

**Regional Accounts release 2 April 2009****Summary**

New 2007 regional and sub-regional Gross Disposable Household Income (GDHI) estimates were released today by the Office for National Statistics. The latest release includes revisions to earlier years.

***Regional GDHI, 2007***

- Total GDHI in the North West was £89.5bn, up from £87.6bn in 2006. At current prices, the North West annual increase of 2.2 per cent is below that of the UK (2.5 per cent) and down from 2006 revised annual increase (3.8 per cent) in the North West.
- GDHI per head in the North West was £13,038, up from £12,778 in 2006. The annual increase of 2.0 per cent was slightly above the UK as whole (1.9 per cent) but below the revised 2006 North West figure of 3.6 per cent.
- GDHI per head relative to the UK (where UK=100) for the North West in 2007 was 91, remaining at the same level since 1999 (also revised).

***Comparisons with other regions***

- In 2007, London had the highest total GDHI (£135.5bn) and GDHI per head (£17,931), followed by the South East (£133.7bn and £16,095, respectively). In terms of total GDHI the North West ranked 3<sup>rd</sup> out of the twelve UK regions/nations. In GDHI per head, the North West was 6<sup>th</sup> among the nine English regions and 7<sup>th</sup> among UK regions/nations. These rankings have not changed since 2004.
- Total GDHI in the North West increased by 2.2 per cent between 2006 and 2007. The North East was the only English region with a smaller annual increase of 1.9 per cent.
- GDHI per head in the North West had an annual increase of 2.0 per cent between 2006 and 2007. London was the only English region to have a greater increase of 2.4 per cent.

***Sub-regional GDHI, 2007***

- Among the five 'NUTS 2' sub-regions, Greater Manchester had the largest GDHI (£32.5bn or over one third of the North West total) and Cumbria the smallest (£6.8bn). Greater Manchester and Cumbria ranked 6<sup>th</sup> and 35<sup>th</sup> respectively of the 37 NUTS 2 areas of the UK.
- GDHI per head was highest in Cheshire (5% above the UK average) and lowest in Lancashire (13% below). Cheshire ranked 10<sup>th</sup> and Lancashire ranked 31<sup>st</sup> out of the 37 NUTS 2 areas of the UK for GDHI per head.
- Of the thirteen 'NUTS 3' areas in the region, three have shown the same increase in Total GDHI since 2006 as the UK: Warrington & Halton, Cheshire CC and South Manchester. Nine 'NUTS 3' areas have shown a greater annual increase in GDHI per head than the UK, the exceptions are South Manchester, Blackpool, Lancashire CC and Wirral.

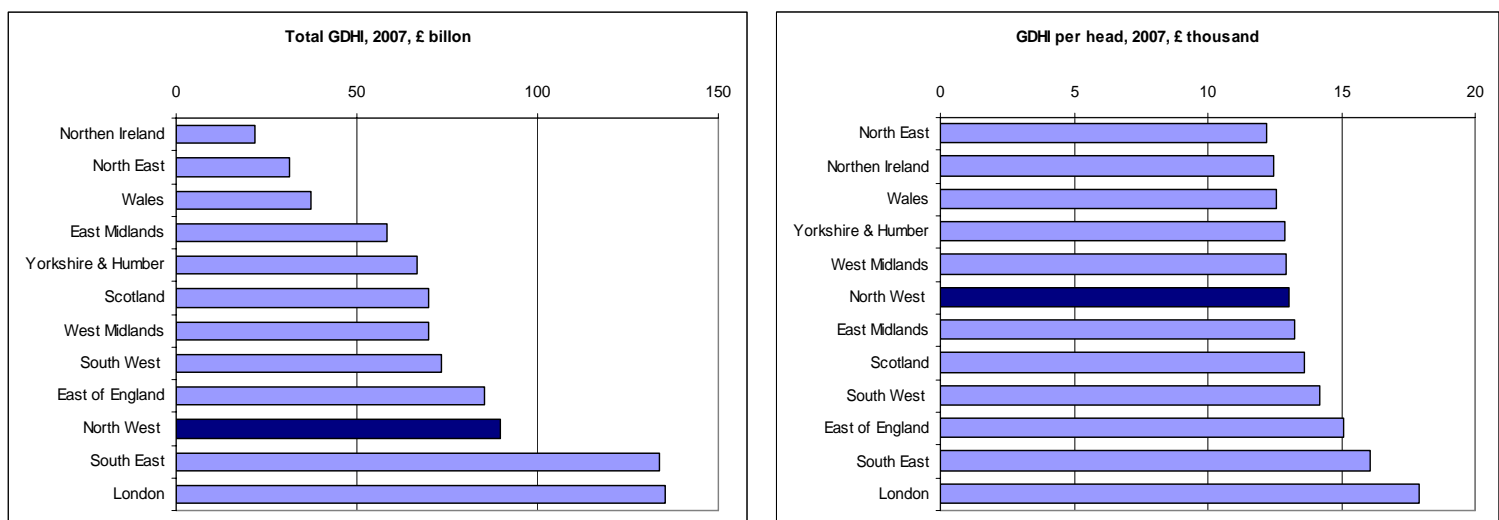
**Table 1: Regional GDHI<sup>1, 2</sup>, 2007**

