

Regional and sub-regional GVA estimates for London

Date: 14 December 2011

Coverage: London and UK **Theme:** The Economy

The 2010 Regional and 2009 Sub Regional Gross Value Added (GVA) data are released today by the Office for National Statistics. The estimates presented here are GVA at current prices and therefore are not adjusted to remove the effects of inflation. GVA at basic prices is gross domestic product (GDP) at market prices, less taxes (plus subsidies) on products. The data are calculated on a workplace basis, i.e. the GVA is allocated to the region in which the economic activity takes place.

Regional GVA – 2010

GVA figures for London are presented here on a workplace basis where estimates of workplace based GVA allocate income to the region in which commuters work.

- In 2010 London, at 1.6 per cent, saw the smallest increase in GVA of all regions and countries of the UK, having had the greatest increase of 0.6 per cent in 2009. GVA for the UK (excluding Extra Regio) increased by 3.2 per cent.
- Indexed GVA per head (where UK=100) for London in 2010 was 171.1, a decrease from the revised 2009 index value of 173.9 (down 2.8 index points). The previous estimate for 2009 was 171.2 (released in December 2010).
- GVA per head in London increased from £34,779 in 2009 to £35,026 in 2010, an increase of 0.7 per cent. UK GVA per head increased by 2.4 per cent.
- In 2010, London produced 21.5 per cent of total UK¹ GVA (excluding Extra Regio). The contribution of London to UK GVA has increased since 1997, when it accounted for 18.8 per cent.

Comparisons with other regions

- Of the countries and regions of the UK, South East saw the largest percentage increase in GVA between 2009 and 2010 (up by 4.2 per cent). This was followed by East Midlands which saw an increase of 4.0 per cent. The region with the smallest increase in GVA was London (up by 1.6 per cent). Scotland had the smallest increase in GVA of the UK countries (up by 2.9 per cent), whereas Wales had the highest increase of the countries (up by 3.5 per cent).

¹ UK excluding 'Extra-Regio'. Extra-Regio = Economic activity that cannot be assigned to any specific region.

Sub Regional GVA – (2008 to 2009)

- At NUTS 2 level, GVA for Inner London increased from £183.0bn in 2008 to £186.2bn in 2009, an increase of 1.8 per cent. In 2009, Inner London produced 15.1 per cent of total UK GVA (excluding Extra Regio).
- Outer London's GVA decreased from £85.1bn in 2008 to £83.4bn in 2009 (down -2.0 per cent). Outer London produced 6.7 per cent of total UK GVA (excluding Extra Regio).

Regional GVA by Industry – (1997 to 2009)

- In 2009 Finance, Business, Professional & Real Estate (SIC07 sections K,L,M,and N added together) accounted for 45.4 per cent of London's GVA on a workplace basis. In 1997 this same group accounted for 38.1 per cent in 1997 (see Table 4).

Table 1: Headline Regional GVA 2010^{1, 2, 3}

	Total GVA 2010 £m	Increase on 2009 %	Total GVA per head 2010 £	Increase on 2009 %	GVA per head index, 2010 UK ⁴ =100	Share of UK ⁴ (%)
North East	41,038	3.8	15,744	2.9	76.9	3.2
North West	120,549	3.5	17,381	2.9	84.9	9.5
Yorkshire and The Humber	89,679	3.3	16,917	2.5	82.6	7.0
East Midlands	81,067	4.0	18,090	3.3	88.3	6.4
West Midlands	93,063	3.2	17,060	2.8	83.3	7.3
East of England	110,783	3.6	18,996	2.5	92.8	8.7
London	274,085	1.6	35,026	0.7	171.1	21.5
South East	186,860	4.2	21,924	3.1	107.1	14.7
South West	98,457	3.5	18,669	2.7	91.2	7.7
England	1,095,580	3.2	20,974	2.3	102.4	85.9
Wales	45,534	3.5	15,145	3.3	74.0	3.6
Scotland	105,590	2.9	20,220	2.4	98.7	8.3
Northern Ireland	28,162	3.2	15,651	2.6	76.4	2.2
UK ⁴	1,274,866	3.2	20,476	2.4	100.0	100.0

Notes

1 GVA at current basic prices on workplace basis. Headline data are calculated using a five-period moving average.

2 Figures may not sum to totals due to rounding

3 2010 estimates are provisional

4 Excluding statistical discrepancy and Extra Regio

Revisions to Previously Published Headline GVA for London

Main changes since the last publication in December 2010:

- Data are subject to revisions in light of revised National Accounts Blue Book data. The National Accounts Blue Book 2011 was published for the first time using new industrial and product classifications.
- These regional, sub-regional and local GVA estimates are being published for the first time using the revised Standard Industrial Classification 2007 (SIC 2007), in keeping with EU regulations.
- The inclusion of the latest business survey results, administrative data from Her Majesty's Revenue and Customs, and the latest data from other, smaller data sources.

