

**Regional and sub-regional estimates: South East England 2 April 2009****Summary**

- Estimates of regional and sub-regional Gross Disposable Household Income (GDHI) for 2007 were released on 2 April 2009 by the Office for National Statistics. The latest release includes revisions to earlier years. All estimates in this release are in current price terms and have not been adjusted for inflation.

***Regional GDHI – 2007***

- GDHI per head in the South East was £16,095 in 2007 compared to an average for the United Kingdom of £14,317.
- GDHI per head in the South East rose from £15,821 in 2006, an increase of 1.7 per cent. The average increase in GDHI per head over the same period for the UK was 1.9 per cent.
- Indexed GDHI per head for the South East was 112 in 2007 compared to the average for the UK of 100.

***Comparisons with other regions (2006 to 2007)***

- Although the South East had the second highest GDHI per head after London (£17,931 in 2007), the annual percentage increase of 1.7 per cent was below the average for the UK, whereas London had the highest increase of 2.4 per cent.
- The relative positions of the regions remained unchanged as measured by the indexed GDHI per head, although there was a slight reduction in the North East, compared to the index value in 2006. The South East, together with London and the East continued to be the only regions with GDHI per head above the UK average.

***Sub-regional and local GDHI (2006 to 2007)***

- GDHI per head for Surrey (NUTS 3 sub-region) was £20,019 in 2007 the highest within the South East; Southampton with £11,290 per head was the lowest. GDHI per head was also significantly higher in Buckinghamshire at £19,458 per head than elsewhere in the region. Oxfordshire with GDHI per head of £16,686, Berkshire with £16,447 and West Sussex at £16,373 were each above the regional average.
- In index terms GDHI per head in the NUTS 3 sub-regions ranged from 79 in Southampton to 140 in Surrey. Other sub-regions in the South East below the national average (UK = 100) were Portsmouth (80), Isle of Wight (87) and Medway (96).
- Buckinghamshire and Oxfordshire showed the largest increases per head within the region at 2.7 and 2.6 per cent respectively between 2006 and 2007. Other NUTS 3 areas with increases above the regional average of 1.7 per cent were East Sussex (2.1 per cent), Medway, Surrey and West Sussex each with around 2 per cent. Southampton showed the lowest increase of 0.8 per cent from £11,204 in 2006. The percentage increase was also low, around 1 per cent, in the Isle of Wight where GDHI reached £12,426 per head in 2007.
- NUTS 2 sub-regions in the South East show less variation than NUTS 3, ranging from £14,449 GDHI per head in 2007 in Kent and Medway to almost £3,000 per head more in Surrey, East and West Sussex (£17,444 GDHI per head).

**Table 1: Regional GDHI<sup>1</sup>**

	Total GDHI £m 2007	Percentage increase on 2006	GDHI per head £ 2007	Percentage increase on 2006	Per head Index (UK=100) 2007
North East	31,327	1.9	12,216	1.6	85.3
North West	89,495	2.2	13,038	2.0	91.1
Yorkshire and The Humber	66,789	2.6	12,901	1.9	90.1
East Midlands	58,376	2.6	13,268	1.8	92.7
West Midlands	69,646	2.2	12,941	1.9	90.4
East of England	85,383	2.5	15,083	1.5	105.3
London	135,502	3.0	17,931	2.4	125.2
South East	133,724	2.6	16,095	1.7	112.4
South West	73,462	2.6	14,187	1.6	99.1
England <sup>2</sup>	743,704	2.6	14,556	1.9	101.7
Wales	37,470	2.2	12,574	1.7	87.8
Scotland	69,895	2.3	13,587	1.8	94.9
Northern Ireland	21,940	3.0	12,472	1.9	87.1
United Kingdom <sup>2,3</sup>	873,008	2.5	14,317	1.9	100.0

1 Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2007 are provisional.

2 Figures may not sum due to rounding.

3 Excluding Extra Regio.

4 For Sub-regional and Local GDHI please see Table 5 on Page 5.

**Source: Office for National Statistics**

## Revisions to Previously Published Headline GDHI for the South East

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.

[NB. See Notes and definitions section for explanation of uses and resources.]

GDHI estimates for the South East have been revised back to 1995. For 2006, GDHI for the South East has been revised upwards by £3,740m from £126,587m to £130,327m, an increase of 3.0 per cent.

The same percentage increase (+3.0 per cent) was seen in GDHI per head for 2006 as the estimated GDHI per head in the South East was increased by £454 from £15,367 to £15,821. Last year, without the changes to methodology, revisions to data for previous periods were much smaller, less than +/- 1 per cent.

The above revisions have led to the indexed GDHI per head for 2006 being revised upwards from 111.5 to 112.6 relative to the UK average of 100.

***This briefing note has been issued by the ONS Regional Team for the South East.***

Within the region, largest revision to estimates of GDHI were made in Surrey (+£807m) and Hampshire (+£665m). However on a per head basis Buckinghamshire saw the largest revision of +£886, followed by Surrey +£744 and Oxfordshire +£716, whereas the smallest revision of +£111 per head was in the Isle of Wight.

