

BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2010



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Introduction

This is the latest in a series of publications providing an estimate of the total number of private sector businesses in the UK at the start of each year, with their associated employment and turnover. Further information is provided by number of employees, legal status, industry and geography. However, this year sees the introduction of some important methodological changes which mean the previous years' published data are not directly comparable¹.

The publication comprises this statistical release, a methodology note and a detailed dataset, available at: <http://stats.bis.gov.uk/ed/bpe/>.

Summary

- There were an estimated 4.5 million private sector businesses in the UK at the start of 2010, an increase of 48,000² (1.1 per cent) since the start of 2009.
- These businesses employed an estimated 22.5 million people, and had an estimated combined annual turnover of £3,200 billion³.
- Almost two thirds (64.2 per cent) of private sector businesses were sole proprietorships, 27.6 per cent were companies and 8.2 per cent were partnerships.
- Small and medium-sized enterprises (SMEs)⁴ together accounted for 99.9 per cent of all enterprises, 59.1 per cent of private sector employment and 48.6 per cent of private sector turnover.

¹ See *Economic and Labour Market Review* article for more detail: <http://www.statistics.gov.uk/articles/elmr/elmr-apr11-shaw.pdf>

² All annual changes reported in this release are based on comparable 2009 data produced using a consistent methodology, published in the ELMR article referenced above.

³ Turnover throughout this release excludes SIC2007 Section K (financial and insurance activities) where data is not available on a comparable basis.

⁴ In this release, SMEs are defined as having between 0-249 employees.

Stock of businesses and their associated employment and turnover

There were an estimated 4.5 million private sector businesses in the UK at the start of 2010, an increase of 48,000 (1.1 per cent) since the start of 2009⁵.

At the start of 2010, the 4.5 million UK private sector enterprises employed an estimated 22.5 million people, and had an estimated combined annual turnover of £3,200 billion (see Table 1).

Table 1

Number of enterprises in the private sector and their associated employment and turnover, by size of enterprise, UK, start of 2010.

	Enterprises	Employment <i>thousands</i>	Turnover ¹ <i>£ millions</i>
All enterprises	4,484,535	22,514	3,212,315
SMEs (0-249 employees)	4,478,595	13,316	1,561,793
All employers	1,193,965	18,982	3,000,522
With no employees ²	3,290,570	3,532	211,793
1-9	989,845	3,717	431,378
10-49	170,410	3,363	482,225
50-249	27,770	2,703	436,397
250 or more	5,940	9,198	1,650,522

1: "All Industries" turnover figures exclude 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-manager(s), and companies comprising only an employee director.

Almost all of these enterprises (99.2 per cent) were small (0 to 49 employees). Only 28,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.1 per cent) were large (250 or more employees).

At the start of 2010, the 4.5 million UK private sector SMEs employed an estimated 13.3 million people, and had an estimated combined annual turnover of £1,600 billion.

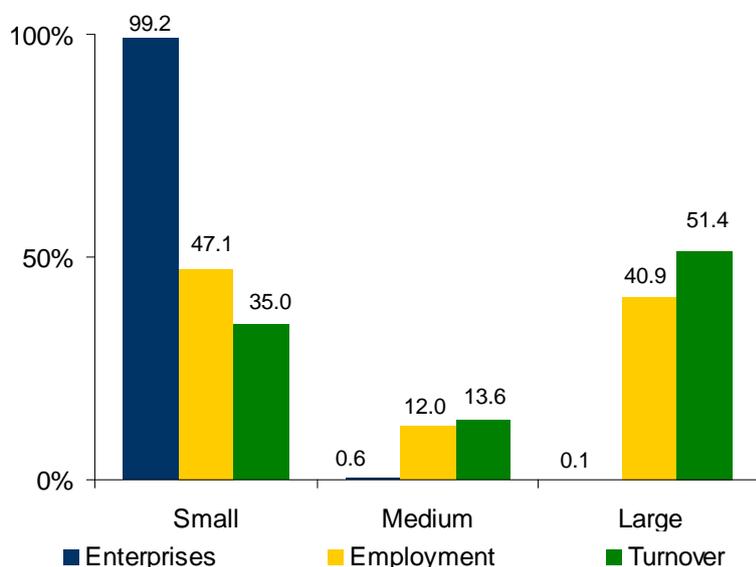
SMEs together accounted for more than half of employment (59.1 per cent) and almost half of turnover (48.6 per cent) in the UK private sector, at the start of 2010 (see Figure 1).

