

Release of Regional and Sub Regional GDHI Estimates: 31st March 2010 West Midlands

Summary

- The 2008 Regional and Sub Regional Gross Disposable Household Income (GDHI) estimates are released today by the Office for National Statistics. The latest release includes revisions to earlier years. All estimates in this release are in current price terms and have not been adjusted for inflation.
- GDHI per head for the UK increased from £14,300 in 2007 to £14,900 in 2008 (+3.9 per cent).

Regional GDHI – 2008

- GDHI for the West Midlands was £72.2bn in 2008, an increase of 4.4 per cent from the revised 2007 value, £69.1bn.
- GDHI per head in the West Midlands rose from £12,800 in 2007 to £13,300 in 2008, an increase of 3.8 per cent.
- GDHI per head relative to the UK (where UK=100) for the West Midlands in 2008 was 90, the same as the 2007 indexed value.

Comparisons with Other NUTS1 Regions (2007 to 2008)

- All NUTS1 regions showed an increase in GDHI per head. Scotland had the highest annual percentage increase in GDHI per head (+4.7 per cent), followed by London (+4.5 per cent), and North East (+4.2 per cent). The lowest percentage increases were in East of England (+3.0 per cent), Yorkshire & The Humber (+3.1 per cent) and the East Midlands (+3.3 per cent). The percentage increase in GDHI per head for the West Midlands was similar to the corresponding increases for England (+3.8 per cent) and for the UK (+3.9 per cent).
- Changes to indexed GDHI per head between 2007 and 2008 for NUTS1 regions were small, less than one index point. The regions that slightly improved their relative positions as measured by the indexed GDHI per head, in order of increase to their index value in 2007, were Scotland, London, North East, Wales, North West and South East. The region with the largest decline in their indexed GDHI per head was East of England.

Sub Regional GDHI (2007 to 2008)

- At NUTS2 level, GDHI per head indexed in West Midlands (Metropolitan) was the same in 2008 as the previous year, at 81. Shropshire & Staffordshire GDHI per head indexed was also unchanged at 93. Herefordshire, Worcestershire, Warwickshire saw a marginal decline at 103 in 2008 compared to 104 in 2007.
- In index terms the NUTS3 sub region with the highest indexed GDHI per head indexed is Solihull at 109 (UK = 100) a slight decline from 111 in 2007, whereas the sub region with the lowest indexed GDHI per head is Stoke-on-Trent at 78, unchanged in comparison to the estimate for 2007.

Table 1: Regional GDHI 2008

	Total GDHI 2008 (£m)	percentage increase on 2007	Total GDHI Per Head (£) ³	percentage increase on 2007	Per Head Index (UK=100)
North East	32,305	4.6	12,543	4.2	84.3
North West	92,041	4.2	13,386	4.0	90.0
Yorkshire and the Humber	68,371	3.8	13,115	3.1	88.2
East Midlands	60,340	4.1	13,611	3.3	91.5
West Midlands	72,167	4.4	13,337	3.8	89.7
East of England	88,843	4.2	15,509	3.0	104.3
London	145,068	5.3	19,038	4.5	128.0
South East	140,720	4.8	16,792	3.9	112.9
South West	76,471	4.3	14,680	3.7	98.7
England	776,325	4.5	15,090	3.8	101.5
Wales	39,132	4.5	13,073	4.1	87.9
Scotland	73,914	5.2	14,301	4.7	96.2
Northern Ireland	23,536	4.6	13,260	3.7	89.2
UK ⁴	912,907	4.6	14,872	3.9	100.0

Table 2: GDHI 2008 for West Midlands Areas

	Total GDHI 2008 (£m)	percentage increase on 2007	Total GDHI Per Head (£) ³	percentage increase on 2007	Per Head Index 2008 (UK=100)
NUTS 1					
West Midlands	72,167	4.4	13,337	3.8	89.7
NUTS 2					
Herefordshire, Worcestershire and Warwickshire	19,441	3.9	15,337	3.3	103.1
Shropshire and Staffordshire	21,037	4.6	13,805	4.2	92.8
West Midlands	31,688	4.6	12,097	3.9	81.3
NUTS 3					
Herefordshire, County of	2,576	4.3	14,367	3.8	96.6
Worcestershire	8,495	3.6	15,234	3.2	102.4
Warwickshire	8,371	4.0	15,774	3.3	106.1
Telford & Wrekin	2,070	4.6	12,775	4.4	85.9
Shropshire CC	4,336	4.9	14,807	4.2	99.6
Stoke-on-Trent	2,794	5.1	11,637	4.6	78.2
Staffordshire CC	11,837	4.5	14,280	4.1	96.0
Birmingham	11,940	4.6	11,742	4.0	79.0
Solihull	3,336	3.6	16,230	2.6	109.1
Coventry	3,649	5.1	11,775	4.0	79.2
Dudley & Sandwell	7,016	4.5	11,780	4.1	79.2
Walsall & Wolverhampton	5,748	4.6	11,687	4.3	78.6
UK ⁴	912,907	4.6	14,872	3.9	100.0

Notes for Tables 1 and 2

1 Headline GDHI on current basic prices on residence basis, calculated as 5 point moving average

2 Figures may not sum due to rounding

3 2008 estimates are provisional

4 UK Excludes Extra Regio

NUTS = Nomenclature of Units for Territorial Statistics

Revisions to Previously Published Headline GDHI for West Midlands

GDHI estimates for the West Midlands have been revised back to 1995 in line with the UK National Accounts. For 2007, GDHI for the West Midlands has been revised down from £69.6bn to £69.1bn, a decrease of £517m or -0.7 per cent.

