

# THE SOUTH HAMS ECONOMY 1993-2003:

## Encouraging Growth

1. The South Hams economy is currently growing at a very satisfactory rate, averaging 8.1 per cent per annum over the five years 1998 to 2003.
2. The following table (Table 1) shows in more detail the movements in the South Hams economy over the decade in the principal industrial sectors. The economy as a whole grew by 7.5 per cent per annum over the decade 1993 to 2003. Growth in the second half of the decade was stronger than that of the first half. The strongest growth sectors were distribution, transport and communication, business services and public administration.

**TABLE 1**

**SOUTH HAMS  
Growth in Gross Value Added at Basic Prices**

	<b>1993 £m</b>	<b>1998 £m</b>	<b>2003 £m</b>	<b>1993/1998 % pa</b>	<b>1998/2003 % pa</b>	<b>1993/2003 % pa</b>
Agriculture/Forestry	57.8	18.1	31.9	-20.8	12.1	-5.8
Fishing	1.3	0.9	1.1	-6.6	4.0	-1.4
Mining and Quarrying	7.3	8.7	7.8	3.7	-2.1	0.7
Manufacturing	83.4	129.2	160.9	9.1	4.5	6.8
Electricity/Gas/Water	0.6	0.7	7.5	3.1	60.2	28.5
Construction	34.6	63.3	89.0	12.8	7.1	9.9
Wholesale/Retail/Repair	81.1	137.6	184.2	11.2	6.0	8.5
Hotels and Catering	58.5	74.1	99.4	4.9	6.0	5.4
Transport & Communication	18.2	25.3	65.8	6.7	21.1	13.7
Financial Services	9.3	17.3	15.6	13.2	-2.0	5.3
Real Estate/Business Activities	102.3	160.0	248.8	9.3	9.2	9.3
Public Admin/Defence/Soc Sec	14.9	16.8	42.0	2.4	20.1	10.9
Education	25.5	31.1	42.6	4.1	6.5	5.3
Health & Social Work	30.9	43.7	72.2	7.1	10.6	8.8
Other Community Services	25.0	41.1	63.6	10.4	9.1	9.8
<b>Gross Value Added</b>	<b>550.7</b>	<b>767.8</b>	<b>1,132.6</b>	<b>6.9</b>	<b>8.1</b>	<b>7.5</b>

3. The following table (Table 2) compares the South Hams performance with the national average. South Hams' growth over the decade was almost 50 per cent greater than nationally.

4. The table also shows that the proportion taken by manufacturing (14.2 per cent) is about 60 per cent of the national average (15.7 per cent). Hotels and catering together with distribution and financial services were significantly higher than the national average.

**TABLE 2**

**SOUTH HAMS AND NATIONAL  
Composition of Output 2003 and Rates of Growth 1993-2003  
(per cent and per cent per annum)**

	<b>South Hams % Share of Output 2003</b>	<b>South Hams Rate of Growth of Output 1993/2003</b>	<b>National<sup>1</sup> % Share of Output 2003</b>	<b>National<sup>1</sup> Rate of Growth of Output 1993/2003</b>
Agriculture and Forestry	2.8	-5.8	0.9	-1.6
Fishing	0.1	-1.4	0.0	2.8
Mining and Quarrying	0.7	0.7	2.8	5.7
Manufacturing	14.2	6.8	15.7	2.6
Electricity/Gas/Water	0.7	28.5	1.5	0.9
Construction	7.9	9.9	6.3	6.4
Distribution	16.3	8.5	12.7	6.0
Hotels and Catering	8.8	5.4	3.4	7.3
Transport and Communication	5.8	13.7	7.7	5.0
Financial Services	1.4	5.3	0.7	2.6
Real Estate/Business Activities	22.0	9.3	24.9	8.7
Public Administration	3.7	10.9	5.2	2.1
Education	3.8	5.3	5.7	6.3
Health and Social Work	6.4	8.8	7.3	5.7
Other Community Services	5.7	9.8	5.2	8.5
Gross Value Added at Basic Prices	100.0	7.5	100.0	5.4