Small enterprises alone (0 to 49 employees) accounted for 47.1 per cent of private sector employment and 35.0 per cent of private sector turnover.

⁵ This comparison is made using an estimate of the start-2009 stock calculated using the new methodology. See <http://www.statistics.gov.uk/articles/elmr/elmr-apr11-shaw.pdf> for more detail.

Figure 1

Share of enterprises in the UK private sector and their associated employment and turnover, by size of enterprise, start of 2010.



The number of businesses with and without employees

At the start of 2010, businesses with employees accounted for over a quarter of all private sector businesses in the UK (26.6 per cent, or 1.2 million enterprises). This represents a fall of 30,000 (-2.4 per cent) since the start of 2009. They employed 19.0 million people and had an estimated combined turnover of £3,000 billion (see Table 1).

At the start of 2010, businesses with no employees⁶ accounted for 73.4 per cent of all private sector businesses in the UK (3.3 million enterprises), an increase of 78,000 (2.4 per cent) since the start of 2009. Enterprises with no employees had an estimated combined turnover of £212 billion at the start of 2010.

Legal status of businesses

At the start of 2010, 64.2 per cent of private sector enterprises were sole proprietorships, 27.6 per cent were companies and 8.2 per cent were partnerships.

There were an estimated 2.9 million sole proprietorships in the UK at the start of 2010, of which 292,000 (10.1 per cent) had employees (see Figure 2).

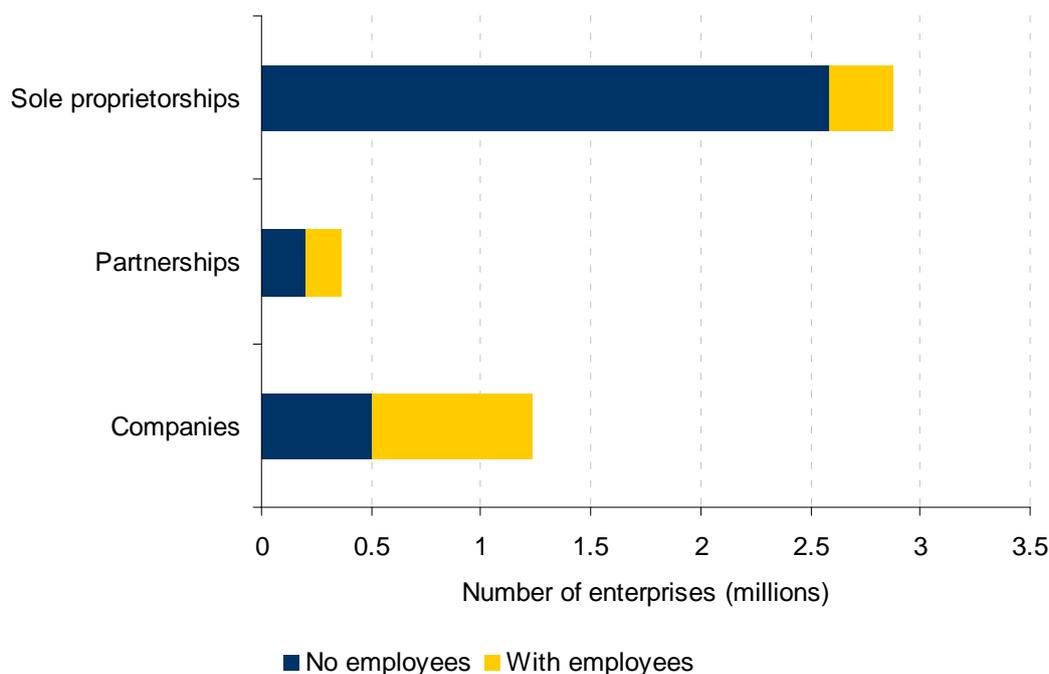
There were an estimated 370,000 partnerships, of which 166,000 (44.9 per cent) had employees.

⁶ Enterprises 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.

There were 1.2 million companies, of which 736,000 (59.6 per cent) had employees⁷.

Figure 2

Number of enterprises with and without employees, by legal status, UK private sector, start of 2010.



Registered and unregistered businesses

Table 2 shows that the majority of private sector enterprises were unregistered. There were 2,073,000 enterprises (46.2 per cent of all private sector enterprises) registered for VAT and/or PAYE at the start of 2010.

