



Gross Value Added Estimates for 2015
in the Coast to Capital Region
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INTRODUCTION

This paper explores the recent Gross Value Added (GVA) estimates for 2014 in the Coast to Capital region, what growth there has been, what the new GVA per employee figures are, how the new NUTS3 boundaries affect estimating GVA at the local level, and what revisions have been made to previous years data.

GVA is the measure of the value of goods and services produced in an area, industry or sector of an economy. In national accounts GVA is output minus inputs in production, i.e. turnover minus raw materials, services and other operation expenses (but not wages).

EXECUTIVE SUMMARY

- Gross Value Added (GVA) in the Coast to Capital region was an estimated £48.5 billion in 2014 – a rise of 4% since 2013
- GVA per employee is estimated to be £61,136, slightly lower than the South East, but around £5,000 higher than England as a whole.
- Croydon is the Area Partnership with the highest growth year on year (10.3%), almost double anywhere else. The Gatwick Diamond and Coastal West Sussex had the joint lowest year on year growth (2.6%).
- GVA per employee is highest in Croydon (£65,092) and the Gatwick Diamond (£64,561) and these are much higher than the other Area Partnerships.
- In the Local Authorities only five are above the Coast to Capital average (Mole Valley, Reigate and Banstead, Crawley Croydon, and Worthing). Of the other nine, six are below the England GVA per employee level.
- The new NUTS3 boundaries create a more accurate picture of sub-LEP GVA as they more closely align with the LEP area. This is particularly true for Croydon, which is now its own NUTS3 area.
- The Gatwick Diamond and Coastal West Sussex partnership areas now have *de-facto* official GVA estimates as the Local Authorities that make up their respective partnerships have been more effectively defined due to the NUTS3 boundary changes.

GROSS VALUE ADDED ESTIMATES

Below are the ONS GVA estimates for the new NUTS3 boundaries, as can be seen East Surrey has the highest total GVA of the new boundaries, just higher than West Sussex North East. Brighton and Hove has seen the highest growth between 2010 and 2014 (22.8%), and the lowest growth was in West Sussex South West (9.9%).

From 2013 to 2014 the highest growth was in Croydon, which grew by 10.3%, more than double the next highest rate of growth in Brighton and Hove (4.1%). East Surrey had the lowest growth year on year (2.5%), but was only just below West Sussex South West (2.6), and West Sussex North East (2.7%), suggesting growth was weak in the region as a whole over that year.

NUTS3 Boundaries	2010	2011	2012	2013	2014
£Millions					
Brighton and Hove	£ 5,532	£ 5,710	£ 6,119	£ 6,524	£ 6,791
East Sussex CC	£ 8,182	£ 8,354	£ 8,735	£ 9,024	£ 9,349
West Sussex (South West)	£ 8,517	£ 8,432	£ 8,877	£ 9,125	£ 9,360
West Sussex (North East)	£ 9,621	£ 9,469	£ 10,120	£ 10,852	£ 11,146
Croydon	£ 6,699	£ 6,653	£ 6,741	£ 6,796	£ 7,495
East Surrey	£ 10,238	£ 10,331	£ 11,028	£ 11,664	£ 11,959

Table 1

In table 2 the GVA for the Coast to Capital region, Area Partnerships, and Local Authorities have been calculated¹. The Coast to Capital region is estimated to have a total GVA figure of £48.5 billion in 2014, up by £1.8 billion (4%) since 2013. This figure has risen by 15% since 2010, roughly £6.3 billion.

Across the Area Partnerships the largest year on year growth was in Croydon (10.3%), followed by Rural West Sussex on 5.9%. The lowest growth came in both the Gatwick Diamond and Coastal West Sussex², which both grew by 2.6%. The Greater Brighton City region grew by 4.3%.

From 2010 to 2014 the Area Partnership that had the largest GVA growth was in the Gatwick Diamond, which grew by 16.3%, closely followed by the Greater Brighton City region on 16.1%. Both Croydon and Rural West Sussex had similar growth over this period, 11.9% and 11.2% respectively, whilst Coastal West Sussex had the lowest growth in the 2010-2014 period (9.9%).

