



BRIEFING PAPER

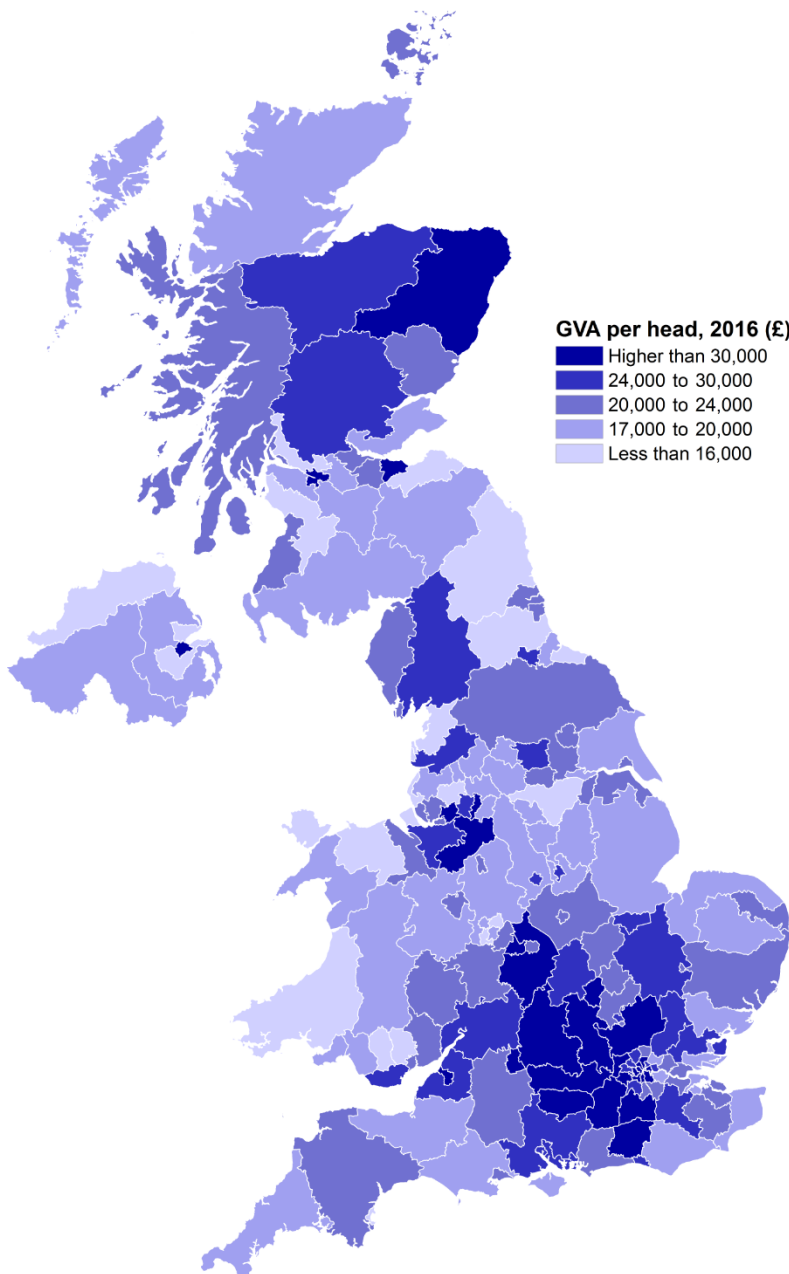
Number 05795, 5 September 2018

Regional and local economic growth statistics

By Daniel Harari

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Summary

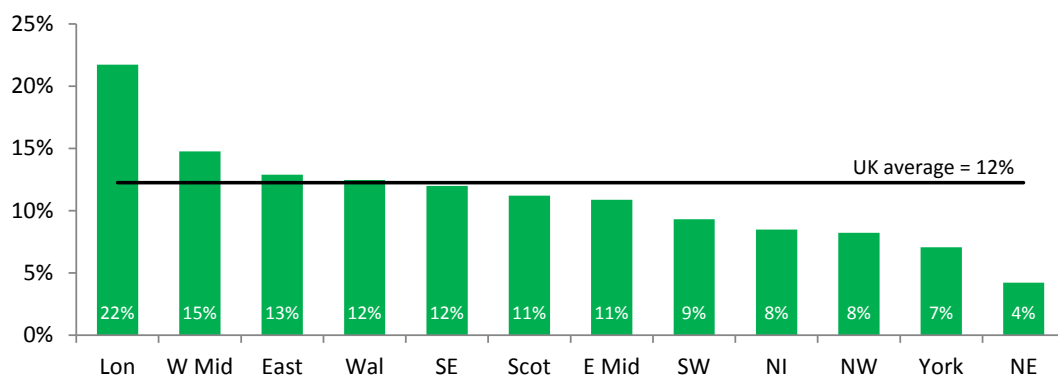
This briefing paper provides an overview of annual statistics on the economies of the UK's regions and countries as well as local areas. There is analysis of recent economic growth rates, for 2016 as well as since 2010, and 1998. In addition to overall growth rates, figures for economic output per head are included (including in two maps at the back of the briefing) to provide very rough comparisons of living standards by local areas.

Economic output here is measured using Gross Value Added (GVA), which is very similar to GDP. Regional growth figures are adjusted for inflation. Some observations:

- In 2016, London's GVA of £408 billion accounted for 23% of the UK total (£1,748 billion), with the South East contributing a further 15%.
- London saw the highest annual growth in 2016 of 3.0%, compared with the UK figure of 1.6%. The lowest rate of growth was seen in the North East which contracted by 1.0%.
- Cumulative economic growth from 2010 to 2016 was highest in London at 22%. The second highest rate of growth was in the West Midlands at 15%. The weakest growth recorded was in Yorkshire & the Humber at 7% and the North East at 4%. The UK grew by 12%. The chart below shows figures for all regions and countries.

Cumulative economic growth by UK region/country, 2010-2016

GVA (balanced approach), adjusted for inflation



- In 2016, London had the highest GVA per head, 76% above the UK average and more than double that of 7 of the remaining 11 regions and countries of the UK.
- The top 5 local areas with the highest GVA per head are in (mostly central) London. This at least in part reflects the large numbers of commuters who work there.
- Between 2010 and 2016, Hounslow and Richmond upon Thames (+45%), followed by Warwickshire (+38%) had the biggest increases in GVA per head. The areas which saw the smallest increases in GVA per head were Great Manchester South East and Liverpool (both with a 1% increase). The overall change in UK GVA per head over this time was +19%. These figures are not adjusted for inflation.
