



## BRIEFING PAPER

Number 06152, 28 December 2017

# 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

<b>1. Businesses in the UK</b>	<b>4</b>
<b>2. Businesses by size</b>	<b>5</b>
<b>3. Businesses by region</b>	<b>6</b>
<b>4. Businesses by industry</b>	<b>7</b>
<b>5. Business births and deaths</b>	<b>8</b>
<b>6. Women in business</b>	<b>10</b>
<b>Female-led SMEs</b>	10
<b>Female start-ups</b>	10
<b>Women on boards</b>	11
<b>7. Annex – UK business statistics: sources and coverage</b>	<b>12</b>

### 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 2017, there were 5.7 million businesses in the UK.
- Over 99% of businesses are Small or Medium Sized businesses – employing 0-249 people
- 5.5 million (96%) businesses were micro-businesses – employing 0-9 people. Micro-businesses accounted for 33% of employment and 22% of turnover.
- In London, there were 1,519 businesses per 10,000 resident adults. In the North East there were 657 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 15% of turnover.
- There were 414,000 business births and 328,000 business deaths in 2015.
- 21% of SMEs are female-led, and in 28% 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%
2017	5,695	197	4%	24%

Source: BIS, Business Population Estimates  
Notes: Data relates to the start of each year

In 2017, there were 5.7 million private sector businesses in the UK, up by 197,000 or 4% since 2016.

Since 2000, the number of businesses in the UK has increased each year, by 3% on average. In 2016, there were 2.2 million more businesses than in 2000, an increase of 64% 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 84% compared to 59% for all businesses).

There has been a 64% increase in the number of businesses since 2000.

## 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, 2017						
	Businesses <i>1000s</i>	Employment <i>1000s</i>	Turnover <i>£ billions</i>	Businesses %	Employment %	Turnover %
No employees	4,328	4,697	272	76%	18%	7%
SMEs (0-250 employees)	5,687	16,147	1,905	99.9%	60%	51%
Of which: Micro (0-9 employees)	5,445	8,790	824	96%	33%	22%
Small (10-49 employees)	208	4,059	540	4%	15%	14%
Medium (50-249 employees)	34	3,297	541	1%	12%	14%
Large (250+ employees)	7	10,576	1,834	0%	40%	49%
<i>Total, all businesses</i>	<i>5,695</i>	<i>26,723</i>	<i>3,739</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 5.7 million SMEs in the UK in 2017, which was over 99% of all businesses.

Micro-businesses have 0-9 employees. There were 5.4 million micro-businesses in the UK in 2016, accounting for 96% of all businesses.

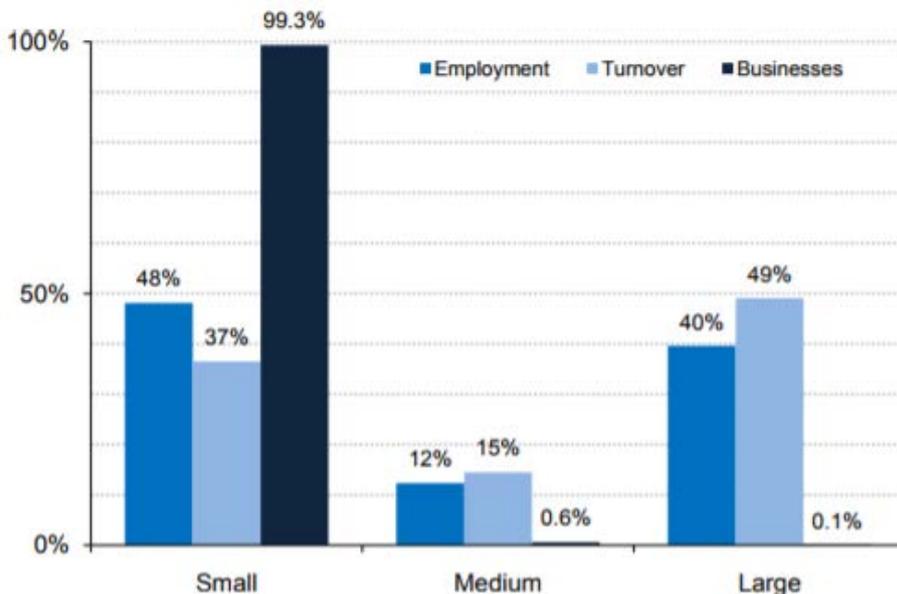
Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33% of employment and 22% of turnover.

Large businesses, with more than 250 employees, accounted for 0.1% of businesses but 40% of employment and 49% of turnover, as the following chart shows.

96% of businesses have fewer than 10 employees.

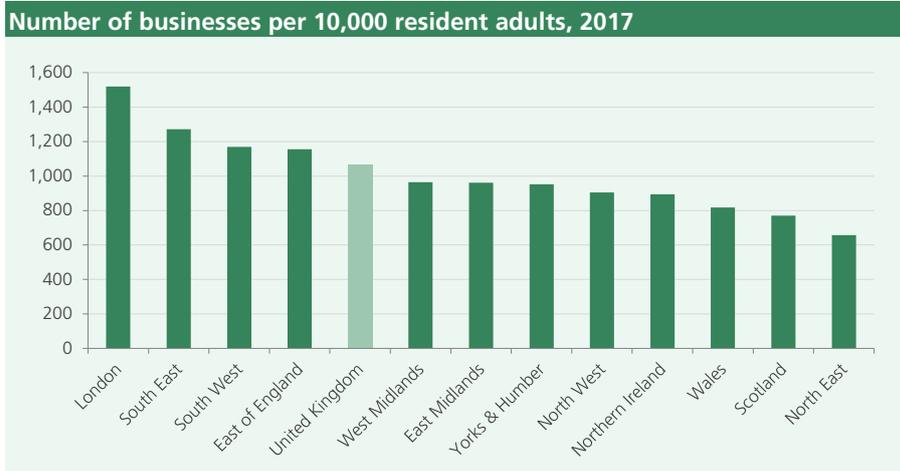
### Share of enterprises in the UK private sector, 2017

Source: BIS, *Business population estimates*, 2017, 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.



In the UK in 2017 there were 1,069 businesses per 10,000 resident adults. In London there were 1,519 businesses per 10,000 residents, whilst in the North East there were 657 businesses per 10,000 residents.

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

A third of UK businesses are in London or the South East (1.1 million in London and 929,000 in the South East). Northern Ireland has 132,000 businesses whilst the North East has 142,000.

Wales saw a 6% fall in the number of businesses last year, whilst the UK overall saw a 4% increase. The North East of England also saw a fall in the business population.

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

**Business statistics by regions and countries of the UK, 2017**

	Number of enterprises (000s)	% change on year*	Per 10,000 resident adults	Employers 000s	SMEs 000s
North East	142	-3%	657	40	142
North West	530	2%	905	136	529
Yorkshire & Humber	419	7%	953	101	419
East Midlands	371	0%	962	94	370
West Midlands	450	9%	964	115	449
East of England	572	3%	1,155	140	572
London	1,062	4%	1,519	232	1,061
South East	929	3%	1,272	203	928
South West	532	3%	1,170	122	531
England	5,008	4%	1,119	1,182	5,003
Wales	209	-6%	818	54	209
Scotland	346	7%	771	95	346
Northern Ireland	132	6%	894	35	132
<i>United Kingdom</i>	<i>5,695</i>	<i>4%</i>	<i>1,069</i>	<i>1,367</i>	<i>5,687</i>

Source: BIS, Business Population Estimates  
Notes: Data relates to the start of 2016, Numbers rounded to the nearest 1000

## 4. Businesses by industry

The table below shows businesses by industry in the UK in 2017.

Businesses by industry in the UK, 2017				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	194	3%	3%	6%
Manufacturing	266	5%	10%	15%
Construction	1,008	18%	8%	8%
Total services	4,227	74%	79%	71%
<i>Of which:</i>				
Retail	542	10%	19%	33%
Transportation	345	6%	6%	5%
Accommodation & food	202	4%	9%	3%
ICT	351	6%	5%	6%
Financial and Insurance	86	2%	4%	-
Real estate activities	112	2%	2%	2%
Professional and scientific	856	15%	10%	8%
Administrative & support service	479	8%	11%	7%
Education	296	5%	2%	1%
Health and social work	362	6%	7%	2%
Arts and recreation	276	5%	3%	3%
Other service activities	319	6%	3%	1%
Total	5,695	-	-	-

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

In 2017 there 4.3 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 33% of all turnover in 2017.

Construction sector businesses accounted for 18% 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 15% 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 2016. 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%

Source: ONS, *Business Demography 2017*

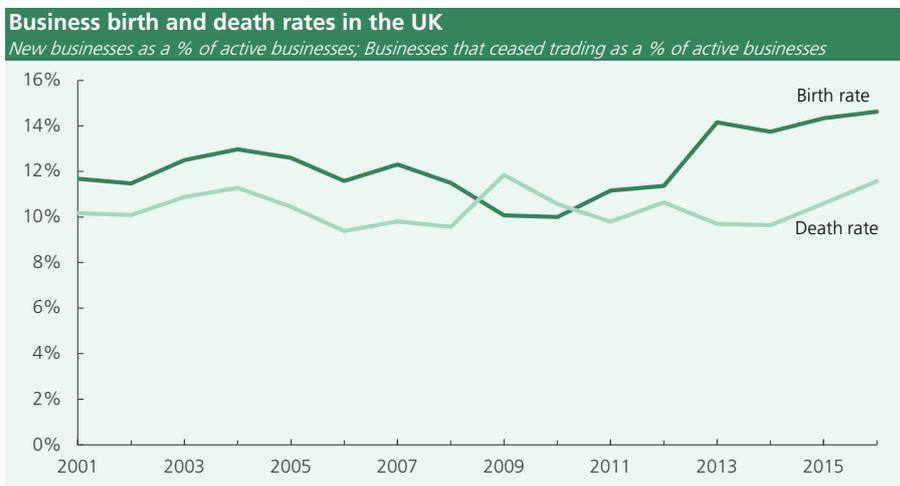
Notes: excludes the non-VAT registered businesses with no employees

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

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

The business birth rate in 2016 is the highest since at least 2001.

In 2016 in the UK, there were 414,000 business births, up 31,000 on the previous year. Business births outnumber business deaths by 87,000 in 2016.



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 15%, whilst the business death rate was 12%.

## Business births and deaths by region

The table below shows business births and deaths in the regions of the UK in 2016.

<b>Business births and deaths by region and country, 2016</b>				
	Births	Birth rate	Deaths	Death rate
North East	10,180	14%	8,530	12%
North West	42,030	15%	29,965	11%
Yorks and The Humber	27,220	14%	22,135	11%
East Midlands	24,630	13%	20,980	11%
West Midlands	34,700	15%	24,250	10%
East	45,400	16%	32,320	11%
London	102,140	17%	82,075	14%
South East	55,960	13%	48,480	11%
South West	31,775	14%	24,005	11%
Wales	12,115	12%	10,335	10%
Scotland	22,270	12%	19,385	11%
Northern Ireland	5,935	10%	5,315	9%
<i>United Kingdom</i>	<i>414,355</i>	<i>15%</i>	<i>327,775</i>	<i>12%</i>

Source: ONS, *Business Demography 2017*

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 2016, the largest number of business births occurred in London (102,000). The largest number of business deaths also occurred in London (82,000). In all the regions and countries of the UK, business births outnumbered business deaths.

In nearly all regions, the business death rate was 10% or 11%, except for the North East (12%), London (14%) and Northern Ireland (9%).

There was more variation in the business birth rate. The region with the lowest birth rate was Northern Ireland (10%). The region with the highest birth rate was London (17%).

The highest business birth and death rate is in London.

## 6. Women in business

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

### Female-led SMEs

In 2016, 22% of SMEs with no employees and 20% of SMEs with employees were led by women. In total, around 1.2 million SMEs are led by women.<sup>1</sup>

Examining only SMEs with employees, women-led SMEs are under-represented in the information and communication sector (11% of businesses led by women). In the education sector women led-businesses made up 45% of the total. In the health services sector, women made up 56% of the total.

It is estimated that in the UK women-led SMEs contribute about £75 billion to economic output (16% of the UK SME approximate GVA total).<sup>2</sup>

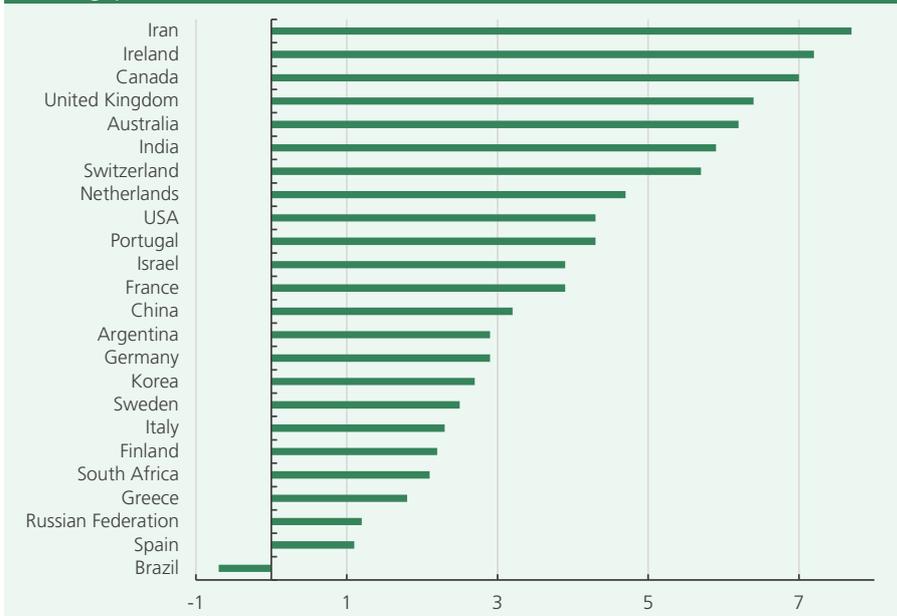
### Female start-ups

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.<sup>3</sup>

In 2015, the TEA rate (the proportion of working aged people involved in TEA) for men was 12.0%, and was 5.7% for women.

#### TEA Gender Gap, percentage points, selected countries, 2016/17

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



<sup>1</sup> BIS, *Small business survey 2016 (employers): Small business survey 2016, (no employees)*, 2016

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

<sup>3</sup> Global Entrepreneurship Monitoring Consortium, *UK country profile 2016/17*, 2017, p20

The data in the chart above shows the 'TEA gap' (the difference between the male TEA rate and the female TEA rate) in selected countries.<sup>4</sup>

The TEA gap in the UK is 6.4% points, compared to 7.7% points in Iran, 4.3% points in the USA and 2.9% points in Germany. The TEA gap in Brazil is negative (more women are involved in leading start-ups than men).

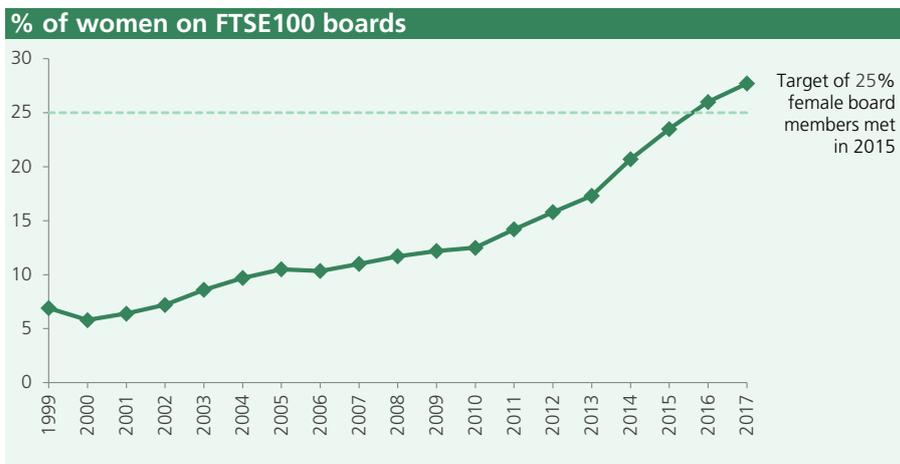
## Women on boards

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](#).<sup>5</sup>

In October 2015, it was [announced](#) that this target had been met, and that 26% of FTSE100 board members were female. In 2017, 28% of FTSE100 directorships were occupied by women.<sup>6</sup>

There are now zero all-male boards in the FTSE100, down from 21 in 2011. In the FTSE350, there are now 8 all male boards, down from 152 in 2011.<sup>7</sup>

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](#).

<sup>4</sup> GEM consortium, [Global entrepreneurship monitor 2016/17](#), p120

<sup>5</sup> Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, p 4  
Cranfield University, [Female FTSE board report](#), 2017

<sup>7</sup> *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.<sup>8</sup>

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.<sup>9</sup> 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](#).

---

<sup>8</sup> BIS, [BPE: methodology and quality note](#), 2012

<sup>9</sup> The VAT registration threshold is currently VAT taxable turnover of £73,000.

## 13 Business statistics

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, 28 December  
2017

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](mailto:papers@parliament.uk)