

Statistical bulletin

Non-financial business economy, UK and regional (Annual Business Survey): 2017 revised results

Size and growth within the UK and regional 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 £1,225.9 billion; this was an increase of £60.9 billion (5.2%) 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, increased by £38.0 billion (5.8%); professional, scientific and technical services provided the highest levels of aGVA within this sector, increasing by £11.1 billion (7.0%) in 2017.
- Out of the 12 UK regions, 10 regions experienced growth in aGVA; the largest percentage growth was in the East of England with an increase in aGVA of £12.1 billion (12.2%) in 2017.
- The North East and Wales were the two regions that decreased in aGVA year-on-year; the largest decrease was in the North East where aGVA fell by £0.6 billion (1.9%), while Wales decreased by £0.1 billion (0.3%).
- This is the first publication where the UK and regional Annual Business Survey results have been combined into a single release.

2 . Things you need to know about this release

The Annual Business Survey (ABS) covers the non-financial business economy, which accounts for approximately two-thirds of the UK economy in terms of gross value added. These data are the main source for understanding the detailed structure, conduct and performance of businesses across the UK. The [UK data](#) and [regional data](#) have previously been published as separate releases.

This statistical bulletin includes both UK and regional analyses. 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, 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 the 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 over time.

Regional subset

Regional ABS aGVA estimates in this bulletin are produced in accordance with the [Nomenclature of Units for Territorial Statistics \(NUTS\) NUTS classification](#). This provides a single uniform breakdown for the production of regional statistics. Regional estimates in this release are produced at NUTS1 level for Wales, Scotland, Northern Ireland and the nine English regions.

Regional ABS estimates are produced by apportioning the survey return from each reporting unit to its individual local sites, and then summing them to the regional level. Industry breakdowns at the UK level will therefore not necessarily match the UK level when aggregating the data from the regions. More information can be found under regional apportionment in [Section 5.8.2 of the ABS Technical Report](#).

Revisions

Revisions for the UK non-financial business economy in this release are for 2016 and 2017. Compared with the previous release published on 8 November 2018, there has been a downward revision of £28.2 billion (2.4%) in aGVA for 2016 and £34.0 billion (2.7%) in aGVA for 2017.

Revisions for the regional UK non-financial business economy in this release are for 2016 only. Compared with the previous release, published on 18 May 2018, there has been a downward revision of £28.9 billion (2.4%) in aGVA for 2016.

3 . What is the overall picture in the UK in 2017?

In 2017, approximate gross value added (aGVA) of the UK non-financial business economy was estimated to be £1,225.9 billion. This was an increase of £60.9 billion (5.2%) in 2017 compared with 2016.

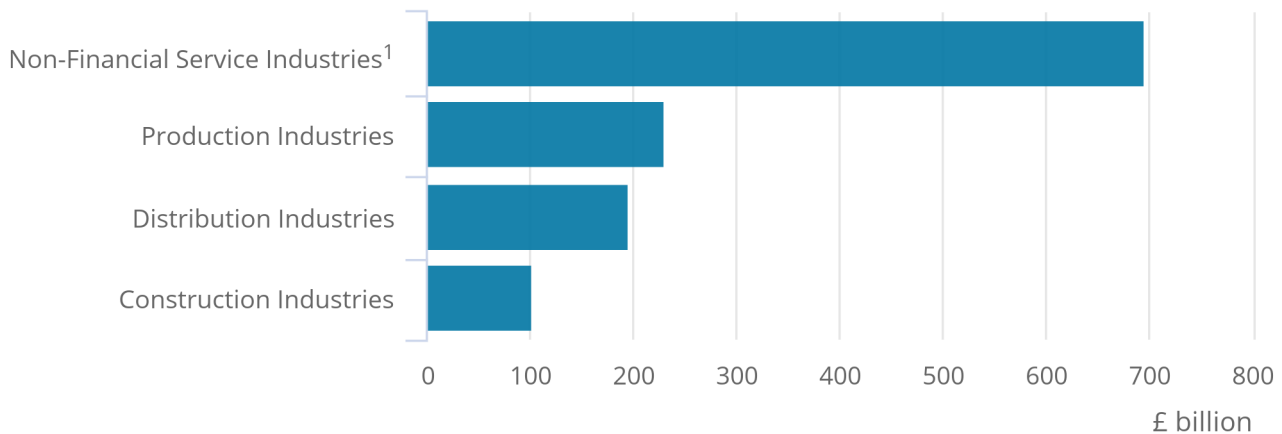
The level of aGVA increased within each of the four main sectors of the economy in 2017; production, construction, distribution and non-financial services. Figure 1 shows that the non-financial services sector was the largest component of the UK non-financial business economy, accounting for £694.7 billion of total aGVA in 2017 (56.7%).

