

## Gross Value Added (GVA) in the North West

Regional Accounts release 14 December 2007

### Summary

New 2006 regional and 2005 sub-regional Gross Value Added (GVA) data were released today by the Office for National Statistics. The latest release includes revisions to earlier years. Please note that regional GVA by industry is not being released this year.

### **Regional GVA – 2006**

- Total GVA in the North West was £111.3bn, up from £106.5bn in 2005. The growth rate of 4.5% – at current prices – was up from 3.4% in 2005, and compared with 5.1% for the UK as a whole.
- GVA per head in the North West was £16,234, up from £15,571 in 2005. The growth rate of 4.3% was up from 3.1% in 2005 and compared with 4.5% for the UK.
- Indexed GVA per head (with UK=100) was 87 in the North West. This was the same as the 2005 value.

### **Comparisons with other regions**

- In 2006, London had by far the highest total GVA and GVA per head, followed by the South East. In terms of total GVA the NW ranked 3<sup>rd</sup>, and in GVA per head it was 7<sup>th</sup> among English regions and 8<sup>th</sup> among UK regions/nations. These rankings have not changed in recent years.
- The NW growth rate of 4.5% for total GVA between 2005 and 2006 was lower than in other regions, but similar to that in Yorkshire & the Humber (4.6%) and the East of England (4.7%). The growth rate of 4.3% for GVA per head was higher than in Yorkshire & the Humber (3.9%), the East of England (3.9%) and the East Midlands (4.1%) but lower than in other regions.

### **Sub-regional GVA – 2005**

- Among the five 'NUTS2' sub-regions, Greater Manchester had the largest GVA in 2005 (£42.1bn or two fifths of the NW total) and Cumbria the smallest (£6.7bn).
- GVA per head was highest in Cheshire (9% above the UK average) and lowest in Merseyside (28% below). GVA per head can be distorted by the effects of commuting, especially for smaller areas (see Sources and definitions).
- Of the thirteen 'NUTS3' areas in the region, three have shown faster growth in total GVA than the UK as a whole since 2000: East Cumbria, Halton & Warrington and East Merseyside. A further two have shown faster growth in GVA per head than the UK: Liverpool and South Manchester.

**Table 1: Regional GVA, 2006 <sup>1</sup>**

	Total GVA <sup>2</sup> (£m)	Growth on 2005 (%)	GVA per head (£)	Growth on 2005 (%)	Per head index (UK=100)
North East	38,788	5.5%	15,177	5.3%	81
North West	111,252	4.5%	16,234	4.3%	87
Yorkshire and the Humber	82,116	4.6%	15,968	3.9%	86
East Midlands	74,113	5.0%	16,982	4.1%	91
West Midlands	88,997	5.0%	16,583	4.7%	89
East of England	109,884	4.7%	19,599	3.9%	105
London	196,764	5.7%	26,192	4.9%	141
South East	177,224	5.1%	21,514	4.4%	115
South West	89,501	5.4%	17,467	4.7%	94
England	968,639	5.1%	19,082	4.5%	102
Wales	42,697	4.9%	14,396	4.4%	77
Scotland	91,024	5.4%	17,789	5.0%	95
Northern Ireland	26,429	5.6%	15,175	4.6%	81
UK <sup>3</sup>	1,128,790	5.1%	18,631	4.5%	100

