

Statistical bulletin

Annual Business Survey, UK non-financial business economy: 2015 revised results

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



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Release date:
9 June 2017

Next release:
9 November 2017

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1 . Main points

- In 2015, the approximate gross value added at basic prices (aGVA) of the UK non-financial business economy was estimated to be £1,147.2 billion; this amount represents the income (turnover) of UK businesses, less the cost of goods and services consumed in the production process (purchases).
- The level of aGVA increased by 5.3% (£57.4 billion) in 2015 compared with an increase of 8.4% (£84.9 billion) in 2014; this is a continuation of the growth between 2009 and 2014.
- Turnover decreased between 2014 and 2015 by 1.6% (£55.7 billion) with purchases also decreasing by 4.8% (£112.7 billion). This is the second consecutive fall, with the largest contribution to these decreases seen within the distribution sector.
- The non-financial services, production, distribution and construction sectors saw growth in aGVA between 2014 and 2015. Agriculture, while only a very small component of aGVA, was the only sector to show a fall.
- The non-financial services sector, which accounted for over half (56.1%) of aGVA in 2015, saw an increase in aGVA of 5.7% (£34.8 billion) between 2014 and 2015; the largest contribution to this growth was a 5.2% increase from the professional, scientific and technical activities sector.

2 . Things you need to know about this release

The estimates contained in this release are taken from the [Annual Business Survey](#) (ABS) and provide the size and growth of the UK non-financial business economy. The data are the main source for understanding the detailed structure, conduct and performance of businesses across the UK.

The ABS covers only the UK non-financial business economy, which accounts for approximately two-thirds of the UK economy in terms of gross value added. The industries covered are:

- Non-financial services (includes professional, scientific, communication, administrative, transport, accommodation and food, private health and education, entertainment services)
- Production (includes manufacturing, oil and gas extraction, energy generation and supply, water and waste management)
- Distribution (includes retail, wholesale and motor trades)
- Construction (includes civil engineering, house building, property development and specialised construction trades such as plumbers, electricians and plasterers)
- Part of Agriculture (includes agricultural support services and hunting), forestry and fishing

Please note that non-financial services excludes financial and insurance, public administration and defence, public provision of education and health, and all medical and dental practice activities. Part of agriculture excludes crop and animal production.

Data for the insurance and reinsurance industries are currently collected by the ABS and this experimental series covers a small part of the financial and insurance sector. However, since November 2013, it has been removed from the ABS release due to ongoing volatility while a more detailed quality assessment is undertaken. As such, results in this release cover the UK non-financial business economy rather than the UK business economy. This does not affect other industries.

Estimates published in this release include turnover, purchases, approximate gross value added (aGVA) and employment costs. An overview of aGVA and a comparison of 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](#). All data are reported at current prices so no adjustments have been made to account for the effects of inflation.

ABS estimates are subject to revisions. Estimates in this release show revisions for the UK non-financial business economy compared with the [previous 2015 estimate](#) published on 10 November 2016. There were downward revisions of 4.3% (£153.1 billion) in turnover, 5.7% (£134.8 billion) in purchases and 1.7% (£19.3 billion) in aGVA.

There are also [revisions to the 2014 estimate](#) published on 9 June 2016. There were downward revisions of 3.9% (£140.0 billion) in turnover, 5.5% (£135.3 billion) in purchases and 0.3% (£3.5 billion) in aGVA. The revisions to 2015 and 2014 were primarily the result of methodological changes within the distribution sector.

3 . What is the overall picture in 2015?

In 2015, approximate gross value added (aGVA) of the UK non-financial business economy was estimated to be £1,147.2 billion. This was an increase of 5.3% (£57.4 billion) in 2015 compared with an increase of 8.4% (£84.9 billion) in 2014; this is a continuation of the growth between 2009 and 2014.

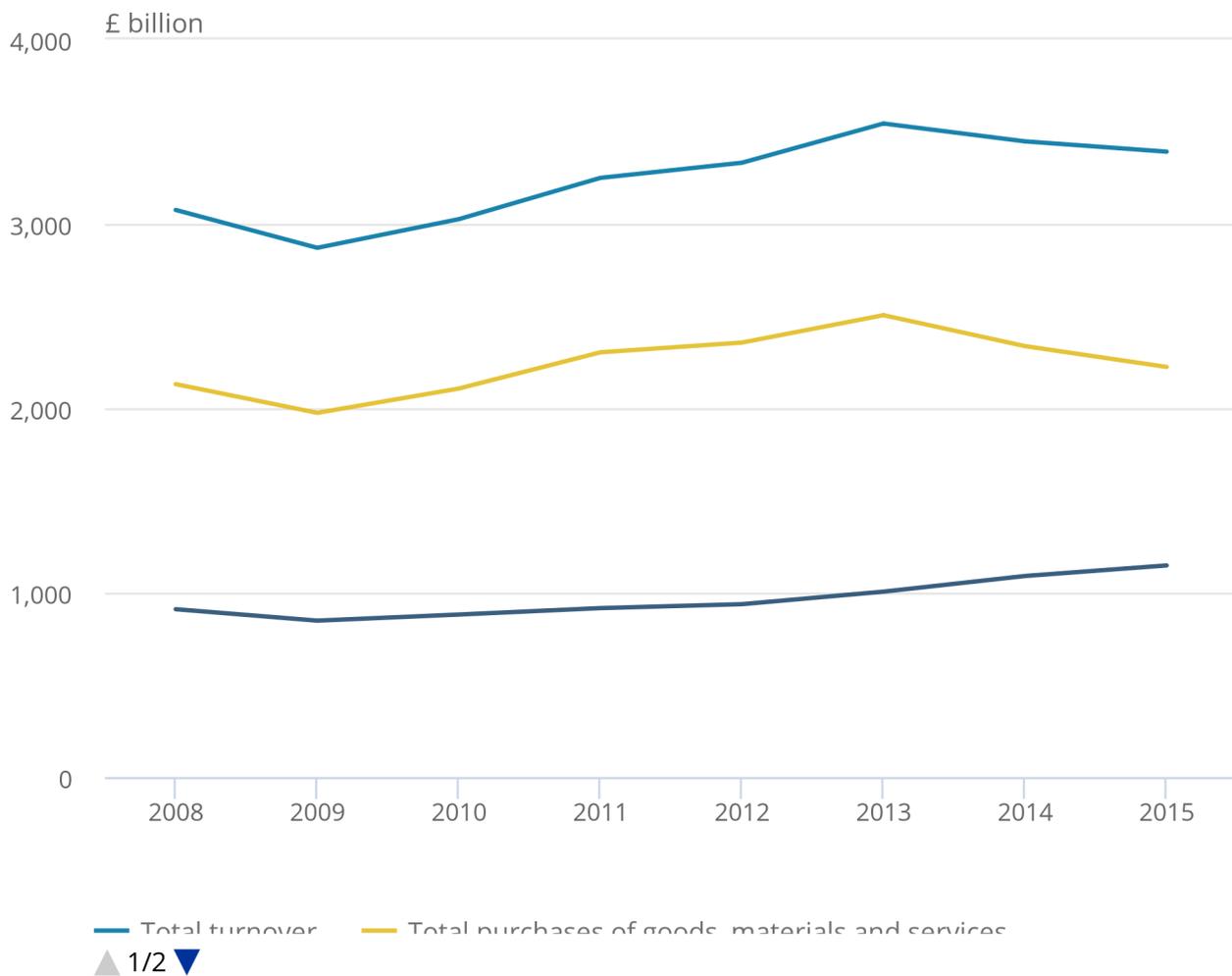
The main components of aGVA are turnover and purchases. Figure 1 shows the levels of total aGVA, turnover and purchases from 2008 to 2015.

