

Statistical bulletin

Non-financial business economy, UK (Annual Business Survey): 2018 provisional 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 2018, the approximate gross value added at basic prices (aGVA) of the UK non-financial business economy was estimated to be £1,285.5 billion; this was an increase of £59.6 billion (4.9%) compared with 2017.
- The estimate of aGVA represents the income (turnover) of UK businesses, less the cost of goods and services purchased by businesses; all of the sectors of the non-financial business economy (production, construction, distribution, non-financial services and part agriculture) continued to show growth in 2018.
- The non-financial services sector, which accounted for over half (57.3%) of total aGVA in 2018, increased by £41.2 billion (5.9%) compared with 2017; information and communication provided the largest increase in aGVA within this sector, increasing by £9.6 billion (7.7%).
- The level of turnover increased between 2017 and 2018 by £226 billion (5.9%) with all four main sectors showing growth.
- Distribution experienced the largest increase in turnover of £103.7 billion (7.2%) in 2018 compared with 2017; this was influenced by increases in the price of oil.
- The total level of purchases increased by £166.6 billion (6.5%) in 2018 compared with 2017; all sectors showed increases with the largest change coming from distribution, which increased by £94.9 billion (7.8%).

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. This statistical bulletin includes UK data analyses only, however, a combined UK and Regional bulletin will be published in May 2020. 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, housebuilding, 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 exclude 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 over time.

We are also releasing today [provisional 2018 estimates of energy, goods and services used by UK businesses](#). This is an important achievement in publishing the purchasing patterns of UK businesses alongside the aggregate purchases data. The product values in the release have been constrained to the ABS data to provide a consistent picture. The [2017 results](#) were published in July 2019 so this is a major improvement in timeliness and brings the release in line with the ABS.

3 . What is the overall picture in the UK in 2018?

In 2018, approximate gross value added (aGVA) of the UK non-financial business economy was estimated to be £1,285.5 billion. This was an increase of £59.6 billion (4.9%) in 2018 compared with 2017.

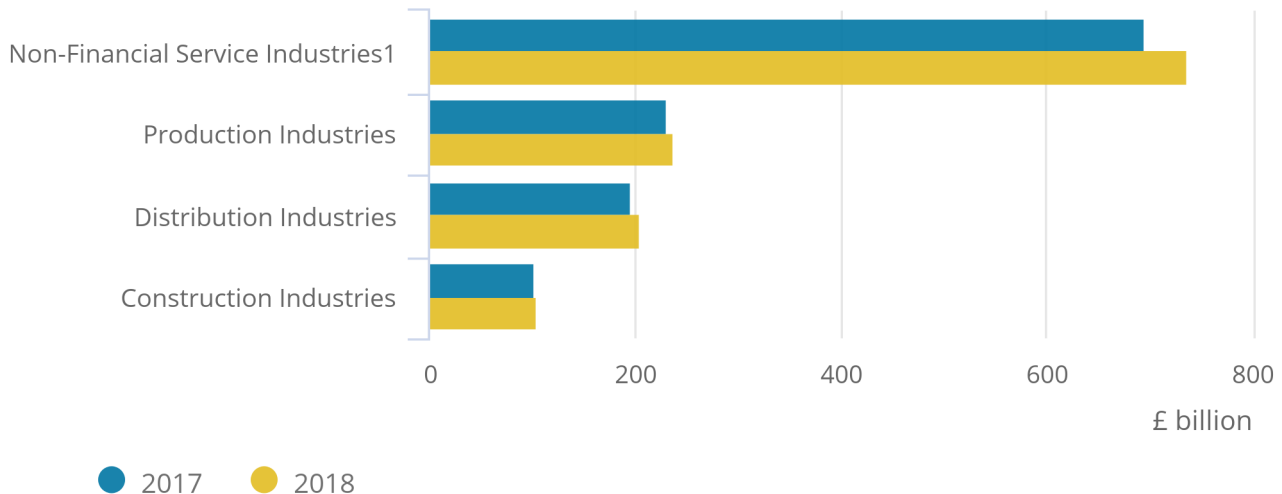
The level of aGVA increased within each of the four main sectors of the economy in 2018: production, construction, distribution and non-financial services. Figure 1 shows that the non-financial services sector was the largest component of the UK non-financial business economy, accounting for £736.0 billion of total aGVA in 2018 (57.3%). This was an increase of £41.2 billion (5.9%) compared with 2017.

