wales: 42%; South West: 51% (2003).
Economic Renewal	Reduce disparities in economic activity rate (% working age) between urban and rural areas.	Maintain rural rates above 80% and increase urban activity rates to 78% by 2009.	East Midlands: 78.8%; urban areas: 76.2%; rural areas: 80.9% (2004).
Economic Inclusion	Proportion of the population of working age claiming key benefits.	To halve the gap between the East Midlands and the South East from 3.6 percentage points to 1.8 percentage points by 2009.	East Midlands: 12.3%; Great Britain: 13.6%; South East: 8.7% (May, 2004).
	Economic activity rates in bottom decile of East Midlands Local Authority Districts/Unitary Authorities.	Increase economic activity rates in the bottom decile of LADs/UAs to 75% by 2009.	East Midlands average: 78.8%; lowest decile: 71% (2004).

3. Overarching targets – Regional ISEW, Productivity and Employment Rate

Section 2 above described the overall indicator framework developed for the RES. At the apex of the triangle is the Regional ISEW measure.

3.1 The Regional Index of Sustainable Economic Wellbeing

The Regional Index of Sustainable Economic Wellbeing (Regional ISEW) is a composite indicator of wellbeing that seeks to measure different factors that relate to economic wellbeing and create a single performance indicator. Its model is effectively a macro-level cost-benefit analysis. Wherever possible, the components of the index have been selected to reflect the strategic priorities of the RES.

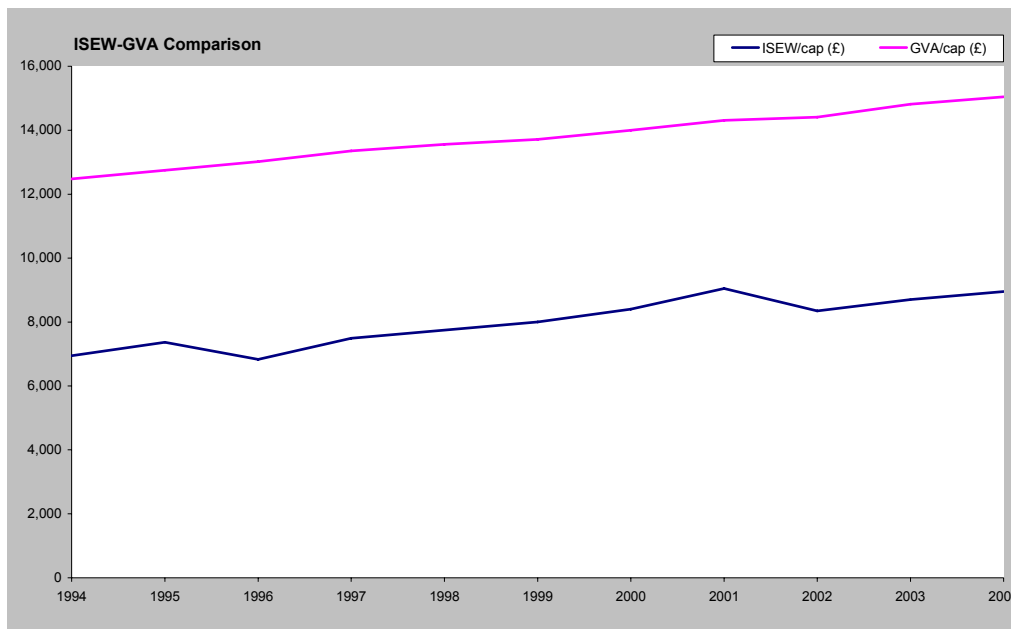
It starts with the economic benefits derived from consumer expenditure. Then some economic adjustments are made for ensuring that economies prudently invest for the future and manage their trade balances effectively. Depending on the actual year and state of the economy these may involve extra economic costs. The value of social benefits that are not accounted for in personal consumption figures are also added, such as public expenditure on health and education as well as an estimate of the value of unpaid domestic labour at home. Estimates of the value of unpaid voluntary work outside the home are also included.

Social costs are deducted such as expenditures that defend our quality of life rather than enhance it. These include factors such as the cost of car accidents, crime, and family breakdown. In addition changes in the distribution of income are accounted for, reflecting the diminishing marginal utility of money. Estimates of environmental costs are then made. These include water and air pollution as well as estimates of the costs of climate change and ozone depletion. Further adjustments are made regarding the management of renewable and non-renewable stocks of natural capital such as fossil fuels and natural assets, such as farmlands and natural habitats.

All of these domains, and the factors beneath them, have different trends over time and one of the benefits of a transparently constructed indicator, such as Regional ISEW, is that they can be tracked individually. The Regional ISEW will be updated periodically.

As Chart 2 below shows, the regional ISEW per capita has grown steadily during the last decade, at a slightly faster rate than GVA per capita. The last data shows that regional ISEW per capita is £8,953, based on 2004/2005 prices. This is 59.5% of GVA per capita in the region and an increase from 55.7% in 1994.

Chart 2: Economic Wellbeing and Economic Growth in the East Midlands 1994-2004



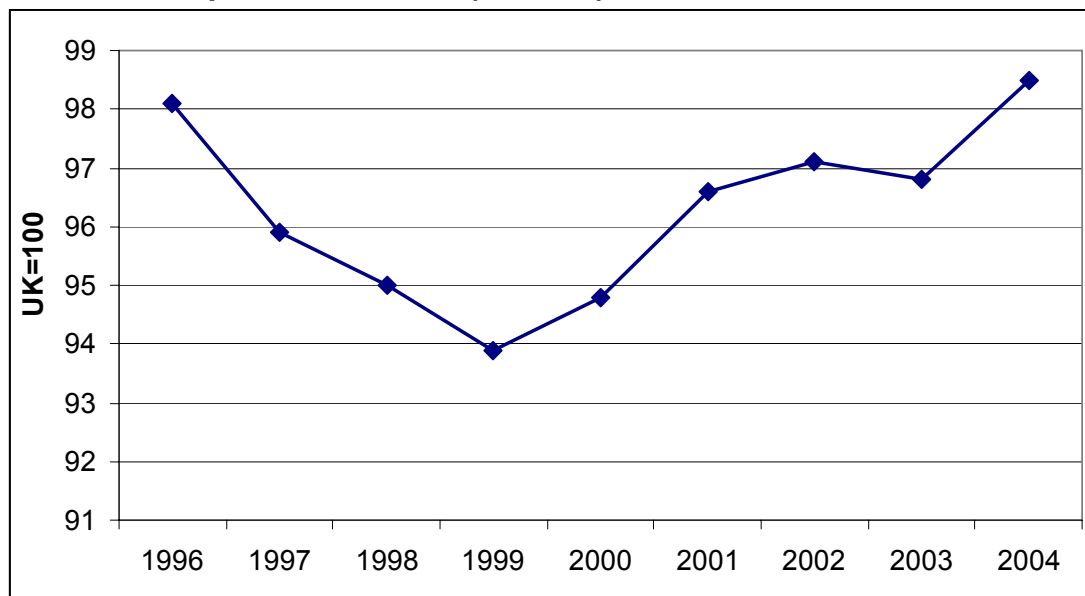
3.2 GVA and Employment Rate

The next tier is comprised by arguably the two most important regional outcome measures: GVA per hour worked and employment rate for the working age population.

3.2a Gross Value Added per hour worked

GVA per hour worked is the preferred measure of regional productivity, as it takes into account the intensity of labour utilisation. During the second half of the 1990s productivity in the East Midlands fell in relation to the UK. It reached a low point of 93.9% of the national average in 1999. Since then the East Midlands has regained some of this lost ground and GVA per hour worked increased to 98.5% of the national average in 2004, the latest year for which data is available.

Chart 3: GVA per hour worked (UK=100)



Source: ONS Crown Copyright, 'Regional Productivity: GVA per hour worked, UK=100', January, 2006, from STATBASE, 22nd February, 2006

Baseline: The latest estimate (2004) of GVA per hour worked in the East Midlands is 98.5% of the UK average.

Target: To increase GVA per hour worked to the national average.

Comment: GVA per hour worked is the preferred measure of regional productivity, as it takes into account the intensity of labour utilisation. Since 1999, when the region was 93.9% of the UK average, the East Midlands has been closing the gap. However the trend has not been one of consistent year-on-year improvement, therefore reaching the UK average would represent a considerable achievement.

