

Gross disposable household income for the South East

Regional briefing

March 2010

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

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Regional and sub-regional estimates: South East England 31 March 2010**Summary**

- Estimates of regional and sub-regional Gross Disposable Household Income (GDHI) for 2008 were released on 31 March 2010 by the Office for National Statistics. This 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 – 2008

- GDHI per head in the South East was £16,792 in 2008 compared to an average for the United Kingdom of £14,872.
- GDHI per head in the South East rose from £16,155 in 2007, an increase of 3.9 per cent. The average increase in GDHI per head over the same period for the UK was also 3.9 per cent.
- Indexed GDHI per head for the South East was 113 in 2008 compared to the average for the UK of 100.

Comparisons with other regions (2007 to 2008)

- The South East had the second highest GDHI per head after London (£19,038 in 2008) where the annual percentage increase of 4.5 per cent was above the average for the UK; Scotland had the highest increase of 4.7 per cent.
- The relative positions of the regions remained unchanged as measured by GDHI per head, although there were small reductions in three regions: East, Yorkshire and The Humber and the East Midlands, compared to their index values in 2007. There were only marginal changes for six regions, with larger relative improvements in London, Scotland and the North East. 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 (2007 to 2008)

- GDHI per head for Surrey (NUTS 3 sub-region) was £20,960 in 2008 the highest within the South East; Portsmouth at £11,102 per head was the lowest. GDHI per head was also significantly higher in Buckinghamshire, at £20,168 per head, than elsewhere in the region. Berkshire with GDHI per head of £17,573 and Oxfordshire with £16,897 were each above the regional average, and West Sussex with £16,669 was just below.
- In index terms GDHI per head in the NUTS 3 sub-regions ranged from 75 in Portsmouth to 141 in Surrey. Other sub-regions in the South East below the national average (UK = 100) were Southampton (79), Isle of Wight (88) and Medway (95).
- East Sussex and Isle of Wight showed the largest percentage increases per head within the region at 5.5 and 5.1 per cent respectively between 2007 and 2008. Other NUTS 3 areas with increases above the regional average of 4.0 per cent were Kent (4.8 per cent), Medway (4.3 per cent), with Buckinghamshire and West Sussex each with around 4 per cent. Milton Keynes showed the lowest increase of 2.8 per cent from £14,806 in 2007 to £15,223 in 2008.
- NUTS 2 sub-regions in the South East show less variation than NUTS 3, ranging from £15,025 GDHI per head in 2008 in Hampshire and the Isle of Wight to over £3,000 per head more in Surrey, East and West Sussex (£18,168 GDHI per head).

Table 1: Regional GDHI¹

	Total		GDHI per head		Per head
	GDHI £m	Percentage increase on 2007	£	Percentage increase on 2007	Index (UK=100) 2008
North East	32,305	4.6	12,543	4.2	84.3
North West	92,041	4.2	13,386	4.0	90.0
Yorkshire and The Humber	68,371	3.8	13,115	3.1	88.2
East Midlands	60,340	4.1	13,611	3.3	91.5
West Midlands	72,167	4.4	13,337	3.8	89.7
East of England	88,843	4.2	15,509	3.0	104.3
London	145,068	5.3	19,038	4.5	128.0
South East	140,720	4.8	16,792	3.9	112.9
South West	76,471	4.3	14,680	3.7	98.7
England ²	776,325	4.5	15,090	3.8	101.5
Wales	39,132	4.5	13,073	4.1	87.9
Scotland	73,914	5.2	14,301	4.7	96.2
Northern Ireland	23,536	4.6	13,260	3.7	89.2
United Kingdom ^{2,3}	912,907	4.6	14,872	3.9	100.0

1 Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2008 are provisional.

2 Figures may not sum due to rounding.

3 Excluding Extra Regio.

Source: Office for National Statistics

Revisions to Previously Published Headline GDHI for the South East

GDHI estimates have been revised back to 1995 as can be seen in Table 2. For 2007, GDHI for the South East has been revised upwards by £501m to £134,225m, an increase of 0.4 per cent. This follows downward revisions of £608m and £279m respectively in 2006 and 2005.

The same percentage increase (+0.4 per cent) was seen in GDHI per head for 2007, as the estimated GDHI per head in the South East was revised upwards by £60 from £16,095 to £16,155. Revisions to data prior to 2003 were very small and GDHI per head followed a similar pattern to GDHI for later years.

There was a small upward revision to indexed GDHI per head for 2007 of 0.4 of a percentage point for the South East to reach 112.9 relative to the UK average of 100. Kent showed the largest increase of 1.5 percentage points, but there was a reduction of -0.5 in Hampshire and the Isle of Wight compared to estimates published in April 2009.

Within the region, largest revision to estimates of GDHI were made in Berkshire (+£439m) and the county of Kent (+£401m). On a per head basis Berkshire again showed the greatest increase of +£532, followed by Milton Keynes +£329 and East Sussex +£314. However, in Portsmouth there was a reduction of -£771 per head compared with figures released a year ago.