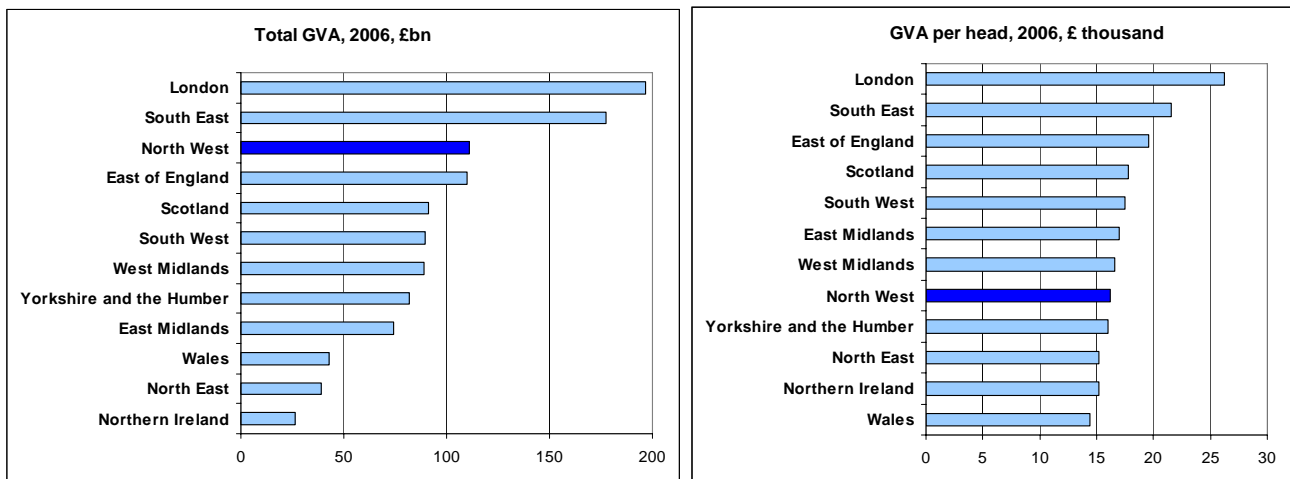
Notes

1 Headline GVA at current basic prices on residence basis. 2005 and 2006 estimates are provisional.

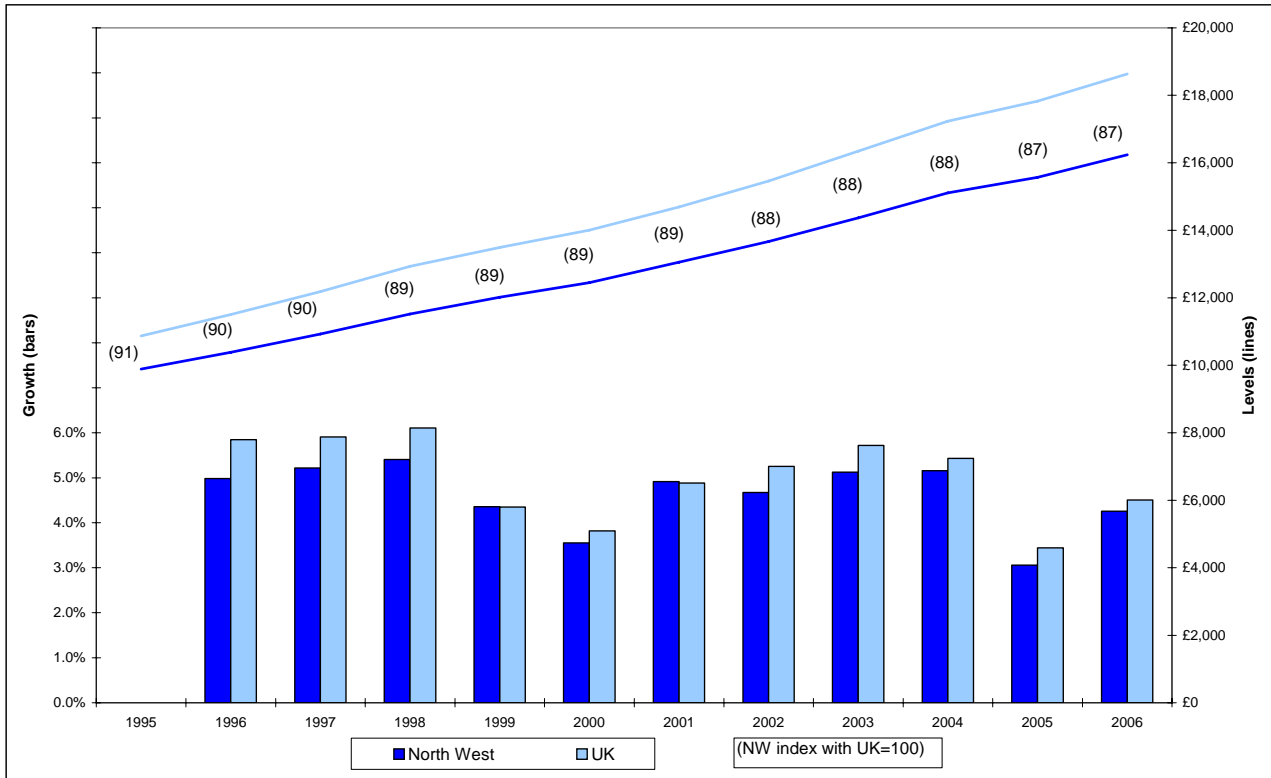
2 Figures may not sum due to rounding.

