

Article

Regional Economic Analysis: Gross Disposable Household Income (GDHI) for Local Enterprise Partnerships, 1997 to 2013

This bulletin presents estimates of gross disposable household income (GDHI) for Local Enterprise Partnerships (LEPs) in England. Data are available for 1997 to 2013. The data are consistent with data in the existing ONS Regional GDHI release and as such the LEP GDHI estimates carry the National Statistics badge. Figures quoted are at current prices, which include the effects of price changes (inflation). It should be noted that these GDHI estimates relate to totals for all individuals within the household sector for a region rather than to an average household or family unit. GDHI per head are estimates of values for each person, not each household.

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1. Main points

- Buckinghamshire Thames Valley Local Enterprise Partnership (LEP) had the highest gross disposable household income (GDHI) per head at £23,342 in 2013. The LEPs with the highest GDHI per head were based around London and the South East. The average GDHI per head for England in 2013 was £17,842.
- The majority of LEPs had GDHI per head below the average for England in 2013. The LEPs with the lowest GDHI per head were generally based in the Midlands and the North of England. Black Country LEP had the lowest GDHI per head in 2013 at £13,219.
- Stoke-on-Trent and Staffordshire LEP had the highest annual growth rate in GDHI in 2013 at 4.4%. Over a longer period (since 2003), London LEP had the highest average annual growth rate.
- The lowest growth rates in GDHI in 2013 occurred in the Lancashire and Greater Manchester LEPs. Over a longer period, the lowest average annual growth rate in GDHI since 2003 has been in the Black Country LEP. The rate of growth in GDHI for the majority of LEPs was weaker in the period 2012 to 2013 than it was in 2011 to 2012.

2. Introduction

Local Enterprise Partnerships (LEPs) are partnerships in England between local authorities and businesses. They were created in 2011 and their role is to help shape local economic priorities and undertake activities to drive local economic growth and the creation of jobs. There are 39 LEPs. Every local authority in England belongs to at least one LEP. However, some local authorities belong to more than one LEP (see Background Notes).

This release provides data on gross disposable household income (GDHI) for each LEP. A time series with data back to 1997 is included while the latest data available are for the calendar year 2013. The data have been produced to be consistent with the existing [ONS regional GDHI data](#) that are published annually for the NUTS geographies. As such, these LEP GDHI data carry the National Statistics badge.

GDHI is the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect. It should be noted that these estimates relate to totals for all individuals within the household sector for a region rather than to an average household or family unit. GDHI per head are estimates of values for each person, not each household.

Notes for Introduction

1. Nomenclature of Territorial Units for Statistics (NUTS)

3. Total GDHI

Table 1 presents the Local Enterprise Partnership (LEP) areas with the highest and lowest annual growth rate in gross disposable household income (GDHI) in 2013. Stoke-on-Trent and Staffordshire LEP had the highest annual growth rate at 4.4%. Indeed, 4 of the 5 LEPs with the highest annual growth rate in GDHI were located in the West Midlands. However, another neighbouring LEP, Black Country, had one of the lowest annual growth rates in GDHI in 2013.

Lancashire and Greater Manchester were the only 2 LEPs which saw a decrease in GDHI between 2012 and 2013. The average growth rate for England in this period was 1.6%.

The rate of growth in GDHI for the majority of LEPs was weaker in the period 2012 to 2013 than it was for the period 2011 to 2012. The only LEPs which had higher growth in 2012 to 2013 were the top 5 LEPs listed in Table 1.

Table 1: LEPs with highest and lowest annual growth rate in GDHI, 2013

Local Enterprise Partnership	%
Stoke-on-Trent and Staffordshire	4.4
The Marches	4.0
Greater Lincolnshire	3.8
Worcestershire	3.6
Greater Birmingham and Solihull	3.4
Derby, Derbyshire, Nottingham and Nottinghamshire	0.2
Black Country	0.1
Leicester and Leicestershire	0.0
Lancashire	-0.5
Greater Manchester	-1.1

Source: Office for National Statistics

Table 2 shows the LEPs with the highest and lowest average annual growth rate in GDHI between 2008 and 2013. This gives an indication of how GDHI has changed in the LEPs since the start of the economic downturn. This shows that the LEPs with the highest average annual growth rate over this period are spread across England, with The Marches LEP having the highest average annual growth rate at 4.0%.