Table 2: Revisions to the South East since last published in April 2009

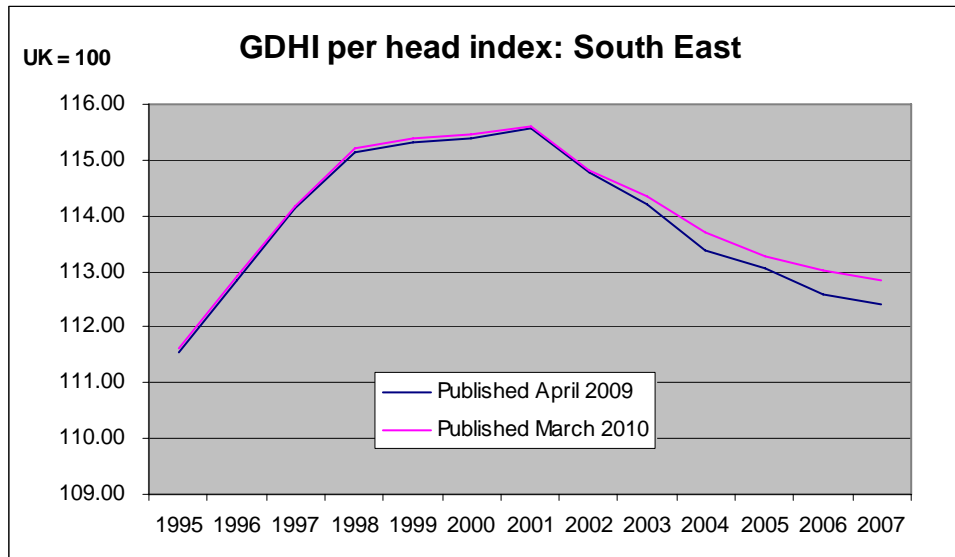
	Total GDHI				GDHI per head			
	Published April 2009 (£ m)	Published March 2010 (£ m)	Revision (£ m)	Percentage change %	Published April 2009 (£)	Published March 2010 (£)	Revision (£)	Percentage change %
1995	75,028	75,074	46	0.1	9,665	9,671	6	0.1
1996	81,126	81,171	45	0.1	10,400	10,406	6	0.1
1997	87,976	88,018	42	0.0	11,203	11,208	5	0.0
1998	92,922	92,965	42	0.0	11,779	11,784	5	0.0
1999	97,369	97,408	39	0.0	12,240	12,245	5	0.0
2000	102,786	102,820	34	0.0	12,863	12,868	4	0.0
2001	109,678	109,713	34	0.0	13,670	13,674	4	0.0
2002	112,763	112,795	32	0.0	14,013	14,017	4	0.0
2003	117,839	117,972	132	0.1	14,571	14,588	16	0.1
2004	119,794	120,671	877	0.7	14,744	14,851	108	0.7
2005	125,945	125,667	-279	-0.2	15,388	15,354	-34	-0.2
2006	130,327	129,719	-608	-0.5	15,821	15,747	-74	-0.5
2007	133,724	134,225	501	0.4	16,095	16,155	60	0.4

Notes:

- 1 GDHI at 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 April 2009



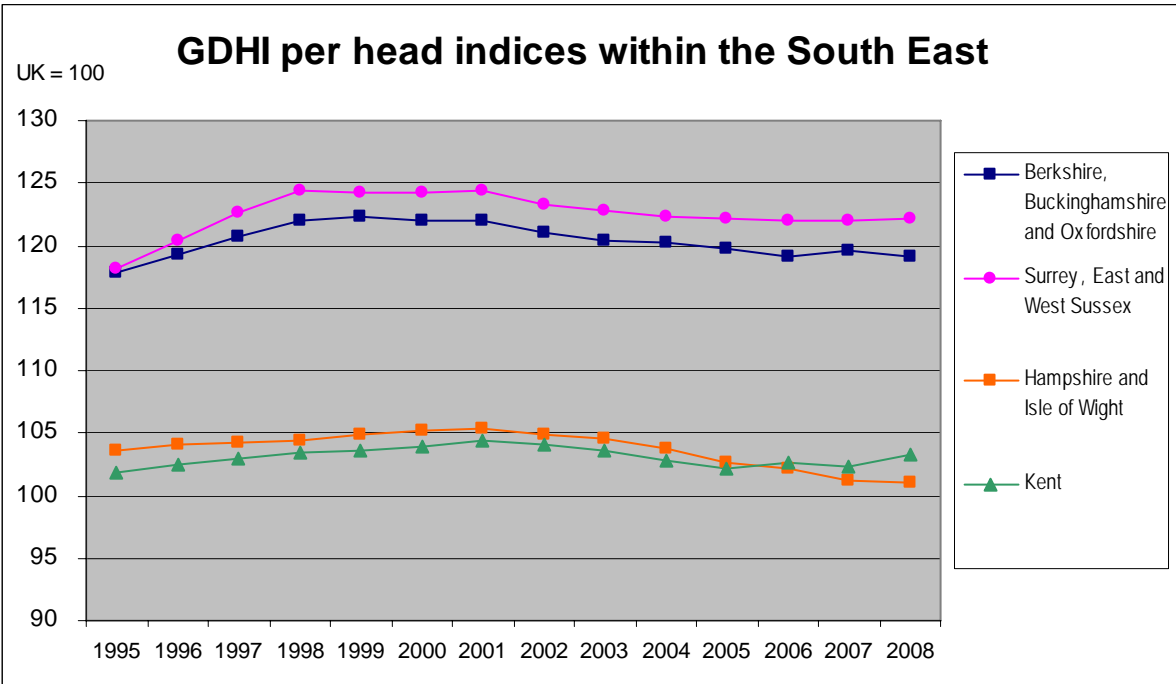
Source: Office for National Statistics

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 furthest 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, East and West Sussex to 101 in Hampshire and the Isle of Wight for 2008, and relative positions have remained similar over the last few years as can be seen on Table 7.
- There is wider diversity **within** the NUTS2 sub-regions than between them. Indices for NUTS 3 sub-regions range from 75 in Portsmouth to 141 in Surrey. Further details are included in Table 5 and Chart 6.

