

Release of Regional and Sub Regional GVA Estimates: 12th December 2008
North of England**Summary**

2007 Regional and 2006 Sub Regional Gross Value Added (GVA) data are released today by the Office for National Statistics. The latest release includes revisions to earlier years. Estimates of GVA by industry have been reinstated in this release following their suspension last year (see Notes & Definitions). All estimates in this release are in current price terms and have not been adjusted for inflation.

North of England GVA, 2007

- GVA for the Government Office Regions (GORs) that comprise the North of England (North East, North West and Yorkshire & The Humber) in 2007 totalled £247.3bn, compared to the revised total of £234.1bn in 2006, an annual increase of £13.2bn or +5.6%. The annual percentage increase in GVA for the UK (excluding Extra Regio) was +6.0%.
- GVA per head in the North rose from £16,086 in 2006 to £16,931 in 2007, an increase of +5.3%, the same as the annual percentage increase in GVA per head for the UK.
- Indexed GVA per head (UK=100) for the North in 2007 was 84.8, a slight decrease from the revised 2006 index value of 84.9. The previous estimate for 2006 was 85.6 (released in December 2007).

Comparisons with other English regional groupings, 2006 to 2007

- For the **Greater South East** (London, South East and East of England): In 2007, GVA totalled £533.8bn (an increase of 6.5% since 2006); GVA per head was £24,796, an increase of 5.6%; Indexed GVA per head (UK=100) was 124.3.
- For the **Midlands & South West** (West Midlands, East Midlands and South West of England): In 2007, GVA totalled £264.4bn (an increase of 5.7% since 2006); GVA per head was £17,677, an increase of 5.0%; Indexed GVA per head (UK=100) was 88.6.
- The only regions that improved their relative positions as measured by the indexed GVA per head, in order of increase to their index value since 2006, were London and the North West. All other regions showed a decline in their Indexed GVA per head, with the largest decline in the South West.

Regions within North of England, 2007

- North East:
GVA £40.2bn; GVA per head £15,688; Indexed GVA per head (UK=100) 78.6.
- North West:
GVA £119.7bn; GVA per head £17,433; Indexed GVA per head (UK=100) 87.4.
- Yorkshire & The Humber:
GVA £87.4bn; GVA per head £16,880; Indexed GVA per head (UK=100) 84.6.

Table 1: Regional GVA 2007^{1, 2, 3}

	Total GVA 2007 £m	Increase on 2006 %	Total GVA per head 2007 £	Increase on 2006 %	GVA per head index, 2007 UK ⁴ =100
North of England	247,289	5.6	16,931	5.3	84.8
Greater South East	533,777	6.5	24,796	5.6	124.3
Midlands & South West	264,435	5.7	17,677	5.0	88.6
North East	40,231	5.2	15,688	4.8	78.6
North West	119,667	5.9	17,433	5.8	87.4
Yorkshire & The Humber	87,390	5.5	16,880	4.8	84.6
East Midlands	77,864	5.9	17,698	5.0	88.7
West Midlands	92,356	5.6	17,161	5.3	86.0
East of England	116,186	5.8	20,524	4.8	102.8
London	229,619	7.1	30,385	6.5	152.3
South East	187,971	6.1	22,624	5.2	113.4
South West	94,215	5.8	18,195	4.7	91.2
England	1,045,501	6.1	20,463	5.4	102.5
Wales	44,333	5.1	14,877	4.6	74.5
Scotland	98,521	5.5	19,152	5.0	96.0
Northern Ireland	28,445	6.2	16,170	5.1	81.0
UK ⁴	1,216,799	6.0	19,956	5.3	100.0

