

Economic Factsheet: Productivity (GVA) December 2014



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 (2013)

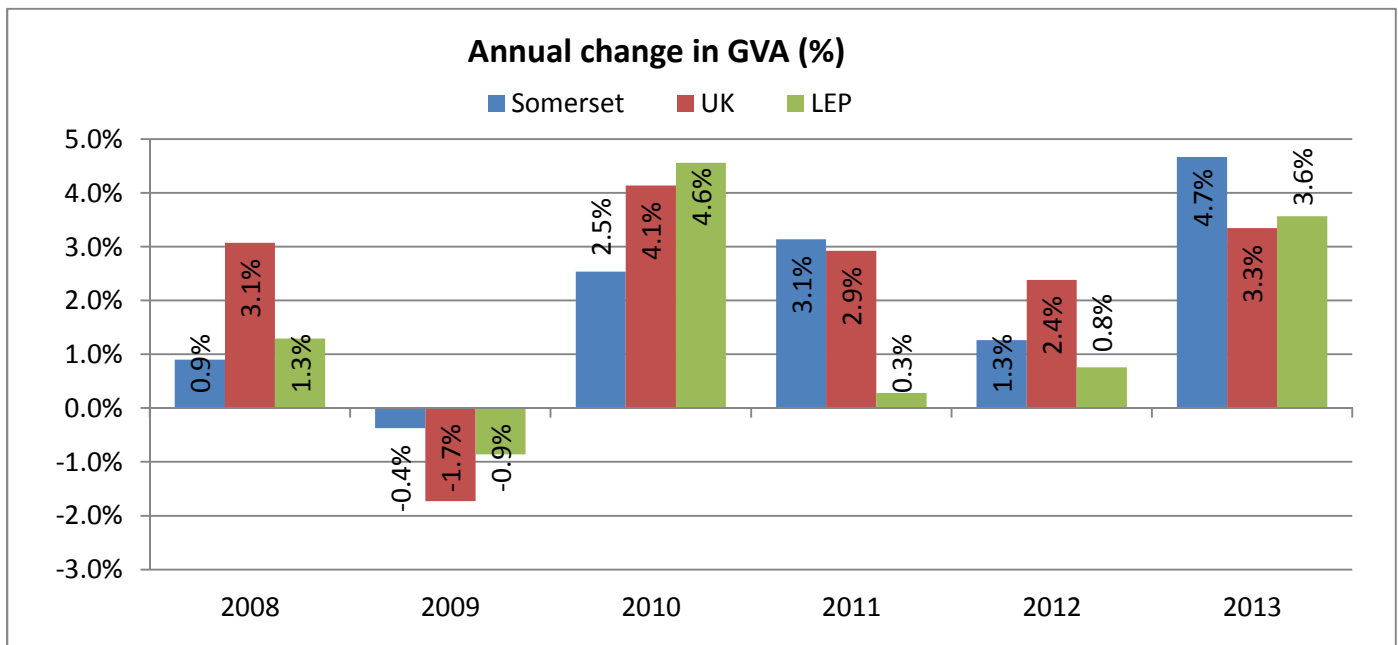
Headline GVA at current basic prices

Area	Total GVA (£m)	GVA per head (£)
Somerset	9,891	18,381
Heart of the South West LEP	30,540	17,623*
UK	1,525,304	23,755

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

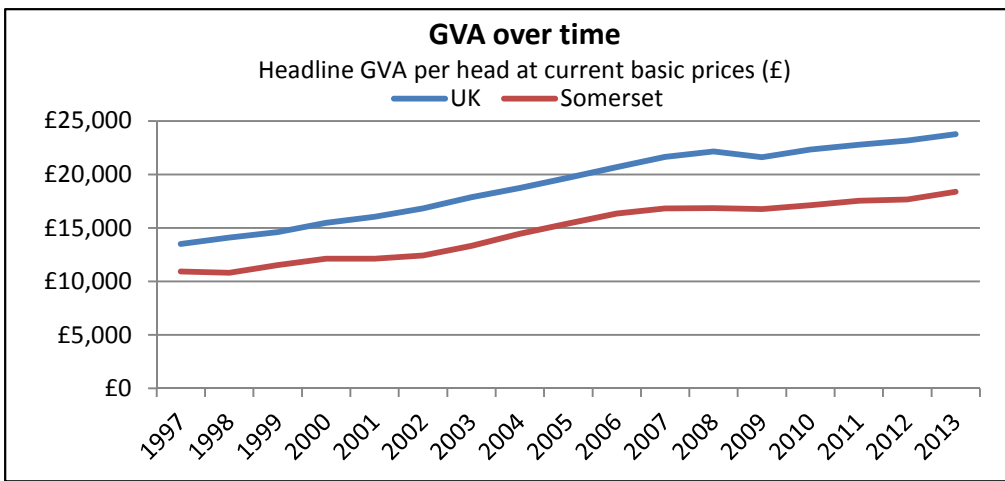
Source: Regional Accounts, ONS 2014

In 2013, the Somerset economy was worth £9.9 billion. GVA per head was £18,381, lagging behind the national level of £23,755. 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 £17,623, also below the UK level.



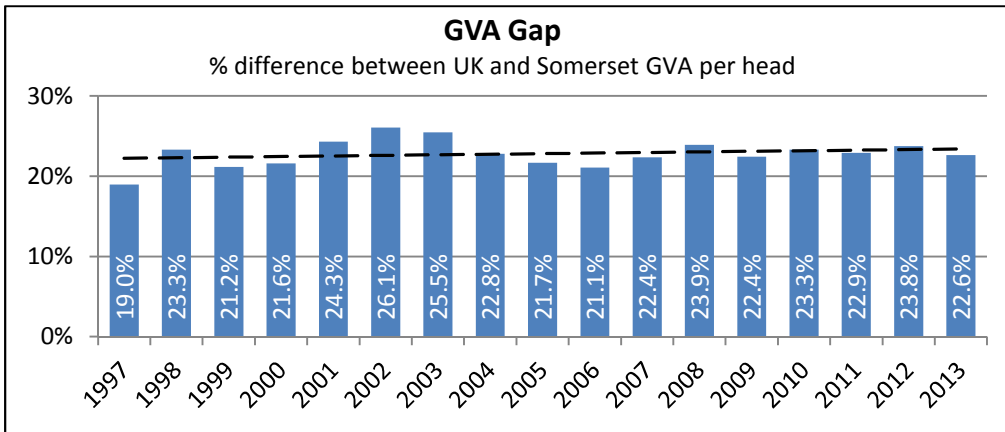
Source: Regional Accounts, ONS 2014

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 0.4% between 2008 and 2009 compared to a 1.7% contraction at national level. Since 2009, GVA has returned to growth and the recovery showed increased strength in 2013. After achieving growth of 1.3% the previous year, Somerset's economy grew by 4.7% between 2012 and 2013, compared to 3.3% nationally. At 3.6%, the LEP area also grew at a faster rate than the UK as a whole.



Somerset's GVA per head is consistently lower than the UK level. In 2013, GVA per head in Somerset was £5,374 less than the UK figure.

The 'GVA gap' between Somerset and the UK fluctuates but the overall trend shows the gap is increasing. In 1997, the UK's GVA per head was 19% higher than Somerset and in 2013 that gap stood at 22.6%.



GVA by sector (2012)

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	235	588	9,997	2.5%	2.0%	0.7%
Production	1,901	4,454	213,206	20.1%	15.1%	14.4%
<i>of which</i> Manufacturing	1,550	3,453	146,861	16.4%	11.7%	10.0%
Construction	659	2,138	88,716	7.0%	7.3%	6.0%
Distribution; transport; accommodation and food	1,919	5,909	267,462	20.3%	20.0%	18.1%
Information and communication	253	863	92,214	2.7%	2.9%	6.2%
Financial and insurance activities	195	736	119,761	2.1%	2.5%	8.1%
Real estate activities	1,047	3,937	167,285	11.1%	13.4%	11.3%
Business service activities	773	2,305	175,777	8.2%	7.8%	11.9%
Public administration; education; health	2,111	7,397	281,877	22.3%	25.1%	19.1%
Other services and household activities	356	1,160	59,653	3.8%	3.9%	4.0%
Total GVA	9,450	29,488	1,475,948			

Source: Regional Accounts, ONS 2014

The public sector contributes the largest proportion of Somerset's GVA (22.3%), closely followed by the distribution, accommodation and food (20.3%) and production sectors (20.1%). All of these sectors are more important in GVA terms for Somerset than for the UK as a whole. The agriculture, forestry and fishing sector showed the highest level of GVA growth between 2011 and 2012, both in Somerset (10.8%) and nationally (8.4%). However, these figures should be viewed with caution due to the methodological changes in this year's GVA release. For further details, see http://www.ons.gov.uk/ons/dcp171778_388340.pdf

All of the data presented above is taken from the ONS Regional Accounts. 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/>