INFORMATION NOTE 9

ECONOMY

South West Regional Assembly
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South West England

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SOUTH WEST REGIONAL ASSEMBLY

INFORMATION NOTE 9

Economy Policies in the draft RSS

1. Introduction

1.1 The purpose of this note is to provide a brief overview of and explain the approach taken to the development of the economy policies in the draft Regional Spatial Strategy (RSS), principally those issues covered in section 8 "Enhancing Economic Prosperity and Quality of Employment Opportunity" and section 9 "Addressing Deprivation and Disadvantage to Reduce Intra-Regional Inequalities". For each of the topics covered by these sections, namely - employment, skills, city and town centres, tourism, casinos and disadvantage and deprivation - it summarises:

- The current state of the region (appendix 1);
- The main economy issues addressed by the draft RSS;
- The processes through which the policies were developed; and,
- Further technical work.

2. State of the Region

2.1 There is a wealth of data available which can help to build a picture of the state of the south west in economic terms. The key sources for this data include the RPG10 Annual Monitoring Report (produced by the Regional Assembly); the annual State of the South West Report and the Regional Economic Profile (produced by the South West Observatory); the Regional Economic Strategy (RES) evidence base and SWRDA Quarterly Economic Review; together with research commissioned by both the SWRDA and Assembly in developing the draft RSS. The draft RSS provides a summary of the state of the economy in sections 2.3 and 8.1 and a summary of key data is included in this note (Appendix 1).

3 The Main Economy Issues Addressed by the Draft RSS

3.1 The following bullet points summarise key economy issues that the Draft RSS seeks to address:

- From an economic perspective the "front end" of the draft RSS provides the strategic context, seeks to deliver IRS aims 3 and 4 and align with the Regional Economic Strategy[1] (RES) produced by the SWRDA, highlighting the importance of the RES vision and development of sustainable economic growth in section 1.
- The draft RSS broadly outlines the state of the economy in the region together with possible future trends in section 2.3 (these are explored in appendix 1 of this note). In doing so it draws out some of the key issues facing the region during the RSS plan period to 2026 in section 2.3.5 as follows:
- Economic forecasts undertaken by Cambridge Econometrics for the Assembly and SWRDA demonstrate that **economic growth will not be uniform across the sectors**. Those with the greatest potential for growth in the period to 2010 include business services, other services and education. Most broad sectors are expected to grow, with the exception of mining and quarrying, agriculture and (marginally) manufacturing – mirroring national trends. The nature of economic activity has been changing, with more growth in non-traditional sectors such as health, retailing and education. The RES Evidence Base also underpins these forecasts.
- Anecdotal and monitoring evidence together with a study undertaken by King Sturge for the Assembly and SWRDA (Market Facing Assessment Of The Demand For And Supply Of Employment Land, And An Assessment Of The Supply Of Employment From Non-Industrial Sources) recommended that the **provision of**

[1] A separate statement with regard to alignment will be submitted to the Panel by the Assembly.

large strategic employment sites suitable for inward investment is no longer of such significance, although a flexible land supply is;

- The RES evidence base demonstrates that the development of global markets and global competition will impact on the region's economy and technological change, labour markets and business practices are influenced by international opportunity and competitiveness. In order to compete more successfully, **the South West economy has to raise productivity**. Within the UK, the region's relative productivity has improved in the last ten years but remains below the average. Improvement will require continued intervention in those parts of the economy and the region that are currently underperforming;
- Research including Cambridge Econometrics Forecasts, "Spatial Implications of Economic Potential in the South West", "Cities as Hubs for Economic Development" and "Spatial Dynamics" have demonstrated that **cities and towns will continue to be the critical drivers of the regional economy**. In the period to 2026 estimates suggest that around 80% of the region's jobs will be created in the Travel to Work Areas (TTWAs) of the 21 places identified in Development Policy A in Section 3 of the draft RSS. Bristol is one of only eight Core Cities nationally whose continued prosperity is vital to national, as well as regional, economic well-being and competitiveness; and
- the **footloose nature of investment** means that economic development turned away from the prosperous parts of the region is likely to be lost to the South West.