Chart 4: Headline GDHI in NUTS 2 sub-regions



Source: Office for National Statistics

NUTS 3 Geography

- The South East consists of fourteen NUTS 3 sub-regions within the four NUTS 2 areas:
 - 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 £20,960 in 2008, 41 percentage points above the UK average (i.e. GDHI per head index=141). Portsmouth had the lowest GDHI per head in the South East of £11,102, (25 percentage points below the UK average with an index=75).

Table 5: Sub-Regional and local GDHI^{1,2}

	Total GDHI £m 2008	Percentage increase on 2007	GDHI per head £ 2008	Percentage increase on 2007
Berkshire, Buckinghamshire and Oxfordshire	38,991	4.5	17,710	3.4
Berkshire	14,697	4.8	17,573	3.5
Milton Keynes	3,535	4.5	15,223	2.8
Buckinghamshire	9,948	4.6	20,168	4.0
Oxfordshire	10,811	3.8	16,897	3.1
Surrey, East and West Sussex	48,284	4.9	18,168	4.1
Brighton and Hove	3,933	4.6	15,327	3.3
East Sussex	8,065	5.8	15,818	5.5
Surrey	23,259	4.8	20,960	3.7
West Sussex	13,026	4.7	16,669	4.0
Hampshire and Isle of Wight	27,956	4.6	15,025	3.7
Portsmouth	2,220	4.5	11,102	3.3
Southampton	2,748	4.8	11,713	3.3
Hampshire	21,152	4.5	16,449	3.7
Isle of Wight	1,837	5.7	13,100	5.1
Kent	25,489	5.6	15,354	4.7
Medway	3,565	4.9	14,060	4.3
Kent	21,924	5.7	15,587	4.8

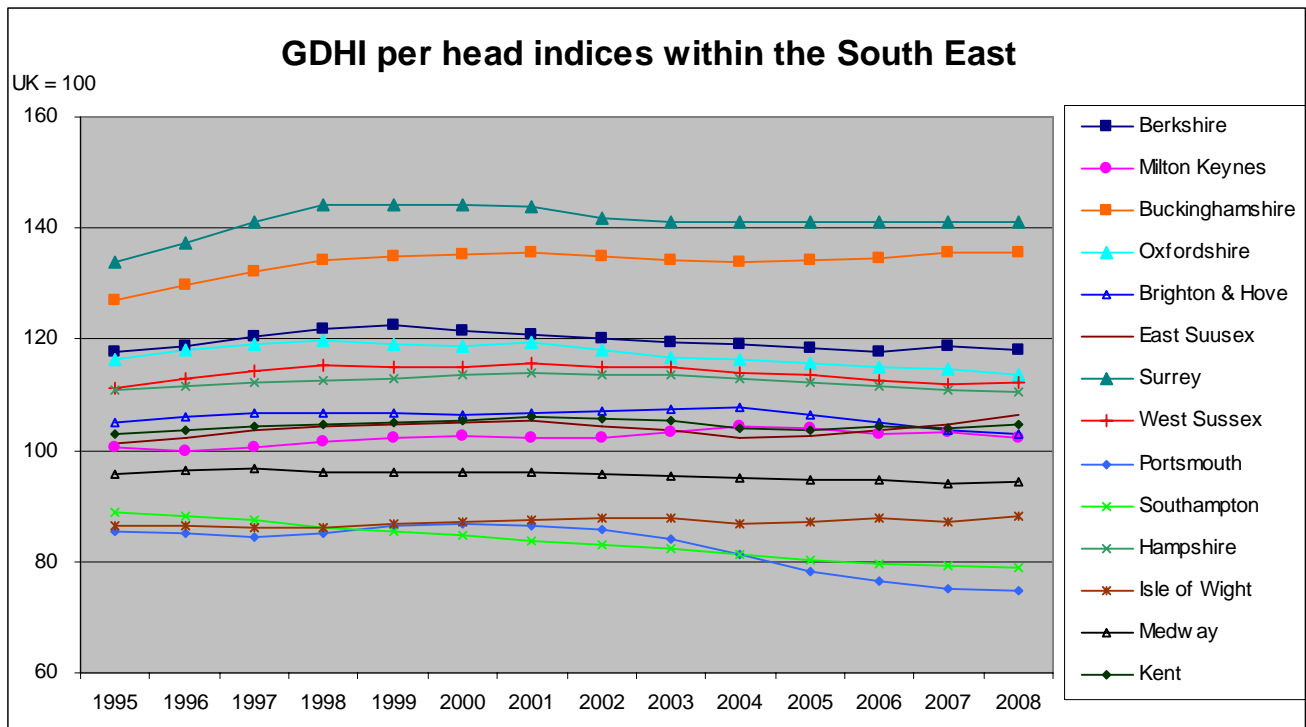
1 Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2008 are provisional.

2 Figures may not sum due to rounding.

Source: Office for National Statistics

- Between 1995 and 2008 GDHI per head in Buckinghamshire increased by 83 per cent, compared to a 50 per cent increase in Portsmouth. Average increase for the South East was 74 per cent, 8 percentage points less than the increase in London, during the same period.
- From having the second lowest GDHI per head in the South East of £7,478 in 1995, the Isle of Wight increased by 75 per cent to £13,100 in 2008. Indexed GDHI per head in the Isle of Wight is now 9 percentage points above that in Southampton and 13 points above the level in Portsmouth.

