

## **“Sense checking” the LCA using Local Labour Market and Cost of Living indicators**

### **Introduction**

During discussion on 3 June 2008 of paper SWG-08-04, commissioned by Worcestershire County Council from Professors Blanchflower and Oswald, there was interest in seeing whether it was possible to test the extent to which the CLG's Labour Cost Adjustment (LCA) was doing its job.

The LCA factor is designed to adjust for geographical differences in labour costs of providing comparable services across areas. In short, the LCA aims to enable local authorities in high wage areas to compete in their local labour markets just as effectively as those local authorities in low wage areas.

We are not able to test this by checking against the wages actually paid by local authorities, for two reasons.

First, the data simply do not exist, or not to the levels of detail and quality required. It would require the collection of data on how much each local authority employee earns and their personal characteristics to enable like-for-like comparisons to be made. The compilation of this data would be too expensive and time consuming; therefore preventing it from being a workable option. This echoes the conclusion in a recent DH publication investigating the feasibility of applying a specific cost approach to calculating DH's Market Forces Factor which is similar to DCLG's ACA factor<sup>1</sup>.

Second, such an approach would miss part of the point of the LCA, which is also to reflect the labour cost element of services provided other than by directly employed labour.

Another way of sense checking the LCA would therefore involve looking at how well the LCA is reflecting local labour market pressures. Because this point also is sometimes raised, we will also examine whether it is capturing some of the incentives to work in a particular area such as the cost of living with housing cost accounting for a large proportion of personal disposable income.

The LCA factors we will be using in this paper are the coefficients from the regression model output before the lower limit is applied. These LCA factors for the 53 ACA areas are to be compared to both labour market and cost of living indicators as a means of evaluating how well the LCA is currently performing. The following indicators will be used.

Labour market indicators:

- The Employment Rate
- The ILO Unemployment Rate
- Claimant Count Unemployment
- The Vacancy Rate
- The Inactivity Rate
- The Economic Activity Rate

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<sup>1</sup> RARP 31: Review of Specific Cost Approach to Market Forces  
[http://www.dh.gov.uk/en/Managingyourorganisation/Financeandplanning/Allocations/DH\\_4108515](http://www.dh.gov.uk/en/Managingyourorganisation/Financeandplanning/Allocations/DH_4108515)

- Job Density

Cost of living indicators:

- Median House Prices
- The Ratio of Median House Prices to Median Earnings

## **Labour market and cost of living indicators**

Since the main purpose of the LCA factors is to reflect relative differences in labour costs across areas on a like-for-like basis, the relative differences in wage costs i.e. the LCA factors must therefore capture to some extent the differences in local labour market conditions. We would, therefore, expect some correlations at least in terms of rankings of high to low LCA areas compared to the rankings of a range of labour market and also cost of living indicators. This should give us a partial indication of how well the LCA factor is performing. The following sections give us a brief description of each of the indicators used in this paper:

### **1. The Employment Rate**

The employment rate is the percentage of the working age population that is currently engaged in full or part time employment. The data comes from the Labour Force Survey (LFS) which is reported quarterly. The most up to date data available at the local level spanning three years is from June 2002 to May 2005. The number employed in each district is divided by the working age population for that district and multiplied by 100. These district rates are then aggregated into LCA areas using a population weighted average.

### **2. Claimant Count Unemployment**

The claimant count rate of unemployment is the percentage of the economically active working age population claiming job seekers allowance. It is only available to those of working age and the figures come from the Jobcentre Plus records. Claimant count unemployment is generally lower than ILO unemployment because not all of those who are unemployed are entitled to claim jobseekers allowance and many people choose not to claim it. The data used are the figures from December 2004-2006.

### **3. The ILO Unemployment Rate**

The International Labour Organisation (ILO) rate of unemployment is the percentage of economically active individuals that are unemployed according to the ILO definition. This covers those workers who are currently not working but are currently willing and able to work for pay, and have actually searched for work. The data is available from the LFS which is reported quarterly. ILO unemployment is calculated by dividing the number of ILO defined unemployed in each district by the working age population. The district rates are then aggregated into LCA areas using a population weighted average.

### **4. The Vacancy Rate**

The vacancy rate is the percentage of unfilled jobs in each area. It has been calculated by dividing the total number of unfilled vacancies in each district by the number of economically active people. A weighting is then constructed using the working age population which is then used to calculate the population weighted average for each LCA area. Unfortunately data for 2004 is unavailable so the three year average has been constructed using data from the years 2005-2007, which will

needs to be kept in mind when comparing with the LCA factors for the years 2004-2006.

#### **5. The Economic Activity Rate**

The economic activity rate is the percentage of the working age population that is participating in the labour market. An individual is economically active if they are currently in full or part time paid employment or if they are out of work but have been actively seeking work, and are able to start work in the next four weeks. The figures in this document have been calculated using data from the quarterly labour force survey spanning the period June 2002-May 2005, so it does not coincide perfectly with the dates of the LCA figures but it is close enough for the purposes of this paper. The activity figures are calculated by dividing the number of active people in each district by the working age population, they are then aggregated using a population weighted average.

#### **6. The Inactivity Rate**

The inactivity rate is the proportion of the working age population not included in the labour force. An individual is not in the labour force if they are neither employed nor unemployed. This includes people that are willing and able to work but are unable to start within four weeks, full time students, people on inactive benefits such as carers and the long term disabled, people who have taken early retirement, people who want to work but believe no jobs are available, and people who have given up looking for work. The data for the figures in this paper come from the LFS for the period June 2003-May 2005, so like the economic activity figures they do not correspond perfectly with the timing for the LCA factors. The inactivity rate is calculated by dividing the number of inactive people by the working age population, and then aggregated into LCA areas using a population weighted average. This is done for each of the three years and then averaged for the final figure.

#### **7. Job Density**

Job density refers to the number of filled jobs in an area divided by the number of working age residents in that area. A job density figure greater than the employment rate for that area shows that the area is a net importer of labour from the neighbouring areas, and a figure smaller than the employment rate implies that many people work outside that area in the bordering areas. The data for this calculation comes from the ONS and covers the period 2004-2006, which coincides exactly with the period for which the LCA factors are calculated. The job density figures are aggregated into LCA areas using a population weighted average and then the annual figures are averaged for the three years to give the final rate.

#### **8. Median House Prices**

House prices are not strictly a labour market indicator, and can better be described as a cost of living indicator. However, cost of living is important and can either be associated as a cause or a symptom for higher wages. We would normally expect wages to be higher in high cost areas than low cost areas, but this may not necessarily be the case if the area has characteristics which people choose to accept a higher cost of living relative to wages, or if the area contains mainly low paying industries. The median house price is a better average than the mean because the mean is often skewed upwards by a relatively small number of expensive houses at the upper end of the sample distribution. The data for these calculations comes from The Land Registry and is available for the exact years of the LCA sample period; 2004-2006. The median house price for each district is weighted using the number of property sales in each district each year, and a weighted average is constructed, and then averaged over the three years to give the final figure.

