

Article

# **Construction statistics, Great Britain: 2022**

Statistics on the construction industry, including value of output, new orders by sector, number of firms and total employment, insolvencies, and construction output price indices.

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We have corrected an error relating to the construction output information within this article. This happened because of a now-corrected processing error within Tables 1.1, 1.2 and 1.3 of the Construction annual tables. This has impacted the first main point and private and public infrastructure new work and total private and public new work growth in Section 2. We apologise for any inconvenience caused.

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# 1. Main points

- The value of construction new work in current prices in Great Britain in 2022 increased 15.8% to a record high of £132,989 million; this was driven by growth in both private sector work of £14,093 million and in the public sector of £4,068 million
- Construction new orders rose 11.4% in 2022 to £80,837 million, driven by private infrastructure, private commercial and other public non-housing; the only sector that decreased was private industrial.
- In the Quarter 3 (July to Sept) 2022, 374,332 Value Added Tax (VAT) and Pay As You Earn (PAYE) registered construction firms were operating in the construction industry across Great Britain, which is a 5.9% growth compared with 2021.
- The number of construction-related employees (excluding self-employment) in Great Britain increased 3.3% in 2022 compared with 2021, totalling at 1.4 million workers; the biggest contributor to the growth in 2022 was England with a growth of 3.5%, Wales and Scotland both increased by 2.0%.
- The construction industry saw a 59.4% annual increase in the number of recorded company insolvencies in 2022.
- The all-work construction Output Price Index saw strong annual price growth of 8.8% in December 2022.

## 2. Construction output

This article focuses on short-term measures of output value in current prices, that is, the impact of price changes not removed. This is opposed to volume (the value of work deflated by measures of inflation), which is the lead measure in our <u>Construction output in Great Britain bulletin</u>.

# Figure 1: Total new work construction output increased 15.8% in 2022, reaching a record high value of £132,989 million

Types of construction work, current prices, non-seasonally adjusted, Great Britain, 2010 to 2022

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Total new work increased by £18,161 million in 2022, with growth in both private and public new work, which increased by 16.8% and 13.1%, respectively.

The main contributors to this growth were private new housing, public infrastructure new work and private industrial new work, increasing 22.8%, 19.3% and 56.0%, respectively.

The only sector to decrease was public other new work which fell 1.8% (£184 million).

Table 1: Construction new work output value broken down by type: change from 2021 to 2022 Types of construction work, current prices, non-seasonally adjusted, Great Britain, annual percentage change, £million change and value for 2022

Type of work	(%)	Annual change (£ Million)	2022 Value (£ Million)
Total new work	15.8	18,161	132,989
Total private	16.8	14,093	97,794
Total public	13.1	4,068	35,194
New housing	22.9	10,527	56,584
Public	23.3	1,171	6,198
Private	22.8	9,356	50,386
Total Infrastructure	10.7	3,185	32,893
Public Infrastructure	19.3	3,081	19,070
Private Infrastructure	9.0	103	13,824
Other new work	11.4	4,449	43,511
Public	-1.8	-184	9,927
Private Industrial	56.0	2,911	8,111
Private commercial	7.3	1,723	25,473

Source: Construction statistics, Great Britain: 2022 (Table 1.1, 1.2, 1.3) from the Office for National Statistics

#### Notes

- 1. See our monthly statistics on construction output in Great Britain for more information on repair and maintenance statistics.
- 2. Types of construction work may not sum exactly to the totals because of rounding.

## **3** . Construction New Orders

We publish <u>construction new orders data</u> quarterly, using data sourced from Barbour ABI, which provide an indication of current confidence and future health of the construction industry. Annual data are provided in our <u>accompanying dataset</u>.

# Figure 2: Annual new orders rose 11.4% in 2022 to £80,837 million, its highest level on record

New orders value, current prices, non-seasonally adjusted, Great Britain, 2010 to 2022

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Annual new orders in 2022 increased 11.4% to a record high value of £80,837 million. The main contributors were private infrastructure, private commercial, and other public non-housing, which increased 85.1%, 10.2% and 17.5% respectively. This was slightly offset by private industrial which decreased by 0.6%.

# Figure 3: Electricity, roads and public agriculture, and miscellaneous were the main sectors contributing to the annual increase in new orders in 2022

Contributions to year-on-year growth by sector, current prices, non-seasonally adjusted, Great Britain, 2022

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At a sub-sector level, infrastructure new orders were largely driven by new orders in electricity, which increased 226.8% between 2021 and 2022, to £6,380 million.

## 4 . Structure of the industry

Our data include breakdowns on employment, trade, size, and number of firms, using our <u>Inter-Departmental</u> <u>Business Register (IDBR) data</u>.

There can be lags in the removal of businesses from the IDBR because of economic, legal, and statistical processes and the data included in this release represent the period Quarter 3 (July to Sept) 2022.

These statistics are based on the location of construction firms on the IDBR. Construction firms may operate and employ people across wider geographical areas, not just in the region they are registered on the IDBR. The IDBR also classifies businesses based on their main economic activity, therefore some construction activity may be classified in other industries, and some non-construction activity may be classified in construction-based businesses.

#### Number of firms and employees

# Figure 4: Based on the IDBR, approximately 3 in 10 construction firms and employees were concentrated around London and the South East of England

Proportion of total construction firms and employees in Great Britain, by ITL1 region of registration, classified as of Quarter 3 (July to Sept) 2022

Notes:

- 1. These data are point-in-time estimates classified in the Quarter 3 2022 on the IDBR.
- 2. Self-employment data are not included because they are unavailable at an ITL1 level.

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# Figure 5: In 2022, there was growth in both the number of firms in Great Britain (5.9%) and number of employees (3.3%)

Year-on-year growth in the total number of construction firms and employees, Great Britain, 2015 to 2022, classified as of Quarter 3 (July to Sept) 2022

Notes:

- 1. These data are point-in-time estimates classified in Quarter 3 2022 compared with Quarter 3 2021.
- 2. Self-employment data are not included because they are unavailable at an ITL1 level.

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#### Firms

There were 374,332 Value Added Tax (VAT) and Pay As You Earn (PAYE) registered construction firms operating in the construction industry across Great Britain in 2022. The number of registered firms grew 5.9% in Quarter 3 2022 compared with Quarter 3 2021. This was the strongest growth since 2017 (6.2%).

England saw the largest increase, with 6.2% (19,584) more registered firms. Wales and Scotland increased 4.4% (614) and 3.6% (769), respectively.

#### **Employees excluding self-employment**

The number of construction-related employees (excluding self-employment) in Great Britain increased 3.3% in 2022 compared with 2021, totalling at 1.4 million workers. The biggest contributor to the growth in 2022 was England with a growth of 3.5%, while Wales and Scotland both increased by 2.0%. These data are sourced from IDBR estimates.

#### **Employees and self-employment**

Total employment (employees and self-employment) data from our <u>Workforce jobs by region and industry dataset</u> remained at 2.2 million workers in the construction industry throughout 2022. These data are different to the IDBR data and are unavailable at the level required to publish Tables 3.4, 3.5 and 3.6.

#### Self-employment

There was an average of 674,000 self-employed construction workers in Great Britain in 2022. This a decrease of 24,000 (3.4%) compared with 2021, as shown in our <u>Self-employment jobs by industry dataset</u>, sourced from the Labour Force Survey. Despite this, the construction sector had the highest level of self-employed jobs across the whole economy (16.7%).

Self-employment remained concentrated in <u>Standard Industrial Classification (SIC) 2007 divisions 41 and 43</u>, the construction of buildings and specialised construction activities.

#### Insolvencies

Construction was the biggest contributor to total insolvencies across the overall economy in 2022, accounting for 18.8% (4,354) of total insolvencies. There were increases in both the number of insolvencies in construction, which was up 59.4% from 2021 (2,732 insolvencies in 2021), and its share of total insolvencies (18.4% in 2021).

For a full account of business death counts, see our <u>Business demography</u>, <u>quarterly experimental statistics</u> <u>bulletin</u>.

#### Figure 6: Construction saw a 59.3% increase in the number of company insolvencies in 2022

Number of insolvencies by industry, 2021 average = 100, non-seasonally adjusted, Great Britain, 2022

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# Figure 7: Although the construction sector contributed the highest of any industry at 18.8% of all insolvencies, construction had the fourth-largest proportion of insolvencies to number of firms

Number of insolvencies by industry as a proportion of number of firms, non-seasonally adjusted, Great Britain, 2022

#### Notes:

1. The "proportion of total industry" rates are calculated using two different company registers, the number of company insolvencies listed on the Companies House register over companies registered to the IDBR.

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# Figure 8: Electrical, plumbing, and other construction installation activities accounted for most construction company insolvencies in 2022

Number of construction insolvencies by three-digit SIC (2007), non-seasonally adjusted, Great Britain, 2022

#### Notes:

- 1. The construction industry is categorised as section F of the UK Standard Industrial Classification (SIC) 2007.
- 2. The two-digit codes are defined as: 41 (construction of buildings), 42 (civil engineering), and 43 (specialised construction activities).
- 3. For the three-digit SIC codes please consult GOV.UK's SIC guidance.

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# **5**. Construction Output Price Indices

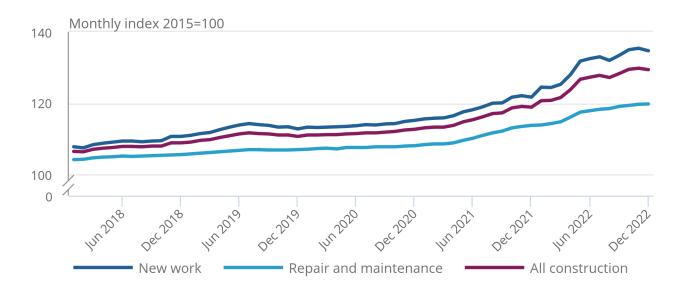
Our <u>Construction Output Price Indices (OPIs) dataset</u> provides our best estimate of inflation within the UK construction industry.

Figure 9: All construction output price indices have shown an upward trend since the latter part of 2020, until a decrease in December 2022

Monthly index, 2015=100, non-seasonally adjusted, Great Britain, January 2018 to December 2022

Figure 9: All construction output price indices have shown an upward trend since the latter part of 2020, until a decrease in December 2022

Monthly index, 2015=100, non-seasonally adjusted, Great Britain, January 2018 to December 2022



#### Source: Construction output price indices from the Office for National Statistics

In the 12 months to December 2022, there was annual growth in all construction Output Prices Index of 8.8%.

At the lower level, repair and maintenance and new work output prices increased across the 12 months to December 2022 by 5.3% and 10.7%, respectively.

## 6. Construction Data

#### Construction statistics annual tables

Dataset | Released 28 November 2023

The construction industry in Great Britain, including value of output and type of work, new orders by sector, number of firms and total employment.

#### Output in the construction industry

Dataset | Released 10 November 2023 Monthly construction output for Great Britain at current price and chained volume measures, seasonally adjusted.

Construction output price indices

Dataset | Released 10 November 2023 A summary of the Construction Output Price Indices (OPIs) from January 2014 to September 2023, UK.

#### New orders in the construction industry

Dataset | Released 10 November 2023 Quarterly new orders at current price and chained volume measures, seasonally adjusted by public and private sector. Quarterly non-seasonally adjusted type of work and regional data.

Output in the construction industry: sub-national and sub-sector

Dataset | Released 10 November 2023 Quarterly non-seasonally adjusted type of work and regional data at current prices, Great Britain.

## 7. Glossary

#### **Construction output estimates**

Construction output estimates are monthly estimates of the amount of output chargeable to customers for building and civil engineering work done in the relevant period, excluding Value Added Tax (VAT) and payments to subcontractors.

#### **Construction Output Price Indices (OPIs)**

The construction OPIs are compiled using input costs, which are material, labour, and plant, weighted together for a selection of types of construction projects, with a markup being applied to account for profit by the construction firm. The result is considered a proxy for output prices.

#### Inter-Departmental Business Register

The Inter-Departmental Business Register (IDBR) is a comprehensive list of UK businesses registered for VAT and Pay As You Earn (PAYE) used by government for statistical purposes. The IDBR provides the main sampling frame for surveys of businesses carried out by the Office for National Statistics (ONS) and other government departments. It is also an important data source for analysis of business activities.

The two main sources of input are VAT and PAYE records from HM Revenue and Customs (HMRC). Additional information comes from Companies House, Dun and Bradstreet and the ONS business surveys.

#### New orders

The new orders data measure the value and volume of new orders of main contractors by type of work and region.

#### Seasonally adjusted estimates

Seasonally adjusted estimates are derived by estimating and removing calendar effects (for example, leap years such as 2020) and seasonal effects (for example, decreased activity at Christmas because of site shutdowns) from the non-seasonally adjusted estimates.

#### Value estimates

The value estimates reflect the total value of work that businesses have completed over a reference month. Value estimates are also referred to as the data in current prices.

#### **Volume estimates**

The volume estimates are calculated by taking the value estimates and adjusting to remove the impact of price changes. Where <u>chain-linking</u> is applied, volume estimates are referred to as chained volume measures.

## 8. Data sources and quality

This annual article brings together a range of statistics currently available on the construction industry from the Office for National Statistics (ONS) and other government departments.

The construction industry is categorised as section F of the Companies House UK <u>Standard Industrial</u> <u>Classification (SIC) 2007</u>, which is defined as:

- division 41: Construction of buildings
- division 42: Civil engineering
- division 43: Specialised construction activities

All data published are in current prices and, unless otherwise stated, non-seasonally adjusted and correct at the time of release, however, are subject to revisions as per the respective revisions policy.

The following links provide the annual data sources published previously, externally, or elsewhere by the ONS:

- Average weekly earnings in Great Britain bulletin
- Building materials and components: monthly statistics
- Business demography, quarterly experimental statistics, UK bulletin
- Business insights and impact on the UK economy bulletin
- <u>Construction Industry Training Board (CITB)</u>
- Department for Business, Energy and Industrial Strategy: Business population estimates for the UK and regions 2022 statistics
- Department for Communities (Northern Ireland): Housing statistics
- Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities and Local Government: Planning applications statistics
- Employees and self-employed by industry dataset
- <u>Health and Safety Executive: Reporting of Injuries, Diseases and Dangerous Occurrences Regulations</u> (<u>RIDDOR</u>)
- House building data, UK article
- LABD: Labour disputes in the UK dataset
- <u>Migrant labour force within the UK's construction industry article</u>
- Non-financial business economy, UK and regional (Annual Business Survey) bulletin
- Northern Ireland Statistics and Research Agency: Construction output statistics
- <u>Organisation for Economic Co-operation and Development (OECD): International comparisons statistics</u>
- <u>Regional economic activity by gross domestic product estimates bulletin</u>
- <u>The Insolvency Service: Insolvency Service Official Statistics</u>
- <u>UK business; activity, size and location bulletin</u>
- Workforce jobs by region and industry dataset

#### Quality and methodology information (QMI)

- <u>Construction output QMI</u> (last revised 8 August 2019)
- <u>Construction Output Price Indices (OPIs) QMI</u> (last revised 10 May 2023)
- New orders in construction QMI (last revised 8 August 2019)
- UK business; activity, size and location QMI (last revised 27 September 2023)

#### Acknowledgements and authors

Authors involved in this article are:

- Alishia Addicoat
- Thomas Ryman
- Jess Gavin

## 9. Related links

#### Construction output in Great Britain

Bulletin | Released monthly

Short-term measures of output by the construction industry in Great Britain and contracts awarded for new construction work in the UK. Also, quarterly new orders and sub-national and sub-sector data.

Productivity in the construction industry

Article | Released 19 October 2021 Productivity in the construction industry, construction output, labour market data, capital stocks and gross fixed capital formation.

Construction development: improvements to regional and sub-sector level estimates, UK: July 2021

Article | Released 20 July 2021

Latest improvements to input data used to model sub-national and sub-sector level construction output estimates, including the impact of the changes.

Construction statistics development: improving the understanding of new orders in the construction industry and the gap between output and new orders

Article | Released 30 October 2018

Explanation and analysis as to the possible causes to explain the differences in Office for National Statistics construction output and new orders data.

Construction statistics: sources and outputs

Methodology | Released 18 November 2022 A list of the known sources of information available on the construction industry and their outputs.

## 10. Cite this article

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