The decrease in GDHI for 2007 has reduced the estimated GDHI per head in the West Midlands from £12,900 to £12,800 (-0.7 per cent). The above revisions have led to the indexed GDHI per head (UK=100) for 2007 being revised down by less than one indexed point, standing at 90.

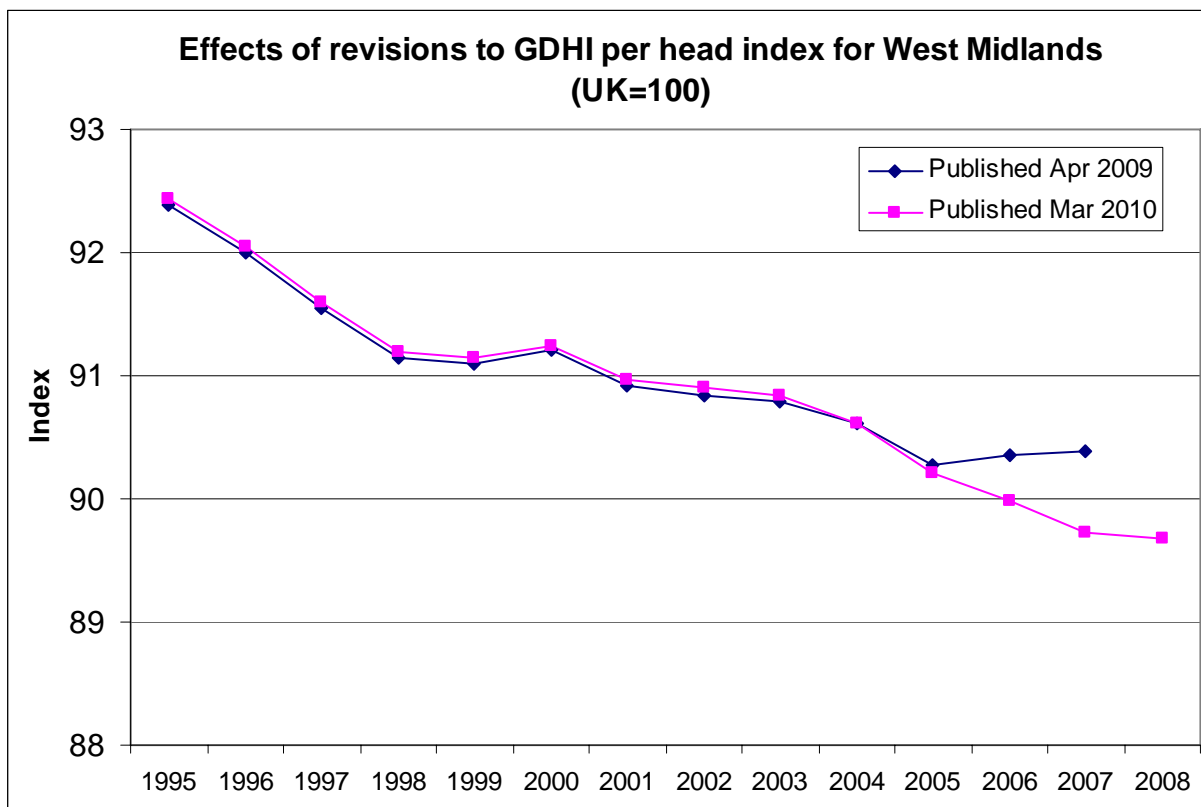
Table 3: Revisions to Published Headline GDHI West Midlands: 1995 to 2007

Year	Total GDHI Released March 2010 (£ m)	Total GDHI Released April 2009 (£ m)	Total Revision (£ m)	Total Revision per cent
1995	42,082	42,107	26	0.1
1996	44,628	44,654	27	0.1
1997	47,288	47,313	26	0.1
1998	49,150	49,177	27	0.1
1999	50,972	50,998	26	0.1
2000	53,568	53,595	27	0.1
2001	56,779	56,810	30	0.1
2002	58,728	58,762	33	0.1
2003	61,533	61,559	25	0.0
2004	62,773	63,039	266	0.4
2005	65,750	65,434	-317	-0.5
2006	68,142	67,292	813	-1.2
2007	69,646	69,129	-517	-0.7

Notes

- 1 GDHI on current basic prices
- 2 Figures may not sum due to rounding

Chart 1: Indexed GDHI per Head Published in March 2010 compared to Previously Published Index (UK=100)

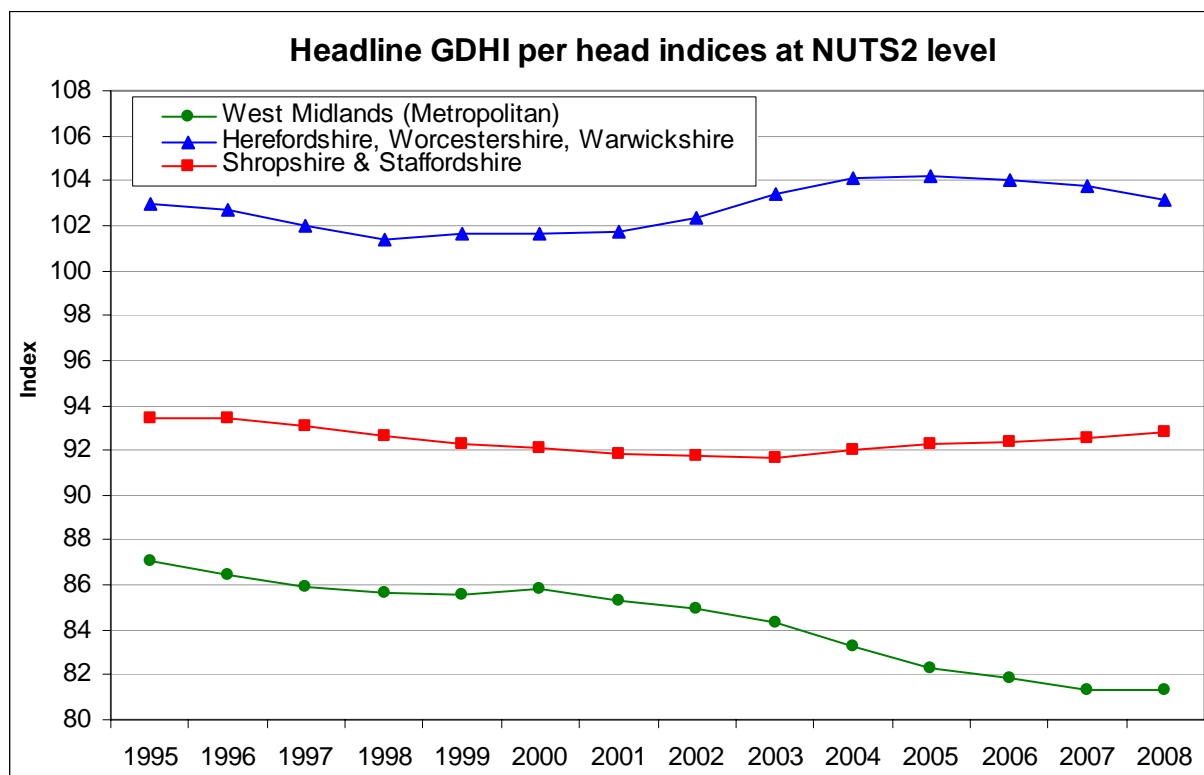


Sub Regional GDHI per Head Indices

NUTS 2 Geography

- The West Midlands has three NUTS2 sub regions, Herefordshire, Worcestershire & Warwickshire in the south, West Midlands (Metropolitan) in the centre, and Shropshire & Staffordshire in the north.
- In Herefordshire, Worcestershire & Warwickshire indexed GDHI per head has increased steadily since 1998 when it stood at a low of 101, reaching a high of 104 in 2005, but falling marginally to 103 by 2008.
- In Shropshire & Staffordshire the indexed GDHI per head has remained relatively stable since 1995, when it was at a high of 94, falling back to its lowest figure in 2003 at 92, rising marginally to 93 by 2008.
- In the West Midlands (Metropolitan) indexed GDHI per head has declined since 1995, when it stood at a high of 87, and the downward trend accelerated in the first half of the current decade, stabilising at its lowest value of 81 in both 2007 & 2008.
- In 2008, in terms of indexed GDHI per head, Herefordshire, Worcestershire & Warwickshire rank 12th out of the 37 UK NUTS2 regions, and Shropshire & Staffordshire rank 19th. West Midlands (Metropolitan) has the lowest GDHI per head of all UK NUTS2 regions, ranked 37th, the next lowest being Tees Valley and Durham.

Chart 2: Headline GDHI per Head Indices at NUTS2 level



NUTS 3 Geography

- The West Midlands contains twelve NUTS3 sub regions (unaffected by the recent changes to Unitary Authority status):

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

- In 2008, Solihull remained the sub region with the highest indexed GDHI per head at 109.1 (UK=100), and is ranked 14th of the 133 UK NUTS3 regions, having risen from 18th place in 1995. Warwickshire is the next strongest performing sub-region with an index of 106, and ranked 23rd in the UK.
- The West Midlands sub region with the lowest indexed GDHI per head relative to the rest of the UK is Stoke-on-Trent, with an indexed score of 78 in 2008, and is the highest value the sub-region has recorded since 1998. However, Stoke-on-Trent is ranked 127th of the 133 UK NUTS3 regions. In 2008, Birmingham had an indexed score of 79, stable relative to the previous year and is ranked 123rd in the UK, having declined from 109th place in 1995.

Table 4: Indexed Headline¹ GDHI per Head at Sub Regional Level in West Midlands²: NUTS3 (UK³=100)

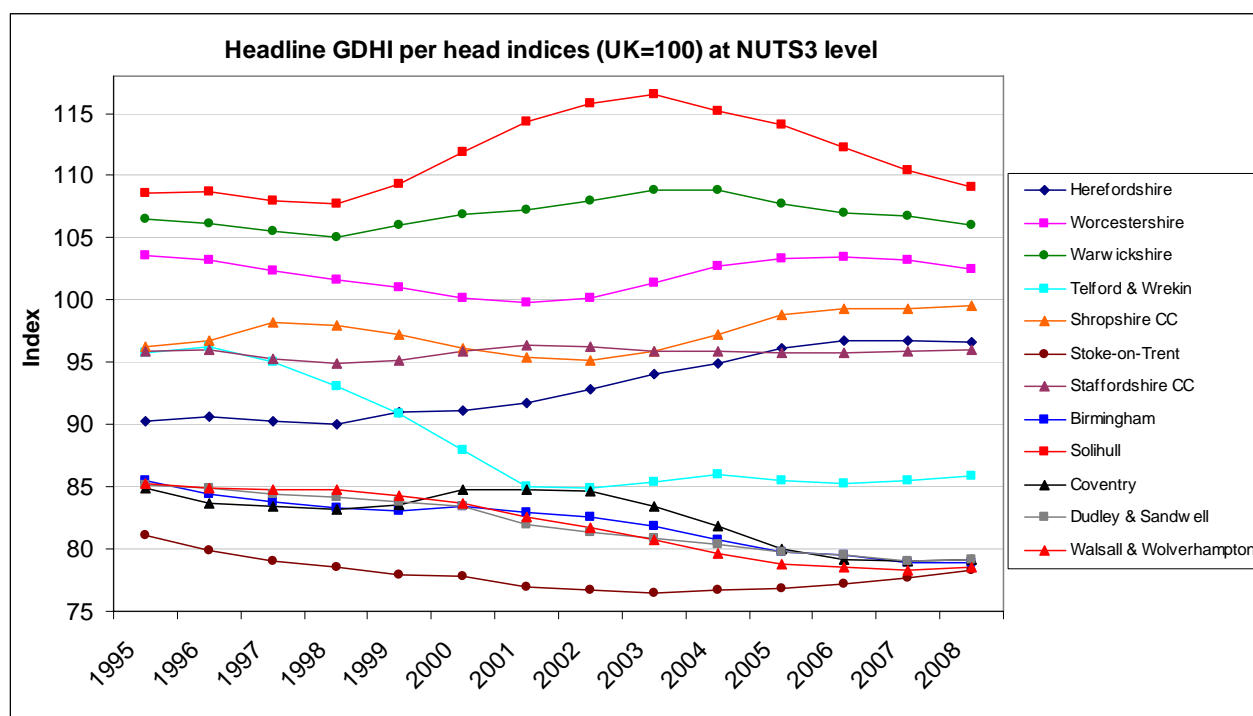
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Herefordshire	90.3	90.7	90.3	90.0	91.0	91.1	91.8	92.8	94.1	95.0	96.1	96.7	96.7	96.6
Worcestershire	103.6	103.2	102.4	101.6	101.0	100.2	99.8	100.2	101.4	102.7	103.4	103.5	103.2	102.4
Warwickshire	106.5	106.2	105.6	105.1	106.0	106.9	107.3	107.9	108.8	108.8	107.7	107.0	106.7	106.1
Telford & Wrekin	95.8	96.2	95.0	93.1	90.9	87.9	85.0	84.9	85.4	86.0	85.5	85.2	85.5	85.9
Shropshire CC	96.3	96.7	98.2	98.0	97.3	96.1	95.4	95.2	95.9	97.2	98.8	99.3	99.3	99.6
Stoke-on-Trent	81.1	79.9	79.0	78.6	77.9	77.8	76.9	76.8	76.5	76.8	76.9	77.2	77.7	78.2
Staffordshire CC	95.9	96.0	95.2	94.9	95.2	95.9	96.4	96.3	95.9	95.9	95.8	95.7	95.8	96.0
Birmingham	85.5	84.5	83.8	83.3	83.1	83.4	82.9	82.5	81.9	80.8	79.8	79.5	78.9	79.0
Solihull	108.6	108.7	107.9	107.7	109.3	111.9	114.3	115.8	116.5	115.2	114.1	112.2	110.5	109.1
Coventry	84.9	83.6	83.5	83.2	83.6	84.7	84.8	84.7	83.4	81.8	79.9	79.2	79.1	79.2
Dudley & Sandwell	85.2	85.0	84.4	84.1	83.8	83.4	82.0	81.4	80.9	80.4	79.8	79.5	79.1	79.2
Walsall & Wolverhampton	85.3	84.9	84.8	84.8	84.2	83.7	82.6	81.7	80.7	79.6	78.8	78.6	78.3	78.6

1 Headline GDHI calculated using 5-point moving average

2 Latest year is provisional

3 Excluding extra-regio

Chart 3: Headline GDHI per Head Indices at NUTS3 level



Components of GDHI

GDHI is the amount of money that individuals – the household sector – have left for spending or saving after expenditure associated with income, for example, taxes and social contributions, property ownership and provision for future pension income. GDHI is calculated by adding together resources and subtracting uses. The charts in this section illustrate the make up of GDHI in the West Midlands and its sub-regions. Further information about these components can be found in the *Notes & Definitions* section.

Chart 4: NUTS1: West Midlands

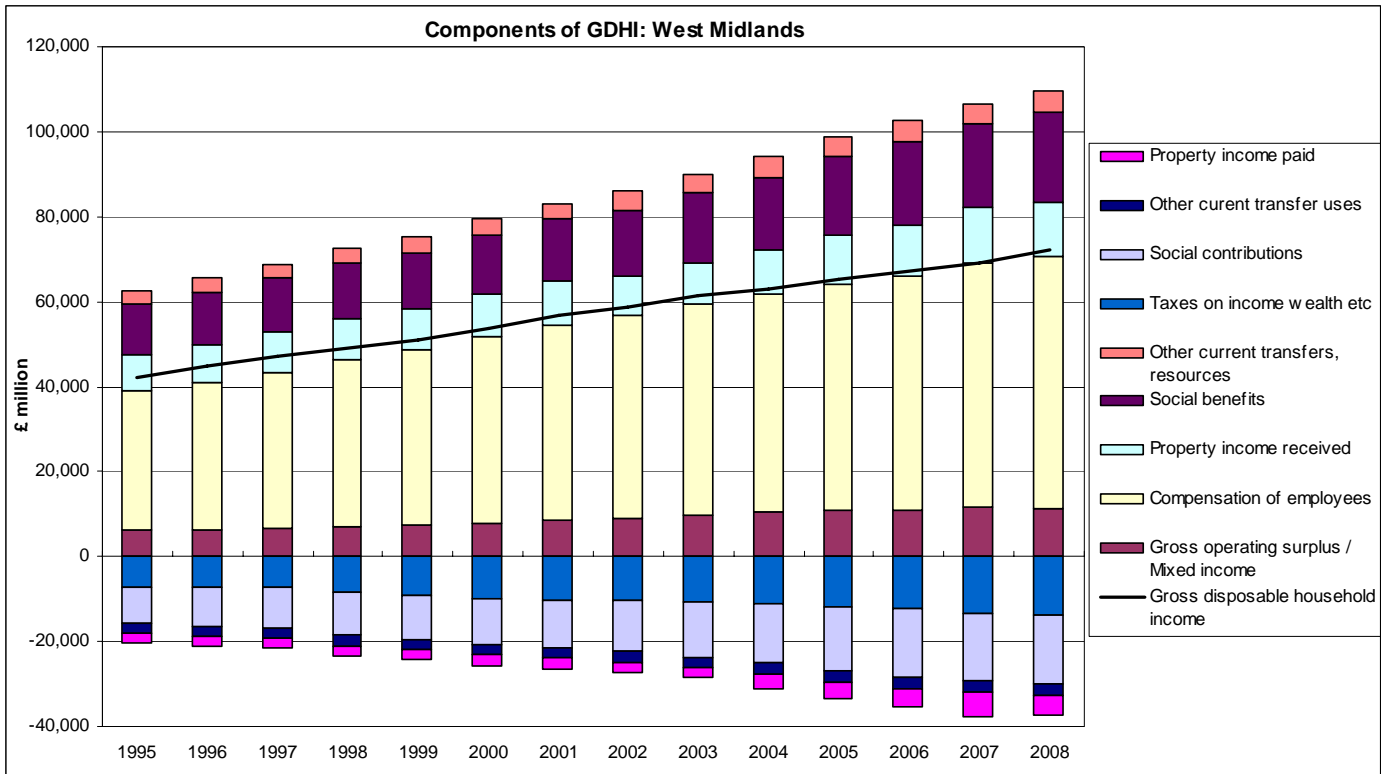


Chart 5a: NUTS2: West Midlands (Metropolitan)

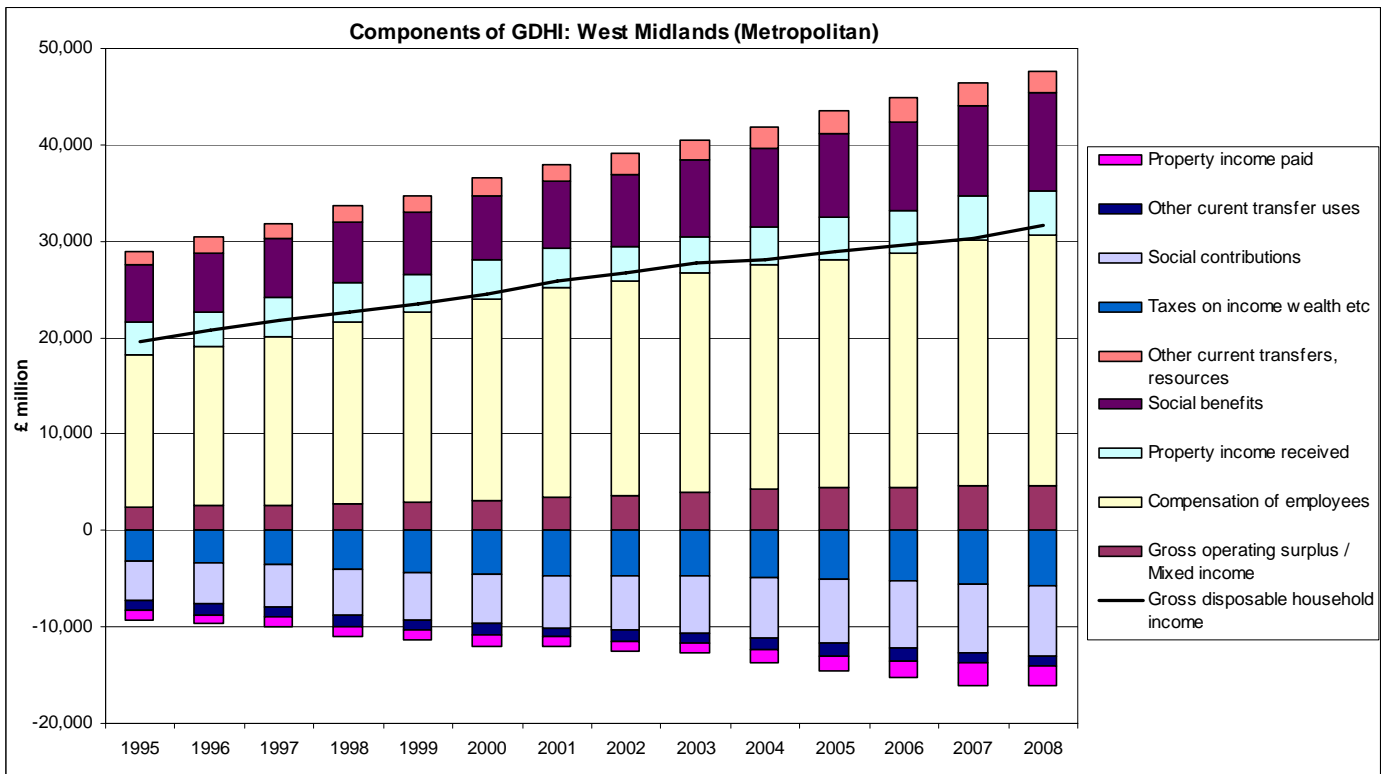


Chart 5b: NUTS2: Herefordshire, Worcestershire & Warwickshire

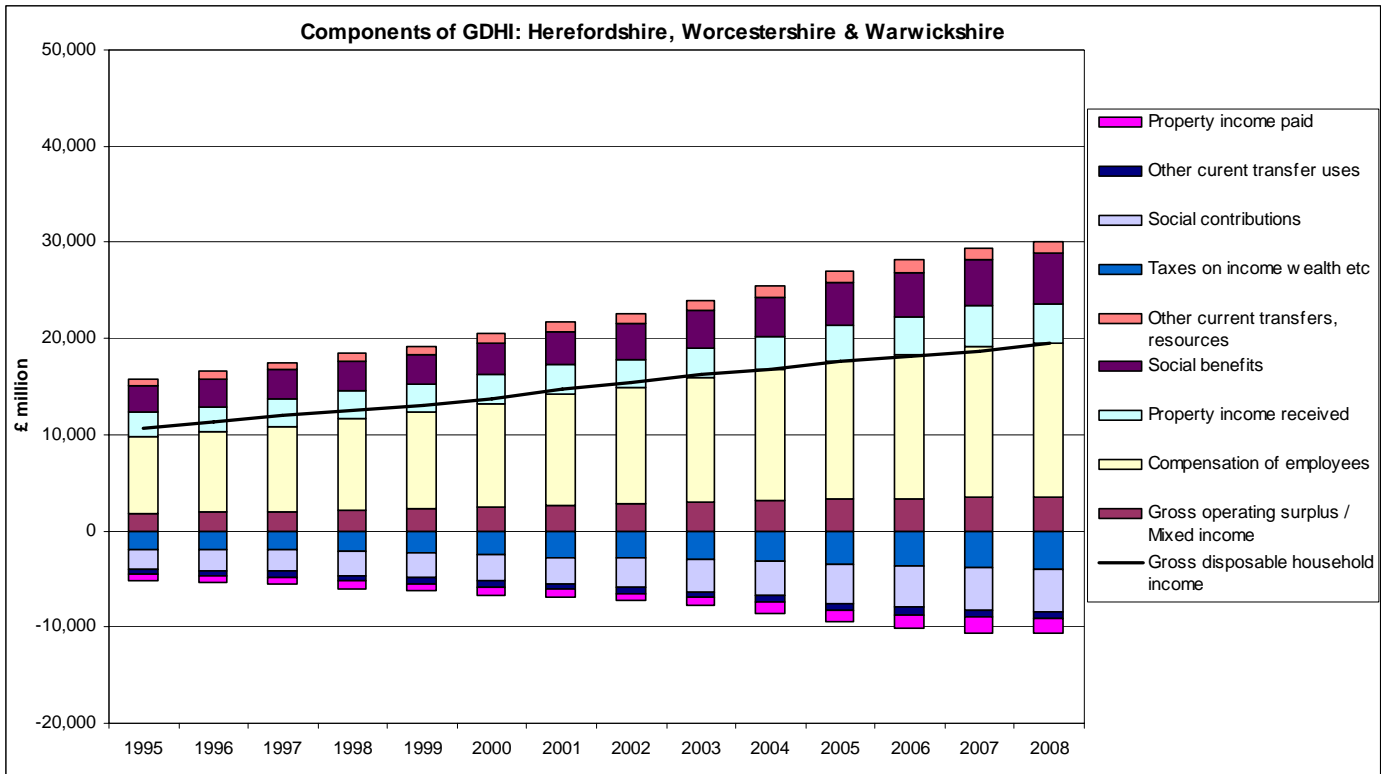
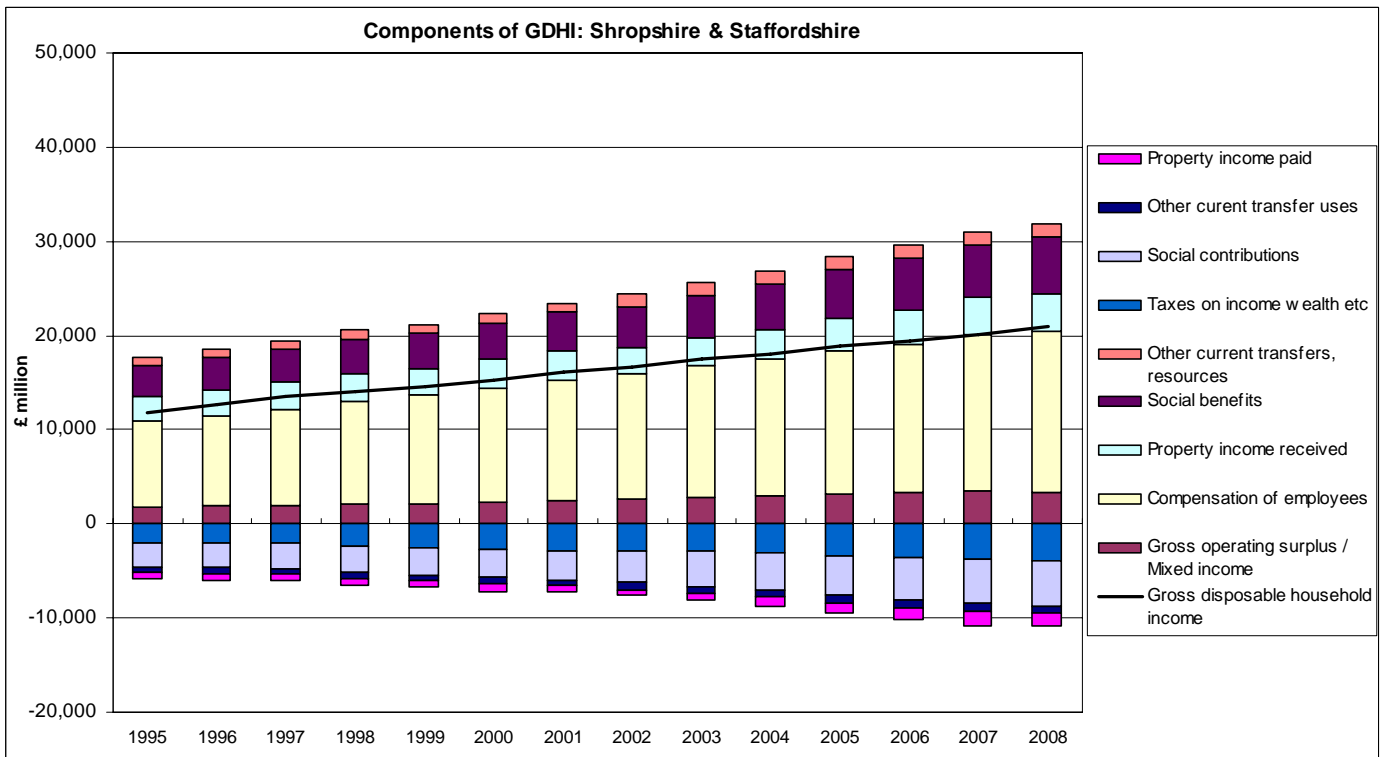


Chart 5c: NUTS2: Shropshire & Staffordshire



Sources and Contacts

The latest regional Gross Disposable Household Income (GDHI) data can be found via:

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14651>

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). The responsible statistician is Pete Lee (pete.lee@ons.gsi.gov.uk), Head of Regional Accounts Branch.