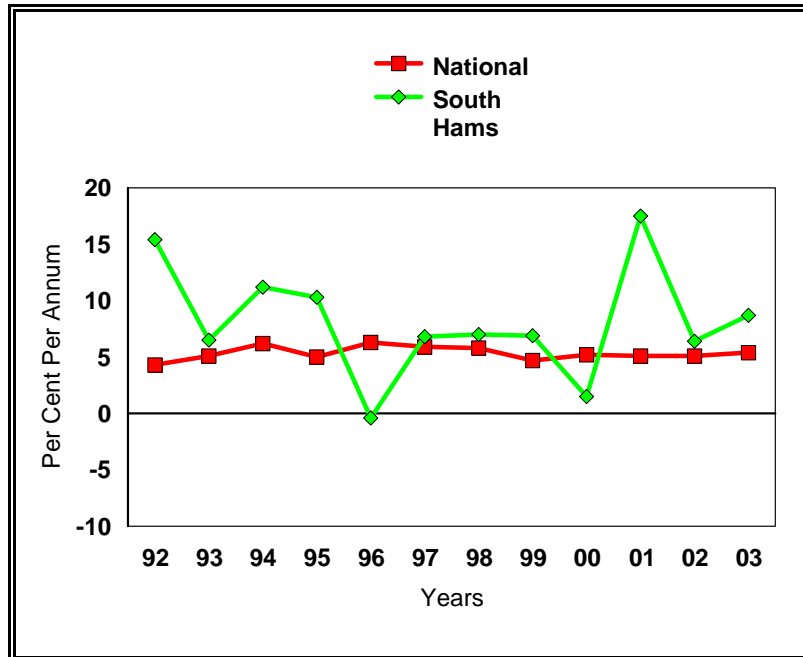
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<sup>1</sup> National data incorporated in the local GVA model is reproduced courtesy of the Office of National Statistics (© ONS)

5. The chart (Chart 1) below, compares national and local rates of growth of output. The large increase in 2001 is accounted for by a very rapid growth in telecommunications.

**CHART 1**

**SOUTH HAMS AND NATIONAL  
Growth in Output  
Per cent per annum**



6. The following table (Table 3) illustrates how the share of output has varied over time. Manufacturing has fallen slightly as a share between 1993 and 2003. However, distribution and business services have improved their relative position. The most dramatic fall has been in agriculture.

**TABLE 3**

**SOUTH HAMS  
Change in the Composition of Output 1993-2003 (%)**

<b>Measured by Output</b>	<b>1993</b>	<b>1998</b>	<b>2003</b>
Agriculture/Forestry	10.5	2.4	2.8
Fishing	0.2	0.1	0.1
Mining and Quarrying	1.3	1.1	0.7
Manufacturing	15.1	16.8	14.2
Electricity/Gas/Water	0.1	0.1	0.7
Construction	6.3	8.2	7.9
Distribution	14.7	17.9	16.3
Hotels and Catering	10.6	9.7	8.8
Transport and Communication	3.3	3.3	5.8
Financial Services	1.7	2.3	1.4
Real Estate/Business Activities	18.6	20.8	22.0
Public Admin/Defence/Soc Security	2.7	2.2	3.7
Education	4.6	4.1	3.8
Health	3.1	2.7	2.9
Social Services	2.5	3.0	3.5
Sanitary Services	0.4	0.4	0.2
Other Services	4.2	4.9	5.5
Gross Value Added at Basic Prices	100.0	100.0	100.0

7. The following table (Table 4) compares South Hams' per capita income with the national levels. It contains estimates derived from dividing total gross value added by total population. It shows that the share has risen significantly from 71.4 in 1993 to 84.2 in 2003.

**TABLE 4**

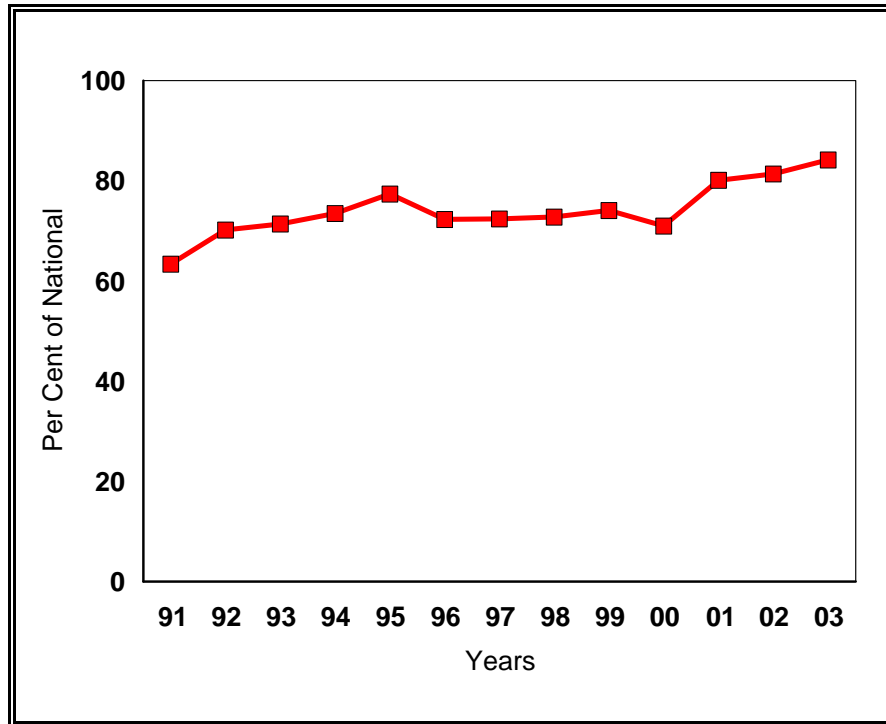
**SOUTH HAMS AND NATIONAL  
Comparison of Per Capita Income**