During 2009, the number of sole proprietorships increased by 77,000 (2.8 per cent), the number of partnerships increased by 5,000 (1.4 per cent) and the number of companies fell by 34,000 (-2.7 per cent).

⁷ 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 Methodology Note for more information.

Table 2

Changes in the number of enterprises between the start of 2009 and the start of 2010.

	Sole			Total	Total
	proprietorships	Partnerships	Companies		
Registered enterprises ¹	-26,000	-11,000	-34,000	-71,000	2,073,000
<i>Of which with employees</i>	-9,000	-4,000	-16,000	-30,000	1,194,000
<i>without employees</i>	-17,000	-6,000	-18,000	-41,000	879,000
Unregistered enterprises ²	103,000	16,000	N/A ³	119,000	2,412,000
All private sector enterprises	77,000	5,000	-34,000	48,000	4,485,000

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

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

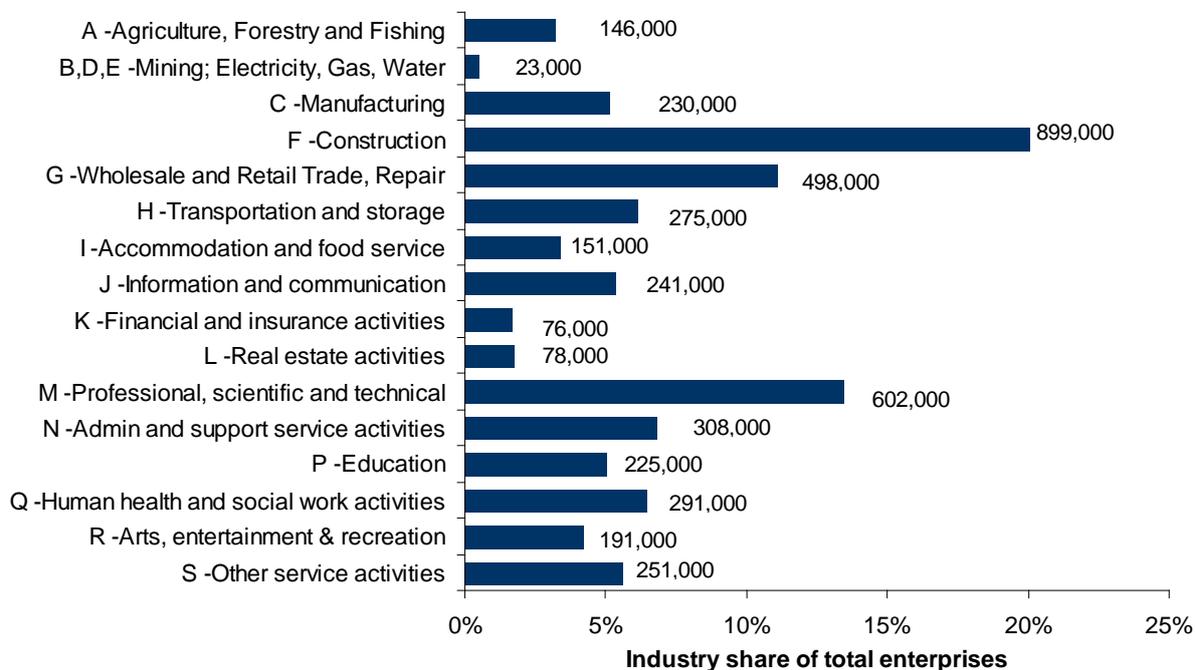
3. Not applicable - the BPE methodology assumes all companies are registered.

The number of registered enterprises fell by 71,000 (-3.3 per cent) during 2009, to 2,073,000 at the start of 2010. However, the number of unregistered businesses increased by an estimated 119,000 (5.2 per cent), to reach 2,412,000 at the start of 2010. Most of the change in the number of businesses between 2009 and 2010 was due to an increase in the estimated number of unregistered sole proprietorships (increasing by 103,000, or 4.6 per cent).

