

Statistical bulletin

# Non-financial business economy, UK (Annual Business Survey): 2011 revised results

Size and growth within the UK's non-financial business sectors: non-financial services, distribution, production, construction and agriculture.



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# 1 . Key points

- In 2011, the income generated by businesses in the UK, less the cost of goods and services used to create this income was estimated to be £977.4 billion. This amount represents the approximate Gross Value Added at basic prices (aGVA) of the UK Business Economy
- Between 2010 and 2011, aGVA recorded a rise of 5.8% (£53.8 billion). This increase is a continuation of the recovery seen between 2009 and 2010 and takes aGVA to a level 1.4% (£13.5 billion) above that seen in 2008, at the start of the recession
- The Service sector, which accounts for over half of aGVA in the UK Business Economy, led this recovery with aGVA rising 5.7% (£28.1 billion) between 2010 and 2011, the second consecutive annual increase, taking it above the level seen in 2008
- In Distribution, Production and Construction there was suppressed growth in aGVA between 2010 and 2011 due to purchase costs increasing at a faster rate than turnover
- Construction had the slowest rate of growth and, unlike the other sectors where aGVA is now close to or above the 2008 level, aGVA remains below that seen in 2008
- When compared to the ABS Provisional results published on 15 November 2012, these revised results show minimal revision for the UK Business Economy. There were upward revisions of 0.6% (£19.2 billion) in turnover, 0.6% (£15.0 billion) in purchases and 0.3% (£3.3 billion) in aGVA. The direction of movements of aGVA for the broad industry groups remain unchanged

## 2 . Overview

This release provides an estimate of the size and growth of the UK Business Economy for 2011 as measured by the Annual Business Survey (ABS). It is the key resource for understanding the detailed structure, conduct and performance of businesses across the UK. The release covers production, construction, distribution, services and parts of agriculture, which together represent the UK Business Economy. Together these industries represent around two thirds of the whole economy of the UK in terms of Gross Value Added. Public administration and defence, public sector health and education and parts of agriculture and finance make up the difference between the UK Business Economy and the whole economy.

Estimates published in this release include turnover, purchases, approximate Gross Value Added at basic prices (aGVA) and employment costs. All data are reported at current prices (effect of price changes included). Where the recession is mentioned it refers to the 'first dip' which started in 2008 rather than the subsequent recession which began at the end of 2011. For more information about the survey see the background notes.

The ABS has a wide range of uses: for example, ABS statistics are essential contributors to the [UK National Accounts](#), including the measurement of [Gross Domestic Product](#) (GDP), they are supplied to Eurostat to meet the requirements of the European Structural Business Statistics (SBS) Regulation, and are used by the Devolved Administrations and central and local government to monitor and inform policy development. For other uses see background note 3.

One question often asked of the ABS release is 'how does the measure of aGVA differ from the GVA measure in the National Accounts?'. The difference is that the ABS measure does not fully allow for some National Accounts concepts such as taxes, subsidies or income earned in kind and is therefore only approximate. Adjustments for these components are made in the calculation of GVA in the National Accounts, which also cover parts of the economy not included in ABS such as the public sector and parts of agriculture and financial services. For further information on aGVA see background note 8.

ONS makes every effort to provide informative commentary on the data in this release. Where possible, the commentary draws on evidence from businesses or other sources of information to help explain possible reasons behind the observed changes. However, in some places it can prove difficult to elicit detailed reasons for movements, for example, businesses may state a 'change in the nature of business activity'. Consequently, it is not possible for all data movements to be fully explained.

### **3 . User engagement**

We constantly aim to improve this release and its associated commentary. We would welcome any feedback you might have, and would be particularly interested in knowing how you make use of these data to inform your work. Please contact us via email: [abs@ons.gov.uk](mailto:abs@ons.gov.uk) or telephone Heather Bovill on +44 (0)1633 455107.

### **4 . UK business economy**

In 2011, the income generated by businesses in the UK, less the cost of goods and services used to create this income was estimated to be £977.4 billion. This amount represents the approximate Gross Value Added at basic prices (aGVA) of the UK Business Economy. Between 2010 and 2011 aGVA increased by 5.8% (£53.8 billion); the second consecutive annual increase, taking it above the level seen in 2008, at the start of the recession. Growth between 2010 and 2011 was faster than that between 2009 and 2010.

The main drivers of aGVA are turnover, the main component of income, and purchases, the main component of the consumed goods and services. The consecutive annual increases seen in aGVA are a result of similar consecutive increases in both turnover and purchases. Turnover increased by 7.4% (£229.3 billion) between 2010 and 2011, while purchases of goods, materials and services increased at a higher rate of 8.6% (£184.7 billion), resulting in aGVA growth that was lower than growth for turnover. As with aGVA, turnover and purchases have now recovered to levels above those seen in 2008, at the start of the recession (see Figure 1).

The recession and recovery described by the ABS between 2008 and 2011 is broadly in line with Gross Domestic Product (GDP) figures published in the National Accounts. Both the ABS aGVA estimates and the National Accounts GDP estimates show a fall between 2008 and 2009 and increases between 2009 and 2010 and between 2010 and 2011.

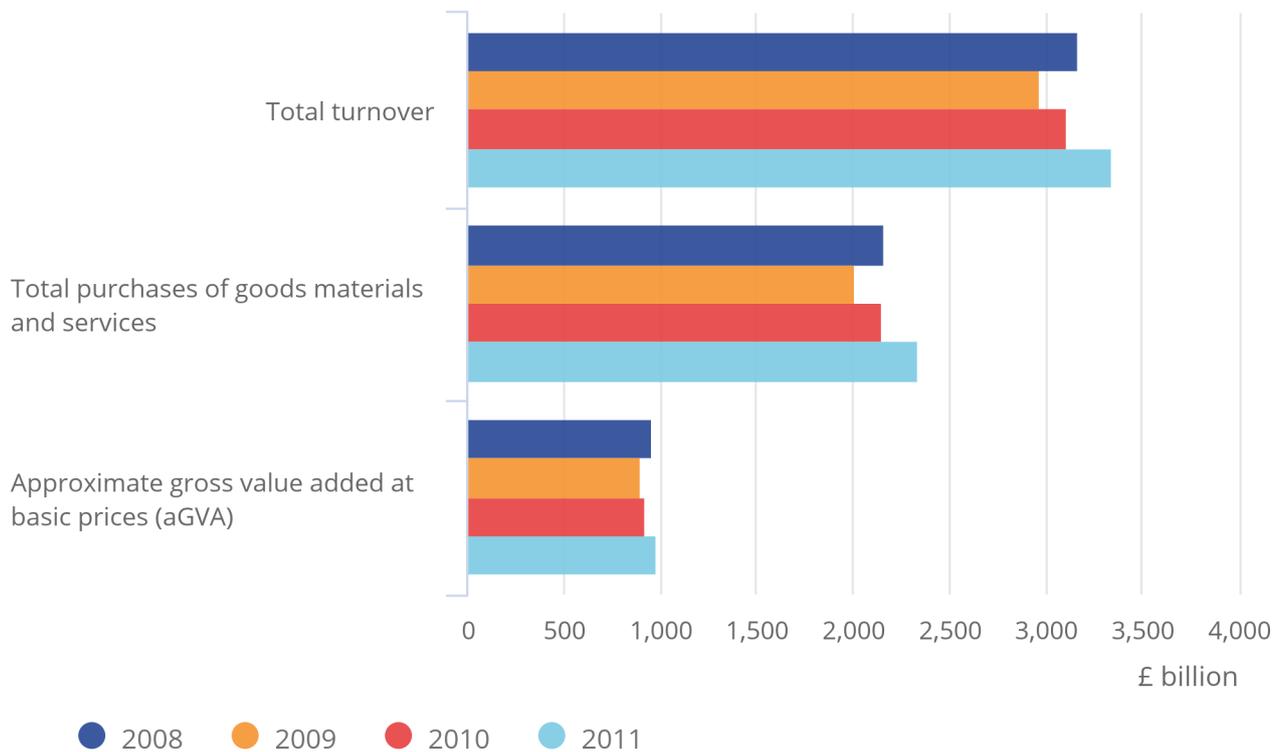
To see which industries are included in the ABS measure of the UK Business Economy, refer to background note 8.

**Figure 1: UK Business Economy (Sections A-S), details of income and expenditure and resulting aGVA, 2008-2011**

Revised 2011 United Kingdom data

Figure 1: UK Business Economy (Sections A-S), details of income and expenditure and resulting aGVA, 2008-2011

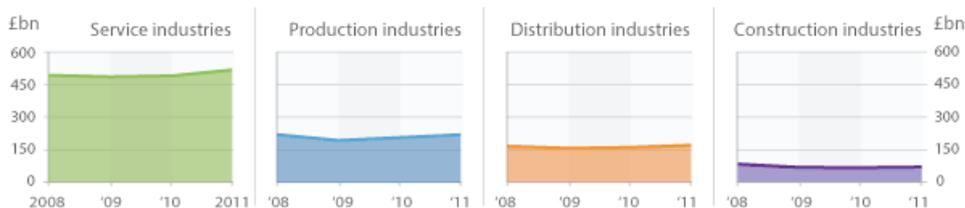
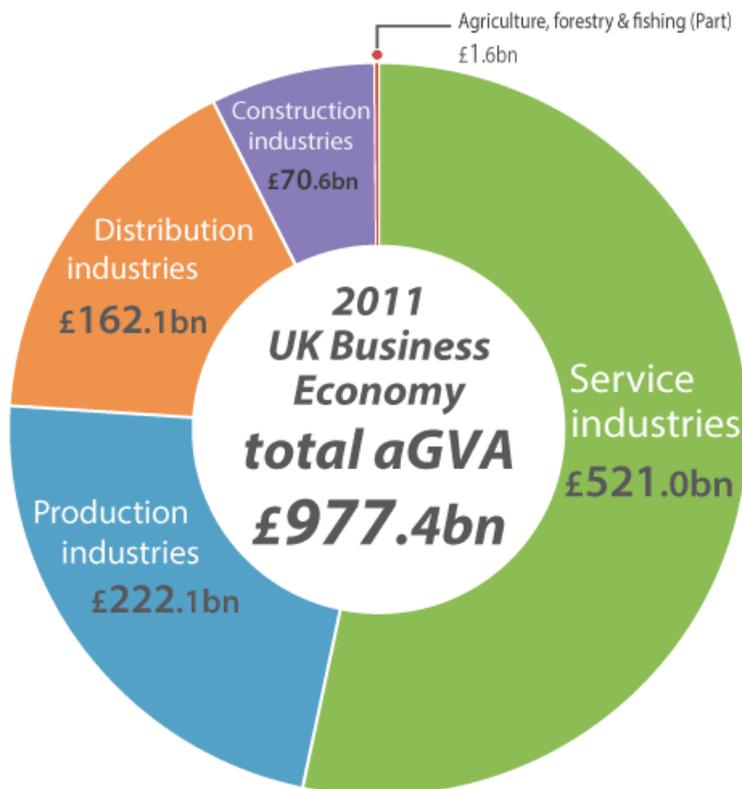
Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

All of the broad industry groups showed recovery in aGVA levels following falls between 2008 and 2009 (see Figures 2 and 3).