	Total GDHI <sup>3</sup> (£m)	Increase on 2006 (%)	GDHI per head (£)	Increase on 2006 (%)	Per head index (UK=100)
North East	31,327	1.9	12,216	1.6	85
<b>North West</b>	<b>89,495</b>	<b>2.2</b>	<b>13,038</b>	<b>2.0</b>	<b>91</b>
Yorkshire and The Humber	66,789	2.6	12,901	1.9	90
East Midlands	58,376	2.6	13,268	1.8	93
West Midlands	69,646	2.2	12,941	1.9	90
East of England	85,383	2.5	15,083	1.5	105
London	135,502	3.0	17,931	2.4	125
South East	133,724	2.6	16,095	1.7	112
South West	73,462	2.6	14,187	1.6	99
England	743,704	2.6	14,556	1.9	102
Wales	37,470	2.2	12,574	1.7	88
Scotland	69,895	2.3	13,587	1.8	95
Northern Ireland	21,940	3.0	12,472	1.9	87
<b>UK <sup>4</sup></b>	<b>873,008</b>	<b>2.5</b>	<b>14,317</b>	<b>1.9</b>	<b>100</b>

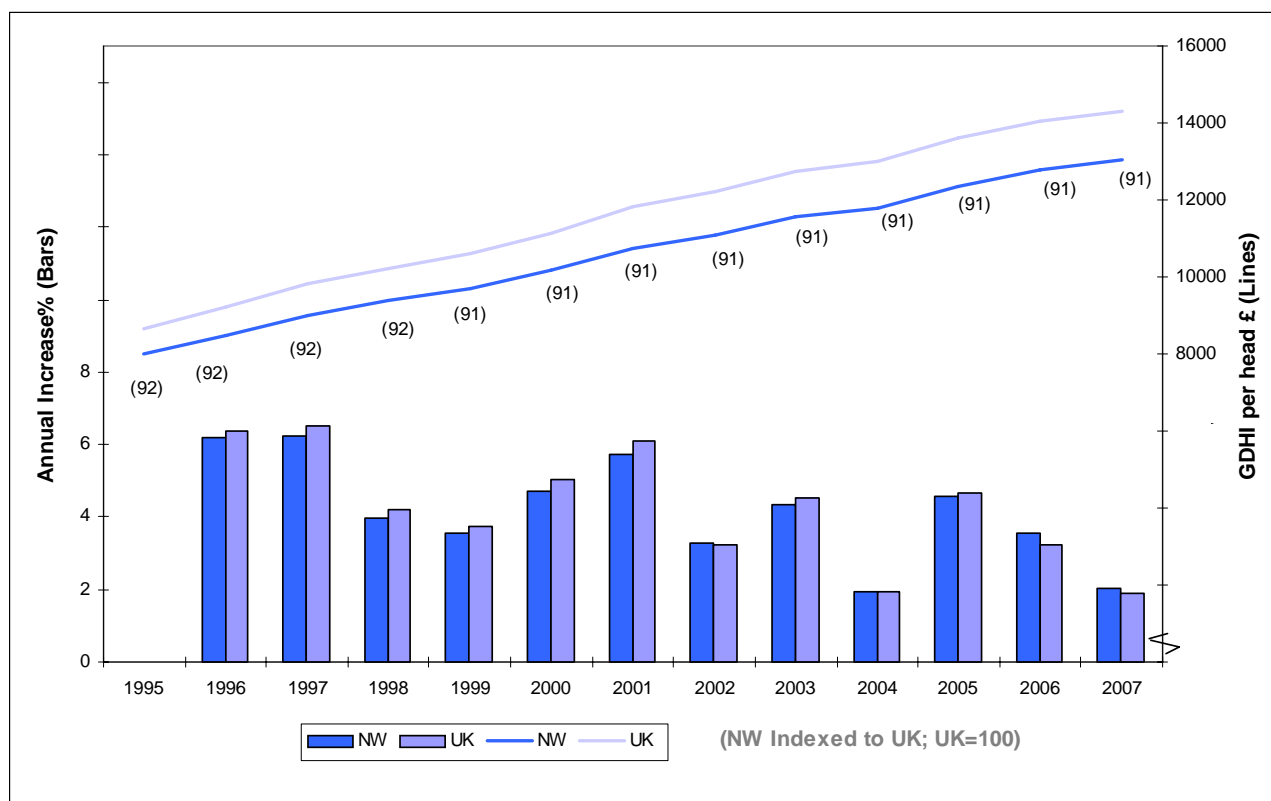
**Notes**

- 1 Headline GDHI (in current prices on residence basis), calculated using a 5 point moving average.
- 2 Estimates for 2007 are provisional.
- 3 Figures may not sum due to rounding.
- 4 Excluding Extra-regio.