3 Excluding statistical discrepancy and Extra-region (off-shore contribution to GVA that cannot be assigned to any region).

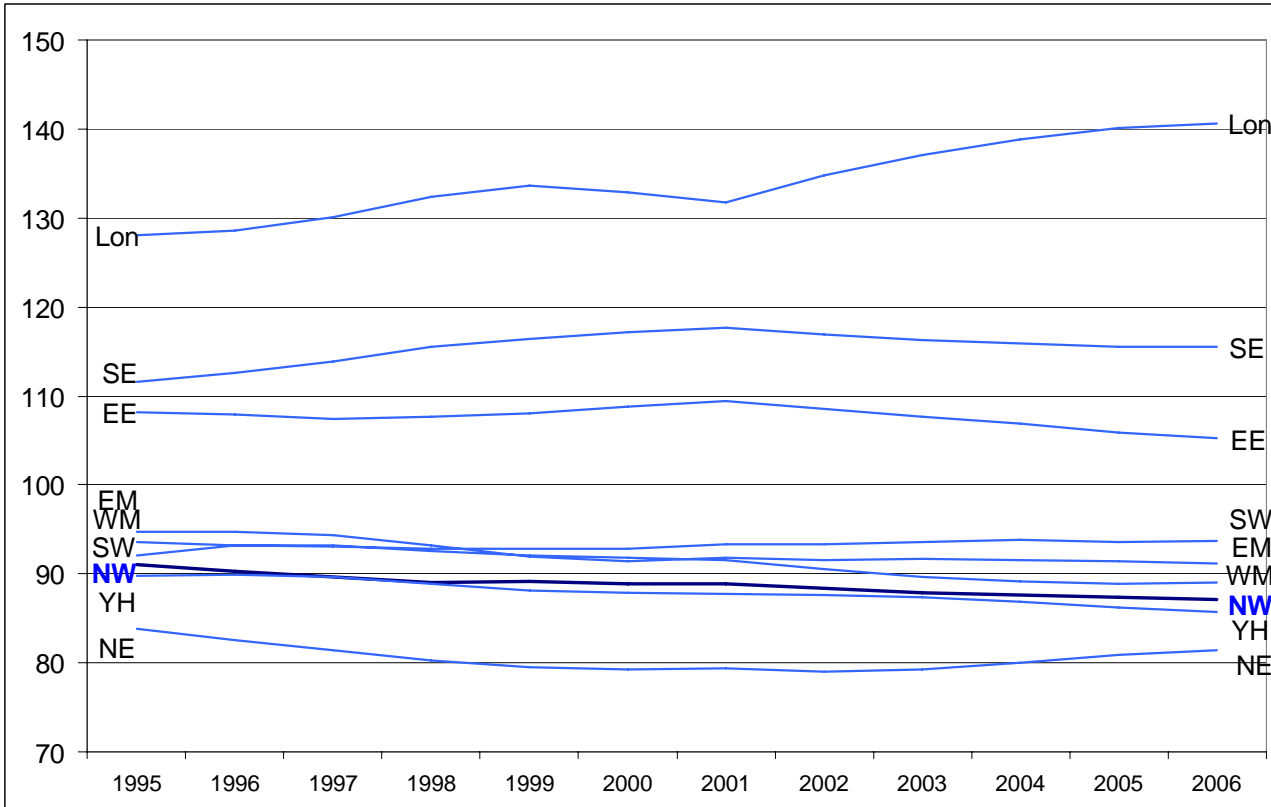
**Figure 1: Regional GVA, 2006**



**Figure 2: GVA per head: levels and growth, 1995-2006**



**Figure 3: GVA per head in English regions, Indices UK=100, 1995-2006**



**Table 2: Sub-regional GVA (£ million) in the North West, 1995 and 2000-2005**

NUTS <sup>2</sup>	Cumbria		Cheshire		Greater Manchester		Lancashire			Merseyside			
	West	East	Halton and Warrington	Cheshire CC	South	North	Blackburn with Darwen	Blackpool	Lancs CC	East	Liverpool	Sefton	Wirral
1995	4,925		12,122		25,796		13,808			10,885			
2000	5,306		15,408		33,107		16,707			13,781			
2001	5,461		16,160		34,714		17,592			14,508			
2002	5,708		16,849		36,340		18,403			15,338			
2003	6,078		17,678		38,442		19,364			16,146			
2004	6,450		18,600		40,685		20,398			16,902			
2005	6,687		19,306		42,082		21,073			17,352			
NUTS <sup>2</sup> 3													
1995	2,290	2,635	3,725	8,397	15,501	10,295	1,453	1,256	11,099	2,352	4,326	2,105	2,103
2000	2,437	2,869	4,855	10,553	21,551	11,556	1,593	1,446	13,668	2,994	5,585	2,546	2,656
2001	2,462	2,999	5,151	11,009	22,795	11,919	1,647	1,494	14,450	3,234	5,815	2,697	2,762
2002	2,514	3,194	5,446	11,403	24,027	12,313	1,710	1,544	15,148	3,461	6,146	2,860	2,871
2003	2,597	3,481	5,805	11,873	25,491	12,952	1,798	1,604	15,961	3,634	6,543	2,989	2,981
2004	2,674	3,776	6,135	12,465	27,011	13,674	1,899	1,674	16,825	3,803	6,910	3,098	3,091
2005	2,747	3,940	6,396	12,911	27,925	14,157	1,963	1,716	17,394	3,906	7,133	3,154	3,159

## Notes

- 1 Headline GVA at current basic prices on workplace basis. 2005 estimates are provisional.
- 2 Nomenclature of Units for Territorial Statistics (Eurostat classification).

**Table 3: Sub-regional GVA per head (£) in the North West, 1995 and 2000-2005**

NUTS <sup>2</sup>	Cumbria		Cheshire		Greater Manchester		Lancashire			Merseyside			
	West	East	Halton and Warrington	Cheshire CC	South	North	Blackburn with Darwen	Blackpool	Lancs CC	East	Liverpool	Sefton	Wirral
1995	10,117		12,426		10,155		9,761			7,716			
2000	10,882		15,688		13,157		11,814			10,029			
2001	11,196		16,423		13,797		12,412			10,607			
2002	11,685		17,104		14,432		12,942			11,242			
2003	12,376		17,871		15,208		13,533			11,858			
2004	13,045		18,732		16,059		14,170			12,436			
2005	13,491		19,367		16,546		14,568			12,784			
NUTS <sup>2</sup> 3													
1995	9,622	10,591	12,038	12,606	11,303	8,808	10,414	8,396	9,861	7,109	9,309	7,283	6,446
2000	10,365	11,363	15,673	15,695	15,974	9,900	11,526	10,111	12,064	9,122	12,522	8,985	8,391
2001	10,486	11,854	16,630	16,328	16,914	10,201	11,898	10,503	12,714	9,858	13,161	9,533	8,767
2002	10,723	12,574	17,580	16,885	17,821	10,525	12,274	10,852	13,284	10,562	13,949	10,158	9,127
2003	11,045	13,600	18,692	17,495	18,818	11,039	12,844	11,246	13,901	11,089	14,909	10,635	9,492
2004	11,324	14,619	19,711	18,285	19,871	11,645	13,485	11,711	14,557	11,596	15,807	11,041	9,861
2005	11,629	15,187	20,466	18,865	20,422	12,039	13,902	11,990	14,966	11,878	16,321	11,299	10,115

## Notes

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- 2 Nomenclature of Units for Territorial Statistics (Eurostat classification).

**Table 4: Sub-regional GVA per head<sup>1</sup> indices (UK<sup>2</sup> = 100) in the North West, 1995 and 2000-2005**

NUTS <sup>3</sup> 2	Cumbria	Cheshire	Greater Manchester	Lancashire	Merseyside
1995	93	114	93	90	71
2000	78	112	94	84	72
2001	76	112	94	84	72
2002	76	111	93	84	73
2003	76	109	93	83	73
2004	76	109	93	82	72
2005	76	109	93	82	72