#### **9. The Ratio of Median House Prices to Median Earnings**

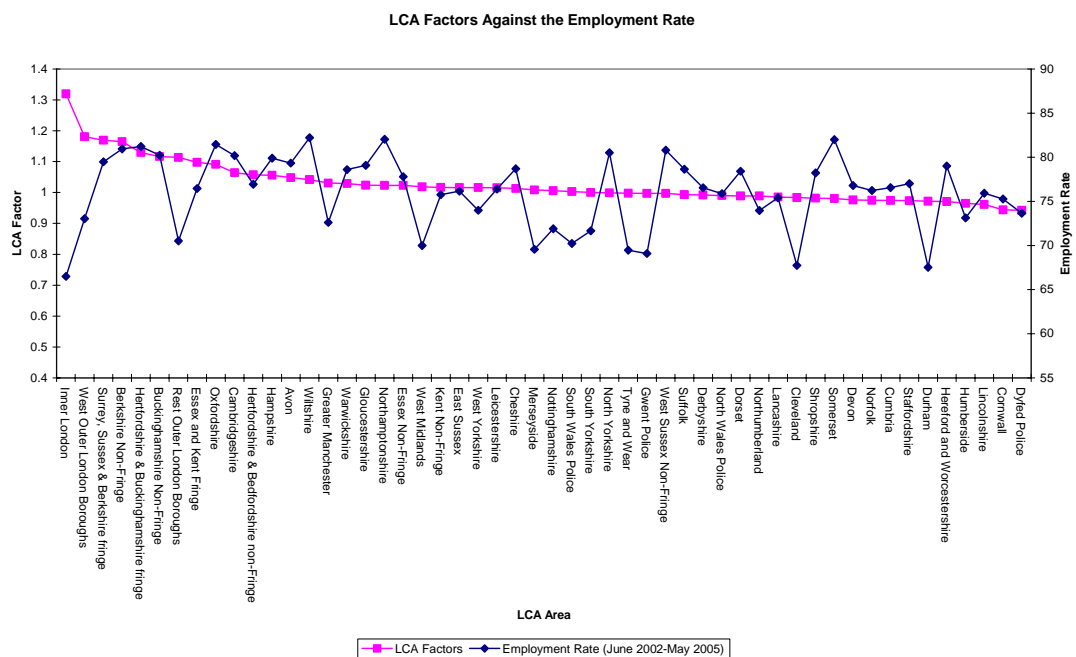
The ratio of median house prices to median earnings like median house prices is more of a cost of living indicator than a labour market indicator because it measures the affordability of house prices, which as mentioned above may not always be incorporated into local wages. The data for this statistic comes from The Land Registry and the Annual Survey of Hours and Earnings (ASHE), and is available for the same period as the LCA is calculated for. The figures are calculated using the same method as the median house prices as they are once again weighted by the number of house sales in each district, then aggregated using a house sales weighted average, and averaged over three years.

## Results

Health warning: Before the results are discussed at length it is important to note that these labour market indicators are the aggregate outcome of a wide range of factors which makes it unwise to use them to explain precisely why one indicator is particularly high for one area relative to the other areas without conducting a full investigation of that area at the micro level. However, what this paper seeks to do is to compare the LCA factors with the above labour market indicators at an aggregate level across areas, but it does not seek to explain why some areas have particular characteristics.

## Employment rate, Claimant Count Unemployment, and Vacancies

In terms of the employment rate we would expect roughly a positive correlation between the employment rate and the LCA factor. This is because, with similar inactivity rates, we would expect either the higher local employment rate to eventually drive up wages or higher local wages to be a reflection of local labour market pressure. Conversely, in areas where the employment rate is lower we would also expect wages to be lower because with a smaller proportion of the working age population in employment we would expect to see competition for jobs amongst workers to drive down local wages. This is of course assuming the number of active population i.e. those participate in the labour market is broadly similar across areas.

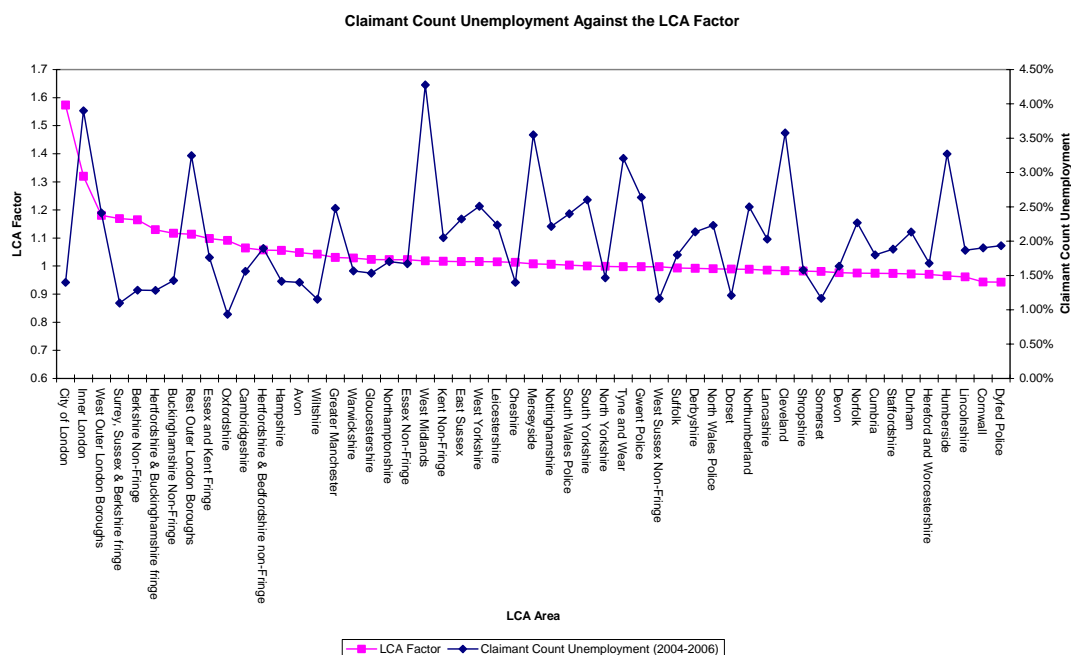


The above chart plots the employment rate against the LCA factors. It is fair to say that the majority of the points on the employment rate line roughly follow the pattern of the LCA line. However, it also shows that there are a number of areas that

significantly deviate from the LCA line<sup>2</sup>. Most notably, there are five outliers which all have something in common because they are arguably the five most urbanised ACA areas: Inner London, West Outer London Boroughs, Rest of Outer London Boroughs, Greater Manchester, and the West Midlands. This is partly due to the fact that within many major cities and particularly in London worklessness (unemployment and inactivity) rate is high. There is also greater inequality, with areas of deprivation mixed in amongst relatively affluent areas and also people who experience multiple disadvantages and facing barriers and disincentives to participate in the labour market.

Furthermore, in urbanised areas, fewer employed people in the resident population may not have the expected effect on wages because many urban areas employ far more than just the resident population because many people commute into work from the surrounding and relatively more rural areas. This means that even if the employment rate is relatively low amongst the resident population, the number of those in the resident population that are employed in the area may only be a proportion of the total number of people employed in that area. This together with the differences in the levels of inactivity rate partly explains why wages, and therefore, LCA factors can be high even if the employment rate is low.

Another indicator of relative labour market pressure we could use is the claimant count. With regard to claimant count unemployment we expect to see relatively low claimant count rate in areas with relatively high LCA factors to indicate local labour market pressure. In other words, we would expect roughly a negatively correlation. The following chart plots the claimant count indicator against the LCA factors.