In figure 1 the GVA growth rates for the Local Authorities³ from 2010 to 2014 have been plotted from highest to lowest. It largely follows what was seen in the NUTS3 boundaries, those areas in East Surrey, West Sussex North East and Brighton and

¹ Based on Coast to Capital calculations, these are not official ONS estimates, more information is available at the end of the report

² This partnership and the West Sussex South West NUTS3 boundary now match, more information is available later in the report.

³ Based on Coast to Capital calculations, these are not official ONS estimates (except for Croydon and Brighton and Hove)

Hove have seen strong growth over the period, whereas areas along the coast and Croydon had lower than average growth.

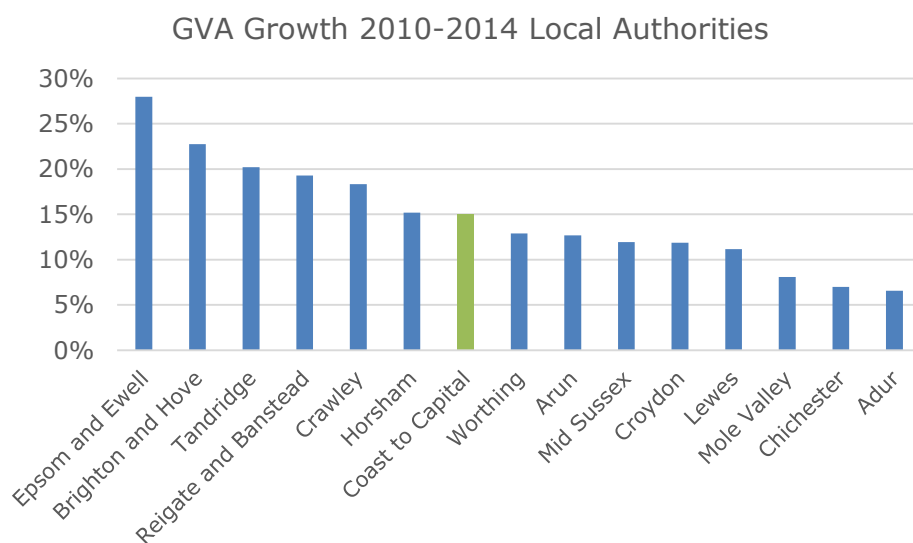


Figure 1

GVA Estimates £millions	2010	2011	2012	2013	2014
Coast to Capital	£42,205	£42,188	£44,587	£46,682	£48,528
Croydon	£6,699	£6,653	£6,741	£6,796	£7,495
Greater Brighton City Region	£13,281	£13,314	£14,169	£14,781	£15,423
Gatwick Diamond	£19,859	£19,800	£21,148	£22,516	£23,105
Rural West Sussex	£9,826	£9,645	£10,370	£10,321	£10,927
Coastal West Sussex	£8,517	£8,432	£8,877	£9,125	£9,360
West Sussex	£18,138	£17,901	£18,997	£19,977	£20,506
Croydon	£6,699	£6,653	£6,741	£6,796	£7,495
Adur	£1,002	£1,083	£1,006	£993	£1,068
Arun	£1,784	£1,789	£1,972	£1,945	£2,010
Brighton and Hove	£5,532	£5,710	£6,119	£6,524	£6,791
Chichester	£3,186	£3,077	£3,232	£3,243	£3,410
Crawley	£4,766	£4,690	£4,954	£5,719	£5,639
Epsom and Ewell	£1,328	£1,442	£1,506	£1,625	£1,700
Horsham	£2,251	£2,333	£2,491	£2,534	£2,593
Lewes	£1,598	£1,593	£1,702	£1,721	£1,777
Mid Sussex	£2,604	£2,446	£2,675	£2,599	£2,915
Mole Valley	£3,425	£3,419	£3,600	£3,829	£3,702
Reigate and Banstead	£4,036	£4,075	£4,639	£4,766	£4,815
Tandridge	£1,448	£1,396	£1,283	£1,443	£1,741
Worthing	£2,544	£2,483	£2,667	£2,944	£2,872

Table 2

GROSS VALUE ADDED PER EMPLOYEE

Looking at GVA per employee⁴ allows for comparisons of productivity across regions and local areas. GVA per employee in the Coast to Capital region is estimated to be £61,136, around £200 lower than in the South East as a whole. It is above the England GVA per employee rate of £56,701 but below the London rate of £76,973.

