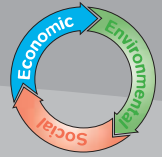




Economy



In 2001, the UK economy grew by 2%, a respectable rise given the global slowdown. Employment rates remained high and consumer spending was still strong, encouraged by low interest rates, low unemployment, rapid growth in incomes and accelerating house prices.

INDICATOR EC1 – Percentage Rise in GVA

Gross Value Added (GVA) is a key indicator of the state of the economy, and is broadly the same as Gross Domestic Product (GDP). GVA is the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used up in production. Hertfordshire's rate of GVA rose by 4.9% in 2001, well above the UK, East of England and the South East regional figures. However, this is 2% slower than the previous year, due to more moderate growth in services and a marginal decline in manufacturing.

In 2001 Hertfordshire outperformed the East of England and the South East region with respect to the following: The service sector saw high growth of over 6%, slightly lower than 2000. Manufacturing output saw a marginal decline of around 1%, well below the UK average. This decline was due to a contraction in both Engineering and Other Manufacturing, while Metals, Minerals and Chemicals rose by 12.8%. Also Construction output boomed in Hertfordshire in 2001, growing by a massive 18.1%; this followed growth of 18.9% in 2000.

INDICATOR EC2 - Employment in Knowledge-Based Industries and Services

Knowledge-based industries and services are defined as

'finance, insurance, real estate and business services; education; health and social work; other community and personal services; post and telecommunications; high and medium-high tech industries: chemicals; machinery and equipment; transport, excluding building ships and boats.'

This definition is set by the Organization for Economic Co-operation and Development (www.oecd.org) and figures are taken from The Department of Trade and Industry's (www.dti.gov.uk) UK Competitiveness Indicators, Second Edition, 2001.

In Hertfordshire in 1999 there were 246,750 employed in knowledge-based industries, and in 2000 there were 247,783.

INDICATOR EC3 - Income per Household

The mean household income for Hertfordshire in 2000 was £29,700. In 2001 this rose to £30,100, and in 2002 it rose again to £32,700. The Hertfordshire figure is the highest in the East of England, which no doubt reflects the fact that 25% of our workforce works in London. The figure is also higher than the Great Britain and London average but lower than Surrey and Buckinghamshire.

