Office for National Statistics

Compendium

The industrial analyses

Analysis of the 10 broad industrial groups' contributions to gross value added, compensation of employees and workforce jobs, and summary supply and use tables.

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1 . The industrial analysis

Analysis of the 10 broad industrial groups shows that in 2018, the government, health and education industries provided the largest contribution to gross value added (GVA) at current basic prices. These industries contributed 18.1% to the total GVA of £1,910 billion, with a value of £346 billion. Of the remainder:
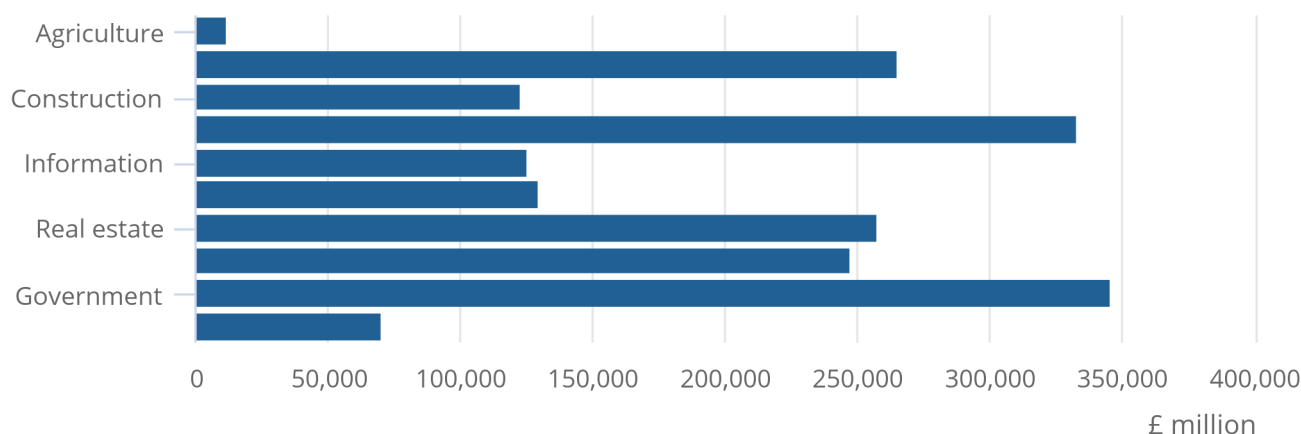
- distribution, transport, hotels and restaurants industries contributed 17.4%

- production industries contributed 13.9%

- real estate industries contributed 13.5%

Figure 2.1: Government, health and education provided the largest contribution to GVA in 2018

Breakdown of gross value added at basic prices, by industry, UK, 2018

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Breakdown of gross value added at basic prices, by industry, UK, 2018

Source: Office for National Statistics – Blue Book 2020

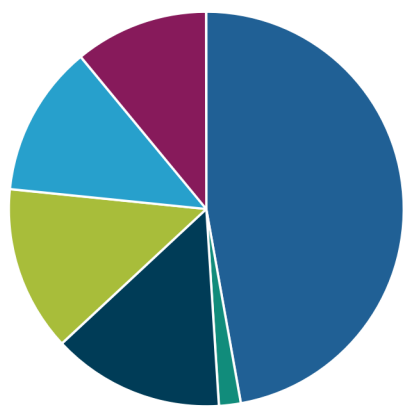In 2018, of all goods and services within final demand:

- households consumed 47.2%

- government, both central and local, consumed 14.1%

- non-profit institutions serving households (NPISH) consumed 1.8%

- gross capital formation, by all sectors of the economy, consumed 13.5%

- 12.4% were exported goods, and 11.0% were exported services

Figure 2.2: Households consumed nearly half of goods and services within final use in 2018

Composition of final use, UK, 2018

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Composition of final use, UK, 2018

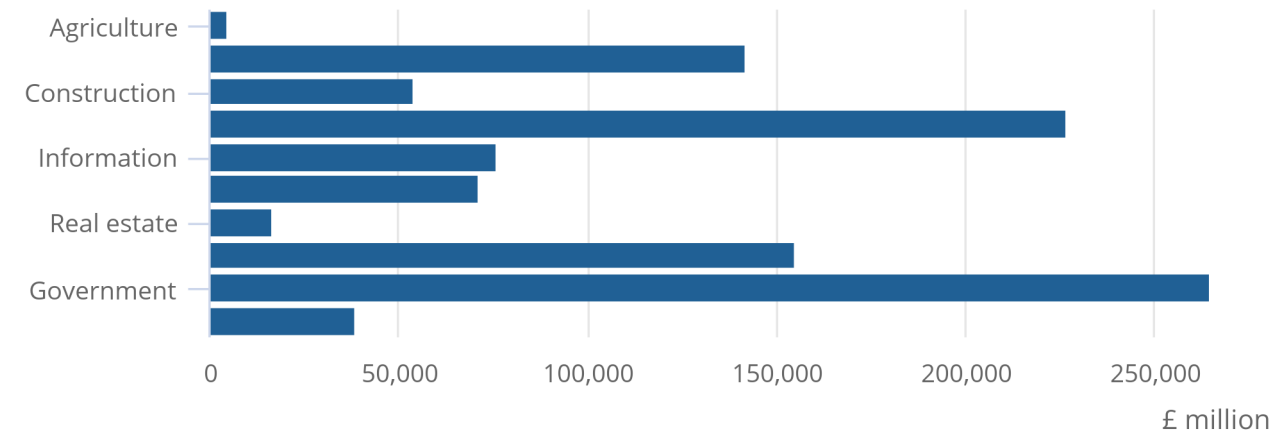**Source: Office for National Statistics – Blue Book 2020**

The government, health, and education industries showed the highest level of compensation of employees in 2018 at £264.6 billion (25.2%). The second largest industry grouping, in terms of their contribution to total compensation of employees, were the distribution, transport, and hotels and restaurants industries at £226.4 billion (21.6%).

Figure 2.3: Government, health and education showed the highest level of compensation of employees in 2018

Breakdown of compensation of employees, by industry, UK, 2018

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Breakdown of compensation of employees, by industry, UK, 2018

£ million

Source: Office for National Statistics – Blue Book 2020

2 . Input-output supply and use tables

The annual estimates included in UK National Accounts, The Blue Book: 2020 edition, incorporate the results of annual inquiries that become available in the first part of the year, although the last year's estimates are based largely on quarterly information. Any newly collected data are shown as revisions. To reassess these estimates, supply and use tables (SUTs) are prepared using all the available information on inputs, outputs, gross value added, income and expenditure. To produce consolidated sector and financial accounts requires preparation of "top-to-bottom" sector and subsector accounts to identify discrepancies in the estimates relating to each sector.

The latest annual supply and use tables provide estimates for the years 1997 to 2018. Data for 2018 are balanced for the first time. Data for 2016 and 2017 have been fully re-balanced. Data from 1997 to 2015 have been revised to incorporate changes required under new international standards and guidelines, as well as to make sure the data are comparable and meet user needs.

Further general information regarding the supply and use framework and the balancing process can be found in the Guidance and methodology.

3 . Current price analysis

The analyses of gross value added and other variables by industry, shown in Tables 2.1, 2.1A and 2.2, reflect estimates based on Standard Industrial Classification 2007: SIC 2007. These tables are based on current price data reconciled through the input-output supply and use framework from 1997 to 2018.

Estimates of total output and gross value added are valued at basic prices, the method recommended by the European System of Accounts 2010: ESA 2010. Therefore, the only taxes and subsidies included in the price will be those paid or received as part of the production process (such as business rates), rather than those associated with the production of a unit of output (such as Value Added Tax).

4 . Chained volume indices (2018=100) analyses

Table 2.3 shows chained volume estimates of gross value added (GVA) at basic prices by industry. The output approach provides the lead indicator of economic change in the short term. In the longer term, the output measure of real gross domestic product (GDP) is required to follow the annual path indicated by the expenditure measure of real GDP (usually to two decimal places). To achieve this coherence, balancing adjustments are sometimes applied to the services industries within the output-based GVA estimates at each annual Blue Book.

We have developed an automatic function for assigning the annual adjustments to GVA. This is designed to minimise changes to the quarterly path while adjusting the overall annual growth rate to align to the expenditure measure. For technical and other reasons, the adjustments are not, at present, made to retail or the non-services industries for any years.

5 . Workforce jobs by industry

Workforce jobs (WFJ) is the preferred measure of the change in jobs by industry. A person can have more than one job; the number of jobs is not the same as the number of people employed.

Table 2.4 breaks down WFJ into 10 broad industry groupings on Standard Industrial Classification 2007: SIC 2007.

The main component of WFJ is employee jobs. Estimates for employee jobs are obtained mainly from surveys of businesses selected from the Inter-Departmental Business Register (IDBR). All other business surveys collecting economic data also use this register.

WFJ also includes Her Majesty's Forces (within industry section O) and government-supported trainees from administrative sources (split by industry using the Labour Force Survey).

The Labour Force Survey (LFS), a household survey, is used to collect self-employment jobs. It codes respondents according to their own view of the industry they work in, therefore the industry breakdown is less reliable than that for the business surveys.

6 . Summary supply and use tables for the UK

New tables are available for all years back to 1997. Links to tables for the latest years are included below.

7 . Gross value added (GVA)

The UK National Accounts provide a comprehensive industry breakdown of gross value added (GVA), with activities grouped into 20 broad sections in accordance with Standard Industrial Classification 2007: SIC 2007.

This also includes supplementary information for the different components that make up GVA for each industry. Under the income approach, GVA is split into compensation of employees (CoE), taxes less subsidies, gross operating surplus (GOS) and mixed income. Estimates of each industry's intermediate consumption and total output are also published, with the difference between the two equalling GVA.

This additional information allows for more detailed analysis of national output to be conducted. For example, CoE can be used to calculate how much of an industry's production income is spent on wages and salaries and employers' social contributions. GOS data can be used to estimate how much profit is generated by companies after considering labour costs and taxes less subsidies.