**Table 2: Revisions to the South East since last published in May 2008**

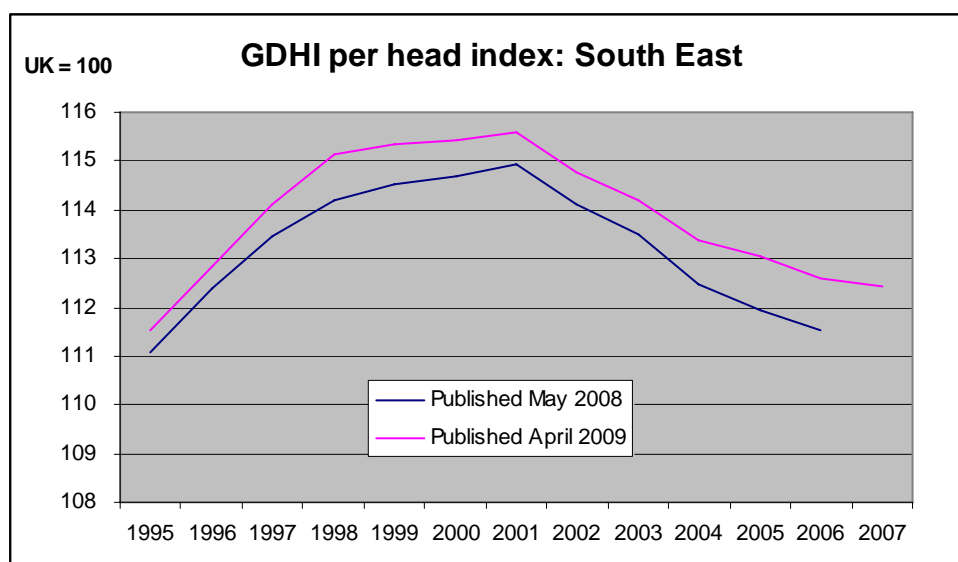
	Total GDHI				GDHI per head			
	Published May 2008 (£ m)	Published April 2009 (£ m)	Revision (£ m)	Percentage change %	Published May 2008 (£)	Published April 2009 (£)	Revision (£)	Percentage change %
1995	73,773	75,028	1,255	1.7	9,503	9,665	162	1.7
1996	79,155	81,126	1,971	2.5	10,148	10,400	253	2.5
1997	85,369	87,976	2,607	3.1	10,871	11,203	332	3.1
1998	89,609	92,922	3,313	3.7	11,359	11,779	420	3.7
1999	94,356	97,369	3,013	3.2	11,861	12,240	379	3.2
2000	99,950	102,786	2,836	2.8	12,508	12,863	355	2.8
2001	106,874	109,678	2,805	2.6	13,320	13,670	350	2.6
2002	109,543	112,763	3,220	2.9	13,613	14,013	400	2.9
2003	113,882	117,839	3,957	3.5	14,082	14,571	489	3.5
2004	116,692	119,794	3,102	2.7	14,362	14,744	382	2.7
2005	122,663	125,945	3,283	2.7	14,987	15,388	401	2.7
2006	126,587	130,327	3,741	3.0	15,367	15,821	454	3.0

Notes:

- 1 GDHI on current basic prices
- 2 Figures may not sum due to rounding

*Source: Office for National Statistics*

**Chart 3: GDHI per head index, revisions to data previously published in May 2008**



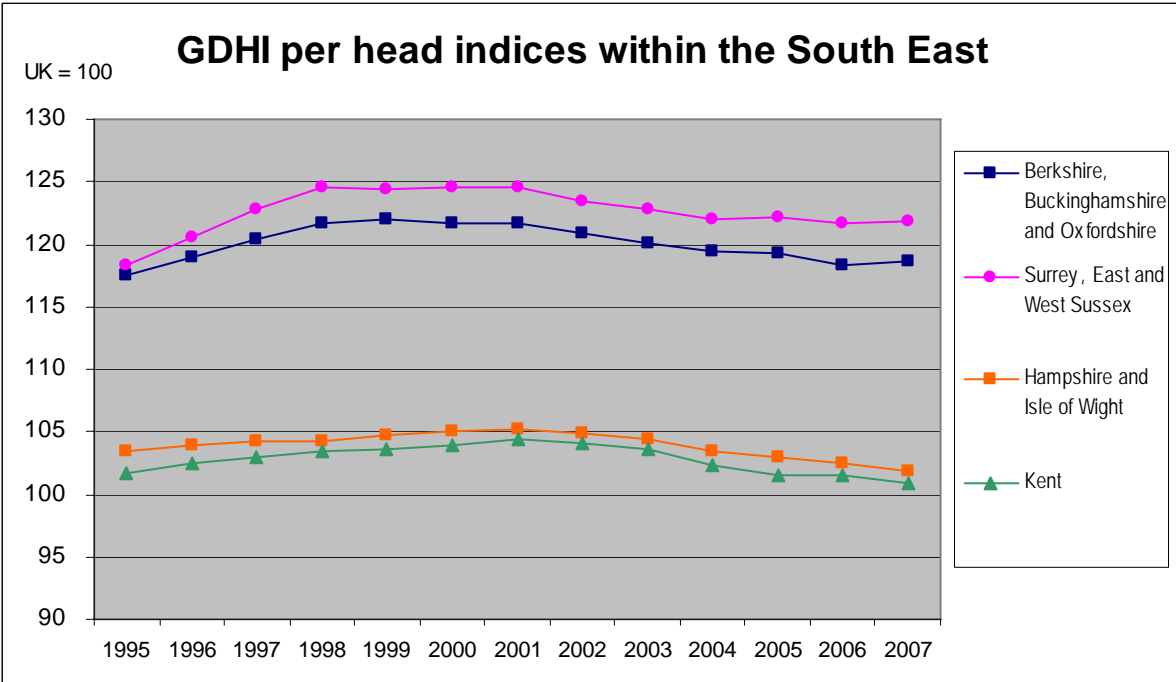
*Source: Office for National Statistics*

# Sub-regional GDHI per head Indices

## NUTS 2 Geography

- The South East has four NUTS 2 sub-regions, Berkshire, Buckinghamshire and Oxfordshire in the northern parts of the region; Surrey, East and West Sussex, form a band from south west of London to the south coast; Hampshire and the Isle of Wight are the most south-westerly parts of the region; with Kent and Medway in the extreme east.
- All NUTS 2 sub-regions continue to be above the national average as indicated by GDHI per head indices ranging from 122 in Surrey to 101 in Kent for 2007, although areas appear to be moving closer to the national average over the last few years.
- There is wider diversity **within** the NUTS2 sub-regions than between them. Indices for NUTS 3 sub-regions range from 79 in Southampton to 140 in Surrey. Further details are included in Chart 5 and Table 6.

Chart 4: Headline GDHI in NUTS 2 sub-regions



Source: Office for National Statistics

## NUTS 3 Geography

- The South East consists of fourteen NUTS3 sub-regions:
  - Berkshire )
  - Milton Keynes ) Berkshire, Buckinghamshire
  - Buckinghamshire ) and Oxfordshire
  - Oxfordshire )
  - Brighton & Hove )
  - East Sussex ) Surrey, East Sussex
  - Surrey ) and West Sussex
  - West Sussex )
  - Portsmouth )
  - Southampton ) Hampshire and the
  - Hampshire ) Isle of Wight
  - Isle of Wight )
  - Medway ) Kent and
  - Kent ) Medway
- Surrey remains the sub-region with the highest GDHI per head of £20,019 in 2007, 40 percentage points above the UK average (i.e. GDHI per head index=140). Southampton had the lowest GDHI per head in the South East of £11,290, 21 percentage points below the UK average (index=79).

**Table 5: Sub-regional and Local GDHI<sup>1</sup>**

	Total GDHI £m 2007	Percentage increase on 2006	GDHI per head £ 2007	Percentage increase on 2006
<b>Berkshire, Buckinghamshire and Oxfordshire</b>	<b>37,038</b>	<b>3.1</b>	<b>16,988</b>	<b>2.1</b>
Berkshire	13,580	2.7	16,447	1.5
Milton Keynes	3,307	3.1	14,477	1.4
Buckinghamshire	9,546	3.4	19,458	2.7
Oxfordshire	10,604	3.2	16,686	2.6
<b>Surrey, East and West Sussex</b>	<b>45,987</b>	<b>2.9</b>	<b>17,444</b>	<b>2.0</b>
Brighton and Hove	3,830	2.2	15,108	1.4
East Sussex	7,461	2.5	14,680	2.1
Surrey	21,986	3.2	20,019	1.9
West Sussex	12,710	2.7	16,373	2.0
<b>Hampshire and Isle of Wight</b>	<b>26,903</b>	<b>2.0</b>	<b>14,580</b>	<b>1.2</b>
Portsmouth	2,277	2.0	11,516	1.3
Southampton	2,610	1.9	11,290	0.8
Hampshire	20,283	2.1	15,886	1.2
Isle of Wight	1,733	1.7	12,426	1.0
<b>Kent</b>	<b>23,796</b>	<b>2.1</b>	<b>14,449</b>	<b>1.3</b>
Medway	3,456	2.2	13,702	2.0
Kent	20,340	2.1	14,584	1.2

1 Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2007 are provisional.

2 Figures may not sum due to rounding.

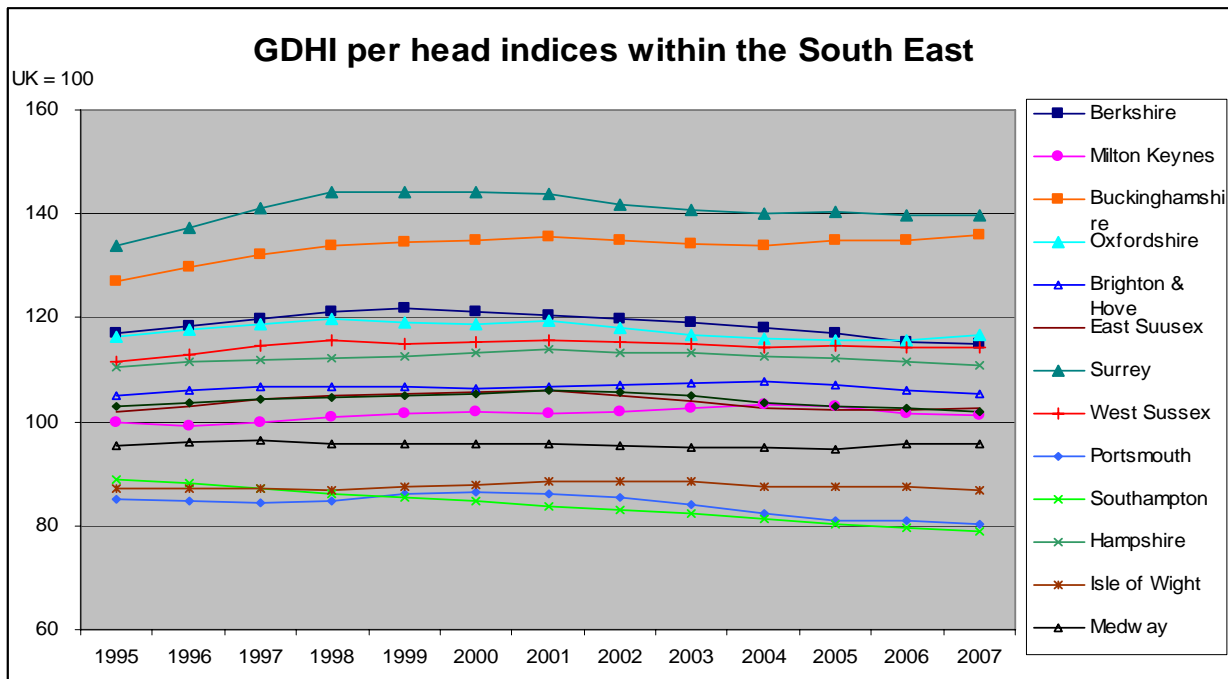
3 Excluding Extra Regio.

