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This is the first **Halifax Local Economic Performance Review**. The Review covers 133 UK 'sub areas' between 1996 and 2006 (principally unitary authorities and individual counties) and 12 UK regions between 1997 and 2007, according to ONS classifications. The Review uses estimates of workplace based gross value added (GVA) data from the ONS as a measure of economic activity and percentage changes quoted in 'real terms' account for the increase in retail price inflation over the period.

Belfast and Inner London East see the largest rise in economic activity over the past decade

- **Belfast and Inner London East recorded the fastest growth in 'real' GVA¹ – a standard measure of overall economic activity - per head on a workplace basis between 1996 and 2006² (both 58%), followed by Berkshire (55%) and Solihull (52%)**
- **Seven of the ten areas with the fastest GVA per head growth rate are in the north³. Five of these areas had below national average GVA per capita in 1996**
- **70% of areas with the highest GVA per head in 2006 are cities. Inner London West, at £93,144 per head, recorded the highest GVA per head, followed by Edinburgh (£30,620)**
- **Nine of the ten areas with the highest GVA per head in 2006² were also among the ten highest GVA per head areas in 1996. Glasgow was the only addition to the 2006 top ten, while Aberdeen City was the solitary area to have fallen out of the top ten compared with 1996**
- **Real GVA per head across the UK rose by 31% between 1997 and 2007. UK GVA per head increased from £12,682 in 1997 to £20,463 in 2007, an increase of £7,781**
- **Ten out of the twelve UK regions saw their real GVA per head rise by at least a fifth between 1997 and 2007**
- **Regionally, London recorded the highest GVA per head in 2007², at £30,385 per person, followed by the South East (£22,624)**

Martin Ellis, economist at Halifax, said:

"The biggest percentage rises in economic activity at a local level over the past decade have been primarily concentrated in areas outside southern England. Our conurbations dominate the list of areas with the highest levels of economic activity per head."

¹ GVA is a measure of economic activity. 'Real' GVA is GVA adjusted to account for the increase in the retail price index over the period

² latest available figures and are provisional

³ Comprises all parts of the UK except the South East, South West, London and the East of England

KEY FINDINGS

Belfast and Inner London East record the fastest GVA per head growth (Table 1)

The fastest growth in GVA – a standard measure of overall economic activity - per head on a workplace basis between 1996 and 2006² was recorded in Belfast and Inner London East, according to new research by Halifax based on data from the Office for National Statistics (ONS). The average GVA per head in Belfast nearly doubled from £15,194 in 1996 to £28,522 in 2006, an increase of 88% (£13,328). As a result, GVA per head in Belfast has risen from 27% above the UK average in 1996 to 47% higher in 2006. Retail prices – measured by the headline RPI - have risen by 30% over the same period. Accordingly, GVA per head across Belfast increased by 58% in 'real' terms¹ between 1996 and 2006.

The average GVA per head in Inner London East rose from £15,582 in 1996 to £29,351 in 2006, a 'real' increase of 58% (£13,769). Seven of the ten areas with the fastest GVA per head growth rate are in the north³. Five of these areas had below national average GVA per capita in 1996.

70% of the areas with the highest GVA per head are cities (Table 2)

UK cities dominate the table of economic performance. Seven of the ten areas with the highest GVA per head in 2006² are cities. Inner London West, at £93,144 per head, recorded the highest GVA per head. This was more than three times the figure in Edinburgh, recipients of the second highest GVA per head (£30,620). Inner London East (£29,351) and Berkshire (£28,853) delivered the next highest GVA per head.

Little change in the areas with the highest GVA per head between 1996 and 2006 (Table 2)

Nine of the ten areas with the highest GVA per head in 2006 were also among the ten highest GVA per head areas in 1996. Glasgow was the only addition to the 2006 top ten, while Aberdeen City was the solitary area to have fallen out of the top ten compared with 1996.

GVA per head by region

'Real' UK economic activity up by 30% in ten years (Table 3)

Over the past decade, GVA per head across the UK has risen by 61%. UK GVA per head has increased from £12,682 in 1997 to £20,463 in 2007, an increase of £7,781. Retail prices – measured by the headline RPI - rose by 31% over the same period. Accordingly, GVA per head across the UK increased by 30% in 'real' terms between 1997 and 2007.

The capital delivered the highest GVA per head in 2007 (Table 3)

Regionally, London recorded the highest GVA per head in the UK in 2007², at £30,385, 48% greater than the average across the UK (£20,463). The South East, at £22,624, recorded the second highest GVA per head followed by the East of England (£20,524). Four out of the top five regions are in the south⁴. At the other end of the scale, Wales recorded the lowest GVA per head, at £14,877; less than half London's average.

Ten out of the twelve UK regions see real GVA per head growth rise by a least a fifth (Table 3)

Over the past decade, ten out of the twelve UK regions saw their real GVA per head rise by at least a fifth. London recorded the fastest growth in GVA per head over the past decade, rising from £17,123 in 1997 to £30,385 in 2007; an increase of 46% in real terms. Northern Ireland, at 33%, delivered the second fastest growth in real GVA¹ per head, followed by the South East (31%).

