

Statistical bulletin

# Annual Business Survey, UK non-financial business economy: 2017 provisional results

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



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# 1 . Main points

- In 2017, the approximate gross value added at basic prices (aGVA) of the UK non-financial business economy was estimated to be £1,259.9 billion; this was an increase of 5.6% (£66.7 billion) compared with 2016.
- 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 2017.
- The non-financial services sector, which accounted for over half (56.7%) of total aGVA in 2017, saw an increase of 6.8% (£45.3 billion); professional, scientific and technical services provided the highest levels of aGVA within this sector, increasing by £12.0 billion in 2017.
- The level of total turnover increased between 2016 and 2017 by 10.0% (£349.7 billion) with all four sectors showing growth in turnover.
- Distribution experienced the largest increase in turnover with growth of 14.6% (£184.1 billion) in 2017 compared with 2016; this was mainly influenced by recent increases in the price of oil.
- The total level of purchases increased by 12.8% (£292.5 billion) in 2017 compared with 2016; all four sectors showed an increase in growth, again, with the largest change coming from distribution, which showed growth of 17.5% (£181.6 billion).

## 2 . Things you need to know about this release

The Annual Business Survey (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 non-financial services excludes public administration and defence, public provision of education and health, all medical and dental practice activities, and 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 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.

There is a discontinuity which should be considered when comparing estimates for 2015 with 2016. The ONS population was expanded in 2016 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. For more information please refer to this [article](#); previous data for 2015 including the new population were published in the [ABS release](#) in May 2018.

All estimates in this release are taken from the ABS and provide the size and growth of the UK non-financial business economy. These data are the main source for understanding the detailed structure, conduct and performance of businesses across the UK.

### **3 . What is the overall picture in 2017?**

In 2017, approximate gross value added (aGVA) of the UK non-financial business economy was estimated to be £1,259.9 billion. This was an increase of 5.6% (£66.7 billion) in 2017 compared with 2016.

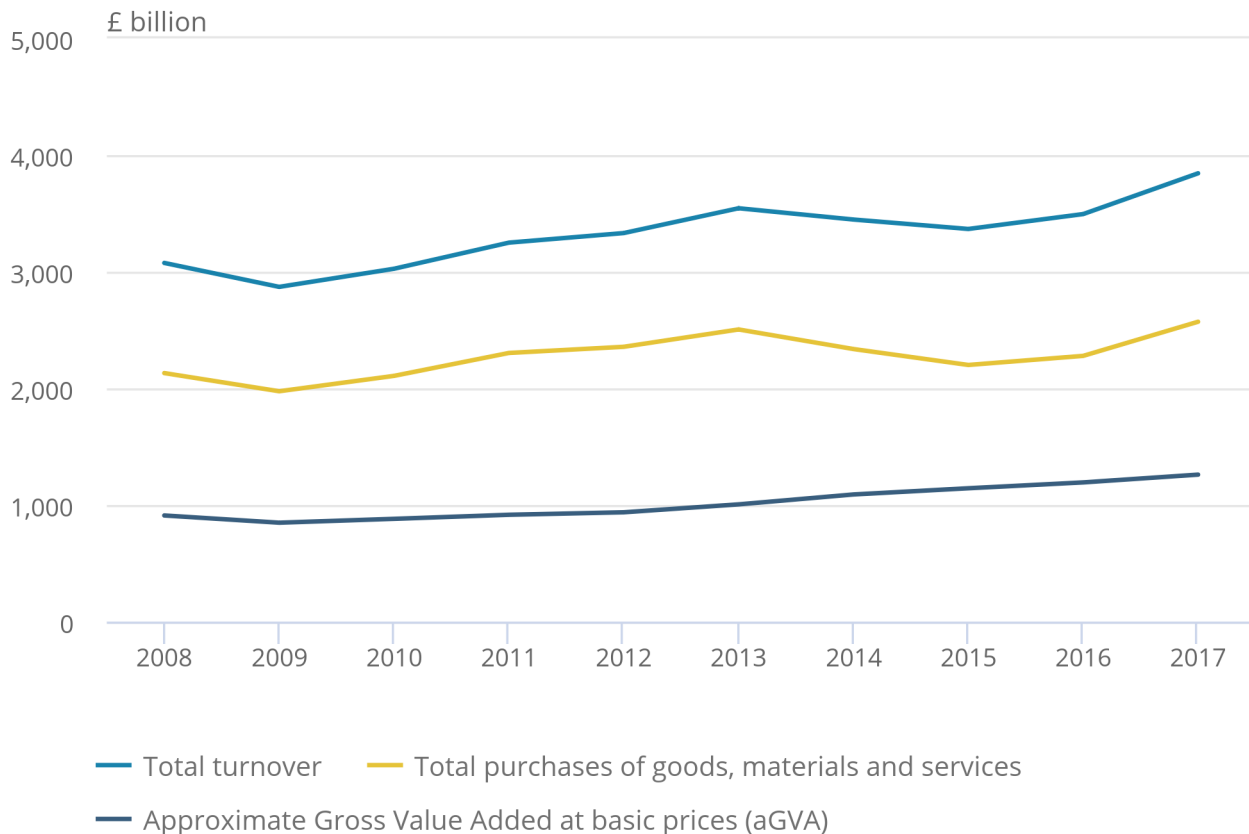
The main components of aGVA are turnover and purchases. Turnover increased by 10.0% (£349.7 billion) in 2017 compared with 2016 and purchases increased by 12.8% (£292.5 billion). The higher levels of turnover led to the increase in the level of aGVA. Figure 1 shows the levels of total turnover, purchases and aGVA from 2008 to 2017.

