



BRIEFING PAPER

Number 06152, 23 November 2016

Business statistics

By Chris Rhodes



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

Summary	3
1. Businesses in the UK	4
2. Businesses by size	5
3. Businesses by region	6
4. Businesses by industry	8
5. Business births and deaths	9
6. Women in business	11
Female-led SMEs	11
Female start-ups	11
Women on boards	11
7. Annex – UK business statistics: sources and coverage	13

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 2016, there were 5.5 million businesses in the UK.
- Over 99% of businesses are Small or Medium Sized businesses – employing 0-249 people
- 5.3 million (96%) businesses were micro-businesses – employing 0-9 people. Micro-businesses accounted for 32% of employment and 19% of turnover.
- In London, there were 1,464 businesses per 10,000 resident adults. In the North East there were 679 per 10,000 resident adults.
- The service industries accounted for 74% of businesses, 79% of employment and 72% of turnover.
- The manufacturing sector accounted for 5% of businesses, 10% of employment and 15% of turnover.
- There were 383,000 business births and 252,000 business deaths in 2015.
- 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	97	2%	25%
2014	5,247	333	7%	24%
2015	5,401	154	3%	24%
2016	5,498	97	2%	24%

Source: BIS, Business Population Estimates

Notes: Data relates to the start of each year

In 2016, there were 5.5 million private sector businesses in the UK, up by 97,000 or 2% since 2015.

Since 2000, the number of businesses in the UK has increased each year, by 3% on average. In 2016, there were 2.0 million more businesses than in 2000, an increase of 59% 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 77% compared to 59% 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
2016

	Businesses 1000s	Employment 1000s	Turnover £ billions	Businesses %	Employment %	Turnover %
No employees	4,172	4,535	255	76%	17%	7%
SMEs (0-250 employees)	5,490	15,734	1,825	99.9%	60%	47%
Of which: Micro (0-9 employees)	5,254	8,513	718	96%	32%	19%
Small (10-49 employees)	204	3,970	561	4%	15%	15%
Medium (50-249 employees)	33	3,251	546	1%	12%	14%
Large (250+ employees)	7	10,470	2,036	0.1%	40%	53%
<i>Total, all businesses</i>	<i>5,498</i>	<i>26,204</i>	<i>3,861</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2016

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 2016, which was over 99% of all businesses.

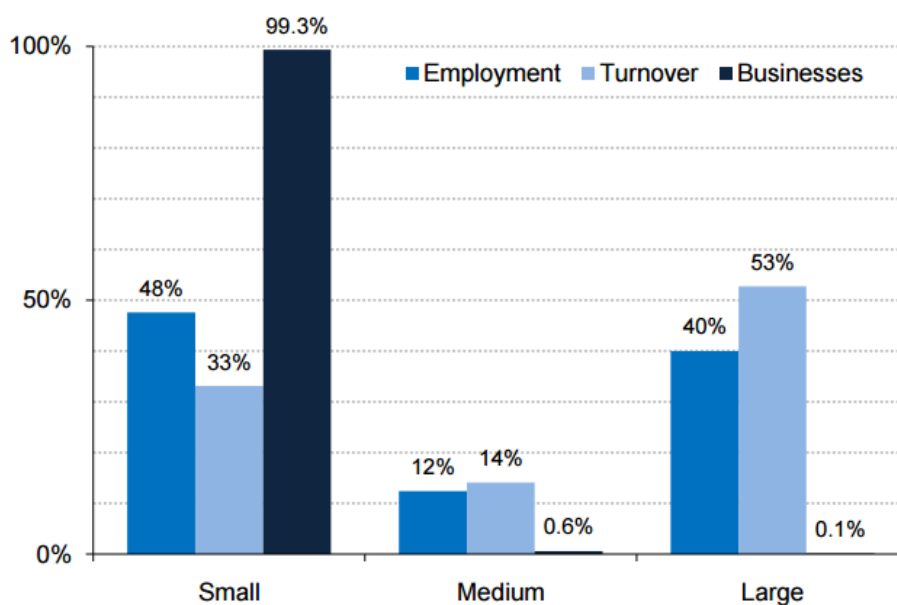
Micro-businesses have 0-9 employees. There were 5.3 million micro-businesses in the UK in 2016, accounting for 96% of all businesses.

Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 32% of employment and 19% 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, 2016

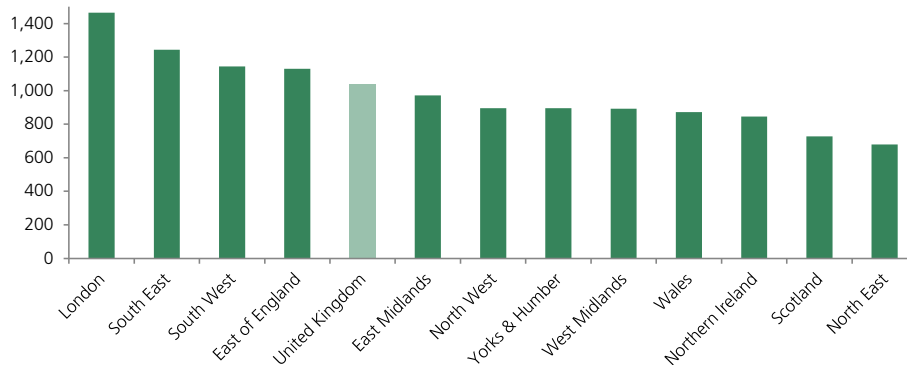
Source: BIS, [Business population estimates](#), 2016, p 1



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, 2016



In the UK in 2016 there were 1,040 businesses per 10,000 resident adults. In London there were 1,464 businesses per 10,000 residents, whilst in the North East there were 679 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 (1.0 million in London and 900,000 in the South East). Northern Ireland has 124,000 businesses whilst the North East has 147,000.

Scotland saw a 5% fall in the number of businesses last year, whilst the UK overall saw a 2% increase. The North West Midlands and the South West of England also saw falls in their business population.

Business statistics by regions and countries of the UK*2016*

	Number of enterprises (000s)	% change on year*	Per 10,000 resident adults	Employers 000s	SMEs (0-249 emp) 000s	Manufacturing enterprises %
North East	147	8%	679	39	146	5%
North West	522	-2%	896	133	521	5%
Yorkshire & Humber	391	3%	895	98	391	6%
East Midlands	371	4%	972	93	370	5%
West Midlands	413	3%	892	108	413	7%
East of England	556	5%	1,130	131	555	5%
London	1,012	3%	1,464	221	1,011	3%
South East	900	2%	1,243	200	898	5%
South West	516	-3%	1,144	120	516	6%
England	4,827	2%	1,088	1,144	4,817	5%
Wales	222	4%	872	54	222	6%
Scotland	325	-5%	728	95	324	6%
Northern Ireland	124	6%	845	34	124	5%
United Kingdom	5,498	2%	1,040	1,325	5,492	5%

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2016

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 2016.

Businesses by industry in the UK

2016

	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	182	3%	3%	6%
Manufacturing	266	5%	10%	15%
Construction	975	18%	8%	7%
Total services	4,075	74%	79%	72%
<i>Of which:</i>				
Retail	544	10%	19%	36%
Transportation	314	6%	5%	5%
Accommodation & food	186	3%	8%	2%
ICT	338	6%	5%	6%
Financial and Insurance	89	2%	4%	-
Real estate activities	106	2%	2%	2%
Professional and scientific	824	15%	10%	8%
Administrative & support service	460	8%	11%	6%
Education	312	6%	2%	1%
Health and social work	348	6%	7%	2%
Arts and recreation	252	5%	3%	3%
Other service activities	303	6%	3%	1%
Total	5,498	-	-	-

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2016

Numbers rounded to the nearest 1000

Turnover % does not include financial services

In 2016 there 4.1 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 72% of total turnover. Businesses in the retail sector alone accounted for 19% of employment and 36% of all turnover in 2016.

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 15% 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 2015. 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%	252	9%

Source: ONS, *Business Demography 2016*

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

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

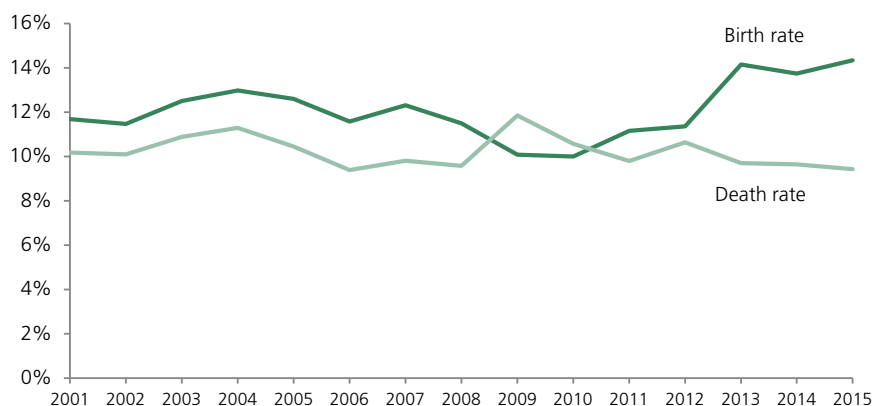
Death rate = Businesses that ceased trading as a % of active businesses

In 2015 in the UK, there were 383,000 business births, up 32,000 on the previous year. Business births outnumber business deaths by 131,000 in 2015, the largest margin since the series began.

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 2015, the business birth rate was 14%, whilst the business death rate was 9%.

Business births and deaths by region

The table below shows business births and deaths in the regions of the UK in 2015.

Business births and deaths by region and country

2015

	Births (000s)	Birth rate %	Deaths (000s)	Death rate %
North East	10	14%	7	10%
North West	37	14%	26	10%
Yorks and The Humber	25	14%	17	10%
East Midlands	25	14%	16	9%
West Midlands	29	14%	19	9%
East	35	13%	24	9%
London	101	19%	57	11%
South East	56	13%	38	9%
South West	26	12%	19	9%
Wales	12	12%	9	9%
Scotland	22	13%	16	9%
Northern Ireland	5	10%	4	7%
United Kingdom	383	14%	252	9%

Source: ONS, *Business Demography 2016*

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 2015, the largest number of business births occurred in London (101,000). The largest number of business deaths also occurred in London (57,000). 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% – except for in Northern Ireland, where the business death rate was 7%.

There was more variation in the business birth rate: 10% in Northern Ireland compared with 19% in London.

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

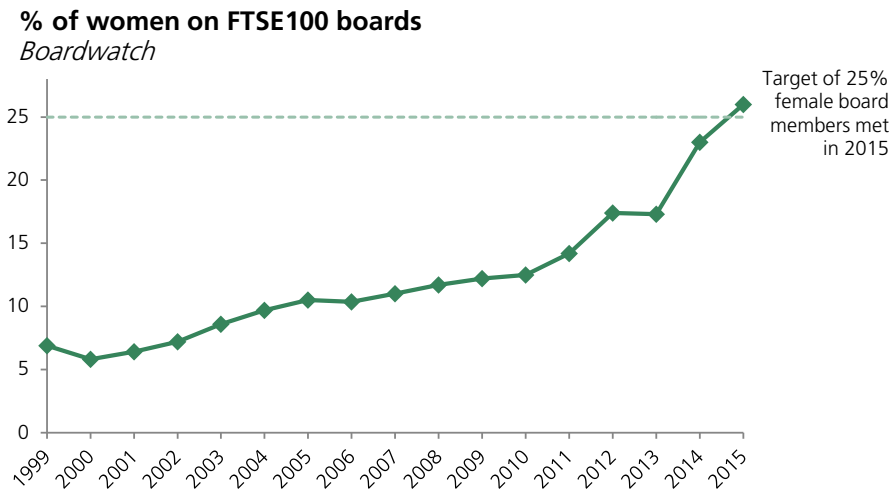
⁴ *Ibid*, p46

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.

BRIEFING PAPER

Number 06152, 23 November
2016

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk