

Release of Regional and Sub Regional GVA Estimates: 9th December 2009
West Midlands**Summary**

The 2008 Regional and 2007 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 up to 2007 are also published in this release. All estimates in this release are in current price terms on a workplace basis and not adjusted for inflation (see Notes & Definitions).

Regional GVA – 2008

- Regional GVA for the West Midlands in 2008 totalled £94.5bn, compared to the revised total of £91.7bn in 2007, an annual increase of £2.8bn or 3.0 per cent. The increase in GVA for the UK (excluding Extra Regio) was 3.5 per cent, and for England was also 3.5 per cent.
- GVA per head in the West Midlands rose from £17,000 in 2007 to £17,500 in 2008, an increase of 2.5 per cent. The increase in GVA per head for the UK (excluding Extra Regio) was 2.9 per cent. The increase in GVA per head for England was 2.7 per cent.
- Indexed GVA per head (where UK=100) for the West Midlands in 2008 was 85.1, a marginal decrease from the revised 2007 index value of 85.4. The previous estimate for 2007 was 86.0 (released in December 2008).
- The Output Gap deficit between the West Midlands and UK (excluding Extra Regio) increased by 5.7 per cent from £15.6bn in 2007 to £16.5bn in 2008. Between the West Midlands and England it increased by 4.8 per cent from £18.4bn in 2007 to £19.3bn in 2008. A definition of the Output Gap statistic can be found in the appendix.

Comparisons with other regions (2007 to 2008)

- The region with the highest annual percentage increase in GVA was Scotland (4.7 per cent), followed by London (4.1 per cent) and the North West and South West (both with 3.6 per cent). The lowest increases in GVA were in Wales, Northern Ireland, West Midlands and South East (all with 3.0 per cent).
- In 2008, the West Midlands produced 7.5 per cent of total UK GVA (excluding Extra Regio), and 8.7 per cent of the total GVA in England.

Sub regional GVA (2006 to 2007)

- At NUTS2 level, total GVA in Herefordshire, Worcestershire, and Warwickshire increased from £20.9bn in 2006 to £22.0bn in 2007 (5.0 per cent). In Shropshire and Staffordshire total GVA increased from £21.9bn to £23.0bn (4.9 per cent). In the West Midlands (metropolitan) total GVA increased from £44.7bn to £46.8bn (4.7 per cent).
- At NUTS3 level, the greatest increase in total GVA in percentage terms was in Warwickshire (6.0 per cent) and the smallest was in Stoke-on-Trent (3.6 per cent).
- In index terms the NUTS3 sub region with the highest GVA per head (where UK=100) is Solihull at 113.2, and the sub region with the lowest is Shropshire at 70.6.

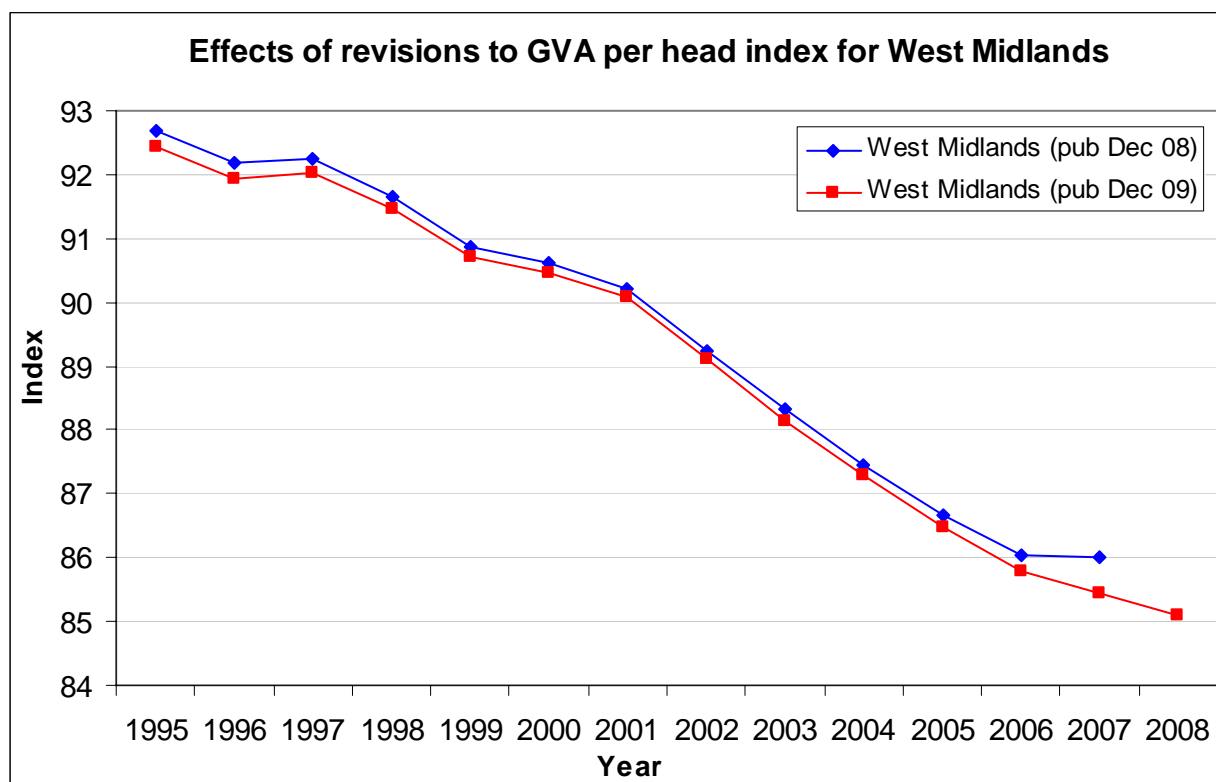
Table 1: Regional GVA 2008

	Total GVA 2008	Increase on 2007	Total GVA per head 2008	Increase on 2007	GVA per head index, 2008
	£m	%	£	%	(UK4=100)
North East	40,916	3.2	15,887	2.8	77.4
North West	120,702	3.6	17,555	3.5	85.6
Yorkshire & The Humber	89,122	3.3	17,096	2.5	83.3
East Midlands	79,977	3.2	18,041	2.4	87.9
West Midlands	94,494	3.0	17,463	2.5	85.1
East of England	111,555	3.3	19,473	2.0	94.9
London	265,063	4.1	34,786	3.2	169.5
South East	181,750	3.0	21,688	2.1	105.7
South West	97,840	3.6	18,782	3.0	91.5
England	1,081,418	3.5	21,020	2.7	102.4
Wales	45,610	3.0	15,237	2.6	74.3
Scotland	103,814	4.7	20,086	4.2	97.9
Northern Ireland	28,734	3.0	16,188	2.1	78.9
UK	1,259,576	3.5	20,520	2.9	100

Notes

- 1 GVA at current basic prices on a workplace basis
- 2 Figures may not sum to totals due to rounding
- 3 2008 estimates are provisional
- 4 Excluding Extra Regio

Chart 1: GVA per head index published in December 2009 compared to previously published index (UK=100)



Revisions to previously published headline GVA for West Midlands

- There have been no significant methodological changes this year. In line with National Accounts revisions policy, there are no revisions at the UK level for the years 2003 and earlier. However, as more data has become available, there have been improvements to the allocation to regions leading to minor changes.
- In this year's data release, indexed GVA per head (UK=100) for the West Midlands for 2007 have been revised down from 86.0 to 85.4. GVA per head was revised down from £17,200 to £17,000, and total GVA for the West Midlands was revised downwards by £629m.
- View last year's briefing (available on request) for a note of the significant changes back to 1989 caused by the introduction of new methodology for allocating Financial Intermediation Services Indirectly Measured (FISIM) and the reinstatement of UK Supply & Use Table compilation and balancing in the National Accounts for the 2008 Blue Book. Estimates of regional GVA published here are not directly comparable with those published in December 2007 and earlier.

