

# Northern Ireland Quarterly Index of Services

## Quarter 3 (July - September) 2023

Theme: Economy

Frequency: Quarterly

Geographical Area: Northern Ireland

Date: 14 December 2023

### Introduction

The quarterly Index of Services (IOS) provides a timely indicator of change in output within the private sector services industries in Northern Ireland (NI). Included in this publication is the experimental Retail Sales Index (RSI) which refers to SIC 47 (Retail trade, except of motor vehicles and motorcycles) and is a subset of IOS. Output estimates are calculated from the IOS aspect of the Quarterly Business Survey (QBS). The IOS has a sample size of approximately 3,600 businesses, covering all private sector services businesses with 100 or more employees and a representative sample of smaller businesses. The latest quarterly estimates are compared to revised Quarter 2 2023 and Quarter 3 2022 estimates.

### Key Points

- The NI IOS increased by 1.5% over the quarter (July - September), reaching a new series high. NI IOS increased by 3.5% over the year and 2.3% on a rolling four quarter basis.
- UK output decreased by 0.1% over the third quarter of 2023 but saw an increase of 0.5% over the year.
- NI services output is now 8.0% above the pre-Coronavirus pandemic level seen in Quarter 4 2019 while UK services output is 3.8% above its Quarter 4 2019 level. NI services output is 38.5% higher than the series low point (Quarter 2 2020).
- Over the quarter the Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service sector increased by 0.6%; the Business services and finance sector increased by 4.0%; the Other services sector increased by 1.3%; and the Transport, storage, information and communications sector also increased by 3.4%.
- Over the year there were increases seen in Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service sector (1.9%); the Business services and finance sector (11.0%); and the Other services sector (5.0%). The only sector to show a decrease was the Transport, storage, information & communication sector (1.5%).
- NI Retail Sales Index output decreased 0.9% over the quarter; increased by 3.6% over the year; and decreased by 0.1% over the most recent four quarters compared to the previous four quarters.

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## Accredited Official Statistics

[Accredited official statistics](#) are a sub-set of official statistics that have been independently reviewed by the Office for Statistics Regulation and confirmed as complying with the standards of trustworthiness, quality, and value in the [Code of Practice for Statistics](#). Accredited official statistics are called National Statistics in the Statistics and Registration Service Act 2007.

These accredited official statistics, the quarterly Index of Services (IOS), were **independently reviewed** by the Office for Statistics Regulation in August 2011. They comply with the standards of trustworthiness, quality and value in the Code of Practice for Statistics and should be labelled 'accredited official statistics'.

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value, and it is our responsibility to maintain compliance with these standards.

Since the assessment by the UK Statistics Authority, we have continued to comply with the Code of Practice for Statistics and have made the following improvements:

- Removed pre-release access to enhance trustworthiness and also brought the publication date forward as a result;
- Reduced [business burden](#) by offering the option of online data returns.
- Improved accessibility of Index of Services Statistics by amending the format and structure of reports in line with accessibility regulations.
- [Consulted users](#) on streamlining the IOS statistical bulletin.

In line with the [Guide to Experimental Statistics produced by ONS](#), the Northern Ireland RSI has been produced as an Experimental Statistic as the methods continue to be reviewed and developed.

# NISRA Outputs Consultation

NISRA recently consulted on proposed changes to statistical outputs, this output was part of that consultation. The consultation, which ended on 15 October, sought views from users and stakeholders to help NISRA to address the financial constraints imposed by the budget settlement for 2023-24, whilst minimising the impact on users and stakeholders. The full report on the outcome of the consultation, including users' responses, actions planned and mitigations, can be found on the [consultation webpage](#).

**Northern Ireland Quarterly Index of Services Proposal:** The statistical bulletin will be reduced to headline results only. The bulletin will be reduced from 17 pages to approximately 5 pages. Additionally, the Retail Sales Index statistics will be included in this bulletin rather than a separate one. Data will continue to be provided in the existing supplementary tables, with the number of supplementary tables remaining the same (15 Index of Services tables and 5 Retail Sales Index tables).

**Northern Ireland Quarterly Index of Services Action:** NISRA welcomes the positive feedback that users provided on this release, and we understand the concerns raised about the proposed changes. In view of ongoing financial pressures, NISRA will proceed with scaling back the statistical bulletin as planned. However, the position will be kept under review.

**Northern Ireland Quarterly Retail Sales Index Proposal:** The statistical bulletin will no longer be produced, the Retail Sales Index headline figures and scaled back commentary will be included in the Index of Services bulletin. The Retail Sales Index supplementary tables will continue to be published along with the Index of Services output (approximately 5 tables).

**Northern Ireland Quarterly Retail Sales Index Action:** NISRA will proceed with plans to stop producing an RSI bulletin and instead include it in the Index of Services bulletin, ensuring that users are appropriately informed of the change.

**Date proposed change will come into effect:** 14 December 2023

## Index of Services Output Definition

The quarterly Index of Services (IOS) measures the change in output within the private sector services industries. Output, in this context, is defined as:

**Output:** turnover, the value of total sales generated from all NI based activity, excluding VAT. Turnover is rounded to the nearest thousand and is then grossed and deflated. This turnover is then converted into an index value which is a convenient form of expressing a series in a way that makes it easier to see changes in that series. The numbers in the series are expressed relatively, in this case the average of the turnover in 2019 chosen to be the 'base' (expressed as 100) and other turnover values being measured relative to this base.