- A spreadsheet containing information on 2016 GVA per head and how its changed since 2010 for the local area of your choice (as well as the region/country it is in and the UK) is also available from this briefing paper's [landing page](#).

1. What is economic growth?

When economists talk about how large an economy is, they are usually referring to its total output – the total value of new goods produced and services provided (excluding production costs) in a given time period. This is calculated for the UK using Gross Domestic Product (GDP).

Economic growth is simply the difference in GDP between two periods. For example, if GDP in the first year is £100 billion and in the second is £102 billion, GDP growth, or economic growth, is 2%.

Data availability

At a regional and country or local level, GDP data are not available, but another very similar measure called Gross Value Added (GVA) is. GVA is Gross Domestic Product (GDP) excluding taxes and subsidies on products (so GVA does not include VAT, for example).

Regional and local data are different to national GDP growth figures

These estimates allow us to see where the UK's economic output is being produced. GVA per head also provides us with a crude measure of living standards, enabling comparisons of different parts of the country.

These sub-national GVA figures are published once a year by the Office for National Statistics (ONS), usually in December, for the previous year. For instance, the most recent figures were published on 20 December 2017 and cover the years up to 2016.¹ Headline figures for UK GDP are published on a monthly basis and are available around six weeks after the end of the month concerned.²

Adjusting for inflation

The UK's GDP growth figures are usually reported in real (inflation-adjusted) terms.

Until 2017, regional and local GVA figures were only available in cash terms. In other words, they were not adjusted for inflation. In 2017, a new approach to calculating regional and local GVA enabled the ONS to construct a real terms measure of GVA for regions and larger sub-regions.³

As precise measures of regional inflation do not yet exist, the ONS has put together an estimate of regional prices and used that to publish its "real terms" estimates of regional GVA growth.⁴

At present, GVA data for local areas are still only available in cash terms.