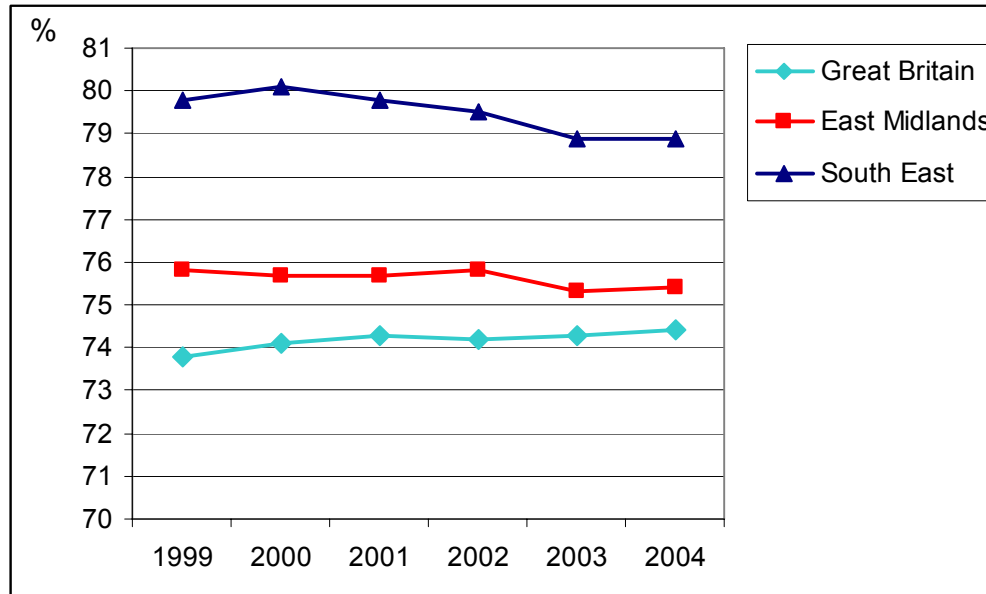
Source: ONS sub-national productivity data from 'STAT BASE', published annually in: DTI, 'Regional Competitiveness & State of the Regions', (annual, last release in May 2005).

3.2b Employment Rate

As illustrated in Chart 4 below, the employment rate in the East Midlands has remained consistently above the national average (in this case Great Britain, which excludes Northern Ireland, which was only incorporated into the UK Labour Force Survey in 2003). The employment rate has also remained very stable from 1999, remaining between 75% and 76% of the region's working age population, at least a full percentage point above the Great Britain average. As the East Midlands exceeds the national average in this case, the South East is

used as the comparator with the highest employment rates of the English regions, at 78.9% of the working age population in 2004, compared to 75.3% in the East Midlands.

Chart 4: Employment rate (% working age population), 1999-2004



Source: ONS Crown Copyright, 'Local Area Labour Force Survey' (annualised), Mar 1999-Feb 2000 to Mar 2003-Feb 2004, and 'Annual Population Survey', January 2004-December 2004, from NOMIS, 9th January, 2006

Baseline: The latest estimate (2004) for employment rate in the East Midlands is 75.4% of the working age population, which exceeds the UK average of 74.2%.

Target: To achieve an employment rate above 76% of the working age population by 2009 and to remain at least one percentage point above the UK average.

Comment: A target for employment alongside GVA represents the ambition to attain a regional economy that is both highly productive and has high levels of employment. The East Midlands has consistently exceeded the UK average in recent years (1999-2004). However, recent survey data for 2005 suggests that employment in the region has been growing more slowly than the UK average. Maintaining the current lead whilst increasing the overall rate would therefore be a significant success for the region.

Source: ONS Crown Copyright, 'Annual Population Survey' (last release of annualised dataset is for 2004 – future updates to be based on subsequent annualised rather than quarterly datasets).

Target for Reducing Sub-regional Disparities in Employment Rate

The Annual Population Survey supports robust sub-regional data down to Local Authority District/Unitary Authority level, enabling us to present a target for the reduction of intra-regional disparities.

Baseline: The mean employment rate for the four areas in the bottom decile of the East Midlands Local Authority Districts/Unitary Authorities (Lincoln City, Bolsover, Leicester City, Nottingham City) was 65.2% of the working age population.

Target: To increase the mean employment rate of the bottom four of the forty East Midlands Local Authority Districts to 70% of the working age population by 2009.

Comment: *The mean of the bottom four Local Authority Districts/Unitary Authorities is currently over 10 percentage points below the regional rate. A target of 70% represents a significant improvement in the employment rate of these areas, and will reduce the gap with the regional.*

Source: ONS Crown Copyright, 'Annual Population Survey' (annual, last release is 2004).

4. Indicators and Targets for each Strategic Priority

The final section of this paper describes the outcome level indicators and associated targets selected to measure progress against each of the 10 Strategic Priorities in the RES.

4.1 Employment, Learning and Skills

4.1a Percentage of economically active (working age) qualified to an NVQ4 and above

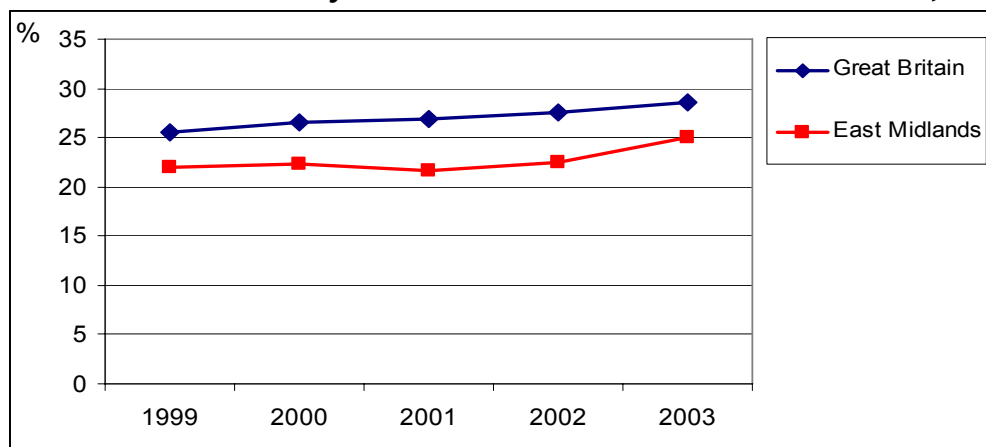
This indicator is included to reflect the importance of higher level skills to the region's economic development. This describes the proportion of economically active qualified to a Level 4 and above (equivalent to a degree or higher). This has been identified as an outcome target for the Employment, Learning and Skills Strategic Priority for the following reasons:

- This indicator reflects an area where the East Midlands has historically lagged the national average to a significant degree.
- Significant progress has been made in the proportion of working age adults qualified to a Level 2 and Level 3, with the East Midlands now at or above the national average depending on the measure referred to.

- However, in the case of Level 4, the region still significantly lags the national average, and has one of the lowest proportions of its workforce qualified to this level of all English regions.
- Employment, Learning and Skills sits within the Raising Productivity structural theme in the RES. There is therefore a distinction between the skills needed for sustainable employability, identified by the DfES and the OECD as Level 2, and the skill level identified as having the greatest impact on regional productivity. The interim report of the Government's review of the UK's skills needs, conducted by Lord Leitch, identified increases in the proportion of the workforce qualified to a Level 4 as having the greatest direct impact on productivity.⁷
 - Level 4 has close interlinkages with the Innovation strategic priority, as discussed in section 10 on the region's key sectors. Research on the factors that facilitate innovation suggest that the higher the level of workforce skill, the greater the capacity of a region, sector or individual firm to innovate or implement innovative practices and processes.⁸

The economically active population is used in this case to capture those in the workforce with this level of qualification, and to discount those in full-time education (which would include significant numbers of university students). Chart 5 below shows that the East Midlands remains below the national average (Great Britain in this case, in order to present time series from 1999- see employment rate above), at 25% of the working age economically active population educated to this level in the region in 2003, compared to 28.6% nationally. However, the gap has closed between the region and Great Britain between 2000 and 2002.

Chart 5: Economically active adults with an NVQ4 and above, 1999-2003



Source: ONS Crown Copyright, 'Local Area Labour Force Survey' (annualised), Mar 1999-Feb 2000 to Mar 2003-Feb 2004, from NOMIS, 17th August, 2005

⁷ The Leitch Review of Skills, 'Skills in the UK: The Long-term challenges- Interim Report', December 2005.

⁸ Christine Oughton and Marion Frenz, Birkbeck College, University of London, 'Innovation Policy Position Paper: A Report for the East Midlands Development Agency', October 2005.

Baseline: The latest estimate (2003) for the proportion of economically active adults qualified to an equivalent of a Level 4 (degree level) or higher is 25% in the East Midlands, compared to 28.6% in the UK.

