

BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2012



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Introduction

The *Business Population Estimates (BPE) for the UK and Regions 2012* provides information on the total number of private sector businesses in the UK at the start of 2012, 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 release¹.

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 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](#)

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

¹ 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.

Summary

- There were an estimated 4.8 million private sector businesses in the UK at the start of 2012, the highest estimate since 2000 (the earliest point for which comparable data exists).
- 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).
- The 4.8 million private sector businesses employed an estimated 23.9 million people, and had an estimated combined annual turnover of £3,100 billion².
- The majority (62.7 per cent) of private sector businesses were sole proprietorships, 28.0 per cent were companies and 9.3 per cent were partnerships.
- At the start of 2012, small and medium-sized enterprises (SMEs)³ accounted for 99.9 per cent of all private sector businesses, representing no change since 2011 and almost unchanged since 2000. SMEs also accounted for 59.1 per cent of private sector employment and 48.8 per cent of private sector turnover at the start of 2012.

Business population and their associated employment and turnover

At the start of 2012, there were an estimated 4.8 million UK private sector businesses, employing an estimated 23.9 million people and with an estimated combined annual turnover of £3,100 billion (see Table 1).

Almost all of these businesses (99.2 per cent) were small (0 to 49 employees). Only 30,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.1 per cent) were large (250 or more employees). These percentages have remained fairly stable since 2000 (the earliest point for which comparable data exists).

There were an estimated 4.8 million UK private sector SMEs at the start of 2012, employing an estimated 14.1 million people, and with an estimated combined annual turnover of £1,500 billion (see Table 1).

² Turnover throughout this release excludes SIC2007 Section K (financial and insurance activities) where data is not available on a comparable basis.

³ In this release, SMEs are defined as having between 0-249 employees.

Table 1

Estimated number of businesses in the UK private sector and their associated employment and turnover, by size of business, start of 2012.

	Businesses	Employment <i>thousands</i>	Turnover ¹ <i>£ millions</i>
All businesses	4,794,105	23,893	3,131,549
SMEs (0-249 employees)	4,787,650	14,130	1,528,679
All employers	1,236,850	19,991	2,923,744
With no employees ²	3,557,255	3,902	207,805
1-9	1,022,695	3,848	416,162
10-49	177,950	3,471	454,327
50-249	29,750	2,909	450,384
250 or more	6,455	9,763	1,602,870

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.

Download Excel data for [Table 1](#).

At the start of 2012, businesses with no employees⁴ accounted for 74.2 per cent of all private sector businesses in the UK (3.6 million businesses). Businesses with no employees accounted for 16.3 per cent of private sector employment and 6.6 per cent of private sector turnover at the start of 2012.

Businesses with employees accounted for over a quarter of all private sector businesses in the UK at the start of 2012 (25.8 per cent, or 1.2 million businesses). They accounted for 83.7 per cent of private sector employment and 93.4 per cent of private sector turnover.

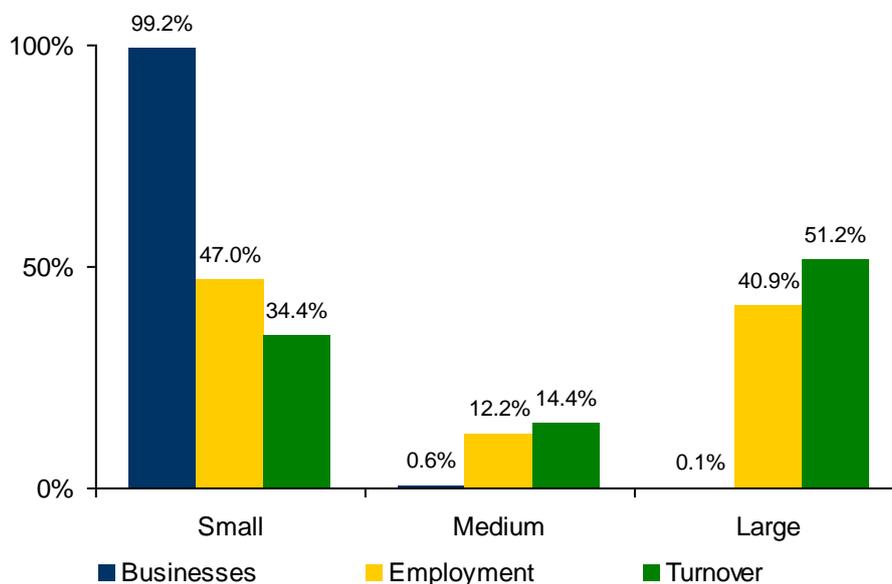
SMEs together accounted for more than half of employment (59.1 per cent) and almost half of turnover (48.8 per cent) in the UK private sector, at the start of 2012 (see Figure 1).

Small businesses alone (0 to 49 employees) accounted for 47.0 per cent of private sector employment and 34.4 per cent of private sector turnover.

⁴ 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 2012.



Download Excel data for [Figure 1](#).

Change in the business population over time

There were an estimated 4.8 million private sector businesses in the UK at the start of 2012, the highest estimate since 2000 (the earliest point for which comparable data exists).

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). This should be remembered when looking at sections describing the annual change in the latest estimate of the total business population throughout this Statistical Release.