The 3 LEPs with the lowest average annual growth rates in GDHI over the 5 year period from 2008 to 2013 – Cheshire and Warrington, Greater Manchester, and Lancashire – are all based in the North West.

Table 2: LEPs with the highest and lowest average annual growth rate in GDHI, 2008 to 2013

Local Enterprise Partnership	%
The Marches	4.0
Cornwall and Isles of Scilly	3.8
London	3.7
Greater Lincolnshire	3.7
Tees Valley	3.6
Thames Valley Berkshire	2.7
Derby, Derbyshire, Nottingham and Nottinghamshire	2.7
Lancashire	2.6
Greater Manchester	2.6
Cheshire and Warrington	2.5

Source: Office for National Statistics

Table 3 shows the LEPs with the highest and lowest average annual growth rate in GDHI between 2003 and 2013. This therefore includes the period prior to the economic downturn as well as the subsequent economic

recovery. London LEP had the highest average annual growth rate over this 10 year period of 4.6%. Black Country LEP had the lowest average annual growth rate in GDHI between 2003 and 2013 (2.8%), while the relatively low average annual growth rate in GDHI for Lancashire and Greater Manchester LEPs seen in the last year and over the last 5 years, extends to the last 10 years.

Table 3: LEPs with the highest and lowest average annual growth rate in GDHI, 2003 to 2013

Local Enterprise Partnership	%
London	4.6
The Marches	4.1
Northamptonshire	4.1