3.2 The SWRDA and SWRA worked closely to ensure that the draft RSS and emerging RES did not duplicate each other. So for example, the draft RSS does not focus on sectoral matters. The draft RSS addresses economy issues in the following ways:

3.3 Section 2 of the draft RSS explains the basic assumptions behind growth in the region's economy and population. Scenarios prepared for the draft RSS set out the following possibilities: that the economy tracks the trend of the wider UK economy (benchmark position); that it maintains its recent relatively buoyant performance (central position); or. It improves its relative performance through time (growth). The draft RSS states that there is a need to plan for growth at or above the current rate equating to annual Gross Value Added (GVA) growth of 2.8% or higher (and towards the higher range of 2.4% to 3.2%) making provision for growth in jobs of 365,000 and 465,000 during the plan period 2006 to 2026.

3.4 The spatial strategy has strong economic components in: aligning provision of jobs and housing spatially; identifying a need for continued support for economic well-being of market towns and rural areas (through development policies B and C); and through a differential approach to economic development through strategy emphases realising economic and other potential in the north and centre of the region, managing growth within identified environmental limits in the south eastern of the region and stimulating economic activity and development in the western part of the region. These emphases are mapped in the draft RSS in Map 3.1.

3.5 Section 4 gives clear spatial direction for growth. In some areas, figures for employment land provision have been included. (In their advice to the RPB, Devon and Dorset County Councils had agreed amounts of land with their respective District Councils for specific places.) However, the Regional Planning Body (RPB) did not intend to provide consistent numerical guidance on employment land provision across the region given uncertainties about need related to jobs figures and the need to relate provision more clearly to places, rather than provide a supply of land for traditional B use classes which may or may not be responsive to the needs of the economy. The provision of employment land was felt better addressed in Local Development Frameworks (LDFs) using clear criteria (as provided in section 8 of the draft RSS).

3.6 Sections 6, 8 and 9 of the draft RSS provide policies and statements which help to deliver the growth and key issues outlined above.

3.7 In order to deliver development which responds to these issues and provide a framework for the spatial measures necessary to help implement draft spatial strategy and the RES objectives – to deliver successful and competitive businesses; to deliver strong and inclusive communities; and to help deliver an effective and confident region - the content of the RSS was developed to focus on the following key areas:

- Skills and quality of education provision (section 6);
- Employment land provision and review (section 8);
- Town and city centres (section 8);
- Tourism (section 8);
- Casinos (section 8); and,
- Spatial priority areas for addressing disadvantage and deprivation to deliver economic development, regeneration and neighbourhood renewal and rural and urban renaissance (section 9).

Skills and quality of education provision

3.8 Key issues include:

- Skills levels across the region vary considerably with lower levels of educational attainment largely corresponding with areas which have a high level of multiple deprivation.
- Education and training are essential to support success in an increasingly knowledge driven economy. The importance of the knowledge driven economy is highlighted by research conducted by University of the West of England for the SWRDA, “The Knowledge Driven Economy, the RES and RSS in the south west”.
- The demographic profile of the south west provides a number of opportunities and challenges with an increasing number of older people living in the region wishing or needing to remain in paid employment beyond retirement age offering a variety of skills and experience to employers.

Employment land provision and review

3.9 The development of policies in response to the need for provision of employment land draws from research undertaken by King Sturge (Market Facing Assessment Of The Demand For And Supply Of Employment Land, And An Assessment Of The Supply Of Employment From Non-Industrial Sources) and by DTZ / ADL (Spatial Dynamics of Change in the Region’s Key Sectors). Key issues include:

- Government guidance on undertaking Employment Land Reviews published in 2004 requires the planning system to be more “market facing” and forward thinking;
- There is a need for a consistent approach to assessment and allocation of employment land across the region at the regional, sub-regional and local levels. Provision should be based on a detailed local knowledge of what the economy and business needs and informed by strategic needs.
- Quality is as important as quantity of provision.
- There is a need to facilitate the growth and development of the knowledge driven economy by facilitating linkages with knowledge intensive institutions, promoting clusters of related businesses and maximising the take up and usage of ICT.
- With the growth in “non-traditional” or non-B2 and B8 use class related employment in sectors such as health, leisure / tourism and the service sector and the decline in manufacturing, provision of employment land needs better to reflect wider economic and job forecasts. The value of employment generating activities that fall outside the traditional PPG4 definition of employment should be better recognised. There is a forecast shift away from larger B2 sites and premises towards higher quality B1 office, industrial and incubator accommodation.
- With the emphasis in Government policy and the draft RSS on delivering sustainable communities and providing mixed use development, “employment”

land or land developed where people will be employed should only be lost to alternative uses such as housing where any imbalance between job numbers and resident population is not exacerbated.

