



Regional Economic Development
Local Economy Briefing 12

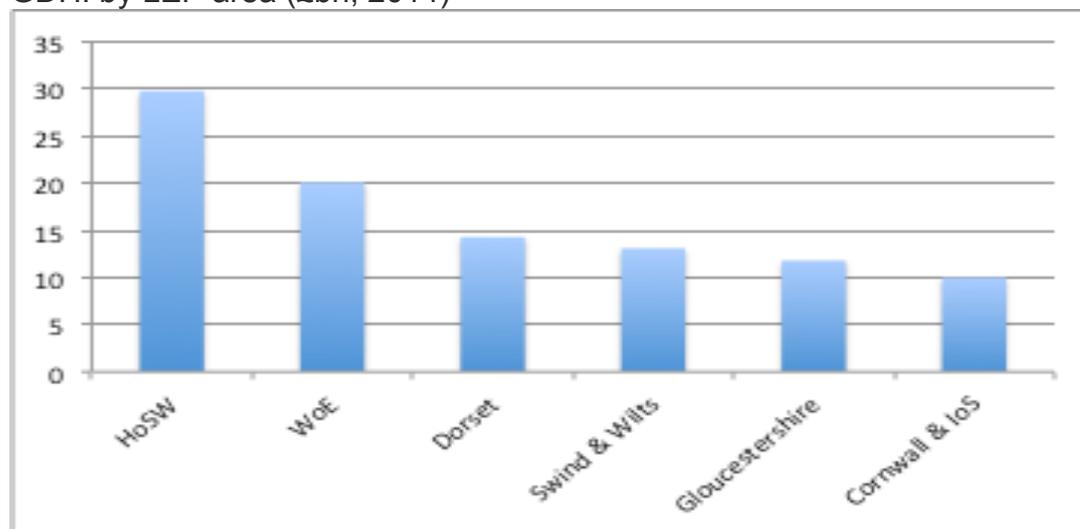
Regional Incomes

The annual release of **gross disposable household income (GDHI)** data for geographies below the UK aggregate has just occurred. It shows the amount of money households have to spend, in aggregate, once taxes and a few other fixed commitments (such as property mortgages) are taken out.

The latest numbers are for 2014. They show **SW England** generating £98.4bn of GDHI that year, up from £96.9bn in 2013: a modest increase of 1.5%. (Because the CPI inflation rate was also 1.5% that year, there was no real increase in household spending power.) In 2014, the annual growth of GDHI moved across a SW England range from +4.1% in Swindon to -0.5% in Bournemouth and Poole.

The distribution of SW GDHI across the region, by LEP (Local Enterprise Partnership) area (see chart below), ranged from £29.8bn (30.3% of the SW total) in the **Heart of the South West** (HoSW = Devon and Somerset, including Plymouth and Torbay) to under £10bn (9.4%) in **Cornwall and the Isles of Scilly** (CloS). **West of England** (WoE = Bristol, Bath and NE Somerset, N Somerset and S Gloucestershire) contributed £20.1bn (20.4%) whilst the **Gloucestershire, Swindon and Wiltshire, and Dorset** (including Bournemouth and Poole) areas generated £11.8bn (12%), £13.1bn (13.3%) and £14.3bn (14.6%) respectively.

GDHI by LEP area (£bn, 2014)



Source: ONS



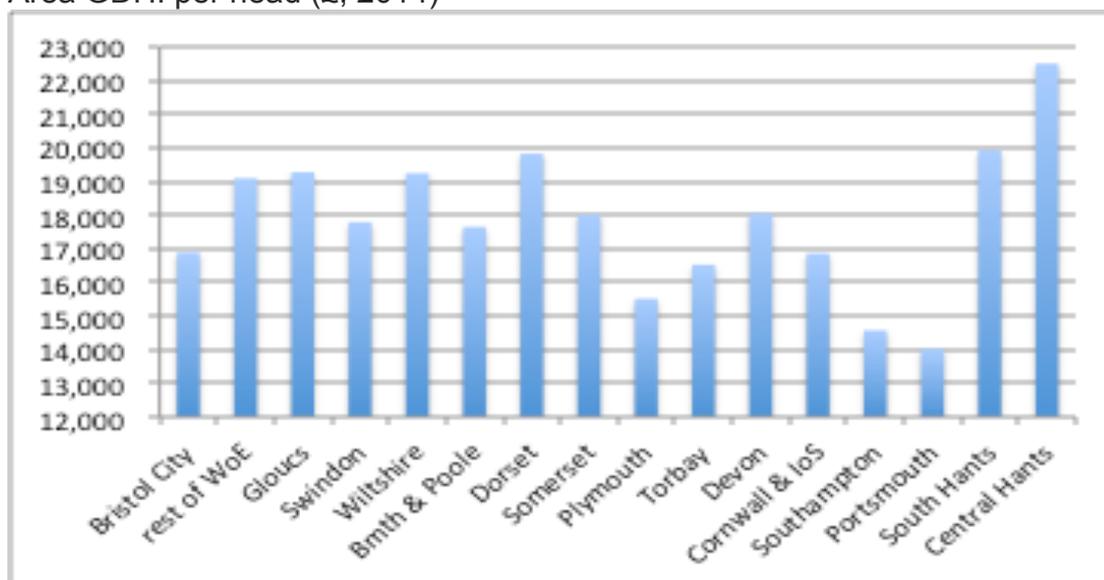
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Turning to GDHI per head to allow a better comparison between areas, SW England had £18,144 of disposable income per head in 2014.

Gloucestershire LEP was at the 'top' of this SW 'league' with £19,273 (7.3% above the UK average). **CloS** was at the bottom at £16,862 (-6.1% below). **HoSW** was also below average (£17,579 or -2.1% below). **Dorset** was second highest (£18,907, +5.3% above), then **Swindon and Wiltshire** (£18,818, +4.8% above) and then **WoE** (£18,273, +1.7% above). In annual growth terms the range was from +3.3% in Swindon to -1.6% in Bournemouth and Poole.

Within these LEP areas, it is striking how relatively 'low' the GDHI per head figures are for cities/urban areas and how relatively 'high' they are for county/rural areas. For example, **Bristol, Plymouth and Torbay** all had GDHI per head readings more than £1,000 below the national average whereas **Dorset County, Wiltshire County and non-Bristol WoE** were all more than £1,000 above average. (This measure is always in marked contrast to the sub-regional gross value added (GVA) data that usually shows urban areas creating more output per head than rural areas: a reflection of commuting patterns and work/residence differences.)

Area GDHI per head (£, 2014)

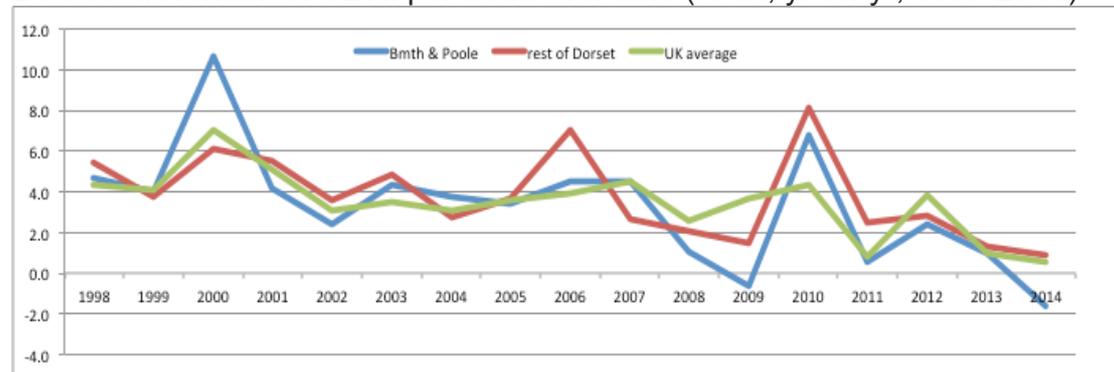


Source: ONS

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The second chart (above) shows this GVA per head statistic at a lower (NUTS3) level. It re-emphasizes the urban/rural split in each local area. Indeed, looking beyond the South West to our SE neighbours in **Hampshire**, the urban/rural split is even more marked. There is a more pronounced gap between **Southampton and Portsmouth** (both under £15,000 per head) and the **Central and Southern Hants** areas (£20,000 plus) than anywhere in SW England.

Dorset: movement in GDHI per head over time (% ch, yr-on-yr, 1997-2014)



Source: ONS

The final chart (above) shows the growth of GVA per head over time, suggesting the local Dorset performance, generally, is fairly consistent with the UK average trends.

The key findings are:

- The rate of growth of GDHI has tended to slacken over time from over 4% per annum around the millennium to about 2% per annum now,
- Dorset County, outside Bournemouth and Poole, has tended to achieve incomes growth close to or above the UK average, and
- Bournemouth and Poole incomes were hit harder than many during the 2008 'crash' and again in 2014.

Several factors, such as wage freezes, flexible hours and other structural changes have affected these national and local adverse trends.

Finally, roughly 70% of SW GDHI and GDHI per head come from '**compensation of employees**'. This category grew by 2.9% in 2014, compared with 6.9% for **property incomes received**.

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