

Economic Factsheet: Productivity (GVA) September 2013



Gross value added (GVA) is a measure of the value of goods and services produced in an economy. It is the measure preferred by the Office for National Statistics (ONS) to monitor the overall economic wellbeing of an area. GVA is a component of Gross Domestic Product (GDP), the main measure used at a national level to show the health of the economy (GVA + taxes on products - subsidies on products = GDP).

Two main indicators are commonly used to measure and understand GVA:

- **Total GVA (usually in £million)** - Used to show the overall size or 'worth' of an economy and the contributions made by different industry sectors;
- **GVA per head (£)** – Used to relate the size of an economy to the population of the area. This measure allows for benchmarking and comparison of different areas.

These measures are usually presented 'at current basic prices' to give a consistent picture over time. GVA data is not published below County level.

GVA (2011)

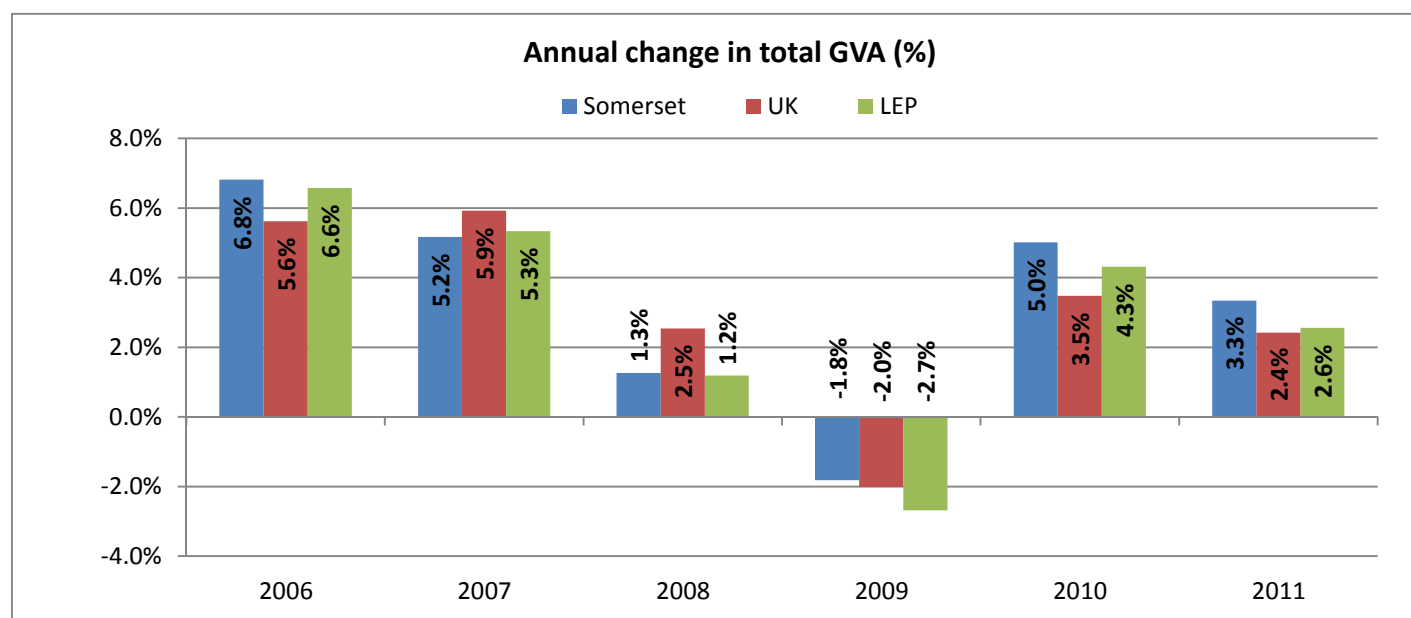
Headline GVA at current basic prices

Area	Total GVA (£m)	GVA per head (£)
Somerset	9,092	17,209
Heart of the South West LEP	28,303	15,969*
UK	1,340,627	21,368

*Average of GVA per head for constituent local authority areas.

