FEATURE

Regional gross value added

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SUMMARY

This article presents estimates for regional gross value added at current basic prices published in December 2008. These data are published using the European Union Nomenclature of Units for Territorial Statistics (NUTS) regions. Data are published at the NUTS1 level for the time period 1989 to 2007 and at the NUTS2 and NUTS3 level for the time period 1995 to 2006. This is followed with an overview of the methodology used in the calculation of regional GVA and the article is concluded with the Office for National Statistics' future plans for regional economic data.

This article looks at estimates for regional gross value added (GVA) at current basic prices for 1989 to 2007, published in December 2008. Data for the NUTS1 level are published for the time period 1989 to 2007 and NUTS2 and NUTS3 data are published for the time period 1995 to 2006. This is a result of 2007 national controls being published on a provisional basis; therefore quality is affected at lower NUTS levels. Additionally, the majority of the key NUTS2 and NUTS3 datasets are not available in time. NUTS1 GVA data were discussed in the February 2008 ELMR article (Regional economic indicators with a focus on regional productivity (Dey-Chowdhury *et al* 2008)) and these data were used in the calculation of the GVA productivity data analysed in that article. This article focuses on regional GVA data at the different NUTS levels.

NUTS1 data

On a workplace basis, total GVA showed an increase across all NUTS1 regions (**Table 1**) at current prices between 2006 and 2007, the two highest growths were seen in London (6.1 per cent) and the North

Table 1
NUTS1 regional GVA,[1,2] 2007,[3] workplace

Region	Total (£bn)	Share of UK (per cent)	Growth on 2006 (per cent)	Per head (£)	Per head index (UK=100)
United Kingdom[4]	1,216.8	*100.0*	*5.3*	20,463	100
North East	40.2	*3.3*	*4.8*	15,688	79
North West	119.7	*9.8*	*5.8*	17,433	87
Yorkshire and the Humber	87.4	*7.2*	*4.8*	16,880	85
East Midlands	77.9	*6.4*	*5.0*	17,698	89
West Midlands	92.4	*7.6*	*5.3*	17,161	86
East of England	116.2	*9.5*	*5.4*	18,857	94
London	229.6	*18.9*	*6.1*	33,179	166
South East	188	*15.4*	*5.3*	21,218	106
South West	94.2	*7.7*	*4.7*	18,195	91
England	1045.5	*85.9*	*5.4*	20,463	103
Wales	44.3	*3.6*	*4.6*	14,877	75
Scotland	98.5	*8.1*	*5.0*	19,152	96
Northern Ireland	28.4	*2.3*	*5.1*	16,170	81

Notes:

Source: Office for National Statistics

1 GVA at current basic prices on workplace basis.
2 Figures may not sum due to rounding in totals; per head (£) figures are rounded to the nearest pound.
3 2006 and 2007 estimates are provisional.
4 Excluding statistical discrepancy and Extra-regio (off-shore contribution to GVA that cannot be assigned to any region).

Box 1

Regional gross value added methodology

Gross value added is the difference between the value of goods and services produced (output) and the cost of raw materials and other input which are used in production (intermediate consumption), that is, the value added by any unit engaged in production. This is calculated gross of any deductions for depreciation or consumption of fixed capital.

Regional gross value added (GVA) is estimated at current basic prices and comprises gross domestic product (GDP) less taxes (plus subsidies) on products. Taxes on products are taxes that are payable per unit of some good or service produced or transacted. Examples include value-added tax and excise duties. Subsidies are payments made to producers by the government or institutions of the European Union to influence production.

The headline estimates presented in this article are produced using a five-period moving average. These adjusted series remove some year-to-year volatility in the unadjusted series. The unadjusted data are also published on the Office for National Statistics (ONS) website.

NUTS1 GVA data are calculated on both a residence (GVA allocated to where someone lives) and workplace (GVA allocated to the location of production) basis. Estimates are calculated initially on a residence basis from which workplace based estimates are derived. It is currently assumed that net commuting only has a significant impact in London, the East of England and the South East so these are the only regions which have different estimates for residence-based and workplace-based GVA. NUTS2 and NUTS3 data are only calculated on a workplace basis, in line with European standards. The NUTS 1 data referred to in this article are mainly based on the workplace-based estimates.

All regional GVA data are at current prices, in other words, the effects of price inflation and regional price variation are not removed from these data.

Regional GVA data are calculated using the UK National Accounts as control totals and then prorated to the regions on a top-down basis, as defined below. Regional information in the form of a wide range of indicator data sets is used to allocate the national GVA, initially to the NUTS1 regions. The NUTS1 totals are then allocated to the constituent NUTS2 and NUTS3 regions. These data are published in line with the ESA 95 requirement to produce NUTS2 and NUTS3 data and associated industrial breakdowns, within two years of the reference period. Additionally, ONS publishes provisional data at NUTS1 within one year of the reference period.

Regional GVA data referred to in this article are calculated using an income approach. This involves adding up all the income earned by the resident individuals or corporations in the production of goods and services.

There are several components of the income approach to GVA. The largest are compensation of employees (CoE) (payment in cash or kind payable by an enterprise to an employee in return for work done), taxes on production, gross operating surplus (which includes profits and rental income) and income from self employment (mixed income) (GOS/MI).

Data sources

The data are allocated to the regional level using the most appropriate indicators available and are drawn from a wide variety of survey and administrative sources. The main data sets used are HM Revenue and Customs (HMRC) pay-as-you-earn and self-assessment tax data, as well as ONS surveys: the Annual Business Inquiry (Parts 1 and 2), the Short-Term Employment Survey (STES) and the Annual Survey of Hours and Earnings (ASHE).

All the input data are subject to a rigorous quality assurance process to determine that they are the best indicators available.

Box 2

Regional classification

The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the European Union. Regional GVA are produced at three levels of NUTS in the UK. These are:

- NUTS1: the devolved administrations of Scotland, Wales and Northern Ireland and the nine Government Office Regions (GORs) of England
- NUTS2: 37 areas – sometimes referred to as sub-regions
- NUTS3: 133 areas – generally groups of unitary authorities or districts, also known as local areas
- Extra-regio GVA is that which cannot be assigned to regions, such as the GVA of embassies and UK armed forces stationed overseas, along with the elements relating to activities on the continental shelf

West (5.8 per cent). The lowest growths were in Wales (4.6 per cent) and the South West (4.7 pre cent).