- Societal changes such as the rise of flexible working and the need for on-site crèches and training provision.
- A range and choice of sizes and types of employment land and premises is needed to maintain an adequate supply chain for business and recognise the diversity of the region's economy. A larger number of smaller sites is required – a declining volume of large scale inward investment projects and a trend towards a larger number of smaller businesses have questioned the reliance upon a small number of major strategic employment sites.
- The region's "gateway" facilities, ports and airports, play an important role in the region's economy.

Town and city centres

3.10 The development of policy in the draft RSS drew significantly on work undertaken for the Assembly by DTZ (The South West's Town Centres) which was commissioned to provide a broad assessment of the region's main centres in retail, office and leisure terms and how they may need to react against a number of possible growth scenarios in the plan period. This work was commissioned to respond to requirements in PPS6 and to help inform Joint Study Area work. Key issues include:

- The SSCTs will continue to be the engines for economic growth in the region and as such and given the focus of the draft RSS for the majority of development at the SSCTs, provision must be made to support this and meet the needs of the resultant population.
- The need to maintain and enhance the sustainability of existing centres. The focus on mixed use development to enable sustainable and viable development in centres is a well-rehearsed position outlined by current Government guidance although there is still market demand for out of town development in retail and office terms in particular.
- Confidence remains high in the south west as a region for investment with low vacancy rates and strong demand from multiple retailers in its major centres, with Bristol, Cheltenham and Bath the region's best retail performers (although none of the region's retail centres feature in the UK's top 20).
- The leisure industry has tended to favour the larger centres and out of town locations to maximise catchment draw. However, the far south west in particular is supported by seasonal tourism.
- Current office development in the pipeline is geared more strongly towards out of town locations, in some places over 90% of provision. The balance needs to be addressed with more focus on more sustainable and accessible locations and ensuring that town centre sites are commercially deliverable.
- Quality cultural assets, good design and improved sustainable access into, around and out of centres will all play a key role in ensuring that a centre focused approach works, creating attractive and viable centres.
- Whilst competition between centres is healthy for the region's economy, improvements made to existing larger centres should not compromise the viability and vitality of other smaller centres and provision for economic and population growth should be managed in-step with one another to minimise the need to travel to other centres.
- A key issue in rural communities in particular across the region is the loss of services and facilities such as Post Offices and community facilities. Whilst the loss of such services are largely due to them becoming economically unviable, the draft RSS acknowledges that these services in smaller communities can play a vital role and should be retained using innovative measures where possible.

Tourism

3.11 Tourism is a key sector to the region's economy, being particularly important to the far south west and coastal areas. Key issues include:

- The tourism industry is traditionally low waged and seasonal.
- The region's tourism product must continue to be improved to compete with overseas markets, whilst creating a more sustainable industry, providing better quality and protecting the region's key tourism assets, most of which are environmental, cultural and heritage based.
- There are significant opportunities around the 2012 Olympics with the Olympic Regatta being held in Weymouth and Portland.
- Whilst there is clearly value in iconic tourist facilities, such as the Eden Project in Cornwall, care needs to be taken in future when considering the development of further such attractions.

Casinos

3.12 The key reason for including a policy on regional and large casinos was in light of the Casino Advisory Panel's evaluation of acceptable locations for future casinos nationally. The policy is intended to provide a framework and guidance so that regional and large casinos, if identified in the south west are located in suitable locations and not to the detriment of the places in which they may be developed.

Spatial priority areas for addressing disadvantage and deprivation

3.13 Whilst the sub-regional spatial strategies in section 4 of the draft RSS deal with how and what levels of growth and change should be sought across the region, section 9 of the draft RSS provides a focus for where specific types of intervention should take place identifying priorities for addressing deprivation and disadvantage. The section recognises that there are significant issues away from the major areas of growth and change in the region and identifies areas where rural renaissance should take place.

3.14 Generally speaking, there is a gradient of deprivation which increases towards the western parts of the region, with pockets of deprivation within urban areas, illustrated best by map 9.1 in the draft RSS.