Chart 1: GVA per head Index published in December 2011 compared to previously published index (UK=100)

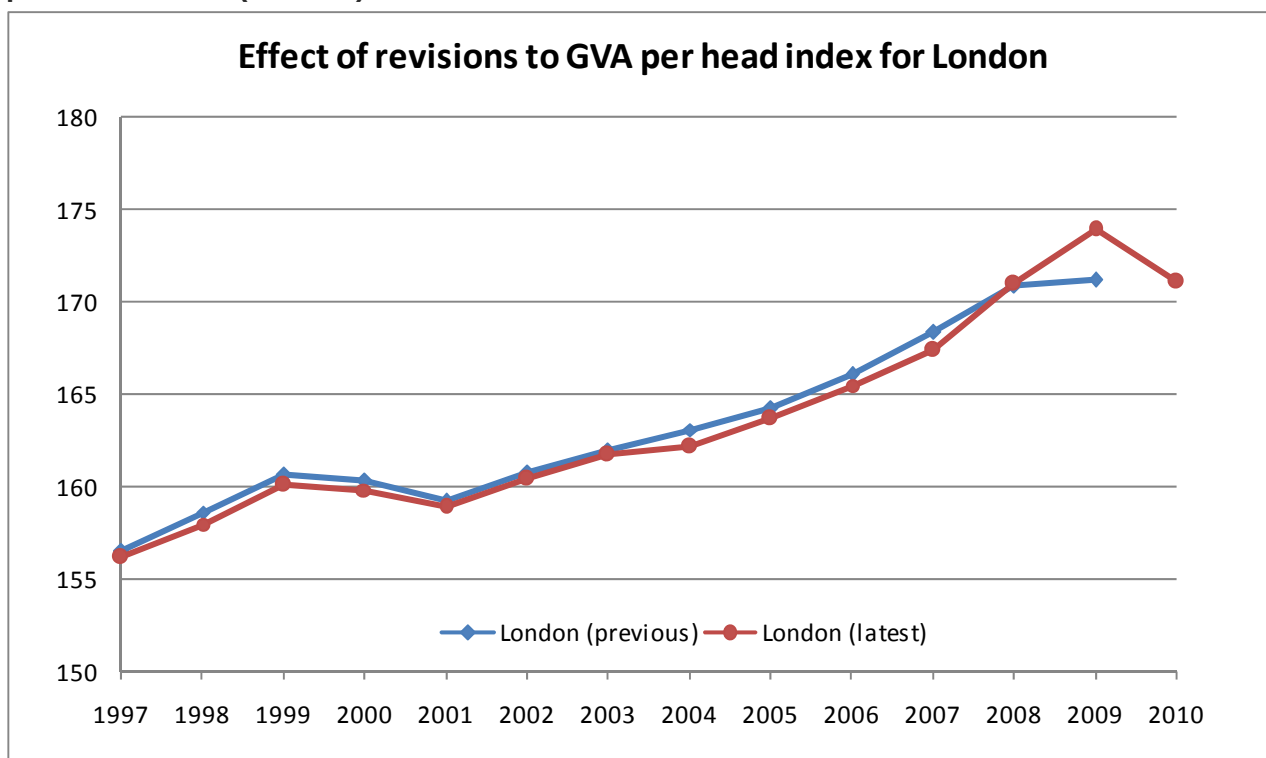


Table 2: Revisions to published headline GVA: London 1997 to 2010

Year	Total GVA 2009 £m (published in 2010)	Total GVA 2010 £m (published in 2011)	Revision £m	Revision %
1997	136,421	136,935	514	0.4
1998	147,476	147,565	90	0.1
1999	158,356	158,501	145	0.1
2000	165,953	166,110	156	0.1
2001	174,892	175,130	238	0.1
2002	187,089	187,368	279	0.1
2003	199,697	200,051	354	0.2
2004	212,067	211,606	-461	-0.2
2005	222,702	223,045	343	0.2
2006	238,815	239,331	516	0.2
2007	256,744	256,355	-389	-0.2
2008	269,156	268,119	-1,038	-0.4
2009	265,171	269,662	4,491	1.7
2010	n/a	274,085	n/a	n/a

Notes

GVA at current basic prices on workplace basis. Data have been calculated using a five-period moving average.