## Figure 1: UK non-financial business economy<sup>1</sup>; turnover, purchases and resulting aGVA

2008 to 2017

### Figure 1: UK non-financial business economy<sup>1</sup>; turnover, purchases and resulting aGVA

2008 to 2017



Source: Office for National Statistics

#### 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 1 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 again decline but in the most recent period both have started to show an increase.

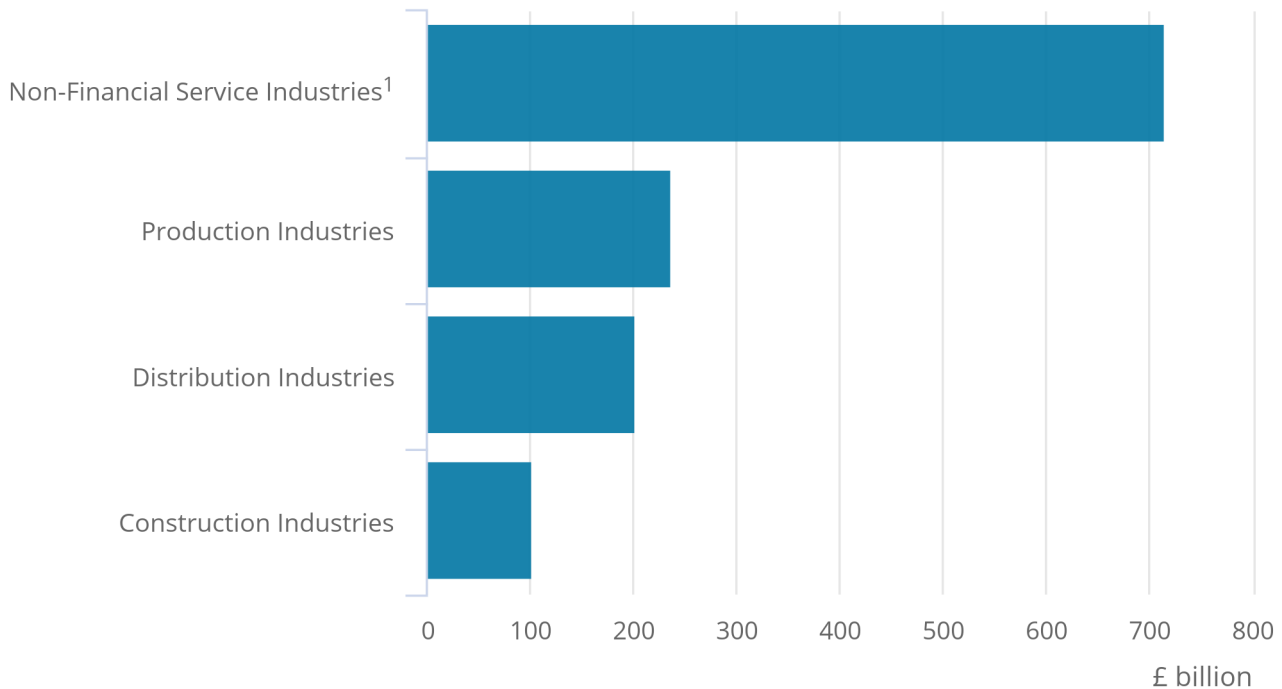
The level of aGVA increased within each of the four main sectors of the economy in 2017; production, construction, distribution and non-financial services. Figure 2 shows that the non-financial services sector was the largest component of the UK non-financial business economy, accounting for £714.8 billion of total aGVA in 2017 (56.7%).

**Figure 2: UK non-financial business economy<sup>1</sup>, aGVA by sector**

2017

Figure 2: UK non-financial business economy<sup>1</sup>, aGVA by sector

2017



**Source: Office for National Statistics**

**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 (part: excluding crop and animal production), forestry and fishing data are excluded from the chart as the values are negligible on a comparable scale.