**Figure 1: Regional GDHI, 2007**



**Figure 2: GDHI per head: levels and annual increase, 1995-2007**



**Table 2: GDHI<sup>1, 2, 3</sup> per head in English regions and Countries of UK, Indices UK=100, 1995-2007**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
North East	87	87	86	85	85	85	84	85	85	85	85	86	85
<b>North West</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>
Yorkshire & The Humber	92	92	91	91	91	91	90	90	90	90	90	90	90
East Midlands	93	93	92	92	91	91	92	92	93	93	93	93	93
West Midlands	92	92	92	91	91	91	91	91	91	91	90	90	90
East of England	107	107	107	107	107	107	108	108	108	107	106	106	105
London	121	121	122	123	124	123	123	123	123	124	125	125	125
South East	112	113	114	115	115	115	116	115	114	113	113	113	112
South West	100	101	100	100	100	99	100	100	99	99	99	99	99
England	102	102	102	102	102	102	102	102	102	102	102	102	102
Wales	89	88	87	86	86	86	86	87	87	88	88	88	88
Scotland	95	95	95	94	93	93	93	94	94	94	95	95	95
Northern Ireland	87	86	85	84	84	84	84	84	85	86	87	87	87

**Notes**

- 1 Headline GDHI (in current prices on residence basis), calculated using a 5 point moving average.
- 2 Estimates for 2007 are provisional.
- 3 Excluding Extra-regio.

**Table 3: Sub-regional GDHI<sup>1, 2</sup> (£ million)**

NUTS <sup>3</sup> 2	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	1,791	2,189	2,479	5,999	10,917	9,101	987	1,149	8,863	2,274	3,367	2,730	2,720
2001	2,400	2,974	3,463	8,405	14,471	12,233	1,214	1,440	12,035	3,092	4,207	3,226	3,617
2002	2,503	3,116	3,579	8,785	14,895	12,601	1,243	1,460	12,431	3,225	4,372	3,244	3,757
2003	2,603	3,294	3,736	9,323	15,550	13,112	1,305	1,498	13,068	3,372	4,586	3,353	3,926
2004	2,657	3,395	3,820	9,609	15,897	13,353	1,346	1,502	13,401	3,440	4,695	3,393	3,960
2005	2,799	3,606	4,028	10,170	16,690	13,927	1,423	1,546	14,102	3,598	4,907	3,525	4,075
2006	2,923	3,757	4,177	10,519	17,332	14,400	1,490	1,587	14,660	3,762	5,125	3,649	4,192
2007	2,990	3,846	4,281	10,778	17,760	14,744	1,520	1,596	14,962	3,842	5,221	3,708	4,246

**Notes**

1 Headline GDHI (in current prices on residence basis), calculated using a 5 point moving average.

2 Estimates for 2007 are provisional.

3 Nomenclature of Units for Territorial Statistics (Eurostat classification).

**Table 4: Sub-regional GDHI<sup>1,2</sup> per head (£)**

NUTS <sup>3</sup> 2	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	7,526	8,796	8,011	9,005	7,960	7,786	7,069	7,679	7,875	6,874	7,247	9,448	8,337
2001	10,224	11,752	11,181	12,466	10,738	10,470	8,769	10,124	10,589	9,427	9,522	11,403	11,483
2002	10,676	12,265	11,551	13,008	11,048	10,771	8,923	10,262	10,901	9,841	9,923	11,524	11,944
2003	11,071	12,871	12,030	13,737	11,479	11,176	9,324	10,498	11,381	10,290	10,450	11,932	12,503
2004	11,248	13,145	12,274	14,095	11,695	11,372	9,558	10,509	11,594	10,490	10,739	12,093	12,633
2005	11,847	13,901	12,889	14,860	12,206	11,844	10,078	10,804	12,134	10,942	11,227	12,624	13,047
2006	12,368	14,461	13,321	15,326	12,588	12,235	10,548	11,117	12,576	11,439	11,752	13,152	13,469
2007	12,635	14,777	13,599	15,649	12,819	12,529	10,793	11,200	12,809	11,703	11,989	13,426	13,688

**Notes**

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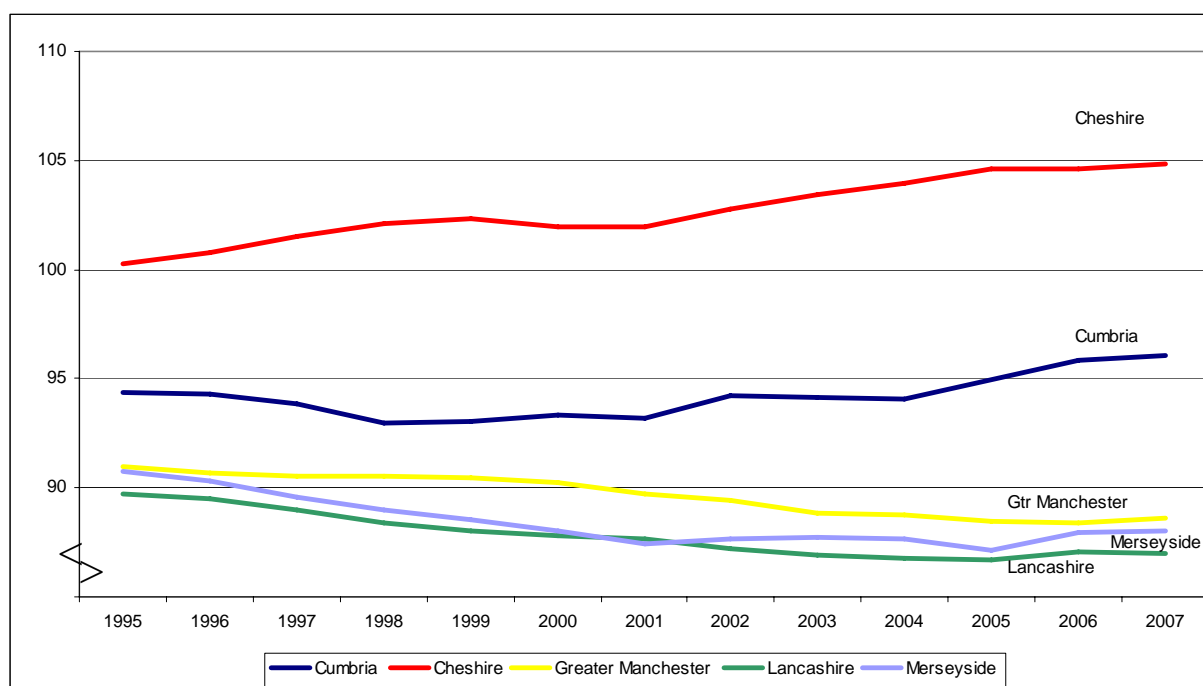
**Table 5: Sub-regional GDHI<sup>1,2,3</sup> per head indices (UK = 100)**