**Figure 2: UK Business Economy (Sections A-S), details of aGVA by Sector, 2008-2011**



Note: Agriculture, forestry & fishing data is excluded as it is negligible on comparable scale.

Source: Annual Business Survey (ABS) - Office for National Statistics

Services, the largest broad industry group, contributed most to overall growth. Service sector aGVA rose by £28.1 billion (5.7%) between 2010 and 2011, the second consecutive annual increase taking it to £521.0 billion, which is above the level seen in 2008.

Production, the second largest broad industry group, also saw growth in aGVA between 2010 and 2011, increasing by £13.2 billion (6.3%). This was below the 6.8% growth seen between 2009 and 2010. Despite two years of growth, aGVA for Production, at £222.1 billion in 2011, remains slightly lower than the total for 2008.

The Distribution sector also showed growth for the second consecutive year, with a £9.0 billion (5.9%) increase in aGVA between 2010 and 2011 taking it to £162.1 billion, again above the level seen in 2008.

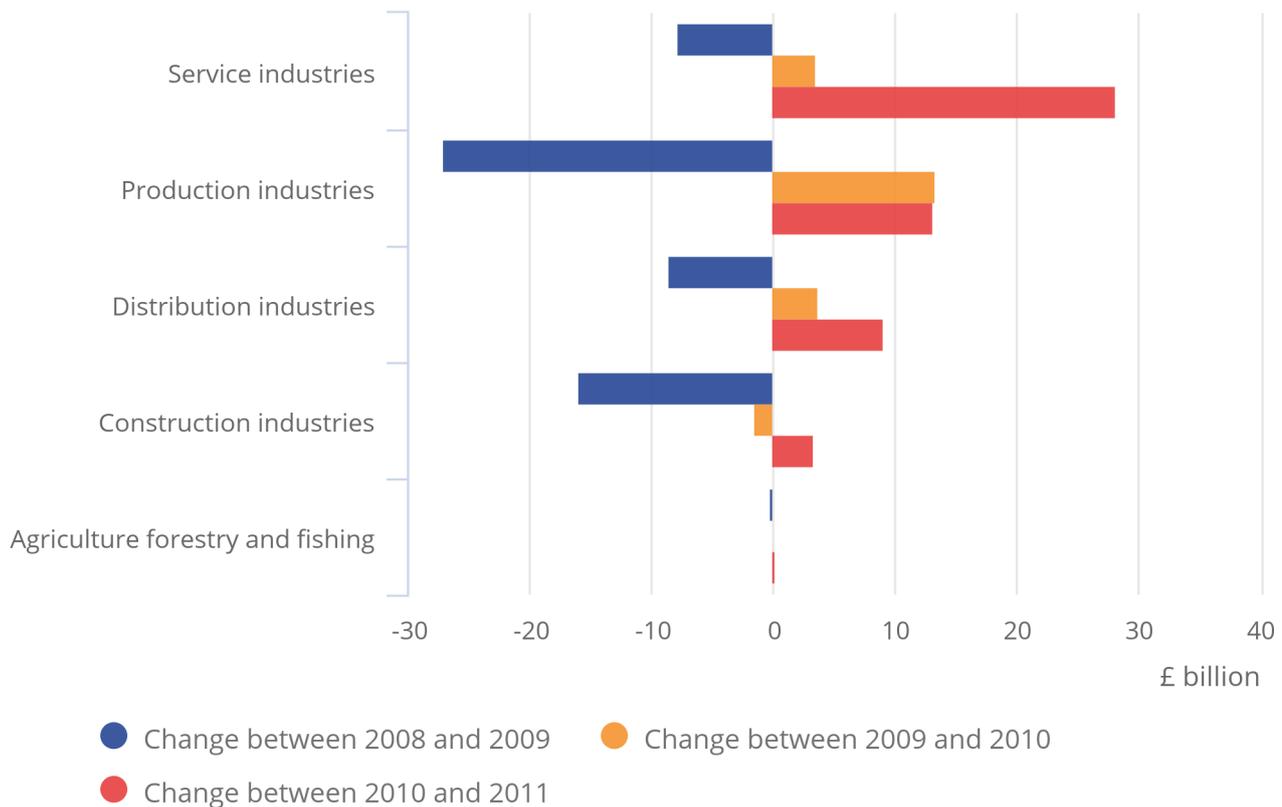
The sectors for Construction and for Agriculture (part), forestry and fishing both show growth in aGVA between 2010 and 2011 for the first time in three years, but their respective estimated totals of £70.6 billion and £1.6 billion still remain lower than the levels in 2008, at the start of the recession.

**Figure 3: UK business economy (sections A-S), details of aGVA growth by sector, 2008-2011**

Revised 2011 United Kingdom data

**Figure 3: UK business economy (sections A-S), details of aGVA growth by sector, 2008-2011**

Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

## 5 . Service industries (sections H-S)

Just over half of the £53.8 billion growth in aGVA between 2010 and 2011 for the UK Business Economy was generated by the Service industries. Over this period Service turnover increased at a faster rate than purchases, 5.1% compared to 4.5%, resulting in aGVA rising by 5.7% (£28.1 billion).

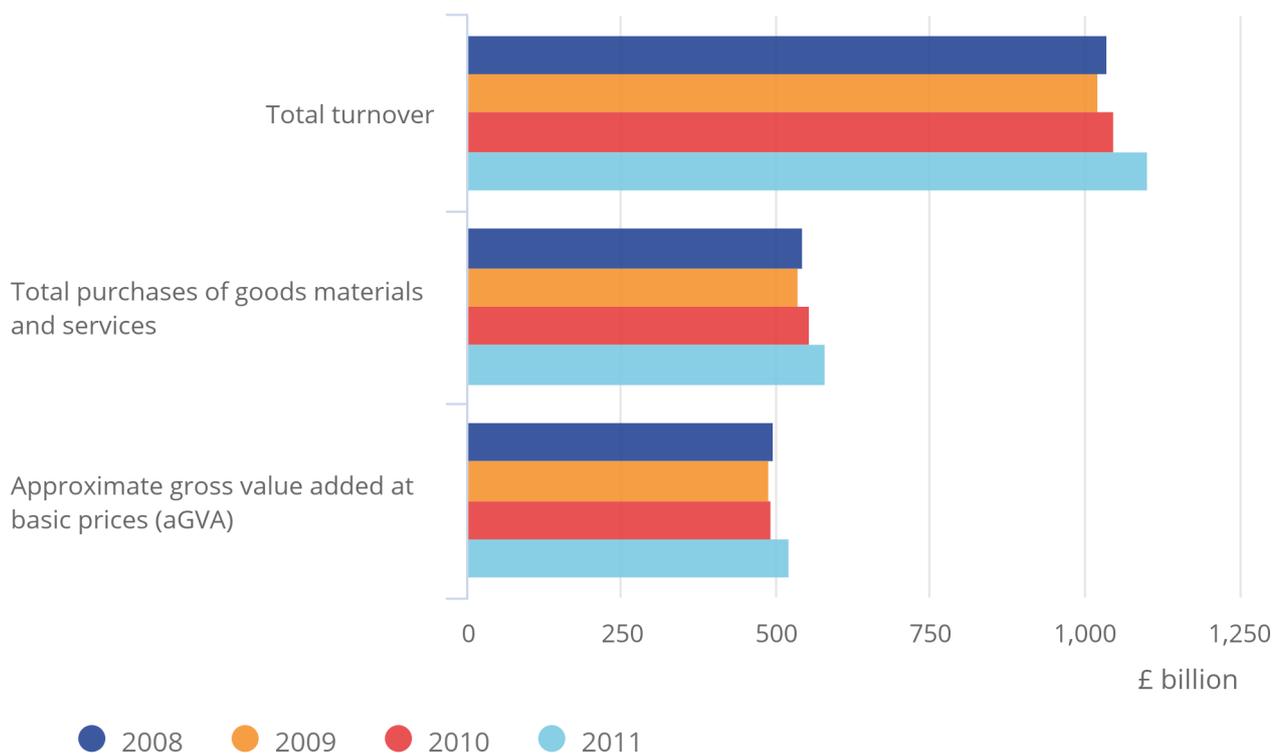
This continues the sector improvement seen between 2009 and 2010, with turnover, purchases and aGVA all now recovered to totals above those in 2008 at the start of the recession (see Figure 4).

**Figure 4: Service Industries (Sections H-S), details of income and expenditure and resulting aGVA, 2008-2011**

Revised 2011 United Kingdom data

**Figure 4: Service Industries (Sections H-S), details of income and expenditure and resulting aGVA, 2008-2011**

Revised 2011 United Kingdom data

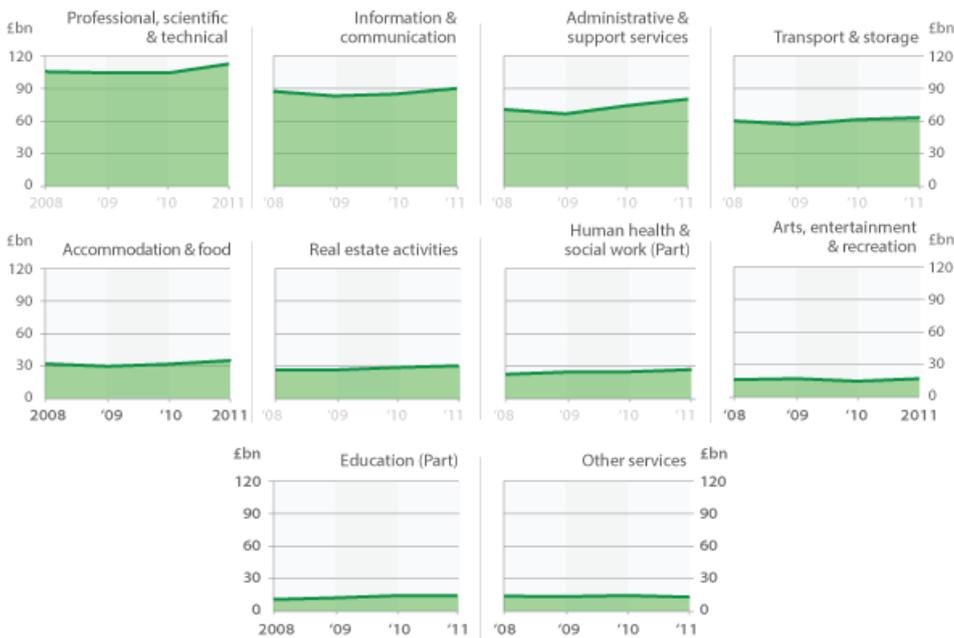
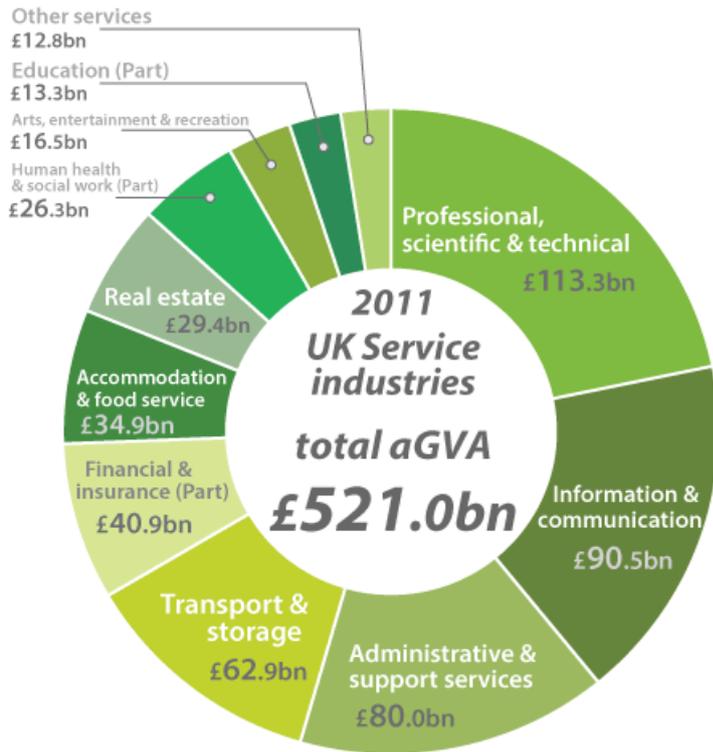


Source: Annual Business Survey (ABS) - Office for National Statistics

The majority of the industries within the Service sector show increases in aGVA between 2010 and 2011 (see Figures 5 and 6). Those industries which have made the largest contributions to growth are Professional, scientific and technical activities (Section M), Administrative and support service activities (Section N), Information and communication (Section J) and Accommodation and food service activities (Section I). Together these industries accounted for an increase in aGVA of £23.3 billion.

**Figure 5: Service industries (sections H-S), details of aGVA by section, 2008-2011**

Revised 2011 United Kingdom data



Financial and insurance (Part) excluded due to break in data series

Source: Annual Business Survey (ABS) - Office for National Statistics

Notes:

1. The sum of constituent items in this chart may not always agree exactly with the totals shown due to rounding

## **Professional, scientific and technical activities (section M)**

Turnover in Professional, scientific and technical activities increased by 5.7% (£10.8 billion) between 2010 and 2011, with purchases showing an increase of only 4.0% (£3.4 billion). This resulted in growth of 8.2% (£8.6 billion) in aGVA, taking it above the level reported for 2008.

This broad section, which covers a range of industries from legal and accounting activities to advertising and market research and veterinary activities, saw increases in aGVA in almost all its divisions between 2010 and 2011. Those making the largest impact on aGVA growth were Activities of head offices; management consultancy and related activities (Division 70), Legal and accounting activities (Division 69) and Advertising and market research (Division 73). All three divisions showed healthy increases in turnover coupled with either decreasing or smaller increase in purchases.

## **Administrative and support activities (section N)**

Between 2010 and 2011 Administrative and support activities saw turnover rise by 8.5% (£13.0 billion), while purchases increased by 8.7% (£6.8 billion) leading to an aGVA increase of 8.2% (£6.1 billion). As with Professional, scientific and technical activities, aGVA for Administrative and support activities is now above the level seen in 2008 at the start of the recession.

The main industries driving growth within Administrative and support activities were Rental and leasing activities (Division 77) where aGVA increased by 18.6% (£2.3 billion). This growth may be related to the current economic climate resulting in an increased tendency to rent or lease, as opposed to buying, for example vehicles and machinery. Office administration, office support and other business support activities (Division 82) and Travel agency, tour operator and other reservation service and related activities (Division 79) also made significant contributions to the increase in aGVA.

## **Information and communication (section J)**

Information and communication experienced a 3.2% (£5.9 billion) rise in turnover, which, coupled with a very small 0.1% (£0.1 billion) fall in purchases, resulted in growth in aGVA of 6.0% (£5.2 billion) between 2010 and 2011. This took aGVA to a level 3.1% (£2.7 billion) higher than in 2008.

The majority of industries within Information and communication showed an increase in aGVA between 2010 and 2011, with the biggest driver of growth coming from Computer programming, consultancy and related activities (Division 62). Some businesses reported that they were taking cost cutting measures such as the disposal of fixed assets.

## **Accommodation and food service activities (section I)**

Turnover in Accommodation and food service activities increased by 5.6% (£3.8 billion) between 2010 and 2011, with purchases rising by only 1.0% (£0.4 billion) resulting in an 11.2% increase in aGVA (£3.5 billion).

The main driver of the aGVA increase was Food and beverage serving services (Division 56). There may be a range of reasons for growth across this division. Some businesses, for example, reported expansion of restaurant chains during 2011 and others stated that sales in 2011 were less affected by snow than in 2010, when adverse weather was reported to have suppressed turnover.

## **Finance and insurance (section K(part))**

Validation of data returns for 2011 have highlighted that a small number of businesses within the Finance and insurance sector were returning global figures rather than UK only. Results for 2011 and 2010 have been revised to reflect UK figures, but previous years (2008 and 2009) have not been revised and should therefore not be compared directly with 2010 and 2011.

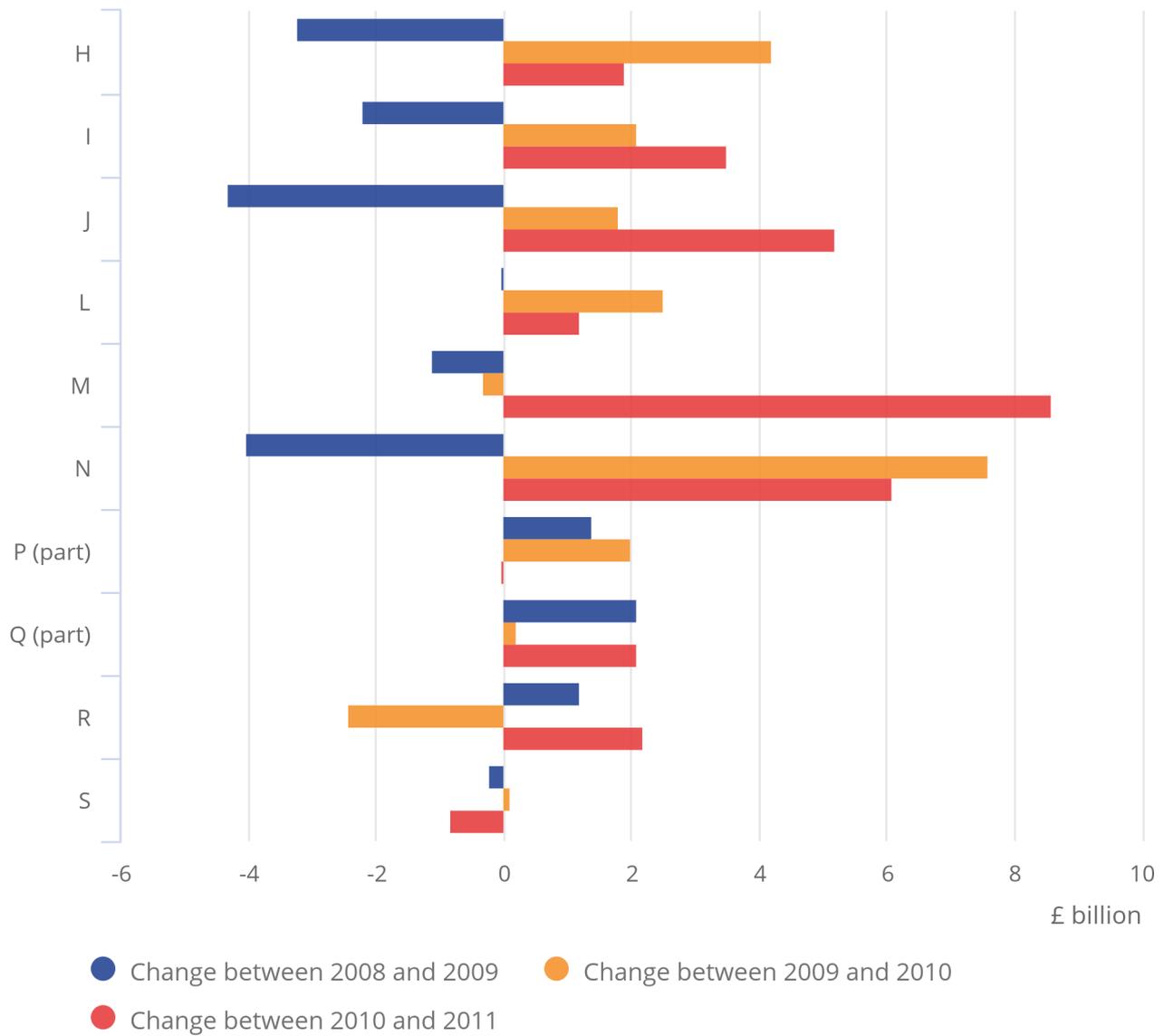
Results for this sector are experimental and any comparisons between years should be undertaken with caution.

**Figure 6: Service industries (sections H-S), details of aGVA growth by section, 2008-2011**

Revised 2011 United Kingdom data

Figure 6: Service industries (sections H-S), details of aGVA growth by section, 2008-2011

Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

Notes:

1. H - Transport and storage
2. I - Accommodation and food service activities
3. J - Information and communication
4. L - Real estate activities
5. M - Professional, scientific and technical activities
6. N - Administrative and support service activities
7. P (part) - Education
8. Q (part) - Human health and social work activities
9. R - Arts, entertainment and recreation
10. S - Other service activities
11. K (part) - Finance and insurance excluded due to break in data series

## **6 . Production industries (sections B-E)**

Around a quarter of the £53.8 billion growth in aGVA between 2010 and 2011 for the UK Business Economy was generated by the Production industries.

