

31 July 2007

Coverage
United Kingdom
Theme
Commerce, Energy
and Industry

Annual Business Inquiry 2005 provisional regional results

Annual Business Inquiry (ABI) provisional regional results for 2005 for the English government office regions, Scotland, Wales and Northern Ireland have been released today by the Office for National Statistics. Revised regional results for 2004 are also being issued as part of this release.

These regional estimates are consistent with UK national results for the ABI released on 18 June 2007. They do not cover the whole economy, omitting much of the public sector, finance and agriculture.

- In England, the only region not to show a rise between 2004 and 2005 in approximate gross value added (GVA) at basic prices, was the West Midlands with a drop of just under 1 per cent.
- In every English region except the North West and the East of England, businesses' purchases of goods, materials and services increased more rapidly between 2004 and 2005 than turnover.
- London remains the region in England with the most substantial GVA. At £166 billion, this is around one quarter the approximate GVA for England as a whole. In contrast, the North East region accounts for the least with under 4 per cent of English GVA.
- The North East, West Midlands and East of England all showed rises in labour costs greater than turnover between 2004 and 2005.

No commentary has been made on results for Scotland, Wales or Northern Ireland. The Scottish Executive and the Department of Enterprise, Trade and Investment in Northern Ireland publish their own results.

Issued by
National Statistics
1 Drummond Gate
London SW1V 2QQ

Telephone
Press Office 020-7533 5714
Public Enquiries 0845 601 3034

Statistician
David Knight 01633 812793
Email david.knight@ons.gov.uk

Internet
www.statistics.gov.uk

Next publication date
To be announced

Revisions

In accordance with the usual revisions policy for ABI, the period 2004 was open for revision for this release. Table R1 shows the revisions for turnover, purchases and approximate gross value added by country and government office region.

The revisions for 2004 form a normal part of the release process for ABI data. This release reflects the revisions since the publication of provisional 2004 data in September 2006. The revised results for 2004 are based on a more complete set of data following receipt of additional data and further analysis. Additional information can be found at http://www.statistics.gov.uk/abi/revisions_history.asp.

BACKGROUND NOTES

Annual Business Inquiry

1. This first release covers financial information collected as part of the Annual Business Inquiry (ABI). The ABI collects both employment and accounting information. This more efficient use of the sample helps to reduce the compliance burden on businesses, while at the same time ensuring that these two sets of data are consistent. This inquiry replaced the various annual inquiries sent to businesses for 1997 and earlier.
2. Statistics for the English Government Office Regions, Scotland, Wales and Northern Ireland are available at <http://www.statistics.gov.uk/abi/regional.asp>.
3. The Scottish Executive publishes additional analyses for Scotland based on these ABI estimates. These will be available on 2 August 2007 on the Scottish Executive website at <http://www.scotland.gov.uk/Topics/Statistics/16170/4363>.
4. Department of Enterprise, Trade and Investment Northern Ireland - DETI(NI) - estimates for Northern Ireland are available on the DETI(NI) website. These estimates differ from ONS Northern Ireland estimates due to differences in the methodology. The DETI(NI) methodology, while broadly comparable with that used by ONS for UK figures, is designed to give the best Northern Ireland estimate rather than an estimate which is consistent with the rest of the UK. Users who want to look at trends in results for Northern Ireland for 2001 to 2005 are advised to look at the Northern Ireland website at http://www.detini.gov.uk/cgi-bin/get_builder_page?page=2886&site=4&parent=57&prevpage=2589.

Coverage

5. The results in this first release cover approximately two thirds of the UK economy and cover agriculture (part), fishing, production, construction, distribution and service industries. The presentation is in line with the Standard Industrial Classification SIC(2003). The sectors covered are:

Agriculture, hunting and forestry	Section A, (Groups 01.4 and 01.5 and Division 02)
Fishing	Section B
Production Industries	Sections C-E
Construction Industry	Section F
Distribution Industries	Section G
Service Industries	Section H, Section I, Section K, Section M, Section N (except Industries 85.111, 85.12, 85.13 85.311 and 85.321) and Section O.

The main areas excluded are part of agriculture (Groups 01.1, 01.2 and 01.3), financial intermediation, public administration and defence.

Definitions

6. Gross value added (GVA) represents the amount that individual businesses, industries or sectors contribute to the economy. Broadly, this is measured by the income generated by the business, industry or sector *less* their intermediate consumption of goods and services used up in order to produce their output. GVA consists of labour costs (for example, wages and salaries) and an operating surplus (or loss). Operating surplus is a good approximation to profits. From it, the cost of capital investment, financial charges and dividends to shareholders are met.

Data collected and published through the ONS Annual Business Inquiry are used to produce an approximate estimate of GVA at basic prices. This measure is approximate because it does not allow fully for certain types of National Accounts concepts/issues such as taxes or subsidies or income earned-in-kind.

ABI results are a major data input in the production of Input-Output Annual Supply and Use Tables used to set the annual level of UK Gross Domestic Product, www.statistics.gov.uk/inputoutput. These tables also show industry estimates of GVA at basic prices, but are different from those shown in the ABI. In producing the Input-Output based estimates of GVA at basic prices fully consistent with the European System of Accounts 1995, there are essentially four key adjustments required to the survey based data: coverage adjustments; conceptual and valuation adjustments; quality adjustments; and coherence adjustments. Details are available in the notes to the United Kingdom Input-Output Analyses: <http://www.statistics.gov.uk/CCI/article.asp?ID=51>

Estimates of approximate GVA shown here for regional data will not be exactly the same as regional GVA published by ONS Regional Accounts. More information on this can be obtained from www.statistics.gov.uk/abi/variable_info.asp.

Further information

7. For the reference year 2005 onwards, figures on regional capital expenditure will no longer be made available on the ABI website pages. Accurate estimation of regional capital expenditure is dependent on there being a strong correlation between the variable on which any estimation is based, in this case local employment, and the variable for which we are attempting to produce estimates, here regional capital expenditure. It has been established that the relationship between regional employment and regional capital expenditure is, in fact, unreliable.

Regional capital expenditure figures for earlier years will continue to be available on the ABI website, although the concerns identified apply equally to those earlier figures. ONS does not recommend the use of these regional capital expenditure figures but recognises that some users will, nevertheless, wish to have them.

It will still be possible to obtain regional capital expenditure figures for 2005 onwards by requesting either standard extracts, for which there is no charge, or special analyses, for which a charge will be made. Standard extracts and special analyses are available for a range of ABI figures.

For more information about either of these services, please either email abi2@ons.gov.uk or telephone +44(0) 1633 812435 for standard extracts or +44(0) 1633 812674 for special analyses.

8. Analysis and tabular detail at SIC(2003) 4 digit class level are available for revised 2005 UK national results and for 1995-2004 results. These are free from the National Statistics website at <http://www.statistics.gov.uk/abi>.
9. Articles describing the Inter Departmental Business Register (IDBR), which provides the ABI sampling frame, appeared in the November 1995 and February 1998 editions of *Economic Trends*. These articles explained the move of business surveys to the IDBR in more detail. The November 2000 edition of *Economic Trends* (no 564) contained an article detailing the development of the Annual Business Inquiry, together with methodological information. Further information on the IDBR can be found at <http://www.statistics.gov.uk/idbr>.

Information on SIC(92) is contained in the October 1992 and February 1993 editions of *Economic Trends* (nos 468, 472). Information on SIC (2003) can be found at <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14012>.

10. Details of the policy governing the release of new data are available from the press office.
11. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2007.

1 Whole Economy (Sections A-O) by Country and Government Office Region, 2004-2005

Government Office Region or Country	Year	Total turnover	Approximate gross value added at basic prices	Total purchases of goods, materials and services	Total employment costs
		£ million	£ million	£ million	£ million
North East	2004	71,015	24,612	45,813	12,703
	2005	75,012	25,498	48,852	13,928
North West	2004	227,821	72,606	151,479	41,418
	2005	239,305	77,538	157,928	42,360
Yorkshire and The Humber	2004	157,351	51,283	106,322	29,033
	2005	168,728	53,013	116,390	30,371
East Midlands	2004	133,158	45,278	86,725	24,509
	2005	145,323	48,436	95,547	25,952
West Midlands	2004	185,443	58,700	124,977	32,575
	2005	191,440	58,184	130,566	34,150
East of England	2004	201,538	64,645	133,813	34,655
	2005	214,735	69,431	142,489	36,945
London	2004	529,520	154,446	371,761	82,300
	2005	577,344	166,084	410,252	86,808
South East	2004	355,055	112,591	238,031	62,421
	2005	382,762	121,771	257,333	66,674
South West	2004	148,283	51,283	95,234	27,788
	2005	156,218	53,855	101,532	29,259
England	2004	2,009,184	635,445	1,354,154	347,402
	2005	2,150,866	673,809	1,460,888	366,449
Wales	2004	72,054	21,751	48,791	12,836
	2005	76,690	23,160	52,310	13,482
Scotland	2004	167,204	64,995	102,073	30,223
	2005	180,306	72,368	107,633	32,331
Great Britain	2004	2,248,442	722,191	1,505,018	390,461
	2005	2,407,862	769,337	1,620,831	412,261
Northern Ireland	2004	46,897	14,708	29,931	7,170
	2005	50,426	16,317	32,153	7,606
United Kingdom	2004	2,295,339	736,899	1,534,950	397,631
	2005	2,458,288	785,654	1,652,985	419,867

R1 Whole Economy (Sections A-O) by Country and Government Office Region, 2004

Revisions to Data

Government Office Region or Country	Year	Total turnover	Approximate gross value added at basic prices	Total purchases of goods, materials and services	Total employment costs
		£ million	£ million	£ million	£ million
North East	2004	14	537	-594	-24
North West	2004	-1,642	338	-2,010	-227
Yorkshire and The Humber	2004	-404	526	-1,189	-113
East Midlands	2004	-1,198	728	-1,841	-158
West Midlands	2004	-1,012	704	-1,806	-104
East of England	2004	-1,563	-92	-1,608	-94
London	2004	5,772	1,413	3,284	-919
South East	2004	-129	1,822	-1,799	103
South West	2004	-733	-282	-776	-45
England	2004	-896	5,694	-8,338	-1,581
Wales	2004	-363	103	-533	-55
Scotland	2004	-3,012	-2,202	-1,279	-121
Great Britain	2004	-4,271	3,595	-10,150	-1,757
Northern Ireland	2004	-166	-488	381	-100
United Kingdom	2004	-4,437	3,106	-9,769	-1,856