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 (74 per cent increase) or national (72 per cent increase) averages between 1995 and 2008, at 52 and 50 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 for Southampton and 85 to 75 for Portsmouth.
- Portsmouth's position declined from 110th in 1995 to 130th out of 133 NUTS 3 sub-regions of the UK in 2008. Southampton's position also declined from 91st to 124th, whereas the ranking of Isle of Wight improved from 104th to 82nd over these fourteen years; movement in rank also reflect changes in value in other parts of the country. There were also small relative declines in position of Medway from 58th to 60th and Brighton and Hove from 26th to 29th. Surrey and Buckinghamshire's positions in terms of GDHI per head remained unchanged at 2nd and 3rd respectively, after Inner London West (£30,672 in 2008). The NUTS 3 region with the lowest overall position in 2008 was Nottingham at £10,361 per head.

Table 7: GDHI per head indices for NUTS 3 sub-regions of the South East

(UK = 100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Berkshire, Buckinghamshire and Oxfordshire														
NUTS 2 total	117.9	119.3	120.8	122.0	122.4	122.0	122.0	121.1	120.4	120.2	119.7	119.1	119.6	119.1
Berkshire	117.7	118.8	120.4	121.7	122.5	121.7	121.0	120.1	119.6	119.1	118.5	117.7	118.6	118.2
Milton Keynes	100.6	99.8	100.4	101.7	102.4	102.5	102.3	102.4	103.2	104.2	104.1	103.0	103.4	102.4
Buckinghamshire	127.0	129.9	132.3	134.1	134.8	135.2	135.7	134.9	134.3	134.0	134.4	134.5	135.4	135.6
Oxfordshire	116.5	117.9	119.0	119.9	119.3	118.9	119.3	118.1	116.7	116.4	115.7	114.9	114.5	113.6
Surrey, East and West Sussex														
NUTS 2 total	118.2	120.3	122.6	124.4	124.3	124.3	124.4	123.2	122.8	122.3	122.2	122.0	122.0	122.2
Brighton and Hove	105.0	106.1	106.6	106.8	106.6	106.5	106.7	107.0	107.4	107.7	106.5	105.0	103.7	103.1
East Sussex	101.3	102.4	103.6	104.4	104.8	105.0	105.5	104.4	103.6	102.2	102.7	103.7	104.7	106.4
Surrey	134.0	137.3	141.1	144.3	144.1	144.0	143.7	141.7	141.1	141.0	141.2	141.0	141.2	140.9
West Sussex	111.1	112.8	114.3	115.4	114.9	115.1	115.5	115.0	114.8	114.0	113.6	112.7	112.0	112.1
Hampshire and Isle of Wight														
NUTS 2 total	103.6	104.1	104.3	104.4	104.8	105.2	105.4	104.9	104.6	103.7	102.7	102.1	101.2	101.0
Portsmouth	85.3	85.0	84.5	85.0	86.3	86.7	86.4	85.6	84.0	81.4	78.4	76.6	75.1	74.6
Southampton	88.9	88.3	87.3	86.1	85.4	84.9	83.7	83.1	82.3	81.4	80.1	79.7	79.2	78.8
Hampshire	110.8	111.7	112.2	112.6	112.9	113.6	114.0	113.6	113.5	112.9	112.2	111.7	110.8	110.6
Isle of Wight	86.3	86.5	86.3	86.1	86.9	87.1	87.7	87.7	87.8	86.9	87.0	87.7	87.0	88.1
Kent														
NUTS 2 total	101.8	102.5	103.0	103.4	103.5	103.9	104.5	104.1	103.7	102.7	102.2	102.7	102.4	103.2
Medway	95.8	96.4	96.7	96.2	96.2	96.0	96.0	95.7	95.4	95.1	94.6	94.7	94.1	94.5
Kent	102.9	103.6	104.2	104.8	104.9	105.3	106.1	105.6	105.2	104.1	103.6	104.2	103.9	104.8
South East	111.6	112.9	114.2	115.2	115.4	115.4	115.6	114.8	114.3	113.7	113.3	113.0	112.9	112.9

1. Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2008 are provisional.

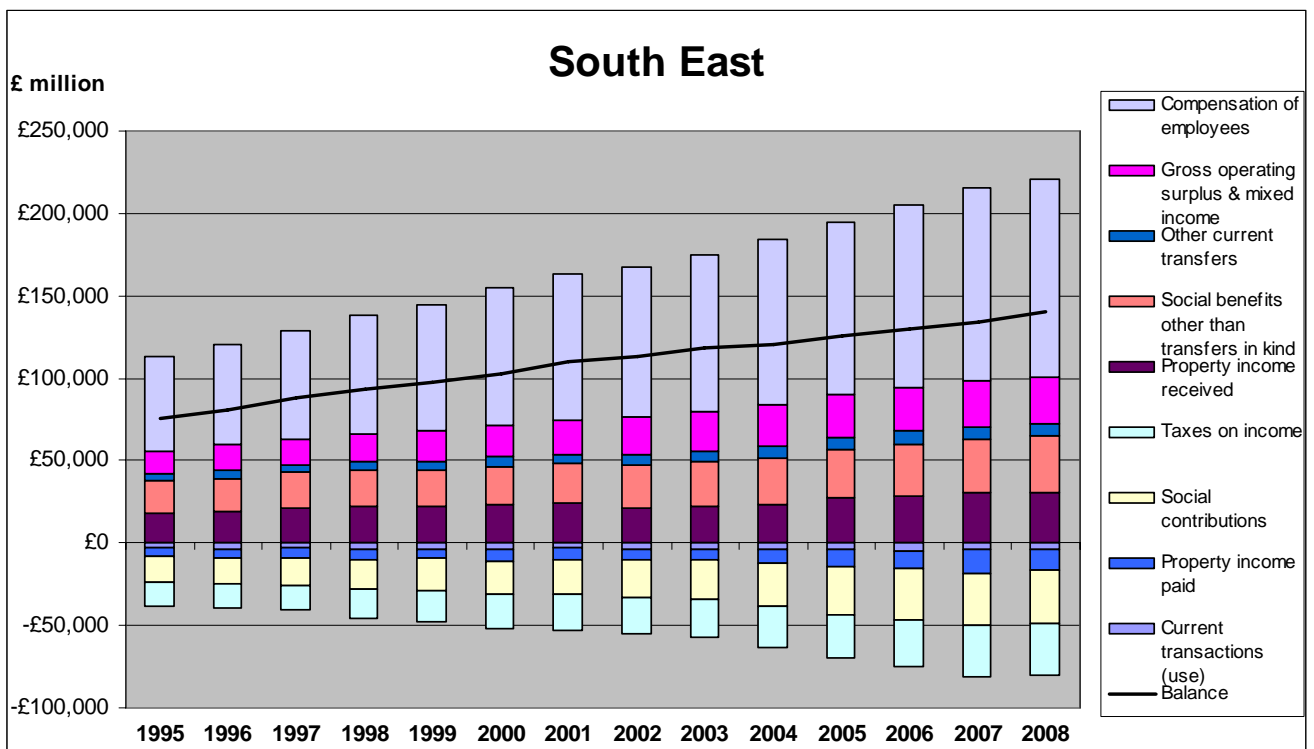
2. Excluding Extra Regio.