Table 2: Revisions to published headline GVA

Year	GVA published December 2008 £m	GVA published December 2009 £m	Revision £m	Revision %
1995	53,822	53,675	-147	-0.3
1996	56,899	56,745	-154	-0.3
1997	60,336	60,194	-142	-0.2
1998	63,585	63,453	-132	-0.2
1999	66,015	65,892	-122	-0.2
2000	68,325	68,212	-113	-0.2
2001	71,474	71,388	-86	-0.1
2002	74,644	74,531	-113	-0.2
2003	78,380	78,238	-142	-0.2
2004	81,564	81,582	18	0.0
2005	83,913	83,849	-64	-0.1
2006	87,491	87,510	18	0.0
2007	92,356	91,727	-629	-0.7

Notes

1 GVA at current basic prices on a workplace basis

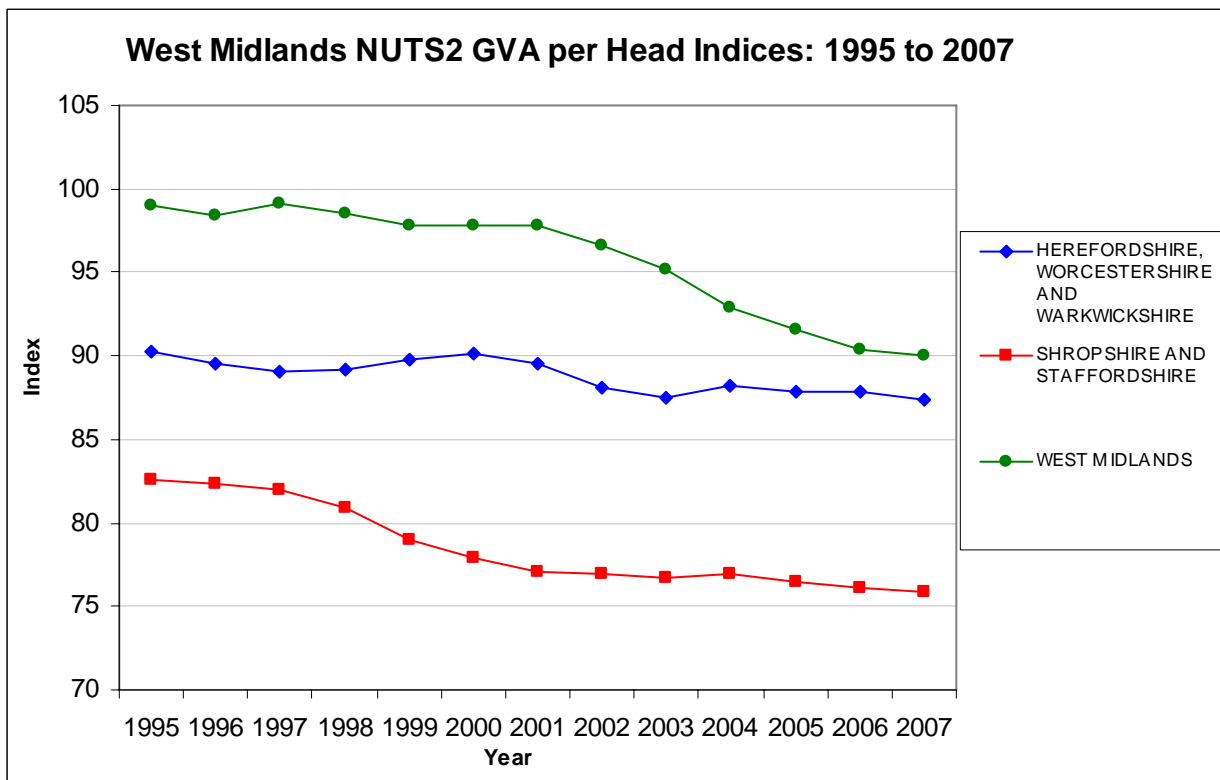
2 Figures may not sum due to rounding

Sub regional GVA per head indices 1995 – 2007

NUTS2 Geography

- The West Midlands has three NUTS2 sub regions; Herefordshire, Worcestershire, and Warwickshire; Shropshire and Staffordshire; West Midlands (metropolitan).
- West Midlands (metropolitan) GVA per head index was marginally below the UK average at 99.0 in 1995. From 2001 its relative position has declined markedly, having recorded the largest falls in indexed GVA per head of the three NUTS2 sub regions, dropping to 90.0 by 2007.
- The GVA per head index for Herefordshire, Worcestershire, and Warwickshire has fallen slightly between 1995 and 2007, from 90.3 to 87.4. The index has remained relatively stable between 2004 and 2007.
- The GVA per head index for Shropshire and Staffordshire has consistently been significantly below the UK average, and declined from 82.5 in 1995 to 75.9 in 2007.
- For 2007, West Midlands (metropolitan) ranks 15th out of the 37 UK NUTS2 regions in terms of GVA per head; Herefordshire, Worcestershire & Warwickshire ranks 18th; Shropshire and Staffordshire ranks 30th.

Chart 2: Headline GVA per head indices at NUTS2 level



NUTS3 Geography

The West Midlands comprises twelve NUTS3 sub regions:

Herefordshire
Warwickshire
Worcestershire
Shropshire
Staffordshire
Telford and Wrekin
Stoke-on-Trent
Birmingham
Solihull
Coventry
Dudley and Sandwell
Walsall and Wolverhampton

- For 2007, the sub region with the highest relative GVA per head is Solihull with an index value of 113.2 (UK=100), unchanged on 2006, although down from its peak of 119.5 in 2002. Solihull is the only NUTS3 area within the West Midlands with GVA per head above the UK average in 2007. GVA per head for Solihull was £22,600, above the regional average by 33 per cent in 2007, and it was ranked 17th highest among the 133 UK NUTS3 sub regions.
- The sub region with the lowest GVA per head is Shropshire with an index score of 70.6 in 2007, down from 71.4 in 2006. GVA per head for Shropshire was £14,100, below the regional average by 17 per cent in 2007, and it was ranked 97th among the UK NUTS3 sub regions.
- Telford & Wrekin recorded a marginal increase in relative GVA per head in 2007, with an index value of 94.2, compared to 93.9 in 2006. GVA per head in the sub region has been relatively stable from 2005 onwards, following a decline in performance in which indexed GVA per head fell from a high of 110.2 in 1995 to 92.8 in 2004. In 2007, GVA per head for Telford & Wrekin was £18,800, a 5.3 per cent increase on 2006, and it was ranked 45th among the UK NUTS3 sub regions.
- In 2007, Birmingham saw a further marginal annual fall in relative GVA per head with an indexed value of 97.0 in 2007, which continued the decline from a peak value of 104.6 recorded in 2001.
- Similarly, Coventry experienced a marginal annual fall in relative GVA per head, with an indexed value of 94.5 in 2007 standing in stark contrast to the peak indexed GVA per head of 115.1 recorded in 1997.
- In 2007, Birmingham recorded the largest share of the total West Midlands regional GVA, contributing 21.3 per cent. Staffordshire contributed the second largest share at 13.4 per cent, followed by Warwickshire at 11.3 per cent. Herefordshire recorded the smallest share of regional GVA, contributing 3.0 per cent.

Table 3: GVA per head indices (UK=100) at sub regional level in West Midlands: NUTS3 1995 to 2007

NUTS 3 area	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Solihull	100.0	100.9	100.8	104.3	107.0	112.2	116.7	119.5	119.1	116.2	114.3	113.2	113.2
Birmingham	101.8	101.4	102.6	102.9	103.2	103.8	104.6	103.5	102.3	99.8	98.5	97.3	97.0
Warwickshire	97.1	98.0	99.4	99.9	99.5	99.2	98.0	96.3	95.1	95.9	96.8	98.2	98.4
Coventry	110.5	110.5	115.1	114.4	112.8	109.7	105.7	101.6	98.6	96.5	95.6	94.7	94.5
Telford and Wrekin	110.2	109.3	107.0	103.9	100.9	97.9	95.0	93.8	93.0	92.8	93.4	93.9	94.2
Worcestershire	85.2	83.2	81.7	82.3	83.9	85.1	84.8	83.4	83.2	84.0	83.1	81.8	80.6
Walsall and Wolverhampton	92.7	91.2	90.7	88.9	87.4	87.0	86.6	85.0	83.7	82.7	82.0	80.9	80.5
Dudley and Sandwell	93.4	92.5	91.6	89.3	87.0	86.1	85.6	84.4	82.6	80.1	78.2	76.5	75.8
Stoke-on-Trent	95.2	94.0	92.5	89.7	85.0	82.5	81.0	80.3	79.7	78.7	77.7	76.0	75.2
Herefordshire	85.9	84.4	81.8	79.4	79.9	79.9	80.2	78.9	78.2	78.5	76.5	76.0	76.1
Staffordshire	75.4	75.9	76.1	76.1	75.0	74.6	74.1	74.0	73.8	74.3	74.2	74.4	74.4
Shropshire	77.0	76.1	75.7	74.4	73.1	72.6	72.5	73.3	73.4	74.1	72.5	71.4	70.6

Notes

1 GVA per head indexed to UK=100

2 GVA per head is shown on a workplace basis at NUTS 3 level

3 UK excludes Extra Regio

4 GVA per head can be distorted by the effects of commuting, especially for smaller areas (see Notes & Definitions)

Table 4: Sub regional GVA in West Midlands: 2007

	Total GVA 2007	Increase on 2006	Total GVA per head 2007	Increase on 2006	GVA per head index 2007	Share of West Mids region total GVA
	£m	%	£	%	(UK=100)	%
Solihull	4,597	5.2	22,581	4.9	113.2	5.0
Birmingham	19,556	5.1	19,358	4.7	97.0	21.3
Coventry	5,781	4.8	18,848	4.7	94.5	6.3
Walsall and Wolverhampton	7,873	4.2	16,053	4.3	80.5	8.6
Dudley and Sandwell	8,963	4.0	15,117	3.9	75.8	9.8
West Midlands (metropolitan)	46,771	4.7	17,962	4.5	90.0	51.0
Telford and Wrekin	3,038	5.1	18,792	5.3	94.2	3.3
Staffordshire	12,262	5.4	14,848	5.0	74.4	13.4
Shropshire	4,099	4.4	14,093	3.8	70.6	4.5
Stoke-on-Trent	3,586	3.6	15,005	3.9	75.2	3.9
Shropshire & Staffordshire	22,985	4.9	15,148	4.6	75.9	25.1
Warwickshire	10,335	6.0	19,623	5.1	98.4	11.3
Worcestershire	8,928	3.8	16,074	3.4	80.6	9.7
Herefordshire	2,708	5.3	15,176	5.0	76.1	3.0
Herefordshire, Worcestershire & Warwickshire	21,971	5.0	17,430	4.4	87.4	24.0
WEST MIDLANDS GOR	91,727	4.8	17,044	4.5	85.4	100.0
ENGLAND	1,045,257	5.6	20,458	4.9	102.6	-
UK (excluding Extra Regio)	1,216,524	5.6	19,951	4.9	100.0	-

Notes

1 GVA at current basic prices on a workplace basis

2 Figures may not sum to totals due to rounding

Chart 3a: Headline GVA per head indices at NUTS3 level excluding shire counties: 1995 to 2007

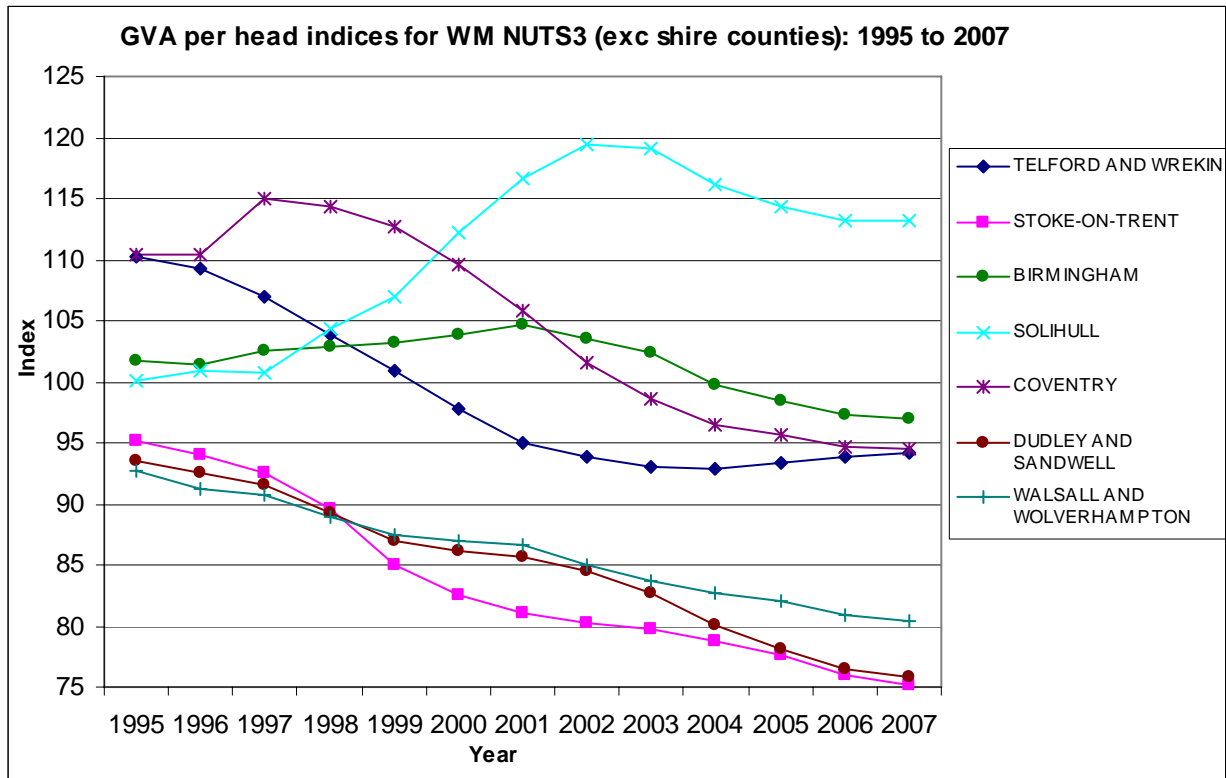
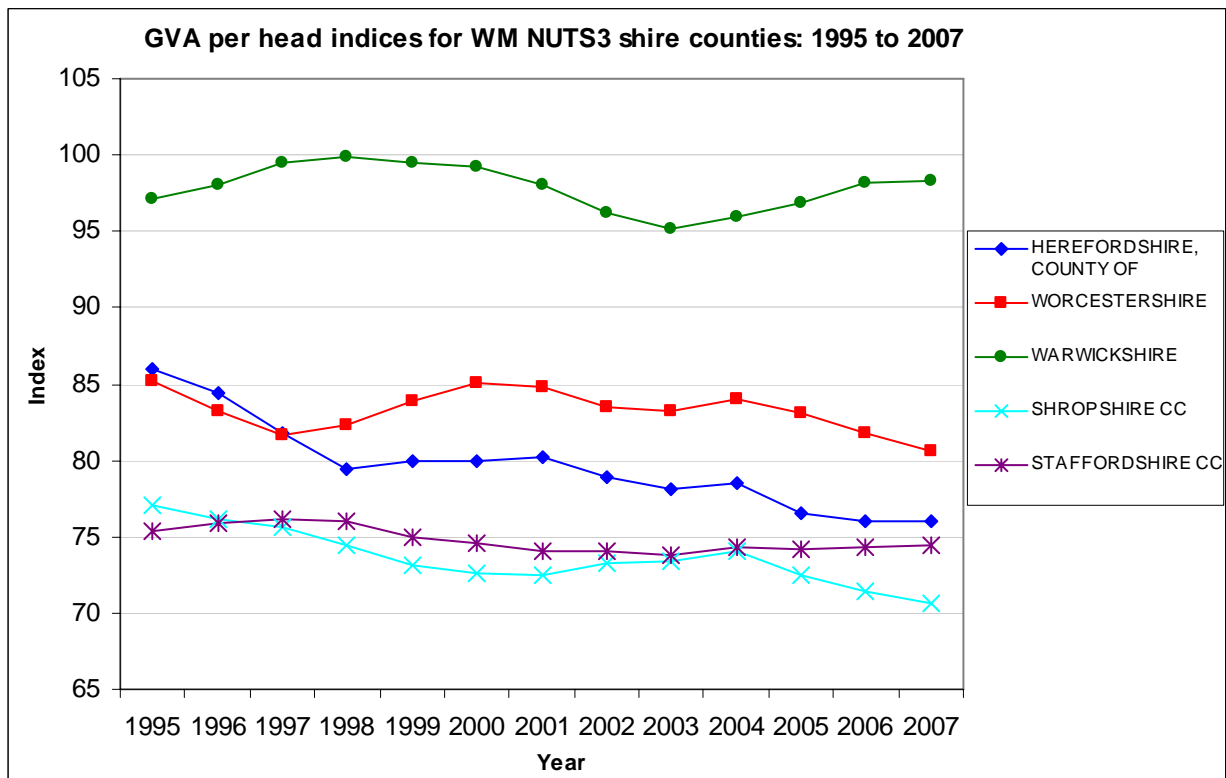


