

Statistical bulletin

Annual Business Survey, UK non-financial business economy: 2016 regional results

Size and growth of the UK non-financial sectors within the 12 NUTS1 regions of the UK as estimated by the Annual Business Survey.



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1 . Main points

- In 2016, the approximate gross value added at basic prices (aGVA) generated by local activity of the UK non-financial business economy was estimated to be £1,190.9 billion.
- Out of the 12 UK regions, 10 experienced growth in aGVA in 2016 compared with 2015; the two regions showing decreases in aGVA were Scotland and the South West where aGVA fell by 4.6% (£4.1 billion) and 2.8% (£2.2 billion) respectively.
- The highest percentage increase to local level UK aGVA in 2016 came from Wales, increasing by 11.1% (£3.7 billion) compared with 2015; within Wales the production sector showed the highest growth, increasing by 16.2% (£1.9 billion).
- The highest contributions to local level UK aGVA in 2016 came from London, the South East and the North West; the region with the largest aGVA growth between 2015 and 2016 was London, with a rise of 7.6% (£21.4 billion).
- London contributed most to the non-financial services sector, representing approximately one-third of its local level aGVA; London also had the largest value contribution to the sector's growth in aGVA between 2015 and 2016, with an increase of 10.8% (£23.8 billion).

2 . Things you need to know about this release

The estimates contained in this bulletin are consistent with the [Annual Business Survey regional release data](#). They provide the size and growth of the UK non-financial business economy for 2016, based on the local activity of businesses as measured by the [Annual Business Survey \(ABS\)](#) published on 18 May 2018. It is the main source for understanding the detailed structure, conduct and performance of businesses across the UK at a regional level.

Users should note that the date of this release has been brought forward from a publication date of July each year. Work has also been carried out to ensure that the national publication is released on the same day, which is an improvement from the historic June publication date each year. Bringing forward the release dates means that data included within the releases are consistent with data used within the annual supply use balancing process.

Sample changes

The Office for National Statistics (ONS) business population was expanded in 2015 to include approximately 92,000 solely Pay As You Earn (PAYE)-based businesses. This led to an increase in the number of businesses in the overall population of approximately 4%. Nearly all of these businesses (99.3%) were in employment size-band one (zero to nine employees) and nearly half of them were in the non-financial services sector.

Within the ABS, the new business population was used for the first time in 2016. New estimates for 2015 were therefore calculated to assess the year-on-year impact of the inclusion of these additional businesses at the UK national level. [An impact article and corresponding reference tables showing the new 2015 estimates](#) were published on Friday 20 October 2017. To support user understanding, PAYE-based businesses have been added retrospectively at an aggregate level for 2015; this has limited the low-level microdata analysis that is possible and new estimates for 2015 at the regional level are therefore not available. The ABS therefore advises that the known variance in turnover of 0.4% and approximate gross value added (aGVA) of 0.8% noted in the ABS UK national release can also be applied to the ABS UK regional totals. Care needs to be taken when comparing 2015 and 2016 data because of this discontinuity, which may not be spread evenly between the regions.

Users should also note that a sample re-optimisation has been included in the estimates for 2016. This is carried out every five years to improve the efficiency of the sample estimation and reduce sampling variability as part of the regular process to improve estimates. This discontinuity should also be considered when comparing estimates for 2015 with 2016.

ABS coverage

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, 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 the 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.

Estimates published in this release include turnover, purchases, approximate gross value added at basic prices (aGVA) and employment costs. All data are reported at current prices (effect of price changes not removed). Details of aGVA components can be found in the [ABS Technical Report \(PDF, 1.6MB\)](#).

Regional subset

Regional ABS estimates are produced by apportioning the survey return from each reporting unit to its individual sites, and then summing them to the regional level. Industry breakdowns at the UK level in the [national release](#) will therefore not necessarily match those in the corresponding regional release. More information can be found under regional apportionment in [5.8.2 of the ABS Technical Report \(PDF, 1.6MB\)](#).

Revisions

ABS estimates are subject to revisions for the previous year's data in 2015. Estimates in this release show revisions for the UK non-financial business economy compared with the previous [2015 estimate](#) published on the 20 July 2017. There were downward revisions of 0.7% (£25.1 billion) in turnover, 1.1% (£23.7 billion) in purchases and 0.4% (£4.2 billion) in aGVA.

3 . How has aGVA grown across the regions in 2016?

In 2016, approximate gross value added (aGVA) of the UK non-financial business economy at a local level was estimated to be £1,190.9 billion. This was an increase of 4.3% (£48.8 billion) in 2016 compared with an increase of 5.0% (£54.9 billion) in 2015 and a continuation of the growth seen between 2009 and 2015.

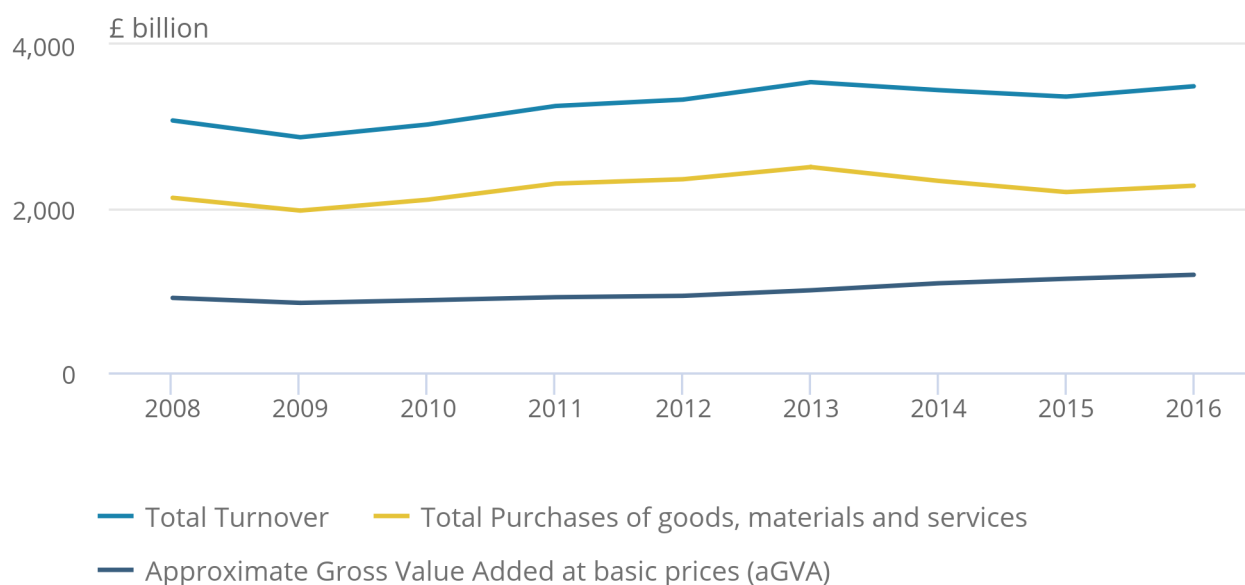
The main components of aGVA are turnover and purchases. Figure 1 shows the levels of total aGVA, turnover and purchases from 2008 to 2016. The level of turnover increased gradually between 2009 and 2013, with decreases between 2013 and 2015. Turnover increased again in the most recent year, with the level of purchases following a similar path. In the latter years, however, purchases have fallen at a faster rate than turnover resulting in a steady increase in aGVA.

