

Technical Notes

In the 2008 SW Regional Accounts, there is an important departure from ONS Regional Accounts methodology relating to Financial Services Indirectly Measured (FSIM). ONS Regional Accounts allocate UK FSIM to regions on the basis of the size of the financial sector. However, FSIM is generated from activity in the wider economy (such as from the bank deposits of companies). The SW Regional Accounts allocate FSIM to regions on the basis of industries that make use of banking services. This results, for example, in a charge to the SW region in 2004 of £3.70bn compared to ONS's estimate of £2.85bn. Generally, the approach increases productivity in London at the expense of the provinces.

It should be noted that the regional estimates of GVA in the SW Regional Accounts include elements within the oil and gas extraction industry that ONS class largely as 'extra-regio'. This has the effect of increasing SW Regional Account productivity estimates in certain regions, notably Scotland and London. For more direct comparison with ONS methodology, the oil and gas sector in the SW Regional Accounts should be omitted.

ONS have released the following statement to accompany the latest ABI/2 data *'The regional capital expenditure figures do not meet the ONS quality standards and, consequently, do not have National Statistics status'*. Regional capital expenditure figures are therefore classed as 'poor' within the SW Regional Accounts.