Chart 3b: Headline GVA per head indices at NUTS3 level for WM shire counties: 1995 to 2007



Regional GVA by industry

Data are available for the years 1989 to 2007 for 31 industries at NUTS1; and for the years 1995 to 2007 for 17 industries at NUTS2; and 6 industries at NUTS3. 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.

- In 1995 the largest percentage of the total GVA in the West Midlands (29.5 per cent) was contributed by the Manufacturing (D) sector and the second largest contribution was by Real estate, renting and business activities (K) 15.7 per cent.
- By 2007 these positions had reversed – the largest sector was Real estate, renting and business activities (K) with 21.7 per cent of total GVA in the West Midlands, whereas Manufacturing (D) contributed 16.1 per cent.

Chart 4 illustrates the change in GVA for each of the 31 industrial sectors between 2006 and 2007 in the West Midlands region

- It indicates that the increase in total GVA in the region over the period was driven by growth in Real Estate, Renting & Business Activities (K); Construction (F); Wholesale and Retail Trade (G); and Financial Intermediation (J). It also shows that GVA declined for the Manufacture of transport equipment (DM) between 2006 and 2007

Chart 4: NUTS1 – West Midlands – year-on-year change by industry

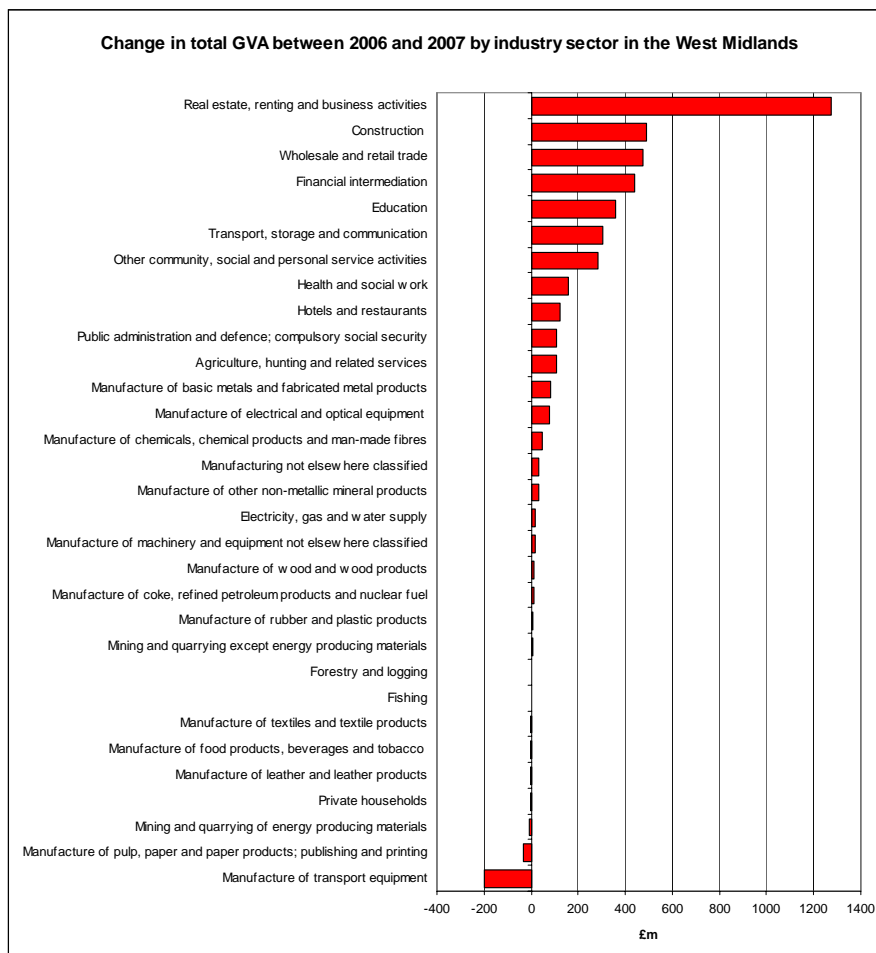


Chart 5: NUTS2 – GVA by broad industry group - 2007

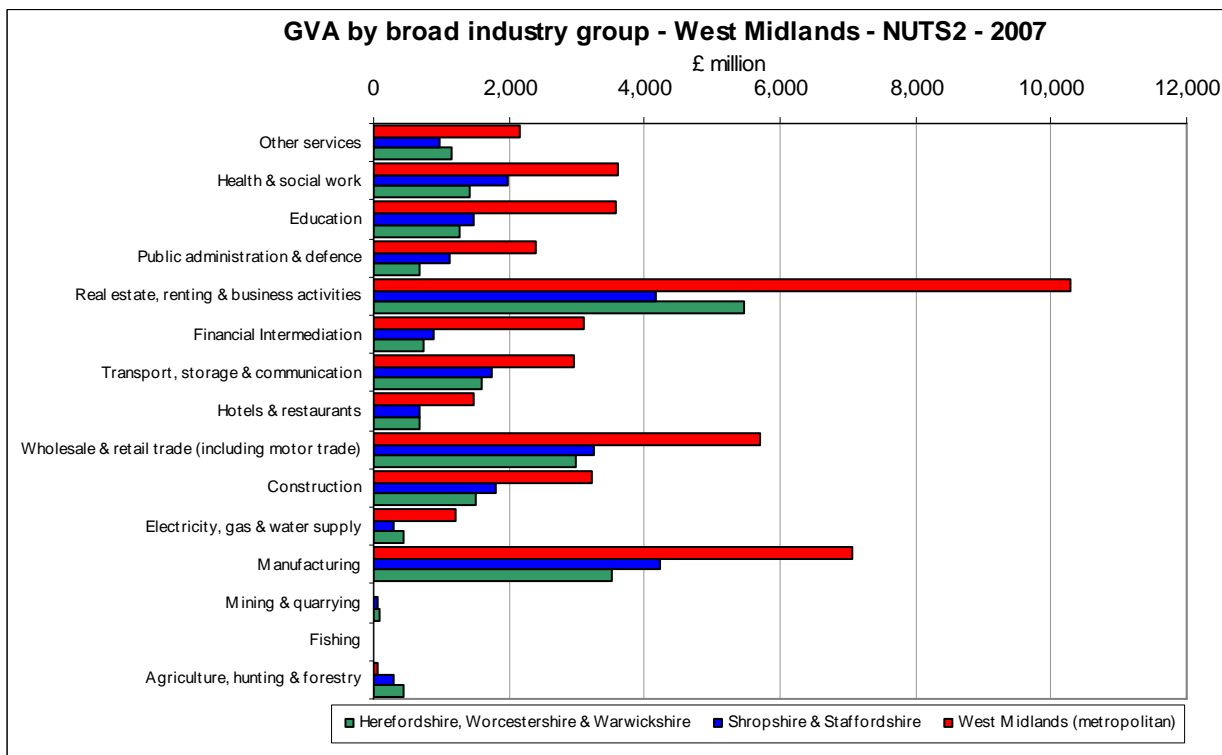


Chart 6: NUTS3 – Industries AB – Agriculture, forestry & fishing