Figures may not sum due to rounding

Sub Regional Headline GVA 1997 – 2009: NUTS 2 and 3 Geography

- London has two NUTS 2 sub regions, Inner London and Outer London.
- London has five NUTS 3 sub regions, Inner London – West, Inner London – East, Outer London – East and North East, Outer London – South, Outer London – West and North West.
- At NUTS 2 level, GVA for Inner London was £186.2bn in 2009, an increase of 1.8%. In 2009, Inner London produced 15.1% of total UK GVA (excluding Extra Regio).
- Outer London's GVA was £83.4bn in 2009 (-2.0 per cent). Outer London produced 6.7 per cent of total UK GVA (excluding Extra Regio).

Table 3: Sub Regional GVA 2009^{1, 2, 3}

	Total GVA 2009 £m	Increase on 2008 %
Inner London	186,243	1.8
Inner London - West	122,214	1.5
Inner London - East	64,029	2.3
Outer London	83,419	-2.0
Outer London - East and North East	22,089	-2.1
Outer London - South	20,348	-1.7
Outer London - West and North West	40,981	-2.2

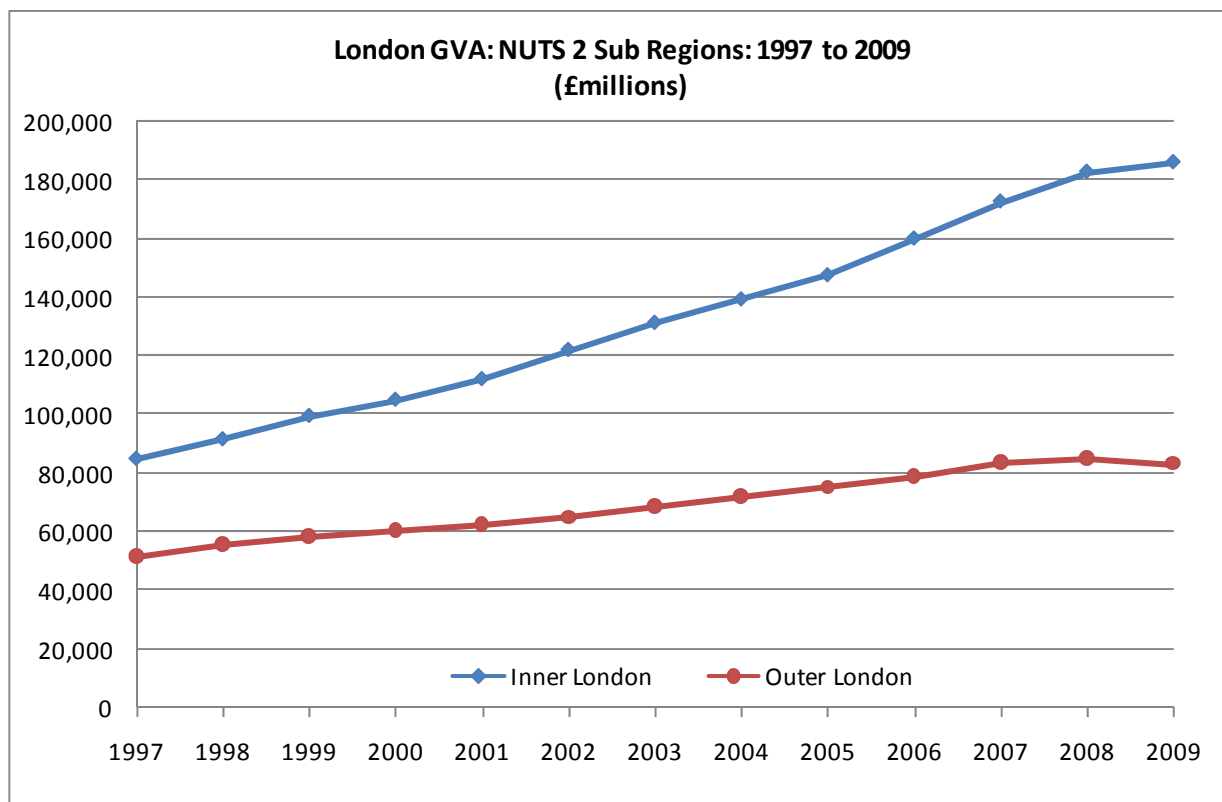
Notes

¹ GVA at current basic prices on workplace basis. Data have been calculated using a five-period moving average.