¹ ONS, [Regional gross value added \(balanced\), UK: 1998 to 2016](#), 20 Dec 2017

² ONS, [Publications related to Gross Domestic Product \(GDP\)](#)

³ The ONS [states](#) that this new measure is called a "balanced estimate" of GVA: it "balances" two different approaches to calculating GVA into a single estimate

⁴ More technically, the [ONS uses](#) national deflators for 112 industries to convert regional cash-terms industry GVA into a real-terms measure. GVA from these industries are then added together to get an overall regional GVA figure in real terms.

2. Regional and country growth

2.1 Economic growth

The table below summarises the latest regional and country estimates of overall economic output and growth as measured by Gross Value Added (GVA).⁵

This table includes the small amount of UK economic activity that cannot be attributed to a region (which is offshore oil and gas extraction and activities of UK embassies and forces overseas): so-called extra-regio GVA.

Gross Value Added (GVA) and GVA growth by region/country

Growth in real terms (adjusted for inflation)*

	Total GVA, 2016		Average annual GVA growth (%) in period**				
	£ bn	% UK total	2015	2016	1999-2016	1999-2007	2010-2016
North East	51	2.9%	1.4	-1.0	1.5	2.9	0.7
North West	167	9.5%	2.9	1.3	1.9	3.1	1.4
Yorkshire & Humber	112	6.4%	2.7	0.0	1.5	3.0	0.9
East Midlands	100	5.7%	1.5	0.8	1.6	2.4	1.9
West Midlands	127	7.2%	2.8	1.8	1.5	1.8	2.5
East of England	147	8.4%	3.1	1.6	1.8	2.7	1.9
London	408	23.4%	2.0	3.0	3.1	4.2	3.2
South East	259	14.8%	3.7	0.8	1.9	2.5	2.0
South West	127	7.3%	1.3	2.0	1.8	2.5	1.8
England	1,498	85.7%	2.6	1.6	2.1	3.0	2.1
Wales	60	3.4%	2.9	1.9	1.7	2.6	1.8
Scotland	134	7.7%	0.7	1.2	1.9	2.7	1.7
Northern Ireland	37	2.1%	3.0	1.1	1.7	3.3	1.2
Extra-regio***	19	1.1%	0.1	0.0	-5.0	-4.5	-5.2
UK	1,748	100.0%	2.5	1.6	1.9	2.8	1.9

*As prices measures of regional inflation do not exist, these are approximations. See section 1

**Simple annual average of growth rates in periods shown

***Extra-regio refers to output that can't be assigned to region/country, e.g. North Sea oil & gas

Source: ONS, *Regional gross value added (balanced), UK: 1998 to 2016*, Dec 2017

In 2016, London's GVA of £408 billion accounted for 23% of the UK total (£1,748 billion), with the South East contributing a further 15%.

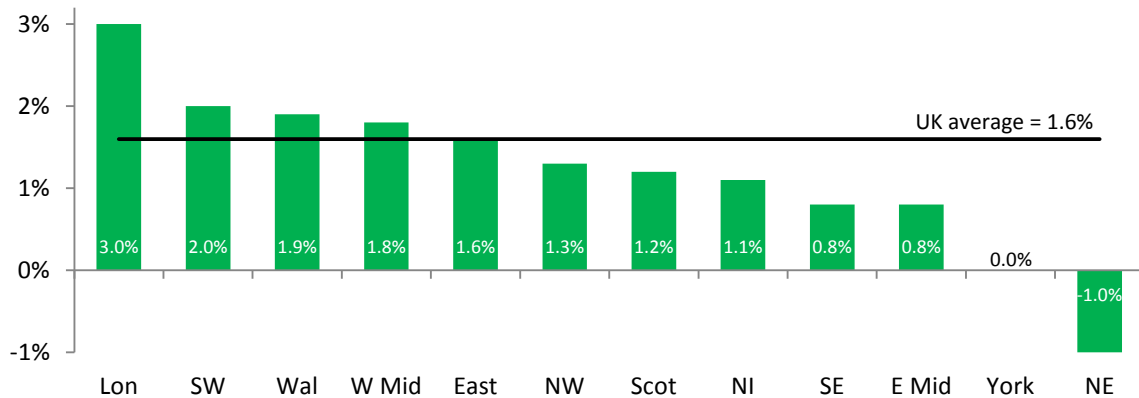
London saw the highest annual growth in 2016 at 3.0%, compared with the UK figure of 1.6%. The lowest rate of growth was seen in the North East which contracted by 1.0%.

London and the South East account for 38% of the UK economy

⁵ ONS, *Regional gross value added (balanced), UK: 1998 to 2016*, 20 Dec 2017

Economic growth by UK region/country, 2016

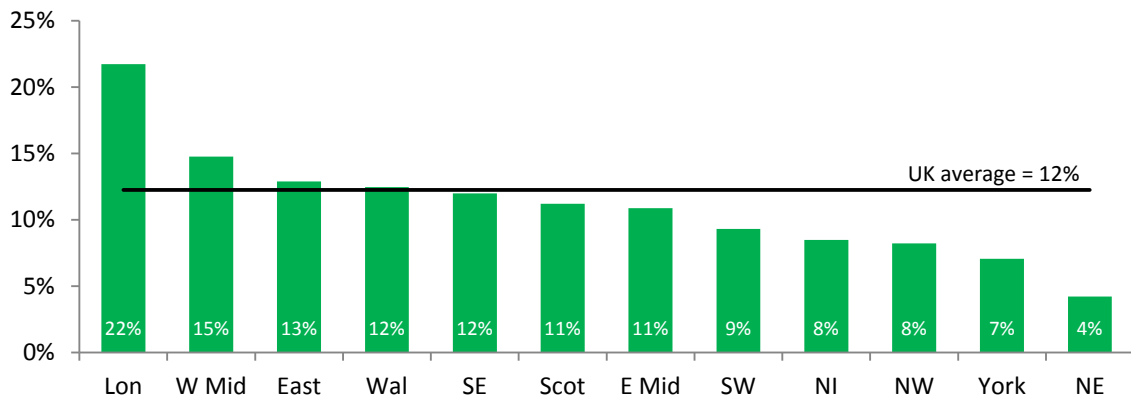
GVA (balanced approach), adjusted for inflation



In the recovery from the 2008/09 recession, cumulative economic growth from 2010 to 2016 was highest in London at 22%. The second highest rate of growth was in the West Midlands at 15%. The weakest growth recorded was in Yorkshire & the Humber at 7% and the North East at 4%. The UK grew by 12%. The chart below shows figures for all regions/countries.

Cumulative economic growth by UK region/country, 2010-2016

GVA (balanced approach), adjusted for inflation



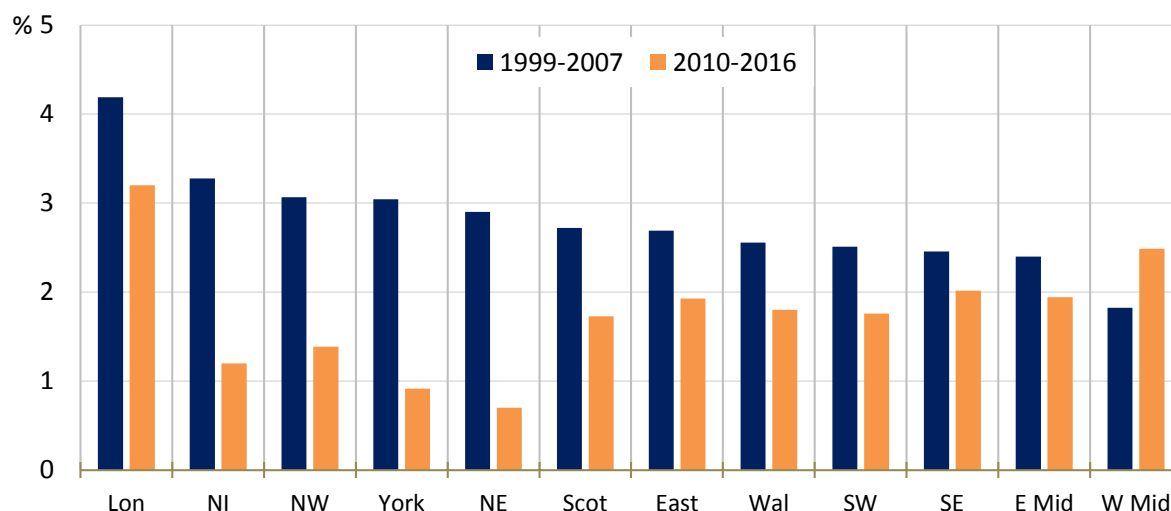
Between 1998 and 2016, London’s economy saw, by some distance, its economy expand the most (71%). Slowest total growth over this 18-year period was in Yorkshire and the Humber (29%), the North East and the West Midlands (both 30%).