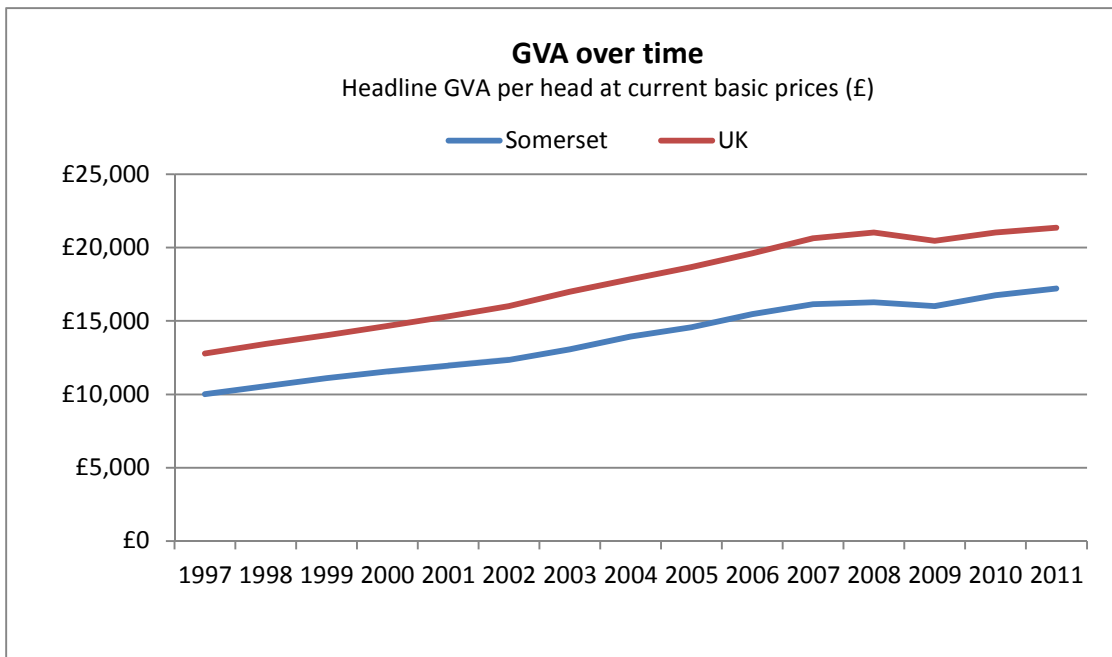
Source: Regional Accounts, ONS 2012

In 2011, the Somerset economy was worth almost £9.1 billion. GVA per head was £17,209, lagging behind the national level of £21,368. GVA per head figures are not available for LEP areas but an average of the local authority areas in the Heart of the South West LEP gives a figure of £15,969, also below the UK level.



Source: Regional Accounts, ONS 2012

The impact of the economic downturn is apparent in the chart above. Somerset fared slightly better than the UK, with the County's economy shrinking by 1.8% between 2008 and 2009 compared to a 2% contraction at national level. Since 2009, GVA has returned to growth but at a slower rate than before the recession. Somerset has also performed more strongly than the UK in its initial recovery, with GVA growth of 5% in 2010 and 3.3% in 2011.



Somerset's GVA per head is consistently around 20% lower than the UK figure.

Source: Regional Accounts, ONS 2012

GVA by sector (2010)

Headline GVA by industry sector at current basic prices

Industry Sector	Total GVA (£m)			% total GVA		
	Somerset	LEP	UK	Somerset	LEP	UK
Agriculture, forestry and fishing	197	501	8,333	2.2%	1.8%	0.6%
Production	2,008	4,734	210,335	22.8%	17.2%	16.1%
Construction	632	2,155	83,280	7.2%	7.8%	6.4%
Distribution; transport; accommodation and food	1,808	5,780	247,244	20.6%	20.9%	18.9%
Information and communication	239	796	74,601	2.7%	2.9%	5.7%
Financial and insurance activities	219	887	123,021	2.5%	3.2%	9.4%
Real estate activities	707	2,694	104,584	8.0%	9.8%	8.0%
Business service activities	775	2,286	152,322	8.8%	8.3%	11.6%
Public administration; education; health	1,918	6,771	260,993	21.8%	24.5%	19.9%
Other services and household activities	297	995	44,249	3.4%	3.6%	3.4%
Total GVA	8,798	27,596	1,308,962			

Source: Regional Accounts, ONS 2012

The production sector contributes the largest proportion of Somerset's GVA (22.8%), closely followed by the public sector (21.8%) and distribution, accommodation and food sectors (20.6%). All of these sectors are more important in GVA terms for Somerset than for the UK as a whole. Somerset has lower levels of GVA provided by the ICT, finance and business services sectors than the UK. This may help to explain why the County was less severely affected by the recession.

All of the data presented above is taken from the ONS Regional Accounts. For more information see: www.ons.gov.uk

Somerset County Council also uses an economic model to produce estimates and projections of GVA and other economic indicators. Detailed analysis based upon this modelling may differ slightly from the ONS data. Further information can be found in the Somerset Economic Assessment, available here: <http://www.somersetintelligence.org.uk/somerset-economic-assessment/>