² Figures may not sum to totals due to rounding

³ 2009 estimates are provisional

Chart 2: Headline GVA at NUTS 2 level



Regional GVA by Industry

Data for London are available for the years 1997 to 2009 for 20 industries at NUTS 1 and NUTS 2; and 10 industries at NUTS 3. The industry groupings are based on the Standard Industrial Classification (2007) and are comparable with those used in the UK National Accounts (Blue Book).

Industry Regional GVA – (1997 to 2009)

- In 2009 Finance and Business services together accounted for almost half (45.4 per cent) of London's GVA on a workplace basis. Finance and Business services accounted for around a third of GVA (38.1 per cent) in 1997.
- In 2009 Financial and insurance activities accounted for 21.6 per cent of London's GVA on a workplace basis, the largest increase in share (+7.2%) from 1997 at section level.
- In 2009 Manufacturing accounted for 2.8 per cent of London's GVA on a workplace basis, the largest decrease in share (-3.9%) from 1997 at section level.

Table 4: Industry share of London GVA 1997 to 2009^{1, 2, 3}

SIC 2007 code and section		1997	2000	2003	2006	2007	2008	2009
ABDE	Primary & utilities	1.9	1.8	1.4	1.5	1.5	1.4	1.4
C	Manufacturing	6.8	5.3	4.1	3.4	3.3	3.0	2.8
F	Construction	4.5	4.7	4.9	5.2	5.3	5.3	4.7
G	Wholesale & retail	10.0	10.1	9.3	8.8	8.7	8.1	8.0
H	Transport & storage	8.0	7.5	6.1	5.6	5.5	5.5	5.3
I	Accommodation & food services	2.8	3.0	2.9	3.1	3.0	2.9	2.7
J	Information & communication	9.7	11.9	11.0	10.3	10.5	10.3	10.0
K	Financial and insurance activities	14.4	10.9	15.6	17.0	17.3	19.1	21.6
L	Real estate activities	7.5	8.3	8.3	7.5	8.1	7.5	6.4
M	Professional, scientific & technical	10.5	11.6	11.8	12.5	12.5	12.6	12.4
N	Administrative and support services	5.8	7.0	5.9	5.5	5.5	5.2	5.1
O	Public administration and defence	5.2	4.7	4.9	5.1	4.8	4.7	4.9
P	Education	4.2	4.4	4.6	4.7	4.8	4.8	4.9
Q	Human health and social work	4.8	4.7	5.1	5.4	5.3	5.5	6.0
RST	Arts & other Services	4.0	4.2	4.4	4.3	4.0	3.8	3.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
KLMN	Finance, Business, Professional and Real Estate	38.1	37.7	41.5	42.5	43.3	44.5	45.4

Notes

1 Share of GVA at current basic prices on a workplace basis using SIC 2007 industrial classification

2 Figures may not sum to totals due to rounding

3 2009 estimates are provisional

Chart 3: London workplace based GVA by broad industry groups
NUTS 1: London

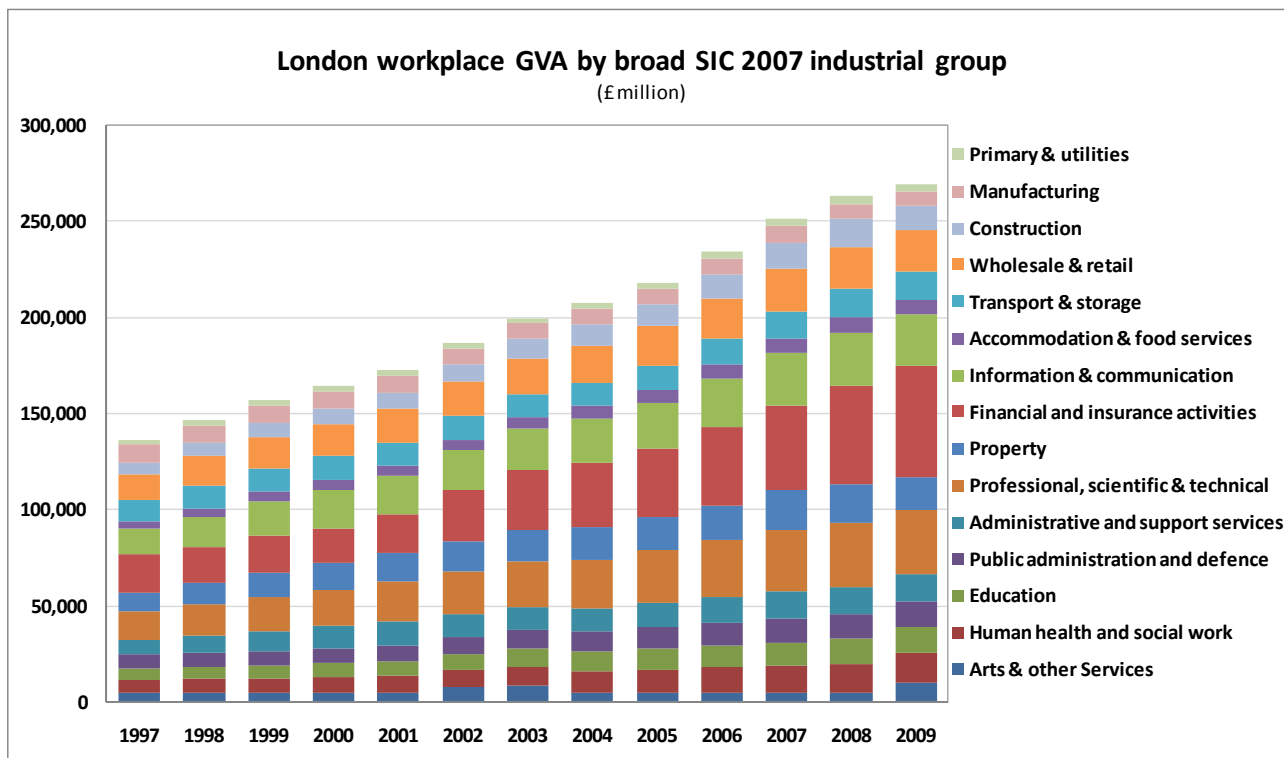
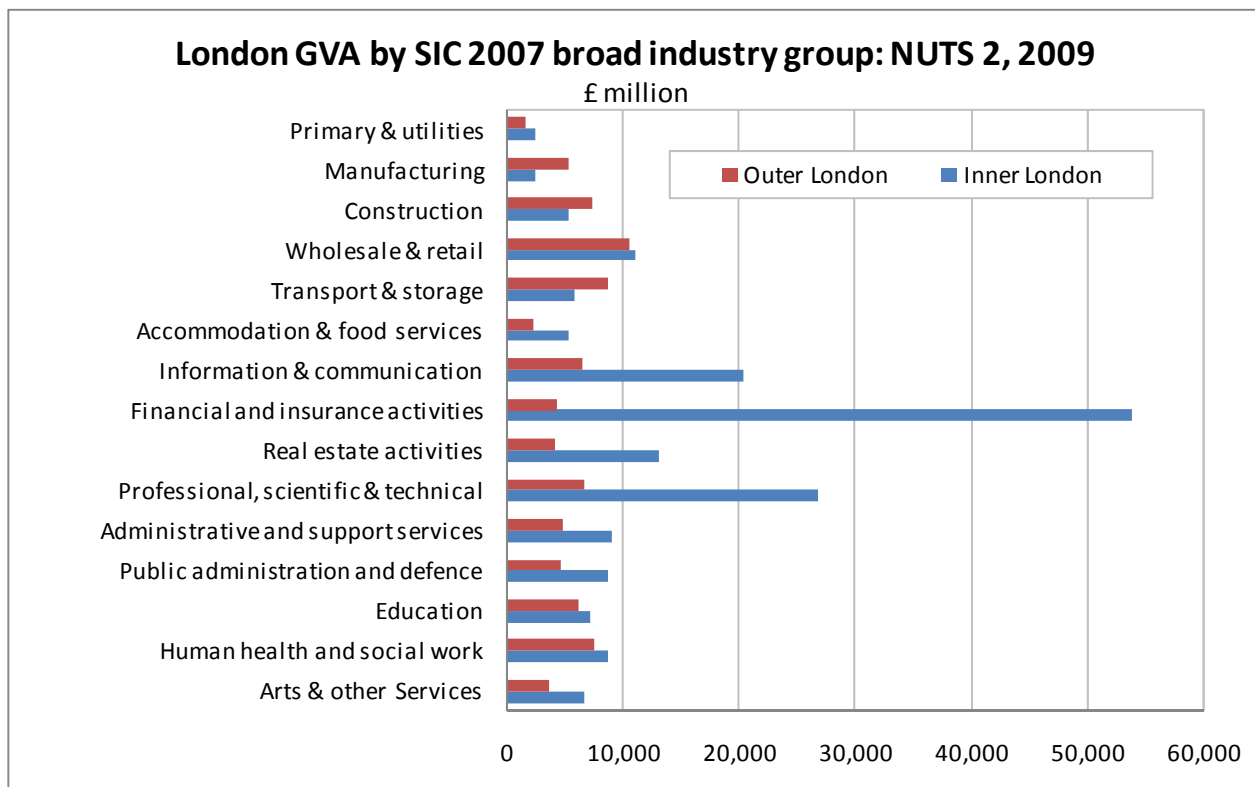
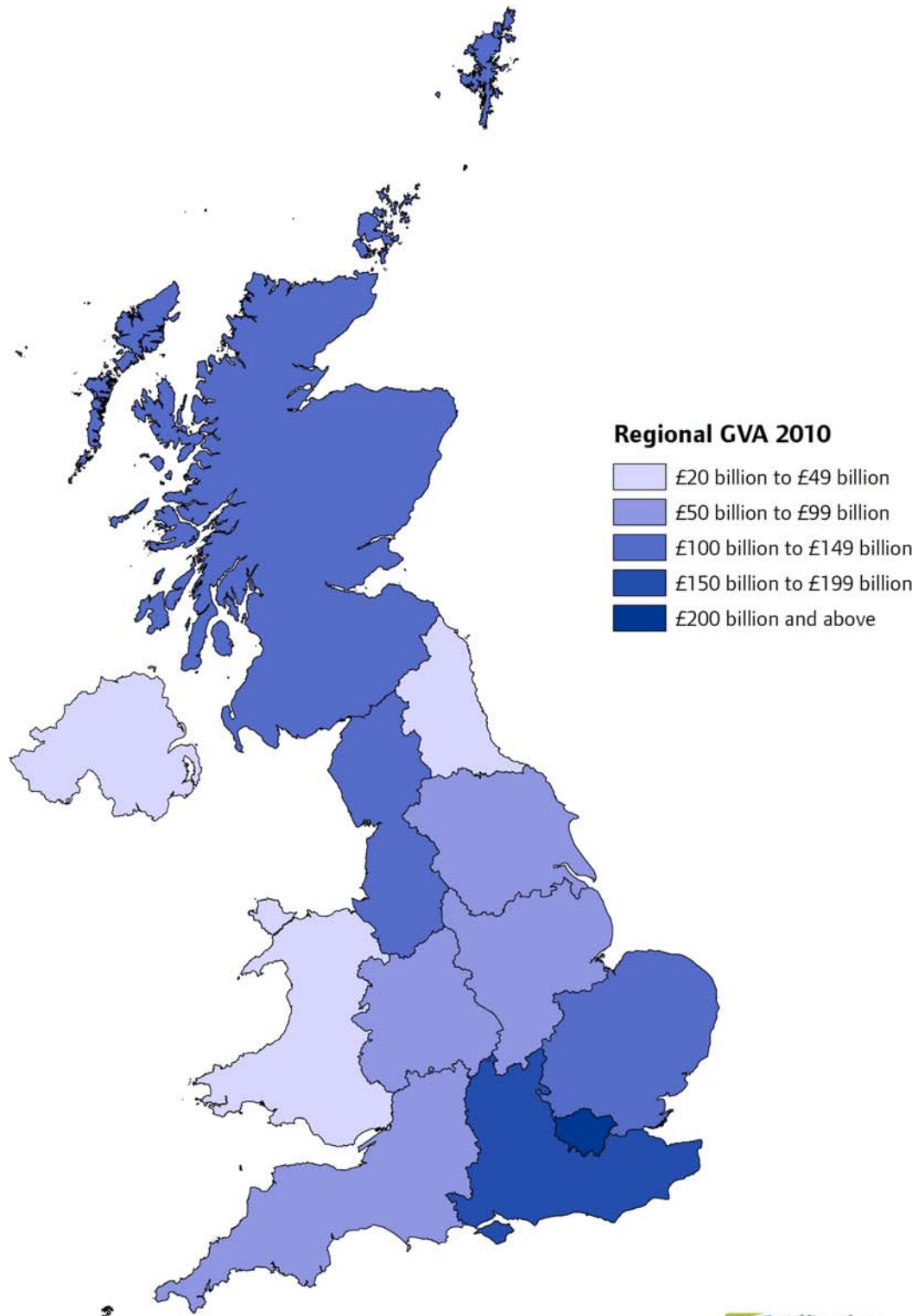