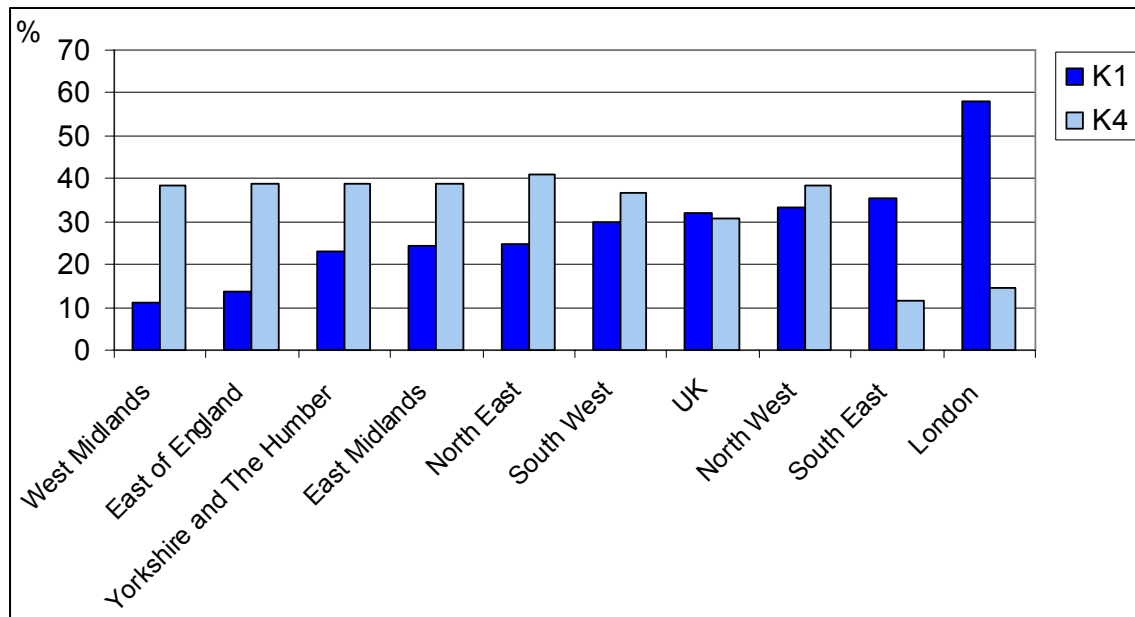
Target: To increase the proportion of economically active adults qualified to a Level 4 or above in the East Midlands to 30% by 2009.

Comment: 2004 qualification data from the Annual Population Survey is unavailable, so 2003 equivalent from the Labour Force Survey is the most recent. Although the East Midlands has recorded one of the most significant increases on the indicator since 1999, it continues to lag the UK average. Given the very high levels qualified to a Level 4 in London and the South East, which will also be expected to increase, equalling the UK average by 2009 is unlikely. 30% is therefore a stretching target for the East Midlands, although the UK average is likely to exceed this by 2009.

Source: ONS Crown Copyright, 'Local Area Labour Force Survey' (annualised) (annual, latest available data for 2003, as problems identified by the ONS in the qualifications variables of the successor survey, the Annual Population Survey will be resolved in 2006).

4.1b Employment in 'knowledge intensive industries'

Chart 6: % of total employment in K1 and K4 industries, 2003



Source: ONS Crown Copyright, 'Local Area Labour Force Survey' (annualised), March 2003-February 2004. Derived from data provided by the LFS Dataservice on 7th March, 2006.

Employment in 'K1' sectors (those sectors that employ more than 40% graduate equivalents in their workforce) in the East Midlands is lower than the UK average, at 24.3% of the total workforce compared to 32.1% in the UK. Conversely, the region has an above average proportion of employment in the least knowledge intensive 'K4' sectors (employing less than 15% graduate equivalents in their workforce), at 38.7% compared to 30.9% in the UK. It is important to note that London is an extreme outlier in this case, due to its large concentration of employment in finance and business services and public administration, with 58.1% of employment in K1 sectors. The South East is the next highest region, with 35.5% of employment in K1 sectors. As Chart 6 illustrates, the South East and London are the only regions with higher proportions of employment in K1 than K4 sectors, supporting the view that the term 'low pay low skills equilibrium' can be applied to much of the country outside London and the South East.

Baseline: According to 2003 data, employment in K1 sectors in the East Midlands was 24.3% of total employment, compared to 32.1% in the UK, and employment in K4 sectors was 38.7%, compared to 30.9% in the UK.

Target: To increase the proportion of employment in K1 sectors to within four percentage points of the UK average by 2009 (i.e. halving the current gap); and to reduce the share of employment in K4 sectors to level with the UK average by 2009.

Comment: *This method is a proxy measure of knowledge intensity and quality of employment, and measures the proportion of graduates within individual sectors. Therefore a decrease of employment within the K4 band implies increasing the number of graduates employed in sectors currently classed as K4, thus moving them up to K3 or K2 bands, rather than implying an aim of reducing overall employment in given sectors.*

As the UK average is affected by the very high proportion of employment in K1 sectors and very low employment in K4 sectors in London, a target to significantly close the gap with the UK average by 2009 would be stretching. This would require a clear step-change in the deployment of individuals with higher level skills across the region's industrial structure.

Source: Bespoke data ordered from Labour Force Survey Dataservice, ONS Crown Copyright, 'Local Area Labour Force Survey/Annual Population Survey' (annual, current indicator calculated from 2003 data, 2004 data currently unavailable due to ONS surveying difficulties).

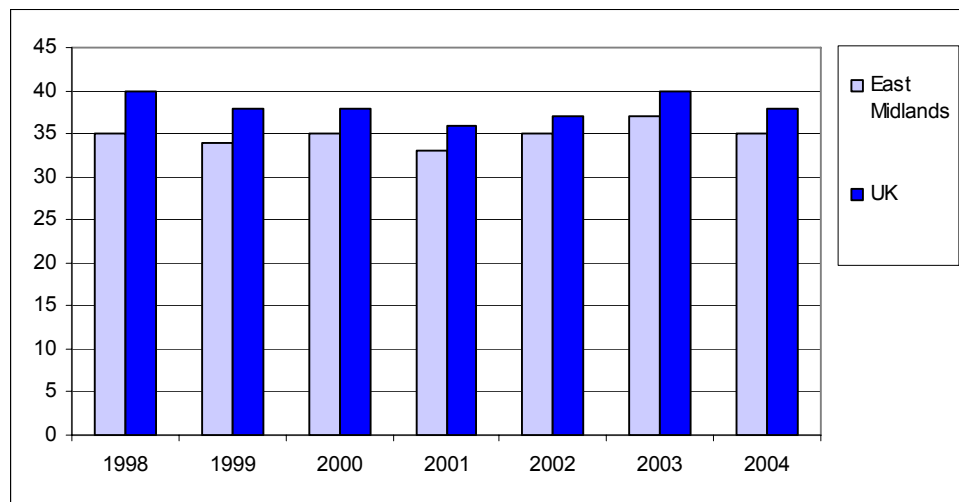
4.2 Enterprise and Business Support

4.2a Business start-ups per 10,000 population

This indicator uses VAT registrations (via SBS). VAT registrations are an indicator of entrepreneurship. This is a national indicator that has been used in the previous RES, 'Destination 2010'.

Chart 7 shows that the number of VAT registrations per 10,000 population was 35 in 2004, the latest year for which data is available. The time series for this indicator shows that there has been a high level of variability year-on-year, with the 2004 rate for the East Midlands level with the 1998 rate, and down 2 registrations per 10,000 population head from its highest rate in 2003 of 37. However, throughout the period 1998-2004 the East Midlands has fallen below the UK rate by at least 2 registrations per 10,000 population head.

Chart 7: VAT registrations per 10,000 population



Source: *Regional Competitiveness & State of the Regions*, DTI, July 2005

Baseline: The rate of VAT registrations per 10,000 population head in the East Midlands in 2004 was 35, below the UK rate of 38, and down from the regional 2003 rate of 37.

Target: Increase the rate of VAT registrations to 40 per 10,000 population head and level with the UK average.

