

Statistical bulletin

Output in the Construction Industry: March 2015 and Quarter 1 (Jan to Mar) 2015

A short-term measure of output by the private sector and public corporations in the construction industry in Great Britain, including quarterly data.

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1 . Main points

- This statistical bulletin provides users with the latest estimates of output in the construction industry for March and quarter 1 (Jan to Mar) 2015. Output is defined as the amount charged by construction companies to customers for value of work (produced during the reporting period) excluding VAT and payments to sub-contractors
- In quarter 1 (Jan to Mar) 2015, output in the construction industry was estimated to have decreased by 1.1% compared with quarter 4 (Oct to Dec) 2014. Between quarter 1 (Jan to Mar) 2015 and quarter 1 (Jan to Mar) 2014, output was estimated to have decreased by 0.3%. This is the first year-on-year fall since quarter 2 (Apr to June) 2013
- Downward pressure on the quarter came from all new work, which fell by 1.7%, the largest quarter-on-quarter fall since quarter 1 (Jan to Mar) 2013, when it fell by 2.0%. Looking closely at the 3 months that make up quarter 1, January, February and March 2015, most of this fall can be attributed to the large fall in January. Total housing, public other new work and private commercial work reported falls of 3.4%, 6.6% and 3.0% respectively on the quarter
- All repair and maintenance decreased by 0.2% in quarter 1 (Jan to Mar) compared with quarter 4 (Oct to Dec). All work types except public housing repair and maintenance reported falls
- Following falls in January and February 2015, output in the construction industry was estimated to have increased by 3.9% in March 2015 compared with February 2015. On the year, output in the construction industry increased by 1.6% in March 2015 compared with March 2014
- The preliminary estimate of gross domestic product (GDP) published on 28 April 2015 contained a forecast for construction output of a fall of 1.6%. This estimate has been revised within this release based upon updated survey responses and output is now estimated to have decreased by 1.1%. This upward revision to construction output of 0.5% will have no impact on GDP to 1 decimal place
- The release for March 2015 has a revision period back to January 2015. Output in the construction industry has been revised upwards by 0.6 percentage points in both January and February 2015 to -1.9% and -0.3% respectively; these revisions were caused by the incorporation of late data. More information on revisions can be found in the background notes

2 . Additional information

On 11 December 2014, the UK Statistics Authority announced its decision to suspend designation of [Construction Price and Cost Indices](#) including output and new orders as National Statistics in respect of the Code of Practice for Official Statistics. Taken as a whole, the Code aims to ensure that official statistics meet the needs of users, are produced, managed, and disseminated to a high standard and that statistics are well-explained. The Authority has concluded that, despite the steps taken by ONS, this overall objective of the Code has not been met. The quality of the data in this release has not been affected.

Construction output estimates are a short-term indicator of construction output by the private sector and public corporations within Great Britain and are produced from a monthly survey of 8,000 businesses in Great Britain. The estimates are produced and published at current prices (including inflationary price effects) and at chained volume estimates (with inflationary effects removed) both seasonally adjusted and non-seasonally adjusted.

Detailed estimates along with a longer run of time series data are available to download in the Output in the Construction Industry, March and quarter 1 (Jan to Mar) 2015 reference tables. In these tables, users will find chained volume estimates back to quarter 1 (Jan to Mar) 1997 and monthly estimates back to January 2010. Current price non-seasonally adjusted data are available back to quarter 1 (Jan to Mar) 1955. More information on these statistics can be found in the “definitions and explanations” section in the background notes.

The quality of the estimate of output in the construction industry

Output in the construction industry estimates are produced from the monthly business survey on the second Friday of the month, 2 months after the reporting month. Revised results, for previously published periods, are published in line with the national accounts revisions policy. More information about the data content for this release can be found in the background notes. Revisions are an inevitable consequence of the trade-off between timeliness and accuracy. The response rate in March 2015 was 70.4% of questionnaires, accounting for 79.8% of registered turnover in the construction industry. Therefore the estimate is subject to revisions as more data become available.

The monthly output in the construction industry time series now spans 63 months, however, users should note that this is the minimum time span recommended by Eurostat for seasonal adjustment. While the seasonal pattern is generally established after 60 months in a monthly time series, there is still potential for increased revisions until the seasonal pattern has matured.

All estimates, by definition, are subject to statistical uncertainty and for many well-established statistics, we measure and publish the sampling error associated with the estimate, using this as an indicator of accuracy. For construction output we publish sample and non-sample errors in table 11 of the main reference tables. It should be noted that we are continually working on methodological changes to improve the accuracy of the construction output estimates, progress on these can be found on the [ONS continuous improvement](#) page on our website.

An [article](#) describing the interim solution for construction price indices (OPIs) that we propose to replace the current statistical models currently being used in the production of chained volume measures (CVMs) for Output in the Construction Industry for quarters 3 (July to Sept) and 4 (Oct to Dec) of 2014 and to provide an ongoing source of data from quarter 1 (Jan to Mar) of 2015 onwards, was published on our website on 8 May 2015.

3 . Economic context

Construction output grew by 3.9% in March 2015, a marked increase from the -0.3% contraction in February 2015. The strength of construction output in March raises the quarterly outturn for quarter 1 (Jan to Mar) 2015 to a contraction of 1.1%, revised up from a 1.6% contraction published in the preliminary estimate of GDP. The preliminary estimate showed that construction output provided a contribution to GDP growth of -0.1% in both quarter 1 (Jan to Mar) 2015 and in quarter 4 (Oct to Dec) 2014. However, the [Agents' Summary of Business Conditions](#) for April noted that construction output growth had remained robust, although the pace of increase from a year earlier had eased a little further.

On a monthly basis, the increase in construction output was driven by the repair and maintenance component which grew by 12.2% whereas new work fell modestly. Growth in repair and maintenance was driven by the non-housing components which grew by 20.1% while the housing components increased by 4.1%. However, some components of new work also grew on the month. New work for private housing grew by 2.3% in March, after 5 successive months of contraction. The [Bank of England's Inflation Report for May 2015](#) reflected a similar picture and showed that private housing investment fell by -1.1% in quarter 4 (Oct to Dec) 2014.