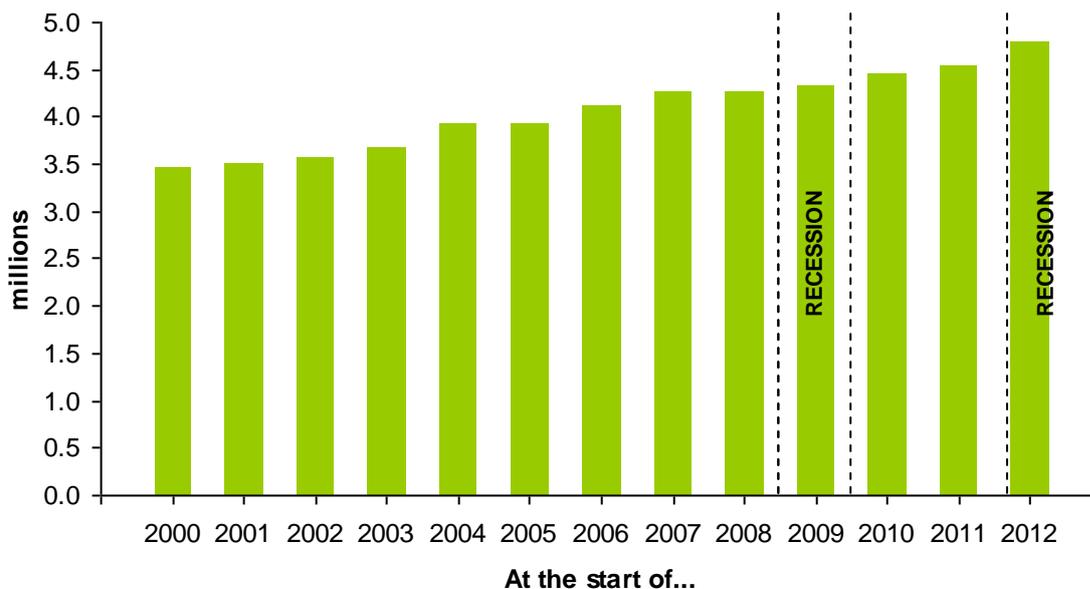
Despite the recent tough economic conditions, the estimated number of private sector businesses in the UK has increased in each of the last twelve years. Since the start of 2000, the number of private sector businesses has increased by 1.33 million (38.6 per cent) and is now at the highest level in the series (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 251,000). Even during the 2008/09 recession, the number of private sector businesses increased by 1.9 per cent (80,000) between the start of

2008 and the start 2009. The most recent estimate shows the business population continuing to increase to the start of 2012, despite the UK economy moving back into recession in Q4 2011 (see Figure 2).

Figure 2

Estimated number of businesses in the UK private sector, start of 2000 - start of 2012¹.



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* (2010-2011) series. Improvements to HMRC computer systems resulted in a discontinuity in 2012 – see paragraph 2 in ‘Notes on this release’ for more detail.

Download Excel data for [Figure 2](#).

The increase since 2000 was largely driven by SMEs - their estimated number increased from 3.5 million to 4.8 million (38.7 per cent) between the start of 2000 and the start of 2012.

More specifically, 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 51.4 per cent (over 1.2 million) by the start of 2012, reaching the highest level in the series. This trend persisted despite the two recent periods of recession (in 2008/09 and the current recession which started at the end of 2011).

Meanwhile, the estimated number of large private sector businesses (with 250 or more employees) decreased by 10.2 per cent over the last eleven years, falling from 7,200 at the start of 2000 to 6,500 at the start of 2012.

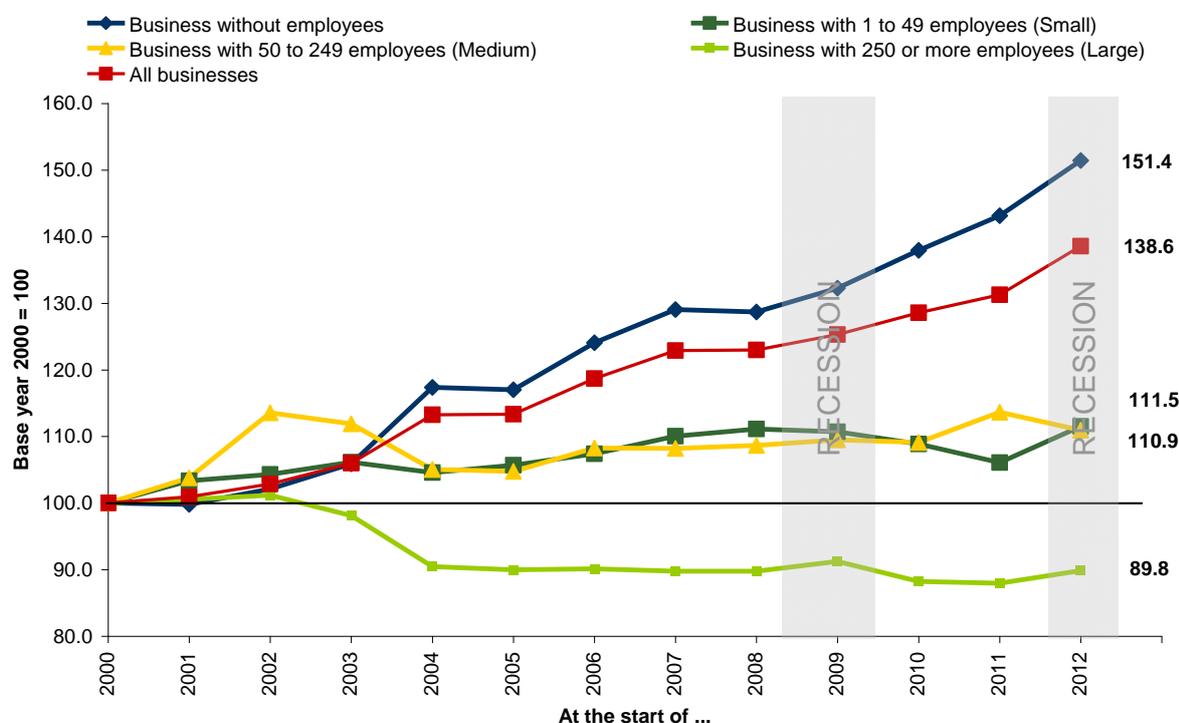
Figure 3 suggests that the 2008/09 recession had a particular impact on the population of businesses with 1 to 49 employees as their number decreased by 4.5 per cent (from about 1.20 million to about 1.14 million) between the start of 2008 and

the start of 2011. However, since then their number has increased by 59,000 (5.1 per cent) to reach over 1.20 million – the highest level in the series.

The population of businesses without employees increased by 534,000 (17.7 per cent) since the start of 2008, to reach 3.56 million at the start of 2012. This could be as a result of the tough labour market conditions, which may have encouraged people to set up in business as they are made redundant, for example.

After falling for the last two years, the number of large businesses increased between the start of 2011 and the start of 2012, by 135 (2.1 per cent).

Figure 3
Change in the number of UK private sector businesses by size band, 2000-2012 (indexed)¹.



* 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 2 in 'Notes on this release' for more detail.

Source: BIS Business Population Estimates for the UK and Regions 2012 and ONS GDP data.

Download Excel data for [Figure 3](#).

Legal status of businesses

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

At the start of 2012, 62.7 per cent of private sector businesses were sole proprietorships, 28.0 per cent were companies and 9.3 per cent were partnerships.

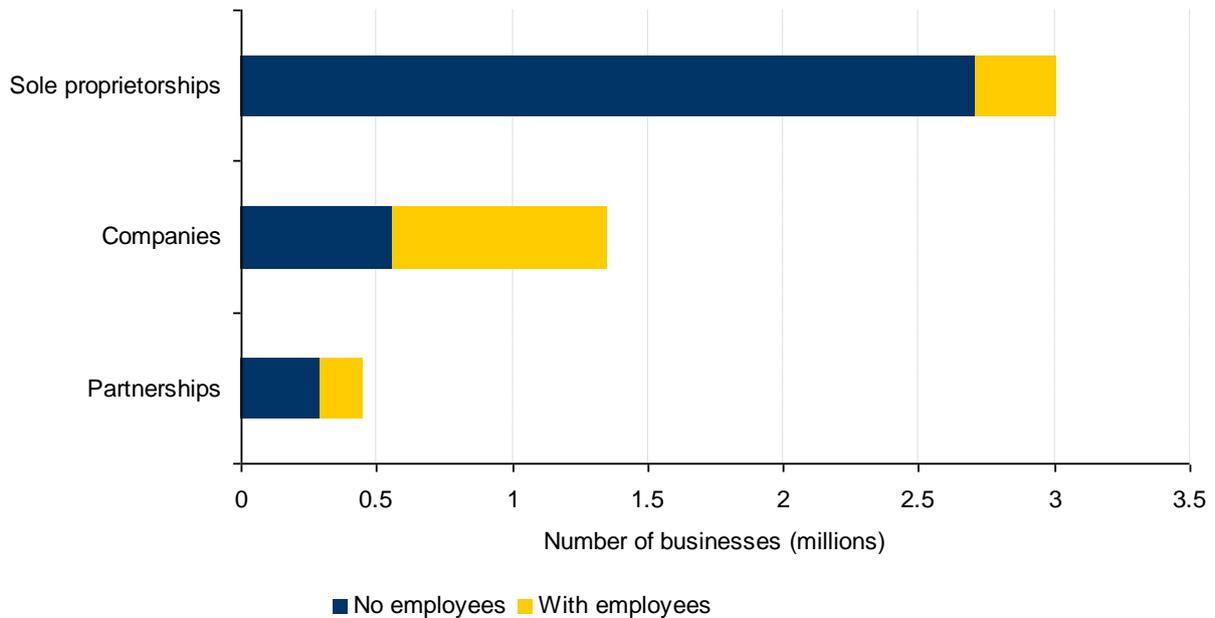
There were an estimated 3.0 million sole proprietorships in the UK at the start of 2012, of which 296,000 (9.9 per cent) had employees (see Figure 4).

There were 1.3 million companies, of which 785,000 (58.6 per cent) had employees⁵.

There were an estimated 448,000 partnerships, of which 155,000 (34.6 per cent) had employees.

Figure 4

Number of businesses in the UK private sector with and without employees, by legal status, start of 2012.



Download Excel data for [Figure 4](#).

Registered and unregistered businesses

The majority of private sector businesses are unregistered⁶. There were an estimated 2,651,000 unregistered businesses at the start of 2012, representing 55.3 per cent of all private sector businesses. There were 2,143,000 registered businesses at the start

⁵ 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 and Quality Note (paragraph 25) for more information.

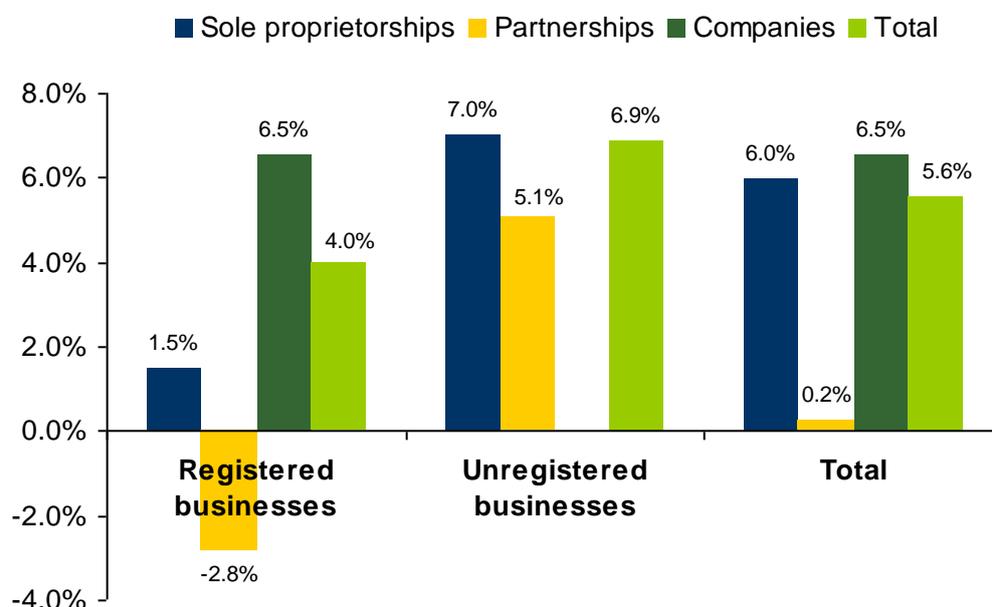
⁶ Those businesses run by self-employed people that are not large enough to be VAT and/or PAYE registered and therefore will not appear on the government business register.

of 2012 (those registered for VAT and/or PAYE), representing 44.7 per cent of all private sector businesses⁷.

The increase in the estimated number of businesses between the start of 2011 and the start of 2012 was driven mostly by an increase in the unregistered business population. The estimated number of unregistered businesses increased by 170,000 (6.9 per cent), to reach 2,651,000 at the start of 2012 (see Figure 5 and Table 2). Specifically, most of the change in the estimated number of businesses between 2011 and 2012 was due to an increase in unregistered sole proprietorships (increasing by 161,000, or 7.0 per cent).

Figure 5

Percentage change^{1,2} in the estimated number of businesses in the UK private sector between the start of 2011 and the start of 2012, by legal status.



1: Calculated using revised data for 2011, 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 2 in ‘Notes on this release’ for more detail.

Download Excel data for [Figure 5](#).

The total number of registered businesses increased by 82,000 (4.0 per cent) during 2011, to reach 2,143,000 at the start of 2012 (see Figure 5 and Table 2 and note explanation of a discontinuity in paragraph 2 of the ‘Notes on this release’).

⁷ 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 [Guide](#) for more information.

Table 2

Changes in the estimated number of businesses in the UK private sector between the start of 2011 and the start of 2012¹.

	Sole proprietorships	Partnerships	Companies	Total
	Change			
Unregistered businesses ²	161,000	9,000	N/A ³	170,000
Registered businesses ⁴	8,000	-8,000	82,000	82,000
<i>Of which with employees</i>	<i>17,000</i>	<i>-2,000</i>	<i>43,000</i>	<i>58,000</i>
<i>without employees</i>	<i>-9,000</i>	<i>-5,000</i>	<i>39,000</i>	<i>24,000</i>
All private sector businesses	169,000	1,000	82,000	253,000

1. Calculated using revised data for 2011, produced on a consistent basis using the latest methodology and latest ONS *Labour Force Survey* reweighted population data. Improvements to HMRC computer systems resulted in a discontinuity in 2012 – see paragraph 2 in ‘Notes on this release’ for more detail.

2. Unregistered businesses comprise self-employed people working alone or in partnership that aren’t registered for VAT or PAYE and therefore do not exist on the IDBR.

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

4. Registered businesses are those businesses registered for VAT and/or PAYE that exist on the IDBR (but Composite Managed Service Companies are excluded).

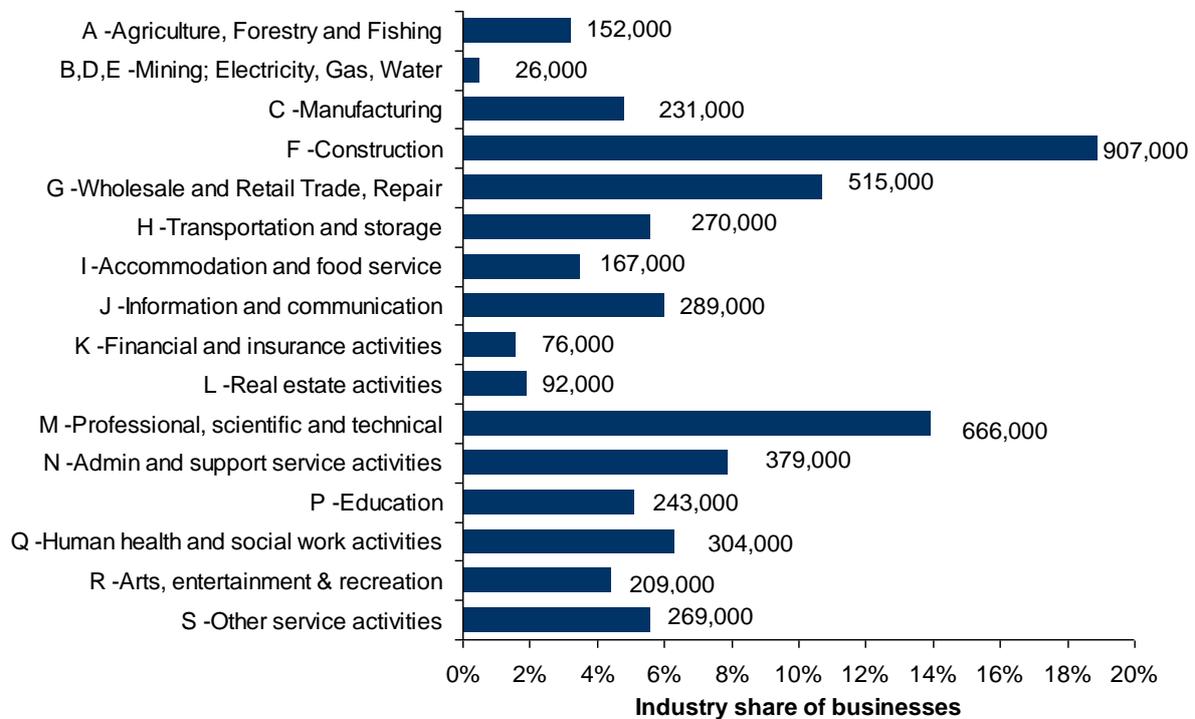
Download Excel data for [Table 2](#).

During 2011, the number of sole proprietorships increased by 169,000 (6.0 per cent), the number of partnerships increased by 1,000 (0.2 per cent) and the number of companies increased by 82,000 (6.5 per cent).

Businesses by broad industry sector

At the start of 2012, there were 907,000 businesses operating in the Construction sector (see Figure 6). This represents almost a fifth (18.9 per cent) of all UK private sector businesses. A further 666,000 businesses (13.9 per cent) were operating in the Professional, scientific and technical activities sector and 515,000 (10.7 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 2012.

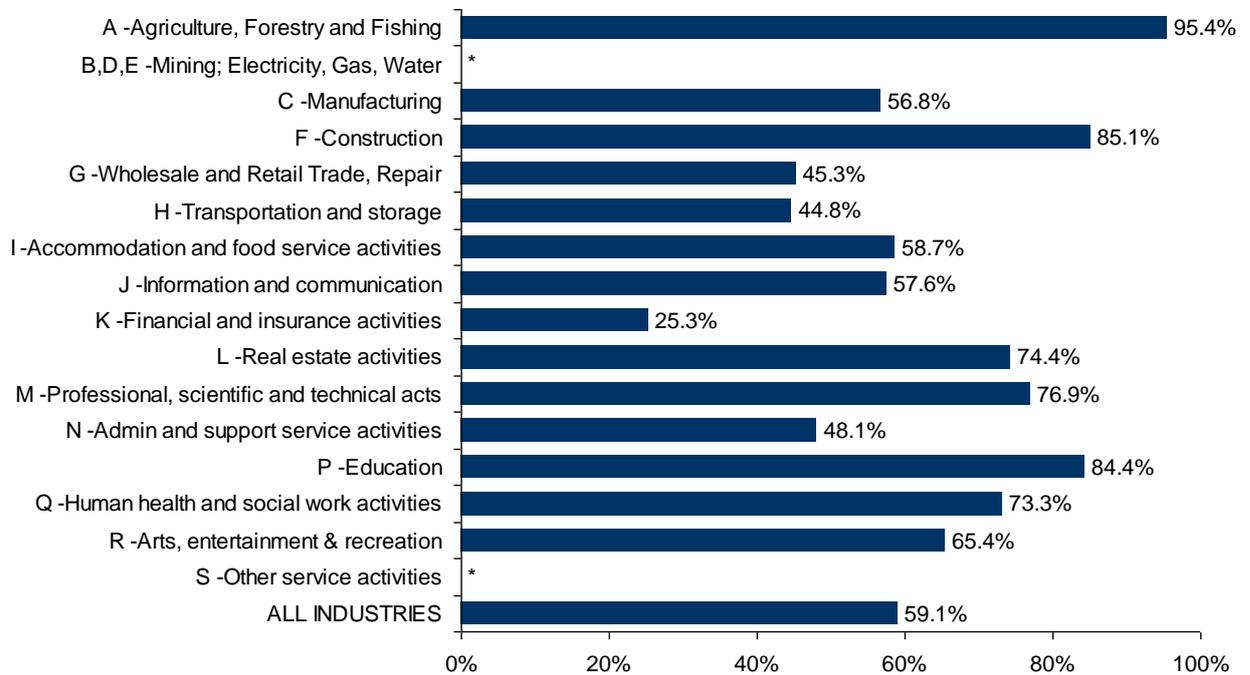


Download Excel data for [Figure 6](#).

At the start of 2012, 59.1 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 and Insurance activities sector only 25.3 per cent of employment was in SMEs. However, in the Agriculture, forestry and fishing sector virtually all employment (95.4 per cent) was in SMEs.

Figure 7

SME share of employment in the UK private sector, by industry, start of 2012.



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

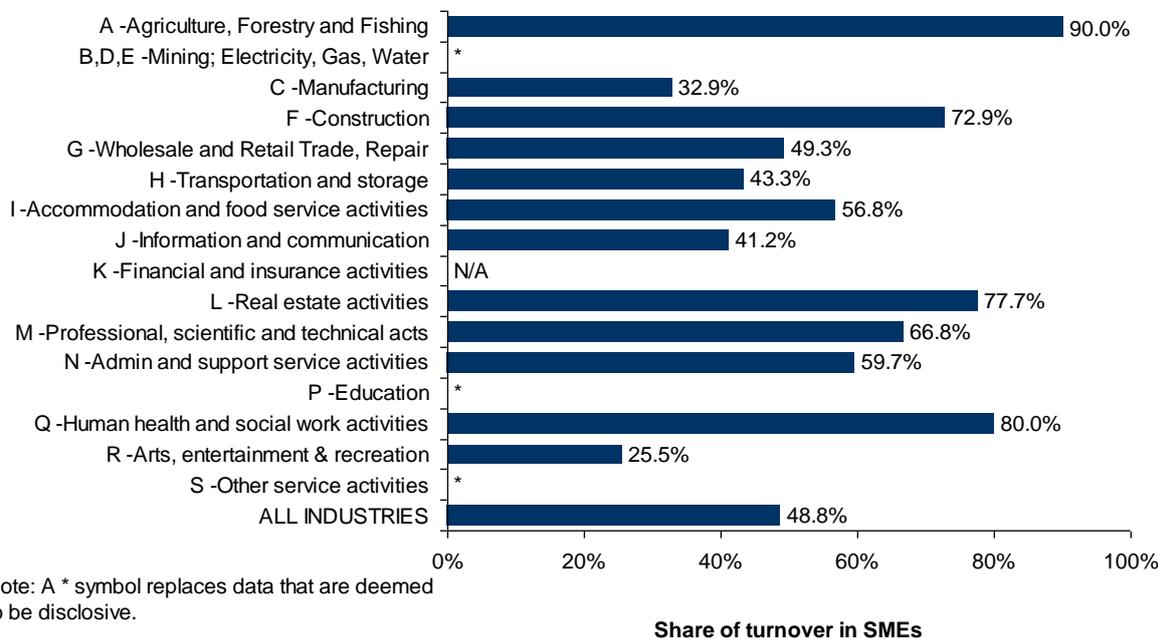
Share of employment in SMEs

Download Excel data for [Figure 7](#).

Overall, 48.8 per cent of turnover was in SMEs. Again, there were variations by industry (see Figure 8), ranging from 25.5 percent in the Arts, entertainment and recreation activities sector to 90.0 per cent in Agriculture, forestry and fishing.

Figure 8

SME share of turnover in the UK private sector, by industry, start of 2012.



Download Excel data for [Figure 8](#).

Businesses in UK countries and regions

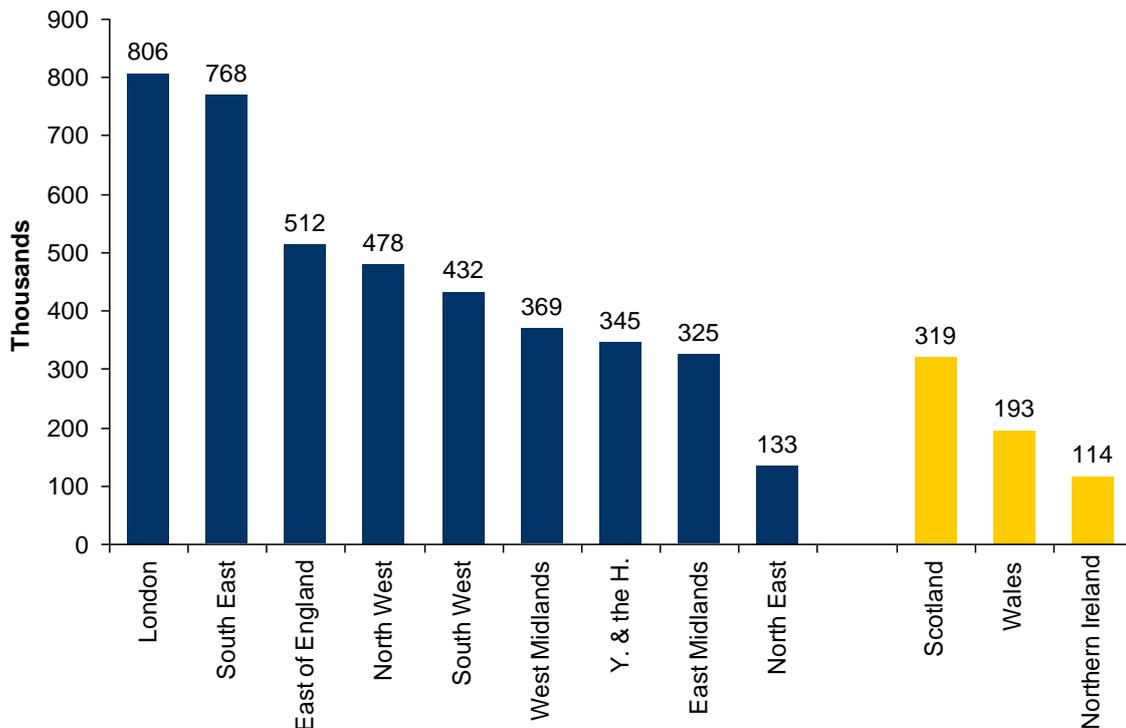
Of the estimated 4.8 million private sector businesses in the UK at the start of 2012, 4.2 million (86.9 per cent) were in England⁸.

With 806,000 private sector businesses at the start of 2012, London had more businesses than any other region or country in the UK. The South East had the second largest number of businesses with 768,000. Together these regions account for almost a third (32.8 per cent) of all private sector businesses in the UK (see Figure 9).

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

Figure 9

Number of businesses in the UK private sector, by UK region and country (excluding England), start of 2012.



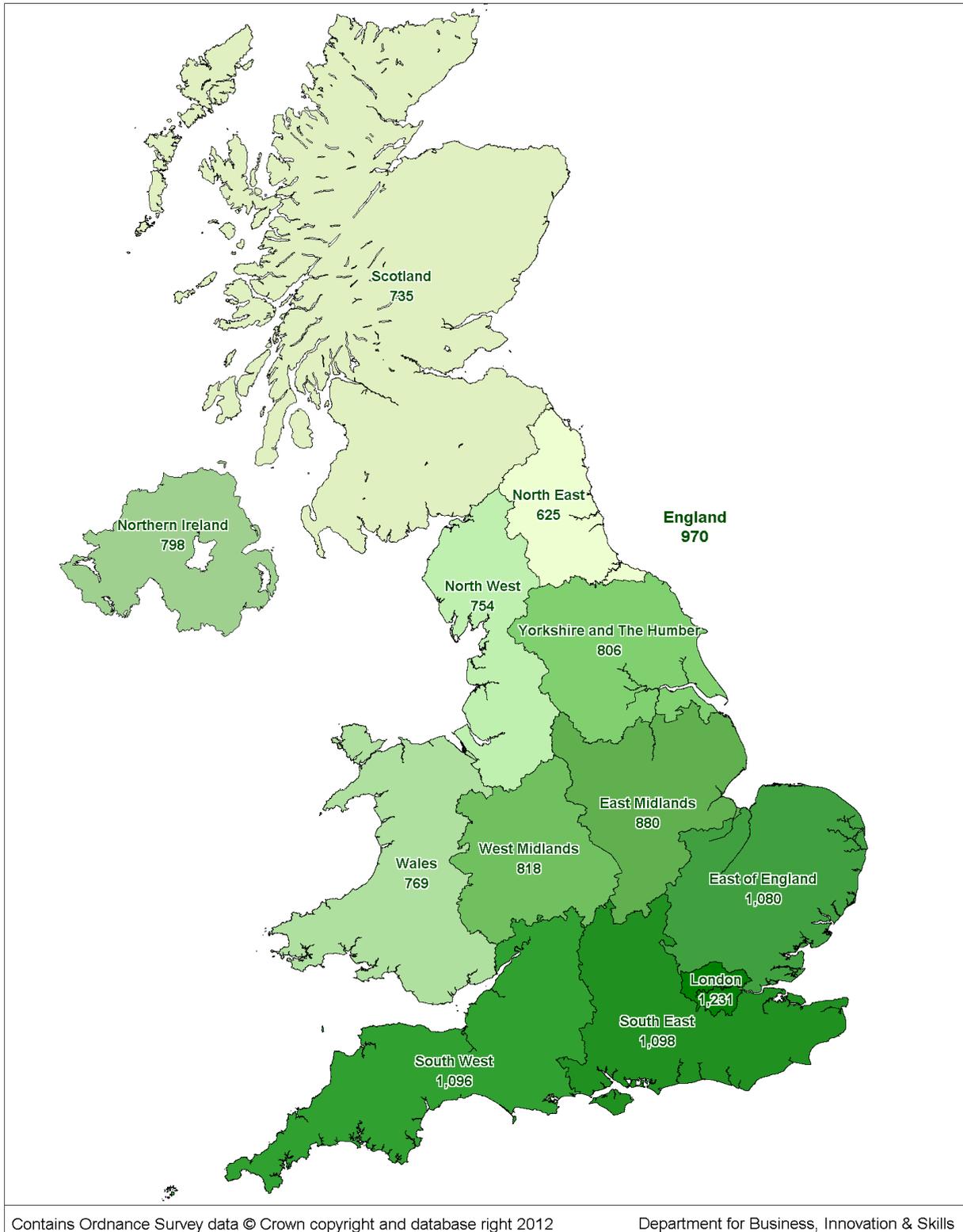
Download Excel data for [Figure 9](#).

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, and the lowest business density rate (552 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 (114,000), it was fifth in terms of its business density rate. And whilst the North West had the fourth highest number of businesses (478,000) amongst the UK countries and regions, it was only tenth in terms of its business density rate (754 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 2012.



Download Excel data for [Figure 10](#).

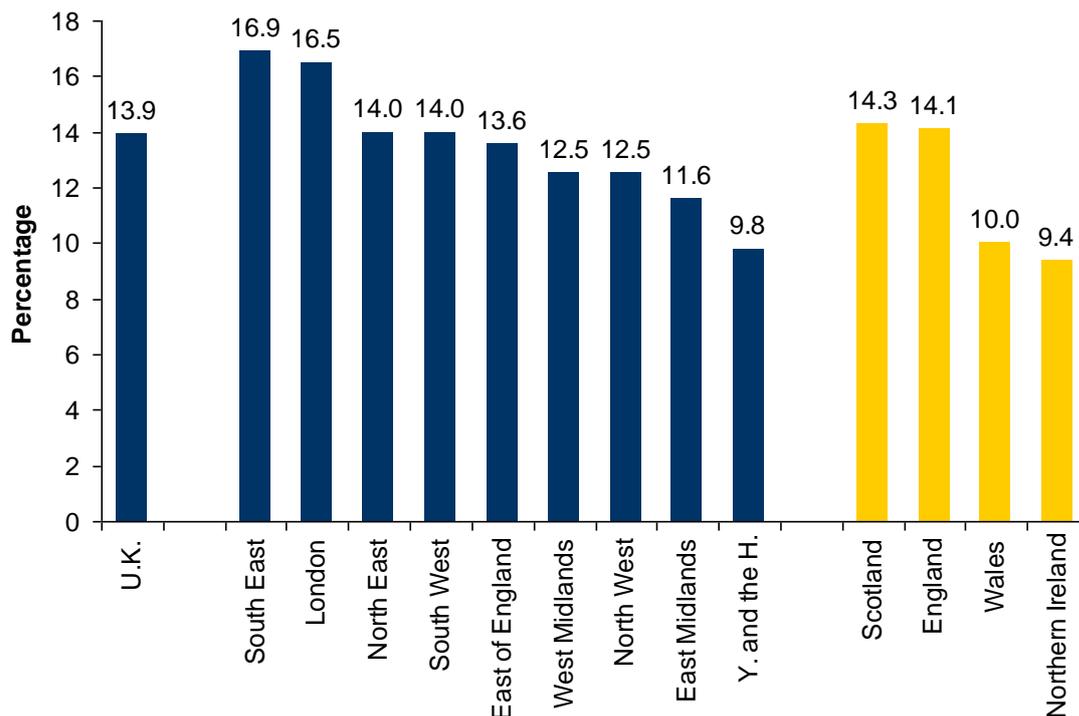
There is also a wide variation in the industrial composition of the business population across the regions.

The South East (16.9 per cent) and London (16.5 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 (9.4 per cent) and Yorkshire and the Humber (9.8 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 2012.

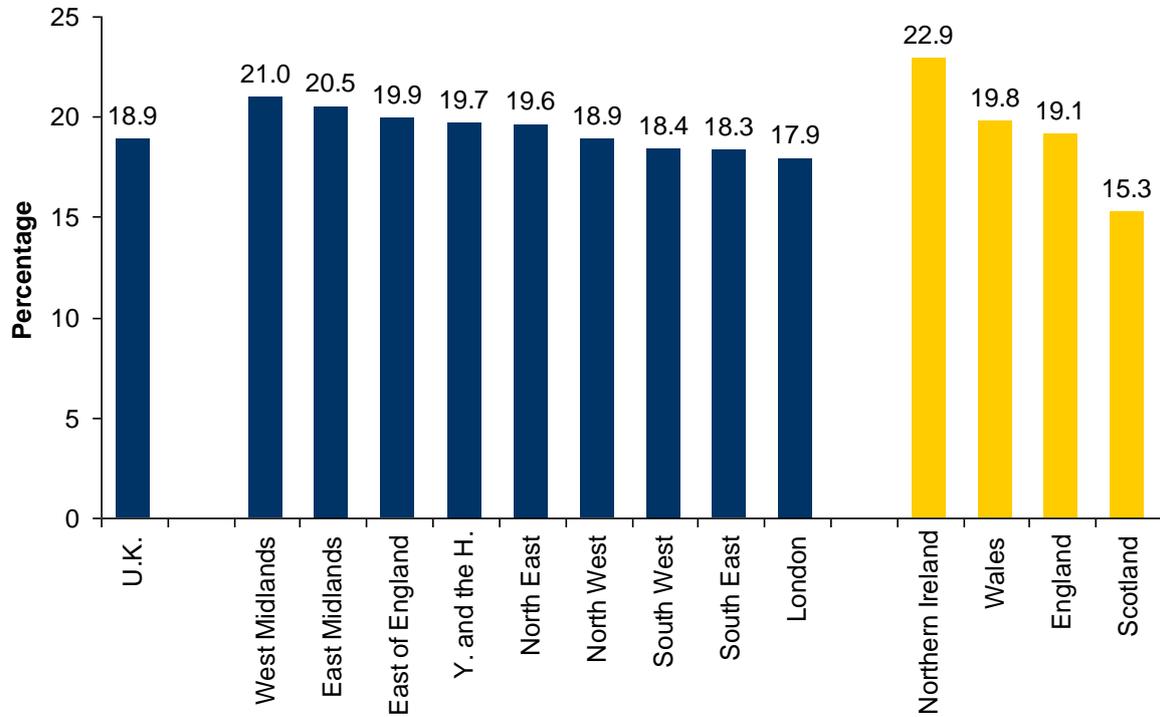


Download Excel data for [Figure 11](#).

Northern Ireland (22.9 per cent) had the highest proportion of businesses in the Construction sector, followed by the West Midlands (21.0) and East Midlands (20.5 per cent), whilst just 15.3 per cent of businesses in Scotland were in this sector (see Figure 12).

Figure 12

Share of private sector businesses in the construction sector, by region and country, start of 2012.



Download Excel data for [Figure 12](#).

Notes on this release

1. *Business Population Estimates 2012* 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 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.
2. 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).
3. 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. 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.
4. To aid the interpretation of these statistics, it is highly recommended that users refer to the [Methodology and Quality Note](#) which accompanies this release.
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 [Excel tables](#).

Revisions

7. All statistics relating to 2012 released in this publication are new. Statistics relating to 2000-11 in this release are revisions to the estimates previously published in *Business Population Estimates 2011* and have been produced using a consistent

methodology and using the latest reweighted ONS *Labour Force Survey* population data. For more detail, see the revisions policy on page 12 of the Methodology and Quality Note.

Definitions

8. 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.
9. Within the scope of the *Business Population Estimates*, companies with a single employee director are counted as zero employee businesses.
10. The definition of the private sector used in this publication excludes the non-profit sector, but includes public corporations and nationalised bodies.
11. Turnover data throughout this release excludes both SIC2007 Section K (Financial and insurance activities) and Division 78 (Employment activities), where turnover is not available on a comparable basis.
12. 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.
13. 1 billion = 1,000 million.
14. 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

15. 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.
16. 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

17. This edition uses the same methodology as that used for the *Business Population Estimates 2011* 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 2012. 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.

18. 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 2012 included in this release.

Data users and uses

19. 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.

20. 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). They have recently been assessed by the UK Statistics Authority (insert ref and date of report) for compliance with the Code of Practice. They are produced free from any political interference.

22. 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](#).

23. 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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URN 12/92