4. Process

4.1 For all economy topics, the SWRA worked closely with the SWRDA in developing and drafting them throughout with SWRDA taking the lead on the development of most of the section 8 topics, including the rationale behind identification of the topics drawing on research from commissioned studies and data common to the RES and RSS. An audit of how other Regional Spatial Strategies deal with economy issues was undertaken by the SWRDA to inform policy development at an early stage. For economy issues specific to the SSCTs, analysis was undertaken in varying degrees by the various Joint Study Areas, informed by research commissioned by the Assembly and SWRDA (see Information Note 5). The SWRDA was involved in the technical steering groups for each of the JSAs.

4.2 A number of Member and officer groups oversaw and guided development of the economy policies. The **Regional Spatial Planning and Transport Group** (RSPTG) (an Assembly Member Advisory group) had the task of overseeing development of the draft RSS and to recommend to the Regional Assembly its submission to the Deputy Prime Minister. The Group received regular updates with regard to the development of the economy elements of the RSS, which was also particularly important given the need to achieve alignment with the RES.

4.3 The Assembly's officer **Economy Policy Support Group** (EPSG) which meets three to four times a year has membership drawing from local and strategic authorities (primarily from economic development departments), the RDA, Government Office, business interests such as the Small Business Service and Federation of Small Businesses and other regional organisations such as South West Tourism. A smaller **EPSG sub-group** was set-up meeting several times to help steer work commissioned to explore employment issues and provide feedback on drafted section of the economy chapter. Much of the group's input was also made via email. The Assembly's **Planning**

Officers Group (POG) is comprised of strategic and local authority planning officers and representatives from the key regional agencies and organisations including Government Office, SWRDA and Environment Agency, meeting almost on a monthly basis during development of the draft RSS.

4.4 Within this officer and Member group framework, whilst all of the topic areas within the economy section were discussed with these groups during their development, some of the topics required further input from a number of other sources. These are listed below:

- Economy – an economy workshop was held in March 2005 to inform developing policies.
- Skills and quality of education provision – an education and skills stakeholder workshop to discuss the role of the RSS in implementing the education and skills agenda; and, discussions and input from the Learning and Skills Council.
- Employment land provision and review – steered by advice from EPSG sub-group.
- Town and city centres – small e-based focus group set-up comprising planning officers from several strategic authorities, SWRDA and Government Office to help steer DTZ Town and City Centres work and help develop policy.
- Tourism – South West Tourism provided input into drafting of the tourism section although their input and desire to consult fully with the Destination Management Organisations (DMOs) was constrained by the pace of RSS drafting.

4.5 Development of the economy sections of the draft RSS were informed by the Winter and Summer Debates and Options Consultation. The key issues taken into account have been highlighted in the Pre-Submission Consultation Statement published with the draft RSS. The economy elements of the draft RSS also benefited from comments received by the SWRDA on development of its draft RES.

5. Further Technical Work

5.1 Since submission of the draft RSS, work has continued on a number of the areas covered by the policies. Discussions have been held with strategic authorities and DTZ on the next steps needed at the regional and sub-regional levels to ensure that SSCTs can respond to the growth needs within their town and city centres.

5.2 Following identification of the draft EiP List of Matters and Participants, which proposes that discussion on the sub-regional components of the DRSS will be on a Housing Market Area (HMA) basis, the Assembly commissioned Cambridge Econometrics to re-run the economic projections by HMAs, to inform the relevant debates using a consistent geography.

5.3 The SWRA and SWRDA have also been discussing the formation of an employment land group (proposal attached) with the EPSG, POG and Strategic Information Providers (SIP) groups. The group would have the following objectives:

- To bring together various parties interested in the delivery of employment sites in the South West;
- To ensure that the regional policy framework (RES/RSS) is implemented;
- To lead on the development of a regional employment land assessment;
- To help co-ordinate activity at the local level and ensure consistency of approach;
- To undertake research on specific topics;
- To disseminate best practice;
- To help monitor the provision (allocation and completion) and loss of employment sites;
- To help maintain a database of available land, sites and premises; and,
- To undertake specific tasks - for example - to understand what the next generation of employment sites might look like or to examine what is meant by a ‘strategic’ employment site.