In table 3 it can be seen that Croydon has the highest GVA per employee at £65,092, followed by the Gatwick Diamond on £64,561 per employee. The other Area Partnerships are somewhat lower than these two and the Coast to Capital regional average. Rural West Sussex has the lowest GVA per employee at £53,814, second lowest is the Greater Brighton City Region (£55,383), and in the middle is Coastal West Sussex (£58,377).

In figure 2 it can be seen that the majority of Local Authority areas have below average GVA per employee figures. The highest is in Mole Valley (£85,952) which is over £10,000 higher than Reigate and Banstead (£74,674). Arun has the lowest GVA per employee figure (£49,205) and along with Horsham, Mid Sussex, Brighton and Hove, Tandridge, and Lewes, has a GVA per employee figure lower than the England average.

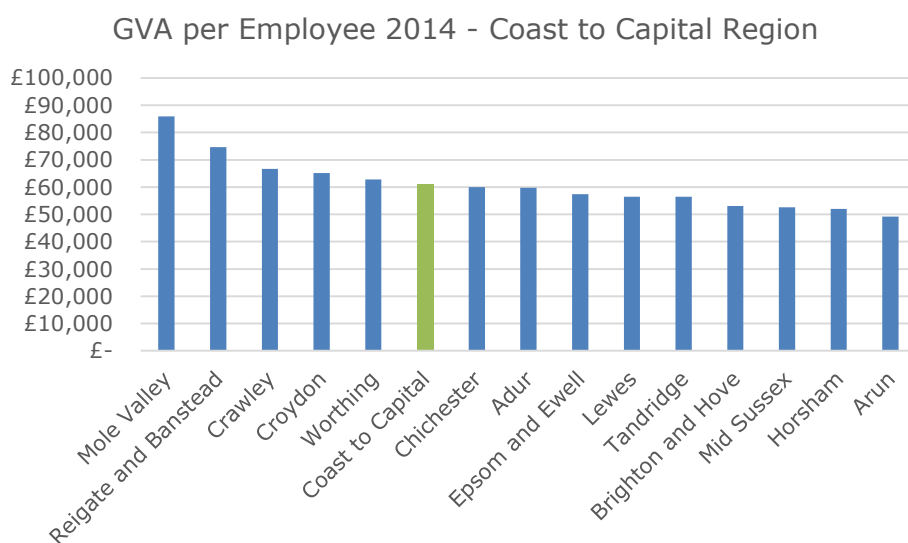


Figure 2

⁴ Based on Coast to Capital calculations, these are not official ONS estimates

Estimated GVA per Employee	2010	2011	2012	2013	2014
South East	£54,350	£56,235	£58,818	£60,427	£61,334
Coast to Capital	£54,340	£54,837	£57,291	£59,761	£61,136
Croydon	£56,210	£58,505	£60,089	£62,759	£65,092
Greater Brighton City Region	£49,715	£49,962	£52,056	£53,674	£55,383
Gatwick Diamond	£57,255	£57,252	£59,746	£63,552	£64,561
Rural West Sussex	£49,255	£48,573	£51,769	£51,027	£53,814
Coastal West Sussex	£52,619	£53,038	£55,916	£56,516	£58,006
West Sussex	£52,532	£52,350	£54,792	£57,027	£58,377
Croydon	£56,210	£58,505	£60,089	£62,759	£65,092
Adur	£54,187	£57,692	£55,983	£55,594	£59,733
Arun	£44,475	£44,752	£48,634	£47,566	£49,205
Brighton and Hove	£47,337	£47,284	£49,570	£51,558	£53,082
Chichester	£56,476	£55,078	£58,523	£56,847	£59,956
Crawley	£59,234	£58,446	£59,387	£67,664	£66,674
Epsom and Ewell	£48,429	£53,023	£53,704	£56,170	£57,461
Horsham	£45,080	£46,505	£51,172	£51,119	£51,965
Lewes	£50,056	£53,025	£56,914	£56,307	£56,484
Mid Sussex	£49,118	£46,536	£47,889	£47,462	£52,573
Mole Valley	£77,960	£77,892	£79,181	£89,087	£85,952
Reigate and Banstead	£65,284	£66,500	£74,804	£75,421	£74,674
Tandridge	£47,873	£45,747	£42,088	£47,583	£56,480
Worthing	£54,329	£55,967	£59,252	£64,477	£62,763

Table 3

NUTS3 BOUNDARIES

A number of changes to the NUTS3 boundaries have made estimating GVA at local levels easier. Previously the NUTS3 boundaries that related to the Coast to Capital region were Outer London South, Surrey, West Sussex, East Sussex, and Brighton and Hove, which include a lot of areas that are not within the LEP area and required significant work to calculate GVA for the Coast to Capital region.

The New NUTS3 boundaries are:

- Croydon,
- East Surrey (Tandridge, Epsom and Ewell, Mole Valley, Reigate and Banstead),
- West Sussex North East (Crawley, Horsham, Mid Sussex),
- West Sussex South West (Adur, Arun, Chichester, Worthing),
- Brighton and Hove,
- East Sussex

Only Brighton and Hove and East Sussex have remained the same, the rest having been split from larger areas.

These changes make it possible to more accurately calculate GVA for the Coast to Capital region before official ONS estimates are released (expected February 2016) and make it easier to calculate GVA for Local Authority areas more accurately. Furthermore Coastal West Sussex and the Gatwick Diamond have *de-facto* official GVA estimates as West Sussex South West covers the Local Authorities in the Coastal West Sussex partnership and the East Surrey and West Sussex North East boundaries cover the Local Authorities in the Gatwick Diamond partnership. The same is also true for Croydon.

Aside from East Sussex these NUTS3 boundaries now fit the Coast to Capital LEP region, meaning only the GVA for Lewes needs to be calculated to arrive at an estimate for the Coast to Capital regional GVA. This can be calculated using the formula set out at the end of the paper, but there is potential for a more accurate estimate using the difference in total GVA between the new NUTS3 boundaries and the ONS estimates of LEP GVA once they are released.

REVISIONS

It is estimated that the 2013 GVA estimate for the Coast to Capital region has been revised up from £44.9 billion to £46.6 billion, an increase of £1.7 billion. There appears to be a similar upward revision for the 2010 to 2012 period also, an average of 3.2% higher. Until the official LEP GVA estimates are released this cannot be confirmed but provides a guide until then.

Comparing the NUTS3 boundaries total GVA in 2013 and 2014 provides some guidance. In 2013 the combined NUTS areas of Outer London South and Surrey, West Sussex, East Sussex, and Brighton and Hove had a GVA total of £92.5 billion, in the latest release this has been revised up to £98.1 billion, a 6% rise. Over the 2010 to 2013 period there has been an average revision upward of 4.6%. The main reason for the higher upward revision is the average upward revision of 17% in Outer London South, some of which will affect Coast to Capital through Croydon. The Surrey, West Sussex, East Sussex, and Brighton and Hove area was revised up by 0.6% on average in this period. This suggests the 3.2% revision upwards of Coast to Capital's GVA is reasonable.

Sources:

- ONS Regional Gross Value Added (Workplace Based) NUTS3 Tables 2015
- ONS BRES 2009-2014
- ONS ASHE 2009-2014
- ONS mid-year population estimates 2009-2014
- Coast to Capital 2015

Notes:

The 2014 figures are provisional and are likely to be revised either up or down in the next release.

GVA estimates are not available below NUTS3 regional levels so a formula was created to attempt to provide an estimate on these GVA figures. The method used to calculate lower level GVA is set out below. In this case X = the NUTS3 regional level and Y = the Local Authority regional level.

$$\left(\frac{X \text{ GVA}}{X \text{ total employees}}\right) * \left(\frac{Y \text{ FT-PT mean gross weekly wage} - X \text{ FT-PT mean gross weekly wage}}{X \text{ FT-PT mean gross weekly wage}} + 1\right) * Y \text{ total employees}$$

This method provides a reasonable, but not perfect, accuracy in its estimates and in the absence of any official statistics it provides the best way of estimating lower level GVA.