Almost all areas have experienced slower growth since the financial crisis and recession of 2008/09. The chart below compares average annual economic growth in the regions and countries of the UK during the pre-recession period of 1999-2007 with the post-recession period of 2010-2016.

The only region where recent annual average growth is higher than that of the pre-recession period is the West Midlands. London had the highest average growth rates in both periods. Some regions and countries have seen a particularly notable weakening in their growth performance: the three northern regions of England (the North East, the North West and Yorkshire and the Humber) and Northern Ireland.

Comparison of economic growth by UK regions/countries before and after crisis

Annual average real terms % change during period; ordered by 1999-2007 average



2.2 Economic growth per head

The table below shows the latest regional/country estimates of GVA per head.⁶ By taking population into account, this allows us to (very broadly and crudely) compare the standard of living in different parts of the UK.

Gross Value Added (GVA) per head by region/country

Current prices (not adjusted for inflation)

	£	% growth		GVA/head: Index where UK = 100 each year			
	2016	2015	2016	1998	2010	2015	2016
North East	19,218	2.4%	0.7%	74.7	76.6	74.5	73.0
North West	23,068	3.4%	2.9%	86.1	89.4	87.5	87.6
Yorkshire & Humber	20,678	3.5%	1.4%	84.5	82.3	79.6	78.5
East Midlands	21,185	1.9%	2.1%	87.5	81.8	81.0	80.4
West Midlands	21,823	2.7%	3.0%	89.6	81.1	82.7	82.9
East of England	24,041	2.8%	3.0%	97.4	92.1	91.2	91.3
London	46,482	0.9%	3.7%	163.2	172.0	174.9	176.5
South East	28,683	3.1%	1.9%	113.4	110.1	109.8	108.9
South West	23,091	0.9%	3.3%	90.6	90.8	87.3	87.7
England	27,108	2.3%	2.8%	103.1	103.0	102.9	102.9
Wales	19,140	3.7%	3.5%	74.8	71.1	72.2	72.7
Scotland	24,800	0.7%	2.4%	91.9	94.3	94.5	94.2
Northern Ireland	19,997	2.8%	2.8%	78.6	78.0	75.9	75.9
UK (excl extra-regio)	26,339	2.0%	2.9%	100.0	100.0	100.0	100.0

Notes: UK excluding extra-regio refers to output that can be assigned to region/country, i.e. excluding North Sea oil and gas

GVA figures are workplace based but population is residency based. Therefore areas with a large commuter influx generating GVA will have their 'true' GVA per head overstated in these figures

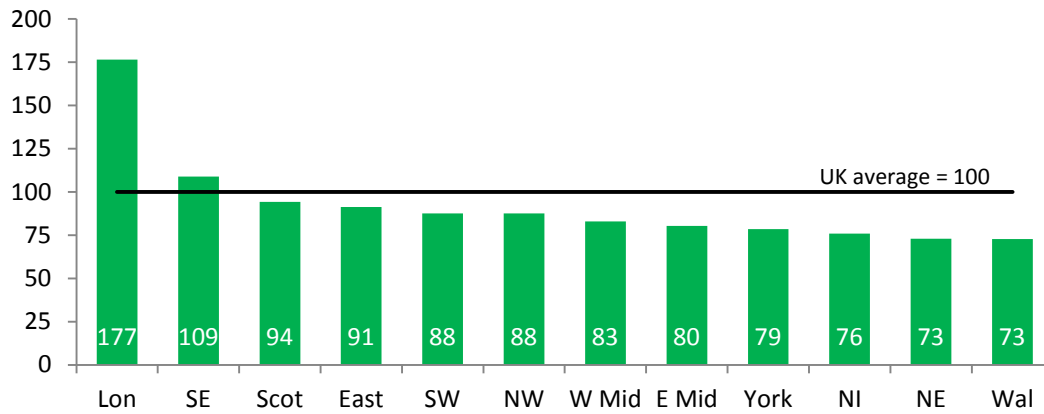
Source: ONS, *Regional gross value added (balanced), UK: 1998 to 2016*, Dec 2017

⁶ ONS, *Regional gross value added (balanced), UK: 1998 to 2016*, 15 Dec 2017

London has the highest GVA per head, 76% above the UK average and more than double that of 7 of the remaining 11 regions and countries of the UK. The chart below illustrates the gap between London and the rest of the country.

GVA per head by UK region/country, 2016

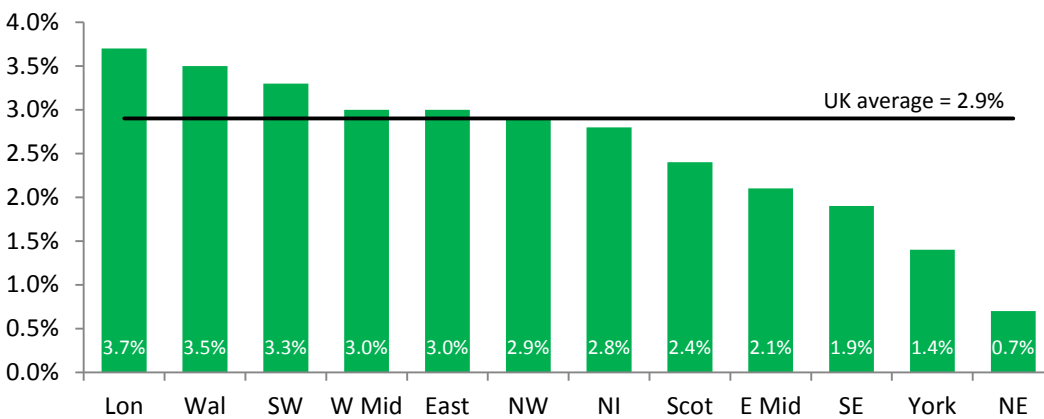
Index, where UK =100



In 2016, London saw the fastest growth in GVA per head (3.7%), followed by Wales (3.5%) and the South West (3.3%). The slowest rates of growth per head were seen in the North East (0.7%) and Yorkshire and the Humber (1.4%). These figures are not adjusted for inflation.

GVA per head growth by UK region/country, 2016

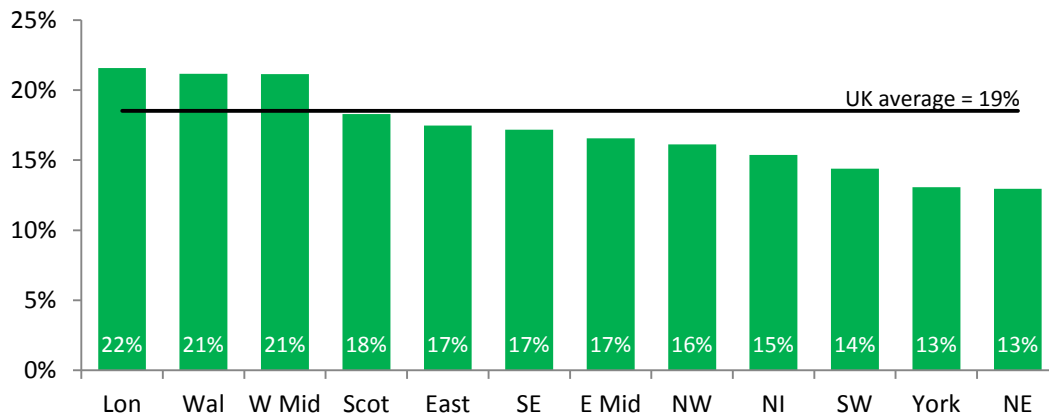
Not adjusted for inflation



Between 2010 and 2016, GVA per head grew fastest in London (22%), followed by Wales and the West Midlands (both 21%). It grew slowest in the North East and Yorkshire & the Humber (both 13%).

Total GVA per head growth by UK region/country, 2010-2016

Not adjusted for inflation



GVA per head in London went from 63% above the UK average in 1998 to 76% above it in 2016 – the fastest growth rate of any region. Over the same period, GVA per head in the West Midlands fell from 10% below the UK average to 17% below it, while the East Midlands fell from 13% below the UK average in 1998 to 20% below in 2016 – the worst performing regions or countries since 1998 on this relative measure.