Comment: *This indicator is highly cyclical, and although the 2003 rate was considerably higher than the 1998 rate, the 2004 rate is in line with 1998. Registration rates in 2004 in all regions have decreased from 2003, and the extent of the decrease in the East Midlands has been in line with the UK average (rates in some regions have fallen by over 3 registrations per 10,000 population). The East Midlands has consistently been below the UK average on this measure.*

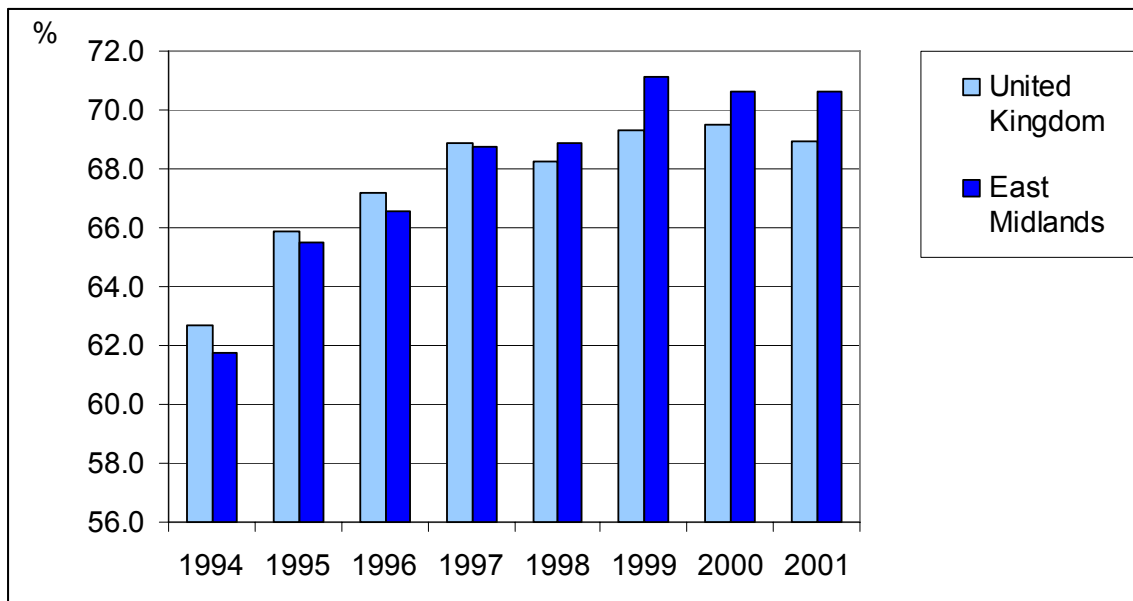
Achieving a rate of 40 registrations per 10,000 population head and levelling with the UK average would therefore require a major step-change compared to past performance.

Source: Small Business Services, 'VAT Registration and De-registrations' (annual, last release November 2005).

4.2b Business survival rates (3 year)

Chart 8 shows that three year business survival rates have increased after the last recession in the early 1990s. According to latest data, the proportion of businesses in the East Midlands that registered for VAT in 2001 still trading after 3 years was 70.6%, compared to 68.9% in the UK overall. The East Midlands has been above the UK average for the last four years.

Chart 8: Proportion of businesses surviving three years (%), by year of VAT registration



Source: Small Business Services, 'Table 1: Three year survival rates of VAT registered businesses, by region', in, 'VAT Survival Rates, 1994-2003', February 2006

Baseline: 70.6% of businesses registering in 2001 in the East Midlands survived for three years, compared to 68.9% in the UK.

Target: Maintain a 3 year survival rate above the UK average and be at least at 71% by 2009

Comment: *this indicator is highly cyclical, and closely reflects changing economic conditions. Although three year survival rates have increased since 1994, Chart 8 illustrates that the trend has not been one of consistent year-on-*

year increases. Additionally, more difficult economic conditions in 2001 are likely to cause a decrease in future 3 year survival rates in the short-term. Maintaining a survival rate above the UK average and increasing it to 71% by 2009 would therefore be stretching in light of available data.

Source: SBS, 'VAT Survival Rates, 1994-2003', February 2006.

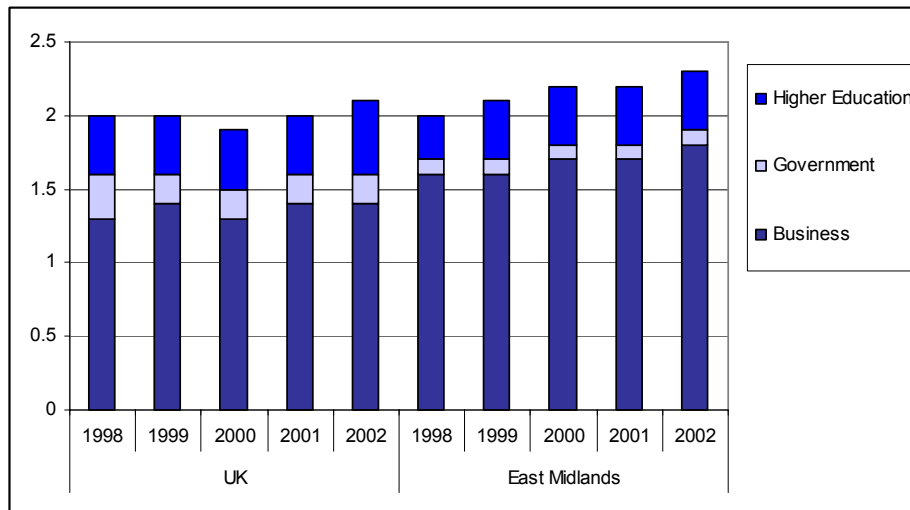
4.3 Innovation

4.3a Gross Domestic Expenditure on Research & Development (R&D)

Gross domestic expenditure on research & development has been above the UK average between 1998 and 2002. There has been an increase in the region from 2.0% of GVA in 1998 to 2.3% of GVA in 2002. There has been a slight increase for the UK, from 2.0% to 2.1%. This suggests the use of the leading region as the appropriate comparator on this indicator. The leading region is the East of England where gross domestic expenditure on research & development was equivalent to 4.2% of GVA in 2002.

Here there is scope for disaggregation (into business, government and higher education).⁹

Chart 9: Gross domestic expenditure on R&D as % GVA



Source: Regional Competitiveness & State of the Regions, DTI May 2005

⁹ This measure is advocated in preference to Business Enterprise Research & Development (BERD) as a per cent of GVA due to its inclusion of Government and HE expenditure.

Chart 9 above also shows that the East Midlands does have lower levels of government and higher education funded R&D than the national average, though the gap in HE funding has closed between 1998 and 2002.

Baseline: the latest estimate (2002) for gross domestic expenditure on R&D in the East Midlands is 2.3% of regional GVA, compared to 2.1% in the UK.

Target: to increase gross domestic expenditure on R&D to 2.5% of GVA by 2009.

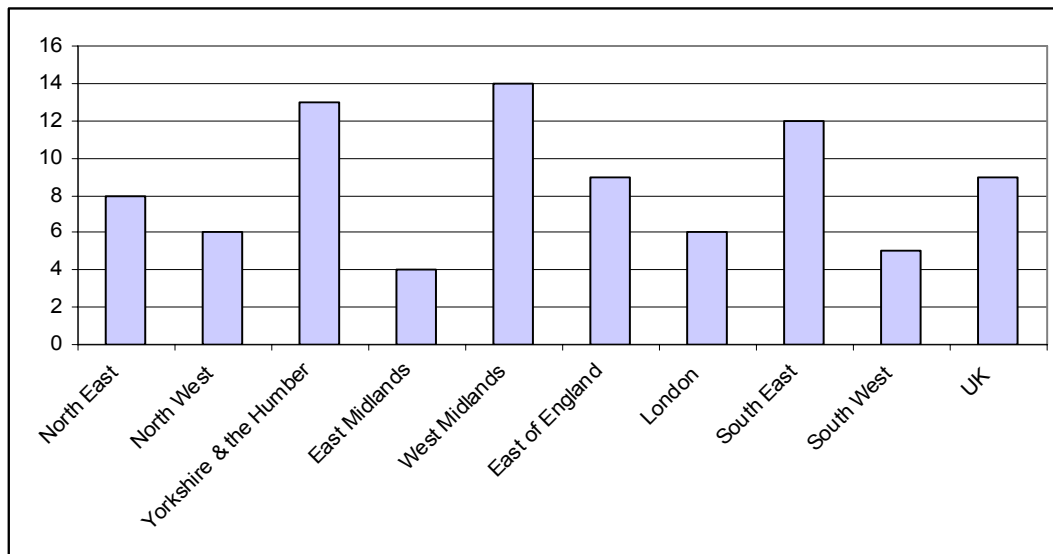
Comment: *the East Midlands exceeds the UK average on this measure, and has increased from 2.0% in 1998 (where it was in line with the UK average). An absolute target of 2.5% would therefore be stretching.*

Source: DTI, 'Regional Competitiveness & State of the Regions', (annual, last release published May 2005).

4.3b Proportion of turnover accounted for by new and improved products

The East Midlands performs very poorly on this indicator. Frequency of production of the Community Innovation Survey (CIS) may make the use of this indicator difficult. The last CIS was published in 2001, and covers data collected between 1998 and 2000. The survey was repeated in 2005, and results should be published in 2006.

