

Gross disposable household income, 2014

Summary

The Lancashire-14 area had a total gross disposable household income (GDHI) in 2014 that amounted to £22.34bn. This sum represented 1.9% of the national total and a fifth of the overall figure for the North West region.

The Lancashire-14 GDHI in 2014 was the 27th highest out of the 40 UK NUTS-2 regions in a range that extended from Surrey, East and West Sussex (£61.9bn) to the Highlands and Islands (£8.1bn).

By head of population, the figure for Lancashire-14 in 2014 was estimated at £15,178, or 84.5% of the UK average. Between 1997 and 2013, the GDHI per head figure for Lancashire-14 showed a pattern of slow overall decline relative to the national average. The latest per head figure of 84.5 compares unfavourably with rates of 88.8 in 1997 and 87.0 in 2009.

The Lancashire figures are further split by six areas that coincide with the European Union NUTS-3 definitions. For total GDHI, the mid-Lancashire figure recorded the largest amount (£6,137m), but the per head result for Chorley and West Lancashire of £16,338 was the highest in the Lancashire area.

Introduction

Gross domestic product (GDP) or gross value added (GVA) estimates are the conventional measures used to measure economic well-being and generally measure the value of goods and services produced within an area. An alternative and arguably more meaningful measure of local prosperity is that compiled by the office of national statistics (ONS) on household income or, more especially, on gross disposable household income (GDHI).

Estimates of GDHI are presented on a residence basis and represent the amount of money that households have available for spending or savings, hence 'disposable income'. This is money left after expenditure associated with income, e.g. taxes and social contributions, property ownership (mortgage interest) and provision for future pension income and non-life insurance premiums. The social benefits included in household income comprise a number of components. As well as private and state pensions, they include a range of welfare benefits. Thus, unlike the GVA measure, household income takes account of both the impact of commuters' incomes and pensioners' and other inactive persons' incomes. The 'household sector' itself covers people living in traditional households as well as those in institutions. The latter includes people living in retirement homes and prisons. The sector also includes sole trader enterprises and non-profit institutions serving households such as charities and most universities.

Nomenclature of territorial units for statistics (NUTS) and the revised NUTS-3 areas for Lancashire

The estimates for disposable household income are geographically based on European-defined statistical units – the so-called nomenclature of units for territorial statistics (NUTS). These areas provide a single uniform breakdown for the production of regional and sub-regional statistics for the European Union (EU).

The NUTs classification exists at three geographic levels. Regions within the UK, such as the North West, are NUTs level one areas, whilst the Lancashire-14 area is classified as a NUTS level 2 area. With effect from January 2015, the Lancashire area had a new set of NUTS-3 areas. The unitary authorities of Blackburn with Darwen and Blackpool remained NUTS-3 areas, but the former NUTS-3 area that covered the whole of the 12-district Lancashire County Council area, was sub-divided into the following four areas:

- Lancaster and Wyre
- Chorley and West Lancashire
- East Lancashire: Burnley, Hyndburn, Pendle and Rossendale districts
- Mid-Lancashire: Fylde, Preston, Ribble Valley and South Ribble

Total gross disposable household income

In absolute terms, the Lancashire-14 area had a total GDHI figure in 2014, at current basic prices, amounting to £22.34bn. This sum represented 1.9% of the national total and a fifth of that for the whole of the North West (Table 1).

Table 1 Gross disposable household income (GDHI)^[1] 1997-2014 (current basic prices)

	Lancashire-14	North West	United Kingdom	Lancashire-14	
				GDHI Per head	GDHI Per head index (UK=100)
1997	12,659	62,638	588,875	8,967	88.8
1998	12,979	64,625	615,953	9,188	87.2
1999	13,366	67,498	643,642	9,474	86.4
2000	14,375	71,583	691,060	10,165	86.6
2001	15,136	74,427	729,277	10,679	86.6
2002	15,562	77,084	754,658	10,958	86.2
2003	16,214	80,535	784,559	11,357	86.3
2004	16,858	83,866	812,688	11,756	86.7
2005	17,619	87,202	848,356	12,235	87.1
2006	18,227	90,359	887,857	12,605	86.4
2007	19,011	94,139	935,441	13,116	86.0
2008	19,514	96,332	967,054	13,447	86.0
2009	20,492	101,139	1,009,799	14,104	87.0
2010	21,370	105,534	1,062,303	14,664	86.6
2011	21,626	106,630	1,079,399	14,799	86.8
2012	22,199	111,038	1,127,908	15,146	85.5

2013	22,262	112,167	1,145,653	15,156	84.8
2014	22,342	112,528	1,160,485	15,178	84.5

Source ONS: [Regional Household Income](#)

[1] The headline GDHI figures have been calculated using a five-point moving average in order to remove some year-to-year volatility in the unadjusted series.

Comparatively, the Lancashire-14 GDHI in 2014 was the 27th highest out of the 40 UK NUTS-2 regions in a range that extended from Surrey, East and West Sussex (£61.9bn) to the Highlands and Islands (£8.1bn).

Disposable household income per head

A more meaningful comparator of disposable household incomes is to express them in per capita terms, i.e. GDHI per head of population. For the UK as a whole, average GDHI per head of population in 2014 was £17,965, whilst across the UK there were wide disparities. Amongst the NUTS-2 sub-regions, Inner London – West had the highest level of GDHI per head in 2014, at a substantial 230.4% greater than the UK average. Seventeen of the 40 NUTS-2 areas were above the UK average in 2014. In the North West, only Cheshire recorded a per head figure in excess of the national average. At the other extreme, the West Midlands had a per capita GDHI that was 21.3% less than the UK average.

Table 2 NUTS-2 regions: top five and bottom five by GDHI per head plus North West regions, 2014

	Total GDHI (£m)	GDHI growth on 2013 (%)	GDHI per head (£)	GDHI per head index (UK=100)
United Kingdom	1,160,485	1.3%	17,965	100.0
Top five GDHI per head				
Inner – London West	46,481	3.6%	41,393	230.4
Outer London – West and North West	45,722	2.8%	22,461	125.0
Surrey, East and West Sussex	61,907	0.4%	22,027	122.6
Outer London - South	27,564	0.9%	21,723	120.9
Berkshire, Buckinghamshire and Oxfordshire	49,206	0.6%	21,038	117.1
North West Region	112,528	0.3%	15,776	87.8
Cheshire	17,375	2.2%	19,034	106.0
Cumbria	8,539	-1.1%	17,150	95.5
Merseyside	22,922	-1.0%	15,106	84.1
Lancashire-14	22,342	0.4%	15,178	84.5
Greater Manchester	41,351	0.6%	15,131	84.2

Bottom five GDHI per head				
West Wales and the Valleys	29,085	0.5%	14,933	83.1
Tees valley and Durham	17,544	0.7%	14,817	82.5
South Yorkshire	20,088	1.1%	14,707	81.9
Northern Ireland	26,953	-0.3%	14,645	81.5
West Midlands	39,707	0.3%	14,139	78.7

Source ONS: [Regional Household Income](#)

Gross disposable household income per capita in Lancashire-14 in 2014 was estimated at £15,178. This level was the third lowest of the five North West sub-regions, and was only 84.5% of the United Kingdom average.

Between 1997 and 2013, the GDHI per head figure for Lancashire-14 has shown a pattern of slow overall decline relative to the UK average. From a percentage of 88.8% of the UK average in 1997, the rate had fallen to 87.0% by 2009 and dropped further to reach the latest figure of 84.5% for 2014.

Results at the NUTS-3 level

Table 3 lists the Lancashire results for the six NUTS-3 areas that together cover the Lancashire-14 area. For total GDHI, the mid-Lancashire recorded the largest figure (£6,137m), but the per head result for Chorley and West Lancashire of £16,338 was the highest in the Lancashire area.

The two areas of Lancaster and Wyre, plus Chorley and West Lancashire had per head indices that were just over 90% of the UK average. In contrast, the rate of 67.3 for Blackburn with Darwen was only marginally above two-thirds of the national average. This was the second lowest rate in the UK out of 227 Nuts-3 areas.

Table 3 Headline gross disposable household income (GDHI) (at current prices), 2014

	Blackburn with Darwen	Blackpool	Lancaster and Wyre	Mid Lancashire	East Lancashire	Chorley and West Lancashire
GDHI (£million at current prices)	1,775	1,961	4,047	6,137	4,770	3,652
GDHI per head at current prices	12,096	13,954	16,187	15,954	14,610	16,338
GDHI per head indices at current prices	67.3	77.7	90.1	88.8	81.3	90.9

Source ONS: [Regional Household Income](#)