Notes

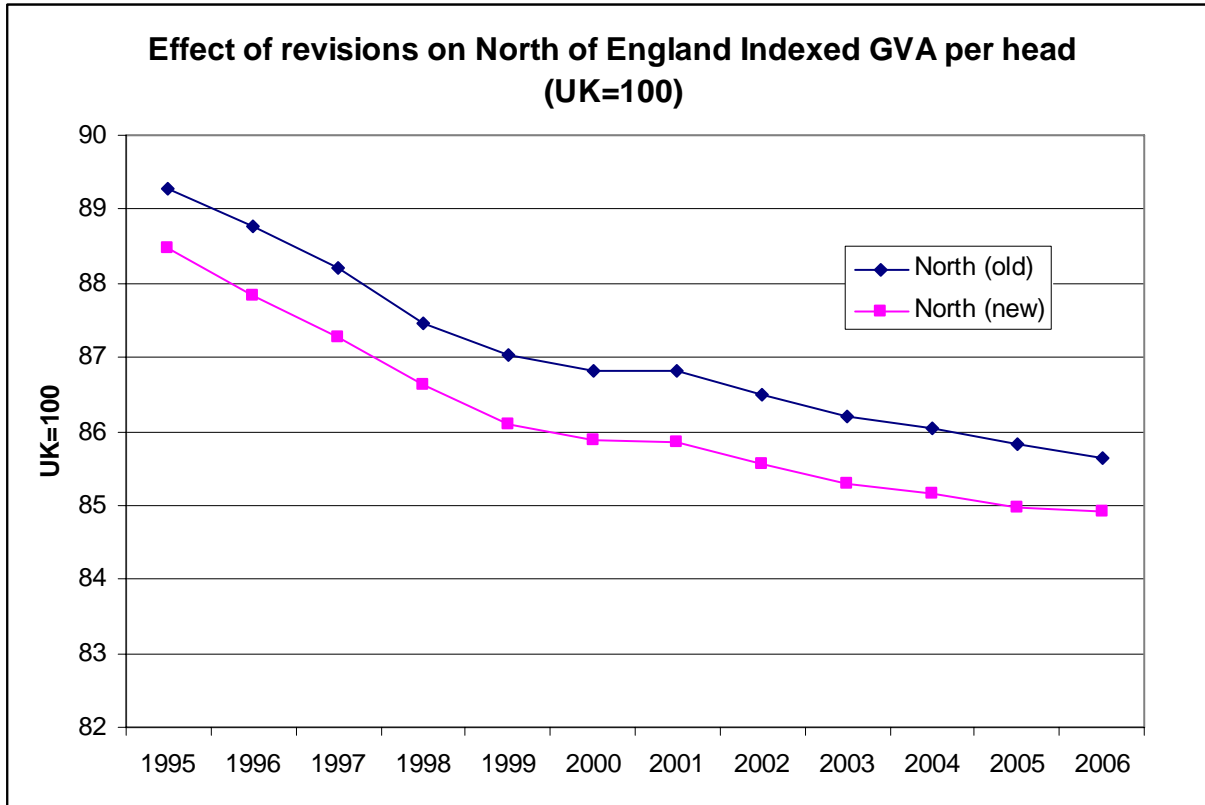
1 GVA at current basic prices

2 Figures may not sum to totals due to rounding

3 2006 and 2007 estimates are provisional

4 Excluding statistical discrepancy and Extra Regio

Chart 1: GVA Per Head Index Published in December 2008 compared to Previously Published Index (UK=100)



Revisions to Previously Published GVA for North of England

- In addition to the normal revisions to recent years arising from updated survey data underlying the estimates, GVA estimates for the North of England have been revised back to 1989 in line with new methodology for allocating FISIM introduced in the National Accounts for the 2008 Blue Book. The most significant revisions are seen in regions with the largest concentration of the financial services industries (primarily London and, to a lesser extent, Scotland and the South East). London's GVA has been increased in each year by between 6 and 9 per cent, although this only has a limited impact on year-on-year percentage increases. The smallest effects are seen in the East Midlands and Wales.
- The reinstatement of UK Supply & Use Table compilation and balancing for the years 2004 to 2006 using new IT systems and approaches has led to a reassessment of the UK levels of GVA with subsequent effects on the regional estimates. For 2006, GVA for the North of England has been revised up from £232.2bn to £234.1bn, an increase of £1.9bn or +0.8%; GVA per head has been revised from £15,594 to £16,086.
- Although the North of England's GVA and GVA per head for 2006 have been increased, as a result of revisions affecting the totals for the UK, the estimate of GVA per head in the North of England relative to the UK (Indexed GVA per head (UK=100)) has decreased from 85.6 to 84.9.
- The regions that have seen the largest upward revisions to their estimated GVA in 2006 are London (+£17.6bn), Scotland (+£2.3bn) and the North West (+£1.7bn). The regions with the largest downward revisions to their 2006 GVA are West Midlands (-£1.5bn), East Midlands (-£0.6bn) and the North East (-£0.5bn).

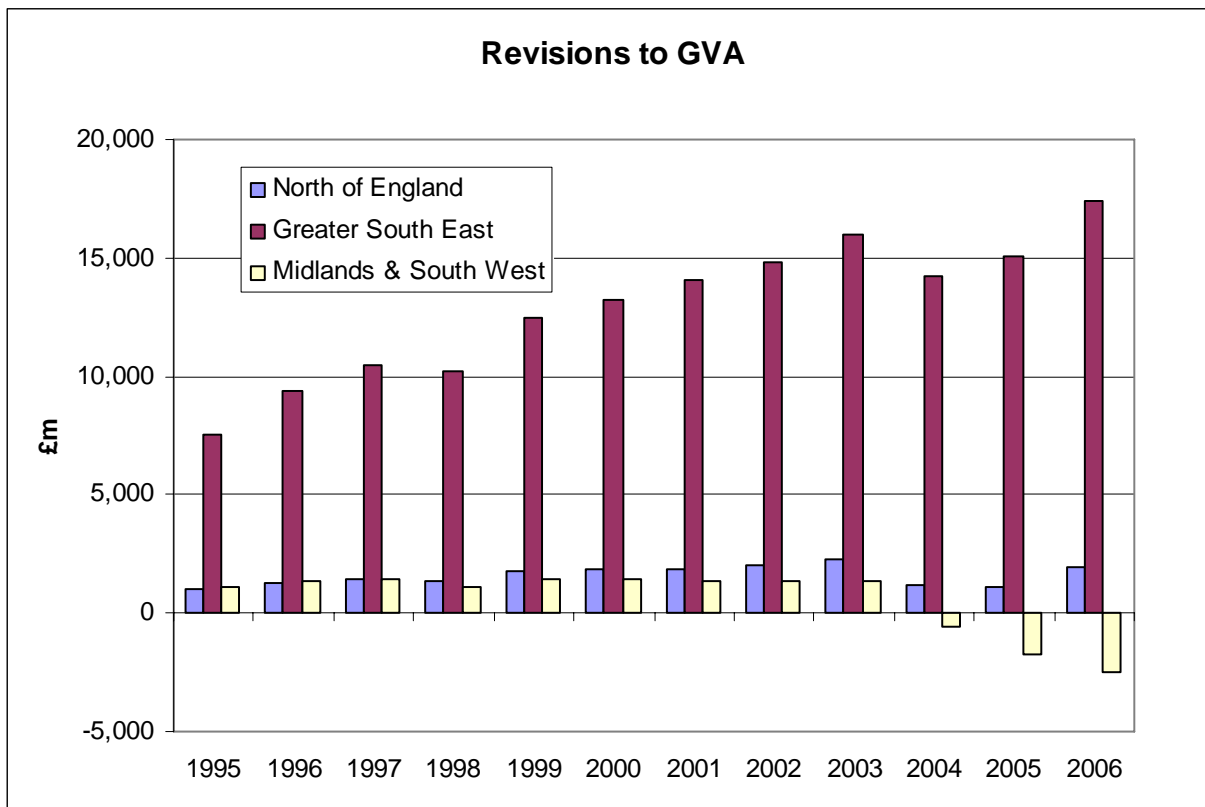
Table 2: Revisions to previously published GVA for the North of England

