

Compendium

# Gross fixed capital formation supplementary tables

Gross fixed capital formation estimates of net capital expenditure on fixed assets by public and private sectors.



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# 1 . Gross fixed capital formation supplementary tables

Gross fixed capital formation (GFCF) is the estimate of net capital expenditure (acquisitions less the proceeds from disposals) on fixed assets by both the public and private sectors. Fixed assets are purchased assets used in production processes for more than one year.

Examples of capital expenditure include spending on:

- machinery and equipment
- transport equipment
- software
- artistic originals
- research and development
- new dwellings and major improvements to dwellings
- other buildings and major improvements to buildings
- structures such as roads

In the Blue Book 2019 we have introduced a number of improvements to our GFCF estimates covering both methods improvements and reviews of data sources. These include:

- current price improvements to data sources
  - reviewing and improving our data sources for the intellectual property products asset, including own-account software and databases, research and development, and artistic originals
  - incorporation of Northern Ireland dwellings data
  - reviewing and including markups for mineral exploration and machine tools produced by engineering enterprises
- regular current price data source updates
  - incorporation of revised Annual Business Survey benchmarks for 2015 and 2016 and new data for 2017
- chained volume measure (CVM) methodological improvements
  - improved product allocation, introduced in the new GFCF estimation system in 2017, used for the first time this year as part of the supply and use balancing process
  - further improvements to the conversion of capital expenditure and Annual Business Survey data between Standard Industrial Classification: SIC 2003, and SIC 2007
  - alignment with the foundations of a new framework used for headline gross domestic product (GDP), including the use of new deflators

As a result of these changes, headline GFCF annual growth, on average, between 1998 and 2016 has been revised upwards by 0.3 percentage points in current prices. Volume estimates of annual growth on average have been unrevised over this period, although there have been revisions to specific years.

More information on the improvements to GFCF estimates outlined above, which have been introduced in the Blue Book 2019, can be found in the article [Impact of Blue Book 2019 changes on gross fixed capital formation and business investment](#) published 20 August 2019. This article covers the years 1997 to 2016. Changes affecting later periods are covered in the Blue Book 2019-consistent [Business investment release](#) published 30 September 2019.