Businesses by broad industry sector

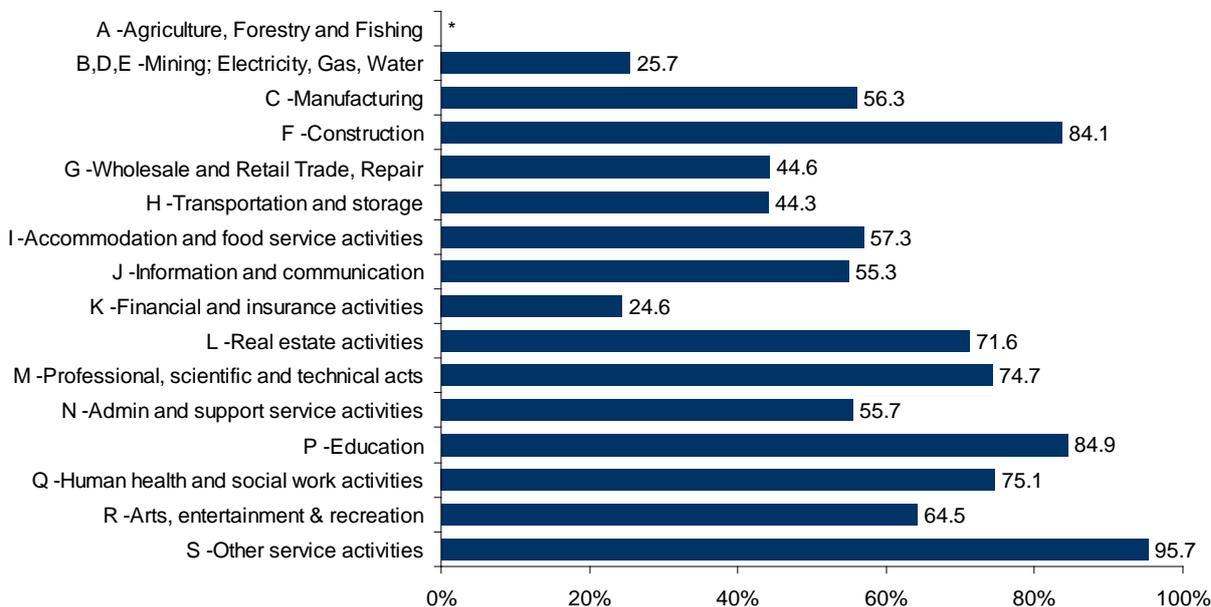
At the start of 2010, there were 899,000 businesses operating in the Construction sector (see Figure 3). This represents a quarter (20.1 per cent) of all UK private sector enterprises. A further 602,000 businesses (13.4 per cent) were operating in the Professional, scientific and technical activities sector and 498,000 (11.1 per cent) in the Wholesale and retail trade and repair sector.

Figure 3
Share of private sector enterprises (and numbers) by industry, start of 2010.



At the start of 2010, 47.2 per cent of private sector enterprise employment was in SMEs (0-249 employees), although this proportion varied considerably by industry (see Figure 4). In the Financial and Insurance activities sector only 24.6 per cent of employment was in SMEs. However, in the Other service activities sector, 95.7 per cent of employment was in SMEs.

Figure 4
SME share of employment within each industry, UK private sector, start of 2010.