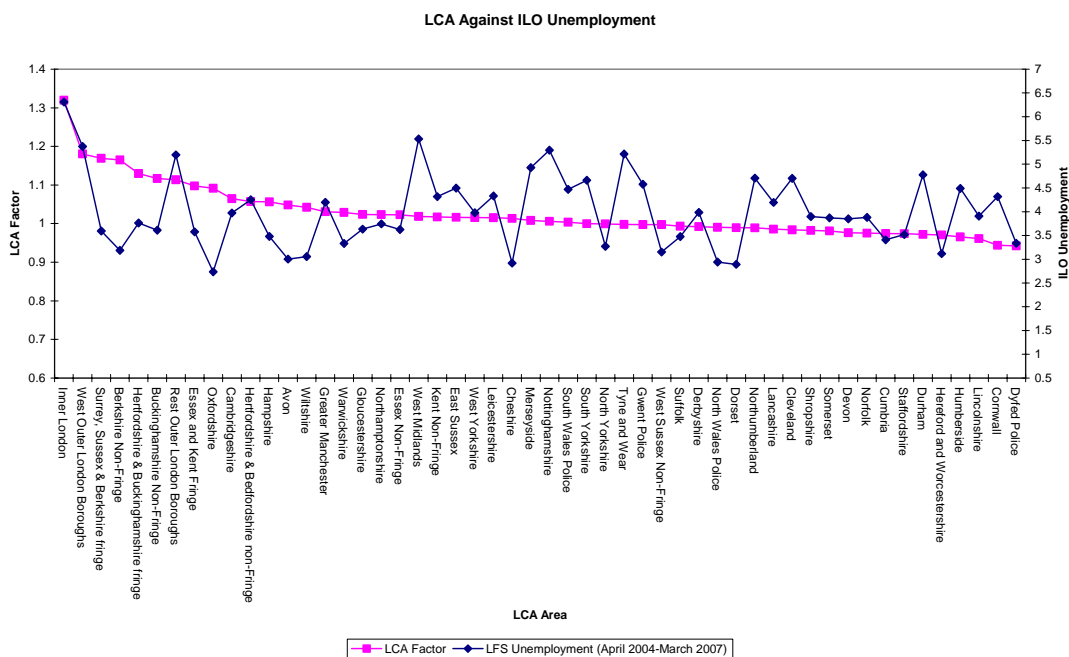


In the above chart there is a weak negative correlation except for those outliers we mentioned with the employment rate indicator. These are Inner London, the West Outer London Boroughs, the Rest of the Outer London Boroughs, Greater Manchester, the West Midlands, and also Merseyside which all have much greater rates of unemployment than those areas ranking next to them in the LCA. If we ignore these outliers then it is observable that the majority of the areas at the upper

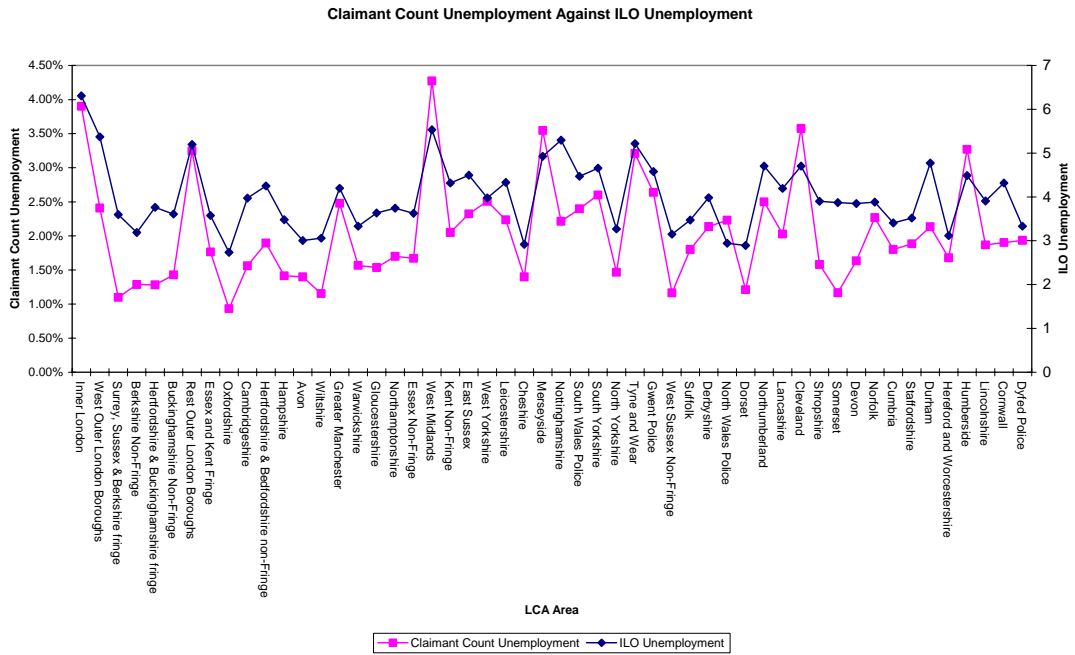
<sup>2</sup> Unfortunately data for the employment rate in The City of London is not available so this graph only shows 52 of the 53 ACA areas.

end of the LCA distribution such as: The City of London, Surrey, Sussex and Berkshire Fringe, Berkshire Non-Fringe, Buckinghamshire Non-Fringe, Oxfordshire, Hampshire, Avon, Wiltshire, Warwickshire and Gloucestershire do have lower rates of unemployment and the areas in this part of the graph do lie below the LCA line. Further right of Essex Non-Fringe the picture becomes much less clear because there is much more variations in the unemployment rate such as between; Leicestershire, Cheshire, Merseyside and Nottinghamshire.

We would expect the ILO unemployment figures to be higher than the claimant count unemployment figures because the ILO measure classifies many people as unemployed that are not eligible to claim Job Seekers Allowance, such as those that are unemployed but are not claiming Job Seeker's Allowance or those who have run down their contributory JSA and are not eligible for the income based JSA. We would expect the distribution of the ILO unemployment to roughly follow the same pattern as the claimant count unemployment graph.

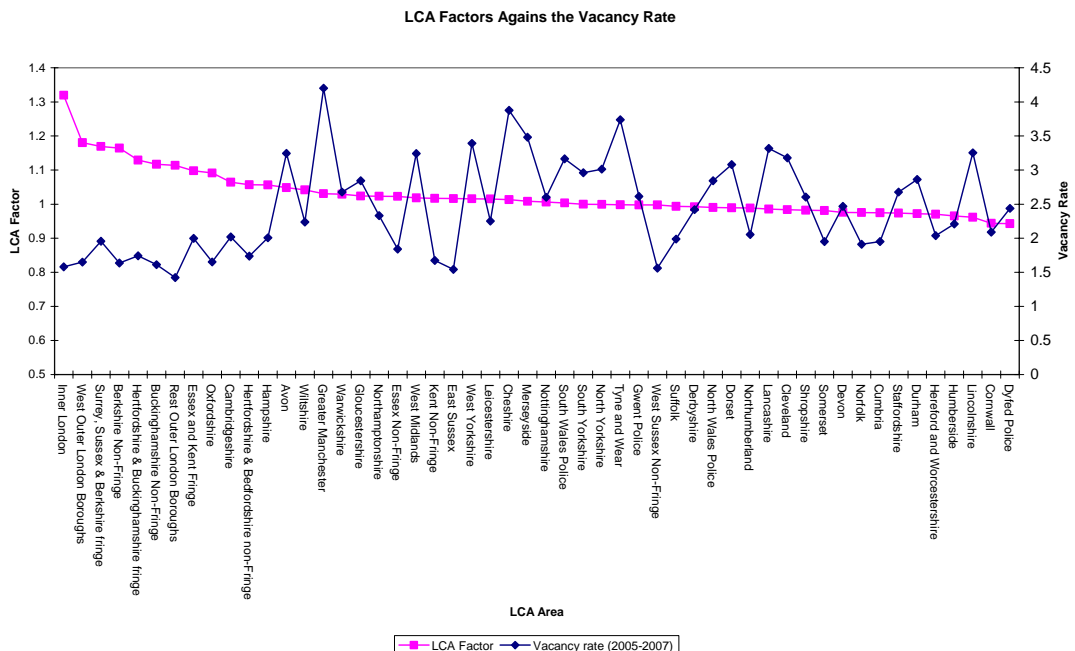


The graph comparing ILO unemployment is similar to the graph comparing claimant count unemployment as we would expect. Once again the inner city LCA areas have much higher rates of unemployment than may be expected from their wage levels. The ILO unemployment graph shows what we would expect on the left hand side of the graph, with nearly all the areas, bar the outliers showing relatively low unemployment. Once again the right hand side of the graph is much less clear because there are a number of areas with relatively high ILO unemployment in the middle of the distribution, while those at the right end of the distribution are higher than those on the left hand side, but not significantly different from those areas in the middle of the LCA rankings. The ILO unemployment figures are less variable than those for claimant count unemployment which tells us that there is greater excess labour supply in some of the non-inner city areas than the claimant count figures show. This indicates that the downward pressure on wages we would expect to see from the relatively large numbers of unemployed in the inner city areas, is lower relative to other areas than we would deduce simply from looking at the claimant count figures.



The above graph demonstrates that on average ILO unemployment is higher than claimant count unemployment generally. One thing that is interesting to note is that in the inner city areas where claimant count unemployment is highest, it is nearly always as high, if not higher than the ILO rate of unemployment, whilst in nearly all the other areas the ILO rate of unemployment is higher, showing that a greater proportion of the unemployed are claiming job seekers allowance in inner city areas than in the other ACA areas.

Following from the logic that we would expect areas with relatively high labour market pressure captured by relatively high LCA factors to have higher employment rate or lower unemployment rate, we should normally expect something similar to appear in the vacancy data. Before we go further, it is important to bear in mind there are many factors that influence the vacancy rate, most notably the matching of skills. However we would expect areas with higher LCA factors to have lower vacancy rates, indicating a local labour market ‘hotspot’. The following chart plots vacancy rate against the rankings of LCA factors.

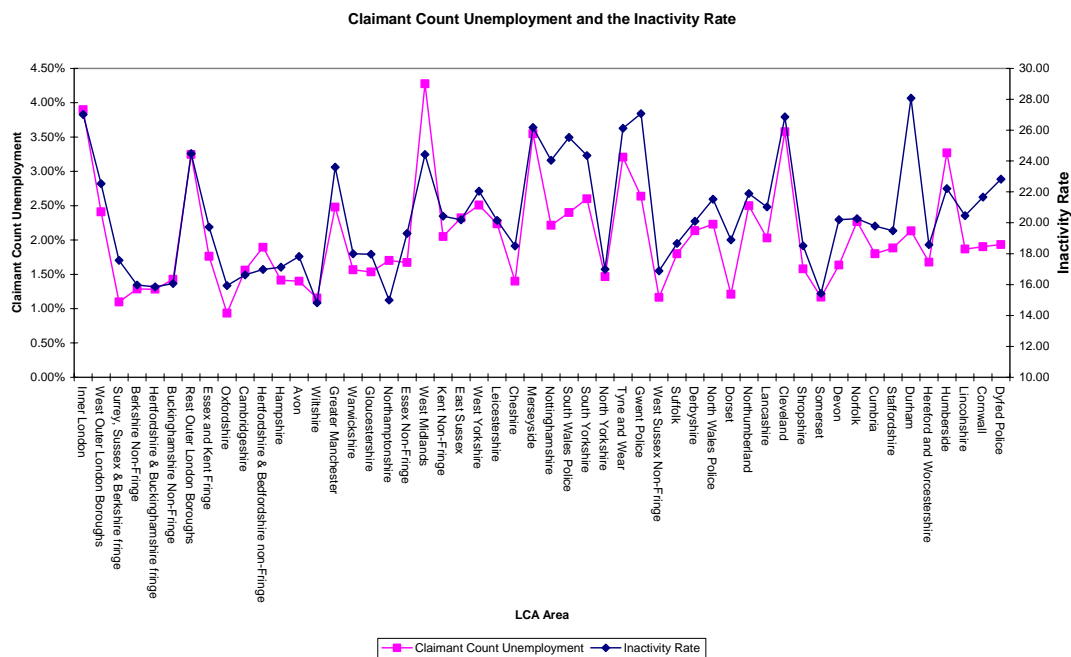






The above chart if taken together with the previous few graphs that the inner city areas are once again outliers, not to the same extent as with the employment rate but once again; Inner London, the West Outer London Boroughs, the Rest of the London Outer Boroughs, Greater Manchester, and the West Midlands have activity rates considerably lower than those ranking next to them in the LCA. Therefore, this explains why these high LCA i.e. wage, areas do not show up having as high employment as we would expect within labour market ‘hotspots’. There is, however, much disagreement among experts on this subject, and it is not the purpose of this paper to explain why inactivity rates are so high in some areas, this paper seeks to use some of the information that inactivity rates provide to shed light on differences in other indicators in relation to the LCA factors.

One thing that is interesting is the very close relationship between inactivity and claimant count unemployment. The following chart plots the two.



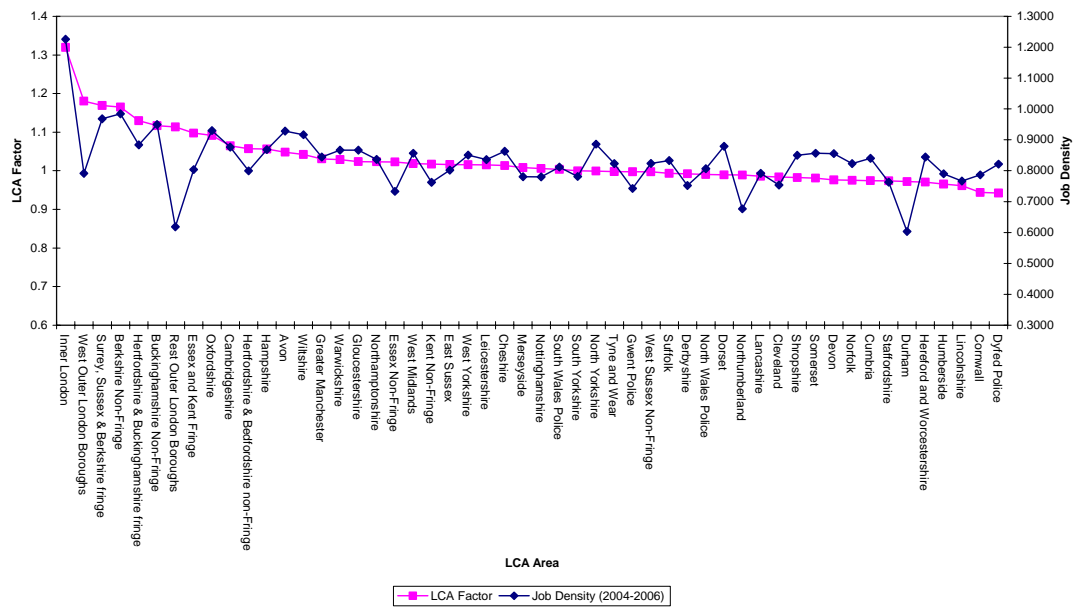
The chart shows a very close relationship between inactivity and unemployment at nearly all wages levels. The order of the areas on the X-axis is still in the order of LCA ranking.