<b>Per Capita Income (£)</b>	<b>1993</b>	<b>1998</b>	<b>2003</b>
South Hams	7,034	9,514	13,845
National	9,852	13,061	16,445
South Hams as a % of National	71.4	72.8	84.2

8. The year by year movements in relative per capita income are illustrated in the chart (Chart 2) below. It shows the sharp improvement between 1999 and 2003 after a steady share throughout the earlier years.

**CHART 2**

**SOUTH HAMS  
Per Capita Income Relative to National %**



9. The following table (Table 5) is a useful guide to explaining the differences in the per capita income between South Hams and the national average. It shows that South Hams has a significantly higher proportion of women employees, part-time employees and self-employed. Each of these is likely to hold down income levels. Women employees still do not earn the same as men, part-time employees clearly do not earn as much as full-time employees and the self-employed as a whole (where construction workers and small businesses predominate) do not earn as much as, say, full-time male workers in manufacturing.
10. The other important factor is the proportion of the population not gainfully employed. The affect of this on the conventional per capita figure can be gauged by calculating the ratio on the basis of the labour force rather than the total population. This shows a slight closing of the gap.

**TABLE 5**

**SOUTH HAMS**  
**Key Employment Comparisons**

	<b>South Hams 2003</b>	<b>National 2003</b>
Per capita income (£)	13,845	16,445
% Gap with National	84.2	0.0
Women as % of total employees	49.4	48.5
Part-time as % of total employees	37.6	25.9
Services as % of total employees	75.2	85.9
Self-employees as % of total labour force	25.8	12.6
Labour force as % of total population	53.6	47.0
Labour force per capita income (£)	25,838	34,745
% Gap with National	77.2	0.0

11. The following table (Table 6) gives the figures for the gross value added as measured by incomes. The slow growth in mixed incomes (previously known as income from self-employment) between 1993 and 1998 reflects the poor trading conditions experienced by the agriculture sector.

**TABLE 6**

**SOUTH HAMS**  
**Gross Value Added at Basic Prices Measured by Income**

	<b>1993 £m</b>	<b>1998 £m</b>	<b>2003 £m</b>	<b>1993/ 1998 % pa</b>	<b>1998/ 2003 % pa</b>	<b>1993/ 2003 % pa</b>
Compensation of Employees	244.3	385.4	600.5	9.5	9.3	9.4
Mixed Incomes	185.2	198.0	284.5	1.3	7.5	4.4
Taxes less Subsidies	9.4	13.3	17.1	7.1	5.1	6.1
Operating Surplus and Rents	111.8	171.1	230.4	8.9	6.1	7.5
Gross Value Added at Basic Prices	550.7	767.8	1,132.6	6.9	8.1	7.5

12. The following table (Table 7) gives details of the gross value added as measured by expenditure. Public expenditure and investment have provided the strongest contribution to overall growth.

**TABLE 7**

**SOUTH HAMS  
Gross Value Added at Basic Prices Measured by Expenditure**

	1993 £m	1998 £m	2003 £m	1993/ 1998 % pa	1998/ 2003 % pa	1993/ 2003 % pa
Consumers' Expenditure	503.3	638.0	833.7	4.9	5.5	5.2
Public Expenditure	83.8	116.1	230.2	6.7	14.7	10.6
Investment	76.5	109.5	156.3	7.4	7.4	7.4
Exports of Goods/Services	472.3	634.0	869.2	6.1	6.5	6.3
Total Final Expenditure	1,136.0	1,497.7	2,089.5	5.7	6.9	6.3
Less Imports Goods/Services	562.0	669.1	914.7	3.5	6.5	5.0
Gross Value Added (market prices)	574.0	828.6	1,174.8	7.6	7.2	7.4
Factor Cost Adjustment	86.3	110.6	145.7	5.1	5.7	5.4
Gross Value Added (factor cost)	487.7	717.9	1,029.1	8.0	7.5	7.8

13. The year by year movements in the agriculture sector are illustrated in the chart (Chart 3) below. It shows that the sector was hit particularly hard between 1995 and 1998. A weak recovery appears to have begun in 2001.

**CHART 3**

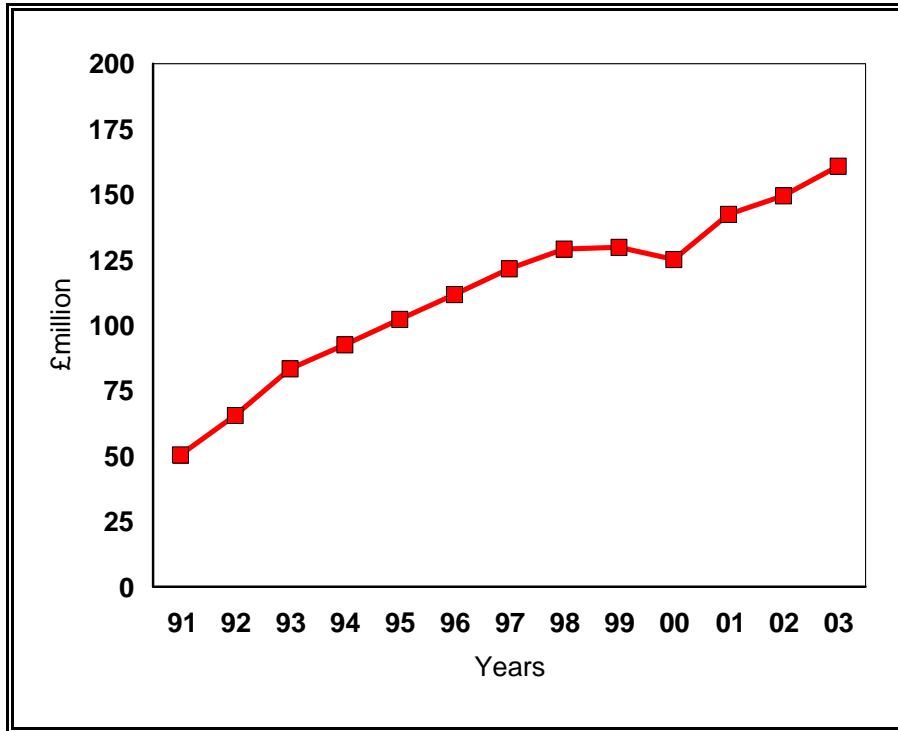
**SOUTH HAMS  
Agriculture Output**



14. The year by year movements in manufacturing output are shown in the chart (Chart 4) below. There has been an acceleration since 2000.

**CHART 4**

**SOUTH HAMS  
Manufacturing Output**



15. The following table (Table 8) gives more detail of the manufacturing sector. It shows that the sector is dominated by food and drink manufacturing, timber and furniture, paper and publishing, electrical engineering and transport manufacturing, accounting for just under 70 per cent of the total.

**TABLE 8**

**SOUTH HAMS  
Net Output of the Manufacturing Sector (%)**

	<b>1993</b>	<b>1998</b>	<b>2003</b>	<b>1993/2003 % pa</b>
Food, Drink & Tobacco	12.2	11.2	10.5	5.1
Clothing	1.9	1.8	1.5	4.3
Leather & Footwear	0.3	0.2	0.3	5.1
Timber & Furniture	4.5	6.7	11.8	17.7
Paper & Publishing	21.0	19.0	15.5	3.6
Chemicals	2.1	1.3	2.3	7.4
Rubber & Plastic	7.4	8.4	9.7	9.7
Non-metal Manufacturing	3.7	3.6	2.6	3.2
Metal Manufacture	1.5	1.5	1.1	3.8
Other Metal Manufacturing	7.6	4.7	5.2	2.8
Mechanical Engineering	12.3	6.7	5.5	-1.5
Electrical Engineering	5.9	14.2	13.2	15.8
Instrument Engineering	3.0	4.6	3.3	7.7
Transport Manufacturing	6.9	13.2	16.5	16.6
Other Manufacturing	9.8	3.0	1.2	-13.5
<b>Total Manufacturing</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.8</b>

16. The following table (Table 9) gives more detail for the food and drink manufacturing sector. Within the overall rate of growth of 5.1 per cent per annum between 1993 and 2003 the main areas of food and drink manufacture are dairy products, ice cream manufacture and bread and biscuit manufacture products.

