

# Cabinet Background documents



- 10. YourCare (Croydon) Options Appraisal (Pages 3 - 100)**  
Cabinet Member: Cabinet Member for Resources & Financial Governance, Councillor Callton Young  
Officer: Interim Executive Director Resources, Asmat Hussain  
Key decision: no
- 12. Investing in our Borough (Pages 101 - 128)**  
Cabinet Member: Cabinet Member Resources & Financial Governance, Councillor Callton Young  
Officer: Interim Executive Director Resources, Asmat Hussain  
Key decision: no

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## MATTERS TO BE DEALT WITH UNDER EXECUTIVE POWERS BY THE LEADER OF THE COUNCIL, COUNCILLOR TONY NEWMAN

**Executive decision reference number: 0417LR**

**Key decision no. : This is not a key decision**

**DECISION TITLE: Delegation of powers to enable the establishment of a company for the Trading of wellbeing services**

The Leader of the Council is being asked to delegate to the Executive Director – People, in consultation with the Cabinet Member for Finance and Treasury and the Cabinet Member for Families, Health and Social Care, authority to agree the establishment of a commercially operating private company which will be wholly owned by the Council as shareholder and which will have as its purpose, the trading of wellbeing services including assistive technologies to individuals outside of the Council's area of responsibility. This is in the context of the Council's agreed business strategy for equipment services, which aims to scale up commercial profit trading over the next five years, becoming the retailer of choice with private consumers.

### **Recommendations:**

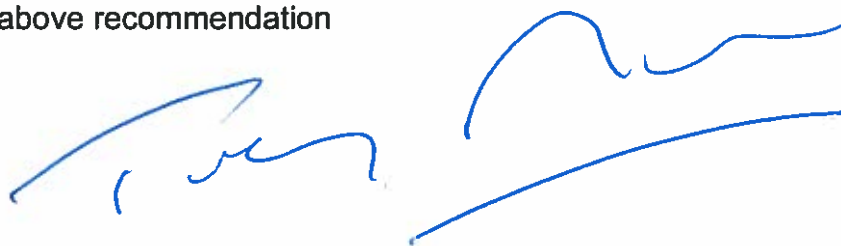
The Leader of the Council is recommended to agree:

That the Executive Director – People, in consultation with the Cabinet Member for Finance and Treasury and the Cabinet Member for Families, Health and Social Care be given delegated authority to implement the establishment of a wholly owned commercially operating company including but not limited to such steps as are necessary to:-

1. Finalise and submit any necessary documentation to Companies House including the Articles of Association.
2. Nominate and appoint directors to the Board of Directors.
3. Make arrangements for the initial financing of the company by way of a loan or share subscriptions or otherwise to the Company on market / commercial terms from the Council for up to £250,000 and in such a way as is compliant with all necessary legislative requirements and in a manner that is state aid compliant.
4. Agree the provision of back office support and services to the Company from the Council through an appropriate form of contract.

I agree the above recommendation

**Signed:**



**Date:**

25/11/2017

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## CROYDON COUNCIL

Councillor Hall, Cabinet Member for Finance and Treasury

Councillor Woodley, Cabinet Member for Families, Health and Social Care

### DELEGATED DECISION

<b>TITLE:-</b>	<b>Community Equipment Service Strategy</b>
<b>REPORT AUTHOR:-</b>	Sarah Warman – Head of Strategy, Communities and Commissioning
<b>REFERENCE NO:-</b>	DD390
<b>SUMMARY:-</b>	<p>The insourcing of the equipment service was completed on 1<sup>st</sup> December 2016. As part of the insourcing process, a five-year business plan was created to achieve a number of key business objectives focused on turning around the equipment service into a profitable and sustainable business, bringing social and commercial benefit to Croydon.</p> <p>The report sets out the overall strategy for the equipment service and the way in which it will take forward the business over the next five years. The report specifically focuses on the following:</p> <ul style="list-style-type: none"><li>• The strategic direction of travel for the service including its mission and priorities for development and growth.</li><li>• The development of a retail company as a key part of future business operations.</li><li>• The need for fit for purpose premises as a critical success factor for the business.</li><li>• The financial implications and forecast summary for the next five years of business</li><li>• The risks and mitigating actions arising from the strategic direction</li></ul>
<b>RECOMMENDATIONS:-</b>	<p>That Councillor Hall, Cabinet Member for Finance and Treasury and Councillor Woodley, Cabinet Member for Families, Health and Social Care:</p> <ol style="list-style-type: none"><li>(1) Agree the Community Equipment Service (CES) strategic direction and priorities as laid out in this paper.</li><li>(2) Agree to relocate CES from its current location at Boulogne Road to Crosfield industrial unit and to provide capital investment in the unit of £250,000.</li><li>(3) Agree to set up a separate legal entity to deliver the CES retail service and provide a £250,000 loan on commercial terms.</li></ol>

BACKGROUND/  
COMMITTEE REPORT:-

Community Equipment Service Strategy Report

Agreed By:- Cllr. Louise Woodley Title:- Cabinet Member for  
Signature: Louise Woodley Date:- Families, Health and  
26/01/2017 Social Care

Small Club Member Finance & Treasury  
26/01/17



yourcare  
Supporting an independent you

# YourCare Set Up



- ✓ A private limited company wholly owned by LBC, incorporated June 2017 (not a Local Authority Trading Company).
- ✓ YourCare is managed by a Board of Directors made up of officers of the council and non-exec directors (to be appointed to).
- ✓ All resources (staff, legal advice, finance, procurement) provided to YourCare by LBC through a contract for services.
- ✓ Office / Retail premises provided by LBC by way of a lease agreement on commercial terms.
- ✓ YourCare to begin officially trading at the same time the company e-commerce website goes live (Spring 2018).



# YourCare Offer



- ✓ A fast-tracked alternative (to council provision) for individuals who want to purchase equipment privately.
- ✓ Proactively supporting managing demand pressures for Croydon in the assessment and allocation of social care resources.
- ✓ Reducing council waiting lists, particularly those people who have non-complex needs.
- ✓ Supporting the preventative agenda by working with non – complex clients at an earlier stage.
- ✓ Access to over 1000 equipment product lines (children and adults) coupled with expert advice and aftersales support.

- ✓ Care Act Compliance - Disclaimers for members of the public from Croydon seeking to purchase privately, referring to potential eligibility from the Council.
- ✓ State Aid compliance – Ensuring Croydon set up YCL to avoid state aid challenges e.g. commercial rates for all expenditure sourced from council.
- ✓ Sign posting to YCL from Croydon – adhering to competition rules / balanced against Croydon maximising use of YCL. e.g. on council website including other suppliers of equipment when referencing YCL.

YourCare Website – target launch date April 2018.

Customer can access the website in the following ways:

- Accessing Croydon social care website pages (Via Ask Sara) linked to YourCare website for purchase.
- Through e-market place developed by LBC with link to YourCare website.
- Accessing web applications linked to the YourCare website e.g. From the Social Care Institute for Excellence (SCIE) Dementia App.
- Directly going to the website e.g. as a result of Google search, awareness of website.

## YourCare. The shop with a conscience.

At YourCare we provide a personalised and holistic service to enable you or a loved one to be independent at home or in a similar setting.

No matter your budget, we can help you find the best quality products and equipment to make a fully informed decision so you get the right equipment to meet your needs.



### Our friendly team

have Trusted Assessor training and are happy to advise and make suggestions on what equipment might be best, where to place it and how to use it whether that be at home or within a community setting. We recommend products and services to meet your whole needs.

### We want to be there for you

throughout your life journey inspiring confidence and independence every step of the way.



## What can we help you with?

Select from the categories below to discover products perfectly suited to your needs and requirements



- Providing a “one stop shop” for equipment needs.
- Demonstrating product ranges through its independent living centre (“try before you buy concept”).
- Offering expert trusted assessment, information, advice and guidance.
- Tailoring range of products to meet needs.
- Modern and conducive independent living centre at new site Crosfields, Imperial Way (12-18 months time).
- Satellite stores/pop up shops e.g. in hospitals, contact centres.

Croydon  
Contact  
Centre

LIFE

ASC Digital  
Pathway

CUH

Care Home  
Providers

Home Care  
Providers

G.P Surgeries

Third Sector

Other Local  
Authorities

# Our plan



Year	Success Factors
2017/18	Interface with LBC Digital Pathway Implementation of marketing plan Promoting to other authorities
2018/19	Launch of E-Commerce site. New Retail Outlet launched (Crosfield) Bevan, Gilman & Online Retail Portals with other local authorities Developing partnerships with NHS (hospitals , G.Ps)
2019/20	Launch 2 Online Retail Portals with other local authorities
2020/21	Launch 2 Online Retail Portals with other local authorities
2021/22	Launch 2 Online Retail Portals with other local authorities
2022/23	Launch 2 Online Retail Portals with other local authorities

# Financial Forecast

	<b>*2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
		<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>All Years</b>
Retail Income	160	415	758	1,311	2,132	2,904	7,680
Retail Costs of Sales	224	378	639	1,048	1,638	2,199	6,125
Management and Administration	58	127	124	174	221	264	968
Profit and Loss	-121	-90	-5	89	274	441	587

- Operating losses in the initial years are supported by a £250k loan from the Council.
- To support business growth investment in the retail business includes in 2018/19 £40k for shop fit out and for systems and website upgrades in 2018/19 £15k, 2019/20 £15k, 2020/21 £45k, 2021/22 £65k and 2022/21 £75k.
- To support the increased sales volumes every year from 2019/20 onwards there is an investment in 1 additional member of staff in each year.



Statistical bulletin

# GDP first quarterly estimate, UK: April to June 2020

First quarterly estimate of gross domestic product (GDP). Contains current and constant price data on the value of goods and services to indicate the economic performance of the UK.



Contact:  
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+44(0)1633 455284

Release date:  
12 August 2020

Next release:  
30 September 2020

## Correction

### 12 August 2020 14:46

A correction has been made to text relating to Trade in Section 5. Initially we referred to a trade deficit of 1.9% of nominal GDP. This has now been corrected to refer to a trade surplus of 1.9% of nominal GDP. You can see the original content in the superseded version.

We apologise for any inconvenience.

### 17 August 2020 14:20

A processing error was discovered in the datasets and time series related to the GDP first quarterly estimate, UK: April to June 2020 release. The error affected GVA excluding oil and gas (CDIDs KLS2, KLH7, KLH8 and KLH9) for Quarter 2 2020 in tables A2 and B1 of the data tables, the associated time series and the pdf tables attached to the statistical bulletin. This was due to a processing error in the creation of these datasets. We have now corrected for this.

We apologise for any inconvenience.

Please contact [GDP@ons.gov.uk](mailto:GDP@ons.gov.uk) for more information.

# Table of contents

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# 1 . Main points

- UK gross domestic product (GDP) is estimated to have fallen by a record 20.4% in Quarter 2 (Apr to June) 2020, marking the second consecutive quarterly decline after it fell by 2.2% in Quarter 1 (Jan to Mar) 2020.
- When compared with Quarter 4 (Oct to Dec) 2019, UK GDP decreased by 22.1% in Quarter 2 2020.
- Despite the weakness in Quarter 2 2020, there was some pick up in June as government restrictions on movement started to ease; see [GDP monthly estimate, UK: June 2020](#).
- There have been record quarterly falls in services, production and construction output in Quarter 2, which have been particularly prevalent in those industries that have been most exposed to government restrictions.
- Private consumption accounted for more than 70% of the fall in the expenditure measure of GDP in Quarter 2 2020, falling by 23.1%; there were also notable falls in gross capital formation and government consumption.

GDP estimates for Quarter 1 2020 and Quarter 2 2020 are subject to more uncertainty than usual as a result of the [challenges](#) we faced in collecting the data under government imposed public health restrictions.

# 2 . Things you need to know about this release

Gross domestic product (GDP) growth is the main indicator of economic performance. There are three approaches used to measure GDP:

- the output approach
- the expenditure approach
- the income approach

Further information on all three approaches to measuring GDP can be found in the [Guide to the UK National Accounts](#).

In producing a balanced estimate of GDP, we reconcile information on the output, expenditure and income measures of GDP. In our first quarterly estimate, output tends to paint a more reliable picture of what is happening overall in the economy, and so balancing adjustments are applied to the expenditure and income components of GDP where required to align to output; these tend to be applied to components where data content is comparatively weak, or estimates are prone to revision.

Data in chained volume measures within this bulletin have had the effect of price changes removed (in other words, the data are deflated), except for income data, which are only available in current prices.

## Impact of the coronavirus (COVID-19)

This release captures the direct effects of the coronavirus (COVID-19) pandemic and the government measures taken to reduce transmission of the virus. We have faced an increased number of challenges in producing quarterly estimates of UK GDP for Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020. More detailed information on the challenges and the steps taken to mitigate those can be found in [Coronavirus and the effects on UK GDP](#).

As a result of these challenges, GDP estimates for Quarter 1 and Quarter 2 2020 are subject to more uncertainty than usual and are likely to have larger than usual revisions in subsequent releases.

### 3 . Headline GDP

UK gross domestic product (GDP) is estimated to have fallen by a record 20.4% in Quarter 2 (Apr to June) 2020, marking the second consecutive quarterly decline after GDP fell by 2.2% in the previous quarter (Figure 1). This is the largest quarterly contraction in the UK economy since Office for National Statistics (ONS) quarterly records began in 1955, and reflects the ongoing public health restrictions and forms of voluntary social distancing that have been put in place in response to the coronavirus (COVID-19) pandemic. In level terms, real GDP was last lower in Quarter 2 2003. Compared with the same quarter a year ago, the UK economy fell by 21.7%.

[Recent analysis](#) explains our latest position on how we are looking to communicate GDP, including how we will continue to acknowledge “technical” recessions as comprising of at least two consecutive quarters of contracting GDP. While it is still true that these early estimates are prone to revision, we prefer to focus on the magnitude of the contraction that has taken place in response to the coronavirus pandemic. It is clear that the UK is in the largest recession on record. Our latest estimates show that the UK economy is now 22.1% smaller than it was at the end of 2019, highlighting the extent of this recession.

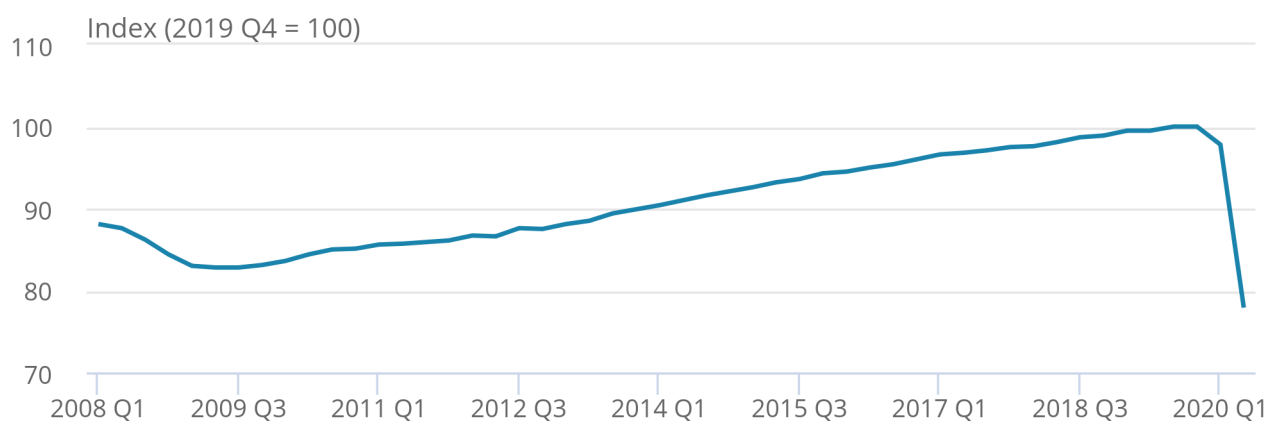
The decline in the second quarter was driven by the 20.0% fall in output in April 2020, the biggest monthly fall on record reflecting widespread monthly declines in output across the services, production, and construction industries. There has been a phased easing of lockdown restrictions through May and June, including the reopening of non-essential shops. This is reflected in the latest figures, which show some rebound in June, where GDP increased by 8.7% on the month. More information on the monthly profile of GDP can be found in the [GDP monthly estimate, UK: June 2020](#) release.

## Figure 1: Real GDP fell by 20.4% in Quarter 2 2020, the largest quarterly contraction on record

UK, Quarter 1 (Jan to Mar) 2008 to Quarter 2 (Apr to June) 2020

### Figure 1: Real GDP fell by 20.4% in Quarter 2 2020, the largest quarterly contraction on record

UK, Quarter 1 (Jan to Mar) 2008 to Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

#### Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), and Q4 refers to Quarter 4 (Oct to Dec).
2. Index is referenced to Quarter 4 (Oct to Dec) 2019.

Several countries have published first estimates of GDP for the second quarter of 2020, including the [United States](#), [Germany](#), [France](#) and [Italy](#) amongst the G7 countries. These initial estimates highlight how the coronavirus pandemic and the response to it has impacted upon the global economy, with record declines recorded in all of these countries.

Given the difference in timings of the imposition of lockdown measures between countries, it is more useful to consider the cumulative fall in GDP in the first half of this year. Figure 2 shows cumulative GDP growth in the first half of 2020 for a selection of advanced economies. Compared with the end of 2019, the UK fell by a cumulative 22.1% in the first six months of 2020. This fall was slightly below the 22.7% seen in Spain but was more than double the 10.6% fall in United States GDP over this period.

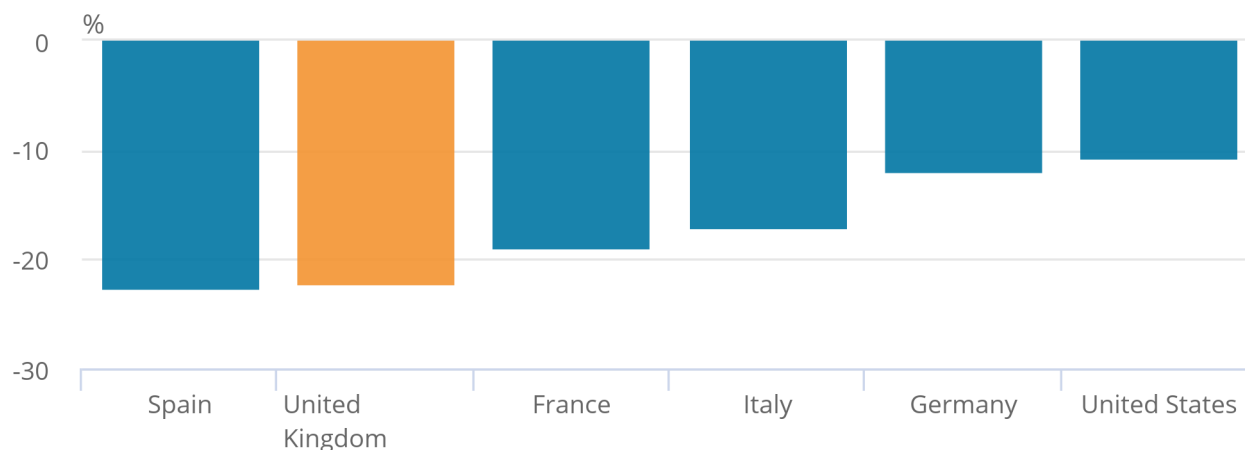
The larger contraction of the UK economy primarily reflects how lockdown measures have been in place for a larger part of this period in the UK compared with these other economies. The [Oxford COVID-19 Government Response Tracker](#) captures this information by collecting information on government policy responses to create a "stringency" index. According to this measure, the UK had an average stringency of 73 in the second quarter – the second highest of the countries shown in Figure 2.

**Figure 2: UK GDP fell by a cumulative 22.1% in the first half of 2020, more than double the fall seen in the United States over this period**

Quarter 4 (Oct to Dec) 2019 to Quarter 2 (Apr to Jun) 2020

Figure 2: UK GDP fell by a cumulative 22.1% in the first half of 2020, more than double the fall seen in the United States over this period

Quarter 4 (Oct to Dec) 2019 to Quarter 2 (Apr to Jun) 2020



Source: Office for National Statistics, Organisation for Economic Co-operation and Development

**Notes:**

1. Chart shows the percentage change in real GDP in Quarter 2 (Apr to June) 2020 compared with Quarter 4 (Oct to Dec) 2019.
2. Data as at 11 August 2020.

Nominal GDP fell by 15.4% in Quarter 2 2020, its largest quarterly contraction on record. The implied GDP deflator represents the broadest measure of inflation in the domestic economy, reflecting changes in the price of all goods and services that comprise GDP. This includes the price movements in private and government consumption, investment and the relative price of exports and imports.

The implied deflator strengthened in the second quarter, increasing by 6.2%. This primarily reflects movements in the implied price change of government consumption, which increased by 32.7% in Quarter 2 2020. This notable increase occurred because the volume of government activity fell while at the same time government expenditure increased in nominal terms.

Statistical guidance recommends measuring many aspects of government output directly, by counting activities, rather than by adjusting expenditure for price movements. Compared with the same quarter a year ago, the implied GDP deflator increased by 7.9%, a strengthening from the previous quarter.

Table 1: Headline national accounts indicators for the UK

% growth<sup>1</sup>

	Chained volume measures				Current market prices		
	GDP	Household expenditure	Gross fixed capital formation	GDP per head <sup>3</sup>	GDP	Compensation of employees	GDP implied deflator
<b>Seasonally adjusted</b>							
<b>2018</b>	1.3	1.6	-0.2	0.7	3.5	4.4	2.1
<b>2019</b>	1.5	1.0	0.7	0.9	3.4	4.5	1.9
<b>Q1 2018</b>	0.1	0.4	-1.2	-0.1	0.7	1.2	0.6
<b>Q2 2018</b>	0.5	0.6	-0.2	0.4	1.0	0.8	0.5
<b>Q3 2018</b>	0.6	0.4	0.3	0.4	1.1	1.5	0.5
<b>Q4 2018</b>	0.2	0.2	-0.1	0.1	0.4	1.5	0.2
<b>Q1 2019</b>	0.7	0.2	1.2	0.5	1.3	0.5	0.7
<b>Q2 2019</b>	-0.1	0.4	-0.6	-0.2	0.5	1.5	0.5
<b>Q3 2019</b>	0.5	0.1	0.6	0.4	1.0	1.0	0.5
<b>Q4 2019</b>	0.0	-0.1	-1.4	-0.1	0.1	0.8	0.1
<b>Q1 2020</b>	-2.2	-2.9	-1.1	-2.3	-1.2	1.1	1.0
<b>Q2 2020</b>	-20.4	-23.1	-25.5	-20.5	-15.4	-2.2	6.2

Source: Office for National Statistics – GDP first quarterly estimate

## 4 . Output

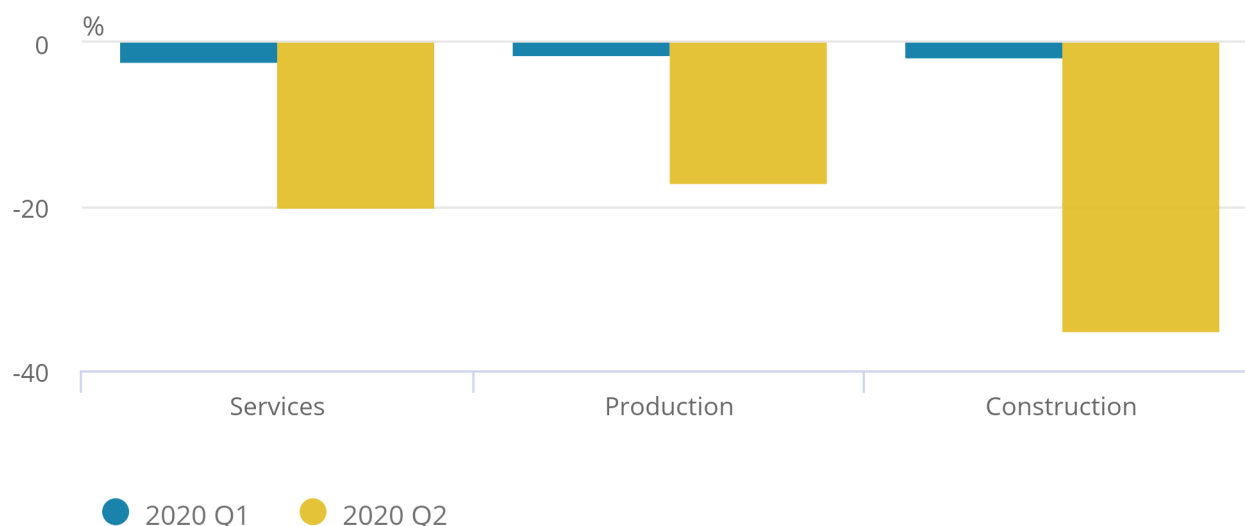
There have been record quarterly falls in services, production and construction output in Quarter 2 (Apr to June) 2020, which have been particularly prevalent in those industries that have been most exposed to the restrictions imposed because of the coronavirus (COVID-19) pandemic. Services output decreased by 19.9% in Quarter 2 2020, while production output fell by 16.9%, and construction output contracted by 35.0% (Figure 3).

**Figure 3: The decline in GDP in the second quarter reflects widespread falls in output across the services, production and construction sectors**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020

**Figure 3: The decline in GDP in the second quarter reflects widespread falls in output across the services, production and construction sectors**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar) and Q2 refers to Quarter 2 (Apr to June).
2. Chart shows percentage quarter-on-quarter growth rates.

## Services

Following a fall of 2.3% in the first quarter, services output decreased by 19.9% in Quarter 2 2020. The quarterly fall reflects declines in the vast majority of industries, most notably accommodation and food services, wholesale and retail trade and repair of motor vehicles, human health and social work activities, and education (Figure 4). These industries accounted for 52.4% of the total contraction in services output in Quarter 2. The only positive contribution came from public administration and defence, which grew 0.4% in the second quarter.

The decline in services output in the second quarter largely reflects the 18.5% fall in April 2020 following the introduction of government restrictions at the end of March. Although there was some pickup in May and June, the levels of output were still well below the February level before the main impacts from the pandemic were felt, resulting in the largest quarterly fall in services output on record.



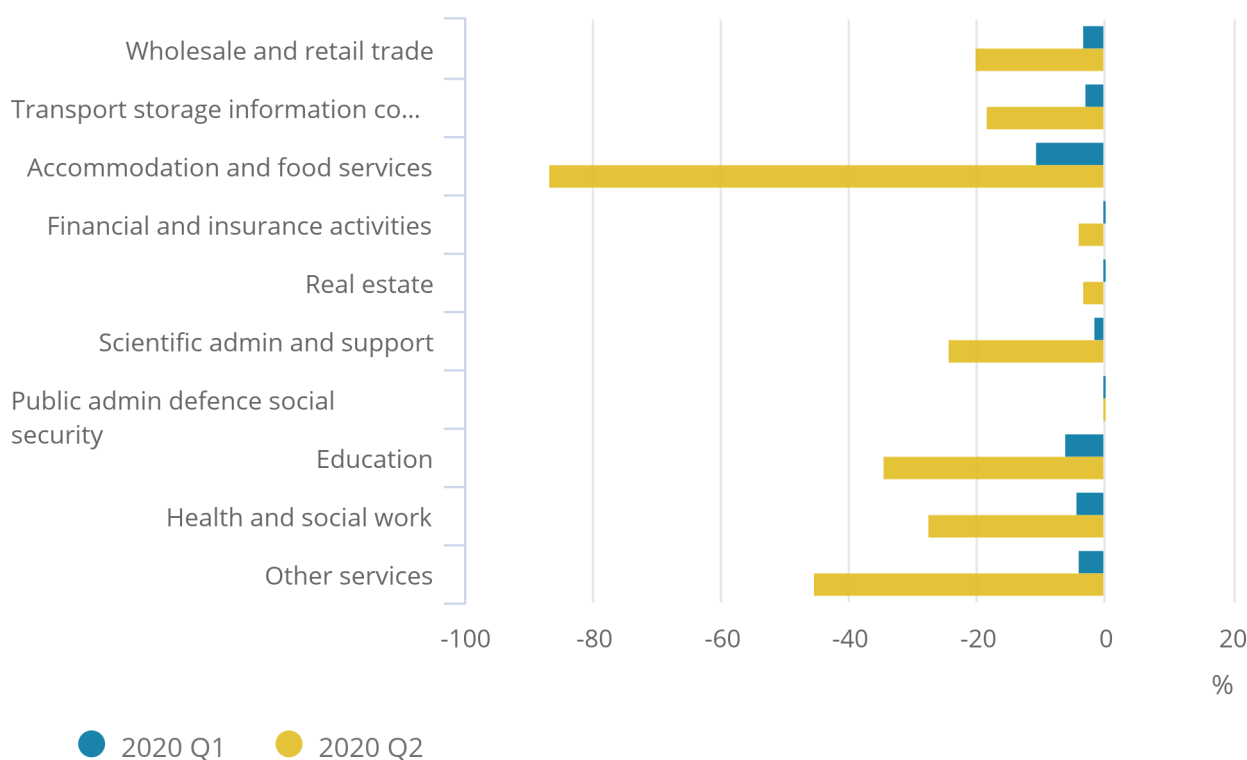
The monthly movements through the quarter are mirrored in the [June IHS Markit UK Services PMI \(PDF, 153KB\)](#), which notes the improvement in business conditions across the UK service sector in June compared with April, which experienced a [survey record low](#) because of “business closures, shutdowns among clients or shrinking sales due to a slump in non-essential spending”. The weakness is also echoed in the latest [Bank of England Agents’ Summary of Business Conditions](#), which reported that spending on consumer services was significantly weaker than a year ago and noted the likely negative impact of social distancing measures on activity in the leisure and hospitality industries.

**Figure 4: The fall in services output in the second quarter reflects declines in the vast majority of industries**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020

Figure 4: The fall in services output in the second quarter reflects declines in the vast majority of industries

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar) and Q2 refers to Quarter 2 (Apr to June).
2. Chart shows percentage quarter-on-quarter growth rates.

Output of accommodation and food services fell 86.7%, while output of wholesale and retail trade and repair of motor vehicles fell 20%. The latter was driven by motor vehicles, which saw output fall by 63.0% in the second quarter because of a [fall in new car registrations](#). The weakness in the retail sector is reflected in footfall data from the Office for National Statistics (ONS) [Faster Indicators](#) publication, which shows that footfall in retail parks, shopping centres and high streets was on average 70% lower in Quarter 2 2020 compared with the same period a year ago.

Meanwhile, output of human health and social work activities fell 27.2%, reflecting cancelled operations and lower accident and emergency attendance, while output of education fell by 34.4% as a result of school closures throughout the lockdown period. For more information on health and education estimates in the second quarter of 2020, please refer to the [Expenditure section](#) of this release.

## **Production**

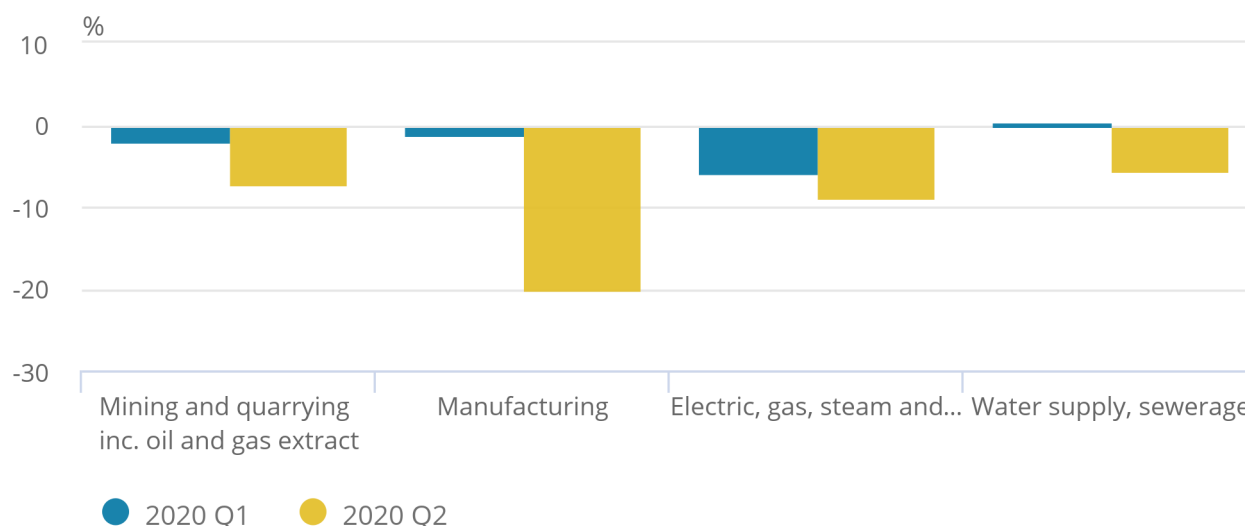
Following a fall of 1.5% in the first quarter, production output fell by 16.9% in Quarter 2 2020, marking the fifth consecutive quarterly decline. The decline was mainly the result of the 20.4% monthly decline in production output in April, which was driven by a fall in manufacturing output. The quarterly contraction in output reflects declines in all four production sub-sectors (Figure 5).

**Figure 5: Production output fell by 16.9% in Quarter 2 2020, reflecting declines in all four production sub-sectors**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020

**Figure 5: Production output fell by 16.9% in Quarter 2 2020, reflecting declines in all four production sub-sectors**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar) and Q2 refers to Quarter 2 (Apr to June).
2. Chart shows percentage quarter-on-quarter growth rates.

Manufacturing output fell by 20.2% in Quarter 2 2020, signalling its fifth consecutive quarterly contraction. External survey evidence also shows the decline in manufacturing output. The [IHS Markit UK Manufacturing PMI](#) index reached a record low in April, reflecting declines across the consumer, intermediate and investment goods sub-industries, which were linked to “the consequences of the COVID-19 outbreak, particularly regarding company closures, weak domestic and global demand and labour shortages (following job losses and staff furloughs)”.

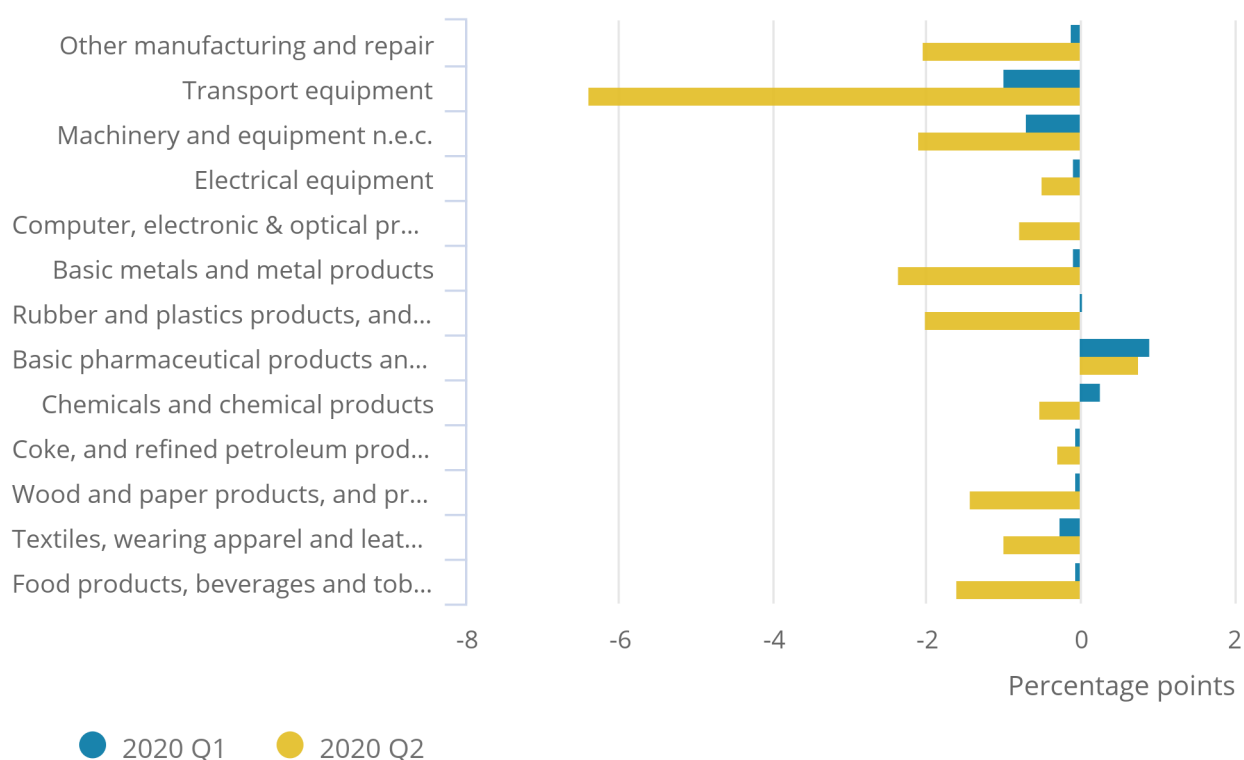
There were widespread falls in most manufacturing industries in Quarter 2 (Figure 6). The most notable was the manufacture of transport equipment, which fell by 49.1% following widespread factory shutdowns during the lockdown period. According to data from the [Society of Motor Manufacturers and Traders \(SMMT\)](#), UK factories produced 381,357 cars in the first six months of 2020, the worst six-month performance since the first half of 1954. Additionally, the latest [Bank of England Agents' Summary of Business Conditions](#) noted that “widespread shutdowns caused manufacturing output to fall sharply” in the second quarter, highlighting severe economic disruption in the aerospace, automotive, heavy engineering and oil and gas industries.

**Figure 6: Manufacturing output fell by 20.2% in Quarter 2 2020, reflecting widespread falls in most manufacturing sub-sectors**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020

**Figure 6: Manufacturing output fell by 20.2% in Quarter 2 2020, reflecting widespread falls in most manufacturing sub-sectors**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar) and Q2 refers to Quarter 2 (Apr to June).
2. Chart shows contribution to quarter-on-quarter manufacturing growth.
3. Components contributions may not sum to total due to rounding.

Following a decline of 2.1% in the first quarter, mining and quarrying output fell by 7.3% in Quarter 2 2020, reflecting coronavirus-related shutdowns as well as reduced demand for oil and gas. Output of electricity, gas, steam and air fell by 8.8% in Quarter 2 2020, reflecting a fall in industrial demand for electricity caused by the temporary closures of businesses. Water supply and sewerage production fell by 5.6% as a result of a decline in industrial and commercial waste because of factory closures in April and May.

## Construction

Following a decline of 1.7% in the first quarter, construction output fell by 35.0% in Quarter 2 2020, reflecting declines in both new work, and repair and maintenance. Most notably, private new housing declined by 51.2% as housebuilding activity was affected by various social distancing measures that were put in place in response to the coronavirus pandemic.