Chart 4: London workplace based GVA by broad industry groups
NUTS 2: Inner and Outer London

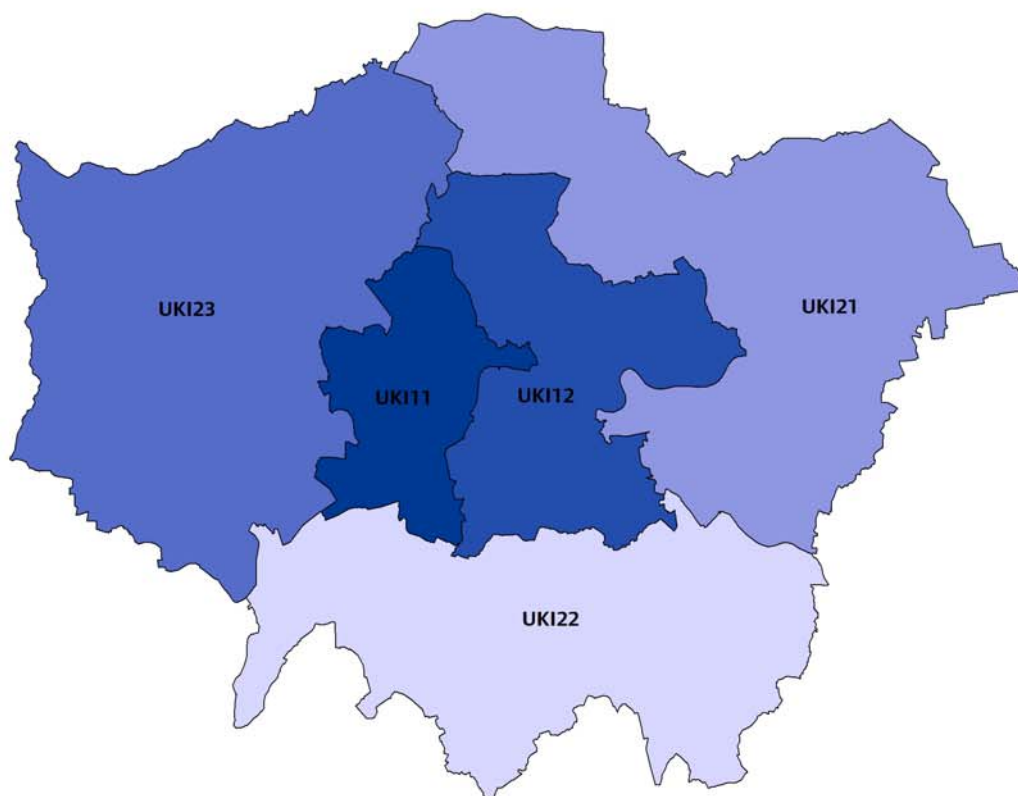


Map 1: Workplace Based Headline GVA, 2010 NUTS 1: United Kingdom



Source: ONS.
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Map 2: Workplace Based Headline GVA, 2009 NUTS 3: London



Regional GVA 2009

- UKI22 Outer London - South, £20 billion
- UKI21 Outer London - East and North East, £22 billion
- UKI23 Outer London - West and North West, £41 billion
- UKI12 Inner London - East, £64 billion
- UKI11 Inner London - West, £122 billion

Source: ONS.
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Notes and definitions

Gross Value Added (GVA) is the value generated by any unit engaged in a production activity. It is measured at basic prices, excluding taxes (less subsidies) on products. GVA plus taxes (less subsidies) on products is equivalent to Gross Domestic Product (GDP).

Regional GVA is measured using the income approach, which involves adding up the income generated by resident individuals or corporations in the production of goods and services. It is calculated gross of deductions for consumption of fixed capital, which is the amount of fixed assets used up in the process of production in any period.