**TABLE 9**

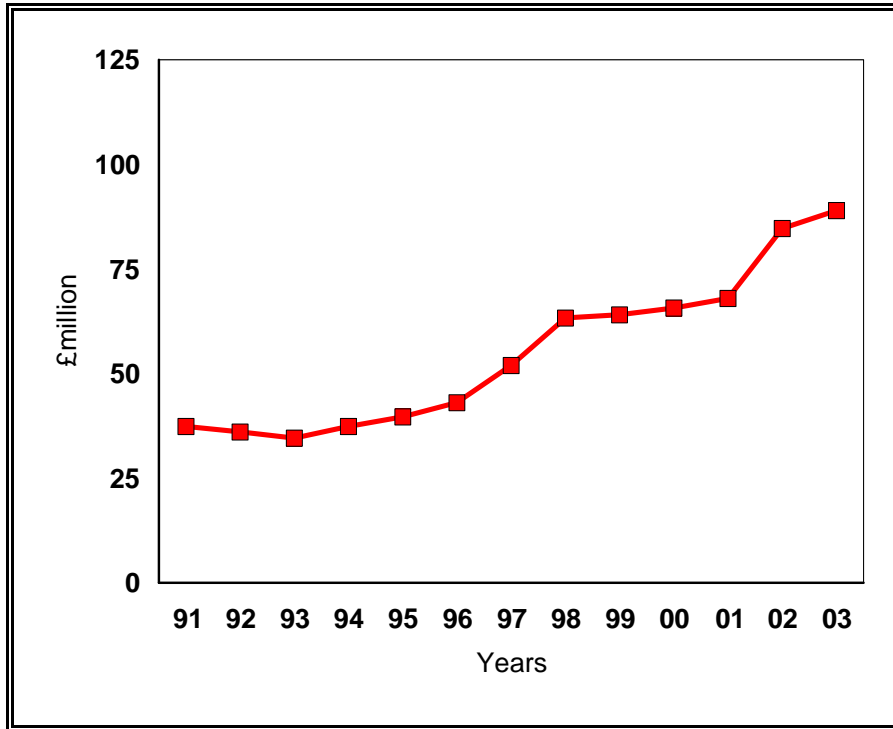
**SOUTH HAMS  
Net Output of the Food and Drink Manufacturing Sector (%)**

	<b>1993</b>	<b>1998</b>	<b>2003</b>	<b>1993/2003 % pa</b>
Meat and Meat Products	2.2	0.8	0.2	-17.7
Fish	3.6	3.0	3.0	3.0
Fruit and Vegetables	18.9	5.6	3.4	-11.4
Oils and Fats	0.0	0.0	0.0	n/a
Dairy Products	19.6	36.0	38.9	12.6
Ice Cream	4.2	30.9	31.5	28.7
Grains and Starches	0.0	0.4	0.0	n/a
Animal Foods	0.0	0.5	0.3	n/a
Bread and Biscuits	16.3	15.9	9.2	-0.8
Sugar and Cocoa	0.2	0.0	0.9	20.7
Other Foods	0.8	2.5	8.2	32.1
Alcohol	30.2	3.2	1.8	-20.6
Soft Drinks	3.9	1.3	2.7	1.3
Tobacco	0.0	0.0	0.0	n/a
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>5.1</b>

17. Construction output grew faster than total output over the period 1993 to 2003 but as the following chart (Chart 5) shows, the acceleration in the early years flattened off in 1998.