5.4 Further technical work[2] has been commissioned in the time since submission of the draft RSS by the SWRDA on understanding employment supply and demand in the region. This builds on the research undertaken by King Sturge. Amongst other findings, the research has demonstrated that the way that employment land is recorded and the amount of data available varies across the region. The following figures are estimates of supply based on commitments and allocations:

SWRDA
Demand and Supply of Employment Land in the South West
Technical Appendix: Commercial Market Review
November 2006

Authority Area	Estimated Supply Based on Commitments & Allocations	Take Up	Timeframe	Annual Average Take up	Key Issues
West of England	c.745	516.7	1991- 04	36.9	The information provided by West of England included 1 % non B uses. Source: West of England Partnership
Cornwall	201.98	72.82	1991-98	8.1	The information is up to date, later evidence indicates that as of 2000 the supply was around 300ha, and 72 ha had been developed. No detailed breakdown was available No indication was available of the proportion of take up for non B uses Source: Cornwall County Council AMR
Devon	232.32	112.76	Varies	15.2	No information has been available for the remainder of the authorities, as such the figures only reflect the information that was available for Exeter City, Plymouth, South Hams, Teignbridge and Torbay. No indication was available of the proportion of take up for non B uses Source: District Councils AMR
Dorset	368.70	155.18	1994-04	15.5	All authorities aim to record only B and SG use. Source: Dorset Council
Gloucester	397.4	178.39	Varies	11.8	All authorities aim to record only B uses & SG uses Source: Gloucester CC AMR 2004 With updates from Districts
Somerset	238.76	91.6	Varies	8.3	All authorities aim to record only B uses and SG. Source: District Council AMR's
Wiltshire	372.53	240.92	1991-04	18.5	Around 8% ha of the previous take up is considered to be for non B uses. Source: Wiltshire Employment Monitoring Report 2004
REGIONAL	**2,866.7**	-	-	**114.3 (109.1*)**	

[2] Source: A Review of the Demand for and Supply of Employment Sites in the South West - Draft, November 2006, DTZ

Policy	**Objectives**	**Key Reference Points**	**Justification**
SK1: Facilitating Access to Skills Training	To ensure that local authorities play a key role through their LDFs and LTPs in enabling access to training and education facilities.	• Draft RES • Framework for Regional Employment and Skills Action (FRESA) • The Knowledge Driven Economy, the RES and RSS in the south west - University of the West of England for the SWRDA	The provision of training course and education facilities alone will not deliver improvements in skills levels. Improving accessibility to skills training is key improving the skills base.
E1: Assessing Employment Land Provision	To secure the evidence and ensure appropriate spatial planning for places through an understanding of the needs of the local economy and business requirements, rather than on the basis of purely administrative boundaries. It is the intention that the policy sets a framework for consistency of evidence bases across the region.	• RPG10 and Fit for Purpose Analysis – Baker Associates for SWRA • Draft RES • PPG4: Industrial, Commercial Development and Small Firms • ODPM: Employment Land Review Guidance Note • Market Facing Assessment Of The Demand For And Supply Of Employment Land, And An Assessment Of The Supply Of Employment From Non-Industrial Sources - King Sturge for SWRDA and SWRA • The Knowledge Driven Economy, the RES and RSS in the south west - University of the West of England for the SWRDA • Spatial Dynamics – DTZ for SWRDA • Spatial Dynamics of Change in the Region’s Key Sectors – DTZ and Arthur D Little for SWRDA • Cambridge Econometrics Forecasts • Planning for Economic Development, ODPM • Regional Strategic Review (Scrutiny) of the SWRDA – Broadband - SWRA	The King Sturge work recommended that there is a need for a more consistent approach to assessing the need for the allocation of employment land. The King Sturge and other research has also highlighted the need for focus on the aspects identified by the policy. Particular focus has been placed upon small businesses, ports, airports, knowledge intensive institutions and non-B use class uses following their importance to the success of the economy as identified through research which has informed the development of the RES and draft RSS.
E2: Identification of Employment Sites	To provide locational criteria for employment provision. Following assessment as outlined in E1, to ensure that sufficient and appropriate sites and premises are provided to secure the forecast number of jobs in the SSCTs specified in section 4 and for employment uses to be appropriately located in those places outside the SSCTs.		There is a need to ensure that appropriate employment development takes place at and outside of the SSCTs and that LDFs identify this in step with housing requirements.
E3: Review of Employment Sites	To ensure that, once needs have been assessed in line with E1, sites allocated remain a reflection of need and that needs are reassessed regularly (a three year basis follows conclusions reached by the ODPM report Planning for Economic Development, 2004).		The need to keep the evidence base up to date and responsive to market and sector changes.