¹ GVA adjusted to account for the increase in the retail price index over the period

² latest available figures and are provisional

³ Comprises all parts of the UK except the South East, South West, London and the East of England

⁴ South comprises the South East, South West, London and the East of England

Table 1: 20 Areas with highest growth rates in Gross Value Added (GVA) per head, 1996-2006

Local Area*	Region	1996	2006	10 year % Change	10 year 'real' ¹ % Change
Inner London - East	London	15,582	29,351	88%	58%
Belfast	Northern Ireland	15,194	28,522	88%	58%
Berkshire	South East	15,633	28,853	85%	55%
Solihull	West Midlands	11,840	21,536	82%	52%
Sunderland	North East	9,330	16,935	82%	52%
Western Isles	Scotland	7,057	12,685	80%	50%
Derby	East Midlands	12,411	22,256	79%	49%
Inverness & Nairn and Moray, Badenoch & Strathspey	Scotland	8,354	14,948	79%	49%
Bournemouth and Poole	South West	10,501	18,742	78%	48%
North Lanarkshire	Scotland	8,220	14,640	78%	48%
Peterborough	East of England	13,601	24,086	77%	47%
Milton Keynes	South East	15,971	28,268	77%	47%
Oxfordshire	South East	13,364	23,608	77%	47%
South Lanarkshire	Scotland	8,925	15,736	76%	46%
North and North East Somerset, South Gloucestershire	South West	11,613	20,447	76%	46%
Monmouthshire and Newport	Wales	10,548	18,537	76%	46%
East Derbyshire	East Midlands	7,602	13,359	76%	46%
Tyneside	North East	10,090	17,597	74%	44%
Medway	South East	7,554	13,145	74%	44%
Glasgow City	Scotland	14,752	25,602	74%	44%
United Kingdom²		12,008	19,430	62%	32%

Source: ONS, Halifax calculations

* NUTS Level 3: principally individual counties and unitary authorities; also known as local areas.

¹ Percentage changes quoted in 'real terms' account for the increase in retail price inflation over the period.

² Includes Extra-Regio (off-shore contribution to GVA that cannot be assigned to any region).

Table 2: 20 Areas with Highest Gross Value Added (GVA) per head (£), 2006

Local Area*	Region	2006
Inner London - West	London	93,144
Edinburgh, City of	Scotland	30,620
Inner London - East	London	29,351
Berkshire	South East	28,853
Belfast	Northern Ireland	28,522
Milton Keynes	South East	28,268
Swindon	South West	28,037
Glasgow City	Scotland	25,602
Nottingham	East Midlands	25,574
Bristol City of	South West	25,345
Aberdeen City, Aberdeenshire	Scotland	24,550
Peterborough	East of England	24,086
Oxfordshire	South East	23,608
Hertfordshire	East of England	22,496
Buckinghamshire CC	South East	22,345
Surrey	South East	22,309
Derby	East Midlands	22,256
Halton and Warrington	North West	21,795
Leeds	Yorkshire and the Humber	21,732
Solihull	West Midlands	21,536
United Kingdom¹		19,430

Source: ONS

* NUTS Level 3: principally individual counties and unitary authorities; also known as local areas.

¹ Includes Extra-Regio (off-shore contribution to GVA that cannot be assigned to any region).

Table 3: Regional Gross Value Added (GVA) per head at current basic prices, 1997-2007

GVA per head (£)	1997	2007	10 year % Change	Real ¹ 10 year % Change
London	17,123	30,385	77%	46%
Northern Ireland	9,858	16,170	64%	33%
South East	13,993	22,624	62%	31%
Scotland	12,095	19,152	58%	27%
South West	11,509	18,195	58%	27%
North West	11,030	17,433	58%	27%
North East	9,969	15,688	57%	26%
East of England	13,199	20,524	55%	24%
East Midlands	11,508	17,698	54%	23%
Yorkshire & the Humber	11,056	16,880	53%	22%
Wales	9,935	14,877	50%	19%
West Midlands	11,466	17,161	50%	19%
United Kingdom²	12,682	20,463	61%	30%

Source: ONS, Halifax calculations

¹ Percentage changes quoted in 'real terms' account for the increase in retail price inflation over the period.

² Includes Extra-Regio (off-shore contribution to GVA that cannot be assigned to any region).

Editors' Notes

Gross value added (GVA) is a measure of economic activity at basic prices, including taxes (less subsidies) on production but excludes taxes (less subsidies) on products.

The difference between GVA and GDP is that GVA is the measure of the value of the goods or services to the producer so it does not include taxes. In contrast, GDP measures the total value so includes the value of taxes.

In summary:

GDP =GVA + taxes on products - subsidies on products

Regional and local GVA per head are sourced from the Office for National Statistics (ONS):

Regional data has been sourced from (Tab: 1:1 Headline1Gross Value Added (GVA) at current basic prices by region):

http://www.statistics.gov.uk/downloads/theme_economy/PROGRESS_NUTS1.xls

Local data was sourced from (Tab 3:2 Headline Gross Value Added (GVA) per head by NUTS3 area at current basic prices by region):

http://www.statistics.gov.uk/downloads/theme_economy/PROGRESS_NUTS3.xls

The 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.

The ONS's regional GVA estimates are at current basic prices; therefore they do not allow for changes in prices over time (inflation) or differences in regional price levels. Halifax has calculated 'real' changes by adjusting for the increase in retail prices over the period.

Ends

"This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance. © HBOS plc all rights reserved 2009"

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