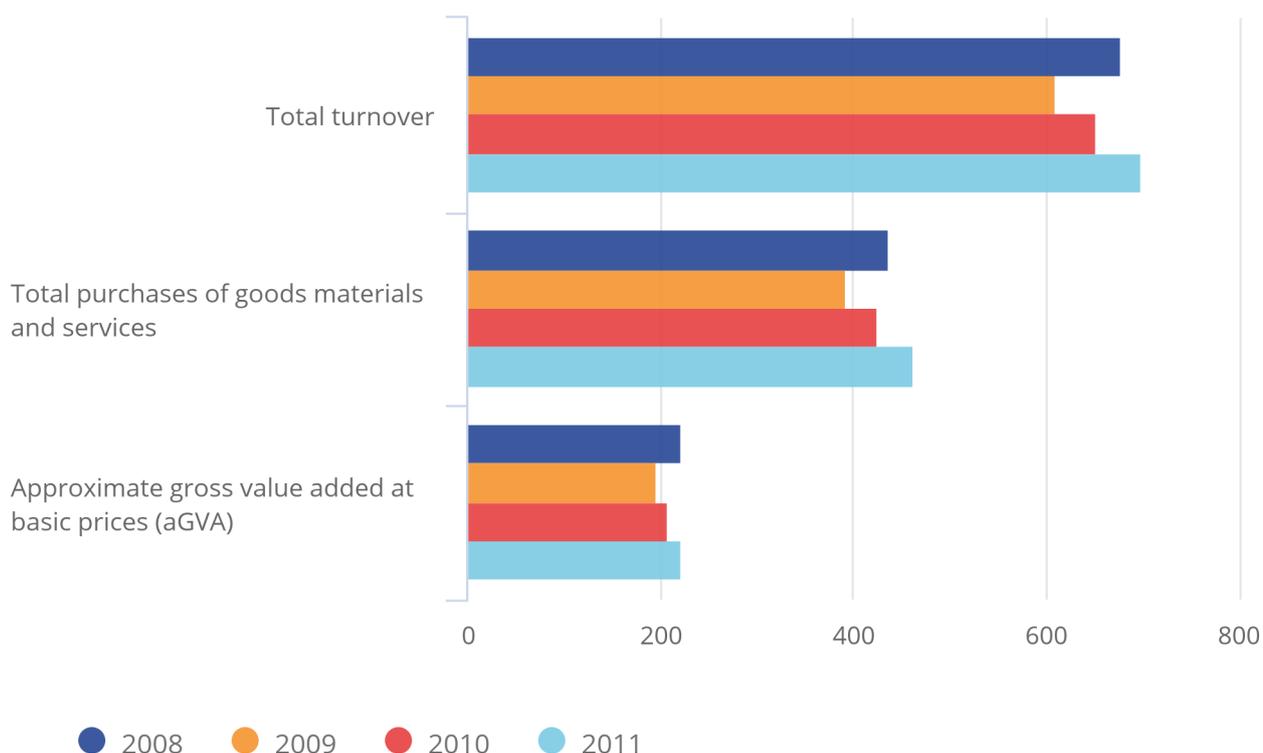
Both turnover and purchases saw an increase over the period, but unlike in the Service sector, purchases in the Production industries increased at a faster rate (8.9%, £38.1 billion) than turnover (7.2%, £46.7 billion). This is most likely the result of the rising costs of raw materials and the price of oil which may not have been passed on in full to customers, leading to depressed aGVA growth of 6.3% (£13.2 billion). This second year of growth leaves Production aGVA in 2011 just £0.4 billion short of the level in 2008 before the recession (see Figure 7).

**Figure 7: Production Industries (Sections B-E), details of income and expenditure and resulting aGVA, 2008-2011**

Revised 2011 United Kingdom data

**Figure 7: Production Industries (Sections B-E), details of income and expenditure and resulting aGVA, 2008-2011**

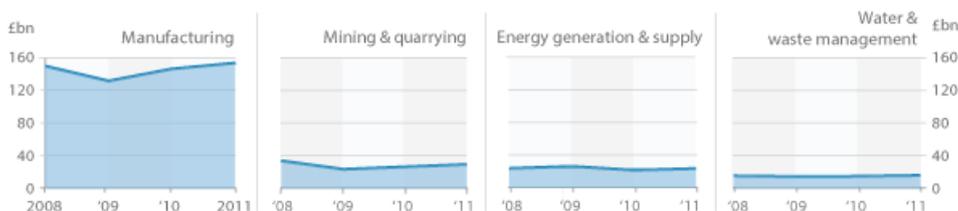
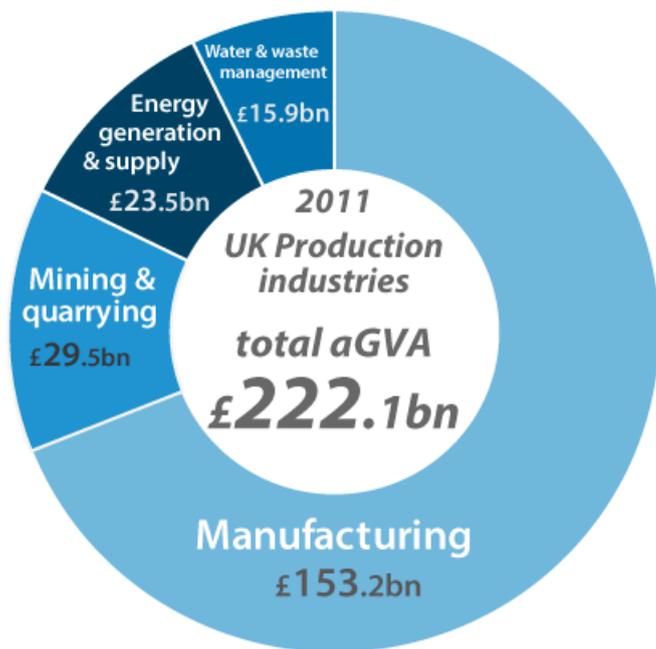
Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

There was growth in aGVA in all sections within Production between 2010 and 2011, but the continued recovery in Production was mainly driven by Manufacturing, which saw an increase in aGVA of £7.2 billion (4.9%) (see Figures 8 and 9). Both purchases and turnover increased for this sector, although the rise in purchases was higher than that for turnover (8.3% and 6.4% respectively), suppressing growth in aGVA.

**Figure 8: Production Industries (Sections B-E), details of aGVA by Section, 2008-2011**



Source: Annual Business Survey (ABS) - Office for National Statistics

### Manufacturing (section C)

The picture within Manufacturing was mixed: while the majority of divisions saw increases in aGVA between 2010 and 2011, eight of the 24 divisions experienced falls.

The growth in Manufacturing was driven primarily by Manufacture of machinery and equipment not elsewhere classified (n.e.c.) (Division 28), Manufacture of other transport equipment (Division 30), Manufacture of fabricated metal products, except machinery and equipment (Division 25) and Manufacture of motor vehicles, trailers and semi-trailers (Division 29). Together these four divisions accounted for an increase in aGVA of £5.3 billion.

There may be a range of reasons for growth across these divisions. Some businesses cited an upturn in business in 2011; others cited reduced headcount and streamlined working practices.

The Society of Motor Manufacturers and Traders suggest that growth in Motor vehicle manufacture (Division 29) in 2011 was driven by exports rather than domestic purchases of vehicles. In particular, emerging luxury car markets in locations such as Russia and China have increased demand for UK built models.

While not major drivers of the change in Production aGVA between 2010 and 2011, Mining and quarrying, Electricity, gas, steam and air conditioning supply and Water supply, sewerage, waste management, and remediation activities all showed a recovery in aGVA.

## **Mining and quarrying (section B, which includes oil and gas extraction)**

Mining and quarrying saw increases of 15.0% (£7.2 billion) in turnover and 20.8% (£4.6 billion) in purchases resulting in 11.5% (£3.0 billion) growth in aGVA. The increase in purchases between 2010 and 2011 was partly due to the rise in global prices of gas and oil. These were likely to have been affected by the Arab spring uprisings and the Fukushima nuclear disaster.

## **Electricity, gas, steam and air conditioning supply (section D)**

Electricity, gas, steam and air conditioning supply saw increases between 2010 and 2011 of 6.7% (£6.3 billion) in turnover and 7.6% (£5.5 billion) in purchases, with aGVA increasing by 9.0% (£1.9 billion). This increase takes aGVA close to the 2008 level, but still below the peak in 2009. This 2010 to 2011 growth is primarily driven by production of electricity and sale of electricity. Increased prices continue to be a driver of the growth in turnover, suspected to be influenced by the same factors as those identified for Mining and quarrying.

## **Water supply, sewerage, waste management, and remediation activities (section E)**

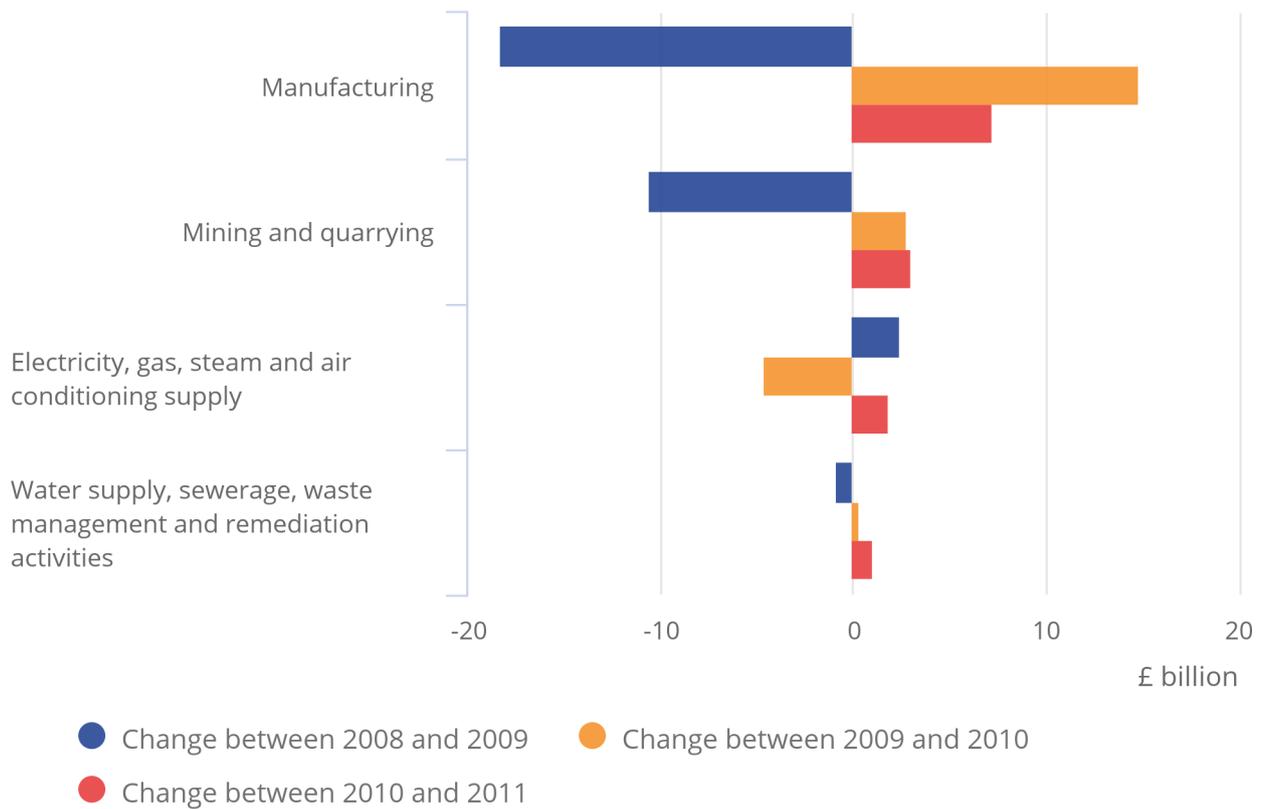
Water supply, sewerage, waste management, and remediation activities saw an increase of 7.2% (£1.1 billion) in aGVA. Growth was driven by increases in aGVA for the Treatment and disposal of non-hazardous waste and Recovery of sorted materials such as recycling.