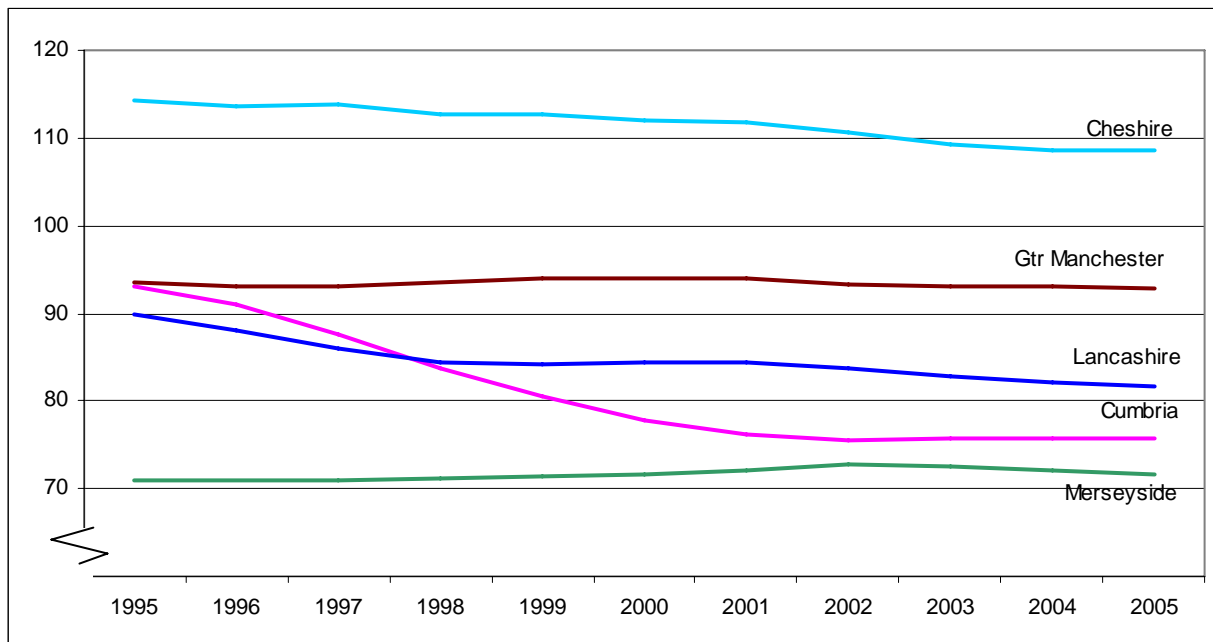
  

NUTS <sup>3</sup> 3	Cumbria		Cheshire		Greater Manchester		Lancashire			Merseyside			
	West	East	Halton and Warrington	Cheshire CC	South	North	Blackburn with Darwen	Blackpool	Lancs CC	East	Liverpool	Sefton	Wirral
1995	89	97	111	116	104	81	96	77	91	65	86	67	59
2000	74	81	112	112	114	71	82	72	86	65	89	64	60
2001	71	81	113	111	115	69	81	71	87	67	90	65	60
2002	69	81	114	109	115	68	79	70	86	68	90	66	59
2003	68	83	114	107	115	68	79	69	85	68	91	65	58
2004	66	85	114	106	115	68	78	68	84	67	92	64	57
2005	65	85	115	106	115	68	78	67	84	67	92	63	57

Notes

- 1 Headline GVA at current basic prices on workplace basis. 2005 estimates are provisional.
- 2 Excluding statistical discrepancy and Extra-regio (off-shore contribution to GVA that cannot be assigned to any region).
- 3 Nomenclature of Units for Territorial Statistics (Eurostat classification).

**Figure 4: GVA per head in NW (NUTS 2) sub-regions, Indices UK=100, 1995-2005**



## Note on revisions to previously published figures

The Regional and Sub regional GVA estimates have been revised back to 1989, with generally larger revisions for the more recent years. For 2005, the GVA for the North West has been revised upwards from £106.1bn to £106.5bn, a revision of +£0.4bn or +0.3%.

Estimated GVA per head in the North West is revised up from £15,504 to £15,571 (+0.4%). Please note that there has been a small downward revision to the North's population for 2005 that also affects the estimated GVA per head.

For the North West, the upward revisions were greater in 2004 than in 2005, so the 2005 growth rates are revised down: from 3.7% to 3.4% for total GVA, and from 3.4% to 3.1% for GVA per head.

The indexed GVA per head for the North West is also revised down for 2005, from 88 to 87 (where UK=100): this is because the upward revisions to other regions were proportionately greater than for the North West. (For the UK as a whole the revisions to 2005 GVA and GVA per head were both +0.9%).