**CHART 5**

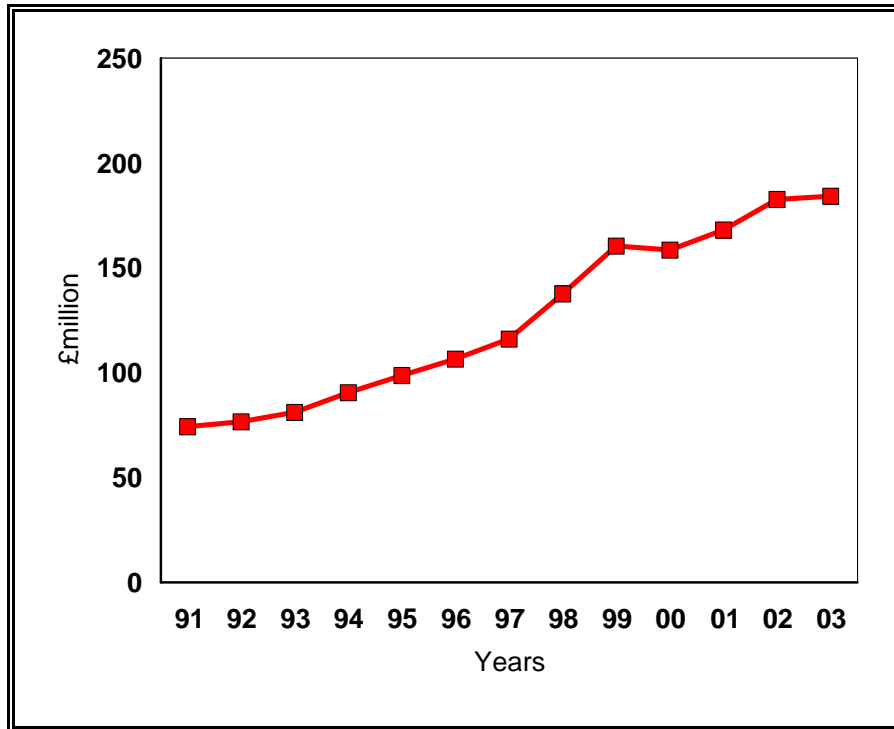
**SOUTH HAMS  
Construction Output**



18. The output of the distribution sector has grown strongly over the decade 1993 to 2003, by 8.5 per cent per annum. As the chart (Chart 6) below shows, the growth was more rapid in the first half of the decade.

**CHART 6**

**SOUTH HAMS  
Distribution Output**



19. The following table (Table 10) gives more detail for the finance and business services sector. It shows the dominant role of real estate activities. Banking services, as a share of the sector, declined between 1993 and 2003, reflecting the increased computerisation of services. There has been a strong increase in the output of professional and other business services.

**TABLE 10**

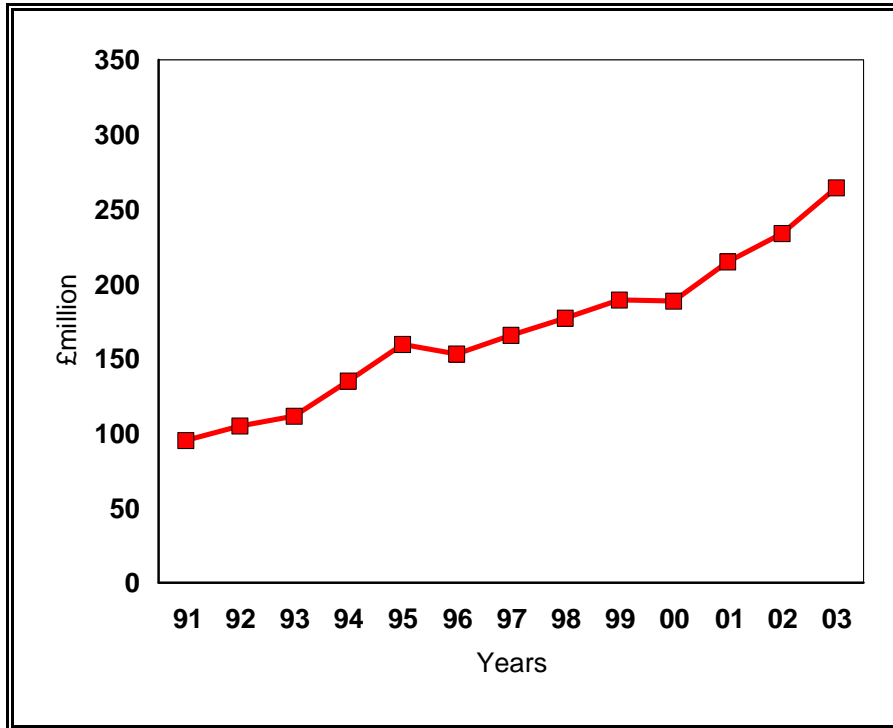
**SOUTH HAMS**  
**Net Output of the Business Services Sector (%)**

	1993	1998	2003	1993/2003 % pa
Banking/Finance	5.2	4.4	3.3	4.2
Insurance	1.7	2.9	1.0	3.3
Insurance Brokers	1.4	2.4	1.6	10.2
Real Estate Activities	61.1	53.8	51.3	7.1
Rent Moveables	1.6	2.0	2.0	11.4
Computer Services	2.1	4.7	5.4	19.8
Research & Development	0.3	0.3	0.0	-9.4
Legal Services	3.3	3.4	3.5	9.7
Accountants	4.3	4.7	5.5	11.6
Market Research	0.1	0.2	0.2	14.3
Management Consultants	1.4	2.5	6.0	26.5
Architects	7.7	7.4	10.0	11.9
Advertising	0.4	0.5	0.7	15.6
Other Business Services	9.4	10.9	9.5	9.1
Total	100.0	100.0	100.0	9.0

20. The year on year movements in the output of the business services sector are shown in the chart (Chart 7) below. It illustrates a steady increase throughout the decade.