Source: Office for National Statistics

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- Between 1995 and 2007 GDHI per head in Surrey increased by 72 per cent, compared to 47 per cent increase in Southampton. Average increase for the South East was 67 per cent, 4 percentage points less than the increase in London, during the same period. The greatest percentage increase in the South East was 77 per cent in Buckinghamshire, only slightly below the highest performing area - Inner London West (79 per cent).
- From having the second lowest GDHI per head in the South East of £7,555 in 1995, the Isle of Wight increased by 64 per cent to £12,426 in 2007. However, the GDHI per head in the Isle of Wight remains about 13 percentage points below the UK average (index=87).

**Chart 6 Headline GDHI indices in NUTS 3 sub-regions**



Source: Office for National Statistics

- Increases in GDHI per head in both Southampton and Portsmouth were considerably less than the regional (67 per cent increase) or national (65 per cent increase) averages between 1995 and 2007, 47 and 56 per cent respectively. The positions of both cities declined in GDHI per head terms relative to the UK overall, from indices of 89 to 79 and 85 to 80 respectively.
- Southampton's position declined from 93<sup>rd</sup> in 1995 to 126<sup>th</sup> out of 133 NUTS3 sub-regions of the UK in 2007, whereas the ranking of Isle of Wight improved from 101<sup>st</sup> to 94<sup>th</sup> over these thirteen years mainly reflecting declines in value in other parts of the country. The relative decline in position of Portsmouth was less marked, moving from 111<sup>st</sup> to 119<sup>th</sup>. Surrey and Buckinghamshire's positions in terms of GDHI per head remained unchanged at 2<sup>nd</sup> and 3<sup>rd</sup> respectively, after Inner London West (£27,838 in 2007). The NUTS 3 region with the lowest overall position in 2007 was Nottingham at £10,336 per head.

**Table 7: GDHI<sup>1</sup> per head indices for NUTS 3 sub-regions of the South East**

(UK<sup>2</sup> = 100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Berkshire, Buckinghamshire and Oxfordshire</b>	<b>117.5</b>	<b>119.0</b>	<b>120.4</b>	<b>121.7</b>	<b>122.1</b>	<b>121.7</b>	<b>121.7</b>	<b>120.8</b>	<b>120.0</b>	<b>119.5</b>	<b>119.3</b>	<b>118.4</b>	<b>118.7</b>
Berkshire	117.1	118.3	119.8	121.1	121.9	121.0	120.4	119.7	119.0	118.1	117.2	115.3	114.9
Milton Keynes	99.8	99.1	99.8	101.0	101.7	101.8	101.6	101.8	102.5	103.2	103.0	101.6	101.1
Buckinghamshire	126.9	129.7	132.2	134.0	134.7	135.1	135.6	134.8	134.1	133.8	134.8	134.8	135.9
Oxfordshire	116.4	117.9	118.9	119.8	119.2	118.8	119.3	118.1	116.6	116.0	115.7	115.7	116.5
<b>Surrey, East and West Sussex</b>	<b>118.4</b>	<b>120.5</b>	<b>122.8</b>	<b>124.6</b>	<b>124.5</b>	<b>124.6</b>	<b>124.6</b>	<b>123.4</b>	<b>122.9</b>	<b>122.0</b>	<b>122.2</b>	<b>121.7</b>	<b>121.8</b>
Brighton and Hove	105.1	106.1	106.6	106.8	106.7	106.5	106.7	107.1	107.5	107.6	107.0	106.1	105.5
East Sussex	102.0	103.0	104.2	105.1	105.4	105.7	106.1	104.9	104.0	102.5	102.4	102.3	102.5
Surrey	133.9	137.3	141.1	144.3	144.1	144.1	143.8	141.7	140.8	140.1	140.4	139.7	139.8
West Sussex	111.4	113.0	114.5	115.6	115.1	115.4	115.8	115.3	115.1	114.3	114.7	114.3	114.4
<b>Hampshire and Isle of Wight</b>	<b>103.5</b>	<b>104.0</b>	<b>104.2</b>	<b>104.3</b>	<b>104.7</b>	<b>105.1</b>	<b>105.3</b>	<b>104.8</b>	<b>104.4</b>	<b>103.5</b>	<b>102.9</b>	<b>102.6</b>	<b>101.8</b>
Portsmouth	85.2	84.9	84.4	84.9	86.2	86.5	86.2	85.4	84.1	82.5	81.1	80.9	80.4
Southampton	88.8	88.3	87.3	86.0	85.4	84.8	83.6	83.1	82.3	81.4	80.2	79.7	78.9
Hampshire	110.6	111.4	112.0	112.3	112.7	113.3	113.8	113.4	113.2	112.4	112.1	111.7	111.0
Isle of Wight	87.2	87.3	87.1	86.9	87.6	88.0	88.4	88.4	88.5	87.5	87.5	87.5	86.8
<b>Kent</b>	<b>101.8</b>	<b>102.4</b>	<b>103.0</b>	<b>103.4</b>	<b>103.5</b>	<b>103.9</b>	<b>104.5</b>	<b>104.0</b>	<b>103.6</b>	<b>102.4</b>	<b>101.6</b>	<b>101.5</b>	<b>100.9</b>
Medway	95.4	96.1	96.3	95.9	95.9	95.6	95.7	95.5	95.2	95.0	94.8	95.6	95.7
Kent	102.9	103.6	104.2	104.8	104.9	105.4	106.1	105.7	105.1	103.7	102.8	102.6	101.9
<b>South East</b>	<b>111.5</b>	<b>112.8</b>	<b>114.1</b>	<b>115.1</b>	<b>115.3</b>	<b>115.4</b>	<b>115.6</b>	<b>114.8</b>	<b>114.2</b>	<b>113.4</b>	<b>113.1</b>	<b>112.6</b>	<b>112.4</b>

1. Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2007 are provisional.

