

## Gross Disposable Household Income

### Regional and sub-regional estimates: South East England May 2008

#### Summary

- Estimates of regional and sub-regional Gross Disposable Household Income (GDHI) for 2006 were released on 9 May 2008 by the Office for National Statistics. The 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 – 2006*

- GDHI per head in the South East was £15,367 in 2006 compared to an average for the United Kingdom of £13,778.
- GDHI per head in the South East rose from £14,987 in 2005, an increase of 2.5 per cent. The average increase in GDHI per head over the same period for the UK was 2.9 per cent.
- Indexed GDHI per head for the South East remained at 112 in 2006 compared to the average for the UK of 100. The figure for 2005 was revised downwards by 1 percentage point from 113 from when it was initially published in March 2007.

#### *Comparisons with other regions (2005 to 2006)*

- Although the South East had the second highest GDHI per head after London (£16,939 in 2006), the annual percentage increase of 2.5 per cent was one of the lowest after the East of England (2.4 per cent).
- Only the North West improved its relative position, by one percentage point to 92, as measured by the indexed GDHI per head, compared to the index value in 2005. The East Midlands showed a decline of one percentage point to 93, but all other regions retained their relative positions over the same period.

#### *Sub-regional GDHI (2005 to 2006)*

- GDHI per head for Surrey (NUTS 3 sub-region) was £18,893 in 2006 the highest within the South East; Southampton with £10,953 per head was the lowest. GDHI per head was also significantly higher in Buckinghamshire at £18,063 per head than elsewhere in the region, with Berkshire being the next highest with £15,921.
- In index terms GDHI per head in the NUTS 3 sub-regions ranged from 79 in Southampton to 137 in Surrey. Other sub-regions in the South East below the national average were Portsmouth (80), Isle of Wight (88) and Medway (96)
- Medway showed the largest increase per head within the region at 3.6 per cent between 2005 and 2006, from £12,789 to £13,255; the Isle of Wight increased by 3.2 per cent. Milton Keynes showed the lowest percentage increase of 1.7 per cent from £13,724 to £13,963.
- NUTS 2 sub-regions in the South East show less variation than NUTS 3, ranging from £13,972 GDHI per head in 2006 in Hampshire and the Isle of Wight to £16,569 in Surrey, East and West Sussex.
- Percentage increase in GDHI per head was highest in Kent and Medway (2.8 per cent) and lowest in Berkshire, Buckinghamshire and Oxfordshire (2.2 per cent), although all sub-regions were below the UK average of 2.9 per cent.

