



## BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2013



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### Summary

- There were an estimated 4.9 million private sector businesses in the UK at the start of 2013, an increase of 102,000 compared to the start of 2012.
- This continues the trend of steady growth in the UK business population since the series began in 2000, with the 2013 estimate being the highest.
- As in previous years, the latest rise has been driven by the growth in the numbers of smaller, non-employing businesses – there were 127,000 more of these than at the start of 2012.
- This growth was offset by the number of employing businesses falling by 26,000.
- The 4.9 million private sector businesses employed an estimated 24.3 million people, and had an estimated combined annual turnover of £3,300 billion<sup>1</sup>.
- 99.9 per cent of private sector businesses are SMEs, employing an estimated 14.4 million people, 59.3 per cent of private sector employment. Their estimated combined annual turnover of £1,600 billion accounted for 48.1 per cent of private sector turnover.
- The majority (62.6 per cent) of private sector businesses were sole proprietorships, 28.5 per cent were companies and 8.9 per cent were ordinary partnerships.
- 75.3 per cent of private sector businesses do not employ anyone beside the business owners.

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<sup>1</sup> Turnover throughout this release excludes SIC2007 Section K (financial and insurance activities) where data is not available on a comparable basis.



## Introduction

The *Business Population Estimates (BPE) for the UK and Regions 2013* provides information on the total number of private sector businesses in the UK at the start of 2013, broken down by the number of employees, legal status, industry and geography. Further information is provided on the employment and turnover in these businesses. However, there are time lags associated with these variables so any comparisons should be made with caution. No changes have been made to the methodology for this release<sup>2</sup>.

The *BPE* publication provides annual estimates of the total number of businesses and their associated employment and turnover at the start of each year. However, it can not be used to estimate the number of business start ups or closures, though it provides a measure of the annual net change in the number of private sector businesses.

Whilst information is provided on the number of businesses in the whole economy (see Table 2 of the accompanying detailed data tables), the focus of this publication is the private sector, so the government and not-for-profit sectors are not included in the analysis in this statistical release.

The *BPE* publication comprises this statistical release, a methodology and quality note and a detailed dataset which are all available via this link: [BPE website link](#)

## 2013 business population and their associated employment and turnover

At the start of 2013, there were an estimated 4.9 million UK private sector businesses, employing an estimated 24.3 million people and with an estimated combined annual turnover of £3,300 billion (see Table 1).

Almost all of these businesses (99.2 per cent) were small (0 to 49 employees).

Only 31,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 7,000 (0.1 per cent) were large (250 or more employees).

This means there were 4.9 million UK private sector SMEs at the start of 2013. These SMEs employed an estimated 14.4 million people, and had an estimated combined annual turnover of £1,600 billion (see Table 1).

The majority of SMEs are non employers that are not registered for either VAT and/or PAYE (i.e. they are unregistered).

The distribution of businesses amongst the small, medium and large categories has remained fairly stable since 2000 (the earliest point for which comparable data exists). However, more detailed examination below of the changes over time does show some underlying changes to the composition of the population – see figure 3.

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<sup>2</sup> See 'Notes on this Release' and the accompanying Methodology and Quality Note for details of time lags associated with employment and turnover data and earlier changes to the methodology in this series.

**Table 1**

Estimated number of businesses in the UK private sector and their associated employment and turnover, by size of business, start of 2013.

	Businesses	Employment <i>thousands</i>	Turnover <sup>1</sup> <i>£ millions</i>
All businesses	4,895,655	24,332	3,279,961
SMEs (0-249 employees)	4,889,060	14,424	1,577,563
All employers	1,210,915	20,298	3,071,334
With no employees <sup>2</sup>	3,684,740	4,033	208,628
1-9	986,890	3,729	387,654
10-49	186,745	3,664	489,999
50-249	30,685	2,998	491,282
250 or more	6,595	9,907	1,702,399

1. Total turnover figures exclude SIC 2007 Section K (financial and insurance activities) where turnover is not available on a comparable basis.
2. "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed owner-managers(s), and companies comprising only an employee director.

At the start of 2013, businesses with no employees<sup>3</sup> accounted for 75.3 per cent of all private sector businesses in the UK (3.7 million businesses), 16.6 per cent of private sector employment and 6.4 per cent of private sector turnover at the start of 2013.

Businesses with employees accounted for just under a quarter of all private sector businesses (24.7 per cent, or 1.2 million businesses). They accounted for 83.4 per cent of private sector employment and 93.6 per cent of private sector turnover.

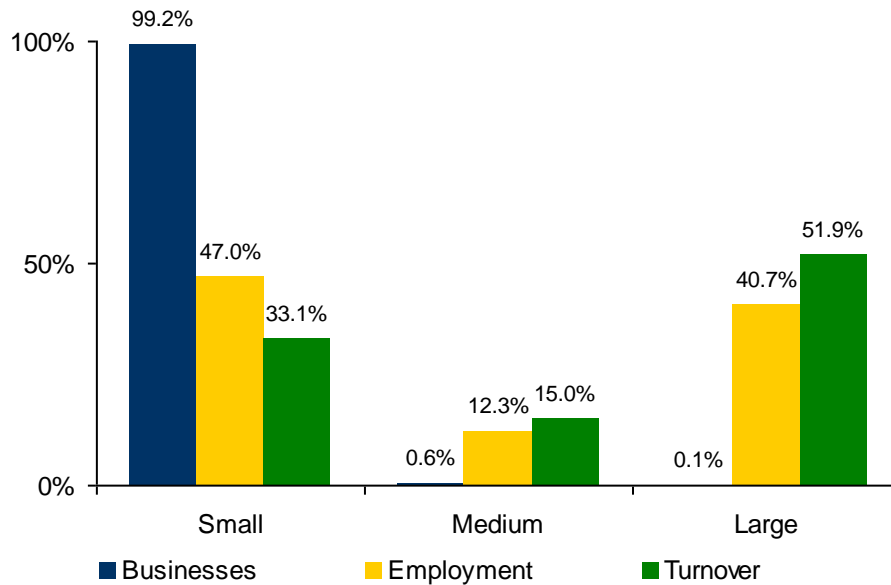
SMEs together accounted for more than half of employment (59.3 per cent) and almost half of turnover (48.1 per cent) in the UK private sector (see Figure 1).

Small businesses alone (0 to 49 employees) accounted for 47.0 per cent of private sector employment and 33.1 per cent of private sector turnover.

<sup>3</sup> Businesses with no employees are either i) sole proprietorships and partnerships comprising only the self-employed owner-manager(s), or ii) companies comprising only one employee director.

**Figure 1**

Share of businesses in the UK private sector and their associated employment and turnover, by size of business, start of 2013.



