Statistical bulletin

Non-financial business economy, UK and regional (Annual Business Survey): 2018 revised results

Size and growth within the UK and regional non-financial sectors as measured by the Annual Business Survey.

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Next release:
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Notice

22 October 2020

The effect of the coronavirus (COVID-19) pandemic on our capacity means we have reviewed the existing annual releases and will be suspending some publications.

This will protect the delivery and quality of our remaining annual outputs as well as ensuring we can respond to new demands. More details about the impact on annual outputs can be found in our statement.

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1 . Main points

- In 2018, the approximate gross value added at basic prices (aGVA) of the UK non-financial business economy was estimated to be £1,273.5 billion; this was an increase of £51.2 billion (4.2%) compared with 2017.
- The estimate of aGVA represents the income (turnover) of UK businesses, less the cost of goods and services consumed in the production process (purchases); all four of the main sectors of the non-financial business economy (production, construction, distribution and non-financial services) continued to show growth in 2018.
- The non-financial services sector, which accounted for over half (56.9%) of total aGVA in 2018, increased by £34.0 billion (4.9%); professional, scientific and technical activities contributed the highest level of aGVA within this sector, increasing by £9.6 billion (5.8%) in 2018.
- Out of the 12 UK regions, 8 regions experienced growth in aGVA; Wales experienced the largest percentage increase of £4.7 billion (13.8%) in 2018.
- The East of England, the West Midlands, the North West and the South West were the four regions decreasing year-on-year in aGVA; the largest percentage decrease was in the East of England where aGVA fell by £4.1 billion (3.7%).

2 . Things you need to know about this release

Users should note that a new contact email address will be in use from 1 July 2020. Any queries regarding the Annual Business Survey or Annual Purchases Survey should be directed to: ABAPS@ons.gov.uk

Coronavirus (COVID-19)

The collection of the data contained in this statistical bulletin has not been affected by the coronavirus (COVID-19) pandemic.

Our latest data and analysis on the impact of the coronavirus on the UK economy and population is now available on a new web page. This will be the hub for all special virus-related publications, drawing on all available data.

The Office for National Statistics (ONS) has released a public statement on the coronavirus and the production of statistics. Specific queries must be directed to the Media Relations Office.

Content of the bulletin

The Annual Business Survey (ABS) covers the non-financial business economy, which accounts for approximately two-thirds of the UK economy in terms of approximate gross value added (aGVA). These data are the main source for understanding the detailed structure, conduct and performance of businesses across the UK.

This statistical bulletin includes both UK and regional analyses. The industries covered are:

- non-financial services (includes professional, scientific, communication, administrative, transport, accommodation and food, private health and education, and entertainment services)
- distribution (includes retail, wholesale and motor trades)
- production (includes manufacturing, oil and gas extraction, energy generation and supply, and water and waste management)
- construction (includes civil engineering, house building, property development and specialised construction trades such as plumbers, electricians and plasterers)
- parts of agriculture (includes agricultural support services and hunting), forestry and fishing
- please note that non-financial services exclude public administration and defence, public provision of education and health, all medical and dental practice activities, finance and insurance
- estimates published in this release include turnover, purchases, approximate gross value added (aGVA) and employment costs; an overview of aGVA and a comparison of the ABS and national accounts measures of value added can be found in the articles What is aGVA? and A Comparison between ABS and National Accounts Measures of Value Added (PDF, 462.3KB); all data are reported at current prices, so no adjustments have been made to account for the effects of inflation over time

Regional subset

Regional ABS aGVA estimates in this bulletin are produced in accordance with the Nomenclature of Units for Territorial Statistics (NUTS) classification. This provides a single uniform breakdown for the production of regional statistics. Regional estimates in this release are produced at NUTS1 level for Wales, Scotland, Northern Ireland and the nine English regions.

Regional ABS estimates are produced by apportioning the survey return from each reporting unit to its individual local sites and then summing them to the regional level. Industry breakdowns at the UK level will therefore not necessarily match the UK level when aggregating the data from the regions. More information can be found under regional apportionment in Section 5.8.2 of the ABS Technical Report.

Revisions

Revisions for the UK non-financial business economy in this release are for 2017 and 2018. Compared with the previous release published on 7 November 2019, there has been a downward revision of £3.6 billion (0.3%) in aGVA for 2017 and £12.0 billion (0.9%) in aGVA for 2018.

Revisions for the regional UK non-financial business economy in this release are for 2017 only. Compared with the previous release, published on 16 May 2019, there has been a downward revision of £3.9 billion (0.3%) in aGVA for 2017.

We are also releasing today (15 May 2020) final 2018 estimates of energy, goods and services used by UK businesses, thereby publishing the purchasing patterns of UK businesses alongside the aggregate purchases data. The product values in the release have been constrained to the ABS data to provide a consistent picture.

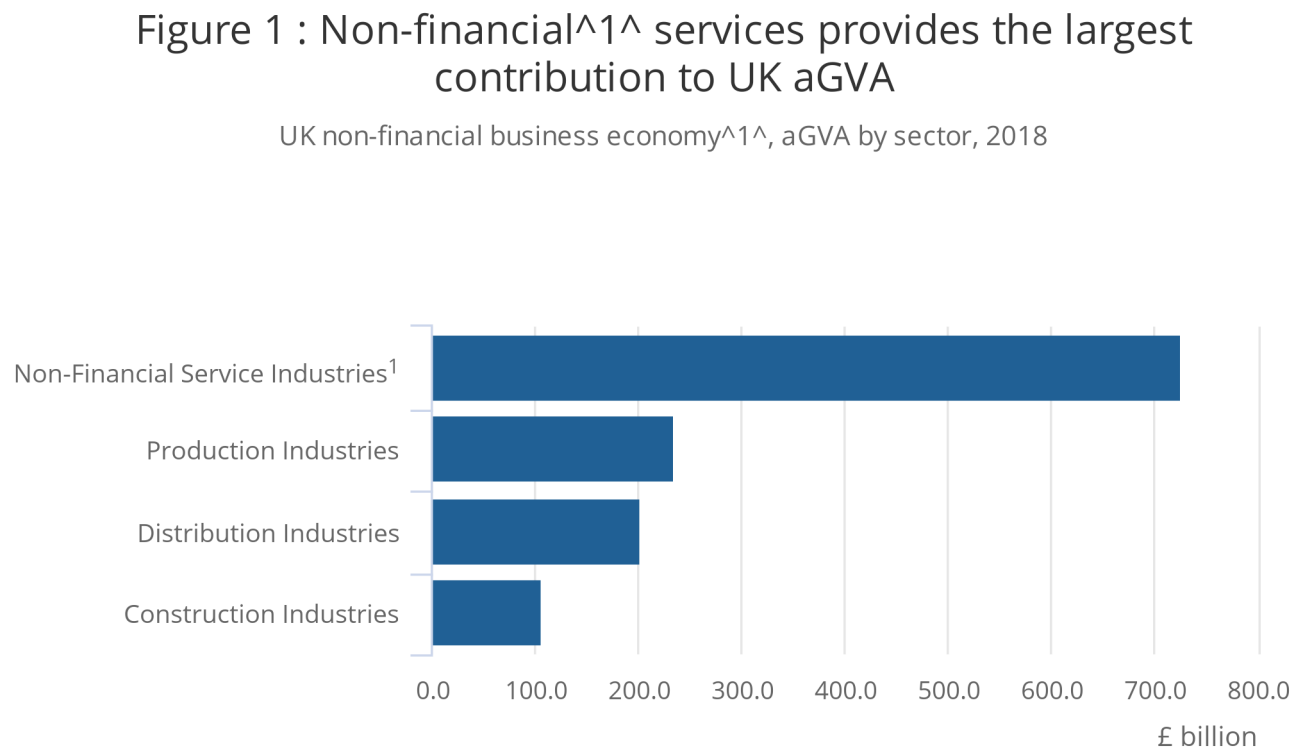
3 . What is the overall picture in the UK in 2018?

In 2018, approximate gross value added (aGVA) of the UK non-financial business economy was estimated to be £1,273.5 billion. This was an increase of £51.2 billion (4.2%) in 2018 compared with 2017.

The level of aGVA increased within each of the four main sectors of the economy in 2018: production, construction, distribution and non-financial services. Figure 1 shows that the non-financial services sector was the largest component of the UK non-financial business economy, accounting for £725.2 billion of total aGVA in 2018 (56.9%).

Figure 1 : Non-financial[1] services provides the largest contribution to UK aGVA

UK non-financial business economy[1], aGVA by sector, 2018



Source: Office for National Statistics-Annual Business Survey

Notes:

1. UK non-financial business economy excludes crop and animal production; financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities.

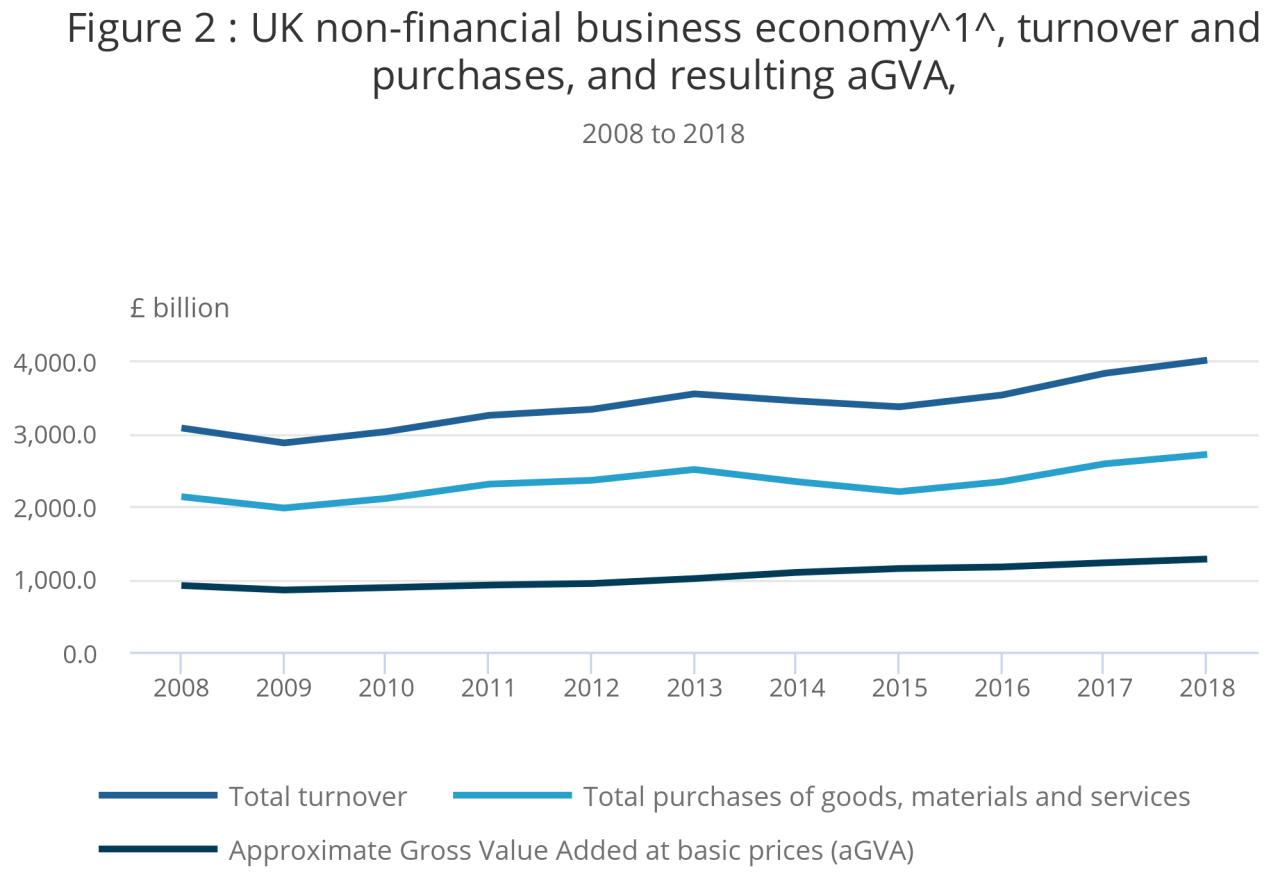
2. Agriculture (support activities SIC 01.6 and hunting and trapping SIC 01.7 only), forestry & fishing data are excluded from the above chart as the values are negligible on a comparable scale.

The main components of aGVA are turnover and purchases. At the UK level, turnover increased by £180.9 billion (4.7%) in 2018 compared with 2017, and purchases increased by £129.2 billion (5.0%). The greater rise in the level of turnover compared with purchases led to the increase in the aGVA.

All four main sectors showed growth in turnover, with distribution experiencing the largest increase of £89.9 billion (6.2%). All four main sectors also showed increased levels of purchases, with the largest change again coming from distribution, which showed an increase of £78.0 billion (6.4%).

Figure 2 : UK non-financial business economy[1], turnover and purchases, and resulting aGVA,

2008 to 2018



Source: Office for National Statistics-Annual Business Survey

Notes:

1. UK non-financial business economy excludes crop and animal production; financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities

Figure 2 shows that both turnover and purchases fell during the 2008 to 2009 economic downturn and, following this period, both followed a similar pattern of increase until 2013. Between 2013 and 2015, the levels of turnover and purchases started to decline again (specifically within production and wholesale because of falling oil prices), but since then turnover and purchases have increased, resulting in increases to the level of aGVA.

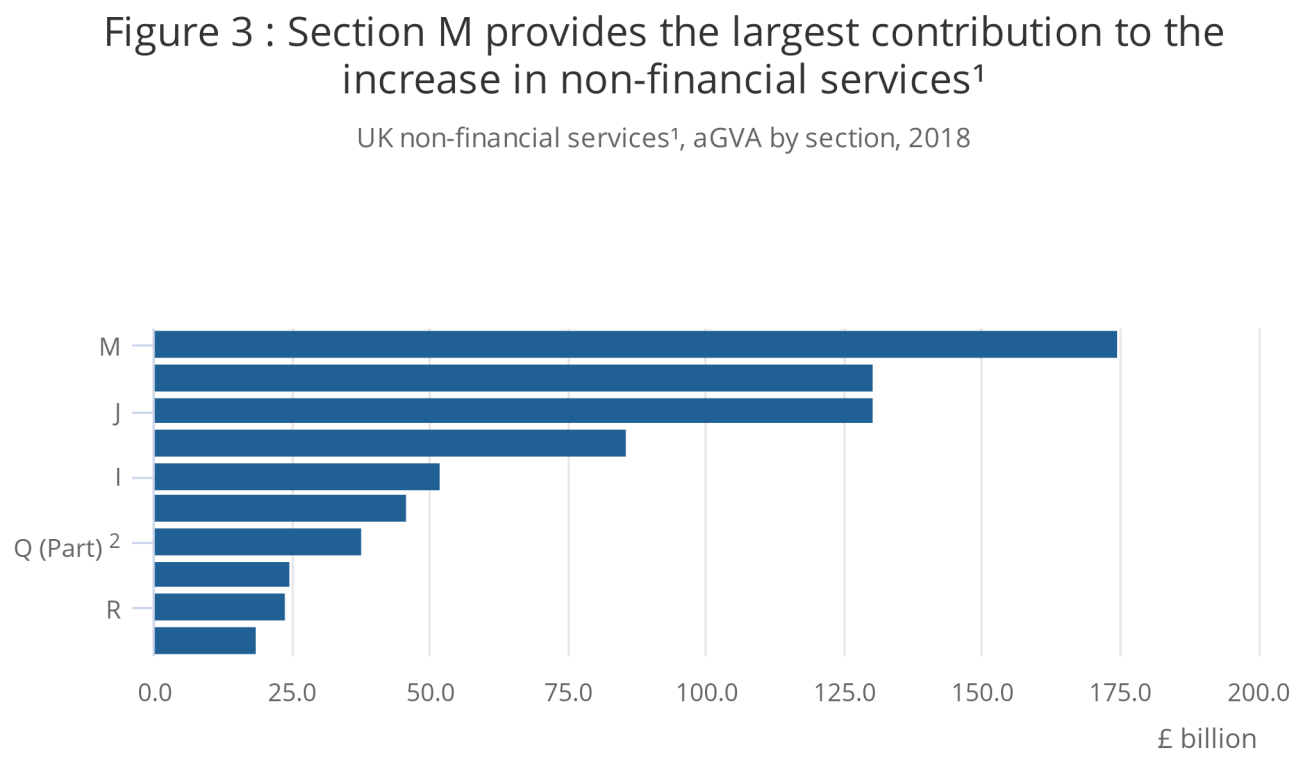
4 . What is causing the higher levels of aGVA in non-financial services?

Between 2017 and 2018, approximate gross value added (aGVA) in the non-financial services sector increased by £34.0 billion (4.9%).

Figure 3 shows the contributions from all sections within the non-financial services sector. The largest contribution to the level of aGVA within the sector came from professional, scientific and technical activities (section M), followed by administrative and support service activities (section N), then information and communication (section J). When combined, sections M, N and J accounted for £435.8 billion (60.1%) of total aGVA in the non-financial services sector.

Figure 3 : Section M provides the largest contribution to the increase in non-financial services[1]

UK non-financial services[1], aGVA by section, 2018



Source: Office for National Statistics-Annual Business Survey

Notes:

1. UK non-financial service excludes; financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities.

2. Standard Industrial Classification (Revised 2007) includes the following sections: H - Transport and storage; I - Accommodation and food service activities; J - Information and communication; L - Real estate activities; M - Professional, scientific and technical activities; N - Administrative and support service activities; P (part) - Education; Q - (part) Human health and social work activities; R - Arts, entertainment and recreation; and S - Other service activities.

As the largest contributor to the total, section M – professional, scientific and technical activities, showed an increase in aGVA of £9.6 billion (5.8%) in 2018 compared with 2017. Within this section, turnover increased by £15.4 billion (5.3%) and purchases increased by £6.3 billion (4.8%) over the same period. Section M covers a range of industries from legal and accounting activities to advertising and market research, and veterinary activities.

5 . What do the other UK sectors show?

The level of approximate gross value added (aGVA) increased within each of the other main sectors of the economy in 2018: production, distribution and construction.

Production

Within the production sector, aGVA grew by £4.1 billion (1.8%) between 2017 and 2018; it provided the second-largest contribution to overall aGVA with £235.1 billion of the total level of aGVA.

Within production, manufacturing provided £169.8 billion (72.2%) of the aGVA. While manufacturing provided the largest contribution to the level in production sector aGVA, mining and quarrying showed the largest percentage growth, rising by 21.1% (£3.6 billion) year-on-year. This was largely from division 06 (extraction of crude petroleum and natural gas), which increased by 28.8% (£3.6 billion).

Distribution

Between 2017 and 2018, aGVA in the distribution sector increased by £9.5 billion (4.9%) and contributed £203.1 billion to the level of the UK non-financial business economy aGVA.

Within distribution, retail provided £88.5 billion (43.6%) of the total, and wholesale provided £86.1 billion (42.4%). Retail provided the largest contribution to aGVA within the distribution sector. In terms of turnover, £910.8 billion (59.5%) of the sector’s total came from wholesale. The levels in both turnover and purchases for wholesale have shown volatility for many years. Businesses, particularly within wholesale of solid, liquid and gaseous fuels, and related products, have cited the changes in oil prices, as the reason for some of this volatility.

Construction

Between 2017 and 2018, construction turnover increased by £18.3 billion (6.8%), while purchases increased by £13.9 billion (8.3%). As a result, aGVA for the sector increased by £3.8 billion (3.6%).

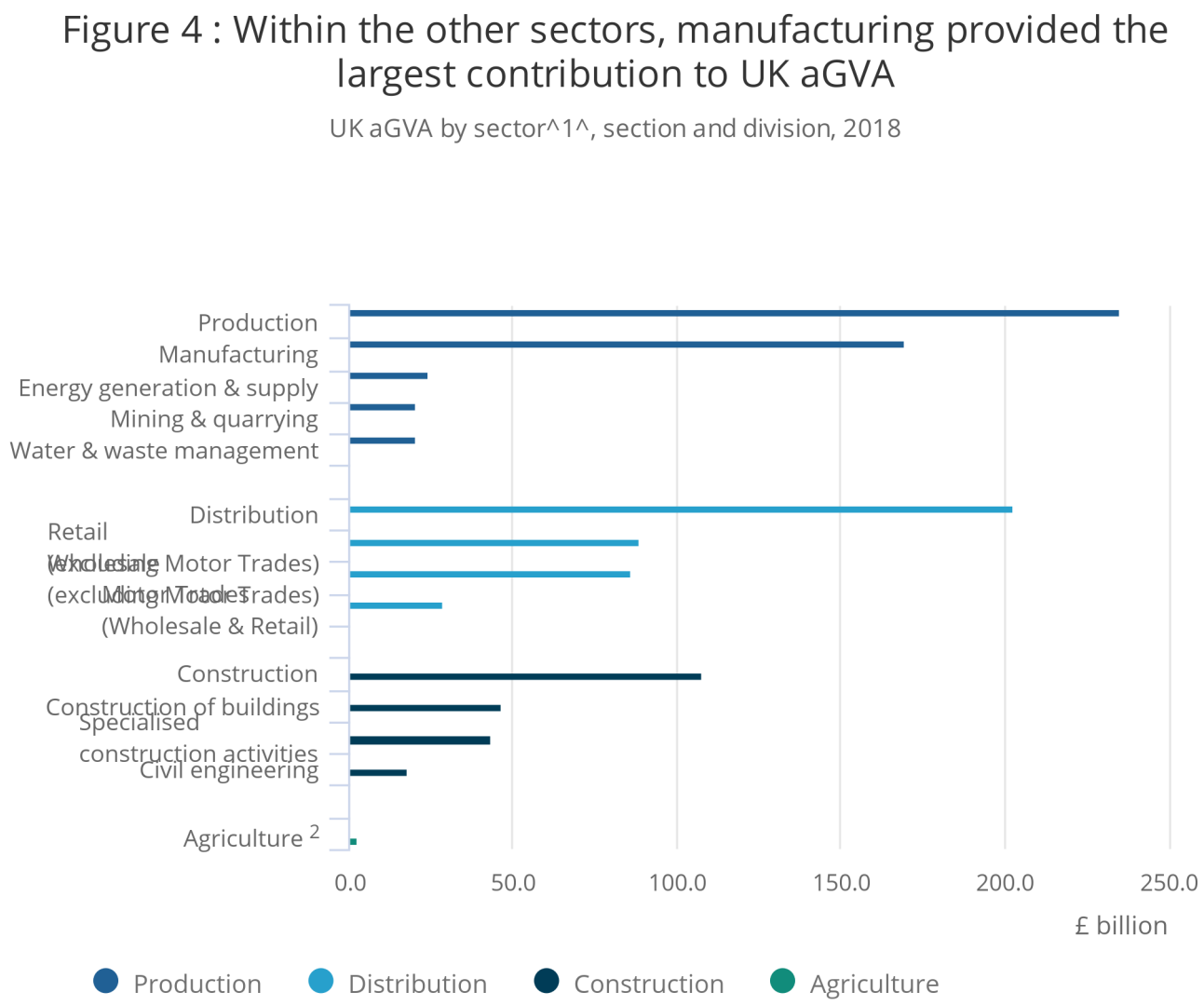
Agriculture

Within agriculture, the Annual Business Survey (ABS) covers only hunting, forestry, fishing and the support activities to agriculture. This part of agriculture showed a small decrease in turnover (1.4%) and an increase in purchases of 8.5% in 2018 compared with 2017. This led to a decrease in aGVA of 9.5% over the same period.

Figure 4 shows the contributions to UK aGVA from the production, distribution, construction and agriculture sectors and the sections or divisions that comprise them.

Figure 4 : Within the other sectors, manufacturing provided the largest contribution to UK aGVA

UK aGVA by sector[1], section and division, 2018



Source: Office for National Statistics - Annual Business Survey

Notes:

1. Agriculture (part), production, construction and distribution.

2. Agriculture (support activities SIC 01.6 and hunting and trapping SIC 01.7 only), forestry and fishing.

6 . What does the regional picture show in 2018?

Of the 12 UK regions, 8 regions experienced growth in approximate gross value added (aGVA) in 2018.

Wales experienced the largest percentage aGVA growth in 2018 of 13.8% (£4.7 billion); this was compared with a fall the previous year of 1.3%. The second-largest percentage growth was in Northern Ireland where aGVA increased by 10.9% (£2.5 billion).

The largest percentage decrease in aGVA was seen in the East of England, where it fell by 3.7% (£4.1 billion), followed by a fall in the West Midlands of 1.6% (£1.6 billion). Figure 5 shows the percentage growth in aGVA within each region of the UK in 2018.

Figure 5 : 8 out of the 12 UK regions experienced growth in aGVA, with the largest increase in Wales

UK non-financial business economy[2] aGVA by region[1], 2018



Source: Office for National Statistics - Annual Business Survey

Notes:

1. The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the EU: NUTS1 Wales, Scotland, Northern Ireland and the nine English regions.

2. UK non-financial business economy excludes crop and animal products; financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities.

Figure 6 shows aGVA, turnover and purchases ranked by their contribution to the UK's total aGVA. The three regions with the largest contributions to total aGVA were London, the South East and the North West. Together they contributed over half of the total aGVA, turnover and purchases in the UK non-financial economy in 2018.

Figure 6: London, the South East and the North West contributed half of the total aGVA, turnover and purchases

UK non-financial business economy[2] by turnover, purchases and aGVA by region[1], 2018



Source: Office for National Statistics - Annual Business Survey

Notes:

1. The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the EU: NUTS1 Wales, Scotland, Northern Ireland and the nine English regions.

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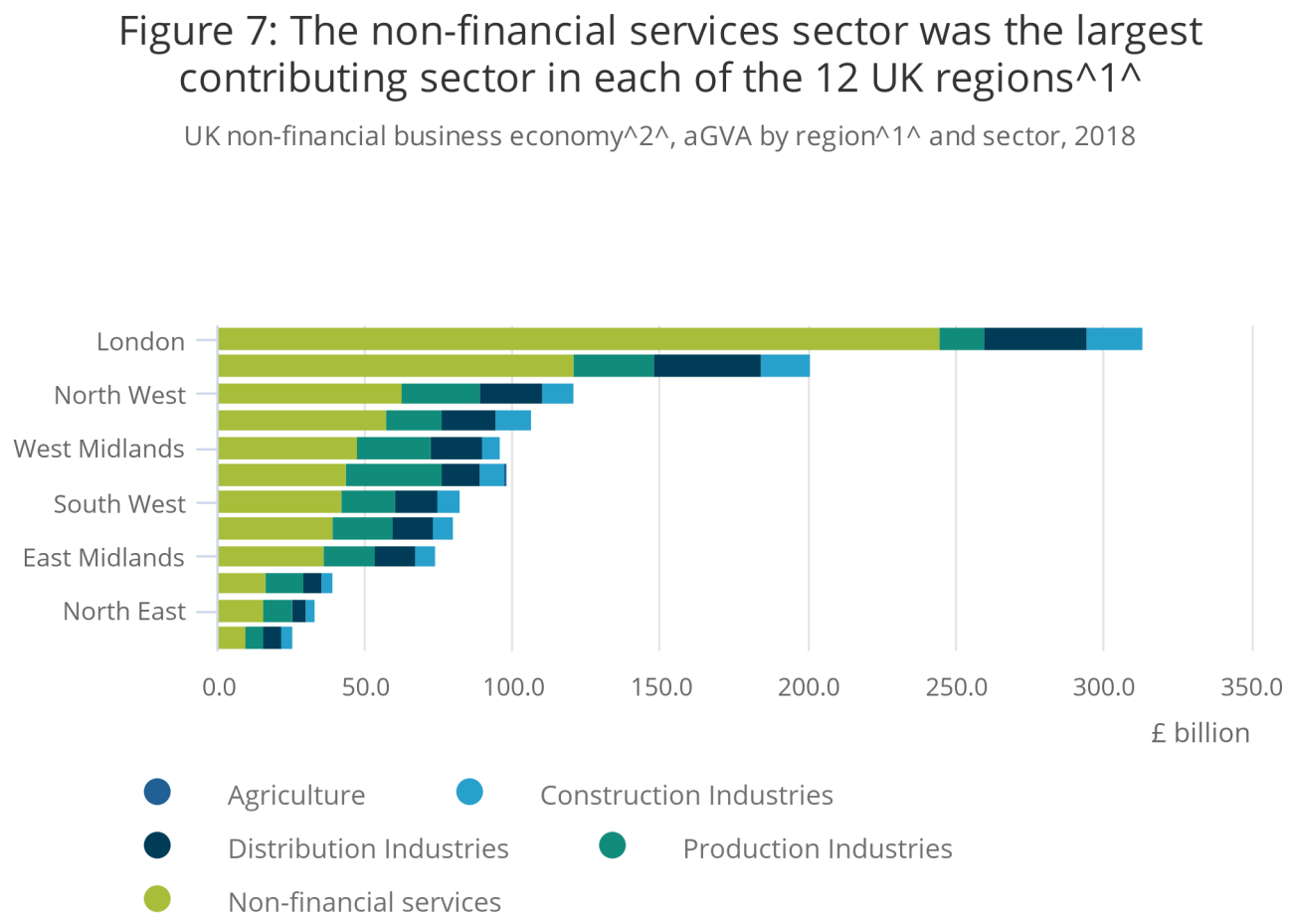
7 . What are the best performing sectors on a regional basis?

In terms of approximate gross value added (aGVA), Wales was the fastest-growing region in terms of percentage growth in 2018 compared with 2017. Looking at the sector composition within Wales, non-financial services increased by £2.6 billion (18.5%), distribution increased by £0.9 billion (16.9%) and construction increased by £0.6 billion (20.7%).

Figure 7 shows the sector composition of total aGVA for each region in 2018.

Figure 7: The non-financial services sector was the largest contributing sector in each of the 12 UK regions[1]

UK non-financial business economy[2], aGVA by region[1] and sector, 2018



Source: Office for National Statistics-Annual Business Survey

Notes:

1. The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the EU: NUTS1 Wales, Scotland, Northern Ireland and the nine English regions.

2. UK non-financial business economy excludes crop and animal products; financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities.

The non-financial services sector was the largest contributor to levels of aGVA in each of the 12 regions in the UK. In London, non-financial services alone contributed £245.1 billion (78.1%) towards the region's total aGVA. The smallest contribution from non-financial services was in Northern Ireland with £9.8 billion (38.3%) of the region's aGVA.

Production was the second-largest contributing sector in most regions except in London, and the South East, where the distribution sector was the second-largest contributing sector. In Scotland, the contribution from the production sector towards the region's aGVA was the largest out of all 12 regions with £32.6 billion (33.3%), closely followed by Wales with £12.7 billion (32.5%).

The distribution sector's percentage contribution towards a region's aGVA was the largest in Northern Ireland with a contribution of 23.9% (£6.1 billion), while the smallest was in London with 11.2% (£35.0 billion). The construction sector's percentage contribution towards a region's aGVA was relatively small across all 12 regions, with the largest percentage contribution in Northern Ireland of 13.5% (£3.5 billion).

8 . Links to related statistics

The share of the total value of gross value added at factor costs (aGVA) in the business economy for each EU28 member state is available. These estimates are currently based on the latest data available for 2017.

The UK makes the second-largest contribution with 16.8% of total EU aGVA. Germany accounts for 23.3% and France is the only other member state comprising more than 10.0% (13.2%) of EU business economy aGVA. These data will be updated by Eurostat in the future based on 2018 returns.

9 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the Annual Business Survey QMI.

You will also find detailed information on the methods used in the calculation of the ABS in the ABS technical report published on the ABS methodology page.