Policy	Objectives	Key Reference Points	Justification
E4: Redevelopment of Employment Sites	To ensure appropriate use / re-use of employment land.	• PPG20: Coastal Planning	To create sustainable communities, existing imbalances between jobs and resident population / houses is necessary. Despite rising levels of mixed-use development on brownfield sites in urban locations, previously developed and allocated but not developed employment land is still being lost to housing development, potentially exacerbating imbalances. The sequential approach proposed in policy E4 recognises that in locations where there is no longer a need for employment land, other uses should be considered based on wider employment uses first; mixed-use development and then solely for housing.
E5: Waterside Employment Sites	To safeguard waterside employment sites for re-use for social and economic uses which need to be at the waterside, particularly recognising the need to retain such sites for maritime uses.		Members highlighted this as an important mechanism for a region where the coast plays such an important role, particularly for some sectors. PPG20 also highlights the importance of the developed coastal areas.
TC1: City and Town Centres	To provide overarching guidance for development in town and city centres and ensure that a "centres first" approach is taken to achieve balanced and sustainable growth.	• RPG10 and Fit for Purpose Analysis – Baker Associates for SWRA • PPS6: Town Centres • Draft RES • The South West's Town Centres – DTZ for SWRA	PPS6 and DTZ work and the need to deliver sustainable communities with strong economies at the SSCTs and the region's towns.
TO1: Sustainable Tourism **TO2: Safeguarding and Investing in Tourism Destinations** **TO3: Major High Quality, High Profile Attractions**	To maintain and enhance the south west's tourist offer, improve quality and focus on the delivery of sustainable tourism.	• RPG10 and Fit for Purpose Analysis – Baker Associates for SWRA • PPG21: Tourism • Draft RES • Towards 2015: Regional Tourism Strategy • In Search of Chunky Dunsters: Regional Cultural Strategy • Regional Strategic Review (Scrutiny) of the SWRDA –Tourism - SWRA	Justification is rooted in the Regional Tourism Strategy and the RES.

Policy	Objectives	Key Reference Points	Justification
CA1: Regional and Large Casinos	To ensure that if the Casino Advisory Panel designates a regional or any large casinos in the south west, that an appropriate framework is available to guide them to suitable locations.	• Sub-regional spatial strategies • IMD data	Emerging casino location debates.

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Appendix 1

State of the Region - Summary

General overview

- Estimates of Gross Value Added (GVA) for the UK value the South West economy at £75.2 billion, ranking the South West as the sixth largest economy of the English regions in 2003. Since 2000, South West GVA per head has steadily increased from around £12,902 in 2000 to £15,038 in 2003.[3]
- There are long established differences in GVA per head and incomes between the far South West and Cornwall, and the better connected east and north of the region. In general terms, there is an overall 'gradient' of decreasing prosperity and economic productivity when moving from east to west across the region, although, in many places, this may be overshadowed by local concentrations of relative wealth or deprivation (see Map 9.1 in draft RSS).
- In 2004, the average weekly wage of employees in the South West was £397.8, 93% of the English average. The average hourly wage was £9.78 which is 92% of the English mean. The difference between the hourly and weekly wage reflects that South West employees work on average slightly fewer hours per week than England as a whole. However between 2003 and 2004, weekly wages grew at a faster rate by 3.6% in the South West compared with 3.5% for England.[4]
- The South West has a total resident labour force of 2.5 million and has the lowest International Labour Organisation (ILO) unemployment rate of all the UK regions at 3.6% in (the year to September 2005), compared to 4.7% for England as a whole. Total ILO unemployment fell by 8% in the South West between March 2001 and September 2005 compared to an average of 4% for England. Unemployment has fallen for both men and women in the region, although the unemployment rate for men is higher and the rate is highest amongst young people (age between 16 and 24).[5]
- The RES identifies eight key sectors (advanced engineering and aerospace; food and drink; creative industries; tourism; marine; bio-medical and health; ICT; and environmental technologies) which are considered to be particularly important to the region's economy and which may require specific interventions to ensure their continued success. It also identifies five other sectors including Health, Retail and Engineering as a focus to improve skills and an efficient labour market.
- Parts of the South West, particularly some of the more rural western areas, are characterized by low wage/low productivity/low skill occupations.
- The key business sectors in the South West are primarily the service-based industries, accounting for over 76% (almost 1.67 million) of all full time equivalent (FTE) jobs in 2004.[6]
- The public sector (health, public administration, defence, education) plays a significant role in employment terms, particularly in the far south west and remoter rural areas and will do in the future.