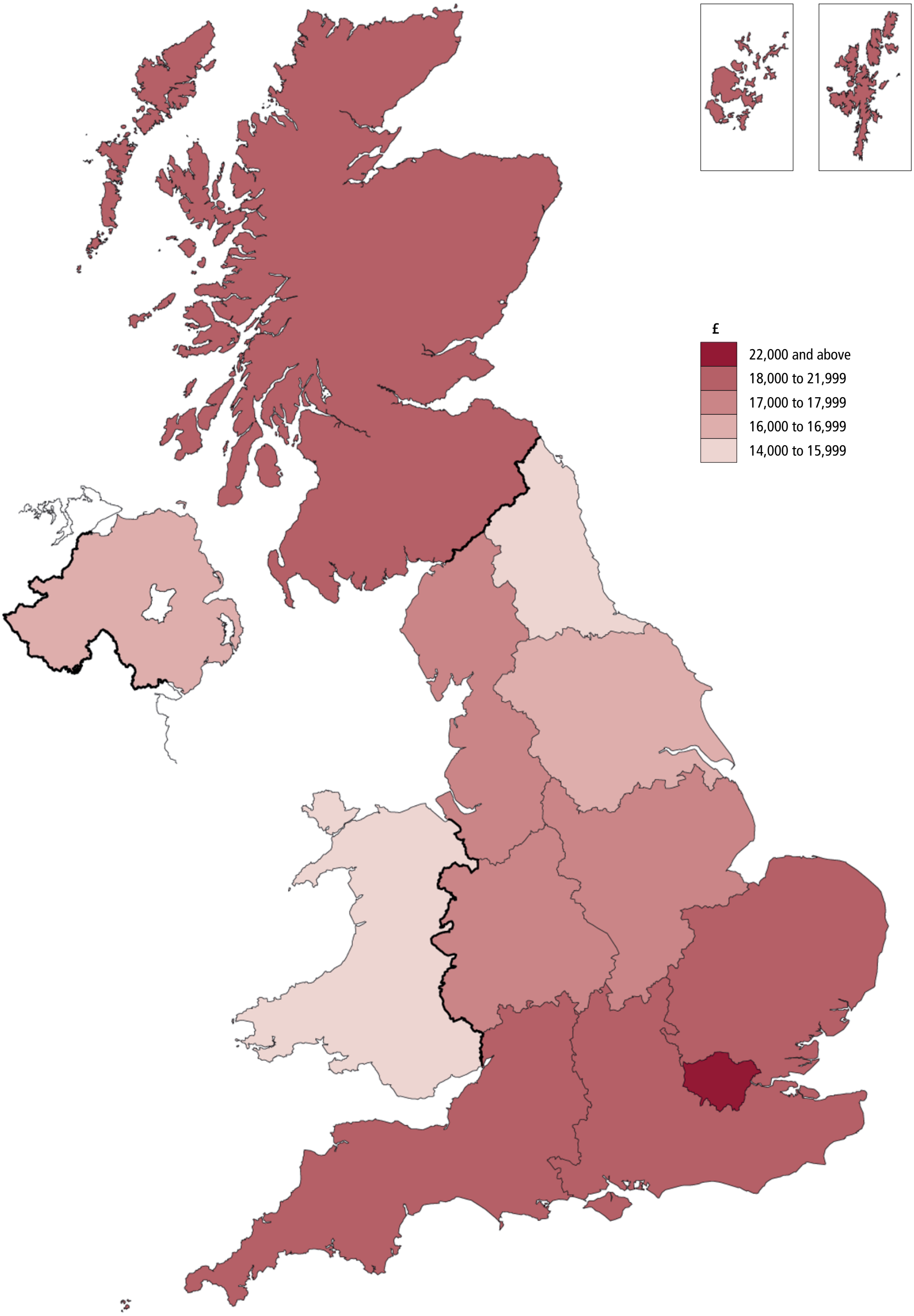
Total GVA has also been increasing in all NUTS1 regions on a residence basis (**Table 2**). At current prices, the regions that experienced the highest growth in total GVA between 2006 and 2007 were London (6.5 per cent), North West (5.8 per cent) and the West Midlands (5.3 per cent). Growth in Wales was the lowest (4.6 per cent) followed by South West (4.7 per cent).

GVA per head of population, on a workplace basis, (Table 1) for the UK as a whole excluding Extra-regio, was £20,463 in 2007. London had the highest GVA per head (£33,179). The South East was also above the UK average at £21,218. All other regions had a GVA per head value below the UK average. Wales had the lowest (£14,877) followed by the North East (£15,688) and Northern Ireland (£16,170)

London has a share of 20 per cent of total UK GVA (**Figure 1**). In the calculation of NUTS1 GVA, net commuting is only considered to be significant for London, the East of England and the South East.

On a residence basis, (Table 2) London (18.9 per cent) and the South East (15.4 per cent) had the largest shares of total GVA

Map 1
GVA per head: by NUTS1 area, 2007



Source:Office for National Statistics

Table 2
NUTS1 regional GVA,[1,2] 2007,[3] residence

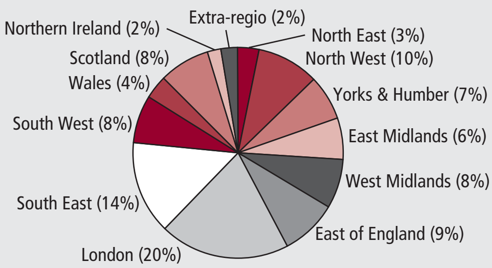
Region	Total (£bn)	Share of UK (per cent)	Growth on 2006 (per cent)	Per head (£)	Per head index (UK=100)
United Kingdom[4]	1,216.8	*100.0*	*2.7*	19,956	100
North East	40.2	*3.3*	*4.8*	15,688	79
North West	119.7	*9.8*	*5.8*	17,433	87
Yorkshire and the Humber	87.4	*7.2*	*4.8*	16,880	85
East Midlands	77.9	*6.4*	*5.0*	17,698	89
West Midlands	92.4	*7.6*	*5.3*	17,161	86
East of England	116.2	*9.5*	*4.8*	20,524	103
London	229.6	*18.9*	*6.5*	30,385	152
South East	188	*15.4*	*5.2*	22,624	113
South West	94.2	*7.7*	*4.7*	18,195	91
England	1045.5	*85.9*	*5.4*	20,463	103
Wales	44.3	*3.6*	*4.6*	14,877	75
Scotland	98.5	*8.1*	*5.0*	19,152	96
Northern Ireland	28.4	*2.3*	*5.1*	16,170	81

Notes:
Source: Office for National Statistics

1 GVA at current basic prices on residence basis.
2 Figures may not sum due to rounding in totals; per head (£) figures are rounded to the nearest pound.
3 2006 and 2007 estimates are provisional.
4 Excluding statistical discrepancy and Extra-regio (off-shore contribution to GVA that cannot be assigned to any region).

Figure 1
Regional share of UK workplace-based GVA, 2007

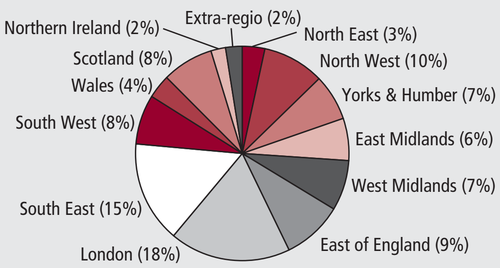
Percentages



Source: Office for National Statistics

Figure 2
Regional share of UK residence-based GVA, 2007

Percentages



Source: Office for National Statistics

in 2007, (6.5 and 5.2 per cent growth on 2006), while the North East (3 per cent) and Northern Ireland (2 per cent) had the smallest share (**Figure 2**). London's and the South East's shares of GVA have increased since 1995, when they accounted for 16 per cent and 14 per cent respectively.