On an annual basis, construction output increased by 1.6% in March 2015. Similar to the monthly picture, growth was driven by repair and maintenance, while new work increased only slightly. Within repair and maintenance growth was driven by the non-housing component while the output of the housing component fell. The increase in new work was driven by private housing which grew by 11.1%: a slowdown in growth from 2014.

Much of this recent moderation of growth of the housing market output may be a consequence of a slowdown in house price growth and mortgage market activity. The [ONS House Price Index \(HPI\)](#) showed that UK house prices increased by 7.2% in the year to February 2015: easing from its recent peak of 12.1% in September 2014. House price inflation may have supported housing output in 2014 and the tapering of house price inflation may have applied downward pressure on new work for housing output. The Agents' Summary of Business Conditions for April 2015 also identified skill shortages and larger house-builders focusing on improving margins as reasons for a moderation in growth.

Several recent indicators also point to a moderation in housing market demand. The [Credit Conditions' Survey for quarter 1 \(Jan to Mar\) 2015](#) noted that demand for secured credit had fallen markedly in the past 3 quarters. Lenders noted 2 reasons for this reduction in demand: some pointed to concerns about housing affordability arising from higher house price to earnings ratios, while others noted that uncertainty about the outlook for the housing market may have reduced demand.

The Inflation Report also noted that credit supply factors have also affected mortgage market activity but to a lesser extent than credit demand. The recent mortgage market review (MMR), which introduced stringent affordability criteria is 1 possible reason for a fall in the number of mortgage approvals and may have dissuaded some people from applying for a mortgage.

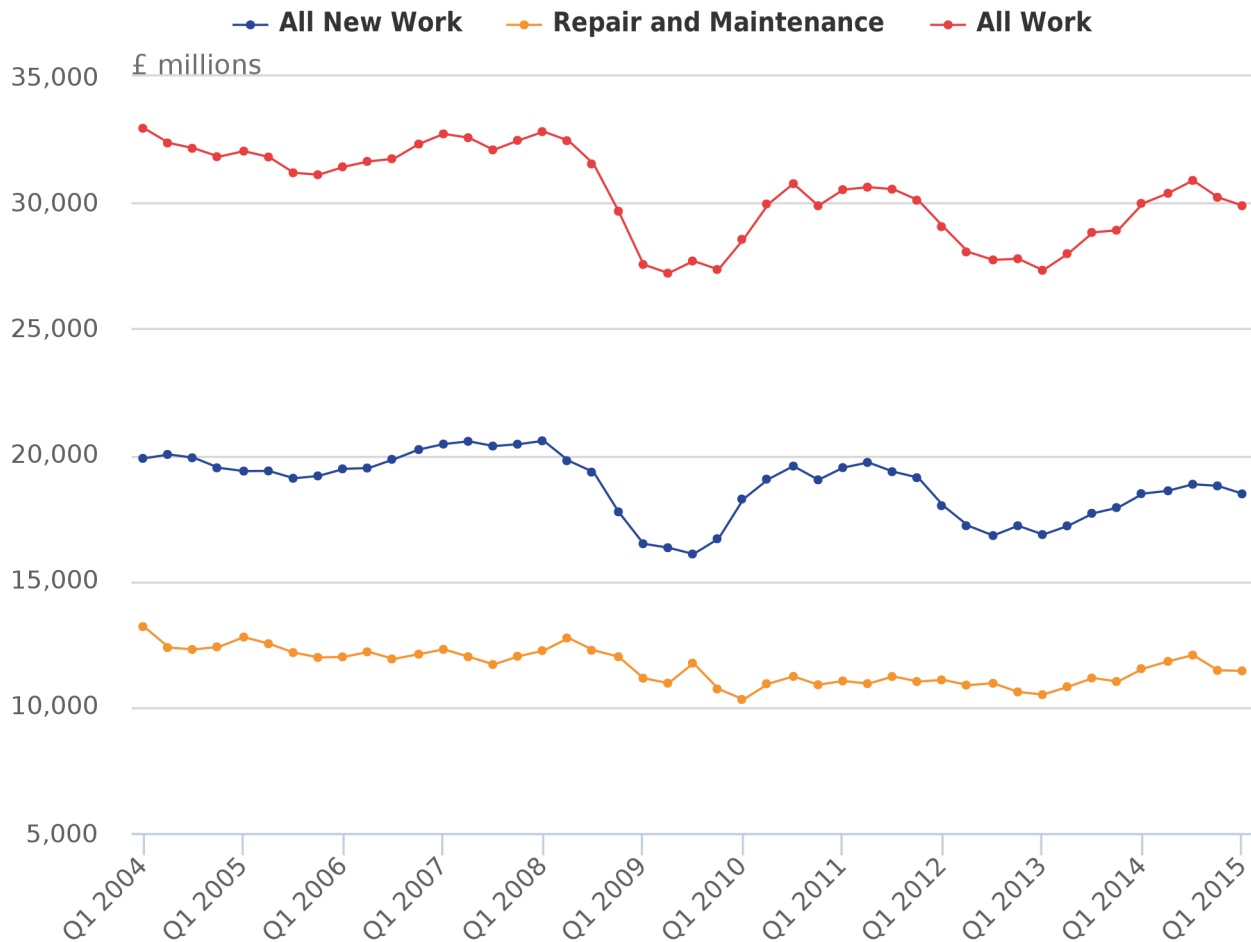
However, the report noted that housing market activity has remained more robust than mortgage market activity. The Agents' also noted that while housing market transactions remained lower than a year earlier, they had picked up in the year to date. Mortgage approvals were 13.5% lower in quarter 1 (Jan to Mar) 2015 than in the same period a year earlier, suggesting relatively subdued housing market transactions, which may also have tempered the output of the housing construction industry.

4 . Output in the Construction Industry – Quarter 1 (Jan to Mar) 2015

Figure 1 shows the 2 main components of all work. The chart shows that the fall in quarter 1 (Jan to Mar) 2015 of 1.1% in all work compared with quarter 4 (Oct to Dec) 2014 has been caused by decreases in both all new work, and repair and maintenance, which fell by 1.7% and 0.2% respectively.