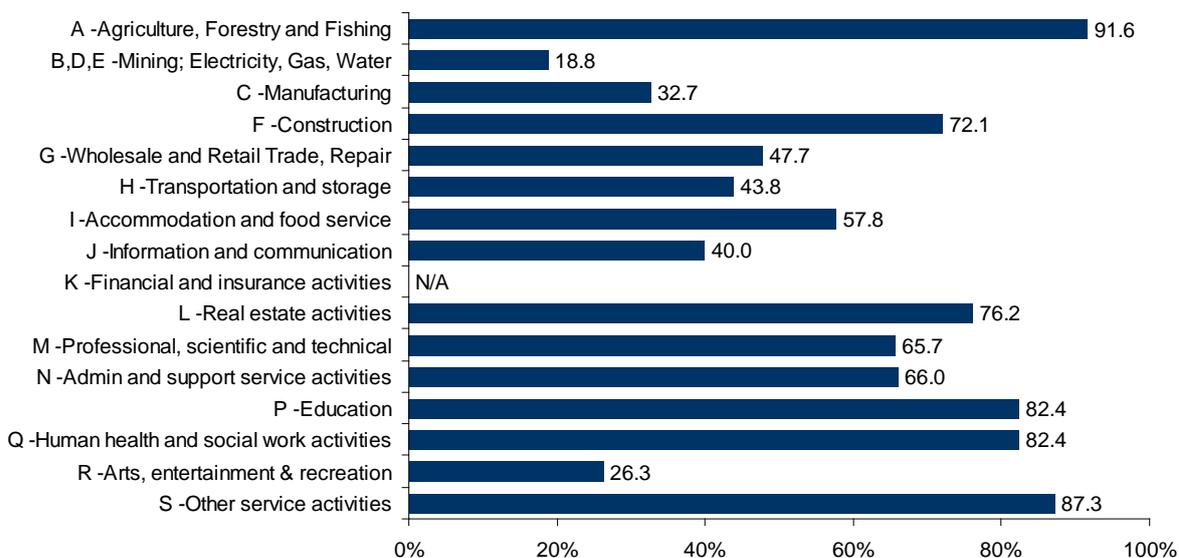


Note: A * symbol replaces data that are deemed to be disclosive.

Share of employment in SMEs

Overall, 48.6 per cent of turnover was in SMEs. Again, there were variations by industry (see Figure 5), ranging from 18.8 per cent in the Mining and quarrying; electricity, gas and air conditioning supply; water sector to 87.3 per cent in the Other service activities sector and 91.6 per cent in the Agriculture, forestry and fishing sector.

Figure 5
SME share of turnover within each industry, UK private sector, start of 2010.



Share of turnover in SMEs

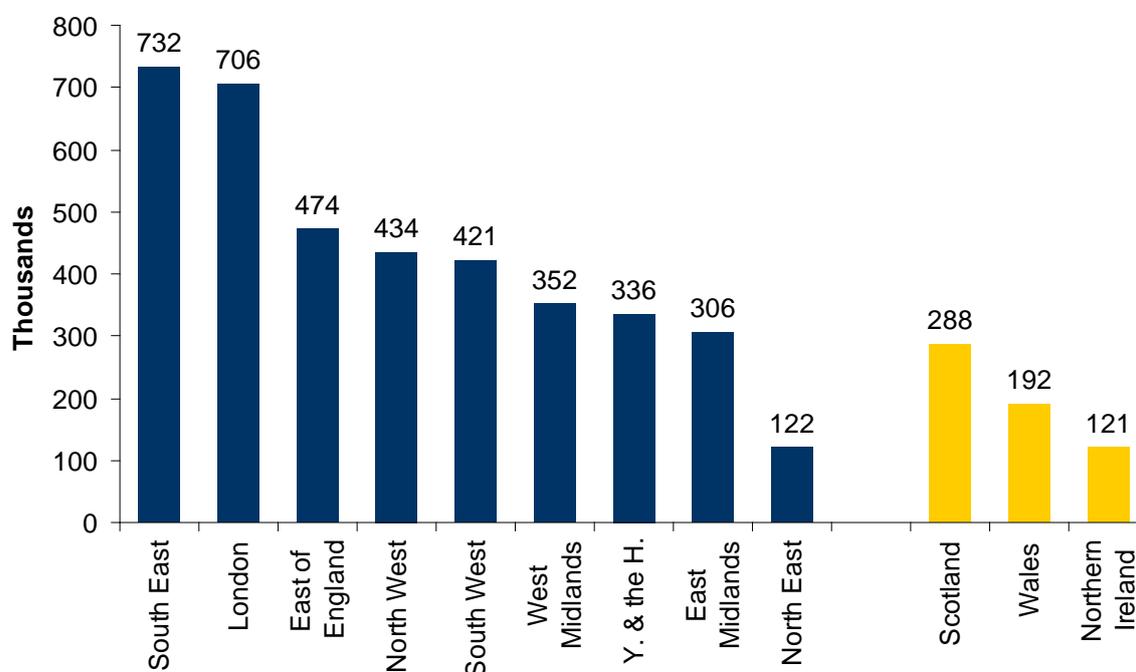
Businesses in UK countries and regions

Of the estimated 4.5 million private sector businesses in the UK at the start of 2010, 3.9 million (86.6 per cent) were in England⁸.

With 732,000 private sector enterprises in 2010, the South East had more enterprises than any other region or country in the UK. London had the second largest number of enterprises with 706,000. Together these regions account for almost a third of all private sector enterprises in the UK (see Figure 6).

Figure 6

Number of private sector enterprises, by UK region and country (excluding England), start of 2010.



For some regions and countries, the pattern is the same when analysing the number of businesses relative to the adult population (see Figure 7). For example, the South East and London have both the highest number of enterprises and the highest enterprise density rates, whilst the North East has almost the lowest number of enterprises, and the lowest enterprise density rate (575 enterprises per 10,000 adults).

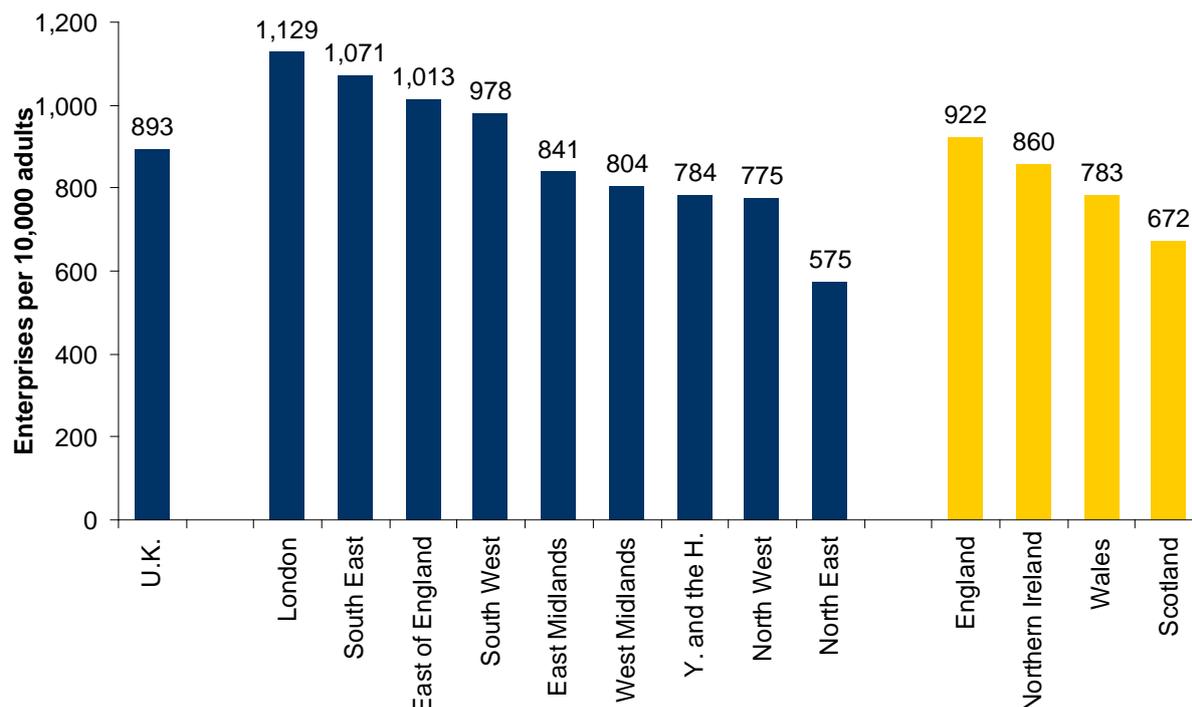
However, for some regions and countries, the pattern changes when looking at enterprise density rates. For example, although Northern Ireland had the lowest number of enterprises of all UK countries and regions (121,000), it was mid-ranking (fifth) in terms of its enterprise density rate. And whilst the North West had the fourth highest number of enterprises (434,000) amongst the UK

⁸ Enterprises that have sites in more than one region or country are counted here only in the region or country where they are registered.

countries and regions, it had the third lowest enterprise density rate (775 enterprises per 10,000 adults).

Figure 7

Number of private sector enterprises per 10,000 adults, by UK region and country, start of 2010.



