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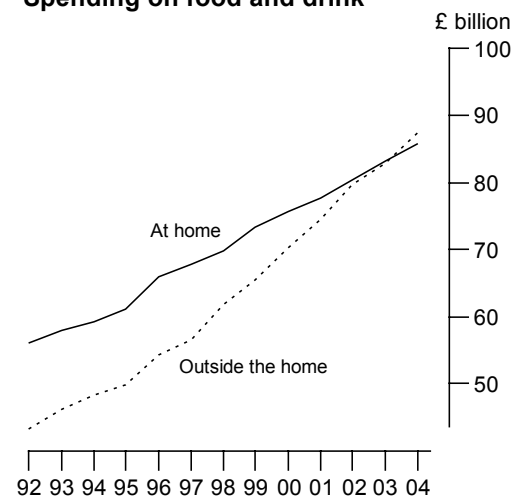
Coverage
United Kingdom
Theme
The Economy

Spending on eating out overtakes meals at home

The value of households' spending on eating out has passed spending on food sector products eaten at home in 2004, and doubled between 1992 and 2004, according to a report¹ published today by the Office for National Statistics.

Cultural changes in food consumption, with people eating out more regularly and enjoying a wider range of cuisine, continue to have an impact on the UK economy. Household spending on fresh and processed food and drink products was £85.8 billion in 2004, up 53.4 per cent between 1992 and 2004. Over the same period, spending on food and drink products consumed outside the home grew by 102.2 per cent, to £87.5 billion in 2004.

Spending on food and drink



The report, the 2006 Edition of *United Kingdom Input-Output Analyses*, shows that output of the UK economy as measured by Gross Value Added (GVA) at current basic prices grew by 5.9 per cent between 2003 and 2004 to £1,044.2 billion, passing £1,000 billion for the first time. The report also shows that:

- Finance and business services made up almost a third (33.0 per cent) of the UK economy in 2004 with GVA of £344.5 billion, and continued to form the largest single sector of the UK economy since 1991.
- Manufacturing industries contributed £147.5 billion in 2004, 1.8 per cent up on 2003, rising for the first time since 1998. However, the manufacturing industries' relative share of the total continues to decline, falling in every year from 21.7 per cent in 1995 to 14.1 per cent in 2004.
- The creative sector contributed 8.8 per cent of the total GVA in 2004.
- GVA for the information and communication technologies (ICT) sector grew by 124.8 per cent between 1992 and 2004 compared with whole economy growth of 90.7 per cent over the same period. The ICT sector accounted for £66.4 billion, 6.4 per cent of total GVA in 2004.

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The report ranks 123 industries covering the whole economy, weighted in terms of percentage and value change of GVA in monetary terms between 1992 and 2004. The ten fastest growing industry groups over this period are:

1. Computer and related services
2. Other business services (including employment agencies, security, industrial cleaning and call centres)
3. Banking and finance
4. Owning and dealing in real estate
5. Recreational services
6. Hotels, catering, pubs etc.
7. Market research, management consultancy etc.
8. Letting of dwellings
9. Legal activities
10. Health and veterinary services

The report, the 2006 Edition of *United Kingdom Input-Output Analyses*, shows how ONS tracks the movement of goods and services through the economy as part of the process of balancing the components of the National Accounts.

Analyses published in the report are used by businesses to identify markets for their products and by economists to construct models of the economy. As the data go back to 1992, the impact on the economy of changing trends, structures and new technologies can be measured.

The report includes the 1992-2004 Input-Output Annual Supply and Use Tables underpinning UK Gross Domestic Product. Various articles based on these tables, include:

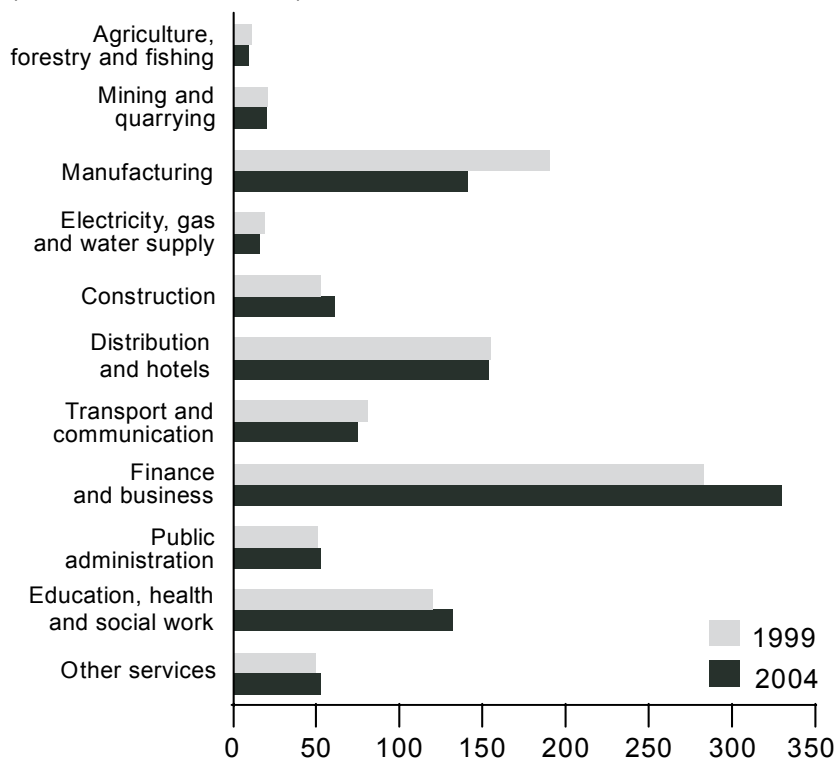
- The UK economy – Analyses at a glance
- Export shares of goods and services
- Import penetration of goods and services
- Net trade in goods and services
- Information and communication technologies (ICT)
- The creative sector
- The food sector
- Concentration ratios for businesses by industry in 2004
- Taxes and subsidies recorded within the production boundary
- The oil and gas sector
- Market sector and non-market sector activity
- Revisions analyses
- Economic chronologies by broad industry group

Whole economy

In 2004, the output of the UK economy, as measured by GVA at current basic prices, which is before allowing for price inflation, was £1,044.2 billion, 5.9 per cent higher than in 2003. GVA provides a measure of economic activity excluding taxes (*less* subsidies) on products, such as VAT; excise duties on alcohol, tobacco and oil; and stamp duties. GDP includes taxes (*less* subsidies) on products.

Relative share of GVA by industry (parts per 1000)

(FISIM is not allocated)



The impact of financial intermediation services indirectly measured (FISIM) is not allocated by industry, by sector or by type of final expenditure. Presently, this is deducted at the whole economy level.

Finance and business services

In all years from 1992 to 2004, the finance and business services industries provided the largest contribution to GVA. In 2004, this industry group accounted for £344.5 billion out of £1,044.2 billion (33.0 per cent of the total, increasing from 24.3 per cent in 1992), and the industry group itself grew over 8.1 per cent between 2003 and 2004, a faster rate than that of growth in total GVA of 5.9 per cent.

The rate of growth of this industry group compared with the rate of growth for the whole economy has been higher in all years between 1992 and 2004, except for 1995.

The finance and business services industry group covers a wide-range of services including banking, insurance, financial auxiliaries, letting of dwellings (including imputed rental of owner-occupied dwellings), estate agents, renting, computer services, research and development, legal, accountancy, management consultancy, market research, advertising and range of other business services including recruitment and security services.

Sales to businesses, government and exports are the main factors for driving growth of this industry because of the nature of the market for these types of services. Household spending on some types of services has increased rapidly.

Government and many businesses have continued to outsource many non-core activities, such as catering, cleaning, IT functions, property services, recruitment etc., which increases GVA and output for the supplying industries, and in turn generates new demand for the inputs required by these industries.

Furthermore, services like computing are driven by rapid technological change and require specialist consultancies and advertising, which lead to a growth in the 'knowledge content' side of the economy.

Food sector

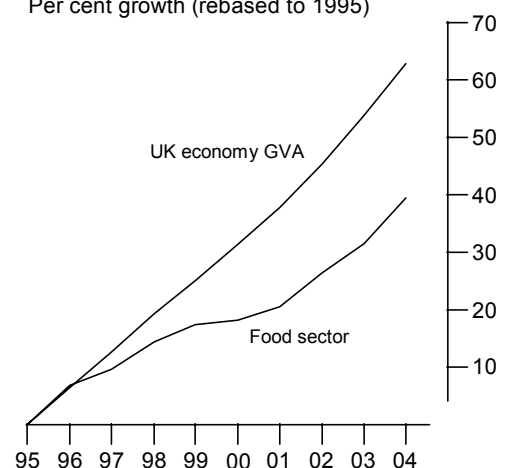
Growth in the agriculture and food processing industries is not keeping pace with that of the whole economy, while the hotels, catering and pubs industry was the sixth fastest growing industry between 1992 and 2004.

Household spending on all food sector products was £173.3 billion in 2004, up 74.6 per cent between 1992 and 2004. By comparison, spending on catering products consumed outside the home grew by 102.2 per cent.