New orders decreased by a record 51.1% in Quarter 2 2020, reflecting falls in both all other work and new housing, which fell by 51.9% and 49.0% respectively. The latest [Bank of England Agents' Summary of Business Conditions](#) notes that construction output "is still significantly lower than a year ago due to weak private sector demand", highlighting the spillover effects this could have "on other sectors, such as companies that provide furnishings and fittings".

The decline in construction output in the second quarter was mainly driven by the 40.2% monthly decline in construction output in April, which was caused by record declines in all types of work. This is corroborated by the April [IHS Markit UK Construction PMI](#), which reported "a rapid downturn in overall construction output" following business closures in April.

## 5 . Expenditure

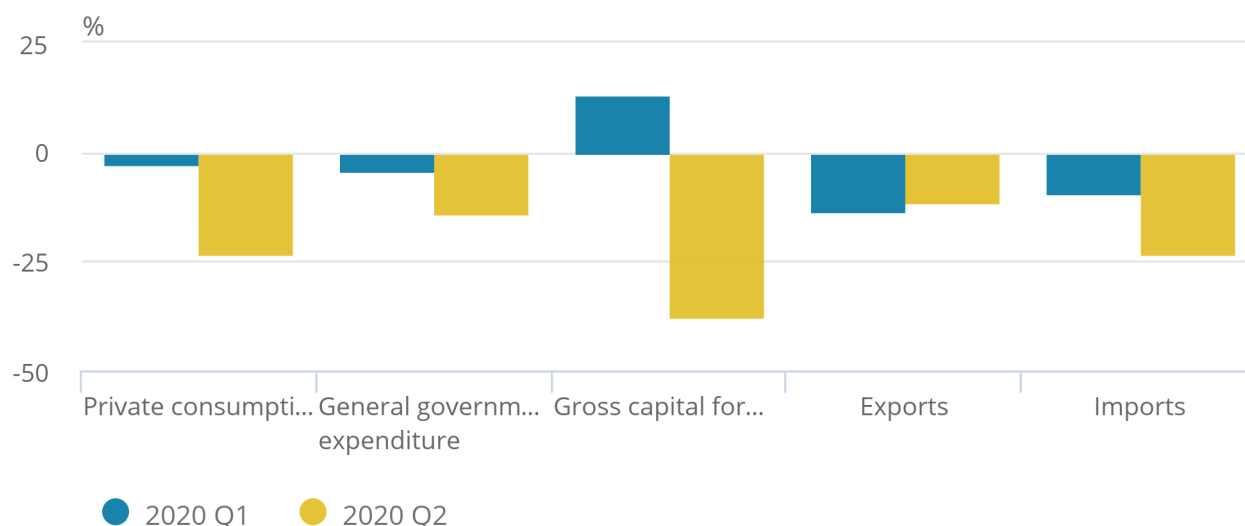
There have been large movements in all types of expenditure in Quarter 2 (Apr to June) 2020, most notably private consumption, which accounted for more than 70% of the fall in gross domestic product (GDP) in the second quarter (Figure 7).

**Figure 7: There have been record contractions in private consumption, government consumption and gross capital formation, as well as large falls in gross trade flows in Quarter 2 2020**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020

Figure 7: There have been record contractions in private consumption, government consumption and gross capital formation, as well as large falls in gross trade flows in Quarter 2 2020

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar) and Q2 refers to Quarter 2 (Apr to June).
2. Chart shows percentage quarter-on-quarter growth rates.
3. Private consumption is household final consumption expenditure and non-profit institutions serving households.

## Private consumption

Household consumption fell by 23.1% in Quarter 2 2020, the largest quarterly contraction on record. Some types of household consumption are likely to be particularly affected while social distancing is in place, especially those types of spending that are more reliant on physical interaction with other people or those that relate to travel. The decline was driven by falls in spending on net tourism, restaurants and hotels, and transport.

The latest [official retail sales](#) figures show a 9.5% fall in the volume of retail sales in the three months to June, with declines across all store types except food stores and non-store retailing. The latest [Bank of England Agents' Summary of Business Conditions](#) states that “spending on consumer services and non-food goods was significantly weaker than a year ago, though online sales of some products were strong”. The [BRC Retail Sales Monitor](#) shows that total sales returned to growth in June “as a result of lockdown measures being eased, and pent-up demand being released” though noting that the clothing, footwear, and health and beauty industries were still struggling.

The decline in transport spending is in line with [Department for Transport \(DfT\)](#) figures, which indicate lower than normal usage across motor vehicles, National Rail, the London Underground (Transport for London (TfL)) and bus travel in the second quarter. This is likely a result of the impact of the coronavirus (COVID-19) pandemic on work-related spending, reflected in lower levels of spending on fuel and public transport.

## Gross capital formation

Gross fixed capital formation (GFCF) fell by 25.5% in the second quarter of 2020. Business investment made the largest contribution to the fall, which fell by 31.4% (Figure 8). Excluding the effects of a reclassification in 2005, this is the largest quarterly fall on record. By comparison, business investment fell at most by 9.8% during the 2008 global economic downturn.

Respondent-led evidence suggests the contraction reflects the adverse impact of the coronavirus on cash flows for businesses. Businesses also faced an elevated level of uncertainty, reflected in the UK's Economic [Policy Uncertainty Index](#), which was on average five times higher in the second quarter compared with the same period a year ago.

The latest [Deloitte CFO Survey](#) stated that the coronavirus is a top risk facing businesses, adding that chief financial officers' (CFOs') assessment of external uncertainty “remains higher than at any point before the COVID-19 pandemic”.

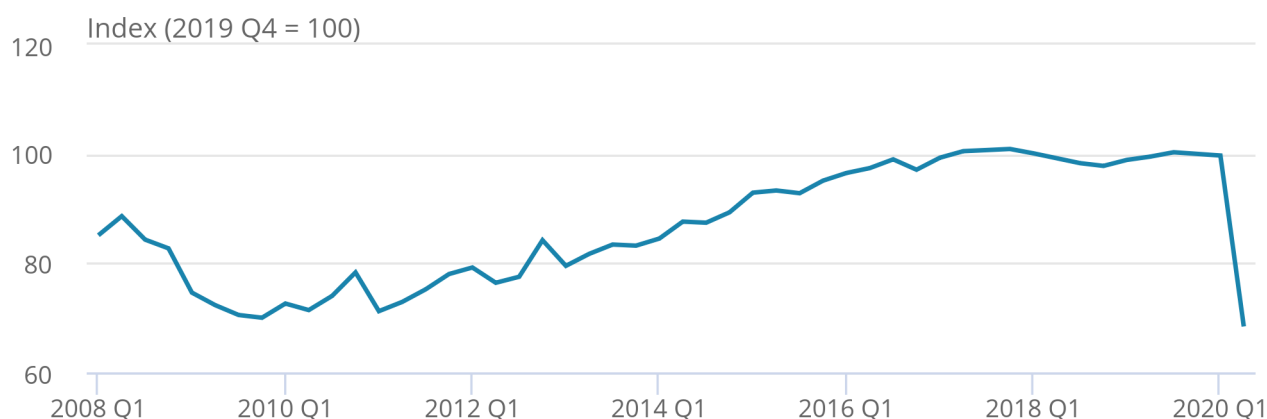
The Quarter 2 2020 [Decision Maker Panel](#) noted that the largest hits to investment are expected in “businesses providing highly consumer-facing services”, which is “consistent with the sector expecting to experience the largest and most persistent impact on sales”. The latest [Bank of England Agents' Summary of Business Conditions](#) states that companies have “mostly cancelled or postponed non-essential investment to preserve cash buffers” though some businesses have “redirected investment to finance social distancing measures and facilitate remote working”.

## Figure 8: Business investment fell by 31.4% in Quarter 2 2020

UK, Quarter 1 (Jan to Mar) 2008 to Quarter 2 (Apr to June) 2020

### Figure 8: Business investment fell by 31.4% in Quarter 2 2020

UK, Quarter 1 (Jan to Mar) 2008 to Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

#### Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Index is referenced to Quarter 4 (Oct to Dec) 2019.

There was a record fall in private sector dwellings investment, and a fall in associated transfer costs in the second quarter. This reflects lower activity in construction and the property market during the lockdown period. Meanwhile, government investment increased by 11.4% in Quarter 2 2020, reflecting planned additional spending in various areas and possibly some additional spending related to the coronavirus. However, it should be noted that these are initial estimates for Quarter 2 2020 and that further updates are expected.

Alignment and balancing adjustments are typically applied to the inventories component to help balance the different approaches to GDP – more detail on these can be found in the [Quality and methodology section](#) of this bulletin. Therefore, the unadjusted data provide a better understanding of the change in the inventory position of businesses. Here, the underlying data show a substantial decrease of £2.5 billion in stocks being held by UK companies in Quarter 2 2020 (Table 2). This was led by a fall in the level of stocks held within the wholesale and retail trades, though partially offset by increases in stock levels held in mining and quarrying, which increased as a result of falling oil prices.



Evidence from external surveys on business stockpiling was mixed. According to the June [IHS Markit UK Manufacturing PMI](#), “the current weak economic backdrop led to lower levels of raw material purchasing and further depletion of stocks of purchases and finished goods”, adding that the pandemic was causing “substantial disruption to supply chains, leading to material shortages, vendor shutdowns and transportation issues.” However, the June [CBI Industrial Trends Survey](#) reported that stock adequacy in the manufacturing sector remained above its long-run average in the three months to June.

Table 2: Change in inventories, including and excluding balancing and alignment adjustments

	<b>Change in Inventories</b>	<b>Of which alignment</b>	<b>Of which balancing</b>	<b>Change in Inventories excluding alignment and balancing</b>
<b>2019 Q1 Current price</b>	7,720	309	-1,000	8,411
<b>Chained volume measure</b>	6,881	293	,1000	5,588
<b>2019 Q2 Current price</b>	2,632	1,848	-500	1,284
<b>Chained volume measure</b>	-804	1,742	-2,000	-546
<b>2019 Q3 Current price</b>	-3,128	800	500	-4,428
<b>Chained volume measure</b>	-5,223	747	500	-6,470
<b>2019 Q4 Current price</b>	-1,117	-2,957	-750	2,590
<b>Chained volume measure</b>	-2,585	-2,782	-3,750	3,947
<b>2020 Q1 Current price</b>	-2,213	1,963	-1,250	-2,926
<b>Chained volume measure</b>	-346	1,819	500	-2,665
<b>2020 Q2 Current price</b>	-7,528	-2,176	0	-5,352
<b>Chained volume measure</b>	-4,426	-1,928	0	-2,498

Source: Office for National Statistics – GDP first quarterly estimate

## Government consumption

The coronavirus (COVID-19) pandemic and subsequent measures to reduce transmission of the virus had a significant impact on government consumption in the second quarter. In nominal terms, government expenditure increased by 14.1%, while in volume terms government expenditure fell. These contrasting movements caused a large increase in the implied deflator, or implied price change, for government consumption.

Non-market services consumed primarily by individuals, such as health and education, are measured directly by measuring the change in the volume of activity. Following a fall of 4.1% in the first quarter, the volume of government consumption decreased by 14.0% in Quarter 2 2020, reflecting declines in health and education activity. In volume terms, government healthcare consumption fell by 30.1%, while education fell by 25.1% in the second quarter.

The fall in estimated education consumption was a result of school closures across the UK, with schools closed to all except for vulnerable pupils or those whose parents or guardians are critical workers. Teaching staff continued to support children learning at home, and our estimates take this into account. For more information on our methods please refer to [Coronavirus and the impact on measures of UK government education output](#).

Meanwhile, the volume of government expenditure on public administration and defence increased by 2.6% in the second quarter.

## Net trade

The impact of the coronavirus pandemic on the global economy has led to large falls in gross trade flows in and out of the UK, reflecting a marked fall in global trade demand as well as how restrictions have disrupted international supply chains. The latest [World Trade Monitor](#) estimates that world trade has fallen by 17% this year. Additionally, data on shipping activity from the Office for National Statistics (ONS) [Faster Indicators](#) publication show that average daily ship visits fell by 12% in the second quarter compared with the previous quarter.

However, the 23.4% decline in import volumes has been more pronounced than the 11.3% fall in export volumes. This partly reflects larger declines in imports of machinery and transport equipment – caused by road vehicles, and fuels – driven by oil, compared with exports of these goods. There have also been particularly volatile movements in non-monetary gold over this period.

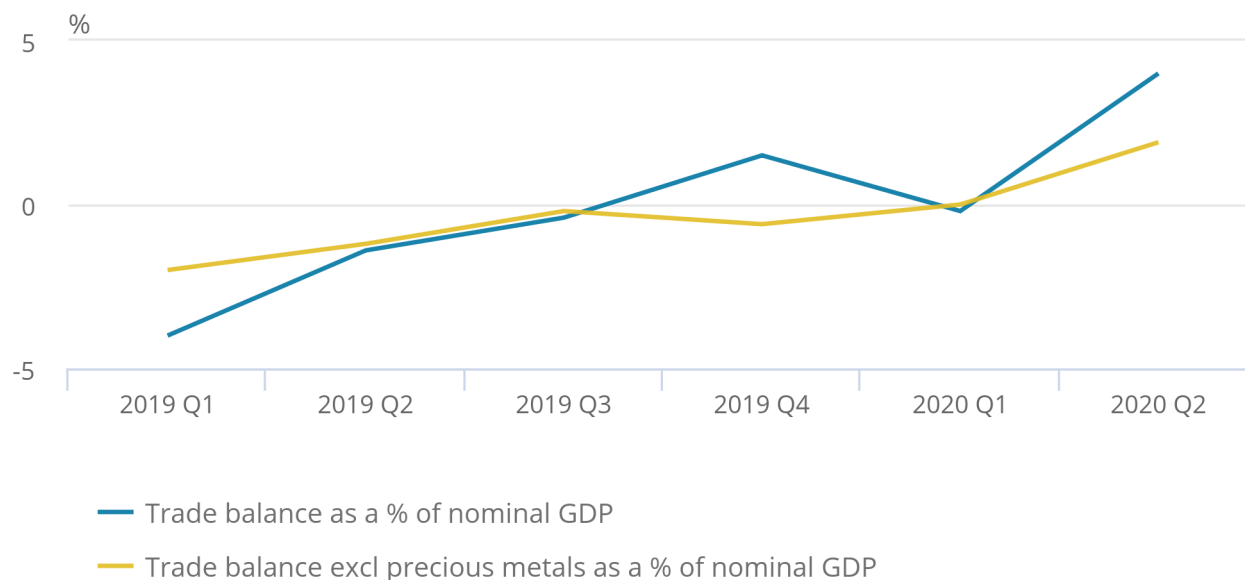
Following a trade deficit of 0.2% of nominal GDP in Quarter 1 2020, today's estimates show that the UK posted a trade surplus of 4.0% of GDP in the second quarter (Figure 9). However, it should be noted that this figure is inclusive of precious metals. When these are excluded, the UK had a trade surplus of 1.9% of nominal GDP in the latest quarter. For more detailed analysis on Trade movements in Quarter 2 2020, please refer to the [UK trade](#) release.

**Figure 9: Following a trade deficit in Quarter 1 2020, the UK posted a trade surplus of 4.0% of GDP in the second quarter**

UK, Quarter 1 (Jan to Mar) 2019 to Quarter 2 (Apr to June) 2020

Figure 9: Following a trade deficit in Quarter 1 2020, the UK posted a trade surplus of 4.0% of GDP in the second quarter

UK, Quarter 1 (Jan to Mar) 2019 to Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. The trade balance is calculated using current price estimates of GDP and net trade.

Trade in goods exports fell by 3.3%, while trade in goods imports fell by 20.2% in Quarter 2 2020. These declines partly reflect movements of precious metals, which include non-monetary gold. The net balance of precious metals increased by £11.4 billion in the second quarter. The fall in trade in goods imports also reflects lower imports of fuel, machinery and transport equipment, and miscellaneous manufacturers.

Trade in services exports fell by 19.6% because of falls in travel, air transport and other business services. However, exports of education-related travel – which includes university tuition fees – have not been affected as significantly. Travel restrictions that have been implemented on a global scale have also significantly reduced the flow of tourists to and from the UK, which have been particularly marked on the UK imports of those services. Services imports fell by 30.2%, particularly those of travel services, other business services and air transport.

External survey evidence points towards weakened exports activity in the second quarter. The June [IHS Markit UK Manufacturing PMI](#) stated that “new export business fell for the eighth straight month, reflecting low market confidence and the ongoing impact of COVID-19”. According to the June [CBI Industrial Trends Survey](#), export orders books in the manufacturing sector fell to an all-time low, reflecting a significant fall in external demand. Meanwhile, the latest [Quarterly Economic Survey](#) by the British Chambers of Commerce reported that the balance of firms reporting increased export sales was “substantially lower than the worst quarter of the 2008-09 recession”.

## 6 . Income

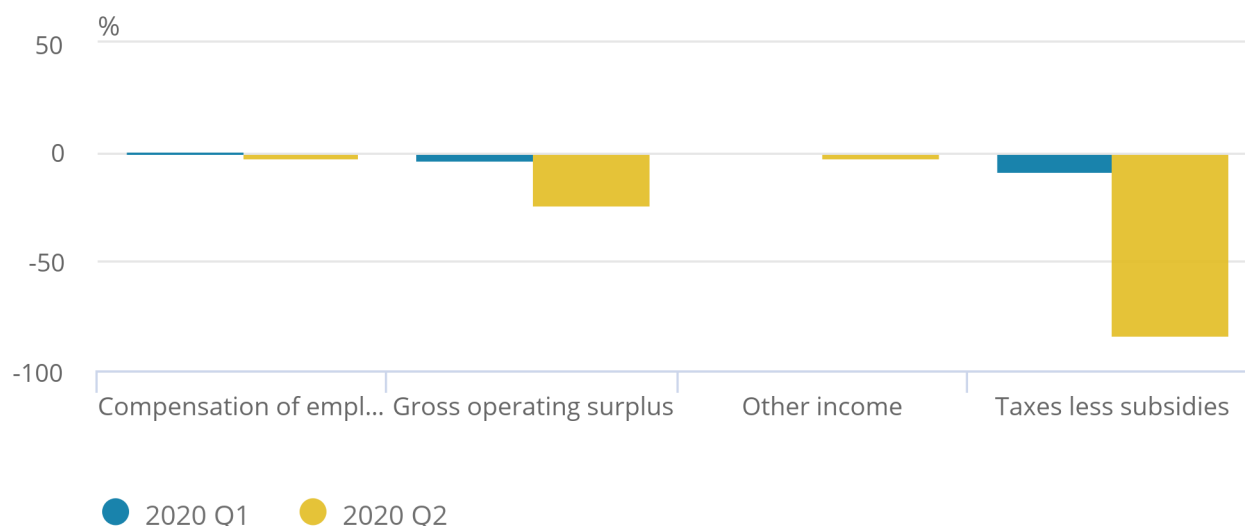
Nominal gross domestic product (GDP) fell by a record 15.4% in Quarter 2 (Apr to June) 2020, following a fall of 1.2% in the previous quarter (Figure 10). Taxes less subsidies fell by 83.7% in Quarter 2 2020, reflecting a decline in tax revenue and an increase in subsidies. The increase in subsidies primarily relates to the Coronavirus Job Retention Scheme (CJRS) and Self Employment Income Support Scheme (SEISS) and incorporate estimates from the updated [OBR coronavirus reference scenario \(XLS, 3.41MB\)](#) published on 14 July 2020. There was also an increase in transport subsidies granted to rail and bus services in the second quarter. Transactions are recorded on an accrual basis within the national accounts, so for reporting purposes the transaction is registered at the point when it was adjudged to take place. There was also a fall in revenue from Value Added Tax (VAT) as well as from fuel, tobacco, stamp, and air passenger duties.

**Figure 10: Nominal GDP fell by 15.4% in the Quarter 2 of 2020, driven by a decline in taxes less subsidies**

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020

## Figure 10: Nominal GDP fell by 15.4% in the Quarter 2 of 2020, driven by a decline in taxes less subsidies

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics – GDP first quarterly estimate

### Notes:

1. Q1 refers to Quarter 1 (Jan to Mar) and Q2 refers to Quarter 2 (Apr to June).
2. Chart shows percentage quarter-on-quarter growth rates.

Compensation of employees (CoE) fell by 2.2% in Quarter 2 2020, the largest quarterly fall since the 2008 economic downturn. The decline reflects a 1.6% decrease in wages and salaries, driven by the private sector, as well as a 4.9% decrease in employers' social contributions.

The impact of the Coronavirus Job Retention Scheme (CJRS) is one reason why the fall in wages and salaries has been less marked than other types of income, including gross operating surplus (GOS) of corporations. This fell by 24.1%, the third consecutive quarterly fall and the largest quarterly drop on record. It is worth noting, however, that there is more uncertainty around this estimate than other components of the income measure of GDP, see [Quality and Methodology](#) for more information.

According to the latest [EY UK profit warnings report \(PDF, 1.314MB\)](#), UK companies issued 165 profit warnings in Quarter 2 2020, a 139% increase from the previous year. The report stated that 84% of profit warnings cited the impact of the coronavirus pandemic, adding that coronavirus stresses were spreading from “the lockdown-impacted sectors of the first quarter to sectors exposed to the knock-on impacts of changing corporate and consumer behaviour”.

## 7 . Related links

A number of other economic indicators were published on 12 August 2020, these include:

- [GDP monthly estimate, UK: June 2020](#)
- [Coronavirus and the impact on production and services, UK: June 2020](#)
- [Construction output in Great Britain: June 2020, new orders and Construction Output Price Indices, April to June 2020](#)
- [UK trade: June 2020](#)
- Data for [gross fixed capital formation \(GFCF\) by sector and asset](#), [revision triangles](#) and a [real-time database](#)

All data in this bulletin are seasonally adjusted estimates. Non-seasonally adjusted data are available within the UK Economic Accounts (UKEA). These data can be downloaded directly from the [UKEA dataset](#) and on the [UKEA main aggregates](#) dataset table. Data published in the UKEA reflect data as published on 31 March 2020 and are consistent with the data in this release.

## 8 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Gross domestic product \(GDP\) QMI](#).

The UK National Accounts are drawn together using data from many different sources. This ensures that they are comprehensive and provide different perspectives on the economy; for example, sales by retailers and purchases by households.

### Important quality information

There are common pitfalls in interpreting data series, and these include:

- expectations of accuracy and reliability in early estimates are often too high
- revisions are an inevitable consequence of the trade-off between timeliness and accuracy
- early estimates are based on incomplete data

Very few statistical revisions arise as a result of “errors” in the popular sense of the word. All estimates, by definition, are subject to statistical “error”.

Many different approaches can be used to summarise revisions; the “Accuracy and reliability” section in the [Gross domestic product \(GDP\) QMI](#) analyses the mean average revision and the mean absolute revision for GDP estimates over data publication iterations.

## Reaching the GDP balance

The different data content and quality of the three approaches – the output approach, the expenditure approach and the income approach – dictates the approach taken in balancing quarterly data. In the UK, there are more data available on output in the short-term than in either of the other two approaches. However, to obtain the best estimate of GDP (the published figure), the estimates from all three approaches are balanced to produce an average, except in the latest two quarters where the output data take the lead because of the larger data content.

Information on the methods we use for [Balancing the output, income and expenditure approaches to measuring GDP](#) is available.

Alignment adjustments, found in Table M of the GDP first quarterly estimate data tables in this release, have a target limit of plus or minus £2,000 million on any quarter. However, in periods where the data sources are particularly difficult to balance, larger alignment adjustments are sometimes needed.

To achieve a balanced GDP dataset through alignment, balancing adjustments are applied to the components of GDP where required. They are applied to the individual components where data content is particularly weak in a given quarter because of a higher level of forecast content.

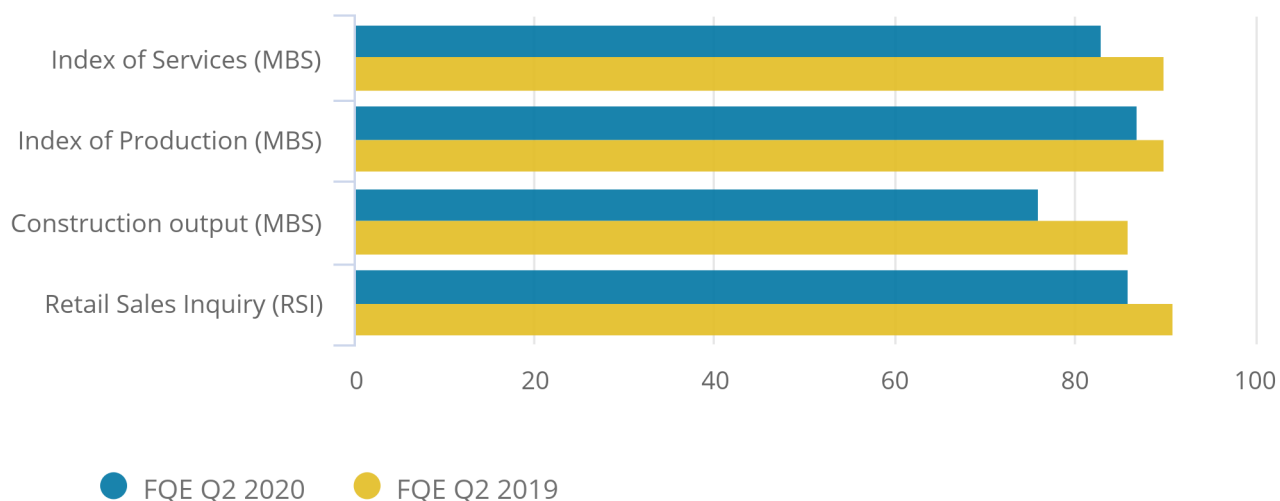
## Coronavirus (COVID-19) impact on response rates

**Figure 11: Response rates for surveys feeding into the output approach to GDP**

Quarter 2 (Apr to June) 2020 and Quarter 2 (Apr to June) 2019

### Figure 11: Response rates for surveys feeding into the output approach to GDP

Quarter 2 (Apr to June) 2020 and Quarter 2 (Apr to June) 2019



**Source: Office for National Statistics – GDP first quarterly estimate**

**Notes:**

1. FQE refers to GDP first quarterly estimate.
2. Chart shows Monthly Business Survey (MBS) and Retail Sales Index (RSI) turnover response rates.
3. For MBS and RSI, an average of the Jan, Feb and Mar response rates have been taken to produce the Quarter 1 response rate.
4. Response rate for all months, both questionnaire and turnover, can be found in [Index of Production](#), [Index of Services](#), [Construction](#), and [Retail Sales Inquiry](#).
5. It is important to note, that while in the short term we have faced challenges to collect the information required to produce MBS, response rates have improved since the first published estimate. For more information please see the Monthly GDP release.

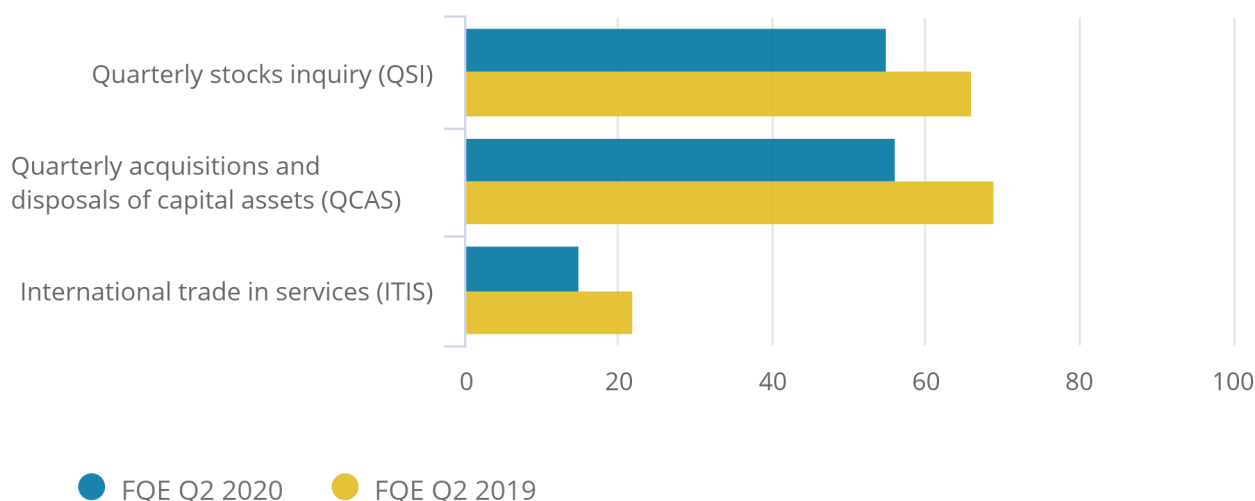


## Figure 12: Response rates for surveys feeding into the expenditure approach to GDP

Quarter 2 (Apr to June) 2020 and Quarter 2 (Apr to June) 2019

### Figure 12: Response rates for surveys feeding into the expenditure approach to GDP

Quarter 2 (Apr to June) 2020 and Quarter 2 (Apr to June) 2019



Source: Office for National Statistics – GDP first quarterly estimate

#### Notes:

1. FQE refers to GDP first quarterly estimate.
2. Chart shows questionnaire response rates.

Figure 11 and Figure 12 highlight a decline in response rates for surveys that feed into the GDP first quarterly estimate for Quarter 2 (Apr to June) 2020. We have undertaken a significant amount of work to ensure that the effect on the quality of estimates in this release are mitigated as much as possible.

These include focusing resources on main respondents and industries, methodology reviews including but not limited to seasonal adjustment, forecast and imputation, and the utilisation of additional sources of data (in quality assurance). More information on the measures taken can be found in Section 6 of [Coronavirus and the effects on UK GDP](#).

We normally apply a [multiplicative bias adjustment for early construction output monthly estimates](#). This bias adjustment is based on historical data. As the response rates for June 2020 are lower in comparison with months prior to February 2020 and no comparable historical data are available at the time of the first estimate for a reference month, no bias adjustment has been applied for June 2020. This is the same approach for all months since March 2020.

From Quarter 2 2020, we have ceased the Quarterly Operating Profits Survey, which was previously the main basis for estimates of private non-financial corporations' gross operating surplus (PNFC GOS). The survey is known to have several methodological weaknesses that can result in a higher degree of uncertainty around this component of the Income measure of GDP compared with other components. To address this weakness, we are investing in work to make greater use of administrative data to more accurately measure movements in PNFC GOS. Until this is in place, we will use a mixture of external indicators and evidence, along with information from the other components of GDP to inform our best estimate of PNFC GOS.

## **Quarterly Stocks Survey temporary expansion**

The Quarterly Stocks Survey (formerly Inquiry) is used in the compilation of the changes in inventories component. To address users' concerns about the sample size of the survey and the potential impact on quality, we temporarily increased the sample size from 5,500 to 9,500 businesses for Quarter 2 (Apr to June) 2019. We have continued to boost the sample in subsequent quarters and will continue to do so until further notice.

# A1 Gross domestic product and gross value added<sup>1,2</sup>

2016 = 100

	Value indices at current prices		Chained volume indices			Implied deflators <sup>3</sup>		
	Gross domestic product at market prices	Gross value added at basic prices	Gross domestic product at market prices	Gross value added at basic prices	Market sector gross value added	Gross national expenditure	Gross domestic product at market prices	Gross value added at basic prices
	YBEU	YBEX	YBEZ	CGCE	L48H	YBFV	YBGB	CGBV
2016	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2017	103.8	103.9	101.9	102.0	102.8	102.2	101.9	101.8
2018	107.5	107.6	103.3	103.3	104.9	104.3	104.1	104.1
2019	111.1	111.3	104.8	104.8	106.1	106.0	106.0	106.2
<b>Seasonally adjusted</b>								
2017 Q1	102.9	103.0	101.4	101.5	102.2	102.0	101.5	101.4
Q2	103.3	103.5	101.7	101.8	102.5	101.8	101.6	101.7
Q3	103.8	103.7	102.0	102.1	103.0	102.1	101.7	101.6
Q4	105.2	105.3	102.4	102.5	103.7	102.9	102.7	102.7
2018 Q1	106.0	106.3	102.5	102.6	103.9	103.5	103.4	103.7
Q2	107.0	106.9	103.0	103.1	104.6	104.0	103.9	103.7
Q3	108.2	108.3	103.6	103.7	105.3	104.8	104.4	104.5
Q4	108.6	108.7	103.9	103.9	105.6	104.9	104.6	104.6
2019 Q1	110.1	110.2	104.5	104.6	106.1	105.2	105.3	105.4
Q2	110.6	110.8	104.5	104.6	105.8	106.0	105.9	106.0
Q3	111.7	112.0	105.0	105.1	106.3	106.7	106.4	106.6
Q4	111.8	112.2	105.0	105.1	106.1	106.2	106.5	106.8
2020 Q1	110.4	111.3	102.7	102.8	103.8	107.6	107.5	108.3
Q2	93.4	95.7	81.8	81.8	80.3	114.3	114.2	116.9
<b>Percentage change, latest year on previous year</b>								
	IHYM	KGL6	IHYP	KGM7	L489	KH7D	IHYS	KGM4
2016	4.1	4.0	1.9	1.9	2.5	1.9	2.1	2.0
2017	3.8	3.9	1.9	2.0	2.8	2.2	1.9	1.8
2018	3.5	3.6	1.3	1.3	2.0	2.1	2.1	2.2
2019	3.4	3.5	1.5	1.5	1.2	1.6	1.9	2.0
<b>Percentage change, latest quarter on previous quarter</b>								
	IHYN	KGL8	IHYQ	KGM9		KH7E	IHYT	KGM5
2017 Q1	1.2	1.2	0.6	0.6		1.3	0.6	0.7
Q2	0.4	0.5	0.3	0.3	0.3	-0.2	0.2	0.2
Q3	0.4	0.2	0.3	0.3	0.5	0.2	0.1	-0.1
Q4	1.4	1.5	0.4	0.4	0.7	0.8	1.0	1.2
2018 Q1	0.7	0.9	0.1	-	0.2	0.6	0.6	0.9
Q2	1.0	0.5	0.5	0.5	0.7	0.4	0.5	-
Q3	1.1	1.4	0.6	0.6	0.7	0.8	0.5	0.8
Q4	0.4	0.4	0.2	0.2	0.2	-	0.2	0.2
2019 Q1	1.3	1.4	0.7	0.7	0.5	0.3	0.7	0.7
Q2	0.5	0.5	-0.1	-0.1	-0.3	0.8	0.5	0.6
Q3	1.0	1.1	0.5	0.5	0.5	0.6	0.5	0.6
Q4	0.1	0.2	-	-	-0.1	-0.4	0.1	0.2
2020 Q1	-1.2	-0.8	-2.2	-2.2	-2.2	1.3	1.0	1.4
Q2	-15.4	-14.0	-20.4	-20.4	-22.6	6.3	6.2	8.0
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>								
	IHYO	KGM2	IHYR	KGN3	L48D	KH7F	IHYU	KGM6
2017 Q1	4.8	5.0	2.2	2.3	3.2	2.9	2.5	2.6
Q2	3.6	3.7	1.9	2.1	2.6	1.8	1.6	1.6
Q3	3.4	3.2	1.8	1.9	2.9	1.8	1.6	1.3
Q4	3.5	3.6	1.6	1.6	2.7	2.2	1.8	2.0
2018 Q1	2.9	3.3	1.1	1.0	1.7	1.5	1.9	2.2
Q2	3.6	3.3	1.3	1.3	2.1	2.1	2.2	2.0
Q3	4.3	4.4	1.6	1.5	2.3	2.7	2.6	2.9
Q4	3.3	3.2	1.4	1.4	1.8	1.9	1.8	1.9
2019 Q1	3.9	3.7	2.0	2.0	2.1	1.6	1.9	1.7
Q2	3.4	3.7	1.4	1.4	1.1	2.0	1.9	2.2
Q3	3.3	3.4	1.3	1.4	0.9	1.8	1.9	2.0
Q4	2.9	3.2	1.1	1.1	0.5	1.3	1.8	2.1
2020 Q1	0.3	1.0	-1.7	-1.7	-2.2	2.3	2.1	2.8
Q2	-15.6	-13.6	-21.7	-21.7	-24.1	7.8	7.9	10.4

1 Estimates cannot be regarded as accurate to the last digit shown.

2 The growth rates are calculated from the £m series and due to the rounded nature of the index series the growth rates cannot be replicated.

3 Based on the sum of expenditure components of GDP at current prices and in chained volume terms.

# A2 Gross domestic product and gross value added<sup>1</sup>

£ million

	At current prices			Chained volume measures (Reference year 2016)			
	Gross domestic product at market prices	less Basic price adjustment <sup>2</sup>	Gross value added at basic prices	Gross domestic product at market prices	less Basic price adjustment <sup>2</sup>	Gross value added at basic prices	Gross value added excluding oil & gas <sup>3</sup>
	YBHA	NTAP	ABML	ABMI	NTAO	ABMM	KLS2
2016	1 995 478	217 344	1 778 134	1 995 478	217 344	1 778 134	1 769 730
2017	2 071 667	224 764	1 846 903	2 033 234	219 805	1 813 429	1 804 895
2018	2 144 304	231 722	1 912 582	2 060 494	223 392	1 837 102	1 827 953
2019	2 216 452	236 982	1 979 470	2 090 632	226 404	1 864 228	1 854 889
<b>Seasonally adjusted</b>							
2017 Q1	513 458	55 757	457 701	505 983	54 682	451 301	449 181
Q2	515 534	55 579	459 955	507 255	54 823	452 432	450 296
Q3	517 788	56 732	461 056	508 982	55 022	453 960	451 784
Q4	524 887	56 696	468 191	511 014	55 278	455 736	453 634
2018 Q1	528 589	55 957	472 632	511 318	55 377	455 941	453 775
Q2	533 844	58 803	475 041	514 011	55 709	458 302	456 025
Q3	539 878	58 331	481 547	517 029	56 071	460 958	458 781
Q4	541 993	58 631	483 362	518 136	56 235	461 901	460 298
2019 Q1	549 214	59 158	490 056	521 546	56 499	465 047	462 705
Q2	551 860	59 305	492 555	521 251	56 437	464 814	462 485
Q3	557 443	59 546	497 897	523 918	56 713	467 206	464 843
Q4	557 935	58 973	498 962	523 917	56 755	467 161	464 856
2020 Q1	550 973	56 115	494 858	512 458	55 481	456 977	454 751
Q2	465 943	40 492	425 451	408 046	44 220	363 826	361 689
<b>Percentage change, latest year on previous year</b>							
	IHYM		KGL6	IHYP		KGM7	KLH8
2016	4.1		4.0	1.9		1.9	1.9
2017	3.8		3.9	1.9		2.0	2.0
2018	3.5		3.6	1.3		1.3	1.3
2019	3.4		3.5	1.5		1.5	1.5
<b>Percentage change, latest quarter on previous quarter</b>							
	IHYN		KGL8	IHYQ		KGM9	
2017 Q1	1.2		1.2	0.6		0.6	0.6
Q2	0.4		0.5	0.3		0.3	0.2
Q3	0.4		0.2	0.3		0.3	0.3
Q4	1.4		1.5	0.4		0.4	0.4
2018 Q1	0.7		0.9	0.1		—	—
Q2	1.0		0.5	0.5		0.5	0.5
Q3	1.1		1.4	0.6		0.6	0.6
Q4	0.4		0.4	0.2		0.2	0.3
2019 Q1	1.3		1.4	0.7		0.7	0.7
Q2	0.5		0.5	-0.1		-0.1	—
Q3	1.0		1.1	0.5		0.5	0.5
Q4	0.1		0.2	—		—	—
2020 Q1	-1.2		-0.8	-2.2		-2.2	-2.2
Q2	-15.4		-14.0	-20.4		-20.4	-20.5
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>							
	IHYO		KGM2	IHYR		KGN3	KLH9
2017 Q1	4.8		5.0	2.2		2.3	2.3
Q2	3.6		3.7	1.9		2.1	2.1
Q3	3.4		3.2	1.8		1.9	1.9
Q4	3.5		3.6	1.6		1.6	1.6
2018 Q1	2.9		3.3	1.1		1.0	1.0
Q2	3.6		3.3	1.3		1.3	1.3
Q3	4.3		4.4	1.6		1.5	1.5
Q4	3.3		3.2	1.4		1.4	1.5
2019 Q1	3.9		3.7	2.0		2.0	2.0
Q2	3.4		3.7	1.4		1.4	1.4
Q3	3.3		3.4	1.3		1.4	1.4
Q4	2.9		3.2	1.1		1.1	1.2
2020 Q1	0.3		1.0	-1.7		-1.7	-1.7
Q2	-15.6		-13.6	-21.7		-21.7	-21.8

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Taxes on products less subsidies.