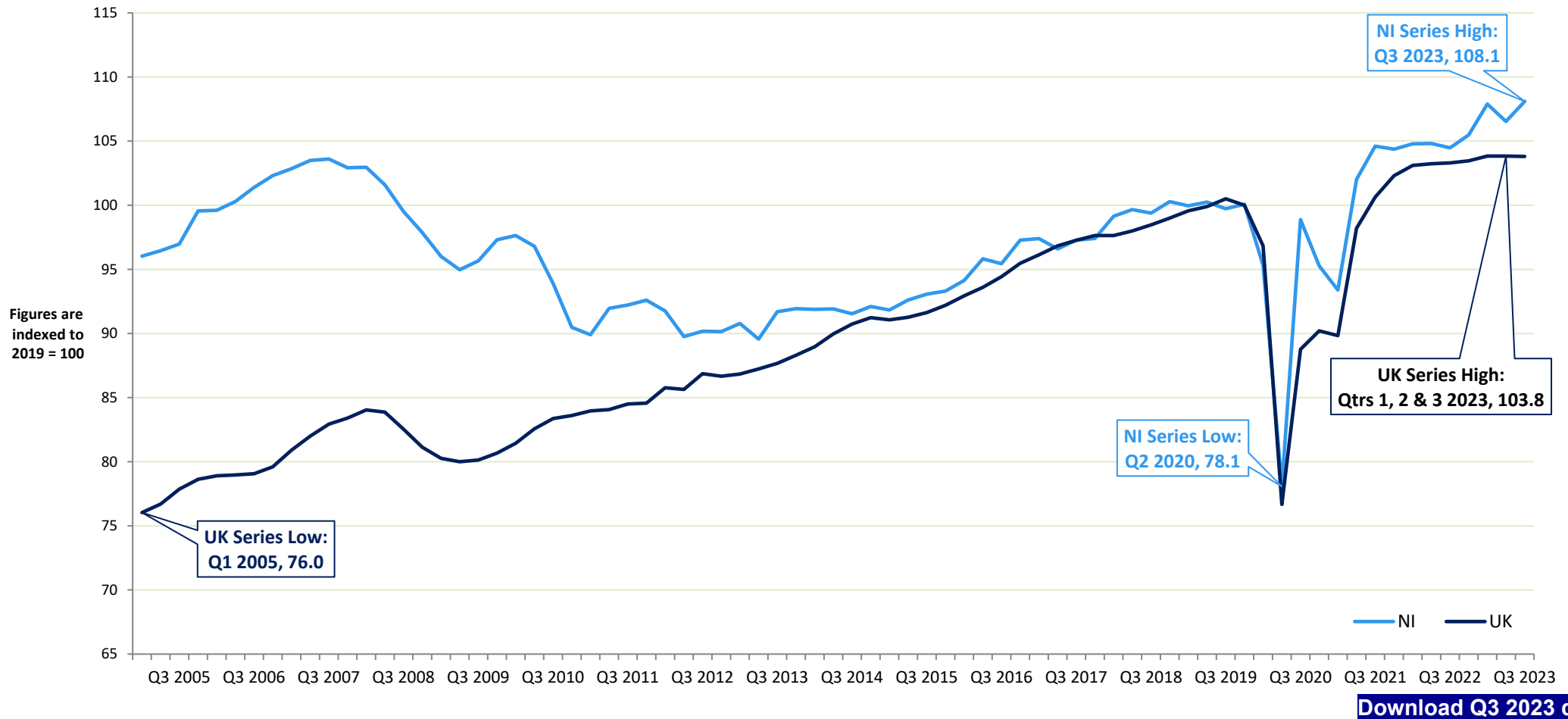
# 1 Summary of Index of Services

## 1.1 Changes in Index of Services

The seasonally adjusted estimate for the NI IOS for Quarter 3 2023 showed that output increased:

- by 1.5% over the quarter from the Quarter 2 2023 revised estimate;
- by 3.5% over the year from the Quarter 3 2022 revised estimate; and
- by 2.3% when the most recent four quarters are compared to the previous four quarters.

