Output in the Construction Industry, July 2014 and New Orders Q2 2014

Coverage: **GB**
Date: **12 September 2014**
Geographical Area: **Region**
Theme: **Business and Energy**
Theme: **Economy**

Key Points

- This statistical bulletin provides users with the latest estimates of output in the construction industry for July 2014 and for New Orders for Q2 2014. Output is defined as the amount charged by construction companies to customers for value of work (produced during the reporting period) excluding VAT and payments to sub-contractors.

- There was estimated to be no growth in the seasonally adjusted estimate of construction output in July 2014 when compared with June 2014. By type of work there were however, variations with increases in infrastructure (3.3%), private commercial (1.0%) and total housing (0.8%); largely offset by a decrease in non-housing repair and maintenance (4.1%). Despite this decrease in June 2014 non-housing repair and maintenance was estimated to be at its highest level since the monthly series began in January 2010.

- The second estimate of GDP for Q2 2014 published on 15 August 2014 included an estimate of construction which showed no growth. For this publication, in line with national accounts revisions policy, no periods prior to July 2014 were open for revision, hence this estimate is unchanged.

- In July 2014, output in the construction industry showed continued year-on-year growth for the 14th consecutive month, increasing by 2.6%. However, this growth was the weakest since November 2013 (1.5%).

- New orders for construction in Q2 2014 was estimated to be 3.8% higher than in Q1. There were increases in infrastructure (20.8%), private commercial (9.6%), public new housing (7.3%), and public other new work (0.3%). Private new housing and private industrial fell by 6.3% and 1.9% respectively. Despite these falls the levels of these series were still higher than the downturn in this series which began in Q1 2009.

Introduction

Construction output estimates are a short term indicator of construction output by the private sector and public corporations within Great Britain and are produced from a monthly survey of 8,000 businesses in Great Britain. The estimates are produced and published at current prices (including inflationary price effects) and at chained volume estimates (with inflationary effects removed) both seasonally and non-seasonally adjusted.

Detailed estimates along with a longer run of time series data are available to download in the Output in the Construction Industry, July 2014 reference tables. In these tables, users will find chained volume estimates back to Q1 1997 and monthly estimates back to January 2010. Current price non-seasonally adjusted data are available back to Q1 1955. More information on these statistics can be found in the 'Definitions and explanations' section in the background notes.

It should be noted that due to seasonal adjustment taking place on a short span of data points used to interpret the seasonal effects (55 months), there is potential for increased revisions until the seasonal pattern is established within the time series. The seasonal pattern is generally established after 60 months in a monthly time series.

New orders in the construction industry estimates are a short term indicator of construction contracts for new construction work awarded to main contractors by clients in both the public and private sectors within the UK. The estimates are produced and published both seasonally and non-seasonally adjusted at current prices (including inflationary price effects) and at constant prices (with inflationary effects removed). Since Q2 2013 these data have been supplied by Barbour ABI. Further details can be found in the background notes section of this bulletin.

Detailed estimates on new orders are available to download in the New Orders in the Construction Industry, Q2 2014 reference tables. In these tables, users will find volume estimates back to Q1 1964, current price data are also available for this time period. Value data is available for a more granular level of type of work back to Q1 1985 along with regional data for the main types of work.

Economic Context

Construction output is a component in the production approach to measuring gross domestic product (GDP), accounting for 6.3% of total GDP, based on 2010 weights. Due to the high value of construction in GDP and its stand alone status as a key economic indicator, the construction estimate is widely used by economists and industry specialists as an aid to economic interpretation and forecasting.

Construction output in July 2014 was 2.6% higher than in the same month a year earlier. On a monthly basis construction output growth was flat (0.0%). Monthly outturns can be volatile and despite the subdued outturn for July, the annual rate shows strong growth for construction output. This is largely consistent with the performance of the broader UK economy and external economic indicators over this period.

The largely positive picture of construction sector output over the last year is reflected in a range of external surveys. The Agents' Summary of Business conditions for August noted that growth in

construction output remained strong. In the housing market, the ONS House Price Index showed that UK house prices increased by 10.2% in the year to June 2014, which – all else equal – is likely to encourage developers to increase the supply of new homes. DCLG data on new housing starts in England supported this view: housing starts in Q2 2014 were 18% higher than in the same quarter a year earlier and housing completions were 7% higher over the same period.

These positive indicators followed the Bank of England's Inflation report (August 2014), which suggested that housing transactions had fallen in Q2 2014. Some of this weakness may have arisen as a result of the implementation of the Mortgage Market Review and its impact on mortgage approvals, which have been lower in the early part of the year. However, the Agents' Summary noted that despite these recent trends, house building output growth had not been affected. In sectors outside of housing the Agents' Summary noted that infrastructure spending had risen recently.

More information on how construction output has fared during economic downturns can be found in the article 'UK Construction Industry downturn in a historic context'.