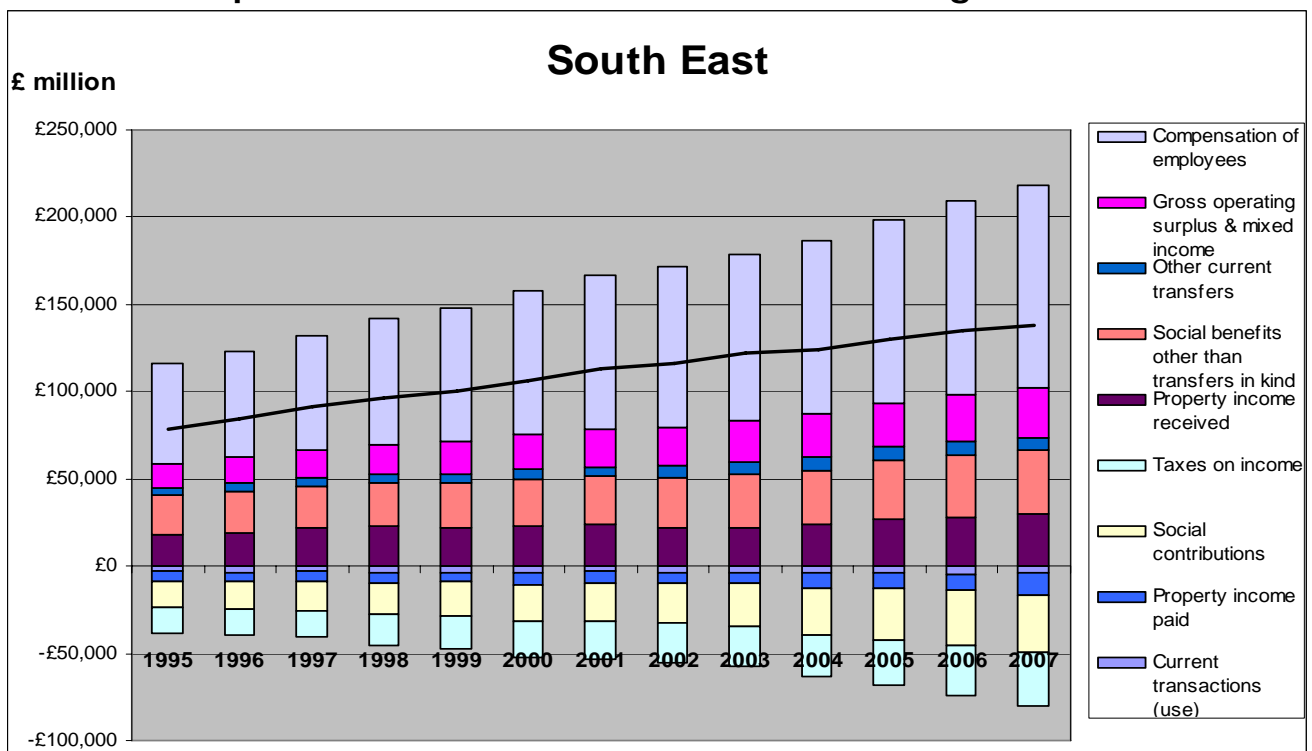
2. Excluding Extra region.

*Source: Office for National Statistics*

## Components of GDHI

- Gross Disposable Household Income (GDHI) is the amount of money that individuals (i.e. the household sector) have available for spending or saving. This is money left after expenditure associated with income, e.g. taxes and social contributions, property ownership and provision for future pension income. It is calculated gross of any deductions for capital consumption.
- A major component of GDHI, accounting for about 70 per cent of the total resources, is compensation of employees i.e. wages and salaries, national insurance contributions, pension contributions, redundancy payments etc.
- Detailed breakdowns are not available below NUTS 2 sub-regions.