Cornwall and Isles of Scilly	3.9
Greater Lincolnshire	3.9
Leicester and Leicestershire	3.2
Sheffield City Region	3.1
Lancashire	3.1
Greater Manchester	3.0
Black Country	2.8

Source: Office for National Statistics

4. GDHI per head

In terms of total GDHI, London LEP had the highest value in 2013 at £189,499 million while Cumbria LEP had the lowest value at £8,556 million. Total GDHI is affected by the population size of the area. GDHI per head data is a useful way of comparing areas of different sizes. It allows us to examine growth in incomes within the household sector over time relative to changes in the size of the population.

Table 4 shows the LEPs which had the highest and lowest GDHI per head in 2013. Buckinghamshire Thames Valley LEP had the highest GDHI per head in 2013 at £23,342, with the other LEPs in the top 5 also based around London and the South East.

The Black Country LEP had the lowest GDHI per head at £13,219. The England average GDHI per head in 2013 was £17,842.

Table 4: LEPs with the highest and lowest GDHI per head, 2013

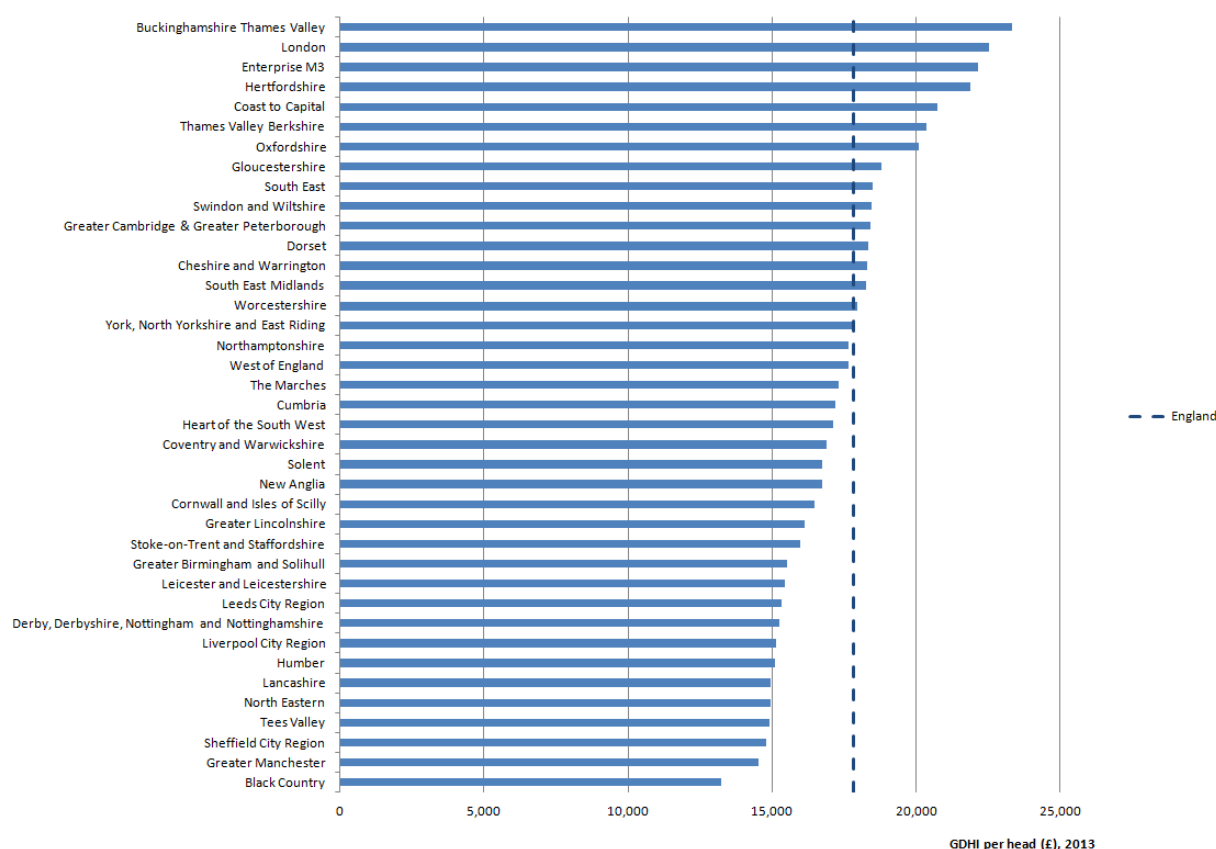
Local Enterprise Partnership	GDHI per head (£)	Total GDHI (£ millions)
Buckinghamshire Thames Valley	23,342	12,047
London	22,515	189,499
Enterprise M3	22,150	36,648
Hertfordshire	21,886	24,968
Coast to Capital	20,746	40,681
North Eastern	14,939	29,062
Tees Valley	14,891	9,904