In 2004, the contribution of the food sector to whole economy GVA accounted for £80.3 billion, 7.7 per cent of the total. GVA for the food sector grew by 39.5 per cent between 1995 and 2004 compared with the growth of GVA for the whole economy of 63.0 per cent over the same period.

GVA: Food sector growth relative to the UK economy

Per cent growth (rebased to 1995)

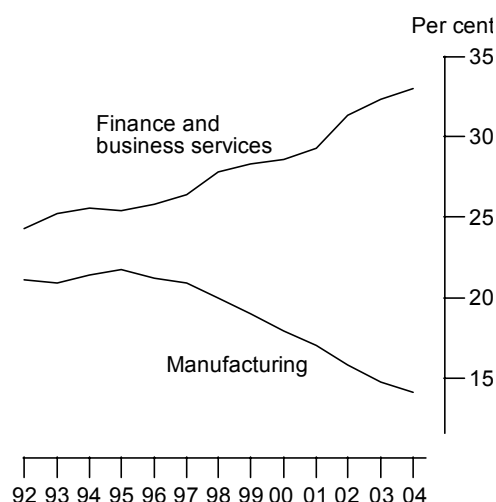


Manufacturing industries

In 1999, the manufacturing industries' contribution to total GVA at current basic prices of the UK economy fell below 20.0 per cent for the first time, and fell below 15.0 per cent in 2003 for the first time. Although manufacturing industries' GVA rose in 2004 for the first time since 1998, the manufacturing industries' relative share of total GVA has fallen in every year from 21.7 per cent in 1995 to 14.1 per cent in 2004. Over the same period, the finance and business services industries' share increased from 25.4 per cent to 33.0 per cent.

The decline in manufacturing's share of the economy has been led by clothing and clothing related industries and heavy manufacturing. However, industries such as wood and wood products, articles of concrete, stone etc. and structural metal products have continued to grow, linked to the increasing demand generated by continued growth of the construction industry. Other key manufacturing industries that have grown substantially include printing and publishing, pharmaceuticals, motor vehicles and recycling.

Share of GVA: Manufacturing relative to finance and business services



Information and communication technologies (ICT)

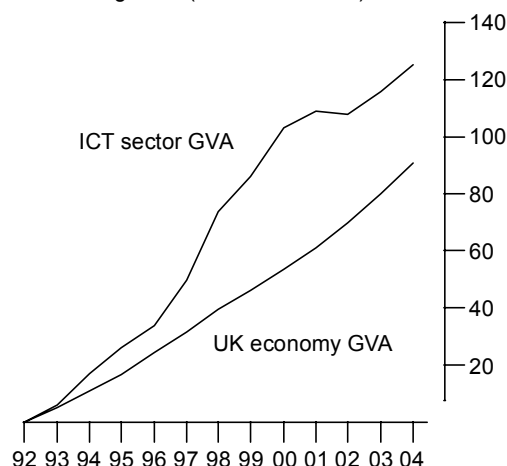
Throughout the 1990s, the rapid growth in both ICT production and investment was an important contributor to UK economic growth. ICT investment has added to the UK capital stock and capital services, and continues to influence the productive capacity of the UK economy.

In 2004, the contribution of ICT to whole economy GVA at current basic prices accounted for £66.4 billion, 6.4 per cent of the £1,044.2 billion total. GVA for the ICT sector grew by 124.8 per cent between 1992 and 2004 compared with whole economy growth of only 90.7 per cent over the same period.

In 2004, the trade deficit (exports less imports) in ICT products was £11.2 billion, the largest to date.

GVA: ICT sector growth relative to the UK economy

Per cent growth (rebased to 1992)



Creative sector

In 2004, GVA for the creative sector – which includes film, arts, publishing, advertising and software production – accounted for £92.0 billion, 8.8 per cent of the total. GVA for the creative sector grew by 119.9 per cent between 1992 and 2004 compared with growth of GVA for the whole economy of 90.7 per cent over the same period.

Oil and gas sector

In 2004, the contribution of the oil and gas sector to whole economy GVA at current basic prices accounted for £27.9 billion, 2.7 per cent of the total. GVA for the oil and gas sector grew by 59.3 per cent between 1992 and 2004, compared with growth of GVA for the whole economy of 90.7 per cent over the same period. The profile of profits and GVA for this industry correlates well with the price of crude oil and natural gas and is sensitive to changes to the dollar-pound exchange rate.

Outputs from this sector impact on the production of most goods and services. Analysis in today's report underlines their role in products essential to the economy including plastics, paints, cleaning products, clothing, furniture, pharmaceuticals and synthetic rubber.

