

# Productivity Scorecards

## Categories and Drivers

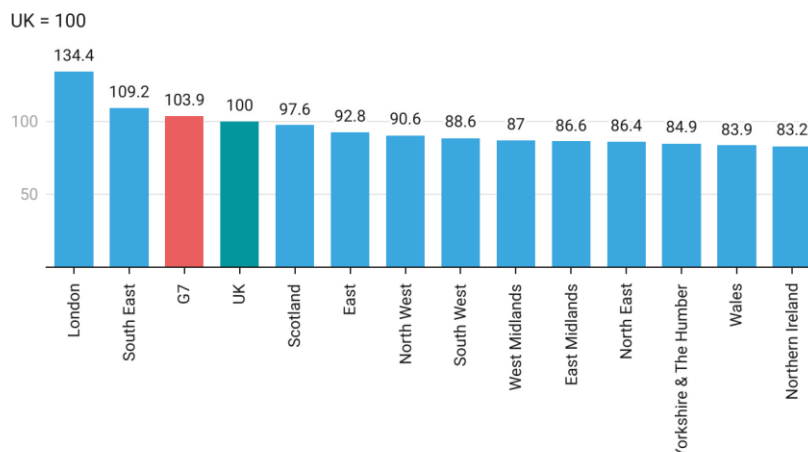
### ANNEX

The Productivity Scorecards are produced for the UK's devolved nations and England's regions to create an overview of productivity performance for the UK regions.

The most recent data shows that productivity measured as output per hour worked in most of the UK regions is below the UK's average in 2020. The chart on this page is provided for illustrating each region's position relative to the UK's average (UK=100). Compared to the G7 value of productivity, the UK lags behind by 3.9%.

A series of Productivity Forum's Insights Papers explore the issues of productivity gap in each TPI's Regional Productivity Forum (RPF). While some aspects can be specific to a particular region, common themes include economic structure, peripherality, capital and investment, human capital, infrastructure, public policy, and institutions and governance.

**Output per hour worked, 2020**



Source: For UK regions: [ONS \(2022\) Subregional productivity](#). For G7: [OECD \(2022\) Level of GDP per capita and productivity Comparison](#). Comparison with G7 made using GNI per hour worked (USD, current prices, current PPPs).

The regional scorecards were adapted from the Northern Ireland's productivity dashboard published by the team from the Northern Ireland Forum. The regional scorecards measure how each region performs across key drivers of productivity relative to the UK median and over time. The region's performance for each productivity driver is compared to the median of the UK ITL1 regions. The colour codes indicate whether it is better (green), worse (red), or equal to this value (orange). Green indicates performance higher than 105% of UK ITL1 median. Orange shows a value of a productivity driver between 95% and 105% of UK ITL1 median. Red indicates performance lower than 95% of UK ITL1 median. Using the median as the reference value for each productivity driver reduces a potential bias towards London, the area with the highest productivity in the UK. The UK median and regional data for comparison are 2020 for consistency across all twelve regions; however, for a small number of productivity drivers the reference year is either 2019 or 2021 due to unavailability of 2020 statistics as indicated in each productivity driver description. Performance across short-term (1-year) and long-term (5-years) periods shows whether there has been an improvement (green), worsening (red), or no change (orange) over time. The key for 'no change over time' is based on an assumption that changes between -0.5% and 0.5% from the base year values constitute no significant change. For consistency, all short-term estimates are provided for 2019-2020 and long-term estimates are given for 2015-2020. The method, data sources and reference year for each productivity driver are provided below.

## **Business performance & characteristics**

### **Exports as % of GDP**

Higher regional export intensity is important as local firms which export tend to have higher productivity. Comparison to the UK median is based on a combination of ONS data on subnational trade in goods and subnational trade in services measured as percentage of ONS subnational GDP. Change over time (short-term) is estimated based on the same ONS data as it is available for 2019 and 2020. Change over time (long-term) measured using HMRC regional trade data for consistency, as ONS subnational data for trade in goods and trade in services is not available prior to 2019.