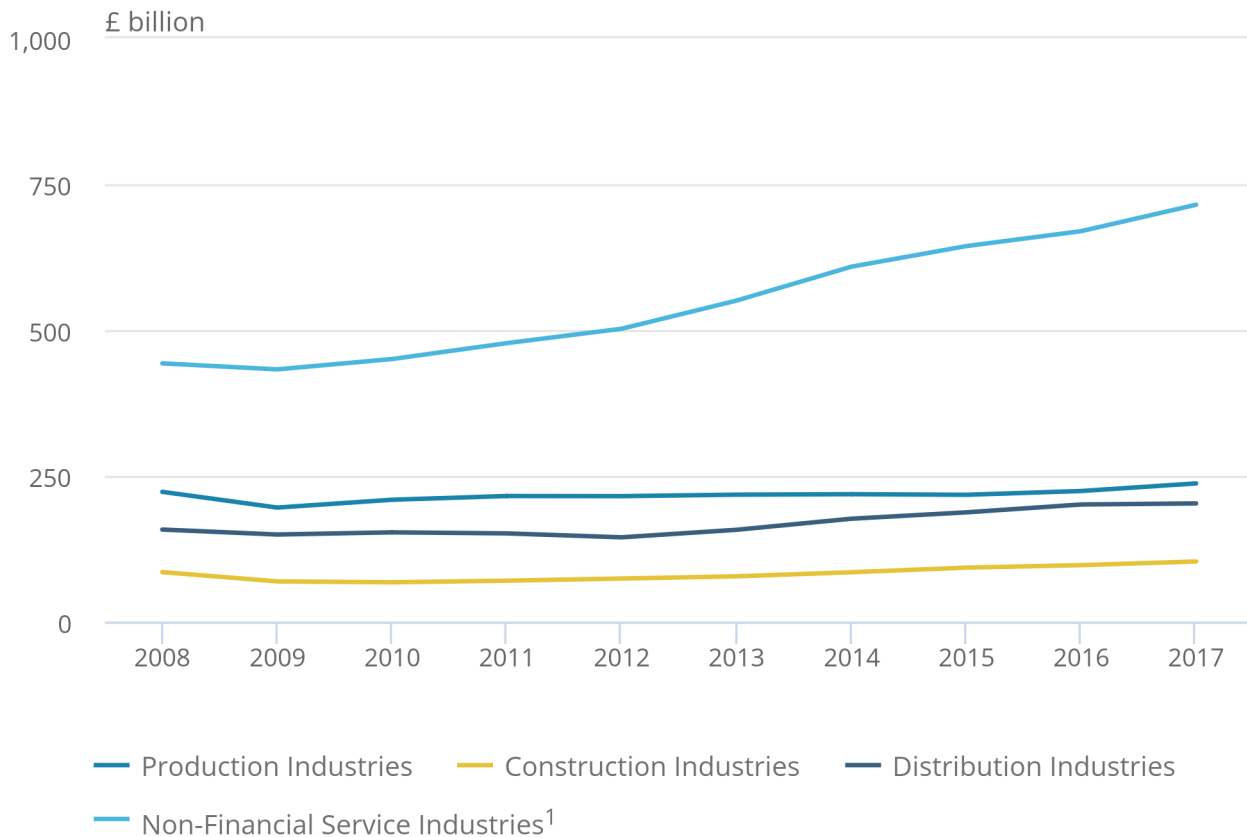
For each of the four main sectors aGVA continued to increase, with non-financial services showing the highest levels of growth with an increase of 6.8% compared with 2016. Figure 3 shows how growth in aGVA has grown slowly in other sectors of the economy compared with non-financial services, which has grown rapidly over the period.

**Figure 3: UK non-financial business economy<sup>1</sup>, aGVA by sector**

2008 to 2017

Figure 3: UK non-financial business economy<sup>1</sup>, aGVA by sector

2008 to 2017



**Source: Office for National Statistics**

**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 (part: excluding crop and animal production), forestry and fishing data are excluded from the chart as the values are negligible on a comparable scale.