3 Calculated by using gross value added at basic prices minus extraction of crude petroleum and natural gas.

# B1 Gross value added at chained volume measures basic prices, by category of output<sup>1,2</sup>

2016 = 100

	Production							Service industries						Gross value added excluding oil & gas
	Agri- culture, forestry, and fishing	Mining & quarrying inc oil & gas extract	Manu- facturing	Electric, gas, steam & air	Water supply, sewerage	Total	Constr- uction	Distri- bution, hotels & restaura- nts	Transport storage and commu- nications	Business services and finance	Govern- ment and other services	Total	Gross value added <sup>4</sup>	
<b>2016 Weights<sup>3</sup></b>	7	6	102	15	13	136	61	133	108	339	217	796	1000	995
	L2KL	L2KR	L2KX	L2MW	L2N2	L2KQ	L2N8	L2PZ	KI8M	KI8O	KI8Q	L2NC	CGCE	KLH7
2016	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2017	105.7	101.7	102.2	98.2	102.0	101.7	106.4	102.4	103.6	101.0	101.2	101.7	102.0	102.0
2018	102.5	107.1	103.1	96.7	102.5	102.5	106.4	105.5	107.6	102.8	101.9	103.7	103.3	103.3
2019	101.4	108.5	101.3	95.0	104.2	101.3	108.5	108.4	112.2	103.5	103.6	105.5	104.8	104.8
<b>Seasonally adjusted</b>														
2017 Q1	105.6	100.9	101.5	97.4	104.5	101.3	106.0	101.8	101.8	100.8	101.0	101.1	101.5	101.5
Q2	105.7	101.9	101.3	98.4	100.3	100.9	106.2	102.3	103.4	100.6	101.5	101.5	101.8	101.8
Q3	106.3	103.3	102.3	98.7	101.3	101.8	106.4	102.7	104.0	101.1	101.2	101.8	102.1	102.1
Q4	105.3	100.6	103.8	98.5	101.9	102.9	107.2	102.9	105.1	101.6	101.1	102.2	102.5	102.5
2018 Q1	103.3	102.1	103.6	100.0	100.1	102.8	105.3	103.3	105.0	102.4	101.3	102.6	102.6	102.6
Q2	102.3	107.0	103.2	94.9	102.3	102.4	106.1	105.3	106.5	102.7	101.7	103.4	103.1	103.1
Q3	102.0	110.4	103.3	96.4	104.2	102.9	107.2	106.5	108.7	102.9	102.1	104.1	103.7	103.7
Q4	102.7	108.9	102.4	95.5	103.3	102.0	107.2	107.1	110.0	103.3	102.5	104.6	103.9	104.0
2019 Q1	101.5	108.7	103.9	94.1	102.3	102.9	109.0	108.2	111.5	103.0	102.9	105.0	104.6	104.6
Q2	101.2	108.2	101.0	95.9	104.4	101.1	108.4	108.4	112.1	103.1	103.2	105.2	104.6	104.5
Q3	101.5	109.8	100.7	93.6	105.0	100.8	108.9	108.6	112.9	103.9	103.9	105.9	105.1	105.1
Q4	101.3	107.4	99.7	96.5	105.2	100.2	107.8	108.4	112.3	104.2	104.4	106.0	105.1	105.1
2020 Q1	101.2	105.1	98.6	90.9	105.6	98.8	106.0	103.3	109.1	103.8	100.6	103.6	102.8	102.8
Q2	96.4	97.4	78.7	82.9	99.7	82.1	68.9	69.1	89.2	91.5	74.9	82.9	81.8	81.8
<b>Percentage change, latest year on previous year</b>														
	L3BB	L3BH	L3BN	L3DM	L3DQ	L3BG	L3DW	L3GP	KI8L	KI8N	KI8P	L3E2	KGM7	KLH8
2016	-5.5	-2.0	0.2	3.7	7.1	1.1	3.9	3.7	2.8	2.7	-0.5	2.0	1.9	1.9
2017	5.7	1.7	2.2	-1.8	2.0	1.7	6.4	2.4	3.6	1.0	1.2	1.7	2.0	2.0
2018	-3.0	5.3	0.9	-1.6	0.5	0.8	-	3.0	3.8	1.8	0.7	2.0	1.3	1.3
2019	-1.1	1.3	-1.7	-1.8	1.7	-1.3	1.9	2.7	4.3	0.7	1.7	1.8	1.5	1.5
<b>Percentage change, latest quarter on previous quarter</b>														
													KGM9	
2017 Q1	4.7	3.0	0.9	-4.1	3.0	0.7	4.2	0.2	0.2	-0.3	0.9	0.2	0.6	0.6
Q2	0.1	1.0	-0.1	0.9	-4.0	-0.4	0.3	0.5	1.6	-0.2	0.5	0.4	0.3	0.2
Q3	0.6	1.3	0.9	0.3	1.0	0.9	0.1	0.4	0.6	0.5	-0.2	0.3	0.3	0.3
Q4	-1.0	-2.6	1.5	-0.2	0.6	1.1	0.7	0.2	1.0	0.5	-0.2	0.4	0.4	0.4
2018 Q1	-2.0	1.5	-0.2	1.6	-1.8	-0.1	-1.8	0.4	-0.1	0.7	0.2	0.4	-	-
Q2	-1.0	4.8	-0.4	-5.1	2.2	-0.4	0.8	1.9	1.4	0.3	0.4	0.8	0.5	0.5
Q3	-0.3	3.2	0.1	1.6	1.8	0.6	1.1	1.2	2.0	0.2	0.4	0.7	0.6	0.6
Q4	0.7	-1.4	-0.8	-0.9	-0.9	-0.9	-	0.5	1.2	0.3	0.4	0.5	0.2	0.3
2019 Q1	-1.2	-0.1	1.5	-1.5	-1.0	0.9	1.6	1.1	1.3	-0.2	0.4	0.4	0.7	0.7
Q2	-0.2	-0.4	-2.9	1.9	2.1	-1.8	-0.6	0.2	0.6	0.1	0.2	0.2	-0.1	-
Q3	0.2	1.5	-0.3	-2.4	0.6	-0.3	0.5	0.1	0.7	0.8	0.7	0.6	0.5	0.5
Q4	-0.1	-2.2	-1.0	3.2	0.2	-0.5	-1.0	-0.2	-0.5	0.3	0.5	0.1	-	-
2020 Q1	-0.1	-2.1	-1.1	-5.8	0.4	-1.5	-1.7	-4.7	-2.8	-0.4	-3.7	-2.3	-2.2	-2.2
Q2	-4.8	-7.3	-20.2	-8.8	-5.6	-16.9	-35.0	-33.1	-18.3	-11.8	-25.5	-19.9	-20.4	-20.5
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>														
	L3ZZ	L427	L42D	L44C	L44G	L426	L44M	L47F	KI12	KI19	KI18	L44Q	KGN3	KLH9
2017 Q1	4.9	1.7	2.4	0.3	6.2	2.5	8.0	2.9	3.1	1.7	0.8	1.8	2.3	2.3
Q2	6.6	2.8	0.6	-3.7	0.2	0.2	6.5	2.8	4.6	1.3	1.6	2.1	2.1	2.1
Q3	7.1	-0.4	2.6	-0.4	1.2	2.0	5.9	2.9	3.2	0.6	1.4	1.5	1.9	1.9
Q4	4.4	2.7	3.3	-3.1	0.5	2.3	5.4	1.3	3.5	0.6	1.0	1.2	1.6	1.6
2018 Q1	-2.2	1.2	2.1	2.7	-4.2	1.5	-0.7	1.4	3.2	1.6	0.3	1.4	1.0	1.0
Q2	-3.2	5.0	1.8	-3.5	2.0	1.4	-0.2	2.9	3.0	2.1	0.2	1.9	1.3	1.3
Q3	-4.1	6.9	1.0	-2.3	2.9	1.1	0.8	3.7	4.5	1.8	0.8	2.2	1.5	1.5
Q4	-2.5	8.2	-1.4	-3.1	1.3	-0.9	-	4.0	4.7	1.6	1.4	2.4	1.4	1.5
2019 Q1	-1.7	6.5	0.4	-6.0	2.1	0.1	3.5	4.8	6.2	0.6	1.6	2.3	2.0	2.0
Q2	-1.0	1.1	-2.1	1.0	2.0	-1.2	2.1	3.0	5.3	0.3	1.4	1.8	1.4	1.4
Q3	-0.5	-0.5	-2.5	-2.9	0.8	-2.1	1.6	2.0	3.9	0.9	1.8	1.7	1.4	1.4
Q4	-1.3	-1.4	-2.7	1.1	1.9	-1.8	0.5	1.2	2.0	0.9	1.9	1.4	1.1	1.2
2020 Q1	-0.2	-3.4	-5.1	-3.3	3.3	-4.1	-2.7	-4.5	-2.1	0.7	-2.3	-1.4	-1.7	-1.7
Q2	-4.8	-10.0	-22.0	-13.5	-4.5	-18.8	-36.4	-36.3	-20.5	-11.2	-27.4	-21.2	-21.7	-21.8

1 Estimates cannot be regarded as accurate to the last digit shown.

2 Components of output are valued at basic prices, which excludes taxes and includes subsidies on products.

3 Weights may not sum to the total due to rounding.

4 This is a balanced index of UK GVA taking into account data from the Income and Expenditure approaches. Thus it will not necessarily be the weighted sum of the industrial indices.

# B2 Gross value added at chained volume measures basic prices, by category of output<sup>1,2</sup>

2016 = 100

Service industries											
	Wholesale and retail trade	Transport, storage and communications	Accommodation & food services	Financial and insurance activities	Real estate	Professional scientific admin & support	Public admin, defence, social security	Education	Health and social work	Other services <sup>4</sup>	Total services
<b>2016 Weights<sup>3</sup></b>	105	108	28	72	140	126	49	58	75	35	796
	L2NE	KI8M	L2NQ	L2O6	L2OC	L2OH	L2P8	L2PA	L2PC	L2Q5	L2NC
2016	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2017	102.5	103.6	102.4	99.1	99.0	104.3	100.8	101.2	101.0	102.1	101.7
2018	105.7	107.6	104.9	98.1	99.6	109.0	101.6	101.9	101.5	103.2	103.7
2019	108.7	112.2	107.4	95.1	100.3	111.9	103.8	104.6	103.1	102.9	105.5
<b>Seasonally adjusted</b>											
2017 Q1	101.7	101.8	102.2	99.9	99.3	102.9	100.4	101.5	101.0	101.0	101.1
Q2	102.2	103.4	102.6	99.6	98.9	103.0	101.1	101.2	101.5	102.4	101.5
Q3	102.8	104.0	102.5	98.9	98.8	104.9	100.7	101.2	101.1	102.6	101.8
Q4	103.1	105.1	102.2	98.1	99.1	106.5	100.9	101.0	100.6	102.3	102.2
2018 Q1	103.4	105.0	102.9	99.2	99.5	107.4	100.8	101.1	101.2	102.5	102.6
Q2	105.4	106.5	104.7	98.6	99.7	108.4	101.3	101.7	101.2	103.6	103.4
Q3	106.9	108.7	105.2	97.6	99.6	109.5	102.3	102.0	101.5	103.4	104.1
Q4	107.1	110.0	106.8	96.8	99.7	110.8	102.2	102.7	102.0	103.5	104.6
2019 Q1	108.3	111.5	107.9	95.2	99.9	110.9	103.5	103.7	102.4	102.1	105.0
Q2	108.7	112.1	107.4	94.7	100.2	111.0	103.7	104.3	102.7	101.7	105.2
Q3	109.0	112.9	107.0	95.5	100.3	112.5	103.8	104.7	103.6	103.3	105.9
Q4	108.7	112.3	107.3	94.9	100.7	113.3	104.5	105.5	103.6	104.3	106.0
2020 Q1	105.3	109.1	96.1	95.3	100.9	111.7	104.7	99.1	99.2	100.2	103.6
Q2	84.2	89.2	12.8	91.8	97.7	84.6	105.0	65.0	72.2	54.8	82.9
<b>Percentage change, latest year on previous year</b>											
	L3E4	KI8L	L3EG	L3EU	L3F2	L3F7	L3FW	L3FY	L3G2	L3GT	L3E2
2016	4.2	2.8	1.5	3.8	2.0	2.8	-1.9	-0.8	1.6	-2.3	2.0
2017	2.5	3.6	2.4	-0.9	-1.0	4.3	0.8	1.2	1.0	2.1	1.7
2018	3.2	3.8	2.5	-1.1	0.6	4.5	0.9	0.7	0.4	1.1	2.0
2019	2.8	4.3	2.4	-3.0	0.6	2.7	2.2	2.6	1.6	-0.4	1.8
<b>Percentage change, latest quarter on previous quarter</b>											
2017 Q1	-0.1	0.2	1.5	-1.1	-1.3	1.4	0.5	1.4	0.6	1.4	0.2
Q2	0.5	1.6	0.4	-0.3	-0.4	0.1	0.7	-0.3	0.5	1.4	0.4
Q3	0.5	0.6	-0.2	-0.7	-0.1	1.8	-0.4	-	-0.4	0.1	0.3
Q4	0.3	1.0	-0.3	-0.8	0.3	1.5	0.2	-0.2	-0.4	-0.2	0.4
2018 Q1	0.3	-0.1	0.7	1.1	0.4	0.9	-0.1	0.1	0.6	0.2	0.4
Q2	1.9	1.4	1.7	-0.6	0.2	0.9	0.4	0.6	-0.1	1.1	0.8
Q3	1.4	2.0	0.5	-1.0	-0.1	1.1	1.0	0.3	0.3	-0.2	0.7
Q4	0.2	1.2	1.5	-0.8	0.1	1.2	-	0.8	0.5	0.1	0.5
2019 Q1	1.1	1.3	1.0	-1.7	0.2	0.1	1.2	1.0	0.3	-1.3	0.4
Q2	0.4	0.6	-0.5	-0.5	0.3	0.1	0.2	0.5	0.4	-0.5	0.2
Q3	0.3	0.7	-0.3	0.9	0.1	1.4	0.1	0.4	0.8	1.7	0.6
Q4	-0.3	-0.5	0.3	-0.6	0.3	0.7	0.6	0.7	-	0.9	0.1
2020 Q1	-3.1	-2.8	-10.4	0.4	0.3	-1.4	0.2	-6.0	-4.2	-3.9	-2.3
Q2	-20.0	-18.3	-86.7	-3.7	-3.2	-24.3	0.4	-34.4	-27.2	-45.4	-19.9
<b>Percentage change, latest quarter on corresponding quarter of the previous year</b>											
	L44S	KI12	L456	L45K	L45Q	L45V	L46M	L46O	L46Q	L47J	L44Q
2017 Q1	2.9	3.1	2.6	1.5	-0.4	4.1	-0.2	0.9	1.2	1.1	1.8
Q2	2.7	4.6	2.9	1.3	-0.8	3.6	1.2	1.4	1.6	2.3	2.1
Q3	3.0	3.2	2.4	-3.2	-1.1	4.7	1.0	1.6	1.1	2.3	1.5
Q4	1.2	3.5	1.5	-2.9	-1.5	4.9	1.1	0.9	0.3	2.7	1.2
2018 Q1	1.7	3.2	0.7	-0.7	0.2	4.4	0.4	-0.4	0.3	1.5	1.4
Q2	3.2	3.0	2.0	-1.0	0.8	5.2	0.2	0.4	-0.3	1.2	1.9
Q3	4.0	4.5	2.7	-1.3	0.8	4.4	1.6	0.8	0.4	0.8	2.2
Q4	3.9	4.7	4.5	-1.3	0.6	4.1	1.3	1.7	1.4	1.1	2.4
2019 Q1	4.8	6.2	4.8	-4.0	0.4	3.2	2.6	2.6	1.1	-0.4	2.3
Q2	3.1	5.3	2.6	-4.0	0.5	2.4	2.4	2.6	1.6	-1.9	1.8
Q3	2.0	3.9	1.7	-2.1	0.7	2.7	1.5	2.7	2.0	-	1.7
Q4	1.4	2.0	0.5	-2.0	0.9	2.3	2.2	2.7	1.5	0.8	1.4
2020 Q1	-2.8	-2.1	-10.9	0.2	1.0	0.8	1.2	-4.4	-3.1	-1.8	-1.4
Q2	-22.5	-20.5	-88.1	-3.0	-2.5	-23.8	1.3	-37.6	-29.7	-46.1	-21.2

1 Estimates cannot be regarded as accurate to the last digit shown.

2 Components of output are valued at basic prices, which excludes taxes and includes subsidies on production.

3 Weights may not sum to the total due to rounding.

4 Comprising sections R, S and T of SIC(2007).

# C1 Gross domestic product: expenditure at current market prices<sup>1</sup>

£ million

National expenditure on goods and services at market prices																
Final consumption expenditure										Gross capital formation						
	Households	Non-profit institutions <sup>2</sup>	General government	Gross fixed capital formation	Of which business investment <sup>3</sup>	Change in inventories <sup>4</sup>	Of which alignment adjustment	Acquisitions less disposals of valuables <sup>5</sup>	Total	Total exports	Gross final expenditure	less imports	Trade balance <sup>6</sup>	Statistical discrepancy (expenditure)	Gross domestic product at market prices	
	ABJQ	HAYE	NMRP	NPQS	NPEK	CAEX	DMUN	NPJQ	YBIL	IKBH	ABMF	IKBI	IKBJ	GIXM	YBHA	
2016	1 252 934	46 117	381 522	343 694	195 973	3 580	–	–47 202	800 567 499 2	595 299 599 822	–32 323	1	1 995 478			
2017	1 300 305	46 560	386 667	357 080	204 945	4 727	–	1 245 2096	584 629 085 2	725 669 654 212	–25 127	210	2 071 667			
2018	1 356 650	47 353	396 230	362 639	204 701	3 132	–	2 982 2168	986 656 478 2	825 464 686 265	–29 787	5 105	2 144 304			
2019	1 388 832	47 691	417 540	377 927	211 938	6 107	–	–179 2237	918 700 460 2	938 378 724 447	–23 987	2 521	2 216 452			
Seasonally adjusted																
2017 Q1	322 444	11 501	96 497	87 774	50 752	3 148	1 863	–373	520 991 153 417	674 408 160 845	–7 428	–105	513 458			
Q2	323 934	11 623	95 869	89 125	51 268	581	–1 967	321	521 453 157 655	679 108 163 473	–5 818	–101	515 534			
Q3	325 010	11 679	96 670	89 686	51 562	266	–349	420	523 731 159 024	682 755 164 956	–5 932	–11	517 788			
Q4	328 917	11 757	97 631	90 495	51 363	732	453	877	530 409 158 989	689 398 164 938	–5 949	427	524 887			
2018 Q1	334 485	11 785	98 024	89 701	51 512	–783	–739	556	533 768 159 293	693 061 165 153	–5 860	681	528 589			
Q2	337 844	11 839	98 355	90 624	51 352	–1	1 620	1 287	539 948 162 417	702 365 169 332	–6 915	811	533 844			
Q3	341 414	11 861	99 472	91 009	50 979	–77	–2 085	1 041	544 720 166 610	711 330 172 861	–6 251	1 409	539 878			
Q4	342 907	11 868	100 379	91 305	50 858	3 993	1 204	98	550 550 168 158	718 708 178 919	–10 761	2 204	541 993			
2019 Q1	344 631	11 894	101 944	93 508	51 788	7 720	309	10 837	570 534 169 308	739 842 191 242	–21 934	614	549 214			
Q2	346 555	11 925	103 692	93 751	52 806	2 632	1 848	1 015	559 570 167 335	726 905 175 296	–7 961	251	551 860			
Q3	349 177	11 938	104 729	95 645	53 714	–3 128	800	647	559 008 177 936	736 944 180 379	–2 443	878	557 443			
Q4	348 469	11 934	107 175	95 023	53 630	–1 117	–2 957	–12 678	548 806 185 881	734 687 177 530	8 351	778	557 935			
2020 Q1	338 944	11 935	107 779	93 519	52 893	–2 213	1 963	1 131	551 095 159 547	710 642 160 748	–1 201	1 079	550 973			
Q2	258 763	11 690	123 008	70 587	36 781	–7 528	–2 176	–10 172	446 348 141 122	587 470 122 319	18 803	792	465 943			
Percentage change, latest year on previous year																
	KGJ7	KGZ8	KH2C	KG6O	KG6N				KGX3	KH2O	KGJ7	KH3H			IHYM	
2016	5.4	–1.1	2.1	5.9	6.8				4.3	7.1	4.9	7.8			4.1	
2017	3.8	1.0	1.3	3.9	4.6				3.4	10.9	5.0	9.1			3.8	
2018	4.3	1.7	2.5	1.6	–0.1				3.5	4.4	3.7	4.9			3.5	
2019	2.4	0.7	5.4	4.2	3.5				3.2	6.7	4.0	5.6			3.4	
Percentage change, latest quarter on previous quarter																
	KGJ8	KGZ9	KH2D	KG6W	KG6V				KGX4	KH2P	KGJ8	KH3I			IHYN	
2017 Q1	1.5	0.4	0.5	0.8	2.7				1.5	0.4	1.3	1.5			1.2	
Q2	0.5	1.1	–0.7	1.5	1.0				0.1	2.8	0.7	1.6			0.4	
Q3	0.3	0.5	0.8	0.6	0.6				0.4	0.9	0.5	0.9			0.4	
Q4	1.2	0.7	1.0	0.9	–0.4				1.3	–	1.0	–			1.4	
2018 Q1	1.7	0.2	0.4	–0.9	0.3				0.6	0.2	0.5	0.1			0.7	
Q2	1.0	0.5	0.3	1.0	–0.3				1.2	2.0	1.3	2.5			1.0	
Q3	1.1	0.2	1.1	0.4	–0.7				0.9	2.6	1.3	2.1			1.1	
Q4	0.4	0.1	0.9	0.3	–0.2				1.1	0.9	1.0	3.5			0.4	
2019 Q1	0.5	0.2	1.6	2.4	1.8				3.6	0.7	2.9	6.9			1.3	
Q2	0.6	0.3	1.7	0.3	2.0				–1.9	–1.2	–1.7	–8.3			0.5	
Q3	0.8	0.1	1.0	2.0	1.7				–0.1	6.3	1.4	2.9			1.0	
Q4	–0.2	–	2.3	–0.7	–0.2				–1.8	4.5	–0.3	–1.6			0.1	
2020 Q1	–2.7	–	0.6	–1.6	–1.4				0.4	–14.2	–3.3	–9.5			–1.2	
Q2	–23.7	–2.1	14.1	–24.5	–30.5				–19.0	–11.5	–17.3	–23.9			–15.4	
Percentage change, latest quarter on corresponding quarter of previous year																
	KGJ9	KH22	KH2E	KG76	KG75				KGX5	KH2Q	KGJ9	KH3J			IHYO	
2017 Q1	5.2	–1.3	2.0	4.6	6.1				4.8	14.6	6.9	14.0			4.8	
Q2	3.8	0.6	0.7	4.3	5.1				3.6	13.0	5.7	12.6			3.6	
Q3	2.6	1.9	1.1	2.8	3.3				1.8	12.6	4.1	6.4			3.4	
Q4	3.5	2.7	1.7	3.9	3.9				3.4	4.0	3.5	4.0			3.5	
2018 Q1	3.7	2.5	1.6	2.2	1.5				2.5	3.8	2.8	2.7			2.9	
Q2	4.3	1.9	2.6	1.7	0.2				3.5	3.0	3.4	3.6			3.6	
Q3	5.0	1.6	2.9	1.5	–1.1				4.0	4.8	4.2	4.8			4.3	
Q4	4.3	0.9	2.8	0.9	–1.0				3.8	5.8	4.3	8.5			3.3	
2019 Q1	3.0	0.9	4.0	4.2	0.5				6.9	6.3	6.7	15.8			3.9	
Q2	2.6	0.7	5.4	3.5	2.8				3.6	3.0	3.5	3.5			3.4	
Q3	2.3	0.6	5.3	5.1	5.4				2.6	6.8	3.6	4.3			3.3	
Q4	1.6	0.6	6.8	4.1	5.5				–0.3	10.5	2.2	–0.8			2.9	
2020 Q1	–1.7	0.3	5.7	–	2.1				–3.4	–5.8	–3.9	–15.9			0.3	
Q2	–25.3	–2.0	18.6	–24.7	–30.3				–20.2	–15.7	–19.2	–30.2			–15.6	

1 Estimates are given to the nearest £ million, but cannot be regarded as accurate to this degree.

2 Non-profit institutions serving households.

3 A further breakdown of business investment can be found in the 'Business investment in the UK' bulletin.

4 Quarterly alignment adjustment included in this series.

5 Acquisitions less disposals of valuables can be a volatile series due to the inclusion of non-monetary gold, but any volatility is likely to be GDP neutral as this is offset in UK trade figures.

6 Trade balance is calculated by using exports of goods and services minus imports of goods and services.

# C2 Gross domestic product by category of expenditure: chained volume measures<sup>1</sup>

Reference year 2016, £ million

National expenditure on goods and services at market prices																
Final consumption expenditure				Gross capital formation											Statistical discrepancy (expenditure)	Gross domestic product at market prices
Households	Non-profit institutions <sup>2</sup>	General government	Gross fixed capital formation	Of which business investment <sup>3</sup>	Change in inventories <sup>4</sup>	Of which alignment adjustment	Acquisitions less disposals of valuables <sup>5</sup>	Total	Total exports	Gross final expenditure	less Total imports	Trade balance <sup>6</sup>				
	ABJR	HAYO	NMRY	NPQT	NPEL	CAFU	DMUM	NPJR	YBIM	IKBK	ABMG	IKBL	IKBM	GIXS	ABMI	
2016	1 252 934	46 117	381 522	343 690	195 973	3 580	1	-48 202	800 567	499 259	299 599	822 -32	323	1	1 995 478	
2017	1 281 722	46 042	382 508	349 306	201 708	-8 974	-	1 149 205	749 602	123 265	872 620	838 -18	715	200	2 033 234	
2018	1 302 614	46 133	384 153	348 521	198 681	-5 494	-	3 390 209	314 609	510 268	824 633	225 -23	715	4 895	2 060 494	
2019	1 316 241	45 633	397 270	350 789	200 313	-1 731	-	2 486 210	687 640	092 275	779 662	522 -22	430	2 375	2 090 632	
Seasonally adjusted																
2017 Q1	318 897	11 466	95 419	86 336	49 910	-577	1 833	-636	510 905	147 656	658 561	152 474	-4 818	-104	505 983	
Q2	319 788	11 519	95 460	87 551	50 490	-2 232	-1 937	42	512 127	151 190	663 317	155 962	-4 772	-100	507 255	
Q3	321 032	11 489	95 724	87 218	50 603	-2 784	-342	519	513 197	152 771	665 968	156 975	-4 204	-11	508 982	
Q4	322 005	11 568	95 905	88 201	50 705	-3 381	446	1 224	515 520	150 506	666 026	155 427	-4 921	415	511 014	
2018 Q1	323 391	11 600	95 497	87 169	50 275	-2 706	-713	538	515 488	151 022	666 510	155 850	-4 828	658	511 318	
Q2	325 297	11 501	95 430	86 964	49 859	-957	1 560	1 099	519 334	150 647	669 981	156 751	-6 104	781	514 011	
Q3	326 716	11 513	95 991	87 245	49 411	-2 985	-1 997	1 081	519 560	154 133	673 693	158 013	-3 880	1 349	517 029	
Q4	327 210	11 519	97 235	87 143	49 136	1 154	1 150	672	524 932	153 708	678 640	162 611	-8 903	2 107	518 136	
2019 Q1	327 907	11 504	97 742	88 173	49 695	6 881	293	10 277	542 486	156 619	699 105	178 142	-21 523	583	521 546	
Q2	329 203	11 371	99 533	87 620	49 987	-804	1 742	802	527 725	152 592	680 317	159 303	-6 711	237	521 251	
Q3	329 667	11 429	99 720	88 128	50 388	-5 223	747	167	523 887	161 851	685 738	162 644	-793	825	523 918	
Q4	329 464	11 329	100 275	86 868	50 243	-2 585	-2 782	-8 760	516 589	169 030	685 619	162 433	6 597	730	523 917	
2020 Q1	319 803	11 014	96 136	85 928	50 099	-346	1 819	-225	512 310	146 275	658 585	147 130	-855	1 003	512 458	
Q2	246 083	8 253	82 686	64 002	34 348	-4 426	-1 928	-6 224	390 373	129 724	520 097	112 744	16 980	693	408 046	
Percentage change, latest year on previous year																
	KGZ5	KH26	KH2I	KG7N	KG7M					KGX9	KH2U	KGW5	KH3N	IHYP		
2016	3.8	-1.5	1.0	3.6	4.3					2.4	2.7	2.5	4.4	1.9		
2017	2.3	-0.2	0.3	1.6	2.9					1.2	6.1	2.3	3.5	1.9		
2018	1.6	0.2	0.4	-0.2	-1.5					1.3	1.2	1.3	2.0	1.3		
2019	1.0	-1.1	3.4	0.7	0.8					1.5	5.0	2.3	4.6	1.5		
Percentage change, latest quarter on previous quarter																
	KGZ6	KH27	KH2J	KG7Q	KG7P					KGY2	KH2V	KGW6	KH3O	IHYQ		
2017 Q1	0.5	0.7	-0.1	-	2.3					0.2	0.4	0.3	-0.7	0.6		
Q2	0.3	0.5	-	1.4	1.2					0.2	2.4	0.7	2.3	0.3		
Q3	0.4	-0.3	0.3	-0.4	0.2					0.2	1.0	0.4	0.6	0.3		
Q4	0.3	0.7	0.2	1.1	0.2					0.5	-1.5	-	-1.0	0.4		
2018 Q1	0.4	0.3	-0.4	-1.2	-0.8					-	0.3	0.1	0.3	0.1		
Q2	0.6	-0.9	-0.1	-0.2	-0.8					0.7	-0.2	0.5	0.6	0.5		
Q3	0.4	0.1	0.6	0.3	-0.9					-	2.3	0.6	0.8	0.6		
Q4	0.2	0.1	1.3	-0.1	-0.6					1.0	-0.3	0.7	2.9	0.2		
2019 Q1	0.2	-0.1	0.5	1.2	1.1					3.3	1.9	3.0	9.6	0.7		
Q2	0.4	-1.2	1.8	-0.6	0.6					-2.7	-2.6	-2.7	-10.6	-0.1		
Q3	0.1	0.5	0.2	0.6	0.8					-0.7	6.1	0.8	2.1	0.5		
Q4	-0.1	-0.9	0.6	-1.4	-0.3					-1.4	4.4	-	-0.1	-		
2020 Q1	-2.9	-2.8	-4.1	-1.1	-0.3					-0.8	-13.5	-3.9	-9.4	-2.2		
Q2	-23.1	-25.1	-14.0	-25.5	-31.4					-23.8	-11.3	-21.0	-23.4	-20.4		
Percentage change, latest quarter on corresponding quarter of previous year																
	KGZ7	KH28	KH2K	KG7T	KG7S					KGY3	KH2W	KGW7	KH3P	IHYR		
2017 Q1	3.7	-2.5	0.1	1.7	3.0					1.8	5.6	2.7	4.0	2.2		
Q2	2.5	-0.2	0.2	2.2	3.1					1.8	6.4	2.8	5.6	1.9		
Q3	1.6	0.5	0.4	0.5	1.7					-	10.3	2.2	3.2	1.8		
Q4	1.5	1.6	0.4	2.2	3.9					1.2	2.4	1.4	1.3	1.6		
2018 Q1	1.4	1.2	0.1	1.0	0.7					0.9	2.3	1.2	2.2	1.1		
Q2	1.7	-0.2	-	-0.7	-1.2					1.4	-0.4	1.0	0.5	1.3		
Q3	1.8	0.2	0.3	-	-2.4					1.2	0.9	1.2	0.7	1.6		
Q4	1.6	-0.4	1.4	-1.2	-3.1					1.8	2.1	1.9	4.6	1.4		
2019 Q1	1.4	-0.8	2.4	1.2	-1.2					5.2	3.7	4.9	14.3	2.0		
Q2	1.2	-1.1	4.3	0.8	0.3					1.6	1.3	1.5	1.6	1.4		
Q3	0.9	-0.7	3.9	1.0	2.0					0.8	5.0	1.8	2.9	1.3		
Q4	0.7	-1.6	3.1	-0.3	2.3					-1.6	10.0	1.0	-0.1	1.1		
2020 Q1	-2.5	-4.3	-1.6	-2.5	0.8					-5.6	-6.6	-5.8	-17.4	-1.7		
Q2	-25.2	-27.4	-16.9	-27.0	-31.3					-26.0	-15.0	-23.6	-29.2	-21.7		

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Non-profit institutions serving households.

3 A further breakdown of business investment can be found in the 'Business investment in the UK' bulletin.

4 Quarterly alignment adjustment included in this series.

5 Acquisitions less disposals of valuables can be a volatile series due to the inclusion of non-monetary gold, but any volatility is likely to be GDP neutral as this is offset in UK trade figures.

6 Trade balance is calculated by using exports of goods and services minus imports of goods and services.



# D Gross domestic product by category of income: current prices<sup>1</sup>

£ million

	Compensation of employees			Gross operating surplus of corporations <sup>2,3</sup>	Of which alignment adjustment	Other income <sup>4</sup>	Gross value added at factor cost	Taxes on products & production less subsidies	Statistical discrepancy (income)	Gross domestic product at market prices
	Wages and Salaries	Employers social contributions	Total							
	DTWL	DTWP	DTWM	CGBZ	DMUQ	CGBX	CGCB	CMVL	GIXQ	YBHA
2016	802 669	165 055	967 724	427 649	—	356 317	1 751 690	243 788	—	1 995 478
2017	833 103	176 047	1 009 150	444 553	—	364 779	1 818 482	252 976	209	2 071 667
2018	873 469	180 235	1 053 704	448 769	—	380 611	1 883 084	259 705	1 515	2 144 304
2019	903 818	196 889	1 100 707	456 157	—	393 547	1 950 411	263 666	2 375	2 216 452

## Seasonally adjusted

2017 Q1	203 787	43 667	247 454	113 754	126	90 479	451 687	61 738	33	513 458
Q2	207 471	44 043	251 514	110 122	-241	90 747	452 383	63 087	64	515 534
Q3	209 600	44 657	254 257	107 954	44	91 300	453 511	64 175	102	517 788
Q4	212 245	43 680	255 925	112 723	71	92 253	460 901	63 976	10	524 887
2018 Q1	215 613	43 267	258 880	113 550	1 960	93 255	465 685	62 499	405	528 589
Q2	216 493	44 473	260 966	111 496	-403	94 679	467 141	66 093	610	533 844
Q3	219 413	45 569	264 982	113 498	431	95 570	474 050	65 406	422	539 878
Q4	221 950	46 926	268 876	110 225	-1 988	97 107	476 208	65 707	78	541 993
2019 Q1	222 911	47 219	270 130	113 739	-1 406	98 828	482 697	65 591	926	549 214
Q2	225 418	48 899	274 317	111 970	76	98 206	484 493	66 397	970	551 860
Q3	226 929	50 038	276 967	116 493	1 869	97 633	491 093	66 125	225	557 443
Q4	228 560	50 733	279 293	113 955	-539	98 880	492 128	65 553	254	557 935
2020 Q1	230 782	51 648	282 430	110 080	-1 997	98 501	491 011	59 907	55	550 973
Q2	227 198	49 106	276 304	83 581	-3 319	95 987	455 872	9 793	278	465 943

## Percentage change, latest year on previous year

	CWNH	CWNE	KGI3	KH4V	KH6T	KH6N	KH65	IHYM
2016	3.7	6.3	4.1	3.8	4.5	4.1	4.0	4.1
2017	3.8	6.7	4.3	4.0	2.4	3.8	3.8	3.8
2018	4.8	2.4	4.4	0.9	4.3	3.6	2.7	3.5
2019	3.5	9.2	4.5	1.6	3.4	3.6	1.5	3.4

## Percentage change, latest quarter on previous quarter

	CWNI	CWNF	KGI4	KH4W	KH6U	KH6O	KH66	IHYN
2017 Q1	0.4	2.2	0.8	3.8	0.2	1.4	-0.1	1.2
Q2	1.8	0.9	1.6	-3.2	0.3	0.2	2.2	0.4
Q3	1.0	1.4	1.1	-2.0	0.6	0.2	1.7	0.4
Q4	1.3	-2.2	0.7	4.4	1.0	1.6	-0.3	1.4
2018 Q1	1.6	-0.9	1.2	0.7	1.1	1.0	-2.3	0.7
Q2	0.4	2.8	0.8	-1.8	1.5	0.3	5.8	1.0
Q3	1.3	2.5	1.5	1.8	0.9	1.5	-1.0	1.1
Q4	1.2	3.0	1.5	-2.9	1.6	0.5	0.5	0.4
2019 Q1	0.4	0.6	0.5	3.2	1.8	1.4	-0.2	1.3
Q2	1.1	3.6	1.5	-1.6	-0.6	0.4	1.2	0.5
Q3	0.7	2.3	1.0	4.0	-0.6	1.4	-0.4	1.0
Q4	0.7	1.4	0.8	-2.2	1.3	0.2	-0.9	0.1
2020 Q1	1.0	1.8	1.1	-3.4	-0.4	-0.2	-8.6	-1.2
Q2	-1.6	-4.9	-2.2	-24.1	-2.6	-7.2	-83.7	-15.4

## Percentage change, latest quarter on corresponding quarter of previous year

	CWNJ	CWNG	KGI5	KH4X	KH6V	KH6P	KH67	IHYO
2017 Q1	3.3	11.5	4.6	7.4	3.8	5.1	2.6	4.8
Q2	3.6	7.0	4.2	4.0	1.5	3.6	3.6	3.6
Q3	3.6	6.4	4.1	1.6	2.2	3.1	5.4	3.4
Q4	4.6	2.2	4.2	2.8	2.1	3.4	3.5	3.5
2018 Q1	5.8	-0.9	4.6	-0.2	3.1	3.1	1.2	2.9
Q2	4.3	1.0	3.8	1.2	4.3	3.3	4.8	3.6
Q3	4.7	2.0	4.2	5.1	4.7	4.5	1.9	4.3
Q4	4.6	7.4	5.1	-2.2	5.3	3.3	2.7	3.3
2019 Q1	3.4	9.1	4.3	0.2	6.0	3.7	4.9	3.9
Q2	4.1	10.0	5.1	0.4	3.7	3.7	0.5	3.4
Q3	3.4	9.8	4.5	2.6	2.2	3.6	1.1	3.3
Q4	3.0	8.1	3.9	3.4	1.8	3.3	-0.2	2.9
2020 Q1	3.5	9.4	4.6	-3.2	-0.3	1.7	-8.7	0.3
Q2	0.8	0.4	0.7	-25.4	-2.3	-5.9	-85.3	-15.6

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Quarterly alignment adjustment included in this series.

3 Includes the operating surplus of financial corporations, private non-financial corporations and public corporations.

4 Includes mixed income and the operating surplus of the non-corporate sector.

# F1 Gross fixed capital formation by sector and type of asset

## Current prices

£ million

	Analysis by sector							Analysis by asset						
	Public corporations <sup>2</sup>				Private Sector									
	Business investment <sup>1</sup>	General government	Dwellings <sup>4</sup>	Costs of transfer of ownership of non-produ- ced assets	Dwellings <sup>4</sup>	Costs of transfer of ownership of non-produ- ced assets	NPQS	Transport equipment	ICT equipment and other machinery and	Dwellings <sup>4</sup>	Other buildings and structures <sup>5</sup>	Intellectual Property Products	Total	
	NPEK	RPZG	L62R	L62S	L62T	L62U	NPQS	TLPX	TLPW	GGAE	EQED	TLPK	NPQS	
2016	195 973	52 418	8 362	725	60 904	25 316	343 694	24 623	56 102	69 319	120 018	73 630	343 694	
2017	204 945	55 290	8 464	773	69 191	18 417	357 080	22 064	66 328	77 655	117 290	73 743	357 080	
2018	204 701	57 144	4 567	759	77 449	18 019	362 639	17 731	64 476	82 018	118 831	79 583	362 639	
2019	211 938	62 128	4 621	756	80 516	17 968	377 927	17 926	63 487	85 137	129 306	82 071	377 927	
Seasonally adjusted														
2017 Q1	50 752	13 429	2 187	168	16 591	4 647	87 774	5 523	16 102	18 777	29 266	18 106	87 774	
Q2	51 268	13 910	2 285	218	16 850	4 594	89 125	5 852	16 985	19 135	28 896	18 257	89 125	
Q3	51 562	13 790	2 195	196	17 317	4 626	89 686	5 696	16 356	19 512	29 619	18 503	89 686	
Q4	51 363	14 161	1 797	191	18 433	4 550	90 495	4 993	16 885	20 231	29 509	18 877	90 495	
2018 Q1	51 512	13 643	1 234	175	18 595	4 542	89 701	5 104	16 237	19 830	29 000	19 530	89 701	
Q2	51 352	14 007	1 181	206	19 401	4 477	90 624	4 534	16 383	20 581	29 081	20 045	90 624	
Q3	50 979	14 539	1 069	191	19 725	4 506	91 009	3 971	15 981	20 796	30 161	20 100	91 009	
Q4	50 858	14 955	1 083	187	19 728	4 494	91 305	4 122	15 875	20 811	30 589	19 908	91 305	
2019 Q1	51 788	15 854	1 124	180	20 046	4 516	93 508	3 829	16 223	21 169	32 014	20 273	93 508	
Q2	52 806	15 048	1 146	197	20 110	4 444	93 751	4 895	14 998	21 256	32 176	20 426	93 751	
Q3	53 714	15 669	1 141	192	20 441	4 488	95 645	4 631	16 497	21 581	32 169	20 767	95 645	
Q4	53 630	15 557	1 210	187	19 919	4 520	95 023	4 571	15 769	21 131	32 947	20 605	95 023	
2020 Q1	52 893	15 432	1 160	181	19 357	4 496	93 519	3 930	16 358	20 506	31 403	21 322	93 519	
Q2	36 781	17 123	1 233	139	11 669	3 642	70 587	2 046	12 716	12 830	24 536	18 459	70 587	
Percentage change, latest year on previous year														
	KG6N	KH7N	L64E	L64H	L64K	L64N	KG6O	KG6T	KG6S	KH7X	KH7W	KG6R	KG6O	
2016	6.8	2.5	2.9	5.7	4.9	10.1	5.9	21.9	8.0	4.7	3.5	4.7	5.9	
2017	4.6	5.5	1.2	6.6	13.6	-27.3	3.9	-10.4	18.2	12.0	-2.3	0.2	3.9	
2018	-0.1	3.4	-46.0	-1.8	11.9	-2.2	1.6	-19.6	-2.8	5.6	1.3	7.9	1.6	
2019	3.5	8.7	1.2	-0.4	4.0	-0.3	4.2	1.1	-1.5	3.8	8.8	3.1	4.2	
Percentage change, latest quarter on previous quarter														
	KG6V	KH7P	L64F	L64I	L64L	L64O	KG6W	KG73	KG72	KH83	KH82	KG6Z	KG6W	
2017 Q1	2.7	0.4	2.4	-6.1	6.1	-26.8	0.8	2.4	14.3	5.7	-6.6	-2.3	0.8	
Q2	1.0	3.6	4.5	29.8	1.6	-1.1	1.5	6.0	5.5	1.9	-1.3	0.8	1.5	
Q3	0.6	-0.9	-3.9	-10.1	2.8	0.7	0.6	-2.7	-3.7	2.0	2.5	1.3	0.6	
Q4	-0.4	2.7	-18.1	-2.6	6.4	-1.6	0.9	-12.3	3.2	3.7	-0.4	2.0	0.9	
2018 Q1	0.3	-3.7	-31.3	-8.4	0.9	-0.2	-0.9	2.2	-3.8	-2.0	-1.7	3.5	-0.9	
Q2	-0.3	2.7	-4.3	17.7	4.3	-1.4	1.0	-11.2	0.9	3.8	0.3	2.6	1.0	
Q3	-0.7	3.8	-9.5	-7.3	1.7	0.6	0.4	-12.4	-2.5	1.0	3.7	0.3	0.4	
Q4	-0.2	2.9	1.3	-2.1	-	-0.3	0.3	3.8	-0.7	0.1	1.4	-1.0	0.3	
2019 Q1	1.8	6.0	3.8	-3.7	1.6	0.5	2.4	-7.1	2.2	1.7	4.7	1.8	2.4	
Q2	2.0	-5.1	2.0	9.4	0.3	-1.6	0.3	27.8	-7.6	0.4	0.5	0.8	0.3	
Q3	1.7	4.1	-0.4	-2.5	1.6	1.0	2.0	-5.4	10.0	1.5	-	1.7	2.0	
Q4	-0.2	-0.7	6.0	-2.6	-2.6	0.7	-0.7	-1.3	-4.4	-2.1	2.4	-0.8	-0.7	
2020 Q1	-1.4	-0.8	-4.1	-3.2	-2.8	-0.5	-1.6	-14.0	3.7	-3.0	-4.7	3.5	-1.6	
Q2	-30.5	11.0	6.3	-23.2	-39.7	-19.0	-24.5	-47.9	-22.3	-37.4	-21.9	-13.4	-24.5	
Percentage change, latest quarter on corresponding quarter of previous year														
	KG75	KH7R	L64G	L64J	L64M	L64P	KG76	KG7B	KG7A	KH87	KH86	KG79	KG76	
2017 Q1	6.1	10.6	7.8	7.7	11.0	-31.5	4.6	-11.1	16.9	10.3	2.3	-0.9	4.6	
Q2	5.1	5.2	8.1	-1.4	12.2	-24.9	4.3	-1.6	20.0	11.7	-3.2	-0.7	4.3	
Q3	3.3	0.8	5.2	16.0	13.1	-23.8	2.8	-19.4	16.1	12.1	-2.1	0.4	2.8	
Q4	3.9	5.9	-15.8	6.7	17.9	-28.3	3.9	-7.5	19.9	13.9	-5.8	1.9	3.9	
2018 Q1	1.5	1.6	-43.6	4.2	12.1	-2.3	2.2	-7.6	0.8	5.6	-0.9	7.9	2.2	
Q2	0.2	0.7	-48.3	-5.5	15.1	-2.5	1.7	-22.5	-3.5	7.6	0.6	9.8	1.7	
Q3	-1.1	5.4	-51.3	-2.6	13.9	-2.6	1.5	-30.3	-2.3	6.6	1.8	8.6	1.5	
Q4	-1.0	5.6	-39.7	-2.1	7.0	-1.2	0.9	-17.4	-6.0	2.9	3.7	5.5	0.9	
2019 Q1	0.5	16.2	-8.9	2.9	7.8	-0.6	4.2	-25.0	-0.1	6.8	10.4	3.8	4.2	
Q2	2.8	7.4	-3.0	-4.4	3.7	-0.7	3.5	8.0	-8.5	3.3	10.6	1.9	3.5	
Q3	5.4	7.8	6.7	0.5	3.6	-0.4	5.1	16.6	3.2	3.8	6.7	3.3	5.1	
Q4	5.5	4.0	11.7	-	1.0	0.6	4.1	10.9	-0.7	1.5	7.7	3.5	4.1	
2020 Q1	2.1	-2.7	3.2	0.6	-3.4	-0.4	-	2.6	0.8	-3.1	-1.9	5.2	-	
Q2	-30.3	13.8	7.6	-29.4	-42.0	-18.0	-24.7	-58.2	-15.2	-39.6	-23.7	-9.6	-24.7	

# F2 Gross fixed capital formation by sector and type of asset

## Chained volume measures

Reference year 2016, £ million

	Analysis by sector							Analysis by asset					
	Public corporations <sup>2</sup>			Private Sector									
	Business investment <sup>1</sup>	General government	Dwellings <sup>4</sup>	Costs of transfer of ownership of non-produced assets	Dwellings <sup>4</sup>	Costs of transfer of ownership of non-produced assets	Total	Transport equipment	ICT equipment and other machinery and equipment <sup>3</sup>	Dwellings <sup>4</sup>	Other buildings and structures <sup>5</sup>	Intellectual Property Products	Total
	NPEL	DLWF	L634	L635	L636	L637	NPQT	DLWL	DLWO	DFEG	DLWT	EQDO	NPQT
2016	195 973	52 418	8 362	726	60 903	25 312	343 690	24 623	56 102	69 318	120 017	73 629	343 690
2017	201 708	54 433	8 250	768	65 719	18 428	349 306	22 332	63 289	73 969	115 956	73 760	349 306
2018	198 681	55 120	4 326	739	72 155	17 500	348 521	16 562	62 038	76 483	114 224	79 214	348 521
2019	200 313	55 824	4 267	720	72 637	17 028	350 789	16 542	57 575	76 903	118 710	81 059	350 789

### Seasonally adjusted

2017 Q1	49 910	13 264	2 150	169	16 110	4 733	86 336	5 650	15 365	18 260	29 021	18 040	86 336
Q2	50 490	13 949	2 217	218	16 025	4 652	87 551	5 950	16 483	18 242	28 579	18 297	87 551
Q3	50 603	13 517	2 140	193	16 205	4 560	87 218	5 732	15 723	18 345	28 922	18 496	87 218
Q4	50 705	13 703	1 743	188	17 379	4 483	88 201	5 000	15 718	19 122	29 434	18 927	88 201
2018 Q1	50 275	13 160	1 160	172	17 958	4 444	87 169	4 810	15 390	19 116	28 359	19 494	87 169
Q2	49 859	13 412	1 122	200	18 058	4 313	86 964	4 195	15 474	19 181	28 198	19 916	86 964
Q3	49 411	14 208	1 009	186	18 046	4 385	87 245	3 658	15 612	19 057	28 835	20 083	87 245
Q4	49 136	14 340	1 035	181	18 093	4 358	87 143	3 899	15 562	19 129	28 832	19 721	87 143
2019 Q1	49 695	14 556	1 029	173	18 351	4 369	88 173	3 671	15 359	19 379	29 571	20 193	88 173
Q2	49 987	13 824	1 071	188	18 300	4 250	87 620	4 525	13 642	19 371	29 829	20 253	87 620
Q3	50 388	13 839	1 047	182	18 405	4 267	88 128	4 292	14 672	19 452	29 303	20 409	88 128
Q4	50 243	13 605	1 120	177	17 581	4 142	86 868	4 054	13 902	18 701	30 007	20 204	86 868
2020 Q1	50 099	13 082	1 038	170	17 416	4 123	85 928	3 432	14 620	18 445	28 400	21 031	85 928
Q2	34 348	14 579	1 122	129	10 551	3 273	64 002	1 192	10 839	11 660	22 024	18 287	64 002

### Percentage change, latest year on previous year

	KG7M	KH92	L64T	L64W	L654	L64Z	KG7N	KH95	KH96	KH8Y	KH97	KH98	KG7N
2016	4.3	2.3	1.2	4.6	3.2	3.4	3.6	22.3	4.0	3.0	1.4	2.4	3.6
2017	2.9	3.8	-1.3	5.8	7.9	-27.2	1.6	-9.3	12.8	6.7	-3.4	0.2	1.6
2018	-1.5	1.3	-47.6	-3.8	9.8	-5.0	-0.2	-25.8	-2.0	3.4	-1.5	7.4	-0.2
2019	0.8	1.3	-1.4	-2.6	0.7	-2.7	0.7	-0.1	-7.2	0.5	3.9	2.3	0.7

### Percentage change, latest quarter on previous quarter

	KG7P	KH9C	L64U	L64X	L655	L652	KG7Q	KH9F	KH9G	KH9A	KH9H	KH9I	KG7Q
2017 Q1	2.3	-0.3	-0.6	-5.6	3.8	-25.3	-	1.9	13.6	3.3	-6.6	-2.3	-
Q2	1.2	5.2	3.1	29.0	-0.5	-1.7	1.4	5.3	7.3	-0.1	-1.5	1.4	1.4
Q3	0.2	-3.1	-3.5	-11.5	1.1	-2.0	-0.4	-3.7	-4.6	0.6	1.2	1.1	-0.4
Q4	0.2	1.4	-18.6	-2.6	7.2	-1.7	1.1	-12.8	-	4.2	1.8	2.3	1.1
2018 Q1	-0.8	-4.0	-33.4	-8.5	3.3	-0.9	-1.2	-3.8	-2.1	-	-3.7	3.0	-1.2
Q2	-0.8	1.9	-3.3	16.3	0.6	-2.9	-0.2	-12.8	0.5	0.3	-0.6	2.2	-0.2
Q3	-0.9	5.9	-10.1	-7.0	-0.1	1.7	0.3	-12.8	0.9	-0.6	2.3	0.8	0.3
Q4	-0.6	0.9	2.6	-2.7	0.3	-0.6	-0.1	6.6	-0.3	0.4	-	-1.8	-0.1
2019 Q1	1.1	1.5	-0.6	-4.4	1.4	0.3	1.2	-5.8	-1.3	1.3	2.6	2.4	1.2
Q2	0.6	-5.0	4.1	8.7	-0.3	-2.7	-0.6	23.3	-11.2	-	0.9	0.3	-0.6
Q3	0.8	0.1	-2.2	-3.2	0.6	0.4	0.6	-5.1	7.6	0.4	-1.8	0.8	0.6
Q4	-0.3	-1.7	7.0	-2.7	-4.5	-2.9	-1.4	-5.5	-5.2	-3.9	2.4	-1.0	-1.4
2020 Q1	-0.3	-3.8	-7.3	-4.0	-0.9	-0.5	-1.1	-15.3	5.2	-1.4	-5.4	4.1	-1.1
Q2	-31.4	11.4	8.1	-24.1	-39.4	-20.6	-25.5	-65.3	-25.9	-36.8	-22.5	-13.0	-25.5

### Percentage change, latest quarter on corresponding quarter of previous year

	KG7S	KH9M	L64V	L64Y	L656	L653	KG7T	KH9P	KH9Q	KH9K	KH9R	KH9S	KG7T
2017 Q1	3.0	8.4	4.6	7.6	6.7	-31.2	1.7	-8.6	8.1	6.2	0.1	-1.5	1.7
Q2	3.1	5.2	5.7	-1.4	6.4	-23.6	2.2	0.3	15.6	6.3	-4.5	-0.6	2.2
Q3	1.7	-0.7	4.5	14.2	6.4	-24.2	0.5	-17.7	11.5	6.1	-3.6	0.3	0.5
Q4	3.9	3.0	-19.4	5.0	12.0	-29.3	2.2	-9.9	16.2	8.1	-5.3	2.5	2.2
2018 Q1	0.7	-0.8	-46.0	1.8	11.5	-6.1	1.0	-14.9	0.2	4.7	-2.3	8.1	1.0
Q2	-1.2	-3.8	-49.4	-8.3	12.7	-7.3	-0.7	-29.5	-6.1	5.1	-1.3	8.8	-0.7
Q3	-2.4	5.1	-52.9	-3.6	11.4	-3.8	-	-36.2	-0.7	3.9	-0.3	8.6	-
Q4	-3.1	4.6	-40.6	-3.7	4.1	-2.8	-1.2	-22.0	-1.0	-	-2.0	4.2	-1.2
2019 Q1	-1.2	10.6	-11.3	0.6	2.2	-1.7	1.2	-23.7	-0.2	1.4	4.3	3.6	1.2
Q2	0.3	3.1	-4.5	-6.0	1.3	-1.5	0.8	7.9	-11.8	1.0	5.8	1.7	0.8
Q3	2.0	-2.6	3.8	-2.2	2.0	-2.7	1.0	17.3	-6.0	2.1	1.6	1.6	1.0
Q4	2.3	-5.1	8.2	-2.2	-2.8	-5.0	-0.3	4.0	-10.7	-2.2	4.1	2.4	-0.3
2020 Q1	0.8	-10.1	0.9	-1.7	-5.1	-5.6	-2.5	-6.5	-4.8	-4.8	-4.0	4.1	-2.5
Q2	-31.3	5.5	4.8	-31.4	-42.3	-23.0	-27.0	-73.7	-20.5	-39.8	-26.2	-9.7	-27.0

1 Not including expenditure on dwellings, land and existing buildings and costs associated with the transfer of ownership of non-produced assets.

2 Remaining investment by public non-financial corporations included within business investment.

3 Includes cultivated biological resources (AN.115) and weapons (AN.114)

4 Includes new dwellings and improvements to dwellings.

5 Including costs associated with the transfer of ownership of buildings, dwellings and non-produced assets.

# H1 Exports and imports of goods and services

## Current market prices

£ million

	Exports			Imports			Balance		
	Goods	Services	Total	Goods	Services	Total	Goods	Services	Total <sup>1</sup>
	BOKG	IKBB	IKBH	BOKH	IKBC	IKBI	BOKI	IKBD	IKBJ
2016	297 922	269 577	567 499	432 101	167 721	599 822	-134 179	101 856	-32 323
2017	337 466	291 619	629 085	473 361	180 851	654 212	-135 895	110 768	-25 127
2018	349 608	306 870	656 478	488 973	197 292	686 265	-139 365	109 578	-29 787
2019	372 618	327 842	700 460	502 075	222 372	724 447	-129 457	105 470	-23 987
<b>Seasonally adjusted</b>									
2017 Q1	82 138	71 279	153 417	116 161	44 684	160 845	-34 023	26 595	-7 428
Q2	84 864	72 791	157 655	118 181	45 292	163 473	-33 317	27 499	-5 818
Q3	84 557	74 467	159 024	119 272	45 684	164 956	-34 715	28 783	-5 932
Q4	85 907	73 082	158 989	119 747	45 191	164 938	-33 840	27 891	-5 949
2018 Q1	84 870	74 423	159 293	117 637	47 516	165 153	-32 767	26 907	-5 860
Q2	87 338	75 079	162 417	121 225	48 107	169 332	-33 887	26 972	-6 915
Q3	89 343	77 267	166 610	123 817	49 044	172 861	-34 474	28 223	-6 251
Q4	88 057	80 101	168 158	126 294	52 625	178 919	-38 237	27 476	-10 761
2019 Q1	89 900	79 408	169 308	139 301	51 941	191 242	-49 401	27 467	-21 934
Q2	86 678	80 657	167 335	121 706	53 590	175 296	-35 028	27 067	-7 961
Q3	94 197	83 739	177 936	123 794	56 585	180 379	-29 597	27 154	-2 443
Q4	101 843	84 038	185 881	117 274	60 256	177 530	-15 431	23 782	8 351
2020 Q1	82 270	77 277	159 547	111 585	49 163	160 748	-29 315	28 114	-1 201
Q2	76 550	64 572	141 122	87 027	35 292	122 319	-10 477	29 280	18 803
<b>Percentage change, latest year on previous year</b>									
	KG9K	KH35	KH2O	KG9L	KH3W	KH3H			
2016	4.2	10.4	7.1	7.0	9.7	7.8			
2017	13.3	8.2	10.9	9.5	7.8	9.1			
2018	3.6	5.2	4.4	3.3	9.1	4.9			
2019	6.6	6.8	6.7	2.7	12.7	5.6			
<b>Percentage change, latest quarter on previous quarter</b>									
	KG9O	KH36	KH2P	KG9P	KH3X	KH3I			
2017 Q1	1.7	-1.1	0.4	2.1	-0.3	1.5			
Q2	3.3	2.1	2.8	1.7	1.4	1.6			
Q3	-0.4	2.3	0.9	0.9	0.9	0.9			
Q4	1.6	-1.9	-	0.4	-1.1	-			
2018 Q1	-1.2	1.8	0.2	-1.8	5.1	0.1			
Q2	2.9	0.9	2.0	3.1	1.2	2.5			
Q3	2.3	2.9	2.6	2.1	1.9	2.1			
Q4	-1.4	3.7	0.9	2.0	7.3	3.5			
2019 Q1	2.1	-0.9	0.7	10.3	-1.3	6.9			
Q2	-3.6	1.6	-1.2	-12.6	3.2	-8.3			
Q3	8.7	3.8	6.3	1.7	5.6	2.9			
Q4	8.1	0.4	4.5	-5.3	6.5	-1.6			
2020 Q1	-19.2	-8.0	-14.2	-4.9	-18.4	-9.5			
Q2	-7.0	-16.4	-11.5	-22.0	-28.2	-23.9			
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>									
	KG9S	KH37	KH2Q	KG9T	KH3Y	KH3J			
2017 Q1	18.2	10.8	14.6	14.5	12.7	14.0			
Q2	14.5	11.2	13.0	13.0	11.7	12.6			
Q3	14.9	10.0	12.6	6.2	6.9	6.4			
Q4	6.4	1.4	4.0	5.3	0.9	4.0			
2018 Q1	3.3	4.4	3.8	1.3	6.3	2.7			
Q2	2.9	3.1	3.0	2.6	6.2	3.6			
Q3	5.7	3.8	4.8	3.8	7.4	4.8			
Q4	2.5	9.6	5.8	5.5	16.5	8.5			
2019 Q1	5.9	6.7	6.3	18.4	9.3	15.8			
Q2	-0.8	7.4	3.0	0.4	11.4	3.5			
Q3	5.4	8.4	6.8	-	15.4	4.3			
Q4	15.7	4.9	10.5	-7.1	14.5	-0.8			
2020 Q1	-8.5	-2.7	-5.8	-19.9	-5.3	-15.9			
Q2	-11.7	-19.9	-15.7	-28.5	-34.1	-30.2			

<sup>1</sup> Trade balance is calculated by using exports of goods and services minus imports of goods and services

# H2 Exports and imports of goods and services

## Chained volume measures

Reference year 2016, £ million

	Exports			Imports			Balance
	Goods	Services	Total	Goods	Services	Total	Total <sup>1</sup>
	BQKQ	IKBE	IKBK	BQKO	IKBF	IKBL	IKBM
2016	297 922	269 577	567 499	432 101	167 721	599 822	-32 323
2017	316 737	285 386	602 123	444 634	176 204	620 838	-18 715
2018	316 184	293 326	609 510	444 935	188 290	633 225	-23 715
2019	331 925	308 167	640 092	454 080	208 442	662 522	-22 430
<b>Seasonally adjusted</b>							
2017 Q1	76 982	70 674	147 656	109 435	43 039	152 474	-4 818
Q2	80 051	71 139	151 190	111 732	44 230	155 962	-4 772
Q3	79 982	72 789	152 771	112 254	44 721	156 975	-4 204
Q4	79 722	70 784	150 506	111 213	44 214	155 427	-4 921
2018 Q1	79 251	71 771	151 022	109 736	46 114	155 850	-4 828
Q2	78 772	71 875	150 647	110 717	46 034	156 751	-6 104
Q3	80 293	73 840	154 133	111 472	46 541	158 013	-3 880
Q4	77 868	75 840	153 708	113 010	49 601	162 611	-8 903
2019 Q1	80 979	75 640	156 619	129 527	48 615	178 142	-21 523
Q2	76 547	76 045	152 592	109 151	50 152	159 303	-6 711
Q3	83 105	78 746	161 851	109 503	53 141	162 644	-793
Q4	91 294	77 736	169 030	105 899	56 534	162 433	6 597
2020 Q1	74 235	72 040	146 275	100 885	46 245	147 130	-855
Q2	71 774	57 950	129 724	80 458	32 286	112 744	16 980
<b>Percentage change, latest year on previous year</b>							
	KG9X	KH3B	KH2U	KG9W	KH44	KH3N	
2016	-1.2	7.3	2.7	4.6	3.8	4.4	
2017	6.3	5.9	6.1	2.9	5.1	3.5	
2018	-0.2	2.8	1.2	0.1	6.9	2.0	
2019	5.0	5.1	5.0	2.1	10.7	4.6	
<b>Percentage change, latest quarter on previous quarter</b>							
	KGA2	KH3C	KH2V	KG9Z	KH45	KH3O	
2017 Q1	1.2	-0.3	0.4	-0.3	-1.6	-0.7	
Q2	4.0	0.7	2.4	2.1	2.8	2.3	
Q3	-0.1	2.3	1.0	0.5	1.1	0.6	
Q4	-0.3	-2.8	-1.5	-0.9	-1.1	-1.0	
2018 Q1	-0.6	1.4	0.3	-1.3	4.3	0.3	
Q2	-0.6	0.1	-0.2	0.9	-0.2	0.6	
Q3	1.9	2.7	2.3	0.7	1.1	0.8	
Q4	-3.0	2.7	-0.3	1.4	6.6	2.9	
2019 Q1	4.0	-0.3	1.9	14.6	-2.0	9.6	
Q2	-5.5	0.5	-2.6	-15.7	3.2	-10.6	
Q3	8.6	3.6	6.1	0.3	6.0	2.1	
Q4	9.9	-1.3	4.4	-3.3	6.4	-0.1	
2020 Q1	-18.7	-7.3	-13.5	-4.7	-18.2	-9.4	
Q2	-3.3	-19.6	-11.3	-20.2	-30.2	-23.4	
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>							
	KGA5	KH3D	KH2W	KGA4	KH46	KH3P	
2017 Q1	3.8	7.6	5.6	3.7	5.0	4.0	
Q2	6.1	6.6	6.4	5.0	7.0	5.6	
Q3	10.8	9.8	10.3	1.7	7.4	3.2	
Q4	4.8	-0.1	2.4	1.3	1.1	1.3	
2018 Q1	2.9	1.6	2.3	0.3	7.1	2.2	
Q2	-1.6	1.0	-0.4	-0.9	4.1	0.5	
Q3	0.4	1.4	0.9	-0.7	4.1	0.7	
Q4	-2.3	7.1	2.1	1.6	12.2	4.6	
2019 Q1	2.2	5.4	3.7	18.0	5.4	14.3	
Q2	-2.8	5.8	1.3	-1.4	8.9	1.6	
Q3	3.5	6.6	5.0	-1.8	14.2	2.9	
Q4	17.2	2.5	10.0	-6.3	14.0	-0.1	
2020 Q1	-8.3	-4.8	-6.6	-22.1	-4.9	-17.4	
Q2	-6.2	-23.8	-15.0	-26.3	-35.6	-29.2	

<sup>1</sup> Trade balance is calculated by using exports of goods and services minus imports of goods and services

## Gross value added at basic prices: individual measures

	£ million				Index numbers (2016 = 100) <sup>3</sup>				
	Expenditure-based estimate at chained volume measures	At current prices			Value indices at current prices		Chained volume indices		
		Expenditure-based estimate	Income-based estimate	Residual error <sup>1</sup>	Expenditure-based estimate	Income-based estimate	Expenditure-based estimate	Income-based estimate <sup>2</sup>	Output-based estimate
	CAGR	CAGQ	CAGS	DJDS	IHYA	IHYB	IHYC	IHYD	YBFR
2016	1 778 133	1 778 133	1 778 134	–1	100.0	100.0	100.0	100.0	100.0
2017	1 813 229	1 846 693	1 846 694	–1	103.9	103.9	102.0	102.0	102.0
2018	1 832 207	1 907 477	1 911 067	–3 590	107.3	107.5	103.0	103.2	103.7
2019	1 861 853	1 976 949	1 977 095	–146	111.2	111.2	104.7	104.7	105.1
<b>Seasonally adjusted</b>									
2017 Q1	451 405	457 806	457 668	138	103.0	103.0	101.5	101.5	101.5
Q2	452 532	460 056	459 891	165	103.5	103.5	101.8	101.8	101.8
Q3	453 971	461 067	460 954	113	103.7	103.7	102.1	102.1	102.1
Q4	455 321	467 764	468 181	–417	105.2	105.3	102.4	102.5	102.6
2018 Q1	455 283	471 951	472 227	–276	106.2	106.2	102.4	102.5	102.8
Q2	457 521	474 230	474 431	–201	106.7	106.7	102.9	103.0	103.4
Q3	459 609	480 138	481 125	–987	108.0	108.2	103.4	103.6	104.1
Q4	459 794	481 158	483 284	–2 126	108.2	108.7	103.4	103.9	104.4
2019 Q1	464 464	489 442	489 130	312	110.1	110.0	104.5	104.4	104.9
Q2	464 577	492 304	491 585	719	110.7	110.6	104.5	104.4	104.8
Q3	466 381	497 019	497 672	–653	111.8	112.0	104.9	105.1	105.3
Q4	466 431	498 184	498 708	–524	112.1	112.2	104.9	105.0	105.3
2020 Q1	455 974	493 779	494 803	–1 024	111.1	111.3	102.6	102.8	103.0
Q2	363 133	424 659	425 173	–514	95.5	95.6	81.7	81.8	82.1
<b>Percentage change, latest year on previous year</b>									
	KH4D	KH47	KH68		KH47	KH68	KH4D	KH6E	GDPQ
2016	1.9	4.0	4.0		4.0	4.0	1.9	1.9	1.9
2017	2.0	3.9	3.9		3.9	3.9	2.0	2.0	2.0
2018	1.0	3.3	3.5		3.3	3.5	1.0	1.2	1.6
2019	1.6	3.6	3.5		3.6	3.5	1.6	1.4	1.4
<b>Percentage change, latest quarter on previous quarter</b>									
	KH4F	KH49	KH6A		KH49	KH6A	KH4F	KH6G	
2017 Q1	0.6	1.3	1.2		1.3	1.2	0.6	0.6	0.6
Q2	0.2	0.5	0.5		0.5	0.5	0.2	0.2	0.3
Q3	0.3	0.2	0.2		0.2	0.2	0.3	0.3	0.4
Q4	0.3	1.5	1.6		1.5	1.6	0.3	0.4	0.5
2018 Q1	–	0.9	0.9		0.9	0.9	–	–	0.2
Q2	0.5	0.5	0.5		0.5	0.5	0.5	0.5	0.6
Q3	0.5	1.2	1.4		1.2	1.4	0.5	0.6	0.7
Q4	–	0.2	0.4		0.2	0.4	–	0.3	0.3
2019 Q1	1.0	1.7	1.2		1.7	1.2	1.0	0.5	0.5
Q2	–	0.6	0.5		0.6	0.5	–	–0.1	–0.1
Q3	0.4	1.0	1.2		1.0	1.2	0.4	0.7	0.5
Q4	–	0.2	0.2		0.2	0.2	–	–	–
2020 Q1	–2.2	–0.9	–0.8		–0.9	–0.8	–2.2	–2.1	–2.2
Q2	–20.4	–14.0	–14.1		–14.0	–14.1	–20.4	–20.4	–20.4
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>									
	KH4H	KH4B	KH6C		KH4B	KH6C	KH4H	KH6I	GDPR
2017 Q1	2.4	5.0	5.0		5.0	5.0	2.4	2.3	2.3
Q2	2.1	3.7	3.7		3.7	3.7	2.1	2.1	2.1
Q3	1.9	3.2	3.2		3.2	3.2	1.9	1.9	1.9
Q4	1.5	3.5	3.6		3.5	3.6	1.5	1.6	1.7
2018 Q1	0.9	3.1	3.2		3.1	3.2	0.9	0.9	1.3
Q2	1.1	3.1	3.2		3.1	3.2	1.1	1.2	1.6
Q3	1.2	4.1	4.4		4.1	4.4	1.2	1.5	1.9
Q4	1.0	2.9	3.2		2.9	3.2	1.0	1.3	1.7
2019 Q1	2.0	3.7	3.6		3.7	3.6	2.0	1.9	2.1
Q2	1.5	3.8	3.6		3.8	3.6	1.5	1.3	1.4
Q3	1.5	3.5	3.4		3.5	3.4	1.5	1.4	1.2
Q4	1.4	3.5	3.2		3.5	3.2	1.4	1.1	0.9
2020 Q1	–1.8	0.9	1.2		0.9	1.2	–1.8	–1.6	–1.8
Q2	–21.8	–13.7	–13.5		–13.7	–13.5	–21.8	–21.6	–21.7

1 The residual error is, by convention, the amount by which the expenditure-based approach to measuring GDP exceeds the income-based estimate. It is also the sum of two components: the statistical discrepancy (expenditure) with sign reversed, and the statistical discrepancy (income) with natural sign.

2 Income data deflated by the implied GDP deflator, based on expenditure data.  
3 The growth rates of index numbers are calculated using unrounded data.

# M Alignment adjustments <sup>1</sup>

£ million

	Changes in inventories		Gross operating surplus of non-financial corporations at current prices
	At current prices	Chained volume measures (Reference year 2016)	
Seasonally adjusted			
	DMUN	DMUM	DMUQ
2017 Q1	1 863	1 833	126
Q2	−1 967	−1 937	−241
Q3	−349	−342	44
Q4	453	446	71
2018 Q1	−739	−713	1 960
Q2	1 620	1 560	−403
Q3	−2 085	−1 997	431
Q4	1 204	1 150	−1 988
2019 Q1	309	293	−1 406
Q2	1 848	1 742	76
Q3	800	747	1 869
Q4	−2 957	−2 782	−539
2020 Q1	1 963	1 819	−1 997
Q2	−2 176	−1 928	−3 319

<sup>1</sup> Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree

# N Selected financial year variables 1,2

£ millions except deflator index which is 2019/2020 = 100

	Current prices					Chained Volume Measures (reference year 2016)				
	Gross domestic product at market prices	Gross domestic product at market prices non seasonally adjusted	Gross value added at basic prices	General government final consumption expenditure	General government gross fixed capital formation	Gross domestic product at market prices	Gross value added at basic prices	General government final consumption expenditure	General government gross fixed capital formation	Implied GDP deflator at market prices <sup>3 4</sup>
	YBHA	BKTL	ABML	NMRP	RPZG	ABMI	ABMM	NMRY	DLWF	L8GG
2016/17	2 019 115	2 019 484	1 799 847	383 393	53 708	2 006 495	1 788 490	381 572	53 447	94.4218
2017/18	2 086 798	2 085 654	1 861 834	388 194	55 504	2 038 569	1 818 069	382 586	54 329	96.0531
2018/19	2 164 929	2 166 842	1 930 006	400 150	59 355	2 070 722	1 846 208	386 398	56 516	98.1016
2019/20	2 218 211	2 216 479	1 984 272	423 375	61 706	2 081 544	1 856 158	395 664	54 350	100.0000
<b>Seasonally adjusted</b>										
2017 Q1	513 458	515 850	457 701	96 497	13 429	505 983	451 301	95 419	13 264	95.2213
Q2	515 534	512 093	459 955	95 869	13 910	507 255	452 432	95 460	13 949	95.3666
Q3	517 788	513 359	461 056	96 670	13 790	508 982	453 960	95 724	13 517	95.4585
Q4	524 887	530 365	468 191	97 631	14 161	511 014	455 736	95 905	13 703	96.3825
2018 Q1	528 589	529 837	472 632	98 024	13 643	511 318	455 941	95 497	13 160	97.0046
Q2	533 844	530 412	475 041	98 355	14 007	514 011	458 302	95 430	13 412	97.4557
Q3	539 878	535 871	481 547	99 472	14 539	517 029	460 958	95 991	14 208	97.9819
Q4	541 993	548 184	483 362	100 379	14 955	518 136	461 901	97 235	14 340	98.1556
2019 Q1	549 214	552 375	490 056	101 944	15 854	521 546	465 047	97 742	14 556	98.8130
Q2	551 860	546 501	492 555	103 692	15 048	521 251	464 814	99 533	13 824	99.3453
Q3	557 443	551 221	497 897	104 729	15 669	523 918	467 206	99 720	13 839	99.8395
Q4	557 935	566 354	498 962	107 175	15 557	523 917	467 161	100 275	13 605	99.9278
2020 Q1	550 973	552 403	494 858	107 779	15 432	512 458	456 977	96 136	13 082	100.8875
Q2	465 943	462 078	425 451	123 008	17 123	408 046	363 826	82 686	14 579	107.1492
<b>Percentage change, latest financial year on previous financial year</b>										
2016/17	4.4	4.4	4.4	2.1	8.1	2.0	2.0	0.4	8.1	2.4
2017/18	3.4	3.3	3.4	1.3	3.3	1.6	1.7	0.3	1.7	1.7
2018/19	3.7	3.9	3.7	3.1	6.9	1.6	1.5	1.0	4.0	2.1
2019/20	2.5	2.3	2.8	5.8	4.0	0.5	0.5	2.4	-3.8	1.9
<b>Percentage change, latest quarter on previous quarter</b>										
	IHYN	A8L9	KGL8	KH2D	KH7P	IHYQ	KGM9	KH2J	KH9C	L8GH
2017 Q1	1.2	0.8	1.2	0.5	0.4	0.6	0.6	-0.1	-0.3	0.6
Q2	0.4	-0.7	0.5	-0.7	3.6	0.3	0.3	-	5.2	0.2
Q3	0.4	0.2	0.2	0.8	-0.9	0.3	0.3	0.3	-3.1	0.1
Q4	1.4	3.3	1.5	1.0	2.7	0.4	0.4	0.2	1.4	1.0
2018 Q1	0.7	-0.1	0.9	0.4	-3.7	0.1	-	-0.4	-4.0	0.6
Q2	1.0	0.1	0.5	0.3	2.7	0.5	0.5	-0.1	1.9	0.5
Q3	1.1	1.0	1.4	1.1	3.8	0.6	0.6	0.6	5.9	0.5
Q4	0.4	2.3	0.4	0.9	2.9	0.2	0.2	1.3	0.9	0.2
2019 Q1	1.3	0.8	1.4	1.6	6.0	0.7	0.7	0.5	1.5	0.7
Q2	0.5	-1.1	0.5	1.7	-5.1	-0.1	-0.1	1.8	-5.0	0.5
Q3	1.0	0.9	1.1	1.0	4.1	0.5	0.5	0.2	0.1	0.5
Q4	0.1	2.7	0.2	2.3	-0.7	-	-	0.6	-1.7	0.1
2020 Q1	-1.2	-2.5	-0.8	0.6	-0.8	-2.2	-2.2	-4.1	-3.8	1.0
Q2	-15.4	-16.4	-14.0	14.1	11.0	-20.4	-20.4	-14.0	11.4	6.2
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>										
	IHYO	A8LA	KGM2	KH2E	KH7R	IHYR	KGN3	KH2K	KH9M	L8GI
2017 Q1	4.8	4.9	5.0	2.0	10.6	2.2	2.3	0.1	8.4	2.5
Q2	3.6	3.1	3.7	0.7	5.2	1.9	2.1	0.2	5.2	1.6
Q3	3.4	3.7	3.2	1.1	0.8	1.8	1.9	0.4	-0.7	1.6
Q4	3.5	3.7	3.6	1.7	5.9	1.6	1.6	0.4	3.0	1.8
2018 Q1	2.9	2.7	3.3	1.6	1.6	1.1	1.0	0.1	-0.8	1.9
Q2	3.6	3.6	3.3	2.6	0.7	1.3	1.3	-	-3.8	2.2
Q3	4.3	4.4	4.4	2.9	5.4	1.6	1.5	0.3	5.1	2.6
Q4	3.3	3.4	3.2	2.8	5.6	1.4	1.4	1.4	4.6	1.8
2019 Q1	3.9	4.3	3.7	4.0	16.2	2.0	2.0	2.4	10.6	1.9
Q2	3.4	3.0	3.7	5.4	7.4	1.4	1.4	4.3	3.1	1.9
Q3	3.3	2.9	3.4	5.3	7.8	1.3	1.4	3.9	-2.6	1.9
Q4	2.9	3.3	3.2	6.8	4.0	1.1	1.1	3.1	-5.1	1.8
2020 Q1	0.3	-	1.0	5.7	-2.7	-1.7	-1.7	-1.6	-10.1	2.1
Q2	-15.6	-15.4	-13.6	18.6	13.8	-21.7	-21.7	-16.9	5.5	7.9

1 Financial year £ millions estimates are the sum of the 4 quarters which make up that financial year.

2 All data are seasonally adjusted unless otherwise specified.

3 Implied deflator is expressed in terms of 2019/2020 = 100 for presentational purposes, whereas in table A1 it is expressed as 2016 = 100.

4 Implied deflator is displayed with 4 decimal places to replace a GDP deflator in index form series previously calculated by HM Treasury. Data are only considered accurate to 1 decimal place.



# O Selected implied deflators<sup>1</sup>

2019 = 100

	Implied deflators <sup>2</sup>		
	Gross national expenditure	Gross domestic product at market prices <sup>3</sup>	Gross value added at basic prices
	MNE2	MNF2	MNX5
2016	94.3036	94.3206	94.1753
2017	96.3670	96.1057	95.9161
2018	98.3716	98.1585	98.0467
2019	100.0000	100.0000	100.0000
<b>Seasonally adjusted</b>			
2017 Q1	96.1691	95.7177	95.5148
Q2	96.0247	95.8637	95.7452
Q3	96.2431	95.9562	95.6513
Q4	97.0311	96.8850	96.7531
2018 Q1	97.6516	97.5103	97.6269
Q2	98.0507	97.9637	97.6190
Q3	98.8742	98.4927	98.3858
Q4	98.9098	98.6673	98.5550
2019 Q1	99.1833	99.3281	99.2439
Q2	99.9982	99.8632	99.8000
Q3	100.6296	100.3600	100.3659
Q4	100.1888	100.4487	100.5902
2020 Q1	101.4470	101.4134	101.9862
Q2	107.8299	107.7078	110.1313
<b>Percentage change, latest year on previous year</b>			
	MNE3	MNF3	MNX6
2016	1.9	2.1	2.0
2017	2.2	1.9	1.8
2018	2.1	2.1	2.2
2019	1.7	1.9	2.0
<b>Percentage change, latest quarter on previous quarter</b>			
	MNE4	MNF4	MNX7
2017 Q1	1.3	0.6	0.7
Q2	-0.2	0.2	0.2
Q3	0.2	0.1	-0.1
Q4	0.8	1.0	1.2
2018 Q1	0.6	0.6	0.9
Q2	0.4	0.5	-
Q3	0.8	0.5	0.8
Q4	-	0.2	0.2
2019 Q1	0.3	0.7	0.7
Q2	0.8	0.5	0.6
Q3	0.6	0.5	0.6
Q4	-0.4	0.1	0.2
2020 Q1	1.3	1.0	1.4
Q2	6.3	6.2	8.0
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>			
	MNE5	MNF5	MNX8
2017 Q1	2.9	2.5	2.6
Q2	1.8	1.6	1.6
Q3	1.8	1.6	1.3
Q4	2.2	1.8	2.0
2018 Q1	1.5	1.9	2.2
Q2	2.1	2.2	2.0
Q3	2.7	2.6	2.9
Q4	1.9	1.8	1.9
2019 Q1	1.6	1.9	1.7
Q2	2.0	1.9	2.2
Q3	1.8	1.9	2.0
Q4	1.3	1.8	2.1
2020 Q1	2.3	2.1	2.8
Q2	7.8	7.9	10.4

1 Implied deflator is expressed in terms of 2019 = 100, whereas in table A1 it is expressed as 2016 = 100.

2 Data are only considered accurate to 1 decimal place.

3 Implied deflator is displayed with 4 decimal places to replace a GDP deflator in index form series previously calculated by HM Treasury.

# P GDP Per Head<sup>1</sup>

£

	UK resident population mid-year estimates (persons thousands) <sup>2</sup>	Current Prices		Chained volume measures (Reference year 2016)	
		Gross domestic product at market prices <sup>3</sup>	Gross domestic product per head	Gross domestic product at market prices <sup>3</sup>	Gross domestic product per head
	EBAQ	YBHA	IHXT	ABMI	IHXW
2016	65 648	1 995 478	30 397	1 995 478	30 397
2017	66 040	2 071 667	31 370	2 033 234	30 788
2018	66 436	2 144 304	32 276	2 060 494	31 015
2019	66 833	2 216 452	33 164	2 090 632	31 281
<b>Seasonally adjusted</b>					
2017 Q1	65 942	513 458	7 787	505 983	7 673
Q2	66 040	515 534	7 806	507 255	7 681
Q3	66 139	517 788	7 829	508 982	7 696
Q4	66 238	524 887	7 924	511 014	7 715
2018 Q1	66 337	528 589	7 968	511 318	7 708
Q2	66 436	533 844	8 035	514 011	7 737
Q3	66 535	539 878	8 114	517 029	7 771
Q4	66 634	541 993	8 134	518 136	7 776
2019 Q1	66 734	549 214	8 230	521 546	7 815
Q2	66 833	551 860	8 257	521 251	7 799
Q3	66 924	557 443	8 329	523 918	7 829
Q4	67 014	557 935	8 326	523 917	7 818
2020 Q1	67 105	550 973	8 211	512 458	7 637
Q2	67 196	465 943	6 934	408 046	6 072
<b>Percentage change, latest year on previous year</b>					
		IHYM	N3Y3	IHYP	N3Y6
2016		4.1	3.2	1.9	1.1
2017		3.8	3.2	1.9	1.3
2018		3.5	2.9	1.3	0.7
2019		3.4	2.8	1.5	0.9
<b>Percentage change, latest quarter on previous quarter</b>					
		IHYN	N3Y4	IHYQ	N3Y7
2017 Q1		1.2	1.1	0.6	0.4
Q2		0.4	0.2	0.3	0.1
Q3		0.4	0.3	0.3	0.2
Q4		1.4	1.2	0.4	0.2
2018 Q1		0.7	0.6	0.1	-0.1
Q2		1.0	0.8	0.5	0.4
Q3		1.1	1.0	0.6	0.4
Q4		0.4	0.2	0.2	0.1
2019 Q1		1.3	1.2	0.7	0.5
Q2		0.5	0.3	-0.1	-0.2
Q3		1.0	0.9	0.5	0.4
Q4		0.1	-	-	-0.1
2020 Q1		-1.2	-1.4	-2.2	-2.3
Q2		-15.4	-15.6	-20.4	-20.5
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>					
		IHYO	N3Y5	IHYR	N3Y8
2017 Q1		4.8	4.1	2.2	1.6
Q2		3.6	3.0	1.9	1.3
Q3		3.4	2.8	1.8	1.2
Q4		3.5	2.8	1.6	1.0
2018 Q1		2.9	2.3	1.1	0.5
Q2		3.6	2.9	1.3	0.7
Q3		4.3	3.6	1.6	1.0
Q4		3.3	2.7	1.4	0.8
2019 Q1		3.9	3.3	2.0	1.4
Q2		3.4	2.8	1.4	0.8
Q3		3.3	2.6	1.3	0.7
Q4		2.9	2.4	1.1	0.5
2020 Q1		0.3	-0.2	-1.7	-2.3
Q2		-15.6	-16.0	-21.7	-22.1

1 This data uses the latest population estimates with the exception of the latest year where populations projections are used. The quarterly data in this table does not sum to annuals (excluding GDP at market prices)

2 The UK resident population mid-year estimates used in this publication are published on 26 June 2019

3 GDP is presented in £ million; also published in table A2

# AA Annex A - Growth and contributions to growth - output components of GDP<sup>1,2</sup>

## Chained Volume Measures

Seasonally adjusted data

Reference year 2016

	Agri- culture, forestry, and fishing	Total Production	Mining & quarrying inc oil & gas extract	Manu- facturing	Electric, gas, steam & air	Water supply, sewerage	Constr uction <sup>3</sup>	Total Services	Distri- bution, hotels & restaurants	Transport storage and commu- nications	Business services and finance	Govern- ment and other services
<b>Percentage change, latest year on previous year</b>												
<b>Growth</b>												
2017	L3BB 5.7	L3BG 1.7	L3BH 1.7	L3BN 2.2	L3DM -1.8	L3DQ 2.0	L3DW 6.4	L3E2 1.7	L3GP 2.4	KI8L 3.6	KI8N 1.0	KI8P 1.2
2018	-3.0	0.8	5.3	0.9	-1.6	0.5	-	2.0	3.0	3.8	1.8	0.7
2019	-1.1	-1.3	1.3	-1.7	-1.8	1.7	1.9	1.8	2.7	4.3	0.7	1.7
<b>Contributions to growth</b>												
	ZZ3V	ZZ3W	ZZ3Y	ZZ3X	ZZ3Z	ZZ42	ZZ43	ZZ44	ZZ45	ZZ46	ZZ47	ZZ48
2017	0.04	0.24	0.01	0.23	-0.03	0.03	0.39	1.32	0.32	0.39	0.35	0.26
2018	-0.02	0.11	0.04	0.09	-0.02	0.01	-	1.58	0.40	0.42	0.59	0.15
2019	-0.01	-0.17	0.01	-0.17	-0.03	0.02	0.12	1.44	0.37	0.48	0.23	0.36
<b>Percentage change, latest quarter on previous quarter</b>												
<b>Growth</b>												
2017 Q4	L3BB -1.0	L3BG 1.1	L3BH -2.6	L3BN 1.5	L3DM -0.2	L3DQ 0.6	L3DW 0.7	L3E2 0.4	L3GP 0.2	KI8L 1.0	KI8N 0.5	KI8P -0.2
2018 Q1	-2.0	-0.1	1.5	-0.2	1.6	-1.8	-1.8	0.4	0.4	-0.1	0.7	0.2
Q2	-1.0	-0.4	4.8	-0.4	-5.1	2.2	0.8	0.8	1.9	1.4	0.3	0.4
Q3	-0.3	0.6	3.2	0.1	1.6	1.8	1.1	0.7	1.2	2.0	0.2	0.4
Q4	0.7	-0.9	-1.4	-0.8	-0.9	-0.9	-	0.5	0.5	1.2	0.3	0.4
2019 Q1	-1.2	0.9	-0.1	1.5	-1.5	-1.0	1.6	0.4	1.1	1.3	-0.2	0.4
Q2	-0.2	-1.8	-0.4	-2.9	1.9	2.1	-0.6	0.2	0.2	0.6	0.1	0.2
Q3	0.2	-0.3	1.5	-0.3	-2.4	0.6	0.5	0.6	0.1	0.7	0.8	0.7
Q4	-0.1	-0.5	-2.2	-1.0	3.2	0.2	-1.0	0.1	-0.2	-0.5	0.3	0.5
2020 Q1	-0.1	-1.5	-2.1	-1.1	-5.8	0.4	-1.7	-2.3	-4.7	-2.8	-0.4	-3.7
Q2	-4.8	-16.9	-7.3	-20.2	-8.8	-5.6	-35.0	-19.9	-33.1	-18.3	-11.8	-25.5
<b>Contributions to growth</b>												
	ZZ2F	ZZ2G	ZZ2I	ZZ2H	ZZ2J	ZZ2K	ZZ2L	ZZ2M	ZZ2N	ZZ2O	ZZ2P	ZZ2Q
2017 Q4	-0.01	0.14	-0.02	0.16	-	0.01	0.05	0.28	0.02	0.12	0.18	-0.04
2018 Q1	-0.01	-0.02	0.01	-0.02	0.02	-0.02	-0.11	0.34	0.06	-0.01	0.24	0.05
Q2	-0.01	-0.06	0.04	-0.04	-0.07	0.03	0.05	0.61	0.25	0.16	0.11	0.09
Q3	-	0.08	0.03	0.01	0.02	0.02	0.06	0.52	0.16	0.23	0.06	0.08
Q4	-	-0.12	-0.01	-0.08	-0.01	-0.01	-	0.41	0.07	0.14	0.12	0.09
2019 Q1	-0.01	0.12	-	0.15	-0.02	-0.01	0.10	0.31	0.15	0.15	-0.08	0.09
Q2	-	-0.24	-	-0.28	0.03	0.03	-0.03	0.16	0.02	0.07	0.02	0.05
Q3	-	-0.04	0.01	-0.03	-0.03	0.01	0.03	0.50	0.02	0.08	0.26	0.15
Q4	-	-0.07	-0.02	-0.10	0.04	-	-0.06	0.11	-0.03	-0.06	0.10	0.11
2020 Q1	-	-0.19	-0.02	-0.10	-0.09	-	-0.10	-1.87	-0.63	-0.32	-0.12	-0.81
Q2	-0.03	-2.25	-0.07	-1.93	-0.14	-0.07	-2.16	-15.94	-4.36	-2.10	-3.98	-5.54
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>												
<b>Growth</b>												
2017 Q4	L3ZZ 4.4	L426 2.3	L427 2.7	L42D 3.3	L44C -3.1	L44G 0.5	L44M 5.4	L44Q 1.2	L47F 1.3	KII2 3.5	KIH9 0.6	KIH8 1.0
2018 Q1	-2.2	1.5	1.2	2.1	2.7	-4.2	-0.7	1.4	1.4	3.2	1.6	0.3
Q2	-3.2	1.4	5.0	1.8	-3.5	2.0	-0.2	1.9	2.9	3.0	2.1	0.2
Q3	-4.1	1.1	6.9	1.0	-2.3	2.9	0.8	2.2	3.7	4.5	1.8	0.8
Q4	-2.5	-0.9	8.2	-1.4	-3.1	1.3	-	2.4	4.0	4.7	1.6	1.4
2019 Q1	-1.7	0.1	6.5	0.4	-6.0	2.1	3.5	2.3	4.8	6.2	0.6	1.6
Q2	-1.0	-1.2	1.1	-2.1	1.0	2.0	2.1	1.8	3.0	5.3	0.3	1.4
Q3	-0.5	-2.1	-0.5	-2.5	-2.9	0.8	1.6	1.7	2.0	3.9	0.9	1.8
Q4	-1.3	-1.8	-1.4	-2.7	1.1	1.9	0.5	1.4	1.2	2.0	0.9	1.9
2020 Q1	-0.2	-4.1	-3.4	-5.1	-3.3	3.3	-2.7	-1.4	-4.5	-2.1	0.7	-2.3
Q2	-4.8	-18.8	-10.0	-22.0	-13.5	-4.5	-36.4	-21.2	-36.3	-20.5	-11.2	-27.4
<b>Contributions to growth</b>												
	ZZ36	ZZ37	ZZ39	ZZ38	ZZ3A	ZZ3B	ZZ3C	ZZ3D	ZZ3E	ZZ3F	ZZ3G	ZZ3H
2017 Q4	0.03	0.31	0.02	0.33	-0.05	0.01	0.33	0.97	0.17	0.38	0.20	0.22
2018 Q1	-0.02	0.20	0.01	0.21	0.04	-0.06	-0.04	1.15	0.19	0.35	0.54	0.07
Q2	-0.02	0.19	0.04	0.18	-0.05	0.03	-0.01	1.48	0.39	0.33	0.71	0.05
Q3	-0.03	0.15	0.05	0.10	-0.03	0.04	0.05	1.77	0.49	0.49	0.60	0.18
Q4	-0.02	-0.12	0.06	-0.14	-0.04	0.02	-	1.90	0.54	0.52	0.53	0.31
2019 Q1	-0.01	0.02	0.06	0.04	-0.09	0.03	0.21	1.87	0.63	0.68	0.20	0.35
Q2	-0.01	-0.17	0.01	-0.21	0.02	0.03	0.13	1.42	0.41	0.59	0.11	0.32
Q3	-	-0.29	-	-0.25	-0.04	0.01	0.10	1.39	0.27	0.44	0.31	0.38
Q4	-0.01	-0.24	-0.01	-0.26	0.02	0.02	0.03	1.09	0.17	0.23	0.29	0.40
2020 Q1	-	-0.55	-0.03	-0.51	-0.05	0.04	-0.17	-1.11	-0.62	-0.24	0.24	-0.50
Q2	-0.03	-2.52	-0.09	-2.12	-0.22	-0.06	-2.25	-16.94	-4.93	-2.37	-3.68	-6.00

1 Estimates are accurate to 1 decimal place and contributions are available from 1997. Output data are available from 1990 in table B1.

2 Contribution are to output gross value added and therefore may not sum to the percentage change in average GDP. More information on the difference between the 3 measures can be found in the Short Guide to National Accounts.

3 For the most accurate figures on construction, please refer to the Construction output in Great Britain release.

# AB Annex B - Growth and contributions to growth - expenditure components of GDP<sup>1,2</sup>

## Chained Volume Measures

Seasonally adjusted data

Reference year 2016

Final consumption expenditure									
	Households	Non-profit institutions <sup>3</sup>	General government	Gross capital formation	Gross fixed capital formation	Business investment	Total exports	less Total imports	Net trade
<b>Percentage change, latest year on previous year</b>									
<b>Growth</b>									
	KGZ5	KH26	KH2I	ZZ6H	KG7N	KG7M	KH2U	KH3N	
2017	2.3	-0.2	0.3	-1.7	1.6	2.9	6.1	3.5	
2018	1.6	0.2	0.4	1.4	-0.2	-1.5	1.2	2.0	
2019	1.0	-1.1	3.4	1.5	0.7	0.8	5.0	4.6	
<b>Contributions to growth</b>									
	ZZ6M	ZZ6N	ZZ6O	ZZ6P	ZZ6Q	ZZ6R	ZZ6S	ZZ6T	ZZ6U
2017	1.44	-	0.05	-0.29	0.28	0.29	1.74	1.05	0.68
2018	1.02	-	0.08	0.25	-0.04	-0.15	0.37	0.63	-0.26
2019	0.66	-0.02	0.63	0.25	0.11	0.08	1.54	1.48	0.06
<b>Percentage change, latest quarter on previous quarter</b>									
<b>Growth</b>									
	KGZ6	KH27	KH2J	ZZ5H	KG7Q	KG7P	KH2V	KH3O	
2017 Q4	0.3	0.7	0.2	1.3	1.1	0.2	-1.5	-1.0	
2018 Q1	0.4	0.3	-0.4	-1.2	-1.2	-0.8	0.3	0.3	
Q2	0.6	-0.9	-0.1	2.5	-0.2	-0.8	-0.2	0.6	
Q3	0.4	0.1	0.6	-2.0	0.3	-0.9	2.3	0.8	
Q4	0.2	0.1	1.3	4.3	-0.1	-0.6	-0.3	2.9	
2019 Q1	0.2	-0.1	0.5	18.4	1.2	1.1	1.9	9.6	
Q2	0.4	-1.2	1.8	-16.8	-0.6	0.6	-2.6	-10.6	
Q3	0.1	0.5	0.2	-5.2	0.6	0.8	6.1	2.1	
Q4	-0.1	-0.9	0.6	-9.1	-1.4	-0.3	4.4	-0.1	
2020 Q1	-2.9	-2.8	-4.1	13.0	-1.1	-0.3	-13.5	-9.4	
Q2	-23.1	-25.1	-14.0	-37.5	-25.5	-31.4	-11.3	-23.4	
<b>Contributions to growth</b>									
	ZZ5M	ZZ5N	ZZ5O	ZZ5P	ZZ5Q	ZZ5R	ZZ5S	ZZ5T	ZZ5U
2017 Q4	0.19	0.02	0.04	0.21	0.19	0.02	-0.45	-0.30	-0.14
2018 Q1	0.27	0.01	-0.08	-0.21	-0.20	-0.08	0.10	0.09	0.02
Q2	0.37	-0.02	-0.01	0.43	-0.04	-0.08	-0.08	0.18	-0.26
Q3	0.27	-	0.11	-0.36	0.05	-0.09	0.70	0.25	0.44
Q4	0.10	-	0.24	0.73	-0.02	-0.05	-0.08	0.92	-1.00
2019 Q1	0.13	-	0.10	3.23	0.20	0.11	0.58	3.12	-2.54
Q2	0.25	-0.03	0.34	-3.47	-0.11	0.06	-0.80	-3.76	2.96
Q3	0.09	0.01	0.04	-0.89	0.10	0.08	1.84	0.67	1.17
Q4	-0.04	-0.02	0.11	-1.47	-0.24	-0.03	1.42	-0.04	1.46
2020 Q1	-1.84	-0.06	-0.78	1.93	-0.18	-0.03	-4.48	-3.01	-1.47
Q2	-14.32	-0.53	-2.60	-6.43	-4.35	-3.07	-3.33	-6.92	3.59
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>									
<b>Growth</b>									
	KGZ7	KH28	KH2K	ZZ5Y	KG7T	KG7S	KH2W	KH3P	
2017 Q4	1.5	1.6	0.4	3.2	2.2	3.9	2.4	1.3	
2018 Q1	1.4	1.2	0.1	-0.1	1.0	0.7	2.3	2.2	
Q2	1.7	-0.2	-	2.0	-0.7	-1.2	-0.4	0.5	
Q3	1.8	0.2	0.3	0.5	-	-2.4	0.9	0.7	
Q4	1.6	-0.4	1.4	3.4	-1.2	-3.1	2.1	4.6	
2019 Q1	1.4	-0.8	2.4	23.9	1.2	-1.2	3.7	14.3	
Q2	1.2	-1.1	4.3	0.6	0.8	0.3	1.3	1.6	
Q3	0.9	-0.7	3.9	-2.7	1.0	2.0	5.0	2.9	
Q4	0.7	-1.6	3.1	-15.1	-0.3	2.3	10.0	-0.1	
2020 Q1	-2.5	-4.3	-1.6	-19.0	-2.5	0.8	-6.6	-17.4	
Q2	-25.2	-27.4	-16.9	-39.1	-27.0	-31.3	-15.0	-29.2	
<b>Contributions to growth</b>									
	ZZ65	ZZ66	ZZ67	ZZ68	ZZ69	ZZ6A	ZZ6B	ZZ6C	ZZ6D
2017 Q4	0.54	0.04	0.09	0.53	0.38	0.38	0.70	0.38	0.31
2018 Q1	0.88	0.03	0.02	-0.03	0.17	0.07	0.68	0.69	-0.01
Q2	1.08	-	-0.01	0.36	-0.12	-0.12	-0.11	0.16	-0.27
Q3	1.11	-	0.05	0.08	0.01	-0.23	0.27	0.21	0.06
Q4	1.01	-0.01	0.26	0.60	-0.21	-0.31	0.64	1.45	-0.81
2019 Q1	0.88	-0.02	0.44	4.07	0.20	-0.11	1.13	4.54	-3.41
Q2	0.76	-0.02	0.79	0.10	0.13	0.02	0.39	0.52	-0.13
Q3	0.57	-0.02	0.71	-0.45	0.17	0.19	1.54	0.93	0.61
Q4	0.44	-0.04	0.58	-2.65	-0.05	0.21	3.06	-0.04	3.10
2020 Q1	-1.55	-0.09	-0.31	-3.94	-0.44	0.08	-2.05	-6.13	4.09
Q2	-15.87	-0.59	-3.20	-6.77	-4.60	-2.99	-4.53	-9.21	4.68

1 Estimates are accurate to 1 decimal place and contributions are available from 1997. Expenditure data are available from 1948 annually and quarterly in table C2

2 This table does not include contribution from the statistical discrepancy

3 Non-profit institutions serving households

# AC Annex C - Growth and contributions to growth - income components of GDP<sup>1,2</sup>

## Current Prices

Seasonally adjusted data

	Compen- sation of employees	Gross operating surplus of corporations <sup>3</sup>	Other income <sup>4</sup>	Taxes on products & production less subsidies
<b>Percentage change, latest year on previous year</b>				
<b>Growth</b>				
	KGI3	KH4V	KH6T	KH65
2017	4.3	4.0	2.4	3.8
2018	4.4	0.9	4.3	2.7
2019	4.5	1.6	3.4	1.5
<b>Contributions to growth</b>				
	ZZ7H	ZZ7I	ZZ7J	ZZ7K
2017	2.07	0.84	0.42	0.46
2018	2.15	0.20	0.76	0.32
2019	2.22	0.35	0.61	0.19
<b>Percentage change, latest quarter on previous quarter</b>				
<b>Growth</b>				
	KGI4	KH4W	KH6U	KH66
2017 Q4	0.7	4.4	1.0	-0.3
2018 Q1	1.2	0.7	1.1	-2.3
Q2	0.8	-1.8	1.5	5.8
Q3	1.5	1.8	0.9	-1.0
Q4	1.5	-2.9	1.6	0.5
2019 Q1	0.5	3.2	1.8	-0.2
Q2	1.5	-1.6	-0.6	1.2
Q3	1.0	4.0	-0.6	-0.4
Q4	0.8	-2.2	1.3	-0.9
2020 Q1	1.1	-3.4	-0.4	-8.6
Q2	-2.2	-24.1	-2.6	-83.7
<b>Contributions to growth</b>				
	ZZ6Z	ZZ72	ZZ73	ZZ74
2017 Q4	0.33	0.94	0.19	-0.04
2018 Q1	0.56	0.16	0.19	-0.28
Q2	0.40	-0.39	0.27	0.68
Q3	0.73	0.37	0.16	-0.13
Q4	0.74	-0.62	0.29	0.06
2019 Q1	0.23	0.63	0.31	-0.02
Q2	0.79	-0.33	-0.12	0.15
Q3	0.47	0.81	-0.10	-0.05
Q4	0.47	-0.52	0.25	-0.12
2020 Q1	0.54	-0.67	-0.07	-0.97
Q2	-1.11	-4.80	-0.46	-9.08
<b>Percentage change, latest quarter on corresponding quarter of previous year</b>				
<b>Growth</b>				
	KGI5	KH4X	KH6V	KH67
2017 Q4	4.2	2.8	2.1	3.5
2018 Q1	4.6	-0.2	3.1	1.2
Q2	3.8	1.2	4.3	4.8
Q3	4.2	5.1	4.7	1.9
Q4	5.1	-2.2	5.3	2.7
2019 Q1	4.3	0.2	6.0	4.9
Q2	5.1	0.4	3.7	0.5
Q3	4.5	2.6	2.2	1.1
Q4	3.9	3.4	1.8	-0.2
2020 Q1	4.6	-3.2	-0.3	-8.7
Q2	0.7	-25.4	-2.3	-85.3
<b>Contributions to growth</b>				
	ZZ79	ZZ7A	ZZ7B	ZZ7C
2017 Q4	2.06	0.62	0.38	0.44
2018 Q1	2.19	-0.04	0.53	0.15
Q2	1.86	0.27	0.77	0.59
Q3	2.09	1.08	0.83	0.24
Q4	2.50	-0.48	0.94	0.33
2019 Q1	2.13	0.04	1.05	0.58
Q2	2.52	0.09	0.67	0.06
Q3	2.25	0.56	0.39	0.14
Q4	1.90	0.68	0.32	-0.03
2020 Q1	2.10	-0.62	-0.06	-0.97
Q2	0.36	-5.15	-0.40	-10.28

1 Estimates are accurate to 1 decimal place and contributions are available from 1997. Income data are available from 1948 annually and 1955 quarterly in table D.

2 This table does not include the contribution from the statistical discrepancy and components may not sum to the percentage change in average price. Current price data for this component are available in table D.

3 Includes the operating surplus of financial corporations, private non-financial corporations and public corporations

4 Includes mixed income and the operating surplus of the non-corporate sector

# AD Annex D - Implied GDP deflator growths- Expenditure components of GDP<sup>1</sup>

Seasonally adjusted data

Reference year 2016

	Final consumption expenditure						
	House- holds	Non-prof- it instit- utions <sup>2</sup>	General govern- ment	Gross capital formation	Gross fixed capital formation	Total exports	less Total imports
Percentage change, latest year on previous year							
	ZZ93	ZZ94	ZZ95	ZZ96	ZZ97	ZZ98	ZZ99
2017	1.4	1.1	1.1	6.3	2.2	4.5	5.4
2018	2.7	1.5	2.0	0.1	1.8	3.1	2.8
2019	1.3	1.8	1.9	2.6	3.5	1.6	0.9
Percentage change, latest quarter on previous quarter							
	ZZ8N	ZZ8O	ZZ8P	ZZ8Q	ZZ8R	ZZ8S	ZZ8T
2017 Q4	0.9	–	0.8	0.6	–0.2	1.5	1.0
2018 Q1	1.3	–	0.8	–1.7	0.3	–0.2	–0.1
Q2	0.4	1.3	0.4	0.2	1.3	2.2	1.9
Q3	0.6	0.1	0.5	2.1	0.1	0.3	1.3
Q4	0.3	–	–0.4	–0.5	0.4	1.2	0.6
2019 Q1	0.3	0.3	1.0	–0.8	1.2	–1.2	–2.4
Q2	0.2	1.4	–0.1	4.5	0.9	1.4	2.5
Q3	0.6	–0.4	0.8	0.9	1.4	0.3	0.8
Q4	–0.1	0.8	1.8	–4.1	0.8	–	–1.5
2020 Q1	0.2	2.9	4.9	0.7	–0.5	–0.8	–
Q2	–0.8	30.7	32.7	–8.5	1.3	–0.3	–0.7
Percentage change, latest quarter on corresponding quarter of previous year							
	ZZ8U	ZZ8V	ZZ8W	ZZ8X	ZZ8Y	ZZ8Z	ZZ92
2017 Q4	2.0	1.0	1.2	1.6	1.7	1.6	2.7
2018 Q1	2.3	1.3	1.5	–1.0	1.2	1.5	0.5
Q2	2.5	2.0	2.6	–	2.4	3.4	3.1
Q3	3.2	1.3	2.6	1.3	1.4	3.8	4.1
Q4	2.6	1.4	1.4	0.2	2.1	3.6	3.7
2019 Q1	1.6	1.8	1.6	1.1	3.1	2.5	1.3
Q2	1.4	1.9	1.1	5.4	2.7	1.7	1.9
Q3	1.4	1.4	1.3	4.1	4.0	1.7	1.4
Q4	0.9	2.2	3.5	0.3	4.4	0.5	–0.7
2020 Q1	0.8	4.8	7.5	1.8	2.6	0.9	1.8
Q2	–0.1	35.1	42.8	–10.8	3.1	–0.8	–1.4

1 Estimates accurate to 1 decimal place and are available from 1997. Current price and chained volume measure data are available from 1948 annually and 1955 quarterly in tables C1 and C2 respectively.

2 Non-profit institutions serving households

# YourCare (Croydon) Shareholder update

03/10/2020

## Purpose

- Update the shareholder on 19/20 performance and Q2 20/21
- Update the shareholder on action taken this year to manage the risks presented by the pandemic
- Update the shareholder on the options appraisal the board has undertaken on the future of YourCare
- Shareholder to review the recommendation and notify the board of directors of their view in light of the financial position of the Council



# Context

- **Establishment:** YourCare is a company wholly owned by Croydon Council set up in May 2017. It started trading in April 2018. The creation of the company was agreed by Cabinet decision on the 26 January 2017 (see attachment below).
- **Rationale:** The commercial objective of YourCare is to be a retail company, providing independent, choice and control to self-funding customers for daily living equipment. The Council's rationale for setting up YourCare was to offer a trusted and fast-tracked alternative to the public, and contribute to a number of important healthcare and social priorities, among others:
  - ✓ Proactively supporting the demand pressures for Croydon Council in the assessment and allocation of social care resources
  - ✓ Reduces Council waiting lists, particularly those people who have non-complex needs
  - ✓ Supports the preventative agenda by working with non – complex clients at an earlier stage
- **Financing:** The Council agreed initial financing by a way of loan on commercial terms of up to £250k of which £80k has been drawn down
- **Back office support:** The Council also agreed to provide back office support and services to YourCare through an appropriate contract

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Signed Cllr  
delegation



Signed leader's  
delegation



Member  
resentation - Retail



Cabinet report

# Board

## Directors

Sarah Ireland (Appointed 08 June 2017, Resigned 22 March 2018)  
Lisa Taylor (Appointed 08 June 2017, Resigned 02 April 2019)  
Rachel Soni (Appointed 08 June 2017, Resigned 15 April 2019)  
Pratima Solanki (Appointed 30 April 2018, Resigned 15 April 2019)  
Sarah Warman (Appointed 08 June 2017)  
Paul Kouassi (Appointed 18 March 2019)  
Mirella Peters (Appointed 18 March 2019)  
Annette McPartland (Appointed 02 April 2019)

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**Company number** 10809317

**Registered office** Croydon Living Independently Centre (CLIC)  
3 imperial way, CR0 4RR

## Priorities

YourCare's three core priorities are set out below. Progress against these priorities and a description of what success looks like is set out on the next two slides.

1. Provide a viable alternative provision to self-funders for simple aids to support the preventative agenda and to establish YourCare as the “go to” provider for all
2. Establish YourCare across all existing and new CES partnerships as a benchmark model for self-funding clients.
3. Establish third Party Partnerships (Care Homes, Suppliers etc.)

A key part of the growth strategy was the development of a strategic commercial relationship with other local authorities through the website. The strategic relationship would involve having online portals linked to the main YourCare website that could accommodate the needs of self-funding customers within a particular local authority area.

## Challenges

- YourCare was to move to a modern and more conducive independent living centre within 12 to 18 months of his launch date. The site at Boulogne Road being considered no longer fit for purpose, in particular, the physical dimensions of the site did not allow the expansion for the retail business. The move was delayed by 12 months
- The Covid-19 crisis has had a significant impact on the retail sector, YourCare included

## Journey to date

## PRIORITY ONE

Provide a viable alternative provision to self-funders for simple aids to support the preventative agenda and to establish YourCare as the “go to” provider for all

## What does success look like?

Becoming profitable with consistent year on year return growth to the council.

Becoming the provider of choice for Croydon residents.

## What have we done? and doing?

Produced a products catalogue/leaflet allowing customer to browse our product range

Information/Awareness/Sign posting meetings with relevant teams LBC teams/departments and third party organizations

## Set up as a supplier on AskSARA linking user and equipment supplier via a self-assessment exercise

Attended local events throughout such as Active Ageing Event to promote YCL

Visit of Day Centres and Care Homes with marketing materials and demo equipment

Ongoing review of products and service to respond to market trends and needs

Review of pricing to ensure product and service are competitive

Continued liaison with CUH about the promotion of YCL within CUH and the wider South West London Partnership (Kingston, St Helier (Modern), St Georges (Tooting) and CUH (Croydon)

Ongoing review of website for more feature and functionality

## Online campaign (search ads and shopping ads)

## Scoping out social media advertising

# Journey to date

## PRIORITY TWO

Establish YourCare across all existing and new CES partnerships as a benchmark model for self-funding clients.

## What does success look like?

YourCare to become the recommended retailer for all CES partners

## PRIORITY THREE

Establish third Party Partnerships (Care Homes, Suppliers etc.).

## What does success look like?

To establish an effective working relationship with a network of care homes and be their supplier of choice

## What have we done? and doing?

Meeting with LA partners to promote YCL service and discussions around the possibility of connecting YCL to their service. All 11 partners have been made aware of the YCL offer

Prospective partners including Royal Borough of Kingston and Worcestershire County Council have also been made aware of YCL

Move to purpose built facility in March'20

Work undertaken before the pandemic for 7 days opening. This had to be scaled back.

## What have we done? and doing?

Created a referral discount for Croydon Care Homes and offered preferential cost saving incentives on specific product lines.

Leverage CES procurement expertise team and our own suppliers to provide better supplier prices and overall services to improve customer experience (e.g. more guaranteed delivery time etc.).

Re-engage with organisations such as CNCA and Age UK. Offer discount rates for the customers that visit their service

# YourCare initial business plan

- The business plan agreed by cabinet assumed cumulated losses of **£217k** in year 3 of operation with break even in this year of nearly £4k

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	2017/18	2018/19	2019/20	2020/21	2021/22
	Year 1	Year 2	Year 3	Year 4	Year 5
	£'s	£'s	£'s	£'s	£'s
Sales Income	160,000	406,666	728,665	1,234,999	1,969,999
Cost of sales	(224,311)	(370,492)	(614,090)	(987,178)	(1,513,366)
Gross margin	(64,311)	36,174	114,575	247,821	456,633
Direct cost	(22,955)	(76,865)	(45,265)	(49,385)	(55,409)
Overheads	(38,775)	(54,230)	(65,557)	(70,535)	(85,881)
Net profit/(loss)	(126,040)	(94,920)	3,753	127,901	315,343
Cumulated profit/(loss)	(126,040)	(220,960)	(217,207)	(89,306)	226,037

- The business plan assumed an ambitious 65% compound aggregate growth rate over the first 5 years
- Key assumptions for this ambitious growth were:
  - ❖ The move to the purpose built facility in the second year of operation
  - ❖ Buy in from partner local authorities with progressive roll out of online retail portals with other locals authorities

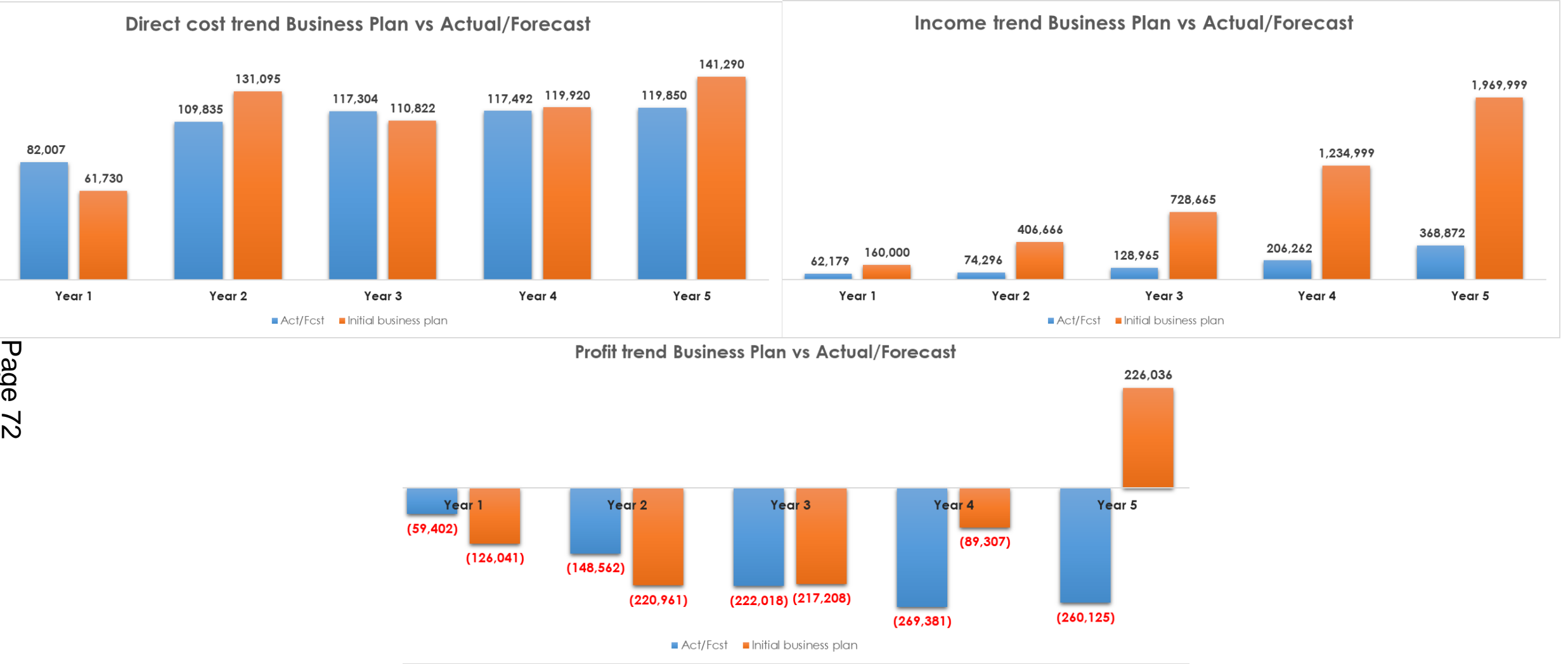
# YourCare actual position 18/19 - 19/20

	2018/19 Actual	2019/20 Actual	2020/21 Forecast	21/22 Budget	22/23 Budget	23/24 Budget	24/25 Budget
Shop	52,837	44,910	22,299	-	-	-	-
Online	9,342	29,386	106,666	206,262	368,872	497,977	572,674
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>128,965</b>	<b>206,262</b>	<b>368,872</b>	<b>497,977</b>	<b>572,674</b>
% YoY Growth		19%	74%	60%	79%	35%	15%
<b>Cost of Sale</b>	39,574	53,621	85,117	136,133	239,767	298,786	343,604
% of Income	64%	72%	66%	66%	65%	60%	60%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>43,848</b>	<b>70,129</b>	<b>129,105</b>	<b>199,191</b>	<b>229,070</b>
Gross margin %	36%	28%	34%	34%	35%	40%	40%
<b>Direct Cost</b>	<b>82,007</b>	<b>109,835</b>	<b>117,304</b>	<b>117,492</b>	<b>119,850</b>	<b>124,290</b>	<b>129,759</b>
<b>Net Profit/(Loss)</b>	<b>(59,402)</b>	<b>(89,160)</b>	<b>(73,456)</b>	<b>(47,363)</b>	<b>9,256</b>	<b>74,901</b>	<b>99,311</b>
<b>Cumulative Profit/(Loss)</b>	<b>(59,402)</b>	<b>(148,562)</b>	<b>(222,018)</b>	<b>(269,381)</b>	<b>(260,125)</b>	<b>(185,224)</b>	<b>(85,913)</b>

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- YourCare turnover has grown by **19%** between 18/19 to 19/20 from £62k to £74k. This increase is mainly due to the 215% increase in online sales, while shop sales have reduced in the same period by 15% mainly due to the COVID-19 crisis. The 215% increase resulted from increased investment in Marketing and website development (£26k).
- Online marketing was launched in Feb 2019, with online user volume growing by **3000%** between Feb '19 to Mar '20
- The key challenges faced have been:
  - The lack of a proper retail facility
  - Slow progress in buy-in from partners ( CUH and LA's)
  - Strong competition from more established retailers

# Analysis of Business Plan vs. Actual/Forecast



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- YourCare Year 3 bottom line position is in line with the initial business plan projection in spite of a much more challenging environment than initially anticipated.
- Expected Income growth in Year 2 has failed to materialize due to the delay in the move to the new facility



## YourCare actual position 20/21 (YTD Sep-20)

	YTD Act vs Fcst				YTD Act vs PY			Full Year Forecast
	Actual	Forecast	Variance	Variance	Prior Year	Variance	Variance	FY Forecast
Shop	12,715	11,860	855	7%	22,455	(9,740)	-43%	22,299
Online	40,722	42,536	(1,814)	-4%	14,693	26,029	177%	106,666
<b>Income</b>	<b>53,437</b>	<b>54,396</b>	<b>(959)</b>	-2%	<b>37,148</b>	<b>16,289</b>	44%	<b>128,965</b>
<b>Cost of Sale</b>	39,905	36,657	(3,248)	-8%	26,811	(13,094)	-49%	85,117
<b>Gross Margin</b>	<b>13,532</b>	<b>17,740</b>	<b>(4,207)</b>	-31%	<b>10,337</b>	<b>3,195</b>	31%	<b>43,848</b>
Gross margin %	25%	33%			28%			34%
<b>Direct Cost</b>	<b>52,783</b>	<b>52,783</b>	<b>0</b>	0%	54,917	2,135	4%	117,304
<b>Net Profit/(Loss)</b>	<b>(39,251)</b>	<b>(35,043)</b>	<b>(4,207)</b>	11%	<b>(44,580)</b>	<b>5,329</b>	12%	<b>(73,456)</b>

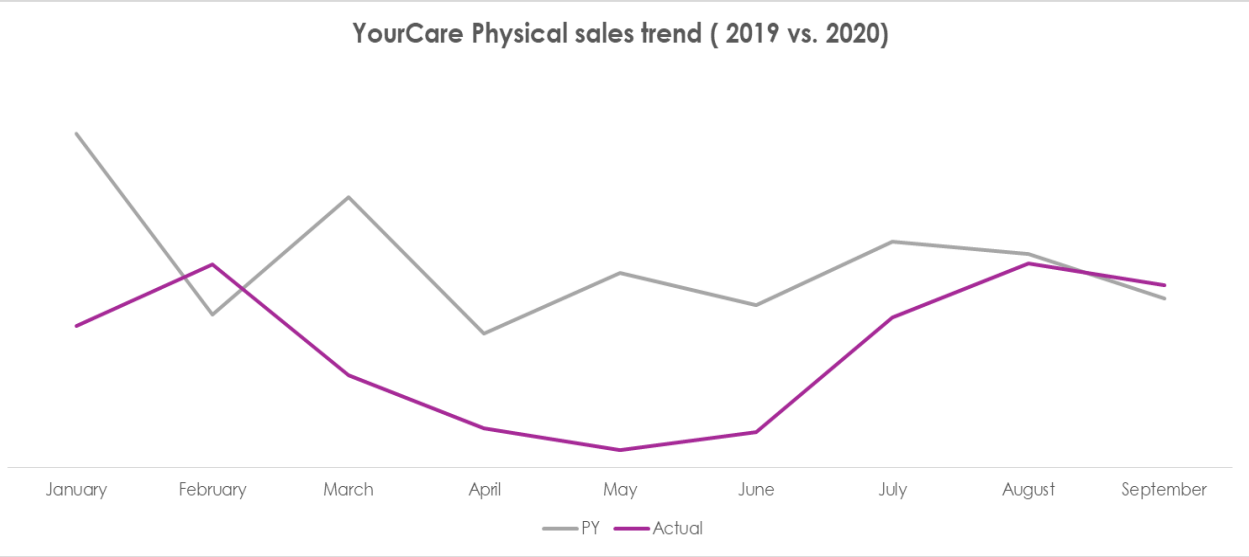
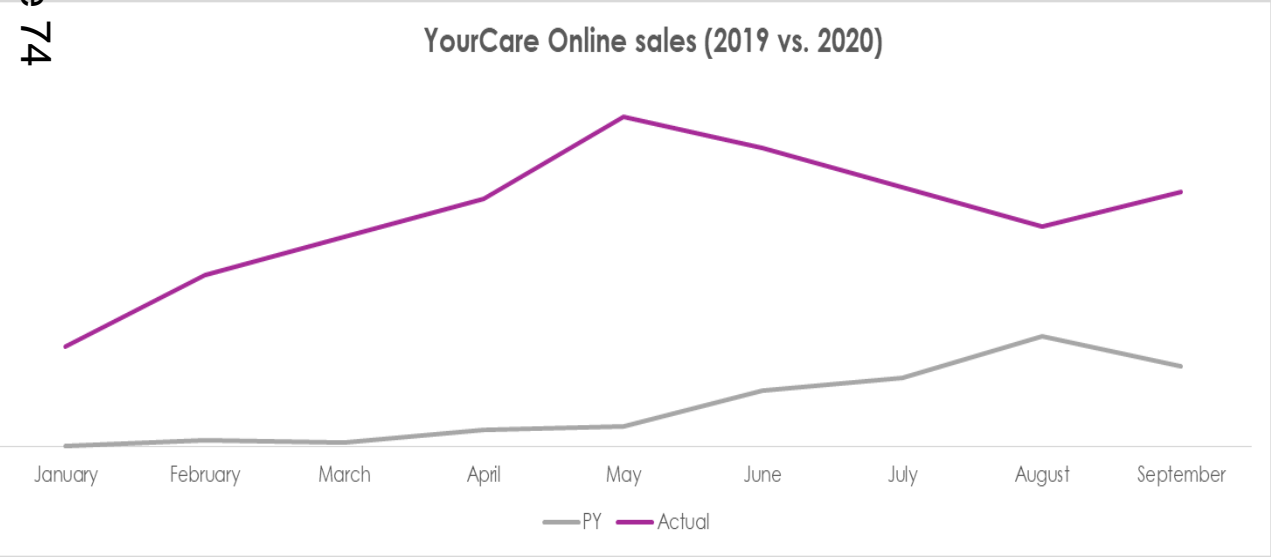
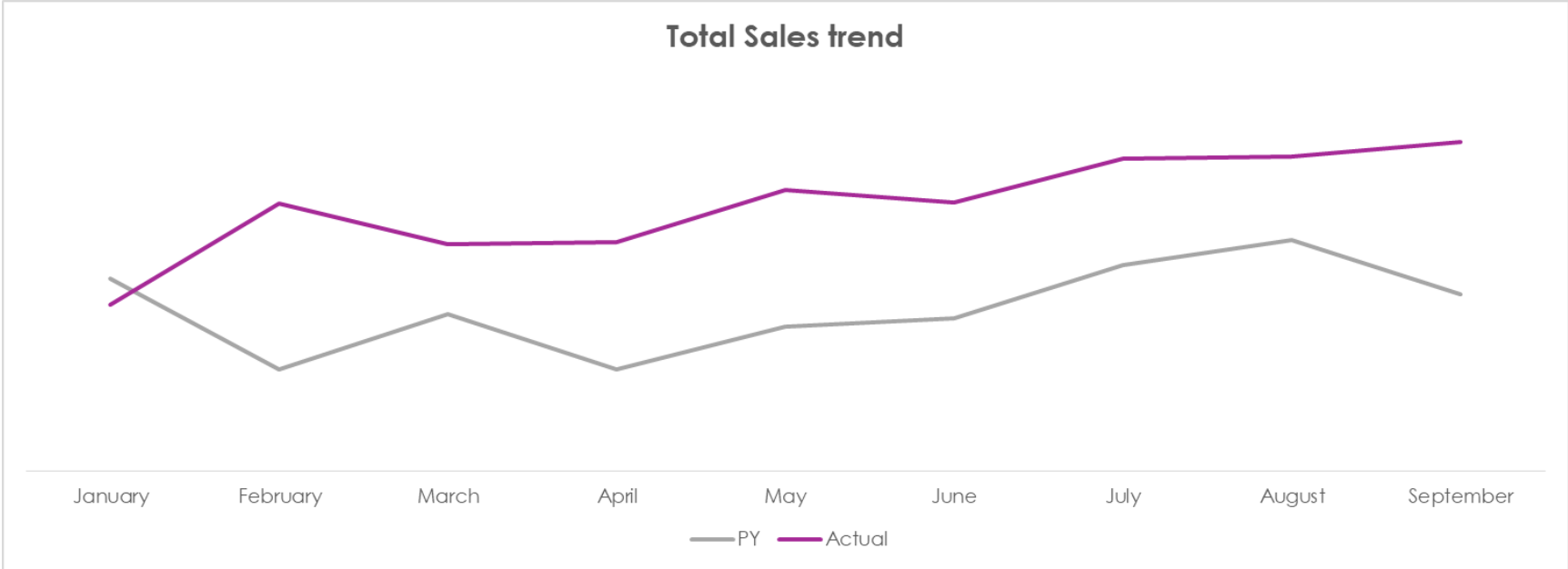
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YourCare turnover is expected to grow by **74%** between 19/20 to 20/21

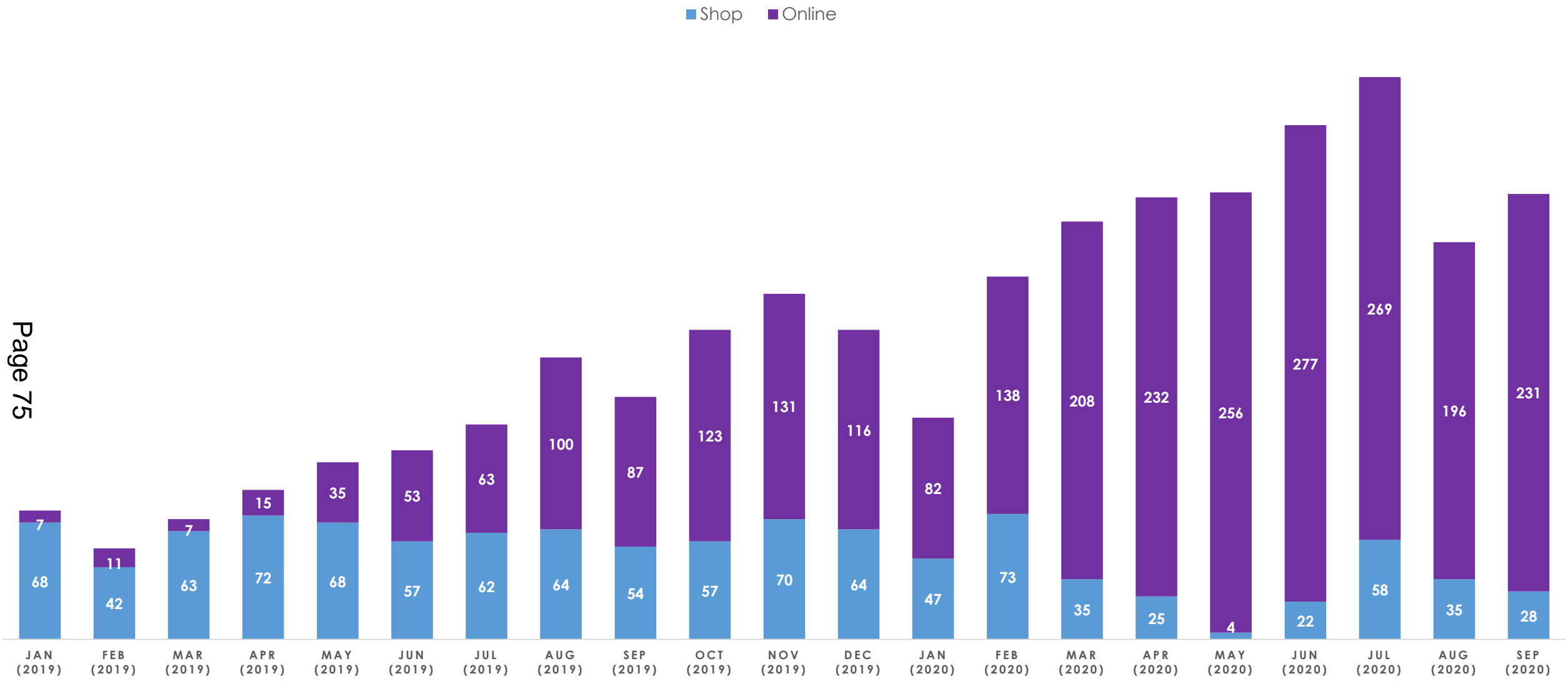
- The move to the new purpose built facility happened in March'20 in the midst of the Covid-19 crisis
- YoY sales revenue is up +44% despite the impact of the pandemic on UK retail sales
- Instore sales are down -43% YoY with online sales being up +177% YoY. The current pandemic is clearly impacting consumer behaviour with more transactions being carried out online
- FY Forecast net loss is expected to be £73.5k an improvement of 18% on last year in spite of the current crisis

# YourCare sales trend ( 19 vs. 20)

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# Volume of Sales Orders by Month & Channel



## YourCare actual position 20/21 (YTD Sep-20)

- In light of the difficult context the board had agreed the following :
  - Staff to be redeployed in other areas of CES hence reducing cost within YourCare
  - Capitalise on the online growth by working closely with the marketing agency
- In spite of all the actions taken by the board, some significant risks remain in light of
  - The UK falling into recession due to the COVID-19 crisis with GDP slumping by 24%
  - The ongoing Covid-19 crisis and its short, medium and long term impact on the retail sector
- The current pandemic make accurate financial modelling difficult, however the board has conducted an option appraisal of different business models based on information currently available:
  - **Option 1** : Keep the current business model unchanged
  - **Option 2**: Wind down the business at the end of this financial year
  - **Option 3**: Move to online only, given that the channel is growing

# Option 1 : Keep current business model (no change)

Option 1 provides an estimated breakeven position of £25k in **year 6** (23/24) of operation with cumulated loss of **£334k** and debt of **£591k**. This option assumes:

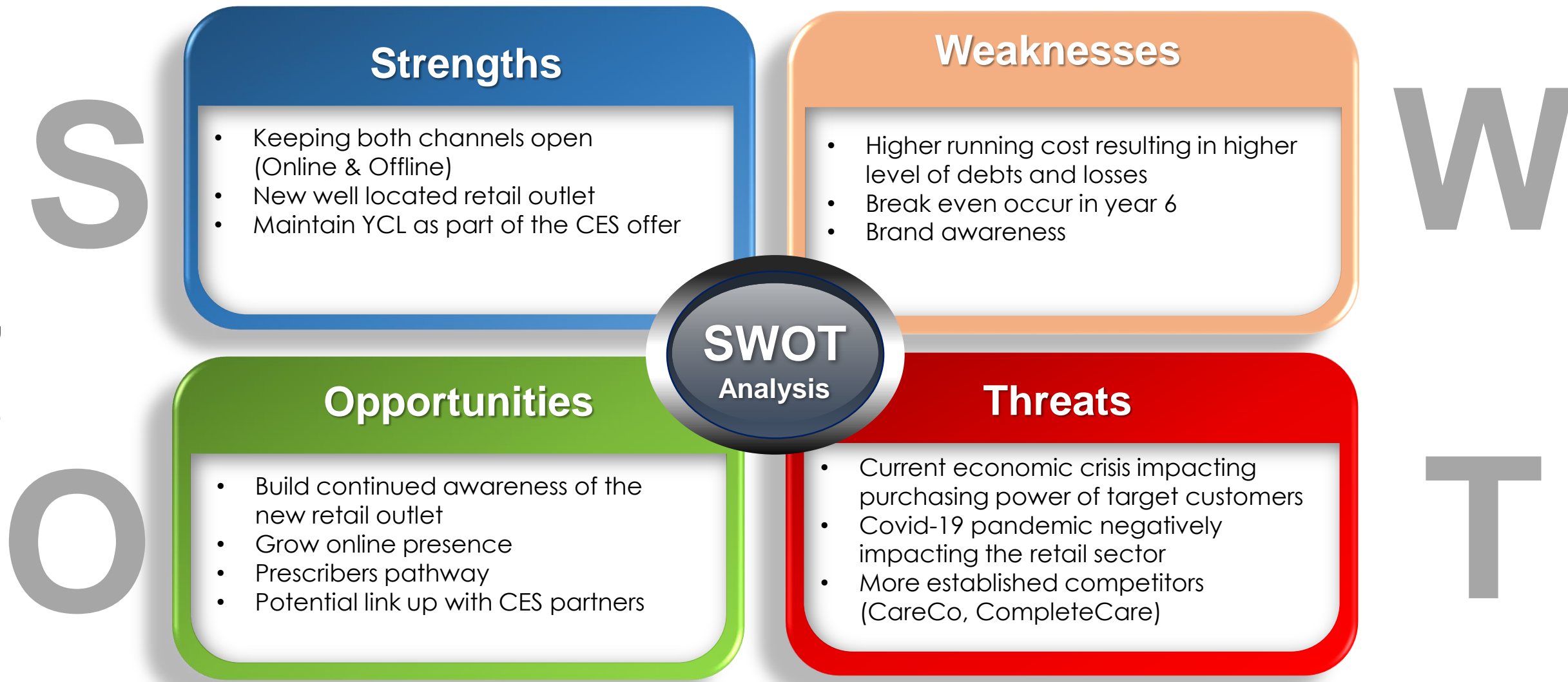
- Offline revenue remains at 20/21 level before growing from 22/23
- Online revenue expected to grow by 70% in 21/22
- 2.5 FTE at grade 6 from April 2021
- Rent payment of £28,380 from April 2021
- CES recharge of £10k ( IT, service charge) from April 2021
- Debt repayment change with LBC loan repaid first

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	2018/19	2019/20	2020/21	21/22	22/23	23/24	24/25
	Actual	Actual	Forecast	Budget	Budget	Budget	Budget
Shop	52,837	44,910	22,299	22,299	26,759	32,111	38,533
Online	9,342	29,386	106,666	206,262	368,872	497,977	572,674
Income	62,179	74,296	128,965	228,561	395,631	530,088	611,207
% YoY Growth	-	19%	74%	60%	79%	35%	15%
Cost of Sale	39,574	53,621	85,117	150,851	257,160	318,053	366,724
% of Income	64%	72%	66%	66%	65%	60%	60%
Gross Margin	22,605	20,675	43,848	77,711	138,471	212,035	244,483
Gross margin %	36%	28%	34%	34%	35%	40%	40%
Direct Cost	82,232	108,710	115,128	176,830	180,420	186,739	193,471
	0	0	0	0	0	0	0
Net Profit/(Loss)	(59,627)	(88,035)	(71,280)	(99,119)	(41,949)	25,297	51,012
Cumulative Profit/(Loss)	(59,627)	(147,662)	(218,942)	(318,061)	(360,009)	(334,713)	(283,701)
CES Debt	(28,332)	(97,668)	(197,850)	(362,066)	(532,890)	(591,592)	(629,671)
LBC loan	(83,400)	(86,945)	(90,640)	(53,985)	0	0	0
Total Debt	(111,732)	(184,612)	(288,490)	(416,051)	(532,890)	(591,592)	(629,671)

Option 1 : Keep current business model

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## Option 2 : Wind down

Option 2 assume a wind down of YourCare with final position of :

- ✓ Cumulated loss of £222k
- ✓ Total debt of £247k

The debt is expected to be absorbed by CES.

	Actual	Actual	Forecast
Shop	52,837	44,910	22,299
Online	9,342	29,386	106,666
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>128,965</b>
% YoY Growth	-	19%	74%
<b>Cost of Sale</b>	<b>39,574</b>	<b>53,621</b>	<b>85,117</b>
% of Income	64%	72%	66%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>43,848</b>
Gross margin %	36%	28%	34%
<b>Direct Cost</b>	<b>82,232</b>	<b>108,710</b>	<b>115,128</b>
<b>Net Profit/(Loss)</b>	<b>(59,627)</b>	<b>(88,035)</b>	<b>(71,280)</b>
<b>Cumulative Profit/(Loss)</b>	<b>(59,627)</b>	<b>(147,662)</b>	<b>(218,942)</b>
CES Debt	(28,332)	(97,668)	(197,850)
LBC loan	(83,400)	(86,945)	(90,640)
<b>Total Debt</b>	<b>(111,732)</b>	<b>(184,612)</b>	<b>(288,490)</b>





## Option 3 : Online only

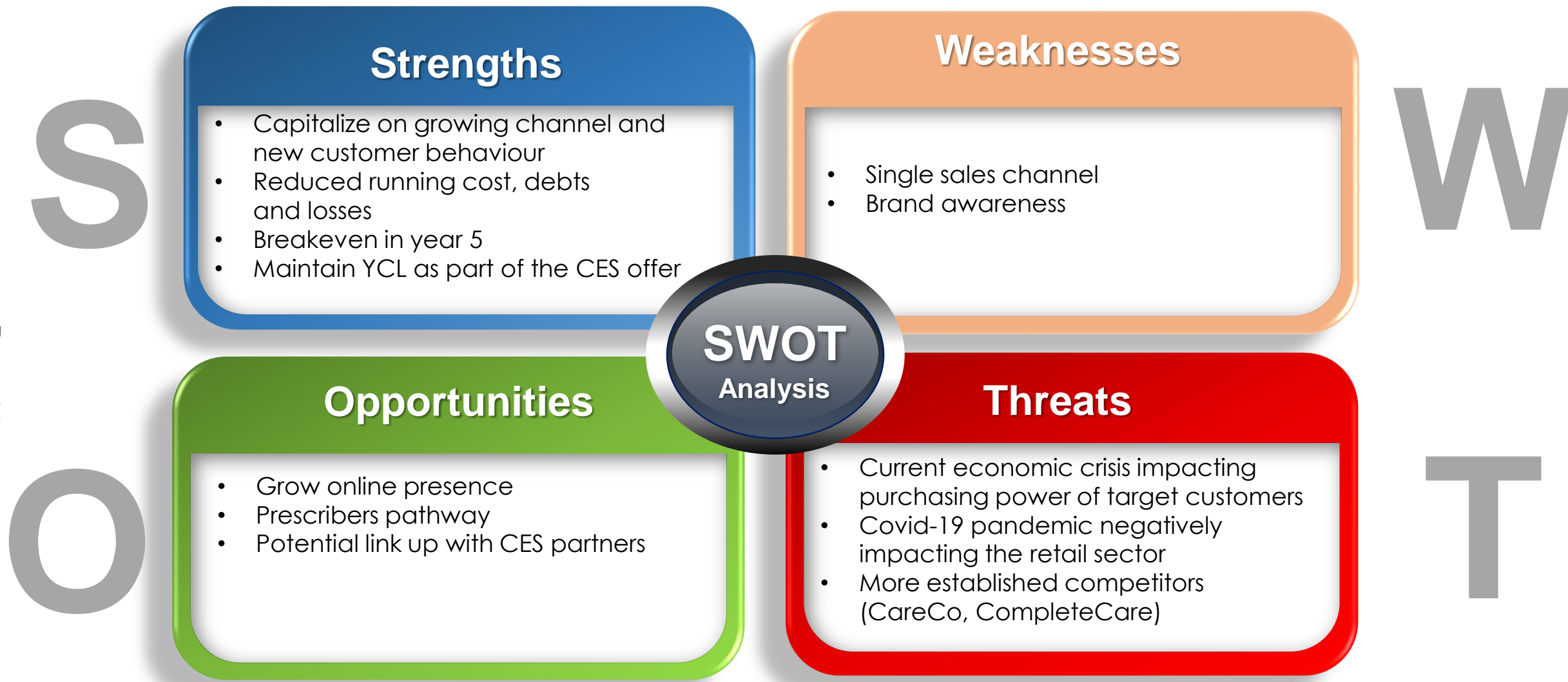
Option 3 provide a breakeven position (£14k) in **year 5** (22/23) of operation with cumulated loss of **£245k** and debt of **£387k**.  
This option assumes:

- No offline revenue after 20/21
- Revenue to grow by 60% in 21/22, then 79% in 22/23
- 1.5 FTE at grade 6 from April 2021
- Rent payment of £5k from April 2021
- CES recharge of £10k ( IT, service charge) from April 2021
- Debt repayment change with LBC loan repaid first

	2018/19	2019/20	2020/21	21/22 Budget	22/23 Budget	23/24 Budget	24/25 Budget
	Actual	Actual	Forecast				
Shop	52,837	44,910	22,299	-	-	-	-
Online	9,342	29,386	106,666	206,262	368,872	497,977	572,674
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>128,965</b>	<b>206,262</b>	<b>368,872</b>	<b>497,977</b>	<b>572,674</b>
% YoY Growth		19%	74%	60%	79%	35%	15%
<b>Cost of Sale</b>	39,574	53,621	85,117	136,133	239,767	298,786	343,604
% of Income	64%	72%	66%	66%	65%	60%	60%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>43,848</b>	<b>70,129</b>	<b>129,105</b>	<b>199,191</b>	<b>229,070</b>
Gross margin %	36%	28%	34%	34%	35%	40%	40%
<b>Direct Cost</b>	<b>82,232</b>	<b>108,710</b>	<b>115,128</b>	<b>111,430</b>	<b>114,246</b>	<b>119,775</b>	<b>125,702</b>
<b>Net Profit/(Loss)</b>	<b>(59,627)</b>	<b>(88,035)</b>	<b>(71,280)</b>	<b>(41,301)</b>	<b>14,859</b>	<b>79,416</b>	<b>103,367</b>
<b>Cumulative Profit/(Loss)</b>	<b>(59,627)</b>	<b>(147,662)</b>	<b>(218,942)</b>	<b>(260,243)</b>	<b>(245,383)</b>	<b>(165,967)</b>	<b>(62,600)</b>
CES Debt	(28,332)	(97,668)	(197,850)	(296,986)	(387,875)	(364,722)	(322,136)
LBC loan	(83,400)	(86,945)	(90,640)	(57,937)		0	0
<b>Total Debt</b>	<b>(111,732)</b>	<b>(184,612)</b>	<b>(288,490)</b>	<b>(354,923)</b>	<b>(387,875)</b>	<b>(364,722)</b>	<b>(322,136)</b>

Option 3 : Online only business model

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# Summary & Recommendation

- The board have reviewed the options and a summary of the options are set out below:
- **Option 1**, will generate further losses. With the UK retail sector very uncertain, there is no guarantee that continuing the existing business model will be confined to the financial outlook in October 2020, and a move to Option 2 or Option 3 may be necessary at some point in the future.
- **Option 2** does not allow any future benefit from the move to CLIC or changing market conditions. This option will also hinder growth for CES since having a retail model is a key specification for full managed service contracts.
- **Option 3** appears to be the more viable option, given it will:
  - Allow break even a year earlier in 22/23
  - Offer the opportunity to progressively repay the Council investment
  - Maintain overall cost and debt at a low level
  - Maintain YourCare as part of the CES offer
- YourCare is on track as per the initial business plan with limited exposure to the Council. In light of the current financial situation of the Council, the board's recommendation is to consult with the shareholder before making a decision

# Governance and report to Shareholder

- The board of directors will provide trading update twice a year to the shareholder at the following intervals
  - Mid-year : October
  - Year end : April
- The board would like to get a view from the shareholder on YourCare's future given the current financial position of the Council

# SHAREHOLDER REPORT

29<sup>th</sup> April 2021

## INTRODUCTION

In light of the Council's journey to becoming an efficient, effective and financially sustainable council, coupled with the impact of the Covid-19 pandemic on the retail sector, it has become critical to review the position of the private retail company (YourCare).

At the end of the 20/21 Financial year, Yourcare has a debt of £270k and cumulated losses of £238k. There is currently a provision for doubtful debt in place and a prior year adjustment which should minimise the financial impact for the Council.

The shareholder is recommended to

- Agree to closing down the activities of YourCare (Croydon) Limited. YourCare (Croydon) Limited will cease trading and all assets will be disposed of.
- Agree to the appointment of an authorised insolvency practitioner as liquidator to take charge of liquidating the company.

## 1. EXECUTIVE SUMMARY

YourCare (Croydon) Limited started trading in April 2018 with the ambitious target of being the retailer of choice for daily living equipment in Croydon. YourCare (Croydon) Limited was to build on the Community Equipment Service (CES) excellent local reputation and develop a strong website offering for Croydon and other local authorities.

Whilst at the time of its creation there was a clear rationale and opportunity for the development of a retail model, complementing CES business operations, the current adverse market conditions have made it unsustainable for YourCare to continue trading.

The initial business plan presented to members in November 2017, assumed breakeven in the third year of operation (2019/20) with cumulated loss of £217k.

Even though key progress has been made in developing YourCare into a successful business a number of external factors have prevented YourCare from achieving the expected return. Among those factors we can identify:

- The 2 year delay in moving to a fit for purpose facility. Having a fit for purpose facility was a key requisite for delivering the YourCare business strategy.
- The delayed move coincided with the Covid-19 crisis and 3 successive lockdowns preventing YourCare from benefitting of its new facilities
- The ongoing Covid-19 crisis and its short, medium and long term impact on the retail sector.
- The UK falling into recession due to the COVID-19 crisis with GDP slumping by as much as 20% in the quarter to June 2020.

# SHAREHOLDER REPORT

- Supply chain challenges (Brexit, Steel and foam shortages) have severely impacted sales volume
- As a shareholder, Croydon Council is facing significant financial challenges and is taking steps to rationalise its spend and investment.

An option appraisal was undertaken by the board of directors last year to assess the viability of YourCare and implement necessary adjustment. Since then the position has worsened and it is therefore necessary to undertake another review.

This report will set out the options available to YourCare and the rationale for the recommendations made.

## 2. DETAIL

### 2.1 Progress to date

YourCare's three core priorities were as follows: .

- Provide a viable alternative provision to self-funders for simple aids to support the preventative agenda and to establish YourCare as the "go to" provider for all
- Establish YourCare across all existing and new CES partnerships as a benchmark model for self-funding clients.
- Establish third Party Partnerships (Care Homes, Suppliers etc.)

A key requisite for delivering these priorities was to have a fit for purpose premises from which to operate and trade. The business plan agreed by cabinet assumed that YourCare was to move within 12 months of its launch to the new purpose built premises in order to deliver a breakeven position in year 3 of operation.

Table1: YourCare 2017 Business plan

	2017/18	2018/19	2019/20	2020/21	2021/22
	Year1	Year2	Year3	Year4	Year5
	£'s	£'s	£'s	£'s	£'s
Sales Income	160,000	406,666	728,665	1,234,999	1,969,999
Cost of sales	(224,311)	(370,492)	(614,090)	(987,178)	(1,513,366)
Gross margin	(64,311)	36,174	114,575	247,821	456,633
Direct cost	(22,955)	(76,865)	(45,265)	(49,385)	(55,409)
Overheads	(38,775)	(54,230)	(65,557)	(70,535)	(85,881)
Net profit/(loss)	(126,040)	(94,920)	3,753	127,901	315,343
Cumulated profit/(loss)	(126,040)	(220,960)	(217,207)	(89,306)	226,037

The move to a new purpose built facility was delayed until March 2020 in the midst of the Coronavirus pandemic. This delay compounded with the Covid-19 global

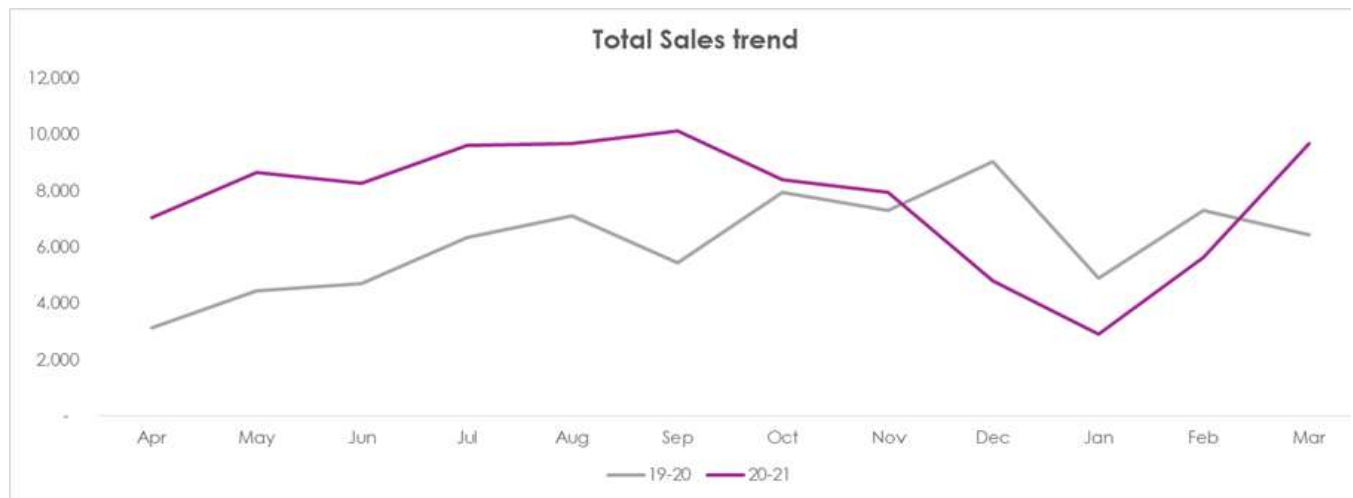
# SHAREHOLDER REPORT

crisis and its devastating impact on the retail market has caused us to reconsider the expected growth for YourCare and its business model.

3 consecutive lockdowns have forced us to focus on an online only model and capitalize on the growth of this channel while reducing cost.

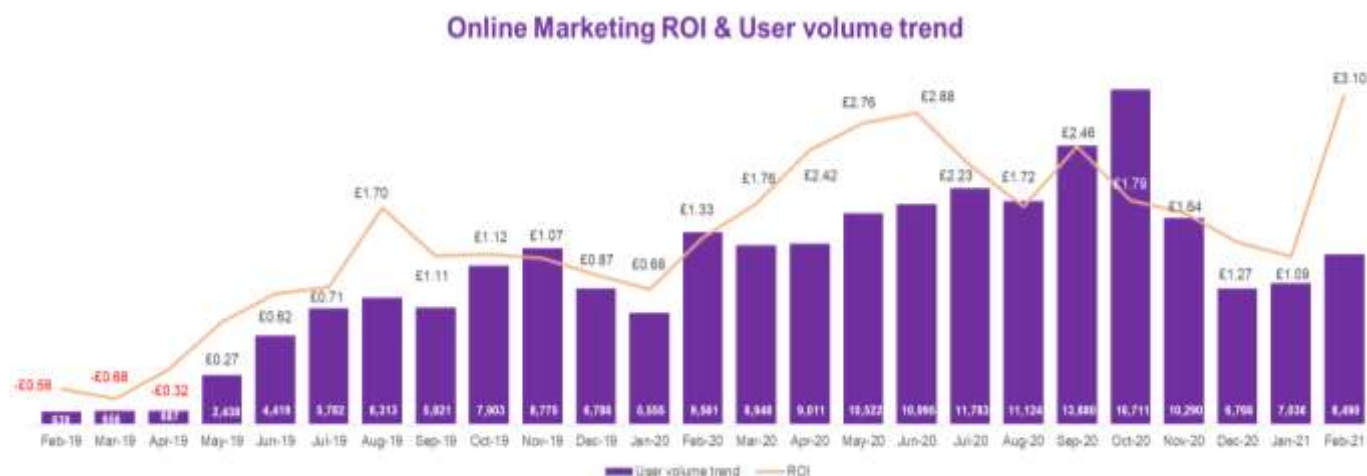
Unfortunately a number of global factors (Brexit, shortage of foam and steel) have caused significant disruption in the supply chain resulting in YourCare being unable to fulfill orders and online sales.

**Table 2: YourCare sales trend (19/20 vs 20/21)**



Despite a very challenging environment marked by a global pandemic, global supply chain disruption and economic recession, sales for YourCare have grown with full year revenue expected to be 25% ahead of last year (shop -50%, online +140%).

**Table 3: YourCare online marketing return and user volume trend**





# SHAREHOLDER REPORT

Table 4: YourCare P&L (18/19-20/21)

	2018/19 Actual	2019/20 Actual	2020/21 Actual
Shop	52,837	44,910	22,330
Online	9,342	29,386	70,554
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>92,883</b>
% YoY Growth	-	19%	25%
<b>Cost of Sale</b>	39,574	53,621	73,658
% of Income	64%	72%	79%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>19,226</b>
Gross margin %	36%	28%	21%
<b>Direct Cost</b>	<b>82,232</b>	<b>108,710</b>	<b>109,531</b>
<b>Net Profit/(Loss)</b>	<b>(59,627)</b>	<b>(88,035)</b>	<b>(90,305)</b>
<b>Cumulative Profit/(Loss)</b>	<b>(59,627)</b>	<b>(147,662)</b>	<b>(237,967)</b>
CES Debt	(28,332)	(97,668)	(189,020)
LBC loan	(83,400)	(86,945)	(80,640)
<b>Total Debt</b>	<b>(111,732)</b>	<b>(184,612)</b>	<b>(269,660)</b>

The FY position at the end of 20/21 is expected to be a loss of £90k, bringing cumulative losses to £238k, with debt of £270k.

## 2.2 Options appraisal and recommendation

YourCare set out with an ambitious target of being the retailer of choice for daily living equipment. Now in its third year of operation, a lot of progress has been made, but the landscape has also vastly changed with:

- Croydon Council facing significant financial challenges
- The UK falling into recession due to the COVID-19 crisis with GDP slumping by 24%
- The ongoing Covid-19 crisis and its short, medium and long term impact on the retail sector

At a time where we need to rationalize our resources, we believe that there is a need to review our business model and its viability. The board of directors has previously conducted a review of the business model with the recommendation of the online only model. However since this recommendation, the trading conditions have worsened and sales growth have been negatively impacted.

Based on the assessment of the economic environment and the progress made so far the options under consideration are:

- Option 1 : Keep the current business model (Online only)
- Option 2 : Close down the business



# SHAREHOLDER REPORT

## 2.2.1 Option1: Keep the current business model (Online only)

Table 5: YourCare P&L online only option

	2018/19 Actual	2019/20 Actual	2020/21 Actual	21/22 Budget	22/23 Budget	23/24 Budget	24/25 Budget
Shop	52,837	44,910	22,330	-	-	-	-
Online	9,342	29,386	70,554	149,880	217,325	304,255	425,958
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>92,883</b>	<b>149,880</b>	<b>217,325</b>	<b>304,255</b>	<b>425,958</b>
% YoY Growth	-	19%	25%	61%	45%	40%	40%
<b>Cost of Sale</b>	39,574	53,621	73,658	118,405	162,994	212,979	298,170
% of Income	64%	72%	79%	79%	75%	70%	70%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>19,226</b>	<b>31,475</b>	<b>54,331</b>	<b>91,277</b>	<b>127,787</b>
Gross margin %	36%	28%	21%	21%	25%	30%	30%
<b>Direct Cost</b>	<b>82,232</b>	<b>108,710</b>	<b>109,531</b>	<b>115,368</b>	<b>114,246</b>	<b>119,775</b>	<b>125,702</b>
<b>Net Profit/(Loss)</b>	<b>(59,627)</b>	<b>(88,035)</b>	<b>(90,305)</b>	<b>(83,893)</b>	<b>(59,915)</b>	<b>(28,498)</b>	<b>2,085</b>
<b>Cumulative Profit/(L)</b>	<b>(59,627)</b>	<b>(147,662)</b>	<b>(237,967)</b>	<b>(321,860)</b>	<b>(381,774)</b>	<b>(410,273)</b>	<b>(408,188)</b>
CES Debt	(28,332)	(97,668)	(189,020)	(270,826)	(348,205)	(419,501)	(480,693)
LBC loan	(83,400)	(86,945)	(80,640)	(57,937)	0	0	0
<b>Total Debt</b>	<b>(111,732)</b>	<b>(184,612)</b>	<b>(269,660)</b>	<b>(328,763)</b>	<b>(348,205)</b>	<b>(419,501)</b>	<b>(480,693)</b>

### Strengths

- Capitalize on growing channel and new customer behaviour
- Reduced running cost, debts and losses
- Maintain “retail model” as part of the CES offer

### Weaknesses

- Single sales channel
- Brand awareness
- Trajectory of 4 years to break even with cumulated losses of £408k and debt of £481k
- Additional online marketing will be necessary to drive improved online income
- Existing website is not as dynamic as key competitors, and will require further investments to be a viable contender.

### Opportunities

- Grow online presence
- Prescribers pathway with existing partners
- Complete offering allowing CES to capture new business
- Repayment of the Council investment

### Threats

- Current economic crisis impacting purchasing power of target customers
- Covid-19 pandemic long term impact on the retail sector
- More established competitors (CareCo, CompleteCare)
- Shareholder financial position

# SHAREHOLDER REPORT

## 2.2.2 Option 2: Close down the business

Table 6: YourCare P&L Close down option

	2018/19 Actual	2019/20 Actual	2020/21 Actual	21/22 Budget
Shop	52,837	44,910	22,330	-
Online	9,342	29,386	70,554	74,940
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>92,883</b>	<b>74,940</b>
% YoY Growth	-	19%	25%	-19%
<b>Cost of Sale</b>	<b>39,574</b>	<b>53,621</b>	<b>73,658</b>	<b>59,202</b>
% of Income	64%	72%	79%	79%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>19,226</b>	<b>15,737</b>
Gross margin %	36%	28%	21%	21%
<b>Direct Cost</b>	<b>82,232</b>	<b>108,710</b>	<b>109,531</b>	<b>57,684</b>
<b>Net Profit/(Loss)</b>	<b>(59,627)</b>	<b>(88,035)</b>	<b>(90,305)</b>	<b>(41,946)</b>
<b>Cumulative Profit/(Loss)</b>	<b>(59,627)</b>	<b>(147,662)</b>	<b>(237,967)</b>	<b>(279,913)</b>
CES Debt	(28,332)	(97,668)	(189,020)	(229,923)
LBC loan	(83,400)	(86,945)	(80,640)	(77,127)
<b>Total Debt</b>	<b>(111,732)</b>	<b>(184,612)</b>	<b>(269,660)</b>	<b>(307,050)</b>

### Strengths

- Elimination of any further financial risk for the Council

### Weaknesses

- Inability to take advantage of any change in the market conditions
- Prevent any return on Council investment
- Hinders CES growth with lack of "retail model"

### Opportunities

- Management time to be solely focused on CES growth opportunities

### Threats

- Potential of having to start all over again in a few years

## 3. REASONS FOR RECOMMENDATIONS/DECISIONS

The extremely challenging economic landscape coupled with the uncertainty facing the UK retail industry and the financial context of the Council means that while YourCare has shown potential, the Council can no longer afford to have a retail business still in its infancy and 3 years removed from breaking even.

# SHAREHOLDER REPORT

Recent months have seen the collapse of high street giants like Arcadia group (Topshop, Burton, Dorothy Perkins) or even the 242-year-old retailer Debenhams. While at the same time, online retailer like Boohoo and Asos were able to capitalize and buy part of these high street retailers.

It is clear that change of consumer behaviour will fuel online retail growth. The challenge for YourCare is how quickly can this growth translate into profit. The answer is 4 years. 4 years where the risk and exposure continue to grow, to up to £481k. Given the current context of the Council's finance, such a decision will go against the principle of "living within our means" and abiding by the stringent conditions attached to the capitalisation directive.

## 4. HUMAN RESOURCES IMPACT

The impact on the workforce will be set out through specific proposals and the council's HR policies on consultation and managing organisational change will be followed.

We will consult with recognised trade unions in accordance with the collective bargaining arrangements on the proposals and cumulative impact across the workforce.

There are currently 5 members of staff who will be affected.

## 5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

The financial consequences arising from the recommendations are summarized in table 7 below. The exposure to the Council is likely to be minimal, given that there are provision in place within CES to absorb most of the bad debts.

Table 7: Debt impact

		As At 31 March 2021	As At 30 September 2021
		£	£
CES Debt	Staff cost & Support services	189,020	229,923
Less:	Provision for Doubtful Debt in CES	(93,668)	(93,668)
	<b>Total CES Debt</b>	<b>95,353</b>	<b>136,255</b>
LBC Debt	Loan	80,000	80,000
Less:	Repayment	(10,000)	(15,000)
	Interest	10,640	12,127
	<b>Total LBC Debt</b>	<b>80,640</b>	<b>77,127</b>
	<b>TOTAL COUNCIL EXPOSURE BEFORE ADJUSTMENT</b>	<b>175,992</b>	<b>213,383</b>
	CES Retained earning (17/18) not consolidated in LBC accounts	(176,302)	(176,302)
	<b>TOTAL COUNCIL EXPOSURE</b>	<b>(310)</b>	<b>37,081</b>

# SHAREHOLDER REPORT

## 6. LEGAL CONSIDERATIONS

As sole shareholder, the London Borough of Croydon has the ability to make a petition for the passing of a resolution for winding up in respect of the Company. This petition will then be voted on by the board of directors.

# SHAREHOLDER REPORT

29<sup>th</sup> April 2021

## INTRODUCTION

YourCare is a company wholly owned by Croydon Council set up in May 2017, which started trading in April 2018. The creation of the company was agreed by a Cabinet decision on the 26 January 2017.

The commercial objective of YourCare is to be a retail company, providing independent, choice and control to self-funding customers for daily living equipment.

The Council's rationale for setting up YourCare was to offer a trusted and fast-tracked alternative to the public, while contributing to a number of important healthcare and social priorities, among others:

- ✓ Proactively supporting the demand pressures for Croydon Council in the assessment and allocation of social care resources
- ✓ Reduces Council waiting lists, particularly those people who have non-complex needs
- ✓ Supports the preventative agenda by working with non – complex clients at an earlier stage.

All activities carried out by the company are outside the scope of the Care Act, as it focuses on customers who wish to purchase privately, or are not eligible for statutory provision.

This report is produced to provide :

- An update to the shareholder on the performance to date.
- An update to the shareholder on the market conditions and the impact of the pandemic on the viability of the company.

## 1. EXECUTIVE SUMMARY

YourCare (Croydon) Limited started trading in April 2018 with the ambitious target of being the retailer of choice for daily living equipment in Croydon.

YourCare (Croydon) Limited was to build on the Community Equipment Service (CES) excellent local reputation and develop a strong website offering for Croydon and other local authorities. The initial business plan presented to members in November 2017, assumed breakeven in the third year of operation(2019/20) with cumulated loss of £217k. Even though key progress has been made in developing YourCare into a successful business, a number of external factors have prevented YourCare from achieving the expected return. Among those factors we can identify:

- The 2 year delay in moving to a fit for purpose facility. Having a fit for purpose facility was a key requisite for delivering the YourCare business strategy.

# SHAREHOLDER REPORT

- The delayed move coincided with the Covid-19 crisis and 3 successive lockdowns preventing YourCare from benefitting of its new facilities
- The ongoing Covid-19 crisis and its short, medium and long term impact on the retail sector.
- The UK falling into recession due to the COVID-19 crisis with GDP slumping by as much as 20% in the quarter to June 2020.
- Supply chain challenges( Brexit, Steel and foam shortages) have severely impacted sales volume
- As a shareholder, Croydon Council is facing significant financial challenges and is taking steps to rationalise its spend and investment.

An option appraisal was undertaken by the board of directors last year to assess the viability of YourCare and implement necessary adjustment.

## 2. DETAIL

### 2.1 Background

All local authorities and health partners have an equipment service, linked to adult social care. This has two functions: the purchasing of equipment and the delivery and installation of equipment. This forms a core part of the health and social care offer.

The equipment services play an important role in supporting local authorities and health partners in the delivery of key agendas including managing increasing demand, integration, prevention, hospital discharge and admission avoidance.

For five years from 2011 to 2016 the Croydon equipment service was delivered through Croydon Care Solutions, the Council's Local Authority Trading Company (LATC).

A governance review of Croydon Care Solutions took place in the summer of 2015. This review identified that the company was loss making and whilst elements of the service model had potential, the structure and delivery model needed considering.

In June 2016, the Council took the strategic decision to insource the equipment service and wind down the LATC. The insourcing of the equipment service was completed in December 2016.

As part of the insourcing process, a new five year business plan was created to achieve a number of key business objectives. The main objectives of the insourcing were:

- To turnaround the service into a profitable business, bringing social and financial benefit to Croydon.
- To invest into the service in order to ensure long term sustainability and growth.
- To establish and grow the retail offer initially in Croydon and in

# SHAREHOLDER REPORT

turn with our partner authorities.

- To position CES as a key strategic partner in the health and social care market.

The insourced structure was integrated into the Commissioning and procurement division under the name Community Equipment Service (CES). CES was to be a key provider in helping to deliver social care and health transformation programmes, including demand management, models of care and personal budget uptake. CES was uniquely positioned to offer products and services that meet needs across the whole spectrum of social care, including low level simple aids to daily living, complex aids for managing multiple conditions and cutting edge technological solutions.

## 2.2 The retail model

### 2.2.1 Policy context

The Retail Model is part of the Government's Personalisation agenda. The Retail Model relates to moving simple equipment into the retail market place so that the service users have greater choice, control and independence over their equipment provision. They can choose the product that best suits their lifestyle. If their choice costs more than the item on prescription, they can opt to pay the difference to the retailer. Consequently, where a Service User is assessed as eligible for simple aids for daily living equipment provision, they can take their prescription to a local accredited retailer who will exchange it for the items of equipment required. The model improves accessibility to these products for all users i.e. both state and self funded. The model, by opening up the market place for community equipment, empowers individuals to self-help thereby supporting the prevention and personalisation agenda.

Community Equipment providers are now required as part of tenders to support the Retail Model by offering facilities for displaying and demonstrating equipment to service user, web portals and payment system.

### 2.2.2 Demographic and economic context

The COMODAL market analysis estimated the overall retail value of the market (in 2011) for self funded products only to be £404 million pounds.

With public sector service provision diminishing due to reducing budgets and stringent application of the Fair Access to Care Services criteria (FACS), there is no doubt that the consumer market will grow to meet the levels of future demand.

The case for a consumer market for assisted living technology and services is getting stronger. Since the late 1980s, consecutive governments in the UK have supported the preference for people with health and social care needs to



# SHAREHOLDER REPORT

retain their independence and remain in their own homes for as long as possible. This preference is also supported by the need for people to embrace self-management and control of their own healthcare both in terms of those with long term conditions and the wider well-being agenda.

Older people are major users of health and social care services. As a consumer group, this market is set to grow significantly as the age of the population increases. This presents an enormous opportunity for those companies willing to address the needs of people as they get older.

The 2011 population estimates from the Office for National Statistics showed that :

- Over 30 per cent of the UK population was above the age of 50 and they held 80 per cent of the wealth in the country
- There was more people in the UK above the age of 60 than under 18
- By 2083 one in three people would be over 60
- Households headed by someone aged 65+ contributed about £121 billion of spending power every year. For the 50 plus group as a whole, it was Over £300 billion a year
- The spending power of the over 65s was £76 billion, and was set to grow to £127 Billion by 2030; a growth of 68%

## 2.2.3 Set up and structure

The evidence of a market, both local and national, supported the rationale that the Community Equipment Service should position itself in the market place as a trusted provider of all age equipment products and services. The business strategy therefore was to build a retail service through an appropriate delivery model consistent with the provisions and requirements of the council under the Care Act.

The commercial objective of the retail company was:

- To successfully trade for commercial purposes,
- Becoming the retailer of choice with private consumers of community equipment.

The scope of services to be provided was based upon assessments of the retail market place and gaps in provision. These services included the following:

- Simple aids to daily living, such as walking frames, perching stools
- Complex aids to daily living, such as beds
- Telecare stand-alone products, such as sensors and monitors
- Mobility equipment, such as mobility scooters
- Minor adaptations to properties, such as wheelchair ramps.
- Private assessments on product requirements.

Key investment and development required in order for this business model to be successful included the following:



# SHAREHOLDER REPORT

- A fit for purpose retail outlet, including clinical assessment space and independent living centre.
- Telephony system to support incoming sales calls.
- Website (s) including online shopping and assessment capability.
- Sales and Customer Relationship management system.
- Marketing and sales strategy resource.
- Retail equipment subject matter experts and trusted assessors.
- Mail order shipping resources.

To ensure that all activities carried out by the company were outside the scope of the Care Act, the retail business would sell to the following customer base:

- Customers who are outside the borough and who wish to purchase privately from the retail service
- Customers who have been assessed by the Council as having no eligible needs, but who still wish to purchase equipment.

## **2.2.3.1 Company Structure and Directors**

YourCare was set up as a separate limited company wholly owned by Croydon Council with the following directors:

- Sarah Ireland – Director of Communities Strategy and Commissioning
- Pratima Solanki – Director of Adults Social Care
- Lisa Taylor –Assistant Director Finance
- Rachel Soni – Head of Communities Strategy and Commissioning
- Sarah Warman – Head of Communities Strategy and Commissioning

## **2.2.3.2 Staff and Finance**

The company operates independently from the Council with office support functions (payroll support, company secretarial support, legal services and retail staffing) being “bought” from the Council through the provision of a contract for services. The Council provides these services at market rates so that the company is not receiving state aid from the Council.

A loan facility of £250,000 from Croydon Council on commercial terms was agreed to support the initial launch activity and cashflow needs. To this date £80k of this facility has been drawn down, and £10k has been repaid.

## **2.3 Progress to date**

YourCare’s three core priorities were as follows:

- Provide a viable alternative provision to self-funders for simple aids to support the preventative agenda and to establish YourCare as the “go to” provider for all
- Establish YourCare across all existing and new CES partnerships as a benchmark model for self-funding clients.
- Establish third Party Partnerships (Care Homes, Suppliers etc.)

# SHAREHOLDER REPORT

A key requisite for delivering these priorities was to have a fit for purpose premises from which to operate and trade. The business plan agreed by cabinet assumed that YourCare was to move within 12 months of its launch to the new purpose built premises in order to deliver a breakeven position in year 3 of operation.

Table1: YourCare 2017 Business plan

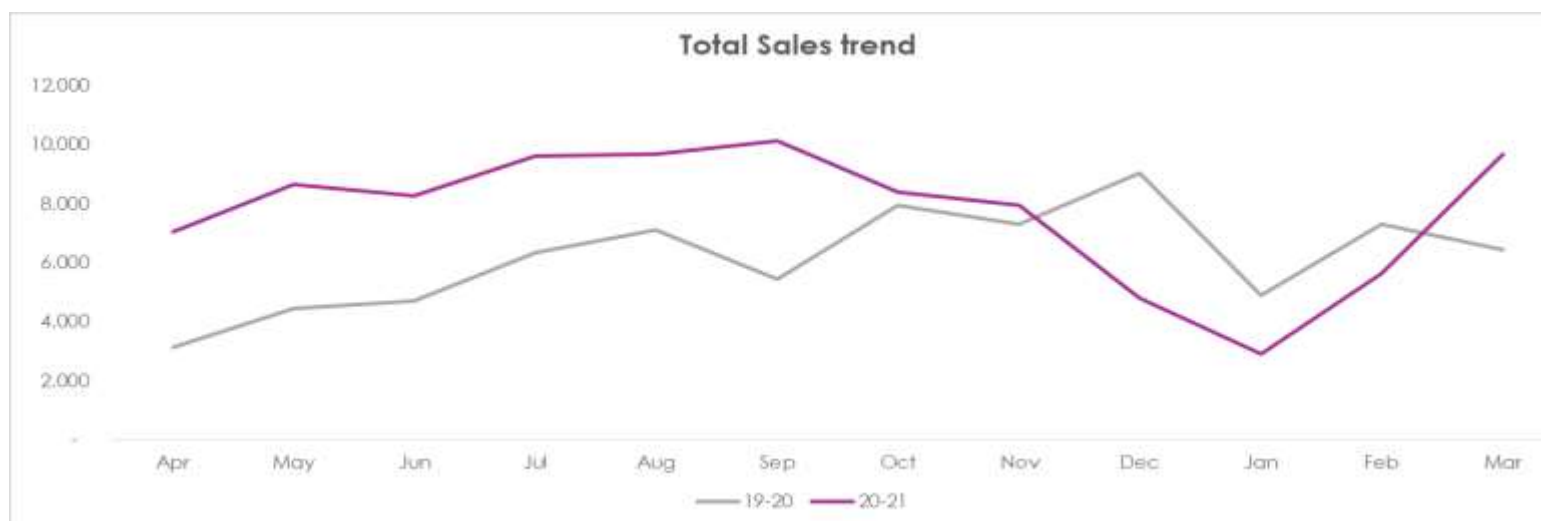
	2017/18	2018/19	2019/20	2020/21	2021/22
	Year1	Year2	Year3	Year4	Year5
	£'s	£'s	£'s	£'s	£'s
Sales Income	160,000	406,666	728,665	1,234,999	1,969,999
Cost of sales	(224,311)	(370,492)	(614,090)	(987,178)	(1,513,366)
Gross margin	(64,311)	36,174	114,575	247,821	456,633
Direct cost	(22,955)	(76,865)	(45,265)	(49,385)	(55,409)
Overheads	(38,775)	(54,230)	(65,557)	(70,535)	(85,881)
Net profit/(loss)	(126,040)	(94,920)	3,753	127,901	315,343
Cumulated profit/(loss)	(126,040)	(220,960)	(217,207)	(89,306)	226,037

The move to a new purpose built facility was delayed until March 2020 in the midst of the Coronavirus pandemic. This delay compounded with the Covid-19 global crisis and its devastating impact on the retail market has caused us to reconsider the expected growth for YourCare and its business model.

3 consecutive lockdowns have forced us to focus on an online only model and capitalize on the growth of this channel while reducing cost.

Unfortunately a number of other global factors (Brexit and the shortage of foam and steel) have caused significant disruption in the supply chain resulting in YourCare being unable to fulfill orders and online sales.

Table 2: YourCare sales trend (19/20 vs 20/21)



# SHAREHOLDER REPORT

Despite a very challenging environment marked by a global pandemic, global supply chain disruption and economic recession, sales for YourCare have grown with full year revenue expected to be 25% ahead of last year (shop -50%, online +140%).

Table 3: YourCare online marketing return and user volume trend

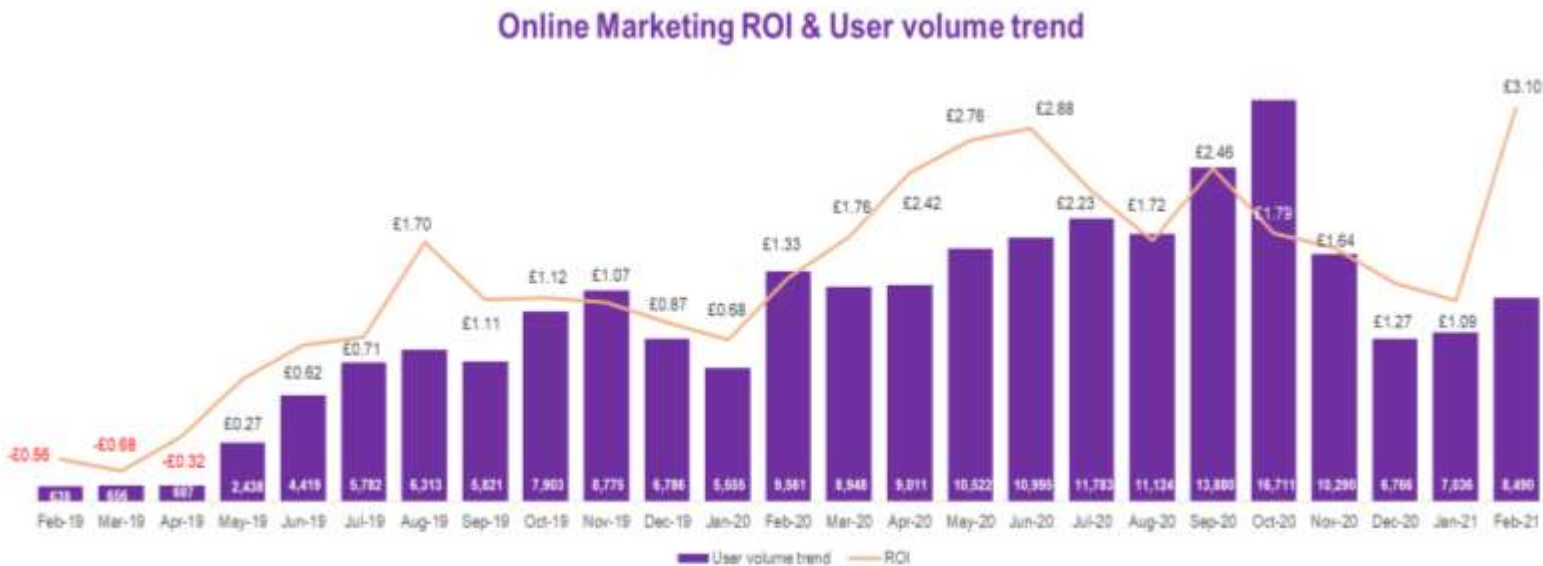


Table 4: YourCare P&L (18/19-20/21)

	2018/19 Actual	2019/20 Actual	2020/21 Actual
Shop	52,837	44,910	22,330
Online	9,342	29,386	70,554
<b>Income</b>	<b>62,179</b>	<b>74,296</b>	<b>92,883</b>
% YoY Growth	-	19%	25%
<b>Cost of Sale</b>	<b>39,574</b>	<b>53,621</b>	<b>73,658</b>
% of Income	64%	72%	79%
<b>Gross Margin</b>	<b>22,605</b>	<b>20,675</b>	<b>19,226</b>
Gross margin %	36%	28%	21%
<b>Direct Cost</b>	<b>82,232</b>	<b>108,710</b>	<b>109,531</b>
<b>Net Profit/(Loss)</b>	<b>(59,627)</b>	<b>(88,035)</b>	<b>(90,305)</b>
<b>Cumulative Profit/(L)</b>	<b>(59,627)</b>	<b>(147,662)</b>	<b>(237,967)</b>
CES Debt	(28,332)	(97,668)	(189,020)
LBC loan	(83,400)	(86,945)	(80,640)
<b>Total Debt</b>	<b>(111,732)</b>	<b>(184,612)</b>	<b>(269,660)</b>

The FY position at the end of 20/21 is a loss of £90k, bringing cumulative losses to £238k, with debt of £270k.

# SHAREHOLDER REPORT

## 3. Conclusion

YourCare set out with an ambitious target of being the retailer of choice for daily living equipment. Now in its third year of operation a lot of progress has been made, but the landscape has also vastly changed with:

- Croydon Council facing significant financial challenges
- The UK falling into recession due to the COVID-19 crisis with GDP slumping by much as 20% in the quarter to June 2020.
- The ongoing Covid-19 crisis and its short, medium and long term impact on the retail sector

YourCare turnover has grown by 49% between 18/19 to 20/21 from £62k to £93 k. This increase is mainly due to the 655% increase in online sales, while shop sales have reduced in the same period by 58% mainly due to the COVID-19 crisis. The 655% increase resulted from increased investment in Marketing and website development.

The key challenges faced have been:

- The lack of a proper retail facility
- Slow progress in buy-in from partners ( CUH and LA's)
- Strong competition from more established retailers
- Covid-19 pandemic resulting in adverse market conditions
- Supply chain disruption (Brexit, Steel and foam shortages) severely impacting sales volume

Given the current context of the financial pressures experienced by the shareholder. It has become critical to review the position of the private retail company (YourCare) and its viability.

## Contract Award Report

Date of meeting	1st April 2021
By	Lyndon Jones - Risk & insurance Manager Finance, Investment & Risk Daniel Shepherd – Head of Independent Travel
Title	Fleet & Bodywork Repairs
Project Sponsor	Chris Buss, Interim Director of Finance, Investment & Risk Steve Iles, Director of Public Realm
Lead Member	Cllr Muhammad Ali, Cabinet Member for Sustainable Croydon Cllr Callton Young, Cabinet Member for Resources and Financial Governance
Key Decision	N/A

**1. Recommendations****The Cabinet Member for Sustainable Croydon in consultation with the Cabinet Member for Resources and Financial Governance to:**

1. approve the award of a contract to L&M Body Repairs to deliver vehicle body repairs for a term of 5 years (with a break clause after 3 years) with a total contract value of £750,000.

**2. Background & strategic context**

Croydon Council operates a fleet of 282 vehicles many of which are utilised seven days per week.

In the financial year 19/20 there were 111 incidents that required vehicle body work repair, these incidents included Own Drivers, Third Party Damage and Property Damage. If any fleet vehicle is damaged repairs need to be arranged quickly to avoid depreciation of the asset and to maintain a good reputational image (as many of the vehicles are used for public transport). Also where negligence of a Council Driver has occurred and a Third Parties Vehicle is damaged an offer for the Council to arrange repairs is made, this benefits the Third Party as they do not need to incur any excess payments to their vehicle insurer (which often leads to a premium increase), and Council also benefits from this service in both its reputation and financially.

There is no existing contract for these works and a small local repair business has been utilised over a period of time to provide the service as there is no facility to insource the works and not financially viable to sustain an in-house service due to skill base and set up costs.

However it has been recognised that to provide and evidence value for money and levels of service a procurement exercise should take place.

The supplier would supply a fixed hourly labour rate for all the types of vehicles listed in the table below, this would be fixed for 5 years and could be reviewed at the end of year 3 (where the break clause is).

The supplier would offer free courtesy vehicles to all Third Party repair works.

The supplier will provide written estimates for the repairs within 36 hours of the vehicle being made available for viewing – in the cases of Third Parties it would be expected that contact to arrange sight of the vehicle would be made within 24 hours and written estimates for repairs be available 24 hours after this viewing.

The supplier will carry out all repair works in house and using his own work force, with no subcontracting, this is to ensure consistent levels of workmanship.

The procurement strategy was approved by CCB on 19<sup>th</sup> August 2020 (ref: CCB1602/20-21). The procurement strategy was followed and there were no deviations.

**Commissioning strategy**

It is the intention to award a contract to L&M Body Repairs for vehicle body repairs.

The procurement route followed the 'open tender' process under regulation 27 of the PCR 2015. The tender was advertised through OJEU and the Council's procurement portal.

6 suppliers applied through the London Tenders Portal, one of which only supplied prices. 5 suppliers submitted the full tender response documents and were evaluated.

### 3. Financial implications

Details	Internal		Period of funding	External		Period of funding
	Capital	Revenue		Capital	Revenue	
Existing activity		<b>£123,384.00</b> (Insurance spend = £111,865.00 of which approx 30% is claimed back  Transport spend = £11,519.00)	May 2019 to May 2020			
Proposed activity		£750,000 or £150,000 per annum	5 years with a break clause after 3 years			

#### Essential Spend Criteria:

Following the Council's previous Section 114 notices (now lifted), in accordance with the S115(6A) Local Government Finance Act 1988 grounds for 'new' expenditure, this project falls under the following criteria: improve the situation because:

The expenditure will enable the Council to quickly put back into use vehicles required to deliver the council's statutory services.

### 4. Supporting information

The contract offered is for vehicle body repairs for fleet and insurance. The contract was procured using the open procedure of the Public Contract Regulations 2015 since the nature of the contract was not available to be procured via a framework. In accordance with the regulations and OJEU notice and Standard Selection Questionnaire was issued to market on 4<sup>th</sup> February 2021.

The scoring mechanism was weighted 60% cost and 40% quality. The suppliers were ranked by their total score with the highest ranked supplier being the preferred supplier.

5 suppliers responded to the tender. The scores are laid out below:

	<b>Davies Group</b>	<b>L&amp;M</b>	<b>London Hire</b>	<b>Mitcham Arc Ltd</b>	<b>Vanos</b>
<b>QUALITY (40%)</b>	22	40	23	19	10
<b>PRICE (60%)</b>	43	51	60	38	23
<b>TOTAL</b>	<b>65</b>	<b>91</b>	<b>83</b>	<b>57</b>	<b>33</b>
<b>RANKED PROVIDER</b>	3	1	2	4	5

The quality evaluation was carried out by

1. Lyndon Jones – Risk & Insurance Manager
2. Daniel Shepherd – Head of Independent Travel
3. Gordon Grinham – Fleet Supervisor

Lyndon Jones (for insurance) and Daniel Shepherd (for fleet) will be responsible for project Contract management and are best placed to evaluate the tender.



A moderation panel was held on 22<sup>nd</sup> March 2021 chaired by the Category Manager for Environment.

### **Social Value**

L&M Body Repairs were evaluated on social value outcomes for Croydon.

Examples of the work they will (and already do) carry out are:

- Supporting key workers with different discounts on MOTs, body repairs, etc
- Work with St Christopher's Hospice
- Offer work experience to local schools
- 100% of the staff are residents of Croydon.

### **London Living Wage**

L&M Body Repairs confirm they pay London Living Wage.

### **Equalities Analysis**

There are no known equality matters which will arise from the award of this contract. The contract is for body repairs for all fleet vehicles, as and when needed.

The Equalities Policy was requested during the tender process and reviewed.

### **GDPR**

The outcome of this project does not require any transfer of personal data and therefore GDPR implications will not be applicable.

### **Risks**

- The main risks in procuring the contract is that the supplier may go out of business or from a reputational basis that works are not carried out to the required standard leaving vehicles not corporately acceptable. To mitigate this risk, one of the KPIs will be; the Supplier must inform the Council within 24 hours if the job will take longer or cost more than quoted and this will be monitored. However, the company that came second on the tender are already a supplier to us (vehicle leasing), and could with our permission, undertake some bodywork repair in the event that the successful tenderer could not continue to meet the contract requirements – (the second placed supplier already undertakes some of the bodywork repairs on the buses which are returned to them at the end of the leasing contracts).
- There are no timescale risks associated with this project.
- There are no known risks with HR / TUPE/ Pension.

The contract would be managed via regular meetings with the supplier and by evaluating standard of workmanship and documents.

### **Options Considered**

- Do nothing (not recommended) – there is no current contract in place, so doing nothing is not an option.
- Use a Framework (not recommended) – there are no frameworks for body repairs, so the Council are unable to call from one.
- Open Procurement (recommended) – this option is recommended as it will allow local suppliers to apply for the contract. It will also give the Council best value for money. Engage with the local market prior to tender release to ensure transparency to the market in and around Croydon supporting local business.
- Direct Award (not recommended) – this would not allow the Council to go to the market and explore the value for money element of the contract

## **5. Conclusion and reasons for recommendations**

This report recommends the contract award for vehicle body repairs to L&M Body Repairs for 5 years.

## **6. Outcome and approvals**

Outcome	Date agreed	
	Service Director – Steve Iles/Chris Buss	26.03.21
	Legal Services – Kiri Bailey	01.04.21

	Head of Finance – Geetha Blood	29.03.21
	Human Resources (if applicable)	N/A
	C&P Head of Service – Scott Funnell	25.03.21
	Lead Member - Cllr Ali	06.04.21
	CCB	CCB1679/21-22 21/04/2021
<b>7. Comments of the Council Solicitor</b>		
Approved by Kiri Bailey on behalf of the Council Solicitor and Monitoring Officer		
<b>8. Chief Finance Officer comments on the financial implications</b>		



# Contracts & Commissioning Board (CCB)

## Contract Variation Report

Date of meeting	
By	Wumi Alejo, Category Manager, Procurement on behalf of Grace Addy, Head of Learning and Organisational Development
Title	Managed Service Training Provider (Premier Partnership Ltd)
Project Sponsor	Sue Moorman, Director of Human Resources
Lead Member	Councillor Carlton Young, Resources and Financial Governance
Key Decision	N/A

### 1. Recommendations

The Leader of the Council has delegated to the Cabinet Member for Resources and Financial Governance the power to make the decisions set out in the recommendations below:

#### RECOMMENDATIONS

- 1.1 The Cabinet Member for Resources and Financial Governance and in consultation with the Leader is recommended to approve, pursuant to Regulation 30 of the Tenders and Contracts Regulations, the extension via variation of the contract with Premier Partnership Ltd for the provision of Manages Training Services, for a further period of 1 year from 01/08/2021 to 31/07/2022 resulting in a further increase to the contract value by £200,000 (£700,000 in aggregate).

### 2. Background & strategic context

- 1.1 An award report was approved in April 2016, REF CCB1123/16-17, to appoint Premier Partnership LTD under a call off following mini competition from Framework [ESPO Framework 383] for a term of 2 years to provide managed training services to the Council for a value of up to £500K. In 2019 an extension to the contract was approved to extend the contract for 2 years until the 31/07/2021.
- 1.2 This request is to extend the contract for a further 1 year from August 2021, as an interim measure, to allow time for a more flexible approach to learning and development procurement and to support the wider review and design of a learning and development procurement framework for the Council, under the scope of the Council's Cultural Transformation priorities and Workforce Strategy.

### 3. Financial implications

L&D budgets have now been centralised and approval for L&D spend will now be approved through an L&D Board which will be chaired by a senior manager at a director level from one of the directorates and this role will be rotated quarterly. Additional members of the board will include a senior representative from all directorates, director of HR, Head of Learning & organisational development. The L&OD Board should be operational by the end of April 2021.

This extension meets the following essential spend criteria to enable essential training to be delivered to support statutory services and meet statutory obligations

- **expenditure required to deliver the councils statutory services at a minimum possible level**
- **urgent expenditure to safeguard vulnerable residents**

Any one requiring training spend must now provide a business case on a template providing justification pursuant to the following categories to the Board:

- Statutory/essential spend
- Directly facilitates achievement of the Croydon renewal plan i.e. budget management training
- Required to achieve competence to fulfil role
- Legally bound and cannot be exempted

All seeking funding from the centralised pot must also ensure they have explored and are planning to utilise the appropriate procurement processes of which firstly considering our MSP route.

Details	Internal Capital	Revenue	Period funding of	External		Period of funding
				Capital	Revenue	
Spend to date (2016-2021)		£350,000.00  (£500,000.00 original contract value)	5 years (Aug 2016 – Jul 2021)			
2021/22 Budget estimate		£350,000	1 year (Aug 21 – July 22)			
Impact of 1 year variation on the original contract value (Aug 21 – Jul 22)		£200,000.00				
Total contract value (including the variation)		£700,000.00				

#### 4. Supporting information

##### 4.1 Proposed extension value & term value of the original award

Current spend to date through the contract with Premier Partnership Ltd is £348,559.60 and budget for 2021/22 is at £350,000.00. The extension that took place in 2019 was an extension of time only and did not affect the original contract value of £500,000. This will result in a further increase of £200,000.00 under this recommendation to maximum contract value of £700,000.00.

Expenditure is not committed through this contract and requirements are to be called off under this contract where budget exists, thus any reduction or change to budget will not commit the Council to expenditure through the remainder term of this contract.

##### 4.2 PCR analysis and risk of challenge

The Public Contracts Regulations 2015 (PCR) sets out circumstances in which a contract may be modified without the need for re-procurement. The value of the extension does not exceed 50% of the original award value and furthermore due to the combined impact of Covid-19 and S114 affecting resources required to undertake a full commissioning review, it is not a viable option to re-procure at this time. The extension will give sufficient time for project teams to be formed across the Council to feed into the design of the new training delivery model and procurement strategy in alignment with changes to the Council's training arrangements and priorities within the Croydon Renewal Plan. Therefore the variation is considered to meet the requirements Regulation 72 1 (c) PCR which states:

- (i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;
- (ii) the modification does not alter the overall nature of the contract;
- (iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement

The risk of procurement challenge is expected to be low.

##### 4.3 Options Considered:

The future commissioning strategy for training to meet requirements across Learning and Development, Apprenticeships, Economic Growth and Employability and Skills is to be taken forward in FY 2021/22 to establish a procurement strategy and most suitable route to market. As a result of this wider corporate intention, the recommendation to extend the existing contract is deemed the most suitable option.

#### 4.4 Why re-procurement is not recommended / not possible now

The re-procurement intention is to streamline all requirements across the Council through a compliant procurement route. Due to current restructuring across Services, it is not viable to take forward a full commissioning review at this time, due to changes to internal structures and available resources to input into the review.

#### 4.5 Risks

##### Performance Risk

Feedback from Service Users across the Council relate to the performance and standard of Premier Trainings sub-contractors, which has been regarded as poor. To mitigate this risk, work can be taken forward with Premier Training to improve the selection and evaluation of suitable sub-contractors.

##### Risk of challenge

The risk of challenge is deemed low, as the variation is compliant with PCR regulation 72 (c) Modification of contracts during their term;

- (i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;
- (ii) the modification does not alter the overall nature of the contract;
- (iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.

#### 4.6 The contractual impact / consequences of proposed variation and whether contractor agreed in principle

The intention is discuss saving opportunities with Premier Training Ltd in negotiation to extend the contract.

#### 4.7 The future commissioning plan and timescales

The commission review of training requirements across Learning and Development, Economic Growth and Employment and Skills will commence in Q2 of 2021/22. The route to market will depend on the chosen delivery model following this review with the intention to award a new contract(s) by Q1 2022/23.

### 5. Conclusion and reasons for recommendations

The extension by variation of the current contract with Premier Partnership Ltd is to ensure there is provision in place to support the corporate learning and development strategy and cultural transformation priorities, to ensure there is sufficient provision to provide essential training to staff across the Council.

The current contract has not been utilised to the maximum potential, as training has historically been managed by budget holders and procured through several routes. Extending this contract, will support the centralisation of essential training requirements under a single contract. To mitigate risk associated with standard and quality of training delivered through Premier's sub-contracting network, work will be undertaken with Premier Training to ensure that sub-contracted provision meets the standards of the council.

The long term strategy is to streamline requirements across the Council and explore a single route to market that will meet the different training requirements. This commissioning review is planned to commence in Q2 of 2021/22.

### 6. Outcome and approvals

CCB outcome	Date agreed	
	Finance	22/04/2021
	Legal	14/4/2021
	Lead Member <i>(for values over £500k, +25% contract value or +£1m)</i>	N/A
	CCB	CCB1683/21-22

**7. Comments of the Council Solicitor**

There are no additional legal considerations directly arising from this report

Approved by Sonia Likhari on behalf of the Director of Law and Governance

**8. Chief Finance Officer comments on the financial implications**

There is sufficient budget availability for the provision of the training contract by this provider for 2021/22. However, any subsequent savings in future years agreed as part of the MTFS programme may impact on the centralised training budget to deliver mandatory training to staff. The inherent risk of the contractor to deliver a satisfactory training programme would need to be mitigated by ensuring the training providers subcontracted to provide the training to LBC is vetted by the contractor thoroughly and its track record to deliver a high standard of training is without dispute.

Approved by Geetha Blood, Interim Head of Finance, Place and Resources

# Contracts & Commissioning Board (CCB)

## Contract Award Report (Part A)

Date of meeting	20 <sup>th</sup> May 2021
By	Camille Whyte, Commissioning & Procurement (Adults, Health and Integration)
Title	Employment and Welfare Support Services
Executive Director	Annette McPartland, Interim Executive Director , Health Wellbeing and Adults
Lead Member	Councillor Janet Campbell - Cabinet Member for Families, Health & Social Care
Key Decision	2221RFG

### 1. Recommendations

The Leader of the Council has delegated to the Cabinet Member for Families, Health, and Social Care the power to make the decisions set out in the recommendations below:

#### RECOMMENDATIONS:

- 1.1 The Cabinet Member for Families, Health and Social Care, in consultation with the Cabinet Member for Resources and Financial Governance, is recommended to approve, pursuant to Regulation 28.4 (c) of the Tenders and Contracts Regulations, the award of the four contracts listed in table 1 of this Report for Employment and Welfare support services for a period of 12 months (with the option to extend for 12 a further months) from the 1st June 2021 to 31st May 2022 to those providers and for the individual contract values stated in the Part B report. The identity of providers will be released following approval of the award.

### 2. Background & strategic context

#### OVERVIEW AND CONTEXT

- 2.1 In December 2020, a strategy report was approved by the Contracts and Commissioning Board to seek approval to commission a newly integrated mental health and learning disability employment and welfare support services, to form a refined pathway of Supported Employability and Welfare Services with an overall maximum annual value across all four contracts of £522,407 for a period of 12 months from 1 April 2021 with the option to extend for a further 12 months (total value of £1,044,814)
- 2.2 In commissioning a new service, the number of contracts in scope would be reduced from seven to four, resulting in a decrease in contract value from £726,000 to £522,407 in current spend on Welfare and Employment services. The reduction in value, demonstrates the council commitment to “spending within its means” as part of the essential spend criteria, whilst ensuring support services are in place, to prevent or delay the impact of higher cost interventions. The CCG provide funding of £15,000 per annum.
- 2.3 The procurement exercise commenced on the 10 February 2021 and concluded on the 26 March 2021. This report seeks approval to award the four new services as set out in the procurement strategy report (Approval Reference Number CCB) and the table referenced in the table 1 below:
- 2.4 This report is to modernise the Welfare and Employment services support for residents and reduce spend by £167,000 per annum. Awarding the contracts for one year will allow a full review of all information and advice contracts and commissioned services, for possible future budget savings and rationalising of service to residents to avoid duplication.
- 2.5 Service lots tendered under the Employment and Welfare Tender are set out in the table below

	<b>Contract/Service</b>
Lot 1	MH High Intensity Support Service
Lot 2	MH Employment and Wellbeing Support Service
Lot 3	LD Employment Support Service
Lot 4	Welfare and Benefits Advice and Casework Service

## **PROCUREMENT PROCESS**

- 2.6 Each of the separate Employment and Welfare services contracts are established under Regulations 74 to 77 of the Public Contracts Regulations (PCR) 2015 'Light Touch Regime' (LTR). The tender process was aligned to the standard Open Procedure
- 2.7 The tender was published in February 2021 and the tender evaluation was completed in March 2021. This report summarises the outcome of the tender opportunity and the providers to deliver services under each lot from 1<sup>st</sup> July 2021

### **Evaluation**

- 2.8 The tender response document was sectioned into three distinct areas; Selection Questionnaire (SQ) Compliance, quality and price.
- 2.9 An evaluation panel was established and included social care professionals and service users who had accessed Employment and Welfare services.
- 2.10 Bidders were required to complete a Selection Questionnaire (SQ) to assess their suitability and capability to deliver the service. The standard SQ compliance questions covered the following;
- Grounds for mandatory or discretionary exclusion.
  - Economic and financial standing.
  - Insurance requirements.
  - Relevant experience and contract examples.
  - Requirements under Modern Day Slavery Act 2015.
  - Requirements under Public Sector Equality Duty.
  - Health and safety requirements.
  - General Data Protection Regulations (GDPR) and Information Management requirements
- 2.11 Successful providers were required to score minimum score of 3 out of 5 for all method statements. Method statements were as follows;

Employment and Welfare Procurement Weightings for questions	
<b>Question</b>	<b>weightings</b>
Supplier information	Info only
Exclusion Grounds	Pass/Fail

Minimum Suitability Thresholds	Pass/Fail
Insurance	Pass/Fail
Business Continuity	Pass/Fail
London Living Wage	Pass/Fail
GDPR	Pass/Fail
PSP	2.00%
7.2 – Social Value	10.00%
8.2 – Knowledge and Performance	5.00%
8.3 – Evidencing Outcomes	10.00%
8.4- Service Delivery	3.00%
8.5 – Service Delivery	6.00%
8.6 – Safeguarding	3.00%
8.7 – Service Integration	10.00%
8.8 – Digital Services	5.00%
8.9 – Performance Monitoring	6.00%

2.12Tender applications received, were individual accessed by each member of the evaluation panel and scores moderated. Moderation meetings were chaired by the Lead Procurement Officer. Providers who successfully met the criteria will deliver Employment and Welfare services as set out under each lot.

2.13The Quality/Price evaluation ratio is 60%/40% to ensure that providers submit competitive prices without compromising quality. The successful provider for each lot scored the highest total score for price and quality.

2.14Contract management arrangements will be held centrally within Commissioning and Procurement and will include input from key stakeholders including Mental Health and the CCG. Service performance will be monitored as agreed in the terms and condition of the contract.

### Results from the Evaluation Process

A result summary of the evaluation process are set out below by service lot. A total of 69 organisations expressed an interest in the tendering opportunity, with 14 submitting a tender response. A total of 11 applications were evaluated and the results set by Lot in tables 2.15- 2.18. Provider 1, 2 and 10 failed stage one of the procurement process which relates to compliance and are therefore not reflected in the tables. Successful providers are highlighted in grey

### 2.15 Lot 1: MH High Intensity Support Service

LOT 1	Provider 4	Provider 11
PSP & Social Value	6.00%	10.00%
Method Statements	32.60%	39.00%
Total Quality Score	38.60%	49.00%
price score	36.10%	40.00%
TOTAL SCORE	74.70%	89.00%

### 2.16 Lot 2: MH Employment and Wellbeing Support Service

LOT 2	Provider 2	Provider 4	Provider 6	Provider 8	Provider 9	Provider 11
PSP & Social Value	4.00%	6.00%	12.00%	8.00%	2.00%	10.00%
Method Statements	33.40%	31.80%	38.40%	44.40%	25.20%	36.60%
Total Quality Score	37.40%	37.80%	50.40%	52.40%	27.20%	46.60%
price score	37.51%	35.12%	36.29%	39.53%	39.16%	40.00%
TOTAL SCORE	74.91%	72.92%	86.69%	91.93%	66.36%	86.60%

### 2.17 Lot3 3: LD Employment Support Service

LOT 3	Provider 4	Provider 5	Provider 6	Provider 7	Provider 11	Provider 12	Provider 13
PSP & Social Value	6.00%	6.00%	12.00%	8.00%	10.00%	6.00%	4.00%
Method Statements	32.40%	30.00%	41.20%	42.20%	38.20%	37.00%	17.80%
Total Quality Score	38.40%	36.00%	53.20%	50.20%	48.20%	43.00%	21.80%
price score	35.32%	40.00%	35.72%	36.97%	39.16%	35.44%	35.82%
TOTAL SCORE	73.72%	76.00%	88.92%	87.17%	87.36%	78.44%	57.62%

### 2.18 Lot 4: Welfare and Benefits Advice and Casework Service

LOT 4	Provider 3	Provider 8
PSP & Social Value	7.60%	8.00%



Method Statements	30.60%	45.00%
Total Quality Score	38.20%	53.00%
price score	39.70%	40.00%
TOTAL SCORE	77.90%	93.00%

## LOCAL CONTEXT

2.19The **Croydon Renewal Plan** sets the framework which Croydon will operate within over the next three years. It lists the following priorities for Croydon:

- We will live within our means, balance the books and provide value for money for our residents – The commissioned services reduce the overall contract value for Employment and Welfare services by 25%.
- We will focus on tackling ingrained inequality and poverty in the borough – Services will support vulnerable residents – the unemployed who need to support to maximise their income and get into work.
- We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice – We know that COVID has impacted disproportionately on the residents these contracts will seek to support.
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand. – Key Performance Indicators will show the impact of the commissioned services to support people to be independent at home and out of secondary care.

2.20The **Care Act 2014** set out the responsibilities of local authorities to ensure that people have access to a wider range of services to improve individuals' well-being and give them more control and personal choice over their care including:

- 1 physical and mental health and emotional well-being
- 2 participation in work, education, training or recreation
- 3 providing information and advice

## RISKS

Risk	Mitigation
Risk of awarding/ not awarding the contract	<p>In awarding the contract there is a risk that mobilisation may be delayed or impacted by procurement challenge within the standstill period.</p> <p>In not awarding the contract there is a risk that further delay would impact business continuity for current providers delivering the service and those who have successfully tendered for the contracts referenced in this report. There is also a risk in relation to the continuity of services for vulnerable residents should the contract not be awarded.</p>

		Mitigation around this is to ensure internal governance processes are followed, communication and stakeholder relationship is effectively managed and that there is a contingency plan in place to ensure service delivery is not affected.
	Risk of procurement challenge	Any challenge to the procurement can be mitigated with clear evidence of how the tender exercise was carried out under Regulations 74 to 77 of the Public Contracts Regulations (PCR) 2015 'Light Touch Regime' (LTR). The tender process was aligned to the standard Open Procedure
	Risk of political challenge	<p>There is a general risk of complaint as not all incumbent providers will continue to hold a contract with the council for Employment and Welfare services. This may leave some organisations vulnerable in relation to their sustainability</p> <p>The mitigating action is that the services were reviewed in line with the council's commissioning approach and there is a working plan to ensure mental health services are integrated and there is a clear pathway in place that is accessible by all.</p>

### 3. Financial implications

Details	Internal Capital	Revenue	Period funding of	External		Period of funding
				Capital	Revenue	
MH High Intensity Support Service		£135,000	2 years			
MH Employment and Wellbeing Support Service		£451,730	2 years			
LD Employment Support Service		£148,000	2 years			
Welfare and Benefits Advice and Casework Service		£310,084	2 years			
Total cost		<b>£1,044,814</b>				

- 3.1 The figures provided sets out the cost of the 4 contracts under Employment and Welfare services as £522,407 for 1st June 2021 to 30th May 2021 (12 month period).
- 3.2 The funding for all 4 services is split across Mental Health (MH) budget and Contracts budget sitting in Commissioning and Procurement - Adults, Health and Integration (C&P) and the South West London CCG.
- 3.3 In relation to the council **essential spend criteria**, Employment and Welfare services address the 'preventing it from getting worse' criteria. Current services play an important preventative role in diverting service users away from higher cost interventions and enabling independence, self-sufficiency and social inclusion of client groups that typically experience barriers in accessing mainstream support and opportunities. Additionally the services under each contract is required to support or sign post individuals accessing the service to access financial support they are entitled to, directing costs away from the local authority where applicable. The services will help meet our Care Act responsibilities and are in line with the Croydon Renewal Plan priorities. The services should prevent residents going into crisis and requiring longer term costly interventions.

## 4. Supporting information

### OPTIONS CONSIDERED AND REJECTED

#### OPTION 1: Do not award the contract

- (i) Without sufficient information we cannot accurately scope the impact this decision would have on service user wellbeing. However market engaged carried out in September 2020, highlighted that withdrawal of these specialist community services could increase usage and dependency of other council services as well as inhibiting step downs.
- (ii) There is a risk that withdrawal of these specific community services could negatively affect DToC rates.

### CONTRACT MANAGEMENT AND OWNER

1. Employment and Welfare Employment support services will be contract managed by the Commissioning and Procurement team with input from key stakeholders including Mental Health and the CCG. Contract performance measures will include:

- Review of performance targets agreed as part of the Key Performance Indicators
- Progress in implementing the Mental Health Transformation Hub
- Improving access to Employment and Welfare support across all services.

**Equalities:** In developing the procurement strategy provider engagement was undertaken, and feedback captured. This is being used to undertake an Equality Analysis to determine whether any changes to the service will have an impact.

**Social Value:** The successful provider for each service contract set out their social value offer as part of their tender response document to the procurement opportunity.

**London Living Wage:** The successful provider for each service contract has agreed to meet LLW requirements as part of their tender response document. This will be monitored as part of the contract management of the service

**Data Protection Impact Assessment** – There is unlikely to be flow of information from council to providers as services will be via self-referral. However a data protection impact assessment will be undertaken as part of the service implementation process and prior to entering into a contract as anonymised data may be shared across successful organisations during the service mobilisation phase.

## 2. Conclusion and reasons for recommendations

The contracts have been procured as set out in the procurement strategy and will form part of the Council's core offer in relation to Employment and Welfare services, providing continuity of services for residents with mental health and secondary health conditions to access support within the community. Award approval of the new services will also enable the council to realise savings attached to the re-procurement exercise for the financial year 2021/22. Therefore the recommendation is to award the four contracts to the providers set out in section 2.5 for a period of 12 months from the 1<sup>st</sup> June 2021 to the 30<sup>th</sup> May 2022 at a cost of £522,407

## 3. Outcome and approvals

Outcome	Date agreed	
	Service Director	10.05.21
	Cabinet Member for Finance & Resources	25.05.21
	Legal Services	19.5.2021
	Head of Finance	18.05.21

	Human Resources (if applicable)	<i>N/A</i>
	C&P Head of Service	<i>25.05/21</i>
	Lead Member	<i>25.05.21</i>
	CCB	<i>CCB1682/21-22 (25/05/2021)</i>

#### 4. Comments of the Council Solicitor

*There are no additional legal considerations directly arising from the report*

Approved by Sonia Likhari on behalf of the Director of Law and Governance

#### 5. Chief Finance Officer comments on the financial implications

*Total budget is available. A new split will need to be decided once the contract is awarded*

Approved by Mirella Peters on behalf of the Chief Finance Officer

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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# Contracts & Commissioning Board (CCB)

## Contract Variation Report

Date of meeting	25/02/2021
By	Paul Connolly – Strategic Category Manager
Title	The Young Person & Care Leavers Service – Contract Extension
Project Sponsor	Julia Pitt - Director of Gateway Services
Executive Director	Alison Knight – ED Housing
Lead Member	Cllr Hay–Justice - Cabinet Member for Homes & Gateway Services
Key Decision	1020H

### 1. Recommendations

The Cabinet Member for Resources and Financial Governance in consultation with the Leader is recommended to approve (in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations):

1. An extension by way of variation of 'The Young Person & Care Leavers Service' contract awarded to CAYSH for an extension period of 3 months to 30<sup>th</sup> September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00

### 2. Background & strategic context

The below report will look to demonstrate that extending the Young Person & Care Leavers Service for a further 3 months to 30<sup>th</sup> September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00 is needed to allow the commissioning teams to implement the Dynamic Purchasing System for Independent Living and Supported Housing new lot, specifically Lot 3 which contains providers that are specific to Young People Accommodation Support Services.

Once this DPS 3 Lot 3 has cleared all relevant governance and becomes operational the commissioning team will look to execute the short term recommissioning programme, as outlined below, and re-procure the service in its entirety for a maximum length of two years. This 2 year (1+1) contract will afford the council enough time to create a Temporary Accommodation strategy, followed by Supported Housing strategy which will allow the commissioners to implement a long term sustainable option.

#### BACKGROUND

The Council has a statutory duty to support a wide range of Croydon residents who are either homeless or at risk of homelessness as outlined in the Homelessness Reduction Act 2017. To meet this requirement the council uses a number of supported housing services. 'Supported housing' is defined as any housing scheme where housing, support and sometimes care services are provided as an integrated package. This can include support with health needs, including mental health, drug and alcohol use, managing benefits and debt, developing daily living skills and accessing education, training and employment.

Specifically to the contract in question, the council has a statutory duty to support a wide range of Croydon residents who are either homeless or at risk of homelessness from the ages of 16 to 24 as outlined in the Homelessness Reduction Act 2017. In order to fulfil this duty, the Council has commissioned 'The Young Person & Care Leavers Service' currently provided by CAYSH. A service providing accommodation based support, floating housing related and restoring families' support for young people aged 16 – 24, commissioned by Gateway Services.

The Young Person & Care Leavers Service supports a wide range of Croydon residents who are homeless from the ages of 16 to 24. Support can either be directly provided through, for example, sourcing new accommodation or indirectly provided via information, advice and support.

There are a number of key reasons why this particular cohort becomes homeless or at risk of homelessness within Croydon:

- Parental evictions

- Conflicts with the family
- Parents facing financial difficulties
- Parental support needs
- Care Leavers, who have no supportive family

### **Original procurement and previous extensions**

The original service was procured in 2013 for an original term of 4 years (3+1) at a value of £2,493,600. The service was subsequently extended through the Integrated Framework Agreement (IFA) until the 31<sup>st</sup> of March 2020 which increased the aggregated value to £3,974,175.00.

A further extension, outside the terms of the IFA, was completed by way of variation and was taken through all appropriate governance in November 2020, for a total extension 15 months. This extension increase the aggregated value to £4,683,213.00 and changed the end date from 31<sup>st</sup> of March 2020 to the 30<sup>th</sup> of June 2021.

### **The Provider**

Established in 1981, CAYSH is a London-based charity delivering accommodation, advice and support services for young people facing homelessness. They deliver a number of contracts in Croydon including Turnaround Centre Drop-in Zone, 1<sup>st</sup> Base and Supported Accommodation and the Young Offender Housing Support Service. These contracts have been operating for a similar length of time and the intention is to also extend till June 2021. CAYSH provides a safe place to stay for more than 250 young people who would otherwise be homeless every night. They also provide advice and guidance to thousands more facing homelessness and other challenges.

### **The Service**

The accommodation based service discharges the Council's duty to relieve homelessness and is provided to children and young people aged 16-24. The service has 74 units for accommodation based housing related support and 35 units of housing related floating support. Floating support assists young people to sustain independent tenancies. The accommodation provided by the service is not council owned, but is provided by the service provider. The service works with families and carers to enable young people to remain in, or return to the family home and is commissioned to carry a caseload of 29 young people at any one time.

The overall aim of the Young People and Care Leavers' service is to:

- Prevent and relieve youth homelessness
- Assess and refer to suitable alternative housing, including returning to families
- Support young people to live independently
- Ensure young people are engaged in meaningful daytime activities
- Work in partnership with statutory and non-statutory organisations, families and key persons to maintain the wellbeing of the young person
- Enable young person to move on from the service in a planned way, within two years.

## **STRATEGIC CONTEXT**

### **Direction of travel**

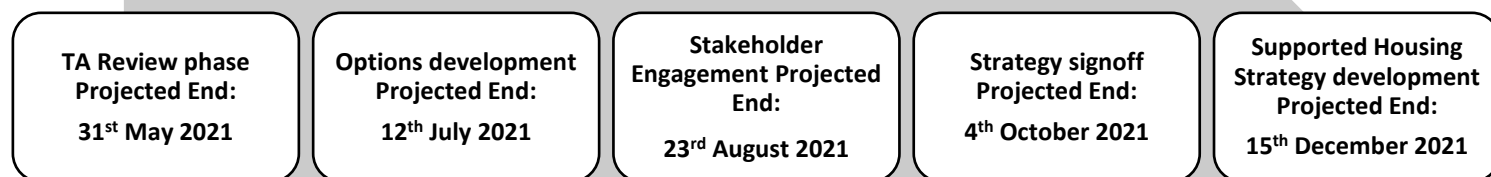
A review of the Supported housing contracts, off contract purchases and processes has highlighted the need for a single unified supported housing commissioning strategy that aligns with the Temporary Housing strategy. These refreshed and aligned strategies will seek to address the issues highlighted in the review which include:

- a) Demand management
- b) Step down
- c) Reduction in non-statutory spend
- d) Contract management -

As stated above the new supported housing strategy will require the Temporary Accommodation strategy to be completed first. However The single homelessness team, who manage the demand, have 45% of their total annual demand for supported housing met by 21 different contracts of which 11 are currently up for re-procurement in 2021, with no option to extend.



Therefore it has been agreed by internal stakeholders that a short term recommissioning programme would be put in place to provide the teams with the ability to meet demand while these strategies are created. The estimated timeline for the competition of the Temporary Accommodation (TA) and Supported Housing (SH) strategies are as follows.



### Rationale for the contract extension

**Service Stability:** Extending the current contracts for a period of 3 months will provide stability for service users whilst allowing the commissioning teams to implement the Dynamic Purchasing System for Independent Living and Supported Housing new lot, specifically Lot 3 which contains providers that are specific to Young People Accommodation Support Services.

**Fulfil the Statutory requirement:** There is a statutory requirement to ensure Croydon residents have access to the services that are provided. Extending the current contracts will enable the council to continue to contract with CAYSH to fulfil the statutory obligation.

**Strive towards outstanding:** During the last Ofsted inspection (February 2020) it was identified that services for homeless 16-17 years olds are significantly underdeveloped and results in poor experiences for young people. Whilst steps have been taken to address individual issues there is work to be done to ensure greater oversight and strategic direction. Extending the current arrangements will allow time to appropriately plan and implement new arrangements to address these issues as we continue the journey to become outstanding. This service is one of a number of services being reviewed together with the aim of insuring care leavers are supported while the service provides value for money.

### 3. Financial implications

Details	Internal Capital	Revenue	Period funding of	External		Period of funding
				Capital	Revenue	
Original Contract Value		£2,493,600.00	01 April 2013 31 March 2017			
Cost of contract after first extension		£3,974,175.00	01 April 2017 31 March 2020			
Cost of contract after second extension		£4,683,213.00	01 April 2013 30 June 2021			
Cost of proposed variation		£136,250.00	1 July 2021 30 Sept 2021			
Total Aggregated value to date		£4,819,463.00	30 March 2013 30 Sept 2021			

#### Costs of original procurement and previous extensions

As stated above, the original service was procured in 2013 for an original term of 4 years (3+1) at a value of £2,493,600. The service was subsequently extended through the Integrated Framework Agreement (IFA) outside of this term with the latest IFA extension ending on 31<sup>st</sup> of March 2020.

The most recent extension, occurred after the Integrated Framework Agreement came to an end. As such the contract was extended by way of variation and was taken through all appropriate governance In November 2020,

for a further 15 months. This extension will added an additional cost of £709,037 and increase the aggregated value from £3,974,175.00 to £4,683,213.00 and changed the end date from 31<sup>st</sup> of March 2020 to the 30<sup>th</sup> of June 2021.

### The effect of the decision

As stated above, the proposal is to extend 'The Young Person & Care Leavers Service' contract awarded to CAYSH as follows:

- 3 months to 30<sup>th</sup> September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00

The proposed 3 month extension of this contract does not exceed the available budget for 2021/22, as can be seen below.

Provider	Total contract value	Cost for 21-22	Budget 2021-22	Cost centre	Service
CAYSH - Young People & Care Leavers	£4,683,213.00	£272,500	£567,230	C13720	gateway

It should be noted that the remaining budget cannot be used for savings as this service will need to be re-procured.

### Section 114 Essential Spend

The requirement is considered to meet the essential spend criteria in accordance with S115(6A) of the Local Government Finance Act:

- *Expenditure to prevent the financial situation getting worse*

This is because the Council has statutory duties to prevent and relive homelessness under the Homelessness Prevention Act and must fulfil these duties.

Furthermore, this meets the finance criteria for essential spend, as follows:

- *expenditure required to deliver the councils statutory services at a minimum possible level*
  - *urgent expenditure to safeguard vulnerable residents*
- expenditure through ring fenced grants*

## 4. Supporting information

### CONTRACT PERFORMANCE

The numbers of people supported/at risk in 2019/20 are in the table below:

Number of new service users	148
Number of open or repeat service users	211
Number of users at risk of homelessness	293
Number of users receiving advice/support (not homeless/at risk)	60
Current Care Leavers (age 17) who may require support in the future	163

The service performs well in terms of sustaining tenancies. It does not consistently meet KPIs in terms of 'move-on' of service users though this is not unique for providers delivering this service because of Local Housing Allowance restrictions.

The Local Authority has a statutory duty to support these residents as outlined within the Homelessness Reduction Act 2017 so not delivering a service is not an option and continuing this contract with CAYSH represents the best short term option.

### PROPOSED EXTENSION VALUE & TERM

As stated above, the request is to extend, by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations, the 'Young Person & Care Leavers Service' previously awarded to CAYSH for an extension period of 3 months to 30<sup>th</sup> September 2021 at an additional cost of £136,250.00 for a maximum

aggregated contract value of £4,819,463.00. This new total aggregated value of the contract equates to a 193.27% increase in aggregated value since the start of the contract.

## LEGAL CONSIDERATIONS

During the recent Ofsted inspection (February 2020) it was identified that services for homeless 16-17 year olds are significantly underdeveloped and result in poor experiences for young people. By extending the current arrangements, it will allow time to appropriately plan and implement new strategic arrangements in order to address the identified issues. An extension will also enable the Council to fulfil the statutory obligation (prevent and relieve homelessness) whilst minimising service disruption. Ratification of this extension has been delayed by a contract backlog during COVID, with resources concentrated and supporting the care provider market as much as possible during the first peak.

## OPTIONS CONSIDERED AND REJECTED

Options considered for the contract are as follows:

- **‘Do Nothing’:** The current contract would come to their natural conclusion, and there would be no bridging service between the old and new services. The Council will retain a statutory duty to provide advice on the prevention of homelessness, and to assess its statutory duties within children’s and homelessness legislation. The short timescale to manage this transition risks delivery of a reduced service to vulnerable children and young people, a risk of failure to meet the Council’s statutory duties and failure to safeguard vulnerable young people
- **Re-procuring the services for 3 months:** The process of re-procuring the service through a competitive tender exercise would extend the service beyond the existing contract end date. Given the time constraints this will have a similar impact as described in Option 1.
- **Extend the contract with the incumbent provider for 3 months via contract variation:** This is the recommended option which would allow for the continuation of the service, the discharge of statutory duties, and a period of time to consider recommendations/re-align services to better meet the needs of Croydon residents.

## Consultation

Consultation with key senior stakeholders has taken place including the Head of Homelessness and Housing Need, Single Homeless Service manager, Gateway Leader Co-ordinator for Rough Sleeping, Executive Director for Children, Families and Education, Head of SPOC and Assessments and Head of Adolescent Services. Stakeholders are in agreement that service delivery needs to be maintained in order to meet statutory duties to accommodate vulnerable young people whilst these implications are clarified.

The current service provider, CAYSH has been consulted and they are agreeable to the 3 month extension.

Further consultation will form part of the re-commissioning of the contracts in the future. This will include market engagement and consultation with all stakeholders.

## Risks

The following risks have been identified and are being actively managed within the service:

Risk	Mitigation
Risk that the services do not deliver	<p>The contract is monitored with standards, targets and performance indicators that should mitigate against non-delivery. Performance will continue to be monitored during the extension period and the potential exit process.</p> <p>A 3 month break clause is already included within the contract, which will allow the Council to terminate</p>

	services prior to the expiry of the requested extension should this be required.
Risk of challenge from another supplier	<p>Officers recognise that the current proposals are not compliant with the Public Contracts Regulations 2015 and the multiple extensions are unlikely to be in line with the original framework agreement. There is therefore a potential risk of challenge from suppliers, however, this is deemed relatively low given the duration and value of the proposed extension.</p> <p>In any event, following the expiry of the proposed extension period the aim is to either bring the service in house, or to retender via an open procurement exercise that will help mitigate any potential risk.</p> <p>The service will begin engaging with the market in the coming months and options will be fully explored in subsequent RP2 reports.</p>
Council staffing & resources	There is some risk to completing the options appraisal, review and insourcing proposals within the extended timeframe as this will impact two statutory services. There is currently insufficient resource within Gateway to deliver future proposals. This will require project management, alignment, a clear strategic direction and a commitment from both services to resource the project appropriately.
Slippage in timescales, leading to a further extension being required	There is now an identified officer who will oversee the re-procurement of the services required to meet the needs of adults. This will be managed within the Commissioning and Procurement division.

## FUTURE COMMISSIONING PLAN AND TIMESCALES

As stated above, long term contracting arrangements cannot be completed without a long term supported housing strategy which will require a new Temporary Accommodation strategy to be completed. Therefore it has been agreed that a short term recommissioning programme would be put in place to provide the teams with the ability to meet demand while these strategies are created.

The following is an indicative timetable for carrying out the implementation of phase one of the Short Term Recommissioning Programme, as detailed above.

Activity	Proposed completion Date
CCB – RP2	27 <sup>th</sup> May 2021
Specification and Procurement Documents finalised	27 <sup>th</sup> May 2021
Market engagement and consultation	6 <sup>th</sup> June 2021
Publish Notices (4 Weeks)	29 <sup>th</sup> June 2021
Evaluation	26 <sup>th</sup> July 2021

CCB – RP3	10 <sup>th</sup> August 2021
TUPE and service transfer	30 <sup>th</sup> September 2021

### 5. Conclusion and reasons for recommendations

As stated above, this report has looked to detail the current Young Person & Care Leavers Service, its demand and the council’s statutory duties. This report has outlined the need as well as the rationale for a short term recommissioning programme and seeks approval to extend The Young Person & Care Leavers Service.

It is therefore recommended that CCB recommend to the Cabinet Member for Resources and Financial Governance in consultation with the Leader to extend by way of variation in accordance with Regulation 30 of the Council’s Tenders and Contracts Regulations the ‘Young Person & Care Leavers Service’ contract in accordance with the Regulation 30 of the Council’s Tenders and Contracts Regulations awarded to CAYSH for an extension period of 3 months to 30<sup>th</sup> September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00

### 6. Outcome and approvals

CCB outcome	Date agreed	
Approved	ED Alison Knight	26/05/2021
	Cabinet Member for Finance & Resources	25/05/2021
	Finance	10/05/2021
	Legal	13/04/2021
	leader of the council	25/05/2021
	CCB	CCB1686/21-22 27/05/2021

### 7. Comments of the Council Solicitor

Key legal considerations are addressed in the report.

Approved by Sonia Likhari, Solicitor, on behalf of the Director of Law and Governance

### 8. Chief Finance Officer comments on the financial implications

The budget is available as stated for this extension within the Gateway Directorate. Longer term financial implications will be addressed by the Temporary Accommodation strategy

Approved by Sarah Attwood on behalf of the Chief Finance Officer

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