Figure 1: All work – quarterly time series chained volume measure, seasonally adjusted (2011 = 100)

Great Britain, Quarter 1 (Jan to Mar) 2015



Source: Construction: Output & Employment - Office for National Statistics

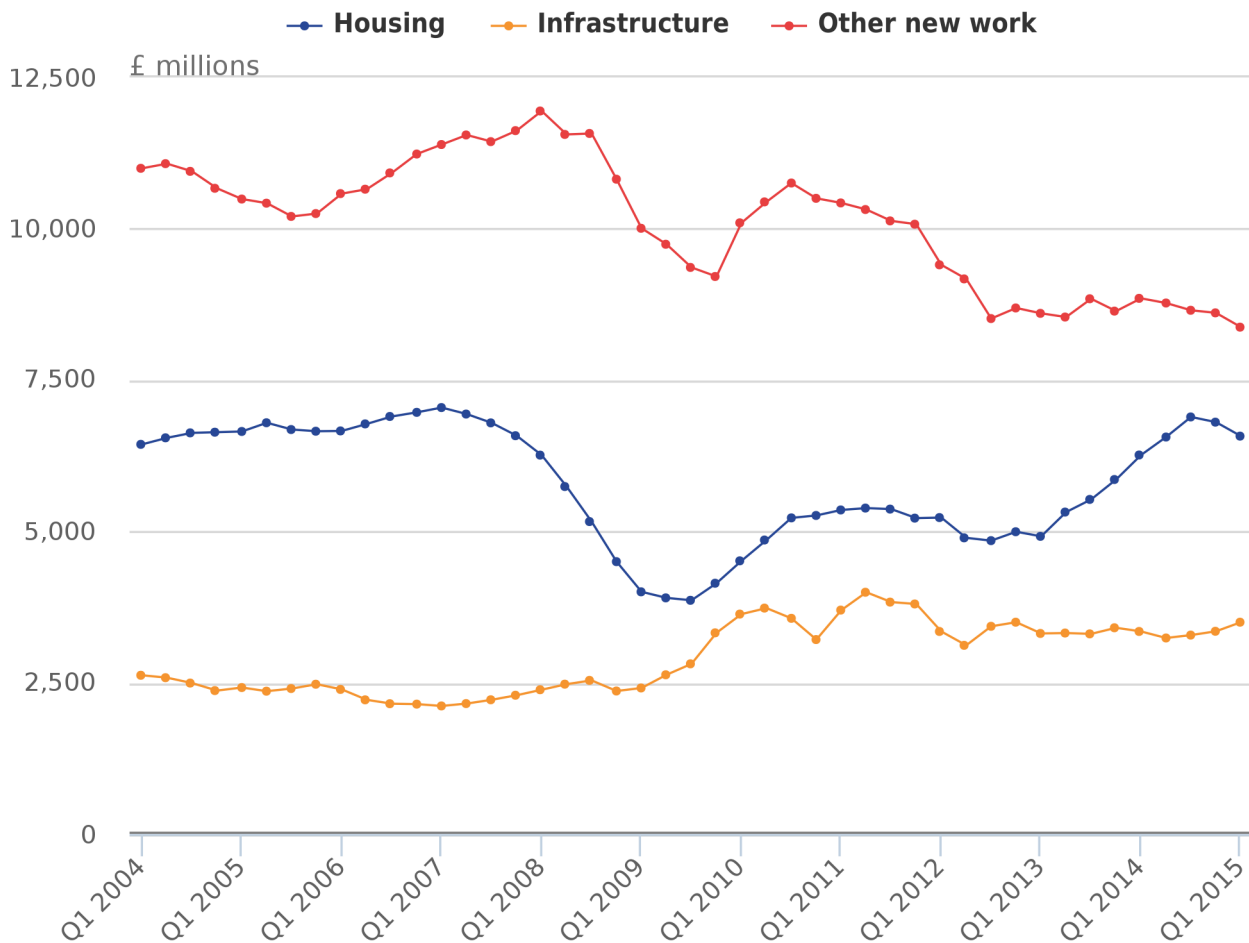
Notes:

1. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December)

Figure 2 looks at the main components of all new work. After sustained growth in new housing since early 2013, quarter 1 (Jan to Mar) 2015 showed a contraction for the second consecutive quarter, falling by 3.4%. However, the level of total housing at £6.6 billion still remained 5.0% higher than quarter 1 (Jan to Mar) 2014. Infrastructure increased in quarter 1 (Jan to Mar) 2015 but has remained broadly flat since early 2012. Other new work continued to fall into quarter 1 (Jan to Mar) 2015 and was at its lowest level since quarter 4 (Oct to Dec) 1997.

Figure 2: Components of all new work – quarterly time series chained volume measure, seasonally adjusted (2011 = 100)