NUTS <sup>4</sup> 2	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	87	102	92	104	92	90	82	89	91	79	84	109	96
2001	86	99	95	105	91	89	74	86	90	80	81	96	97
2002	87	100	95	107	90	88	73	84	89	81	81	94	98
2003	87	101	94	108	90	88	73	82	89	81	82	94	98
2004	86	101	94	108	90	87	73	81	89	81	83	93	97
2005	87	102	95	109	90	87	74	79	89	80	82	93	96
2006	88	103	95	109	90	87	75	79	89	81	84	94	96
2007	88	103	95	109	90	88	75	78	89	82	84	94	96

**Notes**

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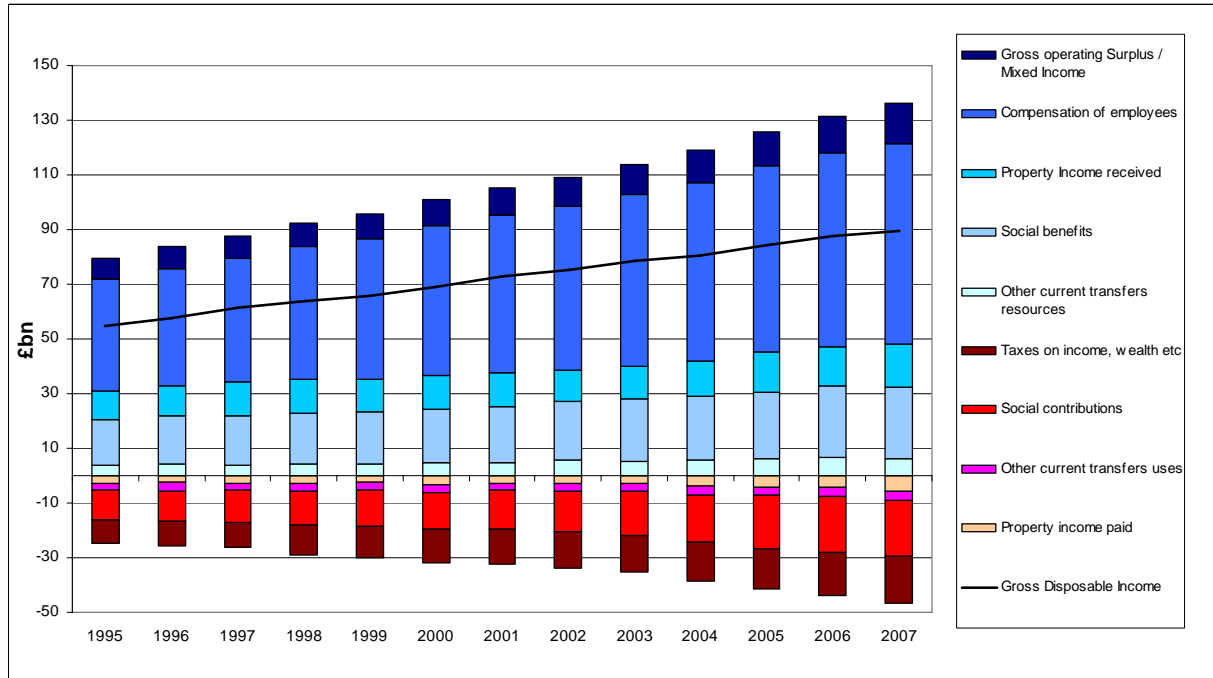
**Figure 3: GDHI per head in NW (NUTS 2) sub-regions, Indices UK=100, 1995-2007**