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

2008 to 2015

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

2008 to 2015



Source: Office for National Statistics

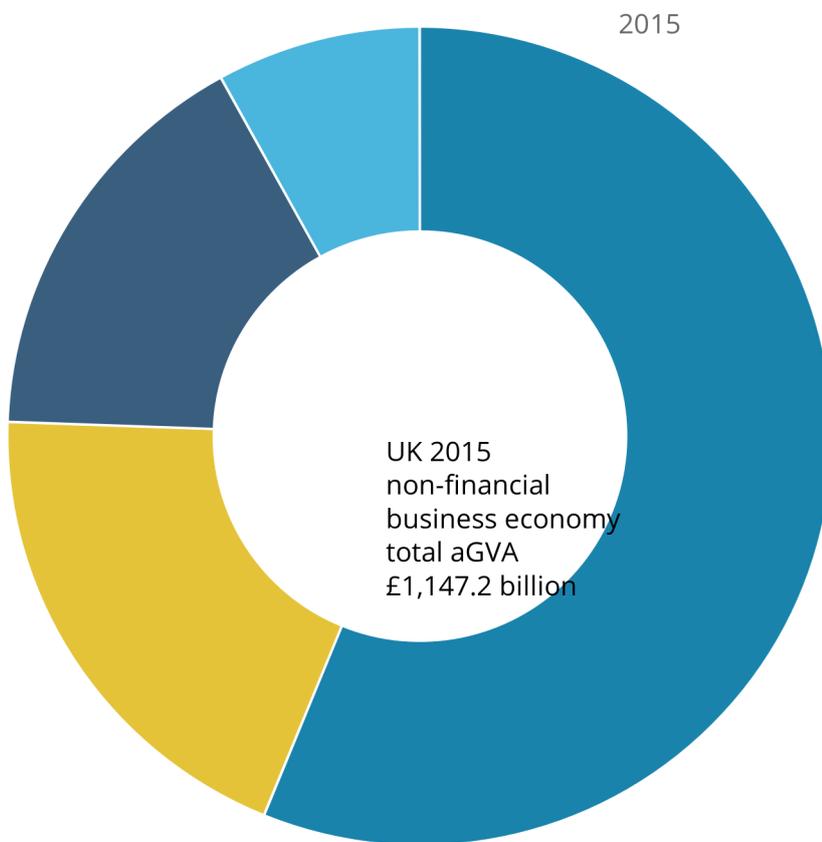
Source: Office for National Statistics

Figure 1 shows that the level of turnover increased gradually between 2009 and 2013 but has fallen in the most recent years. The level of purchases followed a similar path until 2013 but has since declined more sharply; this has resulted in the levels of aGVA increasing in the latest period.

Figure 2a: UK non-financial business economy, aGVA by sector

2015

Figure 2a: UK non-financial business economy, aGVA by sector



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

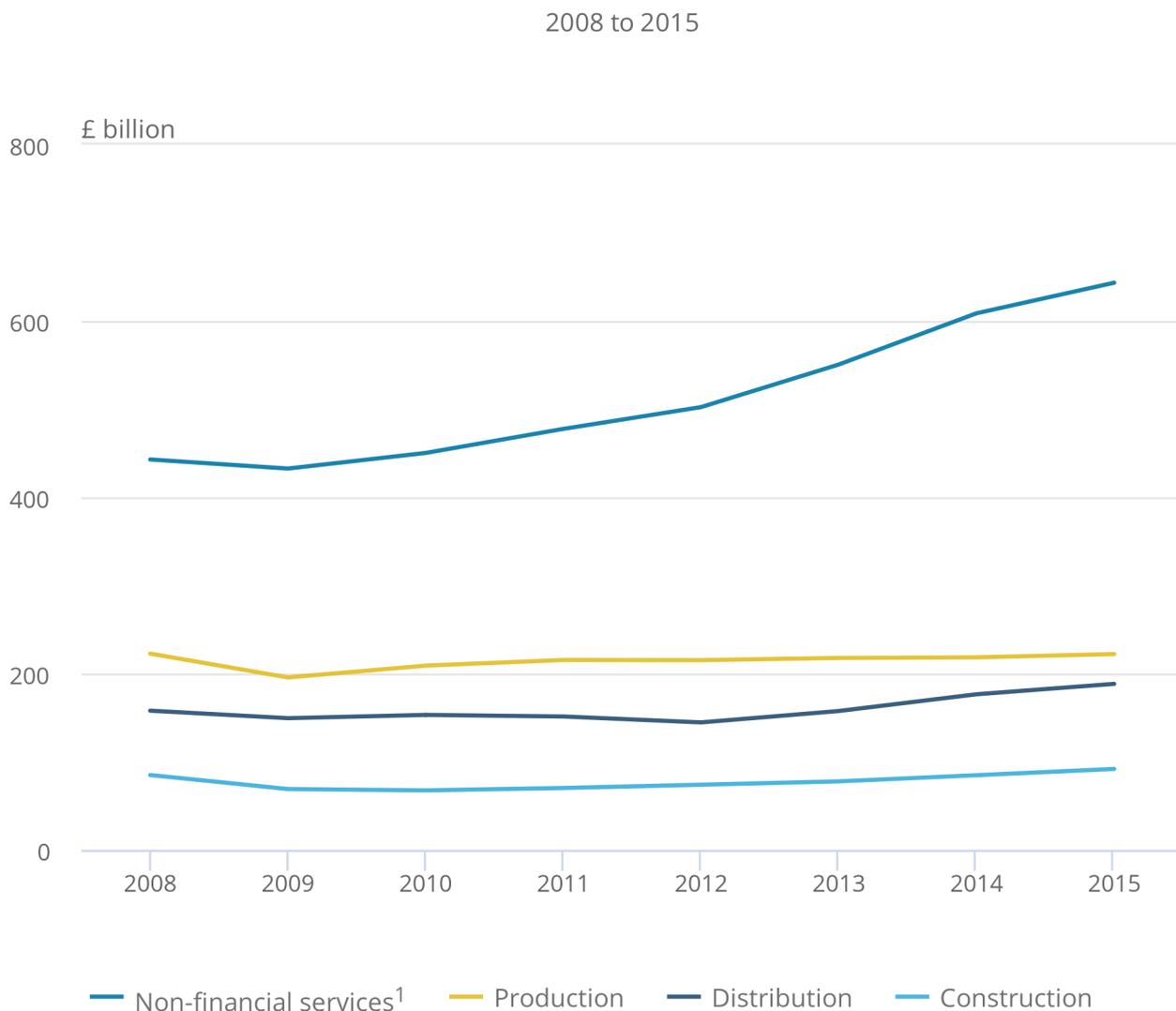
1. Excludes Financial and insurance; Public administration and defence; Public provision of Education; Public provision of Health and all medical and dental practice activities.
2. Agriculture (part: excluding crop and animal production), forestry and fishing data are excluded from the chart as the values are negligible on a comparable scale.

Figure 2a shows that non-financial services is by far the largest component of the UK non-financial business economy, accounting for over a half of total aGVA in 2015.

Figure 2b: UK non-financial business economy, aGVA by sector

2008 to 2015

Figure 2b: UK non-financial business economy, aGVA by sector



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Excludes Financial and insurance; Public administration and defence; Public provision of Education; Public provision of Health and all medical and dental practice activities.
2. Agriculture (part: excluding crop and animal production), forestry and fishing data are excluded from the chart as the values are negligible on a comparable scale.

Figure 2b shows that since 2009, the non-financial services sector has grown steadily in comparison with production, distribution and construction where the levels have remained relatively flat.

You can use the interactive tree map (Figure 3) to investigate which sectors contribute most to the UK non-financial business economy in 2015. Focus on the business economy as a whole or on each sector and switch between aGVA, turnover and purchases.

Figure 3: UK non-financial business economy, aGVA turnover and purchases by sector, 2015

4 . Growth in non-financial services continues

The non-financial services sector contributed £643.3 billion, over half (56.1%) of the estimated gross value added (aGVA) total of £1,147.2 billion in 2015, to the UK non-financial business economy.