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

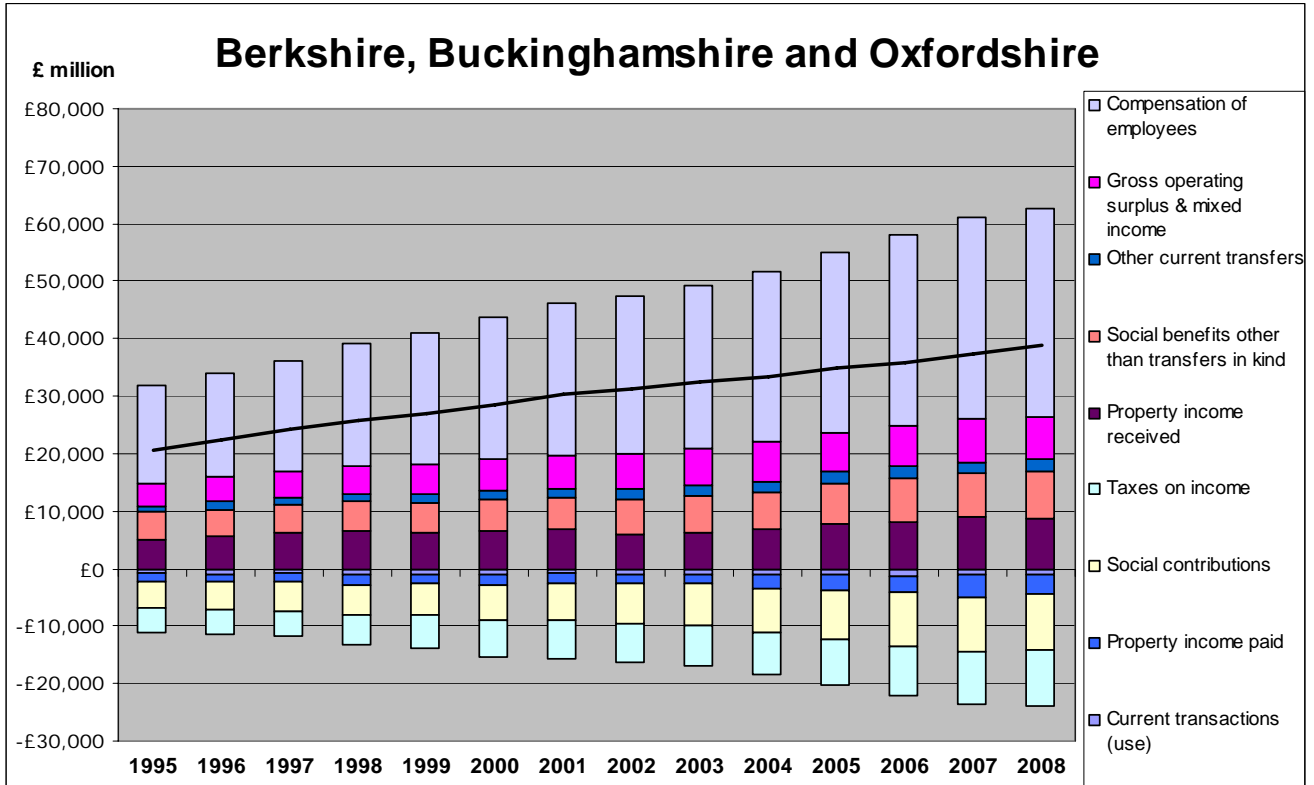


Note: Black line on component charts indicates GDHI in each time period.