**CHART 7**

**SOUTH HAMS  
Output of Business Services**



21. The following table (Table 11) gives more detail of the hotels and catering sector. It shows a decline in the contribution of hotels partly compensated by a growth in various eating outlets.

**TABLE 11**

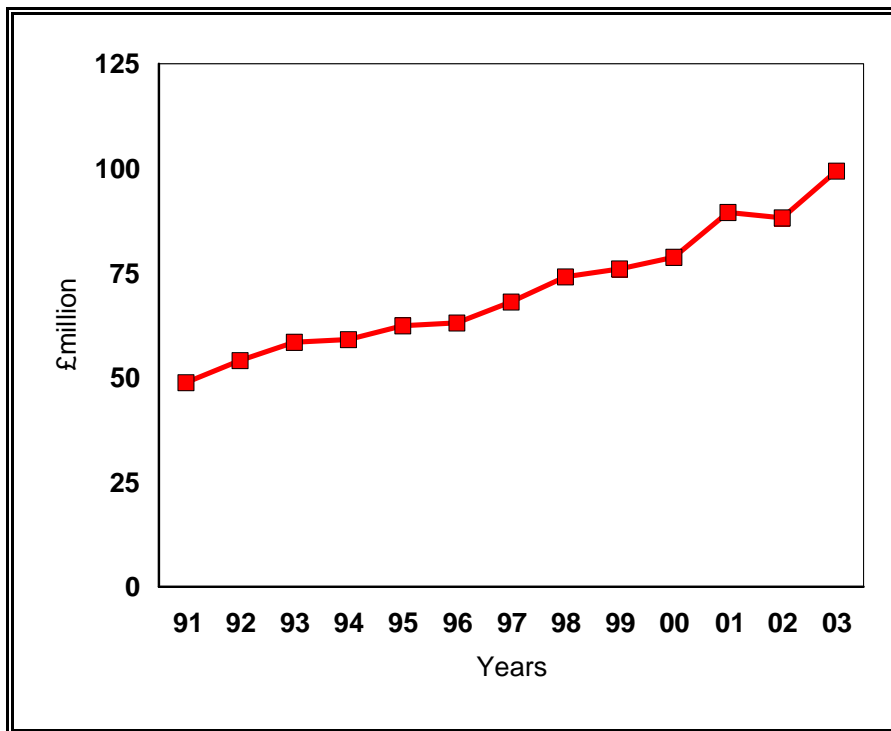
**SOUTH HAMS  
Net Output of the Hotels and Catering Sector (%)**

	1993	1998	2003	1993/2003 % pa
Hotels with Restaurants	26.3	26.6		
Hotels without Restaurants	17.6	16.5		
All Hotels	43.9	43.1	38.7	3.9
Camping Sites	2.8	3.1	1.6	-1.9
Other Lodgings	24.0	21.4	19.7	3.7
Restaurants, Cafés, etc	12.8	13.8	15.1	7.4
Bars	14.5	15.8	18.1	7.9
Catering Contractors	2.0	2.8	6.8	21.4
Total	100.0	100.0	100.0	5.4

22. The hotels and catering sector does not capture the whole of tourist activity. There is a variety of other activities, leisure, sporting etc, which also contributes. It is estimated that the total gross income received from tourism was approximately £260 million in 2003. Although the net effect to the South Hams economy is small, it should be noted that tourist spending in retail outlets was estimated to be £95 million.
23. The year on year movements in the output of the hotels and catering sector are shown in the chart (Chart 8) below. It reveals a slight acceleration from 1998 on.