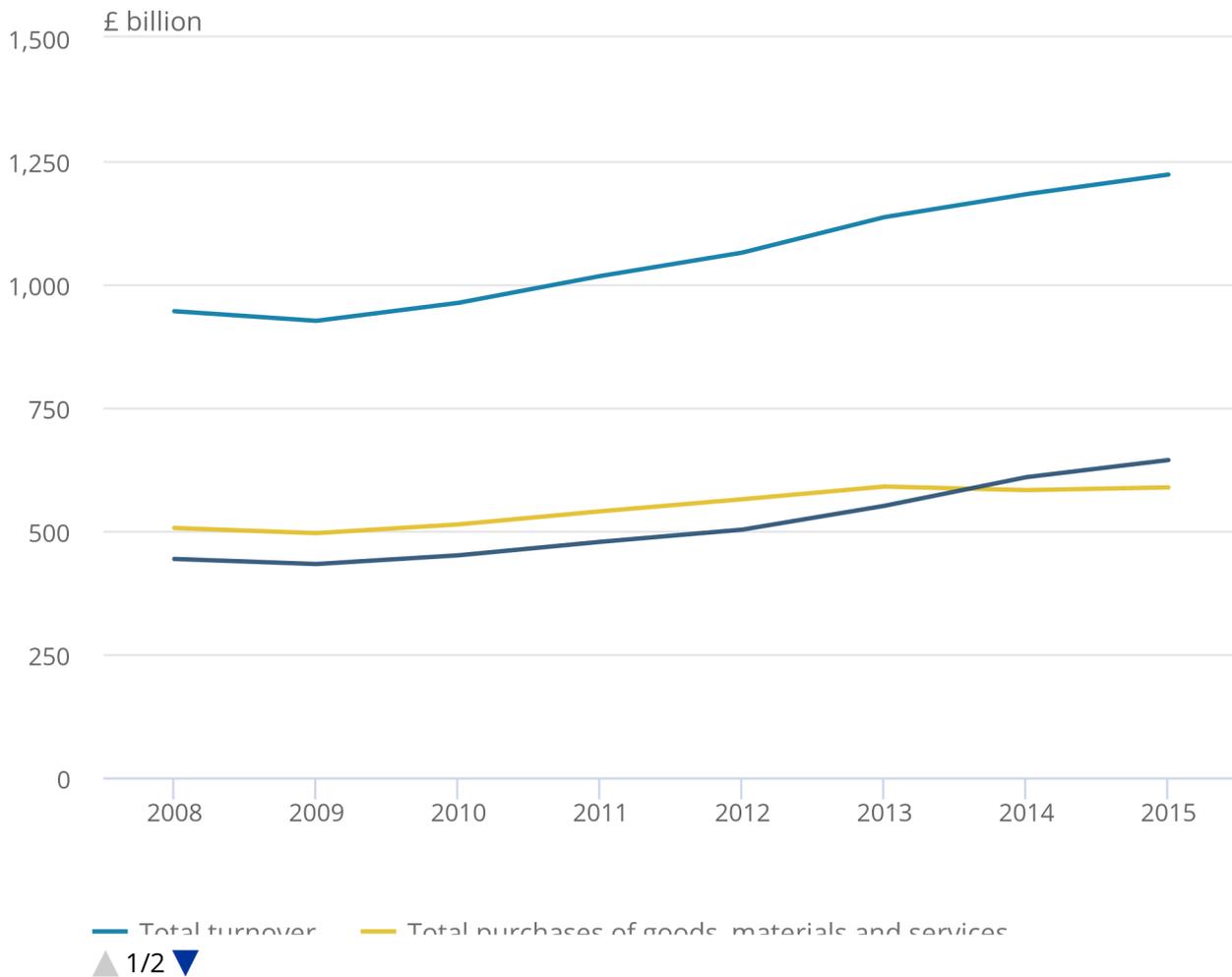
Following the period of the economic downturn, this is the sixth consecutive year of growth in aGVA for this sector (see Figure 4). Between 2014 and 2015, turnover within this sector increased at a higher rate than purchases; 3.4% (£39.7 billion) compared with 0.9% (£5.5 billion). This resulted in an increase in aGVA of 5.7% (£34.8 billion).

Figure 4: Non-financial services¹, turnover and purchases and resulting aGVA

UK, 2008 to 2015

Figure 4: Non-financial services¹, turnover and purchases and resulting aGVA

UK, 2008 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

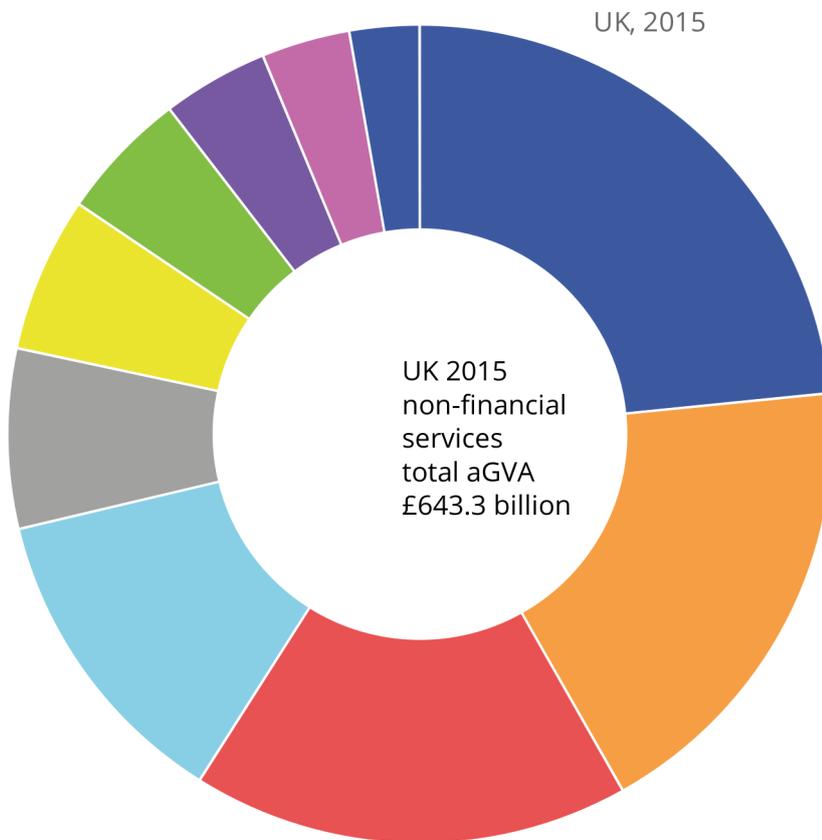
Notes:

1. Excludes Financial and insurance; Public administration and defence; Public provision of Education; Public provision of Health and all medical and dental practice activities.

Figure 5a: Non-financial services¹, aGVA by section

UK, 2015

Figure 5a: Non-financial services¹, aGVA by section



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Excludes Financial and insurance; Public administration and defence; Public provision of Education; Public provision of Health and all medical and dental practice activities

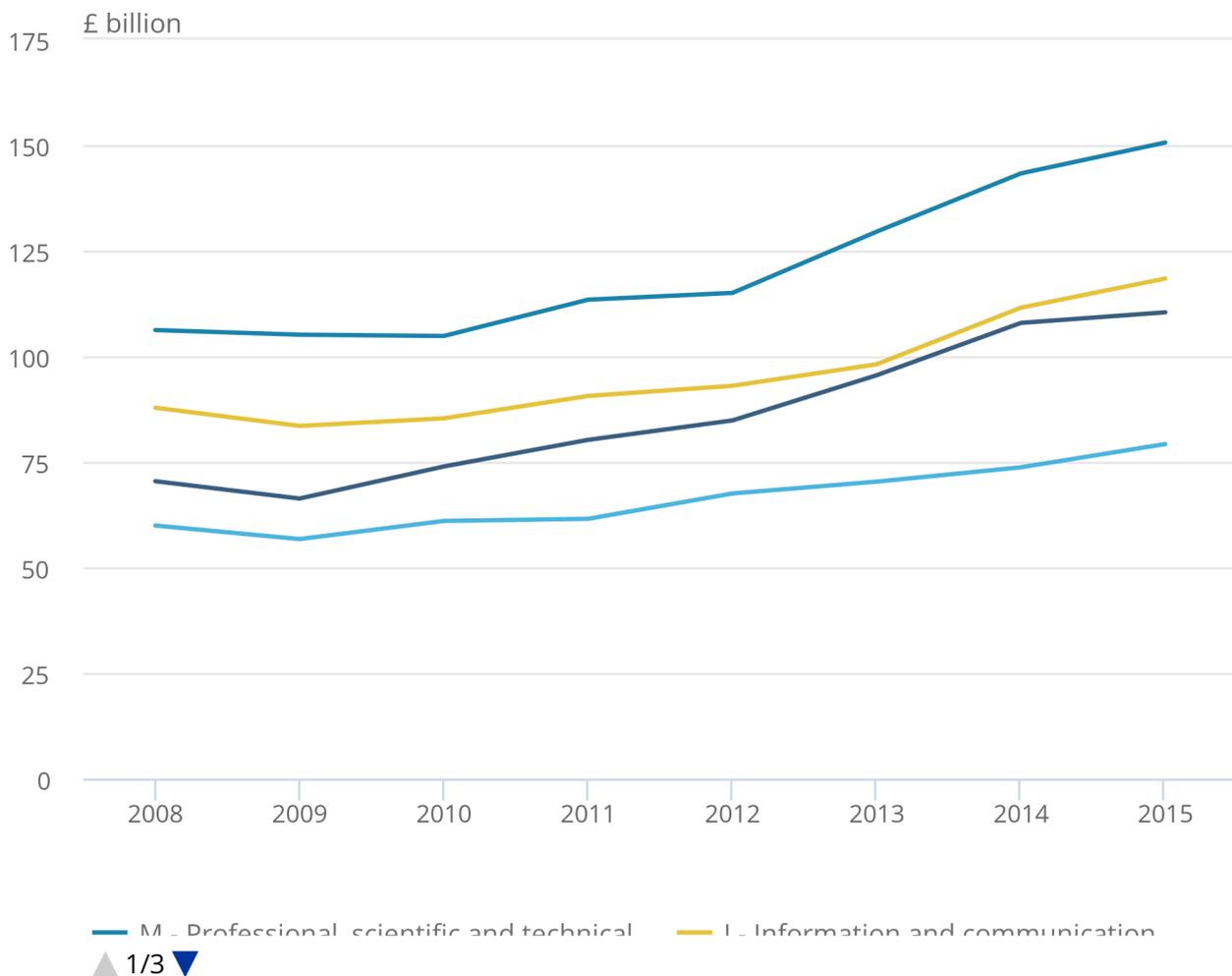
Figure 5a shows all of the sections within the non-financial services sector. The largest contribution to aGVA comes from professional, scientific and technical services, closely followed by information and communication, and administrative and support services.

Figure 5b: Non-financial services, aGVA by largest contributing sections

UK, 2008 to 2015

Figure 5b: Non-financial services, aGVA by largest contributing sections

UK, 2008 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Figure 5b shows just the four largest contributors to non-financial services aGVA. Three of these sections (M, J and H) accounted for 56.8% (£19.7 billion) of the increase in non-financial services sector aGVA between 2014 and 2015, while section N showed just 2.3% (£2.5 billion) growth.

Section M, professional, scientific and technical services, continued to see growth in aGVA; in particular since 2010. Within this section, turnover increased by 5.6% (£13.4 billion) between 2014 and 2015. Purchases increased by 6.9% (£6.7 billion), resulting in aGVA growth of 5.2% (£7.4 billion). This is a broad section, which covers a range of industries from legal and accounting activities to advertising and market research, and veterinary activities. The divisions having the largest impact on aGVA growth (with a combined increase of £6.1 billion between 2014 and 2015) were:

- advertising and market research
- legal and accounting services
- activities of head offices; management consultancy

Within section J, information and communication, the division having the largest impact on growth in aGVA was computer programming, consultancy and related activities. This section includes the development of mobile phone applications and with the increase in accessing the internet using mobile devices, this activity has increased in importance in recent years. Growth in this area is supported by our [Labour Force Survey](#), which recorded a 5.1% increase in employment in Section J.

Within section H, transportation and storage, turnover increased by 2.7% (£4.4 billion) between 2014 and 2015, while purchases decreased by 0.8% (£0.7 billion). This led to an increase in aGVA of 7.4% (£5.5 billion). The two divisions with the largest contribution to the increase in aGVA were land transport and transport via pipelines, and warehousing and support activities. Together they contributed £4.6 billion to the growth in transportation and storage aGVA.

5 . What do the other sectors show?

Production

The production sector in 2015 provided £222.0 billion, just under a fifth (19.4%) of the estimated gross value added (aGVA) total of £1,147.2 billion for the UK non-financial business economy.

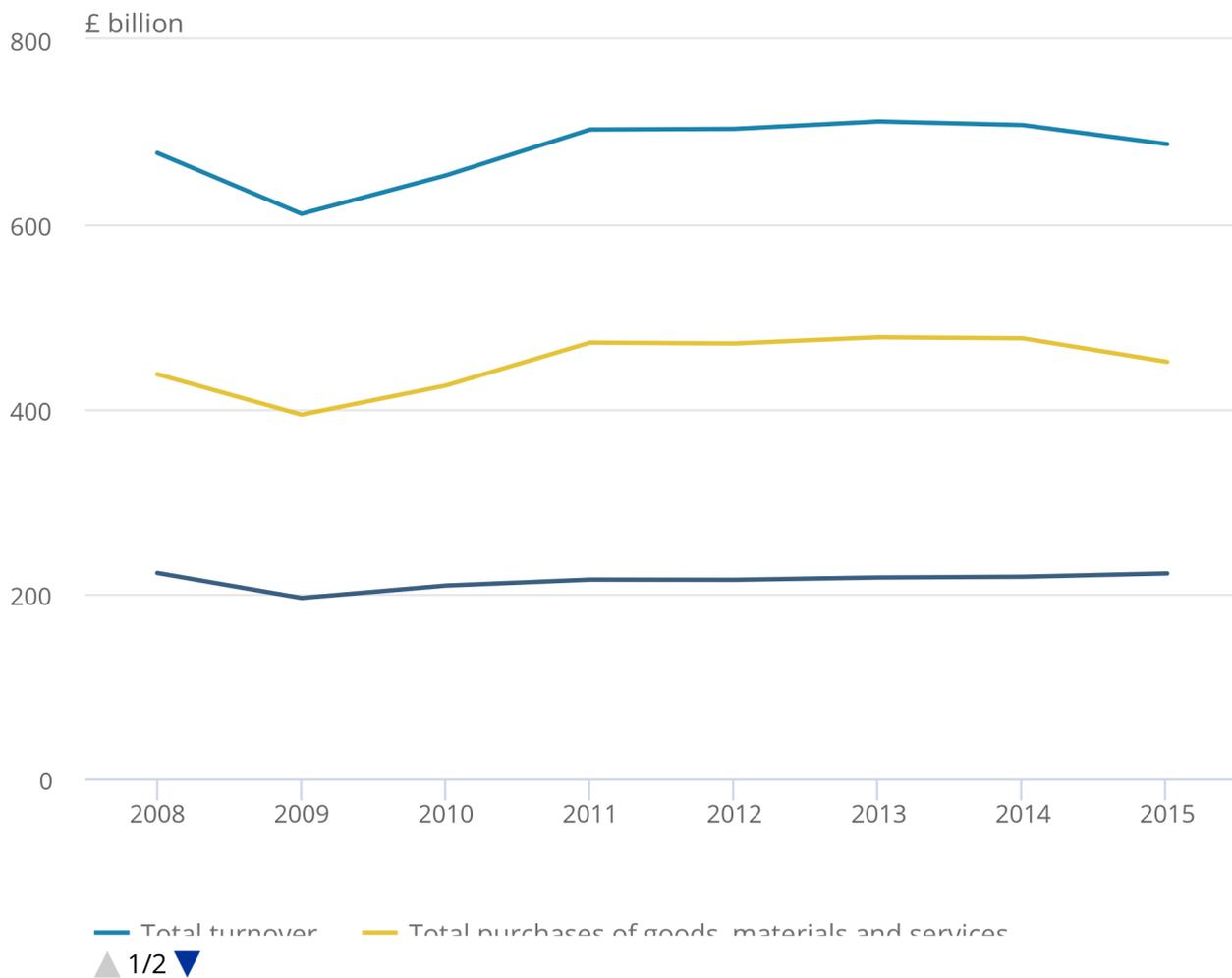
Both turnover and purchases decreased between 2014 and 2015: turnover by 2.9% (£20.6 billion) and purchases by 5.3% (£25.4 billion). The greater fall of purchases over turnover, together with changes in the value of stocks, led to an increase in aGVA of 1.7% (£3.7 billion). This is represented in Figure 6, which shows that the levels of turnover, purchases and aGVA have increased since 2009, with only aGVA not passing the level seen prior to the economic downturn.

Figure 6: Production, turnover and purchases and resulting aGVA

UK, 2008 to 2015

Figure 6: Production, turnover and purchases and resulting aGVA

UK, 2008 to 2015



Source: Office for National Statistics

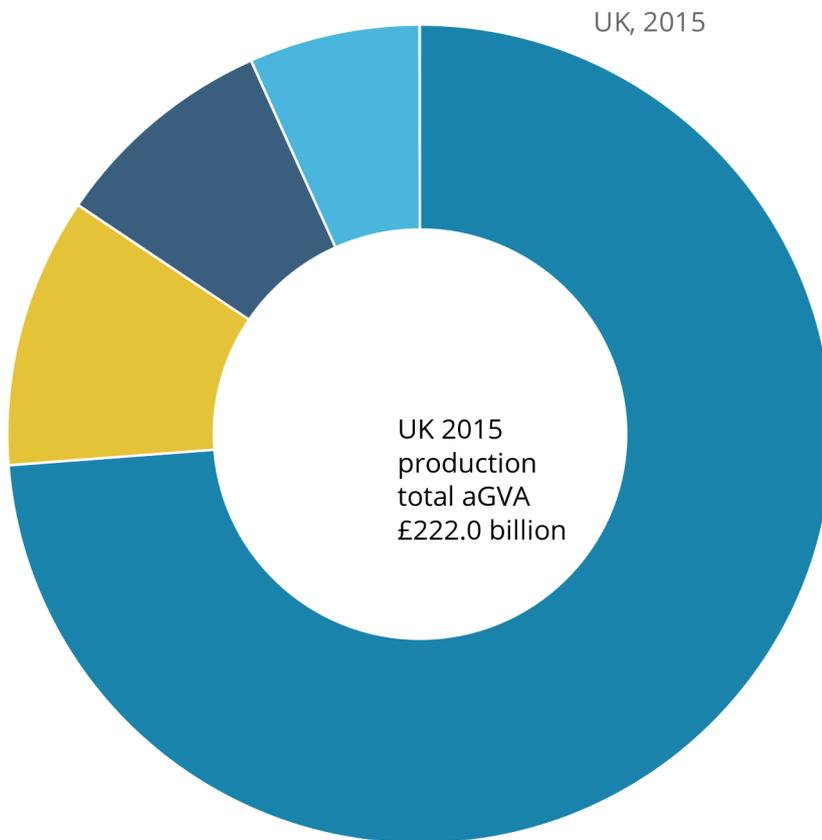
Source: Office for National Statistics

Figure 7a shows the four sections that make up the production sector. Manufacturing is the largest component, accounting for 73.8% of aGVA in 2015. This was the only section to see an increase in aGVA between 2014 and 2015.

Figure 7a: Production, aGVA by section

UK, 2015

Figure 7a: Production, aGVA by section



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

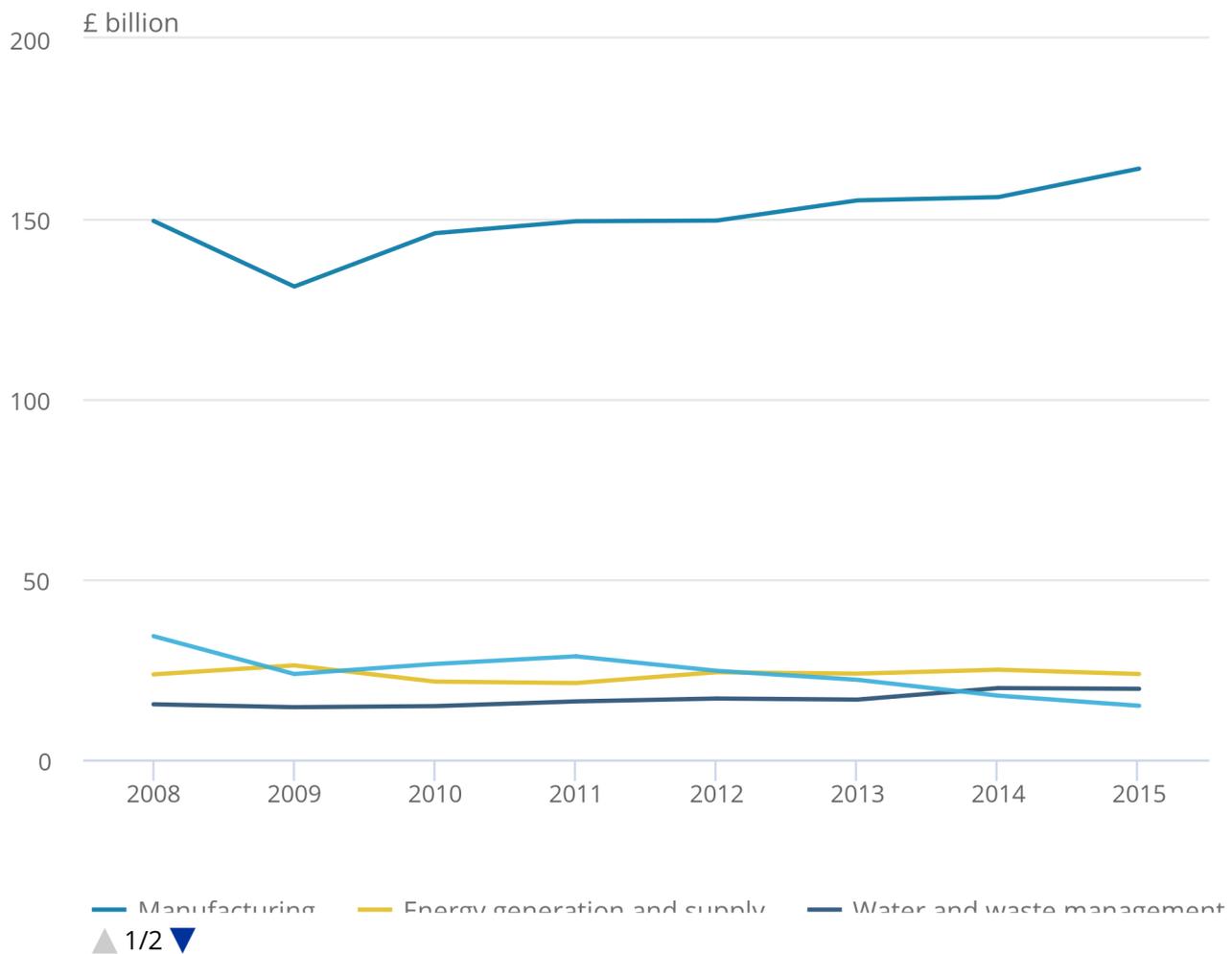
1. Includes oil and gas extraction.

Figure 7b: Production, aGVA by section

UK, 2008 to 2015

Figure 7b: Production, aGVA by section

UK, 2008 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Includes oil and gas extraction.

Figure 7b shows the levels of aGVA for each of the four sections within production from 2008. Manufacturing saw a rise in aGVA of 5.0% (£7.8 billion) between 2014 and 2015. This was the result of a 1.8% (£9.3 billion) decrease in turnover but a much greater decrease in purchases of 5.0% (£17.2 billion).

The main source of these decreases in both turnover and purchases was in manufacture of coke and refined petroleum products, which saw a 31.5% (£13.4 billion) decrease in turnover and a 44.6% (£14.2 billion) decrease in purchases. The decreases can be attributed to the manufacture of petroleum products and is mainly due to the fall in the price of oil as described in this section.

Turnover in mining and quarrying decreased by a greater amount of 15.4% (£6.3 billion) than purchases, which decreased by 16.6% (£4.1 billion). This resulted in a decrease of 15.7% (£2.8 billion) in aGVA. The main contributor to this fall in aGVA was extraction of crude petroleum and natural gas, where turnover decreased by 21.3% (£5.7 billion) and purchases by 19.2% (£2.9 billion). This resulted in a fall in aGVA of 25.0% (£3.2 billion) in this division.

One potential factor behind this was the continuing fall in commodity prices through 2015, which started in the second half of 2014. For example, as reported in Figure 6 of our [Economic Review: September 2015](#), crude oil prices fell from an average of £69.72 per barrel between 2011 and 2013 to £31.78 at the start of 2015, falling further to £27.19 during August 2015. This is also supported by the Department of Business, Energy and Industrial Strategy (BEIS) in [Table 4.1.1](#) of its monthly release on fuel prices. Our [Producer Price Inflation: December 2015](#) release refers to the oversupply of crude oil driven by the decision by the Organisation of the Petroleum Exporting Countries (OPEC) to continue high levels of production despite reduced global demand.

Distribution

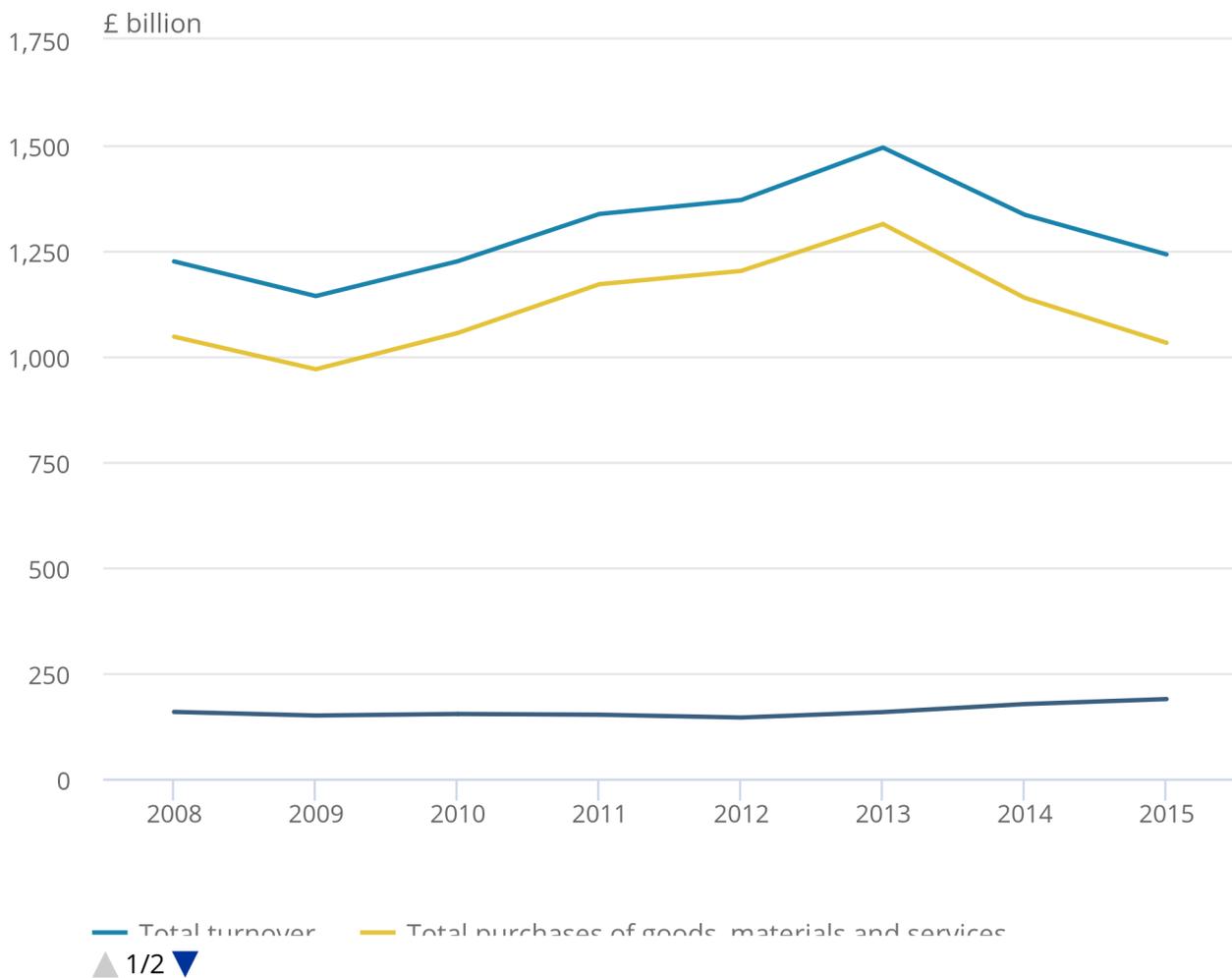
Distribution saw a rise in aGVA of 6.7% (£11.9 billion) between 2014 and 2015, mainly as a result of a 7.0% (£93.8 billion) decrease in turnover and a greater 9.4% (£106.5 billion) decrease in purchases (see Figure 8). This is the second consecutive fall in both turnover and purchases. Businesses within wholesale of solid, liquid and gaseous fuels, and related products in particular, cited the continuing fall in oil prices during 2015 as the reason for this.

Figure 8: Distribution, turnover and purchases and resulting aGVA

UK, 2008 to 2015

Figure 8: Distribution, turnover and purchases and resulting aGVA

UK, 2008 to 2015



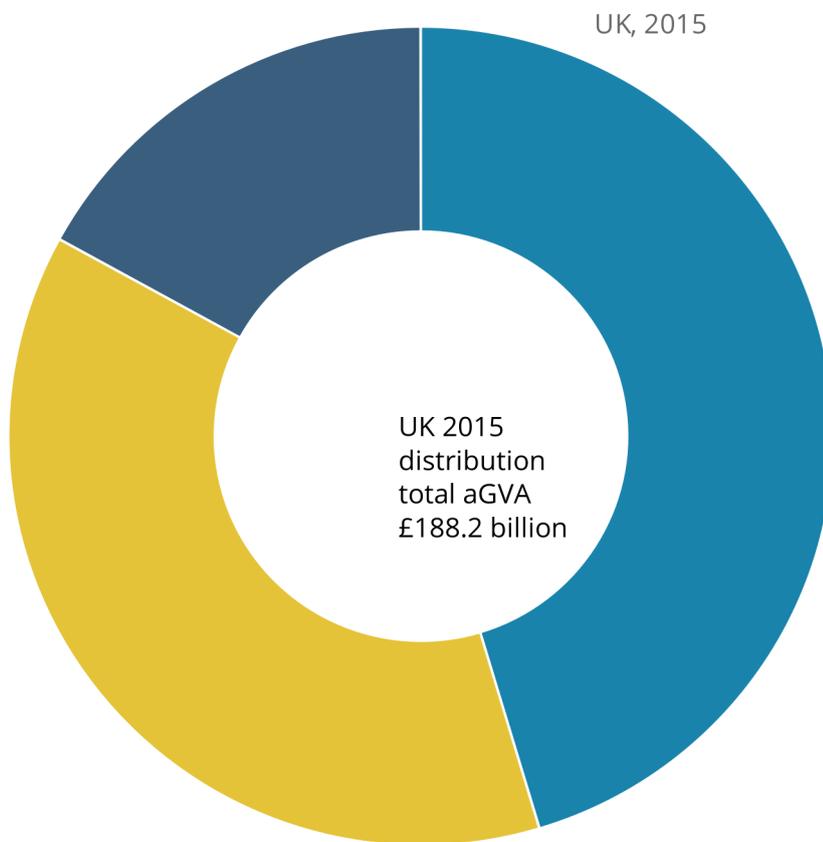
Source: Office for National Statistics

Source: Office for National Statistics

Figure 9a: Distribution, aGVA by division

UK, 2015

Figure 9a: Distribution, aGVA by division



Source: Office for National Statistics

Source: Office for National Statistics

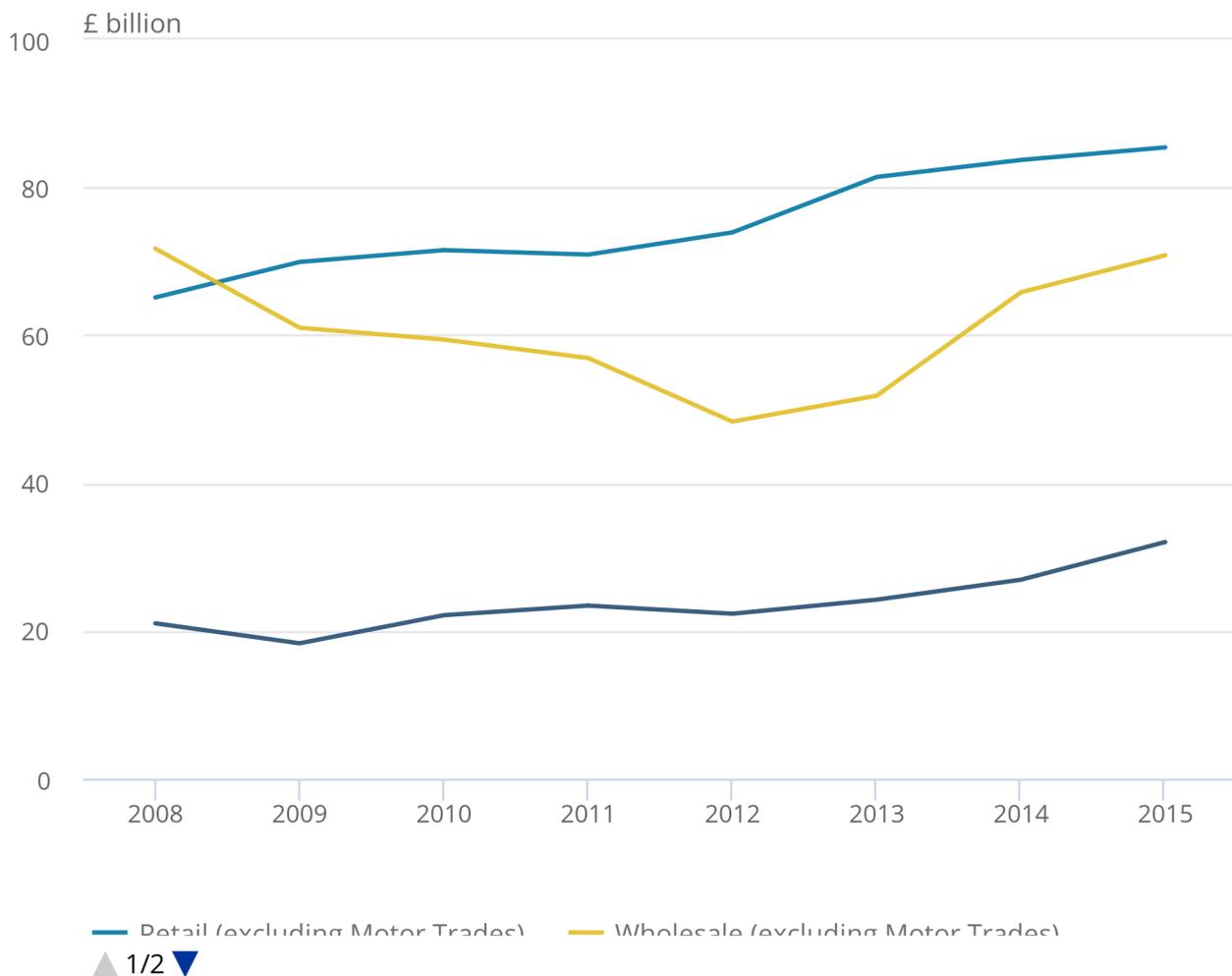
Figure 9a shows that within distribution, retail is the largest component accounting for just over 45.0% of total aGVA.

Figure 9b: Distribution, aGVA by division

UK, 2008 to 2015

Figure 9b: Distribution, aGVA by division

UK, 2008 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Within distribution, retail saw a small increase in aGVA of 2.0% (£1.7 billion) between 2014 and 2015. This was due to an increase in turnover of 0.9% (£3.2 billion) compared with a slightly smaller increase in purchases of 0.7% (£2.0 billion). Since 2008, retail aGVA has continued to grow to its highest level.

Wholesale shows a different picture. Wholesale aGVA decreased sharply in the years following the economic downturn to its lowest level in 2012. Since this period, however, it has continued to grow to a level that is only slightly below the pre-economic downturn level. Wholesale saw a decrease in turnover of 13.7% (£109.1 billion) and a 16.5% (£116.2 billion) fall in purchases; this is the second consecutive decrease and was again due to a fall in other specialised wholesale, which includes wholesale of solid, liquid and gaseous fuels, and related products.

Motor trades aGVA increased by 19.2% (£5.1 billion) between 2014 and 2015 as a result of turnover increasing 7.2% (£12.1 billion) by a greater amount than purchases, 5.4% (£7.7 billion). This can partly be attributed to a 6.3% increase in the number of new cars registered in 2015 (according to The Society of Motor Manufacturers and Traders).

Construction

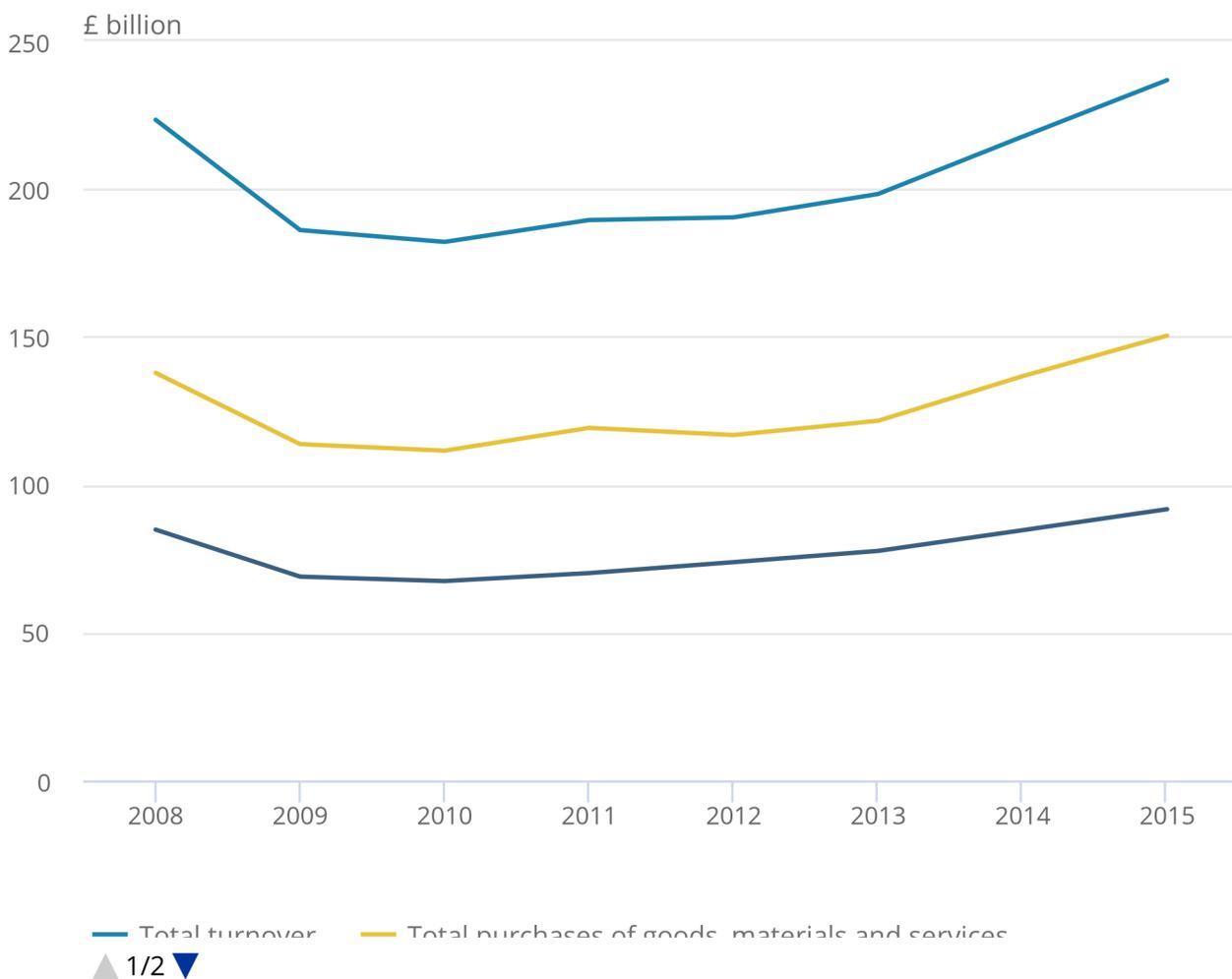
Between 2014 and 2015, construction turnover increased by 8.8% (£19.1 billion). Purchases increased by 10.0% (£13.7 billion) and together with a rise in stock levels, this resulted in growth in aGVA of 8.4% (£7.1 billion). This was the fifth consecutive year of aGVA growth, as shown in Figure 10.

Figure 10: Construction, turnover and purchases and resulting aGVA

UK, 2008 to 2015

Figure 10: Construction, turnover and purchases and resulting aGVA

UK, 2008 to 2015



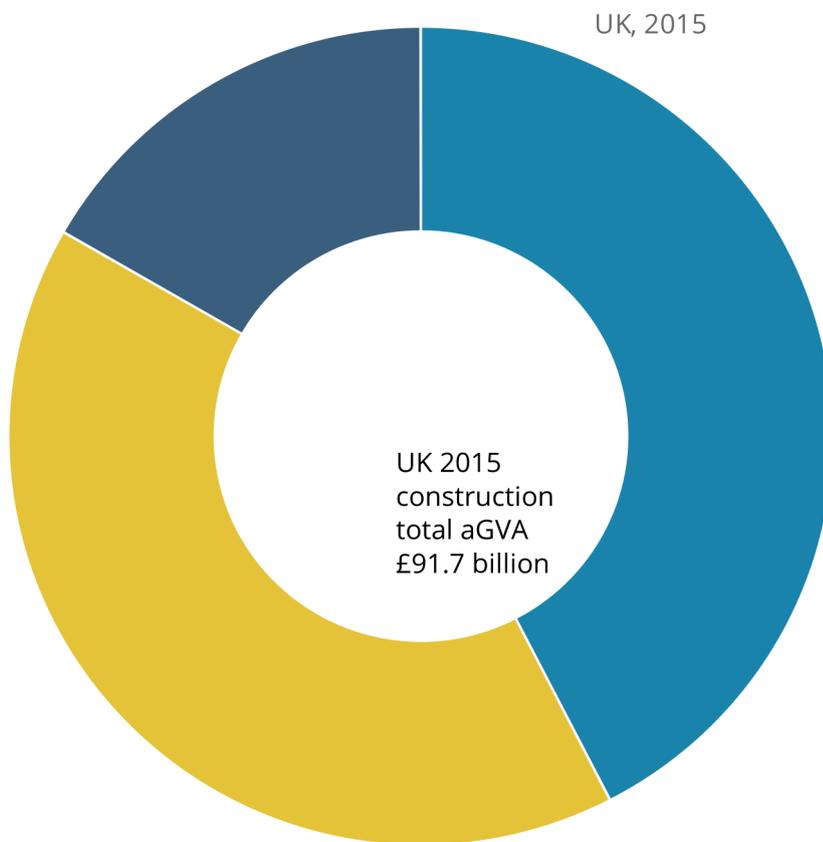
Source: Office for National Statistics

Source: Office for National Statistics

Figure 11a: Construction, aGVA by division

UK, 2015

Figure 11a: Construction, aGVA by division



Source: Office for National Statistics

Source: Office for National Statistics

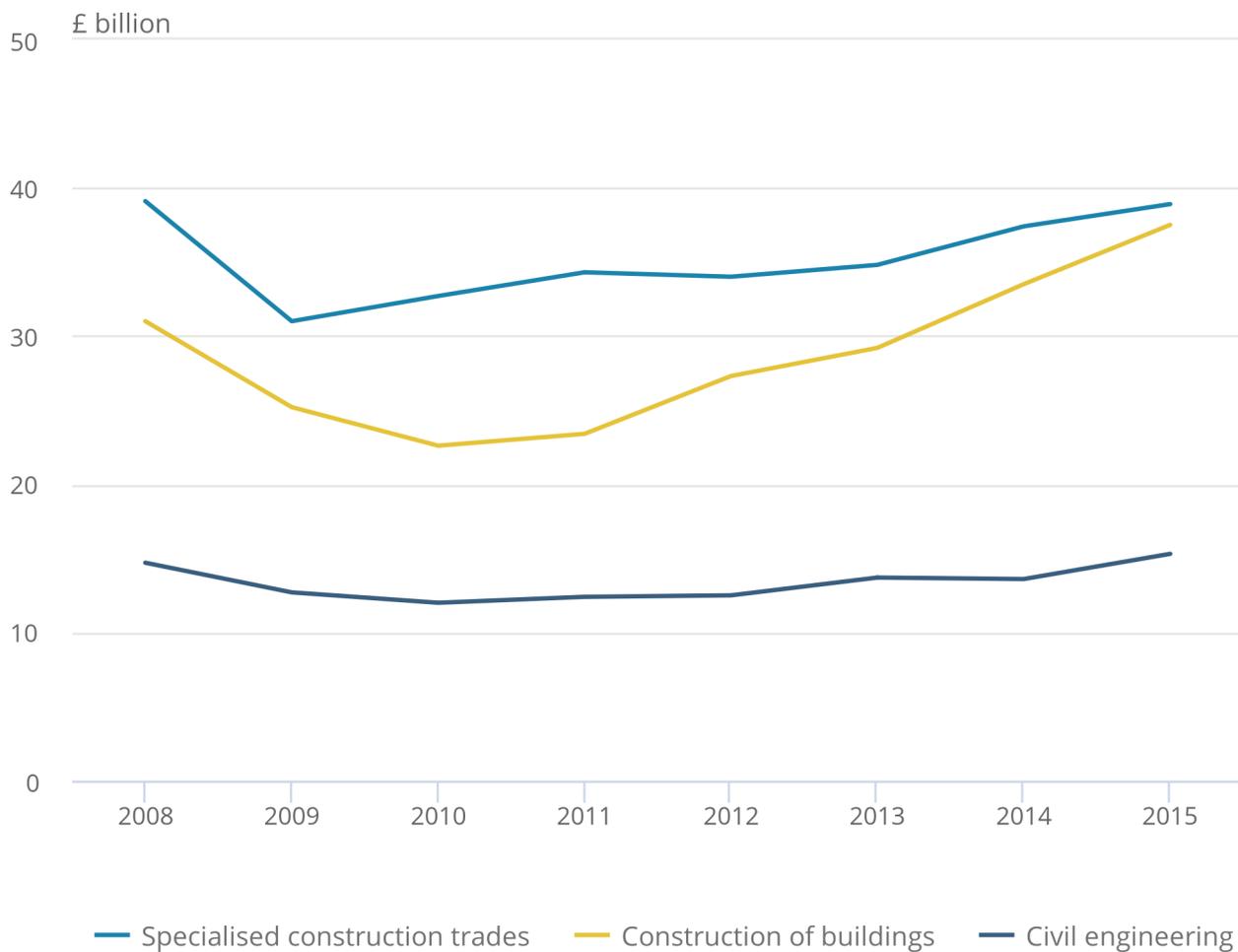
Figure 11a shows that specialised construction trades provided the largest contribution to aGVA, followed closely by construction of buildings. Specialised construction trades covers a broad area including demolition, and electrical, plumbing and other construction installation activities.

Figure 11b: Construction, aGVA by division

UK, 2008 to 2015

Figure 11b: Construction, aGVA by division

UK, 2008 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Figure 11b shows that during the last few years, the fastest growth in construction was in construction of buildings. Between 2014 and 2015, this division continued to grow with a rise of 11.8% (£3.9 billion) in aGVA. Civil engineering, which experienced a slight downturn in 2014, this year saw the highest percentage rise in aGVA of 12.5% (£1.7 billion). Specialised construction trades also contributed, with an increase in aGVA of 3.9% (£1.5 billion); however, despite a consistent increase in aGVA over the last three years, this division remains £0.2 billion below its 2008 level of £39.1 billion.

Agriculture (part), forestry and fishing

The Annual Business Survey (ABS) covers only hunting, forestry, fishing and the support activities to agriculture. This part covered by ABS showed decreases in turnover of 1.6% (£69 million) and purchases of 1.4% (£37 million) between 2014 and 2015, which led to a fall of 2.6% (£51 million) in approximate gross value added (aGVA). The main contributor to the aGVA decrease was fishing.

Comparable GVA figures for the rest of agriculture (which includes crop and animal production) are available in Chapter 3 (Table 3.2) of the [Agriculture in the United Kingdom release](#), published annually by the Department for Environment, Food and Rural Affairs (DEFRA), and show a value of £8,495 million for 2015.

As agriculture has a very small contribution to total aGVA, the values quoted in this section are in pounds millions.

6 . Links to related statistics

The share of the [total value of gross value added at factor costs \(GVA\) in the business economy for each EU-28 member state](#) is available. These estimates are currently based on the latest data available for 2014. The UK makes the second largest contribution with 18.4% of total EU GVA, while Germany accounts for 23.3%. France is the only other member state comprising more than 10.0% of EU business economy GVA.

7 . Upcoming changes to this bulletin

As described in [Improving the Coverage of the Standard Business Survey Population](#) published on 21 December 2015, the coverage of our Standard Business Survey population has been extended to include a population of solely Pay-As-You-Earn (PAYE) based businesses. These additional businesses will be included in the 2016 Annual Business Survey provisional results to be published in November 2017. We are carrying out additional quality assurance on the impact of this and will advise users of the results accordingly.

8 . Quality and methodology

The [Annual Business Survey \(ABS\) Quality and Methodology Information document](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

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](#).