

Standard Industrial Classification - data note

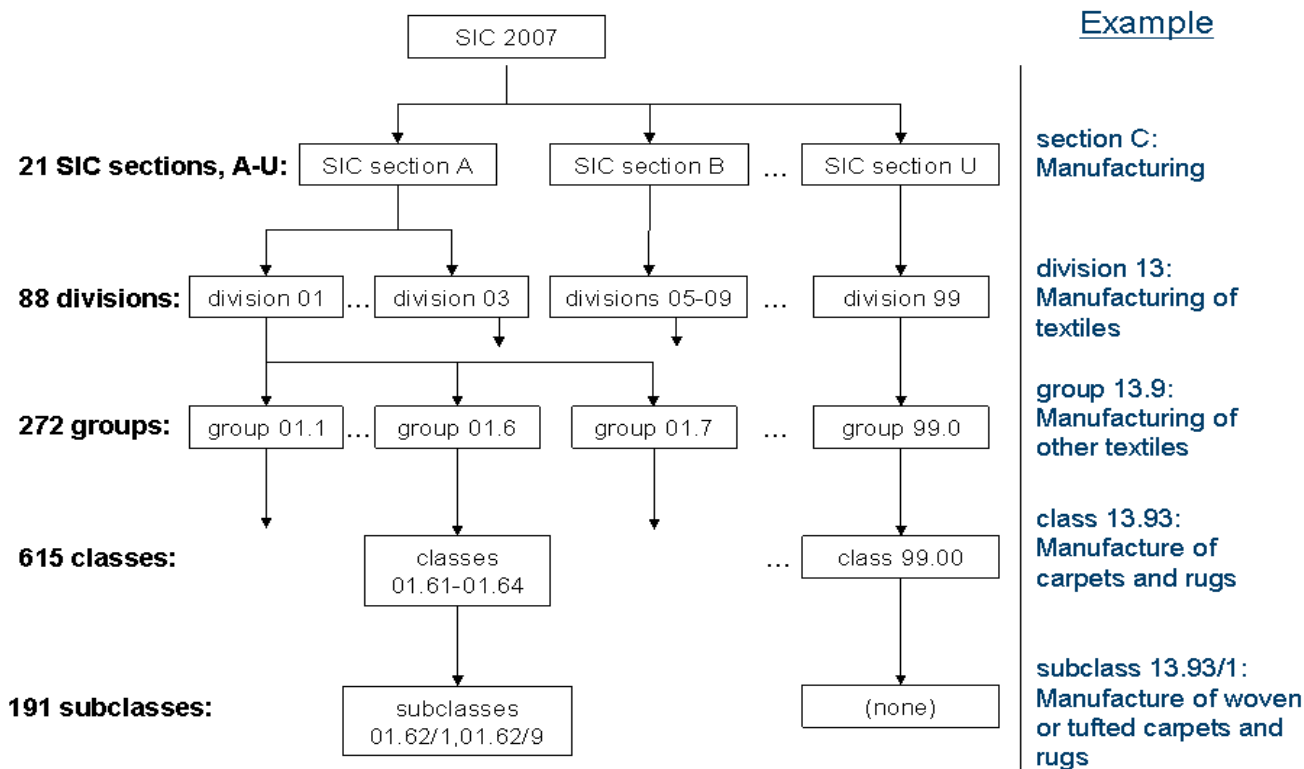
July 2012

The Standard Industrial Classification of Economic Activities (SIC) is a way of classifying businesses by the types of activity they are involved in, for example, manufacturing or construction. A major revision of the UK classification, UK SIC(2007) came into effect on the 1st January 2008, and the Office for National Statistics now release all major datasets using the revised classification.

The United Kingdom Standard Industrial Classification of Economic Activities (SIC) is used to classify businesses and workplaces by the type of economic activity in which they are engaged. It is used to help understand different types of economic data, such as earnings, employment or productivity data, in terms of industrial sector.

The classification is revised regularly to keep it in line with the international classifications, and to make sure it includes all industries and products. Minor revisions occurred in 1997 and 2003, and a major revision took place in 2007, creating UK SIC(2007), harmonising the UK system with the EC classification 'Nomenclature générale des activités économiques dans les Communautés Européennes' (NACE) and reorganising certain classifications to better reflect modern business activities and data collection needs. This includes the growing importance of service activities in the economy over the last 15 years, mainly due to developments in information and communication technologies (ICT).

UK SIC(2007) organisation chart



How the classification works

The SIC classification is a hierarchical 5 digit system (see diagram on previous page). SIC(2007) is divided into 21 sections denoted by the letters A to U. Each section is then broken down into divisions, denoted by two digits. The divisions are then broken down into groups (3 digits), then classes (4 digits) and in several cases, again into subclasses (5 digits). Each section has a varying number of divisions, so section A (agriculture forestry and fishing) has only three divisions, 01, 02 and 03, whereas section C (manufacturing) is divided into 24 divisions.

What changed?

The SIC(2007) classification is more detailed than its predecessor having 21 sections and 88 divisions compared with the 17 sections and 62 divisions of SIC(2003). At the highest level of SIC some sections can be easily compared with the previous version of the classification. However, the introduction of some new concepts at section level, for example the Information section or the grouping of activities linked to environment, makes easy overall comparison between SIC(2007) and its previous version impossible.

The most important changes between SIC(2003) and SIC(2007) are:

- 1) The SIC(2003) sections for agriculture and fishing have been combined. Some activities in agriculture have been reclassified as manufacturing activity, so business and employment data for agriculture does not compare between the two classifications.
- 2) New divisions in manufacturing representing important new industries, or old industries that have increased their economic importance.
- 3) New section E for water and sewerage and waste collection and treatment, includes substantial components of SIC(2003) section O (Other community, social and personal services activities).
- 4) Repair of household goods removed from section G of SIC(2003) and moved to new section S (other service activities).
- 5) New section J (Information and communication) created combining activities involving production and distribution of information and cultural products as well as other related activities. These include software publishing, film and sound recording, telecommunications and information technology activities, which were previously included in SIC(2003) sections D (manufacturing), I (transport, storage and communications), K (Real estate, renting and business activities) and O (Other community, social and personal service activities) and therefore have a strong impact on comparability with previous SIC versions.
- 6) New classes in section K (Finance and insurance activities).
- 7) Old section K (Real estate, renting and business activities) has been split into three sections. Real estate is now a stand-alone section (L). Section M (Professional, scientific and technical activities) covers activities requiring a high degree of training and expertise; section N (Administrative and support service activities) covers activities supporting general business operations and does not focus on the transfer of specialised knowledge. Computer and related activities have been removed from this section, with software publishing and IT activities in new section J and computer repair grouped with household goods repair in section S.
- 8) Education section P has expanded in scope to include specialised sport, cultural and other educational services and specialised support.
- 9) More detail added to section Q (Human health and social work activities), but now focussed on 'human health', so veterinary activities moved to section M (Professional, scientific and technical activities).
- 10) SIC(2003) section O (Other community, social and personal services activities) has lost parts to sections E and J (see above), and what remains has been regrouped into section R (Arts, entertainment and recreation) and section S (Other service activities), which now also includes the repair of household goods including computers.

Approximate correspondence between SIC(2003) and SIC(2007)

SIC(2003)		SIC(2007)	
A	Agriculture, hunting and forestry	A	Agriculture, forestry and fishing
B	Fishing		
C	Mining and quarrying	B	Mining and quarrying
D	Manufacturing	C	Manufacturing
E	Electricity, gas and water supply	D	Electricity, gas, steam and air conditioning supply
		E	Water supply, sewerage, waste management and remediation activities
F	Construction	F	Construction
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	G	Wholesale and retail trade; repair of motor vehicles and motor cycles
H	Hotels and restaurants	I	Accommodation and food service activities
I	Transport, storage and communications	H	Transport and storage
		J	Information and communication
J	Financial intermediation	K	Financial and insurance activities
K	Real estate, renting and business activities	L	Real estate activities
		M	Professional, scientific and technical activities
		N	Administrative and support service activities
L	Public administration and defence; compulsory social security	O	Public administration and defence; compulsory social security
M	Education	P	Education
N	Health and social work	Q	Human health and social work activities
O	Other community, social and personal services activities	R	Arts, entertainment and recreation
		S	Other service activities
P	Activities of private households as employers and undifferentiated production activities of private households	T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use
Q	Extraterritorial organisations and bodies	U	Activities of extraterritorial organisations and bodies

Standard Industrial Classification and East Sussex in Figures

In East Sussex in Figures (ESiF) we publish a number of economic datasets using the standard industrial classification.

Most business and employment data published now uses the SIC(2007) classification. Some historical datasets, notably datasets based on the Annual Business Inquiry and historical data from UK Business Activity Size and Location (UK BASL) are still available at SIC(2003). Employment data from the 2001 Census uses SIC(1992), but when the 2011 Census data is published, it will use SIC(2007).

The way industrial sectors are combined into broad groups also changed with the release of the new classification. Under SIC(2007), Nomis ‘broad groups’ combines some sections and splits others, so ‘Wholesale and retail trade; repair of motor vehicles and motor cycles’ section G is split into Wholesale (Ga), Retail (Gb) and Motor trades (Gc), and Mining and Utilities (B, D and E) are combined as well as Arts, Entertainment, Recreation and Other Services (R, S, T and U). For convenience, in ESiF ABI- and BRES-based tables we combine certain similar activities into groupings as follows:

ESiF groupings	SIC(2007) sections included
Agriculture, fishing, mining and utilities	Agriculture, forestry and fishing (section A) Mining and quarrying (B) Electricity, gas, steam and air conditioning supply (D) Water supply, sewerage, waste management and remediation activities (E)
Financial, insurance and real estate	Financial and insurance activities (K) Real estate activities (L)
Public administration, education and health	Public administration and defence; compulsory social security (O) Education (P) Human health and social work activities (Q)
Other Service activities	Other service activities (S) Activities of households as employers; undifferentiated goods and services producing activities of households for own use (T) Activities of extraterritorial organisations and bodies (U)

However, because of the importance of the Arts, Entertainment and Recreation sector (R) in East Sussex we currently publish this separately to the ‘Other service activities (S, T, U) in ABI/BRES tables, unlike the broad groups used in Nomis. Users can find data for constituent sections of broad groups in the ESiF ABI and BRES tables, where publication is not disclosive.

The UK Business: Activity, Size and Location dataset uses broad groups similar to those used in Nomis, but further combines Mining and utilities with Manufacturing to create a broad group called ‘Production’. In ESiF we publish the data in the same way as it appears in the report.

Various other datasets on ESiF are based on different industrial classifications. The ‘Employment in creative industries’ table is based on the Department for Culture Media and Sport (DCMS) definition which has been revised to use SIC(2007). However where new definitions have not yet been released, tables using the ABI and SIC(2003) remain on ESiF, including ‘Employment in knowledge based industries, 2004-2008 – districts’.

Further information

- The Standard Industrial Classification was first introduced in 1948 in order to follow the same principles as the first international classification (ISIC) issued by the United Nations in 1948. In 1980 it was revised to harmonise the system with that used by the European Community (NACE) to enable Europe-wide statistics to be produced. Revisions are also necessary because, over a period of time, new products and new industries to produce them emerge and shifts of emphasis occur in existing industries. The latest version, UK SIC(2007), is a major revision reflecting changes in NACE (known as NACE Rev.2), and SIC(2007) now follows NACE exactly at the four digit level although there are further subclasses which give more detail.
- For more information on Standard Industrial Classification, see the [Office for National Statistics website](#).
- If you want to know more about all the business data available on East Sussex in Figures, see the accompanying data note 'Which business data'.
- For queries about these changes, please contact Lenna Santamaría by email on mariahelena.santamaria@eastsussex.gov.uk

Contact details

The Research and Intelligence Team, Governance Services, provides demographic and socio-economic data, intelligence and insight to support East Sussex County Council and other East Sussex Partners. The Team also manages East Sussex in Figures (ESiF), the Local Information System for East Sussex.

Visit www.eastsussexinfigures.org.uk or e-mail esif@eastsussex.gov.uk for more information.