Insight Team Briefing Note

June 2024

Hull City Council

ONS 2022 GVA Estimates

1. Introduction

1.1 On 24th April 2024, ONS released provisional estimates of GVA in 2022 using the balanced approach.

1.2 This approach balances the income and production approaches to measuring GVA.

1.3 Total GVA, GVA per head and GVA by industry figures are available, based on current prices, for the period 1998 to 2022.

1.4 These figures are available at International Territory Levels (ITL) 1, 2 and 3. Kingston upon Hull represents its own ITL3 area.

2. Key Figures

2.1 In 2022, total GVA in Hull is estimated at £6,930 million (at current prices).

2.2 This is an increase of £605 million compared to the previous year; equivalent to an increase of 9.6% (compared to 9.7% regionally and 9.7% nationally).

2.3 Whilst GVA growth in Hull was significantly higher during the previous year (16.4%), much of that growth was recovery following a 10.0% reduction in GVA during 2020; as a result of the COVID pandemic.

2.4 Compared to more typical years, growth in GVA in Hull over the last year has been at the highest level in nearly 15 years.

2.5 GVA per head of population is now estimated at £25,776, which is below both the regional figure of £27,309 and the national figure of £33,976.

2.6 GVA per head of population has increased £2,043 (8.6%) compared to the previous year, the same percentage growth as both regionally and nationally, and is now at the highest level recorded.

2.7 Hull's largest sector is manufacturing, which is currently valued at £1,677 million or 24.2% of the economy.

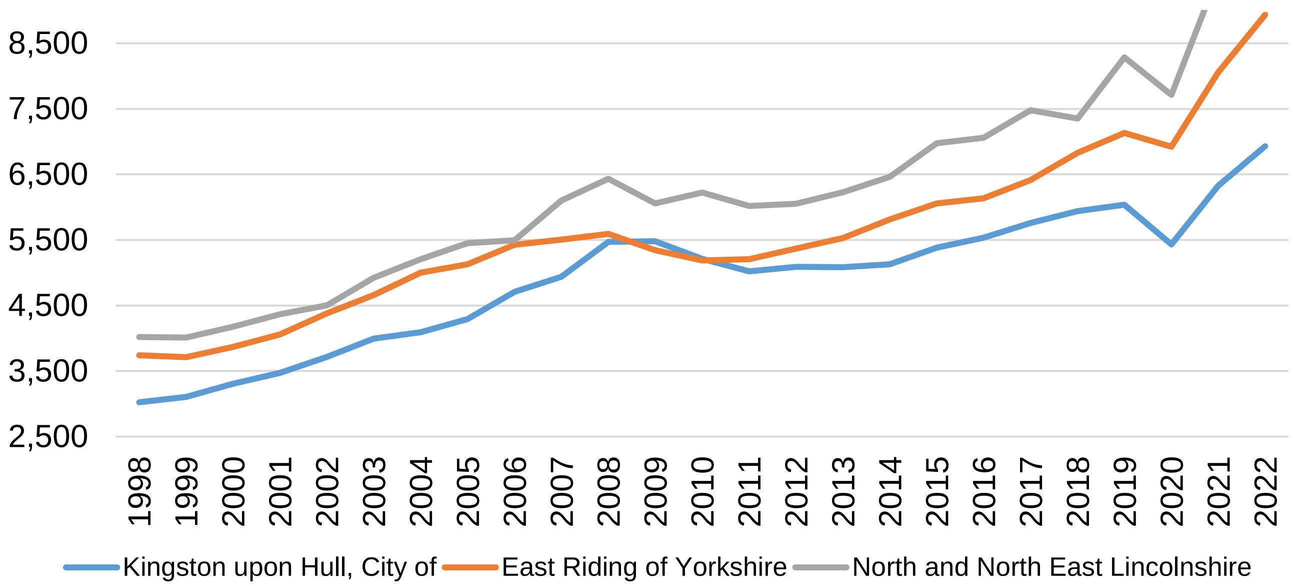
2.8 Other significant sectors include wholesale and retail trade (780 million; 11.3% of the economy), human health and social work (£766 million; 11.1% of the economy), and real estate activities (£646 million; 9.3% of the economy).

2.9 Hull's economy is significantly more manufacturing based (24.2%) than both regionally (14.6%) and nationally (9.1%).

2.10 Conversely, Hull's economy is underrepresented by the financial and insurance, professional, scientific and technical, and the information and communication sector.

3. Total GVA

Chart 1: Total GVA (£ mill) 1998 – 2022



3.1 Following a 8.4% decrease in total GVA between 2009 and 2011, linked to the last recession, GVA in Hull was slowly increasing; averaging 2.3% annual growth over the period 2012 to 2019.

3.2 In 2019, total GVA in Hull was estimated to be worth £6,039 million.

3.3 Then, in 2020, total GVA in Hull fell by £606 million (-10.0%), to £5,433 million, as a direct result of the COVID pandemic.

3.4 In the year following COVID, total GVA in Hull increased by 16.4%; to a level £286 million or 4.7% higher than pre COVID levels.

3.5 Over the last year, total GVA has increased again by £305 million to £6,930 million; the highest GVA figure on recent record.

3.6 This is equivalent to an increase of 9.6% over the last year; compared to 9.7% both regionally and nationally. For a "normal" year this is the highest percentage growth in GVA since 2008.

3.7 All 133 ITL3 areas in England have experienced economic growth over the last year; at an average annual growth rate across ITL3 areas of 9.6%.

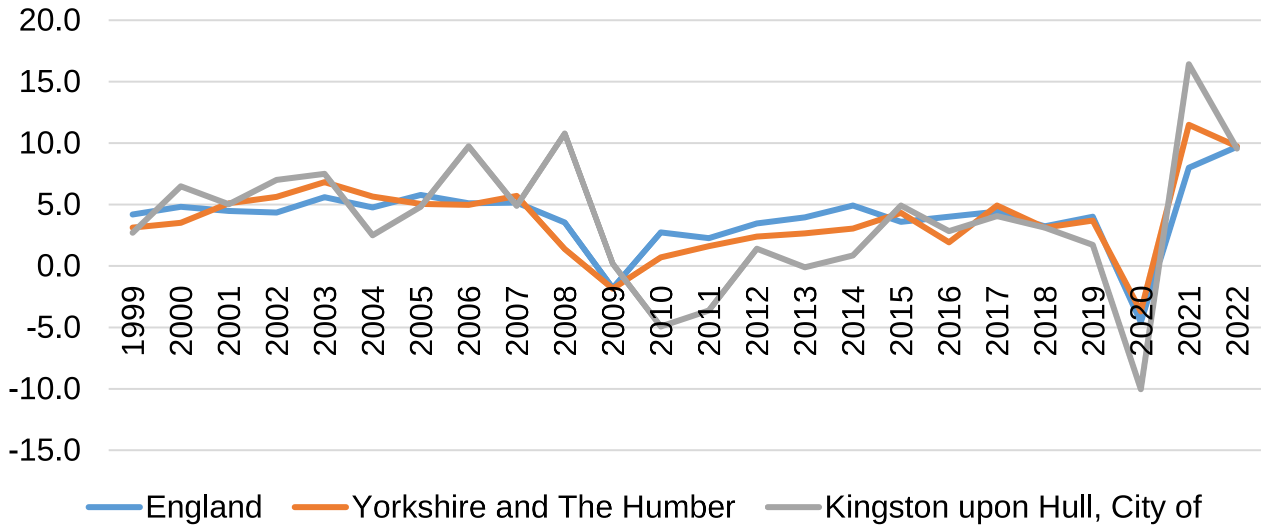
3.8 Growth in Hull was ranked 63rd highest of the 133 ITL areas.

3.9 Hull currently represents:

- 43.7% of the Hull and East Riding economy
- 25.9% of the Humber economy
- 4.6% of the regional economy
- 0.4% of the national economy

3.10 As a proportion of the Humber economy, Hull peaked in 2009 at 32.5%; but has been steadily decreasing since. This is largely the result of growth in North and North East Lincolnshire, which has grown from 35.9% of the Humber economy to 40.6% over the same period.

Chart 2: Annual Growth Rate in GVA (%)

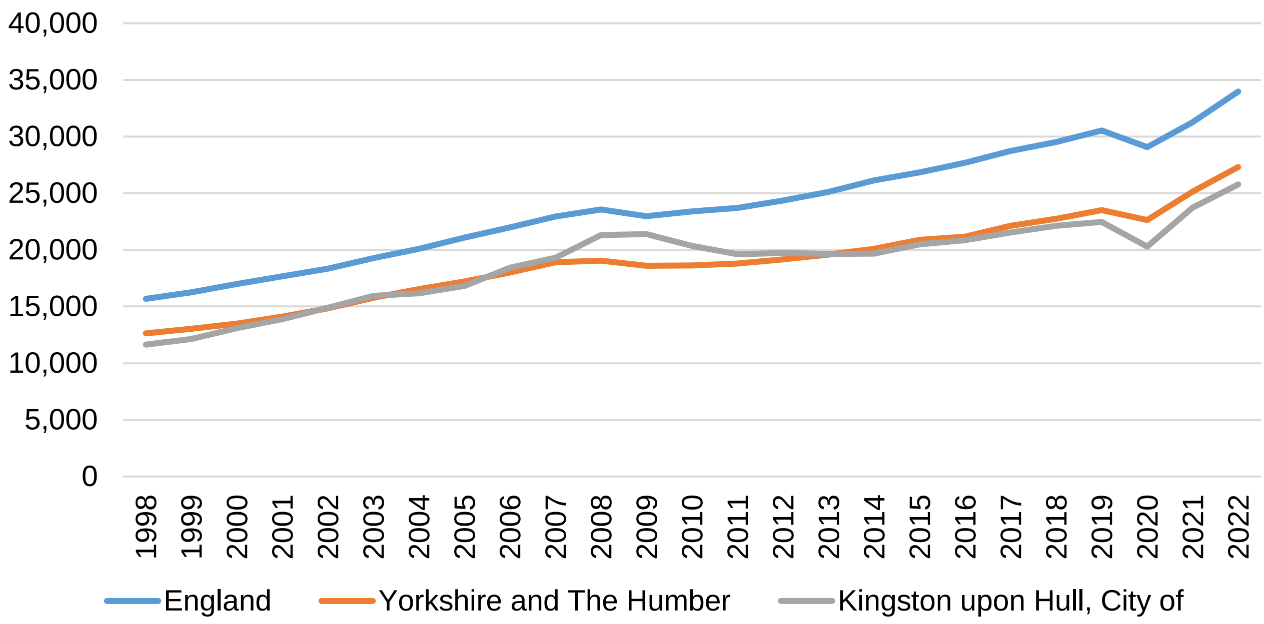


3.11 Chart 2 shows that, historically, Hull has been hit much harder than the region and the country by recession / economic instability, in particular during the 2010 / 2011 recession.

3.12 However, in 2020 (during COVID), the impact on Hull compared to the region / the country was much less significant, and post COVID growth and recovery in Hull has been in line with regional and national figures.

4. <u>GVA per Head</u>

Chart 3: GVA per Head (£) 1998 – 2022



4.1 GVA per head of population is now estimated at £25,776.

4.2 This is below both the regional figure of £27,309 and the national figure of £33,976.

4.3 GVA per head of population has increased £2,043 (8.6%) compared to the previous year, the same percentage growth as both regionally and nationally, and is now at the highest level recorded.

4.4 Chart 3 shows that the difference between GVA per head in Hull and nationally has been slowly widening since around 2009; growing from a gap of just £1,563 per head in 2009 to a gap of £8,200 per head in 2022.

Table 1: GVA per Head in Yorkshire and Humber, 2022 (£)

Leeds	38,857
York	37,313
North and North East Lincolnshire	33,108
North Yorkshire CC	29,012
Sheffield	27,694
East Riding of Yorkshire	25,802
Kingston upon Hull, City of	25,776
Wakefield	25,700
Calderdale and Kirklees	21,950
Bradford	20,647
Barnsley, Doncaster and Rotherham	19,952

4.5 In the Yorkshire and Humber region, Hull has the 7th highest GVA per head of all 11 ITL3 areas.

4.6 This is a fall in position from 6th highest the previous year; the result of GVA per head in the East Riding of Yorkshire exceeding that in Hull over the last year.

Table 2: GVA per Head in Comparator Authorities, 2021(£)

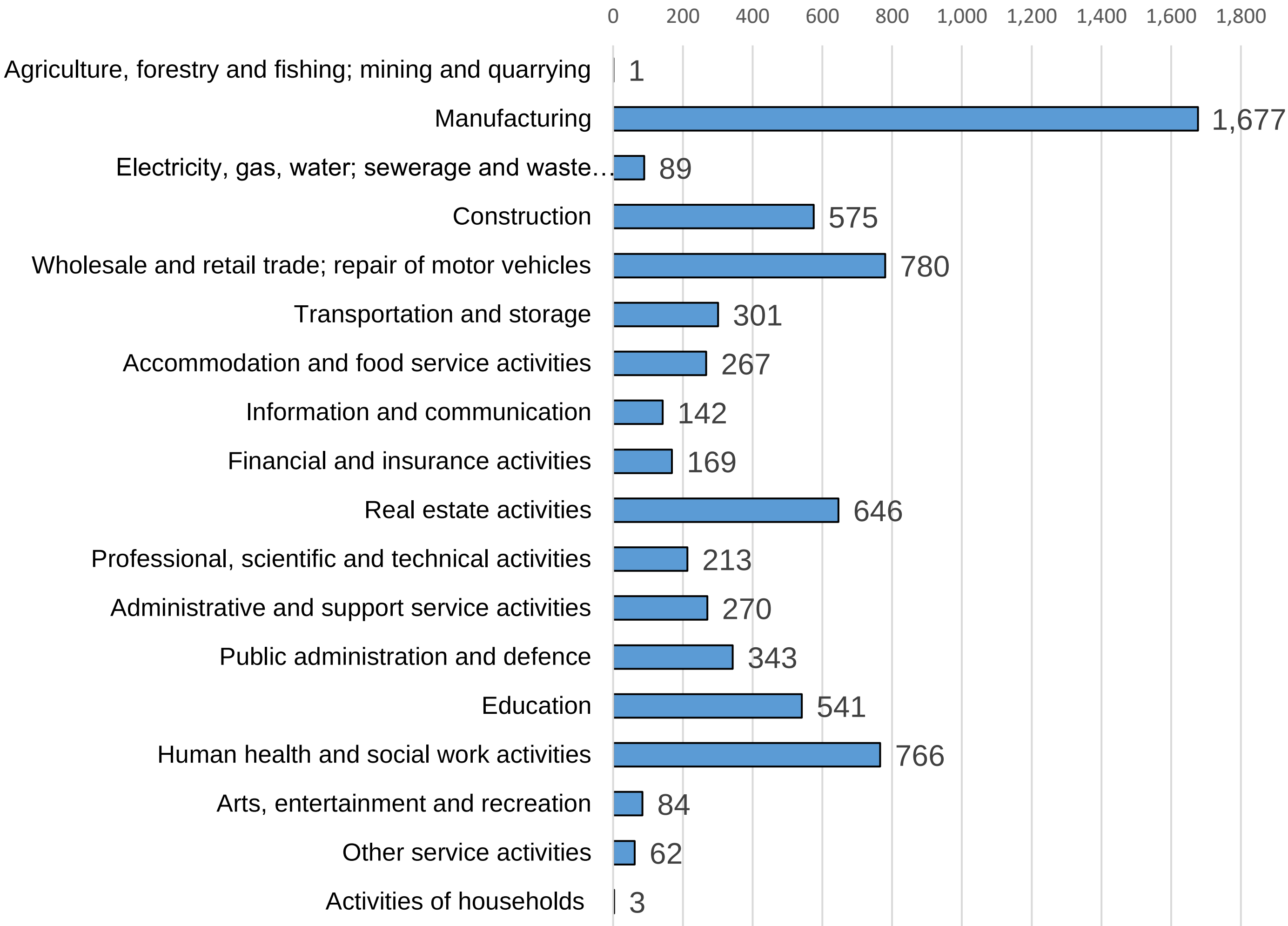
Greater Manchester South West	40,814
Nottingham	34,936
Liverpool	33,603
Tyneside	26,833
Stoke-on-Trent	26,330
Sunderland	26,071
Kingston upon Hull, City of	25,776
Hartlepool and Stockton-On-Tees	25,643
East Merseyside	25,114
Wolverhampton	22,677
Greater Manchester South East	22,626
Sandwell	19,750
South Teesside	19,199
Greater Manchester North East	18,411
Walsall	17,785

4.7 Compared to ITL3 areas containing our comparator local authorities, Hull has the 7th highest GVA per head.

4.8 This is an increase from 9th in 2021; the result of GVA per head in both East Merseyside and Hartlepool and Stockton upon Tees falling below Hull over the last year.

5. GVA By Industry

Chart 4: Total GVA in Hull by Industry (£ mill), 2022



5.1 Hull's largest sector is manufacturing, which is currently valued at £1,677 million (or 24.2% of the economy).

5.2 Other significant sectors include wholesale and retail trade (780 million; 11.3% of the economy), human health and social work (£766 million; 11.1% of the economy), and real estate activities (£646 million; 9.3% of the economy).

5.3 Compared to both regionally and nationally (see overleaf), Hull's economy is significantly more manufacturing based. 24.2% of total GVA in Hull is generated by the manufacturing sector compared to just 14.6% regionally and 9.1% nationally.

5.4 Conversely, Hull's economy is underrepresented by the financial and insurance, professional, scientific and technical, and the information and communication sector.

Chart 5: % of Total GVA by Industry 2022

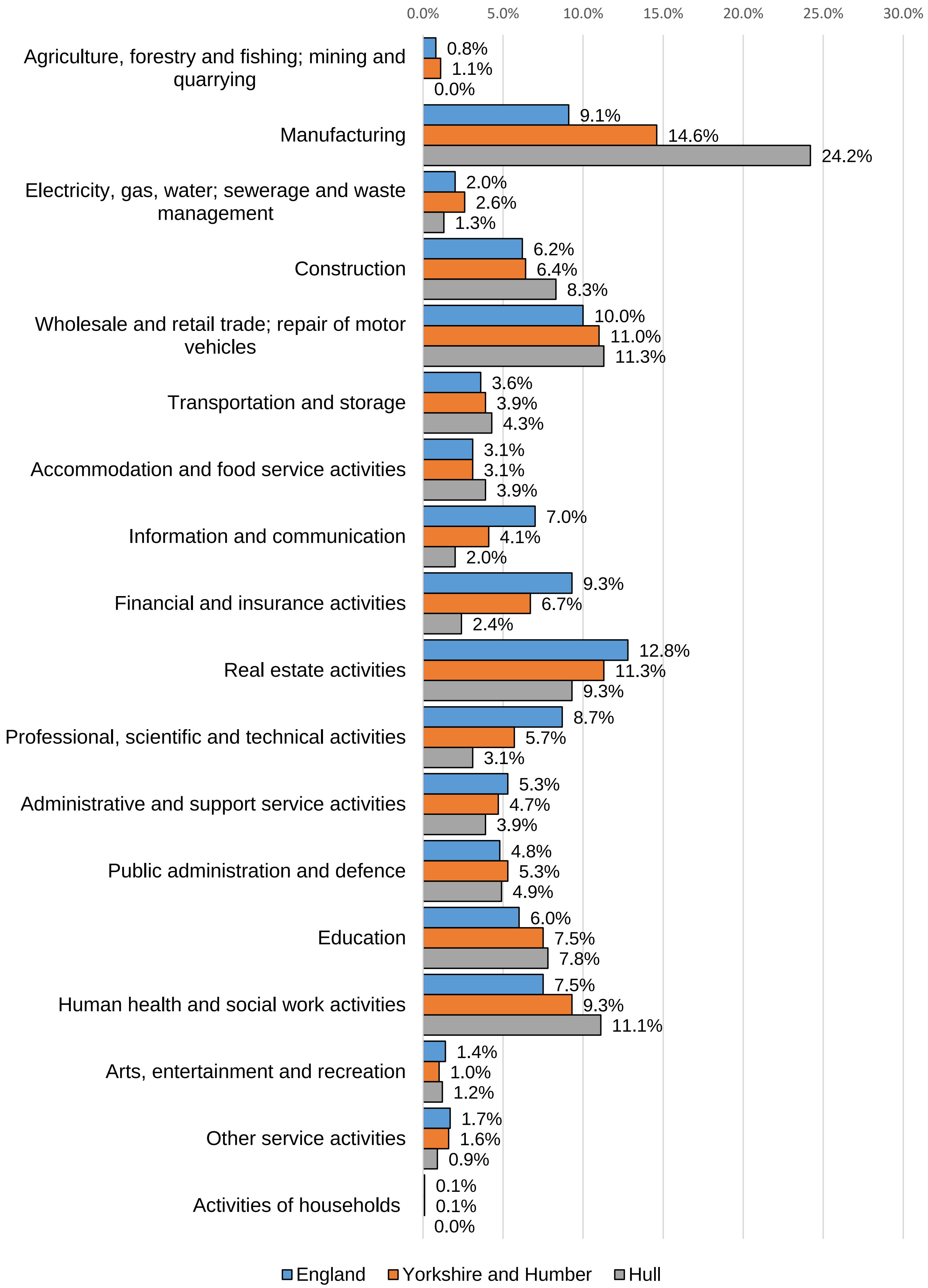
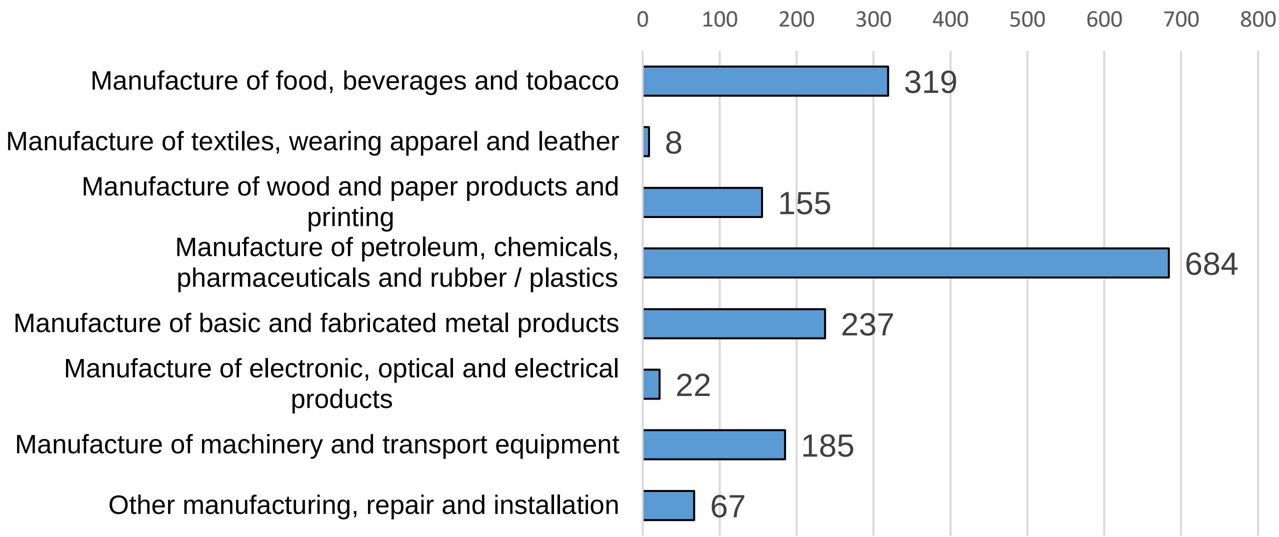


Chart 6: Total GVA in Hull from Manufacturing (£ mill), 2022



5.5 Hull's largest area of manufacturing is the manufacture of petroleum, chemicals, pharmaceuticals and rubber / plastics, which is currently valued at £684 million.

5.6 This represents 40.8% of the manufacturing sector in Hull, and 9.9% of the entire Hull economy; meaning that this sub section of manufacturing forms a similar proportion of the local economy to wholesale and retail trade (£780 million; 11.3% of the economy), health and social work (£766 million; 11.1% of the economy), and real estate activities (£646 million; 9.3% of the economy),

5.7 The manufacture of petroleum, chemicals, pharmaceuticals, and rubber / plastics represents just 4.8% of the regional economy and just 2.2% of the national economy; further highlighting the particular significance of this area of manufacturing to Hull.

6. Short Term (1 Year) Change

Table 3: Change in Total GVA, 2021 - 2022

North and North East Lincolnshire	+13.7%
York	+12.6%
Wakefield	+10.9%
East Riding of Yorkshire	+10.9%
Leeds	+10.5%
Bradford	+10.2%
Kingston upon Hull, City of	+9.6%
Sheffield	+9.5%
North Yorkshire CC	+8.8%
Barnsley, Doncaster and Rotherham	+8.2%
Calderdale and Kirklees	+5.1%

6.1 Over the last year the economy in Hull has grown by 9.6%

6.2 In the Yorkshire and Humber region, average growth over the last year was 10.0%.

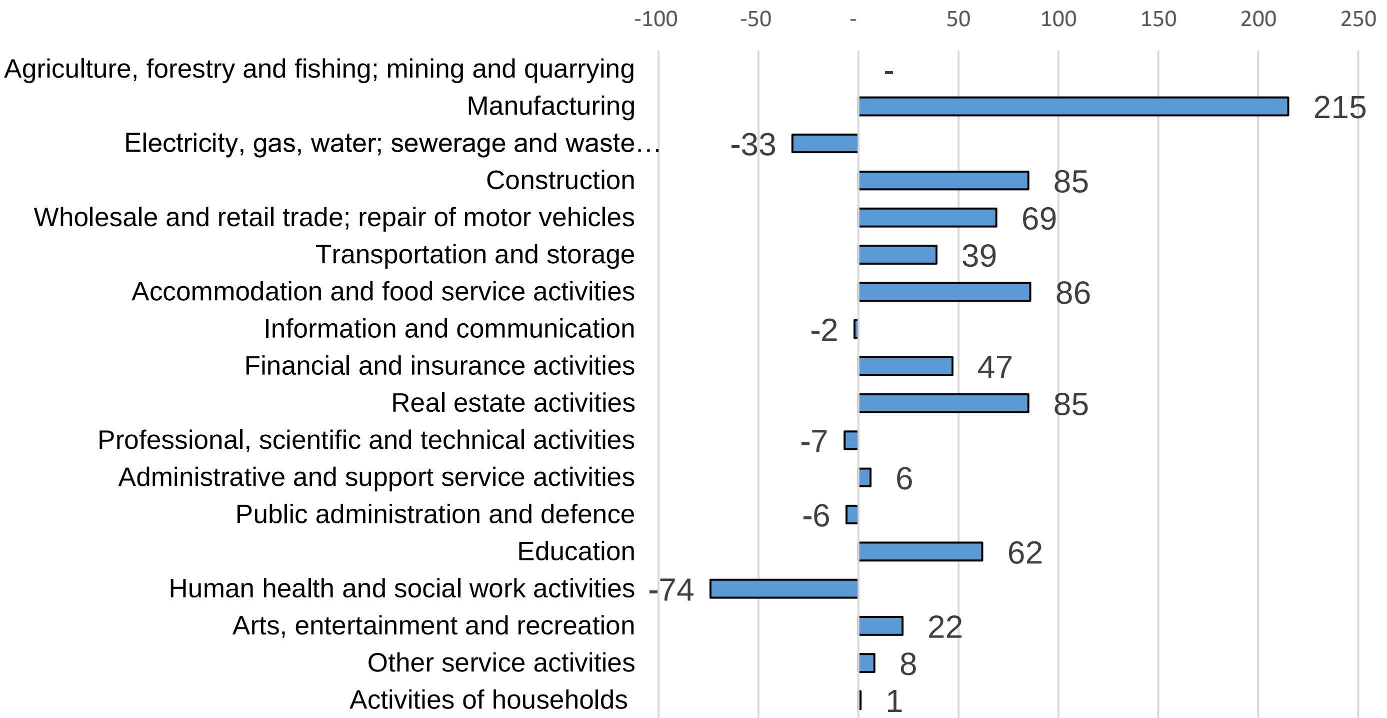
6.3 Hull had the 7th highest growth of 11 areas in the Yorkshire and Humber region, and growth in Hull was broadly average for these areas.

Wolverhampton	+11.2%
Liverpool	+10.8%
Greater Manchester South East	+10.5%
South Teesside	+10.3%
Tyneside	+10.1%
Sunderland	+10.0%
Kingston upon Hull, City of	+9.6%
Greater Manchester South West	+9.5%
Hartlepool and Stockton-On-Tees	+8.6%
Greater Manchester North East	+8.5%
Walsall	+7.4%
Nottingham	+7.3%
Sandwell	+6.3%
Stoke-on-Trent	+5.1%
East Merseyside	+4.5%

6.4 Across ITL3 areas containing our comparator local authorities, average growth over the last year was 8.6%.

6.5 Hull had the 7th highest growth of 15 areas and growth in Hull was above average for these areas.

Chart 7: Change in Total GVA in Hull by Industry (£ mill), 2021 - 2022

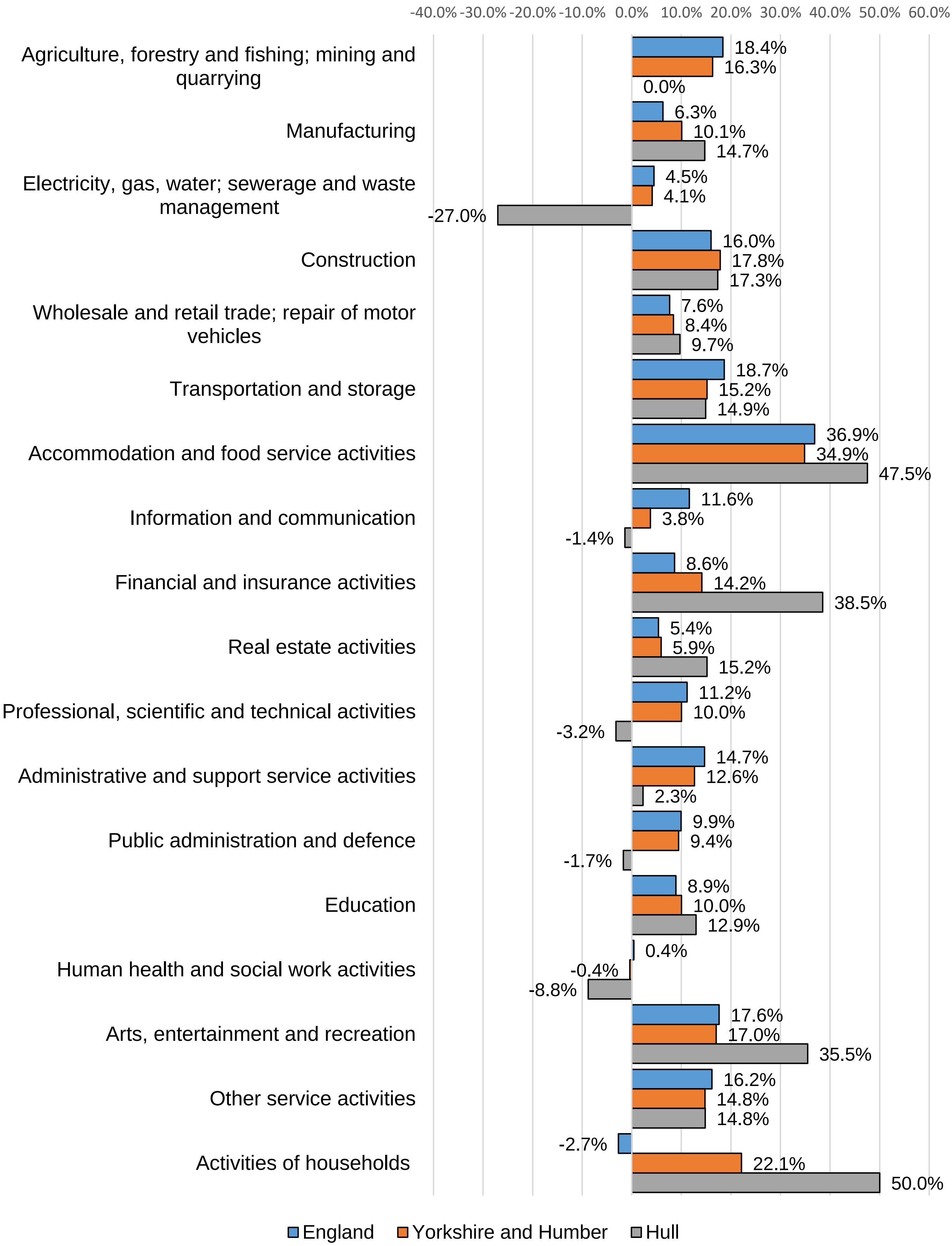


6.6 Between 2021 and 2022, 14 of the 18 key industrial sectors in Hull experienced growth.

6.7 In monetary terms, Hull's economic growth centred on the manufacturing sector (+215 million); followed by the accommodation and food service (+£86 million), construction (+£85 million), real estate activities (+£85 million), wholesale and retail trade (+£69 million), and education (+£62 million) sectors.

6.8 There was notable negative growth in the human health and social work (-£74 million), and electricity, gas, water, sewerage and waste (-£33 million) sectors.

Chart 8: % Change in Total GVA by Industry, 2021 – 2022



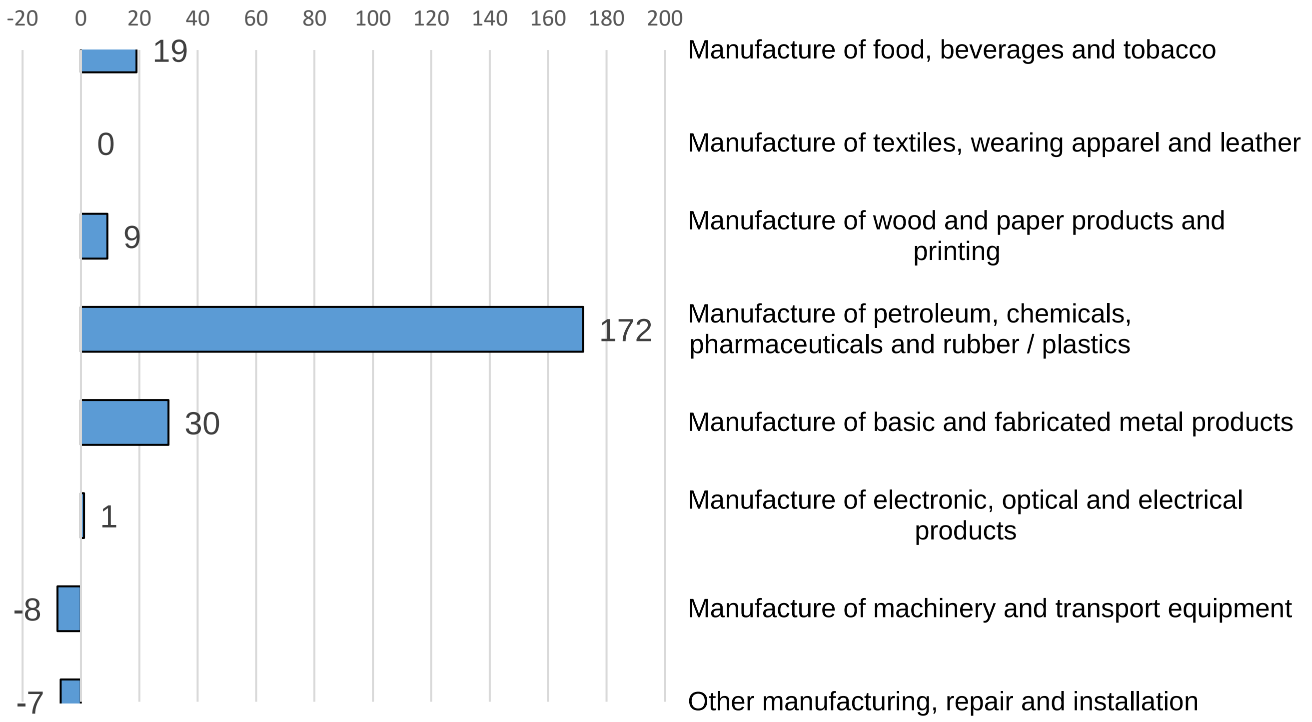
6.9 Chart 8 shows that the largest percentage increase in Hull over this period occurred in the activities of households (+50.0%), the accommodation and food service sector (+47.5%), the financial and insurance activities sector (+38.5%), and the arts, entertainment, and recreation sector (+35.5%).

6.10 Percentage growth in each of these sectors in Hull was larger than both regionally and nationally.

6.11 Note that all sectors in Hull that experienced negative growth, saw positive growth regionally and nationally. The notable exception being human health and social care which experienced small negative growth regionally (-0.4%) and small positive growth nationally (+0.4%)

Focus on Manufacturing

Chart 9: Change in Total GVA by Manufacturing Industry (£ mill), 2022 – 2023



6.12 80% of growth in Hull's manufacturing sector was the result of increases in the manufacture of petroleum, chemicals, pharmaceuticals and rubber / plastics (+£172 mil, +33.6%).

6.13 Growth in Hull in the manufacture of petroleum, chemicals, pharmaceuticals and rubber / plastics (+33.6%).was significantly higher than growth in this sector both regionally (+21.7%) and nationally (+8.6%).

6.14 Growth in Hull in the manufacture of basic and fabricated metals (+14.5%).was also higher than growth in this sector both regionally (+8.9%) and nationally (+6.1%).

6.15 There were also increases in all other areas of manufacturing, with the exception of the manufacture of machinery and transport equipment (-£8 mill, -4.1%), and other manufacturing, repair and installation (-7 mill, -9.5%).

6.16 The 9.5% negative growth in other manufacturing, repair and installation in Hull occurred in contrast to 5.7% growth in this sector regionally and .6.2% growth nationally.

7. <u>Long Term (10 Year) Change</u>

Table 4: Change in Total GVA, 2012 - 2022

North and North East Lincolnshire	+79.4%
East Riding of Yorkshire	+66.5%
Wakefield	+55.4%
Calderdale and Kirklees	+53.2%
North Yorkshire CC	+49.8%
Barnsley, Doncaster and Rotherham	+47.0%
Leeds	+46.0%
York	+42.0%
Bradford	+39.3%
Sheffield	+38.0%
Kingston upon Hull, City of	+36.1%

7.1 Over the last ten years the economy in Hull has grown by 36.1%

7.2 In the Yorkshire and Humber region, average growth over the last ten years was 50.2%.

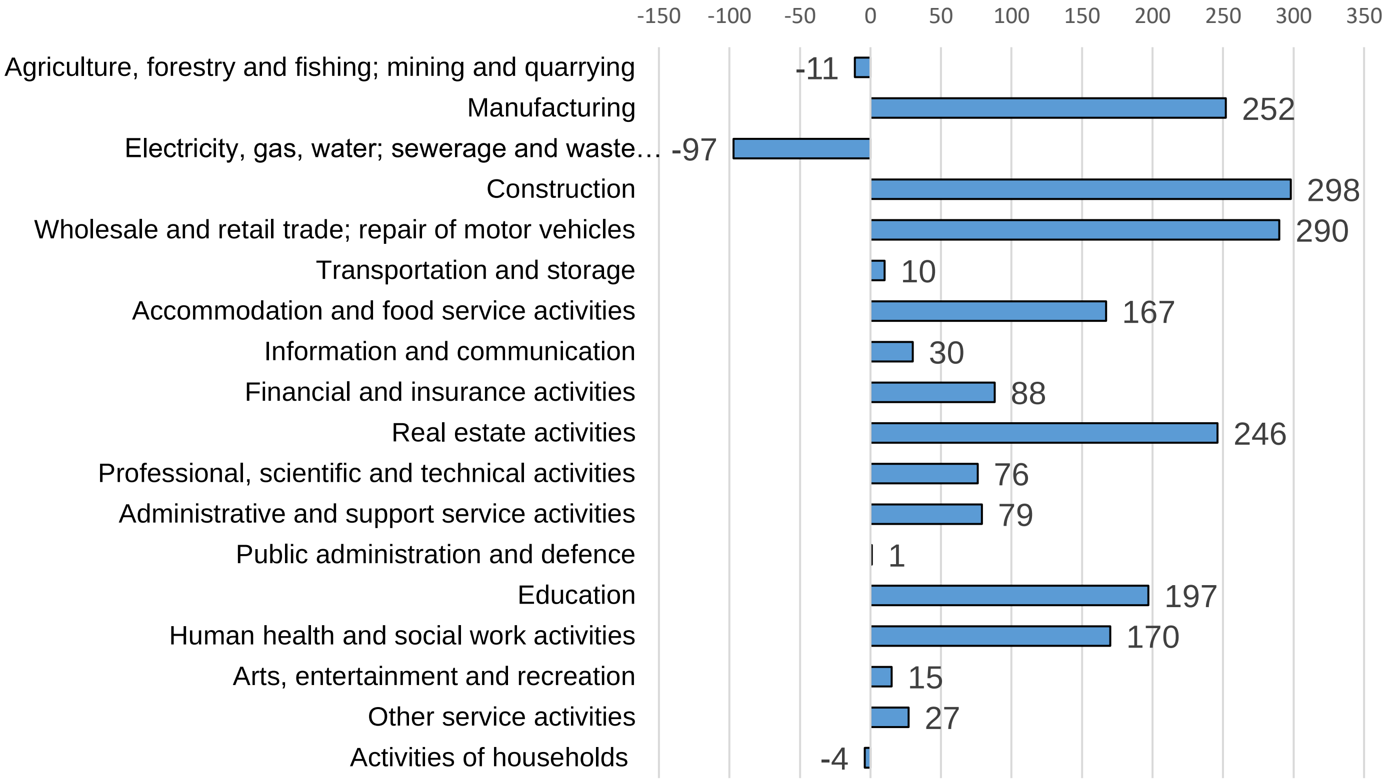
7.3 Hull had the lowest growth of all 11 areas, and growth in Hull was significantly below average for these areas.

Greater Manchester South West	+64.9%
Stoke-on-Trent	+52.2%
Liverpool	+50.4%
Wolverhampton	+43.3%
Sandwell	+41.3%
Greater Manchester South East	+40.6%
East Merseyside	+40.1%
Hartlepool and Stockton-On-Tees	+39.2%
Greater Manchester North East	+38.2%
Kingston upon Hull, City of	+36.1%
Tyneside	+35.8%
Nottingham	+35.7%
South Teesside	+33.5%
Walsall	+33.4%
Sunderland	+29.1%

7.4 Across ITL3 areas containing our comparator local authorities, average growth over the last ten years was 40.9%.

7.5 Hull had the 10th highest growth of 15 areas areas, and growth in Hull was below average for these areas.

Chart 10: Change in Total GVA in Hull by Industry (£ mill), 2012 – 2022construction



7.6 In monetary terms, Hull's economic growth over the last 10 years has centred on the construction (+£298 million), wholesale and retail trade (+£290 million), manufacturing (+£252 million) and real estate activities (+£246 million) sectors.

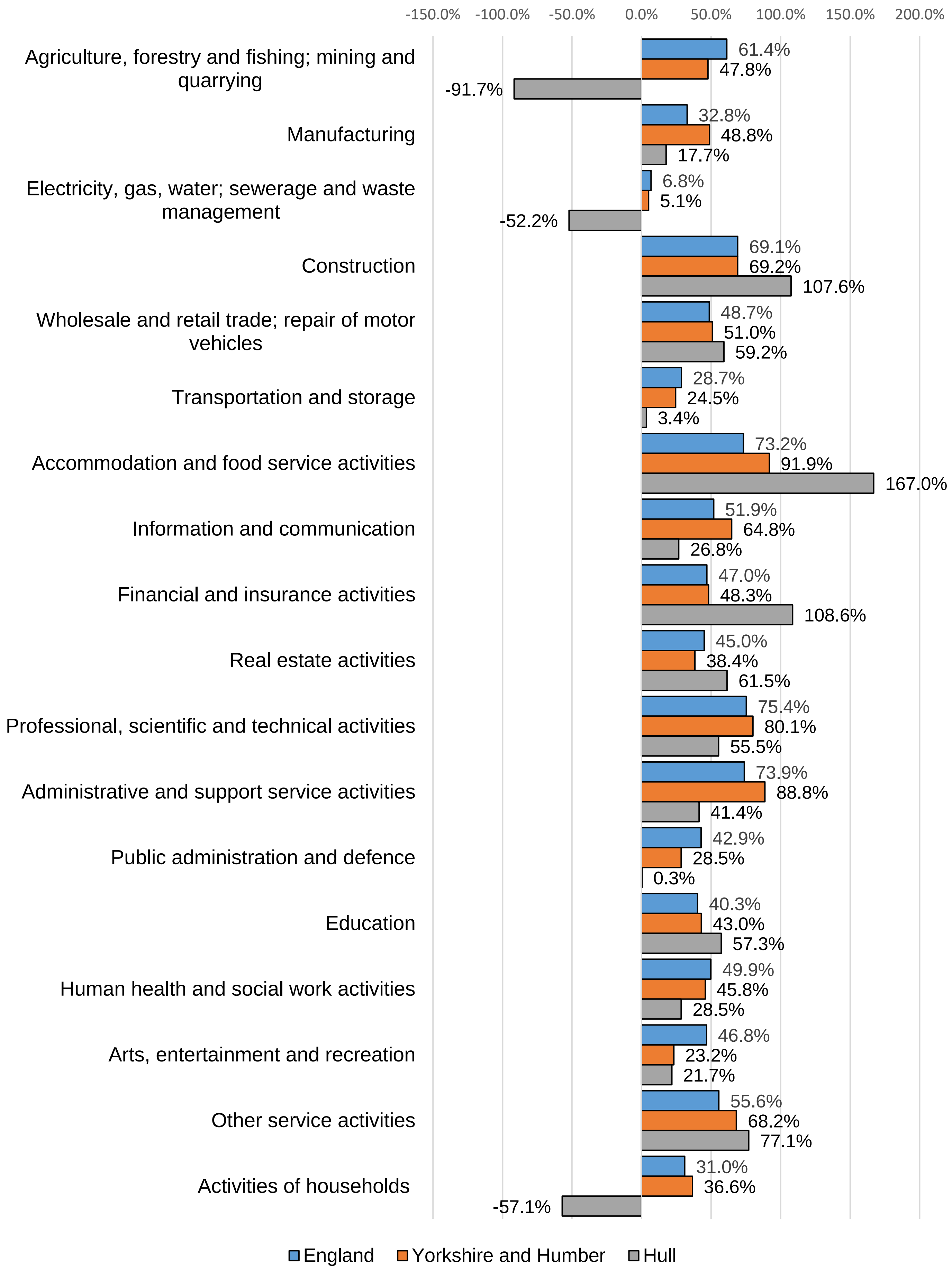
7.7 Conversely there has been notable negative growth in the electricity, gas, water, sewerage and waste (-£97 million) sector.

7.8 Chart 11 overleaf shows that negative growth in Hull over the last 10 years within the agriculture, forestry, fishing and mining, and electricity, gas, water, sewerage and waste sector has occurred despite large positive growth nationally and regionally.

7.9 Of the 15 sectors in Hull that have experienced positive growth over the last year, 8 have grown at a greater rate than both regionally and nationally. Most notable of these were the accommodation and food services, financial and insurance activities, and manufacturing sectors. Other sectors in this category included the construction, real estate activities, education, other services, and wholesale and retail trade sectors.

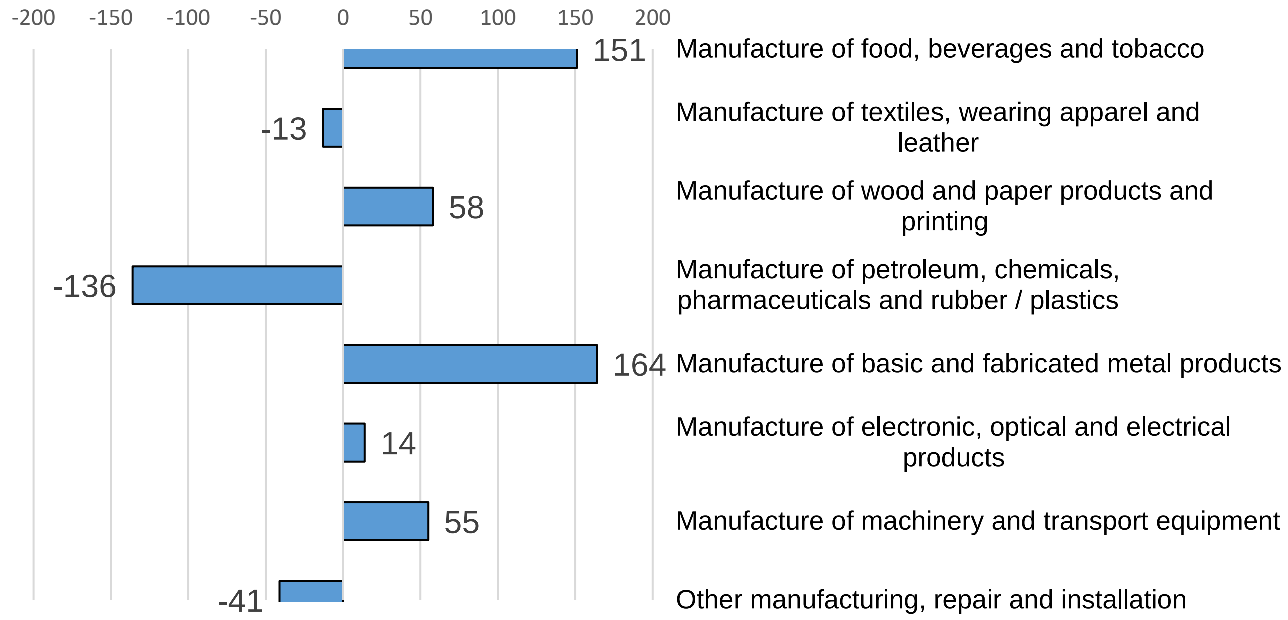
7.10 Conversely, in 7 sectors growth in Hull over the last 10 years fell below growth at the regional and national level. Most notable of these were the administrative and support service activities, and public administration and defence sectors. Other sectors in this category included the information and communications, transportation and storage, sectors, professional scientific and technical, human health and social work, and arts, entertainment and recreation sectors

Chart 11: % Change in Total GVA by Industry, 2012 – 2022



Focus on Manufacturing

Chart 12: Change in Total GVA by Manufacturing Industry (£ mill), 2012 – 2022



7.11 Growth in Hull's manufacturing sector over the last 10 years has largely been the result of increases in both the manufacture of basic and fabricated metal products (+£164 mill, +224.7%) and the manufacture of food, beverages and tobacco (+£151 mill, +89.9%).

7.12 Growth in Hull in the manufacture of basic and fabricated metal products (+224.7%).was significantly higher than growth in this sector both regionally (+22.6%) and nationally (+16.3%).

7.13 Similarly, growth in Hull in the manufacture of food, beverages and tobacco (+89.9%).was significantly higher than growth in this sector both regionally (+31.4%) and nationally (+40.4%).

7.14 Growth in Hull over the last 10 years in the manufacture of electronic, optical and electronic products (+175.0%), manufacture of wood and paper products and printing (+59.8%) and manufacture of machinery and transport equipment (42.3%) have all also been higher than regionally and nationally.

7.15 Over the last 10 years there has been a significant decrease in the manufacture of petroleum, chemicals, pharmaceuticals, and rubber / plastics (-£136 mill -16.6%), as well as decreases in other manufacturing, repair and installation (-£41mill, -38.0%) and the manufacture of textiles, wearing apparel and leather (-£13mill, -61.9%).

7.16 These decreases in Hull over the last 10 years have all occurred despite growth in these sectors both regionally and nationally.