

Scottish Annual Business Statistics 2018



A National Statistics publication for Scotland

BUSINESS AND ENERGY

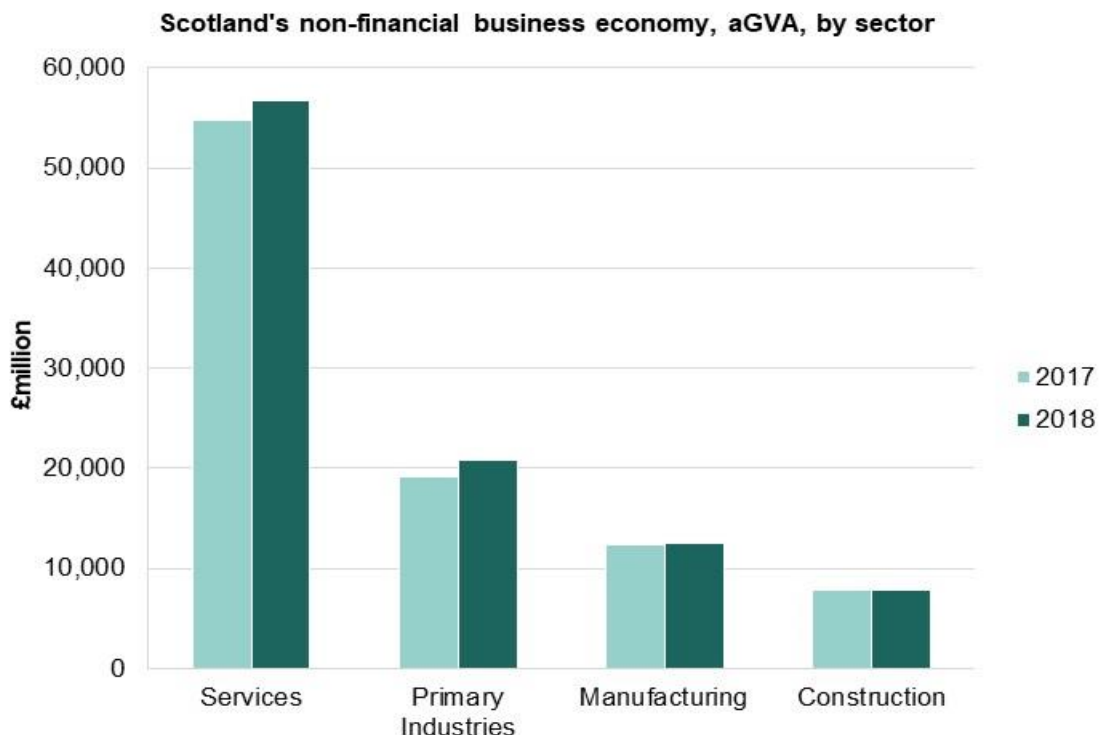
BUSINESS AND ENERGY

Scottish Annual Business Statistics 2018

Release Date: 24 June 2020

Headline Results

- For all four of the main sectors of Scotland's non-financial business economy (Services, Primary Industries, Manufacturing and Construction) approximate Gross Value Added (aGVA) grew in 2018.
- For the largest industries within the Services sector, aGVA increased for Wholesale Trade and Architectural & Engineering Activities in 2018 - but aGVA decreased for the Retail Trade sector.
- Primary Industries aGVA increased by £1.7 billion (9.1%) in 2018, this was driven by the oil and gas sector.
- For the largest industries within the Manufacturing sector, aGVA increased for Manufacture of Beverages and Repair & Installation of Machinery/Equipment in 2018 - but aGVA decreased for the Manufacture of Food Products sector.



About this publication

Scottish Annual Business Statistics (SABS) presents estimates of businesses' employment, turnover, purchases, approximate Gross Value Added at basic prices (aGVA) and labour costs. Data are classified according to industry sector, local authority area and business ownership.

The estimate of aGVA represents the income (Turnover) of businesses, less the cost of goods and services consumed in the production process (Purchases). Data are in current prices (i.e. values have not been adjusted for inflation).

The latest SABS data are for the calendar year 2018, with data provided back to 2008. The SABS data in this publication has not been affected by the coronavirus (COVID-19) pandemic.

The SABS data are sourced from the Annual Business Survey (ABS) conducted by the Office for National Statistics (ONS). SABS covers the non-financial business economy, which includes:

Services – includes motor trades, wholesale, retail, transport, accommodation, food services, information, communication, real estate, professional, scientific, technical, administrative, private sector health, private sector education, entertainment.

Primary Industries – includes agriculture support services, hunting, forestry, fishing, oil & gas extraction¹, energy generation & supply, water & waste management.

Manufacturing – includes manufacture of food, beverages, textiles, wood products, refined petroleum, chemicals, pharmaceuticals, plastic products, metals, metal products, machinery, computers, electrical/optical products, transport equipment, furniture, repair & installation of machinery/equipment.

Construction – includes civil engineering, construction of buildings and specialised construction trades such as plumbers, electricians and plasterers.

The industry sectors not covered in SABS are the financial sector and parts of the agriculture and public sector. The SABS statistics are best suited to the analysis of industry sectors rather than the economy as a whole. Industry sectors are defined according to the [UK Standard Industrial Classification 2007 \(SIC07\)](#).

The full set of tables and methodology notes are available at:
<https://www.gov.scot/collections/business-and-innovation-statistics/>

¹ Note that data for oil and gas extraction includes off-shore oil and gas activity; off-shore activity, under UK regional accounts procedures, is normally allocated to a separate 'Extra Regio' category rather than allocated to a region within the UK.

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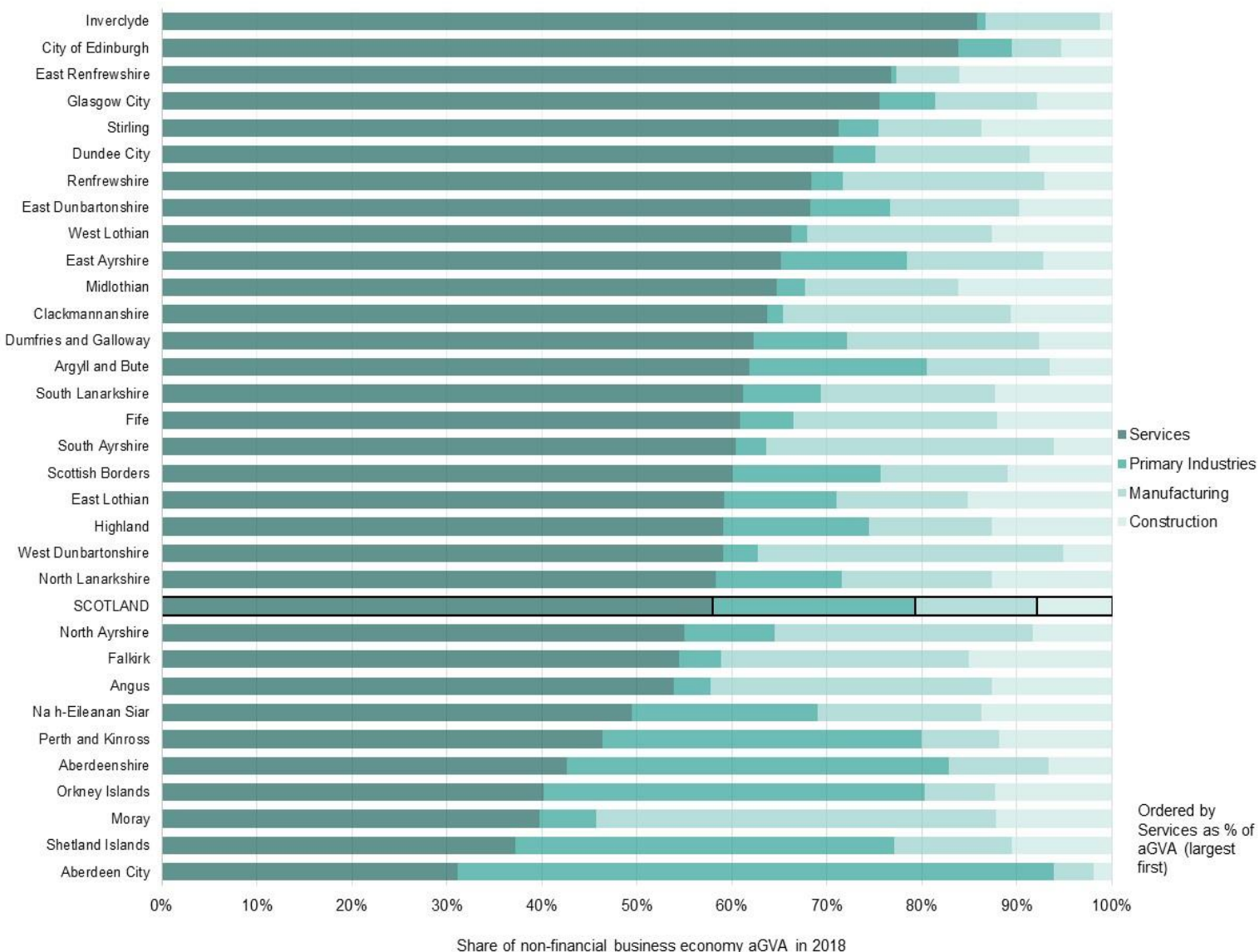
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Services was the largest contributing sector to Scotland's non-financial business economy aGVA

Between 2017 and 2018, approximate Gross Value Added (aGVA) increased for all of the main sectors of the non-financial business economy – Services (+3.8%), Primary Industries (+9.1%), Manufacturing (+1.0%) and Construction (+0.2%).

In 2018, the Services sector accounted for an estimated £56.8 billion of the total non-financial business economy aGVA (58.0%). Figure 1 shows that the Services sector was the largest contributing sector in every local authority area within Scotland – with the exception of Aberdeen City, Moray and the Shetland Islands. For Aberdeen City and the Shetland Islands, Primary Industries was the largest contributing sector. Whereas, for Moray, Manufacturing was the largest contributing sector.

Figure 1. Services was the largest contributing sector in most of Scotland's local authority areas

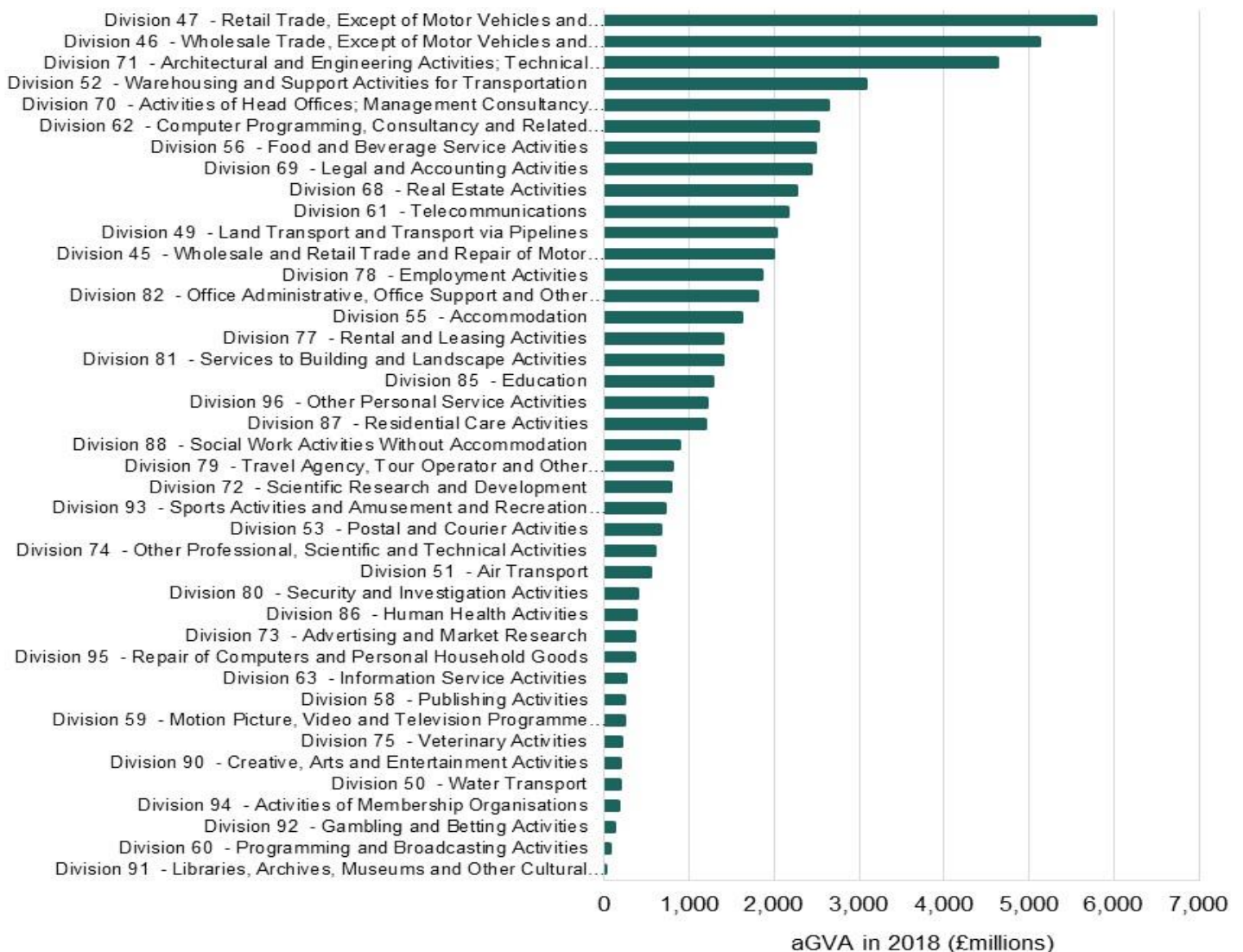


Retail Trade was the largest contributing industry to Services aGVA

In 2018, the Services sector accounted for an estimated £56.8 billion of the total non-financial business economy aGVA (58.0%). Between 2017 and 2018, aGVA in the Services sector increased by £2.1 billion (+3.8%).

Figure 2 shows the aGVA contribution of all industry divisions within the Services sector in 2018. The largest contribution to aGVA within the Services sector came from Retail Trade (10.2%), followed by Wholesale Trade (9.0%), then Architectural and Engineering Activities (8.1%). Between 2017 and 2018, aGVA increased for Wholesale Trade (+£364 million) and Architectural and Engineering Activities (+£659 million) - but aGVA decreased for the Retail Trade sector (-£493 million).

Figure 2. Retail Trade was the largest contributing division to Services aGVA



Increased Primary Industries aGVA driven by the oil and gas sector

In 2018, the Primary Industries sector accounted for an estimated £20.8 billion of total non-financial business economy aGVA (21.3%).

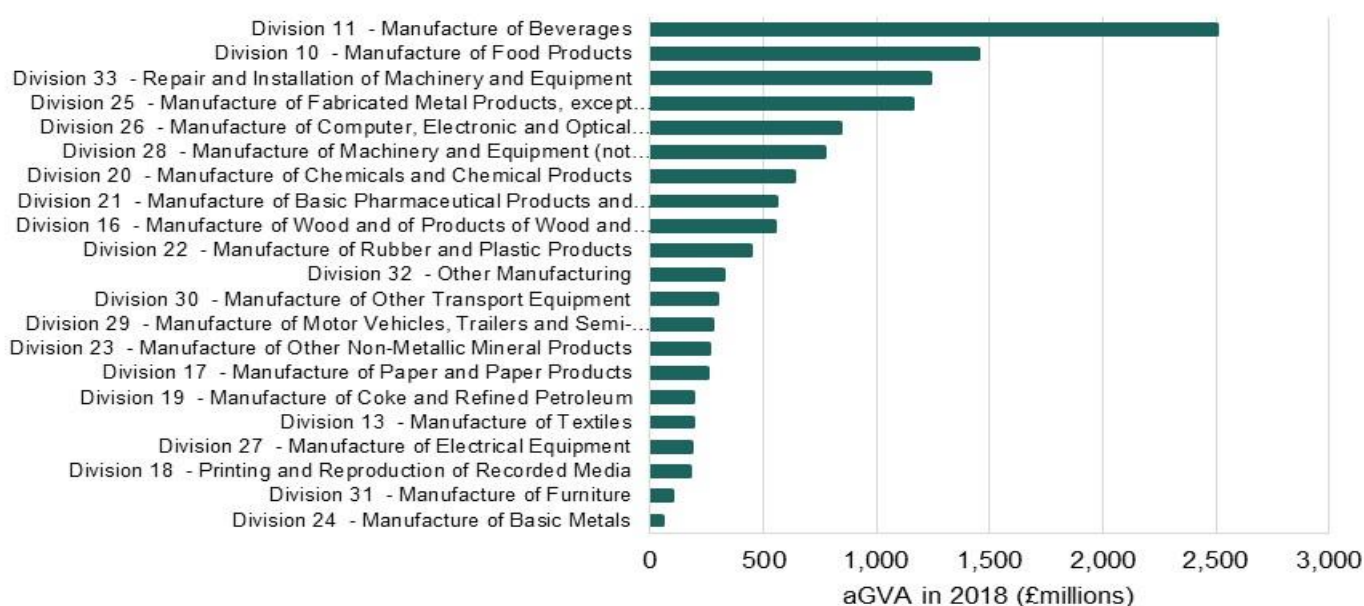
Between 2017 and 2018, aGVA in the Primary Industries sector increased by £1.7 billion (+9.1%). The industry division contributing most to the overall increase was Extraction of Crude Petroleum and Natural Gas (division 6) (+£3.1 billion). However, there was a considerable decrease in aGVA, between 2017 and 2018, for the utilities sectors - this was driven by some companies in the sector adopting new accounting standards.

Manufacture of Beverages was the largest contributing industry to Manufacturing aGVA

In 2018, the Manufacturing sector accounted for an estimated £12.5 billion of total non-financial business economy aGVA (12.8%).

Figure 3 shows the aGVA contribution of all industry divisions within the Manufacturing sector in 2018. The largest contribution to aGVA within the Manufacturing sector came from Manufacture of Beverages (20.0%), followed by Manufacture of Food Products (11.5%), then Repair and Installation of Machinery and Equipment (9.8%). Between 2017 and 2018, aGVA increased for Manufacture of Beverages (+£253 million) and Repair and Installation of Machinery and Equipment (+£108 million) - but aGVA decreased for the Manufacture of Food Products sector (-£121 million).