Chart 10: Percentage of turnover attributable to new/improved/novel products



Source: Third Community Innovation Survey, 2001

Time series data is not readily available for this indicator. The available data shows that the businesses surveyed reported that only 4% of turnover is attributable to new/improved/novel products. This is less than half of the UK average of 9% and less than a third of the leading region (the West Midlands at 14%).

Baseline: The 2001 Community Innovation Survey reported that only 4% of business turnover in the East Midlands was attributable to new, improved or novel products, less than half of the UK average of 9%.

Target: Increase the proportion of business turnover in the East Midlands attributable to new and improved products to 6% by 2009.

Comment: *Given the significant lag with the UK average on this measure, levelling with the UK average would appear unrealistic within the lifespan of the RES. Increasing the proportion to 6%, i.e. achieving an improvement of 2 percentage points, would be a stretching but more realistic aspiration. This can be reviewed with the publication of the 2005 Community Innovation Survey in summer 2006.*

Source: DTI, 'Community Innovation Survey' (irregular, current source is 2001, has been repeated in 2005, to be published in 2006).

4.4 Transport and Logistics

4.4a Percentage of the workforce travelling to work by public transport, walking or cycling¹⁰

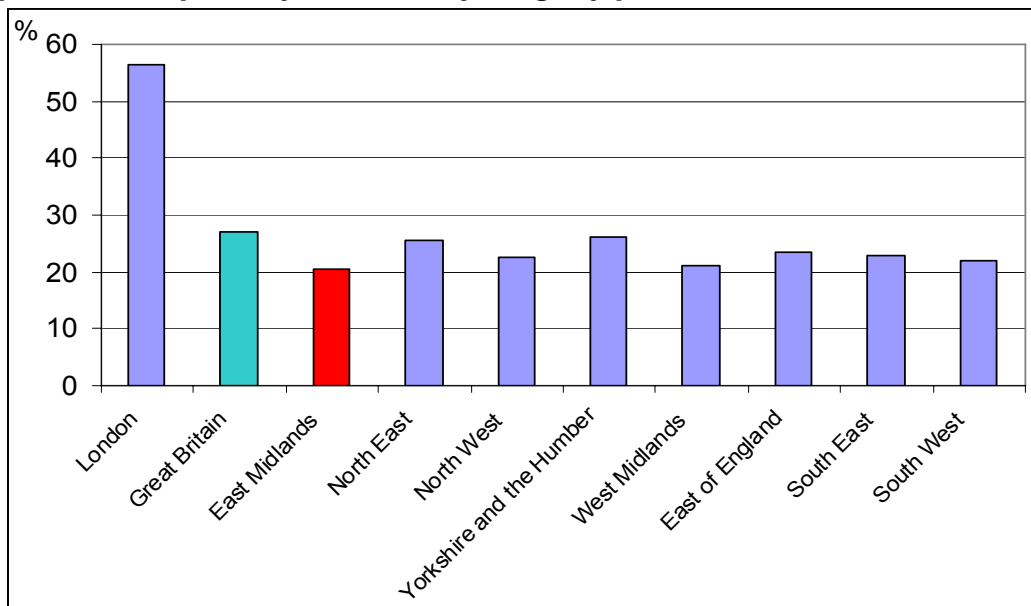
This indicator has been selected as a measure of demand management that can be seen as relating to attitudinal change. It describes the method of travel to work, i.e. it directly relates to economic activity. A complimentary indicator on freight transportation that meets the necessary criteria of timeliness, credibility and reliability whilst also reflecting RES priorities is currently unavailable. Although data is available for the transportation of freight by road, there is a lack of data on freight transported by rail. Without data relating to alternative methods of transporting freight across the region it would not be feasible to set a target for

¹⁰ A similar indicator has been used previously, but 'walking and cycling' have been appended to public transport here.

reducing the amount of freight transported by road, as a target based on reduction alone would run contrary to the need to increase economic growth.¹¹

According to latest available data, the East Midlands has the lowest proportion of its resident workforce who travel to work by public transport, with 20.5% of people travelling to work by bus, train, on foot, or by bicycle, compared to 27.2% in Great Britain. However, Chart 11 below shows how much of an outlier London is, with a total of 56.4% travelling to work by public transport, on foot, or by bicycle (17% of the workforce use the underground). The chart also illustrates that variation between other regions is relatively small. Therefore comparison to the strongest performing region outside London, Yorkshire and the Humber, which has 26.1% of the workforce travelling to work by these means, is the most appropriate. The East Midlands (along with the West Midlands) has the joint highest of proportion of all English regions of the workforce travelling to work by car, at 78%.

Chart 11: Percentage of the workforce travelling to work by public transport, by foot and cycling, by place of residence, autumn 2004



Source: Department of Transport, 'Regional Transport Statistics 2005', November 2005

Baseline: The latest estimate (Autumn 2004) published in Regional Transport Statistics 2005 for the proportion of the workforce travelling to work by bicycle, on foot, or by public transport (bus/coach or rail) is 20.5%, compared to a Great Britain average of 27.2%. Yorkshire and the Humber is the region with the highest rate outside London, at 26.1%.

¹¹ The Department for Transport publish annual data on the transportation of freight by road as part of their 'Regional Transport Statistics', but currently there is no comparable measure of freight by rail is available.

Target: Increase the proportion of the workforce travelling to work by public transport, walking or cycling by 3 percentage points to 23% by 2009.

Comment: *Earlier transport data published for autumn 2002 compared to the 2004 data suggests a decrease in the proportion of the East Midlands workforce travelling to work by public transport, walking or cycling, from 21.5% to 20.5%. Reversing this trend and achieving a statistically significant improvement would therefore be a stretching target within a three year period.*

Source: Department for Transport, 'Regional Transport Statistics' (annual, last release was November 2005).

4.5 Energy and Resources

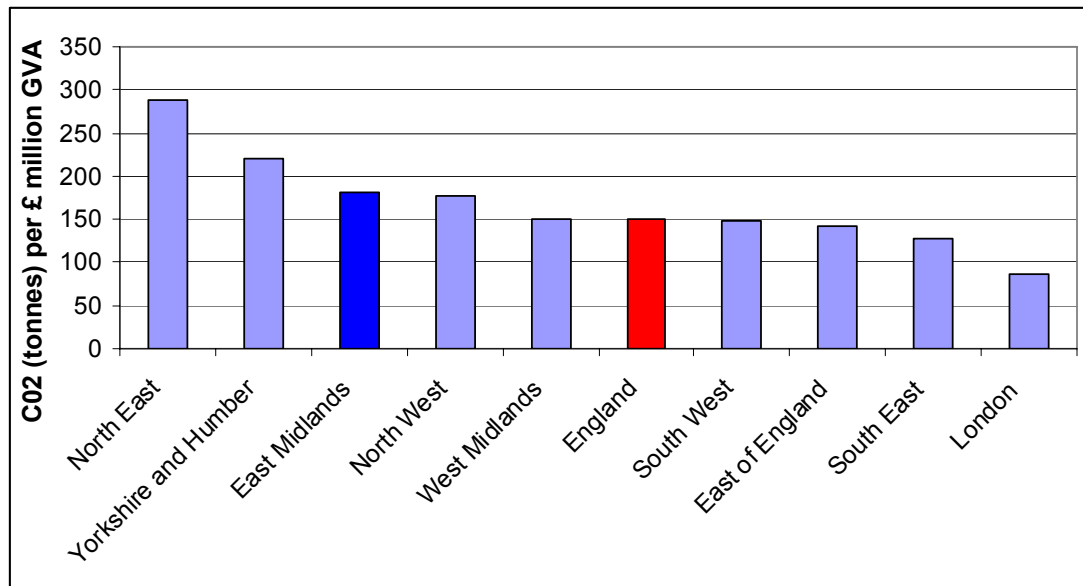
The indicators for Sections 4.5 and 4.6 of this paper have been developed, in consideration of the Strategic Environmental Assessment and detailed recommendations from the Environment Agency

4.5a Carbon Dioxide emissions by end user (industry, domestic, and transport) over GVA

The overall aims related to regional resource efficiency are to: generate more energy from renewable sources; to decrease emissions through greater efficiency in energy consumption, production and transport; to create less waste for landfill, and; to encourage businesses to be more energy efficient.