	Total GVA Released December 2007 £m	Total GVA Released December 2008 £m	Revision £m	Revision %	GVA per head Released December 2007 £	GVA per head Released December 2008 £	Revision £	Revision %
1995	139,467	140,471	1,004	0.7	9,705	9,774	70	0.7
1996	146,513	147,813	1,300	0.9	10,212	10,302	91	0.9
1997	153,901	155,355	1,454	0.9	10,747	10,849	102	0.9
1998	161,815	163,139	1,323	0.8	11,307	11,400	92	0.8
1999	167,643	169,427	1,784	1.1	11,740	11,865	125	1.1
2000	173,593	175,432	1,840	1.1	12,160	12,288	129	1.1
2001	182,236	184,118	1,881	1.0	12,753	12,885	132	1.0
2002	191,495	193,538	2,043	1.1	13,372	13,514	143	1.1
2003	202,454	204,749	2,296	1.1	14,089	14,249	160	1.1
2004	213,916	215,109	1,194	0.6	14,829	14,911	83	0.6
2005	221,777	222,852	1,075	0.5	15,298	15,372	74	0.5
2006	232,156	234,070	1,914	0.8	15,954	16,086	132	0.8

Notes

- 1 GVA at current basic prices
- 2 Figures may not sum to totals due to rounding
- 3 2006 estimates are provisional
- 4 Excluding statistical discrepancy and Extra Regio

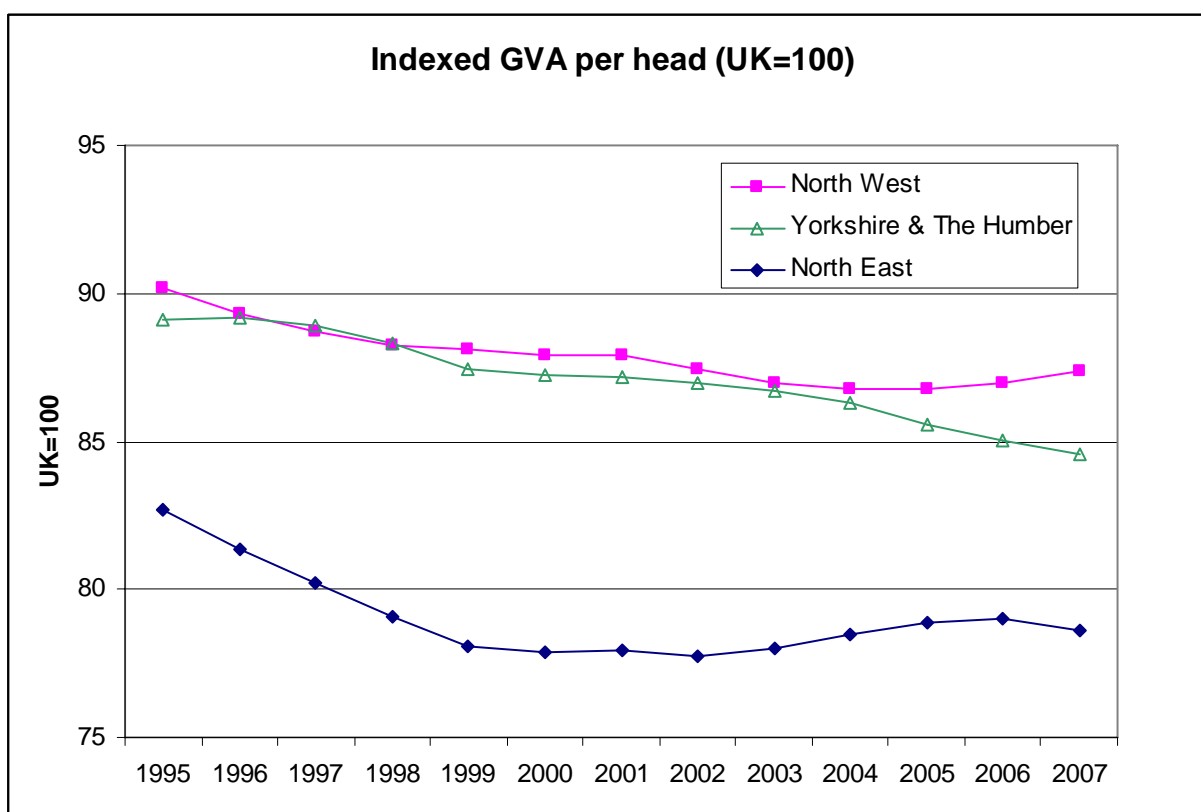
Chart 2: Revisions to GVA since December 2007 Release



Regional GVA 1995 - 2007 NUTS 1

- The North of England has three GORs: North East, North West and Yorkshire & The Humber.
- The North West is nearest to the UK average, with an Indexed GVA per head of 87.4 in 2007, an increase of +0.4 since 2006. Yorkshire & The Humber and the North East are both showing a slight decline in their Indexed GVA per head since 2006, falling by -0.5 and -0.4 respectively.

Chart 3: Headline GVA Per Head Indices



Regional GVA 1995 to 2006 NUTS 2

- The North of England contains, within the three GORS, eleven NUTS2 sub regions:
 - North East*
 - Tees Valley and Durham
 - Northumberland and Tyne & Wear
 - North West*
 - Cumbria
 - Cheshire
 - Greater Manchester
 - Lancashire
 - Merseyside
 - Yorkshire & The Humber*
 - East Riding and North Lincolnshire
 - North Yorkshire
 - South Yorkshire
 - West Yorkshire
- In 2006, the sub region with the highest relative GVA per head is Cheshire, the only NUTS 2 area in the North of England to exceed UK GVA per head, with an indexed GVA per head of 110.
- The sub region with the lowest GVA per head relative to the UK is Tees Valley & Durham with an index score of 71 in 2006.

Table 3A

**GVA¹ for NUTS 2 Regions of the North of England
1995 to 2006, £m**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tees Valley and Durham	10,529	10,887	11,229	11,547	11,797	12,038	12,409	12,824	13,513	14,263	14,801	15,483
Northumberland and Tyne & Wear	13,069	13,701	14,372	15,107	15,652	16,307	17,295	18,375	19,603	20,683	21,587	22,771
Cumbria	4,935	5,111	5,219	5,289	5,303	5,302	5,447	5,689	6,035	6,422	6,636	6,968
Cheshire	12,131	12,824	13,659	14,411	15,065	15,559	16,303	17,016	17,880	18,791	19,558	20,820
Greater Manchester	26,058	27,425	28,990	30,797	32,340	33,582	35,205	36,868	39,033	40,987	42,619	44,782
Lancashire	13,859	14,370	14,834	15,412	16,037	16,693	17,562	18,383	19,360	20,311	20,917	21,956
Merseyside	11,056	11,624	12,242	12,951	13,512	14,060	14,815	15,670	16,495	17,119	17,646	18,429
East Riding and North Lincolnshire	9,005	9,474	9,780	9,923	9,936	10,191	10,693	11,325	12,007	12,684	13,003	13,574
North Yorkshire	7,479	7,976	8,396	8,824	9,196	9,613	10,188	10,858	11,554	12,177	12,369	12,880
South Yorkshire	10,576	11,237	11,923	12,624	13,051	13,542	14,267	15,163	16,188	17,147	17,909	18,789
West Yorkshire	21,775	23,183	24,712	26,254	27,539	28,546	29,933	31,366	33,081	34,527	35,810	37,621

Notes

1 Headline GVA at current basic prices

Table 3B**GVA¹ per head for NUTS 2 Regions of the North of England
1995 to 2006, £**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tees Valley and Durham	9,112	9,438	9,757	10,043	10,282	10,495	10,829	11,188	11,774	12,403	12,827	13,368
Northumberland and Tyne & Wear	9,157	9,629	10,141	10,705	11,157	11,677	12,405	13,175	14,064	14,856	15,466	16,295
Cumbria	10,137	10,499	10,690	10,815	10,863	10,874	11,167	11,646	12,288	12,988	13,389	14,044
Cheshire	12,435	13,119	13,942	14,675	15,366	15,842	16,567	17,273	18,076	18,924	19,619	20,822
Greater Manchester	10,258	10,834	11,495	12,212	12,856	13,346	13,992	14,641	15,442	16,178	16,757	17,535
Lancashire	9,796	10,176	10,508	10,910	11,367	11,804	12,392	12,928	13,531	14,109	14,460	15,145
Merseyside	7,837	8,292	8,789	9,340	9,804	10,232	10,831	11,485	12,115	12,595	13,000	13,615
East Riding and North Lincolnshire	10,201	10,764	11,136	11,319	11,356	11,661	12,211	12,853	13,517	14,160	14,429	14,999
North Yorkshire	10,318	10,954	11,494	12,016	12,441	12,909	13,558	14,354	15,156	15,810	15,918	16,443
South Yorkshire	8,261	8,789	9,343	9,912	10,277	10,694	11,265	11,938	12,712	13,404	13,908	14,533
West Yorkshire	10,506	11,177	11,922	12,664	13,289	13,766	14,369	14,979	15,727	16,296	16,721	17,407

Notes

1 Headline GVA at current basic prices.

Table 3C**GVA¹ per head indices (UK²=100) for NUTS 2 Regions of the North of England
1995 to 2006**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tees Valley and Durham	82	80	78	76	75	73	72	71	70	71	71	71
Northumberland and Tyne & Wear	83	82	82	81	81	82	83	83	84	85	85	86
Cumbria	92	90	86	82	79	76	74	74	74	74	74	74
Cheshire	113	112	112	112	112	111	110	109	108	108	108	110
Greater Manchester	93	92	92	93	93	93	93	93	92	92	93	93
Lancashire	89	87	85	83	82	83	83	82	81	81	80	80
Merseyside	71	71	71	71	71	72	72	73	73	72	72	72
East Riding and North Lincolnshire	92	92	90	86	82	82	81	81	81	81	80	79
North Yorkshire	93	93	92	91	90	90	90	91	91	90	88	87
South Yorkshire	75	75	75	75	75	75	75	76	76	77	77	77
West Yorkshire	95	95	96	96	96	96	96	95	94	93	92	92

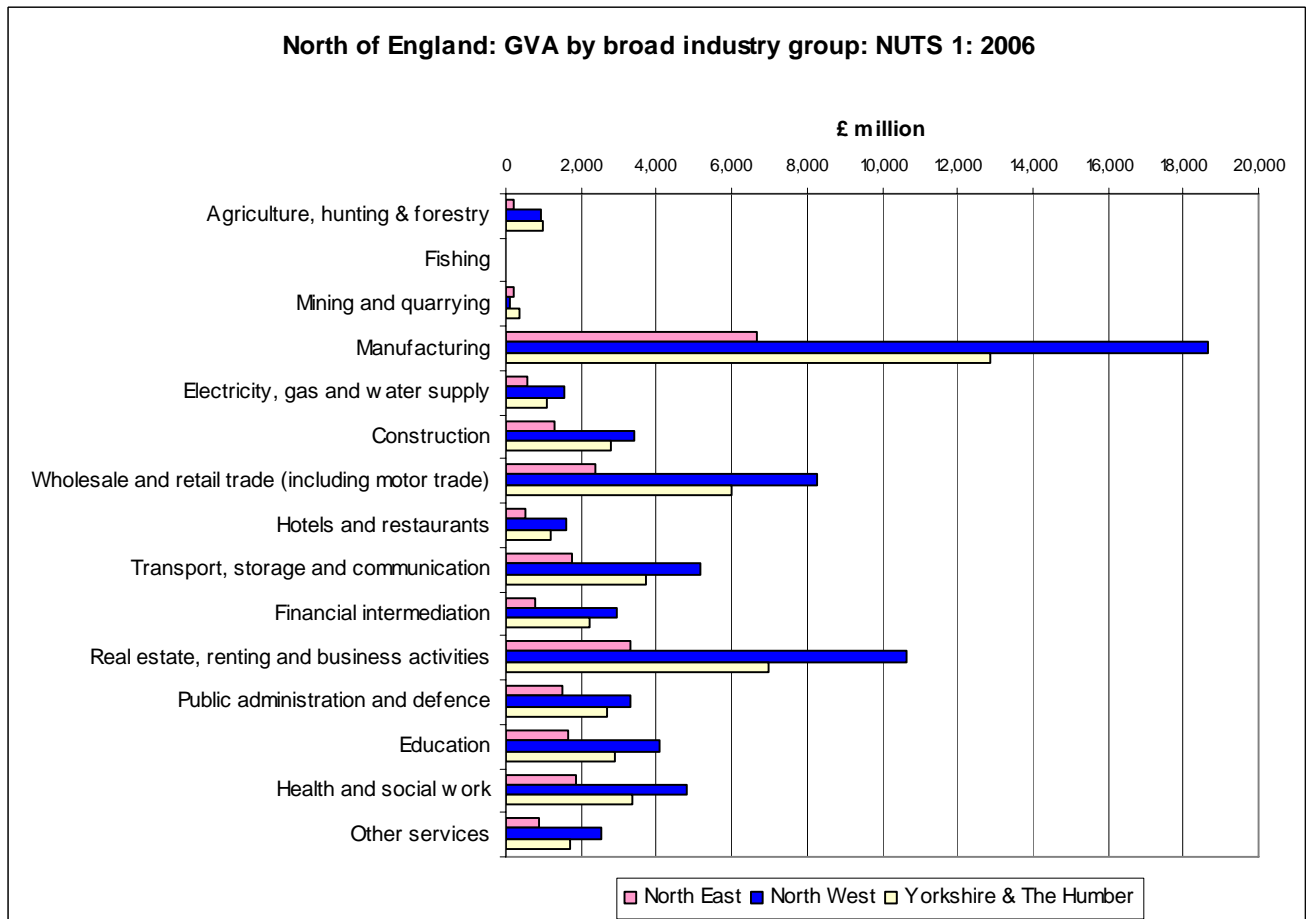
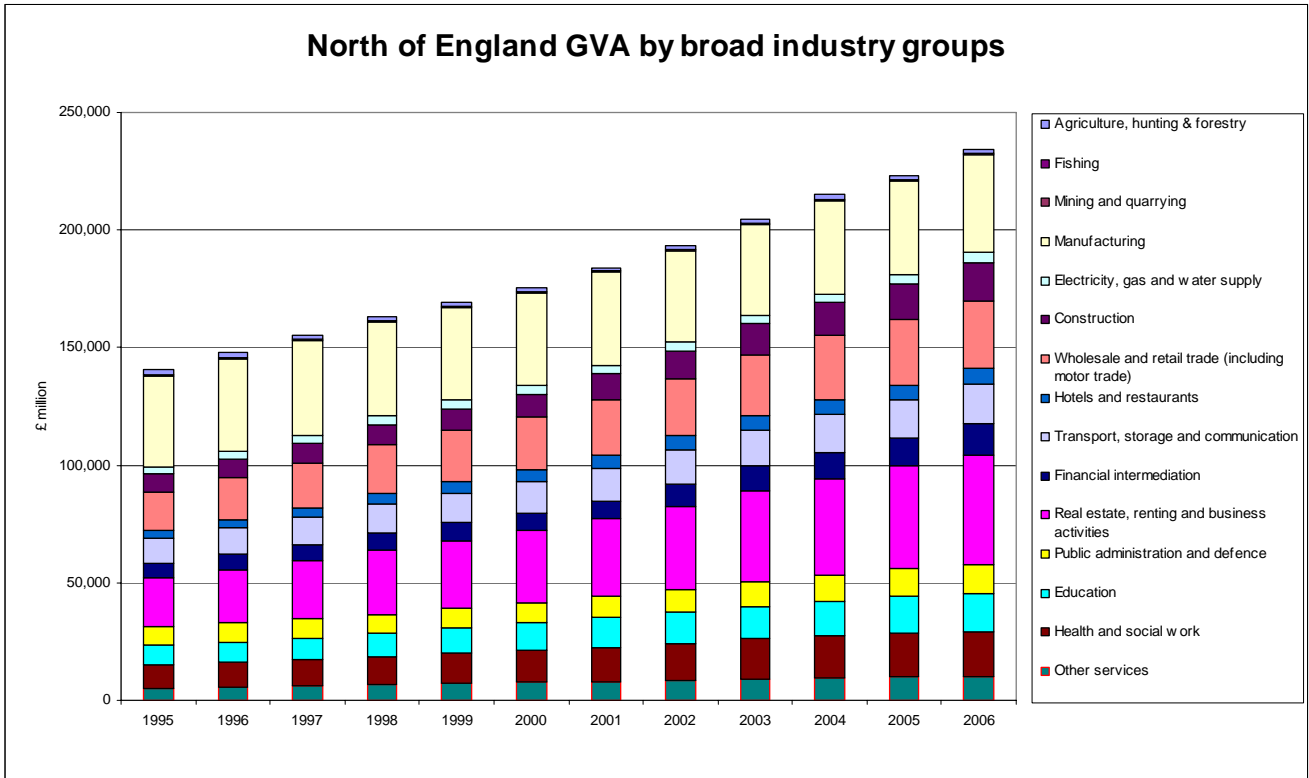
Notes

1 Headline GVA at current basic prices.

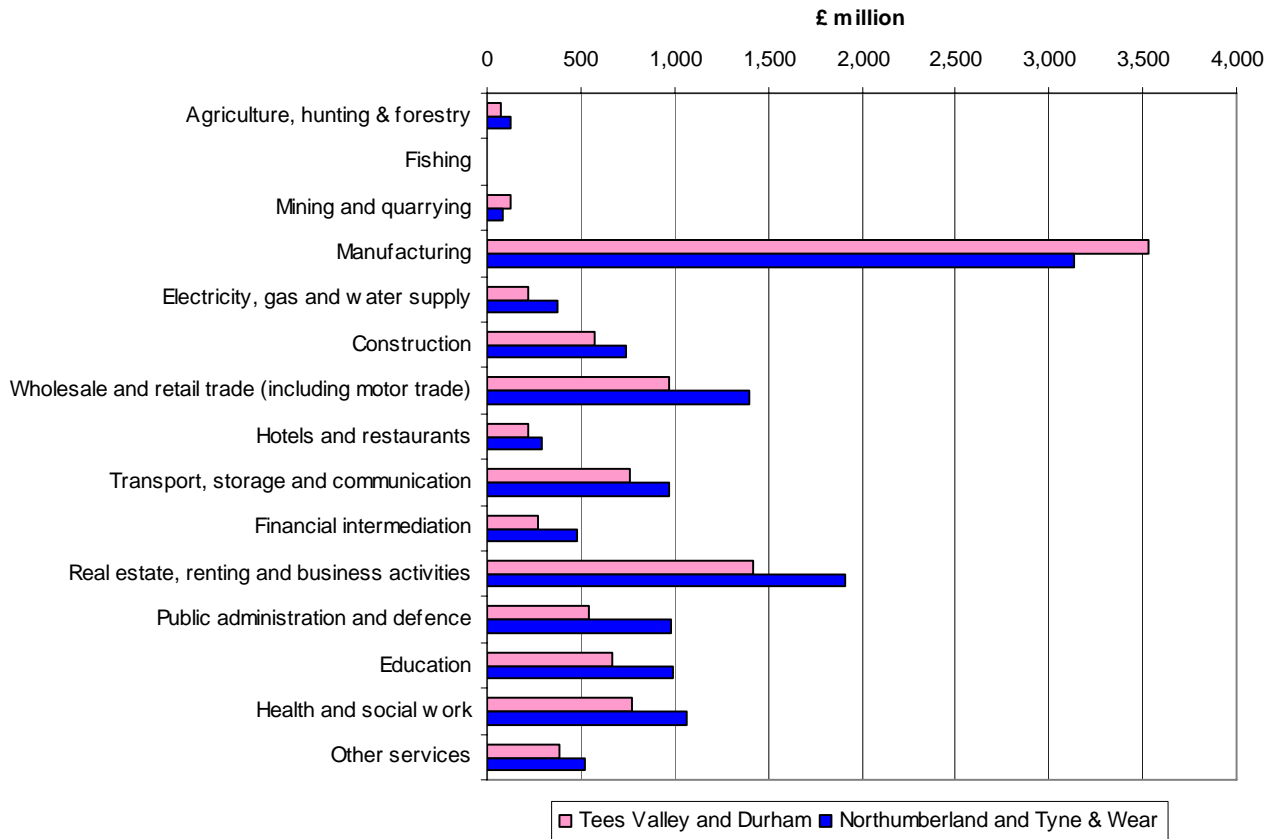
2 Excluding Extra Regio

Regional GVA by Industry

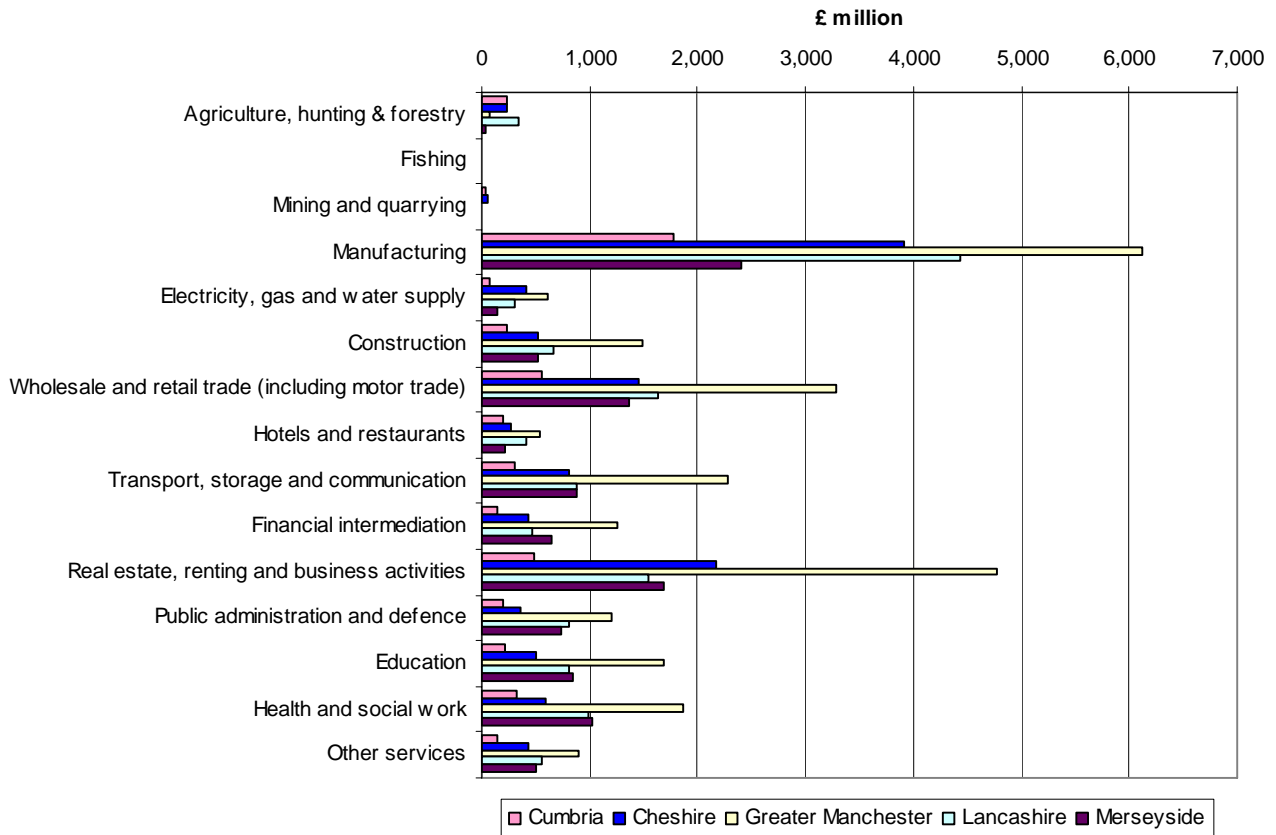
Industry estimates of GVA have been reinstated for this release. Data are available for the years 1989 to 2006 for 31 industries at NUTS 1; 17 