

(Annual Business Inquiry)

# NI Non-Financial Business Economy 2015 Provisional Local Unit Results

Date: 21 June 2017

Theme: Business and energy

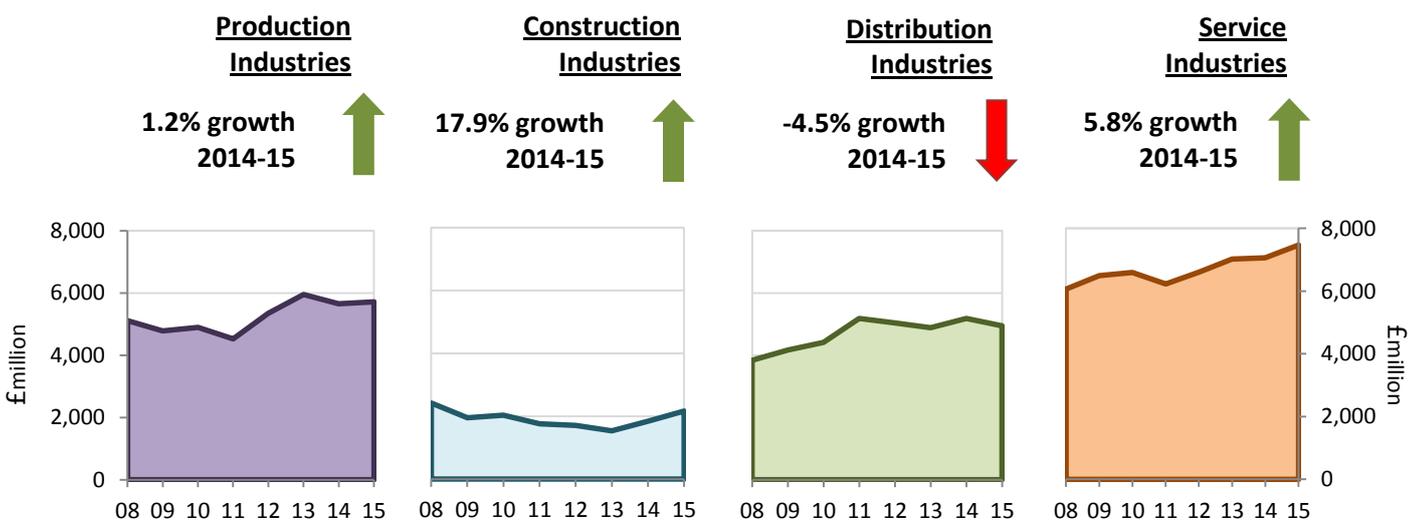
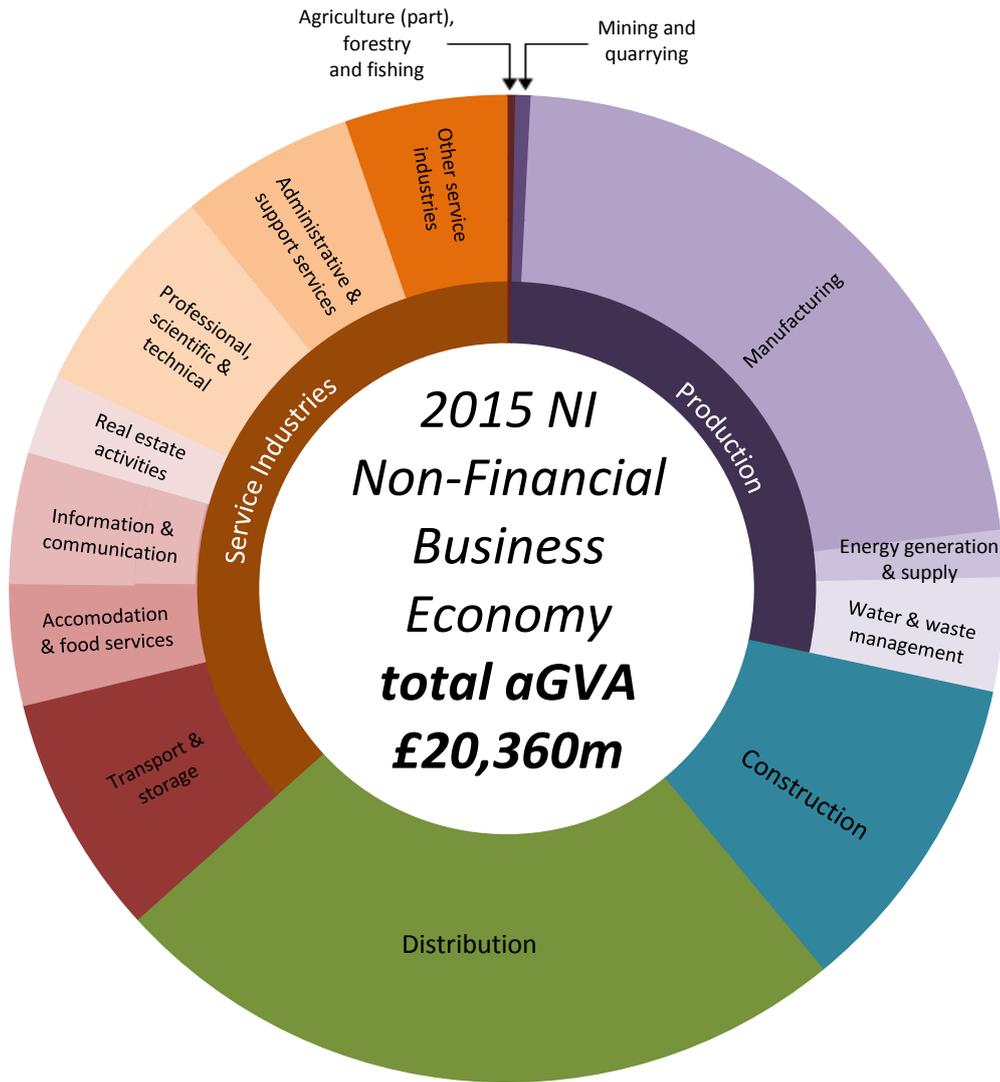
Geographical Area: Northern Ireland

Frequency: Annual

## Key Points

- In 2015, the income generated by businesses in Northern Ireland (NI), less the cost of goods and services used to create this income, was estimated to be £20.4 billion. This amount represents the approximate Gross Value Added (aGVA) at basic prices of the NI Non-financial business economy, excluding farming and financial services.
- The NI Non-financial business economy, as measured by the Northern Ireland Annual Business Inquiry (NIABI), recorded an increase of 2.9% in aGVA from 2014 to 2015.
- The Non-financial Services and Construction sectors both showed growth in aGVA between 2014 and 2015, whilst the Production sector showed a marginal increase and the Distribution sector recorded a decrease.
- The key contributor to the 2015 aGVA growth was the Non-financial services sector with an increase of 5.8% (£407 million) between 2014 and 2015.
- The Construction sector also recorded growth in aGVA, increasing by £330 million (17.9%), from £1.8 billion to £2.2 billion. This was a continuation of the growth in aGVA which began in 2014, following five years of negative growth.
- The turnover of the NI economy increased by 0.7% (£482 million) over the year whilst purchases of goods, materials, energy, water and services fell by 0.8% (£361 million). Employment in NI increased by an estimated 2.7% in 2015.

Figure 1: NI Non-financial business economy: aGVA 2015 and trends by broad industry 2008-2015



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## **National Statistics**

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value.

All official statistics should comply with all aspects of the Code of Practice for Official Statistics. They are awarded National Statistics status following an assessment by the Authority's regulatory arm. The Authority considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate.

It is a producer's responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Authority promptly. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.

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# 1 Introduction and context

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This release contains 2015 provisional and 2014 revised local unit<sup>1</sup> results from the Northern Ireland Annual Business Inquiry (NIABI). The NIABI is a key resource for measuring the size, performance and structure of the Northern Ireland non-financial business economy. It is a survey of businesses covering the Production, Construction, Distribution and Service industries and covers roughly two thirds of the total NI economy. Further information on survey coverage is contained in the background notes.

## **Key variables**

The published estimates include the total value of sales and work completed by businesses (turnover); the value of the purchase of goods, materials and services; approximate Gross Value Added (aGVA) at basic prices and employment. These estimates are further disaggregated at industry level, providing users with an insight into the size and evolution of the overall Non-financial business economy from 2008 to 2015 as well as a measure of the contribution made by different industry sectors. The financial estimates are collected and presented as monetary values. All financial data are reported at current prices (effect of price changes included).

## **Interpretation**

The Non-financial business economy is constantly changing, as businesses merge, are taken over, or change the main focus of their activity. These changes can result in the industry classification of a business changing over time. In industries where movements are common, or where large businesses are involved, these changes can themselves cause large changes in the NIABI estimates. This should be taken into consideration when changes over time are being considered.

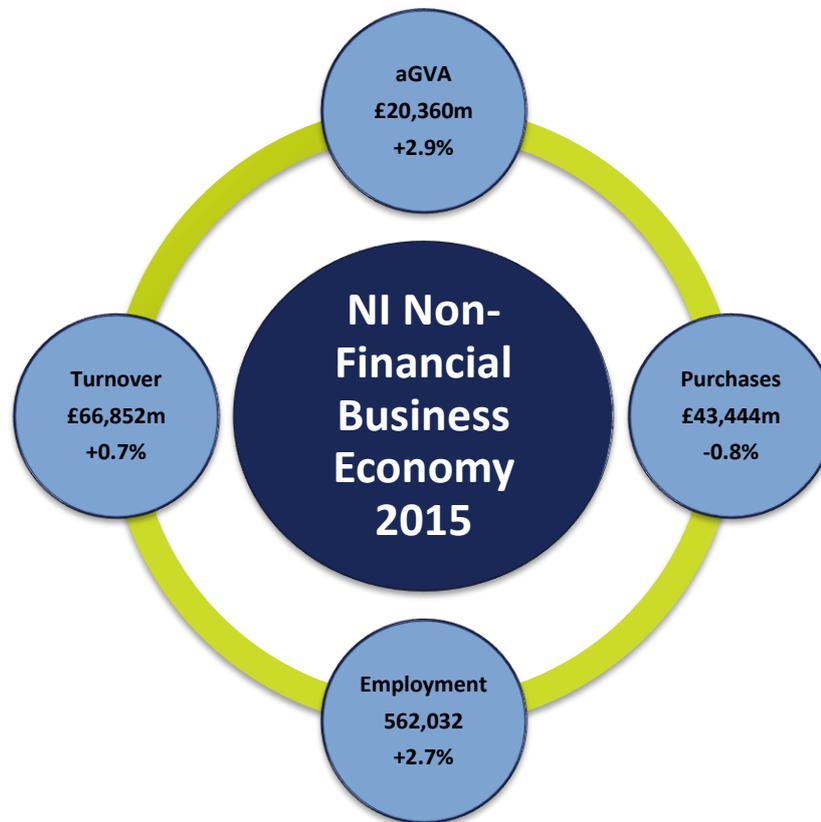
## **Quality indicators**

When interpreting NIABI results, users are advised to refer to the quality indicators provided alongside the estimates in the tables. These indicate that some results have quite large margins of statistical error associated with them. Users should exercise caution when interpreting the annual changes associated with such results. Users should also be aware that methodological improvements governing the treatment of business closures were introduced for the 2011 report. These improvements have been implemented for 2010 to 2015 data. Consequently, although 2008 and 2009 figures are included in this report, users should exercise caution when making comparisons.