Figure 1: Non-financial services¹ provides the largest contribution to UK aGVA

UK non-financial business economy¹, aGVA by sector, 2017

Figure 1: Non-financial services¹ provides the largest contribution to UK aGVA

UK non-financial business economy¹, aGVA by sector, 2017



Source: Office for National Statistics - Annual Business Survey

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 (support activities SIC 01.6 and hunting and trapping SIC 01.7 only), forestry and fishing data are excluded from the chart as the values are negligible on a comparable scale.

The main components of aGVA are turnover and purchases. At the UK level, turnover increased by £286.6 billion (8.1%) in 2017 compared with 2016, and purchases increased by £230.0 billion (9.8%). The greater rise in the level of turnover compared with purchases led to the increase in the level of aGVA.

All four sectors showed growth in turnover, with distribution experiencing the largest increase of £151.4 billion (11.8%). All four sectors also showed increased levels of purchases, with the largest change again coming from distribution, which showed an increase of £142.9 billion (13.4%).

4 . What is causing the higher levels of aGVA in non-financial services?

Between 2016 and 2017, approximate gross value added (aGVA) in the non-financial services sector increased by £38.0 billion (5.8%).

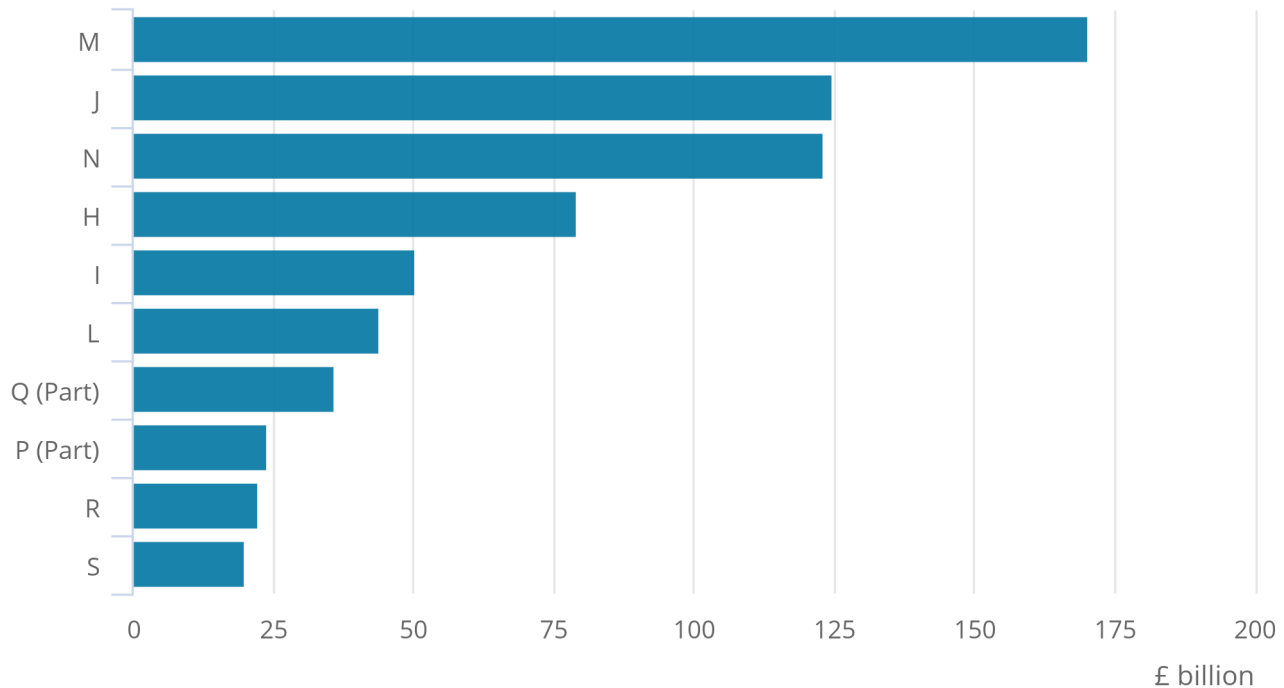
Figure 2 shows the contributions from all sections within the non-financial services sector. The largest contribution to the level of aGVA within the sector came from professional, scientific and technical activities (section M), followed by information and communication (section J), then administrative and support service activities (section N). When combined, sections M, J and N accounted for £418.4 billion (60.2%) of total aGVA in the non-financial services sector.