Output in the Construction Industry - July 2014

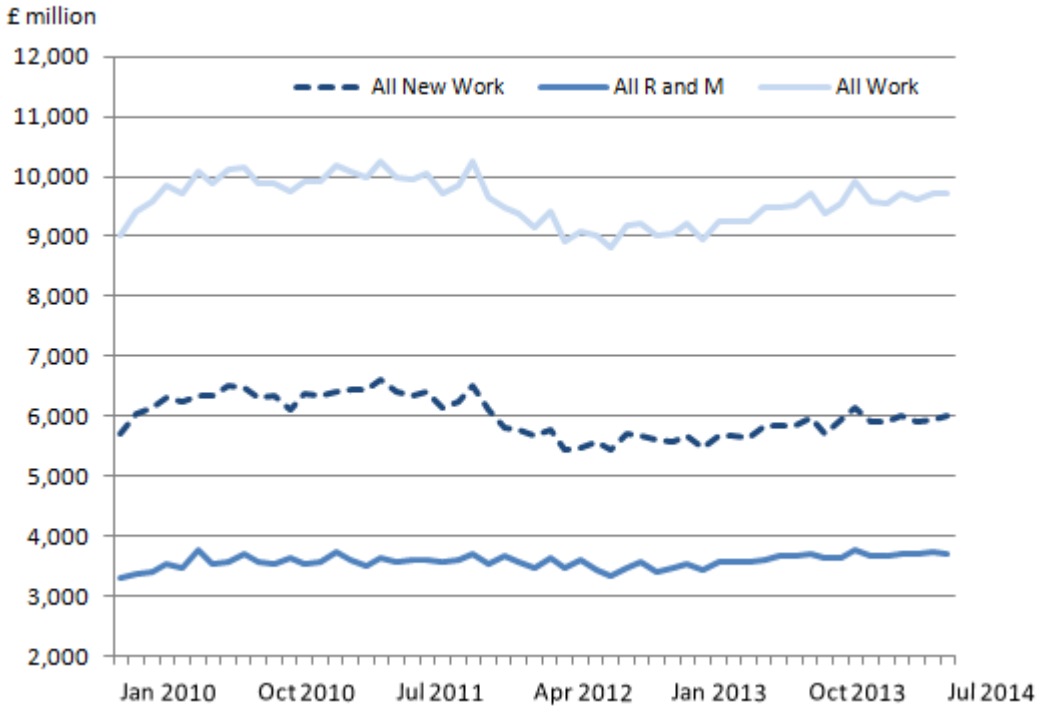
All work

In July 2014 all work increased by:

- 0.0% compared with June 2014
- 2.6% compared with July 2013

Figure 1 shows the two main components of all work. The chart shows that the underlying pattern in all work has been one of growth and a similar pattern also seen in both new work and repair and maintenance. The fall in July 2014 in repair and maintenance negated the increase seen in new work resulting in a flat month on month picture.

Figure 1: All work, monthly time series, chained volume measures, seasonally adjusted



Source: Construction: Output & Employment - Office for National Statistics

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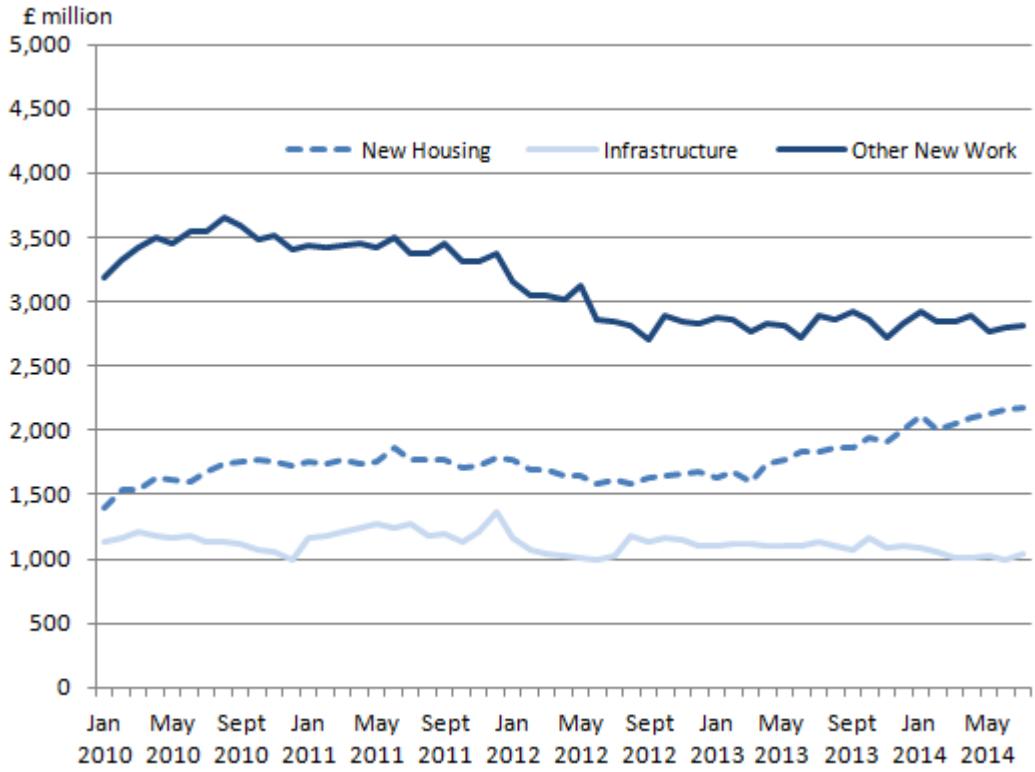
Figure 2 shows the components that make up all new work. The chart shows that there has been a strong increase in new housing since early 2013. With infrastructure and other new work showing a fairly constant level since this point, it suggests that the growth in all new work came primarily from new housing.

Figure 2: Components of all new work, monthly time series, chained volume measures, seasonally adjusted



Source: Construction: Output & Employment - Office for National Statistics

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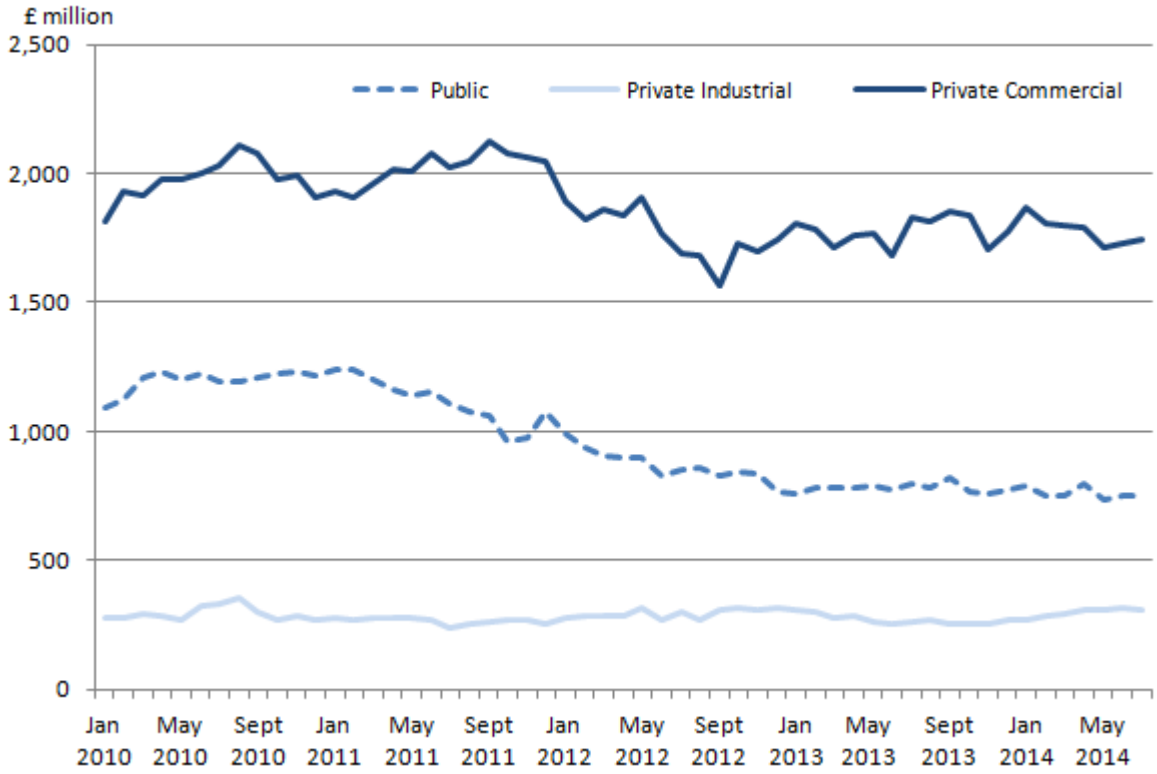
Looking at other new work, as shown in figure 3, the increase in private commercial new work this period did little to improve the longer term picture for this sector. Public new work continued at a low level, while private industrial fell this period, bringing an end to the continuous growth seen in this type of work since December 2013.

Figure 3: Components of other new work, monthly time series, chained volume measures, seasonally adjusted



Source: Construction: Output & Employment - Office for National Statistics

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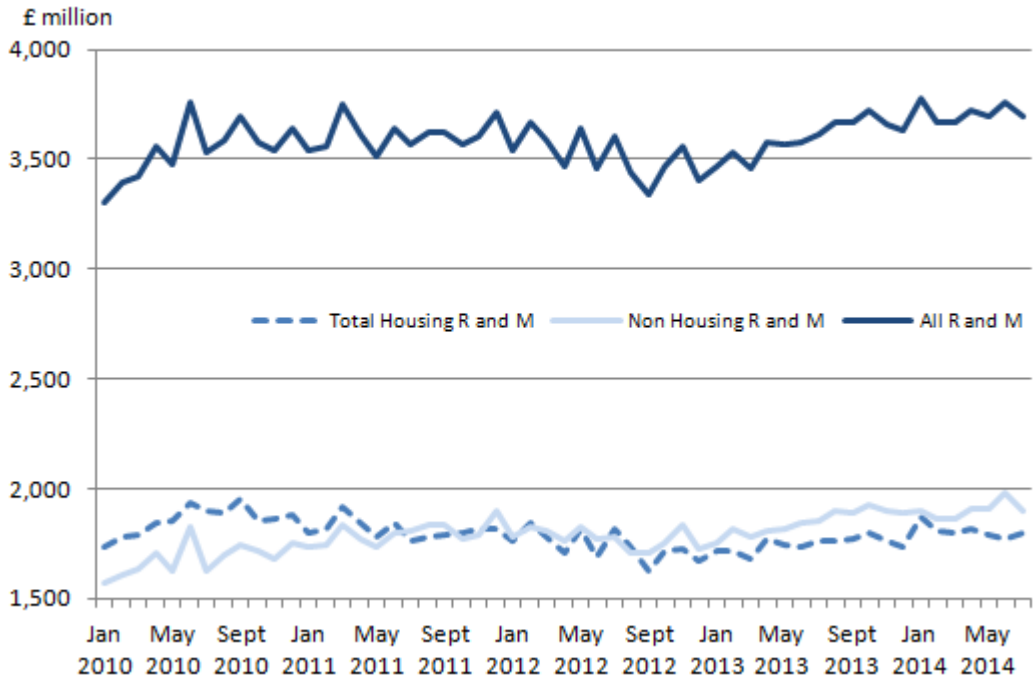
Figure 4 shows the components included in repair and maintenance. The chart shows that in July 2014 all repair and maintenance decreased by 1.5% of which the main contributor was non-housing repair and maintenance, which fell by 4.1% when compared with June 2014. The level of non-housing repairs and maintenance in June 2014 was the highest figure recorded since the series began in January 2010.

Figure 4: Components of repair and maintenance, monthly time series, chained volume measures, seasonally adjusted



Source: Construction: Output & Employment - Office for National Statistics

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(21.5 Kb)

Table 1: Component comparison to previous levels (£million)

	New Housing			Other New Work				All New Work
					Excluding Infrastructure			
	Public	Private	Total	Infrastructure	Public	Private Industrial	Private Commercial	
Current volume	488	1,692	2,180	1,034	753	313	1,744	6,023
Lowest volume*	316	1,071	1,392	987	739	241	1,564	5,441
Date	Jan 13	Jan 10	Jan 10	Dec 10	May 14	Jul 11	Sep 12	Jun 12
Highest volume*	489	1,692	2,180	1,363	1,240	357	2,123	6,621
Date	Jun 14	Jul 14	Jul 14	Dec 11	Feb 11	Aug 10	Sep 11	Jun 11
Percentage change from lowest volume	54.4	58.0	56.6	4.8	1.9	29.7	11.5	10.7
Percentage change from highest volume	-0.2	0.0	0.0	-24.1	-39.3	-12.4	-17.9	-9.0

Table notes:

1. Monthly time series data for these components begins in January 2010

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(29 Kb)

Summary of growth rates for all work types

Table 2 provides a summary of growth rates across the different types of construction work in July 2014. Some key points from this table are as follows:

- The flat month-on-month figure for all work was due to non-housing repair and maintenance. Year on year the increase in all work was due to a rise in both all new work and repair and maintenance.
- The growth in all new work on the year, was mainly due to growth in new housing and private industrial. However, month-on-month growth was mainly due to infrastructure.

- The month-on-month fall in repair and maintenance was due to a fall in non-housing repair and maintenance. However, year-on-year all three sub-sectors contributed to the overall increase.

Table 2: Construction output summary tables, chained volume measures, seasonally adjusted

	Percentage change				£million
Construction	**Most recent 3 months on a year earlier**	**Most recent 3 months on 3 months earlier**	**Most recent month on the same month a year ago**	**Most recent month on the previous month**	**Most recent level**
Total All Work	3.9	0.6	2.6	0.0	9,721
Total All New Work	4.0	0.5	2.8	1.0	6,023
Total Repair & Maintenance	3.6	0.8	2.2	-1.5	3,698
All New Work					
Total All New Work	4.0	0.5	2.8	1.0	6,023
New Housing					
Public Corporations	28.5	6.7	30.1	-0.2	488
Private Sector	16.5	4.8	15.9	1.1	1,692
Other New Work					
Infrastructure	-8.6	-1.0	-9.2	3.3	1,034
Excl Infrastructure					
Public Corporations	-5.2	-2.2	-5.8	0.1	753

	Percentage change				£million
Construction	**Most recent 3 months on a year earlier**	**Most recent 3 months on 3 months earlier**	**Most recent month on the same month a year ago**	**Most recent month on the previous month**	**Most recent level**
Private Sector					
Private Sector - Industrial	20.7	6.0	20.3	-2.0	313
Private Sector - Commercial	-1.7	-3.8	-4.6	1.0	1,744
Repair & Maintenance					
Total Repair & Maintenance	3.6	0.8	2.2	-1.5	3,698
Housing					
Public Corporations	1.2	0.1	1.8	-0.3	566
Private Sector	2.7	-2.0	2.1	2.1	1,230
Non-Housing	5.0	2.9	2.4	-4.1	1,902

Table source: Office for National Statistics

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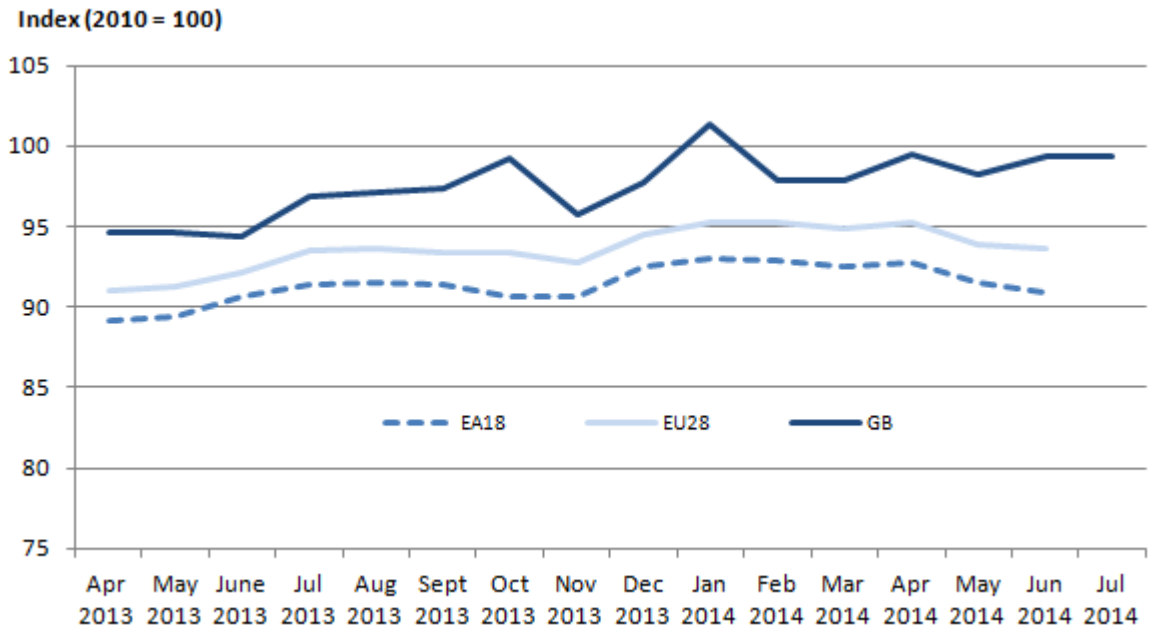
International Perspective

Output in the construction industry follows the Eurostat Short Term Statistics (STS) regulation for production in construction. Before any comparisons are made with the Euro area or EU28, it is worth noting that the UK is the only Member State to follow the A method for compilation, that is measuring output by deflating value of work by an output price index.

The latest release of production in construction shows that construction output in the Euro area decreased by 0.7% in June 2014 and by 0.3% in the EU28. The GB estimate for June 2014 shows that construction increased by 1.2%. Figure 5, provides a comparison of the GB estimates of output in the construction industry with that of the Euro area and EU28.

Figure 5: Monthly indices for production in construction, working day and seasonally adjusted



Source: Construction: Output & Employment - Office for National Statistics

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Outside of the EU, the US Census Bureau release Value of construction put in place showed provisional estimates of construction output increasing by 1.8% in July 2014 compared with June 2014 and by 8.2% compared with July 2013.

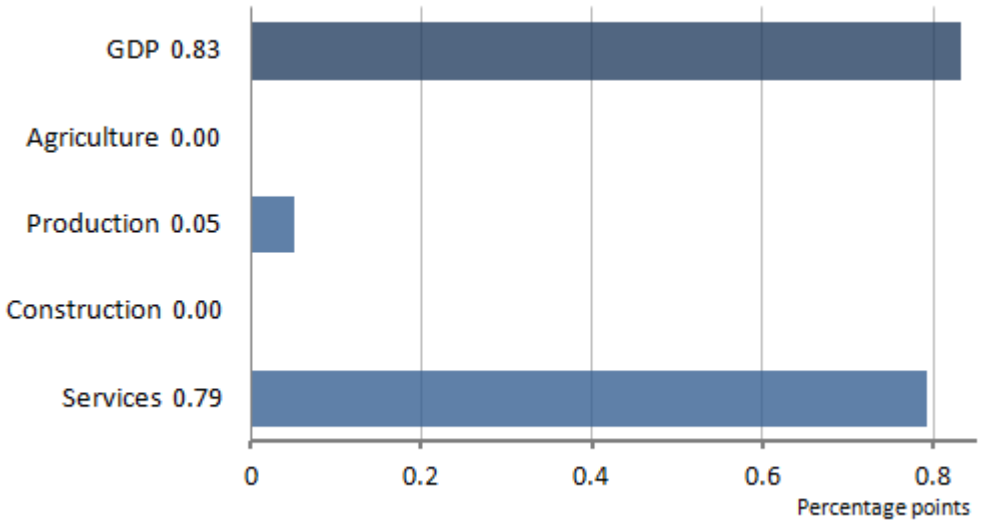
Construction estimates in gross domestic product

Construction estimates are a key component of the output approach to measuring GDP along with the estimates of services, production and agriculture. As an aid to users, the short term economic indicator releases that directly feed into GDP include an additional table of the GDP components. It is anticipated that this table will inform users of the relationship between the individual components

which comprise GDP output. The publication dates and the quarterly growths of the individual GDP components are shown below.

Each component of GDP has a weight within GDP based on its value in 2010. Construction has a weight of 63, which means that it is 63 parts of the 1,000 that make up total GDP.

Figure 6: Contributions to GDP quarter on quarter percentage change (Q2 2014)



Source: Construction: Output & Employment - Office for National Statistics

Notes:

1. Components may not sum due to rounding.

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To determine the effect each component has on GDP multiply the component growth by its weight in GDP.

An example using Q2 2013 data:

Construction growth = 1.9

Weight in GDP = 0.063 (63/1000)

Effect on GDP = 1.9 * 0.063 = 0.1197 or 0.1 to 1 decimal place (dp).

Revisions to components and the effect on GDP can be calculated using the same process. As a general rule there are no revisions to GDP when the component revisions are:

IoP = between 0.3 and -0.3

Construction = between 0.7 and -0.7

IoS = 0.0 (all values above or below 0.0 effect GDP due to the high weight of IoS in GDP).

Because;

IoP = 0.152*0.4 = 0.0608 or 0.1 to 1 dp

Construction = 0.063*0.8 = 0.0504 or 0.1 to 1 dp

IoS = 0.778*0.1 = 0.0778 or 0.1 to 1 dp

Table 3 shows the latest monthly and revised quarterly output figures that fed into the second estimate of GDP release for Q2 2014 published on the 15 August 2014.

Table 3: GDP component table, chained volume measures, seasonally adjusted

				Percentage Change	
Publication	**Weight in GDP**	**Publication date**	**Latest periods**	**Most recent period on a year earlier**	**Most recent period on the previous period**
GDP	1000	15-Aug			
			Q2 2014	3.2 †	0.8
			Q1 2014	3.0	0.8
Index of Production	152	09-Sep			
			Q2 2014	2.1	0.3
			Q1 2014	2.4	0.7
Construction output	63	12-Sep			
			Q2 2014	4.8	0.0
			Q1 2014	6.7	1.5
Index of Services	778	15-Aug			
			Q2 2014	3.3	1.0
			Q1 2014	2.8	0.8

			Percentage Change		
Publication	**Weight in GDP**	**Publication date**	**Latest periods**	**Most recent period on a year earlier**	**Most recent period on the previous period**
Agriculture	7	15-Aug			
			Q2 2014	1.3 †	-0.2
			Q1 2014	3.7	1.0

Table source: Office for National Statistics

Table notes:

1. † This indicates that new data have been published since the preliminary estimate of GDP

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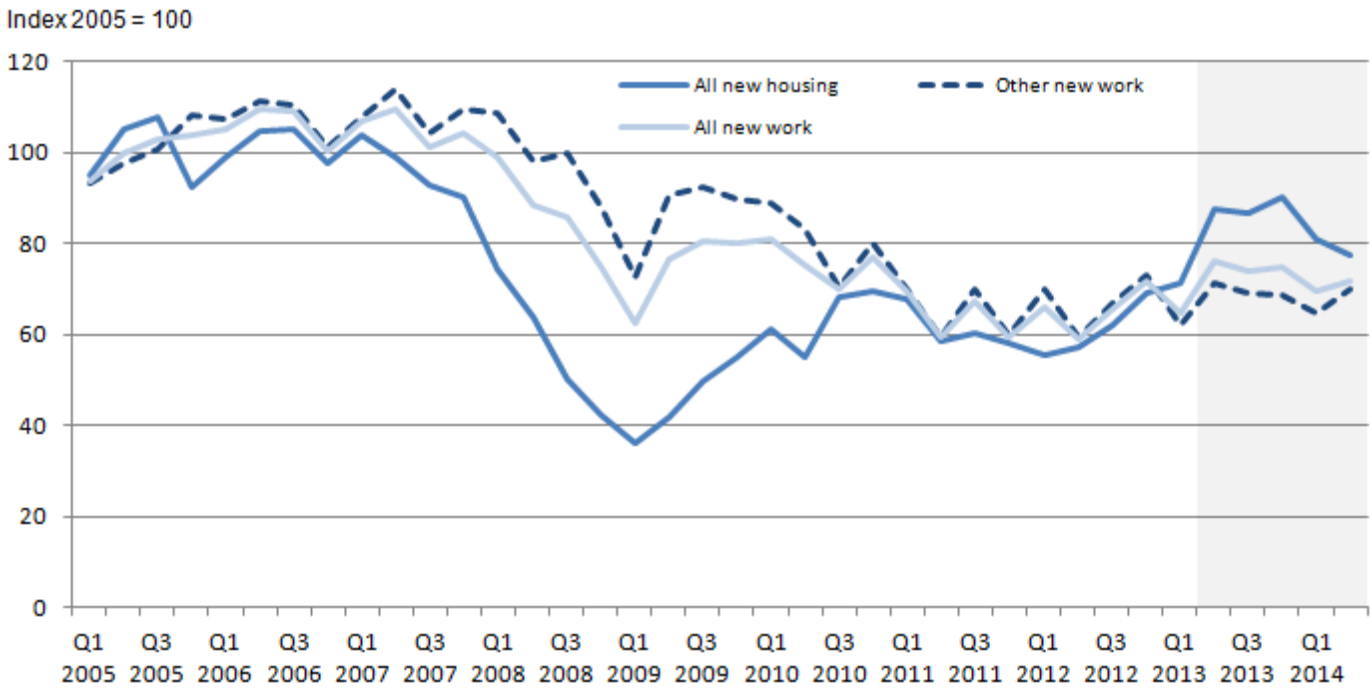
(33 Kb)

The second estimate of GDP published on 15 August 2014 contained an estimate for quarterly construction growth of 0.0%. There is no change to this estimate in this release.

New Orders for Construction - Q2 2014

Figure 7: New Orders, constant (2005) index prices, seasonally adjusted



Source: Barbour ABI

Notes:

1. From Q2 2013 (the shaded area) new orders are based on data supplied to the ONS by Barbour ABI.

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(20 Kb)

Users should note that there is a time lag between how long an order turns into output (if at all) and therefore an assumption that improved new orders data will result in an improved output picture is a difficult assumption to make.

It is estimated that the seasonally adjusted volume of all new orders increased by 3.8% between Q1 2014 and Q2 2014 to £11.9 billion. There were increases in the volume of new orders for all types of work with the exception of private new housing and private industrial.

There were notable increases for infrastructure and private commercial, which increased by 20.8% and 9.6% respectively. Infrastructure is a volatile series due to the range of projects such as electricity, gas, road, rail, etc included within this type of work therefore movements of this magnitude are not unusual.

Private commercial increased by 9.6% in Q2 2014 compared with Q1 2014 to a level of £3.4 billion. This is the highest level since Q3 2011 (£4.0 billion).

Annual growth rates showed a different picture with New Orders in Q2 2014 decreasing by 5.3% compared with Q2 2013. All new housing decreased by 11.7% due to falls in both public and private new housing of 40.7% and 2.2% respectively. New orders for other new work decreased by 2.2%, with infrastructure the main contributor falling by 32.0%. This was partially offset by increases in public (8.9%), private industrial (34.3%) and private commercial (8.8%).

Table 4: Volume of New Orders summary tables, quarterly time series, constant (2005) prices, seasonally adjusted

	Most recent quarter on a year earlier	Most recent quarter on the previous quarter	Most recent level
1. All New Work	**change**	**Percentage**	**£million**
All New Work	**-5.3**	**3.8**	**11,892**
All New Housing	**-11.7**	**-4.3**	**3,624**
All Other Work	**-2.2**	**7.9**	**8,268**
1.1 New Housing	**change**	**Percentage**	**£million**
All New Housing	**-11.7**	**-4.3**	**3,624**
Public	**-40.7**	**7.3**	**601**
Private	**-2.2**	**-6.3**	**3,023**
1.2 Other New Work	**change**	**Percentage**	**£million**
All Other Work	**-2.2**	**7.9**	**8,268**
Infrastructure	**-32.0**	**20.8**	**1,821**
Excl Infrastructure			
Public	**8.9**	**0.3**	**2,162**
Private - Industrial	**34.3**	**-1.9**	**866**

	Most recent quarter on a year earlier	Most recent quarter on the previous quarter	Most recent level
Private - Commercial	**8.8**	**9.6**	**3,419**

Table source: Barbour ABI

Download table

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(152.5 Kb)

Users should note that these New Orders statistics use data from Barbour ABI and are therefore produced using different methods from those in place at the time when the statistics were first assessed for compliance with the Code of Practice for Official Statistics. They are currently being reassessed as part of an ongoing assessment of ONS's short-term economic output indicators, with a view to confirming their designation as National Statistics. Further details on the collaboration between the ONS and Barbour ABI can be found in the background notes section of this bulletin.

Users should also note that there may be some discontinuity in the data around 2013 Q2 where the Barbour data were used for the first time to compile these statistics.

Background notes

1. **Future improvements**

   From the August 2014 publication, estimates for output in the construction industry will be processed using the Central ONS Repository for data (CORD). Further information on this change will be published on the ONS website on 30 September 2014.

   Estimates for August 2014 published on 10 October 2014 will incorporate the re-basing and re-referencing of the indices to 2011=100 to align with the National Accounts outputs. This change will result in changes to the level of construction output but growth rates should be maintained.

   A work plan for construction output statistics will be published shortly and will align with the National Accounts and related statistics work plan.

   An updated Quality and Methodology report for Output in the Construction Industry estimates will be published on the ONS website shortly. A link to the existing report can be found under section 8 quality within the background notes.

2. **What's new?**

   The consultation on improvements to Construction Price Statistics has now closed. Results will be published by the Department for Business, Innovation and Skills (BIS) shortly. Please check the BIS website for updates.

ONS is currently gathering views from users on how construction statistics and other short-term indicators are used, we would welcome your views by completing the National Accounts Survey.

3. About this release

Construction output estimates are a short term indicator of construction output by private sector and public corporations within Great Britain. Output estimates are produced and published at current prices (including inflationary price effects) and at chained volume estimates (with inflationary effects removed) both seasonally adjusted and non-seasonally adjusted. Chained volume measures are also described as volume. Construction output is used in the compilation of the output approach to measuring gross domestic product (GDP).

The data published in this release cover construction estimates for Great Britain. Construction output estimates for Northern Ireland can be obtained from the Central Survey Unit.

New Orders in the Construction Industry estimates have been compiled using data supplied by Barbour ABI. These data have also been used in the compilation of tables 5 and 6 in the Output of the Construction Industry data tables. Full details of this change in data source can be found in the article, 'Announcement of Changes to New Orders in the Construction Industry'.

4. Revision policy

Construction output conforms to the standard National Accounts revisions policy (27.8 Kb Pdf), which can be found on the National Statistics website. In line with this, the construction output release for July 2014 has no revision period.

Figures for the most recent months are provisional and subject to revision in light of (a) late responses to the Monthly Business Survey (MBS) and (b) revisions to seasonal adjustment factors which are re-estimated every period.

New orders data has a revision period back to Q1 2013 and is not covered by the National Accounts revisions policy due to not directly feeding the National Accounts.

5. Statistical continuous improvement

In March 2012, as part of its Statistical Continuous Improvement programme, ONS published a Review of Sample Design and Estimation Methodology for Construction Output. This report evaluated the sample design and estimation methods used on the Construction Output Survey. The conclusions of the review were that the current sample is performing well and that the current methodology for estimation within the survey produces the smallest standard error.

In response to user feedback and in line with the announcement made in the article 'Improvements to the methods used to compile Output in the Construction Industry statistics', this statistical bulletin now contains monthly seasonally adjusted chained volume estimates. Due to the potential for confusion when comparing constant price (volume) and chained volume measures, all references to constant price series for construction output have been removed from this, and future bulletins.

A work plan for construction output statistics will be published shortly and will align with the National Accounts and related statistics work plan.

6. Use of the data

Output in the Construction Industry estimates are widely used both internally and externally and have been identified by legal requirement and user engagement surveys.The key users of data from the Output of the Construction Industry dataset are:

- United Kingdom National Accounts.
- Eurostat, the statistical office of the European Union, in order to comply with statutory legislation on short-term business statistics (STS). Short-term business statistics provide information on the economic development of four major domains: industry, construction, retail trade and other services.
- Industry analysts requiring estimates of the construction industry output of Great Britain.
- Trade associations making UK and international comparisons and to forecast trends in the construction industry.
- Other government departments including; the Department for Business, Innovation and Skills (BIS), HM Treasury (HMT), Department for Communities and Local Government (DCLG) and the Office for Budgetary Responsibility (OBR).

As well as being a key indicator of the performance of construction companies, the results of the survey also contribute to the estimate of the gross domestic product of the UK, contributing approximately 6.3% of GDP.

More information on the uses made of short-term economic statistics is available.

7. Methods

The ONS Monthly Construction Output Survey measures output from the construction industry in Great Britain. It samples 8,000 businesses, with all businesses employing over 100 people or with an annual turnover of more than £60m receiving a questionnaire by post every month. The results of the survey are deflated using price indices from the Building Cost Information Service (BCIS) of the Royal Institute of Chartered Surveyors (RICS) and then seasonally adjusted using X-12 Arima to derive the published estimates.

Since the 1950s New Orders in Construction data had been collected from a sample survey of businesses; originally monthly and then quarterly. There were some known quality issues with the survey data as (a) the coverage of the survey was unknown; and (b) new orders allocated to regions were not always accurately recorded. The New Orders data are now supplied under contract to the ONS by Barbour ABI. Barbour ABI provide ONS with improved coverage and regional splits of new orders in construction data.

8. Quality

The latest Quality and Methodology report for the Output of the Construction Industry estimates (161.5 Kb Pdf) can be found on the ONS website.

The latest Quality and Methodology report for New Orders in the Construction Industry estimates (100.2 Kb Pdf) can be found on the ONS website.

9. **Revisions**

One indication of the reliability of the key indicators can be obtained by monitoring the size of revisions. Analysis of the previously published quarterly seasonally adjusted constant price series has shown that revisions to construction data are small. Generally these quarterly revisions are less than 1 percentage point when compared with the final revised period five quarters after initial publication. This indicates that the published estimates are a reliable snapshot of the output in the industry at the date of publication.

The size and pattern of revisions for both output and new orders data which have occurred in the open period can be found in the new revision triangles on the construction web page. Please note that these indicators only report summary measures for revisions. The revised data may be subject to sampling or other sources of error. Details about this revisions material can be found in the document 'Revisions information in ONS First Release'.

It should be noted that due to seasonal adjustment taking place on a short span of data points used to interpret the seasonal effects, there is potential for increased revisions until the seasonal pattern is established within the time series. The seasonal pattern is generally established after 60 months in a monthly time series.

Please note that a monthly seasonally adjusted chained volume series is not available pre-2010. This is due to monthly data not being available for this period. These data are a requirement for creating previous year's prices from which chain linked volume measures are created.

10. **Relevant links**

Annual Construction publication

Construction Statistics, No. 15, 2014 Edition

International Comparisons

International construction comparisons are compiled by Eurostat. The estimates produced in this bulletin are included in these comparisons. Further information can be found on the Eurostat web page.

Analysis of the construction industry

An article on the UK construction industry was published by BIS in 2013.

UK Statistics Authority assessment

Assessment of the Construction Output and New Orders statistical bulletin

Disclosure control policy

The Disclosure control policy for tables produced from surveys.

The circular flow of income

14 ways ONS statistics help you understand the economy - A closer look at the circular flow of income

11. **Further information**

Releases on construction output and employment prior to the transfer to ONS can be found on the BIS website.

12. **User Engagement**

The user engagement section of the ONS website contains results of the survey held in April 2011 regarding users' satisfaction and use of the new orders and construction output surveys.

13. **GENERAL INFORMATION**

Understanding the data

Interpreting the data

When making comparisons it is recommended that users focus on chained volume measures or constant price (volume), seasonally adjusted estimates as these show underlying movements rather than seasonal movements.

Construction output estimates are subject to revision because of:

- Late responses to the Construction Output Survey.
- Revisions to seasonally adjusted factors which are re-estimated every quarter.
- Annual updating of the Inter-Departmental Business Register (IDBR) that forms the basis of the sampling for the Construction Output Survey. This occurs in April and can have an effect on the results published in May.

Definitions and explanations

Definitions of terminology found within the main statistical bulletin are detailed below:

Output

Output is defined as the amount chargeable to customers for building and civil engineering work done in the relevant period excluding VAT. As well as work charged to customers, businesses are asked to include the value of work done on their own initiative on buildings such as dwellings or offices for eventual sale or lease, and of work done by their own operatives on the

construction and maintenance of their own premises. The value of goods made by businesses themselves and used in the work is also included.

In all returns, work done by sub-contractors is excluded to avoid double counting, since sub-contractors are also sampled. Output does not include payments made to architects or consultants from other firms – this would also cover engineers and surveyors. It would include wages paid to such people if they were directly employed by the business.

Current price (value) (CP)
Current prices are the actual or estimated recorded monetary value over a defined period. They show the value for each item expressed in terms of the prices of that period.

Constant price (volume) (KP)

A constant price or volume measure is a series of economic data from successive years expressed in real terms by computing the production volume for each year in the prices of a reference year. The resultant time-series of production figures has the effects of price changes removed (that is, monetary inflation or deflation). In other words, from the raw data a series is obtained which reflects only production volume. See the 'Deflation' section. Constant price series in this bulletin are based on the reference year 2005.

Chained volume measures (CVM)
A chained volume series is a series of data from successive years, put in constant price terms by computing the production volume for each year in the prices of the preceding year, and then chain-linking the data together to obtain a time-series of production figures from which the effects of price changes (i.e., monetary inflation or deflation) have been removed. Further information on chain-linking can be found in the methodological article 'Annual chain-linking' (58 Kb Pdf).

Seasonal adjustment (SA)

Seasonal adjustment aids interpretation by removing effects associated with the time of the year or the arrangement of the calendar, which could obscure movements of interest.

Deflation

It is common for the value of a group of financial transactions to be measured in several time periods. The values measured will include both the change in the volume sold and the effect of the change of prices over that year. Deflation is the process whereby the effect of price change is removed from a set of values. The current reference year is 2010 for CVM data.

Sectors
Institutional sectors are defined in the System of National Accounts (SNA) glossary as;

Units that are grouped together to form institutional sectors on the basis of their principal functions, behaviour, and objectives.

The resident institutional units that make up the total economy are grouped into five mutually exclusive sectors:

- Non-financial corporations.
- Financial corporations.
- General government.
- Non-profit institutions serving households.
- Households.

In the case of non-financial and financial sectors these can be further broken down into public sector, those units either controlled by the state or funded from the public purse and include general government, local authorities, housing associations and nationalised industries and private sector, those units controlled by private individuals or groups and not by the public sector.

Gross domestic product (GDP)

Gross domestic product (GDP) is an integral part of the UK national accounts and provides a measure of the total economic activity in a region.

GDP is often referred to as one of the main 'summary indicators' of economic activity and references to 'growth in the economy' are quoting the growth in GDP during the latest quarter.

Construction estimates are a component of GDP from the output or production approach (GDP(O)) which measures the sum of the value added created through the production of goods and services within the economy (our production or output as an economy). This approach provides the first estimate of GDP and can be used to show how much different industries (for example, agriculture) contribute within the economy.

Housing

Housing is generally defined as ‘all buildings that are constructed for residential use’. Within the public sector this classification includes construction items such as local authority housing schemes, hostels (except youth hostels), married quarters for the services and police; old peoples' homes; orphanages and children’s remand homes; and the provision within housing sites of roads and services for gases, water, electricity, sewage and drainage.

Private sector housing includes all privately owned buildings for residential use, such as houses, flats and maisonettes, bungalows, cottages, vicarages, and the provision of services to new developments.

Infrastructure

Infrastructure is the generic term for the basic physical and organisational structures and facilities needed for the operation of a society or enterprise. These construction items include buildings, roads, power supplies, etc.

Other new work

Other new work excludes the housing and infrastructure sectors. This classification includes construction items such as factories, warehouses, schools and offices, etc.

Non-housing

Within the public sector, non-housing is classified as the construction of building such as schools and colleges, hospitals, universities, fire stations, prisons and museums. Private sector non-housing is comprised of the private /industrial and private/commercial classifications. Private - industrial is the economic activity concerned with the processing of raw materials and manufacture of goods in factories and includes construction items such as factories and shipyards while private – commercial includes all items not included in the previous categories such as embassies, theatres, retail units, warehouses and garages, etc.

Repair and maintenance

The repair and maintenance heading in the construction estimates comprises of housing, infrastructure and other new work. This concerns work which is either repairing something that is broken, or maintaining it to an existing standard. For housing output this includes repairs, maintenance, improvements, house/flat conversions, extensions, alterations and redecoration, etc. on existing housing. For non-housing this includes repairs, maintenance, redecoration, etc. on existing buildings/structures, which are not housing, for examples schools, offices, roads, shops.

Table 2 of this bulletin aggregates infrastructure and other new work into non-housing.

14. **Code of Practice for Official Statistics**

National Statistics are produced to high professional standards which are set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs and are produced free from any political interference.

15. **Publication policy**

Details of the policy governing the release of new data are available from the Media Relations Office.

16. **Accessing data**

The Output in the Construction Industry statistical bulletin and relevant time series datasets are available to download free from the Office for National Statistics website at 9.30 am on the day of publication.

ONS allows a list of agreed officials to have access to data 24 hours before publication, which is available on the Output in the Construction Industry: Pre-Release page.

17. **Further information and user feedback**

As a user of our statistics, we would welcome feedback on this release, in particular on the content, format and structure. For further information about this release, or to send feedback on our publications, please contact us using the following information.

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18. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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