**CHART 8**

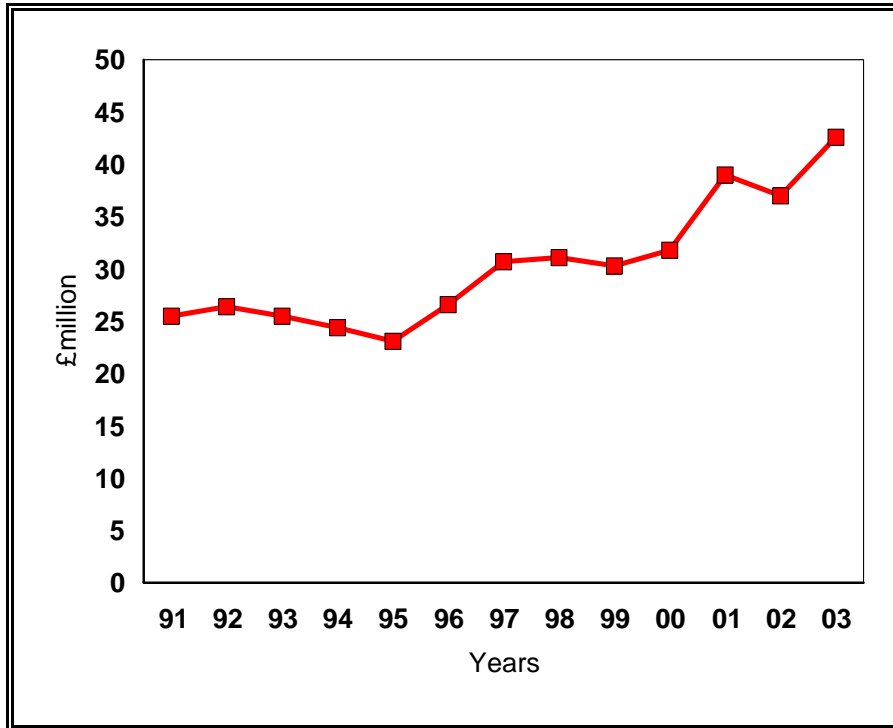
**SOUTH HAMS  
Hotels and Catering Output**



24. The year on year movements in the output of the education sector are shown in the chart (Chart 9) overleaf. After falling from 1992 to 1995, output grew rapidly thereafter, rising by 8.0 per cent per annum through to 2003.

**CHART 9**

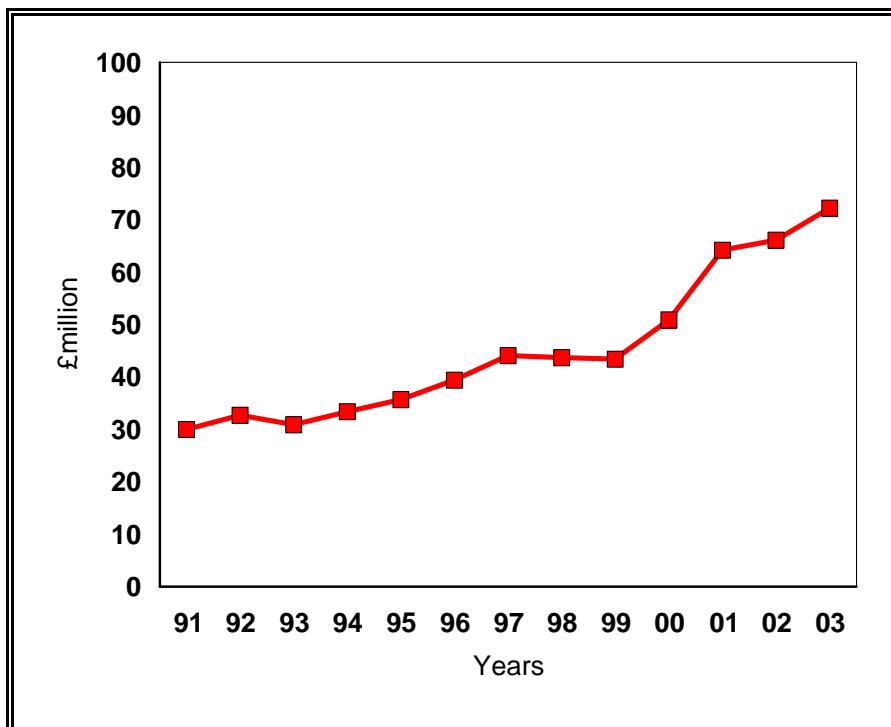
**SOUTH HAMS  
Education Output**



25. The year on year movements in the output of the health and social work sectors is shown in the chart (Chart 10) below. It reveals an acceleration since 1999.

**CHART 10**

**SOUTH HAMS  
Health and Social Work Output**



26. The second half of the 1993 to 2003 decade has been one of strong expansion in the South Hams economy. The result has been a significant increase in the numbers employed, as the chart (Chart 11) below illustrates. Overall growth in employment between 1993 and 2003 was 4.4 per cent per annum. The rate in periods 1993 to 1998 and 1998 and 2003 was approximately the same (4.2 per cent and 4.5 per cent respectively).

**CHART 11**

**SOUTH HAMS  
Growth in Employment**

