Article

Construction statistics: Number 19, 2018 edition

A wide range of statistics and analysis on the construction industry in Great Britain in 2017.

Contact:
Frederick Haynes
construction.statistics@ons.gov.uk
+44 (0)1633 456344

Release date: 22 August 2018
Next release: To be announced

Table of contents

1. Main points
2. Things you need to know about this release
3. Construction output
4. Construction new orders
5. Structure of the industry
6. Employment and earnings
7. Output price indices
8. Comparisons and contributions to the economy
9. Housing and planning applications
10. Building materials
11. International comparisons
12. External data sources and previously published tables
13. Quality and methodology
14. Construction statistics engagement and development
1. Main points

- The value of construction new work in current prices continued to rise in 2017 in Great Britain, reaching its highest level on record at £109,387 million; driven by growth in the private sector, which equates to approximately three-quarters of new work.

- The rise in the value of construction new orders seen since 2011 has continued, in part due to the awarding of several high-value orders relating to High Speed 2 (HS2), which drove the 7.4% increase in new orders in 2017.

- The number of firms operating in the construction industry has continued to rise, increasing by 6.2% compared with the previous year, with 314,590 firms operating in Great Britain in 2017.

- As the number of construction firms has risen, so has the number of insolvencies; the number of new company construction insolvencies grew 3.4% compared with 2016, equating to 2,792 insolvent construction firms.

- Construction-related employment in Great Britain increased by 3.8% in 2017, exceeding its pre-downturn peak of 2007 to reach the highest level on record, with jobs centred around London, the South East and the North West of England.

- Average weekly earnings in the construction industry recovered from a fall in 2016, increasing to £607 per week in December 2017, second only to the finance and business services sector.

- The UK trade deficit in construction materials and components continued to widen in 2017, increasing to £9,909 million, with the value of imports more than double the value of exports.

2. Things you need to know about this release

The construction statistics annual publication brings together a wide range of statistics currently available on the construction industry from a variety of sources. Data from the Office for National Statistics (ONS) as well as other government departments are used to provide an overview and analysis of the construction industry as a whole.

The construction industry is categorised as section F of the UK Standard Industrial Classifications (SIC) 2007, specifically SICs 41, 42 and 43, which are defined as follows:

- 41: Construction of buildings
- 42: Civil engineering
- 43: Specialised construction activities

This 2018 edition, which analyses the calendar year of 2017, includes updated figures in tables 2.4, 2.5, 2.6, 2.8, 2.9, 3.1, 3.3, 3.4 and 3.5 which were included in the previous Construction Statistics Annual Tables. Following feedback from data users, this edition has also been expanded to include Table 3.6, which provides a further breakdown of the number of construction firms by turnover size band. It is worth noting that all data published in the Construction Statistics Annual Tables is in current prices, and non-seasonally adjusted.

This release also marks the first annual publication in which Value Added Tax (VAT) data has been used to estimate construction output. VAT data has been incorporated from 2016 onwards in Tables 2.4, 2.8 and 2.9.

Revisions to Tables 2.4a, 2.4b and 2.4c from 1997 onwards can be seen in this publication. The revised values now correspond with Tables 4 and 5 of the monthly Output in the construction industry dataset.
All other tables that were contained in previous construction statistics annual publications are no longer collated and published by the ONS. Where these data tables are no longer published, links have been provided in Section 12 of this publication to enable users to obtain the relevant data from external sources.

3. Construction output

Office for National Statistics (ONS) publishes monthly statistics on construction output in Great Britain, which can be found in the monthly Output in the construction industry statistical bulletin and associated datasets. The monthly construction release focuses mainly on volume, seasonally adjusted data while this annual publication focuses mainly on current price, non-seasonally adjusted value data.

This annual publication release contains three output data tables:

- Table 2.4 shows the value of construction output by type of work
- Table 2.8 shows the value of work done by trade of firm and type of work
- Table 2.9 shows the value of work done by size of firm and type of work

It is worth noting that all new work accounts for approximately two-thirds of all work, while repair and maintenance accounts for approximately one-third. However, for the purpose of this analysis, this section focuses solely on construction new work.