Figure 1: Non-financial services¹ provides the largest contribution to UK approximate gross value added

UK non-financial business economy¹, approximate gross value added by sector, 2017 and 2018

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UK non-financial business economy¹, approximate gross value added by sector, 2017 and 2018



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 above chart as the values are negligible on a comparable scale.

The main components of aGVA are turnover and purchases. Turnover increased by £226.0 billion (5.9%) in 2018 compared with 2017, and purchases increased by £166.6 billion (6.5%). The greater rise in the level of turnover compared with purchases led to the increase in the level of aGVA.

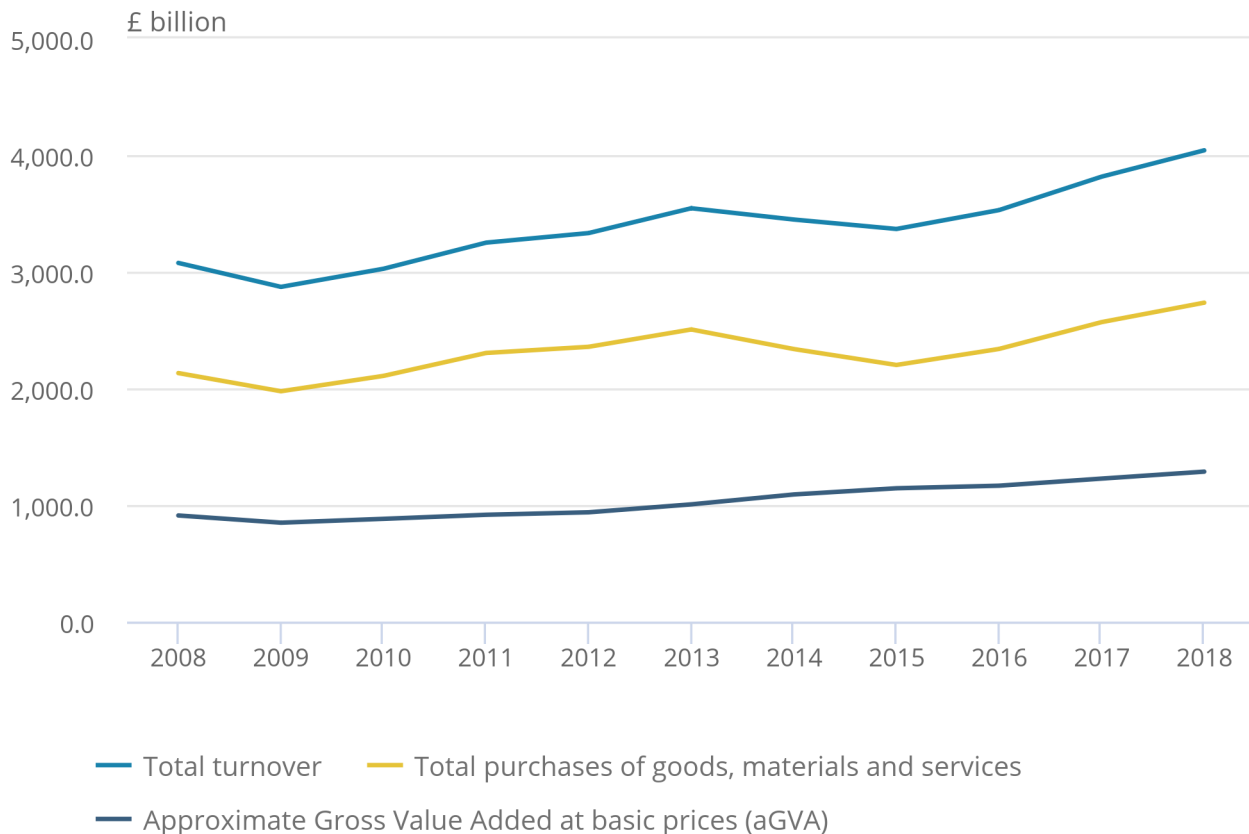
All four main sectors showed growth in turnover, with distribution experiencing the largest increase of £103.7 billion (7.2%). All four main sectors also showed increased levels of purchases, with the largest change again coming from distribution, with an increase of £94.9 billion (7.8%).