Source: Office for National Statistics

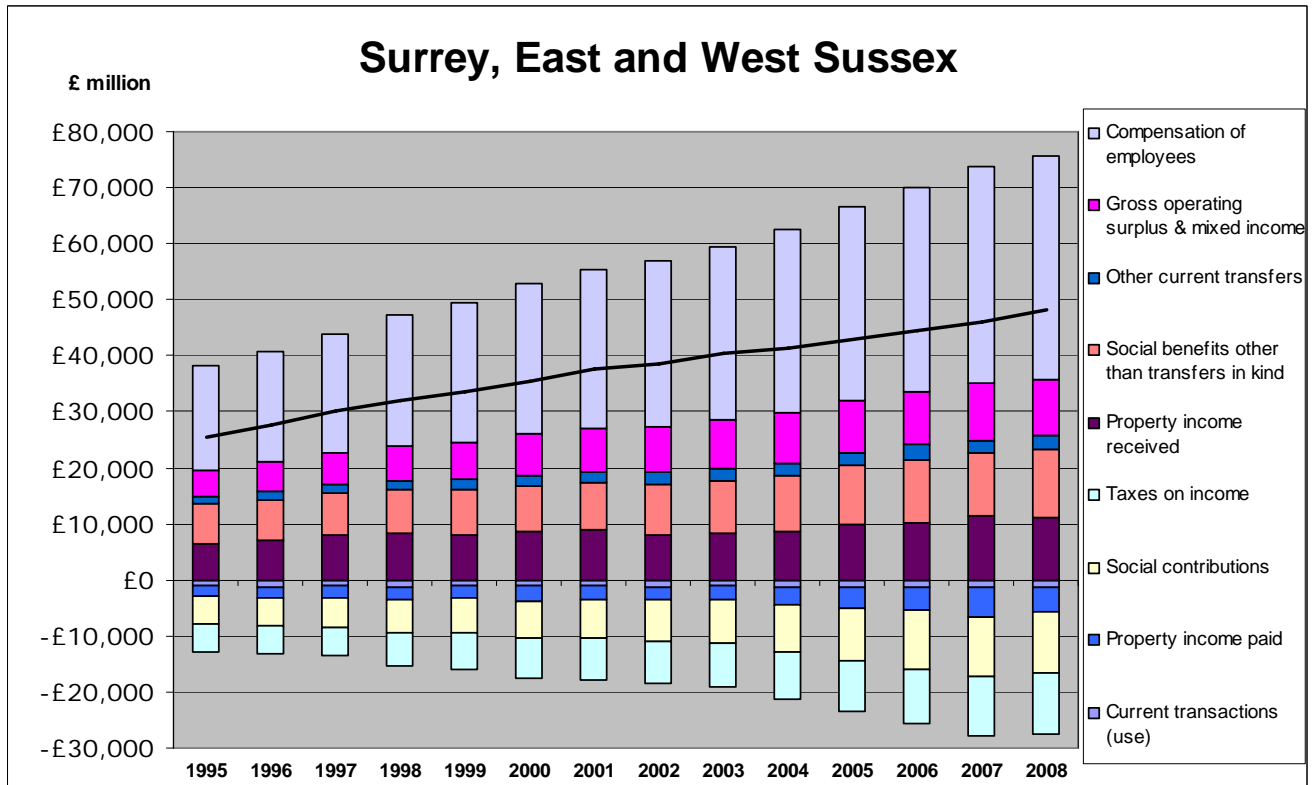
Components of headline GDHI for NUTS 2 regions

Chart 9a:



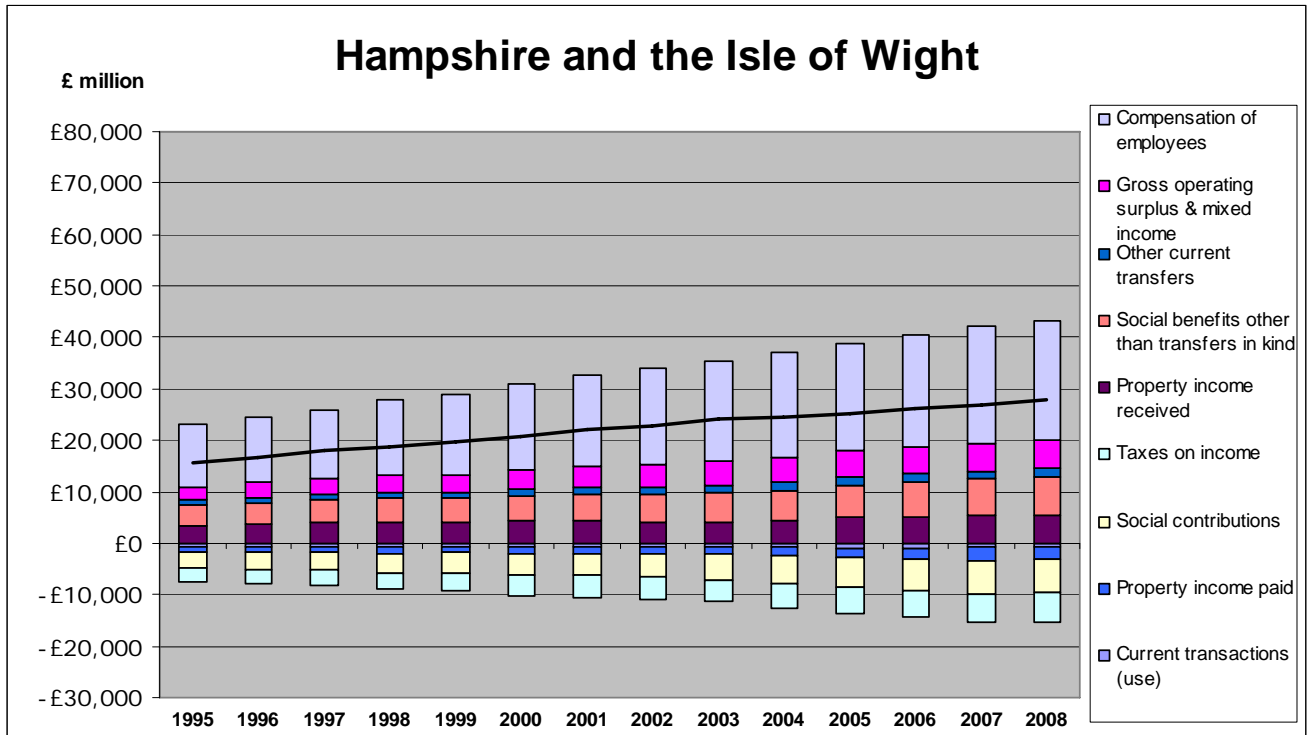
Source: Office for National Statistics

Chart 9b:



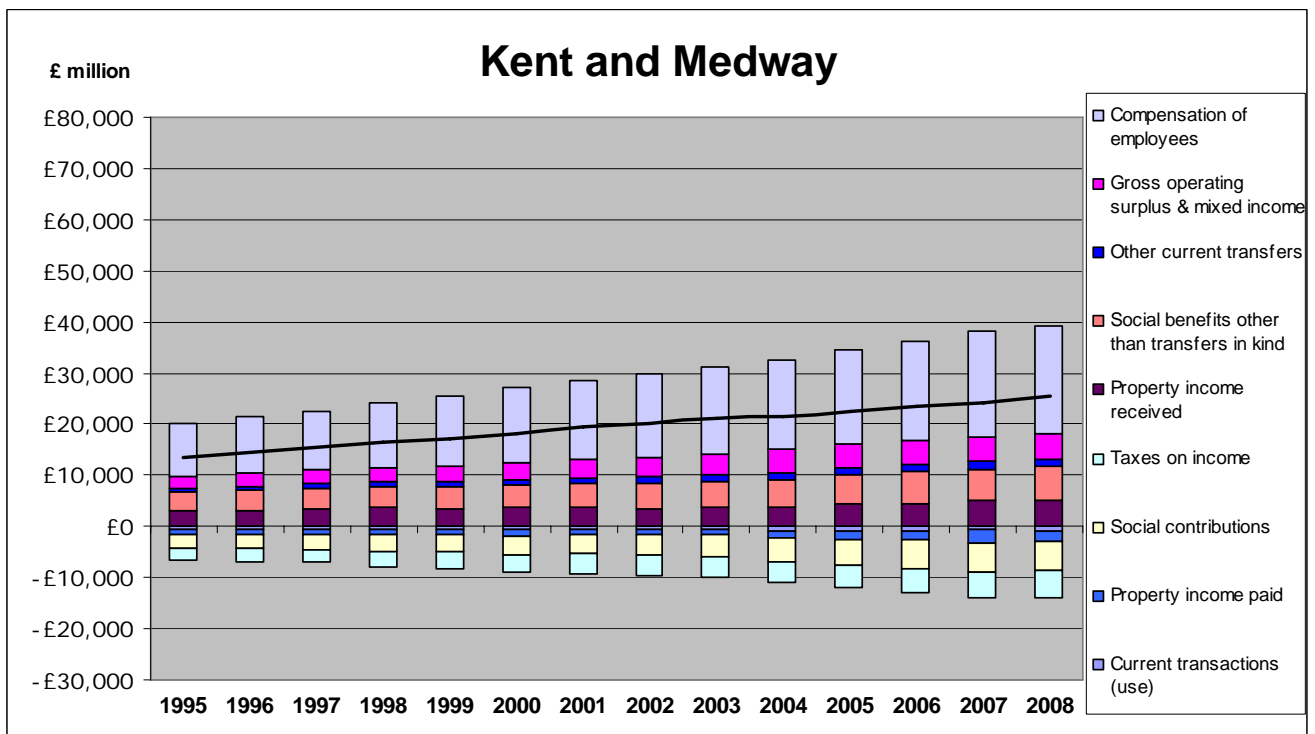
Source: Office for National Statistics

Chart 9c:



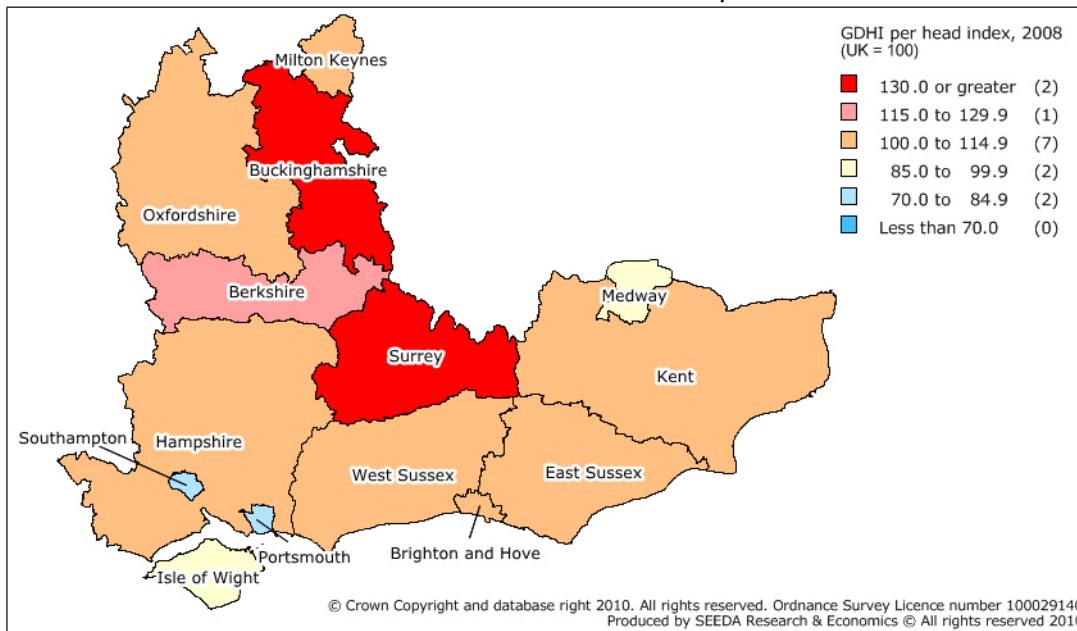
Source: Office for National Statistics

Chart 9d:

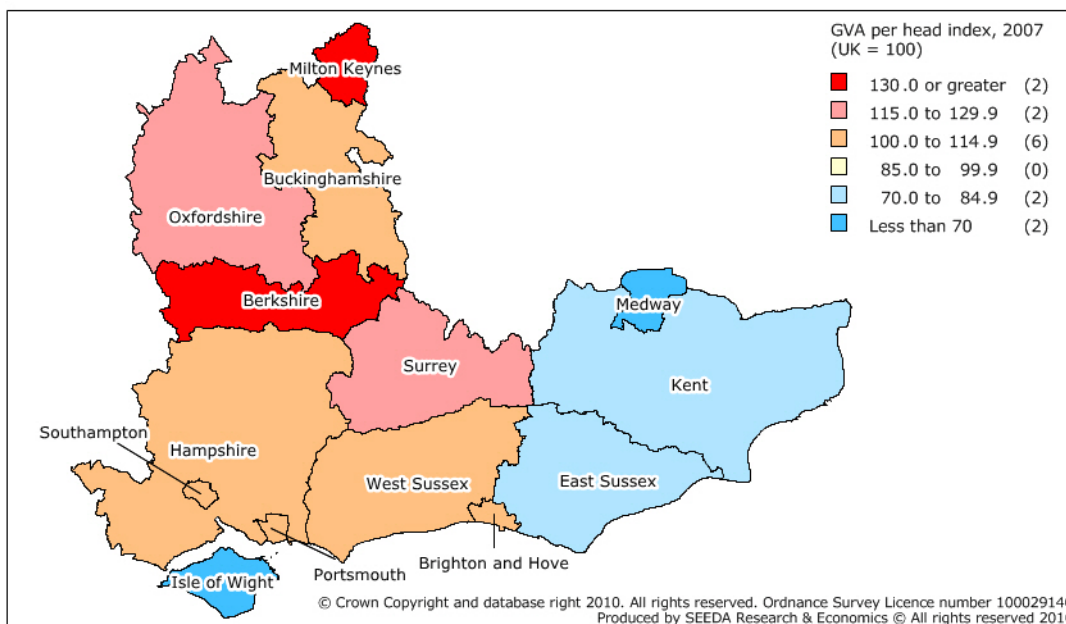


Source: Office for National Statistics

Map 10: Headline GDHI per head indices (residence-based) for NUTS 3 areas of the South East, 2008



Map 11: Headline GVA per head¹ indices (workplace) for NUTS 3 areas of the South East, 2007



¹ Estimates of workplace based GVA allocate income to where people work, whereas the denominator (population) is on a residence basis.

Source: Office for National Statistics

Sources and contacts

The latest regional Gross Disposable Household Income (GDHI) data, released on 31 March 2010, can be found via: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14651>

The above link provides access to a 'Statistical Bulletin' highlighting the key data and definitions, and includes 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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Maps have been prepared by the SEEDA GIS Manager

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 2009 (Blue Book). Further notes and definitions are included in the [Blue Book](#) and on the ONS website www.statistics.gov.uk

GDHI is calculated as the **sum of each of the following resources**:

- compensation of employees (COE) is the main source of primary income (around 70% of total), 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 each of the following uses:

- 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 ¹	South East	UK ² Total
Primary Incomes			
Resources			
Operating surplus and mixed income	QWLS+ QWLT	27,640	158,760
Compensation of employees	QWLY	121,036	768,956
Property income (gross property income)	QWME	30,303	172,936
Uses			
Property income use	QWMI	-11,925	-61,328
Balance of primary income		167,054	1,039,324
Secondary incomes			
Resources			
Imputed social contributions and social benefits	RVFH+ QWML	34,618	247,410
Other current transfers	QWMO	7,581	56,334
Uses			
Current taxes on income and wealth	QWMS	-31,508	-187,840
Social contributions	QWMY+ QWMZ	-33,051	-211,375
Other current transfers	QWNC	-3,973	-29,889
Balance of Secondary Incomes		-26,333	-125,360
GDHI (resources less uses)	QWND	140,720	913,964

1. Central database identifiers as used in UK National Accounts (Blue Book) 2009.

2. Including Extra Regio.

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.

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

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.

Gross value added (GVA) represents the incomes generated by economic activity within the UK economy. GVA data presented in the Regional Accounts uses the income approach or GVA(I) and includes compensation of employees and gross operating surplus. Further details can be found in the Statistical Bulletin released in December 2009

<http://www.statistics.gov.uk/pdfdir/gva1209.pdf>

or in our regional brief: http://www.see-in.co.uk/downloads/SE%20GVA%20Brief_NUTS3.pdf

For a statement of the latest position on measuring regional economic performance, see the National Statistician's article (January 2009).

www.statistics.gov.uk/ci/article.asp?ID=2103

Geographical Units: The 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 (coded UKC to UKN).


NUTS2: 37 areas – mainly groups of counties and unitary authorities; can be referred to as sub-regions (coded UKC1 to UKN0).

NUTS3: 133 areas – principally individual counties and unitary authorities; also known as local areas (coded UKC11 to UKN05).

See www.statistics.gov.uk/geography/nuts.asp for further information about geographical definitions and codes.

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