Figure 1 depicts the value of new work – split into public and private sector work – between 2007 and 2017, taken from Table 2.4 of this release. As shown in Figure 1, the private sector accounts for approximately three-quarters of all new work. As a result, fluctuations in the value of all new work are predominantly driven by movements in the private sector.
The value of all new work continued to grow in Great Britain in 2017 – reaching £109,387 million – the highest level in this series since records began in 1997. This continued rise has been driven by increases in the value of both public and private sector work – which increased by 8.1% and 10.5% respectively – with the value of public sector work also now exceeding its previous peak seen in 2010.

### 4. Construction new orders

We publish Construction new orders data quarterly, using data sourced from Barbour ABI. ONS construction new orders provide an indication of both the current confidence and future health of the construction industry. Total construction new orders data can be broken down into two main sectors: all new housing and all other work.

This release contains two new orders data tables:

- Table 2.5 shows value of new orders for construction by sector
- Table 2.6 shows value of new orders for construction by type of work

The growth in the value of construction all new orders continued in 2017, increasing by 7.4% compared with 2016. Both of the two main components of new orders experienced growth in 2017, with all new housing orders and all other work new orders increasing by 5.8% and 8.0% respectively.
Figure 2: The value of new orders, between total housing, infrastructure, public other, private industrial and private commercial work from 2007 to 2017. Since 2011, the value of all new work has shown consistent year-on-year increases, predominantly driven by the rise in infrastructure and private commercial new orders.

The increase in new orders in 2017 has been driven by record growth in infrastructure new orders in Quarter 3 (July to Sept) 2017, caused by the awarding of several high-value contracts relating to High Speed 2 (HS2). This strong growth in infrastructure new orders more than offset year-on-year falls in other sectors, such as public other work new orders.

The value of all new housing orders has now exceeded its pre-downturn peak in 2006, reaching £20,998 million in 2017. This increase stemmed from the continued rise in the value of private housing new orders, which more than offset the 13.6% fall in public housing new orders in 2017. This overall increase in total housing new orders has coincided with a series of government initiatives to increase the housing stock across Great Britain.

5. Structure of the industry

We produce an array of data on the structure of the construction industry, including breakdowns on employment, trade, size and number of firms using data from our Inter-Departmental Business Register (IDBR), which covers over 2.6 million businesses across the UK economy. This publication produces five data tables on industry structure:
Number of firms

The number of firms operating in the construction industry has continued to rise, increasing by 6.2% compared with the previous year to reach its highest level on record, with 314,590 firms operating in Great Britain in 2017.

Figure 3: Regional concentration of construction firms as a percentage, in Great Britain 2017

English regions, Scotland and Wales

Figure 3 shows the concentration of construction firms as a percentage by region in Great Britain. Construction firms were concentrated around both London and the South East in 2017, with the East of England also proving popular. Users should note that data in Figure 3 relates to where individual firms are registered, and therefore despite representing a good indication of construction firm’s activity, construction firms are known to carry out work across wide geographical areas, not just the region in which they are registered.

The overall growth in the number of registered construction firms occurred due to increases across all regions, with regional growth ranging from 4.6% to 9% in 2017. The most notable increases occurred in England, where the number of registered construction firms increased by 16,977 in 2017.
This increase in firms stemmed from growth in London and South East, alongside marked growth in the East and the North West of England. The number of construction firms registered in Scotland and Wales increased marginally in 2017, but the number of firms operating in these regions remains relatively small in comparison with the rest of Great Britain.

**Insolvencies**

According to data from the Insolvency Service, as the number of construction firms has risen, so has the number of insolvencies. There was a total of 16,341 new company insolvencies across the top 10 industries in Great Britain in 2017, representing a 3.7% increase compared with 2016.