### Job Density

Another indicator we may be interested in is relative local job density. A job density figure greater than the activity rate for an area tells us that the area is a net importer of labour, in other words, people from the surrounding areas are commuting into that area in order to work.

The following chart plots job density against LCA factor.

The LCA against Job Density



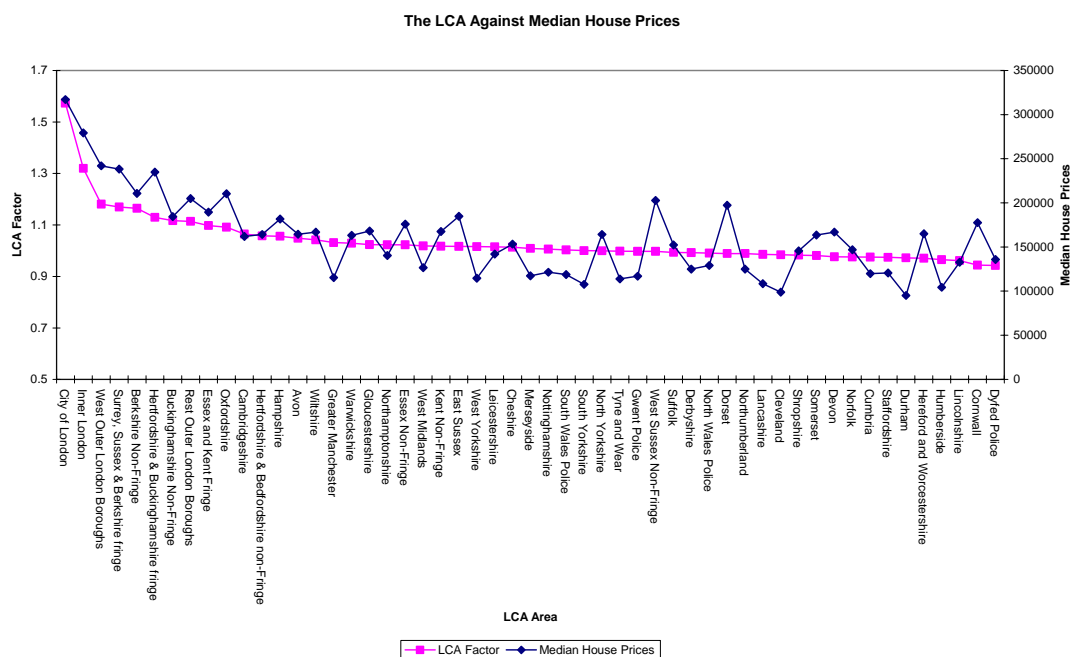
The result shows that there is a fairly strong positive relationship between job density and the LCA with the exception of three outliers which are the West Outer London Boroughs, the Rest of the Outer London Boroughs, Northumberland and Durham. These job density figures do go some way to explaining why wages, and therefore, LCA factors are relatively high in some areas whilst the employment and economic activity rates are relatively low, and claimant count unemployment and inactivity rates are relatively high. In these areas such as; Inner London, Greater Manchester, The West Midlands, and Merseyside, the job density figure is relatively high which shows that significant numbers of people come into these areas to work, so whilst the unemployment rate in the area is relatively high as a proportion of the resident population, it may not actually be that high as a proportion of the total number of people that work in that area, so high unemployment in a particular area will not always correspond to a low LCA factor.

### Cost of living - House Prices

It has been argued that cost of living is an important consideration and incentive for workers to choose to work in a particular area. And that, employers to some extent have to pay a premium to recruit or to retain workers. Therefore, we should expect some positive relationship between high LCA factors, high wages and high cost of living. It is important to bear in mind that there are many other factors driving these relationships such as matching of demand and supply of skills and the working and interactions of many local labour markets defined in terms of occupation and industry.

Local house prices along with rental prices are secondary factors in local labour markets, housing costs, however, are a key determinant of the cost of living which will account for varying proportions of local wages. We would expect wages to be high in high cost areas but this is not always the case. For instance, an area can have relatively high house prices and relatively low wages resulting in low LCA factor. But what this means is there must be another factor causing people to accept a lower wage for working and or living in that area. Therefore, we would not expect the distribution of relative house prices to exactly follow the distribution of LCA factors because other factors than house prices influence local wages, and people do not always work in the same LCA area as the one they reside, especially in London.

Nevertheless, in this section we compare the LCA coefficients to median house prices and the ratio of median earnings to median house prices.



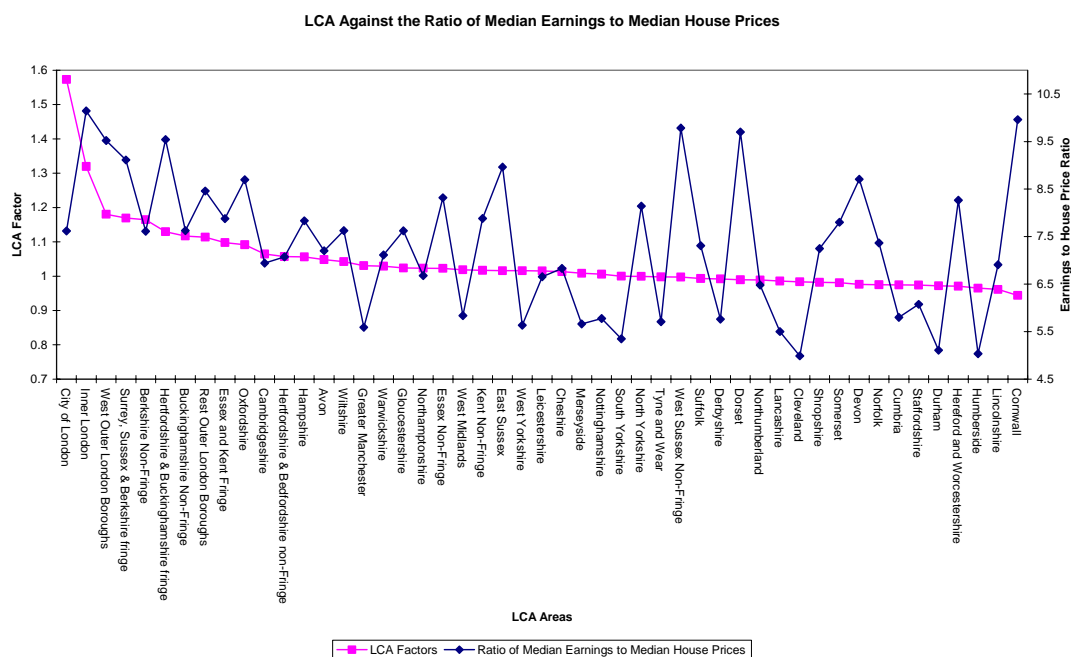
Data is available on mean house prices but the relative difference between mean and median house prices for each area is almost identical. Median house prices are a better indicator because the mean is often skewed upwards by a small number of very valuable houses which can overstate the average house price in an area. The following chart plots the median house prices against the LCA factors.

The results show that there is a strong positive relationship between median house prices and LCA factors. The six highest ranking LCA areas are the areas with the six highest median house prices (See Annexes A and C). Further down the table differences begin to show as Greater Manchester has the 8<sup>th</sup> lowest median house price but the 16<sup>th</sup> highest LCA factor, whilst West-Sussex non-fringe has the 9<sup>th</sup> highest median house price but ranks only 33<sup>rd</sup> in the table of LCA factors. This shows that there is divergence between cost of living, in this case owning a property, and earnings.