## 4 . What is causing the growth in non-financial services?

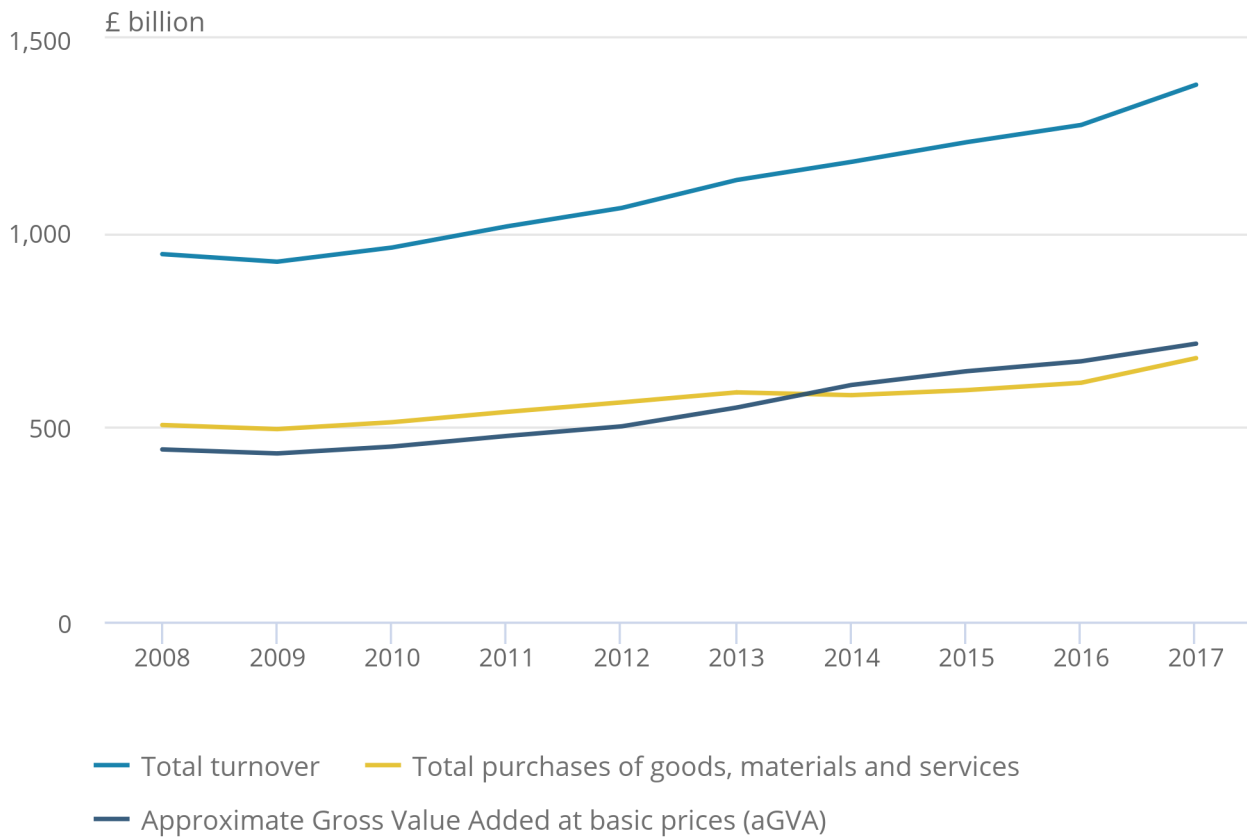
Between 2016 and 2017, approximate gross value added (aGVA) in the non-financial services sector increased by 6.8%. Following the period of the economic downturn between 2008 to 2009, this is the eighth consecutive year of growth in aGVA for this sector.

## Figure 4: UK non-financial services<sup>1</sup>; turnover, purchases and resulting aGVA

2008 to 2017

### Figure 4: UK non-financial services<sup>1</sup>; turnover, purchases and resulting aGVA

2008 to 2017



Source: Office for National Statistics

#### Notes:

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

Figure 4 shows that between 2009 and 2017, the level of turnover in non-financial services grew by 49.2%. The level of purchases followed a similar pattern in growth until 2013 but has remained relatively flat in more recent years. Overall, purchases increased by 36.9% since 2009 but the lower increase than that seen in turnover has resulted in a 65.3% increase in the level of aGVA over the period.

## **5 . Growth in professional, scientific and technical activities**

Figure 5 shows the contributions from all sections within the non-financial services sector. The largest contribution to the overall level of approximate gross value added (aGVA) comes from professional, scientific and technical activities (section M), followed by information and communication (section J), then administrative and support services (section N).

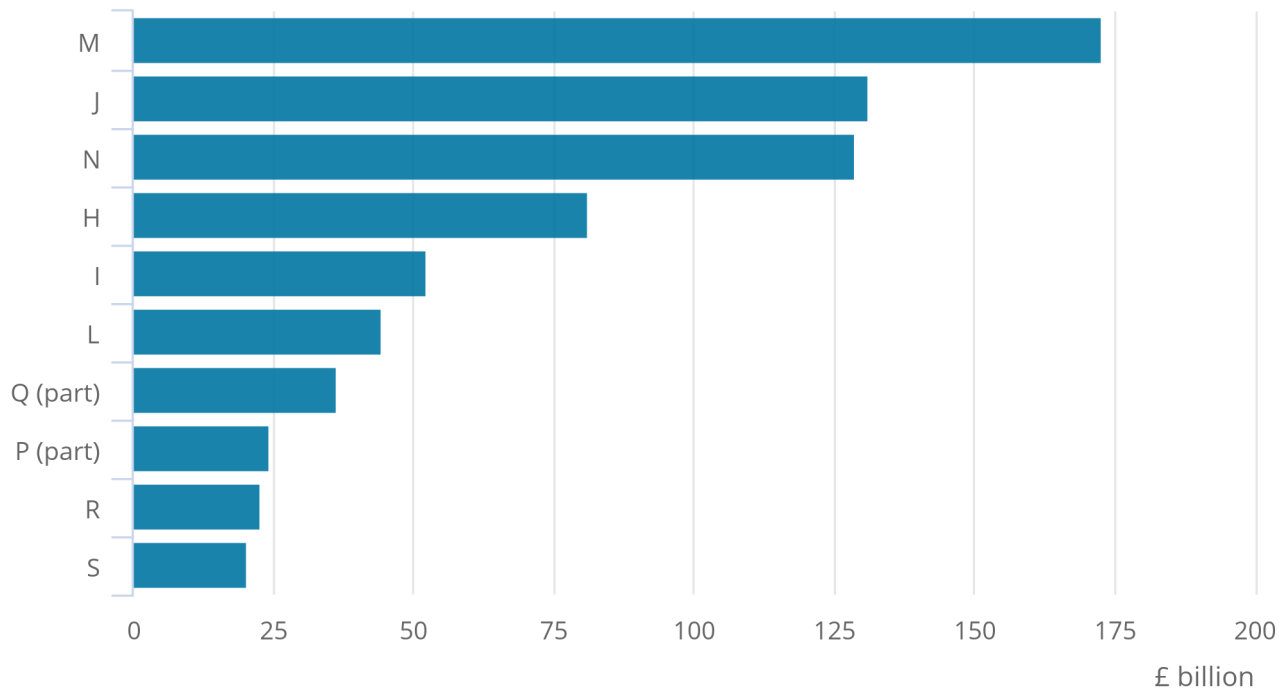


**Figure 5: UK non-financial services<sup>1</sup>, aGVA by section**

2017

Figure 5: UK non-financial services<sup>1</sup>, aGVA by section

2017



**Source: Office for National Statistics**

**Notes:**

1. UK non-financial services 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.

Figure 6 shows growth in aGVA since 2008 for the three largest contributors to non-financial services; sections M, J and N. In 2017, these sections accounted for 60.6% (£432.8 billion) of total aGVA in the non-financial services sector.

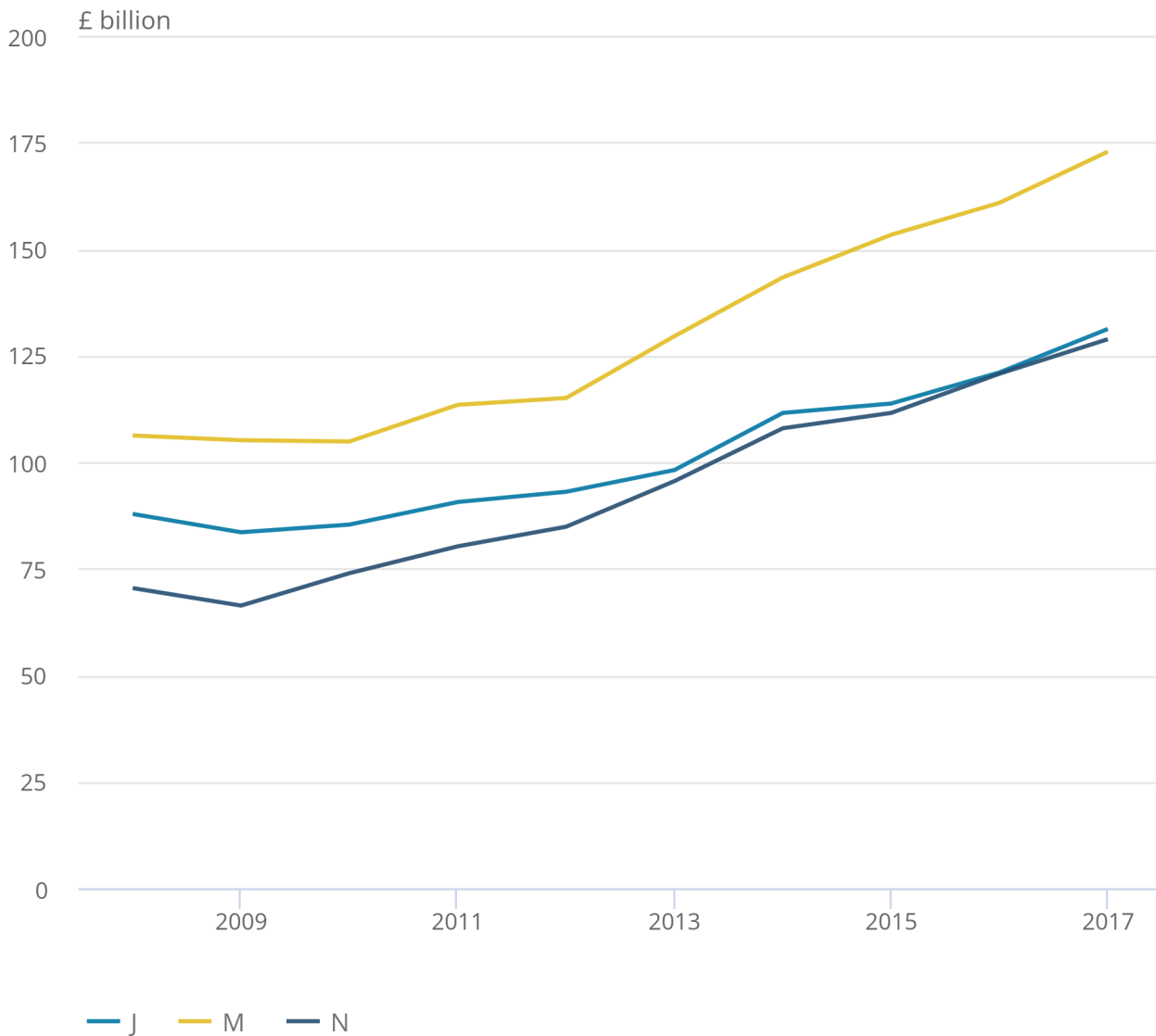
As the largest contributor to the total, section M – professional, scientific and technical services showed an increase in growth of aGVA of 7.5% (£12.0 billion) in 2017 compared with 2016. Within this section, turnover increased by 6.7% (£18.0 billion) and purchases increased by 5.0% (£5.6 billion) over the same period. Section M covers a range of industries from legal and accounting activities to advertising and market research, and veterinary activities.

**Figure 6: UK non-financial services<sup>1</sup>, aGVA by largest contributing sections**

2008 to 2017

Figure 6: UK non-financial services<sup>1</sup>, aGVA by largest contributing sections

2008 to 2017



Source: Office for National Statistics

Notes:

1. Standard Industrial Classification (Revised 2007); J - Information and communication; M - Professional, scientific and technical activities; N - Administrative and support service activities.

## 6 . What do the other sectors show?

## Production

The production sector in 2017 contributed £236.9 billion to overall approximate gross value added (aGVA) of £1,259.9 billion for the UK non-financial business economy. The levels of both turnover and purchases increased between 2016 and 2017; turnover by 6.3% (£43.8 billion) and purchases by 8.0% (£37.1 billion).

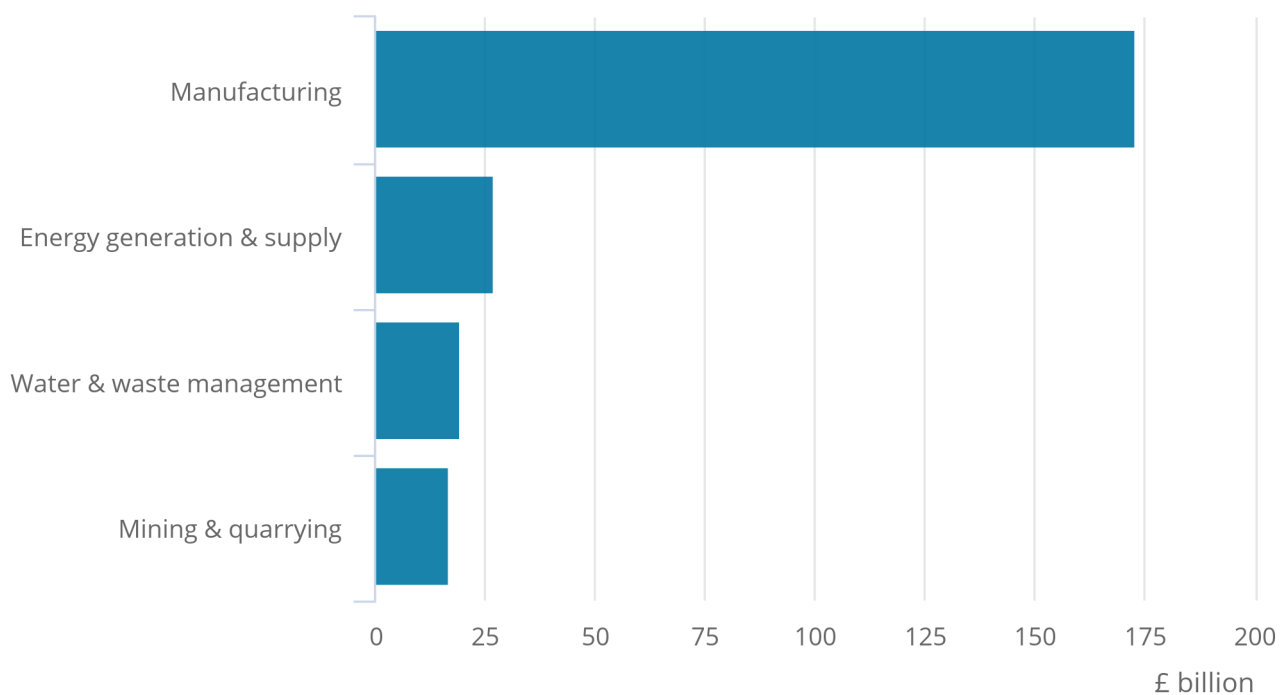
Figure 7 shows the four sections that make up the production sector. Manufacturing was the largest component, accounting for nearly three-quarters of total production aGVA in 2017. In 2017, aGVA in manufacturing increased by 4.1% (£6.9 billion); turnover increased by 6.3% (£32.8 billion) and purchases increased by 9.0% (£31.3 billion).

**Figure 7: UK production, aGVA by section**

2017

Figure 7: UK production, aGVA by section

2017



Source: Office for National Statistics

## Distribution

Distribution saw a rise in aGVA of 0.9% (£1.8 billion) between 2016 and 2017; there was an increase in turnover of 14.6% (£184.1 billion) whilst purchases increased by 17.5% (£181.6 billion). The level of aGVA is now the highest on record.

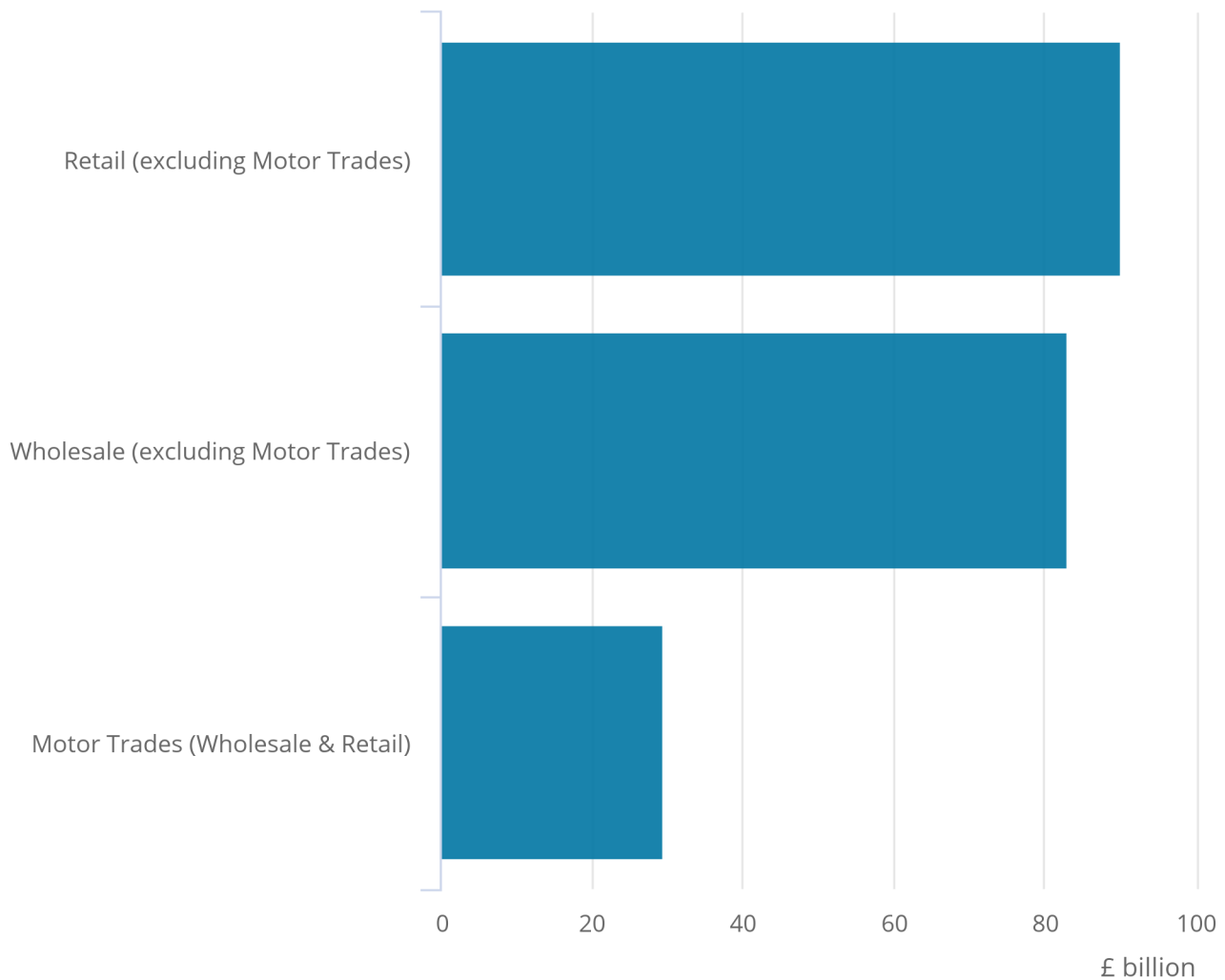
Figure 8 shows that within distribution, retail was the largest component, accounting for 44.4% of the total aGVA in the distribution sector in 2017; this was closely followed by wholesale (41.0%).

**Figure 8: UK distribution, aGVA by division**

2017

Figure 8: UK distribution, aGVA by division

2017



**Source: Office for National Statistics**

Between 2016 and 2017, retail saw an increase in aGVA of 3.8% (£3.3 billion). Turnover increased by 5.9% (£22.7 billion) and purchases increased by 7.0% (£20.9 billion). Since 2008, retail aGVA has grown to its highest level.

Wholesale showed a turnover increase of 22.5% (£154.2 billion) in 2017 compared with 2016. Purchases rose by 26.0% (£150.1 billion), which led to an overall increase in aGVA of 1.7% (£1.4 billion).

The levels in both turnover and purchases for wholesale have shown volatility since 2008, with aGVA decreasing sharply in the years following the 2008 to 2009 economic downturn. Since this period, however, aGVA continued to grow and is now at its highest level over this period. Businesses, within wholesale of solid, liquid and gaseous fuels, and related products, in particular, have cited the changes in oil prices as the reason for some of this volatility.

Within the wholesale of solid, liquid and gaseous fuels and related products sector the levels of both turnover and purchases increased steadily between 2009 and 2013, before decreasing sharply in 2014 and 2015. In 2017 the level of turnover increased by 42.8% and purchases increased by 47.5% compared with 2016. Overall the price of crude oil has followed a similar pattern over the same time period and in most recent years the price of oil started to increase once more leading to the corresponding increase in both turnover and purchases within the sector. The ONS [Producer Prices](#) release in January 2018 shows that the largest upward contribution to the annual rate in input Producer Prices in December 2017 came from crude oil.

## **Construction**

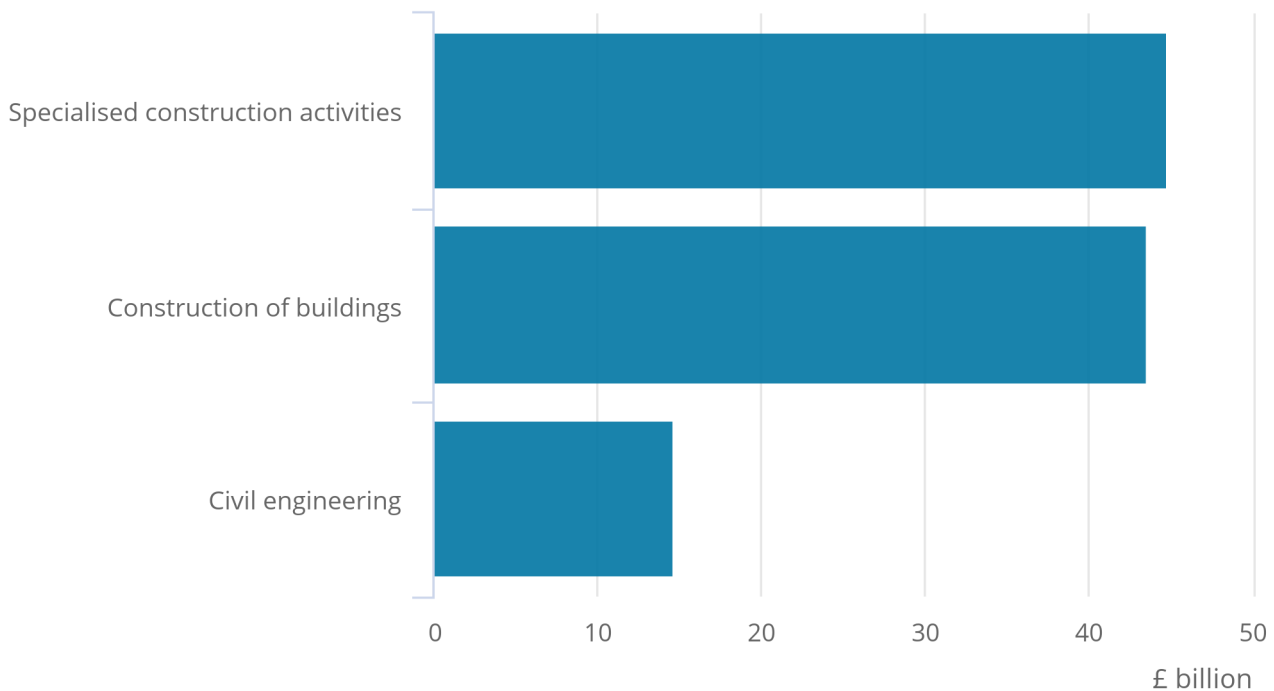
Between 2016 and 2017, construction turnover increased by 6.8% (£17.2 billion), while purchases increased by 6.2% (£9.8 billion). As a result, aGVA increased by 6.4% (£6.2 billion); this was the seventh consecutive year of growth in aGVA for this sector.

## Figure 9: UK construction, aGVA by division

2017

### Figure 9: UK construction, aGVA by division

2017



Source: Office for National Statistics

Figure 9 shows that specialised construction activities provided the largest contribution to total aGVA in the construction sector, followed closely by construction of buildings. Specialised construction activities covers a broad area including demolition, and electrical, plumbing and other construction installation activities.

## Agriculture (part), forestry and fishing

The Annual Business Survey (ABS) covers only hunting, forestry, fishing and the support activities to agriculture. This part of agriculture showed an increase in turnover of 23.9% (£1.1 billion) and an increase in purchases of 22.3% (£0.6 billion) in 2017 compared with 2016. This led to an increase in aGVA of 20.5% (£0.4 billion) over the same period.

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 provisional value of £10.3 billion for 2017.



## 7 . Links to related statistics

The share of the [total value of gross value added at factor costs \(aGVA\) in the business economy for each EU-28 member state](#) is available. These estimates are currently based on the latest data available for 2015. The UK makes the second-largest contribution with 20.0% of total EU aGVA. Germany accounts for 22.3% and France is the only other member state comprising more than 10.0% (13.0%) of EU business economy aGVA. These data will be updated by Eurostat in the future based on 2016 returns.

## 8 . Upcoming changes to this bulletin

From the publication of the Annual Business Survey (ABS) final 2017 estimates 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 in 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](#).