Data on Carbon Dioxide (CO₂) emissions attributed to end user is published by DEFRA as part of the Regional Sustainable Development Indicators. This can be related to economic activity by expressing CO₂ produced over regional economic output – in £ millions of Gross Value Added. Chart 12 presents this for the nine English regions:

Chart 12: Carbon dioxide emissions (tonnes) over GVA (£ million), 2003



Source: DEFRA, 'Sustainable Development Framework: Regional Indicators- Sustainable Consumption and Production: CO₂ Emissions by End User, 2003', December 2005 and, ONS Crown Copyright, 'Regional Gross Value Added: NUTS1: 1- Headline Gross Value Added at current base prices by region, 1994 to 2004', December 2005

As Chart 12 shows, the East Midlands had the third highest level of CO₂ emissions per £ million GVA of the nine English regions. In 2003, the CO₂ emitted by end users in the East Midlands was 11.3 million tonnes, whilst the region produced £62,434 million of GVA. This means that the East Midlands emitted 181.2 tonnes of CO₂ for every million pounds of GVA produced, compared to 149.8 tonnes in England overall. The leading region was London, which produced 87 tonnes of CO₂ per million GVA, whilst the North East was the least resource efficient on this measure, producing 289.1 tonnes of CO₂ per million GVA.

This measure has clear links to industrial structure: with the low proportion of manufacturing activity in regions like London contributing to lower total emissions. In future monitoring of this indicator, it would be desirable to see an overall reduction in CO₂ emissions, as well as a reduction of CO₂ produced per £ million GVA, in order to ensure that progress towards this target is achieved through real improvements in resource efficiency, rather than simply through an increase in total output.

Baseline: In 2003, the East Midlands emitted 181.2 tonnes of CO₂ for every million pounds of GVA produced, compared to 149.8 tonnes in England overall.

Target: To move towards the English average by 2009 in total CO₂ emissions per £ million GVA.

Comment: *It must be noted that this dataset currently has experimental status, so its future continuation is not guaranteed. However, this dataset supports clear and consistent regional comparisons. Moreover, the attribution of emissions to end users, rather than to producers, is important, as the Environment section of the Evidence Base, 'The East Midlands in 2006', identifies the fact that the region is a net exporter of electricity. As electricity generation accounts for a significant proportion of CO₂ emissions in the region, any measure that included CO₂ emissions by producer would include a substantial proportion attributed to energy produced in the East Midlands but used in other regions. This indicator's attribution to end usage is therefore a useful way of expressing the resource efficiency of the region's economy.*

Data is only available for 2003 - therefore defining a numerical target for closing the gap with the English average is problematic. The Sustainable Development Indicators include a break down of total CO₂ by end user in terms of commercial/industrial, domestic and transport. This is published in total and per resident population head. As the indicator used in this framework uses regional GVA as the denominator, comment on break down by broad group of end user is not possible.

Source: DEFRA, 'Sustainable Development Framework: Regional Indicators-Sustainable Consumption and Production: CO₂ Emissions by End User', (annual, last release was December 2005) and ON S Gross Value Added regional tables (annual, last release was December 2005).

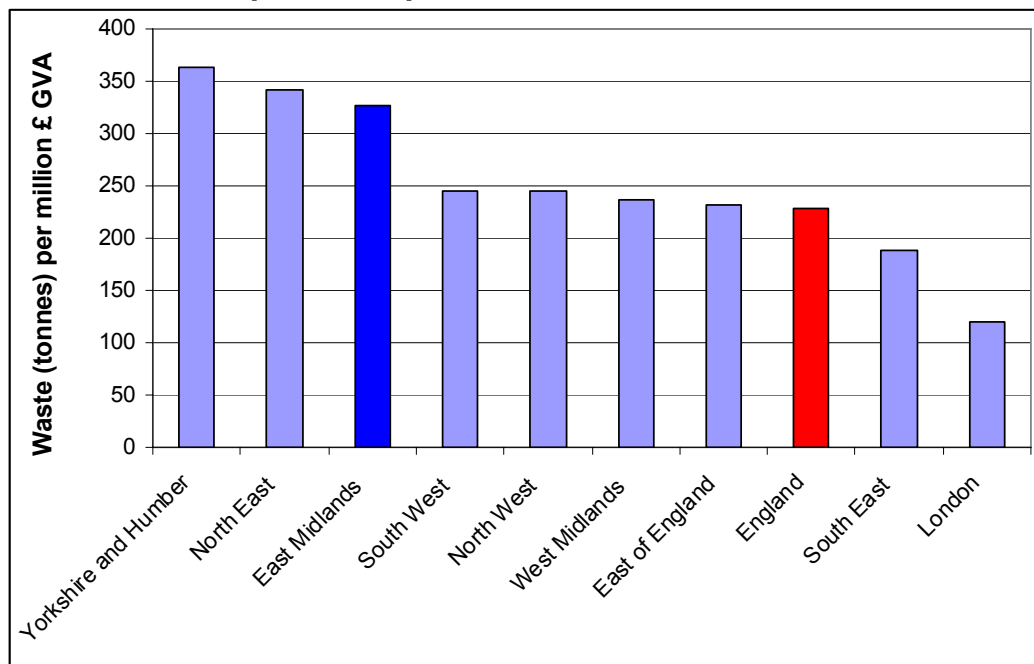
4.5b Waste produced over GVA

As a further measure of resource efficiency as it relates to economic activity, this indicator measures waste created (the total attributed to industry and commerce, municipal sources, and construction and demolition) per £ million GVA produced.

The latest figure for total waste arising in the East Midlands, as published in the DEFRA Sustainable Development Indicators, is 20,422 thousand tonnes. This was 10.8% of the England total in 2002-2003. When this is divided by the region's GVA, which was £ 62,434 million in 2003, the East Midlands produced 327.1 tonnes of waste for every £ million GVA generated. Chart 13 shows that this is the third highest of the English regions, considerably exceeding the English average of 228.5 tonnes of waste per £ million GVA.

Like the indicator for CO₂ over GVA, this can also be related to industrial structure. The East Midlands has a higher proportion of employment in manufacturing, which can be associated with a higher level of waste production than the services. Industry and commerce therefore accounts for 39.6% of total waste production in the region, compared to 36% in England as a whole.

Chart 13: Waste produced per £ million GVA, 2003



Source: DEFRA, 'Sustainable Development Framework: Regional Indicators- Sustainable Consumption and Production: Waste, 2002-2003', 2005, and, ONS Crown Copyright, 'Regional Gross Value Added: NUTS1: 1- Headline Gross Value Added at current base prices by region, 1994 to 2004', December 2005

Baseline: In 2003, the East Midlands created 327.1 tonnes of waste per £ million GVA, compared to 228.5 in England overall.

Target: To move towards the English average in total waste produced per £ million GVA by 2009.

Comment: Waste is a preferred measure of resource efficiency above electricity, as the regional electricity consumption estimates currently available from the DTI's 'Energy Trends' (June 2004) only have experimental status. Moreover, waste is arguably a wider measure of resource efficiency, as it encompasses all aspects of economic activity in the region, beyond energy usage. This indicator is expressed alongside GVA in order to relate waste production to economic activity and to enable consistent comparisons between regions. Time series data for waste is problematic, as it is produced from aggregated Local Authority returns, which can be variable on a year-on-year basis. A numerical target is not therefore proposed at this time, as demonstrating significant progress towards the national average would be sufficiently stretching, given the region's industrial structure and expected increase in construction activity.

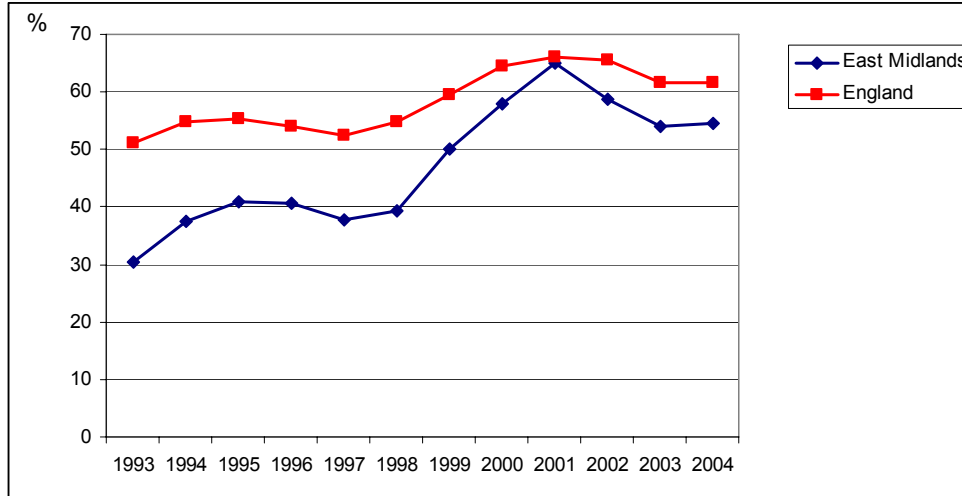
Source: DEFRA, 'Sustainable Development Framework: Regional Indicators- Sustainable Consumption and Production: Waste', (annual, last release was

December 2005) and ONS Gross Value Added regional tables (annual, last release was December 2005).