We need to be careful when looking at the above two charts that people do not necessarily live in the LCA areas in which they work, so if many people commute from one LCA area to another then these people will push up demand for housing in the LCA area where they reside, causing prices to rise, resulting in an increase in the ratio of median house prices to median earnings independently of wages in that LCA area. Also this is only a snap shot of the housing market where volatility could yet be high during certain period.

Furthermore, house prices do not take into account the type of houses within that particular area. For instance, the housing in LCA areas containing cities with large numbers of densely constructed small terraced houses is not exactly comparable to the type of housing in more rural LCA areas. Small terraced houses often have a lower price than other types of housing so variable quantities of this type of housing between areas makes judgements based solely on the ratio of median house prices to median earnings more difficult.

In order to tease out the incentive to live/work in an area we now look at affordability. The next chart plots the ratio of median earnings to median house prices against the LCA factors.



The results are interesting, because the left hand side of the graph roughly follows the same pattern as the LCA factors with the exception of The City of London, Berkshire Non-Fringe, Hertfordshire and Buckinghamshire Fringe, and Greater Manchester. The City of London is a clear outlier as so few people actually live there, relative to the resident populations of all the other ACA areas. However, at the lower end of the distribution some of the relatively low wages such as Cornwall, Hereford and Worcestershire, Devon, Dorset, and West Sussex Non-Fringe also have relatively high house prices.

The case is most pronounced in the South West and on the South coast of England. Cornwall, for example, is ranked second only to Inner London in the ratio of median house prices to median earnings with 9.959, but has the second lowest ACA coefficient of 0.9437. Whilst this would be adjusted to one when the ACA's lower limit is applied, it is nonetheless an interesting result that despite being a high cost area, wages are low.

One possible explanation for this could be that these particular areas are popular locations for people to buy a second home and or popular with retired people wanting to move away from the area where they were originally employed. Both of these factors would cause an additional increase in demand for houses in those areas, driving up property prices. These factors would not necessarily increase local earnings because people with second homes would generally work in another area and use the second home during holidays, and those retiring to these areas would be very likely to be economically inactive as they would be living on pensions and wealth accrued during time in employment. There may be some concern for local authority employers in these areas because whilst areas like inner London have the highest median house price to median earnings ratio, there are good transport links in and out of London, enabling people to work in London but then live in a relatively lower cost area outside London. This is not necessarily true in Cornwall as it is hardly reasonable for someone employed in Cornwall to live outside Devon and Cornwall

because the commuting distances involved would arguably be too great. This result shows housing costs make up a greater proportion in the South West and on the South coast of England than in other areas. These increased costs may not have been incorporated into local wages because these areas may be attractive areas to live in, and people may be willing to accept less money after costs have been paid to live there.

### **Summary**

This paper represents an attempt to sense check the ACA using local labour market indicators because the data is unavailable to sense check the ACA using a specific cost approach.

**Views and comments from the group are invited.**

## **Annex A: ACA Factors**

<b>LCA Area</b>	<b>ACA without LL</b>
City of London	1.5732
Inner London	1.3195
West Outer London Boroughs	1.1805
Surrey, Sussex & Berkshire fringe	1.1693
Berkshire Non-Fringe	1.1647
Hertfordshire & Buckinghamshire fringe	1.1295
Buckinghamshire Non-Fringe	1.1168
Rest Outer London Boroughs	1.1136
Essex and Kent Fringe	1.0977
Oxfordshire	1.0913
Cambridgeshire	1.0646
Hertfordshire & Bedfordshire non-Fringe	1.0570
Hampshire	1.0561
Avon	1.0483
Wiltshire	1.0421
Greater Manchester	1.0309
Warwickshire	1.0291
Gloucestershire	1.0237
Northamptonshire	1.0231
Essex Non-Fringe	1.0229
West Midlands	1.0183
Kent Non-Fringe	1.0170
East Sussex	1.0161
West Yorkshire	1.0160
Leicestershire	1.0153
Cheshire	1.0133
Merseyside	1.0083
Nottinghamshire	1.0060
South Wales Police	1.0033
South Yorkshire	1.0000
North Yorkshire	0.9992
Tyne and Wear	0.9980
Gwent Police	0.9976
West Sussex Non-Fringe	0.9975
Suffolk	0.9933
Derbyshire	0.9921
North Wales Police	0.9904
Dorset	0.9892
Northumberland	0.9889
Lancashire	0.9855
Cleveland	0.9836
Shropshire	0.9823
Somerset	0.9810
Devon	0.9761
Norfolk	0.9752
Cumbria	0.9745
Staffordshire	0.9739
Durham	0.9721
Hereford and Worcestershire	0.9706
Humberside	0.9652
Lincolnshire	0.9613
Cornwall	0.9437
Dyfed Police	0.9426

## Annex B: Employment Rate

LCA Area	Employment rate (June 2002-May 2005)
City of London	NA
Wiltshire	82.23
Northamptonshire	82.03
Somerset	82.00
Oxfordshire	81.47
Hertfordshire & Buckinghamshire fringe	81.21
Berkshire Non-Fringe	80.95
West Sussex Non-Fringe	80.80
North Yorkshire	80.52
Buckinghamshire Non-Fringe	80.22
Cambridgeshire	80.18
Hampshire	79.89
Surrey, Sussex & Berkshire fringe	79.49
Avon	79.34
Gloucestershire	79.07
Hereford and Worcestershire	79.01
Cheshire	78.70
Suffolk	78.63
Warwickshire	78.60
Dorset	78.42
Shropshire	78.24
Essex Non-Fringe	77.80
Staffordshire	77.01
Hertfordshire & Bedfordshire non-Fringe	76.93
Devon	76.79
Cumbria	76.57
Derbyshire	76.54
Essex and Kent Fringe	76.45
Leicestershire	76.39
Norfolk	76.23
East Sussex	76.16
Lincolnshire	75.93
North Wales Police	75.87
Kent Non-Fringe	75.77
Lancashire	75.42
Cornwall	75.27
West Yorkshire	73.98
Northumberland	73.97
Dyfed Police	73.66
Humberside	73.12
West Outer London Boroughs	73.05
Greater Manchester	72.61
Nottinghamshire	71.89
South Yorkshire	71.66
Rest Outer London Boroughs	70.52
South Wales Police	70.23
West Midlands	69.99
Merseyside	69.57
Tyne and Wear	69.47
Gwent Police	69.10
Cleveland	67.73
Durham	67.53
Inner London	66.50

## Annex C: Claimant Count Unemployment

<b>LCA Area</b>	<b>Claimant Count (2004-2006)</b>
West Midlands	4.27%
Inner London	3.90%
Cleveland	3.58%
Merseyside	3.55%
Humberside	3.27%
Rest Outer London Boroughs	3.25%
Tyne and Wear	3.21%
Gwent Police	2.64%
South Yorkshire	2.60%
West Yorkshire	2.51%
Northumberland	2.50%
Greater Manchester	2.48%
West Outer London Boroughs	2.41%
South Wales Police	2.40%
East Sussex	2.32%
Norfolk	2.27%
Leicestershire	2.23%
North Wales Police	2.23%
Nottinghamshire	2.22%
Derbyshire	2.14%
Durham	2.13%
Kent Non-Fringe	2.05%
Lancashire	2.03%
Dyfed Police	1.93%
Cornwall	1.90%
Hertfordshire & Bedfordshire non-Fringe	1.89%
Staffordshire	1.88%
Lincolnshire	1.87%
Suffolk	1.80%
Cumbria	1.80%
Essex and Kent Fringe	1.76%
Northamptonshire	1.70%
Hereford and Worcestershire	1.68%
Essex Non-Fringe	1.67%
Devon	1.63%
Shropshire	1.58%
Warwickshire	1.57%
Cambridgeshire	1.56%
Gloucestershire	1.53%
North Yorkshire	1.46%
Buckinghamshire Non-Fringe	1.43%
Hampshire	1.42%
Cheshire	1.40%
City of London	1.40%
Avon	1.40%
Berkshire Non-Fringe	1.29%
Hertfordshire & Buckinghamshire fringe	1.28%
Dorset	1.21%
Somerset	1.17%
West Sussex Non-Fringe	1.16%
Wiltshire	1.15%
Surrey, Sussex & Berkshire fringe	1.10%
Oxfordshire	0.93%