3. Local area growth

The ONS has also produced workplace-based data for the period 1997-2016 for [NUTS2 and NUTS3 areas](#) (these are usually groups of local authority areas).⁷ The table below shows the NUTS3 areas with the highest and lowest GVA per head in 2016.⁸ None of the local area figures are adjusted for inflation (real-terms data are not available for local areas).

GVA per head in NUTS3 areas, 2016

Rank (out of 173) Area	£ per head	Index where UK=100
1 Camden and City of London	318,673	1,209.9
2 Westminster	238,506	905.5
3 Tower Hamlets	91,378	346.9
4 Kensington & Chelsea and Hammersmith & Fulham	68,675	260.7
5 Haringey and Islington	46,880	178.0
6 Milton Keynes	46,780	177.6
7 Hounslow and Richmond upon Thames	43,463	165.0
8 Berkshire	41,685	158.3
9 Edinburgh, City of	39,321	149.3
10 Belfast	35,791	135.9
UK (excl. extra-regio)	26,339	100.0
164 Northumberland	16,140	61.3
165 Lancaster and Wyre	16,083	61.1
166 Sefton	15,730	59.7
167 Dudley	15,597	59.2
168 North of Northern Ireland	15,488	58.8
169 East Ayrshire and North Ayrshire mainland	15,376	58.4
170 Wirral	15,237	57.8
171 Torbay	14,888	56.5
172 Gwent Valleys	14,759	56.0
173 Isle of Anglesey	13,655	51.8

London areas dominate the list of local areas with the highest GVA per head

Source: ONS, *Regional gross value added (balanced), UK: 1998 to 2016*, Dec 2017

Notes: UK excluding extra-regio refers to output that can be assigned to region/country, i.e. excluding North Sea oil and gas

GVA figures are workplace based but population is residency based.

Therefore areas with large commuter population generating GVA will have their 'true' GVA per head overstated in these figures, and vice versa

Some notable figures:

⁷ The NUTS (NUTS - Nomenclature of Territorial Units for Statistics) classification is the system used for dividing up the economic territory of the EU for regional policy and statistics purposes. In the UK, NUTS2 areas tend to be counties or groups of counties while NUTS3 areas are local authorities or groups of local authorities. NUTS1 areas are geographic regions, e.g. London, West Midlands, North West etc.

⁸ ONS, [UK regional gross value added \(GVA\), income approach: Dec 2016](#), 15 Dec 2016

11 Regional and local economic growth statistics

- The top 5 local areas with the highest GVA per head are in (mostly central) London. This at least in part reflects the large numbers of commuters who work there.
- The Isle of Anglesey had the lowest GVA per head of the 173 local areas, only slightly above half of the UK average.
- 157 of the 173 NUTS3 local areas saw rises in GVA per head in 2016, with Hounslow and Richmond upon Thames (+8.2%) followed by Milton Keynes (+7.1%) seeing the largest increases and Darlington seeing the biggest fall of 2.5%, followed by Lancaster and Wyre (-2.3%). Figures are not adjusted for inflation.
- Between 2010 and 2016, Hounslow and Richmond upon Thames (+45%), followed by Warwickshire (+38%) and Solihull (+36%) had the biggest increases in GVA per head.
- Between 2010 and 2016, the areas which saw the smallest increases in GVA per head were Great Manchester South East and Liverpool (both with a 1% increase) followed by Wolverhampton (+2%). The overall change in UK GVA per head over this time was +19%. Figures are not adjusted for inflation.

3.1 Maps of data for local areas

The maps on the following pages show:

- 2016 GVA per head data for all 173 NUTS3 local areas (this is also on the front page of this briefing).
- Change in GVA per head from 2010 to 2016 for all 173 NUTS3 local areas.

3.2 Spreadsheet of data for local areas

A table and chart showing 2016 GVA per head data and how this has changed since 2010 for the local area of your choice compared with the region/country it is in and the UK is available in an accompanying spreadsheet on this briefing paper's [landing page](#).

Just select your local authority from the list and data for the relevant NUTS3 area is provided.

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