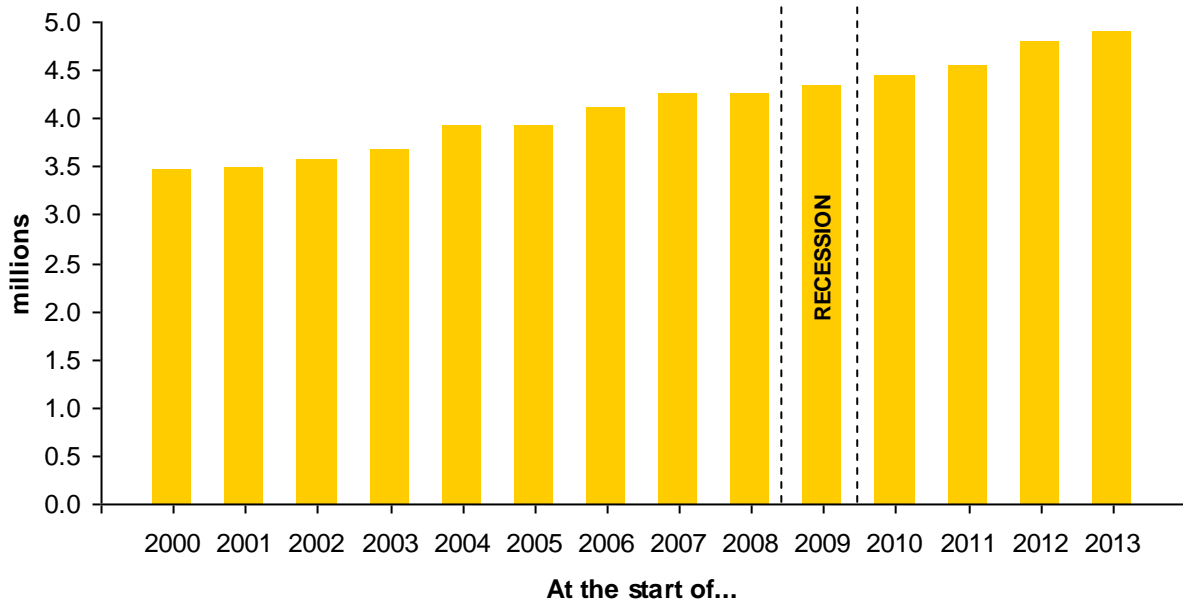
**Change in the business population over time**

There were an estimated 4.9 million private sector businesses in the UK at the start of 2013, the highest estimate since 2000 (the earliest point for which comparable data exists) and an increase of 102,000 since the start of 2012, despite limited growth in the UK economy during 2012 .

The long term trend has been a steady increase in the overall business population and this has continued despite the recent tough economic conditions, the total increase since the start of 2000 is 1.43 million (41.1 per cent) (see Figure 2). The largest annual rate of increase in the series occurred between the start of 2003 and the start of 2004, when the estimated number of private sector businesses rose by 6.8 per cent (or 248,000). Even during the 2008/09 recession, the number of private sector businesses increased by 1.7 per cent (72,000) between the start of 2008 and the start 2009.

**Figure 2**

Estimated number of businesses in the UK private sector, start of 2000 to start of 2013<sup>1</sup>.



1. To enable a robust comparison over time, this time series has been produced on a consistent basis using the latest methodology and latest ONS *Labour Force Survey* reweighted population data. Where there were discontinuities or gaps in the data, a modelling approach was taken to estimate the business counts. These estimates supersede those published in previous *SME* (2000-2009) statistics and *BPE* (2010-2012) series. Improvements to HMRC computer systems resulted in a discontinuity in 2012 – see paragraph 7 in ‘Notes on this release’ for more detail.

The increase in the overall business population since 2000 was largely driven by SMEs - their estimated number increased from 3.5 million to 4.9 million (41.0 per cent) between the start of 2000 and the start of 2013.

These changes were driven by the increase in the number of businesses without employees (see Figure 3). Their number increased in almost every year since 2000. Indeed, compared to the start of 2000 their number had increased by 56 per cent (1.3 million) by the start of 2013, reaching 3.7 million at the start of 2013, the highest level in the series. This trend persisted despite the economic downturn and may be related to the tough labour market conditions, which may have encouraged people to set up in business as they are made redundant.

Most of the growth in non-employing businesses came from unregistered businesses, i.e. the smallest non-employing businesses not registered for VAT. The number of these businesses has increased by 1.2 million (83 per cent) since 2000.

Meanwhile, the number of employing businesses has fallen in most years since 2008, but is still around 100,000 higher than in 2000. The estimated number of large private sector businesses (with 250 or more employees) decreased by 8.2 per cent over the period, falling from 7,200 at the start of 2000 to 6,600 at the start of 2013.

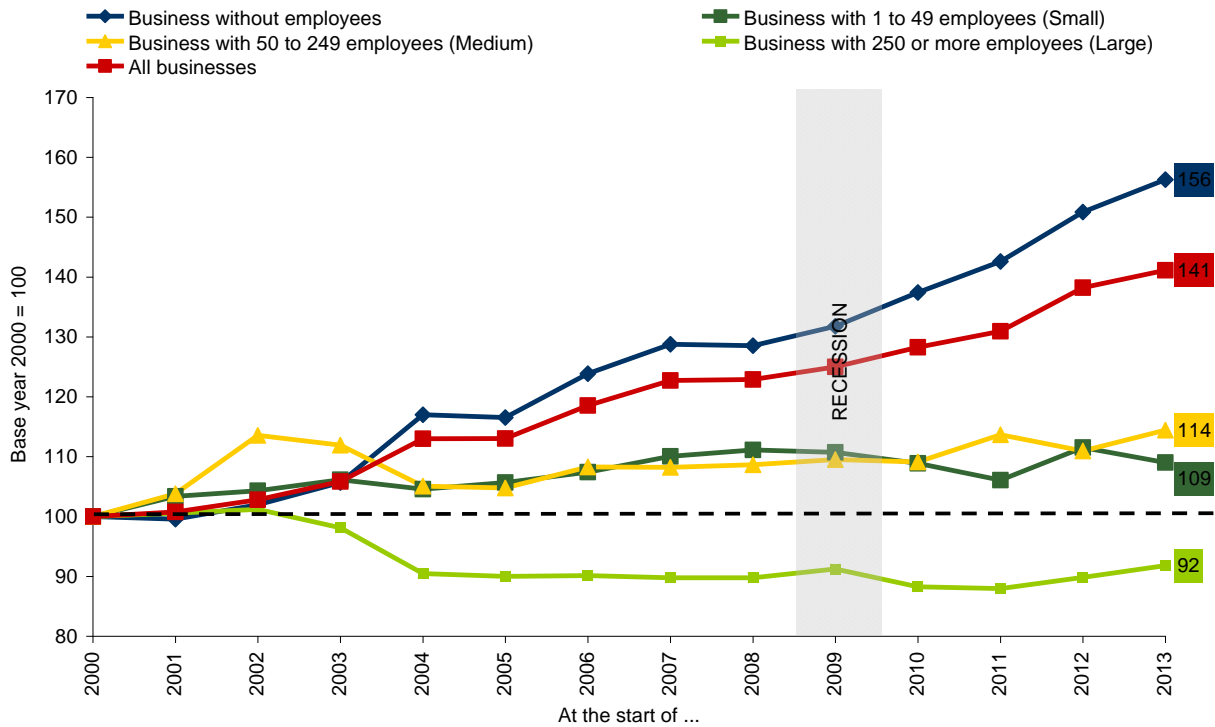
Figure 3 suggests that the economic downturn has had a particular impact on the population of businesses with 1 to 49 employees as their number decreased by 1.9 per cent between the start of 2008 and the start of 2013.



After falling for the last two years, the number of large businesses increased between the start of 2012 and the start of 2013, by 140 (2.2 per cent).

**Figure 3**

Change in the number of UK private sector businesses by size band, 2000-2013 (indexed)<sup>1</sup>.



\* In 2003 Primary Care Trusts and National Health Service Trusts were reclassified from the private sector to the central government sector.

1: Improvements to HMRC computer systems resulted in a discontinuity in 2012 – see paragraph 7 in ‘Notes on this release’ for more detail.

Source: BIS Business Population Estimates for the UK and Regions 2013 and ONS GDP data.

### Legal status of businesses

Private sector businesses fall into three different types of legal status -sole proprietorships, run by one self-employed person; ordinary partnerships, run by two or more self-employed people; and companies<sup>4</sup> (including public corporations and nationalised bodies) in which the working directors are classed as employees.

At the start of 2013, 62.6 per cent of private sector businesses were sole proprietorships, 28.5 per cent were companies and 8.9 per cent were ordinary partnerships.

There were an estimated 3.1 million sole proprietorships in the UK at the start of 2013, of which 231,000 (9.0 per cent) had employees (see Figure 4).

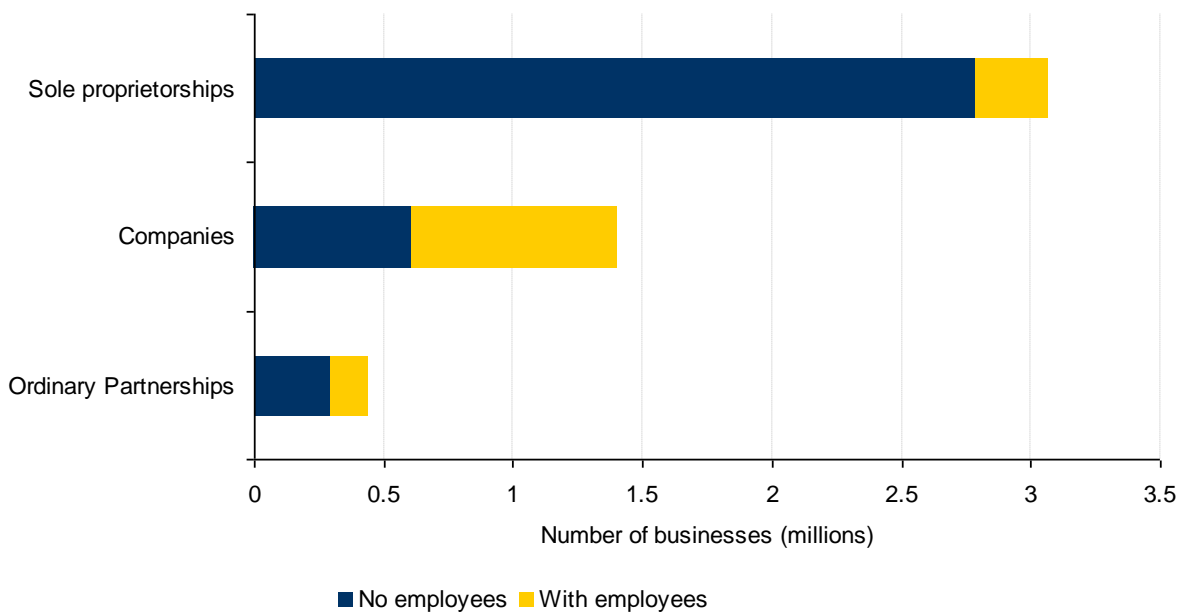
<sup>4</sup> Companies can take a range of legal forms, including Public Limited Companies, Private Limited Companies, Limited Liability Partnerships, and others.

There were 1.4 million companies, of which 789,000 (56.5 per cent) had employees<sup>5</sup>.

There were an estimated 434,000 ordinary partnerships, of which 145,000 (33.5 per cent) had employees.

**Figure 4**

Number of businesses in the UK private sector with and without employees, by legal status, start of 2013.



**Registered and unregistered businesses**

The majority of private sector businesses are unregistered<sup>6</sup>. There were an estimated 2,740,000 unregistered businesses at the start of 2013, representing 56.0 per cent of all private sector businesses. There were 2,156,000 registered businesses at the start of 2013 (those registered for VAT and/or PAYE), representing 44.0 per cent of all private sector businesses<sup>7</sup> and 25.6 per cent of all non-employed businesses.

The increase in the estimated number of businesses between the start of 2012 and the start of 2013 was driven mainly by an increase in unregistered businesses. The number of unregistered businesses increased by 89,000 (3.3 per cent), reaching

<sup>5</sup> For legal reasons most companies are run by employees. However, in this publication companies with a single employee director are treated as having no employees. See Definitions and Coverage section of the Methodology and Quality Note for more information.

<sup>6</sup> Those businesses run by self-employed people that are not large enough to be VAT registered and do not have a PAYE scheme and therefore will not appear on the government business register.

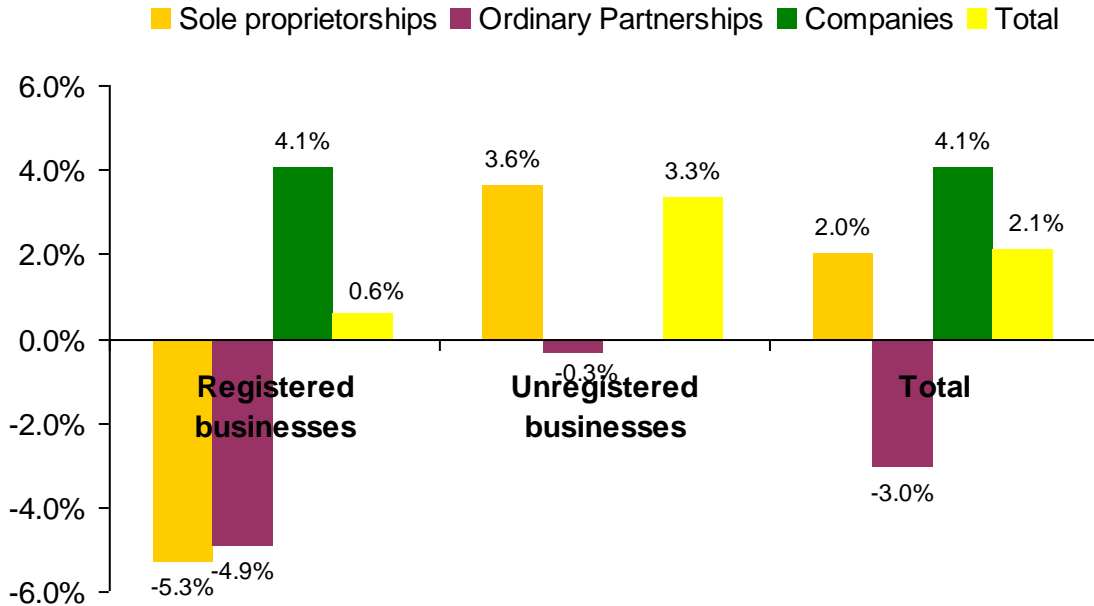
<sup>7</sup> This total will differ slightly from ONS published statistics on registered businesses (e.g. *UK Business and Business Demography*) – refer to the link to the [User Guide](#) for more information.



2,740,000 at the start of 2013 (see Figure 5 and Table 2). Most of the change in the number of businesses between 2012 and 2013 was due to an increase in unregistered sole proprietorships (increasing by 89,000, or 3.6 per cent).

**Figure 5**

Percentage change<sup>1,2</sup> in the estimated number of businesses in the UK private sector between the start of 2012 and the start of 2013, by legal status and whether registered.



1: Calculated using revised data for 2012, produced on a consistent basis using the latest methodology and latest ONS *Labour Force Survey* reweighted population data.

2: Improvements to HMRC computer systems resulted in a discontinuity in 2012 – see paragraph 7 in ‘Notes on this release’ for more detail.

The total number of registered businesses increased by 13,000 (0.6 per cent) during 2012, to reach 2,156,000 at the start of 2013 (see Figure 5 and Table 2 and note explanation of a discontinuity in paragraph 2 of the ‘Notes on this release’).



**Table 2**

Changes in the estimated number of businesses in the UK private sector between the start of 2012 and the start of 2013<sup>1</sup>.

	Ordinary			Total
	Sole proprietorships	Partnerships	Companies	
	Change			
Unregistered businesses <sup>2</sup>	89,000	-1,000	N/A <sup>3</sup>	89,000
Registered businesses <sup>4</sup>	-28,000	-13,000	54,000	13,000
<i>Of which</i>				
<i>with employees</i>	-20,000	-10,000	4,000	-26,000
<i>without employees</i>	-8,000	-3,000	51,000	39,000
<b>All private sector businesses</b>	<b>61,000</b>	<b>-14,000</b>	<b>54,000</b>	<b>102,000</b>

1. Calculated using revised data for 2012, produced on a consistent basis using the latest methodology and latest ONS *Labour Force Survey* reweighted population data.

2. Unregistered businesses comprise self-employed people working alone or in partnership. These do not exclude Composite Managed Companies.

3. Not applicable - the BPE methodology assumes all companies are registered.

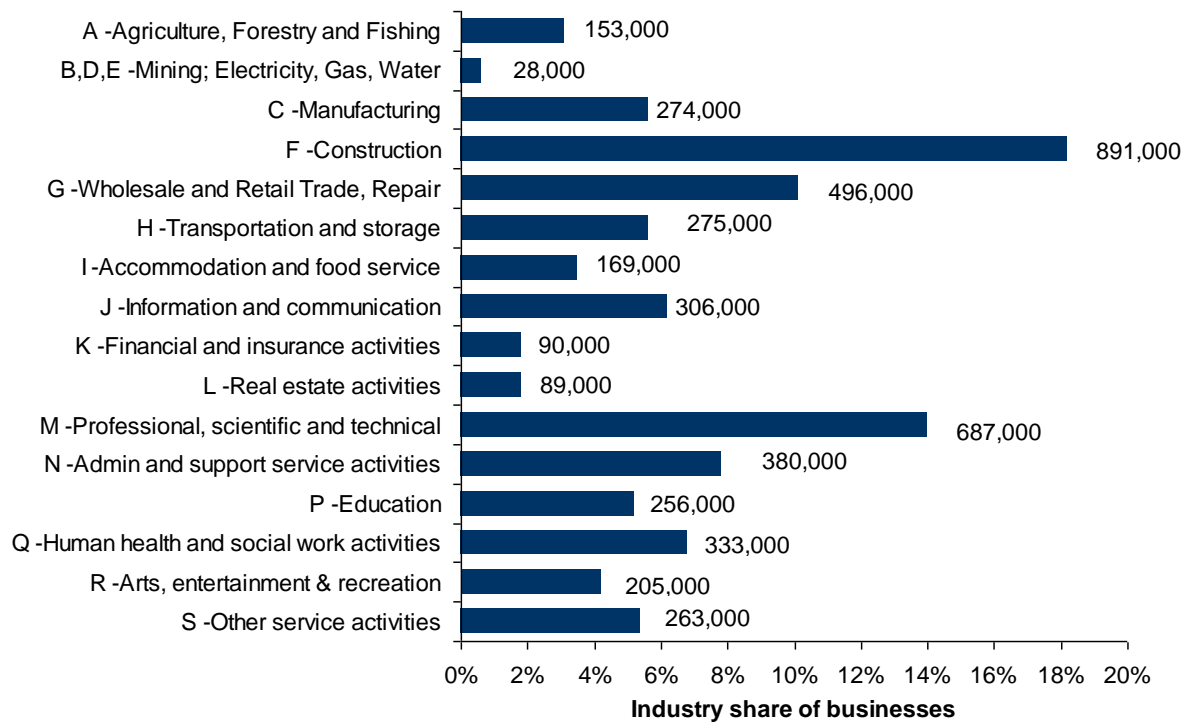
4. Registered companies are those businesses registered for VAT and/or PAYE but exclude Composite Managed Companies. This total will differ from the ONS statistics on registered businesses (e.g. *UK Business* and *Business Demography*) - see Methodology Note

During 2012, the number of sole proprietorships increased by 61,000 (2.0 per cent), the number of partnerships fell by 14,000 (-3.0 per cent) and the number of companies increased by 54,000 (4.1 per cent).

### Businesses by broad industry sector

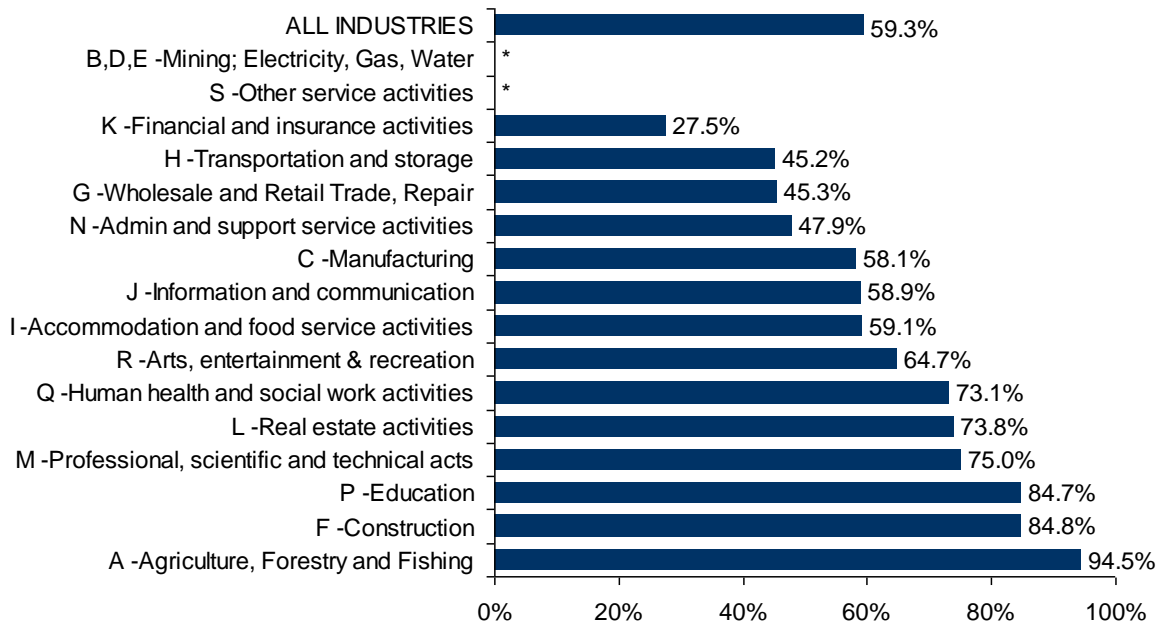
At the start of 2013, there were 891,000 businesses operating in the Construction sector (see Figure 6). This represents almost a fifth (18.2 per cent) of all UK private sector businesses. A further 687,000 businesses (14.0 per cent) were operating in the Professional, scientific and technical activities sector and 496,000 (10.1 per cent) in the Wholesale and retail trade and repair sector.

**Figure 6**  
Share of businesses in the UK private sector (and numbers) by industry, start of 2013.



At the start of 2013, 59.3 per cent of private sector business employment was in SMEs (0-249 employees), although this proportion varied considerably by industry (see Figure 7). In the Financial Services sector only 27.5 per cent of employment was in SMEs. However, in the Agriculture, forestry and fishing sector virtually all employment (94.5 per cent) was in SMEs.

**Figure 7**  
SME share of employment in the UK private sector, by industry, start of 2013.

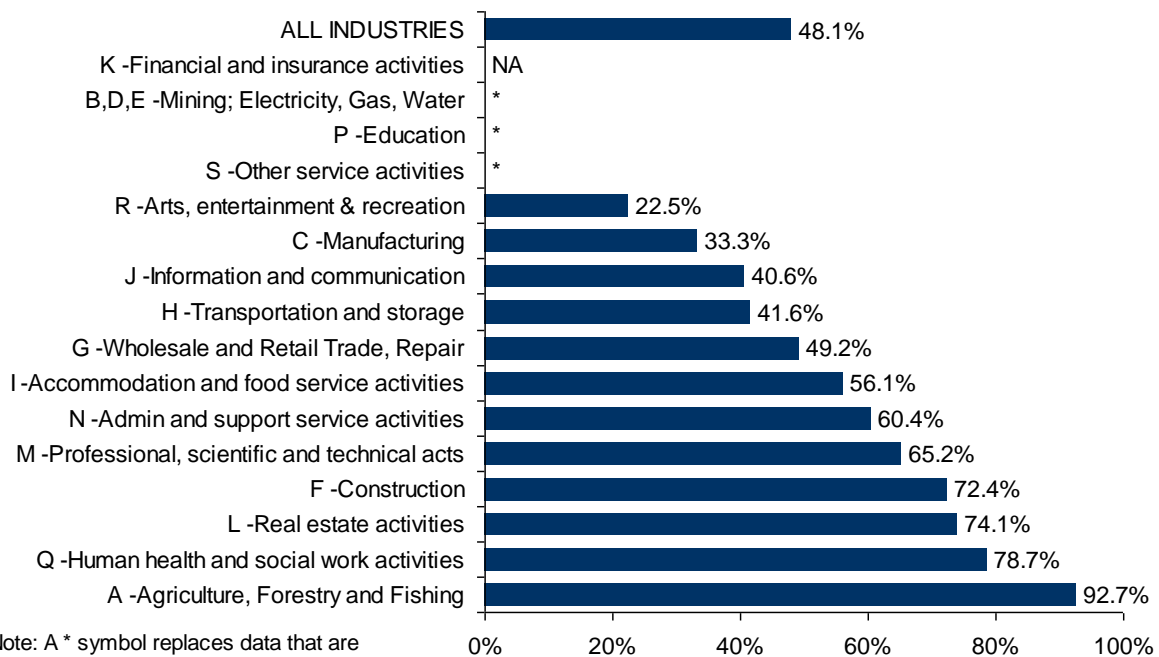


Note: A \* symbol replaces data that are deemed to be disclosive.

Share of employment in SMEs

Overall just under half of private sector turnover (48.1 per cent) was in SMEs. Again, there were variations by industry (see Figure 8), ranging from 22.5 per cent in the Arts, entertainment and recreation activities sector to 92.7 per cent in Agriculture, forestry and fishing.

**Figure 8**  
SME share of turnover in the UK private sector, by industry, start of 2013.



Note: A \* symbol replaces data that are deemed to be disclosive.

Share of turnover in SMEs

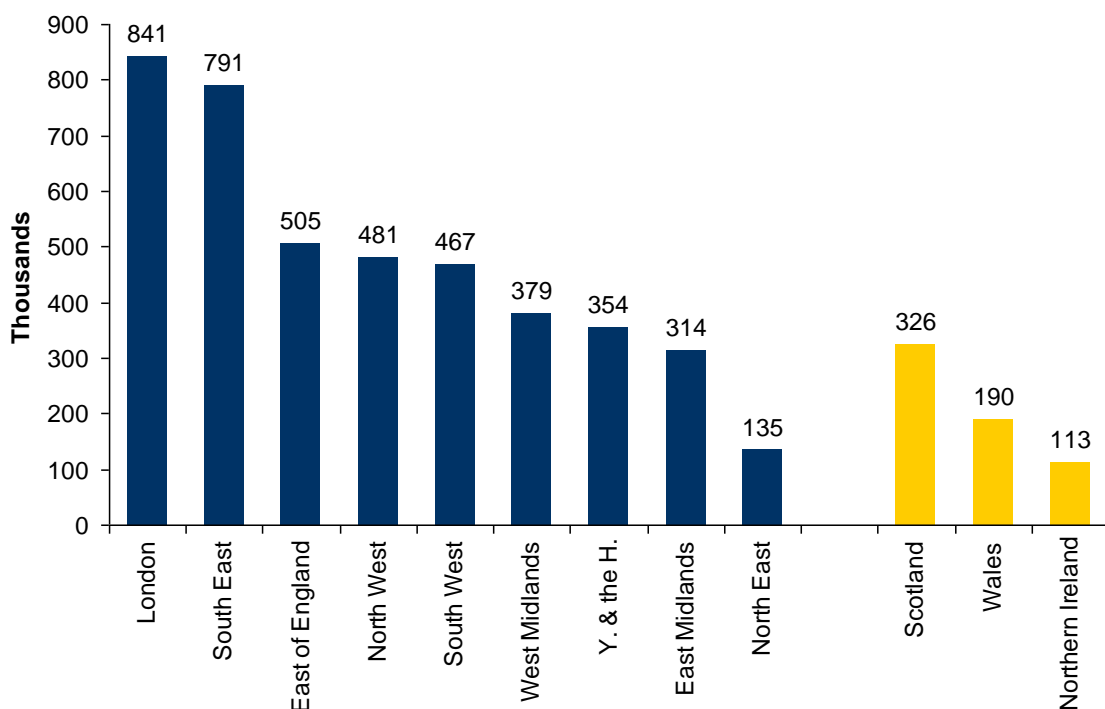
## Businesses in UK countries and regions

Of the estimated 4.9 million private sector businesses in the UK at the start of 2013, 4.3 million (87.2 per cent) were in England<sup>8</sup>.

With 841,000 private sector businesses at the start of 2013, London had more businesses than any other region or country in the UK. The South East had the second largest number of businesses with 791,000. Together these regions account for a third (33.3 per cent) of all private sector businesses in the UK (see Figure 9).

**Figure 9**

Number of businesses in the UK private sector, by UK region and country (excluding England), start of 2013.



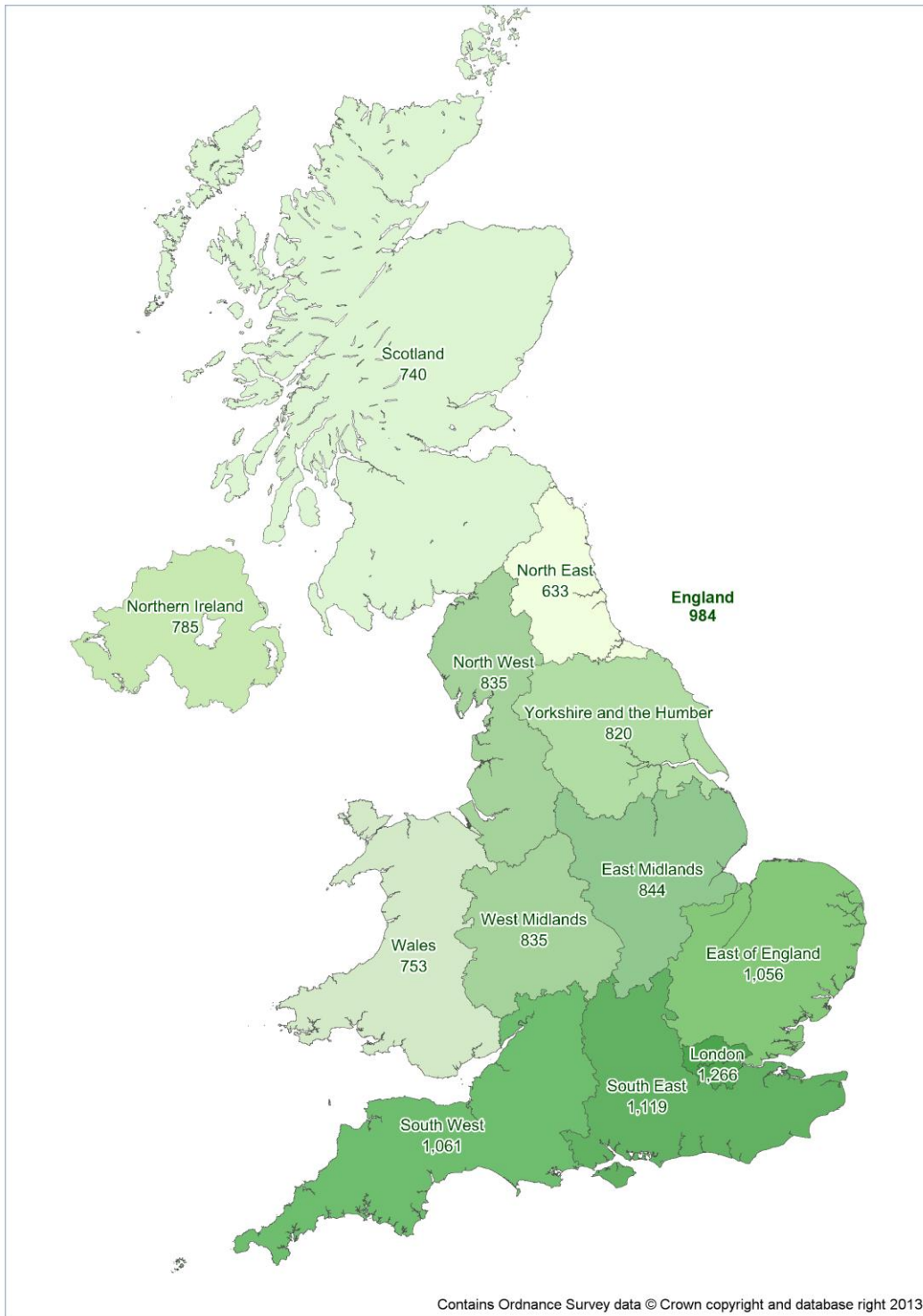
For some regions and countries, the pattern is the same when analysing the numbers of businesses relative to the adult population (see Figure 10). For example, London and the South East have both the highest number of businesses and the highest business density rates, whilst the North East had the second lowest number of businesses in England, and the lowest business density rate (633 businesses per 10,000 adults).

For some regions and countries, however, the pattern changes when looking at business density rates. For example, although Northern Ireland had the lowest number of businesses of the UK countries and regions (113,000), it was ninth in terms of its business density rate. In contrast the North West had the fourth highest number of businesses (481,000) amongst the UK countries and regions, and was also equal

<sup>8</sup> Businesses that have sites in more than one region or country are counted here only in the region or country where they are registered.

sixth with the West Midlands in terms of its business density rate (835 businesses per 10,000 adults).

**Figure 10**  
 Number of businesses in the UK private sector per 10,000 adults, by UK region and country, start of 2013.



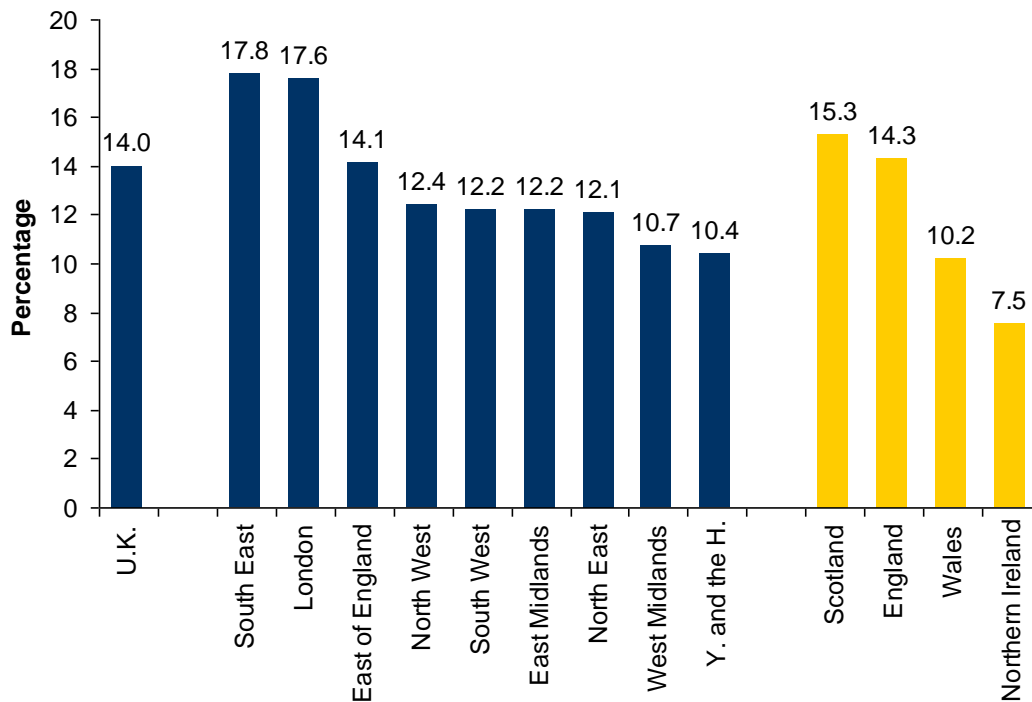
There is also a wide variation in the industrial composition of the business population across the regions.

The South East (17.8 per cent) and London (17.6 per cent) of businesses had the highest proportion out of all regions and countries of businesses in the Professional, scientific and technical activities sector (see Figure 11).

Meanwhile, Northern Ireland (7.5 per cent) and Wales (10.2 per cent) had the lowest proportion out of all regions and countries of businesses in the Professional, scientific and technical sector (see Figure 11).

**Figure 11**

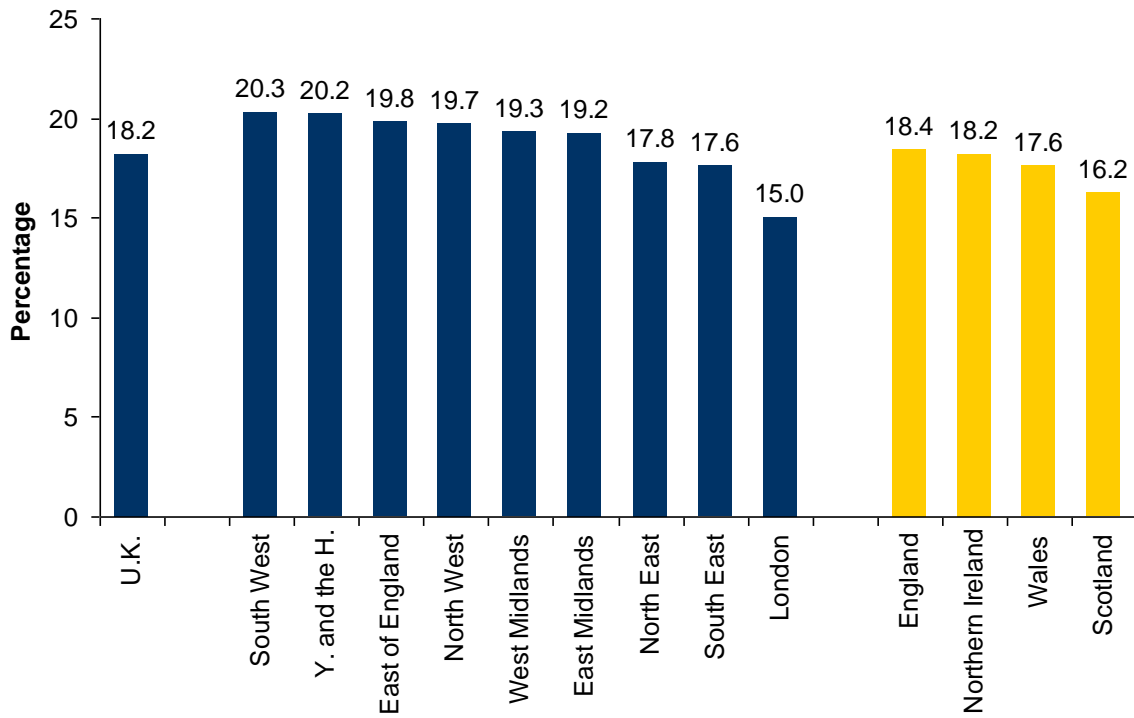
Share of private sector businesses in the professional, scientific and technical activities sector, by region and country, start of 2013.



The South West (20.3 per cent) had the highest proportion of businesses in the Construction sector, followed by Yorkshire and the Humber (20.2 per cent) and East of England (19.8 per cent), whilst just 15.0 per cent of businesses in London were in this sector (see Figure 12).

**Figure 12**

Share of private sector businesses in the construction sector, by region and country, start of 2013.





## Notes on this release

1. *Business Population Estimates 2013* is the latest in a series of estimates of the total number of private sector businesses in the UK. For the 2010 edition published in May 2011, several improvements were made to the methodology to increase the quality of the estimates and further minor methodological improvements were introduced for *Business Population Estimates 2011*. For this 2013 edition, no changes have been made to the methodology. To highlight to users that the methodology has changed over time (when compared to the earlier *Small and Medium-sized Enterprise Statistics 1994-2009*), the series was re-named *Business Population Estimates* in 2010. For further information refer to the Methodology and Quality Note that accompanies this release, which is accessible via the link here: [BPE website link](#)
2. The main purpose of the *BPE* publication is to provide an estimate of the number of businesses in the UK at a point in time, broken down by various characteristics. In contrast to other publications produced by the Office for National Statistics, *BPE* estimates the total number of UK private sector businesses, including those that are registered for VAT and/or PAYE and those that are unregistered (see paragraph 6 below for more information). Information on the employment and turnover in these businesses is also provided. The function of the employment and turnover data is to act as 'auxiliary variables' that is used to (i) classify businesses by employee size band and (ii) calculate shares of employment and turnover across industrial sectors, regions and legal statuses. The nature of the underlying processes used to update these variables on the Inter-Departmental Business Register (IDBR) means that direct comparisons (and comparisons over time) made using the absolute values for employment and turnover are less reliable. For further information refer to Section 3 of the Methodology and Quality Note that accompanies this release.
3. To aid the interpretation of these statistics, it is highly recommended that users refer to the Methodology and Quality Note that accompanies this release.
4. The estimates are used by a wide range of people to analyse the scale, structure and significance of the total business population in the UK and to monitor change over time. For instance, government departments use them to inform policy development. Other users of the *BPE* include local authorities, businesses, the business networks, academics and consultants. More detailed information on the users and use made of this series is available in the [BPE User Engagement Strategy](#)
5. A [Guide](#) explaining how this publication relates to other National Statistics on business population and demography has been published to help users understand the differences and choose the most appropriate source.
6. All figures in this document can also be found in the accompanying the Excel tables accessible via the link here: [BPE website link](#)
7. The estimate of the total number of businesses increased by 253,000 between the start of 2011 and start of 2012. Improvements made to HMRC computer systems have resulted in approximately 53,000 extra businesses being added to the government business register at the start of 2012. Of the 53,000 extra businesses, some will have existed before 2011 and therefore should have been included in previous estimates of the total business population. It is possible some of these previously existing businesses were captured in earlier estimates of the unregistered business population, but unfortunately the precise number cannot be calculated. Therefore, the actual increase in the total business population between the start of





2011 and the start of 2012 will lie between 200,000 (4.4 per cent) and 253,000 (5.6 per cent).

## Revisions

8. All statistics relating to 2013 released in this publication are new. Statistics relating to 2000-08 in this release are revisions to the estimates previously published in *Business Population Estimates 2012* and have been produced using a consistent methodology and using the latest available ONS *Labour Force Survey* population data. For more detail, see the revisions policy on page 12 of the Methodology and Quality Note.

## Definitions

9. In this release, and in the tables accompanying it, a small business is defined as a business with 0 to 49 employees, a medium-sized business is one with 50 to 249 employees, and a large business is one with 250 or more employees. Small and medium-sized enterprises (SMEs) are defined as businesses with 0-249 employees.

10. Within the scope of the *Business Population Estimates*, companies with a single employee director are counted as zero employee businesses.

11. The definition of the private sector used in this publication excludes the non-profit sector, but includes public corporations and nationalised bodies.

12. Turnover data throughout this release excludes both SIC2007 Section K (Financial and insurance activities) where turnover is not available on a comparable basis.

13. Businesses that have sites (and employees) in more than one region or country are counted here only in the region or country where they are registered. These estimates may therefore differ from actual employment in a region, since some employees in one region will work for businesses that are registered in another region.

14. 1 billion = 1,000 million.

15. All figures and percentages in this document are rounded, usually to two significant figures and one decimal place respectively. Therefore totals might not exactly match the sum of their parts. Suppression and controlled rounding have been used to protect the data in this publication from disclosure. For further information, please refer to the Methodology and Quality Note.

## Overview of Methodology

16. There is no single database containing all private sector businesses in the UK. The main source for this publication is the Inter-Departmental Business Register (IDBR), administered by the Office for National Statistics (ONS), which is used to provide the number of registered businesses in the UK.

17. This publication also includes estimates of very small businesses (with no employees) that do not appear on the IDBR. These are estimated by BIS using information from the ONS *Labour Force Survey (LFS)* and HM Revenue & Customs self-assessment tax returns data. Since the *LFS* is a sample survey, the estimates of zero employee businesses are subject to sampling variability.



## Time series comparison

18. This edition uses the same methodology as that used for the *Business Population Estimates 2012* publication. However, because of earlier improvements made to the methodology, this edition is not directly comparable to either *BPE 2010* or to the older [SME Statistics](#) series (1994-2009). Therefore, to enable robust comparison over time, a time series produced using the latest methodology is included in this publication (see Figure 2 in this Statistical Release and Table 24 of the detailed data sheet). This shows annual estimates of the number of businesses (by size band) in the UK private sector, between 2000 and 2013. It is not possible to produce comparable information regarding the contribution of these businesses to employment and turnover. Please refer to the Methodology and Quality Note for further information on how the methodology has varied over time.

19. For estimates of the total number of private sector businesses between 1994 and 1999 please refer to the *SME Statistics* publication. However, as mentioned above, users should note that these estimates were produced using a different methodology and are therefore not comparable with the *BPE* time series between 2000 and 2013 included in this release.

## Data users and uses

20. The *Business Population Estimates* are used extensively by government, the public, public bodies and businesses. For example, they are used by:

- government in understanding the likely impact of policy changes and monitoring the impact of the recession on different sections of the business population
- businesses in understanding their market share and planning marketing strategies
- by banks in developing an understanding of their customer base.
- by foreign firms in making UK location decisions
- by academics to inform research into businesses at local and national level
- by a range of public bodies in decision making and in evaluating the success of regeneration and business related policies
- by public and private business support providers in targeting business support.
- See the [BPE User Engagement Strategy](#) for more information (available together with a summary of results from a recent [BPE User Survey](#)).

## National Statistics publication

21. This National Statistics publication is produced to high professional standards set out in the Code of Practice for Official Statistics and the Pre-Release Access to Official Statistics Order (2008). These statistics were [assessed](#) for compliance against the *Code of Practice for Official Statistics* by the UKSA during 2011-12 and in October 2012 their National Statistics designation was [confirmed](#). They are produced free from any political interference.



22. The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

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