Figure 3. Beverages largest contributing division to Manufacturing aGVA²



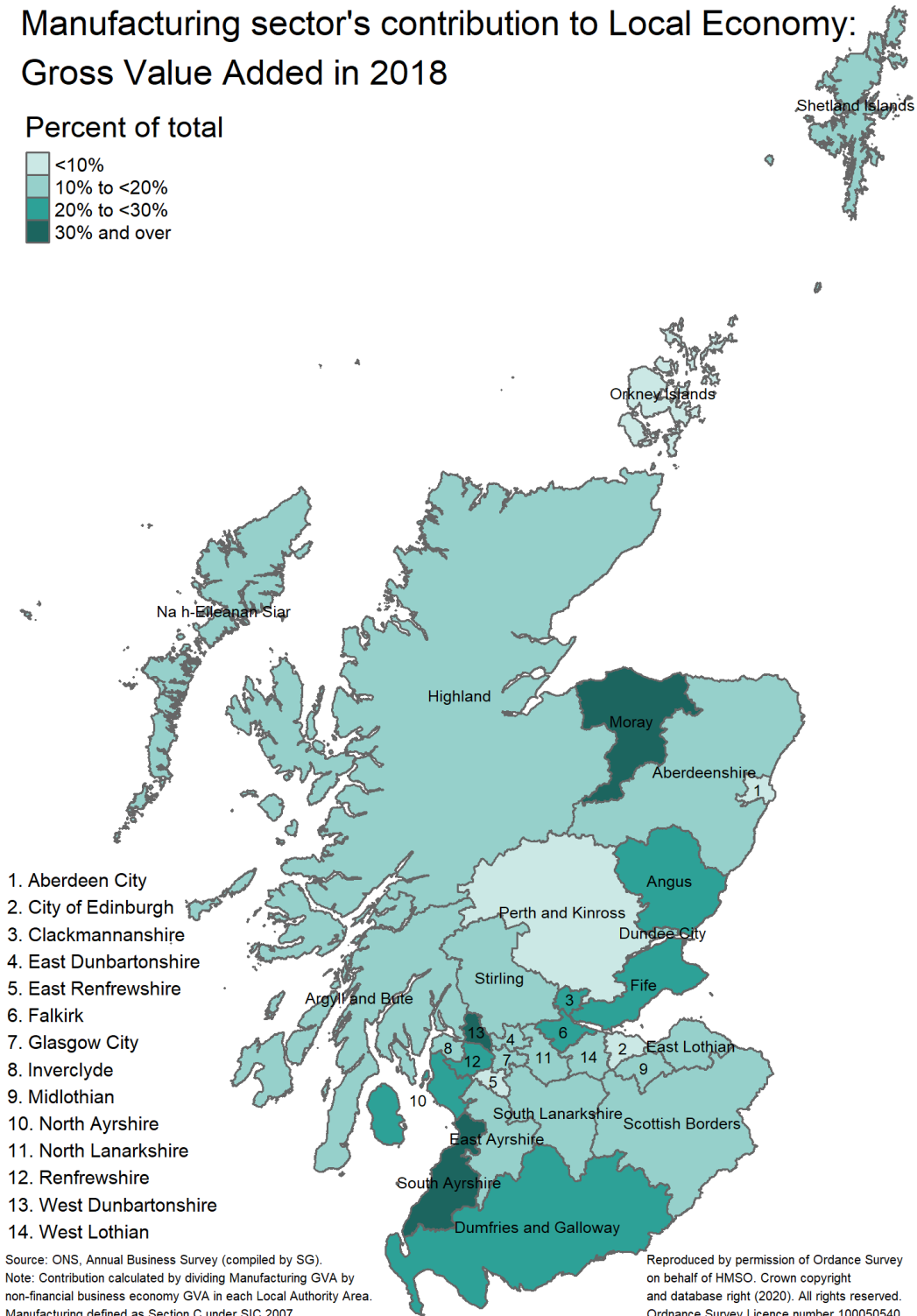
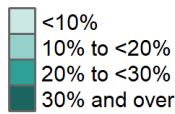
² Division 14 'Manufacture of Wearing Apparel' and Division 15 'Manufacture of Leather and Related Products' are not included in Figure 3 as aGVA for these divisions has been suppressed following disclosure control.

Figure 4 shows that the contribution that the Manufacturing sector makes to local economies varies markedly across Scotland. In 2018, the Manufacturing sector accounted for 42.1% of Moray's non-financial business economy aGVA; this compares to 12.8% for Scotland as a whole.

Figure 4. The Manufacturing sector made a particularly high contribution to the local economies in Moray, West Dunbartonshire and South Ayrshire

Manufacturing sector's contribution to Local Economy:
Gross Value Added in 2018

Percent of total

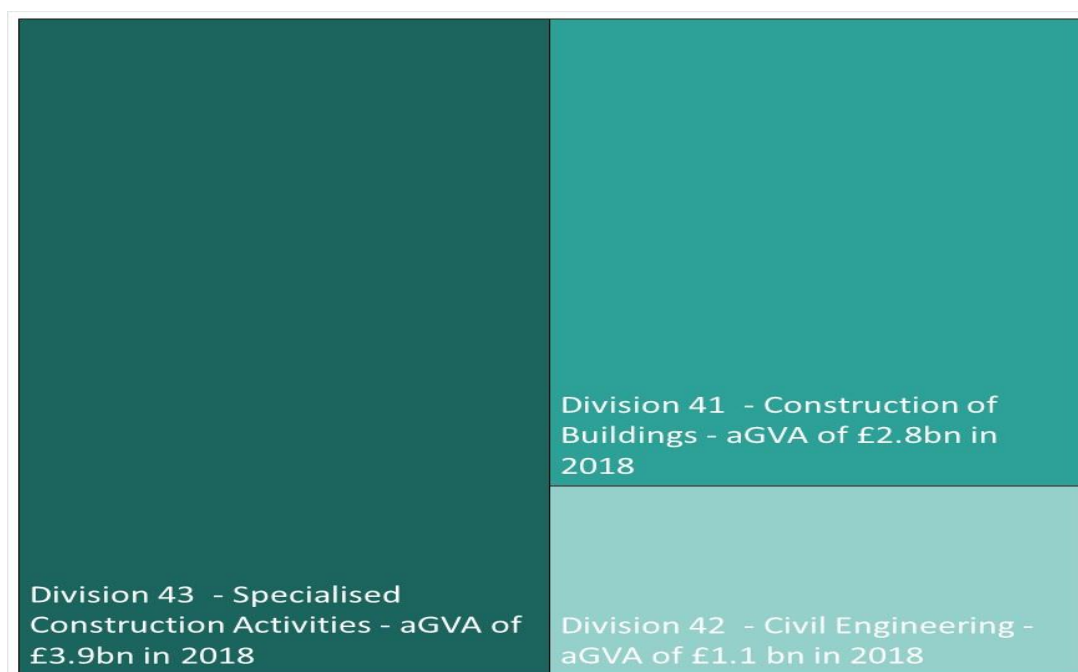


Rising aGVA for Construction of Buildings against falling aGVA for the other Construction industries

In 2018, the Construction sector accounted for an estimated £7.8 billion of total non-financial business economy aGVA (7.9%). Between 2017 and 2018, aGVA in the Construction sector increased by £12 million (+0.2%).

Figure 5 shows the aGVA contribution of all industry divisions within the Construction sector in 2018. The largest contribution to aGVA within the Construction sector came from Specialised Construction Activities (49.9%), followed by Construction of Buildings (35.6%), then Civil Engineering (14.5%). Between 2017 and 2018, aGVA decreased for Specialised Construction Activities (-£104 million) and Civil Engineering (-£26 million) - but aGVA increased for Construction of Buildings (+£142 million).

Figure 5. Specialised Construction Activities was the largest contributing industry division to Construction aGVA



Increased aGVA for four of the six Growth Sectors

[Scotland's Economic Strategy](#) identified the following industry groups as key growth sectors:

- Food & Drink (including agriculture & fisheries)
- Creative Industries (including digital)
- Sustainable Tourism
- Energy (including renewables)
- Financial & Business Services
- Life Sciences

As shown in Table 1, aGVA increased over the latest year for four of the six growth sectors. With Business Services³, Life Sciences⁴, Energy⁵ and Sustainable Tourism all growing between 2017 and 2018. The Food & Drink⁶ growth sector experienced a very slight fall in aGVA. And Creative Industries experienced a 6.3% decrease in aGVA between 2017 and 2018 – this was driven by a fall in aGVA for Software and Electronic Publishing, which is the largest contributing industry sub-sector within the Creative Industries.