Great Britain, Quarter 1 (Jan to Mar) 2015



Source: Construction: Output & Employment - Office for National Statistics

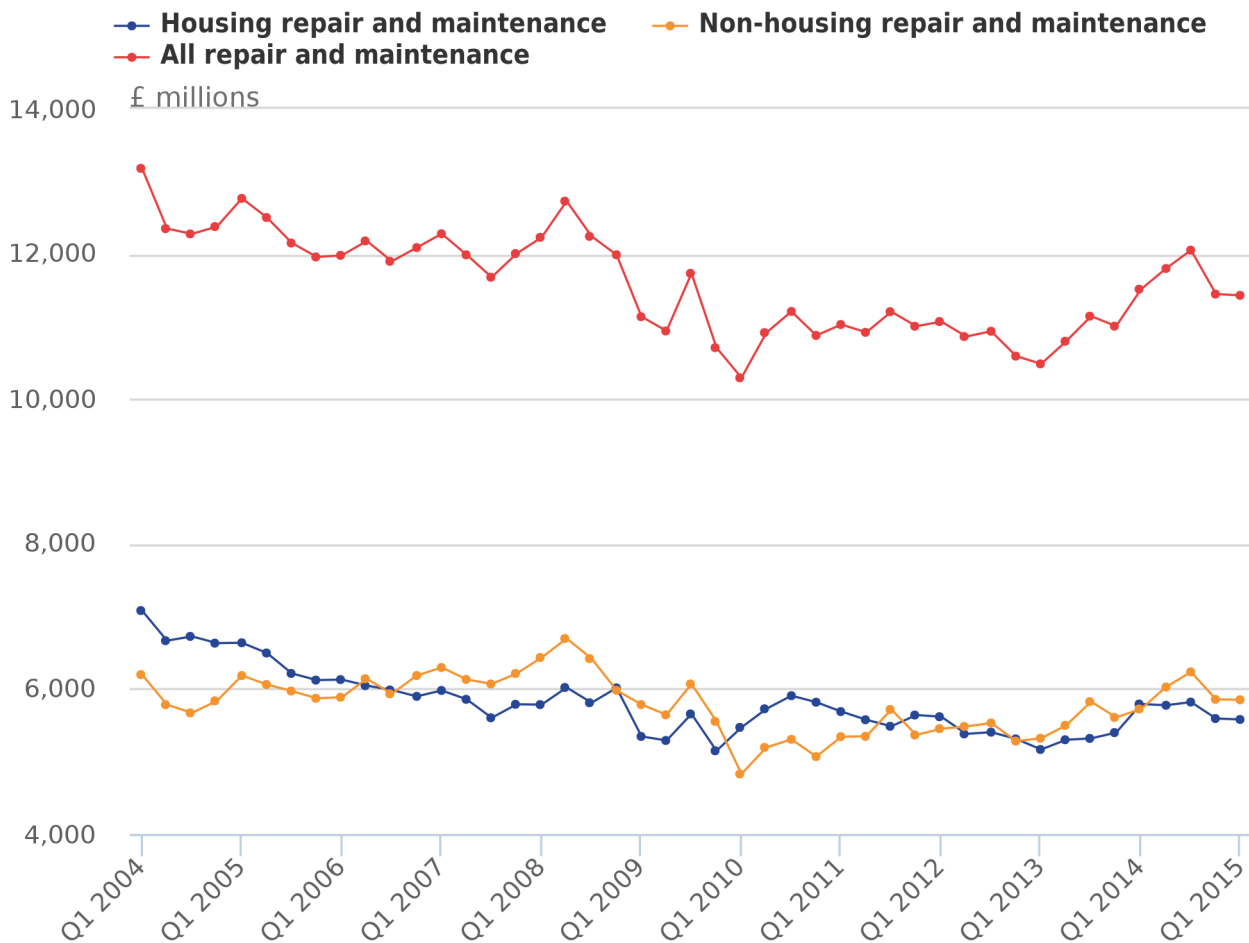
Notes:

1. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December)

Figure 3 shows the main components of repair and maintenance. In quarter 1 (Jan to Mar) 2015, all repair and maintenance fell slightly, by 0.2% compared with quarter 4 (Oct to Dec) 2014. Both housing, and non-housing repair and maintenance fell on the quarter, decreasing by 0.2% and 0.1% respectively.

Figure 3: Components of repair and maintenance, quarterly time series, seasonally adjusted (SA) chained volume measures, £ million

Great Britain, Quarter 1 (Jan to Mar) 2015



Source: Construction: Output & Employment - Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December)