Links to Instant Atlas mapping products associated with GDHI data can be found via:

NUTS3: http://www.wmro.org/noncms/instantatlas/GDHI_NW/GDHI-NUTS3_NW/atlas.html

NUTS1: http://www.wmro.org/noncms/instantatlas/GDHI_NW/GDHI-GOR_NW/atlas.html

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Notes and Definitions

Definition of Gross Disposable Household Income

Gross Disposable Household Income (GDHI) is the balancing item of the secondary distribution of income account, and can be compared with the concept of income as generally understood in economics, where income is often defined as the maximum amount that a household can (or has available at its disposal to) consume without reducing its real worth. Gross Disposable Household Income (GDHI) per head is preferred to Gross Value Added (GVA) per head as a measure of economic welfare.

The UK level estimate can also be found in Table 6.1.4 of the UK National Accounts (the Blue Book).

GDHI is calculated as resources:

- compensation of employees (wages and salaries, national insurance contributions, pension contributions, redundancy payments etc), plus;
- gross operating surplus (rental income from buildings, including imputed rental of owner-occupied dwellings) and mixed income (income from self-employment related to sole traders), plus
- pension income (state retirement and privately funded), other social benefits (including child benefit, disability living allowance, unemployment and jobseeker benefits and incapacity benefits), plus
- property income (return on ownership of financial assets e.g. rent on land, interest, dividends, etc), plus
- other current transfers (e.g. claims made under non-life insurance policies, gifts received from abroad, grants and unrequited payments from central government).

Less uses;

- taxes on income and other current taxes on wealth (e.g. council tax, motor vehicle duty), plus
- social contributions (national insurance contributions by employees, employers and social contributions by the self and non-employed), plus
- property income paid (interest, rent on land).
- other current transfers (insurance policies, charity donations, gifts made abroad)

GDHI can also be shown as the sum of the balances of Primary and Secondary incomes. Primary incomes are compensation of employees, gross operating surplus and mixed income and property income (resources less uses). Secondary incomes are taxes on income and wealth, pensions, social benefits, social contributions and other current transfers (resources less uses).

The following tables show the composition of GDHI for the UK and the West Midlands respectively.

Gross Disposable Household Income (GDHI)			
UK including Extra-Regio			
2008			
ESA95 ¹ Code	Identifier ² (CDID)	Description	£ Million
Primary Incomes			
Resources			
B.2g+B.3g	QWLS+QWLT	Operating surplus and mixed income	158,760
D.1	QWLY	Compensation of employees	768,956
D.4	QWME	Property income resource	172,936
Uses			
D.4	QWMI	Property income use	61,328
Balance of Primary Incomes			1,039,324
Secondary incomes			
Resources			
D.612+D.62	RVFH+QWML	Imputed social contributions and social benefits	247,410
D.7	QWMO	Other current transfers	56,334
Uses			
D.5	QWMS	Current taxes on income and wealth	187,840
D.61+D.62	QWMY+QWMZ	Social contributions	211,375
D7	QWNC	Other current transfers	29,889
Balance of Secondary Incomes			-125,360
B.6g	QWND	GDHI (resources less uses)	913,964

¹ European System of Accounts 1995 (ESA95)

² UK National Accounts (Blue Book) 2008

Gross Disposable Household Income (GDHI)**West Midlands**2008

ESA95¹

Code	Description	£ Million
Primary Incomes		
Resources		
B.2g+B.3g	Operating surplus and mixed income	11,418
D.1	Compensation of employees	59,302
D.4	Property income resource	12,616
Uses		
D.4	Property income use	4,705
Balance of Primary Incomes		78,631
Secondary incomes		
Resources		
D.612+D.62	Imputed social contributions and social benefits	21,338
D.7	Other current transfers	4,964
Uses		
D.5	Current taxes on income and wealth	13,623
D.61+D.62	Social contributions	16,523
D7	Other current transfers	2,619
Balance of Secondary Incomes		-6,464
B.6g	GDHI (resources less uses)	72,167

¹ European System of Accounts 1995 (ESA95)

Estimates are at current prices and do not allow for inflation or differences in regional price levels. Headline GDHI series have been calculated using a 5 year moving average to remove some volatility. Unadjusted series are also available on the ONS website.

Indexed GDHI per head (UK=100) is calculated as a region's GDHI as a percentage of UK GDHI per head excluding Extra-Regio (offshore economic activity and the contribution of UK embassies abroad and UK forces stationed overseas, which cannot be allocated to specific regions).

The methodology used to compile Regional GDHI can be found in the Regional Accounts Methodology Guide.

www.statistics.gov.uk/downloads/theme_economy/RegionalAccountsMethodologyGuide.pdf

Estimates of GDHI at NUTS 2 level are supplied to Eurostat. These data are not directly used to inform funding decisions, but are used to inform debate around the relative welfare of regions across the EU.

For a statement of the latest position on measuring regional economic performance, see the National Statistician's article (January 2009).

www.statistics.gov.uk/cci/article.asp?ID=2103

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

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.

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