Figure 1: UK non-financial business economy, local level turnover, purchases and resulting approximate gross value added

2008 to 2016

Figure 1: UK non-financial business economy, local level turnover, purchases and resulting approximate gross value added

2008 to 2016



Source: Office for National Statistics

Notes:

1. 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:
 - agriculture (support activities SIC 01.6 only), forestry and fishing - Section A
 - production industries - Sections B-E
 - construction industries - Section F
 - distribution industries - Section G
 - non-financial service industries - Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S

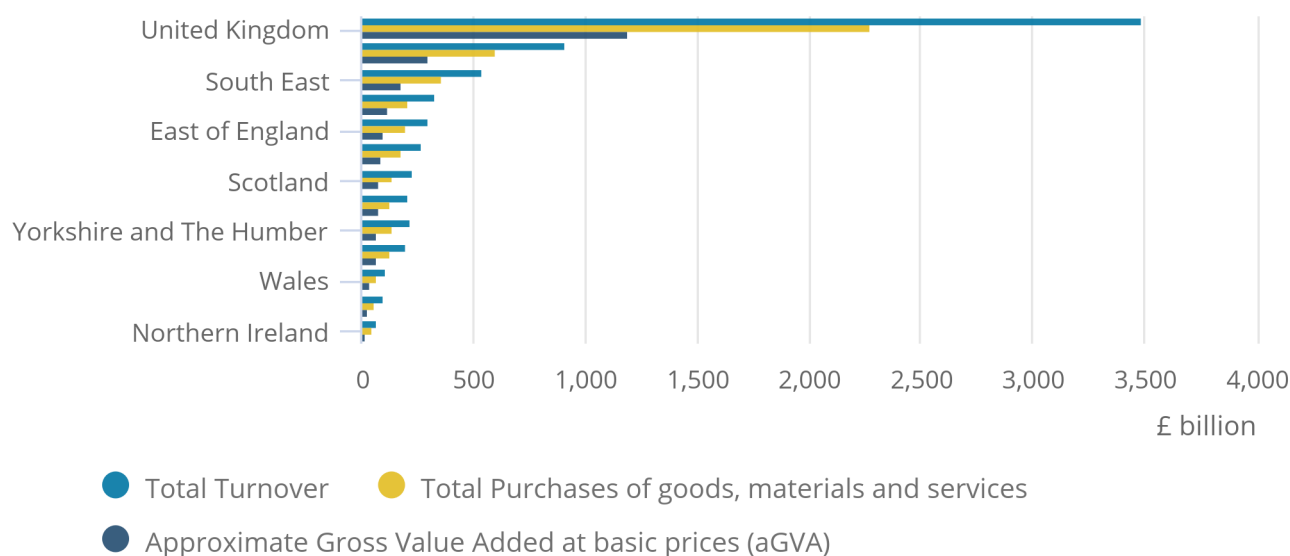
Figure 2 shows that the largest three regions in terms of total aGVA, turnover and purchases were London, the South East and the North West; together, they contributed approximately half of the total aGVA, turnover and purchases in the UK non-financial business economy.

Figure 2: UK non-financial business economy, local level turnover, purchases and resulting approximate gross value added by NUTS1 region

2016

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2016



Source: Office for National Statistics

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Whilst aGVA for the UK has grown, the industry composition of aGVA across the regions in the UK varies considerably. Figure 3 shows the non-financial services sector contributed the most to each region's aGVA, whilst its contribution to each region's total aGVA varied from just over one-third in Northern Ireland to around three-quarters in London.

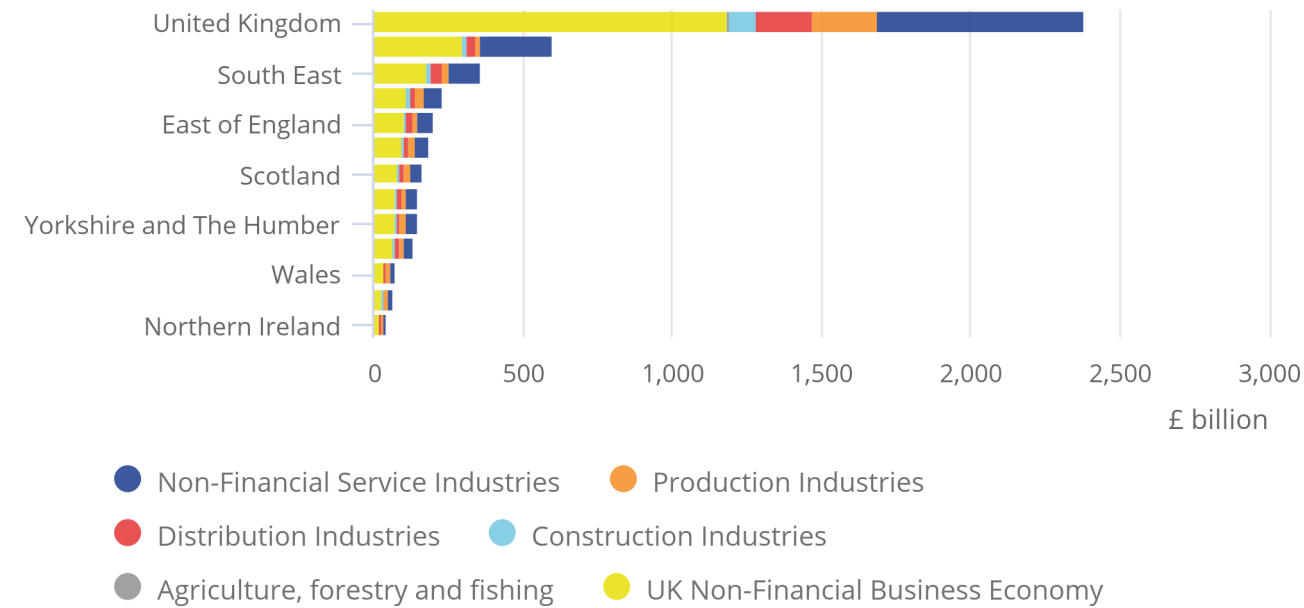
The production sector in 9 of the 12 [NUTS1 regions](#) was the second-largest contributor to aGVA, varying between approximately one-fifth and two-fifths contribution within each region. The distribution sector was the second-largest in the remaining three regions.

Figure 3: UK non-financial business economy¹, local level approximate gross value added at NUTS1 region and sector ranked by total aGVA contribution

2016

Figure 3: UK non-financial business economy¹, local level approximate gross value added at NUTS1 region and sector ranked by total aGVA contribution

2016



Source: Office for National Statistics

Notes:

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 - production industries - Sections B-E
 - construction industries - Section F
 - distribution industries - Section G
 - non-financial service industries - Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S

Out of the 12 UK regions in the UK non-financial business economy, 10 experienced growth in aGVA in 2016 compared with 2015.