**Figure 4: Total new company insolvencies 2017, highest 10 UK SIC 2007 sections**

(Source in brackets), non-seasonally adjusted, Great Britain

![Bar chart showing total new company insolvencies 2017, highest 10 UK SIC 2007 sections](image)

Source: The Insolvency Service – Insolvency statistics: Industry breakdown

Figure 4 depicts the total number of new company insolvencies in 2017, across the highest 10 UK SIC 2007 industries. The number of new company construction insolvencies grew 3.4% compared with 2016, equating to 2,792 insolvent construction firms in 2017. The construction sector remains the second-highest ranking sector for insolvencies in 2017, with only the administrative and support activities sector contributing more, as was also the case in 2016. These figures represent companies that are new to insolvency, as opposed to companies which transition between different types of insolvencies.
Figure 5: Total new company construction insolvencies by standard industrial classification

Great Britain

Figure 5 shows the total number of new company insolvencies in the construction sector in Great Britain in 2017, broken down by SICs 41, 42 and 43.

As expected, SICs 41 and 43 – which are the highest contributing sectors to the total number of construction firms – contributed the highest amount of insolvencies. Of the 2,792 new company insolvencies in the construction sector in 2017, approximately 62% of the insolvent firms operated in SIC 43 – Specialised construction activities, mainly comprised of electrical and plumbing installations, and building completion and finishing firms. Elsewhere, 32% of the insolvent firms operated in SIC 41 – Construction of buildings, made up of both the development of building projects and building-related construction firms. The relatively smaller civil engineering sector, SIC 42 – which is generally comprised of larger firms – contributed far less to the total number of new company insolvencies in 2017.
6 . Employment and earnings

This publication provides one data table on employment within the construction industry:

- Table 3.3 shows employment by trade, size of firm and region of registration

Employment in the construction industry has experienced a steady increase since 2014, which has continued in 2017, with construction employment increasing by 3.8% compared with 2016, now equating to approximately 1.32 million.

Figure 6 shows the concentration of construction employment by region in Great Britain in 2017. A large proportion of construction-specific employment is concentrated in London and the South East and the North West, whereas employment levels remain relatively lower in Wales and the North East.

Figure 6: Regional concentration of construction-specific employment as a percentage, in Great Britain 2017

English regions, Scotland and Wales

Source: Office for National Statistics

The largest contributions to construction employment growth came from London and the South East, which together make up 29% of construction employment in 2017. Elsewhere, the most notable increases in 2017 came from the East of England and the South West, which grew by 7.6% and 7.3% respectively when compared with 2016. In contrast, only Yorkshire and the Humber experienced negative growth, with construction-specific employment falling 3.9% in 2017.
Users should note that the data in Figure 6 refers to the region in which individuals are employed. As is also the case with construction firms (detailed in Figure 3 in Section 4 of this publication), construction employees operate over wide geographical areas, often carrying out work in several different regions.

In comparison with Figure 3 in Section 4 of this publication, which shows the regional concentration of construction firms, the number of employees and firms in each region are in most cases directly relatable, that is, a higher number of firms in a region results in a higher number of employees in the region. For example, the South East and London provide the most notable contributions to both the level of construction employment and registered construction firms. However, in regions such as Scotland this is not the case. Scotland contributes 6% of all construction firms in Great Britain, while contributing 10% of all construction employment.

Figures published in Figure 6 and Table 3.3 do not account for self-employment within the construction industry. According to Self-employment jobs by industry (worksheet 8. GB totals) data published quarterly by ONS, there was an average of 860,000 self-employed construction workers in Great Britain in 2017. This represents an increase of 27,000 compared with 2016, with self-employment remaining concentrated in SICs 41 and 43; the construction of buildings and specialised construction activities. As a result of this increase, the construction sector continued to be the highest contributing SIC sector to the total level of self-employment across 2017.

The continued growth in both employment and self-employment within the construction sector broadly corresponds with the trends seen in the wider economy in 2017, with the construction industry contributing a total of approximately of 2.184 million workforce jobs in 2017.

