



BRIEFING PAPER

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Business statistics

By Chris Rhodes



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Summary

This note presents a statistical analysis of businesses in the UK.

It includes information on the number of businesses since 2000, small businesses, business by region, businesses by industry, business births and deaths and information on female representation in business. It also features some discussion of the sources of business statistics and their coverage.

- In 2015, there were 5.4 million businesses in the UK.
- Over 99% of businesses are Small or Medium Sized businesses – employing 0-249 people
- 5.1 million (95%) businesses were micro-businesses – employing 0-9 people. Micro-businesses accounted for 33% of employment and 18% of turnover.
- In London, there were 1,434 businesses per 10,000 resident adults. In the North East there were 629 per 10,000 resident adults.
- The service industries accounted for 74% of businesses, 79% of employment and 71% of turnover.
- The manufacturing sector accounted for 5% of businesses, 10% of employment and 16% of turnover.
- There were 351,000 business births and 246,000 business deaths in 2014.
- 20% of SMEs are female-led, and in October 2015 it was announced that 26% of FTSE100 board members were female.

1. Businesses in the UK

The table below shows the number of businesses in the UK 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	96	2%	25%
2014	5,243	330	7%	24%
2015	5,390	146	3%	24%

Source: BIS, Business Population Estimates

Notes: Data relates to the start of each year

In 2015, there were 5.4 million private sector businesses in the UK, up by 146,000 or 3% since 2014.

Since 2000, the number of businesses in the UK has increased each year, by 3% on average. In 2015, there were 1.9 million more businesses than in 2000, an increase of 55% over the whole period.

The proportion of businesses that employ people 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 number of sole proprietorships (businesses with no employees) has grown by more than the number of all businesses (by 73% compared to 55% for all businesses).

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

2015

	Businesses	Employment	Turnover	Businesses	Employment	Turnover
	1000s	1000s	£ billions	%	%	%
No employees	4,078	4,451	237	76%	17%	6%
SMEs (0-250 employees)	5,382	15,611	1,754	99.9%	60%	47%
Of which: Micro (0-9 employees)	5,146	8,461	673	95%	33%	18%
Small (10-49 employees)	204	3,967	543	4%	15%	15%
Medium (50-249 employees)	33	3,183	538	1%	12%	15%
Large (250+ employees)	7	10,260	1,956	0.1%	40%	53%
<i>Total, all businesses</i>	<i>5,389</i>	<i>25,871</i>	<i>3,710</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2015

Numbers rounded to the nearest 1000

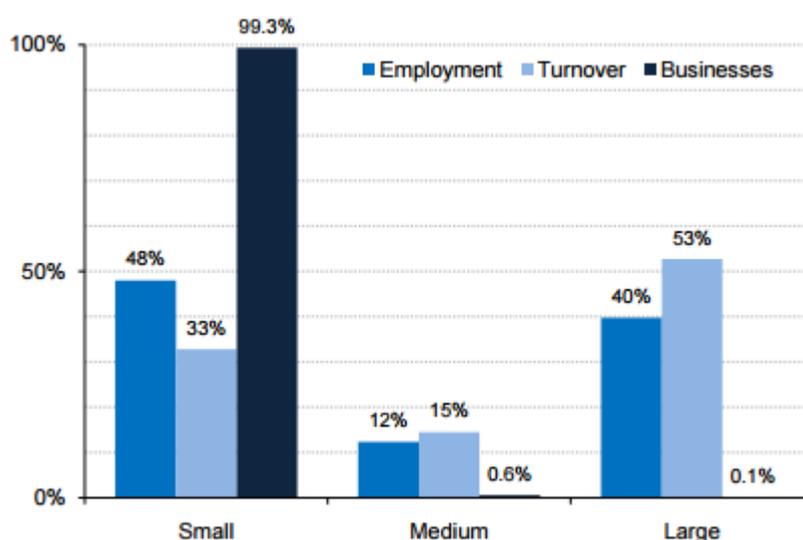
The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 5.4 million SMEs in the UK in 2015, which was over 99% of all businesses.

Micro-businesses have 0-9 employees. There were 5.1 million micro-businesses in the UK in 2015, accounting for 95% 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 18% of turnover. Large businesses, with more than 250 employees, accounted for 0.1% of businesses but 40% of employment and 53% of turnover, as the following chart shows.

Share of enterprises in the UK private sector, 2014

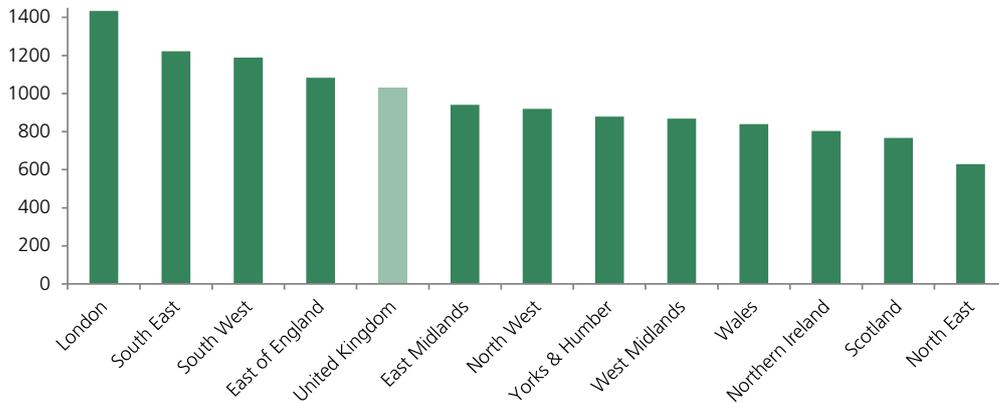
Source: BIS, [Business population estimates](#), 2015, p 1



3. Businesses by region

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

Number of businesses per 10,000 resident adults, 2015



In the UK in 2015 there were 1,028 businesses per 10,000 resident adults. In London there were 1,434 businesses per 10,000 residents, whilst in the North East there were 629 businesses per 10,000 residents.

The table on the following page shows detailed data on businesses by regions of the UK.

A third of UK businesses are in London or the South East (976,000 in London and 878,000 in the South East). Northern Ireland has 117,000 businesses whilst the North East has 136,000.

The North East saw a 10% fall in the number of businesses last year, whilst the UK overall saw a 3% increase. The West Midlands, the East Midlands and Northern Ireland also saw falls in their business population.

Business statistics by regions and countries of the UK*2015*

	Number of enterprises (000s)	% change on year*	Per 10,000 resident adults	Employers 000s	SMEs (0-249 emp) 000s	Manufacturing enterprises %
North East	136	-10%	629	39	135	4%
North West	532	5%	919	132	532	6%
Yorkshire & Humber	382	8%	879	98	382	7%
East Midlands	356	8%	941	90	355	6%
West Midlands	400	-3%	869	106	399	7%
East of England	528	-4%	1,083	130	527	5%
London	976	4%	1,434	215	975	3%
South East	878	5%	1,222	198	876	5%
South West	532	4%	1,189	120	531	5%
England	4,719	3%	1,072	1,128	4,715	5%
Wales	213	0%	839	54	213	7%
Scotland	340	6%	767	95	340	7%
Northern Ireland	117	-2%	803	33	117	4%
United Kingdom	5,389	3%	1,028	1,310	5,384	5%

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2015

Numbers rounded to the nearest 1000

Data are available on the number of VAT or PAYE registered businesses at parliamentary constituency level. These data can be downloaded from the interactive ONS database, [NOMIS](#).

4. Businesses by industry

The table below shows businesses by industry in the UK in 2015.

Businesses by industry in the UK

2015

	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	183	3%	3%	7%
Manufacturing	276	5%	10%	16%
Construction	956	18%	8%	7%
Total services	3,975	74%	79%	71%
<i>Of which:</i>				
Retail	523	10%	19%	37%
Transportation	275	5%	5%	5%
Accommodation & food	183	3%	8%	2%
ICT	339	6%	5%	6%
Financial and Insurance	84	2%	4%	-
Real estate activities	105	2%	2%	1%
Professional and scientific	793	15%	9%	7%
Administrative & support service	443	8%	11%	6%
Education	268	5%	2%	1%
Health and social work	371	7%	7%	2%
Arts and recreation	268	5%	3%	3%
Other service activities	323	6%	3%	1%
Total	5,389	-	-	-

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2015

Numbers rounded to the nearest 1000

Turnover % does not include financial services

In 2015 there 4.0 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 15% of businesses. The retail sector accounted for 10% of all businesses.

Overall, businesses in the service industries accounted for 79% of employment and 71% of total turnover. Businesses in the retail sector alone accounted for 19% of employment and 37% of all turnover in 2015.

Construction sector businesses accounted for 18% of all businesses, but only 8% of employment and 7% of turnover. This is explained by the fact that a large number of construction workers are self-employed, boosting the number of enterprises, but not the number employed in the sector.

Manufacturing firms accounted for 5% of businesses, 10% of employment and 16% of turnover.

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 2014. 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%

Source: ONS, *Business Demography 2015*

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

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

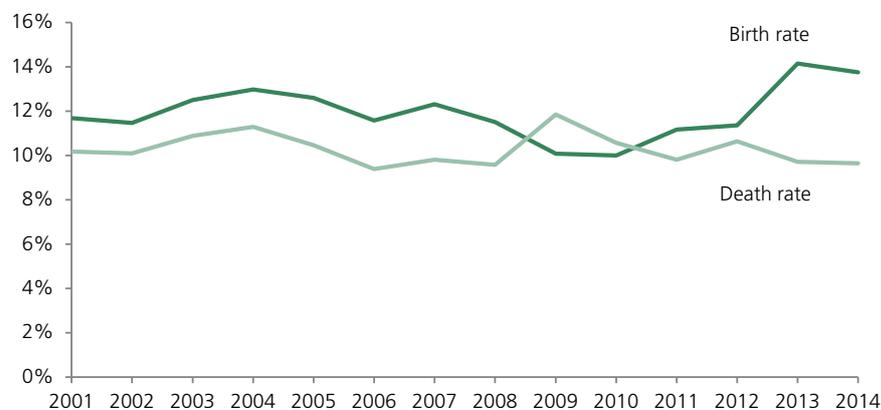
Death rate = Businesses that ceased trading as a % of active businesses

In 2014 in the UK, there were 351,000 business births, up 4,000 on the previous year. Business births outnumber business deaths by 105,000 in 2014, the second largest margin since the series began (the largest margin was in 2013).

Business birth and death rates in the UK

New businesses as a % of active businesses;

Businesses that ceased trading as a % of active businesses



2011 was the first year that the business birth rate was higher than the business death rate since 2008. In 2014, the business birth rate was 14%, whilst the business death rate was 10%.

Business births and deaths by region

The table below shows business births and deaths in the regions of the UK in 2014.

Business births and deaths by region and country

2014

	Births (000s)	Birth rate %	Deaths (000s)	Death rate %
North East	10	14%	7	10%
North West	34	14%	25	10%
Yorkshire & Humber	24	13%	17	10%
East Midlands	22	13%	16	9%
West Midlands	26	13%	19	10%
East of England	33	13%	24	9%
London	89	18%	53	11%
South East	51	13%	37	9%
South West	25	12%	19	9%
England	313	14%	217	10%
Wales	11	12%	8	9%
Scotland	21	13%	16	9%
Northern Ireland	5	9%	5	8%
United Kingdom	351	14%	246	10%

Source: ONS, *Business Demography 2015*

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 2014, the largest number of business births occurred in London (89,000). The largest number of business deaths also occurred in London (53,000). In all the regions and countries of the UK, business births outnumbered business deaths.

The business death rate was broadly the same in all the regions of the UK – within a percentage point of 10%. There was more variation in the business birth rate: 9% in Northern Ireland compared with 18% in London. Most other regions had birth rates of around 14%.

6. Women in business

Various sources are used in this section to provide an indication of female involvement in business in the UK.

Female-led SMEs

In 2014, 20% of SMEs in the UK were majority led by women. This is two percentage points higher than in 2012 and equates to around 1.1 million SMEs.

Business at least partially led by women accounted for 38% of all SMEs in 2014, around 2.0 million SMEs.

Examining only SMEs with employees, women-led SMEs are under-represented in the manufacturing and construction sectors (accounting for only 7% and 8% of business respectively), but account for 43% of businesses in the combined public administration, education, health and defence sector.

It is estimated that in the UK women-led SME businesses contribute about £75 billion to economic output (16% of the UK SME approximate GVA total).¹

Female start-ups

Estimates have been made of 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.²

In 2015, the TEA rate (the proportion of working aged people involved in TEA) in the UK was 7.1%. This is above the rate in Germany (4.7%) and below the rate in the US (11.9%).³

By gender, the TEA rate in the UK was 4.7% among women and 9.5% among men. In Germany, the female TEA rate is 3.3%, and in the US it is 9.2%.⁴

Women on boards

A 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*.⁵

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

There are now zero all-male boards in the FTSE100, down from 21 in 2011. In the FTSE350, there are now 15 all male boards, down from 152 in 2011.⁶

¹ BIS, *Small Business Survey 2012: businesses led by women and ethnic minorities*, 2013, p 2. Output is Gross Value Added.

² Global Entrepreneurship Monitoring Consortium, *UK profile 2015*, 2016

³ *Ibid*, p44

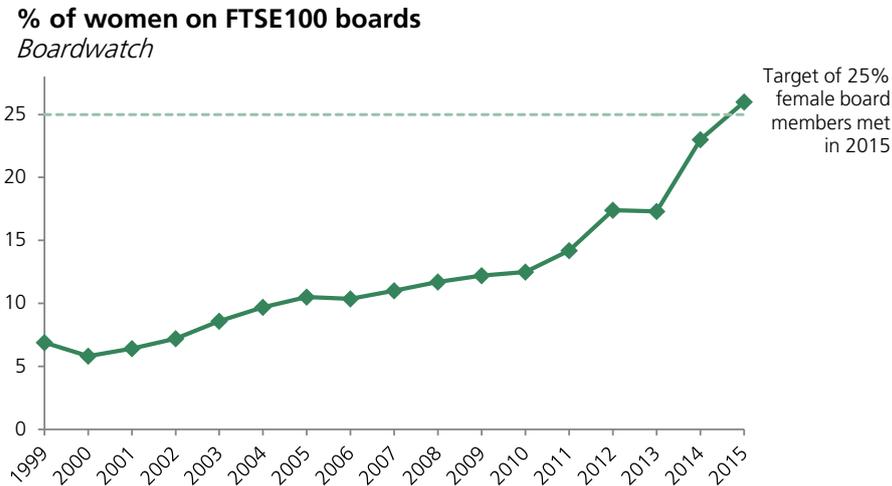
⁴ *Ibid*, p46

⁵ Lord Davies of Abersoch and BIS, *Women on boards*, February 2011, p 4

⁶ Lord Davies of Abersoch and BIS, *Five year summary report*, October 2015, p 34

Lord Davies' report states that against his target, Unilever and Marks and Spencer were the best performing boards in October 2015, with female representation of 50% and 42% respectively.⁷

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.⁸



In his [Five year summary report](#), Lord Davies set new a target that all FTSE350 companies should have a least one third female representation on their boards by 2020. In October 2015, 22% of board level positions in FTSE350 companies were held by women.⁹

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](#).

⁷ *Ibid*, p 13

⁸ Sealy et al., Female FTSE 100 reports, Women on Boards: 6-months monitoring report, Professional Boards Forum BoardWatch

⁹ Lord Davies of Abersoch and BIS, [Five year summary report](#), October 2015, p 28

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.¹⁰

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.¹¹ 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. The House of Commons Library Standard Note, [Businesses by constituency](#) makes extensive use of this source to analyse businesses in 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](#).

¹⁰ BIS, [BPE: methodology and quality note](#), 2012

¹¹ 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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