



BRIEFING PAPER

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Business statistics

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Inside:

1. Businesses in the UK
2. Businesses by size
3. Businesses by region
4. Businesses by industry
5. Business births and deaths
6. Women in business
7. Annex – UK business statistics: sources and coverage

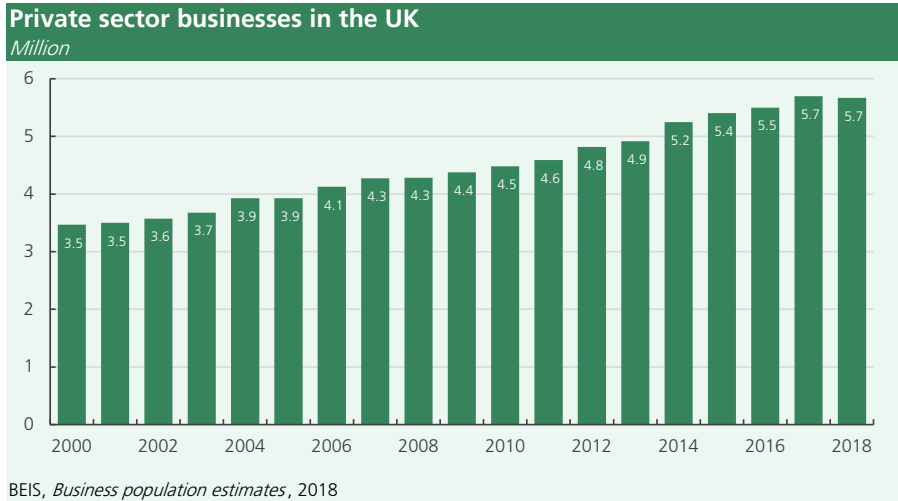


Contents

1. Businesses in the UK	3
2. Businesses by size	5
3. Businesses by region	6
4. Businesses by industry	7
5. Business births and deaths	8
6. Women in business	10
Female-led SMEs	10
Female start-ups	10
Women on boards	12
7. Annex – UK business statistics: sources and coverage	13

1. Businesses in the UK

The chart below shows the number of businesses in the UK since 2000.



In 2018, there were 5.7 million private sector businesses in the UK, down by 27,000 compared to 2017. This is the first year on year fall in the number of businesses since the current series started in 2000.

In 2018, there were 2.2 million more businesses than in 2000, an increase of 63% over the whole period.

The proportion of businesses with employees has fallen since 2000 from around a third, to around a quarter. This decline in the number of employers as a proportion of all businesses is due to the growth in self-employment.

The table on the next page shows data on the number of businesses in each year since 2000.

There has been a 63% increase in the number of businesses since 2000.

Private sector businesses in the UK				
	Number of businesses (000s)	Change on year (000s)	% change on year	% that are employers
2000	3,467	-	-	32%
2001	3,502	35	1%	33%
2002	3,573	71	2%	33%
2003	3,679	106	3%	32%
2004	3,925	247	7%	30%
2005	3,927	1	0%	30%
2006	4,125	199	5%	29%
2007	4,272	146	4%	29%
2008	4,284	12	0%	29%
2009	4,375	92	2%	28%
2010	4,483	108	2%	27%
2011	4,589	106	2%	26%
2012	4,818	229	5%	26%
2013	4,914	97	2%	25%
2014	5,247	333	7%	24%
2015	5,401	154	3%	24%
2016	5,498	97	2%	24%
2017	5,695	197	4%	24%
2018	5,668	-27	0%	25%

Source: BEIS, Business Population Estimates

Notes: Data relates to the start of each year

2. Businesses by size

The table below shows businesses in the UK broken down by the number of employees.

Private sector businesses in the UK by number of employees, 2018						
	Businesses 1000s	Employment 1000s	Turnover £ billions	Businesses %	Employment %	Turnover %
No employees	4,278	4,643	275	75%	17%	7%
SMEs (0-250 employees)	5,660	16,284	1,994	99.9%	60%	52%
<i>Of which:</i> Micro (0-9 employees)	5,416	8,802	808	96%	33%	21%
Small (10-49 employees)	210	4,083	590	4%	15%	15%
Medium (50-249 employees)	35	3,399	595	1%	13%	15%
Large (250+ employees)	8	10,743	1,868	0%	40%	48%
<i>Total, all businesses</i>	<i>5,668</i>	<i>27,027</i>	<i>3,862</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Source: BEIS, Business Population Estimates,
Notes: Numbers rounded to the nearest 1000

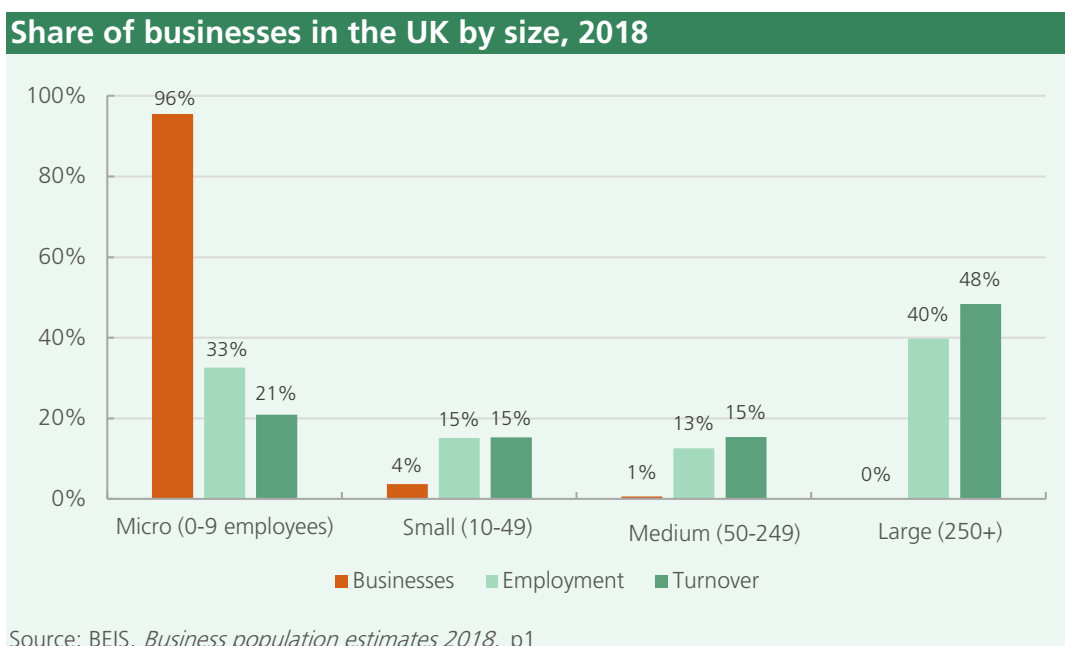
The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 5.7 million SMEs in the UK in 2018, which was over 99% of all businesses.

Micro-businesses have 0-9 employees. There were 5.4 million micro-businesses in the UK in 2018, accounting for 96% of all businesses.

Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33% of employment and 21% of turnover.

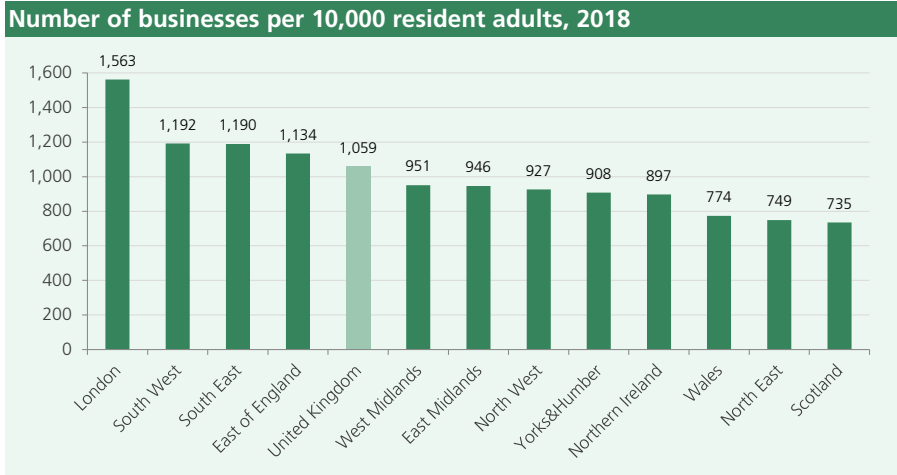
There are 8,000 large businesses, with more than 250 employees, accounting for 0.1% of businesses but 40% of employment and 48% of turnover, as the following chart shows.

96% of businesses have fewer than 10 employees.



3. Businesses by region

The chart below shows how the number of businesses per head of population differs across the regions of the UK.



In the UK in 2018 there were 1,059 businesses per 10,000 resident adults. In London there were 1,563 businesses per 10,000 residents, whilst in the North East there were 749 businesses per 10,000 residents.

A third of UK businesses are in London or the South East (1.1 million in London and 874,000 in the South East). Northern Ireland has 133,000 businesses whilst the North East has 163,000.

One in three businesses are in London or the South East.

The South East saw a 6% fall in the number of businesses last year, whilst the North East of England saw a rise in the business population of 14%.

The table below shows data on businesses by regions of the UK.

	Number of enterprises (000s)	% change on year*	Per 10,000 resident adults	Employers 000s	SMEs 000s
North East	163	14%	749	45	163
North West	545	3%	927	140	544
Yorkshire & Humber	401	-4%	908	97	400
East Midlands	368	-1%	946	93	367
West Midlands	448	0%	951	114	448
East of England	565	-1%	1,134	138	564
London	1,096	3%	1,563	239	1,095
South East	874	-6%	1,190	191	873
South West	546	3%	1,192	126	546
England	5,005	0%	1,113	1,181	5,000
Wales	199	-5%	774	52	198
Scotland	331	-4%	735	91	331
Northern Ireland	133	1%	897	36	133
<i>United Kingdom</i>	<i>5,668</i>	<i>0%</i>	<i>1,059</i>	<i>1,360</i>	<i>5,662</i>

Source: BEIS, Business Population Estimates
 Notes: Numbers rounded to the nearest 1000

4. Businesses by industry

The table below shows businesses by industry in the UK in 2018.

Businesses by industry in the UK, 2018				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	192	3%	3%	6%
Manufacturing	290	5%	10%	14%
Construction	992	17%	8%	8%
Total services	4,194	74%	79%	72%
<i>Of which:</i>				
Retail	556	10%	19%	34%
Transportation	326	6%	6%	5%
Accommodation & food	186	3%	9%	3%
ICT	363	6%	5%	7%
Financial and Insurance	87	2%	4%	-
Real estate activities	116	2%	2%	2%
Professional and scientific	817	14%	10%	9%
Administrative & support service	491	9%	11%	7%
Education	283	5%	2%	1%
Health and social work	360	6%	7%	2%
Arts and recreation	276	5%	3%	3%
Other service activities	334	6%	3%	1%
Total	5,668	-	-	-

Source: BEIS, Business Population Estimates
Turnover % does not include financial services

In 2018 there 4.2 million businesses in the services industries, three quarters of all businesses in the UK. The biggest of the service industries in terms of the number of businesses was the professional, scientific and technical industry which accounted for 14% of businesses. The retail sector accounted for 10% of all businesses.

Overall, businesses in the service industries accounted for 79% of employment and 72% of total turnover. Businesses in the retail sector alone accounted for 19% of employment and 34% of all turnover in 2018.

Construction sector businesses accounted for 17% of all businesses, but only 8% of employment and 8% of turnover. A large number of construction workers are self-employed, which increases the number of enterprises, but not the number employed in the sector.

Manufacturing firms accounted for 5% of businesses, 10% of employment and 14% of turnover.

Retail businesses account for a third of UK turnover (excluding financial services)

5. Business births and deaths

The table below shows new business ('business births') and businesses that ceased trading ('business deaths') in each year from 2001 to 2017. The business birth rate is the proportion of active businesses that began trading in the reporting year. The business death rate is the proportion of active businesses that ceased trading in the reporting year.

Business birth and death rates, UK				
	Births (000s)	Birth Rate	Deaths (000s)	Death Rate
2001	243	12%	212	10%
2002	243	11%	213	10%
2003	267	12%	232	11%
2004	280	13%	244	11%
2005	275	13%	228	10%
2006	256	12%	207	9%
2007	281	12%	224	10%
2008	267	11%	223	10%
2009	236	10%	277	12%
2010	235	10%	249	11%
2011	261	11%	230	10%
2012	270	11%	252	11%
2013	346	14%	238	10%
2014	351	14%	246	10%
2015	383	14%	283	11%
2016	414	15%	328	12%
2017	382	13%	357	12%

The business birth rate in 2016 is the lowest since 2012.

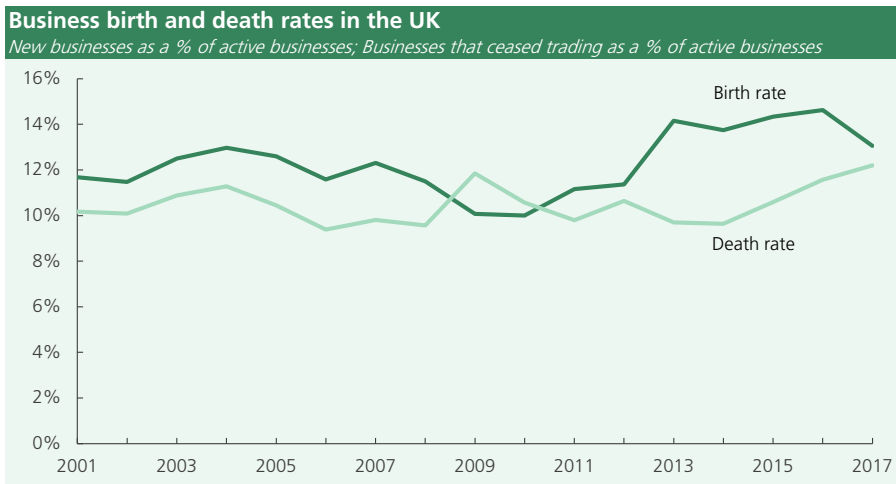
Source: ONS, *Business Demography*

Notes: excludes the non-VAT registered businesses with no employees

Birth rate = New businesses as a % of active businesses;

Death rate = Businesses that ceased trading as a % of active businesses

In 2017 in the UK, there were 382,000 business births, down 32,000 on the previous year. This was the biggest fall in the number of business births since the series began in 2001. In 2009 (during the recession following the global financial crash), the number of business births fell by 31,000.



The business birth rate and the business death rate narrowed considerably in 2017, driven by the falling number of business births.

Business births and deaths by region

The table below shows business births and deaths in the regions of the UK in 2017.

Business births and deaths by region and country, 2017				
	Births	Birth rate	Deaths	Death rate
North East	9,545	13%	9,075	12%
North West	47,465	16%	36,405	12%
Yorks and The Humber	22,600	11%	23,935	12%
East Midlands	22,565	12%	22,740	12%
West Midlands	30,735	13%	26,280	11%
East	36,935	13%	37,770	13%
London	92,300	15%	86,270	14%
South East	51,965	12%	48,295	11%
South West	25,235	11%	30,040	13%
Wales	14,120	14%	10,725	10%
Scotland	21,565	12%	20,340	11%
Northern Ireland	6,855	11%	4,940	8%
<i>United Kingdom</i>	<i>381,885</i>	<i>13%</i>	<i>356,815</i>	<i>12%</i>

Source: ONS, *Business Demography*

Notes: excludes the non-VAT registered businesses with no employees

Birth rate = New businesses as a % of active businesses;

Death rate = Businesses that ceased trading as a % of active businesses

In 2017, the largest number of business births occurred in London (92,000). The largest number of business deaths also occurred in London (86,000).

Business deaths outnumbered business births in four regions in 2017 – Yorkshire and Humberside, the East Midlands, the East of England and the South West.

In all regions, the business death rate was between 8% (Northern Ireland) and 14% (London).

The business birth rate was mainly between 11% and 14%. The North West was an outlier with a birth rate of 16%.

6. Women in business

Various sources are used in this section to analyse female involvement in business.

Female-led SMEs

In 2017, 19% of SME employers were led by women. This is one percentage point lower than in 2016 and two percentage points lower than in 2015.¹

The proportion of SMEs with no employees that were owned or led by women was higher – 21% in 2017. In 2016 and 2015, this figure was 22%.²

Examining only SMEs with employees, women-led SMEs are under-represented in the information and communication sector (11% of businesses led by women), and the manufacturing sector (12% of SMEs were women led). In the education sector women-led businesses made up 50% of the total. In the health services sector, women made up 52% of the total.³

It is estimated that in the UK, women-led SMEs contribute about £85 billion to economic output (16% of the UK SME approximate GVA total).⁴

Female start-ups

Estimates by the [Global Entrepreneurship Monitoring Consortium](#) show the proportion of women involved in “total early stage entrepreneurial activity” or TEA. TEA includes the owning or running of any business that is less than 3 and a half years old.

In 2017/18, the TEA rate in the UK (the proportion of working aged people involved in TEA) for men was 11.5%, and was 5.3% for women.⁵

This means that the TEA gap (the difference between the male and female TEA rates) was 6.2% points in the UK.

The chart on the following page shows the TEA gap in the countries covered by the Global Entrepreneurship Monitoring Consortium study. There is a negative TEA gap in Vietnam, Ecuador and Brazil (a higher proportion of women are involved in start-ups than the proportion of men).

Of the selected countries, the TEA gap is highest in Egypt – 11.3% points.

The proportion of men involved in start-ups was 6.2% points higher than the proportion of women involved in start-ups in the UK

¹ BEIS, [Small business survey \(employers\)](#), 2018, p50

² BEIS, [Small business survey \(no employees\)](#), 2018, p27

³ BEIS, [Small business survey \(employers\)](#), 2018, p50

⁴ BIS, [Contribution of women-led and MEG-led businesses to the UK non-financial economy](#), 2015, p3.

⁵ Global Entrepreneurship Monitoring Consortium, [Global Report 2017/18](#), 2018, Table 8, p118

TEA Gender Gap, percentage points, selected countries, 2017/8

Gender gap is the difference between the male and female TEA rates



GEM Consortium, Global report 2017/18, Table 8, p118

Women on boards

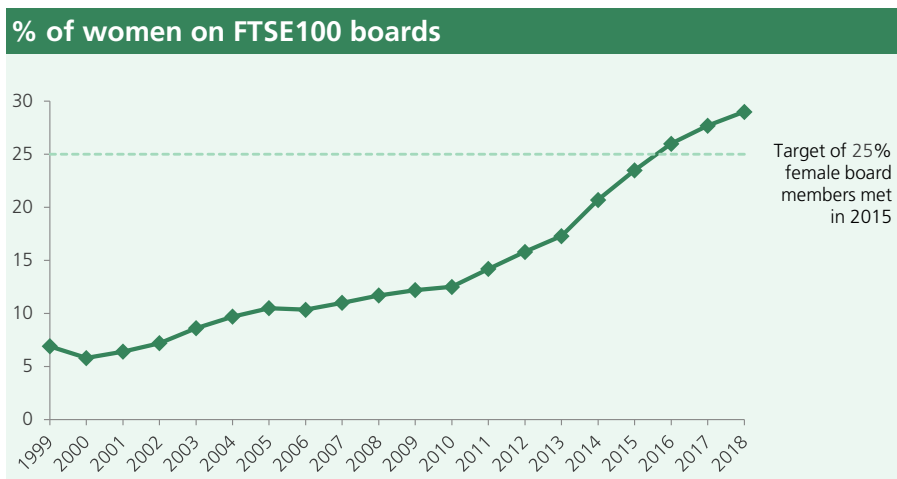
A government backed target that FTSE100 boards should have a minimum of 25% female representation by 2015 was set in the 2011 report by Lord Davies of Abersoch, [Women on boards](#).⁶

In October 2015, it was [announced](#) that this target had been met, and that 26% of FTSE100 board members were female.

In June 2018, 29% of FTSE100 directorships were occupied by women, and 24% FTSE250 directorships were held by women.⁷

There are now zero all-male boards in the FTSE100, down from 21 in 2011. In the FTSE250, there are now 10 all male boards, down from 152 in 2011.⁸

The following chart shows how the proportion of women on FTSE100 boards has increased steadily since the late 1990s with more significant increases in recent years.



Further information and statistical analysis of female representation in various professions is contained in the House of Commons Library Briefing Paper, [Women and the economy](#).

⁶ Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, p 4

⁷ Cranfield University, [Female FTSE Index](#), 2018, p7

⁸ *Ibid*

7. Annex – UK business statistics: sources and coverage

There are various sources which provide statistics about businesses in the UK. These are explained in the Department for Business, Innovation and Skills (BIS) publication, [A guide to the UK Business Population and Demography](#).

Official data on the total number of businesses at national and regional level is published by BIS in the annual [Business population estimates](#) (BPE). BIS states that BPE is the only official source for data on the total number of enterprises in the UK, and associated turnover and employment.⁹

There are three main sources for the BPE: the Inter-Departmental Business Register (IDBR), the Labour Force Survey and HMRC self-assessment tax returns. The IDBR draws its information from HMRC records and it covers VAT and/or PAYE registered enterprises only.¹⁰ In order to include businesses that are not covered by the IDBR, the BPE supplements the data with estimates of the number, employment and turnover of unregistered businesses based on data from the Labour Force Survey and additional data from HMRC. After adjustment to avoid double counting (for example of VAT-registered sole proprietorships), data from these three sources are combined in BPE.

Data on the number of VAT or PAYE registered enterprises only (excluding unregistered businesses too small to be registered for VAT and with no employees) are published in the annual publication [Business activity, size and location](#). This publication is the best source of information on businesses in local areas such as local authorities and parliamentary constituencies. However, since it excludes many small businesses, this publication is not a good source of information about the total number of businesses in the UK.

Information on business births and deaths is published in the annual publication, [Business demography](#). Data in this source is also based on the IDBR, and only covers VAT or PAYE registered enterprises. Its coverage differs from *Business activity, size and location* because *Business demography* examines active businesses in a whole year, rather than at a particular point in the year (*Business activity, size and location* only includes businesses active in March each year).

Data on businesses is also available from various surveys of the business population. Many of these are summarised on the Gov.uk [Annual business surveys](#) webpage. Others useful surveys include the [Global Entrepreneurship Monitoring report](#) and various ad hoc surveys conducted by business associations such as the [Federation of Small Businesses](#) and the [Confederation of British Industry](#).

⁹ BIS, [BPE: methodology and quality note](#), 2012

¹⁰ The VAT registration threshold is currently VAT taxable turnover of £73,000.

Another important source of information about businesses is the ONS [Annual Business Survey](#). This source includes data on employment, turnover and approximate Gross Value Added of sectors in the economy, down to very detailed sectoral level. This source is based on returns from a sample of businesses selected from the IDBR.

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