Further data on the demographics of the construction industry workforce is available from ONS on request. In addition, the recently published Migrant labour force within the construction industry report, offers further data on the age, country of origin and birthplace of the construction workforce between 2014 and 2016.

**Average weekly earnings**

We produce data on Average weekly earnings (AWE) in the economy as a whole and by sector on a monthly basis. AWE measures money paid per week, per job to employees in Great Britain in return for work done, before tax and other deductions from pay.

Fluctuations in construction output price indices – as depicted in Section 7 of this publication – are often driven by changes in the prices of both labour and raw materials.
Figure 7: Average weekly earnings by sector – total pay (£), 2007 to 2017

Seasonally-adjusted, current prices, Great Britain

Figure 7 shows AWE by sector between 2007 and 2017. The whole economy has experienced steady wage growth following a blip in the aftermath of the economic downturn in 2009. AWE in financial services has consistently ranked as the highest earning sector since mid-2009, dwarfing earnings seen in the rest of the economy.

AWE in the construction industry have broadly moved in a similar pattern as those seen in the manufacturing sector. However, despite being level with AWE in the manufacturing sector at the beginning of 2017, AWE in the construction industry have experienced a greater rise throughout the year, peaking at £610 per week in September 2017. As a result of the overall increase in 2017, construction finished the year as the second-highest earning sector in Great Britain.

7. Output price indices

We produce quarterly data on output price indices, available in the Construction output price indices publication. Figure 8 depicts the construction output price index (OPI), split by the new work and repair and maintenance. Construction prices have endured a gradual increase since 2014, driven predominantly by the increase in the prices of new work.
Construction output prices experienced strong growth throughout 2017, increasing in all but one month (April 2017). Output prices for new work drove much of the growth in output prices for all construction work, rising sharply after a slow start to the year. In addition, output prices for repair and maintenance also continued to increase – albeit to a lesser extent than those seen in new work – continuing the upward trend seen in 2016.

The rise in construction output prices has been predominantly driven by the increase within the earnings component of the OPI – average weekly earnings – as shown in Section 6, Figure 7 of this publication. This increase in earnings has in part been driven by the increase in the minimum wage, which has translated into higher output prices. In addition, some of the rise may have been caused by the depreciation in sterling as a result of the UK’s decision to leave the European Union in June 2016, which has made imported raw materials more expensive, which firms appear to now be passing onto to consumers in the form of higher prices.

For a more in-depth breakdown on the trade of construction materials, as well as how construction price inflation compares with other industries, see Sections 8 and 9 of this publication.
8. Comparisons and contributions to the economy

Construction is a naturally volatile industry and is responsive to fluctuations in both consumer and business confidence, as well as economic variables, such as interest and exchange rates. The construction industry accounted for 6% of gross domestic product (GDP) in 2017, and influenced some of the main economic indicators, including inflation, employment and GDP itself. This section will provide analysis on how the construction industry both compares and contributes to specific areas of the wider UK economy.

Price inflation

Figure 9 shows the comparison between the Consumer Price index (CPI), the Construction Output Price Index (OPI) and the Services Producer Price Index (SPPI) from Quarter 1 (Jan to Mar) 2007 to Quarter 4 (Oct to Dec) 2017.

Figure 9: Inflation percentage change Consumer Price index, Construction Output Price Index, Services Producer Price
Non-seasonally adjusted, 2007 to 2017

The OPI, CPI and SPPI price indices all dropped sharply during the economic downturn, but have since steadily recovered; with all three indices ending 2016 relatively close to the Bank of England’s (BoE) target level of 2%. However, throughout 2017 all three indices have experienced sustained increases – with the rise in CPI leading the BoE to raise interest rates for the first time since 2007 in November 2017 – with the official bank rate increasing from 0.25% to 0.5%.