Figure 2: Section M provides the largest contribution to the increase in non-financial services¹

UK non-financial services¹, aGVA by section, 2017

Figure 2: Section M provides the largest contribution to the increase in non-financial services¹

UK non-financial services¹, aGVA by section, 2017



Source: Office for National Statistics - Annual Business Survey

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.

As the largest contributor to the total, section M – professional, scientific and technical services, showed an increase in aGVA of £11.1 billion (7.0%) in 2017 compared with 2016. Within this section, turnover increased by £15.1 billion (5.6%) and purchases increased by £3.9 billion (3.5%) over the same period. Section M covers a range of industries from legal and accounting activities to advertising and market research, and veterinary activities.

5 . What do the other UK sectors show?

The level of approximate gross value added (aGVA) increased within each of the other main sectors of the economy in 2017: production, construction and distribution.

Within the production sector, aGVA grew by £11.2 billion (5.1%) between 2016 and 2017; it provided the second-largest contribution to overall aGVA with £230.9 billion of the total level of aGVA. Within production, manufacturing provided £168.2 billion (72.8%) of the aGVA. While manufacturing provided the largest contribution to the increase in the level of aGVA within the production sector, mining and quarrying showed the largest percentage growth, rising by 35.7% (£4.5 billion) year-on-year. This was due largely to division 06 (extraction of crude petroleum and natural gas), which increased by 49.4% (£4.1 billion), contributing 36.9% of the increase in production sector aGVA. The ONS [Producer Prices](#) release in January 2018 showed that the largest upward contribution to the annual rate in input Producer Prices in December 2017 came from crude oil, which increased by 10.6% over the year.

Between 2016 and 2017, aGVA in the distribution sector increased by £7.3 billion (3.9%) and contributed £196.2 billion to the level of the UK non-financial business economy aGVA. Within distribution, retail provided £87.9 billion (44.8%) of the total and wholesale provided £80.8 billion (41.2%).

While retail provided the largest contribution to aGVA within the distribution sector, in terms of turnover, £833.7 billion (58.0%) of the sector's total came from wholesale. The levels in both turnover and purchases for wholesale have shown volatility for many years. Businesses, particularly within wholesale of solid, liquid and gaseous fuels, and related products, have cited the changes in oil prices, as shown in the change in input [Producer Price Indices](#), as the reason for some of this volatility.

Between 2016 and 2017, construction turnover increased by £12.7 billion (5.1%), while purchases increased by £9.1 billion (5.9%). As a result, aGVA increased by £4.0 billion (4.1%).