**Chart 8: Components of headline GDHI for NUTS 1 region: South East**



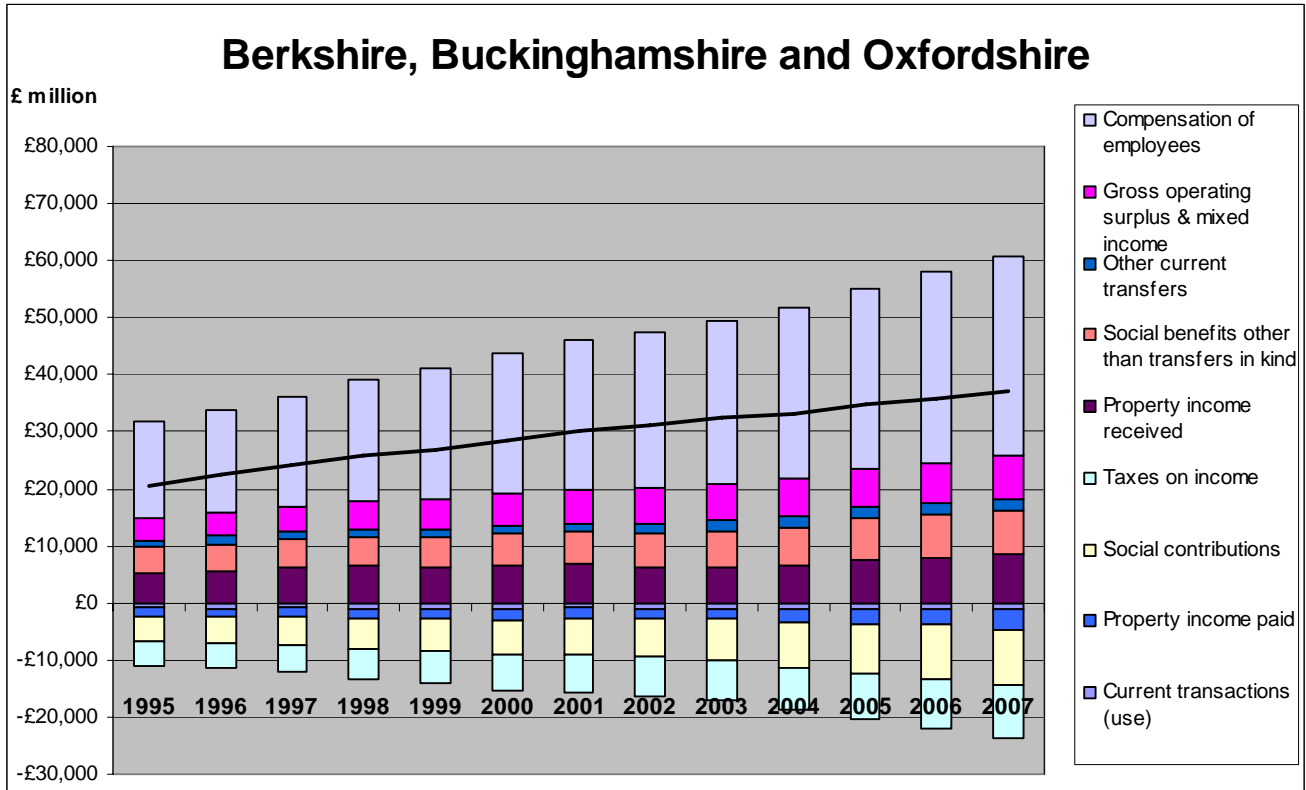
Note: Black line on component charts indicates GDHI in each time period.

Source: Office for National Statistics



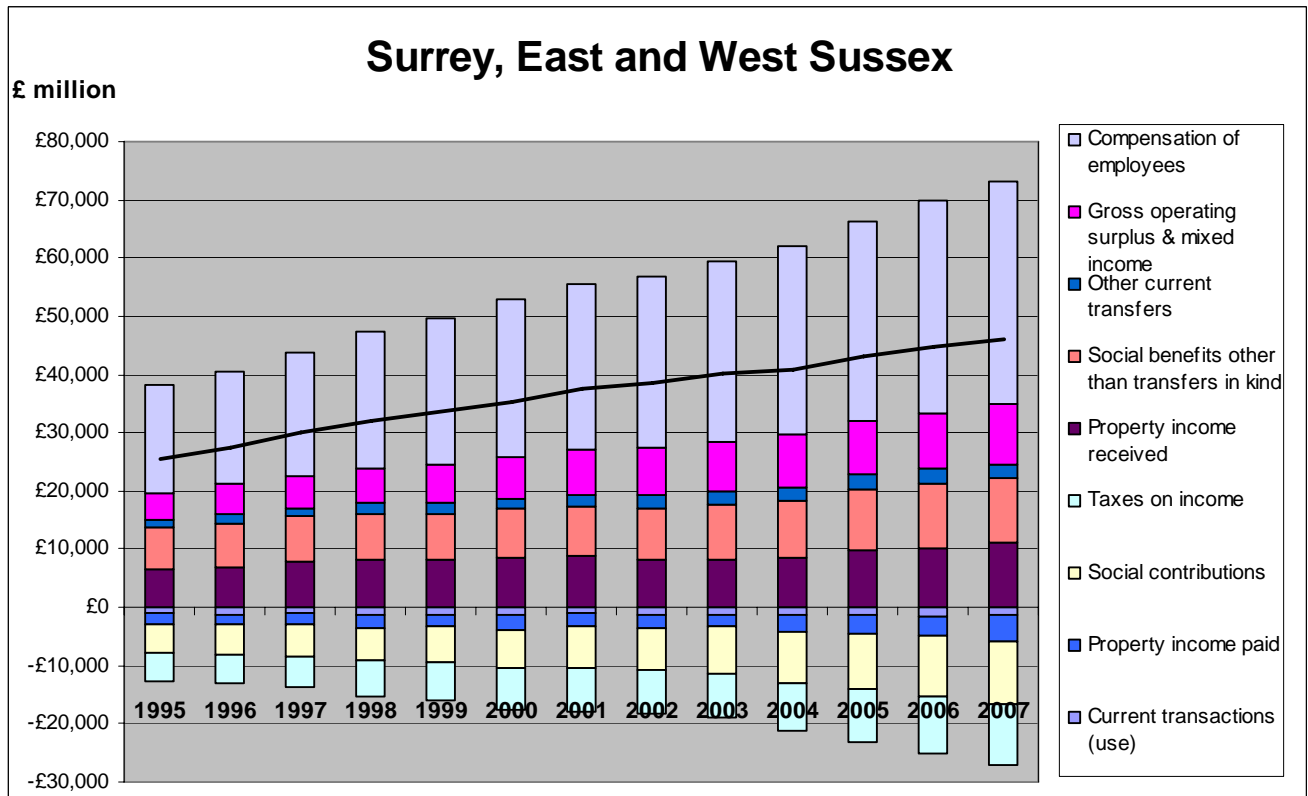
# Components of headline GDHI for NUTS 2 regions