Source: Office for National Statistics
OPI reached 2.4% in the final quarter of 2017, following a sustained increase throughout the year. Despite this rise, and the often-volatile nature of OPI, OPI remained 0.6 percentage points below CPI in the last quarter of 2017, with CPI reaching 3.0%. However, despite being exceeded by CPI, the OPI does remain 0.7 percentage points above SPPI, which reached 1.7% in the Quarter 4 (Oct to Dec) 2017.

Productivity

Labour productivity, as measured by output per hour, grew by 0.7% within the whole UK economy in 2017 compared with the previous year, noticeably below the long-term trend observed between 2000 to 2007, when productivity growth averaged 2.1% per year.

Figure 10: Labour productivity – whole economy with sector breakdown, 2007 to 2017

Output per hour (£), seasonally adjusted, chained volume measure, UK

Source: Office for National Statistics – Labour productivity: Breakdown of contributions

Notes:

1. All percentage calculations made in this section are done using data sourced from [Labour productivity: Breakdown of contributions, worksheet: WE_AGG_OpH_CVM](#).

Figure 10 shows labour productivity, measured by output per hour within the whole UK economy, broken down by sector between 2007 and 2017.
On this breakdown, the construction sector remains the least productive industry in the UK economy, at more than 20 percentage points below the average output per hour for the whole economy in 2017. In contrast, the manufacturing sector remains 10% above the whole economy average. Overall, despite its recent stagnation, construction output per hour in 2017 grew at the fastest rate compared with the other industries, increasing by 3.8% compared with 2016. This is followed by productivity growth in finance and manufacturing, which grew 2.9% and 2.4% respectively.

9. Housing and planning applications

We publish monthly data on the value of construction work in the housing sector, as well as quarterly data on the value of housing new orders and the investment in dwellings. In addition, the Ministry of Housing, Communities and Local Government (MHCLG) provide data on both planning applications and the number of new dwelling completions.

According to MHCLG data, district level planning authorities made 380,300 planning application decisions in 2017, a 1% fall from 2016 in England. In terms of residential development, 49,600 decisions were made: 6,500 for major developments and 43,100 for minor, up by 3% and 1% respectively compared with 2016.

As stated in Section 4 of this publication, both past and present governments have launched a series of initiatives to boost the housing stock across the UK. As part of the Autumn statement in November 2017, the Chancellor of the Exchequer set out how the government aimed to build a minimum of 300,000 new homes a year.

As a result of the push to increase the housing supply at both the national and regional government level, the number of permanent new dwellings in the UK has shown signs of growth since 2012, despite falling marginally in 2016. This is depicted in Figure 11, which shows the number of permanent new dwelling completions in the UK from 1980 to 2017.
As Figure 11 shows, the number of new dwellings completions grew in 2017, following a small contraction in the previous year, reaching 194,710, its highest level since 2008.

In comparison with local authorities and housing associations, private enterprises continue to contribute a much larger proportion of permanent new dwelling completions in 2017. The number of private enterprise dwellings rose for the fourth consecutive year to reach its highest level since 2008, to 159,150. Elsewhere, new dwellings provided by housing associations increased by 3,350 following a decline in 2016, to reach 32,290, with the relatively small local authority new dwellings remaining stable at 3,280.

This rise in new dwellings, particularly the contribution made by the private sector, corresponds with the data in Table 2.4b of this publication, in which the value of total housing work in current prices rose to its highest level on record in 2017.

**10. Building materials**

Data on both the prices and quantities of building materials used, bought and sold in the UK are published by the Department for Business, Energy and Industrial Strategy (BEIS). Trade in construction building materials is comprised of three main components; all raw materials, all semi-manufactures, and all products and components.
The UK has operated a trade deficit in construction goods and components in the past six years of data provided by BEIS, with it consistently widening in each consecutive year. As Figure 12 shows, the widening deficit has been driven by the sustained increase in the value of imports of building materials and components, particularly over the last two years.

