

Compendium

Chapter 02: The Industrial Analyses



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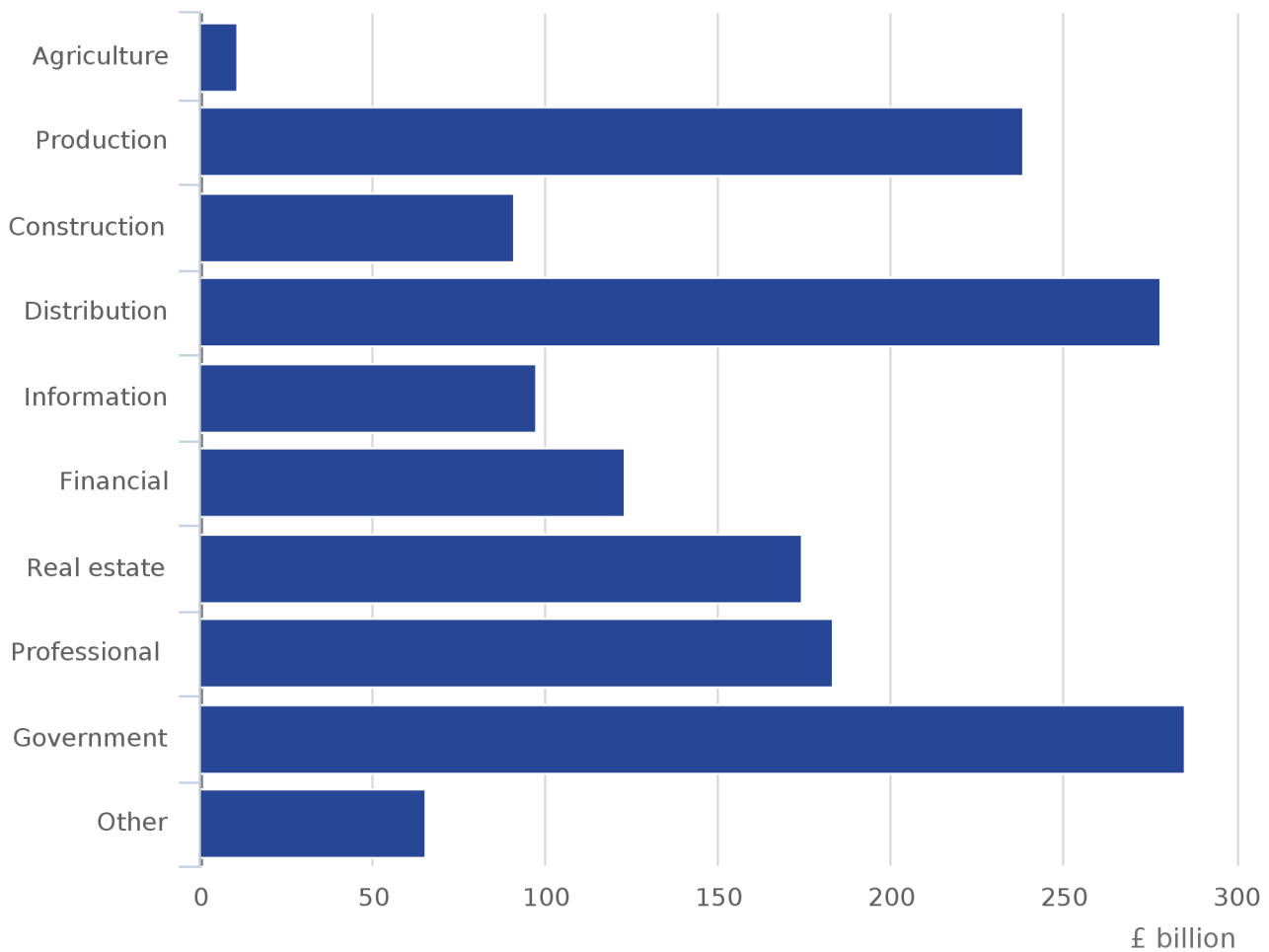
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1 . The industrial analysis

Analysis of the 10 broad industrial groups shows that in 2013, the government, health and education industries provided the largest contribution to gross value added at current basic prices, at £285.5 billion out of a total of £1,546.9 billion (18.5%):

- distribution, transport, hotel and restaurant industries contributed 18.0%
- production industries contributed 15.4%
- professional and support activity industries contributed 11.8%

Figure 2.1: Breakdown of gross value added at basic prices, by industry, 2013



Source: Office for National Statistics

Notes:

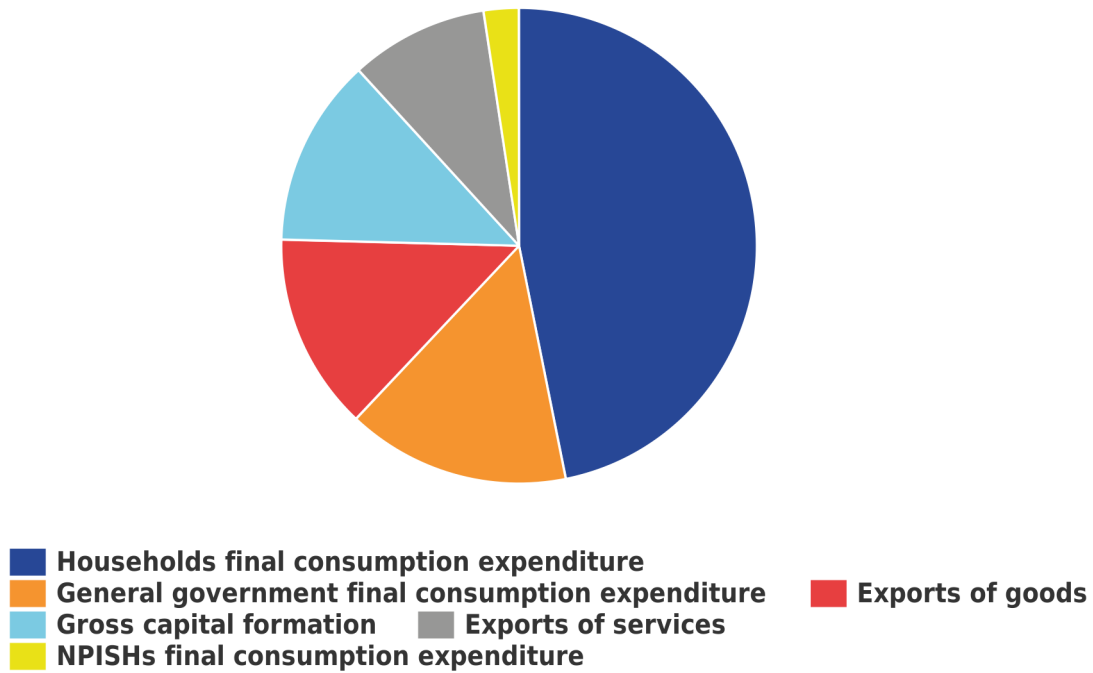
1. For Chapter 2, The Industrial Analysis

In 2013 of all goods and services entering into final demand:

- 13.4% of goods and 9.4% of services were exported
- government, both central and local consumed 15.2%
- gross capital formation, by all sectors of the economy, consumed 12.8%
- non-profit institutions serving households (NPISH) consumed 2.4%

[\(189.5 Kb Excel sheet\)](#)

Figure 2.2: Composition of final demand for 2013



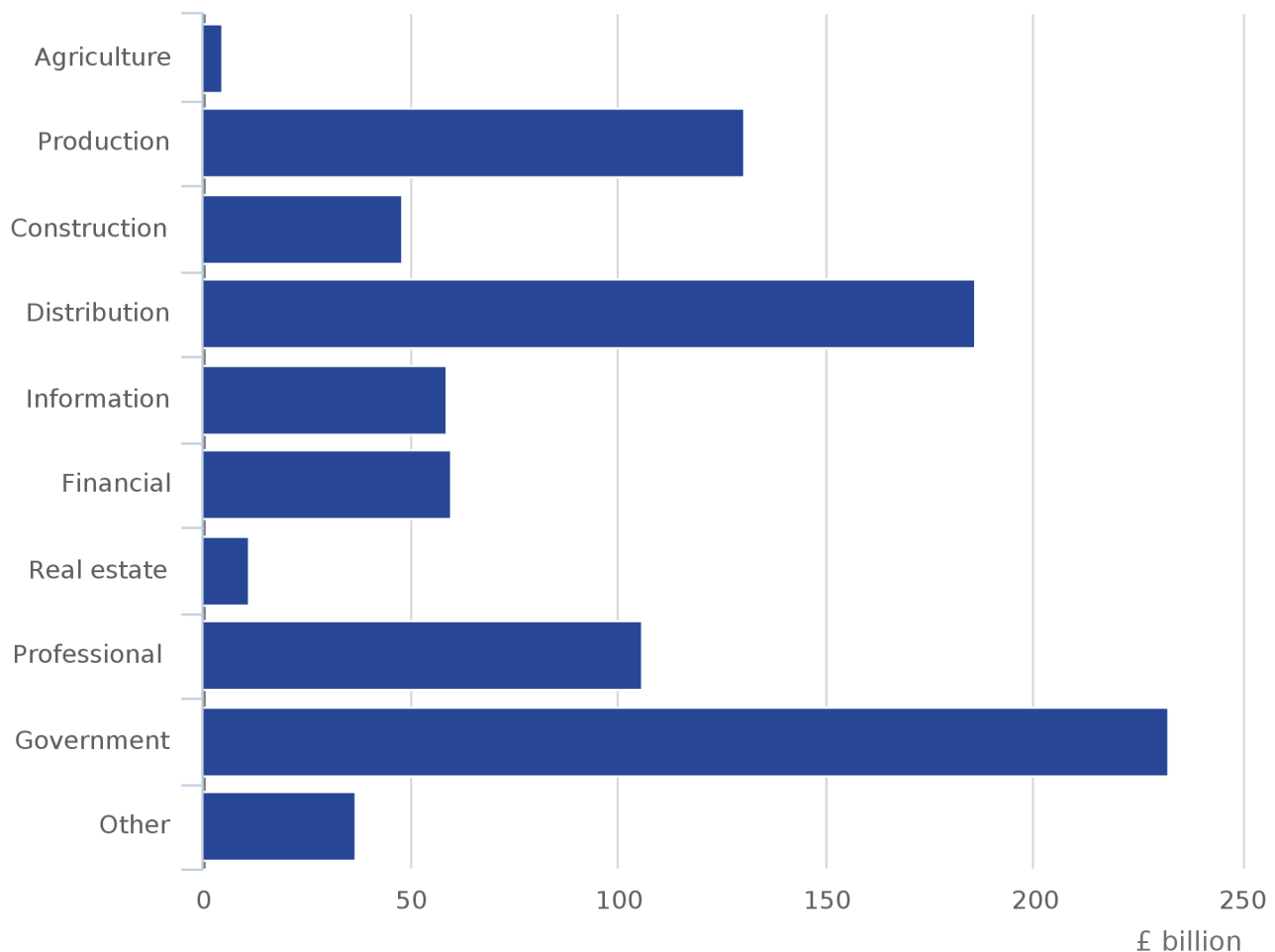
Source: Office for National Statistics

Notes:

1. For Chapter 2, The Industrial Analysis

The government, health and education industries showed the highest level of compensation of employees in 2013 at £232.6 billion (26.6%). The second largest industry, in terms of its contribution to total compensation of employees, was the distribution, transport, hotel and restaurant industries at £185.7 billion (21.3%).

Figure 2.3: Compensation of employees, by industry, 2013



Source: Office for National Statistics

Notes:

1. For Chapter 2, The Industrial Analysis

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2 . Input-Output Supply and Use tables

The annual estimates included in UK National Accounts: The Blue Book incorporates the results of annual inquiries that become available in the first part of the year, although last year estimates are 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. To produce 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 2013, with data for 2013 balanced for the first time. Data for 2011 to 2012 have been fully re-balanced. Data from 1997 to 2010 have been revised to incorporate changes required under new international standards and guidelines, as well as to make sure the data are comparable and to meet user needs. [Commentary on Supply and Use balanced estimates of annuals GDP, 1997 to 2013 \(924.7 Kb Pdf\)](#) has further details.

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

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 \(189.5 Kb Excel sheet\)](#) 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 2013.

Estimates of total output and gross value added are valued at basic prices, the method recommended by [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 VAT).

4 . Chained volume indices (2012=100) analyses

[Table 2.3 \(189.5 Kb Excel sheet\)](#) shows chained volume estimates of gross value added 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 GDP 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.

We have developed an automatic function for assigning the annual adjustments to gross value added. This is designed to minimise changes to the quarterly path whilst 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-service 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 1 job; therefore the number of jobs is not the same as the number of people employed.

[Table 2.4 \(189.5 Kb Excel sheet\)](#) breaks down WFJ into 10 broad industry groupings on 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

[Table 2.1a: Summary Supply and Use tables 2010 \(29.4 Kb Excel sheet\)](#)

[Table 2.1b: Summary Supply and Use tables 2011 \(29.4 Kb Excel sheet\)](#)

[Table 2.1c: Summary Supply and Use tables 2012 \(29.4 Kb Excel sheet\)](#)

[Table 2.1d: Summary Supply and Use tables 2013 \(29.4 Kb Excel sheet\)](#)

7 . 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 20 broad sections in accordance with SIC 2007.

The Blue Book 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 2 equalling GVA.

This additional information, available in The 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 and 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.

8 . Tables

[Chapter 2 - The Industrial Analysis \(189.5 Kb Excel sheet\)](#)

9. Background notes

1. We would welcome your feedback on this publication. If you would like to get in touch please contact us via email: blue.book.coordination@ons.gsi.gov.uk
2. As part of our user consultation, we are conducting a [Blue Book survey](#). The aim of the survey is to find out:
 - how you use our statistics
 - your understanding of the data published
 - your views on the quality of the publication

Your responses will help us improve some of our most important products. We will analyse the responses and publish a summary of the results over the forthcoming months.

The survey will take about 10 minutes to complete and will close on 04 December 2015. All answers will remain anonymous. Our [confidentiality statement](#) has further details.

3. This release includes data available up to 2014. Data are consistent with [Index of Production](#), published on 07 October 2015, the current price trade in goods data within UK Trade, published on 09 October 2015 and [Balance of Payments](#), [Quarterly National Accounts](#) and [United Kingdom Economic Accounts](#), published on 30 September 2015.
4. In line with the [National Statistics Quality Review \(NSQR\): Review of National Accounts and Balance of Payments](#), we have published a [response to National Statistics Quality Review \(NSQR\) Series \(2\) Report No. 2: Review of National Accounts and Balance of Payments](#) on our website.

5. On 13 July 2015 users of national accounts were invited to respond to an informal consultation on the national accounts medium-term work plan, which lays out a proposed set of priorities for the next 3 years. This consultation closed on 25 September 2015. It followed a previous work plan for national accounts and related outputs following the consultation held in 2013.

We will publish the final report, National Accounts Medium-Term Workplan, on our website by the end of November 2015.

6. We maintain a [Special Events Calendar](#). Special events are events that are identifiable; they do not recur on a regular cycle (so are not targeted by seasonal adjustment) and have the potential to have an impact on statistics. As explained in our [Special Events policy](#), it is not possible to separate the effects of special events from other changes in the series.
7. The UK Statistics Authority published [2 new assessment reports on the Annual and Quarterly National Accounts and Supply and Use Tables and Input-Output Tables](#) on 25 February 2015. These are available on the UK Statistics Authority website.
8. In order to implement improvements reflected in the European System of Accounts 2010 (ESA 2010), we will introduce a new survey to collect purchases data, and have published an [article detailing our intentions](#), along with a [high level project plan](#).
9. We regularly publish National Accounts [methodological information and articles](#) to provide more detailed information on developments within the national accounts. This includes supplementary analyses of data to help with the interpretation of statistics and guidance on the methodology used to produce the national accounts.
10. The UK national accounts are produced under internationally agreed guidance and rules set out principally in the [European System of Accounts \(ESA 2010\)](#) and the accompanying [Manual on Government Deficit and Debt- Implementation of ESA 2010 – 2014 edition \(MGDD\)](#).
11. In the UK, we are responsible for the application and interpretation of these rules. Therefore we make [National Accounts classification decisions](#) based upon the agreed guidance and rules.
12. We publish a monthly [Economic Review](#), giving economic commentary on the latest GDP estimate and our other economic releases. The next article will be published on 3 November 2015.
13. Common misinterpretations of this series:
 - expectations of accuracy and reliability in early estimates are often too high
 - revisions are an inevitable consequence of the trade-off between timeliness and accuracy
 - early estimates are based on incomplete data

Very few statistical revisions arise as a result of “errors” in the popular sense of the word. All estimates, by definition, are subject to statistical “error”. In this context the word refers to the uncertainty inherent in any process or calculation that uses sampling, estimation or modelling. Most revisions reflect either the adoption of new statistical techniques or the incorporation of new information which allows the statistical error of previous estimates to be reduced. Only rarely are there avoidable “errors”, such as human or system failures, and such mistakes are made clear when they do occur.

14. Estimates for the most recent quarters are provisional and are subject to revision in the light of updated source information.
15. Our revisions to economic statistics brings together our work on revisions analysis, linking to articles, revisions policies and documentation from the Statistics Commission's report on revisions.
16. Latest copies of our releases and [Publications](#) are on our website.
17. Details of the policy governing the release of new data are available from the [media relations office](#).

18. We are committed to ensuring all information provided is kept strictly confidential and will only be used for statistical purposes. Further details regarding confidentiality can be found in the respondent charters for [businesses](#) and [households](#), on our website.
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22. 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.