## Annex D: ILO Unemployment

LCA Area	ILO Unemployment
City Of London	NA
Inner London	6.31
West midlands	5.53
West Outer London Boroughs	5.37
Nottinghamshire	5.30
Tyne and Wear	5.22
Rest Outer London Boroughs	5.20
Merseyside	4.93
Durham	4.78
Northumberland	4.71
Cleveland	4.70
South Yorkshire	4.66
Gwent Police	4.58
East Sussex	4.50
Humberside	4.49
South Wales Police	4.47
Leicestershire	4.33
Kent non-Fringe	4.32
Cornwall	4.32
Hertfordshire & Bedfordshire non-Fringe	4.25
Greater Manchester	4.20
Lancashire	4.19
Derbyshire	3.98
West Yorkshire	3.98
Cambridgeshire	3.97
Lincolnshire	3.91
Shropshire	3.90
Norfolk	3.88
Somerset	3.87
Devon	3.85
Hertfordshire & Buckinghamshire fringe	3.76
Northamptonshire	3.74
Gloucestershire	3.63
Essex non-Fringe	3.63
Buckinghamshire non-Fringe	3.61
Surrey, Sussex & Berkshire fringe	3.60
Essex and Kent Fringe	3.58
Staffordshire	3.52
Hampshire	3.48
Suffolk	3.48
Cumbria	3.41
Dyfed Police	3.33
Warwickshire	3.33
North Yorkshire	3.27
Berkshire non-Fringe	3.19
West Sussex non-Fringe	3.15
Hereford and Worcestershire	3.12
Wiltshire	3.06
Avon	3.00
North Wales Police	2.94
Cheshire	2.92
Dorset	2.89
Oxfordshire	2.73

## **Annex E: Vacancies**

<b>LCA Area</b>	<b>Vacancies (2005-2007)</b>
City of London	20.0071
Greater Manchester	4.2021
Cheshire	3.8762
Tyne and Wear	3.7382
Merseyside	3.4818
West Yorkshire	3.3910
Lancashire	3.3164
Lincolnshire	3.2533
Avon	3.2456
West Midlands	3.2415
Cleveland	3.1775
South Wales Police	3.1643
Dorset	3.0794
North Yorkshire	3.0134
South Yorkshire	2.9596
Durham	2.8611
North Wales Police	2.8441
Gloucestershire	2.8437
Warwickshire	2.6775
Staffordshire	2.6765
Gwent Police	2.6141
Shropshire	2.6024
Nottinghamshire	2.5994
Devon	2.4661
Dyfed Police	2.4366
Derbyshire	2.4195
Northamptonshire	2.3322
Leicestershire	2.2526
Wiltshire	2.2371
Humberside	2.2098
Cornwall	2.0883
Northumberland	2.0543
Hereford and Worcestershire	2.0388
Cambridgeshire	2.0209
Hampshire	2.0052
Essex and Kent Fringe	1.9995
Suffolk	1.9864
Surrey, Sussex & Berkshire fringe	1.9553
Somerset	1.9515
Cumbria	1.9504
Norfolk	1.9110
Essex Non-Fringe	1.8414
Hertfordshire & Buckinghamshire fringe	1.7431
Hertfordshire & Bedfordshire non-Fringe	1.7362
Kent Non-Fringe	1.6721
Oxfordshire	1.6515
West Outer London Boroughs	1.6497
Berkshire Non-Fringe	1.6368
Buckinghamshire Non-Fringe	1.6121
Inner London	1.5791
West Sussex Non-Fringe	1.5619
East Sussex	1.5424
Rest Outer London Boroughs	1.4236

## **Annex F: Inactivity Rates**

<b>LCA Area</b>	<b>Inactivity Rate (June 2003-May 2005)</b>
City of London	NA
Durham	28.07
Gwent Police	27.07
Inner London	27.02
Cleveland	26.86
Merseyside	26.18
Tyne and Wear	26.12
South Wales Police	25.53
Rest Outer London Boroughs	24.48
West midlands	24.42
South Yorkshire	24.35
Nottinghamshire	24.05
Greater Manchester	23.60
Dyfed Police	22.83
West Outer London Boroughs	22.53
Humberside	22.22
West Yorkshire	22.06
Northumberland	21.90
Cornwall	21.66
North Wales Police	21.54
Lancashire	21.03
Lincolnshire	20.47
Kent non-Fringe	20.43
Norfolk	20.27
Devon	20.21
East Sussex	20.20
Leicestershire	20.16
Derbyshire	20.10
Cumbria	19.80
Essex and Kent Fringe	19.73
Staffordshire	19.49
Essex non-Fringe	19.31
Dorset	18.90
Suffolk	18.67
Hereford and Worcestershire	18.58
Shropshire	18.52
Cheshire	18.50
Warwickshire	18.00
Gloucestershire	17.97
Avon	17.82
Surrey, Sussex & Berkshire fringe	17.57
Hampshire	17.12
North Yorkshire	17.00
Hertfordshire & Bedfordshire non-Fringe	16.98
West Sussex non-Fringe	16.89
Cambridgeshire	16.63
Buckinghamshire non-Fringe	16.07
Berkshire non-Fringe	15.98
Oxfordshire	15.93
Hertfordshire & Buckinghamshire fringe	15.85
Somerset	15.43
Northamptonshire	15.00
Wiltshire	14.82

## **Annex G: Economic Activity Rates**

<b>LCA Area</b>	<b>Economic Activity rate (June 2002-May 2005)</b>
Wiltshire	85.18
Northamptonshire	85.00
Somerset	84.57
Hertfordshire & Buckinghamshire fringe	84.15
Oxfordshire	84.07
Berkshire non-Fringe	84.05
Buckinghamshire non-Fringe	83.93
Cambridgeshire	83.37
North Yorkshire	83.00
Hampshire	82.88
Surrey, Sussex & Berkshire fringe	82.45
Avon	82.19
Gloucestershire	82.03
Warwickshire	82.00
Cheshire	81.50
Shropshire	81.48
Hereford and Worcestershire	81.42
West Sussex non-Fringe	81.34
Suffolk	81.33
Dorset	81.10
Essex non-Fringe	80.80
Staffordshire	80.50
Essex and Kent Fringe	80.27
Hertfordshire & Bedfordshire non-Fringe	80.26
Cumbria	80.20
Leicestershire	80.06
Derbyshire	79.90
East Sussex	79.80
Devon	79.79
Norfolk	79.73
Kent non-Fringe	79.59
Lincolnshire	79.53
Lancashire	78.96
North Wales Police	78.46
Cornwall	78.30
Northumberland	78.10
West Yorkshire	77.94
Humberside	77.78
West Outer London Boroughs	77.46
Dyfed Police	77.11
Greater Manchester	76.41
Nottinghamshire	75.95
South Yorkshire	75.64
West midlands	75.57
Rest Outer London Boroughs	75.51
South Wales Police	74.46
Tyne and Wear	73.87
Merseyside	73.83
Cleveland	73.15
Inner London	72.97
Gwent Police	72.90
Durham	71.93
City of London	NA

## Annex H: Job Density

LCA Area	Job Density (2004-2006)
City of London	58.0000
Inner London	1.2257
Berkshire non-Fringe	0.9842
Surrey, Sussex & Berkshire fringe	0.9681
Buckinghamshire non-Fringe	0.9499
Oxfordshire	0.9300
Avon	0.9282
Wiltshire	0.9165
North Yorkshire	0.8863
Hertfordshire & Buckinghamshire fringe	0.8837
Dorset	0.8789
Cambridgeshire	0.8768
Hampshire	0.8683
Gloucestershire	0.8667
Warwickshire	0.8667
Cheshire	0.8633
West midlands	0.8568
Somerset	0.8567
Devon	0.8558
West Yorkshire	0.8507
Shropshire	0.8502
Greater Manchester	0.8444
Hereford and Worcestershire	0.8441
Cumbria	0.8400
Northamptonshire	0.8367
Leicestershire	0.8359
Suffolk	0.8333
West Sussex non-Fringe	0.8237
Norfolk	0.8233
Tyne and Wear	0.8230
Dyfed Police	0.8213
South Wales Police	0.8118
North Wales Police	0.8065
Essex and Kent Fringe	0.8038
East Sussex	0.8018
Hertfordshire & Bedfordshire non-Fringe	0.7998
Lancashire	0.7917
West Outer London Boroughs	0.7915
Humberside	0.7903
Cornwall	0.7871
South Yorkshire	0.7813
Merseyside	0.7810
Nottinghamshire	0.7802
Lincolnshire	0.7667
Staffordshire	0.7635
Kent non-Fringe	0.7625
Cleveland	0.7541
Derbyshire	0.7518
Gwent Police	0.7424
Essex non-Fringe	0.7331
Northumberland	0.6767
Rest Outer London Boroughs	0.6185
Durham	0.6033

## Annex I: Median House Prices

LCA Area	Median House Prices (2004-2006)
City of London	317000.0
Inner London	279283.4
West Outer London Boroughs	241924.3
Surrey, Sussex & Berkshire fringe	238230.3
Hertfordshire & Buckinghamshire fringe	234774.1
Berkshire non-Fringe	210733.3
Oxfordshire	210333.3
Rest Outer London Boroughs	205032.1
West Sussex non-Fringe	202614.1
Dorset	197303.7
Essex and Kent Fringe	189411.1
East Sussex	184751.3
Buckinghamshire non-Fringe	184291.1
Hampshire	181756.4
Cornwall	177486.6
Essex non-Fringe	175873.1
Gloucestershire	168166.7
Kent non-Fringe	167568.7
Devon	166944.7
Wiltshire	166819.3
Hereford and Worcestershire	164952.9
Avon	164467.1
Hertfordshire & Bedfordshire non-Fringe	164167.1
North Yorkshire	164108.1
Somerset	163650.0
Warwickshire	163150.0
Cambridgeshire	161838.4
Cheshire	153333.3
Suffolk	152165.0
Norfolk	146833.3
Shropshire	145707.6
Leicestershire	141974.3
Northamptonshire	140331.7
Dyfed Police	135734.4
Lincolnshire	132816.7
North Wales Police	129026.6
West midlands	126492.4
Derbyshire	124876.7
Northumberland	124833.3
Nottinghamshire	121315.4
Staffordshire	120561.1
Cumbria	119700.0
South Wales Police	118632.2
Merseyside	117356.9
Gwent Police	116895.3
Greater Manchester	115190.7
West Yorkshire	114652.5
Tyne and Wear	113878.8
Lancashire	108538.2
South Yorkshire	107616.1
Humberside	104293.1
Cleveland	98681.6
Durham	95000.0

## Annex J: Mean House Prices

### LCA Area

### Mean House Prices (2004-2006)

Inner London	361096.0
City of London	339206.0
Surrey, Sussex & Berkshire fringe	293128.9
West Outer London Boroughs	288461.2
Hertfordshire & Buckinghamshire fringe	287797.5
Oxfordshire	253350.3
Berkshire non-Fringe	242376.2
West Sussex non-Fringe	233855.6
Rest Outer London Boroughs	228116.4
Dorset	225626.3
Essex and Kent Fringe	224420.2
Buckinghamshire non-Fringe	218142.0
Hampshire	212261.4
East Sussex	211869.3
Cornwall	203815.2
Gloucestershire	203213.6
Essex non-Fringe	199103.1
Wiltshire	195438.5
North Yorkshire	194435.0
Hereford and Worcestershire	194294.9
Warwickshire	193922.5
Devon	193343.5
Avon	193167.8
Kent non-Fringe	193081.5
Somerset	189848.3
Cheshire	189314.8
Cambridgeshire	186290.7
Hertfordshire & Bedfordshire non-Fringe	186246.4
Suffolk	179953.7
Shropshire	170664.1
Norfolk	167800.0
Leicestershire	166936.3
Northamptonshire	162542.0
Northumberland	153448.2
Dyfed Police	152685.1
Lincolnshire	148249.2
North Wales Police	147465.1
Derbyshire	146320.1
West midlands	145375.7
Cumbria	145021.8
Nottinghamshire	142347.2
Staffordshire	141428.5
South Wales Police	137330.5
Merseyside	134782.7
Greater Manchester	133951.8
Gwent Police	132605.8
West Yorkshire	131480.9
Tyne and Wear	130739.5
South Yorkshire	124905.4
Lancashire	124802.2
Humberside	118240.5
Cleveland	115344.8
Durham	114975.5

## Annex K: Ratio of Median Earnings to Median House Prices

LCA Area	Ratio of Median House Prices to Median Earnings (2004-06)
Inner London	10.1450
Cornwall	9.9591
West Sussex Non-Fringe	9.7866
Dorset	9.7008
Hertfordshire & Buckinghamshire fringe	9.5404
West Outer London Boroughs	9.5219
Surrey, Sussex & Berkshire fringe	9.1120
East Sussex	8.9648
Devon	8.7084
Oxfordshire	8.6967
Rest Outer London Boroughs	8.4572
Essex Non-Fringe	8.3182
Hereford and Worcestershire	8.2621
North Yorkshire	8.1414
Kent Non-Fringe	7.8827
Essex and Kent Fringe	7.8784
Hampshire	7.8307
Somerset	7.8000
Buckinghamshire Non-Fringe	7.6264
Wiltshire	7.6264
Gloucestershire	7.6233
City of London	7.6167
Berkshire Non-Fringe	7.6121
Norfolk	7.3667
Suffolk	7.3100
Shropshire	7.2463
Avon	7.2034
Warwickshire	7.1133
Hertfordshire & Bedfordshire non-Fringe	7.0713
Cambridgeshire	6.9431
Lincolnshire	6.9067
Cheshire	6.8300
Northamptonshire	6.6767
Leicestershire	6.6546
Northumberland	6.4800
Staffordshire	6.0755
West Midlands	5.8374
Cumbria	5.8000
Nottinghamshire	5.7778
Derbyshire	5.7622
Tyne and Wear	5.7083
Merseyside	5.6635
West Yorkshire	5.6363
Greater Manchester	5.5900
Lancashire	5.4996
South Yorkshire	5.3501
Durham	5.1067
Humberside	5.0334
Cleveland	4.9901
South Wales Police	NA
Gwent Police	NA
North Wales Police	NA
Dyfed Police	NA