Sheffield City Region	14,793	26,970
Greater Manchester	14,516	39,409
Black Country	13,219	15,235

Source: Office for National Statistics

Figure 1 shows the distribution of GDHI per head in 2013 across the 39 LEPs in England. The majority of the LEPs were below the average for England. The LEPs with the highest GDHI per head were based around London and the South East. The LEPs with the lowest GDHI per head were generally located in urban areas of the Midlands and the North of England.

Figure 1: GDHI per head for Local Enterprise Partnerships (LEPs), 2013



Source: Office for National Statistics

Notes for GDHI per head

1. For data on economic output by LEPs, ONS has published LEP data for GVA and labour productivity.

5. Analysis of the key components of GDHI

The components of gross disposable household income (GDHI) trace the resources (incomings) and uses (outgoings) of the household and non-profit institutions serving households (NPISH) economic sector. This component analysis will look at the different incomings to this sector.

Household and NPISH sector resources

Resources, or incomings, of the household and NPISH sector can be split into primary resources and secondary resources. The former relates to items such as wages and salaries, rental income and interest on savings. The latter relates to social benefits received and other current transfers, such as monetary gifts and insurance payouts.

Primary resources

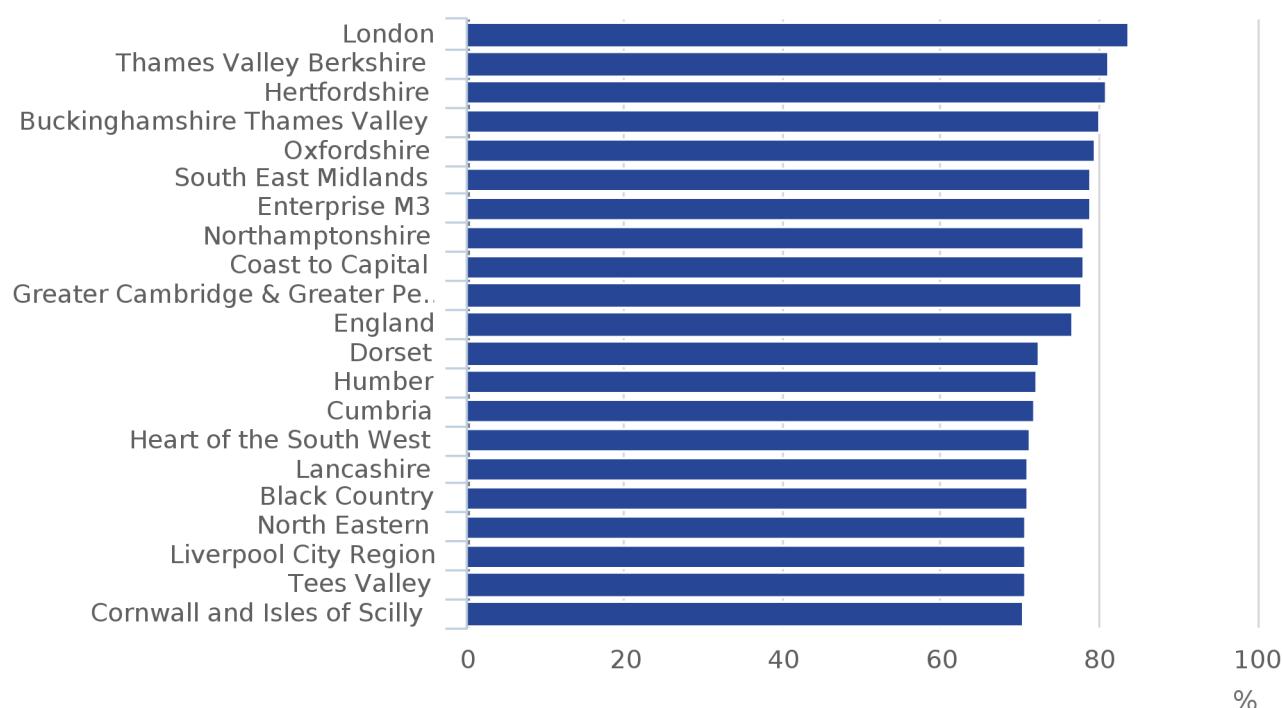
Primary resources comprise operating surplus, mixed income, compensation of employees and property income and relate to the income earned by the household and NPISH sector as a result of productive activity or the ownership of productive assets. They include wages and salaries, rental income from buildings, income from self-employment and income from the ownership of financial assets, such as interest on savings.

Analysis of the components of GDHI over time shows that between 2007 and 2012, the amount of primary resources earned as a proportion of total household incomings fell for all LEPs. This is likely to be as a result of the economic downturn which hit the UK in 2008. For the majority of LEPs, primary resources as a proportion of total household incomings increased between 2012 and 2013.

Figure 2 shows the 10 LEPs with the highest and lowest proportions of primary resources as a percentage of household incomings in 2013, with the England average shown for comparison.

Figure 2: Top 10 and bottom 10 primary resources as a percentage of total resources, LEPs

2013



Source: Office for National Statistics

Cornwall and the Isles of Scilly LEP had the smallest share of primary resources as a proportion of total household incomings in 2013, at 70.4%. This was followed by Tees Valley LEP at 70.6%. London LEP had the largest proportion at 83.9%, followed by Thames Valley Berkshire LEP at 81.2%.

The following section looks at the other incomes earned by the household sector, which are described as 'secondary resources'.

