



States of
Alderney

Alderney Annual GVA and GDP Bulletin

2019 - 2021

Issue date: 29th March 2023

This bulletin presents estimates of the Gross Domestic Product of Alderney, along with the Gross Value Added by each sector.



States of Guernsey
Data and Analysis

1.1 Introduction

This bulletin is the first to present estimates of the size of Alderney's economy using Economic Activity Return data for 2019, 2020 and 2021. Alderney's economy (like many other small jurisdictions, including Guernsey) is estimated using the 'income' approach.

Economic activity, using the income approach, is calculated as the sum of:

- Compensation of employees (which includes remuneration in the form of wages paid to employees plus estimates of pension and social security contributions paid on their behalf by their employer)
- Gross operating surplus (which is equated to company trading profits and public sector trading body surpluses)
- Mixed income (the remuneration and profits of sole traders)
- Income of households (rental income and owner occupied imputed rents, net of maintenance and borrowing costs)

Calculations used information from the new Economic Activity Return, which was launched in April 2022 and completed by employers in Alderney. Historically, it has been challenging to confidently estimate the size of the Gross operating surplus component for Alderney, since organisations operating in more than one island were not required to provide separate figures relating to Alderney. The Economic Activity Return has enabled GDP and GVA to be estimated confidently for the first time in Alderney. Appendix 1 provides more detail on the plans for further improvements to the methodology.

The bulletin is one of a series of publications, which are available from www.alderney.gov.gg/data.

Contact details are included at the end of this bulletin if you would like further information.

2.1 GDP and GDP per capita

Estimated total GDP for 2021 in Alderney is £53 million, which is 16% higher than 2020 in nominal terms, as shown in **Table 2.1.1** and **Figure 2.1.1**. The increase in Alderney's GDP in 2021 follows a minimal increase, in nominal terms, during 2020.

GDP for 2019, 2020 and 2021 are estimates only.

In 2021 GDP per capita (per head of population) in Alderney was estimated to be £25,328 which was 12% higher than 2020 in nominal terms, as shown in **Table 2.1.2** and **Figure 2.1.2**.

The 12% increase in GDP per capita in Alderney in 2021 follows a very small increase in GDP per capita during 2020.

Table 2.1.1 GDP

	GDP (£ millions, nominal)	Annual % change in nominal GDP
2019	46	-
2020	46	<1
2021	53	16

Figure 2.1.1 GDP

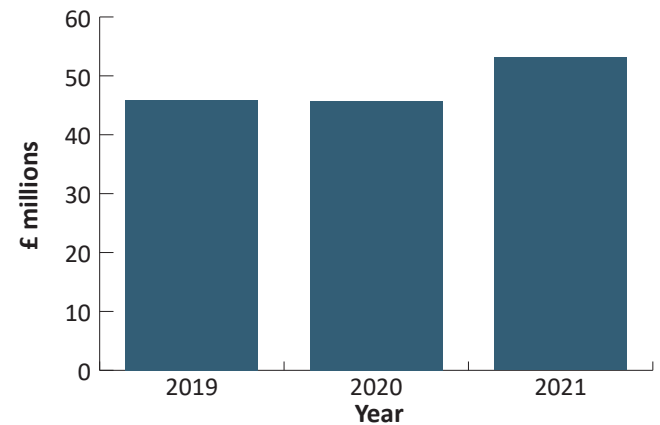
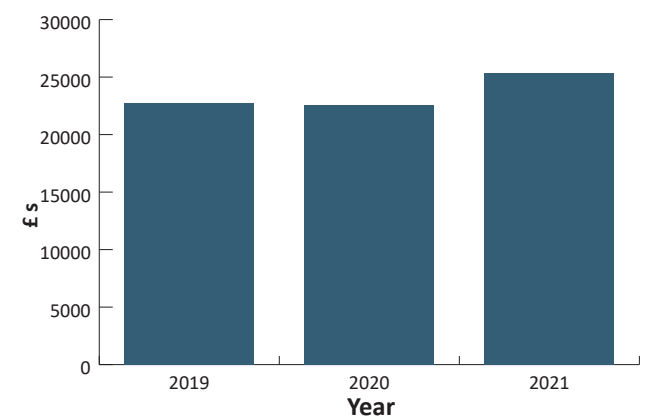