London had the highest regional GVA per head of population index in 2007 (166), (where UK=100), more than a third greater than the UK average and above the 1995 estimate (153) as calculated on a workplace basis. Wales had the lowest index (75), which compares with the 1995 estimate for Wales (83) (**Figure 3**).

GVA NUTS1 component analysis

Compensation of Employees (CoE) and Gross Operating Surplus and Mixed Income (GOS/MI) are the two largest components of GVA. **Table 4 and 5** show the levels of CoE and GOS/MI and the proportion of GVA from CoE and GOS/MI for 1995 and 2007 on a residence basis.

In 2007, the East of England had the largest CoE as a proportion of GVA at 67 per cent, while London with 54 per cent had the smallest proportion. CoE as a proportion of GVA has risen in the majority of regions, while the proportion of GVA due to GOS/MI has been volatile across the regions. The largest increases were seen in Northern Ireland where GOS/MI as a proportion of GVA increased from 41 per cent in 1995 to 44 per cent in 2007 and the East of England where GOS/MI as a proportion of GVA rose from 38 per cent in 1995 to 41 per cent in 2007.

London has the highest CoE and GOS/MI per head in 2007 (£17,755 and £12,631 respectively) (Table 5). Northern Ireland has the lowest CoE per head in 2007 (£9,056) and the North East had the lowest GOS/MI per head in 2007 (£5,582).

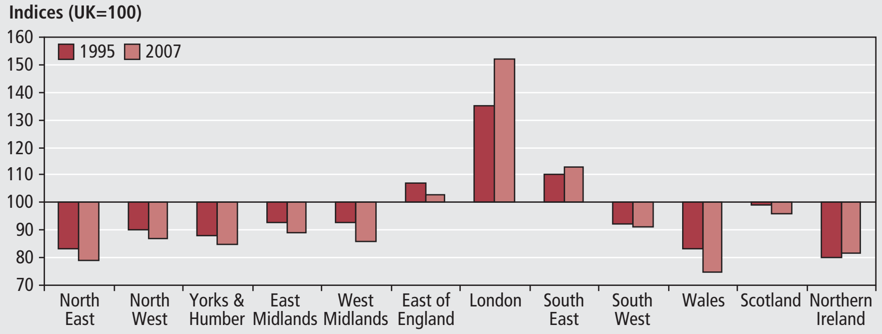
London had the highest proportion of CoE (18 per cent) and GOS/MI (19 per cent) (**Figure 4** and **Figure 5**). Northern Ireland had the smallest share of COE and GOS/MI (both 2 per cent).

NUTS2 GVA data

Total GVA per head in current basic prices increased in all NUTS2 sub-regions in 2006. Within NUTS2 areas, growth in total GVA between 2005 and 2006 was highest in Inner London (6.8 per cent) (**Table 6**). The NUTS2 sub-region with the lowest growth rate between 2005 and 2006 was Lincolnshire which increased by 3.8 per cent.

The NUTS2 sub-region with the highest GVA per head of population in 2006

Figure 3
GVA per head: by NUTS1 region, 1995 and 2007



Source: Office for National Statistics

was Inner London (£52,857), Berkshire, Buckinghamshire and Oxfordshire (£25,789) and North Eastern Scotland (£24,550) (**Figure 6**). The sub-regions with the lowest GVA per head were Cornwall and Isles of Scilly (£11,939), West Wales and the Valleys (£12,071), and Lincolnshire (£13,118).

NUTS3 GVA data

GVA per head grew in all NUTS3 local areas in 2006. The NUTS3 areas with the highest GVA per head in 2006 was Inner London West (£93,144), City of Edinburgh (£30,620) and Inner London East (£29,351) (**Table 7**). These estimates compare with the

Table 3
Key regional statistics percentages of the UK

Region	Area 2007 (percentage of total)	Population[1] 2007 (percentage of total)	Total economically active[2] 2007 (percentage of total)	Gross value added[3] 2007 (percentage of total)	Total gross disposable household income[4] 2006 (percentage of total)
North East	3.5	4.2	4	3.3	3.6
North West	5.8	11.3	10.9	9.8	10.4
Yorkshire & The Humber	6.3	8.5	8.3	7.2	7.7
East Midlands	6.4	7.2	7.3	6.4	6.7
West Midlands	5.3	8.8	8.6	7.6	8.1
East of England	7.8	9.3	9.5	9.5	9.8
London	0.7	12.4	12.7	18.9	15.2
South East	7.8	13.6	14.1	15.4	15.1
South West	9.8	8.5	8.5	7.7	8.4
England	53.4	83.8	84.1	85.9	85
Wales	8.5	4.9	4.6	3.6	4.4
Scotland	32.3	8.4	8.7	8.1	8
Northern Ireland	5.8	2.9	2.6	2.3	2.5
United Kingdom (=100%)	244,167 sq km	60.9m	30.9m	£1,126.8bn	£834.8bn

Notes:

1 Mid-year population estimates.
2 Labour Market Statistics 2006 (average of four quarters, seasonally adjusted).
3 Excluding Extra-Regio and statistical discepancy.
4 Regional household income estimates as published by ONS on 9 May 2008, UK less Extra-regio.

Source: Office for National Statistics

Box 3
Diversity of the NUTS1 regions

Scotland, Wales, Northern Ireland and the regions of England are all different in character, industrial structure and economic performance. **Table 3** shows some of the differences.

Scotland has the largest area but a small population. London has by far the smallest area, but the second largest population, over 12 per cent of the UK total. The South East has the largest share of the UK population, nearly 14 per cent. At the other extreme, Northern Ireland has the smallest population, 2.9 per cent of the UK total. These variations are reflected in the size of regional GVA and incomes.

The wide variation in the size of the regions makes it difficult to compare their economic performance using cash totals. Comparisons are therefore usually expressed in terms of the amounts per head of the population. However, it is important to note that the growth in totals may be quite different from the growth per head in regions where the population has increased or decreased. Furthermore, the level per head is determined both by the average amount of cash of the working population and by the proportion of dependants. Households in Northern Ireland have a high proportion of children, (22 per cent of the population were aged under 16 in 2007 compared with Wales and England 19 per cent and Scotland 18 per cent). This will tend to depress amounts per head. Ideally, the age structure of the population should be taken into account when comparing figures on a per head basis. The appropriate use of GVA per head as an indicator is discussed in the National Statistician's article: measuring regional economic performance (Dunnell, 2008)

Box 4

European Union Structural Funds

Under the European System of Accounts 95 (ESA 95) and the current transmission requirements, ONS provides GVA plus the CoE component with a 6-way industrial split at NUTS2 and NUTS3 to Eurostat. The industrial breakdown uses the Standard Industrial Classification 2003 (SIC 03). Eurostat requires the unadjusted data rather than the five-period data presented in this article. In 2008, ONS provided the regional GVA totals consistent with the 2008 National Accounts *Blue Book*.

