Shropshire Gross Value Added (GVA)

Produced by the Information, Intelligence and Insight Team

January 2018
Headlines

**TOTAL GVA**

- £6,236 million in 2016
- Growth over 2015: +2.9% (+3.7% for the UK)
- Growth over 2006: +31.2% (+32.5% for the UK)
- Average annual growth 2006-2016: +2.8% (+2.9% for the UK)

**GVA per CAPITA**

- £19,900 in 2016 (£26,621 in the UK)
- Growth over 2015: +2.2% (+2.9% for the UK)
- Growth over 2006: +23.3% (+22.8% for the UK)
- Average annual growth 2006-2016: +2.1% (+2.1% for the UK)

**GVA per Filled Job, 2015**

- Shropshire: £42,552
- UK: £50,830

**GVA per Hour Worked, 2015**

- UK: £27.90
- West Midlands: £24.30
- Shropshire: £23.70
- Marches: £23.40

GVA is a means of measuring the contribution to the economy made by producers or sectors. It is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used in production.
Overall GVA & GVA per Capita

Historically, GVA in Shropshire has lagged behind its more urban West Midlands' local authority counterparts. There are a number of reasons for this, including:

- Shropshire’s traditional reliance on agriculture and related industries, where GVA generation is comparatively low
- The lack of corporate headquarters (since GVA generation is often attributed entirely to the HQ base rather than being split pro rata between branches)
- High levels of out-commuting, especially amongst top earners
- Ageing population, which negatively impacts the dependency ratio (workers against non-working population)

GVA in Shropshire amounted to £6,236 million in 2016, up 2.9% over the previous year and up 31.2% compared with 2006. This represents average annual growth of 2.8% - very slightly lower than the UK and the West Midlands (both +2.9%). In per capita terms, GVA growth in Shropshire has kept pace with national growth over the last decade. The differential between Shropshire and UK GVA per capita remains considerable though, at -£,6721 (25.2% less).

Looking at similar local authorities, Shropshire has out-performed the East Riding of Yorkshire, Herefordshire and Cheshire West & Chester over the last 10 years (although not in per capita terms compared with Cheshire West and Chester) but has under-performed compared with Wiltshire and Cheshire East. Per capita GVA is lower in Shropshire than all these local authorities except the East Riding of Yorkshire.

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</tr>
</thead>
<tbody>
<tr>
<td>Shropshire</td>
<td>6,236</td>
<td>+2.9%</td>
<td>+31.2%</td>
<td>+2.8%</td>
<td>19,900</td>
<td>+2.2%</td>
<td>+23.3%</td>
<td>+2.1%</td>
</tr>
<tr>
<td>Marches LEP</td>
<td>14,010</td>
<td>+2.9%</td>
<td>+28.6%</td>
<td>+2.6%</td>
<td>20,735</td>
<td>+2.1%</td>
<td>+20.9%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>126,589</td>
<td>+3.9%</td>
<td>+32.2%</td>
<td>+2.9%</td>
<td>21,823</td>
<td>+3.0%</td>
<td>+23.4%</td>
<td>+2.2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,747,647</td>
<td>+3.7%</td>
<td>+32.5%</td>
<td>+2.9%</td>
<td>26,621</td>
<td>+2.9%</td>
<td>+22.8%</td>
<td>+2.1%</td>
</tr>
<tr>
<td>Herefordshire</td>
<td>3,926</td>
<td>+2.3%</td>
<td>+26.8%</td>
<td>+2.5%</td>
<td>20,738</td>
<td>+1.6%</td>
<td>+19.3%</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Wiltshire</td>
<td>11,009</td>
<td>+5.3%</td>
<td>+37.1%</td>
<td>3.3%</td>
<td>22,541</td>
<td>+4.8%</td>
<td>+27.2%</td>
<td>+2.5%</td>
</tr>
<tr>
<td>East Riding of Yorkshire</td>
<td>6,062</td>
<td>+2.2%</td>
<td>+13.6%</td>
<td>1.3%</td>
<td>17,951</td>
<td>+1.9%</td>
<td>+10.6%</td>
<td>+1.0%</td>
</tr>
<tr>
<td>Cheshire East</td>
<td>13,063</td>
<td>+6.7%</td>
<td>+49.2%</td>
<td>4.1%</td>
<td>34,678</td>
<td>+6.3%</td>
<td>+43.3%</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Cheshire West &amp; Cheshire</td>
<td>9,677</td>
<td>+4.9%</td>
<td>+27.0%</td>
<td>2.5%</td>
<td>28,828</td>
<td>+4.3%</td>
<td>+24.2%</td>
<td>+2.2%</td>
</tr>
</tbody>
</table>

Source: ONS, Office for National Statistics, 2016, © Crown Copyright, 2018
GVA Growth

Until 2014, GVA growth in Shropshire was exceeding national growth (+26.4% against +24.3% between 2006 and 2014).

However, growth over the last couple of years has fallen behind – between 2014 and 2016 GVA growth in Shropshire was +3.7% against 6.6% for the UK, 7.4% for the West Midlands and 4.2% for the Marches. The dip in performance was especially pronounced in 2015, when GVA in Shropshire rose by just 0.8%.

Despite relatively sluggish GVA growth in recent years, growth has been notably higher than employee job growth, with the former increasing by 19.2% and the latter by 3.6% between 2010 and 2016. GVA is impacted by inflation, while job growth is not and as such, superior growth in GVA should be expected.
Relative Productivity

The level of GVA generated per filled job in Shropshire amounted to £42,552 in 2015*, which represents an increase of £3,437 compared with 2016 (+8.8%). In comparison, each filled job filled nationally had an associated value of £50,830, which is £8,287 more than Shropshire (19.5% more). The gap between the value of each filled job in Shropshire and the national average has widened since 2010 (from 16.9%).

GVA per hour worked in Shropshire amounted to £23.70 in 2015*, which represents a rise of £4.00 per hour since 2006, which is the equivalent of a rise of just over 20%.

The UK increase has been marginally higher, at 21.7% which has taken the value per hour to £27.90. Nationally, therefore, each hour worked raises £4.20 more GVA than it does in Shropshire.
GVA Tracking

Shropshire Council commissioned Oxford Economics to produce economic forecasts to support the Local Plan Review in March 2016.

Comparing the latest GVA figures as produced by ONS with the trajectory shown by the Oxford Economic forecasts (which include two high growth scenarios as well as baseline projections), Shropshire is currently £61 million ahead of baseline expectations (1% ahead).

Note: High growth scenarios not forecast to show accelerated growth until 2017.
GVA by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016 GVA</th>
<th>%</th>
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<tbody>
<tr>
<td>Agriculture, mining, electricity, gas, water and waste</td>
<td>375</td>
<td>6.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>705</td>
<td>11.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>500</td>
<td>8.0%</td>
</tr>
<tr>
<td>Distribution; transport; accommodation and food</td>
<td>1339</td>
<td>21.5%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>201</td>
<td>3.2%</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>77</td>
<td>1.2%</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>927</td>
<td>14.9%</td>
</tr>
<tr>
<td>Professional and administrative services</td>
<td>507</td>
<td>8.1%</td>
</tr>
<tr>
<td>Public administration; education; health</td>
<td>1303</td>
<td>20.9%</td>
</tr>
<tr>
<td>Recreation, other services and household activities</td>
<td>301</td>
<td>4.8%</td>
</tr>
<tr>
<td>Total</td>
<td>6235</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The largest contributors to GVA in Shropshire are the distribution sector, which includes transport and accommodation and food as well as retail and wholesale, and public administration, education and health. These two sectors accounted for 21.5% and 20.9% of GVA respectively in 2016.

Also accounting for more than 10% of GVA are the manufacturing and real estate sectors.

The relative importance of sectors to Shropshire’s economy can also be analysed according to their location quotient (the relative importance of a sector compared with the national average). It is evident that agriculture plays a much more significant role in the Shropshire economy than it does nationally, with manufacturing, construction, distribution, real estate, public services and recreation all making a greater comparative contribution than is the case nationally. In contrast, information and communication, finance and insurance and professional services are all very under-represented.

Source: ONS, Office for National Statistics, 2016, © Crown Copyright, 2018
All main sectors have achieved GVA growth since 2006 with the exception of the finance and insurance sector, which has seen value fall by 44.2%.

The fastest growing sectors over the last decade have been:

- Manufacturing: +39.9%
- Distribution: +53.2%
- Information and communication: +40.6%
- Professional services: +67.9%
- Recreation and other services: +60.9%

Sectors which have grown more slowly than the Shropshire average include:

- Agriculture: +24.6%
- Construction: +22.4%
- Real estate activities: +12.9%
- Public administration, education & health: +21.3%