**Chart 9a:**



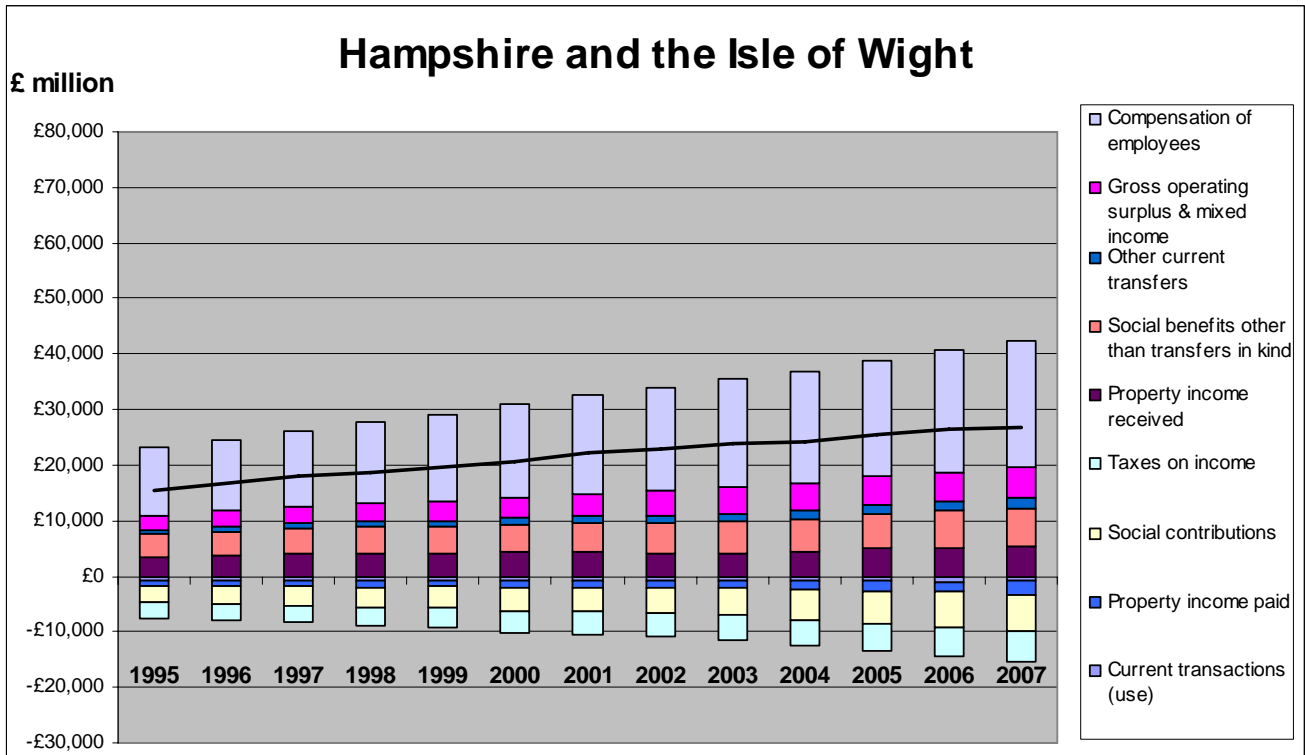
Source: Office for National Statistics

**Chart 9b:**



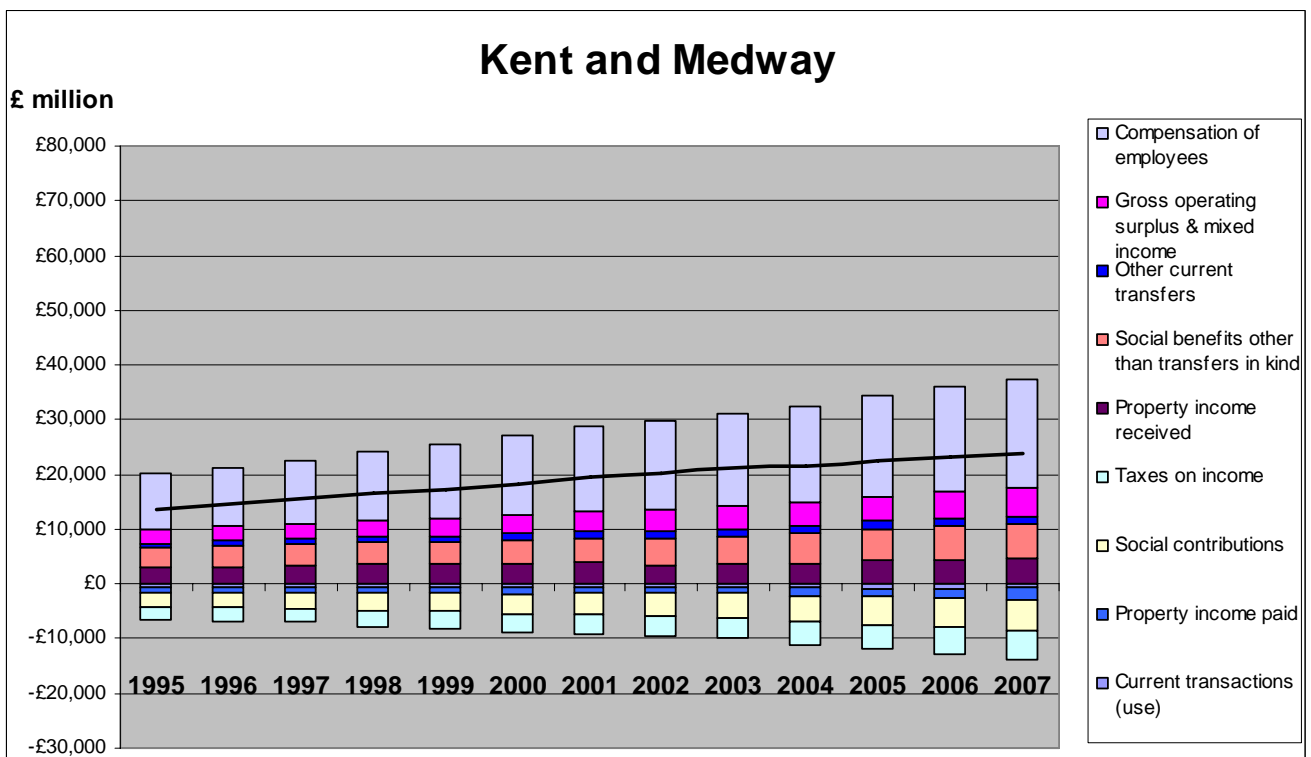
Source: Office for National Statistics

**Chart 9c:**



Source: Office for National Statistics

**Chart 9d:**



Source: Office for National Statistics

## Sources and contacts

The latest regional Gross Disposable Household Income (GDHI) data, released on 2 April 2009 can be found via: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14651>

The above provides access to a 'First Release' (press notice) which highlights the key data and definitions, with links to a document giving detailed tables (which are also available as Excel files).

This briefing note has been prepared by the ONS Regional Team for the South East to focus specifically on that region. Their contact details are:

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## Notes and definitions

**Gross Disposable Household Income** (GDHI) is the amount of money that households have available for spending or saving, hence 'disposable income'. This is the money left after expenditure associated with income, e.g. taxes and social contributions, property ownership and provision for future pension income. It 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.

Households cover people living in traditional households as well as those living in institutions, e.g. those living in retirement homes and prisons. The sector also includes sole trader enterprises and non-profit institutions serving households (NPISHs) – charities and most universities.

Regional estimates are consistent with those published in table 6.1.4 of the UK National Accounts 2008 (Blue Book). Further notes and definitions are included in the Blue Book and on the ONS website [www.statistics.gov.uk](http://www.statistics.gov.uk)

GDHI is calculated as the **sum of**:

- compensation of employees (COE) is the main source of primary income (70%), i.e. wages and salaries, national insurance contributions, pension contributions, redundancy payments etc
- gross operating surplus (GOS) - rental income from buildings, including imputed rental of owner-occupied dwellings) and mixed income (MI) - income from self-employment related to sole traders
- pension income - state retirement and privately funded
- other social benefits - including child benefit, disability living allowance, unemployment and jobseeker benefits and incapacity benefits
- property income - return on ownership of financial assets e.g. rent on land, interest, dividends, etc
- other current transfers - e.g. claims made under non-life insurance policies, gifts received from abroad, grants and unrequited payments from central government.

**Less:**

- taxes on income and other current taxes on wealth - e.g. council tax, motor vehicle duty
- social contributions - national insurance contributions by employees, employers and social contributions by the self and non-employed
- property income paid (interest, rent on land).
- other current transfers (insurance policies, charity donations, gifts made abroad).

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).

Resources	Uses
Primary Resources	Primary Uses
Property Income	Property related outgoings
Operating Surplus	
Mixed Income	
Compensation of Employees	
Primary Resources – Primary Uses = Balance of Primary Income	
Secondary Resources	Secondary Uses
Pensions & other Social Benefits	Social Contributions
Other Current Transfers	Other Current Transfers - outgoings
	Current taxes
Secondary Resources – Secondary Uses = Balance of Secondary Income	
Balance of Primary Income + Balance of Secondary Income = GDHI	

### Gross Disposable Household Income: components for the South East £ Million

	CDID <sup>1</sup>	South East	UK <sup>2</sup> Total
<b>Primary Incomes</b>			
<b>Resources</b>			
Operating surplus and mixed income	QWLS+ QWLT	28,467	163,486
Compensation of employees	QWLY	115,818	744,192
Property income (gross property income)	QWME	29,922	171,233
<b>Uses</b>			
Property income use	QWMI	-12,920	-66,453
<b>Balance of primary income</b>		161,287	1,012,458
<b>Secondary incomes</b>			
<b>Resources</b>			
Imputed social contributions and social benefits	RVFH+ QWML	31,927	226,852
Other current transfers	QWMO	7,457	55,305
<b>Uses</b>			
Current taxes on income and wealth	QWMS	-30,522	-182,505
Social contributions	QWMY+ QWMZ	-32,556	-209,140
Other current transfers	QWNC	-3,869	-28,939
<b>Balance of Secondary Incomes</b>		-27,563	-138,427
<b>GDHI (resources less uses)</b>	QWND	133,724	874,031

1. Central database identifiers as used in UK National Accounts (Blue Book) 2008.

2. Including Extra region.

*Source: Office for National Statistics*

Estimates are at current basic prices and do not allow for inflation or differences in regional price levels. Headline GDHI series have been calculated using a 5-year moving average to remove some volatility. Unadjusted series are also available on the ONS website.

***This briefing note has been issued by the ONS Regional Team for the South East.***

Indexed GDHI per head (UK=100) is calculated as a region's GDHI as a percentage of UK GDHI per head excluding Extra-Regio (offshore economic activity and the contribution of UK embassies abroad and UK forces stationed overseas, which cannot be allocated to specific regions).

The methodology used to compile Regional GDHI can be found in the Regional Accounts Methodology Guide.

[www.statistics.gov.uk/downloads/theme\\_economy/RegionalAccountsMethodologyGuide.pdf](http://www.statistics.gov.uk/downloads/theme_economy/RegionalAccountsMethodologyGuide.pdf)

Estimates of GDHI at NUTS 2 level are supplied to Eurostat. These data are not directly used to inform funding decisions, but are used to inform debate around the relative welfare of regions across the EU.

**Geographical Units & 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:

NUTS1: Government Office Regions and Wales, Scotland, Northern Ireland.

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.

**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.

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