

Compendium

Chapter 02: The industrial analyses



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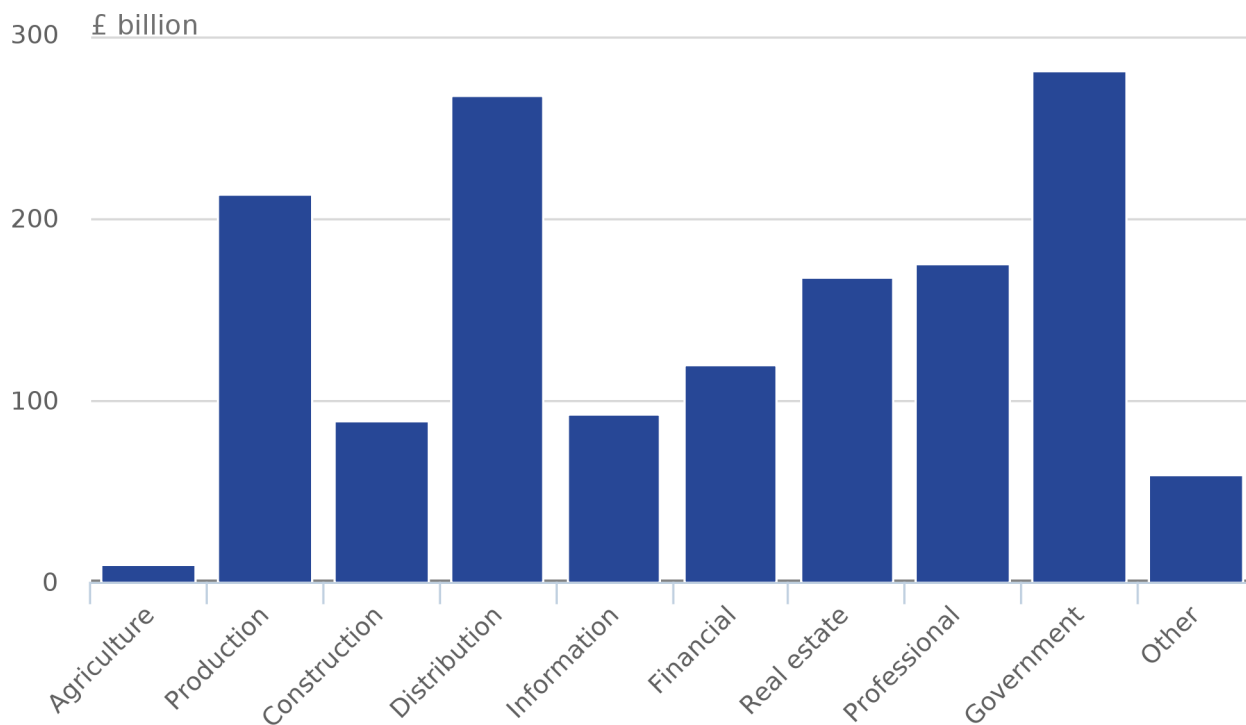
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1 . Explanation of industrial analyses

The industrial analysis

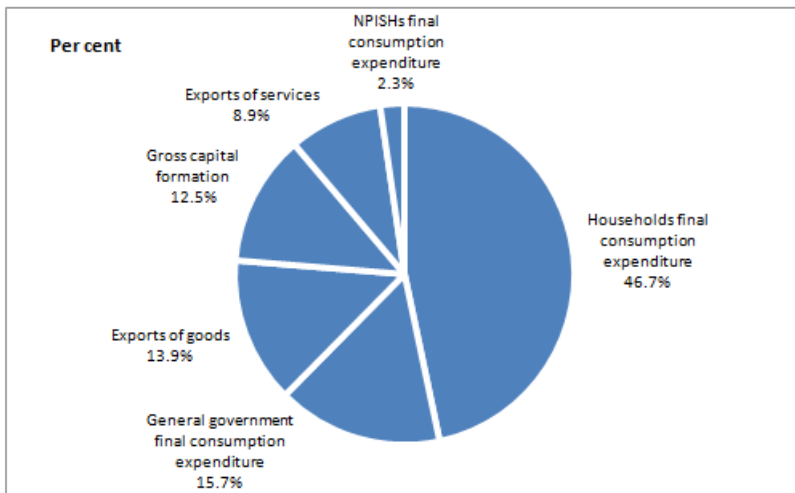
Analysis of the ten broad industrial groups shows that in 2012, the government, health and education industries provided the largest contribution to gross value added at current basic prices, at £281.9 billion out of a total of £1,476 billion (19.1%). The distribution, transport, hotel and restaurant industries contributed 18.1%; the production industries accounted for 14.4%; and the professional and support activity industries accounted for 11.9%.

Figure 2.1: Breakdown of gross value added at basic prices by industry, 2012



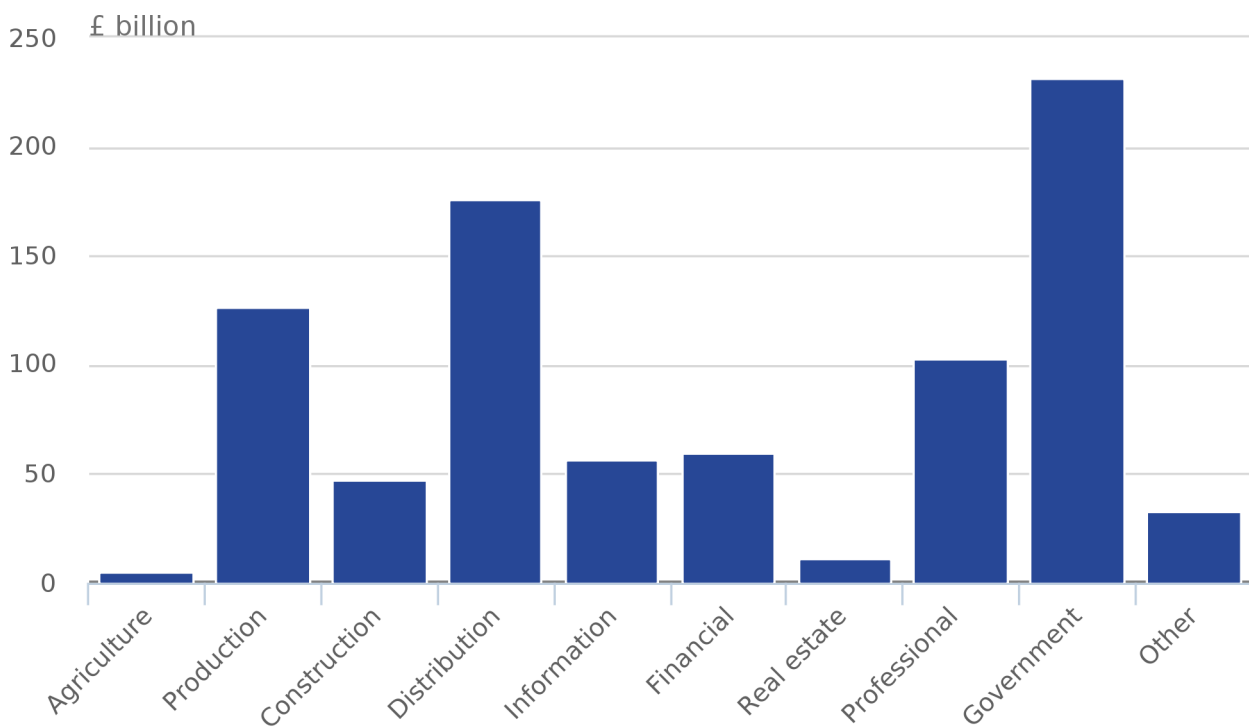
In 2012, just under half (46.7%) of all goods and services entering into final demand were purchased by households, 15.7% were consumed by government, both central and local. 13.9% of goods and 8.9% of services were exported. Gross capital formation by all sectors of the economy amounted to 12.5% of the total. Non-profit institutions serving households (NPISH) consumed 2.3% of goods and services entering final demand.

Figure 2.2: Composition of final demand, 2012



The government, health and education industries showed the highest level of compensation of employees in 2012 at £231.4 billion (27.2%). The second largest industry group in terms of its contribution to total compensation of employees was the distribution, transport, hotel and restaurant industries at £176.1 billion (20.7%).

Figure 2.3: Compensation of employees by industry, 2012



2 . Input-Output Supply and Use Tables

The annual estimates prepared for the UK National Accounts Blue Book incorporate the results of annual inquiries which become available in the first part of the year, although latest year estimates are still largely based on quarterly information. Any newly collected data are shown as revisions. In order to reassess these estimates Supply and Use tables are prepared using all the available information on inputs, outputs, gross value added, income and expenditure. Production of the consolidated sector and financial accounts requires preparation of 'top-to-bottom' sector and sub-sector 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 2012, with data for 2012 being balanced for the first time and 2010 to 2011 being fully re-balanced. Data from 1997 to 2009 have also been revised to incorporate changes required under new international standards and guidelines, changes from ensuring comparability and other changes to meet user needs. For full details, see '[Commentary on Supply and Use balanced estimates of annuals GDP, 1997-2012](#)' (Wild, R and Whiting, G, ONS, 2014)' (924.7 Kb Pdf).

Further general information regarding the Supply and Use framework and the balancing process can be found in [guidance and methodology](#).

Current price analysis

The analyses of gross value added and other variables by industry shown in [Tables 2.2 and 2.3 \(185 Kb Excel sheet\)](#) 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 2012.

Estimates of total output and gross value added are valued at basic prices, the method recommended by [European System of Accounts 2010 \(ESA 2010\)](#). Thus 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 VAT).

Chained volume indices (2011=100) analyses

[Table 2.4 \(185 Kb Excel sheet\)](#) shows chained volume estimates of gross value at basic prices by industry. The output approach provides the lead indicator of economic change in the short-term. In the longer-term it is required to follow the annual path indicated by the expenditure measure of real GDP (usually to within 0.2 per cent of the average annual gross value added growth). To achieve this, balancing adjustments are sometimes applied to the output-based gross value added estimates.

The Office for National Statistics has developed an automatic function for assigning the annual adjustments to gross value added. This is designed to be as faithful as possible to the quarterly paths whilst adjusting the overall annual growth rate. For technical and other reasons the adjustments are not, at present, made to retail or the non-service industries for any years.

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; therefore the number of jobs is not the same as the number of people employed.

[Table 2.5 \(185 Kb Excel sheet\)](#) breaks down WFJ into ten broad industry groupings on SIC 2007.

The main component of WFJ are employee jobs and these are obtained mainly from surveys of businesses selected from the Inter-Departmental Business Register (IDBR).

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

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

3 . Summary Supply and Use Tables for the United Kingdom

[Table 2.1a: Summary Supply and Use tables 2009 \(52 Kb Excel sheet\)](#)

[Table 2.1b: Summary Supply and Use tables 2010 \(51.5 Kb Excel sheet\)](#)

[Table 2.1c: Summary Supply and Use tables 2011 \(51 Kb Excel sheet\)](#)

[Table 2.1d: Summary Supply and Use tables 2012 \(51 Kb Excel sheet\)](#)

4 . Gross Value Added (GVA)

The United Kingdom National Accounts: The Blue Book provides a comprehensive industry breakdown of gross value added (GVA), with activities grouped into twenty broad sections in accordance with SIC 2007.

The Blue Book also includes supplementary information regarding 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.

Such additional information available in Blue Book 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 & salaries and employers' social contributions, whereas GOS data can be used to estimate how much profit is generated by companies after considering labour costs and taxes less subsidies.

In the UK, the share of GVA attributable to both CoE and GOS and mixed income have remained relatively stable, averaging at around 58% and 40% of nominal GVA respectively between 1997 and 2012. These ratios do however vary markedly by industry; with CoE as a per cent of GVA ranging from a high of 82% in government services in 2012 to a low of 7% in real estate. CoE can also show how an industry's labour share changes over time. For example, the distribution, transport, hotels and restaurants industries have been experiencing a steady rise in CoE as a proportion of GVA, increasing from 57% in 1997 to 66% by 2012.

5 . Tables

[Chapter 02 tables \(147.7 Kb Pdf\)](#)

[Table 2.1a: Summary Supply and Use tables 2009 \(52 Kb Excel sheet\)](#)

[Table 2.1b: Summary Supply and Use tables 2010 \(51.5 Kb Excel sheet\)](#)

[Table 2.1c: Summary Supply and Use tables 2011 \(51 Kb Excel sheet\)](#)

[Table 2.1d: Summary Supply and Use tables 2012 \(51 Kb Excel sheet\)](#)

6. Background notes

1. 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

These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.