Eurostat takes the NUTS2 GVA estimates and allocates the difference between national GVA and GDP on a pro rata basis and then applies purchasing power parities to produce estimates that are comparable across the EU. Funding criteria are set to these estimates, although data published in 2008 will not be used for this purpose.

The Structural Funds account for approximately one-third of the EU budget and are used to support regional development and employment, particularly in poorer regions and Member States. The funds can be used to finance a wide range of activities including supporting innovation, enterprise and business development, protecting and enhancing the environment, supporting specific sectors of regional economies, delivering active labour market policies and improving skills.

Table 4

Compensation of employees and gross operating surplus/mixed income and as a proportion of GVA:[1] by NUTS1 region

	Compensation of employees £ms		COE as a proportion of GVA (per cent)		Gross operating surplus/mixed income £ms		GOS/MI as a proportion of GVA (per cent)	
Region	**1995**	**2007**	**1995**	**2007**	**1995**	**2007**	**1995**	**2007**
United Kingdom	386,035	744,857	*60*	*60*	352,701	502,032	*40*	*40*
North East	15,191	25,915	*65*	*64*	8,341	14,316	*35*	*36*
North West	41,507	73,379	*61*	*61*	26,029	46,289	*39*	*39*
Yorkshire and the Humber	30,075	54,360	*62*	*62*	18,324	33,031	*38*	*38*
East Midlands	25,595	48,702	*61*	*63*	16,539	29,162	*39*	*37*
West Midlands	33,258	57,512	*62*	*62*	20,205	34,844	*38*	*38*
East of England	37,760	71,915	*62*	*67*	23,476	44,272	*38*	*41*
London	58,134	134,172	*60*	*54*	38,141	95,448	*40*	*38*
South East	57,056	116,018	*61*	*66*	37,049	71,953	*39*	*41*
South West	27,868	55,929	*58*	*59*	20,011	38,286	*42*	*41*
England	326,443	637,902	*61*	*61*	208,115	407,599	*39*	*39*
Wales	15,668	27,359	*59*	*62*	10,719	16,974	*41*	*38*
Scotland	33,800	61,094	*61*	*62*	21,508	37,426	*39*	*38*
Northern Ireland	8,489	15,930	*59*	*56*	5,954	12,515	*41*	*44*
Extra-regio	1,635	2,577	*13*	*9*	11,418	27,516	*87*	*40*

Note:

1 Headline GVA at current basic prices on a residence basis.

Source: Office for National Statistics

Table 5

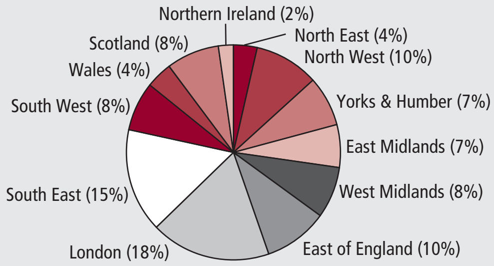
Compensation of employees and gross operating surplus/mixed income per head

	Compensation of employees per head		Gross operating surplus/mixed income per head	
Region	**1995**	**2007**	**1995**	**2007**
United Kingdom	6,653	12,216	4,441	8,233
North East	5,882	10,105	3,230	5,582
North West	6,079	10,690	3,812	6,743
Yorkshire and the Humber	6,063	10,500	3,694	6,380
East Midlands	6,255	11,070	4,042	6,628
West Midlands	6,327	10,686	3,844	6,474
East of England	7,254	12,704	4,510	7,820
London	8,409	17,755	5,517	12,631
South East	7,350	13,964	4,773	8,660
South West	5,828	10,801	4,185	7,394
England	6,747	12,485	4,301	7,978
Wales	5,424	9,181	3,711	5,696
Scotland	6,623	11,896	4,214	7,275
Northern Ireland	5,148	9,056	3,610	7,114

Source: Office for National Statistics

Figure 4
Regional share of total compensation of employees, 2007

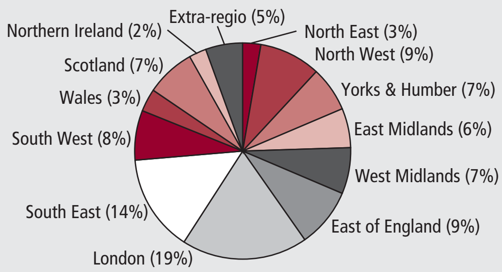
Percentages



Source: Office for National Statistics

Figure 5
Regional share of total gross operating surplus/mixed income, 2007

Percentages



Source: Office for National Statistics

UK average GVA per head of £18,945. The Isle of Anglesey (£10,560), Wirral (£11,199) and Gwent Valleys (£10,987) were the NUTS3 areas with the lowest GVA per head in 2006.

In 2006, Inner London West had the highest GVA per head index of 492, in contrast, the Isle of Anglesey had the lowest GVA per head index of 56.

Figure 7 shows the variation within and between the NUTS levels. The graph represents the constituent NUTS3 local areas with the highest and lowest GVA per head in each NUTS1 region in 2006. London shows the biggest contrast, with Inner London West having the highest GVA per head of £93,144 and Outer London – East and North East having the lowest of £13,382. The region with the least variation was the North East with Tyneside having the highest GVA per head of £17,597 and Durham CC the lowest of £11,639.

Over time there has also been a general divergence in economic activity between regions in the same NUTS area. Bedfordshire and Hertfordshire NUTS2 sub-regions (**Figure 8**) provides an example of this divergence. In 1995, all the NUTS3 local areas in Bedfordshire and Hertfordshire had a similar GVA per head: £11,274 in Luton, £10,909 in Bedfordshire CC and £12,080 in Hertfordshire. By 2006, the spread of GVA per head had changed substantially, with Luton (£20,150) 3 per cent below the NUTS2 value (£20,855), Bedfordshire (£16,880) 19 per cent below the NUTS2 value and Hertfordshire (£22,496) 8 per cent higher than the NUTS2 value.

GVA by industry groups NUTS1

Industry breakdowns at NUTS1 regions are only published on a residence basis. Across all regions most industries showed a steady growth in 2006, which is consistent with the time series since 1996. Real estate, renting and business activities (£273,664m), manufacturing (£153,156m) and wholesale and retail trade (£136,074m) made the strongest contributions to UK GVA (exc. extra regio).

At the UK level, real estate, renting and business activities was the largest industry, London accounted for 24 per cent (£65,338m) of total GVA for this industry, and the South East a further 18 per cent (£50,559m). Conversely, Northern Ireland had just a 2 per cent (£4,412m) share and the North East 3 per cent (£7,119m) as shown in Figure 9.

Manufacturing was the second largest

Table 6
Top five and bottom five GVA[1,2] per head: by NUTS2 region, 2006[3]

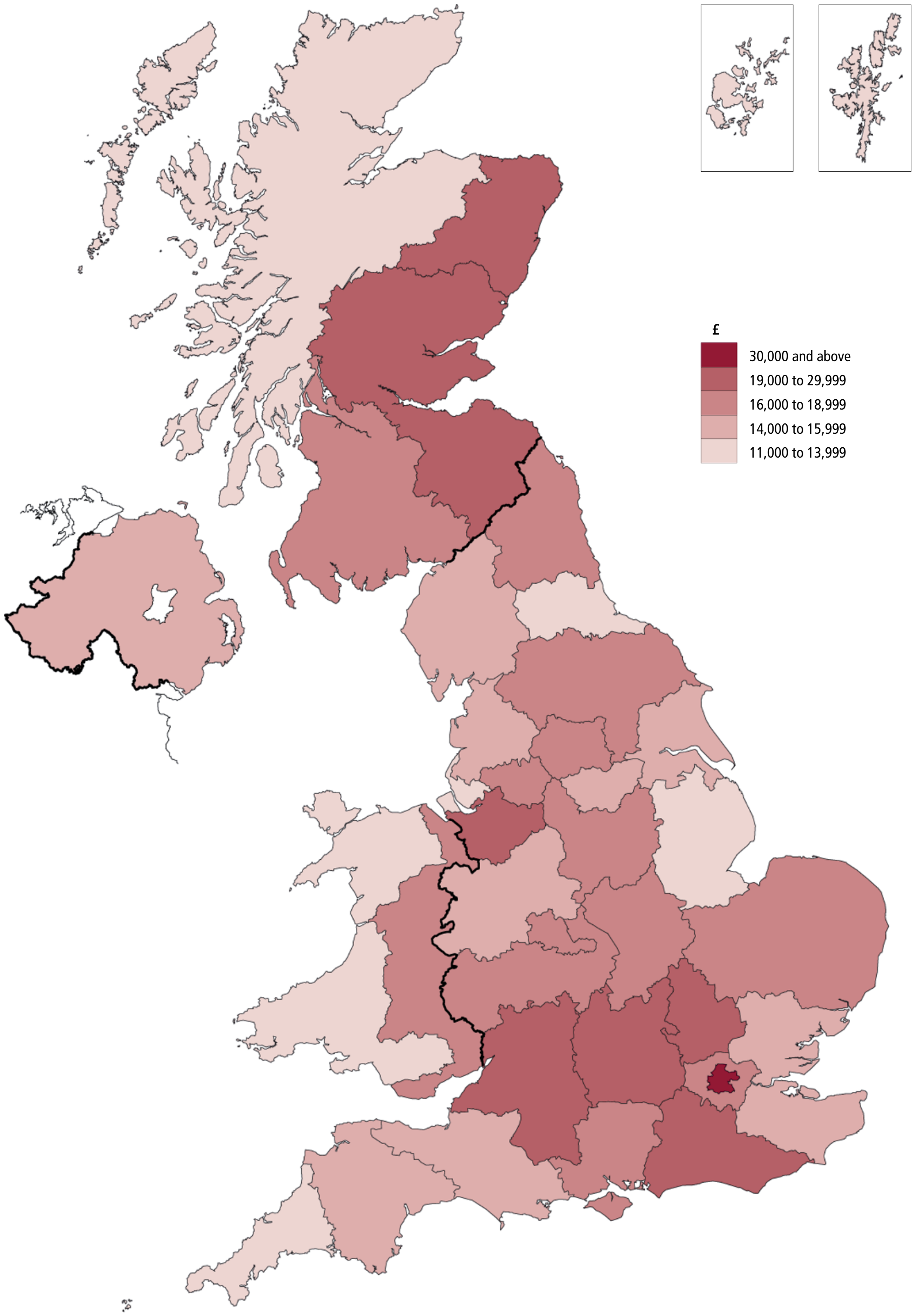
Region	Share of UK (per cent)	Growth on 2005 (per cent)	2006 Per head (£)[3]	Per head index (UK=100)
United Kingdom	*100.0*	*5.3*	18,945	100
Top five GVA				
Inner London	*13.7*	*6.8*	52,857	279
Berkshire, Buckinghamshire & Oxfordshire	*4.9*	*4.6*	25,789	136
North Eastern Scotland	*0.9*	*5.6*	24,550	130
Gloucestershire, Wiltshire & North Somerset	*4.1*	*4.5*	20,869	110
Bedfordshire & Hertfordshire	*3.0*	*5.2*	20,855	110
Bottom five GVA				
Merseyside	*1.6*	*4.4*	13,615	72
Tees Valley & Durham	*1.3*	*4.6*	13,368	71
Lincolnshire	*0.8*	*3.8*	13,118	69
West Wales & Valleys	*2.0*	*4.7*	12,071	64
Cornwall & Isles of Scilly	*0.5*	*5.4*	11,939	63

Notes:

1 GVA at current basic prices on workplace basis.
2 Excluding Extra-regio.
3 Per head 2006 estimates are provisional.

Source: Office for National Statistics

Map 2
GVA per head: by NUTS2 area, 2006

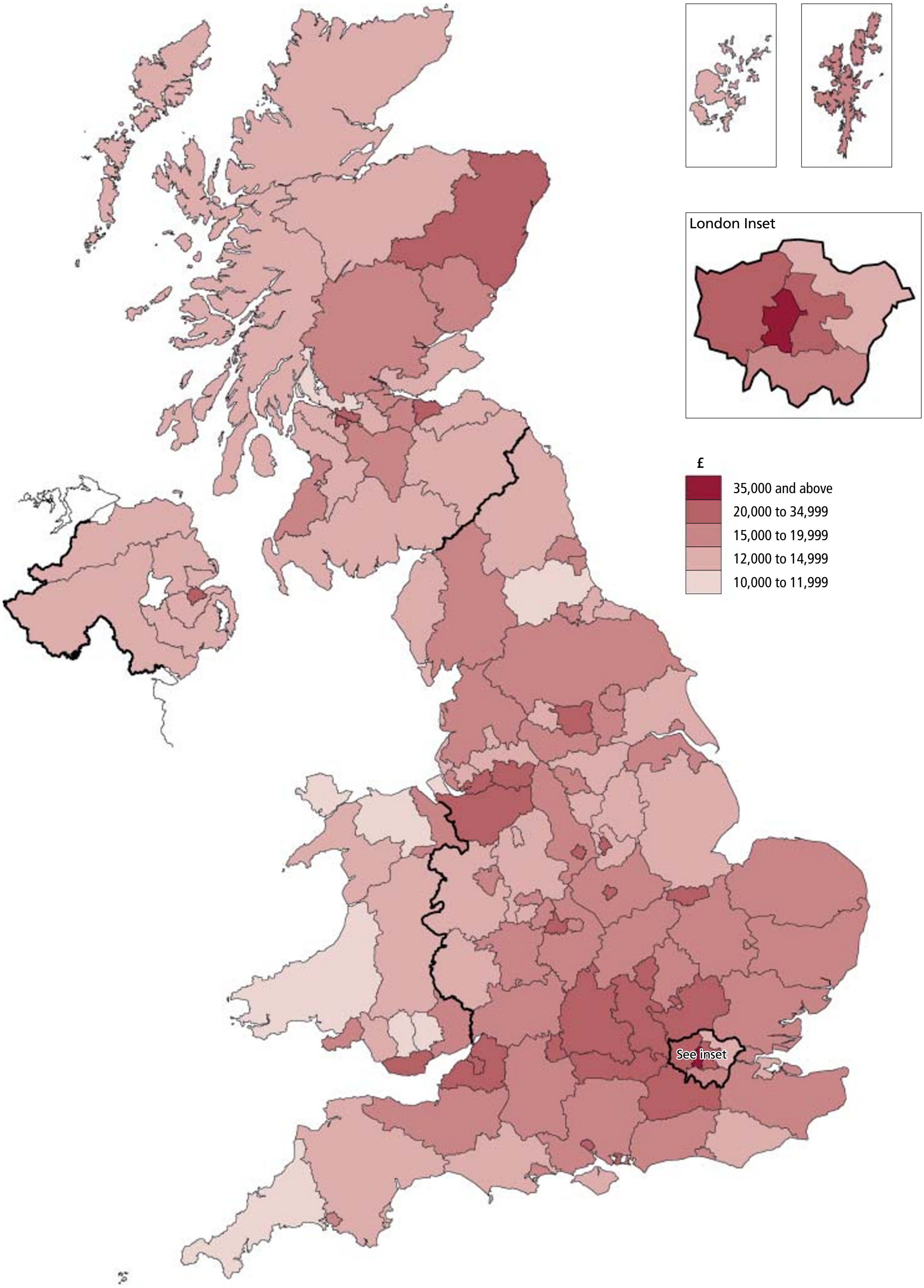


Note:

1 Changes to Scottish boundaries may not be reflected accurately.

Source:Office for National Statistics

Map 3
GVA per head: by NUTS 3 area, 2006



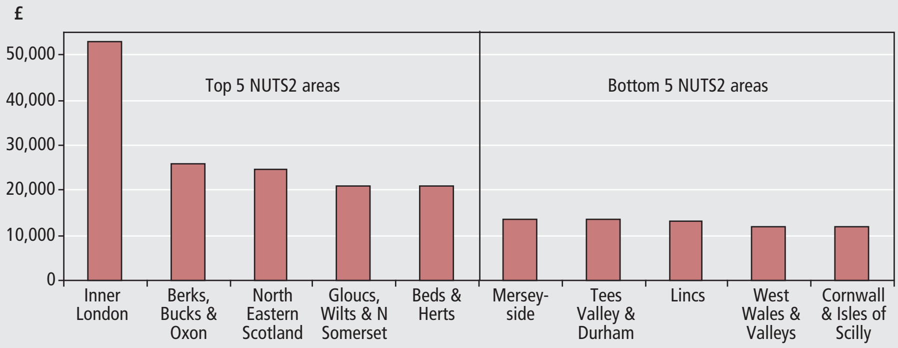
Note:

1 Changes to Scottish boundaries may not be reflected accurately.

Source:Office for National Statistics

Figure 6

NUTS2 areas with the highest and lowest GVA per head of population, 2006



Source: Office for National Statistics

industry in the UK, with the North West having the biggest share at 7 per cent (£20,291m), followed by the South East with 7 per cent (£18,615m). The smallest shares in manufacturing were in Northern Ireland at 2 per cent (£4,119m) and the North East also at 2 per cent (£6,809m).

Wholesale and retail trade was the third largest industry in the UK, with the South East accounting for 8 per cent (£22,554m) of the total, followed by London with 7 per cent (£19,969m). Northern Ireland had the lowest share with only 1 per cent (£3,446m). **Figures 9 and 10** show the top and bottom three industries and their performance across all regions on a residence basis.

The smallest industry in the UK was agriculture, hunting, forestry & fishing, followed by mining & quarrying of energy producing materials and other mining and quarrying. (Figure 10) London showed near zero activity in agriculture, hunting, forestry & fishing, followed by the North East (3 per cent). There was minimal mining & quarrying of energy producing materials in Northern Ireland, the South West or the North West, London and the West Midlands also showed little activity of other mining and quarrying (1 per cent).

GVA by industry NUTS2

In 2006 at NUTS2, London dominated real estate, renting and business activities with 42 per cent in Inner London (£51,409m) and 15 per cent in Outer London (£18,719m). Highlands and Islands followed by Cumbria had the smallest share within this industry, 1 per cent. Activities within the manufacturing was the strongest in the West Midlands 18 per cent (£7,384m) followed by Inner London 17 per cent (£6,958m). The weakest activity was in Cornwall and the Isles of Scilly with only 2 per cent.

Wholesale and retail trade appeared to be more prominent in Outer and Inner London with 23 and 21 per cent respectively (£11,229m and £10,192m) followed by Berkshire, Buckinghamshire and Oxfordshire 16 per cent (£7,619m). The Highlands and Islands have the lowest share 1 per cent, followed by Cumbria and Cornwall & the Isles of Scilly 2 per cent (**Figures 11, 12 and 13**).

GVA by industry NUTS3

At NUTS3 local level in 2006, business services and finance showed up as the strongest activity across UK local levels, with Inner London - West having the biggest involvement showing a share of 16.6 per cent of the industry's GVA (£60,593m) followed by Inner London – East 7.6 per cent (£27,794m). The weakest area for business services and finance appeared to be in most of the Scottish Islands with less than 1 per cent. (**Figure 14**) This industry has increased by 13 per cent since 2004 from £322,090m to £364,655m for the UK.

Public administration and education was the second strongest activity across local areas, with Inner London – West having the largest proportion with 7.9 per cent (£21,503m) followed by Inner London – East with 4.3 per cent (£11,646m). The Orkney Islands was highlighted as the weakest in this industry of the UK local areas share along with Eilean Siar (Western Isles) both having less than 1 per cent.

Distribution was highlighted as the highest industry within Inner London – West 5.9 per cent (£14,853m) followed by Outer London West and North West 4.9

Table 7

Top five and bottom five GVA[1,2] per head: by NUTS3 region, 2006[3]

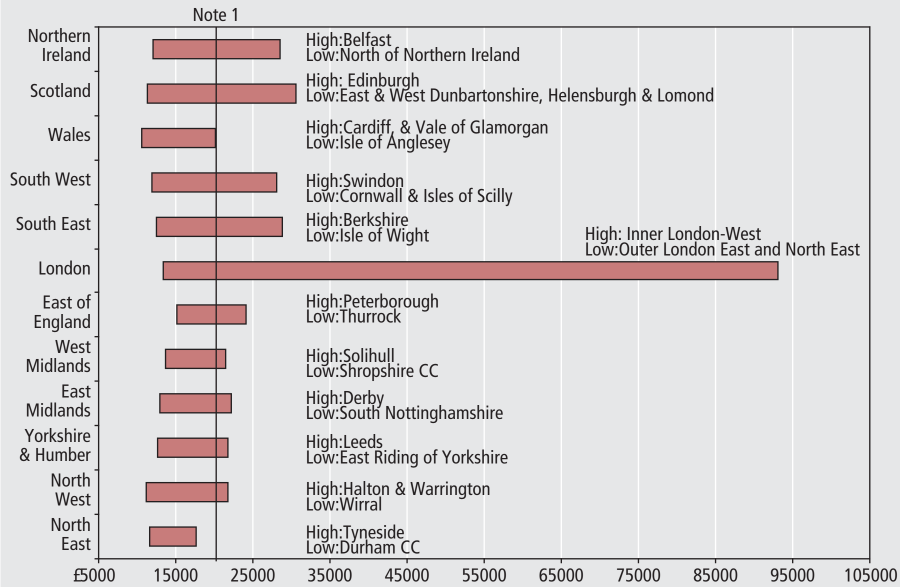
Region	Share of UK (per cent)	Growth on 2005 (per cent)	2006 Per head (£)[4]	Per head index (UK=100)
United Kingdom	*100.0*	*5.3*	18,945	100
Top five GVA per head				
Inner London West	*8.9*	*6.8*	93,144	492
Edinburgh, City of	*1.2*	*6.6*	30,620	162
Inner London - East	*4.8*	*6.8*	29,351	155
Berkshire	*2.1*	*4.9*	28,853	152
Belfast	*0.7*	*6.7*	28,522	151
Bottom five GVA per head				
Central Valleys	*0.3*	*3.7*	11,347	60
East & West Dunbartonshire, Helensburgh & Lomond	*0.2*	*4.9*	11,336	60
Wirral	*0.3*	*3.8*	11,199	59
Gwent Valleys	*0.3*	*4.9*	10,987	58
Isle of Anglesey	*0.1*	*4.9*	10,560	56

Notes:

Source: Office for National Statistics

1 GVA at current basic prices on workplace basis.
2 Excluding Extra-regio.
3 2006 estimates are provisional.
4 Per head figures are rounded to the nearest pound.

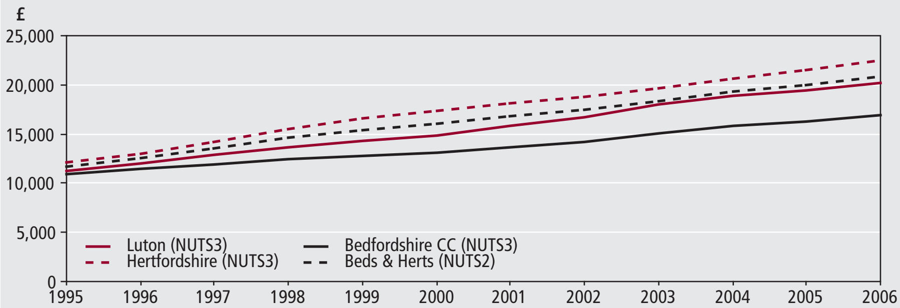
Figure 7
Highest and lowest NUTS3 GVA per head in each NUTS1 region, 2006



Note: *Source: Office for National Statistics*

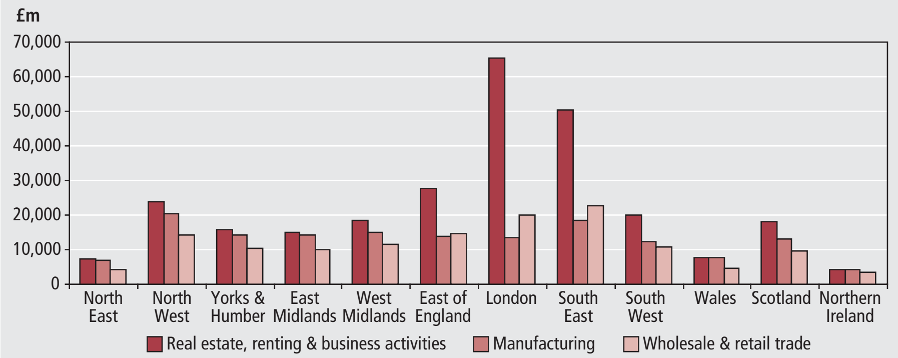
1 Average UK GVA per head has been applied (£20,463) for reference.

Figure 8
GVA per head, NUTS3 local areas within Bedfordshire and Hertfordshire



Source: Office for National Statistics

Figure 9
Headline GVA NUTS1 by region top 3 industries



Source: Office for National Statistics

per cent (£12,379m). Eilean Siar, (Western Isles) and the Orkney Islands showed to have the least distribution activity less than 1 per cent.

Production was high in Lancashire CC with 2.8 per cent (£4,981m) of the UK local area GVA share followed by Inner London – East with 2.4 per cent (£4,171m). The lowest activity was in Eilean Siar, Orkney Islands and the Shetland Islands where very little production took place in 2006.

Across local areas, construction has been volatile, with most activity showing in Outer London – West and North West 3.1 per cent (£2,305m) with Inner London – East following closely behind with 3 per cent (£2,216m). Essex CC and Outer London East and North East both have a share of 2.9 per cent of the UK construction NUTS 3 level. The least construction taking place was in Eilean Siar, Orkney Islands and the Shetland Islands less than 1 per cent.

Agriculture was the weakest industry with Nottingham showing very little activity at a local level. This also was evident in local areas such as: Blackpool, Derby, Leicester, Stoke-on-Trent, Essex, Portsmouth, Southampton and Glasgow City less than 1 per cent. The strongest presence was in Lincolnshire with 4.6 per cent followed by North Yorkshire CC 4.2 per cent. Compared with 2004 agriculture has declined nationally by 25 per cent from £10,600m to £7,869m.

2008 National Accounts *Blue Book*

The 2008 UK National Accounts *Blue Book* includes the reintroduction of supply and use balancing, for years up to and including 2006. This has enabled the inclusion of the industry breakdowns, which were suspended in the December 2007 publication.

The most recent year (2007) is marked provisional in the December 2008 publication.

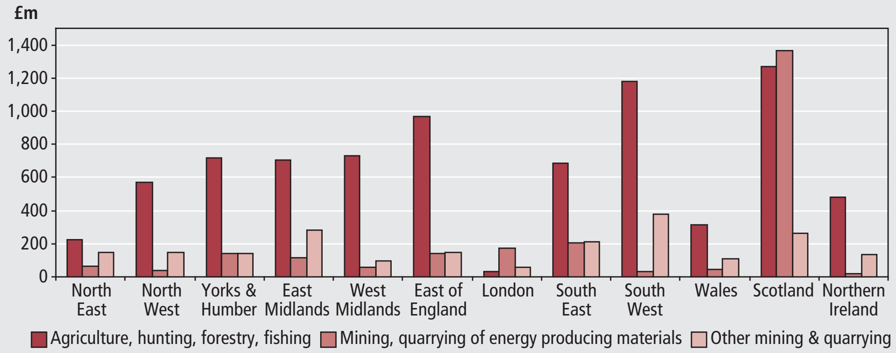
Revisions

Revisions to regional GVA estimates in this release cover the period 1989 to 2006. Estimates at lower geographical level are being revised for the period 1995 to 2005 with the starting point of the NUTS2 and NUTS3 time series being 1995.

The main reasons for revisions:

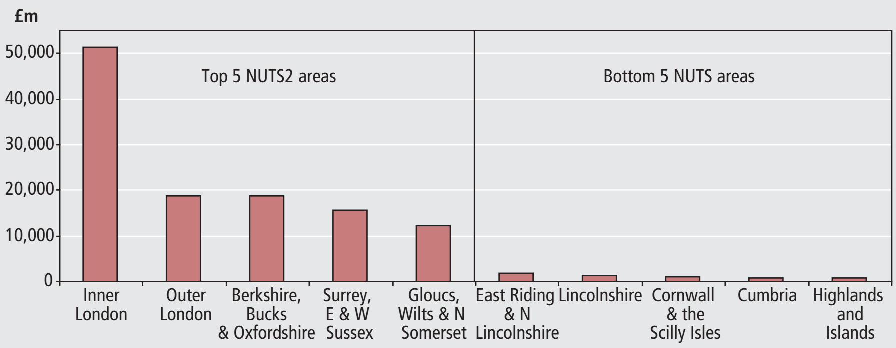
- In the UK National Accounts Blue Book 2008, a new method of calculating financial intermediation services indirectly measured (FISIM) was introduced. An article ‘Overview of UK National Accounts and Balance of Payments: Blue Book and Pink Book 2008’ by Meader and Tily was released to accompany the new estimates and explains in detail the methodological changes and results: www.statistics.gov.uk/cci/article.asp?ID=2055
- the reinstatement of the industrial breakdowns of regional GVA which were suspended in the 2007 publication (Regional, sub-regional and local

Figure 10
Headline GVA NUTS1 by region bottom 3 industries



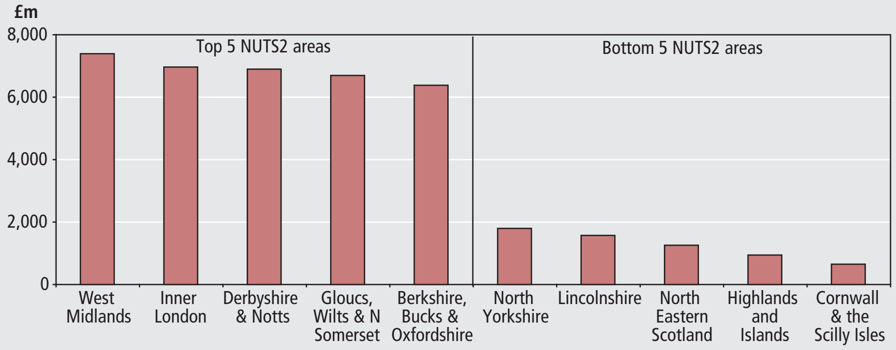
Source: Office for National Statistics

Figure 11
GVA real estate, renting and business activities NUTS2



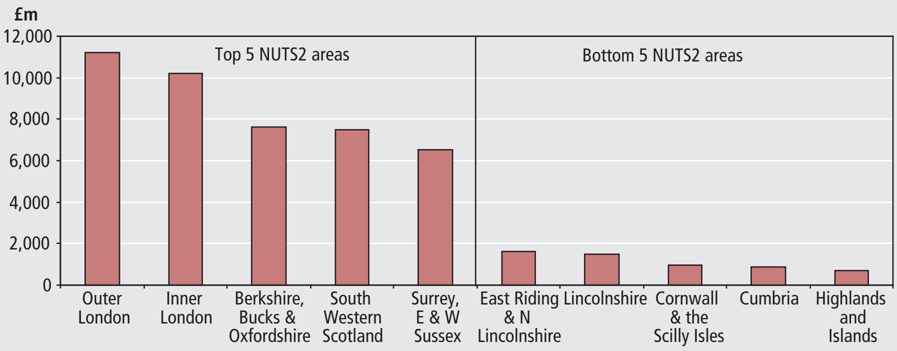
Source: Office for National Statistics

Figure 12
GVA manufacturing GVA NUTS2



Source: Office for National Statistics

Figure 13
GVA wholesale and retail trade NUTS2



Source: Office for National Statistics

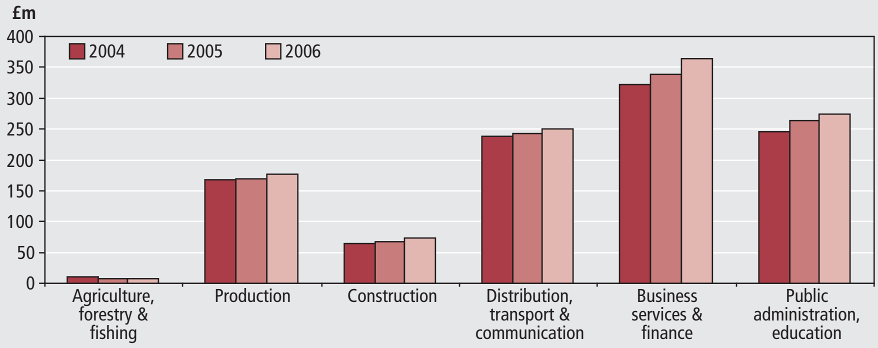
gross value added December 2007 background note 1 refers). In addition, an expanded industrial breakdown at NUTS3 level (six industries instead of three) is published today for the first time, in line with a new European Union requirement

- the transfer of North East Moray from North East Scotland to Highlands and Islands NUTS2 region to reflect its move into the Highlands and Islands Enterprise Area that took effect from 2001, requested by Highlands and Islands Enterprise Council. This change enables the new Highlands and Islands NUTS2 region to be coterminous with the Highlands and Enterprise Area as well as placing the whole of the Moray Council area in the same NUTS2 and NUTS3 region. Furthermore the three wards in this part of Scotland which are currently split between NUTS2 regions are reunited.
- The revisions in the national accounts cover the GDP time series as far back as 1961. For regional accounts the changes cover the whole time series (from 1989 at NUTS1 and 1995 at NUTS2 and 3). The effect on the national data is to lower the GVA for each industry but to increase GVA (and GDP) overall. This is mirrored in the regional data, where the most significant effects are seen in the regions with the largest concentration of the financial services industries (primarily London and, to a lesser extent, Scotland and the South East). The effect on London's GVA is to increase it in each year by between 6 and 9 per cent, although this only has a limited impact on growth rates. The smallest effects are seen in the East Midlands and Wales.
- PAYE data from Her Majesty's Revenue and Customs (HMRC), used in the compilation of compensation of employees estimates, were revised for 2004/05 and 2005/06 and new estimates supplied for 2006/07. In addition, HMRC supplied revised data for sole traders and partnerships for 2005/06, along with new estimates for 2006/07.
- Final estimates for 2006 became available from the Annual Survey of Hours and Earnings (ASHE), Annual Business Inquiry and other data sets.

Future work plans

ONS plans to publish estimates of regional GVA for 1989 to 2008 and sub-regional and local GVA for 1995 to 2007 in December

Figure 14
UK 6 industries (2004–2006)



Source: Office for National Statistics

2009. Industry estimates at workplace based are planned for regional GVA in the December 2009 publication.

Notes

1 The full Regional Accounts Gross Value Added publication can be accessed on the ONS website at www.statistics.gov.uk/statbase/product.asp?vlnk=14650

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