industries at NUTS 2; and 6 industries at NUTS 3. The industry groupings are based on the Standard Industrial Classification (2003) and are comparable with those used in the UK National Accounts (Blue Book) Chapter 2.



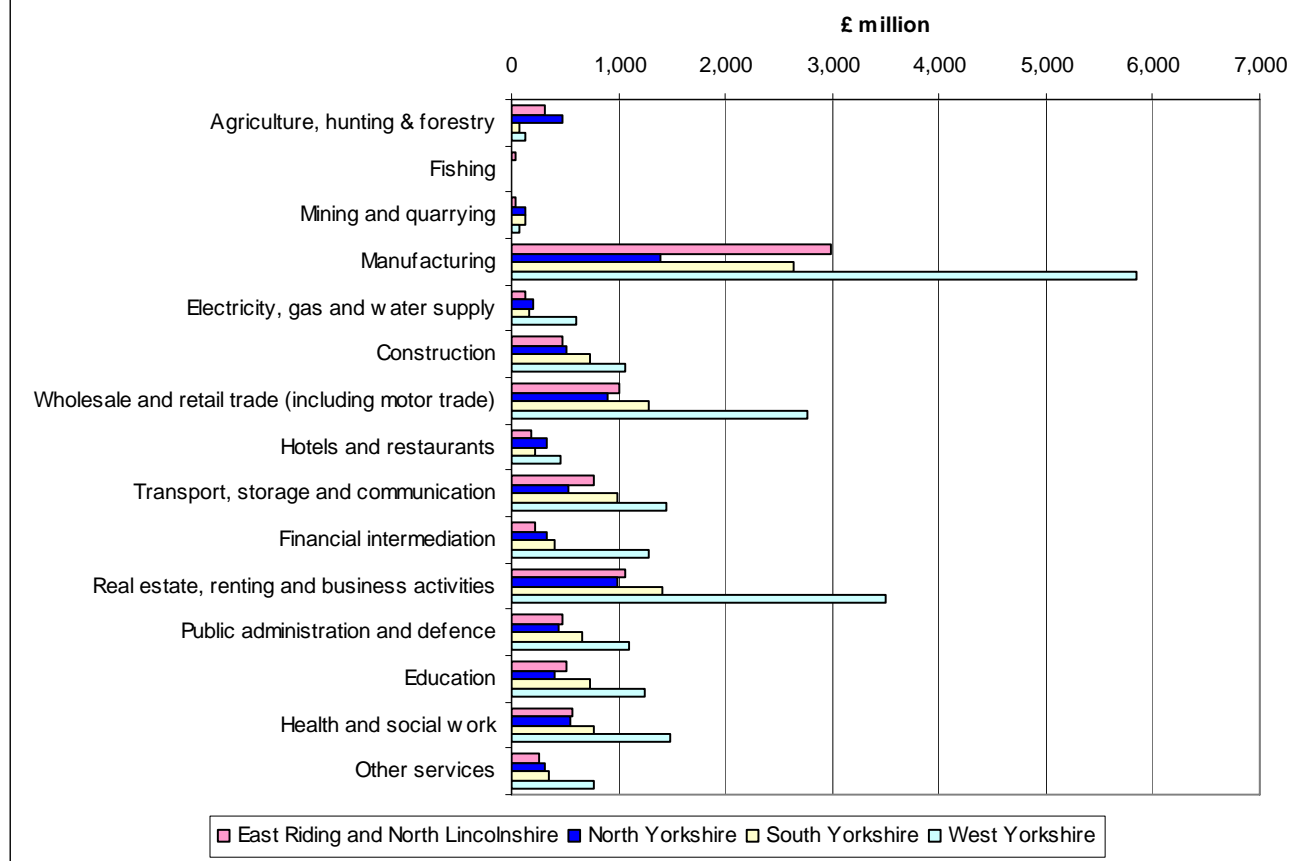
North East: GVA by broad industry group: NUTS 2: 2006



North West: GVA by broad industry group: NUTS 2: 2006



Yorkshire & The Humber: GVA by broad industry group: NUTS 2: 2006



Sources and Contacts

The latest regional Gross Value Added (GVA) data can be found 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 (also available as Excel files).

Pete Lee

Head of Regional Accounts Branch

National Accounts Co-ordination Division

Office for National Statistics

0207-014-2093

0791-789-4697

Email: Pete.Lee@ons.gov.uk

This briefing note has been issued by the ONS Regional Teams for the North East, North West and Yorkshire & The Humber. Their contact details are:

North East

Allan Worthy
Regional Statistician
Tel: 0191 229 6883
Email: Allan.Worthy@ons.gov.uk

Ian Gouldson
Regional Analyst
Tel: 0191 229 6435
Email: Ian.Gouldson@ons.gov.uk

North West

Gary Wainman
Regional Statistician
Tel: 0192 540 0310
Email: Gary.Wainman@ons.gov.uk

Rachel Young
Regional Analyst
Tel: 0192 540 0252
Email: Rachel.Young@ons.gov.uk

Yorkshire & The Humber

Ian Kay
Regional Statistician
Tel: 0113 394 9940
Email: Ian.Kay@ons.gov.uk

Keith Tyrrell
Regional Analyst
Tel: 01113 394 5787
Email: Keith.Tyrrell@ons.gov.uk

Notes and Definitions

Definition of Gross Value Added

Gross Value Added (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). 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.

Extra Regio is offshore economic activity and the contribution of UK embassies abroad and UK forces stationed overseas, which cannot be allocated to specific regions.

Geographical Units & NUTS Levels

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: 12 areas: Nine Government Office Regions in England plus Wales, Scotland and Northern Ireland.

NUTS2: 37 areas – mainly groups of counties and unitary authorities; can be referred to as sub-regions

NUTS3: 133 areas – principally individual counties and unitary authorities; also known as local areas.

Industry Breakdowns of GVA

Estimates of regional GVA by industry have been reinstated in this release, following their suspension in 2007. Estimates are shown for the years 1995 to 2006 for 31 industries at NUTS1, for 17 industries at NUTS2 and for an expanded six industries (previously three) at NUTS3.

There have been two significant revisions since the last publication of industry GVA in 2006; the incorporation of an improved method for estimating investment in own-account software, implemented in 2007 (see previous briefing), and the introduction this year of the new treatment of financial intermediation services indirectly measured (FISIM). The new treatment includes the allocation of part of FISIM to final demand (mainly households) and the balance of FISIM across industries, which has the effect of reducing GVA for individual industries but increasing total GVA. For a full explanation of the new methodology, see Meader, R; Tily, G (2008); Overview of National Accounts and Balance of Payments: Blue Book and Pink Book 2008, *Economic and Labour Market Review*, Vol.2 No.10, October 2008.

www.statistics.gov.uk/cci/article.asp?ID=2055

In addition, the years 2004 to 2006 have been balanced through UK Supply & Use Tables using new IT systems and processes. As a result of the implementation of these changes, the estimates published in 2006 cannot be compared directly to those contained in the current release.

Productivity Measures

When making comparisons between regions, especially at lower geographical levels, GVA per head can be distorted by the effects of demographic differences and commuting. Therefore the measure of regional and sub regional productivity preferred by ONS is GVA per job or per hour worked. See Dey-Chowdhury, S; Penny, D; Walker, M; Wosnitza, B (2008); Regional economic indicators, *Economic and Labour Market Review*, Vol.2 No.1, February 2008.

www.statistics.gov.uk/CCI/article.asp?ID=1945

For further guidance on the uses of regional GVA please see the ONS Productivity Handbook:

www.statistics.gov.uk/about/data/guides/productivity/ch11.asp

National Statistics

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.