Figure 1.1 IOS, NI & UK, Q1 2005 – Q3 2023

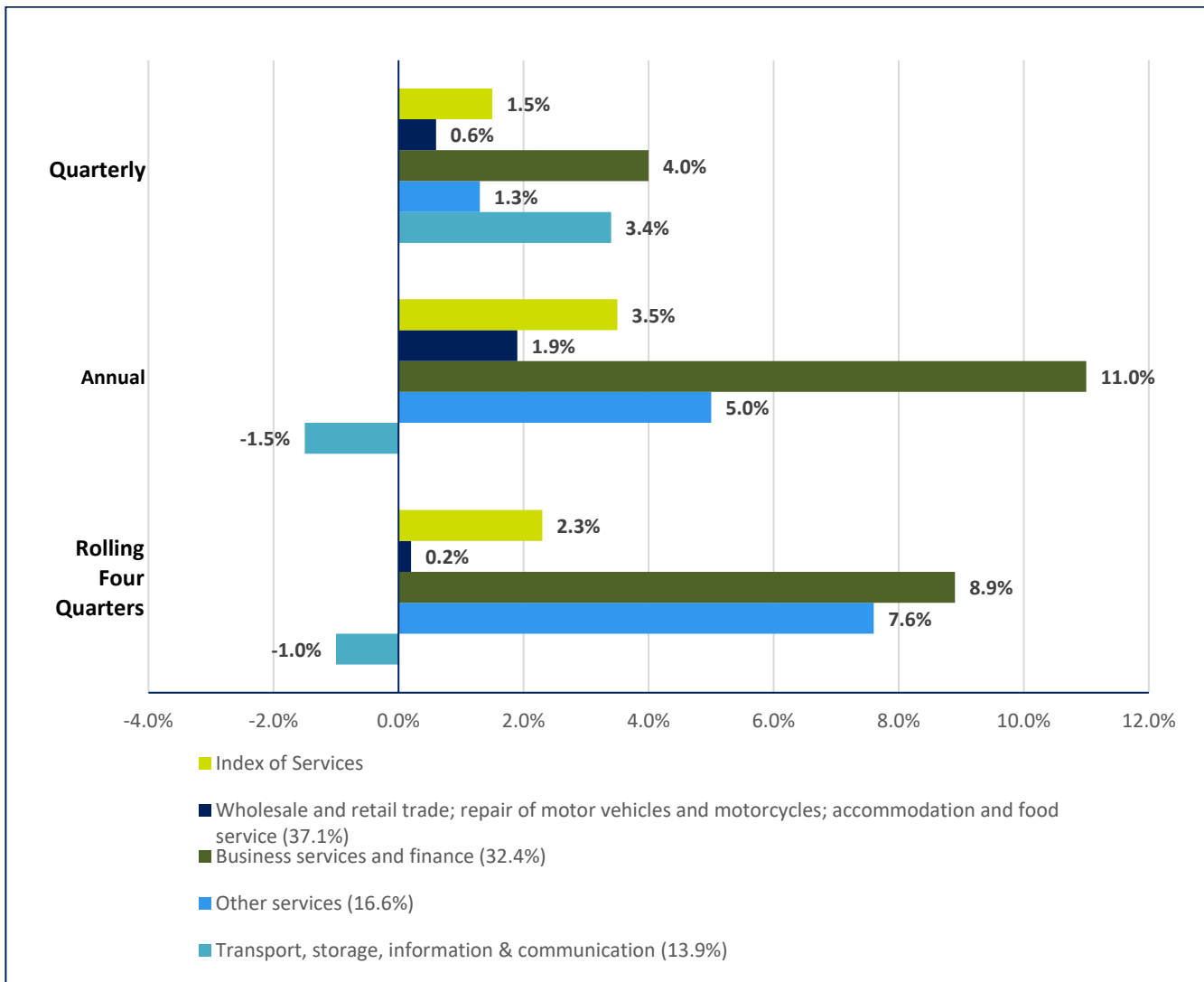


## 1.2 Commentary

NI services sector output increased over the third quarter of 2023 and is at a new series high. Services sector output increased by 1.5% over the quarter, and over the year output saw a 3.5% increase. Output in the NI services sector is 38.5% higher than the series low seen in Quarter 2 2020.

Between Quarter 1 2015 and Quarter 2 2020 both the NI and UK indices followed a similar trend until Quarter 2 2020. While the two series show a similar level of decline in Quarter 2 2020, the NI index saw a greater increase in Quarter 3 2020 than the UK series. Subsequent recovery has seen the series diverge but follow similar trends, with the NI index now outperforming the UK index. The NI Index of Services is now 8.0% above the pre-pandemic level seen in Quarter 4 2019, and the UK IOS is 3.8% above the pre-pandemic level.

**Figure 1.2 NI IOS Quarterly, Annual and Rolling Four Quarter Changes at Sector Level<sup>1</sup>**



Note that each broad sector index and the overall IOS index are seasonally adjusted independently of each other. It is not appropriate to directly compare the changes in the broad sectors to the changes in the overall IOS index.

A number of changes have been made by ONS to the methods and data sources used in compiling the UK series as part of [Blue Book 2023](#). This has resulted in greater revision to the UK data than is normally expected. Further detail on the changes can be found in the [ONS GDP Monthly Estimate UK: Sept 2023](#).

## 2 Services output by sector

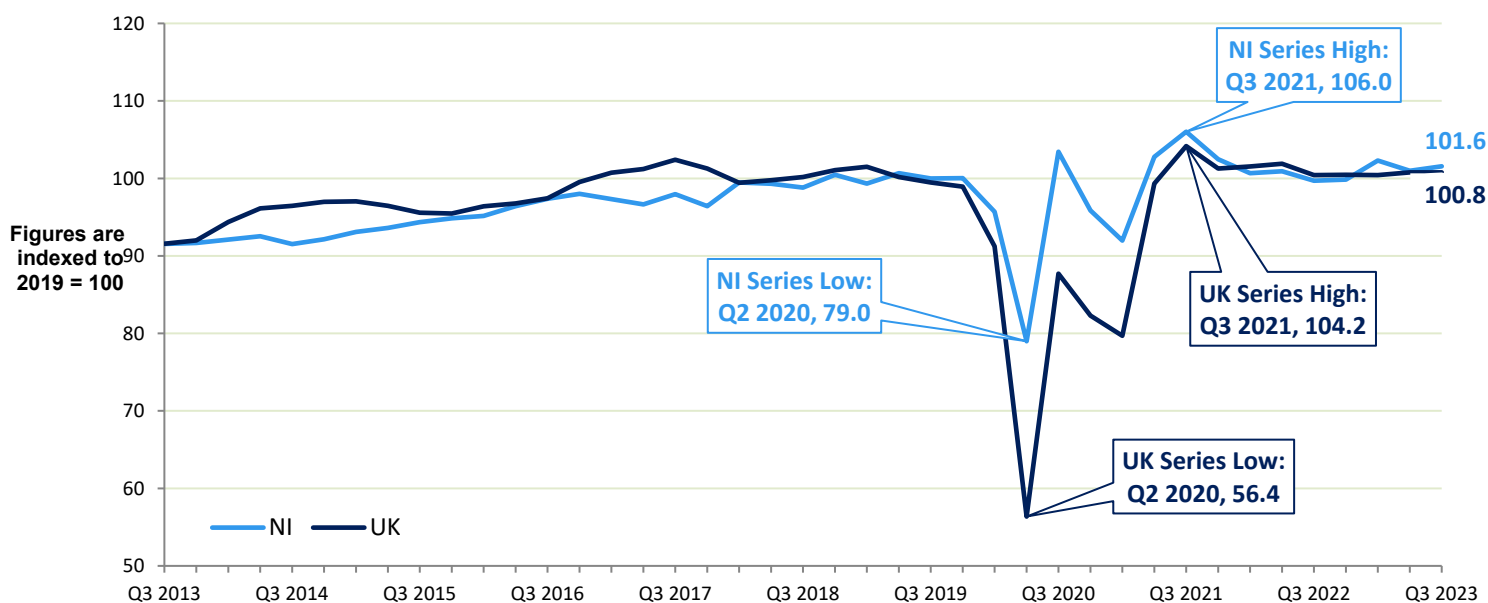
### 2.1 Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service sector

**(SIC 07 Section G1) – (weight = 37.1% of IOS):** includes the wholesale and retail sale and the supply of services incidental to the sale of merchandise as well as the repair of motor vehicles and motorcycles. This sector also includes the provision of short-stay accommodation for visitors and the provision of complete meals and drinks fit for immediate consumption.

#### Key Findings:

- The NI seasonally adjusted figures increased:
  - by 0.6% over the quarter;
  - by 1.9% over the year; and
  - by 0.2% on a rolling four quarter basis.
- The UK seasonally adjusted figures:
  - remained constant over the quarter;
  - increased by 0.3% over the year; and
  - decreased by 0.7% on a rolling four quarter basis.
- NI output in Quarter 3 2023 is 28.6% higher than the series low (Quarter 2 2020).
- NI output is 4.2% below the series high (Quarter 3 2021).
- NI output in this sector is 1.5% above its pre-pandemic level seen in Quarter 4 2019.

**Figure 2.1 Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service sector, NI & UK, Q3 2013 – Q3 2023**



[Download Q3 2023 data](#)

The NI and UK indices followed a similar trend in this sector until Quarter 1 2020 when the UK series saw a greater decrease than the NI series. Subsequent recovery has seen the series diverge slightly but follow similar trends. In Quarter 3 2023 the UK index has dropped 3.3% from its series high in Quarter 3 2021 and is now 1.9% above its pre-pandemic level seen in Quarter 4 2019. The NI index is now 4.2% below the series high seen in Quarter 3 2021 but remains 1.5% above its pre-pandemic level.

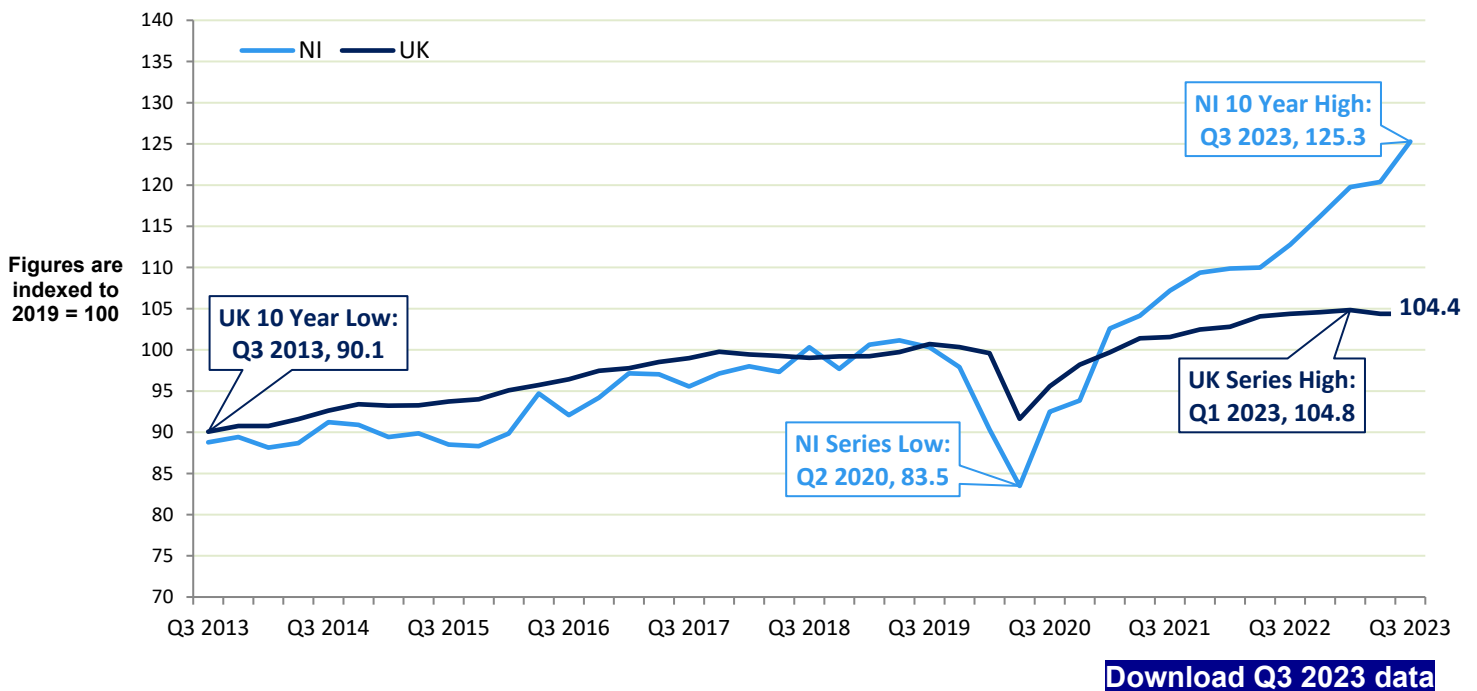
## 2.2 Business services and finance sector

**(SIC 07 Section KLMN) - (weight = 32.4% of IOS):** includes financial service activities, real estate activities, specialised professional, scientific and technical activities and a variety of activities that support general business operations.

### Key Findings:

- The NI seasonally adjusted figures increased:
  - by 4.0% over the quarter;
  - by 11.0% over the year; and
  - by 8.9% on a rolling four quarter basis.
- The UK seasonally adjusted figures:
  - remained constant over the quarter;
  - remained constant over the year; and
  - increased by 1.1% on a rolling four quarter basis.
- NI output in Quarter 3 2023 is at a 10 year high.
- NI output in Quarter 3 2023 remains 10.1% below the highest point since the series began (Quarter 1 2008).
- NI output is now 28.0% above the pre-pandemic level seen in Quarter 4 2019.
- UK output in Quarter 3 2023 is now 0.4% below the series high seen in Q1 2023.

**Figure 2.2 Business services and finance sector, NI & UK, Q3 2013 – Q3 2023**



The UK index in the Business services and finance sector generally outperformed the NI index between 2013 and Quarter 4 2020. NI output saw a larger decrease in 2020 than UK output and reached a series low in Quarter 2 2020, before recovering throughout 2021 and 2022 to outperform the UK level. NI output in Quarter 2 2023 is now 49.9% above the Quarter 2 2020 series low. The UK Quarter 2 2023 level is 4.0% above the pre-pandemic level seen in Quarter 4 2019 but is 0.4% below the series high seen in Quarter 1 2023.

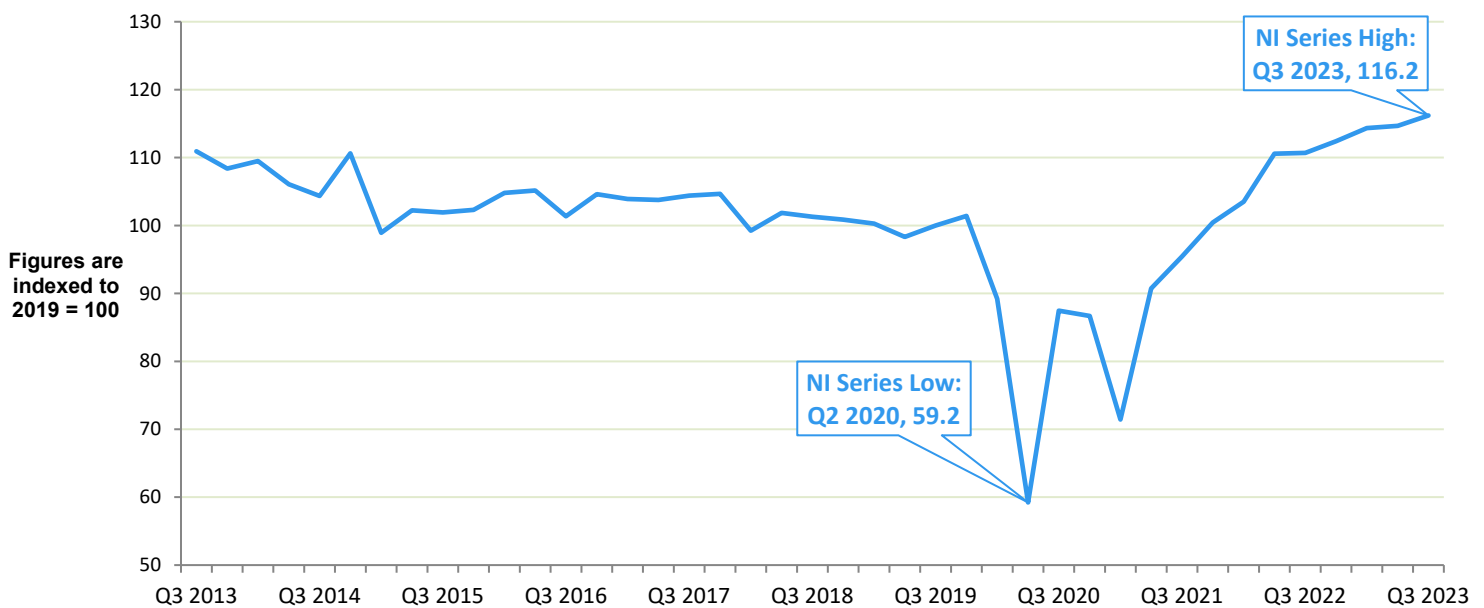
## 2.3 Other services sector<sup>1</sup>

**(SIC 07 Section PQRS) - (weight 16.6% of IOS):** includes other activities not covered elsewhere - education, health & social work, arts, entertainment and recreation and other services.

### Key Findings:

- The NI seasonally adjusted figures increased:
  - by 1.3% over the quarter;
  - by 5.0% over the year; and
  - by 7.6% on a rolling four quarter basis.
- NI output in Quarter 3 2023 is at a series high.
- NI output in Quarter 3 2023 is 96.2% above the lowest point since the series began (Quarter 2 2020).
- NI output is now 14.6% above the pre-pandemic level seen in Quarter 4 2019.

**Figure 2.3 Other services sector, NI, Q3 2013 – Q3 2023**



[Download Q3 2023 data](#)

The NI index followed a consistent trend in this sector between Quarter 1 2015 and Quarter 4 2019. The index fell to a series low in Quarter 2 2020, 41.6% below the pre-pandemic level seen in Quarter 4 2019. The index has since recovered to be 14.6% above the level seen in Quarter 4 2019.

<sup>1</sup> The UK does not publish results on the same basis as NI so there are no UK results to compare against.



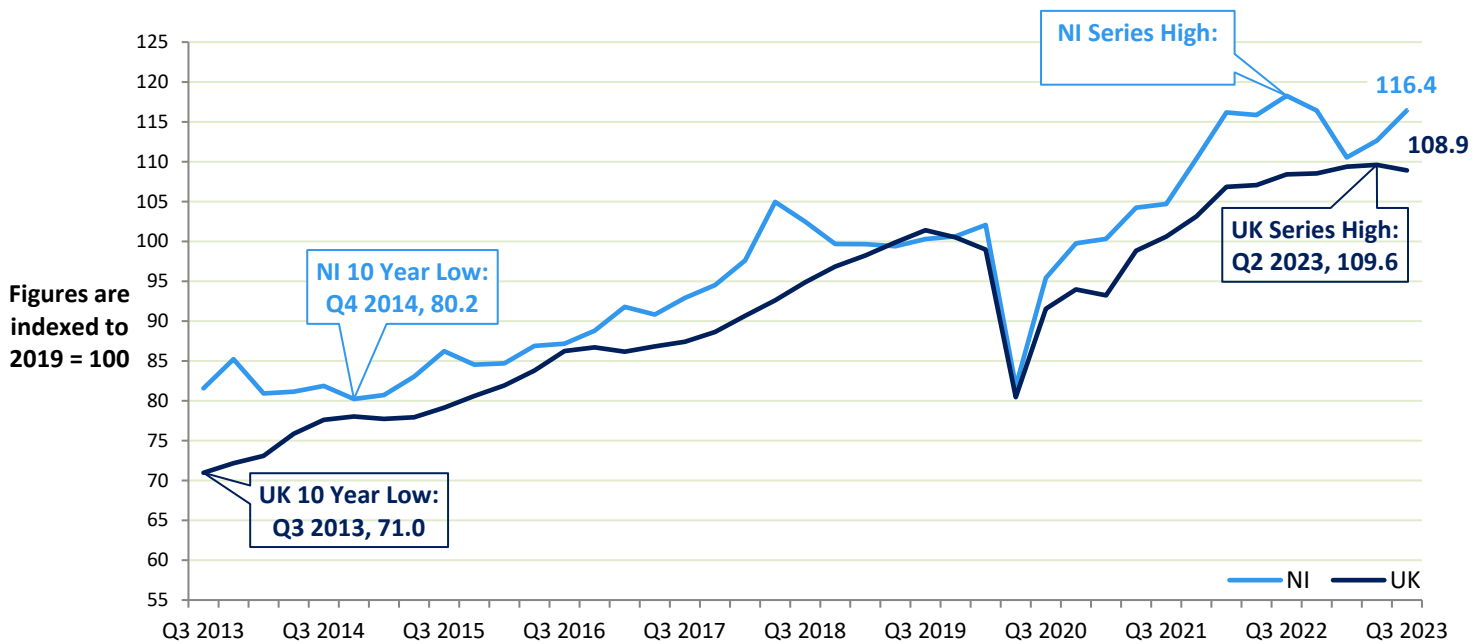
## 2.4 Transport, storage, information and communications sector

**(SIC 07 Section HJ) - (weight 13.9% of IOS)** : includes the provision of passenger or freight transport and associated activities, postal and courier activities, the production and distribution of information and cultural products, as well as data or communications, information technology activities and the processing of data and other information service activities.

### Key Findings:

- The NI seasonally adjusted figures:
  - increased by 3.4% over the quarter;
  - decreased by 1.5% over the year; and
  - decreased by 1.0% on a rolling four quarter basis.
- The UK seasonally adjusted figures:
  - decreased by 0.6% over the quarter;
  - increased by 0.5% over the year; and
  - increased by 2.6% on a rolling four quarter basis.
- NI output is now 1.5% below the series high seen in Quarter 3 2022 while UK output is 0.6% below the series high seen in Quarter 2 2023.
- NI output in Quarter 3 2023 is 45.1% above the lowest point recorded over the past ten years (Quarter 4 2014) and is 99.1% above the lowest point recorded since the series began (Quarter 1 2005).
- The NI level is now 15.7% above its pre-pandemic level seen in Quarter 4 2019.

**Figure 2.4 Transport, storage, information and communications, NI & UK, Q3 2013 – Q3 2023**



[Download Q3 2023 data](#)

The NI and UK indices were both on an upward trend in the Transport, storage, information and communications sector throughout the series until the decline seen in Quarter 2 2020. Since then both the NI and UK indices have recovered and are now above the pre-pandemic levels seen in Quarter 4 2019, with the NI index having reached a series high in Quarter 3 2022, decreasing over the next two quarters, before starting to increase again. The UK index has decreased slightly from its series high last quarter. The NI index is now 15.7% above the pre-pandemic level seen in Quarter 4 2019, while the UK index is 8.4% above its Quarter 4 2019 level.

# 3 Retail Sales Index

The quarterly RSI provides a timely indicator of change in output within the private retail service industries in Northern Ireland (NI). The retail sales sector refers to SIC 47 (Retail trade, except of motor vehicles and motorcycles) and is a subset of the Index of Services (IOS) aspect of the Quarterly Business Survey (QBS). In line with the [Guide to Experimental Statistics produced by ONS](#), the Northern Ireland RSI has been produced as an Experimental Statistic, as it is still in the testing phase and continues to be reviewed and developed

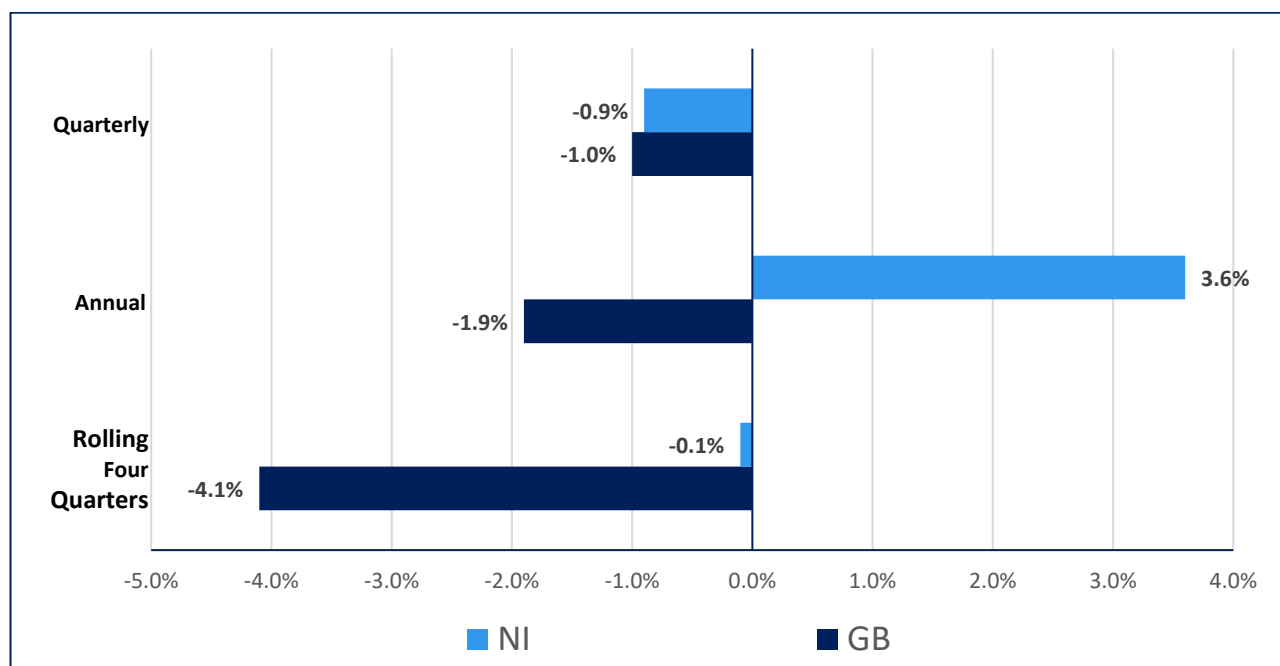
## Key Points

- Retail output in NI decreased by 0.9% over the quarter to Quarter 3 2023 and increased by 3.6% over the year.
- GB RSI output saw a decrease of 1.0% over the quarter and a decrease of 1.9% over the year.
- NI RSI output remains 5.0% below the pre-Coronavirus pandemic level seen in Quarter 4 2019 while GB RSI output is now 2.9% below its Quarter 4 2019 level.
- When the most recent four quarters are compared to the previous four quarters the NI RSI decreased by 0.1% and the GB RSI decreased by 4.1%.
- NI RSI output is 8.5% below the series high seen in Quarter 3 2020.
- NI RSI output is 4.6% higher than the lowest point (Quarter 1 2021) since the series began.

### 3.1 Commentary

Historically the NI and GB Retail indices followed the same general upward trend between Quarter 1 2014 and Quarter 2 2019. The GB index then saw a greater level of decline in Quarter 2 2020 than the NI index but has subsequently recovered 9.7% to reach its current level. In comparison the NI index went on to reach its series low in Quarter 1 2021 but has subsequently recovered 4.6% to reach its current level.

**Figure 3.1 NI and GB RSI Quarterly, Annual and Rolling Four Quarter Changes**

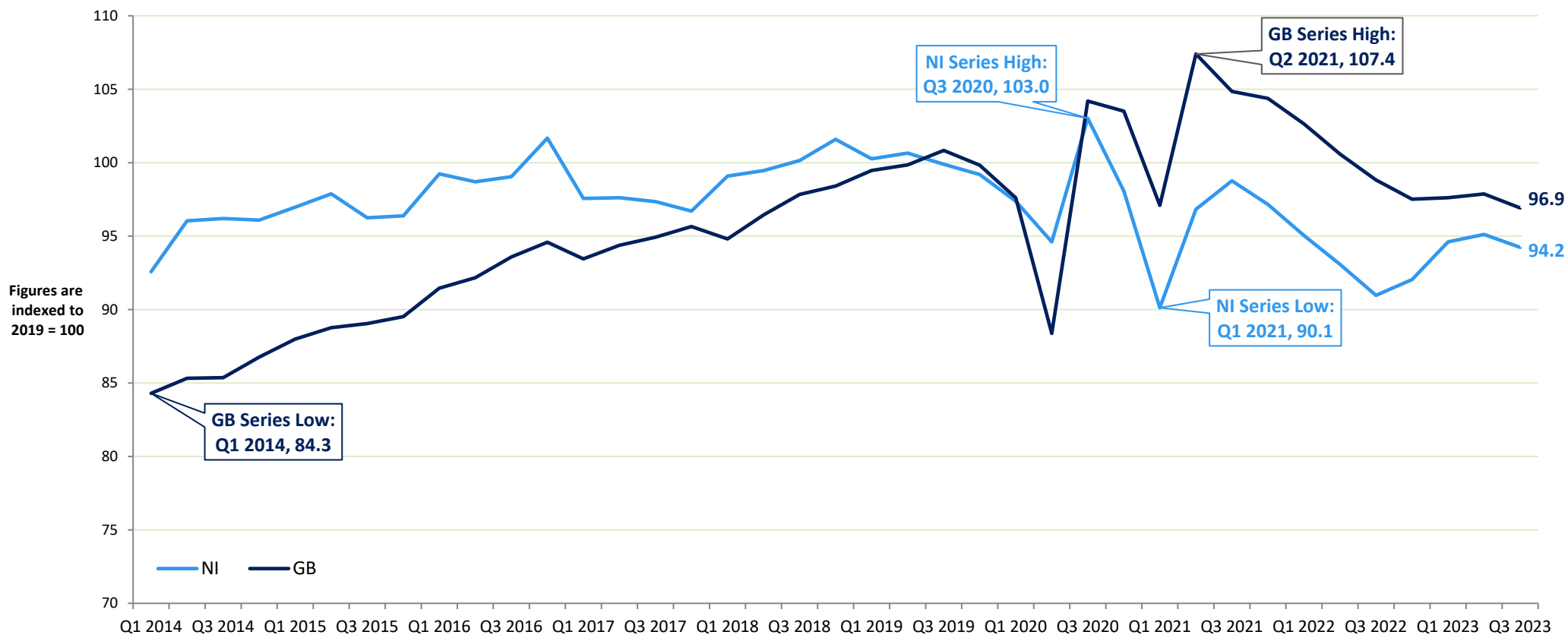


### 3.2 Summary of the Retail Sales Index

The seasonally adjusted estimate for NI RSI output for Quarter 3 2023:

- decreased by 0.9% over the quarter from the revised Quarter 2 2023 estimate;
- increased by 3.6% over the year from the revised Quarter 3 2022 estimate; and
- decreased by 0.1% when the most recent four quarters are compared to the previous four quarters.

**Figure 3.2 RSI, NI & GB, Q1 2014 – Q3 2023**



[Download Q3 2023 data](#)

# 4 Background notes

## Further Information

Data published within this bulletin is available to download from our [website](#) and the new NISRA Data Portal.

Detailed background information documents and methodology information have also been published [online](#) for users to refer to for more detailed information on the IOS.

## Data collection and estimates

The following provides an overview of the IOS coverage response rates for Quarter 3 2023, compared to overall median rates for 2022, 2021 and 2020:

	Quarter 3 2023	2022 (median)*	2021 (median)*	2020 (median)*
Coverage response rate ( <i>returned turnover</i> )	69%	64%	64%	55%

\*median value achieved at IOS database closure of quarters 1 to 4 for 2020, 2021 and 2022.

## Changes to recent releases

Quarter	Change	Detail
Quarter 2 2023	Seasonal Adjustment Review	Following the seasonal adjustment review conducted in July 2023 changes have been made to some regressors and models used to seasonally adjust time series using X13 ARIMA SEATS.
Quarter 2 2023	Revised 2019 GVA	Figures in this publication are publication have been weighted using the revised Northern Ireland 2019 GVA which became available on 25 April 2023.
Quarter 3 2023	Updated 2019 GVA Reference Year	The <a href="#">UK National Accounts, The Blue Book: 2023</a> was published on 31 October 2023. For the third consecutive year the reference year and base year have remained at 2019 due to the impact of the coronavirus (COVID-19) pandemic. Tied to the Blue Book 2023, ONS introduced improvements to deflators in line with their <a href="#">deflator strategy</a> . This has resulted in greater revision to the UK data than is normally expected.
Quarter 3 2023	Outputs Consultation	Following a <a href="#">public consultation</a> on NISRA outputs, the Index of Services bulletin has been streamlined and now incorporates the Retail Sales Index.

## Next publication

The next bulletin is due to be published on 14 March 2024.

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