Sources: [ONS \(2022\) Subnational trade in goods](#); [ONS \(2022\) Subnational trade in services](#); [ONS \(2022\) Regional gross domestic product](#); [HMRC \(2020\) Regional trade data, 2015-2020](#)

### R&D per job

Levels of R&D expenditure are linked to productivity levels. ONS data on BERD provides a breakdown of R&D performed in UK businesses by country/region. Real R&D per job is estimated as R&D expenditure relative to regional jobs and using GDP deflator.

Sources: [ONS \(2021\) Business enterprise research and development, UK: 2020](#); [Productivity Jobs – ONS \(July 2022\) Subnational productivity](#); [HM Treasury \(2022\) GDP deflators at market prices, and money GDP March 2022 \(Spring Statement\)](#)

### Innovation active businesses

Being innovation active measures businesses' approach to continual improvement, which is an important driver of productivity growth. This measure of innovation includes introducing a new or significantly improved product or process; engaging in innovation projects; improving organisational structures, practices, and strategy; and/or generating or acquiring knowledge or equipment linked to innovation activities.

Sources: [BEIS UK Innovation Survey, 2017, 2019, 2021](#)

### % of SMEs where finance is a major obstacle

Access to finance can place a constraint on a firm's growth, creating a barrier to improving productivity. The percentage of SMEs who rated access to external finance as a major obstacle to running their business over the next 12 months exceeded UK's 8% in all regions, except South East, South West and East of England where it was lower than the UK value indicating that businesses in these three regions had better access to external finance.

Source: [BVA BDRC \(2021\) SME Finance Monitor 2020 Annual Report](#)

### Business births as % of all active enterprises

The rate of new enterprises being created is an indicator of the level of entrepreneurial activity in the local economy. This performance was a decline in 2020 compared to 2019 in all UK regions, likely as a result of the Covid-19 pandemic. Over the long-term, business births remain lower than the 2015 values.

Source: [ONS \(2021\) Business demography, UK](#)

## **Skills & training**

### % of population with tertiary education (NVQ4+)

Represents a percentage of working age population (aged 16-64) with qualification at NVQ4+. Only five regions, London, South West, South East, Scotland and Northern Ireland have a rate of highly-skilled population higher than the UK median of 39.3%. All other regions show either equal to or lower than the UK value. The latest 2021 Labour Force Survey data is used to compare regions to the UK median, 2020-2021 (short-term), 2016-2021 (long-term).

Source: [Nomis \(2022\) Labour Force Survey](#)

### % of population with no or low skills (NVQ1 or lower)

Represents a percentage of working age population (aged 16-64) with qualifications at NVQ1 only or no qualifications. London, South East, South West and Scotland have levels of no or low skills working age population (aged 16-64) lower than the UK median of 17.5%. The other regions are equal to or above the UK median. The latest 2021 Labour Force Survey data is used to compare regions to the UK median, 2020-2021 (short-term), 2016-2021 (long-term).

Source: [Nomis \(2022\) Labour Force Survey](#)

### % of employers providing training in past 12 months

Only 50% of employers in the UK provided training within the last 12 months in 2019. With the exception of London, Scotland and the North East, change over long term has been negative. Latest Employer Skills Survey data for 2019 is used to compare regions to the UK median, 2017-2019 (short-term), 2015-2019 (long-term).

Source: [DfE\(UK\) \(2020\) Employer Skills Survey 2019](#); [2017](#); [2015](#); [DfE\(England\) \(2020\) Employer Skills Survey 2019](#); [2017](#); [2015](#); [Scottish Gov. \(2021\) Scottish Employer Skills Survey 2020](#)

### % of vacancies which are skill shortage vacancies

The proportion of vacancies which are skill shortage vacancies was 5% for the UK in 2019. Over the long-term, skills shortage vacancies in the UK have improved from 6% of total vacancies in 2015. Latest Employer Skills Survey data for 2019 is used to compare regions to the UK median, 2017-2019 (short-term), 2015-2019 (long-term).

Source: [DfE\(UK\) \(2020\) Employer Skills Survey 2019](#); [2017](#); [2015](#); [DfE\(England\) \(2020\) Employer Skills Survey 2019](#); [2017](#); [2015](#); [Scottish Gov. \(2021\) Scottish Employer Skills Survey 2020](#)

## **Policy & institutions**

### **% of SMEs where political uncertainty & government policy is a major obstacle**

In 2020, 24% of SMEs in the UK rated political uncertainty and government policy as a major obstacle in running their business in the next 12 months. In London, Scotland and Northern Ireland, this was higher than the UK median. There has been a sizeable increase over the long-term in all UK regions as only 10% of SMEs in the UK rated this as a major obstacle in 2015.

Source: [BVA BDRC \(2021\) SME Finance Monitor 2020 Annual Report](#)

### **% of SMEs where legislation & regulation is a major obstacle**

In 2020, 21% of SMEs in the UK rated legislation and regulation as a major obstacle in running their business in the next 12 months. There has been a sizeable increase over the long-term in all UK regions. Only 12% of SMEs rated this as a major obstacle in 2015.

Source: [BVA BDRC \(2021\) SME Finance Monitor 2020 Annual Report](#)

## **Health & wellbeing**

### **Economic inactivity rate**

Rates of economic inactivity are mixed across the UK economy. For those in the working age population (aged 16-64), 21.6% were economically inactive in the UK for October-December 2020. This was likely as a result of the Covid-19 pandemic. While the inactivity rate was relatively unchanged (21.9%) in 2021, over the long-term the situation has improved only slightly, decreasing from 22.3% in 2015. High rates of economic inactivity may mean labour is not allocated efficiently within the economy, creating a barrier to productivity growth.

Source: [Nomis \(2022\) Labour Force Survey](#)

### **% of economic inactivity due to long-term ill health**

Of all economic inactivity in the UK in 2020, long-term ill health was 24.6% (estimated as the median of the UK ITL1 regions); this value increased to 27.1% in 2021. For the long-term period, this has become worse in all the UK regions.

Source: [Nomis \(2022\) Labour Force Survey](#)

### **% of population aged 16-64**

The working age population (aged 16-64) currently accounts for around 62% of the UK population.

Source: [Nomis \(2022\) ONS Population Estimates](#)

## **Investment, infrastructure & connectivity**

### **FDI per job**

The UK's median of total inward foreign direct investment in 2020 was £30,858 per job (calculated as total inward FDI position divided by the total number of jobs in the economy). The median value does not include FDI not allocated to a region, and is less skewed by London. Consequently, only London (475%) and South East (198%) significantly exceed this level. Scotland (112%) and West Midlands (106%) also enjoy a higher level of FDI per job. East of England, South West and East Midlands demonstrated levels equal to the median value. FDI per job in all other regions were lower than the median value. In the long-term, the UK median of ITL1 regions for real FDI per job has improved by 33% compared to 2015. Wales, Scotland and Northern Ireland experienced a fall relative to 2015.

Source: [ONS \(2022\) Foreign direct investment involving UK companies by UK country and region: inward](#)

### **Gross fixed capital formation per job**

This measures the total amount of investment into tangible and intangible assets, such as buildings, structures, roads, transport equipment, machinery, ICT equipment, and intellectual property products. In 2020, the median of UK ITL1 regions for gross fixed capital formation (GFCF) per job was £10,122. In both the short and long-term, the UK as a whole and all regions and countries have seen a fall in GFCF per job. This is concerning not only for the future performance of local economies but also for the UK, as investment is a key driver of future productivity growth.

Source: [ONS \(2022\) Experimental regional gross fixed capital formation \(GFCF\) estimates by asset type](#)

### Access to Gigabit-capable internet services

In 2021, 66.6% of premises in the UK had access to Gigabit capable services. Only 2021 data is provided by Ofcom. Comparative measures have not been produced since Ofcom does not explicitly provide data for England regions in the public domain. Ofcom has only recently started to collect information on gigabit-capable availability and does not hold data as far back as 2015 to estimate changes.

Sources: [\*Ofcom \(2022\) Connected Nations update: Autumn 2022\*](#); [\*Ofcom \(2021\) Connected Nations 2021: Main report\*](#); [\*House of Commons Library \(2021 and 2022\), Constituency data: broadband coverage and speeds\*](#)