5 . Output in the Construction Industry – March 2015

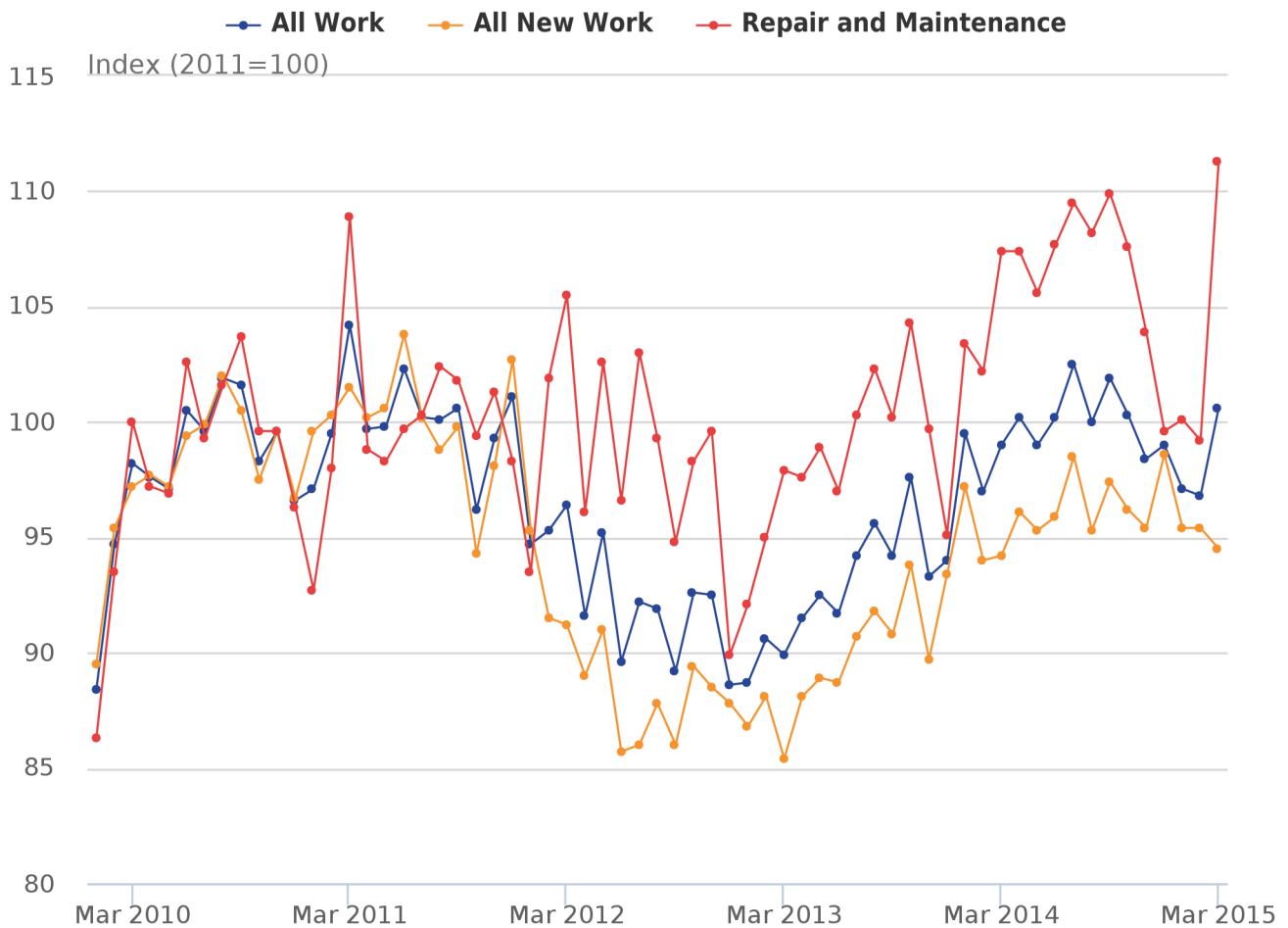
All work

In March 2015 all work:

- increased by 3.9% compared with February 2015
- increased by 1.6% compared with March 2014

Figure 4: All work – monthly time series, chained volume measure, seasonally adjusted, index (2011 = 100)

Great Britain, March 2015

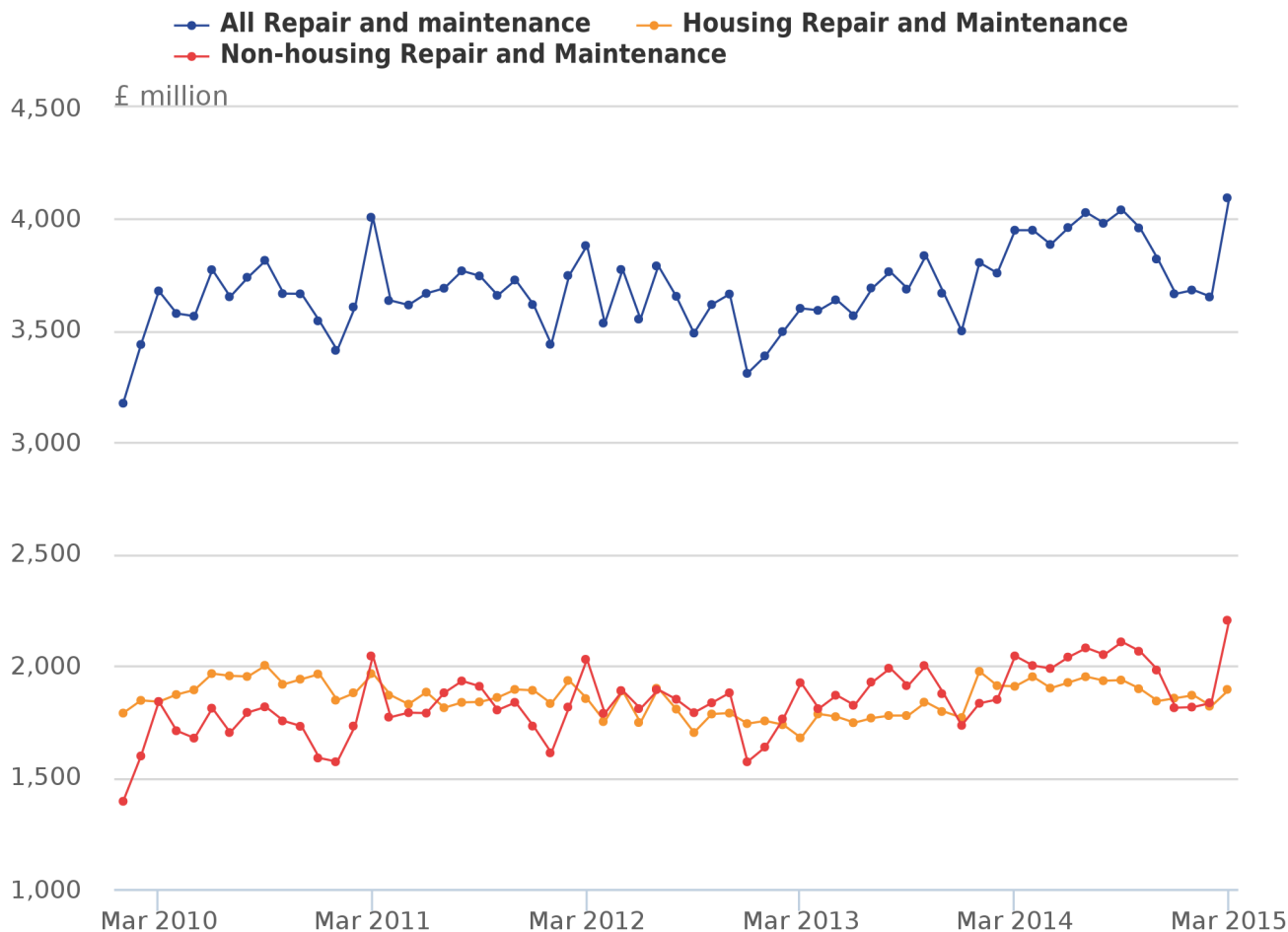


Source: Construction: Output & Employment - Office for National Statistics

Figure 4 shows the 2 main components of all work. The chart shows that after a slight decline in output in late 2014 and early 2015, there has been growth of 3.9% in all work in March 2015 compared with February 2015. The increase was caused by a rise of 12.2% in repair and maintenance, offset slightly by a fall of 1.0% in all new work.

Figure 5: Components of repair and maintenance, monthly time series, chained volume measure, seasonally adjusted, £ million

Great Britain, March 2015



Source: Construction: Output & Employment - Office for National Statistics

Figure 5 looks at the 2 main components of repair and maintenance; while housing repair and maintenance has remained fairly static, it is clear that the increase into March 2015 was due to non-housing repair and maintenance. This series is far more volatile than housing repair and maintenance and may still have an element of seasonality, despite being a seasonally adjusted series. When the [interim solution for new deflators](#) is introduced in our next release, we will be reviewing the seasonal adjustment of all types of work and will therefore look to address this possible residual seasonality.

