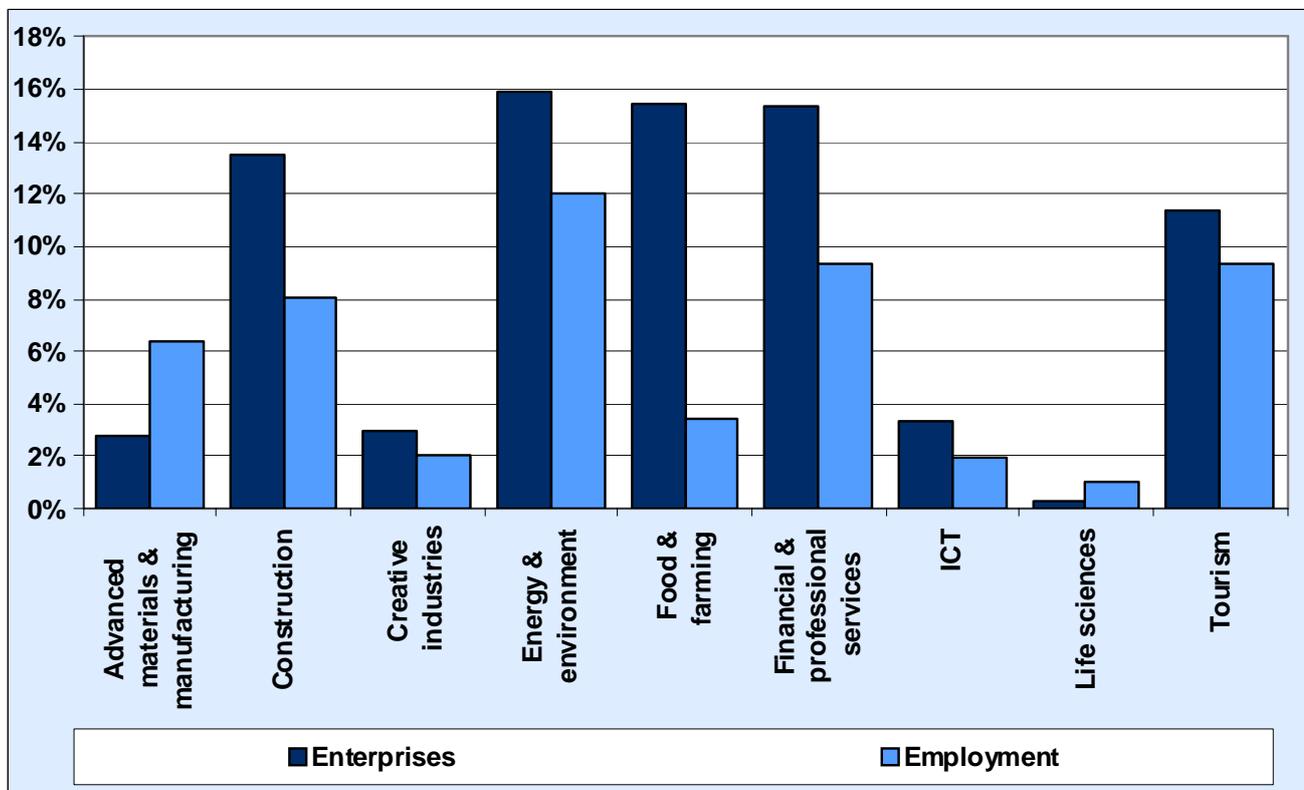


Priority Sector Statistics, 2013

The purpose of this bulletin is to update the bulletin released in 2012 and make further improvements to the data. This bulletin uses largely the same definitions of the nine priority sectors as the previous bulletin. There have been some minor changes to the definition of Advanced Materials & Manufacturing.

The set of definitions on which the statistics are based have been published alongside this bulletin. This bulletin includes updated statistics covering more recent data periods, with estimates back to 2005 on a comparable basis and sub-sector statistics for all sectors.

Chart 1: Employment and Registered Enterprises in Wales by Priority Sector as a proportion of the Welsh economy, 2012



Source: Annual Population Survey (APS), ONS

In 2012:

- Just under two thirds of VAT or PAYE registered enterprises were in a priority sector.
- The priority sectors accounted for 43 per cent of employment in Wales.

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Key Points

- Just under two thirds of VAT or PAYE registered enterprises were in a priority sector in 2012. The largest sector in terms of registered enterprises was Energy & Environment (due to a large number of zero employee and micro size enterprises). The Life Sciences sector was the smallest (*section 1*).
- The structure of registered enterprises varied greatly between the priority sectors; 80 per cent of employees in Construction were in Small-Medium Enterprises, compared with 41 per cent in Advanced Materials & Manufacturing and 38 per cent in the whole economy (*section 1*).
- The priority sector with the largest number of employee jobs in 2011 was the Financial & Professional Services sector (with 135,300). The sector with the smallest was Life Sciences with 9,200 (*section 2*).
- In 2012 Food & Farming had the greatest proportion of self-employment at 44 per cent, followed by 41 per cent in Construction. The smallest proportion was in Advanced Materials & Manufacturing (4 per cent), with the figure for the whole economy being 14 per cent (*section 3*).
- 12 per cent of employment in Wales was in the Energy & Environment sector, compared to 1 per cent for the Life Sciences sector. The priority sectors accounted for 43 per cent of employment in Wales in 2012. (*section 3*)
- Full-time gross mean weekly earnings for employees in the priority sectors were slightly higher than those in non-priority sectors in 2012 (£524 vs. £518). The sector with the highest earnings was the ICT sector (£627) whilst the lowest were in the Tourism sector (£379). The figure for the whole economy was £521 (*section 4*).
- In 2011 the business birth rate for the priority sectors was above that of the non-priority sectors (9.6 per cent vs. 8.1 per cent). The priority sector with the highest birth rate was the Financial & professional services sector (16.2 per cent), whilst the lowest was in the Food & farming Sector (0.3 per cent – *however agriculture is not covered by the business demography statistics*) (*section 5*).
- GVA per hour worked in the priority sectors was higher than that of the non-priority sectors (£27 vs. £20). The Financial and Professional Services sector has the highest GVA per hour worked (£45) whilst the Creative Industries has the lowest (£10) (*section 6*).
- The local authority with the greatest proportion of employment in the priority sectors in 2012 was Flintshire (55 per cent), whilst the lowest was in Conwy, Ceredigion and Merthyr Tydfil (all 37 per cent) (*section 7*).
- The largest priority sub-sector was in the Finance and Professional Services with just over 60,000 people working in the Professional Business Services sub-sector (*section 8*).

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Introduction

The purpose of this bulletin is to update the bulletin produced last year¹. This bulletin uses the final definitions of the six priority sectors that were identified in “Economic Renewal: a new direction” by the Department for Economy, Science and Transport (ES&T) and the three newer priority sectors which were announced in September 2011². The policy pages can be found at:

<http://wales.gov.uk/topics/businessandeconomy/sectors>

The purpose of publication of these statistics is to assist the priority sector panels, sector teams in ES&T and the wider public by providing information on the priority sectors and to outline what official statistics are currently available.

All data in this bulletin are on a workplace basis. This means that all data record information on where people work as opposed to where people live (on a residence basis).

To produce estimates for the priority sectors, data are required to be available at a 4 digit Standard Industrial Classification (SIC) level. This bulletin includes those data sources where 4 digit data are readily available to us. The time periods selected in this bulletin have been based on availability of both Wales and UK data. More detail on SIC can be found in the notes section under “Industrial Classification”.

Within the bulletin, all of the statistics are typically based on the main activity of the business or the business in which the individual works. For example a dairy farm which also makes ice cream on site is likely to be classified as a farm rather than a food manufacturer. From a statistical perspective using the main activity allows each business to be treated the same and allows consistency across time and across industries. However some users will be interested in secondary (and further) activities of businesses or individuals.

The Inter-Departmental Business Register (IDBR) holds data on main and secondary activities of businesses. Data for 2012 shows that 3 per cent of private sector businesses active in Wales have a secondary activity recorded which differs to that of the main activity. Additionally, these businesses cover around 42 per cent of private sector employees in Wales. The larger the business the more likely it is to have a secondary activity recorded. The sector with the largest amount of secondary activity in Wales according to the IDBR is the Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles SIC2007 section.

Although some data sources in this bulletin are based on the main activity of the business, not all are. The spreadsheets that accompany this release provide more information on the data sources.

Sectoral definitions

The priority sector definitions in this bulletin should still be regarded as final. All official statistics on the priority sectors are based on these definitions. Users are reminded that there is overlap between the sectors, with some industry codes appearing in multiple sectors. Therefore the totals shown for those industries in a priority sector will not equal the sum of the individual sectors due to the overlap. This makes the definitions and derived data fit-for-purpose, but adds complexity to the presentation. There have also been some minor changes to the sector definition for Advanced Materials & Manufacturing to bring it more in line with actual activity in the sector. The Construction sector team are also reviewing their definition to ensure it matches as closely as possible to sector activities. This is important for all sectors as the SIC codes may not always match perfectly to sectoral activity.

It should also be noted that the final sector definitions are defined to only include the direct impact of the sector. Whilst the SIC provides a robust and consistent method for measuring statistical activity, it does not map well to some specific areas such as ‘green jobs’, ‘low carbon’, ‘digital economy’ and ‘creative’ as the level of SIC is not detailed enough to separate out these activities fully.

The definitions used for the Creative Industries are based on those produced by the Department for Culture, Media and Sport (DCMS). Some of the DCMS definitions are based on five digit SIC codes.

¹ <http://wales.gov.uk/topics/statistics/headlines/economy2012/121121/>

² <http://wales.gov.uk/newsroom/businessandeconomy/2011/110922sectors/>

Where this is the case we have approximated to four digit codes (using proportional mapping). Unlike DCMS, rather than change the proportions used by data source and by year, we have used the Annual Population Survey (APS) proportions for 2009. For these reasons and also some additional differences in data sources, the estimates shown here for the UK should only be used to compare against Wales. The *official* UK estimates remain those produced by DCMS. More information can be found at: http://www.dcms.gov.uk/what_we_do/research_and_statistics/4848.aspx

Between the SIC2003 and SIC2007 definitions, Computer Consultancy and Business and Domestic Software Development has been removed from the DCMS definitions, which has resulted in a reduction of around 1,400 VAT or PAYE registered enterprises in 2011 in Wales (covering around 6,000 employee jobs) and a reduction of those in employment by around 7,000 in Wales.

The definitions of the Creative Industries are under review as they are subject to a separate sector mapping exercise for Wales and DCMS are also undertaking a review of the definitions. Following the outcome of the review, the definitions used for the sector in this release may change.

The definitions used for the Tourism sectors are based on the UN World Tourism Organisation definition, which is endorsed by the Tourism Intelligence Unit in the Office for National Statistics (ONS). Like the ONS, we have excluded industry codes 68209 and 68320 and included codes 79110, 79120, 79901 and 79909. Similarly to the Creative Industries, as the mapping for the priority sectors is at a four digit level, we have approximated five digits to four digits. For this reason the estimates shown here for the UK should only be used to compare against Wales as the *official* estimates are produced by the ONS. More information can be found at: <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/economic-value-of-tourism/measuring-tourism-locally/2012/note-1/index.html>

Data availability

Users should note that whilst regional exports data for Wales exist, they cover goods only and are based at best on a 2 digit level and as such cannot be included in the bulletin as the service sector would be excluded and the remainder could not be allocated to the sectors in line with the definitions.

Due to either small sample sizes or disclosure, some estimates have been suppressed. These are denoted as *. Users should note that percentages shown in the bulletin have been calculated using unrounded data which may differ slightly from percentages calculated using rounded estimates.

Revisions from the previous release

As noted earlier, the definitions are broadly the same, but some key datasets have been revised as part of standard release practices.

Use of the data and limitations

The data contained in this bulletin is largely based on sample surveys (the IDBR and Business Demography are based on administrative sources). Those data which are based on statistical samples are subject to sampling variability. If many samples were drawn, each would give slightly different results. Although this bulletin doesn't contain information on the sampling variability of some of the estimates, work is underway to assess the quality of these statistics.

The IDBR and business demography data are based on administrative data, mainly from VAT data from HMRC, information from Companies House and Dun and Bradstreet. The IDBR and Business Demography data only covers those businesses registered for VAT or PAYE, so sole traders below the VAT threshold won't be included (unless they have registered voluntarily).

Data sources used

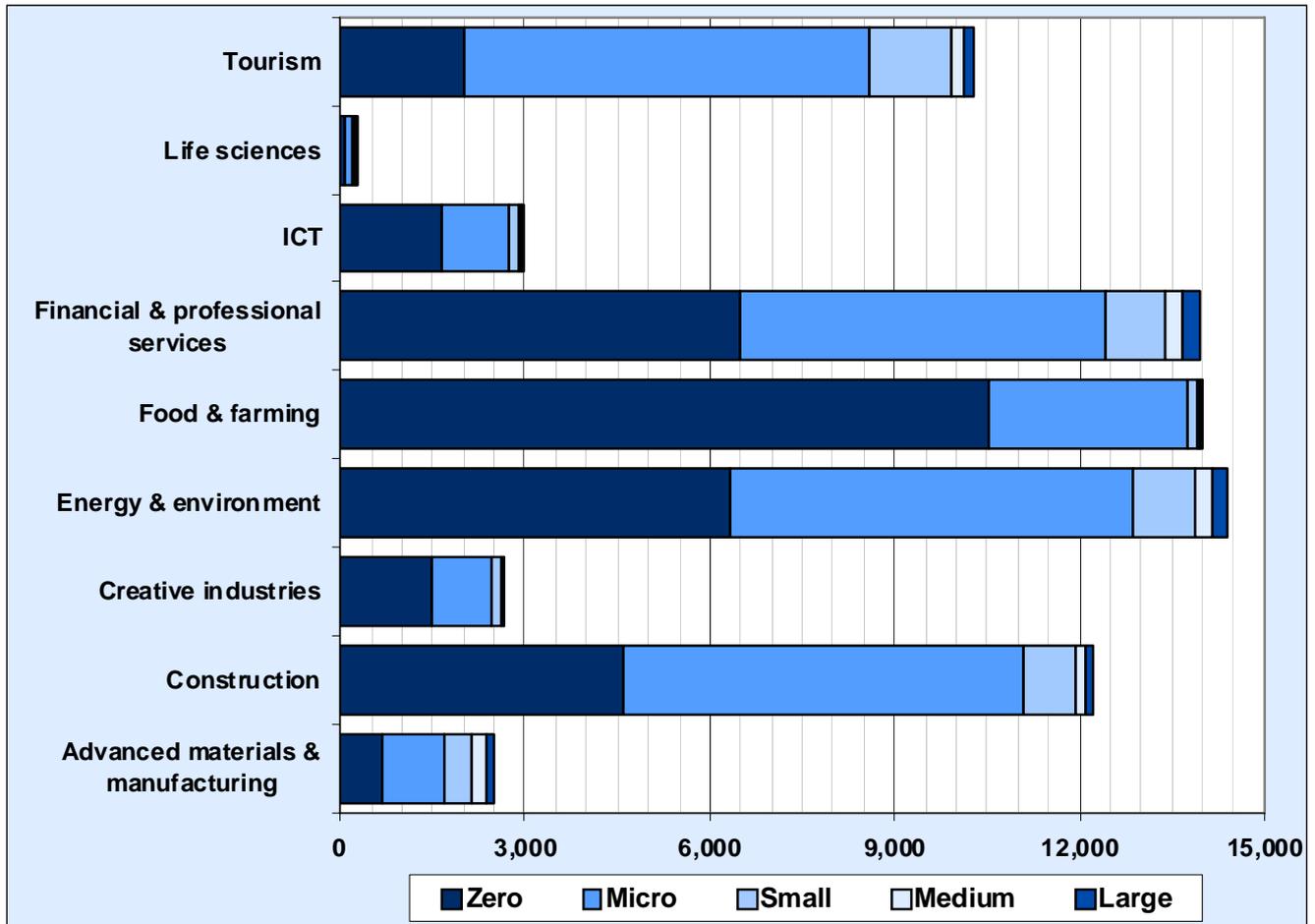
The table below shows the data sources used in the bulletin and provides some guidance on when to use each. More information is given in the main sectors spreadsheet on each data source.

Table A: Data Sources Used

Dataset Name	Data Coverage	Usage
Annual Survey of Hours and Earnings (ASHE)	Data available on a SIC2003 basis until 2009; whilst data on a SIC2007 basis available from 2008 onwards. The data relates to employees only. As it is a sample based survey estimates can be volatile where the sample sizes are small.	Mean and Median Earnings statistics. For gender analysis hourly earnings excluding over-time should be used.
Inter-Departmental Business Register (IDBR)	Data has been dual coded since 2008 on both a SIC2003 and SIC2007 basis, prior to 2008 data is on a SIC2003 basis only. Data relates to businesses that are active in Wales and covers those which are registered either for VAT or PAYE.	Number of registered businesses by size-band. Employee numbers should only be used for size-band analysis (e.g. numbers in SMEs).
Annual Population Survey (APS)	Data for the period to 2008 is available on a SIC2003 basis only and for 2009 onwards on a SIC2007 basis only. As it is a sample based survey estimates can be volatile where the sample sizes are small.	APS data include the self-employed, however as respondents self-classify themselves to an industry sector the quality of the employee data is lower than other sources. Therefore for total employment or self-employment the APS should be used, for employees only BRES should be used.
Business Demography	Data for the period to 2007 is available on a SIC2003 basis and for 2008 onwards on a SIC2007 basis only. Data relates to VAT or PAYE registered businesses only and excludes Agriculture, Central Government, Local Government and Managed Service Companies.	Estimates of business start-ups and closures.
Gross Value Added (GVA)	These data have been constructed using the Annual Business Survey, APS and Regional Accounts. Data are on a SIC2003 basis to 2008 and on a SIC2007 basis from 2009 onwards. For more information on the methodology please see the GVA section of the article in Annex A.	Provides estimates of output by sector and output per hour worked. As the methodology is experimental the estimates should be used as a guide.
Business Register and Employment Survey (BRES)	Data available on a SIC2003 basis until 2008; whilst data on a SIC2007 basis available from 2009 onwards. The data in this article relates to employees only. Data not available for Northern Ireland.	BRES is the most appropriate source when looking at employee jobs by industry. However farms are excluded at a LA level.

Section 1: Inter-Departmental Business Register Data

Chart 2: Number of registered enterprises by size-band in Wales, 2012

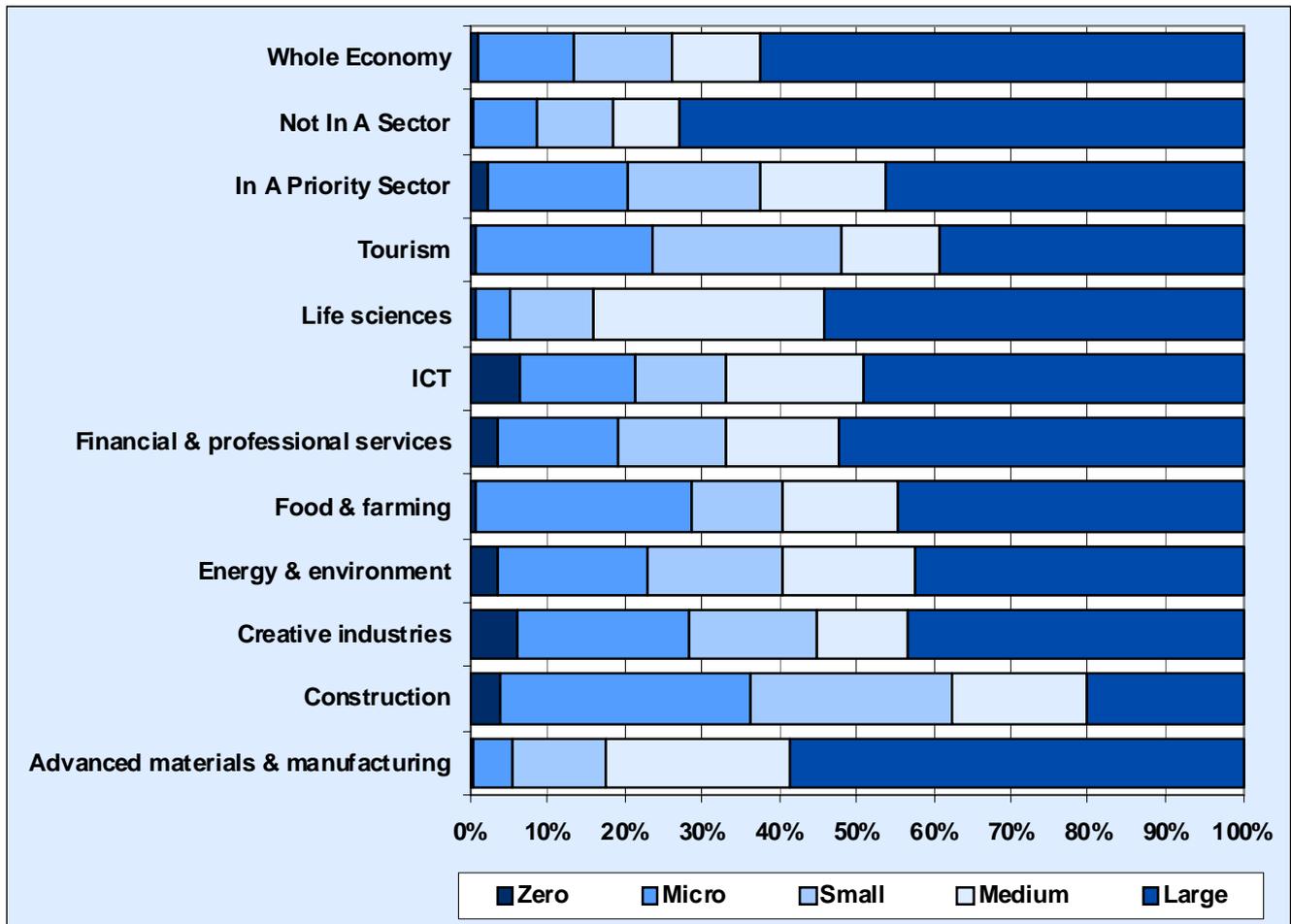


Source: Inter-Departmental Business Register (IDBR), ONS

In 2012:

- Just under two thirds of VAT or PAYE registered enterprises were in a priority sector. The largest sector in terms of registered enterprises was Energy & Environment (14,400). The Life Sciences sector was the smallest (270).
- The Food & Farming sector had the greatest proportion of businesses in the zero category (75 per cent), whilst Tourism had the smallest (19 per cent). This compares to 40 per cent for the whole economy.
- The sector with the greatest proportion of Small-Medium Enterprises (SMEs, those with less than 250 employees) was the Food & Farming sector with almost all registered enterprises having less than 250 employees. The sector with the smallest proportion of SMEs was the Life Sciences sector (with 93 per cent).

Chart 3: Proportion of employees in registered enterprises by size-band in Wales, 2012



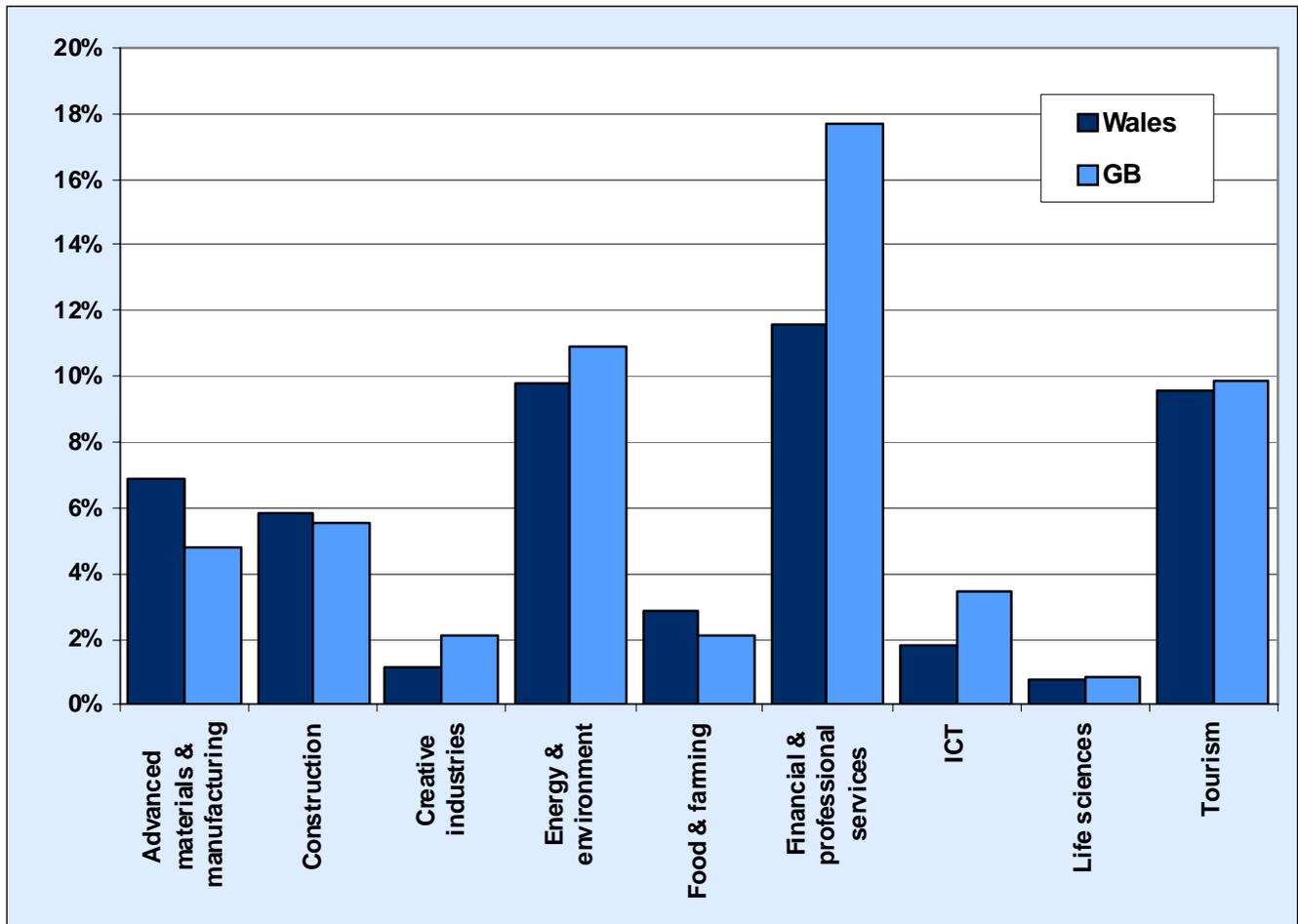
Source: Inter-Departmental Business Register (IDBR), ONS

In 2012:

- The structure of registered enterprises varied greatly between the priority sectors; 80 per cent of employees in Construction were in Small-Medium Enterprises, compared with 41 per cent in Advanced Materials & Manufacturing and 38 per cent in the whole economy.
- Advanced Materials & Manufacturing had the smallest percentage of employees in the zero size-band (0.6 per cent) whilst the Creative Industries sector and the ICT sector had the largest (both 6 per cent). The figure for the whole economy was 1 per cent.
- 54 per cent of those registered enterprises which were in a priority sector were Small-Medium Enterprises compared to 27 per cent of those not in a sector which were Small-Medium Enterprises.

Section 2: Business Register and Employment Survey Data

Chart 4: Proportion of employee jobs by sector in Wales and GB, 2011



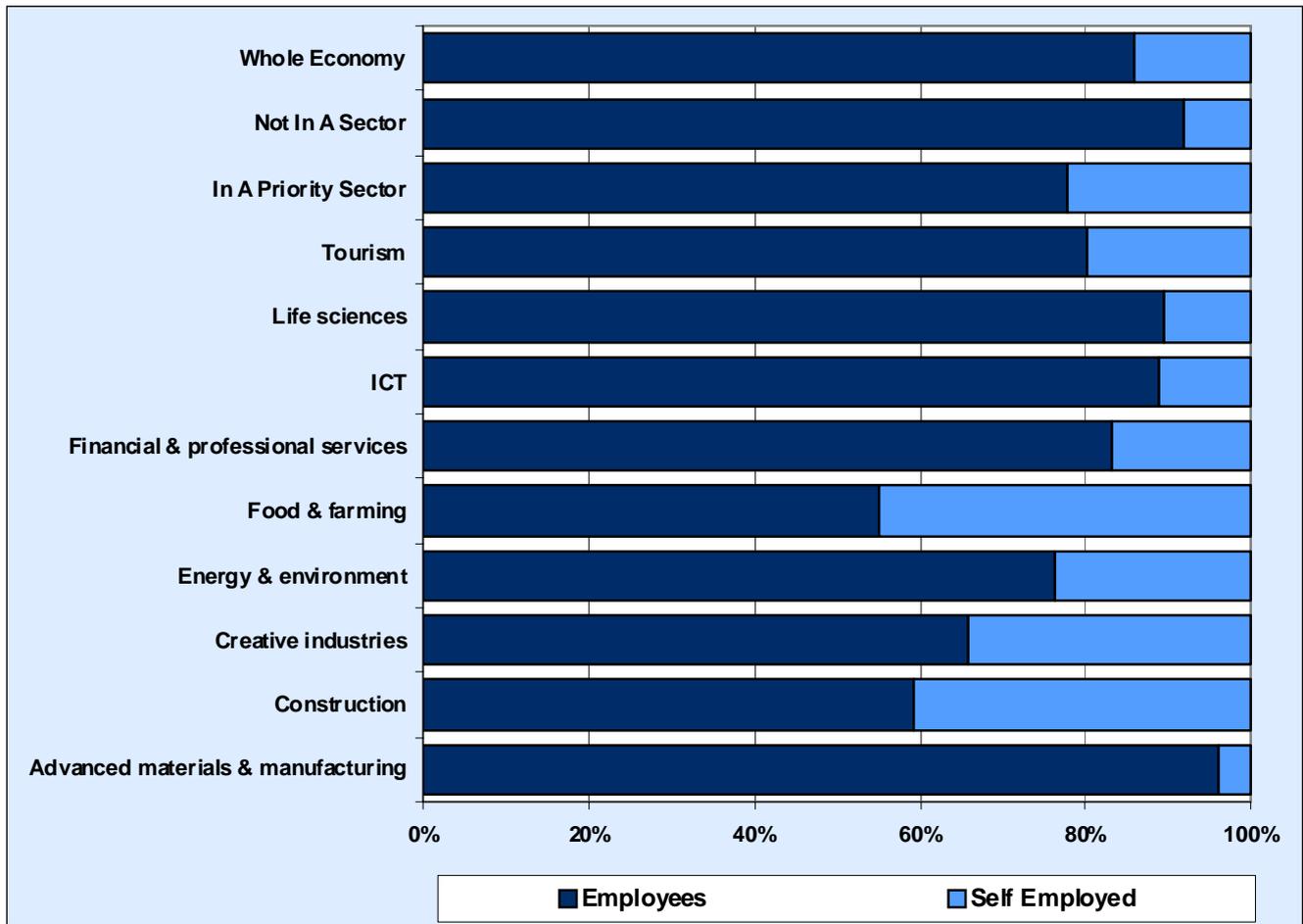
Source: Business Register Employment Survey (BRES), ONS

In 2011:

- The priority sector with the largest number of employees was the Financial & Professional Services sector (with 135,300). The sector with the smallest was Life Sciences with 9,200.
- Compared to Great Britain, Wales had a greater proportion of employees in Advanced Materials & Manufacturing, Construction and Food & Farming. Wales had broadly the same proportion in Tourism and Life sciences as Great Britain, but a smaller proportion in all other sectors – most notably Financial & Professional Services.
- Overall the priority sectors accounted for 41 per cent of employees in Wales.

Section 3: Annual Population Survey Data

Chart 5: Employment status in Wales, 2012

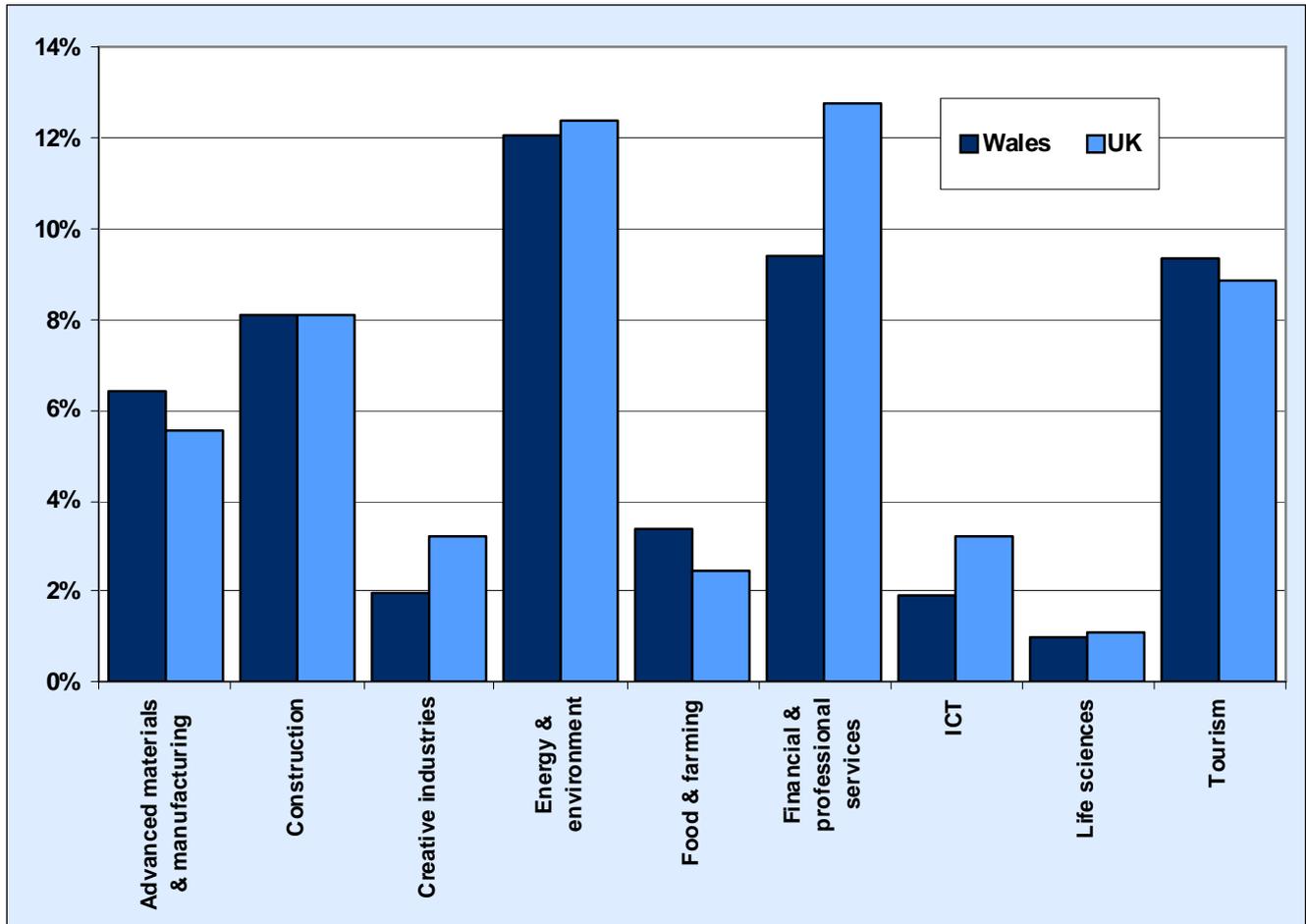


Source: Annual Population Survey (APS), ONS

In 2012:

- Food & Farming had the greatest proportion of self-employment at 44 per cent, followed by 41 per cent in Construction. The smallest proportion was in Advanced Materials & Manufacturing (4 per cent), with the figure for the whole economy being 14 per cent.
- Overall, self-employment was more prevalent amongst people who work in priority sectors than those who are not in a sector (22 per cent compared with 8 per cent). Advanced Materials & Manufacturing was the only sector with a lower proportion of self-employment than those not in a priority sector.

Chart 6: Proportion of employment in Wales by priority sector, 2012



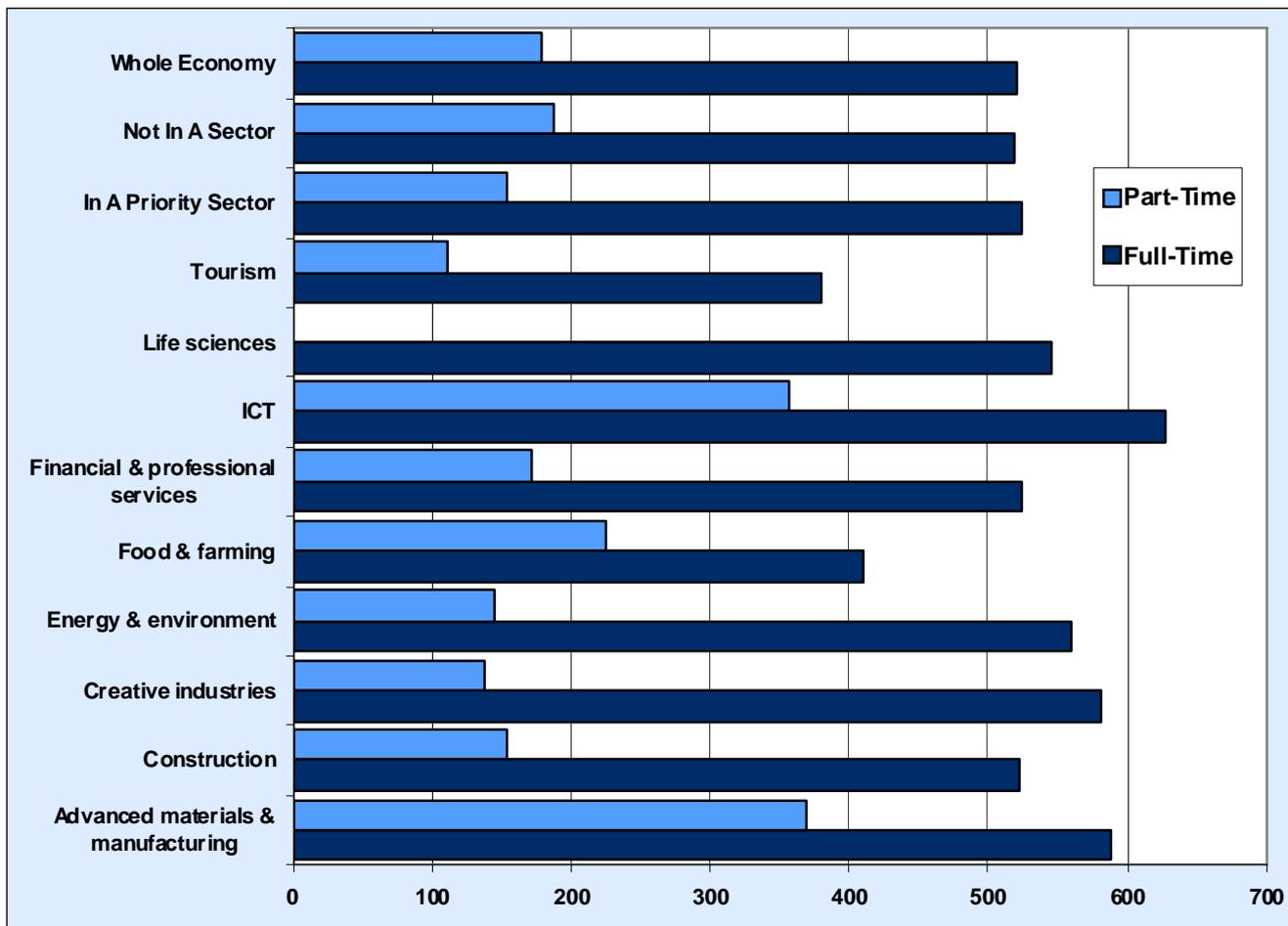
Source: Annual Population Survey (APS), ONS

In 2012:

- 12 per cent (151,700) of employment in Wales was in the Energy & Environment sector, compared to 1 per cent (12,600) for the Life Sciences sector. The priority sectors accounted for 43 per cent of employment in Wales.
- In terms of employment, Wales had a greater proportion than the UK in Advanced Materials & Manufacturing, Food & Farming and Tourism. Wales had broadly the same proportion as the UK in the Construction, Energy & Environment and Life Sciences sectors, whilst all other sectors had a lower proportion than the UK – most notably Financial & Professional Services.

Section 4: Annual Survey of Hours and Earnings Data

Chart 7: Mean gross weekly earnings in Wales, 2012



Source: Annual Survey of Hours and Earnings (ASHE), ONS

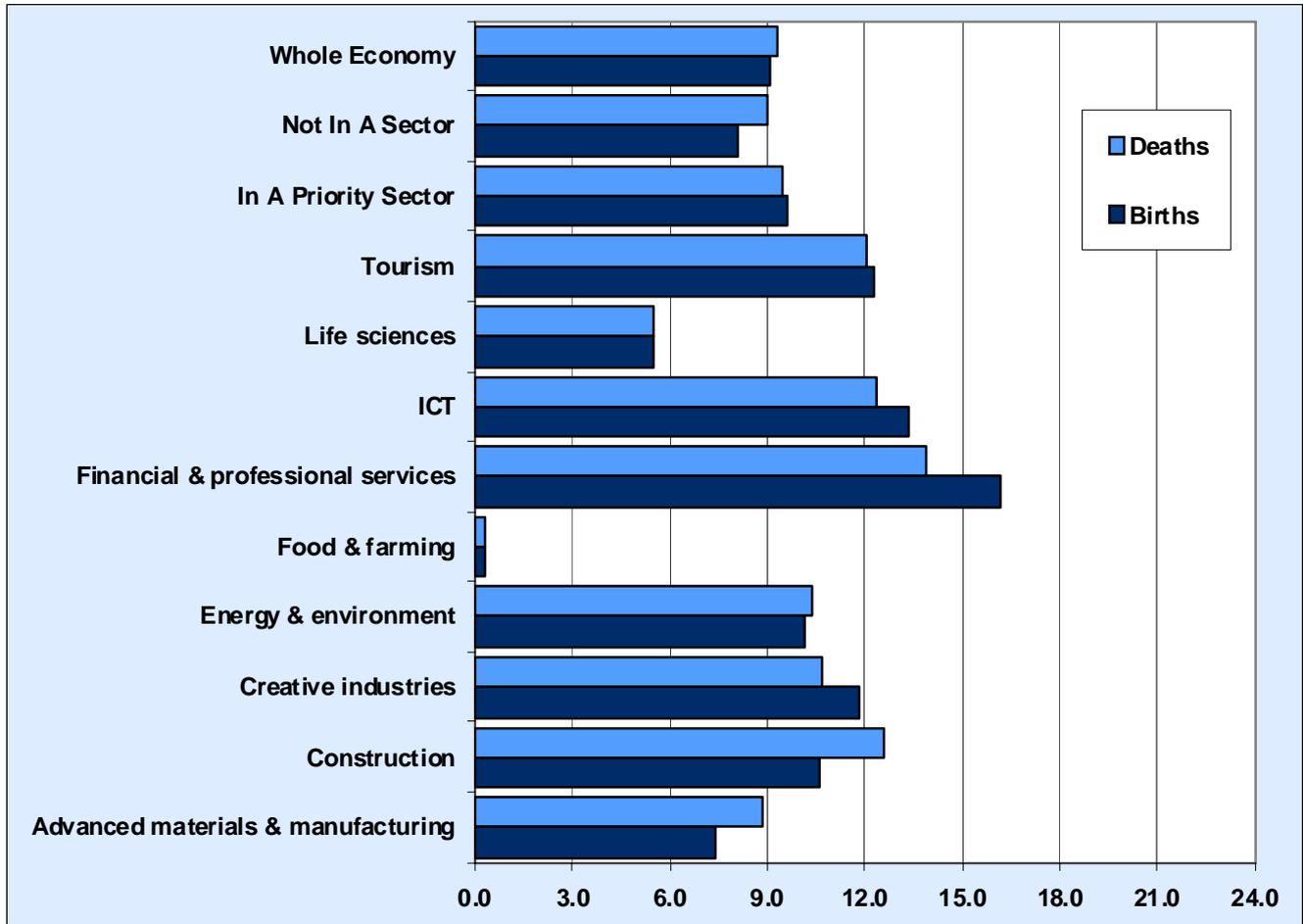
*The Life Sciences estimates for part-time employees are deemed too unreliable to publish due to small sample sizes

In 2012:

- Full-time gross weekly mean earnings for employees in the priority sectors were slightly higher than those in non-priority sectors in Wales (£524 vs. £518).
- The sector with the highest weekly earnings was the ICT sector (£627) whilst the lowest were in the Tourism sector (£379). The figure for the whole economy was £521.
- The data on part-time gross weekly earnings can be volatile, but the most recent figures show that part-time weekly earnings were highest in the Advanced Materials & Manufacturing sector (£369) and lowest in the Tourism sector (£111). The figure for Life Sciences is not of sufficient quality to publish.
- Overall, part-time gross weekly earnings were lower in the priority sectors than those in the non-priority sectors (£154 vs. £187). The figure for the economy as a whole was £178.

Section 5: Business Demography Data

Chart 8: Business birth and death rates, Wales, 2011



Source: Business Demography, ONS

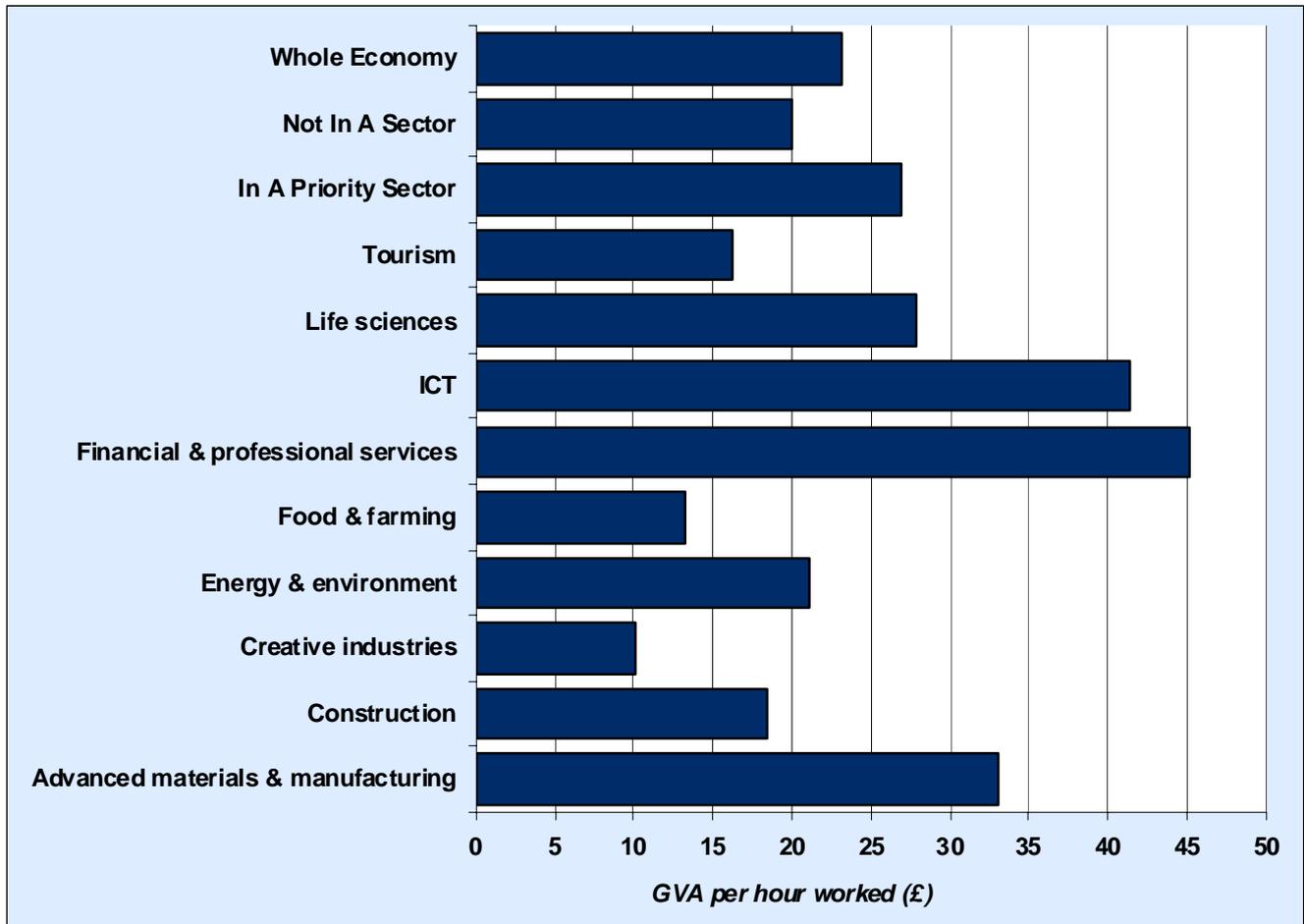
In 2011:

- The business birth rate for the priority sectors was higher than that of the non-priority sectors (9.6 per cent vs. 8.1 per cent).
- The priority sector with the highest birth rate was the Financial & Professional Services sector (16.2 per cent), whilst the lowest was in the Food & Farming sector (0.3 per cent – *however agriculture is not covered by the business demography statistics*). The rate for the whole economy was 9.1 per cent.
- The business death rate for the priority sectors was also higher than that of the non-priority sectors (9.4 per cent vs. 9.0 per cent).
- The priority sector with the highest death rate was the Financial & Professional Services sector (13.8 per cent) whilst the lowest was the Food & Farming sector (0.3 per cent – *however agriculture is not covered by the business demography statistics*). The rate for the whole economy was 9.3 per cent.

Section 6: Gross Value Added Data - Wales

This section contains data from three different sources which have been used to construct Gross Value Added (GVA) estimates for the priority sectors. Users should read the limitations of these estimates in Annex A.

Chart 9: Gross Value Added (GVA) per hour worked in Wales, 2011



Source: Regional Accounts, Annual Business Survey (ABS) and Annual Population Survey (APS), ONS

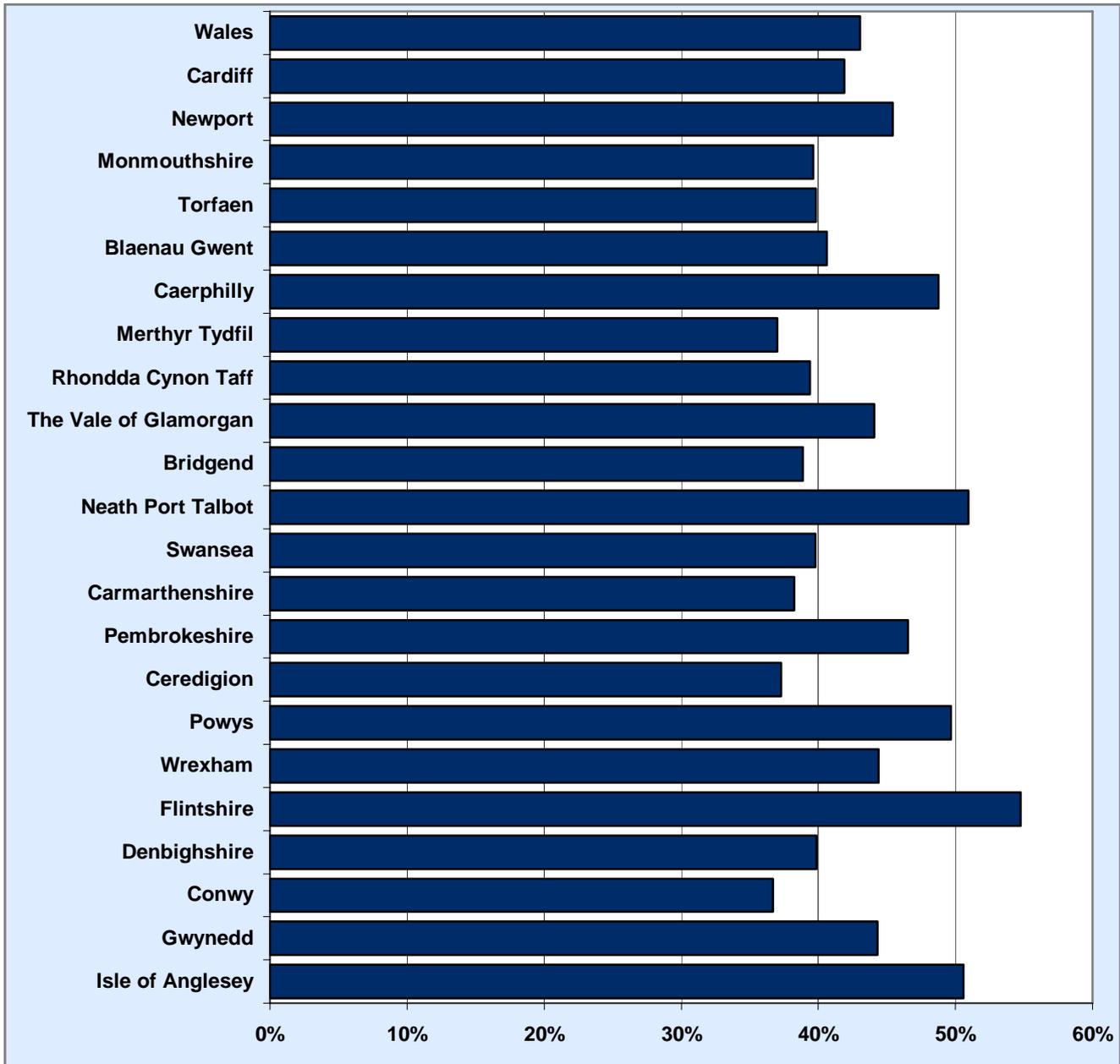
In 2011:

- GVA per hour worked was higher in the priority sectors than for the non-priority sectors in Wales (£27 per hour £20 per hour). For the economy as a whole, the figure was £23 per hour.
- The two priority sectors with the highest GVA per hour worked were Financial & Professional Services (£45 per hour) and ICT (£41 per hour).
- Creative Industries had the lowest GVA per hour worked at £10 per hour followed by Food & Farming at £13 per hour.

Section 7: Sub-Wales analysis

This section contains sub-Wales level data from the APS. It is included to allow users to examine the local area mapping of the sectors.

Chart 10: Proportion of employment in a Priority Sector by Welsh local authority, 2012



Source: Annual Population Survey (APS), ONS

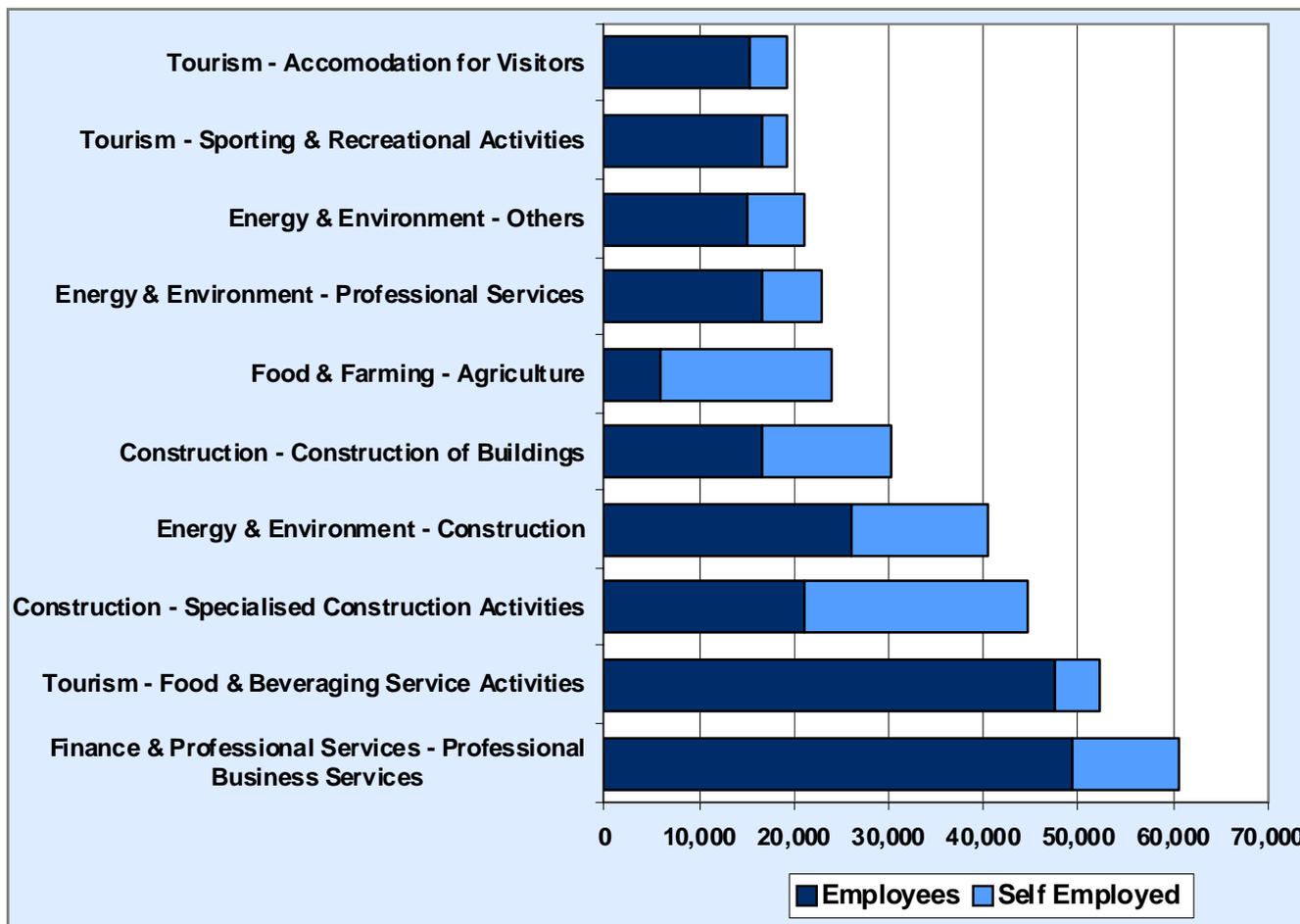
In 2012:

- The local authority with the greatest proportion of employment in the priority sectors was Flintshire (55 per cent), whilst the lowest was in Conwy, Ceredigion and Merthyr Tydfil (all 37 per cent).
- The overall Welsh average was 43 per cent. 11 local authorities had a greater proportion of employment in a priority sector than the Welsh average, whilst 11 had a lower proportion.

Section 8: Sub-sector analysis

This section contains an example of sub-sector data. During the last 3 months each sector team in the Welsh Government has defined their sector into sub-sectors. These sub-sector statistics have been produced to assist further the sector team and panels in understanding, monitoring and benchmarking their sectors.

Chart 11: Employment in the largest 10 sub-sectors, Wales, 2012



Source: Annual Population Survey (APS), ONS

In 2012:

- The largest priority sub-sector was in the Finance and Professional Services with just over 60,000 people working in the Professional Business Services sub-sector.
- Of the top 10, the largest number of self-employed workers was in the Construction sub-sector of Specialised Construction Activities (23,500), whilst the largest proportion of self-employed workers was in the Food & Farming sub sector of Agriculture (76 per cent).
- In terms of employment, three of the top 10 sub-sectors were from Energy & Environment, three were from Tourism, two from Construction and one each from Finance & Professional Services and Food & Farming.
- It is important to note that these sub-sectors are defined by the sectors themselves and may not map to standard definitions of sectors and sub-sectors.

Annex A: Methodology used to derive Gross Value Added estimates for the priority sectors

This section describes the methodology used to derive the Gross Value Added (GVA) estimates contained in section 5.

At present the official GVA estimates for Wales are only available at a Standard Industry Classification (SIC) section level – this is too high a level to produce estimates for the priority sectors. The Annual Business Survey (ABS) produces approximate GVA estimates which are available at the four digit SIC industry level. The ABS GVA estimates are called approximate as they do not allow fully for certain types of National Accounts concepts such as taxes, subsidies or income earned-in-kind.

The ABS also does not cover the whole economy, it excludes the public sector, agriculture (SIC2007 groups 01.1, 01.2, 01.3, 01.4 and 01.5) and financial intermediation (64, 65.3, 66). For those industries not fully covered by the ABS, employment shares from the Annual Population Survey (APS) are used in the GVA derived for this bulletin. Industry T ('Activities of Households') are not included in this method.

Further, to avoid the confusion of the totals not matching the official GVA estimates, this method constrains the estimates to the official GVA totals by SIC section. As there are no official GVA by industry estimates available for 2011, the 2010 industry proportions have been applied to the 2011 total. As 'Activities of Households' are not covered by this method, the overall totals will differ slightly.

To derive GVA estimates for the priority sectors the following method was used:

1. For each 4 digit SIC, calculate the proportion of GVA within the SIC section using the ABS. For example, what proportion did SIC2007 4 digit code "6312 – Web Portals" account for within its SIC section J – Information and Communication using ABS GVA. Similarly calculate the proportion of employment in each 4 digit SIC within the SIC section from the APS.
2. For those industries not covered fully by the ABS then take the employment proportion, otherwise take the GVA proportion.
3. Multiply that proportion by the regional accounts GVA SIC section total.
4. Sum across the four digits to arrive at sectoral totals.

Although this method provides estimates of priority sector GVA, it is intended to give a guide to the size of the sectors and should be regarded as an experimental series.

The hours worked data are produced from the APS. It is known that industry information given by employees is less robust than that obtained via business surveys. We plan to look at a more complex method for deriving hours worked which would produce more robust GVA per hour worked estimates for the next release. Users are reminded that the official GVA per hour worked series for Wales (and sub-Wales) and the UK are produced by the ONS³ and that the estimates in this release are produced for the purposes of comparisons to the priority sectors.

More information on the Annual Business Survey can be found at:

<http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/index.html>

The headline GVA series can be found at:

<http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/index.html>

³ <http://www.ons.gov.uk/ons/rel/productivity/labour-productivity/index.html> and <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-analysis/index.html>

Notes

Changes to this bulletin and planned changes for future bulletins

This bulletin

This bulletin includes four main changes from the bulletin released in November 2012:

1. The data based on SIC2003 have now been converted to SIC2007. Although the results are reasonably robust, users should bear in mind that the conversions are not exact.
2. There are now sub-sector data for the priority sectors covering employee jobs, enterprises, Gross Value Added (GVA) and Employment (split by employees/self-employed).
3. The GVA per job estimates have been dropped in favour of GVA per hour worked which is a more accurate measure of productivity as it takes into account the variation in hours worked by industry and area.
4. The definition of Advanced Materials & Manufacturing has been amended slightly to better reflect sectoral activity. This has resulted in 6,600 fewer employees in the sector.

Future bulletins

Following the conclusion of the DCMS consultation on the mapping of the Creative Industries and the Welsh Government mapping exercise for the Creative Industries the definitions may change. The Construction sector are also considering the definitions used to ensure that the SIC mapping best reflects their activities.

Improvements to the hours worked estimates that are used in the GVA per hour worked tables are planned. More details are given in Annex A of this release.

Policy/Operational Context

This release uses the final definitions of the six priority sectors that were identified in "Economic Renewal: a new direction" by the Department for Economy, Science and Transport (ES&T) and publishes the same statistics for the three newer priority sectors which were announced in September 2011⁴. The policy pages can be found at:

<http://wales.gov.uk/topics/businessandconomy/sectors>

The purpose of publication of these statistics is to assist the priority sector panels, sector teams in ES&T and the wider public by providing information on the priority sectors which could be used for benchmarking and monitoring and outlines what official statistics are currently available.

Revisions

Data in this bulletin are subject to revision from either revisions to the data sources or revisions to the definitions. Many of the datasets used in this release revise previous years' data when new data are released, however in most instances those revisions are small.

Accessing the data

Alongside this release a spreadsheet containing data on the nine priority sectors has been published.

The Statistical bulletin is available on the Welsh Government Internet site at:

<http://www.wales.gov.uk/topics/statistics/headlines/economy2013/>

⁴ <http://wales.gov.uk/newsroom/businessandconomy/2011/110922sectors/>

Data Sources and Quality

We have published a comprehensive data sources guide lists which provides a summary of all the main official data sources used by the Economic and Labour Market Statistics branch as well as useful links.

The guide can be found at: <http://www.wales.gov.uk/topics/statistics/about/reference/econsources/>

Further information on quality can also be found in the spreadsheets that accompany this release.

Industrial classification

In 2008 statistics produced by Government departments in the UK began to move from the old Standard Industrial Classification (SIC2003) to the new industrial classification (SIC2007). This has meant that a mapping for the priority sectors has been drawn up under both SIC2003 and SIC2007 as in the previous article. Annex A of last years article provides more information on the mapping. When mapping between SIC2003 and SIC2007 there is not a 1-1 mapping, meaning that businesses which fell under one classification previously may not all fall into exactly the same category. This is a result of a better match being available under SIC 2007, as much of the service sector mapping has been expanded under SIC2007. Although it should be noted that, for example, the Inter-Departmental Business Register (IDBR) shows that the two industrial classifications give broadly the same estimates for the priority sectors, the Annual Population Survey (APS) does not.

Following last year's release many users felt that the break in the series was unhelpful, particularly as it spanned the recession.

We have undertaken a mapping exercise to convert the SIC2003 data to SIC2007 and assessed the reliability of those conversions. On the whole the conversions are reasonably accurate and on that basis we removed the discontinuity lines. We advise users to remember that the data prior to 2009 (in most cases) are based on SIC2003 which have been approximated to SIC2007.

Time series have been included in the bulletin to provide users with several years' data for analysis. Where data series are based on sample surveys or appear to be volatile, we advise that a run of years should be assessed. Although as noted above, series containing SIC changes need to be interpreted with caution.

Users should also be aware that businesses (and therefore employees) can move between sectors. The industry defined on the IDBR is based on the main activity of the business (in terms of turnover generally). If a business carries out activities that span several industries then depending on the proportion of turnover for each activity it undertakes then it may change industries over time as demand and its activity changes.

For example, if a business has 51 per cent of its business in retail, but 49 per cent in manufacturing, this business would be classified as a retail business in that year. If in the next year the business refocuses, such that manufacturing is the main activity, the business would then be reclassified to manufacturing.

For more details on SIC 2007, please see the following link;

<http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>