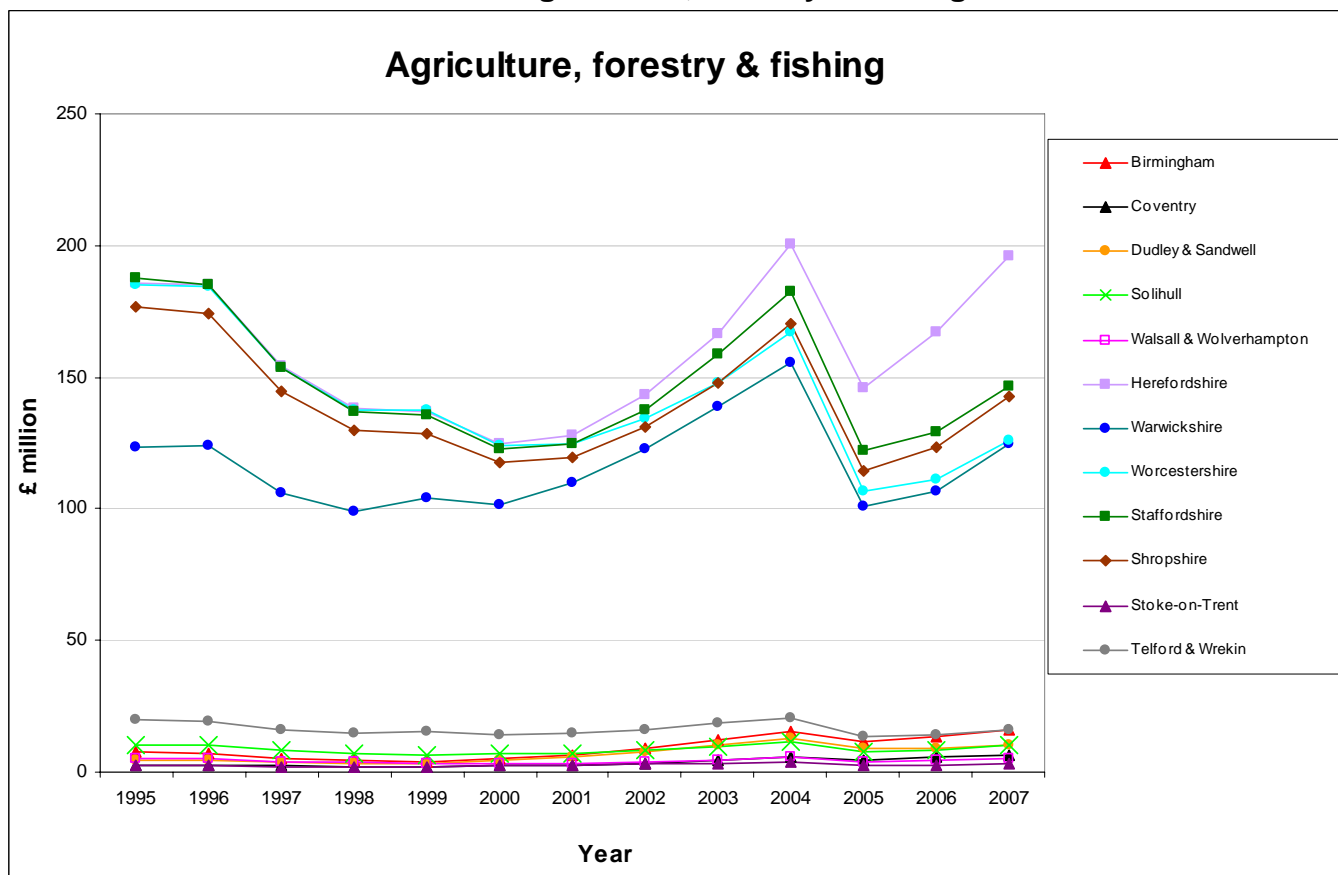


Chart 7: NUTS3 – Industries CDE – Production

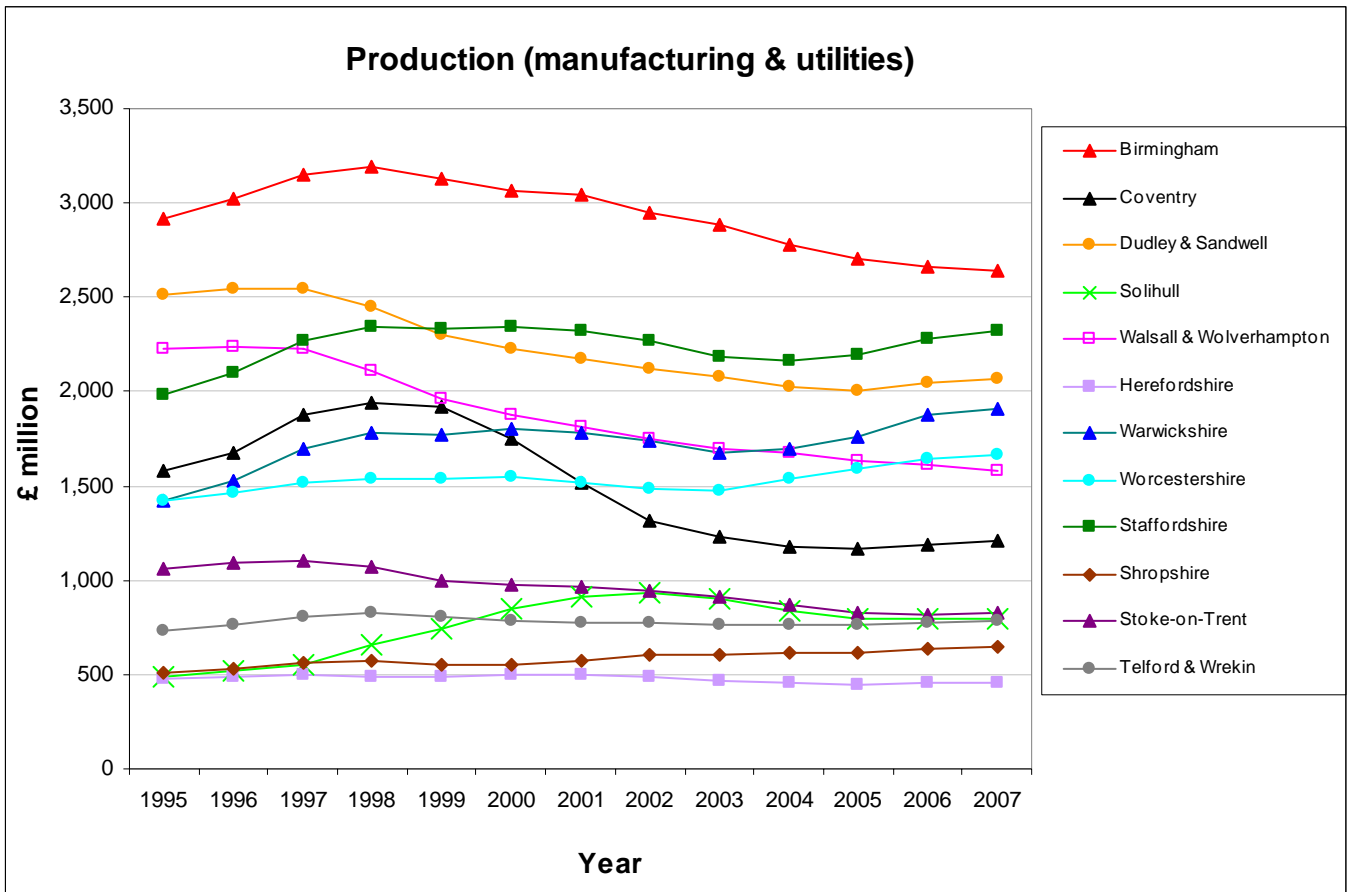


Chart 8: NUTS3 – Industry F – Construction

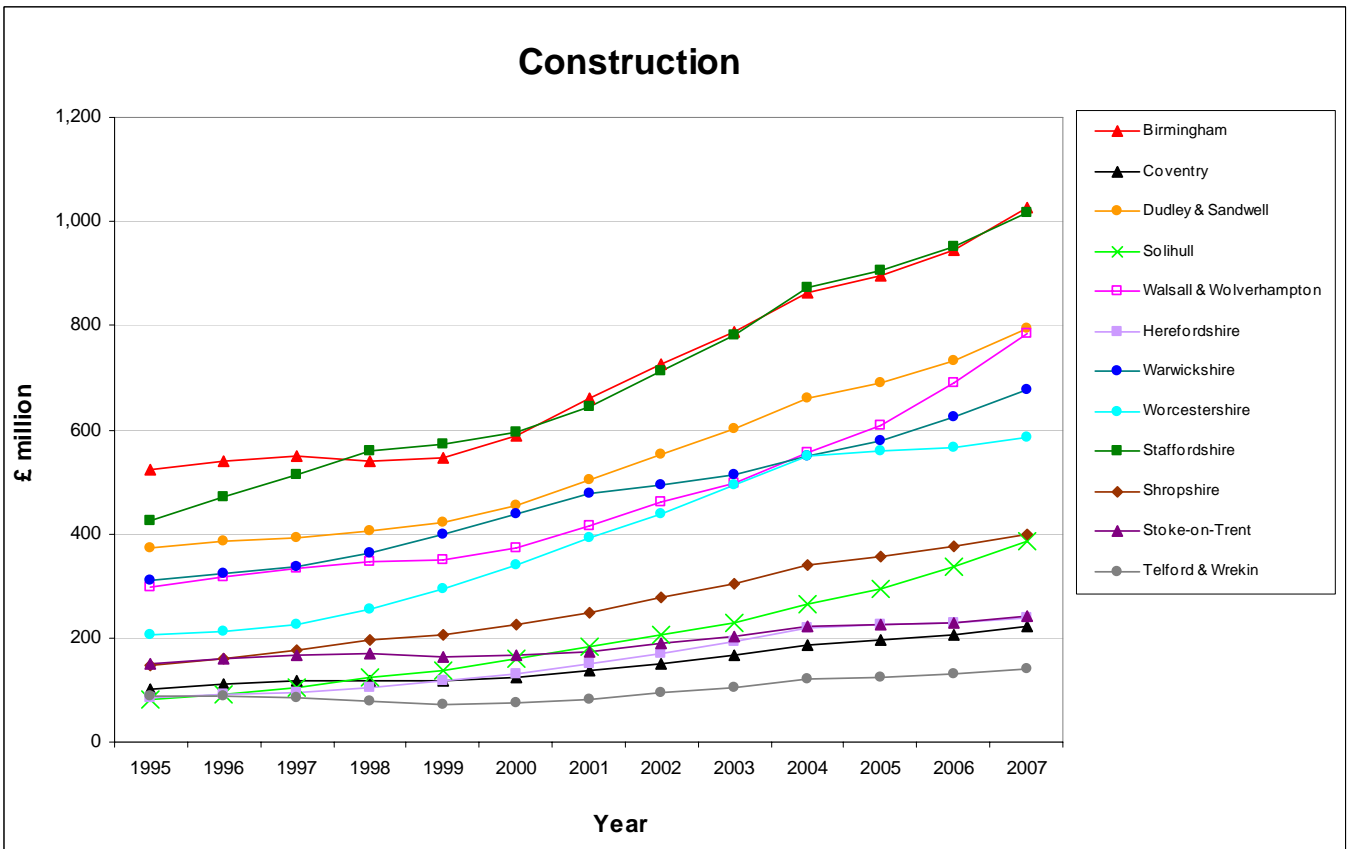


Chart 9: NUTS3 – Industries GHI – Distribution, transport & communication

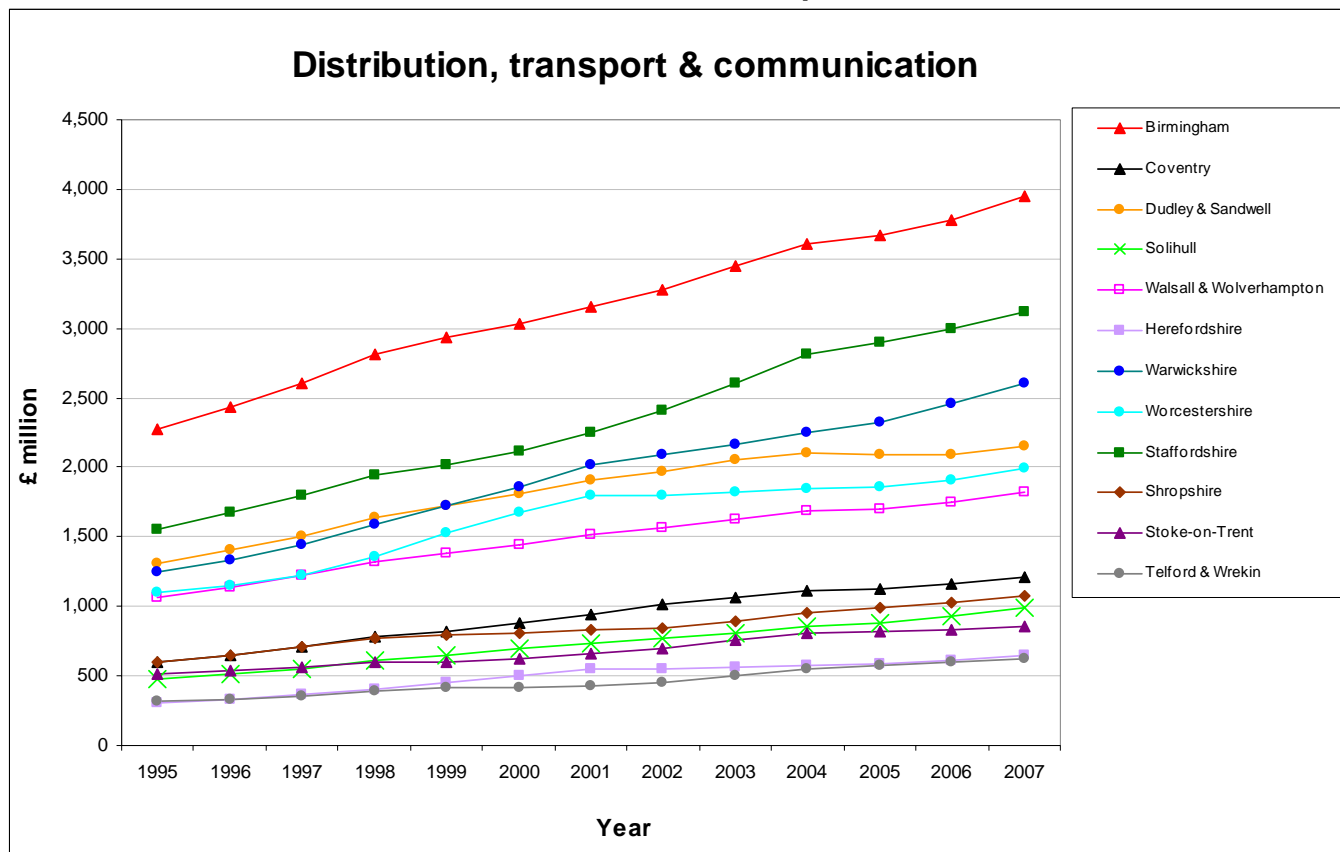


Chart 10: NUTS3 – Industries JK – Business services & finance

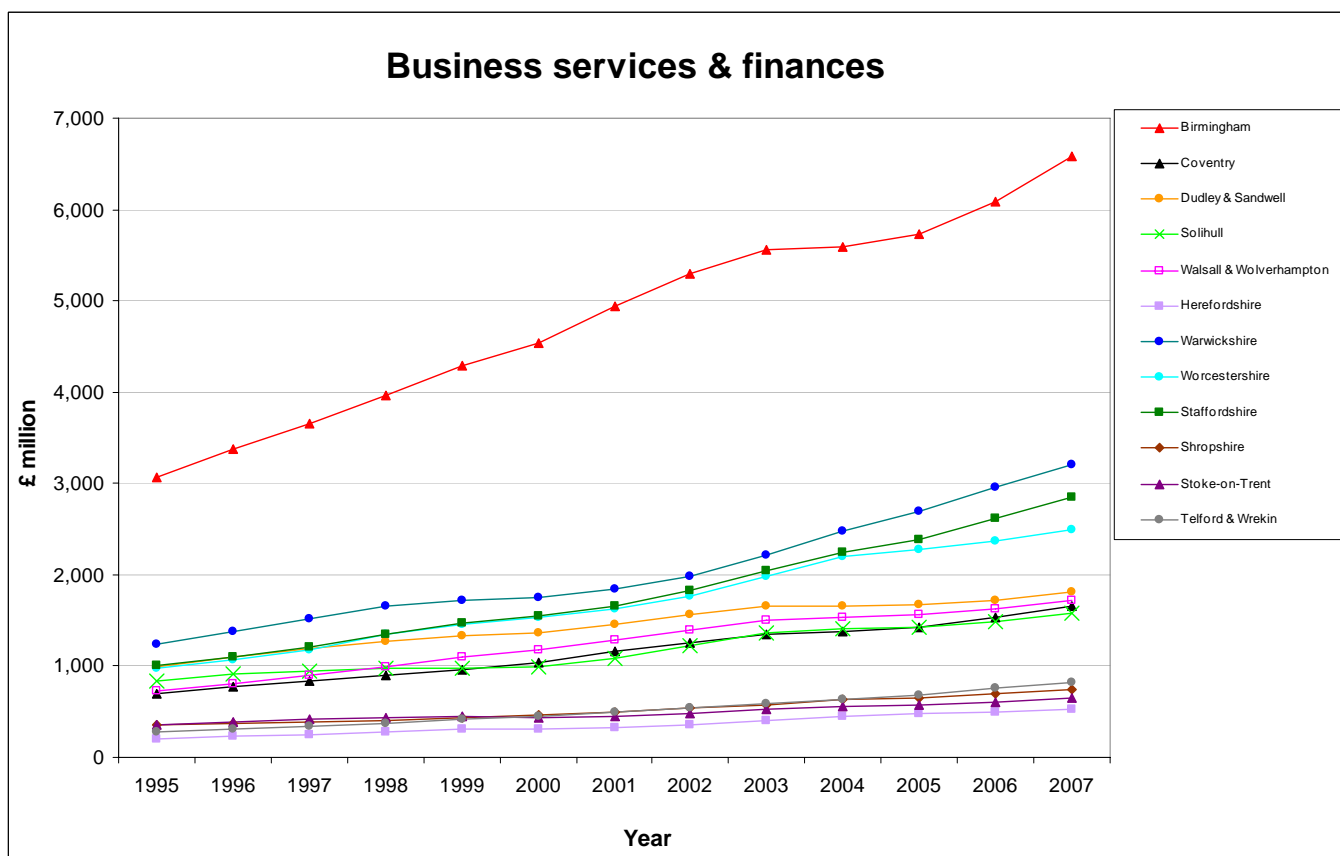


Chart 11: NUTS3 – Industries LMNOP – Public administration, education, health & other services

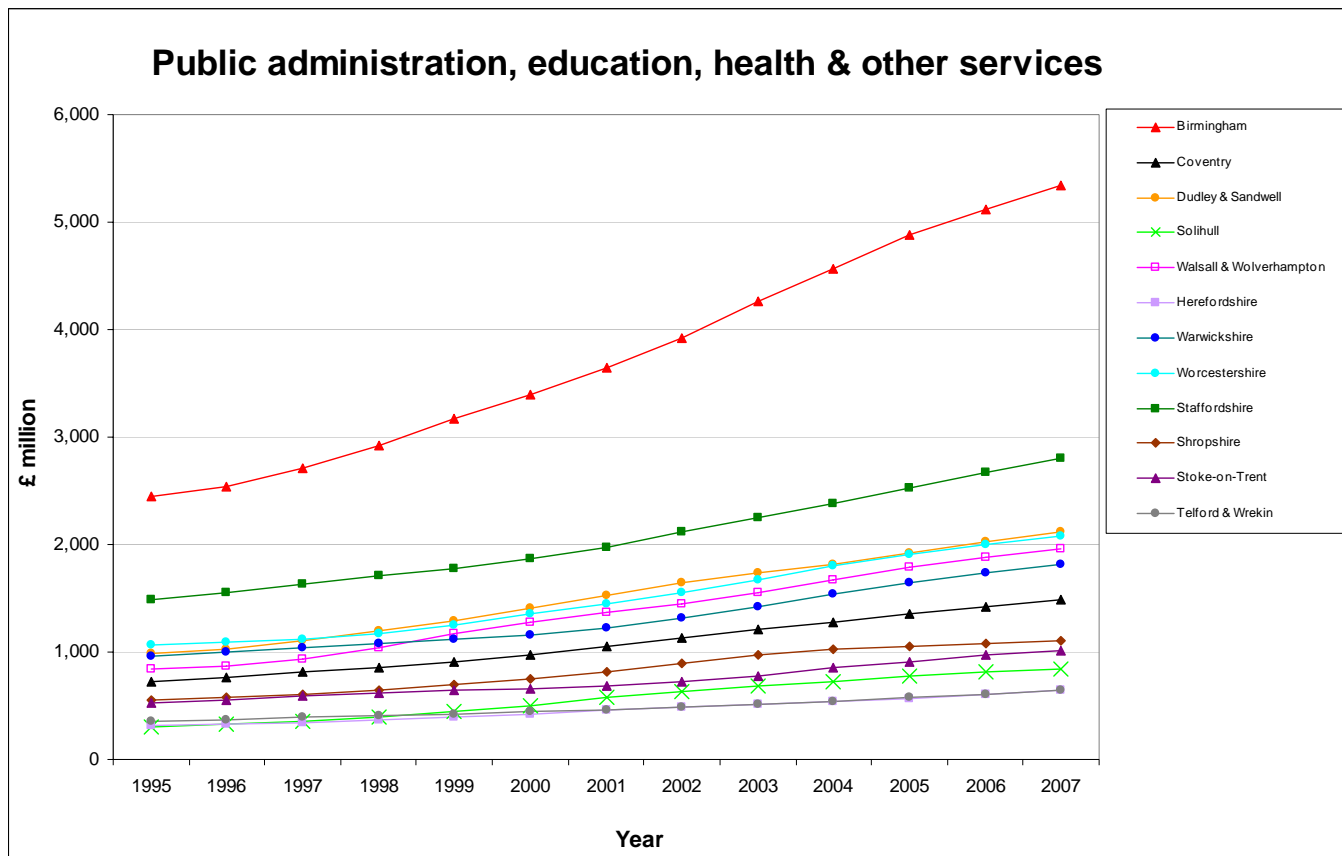


Table 5

Industry Code	Industry	West Mids 2007 Industry GVA	Change on 2006	West Mids 2007 Industry GVA	UK 2007 Industry GVA
		£m	£m	% of regional total GVA	% of UK total GVA
A01	Agriculture, hunting & related services	783	106	0.9	0.7
A02	Forestry and logging	16	3	0.0	0.0
B	Fishing	5	1	0.0	0.0
CA	Mining and quarrying of energy producing materials	45	-9	0.0	0.2
CB	Mining and quarrying except energy producing materials	110	7	0.1	0.2
DA	Manufacture of food products, beverages and tobacco	1,695	-2	1.8	1.9
DB	Manufacture of textiles and textile products	254	-1	0.3	0.3
DC	Manufacture of leather and leather products	37	-2	0.0	0.0
DD	Manufacture of wood and wood products	252	14	0.3	0.2
DE	Manufacture of pulp, paper and paper products; publishing and printing	769	-34	0.8	1.6
DF	Manufacture of coke, refined petroleum products and nuclear fuel	54	11	0.1	0.2
DG	Manufacture of chemicals, chemical products and man made fibres	669	48	0.7	1.6
DH	Manufacture of rubber and plastic products	851	9	0.9	0.6
DI	Manufacture of other non-metallic mineral products	815	34	0.9	0.5
DJ	Manufacture of basic metals and fabricated metal products	3,139	81	3.4	1.4
DK	Manufacture of machinery and equipment not elsewhere classified	1,872	15	2.0	1.0
DL	Manufacture of electrical and optical equipment	1,500	78	1.6	1.4
DM	Manufacture of transport equipment	2,222	-199	2.4	1.3
DN	Manufacturing not elsewhere classified	661	35	0.7	0.6
E	Electricity, gas and water supply	1,950	18	2.1	1.7
F	Construction	6,511	491	7.1	6.6
G	Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	11,918	475	13.0	11.6
H	Hotels and restaurants	2,837	123	3.1	2.9
I	Transport, storage and communication	6,269	304	6.8	7.1
J	Financial Intermediation	4,731	442	5.2	8.5
K	Real estate, renting and business activities	19,929	1,272	21.7	24.2
L	Public administration and defence, compulsory social security	4,215	108	4.6	5.0
M	Education	6,346	357	6.9	6.0
N	Health and social work	6,981	157	7.6	7.2
O	Other community, social and personal service activities	3,977	284	4.3	4.7
P	Private households employing staff and undifferentiated production activities of households for own use	314	-5	0.3	0.4

Notes

1 GVA at current basic prices on a workplace basis

2 Figures may not sum to totals due to rounding

3 2008 estimates are provisional

4 Excluding statistical discrepancy and Extra Regio

Appendix

Sources and Contacts

The latest regional Gross Value Added (GVA) data for the period 1989 to 2008 can be found via:

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

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

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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 are shown for 31 industries at NUTS1, for 17 industries at NUTS2 and for six industries at NUTS3.

The Standard Industrial Classification (2003) can be found via:

[http://www.statistics.gov.uk/methods_quality/sic/downloads/UK_SIC_Vol1\(2003\).pdf](http://www.statistics.gov.uk/methods_quality/sic/downloads/UK_SIC_Vol1(2003).pdf)

Methodological changes introduced to the National and Regional Accounts in 2008 mean that Regional GVA and GVA by industry cannot be compared directly to estimates released in 2007 and earlier.

Productivity Measures

When making comparisons, especially at lower geographical levels, GVA per head can be distorted by demographic differences, structural aspects of labour markets, and commuting. The measures of regional and sub regional productivity preferred by ONS are GVA per job or per hour worked. See Knight, J; Oguz, S (2009); Regional economic indicators with a focus on industries in the UK regions, *Economic and Labour Market Review*, Vol.3 No.11, November 2009.

www.statistics.gov.uk/CCI/article.asp?ID=2308

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

www.ons.gov.uk/about-statistics/user-guidance/productivity-handbook/index.html

Output Gap

The Output Gap statistic is defined as the additional total Gross Value Added (GVA) that the West Midlands' economy would need to produce to raise regional GVA per head to the same level as the UK (exc Extra Regio) average, or alternatively the England average. The statistic is used to highlight the level of underperformance in the regional economy.

Table 6 - The Output Gap in the West Midlands - 2006 to 2008

Year	Output Gap (WM & UK) £m	Output Gap (WM & England) £m
2006	14,515	17,119
2007	15,646	18,376
2008	16,542	19,250

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.