The main components of income based GVA are:

- Compensation of Employees;
- Gross Operating Surplus (the sum of self employment income, gross trading profits and surpluses, non-market capital consumption, rental income less holding gains);
- Taxes (less subsidies) incurred as a result of engaging in production, independently of the quantity or value of goods and services produced (e.g. business rates).

These estimates are produced at current prices which do not allow for inflation. They are consistent with the National Accounts Blue Book 2011. National aggregates are allocated to regions using the most appropriate regional indicator available.

The headline regional GVA series have been calculated using a 5-year, weighted 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 Office for National Statistics website.

GVA estimates are available at three geographical levels, in accordance with the Nomenclature of Units for Territorial Statistics (NUTS). Economic activity that cannot be assigned to any specific region is allocated to the category 'Extra-Regio'.

Regional GVA estimates (NUTS1) for 2010 are released for the first time with revisions back to 1997. These estimates update those published in December 2010.

At the more detailed levels of geography (NUTS2 and NUTS3), estimates for 2009 have been released for the first time along with revisions for the period 1997 to 2008, updating the estimates published in December 2010.

The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the EU. Regional GVA estimates are compiled at three levels of NUTS geography:

- NUTS1: Wales, Scotland, Northern Ireland and the 9 English regions.
- 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.
- Some areas appear at more than one level, for example Northern Ireland appears at NUTS1 and NUTS2 level.

Regional Accounts plans to publish updated Summary Quality Reports for Regional GVA and Regional GDHI outputs in April 2012, detailing methods used to produce these Regional GVA statistics.

New Standard Industrial Classification 2007 (SIC07)

Regional GVA estimates have been published for the first time using the revised Standard Industrial Classification 2007 (SIC 2007), in keeping with EU regulations. Key changes in SIC07 include a number of new sections giving more service sector detail. The new SIC reflects the move towards more services based economies over the past 20 years.

The new industrial breakdown presented in these regional GVA estimates is as follows:
20 sections at NUTS1 and NUTS2 level.
10 sections at NUTS3 level.

Many of the sections have been re-constituted, including the following:

Section J - Information and communication

Section L - Real estate activities

Section M - Professional, scientific and technical activities

Section N - Administrative and support service activities

Section R - Arts, entertainment and recreation

For more detail see:

<http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--8--august-2008/sic-2007--implementation-in-ons.pdf>

Revisions

Data are subject to revisions in light of revised National Accounts Blue Book data. The National Accounts Blue Book 2011 was published for the first time using new industrial and product classifications. The impact of these changes upon the Supply and Use tables has contributed to revisions in the period 1997 to 2006. In Blue Book 2011, the balancing process was applied to the years 2007 to 2009. These changes lead to revisions in the regional data, which are constrained to the national figures.

For more detail of the Blue Book 2011 changes see the following articles:
(Everett G 2011: Methods changes in the 2011 Blue Book).

<http://www.ons.gov.uk/ons/rel/naa1-rd/united-kingdom-national-accounts/method-changes-in-blue-book-2011/ard-method-changes-in-blue-book-2011.pdf>

Productivity Measures

GVA per head is a useful way of comparing regions of different sizes. It is not, however, a measure of regional productivity as the population estimates used to calculate it include the economically inactive population. ONS produces estimates of regional GVA per filled job and GVA per hour worked in the Productivity Statistical Bulletin.

<http://www.ons.gov.uk/ons/rel/productivity/productivity-measures/q4-2010/index.html>

For information on sub-regional productivity see the article containing experimental statistics (Prothero R 2011: Sub-regional Productivity).

http://www.ons.gov.uk/ons/dcp171766_234891.pdf

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.

Sources and contacts

The latest regional economic activity (GVA) data for the period 1997 to 2010 can be found via:

<http://www.ons.gov.uk/ons/rel/regional-accounts/regional-economic-activity--gva-/december-2011/stb-regional-gva-dec-2011.html>

This includes a Statistical Bulletin highlighting the key data and definitions detailed tables (available as Excel files).

This briefing note has been issued by ONS London Statistical Support. Their contact details are:

Tom Knight
ONS London Statistician
Email: thomas.knight@ons.gov.uk

Lorraine Robinson
ONS London Analyst
Email: lorraine.robinson@ons.gov.uk

Website: www.ons.gov.uk