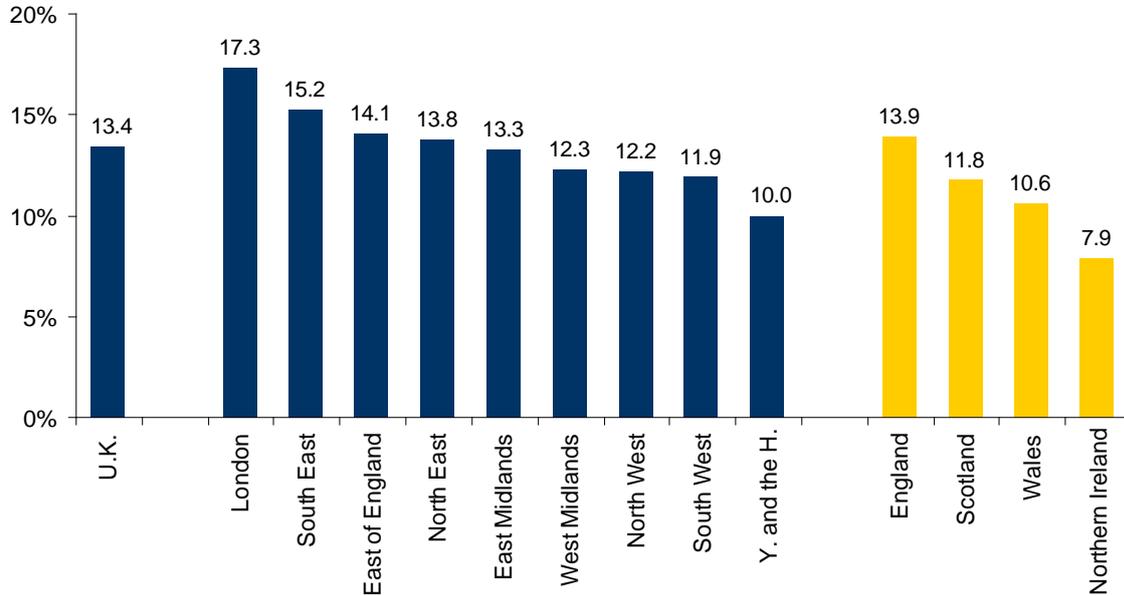
Source: BIS Business Population Estimates 2010 and ONS mid-year population estimates 2009

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

In London, 17.3 per cent of businesses were in Professional, scientific and technical activities sector, the highest proportion of all regions and countries (see Figure 8).

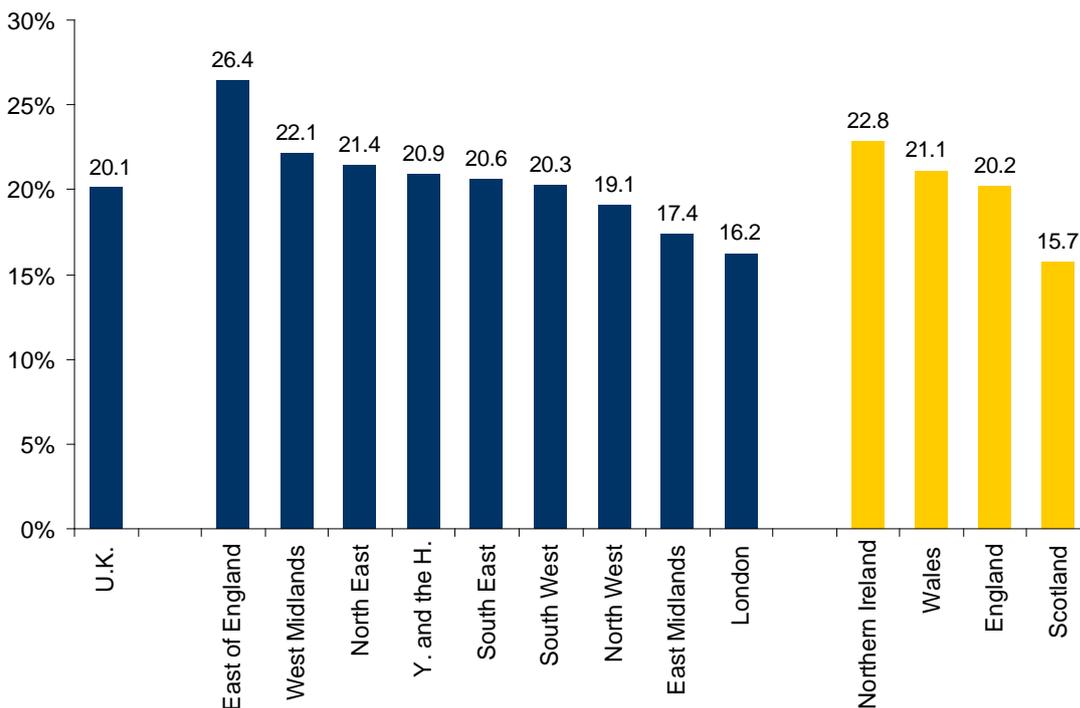
Northern Ireland (7.9 per cent) and Yorkshire and the Humber (10.0 per cent) had the lowest proportion out of all regions and countries of enterprises in the Professional, scientific and technical sector (see Figure 8).