## Components of headline GDHI

The charts in this section illustrate the make up of GDHI in the North West. The Notes and Definitions section includes further information about these components.

**Figure 4: North West GDHI, 1995-2007**



## National Statistician's article: measuring regional economic performance

The article discusses the use of Gross Value Added (GVA) per head as one of the headline indicators in UK regional policy. The article aims to inform the discussion about the limitations of GVA per head in measuring the productivity of a region and the income of its residents. It proposes a series of indicators which can help to measure regional productivity and income more robustly and inform regional policy more widely.

The National Statistician's article (January 2009) can be found via:

[www.statistics.gov.uk/cci/article.asp?ID=2103](http://www.statistics.gov.uk/cci/article.asp?ID=2103)

## Note on revisions

In addition to the normal revisions to recent years arising from updated survey and other data underlying the estimates, some components of GDHI have been revised back to 1995 in line with the new methodology for allocating Financial Intermediation Services Indirectly Measured (FISIM) introduced in the National Accounts for the 2008 Blue Book. The overall effect is to increase GDHI.

The most significant changes are as follows;

- Operating surplus and mixed income resource decreased,
- Property income interest received resource increased,
- Attributed property income of insurance policy holders resource decreased,
- Property income paid uses decreased,
- Miscellaneous current transfers' resources and uses decreased.

The results of the revisions are increases to the Total GDHI across all regions. In overall terms the regions that have seen the largest upward revisions to their estimated GDHI in 2006 are London (+£4.3bn) and the South East (+£3.7bn).

GDHI estimates for the North West have been revised back to 1995. For 2006, GDHI for the North West has been revised upwards from £86.7bn to £87.6bn, an increase of £0.8bn or +1.0 per cent.

The increase in GDHI for 2006 has increased the estimated GDHI per head in the North West from £12,655 to £12,778 (£123, +1.0 per cent). The above revisions have led to the indexed GDHI per head for 2006 being revised downwards from 92 to 91 (where UK=100).

**Table 6: Revisions to previously published GDHI<sup>1,2</sup> for North West**

Year	Total GDHI				GDHI per head			
	released May 2008 (£m)	released April 2009 (£m)	Revision (£m) %		released May 2008 (£)	released April 2009 (£)	Revision (£) %	
1995	54,095	54,565	470	0.9	7,923	7,991	69	0.9
1996	56,760	57,788	1,028	1.8	8,335	8,486	151	1.8
1997	60,004	61,252	1,247	2.1	8,831	9,015	184	2.1
1998	62,205	63,663	1,458	2.3	9,158	9,373	215	2.3
1999	64,436	65,753	1,317	2.0	9,514	9,708	194	2.0
2000	67,622	68,854	1,233	1.8	9,982	10,164	182	1.8
2001	71,567	72,779	1,212	1.7	10,567	10,746	179	1.7
2002	73,779	75,211	1,432	1.9	10,885	11,096	211	1.9
2003	76,912	78,726	1,814	2.4	11,310	11,576	267	2.4
2004	79,499	80,466	968	1.2	11,657	11,799	142	1.2
2005	83,752	84,396	643	0.8	12,245	12,339	94	0.8
2006	86,726	87,571	845	1.0	12,655	12,778	123	1.0
2007	-	89,495	-	-	-	13,038	-	-

### Notes

1 Headline GDHI (in current prices on residence basis), calculated using a 5 point moving average.

2 Estimates for 2007 are provisional.

## Notes and definitions

### The Household Sector

The household sector covers people living in traditional households as well as those living in institutions. The latter includes people living in retirement homes etc. This sector also includes sole trader enterprises and non-profit institutions serving households (NPISHs), examples of the latter being charities and most universities.