Figure 12: The balance of trade in all building materials and components

2012 to 2017, UK, £ million, current prices

![Graph showing the balance of trade in all building materials and components from 2012 to 2017, UK, £ million, current prices.](image)

Source: Office for National Statistics and Department for Business, Energy and Industrial Strategy

The trade deficit in construction materials and components was £9,909 million in 2017, with the value of imports being more than double the value of exports. The continued widening of the trade deficit may in part be due to the effects of the depreciation of sterling following the UK’s decision to leave the EU in June 2016.

The weaker pound has made building materials and components produced in the UK relatively cheaper to buy abroad, and may have subsequently increased the demand for these goods, leading to the continued increase in the value of UK exports. However, as the depreciation of sterling also made importing building materials and components from certain countries more expensive, the value of imports has also continued to increase. As the increase in the value of imports exceeds the increase in the value of exports, the UK’s trade deficit in building materials and components has continued to widen in 2017, driven by increases in the deficit of all three components of construction trade.
11. International comparisons

As part of the monthly construction output statistical bulletin, links are made to the European production in construction and also the US census bureau construction spending release. Like the ONS, both organisations produce monthly figures on construction output in their respective regions.

Figure 13: Volume index of construction, 2008 to 2017, calendar-adjusted data

UK, Germany, France, Italy, Spain, and the Euro area

Figure 13 compares the volume growth indices for the construction industry in the UK, selected European countries and the Euro area – the 19 members of the European Union (EU) which have adopted the Euro as a common currency – from 2008 until 2017.

The health of the construction industries in some of the EU’s largest economies have contrasted significantly since 2010. Countries such as Italy have experienced sustained periods of decline, while the UK and Germany represent the only countries to experience growth relative to 2010. The Euro area as a whole contracted between 2010 and 2013, with countries such as Italy and Greece weighing heavily on growth. However, since 2013, the Euro area has showed signs of recovery.

The trends seen since 2010 have broadly continued into 2017, with the strong growth in the construction sectors within the UK and Germany continuing. Elsewhere, Spain represented the only selected EU country to experience a decrease in 2017, compared with the previous year.
12. External data sources and previously published tables

Table 1 provides links to previously published data tables – that were formerly part of this publication – and are now published externally.
Table 1: Previously published data tables and external data sources
<table>
<thead>
<tr>
<th>Previously published table</th>
<th>Data type</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.20</td>
<td>Insolvencies</td>
<td>Insolvency Service</td>
</tr>
<tr>
<td>10.1, 10.2, 10.3, 10.4,</td>
<td>Planning applications</td>
<td>GOV.UK</td>
</tr>
<tr>
<td>10.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.10</td>
<td>Employment - workforce</td>
<td>JOBS02 spreadsheet</td>
</tr>
<tr>
<td>11.12</td>
<td>Employment and the professions</td>
<td>The Construction Industry Training Board</td>
</tr>
<tr>
<td>11.18</td>
<td>Employment - Size and growth</td>
<td>Section F of the Annual Business Survey results</td>
</tr>
<tr>
<td>11.19</td>
<td>Employment - Stoppages of work</td>
<td>LABD03 spreadsheet</td>
</tr>
<tr>
<td>11.2 to 11.4</td>
<td>Employment - earnings and hours</td>
<td>Annual Survey of Hours and Earnings</td>
</tr>
<tr>
<td></td>
<td>worked</td>
<td></td>
</tr>
<tr>
<td>11.20</td>
<td>Employment - Work injuries</td>
<td>RIDIND Table</td>
</tr>
<tr>
<td>11.21</td>
<td>Employment - Work injuries</td>
<td>RIDKIND1 Table</td>
</tr>
<tr>
<td>11.22</td>
<td>Employment - Work injuries</td>
<td>HISTRATE Table</td>
</tr>
<tr>
<td>11.23</td>
<td>Employment - Health and Safety</td>
<td>Health and Safety Executive</td>
</tr>
<tr>
<td>11.5</td>
<td>Employment - Employees and self-</td>
<td>EMP14 spreadsheet</td>
</tr>
<tr>
<td></td>
<td>employed</td>
<td></td>
</tr>
<tr>
<td>12.1 and 12.2</td>
<td>Northern Ireland - Construction</td>
<td>Department for the Economy</td>
</tr>
<tr>
<td></td>
<td>output</td>
<td></td>
</tr>
<tr>
<td>12.3 and 12.4</td>
<td>Northern Ireland - Housing</td>
<td>Housing Statistics</td>
</tr>
<tr>
<td>12.5 and 12.6</td>
<td>Wales - New orders</td>
<td>Table 6 of the Output in the Construction Industry and New Orders</td>
</tr>
<tr>
<td>12.7</td>
<td>Wales - Construction output</td>
<td>Index of Production and Construction</td>
</tr>
<tr>
<td>12.8</td>
<td>Wales - Planning applications</td>
<td>Development Management Quarterly Survey</td>
</tr>
<tr>
<td>12.9</td>
<td>Wales - Planning policy</td>
<td>Planning policy and guidance</td>
</tr>
<tr>
<td>12.10</td>
<td>Wales - Capital</td>
<td>Capital account expenditure</td>
</tr>
<tr>
<td>12.11</td>
<td>Wales - Households</td>
<td>Household projections</td>
</tr>
<tr>
<td>12.12 and 12.13</td>
<td>Scotland - Construction output</td>
<td>Table 6 of the Output in the Construction Industry and New Orders</td>
</tr>
</tbody>
</table>