Figure 8
Share of enterprises in the Professional, scientific and technical activities sector, by region and country, start of 2010.



However, Northern Ireland (22.8 per cent) also had the second highest proportion of enterprises in the Construction sector, behind only the East of England (26.4 per cent), whilst just 16.2 per cent of enterprises in London were in this sector (see Figure 9).

Figure 9
Share of enterprises in the Construction sector by region, start of 2010.



Notes on this release

1. This publication is the latest in a series of estimates of the total number of private sector businesses in the UK, but it uses an improved methodology to increase the quality of the estimates. Estimates produced using the old methodology were titled *Small and Medium-sized Enterprise Statistics* and cover the period 1994-2009. To highlight to users that the methodology has changed and that these estimates are not directly comparable to previous year's data, the series has now been re-named *Business Population Estimates*.
2. In this release, and in the tables accompanying it, a small enterprise is defined as an enterprise with 0 to 49 employees, a medium-sized enterprise is an enterprise with 50 to 249 employees, and a large enterprise is an enterprise with 250 or more employees. A small and medium-sized enterprise (SME) is defined as an enterprise with 0-249 employees.
3. Within the scope of the *Business Population Estimates* companies with a single employee director are counted as zero employee businesses.
4. The definition of private sector used in this publication excludes the non-profit sector, but includes public corporations and nationalised bodies.
5. Turnover data throughout this release excludes SIC2007 Section K (Financial and insurance activities), where turnover is not available on a comparable basis.
6. Enterprises 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 enterprises that are registered in another region.
7. 1 billion = 1,000 million.
8. All figures in this document can also be found in the accompanying Excel tables published at <http://stats.bis.gov.uk/ed/bpe/>.
9. 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 about the confidentiality procedures applied, please refer to the Methodology Note.
10. All statistics relating to 2010 released in this publication are new.

Timeliness

11. *Business Population Estimates 2010* is published 17 months after the start of the reference year. *Business Population Estimates* has a more timely release than *SME Statistics*.

12. Whilst *Business Population Estimates 2010* has been produced on a slightly extended timescale due to additional preparatory methodological work, the expectation is that future publications will be available around 10 months after the reference period. For example, *Business Population Estimates 2011* is expected to be published 12 months earlier than *SME Statistics 2011* would have been, in Autumn 2011.

Sources and accuracy

13. To aid interpretation of these statistics, a document on the methodology used accompanies this press release at <http://stats.bis.gov.uk/ed/bpe/>.

14. 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 enterprises in the UK.

15. 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

16. This edition incorporates several methodological changes compared to *SME Statistics 2009* which means the two publications are not directly comparable. Please refer to the Methodology Note for further information.

17. Estimates previously released under the *SME Statistics* methodology relating to 1994 - 2009 are available at: <http://stats.bis.gov.uk/ed/sme/>

18. Where annual change is presented in this release, data for 2010 is compared to 2009 data that has been calculated on a consistent basis, as published in an *Economic and Labour Market Review* article available at: <http://www.statistics.gov.uk/articles/elmr/elmr-apr11-shaw.pdf>

19. The variables in the ONS *Labour Force Survey* used in the improved methodology to produce this publication are not available before 2007. Therefore BIS will be unable to produce estimates that are directly comparable to *Business Population Estimates* for the years before that point. However, BIS are investigating ways of re-estimating UK level data for previous years, so that in future a broadly comparable headline time-series can be made available at <http://stats.bis.gov.uk/ed/bpe/>.

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

- 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 enterprise related policies
- by public and private business support providers in targeting business support.

21. The *BPE Statistics* provide information on the relative contribution by enterprises of different employment size bands to the economy in terms of numbers, and their associated employment and turnover, at a point in time. The publication also provides information on the location and industry of these enterprises. If the user is interested in employment in isolation (i.e. not employment in combination with enterprise), the ONS *Business Register and Employment Survey* is the preferred source (data for 2010 will be published in September 2011). If the user is interested in turnover in isolation (i.e. not turnover in combination with enterprise), the ONS *Annual Business Survey (formerly the Annual Business Inquiry)* is the preferred source. For analysis of year-on-year change in the number of jobs, it is recommended that the ONS *Workforce Jobs* publication is used. Please refer to the Methodology Note for further information on alternative sources of enterprise information.

National Statistics publication

22. National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

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