Within agriculture, 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 £1.0 billion (22.2%) and an increase in purchases of £0.6 billion (21.7%) in 2017 compared with 2016. This led to an increase in aGVA of £0.4 billion (18.0%) over the same period.

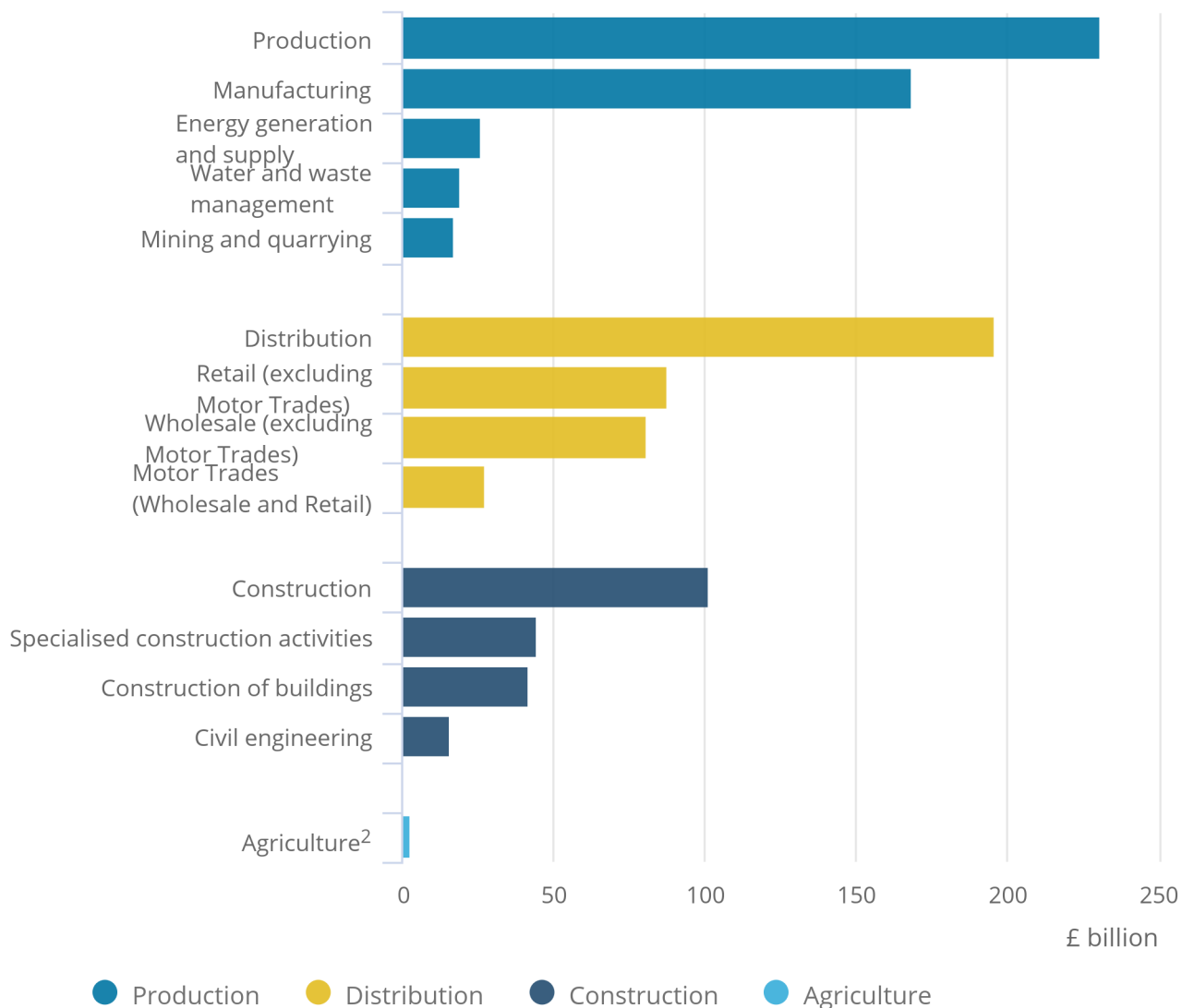
Figure 3 shows the contributions to UK aGVA from the production, distribution, construction and agriculture sectors and the sections or divisions that comprise them.

Figure 3: Within the other sectors, manufacturing provided the largest contribution to UK aGVA in 2017

UK aGVA by sector¹, section and division, 2017

Figure 3: Within the other sectors, manufacturing provided the largest contribution to UK aGVA in 2017

UK aGVA by sector¹, section and division, 2017



Source: Office for National Statistics - Annual Business Survey

Notes:

1. Agriculture (part), production, construction and distribution.
2. Agriculture (support activities SIC 01.6 and hunting and trapping SIC 01.7 only), forestry and fishing.

6 . What does the regional picture show in 2017?

Of the 12 UK regions, 10 regions experienced growth in approximate gross value added (aGVA) in 2017. The largest percentage aGVA growth was in the East of England, where it increased by 12.2% (£12.1 billion). The second-largest percentage growth was in Scotland where aGVA increased by 9.9% (£8.3 billion). The largest decrease in aGVA was seen in the North East, where it fell by 1.9% (£0.6 billion), while aGVA in Wales fell by 0.3% (£0.1 billion).

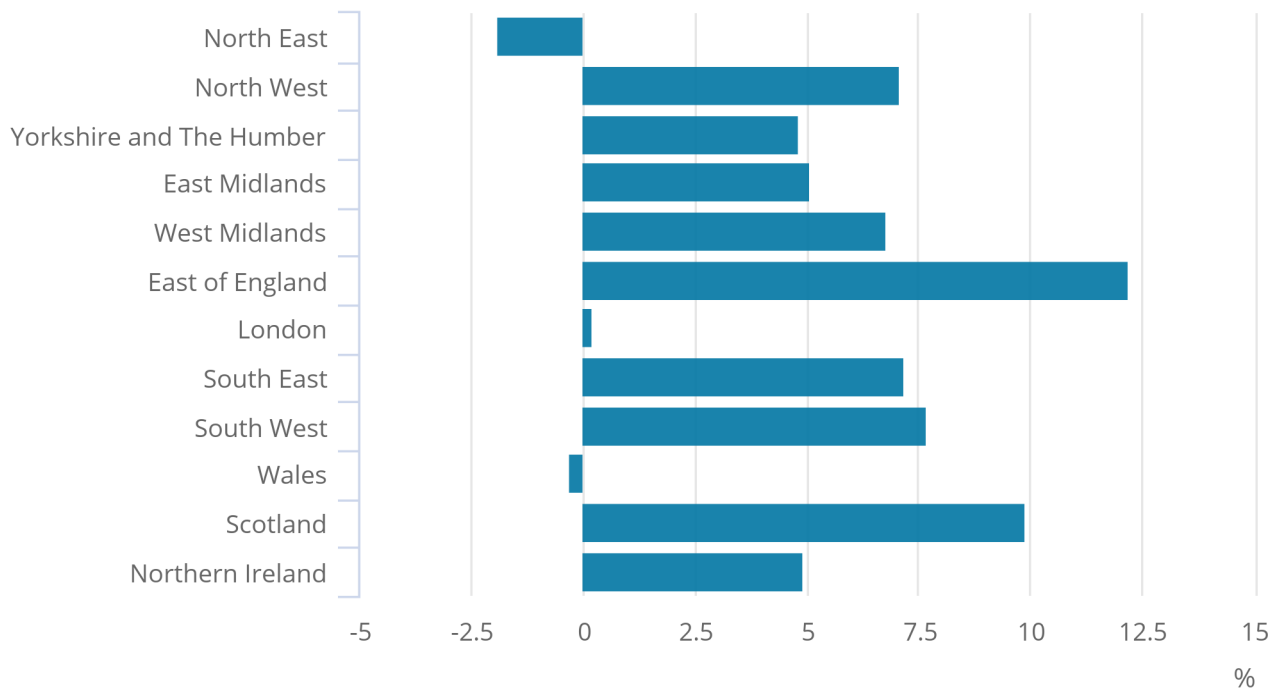
Figure 4 shows the percentage growth in aGVA within each region of the UK in 2017.

Figure 4: In 2017, 10 out of the 12 UK regions experienced growth in aGVA, with the largest increase in the East of England

UK non-financial business economy², aGVA by region¹, 2017

Figure 4: In 2017, 10 out of the 12 UK regions experienced growth in aGVA, with the largest increase in the East of England

UK non-financial business economy², aGVA by region¹, 2017



Source: Office for National Statistics - Annual Business Survey

Notes:

1. The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the EU: NUTS1 Wales, Scotland, Northern Ireland and the nine English regions.
2. UK non-financial business economy excludes crop and animal products; financial and insurance; public administration and defence; public provision of education; public provision of health and all medical and dental practice activities.

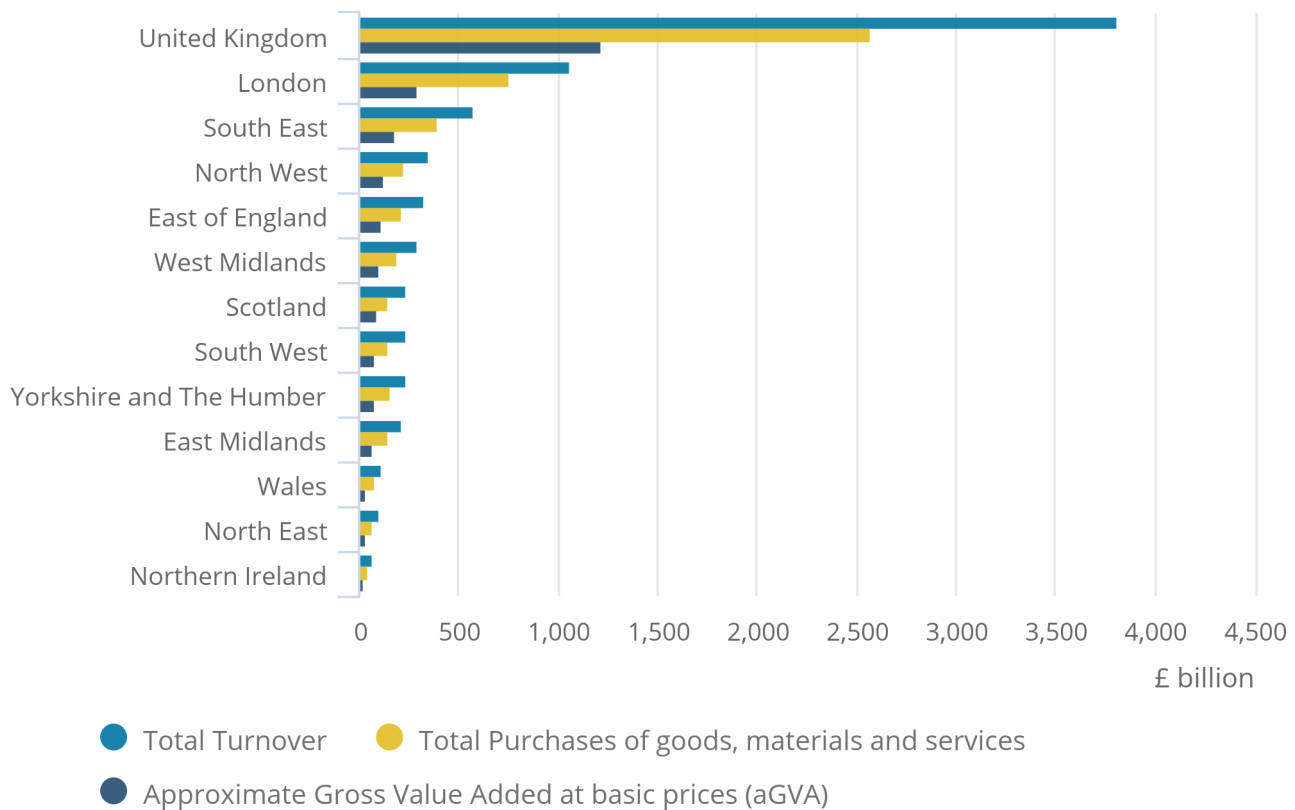
Figure 5 shows aGVA, turnover and purchases ranked by their contribution to the UK's total aGVA. The three regions with the largest contributions were London, the South East and the North West. Together they contributed approximately half of the total aGVA, turnover and purchases in the UK non-financial economy in 2017.

Figure 5: London, the South East and the North West contributed nearly half of the total aGVA, turnover and purchases in 2017

UK non-financial business economy¹ by turnover, purchases and aGVA by region², 2017

Figure 5: London, the South East and the North West contributed nearly half of the total aGVA, turnover and purchases in 2017

UK non-financial business economy¹ by turnover, purchases and aGVA by region², 2017



Source: Office for National Statistics - Annual Business Survey

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7 . What are the best performing sectors on a regional basis?

In terms of approximate gross value added (aGVA), the East of England was the fastest growing region in 2017 compared with 2016. Looking at the sector composition of the East of England, non-financial services increased by £6.8 billion (13.0%), distribution increased by £2.5 billion (13.6%) and construction increased by £1.4 billion (12.3%).

Figure 6 shows the sector composition of total aGVA for each region in 2017.

Figure 6: The non-financial services sector was the largest contributing sector in each of the 12 UK regions¹ in 2017

UK non-financial business economy², aGVA by region and sector¹, 2017

Figure 6: The non-financial services sector was the largest contributing sector in each of the 12 UK regions¹ in 2017

UK non-financial business economy², aGVA by region and sector¹, 2017



Source: Office for National Statistics - Annual Business Survey

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1. The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform breakdown for the production of regional statistics for the EU: NUTS1 Wales, Scotland, Northern Ireland and the nine English regions.
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The non-financial services sector was the largest contributor to levels of aGVA in each of the 12 regions in the UK. In London, non-financial services alone contributed £235.1 billion (79.2%) towards the region's total aGVA. The smallest contribution from non-financial services was in Northern Ireland with £9.2 billion (37.4%) of the region's aGVA.

Production was the second-largest contributing sector in most regions except in the East of England, London and the South East, where the distribution sector was the second-largest contributing sector. In Wales, the contribution from the production sector towards the region's aGVA was the largest out of all 12 regions with £11.9 billion (34.1%).

The distribution sector's percentage contribution towards a region's aGVA was the largest in Northern Ireland with a contribution of 24.6% (£6 billion), while the smallest was in London with 11.4% (£33.8 billion) of the region's total aGVA.

The contribution from the construction sector was relatively small across all 12 regions, with the largest contribution in the East of England with £12.6 billion (11.2%).

8 . Links to related statistics

The share of the [total value of gross value added at factor costs \(aGVA\) in the business economy for each EU28 member state](#) is available. These estimates are currently based on the latest data available for 2016. The UK makes the second-largest contribution with 18.1% of total EU aGVA. Germany accounts for 23.1% and France is the only other member state comprising more than 10.0% (13.1%) of EU business economy aGVA. These data will be updated by Eurostat in the future based on 2017 returns.

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](#) published on the [ABS methodology page](#).