Table 1. Four out of six Growth Sectors experienced an increase in aGVA between 2017 and 2018

	Business Services	Life Sciences	Energy	Sustainable Tourism	Food and Drink	Creative Industries
aGVA 2017 (£millions)	7,228.2	1,318.9	18,717.8	4,120.7	5,567.1	4,935.4
aGVA 2018 (£millions)	8,262.2	1,474.5	20,802.2	4,141.2	5,564.6	4,626.7
2017 to 2018 aGVA Change (£millions)	1,034.0	155.6	2,084.4	20.5	-2.5	-308.7
2017 to 2018 aGVA Change %	14.31%	11.80%	11.14%	0.50%	-0.04%	-6.25%
Largest contributing sub-sector	<i>Other engineering activities</i>	<i>Manufacture of pharmaceuticals</i>	<i>Extraction of crude petroleum and natural gas</i>	<i>Restaurants and mobile food service activities</i>	<i>Manufacture of Beverages</i>	<i>Software/Electronic Publishing</i>
Largest contributing sub-sector - 2017 to 2018 aGVA Change (£millions)	461.9	58.5	3110.7	1.9	253.2	-395.6

³ The Growth Sector is 'Financial and Business Services' - but the coverage of the ABS does not include the financial sector.

⁴ An alternative aGVA measure for the Life Sciences Cluster is available, which uses a sourcebook of companies approach rather than using related SIC codes. Note that the Life Sciences Cluster data are currently available up to 2017:

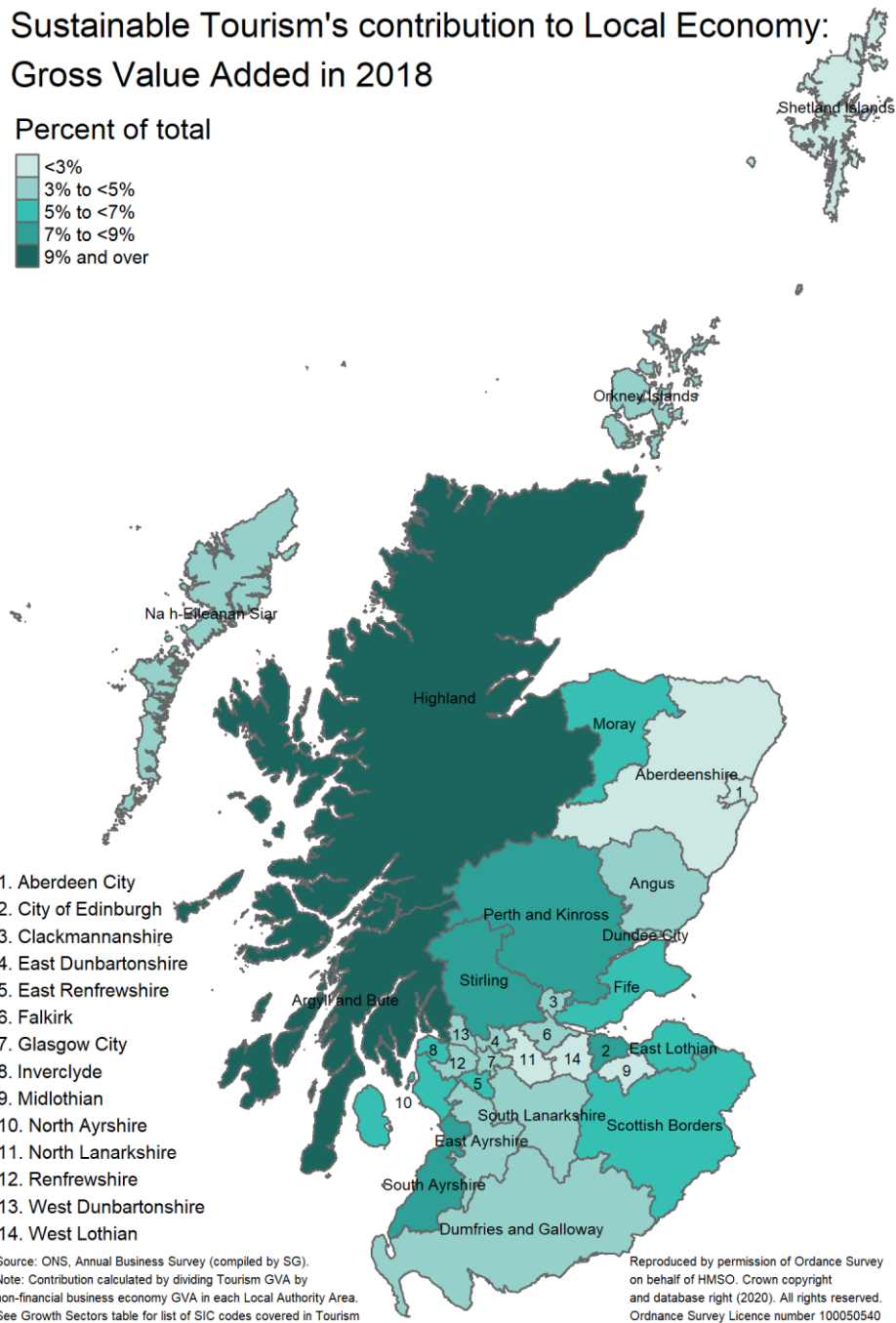
<https://www.gov.scot/publications/growth-sector-statistics/>

⁵ Includes off-shore oil and gas activity.

⁶ The Food & Drink Growth Sector comprises of the following divisions: Agriculture, Fishing & Aquaculture, Manufacture of Food and Manufacture of Beverages. aGVA for Agriculture is sourced from the Economic Report on Scottish Agriculture, aGVA for the other divisions is sourced from SABS.

The contribution that the growth sectors make to local economies varies across Scotland. For example, the Sustainable Tourism growth sector plays a particularly important part in the economies of some of Scotland's more rural areas (Figure 6). In 2018, the Sustainable Tourism sector accounted for 9.4% of the non-financial business economies of both Highland and Argyll & Bute; this compares to 4.2% for Scotland as a whole.

Figure 6. The Sustainable Tourism sector made a particularly high contribution to the local economies in Highland and Argyll & Bute



About the SABS data

The SABS data are sourced from the Annual Business Survey (ABS) conducted by the Office for National Statistics (ONS).

The ABS is a valuable source dataset which is used alongside a number of other datasets in the production of macro-economic statistics for Scotland and the UK as a whole. It is important to note that overall growth rates associated with the ABS are not comparable to the official growth rates for the whole economy given that significant sectors of the economy are not included in the ABS and the results have not been balanced with other datasets. The SABS statistics are therefore best suited to analyses of individual industries rather than the economy as a whole.

The SABS data allows analysis of business structure, ownership and location within detailed sectors of the Scottish non-financial business economy. The full set of SABS 2018 data tables, with time series from 2008 to 2018, are available at:

<https://www.gov.scot/collections/business-and-innovation-statistics/>

Revisions

In general, SABS follows the Revisions Policy for the ONS ABS results i.e. the latest results are provisional until the following year when they may be revised as a result of late returns or information received in the course of the following year's inquiry. So, for example, within SABS 2018 the latest results for 2018 are provisional and will be made final when they are re-published within SABS 2019 - at which point they may be revised due to late returns. The results for 2017, within SABS 2018, have been revised and are now final.

ABS Sample Design

The ABS sample is designed as a stratified random sample of UK businesses from the Inter-Departmental Business Register (IDBR). The survey population or universe is stratified by Standard Industrial Classification (SIC), employment, and country using the information from the IDBR. The sampling scheme is designed to give the best estimates of the population totals for a given sample size and involves selecting all the largest businesses with a progressively reducing fraction of smaller businesses. This method ensures the sample size is kept to a minimum – the data for Scotland is based on ABS returns from around 8,000 businesses.

The ABS returns are grossed up to the register population, so that they relate to all active businesses on the IDBR for the sectors covered.

Quality Measures

Estimates derived from samples invariably produce results which differ from those that would have been obtained from a complete census of all businesses. If a number of different samples were selected then each would produce a different result. Sampling errors measure the extent to which these estimates can be expected to differ from the 'true' value. The standard error is the estimated value of

the sampling error – the closer the standard error to zero, the more reliable the estimate.

Sampling errors for ABS data at Divisional (2-digit SIC) level for Scotland have been published by the Office for National Statistics (ONS) at:

<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/uknonfinancialbusinesseconomyannualbusinesssurveyregionalresultsqualitymeasures>

Sampling errors at the local authority area level for Scotland are published as part of the SABS 2018 data tables.

More quality and methodology information on the strengths, limitations, definitions and uses of the SABS data are available in the SABS Methodology note, available at:

<https://www.gov.scot/collections/business-and-innovation-statistics/>

User Engagement

If you would like to be kept informed about ongoing developments with regards to the SABS publication and future releases of SABS data, please register to receive updates via [Scotstat](#) (under Economy topic pick Business and Industry and/or Productivity).

Contact

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National Statistics Status

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value, and it is our responsibility to maintain compliance with these standards.

These statistics last underwent a full assessment against the Code of Practice for Statistics in 2012. Since the last assessment by the Office for Statistics Regulation, we have continued to comply with the Code of Practice for Statistics and have made improvements to the statistical release - for example by:

- Providing more detailed breakdowns;
- Improving the timeliness of the release;
- Providing more information on the quality of the estimates;
- Improving accessibility.

How to access background or source data

The data collected for this statistical bulletin:

are available through Scottish Statistics website at <http://statistics.gov.scot/>

are available via an alternative route – ONS link:

<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/nonfinancialbusinesseseconomyukandregionalannualbusinesssurvey/2018revisedresults>

may be made available on request, subject to consideration of legal and ethical factors. Please contact industrystatistics@gov.scot for further information.

Complaints and suggestions

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