4.6 Environmental Protection

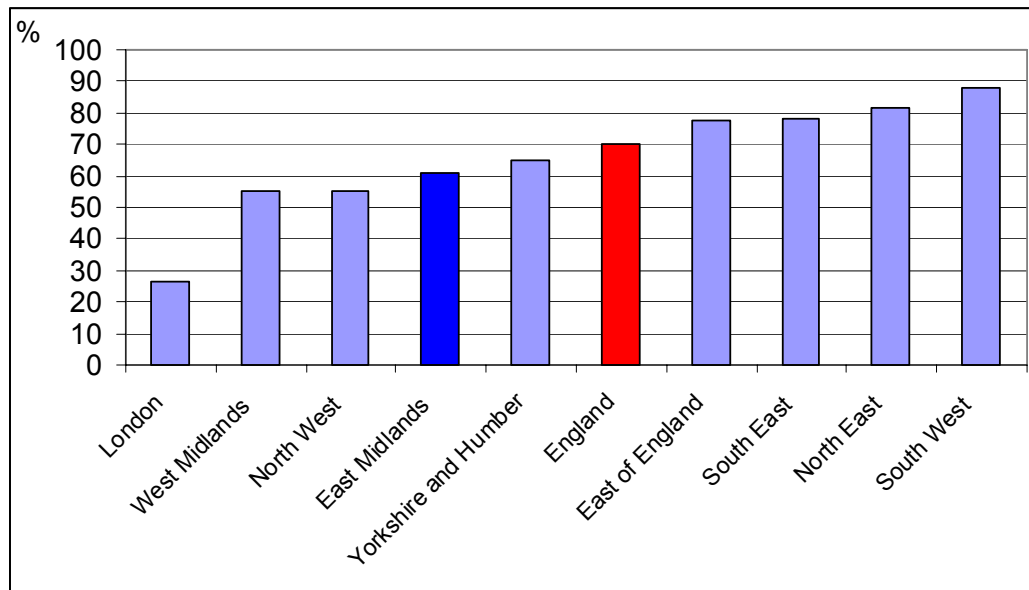
4.6a River Quality

Chart 14: Proportion of rivers of good chemical quality, 1993-2004



Source: DEFRA, 'Sustainable Development Framework: Regional Indicators- Natural Resources, 'River Quality, 1993-2004', December 2005

Chart 15: Proportion of rivers of good biological quality, 2004



Source: DEFRA, 'Sustainable Development Framework: Regional Indicators- Natural Resources, 'River Quality, 1993-2004', December 2005

This data comes from the General Quality Assessment carried out by the Environment Agency. Regional data is published in the DEFRA Sustainable Development Indicators for the proportion of total river length classified as being of 'good' chemical and 'good' biological quality. This provides a useful indicator for the impact of economic activity on the quality of the region's natural environment.

The indicator includes both chemical and biological quality. This is because chemical quality has been measured for a longer period of time, thus supporting detailed time series, whilst biological quality is a better measure of the state of the region's rivers – as it can be seen as an outcome of chemical quality: i.e. a desirable range of aquatic life should be present in water with low levels of pollutants. Moreover, implementation of the EU Water Framework Directive will mean that the future measurement of river quality will place greater emphasis on biological aspects.

Baseline: In 2004, 55% of the region's rivers were classed as being of 'good' chemical quality, compared to 62% in England as a whole, and 61% were classified as being of 'good' biological quality, compared to 70% in England.

Target: to maintain current proportions of the region's rivers classed as being of 'good' chemical and 'good' biological quality.

Commentary: *The time series for chemical quality illustrated in Chart 14 shows that significant improvements have been made, which can be associated with large scale investment in sewage treatment works, especially in major rivers. However this progress may have reached a plateau – i.e. data suggests that little further improvement is likely to be achieved through this type of investment. Expected population growth and planned housing development mean that increased pressure may be placed on the quality of the region's water. Maintaining current proportions of rivers classified as 'good' chemical and biological quality would therefore be an appropriate target in order to ensure that current standards are maintained.*

4.7 Land and Development

Indicators for the Land and Development strategic priority are related to the targets identified in the development process for the Regional Spatial Strategy, which will be finalised in 2007.

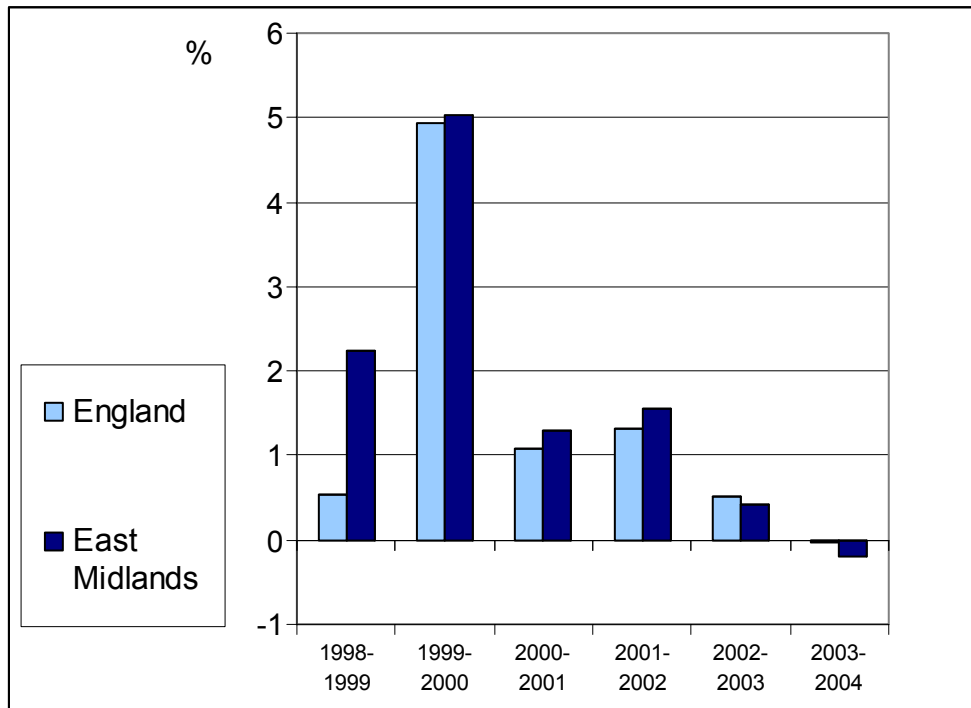
4.7a Annual Growth in Employment Floor Space

The Office of the Deputy Prime Minister (ODPM) publishes annual data on floor space in use for retail, office, factory and warehousing going back to 1998. This enables the adoption of an indicator for the growth in regional employment floor

space. Separate data is published for office, factory and warehouse floor space, which can be aggregated up to comment on trends over time in total floor space used for employment purposes.

This indicator is expressed in terms of annual growth rates, as these are far more indicative of changes in economic performance than the total stock of floor space in metres² at a given time. Chart 16 below shows annual growth rates from 1998 in office, factory and warehouse floor space, comparing the East Midlands to the England average. This shows strong growth in 1999-2000, where the East Midlands exceeded the England average, slowing significantly to negative growth in 2003-2004.

Chart 16: Annual Growth rates in office, factory and warehousing floor space (million m²), 1998-2004



Source: ODPM, 'Planning Statistics, Floor Space of Offices, Factories and Warehouses: Government Office Regions, 1998-2004', Figures 2.1 (b), (c) and (d), 2005

Baseline: The total floor space used for office, factory and warehousing was 46 million m² in the East Midlands in 2004, 10% of the England total. The average growth rate over the last five years was 1.6%, compared to 1.7% in England, but this is likely to slow in future years following the negative growth in 2003-2004.

Target: To maintain an average annual growth rate over a 5 year period of 1.5% in employment floor space by 2009.

Comment: Between 1999 and 2004 the annual growth rate averaged 1.6%. However, the trend has slowed at the end of this 5 year period, to 0.4% from

2002 to 2003 and -0.2% from 2003 to 2004. We therefore propose a target based on the average annual growth rate over a five year period as latest data available demonstrates slight negative growth. A return to a trend of significant positive growth would therefore be a stretching and realistic target.

Source: ODPM, ' *Planning Statistics, Floor Space of Offices, Factories and Warehouses: Government Office Regions*', Figures 2.1 (b), (c) and (d), latest data is for 2004.