Table 1: Component comparison to previous levels, chained volume measure, seasonally adjusted

Great Britain, March 2015

	Current volume £million	Lowest volume £million	Date	Highest volume £million	Date	Percentage change from lowest volume	Percentage change from highest volume
New Housing							
Public	1,258	306	1999 Q2	1,451	2014 Q3	311.1	-13.3
Private	5,314	3,045	2009 Q3	6,202	2006 Q4	74.5	-14.3
Total	6,573	3,550	1999 Q4	7,045	2007 Q1	85.2	-6.7
Other New Work							
Infrastructure	3,498	2,114	2007 Q1	3,993	2011 Q2	65.5	-12.4
Excluding Infrastructure							
Public	2,146	1,194	1997 Q2	3,703	2010 Q4	79.7	-42
Private Industrial	960	750	2013 Q3	1,941	1999 Q2	28	-50.5
Private Commercial	5,268	5,094	2012 Q3	8,404	2008 Q1	3.4	-37.3
All New Work	18,445	14,898	1997 Q1	20,550	2008 Q1	23.8	-10.2

Notes:

1. Monthly time series for these components begins in January 2010
2. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December)

Summary of growth rates for all work types

Table 2 provides a summary of growth rates across the different types of construction work in March 2015. Some main points from this table are as follows:

- all work increased due to a record rise in all repair and maintenance on the month
- all components of repair and maintenance showed an increase in March 2015 compared with February 2015
- all new work, and repair and maintenance contributed to the year-on-year increase in all work, with all work types except public new housing, public other new work, private commercial, and private housing repair and maintenance showing growth

Table 2: Construction output summary tables, chained volume measures, seasonally adjusted

Great Britain, March 2015

	Percentage change					Most recent level
	Most recent 3 months on a year earlier	Most recent 3 months on 3 months earlier	Most recent month on the same month a year ago	Most recent month on the previous month		
Construction						
Total All Work	-0.3	-1.1	1.6	3.9		10,203
Total All New Work	-0.1	-1.7	0.2	-1.0		6,107
Total Repair & Maintenance	-0.7	-0.2	3.7	12.2		4,095
All New Work						
Total All New Work	-0.1	-1.7	0.2	-1.0		6,107
New Housing						
Public Corporations	-7.1	-11.1	-10.9	-2.6		411
Private Sector	8.3	-1.4	11.1	2.3		1,795
Other New Work						
Infrastructure	4.6	4.5	9.0	0.9		1,174
Excl Infrastructure						
Public Corporations	-5.5	-6.6	-4.8	-2.3		706
Private Sector						
Private Sector - Industrial	11.2	8.9	4.7	-1.5		318
Private Sector - Commercial	-7.8	-3.0	-10.0	-4.5		1,704
Repair & Maintenance						
Total Repair & Maintenance	-0.7	-0.2	3.7	12.2		4,095
Housing						
Public Corporations	-1.2	1.6	2.6	2.9		599
Private Sector	-4.8	-1.1	-2.2	4.7		1,293
Non-Housing	2.2	-0.1	7.8	20.1		2,203

International perspective

Output in the construction industry follows the [Eurostat short term statistics \(STS\)](#) regulation for production in construction. Before any comparisons are made with the Euro area or EU28, it is worth noting that the UK is the only member state to follow the A method for compiling production in construction statistics.

The latest release of [production in construction](#) showed that construction output in the euro area (EA19) decreased by 1.8% and by 1.2% in the EU28 in February 2015 compared with January 2015. The GB estimate for February 2015 showed that construction output decreased by 0.3%. In February 2015 compared with February 2014, production in construction fell by 3.7% in the EA19 and by 2.4% in the EU28 while the GB estimate showed that construction output fell by 0.2%. It should be noted that an accurate comparison cannot be made as Eurostat data are calculated on a 2010 = 100 basis, while GB data are calculated on a 2011 = 100 basis.

Outside of the EU, the US Census Bureau release [Value of construction put in place](#) showed provisional estimates of construction output decreased by 0.6% in March 2015 compared with February 2015 and increased by 2.0% compared with March 2014.

6 . Construction estimates in gross domestic product (GDP)

Construction estimates are a main component of the output approach to measuring GDP along with the estimates of services, production and agriculture. As an aid to users, the short-term economic indicator releases that directly feed into GDP include an additional table of the GDP components. It is anticipated that this table will inform users of the relationship between the individual components which comprise GDP output. The publication dates and the quarterly growths of the individual GDP components are shown below.

Each component of GDP has a weight within GDP, based on its value in 2011. Construction has a weight of 64, which means that it is 64 parts of the 1,000 that make up total GDP.

To determine the effect each component has on GDP, multiply the component growth by its weight in GDP.

An example using quarter 2 (Apr to June) 2014 data:

Construction growth = 0.7
Weight in GDP = 0.064 (64/1000)
Effect on GDP = $0.7 * 0.064 = 0.0448$ or 0.0 to 1 decimal place (dp)

Revisions to components and the effect on GDP can be calculated using the same process. As a general rule there are no revisions to GDP when the component revisions are:

IoP = between 0.3 and -0.3
Construction = between 0.7 and -0.7
IoS = 0.0 (all values above or below 0.0 effect GDP due to the high weight of IoS in GDP).

Because;

IoP = $0.146 * 0.4 = 0.0584$ or 0.1 to 1 dp

Construction = $0.064 * 0.8 = 0.0512$ or 0.1 to 1 dp
IoS = $0.784 * 0.1 = 0.0784$ or 0.1 to 1 dp

Table 3 shows the latest and revised quarterly output figures that fed into the GDP preliminary release for Q1 2015 published on the 28 April 2015.

Table 3: GDP component tables, chained volume measures, seasonally adjusted

Publication	Weight in GDP	Publication date	Latest periods	Percentage Change	
				Most recent period on a year earlier	Most recent period on the previous period
GDP	1000	28 Apr 2015	Q1 2015	2.4	0.3
			Q4 2014	3.0	0.6
Index of Production	146	12 May 2015	Q1 2015	0.6	0.1
			Q4 2014	1.0	0.2
Construction output	64	15 May 2015	Q1 2015	-0.3	-1.1
			Q4 2014	4.5	-2.2
Index of Services	784	28 Apr 2015	Q1 2015	3.1	0.5
			Q4 2014	3.4	0.9
Agriculture	6	28 Apr 2015	Q1 2015	0.9	-0.2
			Q4 2014	1.6	0.4

The preliminary estimate of GDP published on 28 April 2015 contained an estimate for quarterly construction of a fall of 1.6%. This estimate has been revised within this release based upon updated survey responses and is now estimated to have decreased by 1.1%.

7. Background notes

1. What's new

An article providing an update on [construction price statistics](#) was published on 8 May 2015 on our website.

2. About this release

Construction output estimates are a short-term indicator of construction output by private sector and public corporations within Great Britain. Output estimates are produced and published at current prices (including inflationary price effects) and at chained volume estimates (with inflationary effects removed) both seasonally adjusted and non-seasonally adjusted. Chained volume measures are also described as volume. Construction output is used in the compilation of the output approach to [gross domestic product \(GDP\)](#).

The data published in this release cover construction estimates for Great Britain. Construction output estimates for Northern Ireland can be obtained from the [Central Survey Unit](#).

3. Revision policy

Construction output conforms to the standard [national accounts revision policy \(43.3 Kb Pdf\)](#), which can be found on our website. In line with this, the construction output release for March 2015 has a revision period back to January 2015.

Figures for the most recent months are provisional and subject to revision in light of (a) late responses to the monthly business survey MBS and (b) revisions to seasonal adjustment factors which are re-estimated every period.

4. Statistical continuous improvement

In March 2012, as part of our [statistical continuous improvement programme](#), we published a review of [sample design and estimation methodology for construction output](#). This report evaluated the sample design and estimation methods used on the construction output survey. The conclusions of the review were that the current sample is performing well and that the current methodology for estimation within the survey produces the smallest standard error.

In response to user feedback and in line with the announcement made in the article [improvements to the methods used to compile output in the construction industry statistics](#), this statistical bulletin now contains monthly seasonally adjusted chained volume estimates. Due to the potential for confusion when comparing constant price (volume) and chained volume measures, all references to constant price series for construction output have been removed from this, and future bulletins.

A work plan for construction output statistics will be published shortly and will align with the [national accounts and related statistics work plan](#).

5. Use of the data

Output in the construction industry estimates are widely used both internally and externally and have been identified by legal requirement and user engagement surveys.

The main users of data from the output of the construction industry dataset are:

- United Kingdom national accounts
- Eurostat, the statistical office of the European Union, in order to comply with statutory legislation on short-term business statistics (STS); these provide information on the economic development of 4 major domains: industry, construction, retail trade and other services
- industry analysts requiring estimates of the construction industry output of Great Britain
- trade associations making UK and international comparisons and to forecast trends in the construction industry
- other government departments including: the Department for Business, Innovation and Skills (BIS), HM Treasury (HMT), Department for Communities and Local Government (DCLG) and the Office for Budget Responsibility (OBR)

As well as being a main indicator of the performance of construction companies, the results of the survey also contribute to the estimate of the gross domestic product of the UK, contributing approximately 6.4% of GDP.

More information on the uses made of [short-term economic statistics](#) is available on our website.

6. Methods

Our monthly construction output survey measures output from the construction industry in Great Britain. It samples 8,000 businesses, with all businesses employing over 100 people or with an annual turnover of more than £60 million receiving a questionnaire by post every month.

7. Quality

The latest [quality and methodology report for the output of the construction industry estimates \(100.2 Kb Pdf\)](#) can be found on our website.

8. Revisions

One indication of the reliability of the main indicators can be obtained by monitoring the size of revisions. Analysis of the previously published quarterly seasonally adjusted constant price series has shown that revisions to construction data are small. Generally these quarterly revisions are less than 1 percentage point when compared with the final revised period 5 quarters after initial publication. This indicates that the published estimates are a reliable snapshot of the output in the industry at the date of publication.

The size and pattern of revisions for output data which have occurred in the open period can be found in the new revision triangles on the construction web page. Please note that these indicators only report summary measures for revisions. The revised data may be subject to sampling or other sources of error. Details about this revisions material can be found in the document “revisions information in ONS first release”.

It should be noted that, due to seasonal adjustment taking place on a short span of data points used to interpret the seasonal effects, there is potential for increased revisions until the seasonal pattern is established within the time series. The seasonal pattern is generally established after 60 months in a monthly time series.

Please note that a monthly seasonally adjusted chained volume series is not available pre-2010. This is due to monthly data not being available for this period. These data are a requirement for creating previous year's prices from which chain-linked volume measures are created.

9. Relevant links

[Modelling construction statistics deflators \(84.5 Kb Pdf\)](#)

[Impact of quarterly employment question on monthly survey response \(163.7 Kb Pdf\)](#)

[Investigating the effect of quarterly collection of employee jobs data on the estimated standard error of change for total turnover on the monthly business survey \(110 Kb Pdf\)](#)

Annual construction publication

Construction Statistics, No. 15, 2014 Edition

GSS uncertainty guidance

[Government Statistical Service \(GSS\) uncertainty guidance](#)

International comparisons

International construction comparisons are compiled by Eurostat. The estimates produced in this bulletin are included in these comparisons. Further information can be found on the [Eurostat](#) web page.

Analysis of the construction industry

An [article](#) on the UK construction industry was published by BIS in 2013.

UK Statistics Authority assessment

[Assessment of the Construction Output and New Orders statistical bulletin](#)

Disclosure control policy

The [Disclosure control policy \(337 Kb Word document\)](#) for tables produced from surveys.

The circular flow of income

[14 ways ONS statistics help you understand the economy - A closer look at the circular flow of income](#)

10. Further information

Releases on construction output and employment prior to the transfer to us can be found on the [BIS website](#).

11. User engagement

The [user engagement](#) section of our website contains results of the survey held in April 2011 regarding users' satisfaction and use of the new orders and construction output surveys.

12. General information

Understanding the data

Interpreting the data

When making comparisons it is recommended that users focus on chained volume measures or constant price (volume), seasonally adjusted estimates as these show underlying movements rather than seasonal movements.

Construction output estimates are subject to revision because of:

- late responses to the construction output survey
- revisions to seasonally adjusted factors which are re-estimated every quarter

- annual updating of the inter-departmental business register (IDBR) that forms the basis of the sampling for the construction output survey. This occurs in April and can have an effect on the results published in May

Definitions and explanations

Definitions of terminology found within the main statistical bulletin are detailed below:

Output

Output is defined as the amount chargeable to customers for building and civil engineering work done in the relevant period excluding VAT. As well as work charged to customers, businesses are asked to include the value of work done on their own initiative on buildings such as dwellings or offices for eventual sale or lease, and of work done by their own operatives on the construction and maintenance of their own premises. The value of goods made by businesses themselves and used in the work is also included.

In all returns, work done by sub-contractors is excluded to avoid double counting, since sub-contractors are also sampled. Output does not include payments made to architects or consultants from other firms – this would also cover engineers and surveyors. It would include wages paid to such people if they were directly employed by the business.

Current price (value) (CP)

Current prices are the actual or estimated recorded monetary value over a defined period. They show the value for each item expressed in terms of the prices of that period.

Constant price (volume) (KP)

A constant price or volume measure is a series of economic data from successive years expressed in real terms by computing the production volume for each year in the prices of a reference year. The resultant time-series of production figures has the effects of price changes removed (that is, monetary inflation or deflation). In other words, from the raw data a series is obtained which reflects only production volume. See the “Deflation” section. Constant price series in this bulletin are based on the reference year 2005.

Chained volume measures (CVM)

A chained volume series is a series of data from successive years, put in constant price terms by computing the production volume for each year in the prices of the preceding year, and then chain-linking the data together to obtain a time-series of production figures from which the effects of price changes (that is, monetary inflation or deflation) have been removed. Further information on chain-linking can be found in the methodological article [Annual chain-linking \(58 Kb Pdf\)](#) .

Seasonal adjustment (SA)

Seasonal adjustment aids interpretation by removing effects associated with the time of the year or the arrangement of the calendar, which could obscure movements of interest.

Deflation

It is common for the value of a group of financial transactions to be measured in several time periods. The values measured will include both the change in the volume sold and the effect of the change of prices over that year. Deflation is the process whereby the effect of price change is removed from a set of values. The current reference year is 2011 for CVM data.

Sectors

Institutional sectors are defined in the system of national accounts (SNA) glossary as:

- Units that are grouped together to form institutional sectors on the basis of their principal functions, behaviour, and objectives

The resident institutional units that make up the total economy are grouped into 5 mutually exclusive sectors:

- non-financial corporations
- financial corporations

- general government
- non-profit institutions serving households
- households

In the case of non-financial and financial sectors, these can be further broken down into public sector, those units either controlled by the state or funded from the public purse and include general government, local authorities, housing associations and nationalised industries and private sector, those units controlled by private individuals or groups and not by the public sector.

Gross domestic product (GDP)

GDP is an integral part of the UK national accounts and provides a measure of the total economic activity in a region.

GDP is often referred to as one of the main “summary indicators” of economic activity and references to “growth in the economy” are quoting the growth in GDP during the latest quarter.

Construction estimates are a component of GDP from the output or production approach (GDP(O)) which measures the sum of the value added created through the production of goods and services within the economy (our production or output as an economy). This approach provides the first estimate of GDP and can be used to show how much different industries (for example, agriculture) contribute within the economy.

Housing

Housing is generally defined as “all buildings that are constructed for residential use”. Within the public sector this classification includes construction items such as local authority housing schemes, hostels (except youth hostels), married quarters for the services and police, old peoples' homes, orphanages and children's remand homes, and the provision within housing sites of roads and services for gases, water, electricity, sewage and drainage.

Private sector housing includes all privately owned buildings for residential use, such as houses, flats and maisonettes, bungalows, cottages, vicarages, and the provision of services to new developments.

Infrastructure

Infrastructure is the generic term for the basic physical and organisational structures and facilities needed for the operation of a society or enterprise. These construction items include buildings, roads, power supplies, etc.

Other new work

Other new work excludes the housing and infrastructure sectors. This classification includes construction items such as factories, warehouses, schools and offices, etc.

Non-housing

Within the public sector, non-housing is classified as the construction of building such as schools and colleges, hospitals, universities, fire stations, prisons and museums. Private sector non-housing is comprised of the private and industrial and private and commercial classifications. Private - industrial is the economic activity concerned with the processing of raw materials and manufacture of goods in factories and includes construction items such as factories and shipyards while private – commercial includes all items not included in the previous categories such as embassies, theatres, retail units, warehouses and garages, etc.

Repair and maintenance

The repair and maintenance heading in the construction estimates comprises of housing, infrastructure and other new work. This concerns work which is either repairing something that is broken, or maintaining it to an existing standard. For housing output this includes repairs, maintenance, improvements, house or flat conversions, extensions, alterations and redecoration, etc. on existing housing. For non-housing this includes repairs, maintenance, redecoration, etc. on existing buildings or structures, which are not housing, for example schools, offices, roads, shops.

13. Code of Practice for Official Statistics

National Statistics are produced to high professional standards which are set out in the [Code of Practice for Official Statistics](#). They undergo regular quality assurance reviews to ensure that they meet customer needs and are produced free from any political interference.

14. Publication policy

Details of the policy governing the release of new data are available from our Media Relations Office.

15. Accessing data

The output in the construction industry statistical bulletin and relevant time series datasets are available to download free from [our website](#) at 9.30 am on the day of publication.

We allow a list of agreed officials to have access to data 24 hours before publication, which is available on the [output in the construction industry: pre-release page](#).

16. Further information and user feedback

As a user of our statistics, we would welcome feedback on this release, in particular on the content, format and structure. For further information about this release, or to send feedback on our publications, please contact us using the following information.

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17. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk