



Regional Economic Development
Local Economy Briefing 8

The Annual Regional GVA Release

Evidence

Each December, the ONS releases the vital gross value added (GVA – income based) and GVA per head data for the UK regions, devolved administrations and lower geographies. This provides our basic comparative measure of local economic performance and is a corner stone of most UK applied economic analysis below the national level. The table below summarises the data for 2014 that we have (just) been given.

Dorset & its Neighbours 2014

2014	GVA (£mn)	GVA per head (£)	GVA per head (UK = 100)
Bournemouth & Poole	7941	23254	94.5
Rest of Dorset	8248	19719	80.1
Somerset	10641	19648	79.8
Plymouth	5195	19864	80.7
Torbay	2066	15354	63.1
Rest of Devon	15418	20146	81.8
Swindon	6551	30357	123.3
Rest of Wiltshire	9841	20369	82.7
Southampton	5782	23572	95.8
South Hampshire	11048	24568	99.8
Central Hampshire	14164	26479	107.6
Portsmouth	5381	25735	104.5
Isle of Wight	3071	22074	89.7

Source ONS

The new data confirms many of the descriptive characteristics that we already know about Dorset's economy. The relative performance of the local economy does not really change significantly over time.

- In 2014, the Dorset County area as a whole produced total GVA (income based) of £16.2bn, contributing about 1% of the total UK economy. Dorset grew by 4.8% last year (before inflation, which was negligible). This rate was faster than the averages for the UK as a whole (3.6%), for SW England (3.1%) and for SE England (2.8%).



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- This growth led Dorset's economy to be a little smaller than Wiltshire (including Swindon - £16.4bn) and still much smaller than Devon and Somerset (Heart of the SW £33.3bn) and neighbouring Hampshire (£39.4bn). The county council area produced about 51% of the Dorset total GVA and the two urban authorities 49%.
- In terms of GVA per head, arguably a better measure of relative economic activity, Bournemouth and Poole (B&P - £23,254) performed better than the rest of Dorset (RoD - £19,719) last year. This is normal, reflecting the workplace basis of the data and a typical concentration of high value economic activity in the more urban parts of any area.
- Relative to the UK as a whole, the conurbation's GVA per head was 5.5% below average whereas the rest of Dorset was 19.9% below average. Both these scores are fairly 'typical' of the kind of economy we have locally. B&P (-1.3 percentage points) was close to Southampton's equivalent figure, higher than Plymouth (by +13.8 points) and Torbay (+31.4) but lower than Swindon (-28.8) and Portsmouth (-10). RoD was broadly comparable with Somerset (+0.3), County Devon (-1.7) and County Wiltshire (-2.6) but mostly below comparable levels for areas to the east.

As well as providing new data, the ONS revises its numbers for previous years. This can change history quite markedly, although this time the revisions have, generally, been reasonably modest for this area. The following chart summarises the latest long-term series for GVA per head indices.

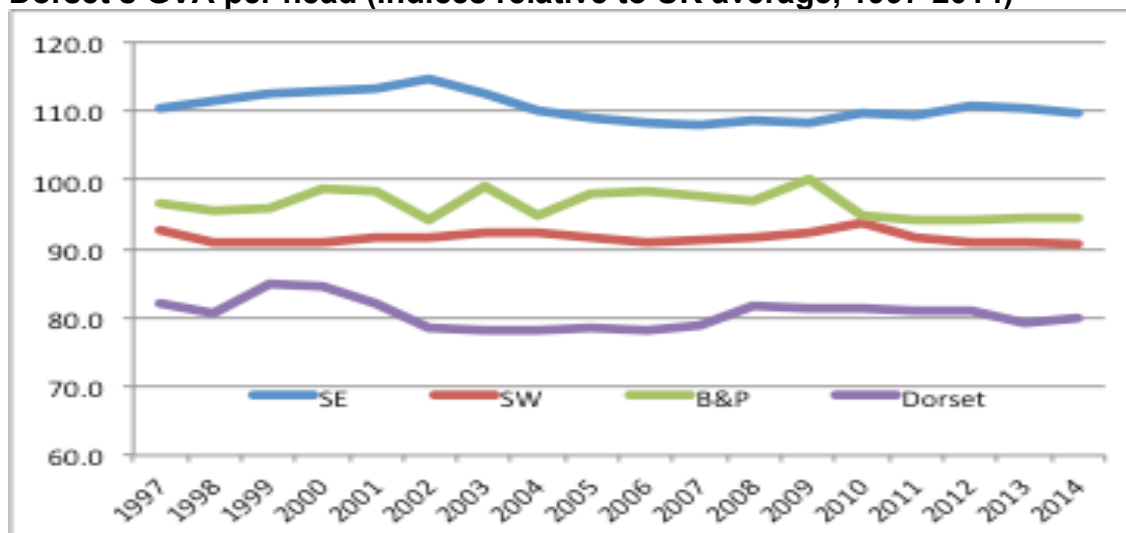
- Both B&P and RoD perform consistently below the level of productivity (measured by GVA per head) of the SE regional average but B&P performs (just) above the SW average.
- Over time, both B&P and RoD have experienced a fairly flat performance relative to other areas. The comparative scores have tended to sag a fraction, however, since the Great Recession (2008-9).
- Generally, the historical series are remarkably consistent. It seems to be difficult to shift these fundamental measures of relative local



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economic performance over time, despite cyclical 'booms and busts' and structural changes to industry, technology and demographics.

Dorset's GVA per head (Indices relative to UK average, 1997-2014)



Source: ONS

A third aspect of the new local information is the sector breakdown by major industries. The next table shows this structure for B&P and RoD in 2014.

Dorset's Industrial Structure (2014)

	B&P (£mn)	% of all	RoD (£mn)	% of all
Agriculture, forestry & fishing	9	0.11	157	1.90
Production	786	9.90	1,416	17.17
Manufacturing	624	7.86	949	11.51
Construction	425	5.35	704	8.54
Distribution; transport; accommodation & food	1,387	17.47	1,495	18.13
Information and communication	268	3.37	205	2.49
Financial & insurance activities	1,218	15.34	129	1.56
Real estate activities	1,177	14.82	1,543	18.71
Business service activities	698	8.79	700	8.49
Public administration; education; health	1,629	20.51	1,490	18.06
Other services & household activities	344	4.33	408	4.95
All industries	7,941	100.00	8,248	100.00

Source: BU from ONS data



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The sector data for 2014 confirms that:

- In aggregate terms, B&P leads significantly in financial services, and modestly in public administration and information and communications
- In share terms, the main conurbation is relatively strongly dependent on public administration (20.5% of total output) and financial services (15.4%) whereas the County is strong in real estate (18.7%) and production (17.2%).
- Of course, some of these relative results reflect the boundaries used: if the ONS accounted for the wider conurbation surrounding B&P within its spatial definition, a different industrial emphasis might arise.

Comment

GVA is our base indicator of economic performance. The latest figures show Dorset generally holding its own (within the regional economic league tables) and maintaining its industrial structure. Dorset had a good economic year in 2014 and there has been some loss of momentum in 2015. It would be a surprise, however, if the relative score has moved much in aggregate terms and in terms of industrial structure over the last twelve months

The development community in Dorset may wish and is tasked to shift its relative economic score over time. This means a relative improvement in measures such as GVA per head. This may be a worthy aspiration but it needs to be tempered by a healthy dose of realism. Without radical change in the economic fundamentals (including major investment in infrastructure, innovation and skills, competitiveness, and the wider capital base), the best that might be achieved is running to stand still.

Radical change means an emphasis on private sector productivity, engagement with markets and technologies, and a focus on the quality of our environmental and human capital. In the years ahead, that would be a sound, strategic vision for growth of, and development in, the Dorset economy.

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