

Article

Coronavirus and the impact on output in the UK economy: August 2021

Analysis of growth for the production, services and construction industries in the UK economy between February 2020 and August 2021, highlighting the impact of the coronavirus (COVID-19) pandemic.



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1 . Main points

- August was the first full month where there were no coronavirus (COVID-19) restrictions in England, which contributed to [monthly gross domestic product \(GDP\)](#) growing by 0.4% between July 2021 and August 2021; however, GDP remained 0.8% below its level in February 2020, which was the most recent month not significantly affected by the coronavirus pandemic.
- The August 2021 growth in GDP was led by a month-on-month rise of 0.3% in services, although this sector remained 0.6% below its February 2020 level.
- The sectors providing the strongest contribution were accommodation and food services (contributing 0.28 percentage points of positive growth to GDP) and arts, entertainment and recreation; and information and communication (both contributing 0.13 percentage points of positive growth to GDP), although these were offset by a fall in the health sector (contributing 0.42 percentage points of negative growth to GDP).
- The sports activities and amusement and recreation activities industry has recovered to the extent that it has now risen above its February 2020 level; growth comes from theme parks and amusement parks, and the return of fans to football matches.
- Monthly production output grew by 0.8% but remained 1.3% below its February 2020 level; the industry providing the strongest contribution to the monthly growth was the extraction of crude petroleum and natural gas (contributing 0.12 percentage points of positive growth to GDP).
- Anecdotal evidence was received from our monthly business survey respondents suggesting that labour shortages continue in many different subindustries; comments relating to a shortage of drivers remain particularly prevalent.

2 . Growth in components of output

Although August was the first full month when there were no coronavirus (COVID-19) restrictions in England, all components of gross domestic product (GDP) are still below their February 2020 level.

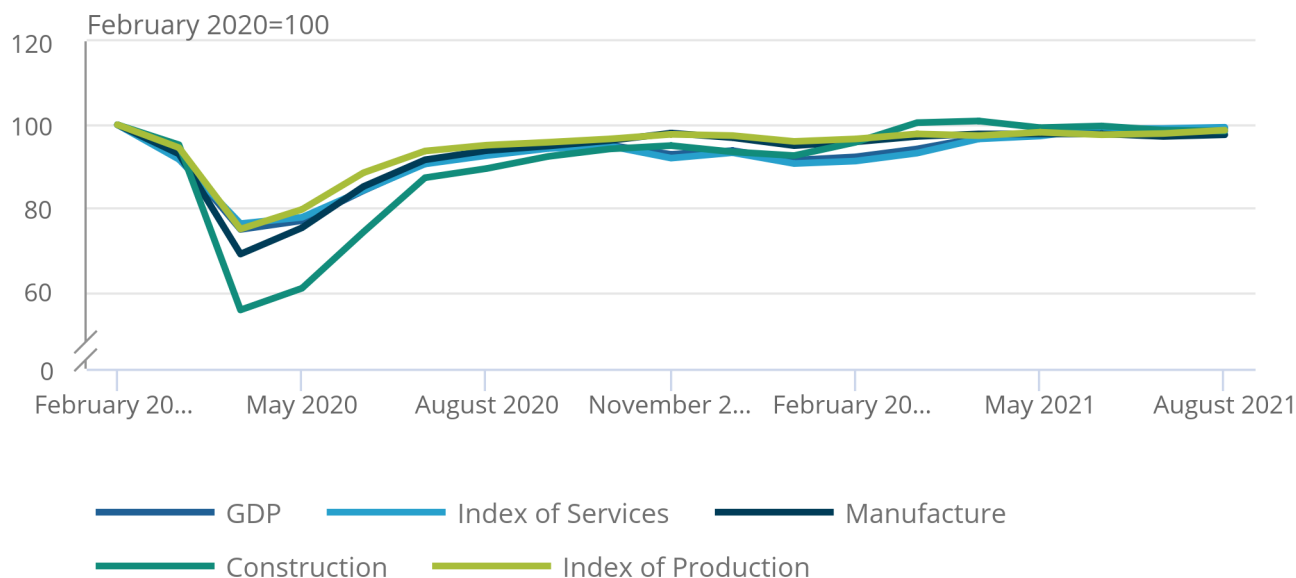
In early 2020 construction was initially the sector affected most by the coronavirus (COVID-19) pandemic before recovering strongly. However, construction has fallen for three of the past four months while services has continued its more gradual recovery, while remaining below its February 2020 level.

Figure 1: While output in all sectors is below February 2020 levels, the index of services is closest to its pre-pandemic level

Monthly gross domestic product (GDP) and components index, seasonally adjusted, UK, February 2020 to August 2021

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Monthly gross domestic product (GDP) and components index, seasonally adjusted, UK,
February 2020 to August 2021



Source: Office for National Statistics - Monthly GDP

3 . Services industries

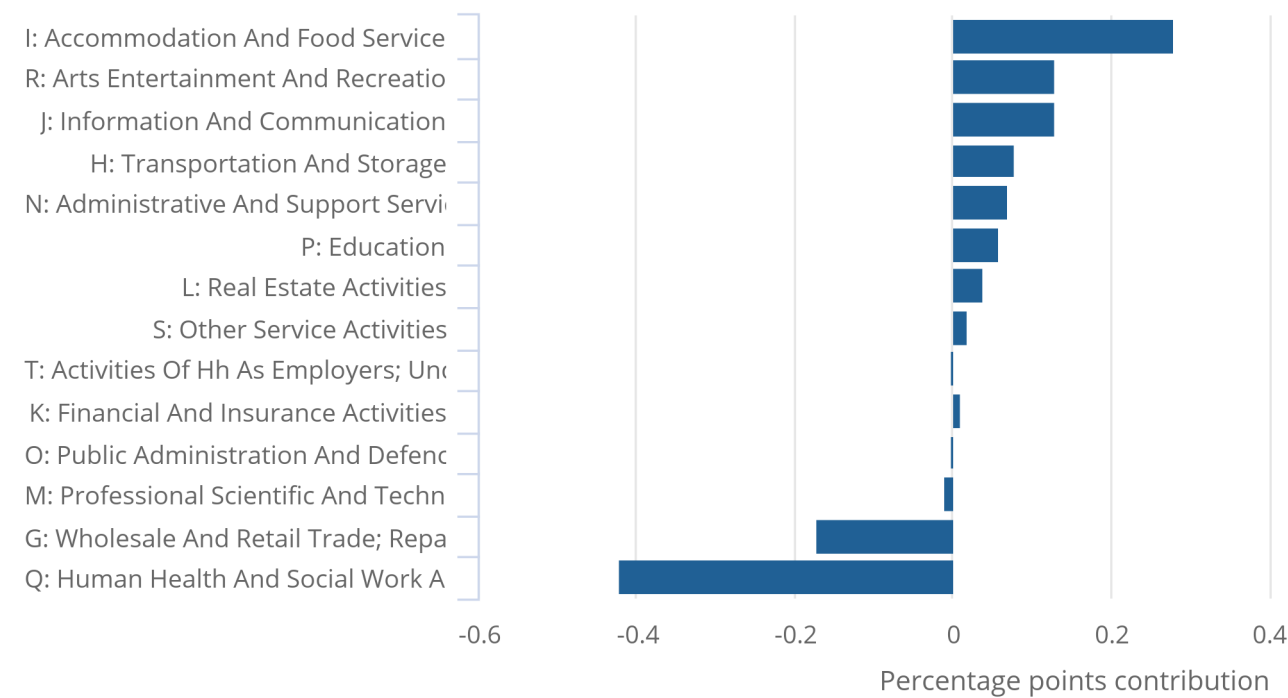
Monthly services output grew by 0.3% in August 2021, with the accommodation and food service sector providing the strongest positive contribution (contributing 0.28 percentage points of positive growth to GDP), and human health and social work activities providing the largest negative contribution (contributing 0.42 percentage points of negative growth to GDP) (Figure 2). Services output in August 2021 remained 1.3% below its February 2020 level.

Figure 2: The strongest positive contributions to services output were from accommodation and food services; arts, entertainment and recreation; and information and communication

Services sectors, contribution to GDP growth, seasonally adjusted, UK, July to August 2021

Figure 2: The strongest positive contributions to services output were from accommodation and food services; arts, entertainment and recreation; and information and communication

Services sectors, contribution to GDP growth, seasonally adjusted, UK, July to August 2021



Source: Office for National Statistics - Index of Services

Notes:

1. Parts might not sum to a total because of rounding.

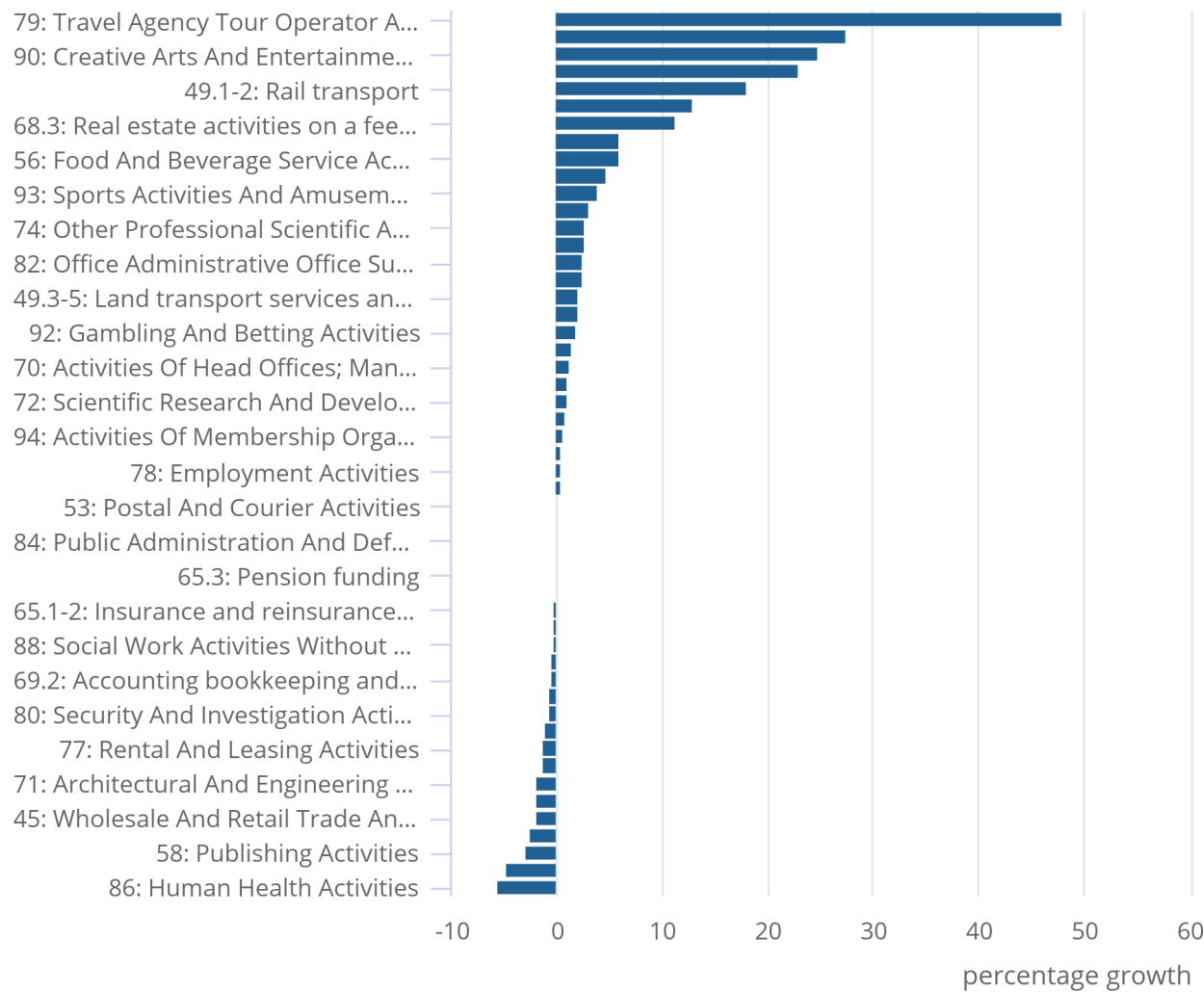
Whereas Figure 2 reports the impact (or contribution) of individual service sectors on growth in the index of services, Figure 3 shows the percentage change in output within each service industry (Figure 3).

Figure 3: Output in travel agency and tour operators, air transport, and creative, arts and entertainment activities rose substantially between July and August 2021

Services industries, monthly percentage growth, seasonally adjusted, UK, August 2021

Figure 3: Output in travel agency and tour operators, air transport, and creative, arts and entertainment activities rose substantially between July and August 2021

Services industries, monthly percentage growth, seasonally adjusted, UK, August 2021



Source: Office for National Statistics - Index of Services

Sports activities and amusement and recreation activities

Although the sports activities and amusement and recreation activities industry provided a fairly small contribution to gross domestic product (GDP) (contributing 0.03 percentage points of positive growth to GDP), the growth of 4.0% saw it exceed its February 2020 level. In fact, this industry is at its highest level since April 2017.

The growth was driven by strength in amusement parks and theme parks, while fans being able to attend football matches in person also contributed.

4 . Production industries

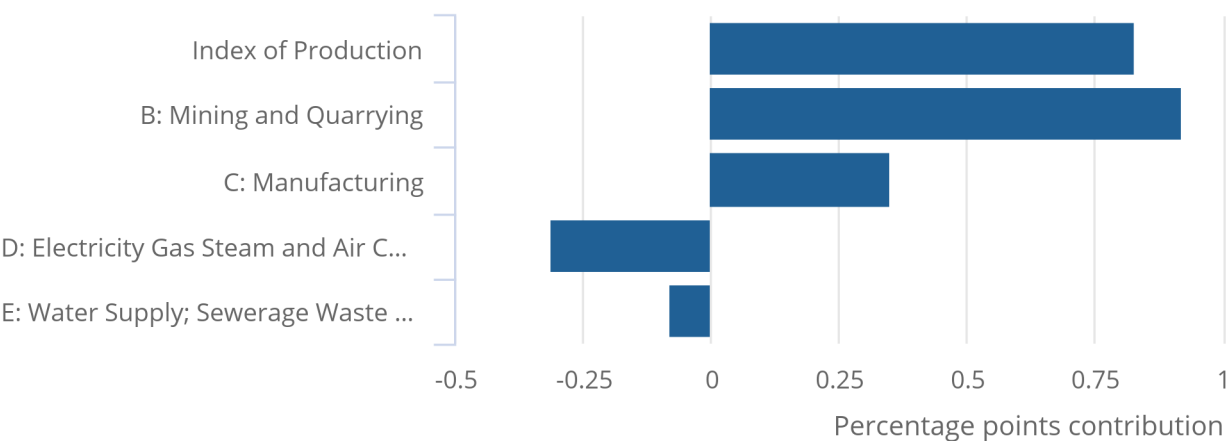
Production output increased by 0.8% between July 2021 and August 2021 because of contributions from mining and quarrying, and manufacturing (Figure 4). Production in August 2021 was 1.3% below its February 2020 level.

Figure 4: The rise in monthly production output was led by mining and quarrying

Index of production and main sectors, contribution to monthly growth, seasonally adjusted, UK, July to August 2021

Figure 4: The rise in monthly production output was led by mining and quarrying

Index of production and main sectors, contribution to monthly growth, seasonally adjusted, UK, July to August 2021



Source: Office for National Statistics - Index of Production

Notes:

- 1. Parts may not sum to a total because of rounding.

Extraction of crude petroleum and natural gas

The industry within the mining and quarrying sector that contributed most (contributing 0.91 percentage points of positive growth to the index of production) was the extraction of crude petroleum and natural gas industry, which rose by 20.2%. The growth came as oil fields remained open following planned maintenance earlier in the summer.

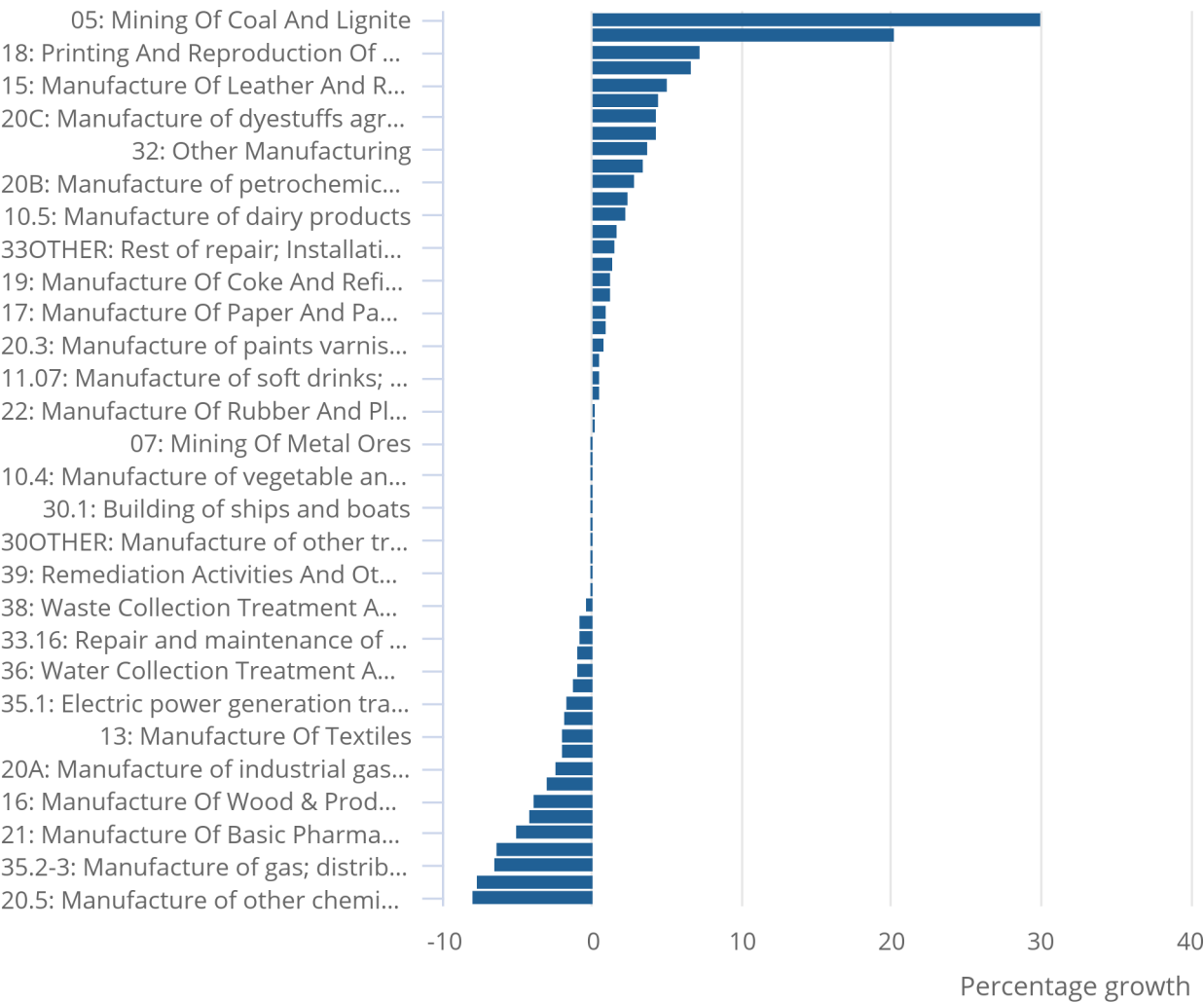
Most other industries saw relatively small changes in output although coal mining saw a large percentage rise (Figure 5). However, as coal mining is a relatively small industry it contributed only 0.01 percentage points of positive growth to the index of production.

Figure 5: Coal mining; and extraction of crude petroleum and natural gas were the production industries that saw the strongest growth

Production industries, monthly percentage growth, seasonally adjusted, UK, July to August 2021

Figure 5: Coal mining; and extraction of crude petroleum and natural gas were the production industries that saw the strongest growth

Production industries, monthly percentage growth, seasonally adjusted, UK, July to August 2021



Source: Office for National Statistics - Index of Production

Manufacturing

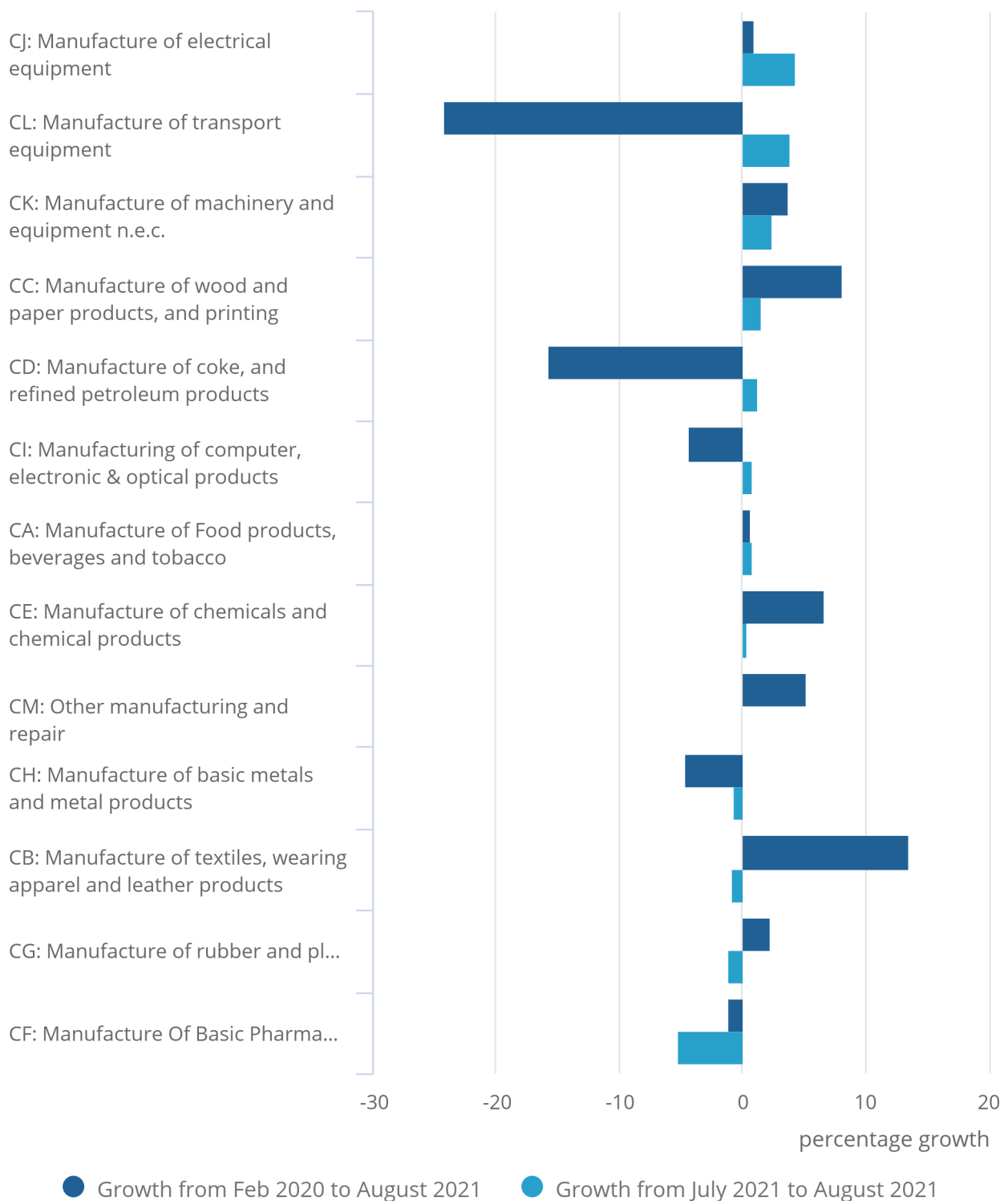
Output rose in nine of manufacturing's thirteen subsectors, leading to growth of 0.5% in the manufacturing sector. Although the manufacture of transport equipment subsector grew by 3.9% between July 2021 and August 2021, this subsector has seen the largest reduction in growth compared with February 2020 (Figure 6).

Figure 6: The manufacture of transport equipment has been affected the most since the start of the coronavirus (COVID-19) pandemic

Manufacturing subsectors, percentage growth from July 2021 to August 2021 and from February 2020 to August 2021, seasonally adjusted, UK, August 2021

Figure 6: The manufacture of transport equipment has been affected the most since the start of the coronavirus (COVID-19) pandemic

Manufacturing subsectors, percentage growth from July 2021 to August 2021 and from February 2020 to August 2021, seasonally adjusted, UK, August 2021



Manufacturing demand split by domestic and export turnover

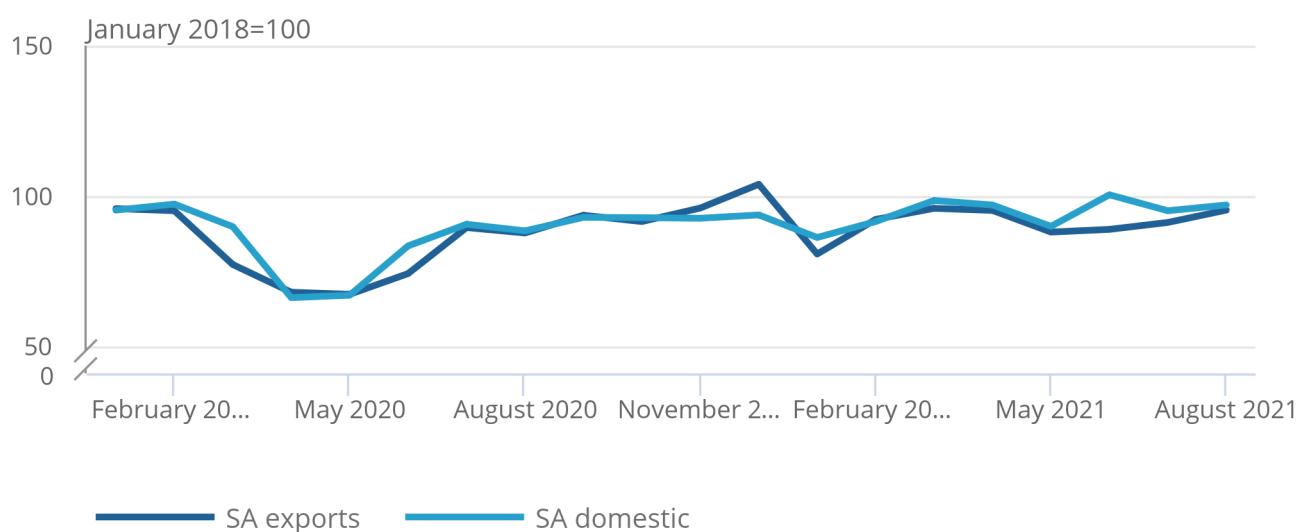
In August 2021 there was growth in both export and domestic manufacturing sales (Figure 7). Both have recovered from their low in April 2020 to be in line with February 2020 levels.

Figure 7: Export and domestic manufacturing sales are both similar to their February 2020 level

Total manufacturing, export and domestic index, current price, seasonally adjusted, UK, January 2020 to August 2021

Figure 7: Export and domestic manufacturing sales are both similar to their February 2020 level

Total manufacturing, export and domestic index, current price, seasonally adjusted, UK, January 2020 to August 2021



Source: Office for National Statistics - Index of Production

5 . Construction

Monthly construction output fell by 0.2% in August 2021, with new work remaining flat this month and repair and maintenance falling 0.6%. Anecdotal evidence from monthly business survey respondents continued to suggest that product shortages caused by supply chain issues leading to subsequent prices rises were the main reasons for the decline.

6 . Cross-industry themes

There were some themes that applied across many different industries, however, while the anecdotal evidence suggests that these themes played some part in the performance of the economy, it is difficult to quantify such an effect across and within industries.

Impact of gas prices

Despite the increase in extraction of crude petroleum and natural gas, the distribution of gaseous fuels subindustry fell by 6.5% from July to August 2021. Gas prices have been [increasing](#) in recent months leading to [businesses paying more](#) for each unit of gas in Quarter 2 (Apr to June) 2021 than at any point since Quarter 4 (Oct to Dec) 2015 and some households paying higher gas bills.

The production of fertiliser uses natural gas as a key input in its production and reported turnover in the manufacture of fertilisers and nitrogen compounds subindustry has reduced markedly over the past two months.

Labour supply

Surveyed businesses across many different industries continued to report difficulties in recruitment, which has impacted their revenue. Cited professions include welders, events staff, industrial workers, automotive workers, engineers, upholsterers, builders, care workers, factory workers, cleaners, accountants, chefs, and security staff.

Employment agencies provided more detailed feedback, explaining that there are many jobs being advertised. This is confirmed by the Office for National Statistics' (ONS) [vacancies and jobs bulletin](#), which explains that in June to August 2021 the estimated number of vacancies in the UK reached its highest level since records began in 2001.

Employment agencies also explained that there was a lack of candidates to fill positions. This evidence is consistent with section seven of our recent [Business insights and impact on the economy article](#) which details some of the reasons businesses have cited for this difficulty.

Driver shortage

Surveyed businesses across many different industries continued to report difficulties because of driver shortages, which has impacted on their revenue. Affected industries include the manufacture of wood, manufacture of electrical equipment, courier services, pharmaceutical preparations, wholesale, freight transport, printing services, office work, and manufacture of electric lighting.

7 . Data sources and quality

The Monthly Business Survey (MBS) is the primary data source for 75% of production industries and 50% of services industries. This is an online questionnaire where businesses are asked to provide their turnover and, if they are within manufacturing, export turnover.

Survey response

Response by turnover for services industries in August 2021 was 83.6%, which is higher than the 82.7% achieved in August 2020 (see [Historical MBS \(services\) response rates](#)).

Response by turnover for production industries in August 2021 was 88.3%, up on the 84.9% achieved in August 2020 (see [MBS \(production\) response rates](#)).

The response by turnover for the construction industries for August 2021 was 74.5% (see [the Construction output in Great Britain: August 2021 release](#)).

Other data sources

Other data are primarily sourced from the Office for National Statistics (ONS), for example, government expenditure, household expenditure and financial corporation expenditure, but also other bodies such as the Department for Transport, the Civil Aviation Authority and the Department for Business, Energy and Industrial Strategy. These account for 50% of services industries and 25% of production industries. We are also able to gain information from these data providers regarding monthly changes in their data.

We also use the fortnightly Business Insights and Conditions Survey (BICS) as part of our quality assurance and validation process.

Blue Book 21

In Blue Book 2021 [a new framework](#) will be introduced to improve how we produce volume estimates of gross domestic product (GDP) for balanced years as part of the supply use process. This framework includes the implementation of double-deflated industry-level gross value added (GVA) for the first time. This improvement was reflected in the September quarterly national accounts. Articles published on [28 June 2021](#) and [8 September 2021](#) provide information and indicative impacts of this change to industry level gross value added volume.

Consultation on the Code of Practice for Statistics - proposed change to 9:30am release practice

On behalf of the UK Statistics Authority, the Office for Statistics Regulation (OSR) is conducting a [consultation on the Code of Practice for Statistics, proposing changes to the 9.30am release practice](#). Please send comments
**by 21 December 2021 **to: regulation@statistics.gov.uk.

8 . Related links

[GDP monthly estimate, UK: August 2021](#)

Bulletin | Released 13 October 2021

Gross domestic product (GDP) measures the value of goods and services produced in the UK. It estimates the size of and growth in the economy and includes the Index of Production, Index of Services (IoS) and construction output in Great Britain.

[Construction output in Great Britain: August 2021](#)

Bulletin | Released 13 October 2021

Short-term measures of output by the construction industry in Great Britain and contracts awarded for new construction work in Great Britain.

[Index of Production, UK: August 2021](#)

Bulletin | Released 13 October 2021

Movements in the volume of production for the UK production industries: manufacturing, mining and quarrying, energy supply, and water and waste management.

[Index of Services, UK: August 2021](#)

Bulletin | Released 13 October 2021

Monthly movements in output for the services industries.

[Economic activity and social change in the UK, real-time indicators: 7 October 2021](#)

Bulletin | Released 07 October 2021

Early experimental data and analysis on economic activity and social change in the UK. These faster indicators are created using rapid response surveys, novel data sources and experimental methods.

[Coronavirus \(COVID-19\) latest data and analysis](#)

Web page | Updated as and when data become available

Latest data and analysis on coronavirus in the UK and its effect on the economy and society.

[Meeting the challenge of measuring the economy through the coronavirus pandemic](#)

Blog | Released 6 May 2020

The new challenges we face in terms of data collection during the coronavirus pandemic.