**Table 1: Regional GDHI <sup>1</sup>**

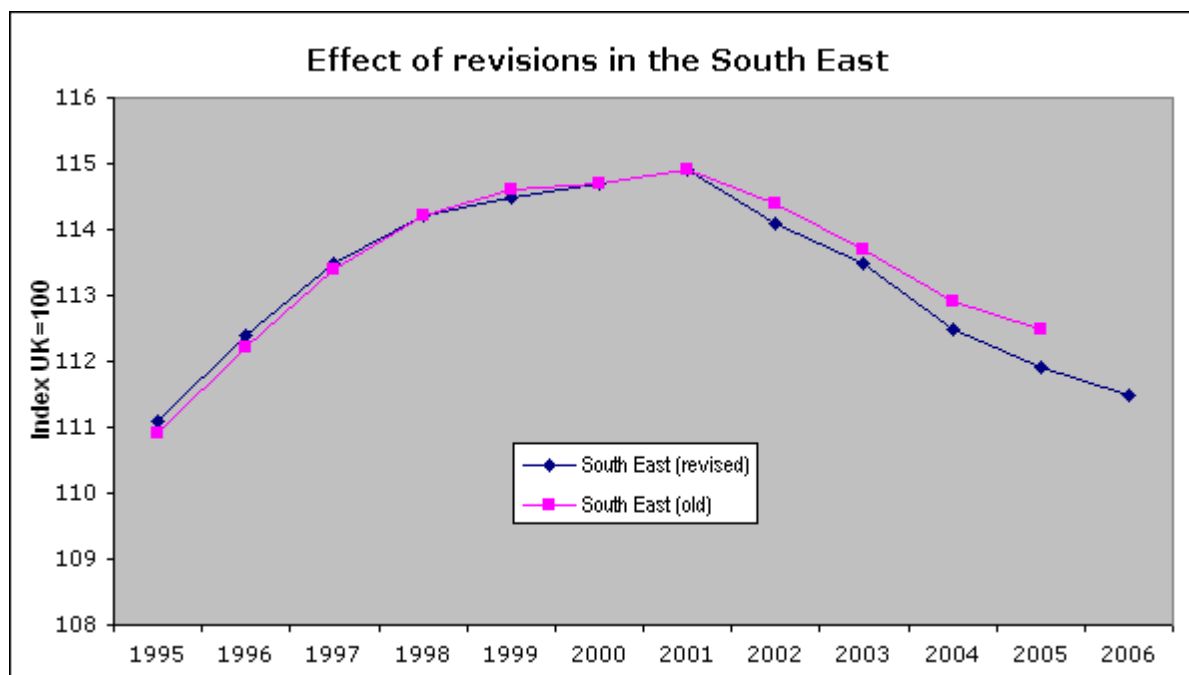
	Total GDHI £m 2006	Percentage increase on 2005	GDHI per head £ 2006	Percentage increase on 2005	Per head Index (UK=100) 2006
North East	30,276	3.6	11,846	3.4	86.0
North West	86,726	3.6	12,655	3.3	91.8
Yorkshire and The Humber	64,302	3.6	12,504	2.9	90.8
East Midlands	56,093	3.5	12,853	2.6	93.3
West Midlands	67,329	3.3	12,546	3.0	91.1
East of England	81,764	3.2	14,584	2.4	105.8
London	127,253	3.8	16,939	3.0	122.9
South East	126,587	3.2	15,367	2.5	111.5
South West	70,061	3.5	13,673	2.7	99.2
England <sup>2</sup>	710,390	3.5	13,994	2.9	102.0
Wales	36,517	3.5	12,312	3.1	89.4
Scotland	66,882	3.6	13,071	3.1	94.9
Northern Ireland	20,971	4.0	12,041	2.9	87.4
United Kingdom <sup>2,3</sup>	834,760	3.5	13,778	2.9	100

1 Headline Gross Disposable Household Income (GDHI) at current basic prices, on residence basis; calculated as five point moving average. Estimates for 2006 are provisional.

2 Figures may not sum due to rounding.

3 Excluding Extra Regio.

**Source: Office for National Statistics**

**Chart 2: GDHI per head index, revision to data published in 2005**

**Source: Office for National Statistics**

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

## Revisions to Previously Published Headline GDHI for South East

- The GDHI estimates for the South East have been revised back to 1995. For 2005, the estimate of GDHI for the South East has been revised upwards by £680m from £121,983m to £122,663m, an increase of +0.6 per cent.
- There are corresponding changes in GDHI per head. For 2005, the estimate for the South East increased by £46 per head from £14,941 to £15,367 (+0.3 per cent)
- The above revisions mean that the GDHI per head in the region are slightly closer to the UK average; the indexed figures for 2005 being reduced to 112 from 113 (where UK=100).
- Within the region, large increases to estimates of GDHI were made in Surrey (+£637m), Berkshire (+£328m) and Buckinghamshire (+£146m); whereas GDHI in Kent was reduced by £314m. Other sub-regions were subject to smaller changes.

**Table 3: Revisions to published headline GDHI <sup>1</sup>: South East**

	GDHI		Total revision £m	Percentage change %	GDHI per head		Total revision £m	Percentage change %
	released 2007 £m	released 2008 £m			released 2007 £m	released 2008 £m		
	1995	73,670			73,773	103		
1996	79,022	79,157	135	0.2	10,130	10,148	18	0.2
1997	85,322	85,367	45	0.1	10,865	10,870	5	0.0
1998	89,621	89,610	-11	0.0	11,360	11,359	-1	0.0
1999	94,378	94,355	-23	0.0	11,864	11,861	-3	0.0
2000	99,953	99,949	-4	0.0	12,509	12,508	-1	0.0
2001	106,872	106,874	2	0.0	13,320	13,320	0	0.0
2002	109,818	109,545	-273	-0.2	13,652	13,613	-39	-0.3
2003	113,967	113,883	-84	-0.1	14,104	14,082	-22	-0.2
2004	116,980	116,692	-288	-0.2	14,424	14,362	-62	-0.4
2005	121,983	122,663	680	0.6	14,941	14,987	46	0.3

1 GDHI on current basic prices.

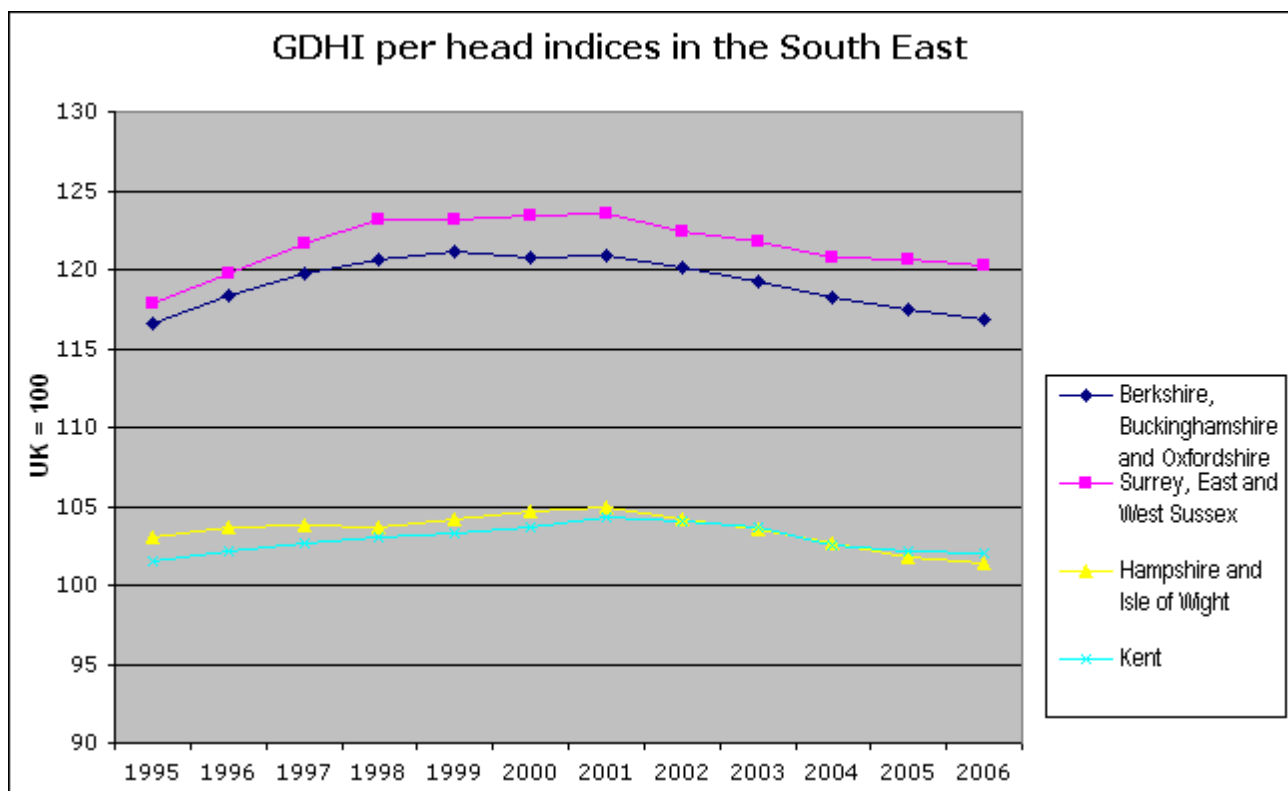
**Source: Office for National Statistics**

## 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 in the extreme east.
- All NUTS 2 sub-regions continue to be above the national average as indicated by GDHI per head indices ranging from 120 to 101, although each are moving closer to the average over the last few years.
- There is wider diversity **within** the NUTS2 sub-regions than between them. Indices for NUTS 3 sub-regions range from 79 in Southampton to 137 in Surrey.

Chart 4: Headline GDHI in NUTS 2 sub-regions



Source: Office for National Statistics

## NUTS 3 Geography

- The South East consists of fourteen NUTS3 sub-regions:
  - 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 £18,893 in 2006, 37 percentage points above the UK average. Southampton had the lowest GDHI in the South East of £10,953, 21 percentage points below the UK average.
- Between 1995 and 2006 GDHI in Surrey grew by 66 per cent, compared to 45 per cent growth in Southampton. Average growth for the South East was 63 per cent during the same period. From having the second lowest GDHI per head in the South East of £7,528 in 1995, the Isle of Wight grew by 62 per cent to £12,187. However, the Isle of Wight remains around 12 percentage points below the UK average
- The positions of both Portsmouth and Southampton declined in GDHI per head terms relative to the UK overall, from indices of 86 to 80 and 89 to 80 respectively. Southampton's position declined from 98<sup>th</sup> in 1995 to 127<sup>th</sup> out of 133 NUTS3 sub-regions of the UK in 2006, whereas the ranking of Isle of Wight improved from 102<sup>nd</sup> to 85<sup>th</sup> over these twelve years mainly reflecting declines in value in other parts of the country.

**Table 5: GDHI 1 per head indices NUTS 3 sub-regions of the South East**

	UK <sup>2</sup> = 100											
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Berkshire	115.8	117.6	119.0	119.9	120.9	120.2	119.6	118.9	118.3	117.3	116.6	115.6
Milton Keynes	99.3	99.4	100.1	101.5	102.2	102.2	101.9	102.0	102.6	103.0	102.5	101.3
Buckinghamshire	125.9	128.9	131.0	132.3	133.3	133.8	134.5	133.7	132.9	131.7	131.6	131.1
Oxfordshire	116.1	117.5	118.2	118.8	118.3	118.0	118.5	117.3	115.7	114.2	113.2	112.8
Brighton & Hove	105.2	105.8	106.2	106.2	106.1	105.9	106.0	106.2	106.5	106.6	106.1	106.0
East Sussex	102.5	102.9	103.9	104.6	104.9	105.2	105.6	104.3	103.2	101.6	101.4	101.4
Surrey	132.9	136.0	139.3	141.9	142.0	142.3	142.2	140.2	139.3	138.2	137.9	137.1
West Sussex	111.2	112.6	113.8	114.7	114.3	114.7	115.2	114.7	114.4	113.6	113.7	113.5
Portsmouth	85.8	85.1	84.7	85.0	86.4	86.7	86.3	85.4	84.0	82.3	80.5	80.0
Southampton	88.5	88.4	87.6	86.4	85.7	85.1	83.9	83.2	82.3	81.5	80.1	79.5
Hampshire	110.0	111.0	111.3	111.4	111.9	112.6	113.1	112.5	111.9	111.1	110.5	110.1
Isle of Wight	88.0	87.4	87.3	87.1	87.8	88.1	88.5	88.5	88.6	88.2	88.2	88.5
Medway	94.9	96.0	96.3	95.9	96.1	95.9	96.0	95.8	95.7	95.4	95.5	96.2
Kent	102.8	103.4	103.9	104.4	104.6	105.1	105.9	105.6	105.2	103.8	103.3	103.0

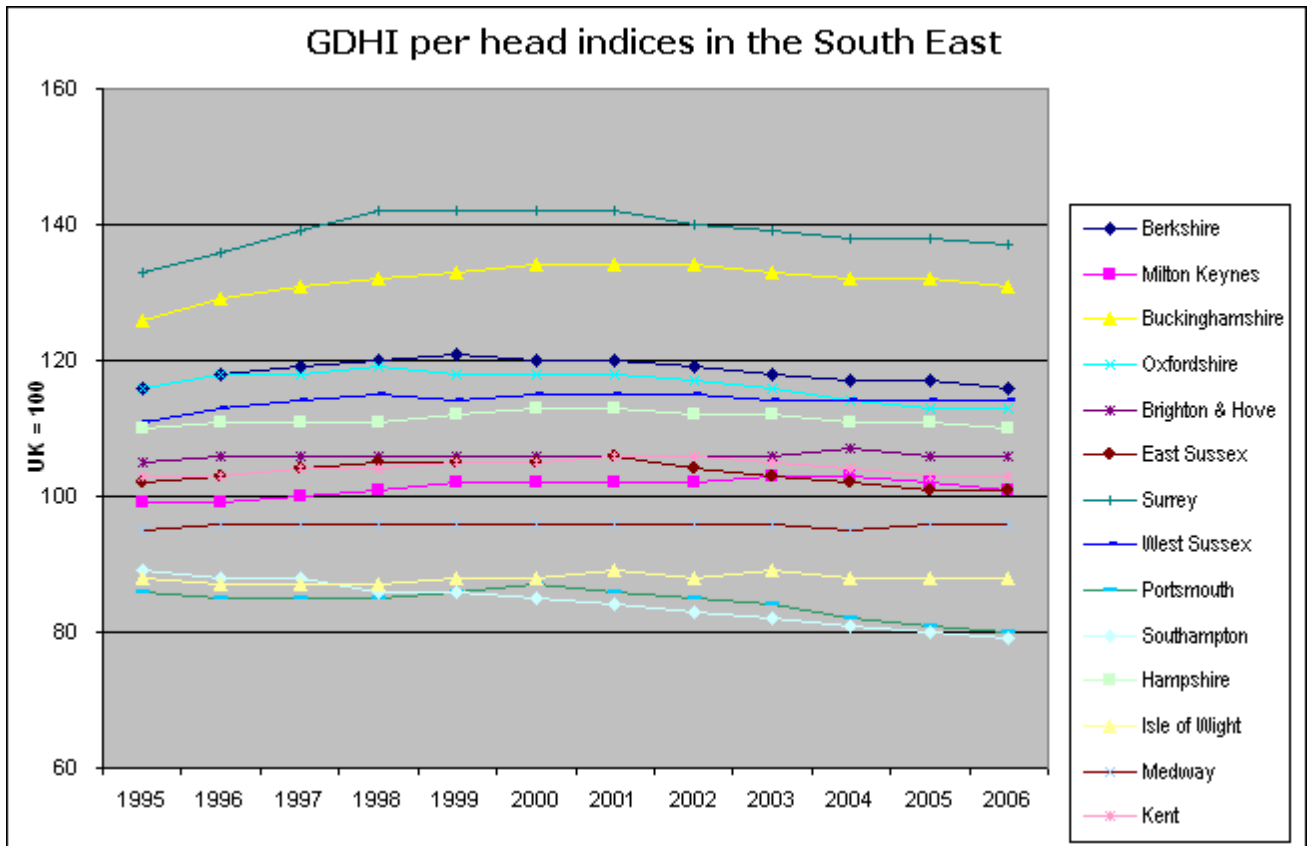
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2 Excluding Extra Regio.

**Source: Office for National Statistics**

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**Chart 6: Headline GDHI in NUTS 3 sub-regions**

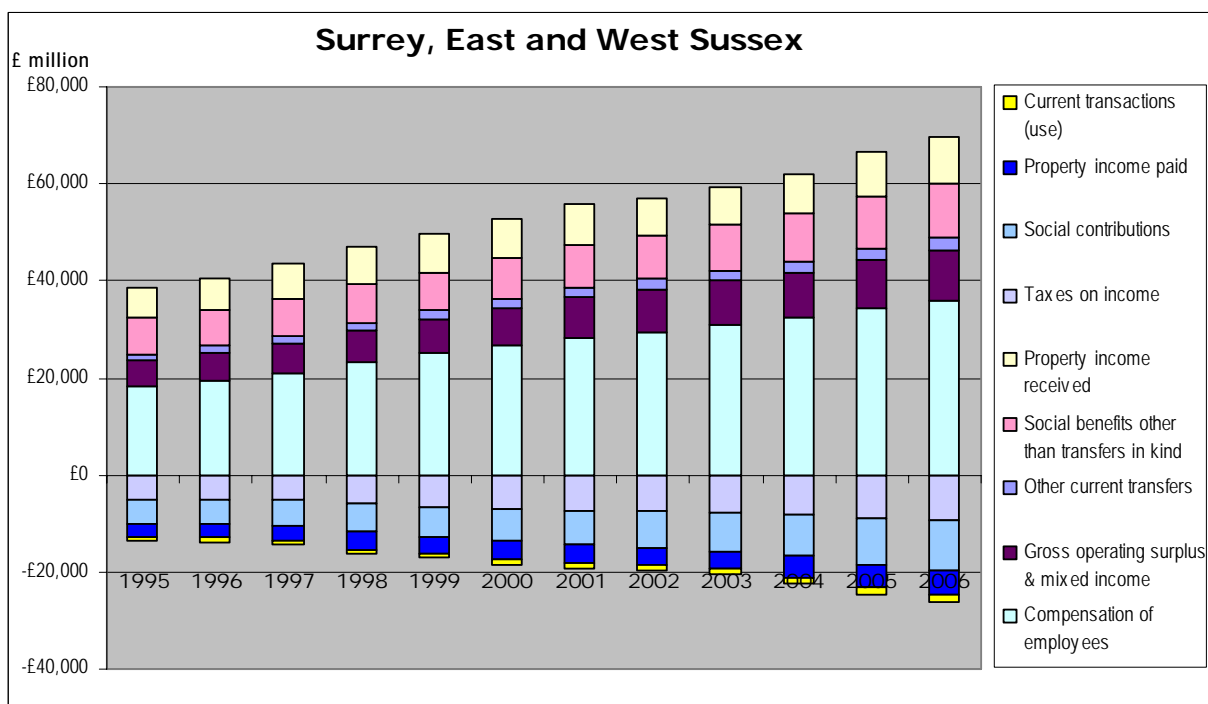
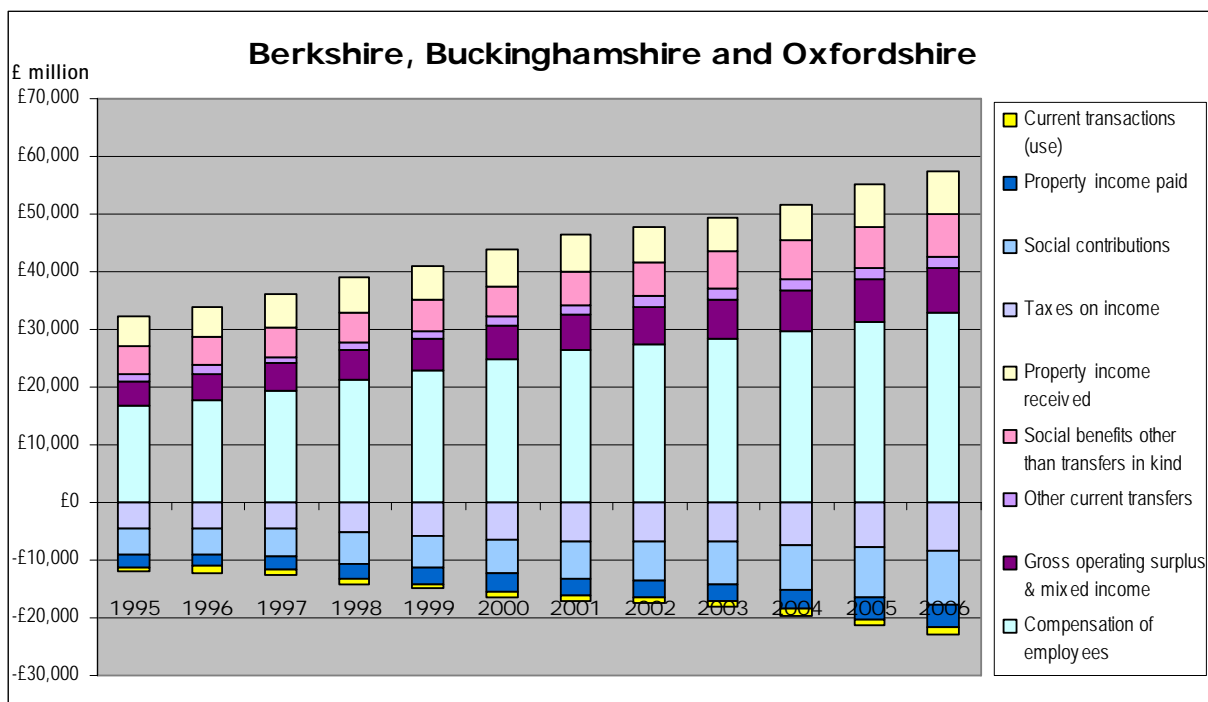


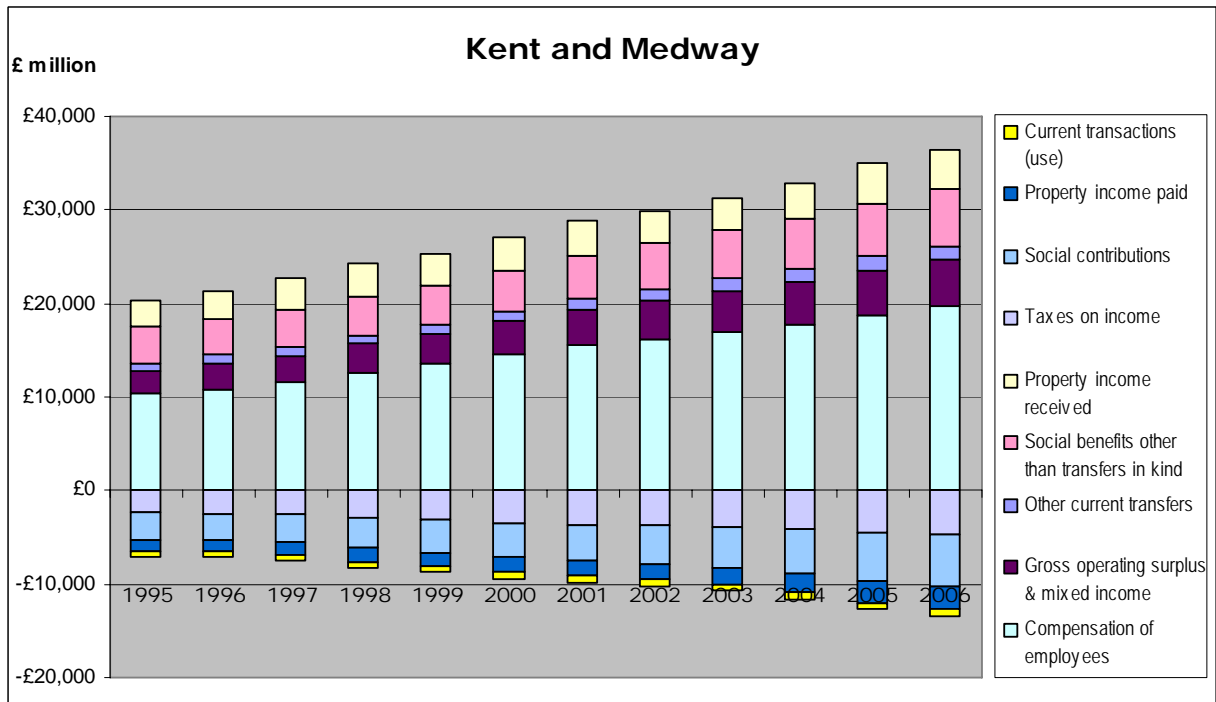
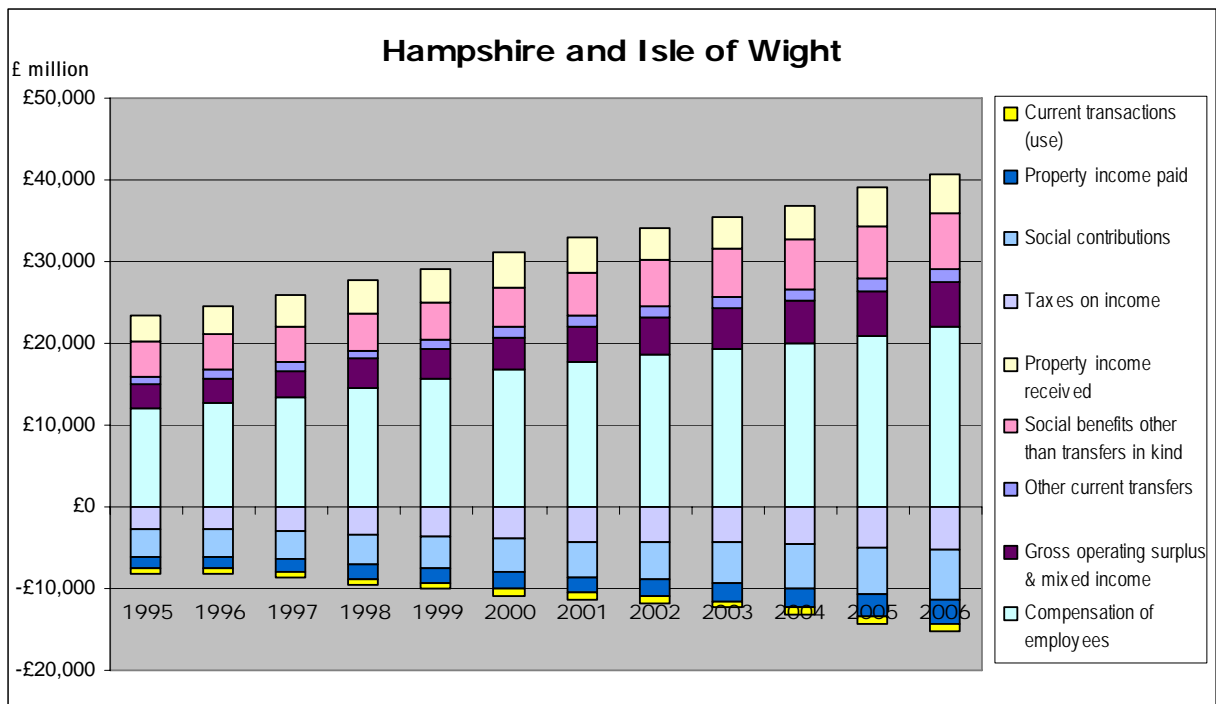
Source: Office for National Statistics

### 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, 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.

## NUTS 2 Components of GDHI





## Sources and Contacts

The latest regional Gross Disposable Household Income (GDHI) data, released on 9 May 2008 can be found via: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14651>

A 'First Release' is included highlighting the key data and definitions, with links to a document giving detailed tables (which are also available as Excel files).

This briefing note has been issued by the ONS Regional Team for the South East. Their contact details are:

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## 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.

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 2007 (Blue Book). Further notes and definitions are included in the Blue Book and on the ONS website [www.statistics.gov.uk](http://www.statistics.gov.uk)

GDHI is calculated as the **sum of:**

- compensation of employees (COE) is the main source of primary income (70%), 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:**

- 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

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- other outgoings - payments of interest, rent, insurance policies, charity donations, gifts made abroad.

A full definition of GDHI and the methodology used to compile regional GDHI can be found in the article that accompanied last year's release.

[www.statistics.gov.uk/cci/article.asp?id=1763](http://www.statistics.gov.uk/cci/article.asp?id=1763)

Estimates are at current basic prices and do not allow for inflation or differences in regional price levels. The 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.

### **Geographical Units & 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.  
NUTS2: 37 areas – mainly groups of counties and unitary authorities; can be referred to as sub-regions

NUTS3: 133 areas – principally individual counties and unitary authorities; also known as local areas.

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