The main cause of the upward revision to the GVA estimates for 2004 and earlier is the incorporation of an improved method for estimating investment in own-account software. This amounts to an upward revision of £7.8 billion in 2004 for UK GVA and a decreasing amount to previous years. For 2005, the own-account software revisions are combined with revised data from HMRC for PAYE (pay-as-you-earn) and income data for sole traders and partnerships.

In overall terms the regions that have seen the largest upward revisions to their estimated GVA in 2005 are London (+£5.2bn), South East (+£2.3bn) and North East (+£0.8bn). Certain regions have had downward revisions to their 2005 GVA, notably East Midlands (-£0.3bn) and Wales (-£0.2bn).

**Table 5: Revisions to previously published GVA<sup>1</sup> for North West, 1995-2005**

Year	Total GVA		Revision		GVA per head		Revision	
	released	released			released	released		
	Dec	Dec	(£m)	(%)	Dec	Dec	(£)	(%)
1995	67,114	67,536	422	0.6%	9,829	9,891	62	0.6%
1996	70,306	70,713	406	0.6%	10,325	10,384	60	0.6%
1997	73,736	74,236	499	0.7%	10,853	10,926	74	0.7%
1998	77,688	78,226	538	0.7%	11,438	11,517	79	0.7%
1999	80,834	81,402	569	0.7%	11,934	12,018	84	0.7%
2000	83,684	84,308	623	0.7%	12,353	12,445	92	0.7%
2001	87,763	88,435	672	0.8%	12,958	13,057	99	0.8%
2002	91,859	92,639	780	0.8%	13,542	13,667	126	0.9%
2003	96,828	97,707	880	0.9%	14,230	14,368	138	1.0%
2004	102,366	103,035	669	0.7%	14,994	15,109	115	0.8%
2005	106,142	106,501	359	0.3%	15,504	15,571	67	0.4%

### Notes

1 Headline GVA at current basic prices on residence basis. 2005 estimates are provisional.

## Sources and definitions

1 The latest regional Gross Value Added (GVA) data can be found on the ONS website via:

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14650>

This includes a 'First Release' highlighting the key data and definitions, and a full document giving detailed tables (which are also available as Excel files).

2 GVA represents the incomes generated by economic activity within the UK economy. GVA data presented in the Regional Accounts uses the income approach or GVA(I) and comprises:

- compensation of employees (wages and salaries, national insurance contributions, pension contributions, redundancy payments etc);
- gross operating surplus (self-employment income, gross trading profits of partnerships and corporations, gross trading surplus of public corporations, rental income etc).

A full definition of GVA(I) can be found in the UK National Accounts (Blue Book).

3 Estimates are at current basic prices and do not allow for inflation or differences in regional price levels. The headline GVA series have been calculated using a 5-year moving average to remove some volatility. The unadjusted series are also provided on the ONS website.

4 The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the European Union. There are three levels of NUTS in the UK:

- NUTS1: Government Office Regions and Wales, Scotland, Northern Ireland.
- NUTS2: 37 areas – mainly groups of counties and unitary authorities; can be referred to as sub regions (please note that in some cases these do not correspond exactly to the sub regions in the Regional Economic Strategy).
- NUTS3: 133 areas – principally individual counties and unitary authorities; also known as local areas.

5 When making comparisons between regions, especially at lower geographical levels, GVA per head can be distorted by the effects of demographic differences and commuting. The numerator, GVA, reflects economic activity on a workplace basis, and the denominator, population, is on a residence basis. For example, GVA per head for the Wirral is low partly because many residents commute to Liverpool and that is where their economic activity is recorded. For these reasons, the preferred measure of regional and sub regional productivity is GVA per job or per hour worked. ONS plans to publish figures on this basis in early 2008, down to NUTS3 for GVA per worker and NUTS2 for GVA per hour worked. For further guidance on the uses of regional GVA please see the ONS Productivity Handbook:

<http://www.statistics.gov.uk/about/data/guides/productivity/ch11.asp>

6 Due to the temporary suspension of Input/Output tables to facilitate re-engineering work on the UK National Accounts, no breakdown of regional GVA by UK Standard Industrial Classification (SIC) is published this year. ONS plans to reinstate SIC breakdowns in the December 2008 release, containing data up to 2006.

7 National Statistics are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

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