Figure 2: UK non-financial business economy¹, turnover and purchases and resulting approximate gross value added

2008 to 2018

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2008 to 2018



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.

Figure 2 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 decline again but since then have increased, resulting in the gradual increase in the level of aGVA.

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

Between 2017 and 2018, approximate gross value added (aGVA) in the non-financial services sector increased by 5.9%. Following the period of the economic downturn between 2008 and 2009, this is the ninth consecutive year of growth in aGVA for this sector.

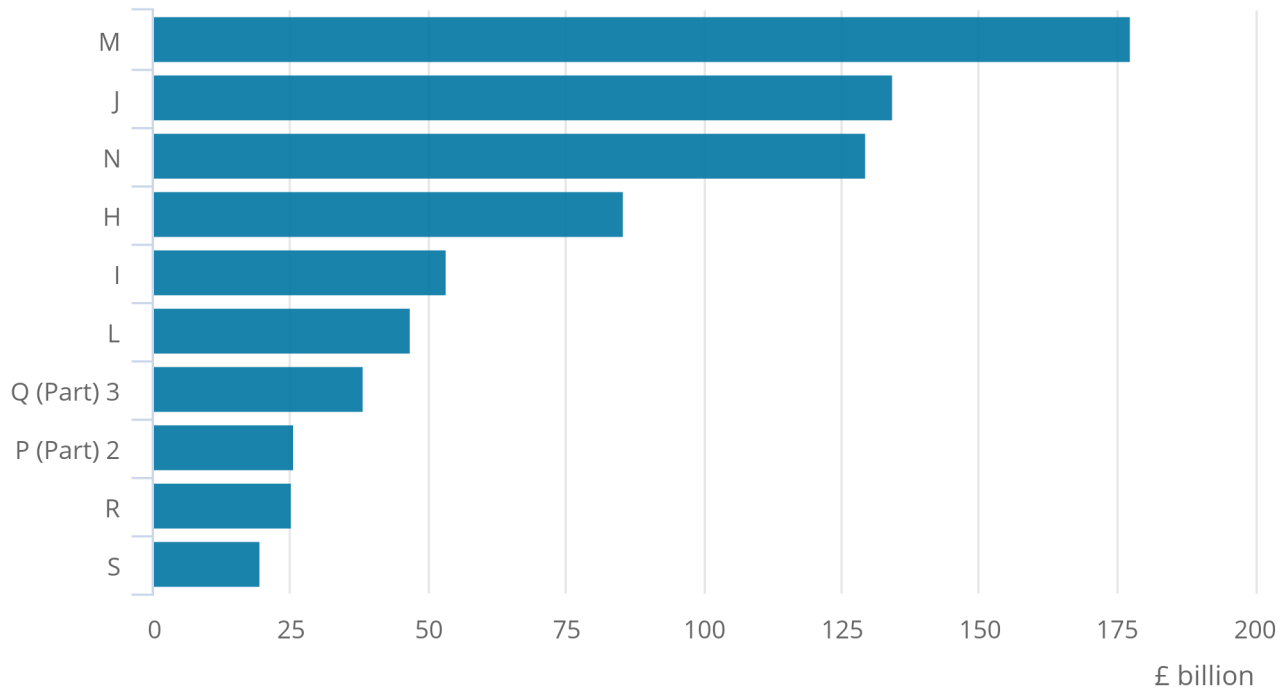
Figure 3 shows the contributions from all sections within the non-financial services sector. The largest contribution to the level of aGVA within the sector came from professional, scientific and technical activities (section M), followed by information and communication (section J), then administrative and support service activities (section N). When combined, sections M, J and N accounted for £441.7 billion (60.0%) of total aGVA in the non-financial services sector.

Figure 3: Section M provides the largest contribution to the increase in non-financial services

UK non-financial services, approximate gross value added by section, 2018

Figure 3: Section M provides the largest contribution to the increase in non-financial services

UK non-financial services, approximate gross value added by section, 2018



Source: Office for National Statistics – Annual Business Survey

Notes:

1. Standard Industrial Classification (Revised 2007): 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) 2 Education Q (Part) 3 Human health and social work activities R Arts, entertainment and recreation S Other service activities 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. Excludes public provision of education.
3. Excludes public provision of health and all medical and dental practice activities

As the largest contributor to the total, section M (professional, scientific and technical activities), showed an increase in growth of aGVA of £7.4 billion (4.3%) in 2018 compared with 2017. Within this section, turnover increased by £20.3 billion (7.2%) and purchases increased by £13.6 billion (11.8%) over the same period. Section M covers a range of industries from legal and accounting activities to advertising and market research, and veterinary activities.

Sections M (professional, scientific and technical activities), J (information and communication) and N (administrative services) provided the largest contributions to the levels of aGVA within non-financial services. However, sections J, M and H (transportation and storage) provided the largest contribution to the increase in overall aGVA growth in this sector, with the higher percentage increases coming from sections J and H.

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 2018: production, distribution and construction.

Production

Within the production sector, aGVA grew by £6.9 billion (3.0%) between 2017 and 2018; it provided the second-largest contribution to overall aGVA with £237.8 billion of the total level of aGVA.

Within production, manufacturing provided £169.6 billion (71.3%) of the aGVA. While manufacturing provided the largest contribution to the level in production sector aGVA, mining and quarrying showed the largest percentage growth, rising by 16.8% year-on-year. This was due largely to division 06 (extraction of crude petroleum and natural gas), which increased by £2.9 billion (23.6%).

Distribution

Between 2017 and 2018, aGVA in the distribution sector grew by £8.0 billion (4.1%); it provided the third-largest contribution to overall aGVA with £204.2 billion of the total level of aGVA. Within distribution, retail provided £89.6 billion (43.9%) of the total and wholesale provided £86.2 billion (42.2%).

Whilst retail provided the largest contribution to aGVA within the distribution sector, £916.3 billion (59.5%) of the sector's turnover came from wholesale. 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. Businesses, particularly within wholesale of solid, liquid and gaseous fuels, and related products, have cited the changes in oil prices as the reason for some of this volatility.

Construction

Between 2017 and 2018, construction turnover increased by £24.6 billion (9.3%), while purchases increased by £21.0 billion (12.7%). As a result, aGVA increased by £3.4 billion (3.4%).

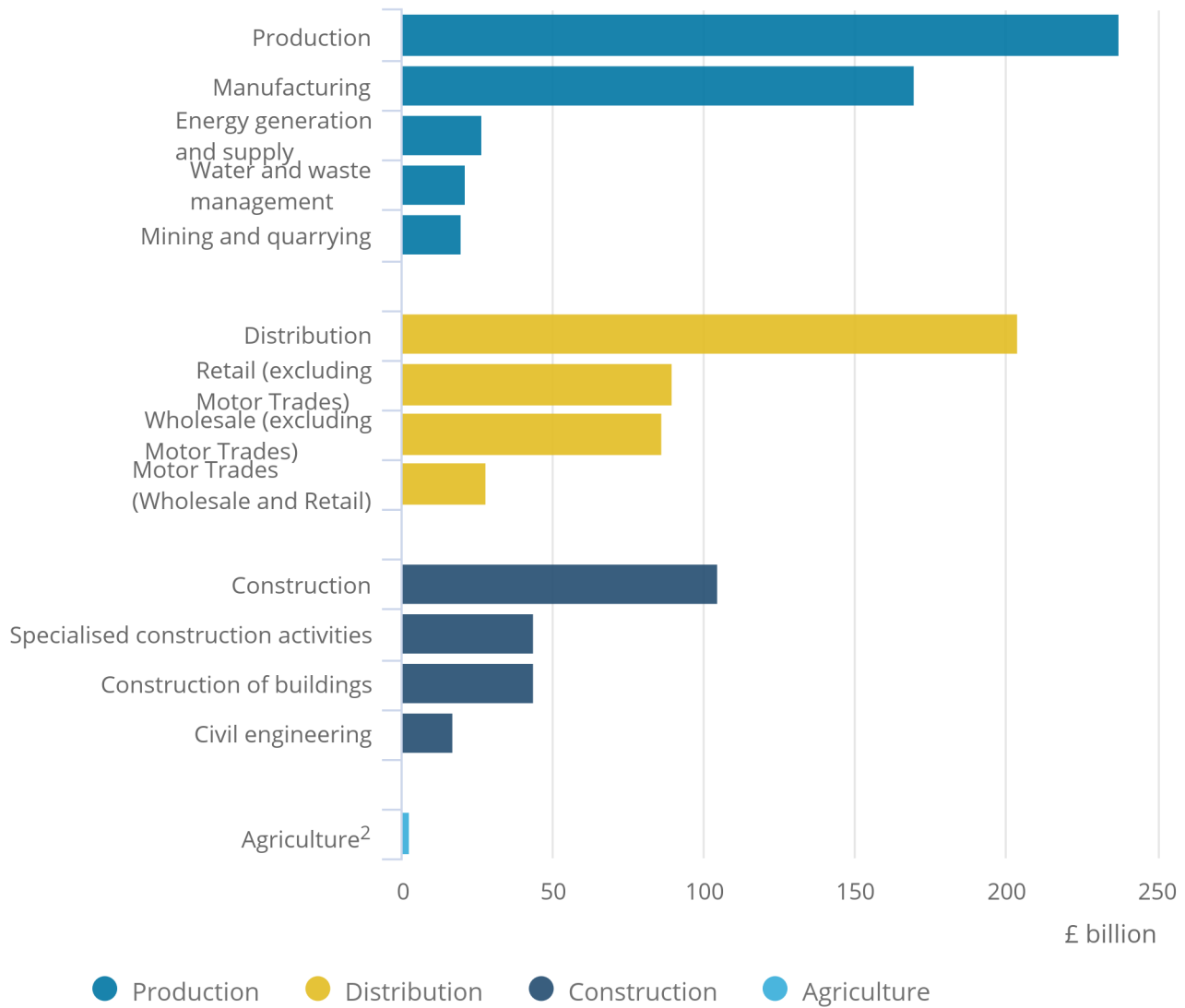
Figure 4 shows the contributions to UK aGVA from the production, distribution, construction and agriculture sectors and the sections or divisions that comprise them.

Figure 4 : Within the other sectors, manufacturing provided the largest contribution to UK approximate gross value added in 2018

UK approximate gross value added by sector¹, section and division, 2018

Figure 4 : Within the other sectors, manufacturing provided the largest contribution to UK approximate gross value added in 2018

UK approximate gross value added by sector¹, section and division, 2018



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 . EU comparisons

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 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.

7 . Related links

[Energy, goods and services used by UK businesses: 2018](#) Bulletin | Released 7 November 2019

Detailed product by industry proportion estimates using the results from the Annual Purchases Survey.

[Non-financial business economy, UK and regional \(Annual Business Survey\): 2017 revised results](#) Bulletin | Released 16 May 2019

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

8 . 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](#)