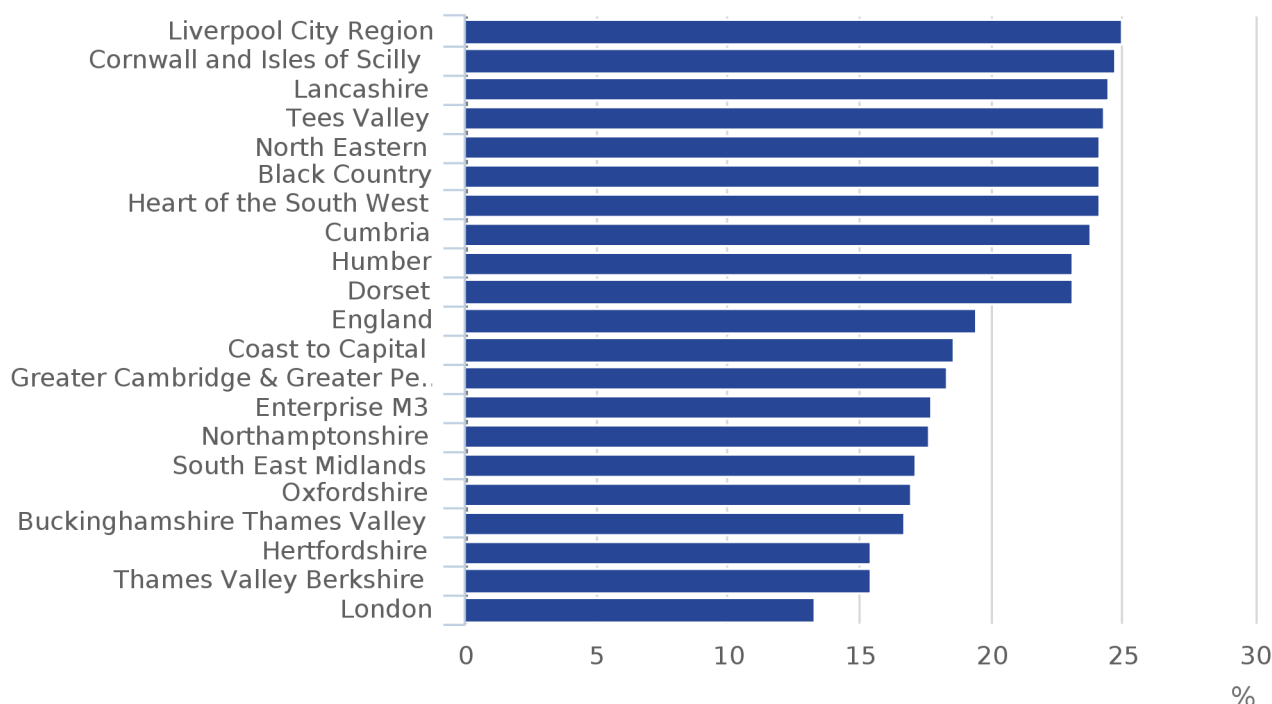
Social benefits and imputed social contributions

Social benefits and imputed social contributions are the main source of secondary resources, the amount received by the household sector in the redistribution of income. They include national insurance fund benefits, such as state pensions and unemployment allowance, and non-contributory benefits such as Child Benefit and tax credits. Imputed social contributions are those paid directly by employers to current and former employees without involving an insurance enterprise or autonomous pension fund, and without creating a special fund or segregated reserve for the purpose; the imputed contributions are equal in value to the amount of social contributions that would be needed to secure the de facto entitlements to the social benefits they accumulate.

Figure 3 shows the 10 LEPs where social benefits as a percentage of total household incomings was highest and the 10 LEPs where this proportion was lowest, for 2013, with the England average shown for comparison.

Figure 3: Top 10 and bottom 10 social benefits as a percentage of total resources, LEPs

2013



Source: Office for National Statistics

The same set of LEPs appears in Figure 3 as appeared in Figure 2 showing the proportion of primary resources to total resources. The LEPs with the lowest proportion of social benefits to total resources are once again mainly located in the South or East of England, with London LEP the lowest at 13.3%. The LEPs with the highest proportion of social benefits to total resources are more geographically spread out across England, with Liverpool City Region LEP the highest at 25.0%.

For all of the LEPs the proportion of social benefits to total resources was higher in 2012 and 2013 compared to 2007, prior to the economic downturn.

6. Background notes

1. GDHI estimates presented here relate to totals for all individuals within the household sector for a region rather than to an average household or family unit. GDHI per head are estimates of values for each person, not each household.

GDHI estimates are in current basic prices. They do not allow for different regional price levels or changes in prices over time (inflation).

2. As with the National Accounts, regional, sub-regional and local GDHI estimates are calculated as reliably as possible. There is no easy way to measure the reliability of the estimates but we carry out consistency checks on data inputs, applies methods consistently and makes use of local knowledge through consultation with key users. 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.
3. For further details on GDHI, including methodology information and results for NUTS geographies, please see the May 2015 ONS release of [Regional GDHI](#)
4. Geography – Table 5 in the reference table accompanying this publication shows the LEP boundaries used to compile the data in this report. In each case, the LEP boundaries used have been an amalgamation of one or more local authority. For each local authority associated with a LEP, data for the whole of that local authority are included within the LEP estimates.

The exception to this is the Solent and Enterprise M3 LEPs. In these cases, the working boundaries of the LEP cut through existing local authority boundaries. Specifically, parts of the local authorities of New Forest, Test Valley, Winchester and East Hampshire are in the Enterprise M3 LEP and parts are in the Solent LEP. For this release, it has been decided that the whole of these affected local authorities should be allocated to the Enterprise M3 LEP, and to not include them in the estimates for the Solent LEP.

5. These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.
6. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk