

## Target for inclusion in LEP Strategy:

By 2020, Cornwall and the Isles of Scilly's GDP per head will be above the 75% average for the European Union.

By 2020 we will have exceeded the expected growth, in terms of GVA of the overall Cornwall and Isles of Scilly economy by an additional £338 million; per person employed this will be an additional £1,450 per annum.

## Calculations

### **Gross Value Added (GVA)**

The GVA data is derived from Cambridge Econometrics. The LEP target is based on a 3% growth rate starting in 2013. By 2020 the difference between the CE projection and the LEP target would be £338 million an increase of 4.5%.

Year	CE projection	LEP target	Difference £	%
2007	6599	6599	0	0.0
2008	6584	6584	0	0.0
2009	5891	5891	0	0.0
2010	6075	6075	0	0.0
2011	6146	6146	0	0.0
2012	6152	6152	0	0.0
2013	6268	6336	68	1.1
2014	6406	6526	120	1.9
2015	6560	6722	162	2.5
2016	6700	6924	224	3.3
2017	6868	7132	264	3.8
2018	7059	7345	287	4.1
2019	7249	7566	316	4.4
2020	7455	7793	338	4.5

Dividing total GVA figures by the projected population figures gives the GVA per head figures – Table 2.

Year	CE projection	LEP target	Difference
2007	12483	12483	
2008	12387	12387	
2009	10996	10996	
2010	11252	11252	
2011	11294	11294	
2012	11213	11213	
2013	11335	11458	123

2014	11491	11706	216
2015	11672	11961	289
2016	11825	12220	395
2017	12021	12483	462
2018	12254	12753	498
2019	12480	13024	545
2020	12726	13303	577

Similar GVA per capita figures were calculated for the UK. The per capita figures for Cornwall were then divided into the UK per capita figures to produce a percentage figure.

<b>Table 3: GVA PC indexed UK</b>		
<b>Year</b>	<b>CE projection</b>	<b>LEP target</b>
2007	64.1	64.1
2008	64.0	64.0
2009	59.9	59.9
2010	60.6	60.6
2011	60.6	60.6
2012	60.6	60.6
2013	60.5	61.1
2014	60.4	61.6
2015	60.4	61.8
2016	60.3	62.3
2017	60.2	62.5
2018	60.1	62.6
2019	60.1	62.7
2020	59.9	62.7

### **GVA per worker**

The number of those employed was extracted from the CE figures. These were divided into the GVA figures to produce a GVA per person employed. The difference between the CE projection and the LEP target is given in the final column of table 4.

<b>Table 4: GVA per worker</b>			
<b>Year</b>	<b>CE projection</b>	<b>LEP target</b>	<b>Difference</b>
2007	27177	27177	0
2008	27228	27228	0
2009	25700	25700	0
2010	26951	26951	0
2011	28116	28116	0
2012	28520	28520	0
2013	28913	29226	313
2014	29305	29855	550
2015	29723	30458	736
2016	30059	31062	1004
2017	30429	31597	1168
2018	30891	32146	1256
2019	31396	32767	1370

2020	31981	33431	1450
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A similar process was carried out for the UK. The figures for Cornwall were then indexed in relation to the UK figures. The results are shown in Table 5.

<b>Table 5: GVA PW indexed to UK average</b>		
<b>Year</b>	<b>CE projection</b>	<b>LEP target</b>
2007	72.7	72.7
2008	73.4	73.4
2009	71.3	71.3
2010	72.7	72.7
2011	74.9	74.9
2012	75.3	75.3
2013	75.0	75.8
2014	74.7	76.1
2015	74.3	76.1
2016	74.0	76.5
2017	73.7	76.5
2018	73.4	76.4
2019	73.3	76.4
2020	73.1	76.4

## **Definititions - GDP and GVA**

### **i) What is GDP?**

The Gross Domestic Product is the market value of all final goods and services produced within a geographical entity within a given period of time. It is:

- "Gross" because the depreciation of the value of capital used in the production of goods and services has not been deducted from the total value of GDP;
- "Domestic" because it relates only to activities within a domestic economy regardless of ownership (alternatively: "national" if based on nationality);
- "Product" refers to what is being produced, i.e. the goods and services, otherwise known as the output of the economy. This product/output is the end result of the economic activities within an economy. The GDP is the value of this output.

### **ii) Difference between Gross Domestic Product and Gross Value Added.**

GVA equals the value of outputs minus the value of inputs. GDP equals GVA plus any product taxes minus any subsidies. GDP is used by Eurostat to measure output.

**iii) Gross value added (GVA) at market prices** is output at market prices minus intermediate consumption at purchaser prices; it is a balancing item of the national accounts' production account:

- **GVA at producer prices** is output at producer prices minus intermediate consumption at purchaser prices. The producer price is the amount receivable by the producer from the purchaser for a unit of a product minus *value added tax (VAT)*, or similar deductible tax, invoiced to the purchaser.
- **GVA at basic prices** is output at basic prices minus intermediate consumption at purchaser prices. The basic price is the amount receivable by the producer from the purchaser for a unit of a product minus any *tax on the product* plus any *subsidy on the product*.

**GVA at factor costs** is not a concept explicitly used in national accounts. It can be derived by subtracting *other taxes on production* from GVA at basic prices and adding *other subsidies on production*.

GVA can be broken down by industry. The sum of GVA at basic prices over all industries plus taxes on products minus subsidies on products gives gross domestic product. Gross value added of the total economy usually accounts for more than 90 % of GDP.