The estimates presented in this article are consistent with the national accounts published in the 2008 edition of the UK National Accounts, *The Blue Book*, which also defines the terms used ([www.statistics.gov.uk/statbase/Product.asp?vlnk=1143](http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1143)).

### 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.

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;
- Property income (return on ownership of financial assets e.g. rent on land, interest, dividends, etc), plus;
- Social benefits (including child benefit, disability living allowance, unemployment and jobseeker benefits and incapacity benefits) & pension income (state retirement and privately funded), 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, wealth etc (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;
- Other current transfers (payments of interest, rent on land, insurance policies, charity donations, gifts made abroad)
- Property income paid (interest, rent on land).

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).

<b>Balance of Primary Income = Primary Resources – Primary Uses</b>	
<b>Primary Resources</b>	<b>Primary Uses</b>
Compensation of employees	Property income paid
Gross operating surplus/ Mixed income	
Property income received	
<b>Balance of Secondary Income = Secondary Resources – Secondary Uses</b>	
<b>Secondary Resources</b>	<b>Secondary Uses</b>
Social benefits	Taxes on income, wealth etc
Other current transfers resources	Social contributions
	Other current transfers uses
<b>GDHI = Balance of Primary Income + Balance of Secondary Income</b>	

**Table 7: Components as a proportion of Total GDHI<sup>1,2,3,4</sup> by Region and Country, 2007, Percent**

	North East	North West	Yorkshire & The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	UK
Compensation of employees	83	82	82	84	83	85	97	87	76	75	87	74	85
Gross Operating Surplus / Mixed Income	14	16	16	17	18	21	21	21	21	17	15	20	19
Property Income received	16	18	18	19	18	21	22	22	20	16	18	16	20
<b>Primary Resources Total</b>	<b>113</b>	<b>116</b>	<b>117</b>	<b>121</b>	<b>119</b>	<b>126</b>	<b>140</b>	<b>130</b>	<b>118</b>	<b>108</b>	<b>120</b>	<b>110</b>	<b>123</b>
Property income paid	-6	-6	-6	-6	-7	-8	-9	-10	-8	-6	-7	-5	-8
<b>Primary Uses Total</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-7</b>	<b>-8</b>	<b>-9</b>	<b>-10</b>	<b>-8</b>	<b>-6</b>	<b>-7</b>	<b>-5</b>	<b>-8</b>
<b>Balance of Primary Incomes</b>	<b>107</b>	<b>110</b>	<b>111</b>	<b>114</b>	<b>112</b>	<b>119</b>	<b>131</b>	<b>121</b>	<b>110</b>	<b>102</b>	<b>113</b>	<b>105</b>	<b>116</b>
Social benefits	31	29	28	26	28	24	20	24	28	33	28	30	26
Other current transfers resources	8	7	7	7	7	6	5	6	7	8	7	8	6
<b>Secondary Resources Total</b>	<b>39</b>	<b>36</b>	<b>34</b>	<b>33</b>	<b>35</b>	<b>30</b>	<b>24</b>	<b>29</b>	<b>34</b>	<b>40</b>	<b>34</b>	<b>38</b>	<b>32</b>
Social contributions	-23	-23	-23	-24	-24	-24	-27	-24	-22	-21	-24	-23	-24
Taxes on income, wealth etc	-18	-19	-19	-20	-19	-22	-26	-23	-19	-17	-20	-16	-21
Other current transfers uses	-4	-3	-4	-4	-4	-3	-2	-3	-4	-4	-3	-5	-3
<b>Secondary Uses Total</b>	<b>-46</b>	<b>-46</b>	<b>-45</b>	<b>-48</b>	<b>-47</b>	<b>-49</b>	<b>-55</b>	<b>-50</b>	<b>-44</b>	<b>-42</b>	<b>-48</b>	<b>-44</b>	<b>-48</b>
<b>Balance of Secondary Incomes</b>	<b>-7</b>	<b>-10</b>	<b>-11</b>	<b>-14</b>	<b>-12</b>	<b>-19</b>	<b>-31</b>	<b>-21</b>	<b>-10</b>	<b>-2</b>	<b>-13</b>	<b>-5</b>	<b>-16</b>
<b>Gross Disposable Household Income</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Notes**

1 Headline GDHI (in current prices on residence basis), calculated using a 5 point moving average.

2 Estimates for 2007 are provisional.

3 Excluding Extra-regio

4 Figures may not sum due to rounding

## General

The headline GDHI series have been calculated using a five-period moving average technique. These adjusted series remove some year to year volatility in the unadjusted series. The unadjusted series are also provided for information on the National Statistics website.

Unadjusted GDHI estimates and components at the NUTS2 level are to be supplied to the statistical office of the European Union, Eurostat. These data are not directly used to inform funding decisions but may be used to support arguments in the debate around the relative welfare of regions across the UK and the EU area.

The estimates of regional household income and GDHI are published at current prices and do not take into account the impact of price inflation or price differentials at either a national or regional level.

## Geography

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.

**NUTS 1:** Government Office Regions and Scotland, Wales and Northern Ireland.

**NUTS 2:** 37 areas - sometimes referred to as sub-regions. In some cases these do not correspond exactly to the sub regions in the North West Regional Economic Strategy.

**NUTS 3:** 133 areas - generally groups of unitary authorities or districts, also known as local areas.

## Extra-Regio

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

## Accuracy

As with the national accounts, the regional (NUTS 1,2,3) estimates are calculated as reliably as possible. There is no easy way to measure the reliability of the estimates but ONS carries out consistency checks on data inputs, applies methods consistently and makes use of local knowledge for England, Scotland, Wales and Northern Ireland. The estimates are partly based on sample surveys and the quality of the results therefore varies according to sample size. This means that the results for smaller regions are subject to a greater degree of uncertainty than those for larger regions.

## 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.

## Links and contacts

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 statistician responsible is Pete Lee ([pete.lee@ons.gsi.gov.uk](mailto:pete.lee@ons.gsi.gov.uk)), head of Regional Accounts Branch.

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Want to be informed of developments with ONS and ONS data? Sign up for the Newsletter from the ONS regional team by using the contact details above.

## Summary of Links

- Regional GDHI April 2009 – First release  
[www.statistics.gov.uk/statbase/Product.asp?vlnk=14651](http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14651)
- The National Accounts Blue Book  
[www.statistics.gov.uk/statbase/Product.asp?vlnk=1143](http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1143)
- Frequently asked questions on the changes to the population estimates  
[www.statistics.gov.uk/downloads/theme\\_population/2006\\_MYEs\\_FAQs.pdf](http://www.statistics.gov.uk/downloads/theme_population/2006_MYEs_FAQs.pdf)
- Regional Accounts Methodology Guide  
[www.statistics.gov.uk/downloads/theme\\_economy/RegionalAccountsMethodologyGuide.pdf](http://www.statistics.gov.uk/downloads/theme_economy/RegionalAccountsMethodologyGuide.pdf)
- Nomenclature of Units for Territorial Statistics (NUTS)  
[www.statistics.gov.uk/geography/nuts.asp](http://www.statistics.gov.uk/geography/nuts.asp)
- National Statistician's article: measuring regional economic performance  
[www.statistics.gov.uk/ci/article.asp?ID=2103](http://www.statistics.gov.uk/ci/article.asp?ID=2103)

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