4.8 Cohesive Communities

4.8a Participation in formal voluntary activities in last 12 months

Baseline: According to the 2003 Home Office Citizenship Survey, 44% of respondents in the East Midlands had engaged in formal volunteering (defined as providing unpaid assistance through groups, clubs or organisations to benefit other people or the environment) at least once in the 12 months prior to interview. This is slightly higher than the average for England and Wales of 42%. Formal volunteering has increased from 39% in 2001 in both the East Midlands and England and Wales. The South West was the leading region in 2003, with 51% of respondents engaged in formal volunteering at least once in the 12 months prior to interview, an increase from 44% in 2001.

Target: To increase the percentage of the population engaged in formal volunteering in the East Midlands to within 3 percentage points of the leading region by 2009.

Comment: *Formal volunteering is one of the three measures of volunteering and civic participation available from the Home Office Citizenship Survey. The additional measures are civic participation and informal volunteering. Informal volunteering is identified as a useful measure in literature on social capital, as it includes the activity of groups which tend not to be engaged in formal volunteering. However, although informal volunteering provides a more diverse picture, its definition in the Citizenship Survey is too broad for use in the context of a RES. Also the Home Office does not publish an aggregate regional figure that combines formal and informal components.*

The East Midlands has seen a greater increase than the England and Wales average between 2001 and 2003, moving from in line to 2 percentage points above the national average. However, gap with the South West has increased from 5 to 7 percentage points over the same period. Therefore closing the current gap to within 3 percentage points would be a stretching target.

Source: Home Office, 'Home Office Citizenship Survey: People, Families and Communities' (bi-annual, last undertaken in 2003, next release in 2005)

4.9 Economic Renewal

4.9a Disparities in the working age economic activity rate between urban and rural districts

The focus of this strategic priority is on addressing spatial inequalities. Proposed indicators should therefore have a spatial element. The selected indicator therefore looks at disparities between the populations living in geographies defined as 'urban' and 'rural' according to the district-based classification methodology developed by Birkbeck College on behalf of DEFRA in 2005.¹²

Baseline: The latest estimate (2004) for the economic activity rate in the East Midlands is 78.8% of the working age population, which exceeds the UK average of 78.0%. However, there are significant differences between urban and rural districts in the region. The mean economic activity rate for districts classified as urban was 76.2% in 2004, whilst for districts classified as rural it was 80.9%.

Target: Maintain rural activity rates above 80% and increase urban activity rates to 78% in order to increase the overall regional average and decrease disparities by 2009.

Comment: *The time-series for economic activity rates are very static. The East Midlands rate in 1999 was 80%. Although it has been consistently above the UK average, the regional rate is unlikely to exceed 80% in the lifetime of the RES- therefore an absolute regional target would not be appropriate, nor would it address the issue of spatial variation. Due to the inward migration of retirees to rural parts of the region (which will include a proportion of individuals who still fall within the working age group), there is likely to be downward pressure on rural activity rates. Therefore maintaining high activity rates in rural areas whilst increasing activity rates in urban areas is a stretching target.*

Source: ONS Crown Copyright, 'Annual Population Survey' (annual, last release is 2004).

¹² Rural Evidence Research Centre, Birkbeck College, University of London, on behalf of Department for Environment, Food and Rural Affairs (DEFRA), 'DEFRA Classification of Local Authority Districts and Unitary Authorities in England', July 2005.

4.10 Economic Inclusion

To complement the indicator selected for the Economic Renewal strategic priority, which implies a spatial focus, an indicator relating to Economic Inclusion should focus on groups of individuals.

4.10a The percentage of the population of working age that is claiming key benefits

Baseline: The latest estimate for the percentage of the working age population claiming key benefits¹³ as published in Work and Pensions Statistics 2004 (Department of Work and Pensions) is 12.3% in the East Midlands, compared to 13.6% in Great Britain, and 8.7% in the South East (May 2004).

Target: To reduce the percentage of benefit claimants in the East Midlands to 10.5%.

Comment: *The time-series trend for this indicator is fairly static, but has shown some improvement. In May 2002, 12.7% of the East Midlands working age population claimed a key benefit, compared to 14% in Great Britain and 8.5% in the South East- so there has a reduction in the gap between the East Midlands (which has improved slightly more than the national average) and the South East. Meeting this target in the lifespan of the RES would be extremely stretching, and would require a marked change in trend.*

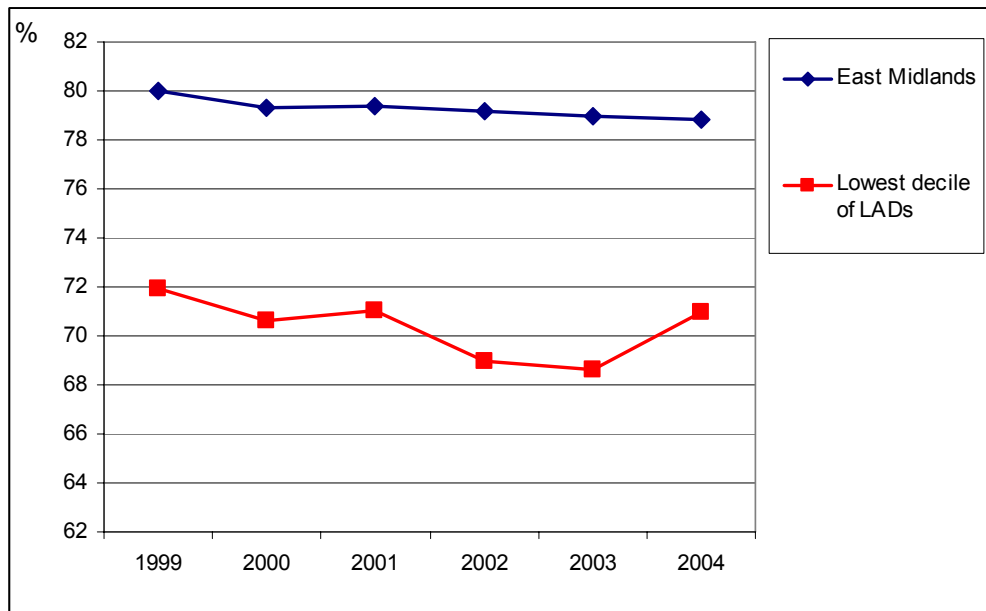
Source: Department of Work and Pensions, 'Work and Pensions Statistics' (annual, last release is the 2005 edition- with data relating to May 2004).

4.10b Increase economic activity in the bottom decile of Local Authorities

Although economic activity rates in the region have consistently exceeded the national average and have remained very stable in recent years, there is still considerable disparity across the region. Given the flat trend in economic activity, and the significant ageing of the East Midlands' population, it is unlikely that significant increases in overall economic activity can be achieved in the lifetime of the RES. Therefore this indicator relates to the economic activity of those areas which lag well below the regional average.

¹³ 'Key benefits' includes the following: Jobseeker's Allowance (JSA); Incapacity Benefit (IB); Severe Disablement Allowance (SDA); Disability Living Allowance (DLA); and, Income Support (IS).

Chart 17: Economic activity rates, working age: East Midlands and lowest decile of Local Authority Districts/Unitary Authorities, 1999-2004



Source: ONS Crown Copyright, 'Local Area Labour Force Survey' (annualised), Mar 1999-Feb 2000 to Mar 2003-Feb 2004, and 'Annual Population Survey', January 2004-December 2004, from NOMIS, 9th January, 2006

Since 1999, the bottom decile of the Local Authority Districts and Unitary Authorities in the region has included the Three Cities as well as Mansfield, Boston, Bolsover, Bassetlaw and Lincoln - so includes lagging areas in the rural as well as urban parts of the region. Chart 17 above shows that the gap between the bottom decile and the regional average has narrowed since 1999, from 8.1 percentage points to 7.8 percentage points. However, this has occurred alongside a slight decrease in average regional economic activity.

Baseline: In 2004 the average economic activity in the bottom four districts in the East Midlands was 71% compared to a regional average of 78.8%, a difference of 7.8 percentage points.

Target: To increase the economic activity rate of the bottom decile of Local Authority Districts/Unitary Authorities to 75% of the working age population.

Commentary: As the trend in average economic activity has remained more or less stable, with a very slight decrease between 1999 and 2004, a target to decrease the gap between the bottom decile and the regional average could imply a decrease in the regional average. Therefore an absolute target of an economic activity rate of 75% for the bottom decile of districts has been identified as a significant challenge, requiring a 4 percentage point increase by 2009.

Source: ONS Crown Copyright, 'Annual Population Survey' (annual, last release is 2004).