Table 2.1.2 GDP per capita

	GDP per capita (£s, nominal)	Annual % change in nominal GDP per capita
2019	22,765	-
2020	22,603	<1
2021	25,328	12

Figure 2.1.2 GDP per capita



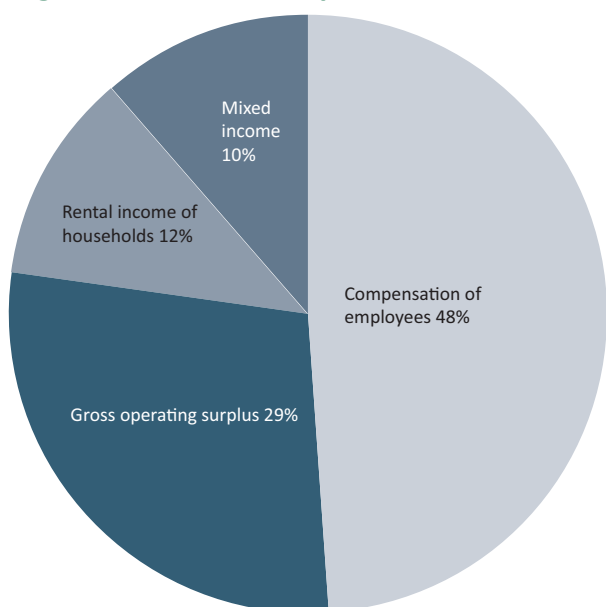
2.2 GDP Components

Table 2.2.1 GDP components (£millions, nominal)

	2019	2020	2021	% change 2020-2021
Compensation of employees	25	24	26	7
Gross operating surplus	10	10	15	48
Mixed income	5	5	6	12
Rental income of households	7	6	6	2
<i>Plus taxes and less subsidies on production*</i>	<1	<1	<1	
GVA basic	44	44	50	14
<i>Plus taxes and less subsidies on products*</i>	2	2	3	
GDP (equal to GVA market)	46	46	53	16

* In GDP calculations taxes and subsidies on products and production are included within the Gross operating surplus component, but are shown explicitly here for information. Prior to 2020, there were no subsidies on production.

Figure 2.2.1 GDP components 2021



GDP comprises the following components; Compensation of employees (remuneration in the form of wages paid to employees plus estimates of pension and social security contributions paid on their behalf by their employer), Gross operating surplus (which is equated to company trading profits and public sector trading body surpluses) and includes the addition of taxes on products and production and the deduction of subsidies on products and production, Mixed income (the remuneration and profits of sole traders), Income of households (generated from the ownership of property and including owner occupiers' imputed rent, net of maintenance and borrowing costs and rental income of private households).

Payroll co-funding and business support schemes, which provided financial support for Alderney businesses adversely affected by the pandemic, totalled £1.2 million in subsidies on production in 2020. In 2021 subsidies on production totalled £360,000. Prior to 2020, there were no subsidies on production.

The largest components of GDP in 2021 were Compensation of employees (representing 48%, £26 million of total GDP) and Gross operating surplus (which represented 29%, £15 million). Other components included Mixed income at 10% (£6 million), Households, 12% (£6 million) as shown in **Figure 2.2.1**. Taxes less subsidies on products and production are included within Gross operating surplus, they are shown in **Table 2.2.1** and totalled £4 million in 2021.

3.1 Sector contributions (nominal)

The analysis by sector is presented as close to “market prices” as possible i.e. with taxes included and subsidies excluded from the relevant sector as far as possible to better show the contribution of each sector to the overall GDP. GDP equals GVA at market prices.

Fifteen of the nineteen economic sectors recorded an increase in GVA between 2020 and 2021, as shown in **Table 3.1.1**.

The Finance sector, recorded the largest GVA in 2021, at £9 million, followed by the Public administration and trading bodies and Wholesale, retail and repairs sectors, both £8 million.

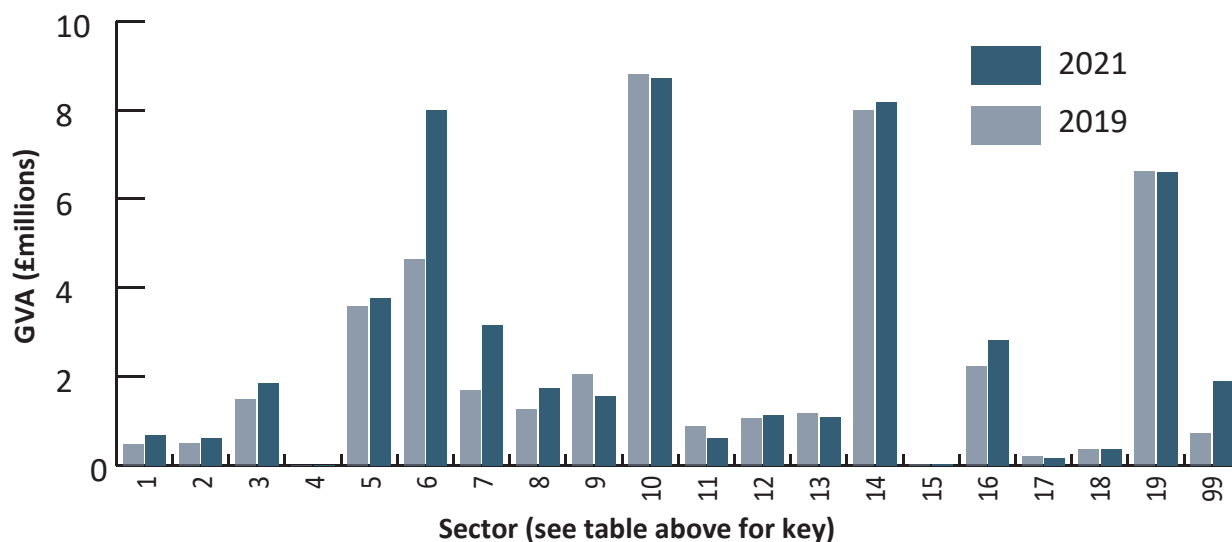
Thirteen economic sectors recorded an increase in GVA between 2019 and 2021, as shown in **Figure 3.1.1**. GVA increased most within the Hostelry, Wholesale, retail and repairs and Agriculture, horticulture, fishing and quarrying sectors between 2019 and 2021.

Real estate activities, Information and communication, Arts entertainment and recreation, Administrative and support service activities, the Finance sector and Households all recorded a decline in GVA between 2019 and 2021.

Table 3.1.1 GVA Market by sector (£millions, nominal)

		2019	2020	2021
1	Agriculture, horticulture, fishing and quarrying	<1	<1	<1
2	Manufacturing	<1	<1	<1
3	Electricity, gas, steam and air conditioning supply	1	2	2
4	Water supply, sewerage, waste management and remediation activities	<1	<1	<1
5	Construction	4	3	4
6	Wholesale, retail and repairs	5	6	8
7	Hostelry	2	2	3
8	Transport and storage	1	1	2
9	Information and communication	2	1	2
10	Finance	9	8	9
11	Real estate activities	<1	<1	<1
12	Professional, business, scientific and technical activities	1	1	1
13	Administrative and support service activities	1	<1	1
14	Public administration and trading bodies	8	8	8
15	Education	<1	<1	<1
16	Human health, social and charitable work activities	2	2	3
17	Arts, entertainment and recreation	<1	<1	<1
18	Other service activities	<1	<1	<1
19	Households	7	6	7
99	Uncoded*	<1	<1	2
	GDP (equal to GVA market)	46	46	53

Figure 3.1.1 GVA Market by sector (£millions, nominal)



3.2 Sector contributions - largest contributors

Figure 3.2.1 GVA by sector 2021

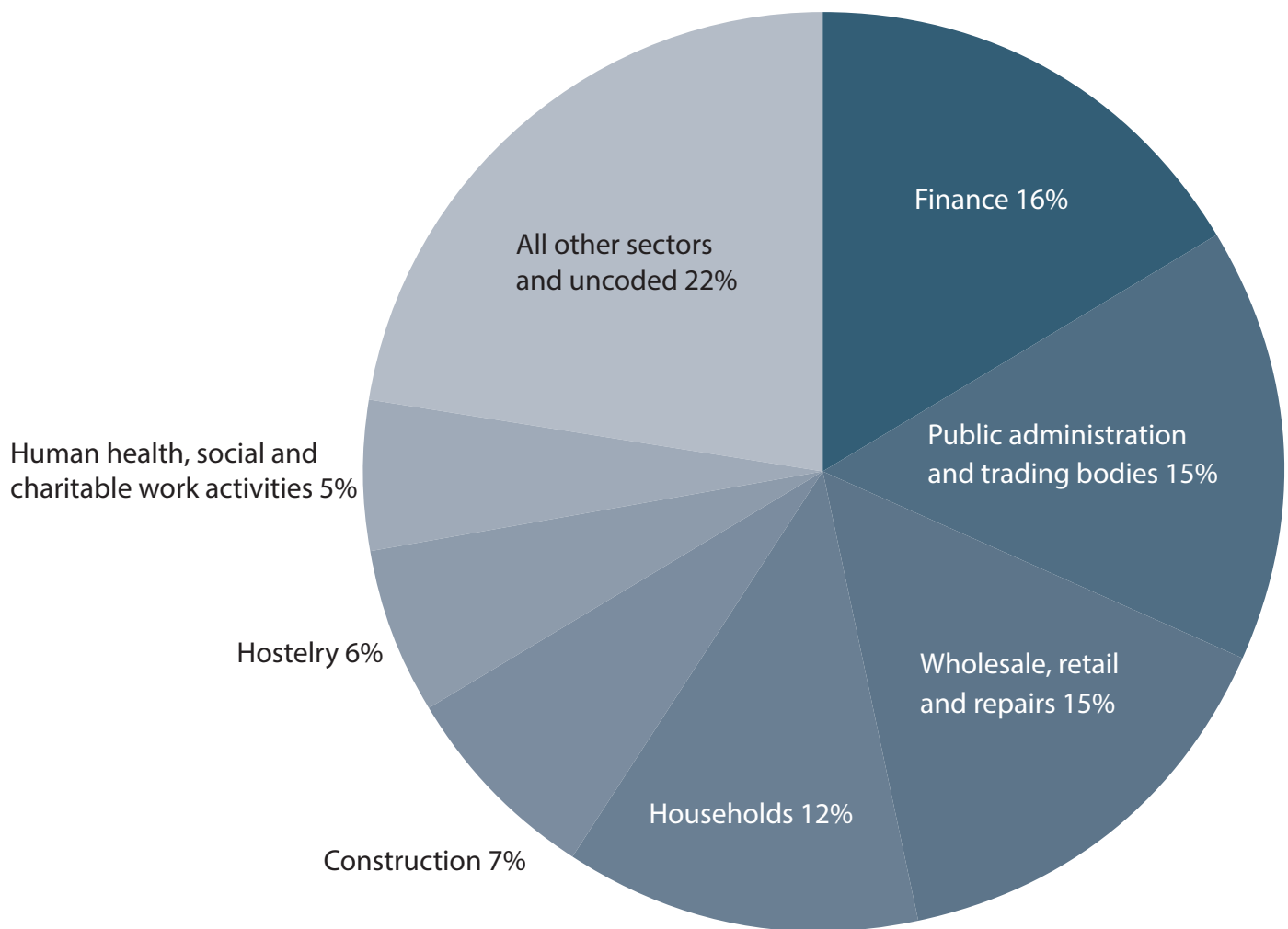


Figure 3.2.1 illustrates GVA for Alderney's largest sectors in 2021. The Finance sector was the largest component of GVA in 2021, representing 16% of GVA in 2021. Public administration and trading bodies was the second largest sector in 2021, accounting for 15% of GVA. Wholesale, retail and repairs was the third largest sector, accounting for 15% of GVA in 2021. Households was the fourth largest sector, accounting for 12% of GVA.

3.2 Sector contributions - largest contributors (continued)

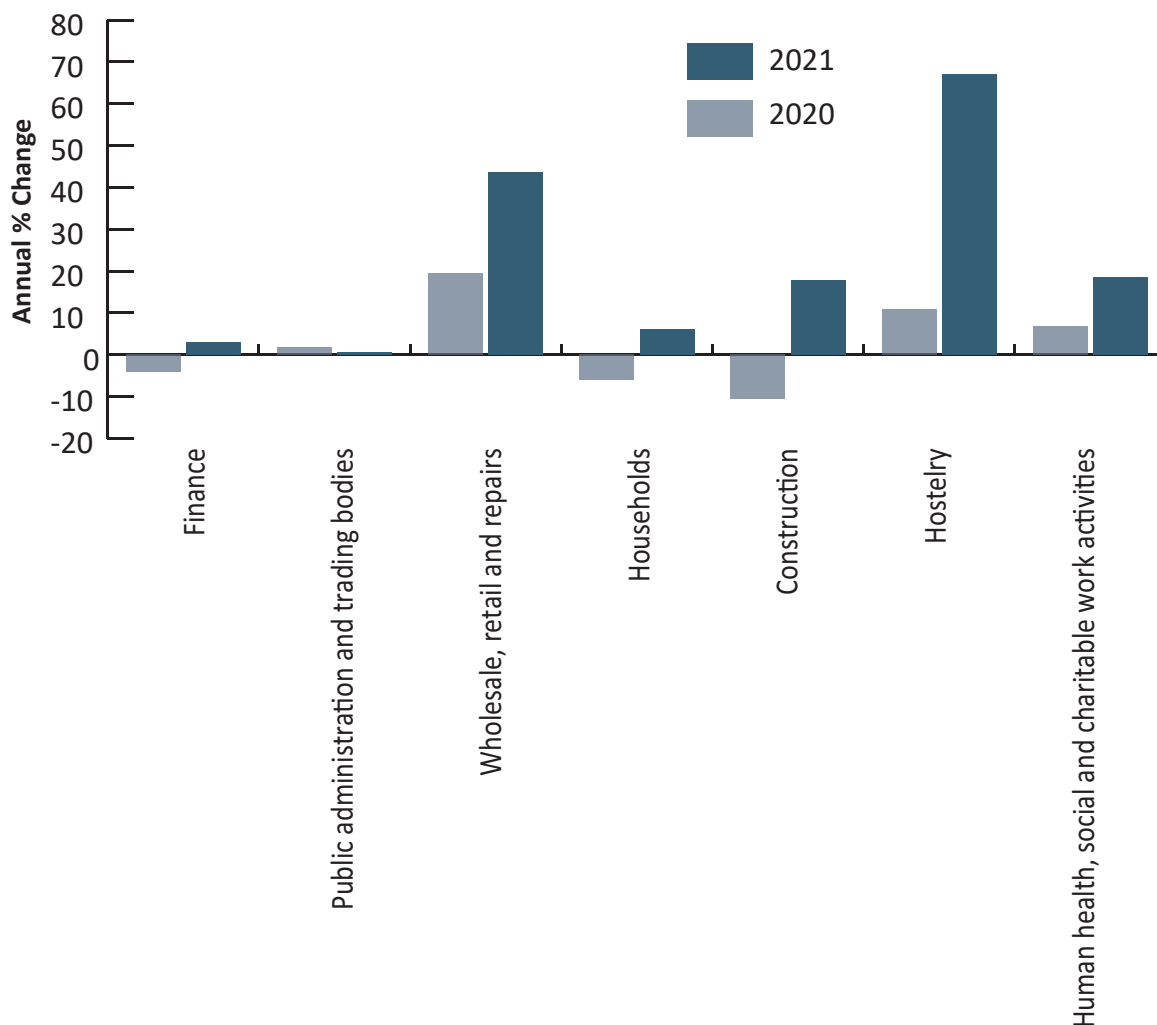
Table 3.2.1 Annual percentage change in GVA Market for largest sectors, by largest sector (% nominal)

		2020	2021
10	Finance	-4	3
14	Public administration and trading bodies	2	1
6	Wholesale, retail and repairs	20	44
19	Households	-6	6
5	Construction	-11	18
7	Hostelry	11	67
16	Human health, social and charitable work activities	7	19

Of the seven largest sectors in Alderney by GVA Market, all seven recorded an increase in GVA during 2021. Hostelry and Wholesale, retail and repairs saw the highest increases in GVA in 2021, 67% and 44% respectively, as shown in **Table 3.2.1** and **Figure 3.2.2**. Finance and Public administration and trading bodies saw the smallest increases in GVA during 2021; 3% and 1% respectively.

During 2020, three of the seven largest sectors recorded a decline in GVA, with the Construction sector recording the largest decline, 11%.

Figure 3.2.2 Annual percentage change in GVA Market for largest sectors, by largest sector



4.1 Methodology

As explained at the start of this bulletin, the Alderney economy is measured using an “income” approach (like many other small jurisdictions including Guernsey and Jersey).

The Data & Analysis team have recently introduced some improvements to the income approach as part of a programme of improvements to the national statistics that are published for the Bailiwick of Guernsey and plan to investigate the feasibility and costs of introducing a second approach as well. In 2020, [The Economic-Statistics \(Guernsey and Alderney\) Law, 2019](#) was enacted. This allowed controlled sharing of some of the data collected for Income Tax purposes with the Data & Analysis service. It has also highlighted inadequacies of using data collected for Income Tax purposes for the purpose of calculating GVA and GDP. Specifically around the Gross Operating Surplus of entities that are part of multi-national enterprises; including those operating across more than one of the islands within the Channel Islands.

To address these inadequacies, the Data & Analysis Service launched a mandatory annual Economic Activity Return for all employers in Alderney in April 2022. The Economic Activity Return comprised a form and was completed by 85 employers in Alderney (see <https://gov.gg/economicactivityreturn>). The information provided by those 85 employers enabled much more confident GVA and GDP calculations for Alderney. As this is a new data source, further validation and revisions may be required over forthcoming years.

Further improvements will be aligned with work to implement a Secondary Pension Scheme in Alderney, which will require individuals and organisations that are employers to provide some additional details via their employer returns, such as:

- Separation of information on wages paid to current employees from pensions paid to past employees
- The occupation of each employee (coded using <https://gov.gg/ocodes>)
- The number of hours worked by each employee (or the hours the employee is contracted to work)
- The value of employer contributions to occupational / secondary pension schemes

This information will be used both within GVA and GDP calculations and to improve measures of average earnings.

4.2 Contact details

You may also be interested in other publications from States of Guernsey Data and Analysis Service, which are all available online at www.alderney.gov.gg/data and www.gov.gg/data. Please contact us for further information.

E-mail: dataandanalysis@gov.gg

Write: Data and Analysis
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH