

31 July 2008

Coverage

United Kingdom

Theme

The Economy



Annual Business Inquiry 2006 provisional regional results

Annual Business Inquiry (ABI) provisional regional results for 2006 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 2005 are also being issued as part of this release.

These regional estimates are consistent with UK national results for the ABI released on 17 June 2008. They do not cover the whole economy, omitting much of the public sector, finance and agriculture.

- In England, the only region not to show an increase between 2005 and 2006 in approximate gross value added (GVA) at basic prices, was the South West with a decrease of just under 2 per cent.
- In every English region except the North West, Yorkshire and the Humber and the West Midlands, businesses' purchases of goods, materials and services increased more between 2004 and 2005 than turnover.
- London remains the region in England with the most substantial GVA. At £176 billion, this is around one quarter the approximate GVA for England as a whole. In contrast, the North East region continues to account for the least with under 4 per cent of English GVA.

Issued by

Office for National Statistics
Government Buildings
Cardiff Road
Newport
NP10 8XG

Contact

Media Office 0845 604 1858
Public Inquiries 0845 601 3034
David Knight 01633 456605

www.statistics.gov.uk

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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.

Revisions

In line with the policy for ABI, the period 2005 was open for revision for this release. Table R1 shows the revisions for turnover, approximate gross value added, purchases and employment costs.

The revisions for 2005 form a normal part of the release process for ABI data. This release reflects the revisions since the publication of provisional 2005 data in July 2007. The revised results for 2005 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 information collected as part of the Annual Business Inquiry (ABI). This inquiry replaced the various annual inquiries sent to businesses for 1997 and earlier. The ABI collects both employment and accounting information. This Release is concerned with the accounting information collected by ABI 2. From the publication of 2006 provisional data, there has been a change in the sampling arrangements for the two parts of the ABI. In previous years ABI 2 was a sub-sample of ABI 1, which collects the employment figures. For the 2006 inquiries, ABI 1 and ABI 2 have been sampled separately.
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 28 August 2008 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 will differ from ONS Northern Ireland estimates due to differences in the methodology. The DETI(NI) methodology, while broadly comparable with that of the UK, 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 2006 are advised to look at the Northern Ireland website at http://www.detini.gov.uk/cgi-bin/get_builder_page?page=3549&site=4&parent=57&prevpage=2589.

Coverage

5. The results in this First Release represent 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 (service activities only), hunting and forestry	Section A (Groups 01.4 and 01.5 and Division 02) only
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 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 (e.g. wages and salaries) and an operating surplus (or loss). The latter is a good approximation to profits. The cost of capital investment, financial charges and dividends to shareholders are met from the operating surplus.

Data collected and published through the ONS Annual Business Inquiry (ABI) 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 such as taxes or subsidies or income earned-in-kind.

The ABI forms a major data input to the production of Input-Output Annual Supply and Use Tables used to set the annual level of UK Gross Domestic Product. 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/about/methodology_by_theme/inputoutput/.

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.

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.

For more information about either of these services, please either :

email	abi2@ons.gov.uk	
or telephone	+44(0) 1633 456592	for standard extracts
	+44(0) 1633 456601	for special analyses

ONS does not recommend the use of these regional capital expenditure figures but recognises that some users will, nevertheless, wish to have them.

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.

Revised 2006 UK national results at SIC(2003) 4 digit class level, together with results for 1995-2005, giving both analysis and tabular detail are available free of charge from the National Statistics website at <http://www.statistics.gov.uk/abi>.

Information on additional national standard extracts and bespoke analyses can also be obtained from the contact details above.

Articles describing the Inter Departmental Business Register (IDBR), which provides the sampling frame, appeared in the November 1995 and February 1998 editions of Economic Trends, explaining 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>.

8. Details of the policy governing the release of new data are available from the ONS Press Office.
9. **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 2008.

1 Whole Economy (Sections A-O) by Country and Government Office Region, 2005-2006

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	2005	75,496	25,347	49,410	13,956
	2006	78,792	26,423	51,728	14,459
North West	2005	238,245	76,897	157,351	42,584
	2006	243,830	81,398	159,134	45,603
Yorkshire and The Humber	2005	169,429	52,599	117,376	30,400
	2006	173,308	56,781	117,349	32,336
East Midlands	2005	145,487	48,528	95,644	25,981
	2006	153,830	49,789	102,098	27,764
West Midlands	2005	191,464	58,051	130,730	34,182
	2006	204,930	63,011	139,011	36,252
East of England	2005	214,777	69,070	142,818	37,072
	2006	220,433	70,233	146,714	38,373
London	2005	575,526	166,191	407,895	87,207
	2006	636,113	176,451	457,483	92,114
South East	2005	383,226	122,249	257,283	66,697
	2006	401,661	126,077	270,609	69,576
South West	2005	154,698	53,159	100,652	29,301
	2006	158,394	52,156	104,762	29,960
England	2005	2,148,348	672,090	1,459,161	367,381
	2006	2,271,290	702,320	1,549,694	386,438
Wales	2005	76,789	22,964	52,550	13,483
	2006	83,282	25,712	56,422	14,569
Scotland	2005	180,505	70,216	108,804	32,438
	2006	196,495	75,973	119,894	34,088
Great Britain	2005	2,405,642	765,270	1,620,515	413,302
	2006	2,551,066	804,005	1,726,010	435,094
Northern Ireland	2005	51,431	16,215	33,175	7,719
	2006	53,653	16,958	35,005	8,081
United Kingdom	2005	2,457,073	781,485	1,653,689	421,021
	2006	2,604,719	820,962	1,761,015	443,176

R1 Whole Economy (Sections A-O) by Country and Government Office Region, 2005

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	2005	485	-151	559	28
North West	2005	-1,060	-641	-577	224
Yorkshire and The Humber	2005	702	-414	986	29
East Midlands	2005	164	92	98	29
West Midlands	2005	25	-133	165	32
East of England	2005	42	-360	329	127
London	2005	-1,818	107	-2,356	399
South East	2005	464	478	-51	23
South West	2005	-1,520	-696	-880	42
England	2005	-2,517	-1,718	-1,727	932
Wales	2005	99	-196	240	1
Scotland	2005	199	-2,153	1,170	107
Great Britain	2005	-2,220	-4,066	-317	1,041
Northern Ireland	2005	1,005	-102	1,021	113
United Kingdom	2005	-1,214	-4,169	705	1,154