City and Town Centres

- The main retail centres in the region include Barnstaple, Bath, Bournemouth, Bristol, Cheltenham, Exeter, Gloucester, Plymouth, Poole, Salisbury, Swindon, Taunton, Torquay, Truro, Weston-super-Mare and Yeovil. The region also has two other main shopping centres at Cribbs Causeway on the edge of Bristol (in South Gloucestershire) and at Clarks Village in central Somerset.[7]
- Bristol is considered the 'office capital' with over one million m^2 of office space and is ranked well above other 'regional centres' such as Swindon, Bournemouth/Poole,

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[3] Source: RPG10 Annual Monitoring Report, 2005
[4] Source: RPG10 Annual Monitoring Report, 2005
[5] Source: RPG10 Annual Monitoring Report, 2005
[6] Source: Draft RSS, 2006
[7] Source: The South West's Town Centres, DTZ, 2006

Exeter, Cheltenham, Plymouth and Gloucester, which have 250,000 to 600,000 m^2 office space. Other SSCTs have a range of office space up to 200,000 m^2.[8]

Tourism

- The South West region remains the most popular destination for domestic visitors, accounting for 20% of England's domestic tourist trips, 25% of nights and 22% of spending in 2004.[9]
- A key feature of tourism is seasonal variation, and while the region is committed to extending the season outside peak periods, data suggests that seasonal variations persist with average bed and room occupancy rates for 1997-2004 rising from 30% in winter to 70% in summer. For example, 8% of domestic trips to the South West were taken in October 2004 compared to 15% in August. Customer Satisfaction research indicates that the quality of all-weather tourism attractions could be improved in the region as visitors commented that the range in the region are below average. (South West Tourism, 2004).
- The tourism sector continues to impact heavily on the region in terms of additional traffic congestion as overwhelmingly, car and van are the main modes of transport used for day visits to the South West. Between March 2003 and March 2004, 86% of day visits to the region and 82% of trips (involving an overnight stay) were made by car (United Kingdom Tourism Survey, 2004).

Employment Land

- There has been at least 112 hectares of employment land developed in the South West in the 2004/05 financial year. This is an increase of 16% on the figures for the previous year.[10]
- Employment by sector in the south west[11]:

Sector	Employment (000s)	Location Quotient
Agriculture	67	1.8
Mining & Quarrying	6	1.1
Manufacturing	298	1.0
Electricity, Gas & Water	13	1.1
Construction	169	1.0
Distribution, Hotels & Catering	623	1.1
Transport & Communications	124	0.8
Financial & Business Services	421	0.8
Government & Other Services	814	1.1
Total	2535	1.0

Note(s): Location Quotient (LQ) represents the relative concentration of a sector in the South West compared to the UK average. A LQ greater than 1.0 indicates a higher concentration of the sector in the South West. A LQ less than 1.0 indicates a lower concentration.

Disadvantage and Deprivation

- The South West performs relatively well in comparison with other regions in terms of overall levels of multiple deprivation. IMD reveals that just under 9% of 'Super Output

[8] Source: The South West's Town Centres, DTZ, 2006
[9] Source: RPG10 Annual Monitoring Report, 2005
[10] Source: RPG10 Annual Monitoring Report, 2005
[11] Source: King Sturge Report: Market Facing Assessment for Demand and Supply of Employment Land and Assessment of Supply of Employment from Non-industrial Sources, 2005

Areas' (SOAs: a unit of geography used in the Index) in the South West belong to the 20% most deprived in England.
- Generally speaking, there is a gradient of deprivation which increases towards the western parts of the region, with pockets of deprivation within urban and rural areas, illustrated best by map 9.1 in the draft RSS.