**Figure 9: Production industries (sections B-E), details of aGVA growth by section, 2008-2011**

Revised 2011 United Kingdom data

**Figure 9: Production industries (sections B-E), details of aGVA growth by section, 2008-2011**

Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

## 7 . Distribution industries (section G)

Around a sixth of the £53.8 billion growth in aGVA between 2010 and 2011 for the UK Business Economy was generated by the Distribution industries.

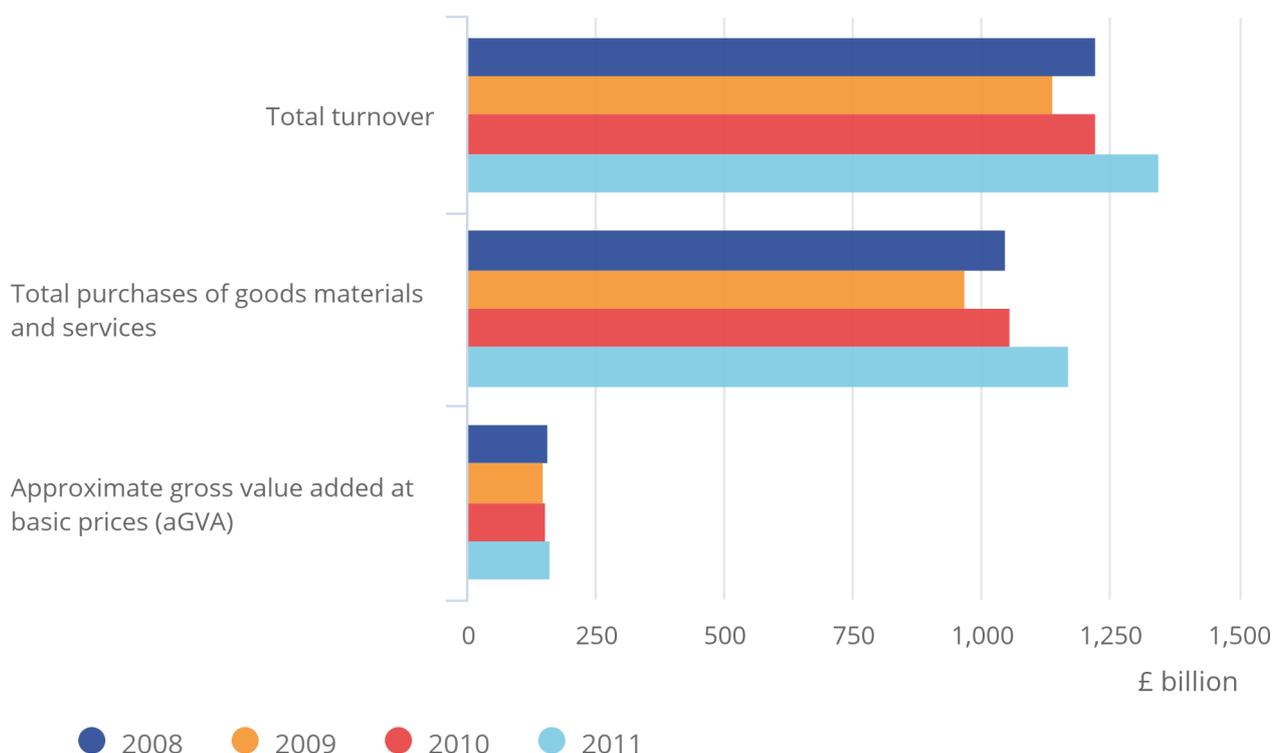
The Distribution industries saw a 10.0% (£122.1 billion) rise in turnover and a 10.9% (£114.6 billion) increase in purchases between 2010 and 2011, resulting in 5.9% (£9.0 billion) growth in aGVA. This is the second consecutive year of growth, with the rate of growth picking up from that seen between 2009 and 2010; taking aGVA above the level seen in 2008 at the start of the recession (see Figure 10).

**Figure 10: Distribution Industries (Section G), details of income and expenditure and resulting aGVA, 2008-2011**

Revised 2011 United Kingdom data

Figure 10: Distribution Industries (Section G), details of income and expenditure and resulting aGVA, 2008-2011

Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

Performance within Distribution was mixed (see Figures 11 and 12). The growth in aGVA for Distribution was driven by Wholesale trade, except of motor vehicles and motorcycles (Division 46 – also referred to as Wholesale).

**Figure 11: Distribution Industries (Section G), details of aGVA by Division, 2008-2011**



Source: Annual Business Survey (ABS) - Office for National Statistics

### Wholesale (excluding motor trades) (division 46)

Wholesale saw an increase in aGVA between 2010 and 2011 for the first time since the series began in 2008, with Wholesale of solid, liquid and gaseous fuels (Class 46.71) driving the growth. The division saw a large increase in both turnover and purchases, both impacted by increased oil costs during 2011.

### Motor trades (wholesale and retail) (division 45)

Motor trades also contributed to the growth in Distribution, with a growth in aGVA of 6.1% (£1.3 billion), as turnover increased at a higher rate than purchases (4.3% and 3.9% respectively between 2010 and 2011). This increase in aGVA was the second consecutive annual increase following a fall between 2008 and 2009.

Between 2009 and 2010, aGVA increased by 20.7% (£3.8 billion) largely due to the sale of new cars as the Government car scrappage scheme (which ran from May 2009 to April 2010) aided this industry. The market now looks to have changed in composition. Between 2010 and 2011 most of the increase in aGVA was generated from the Maintenance and repair of motor vehicles (Group 45.2), which saw an increase in aGVA of 16.6% (£1.0 billion). In contrast Sales of motor vehicles (Group 45.1) fell by 1.7% (£0.2 billion). This suggests that consumers may have brought forward purchases of new vehicles to take advantage of the scrappage scheme. It also aligns with the export driven increase in Manufacture of motor vehicles (Group 29.1) in the Production sector, suggesting that UK consumers are holding onto their vehicles and maintaining them rather than trading them in for a new model.

## **Retail (excluding motor trades) (division 47)**

In contrast, aGVA in retail saw a decrease of 1.0% (£0.7 billion) between 2010 and 2011, although the general trend without industry restructures and reclassification changes would be a lot flatter. This fall in aGVA was a result of a 2.7% (£9.1 billion) increase in turnover and a larger 3.3% (£8.7 billion) increase in purchases between 2010 and 2011. This may suggest that due to the difficult economic climate businesses have felt unable to pass on the full increase in costs to customers.

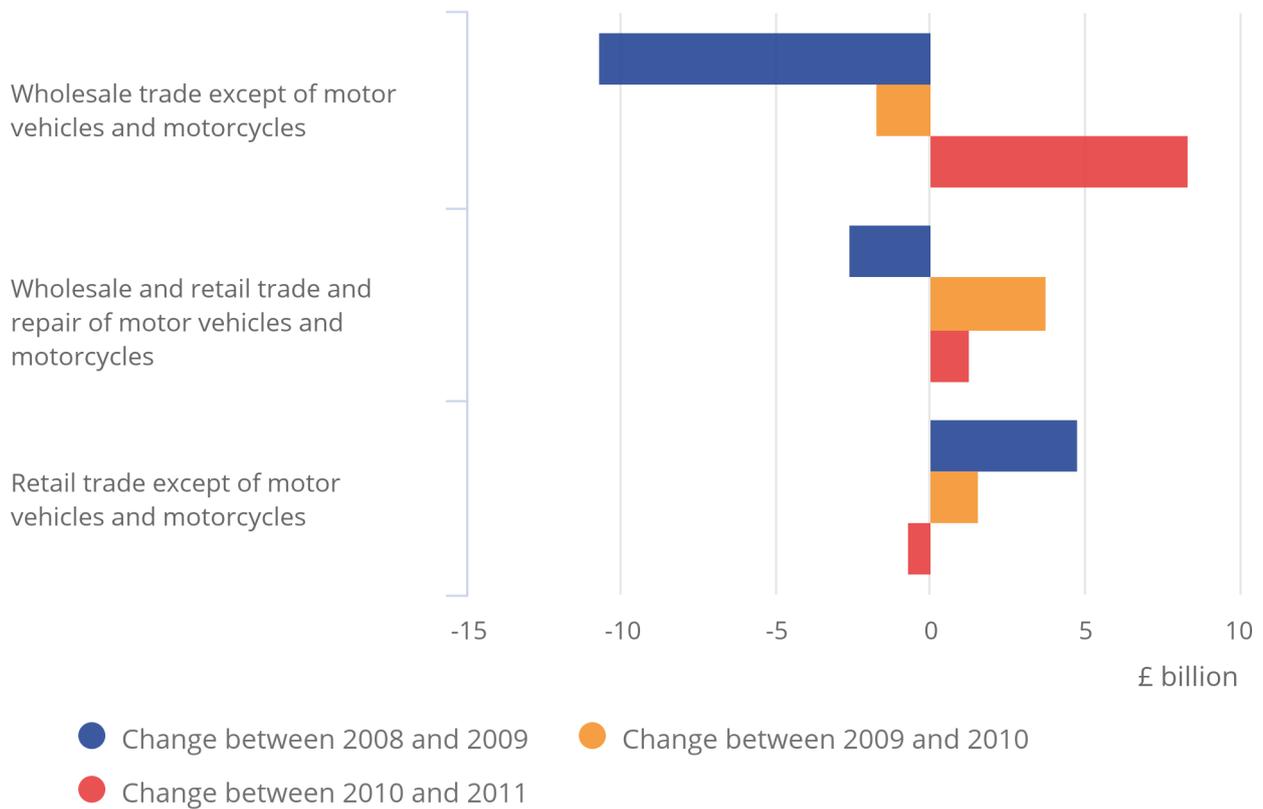
The increases in turnover and purchases were driven by Retail sale in non-specialised stores (Group 47.1) which includes superstores and department stores. Perhaps unsurprisingly, reports from businesses indicate that turnover from mail orders and via the Internet increased at a higher rate than turnover from shops. Although increasing, retail sales from mail order and the Internet remain a small share of total turnover. The decrease in aGVA follows two consecutive years of aGVA growth since the series began in 2008.

**Figure 12: Distribution industries (section G), details of aGVA growth by division, 2008-2011**

Revised 2011 United Kingdom data

Figure 12: Distribution industries (section G), details of aGVA growth by division, 2008-2011

Revised 2011 United Kingdom data



Source: Source: Annual Business Survey (ABS) - Office for National Statistics

### Notes for Distribution industries (section G)

1. Please note that the ABS annual figures for the Retail industry should not be compared directly with the annual 'value non seasonally adjusted' figures in the monthly 'Retail Sales Inquiry' release because:
  - the ABS figures cover the United Kingdom, while the 'Retail Sales Inquiry' covers Great Britain only
  - the ABS 'total' turnover figures in the main results tables represent sales to both business and the public and are published excluding VAT, while those in the 'Retail Sales Inquiry' represent sales to the public only and are published including VAT
  - the ABS does publish 'retail' turnover figures (for sales to the public only) in its Retail Commodities tables which are including VAT and will be closer to 'Retail Sales Inquiry' figures, however
  - the ABS 'retail' turnover figures includes data for National Health Service receipts and commissions whereas the 'Retail Sales Inquiry' do not. Retail Sales Inquiry does not cover household spending on services bought from the retail sector as it is designed to only cover goods
  - while both quote figures for a calendar year, the 'Retail Sales Inquiry' are based on the aggregate of the responses to 12 monthly surveys, whereas ABS figures are based on annual responses covering a range of financial years

## 8 . Construction industries (section F)

The Construction industries contributed just 6.1% of the £53.8 billion increase in aGVA between 2010 and 2011 for the UK Business Economy.

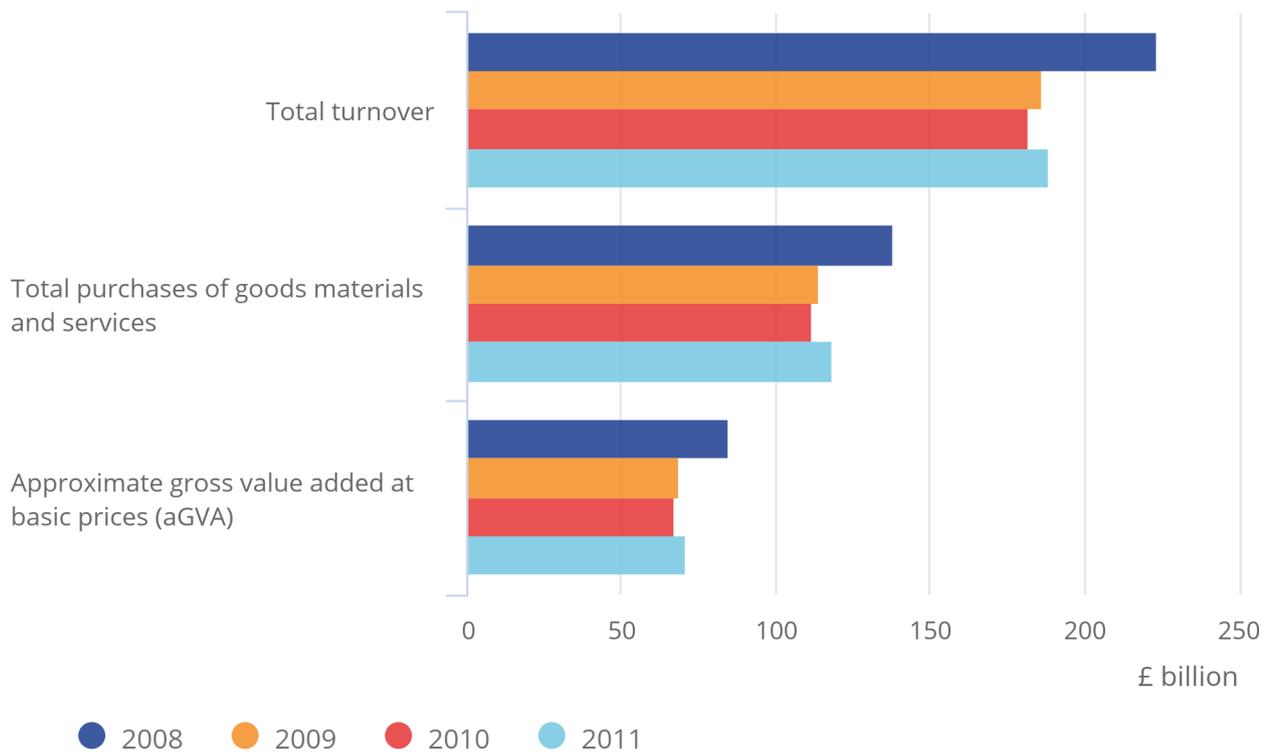
Construction turnover increased by 3.5% (£6.4 billion) in 2011 with purchases also increasing by 6.1% (£6.8 billion) to give overall growth in aGVA of 4.9% (£3.3 billion). This is the first time in three years that there has been any annual growth, but still leaves Construction aGVA in 2011 £14.2 billion lower than the level in 2008 before the recession (see Figure 13).

**Figure 13: Construction Industries (Section F), details of income and expenditure and resulting aGVA, 2008-2011**

Revised 2011 United Kingdom data

**Figure 13: Construction Industries (Section F), details of income and expenditure and resulting aGVA, 2008-2011**

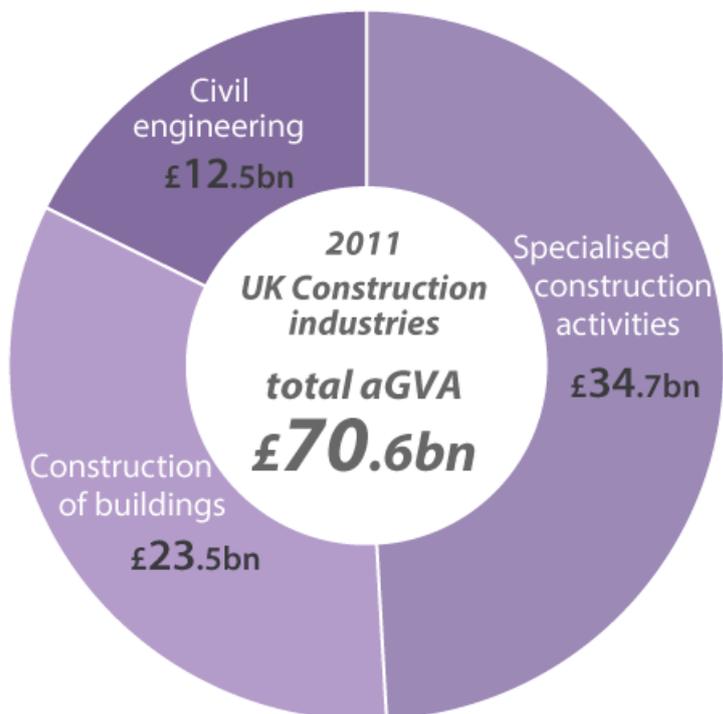
Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

All divisions within Construction saw increases in aGVA, although the increase in aGVA was mainly driven by the rise in Specialised construction activities.

**Figure 14: Construction industries (section F), details of aGVA by division, 2008-2011**



Source: Annual Business Survey (ABS) - Office for National Statistics

**Notes:**

1. The sum of constituent items in this chart may not always agree exactly with the totals shown due to rounding

**Specialised construction activities (division 43)**

Specialised construction saw a 6.0% (£2.0 billion) increase in aGVA between 2010 and 2011, a result of a 7.8% (£5.7 billion) rise in turnover and a 9.8% (£4.0 billion) increase in purchases (see Figures 14 and 15). This is the only division within construction to have seen two consecutive annual increases in aGVA. This is thought to have been impacted to some extent by construction contracts in the run up to the London 2012 Olympics.

**Construction of buildings (division 41)**

Construction of buildings saw a small increase in aGVA of 3.8% (£0.9 billion) over the same period as a result of a 1.2% (£0.9 billion) fall in turnover and a 2.1% (£1.0 billion) increase in purchases.

## Civil engineering (division 42)

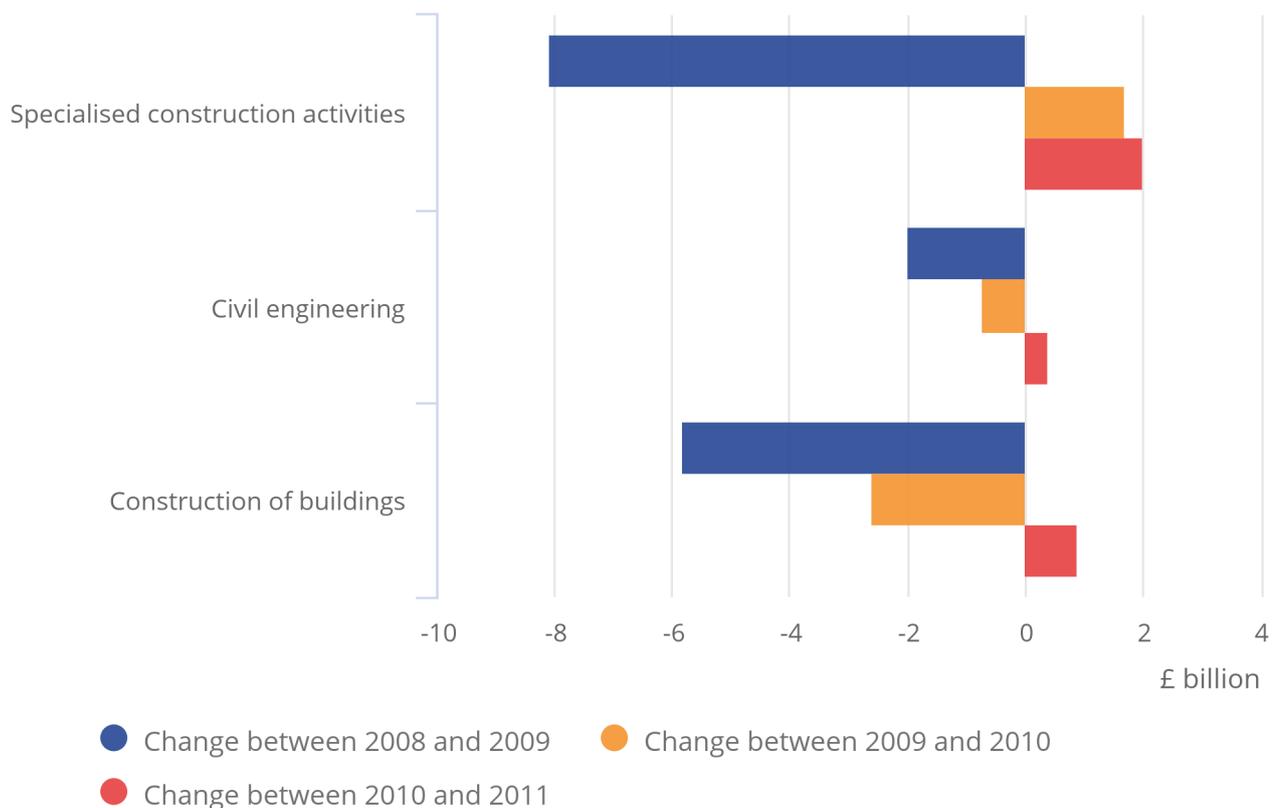
Civil engineering showed a smaller increase in aGVA of 3.6% (£0.4 billion). While turnover increased by 4.3% (£1.6 billion) it was offset by a larger 7.6% (£1.9 billion) rise in purchases. The large increase in purchases for this division, and for specialised construction activities, are likely to have been impacted by rising material costs, particularly the price of steel.

**Figure 15: Construction industries (section F), details of aGVA growth by division, 2008-2011**

Revised 2011 United Kingdom data

Figure 15: Construction industries (section F), details of aGVA growth by division, 2008-2011

Revised 2011 United Kingdom data



Source: Annual Business Survey (ABS) - Office for National Statistics

## Notes for Construction industries (section F)

1. Please note that the ABS annual figures for the Construction industries should not be compared directly with annual figures in the monthly 'Output in the Construction Industry' release because:
  - the two surveys measure different concepts of this industry
  - while both quote figures for a calendar year, the 'Output in the Construction Industry' are based on the aggregate of the responses to 12 monthly surveys, whereas ABS figures are based on annual responses covering a range of business years
  - the ABS figures will always be larger than those in the 'Output in the Construction Industry' because the latter excludes: Property developers (Group 41.1); Payment on purchased services (architects, technical engineering, etc.); Payment to subcontractors, unless the subcontractors are not classified to construction and therefore are not part of the survey; Value of land; Value of materials sold (which are not part of a structure); and Fixtures, equipment and tools that are sold

## 9 . Agriculture (part), forestry and fishing (section A)

The ABS covers only hunting, forestry, fishing and the support activities to agriculture. Commentary is therefore limited because its size in terms of economic output, as measured by the ABS, is small in comparison to the other sections of the UK Business Economy. However, data for these parts of Section A can be found in the reference tables linked to this bulletin.

The other parts of agriculture, which include crop and animal production, are covered by the [Department for Environment, Food and Rural Affairs \(DEFRA\)](#).

The part of Section A covered by ABS showed rises in turnover of 11.3% between 2010 and 2011 (£0.4 billion) and purchases of 8.4% (£0.2 billion) giving a growth in aGVA between 2010 and 2011 for the first time in three years (8.9%, £0.1 billion). However, at £1.6 billion, aGVA still remains £0.1 billion lower than the level in 2008, at the start of the recession.

Validation of data returns for 2011 highlighted a small number of businesses within agriculture (Division 01) which needed to be reclassified resulting in revisions to the 2011 and 2010 figures. In line with the ABS revisions policy previous years (2008 and 2009) have not been revised and users should therefore take caution when comparing figures overtime.

## 10. Background notes

### 1. Annual Business Survey - ABS

The Annual Business Survey (ABS), formerly the Annual Business Inquiry part 2 (ABI/2), produced by the Office for National Statistics (ONS), is the key resource for understanding the detailed structure, conduct and performance of businesses across the UK.

The ABS survey samples approximately 62,000 businesses in Great Britain from a population of over 1.8 million businesses in the sample frame on the Inter-Departmental Business Register (IDBR). The responding businesses provide information such as their turnover, purchases, employment costs, capital expenditure and stocks.

Data for approximately nine thousand businesses in Northern Ireland are collected by the Department of Finance and Personnel Northern Ireland and contribute to the UK estimates.

In this National Statistics publication, a range of estimates are published including turnover, purchases, approximate Gross Value Added at basic prices (aGVA) and employment costs for industry sectors and the UK Business Economy. All data are reported at current prices (effect of price changes included).

Visit the [ABS webpages](#) for more in-depth information about the ABS, plus the latest news on survey changes and developments.

## 2. ABS quality information

A [Quality and Methodology \(QMI\) report \(149.3 Kb Pdf\)](#) for the ABS can be found on the ONS website. The aims of the QMI report is to provide users with a greater understanding of ONS's statistics, their uses and the methods that are used to produce them.

The ABS is a sample survey. As with all sample surveys, estimates are subject to various sources of error. The total error in a survey estimate is the difference between the estimate derived from the data collected and the true (unknown) value for the population. The total error consists of two main elements; the sampling error and the non-sampling error. The ABS was designed to minimise both these errors. The standard error is the estimated value of the sampling error. The estimate for a variable, plus and minus the standard error for the variable, gives a range in which the true unknown value for the population should lie. The closer the standard error to 0, the more reliable the estimate.

The coefficient of variation is the standard error of a variable divided by the survey estimate, and it is used to compare the relative precision across surveys or variables. The closer the coefficient of variation is to 0, the more reliable the estimate. Coefficients of variation enable the comparison of the relative precision across surveys or variables. Standard errors and coefficients of variation for turnover, aGVA, purchases, employment costs and capital expenditure are available in the quality measures table published with this release.

More detailed information on these and other quality and methodology issues is available in the [ABS Technical Report \(1.61 Mb Pdf\)](#) published on the ABS webpages.

**Selective editing** When ABS responses are received, checks are undertaken to ensure the information is correct. This is known as editing and validation. Selective editing has been used to validate responses for the first time for the 2011 results using software called SELEKT. SELEKT is a generic selective editing tool which highlights responses which appear to be in error if they fall outside the range of what is expected and have a large influence on key estimates. Those responses with the highest score are prioritised for editing and validation. This increases the efficiency of the editing process by focusing on the responses with the highest impact and importance.

The introduction of selective editing should at least maintain, if not improve the quality of the ABS results as it should: minimise the bias introduced by processing (removing over-editing); remove non-value adding activities from the process; and focus resources to errors that impact on the results.

However, the full impact on quality is not yet known. This will continue to be monitored and any updates will be included with future ABS releases. For more information on SELEKT, see Chapter 5 of the ABS Technical Report (1.61 Mb Pdf) .

## 3. Uses and users of ABS statistics

ABS outputs may be used to answer questions such as:

- how much wealth has been created in a particular industry?
- has there been a shift in activity from one industrial sector to another, and which industry groups /classes/subclasses are driving the change?
- are any industries particularly dominant in specific regions or countries of the UK and are there structural changes over time?

- how productive is a particular industry, such as the chemicals sector, and what is its operating profitability?

There are a wide range of users that view, download and utilise the ABS data. Key users of the output include:

**National Accounts:** Use ABS data to improve the overall quality of the UK National Accounts and the measurement of Gross Domestic Product (GDP). It is a major data input to the production of [Input-Output Annual Supply and Use Tables \(1.73 Mb Pdf\)](#) used to set the annual level of UK GDP. The Supply and Use tables show the sales and purchases relationships between consumers and producers by industry (see section 2.1 of UK National Accounts).

**Indices of Services and Production:** Use ABS data to calculate the weights used to produce the indexes, and to calculate the deflation of turnover.

**Eurostat:** ABS is the main source of data supplied to Eurostat to meet the requirements of the European Structural Business Statistics (SBS) Regulation. This regulation ensures that key statistics on the structure of businesses are composed in a way which is comparable across Europe. Eurostat use SBS data to inform and monitor European Union policy.

**Scottish Government** and the **Welsh Government:** The financial information is also used by the Scottish Government and the Welsh Government in the compilation of regional and country specific Input-Output tables (e.g. [Scottish Input-Output](#)) and Indices of Production (e.g. [Welsh Indices of Production](#)). The resulting outputs are used to inform and monitor policy.

**Department for Business, Innovation & Skills (BIS):** Use ABS data to assess the structure and performance of UK industries.

**Local Authorities:** Data are used for economic research, planning purposes, lobbying and economic strategy development.

**Business consultants:** Use these data to understand trends in industry sectors and UK regions.

**Marketing experts:** Use these data to undertake demographic mapping and market segmentation.

Other local and national government departments and bodies, businesses, academics and the general public use these data for research, modelling or forecasting and to track industry trends.

More detailed information on the uses and users of ABS is available in the [ABS Technical Report \(1.61 Mb Pdf\)](#) published on the [ABS webpages](#).

#### 4. **ABS user engagement**

We are constantly aiming to improve this release and its associated commentary. We would welcome any feedback you might have, and would be particularly interested in knowing how you make use of these data to inform your work. Please contact us via email: [abs@ons.gov.uk](mailto:abs@ons.gov.uk) or telephone Heather Bovill on +44 (0) 1633 455107.

Following the success of last year's business statistics user event a second all-day event, coordinated jointly with the Department for Business, Innovation and Skills (BIS), will take place in September 2013. The event, The Changing Shape of Trade and Investment in the UK, will feature a range of talks from users, producers and suppliers of business trade and investment statistics, not just from central government and the devolved administrations, but also local government, media, business representatives and researchers. More information on how to register for the event can be found on the [ABS News Page](#).

#### 5. **International comparisons**

International comparisons of structural business statistics are available from Eurostat (for the European Union), and the Organisation for Economic Co-operation and Development (OECD):

- **Eurostat:** analysis of the European business economy
- **OECD:** follow the link to the structural analysis database, under the industry and services theme

## 6. ABS revisions

ABS estimates are revised in line with the ABS Revisions Policy. The revisions policy is available in the [ABS Technical Report \(1.61 Mb Pdf\)](#) to assist users with their understanding of the cycle and frequency of data revisions. Users of this release are strongly advised to read this policy before using the data for research or policy related purposes.

Planned revisions usually arise from either the receipt of additional data or the correction of errors to existing data by businesses responding to the ABS. Those of notable magnitude will be highlighted and explained.

Revisions to published ABS results can be expected at the following times in the normal course of operation of the ABS: - national figures for the current reference year will usually be revised between the provisional and revised data releases - national figures for the previous reference year will be revised at the current survey year's revised data release.

As an example of the timing and scale of revisions, provisional national data for 2011 were first published in November 2012 and were then revised in the June 2013 release. Between the provisional and revised 2011 national releases there was an overall change in the estimate of UK Business Economy turnover of 0.6% (£19.2 billion). At the same time (June 2012) national data for 2010 were also revised.

Revisions to data provide one indication of the reliability of key indicators. A [table \(95 Kb Excel sheet\)](#) showing the size of revisions is published alongside the statistical bulletins.

All other revisions will be regarded as unplanned and will be dealt with by non-standard releases. All revisions will be released in compliance with the same principles as other new information.

## 7. Response rates and compliance costs

The figures in this release are based on an annual survey of businesses. Revised 2011 results are based on a response rate of 78.0%. Response rates by different sectors can be found in the [Quality Measures spreadsheet \(779 Kb Excel sheet\)](#) accompanying this release.

### Response rates by sector - UK business economy (sections A-S) 2010-2011

Revised 2011 United Kingdom data

Standard Industrial Classification (Revised 2007) Sector	Description	%	
		2010 1	2011 2
A-S	Agriculture, Fishing, Production, Construction and Service Industries	78.3	78.0
A (Part)	Agriculture, forestry and fishing	76.3	76.4
B-E	Production Industries	78.7	77.7
F	Construction Industries	74.8	74.9
G	Distribution Industries	77.1	77.6
H-S	Service Industries	79.5	79.0

Source: Office for National Statistics

Notes:

1. Response rate at June 2012
2. Response rate at June 2013

For an estimate of the cost to Great Britain businesses for providing their data to the ABS (known as compliance cost) see appendix G of the ONS Compliance Costs Report.

## 8. General

These points should be noted when using ABS results:

**ABS coverage** The results in this statistical bulletin represent approximately two thirds of the UK economy in terms of Gross Value Added. In previous releases the UK Business Economy has been referred to as the Whole Economy.

The industries covered are:

- Agriculture (support activities SIC 01.6 only), forestry and fishing - Section A
- Production industries - Sections B-E
- Construction industries - Section F
- Distribution industries - Section G
- Service industries - Sections H, I, J, K (SIC 65.1 and 65.2 only), L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S

The main industries excluded are:

- Agriculture (SIC 01.1, 01.2, 01.3, 01.4 and 01.5 in Section A)
- Financial intermediation (SIC 64, 65.3, 66 in Section K)
- Public administration and defence (Section O)
- Education (public provision in Section P)
- Health (SIC 86.2, public provision in SIC 86.1 and 86.9 in Section Q)

Only part of the finance sector is covered by the ABS (Insurance and reinsurance only (SIC 65.1 and 65.2)) and this coverage is relatively new, beginning in 2008. Development work was undertaken to ensure the questionnaire was as relevant as possible for this sector. The ABS team will continue to monitor the data being collated to ensure it is as relevant and accurate as possible but until a longer time series is available results remain experimental.

**Standard Industrial Classification** ABS results are classified according to the [Standard Industrial Classification of Economic Activities \(SIC\)](#) system. The UK is required by European legislation to have a system of classification consistent with the European Union's industrial classification system. The system underwent a major review in 2007. ABS data have been collected and published on the SIC 2007 system since the reference year 2008. UK SIC 2007 is divided into 21 sections, each denoted by a single letter from A to U. Each section can be uniquely defined by the next breakdown, the divisions (denoted by two digits). The divisions are then broken down into groups (three digits), then into classes (four digits) and, in several cases, again into subclasses (five digits). So for example we have:

section C - manufacturing (comprising divisions 10 to 33)  
division 13 - manufacture of textiles  
group 13.9 - manufacture of other textiles  
class 13.93 - manufacture of carpets and rugs  
subclass 13.93/1 - manufacture of woven or tufted carpets and rugs

The full structure of SIC 2007 consists of 21 sections, 88 divisions, 272 groups, 615 classes and 191 subclasses in SIC 2007.

The business economy is constantly evolving as businesses merge, are taken over, or simply change the main focus of their business. These changes can result in the industry classification of a business changing. For example, if a business undertakes both manufacturing and wholesale activities, but most of its employment is within manufacturing, it will be classified to manufacturing. If the employment were to change substantially so that the majority worked in wholesale then the industry classification would change and the whole of the businesses turnover, for example, would move from manufacturing to wholesale. In industries where movements are common, or where large businesses are involved, these changes can

themselves sometimes cause large changes in ABS estimates. This should be taken in to consideration when changes over time are being assessed.

**Calculation of Gross Value Added estimates** The approximate estimate of Gross Value Added at basic prices (aGVA) published in this release is a measure of the income generated by businesses within their industries and sectors, less the cost of goods and services used to create the income. The main component of income is turnover, while purchases is the main component of the consumed goods and services (referred to as intermediate consumption). Stock levels which may rise or fall can also have an impact on aGVA, as can the values of subsidies received or duty paid. Businesses' labour costs (for example, wages and salaries) are paid from the value of GVA, leaving an operating surplus which is a good approximation for profit. The cost of capital investment, financial charges and dividends to shareholders are met from the operating surplus.

The ABS publishes aGVA at 'basic prices'. Gross Value Added (GVA) at basic prices is the 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 payable plus any subsidy receivable on that product.

There are differences between the ABS approximate measure of Gross Value Added and the measure published by National Accounts. The ABS measure of aGVA is called 'approximate' because it does not fully allow for some National Accounts concepts such as taxes, subsidies or income earned in kind. National Accounts carry out coverage adjustments, quality adjustments, coherence adjustments and conceptual and value adjustments such as subtracting taxes and adding subsidies not included in the ABS measure. The National Accounts' estimate of GVA (see section 2.3 of UK National Accounts), uses input from the ABS and a number of other sources, and covers the whole UK economy, whereas ABS does not include some parts of the agriculture and financial activities sectors, or public administration and defence. The ABS measure covers only market output, whereas National Accounts add non-market output (e.g. government services supplied for free such as education, charities), and own account output (products and services produced and consumed by a business, e.g. a farm growing feed for its own livestock). The ABS total aGVA for the UK Business Economy is around two thirds of the National Accounts whole economy GVA, because of these differences in coverage and calculation. The ABS estimates are also not adjusted for inflation.

More detailed information of the differences between aGVA and GVA is available in the [ABS Technical Report \(1.61 Mb Pdf\)](#) published on the [ABS webpages](#).

**Business Register and Employment Survey** The reference tables that support this release include estimates of employment. The ABS does not collect employment level information so instead this key information is taken from another source. In the past, employment data were collected via the Annual Business Inquiry/Part 1 (ABI/1), however, in 2009, ABI/1 was replaced with the Business Register and Employment Survey (BRES). The ABS and BRES are both optimal for their respective purposes, however caution should be taken when combining the financial data from the ABS and employment information from BRES to calculate estimates due to differences in methodology. More information on the differences between ABS and BRES is available in the ABS Technical Report published on the ABS webpages.

Changes in the treatment of working owners in the 2011 BRES have led to a discontinuity between the 2009 and 2010 BRES employment estimates. The discontinuity was due to double counting being removed in 2011 and 2010 but not in earlier years. The BRES employment estimates presented in the ABS reference tables have not been adjusted to account for this discontinuity so care should be taken when making comparisons between employment in 2010 and that in earlier years. More detail about the discontinuity can be found on the [BRES webpages](#).

## 9. Disclosure control and symbols

It is sometimes necessary to suppress figures for certain items in order to avoid disclosing information about an individual business. Further information on why data are suppressed is available in the [ONS Disclosure Control Policy](#) or in the [ABS Technical Report \(1.61 Mb Pdf\)](#).

The following symbols are used throughout the ABS releases:

\* information suppressed to avoid disclosure .. not available - nil or less than half the level of rounding

## 10. National Statistics

The United Kingdom Statistics Authority reviewed ABS outputs in their report “[Assessment of compliance with the Code of Practice for Official Statistics: Statistics from the Annual Business Survey – Assessment Report 180](#)”.

Following the ABS response to the report the UK Statistics Authority have since designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics: - meet identified user needs; - are well explained and readily accessible; - are produced according to sound methods, and - are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

## 11. Social media

Follow ONS on [Twitter](#) and receive up to date information about our statistics.

Like ONS on [Facebook](#) to receive our updates in your newsfeed and to post comments on our page.

12. **Government Statistical Service (GSS) business statistics** To find out about other official business statistics, and choose the right data for your needs, use the [GSS Business Statistics Interactive User Guide](#). By selecting your topics of interest, the tool will pinpoint publications that should be of interest to you, and provide you with links to more detailed information and the relevant statistical releases. It also offers guidance on which statistics are appropriate for different uses.

## 13. Discussing ONS business statistics online

There is a [Business and Trade Statistics](#) community on the [StatsUserNet](#) website. StatsUserNet is the Royal Statistical Society's interactive site for users of official statistics. The community objectives are to promote dialogue and share information between users and producers of official business and trade statistics about the structure, content and performance of businesses within the UK. Anyone can join the discussions by registering via either of the links above.

## 14. Special events

ONS has published commentary, analysis and policy on 'Special Events' which may affect statistical outputs. For full details visit the [Special Events](#) page on the ONS website.

## 15. Release policy

ABS UK national results at the industry class level (4 digit Standard Industrial Classification 2007) are available free of charge via the 'Data in this release' button at the top of this publication, or from the [ABS webpages](#) on the ONS website. The published variables include turnover, purchases, aGVA and employment costs.

Additional standard extracts containing more detail are available on request. Bespoke analyses are also available but there will be a charge for these. For more information about either of these services please email [abs@ons.gov.uk](mailto:abs@ons.gov.uk), or telephone +44 (0)1633 456592 for standard extracts, or +44 (0)1633 456601 for bespoke special analyses

Any bespoke analysis carried out for ABS customers will be listed on the [ONS data available on request](#) web pages, and the data sets will be available free of charge on request.

16. Details of the policy governing the release of new data are available by visiting [www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gov.uk](mailto:media.relations@ons.gov.uk)

These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