*Construction statistics: sources and outputs* also provides further links to construction-related data sources.
13 . Quality and methodology

The Output in the construction industry and New orders in the construction industry Quality and Methodology Information documents contain important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

A methodology document containing Notes and definitions for the construction industry is available. This document lists the known sources of information on and related to the construction industry. These include information on employees, employment, enterprises, output and new orders in the construction industry as well as the contribution of the industry to the economy. Related information, for example, housing, is also included.

Value Added Tax (VAT) turnover has been used to estimate the output of small- and medium-sized businesses. In this publication, VAT turnover has been used for selected industries previously covered by the Monthly Business Survey from 2016 onwards.

Further information on the use of VAT turnover and its impact can be found in the following articles:

- VAT turnover implementation into national accounts article
- VAT turnover data in national accounts: background and methodology

14 . Construction statistics engagement and development

On 11 December 2014, the UK Statistics Authority announced its decision to suspend the designation of construction output and new orders as National Statistics due to concerns about the quality of the Construction Price and Cost Indices used to remove the effects of inflation from the statistics.

ONS took responsibility for the publication of the Construction Price and Cost Indices from the then Department for Business, Innovation and Skills (BIS) on 1 April 2015, introducing an interim solution for measuring output prices in June 2015 for all periods from January 2014 onwards.

As part of the ongoing ONS construction statistics development programme, we have worked closely with the Construction Statistics Steering Group. This group provides a forum for ONS to engage with main users of construction statistics on the development of ONS-published construction statistics, including other government departments, industry experts and academics, to identify areas for improvement.

In September 2017, we released the impact of improvements to construction statistics article, which explains and highlights the impact of improvements made to construction statistics, affecting the nominal data series, output price indices and seasonal adjustment. As a result of these improvements, the output price indices are no longer considered to be an interim method.
In addition, we released two further methodological articles on 4 June 2018 detailing the improvements we have made to construction statistics as part of wider improvements to national accounts. These articles detail two major improvements to the construction output methodology:

- **Improvements to addressing the bias in early estimates of construction output**, which were incorporated for the first time in the Quarterly national accounts: January to March 2018 on 29 June 2018

- **Improvements to regional and sub-sector level estimates** using new orders data supplied by Barbour ABI, which were incorporated for the first time in the previous construction output publication

The overall impact of the improvements to construction statistics that were included in Quarterly national accounts: April to June 2018 are outlined in the article released on 29 June 2018.

The Office for Statistics Regulation is currently in the process of re-assessing the National Statistic status for construction statistics: Output, New orders and Price indices.