Figure 4a shows the aGVA percentage change in local level aGVA for each of the 12 regions between 2015 and 2016. The largest percentage increase in aGVA was from Wales, with a rise of 11.1%; in terms of a value increase (see Figure 4b), the region ranks sixth across all regions with a rise of £3.7 billion. The increase was led by section G, wholesale and retail trade, repair of motor vehicles and motorcycles, rising by 22.6% (£1.1 billion).

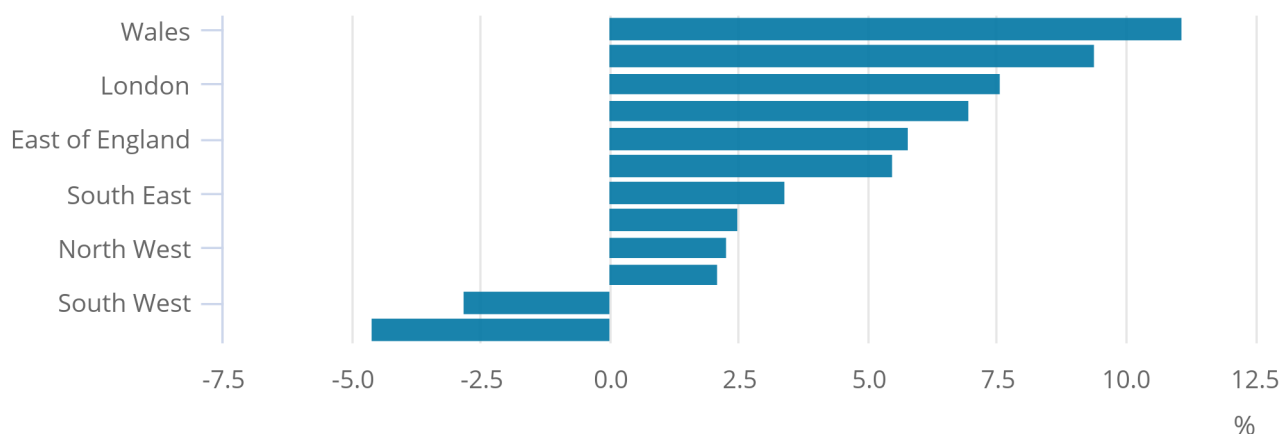
The decreases in aGVA came from Scotland and the South West, with a fall of 4.6% (£4.1 billion) and 2.8% (£2.2 billion) respectively.

Figure 4a: UK non-financial business economy, percentage growth in local level approximate gross value added at NUTS1 region

2015 to 2016

Figure 4a: UK non-financial business economy, percentage growth in local level approximate gross value added at NUTS1 region

2015 to 2016



Source: Office for National Statistics

Notes:

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Figure 4b shows the aGVA value growth in local level aGVA. The largest value increase was from London, which saw a rise of £21.4 billion; the region ranks third in terms of its percentage increase, which rose by 7.6%.

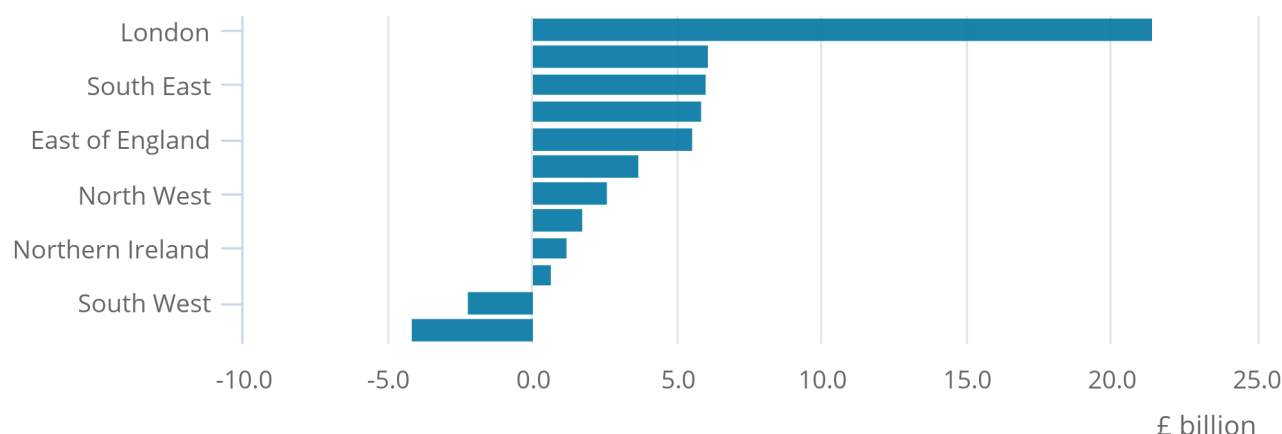
The largest decrease was seen in Scotland where aGVA fell by 4.6% (£4.1 billion). A fall was seen in the majority of industrial sections within the non-financial services sector; this was led by section M, professional scientific and technical services, which fell by 10.4% (£1.2 billion).

Figure 4b: UK non-financial business economy, value growth in local level approximate gross value added at NUTS1 region

2015 to 2016

Figure 4b: UK non-financial business economy, value growth in local level approximate gross value added at NUTS1 region

2015 to 2016



Source: Office for National Statistics

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4 . Continued growth in non-financial services in 2016

The non-financial services sector contributed £690.5 billion, over half (58.0%) of the approximate gross value added (aGVA) total of £1,190.9 billion in 2016 to the UK non-financial business economy at the local level.

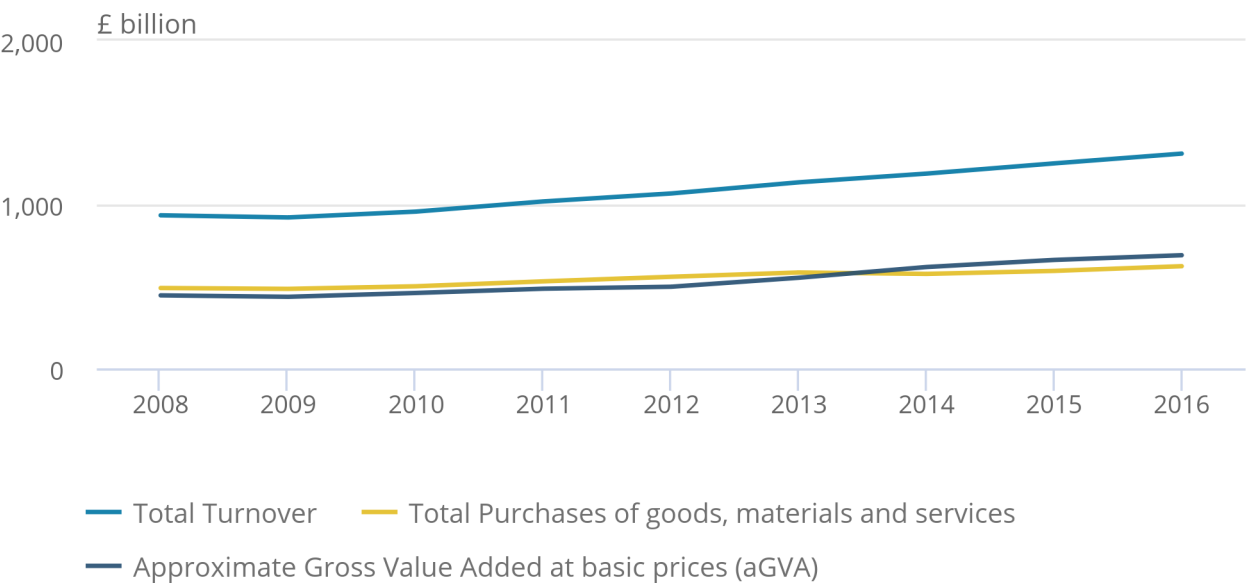
Figure 5 shows that following the period of the economic downturn in 2008, this is the seventh consecutive year of growth between 2010 and 2016 in aGVA for this sector at the local level. Between 2015 and 2016, turnover within this sector increased at a faster pace than purchases, which has resulted in a sharper increase in aGVA of 4.3% (£28.7 billion).

Figure 5: UK non-financial services ¹local level turnover, purchases and resulting approximate gross value added

2008 to 2016

Figure 5: UK non-financial services ¹local level turnover, purchases and resulting approximate gross value added

2008 to 2016



Source: Office for National Statistics

Notes:

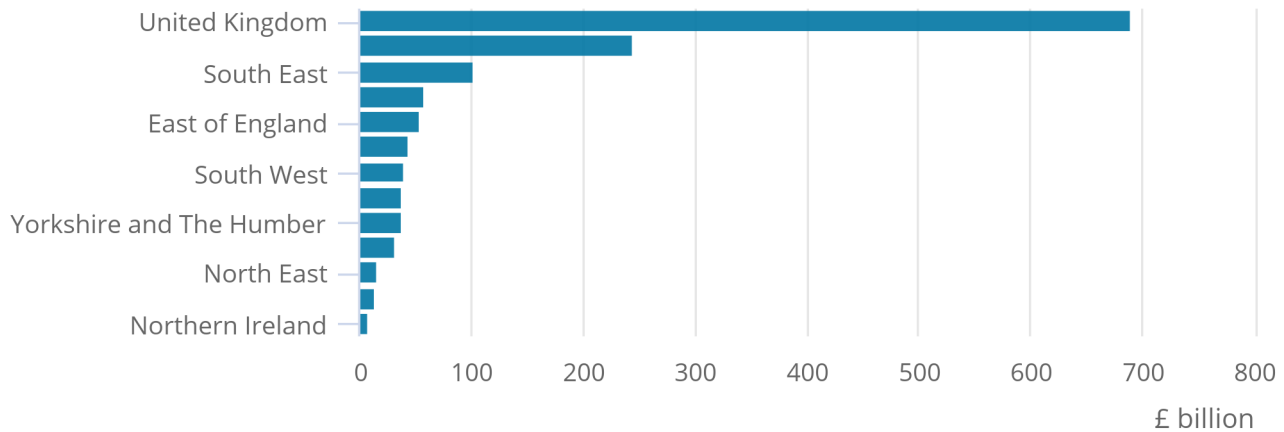
1. Non-financial services industries - Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S (excludes financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities).

Figure 6a: UK non-financial services ¹, local level approximate gross value added by NUTS1 region

2016

Figure 6a: UK non-financial services ¹, local level approximate gross value added by NUTS1 region

2016



Source: Office for National Statistics

Notes:

1. Non-financial services industries - Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S (excludes financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities).

Figure 6a shows the aGVA contribution for each region within the non-financial services sector. The largest contribution to aGVA came from London, which contributed 35.4% (£244.3 billion) to the UK non-financial services sector in 2016, followed by the South East with a contribution of 14.9% (£102.8 billion). Northern Ireland contributed the lowest aGVA to the non-financial service sector, with 1.2% (£8.2 billion).

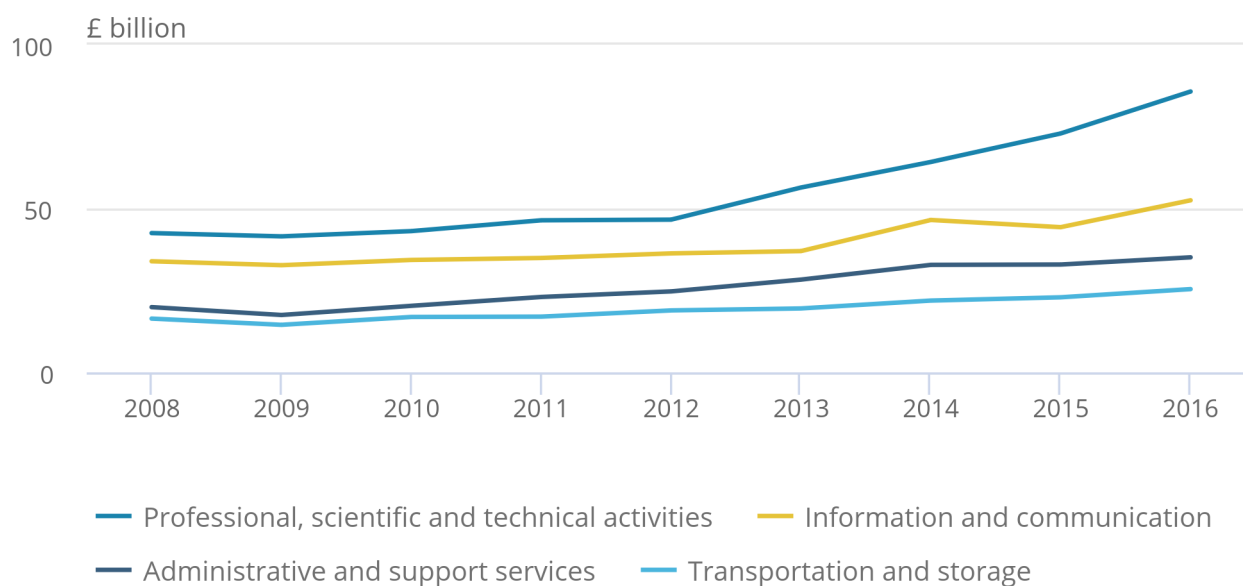
London

Figure 6b: London non-financial services, local level approximate gross value added by largest contributing sections in 2016

2008 to 2016

Figure 6b: London non-financial services, local level approximate gross value added by largest contributing sections in 2016

2008 to 2016



Source: Office for National Statistics

Notes:

1. Non-financial services industries - Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S (excludes financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities).

Figure 6b shows the four largest industries that contributed to growth in London's non-financial services aGVA.

Section M, professional scientific and technical services, contributed 35.1% (£85.7 billion) to London's non-financial services aGVA in 2016. Within this section, turnover increased by 16.9% (£20.3 billion) and purchases increased by 16.0% (£7.8 billion), resulting in growth of aGVA of 17.5% (£12.7 billion) between 2015 and 2016. This is a broad section, which covers a range of industries from legal and accounting activities to advertising and market research, and veterinary services. The division with the largest impact on aGVA growth was activities of head offices; management consultancy activities.

Section J, information and communication, contributed 21.5% (£52.5 billion) to London's non-financial services aGVA in 2016. The division with the largest impact on growth in aGVA was computer programming, consultancy and related activities. Section J includes the development of mobile phone applications and with the increase in accessing the internet using mobile phone devices, this activity has increased in importance in recent years.

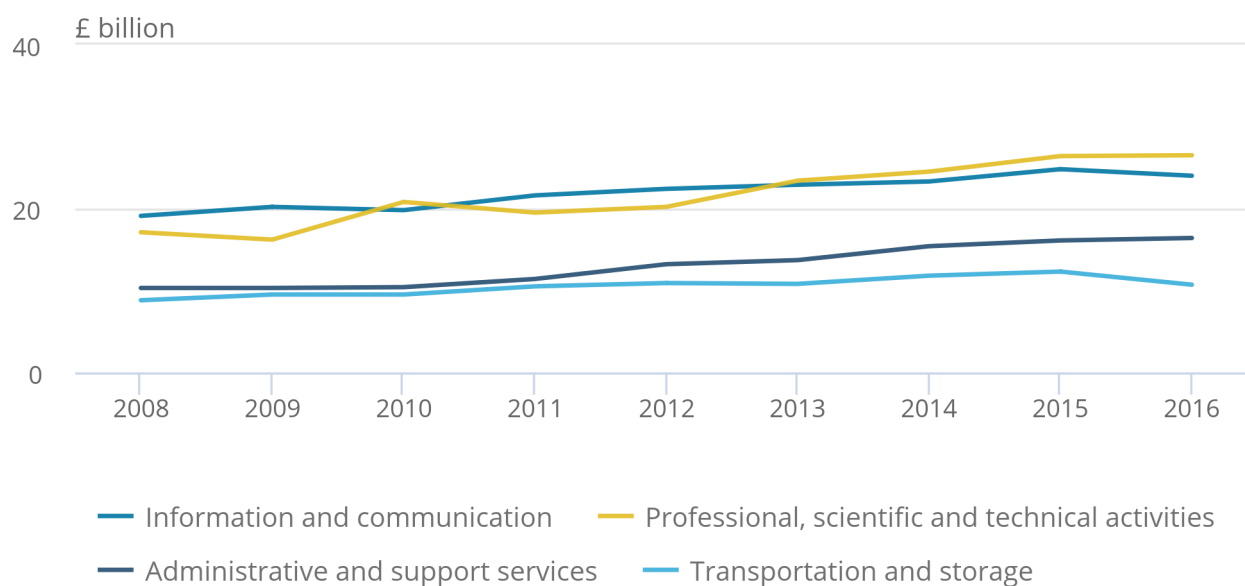
South East

Figure 6c: South East non-financial services, local level approximate gross value added by largest contributing sections in 2016

2008 to 2016

Figure 6c: South East non-financial services, local level approximate gross value added by largest contributing sections in 2016

2008 to 2016



Source: Office for National Statistics

Notes:

1. Non-financial services industries - Sections H, I, J, L, M, N, P (private provision only), Q (private provision only in SIC 86.1 and 86.9), R and S (excludes financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities).

The second-largest contribution to the growth of non-financial services aGVA in 2016 came from the South East, with a contribution of 14.9% (£102.8 billion). Figure 6c shows the four largest industries that contributed to the South East's non-financial services aGVA.

The South East region shows a similar picture to London, where the four largest sections of the economy that contributed the most to its overall aGVA in 2016 were the same. Section M, professional, scientific and technical activities, contributed the most, representing 25.8% (£26.5 billion) of the South East's non-financial services aGVA in 2016. Within this section, turnover increased by 7.7% (£3.5 billion) and purchases increased by 12.9% (£2.5 billion), resulting in an aGVA growth of 0.1% (£0.03 billion) between 2015 and 2016. The division with the largest impact on aGVA growth was other professional, scientific and technical activities.

5 . What does the picture look like in the production sector?

The production sector in 2016 contributed 18.2% (£217.1 billion), approximately one-fifth of the estimated gross value added (aGVA) total of £1,190.1 billion to the UK non-financial business economy at the local level. This represented a rise in aGVA of 7.1% (£14.4 billion) between 2015 and 2016.

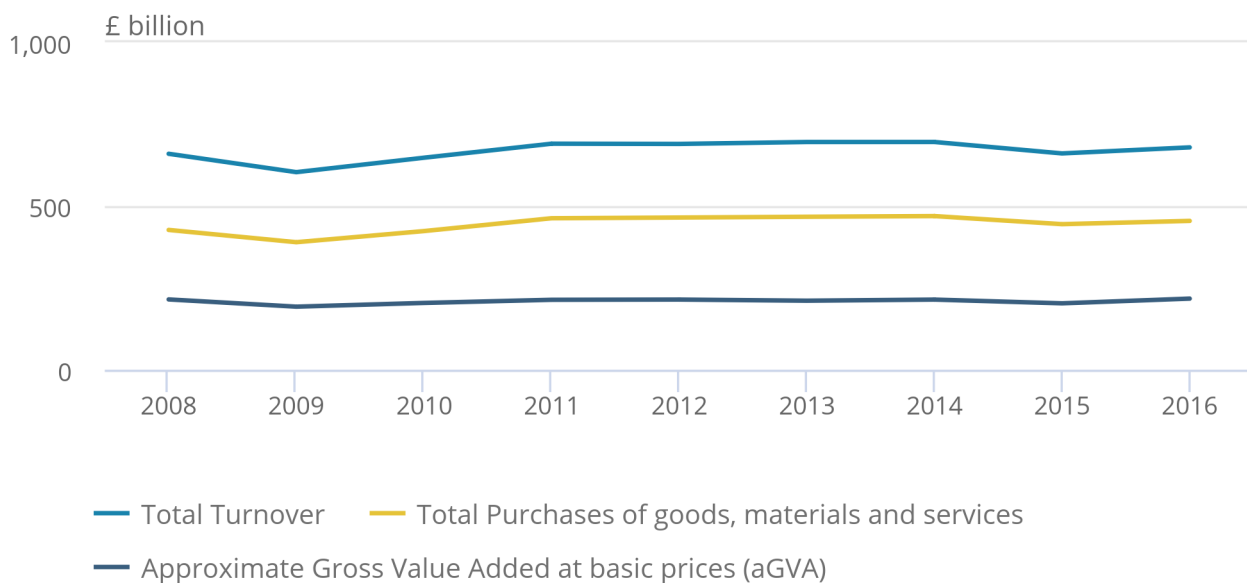
Both turnover and purchases increased between 2015 and 2016; turnover by 2.8% (£18.4 billion) and purchases by 2.2% (£10.0 billion), leading to the rise in aGVA. This is represented in Figure 7, which shows that the levels of turnover, purchases and aGVA over the period have now returned the production sector aGVA to the level seen prior to the economic downturn.

Figure 7: UK production, local level turnover, purchases and resulting approximate gross value added

2008 to 2016

Figure 7: UK production, local level turnover, purchases and resulting approximate gross value added

2008 to 2016



Source: Office for National Statistics

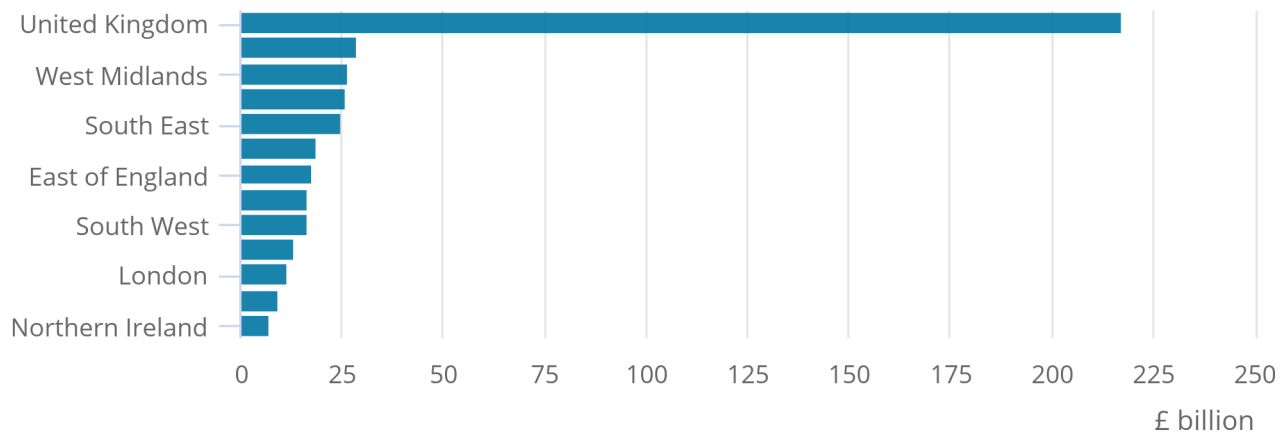
Figure 8a shows the aGVA contribution for each region within the production sector in 2016. The largest contribution to aGVA came from the North West, which contributed 13.1% (£28.5 billion). This was closely followed by the West Midlands with 12.2% (£26.5 billion), Scotland with 11.9% (£25.8 billion) and the South East with 11.5% (£25.0 billion).

Figure 8a: UK production, local level approximate gross value added by NUTS1 region

2016

Figure 8a: UK production, local level approximate gross value added by NUTS1 region

2016



Source: Office for National Statistics

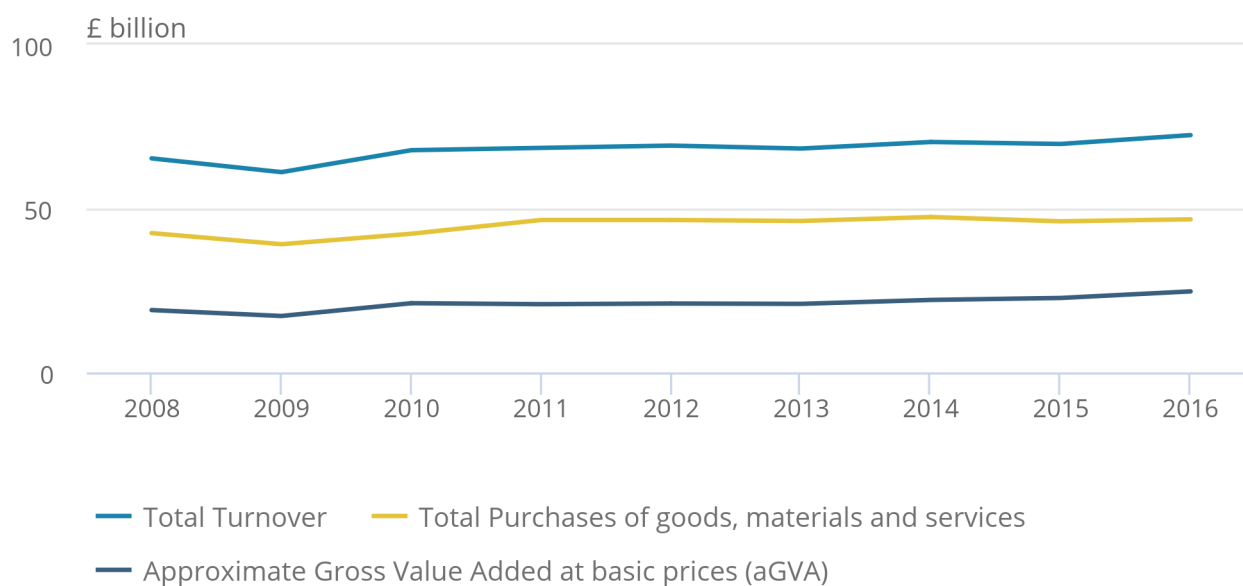
North West

Figure 8b: North West manufacturing, local level turnover, purchases and resulting approximate gross value added

2008 to 2016

Figure 8b: North West manufacturing, local level turnover, purchases and resulting approximate gross value added

2008 to 2016



Source: Office for National Statistics

Section C, manufacturing, provided the largest contribution of 86.8% (£24.7 billion) to the North West's production sector aGVA in 2016. Within this section, turnover increased by 3.9% (£2.7 billion) and purchases increased by 1.3% (£0.6 billion), resulting in a rise in aGVA of 8.8% (£2.0 billion) between 2015 and 2016. Manufacturing covers a broad range of industries including the manufacture of food and drink; clothing; chemical; machinery; tobacco; vehicles; and furniture products. The division with the largest impact on the rise in aGVA was manufacture of basic pharmaceutical products and pharmaceutical preparations.

6 . What do the other sectors show?

Distribution

The distribution sector in 2016 contributed 15.9% (£189.5 billion) of the estimated gross value added (aGVA) total of £1,190.1 billion for the UK non-financial business economy at the local level.

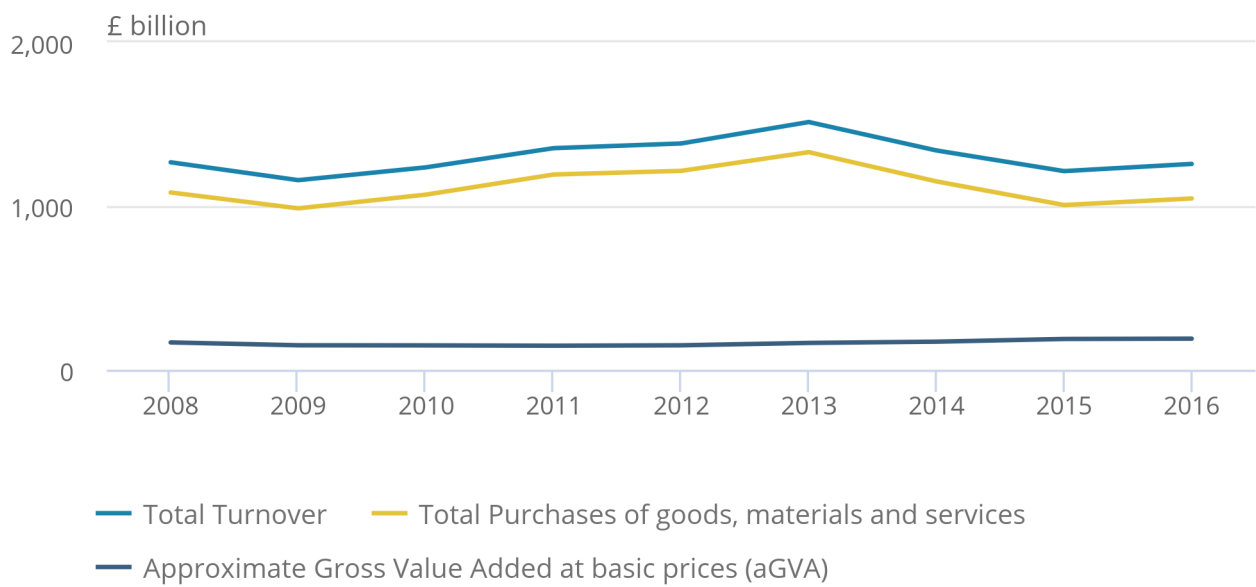
Figure 9 shows that both turnover and purchases increased between 2015 and 2016; turnover by 3.6% (£43.9 billion) and purchases by 4.0% (£39.8 billion). The greater rise in turnover over purchases led to an increase in aGVA of 0.9% (£1.7 billion).

Figure 9: UK distribution, local level turnover, purchases and resulting approximate gross value added

2008 to 2016

Figure 9: UK distribution, local level turnover, purchases and resulting approximate gross value added

2008 to 2016



Source: Office for National Statistics

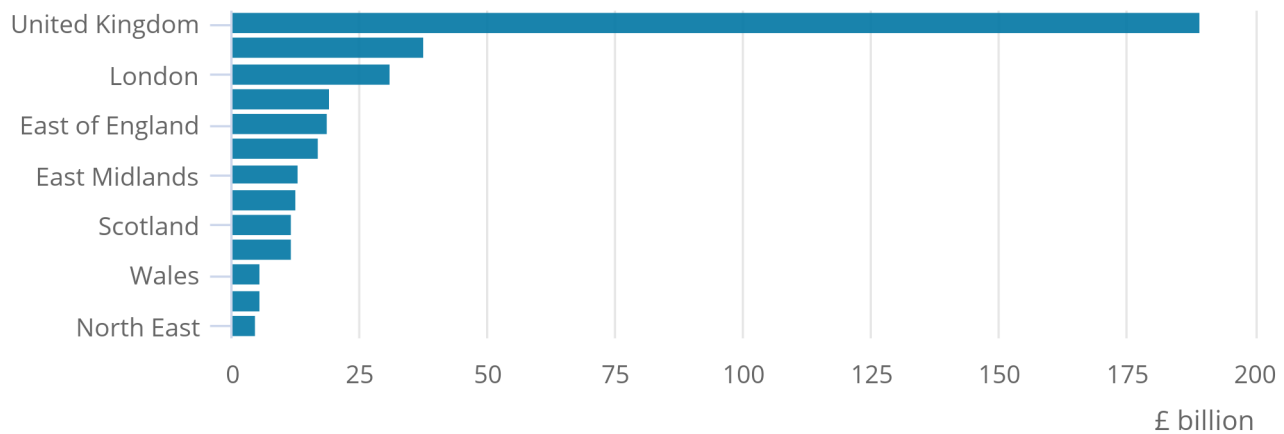
Figure 10a shows the aGVA contribution for each region within the distribution sector. The largest contribution to aGVA came from the South East, which contributed 20.0% (£37.9 billion) to the UK distribution sector in 2016; this was closely followed by London, with a contribution of 16.4% (£31.0 billion).

Figure 10a: UK distribution, local level approximate gross value added by NUTS1 region

2016

Figure 10a: UK distribution, local level approximate gross value added by NUTS1 region

2016



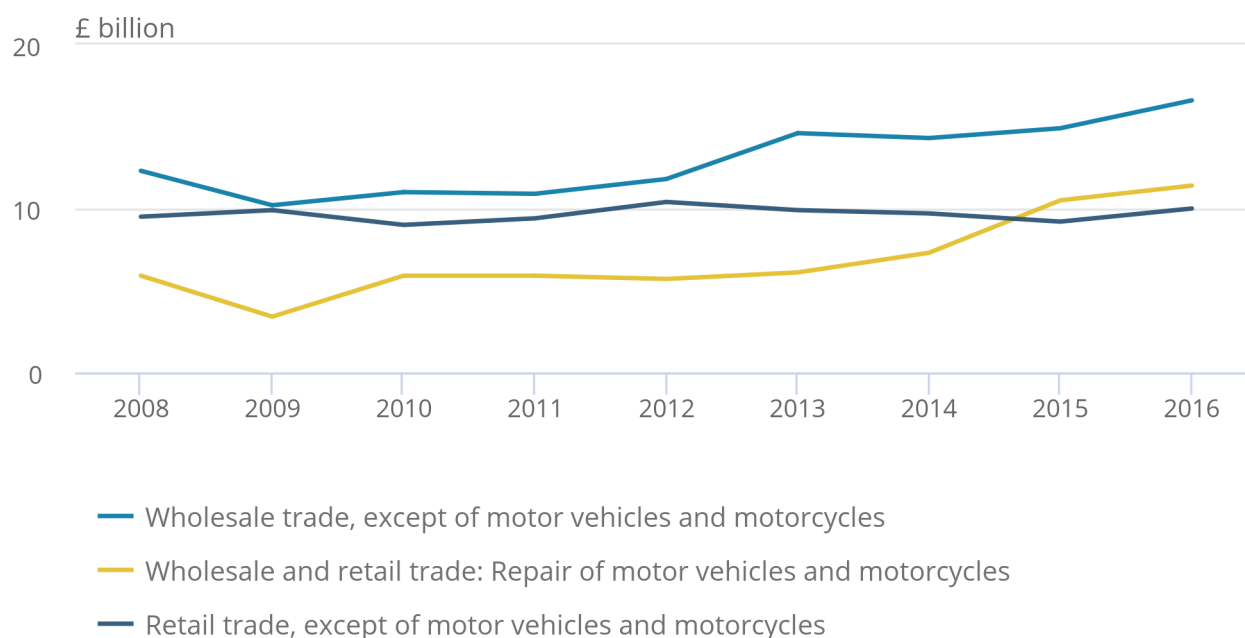
Source: Office for National Statistics

Figure 10b: South East distribution, local level approximate gross value added by division

2008 to 2016

Figure 10b: South East distribution, local level approximate gross value added by division

2008 to 2016



Source: Office for National Statistics

Figure 10b shows that the largest contribution to aGVA for the distribution sector in 2016 was from the South East's wholesale trade (except of motor vehicles and motorcycles). Both turnover and purchases increased for this industry between 2015 and 2016; turnover by 1.8% (£1.8 billion) and purchases by 0.6% (£0.5 billion). The increase in turnover exceeded that for purchases, which led to an increase in aGVA of 11.2% (£1.7 billion).

Construction

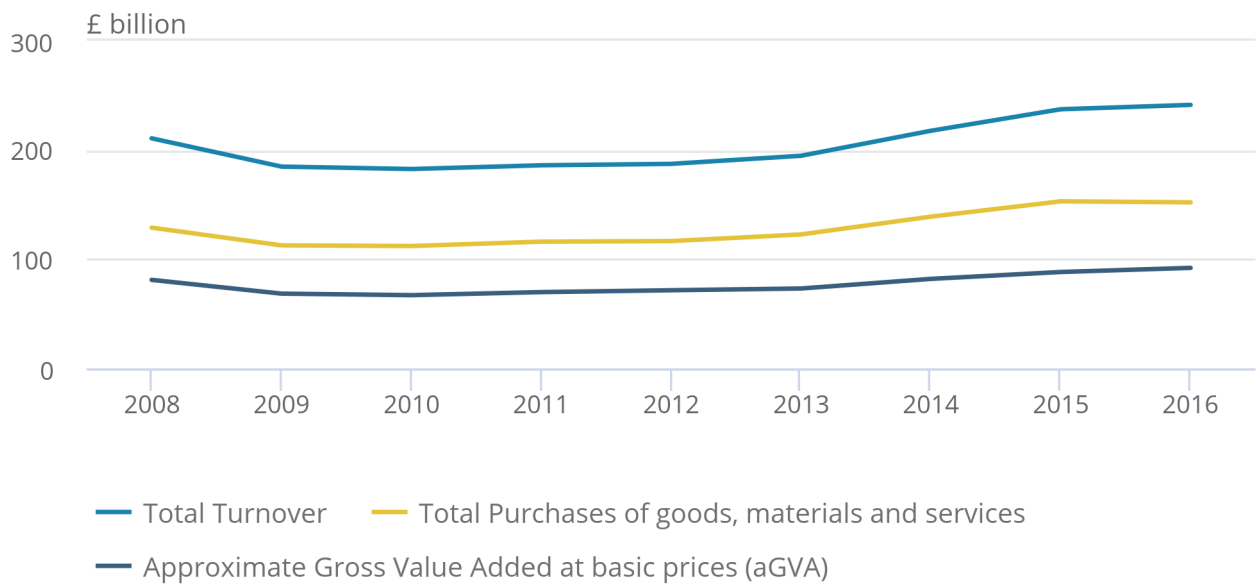
At the local level between 2015 and 2016, construction turnover increased by 1.7% (£4.0 billion) and purchases decreased by 0.6% (£0.9 billion), which resulted in aGVA growth of 4.2% (£3.7 billion). This was the sixth consecutive year of growth in aGVA as shown in Figure 11.

Figure 11: UK construction, local level turnover, purchases and resulting approximate gross value added

2008 to 2016

Figure 11: UK construction, local level turnover, purchases and resulting approximate gross value added

2008 to 2016



Source: Office for National Statistics

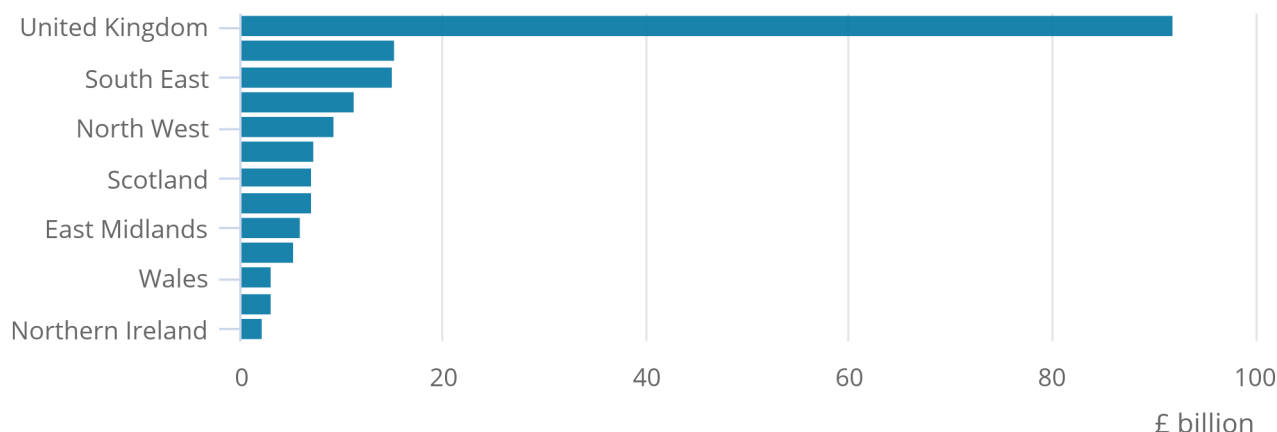
Figure 12 shows the aGVA contribution for each region within the construction sector. The largest contribution to aGVA came from London, which contributed 16.5% (£15.2 billion) to the UK construction sector in 2016; this was followed by the South East with 16.3% (£15.0 billion).

Figure 12: UK construction, local level approximate gross value added by NUTS1 region

2016

Figure 12: UK construction, local level approximate gross value added by NUTS1 region

2016



Source: Office for National Statistics

Agriculture (part), forestry and fishing

The Annual Business Survey (ABS) covers only hunting, forestry, fishing and the support activities to agriculture. At the local level, this represented just 0.2% (£1,860 million) of the UK non-financial business economy at the local level in 2016. The part covered by the ABS showed an increase in turnover of 6.1% (£240 million) and an increase in purchases of 3.6% (£88 million); this led to an increase in aGVA of 10.5% (£176 million).

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

7 . Links to related statistics

Regional economic statistics

The Annual Business Survey (ABS) is an important data source used to regionalise components of regional gross value added, compiled using both the [income](#) and [production](#) approaches. The regional breakdown allows us to break down the UK National Accounts figures to geographical codes using the Nomenclature of Territorial Units for Statistics regions: NUTS1, NUTS2, and NUTS3 regions.

8 . Upcoming changes to this bulletin

For the publication of the Annual Business Survey (ABS) 2017 inquiry onwards, this bulletin will form part of a combined ABS release of both the UK and regional data. The first release of the combined bulletin is anticipated to be around May 2019.

9 . Quality and methodology

The [Annual Business Survey \(ABS\) Quality and Methodology Information report](#) 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 \(PDF, 1.6MB\)](#) published on the [ABS methodology page](#).