Other industries

Agriculture, forestry and fishing industries' contribution fell below 1.0 per cent in 2001 for the first time, compared with 1.9 per cent in 1995. Since foot and mouth disease in 2001, the contribution of these industries has recovered but still remains below 1.0 per cent in 2004.

The contribution of the mining and quarrying industry to total GVA at current basic prices in 2004 was £21.9 billion, having peaked in 2000 at £24.7 billion. The mining and quarrying industry mainly comprises the oil and gas extraction activity on the United Kingdom Continental Shelf.

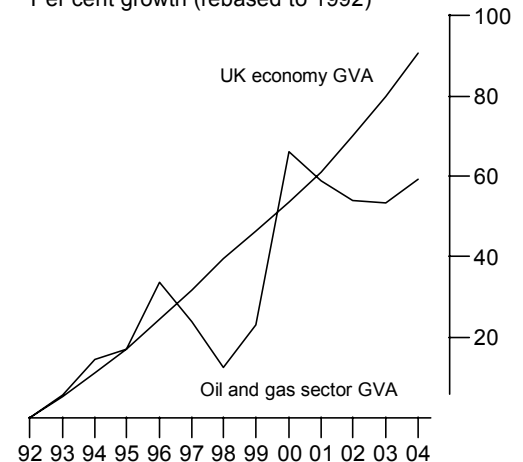
The contribution of the construction industry increased in each year from 5.3 per cent in 1999 to 6.2 per cent in 2004, and in each year since 1996, has grown faster than the rate of growth for the whole economy.

Distribution and hotels contributed £160.6 billion in 2004, growing by 6.3 per cent over 2003.

Education, health and social work industries contributed £137.6 billion to total GVA at current basic prices in 2004, growing by 6.8 per cent compared with 2003. The contribution of this industry group to total GVA in 1997 was 11.8 per cent, and has increased steadily in each year to 13.2 per cent in 2004.

GVA: Oil and gas sector growth relative to the UK economy

Per cent growth (rebased to 1992)



Taxes and subsidies recorded within GDP

This analysis covers the various taxes and subsidies on products and production included within GDP, and also provides estimates of missing VAT by comparing estimates of theoretical VAT based on the Input-Output Supply and Use Tables with actual VAT collected, measured on an accrued basis.

The value of actual VAT collected in 2004 was £81.5 billion. The difference between theoretical VAT and actual VAT collected is estimated to be £10.5 billion in 2004, falling from a peak of £12.1 billion in 2002.

Concentration ratios for businesses by industry in 2004

This analysis gives an estimate of the importance of relatively large businesses in each industry and the different market structures. The analysis shows for each industry the Top 5 and Top 15 businesses' contribution to GVA and total output at current basic prices.

In the UK, a few very large businesses dominate industries such as oil and gas extraction, sugar, soft drinks, tobacco, cement, gas, air transport, banking and finance and accountancy services.

Market sector and non-market sector activity

The Bank of England and HM Treasury are interested in separating out market sector activity from the total UK economy to assess the business cycle, monitor the output gap, and compare productivity between sectors as well as across other countries.

Market sector estimates also provide an important indicator of demand pressures reflecting changes in the quantity of goods and services sold in the market sector of the economy.

Although the Bank of England's main interest is in constant (real) price data, the current (nominal) price data presented in this article are complementary to its analysis.

In 2004, market sector GVA contributed £925.7 billion out of £1,044.2 billion (88.7 per cent of the total), and grew by 6.0 per cent compared with 2003. The non-market sector contributed £168.7 billion (up by 7.2 per cent on 2003). Both market sector GVA and non-market sector GVA grew faster than GVA for the whole economy because of the impact of FISIM (Financial intermediation services indirectly measured), which is deducted at the whole economy level.

BACKGROUND NOTES

1. *United Kingdom Input-Output Analyses*, 2006 Edition. ISSN 1741-7155. Available as a web-only publication on www.statistics.gov.uk/inputoutput
2. The *United Kingdom Input-Output Analyses* is one of three ONS annual National Accounts publications published on 18 August 2006. All three products are consistent with the data published on 30 June 2006 in the Quarterly National Accounts release and the electronic data released on 21 July 2006. The three products are:
 - *United Kingdom National Accounts - The Blue Book* (available in hard copy & electronic form)
 - *United Kingdom Balance of Payments - The Pink Book* (available in hard copy & electronic form)
 - *United Kingdom Input-Output Analyses*, 2006 Edition (available in electronic form only)
3. GVA is a measure of the output of the economy. GDP differs from GVA in that GDP includes taxes on products and excludes subsidies on products.
4. Details of the policy governing the release of new data are available from the press office.
5. **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 2006