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<sup>1</sup> See part (vi) of background notes for definitions and further information.

## 2 Summary and commentary



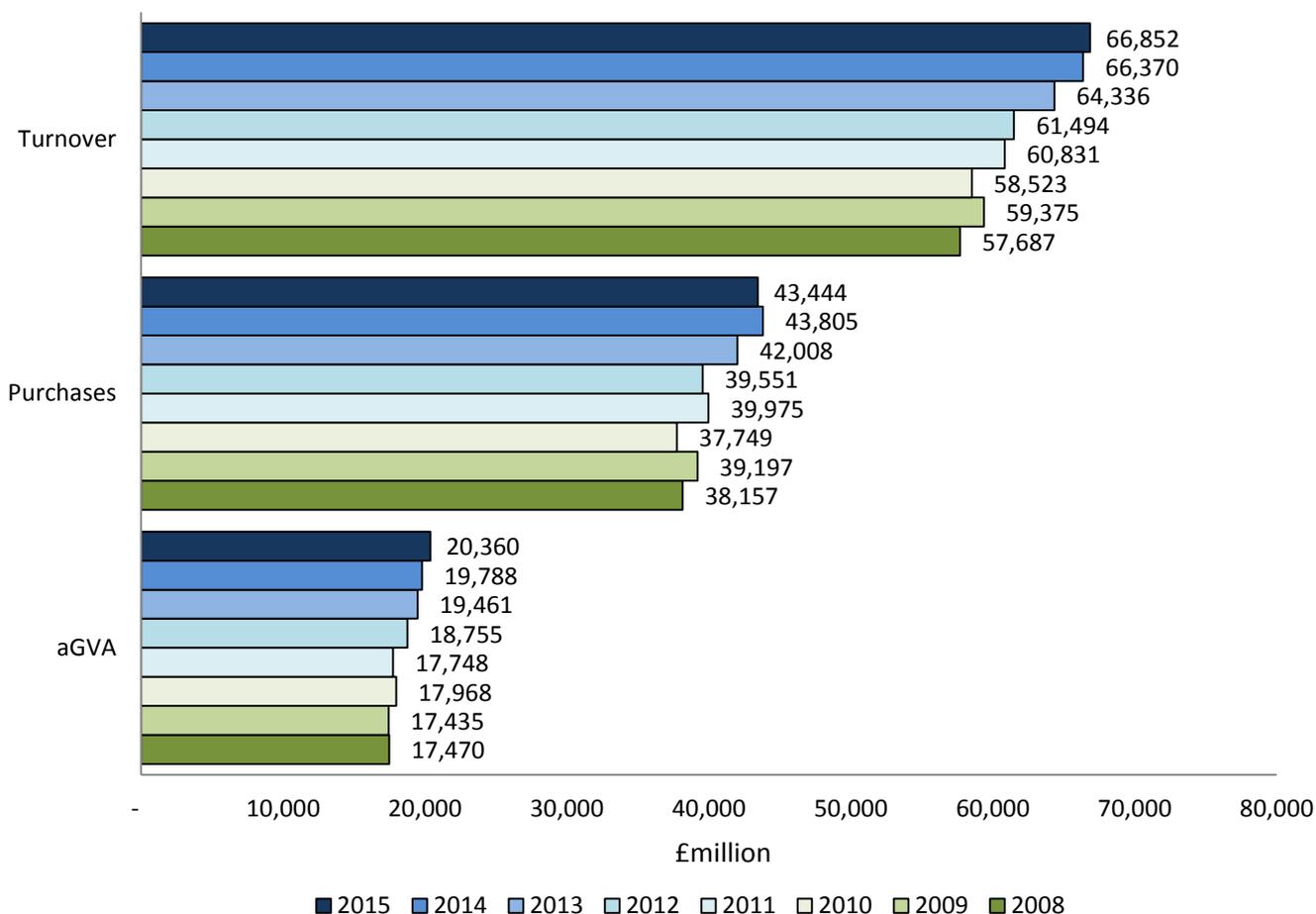
### Turnover, purchases and aGVA

The provisional results of the 2015 NIABI and revised results from the 2014 NIABI show that the turnover generated by businesses in Northern Ireland (NI), less the cost of goods and services used to create this income, was estimated to be £20,360 million in 2015. This figure compares to £19,788 million in 2014 and represents the aGVA of the NI Non-financial business economy (see section (iv) for full details of industry coverage).

Turnover in the NI Non-financial business economy increased for the fifth consecutive year, growing by 0.7% to £66,852 million. The value of purchases of goods, materials, energy, water and services fell by 0.8% year-on-year, from £43,805 million in 2014 to £43,444 million in 2015.

Results for the NI Non-financial business economy show a slower pace of growth for aGVA than the UK overall. UK aGVA recorded an increase of 6.7% compared to 2.9% in NI between 2014 and 2015. Growth in UK aGVA is attributable to declining values for both turnover and purchases while NI aGVA growth was driven by turnover growth. Comparing turnover, the UK fell by 1.2% compared to a 0.7% increase for NI. The value of purchases in NI decreased by 0.8% year-on-year compared to a larger decline of 4.6% for the UK.

**Figure 2: Trends in NI Non-Financial Business Economy: Income and Expenditure 2008 – 2015**



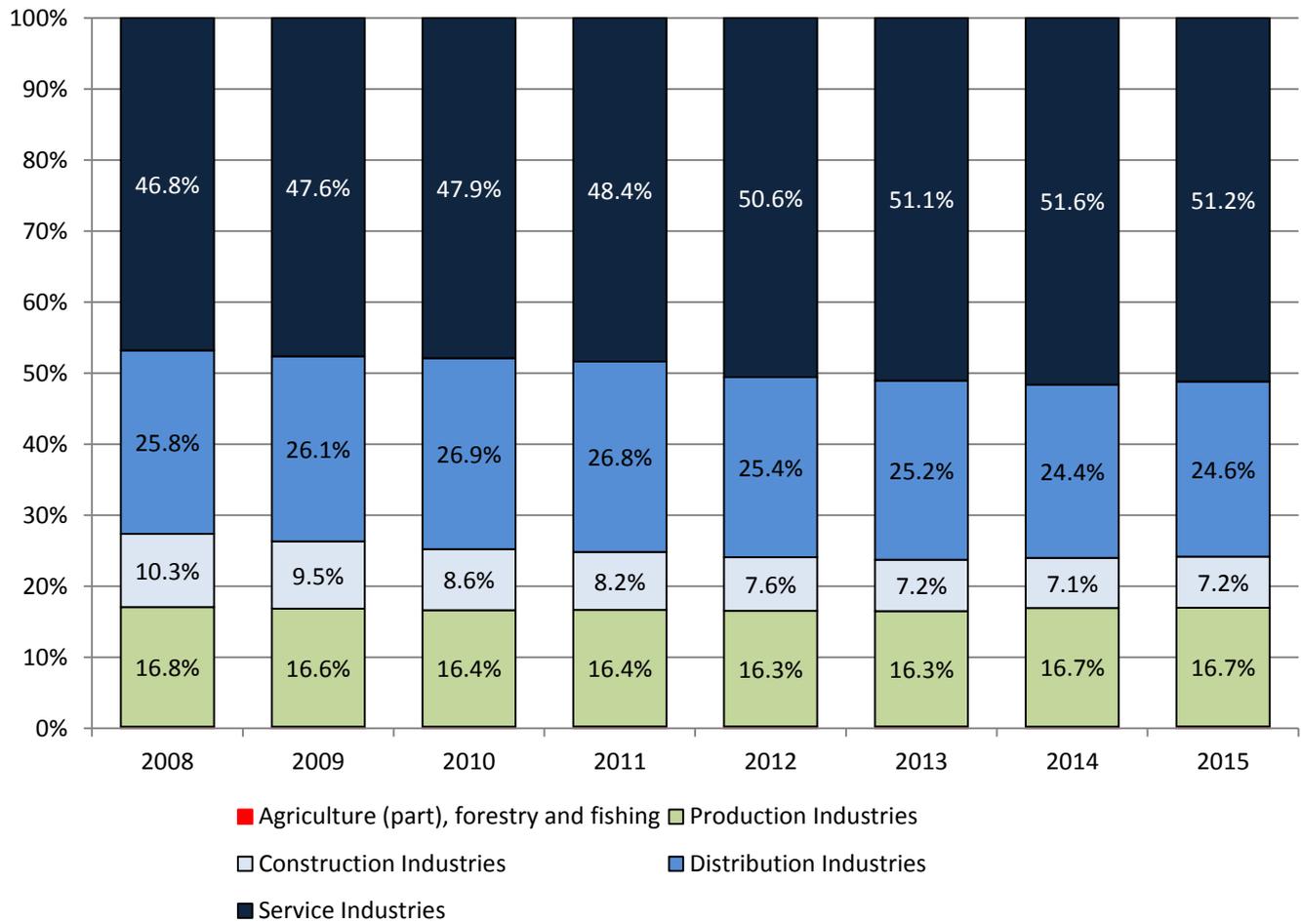
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## Employment

Employment in the NI Non-financial business economy increased for the fourth consecutive year, growing by 2.7% in 2015. Employment in 2015 was estimated to be roughly the same as that recorded in 2008, at the start of the financial downturn.

The Non-financial services sector accounts for approximately 50% of employment in the NI Non-financial business economy, an increase of roughly 4 percentage points since 2008. Employment in the construction sector, although exhibiting growth between 2013 and 2015, has declined as a proportion of total employment, falling from 10% in 2008 to 7% in 2015.

**Figure 3: Trends in NI Non-Financial Business Economy: Employment by industrial section 2008 – 2015**

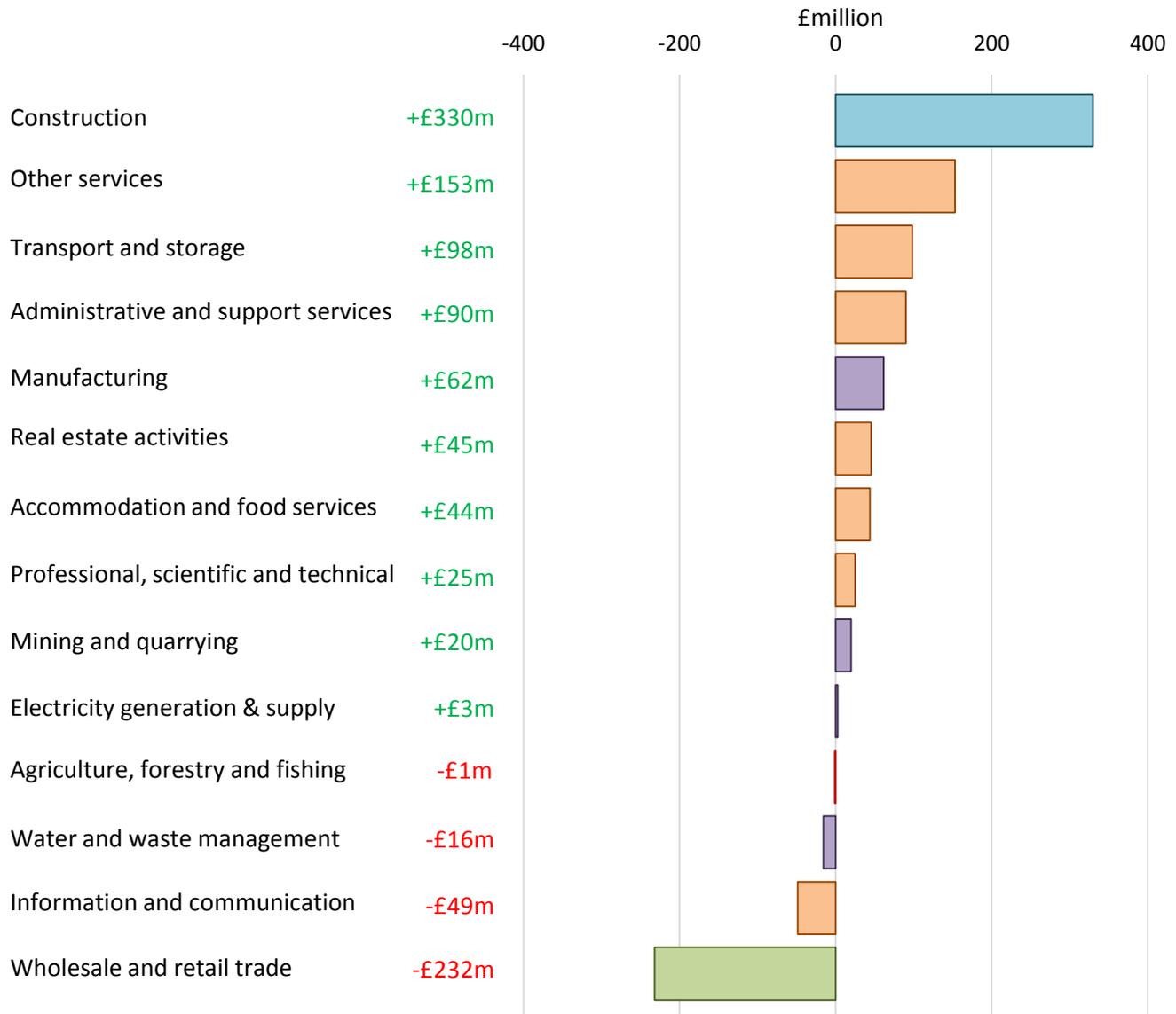


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## aGVA by industrial section

Construction was the largest contributor to aGVA growth, increasing by £330 million between 2014 and 2015. This was somewhat offset by a decline of £232 million in Wholesale and retail trade. With the exception of Information and communication, all Non-financial services sections recorded growth in aGVA between 2014 and 2015.

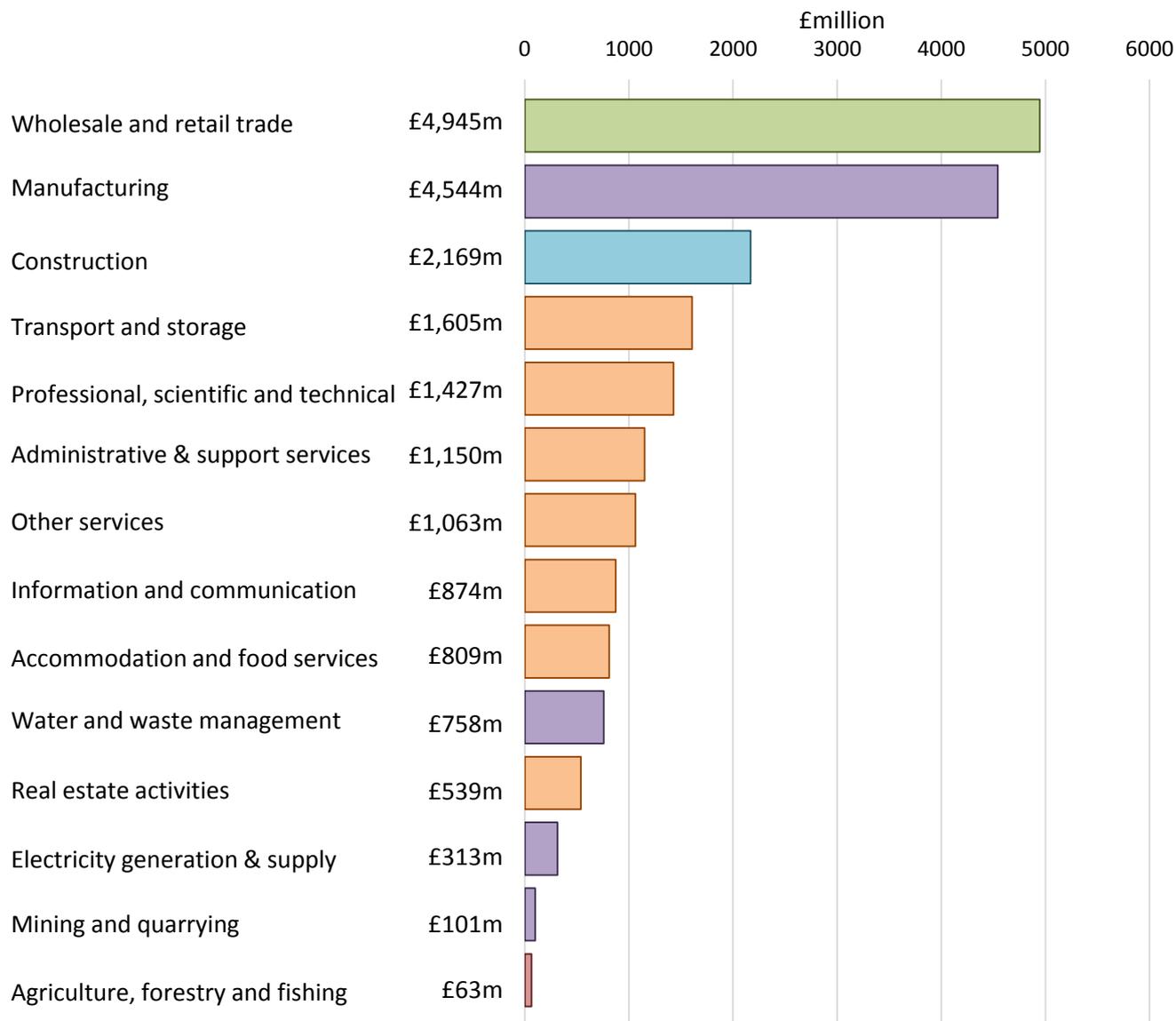
Figure 4: Trends in NI Non-Financial Business Economy: aGVA change by industrial section 2014 – 2015



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Two sections (Wholesale and retail trade and Manufacturing) account for almost half of total aGVA in the NI Non-financial business economy. Wholesale and retail trade is the largest industrial section, contributing £4,945 million (24.3%) of total aGVA. This is followed by Manufacturing, which accounts for £4,544 million (22.3%) of aGVA.

**Figure 5: NI Non-Financial Business Economy: aGVA by industrial section 2015**



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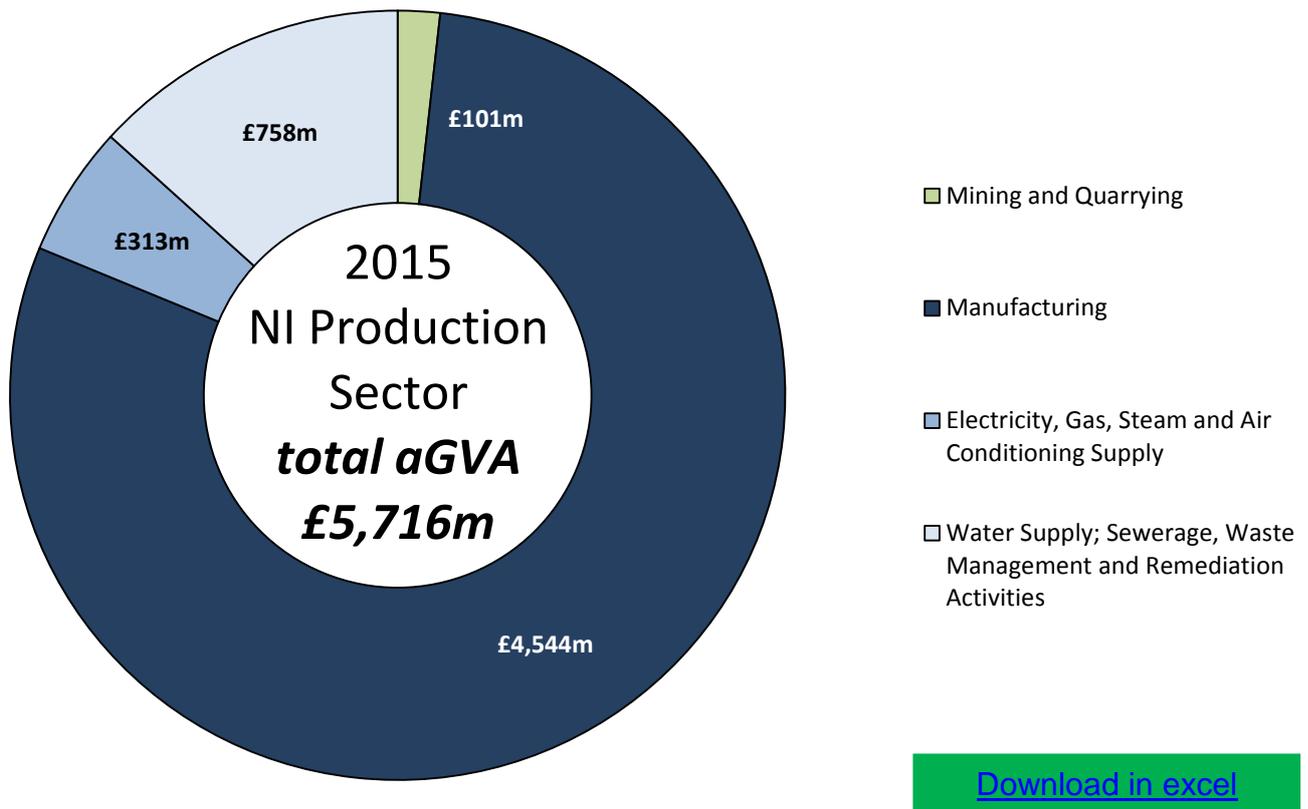
## Production Industries (Sections B-E)

### Turnover, Purchases and aGVA

Sections B through E have been grouped to reflect the structure of the Northern Ireland Production industries, these include: Mining and quarrying; Manufacturing; Electricity, steam and air conditioning supply and Water supply; sewerage, waste management and remediation activities.

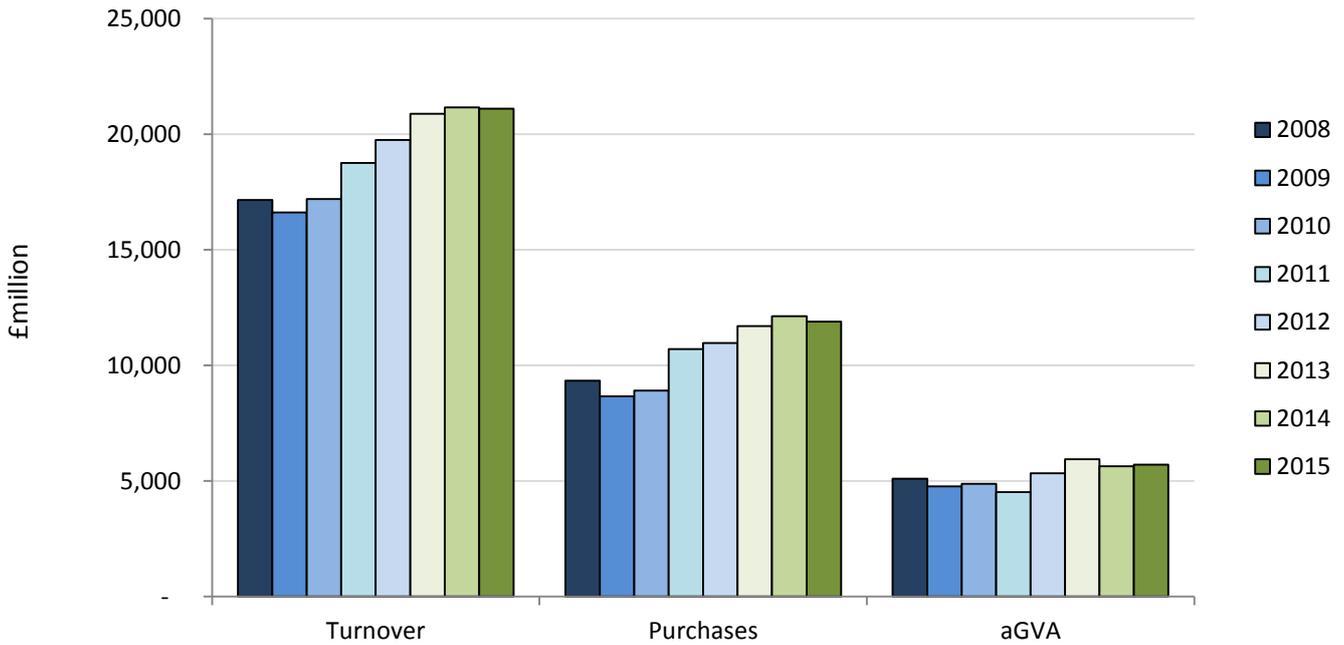
The Production sector, which accounts for 28.1% of aGVA in the NI Non-financial business economy, posted an increase of 1.2% in aGVA between 2014 and 2015. Turnover in the sector showed a small change with a marginal decline of 0.3% year-on-year. Purchases decreased by 2.0%, from £12,137 million in 2014 to £11,892 million in 2015.

Figure 6: NI Production Sector: aGVA by industrial section 2015



The Manufacturing section accounts for approximately 80% of total Production sector aGVA and as a consequence changes in Production tend to reflect movements in Manufacturing. While Manufacturing recorded only small growth of 1.4% in aGVA, other sections within the Production sector have experienced varying performance. aGVA in the Mining and Quarrying section has increased by an estimated 24.4%, driven by a consistent year on year turnover value and a decline of 10.0% in purchases. Water supply and waste management recorded a decline of 2.0% in aGVA while Electricity, gas, steam and air conditioning supply recorded little change year on year in aGVA (0.9%) but declines in turnover (-4.4%) and Purchases (-4.7%).

**Figure 7: Trends in the Production Sector: Income and Expenditure 2008 – 2015**

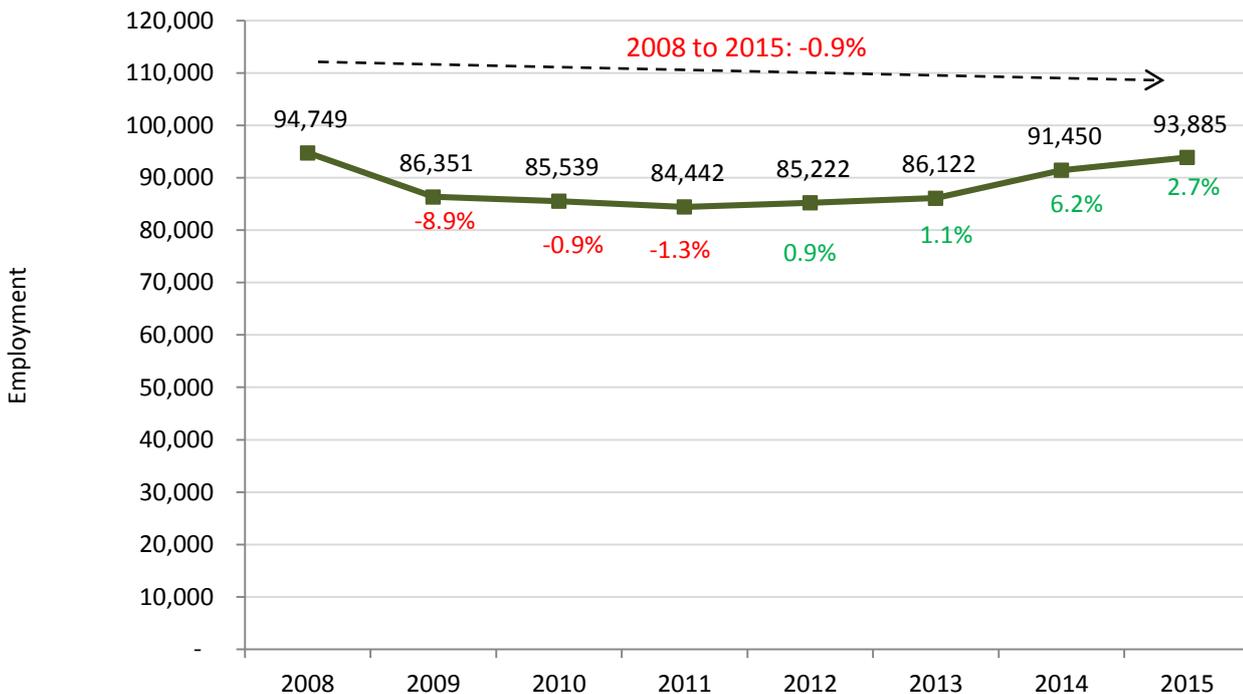


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**Employment**

Employment in the NI Production industries grew by an estimated 2.7% between 2014 and 2015. Between 2010 and 2015 the Production sector recorded 4 consecutive years of employment growth. Despite this, employment in the Production sector remains 0.9% below the level recorded in 2008, at the start of the financial downturn.

**Figure 8: Trends in the Production Sector: Employment 2008 – 2015**

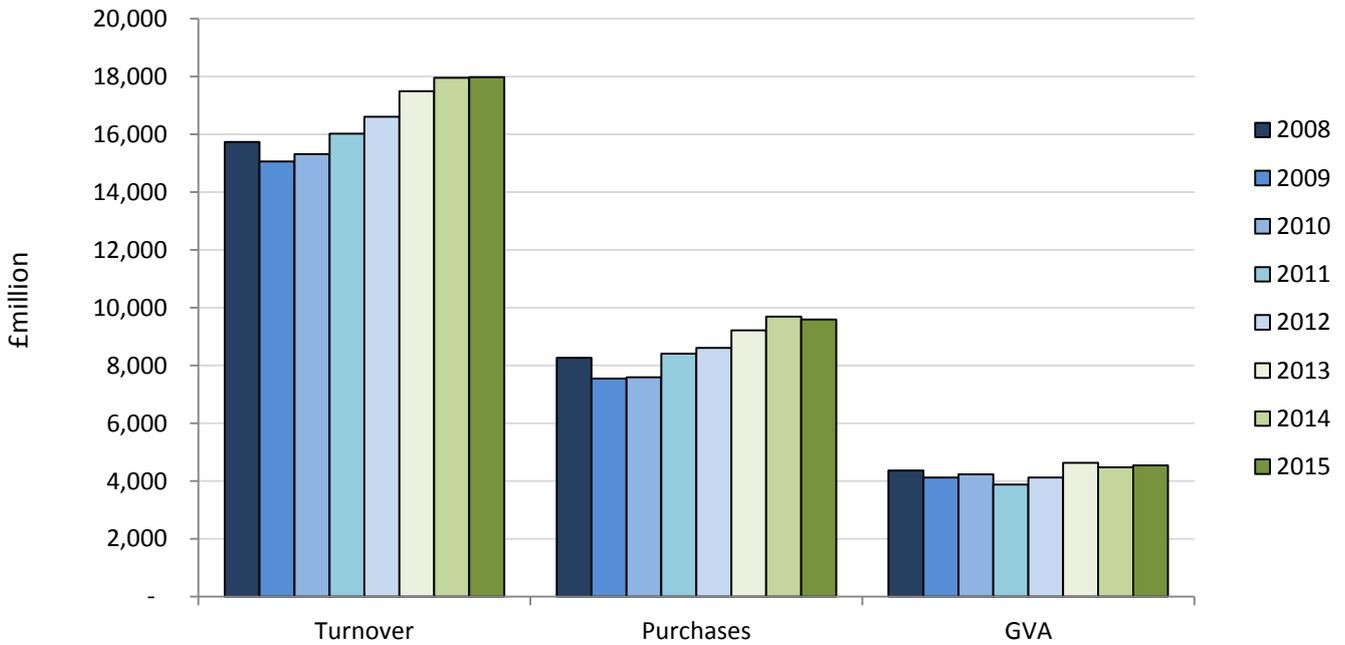


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## Manufacturing

Manufacturing is the largest component industry in the Production sector and accounts for approximately 80% of Production aGVA. In addition, Manufacturing accounts for 22.3% of total aGVA in the Non-financial business economy and is the second largest industrial section. aGVA in the Manufacturing section showed marginal growth of 1.4% between 2014 and 2015. Employment in the Manufacturing section showed continued growth of 2.8% between 2014 and 2015.

Figure 9: Trends in the Manufacturing Sector: Income and Expenditure 2008 – 2015



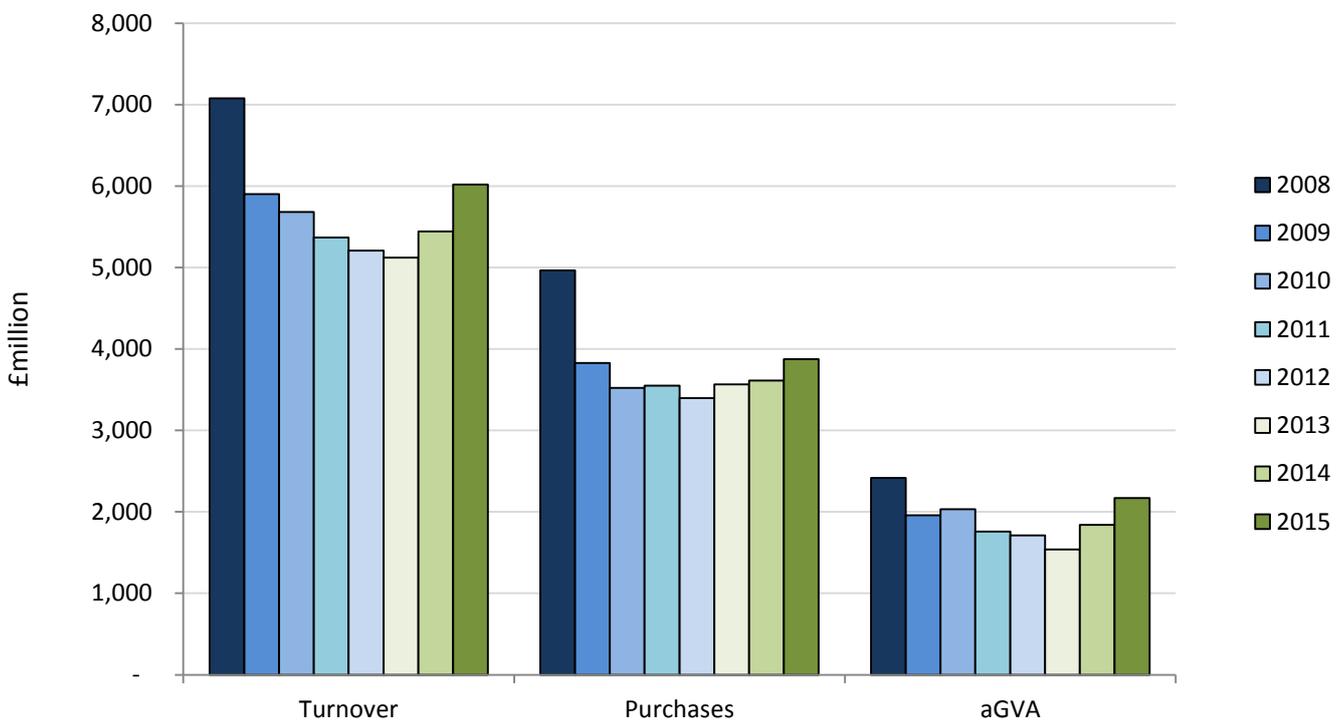
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## Construction Industries (Section F)

The Construction industries cover the entire Northern Ireland Construction section and include: Construction of buildings, Civil engineering and Specialised construction activities (e.g. demolition and site preparation, electrical, plumbing and other construction installation activities, etc).

Following five consecutive years of decline between 2008 and 2013, the Construction sector showed growth between 2014 and 2015 and this recovery continued between 2014 and 2015. Turnover recorded a 10.6% increase year-on-year, growing from £5,443 million to £6,019 million. Purchases increased by 7.3% over the year, while aGVA increased by 17.9%, from £1,839 million in 2014 to £2,169 million in 2015. The construction sector was the largest contributor to aGVA growth in the Non-financial business economy.

**Figure 10: Trends in the Construction Sector: Income and Expenditure 2008 – 2015**

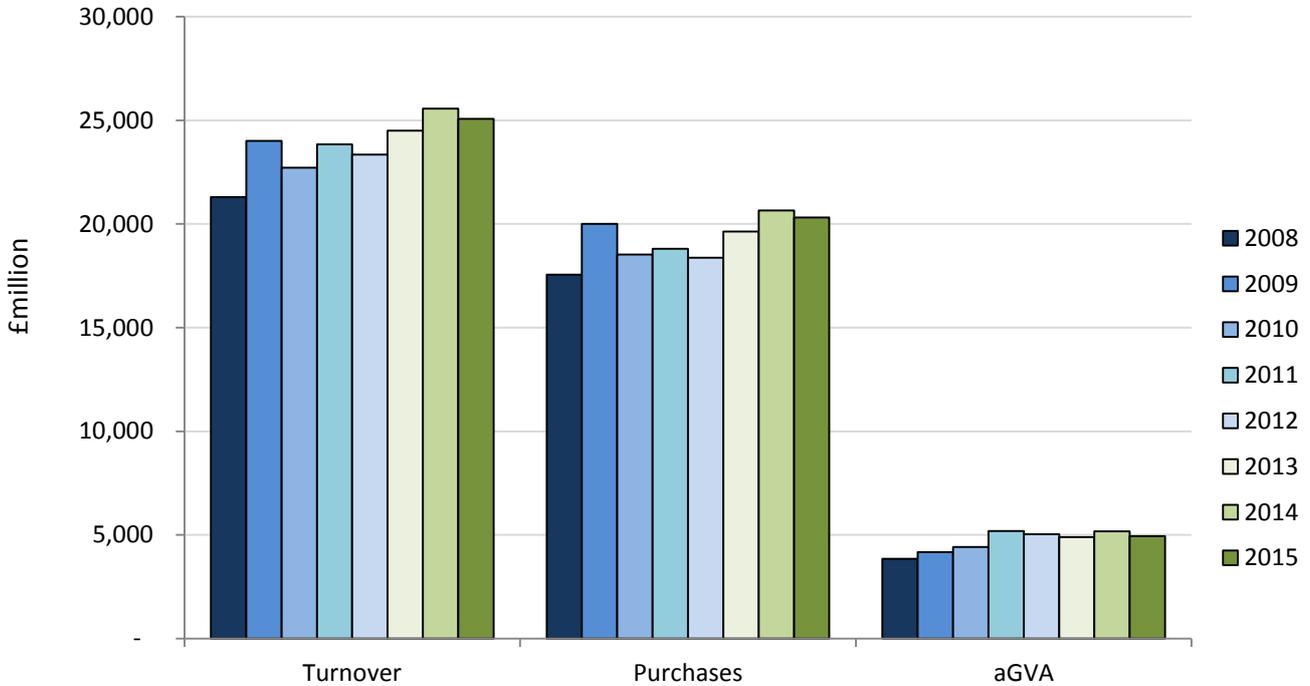


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## Distribution Industries (Section G)

The Distribution industries consist of companies engaged in Wholesale and retail trade and cover the entire Northern Ireland wholesale and retail sector. aGVA in the Distribution industries recorded a decline of 4.5% between 2014 and 2015. There was also a decline in both turnover (1.9%) and purchases (1.6%). A number of factors contributed to this decline, including falling oil and dairy prices during 2015.

**Figure 11: Trends in the Distribution Sector: Income and Expenditure 2008 – 2015**



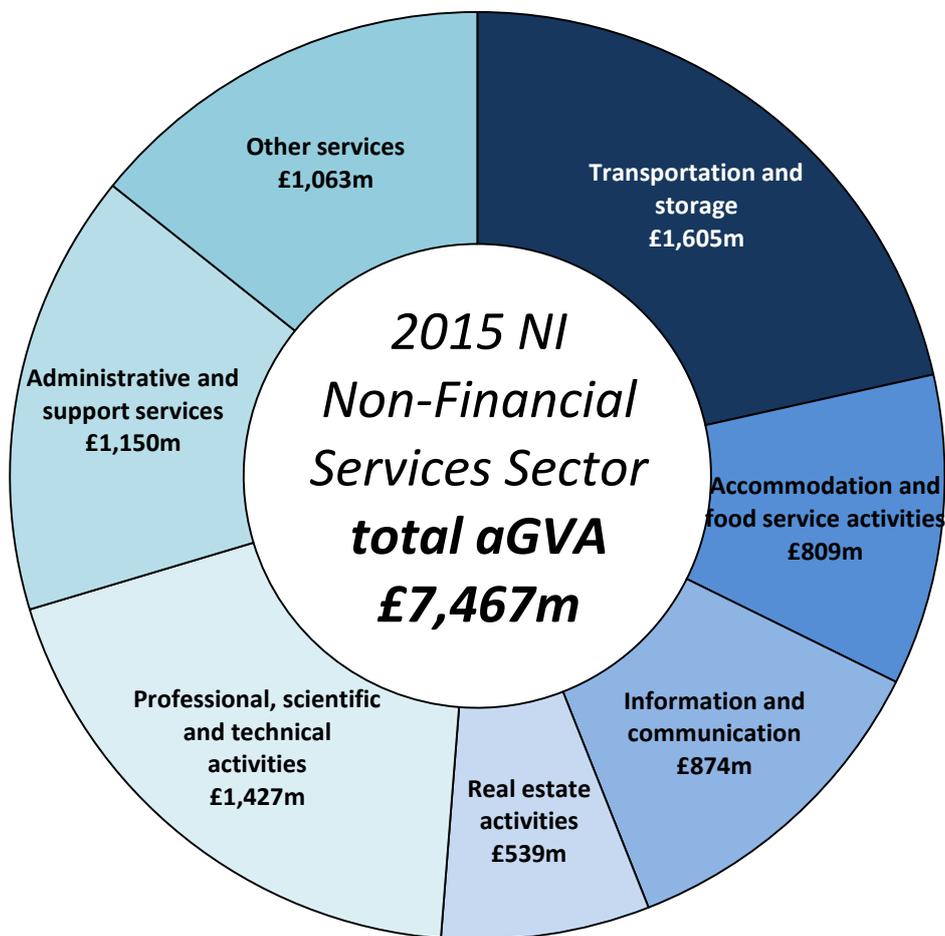
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## Non-Financial Services Industries (Section H–S)

The Non-financial services sector is composed of Transport and storage; Accommodation and food service activities; Information and communication; Real estate activities; Professional scientific and technical activities; Administrative and support service activities; and Others (n.b. Others are sections that are grouped to avoid disclosure of returns).

Representing more than a third (36.7%) of aGVA in the NI Non-financial business economy, even small movements in the Services sector can have a pronounced effect on overall trends. Between 2014 and 2015 aGVA increased by 5.8% to £7,467 million. Turnover grew by 3.2% (£446 million) to £14,506 million. Purchases of goods and services recorded a decrease of 0.7% (£52 million), dropping to £7,281 million.

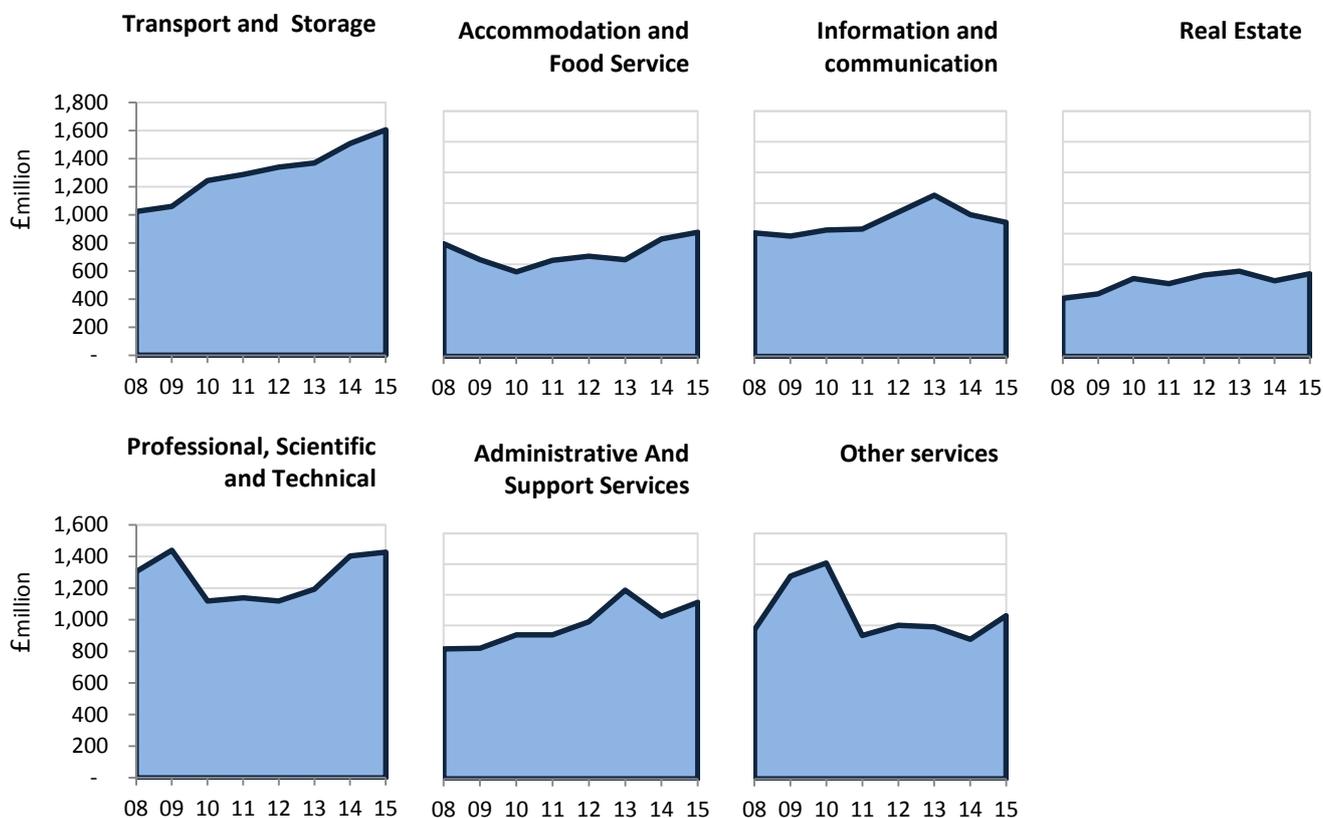
Figure 12: NI Non-financial services Industries: aGVA 2015



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The largest contributor to the increase in the Services industries' aGVA was the Other service activities<sup>2</sup> section, which grew by 16.8% (£153 million), from £910 million to £1,063 million. Other major contributors include Transportation and storage section (+£98 million) and Administrative and Support Service Activities (+£90 million). aGVA in Information and communication recorded a decline between 2014 and 2015, falling by 5.3% or £49 million. This decline was driven by a large growth in the value of purchases in the sector between 2014 and 2015.

**Figure 13: Trends in the Service Industries: aGVA by sector 2008-2015**



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<sup>2</sup> Others includes: education (excluding public education); Human health and social work activities (excluding public health and social work); Arts, entertainment and recreation and Other service activities. The Insurance & re-insurance industries were included for the 2009 and 2010 results; following a decision by the ONS these have been excluded from the 2011 and 2012 results.

### 3 Results by Industry

	CV ≤ 5%
	5% < CV ≤ 10%
	10% < CV ≤ 20%
	CV > 20%

Table 1: NIABI results by industry, 2014 and 2015

	Standard Industrial Classification	Description	Turnover (£million)	Approximate Gross Value Added (aGVA) (£million)	Purchases (£million)	Employment
2014	A – S	Agriculture, fishing, production, construction, distribution and services	66,370	19,788	43,805	547,187
2015			66,852	20,360	43,444	562,032
%change			0.7%	2.9%	-0.8%	2.7%
2014	A (part)	Agriculture, forestry and fishing	132	64	77	1,241
2015			141	63	82	1,539
%change			7.0%	-1.7%	7.0%	24.1%
2014	B – E	Production Industries	21,161	5,648	12,137	91,450
2015			21,105	5,716	11,892	93,885
%change			-0.3%	1.2%	-2.0%	2.7%
2014	B	Mining and quarrying	298	81	208	1,790
2015			298	101	187	1,907
%change			-0.1%	24.4%	-10.0%	6.5%
2014	C	Manufacturing	17,956	4,482	9,701	82,548
2015			17,980	4,544	9,592	84,892
%change			0.1%	1.4%	-1.1%	2.8%
2014	D	Electricity, gas, steam and air conditioning supply	2,045	311	1,724	1,617
2015			1,955	313	1,644	1,928
%change			-4.4%	0.9%	-4.7%	19.3%
2014	E	Water supply, sewerage, waste management and remediation activities	862	774	504	5,496
2015			871	758	469	5,158
%change			1.1%	-2.0%	-7.0%	-6.1%
2014	F	Construction	5,443	1,839	3,611	38,730
2015			6,019	2,169	3,874	40,426
%change			10.6%	17.9%	7.3%	4.4%

**Table 1 (continued): NIABI results by industry, 2014 and 2015**

	Standard Industrial Classification	Description	Turnover (£million)	Approximate Gross Value Added (aGVA) (£million)	Purchases (£million)	Employment
2014	G – S	Distribution and service industries	39,634	12,238	27,981	415,766
2015			39,587	12,412	27,595	426,182
%change			-0.1%	1.4%	-1.4%	2.5%
2014	G	Wholesale and retail trade; repair of motor vehicles and motor cycles	25,574	5,177	20,647	133,400
2015			25,081	4,945	20,314	138,480
%change			-1.9%	-4.5%	-1.6%	3.8%
2014	H - S	Other service Industries	14,060	7,060	7,334	282,366
2015			14,506	7,467	7,281	287,702
%change			3.2%	5.8%	-0.7%	1.9%
2014	H	Transport and storage	3,293	1,507	1,869	28,420
2015			3,469	1,605	1,979	29,285
%change			5.3%	6.5%	5.9%	3.0%
2014	I	Accommodation and food service activities	1,523	765	805	48,817
2015			1,557	809	772	50,521
%change			2.2%	5.7%	-4.1%	3.5%
2014	J	Information and communication	1,695	923	801	20,358
2015			1,737	874	910	20,972
%change			2.5%	-5.3%	13.5%	3.0%
2014	L	Real estate activities	840	493	354	9,800
2015			865	539	353	9,528
%change			3.0%	9.2%	-0.3%	-2.8%
2014	M	Professional, scientific and technical activities	2,468	1,402	1,072	30,652
2015			2,425	1,427	961	31,236
%change			-1.8%	1.8%	-10.4%	1.9%

**Table 1 (continued): NIABI results by industry, 2014 and 2015**

	Standard Industrial Classification	Description	Turnover (£million)	Approximate Gross Value Added (aGVA) (£million)	Purchases (£million)	Employment
2014	N	Administrative and support service activities	1,716	1,060	711	52,483
2015			1,784	1,150	676	53,018
%change			4.0%	8.5%	-4.9%	1.0%
2014	P - S	Others	2,526	910	1,721	91,836
2015			2,669	1,063	1,631	93,143
%change			5.7%	16.8%	-5.3%	1.4%

**Coefficient of Variation**

The coefficient of variation (cv) measures the variability of the values in the table above by expressing the standard error as a percentage of the estimated value. Unlike confidence intervals, which measure variability by providing the range of values between which the mean value for a predetermined percentage of all possible samples would fall, the coefficient of variation expresses variability as an easily comparable percentage. As the coefficient of variation is not measured in any specific unit, it facilitates comparison between surveys measuring different underlying variables. A larger coefficient of variation implies a larger variability.

$$Coefficient\ of\ Variation = \frac{Standard\ Error}{|Parameter\ Estimate|}$$

Standard Error: In statistics, sample estimates such as means and medians deviate from the actual population mean and median; and this deviation is the standard error. Standard error is a statistical term that measures the accuracy with which a sample represents a population and is essentially an indicator of the reliability of the estimate.

Parameter Estimate: The parameter estimate refers to the individual value for each of the variables in the table above. For example the 2015 parameter estimate for turnover in Section A is £141 million.

**Table 2: NIABI results by manufacturing division, 2014 and 2015**

	Standard Industrial Classification	Description	Turnover (£million)	Approximate Gross Value Added (aGVA) (£million)	Purchases (£million)	Employment
2014	10 - 12	Manufacture of food, beverages and tobacco	9,170	1,694	3,623	20,087
2015			8,975	1,730	3,365	19,145
%change			-2.1%	2.1%	-7.1%	-4.7%
2014	13	Manufacture of textiles	157	50	107	1,507
2015			161	55	112	1,717
%change			2.2%	11.1%	4.8%	13.9%
2014	14	Manufacture of wearing apparel	84	30	54	1,013
2015			83	35	49	991
%change			-1.1%	16.8%	-8.3%	-2.2%
2014	15	Manufacture of leather and related products	*	*	*	*
2015			*	*	*	*
%change			*	*	*	*
2014	16	Manufacture of wood and of products of wood and cork; manufacture of articles of straw and plaiting materials	347	98	251	2,909
2015			388	130	265	3,476
%change			11.9%	32.6%	5.3%	19.5%
2014	17	Manufacture of paper and paper products	210	64	146	1,327
2015			227	72	154	1,501
%change			8.4%	12.7%	5.9%	13.1%
2014	18	Printing and reproduction of recorded media	202	85	116	2,020
2015			195	80	115	1,917
%change			-3.7%	-5.7%	-0.7%	-5.1%
2014	19	Manufacture of coke and refined petroleum products	*	*	*	*
2015			*	*	*	*
%change			*	*	*	*

**Table 2: NIABI results by manufacturing division, 2014 and 2015**

	Standard Industrial Classification	Description	Turnover (£million)	Approximate Gross Value Added (aGVA) (£million)	Purchases (£million)	Employment
2014	20	Manufactures of chemicals and chemical products	292	136	159	1,691
2015			304	135	166	1,550
%change			4.3%	-0.1%	4.5%	-8.3%
2014	21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	259	*	166	2,530
2015			265	*	183	2,449
%change			2.5%	*	10.4%	-3.2%
2014	22	Manufacture of rubber and plastic products	821	286	541	5,284
2015			804	249	549	5,751
%change			-2.1%	-12.9%	1.5%	8.8%
2014	23	Manufacture of other non-metallic mineral products	486	162	308	4,028
2015			564	139	389	4,613
%change			16.1%	-14.0%	26.2%	14.5%
2014	24	Manufacture of basic metals	126	47	82	887
2015			115	38	80	942
%change			-9.2%	-18.3%	-1.6%	6.2%
2014	25	Manufacture of fabricated metal products, except machinery and equipment	994	392	609	9,322
2015			1,114	463	675	9,776
%change			12.0%	17.9%	10.8%	4.9%
2014	26	Manufacture of computer, electronic and optical products	764	327	444	5,018
2015			737	278	463	4,754
%change			-3.5%	-15.0%	4.1%	-5.3%
2014	27	Manufacture of electrical equipment	735	144	*	2,877
2015			*	*	*	2,560
%change			*	*	*	-11.0%

**Table 2: NIABI results by manufacturing division, 2014 and 2015**

	Standard Industrial Classification	Description	Turnover (£million)	Approximate Gross Value Added (aGVA) (£million)	Purchases (£million)	Employment
<b>2014</b>	28	Manufacture of machinery and equipment not elsewhere classified	1,077	369	741	5,633
<b>2015</b>			947	295	609	5,520
<b>%change</b>			-12.1%	-19.9%	-17.8%	-2.0%
<b>2014</b>	29	Manufacture of motor vehicles, trailers and semi-trailers	610	143	472	3,720
<b>2015</b>			766	186	566	4,513
<b>%change</b>			25.7%	30.0%	19.8%	21.3%
<b>2014</b>	30	Manufacture of other transport equipment	1,045	141	936	6,595
<b>2015</b>			1,040	185	937	6,800
<b>%change</b>			-0.5%	30.9%	0.1%	3.1%
<b>2014</b>	31	Manufacture of furniture	268	108	164	3,331
<b>2015</b>			312	130	183	3,972
<b>%change</b>			16.3%	20.7%	11.4%	19.2%
<b>2014</b>	32	Other manufacturing	151	65	89	1,383
<b>2015</b>			186	81	105	1,485
<b>%change</b>			23.7%	24.6%	17.1%	7.4%
<b>2014</b>	33	Repair and installation of machinery and equipment	112	53	61	1,295
<b>2015</b>			97	46	52	1,316
<b>%change</b>			-13.5%	-13.4%	-14.5%	1.6%

## 4 Background notes

### (i) About the Northern Ireland Annual Business Inquiry

The Northern Ireland Annual Business Inquiry (NIABI) collects both financial and employment information from businesses and other establishments and covers about two thirds of the economy. This includes the production, construction, distribution and service industries in Northern Ireland but excludes public sector activity for the most part. The coverage of the survey is detailed at section (iv) below.

The 2015 NIABI sampled approximately 10,000 businesses in Northern Ireland from a population of approximately 50,000 businesses in the sample frame: the Inter-Departmental Business Register (IDBR). The IDBR consists of companies, partnerships, sole proprietors, public authorities, central government departments, local authorities and non-profit making bodies in the UK. The NIABI is reliant on the IDBR receiving accurate and timely updates and providing a true reflection of the Northern Ireland business population. Businesses not registered for either Pay As You Earn or VAT are excluded from the frame. Additional information about the IDBR and the characteristics of the businesses covered by the IDBR is available at the link:

<https://www.nisra.gov.uk/statistics/business-statistics/inter-departmental-business-register>

### (ii) Survey reference period

For survey reference period 2015, businesses were asked to make returns for the calendar year 2015. Where this was not possible, returns for business years ending between 6 April 2015 and 5 April 2016 were accepted. Similar procedures operated in previous years. Returns covering fewer than twelve months were accepted for businesses which had started or ceased trading during the year. Estimates were made for those firms providing returns for more than six months while firms providing less than six months were treated as closures in the results process.

### (iii) NIABI sample

Following user feedback and consultation with the Statistics Advisory Committee and the NISRA official statistics user group, the NIABI sample size was boosted from approximately 5,000 in the 2010 survey reference year to approximately 9,000 in 2011. The sample size was approximately 10,000 for the 2015 survey year. This has resulted in improvements to the precision of the estimates, as indicated by the accompanying quality indicators for 2015. This improvement should also be borne in mind when interpreting annual trends.

To maximise survey precision, the Neyman allocation approach to sampling was utilised. Neyman allocation is a sample allocation method that may be used with stratified samples. The purpose of the method is to maximize survey precision, given a fixed sample size. The survey universe was stratified by 2 digit SIC code and employee size band, and all businesses with 50+ employees, or 20+ employees and more than one local unit, were fully enumerated. The current NIABI sample design includes all Manufacturing businesses with 6 or more employees. Businesses falling below the threshold of complete enumeration are selected on a stratified random basis. In addition, certain companies of special interest to policymakers and government agencies (for example, certain Invest NI clients) are added to the sample.

### (iv) Standard Industrial Classification and the coverage of the NIABI

NIABI results are classified according to the Standard Industrial Classification of Economic Activities (SIC) system. The UK is required by European legislation to have a system of classification consistent with the European Union's Industrial classification system. A review of the system was completed in 2007 and implemented in 2008. UK SIC 2007 is divided into 21

sections, each denoted by a single letter from A to U. Below this, further levels of detail are provided at division (denoted by 2 digits), groups (three digits), classes (four digits) and subclasses (five digits).

The SIC 2007 sections covered by the NIABI are as follows:

- A. Agriculture (support activities), forestry and fishing
- B. Mining and quarrying
- C. Manufacturing
- D. Electricity, gas, steam and air conditioning supply
- E. Water supply, sewerage, waste management and remediation activities
- F. Construction
- G. Wholesale and retail trade; repair of motor vehicles and motor cycles  
(Distribution industries)
- H. Transport and storage
- I. Accommodation and food service activities
- J. Information and communication
- L. Real estate activities
- M. Professional, scientific and technical activities
- N. Administrative and support service activities
- P. Education (excludes local authority and central government bodies)
- Q. Human health and social work activities (excludes local authority and central government, and medical and dental practice activities (group 86.2))
- R. Arts, entertainment and recreation
- S. Other service activities

Production Industries are comprised of sections B – E

Service Industries are comprised of sections H, I, J, L, M, N, P, Q, R and S

Following a decision by the Office for National Statistics to discontinue the publication of figures covering Insurance & Re-insurance industries due to ongoing volatility of the estimates, this NIABI publication also excludes estimates for this series. The other main areas that are *excluded* are Public Administration and Defence (section O) while Agriculture, Forestry and Fishing (section A) excludes farming (groups 01.1, 01.2, 01.3, 01.4 and 01.5). Local authority and central Government bodies in Education (section P) and Human Health and Social Work Activities (section Q) have also been excluded from this publication, as has 86.2 (Medical and Dental Practice Activities) within section Q.

#### **(v) Data collection, validation and calculation of NIABI results**

Slightly fewer than 10,000 forms were issued from the NISRA Economic and Labour Market Statistics Branch in March 2016 and the returned forms were subjected to a range of validation and congruency checks. The 2015 response rate was 73.0%.

Data validation was carried out on the returned forms ensuring internal consistency within the form, checking data fell within expected limits or by contacting the company for clarification where appropriate. For non-returns above a selected employment threshold, data were imputed using a methodology which takes account of previous returned data and the performance of other similar businesses. This information was then grossed up to the local unit population, to ensure that results are representative of the sampled population.

Please note that the information presented throughout this bulletin is based on local unit information, and is therefore not directly comparable with earlier NIABI bulletins which are based on reporting unit information. Reporting and local unit definitions can be found in part vi below.

Also, to better meet user needs, and in consultation with ONS Methodology Consultancy Service, NISRA produced these results using Statistics Canada's Generalized Estimation System. This allows the production of estimates with an associated measure of their quality. For more detail of the estimation methodology please consult:

<https://www.nisra.gov.uk/publications/abi-quality-improvement-fund-project>

Users are advised to take into account the quality indicators associated with the estimates when considering the significance of annual changes. These indicate that some results have quite large margins of statistical error associated with them. Users should exercise caution when interpreting the annual changes associated with such results.

Ongoing development of the methodology will be informed by user feedback, both in terms of the usefulness and reliability of the estimates and their comparability with other sources. Any comments should be sent to [abihelpline@nisra.gov.uk](mailto:abihelpline@nisra.gov.uk)

## **(vi) Definitions**

### *Reporting and Local Units*

An enterprise *reporting unit* reports for all the *local units* within the enterprise (for example, the reporting unit for a large supermarket chain will respond with aggregate figures incorporating all its Northern Ireland shops). A *local unit* is an individual site (factory, shop, office, etc.) at which an enterprise conducts its business. For example, a supermarket chain may have shops in Newtownards, Bangor, Limavady, etc, these are local units.

*Approximate Gross Value Added at Basic prices* represents the income generated by businesses, out of which is paid wages and salaries, the cost of capital investment and financial charges before arriving at a figure for profit. It includes taxes on production (e.g. business rates), net of subsidies but excludes subsidies and taxes on products (e.g. VAT and excise duty). This is an output-based measure of aGVA. All published aGVA is given at basic prices. The calculations applied to derive aGVA are noted below.

The calculations used in the NIABI are:

- aGVA AT MARKET PRICES: Total turnover + insurance claims + change in stocks + own account capital expenditure + Computer software programs and databases : developed by own staff for business use – total purchases
- aGVA AT FACTOR COST: aGVA at market prices + subsidies – total taxes + customs & excise drawback
- aGVA AT BASIC PRICES: aGVA at factor cost + business rates + vehicle excise duty

(Please note that aGVA at basic prices is the only published aGVA from the NIABI.)

*Turnover* is defined as total sales and work done. This is calculated by adding to the value of sales of goods produced, goods purchased and resold without further processing, work done and industrial and non-industrial services rendered.

*Purchases* represent the value of all goods, materials and services purchased during the year.

## **(vii) NIABI “Approximate Gross Value Added” and “Regional Gross Value Added”**

The financial information from the NIABI provides a measure of approximate GVA, which is ultimately used to contribute to the picture of the whole economy to be built up for National Accounts purposes at the United Kingdom level. When regional economic accounts are subsequently derived, the resulting measure of Regional Gross Value Added (GVA) is a much

broader based measure relating to the whole economy in a region, taking into account information from a series of economic and labour market surveys. The results of the NIABI only comprise one element of the regional economic account figures, and a number of adjustments are made in line with National Accounts methodologies before estimates of Regional GVA are produced. ONS' most recent Regional GVA estimates for Northern Ireland at industry level relate to 2015 and are scheduled for released on 07 December 2016.

<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgrossvalueaddedincomapproach>

#### **(viii) Comparability with statistics from other sources**

The NIABI is conducted by the Northern Ireland Statistics & Research Agency and while the survey process is similar to that for Great Britain, it is not identical. ONS receive data from NISRA in August and February of each survey year. These data are processed with the Great Britain data to produce UK-wide and regional estimates. NISRA separately process the Northern Ireland data to produce their own regional estimates. These differ from the ONS estimates for a number of reasons:

- Calculation of the weights used to estimate figures for the total population:
  - Calculation of the design or a-weights: The ONS National System computes the design weights for all UK data using the sample design of the GB sample. The NI sample design is quite different from that used by the ONS. The design weights calculated by the ONS system for NI units can therefore differ from those calculated by the NI system. The ONS intend to adopt the use of NI design weights during 2017.
  - Calculation of the g-weights: The ONS National System computes two sets of g-weights: one based on IDBR turnover and another based on IDBR employment. The latter is used for employment costs, whereas the former is used for all the other variables. The Regional System computes g-weights based on local unit employment. In the new NI methodology there is no distinction between national and regional weights: estimates at all levels are based on the same weights, with the g-weights computed with respect to local unit register employment but using a different calibration method to that used in the ONS regional system.
- Regional apportionment: ONS collects all ABS data at reporting unit (RU) level; the regional system apportions RU returns between local units using factors obtained from models. The NIABI collects employment data at local unit level; data of other variables are collected at RU level and then apportioned between the local units. When NI data are processed in the ONS system, new apportioned local unit values, based on the ONS methodology, are obtained and used to produce estimates.
- The NIABI does not collect data for all the variables in the GB questionnaire; in the ONS system, values are derived for the missing variables using a model, and these values contribute towards the estimation of some derived variables.

#### **(ix) Comparability with other NISRA ELMSB publications**

The NIABI provides estimates of employment to enable per head calculations to be made. Preferred estimates of the changes in employment and employee jobs are provided by the Labour Force Survey (LFS) and Quarterly Employment Survey (QES). As dedicated employment surveys, the LFS and QES provide more frequent and accurate measures of the change in employment. By utilising internationally recognised definitions the LFS provides employment figures consistent with international standards. The LFS and QES can be found on the Department for the Economy (DfE) website at:

#### **Labour Force Survey**

<https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey>

## Quarterly Employment Survey

<https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/quarterly-employment-survey>

Within the relevant sectors the turnover figures provided by the NIABI are the most up to date available from ELMSB statistical publications, and ultimately contribute to updating the Inter-Departmental Business Register (IDBR). However for a more comprehensive measure of turnover within the NI economy users are recommended to refer to the IDBR. The IDBR contains information on all businesses in the UK which are VAT registered or operate a PAYE scheme; consequently the IDBR provides a more complete picture of the Northern Ireland business population. The IDBR can be accessed through the DETI website at <https://www.nisra.gov.uk/statistics/inter-departmental-business-register/idbr-background-information>

### (x) Other sources of information

The latest UK national estimates from the Annual Business Survey 2015 can be found at <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/uknonfinancialbusinesseconomy/2015revisedresults> while ONS' regional estimates from the Annual Business Survey 2014 are available at <http://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/uknonfinancialbusinesseconomyannualbusinesssurveyregionalresultssectionsas>

The latest DfE Economic Commentary (November 2016) provides an overview of the state of the Northern Ireland economy, setting it in a global context. This can be found at

<https://www.economy-ni.gov.uk/sites/default/files/publications/economy/DfE%20Economic%20Commentary%20-%20November%202016.pdf>

Information relating to NI sales and exports is available from the Broad Economy Sales and Exports Statistics. This is an experimental annual measure of local businesses' sales to markets outside NI. These statistics can be accessed at <https://www.nisra.gov.uk/statistics/business-statistics/broad-economy-sales-and-exports-statistics>

Further information on the output of Manufacturing, along with Electricity, Gas, Water and Mining & Quarrying industries is available from the Northern Ireland Index of Production (<https://www.nisra.gov.uk/statistics/economic-output-statistics/index-production>) while the Northern Ireland Index of Services (<https://www.nisra.gov.uk/statistics/economic-output-statistics/index-services>) provides a general measure of changes in the output of the private sector service industries in Northern Ireland.

The Construction Output Statistics published in the Northern Ireland Construction Bulletin are intended to provide a general measure of quarterly changes in the volume and value of construction output in Northern Ireland. These statistics can be accessed at <https://www.nisra.gov.uk/statistics/economic-output-statistics/construction-output-statistics>

The Composite Economic Index provides a weighted measure of output by broad industry sector and employee jobs in the public sector to provide an overall measure of change in the Northern Ireland economic activity <https://www.nisra.gov.uk/statistics/economic-output-statistics/ni-composite-economic-index>

### (xi) Uses of the NIABI

- The central structure and periodicity of the NIABI is driven by the legal requirements to provide data for the UK Annual Business Survey, UK National Accounts and European Structural Business Statistics (SBS)

- Additionally the NIABI is used by the Government as a means of monitoring the progress of economic policy and to help set and measure economic targets.
- Outside government the data is used by a variety of different private sector and academic analysts to assist with industrial and investment decisions.

For a more comprehensive explanation of customers' use of the NIABI please follow the link below:

<https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/summary-of-usage-of-the-niabi.pdf>

### (xii) User feedback

Development of the NIABI is designed to meet the needs of data users as identified during statistical user group meetings. Enhancements to the survey including an increase in sample size have been driven by feedback received through these consultations. Minutes of the meetings are available using the link below:

<https://www.nisra.gov.uk/statistics/nisra-economic-and-labour-market-statistics-elms/statistical-protocols-and-compliance>

### (xiii) Quality reporting

A summary quality report for the NIABI can be found at

<https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/December-2016-NIABI-Quality-Report-final.PDF>

This report describes in detail the quality of the statistics presented in this publication (in terms of relevance, accuracy, timeliness and punctuality, accessibility and clarity, coherence and comparability, trade-offs between output quality components, assessment of user needs and perceptions, performance, cost and respondent burden and confidentiality, transparency and security).

### (xiv) Status of figures in current bulletin

It is normal practice to revise the data from the previous year based on ongoing data validation and clarification of responses from individual businesses. This bulletin contains detailed provisional local unit results for the Northern Ireland ABI industries (2015). These 2015 provisional figures will be subject to revision to take account of additional information. The NIABI revisions policy can be accessed at <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/niabi-revisions-policy.pdf>

In line with this and with the NIABI revisions policy, provisional NIABI estimates for 2014 have been revised throughout this publication. The table below provides details of revisions to 2014 data.

**Table 2: Size of revisions to previously published 2014 data**

	Provisional 2014 (£)	Revised 2014 (£)	% change
<b>Turnover</b>	65,266	66,370	1.7%
<b>Purchases</b>	42,705	43,805	2.6%
<b>aGVA</b>	19,800	19,788	-0.1%
<b>Employment</b>	544,082	547,187	0.6%

Turnover, purchases and aGVA values are reported in £million unless otherwise specified. NIABI reporting unit results are published in December, while local unit results are published the following summer. The Economic and Labour Market Statistics Branch statistics publication schedule is available at <https://www.nisra.gov.uk/statistics/nisra-economic-and-labour-market-statistics-elms/about-nisra-elms> The list of people given pre-release access to this publication is available at: <https://www.nisra.gov.uk/statistics/nisra-economic-and-labour-market-statistics-elms/statistical-protocols-and-compliance>

**(xv) Disclosure**

The NIABI is conducted under the Statistics of Trade and Employment (Northern Ireland) Order 1988 and great care is taken to avoid disclosing information about individual enterprises (in line with the stipulations in Article 7 of the Order). Figures which would be likely to disclose particulars relating to an enterprise are not published (i.e. they are suppressed) unless prior written consent for their publication has been obtained directly from the business. The Northern Ireland Statistics & Research Agency Economic & Labour Market Statistics confidentiality statement can be accessed at the following link: <https://www.nisra.gov.uk/publications/dof-confidentiality-statement>

**(xvi) Next publication**

The 2016 reporting unit publication will be published in November 2017.

**For further information**

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